

# RESULTS ANNOUNCEMENT 1H18



*The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.*



# 1. Main Highlights

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Consolidated turnover of 82.7 million euros increasing 8.2% y.o.y and 25.9% q.o.q.

NOS continued to present a solid EBITDA performance in core Telco operations driving strong FCF momentum

Technology revenues reaching 75.4 million euros, growing 8.7% y.o.y and 26.8% q.o.q., with International markets weighting more than 40%

Free Cash Flow of 59.7 million euros on the back of the 57.8 million euros capital distribution from Armilar Venture Partners, related with Outsystems financing round

Net income of 62.9 million euros

# 2. Sonaecom Consolidated Results

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Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method - which owns 52.15% stake in NOS, continued to present a solid EBITDA performance, driven by operating leverage and focus on efficiency. Free Cash Flow, despite the strategic investments that have been made in technological and operational transformation projects to secure long term competitiveness, continued to present a strong performance.

Technology area, during 1H18, continued to pursue its active portfolio strategy, with eight new investments closed and reinforcement in some portfolio companies while commanding a strong pipeline with multiple active processes, across all investment stages. As Limited Partner of the "Fundo FCR - Armilar Venture Partners II" and as a result of the last Outsystems financing round, the Technology area received a capital distribution of 57.8 million euros.

## Turnover

Consolidated turnover in 1H18 reached 82.7 million euros, increasing 8.2%, when compared to 1H17, and 25.9%, versus the last quarter, with both technology and media areas contributing positively.

## Operating costs

Operating costs amounted to 82.3 million euros, 7.8% above 1H17. Personnel costs grew 3.6% reflecting the increase in the average number of employees. Commercial costs increased 13.5% to 35.0 million euros, mainly driven by the higher cost of goods sold, aligned with the higher level of sales. The decline in other operating costs is mainly explained by the lower level of Outsourcing services.

## EBITDA

Total EBITDA stood at 19.8 million euros, essentially on the back of equity results that are mostly driven by ZOPT contribution which, in turn, depends on NOS net income evolution. Underlying EBITDA reached 1.3 million euros, 16.4% above the 1H17.

## Net results

Sonaecom's EBIT increased to 15.4 million euros, from 12.4 million in 1H17, mainly explained by the higher level of EBITDA but also driven by the lower depreciation costs.

Net financial results reached 0.1 million euros in 1H18 that compares with negative 0.3 million in the previous year.

Sonaecom's earnings before tax (EBT) increased from 12.2 million to 15.5 million euros, driven by the higher EBIT.

Indirect results reached 48.0 million euros, that compare with negative 0.3 million euros in 1H17, impacted by Armilar Venture Funds' portfolio fair value adjustments and capital gain generated by the AVP II Fund capital distribution.

Net results group share stood at 62.9 million euros, significantly above the 13.6 million euros presented in 1H17.

## Operating CAPEX

Sonaecom's operating CAPEX decreased to 4.0 million euros, reaching 4.8% of turnover, 1.1 p.p. below 1H17.

## Capital structure

The cash position stood at 243.0 million euros, increasing 45.1 million euros since December 2017, driven namely by the 17.3 million euros of dividends from ZOPT, the €55.2 million received from AVP II Fund (net of taxes) and despite the negative operating cash flow of 3.8 million euros, the 9.7 million euros of investments and the 11.3 million of dividends distribution.

## 2.1 Telecommunications

NOS operating revenues were 772.3million euros in 1H18, growing 0.6% y.o.y..

EBITDA reached 305.5 million euros, increasing 2.6% when compared to 1H17 and representing a 39.6% EBITDA margin.

CAPEX amounted to 179.3 million euros in 1H18, an increase of 4.3% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA-CAPEX increased 0.1%.

At the end of 1H18, net financial debt totalled 1,150.4 million euros, equal to 2.0x EBITDA, and with an average maturity of 3.2 years.

NOS published its 1H18 results on 23<sup>rd</sup> July, 2018, which are available at [www.nos.pt](http://www.nos.pt).

During 1H18, NOS share price decreased 14.4% from €5.481 to €4.694, whilst PSI20 increased by 2.6%.

### Operational Indicators

Million euros								
Operational Indicators ('000)	2Q17	2Q18	Δ 18/17	1Q18	q.o.q.	1H17	1H18	Δ 18/17
Total RGUs	9 254.3	9 498.8	2.6%	9 454.4	0.5%	9 254.3	9 498.8	2.6%
Convergent RGUs	3 585.9	3 786.8	5.6%	3 732.4	1.5%	3 585.9	3 786.8	5.6%

### Financial indicators

Million euros								
NOS HIGHLIGHTS	2Q17	2Q18	Δ 18/17	1Q18	q.o.q.	1H17	1H18	Δ 18/17
Operating Revenues	387.3	389.3	0.5%	383.0	1.6%	767.6	772.3	0.6%
EBITDA	155.5	158.8	2.1%	146.7	8.2%	297.9	305.5	2.6%
EBITDA margin (%)	40.1%	40.8%	0.6pp	38.3%	2.5pp	38.8%	39.6%	0.8pp
Net Income	39.5	45.1	14.3%	33.8	33.8%	72.2	78.9	9.2%
CAPEX	85.5	91.7	7.3%	87.7	4.6%	171.9	179.3	4.3%
EBITDA-CAPEX	70.0	67.1	-4.1%	59.1	13.6%	126.0	126.2	0.1%



## 2.2 Technology

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The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications, as well as cybersecurity, with an international scale. This area currently comprises, alongside with minority stakes and Bright Pixel, five controlled companies – WeDo Technologies, S21Sec, Saphety, Bizdirect and Inovretail – that generated circa 43.0% of its revenues outside the Portuguese market with 38.3% out of the total 1,098 employees based abroad.

**WeDo Technologies** is a worldwide leader in Revenue Assurance and Fraud Management that works with more than 180 telecommunications operators in over 100 countries. The international markets represented 79.2% of its turnover.

WeDo Technologies' market leadership was recognized by Strategist (Frost & Sullivan's Strategist Global Communication Services Providers Financial Assurance Market Leadership) and the excellence of its products and implementations were recognized by Falcon Business Research (Best Revenue Assurance & Fraud Management Solution) and Informa BSS&OSS Latam Awards (Best Revenue Assurance Solution), amongst others. During 1H18, WeDo among the "10 to Watch Company" by Strategist.

During this semester WeDo Technologies marked its presence at the Mobile World Congress in Barcelona and acquired six new telecom customers based in South Korea, Indonesia, USA, Brazil, Nigeria and Kazakhstan.

**S21Sec** is a reference multinational pure cybersecurity player, focused on the delivery of cyber security services and development of proprietary supporting technologies, with a global customer base, leveraging its teams in Spain, Portugal and Mexico.

During 1H18, the company continued to focus its positioning as an MSSP (Managed Security Services Provider). A new VP was brought on board to lead the business development and growth in the Managed Services area. A new VP of International Business was also hired with the goal of speeding up the funnel generation and strengthening overall sales capabilities.

With a positive impact on brand visibility, S21sec participated in some industry events: RBR ATM Indonesia, Infosecurity Mexico, Porto IDC Cybersecurity Conference, ICS & Critical Infrastructure Lisbon, Breach & Attack Simulation Mexico, IDC GDPR Forum Lisbon and Indusec2018 Donosti

In June, Sonae Investment Management ("Sonae IM") announced the acquisition of **Nextel** and the plan to merge these two landmark companies in the cybersecurity sector in Spain, S21sec and Nextel. The resulting company, is the most important "pure player" (company specializing exclusively in the cybersecurity sector) in Spain and Portugal in terms of turnover and number of cybersecurity experts.

**Nextel** is a Spanish company with 30 years of experience and considered a benchmark in auditing and consulting services and also in the integration of the most demanding cybersecurity solutions. This majority acquisition occurred with the purpose of strengthening the position of Sonae IM cybersecurity unit in Iberia and Latin America, as well as of taking a decisive step towards the creation of a European cybersecurity leader.

Nextel was consolidated at the end of June which means that 1H18 Sonae IM results were not impacted by this new acquisition.

**Saphety** is a solutions provider for business processes optimization that has a foothold in electronic invoicing and EDI (Electronic Data Interchange) market as well as in data synchronization for GSI worldwide organizations.

This period has been marked by a strong commercial activity in Colombia market (eInvoice solution) and a positive evolution at EBP (Electronic Billing Presentment).

Saphety's customer base has now over 8,500 customers and 160,000 users in 34 countries with international market already representing more than 30% of total revenues.

**Bizdirect** is a technology company specialized in IT solutions commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions integration.

During 1H18, the cloud business unit improved its presence on helping customers in digital transformation and the solutions business unit achieved important new customer references. Bizdirect Competence Center, in Viseu, with a relevant contribute to the international revenues that already represent 7.8% of total Turnover.

**InovRetail** is a company focused in the development of advanced analytics tools, aiming to assist retailers in improving performance by making more informed decisions. The company's main product is the predictive analytics engine, Smart Measure, that provides highly reliable sales forecasts, promotion impacts and stock levels, based on machine learning algorithms that combine data from the retailers' stores and sales, as well as from over 100 external sources. The next steps include accelerating growth in existing markets, as well as penetrating new ones, through the investment in building up the team, improving the SaaS platform and reinforcing R&D.

**Bright Pixel** is a company builder studio whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that have the objective to identify ideas and projects that should be brewed in its incubation programme. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout.

Bright Pixel is also investing in events, like Pixels Camp, to link its activity to the tech community as well as promoting a close relationship with its partners, by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.



**Probe.ly**, having started as an internal project of Bright Pixel, won the *Caixa Capital Empreender Award 2017*, has stepped from MVP (minimum valuable product) to an independent Web Application Security startup.

**Armilar Venture Funds** are the 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco. With this transaction, concluded in December 2016, Sonae IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth. During 1H18, Sonae IM recorded a significant capital gain with the AVP II Fund capital distribution subsequent to the partial sale of Outsystems.

**StyleSage** is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Every day, StyleSage pulls product data from competitors' ecommerce websites from around the world. Then, with groundbreaking technology in machine learning and visual recognition, StyleSage cleans, organizes, and analyzes the massive amounts of collected data into a cloud-based dashboard that empowers brands and retailers to make informed, data-driven decisions in areas such line planning, markdown optimization, and global expansion.

**Ometria** is a London based AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. This investment was done by Sonae IM in the \$6m Series A round, alongside several strategic investors (including Summit Action, the US VC fund of the Summit Series).

**Secucloud** is a Germany based company that provides a cloud security platform for protecting all devices (subscriber endpoints) and operating systems with no installation required, offered to Telcos & ISPs as a white label solution. Sonae IM totally subscribed the multi million Series B financing round.

**ArticWolf**, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. US technology investors Lightspeed Venture Partners and Redpoint were joined by Sonae IM and Knollwood Investment Advisory in the last round.

**Continuum Security** is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of €1.5million euros, which was led by Swaanlaab Venture Factory and joined by JME Venture Capital and Sonae IM.

**Jscrambler** is a Portuguese startup that develops a security solution to protect Web and Mobile Applications (Javascript code). The company raised a 2.3 million dollars in a series A financing round that was led by Sonae IM with the co-investment of Portugal Ventures.

**Nextail** is a Spanish company that has developed a cloud-based platform that combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations. The company raised a \$10.0 million Series A round led by London and Amsterdam based venture capital firm KEEN Venture Partners LLP ("KEEN"), together with Sonae IM and existing investor Nauta Capital. The new financing is being used to accelerate product development and double the size of the team, as it grows internationally.

**Case on IT** is a Spanish company that has developed Medux, a machine learning solution for the measurement, prediction and analysis of landline, mobile and television services. Medux measures the customer experience in markets that collectively serve over 600 million users worldwide. The company raised a Series B round of international fund with Sonae IM.

## Financial indicators

Million euros

TECHNOLOGY AREA	2Q17	2Q18	Δ18/17	1Q18	q.o.q.	1H17	1H18	Δ18/17
<b>Turnover</b>	<b>36.5</b>	<b>42.2</b>	<b>15.6%</b>	<b>33.3</b>	<b>26.8%</b>	<b>69.4</b>	<b>75.4</b>	<b>8.7%</b>
Service Revenues	21.2	22.1	4.3%	20.0	10.8%	41.1	42.1	2.5%
Sales	15.3	20.1	31.3%	13.3	50.9%	28.3	33.4	17.7%
Other Revenues	0.4	0.3	-18.5%	0.2	22.2%	0.6	0.5	-15.1%
<b>Operating Costs</b>	<b>35.1</b>	<b>40.3</b>	<b>14.9%</b>	<b>32.5</b>	<b>23.8%</b>	<b>67.6</b>	<b>72.8</b>	<b>7.8%</b>
Personnel Costs	11.6	11.9	1.9%	12.6	-5.5%	23.4	24.4	4.2%
Commercial Costs <sup>(1)</sup>	15.6	20.4	30.8%	12.8	60.1%	28.6	33.2	16.0%
Other Operating Costs <sup>(2)</sup>	7.8	8.0	2.4%	7.2	10.7%	15.5	15.2	-1.9%
<b>EBITDA</b>	<b>1.8</b>	<b>2.1</b>	<b>18.4%</b>	<b>0.5</b>	<b>-</b>	<b>2.4</b>	<b>3.1</b>	<b>27.5%</b>
Underlying EBITDA <sup>(3)</sup>	1.8	2.2	23.8%	0.9	128.6%	2.4	3.1	27.5%
Equity method <sup>(4)</sup>	0.0	-0.1	-	-0.4	77.3%	0.0	-0.5	-
Underlying EBITDA Margin (%)	4.8%	5.1%	0.3pp	2.9%	2.3pp	3.5%	4.1%	0.6pp
Operating CAPEX <sup>(5)</sup>	2.1	2.1	0.8%	1.5	36.1%	3.9	3.6	-6.8%
Operating CAPEX as % of Turnover	5.6%	4.9%	-0.7pp	4.6%	0.3pp	5.6%	4.8%	-0.8pp
Underlying EBITDA - Operating CAPEX	-0.3	0.1	-	-0.6	-	-1.4	-0.5	66.2%
<b>Total CAPEX</b>	<b>3.0</b>	<b>10.0</b>	<b>-</b>	<b>3.3</b>	<b>-</b>	<b>5.5</b>	<b>13.3</b>	<b>144.3%</b>

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated at Technology area; (4) Includes the 50% holding in Big Data, the 27.45% holding in Secucloud and the 22.88% holding in Probe.ly; (5) Operating CAPEX excludes Financial Investments;

### Turnover

Turnover increased 8.7% y.o.y. and 26.8% q.o.q., supported on a strong performance of the commercial activity.

### Operating costs

Operating costs increased 7.8% to 72.8 million euros. Staff costs increased 4.2% driven by the growth in the number of employees. Commercial costs increased 16.0% mainly driven by cost of goods sold, aligned with the higher level of sales. Other operating costs decreased 1.9%, mainly explained by lower levels of outsourcing costs.

### EBITDA

EBITDA reached 3.1 million euros, 27.5% above 1H17. Underlying EBITDA reached 3.1 million euros increasing 27.5% when compared to 1H17, and reaching a margin of 4.1%.

### Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 0.5 million euros, increasing when compared to 1H17, explained by the lower level of Operating CAPEX but mainly driven by the higher EBITDA.



## 2.3 Media

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During 1H18, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms. Moreover, the company continued to be recognized by SND (Society for News Design), that had already attributed 3 Award of Excellence to 3 Ipsos Front Pages, and by *Design – Meios & Publicidade* with an Honor Award.

Throughout 1H18, the company continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation: opinion panel renovation, offline distribution improvement and digital skills reinforcement, while developing two digital media projects funded by Google DNI (Digital News Initiatives) Innovation Funds. During this semester, Público through a partnership with Globo, organized two events in Brazil and, already in July, nominated a new Editorial Direction.

The positive performance of online subscriptions and contents coupled with the impact of a new accounting procedure regarding distribution costs, translated into an overall 0.5% revenue growth, when compared to 1H17.



### 3. Appendix

#### Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	2Q17	2Q18	Δ 18/17	1Q18	q.o.q.	1H17	1H18	Δ 18/17
<b>Turnover</b>	<b>40.3</b>	<b>46.1</b>	<b>14.3%</b>	<b>36.6</b>	<b>25.9%</b>	<b>76.4</b>	<b>82.7</b>	<b>8.2%</b>
Service Revenues	22.9	23.9	4.4%	21.2	12.9%	44.0	45.1	2.5%
Sales	17.4	22.2	27.4%	15.4	43.6%	32.4	37.6	16.0%
Other Revenues	0.6	0.5	-16.7%	0.4	23.6%	1.0	0.9	-13.0%
<b>Operating Costs</b>	<b>39.5</b>	<b>45.3</b>	<b>14.8%</b>	<b>37.0</b>	<b>22.5%</b>	<b>76.4</b>	<b>82.3</b>	<b>7.8%</b>
Personnel Costs	13.8	14.2	2.9%	15.0	-5.0%	28.2	29.2	3.6%
Commercial Costs <sup>(1)</sup>	16.7	21.3	27.6%	13.6	56.5%	30.8	35.0	13.5%
Other Operating Costs <sup>(2)</sup>	8.9	9.3	4.1%	7.9	16.9%	17.4	17.2	-0.9%
<b>EBITDA</b>	<b>10.5</b>	<b>11.8</b>	<b>12.5%</b>	<b>8.0</b>	<b>48.3%</b>	<b>17.3</b>	<b>19.8</b>	<b>14.5%</b>
Underlying EBITDA <sup>(3)</sup>	1.4	1.2	-12.4%	0.0	-	1.1	1.3	16.4%
Equity method <sup>(4)</sup>	9.1	10.6	16.4%	8.0	33.0%	16.2	18.6	14.4%
Underlying EBITDA Margin (%)	3.5%	2.7%	-0.8pp	0.0%	2.7pp	1.4%	1.5%	0.1pp
Depreciation & Amortization	2.4	2.5	3.7%	1.9	31.8%	4.9	4.4	-9.5%
<b>EBIT</b>	<b>8.1</b>	<b>9.3</b>	<b>15.2%</b>	<b>6.1</b>	<b>53.4%</b>	<b>12.4</b>	<b>15.4</b>	<b>24.0%</b>
<b>Net Financial Results</b>	<b>-0.4</b>	<b>0.4</b>	<b>-</b>	<b>-0.3</b>	<b>-</b>	<b>-0.3</b>	<b>0.1</b>	<b>-</b>
Financial Income	1.5	1.4	-8.4%	1.0	39.8%	2.3	2.3	1.0%
Financial Expenses	1.8	0.9	-49.4%	1.3	-26.7%	2.6	2.2	-14.3%
<b>EBT</b>	<b>7.7</b>	<b>9.7</b>	<b>26.0%</b>	<b>5.8</b>	<b>68.9%</b>	<b>12.2</b>	<b>15.5</b>	<b>27.7%</b>
Tax results	1.5	-0.2	-	-0.2	27.7%	1.8	-0.4	-
<b>Direct Results</b>	<b>9.2</b>	<b>9.6</b>	<b>3.6%</b>	<b>5.5</b>	<b>73.1%</b>	<b>13.9</b>	<b>15.1</b>	<b>8.5%</b>
<b>Indirect Results<sup>(5)</sup></b>	<b>-0.1</b>	<b>48.4</b>	<b>-</b>	<b>-0.5</b>	<b>-</b>	<b>-0.3</b>	<b>48.0</b>	<b>-</b>
<b>Net Income</b>	<b>9.1</b>	<b>58.0</b>	<b>-</b>	<b>5.1</b>	<b>-</b>	<b>13.6</b>	<b>63.1</b>	<b>-</b>
Group Share	9.1	57.9	-	5.0	-	13.6	62.9	-
Attributable to Non-Controlling Interests	0.0	0.0	38.3%	0.1	-61.6%	0.1	0.1	113.8%

(1) Commercial Costs = COGS + Mktg & Sales Costs; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaeocom;

(4) Includes the 50% holding in Unipress, the 50% holding in SIRS, the 50% holding in Big Data, the 50% holding in ZOPT, the 27.45% holding in Secudoud and the 22.88% holding in Probe.ly

(5) Includes equity method adjustments related with AVP funds and related taxes.

## Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	2Q17	2Q18	Δ18/17	1Q18	q.o.q.	1H17	1H18	Δ18/17
<b>Total Net Assets</b>	<b>1 097.7</b>	<b>1 175.4</b>	<b>7.1%</b>	<b>1 104.4</b>	<b>6.4%</b>	<b>1 097.7</b>	<b>1 175.4</b>	<b>7.1%</b>
Non Current Assets	819.8	847.8	3.4%	846.4	0.2%	819.8	847.8	3.4%
Tangible and Intangible Assets	28.9	28.0	-3.3%	27.8	0.4%	28.9	28.0	-3.3%
Goodwill	23.5	25.1	6.9%	23.3	7.8%	23.5	25.1	6.9%
Investments	755.9	781.6	3.4%	784.2	-0.3%	755.9	781.6	3.4%
Deferred Tax Assets	8.4	10.8	28.7%	7.0	54.9%	8.4	10.8	28.7%
Others	3.0	2.3	-25.7%	4.1	-44.7%	3.0	2.3	-25.7%
Current Assets	277.9	327.6	17.9%	258.0	27.0%	277.9	327.6	17.9%
Trade Debtors	46.0	45.1	-2.0%	34.6	30.2%	46.0	45.1	-2.0%
Liquidity	189.1	251.0	32.7%	201.1	24.8%	189.1	251.0	32.7%
Others	42.8	31.5	-26.4%	22.2	41.8%	42.8	31.5	-26.4%
<b>Shareholders' Funds</b>	<b>1 021.8</b>	<b>1 073.6</b>	<b>5.1%</b>	<b>1 034.4</b>	<b>3.8%</b>	<b>1 021.8</b>	<b>1 073.6</b>	<b>5.1%</b>
Group Share	1 022.0	1 074.7	5.2%	1 032.7	4.1%	1 022.0	1 074.7	5.2%
Non-Controlling Interests	-0.2	-1.2	-	1.7	-	-0.2	-1.2	-
<b>Total Liabilities</b>	<b>75.9</b>	<b>101.8</b>	<b>34.2%</b>	<b>70.0</b>	<b>45.5%</b>	<b>75.9</b>	<b>101.8</b>	<b>34.2%</b>
Non Current Liabilities	17.2	23.4	36.0%	18.1	29.4%	17.2	23.4	36.0%
Bank Loans	3.2	4.0	25.2%	2.0	105.3%	3.2	4.0	25.2%
Provisions for Other Liabilities and Charges	3.7	3.1	-14.4%	3.6	-12.0%	3.7	3.1	-14.4%
Others	10.3	16.2	57.4%	12.5	29.2%	10.3	16.2	57.4%
Current Liabilities	58.7	78.5	33.7%	51.9	51.2%	58.7	78.5	33.7%
Loans	1.2	3.6	192.8%	1.2	-	1.2	3.6	192.8%
Trade Creditors	23.1	24.7	7.0%	15.7	57.6%	23.1	24.7	7.0%
Others	34.3	50.1	45.9%	35.0	43.1%	34.3	50.1	45.9%
Operating CAPEX <sup>(1)</sup>	2.4	2.4	-3.2%	1.6	47.3%	4.5	4.0	-11.5%
Operating CAPEX as % of Turnover	6.0%	5.1%	-0.9pp	4.4%	0.7pp	5.9%	4.8%	-1.1pp
Total CAPEX	3.4	10.3	-	3.4	-	6.1	13.7	125.4%
Underlying EBITDA - Operating CAPEX	-1.0	-1.1	-9.7%	-1.6	29.4%	-3.4	-2.7	20.3%
Gross Debt	5.3	8.0	52.1%	3.6	123.9%	5.3	8.0	52.1%
Net Debt	-183.8	-243.0	-32.2%	-197.5	-23.0%	-183.8	-243.0	-32.2%

(1) Operating CAPEX excludes Financial Investments.

## Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	2Q17	2Q18	Δ18/17	1Q18	q.o.q.	1H17	1H18	Δ18/17
<b>Underlying EBITDA-Operating CAPEX</b>	<b>-1.0</b>	<b>-1.1</b>	<b>-9.7%</b>	<b>-1.6</b>	<b>29.4%</b>	<b>-3.4</b>	<b>-2.7</b>	<b>20.3%</b>
Change in WC	-4.8	-8.5	-77.3%	2.8	-	0.4	-5.3	-
Non Cash Items & Other	1.0	4.2	-	0.1	-	-0.4	4.3	-
<b>Operating Cash Flow</b>	<b>-4.8</b>	<b>-5.5</b>	<b>-13.3%</b>	<b>1.3</b>	<b>-</b>	<b>-3.4</b>	<b>-3.8</b>	<b>-9.9%</b>
Investments	-1.9	47.2	-	-1.4	-	-1.9	45.5	-
Dividends	9.0	17.3	91.4%	0.0	-	9.0	17.3	91.4%
Financial results	-2.1	1.1	-	-0.4	-	-1.9	0.7	-
Income taxes	1.2	-0.1	-	0.2	-	1.4	0.1	-95.3%
<b>FCF<sup>(1)</sup></b>	<b>1.4</b>	<b>60.1</b>	<b>-</b>	<b>-0.4</b>	<b>-</b>	<b>3.1</b>	<b>59.7</b>	<b>-</b>

(1) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC:PL.

## SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

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Report available on Sonaecom's corporate website

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