



Consolidated Results 6M16

Privileged Information

July 28, 2016

Highlights:

Turnover: 105.7 M€
(112.9 M€ in 6M15)

EBITDA: 7.2 M€
(7.7 M€ in 6M15)

Net Profit: 2.8 M€
(3.5 M€ in 6M15)

Net Cash: 8.2 M€
(11.3 M€ in 12M15)

Message from the Chairman and CEO Luís Salvado



"The results of the 1st half are aligned with the strategic guidelines set for 2016. Operations in Europe continued to grow and accounts for 57% of the international business. By segment, 60% of the Business Solutions area activity is already outside Portugal.

As previous disclosed, and as a result of the discontinuation of some offers that added lower value and our policy to limit the exposure to emerging markets, Turnover and EBITDA decreased by 6% and 7%, respectively. Net Profit fell 20%, reflecting, via non-controlling interests, the positive performance of international operations.

In Business Solutions area, profitability was constrained by the domestic market. On the other hand, the increased incorporation of services and focus on more differentiated solutions positively impacted the profitability in Infrastructures & Managed Services area.

In the 2nd half we will strengthen restrictions on activity in geographies with higher pressure of currency depreciation, maintaining internationalization as our first priority. Despite the new risks and uncertainties that have arisen in international markets, we remain committed to achieve the goals set for the year."

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www.novabase.pt

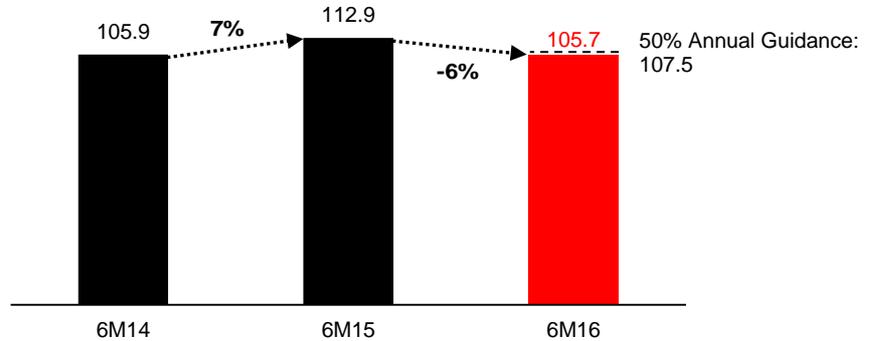
Novabase SGPS, S.A.
Public Company . Euronext code: NBA.AM .
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL



1. Key Indicators Evolution

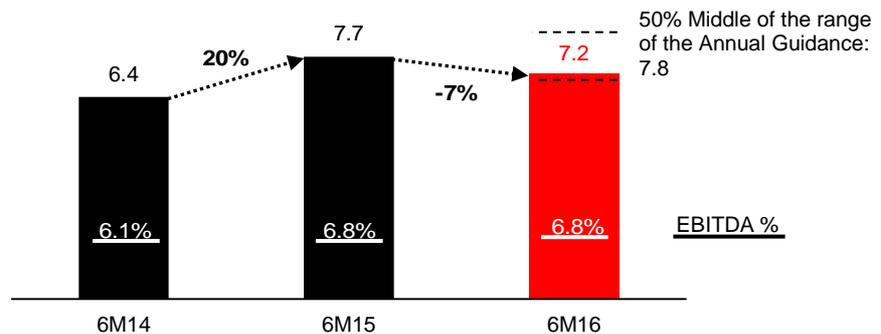
Turnover (M€)

Turnover decreases 6% YoY, and is below the annual Guidance (-2%), due to our strategy to limit the exposure to emerging markets, with significant impact on IMS area.



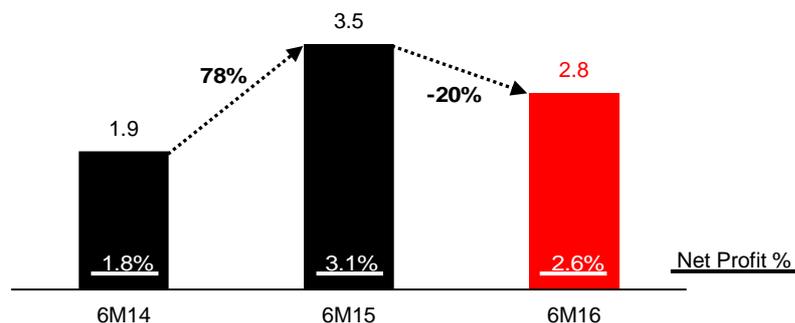
EBITDA (M€)

EBITDA within the range of the annual Guidance, decreases 7% YoY.



Net Profit (M€)

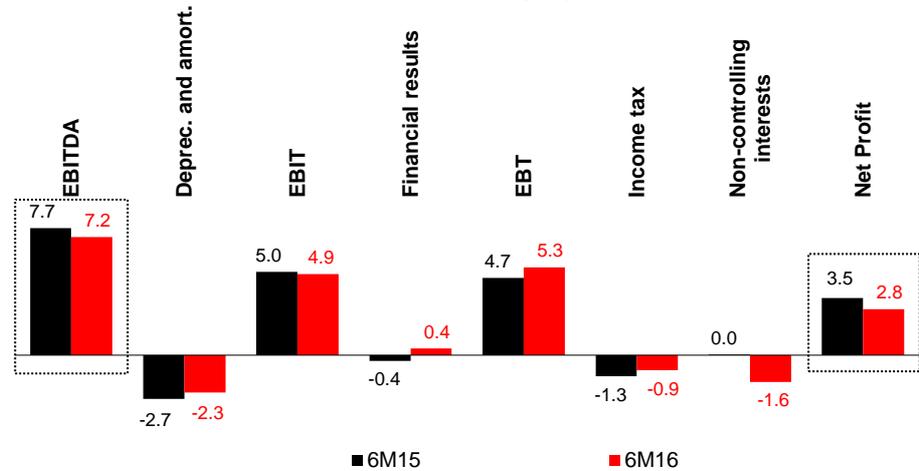
Evolution of Non-controlling interests penalizes Net Profit.



Earnings per share (EPS) in 6M16 reached 0.09 euros per share, registering a decrease of 20% towards the EPS from the previous year of 0.11 euros per share.



From EBITDA to Net Profit 6M16 Vs 6M15 (M€)

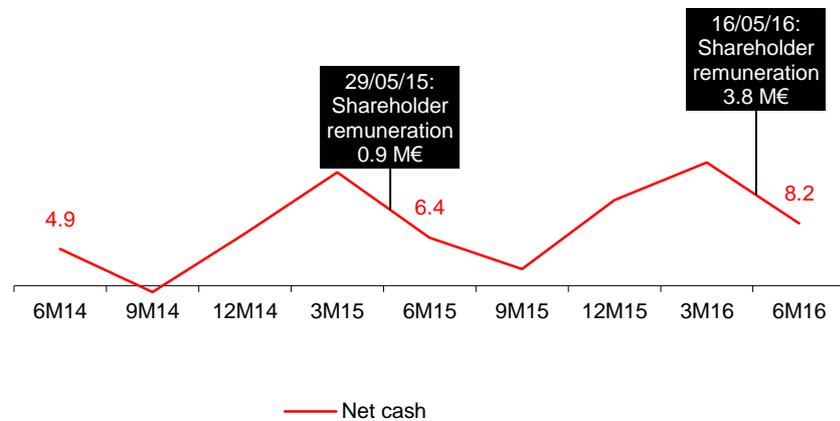


The Financial Results were positive in 0.4 M€, an increase of 0.8 M€, fundamentally based on the evolution of the financial instruments used to reduce the exposure to foreign exchange risks.

Non-controlling interests in 6M16 amounted to -1.6 M€, which compares to 0.04 M€ in 6M15. This variation is mainly due to the positive evolution of the results of international subsidiaries.

Net Cash (M€)

Cash generation of 1.9 M€ in 6M16, excluding the payment of dividends to Shareholders and Non-controlling interests.



In the 6M16, Novabase shows a negative evolution in cash generation.

Novabase ended the 6M16 with 8.2 M€ in net cash, which compares to 11.3 M€ in the 12M15. However, considering the last 12 months, we observe a positive trend, with a generation of 1.9 M€.

On May 16, 2016, Novabase paid its shareholders a total amount of 3.8 M€ (0.12€/share). Additionally, on May 2016, occurred the payment of 1.2 M€ to Non-controlling interests.



2. Short Summary of the Activity

International activity in line with the annual goal of 45% and services responsible for 5/6 of the total business.

The first half of 2016 was marked by the good results in terms of internationalization and specialization of the offerings, reflecting the strategic goals set for the year, with the weight of the international activity accounting for 46% of the total Turnover, and services representing 83% of total business.

Compared to the same period of last year, Turnover decreased by 6%, due to the limitation of our exposure to some emerging markets where we operate, according to the strategic options anticipated in the end of last year, however achieving an EBITDA margin of 6.8%, equal to the one recorded in the 6M15. Towards the Guidance, the results of the first half of 2016 were in line on Turnover and within the EBITDA range.

Novabase opens First Case Management Competency Centre in Portugal.

Highlights include the opening of the first Case Management Competency Centre in Portugal, in the first quarter of 2016. All of the work in Novabase's Case Management Competency Centre will be done using Design Thinking, an innovative methodology that Novabase uses in its projects, and within 5 years, is expected this space to have more than 100 dedicated employees. This Centre brings to the market a streamlined case management solution, and is aligned with Novabase's internationalization and differentiation of the offerings strategic options.

Novabase IMS receives international certifications.

To highlight also that Novabase IMS has successfully completed the certification process for its IT Service Management (ISO 20000) and Information Security Management (ISO 27001) Systems for the domestic and international markets. These recently-acquired certifications are part of Novabase's service quality standards policy, and open new doors for the company, positioning it among the world's biggest players in the sector.



With regard to distinctions, highlight the Winner's Circle Excellence award, which was given by Cisco to Novabase IMS, in Miami. Likewise, Novabase IMS received the distinction of Cisco Commercial Partner of the Year, at the Cisco Partner Summit 2016 held in San Diego, USA. The IMS is thus recognized as the largest partner in Portugal and in the region of southern Europe as well in the Commercial segment, one of the leading sectors for Cisco.

Novabase enters US market with the Watson of IBM.

Additionally, Novabase was highlighted in the IBM PartnerWorld Leadership Conference 2016 in Orlando, USA, being the only Portuguese company that has created technology based on IBM's Watson supercomputer - the most advanced in the world and one of the keys to enter the "cognitive era" with artificial intelligence. This is a milestone in the history of Novabase, because it is a direct entry into the United States with our own solution, and comes to recognize the work done by our Financial Services area.

Still in regard to innovative solutions, in the 2nd quarter of 2016, Novabase GTE Business Solutions' Healthcare Insight solution was in the spotlight at the third edition of Healthcare Excellence 2016, where the ten project finalists were presented, and the best three in terms of improving patient services received distinctions.

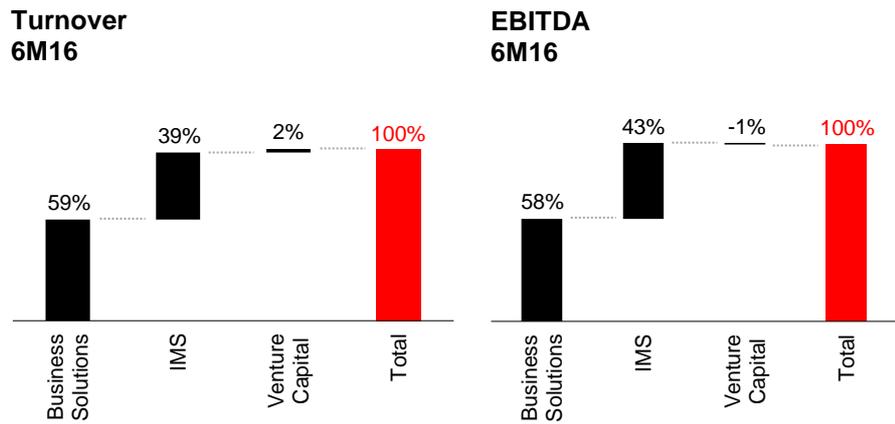
In the Venture Capital area, Collab has been mentioned in the "Magic Quadrant for Customer Engagement Centre 2015" of Gartner, the world's foremost opinion-maker in market analysis and research in the area of technology, being the only company who successfully moved up in the areas of "execution capacity" and "future vision". To mention also that Collab won "App Throwdown" at SugarCRM's contest, with "Facebook Bot Messenger" app, which took place in San Francisco, USA.



World reference events reflect Novabase's focus on innovation and provide excellent showcases for the dissemination of its offerings.

Finally, highlight that Celfocus was in attendance at Mobile World Congress 2016, the world's biggest mobile technology fair, showcasing the latest novelties of its omni-channel solution for telecommunications operators. Novabase was also present with its Rely solution in the RFlx conferences, the world's main event in the area of factoring, that bring together financial institutions, technology innovators, companies and specialists for an in-depth discussion on the industry's future.

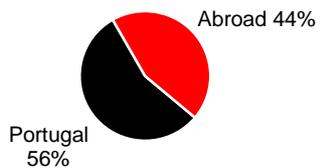
The percentage breakdown of Turnover and EBITDA by the different businesses, in the 6M16, is as follows:



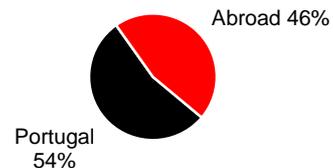
The services rendered represent 83% in 6M16, which compares to 79% in 6M15, in line with Novabase strategic goal to increase the added value of its offerings.

From the total Turnover, 48.5 M€ were generated outside Portugal, which compares to 50.1 M€ registered in 6M15.

Turnover by geography 6M15



Turnover by geography 6M16



Europe was the continent with greater expression in 6M16, rising to 57% of international business.

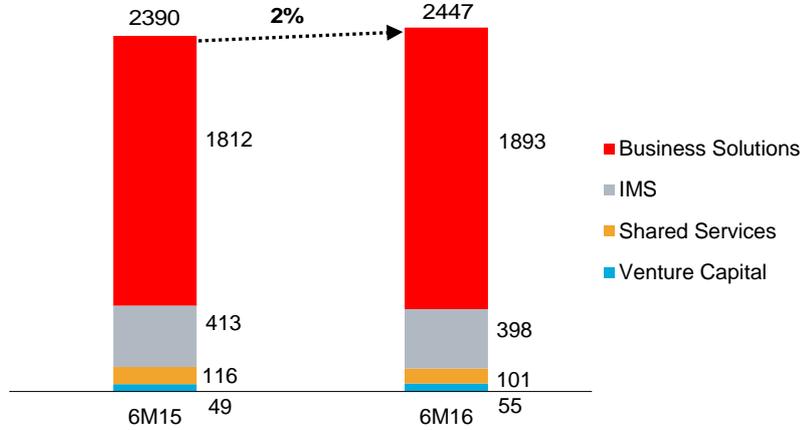
Business outside Portugal generated in the Business Solutions area increased to 60% of the respective Turnover (54% in 6M15). In the IMS business area, the international business in 6M16 decreased to 26% (33% in 6M15), due to the strategy to limit the exposure to emerging markets, and in the Venture Capital area decreased to 34% (61% in 6M15).

Novabase had on average, in the 6M16, 2447 employees, which represents an increase of 2% compared to the 6M15 (2390).



Employee breakdown by business area, in 6M16, is as follows:

Average Number of Employees



13% growth in the average number of international employees, in line with Novabase' focus on markets outside Portugal.

Average Number of Employees by geography 6M15

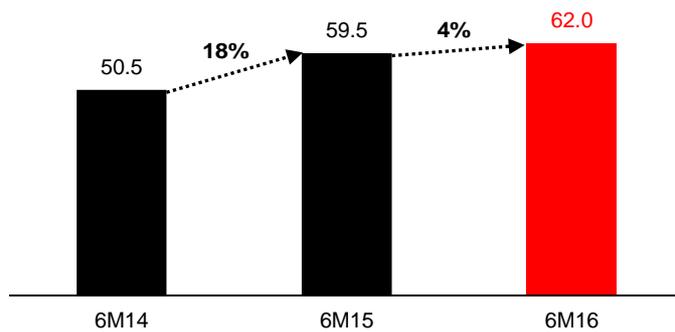


Average Number of Employees by geography 6M16



2.1. Business Solutions

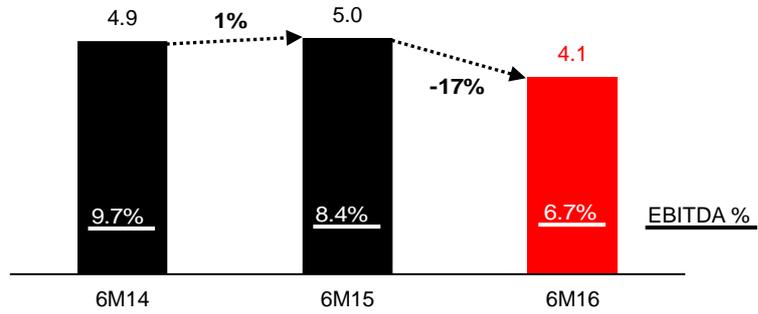
Turnover Business Solutions (M€)



BS evolution reflects the continuation of international growth (+15%) and the pressure in the domestic market.

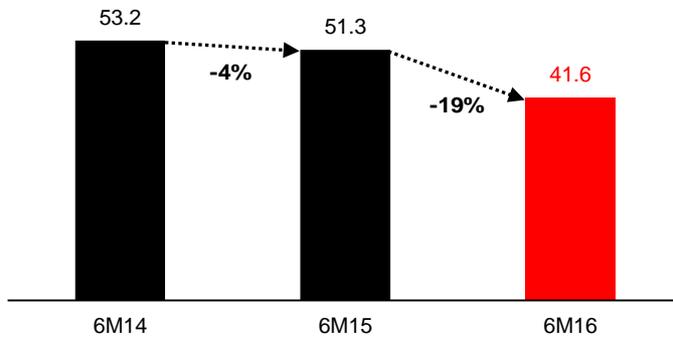


EBITDA Business Solutions (M€)



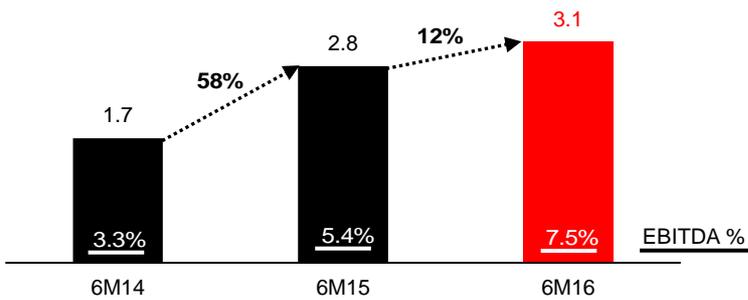
2.2. Infrastructures & Managed Services

Turnover IMS (M€)



IMS evolution results from the strategy to limit the exposure to emerging markets and focus in higher added value projects in Portugal. However, this area should be analysed for longer time periods.

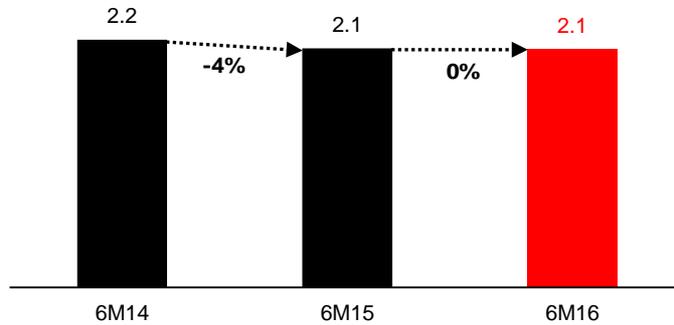
EBITDA IMS (M€)





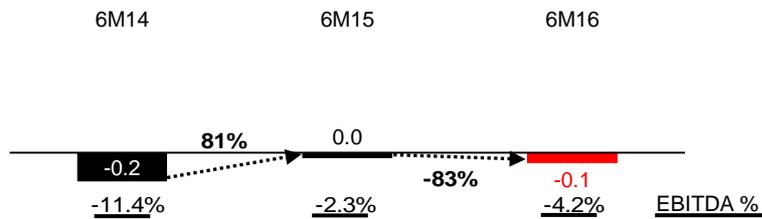
2.3. Venture Capital

Turnover Venture Capital (M€)



VC area with limited significance. However, this area should be analysed for longer time periods.

EBITDA Venture Capital (M€)



3. Stock Performance

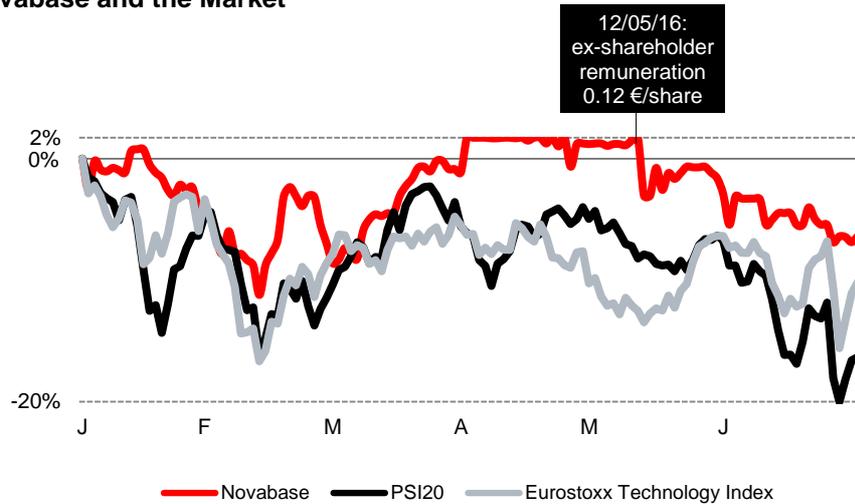
Excluding the shareholder remuneration, Novabase share price would have registered a depreciation of 1%.

Novabase share price in 6M16 lost 6%, comparing to a 16% loss in the PSI20 Index and a 10% loss in the EuroStoxx Technology Index.

In this period, a dividend of 0.12€/share was distributed.

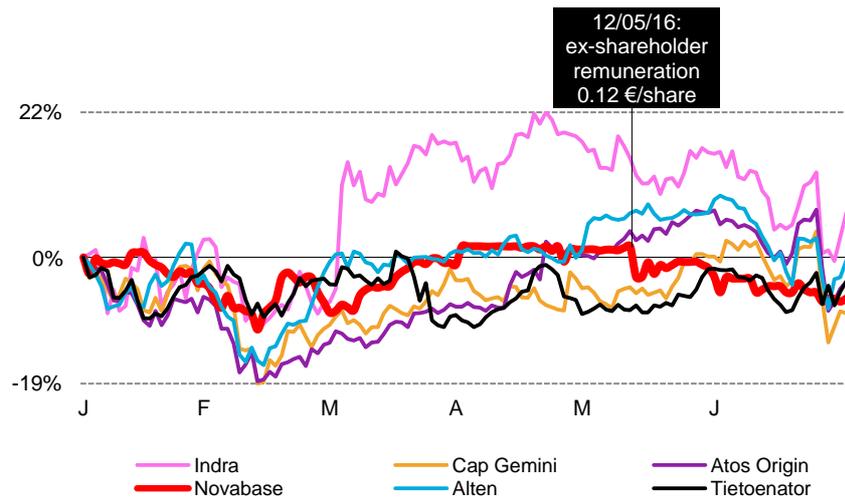


Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 6M16, was as follows:

Novabase and other TMT



In the end of the second quarter of 2016, Novabase presented a Price to Sales multiple of 0.28x and a Price to Earnings multiple of 8.60x, which represents a discount of 71% and 47%, respectively, compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/06).

Average upside of 43%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 2.83 euros.

Rotation in 6M16 represented 3% of the capital and 1.1 million shares were traded, below the values in 6M15 (rotation of 13% of the capital and 4.2 million shares traded).

Summary	2Q16	1Q16	4Q15	3Q15	2Q15
Minimum price (€)	1.970	1.879	2.070	2.100	2.310
Maximum price (€)	2.150	2.130	2.319	2.535	2.619
Volume weighted average price (€)	2.063	2.000	2.190	2.329	2.414
Closing price at the end of the Quarter (€)	1.980	2.090	2.114	2.148	2.500
Nr. of shares traded	441,436	651,101	958,535	573,164	2,848,400
Market cap in the last day (M€)	62.2	65.6	66.4	67.5	78.5



4. Outlook 2016

The results of this semester reflect the strategic options set for 2016: focus on internationalization taking into account the specific risks of the geographies where we operate.

International business accounts for 46% of the total Turnover, with Europe consolidating its position as the leading market, contributing with 57%. The weight of services amounted to 83%. EBITDA margin for this period was 6.8%, due to the positive impact of the specialized offerings with greater added value in the IMS business, thereby offsetting the pressure felt in the domestic market in the Business Solutions area.

We reaffirm the goal of sustainable international growth. Despite the uncertainty in some of the markets where we operate and the continuing challenging conditions in the domestic market, we are committed to compliance with the Guidance for FY16:

- Turnover of 215 M€, more than 45% of which outside Portugal
- EBITDA between 14 and 17 M€



Alternative Performance Measures (APMs)

In compliance with ESMA/2015/141en issued by European Securities and Markets Authority.

APMs used by Novabase are intended to provide additional information, more comprehensive and relevant to users, regarding the position and financial performance of the company. These APMs are applied consistently in all periods reflected in this release.

Net Cash

Net Cash provides information on the level of cash and other bank deposits and marketable securities, after discounting the debts to financial institutions, assisting in the analysis of the company's liquidity and ability to meet its non-bank commitments.

The caption "Cash and cash equivalents" is simultaneously the item of the consolidated statement of financial position more directly reconcilable and more relevant to this APM.

The detail and breakdown of Net Cash, as well as the reconciliation in 6M16 and prior periods, is analysed as follows:

	6M14	6M15	6M16
Cash and cash equivalents	20,911	19,588	18,572
Held-to-maturity investments - Non-current	-	4,409	6,337
Held-to-maturity investments - Current	-	-	4,492
Treasury shares held by the Company (*)	204	30	17
Bank borrowings - Non-current	(10,677)	(12,790)	(16,277)
Bank borrowings - Current	(5,583)	(4,883)	(4,915)
Net Cash	4,855	6,354	8,226

(*) Is determined by multiplying the number of treasury shares held by the Company at the end of the period by the share price on the last tradable day:

	6M14	6M15	6M16
Treasury shares held by the Company (thousands)	57.006	11.957	8.615
Closing price on the last tradable day (€)	3.580	2.500	1.980
Treasury shares held by the Company (EUR thousand)	204	30	17

APMs used by Novabase are Net Cash and EBITDA.

This APM and all its components contain no estimates or judgments made by Management.

EBITDA

EBITDA provides information on the company's ability to generate resources through its operations, without taking into account the financial effects, taxes and other non-operational items, assisting in the analysis of the business performance.

Operating profit (EBIT) is simultaneously the item of the consolidated income statement more directly reconcilable and more relevant to this APM. Given that EBITDA is directly identifiable from the referred financial statement, no reconciliation is presented here.

The detail and breakdown of EBITDA is analysed as follows:

EBIT - Depreciation and amortization - Restructuring costs

This APM includes a component that may require the use of estimates and judgments made by Management on future results ("Restructuring costs": costs related to specific processes implemented with the aim to improve the competitiveness of the operations). For the periods presented in this release, this item is null.


**Consolidated Statement of Financial Position
as at 30 June 2016**

	30.06.16	31.12.15
	(Thousands of Euros)	
Assets		
Tangible assets	9,607	9,704
Intangible assets	28,302	29,304
Financial investments	3,758	3,786
Held-to-maturity investments	6,337	4,554
Deferred income tax assets	15,753	16,352
Other non-current assets	7,478	7,478
Total Non-Current Assets	71,235	71,178
Inventories	1,551	2,824
Trade debtors and accrued income	108,719	109,332
Other debtors and prepaid expenses	16,033	14,001
Derivative financial instruments	24	168
Held-to-maturity investments	4,492	845
Cash and cash equivalents	18,572	24,293
Total Current Assets	149,391	151,463
Total Assets	220,626	222,641
Equity		
Share capital	15,701	15,701
Treasury shares	(4)	(6)
Share premium	43,560	43,560
Reserves and retained earnings	16,069	14,792
Net profit	2,776	7,425
Total Shareholders' Equity	78,102	81,472
Non-controlling interests	7,868	8,194
Total Equity	85,970	89,666
Liabilities		
Bank borrowings	16,277	14,387
Finance lease liabilities	4,752	5,247
Provisions	10,091	11,497
Other non-current liabilities	-	271
Total Non-Current Liabilities	31,120	31,402
Bank borrowings	4,915	3,992
Finance lease liabilities	1,772	1,576
Trade payables	11,114	17,038
Other creditors and accruals	44,697	41,186
Derivative financial instruments	59	160
Deferred income	40,979	37,621
Total Current Liabilities	103,536	101,573
Total Liabilities	134,656	132,975
Total Equity and Liabilities	220,626	222,641
Net Cash	8,226	11,338

**Consolidated Income Statement
for the period of 6 months ended 30 June 2016**

	30.06.16	30.06.15	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	18,449	23,444	
Cost of goods sold	(14,978)	(20,884)	
Gross margin	3,471	2,560	35.6 %
<i>Other income</i>			
Services rendered	87,213	89,471	
Supplementary income and subsidies	223	277	
Other operating income	579	667	
	88,015	90,415	
	91,486	92,975	
<i>Other expenses</i>			
External supplies and services	(37,611)	(39,064)	
Employee benefit expense	(47,061)	(46,526)	
Provisions reversal	913	796	
Other operating expenses	(572)	(491)	
	(84,331)	(85,285)	
Gross Net Profit (EBITDA)	7,155	7,690	-7.0 %
Restructuring costs	-	-	
Operating Gross Net Profit	7,155	7,690	-7.0 %
Depreciation and amortization	(2,251)	(2,654)	
Operating Profit (EBIT)	4,904	5,036	-2.6 %
Financial results	405	(351)	
Net Profit before taxes (EBT)	5,309	4,685	13.3 %
Income tax expense	(910)	(1,266)	
Net Profit from continuing operations	4,399	3,419	28.7 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	-	-	
Non-controlling interests	(1,623)	43	
Attributable Net Profit	2,776	3,462	-19.8 %
Other information:			
Turnover	105,662	112,915	-6.4 %
Gross margin from sales %	18.8 %	10.9 %	
EBITDA margin	6.8 %	6.8 %	
EBT % on Turnover	5.0 %	4.1 %	
Net profit % on Turnover	2.6 %	3.1 %	



Consolidated Income Statement by SEGMENTS
for the period of 6 months ended 30 June 2016

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	NOVABASE
Sale of goods	104	18,345	-	18,449
Cost of goods sold	(69)	(14,909)	-	(14,978)
Gross margin	35	3,436	-	3,471
Other income				
Services rendered	61,888	23,221	2,104	87,213
Supplementary income and subsidies	182	41	-	223
Other operating income	317	201	61	579
	62,387	23,463	2,165	88,015
	62,422	26,899	2,165	91,486
Other expenses				
External supplies and services	(20,767)	(15,888)	(956)	(37,611)
Employee benefit expense	(37,495)	(8,387)	(1,179)	(47,061)
(Provisions) / Provisions reversal	305	712	(104)	913
Other operating expenses	(322)	(236)	(14)	(572)
	(58,279)	(23,799)	(2,253)	(84,331)
Gross Net Profit (EBITDA)	4,143	3,100	(88)	7,155
Depreciation and amortization	(1,483)	(465)	(303)	(2,251)
Operating Profit (EBIT)	2,660	2,635	(391)	4,904
Financial results	(824)	1,175	54	405
Net Profit / (Loss) before Taxes (EBT)	1,836	3,810	(337)	5,309
Income tax expense	(193)	(818)	101	(910)
Non-controlling interests	(795)	(918)	90	(1,623)
Attributable Net Profit / (Loss)	848	2,074	(146)	2,776
Other information :				
Turnover	61,992	41,566	2,104	105,662
EBITDA	4,143	3,100	(88)	7,155
EBITDA % on Turnover	6.7%	7.5%	-4.2%	6.8%
EBT % on Turnover	3.0%	9.2%	-16.0%	5.0%