



# Earnings

## Announcement

### 1Q19

Lisbon, 8 May 2019

## 1Q19

- Solid Telco revenue growth offsetting weaker quarter for Cinemas & Audiovisuals;
- EBITDA expansion above Revenue growth due to cost discipline and operating leverage;
- Operating performance reflecting more mature market environment and high levels of service penetration;
- Transformational investments on track to achieve a more efficient and customer centric organization;
- Good FCF momentum and solid capital structure, providing a platform for progressive and sustainable shareholder returns.

Table 1.

1Q19 Highlights	1Q18	1Q19	1Q19 / 1Q18
Financial Highlights			
Operating Revenues	383.0	385.3	0.6%
Telco Revenues	365.7	369.8	1.1%
EBITDA	157.4	160.7	2.1%
EBITDA Margin	41.1%	41.7%	0.6pp
Telco	143.6	147.4	2.6%
EBITDA Margin	39.3%	39.9%	0.6pp
Net Income Before Associates & Non-Controlling Interests	41.0	42.2	2.9%
Operating Cash Flow	42.5	49.1	15.4%
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	38.0	42.9	12.9%

## Operational Review

We continued to increase our fixed network throughout the first months of the year, with an additional 55 thousand addressable households becoming available. Of our total Next Generation footprint of 4.48 million households at the end of 1Q19, NOS already has 1.1 million households covered with FttH (combining legacy coverage with new network coverage and access to regional wholesale providers) and is able to offer 1 Gbps across the entire footprint with fully Docsis 3.1 upgraded HFC technology in non-FttH locations. The increased footprint is providing additional market to continue to expand our base of Pay TV fixed access subscribers, which stood at 1.326 million at the end of 1Q19, reflecting a 30% take-up rate in our footprint. The pace of new household coverage has slowed compared with previous quarters and this is naturally leading to a lower quarterly number of new addressable households. At the end of 1Q19, fixed convergent customers were 50.7% of the fixed access customer base. As in previous quarters, our DTH customer base posted negative net adds driven by continued customer migration to fixed access technologies as operators continue to expand their fixed access coverage.

Fixed Broadband subscribers posted marginal growth to 1.387 million subscribers and fixed telephony subscribers were down by 2.8 thousand in the quarter. Post paid mobile subscribers increased by 16.1 thousand subscribers led by continued take-up of convergent and integrated telecom packages. Densification of services, be it through convergent bundles or through integrating additional services per household bill, is a proposition we continue to explore as a driver of customer revenues and increased customer loyalty. Pre-paid mobile subscribers fell to 1.995 million subscribers reflecting the seasonal disconnection in the first quarter of the year.

Premium Sport TV channel subscriptions continued to underperform previous years impacted in part by the loss of the Champions League, and to a more structural and sector wide increase in piracy. Regarding Eleven Sports, we reached an agreement to distribute the channel during 1Q19, and it is now distributed within the programming grid as a premium subscription. Progress is being made by the sector against content and broadcasting piracy with operators and other stakeholders implementing a number of combined technical, legal and social responsibility measures in an effort to make it harder for premium content to be illegally distributed and viewed and to raise public awareness to the risks of accessing premium content through illegal platforms.

Although yoy comparisons are still impacted by the MTR cuts, which occurred last July, and by a lower level of premium subscription revenues, we witnessed an encouraging increase in residential fixed ARPU qoq to 44.1 euros.

Activity in the business segment is successfully reflecting the groundwork of past quarters to raise the share of non-traditional telco spend by focusing on integration and value added IT and data centre services, leveraging our own platforms and asset base and in partnership with specialist providers to deliver the most appropriate solutions for each business. Results achieved to date reflect an increase in services sold and average revenue per account in practically all of the business segments we address, with new business lines helping to mitigate the sector wide negative trends in value of traditional mobile and fixed communications. An example of a recently launched high value and innovative service for our larger corporate accounts is the creation of a cloud-based, scalable infrastructure to deploy SAP HANA providing both data centre capacity

and systems operation services relieving our customers of the burden of own technical equipment continuously requiring upgrade and of the need for in-house technical expertise. Overall our experience is showing that the more we are able to integrate fixed, mobile and IT services and propose value added, transformational solutions to our customers, the more they are willing to entrust us with additional business. In the small and mid-sized segment, the efforts we made to simplify our offers and improve our service model are bearing fruit, with clear pick up in penetration of services per account and improved operational indicators such as first time resolution and service to sales ratios. An example of a highly successful product offering in the SME space is our Central Pro/WiFi Pro service, providing our customers with virtualized and highly scalable capabilities and enabling transformational and more efficient work practices. **This service's rate of acquisition has doubled.** Our strategic approach to the B2B segment, leveraged by these innovative product launches and customer success stories, clearly supports our positioning as the primary Digital Transformation Partner for the Portuguese companies, and a true integrated ICT Service Provider leader.

As regards our technological investment, our single RAN mobile upgrade is reaching the final stretch of the deployment programme with close to 85% of our sites already upgraded. In modernized and optimized cells we have witnessed an average reduction in refused call rates of more than 20%, of almost 30% in dropped call rates and average throughput has increased by more than 2x. FttH deployment is running according to plan and by the end of 1Q19 we had reached total fixed coverage of 4.482 million households, 1.105 million of which with FttH access technology. Of these, we wholesale approximately 280 thousand from a regional fibre operator, DST and the remainder are a combination of own legacy FttH deployment and households received within the context of our network sharing agreement with Vodafone which entails the exchange of approximately 2.6 million FttH households until 2022 to reach 70% FttH penetration of our fixed network by that time. The network sharing agreement is progressing well and we have been exchanging FttH households according to plan. By the end of this year, we expect to have reached our peak coverage of close to 4.7 million households. Since 2015, NOS has increased its FttH footprint by more than 100 municipalities, reaching 248 in total with its 1 Gbps network.

## Cinema and Audiovisuals

Table 2.

Operating Indicators ('000)	1Q18	1Q19	1Q19 / 1Q18
<b>Cinema <sup>(1)</sup></b>			
Revenue per Ticket (Euros)	4.9	5.2	6.7%
Tickets Sold - NOS	2,183.5	1,847.2	(15.4%)
Tickets Sold - Total Portuguese Market <sup>(2)</sup>	3,715.1	3,075.9	(17.2%)
Screens (units)	219	218	(0.5%)

<sup>(1)</sup> Portuguese Operations

<sup>(2)</sup> Source: ICA - Portuguese Institute For Cinema and Audiovisuals

**NOS' Cinema ticket sales posted a yoy decline of 15.4% to 1.847 million** in 1Q19, reflecting the negative performance of the market as a whole [1],, which declined by 17.2%, due to less blockbuster box office hits in comparison with 1Q18 and to the fact that part of the Easter holidays fell in the first quarter in 2018. Average revenue per ticket improved by 6.7% yoy to 5.2 euros in 1Q19. The most successful films exhibited in 1Q19 were "Captain Marvel", "How To Train Your Dragon: The Hidden World", "Green Book", "Alita: Battle Angel" and "The Mule".

**NOS' gross box-office revenues decreased by 15.8% in 1Q19**, compared with a 17.2% yoy drop for the market as a whole. NOS continues to maintain its leading market position.

In the Audiovisuals arena, NOS distributed 8 of the top 10 cinema box-office hits in 1Q19, "Captain Marvel", "How To Train Your Dragon: The Hidden World", "The Mule", "Glass", "Astérix: The Secret Of The Magic Potion", "Creed II", "Cold Pursuit" and "Aquaman", therefore maintaining its leadership position in Cinema Distribution.

<sup>(1)</sup> Source: ICA - Portuguese Institute For Cinema and Audiovisuals

## Consolidated Income Statement

The following Consolidated Financial Statements have been subject to limited review.

As from 1Q19, NOS' accounts are reported applying IFRS16, primarily affecting the accounting of operating lease contracts. Restated values for the corresponding periods in 2018 are presented in this report and are the basis for all comparisons made.

### Consolidated Financial Statements

Table 3.

Profit and Loss Statement (Millions of Euros)	1Q18	1Q19	1Q19 / 1Q18
Operating Revenues	383.0	385.3	0.6%
Telco	365.7	369.8	1.1%
Consumer Revenues	240.4	241.2	0.3%
Business and Wholesale Revenues	109.0	112.4	3.2%
Others and Eliminations	16.3	16.2	(0.5%)
Audiovisuals & Cinema <sup>(1)</sup>	27.2	25.8	(5.0%)
Others and Eliminations	(9.8)	(10.3)	4.7%
Operating Costs Excluding D&A	(225.6)	(224.6)	(0.5%)
Direct Costs	(128.2)	(129.4)	0.9%
Non-Direct Costs <sup>(2)</sup>	(97.4)	(95.2)	(2.3%)
EBITDA <sup>(3)</sup>	157.4	160.7	2.1%
EBITDA Margin	41.1%	41.7%	0.6pp
Telco	143.6	147.4	2.6%
EBITDA Margin	39.3%	39.9%	0.6pp
Cinema Exhibition and Audiovisuals	13.7	13.3	(3.2%)
EBITDA Margin	50.6%	51.6%	1.0pp
Depreciation and Amortization	(114.2)	(97.3)	(14.8%)
(Other Expenses) / Income	12.1	(3.3)	n.a.
Operating Profit (EBIT) <sup>(4)</sup>	55.3	60.1	8.7%
Share of results of associates and joint ventures	(6.3)	0.2	n.a.
(Financial Expenses) / Income	(8.2)	(6.4)	(22.2%)
Income Before Income Taxes	40.7	53.9	32.3%
Income Taxes	(6.0)	(11.5)	90.9%
Net Income Before Associates & Non-Controlling Interests	41.0	42.2	2.9%
Income From Continued Operations	34.7	42.4	22.2%
o.w. Attributable to Non-Controlling Interests	0.3	0.1	(65.3%)
Net Income	34.9	42.5	21.5%

(1) Includes cinema operations in Mozambique.

(2) Non-Direct Costs include Commercial & Customer Related Costs and Operating & Structure Costs

(3) EBITDA = Operating Profit + Depreciation and Amortization + Integration Costs + Net Losses/Gains on Disposal of Assets + Other Non-Recurrent Losses/Gains

(4) EBIT = Income Before Financials and Income Taxes

# 1Q19 Financial Highlights

## Revenues

Consolidated Revenues grew by 0.6% yoy to 385.3 million euros, with growth in core telco revenues of 1.1% to 369.8 million euros and a decline of 5% in audiovisuals and cinema revenues to 25.8 million euros.

Within the telco division, consumer revenues grew by 0.3% yoy to 241.2 million euros and Business and Wholesale Revenues by 3.2% to 112.4 million euros. The 44% cut in regulated MTRs as from July 2018 continues to have an impact on comparability – adjusting for this effect, total Consumer revenues would have grown by 1.3% and Business and Wholesale Revenues by 3.6%. Also placing some drag on customer revenues was the lower average premium sports channel subscriber base yoy.

Focusing on the Consumer segment, revenues from fixed residential services increased by close to 2%, supported by the higher average base of customers yoy. The increase in fixed revenues helped to offset a more than 10% decline in revenues from the DTH segment, due to the migration of DTH customers to fixed access solutions, as discussed in the operational review above. Personal revenues grew by close to 4% yoy driven by the higher average subscriber base yoy and to a lesser extent by equipment sales with a higher average price of handsets sold.

Business and Wholesale revenues increased by 3.2% yoy to 112.4 million euros led by growth in Business Revenues of around 0.7% and of 7.5% in Wholesale Revenues. Within the Business segment, customer revenues grew by 4.4% however, this momentum was diluted by the significant decline in operator revenues due to regulatory cut in MTRs. Growth in both large corporate and smaller business revenues is very positive and, in the mid-sized business segment, growth is trending gradually positive, all of which led by a focus on value and service differentiation through more sales of IT and data related services.

A strong quarter for Mass Calling Services led to another good quarter for wholesale revenues, reflecting similar yoy growth as the previous quarter, along with growth in lower margin voice traffic. However this segment is characterized by high quarterly volatility as a function of relatively short-term operator contracts registered during the period.

Our Audiovisuals and Cinema division posted a decline in revenues of 5% yoy to 25.8 million euros. This was driven mostly by the negative cinema spectator numbers in the quarter, as was the case for the whole sector as explained in the operating section above, leading to cinema revenues declining by 8.4% yoy, despite the 15.4% decline in attendance. Audiovisual distribution revenues were only marginally down yoy by 1.3%.

## OPEX

Total OPEX fell by 0.5% yoy to 224.6 million euros in 1Q19 reflecting a combination of 0.9% growth in Direct Costs to 129.4 million euros, which was more than offset by a decline of 2.3% in non-Direct Costs. Overall cost discipline enabled growth in EBITDA of 2.1% to 160.7 million euros and an expansion in EBITDA margin to 41.7% compared with 41.1% in 1Q18. Core Telco EBITDA posted a stronger rate of growth yoy of 2.6% to 147.4 million euros however, this was diluted on a consolidated basis due to the weaker operating performance of the audiovisuals and cinema division in the quarter which posted a 3.2% decline in EBITDA to 13.3 million euros.

Within direct costs, most items were relatively flat yoy and in some cases posted marginal declines as was the case of traffic related costs due primarily to lower MTR costs, and programming costs. The direct cost item that grew this quarter was IT related project costs associated with our Corporate segment and Cost of Goods Sold reflecting the higher average value of terminal equipment being sold.

Within non-direct costs, continued cost efficiency and some phasing effects drove a decline of 2.3% yoy to 95.2 million euros in 1Q19. Customer related costs fell by 6.8% yoy to 16.1 million euros led by efficiencies yoy in a number of areas such as call centre and customer care costs, lower billing and collections costs and lower costs related with terminal equipment maintenance. Operating and Structure Costs also declined by 2.3% to 67.4 million euros with savings in support areas and lower provisions amongst others helping to offset increases in duct and leased line rentals due to the increased size of the network. Some of yoy savings already reflect work being done within the operational transformation programme aimed at simplifying and digitalizing processes wherever possible as a means of increasing customer satisfaction and ultimately reduce costs. Overall contribution is still small given the early stage of the programme with value captured expected to ramp up beyond 2020 once the majority of project streams are up and running.

Depreciation and Amortization was 14.8% lower yoy at 97.3 million euros due, as in the last quarter, to lower yoy impact from impairment of existing mobile network equipment within the context of the major mobile upgrade project being deployed.

Consolidated Operating Profit (EBIT) was 8.7% higher yoy at 60.1 million euros due to the yoy increase in EBITDA and decline in Depreciation and Amortization and despite the recording of a non-recurrent positive contribution in 1Q18 from a legal settlement in favour of NOS regarding a regulatory dispute over operator termination rate charges which led to a decline in Other Expenses yoy of 15.4 million euros to negative 3.3 million euros, compared with positive 12.1 million euros in 1Q18.

Below EBIT, Share of Results of Associates and Joint Ventures posted a significant yoy improvement of 6.5 million euros to 0.2 million euros, an improvement explained almost entirely by the impact last year of a 30% currency devaluation in Angola, in January 2018. Financial Expenses also posted an improvement from 8.2 million euros in 1Q18 to 6.4 million euros in 1Q19 benefitting, as in previous quarters, primarily from a lower average cost of debt. The increase in tax provision in 1Q19 to 11.5 million euros was led by the higher level of Earnings before Tax and Associates and a higher effective tax rate due to a timing differential when recognizing deferred taxes. Net Income therefore increased by 21.5% in comparison with 1Q18 to 42.5 million euros.



## CAPEX

Table 4.

CAPEX (Millions of Euros) <sup>(1)</sup>	1Q18	1Q19	1Q19 / 1Q18
Total CAPEX Excluding Leasing Contracts	87.6	87.3	(0.4%)
Telco	80.8	81.7	1.2%
% of Telco Revenues	22.1%	22.1%	0.0pp
o.w. Technical CAPEX	48.6	44.9	(7.6%)
% of Telco Revenues	13.3%	12.1%	(1.1pp)
Baseline Telco	30.4	32.8	7.9%
Network Expansion / Substitution and Integration Projects and Others	18.2	12.1	(33.4%)
o.w. Customer Related CAPEX	32.2	36.8	14.5%
% of Telco Revenues	8.8%	10.0%	1.2pp
Audiovisuals and Cinema Exhibition	6.8	5.5	(19.2%)
Leasing Contracts	11.5	3.7	(67.6%)
Total Group CAPEX	99.1	91.0	(8.2%)

<sup>(1)</sup> CAPEX = Increase in Tangible and Intangible Fixed Assets, Contract Costs and Rights of Use

Total CAPEX of 91 million euros was 8.2% lower yoy in 1Q19, representing 23.6% as a proportion of Consolidated Revenues. With implementation of IFRS16 as from 2019, the level of operational leasing contracts is now isolated in this report to provide a better proxy of cash CAPEX for the period and try to reduce quarterly volatility resulting from operating lease capitalization under the new accounting rules.

Total Telco CAPEX posted a 1.2% increase to 81.7 million euros (22.1% of Telco Revenues). Technical Telco investments reduced by 7.6% yoy to 44.9 million euros, (12.1% of Telco Revenues).

Audiovisuals and Cinema CAPEX declined by 19.2% yoy to 5.5 million euros due primarily to the weaker activity in the quarter as discussed in the operating review above.

## Cash Flow

Table 5.

Cash Flow (Millions of Euros)	1Q18	1Q19	1Q19 / 1Q18
EBITDA	157.4	160.7	2.1%
Total CAPEX Excluding Leasings	(87.6)	(87.3)	(0.4%)
EBITDA - Total CAPEX Excluding Leasings	69.7	73.5	5.3%
% of Revenues	18.2%	19.1%	0.9pp
Non-Cash Items Included in EBITDA - CAPEX and Change in Working Capital	(13.5)	(8.3)	(37.9%)
Leasings (Capital & Interest) <sup>(1)</sup>	(13.7)	(16.0)	16.4%
Operating Cash Flow	42.5	49.1	15.4%
Interest Paid	(5.3)	(3.0)	(44.6%)
Income Taxes Paid	3.3	(0.4)	n.a.
Disposals	0.2	0.4	149.6%
Other Cash Movements <sup>(2)</sup>	(2.7)	(3.3)	n.a.
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	38.0	42.9	12.9%
Acquisition of Own Shares	(3.1)	0.0	(100.0%)
Dividends	0.0	0.0	n.a.
Free Cash Flow	34.9	42.9	22.9%
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(1.7)	(3.4)	103.6%
Change in Net Financial Debt	(33.2)	(39.5)	18.9%

<sup>(1)</sup> Includes Long Term Contracts.

<sup>(2)</sup> Includes Cash Restructuring Payments and Other Cash Movements.

As with CAPEX, the implementation of the IFRS16 accounting standard as from 2019 has introduced some changes to the presentation of aggregates in our cash flow discussion to facilitate yoy comparisons and understanding of cash flow trends.

EBITDA-CAPEX excluding the impact of leases, increased by 5.3% to 73.5 million euros, while the level of investment in working capital and non-cash adjustments in EBITDA-CAPEX declined by 5.1 million euros. The cash impact of leasing contracts, relating to both components of capital amortization and interest charges, was 16 million euros in 1Q19, up from 13.7 million euros in 1Q18. Combining these effects, Operating Cash Flow increased by 15.4% to 49.1 million euros in 1Q19. Interest paid was lower by 44.6% due essentially to a difference in the timing of coupon payments in comparison with 1Q18 and to the lower average cost of debt yoy. Cash Taxes increased by 3.7 million euros yoy explained primarily by a one-off recovery of withholding tax payments in 1Q18 which generated a positive cash tax.

As a result of the aforementioned yoy variations in cash items, total FCF before dividends amounted to 42.9 million euros recording an increase of 12.9% yoy, reflecting strong cash conversion capability and providing a strong platform for sustainable shareholder remuneration progression.

## Consolidated Balance Sheet

Table 6.

Balance Sheet (Millions of Euros)	1Q18	2018	1Q19	1Q19 / 1Q18
Non-current Assets	2,526.1	2,528.7	2,510.5	(0.6)%
Current Assets	581.8	530.1	518.7	(10.8)%
Total Assets	3,107.9	3,058.8	3,029.2	(2.5)%
Total Shareholders' Equity	1,105.2	1,053.6	1,098.1	(0.6)%
Non-current Liabilities	1,292.3	1,164.2	1,147.6	(11.2)%
Current Liabilities	710.5	841.0	783.6	10.3%
Total Liabilities	2,002.8	2,005.2	1,931.2	(3.6)%
Total Liabilities and Shareholders' Equity	3,107.9	3,058.8	3,029.2	(2.5)%

## Capital Structure and Funding

At the end of 1Q19, Total Net Debt, including leasings and long term contracts (according to IFRS 16) amounted to 1,244.0 million euros. Total Debt was 1,246.9 million euros, which was offset with a cash and short-term investment position on the balance sheet of 3.0 million euros. At the end of 1Q19, NOS also had 255 million euros of unissued commercial paper programmes. The all-in average cost of debt stood at 1.7% for 1Q19, which compares with 2.0% in 1Q18 and 1.6% in 4Q18.

Net Financial Debt / EBITDA after lease payments (last 4 quarters) now stands at 1.8x. NOS targets a leverage ratio in the range of 2x Net Financial Debt / EBITDA after lease payments, which represents a solid and conservative capital structure that we are committed to maintain. The average maturity of Debt at the end of 1Q19 was 2.7 years.

Taking into account the loans issued at a fixed rate, the interest rate hedging operations in place, and the negative interest rate environment, **as at 31 March 2019, the proportion of NOS' issued debt paying interest at a fixed rate is approximately 80%.**

Table 7.

Net Financial Debt (Millions of Euros) <sup>(1)</sup>	1Q18	2018	1Q19	1Q19 / 1Q18
Short Term	99.3	219.7	180.3	81.6%
Medium and Long Term	920.8	825.4	826.1	(10.3%)
Total Debt	1,020.1	1,045.1	1,006.4	(1.3%)
Cash and Short Term Investments	2.3	2.2	3.0	26.8%
Net Financial Debt	1,017.7	1,042.9	1,003.4	(1.4%)
Net Financial Debt / EBITDA after lease payments (last 4 quarters) <sup>(2)</sup>	1.8x	1.9x	1.8x	n.a.
Leasings and Long Term Contracts	264.0	252.4	240.6	(8.9%)
Net Debt	1,281.7	1,295.2	1,244.0	(2.9%)
Net Debt / EBITDA	2.1x	2.1x	2.0x	n.a.
Net Financial Gearing <sup>(3)</sup>	53.9%	55.3%	53.3%	(0.6pp)

<sup>(1)</sup> Net Financial Debt = Borrowings - Leasings + Cash

<sup>(2)</sup> EBITDA After Lease Payments = EBITDA - Lease Cash Payments (Capital & Interest)

<sup>(3)</sup> Net Financial Gearing = Net Debt / (Net Debt + Total Shareholders' Equity).

## Appendix I

Table 8.

Operating Indicators ('000)	1Q18	2Q18	3Q18	4Q18	1Q19
Telco <sup>(1)</sup>					
Aggregate Indicators					
Homes Passed	4,108.5	4,174.8	4,277.4	4,427.5	4,482.4
Total RGUs	9,440.6	9,483.4	9,548.9	9,580.4	9,556.5
Mobile	4,700.0	4,722.6	4,761.3	4,767.7	4,749.5
Pre-Paid	2,057.7	2,050.7	2,051.1	2,029.3	1,995.0
Post-Paid	2,642.4	2,671.9	2,710.2	2,738.4	2,754.5
Pay TV Fixed Access <sup>(2)</sup>	1,295.0	1,301.8	1,312.5	1,324.5	1,326.3
Pay TV DTH	319.6	314.8	309.2	298.8	290.5
Fixed Voice	1,755.0	1,759.2	1,765.6	1,774.3	1,771.5
Broadband	1,339.7	1,353.7	1,369.4	1,383.4	1,386.8
Others and Data	31.1	31.2	31.0	31.7	31.8
3,4&5P Subscribers (Fixed Access)	1,120.4	1,132.0	1,147.3	1,163.2	1,169.9
% 3,4&5P (Fixed Access)	86.5%	87.0%	87.4%	87.8%	88.2%
Convergent RGUs	3,753.9	3,812.1	3,867.7	3,899.3	3,918.4
Convergent Customers	737.5	749.4	760.1	767.0	770.0
Fixed Convergent Customers as % of Fixed Access Customers	48.5%	49.3%	49.9%	50.3%	50.7%
% Convergent Customers	45.7%	46.4%	46.9%	47.2%	47.6%
<i>Net Adds</i>					
Homes Passed	14.5	66.3	102.6	150.1	55.0
Total RGUs	40.6	42.8	65.6	31.5	(24.0)
Mobile	30.0	22.6	38.7	6.4	(18.2)
Pre-Paid	(22.0)	(6.9)	0.4	(21.8)	(34.3)
Post-Paid	52.0	29.5	38.3	28.2	16.1
Pay TV Fixed Access	2.8	6.8	10.6	12.1	1.8
Pay TV DTH	(4.7)	(4.8)	(5.6)	(10.4)	(8.4)
Fixed Voice	2.2	4.2	6.4	8.7	(2.8)
Broadband	10.1	13.9	15.7	14.0	3.4
Others and Data	0.3	0.1	(0.2)	0.7	0.1
3,4&5P Subscribers (Fixed Access)	8.3	11.6	15.3	15.9	6.6
Convergent RGUs	103.3	58.2	55.7	31.5	19.2
Convergent Customers	16.0	12.0	10.6	6.9	3.0

(1) Portuguese Operations.

(2) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access customers.

Table 9.

Operating Indicators ('000)	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Telco <sup>(1)</sup></b>					
Indicators per Segment					
Consumer					
Total RGUs	7,960.7	7,994.9	8,055.6	8,078.3	8,044.3
Pay TV Fixed Access	1,195.2	1,200.4	1,209.8	1,220.7	1,221.1
Pay TV DTH	293.3	288.3	283.2	273.6	266.1
Broadband	1,212.7	1,224.1	1,238.5	1,250.7	1,252.3
Fixed Voice	1,411.6	1,415.6	1,420.9	1,426.3	1,420.3
Mobile	3,847.9	3,866.5	3,903.2	3,907.0	3,884.5
ARPU / Unique Subscriber With Fixed Access (Euros)	44.2	44.3	44.1	43.9	44.1
<i>Net Adds</i>					
Total RGUs	14.2	34.2	60.7	22.7	(34.0)
Pay TV Fixed Access	1.6	5.1	9.5	10.9	0.4
Pay TV DTH	(4.4)	(5.0)	(5.1)	(9.6)	(7.5)
Broadband	9.1	11.4	14.4	12.2	1.7
Fixed Voice	0.4	4.0	5.3	5.4	(6.0)
Mobile	7.6	18.6	36.7	3.8	(22.5)
Business					
Total RGUs	1,479.9	1,488.5	1,493.3	1,502.1	1,512.2
Pay TV	126.2	127.9	128.6	129.0	129.6
Broadband	158.2	160.8	161.9	164.4	166.3
Fixed Voice	343.4	343.6	344.7	348.0	351.2
Mobile	852.2	856.2	858.1	860.7	865.0
ARPU per RGU (Euros)	14.7	14.7	14.9	15.1	14.8
<i>Net Adds</i>					
Total RGUs	26.4	8.6	4.8	8.8	10.0
Pay TV	0.9	1.8	0.7	0.4	0.6
Broadband	1.3	2.6	1.1	2.5	1.9
Fixed Voice	1.9	0.2	1.1	3.3	3.2
Mobile	22.3	4.0	2.0	2.6	4.3
<b>Cinema <sup>(1)</sup></b>					
Revenue per Ticket (Euros)	4.9	5.0	4.9	4.7	5.2
Tickets Sold	2,183.5	1,785.1	2,378.2	2,542.2	1,847.2
Screens (units)	219	212	212	218	218

(1) Portuguese Operations

## Appendix II

Table 10.

Profit and Loss Statement (Millions of Euros)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Operating Revenues	383.0	389.3	395.0	408.9	1,576.2	385.3
Telco	365.7	374.2	376.2	389.8	1,505.9	369.8
Consumer Revenues	240.4	241.2	245.9	245.4	972.9	241.2
Business and Wholesale Revenues	109.0	114.0	109.0	127.6	459.6	112.4
Others and Eliminations	16.3	19.0	21.3	16.8	73.4	16.2
Audiovisuals & Cinema <sup>(1)</sup>	27.2	25.5	29.0	29.8	111.5	25.8
Others and Eliminations	(9.8)	(10.5)	(10.2)	(10.8)	(41.3)	(10.3)
Operating Costs Excluding D&A	(225.6)	(222.7)	(227.3)	(276.3)	(951.9)	(224.6)
Direct Costs	(128.2)	(134.4)	(130.8)	(152.7)	(546.1)	(129.4)
Non-Direct Costs <sup>(2)</sup>	(97.4)	(88.3)	(96.4)	(123.6)	(405.7)	(95.2)
EBITDA <sup>(3)</sup>	157.4	166.6	167.7	132.6	624.3	160.7
EBITDA Margin	41.1%	42.8%	42.5%	32.4%	39.6%	41.7%
Telco	143.6	153.8	153.4	118.3	569.2	147.4
EBITDA Margin	39.3%	41.1%	40.8%	30.4%	37.8%	39.9%
Cinema Exhibition and Audiovisuals	13.7	12.8	14.3	14.3	55.1	13.3
EBITDA Margin	50.6%	50.1%	49.3%	47.8%	49.4%	51.6%
Depreciation and Amortization	(114.2)	(102.4)	(103.2)	(101.6)	(421.4)	(97.3)
(Other Expenses) / Income	12.1	(4.5)	(3.5)	(5.1)	(1.0)	(3.3)
Operating Profit (EBIT) <sup>(4)</sup>	55.3	59.7	61.0	25.9	201.9	60.1
Share of results of associates and joint ventures	(6.3)	0.6	1.3	(2.0)	(6.4)	0.2
(Financial Expenses) / Income	(8.2)	(8.7)	(7.2)	(6.6)	(30.7)	(6.4)
Income Before Income Taxes	40.7	51.6	55.1	17.3	164.8	53.9
Income Taxes	(6.0)	(7.0)	(9.9)	(4.5)	(27.5)	(11.5)
Net Income Before Associates & Non-Controlling Interests	41.0	44.1	43.9	14.7	143.7	42.2
Income From Continued Operations	34.7	44.6	45.2	12.8	137.3	42.4
o.w. Attributable to Non-Controlling Interests	0.3	0.2	0.1	(0.1)	0.5	0.1
Net Income	34.9	44.9	45.3	12.7	137.8	42.5

(1) Includes cinema operations in Mozambique.

(2) Non-Direct Costs Include Commercial & Customer Related Costs and Operating & Structure Costs

(3) EBITDA = Operating Profit + Depreciation and Amortization + Integration Costs + Net Losses/Gains on Disposal of Assets + Other Non-Recurrent Losses/Gains

(4) EBIT = Income Before Financials and Income Taxes.

Table 11.

CAPEX (Millions of Euros) <sup>(1)</sup>	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Total CAPEX Excluding Leasing Contracts	87.6	91.7	100.2	94.3	373.8	87.3
Telco	80.8	85.4	92.5	87.0	345.6	81.7
% of Telco Revenues	22.1%	22.8%	24.6%	22.3%	23.0%	22.1%
o.w. Technical CAPEX	48.6	51.7	50.6	48.7	199.6	44.9
% of Telco Revenues	13.3%	13.8%	13.4%	12.5%	13.3%	12.1%
Baseline Telco	30.4	35.6	26.6	26.1	118.7	32.8
Projects and Others	18.2	16.0	23.9	22.6	80.8	12.1
o.w. Customer Related CAPEX	32.2	33.7	41.9	38.3	146.1	36.8
% of Telco Revenues	8.8%	9.0%	11.1%	9.8%	9.7%	10.0%
Audiovisuals and Cinema Exhibition	6.8	6.3	7.7	7.3	28.2	5.5
Leasing Contracts	11.5	12.1	9.6	16.8	49.9	3.7
Total Group CAPEX	99.1	103.7	109.9	111.1	423.8	91.0

<sup>(1)</sup> CAPEX = Increase in Tangible and Intangible Fixed Assets, Contract Costs and Rights of Use

Table 12.

Cash Flow (Millions of Euros)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
EBITDA	157.4	166.6	167.7	132.6	624.3	160.7
Total CAPEX Excluding Leasings	(87.6)	(91.7)	(100.2)	(94.3)	(373.8)	(87.3)
EBITDA - Total CAPEX Excluding Leasings	69.7	74.9	67.5	38.3	250.5	73.5
% of Revenues	18.2%	19.2%	17.1%	9.4%	15.9%	19.1%
Non-Cash Items Included in EBITDA - CAPEX and Change in Working Capital	(13.5)	2.2	13.8	(10.6)	(8.0)	(8.3)
Leasings (Capital & Interest) <sup>(1)</sup>	(13.7)	(15.5)	(15.7)	(16.2)	(61.3)	(16.0)
Operating Cash Flow	42.5	61.6	65.6	11.4	181.2	49.1
Interest Paid	(5.3)	(3.8)	(3.1)	(2.8)	(15.1)	(3.0)
Income Taxes Paid	3.3	(0.9)	1.4	(7.4)	(3.6)	(0.4)
Disposals	0.2	(0.0)	0.7	0.4	1.3	0.4
Other Cash Movements <sup>(2)</sup>	(2.7)	(2.9)	23.6	(1.4)	16.6	(3.3)
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	38.0	54.0	88.2	0.3	180.4	42.9
Acquisition of Own Shares	(3.1)	0.0	0.0	0.0	(3.1)	0.0
Dividends	0.0	(153.9)	0.0	0.0	(153.9)	0.0
Free Cash Flow	34.9	(99.9)	88.2	0.3	23.4	42.9
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(1.7)	(3.7)	(4.2)	(5.7)	(15.3)	(3.4)
Change in Net Financial Debt	(33.2)	103.7	(83.9)	5.4	(8.1)	(39.5)

<sup>(1)</sup> Includes Long Term Contracts.

<sup>(2)</sup> Includes Cash Restructuring Payments and Other Cash Movements.



Table 13.

Net Financial Debt (Millions of Euros) <sup>(1)</sup>	1Q18	2Q18	3Q18	4Q18	1Q19
Short Term	99.3	199.2	164.2	219.7	180.3
Medium and Long Term	920.8	925.4	875.7	825.4	826.1
Total Debt	1,020.1	1,124.5	1,040.0	1,045.1	1,006.4
Cash and Short Term Investments	2.3	3.1	2.5	2.2	3.0
Net Financial Debt	1,017.7	1,121.4	1,037.5	1,042.9	1,003.4
Net Financial Debt / EBITDA after lease payments (last 4 quarters) <sup>(2)</sup>	1.8x	2.0x	1.8x	1.9x	1.8x
Leasings and Long Term Contracts	264.0	259.9	253.9	252.4	240.6
Net Debt	1,281.7	1,381.3	1,291.4	1,295.2	1,244.0
Net Debt / EBITDA	2.1x	2.2x	2.1x	2.1x	2.0x
Net Financial Gearing <sup>(3)</sup>	53.9%	58.3%	55.6%	55.3%	53.3%

(1) Net Financial Debt = Borrowings - Leasings + Cash

(2) EBITDA After Lease Payments = EBITDA - Lease Cash Payments (Capital & Interest)

(3) Net Financial Gearing = Net Debt / (Net Debt + Total Shareholders' Equity).

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