

Reditus' EBITDA increases 76.9% in 2017

- **EBITDA of EUR 4,9 million (vs. EUR 2.8 million in 2016)**
- **EBITDA margin of 11.6% (vs. 6.1% in 2016)**
- **Net Loss of EUR 1,6 Million (vs. EUR 2,9 Million loss in 2016)**
- **Operating Revenue of EUR 42,0 Million (vs. EUR 44,9 Million in 2016)**
- **International Sales represent 46% of total (vs. 39% in 2016)**

1. Summary of the Activity

The 2017 results show a continued good operational performance of the Reditus Group, representing a significant improvement over the previous year.

Reditus Group's main performance indicators register a remarkable evolution compared to the previous period, as evidenced by the positive variation registered in the EBITDA that reached approx. 4,9 million euros in 2017, against 2,8 million euros in 2016. The Net Income remained nevertheless negative at 1,6 million euros, despite representing a positive variation of 1,3 million euros relative to the previous year. This result was negatively influenced by non-recurring factors, namely Losses relating to Provisions and Impairments amounting of 0,8 million euros, and Net Present Value of Customer Receivables amounting to 0,8 million euros.

The successful strategy followed by the Group, comprising an internal reorganization and a focus on core activities - centred on innovative and higher value added offers – have, together with on-going efforts on rationalization of operating costs and overheads, afforded an increased profitability of the business and explains the positive evolution of the results.

Although Operating Revenue shows a 6.3% decrease to 42,0 million euros - compared to 44,9 million euros in previous year – the improvement in contribution margins of the different Group operations lead to a 76.9% YOY increase in EBITDA.

The revenue contraction derives mainly from the *BPO* segment of the *Client Services* sector, and reflects the term of a large contract from the previous year and which the Group has consistently been replacing for others of equivalent value and increased profitability. We were as a result able to obtain several contracts from within our installed customer base, both new and renewals of existing contracts, and also to acquire new clients, all of which will contribute to better results of the *BPO* segment through the coming periods.

The *IT Consulting* sector was the main contributor to the Group's improved results, showing positive growth in both Revenues and EBITDA, with new clients and renewals of existing contracts in the domestic market.

Revenue for the International Sector registered a growth of 9.9% YOY, with its weight increasing from 39% to 46% relative to the Group's overall Revenue. The strategic commitment to the African market, with a focus on the three geographies where the Group has subsidiaries namely Angola, Mozambique and Equatorial Guinea, has led to a growth in business volume due to the beginning of new projects and to the continuation of those where the Group has already an on-going history.

The Group expects to continue actively searching for new international market opportunities in those geographies during the coming months, as well as for *Nearshore* projects, with the aim at consolidating its business growth.

EBITDA reached 4,9 million euros, equivalent to an EBITDA margin of 11.6%, or 5.4 pp above the 6.1% margin reached in the previous year.

Net Income from Continued Operations was negative and amounted to 1,6 million euros, an improvement of 1,1 million euros over the previous year when a negative value of 2,7 million euros had been registered.

2. Consolidated Indicators

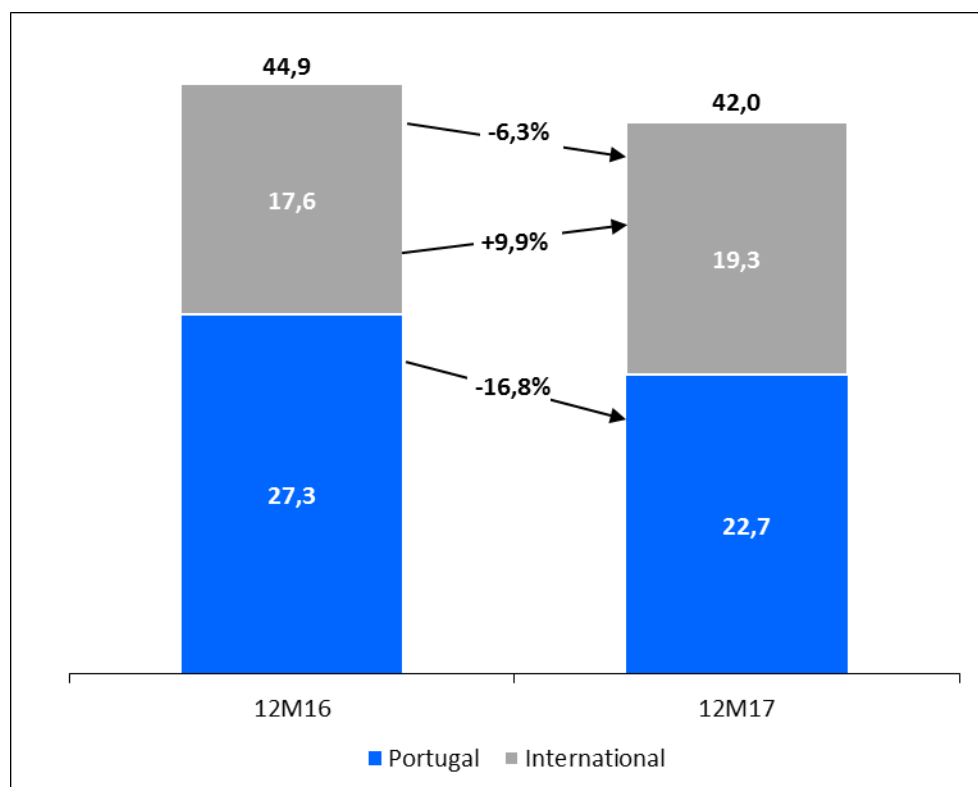
2.1. Consolidated Operating Revenues

Consolidated Operating Revenues amounted to 42,0 million euros in 2017, against 44,9 million euros in the previous year, or a decrease of 6.3%.

Business in the domestic market contracted 16.8% over 2016, as result of an important reduction in the *BPO* segment as mentioned in 1. above.

International Sales, namely in the African market where the Group has subsidiaries, achieved a increase of 9.9% relative to 2016, having seen its weight increase from 39% to 46% of the Group's total Revenues, as previously mentioned.

Operating Revenues € Millions



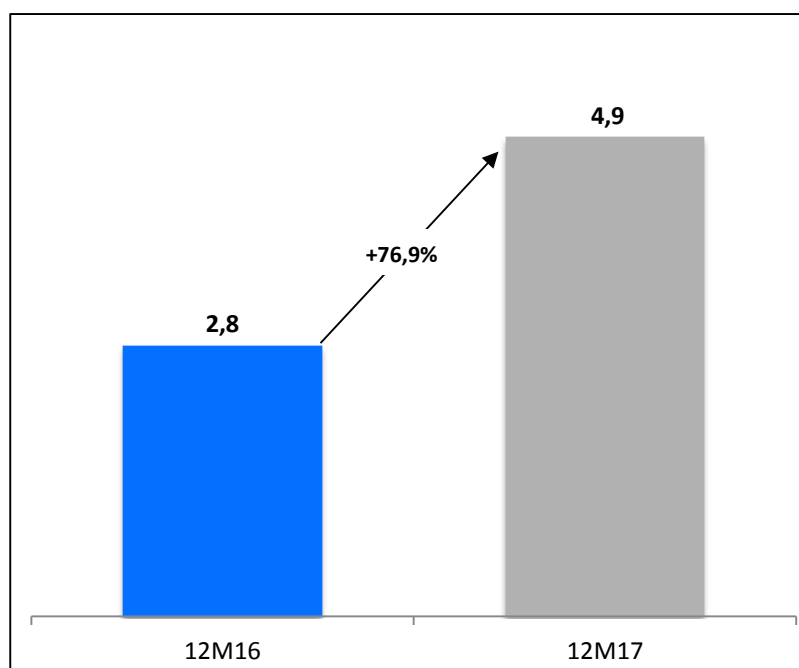
2.2. Operating Expenses

Consolidated Operating Expenses, net of Depreciation, Provisions and Adjustments, amounted to 37,2 million euros in 2017; this accounts for 88.4% of total Revenue and represents a decrease of 11.8% over 2016, when they represented 93.9% of total Revenue, mainly due to the rationalization of operating costs and overheads.

2.3. Operational Result before Amortizations (EBITDA)

Consolidated EBITDA reached 4,9 million euros, 76.9% higher than the 2,8 million euros obtained in 2016. The EBITDA margin was 11.6%, or 5.4 pp above the margin of 6.1% achieved in the previous year.

EBITDA
€ Millions



2.4. Net Income

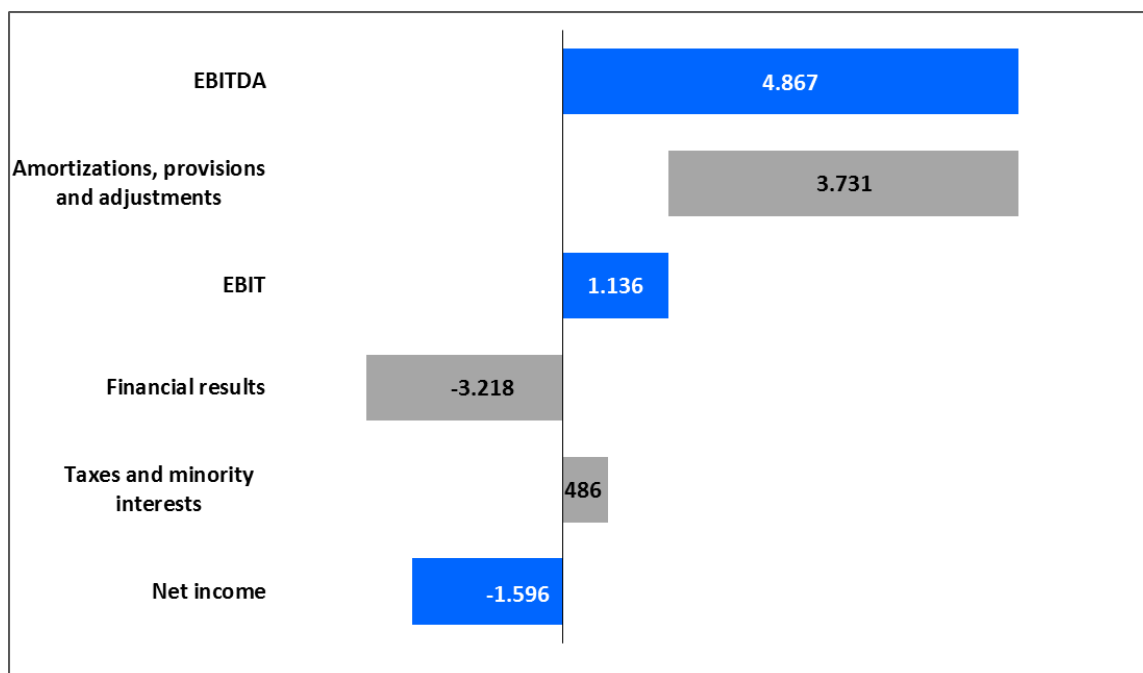
Depreciations, Amortizations, Provisions e Adjustments amounted to 3,7 million euros in 2017, an increase of 35.2% over the previous year.

Operating income (EBIT) was positive with 1,1 million euros, against a negative 10,000 euros in 2016.

Net financial expenses were aggravated by 11.6% to 3,2 million euros in 2017 and were negatively impacted by a 0,8 million euros provision relating to the Net Present Value of Customer Receivables; without the impact of this non-recurring charge, the financial results would have revealed a positive change of 0,5 million euros over the previous year.

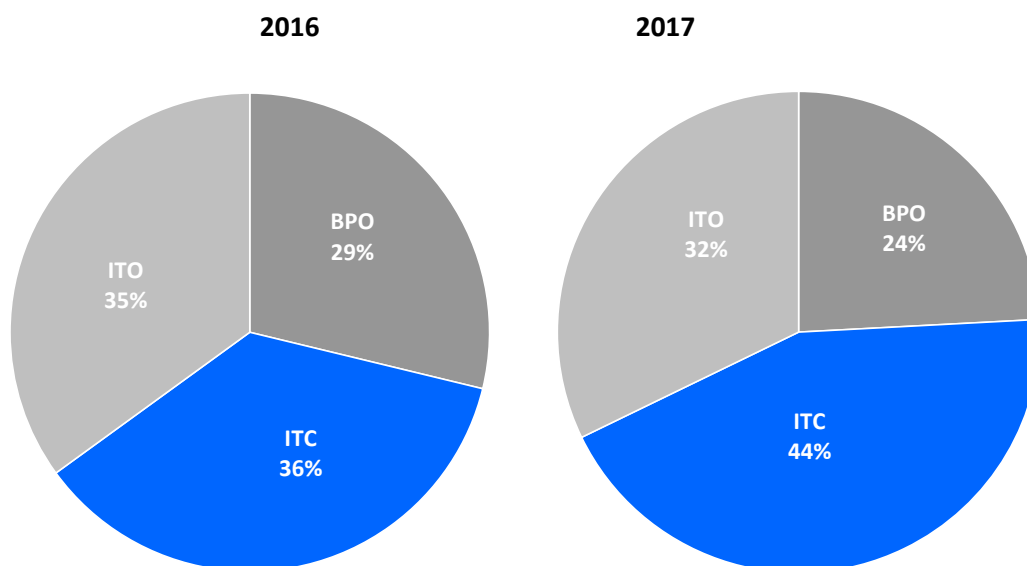
Net Income from Continued Operations was negative and amounted to 1,6 million euros, an improvement of 1,1 million euros over the previous year when a negative value of 2,7 million euros had been registered.

From EBITDA to Net Income € Thousand

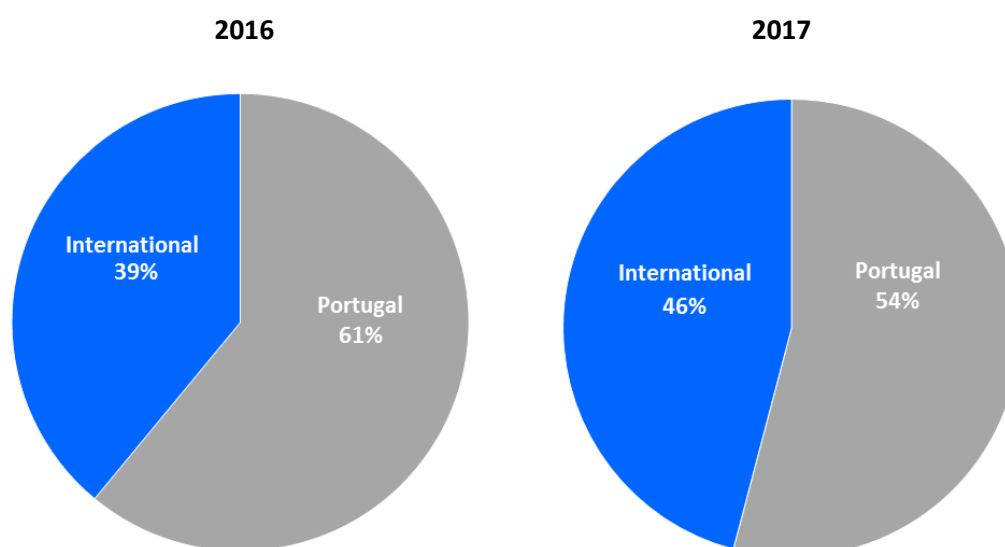


3. Indicators by Business Sectors

Revenue by Business Sector



Revenue by Geographic Markets



3.1. IT Consulting

IT Consulting integrates the business segments of Consulting, Platforms and Applications, and Specialized Outsourcing. This area represented 44% of the Group's total Revenue in 2017.

The Consulting segment offers consulting, process management, application development / maintenance and management services, business intelligence and applications, open source solutions, and outsourcing services specializing in information technology. Services include the management, administration and support of technology platforms.

Revenues for the ITC area reached 23,6 million euros in 2017, growing a strong 29.8% over the previous year. EBITDA amounted to 2,1 million euros, which compares with a negative result of 25,000 euros obtained in 2016 and is mainly due to the new businesses acquired and to an increased profitability in different projects.

3.2. IT Outsourcing

Reditus' *IT Outsourcing* area comprises the IT Infrastructure skills and represented 32% of total revenues in 2017.

The IT Infrastructure segment offers services, projects and infrastructure solutions for information technology. Services include management, administration and support of technological platforms, based on a logic of liability agreement or of functional outsourcing.

Revenues from this area reached 17,4 million euros in 2017, a decrease of 1% over the previous year. EBITDA reached 3,3 million euros, or a decrease of 13.4% over 2016.

3.3. Business Process Outsourcing (BPO)

The *BPO* area provides Contact Center services and business support, developing inbound and outbound services for customer support and retention, mail handling, document preparation, scanning, file custody, credit processing - corporate, mortgage, consumer and automobile, insurance claims - automotive, multi-risk and occupational hazards, processing of credit, debit and student cards, complaint management, among others. This area represented 24% of Reditus' global business in 2017.

Operating Revenues amounted to 13,1 million euros, a decrease of 9.6% over the previous year. An improved EBITDA recorded nevertheless a negative result of 0,49 million euros in 2017, which compares with a negative result of 0,96 million euros in 2016. Despite the adverse context and strong competition, the Group pursues its strategy of creating differentiated offers and in growing the business with a focus on the profitability of this segment.

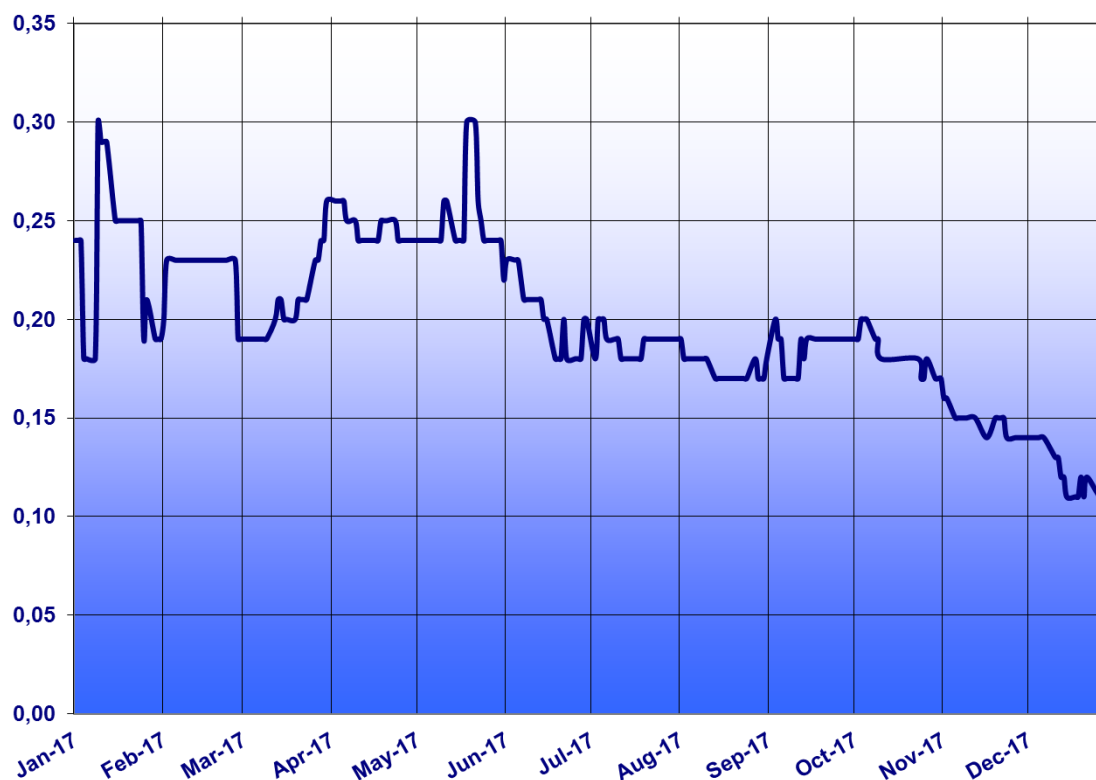
4. Main Balance Sheet Items

€ Millions	31-12-2017	31-12-2016	Var %
Total Assets	171,2	172,7	-0,9%
Non Current Assets	87,3	72,7	20,1%
Current Assets	83,9	100,0	-16,1%
Equity	30,9	32,4	-4,6%
Total Liabilities	140,3	140,3	0,0%
Non-Current Liabilities	92,3	95,3	-3,2%
Current Liabilities	48,0	45,0	6,8%
Net Debt	60,7	59,2	2,6%

At the end of 2017, net bank debt (including loans and lease liabilities, less cash and cash equivalents) was 60,7 million Euros, which compares with 59,2 million Euros at the end of 2016, or an increase of 2.6%.

5. Stock Market Performance

Share Price Performance



At the end of 2017, Reditus' share closing price was 0,12 Euros, which compares to 0,24 euros at the beginning of the year.

In terms of liquidity, around 4,0 million Reditus' shares were traded during the year, representing a transaction value of 701 thousand euros.

The average number of shares traded daily stood at about 16,404 corresponding to a daily average of approximately 2.886 euros.

6. EBITDA by Business Sector

	<i>Unit: thousands of euros</i>		
	31-12-2017	31-12-2016	Var %
TOTAL REDITUS			
Operating Revenues	42.047	44.887	-6,3%
Sales	2.149	1.713	25,4%
Services Rendered	38.991	42.476	-8,2%
Other Operating Revenues	908	698	30,1%
Operating Expenses (excluding deprec., provisions and adjust.)	37.180	42.137	-11,8%
EBITDA	4.867	2.751	76,9%
EBITDA Margin	11,6%	6,1%	5,4pp
ITC			
Operating Revenues	23.621	18.193	29,8%
Sales	1.161	713	62,9%
Services Rendered	22.027	16.628	32,5%
Other Operating Revenues	434	852	-49,1%
Operating Expenses (excluding deprec., provisions and adjust.)	21.502	18.218	18,0%
EBITDA	2.119	(25)	-8690,9%
EBITDA Margin	9,0%	-0,1%	9,1pp
ITO			
Operating Revenues	17.429	17.598	-1,0%
Sales	1.158	1.152	0,5%
Services Rendered	15.501	16.192	-4,3%
Other Operating Revenues	771	255	202,9%
Operating Expenses (excluding deprec., provisions and adjust.)	14.195	13.864	2,4%
EBITDA	3.234	3.735	-13,4%
EBITDA Margin	18,6%	21,2%	-2,7pp
BPO			
Operating Revenues	13.077	14.473	-9,6%
Sales	-	18	-100,0%
Services Rendered	13.077	14.455	-9,5%
Other Operating Revenues	-	1	-100,0%
Operating Expenses (excluding deprec., provisions and adjust.)	13.563	15.433	-12,1%
EBITDA	(486)	(959)	-49,4%
EBITDA Margin	-3,7%	-6,6%	2,9pp
Other and Intra-group			
Operating Revenues	(12.080)	(5.377)	
Sales	(170)	(170)	
Services Rendered	(11.613)	(4.799)	
Other Operating Revenues	(297)	(409)	
Operating Expenses (excluding deprec., provisions and adjust.)	(12.080)	(5.377)	

REDITUS, SGPS, SA
CONSOLIDATED INCOME STATEMENT
 FOR THE PERIODS ENDED December 31st, 2017 and December 31st, 2016
 (Values expressed in Euros)

	31-12-2017	31-12-2016
OPERATING REVENUES		
Sales	2.148.837	1.713.193
Services rendered	38.990.654	42.476.170
Other operating revenues	907.884	698.078
Total Operating Revenues	42.047.375	44.887.441
OPERATING COSTS		
Inventories consumed and sold	(1.747.124)	(1.070.381)
External supplies and services	(13.679.017)	(15.110.754)
Staff costs	(20.213.518)	(24.124.864)
Depreciation and amortisation costs	(3.015.187)	(2.773.971)
Provisions and impairments	(715.966)	13.469
Other operating costs	(1.540.468)	(1.830.697)
Total Operating Costs	(40.911.280)	(44.897.198)
Net Operating Income	1.136.095	(9.757)
FINANCIAL RESULTS		
Net financial costs	(3.218.254)	(2.883.063)
Net losses in associate companies	-	-
Income before taxes	(3.218.254)	(2.883.063)
	(2.082.159)	(2.892.820)
Taxation	434.460	266.577
Income before minority interests	(1.647.699)	(2.626.243)
Minority interests	51.768	(80.044)
Income from continued operations	(1.595.931)	(2.706.287)
Income from discontinued operations	-	(194.460)
Net income	(1.595.931)	(2.900.747)
EBITDA	4.867.248	2.750.745
EBITDA Margin	11,6%	6,1%

REDITUS, SGPS, SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIODS ENDED DECEMBER 31st, 2017 and DECEMBER 31st, 2016
 (Values expressed in Euros)

	31-12-2017	31-12-2016
ASSETS		
NON-CURRENT ASSETS:		
Tangible Fixed Assets	7.180.334	7.456.886
Investment Properties	1.509.000	1.500.000
Goodwill	41.473.191	41.473.191
Intangible Assets	19.456.979	20.228.928
Advances for Financial Investments	-	74.707
	11.214.235	-
Other Receivables	1.016.000	-
Other Financial Investments	4.381.225	1.339.140
Deferred Tax Assets	1.025.767	606.155
	<u>87.256.731</u>	<u>72.679.007</u>
CURRENT ASSETS:		
Inventories	370.705	532.887
Customer receivables	59.365.220	60.381.289
Other account receivables	5.335.990	16.969.189
Other current assets	17.636.440	19.044.900
Financial assets at fair value	9.649	47.599
Cash and equivalents	1.209.835	3.047.867
Assets for disposal	-	-
	<u>83.927.839</u>	<u>100.023.731</u>
	<u>171.184.570</u>	<u>172.702.738</u>
TOTAL ASSETS		
EQUITY		
Share Capital	73.193.455	73.193.455
Treasury shares	(1.426.438)	(1.426.438)
Share premium account	9.952.762	9.952.762
Reserves	3.608.430	3.608.430
Retained earnings	(53.766.602)	(50.865.855)
Adjustments in financial assets	(501.763)	(501.763)
Valuation surplus of fixed assets	1.305.086	1.129.470
Consolidated net income for the year	(1.595.931)	(2.900.747)
Equity attributable to equity holders of Reditus	30.768.999	32.189.314
Equity attributable to minority interests	131.608	190.653
Total equity	<u>30.900.607</u>	<u>32.379.967</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Loans	50.958.763	54.381.333
	-	-
Other accounts payable	33.519.708	32.540.810
Deferred tax liabilities	3.729.996	4.001.735
Financial leasing liabilities	4.042.512	4.420.877
	<u>92.250.979</u>	<u>95.344.755</u>
CURRENT LIABILITIES:		
Loans	6.556.098	3.005.126
Suppliers	8.824.684	9.564.203
Other accounts payable	18.208.386	17.243.325
Other current liabilities	14.068.670	14.736.980
Financial leasing liabilities	375.146	428.382
Liabilities for disposal	-	-
	<u>48.032.984</u>	<u>44.978.016</u>
	<u>140.283.963</u>	<u>140.322.771</u>
TOTAL LIABILITIES	<u>140.283.963</u>	<u>140.322.771</u>
TOTAL EQUITY AND LIABILITIES	<u>171.184.570</u>	<u>172.702.738</u>