

Reditus' EBITDA reaches 2.7 million Euros in the first 9 months of 2019

- **Operating Revenue of 18.0 million Euros (vs. 24.8 million Euros in 9M18)**
- **EBITDA of 2.7 million Euros (vs. 3.2 million Euros in 9M18)**
- **EBITDA margin of 14.9% (vs. 13% in 9M18)**
- **Net loss of 156 thousand euros (vs. 422 thousand euros net loss in 9M18)**
- **International Sales represent 34% of the total (vs. 40% in 9M18)**

1. Summary of the Activity

The first nine months of 2019 (9M19) were marked by the maintained strategy of developing integrated and higher added value offers in order to improve operational sustainability, as well as the development of management models with the introduction of robotization components. These measures led to an increase in project profitability and a 1.9 pp improvement in EBITDA margin.

The 9M19 results, presented below, are compared with the figures for the first nine months of 2018 (9M18).

Operating Revenues amounted to 18.0 million euros in 9M19, reflecting a 27.6% decrease compared to the same period in 2018.

The revenue contraction, when compared to the same period of the previous year, results from a strategic decision to focus commercial efforts on projects with higher added value.

Despite the reduction in 9M19 revenue, Reditus was awarded new contracts which, despite a representing a lower revenue, present a higher profitability, and was able to advantageously renew several contracts in the IT Consulting and BPO segments.

In 9M19, revenues from the international area decreased by 37.7% compared to 9M18, as a result of investment postponements by the clients. These decisions reflect the slow economic recovery in those geographies, impacting their weight on the Group's overall revenues. We are working proactively with the markets and we expect those international projects in the ITO and ITC areas to be about to initiate.

The Group foresees a positive growth throughout the end of 4Q19, with the expected start of the mentioned international projects, while actively pursuing efforts to close various portfolio opportunities, including Nearshore projects.

EBITDA reached 2.7 million euros, equivalent to an EBITDA margin of 14.9%, or 1.9 pp above the 13.0% margin achieved in the same period last year.

Consolidated Net Income amounted to a negative 156 thousand euros, an improvement of 266 thousand euros when compared with the same period of the previous year.

2. Consolidated Indicators

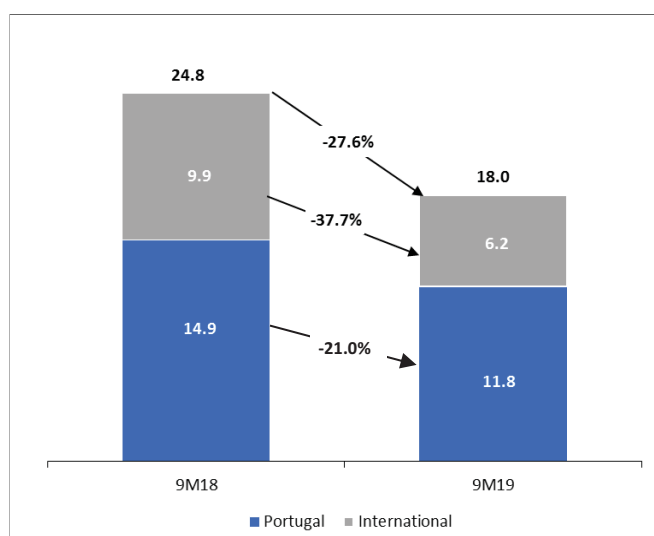
2.1. Consolidated Operating Revenue

Operating Revenues amounted to 18.0 million euros in 9M19, against 24.8 million euros in the same period of the previous year, representing a decrease of 27.6%.

Revenues in the domestic market contracted 21.0% over 9M18, as result of a very aggressive and competitive marketplace and Reditus' strategy to improve its business margins.

International Sales, namely in the African market where the Group has subsidiaries, suffered a 37.7% decrease in revenues compared to 9M18, which is reflected in its weight on the Group's total revenues.

Operating Revenue
€ Millions

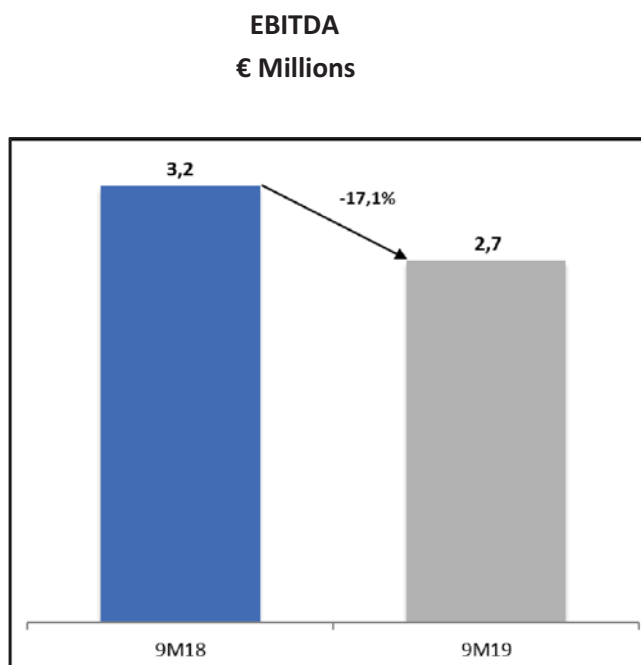


2.2. Operating Expenses

Consolidated Operating Expenses, net of Depreciation, Provisions and Adjustments, amounted to 15.3 million euros in 9M19, which accounts for 85.1% of total Revenue and represents a decrease of 29,2% over 9M18, when they represented 87.0% of total Revenue.

2.3. Operating Result before Amortizations (EBITDA)

Consolidated EBITDA reached 2.7 million euros in 9M19, which compares with 3.2 Million in 9M18, representing a 17.1% decrease. The EBITDA margin was 14.9%, or 1.9 pp above the margin of 13.0% achieved in the same period of the previous year.



2.4. Net Result

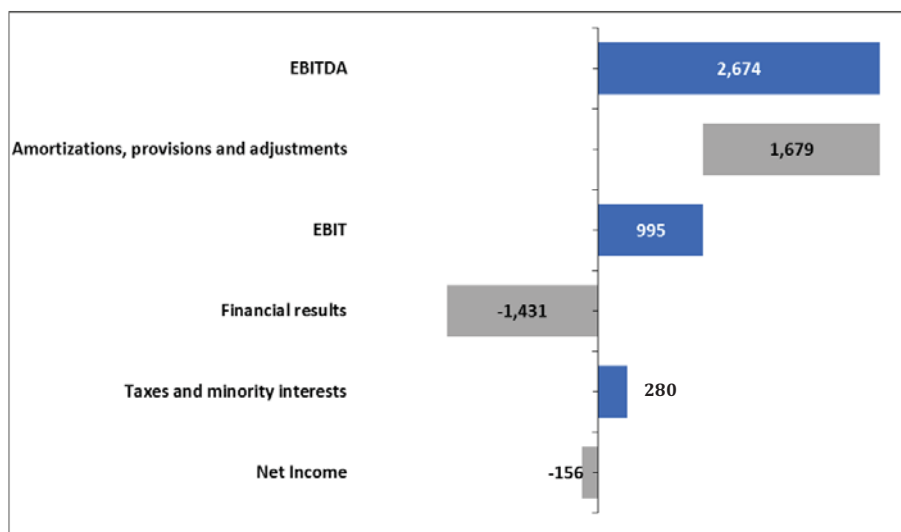
Depreciations, Amortizations, Provisions and Adjustments amounted to 1.7 million euros in the 9M19, a 12.6% decrease from the same period of the previous year.

The Operational Result (EBIT) was positive by 1.0 million euros, 23.8% less than in 9M18.

Negative Financial Results improved by 20.7% compared to 9M18, reaching 1.4 million euros.

The Continued Operations' Net Loss hence reached 156 thousand euros in 9M19, which represents an improvement on the negative result of 422 thousand euros for the same period of the previous year.

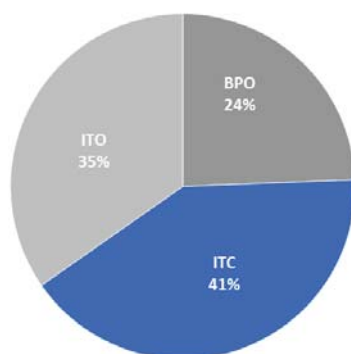
From EBITDA to Net Income € Thousands



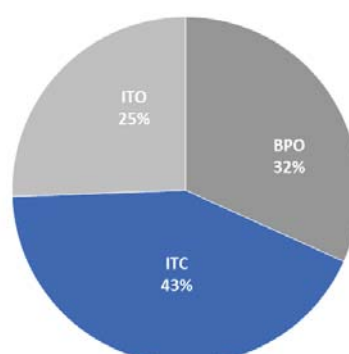
3. Indicators by Business Sectors

Revenue by Business Sector

9M18

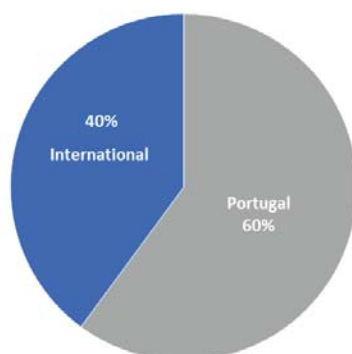


9M19

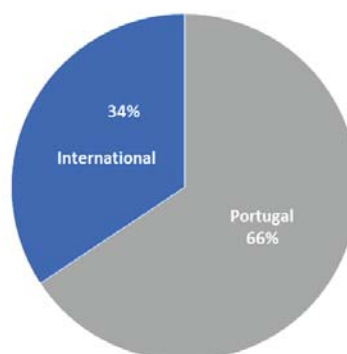


Revenue by Geographic Markets

9M18



9M19



3.1. IT Consulting

IT Consulting integrates the business segments of Consulting, Platforms and Applications, and Specialized Outsourcing. This area represented 43% of the Group's total Revenue in the 9M19.

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 10.9 million Euros in the 9M19, a 21.9% decrease over the same period of the previous year. EBITDA amounted to 0.949 million euros, which compares with 1.961 million euros in 9M18.

3.2. IT Outsourcing

Reditus' IT Outsourcing area comprises the IT Infrastructure skills and represented 25% of total revenues in the 9M19.

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 6.6 million euros in the 9M19, a decrease of 44.9% over the same period of the previous year due to delays in the launching of several international projects. EBITDA reached 1.1 million euros which compares with a 1.5 million euros result in 9M18

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 32% of Reditus' overall business in 9M19.

Operating Revenues amounted to 8.1 million Euros, a decrease of 2.7% over the same period in the previous year. EBITDA in 9M19 reached a positive value of 0.614 million euros, which compares favorably with a negative value of 0.189 million euros in 9M19.

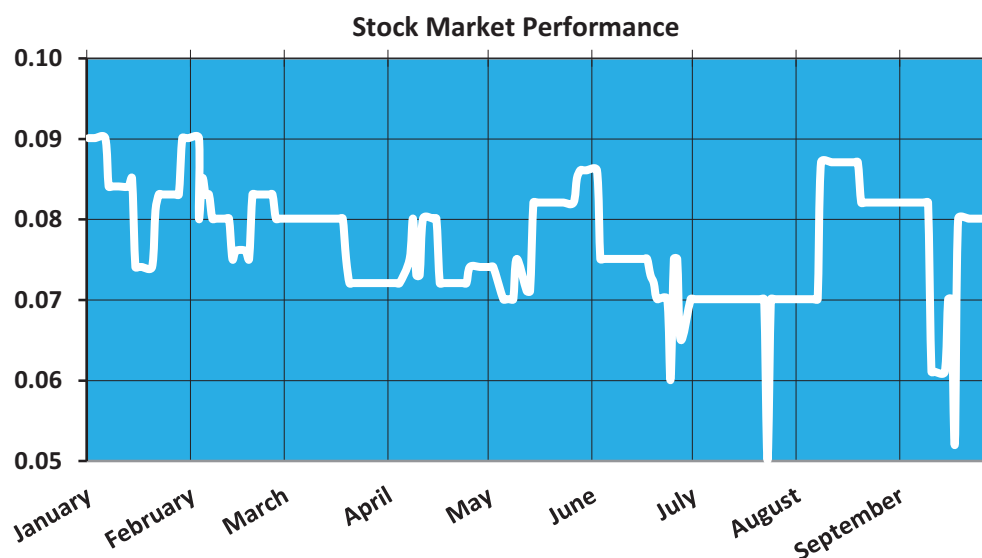
These results seem to highlight the success of the strategy adopted and described above, given the market challenges.

4. Main Balance Sheet Items

€ Millions	30-Sep-2019	30-Sep-2018	YoY %
Total Assets	182,1	171.3	6.3%
Non Current Assets	104,4	104.9	-0,5%
Current Assets	77,7	66.4	17,0%
Equity	26,7	26.7	-0,1%
Total Liabilities	155,4	144.6	7,5%
Non-Current Liabilities	80,5	95.3	-15,5%
Current Liabilities	74,9	49.3	51,8%
Net Debt	58,6	59.2	-1,0%

At the end of 3Q19, net bank debt (including loans and lease liabilities, less cash and cash equivalents) was 58.6 million Euros, which compares with 59.2 million Euros at the end of 4Q18, or a decrease of 1,0%.

5. Stock Market Performance



At the end of 3Q19, Reditus' share closing price was 0.08 euros, which compares to 0,09 euros at the beginning of the year.

In terms of liquidity, 179,032 thousand Reditus' shares were traded during the 3Q19, representing a transaction value of 18,409 thousand euros.

The average number of shares traded daily stood at about 989 corresponding to a daily average of approximately 96 euros.

6. EBITDA by Business Sector

	<i>Unit: thousands of euros</i>		
	30-Sep-2019	30-Sep-2018	YoY %
TOTAL REDITUS			
Operating Revenues	17,981	24,847	-27.6%
Sales	324	853	-62.0%
Services Rendered	17,462	23,652	-26.2%
Other Operating Revenues	195	342	-43.0%
Operating Expenses (excluding deprec., provisions and adjust.)	15,307	21,620	-29.2%
EBITDA	2,674	3,227	-17.1%
EBITDA Margin	14.9%	13.0%	1.9pp
ITC			
Operating Revenues	10,949	14,022	-21.9%
Sales	111	506	-78.2%
Services Rendered	10,651	13,303	-19.9%
Other Operating Revenues	187	213	-12.0%
Operating Expenses (excluding deprec., provisions and adjust.)	10,000	12,062	-17.1%
EBITDA	949	1,961	-51.6%
EBITDA Margin	8.7%	14.0%	-5.3pp
ITO			
Operating Revenues	6,555	11,896	-44.9%
Sales	332	473	-29.7%
Services Rendered	6,148	11,249	-45.3%
Other Operating Revenues	75	174	-57.0%
Operating Expenses (excluding deprec., provisions and adjust.)	5,443	10,440	-47.9%
EBITDA	1,112	1,456	-23.6%
EBITDA Margin	17.0%	12.2%	4.7pp
BPO			
Operating Revenues	8,128	8,356	-2.7%
Sales	-	-	0.0%
Services Rendered	8,128	8,356	-2.7%
Other Operating Revenues	-	0	0.0%
Operating Expenses (excluding deprec., provisions and adjust.)	7,514	8,545	-12.1%
EBITDA	614	(189)	424.4%
EBITDA Margin	7.5%	-2.3%	9.8pp
Other and Intra-group			
Operating Revenues	(7,651)	(9,428)	
Sales	(119)	(126)	
Services Rendered	(7,465)	(9,257)	
Other Operating Revenues	(67)	(45)	
Operating Expenses (excluding deprec., provisions and adjust.)	(7,651)	(9,428)	

REDITUS, SGPS, SA
CONSOLIDATED INCOME STATEMENT
 FOR THE PERIODS ENDED SEPTEMBER 30TH, 2019 AND SEPTEMBER 30TH, 2018
 (Values expressed in Euros)

	30 Sep 2019	30 Sep 2018
OPERATING REVENUES		
Sales	323,928	852,856
Services rendered	17,461,927	23,651,730
Other operating revenues	195,164	342,333
Total Operating Revenues	17,981,019	24,846,919
OPERATING COSTS		
Inventories consumed and sold	(285,267)	(702,595)
External supplies and services	(6,443,745)	(7,326,287)
Staff costs	(8,340,960)	(13,104,646)
Depreciation and amortisation costs	(1,614,459)	(1,833,297)
Provisions and impairments	(64,500)	(87,596)
Other operating costs	(236,615)	(486,112)
Total Operating Costs	(16,985,546)	(23,540,533)
Net Operating Income	995,473	1,306,386
FINANCIAL RESULTS		
Net financial costs	(1,431,454)	(1,804,832)
Net losses in associate companies	-	-
	(1,431,454)	(1,804,832)
Income before taxes	(435,981)	(498,446)
Taxation	409,144	266,819
Income before minority interests	(26,837)	(231,627)
Minority interests	(128,816)	(190,732)
Net income	(155,653)	(422,359)
EBITDA	2,674,432	3,227,279
EBITDA Margin	14.9%	13.0%

REDITUS, SGPS, SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS OF SEPTEMBER 30th, 2019 AND DECEMBER 31st, 2018
 (Values expressed in Euros)

	30-Sep-2019	31-Dec-2018
ASSETS		
NON-CURRENT ASSETS:		
Tangible Fixed Assets	6,667,895	6,831,784
Investment Properties	1,509,000	1,509,000
Goodwill	41,473,191	41,473,191
Intangible Assets	16,312,287	17,238,021
Customer Receivables	29,927,618	29,927,618
Other Receivables	1,049,458	1,049,458
Other Financial Investments	5,000,927	4,982,959
Deferred Tax Assets	2,471,005	1,915,349
	<u>104,411,381</u>	<u>104,927,380</u>
CURRENT ASSETS:		
Inventories	264,768	204,496
Customer Receivables	40,951,101	36,989,627
Other Account Receivables	5,050,656	4,848,986
Other Current Assets	30,189,677	23,175,103
Financial Assets at Fair Value	9,609	8,112
Cash and Equivalents	1,209,136	1,174,596
	<u>77,674,947</u>	<u>66,400,920</u>
	<u>182,086,328</u>	<u>171,328,300</u>
TOTAL ASSETS		
EQUITY		
Share Capital	14,638,691	14,638,691
Treasury Shares	(255,183)	(255,183)
Share Premium Account	9,952,762	9,952,762
Reserves	4,812,483	4,812,483
Retained Earnings	(3,812,965)	-
Valuation Surplus of Fixed Assets	1,260,288	1,260,288
Consolidated Net Income for the Year	(155,653)	(3,812,965)
Equity Attributable to Equity Holders of Reditus	<u>26,440,423</u>	<u>26,596,076</u>
Equity Attributable to Minority Interests	249,142	120,326
Total Equity	<u>26,689,565</u>	<u>26,716,402</u>
LIABILITIES:		
NON-CURRENT LIABILITIES:		
Loans	47,939,654	49,004,263
Other Accounts Payable	25,109,673	38,512,612
Deferred Tax Liabilities	3,438,940	3,450,953
Financial Leasing Liabilities	4,053,854	4,324,423
	<u>80,542,121</u>	<u>95,292,251</u>
CURRENT LIABILITIES:		
Loans	7,490,765	6,684,427
Suppliers	9,864,970	9,437,022
Other Accounts Payable	38,861,379	20,694,435
Other Current Liabilities	18,274,868	12,137,177
Financial Leasing Liabilities	362,660	366,586
	<u>74,854,642</u>	<u>49,319,647</u>
	<u>155,396,763</u>	<u>144,611,898</u>
TOTAL LIABILITIES	<u>182,086,328</u>	<u>171,328,300</u>
TOTAL EQUITY AND LIABILITIES	<u>182,086,328</u>	<u>171,328,300</u>