

Reditus' EBITDA increases 23.6% in the 1st Half of 2017

- **Operating Revenue of EUR 20,9 million (vs. EUR 22,1 million)**
- **EBITDA of EUR 2,5 million (vs. EUR 2,1 million)**
- **EBITDA margin 12.2% (vs. 9.3%)**
- **Income from Continued Operations of EUR 64 thousand (vs. negative EUR 262 thousand)**
- **International Sales represent 40% of total (vs. 29%)**

Note: the 1st Half 2017 (1H17) results underneath are compared with the *restated* values for the 1st Half 2016 (1H16).

1. Summary of the Activity

Reditus Group's main performance indicators for the in the first half of 2017 (1H17) are positive, confirming the turnaround initiated in the first quarter (1Q17) and an improvement over the first half of 2016 (1H16), whereby the increase in EBITDA and profitability, and the expansion of the international presence of the Group, should be highlighted.

The areas of *IT Consulting* and *IT Outsourcing* have contributed most to this improvement, with positive growth in both Revenues and EBITDA.

Reditus pursued during 1H17 the internal reorganization begun in the last quarter of 2016, following the strategic repositioning of the Group after the sale of the subsidiary ROFF, adjusting its spending structure to the new reality of the Group and creating the conditions for the development of integrated, innovative and higher added value offers, in order to follow the business plan based on the development of its core activities and on higher profitability of its business.

Operating Income amounted to 20.9 million euros in 1H17, reflecting a 5.7% decrease compared to 1H16; it nevertheless represents a positive evolution in relation to 1Q17, due to the decrease in the relative variation in the same period of the previous year (in 1Q17, there had been a drop of 15.3%).

This Revenue contraction derives mostly from the *BPO* segment within the *Client Services* area, reflecting the contractual expiration of a large contract from the previous year, the replacement of which by others of equivalent value and higher profitability the Group has been actively pursuing.

In effect and during 1H17, Reditus was able to obtain new businesses within its customer portfolio and to renew existing contracts in the domestic market, in the segments of *IT Consulting* and *IT Outsourcing* and throughout a wide range of activity sectors.

Revenue for the International sector registered a significant growth of 28.0% in 1H17, increasing its weight from 29% to 40% 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 during the coming months for new international market opportunities in those geographies, as well as for Nearshore projects, with the aim at consolidating its business growth.

EBITDA reached 2,5 million Euros, equivalent to an EBITDA margin of 12.2%, or 2.9 pp above the 9.3% margin reached in the same period of last year.

Net Income from Continued Operations amounted to 64 thousand Euros, an increase of 326 thousand Euros over the same period of the previous year, when a negative value of 262 thousand Euros had been reached.

2. Consolidated Indicators

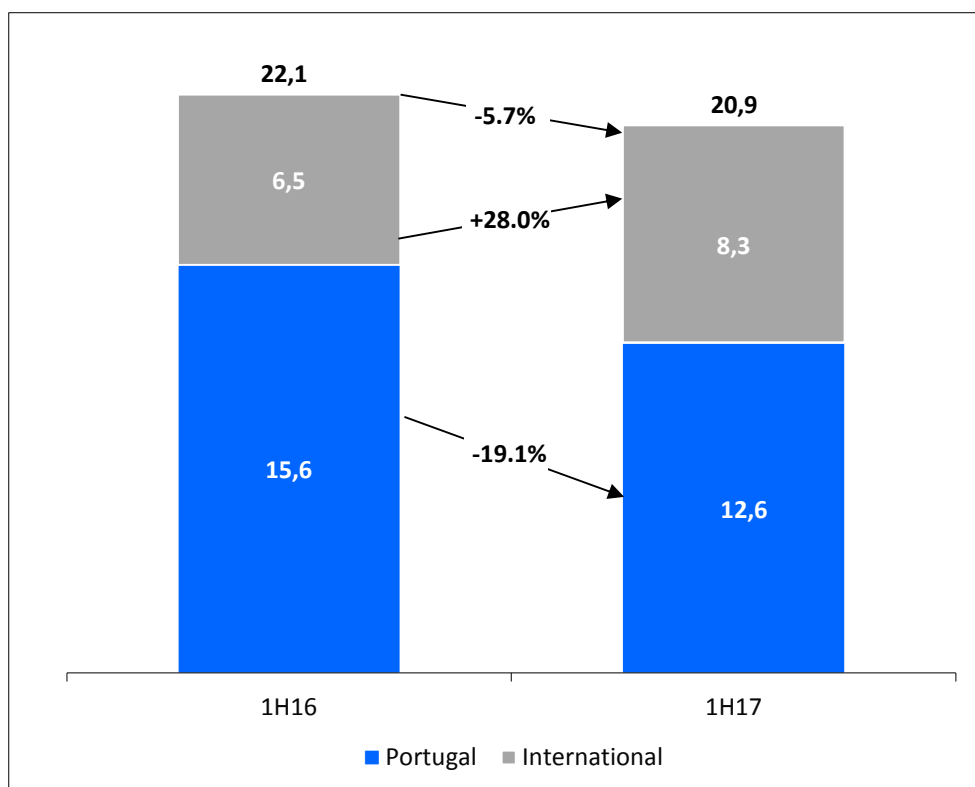
2.1. Consolidated Operating Revenues

Consolidated Operating Revenues amounted to 20,9 million Euros in 1H17, against 22,1 million Euros in the same period last year, or a decrease of 5.7%.

Business in the domestic market contracted 19.1% over 1H16, 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 significant increase of 28.0% relative to 1H16, having seen its weight increase from 29% to 40% of the Group's total Revenues, as mentioned in 1. above.

Operating Revenues € Millions



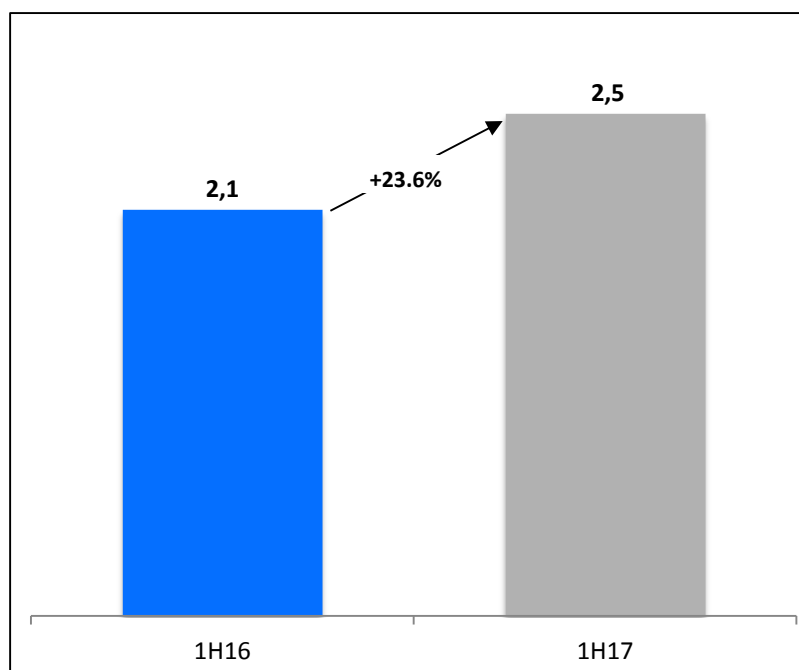
2.2. Operating Expenses

Consolidated Operating Expenses, net of Depreciation, Provisions and Adjustments, amounted to 18,3 million Euros in 1H17; this accounts for 87.8% of total Revenue and represents a decrease of 8.7% over 1H16, when they represented 90.7% of total Revenue.

2.3. Operational Result before Amortizations (EBITDA)

Consolidated EBITDA reached 2,5 million Euros, 23.6% higher than the 2,1 million euros reached in 1H16. The EBITDA margin was 12.2%, or 2.9 pp above the margin of 9.3% achieved in the same period.

EBITDA
€ Millions



2.4. Net Income

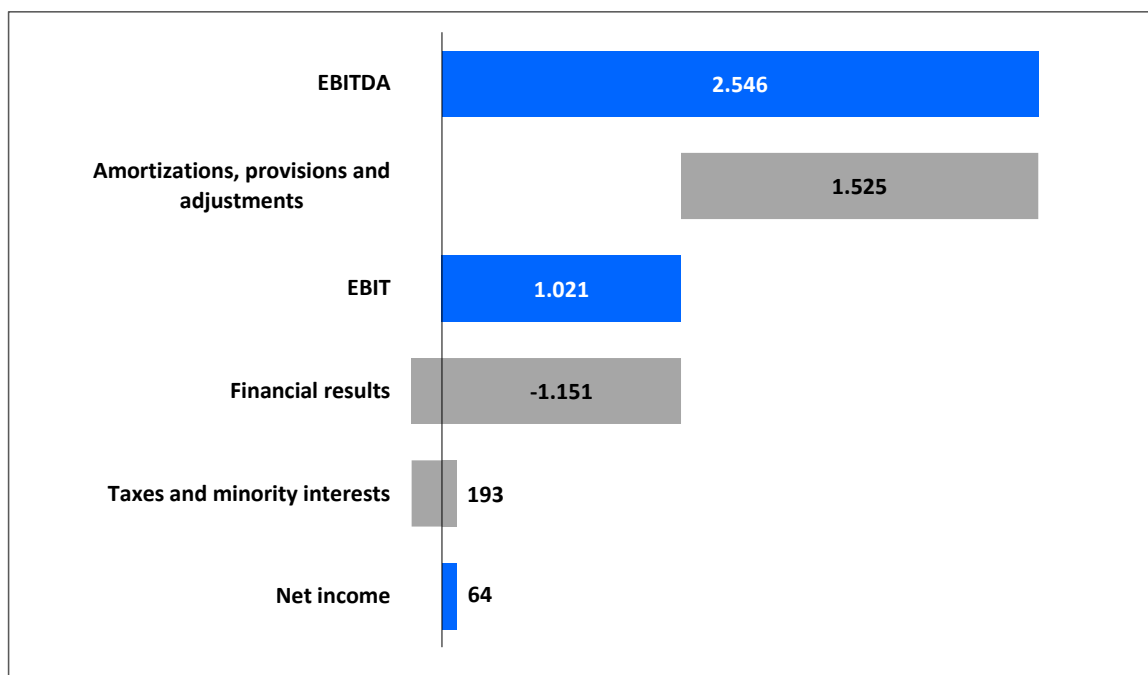
Depreciations, Amortizations, Provisions e Adjustments amounted to 1,5 million Euros in 1H17, an increase of 38.5% over the same period last year.

Operating income (EBIT) was positive with 1,0 million Euros, 6.5% higher than the value reached in 1H16.

Net financial expenses improved 1.7% to 1,2 million Euros in 1H17, reflecting a continuing effort towards the improvement of financing conditions through the renegotiation of all the credit lines.

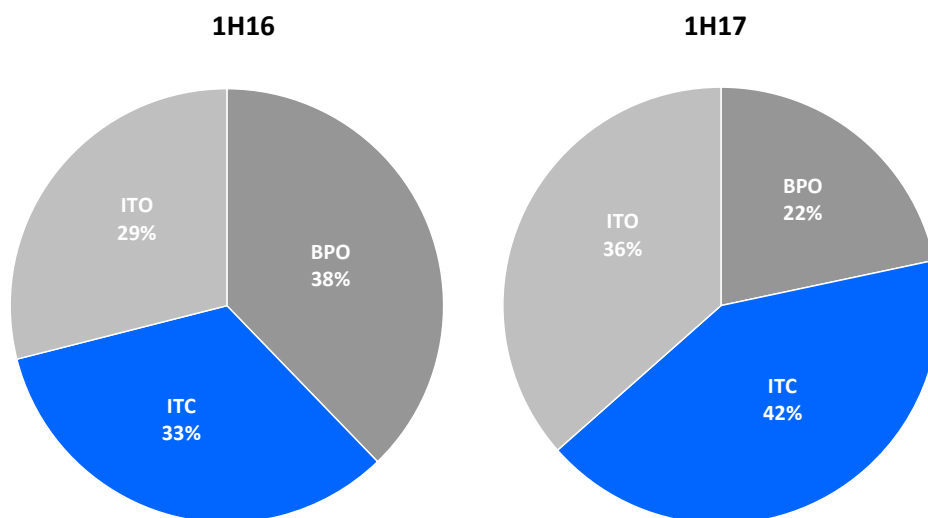
Income from On-Going Operations was positive 1H17 with 64 thousand euros which compares, in accordance with the criteria for restatement of financial statements, with a negative result of 262 thousand euros in the same period last year, reflecting an improvement derived from the increase in profitability and performance of operations. In terms of the previous Consolidation perimeter, the 1H16 result amounted to 268 thousand euros under the influence of 530 thousand euros relating to the result of the discontinued operations, namely of the former subsidiary ROFF prior to its disposal.

From EBITDA to Net Income € Thousand

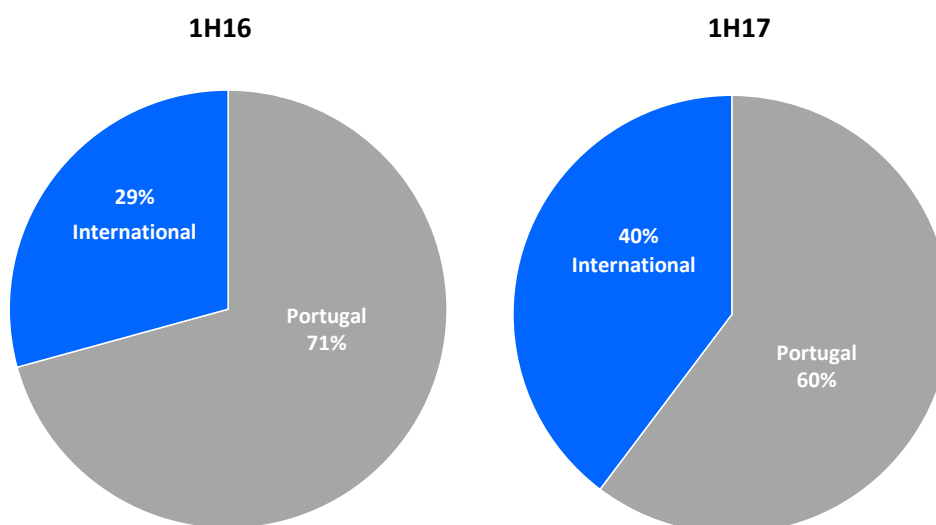


3. Indicators by Business Sectors

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 42% of the Group's total Revenue in 1H17.

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 10,3 million Euros in 1H17, growing 28.8% over the same period last year. EBITDA was 1,1 million Euros, a significant increase over the 324 thousand Euros obtained in 1H16, mainly due to the new businesses and to an increased profitability in different projects.

3.2. IT Outsourcing

Reditus' *IT Outsourcing* area comprises the IT Infrastructure skills and represented 36% of total revenues in 1H17.

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 9,0 million Euros in 1H17, an increase of 29.3% over the same period last year. EBITDA reached 2,1 million Euros or an increase of 11.6% over 1H16, mainly due to a increased performance in the new businesses.

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 22% of Reditus' global business in 1H17.

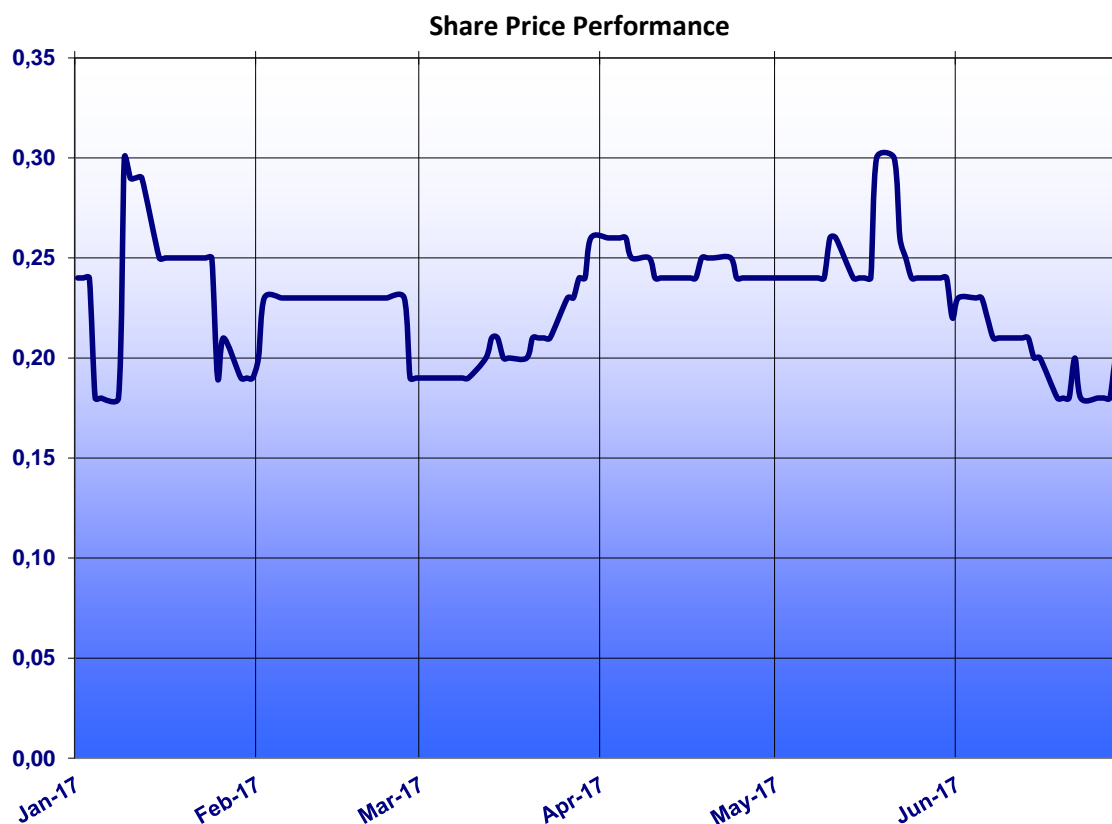
Operating Revenues amounted to 5,3 million euros, a decrease of 41.2% over the same period in the previous year. EBITDA recorded a negative result of 638 thousand euros in 1H17, which compares with a negative result of 105 thousand euros in 1H16. This result is mainly due to the contractual expiration of a large contract (as mentioned in point 1), for the replacement of which the Group has been making several efforts. However and despite the adverse context and strong competition, the Group pursues its strategy in the creation of differentiated offers in this segment, and in a growth on the basis of larger volume businesses.

4. Main Balance Sheet Items

€ Millions			
	30-Jun-2017	31-Dec-2016	Var. %
Total Assets	172,2	172,7	-0,3%
Non Current Assets	71,9	72,7	-1,1%
Current Assets	100,3	100,0	0,3%
Equity	32,6	32,4	0,8%
Total Liabilities	139,5	140,3	-0,6%
Non-Current Liabilities	89,6	95,3	-6,0%
Current Liabilities	49,9	45,0	10,8%
Net Debt	55,8	59,2	-5,7%

At the end of 1H17, net bank debt (including loans and lease liabilities, less cash and cash equivalents) was 55,8 million Euros, which compares with 59,2 million Euros at the end of 4Q16, or a decrease of 5.7%.

5. Stock Market Performance



At the end of 1H17, Reditus' share closing price was 0,20 Euros, which compares to 0,24 euros at the beginning of the year.

In terms of liquidity, around 1,6 million Reditus' shares were traded during 1H17, representing a transaction value of 334 thousand euros.

The average number of shares traded daily stood at about 12.390, corresponding to a daily average of approximately 2.572 euros.

6. EBITDA by Business Sector

Unit: thousands of euros

	30-Jun-2017	Restated 30-Jun-2016	YoY %
TOTAL REDITUS			
Operating Revenues	20.882	22.136	-5,7%
Sales	683	535	27,8%
Services Rendered	19.904	20.559	-3,2%
Other Operating Revenues	294	1.042	-71,7%
Operating Expenses (excluding deprec., provisions and adjust.)	18.335	20.076	-8,7%
EBITDA	2.546	2.059	23,6%
EBITDA Margin	12,2%	9,3%	2,9pp
ITC			
Operating Revenues	10.296	7.992	28,8%
Sales	315	21	1394,6%
Services Rendered	9.785	7.701	27,1%
Other Operating Revenues	196	270	-27,3%
Operating Expenses (excluding deprec., provisions and adjust.)	9.166	7.668	19,5%
EBITDA	1.130	324	248,8%
EBITDA Margin	11,0%	4,1%	6,9pp
ITO			
Operating Revenues	8.993	6.957	29,3%
Sales	531	567	-6,3%
Services Rendered	8.297	5.516	50,4%
Other Operating Revenues	165	874	-81,2%
Operating Expenses (excluding deprec., provisions and adjust.)	6.939	5.117	35,6%
EBITDA	2.054	1.840	11,6%
EBITDA Margin	22,8%	26,4%	-3,6pp
BPO			
Operating Revenues	5.338	9.072	-41,2%
Sales	-	15	-100,0%
Services Rendered	5.338	9.056	-41,1%
Other Operating Revenues	-	0	-100,0%
Operating Expenses (excluding deprec., provisions and adjust.)	5.976	9.176	-34,9%
EBITDA	(638)	(105)	508,9%
EBITDA Margin	-11,9%	-1,2%	-10,8pp
Other and Intra-group			
Operating Revenues	(3.746)	(1.885)	
Sales	(163)	(69)	
Services Rendered	(3.517)	(1.714)	
Other Operating Revenues	(66)	(102)	
Operating Expenses (excluding deprec., provisions and adjust.)	(3.746)	(1.885)	

REDITUS, SGPS, SA
CONSOLIDATED INCOME STATEMENT
 FOR THE PERIODS ENDED JUNE 30th, 2017 and JUNE 30th, 2016 (Restated)
 (Values expressed in Euros)

	30-Jun-2017	Restated 30-Jun-2016
OPERATING REVENUES		
Sales	683.040	534.540
Services rendered	19.904.081	20.559.209
Other operating revenues	294.383	1.041.781
Total Operating Revenues	20.881.504	22.135.530
OPERATING COSTS		
Inventories consumed and sold	(437.581)	(426.573)
External supplies and services	(7.230.300)	(5.463.055)
Staff costs	(10.194.119)	(14.035.718)
Depreciation and amortisation costs	(1.519.853)	(1.100.601)
Provisions and impairments	(4.924)	-
Other operating costs	(473.449)	(151.074)
Total Operating Costs	(19.860.226)	(21.177.021)
Net Operating Income	1.021.278	958.509
FINANCIAL RESULTS		
Net financial costs	(1.150.847)	(1.170.808)
Net losses in associate companies	-	-
Income before taxes	(1.150.847)	(1.170.808)
Taxation	375.049	57.061
Income before minority interests	245.480	(155.238)
Minority interests	(181.664)	(106.948)
Income from continued operations	63.816	(262.186)
Income from discontinued operations	-	530.062
Net income	63.816	267.876
EBITDA	2.546.055	2.059.110
EBITDA Margin	12,2%	9,3%

REDITUS, SGPS, SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 FOR THE PERIODS ENDED JUNE 30th, 2017 and DECEMBER 31st, 2016
 (Values expressed in Euros)

	30-Jun-2017	31-Dec-2016
ASSETS		
NON-CURRENT ASSETS:		
Tangible Fixed Assets	7.313.683	7.456.886
Investment Properties	1.500.000	1.500.000
Goodwill	41.473.191	41.473.191
Intangible Assets	19.171.522	20.228.928
Advances for Financial Investments	74.707	74.707
Other Financial Investments	1.351.585	1.339.140
Deferred Tax Assets	994.971	606.155
	<u>71.879.659</u>	<u>72.679.007</u>
CURRENT ASSETS:		
Inventories	723.484	532.887
Customer receivables	60.688.914	60.381.289
Other account receivables	8.337.754	16.969.189
Other current assets	24.533.132	19.044.900
Financial assets at fair value	8.374	47.599
Cash and equivalents	5.988.564	3.047.867
	<u>100.280.222</u>	<u>100.023.731</u>
TOTAL ASSETS	<u><u>172.159.881</u></u>	<u><u>172.702.738</u></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	3.608.430
Retained earnings	(53.766.602)	(50.865.855)
Adjustments in financial assets	(501.763)	(501.763)
Valuation surplus of fixed assets	1.129.470	1.129.470
Consolidated net income for the year	63.816	(2.900.747)
Equity attributable to equity holders of Reditus	<u>32.253.130</u>	<u>32.189.314</u>
Equity attributable to minority interests	<u>372.317</u>	<u>190.653</u>
Total equity	<u><u>32.625.447</u></u>	<u><u>32.379.967</u></u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Loans	52.643.807	54.381.333
Other accounts payable	28.846.935	32.540.810
Deferred tax liabilities	3.856.732	4.001.735
Financial leasing liabilities	4.231.269	4.420.877
	<u>89.578.743</u>	<u>95.344.755</u>
CURRENT LIABILITIES:		
Loans	4.556.579	3.005.126
Suppliers	8.410.170	9.564.203
Other accounts payable	22.513.149	17.243.325
Other current liabilities	14.077.252	14.736.980
Financial leasing liabilities	398.541	428.382
	<u>49.955.691</u>	<u>44.978.016</u>
TOTAL LIABILITIES	<u><u>139.534.434</u></u>	<u><u>140.322.771</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>172.159.881</u></u>	<u><u>172.702.738</u></u>