



Earnings

Announcement

4Q18

Lisbon, 8 March 2019

4Q18

- Solid RGU growth reinforcing competitive position with operational transformation programme on track to deliver enhanced customer experience and operational fitness;
- Solid revenue trends above the market although reflective of mature service penetration;
- Cost discipline and operational efficiencies supportive of increased operating profitability;
- Investing to secure long-term competitiveness in a continuously evolving and technologically sophisticated sector;
- Strong results and confidence in future performance supportive of progressive and sustainable shareholder remuneration;

Table 1.

4Q18 Highlights	4Q17	4Q18	4Q18 / 4Q17	2017	2018	2018 / 2017
Financial Highlights						
Operating Revenues	398.9	408.9	2.5%	1,558.6	1,576.2	1.1%
Telco Revenues	381.1	389.8	2.3%	1,484.1	1,505.9	1.5%
EBITDA	126.6	130.0	2.7%	575.4	591.8	2.8%
EBITDA Margin	31.7%	31.8%	0.1pp	36.9%	37.5%	0.6pp
Telco	115.2	118.5	2.9%	526.4	547.5	4.0%
EBITDA Margin	30.2%	30.4%	0.2pp	35.5%	36.4%	0.9pp
Net Income Before Associates & Non-Controlling Interests	8.8	20.5	132.1%	99.3	147.3	48.4%
Operating Cash Flow	12.3	15.6	27.3%	174.9	196.1	12.1%
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	(2.6)	0.3	(111.7%)	133.4	180.4	35.2%
Operational Highlights (EoP)						
Homes Passed	4,081.3	4,408.5	8.0%	4,081.3	4,408.5	8.0%
Total RGUs	9,411.7	9,605.0	2.1%	9,411.7	9,605.0	2.1%
Mobile	4,672.9	4,779.1	2.3%	4,672.9	4,779.1	2.3%
Pay TV Fixed Access	1,292.2	1,324.5	2.5%	1,292.2	1,324.5	2.5%
Fixed Voice	1,758.2	1,781.4	1.3%	1,758.2	1,781.4	1.3%
Broadband	1,333.1	1,389.6	4.2%	1,333.1	1,389.6	4.2%
Convergent RGUs	3,650.6	3,902.2	6.9%	3,650.6	3,902.2	6.9%
Convergent Customers	721.4	767.0	6.3%	721.4	767.0	6.3%
Convergent Customers as % of Fixed Access Customers	47.4%	50.3%	2.8pp	47.4%	50.3%	2.8pp

Operational Review

Total RGUs grew to 9.605 million at the end of 2018 with net adds of 35.1 thousand in 4Q18. Although the level of convergent penetration is already quite high at 50.3%, we still recorded yoy growth of 6.3% to 767.0 thousand convergent customers representing 3.902 million convergent RGUs and an average of 5 services per household. Densification of services, be it through convergent bundles or through integrating additional services per household bill, is a theme we continue to explore as a driver of customer revenues and increased customer loyalty.

Fixed pay TV net adds grew quarter on quarter, with net adds of 12.1 thousand in 4Q18 reflecting essentially new household coverage primarily within the context of the FttH network swap with Vodafone. In 4Q18, fixed network coverage increased by a further 151 thousand households bringing year to date expansion to 327 thousand, and with total coverage reaching 4.408 million households. NOS already has 1.036 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 upgraded HFC technology in non-FttH locations. Fixed broadband and voice RGUs also recorded growth in 4Q18 of 14.4 thousand and 9.3 thousand subscribers respectively, tracking the quarterly growth in Pay TV subscribers, which are the basis for upselling additional services.

The decline in our DTH customer base was higher in 4Q18 with 10.4 thousand negative net adds bringing the total base to 298.8 thousand subscribers. With the additional NGN coverage from all operators in the market, as discussed above, DTH customers are increasingly migrating to greater bandwidth fixed access technologies provided both by NOS and our competitors, which enable provision of more sophisticated and interactive solutions.

Still benefitting from the strength of our convergent value proposition and growth in standalone mobile offers, in particular in the teenage and young adult segments with our WTF brand, and an increase in our corporate and SME base, total mobile subscribers grew yoy by 106.1 thousand in 2018 to 4.779 million. Of these, 57.5% were contract accounts, up from 55.5% in the previous year. In 4Q18, mobile net adds were 9.1 thousand reflecting a combination of 30.9 thousand new post-paid contract accounts and a decline of 21.8 thousand pre-paid subscribers.

Residential fixed ARPUs were marginally lower yoy at 43.9 euros in 4Q18 affected primarily by lower premium channel subscriptions together with regulated cuts to MTRs and roaming tariffs. Excluding these effects average revenues from monthly customer bills posted a yoy increase of 1.3%.

A key differentiator of our value proposition is delivery of the best content and entertainment formats across all platforms, embracing the rapidly evolving changes to viewing habits. Our combination of telco, audiovisuals and cinema assets makes us unique in our market and we actively exploit new technologies to tap the full potential of digital marketing to generate consumer enthusiasm and develop relevant and targeted services and offers, tailored to specific market segments. To enhance viewing experience on our

user interface and meet the demanding expectations of our customers, we seek to integrate seamlessly into our TV offers new and exciting formats such as OTT streaming services, pop-up channels, user-generated content, multi-channel networks and short-formats, exploiting partnerships wherever relevant.

On the business front, we are successfully leveraging our own platforms and asset base and in partnership with specialist providers to deliver the most appropriate solutions for each business. Our strategy is to increase the perimeter of services provided, in particular on the IT and data service management front, and our value proposition is leveraged by the skills and experience developed in our own corporate operations. The core pillars of our portfolio ensure service continuity and reliability for **“bread and butter”** connectivity and communications services, whilst aiming to defend legacy revenue streams. Unified communications are a core proposition for business clients and help densify service penetration amongst our base with extended contract periods and typically higher average revenues per account.

Technological and Operational Transformation to guarantee long-term competitiveness

We continue to extend our next generation fixed footprint. Having completed the upgrade of our HFC network to Docsis 3.1, extension of our FttH coverage is underway through both greenfield rollout and the dark fibre network swap with Vodafone as agreed in September 2017. Further splitting of our HFC cells to take fibre deeper into the network continues to support increased traffic and capacity demands on our mobile network. By the end of 2018, we had extended our NGN Gigabit coverage by 327.2 thousand FttH households to 4.408 million households within the context of our agreement with Vodafone, which entails the exchange of approximately 2.6 million FttH households to reach 70% FttH penetration of our fixed network by 2022.

We are now in the final phase of the Single RAN upgrade to our mobile network designed primarily to increase capacity, network flexibility and efficiency, and to deliver the best possible quality of service. We are rearranging our network replacing almost all existing radio equipment with the most modern technology to support a smooth 5G oriented evolution.

Our transformation programme is being implemented according to plan, with some of the main projects from phase one already showing results in 2018, namely set top box recovery logistics, full store digitalization, field force work order digitalization and a number of robotization projects across the organization. As explained in previous periods, we are still at an early stage of the project and more material impacts will only become visible once all three phases of the programme are up and running post 2020, and value extracted will build up until the end of the programme in 2022.

Cinema and Audiovisuals

Table 2.

Operating Indicators ('000)	4Q17	3Q18	4Q18	4Q18 / 4Q17	4Q18 / 3Q18	2017	2018	2018 / 2017
Cinema ⁽¹⁾								
Revenue per Ticket (Euros)	4.9	4.9	4.7	(3.2%)	(2.6%)	4.8	4.9	1.8%
Tickets Sold - NOS	2,198.9	2,378.2	2,542.2	15.6%	6.9%	9,450.6	8,889.1	(5.9%)
Tickets Sold - Total Portuguese Market ⁽²⁾	3,624.2	3,911.9	4,169.3	15.0%	6.6%	15,609.6	14,689.4	(5.9%)
Screens (units)	219	212	218	(0.5%)	2.8%	219	218	(0.5%)

⁽¹⁾ Portuguese Operations

⁽²⁾ Source: ICA - Portuguese Institute For Cinema and Audiovisuals

In 4Q18, NOS' Cinema ticket sales posted a yoy increase of 15.6% to 2.542 million, reflecting the improved performance of the market as a whole due to more blockbuster box office hits in comparison with 4Q17 and with previous quarters and also to the Cinema Festival which took place in October 2018. 4Q18 was in fact **the strongest quarter since 3Q16 for NOS' cinema ticket sales**. Average revenue per ticket declined by 3.2% yoy to 4.7 euros in 4Q18 due to dilution from the Cinema Festival. The most successful films exhibited in 4Q18 were "Bohemian Rhapsody", "A Star Is Born", "Johnny English Strikes Back", "Fantastic Beasts: Crimes of Grindelwald" and "Venom".

NOS' gross box-office revenues increased by 10.3% in 4Q18, compared with 12.0% yoy growth for the market as a whole, however the comparison should take into account the fact that, according to ICA, the remainder of the market has expanded by 10 screens yoy, whereas NOS' number of screens in operation remained stable in 4Q18 in comparison with 4Q17. NOS continues to maintain its leading market position, with a market share of 61.7% in terms of gross revenues in 4Q18.

In the Audiovisuals arena, NOS distributed 8 of the top 10 cinema box-office hits in 4Q18, "A Star Is Born", "Johnny English Strikes Back", "Fantastic Beasts: Crimes of Grindelwald", "Aquaman", "Grinch", "Ralph Breaks The Internet: Wreck-it Ralph 2", "Smallfoot" and "The Nutcracker and the Four Realms", **therefore maintaining** its leadership position in Cinema Distribution. Movies distributed by NOS Audiovisuals rank top in the award nominee line-up at the start of 2019, boosting awareness around NOS' differentiating brand proposition as the leading entertainment and communications provider in Portugal.

Consolidated Income Statement

The following Consolidated Financial Statements have been subject to full audit for the Full Year 2018.

Consolidated Financial Statement

Table 3.

Profit and Loss Statement (Millions of Euros)	4Q17	3Q18	4Q18	4Q18 / 4Q17	4Q18 / 3Q18	2017	2018	2018 / 2017
Operating Revenues	398.9	395.0	408.9	2.5%	3.5%	1,558.6	1,576.2	1.1%
Telco	381.1	376.2	389.8	2.3%	3.6%	1,484.1	1,505.9	1.5%
Consumer Revenues	241.9	245.9	245.5	1.5%	(0.2%)	966.3	973.0	0.7%
Business and Wholesale Revenues	118.1	109.0	127.6	8.1%	17.1%	443.3	459.6	3.7%
Others and Eliminations	21.1	21.3	16.7	(20.8%)	(21.6%)	74.4	73.3	(1.5%)
Audiovisuals & Cinema ⁽¹⁾	29.7	29.0	29.8	0.4%	2.6%	120.5	111.5	(7.5%)
Others and Eliminations	(11.8)	(10.2)	(10.8)	(9.0%)	5.1%	(45.9)	(41.3)	(10.1%)
Operating Costs Excluding D&A	(272.4)	(238.8)	(278.8)	2.4%	16.8%	(983.2)	(984.4)	0.1%
Direct Costs	(147.7)	(132.6)	(154.7)	4.7%	16.7%	(535.7)	(552.6)	3.1%
Commercial & Customer Related Costs	(37.3)	(29.9)	(36.5)	(2.2%)	21.9%	(132.5)	(126.0)	(4.9%)
Operating and Structure Costs	(87.3)	(76.3)	(87.6)	0.4%	14.9%	(315.0)	(305.9)	(2.9%)
EBITDA ⁽²⁾	126.6	156.2	130.0	2.7%	(16.8%)	575.4	591.8	2.8%
EBITDA Margin	31.7%	39.5%	31.8%	0.1pp	(7.7pp)	36.9%	37.5%	0.6pp
Telco	115.2	144.6	118.5	2.9%	(18.0%)	526.4	547.5	4.0%
EBITDA Margin	30.2%	38.4%	30.4%	0.2pp	(8.0pp)	35.5%	36.4%	0.9pp
Cinema Exhibition and Audiovisuals	11.4	11.6	11.5	1.0%	(0.7%)	49.0	44.2	(9.7%)
EBITDA Margin	38.5%	40.0%	38.7%	0.3pp	(1.3pp)	40.7%	39.7%	(1.0pp)
Depreciation and Amortization	(111.8)	(95.2)	(92.9)	(16.9%)	(2.4%)	(419.9)	(390.0)	(7.1%)
(Other Expenses) / Income	(4.0)	(3.5)	(5.1)	28.9%	45.0%	(15.7)	(1.0)	n.a.
Operating Profit (EBIT) ⁽³⁾	10.8	57.5	32.1	197.0%	(44.3%)	139.8	200.8	43.6%
Share of results of associates and joint ventures	7.9	1.3	(2.0)	n.a.	n.a.	22.9	(6.4)	n.a.
(Financial Expenses) / Income	(5.7)	(5.2)	(4.7)	(16.7%)	(9.0%)	(24.0)	(24.2)	0.7%
Income Before Income Taxes	13.0	53.6	25.3	94.1%	(52.7%)	138.7	170.2	22.7%
Income Taxes	3.7	(9.6)	(6.8)	n.a.	(28.8%)	(16.5)	(29.3)	77.4%
Net Income Before Associates & Non-Controlling Interests	8.8	42.7	20.5	132.1%	(52.0%)	99.3	147.3	48.4%
Income From Continued Operations	16.8	44.0	18.5	10.3%	(57.9%)	122.2	140.9	15.3%
o.w. Attributable to Non-Controlling Interests	0.2	0.1	(0.1)	n.a.	n.a.	(0.1)	0.5	n.a.
Net Income	17.0	44.1	18.4	8.6%	(58.3%)	122.1	141.4	15.8%

⁽¹⁾ Includes cinema operations in Mozambique.

⁽²⁾ EBITDA = Operating Profit + Depreciation and Amortization + Integration Costs + Net Losses/Gains on Disposal of Assets + Other Non-Recurrent Losses/Gains

⁽³⁾ EBIT = Income Before Financials and Income Taxes.

4Q18 Financial Highlights

Revenues

Consolidated Revenues grew by 2.5% yoy to 408.9 million euros, with growth in core telco revenues of 2.3% to 389.8 million euros and of 0.4% in audiovisuals and cinema revenues to 29.8 million euros and reflecting a yoy improvement in both divisions versus previous quarters. Within the telco division, consumer revenues grew by 1.5% yoy to 245.5 million euros and Business and Wholesale Revenues by 8.1% to 127.6 million euros. As was to be expected, the 44% cut in regulated MTRs in 3Q18 as from July 2018 and the change to European Roaming tariffs had a negative yoy impact.

Performance of our Consumer segment was stable yoy with growth in fixed access revenues offsetting lower DTH revenues due to the continued decline in this customer base as explained in the operational review. Residential fixed ARPUs were slightly lower yoy by 0.1% affected by regulatory impacts and by fewer premium channel subscriptions, a market wide trend. Stellar growth of personal mobile revenues was led by good underlying performance in customer revenues, up 5.4% yoy, and to a lesser extent by equipment sales with a higher average price of handsets sold.

Performance of Business and Wholesale revenues was led by 4.8% growth in business revenues and of 12.8% in wholesale revenues. Sales within large Corporate clients continued to grow supported by new accounts won during the year and to an increase in non-traditional telco revenues such as data and IT services driving higher average revenue per client. Revenues from small and mid-sized companies posted an improving, although still marginally negative, yoy trend mostly due to a combination of lower penetration of premium sport channels and increased weight of all-inclusive traffic bundles, in detriment of more discretionary off-bundle revenues, partially mitigated by an increase in IT and data services. Growth in lower margin voice traffic led to a strong quarter for wholesale revenues. This segment tends to record volatile quarterly performance as a function of relatively short-term operator contracts registered during the period.

Our Audiovisuals and Cinema division posted a marked recovery in 4Q18, with growth of 0.4% yoy, breaking the negative trend in particular in the first half of the year (-9.0% in 1Q18, -17.7% in 2Q18, -3.1% in 3Q18). The recovery was led by the strong movie line-up with the best quarter for ticket sales since 3Q16. Audiovisuals Revenues still posted negative yoy growth impacted by the renegotiation of the value of content contracts to Angola at the end of 2017 as explained in previous earnings reports. The value of the contract revision was partially offset by a similar reduction in the cost of content distributed.

OPEX

Total OPEX increased by 2.4% yoy in 4Q18 to 278.8 million euros impacted by a 4.7% quarterly increase in direct costs to 154.7 million euros. Excluding direct costs, OPEX would have posted a marginal decline of 0.4% to 124.1 million euros. In FY18, total OPEX remained flat (+0.1% yoy) and non-direct costs fell by 3.5% compared with 1.1% growth in consolidated revenues, driving full year expansion in EBITDA margin of 0.6 p.p (0.1 p.p in 4Q18). Direct costs increased due to the anticipated increase in sports related programming costs, in line with the contractual terms agreed with the main Portuguese clubs and to an increase in costs related to

increased Wholesale activity. This was partially offset by a yoy decline in telecom and interconnection costs on the back of the regulated cut in MTRs in July 2018. The decline yoy in comparison with 4Q17 in commercial and customer related costs reflected savings in customer care and commissions. Other Operating and Structure Costs were impacted by an increase in provisions in 4Q18, however this was almost entirely offset by an accounting reevaluation of contractual obligations identified and registered for site rentals at the time of the merger. Work we are doing within the context of our long-term transformational project, aiming to simplify and digitalize processes wherever possible as a means of increasing customer satisfaction and ultimately reduce costs, is targeting the non-direct cost base and customer related investment. We are starting to see the first financial impacts of some projects although overall contribution is still small given the early stage of the programme. Value captured will start to ramp up beyond 2020 when all project streams are up and running across the organization.

Table 4.

EBITDA and Operating Costs (YoY Change)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
EBITDA	2.9%	5.5%	4.5%	4.1%	4.3%	3.0%	2.1%	3.5%	2.7%	2.8%
Operating Costs Excluding D&A	2.5%	3.3%	2.3%	1.6%	2.4%	(0.7%)	(0.6%)	(1.0%)	2.4%	0.1%
Direct Costs	2.4%	13.4%	2.2%	7.8%	6.4%	5.6%	1.4%	0.9%	4.7%	3.1%
Commercial & Customer Related Costs	(2.7%)	10.4%	(7.4%)	0.9%	(0.1%)	(7.7%)	(3.9%)	(6.5%)	(2.2%)	(4.9%)
Operating and Structure Costs	4.8%	(14.8%)	6.9%	(7.0%)	(2.9%)	(7.2%)	(3.0%)	(1.8%)	0.4%	(2.9%)

Core Telco EBITDA increased 2.9% yoy to 118.5 million euros, driving a 0.2 p.p, margin increase to 30.4% yoy (36.4% in FY18). Consolidated EBITDA grew 2.7% to 130 million euros, representing a 31.8% margin as a proportion of revenues (37.5% in FY18). The comparatively lower growth of OPEX in comparison to Revenues is supportive of margin expansion, a trend that is set to continue with acceleration in operating efficiency from the transformation programme. Sequential quarterly trends in the Cinema and Audiovisuals business improved significantly in 4Q18, led by improved box office sales as explained in the operational section above. Audiovisuals and Cinema EBITDA grew by 1% yoy to 11.5 million euros, compared with negative 11%, 18.7% and 9.4% in 1Q18, 2Q18 and 3Q18 respectively.

Depreciation and Amortization was 16.9% lower yoy at 92.9 million euros due to lower impact from impairment of existing mobile network equipment within the context of the major mobile upgrade project being deployed.

Consolidated Net income grew 8.6% to 18.4 million euros led by the growth in EBIT. Total Net financial expenses declined to 4.7 million euros compared with 5.7 million euros in 4Q17, benefitting from lower average cost of debt. Share of Results of Associates and Joint Ventures in 4Q18 were negative by 2 million euros, compared with positive 7.9 million euros in 4Q17. The more negative yoy contribution was primarily due to the weaker currency environment in Angola during 2018 and to the fact that, in 4Q17, Angola was considered to be a hyperinflationary economy, leading to a restatement at the associates level in accordance to IAS 29, which had a positive impact on ZAP's 4Q17 contribution of close to 3 million euros.

CAPEX

Table 5.

CAPEX (Millions of Euros) ⁽¹⁾	4Q17	3Q18	4Q18	4Q18 / 4Q17	4Q18 / 3Q18	2017	2018	2018 / 2017
Telco	104.6	93.3	88.0	(15.9%)	(5.7%)	343.7	347.5	1.1%
% of Telco Revenues	27.5%	24.8%	22.6%	(4.9pp)	(2.2pp)	23.2%	23.1%	(0.1pp)
o.w. Technical CAPEX	68.6	50.6	49.1	(28.4%)	(2.8%)	194.1	200.0	3.0%
% of Telco Revenues	18.0%	13.4%	12.6%	(5.4pp)	(0.8pp)	13.1%	13.3%	0.2pp
Baseline Telco	32.5	26.6	26.5	(18.4%)	(0.5%)	123.0	119.1	(3.2%)
Network Expansion / Substitution and Integration Projects and Others	36.1	23.9	22.6	(37.3%)	(5.5%)	71.1	80.8	13.7%
o.w. Customer Related CAPEX	36.0	42.7	38.9	7.9%	(9.0%)	149.6	147.5	(1.4%)
% of Telco Revenues	9.5%	11.4%	10.0%	0.5pp	(1.4pp)	10.1%	9.8%	(0.3pp)
Audiovisuals and Cinema Exhibition	9.4	7.7	7.3	(22.3%)	(5.2%)	33.5	28.2	(15.8%)
Total Group CAPEX	114.0	101.0	95.3	(16.4%)	(5.6%)	377.2	375.7	(0.4%)

⁽¹⁾ CAPEX = Increase in Tangible and Intangible Fixed Assets

Telco Technical CAPEX represented just over half of total investment at 49.1 million euros, 12.6% of telecom sales (13.3% in FY18). The structural technological investments underway to implement major modernization projects and extend our network footprint and capabilities in the mobile and fixed networks, as discussed in the operating review above, are leading to levels of technical CAPEX closer to the higher end of our long-term guidance range of 12-13% of telco sales. Non-baseline investment, which includes network expansion, substitution and integration projects, amounted to 22.6 million euros, and represented around 5.8% of telco sales. Conclusion of the more relevant non-recurrent projects, namely the mobile single RAN upgrade, will enable a progressive reduction in technical CAPEX to closer to the lower level of our long-term guidance range.

Customer Related CAPEX increased by 7.9% yoy to 38.9 million euros, representing 10% of telco revenues. Investment in customer acquisition and retention in 4Q18 was higher due to additional commercial activity in new coverage areas, and a pick up in migration of DTH customers to fixed access technology, as greenfield FttH network rollout accelerates.

Audiovisuals and Cinema CAPEX declined by 22.3% yoy to 7.3 million euros due to the weaker operating activity and the aforementioned renegotiation of content contracts to Africa, which resulted in lower investment in movie rights.

Total CAPEX was 95.3 million euros in 4Q18, 23.3% as a proportion of revenues, impacted primarily by the telco investments discussed above.

Cash Flow

Table 6.

Cash Flow (Millions of Euros)	4Q17	3Q18	4Q18	4Q18 / 4Q17	4Q18 / 3Q18	2017	2018	2018 / 2017
EBITDA	126.6	156.2	130.0	2.7%	(16.8%)	575.4	591.8	2.8%
Total CAPEX	(114.0)	(101.0)	(95.3)	(16.4%)	(5.6%)	(377.2)	(375.7)	(0.4%)
EBITDA - Total CAPEX	12.5	55.2	34.7	176.7%	(37.1%)	198.2	216.0	9.0%
% of Revenues	3.1%	14.0%	8.5%	5.3pp	(5.5pp)	12.7%	13.7%	1.0pp
Non-Cash Items Included in EBITDA - CAPEX and Change in Working Capital	(0.3)	14.4	(19.1)	n.a.	n.a.	(23.3)	(19.9)	(14.2%)
Operating Cash Flow	12.3	69.6	15.6	27.3%	(77.6%)	174.9	196.1	12.1%
Long Term Contracts	(3.6)	(4.0)	(4.2)	15.1%	5.3%	(14.9)	(14.9)	0.0%
Interest Paid	(3.1)	(3.1)	(2.8)	(9.5%)	(11.6%)	(21.0)	(15.1)	(28.1%)
Income Taxes Paid	(7.6)	1.4	(7.4)	(2.7%)	n.a.	(17.3)	(3.6)	(79.4%)
Disposals	1.0	0.7	0.4	(57.7%)	(35.7%)	27.0	1.3	(95.3%)
Other Cash Movements ⁽¹⁾	(1.5)	23.6	(1.4)	(9.8%)	(105.9%)	(15.3)	16.6	n.a.
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	(2.6)	88.2	0.3	n.a.	(99.7%)	133.4	180.4	35.2%
Acquisition of Own Shares	0.0	0.0	0.0	n.a.	n.a.	0.0	(3.1)	n.a.
Dividends	0.0	0.0	0.0	n.a.	n.a.	(102.6)	(153.9)	50.0%
Free Cash Flow	(2.6)	88.2	0.3	n.a.	(99.7%)	30.8	23.4	(24.0%)
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(3.1)	(2.3)	(1.6)	(47.3%)	(28.7%)	(4.0)	(3.8)	(4.2%)
Change in Net Financial Debt	5.7	(85.9)	1.3	(76.3%)	n.a.	(26.8)	(19.6)	(26.9%)

⁽¹⁾ Includes Cash Restructuring Payments and Other Cash Movements.

Operating Cash flow grew by 27.3% in 4Q18 to 15.6 million euros with an increase in EBITDA-CAPEX to 34.7 million euros, compared with 12.5 million euros in 4Q17. Working Capital and non-cash adjustments to EBITDA-CAPEX had a negative contribution of 19.1 million euros due mostly to payments related to normal end of year regulatory charges in 4Q18.

Total FCF before dividends amounted to 0.3 million euros in 4Q18 compared with negative 2.6 million euros in 4Q17. In addition to stronger Operating Cash Flow yoy, total FCF is also benefitting from lower cash interest paid of 2.8 million euros which fell 9.5% yoy on the back of lower average cost of debt. In FY18, FCF before dividends reached 180.4 million euros, up by 35.2% yoy and supportive of progressive and sustainable growth in dividends and well within our 2x Net Debt / EBITDA target range.

Consolidated Balance Sheet

Table 7.

Balance Sheet (Millions of Euros)	2017	2018	2018/ 2017
Non-current Assets	2,451.0	2,395.2	(2.3)%
Current Assets	555.2	530.4	(4.5)%
Total Assets	3,006.2	2,925.5	(2.7)%
Total Shareholders' Equity	1,107.1	1,083.9	(2.1)%
Non-current Liabilities	1,146.1	1,039.6	(9.3)%
Current Liabilities	753.0	802.0	6.5%
Total Liabilities	1,899.1	1,841.7	(3.0)%
Total Liabilities and Shareholders' Equity	3,006.2	2,925.5	(2.7)%

Capital Structure and Funding

At the end of 2018, Net Financial Debt stood at 1,065.9 million euros. Total financial debt was 1,068.1 million euros, which was offset with a cash and short-term investment position on the balance sheet of 2.2 million euros. At the end of 2018, NOS also had 255 million euros of unissued commercial paper programmes. The all-in average cost of debt stood at 1.6% for 4Q18, which compares with 1.9% in 4Q17 and 1.7% in 3Q18. In FY18, the all-in average cost debt amounted to 1.8%.

Net Financial Debt / EBITDA (last 4 quarters) now stands at 1.8x, representing a solid and conservative capital structure in the range of 2x Net Financial Debt / EBITDA, which we are committed to maintain. The average **maturity of NOS' Net Financial Debt** at the end of 2018 was 2.9 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 December 2018, the proportion of NOS' issued debt paying interest at a fixed rate is approximately 78%.**

Table 8.

Net Financial Debt (Millions of Euros) ⁽¹⁾	2017	2018	2018/ 2017
Short Term	197.3	233.0	18.1%
Bank and Other Loans	183.6	219.7	19.7%
Financial Leases	13.7	13.4	(2.4)%
Medium and Long Term	891.2	835.0	(6.3)%
Bank and Other Loans	870.3	825.4	(5.2)%
Financial Leases	20.8	9.6	(53.8)%
Total Debt	1,088.5	1,068.1	(1.9)%
Cash and Short Term Investments	3.0	2.2	(26.7)%
Net Financial Debt	1,085.5	1,065.9	(1.8)%
Net Financial Gearing ⁽²⁾	49.5%	49.6%	0.1pp
Net Financial Debt / EBITDA	1.9x	1.8x	n.a.

⁽¹⁾ Net Financial Debt = Borrowings - Long Term Contracts + Cash and Short Term Investments

⁽²⁾ Net Financial Gearing = Net Financial Debt / (Net Financial Debt + Total Shareholders' Equity)

Shareholder Remuneration

Considering our strong financial structure at the end of 2018, with Net Financial Debt/EBITDA of 1.8x, the strong FCF generated of over 180 million euros and continued confidence **in NOS' operating and financial** prospects, the Board of NOS has approved a 35 euro cent ordinary dividend per share be proposed, representing an increase of 16.7% from the dividend paid last year. This proposal is subject to final approval at **the General Shareholders' Meeting.**

Appendix I

Table 9.

Operating Indicators ('000)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Telco ⁽¹⁾								
Aggregate Indicators								
Homes Passed ⁽²⁾	3,772.3	3,787.2	4,055.7	4,081.3	4,095.8	4,159.0	4,257.5	4,408.5
Total RGUs	9,155.2	9,254.3	9,365.8	9,411.7	9,453.7	9,499.6	9,569.9	9,605.0
Mobile	4,487.1	4,549.1	4,643.8	4,672.9	4,703.6	4,728.1	4,770.0	4,779.1
Pre-Paid	2,034.2	2,027.3	2,070.5	2,079.7	2,057.7	2,050.7	2,051.1	2,029.3
Post-Paid	2,452.8	2,521.8	2,573.3	2,593.2	2,645.9	2,677.3	2,718.9	2,749.8
Pay TV Fixed Access ⁽³⁾	1,276.2	1,282.4	1,287.8	1,292.2	1,295.0	1,301.8	1,312.5	1,324.5
Pay TV DTH	332.3	331.0	327.9	324.4	319.6	314.8	309.2	298.8
Fixed Voice	1,738.0	1,751.1	1,752.9	1,758.2	1,760.1	1,764.9	1,772.1	1,781.4
Broadband	1,290.2	1,308.0	1,320.6	1,333.1	1,344.2	1,358.7	1,375.2	1,389.6
Others and Data	31.5	32.7	32.8	30.9	31.1	31.2	31.0	31.7
3,4&5P Subscribers (Fixed Access)	1,083.3	1,096.3	1,108.5	1,112.1	1,120.4	1,132.0	1,147.3	1,163.2
% 3,4&5P (Fixed Access)	84.9%	85.5%	86.1%	86.1%	86.5%	87.0%	87.4%	87.8%
Convergent RGUs	3,509.0	3,585.9	3,631.5	3,650.6	3,757.7	3,816.0	3,871.3	3,902.2
Convergent Customers	697.8	710.8	718.5	721.4	737.5	749.4	760.1	767.0
Fixed Convergent Customers as % of Fixed Access Customers	46.5%	47.1%	47.3%	47.4%	48.5%	49.3%	49.9%	50.3%
% Convergent Customers	43.4%	44.1%	44.5%	44.6%	45.7%	46.4%	46.9%	47.2%
Net Adds								
Homes Passed	8.3	14.9	268.5	25.6	14.5	63.2	98.5	151.0
Total RGUs	78.4	99.1	111.5	45.9	42.0	45.9	70.3	35.1
Mobile	31.4	62.0	94.7	29.1	30.6	24.5	41.9	9.1
Pre-Paid	(37.0)	(7.0)	43.2	9.2	(22.0)	(6.9)	0.4	(21.8)
Post-Paid	68.4	69.0	51.5	19.9	52.7	31.4	41.6	30.9
Pay TV Fixed Access	10.6	6.2	5.5	4.3	2.9	6.8	10.6	12.1
Pay TV DTH	(2.7)	(1.3)	(3.1)	(3.5)	(4.7)	(4.8)	(5.6)	(10.4)
Fixed Voice	13.3	13.1	1.8	5.3	1.8	4.8	7.2	9.3
Broadband	25.6	17.8	12.6	12.5	11.1	14.5	16.4	14.4
Others and Data	0.4	1.2	0.0	(1.9)	0.3	0.1	(0.2)	0.7
3,4&5P Subscribers (Fixed Access)	21.4	13.1	12.1	3.6	8.3	11.6	15.3	15.9
Convergent RGUs	121.8	76.9	45.6	19.1	107.1	58.3	55.3	30.9
Convergent Customers	17.6	13.0	7.7	2.9	16.0	12.0	10.6	6.9

(1) Portuguese Operations.

(2) Includes DST from 3Q17.

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

Table 10.

Operating Indicators ('000)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Telco ⁽¹⁾								
Indicators per Segment								
Consumer								
Total RGUs	7,724.7	7,801.2	7,906.1	7,953.1	7,969.4	8,006.4	8,071.6	8,097.7
Pay TV Fixed Access	1,180.1	1,185.0	1,189.5	1,193.6	1,195.2	1,200.4	1,209.8	1,220.7
Pay TV DTH	303.5	302.1	300.2	297.7	293.3	288.3	283.2	273.6
Broadband	1,167.2	1,182.9	1,194.6	1,206.3	1,216.4	1,228.3	1,243.3	1,255.8
Fixed Voice	1,402.1	1,408.6	1,410.5	1,413.8	1,414.7	1,419.2	1,425.3	1,431.2
Mobile	3,671.8	3,722.6	3,811.3	3,841.6	3,849.8	3,870.2	3,910.0	3,916.3
ARPU / Unique Subscriber With Fixed Access (Euros)	44.3	44.5	44.6	44.0	44.2	44.3	44.1	43.9
<i>Net Adds</i>								
Total RGUs	65.8	76.5	104.9	47.0	16.3	37.0	65.2	26.1
Pay TV Fixed Access	8.1	4.9	4.5	4.2	1.6	5.1	9.5	10.9
Pay TV DTH	(2.8)	(1.4)	(2.0)	(2.5)	(4.4)	(5.0)	(5.1)	(9.6)
Broadband	23.6	15.7	11.7	11.7	10.1	11.9	15.0	12.5
Fixed Voice	8.8	6.6	1.9	3.3	0.9	4.5	6.0	5.9
Mobile	28.1	50.8	88.7	30.3	8.2	20.4	39.8	6.3
Business								
Total RGUs	1,430.5	1,453.1	1,459.7	1,458.6	1,484.3	1,493.2	1,498.3	1,507.3
Pay TV	124.8	126.2	126.1	125.2	126.2	127.9	128.6	129.0
Broadband	154.6	157.9	158.7	157.6	159.0	161.7	162.8	165.4
Fixed Voice	335.9	342.5	342.4	344.5	345.4	345.7	346.8	350.2
Mobile	815.2	826.5	832.5	831.3	853.8	857.9	860.0	862.7
ARPU per RGU (Euros)	15.8	15.7	15.4	15.1	14.7	14.7	14.8	15.1
<i>Net Adds</i>								
Total RGUs	12.6	22.6	6.6	(1.1)	25.6	8.9	5.1	9.0
Pay TV	2.5	1.4	(0.1)	(0.9)	0.9	1.8	0.7	0.4
Broadband	2.3	3.3	0.9	(1.1)	1.3	2.7	1.2	2.6
Fixed Voice	4.5	6.6	(0.1)	2.1	0.9	0.3	1.1	3.3
Mobile	3.3	11.3	6.0	(1.2)	22.5	4.1	2.1	2.7
Cinema ⁽¹⁾								
Revenue per Ticket (Euros)	4.8	4.7	4.7	4.9	4.9	5.0	4.9	4.7
Tickets Sold	2,296.4	2,446.3	2,509.1	2,198.9	2,183.5	1,785.1	2,378.2	2,542.2
Screens (units)	215	215	215	219	219	212	212	218

(1) Portuguese Operations

Appendix II

Table 11.

Profit and Loss Statement (Millions of Euros)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Operating Revenues	380.3	387.3	392.1	398.9	1,558.6	383.0	389.3	395.0	408.9	1,576.2
Telco	362.3	367.7	373.0	381.1	1,484.1	365.7	374.2	376.2	389.8	1,505.9
Consumer Revenues	238.0	240.0	246.4	241.9	966.3	240.4	241.2	245.9	245.5	973.0
Business and Wholesale Revenues	102.7	112.7	109.9	118.1	443.3	108.9	114.0	109.0	127.6	459.6
Others and Eliminations	21.6	15.0	16.7	21.1	74.4	16.3	19.0	21.3	16.7	73.3
Audiovisuals & Cinema ⁽¹⁾	29.8	31.0	30.0	29.7	120.5	27.2	25.5	29.0	29.8	111.5
Others and Eliminations	(11.8)	(11.4)	(10.9)	(11.8)	(45.9)	(9.8)	(10.5)	(10.2)	(10.8)	(41.3)
Operating Costs Excluding D&A	(237.9)	(231.8)	(241.1)	(272.4)	(983.2)	(236.3)	(230.5)	(238.8)	(278.8)	(984.4)
Direct Costs	(122.6)	(133.9)	(131.5)	(147.7)	(535.7)	(129.4)	(135.8)	(132.6)	(154.7)	(552.6)
Commercial & Customer Related Costs	(31.6)	(31.6)	(32.0)	(37.3)	(132.5)	(29.2)	(30.4)	(29.9)	(36.5)	(126.0)
Operating and Structure Costs	(83.7)	(66.3)	(77.7)	(87.3)	(315.0)	(77.7)	(64.3)	(76.3)	(87.6)	(305.9)
EBITDA ⁽²⁾	142.4	155.5	150.9	126.6	575.4	146.7	158.8	156.2	130.0	591.8
EBITDA Margin	37.4%	40.1%	38.5%	31.7%	36.9%	38.3%	40.8%	39.5%	31.8%	37.5%
Telco	130.0	143.1	138.1	115.2	526.4	135.7	148.7	144.6	118.5	547.5
EBITDA Margin	35.9%	38.9%	37.0%	30.2%	35.5%	37.1%	39.7%	38.4%	30.4%	36.4%
Cinema Exhibition and Audiovisuals	12.4	12.4	12.8	11.4	49.0	11.0	10.0	11.6	11.5	44.2
EBITDA Margin	41.5%	39.9%	42.8%	38.5%	40.7%	40.6%	39.4%	40.0%	38.7%	39.7%
Depreciation and Amortization	(100.2)	(103.5)	(104.4)	(111.8)	(419.9)	(107.1)	(94.8)	(95.2)	(92.9)	(390.0)
(Other Expenses) / Income	(3.4)	(4.5)	(3.8)	(4.0)	(15.7)	12.1	(4.5)	(3.5)	(5.1)	(1.0)
Operating Profit (EBIT) ⁽³⁾	38.8	47.5	42.7	10.8	139.8	51.8	59.4	57.5	32.1	200.8
Share of results of associates and joint ventures	5.3	3.6	6.0	7.9	22.9	(6.3)	0.6	1.3	(2.0)	(6.4)
(Financial Expenses) / Income	(6.6)	(5.2)	(6.5)	(5.7)	(24.0)	(6.2)	(7.9)	(5.2)	(4.7)	(24.2)
Income Before Income Taxes	37.6	45.9	42.2	13.0	138.7	39.2	52.1	53.6	25.3	170.2
Income Taxes	(4.8)	(6.0)	(9.4)	3.7	(16.5)	(5.7)	(7.2)	(9.6)	(6.8)	(29.3)
Net Income Before Associates & Non-Controlling Interests	27.4	36.3	26.8	8.8	99.3	39.8	44.3	42.7	20.5	147.3
Income From Continued Operations	32.7	39.9	32.8	16.8	122.2	33.5	44.9	44.0	18.5	140.9
o.w. Attributable to Non-Controlling Interests	0.0	(0.4)	0.1	0.2	(0.1)	0.3	0.2	0.1	(0.1)	0.5
Net Income	32.8	39.5	32.9	17.0	122.1	33.8	45.1	44.1	18.4	141.4

(1) Includes cinema operations in Mozambique.

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

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

Table 12.

CAPEX (Millions of Euros) ⁽¹⁾	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Telco	77.0	77.4	84.7	104.6	343.7	80.8	85.4	93.3	88.0	347.5
% of Telco Revenues	21.3%	21.0%	22.7%	27.5%	23.2%	22.1%	22.8%	24.8%	22.6%	23.1%
o.w. Technical CAPEX	36.0	42.4	47.1	68.6	194.1	48.6	51.7	50.6	49.1	200.0
% of Telco Revenues	9.9%	11.5%	12.6%	18.0%	13.1%	13.3%	13.8%	13.4%	12.6%	13.3%
Baseline Telco	26.8	35.9	27.8	32.5	123.0	30.4	35.6	26.6	26.5	119.1
Network Expansion / Substitution and Integration Projects and Others	9.1	6.5	19.4	36.1	71.1	18.2	16.0	23.9	22.6	80.8
o.w. Customer Related CAPEX	41.0	35.0	37.6	36.0	149.6	32.2	33.7	42.7	38.9	147.5
% of Telco Revenues	11.3%	9.5%	10.1%	9.5%	10.1%	8.8%	9.0%	11.4%	10.0%	9.8%
Audiovisuals and Cinema Exhibition	9.4	8.1	6.6	9.4	33.5	6.8	6.3	7.7	7.3	28.2
Total Group CAPEX	86.4	85.5	91.3	114.0	377.2	87.7	91.7	101.0	95.3	375.7

(1) CAPEX = Increase in Tangible and Intangible Fixed Assets

Table 13.

Cash Flow (Millions of Euros)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
EBITDA	142.4	155.5	150.9	126.6	575.4	146.7	158.8	156.2	130.0	591.8
Total CAPEX	(86.4)	(85.5)	(91.3)	(114.0)	(377.2)	(87.7)	(91.7)	(101.0)	(95.3)	(375.7)
EBITDA - Total CAPEX	56.0	70.0	59.7	12.5	198.2	59.1	67.1	55.2	34.7	216.0
% of Revenues	14.7%	18.1%	15.2%	3.1%	12.7%	15.4%	17.2%	14.0%	8.5%	13.7%
Non-Cash Items Included in EBITDA - CAPEX and Change in Working Capital	(7.2)	(12.1)	(3.7)	(0.3)	(23.3)	(13.8)	(1.5)	14.4	(19.1)	(19.9)
Operating Cash Flow	48.8	57.9	56.0	12.3	174.9	45.3	65.6	69.6	15.6	196.1
Long Term Contracts	(2.9)	(3.8)	(4.6)	(3.6)	(14.9)	(2.8)	(4.0)	(4.0)	(4.2)	(14.9)
Interest Paid	(6.7)	(4.9)	(6.3)	(3.1)	(21.0)	(5.3)	(3.8)	(3.1)	(2.8)	(15.1)
Income Taxes Paid	(0.3)	(0.0)	(9.4)	(7.6)	(17.3)	3.3	(0.9)	1.4	(7.4)	(3.6)
Disposals	24.6	0.7	0.6	1.0	27.0	0.2	(0.0)	0.7	0.4	1.3
Other Cash Movements ⁽¹⁾	(5.3)	(5.9)	(2.5)	(1.5)	(15.3)	(2.7)	(2.9)	23.6	(1.4)	16.6
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	58.2	43.9	33.9	(2.6)	133.4	38.0	54.0	88.2	0.3	180.4
Acquisition of Own Shares	0.0	0.0	0.0	0.0	0.0	(3.1)	0.0	0.0	0.0	(3.1)
Dividends	0.0	(102.6)	0.0	0.0	(102.6)	0.0	(153.9)	0.0	0.0	(153.9)
Free Cash Flow	58.2	(58.7)	33.9	(2.6)	30.8	34.9	(99.9)	88.2	0.3	23.4
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	0.8	(2.2)	0.5	(3.1)	(4.0)	0.2	(0.1)	(2.3)	(1.6)	(3.8)
Change in Net Financial Debt	(59.0)	60.9	(34.4)	5.7	(26.8)	(35.1)	100.0	(85.9)	1.3	(19.6)

(1) Includes Cash Restructuring Payments and Other Cash Movements

Table 14.

Net Financial Debt (Millions of Euros) ⁽¹⁾	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Short Term	156.3	153.6	193.3	197.3	113.3	212.3	178.4	233.0
Bank and Other Loans	139.0	138.7	177.5	183.6	99.3	199.2	164.2	219.7
Financial Leases	17.3	15.0	15.8	13.7	14.0	13.2	14.2	13.4
Medium and Long Term	898.9	962.6	888.5	891.2	939.4	941.2	888.6	835.0
Bank and Other Loans	872.2	939.4	869.9	870.3	920.8	925.4	875.7	825.4
Financial Leases	26.6	23.2	18.7	20.8	18.6	15.8	12.9	9.6
Total Debt	1,055.1	1,116.3	1,081.8	1,088.5	1,052.7	1,153.5	1,067.0	1,068.1
Cash and Short Term Investments	1.8	2.0	2.0	3.0	2.3	3.1	2.5	2.2
Net Financial Debt	1,053.3	1,114.2	1,079.8	1,085.5	1,050.4	1,150.4	1,064.5	1,065.9
Net Financial Gearing ⁽²⁾	48.6%	51.4%	49.8%	49.5%	48.2%	53.0%	49.9%	49.6%
Net Financial Debt / EBITDA	1.9x	2.0x	1.9x	1.9x	1.8x	2.0x	1.8x	1.8x

(1) Net Financial Debt = Borrowings - Long Term Contracts + Cash and Short Term Investments

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

Table 15.

Financial Indicators YoY Change	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Operating Revenues	2.7%	4.2%	3.1%	2.4%	3.1%	0.7%	0.5%	0.7%	2.5%	1.1%
Telco	2.7%	3.0%	3.7%	2.9%	3.1%	0.9%	1.8%	0.9%	2.3%	1.5%
Consumer Revenues	2.7%	5.1%	5.3%	1.3%	3.6%	1.0%	0.5%	(0.2%)	1.5%	0.7%
Business and Wholesale Revenues	0.9%	5.1%	3.9%	9.9%	5.0%	6.1%	1.1%	(0.8%)	8.1%	3.7%
Others and Eliminations	12.0%	(29.5%)	(16.5%)	(12.2%)	(12.1%)	(24.6%)	26.6%	27.5%	(20.8%)	(1.5%)
Audiovisuals & Cinema	2.6%	19.8%	(6.3%)	(3.1%)	2.5%	(9.0%)	(17.7%)	(3.1%)	0.4%	(7.5%)
Others and Eliminations	4.0%	4.6%	(4.7%)	4.0%	1.9%	(16.6%)	(8.6%)	(5.9%)	(9.0%)	(10.1%)
Operating Costs Excluding D&A	2.5%	3.3%	2.3%	1.6%	2.4%	(0.7%)	(0.6%)	(1.0%)	2.4%	0.1%
Direct Costs	2.4%	13.4%	2.2%	7.8%	6.4%	5.6%	1.4%	0.9%	4.7%	3.1%
Commercial & Customer Related Costs	(2.7%)	10.4%	(7.4%)	0.9%	(0.1%)	(7.7%)	(3.9%)	(6.5%)	(2.2%)	(4.9%)
Operating and Structure Costs	4.8%	(14.8%)	6.9%	(7.0%)	(2.9%)	(7.2%)	(3.0%)	(1.8%)	0.4%	(2.9%)
EBITDA	2.9%	5.5%	4.5%	4.1%	4.3%	3.0%	2.1%	3.5%	2.7%	2.8%
EBITDA Margin	0.1pp	0.5pp	0.5pp	0.5pp	0.4pp	0.9pp	0.6pp	1.1pp	0.1pp	0.6pp
Telco	2.9%	5.0%	5.7%	6.1%	4.9%	4.4%	3.9%	4.7%	2.9%	4.0%
EBITDA Margin	0.1pp	0.7pp	0.7pp	0.9pp	0.6pp	1.2pp	0.8pp	1.4pp	0.2pp	0.9pp
Cinema Exhibition and Audiovisuals	2.8%	11.8%	(7.1%)	(13.1%)	(2.1%)	(11.0%)	(18.7%)	(9.4%)	1.0%	(9.7%)
EBITDA Margin	0.0pp	(2.9pp)	(0.4pp)	(4.4pp)	(1.9pp)	(0.9pp)	(0.5pp)	(2.8pp)	0.3pp	(1.0pp)
Operating Profit (EBIT)	(8.8%)	1.9%	1.4%	(20.7%)	(3.5%)	33.3%	25.2%	34.8%	197.0%	43.6%
CAPEX	(9.0%)	(14.9%)	(5.1%)	17.5%	(3.0%)	1.4%	7.3%	10.7%	(16.4%)	(0.4%)
EBITDA - CAPEX	29.1%	49.3%	23.6%	(48.9%)	21.5%	5.5%	(4.2%)	(7.5%)	176.7%	9.0%
Operating Cash Flow	112.9%	101.2%	17.3%	(45.6%)	43.4%	(7.2%)	13.4%	24.2%	27.3%	12.1%
Free Cash Flow Before Dividends	n.a.	210.9%	39.5%	n.a.	146.6%	(34.7%)	23.0%	160.1%	n.a.	35.2%
Free Cash Flow	n.a.	(27.8%)	39.5%	n.a.	n.a.	(40.1%)	70.2%	160.1%	n.a.	(24.0%)

Disclaimer

This presentation contains forward looking information, including statements which constitute forward looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and assumptions of our management and on information available to management only as of the date such statements were made. Forward-looking statements include: (a) information concerning strategy, possible or assumed future results of our operations, earnings, industry conditions, demand and pricing for our products and other aspects of our business, possible or future payment of dividends and share buyback program; and (b) statements that are preceded by, followed by or include the words “believes”, “expects”, “anticipates”, “intends”, “is confident”, “plans”, “estimates”, “may”, “might”, “could”, “would”, and the negatives of such terms or similar expressions. These statements are not guarantees of future performance and are subject to factors, risks and uncertainties that could cause the assumptions and beliefs upon which the forwarding looking statements were based to substantially differ from the expectation predicted herein. These factors, risks and uncertainties include, but are not limited to, changes in demand for the company’s services, technological changes, the effects of competition, telecommunications sector conditions, changes in regulation and economic conditions. Further, certain forward looking statements are based upon assumptions as to future events that may not prove to be accurate. Therefore, actual outcomes and results may differ materially from the plans, strategy, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to provide reasons why actual results may differ. You are cautioned not to place undue reliance on any forward-looking statements. NOS is exempt from filing periodic reports with the United States Securities and Exchange Commission (“SEC”) pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, as amended. Under this exemption, NOS is required to post on its website English language translations of certain information that it has made or is required to make public in Portugal, has filed or is required to file with the regulated market Eurolist by Euronext Lisbon or has distributed or is required to distribute to its security holders. This document is not an offer to sell or a solicitation of an offer to buy any securities.

Enquiries

Chief Financial Officer: José Pedro Pereira da Costa

Phone: (+351) 21 799 88 19

Analysts/Investors: Maria João Carrapato

Phone: (+351) 21 782 47 25 / E-mail: ir@nos.pt

Press: Isabel Borgas / Irene Luis

Phone: (+351) 21 782 48 07 / E-mail: comunicacao.corporativa@nos.pt

Conference call and audio webcast scheduled for 13.00 (Lisbon/London) on 08 March 2019

Audio webcast available [here](#)

Conference ID: 6337417

Standard International: +44 (0) 203 0095710

Portugal Local: +351(0)308807203

Portugal Toll Free: 800783295

UK Local: +44(0)8444933857

UK Toll Free: 08003767425

US Local: +19177200178

US Toll Free: + 18668692321

REPLAY Dial in details:

Available until 11/03/2019 16:30 GMT

Confirmation Code: 6337417

Standard International: +44 (0) 3333009785

Portugal : +351(0)308809027

US Local: +1 (917) 677-7532

US Toll Free: +1 (866) 331-1332

UK Local: +44 (0)8445718951

UK Toll Free: 08082380667



Rua Actor António Silva
nº9, Campo Grande
1600-404 Lisboa
www.nos.pt/ir