PRESS RELEASE
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NOS CONSOLIDATES GROWTH
NUMBER OF RGUs (Revenue Generating Units) GROWS BY 142 THOUSAND AND THE FIBRE NETWORK REACHES MORE THAN 4.6 MILLION HOMES

- Number of RGUs increases by 142 thousand compared to 2018.
- Mobile service customers grow by 83 thousand compared to prior year, with total customer numbers standing at 4,851 million at year end.
- Fixed access television customers total 1,356 million.
- Revenues grow by 1.5% to 1,599 thousand million euros.
- EBITDA increases above the growth in revenues as a result of higher efficiency
- Consolidated Net profits total 143.5 thousand million.

Message from the CEO

The world is on the verge of the 4th industrial revolution, an era of scientific and technological disruption which will bring with it profound social transformation and maybe even a redefinition of what it means to be human. At NOS, we cannot begin to imagine what this new era will bring, although we do believe that it will bring a better standard of living for all, in a more balanced, inclusive and humane society. NOS wants to contribute to this bright future and is committed to taking on a leading role in Portugal’s development.

Our vision for NOS is to be at the forefront of technology, with the best communication networks, fully digital, and transparent, simple and efficient integration of technologies such as 5G, artificial intelligence, Cloud or IoT, with a human touch. Always aiming to provide our customers with the best services and customer experience. We want to be a key player in this evolutionary process that will impact everyone and to be a catalyst for transformation in business, thereby maximizing the opportunities that this revolution will bring for Portugal and the Portuguese.

To be sustainable in the long term in a world that is changing so fast, companies have to embrace socially responsible business practices and contribute actively to creating a better society for future generations. We embrace our commitment to be a role model for inclusiveness and diversity and have made climate change and carbon emission reductions a top priority. We want to be a business that cares for improving and developing its people, and ultimately for their happiness.

We took important steps in 2019 toward the creation of a new NOS, in areas ranging from technology to process, from environment to diversity, and naturally impacting our relationship with our customers. We
ensured that we continued on the path of growth and profitability that was first laid down 6 years ago. Each and every year since then, we have recorded improvement both in operating and financial indicators, a unique performance of which we are very proud.

In 2020, we will accelerate the pace of internal transformation taking important steps towards building the new NOS. It will also be a critical year on the external front, with a number of processes ongoing that could play a defining role in our future. Despite the unfounded and disproportionate regulatory hostility we are facing, given the quality of our team, asset base, our track record of success and the results we have achieved so far, we are very confident about the future.

By leveraging all that is best in technology, we believe that NOS will not only be a leading player in its markets, but also a leading agent in the transformation process towards a better society.

Miguel Almeida

Main Highlights

The results from NOS’ performance in 2019 confirm the success of the company’s strategy for the future and are the result of its focus on innovation, on the offer of new products and services and on the increase in investment in fixed and mobile new generation networks.

In the pursuit of its ambition to provide its customers with the best service and the best experience, NOS ensured that at the end of the year 4.65 million Portuguese households were covered by new generation networks and that it had completed the modernization of the mobile infrastructure while also preparing it for 5G. It also provided Matosinhos with full 5G coverage, which thus becomes the first Portuguese town to have the most advanced mobile network technology.

In 2019, capital expenditure totaled 374.4 million euros – excluding leasing contracts -, of which 99.7 million was spent in the last quarter of the year. Revenues posted an increase of 1.5%, with the telecommunications, and cinema and audiovisual sectors showing positive variances compared to 2018. During the period, EBITDA totaled 641.1 million euros, an increase of 2.7%, while the EBITDA margin improved by 0.5 pp to 40.1%. This improvement is driven above all by the increase in RGUs and by significant gains in efficiency.

Net Consolidated Profits for the period totaled 143.5 million euros, an increase of 4.2% compared to the year 2018.

EBITDA RISES BY 2.7% DRIVEN BY EFFICIENCY GAINS AND AN INCREASE IN RGUs

NOS posted total revenues of 1,599 thousand million euros in 2019, equal to an increase of 1.5% compared to 2018. Telecommunications revenues totaled 1,522 thousand million during the period, up 1.1% on the prior period, despite the less positive impact of a reduction in operator termination charges and a fall in consumption of premium sports channels.
The cinema and audiovisual segment recovered strongly in the second and third quarter but slowed down in the fourth quarter. Nonetheless, looking at the whole of 2019, there was growth in cumulative revenues of 6.5% which rose to 118.8 million euros.

EBITDA increased by 2.7% in the period to 641.1 million euros, with the EBITDA margin improving by 0.5pp to 40.1%. Telecommunications business EBITDA increased 2.8% to 585 million euros with the EBITDA margin improving by 0.6pp to 38.4%.

Net Consolidated Profits totaled 143.5 million euros, up 4.2% on 2018.

NOS continued to invest heavily this year, especially in the telecommunications area. Investment was focused above all on expanding its fixed and mobile new generation communications networks, creating the conditions for an improvement in service quality for customers. Total Group Capex, excluding leasing contracts, totaled 374.4 million, of which 99.7 million was spent in the last quarter.

At the end of the year, net financial debt was 1,094 million euros, up 4.9% over 2018, equal to 1.9x EBITDA, a conservative ratio compared to its competitors in the sector.

**NOS’ MOBILE NETWORK WHOLLY MODERNIZED AND READY FOR THE FUTURE**

NOS posted an increase in RGUs of 142 thousand compared to 2018. At the end of 2019, it had provided around 9,723 million services.

The number of mobile RGUs increased by 83 thousand compared to prior year, with 4,851 RGUs at the end of 2019. The number of fixed access Pay TV subscribers was 1,356 million, compared to 1,325 million at the end of the previous year. The total number of NOS television customers was 1,639 million at the end of 2019.

The number of fixed broadband RGUs totaled 1,419 million compared to 1,383 million in the previous year, while the number of fixed voice RGUs reached 1,779 million, compared to 1,774 million in 2018. At the end of 2019, the number of convergent and integrated customers reached 59.8% of the fixed network customer base, equal to 931 thousand customers.

NOS also launched a more flexible offer for its customers, allowing them to pick and mix the services that they value most. In addition, it decided to provide its customers with more information about their contractual obligations, any related expenses and the way in which charges are calculated if a contract is terminated before its due date, and also information about the terms ruling extraordinary situations that would allow customers to rescind their contracts before their due date without any extra charges.

As a result of the heavy investment that NOS continues to make in its infrastructure network, latest generation services are available to more and more Portuguese people. Fixed network coverage at the end of 2019 reached 4,646 million households, up by 219 thousand compared to 2018.

As for the mobile network, over and above expanding and modernizing its 4G network, NOS invested in providing Matosinhos with 5G technology, thus making it the first 5G town in Portugal.
In business services, NOS managed to win significant customers in the corporate segment both in the public and private segments, with the result that the number of business RGUs totaled 1,520 million, compared to 1,502 million for the year 2018.

In NOS’ cinema business, the number of tickets sold increased by 4.3% compared to 2018. Revenue per ticket grew by 7.5% to 5.2 euros.

The most popular films in 2019 were “The Lion King”, “Spider-Man: Far from Home”, “Toy Story 4”, “Joker”, “Frozen II”, “Star Wars: The Rise of Skywalker” e “Maleficent: Mistress of Evil”. In audiovisual distribution, NOS maintained its position of leadership by distributing 7 of the 10 most successful box office films.

**NOS SIGNS UP TO A COMMITMENT TO SLOW GLOBAL WARMING AND PROMOTE THE FIGHT AGAINST PLASTIC WASTE**

With the goal of reducing greenhouse gases and making a contribution towards the sustainability of the planet, in 2019 NOS signed up to the Letter of Commitment “Business Ambition for 1.5ºC”, an initiative of the United Nations Secretary General, António Guterres, thus becoming one of the first Portuguese companies to join this global movement.

Signing up to Business Ambition for 1.5ºC global movement signals the company’s public commitment to align its greenhouse gas emissions with the de-carbonization trajectory required to limit global warming to 1.5ºC. The new objective of reducing emissions by 75% by 2030 was also tested against the criteria of the Science Based Target Initiative and, as a result, up to the end of 2021 the company will have adopted a scientifically based emissions reduction target (Science Based Target), putting into practice the company’s alignment with 1.5ºC de-carbonization scenarios.

In order to combat the excessive use of throw away materials, NOS launched in 2019 an initiative to eliminate plastic cups and bottles from its premises. By implementing this measure, it is estimated that there will be a reduction of around 4 tons of plastic waste annually.