

Relevant information

Trading Update 3M20

Lisbon, 14 May 2020

Novabase – Sociedade Gestora de Participações Sociais, S.A., under the terms and for the purposes of article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council and article 248-A of the Portuguese Securities Code, discloses today to the market a Trading Update regarding the first three months of 2020, whose essential features are included in the presentation attached.

In addition, it is further informed that a webcast on this Trading Update will be held today, at 5 pm Lisbon time (GMT+1). More information about registration can be found at www.novabase.pt.

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Novabase – Sociedade Gestora de Participações Sociais, SA

Public Company

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Share Capital: € 54,638,425.56

Lisbon Commercial Registry Office registration and legal person number 502.280.182

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Privileged Information

NEXT-GEN
IT SERVICES
COMPANY

NOVABASE

3M20

**TRADING
UPDATE**

May 14, 2020

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Disclaimer

- This presentation includes sector and forward-looking statements involving uncertainties that could cause actual data to differ materially from those indicated.
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- Financial reporting terms used in this Report are mostly in accordance with International Financial Reporting Standards (IFRS) but will include certain non-IFRS financial measures of our performance (APMs). APMs used by Novabase are intended to provide additional information, more comprehensive and relevant to users, and are applied consistently in all periods reflected in this release. Reconciliation of each of these APMs to its most directly comparable IFRS financial measure can be found in the end of this Report. All amounts in this presentation are expressed in million Euros, except otherwise stated.
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3M20 Outlook



CEO

Message from João Nuno Bento

"I am very pleased with Novabase's performance in 3M20.

The company maintained a steady pace on the transformation front whilst delivering strong growth in both segments.

The sale of Novabase's stake in Collab at a Price to Sales multiple of 0.92x generates some additional funds and frees up management time to focus on other initiatives.

Subsequent to the end of 3M20, two relevant accomplishments were communicated:

- The GTE sale price was adjusted upward to 39.3 M€ with an estimated adjustment to the capital gain of 2.9 M€ to be recognised in 2020;*
- The acquisition of Vodafone's stake in Celfocus. This event marks a critical milestone in our strategic roadmap and is now behind us.*

Regarding Covid-19 we remain confident but cautious. Confident in our financial strength, our people and our strategy. Cautious because of the uncertainty on the time and shape of the recovery.

On the Financials, I would underline the following key achievements:

- Turnover increased 13% YoY, with Next-Gen representing 71%;*
- 63% of Next-Gen Turnover is generated outside Portugal, from which Europe & ME accounts for 85%;*
- 85% of Revenues captured from Top Tier Clients;*
- Highest Net Cash recorded, of 67.3 M€;*
- Talent Pool of 1756 employees;*
- Novabase share price increased 3% since the beginning of the year, despite stock markets falls;*
- No relevant financial impacts due to Covid-19 pandemic observed this quarter.*

Thank You All for your support!"

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3M20 in Review

Relevant acquisition initiative to grow Next-Gen completed

Next-Gen strengthened with the acquisition of Vodafone Portugal's equity stake in **Celfocus** ⁽¹⁾, for an initial price of 20 M€, subject to adjustments.

Full ownership of **Celfocus** is key to Novabase's strategy of becoming an "Next-Gen IT Services Company", enabling the Group to allocate resources and explore synergies in a more efficient way.

Next-Gen:
Strategy
2019+
Execution

Value
Portfolio:
Strategy
2019+
Execution

Press
Zone

Generating value to fund Next-Gen strategy

Novabase continues to successfully **deliver on its strategy**, with the **sale of Collab** and the recent **divestment of GTE** ⁽²⁾:

- **Sale of Novabase's equity stake in Collab** to the swedish Netadmin System I Sverige AB, for a 2019 Price to Sales multiple of 0.92x, subject to adjustments;
- **Adjustment to consideration on the sale of GTE Business**, raising the 2019 Price to Sales multiple of this transaction to 1.01x, with an estimated adjustment to the capital gain of 2.9 M€ to be recognised in 2020 ⁽¹⁾.

With these transactions, **Novabase has divested over 60%** of its **Value Portfolio** segment revenue ⁽³⁾.

Novabase on the News

March, 11 || **Novabase re-entered PSI20** Index as of March, 23.

April, 23 ⁽¹⁾ || **Luís Paulo Salvado**, chairman of Novabase's Board of Directors, **met with the President of Portugal**, to discuss the impact of the current pandemic situation and prospects on our economic sector, and defends **bet on digital economy**.

⁽¹⁾ Subsequent event to 3M20.

⁽²⁾ Accounted in FY19.

⁽³⁾ Baseline FY2018 (previous to Strategic Update 2019+).

Relevant Information



**Subsequent Event
to 3M20**

Adjustments to consideration on the sale of GTE Business

- **Following the** previous announcements to the market in relation to the celebration and completion of the **sale, to VINCI Energies Portugal, S.A., of the “Application and Data Analytics”** business for the Government, Transport and Energy sectors (“**GTE Business**”), the **parties confirmed**, on May 11, and **a net adjustment to the price initially paid by the purchaser and the verification of the earn-out** which was dependent upon the final performance of the GTE Business in the financial year of 2019.
- **As such, the consideration obtained by Novabase after these events is 39.3 M€** corresponding to the sum of the price initially agreed of 33 M€, the earn-out of 3 M€ and the net adjustment of the remainder.
- Considering the above mentioned, the **estimated capital gain is now 14.9 M€.**
- Under the terms of the Agreement, **some additional adjustments** to the purchase price **may still occur until the ninth month after** the date of completion of **the sale.**
- It is recalled that the **capital gain registered in 2019 was 12.0 M€**, therefore **any difference to the final capital gain will be recognised in the financial statements of 2020.**

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Relevant Information



**Subsequent Event
to 3M20**

Novabase buys Vodafone Portugal's equity stake in Celfocus

- On April 24, 2020, Novabase has entered into a **sale and purchase agreement with Vodafone Portugal, S.A.** ("Vodafone") to buy the shares representing **Vodafone's equity stake in Celfocus, S.A.** (45.001%).
- The **agreed purchase price** for Vodafone's entire shareholding was **20 M€**, payable within five business days from April, 24.
- There **may be an additional price adjustment of 7.5 M€**, to be paid for **in services**, which could raise the final purchase price to a maximum of 27.5 M€, **as a result of possible annual adjustments until 2023** related to service hiring guarantees of 10 M€ per year for three years given by Vodafone.
- Due to the **importance of this transaction for the execution of the strategy** and given Novabase's financial robustness, the Board of Directors approved the acquisition, despite the current context of uncertainty. This transaction does not require any significant guidance reframing regarding the Strategic Update 2019+.
- Celfocus employed over 650 employees. In 2019, it had a Turnover of 65 M€, EBITDA of 6.3 M€ and cash holdings of 16.1 M€.
- Prior to this transaction, Novabase held a 54.997% stake in Celfocus, S.A..

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Covid-19

Covid-19: Confident but cautious

- Novabase is **carefully and permanently monitoring** all developments related to the **Covid-19 pandemic**, and a Contingency Coordinating Group was created, at a very early stage, to manage this crisis.
- In that sense, **Novabase has put in place all measures aiming to minimise the risks to its employees' health** (the main “asset”) **and to ensure its clients business operations continuity**. Additionally, the Board of Directors **decided to revert** its initial intention of proposing to the 2020 GMS a **0.85 €/share remuneration**, maintaining the commitment assumed towards the shareholders upon disclosure of Strategic Update 2019+, of distributing 1.5 €/share in 2019-2023.
- **No relevant impacts** were observed due to Covid-19 in **3M20** figures.
- Novabase has a **solid customer base**, the **ability to work digitally / remotely** and a **proven track record of use of Agile delivery models** in project implementations, as well as a **strengthened liquidity position**. Moreover, Novabase believes that difficulties also present opportunities and **defends a bet on digital economy**.
- As far as we are able to anticipate at the date of issue of this report, no relevant impacts have been observed and this allows Novabase to face the pandemic with some degree of confidence. However, the **current context remains of great uncertainty** and we assume that some sort of **future impact is probable**.



**In compliance with
ESMA71-99-1290**

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Financial Highlights

3M20 performance: On the right track of Strategy 2019+!

Turnover do not include GTE Business and Collab, qualified as discontinued operations according to IFRS 5, for all periods in this presentation.

- **Turnover increased 13% YoY**, with Next-Gen representing 71%
- **63% of Next-Gen Turnover** is generated **outside Portugal**, from which **Europe & ME** accounts for **85%**
- **85% of Revenues captured** from **Top Tier Clients**
- **Highest Net Cash** recorded, of **67.3 M€**
- **Talent Pool** of **1756 employees**
- **Novabase share price increased 3%** since the beginning of the year, despite stock markets falls
- **No relevant impacts due to Covid-19** pandemic observed this quarter

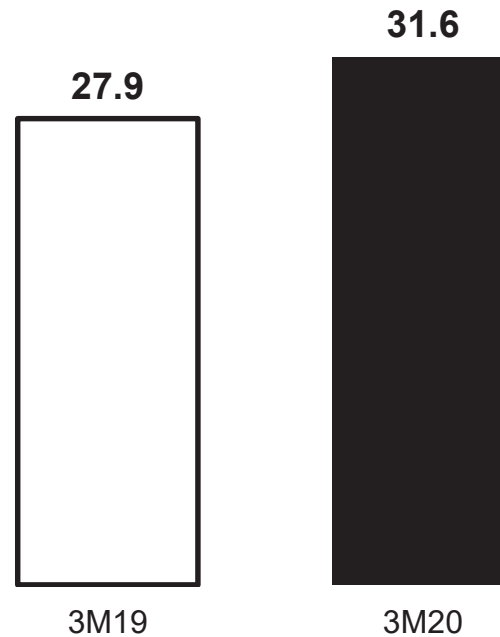
Key Figures



Turnover

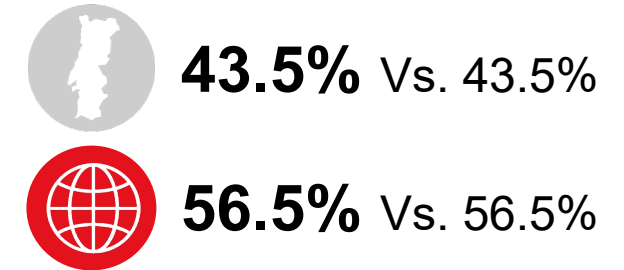
Turnover increased 13% YoY, with Next-Gen representing 71%

Turnover

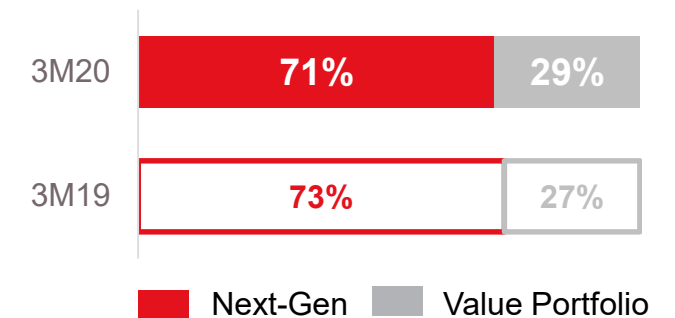


No relevant impacts were observed this quarter due to the Covid-19 pandemic, both in Next-Gen and in Value Portfolio segments.

Breakdown by Geography (%) ⁽¹⁾



Breakdown by Segment (%)



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(1) Turnover by Geography is computed based on the executed project geography.

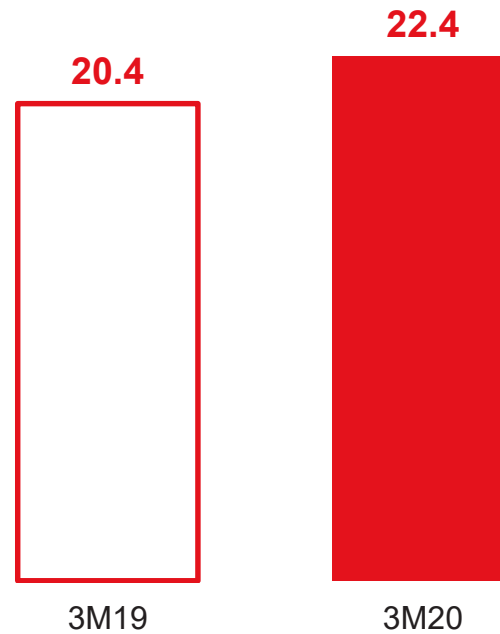
Key Figures



Next-Gen Segment

Next-Gen grows by double-digit in Turnover, +10% YoY

Turnover



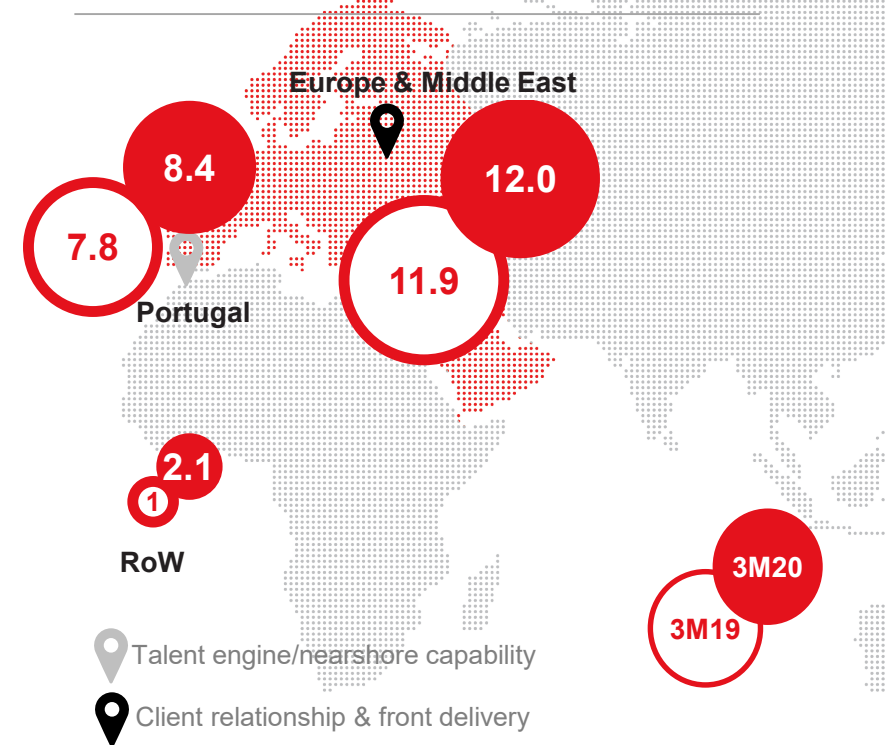
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International Turnover grows 11% YoY.

63% of Next-Gen Turnover generated outside Portugal.

Europe & ME accounts for 85% of international operations, registering an increase of 1% YoY.

Revenue by Geography



Key Figures

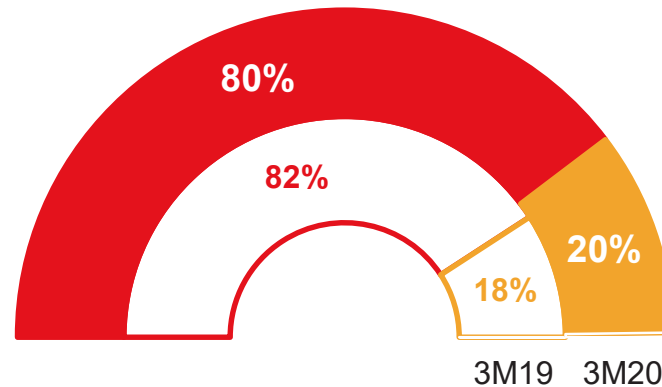


Next-Gen Segment

Next-Gen working on Multi Industry approach...

Targeting clients with ambition to transform, with 3M20 still focused on Telco.

% of Revenue by Industry



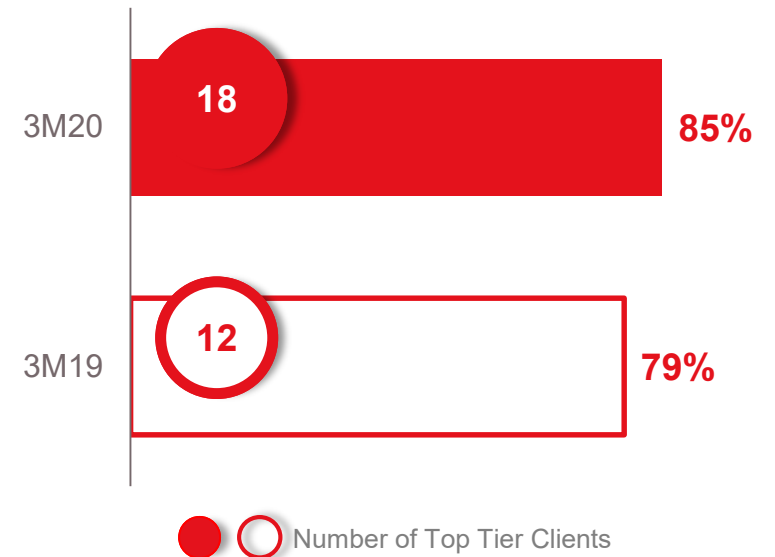
■ Telco ■ Financial Services

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... and building long term partnerships

Large accounts registered a growth, both in number and in Revenues (+12% YoY).

% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients in 3M20 increased to 109 (106 in 3M19).

(1) Top Tier clients (>1 M€) considers the Trailing 12 months. 13

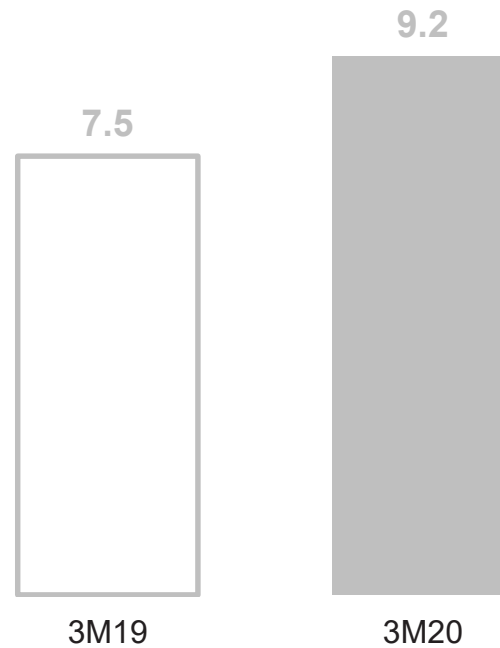
Key Figures



Value Portfolio Segment

Value Portfolio Turnover grows 23% YoY

Turnover



Evenly, double-digit, growth in both domestic (23% YoY) and international markets (22% YoY).

In terms of geographic mix, 41% of Value Portfolio Turnover is generated outside Portugal.

Key Figures

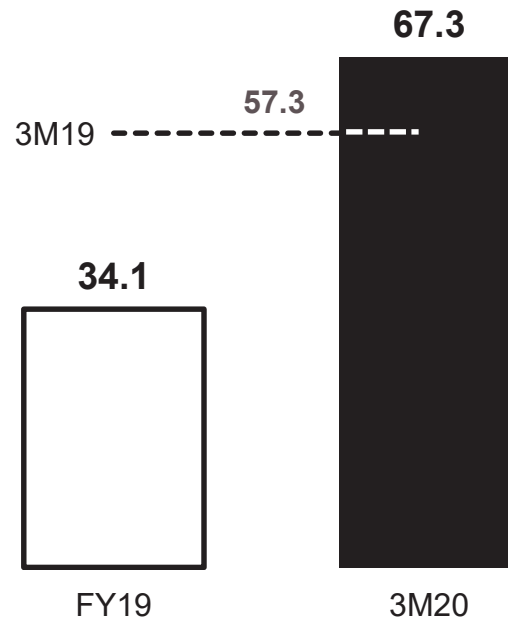


Net Cash

Highest Net Cash recorded, of 67.3 M€

Comfortable liquidity situation to pursue the Strategy 2019+ objectives and tackle the Covid-19 pandemic potential impacts.

Net Cash



Cash generation of 33.2 M€ in 3M20, highlighting:

- Cash inflow of **32.9 M€** from **GTE Business disposal**;
- Cash inflow of **3.2 M€** from the **Sale of Collab.**

From the 67.3 M€, 12.5 M€ refers to Non-controlling Interests.

Net Cash in 3M20 does **not yet reflect** the **cash outflow from the acquisition** of Vodafone's equity stake in **Celfocus** **nor** the **cash inflow** related to the **price adjustment of the GTE Business disposal**, both materialised on the second quarter.

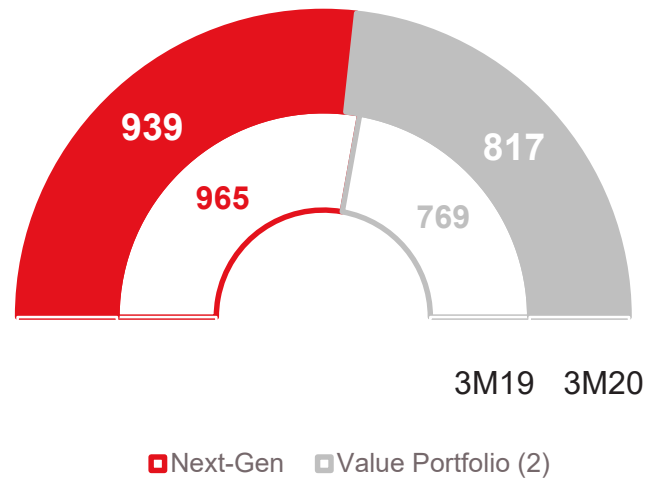
Key Figures



Talent

Talent Pool of 1756 employees in 3M20

Average number of Employees ⁽¹⁾



(1) Excluding GTE Business and Collab.

(2) Including holding / shared services representing 85 employees in 3M20 (88 in 3M19).

Talent pool increased 1% YoY (1734 in 3M19).

Next-Gen Turnover per employee increased 13% YoY.

Attrition rate of Next-Gen was 3.9% in 3M20 (4.9% in 3M19).

Key Figures



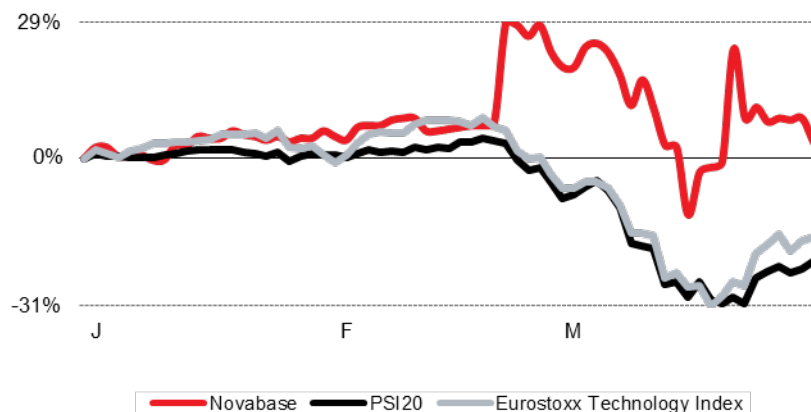
Stock Market

Novabase share price increased 3% in 3M20...

... while stock markets are falling, probably reflecting the beginning of the global recession caused by the Novel Coronavirus and oil price crisis.

PSI20 Index decreased 22% and EuroStoxx Technology Index, 17%.

Novabase and the Market



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Novabase re-entered to the main index of the Lisbon stock exchange, the **PSI20**, as of March, 23.

Due to the current context of great **uncertainty** of the **Covid-19** pandemic, the **Board** decided to **revert its initial intention of proposing** to the 2020 GMS a remuneration of **0.85 €/share**.

In this period, **Novabase acquired 139,188 shares** (under the buy-back programme), **holding as at March, 31**, a total of **515,799 own shares** (1.64% of the Company's share capital).

The **average price target** disclosed by the research that covers Novabase is **4.63 €**, and the **average upside** is **73%**.

Market Capitalization at the end of 3M20 is **83.8 M€**, implying a **ttm Price to Sales** of **0.57x**.

Free Float Velocity in 3M20 represented **33%** (21% in 3M19) with a free float of 40%⁽¹⁾ in both periods.

(1) Calculated according to Euronext criteria.

APMs

Alternative Performance Measures



In compliance with
ESMA/2015/141en

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 3M20 and prior period, is analysed in the table on the right.

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

	FY19	3M20
Cash and cash equivalents	48,755	81,308
Debt securities - Non-Current	403	-
Debt securities - Current	2,793	2,316
Treasury shares held by the Company ⁽¹⁾	972	1,354
Bank borrowings - Non-Current	(13,600)	(12,450)
Bank borrowings - Current	(5,194)	(5,225)
Net Cash (Euro thousands)	34,129	67,303

	FY19	3M20
Treasury shares held by the Company	376,611	507,293
Closing price @ last tradable day (€)	2.580	2.670
Treasury shares held by the Company (Euro thousands)	972	1,354

(1) 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.

About NOVABASE



NEXT-GEN IT SERVICES COMPANY

Company Information

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Euronext code: PTNBA0AM0006
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www.novabase.pt

Next Events

Roadshows:
JB Capital Markets: 18th-22th May
Kepler Cheuvreux: 25th May (tbc)
Bank of America: 4th-5th June

1H 2020 Results Release:
Thursday, July 30, 2020
(after market closure)

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