

# RESULTS ANNOUNCEMENT 2019



*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 132.4 million euros increasing 21.1% y.o.y, or 3.8% on a comparable basis

NOS presenting 1.5% y.o.y growth in Consolidated Revenues and EBITDA growing above revenues

Technology revenues reaching 115.8 million euros, growing 24.8% y.o.y, or 4.3%, on a comparable basis, and with International markets weighting more than 40%

Total EBITDA reaching 30.5 million euros, positively impacted by the capital gain generated with WeDo and Saphety's sale

## 2. Sonaecom Consolidated Results

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### Introductory notes:

*As from 1Q19, Sonaecom's accounts are reported applying IFRS 16, primarily affecting the accounting of operating lease contracts. Restated values for the corresponding periods in 2018 are presented in this report.*

*On March and August, Sonae IM sold the total share capital of Saphety and WeDo, respectively. Subsequent to these operations, Sonaecom adjusted the 2018 and the 1H19 profit and loss statements on a pro-forma basis, assuming Saphety and WeDo contribution as a discontinued operation since January 2018.*

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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, presented a good y.o.y. growth in consolidated revenues albeit lighter than previous quarter due to slower Cinema and Audiovisuais revenue growth. Presented a solid RGU growth in 4Q19 with mobile showing particularly good growth and TV posting robust quarterly numbers. Showed an EBITDA growth above revenues reflecting cost efficiencies partially driven by transformation programme and a FCF lower due to seasonal working capital movements albeit improving y.o.y..

During 2019, Technology area, besides reinforcing its participation in some portfolio companies, has entered in the capital of seven new companies, three of which in early stage.

Also in 2019, and aligned with its active portfolio management strategy, Sonae IM sold 100% of its Saphety's shares to members of management team, backed by Oxy Capital and sold 100% of its WeDo's shares to Mobileum, Inc..

### Turnover

Consolidated turnover in 2019 reached 132.4 million euros, increasing 21.1%, when compared to 2018, or 3.8%, on a comparable basis, assuming the same portfolio companies in both periods.

This positive evolution was driven by both Media and Technology area, the latter presenting a growth of 24.8% y.o.y, or 4.3%, on a comparable basis.

### Operating costs

Operating costs amounted to 144.8 million euros, 25.2% above 2018. Personnel costs grew 47.8% reflecting the increase in the average number of employees, driven by the consolidation of Nextel and Excellium. Commercial costs increased 15.1% to 74.6 million euros, mainly driven by the higher cost of goods sold, aligned with the higher level of sales. Other operating costs increased 22.6%, mainly explained by the higher level of Outsourcing costs, also explained by the consolidation of Nextel and Excellium.

### EBITDA

Total EBITDA stood at 30.5 million euros, including non-recurrent items of 11.5 million euros corresponding to the net capital gain generated by Saphety and WeDo's sale net of non-recurrent costs of €2.1 million euros.

The capital gain generated with WeDo is based only on the fixed amount of 70 million USD and deducted from transaction related costs. The total price also includes a variable and deferred component depending on the performance of the combined businesses, until 31 December 2021, with a maximum value of 27 million USD.

In 2018, the non-recurrent items stood at 38.3 million euros, driven by the capital gain generated with Outsystems financing round.

The equity results, mostly driven by ZOPT contribution which, in turn, depends on NOS net income evolution, decreased to 27.9 million euros. Underlying EBITDA stood at negative 7.8 million euros, decreasing 3.2 million euros versus 2018, strongly impacted by the negative contribution of the new consolidated companies.

## Net results

Sonaecom's EBIT decreased to 20.3 million euros, from 60.0 million in 2018, explained by the lower level of EBITDA and the higher level of depreciations.

Net financial results stood at negative 0.1 million euros in 2019 that compares with positive 0.2 million in the previous year.

Sonaecom's earnings before tax (EBT) decreased from 60.3 million to 20.3 million euros, driven by the lower EBIT and financial results.

Indirect results reached 27.1 million euros, that compare with 15.1 million euros in 2018, impacted by Armilar Venture Funds' portfolio fair value adjustments.

Net results group share stood at 51.5 million euros, below the 69.0 million euros presented in 2018.

## Operating CAPEX

Sonaecom's operating CAPEX increased to 10.4 million euros, reaching 7.9% of turnover, 1.1 p.p. above 2018. Excluding the IFRS 16 impact, operating CAPEX would be 4.9 million euros, 1.3 million euros above 2018, also without IFRS 16.

## Capital structure

The net cash position stood at 236.5 million euros, increasing 29.7 million euros since December 2018. Excluding IFRS 16 impacts, Net cash position stood at 250.6 million euros, 31.1 million above December 2018, driven by the 47.0 million euros of dividends from ZOPT and the 36.9 million of positive net inflow from investment activity, and despite the 34.2 million euros of dividends distribution and the negative operating cash flow of 17.9 million euros.

# 2.1 Telecommunications

NOS operating revenues were 1,599.2 million euros in 2019, growing 1.5% y.o.y.

EBITDA reached 641.1 million euros, increasing 2.7% when compared to 2018 and representing a 40.1% EBITDA margin.

CAPEX excluding leasings amounted to 374.4 million euros in 2019, an increase of 0.1% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA- CAPEX increased 6.5%.

At the end of 2019, total net debt including leasings and long-term contracts (according to IFRS 16) amounted to 1,347.3 million euros. Net Financial Debt/EBITDA after lease payments (last 4 quarters) now stands at 1.9x EBITDA, and with an average maturity of 3.1 years.

NOS published its 2019 results on 21<sup>st</sup> February 2020, which are available at [www.nos.pt](http://www.nos.pt).

During 2019, NOS share price decreased 9.3% from €5.295 to €4.800, whilst PSI20 increased by 10.2%.

## Operational Indicators

Million euros

Operational Indicators ('000)	4Q18 <sup>(R)</sup>	4Q19	Δ 19/18	3Q19	q.o.q.	2018 <sup>(R)</sup>	2019	Δ 19/18
Total RGUs	9,580.4	9,722.7	1.5%	9,653.0	0.7%	9,580.4	9,722.7	1.5%
Convergent + Integrated RGUs	4,482.8	4,704.5	4.9%	4,622.1	1.8%	4,482.8	4,704.5	4.9%

## Financial indicators

Million euros

NOS HIGHLIGHTS	4Q18 <sup>(R)</sup>	4Q19	Δ 19/18	3Q19	q.o.q.	2018 <sup>(R)</sup>	2019	Δ 19/18
Operating Revenues	408.9	414.0	1.3%	403.4	2.6%	1,576.2	1599.2	1.5%
EBITDA	132.6	135.7	2.4%	173.4	-21.7%	624.3	641.1	2.7%
EBITDA margin (%)	32.4%	32.8%	0.3pp	43.0%	-10.2pp	39.6%	40.1%	0.5pp
Net Income	12.7	5.4	-57.3%	47.9	-88.7%	137.8	143.5	4.2%
CAPEX excluding Leasings	94.3	99.7	5.7%	92.2	8.1%	373.8	374.4	0.1%
EBITDA-CAPEX excluding Leasings	38.3	36.0	-6.0%	81.2	-55.6%	250.5	266.7	6.5%

(R) The values were restated in order to reflect IFRS16 application impacts.



## 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, Bright Pixel and Vector I fund, four controlled companies – S21Sec, Bizdirect, Inovretail and Excellium- that generated circa 40.6% of its revenues outside the Portuguese market with 70.9% out of the total 673 employees based abroad.

### Controlled Companies

**S21Sec** is a reference multinational MSSP (Managed Security Services Provider), 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. Since June 2018, with the integration of Nextel, S21Sec is the most relevant “pure player” (company specializing exclusively in the cybersecurity sector) in Spain and Portugal in terms of turnover and number of cybersecurity experts.

**Excellium** is a market-leading managed security services provider from Luxembourg, with presence in Belgium and counting with more than 100 experts. Sonae IM investment, at the end of 2018, was aimed both at accelerating growth through a capital raise and acquisition of a majority stake.

This investment, together with the stake on S21sec, turns Sonae IM's cybersecurity group as one of the most relevant cybersecurity services pure players in Europe, counting with more than 500 professionals and direct presence in 13 cities across 6 countries.

The significant European scale and cross-country presence of this group of cybersecurity companies will be key to address the increasingly challenging needs of all organizations and specially the requirements of those large and multi-national companies operating in the European space, while ensuring agile and fast response from specialized teams close to the customer.

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

During 2019, the cloud business unit continued to improve its presence on helping customers in digital transformation and the solutions business unit achieved important new customer references. Bizdirect Competence Center, in Viseu, contributed to the international revenues that already represent 6.2% of total revenues.

**InovRetail** is a retail innovation company that provide data science solutions and digital tools that deliver quantifiable insights and actionable recommendations with direct and sustainable impact on retailer's key metrics. The company's main product is the Staff Empowerment Solution, a SaaS based solution that help retailers in three key areas like Sales Performance Enhancement; Customer Experience Optimisation and Advanced Planning & Scheduling.

**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 program. 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.

### Minority Stakes (non-exhaustive)

**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.

**ArcticWolf**, 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 series B round. During 2018, the Company closed a \$45M series C round and, at the end of 2019, the Company launched a \$60M Series D round, which was closed in the beginning of 2020, at a significant higher valuation. Sonae IM participated in both rounds, reinforcing its stake.

**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 Series A round, alongside several strategic investors (including Summit Action, the US VC fund of the Summit Series) and was recently reinforced during series B round.

**CB4** is a company based in Israel that provides a patented AI software solution for brick and mortar retailers to identify and correct critical operational issues at store, product level. The investment was part of a series B \$16M round, led by Octopus Ventures with Sonae IM joining. Existing investors Sequoia Capital and Pereg Ventures also participated in the round.

**Reblaze** is an Israeli company that provides proprietary security technologies in a unified platform, shielding assets from threats found on the Internet. The company raised a Series A round in which Sonae IM led jointly with JAL Ventures and Data Point Capital.

**Visenze** is a Singapore-based company that delivers intelligent image recognition solutions that shorten the path to action as consumers search and discover on the visual web. Retailers use ViSenze to convert images into immediate product search opportunities, improving conversion rates. Media companies use ViSenze to turn any image or video into an engagement opportunity, driving incremental revenue. Sonae IM co-led, with Gobi Partners, a \$20M Series C round that will enable the artificial intelligence company to further invest in its penetration among smartphone manufacturers, as well as with consumer and social communication applications.

**Daisy Intelligence** is an AI-powered platform for retail merchandising teams focused on optimizing promotional product and price mixes for dramatically improved business results. Sonae IM partnered with Framework Venture Partners invested in a C\$ 10M (circa €7M) series A round.

**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.

**Sixgill** is a market leader in deep and dark web cyber threat intelligence. Sixgill helps Fortune 500 companies, financial institutions, governments, and law enforcement agencies protect their finances, networks and reputations from cyberthreats that lurk in the deep, dark and surface webs. The advanced cyber threat intelligence platform automates all phases of the intelligence cycle — collection, analysis and dissemination of data — providing organizations with unparalleled information and actionable insights to protect their various assets in the ever evolving cyber threatscape. Sixgill raised \$15M in a second round led by Sonae IM and REV Venture Partners with participation by Our Crowd. Previous investors Elron and Terra Venture Partners also participate in the round.

**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 quality. 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.

**CIValue** is an Israeli company with offices in New York, Paris, and Tel Aviv, is a disruptive provider of cloud-based Precision Marketing and Supplier Advertising Platforms for Retailers. Sonae IM, coupled with Nielsen, led a \$6M Series A investment.

**Cellwize** is a leading provider of Mobile Network Automation and Orchestration solutions for telco, based in Israel. Cellwize offers modular solutions for an agile adoption of 'zero-touch' network automation capabilities on top of a virtualized service orchestration platform. It supports network operations, especially given the increase in network density and complexity driven by 5G adoption. Sonae IM invested in a series B round of \$15M led by Deutsche Telekom Capital Partners.

**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.

**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.

**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.

## Financial indicators

TECHNOLOGY AREA	4Q18 <sup>(R)</sup>	4Q19	Δ 19/18	3Q19	q.o.q.	2018 <sup>(R)</sup>	2019	Δ 19/18
<b>Turnover</b>	<b>26.3</b>	<b>25.5</b>	<b>-3.0%</b>	<b>24.0</b>	<b>6.3%</b>	<b>92.7</b>	<b>115.8</b>	<b>24.8%</b>
Service Revenues	8.7	10.5	20.8%	11.1	-5.5%	28.5	41.9	47.1%
Sales	17.6	15.0	-14.8%	12.9	16.6%	64.3	73.9	15.0%
Other Revenues	0.6	0.6	-5.0%	0.4	55.5%	0.9	1.6	75.2%
<b>Operating Costs</b>	<b>27.0</b>	<b>28.4</b>	<b>5.5%</b>	<b>26.0</b>	<b>9.3%</b>	<b>95.1</b>	<b>124.4</b>	<b>30.9%</b>
Personnel Costs	6.2	9.3	50.1%	9.4	-0.6%	21.4	36.2	68.9%
Commercial Costs <sup>(1)</sup>	16.6	13.8	-16.7%	12.2	13.4%	61.2	70.9	15.8%
Other Operating Costs <sup>(2)</sup>	4.1	5.3	27.8%	4.4	18.9%	12.5	17.4	39.7%
<b>Underlying EBITDA <sup>(3)</sup></b>	<b>0.0</b>	<b>-0.2</b>	<b>-</b>	<b>-1.7</b>	<b>85.8%</b>	<b>-1.4</b>	<b>-4.9</b>	<b>-</b>
Underlying EBITDA Margin (%)	-0.1%	-0.9%	-0.8pp	-6.9%	6.0pp	-1.5%	-4.3%	-2.7pp
Operating CAPEX <sup>(4)</sup>	3.7	2.8	-22.5%	0.8	-	6.4	6.9	9.1%
Operating CAPEX as % of Turnover	13.9%	11.1%	-2.8pp	3.3%	7.9pp	6.9%	6.0%	-0.9pp
Underlying EBITDA - Operating CAPEX	-3.7	-3.1	16.7%	-2.4	-25.8%	-7.8	-11.9	-52.8%
<b>Total CAPEX</b>	<b>25.8</b>	<b>12.5</b>	<b>-51.7%</b>	<b>8.1</b>	<b>53.9%</b>	<b>43.3</b>	<b>37.6</b>	<b>-13.2%</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) Operating CAPEX excludes Financial Investments; (R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety and WeDo sale.

### Turnover

Turnover increased 24.8% y.o.y., fuelled by the integration of Nextel and Excellium. On a comparable basis, assuming the same portfolio companies in both periods, Turnover increased by 4.3%.

### Operating costs

Operating costs increased 30.9% to 124.4 million euros. Staff costs increased 68.9% driven by the growth in the number of employees, mainly driven by Nextel and Excellium consolidation. Commercial costs increased 15.8% mainly driven by cost of goods sold, aligned with the higher level of sales. Other operating costs increased 39.7%, mainly explained by the higher level of Outsourcing Costs, also explained by the enlarged portfolio.

### Underlying EBITDA

Underlying EBITDA stood at negative 4.9 million euros versus negative 14 million euros presented in 2018, significantly impacted by the consolidation of the new cybersecurity companies.

### Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 11.9 million euros, decreasing when compared to 2018, mainly explained by the lower EBITDA but also driven by the higher level of Operating CAPEX. Excluding the IFRS 16 impacts, operating CAPEX would have reached 3.9 million euros, 1.0 million euros above 2018, also without IFRS 16.



## 2.3 Media

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During 2019, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms and continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation.

The positive performance of online subscriptions, newspaper sales and online advertising translated into an overall 6.4% revenue growth, when compared to 2018 and a positive evolution at EBITDA.





### 3. Shareholder Remuneration

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The Board of Sonaecom has approved the distribution proposal of a 8,3 euro cents gross dividend per share, corresponding to a pay-out ratio of 50% of the Consolidated Net Income Group Share and a dividend yield of 4.2%, based on the closing price as at December, 31<sup>st</sup> 2019. This proposal is subject to the final approval of the General Shareholders Meeting.

## 4. Appendix

### Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	4Q18 <sup>(R)</sup>	4Q19	Δ 19/18	3Q19	q.o.q.	2018 <sup>(R)</sup>	2019	Δ 19/18
<b>Turnover</b>	<b>30.5</b>	<b>29.8</b>	<b>-2.2%</b>	<b>28.1</b>	<b>6.2%</b>	<b>109.3</b>	<b>132.4</b>	<b>21.1%</b>
Service Revenues	10.7	12.3	15.0%	12.7	-3.1%	36.1	49.1	36.0%
Sales	19.8	17.5	-11.5%	15.4	13.8%	73.2	83.3	13.7%
Other Revenues	0.9	0.9	-1.7%	0.6	48.6%	1.7	2.5	45.1%
<b>Operating Costs</b>	<b>32.4</b>	<b>34.0</b>	<b>4.8%</b>	<b>31.1</b>	<b>9.3%</b>	<b>115.7</b>	<b>144.8</b>	<b>25.2%</b>
Personnel Costs	8.8	12.1	36.7%	11.9	1.6%	31.4	46.4	47.8%
Commercial Costs <sup>(1)</sup>	17.5	14.9	-15.1%	13.2	12.6%	64.8	74.6	15.1%
Other Operating Costs <sup>(2)</sup>	6.1	7.0	15.7%	6.0	17.2%	19.4	23.8	22.6%
<b>EBITDA</b>	<b>1.8</b>	<b>-6.8</b>	<b>-</b>	<b>17.3</b>	<b>-</b>	<b>66.0</b>	<b>30.5</b>	<b>-53.8%</b>
Underlying EBITDA <sup>(3)</sup>	-1.0	-1.2	-12.8%	-2.4	51.4%	-4.6	-7.8	-70.1%
Non recurrent items <sup>(4)</sup>	0.0	-2.1	-	8.5	-	38.3	11.5	-70.1%
Equity method <sup>(5)</sup>	2.3	-3.6	-	11.2	-	31.5	27.9	-11.5%
Discontinued Operations <sup>(6)</sup>	0.5	0.0	-100.0%	0.0	-97.2%	0.9	-1.0	-
Underlying EBITDA Margin (%)	-3.4%	-3.9%	-0.5pp	-8.6%	4.7pp	-4.2%	-5.9%	-1.7pp
Depreciation & Amortization	2.4	3.9	62.9%	2.1	87.7%	6.0	10.2	70.3%
<b>EBIT</b>	<b>-0.6</b>	<b>-10.8</b>	<b>-</b>	<b>15.3</b>	<b>-</b>	<b>60.0</b>	<b>20.3</b>	<b>-66.1%</b>
<b>Net Financial Results</b>	<b>-0.1</b>	<b>-0.1</b>	<b>19.0%</b>	<b>0.0</b>	<b>-</b>	<b>0.2</b>	<b>-0.1</b>	<b>-</b>
Financial Income	0.7	0.8	11.7%	0.6	30.5%	2.4	2.3	-1.5%
Financial Expenses	0.8	0.9	8.0%	0.6	42.8%	2.2	2.4	11.2%
<b>EBT</b>	<b>-0.7</b>	<b>-10.8</b>	<b>-</b>	<b>15.3</b>	<b>-</b>	<b>60.3</b>	<b>20.3</b>	<b>-66.4%</b>
Tax results	3.0	-0.1	-	0.4	-	-7.0	1.8	-
<b>Direct Results</b>	<b>2.2</b>	<b>-10.9</b>	<b>-</b>	<b>15.7</b>	<b>-</b>	<b>53.2</b>	<b>22.0</b>	<b>-58.6%</b>
<b>Indirect Results <sup>(7)</sup></b>	<b>8.3</b>	<b>27.7</b>	<b>-</b>	<b>0.2</b>	<b>-</b>	<b>15.1</b>	<b>27.1</b>	<b>-</b>
<b>Net Income</b>	<b>10.5</b>	<b>16.8</b>	<b>-</b>	<b>15.9</b>	<b>-</b>	<b>68.3</b>	<b>49.2</b>	<b>-28.1%</b>
Group Share	10.6	17.6	65.9%	16.5	6.4%	68.4	51.5	-24.6%
Attributable to Non-Controlling Interests	-0.1	-0.8	-	-0.6	-34.3%	-0.1	-2.4	-

(1) Commercial Costs = COGS + Mktg & Sales Costs;

(2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the capital gain in Outsystems and Saphety and WeDo's sale;

(5) 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 Secucloud and the 22.88% holding in Probe.ly;

(6) Includes Saphety and WeDo contributions until the sale;

(7) Includes equity method adjustments related with AVP funds and related taxes;

(R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety and WeDo sale.

The provision recorded in 4Q18 related to the incentive in favour of Armilar, as the funds have exceeded the defined return barrier, was partially reclassified to 2Q18 and 3Q18, impacting indirect results and with the objective of allocating the provision to the period in which the return barrier was surpassed.

From the total gain recorded in 2Q18, related with Outsystems financing round, the part corresponding to the realized capital gain was reclassified to EBITDA and Taxes. The remaining part of fair value adjustments was kept as indirect results.

## Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	4Q18 <sup>(R)</sup>	4Q19	Δ 19/18	3Q19	q.o.q.	2018 <sup>(R)</sup>	2019	Δ 19/18
<b>Total Net Assets</b>	<b>1,206.3</b>	<b>1,203.0</b>	<b>-0.3%</b>	<b>1,168.3</b>	<b>3.0%</b>	<b>1,206.3</b>	<b>1,203.0</b>	<b>-0.3%</b>
Non Current Assets	897.3	897.4	0.0%	856.2	4.8%	897.3	897.4	0.0%
Tangible and Intangible Assets	45.9	23.0	-49.8%	22.6	1.8%	45.9	23.0	-49.8%
Goodwill	36.1	14.5	-59.7%	14.5	0.0%	36.1	14.5	-59.7%
Investments	802.0	847.6	5.7%	805.6	5.2%	802.0	847.6	5.7%
Deferred Tax Assets	10.3	4.3	-58.6%	5.5	-22.8%	10.3	4.3	-58.6%
Others	3.0	8.0	166.0%	8.0	0.5%	3.0	8.0	166.0%
Current Assets	309.1	305.6	-1.1%	312.0	-2.1%	309.1	305.6	-1.1%
Trade Debtors	51.0	27.2	-46.6%	17.2	58.1%	51.0	27.2	-46.6%
Liquidity	229.0	255.9	11.7%	271.2	-5.6%	229.0	255.9	11.7%
Others	29.1	22.5	-22.6%	23.6	-4.7%	29.1	22.5	-22.6%
<b>Shareholders' Funds</b>	<b>1,063.6</b>	<b>1,072.5</b>	<b>0.8%</b>	<b>1,063.8</b>	<b>0.8%</b>	<b>1,063.6</b>	<b>1,072.5</b>	<b>0.8%</b>
Group Share	1,063.3	1,073.1	0.9%	1,064.2	0.8%	1,063.3	1,073.1	0.9%
Non-Controlling Interests	0.4	-0.6	-	-0.4	-56.1%	0.4	-0.6	-
<b>Total Liabilities</b>	<b>142.7</b>	<b>130.5</b>	<b>-8.5%</b>	<b>104.5</b>	<b>24.9%</b>	<b>142.7</b>	<b>130.5</b>	<b>-8.5%</b>
Non Current Liabilities	58.1	71.7	23.4%	55.5	29.1%	58.1	71.7	23.4%
Bank Loans	3.7	3.3	-10.5%	4.9	-33.2%	3.7	3.3	-10.5%
Provisions for Other Liabilities and Charges	23.6	30.8	30.6%	20.9	47.9%	23.6	30.8	30.6%
Others	30.8	37.6	22.0%	29.8	26.3%	30.8	37.6	22.0%
Current Liabilities	84.6	58.8	-30.5%	48.9	20.1%	84.6	58.8	-30.5%
Loans	5.2	1.5	-70.7%	2.8	-46.5%	5.2	1.5	-70.7%
Trade Creditors	18.9	19.0	0.5%	10.0	91.0%	18.9	19.0	0.5%
Others	60.4	38.2	-36.8%	36.1	5.8%	60.4	38.2	-36.8%
Operating CAPEX <sup>(1)</sup>	4.0	4.7	19.2%	1.1	-	7.4	10.4	41.7%
Operating CAPEX as % of Turnover	13.0%	15.9%	2.9pp	4.1%	11.9pp	6.7%	7.9%	1.1pp
Total CAPEX	26.1	14.4	-44.9%	8.5	69.8%	44.3	41.1	-7.3%
Underlying EBITDA - Operating CAPEX	-5.0	-5.9	-17.9%	-3.6	-66.5%	-11.9	-18.2	-52.6%
Gross Debt	22.3	19.4	-12.8%	20.4	-4.7%	22.3	19.4	-12.8%
Net Debt	-206.8	-236.5	-14.4%	-250.8	5.7%	-206.8	-236.5	-14.4%

(1) Operating CAPEX excludes Financial Investments.

(R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety and WeDo sale. The Balance Sheet of 2018 and 1Q19 was adjusted due to the review of purchase price allocation of Excellium, according to IFRS3.

## Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	4Q18 (R)	4Q19	Δ 19/18	3Q19	q.o.q.	2018 (R)	2019	Δ 19/18
<b>Underlying EBITDA-Operating CAPEX</b>	<b>-5.0</b>	<b>-5.9</b>	<b>-17.9%</b>	<b>-3.6</b>	<b>-66.5%</b>	<b>-11.9</b>	<b>-18.2</b>	<b>-52.6%</b>
Change in WC	3.6	0.1	-98.2%	0.3	-76.3%	6.8	-3.6	-
Non Cash Items & Other	-3.1	6.5	-	-4.6	-	2.8	3.9	38.5%
<b>Operating Cash Flow</b>	<b>-4.6</b>	<b>0.6</b>	<b>-</b>	<b>-7.8</b>	<b>-</b>	<b>-2.3</b>	<b>-17.9</b>	<b>-</b>
Investments	-15.6	-11.3	28.1%	52.9	-	24.7	36.9	49.6%
Dividends	0.0	0.0	-	11.5	-100.0%	19.8	47.0	137.9%
Financial results	-0.1	-0.1	-77.4%	0.3	-	0.5	0.3	-40.6%
Income taxes	1.8	0.8	-52.3%	0.9	-9.0%	-8.5	2.5	-
<b>FCF<sup>(1)</sup></b>	<b>-18.5</b>	<b>-9.9</b>	<b>46.4%</b>	<b>57.7</b>	<b>-</b>	<b>34.2</b>	<b>68.8</b>	<b>101.6%</b>

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

(R) The values were restated in order to reflect IFRS16 application impacts and Sonaecom structure after Saphety and WeDo sale.

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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