

NOVABASE

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NEXT-GEN
IT SERVICES
COMPANY

NOVABASE

FY19

Consolidated Results

February 20, 2020

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FY19 Outlook



CEO

Message from João Nuno Bento

"I strongly believe 2019 was a remarkable year for Novabase.

A new Strategic Direction was approved, setting the conditions for the execution of a clear and compelling value creation roadmap.

The divestment of the GTE Business for 36 M€ (completed on January 9, 2020) was a key achievement, allowing Management to focus on the Next-Gen Transformation agenda.

Value Portfolio segment assets performed much above our expectations delivering 15% revenue growth on the operations side and generating a 6.7 M€ financial gain mainly due to the Feedzai valuation re-appraisal within the VC Portfolio.

Next-Gen segment results came out in line with our estimates considering the investments in Talent Engine, a reset on geographical focus and a management overhaul.

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

- *Turnover increased 9% YoY;*
- *Next-Gen represents 68% of total Turnover;*
- *EBITDA reached 9.4 M€ (7.8% on revenue);*
- *Net Profit was 20.4 M€ (0.66 € per share);*
- *9 M€+ were repatriated from Angola significantly lowering the balance sheet exposure to this geography;*
- *Talent Pool increased 9%, in line with Turnover;*
- *FY19 Total Shareholder Return was 60%;*
- *The cash position is now at 34.1 M€ (does not yet reflect the cash inflow related to the GTE Business disposal);*
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Thank You All for your support!"

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2019 in Review

NEW STRATEGY LAUNCHED

Approved by the Board and disclosed in July 2019.

GMS held on September 26, 2019, voted for a **new executive Board Member** to lead Next-Gen Segment, a **Stock Options plan** and a Share Buy-back program, and an **extraordinary remuneration** of 0.5 €/share.

EURONEXT AWARD

Novabase was distinguished by the **Euronext** as the “**SME Equity Champion**” for delivering the **highest TSR**.

NEXT-GEN HONOURED!

The **FinTech & RegTech Global Awards** recognized **Symetria®** as the best reporting and compliance data management solution.

Celfocus awarded an **honourable mention at the World Agility Forum** for the consistent dedication and collaboration in implementing **agile transformation** initiatives.

Strategy

Execution

Awards

Celebrations

FOCUS ON TRANSFORMATION

Next-Gen working on **growth** through scaling up its **Talent engine** & developing structures to **enlarge access to international clients**.

Value Portfolio generating value to fund growth in Next-Gen: recent **sale of “the Government, Transport and Energy business”** to VINCI Energies for a Price to Sales 2019 multiple of 1x subject to final adjustments.

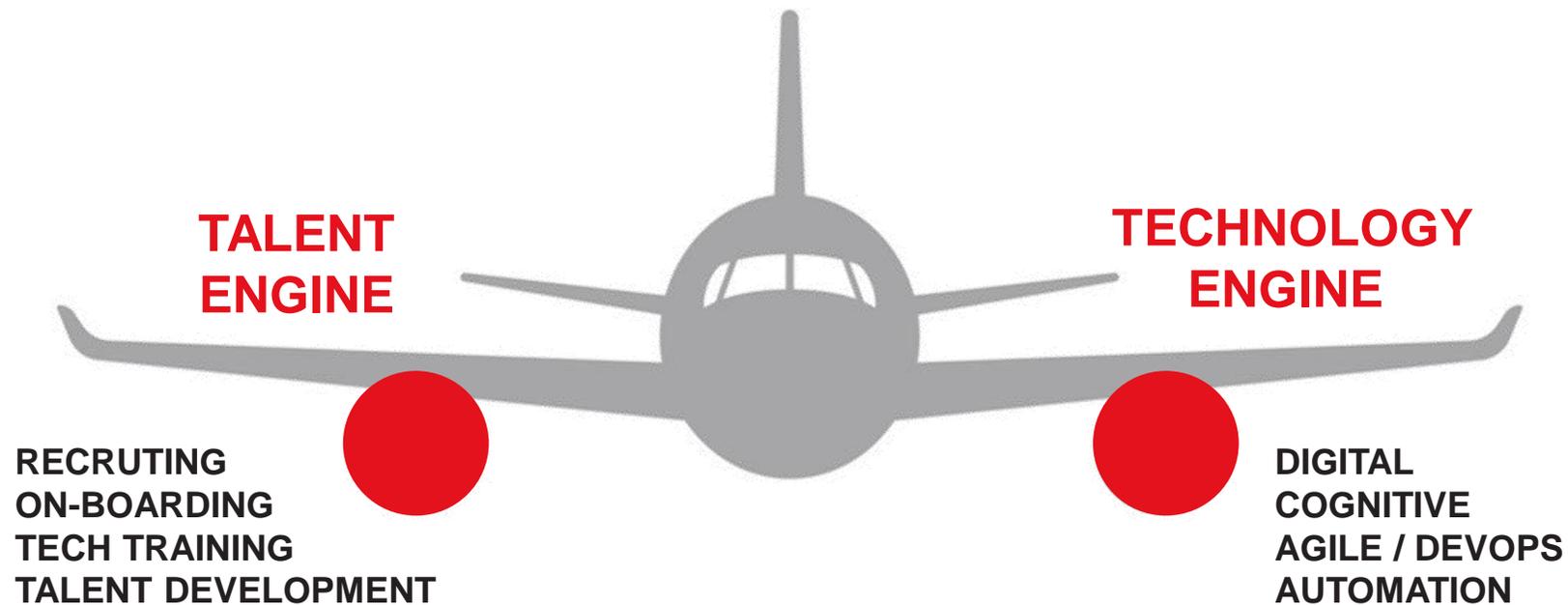
HAPPY BIRTHDAY TO US!

2019 was the year we **celebrated 30 years** of success and transformation. The first Alumni party was held, bringing together current and former employees

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A strategic positioning to capture the future

Propelled by great talent and technology



NEXT-GEN IT

Design & UX
Insights Through Data
Cloud native & scalable
Digital Architecture
API Exposure
AI / Analytics
Test Automation & Engineering
Continuous Delivery
Intelligent Operations

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Our ambition in big numbers

Bulk of Transformation until 2021



Regions: Focus on Europe and Middle East

Client: Multi Industry (starting with Telco and Financial Services)
Committed to Digital
Looking for long term partnerships

Next-Gen

x2 Turnover 2023 vs. 2018

- Through M&A and organic growth
- >90% international business in 2023
- Long term client relationships with few large accounts

Double-digit EBITDA margin in 2023

Value Portfolio

Generate funds to support Next-Gen growth

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FY19 Outlook



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Relevant Information



Sale of GTE Business

Completion of the sale of Government, Transport and Energy Business

- As at November 4, 2019, Novabase has entered into a **sale and purchase agreement with VINCI Energies Portugal, SGPS, S.A. (“VEP”) to sell its “Application and Data Analytics” business for the Government, Transport and Energy (“GTE Business”)**, through the sale of the shares representing the entire share capital of Novabase Digital S.A. as well as the transfer of the economic value and of employees assigned to the GTE Business in other companies of the Group;
- The **agreed purchase price was 33 M€**, to be paid on the completion date of the transaction, subject to certain adjustments, as foreseen in the sale and purchase agreement;
- **A potential earn-out of 3 M€ may be added** to the agreed purchase price, depending on the final performance of the GTE Business in the financial year of 2019;
- **The sale was substantially completed at the end of 2019** after verification of the relevant conditions precedent under the Agreement, and at January 9, 2020, the agreed purchase price was paid. The final price is still subject to positive and negative adjustments, resulting from the final calculation of price mechanisms clauses in the Agreement;
- **As a result, Novabase recorded**, with reference to December 31, 2019, **the gain on the sale of GTE Business to VEP, in the amount of 12.0 M€**; the gain considers the achievement of 100% of the earn-out;
- To be noted that GTE Business represented a turnover of 35 M€ in 2019 and employed around 400 employees.

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Financial Highlights

FY19 performance: Strategy 2019+ in motion!

Turnover and EBITDA do not include the GTE Business, discontinued in 4Q19, for all periods in this presentation.

- **Turnover increased 9% YoY**, with Next-Gen representing 68%
- **Next-Gen International Turnover was 90% on Europe & ME**
- **EBITDA of 9.4 M€**, including the positive effect of IFRS16
- **Net Profit** sets a new record, reaching **20.4 M€**, benefiting from the gain on sale of GTE Business
- **Solid Net Cash position** of 34.1 M€
- **Talent pool** increased 9% YoY, reaching **1838 employees**
- **Total Shareholder Return of 60%** in FY19

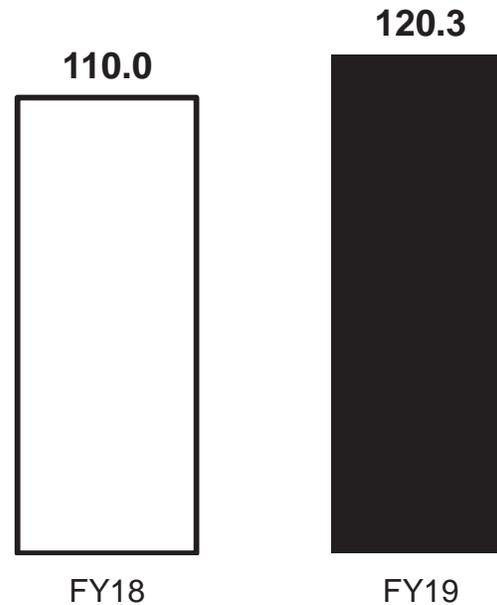
Key Figures



Turnover

Turnover increased **9%** YoY, with Next-Gen representing **68%**

Turnover



FY18

FY19

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Breakdown by Geography (%) ⁽¹⁾

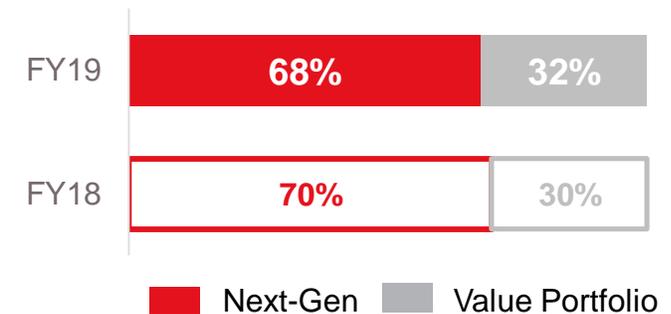


42.3% Vs. 41.5%



57.7% Vs. 58.5%

Breakdown by Segment (%)



■ Next-Gen ■ Value Portfolio

(1) The Turnover by Geography in the FY19 was computed based on the executed project geography instead of the invoiced client geography, with the FY18 restated.

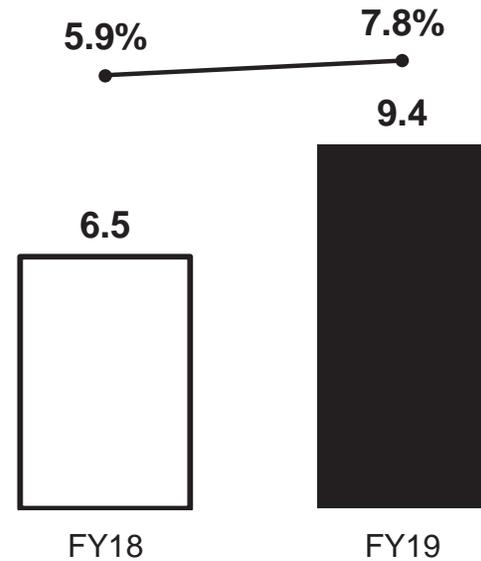
Key Figures



EBITDA

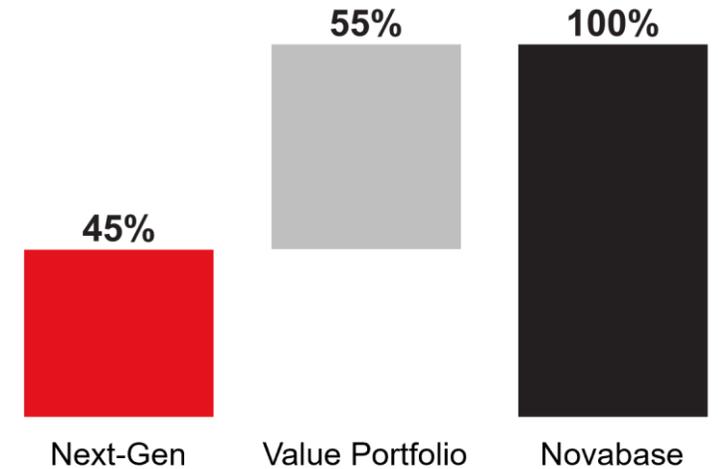
EBITDA of 9.4 M€, including the positive effect of IFRS16

EBITDA (1)



— EBITDA Margin

Breakdown by Segment (%)



(1) Positive effect of IFRS16 in FY19 EBITDA of 3.0 M€.

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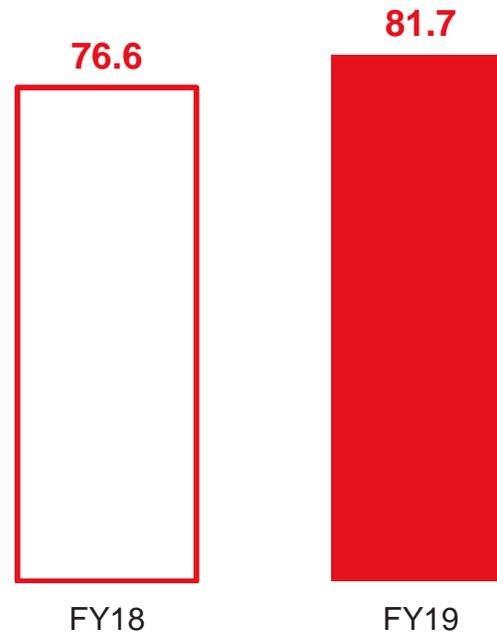
Key Figures



Next-Gen Segment

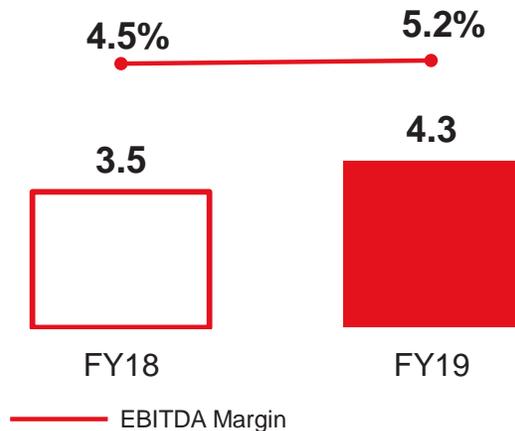
Next-Gen Turnover grows 7% YoY...

Turnover



... and working on strategic initiatives

EBITDA (1)



(1) Positive effect of IFRS16 in FY19 EBITDA of 1.1 M€.

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Key Figures

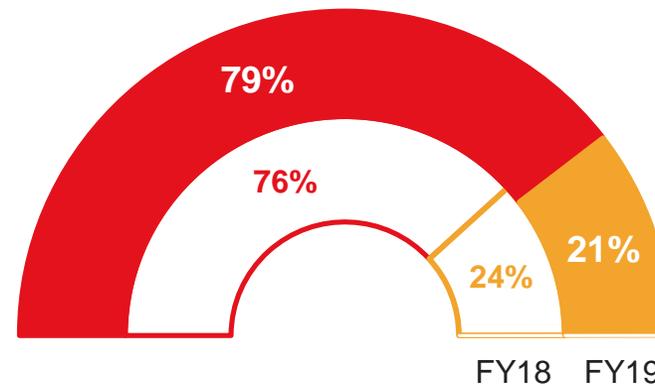


Next-Gen Segment

Next-Gen grows in target markets

Multi Industry approach, with FY19 still focused in Telco.

% of Revenue by Industry



■ Telco ■ Financial Services

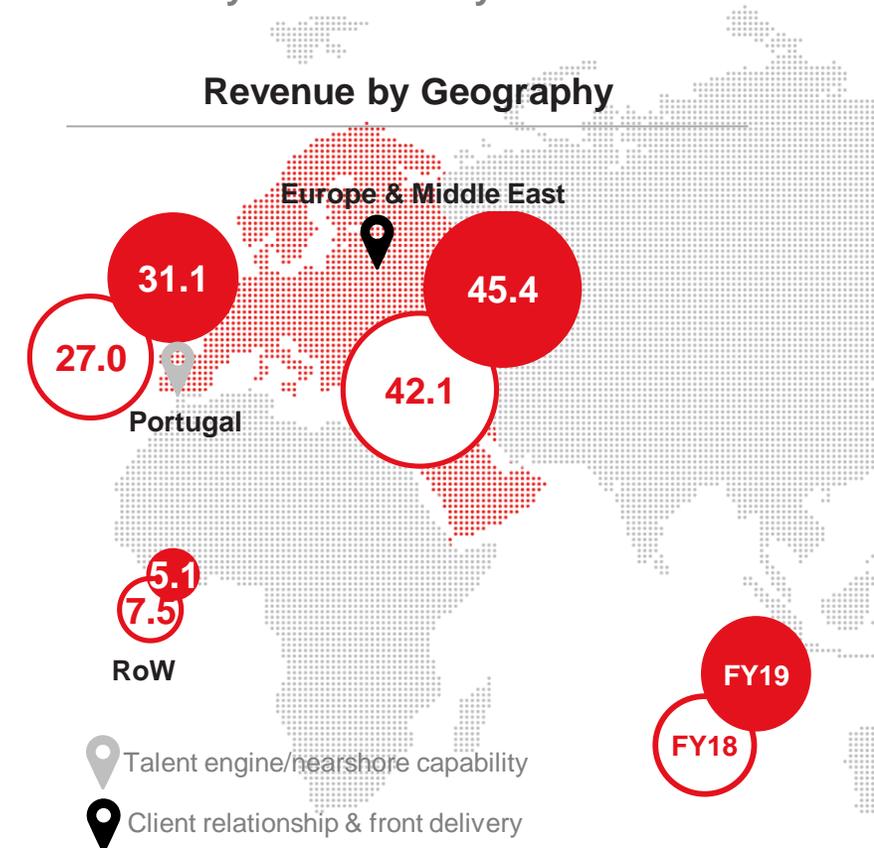
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International Turnover grows 2% YoY.

62% of Next-Gen Turnover generated outside Portugal, with Europe & ME accounting for 90% of it (85% in FY18).

Exposure to geographies with greater volatility decreased by 23% YoY.

Revenue by Geography



Key Figures

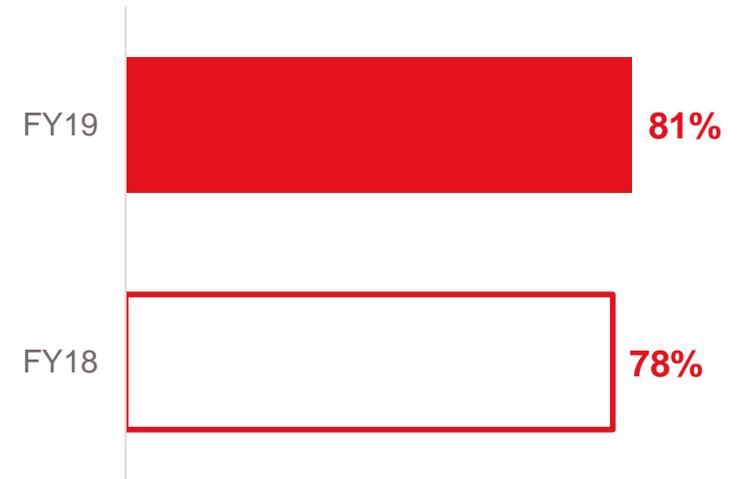
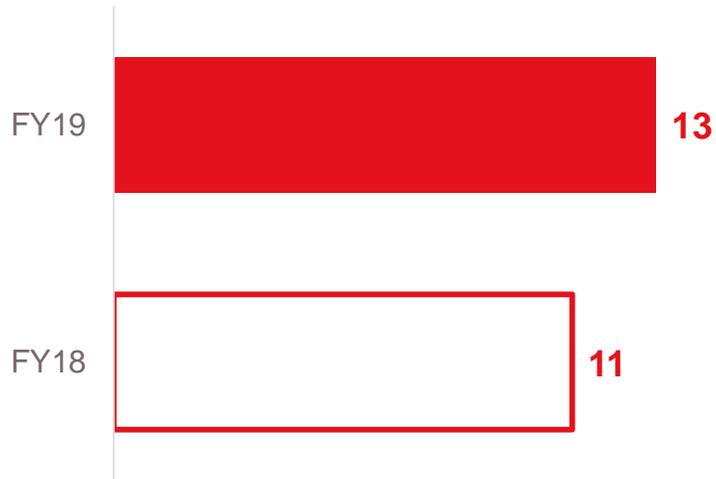
Building long term relationships

Large accounts registered a growth, both in number...

...and in Revenues (increasing 11% YoY).

Top Tier Clients ⁽¹⁾

% of Revenues from Top Tier clients ⁽¹⁾



Note: Total number of clients in FY19 was 102, same number as previous year.

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



Next-Gen Segment

Key Figures

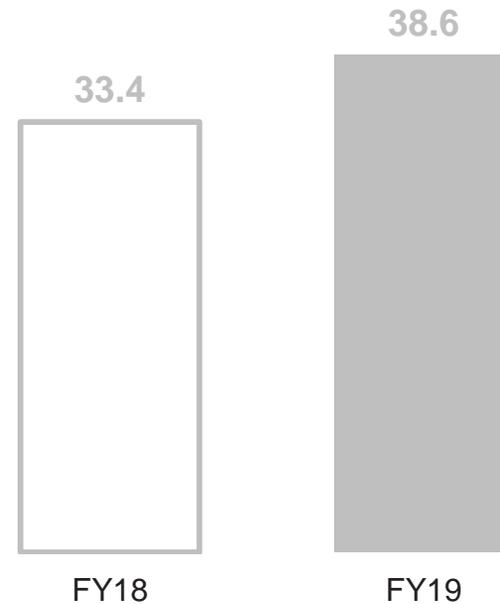


Value Portfolio Segment

Value Portfolio Turnover grows 15% YoY

49% of Value Portfolio Turnover is generated outside Portugal.

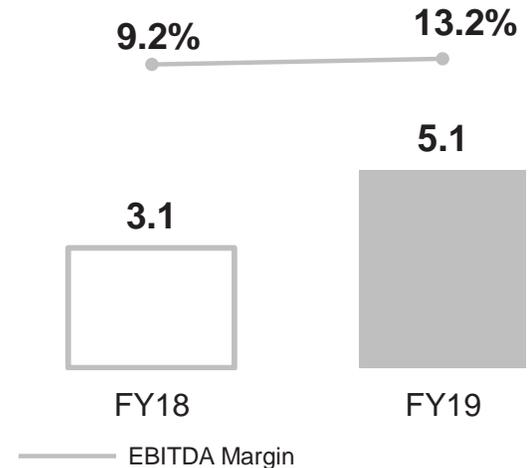
Turnover



Resilient performance in Value Portfolio

Positive performance of the IT Staffing Business.

EBITDA (1)



(1) Positive effect of IFRS16 in FY19 EBITDA of 1.9 M€.

Key Figures



EBITDA to Net Profit

Net Profit sets a new record, 20.4 M€

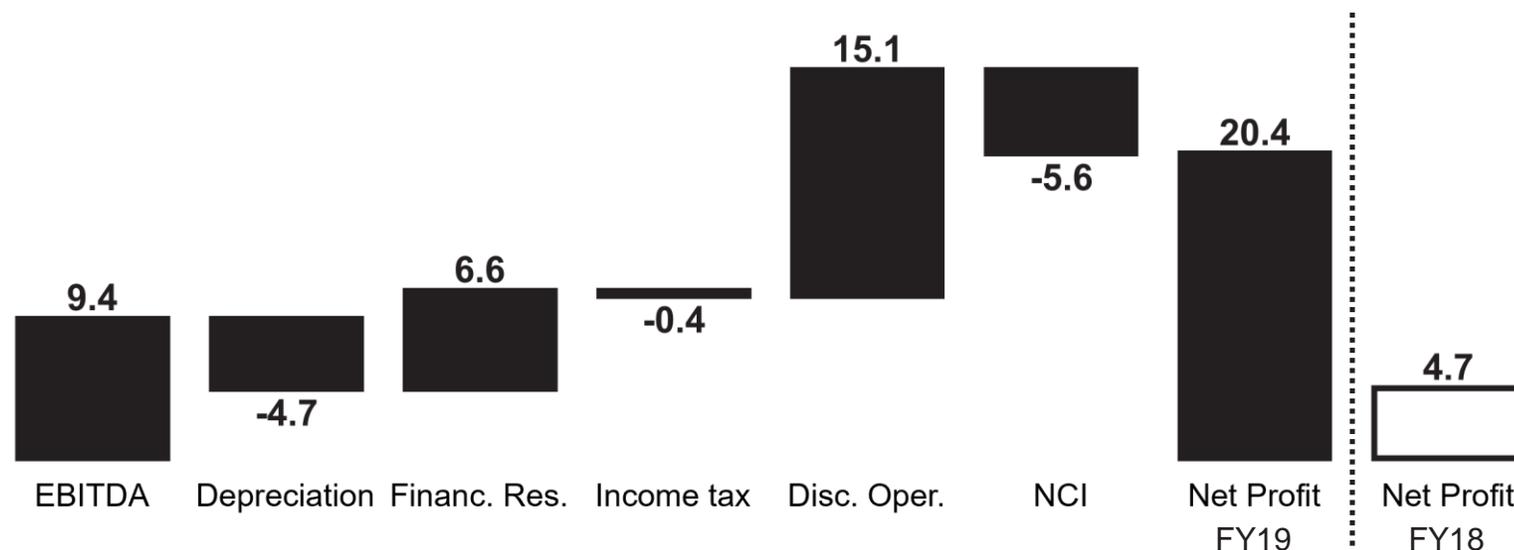
Total earnings per share reached 0.66 euros (Vs. 0.15 euros in FY18).

Depreciation expense increased 87% YoY, reflecting the entry into force of IFRS16⁽¹⁾.

Financial results⁽¹⁾ increased 8.2 M€ YoY, due to the re-evaluation of an investment in the venture capital business, also responsible for the **evolution of NCI** (-5.6 M€ Vs. -0.3 M€ in FY18).

Discontinued Operations reached a **15.1 M€** profit (Vs. 3.3 M€ in FY18), which mainly refers to the results attributable to GTE. In FY19, also **includes the gain on the sale** of this business, amounting to **12.0 M€**.

EBITDA to Net Profit



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(1) Negative effect of IFRS16 in FY19 of 2.7 M€ in depreciation expense and 0.3 M€ in financial results.

Key Figures

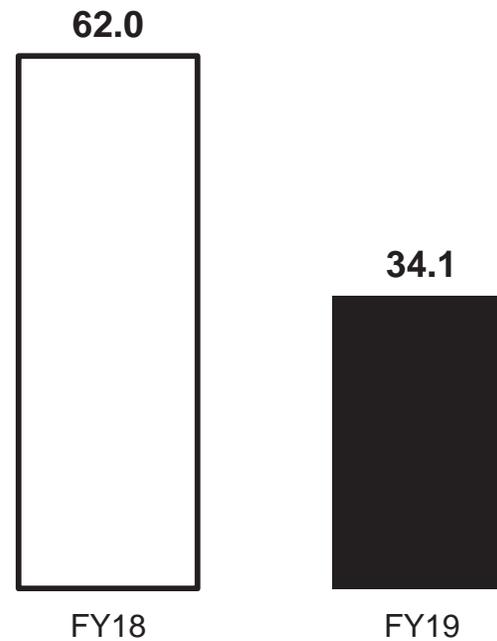


Net Cash

Net Cash position of 34.1 M€

Does not yet reflect the cash inflow from GTE Business disposal.

Net Cash



Cash use of 0.2 M€ in 2019 excluding shareholders remuneration and the payment of dividends to NCI, and disregarding the perimeter variation:

- **20.2 M€ to Shareholders**, corresponding to a regular dividend of 0.15 €/share, paid in June 2019, and an extraordinary remuneration of 0.5 €/share, paid in October 2019;
- **0.5 M€ to Non-Controlling Interests**, paid in September 2019;
- **6.9 M€** of impact of exiting GTE Business.

Note: From the 34.1 M€, 13.5 M€ refers to Non-controlling Interests.

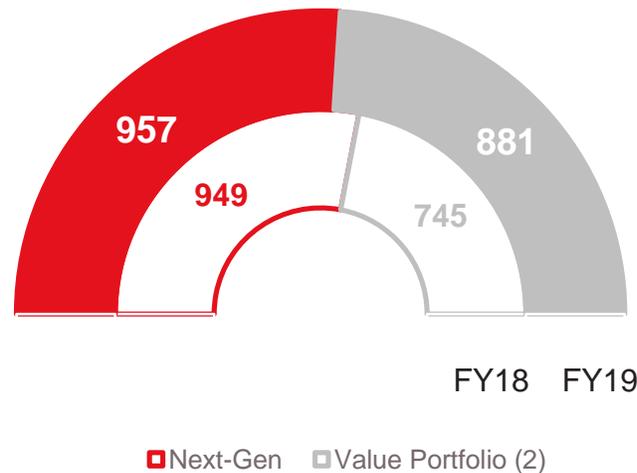
Key Figures



Talent

Talent Pool of 1838 employees in FY19

Average number of Employees ⁽¹⁾



Talent pool increased 9% YoY.

Next-Gen Turnover per employee increased 6% YoY.

Attrition rate of Next-Gen was 21.1% in FY19, the same as the year before.

(1) Excluding GTE Business.

(2) Including holding / shared services representing 89 employees in FY19 (87 in FY18).

Key Figures



Stock Market

Novabase TSR of 60% in FY19

The Board will propose to the GMS to be held on May 12, a remuneration of 0.85 €/share. This distribution fulfills the commitment made to Shareholders to distribute 1.5 €/share in 2019-2023.

Novabase share price increased 28% in FY19, while **PSI20 Index** increased 10% and **EuroStoxx Technology Index**, 35%.

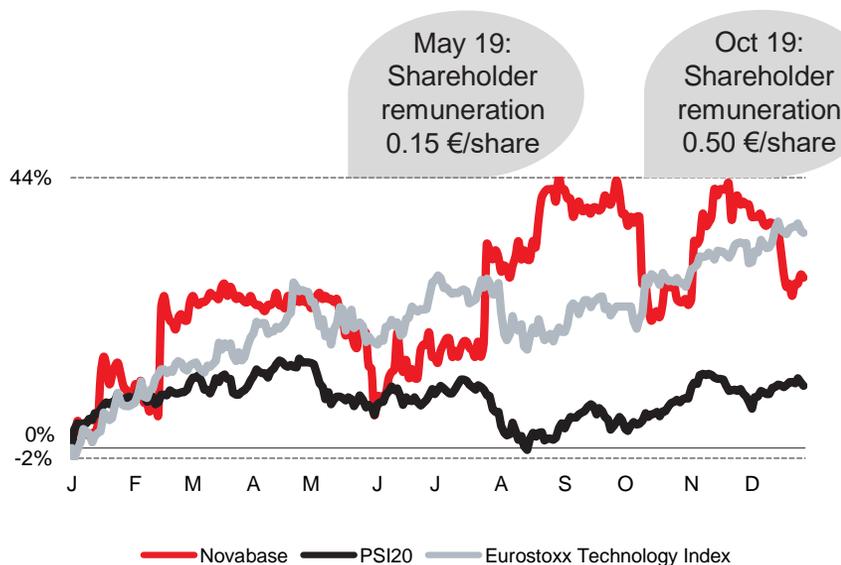
The **average price target** disclosed by the research that covers Novabase is **4.70 €**, and the **average upside** is **82%**.

In FY19, a **gross dividend** in the amount of **4.7 M€** (0.15 €/share) was paid to Shareholders. Additionally, it was **paid an extraordinary remuneration of 15.5 M€** (0.50 €/share).

Market Capitalization at the end 2019 is **81.0 M€**, implying a **ttm Price to Sales** of **0.52x**.

Free Float Velocity in FY19 represented **27%** with a free float of 40%⁽¹⁾.

Novabase and the Market



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(1) Calculated according to Euronext criteria.

Q&A

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About NOVABASE



NEXT-GEN IT SERVICES COMPANY

Company Information

Novabase SGPS, S.A.
Public Company
Euronext code: PTNBA0AM0006
Registered in TRO of Lisbon and
Corporate Tax Payer no.
502.280.182
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Report available on website:
www.novabase.pt

Next Release

Trading Update 3M20
Thursday, May 14, 2020
(after market closure)

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