

Reditus' Operating Income reaches 44,9 million euros in 2016

- **Operating Income of EUR 44,9 million (vs. EUR 58,4 million)**
- **EBITDA of EUR 2,8 million (vs. EUR 6,9 million)**
- **EBITDA margin 6.1% (vs. 11.8%)**
- **Net income of EUR -2.901 thousand (vs. EUR +264 thousand)**
- **International sales represent 39% of total**

1. Summary of the Activity

FY 2016 was marked by a significant change in the Group, which occurred in the last quarter of the year.

In fact, on November 4th Reditus entered into an agreement with GFI Informatique and its affiliate GFI Portugal, for the sale of its subsidiary ROFF - Consultores Independentes, S.A., specialized in the segment of SAP applications.

This divestiture is part of the strategic repositioning of the Reditus Group, allowing it to focus on the core business and accelerate the internal restructuring process (operational and financial), as well as to create the conditions for the implementation of its Business Plan based on the broadening and growth of its BPO and ITO activities, both in the domestic and in the international markets.

The results for 2016, presented below, are compared with the restated values for the FY 2015.

Operating income amounted to 44,9 million euros, down 23.2% over last year, due to business contraction in the main African market and to the persistence of an adverse economic environment in the domestic market.

There have been postponements in investment decisions to be made by clients in the period under review, while being expected that these will resume in 2017 with a special focus on several projects in the international market.

EBITDA was 2,8 million euros, equivalent to an EBITDA margin of 6.1%, 5.7pp below the margin of 11.8% achieved last year.

It should be noted that the consolidated EBITDA of 2,8 million euros was negatively affected by approximately 0,9 million euros, relating to extraordinary, "one-off" capital loss situations in the year. Adjusted for these costs, it would have reached a value of 3,7 million euros, or an EBITDA margin of 8.1%.

2. Consolidated Indicators

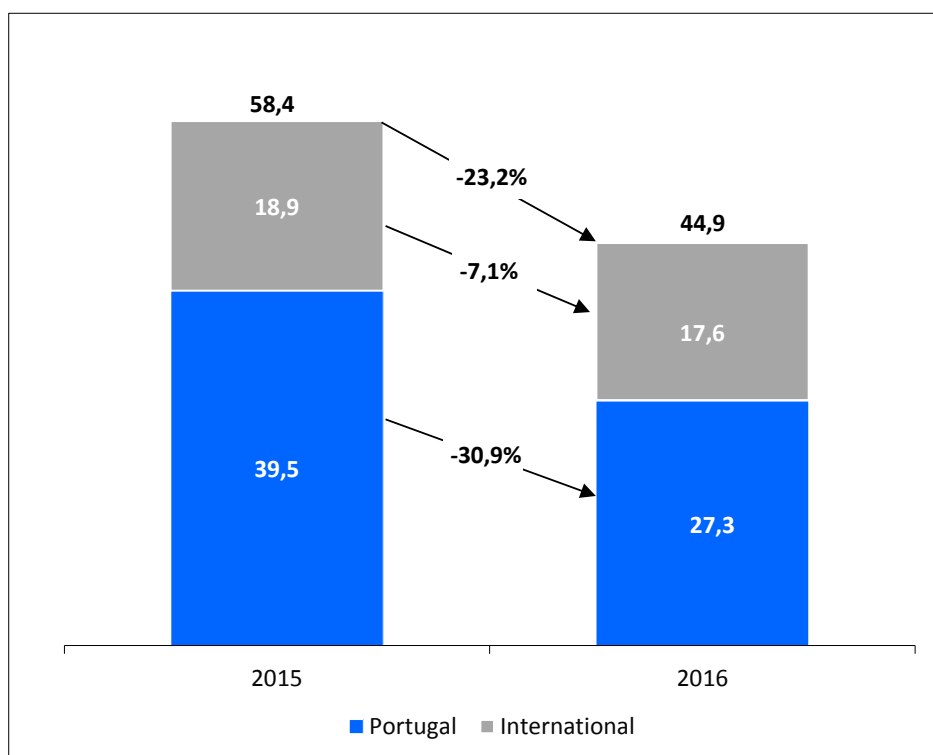
2.1. Consolidated Operating Revenues

The Consolidated Operating Revenues amounted to 44,9 million euros in 2016, against 58,4 million euros or a decrease of 23.2% over last year, mainly due to the postponement of investment decisions and contraction of the business in African markets, as well as the persisting adverse economic environment in the domestic market

Business in the domestic market contracted 30.9% over 2015, and the difficulties in the international market, particularly in Africa, continued to occur, with negative impact on the Group's international revenue, which decreased 7.1% over last year.

International sales represented 39% of the Group's total revenues, which compares to 32% in 2015, even taking into account Roff's exclusion from the consolidation perimeter.

Operating Revenues
€ Millions



2.2. Operating Expenses

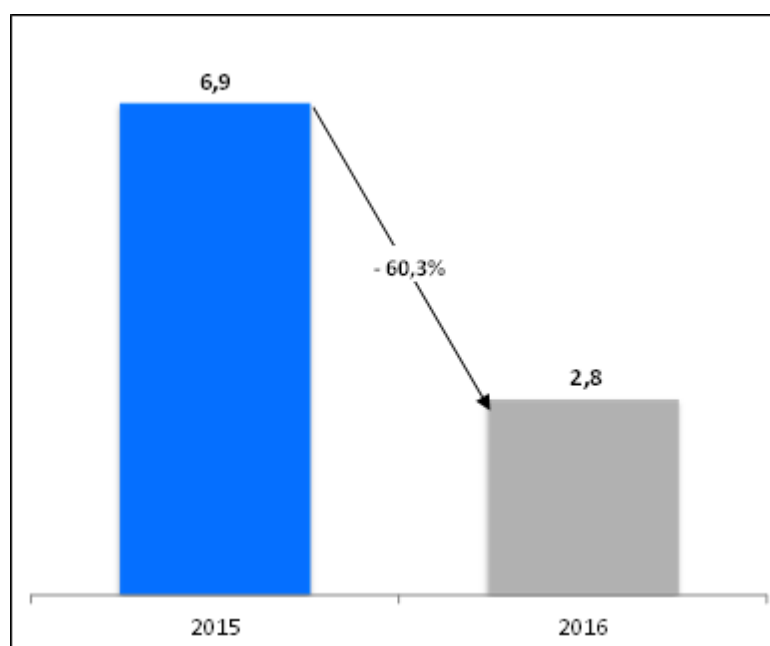
Consolidated operating expenses, net of depreciation, provisions and adjustments amounted to 42,1 million euros in 2016, 18.2% lower than in the last year and accounted for 93.9% of total income, compared to 88.2% in the year before

2.3. Operational Result before Amortizations (EBITDA)

Consolidated EBITDA reached 2,8 million euros, which compares with 6,9 million euros in 2015. The EBITDA margin was 6.1%, or 5.7pp below the margin of 11.8% achieved in 2015.

It should be noted that the consolidated EBITDA of 2,8 million euros was negatively affected by approximately 0,9 million euros, relating to extraordinary, "one-off" capital loss situations in the year. Adjusted for these costs, it would have reached a value of 3,7 million euros, or an EBITDA margin of 8.1%.

EBITDA
€ Millions



2.4. Net Income

Depreciations, Amortizations, Provisions e Adjustments amounted to 2,8 million euros, a decrease of 34.0% from last year.

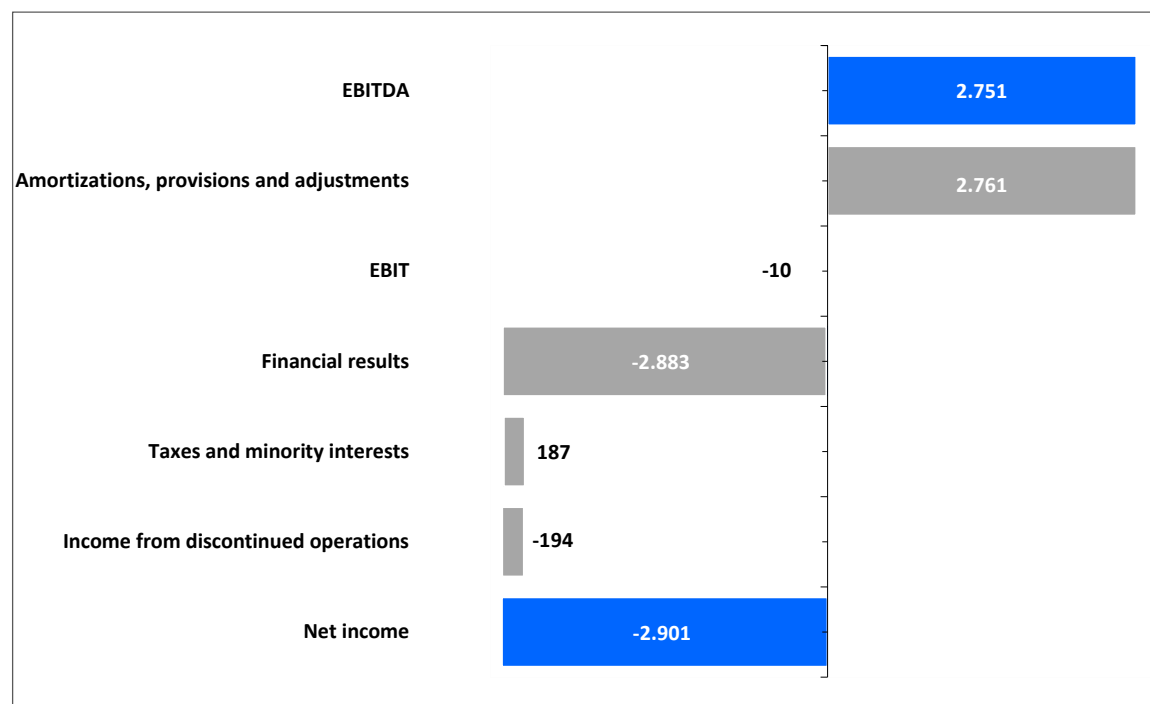
Operating income (EBIT) was negative with 10 thousand euros, against a positive value of 2,7 million euros in 2015.

Net financial expenses recorded a positive performance, registering 2,9 million euros in 2016 or a decrease of 25.5% over last year. This performance reflects the improved financing conditions through the renegotiation of the main credit lines, namely in what concerns to their average pricing.

Income from Continued Operations was a negative 2,7 million euros, against a negative value of 1,8 million euros last year, or a decrease of 46.7%.

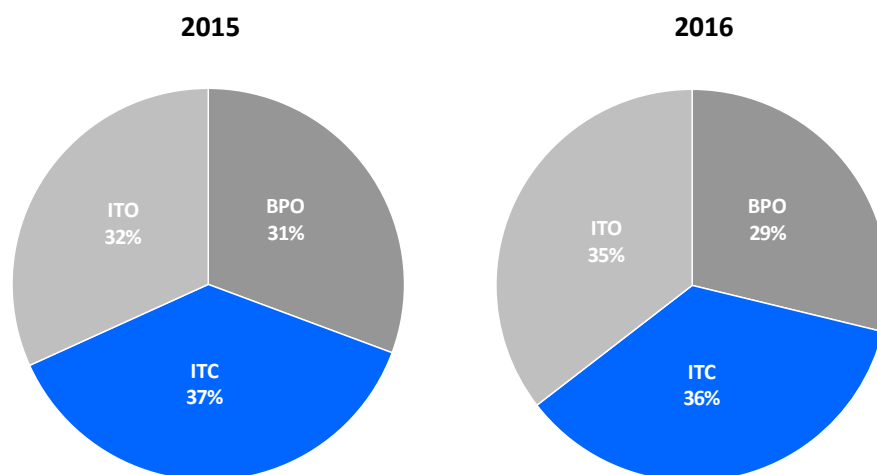
The Consolidated Net Income shows a loss of 2,9 million euros, against a gain of 264 thousand euros last year.

From EBITDA to Net Income
€ Thousand

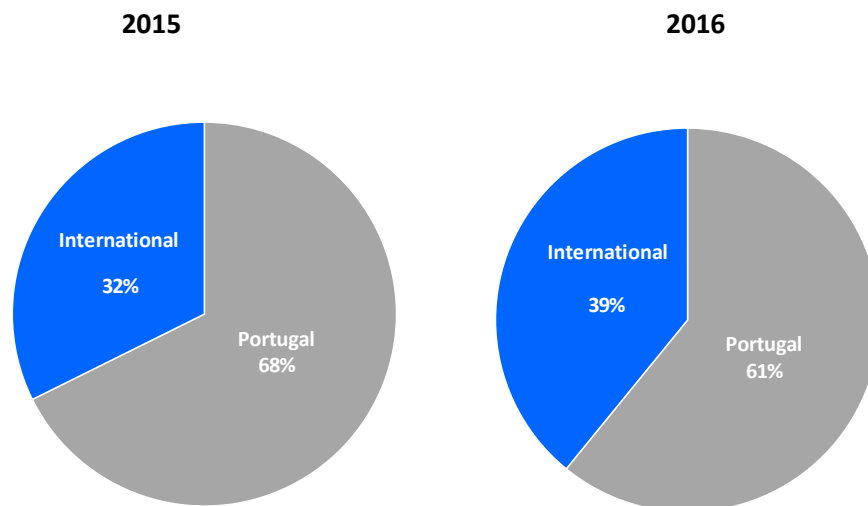


3. Indicators by Business Sectors

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 36% of the Group's total revenue in 2016.

The IT 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.

The income of the business area reached 18,2 million euros, a decrease of 25.4% over last year. EBITDA was a negative EUR 25 thousand, comparing with a positive 1,4 million euros in 2015.

3.2. IT Outsourcing

Reditus' IT Outsourcing area comprises the IT Infrastructure skills and represented 35% of total revenues in 2016.

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 17,6 million euros, a decrease of 14.7% over last year. EBITDA reached 3,7 million euros, or a decrease of 46.8% over last year. The EBITDA margin decreased 13pp, to 21.0%.

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 29% of Reditus' global business in 2016.

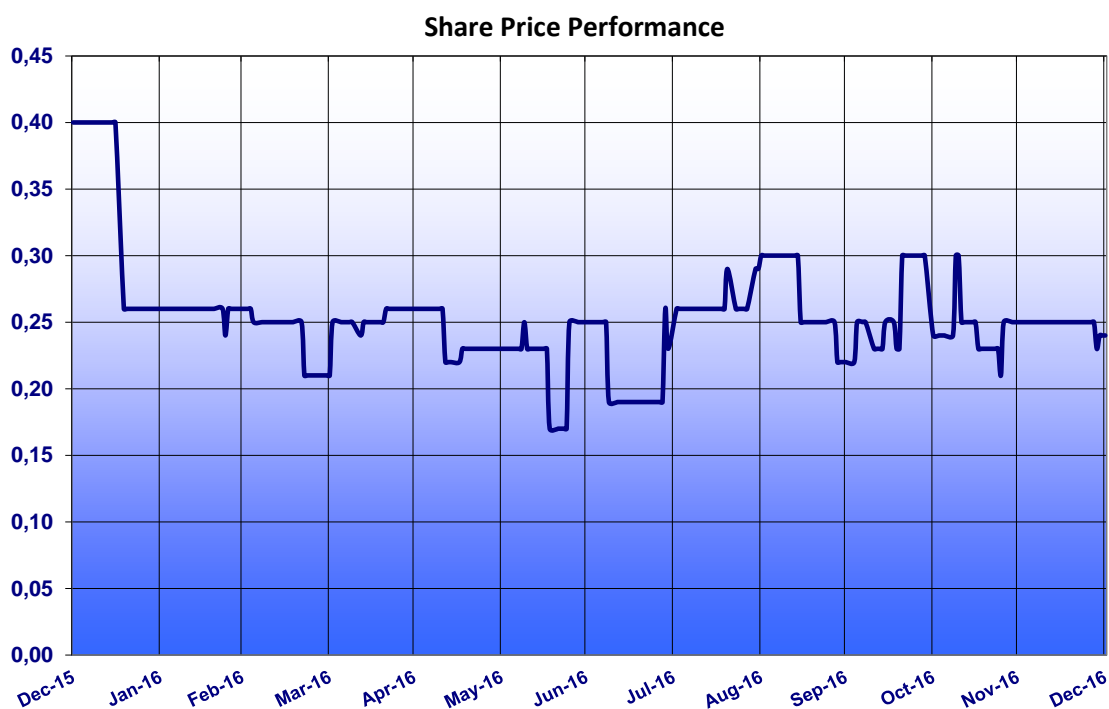
The BPO revenues amounted to 14,5 million euros, a decrease of 27.3% over the previous year. EBITDA was better over the period but still negative by 1,0 million euros, which compares with a negative result of 1,5 million euros in 2015.

4. Main Balance Sheet Items

€ Millions			
	31-12-2016	31-12-2015	Var. %
Total Assets	172,7	204,8	-15,7%
Non Current Assets	72,7	76,7	-5,3%
Current Assets	100,0	128,1	-21,9%
Equity	32,4	35,8	-9,7%
Total Liabilities	140,3	169,0	-17,0%
Non-Current Liabilities	95,3	98,5	-3,2%
Current Liabilities	45,0	70,5	-36,2%
Net Debt	59,2	65,2	-9,2%

At the end of 2016, net bank debt (including loans and lease liabilities, less cash and cash equivalents) was 59,2 million euros, which compares with 65,2 million euros at the end of 2015, or a decrease of 9.2%.

5. Stock Market Performance



At the end of 2016, Reditus' share closing price was 0,24 euros, which compares to 0,40 euros at the beginning of the year.

In terms of liquidity, around 516 thousand Reditus' shares were traded during the year, representing a transaction value of 131 thousand euros.

The average number of shares traded daily stood at about 2.023, corresponding to a daily average of approximately 512 euros.

6. Outlook for 2017

Despite the forecast for a slight recovery of the economy, Reditus will continue to operate in a context of economic fragility, both nationally and internationally, so that the profitability of its business will remain one of the Group's top priorities.

Reditus will thus continue to focus on the development of integrated, innovative and higher added value offerings for the domestic market, reinforcing internal competencies in order to avoid external subcontracting and to allow for the maintenance of margins.

At the international level, Reditus will leverage its position in the Angolan market, in order to take advantage of the window of opportunity created by the exit of some companies due to the adverse market situation, and will also continue to search for different opportunities in Nearshore projects.

In what concerns its offer portfolio, Reditus will continue to focus on innovative solutions based on “Cloud”, hyper-convergence and systems management, as well as on those other that particularly enhance its offer in various segments of its activity, such as “automation of processes” through “robotization”, and implementation of “self-learning” algorithms.

7. EBITDA by Business Sector

	<i>Unit: thousands of euros</i>		
	31-12-2016	31-12-2015	Var%
TOTAL REDITUS			
Operating Revenues	44.887	58.439	-23,2%
Sales	1.713	3.635	-52,9%
Services Rendered	42.476	53.988	-21,3%
Other Operating Revenues	698	815	-14,4%
Operating Expenses (excluding deprec., provisions and adjust.)	42.137	51.515	-18,2%
EBITDA	2.751	6.924	-60,3%
EBITDA Margin	6,1%	11,8%	-5,7pp
ITC			
Operating Revenues	18.193	24.390	-25,4%
Sales	713	926	-23,0%
Services Rendered	16.628	22.891	-27,4%
Other Operating Revenues	852	572	48,8%
Operating Expenses (excluding deprec., provisions and adjust.)	18.218	22.987	-20,7%
EBITDA	(25)	1.402	-101,8%
EBITDA Margin	-0,1%	5,7%	-5,9pp
ITO			
Operating Revenues	17.598	20.638	-14,7%
Sales	1.152	2.776	-58,5%
Services Rendered	16.192	17.137	-5,5%
Other Operating Revenues	255	725	-64,9%
Operating Expenses (excluding deprec., provisions and adjust.)	13.864	13.619	1,8%
EBITDA	3.735	7.019	-46,8%
EBITDA Margin	21,2%	34,0%	-12,8pp
BPO			
Operating Revenues	14.473	19.918	-27,3%
Sales	18	124	-85,2%
Services Rendered	14.455	19.752	-26,8%
Other Operating Revenues	1	41	-98,6%
Operating Expenses (excluding deprec., provisions and adjust.)	15.433	21.416	-27,9%
EBITDA	(959)	(1.498)	56,1%
EBITDA Margin	-6,6%	-7,5%	0,9pp
Other and Intra-group			
Operating Revenues	(5.377)	(6.507)	
Sales	(170)	(191)	
Services Rendered	(4.799)	(5.793)	
Other Operating Revenues	(409)	(524)	
Operating Expenses (excluding deprec., provisions and adjust.)	(5.377)	(6.507)	

REDITUS, SGPS, SA
CONSOLIDATED INCOME STATEMENT
 FOR THE PERIODS ENDED DECEMBER 31st, 2016 and DECEMBER 31st, 2015 (Restated)
 (Values expressed in Euros)

	31-12-2016	31-12-2015
<u>OPERATING REVENUES</u>		
Sales	1.713.193	3.635.493
Services rendered	42.476.170	53.987.824
Other operating revenues	698.078	815.309
Total Operating Revenues	44.887.441	58.438.626
<u>OPERATING COSTS</u>		
Inventories consumed and sold	(1.070.381)	(2.625.185)
External supplies and services	(15.110.754)	(17.138.226)
Staff costs	(24.124.864)	(30.763.723)
Depreciation and amortisation costs	(2.773.971)	(2.952.211)
Provisions and impairments	13.469	(1.231.198)
Other operating costs	(1.830.697)	(987.896)
Total Operating Costs	(44.897.198)	(55.698.439)
Net Operating Income	(9.757)	2.740.187
<u>FINANCIAL RESULTS</u>		
Net financial costs	(2.883.063)	(3.871.955)
Net losses in associate companies	-	-
Income before taxes	(2.883.063)	(3.871.955)
Taxation	266.577	(715.612)
Income before minority interests	(2.626.243)	(1.847.380)
Minority interests	(80.044)	2.580
Income from continued operations	(2.706.287)	(1.844.800)
Income from discontinued operations	(194.460)	2.108.421
Net income	(2.900.747)	263.621
EBITDA	2.750.745	6.923.596
EBITDA Margin	6,1%	11,8%

REDITUS, SGPS, SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIODS ENDED DECEMBER 31st, 2016 and DECEMBER 31st, 2015 (Restated)
 (Values expressed in Euros)

	31-12-2016	31-12-2015
ASSETS		
NON-CURRENT ASSETS:		
Tangible Fixed Assets	7.456.886	9.285.583
Investment Properties	1.500.000	1.500.000
Goodwill	41.473.191	41.473.191
Intangible Assets	20.228.928	22.564.963
Advances for Financial Investments	74.707	74.707
Other Receivables	-	1.500.000
Other Financial Investments	1.339.140	48.852
Deferred Tax Assets	606.155	288.561
	<u>72.679.007</u>	<u>76.735.857</u>
CURRENT ASSETS:		
Inventories	532.887	255.084
Customer receivables	60.381.289	63.825.837
Other account receivables	16.969.189	4.832.525
Other current assets	19.044.900	11.030.264
Financial assets at fair value	47.599	144.800
Cash and equivalents	3.047.867	1.736.801
Assets for disposal	-	46.250.566
	<u>100.023.731</u>	<u>128.075.877</u>
TOTAL ASSETS	<u>172.702.738</u>	<u>204.811.734</u>
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	3.601.755
Retained earnings	(50.865.855)	(51.122.799)
Adjustments in financial assets	(501.763)	(501.763)
Valuation surplus of fixed assets	1.129.470	1.213.436
Consolidated net income for the year	(2.900.747)	263.621
Equity attributable to equity holders of Reditus	32.189.314	35.174.029
Equity attributable to minority interests	190.653	671.266
Total equity	<u>32.379.967</u>	<u>35.845.295</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Loans	54.381.333	54.412.076
Other accounts payable	32.540.810	34.576.736
Deferred tax liabilities	4.001.735	4.293.565
Financial leasing liabilities	4.420.877	5.229.687
	<u>95.344.755</u>	<u>98.512.064</u>
CURRENT LIABILITIES:		
Loans	3.005.126	6.504.688
Suppliers	9.564.203	10.910.201
Other accounts payable	17.243.325	21.777.208
Other current liabilities	14.736.980	17.712.342
Financial leasing liabilities	428.382	742.019
Liabilities for disposal	-	12.807.917
	<u>44.978.016</u>	<u>70.454.375</u>
TOTAL LIABILITIES	<u>140.322.771</u>	<u>168.966.439</u>
TOTAL EQUITY AND LIABILITIES	<u>172.702.738</u>	<u>204.811.734</u>