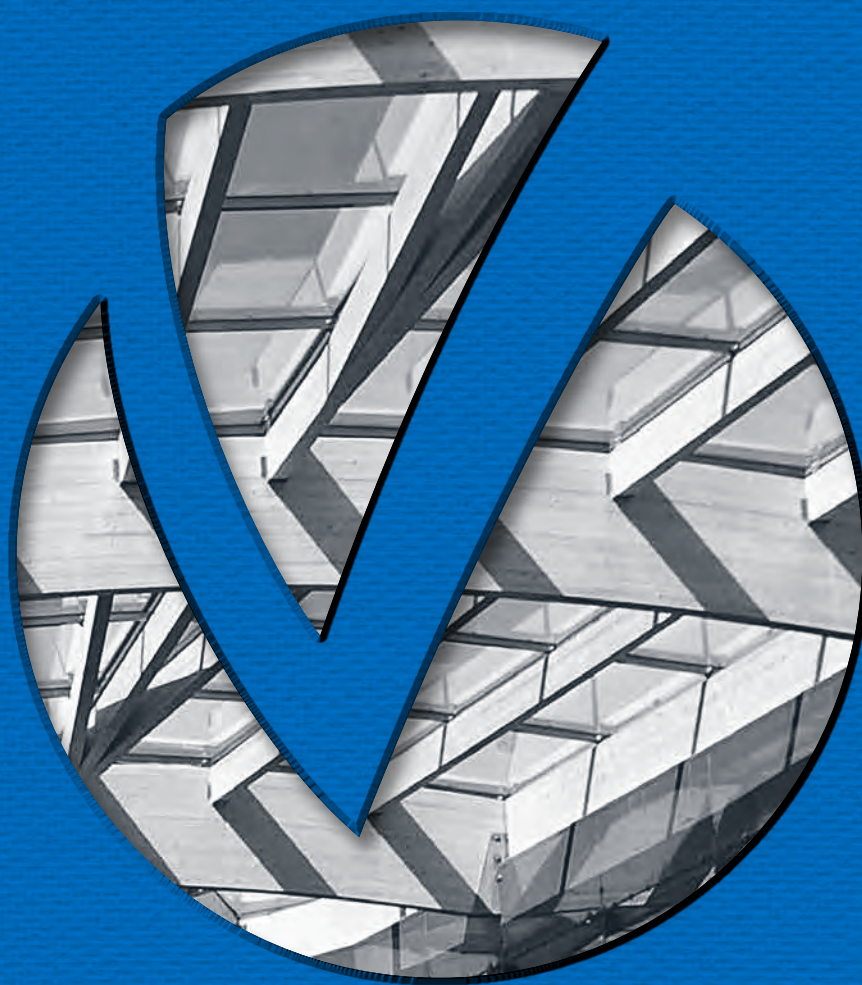


ANNUAL REPORT & ACCOUNTS 2018



**Welcome to
the Annual Report
& Accounts of
Grupo Visabeira
2018**





Grupo Visabeira

6

Message from the Chairman
of the Board of Directors
8

Opening
10

A decade in numbers
12

Where we are
14

Main Businesses
16

Our Brands
38

Awards and distinctions
54

Cultural heritage
56



2018 Overview

58

Message from the Chairman
of the Executive Committee
60

2018 In numbers
62

Shareholding structure
64

Corporate Bodies
66

Analysis of consolidated
results
74

Risk factors
84

Business evolution
by area
89

Commitment
towards society
122

Future outlook
128

Notes to the report
of the Board
of Directors
131



Consolidated reporting documents 132

Consolidated
Financial Statements
134

Notes
to the consolidated
financial statements
140

Assessment
and Certification
Documents
202





Grupo Visabeira

Message

Chairman of the Board of Directors

Fernando Campos Nunes

In the year 2018 crucial steps of our internationalisation strategy were taken, which remains a key pillar in the orientation of the Grupo. We met important goals through business consolidation in countries where we are present and, at the same time, with strong growth and expansion in more countries in Europe, which is admittedly management's priority. Prime examples of this expansion of the Grupo's core activities abroad are: in the United Kingdom, which, in the short term, is sure to be one of Visabeira's most relevant markets, in Germany, with great potential for future growth, and in France, where we have been for almost two decades, currently our main international market.

In 2018, we invested in strengthening the foundations for sustainable growth on into the next decade. We thus fully take on our commitment: Being an economic group of large multinational expansion, looking forward to be the leader in the industries and markets in which it operates, and differentiating ourselves through innovative concepts and integrated solutions that create added value for customers. This is our commitment as well as our internal design as an organisation such that, in this 2018 period, we are proud to have consolidated globally and to have greatly reinforced in our transnational dimension.

At a time when we are about to complete four decades of activity, the past ten years are a good mirror of the success of our strategy and our cutting edge, reflecting the dynamic growth of activity and significant expansion of the geographic area of the core business of Grupo Visabeira.

This trend towards globalisation, which we have defined and carried out, through precise objectives, rigor, maximising skills, ongoing innovation and a dynamic identity, which are clearly evident in the evolution of the Grupo and which, in 2018, made for hitting new heights in the main indicators. This exercise is also marked by achieving fundamental strategic objectives such as strong expansion in the European market, where we grew by 50%, from 2017 to 2018.

The Grupo's turnover totalled 745 million euros, growing 17% compared to the previous year, marking a trend in the past decade, as a result of an average annual increase of more than 8%. EBITDA also recorded a historic value, reaching €142 million in steady growth over the past ten years, based on an average increase of 11% per year and bringing about a 15% growth in 2018, over the same period.

In terms of staffing, we crossed the threshold of 11,000 employees in 2018, showing an average annual growth of around 10% in the period 2008-2018. Today, more than 57% of our employees are abroad, where they are the main ambassadors of the company and work together in complete coordination with the control center, located in the headquarters, forming a unique team focused on results. It is their skills, abilities and dedication, that is the main asset of Visabeira.

I am proud to restate that the strong commitment to internationalisation has been well demonstrated in this exercise, when we achieved a 68% share of turnover in foreign markets, a significant historic peak, corresponding to an average growth in the last decade of 4 percentage points per year. This international expansion has been greatly boosted by growth in Europe, where we moved from 18 to 391 million euro in just ten years, driving an impressive growth in our business volume by 22 times in the European economies of our neighbours.

In this context, the Grupo's products and services are present in 94 countries on five continents, and we are committed to building new opportunities with the goal of growing further in the next decade.

At the same time, and also as a result of across the board investment in innovation, we have maintained growth in the Portuguese market in all areas of activity, in Visabeira Global, Visabeira Indústria and Visabeira Turismo, Imobiliária e Serviços.

These results stem from rigorous management and a policy guided by ambitious objectives, always oriented towards creating value in a sustainable and socially responsible way. Commitment to quality and satisfaction of all shareholders, are part of the DNA of the organisation and of the daily ambition of the whole team. In this context, we are pleased to express our gratitude to clients and shareholders, partners and suppliers, employees and all entities with whom we interact. Special thanks to all who contributed to our success, which is mutual, sharing the pride of jointly being able to state: mission accomplished!

Our vision for the future passes through an increasingly strong and global Group, with its products and services recognised and appreciated to the four corners of the world. We restate our conviction that the results achieved are enduring stimulators for us to be more resilient and motivated and to remain focused on doing more and better.

**68%**

of the turnover
generated from
external markets

745

million euros
of turnover as a result
of an increase of 17%

A stylized, handwritten signature in white ink, located in the bottom right corner of the page. The signature is fluid and cursive, appearing to read 'J. L. García'.

Vision Mission Values

Creativity
Innovation
Dynamism
Competitiveness
Ambition

To improve the everyday lives
of thousands of people,
all over the world.

Vision

To be an economic group of large multinational expansion, seeking leadership in every sector and market we operate and differentiating ourselves with innovative concepts and integrated solutions that create value both for customers and shareholders.

Mission

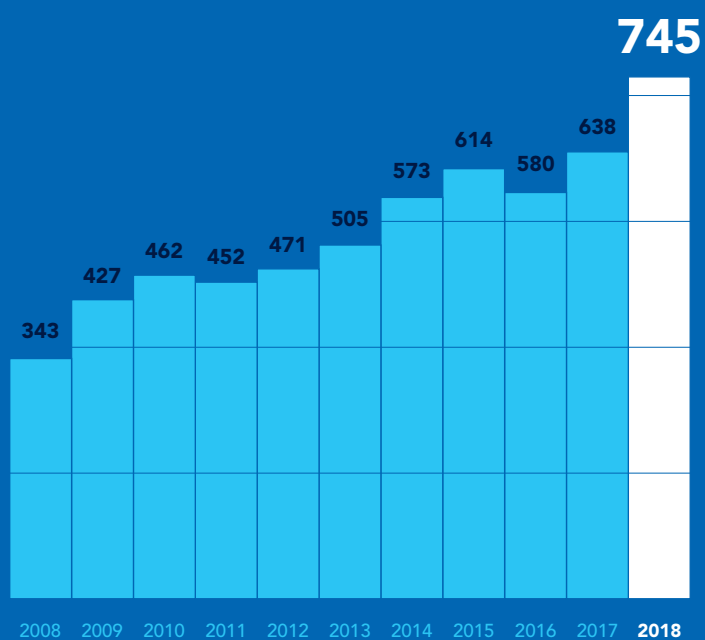
To offer our partners and customers increasingly complete solutions, according to their needs and meeting their expectations, through an increasing productive and operational capacity. Thanks to the transdisciplinarity that defines us, we manufacture a great diversity of goods, provide services in a wide number of areas and we create multiple business opportunities. To improve the everyday lives of thousands of people, all over the world.

Values

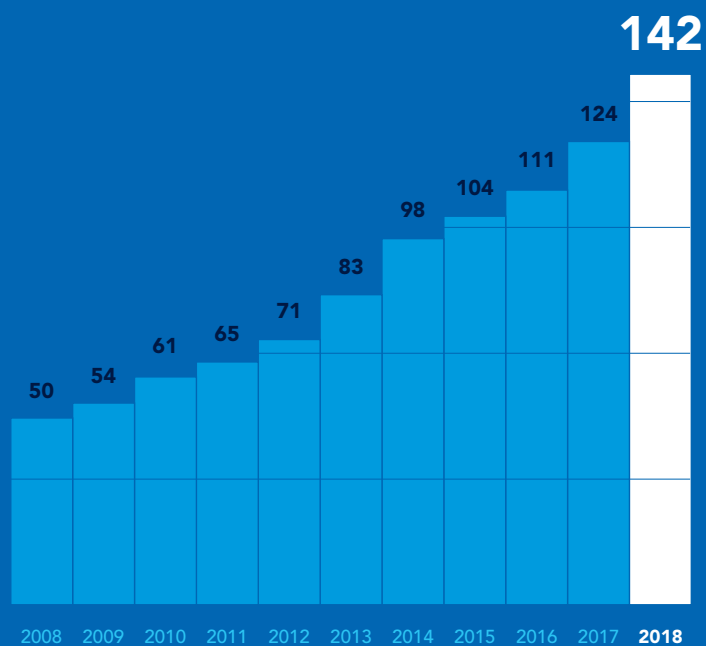
The values, we undertake as defining elements of the Visabeira brand are common to all the professionals and the different areas of the organisation, proving to be decisive for the Grupo's evolution and its continued success.

A decade in numbers

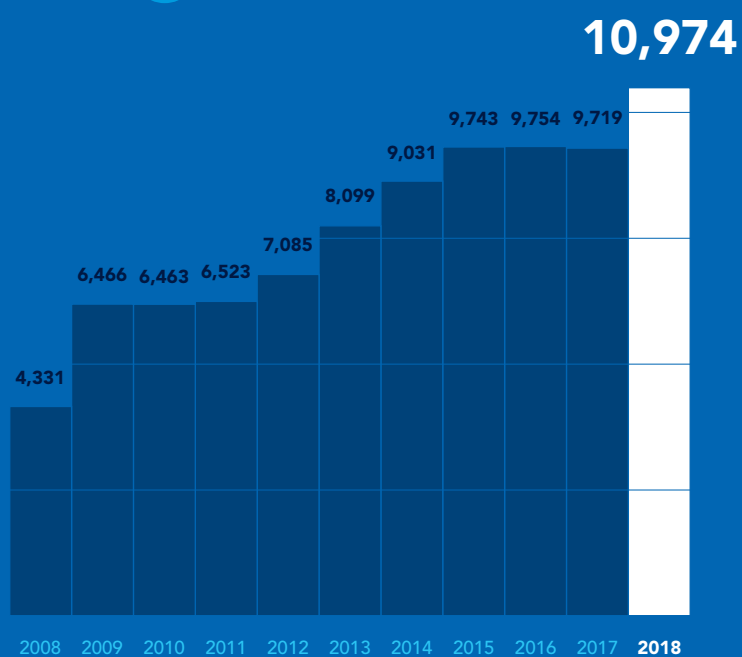
M€ **TURNOVER**



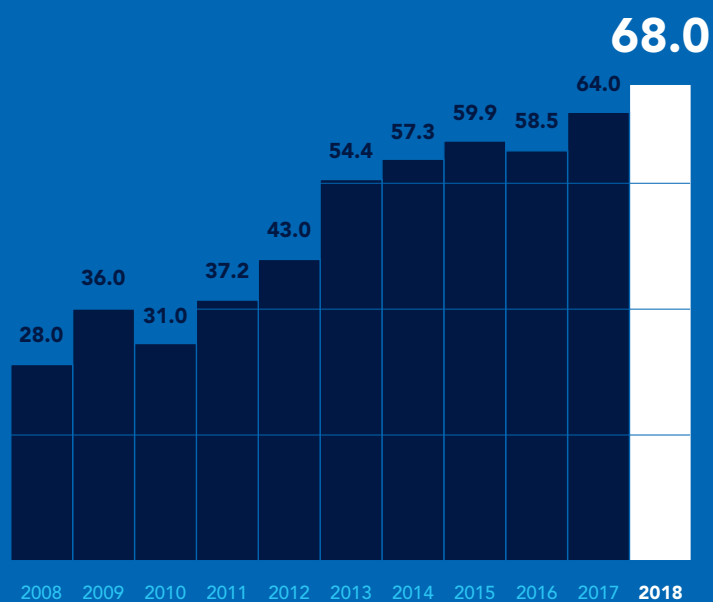
M€ **EBITDA**



 **EMPLOYEES***



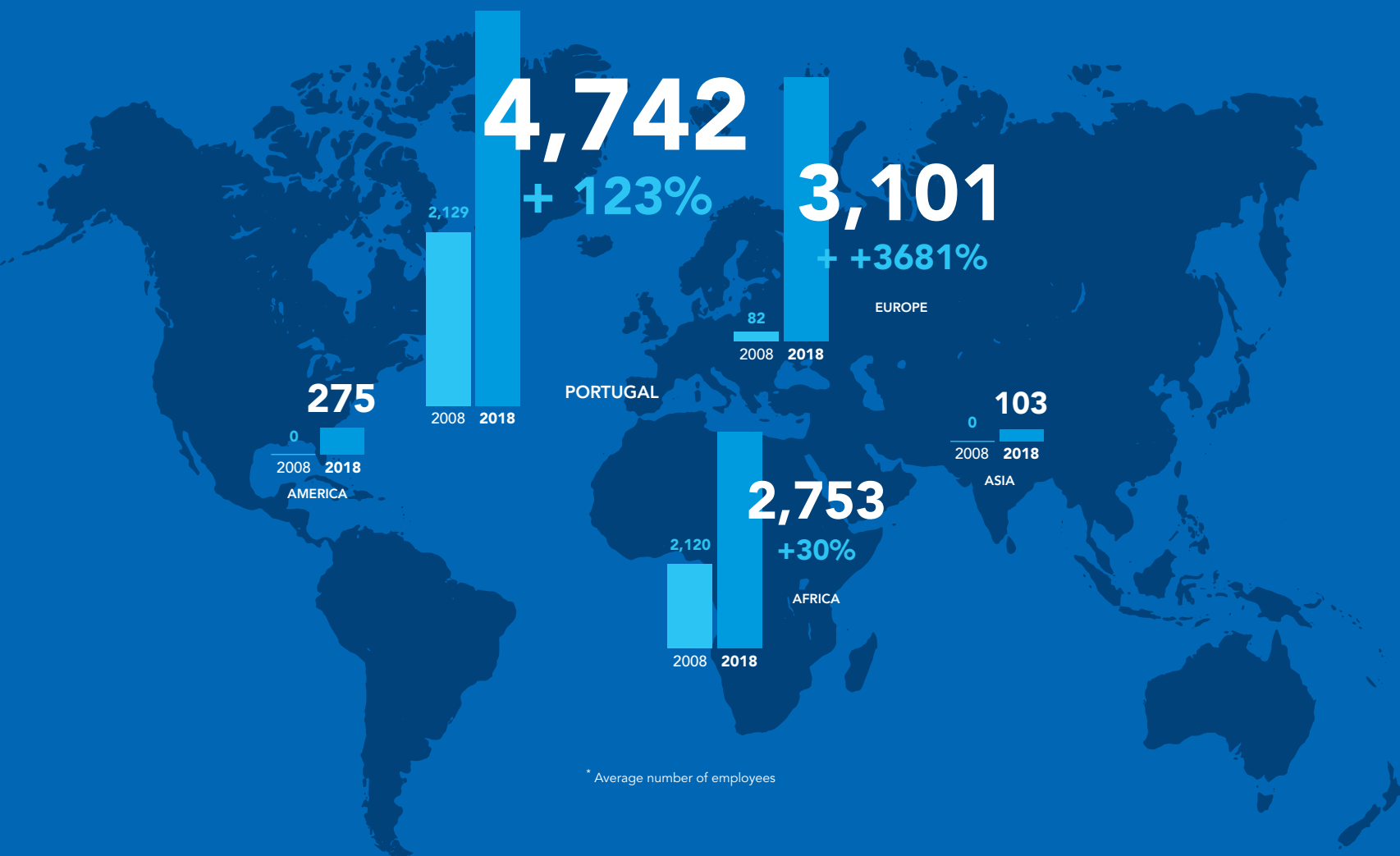
% **FOREIGN MARKETS**



* Average number of employees



EMPLOYEES - GEOGRAPHICAL DISTRIBUTION *



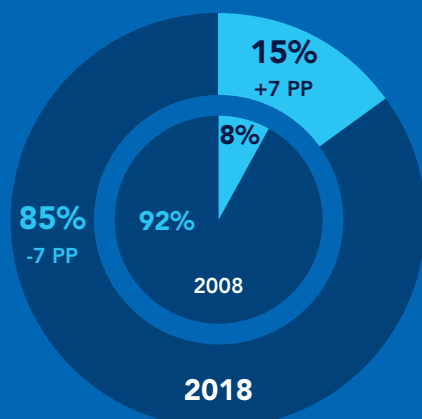
%

EMPLOYEES - GENDER

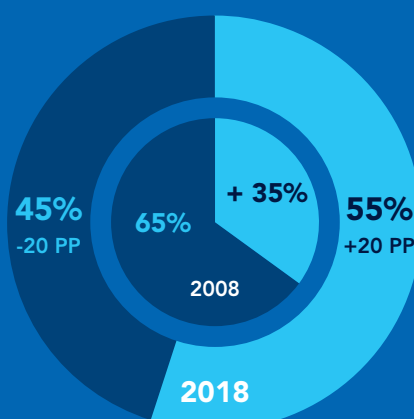
MEN

WOMEN

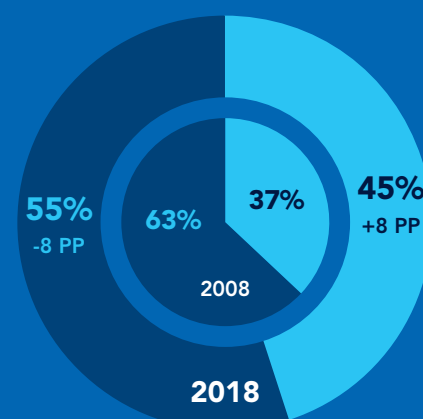
VISABEIRA GLOBAL



VISABEIRA INDÚSTRIA



VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS



Where we are

Grupo Visabeira is present in **16 countries**, including France, Germany, Belgium, Spain, Denmark, Italy, United Kingdom, Angola and Mozambique, marketing services and products in **94 countries**.



16

International
presence
with
companies



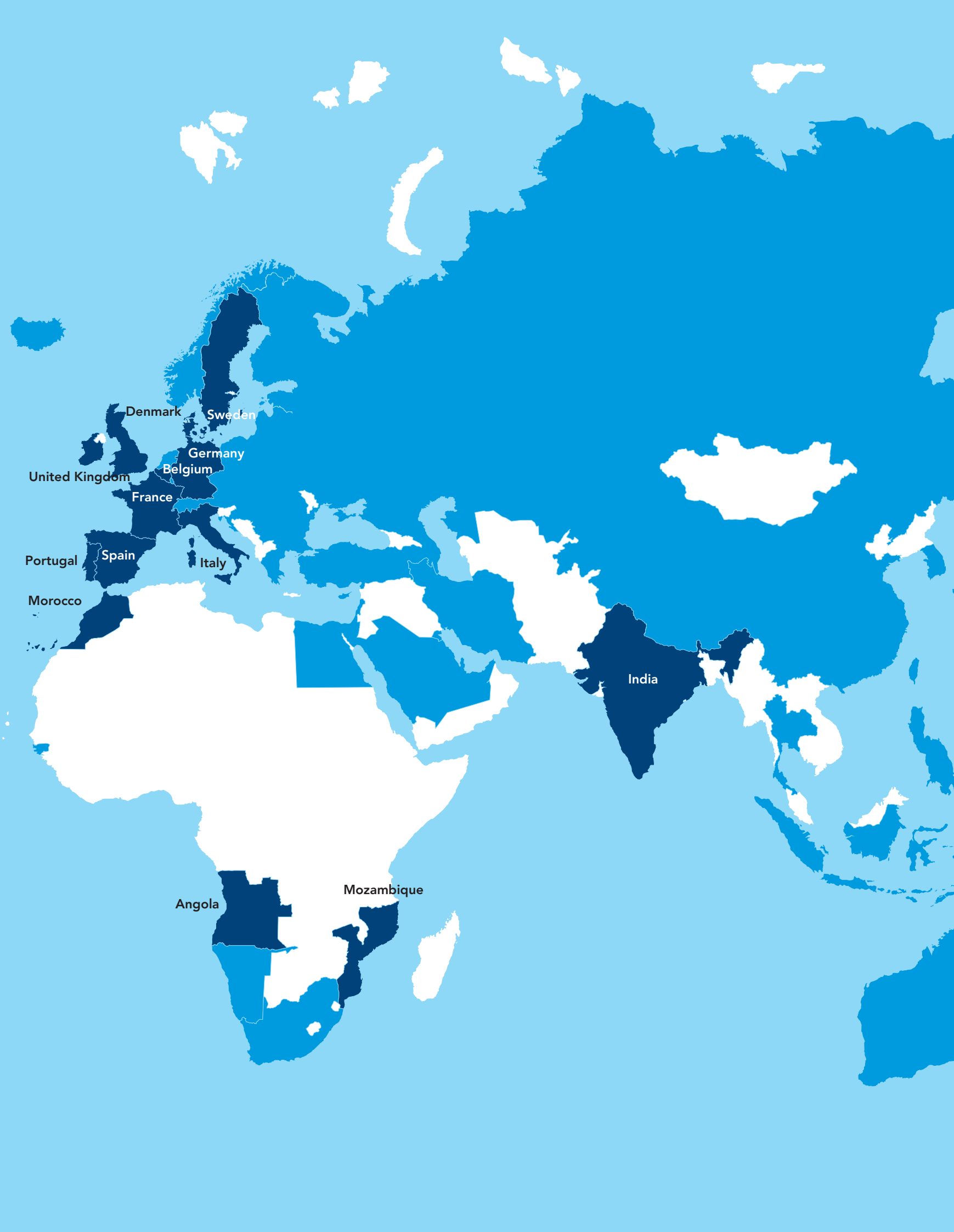
94

Countries
with products
and services



Presence with companies

Presence with products / services





Presence with companies

EUROPE

Portugal
Spain
France
Germany
Belgium
Denmark
United Kingdom
Sweden
Italy

AMERICA

Brazil
U.S.A.
Mexico

AFRICA

Angola
Mozambique
Morocco

ASIA

India

Presence with products / services

EUROPE

Andorra
Armenia
Austria
Azerbaijan
Belarus
Bulgaria
Cyprus
Croatia
Slovakia
Estonia
Finland
Greece
The Netherlands
Hungary
Northern Ireland
Iceland
Latvia
Lithuania
Luxembourg
Malta
Monaco
Norway
Poland
Czech Republic
Romania
Russia
Serbia
Switzerland
Turkey
Ukraine

AFRICA

South Africa
Egypt
Guinea-Bissau
Mauritius
Namibia
São Tomé e Príncipe
Tunisia

AMERICA

Argentina
Aruba Bolivia
Canada
Caribbean
Chile
Colombia
Cuba Ecuador
El Salvador
Guadalupe
Guatemala
French Guiana
Honduras
Martinique
Panama
Paraguay
Peru
Dominican Republic Uruguay
Venezuela

ASIA

Saudi Arabia
Bahrain
Kazakhstan
China
South Korea
United Arab Emirates
Philippines
Indonesia
Iran
Israel
Japan
Lebanon
Kuwait
Macao
Qatar
Singapore
Taiwan
East Timor

OCEANIA

Australia
New Zealand

Main Business

Grupo Visabeira has its main activities organised in three holdings, segmented by business areas and fully focused and specialised by business: Visabeira Global, Visabeira Indústria and Visabeira Turismo Imobiliária e Serviços. This organisational model adds to it multi-sector experience and leverages specific skills in the various domains so as to create synergies that create value for their customers. This is the matrix that has catapulted success in a process of growth and continuous improvement that is recognised both by the market and by the main players in multiple activities.

In 2018, the Grupo reached historic highs in the main indicators and carried out strong growth on the international side, with a particular impact on the European market. The results achieved confirm the aptness of the course outlined and allow us to face the challenges that we have anticipated with renewed optimism and confidence in order to conquer new markets and new geographies that are emerging as future paths. This is a future that we are building daily with the dynamic and committed attitude that is the makes Grupo Visabeira stand out and, as always, supported by a rigorous process of planning, control and evaluation, sustaining strategic decisions and daily management. This is the DNA of the Grupo ensuring continuous optimisation of available resources and the maximisation of the competences and capacities of the entire team, permanently oriented towards results.

GLOBAL

Telecommunications

Energy

Technology

Construction



TOURISM, REAL ESTATE AND SERVICES

Hotels

Restaurants

Shopping centre

Real estate

Services

**INDUSTRY**

Ceramics and crystal

Kitchens

Biofuels, thermal energy
and natural resources

Performing Innovation

Performing Telecommunications

Landline, mobile and wireless telecommunications engineering; specialised technical solutions and general infrastructures for telecommunications networks, transport, defence and security; television, internet and voice operations using cable and optical fibre.

Performing Energy

Installation, construction and maintenance of infrastructures and equipment related to electricity, gas and renewable energy sources, including solar, wind, cogeneration and biofuels; project and technical assistance.

Performing Technology

Solutions and services related to engineering, information and communication systems, mobility, innovation and georeferencing; integration of solutions; maintenance and technical service.

Performing Construction

Construction and civil engineering; design, construction development, construction and civil engineering; projects, construction, refurbishment and maintenance of buildings and infrastructures.

Global

VISABEIRA

Telecommunications

Constructel

Viatel

MJ Quinn

PDT

Modal

Gatel

TVCABO Angola

TVCABO Mozambique

Televisa

Comatel



Energy

Visabeira Infraestruturas

Constructel Energie

leme

Electrotec

Selfenergy



Technology

Aeroprotechnik

Real Life Technologies



Construction

Edivisa

Visacasa

Sogitel



Performing Industry



Performing Industry

Manufacture and marketing of porcelain (porcelain, earthenware, stoneware), crystal and glass, for the segments of tableware, giftware, decorative and hotelware segments; manufacture and marketing of multifunctional and customisable kitchen furniture; design and development of heating boilers and energy recovery systems and associated services; production of organic pellets / biomass; natural resources.

Indústria

VISABEIRA

Ceramics

Vista Alegre

Bordallo Pinheiro

Ria Stone

Cerutil



Crystal

Vista Alegre



Kitchens

Mob
Álamo



Natural resources

Granbeira

Biofuels and thermal energy

Pinewells
Ambitermo



Performing Tourism Real Estate Services



Performing Tourism

Operation of hotel units (hotels, resorts and lodges); restaurants; entertainment areas, leisure, wellness and sports complexes; hotel chain in Portugal and Mozambique, for leisure and business, including hotels in the congresses and meetings, tourism; charm, nature, sport, culture and history segments.

Performing Real Estate

Design, construction, commercialisation, mediation, maintenance and management of real estate projects; diversified portfolio of superior quality for the upper and middle-upper segments; residential, offices, commercial and tourist spaces, parks and other complementary areas; management and services.

Performing Services

Multiple offer of products and services or turnkey solutions; study, development and projects; specialised services in multi-sectors; assistance and consulting services.

Turismo Imobiliária Serviços

VISABEIRA

Hotels



Portugal

Montebelo Aguieira Lake
Resort & Spa

Montebelo Viseu
Congress Hotel

Montebelo Hotel Vista
Alegre Ílhavo

Parador Casa da Insua

Hotel Palácio dos Melos

Hotel Príncipe Perfeito



Mozambique

**Montebelo Girassol
Maputo Hotel**

**Montebelo Indy Maputo
Congress Hotel**

**Montebelo Gorongosa
Lodge & Safari**

**Nampula Hotel by
Montebelo**

**Lichinga Hotel by
Montebelo**

**Songo Hotel by
Montebelo**

Restaurants

Zambeze Restaurant

Forno da Mimi & Rodízio Real

Cervejaria Antártida

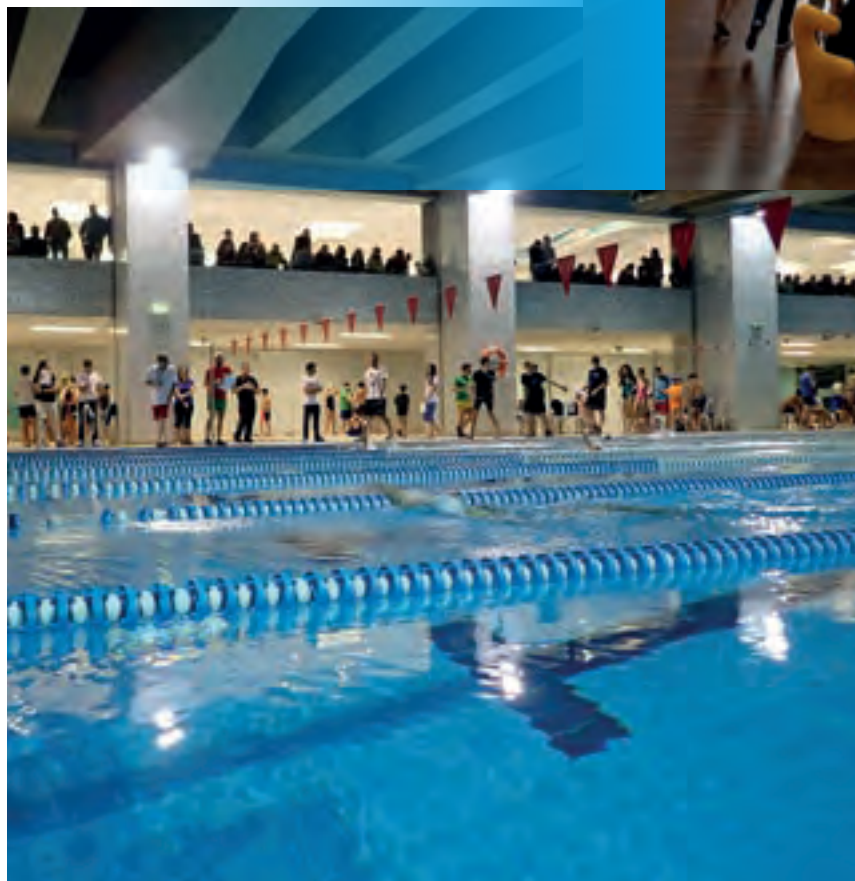
Rodízio do Gelo

Squisito Ristorante Italiano



Shopping centre

Palácio do Gelo Shopping



ForLife

Bar de Gelo Viseu

Real Estate

Moradias Aguieira

Quinta do Bosque

Quinta da Alagoa

Forum Residence

Villatrium

Moradias Vilabeira

Pateo Vera Cruz

**Parque Desportivo
de Aveiro**



Visabeirahouse

Imovisa

Edifício Nampula

Services

Fundação Visabeira

Benetrónica

Visauto

Mercury

Autovisa



Our brands

Many of Grupo Visabeira's brands have acquired national and international recognition whether associated with or independent from its reputation, but all of them benefit from the efficiency in communication that the Grupo has maintained over the years. This is the case of the insignia dating back to the nineteenth century, which gained new brilliance after bringing together its portfolio of companies, growing exponentially through global exposure. Grupo Visabeira is recognised for the importance it places in showcasing its brands and products, using the most varied types of printed and digital platforms, including a dynamic presence in social networks, integrated communications (press ads, mupis, billboards, websites, newsletters digital, merchandising, radio and TV spots), local points of sale and various editorial media (also available digitally), such as catalogues, brochures and even a magazine exploring a wide range of companies, ranging from culture to technology, designed to maintain sustainability within a globalised scope.

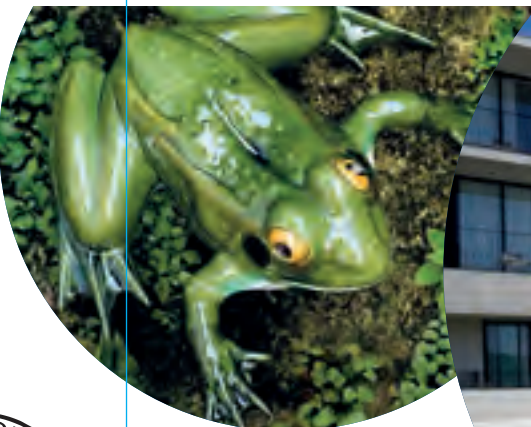
The continuity and accuracy of communication is a recurring concern of the Grupo, ensuring the reach and noteworthiness of its business segments in the most varied of markets. Obeying a complex but well-defined strategy for each target audience, Grupo Visabeira brands are positioned where and when they matter, through carefully thought out content, presented in the most attractive and effective way.


VISTA ALEGRE
1824



1824

1884

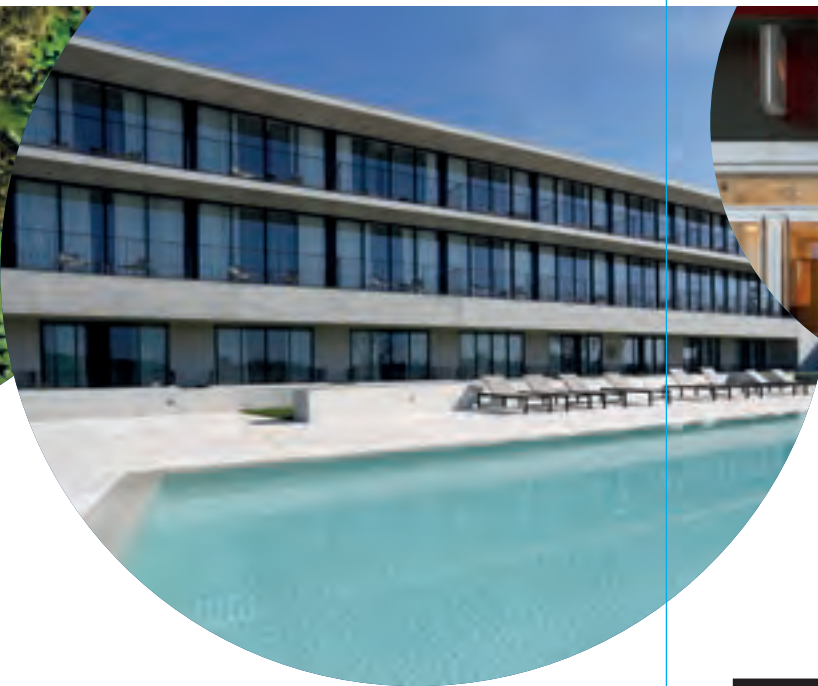


 **VISABEIRA**



1980

1988




MONTEBELO
HOTELS & RESORTS


mob
cozinhas





PALÁCIO DO GELO
SHOPPING



1996



CONSTRUCTEL



2002

2009

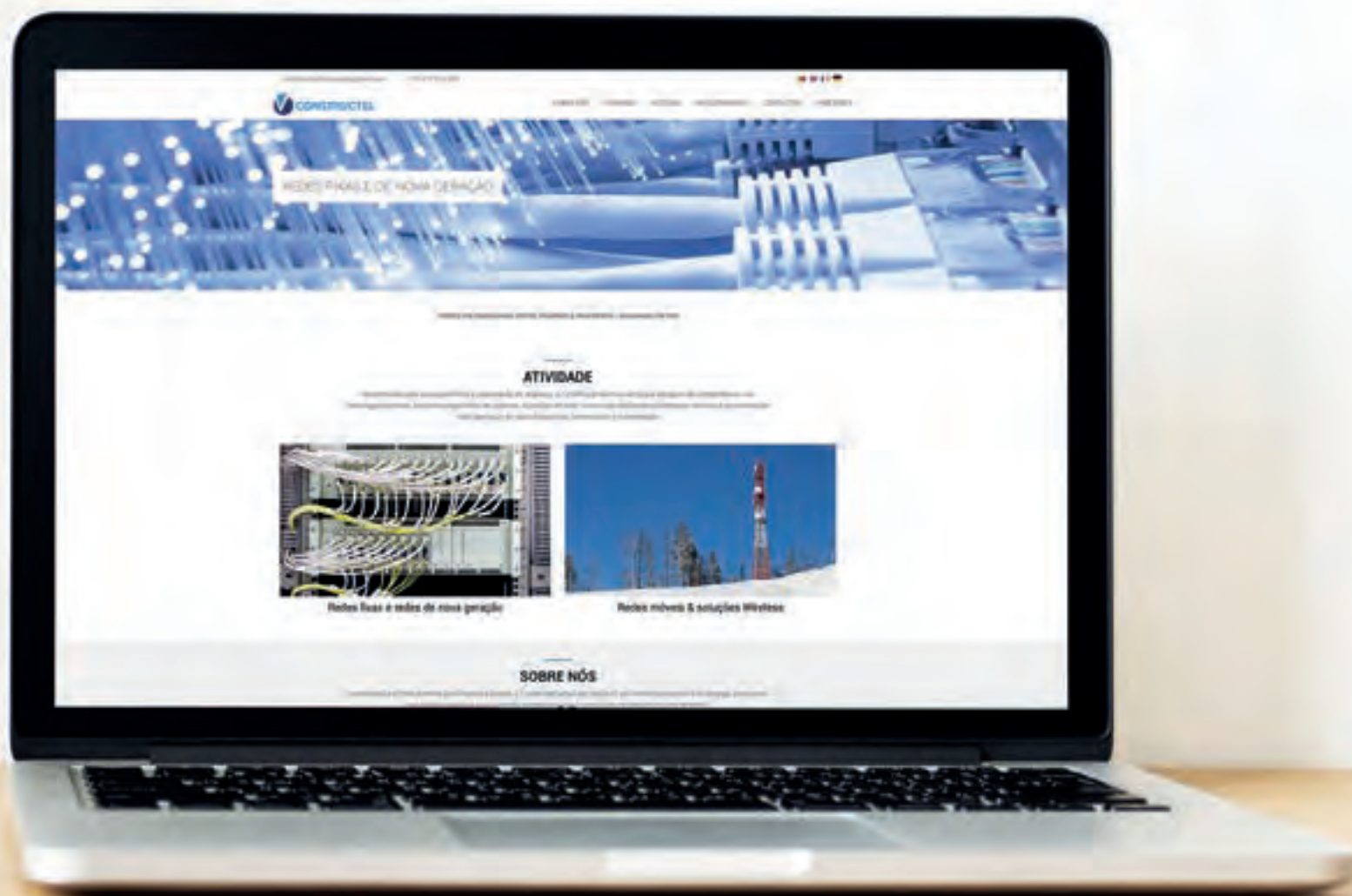


tv cabo




Pinewells

Milestones of the Brands





tv cabo



1.

Grupo Visabeira

tv cabo

ONDE TE VÊS DAQUI A

15 GIGAS?

Art Director by www.bangbang.agency

DIAMOND AWARD

MELHOR INTERNET DE MOÇAMBIQUE PELO 4º ANO CONSECUTIVO

*O vencedor é determinado anualmente por um júri de especialistas em tecnologia e comunicação.

OFERTA DE 15GB* + INSTALAÇÃO E CEDÊNCIA DE EQUIPAMENTO**

Vais regressar às aulas e dá-te seca esperar pelas últimas informações e novidades? Adere a um plano de Internet TVCABO e concretiza os teus sonhos mais rápido!

Campanha válida de 1 de Fevereiro a 31 de Março. Sabe mais numa loja TVCABO ou em www.tvcabo.mz

21 480 550
82 4800 | 84 4800
550 na rede TVCABO
apoio@tvcabo.co.mz
www.tvcabo.mz

tv cabo

PORTAL DO CLIENTE

ENTRA NA TVCABO SEM SAÍRES DE CASA

Art Director by www.bangbang.agency

CONSULTA TODOS OS TEUS SERVIÇOS

CONSULTA OS PONTOS DO TEU CARTÃO CLIENTE

FALA CONNOSCO

CONSULTA A TUA FACTURA

E MUITO MAIS!

Quando, onde e sempre que quiseres entra na TVCABO sem saíres de casa em portaldocliente.tvcabo.mz

21 480 550
82 4800 | 84 4800
550 na rede TVCABO
apoio@tvcabo.co.mz
www.tvcabo.mz



tvcabo

VIVE TODA A ALEGRIA DO DESPORTO

Viva a alegria e a paixão do desporto em qualquer lugar. Disponível em todas as regiões de Portugal. Ligue 118 para mais informações.
Ligue 118 para mais informações.

23 480 557
02 4800 1 84 4800
550 na rede TVCABO
aparelhos de recepção de TV
www.tvcabo.pt



MONTEBELO

HOTELS & RESORTS





**MONTEBELO
VISTA ALEGRE**
ILHAVO - HOTEL

DÊ MAIS COR ÀS SUAS EXPERIÊNCIAS.

Por entre a fascinante história de uma marca centenária, as praias de Aveiro ou os workshops de pintura em porcelana, encontre no Montebelo Vista Alegre novas formas de viver as suas férias, fazendo de cada dia uma descoberta.

 **GRUPO
VISABEIRA**

montebelohotels.com
— PORTUGAL · MOZAMBIQUE —







**UM AMOR
QUE SE
CONSERVA**

sardinha
by BORDALLO
PINHEIRO

PEDRO & INÊS
by palmeira Douceira

DESCUBRA A NOVA COLEÇÃO DE 80 SARDINHAS
BORDALLOPINHEIRO.COM

EGEAC





PALÁCIO DO GELO
SHOPPING




PALÁCIO DO GELO
SHOPPING

NATAL

CHEGADA DO PAI NATAL
17 DE NOVEMBRO ÀS 19H

palaciogelo.pt

 **VISEIRA**

Awards and distinctions

In 2018, the Year of Cultural Heritage, the **RegioStars of the European Commission**, in the "Public Choice" category, was won by the Vista Alegre complex, which includes the seventeenth-century Chapel, the new Museum, the Hotel, the Theatre and the Neighbourhood. This award recognises projects that value heritage, are original, innovative and inspire other regions and managers. The Portuguese government also acknowledged the value of recovering the historic site of Vista Alegre and its business, tourism and cultural dynamism, by awarding the **Tourist Merit Medal** - Silver.

The Palácio do Gelo Shopping won the prize **Portugal 5 Stars**, in the category Shopping Centres - Viseu Region.

In the awards **The Best of Portugal**, the "Responsibility and Social Solidarity Project" category, was awarded by AHRESP to the "The Day After" initiative to raise funds for the victims of the fires of 2017.

In another context, Viatel, in the Ice Palace, was awarded the best Meo store nationwide and Edvisa received the "RU-IS" - Intelligent and Sustainable Urban Rehabilitation" which is a symbol of trust and a reference for sustainability in the area of construction attributed by AICCOPN.

TVCabo Moçambique won the **PMR Africa Award** "Diamond" best internet service in Mozambique for the 4th consecutive year.

Constructel Denmark was recognised once again by Huawei, awarding it the prize for the projects developed in that Nordic country at a convention held in Prague, Czech Republic.

Vista Alegre continues to merit the confidence and preference of the Portuguese upon re-election for the ninth consecutive year as a **Superbrand** - Brand of Excellence. At the international level, the brand has won important design and innovation awards. The brand has won more than three dozen international design awards: **Winner German Design, Winner Iconic Awards, Winner Reddot, Winner Good Design Chicago**, among many others ...

Bordallo Pinheiro was also awarded a **German Design Award**, for the "Alcachofra" [Artichoke] line.

The Zambeze Restaurant was once again awarded with a "Garfo" [Fork] in the competition "Lisboa à Prova 2018", an initiative of the Lisbon City Council, Turismo de Lisboa and AHRESP.

Casa da Ínsua wines continue to win national and international awards. In 2018, it won three gold and one silver medal in the **International Wine Awards 2018** and another set of national medals that join the long list of awards of the time-honoured brand.

In a personal capacity, the category of "Best Director of F & B", within the **Xenios Awards 2018 - Excellence in Hospitality**, an initiative of the Association of Hotel Directors of Portugal was granted to Montebelo Vista Alegre Ílhavo Hotel and the legal team of the Grupo Visabeira won the **2018 Gold Awards** with the prize "Corporate Team - Portugal", promoted by Iberian Lawyer. The creative agency of the Grupo has won more than a dozen important awards and honours in the industry, most notably winning three Winner German Design Awards in the category **Excellent Communication Designs - Packaging**, with the packaging "Figurões", the sardine "Made By You" and the Vista Alegre packaging.

Winner

The Best in Portugal
Project of responsibility
and social solidarity



Audience Choice
RegioStars
European Commission

Silver
Tourist Merit Medal
Portuguese Government

Diamond
PMR Africa Award
Best internet service
in Mozambique.



Three gold and
one silver medals
**International Wine
Awards 2018**



Portugal 5 Stars
Shopping Centres Region
of Viseu

Winner
German Design Award
Packaging



"Garfo" [Fork]
Lisboa à Prova 2018
Lisbon City Council, Lisbon
Tourism and AHRESP

Cultural heritage

In the year celebrating Cultural Heritage, Grupo Visabeira takes particular delight in declaring its pride in the cultural heritage that it integrates into its activities, which, in itself, leverages tourism units, but is also an important testimony, generator of new dynamics and interactive catalyst for development in the industrial segment.

In this context, it is apt to recall the seventeenth-century Casa da Insua and its gardens, which for a decade has been a historic hotel, a true living museum, to which a thematic museum nucleus was added unique in the world, emphasising the connection with construction and the study of Brazil, which dates back to the first experiences during the time of the Marques de Pombal in the museological area, then still laboratories of curiosities, and the first botanical gardens.

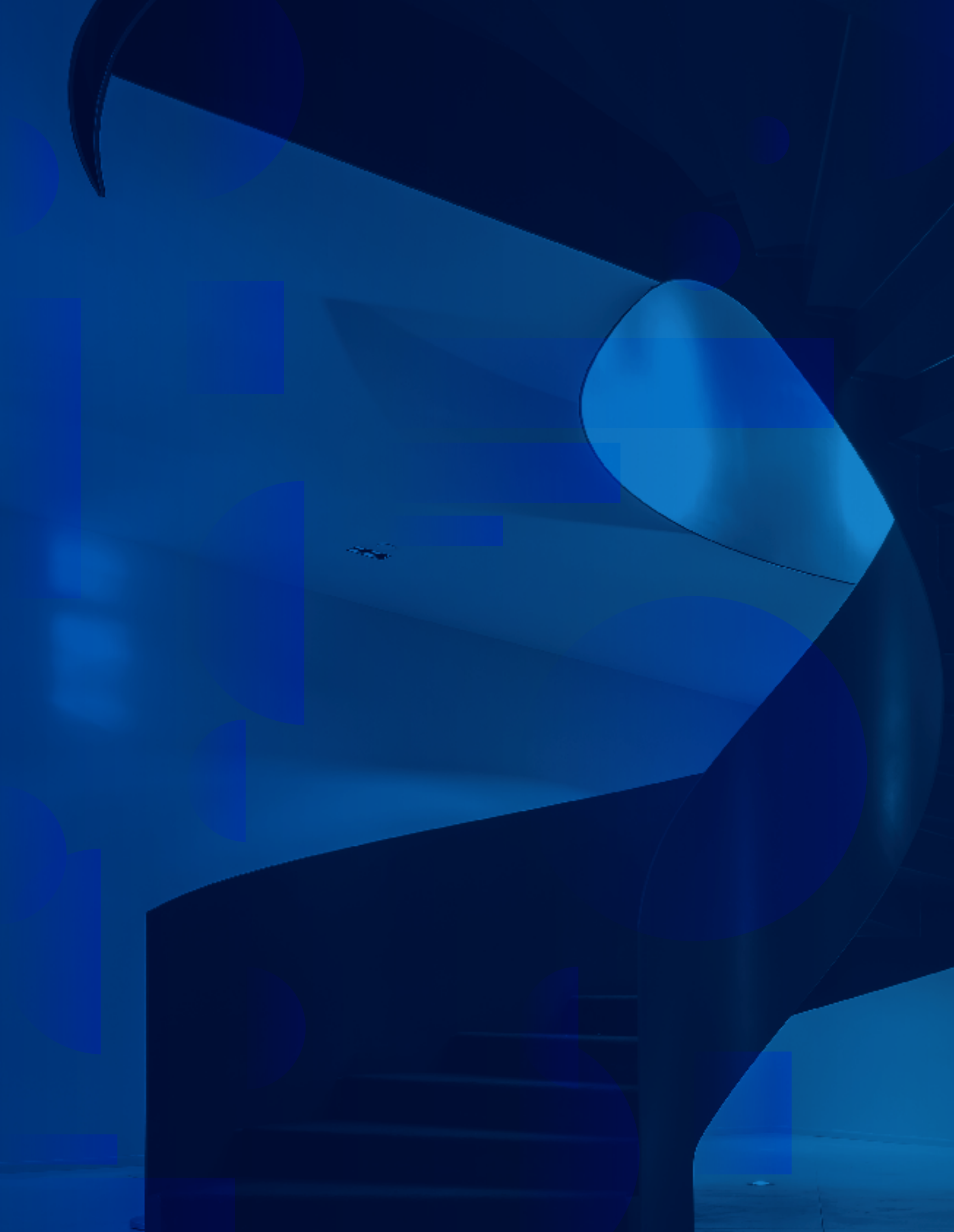
Also, the unforgettable Vista Alegre Museum, one of the oldest museums in the country, always associated with the porcelain factory, which has been the target of a continuous evolution for almost two centuries, and which now, after the 2016 renovation, provides one of the best offerings in the area of porcelain, branding and country history. We are even facing becoming a worldwide reference in this segment for the size and scope of its collection, but also for the whole in which it is inserted, which is part of the seventeenth-century chapel with its lapidary classified as a national monument. Additionally, the brand also offers the possibility of going into the crystal and glass theme, in its focus associated with the crystal factory.

Not forgetting also the Casa Museu San Raphael, a memorial to the start of the Fábrica de Faianças das Caldas da Rainha, created in 1884, and to the legacy and talent of Mestre Raphael Bordalo Pinheiro, beginning as a show of the diversified art of the Master, exhibited in the house of the family, then reorganised in 1984, and completely reformulated and transformed into a museum in the year 2015. We are faced with such a wide range of interests and appeals, ranging from painting, statues, tiles and wallpaper, to ceramics, glass, decorative arts, architecture, furniture, technology, sundials, religious and military art, and even the areas of botany, ethnology, hydraulics and industrial archaeology, not forgetting the important component of gastronomy, as if it were not also a much appreciated art.

These are just examples of the diversity of interests and approaches appealing to various audiences that will soon be extended with the new hotel unit in the Monastery of Alcobaça (World Heritage Site), the new hotel that will resurrect the Pavilions of the Park in Caldas da Rainha or the units that will be installed in the historic building in Chiado and Rua da Prata, noble areas of the capital.









2018 Overview



Message

Chairman of the Executive Committee

Nuno Miguel Rodrigues Terras Marques

The year 2018 will be remembered as an extremely positive year for Grupo Visabeira, not only due to the economic results achieved, highlighting the new historic highs of 745 million euros in consolidated turnover and 142 million euros in EBITDA, but also mainly because we strengthened our presence in all geographic markets where we operate, while extending our operation to new locations, among which the start of activity in the UK is especially worthy of mention. In this context, the Grupo's expansion strategy, which is very focused on the European market where in 2018 we exceeded 391 million euros, representing 53% of consolidated turnover, has been confirmed as the main lever for our strong international growth. Visabeira Global, in its main activities in telecommunications, energy and construction, has consolidated operations in numerous countries, primarily through Constructel, which is undoubtedly recognised nowadays as one of the main providers of telecommunications and energy network engineering services in Europe.

Constructel now has contracts in its portfolio that guarantee more than 2.5 billion euros of turnover over the next four years in the service delivery component alone. Constructel now has contracts in its portfolio that guarantee more than 2.5 billion euros of turnover over the next four years in the service delivery component alone. France, with key clients such as France Telecom (Orange), EDF (Électricité de France) and GDF (Gaz de France), has strengthened its position as the Grupo's main international market. In Belgium, Constructel has strengthened its link with Belgacom (Proximus) and operator VOO. In Germany, Constructel was chosen to be one of Deutsche Telekom's leading partners for the massive fibre-optic network construction project in that country.

Another of our successful bets has been Denmark, where Constructel was chosen by TDC (Tele Denmark Communications) to be one of the main service providers in the fibre optic network construction project in that country, making for yet another recognition of the capacity and the know-how that we have earned on the market. In Italy, it was also a year of growth with ENEL, incumbent operator dedicated to producing and distributing energy, and with ENEL Open Fibre, with a strong start in fibre optic networks. It should also be noted that in India our subsidiary Birla Visabeira has obtained the operator license and, at an early stage, has already built its own network of more than 3,500 kilometres of optical fibre, which has already been leased to operators such as Bharti Airtel and Vodafone Idea.

In the United Kingdom, Constructel made an important investment and acquired the English company MJ Quinn, a local leader in the telecommunications sector, in the installation and maintenance of customer networks, where

it operates for British Telecom. It is important to note that, with us, it has already secured important contracts for building a fibre optic network in that country, namely in the cities of Liverpool, Manchester and London, guaranteeing significant future growth.

In Portugal, we have strengthened our position as the largest provider of engineering and infrastructure services for telecommunication and energy networks for MEO, NOS, Vodafone, EDP, REN and Galp Gás Natural Distribuição.

On the African continent, despite the difficult economic environment, our TVCabo operations in Angola and Mozambique have continued to grow sustainably in terms of number of customers. Also worthy of note was the awarding of the multi-service license granted to TVCabo Angola, which enables it to be a quadriplay operator in the near future, integrating mobile phone service into its television, internet and fixed line portfolio.

Visabeira Global, with this dynamic, maintains the relevant position as the Grupo's main sub-holding, contributing almost 73% to the consolidated total and constituting one of the main catalysts of the strategy for internationalisation. Visabeira Indústria also achieved significant growth in 2018, reaching 141 million euros in turnover and an EBITDA of 25 million euros, now representing 19% of the total volume of the Grupo Visabeira and Grupo Vista Alegre being chiefly responsible for this performance.

We should also highlight the important investments we have made in the various production units of Vista Alegre, expanding factories, increasing their production capacity, technologically modernizing equipment and creating more and more innovation. These are structural investments that have boosted the company's future growth capacity and will leverage the brand in the dozens of markets where it is present.

In this context, it is worth highlighting expansion by 60% in production capacity at Ria Stone, to execute the contract with IKEA, guaranteeing full purchase of production, until the year 2026. With this investment, the unit increased its production to more than 50 million pieces per year in a scenario of even greater sustainability.

At Bordallo Pinheiro and Cerutil, companies that joined the Vista Alegre universe in the course of 2018, it is also worth noting the expansion in production capacity at both units, together with investment in the increase in automation of its production processes, conferring on those brands greater efficiency and added value.

Note also that suspending the process of public offering of shares of Vista Alegre was motivated by the very negative moment experienced by the world exchanges during that process. However, we must emphasize that this process was very important because, although the company was listed

53% of turnover generated
in the European market
across borders
(391 million euros)

2.5 billion euros
in contracts to accomplish in the next
four years in Europe, by Constructel

more than 30 years ago, it remained an illustrious unknown in the international capital market. The development of this process gave the brand greater notoriety and visibility, allowing the company to come to be known with numerous national and international institutional investors, who showed great interest and admiration for the recent success story of turnaround, promoting very positive future developments for Vista Alegre.

In Tourism, Real Estate and Services we reached 61 million euros, which represents more than 8% of total activity. In terms of tourism, we have renewed some of the concepts and spaces and we are working on new openings in the medium term, namely in Lisbon, Chiado and Rua da Prata, in the Alcobaça Monastery and in Caldas da Rainha and, added to that, in Mozambique, the Milibangalala resort in the Maputo Special Reserve. In the area of health, a note to underline the divestiture of the *Hospital de Nossa Senhora da Arrábida* and the *Residências Assistidas Porto Salus*, integrated in the strategy of rationalizing resources and attributing greater dedication and focus in the fundamental areas of Grupo Visabeira.

In this regard, I would also like to highlight the process of merging some of our companies with the objective of reorganizing the shareholding structure, making it more linear and efficient, in order to strengthen the economic and financial structures of each society. In this sense, we merged Visabeira Pro into Grupo Visabeira, passing on all the Grupo's shared services in order to be provided by Grupo Visabeira SA, as well as the Visabeira Turismo merge, which brought together Real Estate and Services activities in its portfolio.

Grupo Visabeira is now more robust and balanced, better prepared for future challenges.

Challenges are increasingly demanding, forcing us all to achieve much higher levels of professionalism, competence and dynamism. We need to be more and more rigorous in investment and more assertive in decisions, yet the good results we have been achieving show that we are clearly on the right path.

The year 2018 thus makes part of our history, due to the inescapable strengthening of the solid and sustained bases that guarantee to mark a new phase of strong growth for Grupo Visabeira in the next decade!

Results are achieved by people, and the Visabeira team continues unsurpassed in competence, resilience, dedication and delivery, so that their customers are always first and foremost in the ideology of the Visabeira brand. For this vast team of more than eleven thousand people, for all the partners that believe in us in this direction and for all the stakeholders, our grateful acknowledgment, along with engaged commitment so that in the future we will do more and better.

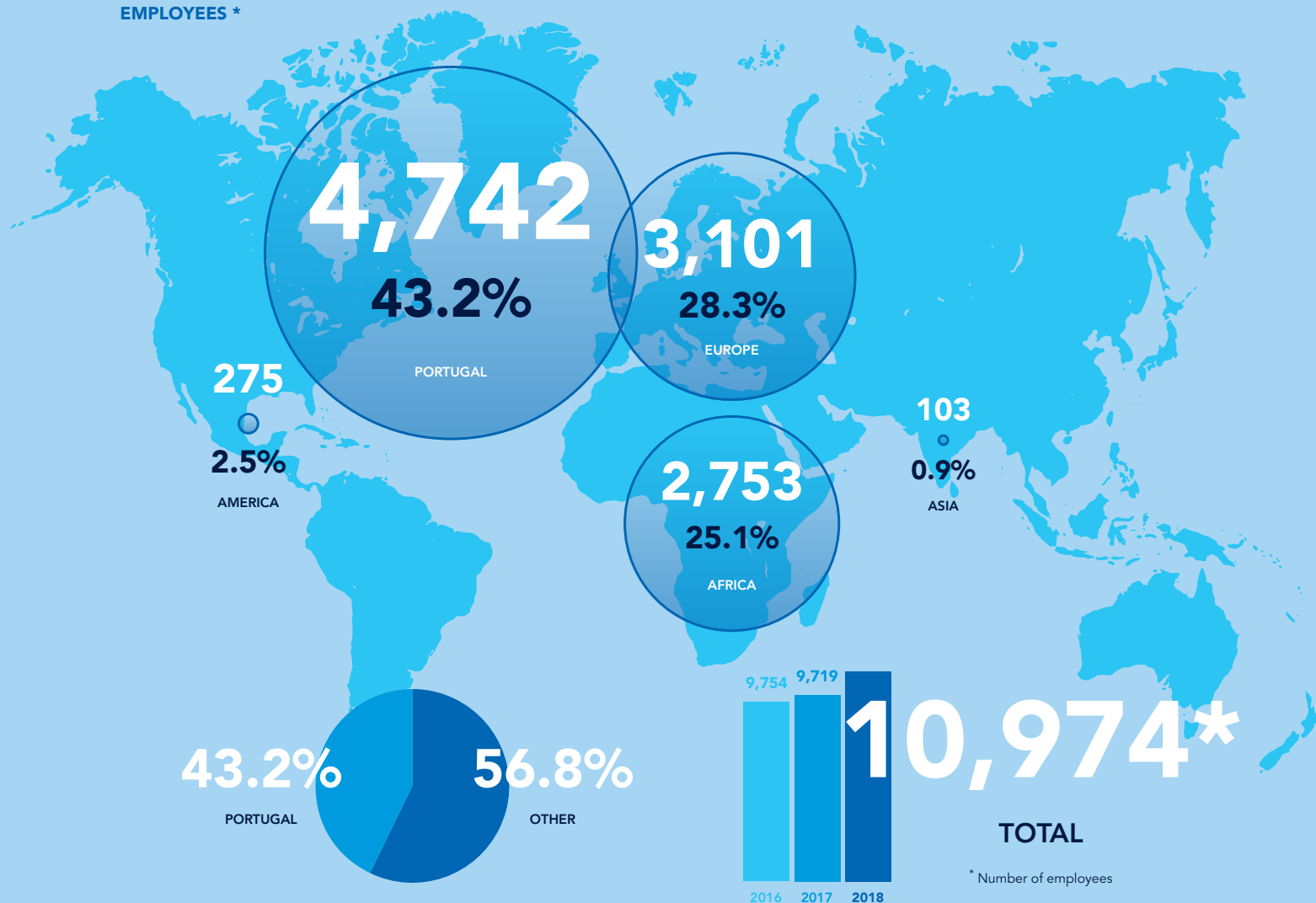


2018 in numbers



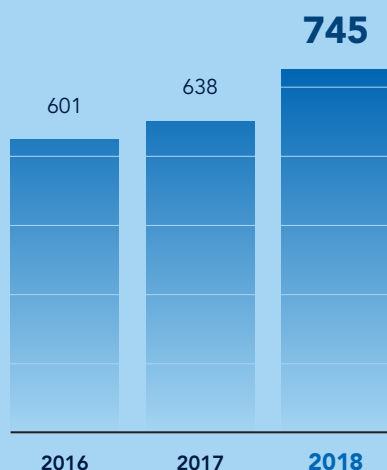
GRUPO VISABEIRA

EMPLOYEES *

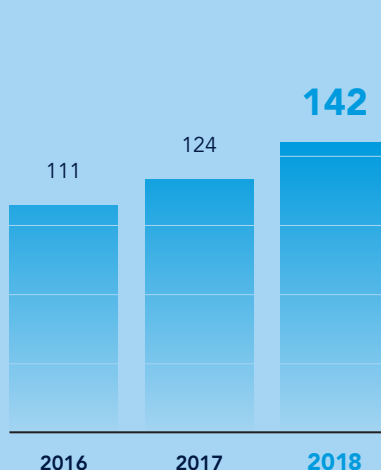


GRUPO VISABEIRA

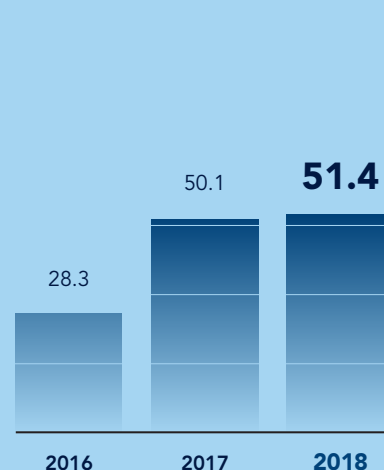
TURNOVER



EBITDA



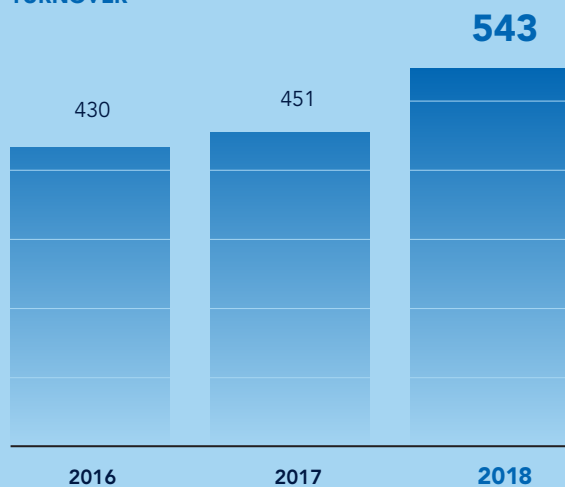
NET INCOME



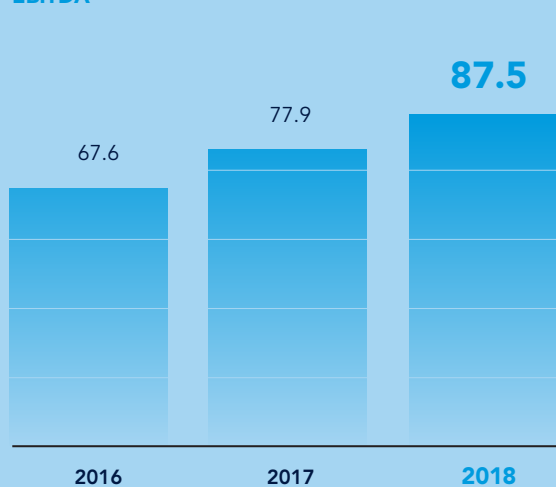
M€

VISABEIRA GLOBAL

TURNOVER



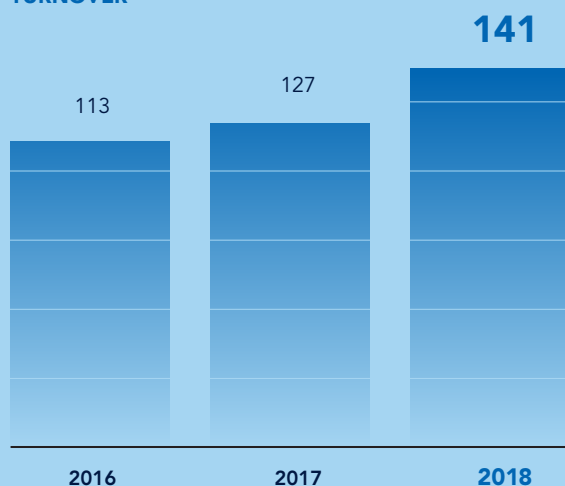
EBITDA



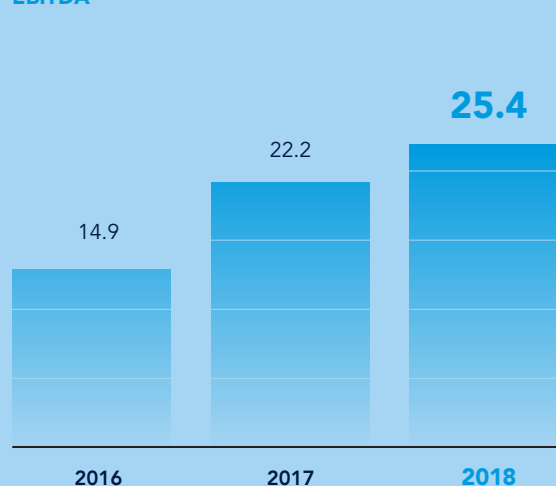
M€

VISABEIRA INDÚSTRIA

TURNOVER



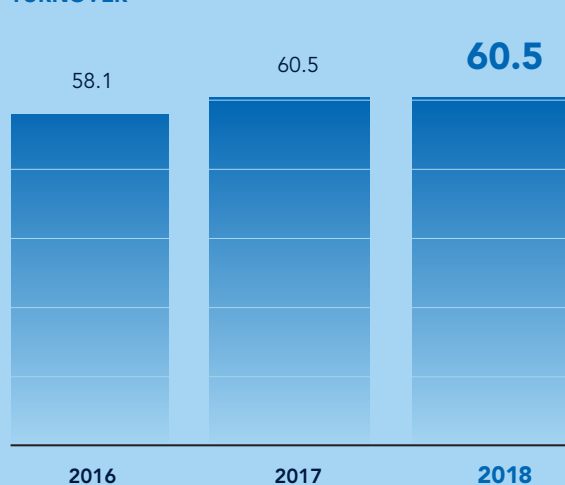
EBITDA



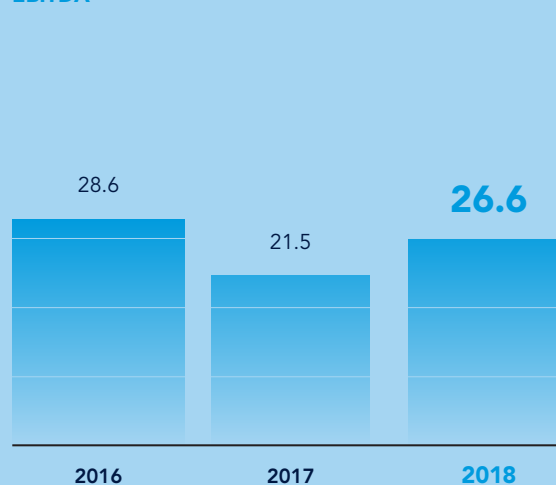
M€

VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS **

TURNOVER



EBITDA



** Does not include the company Grupo Visabeira S.A.

Shareholding structure

GRUPO VISABEIRA

99.45%

Fernando Campos Nunes
(NCFGEST, SGPS, S.A.)

0.55%

Other shareholders

VISABEIRA GLOBAL 100%

Europe

Portugal

Viatel	99.29%
PDT	99.29%
Visabeira	60.00%
Edivisa	100.00%
Real Life Technologies	65.00%
Naturenergia	100.00%
Visacasa	100.00%
Iutel	99.95%
Field Force Atlântico	100.00%
Aeroprotechnik	51.00%
PTC	99.29%
Beiragás	23.52% a)

France

Constructel	99.28%
Constructel Energie	94.46%
Escotel	99.28%
Gatel	99.28%
SCI Constructel	99.28%

United Kingdom

MJ Quinn	99.28%
Quinn Constructel	99.73%

Belgium

Modal Installation	59.57%
Constructel Modal	59.57%
Cabling Station	59.57%
Constructel Belgium	99.28%

Italy

Ieme	79.42%
Constructel Italia	99.64%

Germany

Constructel GmbH	99.46%
Constructel Bau	99.46%

Denmark

Constructel Denmark	99.73%
---------------------	--------

Sweden

Constructel Sweden	99.73%
--------------------	--------

Africa

Angola

TVCabo Angola	50.00%
Comatel	100.00%
Edivisa	100.00%
Vista Power	50.00% a)

Mozambique

TVCABO Mozambique	50.00%
Televisa	50.00%
Sogitel	90.00%
Real Life Mozambique	65.70%
Hidroafrica	96.34%
Selfenergy	79.60%
Real Life Academy	65.70%
Electrotec	49.00% a)

Asia

India

Bilra Visabeira	49.00% a)
-----------------	-----------

VISABEIRA INDÚSTRIA

100% ^{b)}

Europe

Portugal

Vista Alegre Atlantis SA	94.15%
Ria Stone	94.15%
Pinewells	100.00%
Ambitermo	51.00%
Cerutil	94.15%
Mob	97.77%
Bordalo Pinheiro	81.07%
Granbeira	98.75%
Bordalgest	94.15%
Vista Alegre I.L.	94.15%
Vista Alegre Atlantis SGPS	94.15%
Faianças da Capôa	94.15%
Cerexport	94.15%
Granbeira II	100.00%

France

Vista Alegre France	94.15%
Mob Cuisines	97.77%

Spain

Vista Alegre Atlantis Spain	94.15%
-----------------------------	--------

United Kingdom

Vista Alegre UK	94.15%
-----------------	--------

Africa

Angola

Alamo	100.00%
Visaconstro	99.95%

Mozambique

Celmoque	85.19%
Vista Alegre Atlantis Mozambique	94.15%
Agrovisa	100.00%
Marmonte	80.00%

Morocco

Ambitermo Marrocos	51.00%
--------------------	--------

America

Brazil

Vista Alegre Atlantis Brazil	84.66%
------------------------------	--------

United States of America

Vista Alegre Atlantis USA	94.15%
---------------------------	--------

Mexico

Mexicova	94.15%
----------	--------

Asia

India

Shree Sharda Vista Alegre	47.06%
---------------------------	--------

VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS

100%

Europe

Portugal

Movida	99.96%
Empreedimentos Montebelo	99.83%
Visabeira Imobiliária, SA	100.00%
Ifervisa	100.00%
VAA - Empreendimentos Turísticos	99.68%
Benetrónica	100.00%
Zambeze	50.00%
Mundicor	100.00%
Visabeira House	100.00%
Visabeira Saúde	100.00%
Visabeira Imobiliária, SGPS	100.00%
Visabeira Participações, SGPS	100.00%
Visabeira Creative Shots	100.00%
Vista Alegre Grupo	99.87%
Parque Desportivo de Aveiro	54.57%
Doutibelo	20.00% a)
Sem Amarras	20.00% a)

Spain

Visabeira España	99.53%
------------------	--------

Africa

Angola

Visauto	100.00%
Angovisa	70.00%
Mercury	100.00%
Catari Angola	50.00%
Visabeira Angola	99.90%
Ambitermo Angola	99.00%

Mozambique

Turvisa	100.00%
Mercury	100.00%
Imovisa	49.00%
Combustíveis do Songo	99.00%
Vibeiras Mozambique	64.43%
Visaqua	51.00%
Autovisa	80.00%
Visabeira Moçambique	100.00%
Inhambane	80.00%
Imobiliária Panorama	70.00%
Milibangalala	69.00%
Soginveste	70.00%
Zambeze Village	63.00%
Visa House	35.00%
Martifer Visabeira	50.00% a)

a) Consolidation process through the equity method

(1) 93.04% Grupo Visabeira + 6.96% Own Shares

Corporate bodies

Grupo Visabeira

BOARD OF DIRECTORS

CHAIRMAN

Fernando Campos Nunes

VICE-CHAIRMAN

Nuno Miguel Rodrigues Terras Marques

MEMBERS

João Manuel Pisco de Castro

Alexandra da Conceição Lopes

Paulo Jorge Lourenço Pires

António Jorge Xavier da Costa

EXECUTIVE COMMITTEE

CHAIRMAN

Nuno Miguel Rodrigues Terras Marques

MEMBERS

João Manuel Pisco de Castro

Alexandra da Conceição Lopes

Paulo Jorge Lourenço Pires

António Jorge Xavier da Costa

STATUTORY AUDITOR

CHAIRMAN

Alberto Henrique de Figueiredo Lopes

MEMBERS

Ricardo Jorge Pinto Dias

João Carlos Monteiro de Macedo

SUBSTITUTE-MEMBER

Manuel Marques da Costa Figueiredo

CHARTERED ACCOUNTANT

Rui Manuel da Cunha Vieira

Representing Ernst & Young, Audit & Associados
- SROC, S.A.

GENERAL MEETING

CHAIRMAN

Leopoldo de Sousa Camarinha

SECRETARY

Marta Albuquerque Santos



**FERNANDO
CAMPOS NUNES**

Chairman of the
Board of Directors



**NUNO MIGUEL
RODRIGUES TERRAS
MARQUES**

Vice-Chairman of the Board
of Directors and Chairman
of the Executive Committee



**JOÃO MANUEL
PISCO DE CASTRO**

Member of the Board
of Directors and Member
of the Executive Committee



**PAULO JORGE
LOURENÇO PIRES**

Member of the Board
of Directors and Member
of the Executive Committee



**ALEXANDRA DA
CONCEIÇÃO LOPES**

Member of the Board
of Directors and Member
of the Executive Committee



**ANTÓNIO JORGE
XAVIER DA COSTA**

Member of the Board
of Directors and Member
of the Executive Committee

Corporate bodies

Visabeira

Global

SGPS, S.A.

BOARD OF DIRECTORS

CHAIRMAN

João Manuel Pisco de Castro

VICE-CHAIRMAN

Nuno Miguel Rodrigues Terras Marques

MEMBERS

António José Monteiro Borges

Alexandra da Conceição Lopes

Jorge Manuel Ferreira Guimarães Sousa

José Paulo Gomes Tomás da Costa

António Carlos Ferreira Rocha Perpétua

Fernando Tenreiro Marques

EXECUTIVE COMMITTEE

CHAIRMAN

Nuno Miguel Rodrigues Terras Marques

VICE-CHAIRMAN

António José Monteiro Borges

MEMBERS

Alexandra da Conceição Lopes

Jorge Manuel Ferreira Guimarães Sousa

António Carlos Ferreira Rocha Perpétua

José Paulo Gomes Tomás da Costa

Fernando Tenreiro Marques

STATUTORY AUDITOR

Rui Manuel da Cunha Vieira
or **Sandra Sousa Amorim**

Representing Ernst & Young, Audit & Associados
- SROC, S.A.

Pedro Jorge Monteiro da Silva e Paiva
Substitute

GENERAL MEETING

CHAIRMAN

Leopoldo de Sousa Camarinha

SECRETARY

Marta Albuquerque Santos



**JOÃO MANUEL
PISCO DE CASTRO**

Chairman of the
Board of Directors



**NUNO MIGUEL
RODRIGUES
TERRAS MARQUES**

Vice-Chairman of the Board
of Directors and Chairman
of the Executive Committee



**ANTÓNIO JOSÉ
MONTEIRO BORGES**

Member of the Board
of Directors and
Vice-Chairman of the
Executive Committee



**JORGE MANUEL
FERREIRA
GUIMARÃES SOUSA**

Member of the Board
of Directors and Member
of the Executive Committee



**ANTÓNIO CARLOS
FERREIRA ROCHA
PERPÉTUA**

Member of the Board
of Directors and Member
of the Executive Committee



**ALEXANDRA DA
CONCEIÇÃO LOPES**

Member of the Board
of Directors and Member
of the Executive Committee



**JOSÉ PAULO GOMES
TOMÁS DA COSTA**

Member of the Board
of Directors and Member
of the Executive Committee



**FERNANDO TENREIRO
MARQUES**

Member of the Board
of Directors and Member
of the Executive Committee

Corporate bodies

Visabeira Indústria SGPS, S.A.

BOARD OF DIRECTORS

CHAIRMAN

Nuno Miguel Rodrigues Terras Marques

MEMBERS

Paulo Jorge Lourenço Pires

João Manuel Pisco de Castro

Alexandra da Conceição Lopes

Paulo Alexandre Rodrigues Ferraz

EXECUTIVE COMMITTEE

CHAIRMAN

Paulo Jorge Lourenço Pires

MEMBERS

Alexandra da Conceição Lopes

Paulo Alexandre Rodrigues Ferraz

STATUTORY AUDITOR

**Rui Manuel da Cunha Vieira
or Sandra Sousa Amorim**

Representing Ernst & Young, Audit & Associados
- SROC, S.A.

Pedro Jorge Monteiro da Silva e Paiva
Substitute

GENERAL MEETING

CHAIRMAN

Leopoldo de Sousa Camarinha

SECRETARY

Marta Albuquerque Santos



**NUNO MIGUEL
RODRIGUES
TERRAS MARQUES**

Chairman of the
Board of Directors



**PAULO JORGE
LOURENÇO PIRES**

Member of the Board
of Directors and Member
of the Executive Committee



**ALEXANDRA DA
CONCEIÇÃO LOPES**

Member of the Board
of Directors and Member
of the Executive Committee



**JOÃO MANUEL
PISCO DE CASTRO**

Member of the
Board of Directors



**PAULO ALEXANDRE
RODRIGUES FERRAZ**

Member of the Board
of Directors and Member
of the Executive Committee

Corporate bodies

Visabeira

Turismo, Imobiliária e Serviços

SGPS, S.A.

BOARD OF DIRECTORS

CHAIRMAN

João Manuel Pisco de Castro

MEMBERS

Jorge Manuel Esteves Costa

Alexandra da Conceição Lopes

Cristina Isabel Sousa Lopes

José Eduardo Arimateia Antunes

Paulo Alexandre Rodrigues Ferraz

STATUTORY AUDITOR

**Rui Manuel da Cunha Vieira
or Sandra Sousa Amorim**

Representing Ernst & Young, Audit & Associados
- SROC, S.A.

Pedro Jorge Monteiro da Silva e Paiva
Substitute

GENERAL MEETING

CHAIRMAN

Leopoldo de Sousa Camarinha

SECRETARY

Marta Albuquerque Santos



**JOÃO MANUEL
PISCO DE CASTRO**

Chairman of the
Board of Directors



**JORGE MANUEL
ESTEVES COSTA**

Member of the
Board of Directors



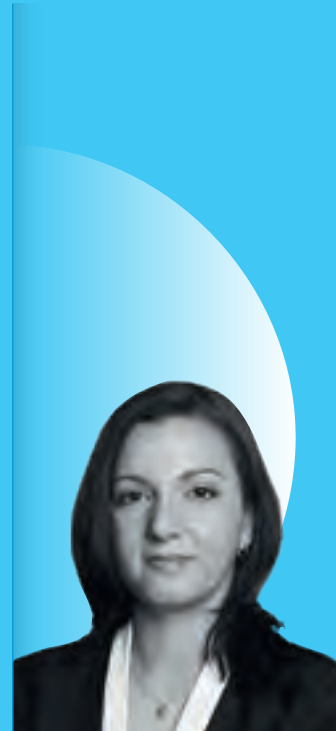
**CRISTINA ISABEL
SOUSA LOPES**

Member of the
Board of Directors



**PAULO ALEXANDRE
RODRIGUES FERRAZ**

Member of the
Board of Directors



**ALEXANDRA DA
CONCEIÇÃO LOPES**

Member of the
Board of Directors



**JOSÉ EDUARDO
ARIMATEIA ANTUNES**

Member of the
Board of Directors

Analysis of consolidated results

Macroeconomic background

The world economy has continued to expand at a robust pace, maintaining favourable conditions in the financial and labour markets and relatively high levels of confidence of economic operators in the leading advanced economies. Over the course of the year, some of the risks listed above were materialised, namely an increase in trade protectionism and pockets of financial turmoil in some of the most vulnerable emerging economies, in the context of the normalisation of monetary policy in the US and great risk aversion for international investors. The scenario of an expanding world economy is expected to continue, albeit at a more moderate pace, in regards to maturing of the economic cycle and gradually decreasing monetary policy and fiscal incentive in the main advanced economies, in line with expected recovery in emerging economies. The world GDP, which grew by 3.6% in 2018, is expected to slow to about 3.3% between 2019 and 2021.

In the Euro area, activity slowed in 2018 (from 2.5% to 1.9%), reflecting developments in the four largest economies in this area. Evolution is expected to decline gradually such that it will be 1.5% in 2021. The evolution of euro exchange rates in 2018 showed a tendency to appreciate currencies of the advanced economies, especially the US dollar, and depreciation in currencies of emerging market economies, with the exception of Chinese currency. This scenario resulted in an appreciation of the euro in nominal effective terms by 2.4% in 2018, with depreciation of 0.7% expected in 2019.

In Portugal, growth of the GDP, which stood at 2.1% in 2018, compared to 2.8% in 2017, is expected to continue to decelerate, with growth still at levels of 1.8% in 2019, 1.7% in 2020 and 1.6% in 2021.

In 2018, consumption rose by 2.5%, better performance than in 2017 when it reached 2.3%, and growth in this area is expected to slow down over the next few years, to a predicted 1.6 % for 2021. Investment grew by 5.6%, which is below the record of 2017 when it reached 9.2%.

Exports of goods and services, which were the component of global demand that contributed most to the recovery of the Portuguese economy, started in 2013, maintained good performance in 2018, growing 3.7%, a performance expected to continue until 2021, when projections of exports in real terms indicate that they will reach an increase of around 70%, compared to the level registered before the international financial crisis. As such, exports should show average annual growth of between 3.5% and 4%, reflecting a slowdown in comparison with the previously very strong growth rate, which in the year 2017 reached a maximum of 7.8%.

In the labour market, after a 2.2% increase in employment in 2018, employment is projected to continue to grow in the coming years, albeit at a progressively slower pace than in the previous period. Gradual deceleration is expected to reach 0.4% in 2021, with an annual average growth of 0.8% over the period 2019-21. This growth in employment essentially reflects positive developments in the private sector.

Increase in productivity will be the crucial factor for further growth of the Portuguese economy. The projected evolution of the GDP and employment is expected to lead to a growth in this important indicator which is expected to show moderate growth in the period 2019-21, a very positive scenario which has to be highlighted after a nearly zero change in 2018 and negative changes in the period 2014-2017.

Key economic indicators

Annual rate of change (%)

%

FORECASTS

WORLDWIDE

2018

2017

International background

World GDP	3.6	3.6
GDP in the euro area	1.9	2.5
World trade	4.7	5.2
Euro-denominated oil prices	60.9	48.2

Monetary and financial conditions

Short-term interest rate (three-month Euribor)	-0.3	-0.3
Implicit interest rate on public debt	2.9	3.1
Euro/dollar exchange rate	1.2	1.1

Source: Eurosistema, Banco de Portugal

PORTUGAL

2018

2017

Gross Domestic Product	2.1	2.8
Domestic Demand	2.4	3.0
Gross Fixed Capital Formation	3.9	9.2
Unemployment Rate	6.2	7.0
Consumer price index	1.4	1.4

Source: Eurosistema, Banco de Portugal

Grupo Visabeira

745 M€
Turnover

M€

Consolidated indicators

	2018	2017	YoY Changes
Turnover	745	638	17%
EBITDA	142	124	15%
EBITDA Margin	19.0%	19.4%	-0.3 pp
Recurring operating income*	99.7	83.7	19%
Operating margin	13.4%	13.1%	0.3 pp
Net income	51.4	50.1	3%
Net investment	89.3	-4.7	1997%
Debt	707	657	8%
Inventories	110	128	-14%
Fixed assets (including investment properties and goodwill)	1,115	1,009	11%

* Operating income excluding the effect of changes in the fair value of investment properties and provisions.

M€ Turnover**M€ % EBITDA and Margin**

Results

Grupo Visabeira continued to exceed historical highs in 2018 in the main economic indicators, ending the year with a consolidated turnover of 745 million euros, a 16.8% increase over the previous year, and an EBITDA of 142 million, an increase of 14.8% over the same period a year earlier. In line with this growth, operating income amounted to 111 million euros, an increase over the year 2017, which stood at 81 million euros, an increase of 36.3%. The net result stood at 51.4 million euros, 2.6% higher than in 2017.

In external markets, Grupo Visabeira strengthened its main strategy of growth in its core activities - providing telecommunications, electricity and gas services to key operators and reinforcing their position in these markets. In 2018, the turnover of the foreign markets represented 68%, an increase of 4 p.p. over 2017.

The European market is increasingly important for the Grupo, as non-domestic turnover in Europe has increased by 47% to reach 391 million euros in 2018. The main countries in this market are France (52.8%), the United Kingdom (17.0%), Belgium (8.9%) and Italy (7.2%). Grupo Visabeira, through Constructel, has acquired MJ Quinn to strengthen its presence in new countries in the European market, a company that has been operating in the telecommunications sector in the UK for more than 30 years. Considering 12-month activity of MJ Quinn in the consolidated results in Europe, Grupo Visabeira would have a turnover of 434 million euros, an increase of 43.1 million euros, and an EBITDA of 48.7 million euros, an increase of 4.2 million euros.

In the African market, in 2018, Angola and Mozambique accounted for 102 million euros of total Grupo Visabeira turnover, even though the business in Angola was affected

by strong devaluation of the kwanza against the euro. If such currency devaluation had not occurred, turnover would have reached 791 million euros, representing a growth of 23.9% over the previous year.

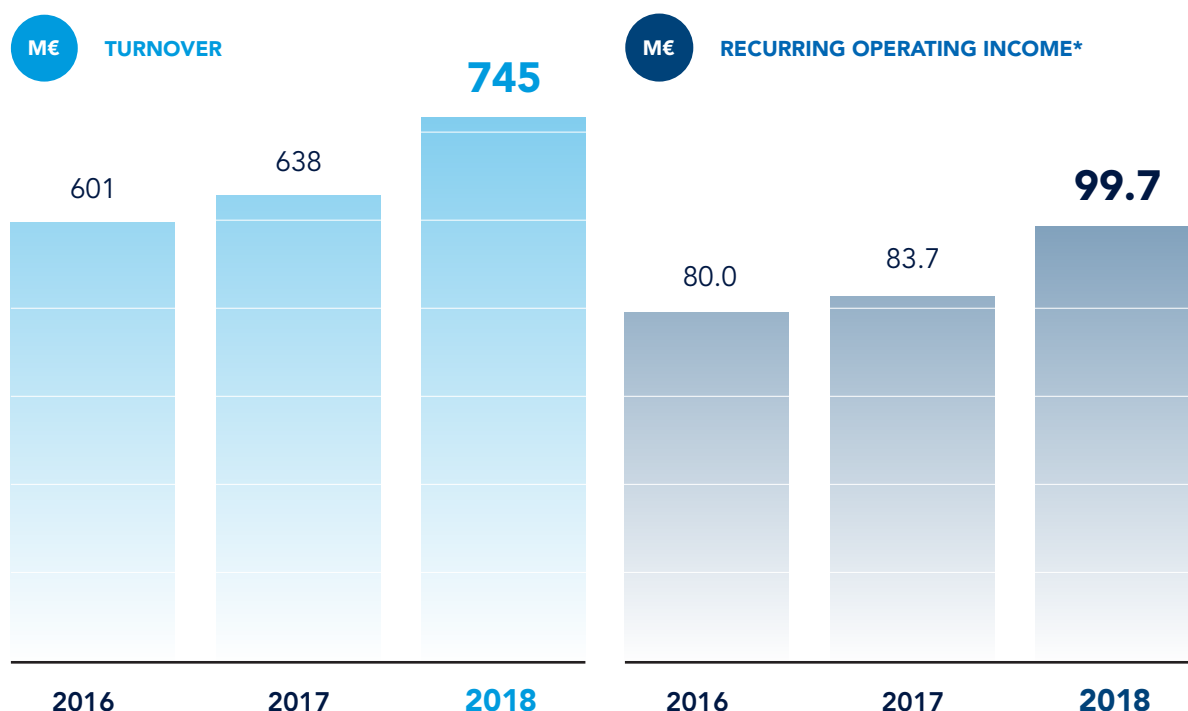
Visabeira Global recorded a turnover of 543 million euros and an EBITDA of 87.5 million euros. Thus, it remains the most important business area in Grupo Visabeira, accounting for 72.8% of turnover and 61.7% of EBITDA. Compared to the same period of the previous year, EBITDA increased by 20.5% and EBITDA by 12.4% in 2018, demonstrating good operating performance in the telecommunication engineering services business, electricity and gas at both the national and international level, as well as in its own cable television operations in Angola and Mozambique.

Visabeira Indústria reached 141 million euros, representing an increase of 10.7% over 2017, contributing 18.9% to the consolidated turnover of Grupo Visabeira. EBITDA rose to 25.4 million euros, a growth of 14.3% over 2017. The EBITDA margin showed positive development, from 17.5% in 2017 to 18.1%. The net result in 2018 more than tripled the result of the same period in the previous year, from 2.1 million euros to 6.9 million.

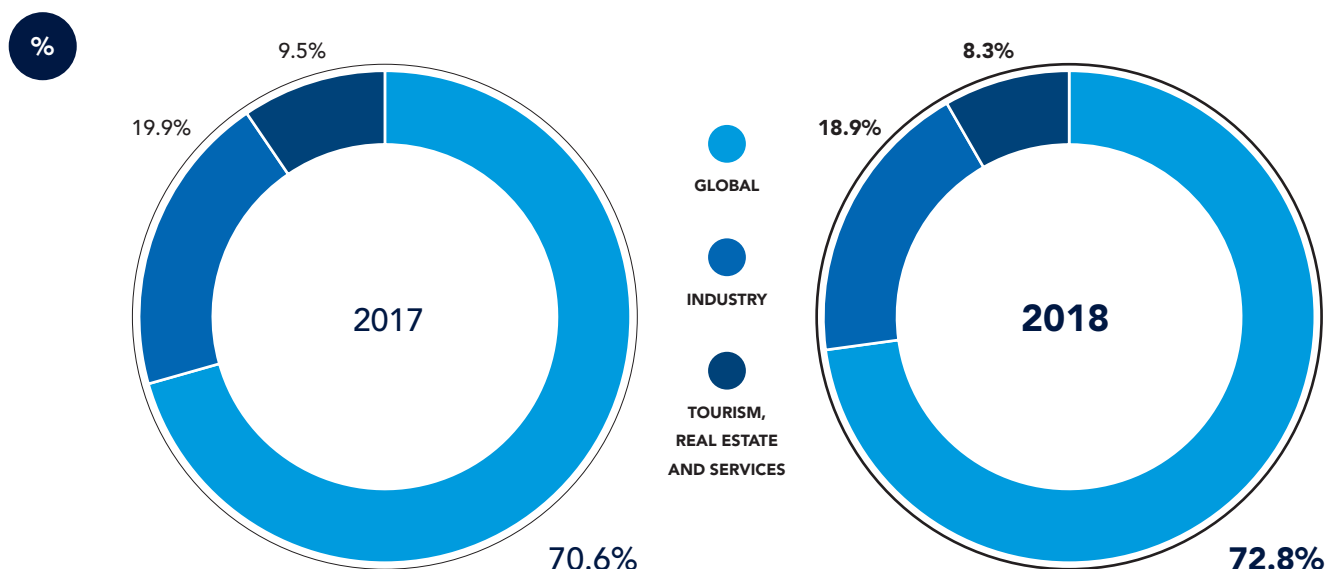
Particularly noteworthy was Vista Alegre, which reached a turnover of 99 million euros, representing an increase of around 17% over the same period last year, with adjusted net income continuing to grow positively, with a growth of 85% compared to 2017, reaching 7.8 million euros.

Visabeira Turismo, Imobiliária e Serviços recorded a turnover of 62 million euros (including Grupo Visabeira SA), representing about 8.3% of the Grupo's total turnover. EBITDA in this area stood at 28.9 million euros in 2018 versus 23.4 million euros in 2017, a 22.9% increase.

GRUPO VISABEIRA



TURNOVER BY BUSINESS AREA



AVERAGE ANNUAL GROWTH

%

	2008 / 2018	2017 / 2018
Aggregate turnover – 888 million euros	6%	15%
Consolidated turnover – 745 million euros	8%	17%
Foreign markets -64%	4.0 pp	0.4 pp
EBITDA – 142 million euros	11%	15%
EBITDA Margin – 19%	0.4 pp	-0.3 pp
Productivity – 30 thousand euros	6%	1%
Average number of employees – 10,974	10%	14%

Balance Sheet

In 2018, the Grupo's assets increased to 1.695 million euros, despite the strong depreciation of the kwanza against the euro, which had a very significant negative impact on assets held by companies in Angola.

It is worth mentioning various strategic investments in the Global area, for the expansion of international activity, namely through the acquisition of the company MJ Quinn, and in the area of Industry, which will allow for increased sales, improved productivity and operational efficiency, enabling Grupo Visabeira to achieve higher levels of profitability and, consequently, better results.

In 2018, non-current assets accounted for more than 73% of total assets.

During the year, investment in tangible fixed assets amounted to 77.1 million euros, in which investments made by Grupo Vista Alegre stood at around 34.7 million euros, aimed at expanding and refurbishing its facilities, focussing on improving processes and developing new products. Also noteworthy are the investments in Angola and Mozambique by TVCabo Angola and TVCabo Moçambique, at 8.6 million euros and 3.5 million euros, respectively, which were made

to expand network coverage of those operators.

It is important to mention the financial investment for acquiring the subsidiary MJ Quinn, a company that provides network engineering services, being a preferred partner of British Telecom. This acquisition enabled the Grupo to strengthen its position in the UK market. This change in the consolidation perimeter generated an increase of 53.1 million euros in goodwill in 2018.

Investment properties amounted to 445 million euros, an increase of 114 million euros as a result of the accounting reclassification and consequent valuation of assets for income and / or sale.

This reclassification stems from the Grupo's strategic focus on growth in its core - Visabeira Global and Visabeira Indústria - and grouping into a single sub-holding in the Tourism, Real Estate and Services areas, with a view to synergies in the disposal of assets.

Grupo Visabeira, in accordance with its strategy of disinvestment of non-core activities, proceed to divestiture of its holding in Porto Salus and Hospital Nossa Senhora da Arrábida, resulting in a divestment of 22.8 million euros.

During the 2018 financial year, Grupo Visabeira also sold 1 million shares held in Pharol. The disposal of these shares, coupled with the devaluation of its price, in line with the scenarios encountered in most of the world stock markets, contributed to the decrease of financial assets recorded at fair value as comprehensive income.

The Grupo's equity, including minority interests, improved by 2.7% in 2018 and was penalised by currency conversion and hyperinflation reserves in Angola, which had a negative impact of around 58.9 million euros, due to the devaluation of the kwanza. In addition, the change

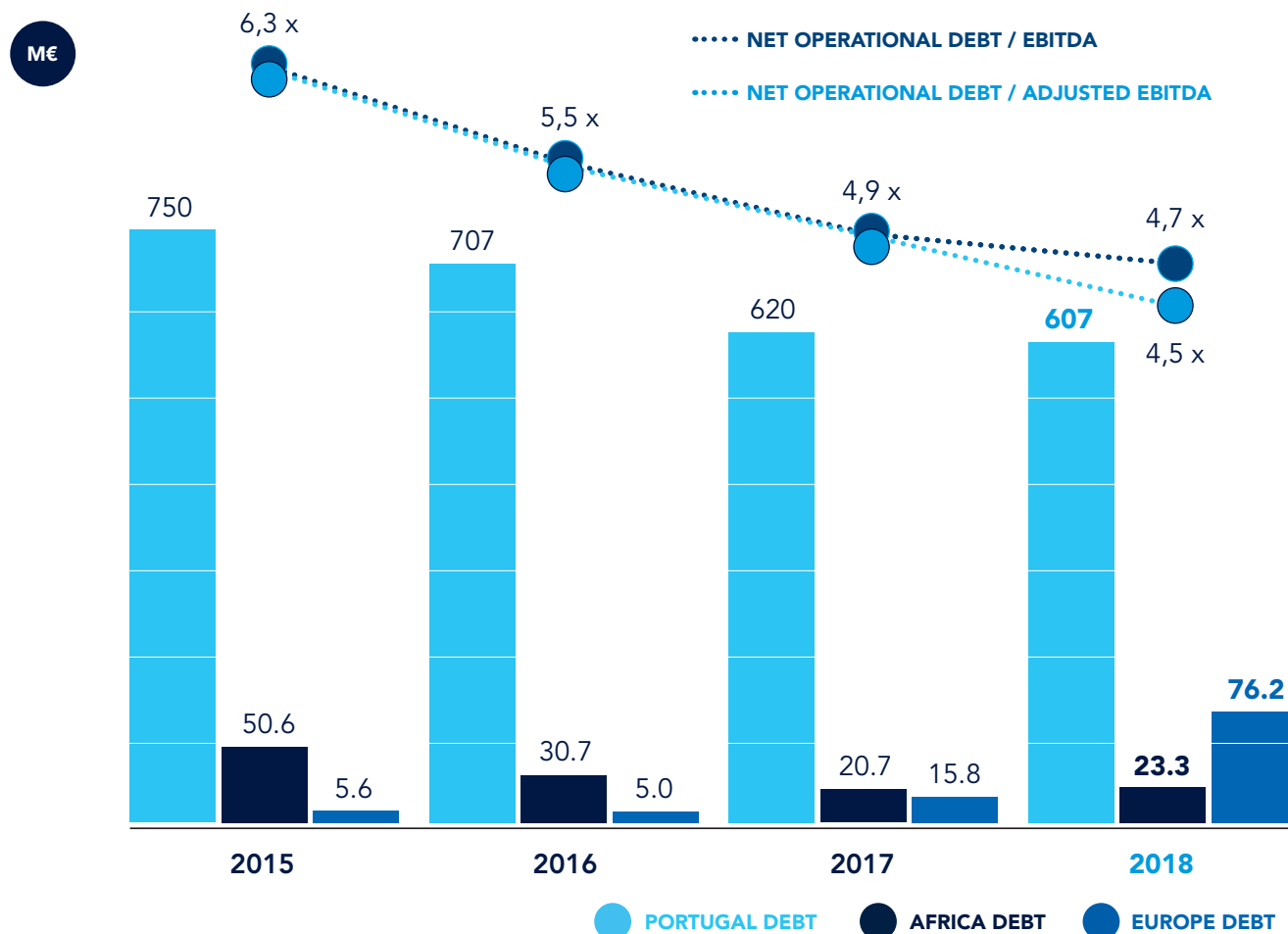
in the net fair value of assets transferred to investment properties had a direct positive capital impact of 50.3 million euros. Thus, the ratio of financial autonomy was set at 22.6%.

Despite the increase in financial debt of 49.6 million euros due to Constructel contracting a bond loan in France during 2018 to strengthen positioning in Europe through acquisitions of companies, as was the case of MJ Quinn in the United Kingdom, highlighted the ratio of Net Operating Debt / EBITDA to 4.5x, considering MJ Quinn's 12-month EBITDA activity, down 0.4x from 2017.

CONSOLIDATED AMOUNTS

M€	2018	2017
Total debt	707	657
Cash and cash equivalents	-41.1	-46.0
Available-for-sale financial assets	-2.5	-4.0
Total net operating debt	663	607
EBITDA	142	124
Net operational debt / EBITDA	4.7 x	4.9 x
Adjusted EBITDA (effect 12 months MJ Quinn)	146	
Net operational debt / Adjusted EBITDA	4.5 x	

NET OPERATING DEBT / EBITDA



PALÁCIO DO GELO SHOPPING

A shopping centre that combines, in a single building, complementary facilities in the sports, health, entertainment, trade and services areas.



Investments

Investments made in the domestic market totalled 49 million euros, of which 11% were in the Visabeira Global sub-holding, 73% in the Visabeira Indústria sub-holding and 16% in the Visabeira Turismo, Imobiliária e Serviços sub-holding. During the year 2018, the most relevant investments in Visabeira Global sub-holding were made by Viatel and Edivisa. Investments made by these two companies account for almost 70% of investments made by companies of this sub-holding in Portugal and are essentially related to equipment and assets adapted to the specific needs of each company and its activities.

At Viatel, the investment made, which represents almost 50% of the investment of this sub-holding, is mainly related to investment in the car fleet and transport equipment.

Edivisa invested about 1 million euros, in which half of this amount is related to industrial equipment.

Visabeira Indústria's investment includes Vista Alegre, with an investment of 34.7 million euros, an amount that represents 98% of the investment made in Industry, an amount destined mainly for modernising Vista Alegre, Bordallo Pinheiro and Cerutil and also in expanding facilities and increasing production capacity of Ria Stone.

The following investments are highlighted, by segment:

- Stoneware tableware: 15.9 million euros
- Earthenware: 7.1 million euros
- Crystal: 4.9 million euros
- Stoneware oven to tableware: 4 million euros
- Porcelain: 2.8 million euros

These investments have as main objective the increase of innovation in the company as their first objective, optimising production processes and increasing range of offerings as well as product quality.

Regarding Visabeira Turismo, Imobiliária e Serviços, the main investments were made by Empreendimentos Turísticos Montebelo and by VAA – Empreendimentos Turísticos, in the amount of 3.7 million euros and 3 million euros respectively, essentially for redeveloping and improving spaces as well as for new hotels and restaurant spaces.

In the company Empreendimentos Turísticos Montebelo, reconstruction work on the Golf Course and in Agueira, both projects that were victims of the fires of October 16, 2017 stand out.

In VAA - Empreendimentos Turísticos, the largest investment (2.4 million euros) concerns the expansion of the hotel offering in the Aldeamento VAA (Bairro Operário [workers' neighbourhood]).

PORTUGAL

€

	Amount	Investment
Visabeira Global		
Viatel	2,500,078	Vehicles and equipment
Edivisa	995,209	Vehicles and equipment
PDT	571,242	Vehicles and software
Real Life	513,676	Equipment
Visabeira	477,514	Vehicles and equipment
Visabeira Indústria		
Vista Alegre Atlantis	34,693,500	Expansions, remodelling and equipment
Pinewells	477,703	Equipment
Mob	96,844	Equipment
Ambitermo	79,188	Equipment
Visabeira Turismo		
Empreendimentos Montebelo	3,698,948	Re-construction, rehabilitation and improvement of spaces. New hotels
VAA Empreendimentos Turísticos	2,978,060	Aldeamento VAA (Vista Alegre workers' quarter)
Movida	898,517	Residências assistidas / Cogeração
PDA	263,468	Ongoing work
Other Companies	746,233	
TOTAL	48,990,180	

Investment in foreign markets was mainly concentrated in the main countries where Grupo Visabeira is present, namely Angola, which accounted for 39% (10.6 million euros), Mozambique, with 28% (7.8 million euros) and France, representing 20% (5.6 million euros).

In the Angolan market, it is important to mention TVCabo Angola with an investment of 8.6 million euros (around 81%). Investments should be pointed out, namely, 6.1 million euros in building the network and of 2.5 million euros in equipment. The company, in accordance with its strategic alignment, has opted for expanding its geographic area of intervention by investing in network construction in areas with the highest urban growth, namely in Luanda, the largely preferred growth zone, but also in other locations such as Benguela, Lubango, Huambo, Sequele, Kilamba-Kiaxe and Zango.

In the Mozambican market, the most relevant investments were made by TVCabo, Turvisa and Imovisa, with 3.5 million euros, 3.0 million euros and 1.2 million euros, respectively. In TVCabo's investment in Mozambique, network construction is worth mentioning, with an investment of 1.9 million euros for expansion in the areas of Maputo, Beira, Nampula, Tete and Pemba, and 0.9 million euros in equipment.

In Turvisa the highlight is the Girassol Songo project (phase 2), with an investment of 1.3 million euros and also the venture Girassol Lichinga, with 0.3 million euros. Also in 2018, Turvisa began operation in the enlarged part of

the Montebelo Girassol Maputo project, having invested approximately 0.4 million euros in this venture.

In the French market, investment was essentially carried out by Constructel, at around € 4.9 million (88% of the investment in France), with 3 million euros allotted to vehicles and transport equipment, 0.8 million euros for tools and kits, 0.5 million euros for software licenses and 0.2 million euros for remodelling shipyards.

Constructel Energie, also in France, invested 0.6 million euros in vehicles and transport equipment.

In Belgium, investment was some 0.5 million euros, with the most significant amount of 0.2 million euros allocated for purchasing vehicles and transport equipment.

Investment in Germany carried out by Constructel GmbH was 2.4 million euros, namely 1.9 million euros in vehicles and transport equipment and 0.4 million euros in equipment.

Financial investments

Grupo Visabeira, reinforcing growth in its strategic markets and geographical expansion of its activity, acquired and set up several companies during 2018. Constructel France acquired a 100% stake in MJ Quinn, Ltd in England and also formed Escotel, SASU in France with the objective of expanding the telecommunications area and strengthening its presence in Europe.

INTERNATIONAL



	Amount	Investment
Mozambique		
TVCabo	3,535,715	Network construction and expansion
Turvisa	2,957,409	Expansion, remodelling and rebuilding several hotels
Imovisa	1,224,356	Expansion of the Montebelo Girassol Hotel
Other	101,468	
Angola		
TVCabo Angola	8,583,360	Network construction and expansion
Comatel	1,537,236	Equipment
Visabeira Angola	320,969	Store at Zenith Towers Condominium
Other	175,971	
France		
Constructel	4,933,051	Vehicles and equipment
Constructel Energie	600,009	Vehicles and equipment
Gatel	98,817	Vehicles and equipment
Belgium		
Constructel Belgium	295,229	Vehicles and equipment
Modal	89,866	Equipment
Other	53,777	Equipment
Germany		
Constructel GmbH	2,380,872	Vehicles and equipment
Other countries	1,235,958	
TOTAL	28,124,062	

Risk factors

Grupo Visabeira's control matrix always prioritises its exposure to a diverse set of risks arising from its different business areas; therefore, it assumes as priority the credit risk management and the protection of its cash flows, recognising, in this context, the importance of credit insurance as an essential instrument, both in foreign and domestic markets.

In this context, it has always assumed the importance of adopting active management of the different financial risks, with a view to minimizing its potential negative impacts on company cash flow, results and value. Therefore, keeping the paramount importance of this matter always in sight, Grupo Visabeira promotes rigorous and proactive management of these risks, being constantly vigilant and formulating the most adequate coverage measures for each situation.

In this context, Grupo Visabeira is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and a posture that tries to jeopardise its strategic objectives.

Interest Rate Risks

In Grupo Visabeira, the exposure to interest rate risk arises mainly from loans obtained, since financial investments are usually short-term investments and loans granted to its subsidiaries are mostly remunerated at a fixed rate. Consequently, impacts arising from changes in interest rates do not materially affect the accounts.

The balance of the consolidated financial debt of Grupo Visabeira by the end of December 2018 was contracted, for the most part, at the indexed interest rate, and the main indexing factor was the Euribor rate at the different maturities for domestic financing, and the Libor rate for

loans in dollars, mostly granted to foreign companies. In order to reduce the risk of interest rate fluctuation in 2018, the Grupo issued a fixed rate debt loan of 55 million euros. In Mozambique, fixed interest rates were renegotiated for a period of roughly one year, after which they will return to the variable rate indexed at the prime rate of the Mozambican financial system.

On the date of the balance sheet, Grupo Visabeira has open positions classified as hedging instruments associated with this index for 2.2 million euros, contracted in 2015 with a mark-to-market value of -29 thousand euros.

Company	Description	Amount covered	Type of operation	Average maturity	Economic goal
Naturenergia, SA	Swap Euribor 3M	2,246,051	Interest Rate Swap	8 years	Eliminate interest rate risk in financing

The fair value of all these derivative financial instruments is reflected in the statement of financial position, as follows

Company		2018 Balance sheet value	2017 Balance sheet value
Naturenergia, SA	Swap Euribor (3M€)	-29,881	-26,182
TOTAL		-29,881	-26,182

In October 2008, the 3-month Euribor rate started to drop, as a result of successive cuts to the reference rate by the European Central Bank, in response to the international financial crisis, which has led to a downward trend in recent years, reaching negative values in 2015 and 2016. This trend continued in 2018, starting the year with a value of -0.329%

and standing at the end of the year at -0.309%. With Euribor at very low levels and with a stable short-term trend, Grupo Visabeira estimates that the impacts arising from changes in this index will not have a significant impact on its accounts in the short term.

Exchange Rate Risks

The Grupo, within its various areas of activity, is exposed to exchange rate and transaction risks. Exposure to transaction risk refers to potential changes in the value of outstanding obligations due to changes in exchange rates between the start date and settlement date and are reflected in profit-and-loss for the period. Exposure to foreign exchange risk results from the translation into national currency of the financial statements of its subsidiaries, whose assets and liabilities are denominated in currencies other than the reporting currency of the consolidated accounts - Euro - and are reflected in equity, under exchange conversion reserves. The Grupo holds assets and liabilities denominated in US dollars in different geographies and subsidiaries, which allows partially hedging exchange rate risk vis-à-vis that currency. In foreign markets, particularly Angola and Mozambique, local companies import goods and services from the European market in euros, billing customers in kwanzas and meticals, respectively. In these markets, the local currency is strongly correlated with the U.S. dollar, with a historical devaluation trend. In Mozambique, in the last year there was a depreciation of 5.95% of the Metical against the US Dollar. In Angola, the official exchange rate set by the National Bank of Angola for the Kwanza remained unchanged from the first quarter of 2016 to the end of 2017. Angolan government initiated a process in 2018 leading to currency devaluation, eliminating the PEG against the dollar, through auctions limited by volume and exchange rate, controlled by the BNA, under the Macroeconomic Stabilization Program. The European currency has become the reference for the Angolan market since the beginning of 2017, because of restrictions that have affected the corresponding banks. In 2018, the Angolan currency showed depreciation of 90.41% against the Euro and 85.99% against the Dollar. The consolidated financial results include a currency impact, originating in Angola, of 21.7 million euros. The expression of exchange rate level adjustment already reflects, to a large extent, the corrections that were imposed, which, moreover, can be attested to by the relative stability against current levels, and even in February 2019 there was a slight recovery, euro, after reaching historic lows, having stabilised against the dollar. The Angolan economy was classified as hyperinflationary, so it is necessary to restate the value of Angolan company assets. In another geographic area, MJ QUINN, a company acquired in 2018 and operating in the United Kingdom, specialising in telecommunications infrastructure for British Telecom, invoices in British Pounds, the cost of which is expressed essentially in the same currency and therefore is not exposed to relevant transaction risks. Including the company in consolidated accounts is subject to exchange rate fluctuation of the Pound against the Euro - risk of transposition. Future dividends will also be exposed to the aforementioned exchange rate fluctuation. The British Pound started the year at 1.127 Euros and ended the year at 1.118 Euros.

Cash flow risks

Grupo Visabeira, throughout its concentrated business policy, ensures that the cash and investments of all Grupo companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to variations that may affect the results of companies. On the other hand, the use of factoring allows for a reduction in the average collection periods, with the inherent anticipation of receipts, and it enables a better cash management. This policy also ensures timely obtaining of the necessary working capital to finance the operational cycle, a fundamental condition for sustained economic and financial growth. On 31 December 2018, amounts paid in advance by customers in this format stood at 39.4 million euros. The Grupo has additionally contracted short-term current accounts to meet occasional cash needs.

Credit risks

Credit risk is an important and complex activity that is present in the everyday life of most companies of Grupo Visabeira, whatever the nature of their business. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change. Considering the business itself, the business areas in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transactions. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst.

Grupo Visabeira, in Portugal, Germany, Spain, United States of America, Brazil and France (Vista Alegre) has subscribed insurance policies, delegating in the first instance the credit analysis to professionals specialised in the collection and recovery of debts, receiving from the credit insurer an assessment of the exposure - credit limit - adjusted to the creditworthiness of each customer. Thus, management can be primarily focused on operational issues. The hedging of this risk enables a compensation for unpaid customer loans, which is 85% for the domestic market and 90% for the foreign market, except Angola. Recent years have been marked by increased restrictions on lending in general, with credit limits having undergone significant unfavourable revisions. In light of this scenario, and in order to meet the credit risk hedging requirements for which the limits granted under basic policies are insufficient, Grupo Visabeira has contracted additional instruments, which allow increasing the partial hedging of its risks, compensating up to twice the amount covered by basic policies, for customers integrated both in the domestic and foreign markets. Simultaneously, this model ensures the hedging of risks that have no amount attributed in the aforementioned policy, or obtain an amount greater than double the existing hedging, up to a limit of 100,000 euros for customers in foreign markets. The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit.

Also relevant is the amount received as advance payment or payments in cash, which, in the year under review, represented a volume of about 10% of turnover, with a special contribution from the cable TV and Internet distribution, tourism, restaurants and leisure businesses. Loans granted to external entities, which also act as suppliers of the Grupo, had, this year in 2018, a weight of 3%. Grupo Visabeira's companies that operate as infrastructure and telecommunications service providers sell to entities of recognised financial probity, which accounted for about 47% of consolidated turnover in 2018. This group includes entities that are normally the telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of most prestigious operators in the Grupo's portfolio: Orange (France Telecom), British Telecom; Próximus (Belgacom); Deutsche Telekom; MEO – Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição, GRDF – Distribution de Gaz Naturel en France and ERDF – Électricité Réseau Distribution France; TDM – Telecomunicações de Moçambique, EDM – Eletricidade de Moçambique, Hidroeléctrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, and natural gas concessionaires, among others.

Liquidity Risks

Grupo Visabeira manages liquidity risk in such a way as to ensure the financing of assets by maturity date and at appropriate rates, as well as the timely settlement of its financial commitments, while maintaining appropriate cash balances and short-term credit lines, which allow for the proper management of cash to meet short-term financial commitments.

In 2017, the Grupo sold its shares of NOS Multimédia, EDP and partially in Pharol, and reimbursed the financing in the form of Commercial Paper associated with these shares. Credit lines with longer maturities were also contracted, which significantly reduced liquidity risk:

- i. the real estate leasing related to the Palácio do Gelo Shopping, with an outstanding capital of 36.5 million euros, became an operation with a residual amount, payable only in 2026;
- ii) in connection with this asset, a commercial paper program, in the amount of 85 million euros was contracted, with increasing reductions in the nominal value until 2026 and with a "bullet value" of 42.5 million euros;
- iii) the Grupo contracted a 20 million euros loan with a refund until 2023 and a Commercial Paper Programme in the amount of 32.3 million euros, with a plan to reduce the annual nominal value of 5% up to and including 2021, and the remainder in the following two years; the commercial paper that was due in December 2017 was extended by five years and a "bullet" will now fall due in 2022, in the amount of 21.75 million euros.

In 2018, two bond loans matured in that year and amounted to 30 million euros. At the same time, two issues of commercial paper of 27 million euros were contracted, with bullet repayment in 2023, giving a longer average life to the debt. The Grupo issued a new bond loan in France in the amount of 55 million euros, with bullet repayment in 2024, placed among institutional investors, which, in addition to giving greater maturity to the debt, enabled the Grupo to diversify its sources of financing. New investments made in industrial companies were financed with maturities of between 6 and 7 years.

The amount of short-term debt includes the amount of 37.9 million euros, related to pledged current accounts and authorised overdrafts, and the amount of 102 million euros, related to bond loan operations, a commercial paper programme in which there is understanding with the counterparties to its refinance. The short-term residual debt will amount to 88 million euros, representing about 13% of the consolidated debt. Based on the same assumption, considering cash and cash equivalents (although around 7 million euros may be subject to the current restrictions on the transfer of currency from Angola and Mozambique), short-term net debt will amount to around 47.6 million euros, which could also be addressed with the operational flows released during the year (estimated to rise, after taxes, to 153 million euros in 2019). The Grupo has financing lines approved under the Portugal 2020 program and with financial institutions amounting to 45 million euros. Grupo Visabeira will seek to obtain specific funding for the remaining investments planned for 2019. At the same time, and also as an objective, to negotiate the partial revolving of some short-term commitments, whose renewal we consider very likely, since it refers to partner organisations with a long relationship history. The Grupo also has lines of support to the current treasury, in the form of factoring, payment to suppliers and discount on documentary remittances in the amount of 37 million euros, available at the end of 2018. The short-term debt of Grupo Visabeira is rated "A3" by ARC Ratings, which means that the Grupo currently has a strong ability to meet its financial commitments. ARC Rating also assigned a medium- and long-term rating. The ability to meet short-, medium- and long-term financial commitments of the Grupo was rated "BBB-", with a positive trend.

The overall liquidity ratio in the consolidated accounts stood at 0.8 in 2018, showing an adequacy of financing of current assets by current liabilities.

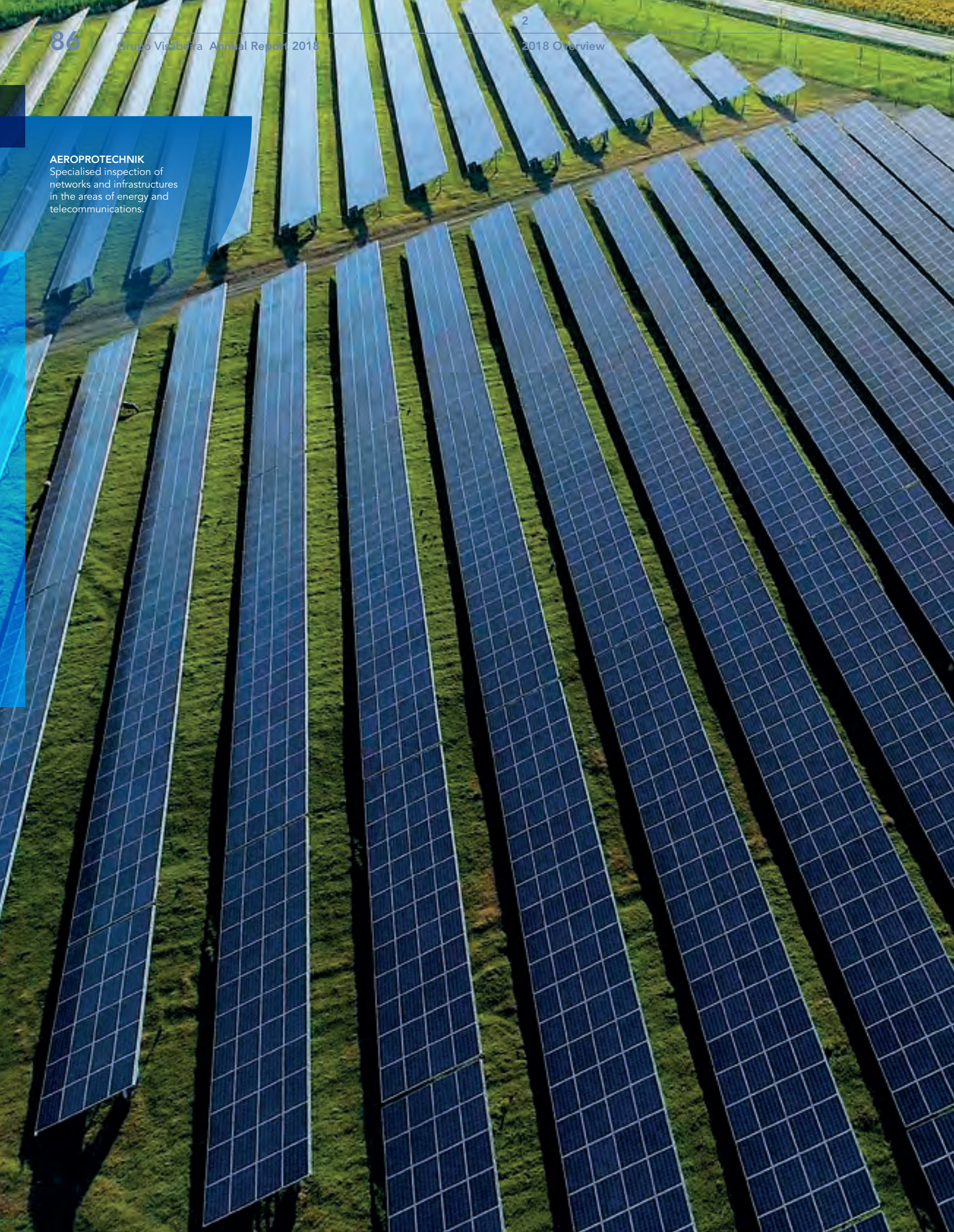
**MONTEBELO VISTA ALEGRE
ÍLHAVO HOTEL**

Hotel integrated behind the Fonte do Carrapichel, dated 1693, the origin of the toponym Vista Alegre.



AEROPROTECHNIK

Specialised inspection of
networks and infrastructures
in the areas of energy and
telecommunications.



Business evolution by area



TURNOVER BY COMPANY (EUROS)

Business Areas	TOTAL		GROUP		CONSOLIDATED 2018		CONSOLIDATED 2017	
GLOBAL								
Europe	509,848,638	83.6%	42,248,908	63.2%	467,599,730	86.1%	347,257,738	77.0%
Portugal	181,442,203	29.8%	32,210,750	48.2%	149,231,453	27.5%	139,796,210	31.0%
Visabeira Global, SGPS	2,275,218	0.4%	2,156,867	3.2%	118,351	0.0%	116,717	0.0%
Viatel	70,840,470	11.6%	10,717,657	16.0%	60,122,812	11.1%	58,621,699	13.0%
PDT	31,581,674	5.2%	2,180,152	3.3%	29,401,522	5.4%	25,986,589	5.8%
Visabeira	25,191,175	4.1%	4,442,883	6.6%	20,748,292	3.8%	29,063,141	6.4%
Edivisa	28,887,508	4.7%	8,920,171	13.3%	19,967,336	3.7%	9,600,218	2.1%
Real Life Technologies	15,502,265	2.5%	1,521,858	2.3%	13,980,408	2.6%	11,984,156	2.7%
Naturenergia	3,458,256	0.6%	985,559	1.5%	2,472,697	0.5%	2,445,410	0.5%
Visacasa	2,446,778	0.4%	1,273,603	1.9%	1,173,175	0.2%	1,309,431	0.3%
Iutel	516,169	0.1%	0	0.0%	516,169	0.1%	331,511	0.1%
Field Force Atlântico	416,934	0.1%	0	0.0%	416,934	0.1%	162,824	0.0%
Aeroprotechnik	313,756	0.1%	0	0.0%	313,756	0.1%	174,513	0.0%
PTC	12,000	0.0%	12,000	0.0%	0	0.0%	0	0.0%
France	200,112,715	32.8%	5,546,952	8.3%	194,565,763	35.8%	162,082,253	36.0%
Constructel	169,461,504	27.8%	2,074,708	3.1%	167,386,796	30.8%	140,219,467	31.1%
Constructel Energie	20,139,155	3.3%	0	0.0%	20,139,155	3.7%	20,090,114	4.5%
Escotel	5,429,200	0.9%	0	0.0%	5,429,200	1.0%	-	-
Gatel	4,739,544	0.8%	3,212,180	4.8%	1,527,364	0.3%	1,743,972	0.4%
SCI Constructel	343,312	0.1%	260,064	0.4%	83,248	0.0%	28,700	0.0%
England	60,389,374	9.9%	0	0.0%	60,389,374	11.1%	-	-
MJ Quinn	60,389,374	9.9%	0	0.0%	60,389,374	11.1%	-	-
Belgium	33,904,632	5.6%	3,304,425	4.9%	30,600,208	5.6%	22,856,311	5.1%
Modal Installation	11,902,063	2.0%	1,121,771	1.7%	10,780,291	2.0%	9,614,673	2.1%
Constructel Modal	7,926,222	1.3%	547,018	0.8%	7,379,204	1.4%	226	0.0%
Cabling Station (BE)	6,832,569	1.1%	212,250	0.3%	6,620,319	1.2%	6,340,593	1.4%
Constructel Belgium	7,243,779	1.2%	1,423,385	2.1%	5,820,394	1.1%	6,900,818	1.5%
Italy	19,576,536	3.2%	0	0.0%	19,576,536	3.6%	11,478,153	2.5%
Ieme	19,576,536	3.2%	0	0.0%	19,576,536	3.6%	11,478,153	2.5%
Germany	9,932,433	1.6%	1,186,781	1.8%	8,745,652	1.6%	7,196,737	1.6%
Constructel GmbH	9,445,492	1.5%	699,840	1.0%	8,745,652	1.6%	7,196,737	1.6%
Constructel Bau (DE)	486,941	0.1%	486,941	0.7%	0	0.0%	0	0.0%
Denmark	4,486,510	0.7%	0	0.0%	4,486,510	0.8%	3,838,649	0.9%
Constructel Denmark	4,486,510	0.7%	0	0.0%	4,486,510	0.8%	3,838,649	0.9%
Sweden	4,233	0.0%	0	0.0%	4,233	0.0%	9,426	0.0%
Constructel Sweden	4,233	0.0%	0	0.0%	4,233	0.0%	9,426	0.0%
Africa	99,899,722	16.4%	24,645,877	36.8%	75,253,846	13.9%	103,438,181	23.0%
Angola	62,517,364	10.3%	17,709,930	26.5%	44,807,434	8.3%	76,100,124	16.9%
TVCabo Angola	41,825,929	6.9%	62,627	0.1%	41,763,302	7.7%	70,200,730	15.6%
Comatel	19,225,988	3.2%	16,227,293	24.3%	2,998,695	0.6%	5,802,044	1.3%
Edivisa Angola	1,465,447	0.2%	1,420,011	2.1%	45,436	0.0%	96,623	0.0%
Electrovisa	0	0.0%	0	0.0%	0	0.0%	728	0.0%
Mozambique	37,382,359	6.1%	6,935,947	10.4%	30,446,412	5.6%	27,338,057	6.1%
TVCABO Mozambique	18,359,000	3.0%	169,408	0.3%	18,189,592	3.4%	16,132,070	3.6%
Televisa	8,813,556	1.4%	1,840,536	2.8%	6,973,020	1.3%	7,396,820	1.6%
Sogitel	6,712,697	1.1%	4,330,282	6.5%	2,382,414	0.4%	1,804,685	0.4%
Real Life Mozambique	2,109,899	0.3%	9	0.0%	2,109,890	0.4%	1,183,951	0.3%
Hidroafrica	1,197,039	0.2%	436,039	0.7%	760,999	0.1%	818,952	0.2%
Selfenergy	178,319	0.0%	148,305	0.2%	30,014	0.0%	463	0.0%
Real Life Academy	11,850	0.0%	11,367	0.0%	483	0.0%	1,117	0.0%
TOTAL	609,748,360	100.0%	66,894,785	100.0%	542,853,575	100.0%	450,695,919	100.0%



Business Areas

TOTAL

GROUP

CONSOLIDATED 2018

CONSOLIDATED 2017

INDUSTRY

Europe	150,788,271	94.5%	18,317,437	96.5%	132,470,462	94.2%	117,675,368	92.6%
Portugal	143,643,647	90.0%	17,764,808	93.6%	125,878,466	89.5%	109,842,402	86.4%
Visabeira Indústria, SGPS	299,552	0.2%	263,552	1.4%	36,000	0.0%	0	0.0%
Vista Alegre Atlantis	72,992,714	45.7%	10,322,602	54.4%	62,669,739	44.6%	52,027,299	40.9%
Ria Stone	18,549,211	11.6%	78,769	0.4%	18,470,442	13.1%	18,486,323	14.5%
Pinewells	15,845,689	9.9%	372	0.0%	15,845,317	11.3%	12,271,404	9.7%
Ambitermo	9,474,441	5.9%	53,241	0.3%	9,421,200	6.7%	10,488,949	8.3%
Cerutil	10,483,853	6.6%	1,577,788	8.3%	8,906,065	6.3%	5,713,278	4.5%
Mob	6,385,889	4.0%	2,031,641	10.7%	4,354,248	3.1%	5,119,483	4.0%
Bordallo Pinheiro	6,430,789	4.0%	2,824,583	14.9%	3,606,206	2.6%	3,416,086	2.7%
Granbeira	3,181,509	2.0%	612,260	3.2%	2,569,249	1.8%	2,319,579	1.8%
France	322,371	0.2%	72,599	0.4%	249,773	0.2%	363,118	0.3%
Vista Alegre France	136,971	0.1%	0	0.0%	136,971	0.1%	0	0.0%
Mob Cuisines	185,401	0.1%	72,599	0.4%	112,802	0.1%	363,118	0.3%
Spain	6,822,253	4.3%	480,030	2.5%	6,342,223	4.5%	7,469,848	5.9%
Vista Alegre Atlantis Espanha	6,822,253	4.3%	480,030	2.5%	6,342,223	4.5%	7,469,848	5.9%
Africa	4,746,938	3.0%	669,194	3.5%	4,077,745	2.9%	4,928,948	3.9%
Mozambique	1,654,586	1.0%	119,564	0.6%	1,535,021	1.1%	2,056,231	1.6%
Celmoque	1,387,078	0.9%	77,756	0.4%	1,309,322	0.9%	1,920,704	1.5%
Vista Alegre Atlantis Mozambique	221,581	0.1%	0	0.0%	221,581	0.2%	132,986	0.1%
Agrovisa	45,927	0.0%	41,808	0.2%	4,119	0.0%	2,542	0.0%
Angola	3,092,353	1.9%	549,629	2.9%	2,542,723	1.8%	2,872,716	2.3%
Álamo Angola	3,092,068	1.9%	549,629	2.9%	2,542,438	1.8%	2,862,842	2.3%
Visaconstroi	285	0.0%	0	0.0%	285	0.0%	9,874	0.0%
America	4,084,055	2.6%	0	0.0%	4,084,055	2.9%	4,477,747	3.5%
Brazil	2,547,931	1.6%	0	0.0%	2,547,931	1.8%	3,350,533	2.6%
Vista Alegre Atlantis Brasil	2,547,931	1.6%	0	0.0%	2,547,931	1.8%	3,350,533	2.6%
United States of America	1,492,272	0.9%	0	0.0%	1,492,272	1.1%	1,127,213	0.9%
Vista Alegre Atlantis USA	1,492,272	0.9%	0	0.0%	1,492,272	1.1%	1,127,213	0.9%
Mexico	43,852	0.0%	0	0.0%	43,852	0.0%	-	-
Mexicova	43,852	0.0%	0	0.0%	43,852	0.0%	-	-
TOTAL	159,619,264	100.0%	18,986,631	100.0%	140,632,261	100.0%	127,082,062	100.0%

Business Areas	TOTAL		GROUP		CONSOLIDATED 2018		CONSOLIDATED 2017	
TOURISM, REAL ESTATE AND SERVICES								
Europe	70,535,432	73.9%	26,226,951	75.1%	44,308,480	73.2%	43,735,637	73.4%
Portugal	70,529,932	73.9%	26,226,951	75.1%	44,302,980	73.2%	43,729,637	73.4%
Visabeira Turismo, Imobiliária e Serviços, SGPS	576,987	0.6%	576,987	1.7%	0	0.0%	0	0.0%
Visabeira Imobiliária, SGPS	337,020	0.4%	337,020	1.0%	0	0.0%	0	0.0%
Visabeira Participações, SGPS	614,967	0.6%	614,967	1.8%	0	0.0%	0	0.0%
Movida	18,630,380	19.5%	5,768,058	16.5%	12,862,322	21.3%	12,020,469	20.2%
Empreedimentos Montebelo	14,658,718	15.4%	2,172,395	6.2%	12,486,323	20.6%	11,609,726	19.5%
Visabeira Imobiliária, SA	6,089,616	6.4%	208,253	0.6%	5,881,363	9.7%	3,396,351	5.7%
Ifervisa	4,381,335	4.6%	22,257	0.1%	4,359,078	7.2%	3,687,481	6.2%
VAA - Empreendimentos Turísticos	3,196,936	3.3%	135,207	0.4%	3,061,729	5.1%	2,935,275	4.9%
Hospital Nossa Srª Arrábida	1,647,647	1.7%	0	0.0%	1,647,647	2.7%	4,076,159	6.8%
Benetrónica	16,834,867	17.6%	15,620,674	44.7%	1,214,193	2.0%	968,500	1.6%
Zambeze	1,213,671	1.3%	41,127	0.1%	1,172,544	1.9%	1,273,294	2.1%
Porto Salus	850,077	0.9%	0	0.0%	850,077	1.4%	2,232,827	3.7%
Mundicor	1,388,864	1.5%	670,163	1.9%	718,701	1.2%	599,572	1.0%
VisabeiraHouse	98,947	0.1%	59,844	0.2%	39,103	0.1%	2,120	0.0%
Visabeira Saúde	9,900	0.0%	0	0.0%	9,900	0.0%	0	0.0%
Visabeira Pro Estudos e Investim.	0	0.0%	0	0.0%	0	0.0%	927,864	1.6%
Spain	5,500	0.0%	0	0.0%	5,500	0.0%	6,000	0.0%
Visabeira Espanha	5,500	0.0%	0	0.0%	5,500	0.0%	6,000	0.0%
Africa	24,934,309	26.1%	8,718,353	24.9%	16,215,956	26.8%	15,877,925	26.6%
Angola	6,921,242	7.2%	4,040,332	11.6%	2,880,911	4.8%	4,546,331	7.6%
Visauto	4,614,438	4.8%	2,322,304	6.6%	2,292,134	3.8%	4,155,292	7.0%
Angovisa (AO)	463,160	0.5%	0	0.0%	463,160	0.8%	0	0.0%
Mercury Angola	840,497	0.9%	714,881	2.0%	125,616	0.2%	364,073	0.6%
Catari Angola	0	0.0%	0	0.0%	0	0.0%	10,899	0.0%
Visabeira Angola	1,003,146	1.1%	1,003,146	2.9%	0	0.0%	16,068	0.0%
Mozambique	18,013,067	18.9%	4,678,021	13.4%	13,335,046	22.0%	11,331,594	19.0%
Turvisa	8,395,923	8.8%	1,374,445	3.9%	7,021,478	11.6%	6,469,042	10.9%
Mercury	2,792,598	2.9%	428,933	1.2%	2,363,665	3.9%	1,136,457	1.9%
Imovisa	2,628,607	2.8%	889,913	2.5%	1,738,694	2.9%	1,725,495	2.9%
Combustíveis do Songo	1,713,489	1.8%	852	0.0%	1,712,637	2.8%	1,284,224	2.2%
Vibeiras Mozambique	218,617	0.2%	27,875	0.1%	190,742	0.3%	210,661	0.4%
Visaqua	207,251	0.2%	38,225	0.1%	169,026	0.3%	364,952	0.6%
Autovisa	378,327	0.4%	280,889	0.8%	97,438	0.2%	119,592	0.2%
Visabeira Moçambique	1,678,255	1.8%	1,636,888	4.7%	41,367	0.1%	21,171	0.0%
TOTAL	95,469,741	100.0%	34,945,304	100.0%	60,524,437	100.0%	59,613,563	100.0%
HOLDING								
Europe	22,967,165	100.0%	21,574,296	100.0%	1,392,868	100.0%	0	0.0%
Portugal	22,967,165	100.0%	21,574,296	100.0%	1,392,868	100.0%	0	0.0%
Grupo Visabeira	22,967,165	100.0%	21,574,296	100.0%	1,392,868	100.0%	0	0.0%
TOTAL	22,967,165	100.0%	21,574,296	100.0%	1,392,868	100.0%	0	0.0%
OVERALL TOTAL	887,804,530	100.0%	142,401,016	100.0%	745,403,142	100.0%	637,391,545	100.0%

Visabeira Global

M€

CONSOLIDATED INDICATORS

	2018	2017	YoY Changes
Turnover	543	451	20%
EBITDA	87.5	77.9	12%
EBITDA Margin	16.1%	17.3%	-1.2 pp
Recurring operating income*	55.2	54.3	2%
Operating margin	10.2%	12.1%	-1.9 pp
Net income	16.5	20.4	-19%
Net investment	63.6	62.7	2%
Debt	227	150	52%
Inventories	35.5	31.1	14%
Fixed assets (including goodwill)	282	276	2%

* Operating income excluding the effect of changes in the fair value of investment properties and provisions.

M€

TURNOVER

146

PORTUGAL

318

EUROPE

78.9

AFRICA

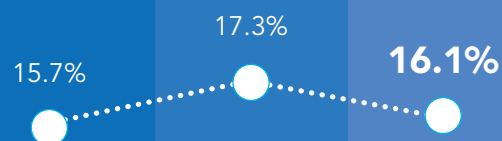


VISABEIRA
GLOBAL

M€

%

EBITDA and MARGIN



67.6

77.9

87.5

2016

2017

2018



Visabeira Global is the Grupo's holding company with the largest and widest range of activities, encompassing telecommunications, energy, technology and construction. It is also the one with the largest international presence as far as activities abroad are concerned, and moreover the one that has assured the greatest geographical expansion.

In 2018, the consolidated turnover of Visabeira Global grew by 20%, reaching 543 million euros. EBITDA rose to 87.5 million euros, representing a growth of 12% compared with the previous year. Foreign markets are already 73% of Visabeira Global's total turnover and for 77% of its EBITDA. EBITDA in foreign markets stood at 62 million euros, supported by the French and English telecommunications segment, which represented 47% of the holding company's turnover and 32% of its EBITDA, as well as CATV services segment in Angola and Mozambique (TV Cabo), which together accounted for 11% of Visabeira Global's turnover and 30% of its EBITDA.

In Portugal, turnover amounted to 146 million euros, with highlight to the contributions from the telecommunications and energy areas, which were complemented by the technology and construction segments, with all the areas recording a growth that, in the national overall, nearing the 7%.

TELECOMMUNICATIONS

Visabeira Global maintains growth in activity in Europe and is expanding to new geographic areas in its main focuses activity and has taken on a position of global service and of high quality as the main lines of force of the organisation, transversally committed in all its brands operating in different markets. Of note in 2018 is the entry into the English market through acquisition by Constructel of the company MJ Quinn, a company that provides telecommunication network engineering services in the United Kingdom, where, in its 30-year history, it has been a preferred partner of British Telecom.

In Europe, the Constructel brand continues to be the mainstay of Visabeira Global's continuous expansion in the various geographic areas where, beyond Portugal, it has been gaining a leading position: France, Belgium, Italy, Germany, Sweden, Denmark, United Kingdom, among others.

Constructel France reinforced its position as a reference for the main French operator Orange (France Telecom), as one of the main service providers of the French operator, operating throughout the country. In 2018, the company brought about strong growth in the construction of fibre optic networks and consolidated multi-year contracts and partnerships with Orange, allowing the company to achieve a turnover of 170 million euros, corresponding to a growth of 19%.

Constructel France is also associated with the operational presence in the Caribbean, where it already has a long tradition and market recognition. In 2018, the company continued with carrying out the important contract of 100 million euros, in partnership with Orange, in the construction of FTTH network in Martinique.

Also in France, **Gatel**, consolidated its market, which allowed it to secure a turnover of 5 million euros.

Moreover in France, Visabeira Global acquired yet another company, **Escotel**, guaranteeing it a quota increase and a more comprehensive presence. This company, even when considering only part of the year, contributed more than 5 million euros to Global's indicators.

Constructel Belgium has strengthened its presence in the

Belgian telecommunications sector, with special emphasis on the trust it has been ensuring for more than a decade with Proximus (Belgacom) in the area of fixed networks. Also important is the activity generated through the agreement established with Proximus for building FTTH networks, allowing the company to exceed 7 million euros in turnover. Also in Belgium, the acquisition of a local group of companies in the telecommunications sector took place in 2017; however, they are in areas complementary to those of Constructel, which has allowed for faster growth in this market. In fact, **Constructel Modal** and associated companies alone achieved a turnover of around 27 million euros.

In Italy, and after the acquisition of Ieme in 2017, it is worthy of note that after the integration in Visabeira Global and the combination of synergies, the company not only increased its activity in its more traditional sector, but also began activities in new technologies, for example, constructing the fibre optic network in Imola for the state-owned company Open Fiber.

Constructel Germany is another of the pillars of Visabeira Global's presence in Europe through its multidisciplinary activity in fixed and mobile networks, where it has established itself as a leading partner with Deutsche Telekom.

The company saw increased confidence as a result of the performance and quality demonstrated in its tripartite operations in the West (Cologne), South-east (Stuttgart) and South (Munich) regions. The company has already secured a new multi-year contract that will greatly leverage its activity, starting in 2019. In 2018, Constructel Germany surpassed 9 million euros of turnover.

Constructel Denmark, which was awarded in 2017 for quality and excellence in service delivery, namely the "GigaCoax" project, reinforced its position in this project and opened new lines of activity, among which the beginning of multi-year work for Fibre Factory / TDC stands out. In this scenario of growth, Constructel Denmark registered a turnover of 4.5 million euros, corresponding to an increase of 17% compared to 2017.

In England, the acquisition of **MJ Quinn**, was completed in 2018, a historic English company, which in conjunction with the dynamics and skills of Visabeira Global places the Grupo as one of the leaders of that market. In only seven months of activity and with operation focused on the customer network, fibre optics and cooling industrial for data centers, the company guaranteed a turnover of 60.4 million euros, which with the contracts closed with British Telecom for constructing the fibre optic network, foreshadows the importance that this market will have for Visabeira Global. In Portugal, **Viatel** has maintained its leading position in the sector, where it is the undisputed leader for quality of service and overall performance. In a scenario of stiff competition, the company strengthened its presence in the scope of several of its skills areas, in particular in copper and fibre optics, meriting particular attention in the expansion of its client portfolio, namely to companies and Municipal Councils. In commercial terms, Viatel has consolidated its leading position in the sector, also growing in the segment of door-to-door sales. The segment of the mobile network has strengthened growth vis-à-vis its recent history, by acquiring new customers, particularly in transport, infrastructure and radio sectors, while reinforcing its presence among the main technology providers. Viatel continues to be a strategic piece in Visabeira Global's international growth strategy, both in the field of engineering and operational support, an specially in the important area of training and technical assistance, recruitment, management of technicians' mobility and logistics.

Viatel, with this dynamic, has guaranteed growth of around 7% in its turnover, reaching 70.8 million euros.

PDT reinforced its position in the market as the main service provider in its segment, both in the operational area and in the commercial area, having bolstered new operating areas, expanding its activity to the DTH segment. The company also strengthened its presence on the islands, both in Madeira and in the Azores.

In Mozambique, for **Televisa**, the year 2018 was marked by strengthening a strategic priority of the company, the culmination of Televisa as a provider of excellence in building and maintaining a fibre optic network. In this area its status for having built all of the new 120 base stations that were put into service was remarkable as well as to have been an important player in the technological evolution to 4G occurring in the fourth quarter of 2018. Televisa has been present in many other important projects, such as in the work to update the network that allowed for the 4G coverage project to begin in a timely manner in 2018, making Vodacom a pioneer in this field in Mozambique. The company, due to its multiplicity of skills sets, is a leading player in the public telecommunications network, in the customer network operation, in the mobile network operation and in the fixed network. In this context, Televisa secured a turnover of 9 million euros in 2018.

In Angola, **Comatel** maintained its cutting edge position as a company providing telecommunication network engineering services to the client Angola Telecom, but also to many other clients that have been expanding their portfolio and building the utmost confidence. As a corollary, in 2018, the company secured strong growth in its turnover, amounting to 19 million euros, representing significant growth of more than 46%. During the course of 2018, Comatel continued the work it has been doing over the past years, developing a number of projects and services for Angola Telecom throughout Angola, consolidating its leading position as a service provider for this client. During 2018, Comatel also ensured the maintenance of more than 5,000 km of the national backbone of fibre optics, of this operator, simultaneously being involved stabilising more than 2,000 km of this route, which later must also undergo maintenance. 2018 was also a year of important work for TVCabo Angola, as in this area Comatel continued to carry out network construction and maintenance services in the cities of Luanda (coaxial and FTTH), Benguela, (FTTH), Lubango (FTTH) and Huambo (FTTH).

In another area, for the client Mercury Serviços Telecomunicações, SARL, several maintenance actions on the backbone in fibre optics were carried out, between Lobito-Lubango and Luanda-Lobito and the Metro Network of Luanda.

The company for the client ZAP, as a new operator in the area of cable TV / Internet distribution has completed the implementation of the project in the central part of Kilamba Kiaxi and the implementation of the project in the area of Alvalade / Maianga. After completing the construction phase, Comatel was responsible for installing the Customer Network and for maintenance services in the Maianga area. In addition, there are countless installation and maintenance jobs in fibre and other technologies all over the country for clients such as Unitel, Movitel, Huawei, among others.

CATV

TVCabo Moçambique, a television and cable network operator, one of the most developed in Africa, maintaining its stance as a company recognised for ongoing technological advancement and modern solutions, has continued to invest strongly in developing quality in its services, with innovative offerings, alongside activity geared towards geographic expansion and broadening its sphere of activity in the market. As a corollary, the company achieved a turnover of 18 million euros, representing a growth of 12% over the previous year.

TVCabo Moçambique, in the Television sector, with its own range of channels, Nice TV, showed excellent performance in selling a bundle with Net and Voice, leveraging the company as a 3Play operator.

CONSTRUCTEL

Leader in the telecommunications network engineering in France, also present in Germany, Denmark, Belgium, Sweden, United Kingdom, Italy and the Caribbean.



TVCABO
Triple Play (TV+NET+VOZ)
cable operator
in Angola and Mozambique

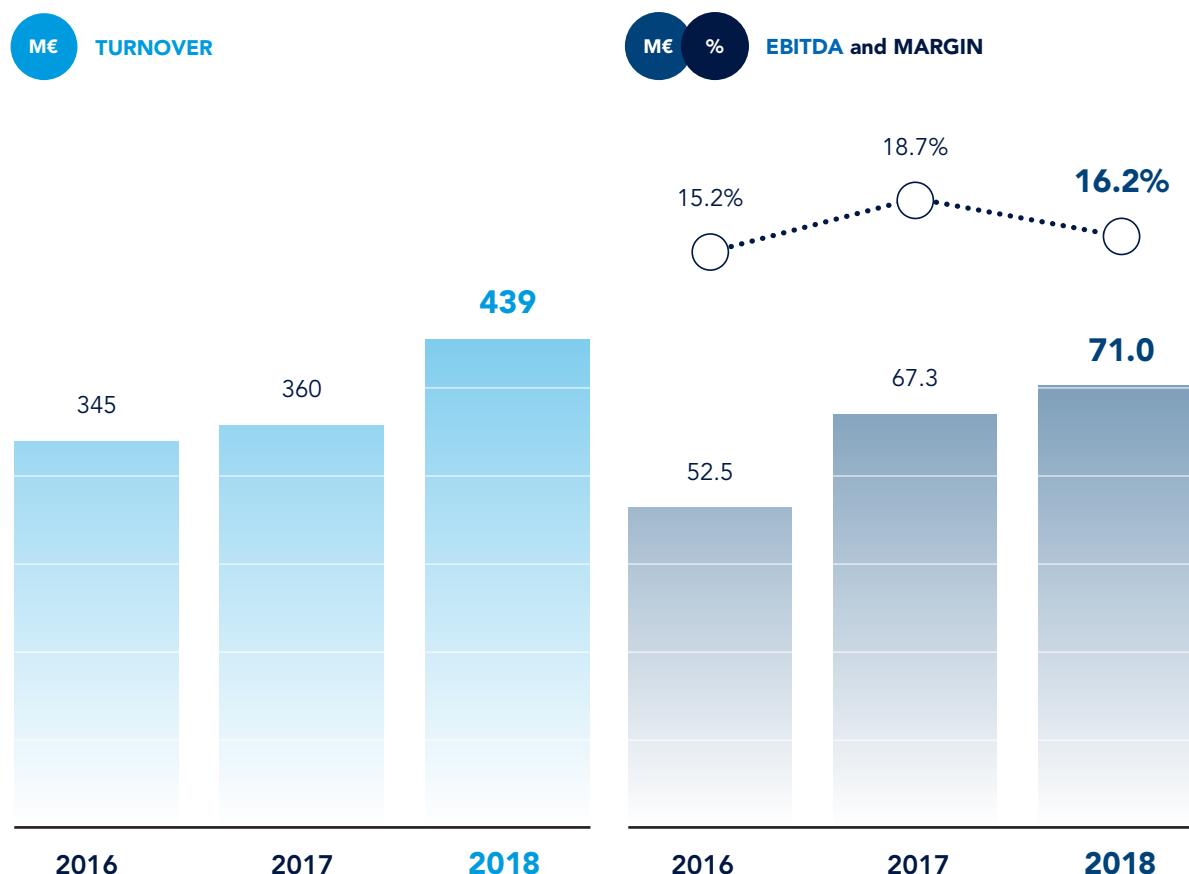


VIV Mais, IP television service accessible through a modern platform multiscreen with advanced functionalities, namely time-shift, became available for subscription to a wider range of clients, by cutting down on the technical conditions of subscribing. Also the introduction of a new grid for the Zap channel range that privileges top-of-the-line local content should be taken into account. In regards to Internet service, the company maintained its commitment to continuous improvement in quality of service provided, namely through implementing new content caches and an advanced band management platform, in order to improve the user experience. Also noteworthy is the development of the Hotspot service, configurable to the preferences of the business client. In terms of network infrastructure, focus was in tune with the policy of continuous improvement of service provided, accomplished by converting the HFC network to FTTH, enhancing all the advantages of the fibre network. This improvement was achieved in line with maintain the strategy of expansion and continued expansion of the network, accompanying urban and business growth of the cities in which it has coverage, enhancing its market.

TVCabo Angola remains the only cable operator with Triple Play service (TV + NET + VOICE) in Angola. In this regards, in 2018, it was extremely important for credibility and development of the company, for the company to be attributed a multiservice license, by INACOM, which allows the company to provide Television, Internet, Fixed Voice and Mobile Voice (Via MVNO) services. Also this year, TVCabo Angola, was awarded the license to

distribute television content by the Ministry of Social Communication, either by subscription or by subscription. TVCabo Angola, in its offer in terms of television as a product, includes the distribution contents of the two satellite television operators (Zap and DStv), making more than 250 television channels available; At the Internet level, the entire company's offer includes unlimited traffic and has speeds greater than 200 Mb symmetric; At the fixed voice level, the company offers free calls within the networks of TVCabo and Angola Telecom. In operational terms, TVCabo Angola continues to focus on expanding its network and its geographical area of intervention, seeking to reconcile network expansion with urban growth in the metropolitan area of Luanda - namely in Lar do Patriota, Benfica, Camama and various condominiums; In Benguela province, expansion work was carried out in Catumbela, adjacent to the airport, Londo, Golfinhos and Navegantes; In Lubango, the network for the Lucrecia neighbourhood was expanded; and in Huambo, the network was enlarged in the centre of the city. The company is a leader in its sector, having to do with the development and prestige that the brand has gained from the public and that is the result of its capacity for technological, operational and organisational innovation and also because it is owned by Angola Telecom and Visabeira, cutting edge companies in the area of information technologies, in their respective countries. In 2018, as a consequence of this global performance and the dynamics it has been creating, TVCabo Angola achieved a turnover of 42 million euros, corresponding to a growth of almost 15%.

TELECOMMUNICATIONS



Energy

Visabeira reinforced its position in the Electricity sector for its main customers, EDP and REN. Visabeira remains a leading company in the sector and is the second largest contractor, in terms of turnover, to EDP Distribuição, at a national level.

Also in 2018, it should be noted that, as in 2017, the company was able to ensure a high degree of achievement in continuing work added to the scope of the "InovGrid" Project, namely in replacing electromechanical and static with intelligent meters, Smart Meters - Energy Box (EB), in what is an important step of innovation and technological evolution, offering great recognition and visibility. In this context, Visabeira, in all of its three organisational areas of operation, completed the replacement / installation of more than 60,000 units.

For the client REN, the year of 2018 was marked by completing Remodelling Work for Uprating the Porto Alto Line - Palmela 2 to 150kV, at the same time as in the first two months of 2018, work was completed on improving roads and accesses, associated with work from the contract entered into on December 30, 2017, remodelling by uprating the Line Batalha - Paraimo to 400 kv.

For the client EDA, the year 2018 was characterised by maintenance on this island facility, with execution of work under the contract established with Electricity of the Azores (EDA), for Contracts in Transport and Distribution Networks, on the island of Santa Maria.

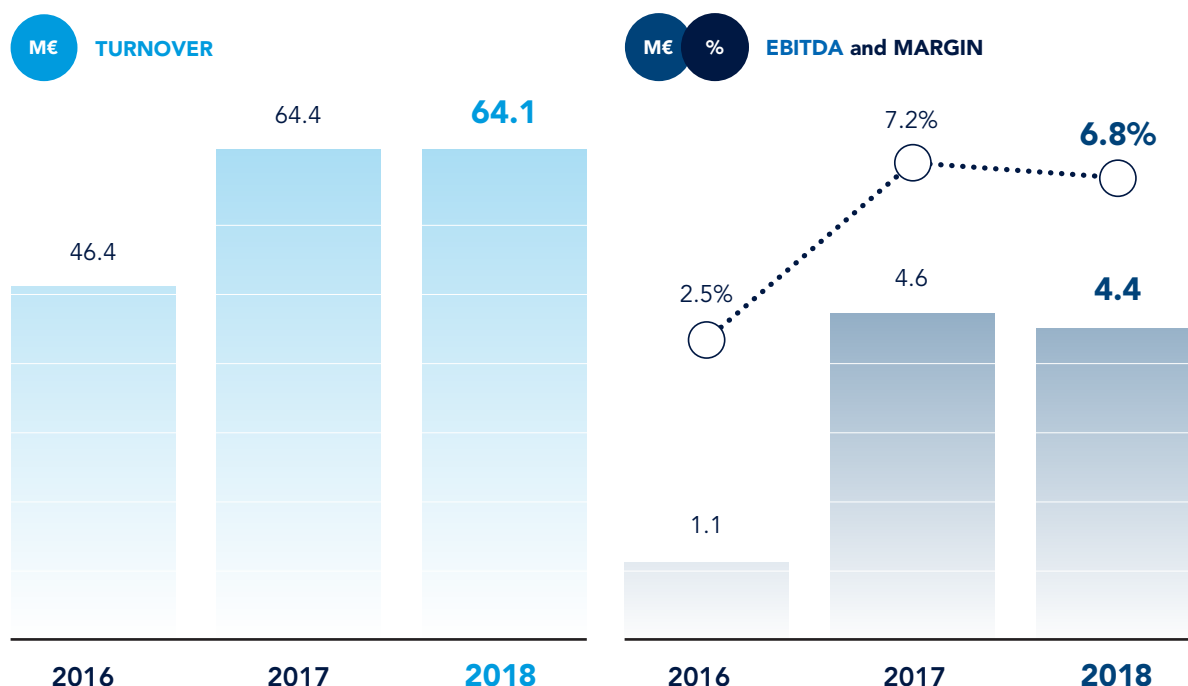
Visabeira, in the Gas business, is recognised as one of Galp Energia's excellent service providers. In 2018, for the client Galp Energia / GGND (Galp Gás Natural


Distribuição), Visabeira carried on naturally with a contract, signed at the same time with Lusitaniagás and Beiragás, in September 2017, as a result of a competition launched by Galp Energia.

Visabeira, again in consortium with PRF, was awarded LOTE F, a four-year contract that has an estimated total value of 14.3 million euros. Works have been carried out in the concession areas of Lusitaniagás, Figueira da Foz, Montemor, Soure, Coimbra, Condeixa and Beiragás concession areas, Viseu, Tondela, Nelas, Santa Comba Dão, Mangualde, Mortágua, Seia, Guarda, Covilhã, Fundão, Castelo Branco, Lousã, Arganil, Penacova, Sátão, Almeida and Vila Velha de Ródão and are related to the Construction and Maintenance of the Natural Gas Distribution Network (Type B) and Technical Services related to Points Management Energy (Typology C).

For the client Tagusgás, the contract started in 2015, regarding the works of Typology B and Typology C, was successfully fulfilled in the municipalities of Portalegre, Campo Maior, Elvas, Ponte de Sor, Abrantes, Tomar, Vila Nova da Barquinha and Ferreira do Zêzere, bringing in, from the beginning, a turnover of approximately 3.5 million euros. In this context and in the current hiring scenario, Visabeira has achieved a turnover of more than 25 million euros. In France, **Constructel Energie**, in the energy sector in France, strengthened its presence with the incumbent operators ErdF (Électricité de France SA) (Enedis) and GrdF (Gaz Réseau Distribution France), reinforcing its position as one of its main partners and maintaining the strategy to be a leading player in this market. The company had a turnover of more than 20 million euros, slightly above the previous year.

ENERGY





VISABEIRA
Benchmark company
in the electricity and
infrastructures sector.

**REAL LIFE TECHNOLOGIES**

Real life technologies
Certified ICT development,
integration and training.

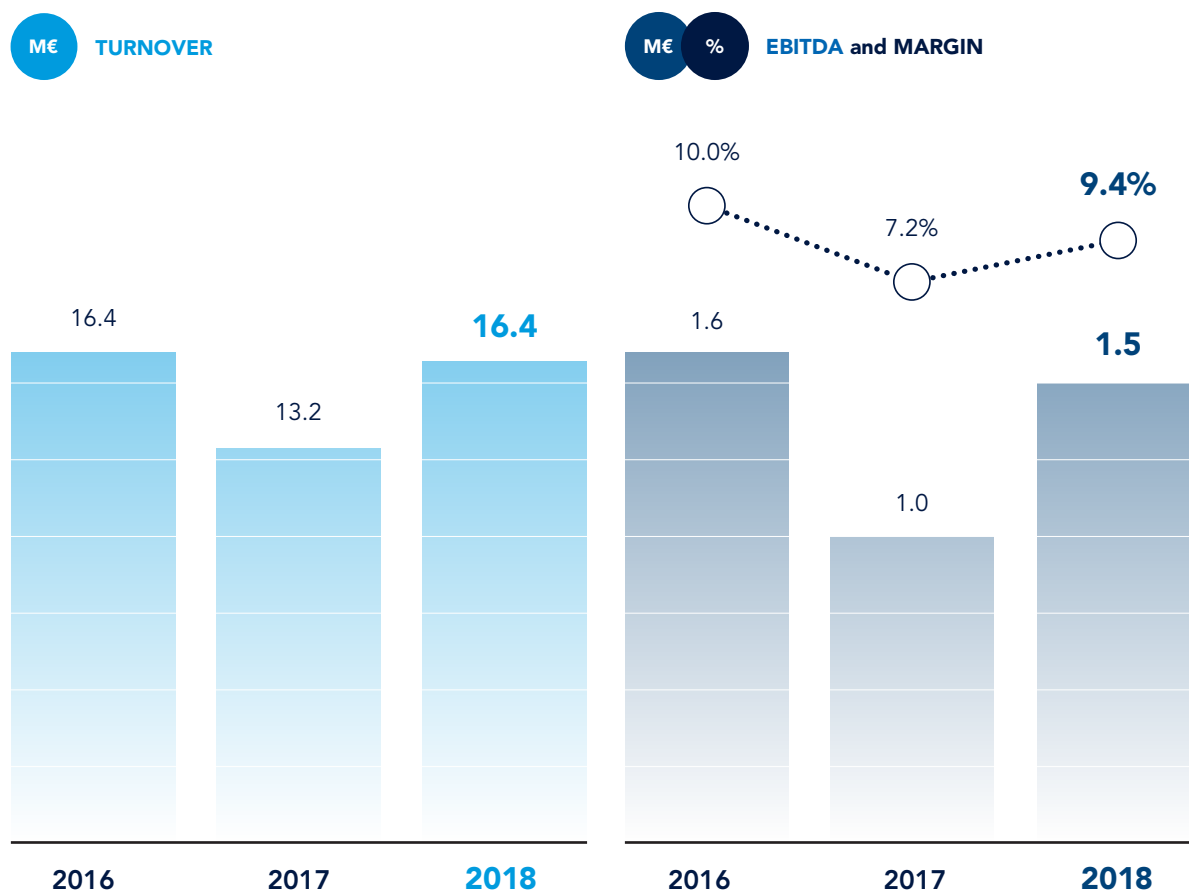
COMMUNICATION AND INFORMATION TECHNOLOGY

In 2018, Viatel Tecnologias maintained the course of safe reinforcement of its presence in this strategic segment for the company's set of activities. In this context, the company reinforced its organisation and structure to provide specialised services in the technological areas of data centre infrastructures, access network technologies (fixed and mobile) and telecommunication transport, as well as new technologies in the areas of smart cities and the internet-of-Things (IoT). It also optimised its collaboration with the various companies of Grupo Visabeira, which have had an increasing need for services in these areas,

developing synergies, optimising resources and maximising opportunities. It highlights the acquisition of a considerable number of new customers has enabled us to anticipate a leveraging scenario of growth for this activity within Visabeira Global.

Real Life continues to invest in the information technology sector, working with the main telecommunications operators in Portugal and acting as a relevant partner of the largest technology providers. In this area, the turnover exceeded the 16 million euros.

COMMUNICATION AND INFORMATION TECHNOLOGY



CONSTRUCTION

Edivisa, with a transversal experience in the Construction and Maintenance of Buildings and Infrastructure sector, is a company recognised nationally as a main player in the construction market. In the international dimension, its activity is of major importance in Mozambique, with a large portfolio of works in the most diverse sectors. In the year 2018, Edivisa's turnover reached an aggregate amount of 25 million euros, registering impressive growth of more than 100% compared to 2017.

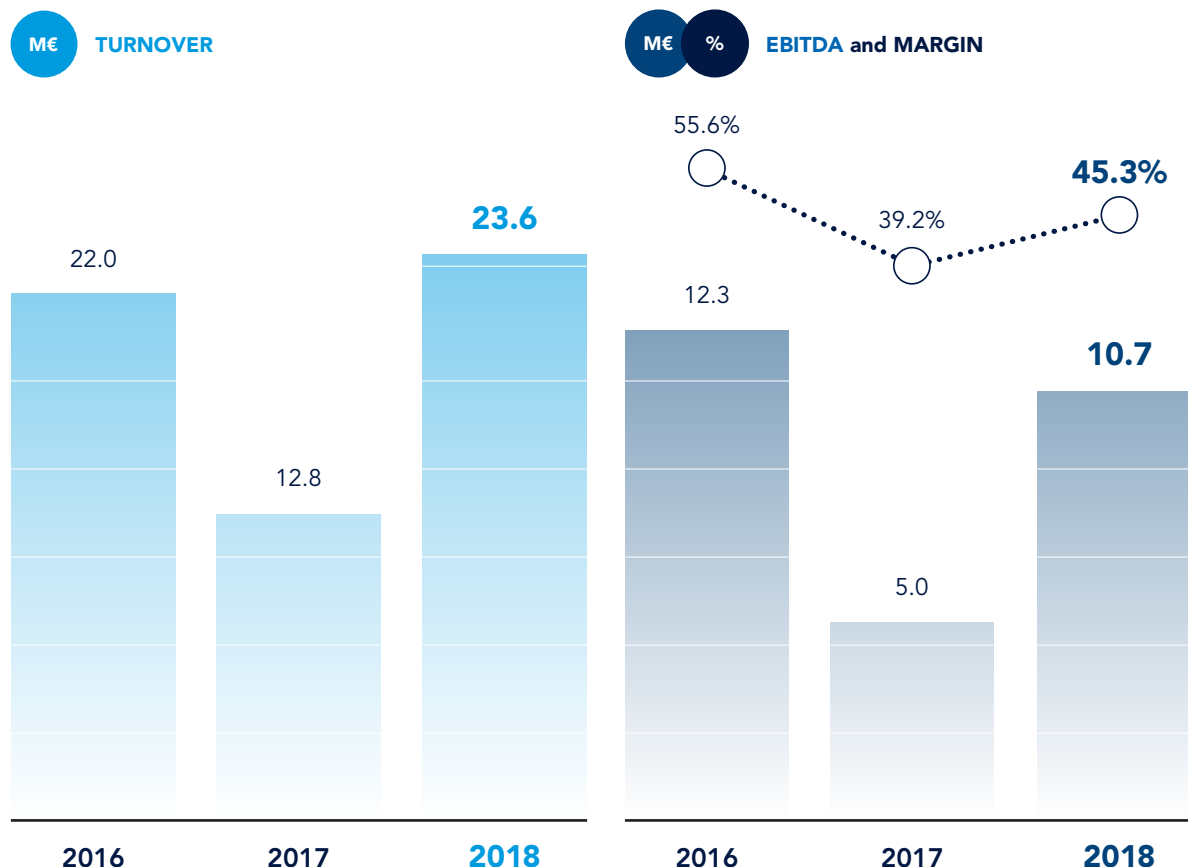
The public works segment is seen as a lever for company growth, as a result of a strong commitment to new work. In this context, it is important that the partnership policy initiated, in which the company has established strategic partnerships, oriented towards larger works, such as the construction of the Alto Tâmega dam, which Edivisa is building in a consortium with Mota Engil and Acciona. An ambitious project of Iberdrola, for hydroelectric use of the Tâmega River, this equates to an investment of 200 million euros. Edivisa has been securing an important portfolio of projects carried out by the Grupo companies, especially in the areas of tourism, real estate and industry, but its main aspect is external work, where it continues to expand its client portfolio and this year has been involved in a number of important projects, especially the Lisbon area.


Edivisa Moçambique, after being distinguished by the multinational consultant KPMG as the "highest return on equity" company, experienced strong activity in 2018, with a turnover of more than 3.5 million euros making for an expressive growth of almost 700%.

Also in Mozambique, **Sogitel** continued to operate in the civil construction sector, where it has a robust portfolio of external clients and takes on important projects within the area of the Grupo it is part of. As a result, the company reached a turnover of more than 6.7 million euros in 2018, with significant growth of more than 43%.

Visacasa, a company geared for installing equipment and infrastructures and particularly specialised in active maintenance, reinforced its position in the market in 2018, took on important work for data centre infrastructure throughout the country and secured a portfolio of clients and work that guarantee an ever increasing trend in its level of activity, which will be highly boosted already from the beginning of 2019. Regarding the Facilities area, the most important clients are: Schneider, NOS and Tecnilab. In the Maintenance area, Infraestruturas de Portugal, EDP, RTP, IEFP, AMA (Lojas do Cidadão), and several of the Grupo's units are the most relevant clients. In this context, the company had an aggregate turnover of 2.4 million euros.

CONSTRUCTION





EDIVISA
Rehabilitation / remodelling
of the building at Rua da
Prata in Lisboa

Visabeira Indústria

M€

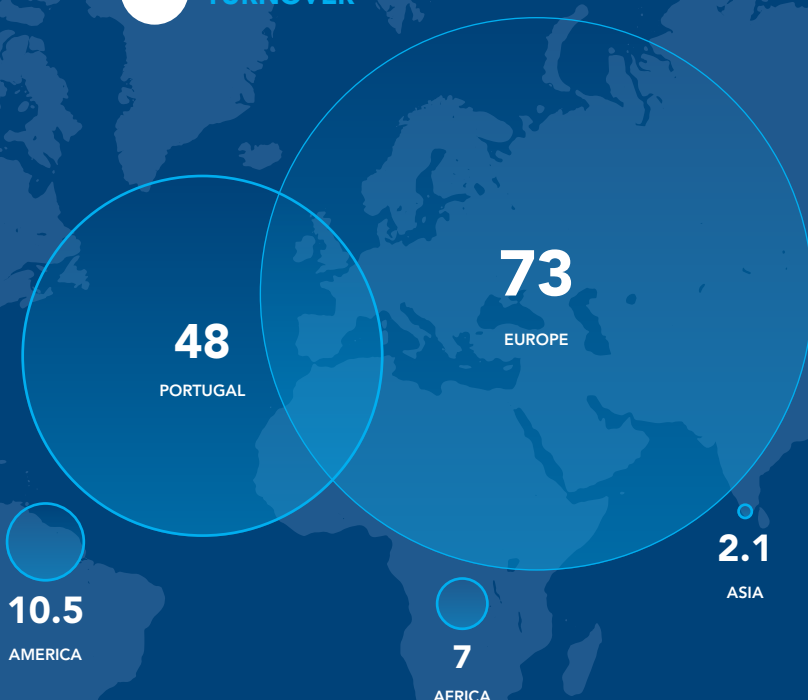
CONSOLIDATED INDICATORS

	2018	2017	YoY Changes
Turnover	141	127	11%
EBITDA	25.4	22.2	14%
EBITDA Margin	18.1%	17.5%	0.6 pp
Recurring operating income*	19.6	13.0	51%
Operating margin	14.0%	10.2%	3.7 pp
Net income	6.9	2.1	231%
Net investment	35.6	6.5	443%
Debt	66.2	62.5	6%
Inventories	41.4	42.6	-3%
Fixed assets (including investment properties and goodwill)	234	225	4%

* Operating income excluding the effect of changes in the fair value of investment properties and provisions.

M€

TURNOVER

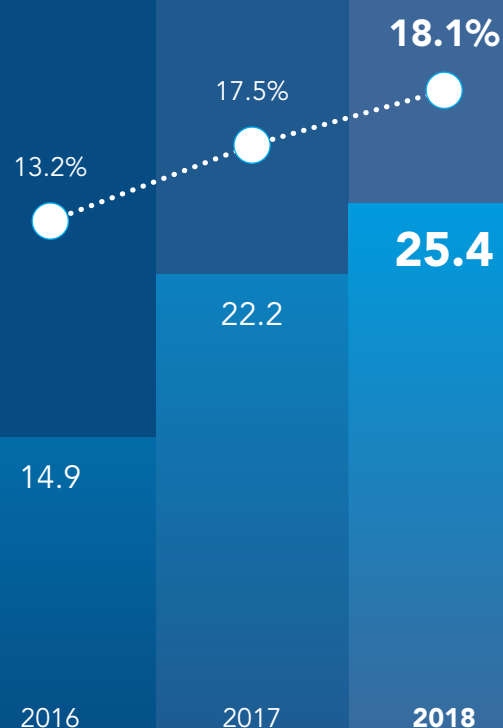


VISABEIRA
INDÚSTRIA

M€

%

EBITDA and MARGIN





Visabeira Indústria is the holding company dedicated to bringing together the Grupo's competencies in the industrial sector, encompassing the areas of ceramics and crystal, kitchen furniture, biofuels, energy recovery systems and natural resources, among others. In 2018, Visabeira Indústria's consolidated turnover increased by 11% compared with the previous year, reaching 141 million euros. EBITDA also improved positively, growing by 14% when compared with the previous year, reaching over 25 million euros.

CERAMICS AND CRYSTAL

In the production of porcelain and crystal, **Vista Alegre** was once again recognised and internationally awarded in 2018, this time in the *European Product Design Awards*, with the collections "Cannaregio", "Hryb", "Maya" and the glasses "Bicos Bicolor". The innovative and excellent design of this time-honoured Portuguese porcelain, glass and crystal brand once again delighted the jury of that international competition, recognising pieces of great quality and distinction. Over all, the brand won more than three dozen international awards in 2018. Associated with good performance in international growth and expansion, reinforcing Vista Alegre's commercial strategy in Portugal was also significant, with a greater focus on its sales channels. Good performance at the stores is also worth mentioning, better communication of the brand within the domestic market, as well as greater proximity to the tastes and needs of the customer, enhanced by the presence and organisation of diversified events. As a corollary, the company grew in all segments and markets: 23% in porcelain, 10% in crystal and glass and 21% in stoneware. Geographically, growth in the domestic market represented 9%, while in international markets, a significant growth of 32% was recorded.

Vista Alegre will continue to focus on innovation, research and development, allowing it to continuously diversify products, so as to reach a greater number of customers, through more varied distribution channels. Internationalisation and innovation will stand as the main identity pillars of the brand.

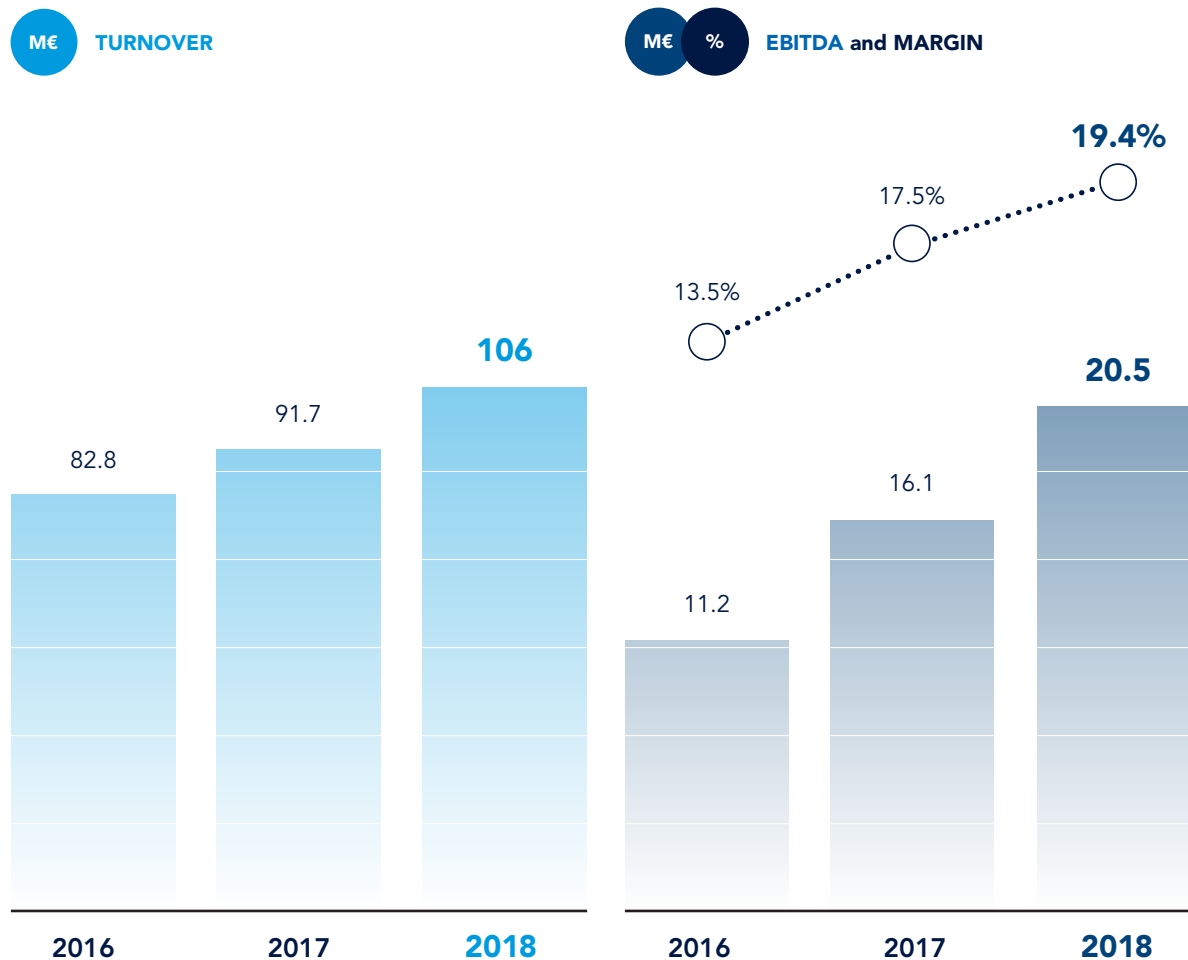
In the production of utility stoneware, **Riastone** has maintained its position, the result of its innovative process of single-fired stoneware for tableware, while the competition still concentrates on the traditional process of double-firing. The company did not reduce its turnover, even in a year in which the factory had to cohabit with extensive remodelling, expansion and renovation using state-of-the-art technology, following the investment of 29.5 million euros, which the company carried out to expand its factory. With this project, Ria Stone guarantees a 60% increase in production capacity, production fully designed for and absorbed by the IKEA customer. In 2018, Ria Stone landed the privilege of being selected once again for another European project (already, in 2017, it had been able to enter for the first time in a H2020 project), which now centres on eliminating rejection in the production process, growth of yield of the unit and an even greater reduction of energy consumption.

Still in utility stoneware, **Cerutil** presented a significant increase in its turnover, mainly due to the commercial effort made, oriented towards demand and securing new customers and markets. In this context and overall, in 2018, Cerutil saw an increase in its turnover of 43%. The destination of its products continues to be almost exclusively on the international market, although in 2018, as a result of a partnership with Vista Alegre, for an end customer in Germany, the volume of sales in Portugal increased. In the production of earthenware, centenary **Bordallo Pinheiro** became part of this universe of companies. In a year in which the company registered an increase in its turnover of 6%, while production continued while expanding and modernising the plant, which in 2019 will conclude

the investment in the increase of production capacity by a further 50% to meet the growing demand for its products. Also worthy of mention is the international achievement as German Design Award Winner which recognised the line "Alcachofra" ["Artichoke"], one of the novelties of the traditionally creative spirit of the company

Globally, the Grupo Vista Alegre grew its consolidated turnover by 17% to close to the 100 million euro mark, with the foreign market being the decisive driver, accounting for already 68% of turnover total and also through the very positive contribution of the domestic market, growing by an impressive 7 percentage points in its universe of brands, compared to 2017.

CERAMICS AND CRYSTAL





VISTA ALEGRE
Re-elected, for the ninth
consecutive year,
a Superbrand –
Brand of Excellence

PINEWELLS

Production of pellets
for both segments
(domestic and industrial)



BIOFUELS, THERMAL ENERGY AND NATURAL RESOURCES

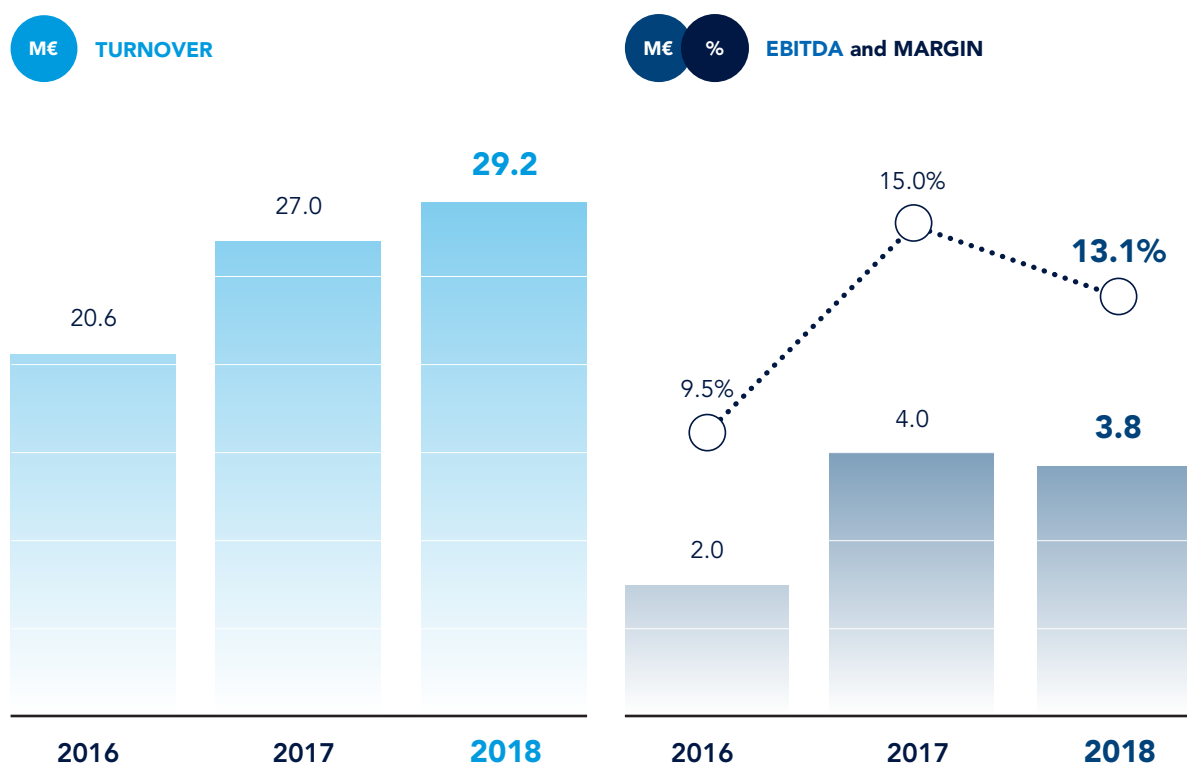
In the production of pellets, the year 2018 was positive for **Pinewells**, with sales increasing from 12.2 million euros in 2017 to 15.8 million euros in 2018. The company recorded a significant increase in sales of approximately 30%, leveraged by strong growth in the industrial segment, where sales rose 37%, but also in the domestic segment, which increased by 15%. It is important to highlight the growing demand for industrial pellet by clients seeking only products that are environmentally suitable, socially beneficial and economically viable, a guarantee that is given through certification mechanisms that Warranty the sustainability of the product. Always attentive to this key issue, in 2018 Pinewells, which already guaranteeing the principles of sustainable management, expanded its set of certifications with the standard 1 certification in SBP.

Ambitermo, in the area of energy recovery systems, thanks to the improvement of the country's economic environment, particularly in the agrifood sector, continued

to strengthen business in the domestic market, showing positive development in the main indicators and reinforcing its position as leader in the sector of activity it does business in. As far as foreign markets are concerned, the company is still operating in the United Kingdom and Angola, but throughout 2018, it was the Cuban market that showed most development with excellent prospects for the year 2019.

Among the other areas of activity in which Visabeira Indústria operates, Granbeira should be pointed out as it is in the extraction, manufacturing and trading industry with exploration, import and export of stone, production of ready-mixed concrete and cement products. Following a more favourable market environment observed during 2018, and the internal policy of continuous improvement, the company performed very positively, corresponding to a significant increase for its sector with a turnover of 15%.

BIOFUELS, THERMAL ENERGY AND NATURAL RESOURCES



Visabeira

Turismo | Imobiliária | Serviços

M€

CONSOLIDATED INDICATORS

	2018	2017	YoY Changes
Turnover	60.5	60.5	0%
EBITDA	26.6	21.5	24%
EBITDA Margin	43.9%	35.5%	8.5 pp
Recurring operating income*	23.2	14.1	64%
Operating margin	39.3%	23.4%	15.0 pp
Net income	24.5	36.2	-32%
Net investment	-10.3	-53.8	81%
Debt	133	162	-18%
Inventories	33.5	53.8	-38%
Fixed assets (including investment properties and goodwill)	598	507	18%

* Operating income excluding the effect of changes in the fair value of investment properties and provisions.

M€

TURNOVER

44.4

PORTUGAL

16

AFRICA



VISABEIRA
TURISMO | IMOBILIÁRIA | SERVIÇOS

M€

%

EBITDA and MARGIN

49.2%

35.5%

43.9%

28.6

21.5

26.6

2016

2017

2018



Visabeira TIS is the holding company structured to specifically join together the areas of tourism, real estate and services, coordinating the Grupo's competencies in a focused way, in each one of those sectors of activity and, simultaneously, maximising the synergies and complementarities resulting from their coordination. In this context, a turnover of 61 million euros was achieved, with EBITDA growing 24% to 26.6 million euros.

TOURISM

In 2018, the volume of activity in Visabeira Turismo's business field grew by 7%, due to increasing awareness of the Montebelo brand and the quality of the hotel and gastronomical offerings of the units that are part of it, rather than the impacts from positive effects of the economic situation of the sector, which are felt on a smaller scale in the destinations where the company operates. In this context, the consolidated turnover of the investees amounted to 37.3 million euros

In global terms, the business in the corporate sector has returned to be a major component in hotel operations, with the demand of hotel units for meetings, congresses and other events reporting very positive results.

The magnificent **Montebelo Viseu Congress Hotel**, boasting its numerous and functional multimodal rooms, received dozens of achievements and events, from the most varied branches of economic activity, with noteworthy satisfaction of participants, who evaluated the hotel well above average on the main sites of the hotel industry. This activity continues to be very well complemented by visiting tourists and private events and celebrations.

Montebelo Aguieira Lake Resort & Spa has strengthened its position as a world leader in terms of training centre in the area of canoeing, due to the natural conditions that it possesses and the superior quality infrastructures that it provides to athletes. In 2018, it hosted another event, the *"Nelo Winter Challenge"*, which, for the 8th consecutive year, demonstrates the excellent conditions that the complex has for this area very well. In this field, Montebelo Aguieira continues to receive athletes from more than 3 dozen countries throughout the year, who already consider Aguieira their home to promote good results and sports medals. Worthy of highlight is also in the sports segment for the event of *"Schwinn Cycling Experience Ride"*, where the main masters of Europe are present and that, year after year, gains international prestige, attracting participants from several countries, and once again filing the limit of the number of participants allowed. In the family segment, the success of the *"Family Holiday"* programme and the search for the development as a summer and weekend

destination should be highlighted, reinforcing its position as leading resort for the summer period and earning good ratings from its clients. Demand in the corporate segment, has become a reality with increasing representation, with large events, where several companies of great national recognition have looked to Montebelo Aguieira for carrying out off site events.

Montebelo Vista Alegre Ílhavo Hotel, notable as a key element of Visabeira Turismo's offering in Aveiro, is a five-star hotel, which has earned great reputation in the industry for its innovative thematic concept linked to the history and art of porcelain. In 2018, the hotel strengthened its position as a strong gathering venue of events of great national and international acclaim, with numerous events that enjoyed the unique conditions that the unit offers for this type of occasions. Also important is the growth of the brand's position in the lodging market, greatly leveraged by the hotel's unique features and the surroundings that the Lugar da Vista Alegre offers visitors. In addition to offering 82 rooms in the main body of the unit and Palace, the hotel expanded its capacity in November by increasing its offer with another 13 rooms, in a third area, *Casa dos Mestres Pintores*. This is growth that has corresponded to the first phase of the expansion project that includes the recuperation of the houses that are part of the Vista Alegre Bairro Operário [Workers Neighbourhood], an expansion that will continue to be realised throughout 2019. It should be noted that the entire hotel structure is linked to Vista Alegre's other services and facilities, which include facets such as those for the Chapel of *Nossa Senhora da Penha de França* (National Monument), the Vista Alegre Theatre, the Workers' Quarter, the shops Vista Alegre Premium, Outlet and Bordallo Pinheiro, as well as the Vista Alegre Museum. An important highlight of 2018 is the fact that in September this whole package was awarded the *"RegioStars Prize - the choice of the public"*, a prize which the European Commission distinguishes the best cohesion policy projects in the European Union with, favouring innovative projects and best practices.

Parador Casa da Ínsua kept up its good performance, continuing to attract the Spanish market as a result of its integration into the *Paradores de Turismo* network. The evaluation of clients in the main query sites for hotels is very good and the unit positions itself in the TOP 25 of the ranking of Paradores. Several major events left their mark in the activity of 2018, such as the event "Queijo à chef", in March, which once again featured the presence of several chefs with a Michelin star, who made the transformation of the Casa da Ínsua Serra da Estrela Cheese and applied it in bold gourmet dishes. Also noteworthy is the reference to the prestigious world car race of classic cars "The Jewel Events", organised by Bentley, and to the presence on the television "Chiloé" [a program that combines travel, gastronomy and adventure, such as Ultratrail racing experiences], from the Basque TV channel Telebista, among many dozens of other events that have chosen the setting of this house and the eighteenth-century museum to associate with the success of their organisations. Casa da Ínsua, with its historic halls and gardens, also includes a museum, vineyards, dairy and agricultural production with the production of olive oil, cheese, wild apple *Esmolfe*, jams and wines, awarded in 2018, nationally and internationally, with 10 gold, silver and bronze medals.

Hotel Palácio do Melos also takes on an atmosphere of charm and history, where quality is present in every detail of this hotel located in the historical centre, very close to the Cathedral and the Grão Vasco Museum, in a building of architectural and historic-cultural value, part of one of the seven gates of the old Afonsina wall, called Porta do Soar de Cima. The hotel has strengthened its position in

the market, continuing to provide customers with a family experience combined with the experience of a historic centre, full of attractions. At the same time, this approach to the corporate segment offers attractive packages for parallel or specialised meetings, enhancing the ideal conditions of the unit for more intimate and individualised meetings in palatial rooms.

Hotel Príncipe Perfeito is the only 4-star unit of Montebelo Hotels & Resorts and is very dedicated to a competitive offer for the corporate segment, but also stands as an especially attractive unit for vacation periods, where it has a very significant demand thanks to its connection to the *Complexo Desportivo Príncipe Perfeito*. Customer satisfaction is well expressed by the rating on the major hotel inquiry websites. In 2018, there were many dozens of organisations, including business groups, sports organisations, banking entities, healthcare facilities and brands that selected the hotel to organise their events for promotional and training events, among many others. The hotel prepared a plan of renovation and improvement in 2018 that will be implemented throughout the year 2019. In another field of activity it is worth mentioning

Montebelo Golfe which during 2018 hosted some of the most important amateur competitions at the national level, including the BPI Golf Cup Expresso, the most prestigious amateur national competition among companies, BPI Challenge, with the remarkable presence of dozens of players from all over the country, one stage of the largest international circuit of World Corporate Golf Challenge and some evidence of the Drive Project (junior), organised by the Portuguese Golf Federation, among almost a hundred tournaments.

ZAMBEZE RESTAURANT
A benchmark for local cuisine
in the historic centre of
Lisbon, with privileged views
over the Baixa quarter and
the Tagus River.





**MONTEBELO
GORONGOSA
LODGE & SAFARI**
Lodge integrated
in the Gorongosa National
Park, in the province of
Sofala, in Mozambique.

In the area of catering, a note for the Forno da Mimi & Rodízio Real complex which, in addition to their current activity, continues to receive many events of national fame, among which stands out the 21st Edition of OMA - Os Melhores Anos [The Best Years], with the presence of several top bands, a striking event that is a trademark of this complex. Dozens of events are attracted by the range of offers that this venture offers. In 2018, the indoor karting was renovated and was once again an option for the extended offer of the complex, which reopened for one night on 15th December for a landmark event: "The Revenge of the 90's @ The Day After". Following the success of the solidarity event held in December 2017, it also opened in July 2018, to host a summer party, associated with several partnerships, which was a remarkable success, attracting more than 7,000 people.

The rest of the restaurants (Rodízio do Gelo / Antártida Cervejaria / Pastelaria do Palácio) have maintained their quality service and product stance as an identity brand and expanded their offer with the opening of a new unit dedicated to true Italian food: Squisito Ristorante Italiano. Yet one more reference is the Zambeze Restaurant, the ambassador of the brand in Lisbon, which through 2018, in addition to its restaurant role, was the scene of various business and private events. Located in a historic part of

the Portuguese capital, next to the Castle of S. Jorge, with a privileged setting and unique characteristics, with leading gastronomic fare, arouses the curiosity of foreigners who visit Lisbon and who do not overlook the genuineness of the space, including the panoramic terrace from which you can see a large part of down town, as well as the river Tagus and the south bank.

With regard to the activity of Visabeira Turismo in Mozambique, with six units in Maputo, Gorongosa, Nampula, Lichinga and Songo (Cahora Bassa), it showed positive performance year, corresponding to an overall increase in activity of almost 10%. In 2018, to achieve this positive result, Turvisa maintained its focus on dynamic and structured growth, seeking to attract new market segments in order to enable the company with vantage points that allow it not to be so vulnerable to the constraints that have characterised this market in the recent past. The company, as a result of its well-organised hotel structures with objectively defined areas of competence and efficient collaboration in the articulation and optimisation of resources, has bolstered its orientation in order to strengthen the already solid market positions of each of the units and to lead the company in securing the usual customers and in the dynamics of new segments.

The **Palácio do Gelo** gathers unparalleled differentiating characteristics that allow us to offer one of the best Shopping and Leisure Experiences in Portugal: great interior lighting, wide circulation spaces, spacious lounge areas and great comfort, outdoor spaces with balconies and terraces, with panoramic view of the Serra da Estrela and surroundings, introduction of new brands in Portugal, new concepts of entertainment for the whole family, the ice rink, the ice bar. Unique development with this aggregate of attributes, the complex allows for attracting clients from all over the country and Spain.

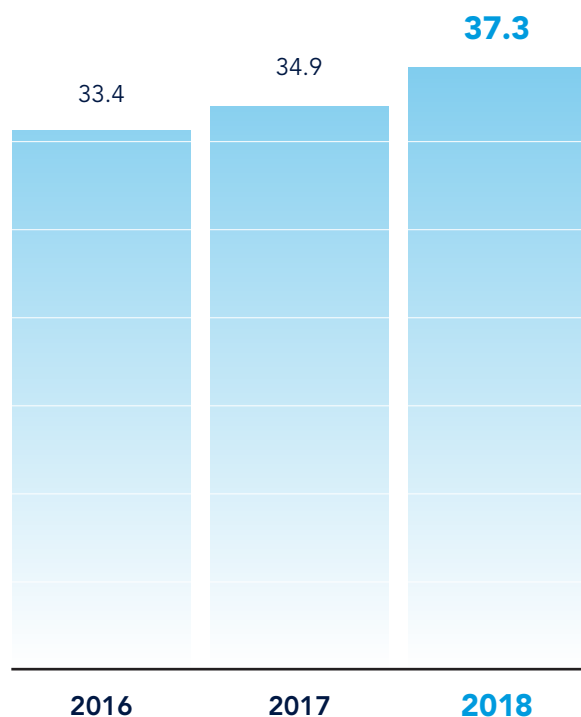
In the role of unifying the region, as a choice destination for shopping and leisure, Palácio do Gelo has been increasing its number of visitors.

During the year 2018, Palácio do Gelo showed the best turnout since the opening year and attracted close to 9.5 million visitors. It also strengthened and expanded its already wide range of stores with the opening of several new stores, such as JD Sports, Guimarães Footwear, Sergeant Major, Cosmopolitime, BijuBox and CoverBox, as well as several reformulations and improvements of several existing stores.

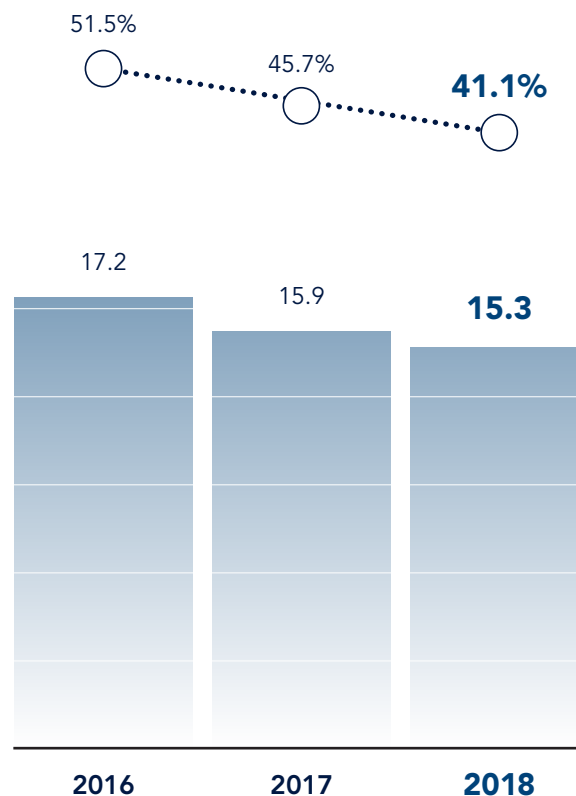
For future memory it is noted that, in 2018, Palácio do Gelo Shopping celebrated its 10th anniversary in this new format, although it had first opened its doors in 1996. With this dynamic, the company registered an increase in its activity of around 7%.

TOURISM

M€ TURNOVER



M€ % EBITDA and MARGIN





**PALÁCIO DO GELO
SHOPPING**
Shopping Centre that
integrates the only ice ring
and ice bar of the country.

VISABEIRAHOUSE

Integrated asset management real estate, including commercial activity, day-to-day management, maintenance and cleaning.



REAL ESTATE

The real estate area in 2018 reached a turnover of 12 million euros, an increase of 36.4% over the previous year and maintained an EBITDA margin of 16.1%, reaching an EBITDA of 1.9 million in 2018, an increase of 35.7% over the previous year.

The main brands in this area are Visabeira Imobiliária and Ifervisa in Portugal and Imovisa in Mozambique.

In 2018, Visabeira Imobiliária reinforced its leading position in the sector, with a special focus on the market share offered to the market in the city of Viseu.

Visabeira Imobiliária guarantees a dynamic performance, highly valued by customers who appreciate the binomial that the company has as its main purpose: to offer a quality product and an excellent service.

Continuing the strategy that has been implemented in line with market trends, Visabeira Imobiliária stands out more and more for its eclectic positioning, combining real estate transactions with their management, thus creating attractive packages for various segments, including leasing.

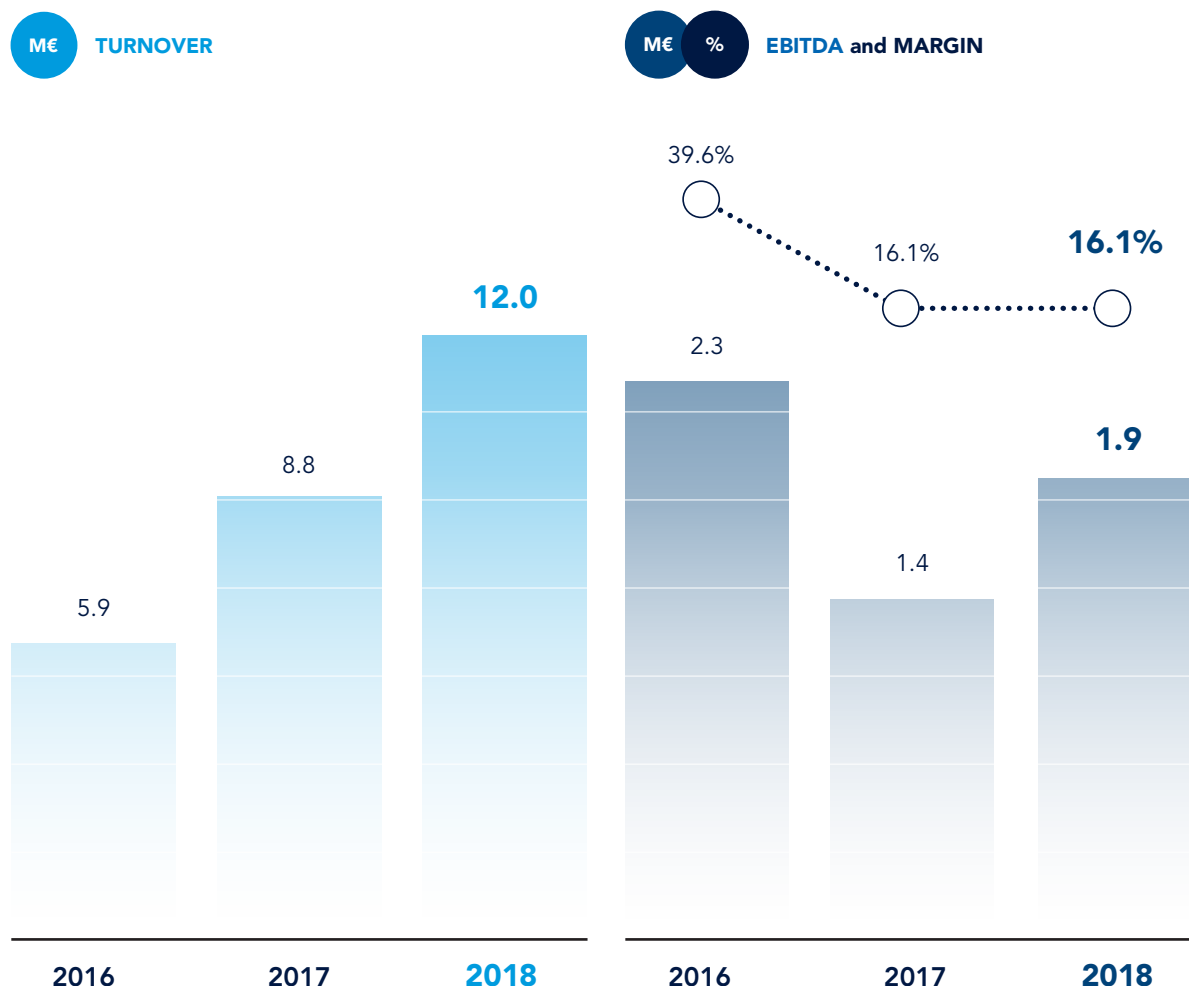
The sales segment associated with investment is another area of activity in which the company has placed emphasis on in a long-term vision, which in the current fiscal year has been clearly reinforced and has had a very positive contribution to the overall performance of the business.

The company is showing, as one of the attributes of leading in market performance, enhanced customer service with the capacity of real estate management in conjunction with the skills of Visabeira Imobiliária. Another pillar of performance for its activity is the ability to bring together global proposals articulating the widespread competencies of the various companies that are part of the Grupo.

It is also positive to disseminate the Visabeirahouse image, a brand that has brought added value to the visibility and prestige of the company's activity, creating a stronger perception and increased attractiveness for its offer.

A relevant fact in the positive dynamics that have characterised this business has been the ongoing commitment to reinforce the company's position in social networks and in the various digital channels, a strategic bet that has proven to be very successful.

REAL ESTATE



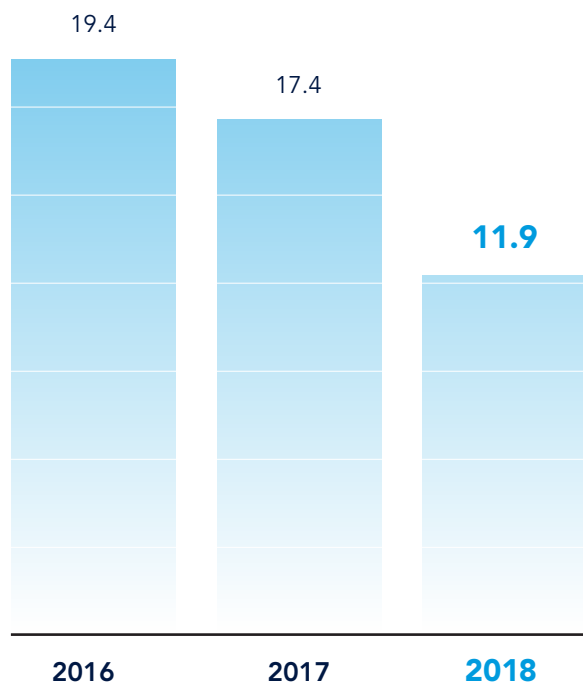
SERVICES

Visabeira Participações brings together various Grupo holdings associated with the trade and services sectors. The companies promote different activities such as trading, representation and sales of motor vehicles, workshop services, laundry and franchise shops, among others. In 2018, with a view to simplifying the Grupo's corporate structure and merging similar and / or complementary business units into a single entity, merger of the Grupo's

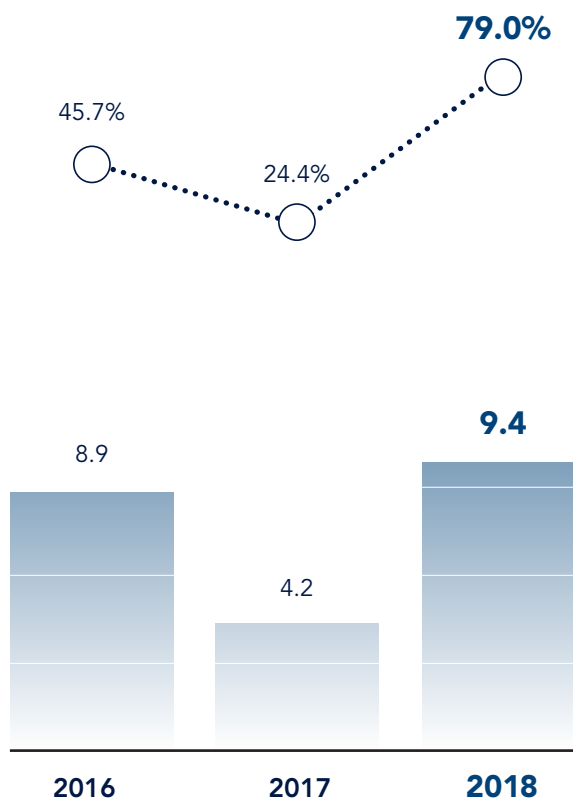
shared services company into Grupo Visabeira SA was carried out. Also in the year 2018, the Grupo disinvested in the health area where it held two companies, one of assisted residences and one hospital for continued care. These two realities lead to the fact that this sub holding nowadays has a less significant weight in Grupo Visabeira. The turnover of this activity area reached 11.9 million euros with an EBITDA of 9.4 million euros.

SERVICES

M€ **TURNOVER**



M€ % **EBITDA and MARGIN**





GRUPO VISABEIRA
Av. Gago Coutinho,
Offices in Lisbon

Commitment towards society

Quality, Environment and Safety

The evolution in the management of organisations has led to a new culture that encompasses not only the quality of products and/or services offered, but also environmental issues, health and safety in the workplace, and even social and ethical issues.

In the present context, the responsibility of the organisations is not limited to creating wealth, protecting the environment and reducing the risks associated with their activities, areas where legal and management requirements are increasing. It is the growing assumption of their social responsibility.

In this sense, in Grupo Vista Alegre, management relies on a set of procedures, standards and practices, capable of using natural resources in an environmentally responsible manner, avoiding irreversible impacts. This new concept entails a concern with the use of clean technologies, minimisation of waste and the sustainable management of natural resources.

Also within the scope of Occupational Health and Safety, its focus on certification for the companies' main Management Systems, combined with various actions to prevent accidents

and with the continuous commitment training employees, allowed optimising working conditions and professional performance, which significantly improved indices in these areas.

In other words, in order to have quality and excellence in its products/services and companies it is important to continuously improve the Quality, Safety and Environment Management Systems. So, in 2018, a set of activities stand out within the scope of continuous improvement in the areas of quality, environment and safety, summarised below.

- Reinforcement of the commitments towards sustainability, by focusing on field visits, training, area and supplier checks, which allowed not only continuous safe and transparent work for customers, but also validation of supplier's reliability;
- Deepening the implementation of the Kaizen methodology at Cerutil and Bordallo Pinheiro, which has fostered a greater involvement by employees in the company's processes; This methodology allows, in addition to productivity gains, to improve employee well-being, since it allows for improving their place of work;
- Continued focus on training, involving a total of 3,118 employees, of which the most important was occupational health & safety, administered to 65% of trainees;
- Continuous monitoring of the implementation of best practices in the areas of quality, environment and safety, namely through AQS visits and inspections, with special emphasis on Visabeira Global areas; Approximately 500 visits and/or inspections were held, involving around 2000 employees;

- Continuous monitoring of good hygiene and food safety practices, with 250 microbiological analyses carried out in several Visabeira Turismo units;
 - Continuous improvement of the capacity of response to environmental emergency situations, through environmental accident simulations that allow an effective action by the employees in case of possible environmental accidents;
 - Maintenance of monitoring the flora (phytoplankton) and water quality in the Aguireira berth area, with the purpose of assessing the impact of docking activities on the reservoir's phytoplankton community;
 - Continuous monitoring of environmental aspects, calculation of the respective impacts on the environment and permanent reassessment of mitigation and minimisation measures implemented;
 - Continuous optimisation of the Geolocation system in the vehicles, allowing an efficient management of technical resources in their daily activities; This system represents an important step in the company's sustainability, as it allows obvious gains in the economic aspect, but especially in the environmental aspect;
 - Concern about the purchase of work equipment, by elaborating specifications for the main materials groups and equipment, giving priority to those with lower environmental impact while ensuring the user's safety;
- In regards to implementing and certifying management systems, 2018 was a year of transition to new quality (ISO 9001:2015) and environmental norms (ISO 14001:2015) and by Constructel Denmark being certified in the three areas (Quality ISO 9001), Environment (ISO 14001) and Safety (OHSAS 18001).

For 2019, the focus on management systems will be focused on the transition to the new regulatory safety standards standards (ISO 45001:2018).

UN Global Compact

Thanks to an attitude characterised by rigour, effort and transparency, Grupo Visabeira also continues to focus its efforts on the development of a more just, people-centred, integrity-based, and innovative society, supported by transparency, committed to support, disclosure and following the Millennium Development Goals, respecting and promoting the human rights of all citizens, reducing social inequalities and environmental imbalances in the regions where it operates.

In line with the previous strategic guidelines, Grupo Visabeira, as a member of the United Nations Global Compact, prepared its sixth Communication on Progress (COP) report, restating once again its commitment to further promoting the Global Compact and its 10 principles as an important part of the company's strategy, culture and day-to-day operations.

The People

Grupo Visabeira has guided its human resources policy, emphasising its employees' capacity and orientation for a continuous improvement of productivity and quality of service/product.

This policy is the base of the fundamental principles of its position, the virtuous triangle that comprises the quality of services and products, the geographic expansion of activities and the dynamics and rigour of performance. The greatest challenge for the entire organisation is having attractive and successful career paths in keeping with individual and collective results. In this respect, people, their skills, their professional growth and their abilities, flexibility, mobility and adaptability are key pieces, which come together around rigour and high standards as an individual and organisational attitude.

It represents an important challenge for the entire organisation, the geographic dispersion which characterizes the Grupo, effective knowledge management, optimised team management and efficient sharing of the company's strategy and values.

Therefore, it is the Grupo's mission to promote good practices, to articulate them with the management of people's personal and professional expectations, and strategic alignment with the performance quality and goals achievement. The Grupo is a reference employer, recognised

in the market for its capacity to train technicians and to manage careers, promoting multi-sectorial opportunities for the career development of each of its employees.

Within this framework, the company's posture is specially geared towards a permanent continuous improvement of productivity and customer satisfaction. The cornerstone of this performance is the permanent focus on our Employees' qualifications, their professional growth and continuous development of their skills.

Grupo Visabeira, with its characteristic multi-activity and multi-continental company identity, it values and strengthens partnerships with educational institutions, universities, professional schools and all the academic organisations with which it articulates and maximizes the promotion of the best conditions of success for the young graduates, designing the best frameworks for their successful integration into working life.

In 2018, the number of employees working for Grupo Visabeira grew from 10,073 in 31st December 2017 to 11,327 on 31st December 2018. Sustained growth throughout the framework, consistent with expansion of the Grupo, following a route of full development characterised by company performance over the past years which is attested to through segmentation by sub holdings in the following table:

PEOPLE

	2018	2017	2016	2015
Visabeira Global	6,517	5,285	4,945	4,932
Visabeira Indústria	2,654	2,611	2,444	2,442
Visabeira Turismo, Imobiliária e Serviços	2,156	2,177	2,285	2,278
TOTAL	11,327	10,073	9,674	9,652

Vocational Training

In the era of the knowledge economy where information is treated as essential raw material for economic activities, training takes on an ever more prevalent role.

With this context of growing globalisation of markets and outsourcing of production work, it is necessary to provide companies with tools that allow for increasing competitiveness. Thus, improved employee productivity is increasingly relevant, making it easy to understand that professionals performing with more training or experience are essential for companies to reach their goals. As Peter Drucker said one day, *"the challenge is to make ordinary people do extraordinary things"*.

Currently, it is evident that the professional training paradigm in Portugal is changing and is beginning to be seen as an important means of developing, not only of personnel but of companies.

In Grupo Visabeira, training is not faced by its companies as a mere legal obligation but rather as a valuable investment. By investing in the development of their own skills areas or in the skills of their employees, our companies set themselves on the route to success through significant improvement in performance.

The training entity Grupo Visabeira, SA, treats the companies of the Grupo and their own service providers as privileged clients, as the training is custom tailored to the needs of each company. In this way, it acts in diverse areas

of education and training, of which some of the following should be highlighted: Foreign languages and literatures; Management and administration; organisation/company framework; IT in the eye of the user; Electricity and energy; Telecommunications, electronics and automation; Civil construction and civil engineering; Hotel and restaurant industry; Technology for environmental protection; Health and safety at work.

With these goals in mind, whether for promoting innovative training projects of sustainable quality and value which efficiently contribute to maximizing human potential or whether through the unshakeable strategy of raising service and quality standards for our products, 2018 was a year mostly for reinforcing training dedicated to the diverse areas of companies of Grupo Visabeira.

These trainings were carried out in several locations of Continental Portugal and the Islands, with the vast majority concentrated in the Training Academy in Viseu, on top of the support of all trainings carried out in countries in which the Grupo operates.

For 2019, in accordance with growth in Grupo Visabeira's internationalisation in the area of telecommunications in the European market, a further increase in the number of training courses to be given is predicted, which will respond to the need for getting technicians qualified in these new markets.

Communication

In an era in which communication is taking on an ever-greater role in society, Grupo Visabeira did not remain indifferent to that need in 2018. That being the case, right on down the line a policy was accepted of publicizing initiatives that the companies and the holding units set up over the course of the year.

Initiatives and actions of the most varied of origins caught the attention and stirred up interest of the Media (television, radio, newspapers and magazines), as well as that of countless bloggers and influencers, given that digital communication has taken on a prominent role in the present day.

It should also be highlighted that practically on a daily basis, year round, the name of Grupo Visabeira or its companies appear in the media, in both traditional and social media.

Such a stream of media has been useful for sharing public opinion, thus generating an increase in visibility and reputation of the companies and their brands, whether in telecommunications, industry, tourism, real estate or services.

In institutional terms, the interviews that the CEO of Grupo Visabeira gave to media should be emphasised, such as in the newspaper *Expresso*, the magazine *Exame*, radio station Antena 1 and the newspaper *Jornal de Negócios*. Attention raised by publishing operating results by Grupo Visabeira should also be noted, as they generated a flow of news by national and regional news agencies.

The area of telecommunications, the core area of do Grupo Visabeira, was also in the spotlight, for example, with Constructel's acquisition of the British company M.J.Quinn, a company doing business in the United Kingdom and which came to be part of worldwide Grupo Visabeira in 2018. Nevertheless, the construction of 3,500 kilometres of fibre optic network in India and business in Italy also merit substantial attention.

The long-standing company Vista Alegre, which since 2009 come to be part of the worldwide business Grupo Visabeira, was the generator of several hundred news items in 2018.

In 2018, Vista Alegre was distinguished by the European Commission with the RegioStars award in the category "Public Choice". RegioStars is the award that the European Commissions bestows on the best projects for cohesion policy in the European Union, focussing on innovative projects with good practices for regional development. This award, due to its range, generated dozens of news items in the major national and regional media outlets, with some television channels in particular highlighting this triumph. One good example was RTP 1 which reported live on the program "Portugal em Direto" ("Portugal Live") right from the Vista Alegre factor in Ílhavo.

Besides this conquest of a European award, the launch of numerous new pieces also aroused news reporter interest. The link between brands such as Christian Lacroix Maison, Óscar de la Renta and Pineda Covalin, among many others, with pieces arising through collaboration, was heavily publicised.

Also meriting widespread highlight were the business results of Vista Alegre due to performance in each of the quarters of 2018. With continued improvement in profit, media attention was focussed primarily on the management policies of the company and also on innovation and design, which were responsible for this success.

As a matter of fact, the winning of more than three dozen design awards granted to Vista Alegre in the major world fairs in the sector was, without a doubt, one of the points of the greatest news impact. In 2018, international juries for the Good Design Awards (Chicago Athenaeum Museum of Architecture and Design), for the European Product Design Awards and for the German Design Award 2019 Winner (German Design Council) recognised Vista Alegre's excellence in design. Few companies can pride themselves in receiving such noble and important distinctions. Furthermore, the fact that Vista Alegre came to be held predominantly by Visabeira Indústria was widely announced.

Introducing furniture into Vista Alegre's portfolio, especially through the launch of the cabinet "Once Upon a Time", in partnership with Boca do Lobo, also awoke a great deal of interest from the media.

Another company that has been in the spotlight throughout the year has been Fábrica de Faianças Bordallo Pinheiro. The launch of some pieces from the iconic brand founded by Raphael Bordallo Pinheiro contributed to promotion by the media.

Just to give examples, what stands out was the unveiling of the piece "Banana Prata da Madeira", by the designer Nini Andrade Silva, which took place in Funchal and the new edition of the collection "Sardinha by Bordallo", in collaboration with Festas de Lisboa, which was a pretext for an event on board a vessel on the Tagus River attended by dozens of journalists.

In regards to Bordallo Pinheiro, reference to the visit that the newspaper *Público* paid to the factory in Caldas da Rainha, brought about extensive reporting as well as the feature given by the radio station Antena 1 on expansion of the factory.

Yet another topic that arose interest in numerous national news outlets was the news item from the English newspaper "The Guardian" published in regards to the interest that English Millennials have in terms of Bordallo Pinheiro collections, which are more and more in "style". In the branch of Tourism, one of the areas with the greatest impact on the end user was the gourmet "Queijo Serra da Estrela à chef", which took place in the Parador Casa da Ínsua, focused on promoting this product. There was great impact emphasis, especially because the backdrop was the "resurging" of the areas after the grave fires of 2017, which devastated large areas of shepherding in the region.

The shooting of the film "Olga Drummond" by the director Diogo Infante, in the Parador Casa da Ínsua, including great names of the national art scene, was one of the events of the year with greatest media coverage for Montebelo Hotels & Resorts units.

Another initiative that was very much in the media was the tenth anniversary of Palácio do Gelo Shopping, particularly the "Palácio do Gelo Fashion Show", a traditional fashion show which marked this even and which drew in thousands of people, in a party joining together fashion and music. Yet another happening related to Palácio do Gelo Shopping, was the news of several opening of new stores throughout the year, which became part of one of the largest shopping centres in the country, as well as Christmas programming, which started in December of 2017 and carried on through January of 2018.

The party "Let's Dance", considered the biggest party of the summary, was held in the old discotheque The Day

After in Viseu, calling widespread media coverage, not only because of the programme itself, but also due to the fact that it took place in the place that in the 90's of the 20th century had been one of the main places for night-time entertainment on a national level.

In another area, Montebelo Agueira Lake Resort & Spa earned extensive publicity due to the continued presence of thousands of canoe athletes who carry out practice and training in what is considered to be one of the main centres of that type all over the world.

The countless activities of the gym ForLife, the largest sports and wellness club in the country, located in the Palácio do Gelo Shopping and the multiple national competitions at Montebelo Golfe, one of which was the example of the Expresso BPI Golf Cup, contributing to vast coverage and publicity by the media, showing activity companies and units of Grupo Visabeira were generating, in Portugal and abroad.

Generally speaking, one can also point out that we were news on several TV channels and programmes by RTP, SIC and TVI, on CMTV, Porto Canal, SportTV, Centro TV and Viseu Now. In the newspapers, we highlight Expresso, Público, Jornal de Notícias, Diário de Notícias, Correio da Manhã, Negócios, Destak, Notícias ao Minuto, ECO, Sapo, Jornal Económico, Jornal i, Dinheiro Vivo, Diários de Viseu, Aveiro, Leiria and Coimbra, Jornal Diário As Beiras, Jornal Via Rápida, Jornal do Centro, Jornal da Beira, among dozens of other regional and local titles. On radio stations, we highlight Antena 1, TSF, Comercial, Renascença, Rádio Jornal do Centro, Rádio Clube do Interior, Rádio Tom Dela, among many others on the local and regional scale. Also the magazines Nova Gente, Caras, Lux, Sábado, Exame, TVGuia, Telenovelas, among others, covered news and happenings in Grupo Visabeira. We would also like to note the numerous blogs that also contributed to widespread media diffusion, whether through posts, or through instastories.

In summary, over the course of 2018, we can account for the diffusion of nearly 200 hundred Press Communications, which generated publication of approximately 4,000 news items related to activity of Grupo Visabeira, of its sub-holdings, its companies and of its various units.

Internal communication

NEWSLETTER

Grupo Visabeira kept the newsletter MyVisabeira active in 2018, one of the most prominent means of internal publicity, distributing it digitally to employees in service in the country and overseas. The digital publication presents in news items the main happenings surrounding the activity of the entities of the holding company. The newsletter has a paper edition with the summary of the main news of the month.

INTRANET CORPORATIVA

The MyVisabeira Intranet is yet another communication area, direct with thousands of employees as access is restricted internally. In it, news, the newsletter, employee benefits and protocols are published, as well as internal programmes and information related to performance, with the main indicators in terms of Grupo Visabeira management.

Social responsibility

Grupo Visabeira, the holding that brings together a hundred companies in Portugal and abroad, continues to pay attention to its Social Responsibility Policy in 2018, with proactive attitudes on behalf of the company and the communities it is a part of. From health and culture to education, sports, solidarity, arts and crafts, the actions are aimed at providing the best conditions for carrying out initiatives and events on an individual and collective level.

One of the interventions with the tightest bond to the community) in every aspect is connected to support from the Fundação Visabeira [Visabeira Foundation], which among its other goals, is in charge of managing two units targeting aspects related to day-care and pre-primary at Infanticos da Quinta do Bosque and at Infanticos da Vilabeira.

Internally speaking, Grupo Visabeira continued with several actions aimed at the well-being of its employees in 2018. As one example to highlight, discounts granted at its hotel and restaurant units, business, services, and also on products, facilitated in this way greater ease in tourism, going to restaurants and accessing sports and well-being as well as purchasing goods of a wide variety.

It was, likewise, a continued practice to sponsor social events for its thousands of employees. It is within this spectrum that the summer gatherings before summer holidays and the numerous dinners and lunches for Christmas and the New Year are held in Portugal, in Mozambique and in the majority of the other countries where Grupo Visabeira has companies.

With its humanistic mission, Grupo Visabeira concentrates much of its Social Responsibility policy direct on institutions acting directly in the community, some of which are aimed at a sector with special needs, as is the case with people with disabilities. It is in this case that the APPACDM – Associação de Pais e Amigos do Cidadão Deficiente Mental de Viseu [Parents' and Friends' Association of Citizens with Mental Disabilities of Viseu] and the Centro de Apoio Alzheimer de Viseu [Alzheimer's Support Centre of Viseu] stand out.

On "world days", Grupo Visabeira, through Palácio do Gelo Shopping, opened its doors to health care institutions such as CUF Viseu and the Red Cross, allowing for screening of diabetes, eye health, cardiorespiratory illnesses, among others. At the same time, visitors could take away advice from specialists who pointed out the best practices for leading healthier lifestyles, including information on eating habits. Other institutions and entities in the Viseu Region, where the registered office of Grupo Visabeira is located, benefited from support granted in the most varied of ways. Some examples would be the Casa de Pessoa [Employee House] of the S. Teotónio Hospital [Hospital Centre Tondela-Viseu]; The Regimento de Infantaria de Viseu [Infantry Regiment of Viseu]; The Volunteer Fire-fighters of Viseu; The Polytechnic Institute of Viseu and its higher learning institutions; the Universidade Católica Portuguesa [Portuguese Catholic University], The Associação das Cavalcadas de Vildemoinhos [Horseback Riding Association of Vildemoinhos], UNICEF, and the AIRV – Associação Empresarial da Região de Viseu [Business Association of the Viseu Region], among many others.

Further worthy of highlight is how the Palácio do Gelo Shopping allowed use of space by various local and national institutions for fundraising and solidarity actions that were properly authorised by the Ministry of the Internal Administration.

Also in 2018, goods were collected to support families who were victims to the fires which occurred in 2017.

During Christmastime, the shopping centre hosted visits from area students coming from public and private schools as well as users of day centres for the elderly and nursing homes in the Viseu region and other cities in the country, to participate in activities in the festive programme of the season. For needy children and young adults of the Brotherhood of Santo António de Viseu, who are regularly brought to have lunch in a restaurant the shopping centre, the Palácio do Gelo Shopping provides the experience of skating on an ice rink which is part of the facilities.

Other institutional support from Grupo Visabeira was granted to the gala event "Viver a Vida" ["Live Life"], which sets out first and foremost to stimulate and support birth rates in the interior of the country. Promoted by the Jornal Correio da Manhã and by CMTV, this initiative has relied on collaboration with the holding company since it was first held.

In regards to culture, institutions such as the Grão Vasco National Museum and the Viriato Theatre, two leading attractions in the region and in the country, were the target of funding from Grupo Visabeira, as was the case with the Mozart Choir of Viseu.

In regards to sports, Grupo Visabeira continued with support to two leading institutions in the Viseu region: Académico de Viseu Football Club, in the Second League and the Sports Club of Tondela, a team that vies in the First League, the main rank of Portuguese football. Support has also been given to the Sporting Clube da Vista Alegre which, besides having a senior team that competes in the Football Association of Aveiro, also plays the fundamental role of training young people, with teams in varying ranks that compete in matches of that association. Furthermore, karate has been a successful venture at the heart of the club in Ilhavo, with matches held at the national level.

Throughout 2018 Grupo Visabeira once again granted special conditions for activities of organisations, clubs and football, handball, cycling and racing teams, among others, who used facilities at companies of the holding. Another reference for swimming competition teams, for ForLife schools and for the Príncipe Perfeito Sports Complex, which get hundreds of young athletes into action and count on widespread support from the company. In regards to Golf, a sport which exist in the Viseu Region thanks to Grupo Visabeira, owner of the golf course and an academy whose mission is to train children and young adults, support given should be pointed out as it allows members and the Viseu Golf Club to take part in competitions and other activities.

A "Fanzone" was set up in the Palácio do Gelo Shopping during the Football World Cup in Russia, as a giant screen was set up to provide thousands of fans to watch competition matches in a setting of high sport enthusiasm.

With the scope of the project "Viseu Jovem pela Igualdade" ["Young Viseu for Equality"], and celebrating the "International Day for Elimination of Violence Against Women" ForLife gym, from Grupo Visabeira, brought special attention to the topic. It invited a martial arts champion that interacted with members and shared lessons on how woman can and should defend themselves in situations in which they feel in danger.

With a view to provided employment to a young population, particularly to future university graduates, Grupo Visabeira participated in dozens of actions at Universities, Polytechnic Institutes and other educational institutions, sharing the types of existing job openings in its companies and what are the best career paths for young people to follow. In this context as well, the Palácio do Gelo Shopping held a Job Fair which Grupo Visabeira was present at, while at the same time regional institutions and companies were invited to represent themselves, so as to increase the breadth of job positions that are available to the general public. It should also be pointed out that a protocol was signed between Grupo Visabeira and Vista Alegre, on one

hand, and the University of Aveiro, on the other, in which joint participation will be promoted for technological research and development projects. Internships within the companies of Grupo Visabeira and Vista Alegre are offered to University of Aveiro students, besides also granting scholarships to children of company employees for pursuing higher education.

Support for hundreds of year tradition should also be taken into account, such as the Festival of Our Lady of Penha de França, the patron saint of Vista Alegre, a festival which is included in the Intangible Cultural Heritage Inventory, a cultural, economic and recreational event which attests to the authentic representation of the workers' community of the Vista Alegre Neighbourhood.

A note on collaboration offered to CERVAS – Centro de Ecologia, Recuperação e Vigilância de Animais Selvagens (Centre for Ecology, Recovery and Surveillance of Wild Animals) which freed and returned two birds to nature which had recovered in captivity from injuries they had suffered. These actions, which dozens of guests signed up for, took place at Montebelo Agueira Lake Resort & Spa, located in Mortágua, a tourist unit of Grupo Visabeira.

On the external level, continuous collaboration with Health4Moz should be highlighted. This Portuguese NGO has maintained humanitarian missions in Mozambique for years, promoting mother and child health as well as relevant training for doctors and health care technicians in some provinces of the country.


Likewise the Cardiothoracic Surgical Centre at the University of Coimbra Healthcare Centre was supported by Grupo Visabeira on a mission carried out in Mozambique in close conjunction with the Heart Institute. This humanitarian mission aimed at providing necessary surgical intervention to Mozambican children, allowing the Portuguese team to be housed in the hotel units of Montebelo Hotels & Resorts, as had been done for those part of the mission Health4Moz.

Also in Mozambique, TVCabo supported the Camões Institute Library in Maputo by making internet available through a partnership agreement signed with the Portuguese Cultural Centre in the Mozambican capital. Once again, the operator created conditions for patrons of that educational and cultural institution to access the technology world. In this part unlimited high-speed internet installation and service as well as hotspot that has been donated to the CCFM-Centro Cultural Franco-Moçambicano (French-Mozambican Cultural Centre) and in the facilities for the Associação do Livro Aberto (Open Book Association) should also be pointed out. On World Children's Day, in conjunction with the Associação do Livro Aberto (Open Book Association), TVCabo sponsored an afternoon snack in its facilities and taught about the world of telecommunications in an entertaining way.

The TVCabo operator has also collaborated with sports institutions to sponsor numerous activities, such as for example, the African Sailing Championship and the 10th International Golfinhos Sprint Tournament, a swimming meet which took place in Maputo. Besides this, the company sponsors the African Basketball Championship for girls under 18 and sponsored the playoffs for the Basketball World Championship.

In Angola, TVCabo participated in a project called "Arborizar Angola" (Reforestation Angola), in conjunction with a local IT company, resulting in 100 trees being planted in the Municipality of Talatona. Yet another action of solidarity taken by TVCabo Angola, in partnership with the Projeto Criança Desprotegida (Children-at-risk Project), where it sponsored an afternoon snack for more than 800 children. The action took place in the LAR KUZOLA (Kuzola Home), an institution where children with special needs are taken in, coming from some pediatric hospitals in the city of Luanda, abandoned children or children with disabilities.

Also worthy of notes is that Grupo Visabeira, through some of its companies, collaborated in organising many events and sports matches on a national and international level handing out prizes and trophies. The "Millennium Estoril Open" in tennis and the "56.º Open de Portugal" in golf are two examples of this.

A large crowd of people is gathered at a night event, possibly a concert or festival. The scene is illuminated by blue and white lights. Confetti is falling from the ceiling, creating a festive atmosphere. In the background, there are metal trusses and stage equipment. A blue semi-transparent box is overlaid on the right side of the image, containing text.

**THE DAY AFTER
"UMA NOITE POR TODOS"**
Winning campaign in
the category "Social
Responsibility and Solidarity
Project" in the awards "The
Best of Portugal" from the
AHRESP [Portuguese Hotel
and Restaurant Association]

Future outlook

The world economy continued to expand at a robust pace, maintaining favourable conditions in the financial and labour markets, along with relatively high levels of confidence in the leading advanced economies. World GDP growth in 2018, however, signalled less synchronisation between countries as a result of increased trade protectionism and pockets of financial turmoil in the most vulnerable emerging economies, within a framework of normalisation of monetary policy in the US and reduction of international investment.

Projected on the horizon, the expansion of the world economy should continue at a moderate pace, as far as the economic cycle maturing and the gradual reduction of monetary policy and fiscal policy stimuli in the main advanced economies, in particular in the US, as well as gradual deceleration of the Chinese economy.

The Portuguese economy is expected to continue its growth trend, albeit in a slowdown, in line with the projections for the same period published by the European Central Bank for the euro area as a whole.

The high cyclical synchronisation between Portugal and the euro area should persist in the period 2018-2021, in terms of maturing the economic cycle, reflecting slight progress in the process of convergence of growth *per capita* in the Portuguese economy.

VISABEIRA GLOBAL

Visabeira Global is the sub-holding with the greatest weight in the consolidated accounts of Grupo Visabeira, representing, in 2018, 73% of turnover and 56% of EBITDA. This sub-holding companies in the areas of telecommunications, energy, technology and construction, with core business in providing network engineering services for telecommunications and energy operators.

In recent years, Visabeira Global has maintained a strong and consistent commitment to internationalisation, mainly through Constructel, a Visabeira brand for all businesses in Europe, except Portugal.

With a portfolio in the European countries where there is a turnover of 2,520 million euros over the next 4 years related to providing services, not to mention materials (all materials are provided by the respective operators), Visabeira Global has positioned itself with one of the main service providers for telecommunications and energy operators:

- **1.2 billion euros** in France, with France Telecom, Électricité de France, Gaz de France and Municipalities - Public Networks fibre optic;
- **320 million euros** in Belgium with Belgacom and Voo;
- **500 million euros** in England with British Telecom;
- **500 million euros** in Germany, Denmark and Italy with Deutsche Telekom, TDC, Enel and Enel Open Fiber.

The next few years will require a great deal of investment by European telecommunications operators in projects to

build fibre optic networks and modernise technology in their networks, in a scenario of modernising and updating their infrastructures.

At the same time, there will be a movement towards consolidation and concentration in service providers in different European countries, following the example set already in France, where France Telecom no longer has more than 200 engineering and network service providers, reducing to only seven, giving priority to partners capable of acting globally, with a national scope and in a multidisciplinary way in terms of skills. This policy favours partners who take full responsibility throughout the value chain, from design, design, construction, operation and network installation to, a role which Grupo Visabeira plays as one of the main and largest providers with unequivocal competencies and competitive advantages.

The consolidation process will challenge the Grupo with specific needs for business acquisition, for coordinating local skills and resources that add complementarity and the necessary local synergies.

Global Visabeira will strengthen its position in the market in 2019 through organic growth based on multiannual contracts with major European telecommunications and energy operators, France Telecom, Belgacom, British Telecom, Deutsche Telekom, TDC (Denmark), Enel (Italy), MEO - Altice, NOS and EDP, among others.

VISABEIRA INDÚSTRIA

Since 1988, Grupo Visabeira has brought the industrial sector into its sphere and since then has been gaining a prominent position in the sector, setting up or acquiring companies from different segments within this domain that include ceramics, glass and crystal, kitchen furniture, boilers and equipment for energy production, biofuels, natural resources, among others. Currently, the business area of the industry has taken on significant weight in the Grupo Visabeira's results, due to growing commitment to increase its competitiveness.

Vista Alegre, as one of the main companies of this sub-holding, has a strategy of transnational growth, aiming to strengthen its position as one of the leading worldwide brands in the segments in which it operates.

The main vectors that structure its growth strategy are supported by a matrix that favours:

- Developing new products and expanding to new market segments, adding value and differentiation;
- Strengthening the position of the brand Vista Alegre as a brand premium and launching Casa Alegre and Cook&Serve as complementary brands;
- Consolidating Vista Alegre's position in international trend-setting centres, establishing partnerships with prestigious brands and collaborating with internationally renowned designers, artists, architects, illustrators, film makers, sculptors and writers;
- Constant updating and modernising of own points of sale, adjusting them to global retail trends;
- Exploring new sales channels and continuing taking stake in internationalisation;
- Reinforcing the sales team and sales in the main markets and channels;
- Continually improving Customer Relationship Management Policy aimed at customer loyalty;

- Strengthening communication through collaboration with opinion makers and presence on social networks;
- Ventures in innovation and research to create highly differentiated products with added value;
- Constant modernisation of the production process, maintaining a balance between classical methods and new production methods of manufacturing.

Bordallo Pinheiro started the project to expand the manufacturing unit in 2017, to increase capacity and modernise technology, which will conclude in 2019, thus being able to respond significantly faster and higher quality, allowing more orders to be accepted, and simultaneously reinforcing the commitment to developing new products – innovative – maintaining the Bordallo DNA, a legacy that has always characterised it.

Visabeira Indústria operates in a wide range of activities, including Pinewells and Ambitermo.

Also in these sectors are prospective developments that promote business growth in these companies in this industry segment.

Pinewells is undergoing a process of increasing production capacity, which focuses on changing the manufacturing process aimed at eliminating existing production bottlenecks and, at the same time, encouraging production of a higher quality end product, exceeding the norms set by European standards, meeting the expectations of the most demanding markets at an international level in regards to the quality of the pellets. Ambitermo, also focusing on strengthening its competitiveness, will increase production capacity of the unit and reinforce the introduction of innovative processes based on emerging technologies, making the manufacture more robotised, minimising errors or failures that compromise productive efficiency, thereby promoting greater sustainability of processes and products.

VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS

After 2018, a positive year for the activity of this area, it is envisioned that 2019 will be a year with even more ambitious goals. To this end, Visabeira Turismo will continue to invest in creating new units, either lodging or catering, based on an offer of excellence, quality and differentiation, associating the art of hotel and gastronomy with themes that it is very familiar with (either through Vista Alegre ceramics, Bordallo Pinheiro, or through international cuisine in fusion with national products). Taking advantage of the growing evolution of the tourism sector in Portugal, highlighting the prizes that distinguish it as the best European destination, and where the capital takes on a main focus due to the diversity of activities it offers, the Grupo Visabeira intends to create new units in Lisbon. In this context, we highlight a new catering unit in Terreiro do Paço, a place with a strong tourist affluence, lined with the fusion of knowledge and flavours, based on a service of impeccable quality. Still in the restaurant segment, it is expected that 2019 will be the year of inaugurating another restaurant unit, with a mixed national and South American theme, located next to the MAAT and Museum of Electricity.

As far as accommodation units are concerned, the Grupo intends to start rehabilitating the classified municipal heritage building in the Pombalina down town, more

precisely in the Chiado area, in order to create a 5-star hotel. In turn, it will continue to rehabilitate another historic property located on Rua da Prata, in order to diversify its offer of tourist apartments / local accommodation, and this building is owned by the *Santa Casa da Misericórdia*.

Visabeira Turismo will continue to focus on its offer in the rest of the country, and will do its best to complete the rehabilitation of the Rachadouro Cloister, part of the Monastery of Alcobaça, with a view to transforming it into a 5-star hotel unit. Also in the central region the Buildings of the Pavilions of the D. Carlos I Park are planned to be renovated, transforming the space into a 5-star hotel, whose concession rights have already been acquired.

Lastly, Visabeira Turismo will continue to renovate the former Vista Alegre Workers' Neighbourhood, aiming at expanding the hotel unit it already owns in Vista Alegre, promoting an expanded offer to new market niches, where the guest can stay and absorb an entire experience around that place, as well as the history and gift of a brand as national as Vista Alegre's.

Given the strategy of focusing on its core areas, the Grupo does not plan to develop any project in the real estate area in the near future, while remaining attentive to opportunities for appreciation of its vast real estate assets.



GRUPO VISABEIRA
Grupo Visabeira's
Head Office
located at Palácio
do Gelo Shopping,
in Viseu.

Notes to the Report of the Board of Directors

Pursuant to and for the purposes of Article 447 of the Commercial Companies Code, we hereby disclose the shareholdings of the members of the management and supervisory bodies, and the operations carried out during 2018.

SHAREHOLDER/MEMBER OF CORPORATE BODIES

	Number of shares on 31 December 2018		Number of shares on 31 December 2017		Operations in 2018
		%		%	
Fernando Campos Nunes *	22,899,601	99.45%	22,899,601	99.45%	0
TOTAL	22,899,601	99.45%	22,899,601	99.45%	0

*Percentage held via NCFGEST, SGPS, S.A

Viseu, 15 March 2019

The Certified Accountant

The Board of Directors

Angélica Maria de Jesus
Franco Fernandes

Fernando Campos
Nunes

Nuno Miguel Rodrigues
Terras Marques

CC member no. 77089

João Manuel
Pisco de Castro

Alexandra da Conceição
Lopes

Paulo Jorge
Lourenço Pires

António Jorge Xavier
da Costa





Consolidated rendering accounts documents

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

Financial years ended on 31st December 2018 and 31st December 2017

	Notes	2018	2.017
Ongoing operations			
Sales		163,511,295	148,226,657
Services rendered		581,891,846	490,044,435
Turnover	10	745,403,142	638,271,092
Cost of sales and services rendered		-110,823,897	-102,443,170
Gross margin		634,579,245	535,827,922
Own work capitalised	11	5,156,525	4,833,554
Other income	12	26,133,869	27,618,438
External supplies and services	13	-315,801,935	-261,451,055
Personnel costs	14	-198,405,131	-171,141,351
Other costs	12	-9,836,180	-12,136,467
Operating income (excluding amortisations, provisions and fair value of investment properties)		141,826,392	123,551,041
Changes in the fair value of investment properties	23	14,733,959	-498,428
Amortisations	15	-42,089,299	-39,820,010
Provisions and impairment losses	16	-3,932,236	-2,135,021
Operating income		110,538,817	81,097,581
Interest paid, net	17	-35,318,275	-34,186,577
Gains/(losses) on listed shares	18	-100,072	34,880,542
Other financial expenses, net	19	-24,119,981	-23,070,211
Monetary position	2.2	10,962,705	700,617
Gains / (losses) on associates and joint ventures	6	-234,353	360,592
Financial income		-48,809,976	-21,315,037
Income before tax		61,728,841	59,782,544
Current income tax	20	-13,286,759	-16,998,647
Deferred income tax	20	2,977,540	7,309,813
Income tax for the financial year		-10,309,219	-9,688,833
Net income		51,419,622	50,093,710
Attributable:			
Shareholders		53,944,846	45,657,109
Non-controlling interests	35	-2,525,224	4,436,601
Earnings per share:			
Basic	33	2.34	1.98
Diluted	33	2.34	1.98

The notes are part of this consolidated financial statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMEFinancial years ended on the 31st December 2018 and 31st December 2017

	2018	2.017
Consolidated net income for the period (a)	51,419,622	28,290,351
Other comprehensive income:		
Amounts that will be subsequently reclassified to profit or loss		
Conversion of operations in foreign currency - other	-39,556,905	-1,536,049
Conversion of operations in foreign currency - related to hyperinflation in Angola in previous financial years	-38,192,843	-
Tax effect	11,457,853	-
Impact of hyperinflation in Angola	10,567,518	86,567,848
Tax effect	-3,170,256	-26,117,910
Hedge accounting of financial instruments	-2,922	23,732
Tax effect	658	-5,340
Change in the fair value reserve of available-for-sale financial assets	-	-32,596,416
Tax effect	-	7,334,193
Other	146,305	-2,482,234
Amounts that will not be subsequently reclassified into profit or loss		
Actuarial gains / (losses) on retirement benefits	10,272	43,129
Tax effect	-2,311	-12,519
Transfer of tangible fixed asset to investment property	53,216,770	
Tax effect	-11,973,773	
Change in the fair value reserve of other financial investments	-1,350,819	-
Tax effect	155,449	-
Other comprehensive income for the period (b):	-18,695,005	31,218,436
Total comprehensive income of the period (a) + (b)	32,724,617	81,312,146
Total comprehensive income attributable to:		
Non-controlling interests	-3,683,126	28,794,784
Shareholders	36,407,744	52,517,362

The notes are part of this consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONFinancial years ended on the 31st December 2018 and 31st December 2017

	Notes	2018	2.017
ASSETS			
Non-current assets			
Tangible assets	21	479,300,753	537,743,170
Goodwill	22	90,462,279	38,471,229
Investment properties	23	445,214,935	331,050,555
Intangible assets	24	101,359,041	101,235,499
Investments in associated companies and joint ventures	6	32,280,966	32,209,169
Available-for-sale financial assets	25	0	4,016,760
Other financial investments	7	41,272,979	56,620,166
Deferred tax assets	20	50,632,306	47,765,031
Other debtors	29	3,567,332	6,541,371
Total non-current assets		1,244,090,591	1,155,652,951
Current assets			
Inventories	26	110,390,035	127,622,533
Customers	27	120,226,221	107,672,255
Income tax	28	2,069,655	897,307
Assets associated with customers' contracts	10	103,123,039	-
Other current assets	29	73,333,455	138,402,958
Other financial investments	7	593,253	-
Held-for-trading financial assets	30	0	703,519
Cash and cash equivalents	31	41,071,032	46,018,726
Total current assets		450,806,690	421,317,297
Total Assets		1,694,897,281	1,576,970,248
EQUITY			
Capital	32	115,125,630	115,125,630
Share premiums		44,493,578	44,493,578
Other reserves	34	-31,137,433	16,262,328
Retained earnings	34	193,976,504	127,408,263
Equity attributable to shareholders		322,458,278	303,289,798
Non-controlling interests	35	60,939,303	69,855,298
Total equity		383,397,581	373,145,096
LIABILITIES			
Non-Current Liabilities			
Medium and long-term bank loans	36	532,939,819	475,648,468
Other non-current liabilities	38	110,591,702	104,961,864
Deferred tax assets	20	119,502,117	108,282,050
Provisions for other risks and expenses	42	7,383,484	14,341,270
Total non-current liabilities		770,417,122	703,233,653
Current liabilities			
Short-term bank loans	36	119,467,978	119,182,929
Suppliers	37	143,806,076	105,742,888
Income tax	28	1,397,466	2,085,538
Assets associated with customers' contracts	10	26,659,904	-
Other current liabilities	38	249,751,155	273,580,143
Total current liabilities		541,082,578	500,591,499
Total liabilities		1,311,499,700	1,203,825,152
Total equity and liabilities		1,694,897,281	1,576,970,248

The notes are part of this consolidated statement of financial position

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFinancial years ended on the 31st December 2018 and 31st December 2017

	Capital	Own shares	Share issue premiums	Fair value reserve of financial assets (note 25)	Retained earnings and other reserves (note 34)	Subtotal	Non-controlling interests	Total equity
On the 1st January 2017	115,125,630	-33,468,381	44,493,578	24,189,046	137,577,360	287,917,233	44,176,368	332,093,602
Comprehensive income for the period	0	0	0	-23,653,612	76,170,974	52,517,362	28,794,784	81,312,146
Transactions with shareholders								
Dividends distributed	0	0	0	0	-63,400,000	-63,400,000	-804,124	-64,204,124
Disposal of own shares	0	33,468,381	0	0	0	33,468,381	0	33,468,381
Acquisitions, disposals and share capital increase	0	0	0	0	-7,213,179	-7,213,179	-2,311,730	-9,524,908
On the 31st December 2017	115,125,630	0	44,493,578	535,434	143,135,156	303,289,798	69,855,298	373,145,096
Impact of the adoption of IFRS 9 (tax net)	0	0	0	-535,434	-3,064,321	-3,599,755	-1,359,804	-4,959,559
Impact of amendment to IAS 40 (tax net)	0	0	0	0	9,151,975	9,151,975	0	9,151,975
On the 1st January 2018	115,125,630	0	44,493,578	0	149,222,810	308,842,017	68,495,494	377,337,511
Comprehensive income for the period	0	0	0	-1,350,819	37,758,563	36,407,744	-3,683,126	32,724,617
Transactions with shareholders								
Dividends distributed	0	0	0	0	-20,000,000	-20,000,000	-1,238,608	-21,238,608
Acquisitions, disposals and share capital increase	0	0	0	0	-2,791,482	-2,791,482	-2,634,456	-5,425,939
On the 31st December 2018	115,125,630	0	44,493,578	-1,350,819	164,189,890	322,458,278	60,939,303	383,397,581

The Notes are part of this consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWSFinancial years ended on the 31st December 2018 and 31st December 2017

	2018	2.017
OPERATING ACTIVITIES		
Receipts from customers	812,358,368	766,915,363
Payments to suppliers	-479,532,459	-464,816,787
Personnel costs	-193,118,609	-170,186,402
Operating cash flow	139,707,300	131,912,174
Income tax paid/received	-9,216,678	-6,614,466
Other operating payments/receipts	-3,443,064	-3,567,262
Cash flow generated before extraordinary items	127,047,559	121,730,446
CASH FLOW FROM OPERATING ACTIVITIES (1)	127,047,559	121,730,446
INVESTING ACTIVITIES		
Receipts from:		
Financial investments	23,407,776	83,231,491
Investment properties	510,650	0
Investment Grant	9,514,973	2,318,867
Interest and similar income	3,219,784	0
Loans granted	31,641,981	49,582,000
Dividends	706,552	4,451,055
	69,001,716	139,583,413
Payments regarding:		
Financial investments	-1,508,214	-625,925
Acquisitions of subsidiaries	-34,789,307	-4,515,981
Tangible and intangible fixed assets	-72,151,840	-61,697,908
Loans granted	-44,424,129	-60,285,350
	-152,873,491	-127,125,164
CASH FLOW FROM INVESTING ACTIVITIES (2)	-83,871,775	12,458,250
FINANCING ACTIVITIES		
Receipts from:		
Loans obtained	310,732,392	692,980,263
Share capital increases by non-controlling interests	0	647,410
	310,732,392	693,627,673
Payments regarding:		
Loans obtained	-269,004,611	-776,618,767
Amortisation of financial lease contracts	-21,561,179	-8,064,370
Interest and similar costs	-40,857,478	-43,345,354
Dividends	-480,000	-347,164
Other financing operations	-4,634,219	
	-336,537,487	-828,375,655
CASH FLOW FROM FINANCING ACTIVITIES (3)	-25,805,095	-134,747,982
Changes in cash and cash equivalents (1) + (2) + (3)	17,370,690	-559,286
Cash and cash equivalents at the beginning of the period	39,215,718	42,786,708
Effects of currency exchange rate difference	-18,880,249	0
Effects of changes in the scope of consolidation	341,138	3,011,704
Cash and cash equivalents at end of the period	38,047,297	39,215,719

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWSFinancial years ended on the 31st December 2018 and 31st December 2017

	2018	2017
1. ACQUISITION OR DISPOSAL OF COMPANIES		
a) Acquisitions/increases in holdings in the current financial year		
MJ Quinn	26,527,935	-
Modal	3,130,471	626,094
Cabling	2,734,436	546,887
Ieme	1,214,443	3,343,000
Martifer Visabeira	1,000,000	-
Constructel Modal	652,112	-
Escotel	529,910	-
Rodinerte	190,000	-
Besconsigo	110,000	-
Sem Amarras	110,000	-
Core capital	98,214	-
Electrotec	-	425,925
Pinewells	-	200,000
	36,297,522	5,141,906
a) Disposals in the current financial year		
Hospital Nossa Senhora da Arrábida and Porto Salus	22,636,083	
Doutibelo	494,972	
PHAROL	161,414	1,446,948
Sem Amarras	92,977	
Lisgarante	8,390	
Garval	8,390	
Norgarante	5,550	
EDP		46,979,389
NOS		34,805,155
	23,407,776	83,231,491
2. BREAKDOWN OF CASH AND CASH EQUIVALENTS:		
For companies in the scope of consolidation		
a) Cash		
- Cash	350,710	388,744
- Bank deposits	37,857,351	40,966,341
b) Other availabilities		
- Tradable securities	2,521,833	1,651,937
From changes to the scope of consolidation during the year		
a) Cash		
- Bank deposits	341,138	3,011,704
Cash and cash equivalents in the balance sheet	41,071,032	46,018,726

Notes to the consolidated financial statements

On the 31st December 2018 (amounts in euros)

1. Introductory note

Grupo Visabeira started its activity in 1980 within the telecommunications and electricity sector. Based in Viseu and as a result of its combined commitment to human resources, an integrated information and logistics system, its own transport network and strategically located facilities, the Grupo rapidly extended to the entire Portuguese territory and became the largest employer in central Portugal. Its contribution to the modernisation and development of telecommunications, by offering integrated and global solutions, earned it market leadership in the field of telecommunication network engineering, a position it has held for almost 4 decades.

In order to diversify its activities, Telecommunications, Energy, Technologies, Construction, Industry, Tourism, Real Estate and Services, as well as its presence in several markets, it adopted a strategy for structuring its operations in sub-holdings sectors, in order to enhance each of its businesses and enhance the Grupo's performing capacity. The engine of its development strategy continues to rely on a management model based on global information systems, which interconnects all the business units and integrates all the Grupo's resources.

Based on the trust gained in the market, it defined and consolidated a bold internationalisation strategy that consolidated the capabilities and dynamics of the Grupo on two parallel fronts.

On the one hand, it expanded and consolidated its performing model in new countries as a natural extension of the markets and in countries of emerging economies, through an investment policy in a partnership or local business establishment. Initially focusing on Portuguese-speaking countries and later on with a strong focus on European countries, the Grupo has exported its model since the 1980s and, as a result of this strategy, currently it has companies with consolidated activities in Mozambique, Angola, France, United Kingdom, Belgium, Germany, Brazil, Denmark and presence in many other countries.

Through the internationalisation of its markets, the Grupo has promoted its products in more than ninety countries, on five continents, among which the markets of the European Union, Scandinavia, North America, Africa, Australia and Japan play an important role.

At the moment, through investment, Grupo Visabeira's main development area continues to be its external growth, leveraged by its multisectoral matrix and by an attitude of constant technological updating.

Grupo Visabeira will continue to enhance its distinctive competencies and the entrepreneurial dynamics that characterizes it, as well as it will operate in an integrated manner in increasingly global scenarios, expanding its markets in a sustained manner and always aiming at leadership in its strategic business areas.

In 2018, Grupo Visabeira continued the process of corporate reorganisation with a view to simplifying, rationalizing and reducing structural costs. Moreover, with a view to simplifying the Grupo's corporate structure

and concentrating, in a single entity, similar and/or complementary business units, in order to efficiently allocate human, material and financial resources, was carried out a merger of Visabeira Pro – Estudos e Investimentos, SA (a shared services company), in the Grupo Visabeira SA, the latter company its holding quality. However, it will allow to aggregate in a single entity all activities providing similar and complementing shared services.

Grupo Visabeira consolidates its accounts in the entity NCFGest SGPS, SA, its majority shareholder and 100% owned by Fernando Campos Nunes.

On the 31st December 2017, turnover amounted to 745,403,142 euros. Equity amounted to 383,397,581 euros, of which 60,939,303 euros correspond to the Grupo's non-controlling interests.

In 2018, the Grupo Visabeira employed an average of 10,974 employees (2017: 9,719).

The financial statements were approved for issue in the meeting of the Board of Directors held on the 15th March 2019, pending approval by the General Meeting of Shareholders, pursuant to current Portuguese corporate law. The Board of Directors believes that the financial statements will be approved without any changes.

2. Accounting Policies

The most relevant accounting policies used in the calculation of profit or loss for the period and the presentation of the financial position are as follows:

2.1 BASIS OF PRESENTATION

According to Decree Law no. 35/2005 of 17th February, as subsequently amended by Decree Law no. 98/2015 of the 2nd June, which transposed into Portuguese legislation the provisions of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the 19th July 2002, were prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), adopted by the EU, effective as of the 1st January 2018.

In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Grupo Visabeira employs estimates and assumptions that affect the application of policies and the amounts of assets and liabilities.

Actual results may differ from these estimates.

The estimates and judgements used in preparing the financial statements are presented in Note 3.

The consolidated financial statements were prepared based on the accounting books and records of the companies included in the scope of consolidation (Notes 5 and 6), kept in accordance with accounting principles generally accepted in the respective jurisdictions and in Portugal, and adjusted

in the consolidation process and when applicable, so that the consolidated financial statements are presented in accordance with IAS/IFRS.

The consolidated financial statements have been prepared on the assumption of continuity of operations, based on historical cost, except in the case of investment properties, derivatives, and some financial investments, which have been measured at fair value, as described in the accounting policies below. The Board of Directors has carried out an assessment of the Grupo's ability to proceed on an ongoing basis, taking into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period, having concluded that it is appropriate to use the assumption of operating continuity. The consolidated financial statements include comparative information, in relation to previous financial years. Unless stated otherwise, the amounts are in euros (EUR).

2.2 BASES OF CONSOLIDATION

The consolidated financial statements include, in reference to the 31st December 2018, the assets, liabilities and profit and loss of the companies of the Grupo, understood as the entirety of the Grupo Visabeira and its subsidiaries, which are presented in Notes 5 and 6.

An entity is classified as subsidiary when it is controlled by the Grupo. Control exists only where the Grupo has, cumulatively:

- a) power over the investee;
- b) exposure to or rights over variable results derived from its relationship with the investee; and
- c) the ability to use its power over the investee to affect the amount of the results for the Grupo.

Generally, it is assumed that there is control when the Grupo holds the majority of voting rights. In order to support this assumption and in cases where the Grupo does not hold the majority of voting rights in the investee, all relevant facts and circumstances are taken into account when determining the existence of power and control, such as:

- a) any contractual agreements with other holders of voting rights;
- b) any rights arising from other contractual agreements;
- c) existing and potential voting rights.

The existence of control by the Grupo is re-evaluated whenever there is a change in any facts and circumstances that lead to changes in one of the three factors of control mentioned above.

Subsidiaries are included in the scope of consolidation according to the full consolidation method, from the date when control is acquired until the date it effectively ends. Balances, transactions and cash flows between Grupo entities, as well as unrealised gains on transactions between companies of the Grupo are eliminated.

Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset.

The accounting policies of subsidiaries are changed whenever necessary to ensure consistency with the policies

adopted by the Grupo.

A change in the participating interest in a subsidiary that does not entail loss of control is recorded as a transaction between shareholders. If the Grupo loses control over the subsidiary, the corresponding assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised and any gains or losses are recognised in the income statement.

Participating interest is recognised at fair value at the time of loss of control. In situations where the Grupo has substantial control of entities created for a specific purpose, even if it has no direct shareholdings in these entities, they shall be consolidated using the full consolidation method.

Net assets of subsidiaries consolidated through the full consolidation method attributable to the equity stake or shares held by any third parties are recorded in the consolidated statement of financial position, in the line item non-controlling Interests.

Interests held by any third parties over the net income of subsidiaries are identified and adjusted by deduction from the equity attributable to the Grupo shareholders and recorded in the consolidated income statement, in the line item non-controlling interests.

The same is true of the comprehensive income statement.

Changes to the scope of consolidation

During the year 2018, the most significant changes to the scope of consolidation (see note 8) were the acquisition of MJ Quinn and Escotel.

Classification of Angola as a country with a hyperinflationary economy

In 2017, the Angolan economy was classified as hyperinflationary in accordance with IAS 29 – Financial Reporting in Hyperinflationary Economies, a situation that continued in 2018.

Pursuant to this standard, financial statements prepared in the currency of a hyperinflationary economy must be expressed in the measurement unit in force at the date of the preparation of the financial statements.

Consequently, as defined in IAS 29 – Financial Reporting in Hyperinflationary Economies, the main points to consider are as follows:

- Monetary assets and liabilities are not changed, as they are already expressed in the current unit at the date of the financial statements;
- Non-monetary assets and liabilities (which are not already expressed in the current unit at the date of the financial statements) are restated by applying a general price index;
- The effect of inflation on the net monetary position of investees is reflected in the profit-and-loss account as a loss/gain in the net monetary position.

Moreover, the conversion of financial statements of subsidiaries and associated companies located in Angola and stated in foreign currency (for which Kwanza is the functional currency) is carried out considering the currency exchange rate prevailing at the balance sheet date.

The conversion coefficient used in the monetary correction IAS 29 Angola was the consumer price index (CPI) published by the National Bank of Angola.

The main accumulated impacts on the Consolidated Financial Statements are as follows:

- In the financial statement position:

Millions of euros	2018	2017
Tangible and intangible fixed assets	59.5	82.1
Deferred tax liabilities	-17.8	-24.6
	41.6	57.5
Equity attributable to shareholders	21.4	34.4
Non-controlling interests	20.3	23.1
	41.6	57.5

- In the profit and loss statement:

Millions of euros	2018	2017
Turnover	3.9	7.7
Other income	0.3	-0.8
Other costs	-1.9	-4.1
Amortisations	-6.1	-3.3
Monetary position	11.0	0.7
Other financial expenses, net	-2.2	-0.5
Deferred income tax	-1.5	0.1
Net income	3.5	-0.3
Shareholders' Net Profit	1.8	-1.8
Net Income from non-controlling interests	1.7	1.6

2.3 BUSINESS COMBINATIONS AND GOODWILL

The acquisition method is the method used to recognise the entry of subsidiaries into the Grupo upon their acquisition.

In the acquisition method, the difference between:

- the consideration transferred together with the non-controlling interests and with the fair value of the equity interests previously held and
- the net amount of the identifiable assets acquired and of the liabilities assumed, is recognised at the date of acquisition as goodwill, if positive or as gain, if negative.

The consideration transferred is measured at fair value, calculated as the aggregate amount of fair values, on the date of acquisition, of assets transferred, liabilities incurred and equity instruments issued by the Grupo. For the purpose of determining goodwill/ earnings of the business combination, the transferred consideration is removed

from any part of the consideration that concerns another transaction (e.g. remuneration for the provision of future services or settlement of pre-existing relationships) whose margin is recognised separately in profit or loss.

Whenever a business combination is not completed on the reporting date, the provisional amounts recognised on the date of acquisition shall be adjusted retrospectively, for a maximum period of one year counting from the date of acquisition and any additional assets and liabilities shall be recognised if new information is obtained on facts and circumstances existing on the date of acquisition which would result in the recognition of such assets and liabilities, should it have been known on that date.

The transferred consideration includes the fair value, on the date of acquisition, of any contingent consideration. Subsequent changes in this value are recognised: (i) as equity if the contingent consideration is classified as equity, (ii) as an expense or income in profit or loss or as other comprehensive income if the contingent consideration is classified as a financial asset or liability under IAS 39 and (iii) as expenses, pursuant to IAS 37 or other applicable standards, in remaining cases; unless they occur within the remeasurement period (12 months after the date of acquisition) and are related to situations prior to the acquisition date.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/ business combination gain, and are recognised as expenses in the year they occur.

On the date of acquisition, the classification and designation of all assets acquired and liabilities transferred are reassessed in accordance with IFRS, with the exception of lease and insurance contracts, which are classified and designated based on the contractual terms and conditions, on the commencement date.

Assets arising from contractual indemnities paid by the seller concerning the outcome of contingencies related, in whole or in part, to a specific liability of the combined entity, shall be recognised and measured using the same principles and assumptions of the related liabilities.

The determination of the fair value of assets acquired and liabilities assumed takes into account the fair value of contingent liabilities arising from a present obligation caused by a past event (if the fair value can be reliably measured), regardless of whether an outflow is expected or not.

For each acquisition, the Grupo can choose to measure "non-controlling interests" at their fair value or by their respective share in the assets and liabilities transferred from the acquiree. The choice of a method influences the determination of the amount of goodwill to be recognised. When the business combination is achieved in stages, the fair value on the date of acquisition of the interests held is remeasured at fair value on the date when control is obtained, with the corresponding changes in income for the period in which control is achieved, thus affecting the calculation of goodwill.

Goodwill is considered to have an indefinite useful life and thus is not amortizable, being subject to annual impairment tests, regardless of whether or not there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated, on the date of acquisition, to each of the cash-generating units expected to benefit from the business combination, regardless of the remaining assets and liabilities also associated with the cash-generating unit. When the operation, or part of it, associated with a cash-generating unit is disposed of, the allocated goodwill is also derecognised and included in the balance of gains/losses of the disposal, calculated as the base for its relative value.

Goodwill related to investments in companies based abroad, acquired after the 1st January 2005, is recorded in those companies' reporting currency and translated into euros at the exchange rate in force on the balance sheet date.

Acquisitions prior to 2010:

Compared to the treatment described above, applicable as of the 1st January 2010, the main differences are the following:

- The cost of an acquisition would include costs directly attributable to such acquisition, thus affecting the calculation of goodwill;
- The acquiree's "non-controlling interests" (formerly designated "minority interests") were measured only by the acquiree's share in the identifiable net assets, but would not influence the determination of goodwill /gains resulting from the combination;
- When the business combination was effected in stages, the fair value on the previous acquisition date of the interests held was not remeasured on the date when control was obtained and the goodwill amount previously acknowledged remained unchanged;
- Any contingent acquisition value was only recognised if the Grupo had a present obligation, the outflow was likely and the estimate was reliably determinable; subsequent changes in this value were recognised against goodwill;

Other changes in interests of controlled entities:

The acquisition of interests in entities already controlled is considered a transaction between shareholders and, consequently, contrary to the acquisition of control in phases, does not give rise to the recognition of any goodwill or gain, any difference between the cost of acquisition and the carrying amount of the non-controlling interests being recorded directly in equity.

Likewise, in the disposal of interests in a controlled entity without loss of control, any difference between the price received from non-controlling interests and the amount transferred to them is recorded directly in equity.

2.4 FINANCIAL HOLDINGS IN ASSOCIATES AND JOINT VENTURES

Associates are companies over which the Grupo Visabeira exercises significant influence, understood as the power to participate in their financial and operating policy-making process, without, however, exercising control or joint control. Generally, it is assumed that there is a significant

influence whenever the holding percentage exceeds 20%. The classification of financial investments in joint ventures is determined based on the existence of shareholders' agreements that demonstrate and regulate joint control, which is understood to exist when decisions on activities relevant to the venture require a unanimous agreement between the parties.

The existence of significant influence or joint control is determined based on the same type of facts and circumstances applicable in the assessment of control over subsidiaries.

These holdings are consolidated by the equity method, that is, they are initially recorded at cost and subsequently the consolidated financial statements include the Grupo's interest in the total recognised gains and losses of the associate/joint venture, from the date on which significant influence/control begins until the date on which it effectively ends. Dividends received from these entities are recorded as a reduction in the value of financial investments.

The Grupo's participation in the gains and losses of its associates/joint ventures is recognised in the income statement, and its share of movements in Post-acquisition Reserves are recognised in Reserves. Post-acquisition cumulative changes are adjusted according to the cumulative movements in financial investment. When the Grupo's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Grupo does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate/joint venture.

Any excess of the cost of acquisition of a financial investment over the Grupo's share in the fair value of the assets, liabilities and contingent liabilities identified on the date of acquisition of the associate/joint venture is recognised as goodwill, which is included in the value of the financial holding and whose recovery is assessed annually as part of the financial investment. If the cost of acquisition is lower than the fair value of the net amount of the assets of the associate/ joint venture, the difference is recorded directly in the consolidated income statement. Unrealised gains from transactions between the Grupo and its associates/joint ventures are eliminated to the extent of the Grupo's share in the respective associates/joint ventures. Unrealised losses are also eliminated, unless the transaction evidences impairment of a transferred asset. The accounting policies of associates/joint ventures are changed whenever necessary to ensure consistency with the policies adopted by the Grupo.

After applying the equity method, the Grupo assesses the existence of impairment indicators; if any, the Grupo calculates the recoverable value of the investment and recognizes an impairment loss if it is lower than the book value of the investment, in the line item "Gains / Losses on associates and joint ventures" in the income statement. After the loss of significant influence or joint control, the Grupo initially recognises the retained investment at fair value, and the difference between the carrying value and the fair value held plus the revenue from the sale, are recognised in the income statement.

2.5 RECOGNITION OF REVENUE

The Grupo is organised through sub-holdings which group the subsidiaries in the various business areas in which it is present.

The main business areas/revenue sources of the Grupo for the years 2017 and 2018 can be detailed as follows:

- i) Telecommunications and energy;
- ii) Engineering and construction;
- iii) Telecommunication operator;
- iv) Industry - in this area, the Grupo carries out the following activities:
 - a) Ceramics and crystal
 - b) Biofuels
 - c) Thermal energy
- v) Hotels and restaurants;
- vi) Shopping centre management and operation;
- vii) Real estate sale;
- viii) Services and real estate management.

Nature, performance obligations and revenue recognition

i) Telecommunications and energy;

In this business area, the Grupo signs several service contracts with the telecommunication and energy operators, with a distinction regarding contracts related to the external network (construction and maintenance services of the network and related infrastructure on roads) and contracts regarding the customer network (services provided in the final customer of telecommunications and energy operators).

Outdoor network

Orders made by the customer, under the general contract established, identify the performance obligation that the Grupo has to carry out. Thus, each order is treated as a single performance obligation.

The Grupo's performance creates an asset that the customer controls as it is carried out, thus the Grupo's performance obligation is met over time.

A production collection system is available to the operational teams, where the tasks performed successfully are recorded on a regular basis. Each task has associated into the system the price agreed with the customer, as well as the standard consumptions of materials provided for this task. The recognition of the revenue is made according to the completed tasks and valued based on the agreed prices. Periodically, for the work completed, a performance measurement report is submitted to the validation of the customers, with a summary of the production sheets. After the customer has approved the performance measurement report, the respective invoice is issued. The frequency regarding the presentation of the measurements depends on the type of customer and size of the work carried out.

Customer Network

Orders made by the customer, under the general contract established, identify the performance obligation that the Grupo has to carry out. Thus each order is treated as a single performance obligation. The orders are characterised by being related to very short duration works. The performance obligation is fulfilled at a specific time, namely when the customer approves the service rendered.

A production collection system is available to the operational teams, where completed tasks are recorded

throughout the day. The customer approves the production on a daily basis. Each task has associated into the system the price agreed with the customer, as well as the standard consumptions of materials provided for this task. The recognition of the revenue is made according to the completed tasks and valued based on the agreed prices. Depending on the customer, the billing of completed and validated tasks can be done every two weeks or monthly.

ii) Engineering and construction;

In this business area, the Grupo signs with public and private entities several contracts for the provision of construction services that include different components/tasks. Although in most cases customers can benefit from the different components/tasks on its own, since they are negotiated together the promise of transfer of each is not separately identifiable from the others. Moreover, since the above-mentioned components/tasks are typically highly interrelated and dependent on each other, the Grupo considers that they should be treated as a single performance obligation. Thus, generally, each construction contract is treated as a single performance obligation. On the other hand, since customers have the ability (control) to guide the use of the asset as it is being built and the ability to obtain substantially all the remaining economic benefits thereof, the Grupo's performance obligation in these cases is met over time, the revenue being recognised according to the method described below.

The costs of construction contracts are recognised when incurred. When revenue arising from the contract cannot be reliably measured, income is recognised to the extent of costs recovered. When contract revenues can be measured reliably, and it is likely that the contract will be profitable, revenues are recognised throughout the construction period. If the contract is not profitable, the expected loss is acknowledged immediately as an expense in the financial year.

The percentage of completion method is used to recognise revenue in each period. The percentage of completion is measured taking into account the weight of costs incurred in the total estimated costs. Costs incurred in the financial year, which are associated with the future activities of the contract, are excluded from the calculation of the percentage of completion and are classified as inventories, deferred costs or other.

The Grupo presents as assets any amounts to be recovered from customers for contracts in progress whose costs incurred, plus recognised income (and subtracted from recognised losses), exceed the amounts invoiced. Unpaid invoices are presented in the line item Customers.

iii) Telecommunications operator;

In this business area, the Grupo provides operator services, providing cable television, fixed broadband and voice. Revenues from services provided regarding the fibre and cable network result from:

- a) subscription of base channel packages that can be marked in bundle with fixed broadband and/or fixed voice services;
- b) channel package subscription premium;
- c) rental of complementing equipment.

Thus, at the beginning of each contract, the Grupo evaluates the promised goods or services and identifies,

as a performance obligation, every promise of transfer to the customer any good or service (or goods or services package). These promises in contracts with customers may be explicit or implied, provided that such promises create a valid expectation on the customer that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or business practices. The Grupo has internally defined that a performance obligation corresponds to the promise of delivery of a good or service that can be used separated by the customer and on which there is a clear perception of this good or service by the customer among the remaining available in each contract.

The main performance obligations are the Fixed Internet, Fixed Telephone, Television, Consulting, and Cloud / IT Services, distribution of audiovisual rights, among other. Providing set-top-boxes, routers, modems and other home complementing equipment and respective installation and activation services were considered by the Grupo as not corresponding to a performance obligation, as these are actions required to meet the promised performance obligations.

The recognition of revenue occurs at the moment of fulfilment of each performance obligation, being distinguished between:

Prepaid Services

Revenue is recognised at the time services are effectively rendered, which is to say amounts previously received are specialised for the period of service rendering to which TVCabo is obliged.

Corporate services

Revenues from telecommunications service subscriptions (internet, television and voice subscription, separately or combined) are recognised on a straight-line basis throughout the subscription period. The invoicing is issued after the service is rendered, depending on the conditions established with the customer under the contract.

iv) Industry - in this area, the Grupo carries out the following activities:

a) Ceramics and crystal

b) Biofuels

In determining the revenue value, the Grupo assesses for each transaction its performance obligations to customers, the price of the transaction to each performance obligation identified in the transaction, and the existence of variable price conditions that may give rise to future adjustments to the value of the recorded revenue, and for which the Grupo makes its best estimate.

Income from sales of products is recorded in the consolidated profit and loss statement when control of the product or service is transferred to the customer, that is, at the moment when the customer becomes responsible for managing the use of the product or service and obtain all the remaining economic benefits associated with it. The Grupo considers that, in view of the nature of the product or service that is associated with the performance obligations undertaken, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously over the period established under contract.

For each contract, the Grupo assesses whether there are other commitments in the contract which are separate

performance obligations and for which part of the transaction price should be allocated (eg warranties and loyalty credits). In determining the transaction price, the Grupo takes into account possible variable remuneration, the existence or not of a significant financing component, non-monetary consideration receivable and the possibility of compensation being paid to the customer.

Guarantee obligations

The Grupo generally provides guarantees for the proper functioning of its products - repair of defects existing at the time of sale - as required by law.

These quality guarantees are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Assets. Moreover, the Grupo sells a one year guarantee to repair any defects that may exist at the time of sale. These guarantees of service are sold separately or together with the equipment.

Contracts that add equipment and service guarantees have two performance obligations because the promises of transferring the equipment and to ensure the service guarantee are different. Through the use of the standalone selling price method, part of the transaction price is allocated to the quality service guarantee and recorded as a liability relating to contracts with customers. Revenue is recognised over the period during which the guarantee is provided based on the passage of time.

c) Thermal energy

The revenue related to the thermal energy business area is recognised according to the method defined for the business area related to (ii) Engineering and construction.

v) Hotels and restaurants;

Revenue from the provision of Hotels and Restaurants services is recognised at the time the service is rendered or control over the property is transferred to the customer. Sales are usually made in cash or by credit card. In cases where a credit period is established, the credit time granted varies between 30 and 60 days after the billing.

vi) Management and operation of a shopping centre; Fixed Rents

The Grupo acts as lessee in lease agreements. Income earned through rent is accounted for in a straight line during the leasing period and is presented as "services rendered", due to its operational nature. Contingent rents are recognised only when the duty is established. Initial costs directly related to the negotiation and collection of leases are recorded as expenses during the leasing period at the same rate as the rents earned. The lease duration is the sum of the period during which the lease cannot be cancelled with an additional period that the lessee is expected to have the option to maintain the lease, and upon the beginning of the lease the Grupo has reasonable certainty that the lessee will choose to maintain.

Amounts receivable from lessors for contractual assignment or for compensation for devaluations are recorded in the income statement when the right to receive is established. Gains on common expenses redebt to lessees are recorded in the period which the compensation relates to. Fees regarding management and service are included as Income from rentals, without considering the respective costs, because the Grupo considers that it acts as principal and not as agent in this situation.

Variable rents

If the consideration provided for in a contract includes a variable component, the Grupo estimates the amount that it considers to be entitled to receive. The variable component is estimated on a monthly basis according to the tenant's turnover and is restricted in case of uncertainty until it is highly probable that there will be no significant reversal of recognised revenue when the uncertainty associated with the variable compensation component is subsequently resolved.

Key income

Key income is recognised at the time of signature of the contract of reservation of ownership and subsequent receipt.

vii) Real estate sale;

The sale of the completed property is generally considered as a single performance obligation and the Grupo has determined that it will be met at the time control is transferred.

In the case of unconditional contract exchanges, the time usually occurs when the legal title is transferred to the customer. In the case of sales through public auction, the moment is verified when all the conditions are met. It is not expected that the determination of the control transfer, both for sales through public auction or direct sale, will be modified with the adoption of IFRS 15.

For contracts related to the sale of properties in development, the Grupo is responsible for the overall management of the project, and it has identified several goods and services to be provided, including design work, purchase of materials, preparation of the site and foundations, formwork and plastering, mechanical and electrical installations, installation of utensils (eg windows, doors, cabinets, etc.) and finishing work. In these contracts, the Grupo determined that the goods and services are not different and are recorded as a single performance obligation. Depending on the terms of each contract, the Grupo determines whether the control is transferred at a point in time or over time:

- For the sale of currently recognised developing properties according to the percentage of completion, the Grupo expects to continue to recognize the gains over time because it estimates that control will be transferred over time.
- For the sale of currently recognised developing properties when completed, the Grupo believes that control will be transferred at a point in time.

In contracts that meet the recognition criteria throughout the period, the Grupo's performance is measured using a method of imputation by reference to the costs incurred to comply with the performance obligation (eg resources consumed, hours spent, costs incurred, time incurred or machine hours) in proportion to the estimated total inputs to complete the work. The Grupo excludes the effect of costs incurred which do not contribute to the performance obligation in transferring control of goods or services to the customer (such as unanticipated amounts of defective materials or other resources) and adjusts the method of imputation against costs incurred which are not proportional to the Grupo's progress in meeting the performance obligation (i.e. non-installed materials).

Some contracts for the sale of properties include variable considerations in the form of penalties for delays and, in limited cases, early termination premiums. Usually, the Grupo expects uncertainty to dissipate before recognizing these gains. In accordance with IFRS 15, estimates of variable consideration are included in the transaction price (after considering the limiting requirements). Considering the wide range of services, the Grupo usually applies the expected value method to estimate this variable consideration and will apply the IFRS 15 requirements in mandatory variable consideration estimates to determine the variable consideration amount that may be included in the transaction price.

The Grupo uses the practical expedient provided for in IFRS 15 for the significant financing component. As such, the Grupo will not adjust the amount under contract by the effects of the significant financing component in contracts where the Grupo expects, at the end of the contract, the interval between the customer payment and the Grupo's transfer of the agreed goods or services to be one year or less:

- For contracts involving the sale of property in development recognised over time, generally, customers carry out the payments as the work progresses. In these cases, the Grupo estimates that the interval between the customer payment for the asset, and the Grupo's transfer of the asset to the customer will be one year or less.
- For some contracts that include the sale of development properties recognised over time and the sale of development properties recognised at a specific point in time, the Grupo is entitled to the recognition of an advance. This situation is not seen as a significant financing component since the reasons are not related to the Grupo's financing. The reason is that these payments are seen as a guarantee that the other party will satisfactorily complete its obligations under the contract in situations, in cases when customers do not have a proven credit record or have a history of late payments.

Property sale contracts have certain guarantees which cover a period of up to ten years after completion of the property, including requirements regarding operating performance conditions (i.e. insulation, energy efficiency, etc.).

The Grupo has determined that these conditions represent guarantees called "reliability" and that they are legally required as quality assurance, continuing to be accounted for in accordance with IAS 37, consistent with current practice.

(viii) Real estate management and services; Service expenses, management fees and other recoverable expenses of lessees

For investment properties held to obtain rental income, the Grupo is lessor in lease agreements that fall under IAS 17. These agreements include certain services provided to the lessees, including comprehensive property management, including maintenance of common areas (eg cleaning, security, gardening), and other administrative support services (eg concierge services, catering and other related services). These services are specified in the lease agreements and are billed separately.

Consistent with current practice, the Grupo determined that these services are separate components of the lease (transferred separately from the right to use the asset) and fall within the scope of IFRS15. The Grupo will allocate the consideration to the lease component and the service component on a relative basis, consistent with the current accounting.

For the revenue component, the Grupo concluded that these services represent a number of daily services that are individually met over time, and a progress measurement basis based on the time taken will be applied. The amounts charged to tenants for these services include fees charged based on the percentage of income and reimbursement of expenses incurred. The Grupo determined that this variable consideration is only related to the non-leasing component and that allocating it to each service period (e.g.: each day) fulfils the variable consideration allocation exception.

The Grupo provides the third-party competence to provide services to tenants. In accordance with IAS 18, the Grupo concluded that it is the principal because it is primarily responsible for meeting the performance obligation of the specific service, and the Grupo is subject to credit risk regarding these transactions because it has to pay the third party even if the customer does not comply with the payment terms.

IFRS15 requires a test to demonstrate that the Grupo controls a particular good or service before transferring it to the customer. The Grupo has determined that it controls the service before being provided to the tenant and consequently is the principal rather than agent in these contracts. Consequently, the Grupo underwent no impact as a result of this diagnosis.

Disposal of investment property during the ordinary course of business

The IFRS 15 recognition and measurement requirements are applicable to determine the timing of derecognition and the measurement of the consideration (including the application of requirements for variable consideration), when the gains or losses regarding the disposal of non-financial assets are calculated, when such disposal is not part of the normal course of business. The Grupo has determined that there is no need for changes resulting from the transition to IFRS 15 regarding disposals of investment properties carried out in the past, which were owned for rent.

Contract costs

The Grupo incurs in commissions which are incremental costs of obtaining a contract with a customer. The Grupo intends to use the practical expedient provided for in IFRS15 for the costs of obtaining a contract to waive those costs that would have been amortised over a year or less. In cases where the amortisation period would exceed one year, the Grupo will capitalize the costs of obtaining a contract that meets the criteria for recognition of IFRS15. Costs incurred by the Grupo to raise a contract before the beginning of its performance (eg proposal costs) usually comprise general and administrative costs.

Contract assets and liabilities

i) Assets of contracts with customers

A customer contract asset is a right to receive a return in exchange for goods or services transferred to the customer.

Where the Grupo has delivered the goods or services to the customer before the customer pays the consideration or before the consideration is due, the contract asset corresponds to the amount of the consideration which is conditional.

ii) Accounts receivable from customers

An account receivable represents the unconditional right (that is, it only depends on the passage of time until the consideration is due) of the Grupo to receive the consideration - See note 27.

iii) Liabilities of contracts with customers

A liability of contracts with customers is the obligation to transfer goods or services for which the Grupo received (or is entitled to receive) a consideration from a customer. If the customer pays the consideration before the Grupo transfers the goods or services, a contract liability is recorded when the payment is made or when it is due (whichever comes first). Contract liabilities are recognised as revenue when the Grupo carries out its contract performance obligations.

2.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The accounting policy described below was followed by the Grupo during 2018 following the adoption of IFRS 9 and the Grupo opted to keep the amounts for 2017 determined in accordance with the accounting policy followed up to that date in accordance with IAS 39. The main differences relate to the classification of financial assets.

2.6.1 Financial assets - IFRS 9

1) Initial recognition and measurement

Initially, assets are classified and subsequently measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss.

The initial classification of financial assets depends on the contract characteristics of the cash flows and the business model that the Grupo adopts to manage them. With the exception of accounts receivable from customers that do not contain a significant financial component and for which the Grupo adopts the practical expedient, the Grupo initially measures a financial asset at its fair value added, in the case of an asset not classified as fair value through results, of the transaction costs. Trade accounts receivable that do not contain a significant financial component and for which the Grupo adopts the practical expedient are measured at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through other comprehensive income, it should provide cash flows representing solely payments of principal and interest (SPPI) on the outstanding capital. This assessment, known as the "cash flows solely from payments of principal and interest" test is carried out for each financial instrument.

The business model established for the management of financial assets relates to how the Grupo manages financial assets in order to obtain cash flows. The business model can be designed to obtain contract cash flows, to dispose of financial assets or both.

Purchases or sales of financial assets that require the delivery of the assets within a period established by market regulation or convention (regular way trades) are recognised on the trade date, which is to say on the date the Grupo undertakes to buy or sell the asset.

(II) Subsequent measurement

For subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income, with recycling of accumulated gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income, without recycling of accumulated gains and losses at the time of derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant for the Grupo. The Grupo measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held under a business model whose purpose is to hold the financial asset in order to obtain the contract cash flows and
- The contract terms of the financial asset give rise, at defined dates, to cash flows corresponding only to payment of principal and interest on the outstanding capital.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recorded in profit or loss when the asset is derecognised, modified or impaired.

The financial assets that the Grupo measures at amortised cost include accounts receivable from customers and other debtors, loans to shareholders and related parties and loans. Interest income is recorded in the income statement in the line of interest, net, using the effective interest rate method, which is applied to the gross carrying amount of the financial asset.

Financial assets at fair value through other comprehensive income (debt instruments)

The Grupo measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held under a business model whose purpose is to hold the financial asset to obtain the contract cash flows and the cash flows arising from its sale and
- The contract terms of the financial asset give rise, at defined dates, to cash flows corresponding only to payment of principal and interest on the outstanding capital.

In the case of debt instruments measured at fair value through other comprehensive income, interest earned, currency exchange differences and impairment losses and reversals are recorded in profit or loss and calculated in the same way as financial assets measured at amortised cost. The remaining fair value changes are recorded in other comprehensive income. At the time of derecognition, the changes in fair value accumulated in the other comprehensive income are transferred (recycled) to the profit and loss.

Debt instruments measured at fair value through other comprehensive income include quoted debt instruments. The Grupo does not hold this type of financial assets on the 31st December 2018.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group may choose to irrevocably classify equity instruments held as equity instruments designated at fair value through other comprehensive income when they meet the definition of capital set forth in IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined instrument by instrument.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recorded as a financial gain in profit or loss when the right to receive payment of the dividend is established, except when the Grupo benefits from such dividends as a recovery of part of the cost of the financial asset and in that case dividends are recorded in the other comprehensive income. Equity instruments held as equity instruments designated at fair value through other comprehensive income are not subject to impairment measurement.

The Grupo decided to irrevocably classify its investments in equity instruments of entities not listed in this category, as well as the shares held in Pharol.

Financial assets to the fair through the income statement

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at the time of initial recognition as measured at fair value through profit or loss, or financial assets that must be measured at fair value. Financial assets are classified as held for trading if they were acquired for the purpose of being sold or repurchased within a very short period of time.

Derivatives, including separate embedded derivatives, are also classified as held for trading unless they have been designated as effective hedging instruments.

Financial assets with cash flows that do not correspond solely to payments of principal and interest on the outstanding capital are measured at fair value irrespective of the underlying business model. Notwithstanding the criteria for classification of debt instruments at amortised cost or at fair value through the other comprehensive income described above, debt instruments may be designated at fair value through profit or loss at the time of initial recognition if this eliminates or reduces significant inconsistency in measurement or recognition.

Financial assets at fair value through the income statement are presented in the Statement of Financial Position at fair value with the net changes in fair value presented in profit and loss.

This category includes derivatives and investments in quoted shares for which the Grupo has not irrevocably decided to measure at fair value through other comprehensive income.

If a hybrid contract includes a basic contract that is not a financial asset, an embedded derivative shall be separated from the base agreement and accounted for as a derivative if, and only if:

- i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying contract;

ii) a separate instrument with the same terms as the embedded derivative satisfies the definition of a derivative; and

iii) the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with the changes in fair value recognised in profit or loss. The revaluation of the classification is only possible when there is a change in the contract terms that significantly modify the cash flows or the reclassification of the financial asset in order to stop being classified in the category of fair value through the profit and loss.

A derivative embedded in a hybrid agreement which includes a base agreement that contains a financial asset is not accounted for separately. The financial assets of the underlying contract and the embedded derivative are entirely classified as financial assets at fair value through profit or loss.

III) Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of active financial assets) is derecognised (which is to say, removed from the Statement of Consolidated Financial Position) when:

- The contract rights to receive cash flows resulting from the financial asset expire or
- The Grupo has transferred its contract rights to receive cash flows arising from the financial asset or has undertaken an obligation to pay the cash flows received in full in the short term under an agreement in which the Grupo
 - i) it is under no obligation to pay amounts to final recipients unless it receives equivalent amounts resulting from the original asset;
 - ii) it is prohibited by the terms of the transfer agreement to sell or pawn the original asset other than as a guarantee to final recipients for the obligation to pay them cash flows; and
 - iii) the Grupo has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delays; and
- The Grupo transferred substantially all the risks and rewards of the asset, or the Grupo neither transferred nor retained substantially all the assets and benefits of the asset but transferred control over the asset.

When the Grupo transfers its rights to receive cash flows from an asset or is part of an agreement that may enable derecognition, it assesses whether and to what extent, the risks and benefits associated with ownership of the asset have been retained.

When all the risks and benefits of ownership of an asset have not been substantially transferred or retained, nor transferred control of the asset, the Grupo continues to recognize the transferred asset to the extent of its continuing involvement. In this case, the Grupo also recognizes the corresponding liability, the transferred asset and the corresponding liability are measured on a basis which reflects the rights and obligations that the Grupo retained.

If the continuing involvement of the Grupo undertakes the form of a guarantee on the transferred asset, the measure of continuing involvement is the lower between the original book value of the asset and the maximum amount

of the consideration received that the Grupo may have to pay.

The Grupo carries out the write-off of a financial asset only when there is information that the debtor is undergoing a liquidation or bankruptcy proceedings. If the balances are subsequently recovered, they are recorded in the income statement.

IV) Impairment of financial assets

Additional disclosures on impairment of financial assets can be found in the following notes:

- Disclosures on significant assumptions - note 3
- Accounts receivable, including assets related to contracts with customer - note 27

The Grupo recognizes an adjustment for expected credit losses for all debt instruments not measured at fair value through profit or loss. The expected credit losses are based on the difference between the contract cash flows due and all the cash flows that the Grupo expects to receive, discounted at a rate close to the original effective interest rate. The cash flows expected to be received include the cash flows arising from collateral held or other credit guarantees that are part of the contract terms. For the accounts receivable from customers and accounts receivable related to contracts with customers, the Grupo adopts the simplified approach in determining the expected credit losses.

Thus, for these accounts, the Grupo does not monitor changes in credit risk, but instead recognizes an impairment loss based on the expected credit loss over the life of the asset at each reporting date. The Grupo established an impairment matrix based on the credits that were lost in the past, adjusted by specific prospective factors of the debtors and the economic environment. For this purpose, the balances of customers and other debtors have been segregated taking into account their risk profiles and the duration of the default situation.

For balances receivable from associates and investees, which are not considered as part of the financial investment in these companies, impairment is assessed according to risk criteria.

For all other situations and nature of receivables, the Grupo adopts the general approach of the impairment model. Expected credit losses are recognised in two stages. For situations where there has not been a significant increase in credit risk since the initial recognition, the expected credit losses are related to losses that may be incurred for defaults that are likely to occur within the next 12 months; for situations where there has been a significant increase in credit risk since the initial recognition, the impairment loss is calculated for all expected credit losses over the life of the asset, regardless of when the default occurs, in accordance with the policies risk management disclosed in note 40.

The Grupo considers that a financial asset is in default when it is past due for more than 90 days. However, in certain cases, the Grupo may also consider that a financial asset is in default when there is internal and external information indicating that it is unlikely that the Grupo will receive the full credit without having to undertake the guarantees it holds. A financial asset is derecognised when there is no reasonable expectation of recovering contract cash flows.

2.6.2 Financial assets - IAS 39 (applicable to the 2017 figures)

The financial assets are classified as follows, depending on the intention of the Board of Directors in its acquisition:

- a) Loans and accounts receivable;
- b) Held-to-maturity investments;
- c) Investments measured at fair value through profit or loss (held-for-trading);
- d) Available-for-sale financial assets
- e) Net financial results

a) Loans and accounts receivable

These consist of non-derivative financial assets with fixed or determinable payments for which there is no active market. Loans and accounts receivable are initially recorded at fair value and, subsequently, at amortised cost, based on the effective interest rate (where the effect of time is significant, in which case the financial effect is recognised as a financial gain), net of any impairment losses. Impairment losses are recorded based on the estimation and assessment of losses associated with doubtful debt loans, on the date of the balance sheet, so that they reflect their net realisable value, and are presented in the line item 'Provisions and impairment losses', in the case of accounts receivable, and in the line item 'Other financial expenses, net', in the case of loans.

When the amounts receivable from customers or other debtors are past due and its terms are subject to renegotiation, they shall not be considered overdue and shall be treated as new loans.

b) Held-to-maturity investments;

Investments held to maturity are classified as non-current investments, unless they mature within 12 months from the date of the balance sheet, and this line item includes investments with a defined maturity date for which the Grupo has the intention and ability to hold them until such date. Investments held to maturity are non-derivative financial assets and are recorded at their amortised cost, net of any impairment losses.

c) Investments measured at fair value through profit and loss

This category includes financial assets held for trading and assets recorded at fair value through profit and loss at the moment of their initial recognition; they are presented as current assets.

A financial asset is classified as held for trading if it is:

- Acquired or incurred chiefly for the purpose of being sold or repurchased within a very short time;
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of an effective recent pattern of short-term profit-taking;
- A derivative (except for a derivative that is a designated and effective hedging instrument).

Gains and losses resulting from a change in the fair value of investments measured at fair value through profit and loss are recorded in the income statement for the period (financial results).

d) Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that the Grupo intends to hold indefinitely and that are classified as such at the time of acquisition or that do not fall within the remaining categories of financial assets. They are presented as non-current assets, unless they are intended to be disposed of within 12 months of the balance sheet date.

After their initial recognition, available-for-sale investments are remeasured at their fair value by reference to their market value on the balance sheet date, without any deduction related to transaction costs that may be incurred upon their sale. Investments in respect of which the Grupo does not have a significant influence over their operations, which are not listed and whose fair value cannot be reliably estimated, are kept at their acquisition cost net of any impairment losses and are presented in the statement of financial position as 'Other financial investments'.

Gains or losses arising from a change in the fair value of available-for-sale investments are recorded in equity, under reserves, until the investment is sold, received or otherwise disposed of, or until the fair value of the investment is below its cost of acquisition and that this corresponds to an impairment loss, at which point the accumulated gain or loss is recorded in the income statement. This decision requires judgement. To make this judgement, the Grupo Visabeira assesses, among other factors, the changes in share prices and the time/ duration for which the market value of the shares is lower than the acquisition cost.

Net financial results

Net financial results essentially comprise interest from loans obtained, net of interest from financial investments and exchange rate gains and losses.

Financial costs and income are recognised in the results on an accrual basis during the period to which they relate to.

Gains/(losses) from listed shares are broken down in the income statement, comprising dividends received and financial costs directly associated to funds received for the acquisitions of the listed shares.

2.6.3 Financial Liabilities

i) Initial recognition and measurement

Financial liabilities are classified, at the time of initial recognition, as financial liabilities at fair value through profit or loss, loans, accounts payable, or derivatives designated as hedging instruments in an effective hedge relationship.

All financial liabilities are initially recognised at fair value and, in the case of loans and accounts payable, net of directly attributable transaction costs.

The Grupo's financial liabilities include accounts payable to suppliers and other creditors, loans including overdrafts, and derivatives.

ii) Subsequent measurement

The measurement of financial liabilities depends on their initial classification, as follows:

Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through the income

statement include the financial liabilities held for trading and the financial liabilities that at the time of initial recognition were designated as such.

Financial liabilities are classified as held for trading if they have been incurred for the purpose of being repurchased in the short term. This category includes derivatives that are not designated as hedging instruments in a hedge relationship, as provided for in IFRS 9. Separate embedded derivatives are also classified as held for trading unless they have been designated as effective hedging instruments. Gains and losses on liabilities held for trading are recorded in the income statement.

Financial liabilities classified at initial recognition as financial liabilities at fair value are thus designated at the time of initial recognition only if the criteria set forth in IFRS 9 are met. The Grupo did not designate any financial liability at fair value through the income statement.

Financial liability at amortised cost

This is the category most relevant for the Grupo. After initial recognition, the loans are subsequently measured at amortised cost using the effective interest method. Gains and losses are recorded in the income statement when liabilities are derecognised and through amortisation arising from the effective interest method.

The amortised cost is calculated taking into account any discount or premium on acquisition and fees as well as other costs that are part of the effective interest rate. The effect of the effective interest is recorded in the financial expenses in the income statement.

This category generally applies to accounts payable to suppliers and other creditors, and to loans including bank loans and overdrafts.

The financial liabilities related to factoring and leasing are also measured at the amortised cost.

Loans under the form of commercial paper are classified as non-current liabilities when they have a guaranteed placement for a period of more than one year and the Board of Directors decides to use this financing instrument for a term exceeding one year.

iii) Derecognition

Financial liabilities are derecognised when the underlying obligation is satisfied, cancelled or expired.

When an existing financial liability is replaced with another of the same counterparty with substantially different terms or the terms of a financial liability are substantially modified, the exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new liability. The difference between the respective accounting values is recognised in the income statement.

2.6.4 Offsetting financial instruments

Financial assets and financial liabilities are offset and the respective net amount is presented in the consolidated statement of financial position if there is a mandatory present duty to offset amounts recognised and there is an intention to settle on a net basis or realize the asset and liquidate the liabilities.

2.6.5 Derivative financial instruments and hedge accounting

i) Initial and subsequent recognition

The Grupo uses derivative financial instruments, such as forward exchange rates, swaps of interest rates and contracts forward on raw materials, to cover its currency exchange, interest and raw material price risks, respectively. Such derivative financial instruments are initially recorded at fair value on the date of the derivative contract and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Grupo commitment.
 - Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a recorded asset or liability or an anticipated highly probable occurrence or currency exchange risk associated with an unregistered Grupo commitment.
 - Coverage of a net investment in a foreign subsidiary.
- At the beginning of the hedge relationship, the Grupo formally designates and documents the hedge relationship for which hedge accounting is intended to be applied as well as the management and strategy purpose of such hedge.

Prior to the 1st January 2018, the documents included the identification of the hedging instrument, the hedged item or transaction, the nature of the hedged risk, and the way in which the Grupo assessed the effectiveness of the fair value changes of the hedging instrument against exposure changes in the fair value of the hedged item or cash flows arising from the hedged risk. Such hedges should be highly effective in offsetting changes in fair values or cash flows and would be assessed on a continuing basis to demonstrate that they were in fact highly effective over the reporting period.

As of the 1st January 2018, the documents include the identification of the hedging instrument, the item or transaction covered, the nature of the risk to be hedged and the way in which the Grupo assesses whether the hedge relationship meets the accounting requirements (including its analysis of the sources of coverage ineffectiveness and how it determines the coverage rate). The hedge relationship is eligible for hedge accounting if it meets all of the hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the changes in value which result from this economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the amount of the hedged item which an entity effectively, and the amount of the hedging instrument that the entity effectively uses to hedge that amount of the hedged item.

- The hedging relationships that meet the above mentioned eligibility criteria are accounted for as follows:

Fair value hedge

The change in the fair value of the hedging instrument is recorded as a financial result for the period. The change in the fair value of the hedged item attributable to the hedged risk is recorded as part of the carrying amount of the hedged item.

For fair value hedging of items measured at amortised cost, any adjustment to the book value is amortised in the income statement for the remaining period of the hedge using the effective interest method. Amortisation using the effective interest method starts when there is an adjustment and no later than when the hedged item is no longer adjusted for changes in the fair value attributable to the risk being hedged.

If the hedged item is derecognised, the fair value to be amortised is recorded immediately in the income statement. When an unrecorded commitment is designated as a hedged item, subsequent cumulative changes in the fair value of the Grupo's commitment attributable to the hedged risk are recognised as an asset or liability and the corresponding gain or loss recorded in the income statement.

Cash flow hedging

The effective portion of the gain or loss on the hedging instrument is recognised in Other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lesser of the amounts between the accumulated gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Grupo uses forward contract to hedge exposure to currency exchange rate risk on expected transactions and commitments assumed, as well as forward of raw materials to cover exposure to raw material price volatility.

Until the 1st of January 2018, the Grupo designated all forward contracts as a hedging instrument. Any gains or losses arising from changes in the fair value of the derivatives are recorded directly in the income statement, except for the effective portion of the cash flow hedges which were recorded in Other comprehensive income and subsequently reclassified to the income statement when the hedged item also affected the income statement.

As from the 1st January 2018, the Grupo shall designate only the element under the forward contracts as a hedging instrument. The element forward is recognised in Other comprehensive income and accumulated in a separate equity component.

The amounts accumulated in Other comprehensive income are accounted for according to the nature of the respective hedging relationship. If the hedging relationship subsequently translates into the recording of a non-financial item, the accumulated amount is removed from the separate equity component and included in the initial cost or carrying amount of the hedged asset or liability. This is not a reclassification adjustment and should not be recorded in Other comprehensive income for the period. This also applies when an expected transaction hedged by a non-financial asset or a non-financial liability becomes a Grupo commitment subject to hedge accounting.

For any other cash flow hedges, the amount accumulated in Other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the cash flows hedged affect the income statement

If cash flow hedge accounting is discontinued, the amount accumulated in Other comprehensive income should remain if the future cash flows hedged are still expected to occur. Otherwise, the accumulated amount is reclassified immediately to the income statement as a reclassification adjustment. Upon discontinuation, as soon as the cash flows are hedged, any accumulated amount remaining in Other comprehensive income shall be accounted for in accordance with the nature of the underlying transaction as described above.

Hedging of a net investment in a foreign operation

Hedging of a net investment in a foreign operation, including the hedging of monetary items that are accounted for as part of the net investment, are accounted for in a similar way to the cash flow hedge.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recorded in Other comprehensive income while the gains or losses relating to the ineffective portion are recorded in the income statement. At the time of the disposal of the foreign subsidiary, the accumulated amount of the gains and losses accounted for in equity are transferred to the income statement.

2.6.6 Equity instruments

Equity instruments are classified according to the substance of their contractual arrangement, regardless of their legal form. Equity instruments issued by companies of the Grupo are recorded at the value of proceeds received, net of any costs related to their issuance.

Own shares are recorded at their acquisition value as a deduction from equity.

Gains or losses incurred in the disposal of own shares are recorded in the line item "Other reserves" and are not considered in the results for the period in which they occur.

2.6.7 Loans costs

The Grupo capitalizes loans costs (interest and other costs incurred due to loans/borrowing of funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of that asset, that is, an asset that necessarily takes a substantial amount of time to get ready for its intended use or for sale. All other loans costs shall be accounted for as an expense in the period in which they are incurred.

2.7 TANGIBLE ASSETS

Tangible fixed assets are recorded at their acquisition cost, net of any accumulated depreciations and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognised as separate assets, when future economic benefits are likely to flow to the company, surpassing the originally assessed performance standard of the existing asset, and the cost of the asset for the company can be reliably measured. All other subsequent expenditure is recognised as expenses in the period they are incurred. Financial charges related to the financing of the production/acquisition of assets that require a substantial period of time

to be ready for use are added to the cost of those assets.

Amortizations

Plots of land are not depreciated, except those used for mining activities. The depreciation of the remaining assets is calculated by applying the straight-line method, on a duodecimal basis, to the acquisition amount. The annual rates applied satisfactorily reflect the economic useful life of assets.

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, on each balance sheet date. On average, the amortisation rates applied correspond to the following estimated useful lives:

	2018	2017
Land and natural resources	2.50%	2.50%
Buildings	2.00% to 5.00%	2.00% to 5.00%
Other constructions	2.00% to 10.00%	2.00% to 10.00%
Basic equipment	6.67% to 33.33%	6.67% to 33.33%
Transport equipment	16.66% to 25.00%	16.66% to 25.00%
Tools and utensils	4.00% to 25.00%	4.00% to 25.00%
Office equipment	4.00% to 10.00%	4.00% to 10.00%

2.8 INVESTMENT PROPERTIES

Investment properties include plots of land and buildings held to earn rental income or for capital appreciation, or both, and that are not used in the course of normal business.

Investment properties are initially measured at their acquisition cost, including transaction costs. After their initial recognition, investment properties are measured at their fair value, determined in reference to the balance sheet date, reflecting current market conditions. Fair value is determined by independent and duly accredited entities, following internationally recommended methodologies.

Gains or losses arising from changes in the fair value of investment properties are recorded in the income statement in the year in which they are generated. Investment properties are derecognised when they are disposed of or when they are decommissioned with no expectations of future economic benefits resulting from their decommissioning. Any gains or losses arising from the de-recognition of investment properties are recognised in the income statement of that year.

Costs incurred with investment properties in use, such as maintenance, repairs, insurance and property taxes, are recognised in the consolidated income statement, in the period to which they relate.

The transfer to, or from, investment properties shall be made when, and only when, there is a change in use. In the transfer of an investment property carried at fair value to an owner-occupied property, the cost considered for subsequent accounting shall be its fair value on the date of the change in use.

If an owner-occupied property becomes an investment property carried at fair value, the Grupo shall use the same accounting principles that apply to tangible fixed assets, up to the date of the change in use.

If an asset initially recognised in inventories is subsequently considered as an investment property after its change in use has been determined, any difference between the fair value of the property on that date and its previous carrying amount is recognised as profit or loss for that financial year.

If the Grupo begins the development or construction of a building with the intention of selling it, it must be transferred to inventory. If this property is measured at fair value, such transfer shall be measured at fair value at the date of transfer and this will be the cost considered for recording the property in inventories.

2.9 LEASES

To determine whether an agreement is or contains a lease should be based on the substance of the agreement at the beginning of the agreement, which is the earliest date between the date of the agreement and the date of the commitment by the parties regarding its main terms, based on all the facts and circumstances. The agreement is (or contains) a lease if its fulfilment is contingent on the use of a specific asset or assets and the arrangement conveys a right to use such asset, even if this is not explicitly stated in the agreement.

The lease duration is the sum of the period during which the lease cannot be cancelled with an additional period that the lessee is expected to have the option to maintain the lease, and upon the beginning of the lease the Grupo has reasonable certainty that the lessee will choose to maintain.

The Grupo as lessee

A lease is classified at the beginning of the agreement as a finance lease or an operating lease. A lease that transfers substantially all the risks and advantages of ownership of an asset to the Grupo is classified as a financial lease. Financial leases are recorded in assets at the fair value of the asset or, if lower, at the present value of the minimum lease payments. The minimum lease payments are divided between the financial charge and the reduction of the outstanding liability in order to produce a constant periodic interest rate on the remaining balance of the liability. The financial charges are recorded in the income statement as financial expenses.

The leased asset is depreciated over its useful life. However, if there is reasonable certainty that the lessee will obtain the property at the end of the lease term, the asset is depreciated over the term of the lease or its useful life, whichever is shorter.

An operating lease is a lease that is not financial. Operating lease payments are recorded as operating expense on the income statement in the straight-line basis over the lease period.

The Grupo as lessor

Leases in which the Grupo does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Income earned through rent is accounted for, under a straight line basis, during the period of the lease and is presented in revenue due to its operating nature. Initial costs directly related to the negotiation and collection of leaseings are added to the book value of the asset and are recorded as expenses during the leasing period at the same rate as the rents earned. Contingent rents are recognised only when the duty is established. The lease duration is the sum of the period during which the lease cannot be cancelled with an additional period that the lessee is expected to have the option to maintain the lease, and upon the beginning of the lease the Grupo has reasonable certainty that the lessee will choose to maintain. Amounts receivable from lessees for contractual assignment or for compensations in equity devaluations are recorded in the income statement when the receivable is established. Gains on common expenses redbet to lessees are recorded in the period which the compensation relates to. Fees regarding management and service are included as Income from rents, without considering the respective costs, because the Grupo considers that it acts as principal and not as agent in this situation.

2.10 INTANGIBLE ASSETS

All intangible assets are recorded at their acquisition cost, net of accumulated amortisations and impairment losses. Amortisations are calculated on the acquisition value, by the straight-line method on a duodecimal basis for its useful life (generally three years).

Costs related to internally generated intangible assets and own brands are recorded in profit or loss for the period as they are incurred.

Development costs are capitalised when the technical feasibility of the product or process under development can be proven, and when the Grupo intends and is able to complete its development and begin its marketing or use. Development costs are capitalised when the technical feasibility of the product or process under development can be proven, and when the Grupo intends and is able to complete its development and begin its marketing or use.

2.11 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

Assets that have an indefinite useful life are not subject to amortisation or depreciation, but are subject to annual impairment tests. Impairment tests are also performed for assets that, having a finite useful life, are subject to amortisation whenever circumstances change and their carrying amount may not be recoverable.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, net of costs to sell, and its value in use, which results from future cash flows updated based on pre-tax discount rates that reflect the present value of the capital and the risk specific to the asset(s) concerned.

To determine the recoverable amount, the assets are analysed individually or grouped at the lowest level for which they are identified separately as cash-flow generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Whenever the carrying amount of the asset is higher than its recoverable amount, an impairment loss is recognised in the income statement for the period to which it relates. If this loss is subsequently reversed, the carrying value of the asset is adjusted accordingly, but it can never be greater than the amount that would be recognised had the impairment loss not been recorded. The reversal of impairment is also recognised in the income statement for the period to which it refers.

2.12 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This category includes assets or a group of assets whose value is realizable through a sale transaction or jointly as a group in a single transaction and the liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at the lower of their carrying amount and fair value less the selling costs.

In order for this situation to occur, it is necessary that the sale is very probable (expected to take place within a period of less than 12 months), and that the asset is available for immediate sale under the current conditions, in addition to the commitment of the Grupo to sell it. The amortisation of assets under these conditions ceases once they are classified as held for sale and are presented as current in assets, liabilities and equity lines.

A discontinued subsidiary is a component (subsidiaries and cash flows that can be clearly distinguished operationally and for financial reporting purposes from the rest of the entity) from an entity that has either been disposed of or is classified as held for sale and:

- a) represents a separate important line of business or geographical area of operations;
- b) is an integral part of a single coordinated plan to dispose of an important separate line of business or geographical area of operations; or
- c) is a subsidiary acquired exclusively for the purpose of resale.

The results of the unrelated companies are presented as a single amount in the income statement, comprising the after-tax profits or losses of the unrelated companies, plus the after-tax gains or losses recognised in the fair value measurement less costs to sell or in the disposal of assets or group (s) for disposal that represent the unrelated company. Balances and transactions between related companies and unrelated companies are eliminated to the extent that they represent the companies that will no longer be part of the Grupo.

2.13 INVENTORIES

Inventories are valued at either their cost or their net realisable value, whichever is lower. The net realisable value is the selling price, net of the costs estimated for completing production of the asset and corresponding selling costs.

Raw materials and consumables - Include lands for future real estate projects which are valued at purchase price plus the cost of purchase, which is lower than its market price. The remaining raw materials and consumables are valued at purchase price plus the cost of purchase, including storage.

Finished and in-progress products - When corresponding to fractions of buildings for sale in completed developments and products in progress, these are valued at production cost, which is lower than their market value. Production cost includes the cost of raw materials used, direct and indirect labour, subcontracts, other fixed and variable costs and financial charges. The financial charges considered correspond to the actual costs of loans incurred in financing contracts that explicitly refer to the project, to the extent that it is reasonable in relation to the application level.

The remaining finished and ongoing products are valued at production cost, which includes all direct costs and manufacturing charges.

Goods are valued at their average purchase price, including shipping and storage costs.

2.14 PROVISIONS

Provisions are recorded in the balance sheet whenever the Grupo has a present obligation (legal or constructive) resulting from a past event and whenever it is probable that a reasonably estimable decrease in resources incorporating economic benefits will be required to settle the obligation.

- Restructuring: A provision for restructuring is recognised after formal approval of a restructuring operation and it has been initiated or made public. Operating expenses shall not be included in the value of such provision.
- Onerous contracts: A provision for onerous contracts is recognised when the expected benefits of the contract fulfilment are lower than the costs arising from the obligation imposed by it.

Provisions for the costs involved in the dismantling, removing of goods and restoration of the site are recognised when the goods are first used and if the respective obligation can be reliably estimated. The amount of the provision recognised is the present value of the obligation, and the financial update is recorded in profit or loss as a financial cost in the line item 'net interest'.

A contingent liability recognised in connection with a business combination is initially recognised at fair value. After the initial recognition and until the liability is settled, cancelled or expired, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised, less, where appropriate, the cumulative amortisation recognised in accordance with the Revenue standard. Provisions are reviewed and updated on the balance sheet date, so as to reflect the best estimate of the obligation in question at that time.

2.15 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities (when not in connection with a business combination) are not recognised in the consolidated financial statements; they are presented in the Notes, unless the possibility of a cash outflow is remote, in which case they are not subject to disclosure.

Contingent assets are not recognised, and are only disclosed when there is a likelihood of a future economic benefit.

2.16 INCOME TAX

Income tax is calculated based on the taxable results of the companies included in the scope of consolidation and includes deferred taxation.

The Grupo Visabeira is covered by the special scheme for the taxation of groups of companies, which includes all companies in which the Grupo directly or indirectly holds at least 75% of the share capital and which are based in Portugal and subject to Corporate Income Tax.

Since 2014, the subsidiaries of the Grupo VAA have been included in the scope of consolidation of Grupo Visabeira. The remaining subsidiary companies, not covered by the special tax scheme for groups of companies, are taxed individually, based on their respective taxable results and applicable tax rates.

Deferred tax is calculated based on the balance sheet liability method, from temporary differences between the carrying value of the assets and liabilities and the respective tax base.

Deferred tax assets are recognised whenever it is reasonably certain that future profits will be generated against which the reversion of existing deductible temporary differences, tax losses and tax credits can be used. Deferred tax assets are reviewed on a yearly basis and are reduced whenever they are not likely to be used. No deferred tax is calculated on consolidation differences or on temporary differences in the initial recognition of an asset or liability when it does not affect the accounting or tax results. Likewise, no deferred taxes relating to temporary differences associated with investments in associates and interests in joint ventures are recognised because the following conditions are considered to be cumulatively met:

- The Grupo is able to control the timing of the reversal of the temporary difference; and
- It is likely that the temporary difference will not reverse in the foreseeable future.

The tax base of assets and liabilities shall reflect the tax consequences arising from the way the Grupo expects, on the reporting date, to recover or settle the carrying amount of assets and liabilities, based on decisions that, from the fiscal point of view, are substantially implemented on the date of the consolidated income statement.

The amount of tax to be included either in current or deferred taxes resulting from the transactions or events recognised in equity is recorded directly in these same line items and does not affect the income statement for the financial year.

Deferred taxes are determined by tax (and legal) rates enacted or substantially enacted on the balance sheet date, which are expected to apply in the period in which the deferred tax asset is realised or the deferred tax liabilities are settled. According to the legislation in force, the income tax rate considered is 21% and, in situations not related to tax losses, a 1.5% surcharge is added to the value of temporary differences that originated deferred tax assets or liabilities.

2.17 EMPLOYEE BENEFITS

2.17.1 Provisions for retirement pensions – defined benefit plan

Some of the Grupo's companies, namely Grupo Vista Alegre companies, have assigned pension schemes to former employees, in the form of a defined benefit plan, which is a pension plan that defines the amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and remuneration. The Grupo has in place various retirement benefit plans, some managed by the group and others by *Futuro/Grupo Montepio*.

The liability amount recognised in the balance sheet which concerns defined benefit plans is the present value of the defined benefit obligation on the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approaching the terms of the related pension liability. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are

recognised directly in equity and presented in other comprehensive income in the period in which they occur, and are not subsequently reclassified in profit or loss. Net financial costs and income derived from the plan's assets are recognised in profit or loss.

Financial costs are calculated by applying the discount rate to the liability of a defined or active benefit. The Grupo recognises the costs of current or past services, the gains and losses in curtailments and/or settlements, as well as the net financial costs in the line item "Personnel costs". Past-service costs are immediately recognised in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains or losses resulting from the curtailment or settlement of a defined benefit plan are recognised in profit or loss for the period in which the curtailment or settlement takes place. A curtailment occurs when there is a material reduction in the number of employees or the plan is changed so that the defined benefits are reduced, with material effects, causing a reduction in the plan's liability.

2.17.2 Termination of employment

Termination benefits are due when there is termination of employment before the normal retirement date or when an employee accepts voluntary redundancy in exchange for those benefits. The Grupo recognises these benefits when it can prove to be forced to eliminate current positions, according to a detailed formal plan for termination and there is no realistic alternative or these benefits are granted to encourage voluntary termination. Whenever termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted to their current value. Termination benefits must be recognised at the moment immediately before:

- (i) which commitment in its award cannot be withdrawn and
- ii) a provision for restructuring in accordance with IAS 37.

2.17.3 Holidays, holiday pay and bonuses

According to Portuguese labour law, employees are entitled to 22 annual leave days, as well as one month of holiday pay, vested in the year prior to their payment. These liabilities of the Grupo are recorded when incurred, regardless of when they are paid, and are reflected in the line item 'Accounts payable and other.'

2.17.4 Labour Compensation Fund (LCF) and Labour Compensation Guarantee Fund (LCGF) - Portugal

With the publication of Law No. 70/2013 and subsequent regulation through Order No. 294-A/2013, the Labour Compensation Fund (LCF) and the Labour Compensation Guarantee Fund (LCGF) entered into force on the 1st October 2013. In this context, companies that hire a new employee are required to deduct a percentage of their salary for these two new funds (0.925% for LCF and 0.075% for LCGF), in order to ensure the future partial payment of the corresponding compensation in case of dismissal. Taking into account the characteristics of each Fund, the following was considered:

- Monthly payments made by the employer to the LCGF are recognised as expenses for the period when they occur.
- The monthly payments made by the employer to the LCF are recognised as a financial asset of that entity, measured at fair value and with the respective changes recognised in profit or loss.

2.18 CASH AND CASH EQUIVALENTS

The line item "Cash and cash equivalents" includes cash, demand deposits and treasury investments with short maturities and quickly mobilizable, without significant risk of changes in value.

For the purposes of the cash flow statement, the line item 'Cash and cash equivalents' also includes bank overdrafts included in the balance sheet in the line item 'Bank loans', and the held-for-trading financial assets.

2.19 WORKS BETWEEN THE GRUPO'S COMPANIES

Internal expenses (e.g., labour, materials, transport) incurred in the production of tangible assets and inventories are capitalised only when the following conditions are met:

- the assets are identifiable and reliably measurable;
- it is highly likely that they will generate future economic benefits.

No internally generated margins are recognised.

2.20 ACCRUAL BASIS

In general, income and expenses are recorded on an accrual basis, whereby they are recognised as they are generated, regardless of the moment in which they are received or paid. The differences between the amounts received and paid, and the corresponding income and expenses, are recorded in the consolidated statement of financial position in line items 'Other current assets' and 'Other current liabilities', respectively.

2.21 GRANTS

Grants are only recognised when received or upon sufficient certainty that the Grupo can comply with the conditions required for their granting.

Investment grants are included in line item Other non-current liabilities, and the associated income is recognised on a straight-line basis over the estimated useful lives of the respective assets.

2.22 MEASURED AT FAIR VALUE

The Grupo measures some of its financial assets, such as available-for-sale and held-for-trading financial assets, and some of its non-financial assets, such as investment properties, at fair value on the reference date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in a transaction between market participants to sell the asset or transfer the liability, on the measurement date, under the current market conditions.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability can take place:

- In the main asset and liability market, or
- In the absence of a main market, the transaction is assumed to occur in the most advantageous market. The most advantageous market is that which maximises the amount that would be received upon the sale of the asset or that minimises the amount that would be paid to trans-

fer the liability, after considering transaction and transportation costs.

Because different entities and different businesses within a single entity can have access to different markets, the main or most advantageous market for the asset or liability can vary from one entity to another, or even between businesses within the same entity, but they are assumed to be accessible to the Grupo.

Fair value measurement relies on assumptions that market participants would use in pricing the asset or liability, assuming that market participants would use the asset to maximise its value and use.

The Grupo uses valuation techniques that are appropriate to the circumstances and for which there is sufficient data to measure the fair value, maximising the use of relevant observable data, and minimising the use of non-verifiable inputs. All assets and liabilities measured at fair value or for which disclosure is mandatory are classified according to a fair value hierarchy, which classifies the data to be used in the fair value measurement into three levels, as detailed below:

Level 1 - Quoted market prices, unadjusted, in active markets for identical assets or liabilities, which the entity may access at the measurement date;

Level 2 - Valuation techniques which use inputs which in case they are not quoted, are directly or indirectly observable for the asset or liability.

Level 3 - Valuation techniques using inputs which are not based on observable market data, i.e. based on unobservable data on the asset or liability. Unobservable data must be used to measure at fair value whenever there is no relevant observable data, allowing to provide for situations in which there is little or no market activity with regard to the asset or liability on the measurement date. However, the purpose of fair value measurement remains the same, i.e., an exit price on the measurement date from the perspective of the market participant that holds the asset or owes the liability. Thus, unobservable data must reflect the assumptions that market participants would consider when pricing the asset or liability, including any assumptions on risk. The fair value measurement is classified entirely at the lowest level (unobservable data) of the fair value hierarchy, corresponding to the input that is the most significant for the measurement as a whole.

2.23 INFORMATION BY SEGMENTS

Since IFRS 8 is not mandatory, the Grupo in Note 10 presents some business indicators, having been defined as follows:

A business segment is a distinguishable component of the Grupo, engaged in providing an individual product or service, and subject to different risks and rewards in relation to other business segments. Their internal organisational and management structure, as well as their reporting system, are geared toward the analysis of business performance by activity.

Geographical segment is an individual area of the Grupo committed to providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other areas operating in other economic environments. The Grupo has subsidiaries in Angola, Mozambique, France, Spain, Belgium, Italy, Brazil, the United Kingdom, Germany, Denmark, Sweden and Russia, so these countries are identified as geographical segments.

2.24 TRANSACTIONS DENOMINATED IN A CURRENCY OTHER THAN EURO

The Grupo's functional and presentation currency is the euro. Companies based in Angola and Mozambique have different functional currencies, so their financial statements are translated into U.S. dollars applying kwanza and metical cross rates and then from dollars to euro.

Monetary assets and liabilities denominated in foreign currencies for which there are no rate-fixing agreements are translated into euro using the exchange rates in effect on the date of the balance sheet. Favourable and unfavourable exchange differences resulting from the comparison between the exchange rates in force on the date of the transactions and those in force on the date of collections, payments, or on the date of the balance sheet, are recorded as income or expenses in the income statement, except for exchange differences arising from the translation of loan balances which, in practice, are an extension of financial investments abroad and whose repayment is not expected in a near future, which are recorded in equity until the disposal of the investment, at which time they are transferred to profit or loss for the period.

Non-monetary assets and liabilities denominated in foreign currency and recorded at cost are converted into the functional currency of each subsidiary, using the exchange rate in effect on the date when they were acquired. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted into

the functional currency of each subsidiary, using the exchange rate in effect on the date when the fair value was determined.

The financial statements of subsidiary and associated companies expressed in foreign currency are translated using the following exchange rates:

- The exchange rate in force on the date of the balance sheet for the translation of assets and liabilities;
- Average exchange rate of the period for the conversion of the income statement headings, except for subsidiaries located in hyperinflationary economies, for which the exchange rate prevailing at the balance sheet date is used;
- The average exchange rate for the period used to translate cash flows (where such exchange rate is close to the actual rate; the remaining cash flows are translated using the exchange rate in effect on the date of the transactions);

Goodwill related to investments in companies based abroad, acquired after the 1st January 2005, is recorded in those companies' reporting currency and translated into euros at the exchange rate in force on the balance sheet date.

Exchange rate differences arising from the translation into euros in the financial statements of subsidiary and associated companies expressed in foreign currencies are included in equity in the line item Foreign currency translation reserves.

On the 31st December 2018 and 2017, assets and liabilities denominated in foreign currencies were translated into euros using the following exchange rates:

CLOSING EXCHANGE RATE				
2018	2017	Code	Designation	
353.02	185.40	AON	Angolan Kwanza	
70.25	70.44	MT	Mozambican Metical	
4.44	3.95	BRL	Brazilian real	
7.47	7.44	DKK	Danish Crown	
0.90	0.89	GBP	Pound sterling	

In the financial years 2018 and 2017, the financial statements of subsidiaries expressed in foreign currency were translated using the following exchange rates:

EXCHANGE RATE AVERAGE				
2018	2017	Code	Designation	
353.02	185.39	AON	Angolan Kwanza	
71.53	71.53	MT	Mozambican Metical	
4.32	3.63	BRL	Brazilian real	
7.45	7.44	DKK	Danish Crown	
0.89	0.88	GBP	Pound sterling	

See Note 2.2, referring to the Angolan economy as hyperinflationary.

2.25 SUBSEQUENT EVENTS

Any events occurring after the balance sheet date, which provide additional information on the existing conditions on the balance sheet date, shall be reflected in the consolidated financial statements. Any events after the balance date which may provide information on the conditions that occurred after the balance sheet date, if material, are presented in the notes to the consolidated financial statements.

3. Judgments and estimates

In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Grupo Visabeira SGPS uses estimates and assumptions that affect the application of policies and amounts reported. Estimates and judgements are continually assessed and are based on experience of past events and other factors, including expectations concerning future events considered likely to take place under the circumstances on which the estimates are based or the result of acquired information or experience. The most significant accounting estimates reflected in the consolidated financial statements are as follows:

a) Analysis of goodwill impairment

The Grupo annually tests goodwill to check for impairment. The recoverable amounts of cash-generating units were determined based on the value-in-use method. The use of this method requires the estimation of future cash flows arising from the operations of each cash-generating unit and the choice of a suitable discount rate.

b) Valuation and useful life of intangible assets

The Grupo has made assumptions in the estimation of future cash flows arising from the intangible assets acquired as part of company acquisition processes, including the estimated future revenues, discount rates and useful lives of the said assets.

c) Recognition of provisions and adjustments

The Grupo is a party in various legal proceedings for which, based on the opinion of its legal advisers, it makes a judgement to determine whether a provision should be recorded for such contingencies (note 42). Adjustments for accounts receivable are calculated mainly based on the ageing of the accounts receivable, on the customers' risk profile and on their financial situation. Estimates related to adjustments for accounts receivable differ from business to business.

The Grupo's policy regarding the imposing of ceilings on loans granted, either domestically or internationally, relies on companies specialised in credit risk hedging. Excluding state-run agencies and customers with higher domestic and international credit ratings, it is noted that the average internal risk exposure is 20%. However, a detailed analysis of the changes in annual provisions clearly evidences that there is almost no risk of non-collection. Furthermore, the Grupo has access to major market databases, which, together with its technical analysis team, allows for a clear assessment and minimised credit risk.

d) Fair value of investment properties

The Grupo relies on external entities to calculate the fair value of investment properties. Note 23 describes the assumptions used, as well as the respective sensitivity analysis. An appraisal is an estimate of the market value but it is not a guarantee of the value that would be obtained in a transaction. In addition, other appraisers can legitimately calculate a different market value.

Despite showing signs of recovery, market transactions have been rare and market prices have proven unstable, so the discounted cash flows method and the comparative method were used to determine the fair value of investment properties. This valuation depends on the value of future rents, and on the long-term occupancy rate, as well as in the case of land held for future appreciation dependent on the evolution of the real estate market in Viseu and Aveiro.

e) Taxes

Deferred tax assets are recognised for all recoverable losses to the extent to which it is probable that there will be taxable profits against which the losses can be used. Taking into account the context of the crisis and the impact it may have on future results, a judgement is required from the Board of Directors to determine the amount of deferred tax assets that can be recognised, considering:

- The probable date and amount of taxable future profits, and
- Future tax optimisation strategies.

f) Post-employment benefits

The assessment of liabilities associated with retirement and health benefits attributed to the Grupo's employees under defined benefit plans is performed annually using actuarial studies prepared by independent experts, based on actuarial assumptions related to economic and demographic indicators. All the indicators used are specific to the countries where the employee benefits are attributed and include, but are not limited to:

- Discount rates based on the rates of corporate bonds of the respective country with an AAA or AA rating;
- Mortality tables available for the population of the respective country;
- Future increases in salaries and pensions based on future inflation rates expected for the respective country.

Estimates were based on the best information available on the date of the preparation of the consolidated financial statements. However, situations may occur in subsequent periods, which, not being foreseeable at the time, were not considered in these estimates. Changes to these estimates, which occur after the date of the consolidated financial statements, are corrected in profit or loss on a prospective basis, in accordance with IAS 8.

g) Companies included in the scope of consolidation

For the purpose of determining the entities included in the scope of consolidation, the Grupo assesses the extent to which it is exposed, or entitled to, the variability of the returns related to its involvement with the entity in question and its ability to take them over through the power it holds over that entity (de facto control).

The Grupo's decision to consolidate a given entity is based on the use of judgement, assumptions and estimates to determine the extent to which the Grupo is exposed to the variability of its returns and its ability to take them over through its power. Other assumptions and estimates could result in a different scope of consolidation, with a direct impact on the Grupo's consolidated financial statements.

4. Changes to accounting policies and errors

There were no voluntary changes to the accounting policies during the financial year, and material errors related to previous years were not corrected. In line with the new standards and interpretations, occurred the following issues, revisions, changes and improvements regarding standards and interpretations:

4.1 Revisions, amendments and improvements to the standards and interpretations endorsed by the EU with effects on the accounting policies and disclosures adopted by the Grupo as of the 1st January 2018:

- IFRS 15 – Revenue from Contracts with Customers.

This standard is applicable to all income from contracts with customers, replacing the following existing standards and interpretations: IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenues - Exchange operations involving advertising services). The standard applies to all revenue arising from customer contracts, excluding those covered by IAS 17 (or IFRS 16 – Leases, when applied).

IFRS 15 also provides a model for the recognition and measurement of sales of certain non-financial assets, including disposals of goods, equipment and intangible assets.

This standard highlights the principles that an entity must apply when it measures and recognises the revenue.

The basic principle is that an entity should recognise the revenue for an amount that reflects the consideration it expects to be entitled to in exchange for the goods and services promised under the contract.

The principles of this rule must be applied in five steps: (1) identify the contract with the customer, (2) identify the performance obligations arising from the contract, (3) determine the transaction price, (4) allocate the transaction price to the contract's performance obligations and (5) recognise income when the entity meets a performance obligation.

The standard requires an entity to apply professional judgement in the application of each step of the model taking into account all relevant facts and circumstances. This standard also specifies how to account for incremental expenses in obtaining a contract and expenses directly related to the contract fulfillment.

The Grupo adopted IFRS 15 using the modified retrospective method, with the initial application date on the 1st January 2018. The Grupo reviewed, pursuant to the standard, the contracts that were not completed on the 1st January 2018 and concluded by the absence of material impacts in the form of recognition and measurement of revenue from contracts with customers.

The impacts resulting from the adoption of IFRS 15 relate to the breakdown in the statement of financial position of "Assets associated with contracts with customers" and "Liabilities associated contracts with customers", as well as the reclassification of amounts that in 2017 were presented in line item "External supplies and services" and are now presented with a sales deduction (around 1,2 million euros).

- IFRS 9 Financial instruments

Impacts of IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement for the annual periods beginning on or after the 1st January 2018 and added the three accounting aspects for financial instruments: classification and measurement, impairment and hedging.

The Grupo applied IFRS 9 prospectively with the initial application date on the 1st January 2018. The Grupo did not restate comparative information which continues to be reported in accordance with IAS 39.

The differences arising from the adoption of IFRS 9 were recognised directly in retained earnings and other equity components.

a) Classification and measurement

In accordance with IFRS 9, debt instruments may subsequently be measured at fair value through profit or loss, at amortised cost or at fair value using other comprehensive income. Classification is determined based on Grupo Visabeira's business model to manage financial assets and whether the contractual cash flows of the debt instrument represent, or not, solely capital and interest payments on the outstanding capital.

The evaluation of the Grupo Visabeira's business model was made on the initial application on the 1st January 2018. The assessment of whether the contractual cash flows represent solely capital and interest payments was made on the basis of the facts and circumstances existing at the assets' date of recognition.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Grupo Visabeira. The Grupo continues to measure at fair value all financial assets previously recognised at fair value in accordance with IAS 39.

Changes in the classification of financial assets of the Grupo Visabeira are as follows:

- Accounts receivable and Other current assets classified as Loans and accounts receivable on the 31st December 2017 are held to receive contractual cash flows and give rise to cash flows representing solely capital and interest payments. They are classified and measured as debt instruments at amortised cost beginning on the 1st January 2018.
- Investments in equity instruments of non-listed companies classified as available-for-sale financial assets on the 31st December 2017, remain classified and measured as Financial assets at fair value using other comprehensive income beginning on the 1st January 2018.
- All other liability classification and measurement requirements in IAS 39 were transferred to IFRS 9, including the rules on the separation of embedded derivatives and the criteria for using the fair value option.

b) Impairment

IFRS 9 changes the accounting for impairment of financial assets, replacing IAS 39's "loss incurred" approach with a prospective approach to expected credit loss (known as "Expected Credit Loss" or "ECL"). IFRS 9 requires companies to recognize an impairment loss for the expected credit losses for all debt instruments that are not measured at fair value through

profit or loss and for all assets regarding contracts with customers (arising from the application of IFRS 15). At the date of adoption of IFRS 9, on the 1st January 2018, the Grupo recognised additional impairment losses related to "Accounts receivable" of 7 million euros, mainly related to accounts receivable from entities in Mozambique, after the tax effect, with a decrease in retained earnings of 3.6 million euros and the balance of non-controlling interests of 1.4 million euros.

c) Hedge accounting

Grupo Visabeira determined that all hedging relationships that were designated as hedges under the application of IAS 39 continued to qualify as hedge accounting with the application of IFRS 9, therefore, the application of the hedging requirements of IFRS 9 did not have any significant impact on the Consolidated Financial Statements.

The impacts resulting from the adoption of IFRS 9 were as follows:

Typology of financial assets	Classification in accordance with IAS 39	Classification in accordance with IFRS 9	Carrying value in accordance with IAS 39	Carrying value in accordance with IFRS 9
Financial investments in shares	Available-for-sale financial assets.	Other financial investments recorded at fair value through other comprehensive income	2,458,941	2,458,941
Financial investments in shares	Financial assets held for trading	Other financial instruments recorded at fair value through profit or loss	593,253	593,253

- Transfers of investment property (amendments to IAS 40)

The changes clarify when an entity must transfer a property, including properties under construction or under development to, or out of, investment properties. The changes determine that the change in use occurs when the property complies, or fails to meet, the definition of investment property and there is evidence of change in use, and are not limited to the examples included in paragraph 57 of IAS 40.

A simple change in the corporate body's intention to use the property is not evidence of change in use.

The changes are applicable for annual periods beginning on or after the 1st January 2018.

An entity shall apply the changes prospectively to changes in use occurring on or after the beginning of the annual period in which the entity applies these changes for the first time. Entities must revalue the classification of the properties held at that date and, if applicable, reclassify the property to reflect the conditions existing at that date. Pursuant to paragraph 84-E of IAS 40, the Grupo accounted for the reclassification as an adjustment to the opening balance of retained earnings at the initial application date.

- Other changes

a) **Application of IFRS 9 with IFRS 4 – Amendments to IFRS 4**
The amendments address some of the issues raised by the implementation of IFRS 9 prior to the implementation of the new standard on insurance contracts that the IASB will issue to replace IFRS 4.

b) **IFRIC 22 Foreign currency transactions and advance consideration**

This interpretation clarifies that in determining the spot exchange rate to be used in the initial recognition of an asset, expense or income (or part) associated with the derecognition of non-monetary assets or liabilities, related to an advance of the consideration, the transaction date is the date on which the entity initially recognizes the non-

monetary asset or liability related to an advance on the consideration. If there are multiple payments or receipts of an advance on the consideration, the entity shall determine the date of the transaction for each payment or receipt.

c) IFRS 2 Classification and measurement of share-based payment transactions - Amendments to IFRS 2

Amendments to IFRS 2 in relation to the classification and measurement of share-based payment transactions that address three key areas:

- i) Vesting conditions;
- ii) Classification of payment transactions based on shares with liquidation option at net value, to comply with withholding tax obligations;
- iii) Accounting for a change in the terms and conditions of an equity-based payment transaction that changes its classification of cash settled for settlement with equity instruments.

d) Annual improvements for the 2014-2016 cycle

In the annual improvements regarding the 2014-2016 cycle, the IASB has introduced the following improvements that should be applied retrospectively and effective as of the 1st January 2018 (a further improvement related to IFRS 12 was effective as of the 1st January 2017).

e) IFRS 1 First-time adoption of IFRS

This improvement has eliminated the short-term exemption for first time adopters in paragraphs E3-E7 of IFRS 1, because it already served its purpose (which related to exemptions from certain disclosures of financial instruments under IFRS 7, exemptions from level of employee benefits and exemptions at the level of investment entities).

f) IAS 28

Clarification that the measurement of subsidiaries at fair value using profit and loss is a choice that is made investment by investment.

No significant impacts resulted for the Grupo's financial statements from the application of these standards and interpretations.

4.2 The standards and interpretations recently issued by IASB, whose application is mandatory only for financial years beginning after 1 January 2018 or later, and which were not adopted in advance by the Grupo Visabeira, are the following:

- **IFRS 9 (amendment)**, "Advance payment with negative compensation" (to be applied for annual periods beginning on or after the 1st January 2019). The amendments to IFRS 9 clarify that a financial asset meets the SPPI criteria regardless of the event or circumstances that caused the early termination of the agreement and regardless of which party pays or receive reasonable compensation for the early termination of the contract.
- **IFRS 16 (new)**, "Leases" (to be applied in the years beginning on or after the 1st January 2019, with early application option). The standard establishes the form of recognition, presentation and disclosure of leasing contracts, defining a single accounting model. With the exception of contracts of less than 12 months and of low value (optional), leases shall be accounted for as an asset and a liability.
- **IAS 28 (amendment)**, "Clarification that the measurement of subsidiaries at fair value using profit and loss is a choice that is made investment by investment (to be applied in financial years beginning on or after the 1st January 2019). The improvement has clarified that:
 - i) an enterprise which is a venture capital company, or another qualifying entity, may choose, on initial recognition and investment by investment, to measure its investments in associates and / or joint ventures at fair value using profit or loss;
 - ii) whether an undertaking which is not itself an investment entity has an interest in an associate or joint venture which is an investment entity, the company may, applying the equity method, choose to maintain the fair value that these subsidiaries apply in the measurement of its subsidiaries. This option is taken separately for each investment on the later date between
 - a) the initial recognition of the investment in this subsidiary;
 - b) this subsidiary becomes an investment entity; and;
 - c) this subsidiary becomes a parent company.
- **IFRIC 23 (interpretation)**, "Uncertainties in the treatment of income taxes" (to be applied in financial years beginning on or after the 1st January 2019). The interpretation addresses the accounting of income taxes when tax treatment involves uncertainties that may affect the application of IAS 12. The interpretation does not apply to taxes or charges outside the scope of IAS 12, nor does it include specific requirements relating to interest and penalties associated with uncertainties of tax treatment.

Material impacts on the Grupo's consolidated financial statements regarding the application of these standards and amendments are not estimated, with the exception of IFRS 16, as follows: Estimated Impacts of IFRS 16 - Leases

- IFRS 16 - Leases

IFRS 16 was issued in January 2016 and replaced IAS 17 Leases, IFRIC 4 Determine if an Agreement contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Evaluation of the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles applicable to the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in their balance sheets in accordance with a single model similar to that currently provided for in IAS 17 for finance leases.

The standard provides for two exemptions of recognition for lessees - lease contracts where assets are of little value such as a personal computer) and short-term lease contracts (i.e. contracts with a duration of 12 months or less).

At the lease's commencement date, the lessee will recognize the liability for future lease payments (i.e. the lease liability) and the asset representing the right to use the asset during the lease period (i.e. the asset under right of use). Lessees will have to recognize separately the financial cost related to the lease liability and the cost of depreciation or amortisation of the asset under the right of use.

According to the standard, lessees will have to remeasure the lease liability when certain events occur (for example, a change in the lease period, a change in lease payments as a consequence of a change in the index or a rate used to determine such payments).

Lessees will recognize the amount of this remeasurement in the lease liability as an adjustment to the right-of-use asset.

The lessor's accounting in accordance with IFRS 16 remains substantially unchanged from the accounting currently provided for in IAS 17. The lessor continues to classify all leases using the same principles of IAS 17, distinguishing between two types of leases: operational and financial.

IFRS 16, which enters into force for periods beginning on or after the 1st January 2019 requires lessors and lessees to disclosure more extensive than those required by IAS 17.

Transition to IFRS 16

The Grupo will adopt IFRS 16 retrospectively for each reporting period presented in the financial statements. The Grupo will apply the standard to all contracts that were previously identified as leases under IAS 17 and IFRIC 4. Consequently, the Grupo will not apply the standard to contracts that have not previously been identified as containing a lease.

The Grupo has decided to apply the exemptions provided for in the standard regarding leases contracts whose lease term ends within the following 12 months from the initial application date, and for lease contracts for which the underlying asset has little value. The Grupo has lease agreements for certain types of administrative equipment (such as personal computers, printing machines and photocopiers) which the Grupo considers to be of little value.

Financial Impacts

The estimated impact of the adoption of IFRS 16 is detailed as follows: asset recognition and corresponding liability is estimated to be between 60 and 65 million euros; increase in depreciation and corresponding reduction of external supplies and services between 15 and 20 million euros.

4.3 Standards and interpretations issued by IASB but not yet endorsed by the European Union

As of the 31st December 2018, the following Standards, revisions, amendments and improvements to the Standards and Interpretations issued by the IASB, were still in the process of being approved by the EU:

IASB Standard or IFRIC Interpretation	Mandatory application for years beginning on or after:
IAS 28: Long-term investment in associates and joint ventures (amendments)	the 1 st January 2019
AS 19 Changes to the plan, curtailments or settlement of the plan	the 1 st January 2019
Improvements to international financial reporting standards (2015-2017 cycle)	the 1 st January 2019
Amendments to references in the Conceptual Framework	the 1 st January 2020
Amendments to IAS 1 and IAS 8 - Definition of "material"	the 1 st January 2020
IFRS 17 Insurance contract (new)	1 January 2021 (may be postponed to 1 January 2022)
Amendment to IFRS 3 - Definition of a business	the 1 st January 2020

The impact of adopting these standards or changes is being analysed by the Grupo, but no significant impacts are expected on the financial statements as a result of their adoption.

5. Grupo's companies included in the consolidation

			% of equity held	
	Conditions for inclusion	Head office	2018	2017
GRUPO VISABEIRA, SA		Viseu	Parent	Parent
VISABEIRA GLOBAL				
Aeroprotechnik - Aerial Engineering, Lda		Viseu	51.00%	51.00%
Cabling Station Data, SA		Mont-Sur-Marchienne	59.57%	59.57%
Comatel Infraestruturas, Lda		Luanda	100.00%	100.00%
Constructel - Contructions et Telecommunications Belgique		Mons	99.28%	99.28%
Constructel – Contructions et Telecommunications, SARL		Valence	99.28%	99.28%
Constructel Africa, SA	b)	Maputo	-	100.00%
Constructel BAU GmbH		Berlin	99.46%	99.46%
Constructel Denmark, ApS		Copenhagen	99.73%	99.73%
Constructel Energie, SA		Clermont-Ferrant	94.46%	94.46%
Constructel GmbH		Berlin	99.46%	99.46%
Constructel Infra-Structures, SAS		Santo Domingo	99.86%	99.86%
Constructel Italia, SRL		Galliate	99.64%	99.64%
Constructel LLC		Moscow	100.00%	100.00%
Constructel Modal, SA (Former: Mascaux 800, SA)		Flemalle	59.57%	59.57%
Constructel Sweden AB		Stockholm	99.73%	99.73%
Edivisa – Empresa de Construção Lda		Luanda	100.00%	100.00%
Edivisa - Empresa de Construções, SA		Viseu	100.00%	100.00%
Electrovisa, Lda	b)	Luanda	-	100.00%
Escotel, SASU		Aurillac	99.28%	-
Field Force Atlântico, SA		Viseu	100.00%	100.00%
Gatel, SAS		Domessin	99.28%	99.28%
Hidroáfrica - Comércio e Indústria, SARL		Maputo	96.34%	96.10%
Ieme, SRL		Cesena	99.28%	59.57%
Intelvisa, Gestão de Participações, SA	b)	Maputo	-	100.00%
Iutel - Infocomunicações, SA		Viseu	99.95%	50.00%
MJ Quinn - Integrated Services, Ltd		Liverpool	99.28%	-
MJ Quinn Holding		Liverpool	99.28%	-
Modal Installation, SA		Marchienne-Au-Port	59.57%	59.57%
Naturenergia - Agro-Energias, SA		Viseu	100.00%	100.00%
PDT - Projectos e Telecomunicações, SA		Lisbon	99.29%	99.29%
PTC – Serviços de Telecomunicações. SA		Lisbon	99.29%	99.29%
Quinn Constructel UK, Ltd (Former: Constructel UK, Ltd)		London	99.73%	99.73%
Real Life - Tecnologias de Informação, SA		Algés	65.00%	65.00%
Real Life Advanced Technologies Academy MZ, SA		Maputo	65.70%	65.70%
Real Life Technologies MZ, SA		Maputo	65.70%	65.70%
SCI Constructel		Valence	99.28%	99.28%
Selfenergy Moçambique, SA		Maputo	60.00%	60.00%
Sogitel - Sociedade de Gestão Imobiliária, Lda		Maputo	90.00%	90.00%
Televisa - Sociedade Técnica de Obras e Projectos, Lda.	a)	Maputo	50.00%	50.00%
Televisa Marrocos, SA		Casablanca	99.89%	99.89%
TVCabo – Comunicações Multimédia, Lda	a)	Maputo	50.00%	50.00%
TVCabo Angola, Lda	a)	Luanda	50.00%	50.00%
Viatel - Tecnologia de Comunicações, SA		Viseu	99.29%	99.29%
Visabeira – Sociedade Técnica de Obras e Projectos, Lda		Viseu	60.00%	60.00%
Visabeira Global, SGPS, SA		Viseu	100.00%	100.00%
Visacasa – Serviços de Assistência e Manutenção Global, SA		Cacém	100.00%	100.00%

% of equity held

	Conditions for inclusion	Head office	2018	2017
VISABEIRA INDÚSTRIA				
Agrovisa – Agricultura e Pecuária, Lda		Maputo	100.00%	100.00%
Álamo – Indústria e Desenvolvimento Florestal, Lda		Luanda	100.00%	100.00%
Ambitermo - Engenharia e Equipamentos Térmicos, SA		Cantanhede	51.00%	51.00%
Ambitermo Maroc Chaudieres Industrielles, SARL		Casablanca	51.00%	51.00%
Bordalgest, SA *		Lisbon	100.00%	100.00%
Celmoque – Cabos de Energia e Telec. de Moçambique, SARL		Maputo	85.19%	85.19%
Cerexport - Cerâmica de Exportação, SA *		Aveiro	94.15%	94.12%
Cerutil - Cerâmicas Utilitárias, SA *		Sátão	94.15%	100.00%
Faianças Artísticas Bordalo Pinheiro, SA*		Caldas da Rainha	81.07%	47.01%
Faianças da Capôa – Indústria de Cerâmica, SA*		Aveiro	94.15%	94.12%
Granbeira – Soc. de Exploração e Com. de Granitos, SA		Viseu	98.75%	98.75%
Granbeira II - Rochas Ornamentais, SA		Vouzela	100.00%	100.00%
Marmonte - Mármore de Moçambique, SARL		Maputo	80.00%	80.00%
Mexicova, SA		Mexico City	94.15%	-
Mob - Indústria de Mobiliário, SA		Viseu	97.77%	97.77%
Mob Cuisines, SASU		Paris	97.77%	97.77%
Pinewells, SA		Arganil	100.00%	100.00%
Ria Stone – Fábrica de Louça de Mesa em Grés, SA*		Ílhavo	94.15%	94.12%
Shree Sharda Vista Alegre Private Limited *		Ílhavo	47.06%	47.06%
Tubangol - Tubos de Angola, Lda	b)	Luanda	-	99.95%
Visabeira Indústria, SGPS, SA		Viseu	100.00%	100.00%
Visaconstroí – Construção e Gestão Imobiliária, Lda		Luanda	99.95%	99.95%
Vista Alegre Atlantis, SA*		Lisbon	94.15%	94.12%
Vista Alegre Atlantis Brasil – Comércio, Importação e Exportação, SA*		Vitória	84.66%	84.63%
Vista Alegre Atlantis Imobiliária e Investimento, SA *		Ilhavo	94.15%	94.12%
Vista Alegre Atlantis Moçambique, Lda*		Maputo	94.15%	94.12%
Vista Alegre Atlantis, SGPS SA		Ilhavo	94.15%	94.12%
Vista Alegre Atlantis UK Ltd*		London	94.15%	94.12%
Vista Alegre Atlantis USA*		New York	94.15%	94.12%
Vista Alegre España, SA*		Madrid	94.15%	94.12%
Vista Alegre France, SAS*		Paris	94.15%	94.12%
VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS				
2 Logical – Serviços de Consultoria Farmacêutica, SA		Lisbon	-	51.00%
Agrovisa – Agricultura e Pecuária, Lda		Luanda	-	99.00%
Ambitermo Angola, Lda		Luanda	99.00%	99.00%
Angovisa, Lda		Luanda	70.00%	70.00%
Autovisa - Serviços Auto, SARL		Maputo	80.00%	80.00%
Benetrónica – International Commerce, Imp. e Exportação, SA		Lisbon	100.00%	100.00%
Catari Angola, Lda	a)	Luanda	50.00%	50.00%
Combustíveis do Songo, SA		Songo	99.00%	99.00%
Convisa Engenharia, Lda	b)	Luanda	-	49.50%
Convisa Turismo, Lda	b)	Luanda	-	49.50%
Empreendimentos Tur. Montebelo – Soc. Tur. e Recreio, SA		Viseu	99.83%	99.83%
Hospital Nossa Senhora da Arrábida, SA	b)	Viseu	-	80.00%
Ifervisa – Sociedade de Promoção e Desenvolvimento Imobiliário, SA		Lisbon	100.00%	100.00%
Imobiliária Panorama, Lda		Maputo	70.00%	70.00%
Imovisa – Imobiliária de Moçambique, Lda	a)	Maputo	49.00%	49.00%
Inhambane Empreendimentos, Lda		Maputo	80.00%	80.00%

			% of equity held	
	Conditions for inclusion	Head office	2018	2017
Mercury Comercial, Lda		Maputo	100.00%	100.00%
Mercury Comercial, Lda		Luanda	100.00%	100.00%
Mercury South Africa, Lda		Johannesburg	100.00%	100.00%
Milibangalala, SA		Maputo	70.00%	70.00%
Movida – Empreendimentos Turísticos, SA		Viseu	99.96%	99.96%
Mundicor – Viagens e Turismo, SA		Viseu	100.00%	100.00%
PDA - Parque Desportivo de Aveiro, SA		Aveiro	54.57%	54.57%
Porto Salus Azeitão – Residências Assistidas, SA	b)	Azeitão	-	79.50%
Rentingvisa, Unipessoal Lda	b)	Viseu	-	100.00%
Soginveste Empreendimentos, Lda		Maputo	70.00%	70.00%
Telesp Telecomunicaciones, Electricidad y Gas de España, SA		Madrid	98.81%	98.81%
Turvisa – Empreendimentos Turísticos, Lda		Maputo	100.00%	100.00%
VAA – Empreendimentos Turísticos, SA		Ílhavo	99.68%	99.68%
Vibeiras, Sociedade Comercial de Plantas SA		Maputo	64.43%	64.43%
Visabeira Angola – Investimento e Participações, Lda		Luanda	99.90%	99.90%
Visabeira Creative Shots, SA (former -Visabeira Knowledge and Research, SA)		Lisbon	100.00%	100.00%
Visabeira Espanha, SA		Madrid	99.53%	99.53%
Visabeira Imobiliária, SA		Viseu	100.00%	100.00%
Visabeira Imobiliária, SGPS, SA		Viseu	100.00%	100.00%
Visabeira Moçambique, Lda		Maputo	100.00%	100.00%
Visabeira Participações Financeiras, SGPS, SA		Viseu	100.00%	100.00%
Visabeira Pro – Estudos e Investimentos, SA	c)	Viseu	-	100.00%
Visabeira Saúde, SA		Viseu	100.00%	100.00%
Visabeira Turismo Imobiliária e Serviços, SGPS, SA		Viseu	100.00%	100.00%
Visasecil – Prestação de Serviços, Lda	b)	Luanda	-	100.00%
Visatur – Empreendimentos Turísticos, Lda	b)	Luanda	-	100.00%
Visauto – Reparações Auto, Lda		Luanda	100.00%	100.00%
Visaqua – Gestão de Infraestruturas e Serviços, Ambientais, SA		Maputo	51.00%	50.60%
Vista Alegre Grupo – Vista Alegre Participações, SA		Lisbon	99.87%	93.46%
Zambeze – Restauração, S.A	a)	Lisbon	50.00%	50.00%
Zambeze Village, Lda		Maputo	63.00%	63.00%

* Consolidated by VAA, SGPS, SA, a listed company.

a) The above companies are considered subsidiaries and are consolidated in accordance with the full consolidation method, as the Grupo Visabeira has the power to control subsidiaries and, as such, is exposed to variable results. In the assessment of the existence of actual control, particular aspects were taken into account, such as the holding of a majority of voting rights, management agreements, and representation in corporate bodies. In the specific case of TVCabo Angola, 50% owned by Grupo Visabeira and 50% owned by Angola Telecom, which benefits from the know-how and technical expertise that the Visabeira brand guarantees with its 38 years of activity in the field of telecommunications, the Grupo controls all relevant activities: construction, financing (depending on the maintenance of the Management and Technical Assistance Agreement (MTAA) between TVCABO and Visabeira); content; technological support and selection of human resources, including the Director General contents; technological support and selection of human resources, including the General Manager. In the specific case of TVCABO Moçambique and Televisa, both 50% held by the Grupo Visabeira and 50% by TDM, the situation is similar to TVCabo Angola's. The data for these companies are the following:

Net assets (Amounts in Euros)	TVCabo Angola	TVCabo Moçambique	Televisa
Tangible and intangible assets	59,304,252	26,495,250	1,564,692
Other Assets	11,795,922	4,445,312	21,654,867
Cash and cash equivalents	11,087,880	777,697	95,899
Bank loans	-21,079,884	-6,158,632	-4,943,546
Other liabilities	-50,712,358	-16,988,095	-18,433,402
TOTAL NET ASSETS	10,395,813	8,571,532	-61,489

b) Company disposed/dissolved

c) Company merged into Grupo Visabeira, SA

6. Investments in associated companies and joint ventures

	Head office	2018	Share 2017	Equity 2018	Net income 2018	Carrying value		Effect of asset equivalence method on the result	
						2018	2017	2018	2017
VISABEIRA GLOBAL									
Aceec, ACE	Viseu	50.00%	50.00%	51,397	0	19,643	19,643	0	-357
Beiragás, SA	Viseu	23.55%	23.55%	43,494,546	2,329,602	10,575,295	10,725,121	548,661	577,456
Birla Visabeira Private Limited	Delhi	49.00%	49.00%	1,360,170	176,646	783,330	721,113	86,556	8,810
Domingos da Silva Teixeira / Visabeira, ACE	Lisbon	50.00%	50.00%	-329,827	-329,827	0	0	-164,914	0
Electrotec – Projecto, Execução e Gestão de Redes de Energia, Lda	Maputo	49.00%	49.00%	229,022	15,307	897,057	428,860	7,501	-248,564
Electrotec Engenharia, SA	Maputo	39.20%	39.20%	0	0	0	0	0	0
Ventos de Inhambane	Inhambane	32.50%	32.50%	150,000	0	48,751	48,751	0	0
Vista Power, Lda	Luanda	50.00%	50.00%	382,000	0	191,000	191,000	0	0
Yetech, SA	Cancun	30.00%	30.00%	105,000	0	0	52,500	0	0
VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS									
Doutibelo, Lda	Viseu	19.97%	19.97%	2,332,635	274,685	3,116,766	3,061,912	54,855	84,717
Doutibelo, Lda – loans						2,376,526	2,871,497	-	-
Lipilichi Holdings, Lda	Port-Louis	15.00%	15.00%	-3,345,171	0	0	0	0	0
Mtendele Holdings, Lda	Port-Louis	25.00%	25.00%	1,518	0	0	0	0	0
Sem Amarras, SA	Viseu	19.97%	19.97%	1,938,713	-58,269	2,268,918	2,280,555	-11,636	36,664
Sem Amarras, SA – loans				-	-	5,170,314	5,176,575	-	-
Build Down & Build Up Moçambique, Lda	Maputo	0.00%	50.00%	0	0	0	1,716	0	8,102
Gevisar, SA	Stª Mª da Feira	30.00%	30.00%	18,655,286	-1,076,956	5,575,099	5,773,697	-198,598	552,012
Imensis - Soc. Gestão Empreem. Imobiliários, Lda	Maputo	49.00%	49.00%	297,628	0	66,629	66,629	0	0
Martifer - Visabeira, SA (Former Martifer Amal, SA)	Maputo	35.00%	35.00%	484,990	-590,418	-1,135,659	-925,734	-206,646	-358,506
Martifer - Visabeira, SA - loans (Former Martifer Amal, SA)				-	-	2,184,908	1,181,705	-	-
Predibeira – Compra e Venda de Propriedades, Lda	Viseu	50.00%	50.00%	217,187	-264	108,594	108,726	-132	258
Turvisa, Lda	Lubango	0.00%	30.00%	42,355	0	0	41,109	0	0
Twin City Maputo, Lda	Maputo	39.00%	39.00%	28,770	0	33,794	383,794	-350,000	0
Differences in estimates of results									-300,000
TOTAL						32,280,966	32,209,169	-234,353	360,592

The table below shows summarised information on the most significant associated companies:

	Year	Assets	Liabilities	Income	Costs
VISABEIRA GLOBAL					
Beiragás, SA	2017	79,780,115	35,649,412	15,405,603	12,953,741
	2018	80,531,194	37,036,648	15,795,769	13,466,167
Electrotec – Projecto, Execução e Gestão de Redes de Energia, Lda	2017	9,127,360	8,917,682	2,707,435	3,214,708
	2018	8,271,869	8,042,847	3,667,969	3,652,446
VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS					
Doutibelo, Lda	2017	7,607,764	5,549,814	979,282	555,061
	2018	6,898,992	4,566,356	907,399	632,714
Sem Amarras, SA	2017	9,471,613	7,474,632	665,122	481,526
	2018	9,041,358	7,102,645	343,859	402,128
Gevisar, SA	2017	30,558,980	11,241,701	2,631,374	791,334
	2018	29,220,331	10,565,045	835,266	1,912,221
Martifer – Visabeira, SA (Former Martifer Amal, SA)	2017	9,640,305	10,031,862	6,076,140	7,100,443
	2018	10,505,392	10,020,402	2,895,471	3,485,889
TOTAL 2017		146,186,137	78,865,103	28,464,956	25,096,813
TOTAL 2018		144,469,136	77,333,943	24,445,734	23,551,566

7. Other financial investments

7.1 Other non-current financial investments

CAPITAL HOLDINGS	Head Office	%	Book Value 2018	%	Book Value 2017
a) Financial Investments at amortised cost					
Narrownet	Lisbon	10.00%	750,000	10.00%	750,000
Parque de Ciência e Inovação (PCI)	Ílhavo	5.00%	375,000	5.00%	375,000
Fundação Visabeira, ISS	Viseu	85.09%	360,000	85.09%	360,000
Caetano Fórmula	Maputo	21.00%	332,436	21.00%	332,436
Transcom – S. F. C. Auditoria T. Comunicações, SARL	Maputo	22.00%	193,174	22.00%	193,174
Moçambique Companhia de Seguros, SARL	Maputo	5.00%	182,892	5.00%	97,382
TF Turismo Fundos – SGFII, SA	Lisbon	2.50%	137,574	2.50%	137,574
Core Capital, SA	Lisbon	n.d.	98,214	-	-
Duofil, Lda	Pedrogrão Grande	3.17%	75,000	3.17%	75,000
Imersys Ceramic	Maputo	n.d.	44,000	n.d.	44,000
Lusitânia Gás - Companhia de Gás do Centro, SA	Aveiro	0.04%	30,174	0.04%	30,174
Associação Inov Paredes	Paredes	10.00%	25,000	10.00%	25,000
Centro Venture – Soc. Capital de Risco, SA	Coimbra	3.33%	11,000	3.33%	25,000
Itexample, ACE	Santarém	1.54%	10,000	1.54%	10,000
Oeirasexpo, SA	Oeiras	12.75%	8,500	12.75%	8,500
Norgarante		n.d.	3,975	n.d.	7,600
Lisgarante		n.d.	2,950	n.d.	11,263
Garval		n.d.	2,850	n.d.	11,263
Base Force, Lda	Viseu	20.00%	1,000	20.00%	1,000
Caixa Crédito Agrícola Mútuo Costa Azul		n.d.	0	n.d.	15,000
Fundo de Compensação do Trabalho	Viseu	n.d.	0	n.d.	3,989
Other capital holdings			940,962		636,172
			3,584,702		3,149,527
Loans to shareholders			35,229,338		53,470,639
b) Other financial investments recorded at fair value through other comprehensive income					
Pharol SGPS, SA			2,458,941		-
TOTAL			41,272,980		56,620,167

As a result of the adoption of IFRS 9, on the 1st January 2018, Grupo Visabeira reclassified to this line item the amounts under "Available-for-sale financial assets". During 2018, Grupo Visabeira sold one million shares of Pharol. At the end of 2018, the Grupo has a balance of 35.2 million euros related to loans granted to the majority shareholder. These loans are remunerated at a market rate adjusted according to subsequent market changes or changes in the Grupo's financing cost.

7.2 Other current financial investments

b) Other financial instruments measured at fair value through profit or loss;	Book Value 2018	Book Value 2017
BCP	540,386	-
Other capital holdings in listed companies	52,866	-
TOTAL	593,253	0

As a result of the adoption of IFRS 9, on the 1st January 2018, Grupo Visabeira reclassified to this line item the amounts under "held-for- trading financial assets".

8. Changes in the scope of consolidation

ACQUISITIONS / ESTABLISHMENT		% Acquired / Incorporated *	Date	Acquisition cost
Escotel, SASU	Establishment	100.00%	14.08 2018	200,000
MJ Quinn, Ltd	Acquisition	100.00%	01.06 2018	43,542,546
Ieme, SRL	Acquisition	40.00%	24.07 2018	2,758,443
Iutel, SA	Acquisition	49.95%	28.02 2018	44,118
Besconsigo, Lda	Acquisition	50.00%	31.12 2018	110,000
Rodinerte, Lda	Acquisition	50.00%	31.12 2018	190,000
TOTAL				46,845,107
DISSOLUTIONS / DISPOSALS		% Dissolution / Disposal *	Date	Value of the sale
Electrovisa, Lda	Disposal	100.00%	07.12 2018	1
Intelvisa, SA	Dissolution	100.00%	27.12 2018	38,412 *
Constructel Africa, SA	Disposal	50.00%	19.12 2018	14,235
Build Down & Build Up Moçambique, Lda	Disposal	50.00%	03.12 2018	0
Visasecil, Lda	Disposal	100.00%	07.12 2018	2
Convisa Engenharia, Lda	Disposal	49.50%	17.12 2018	1
Convisa Turismo, Lda	Disposal	49.50%	17.12 2018	1
Visatur, Lda	Disposal	100.00%	07.12 2018	14
Tubangol, Lda	Disposal	99.95%	07.12 2018	2
Agrovisa, Lda	Disposal	99.00%	07.12 2018	567
2 Logical, SA	Disposal	51.00%	28.02 2018	25,500
Hospital Nossa Senhora da Arrábida, SA	Disposal	80.00%	07.05 2018	6,692,754
Porto Salus, SA	Disposal	79.50%	07.05 2018	8,789,806
Rentingvisa, Unipessoal, Lda	Dissolution	100.00%	10.12 2018	83,607 *
Turvisa, Lda (Angola)	Disposal	100.00%	17.12 2018	0
TOTAL				15,644,902

* Value of financial sharing

The most significant changes in the scope of consolidation with an impact on the consolidated accounts occurred during 2018 were as follows:

SCOPE OF CONSOLIDATION ENTRIES

Company	Head Office	Change scope of consolidation	Date	Percentage of equity held	
				Before Acquisition	After the acquisition
Ieme	Cesena	Reinforcement	24/07/2018	60.00%	100.00%
MJ Quinn	Liverpool	Acquisition	01/06/2018	-	100.00%

EXITS SCOPE OF CONSOLIDATION

Company	Head Office	Change scope of consolidation	Date	Capital percentage at date of change	
				Direct	Total
Hospital Nossa Senhora da Arrábida	Azeitão	Disposal	07/05/2018	80.00%	80.00%
Porto Salus	Azeitão	Disposal	07/05/2018	79.50%	79.50%

On the 8th June 2018, the Grupo Visabeira, through Constructel, acquired control of 100% of the share capital of MJ Quinn, a telecommunications services engineering company in the United Kingdom and based in Liverpool, which has 30 years of history, being a preferred partner of British Telecom. The operation was formally completed in early October, after the completion of the carve out of a MJ Quinn business that the Grupo did not want to include in the transaction. Under the terms of the agreement, Constructel acquired the total share capital of the company for 43,5 million euros. This agreement provides for an additional payment that will depend on the evolution of the company's performance over the next two years. Currently, MJ Quinn has a highly qualified team of 264 employees working in the United Kingdom. The net assets identified were incorporated into the consolidated as of the 1st June 2018.

Amounts in euros	Fair value on 06/01/2018
Tangible fixed assets	2,069,569
Intangible assets	6,677,305
Customers	4,583,350
Other debtors	10,683,558
Assets	24,013,782
Suppliers	22,448,712
Other liabilities	10,817,071
Deferred tax	1,268,688
Liabilities	34,534,470
Net Assets	-10,520,688
Acquisition price	43,542,546
Goodwill	54,063,234

The main adjustments to fair value regarding the carrying amounts relate to contracts with customers classified as intangible assets, recorded according to the fair value of contracts with customers acquired at the acquisition date and respective deferred tax.

For the remaining assets and liabilities, no significant differences were identified between the fair value and the respective carrying value.

At the acquisition date, the Grupo recognised a financial liability amounting to 10.8 million euros, corresponding to the additional estimated acquisition cost.

The transaction costs, amounting to 669 thousand euros, were recorded as expenses for the period.

During 2018 MJ Quinn contributed with 60,4 million euros to the consolidated turnover of Grupo Visabeira and 5,9 million euros to EBITDA.

If MJ Quinn had been incorporated since the 1st January 2018, the Grupo's sales would have been 788 million euros and EBITDA would have been 146 million euros.

Within the context of internationalisation, it should also be noted the reinforcement of 40% in the share in Ieme, which operates in the energy sector in Italy, with contracts with ENEL for more than 50 years.

The following table shows the effect of the most relevant changes in the scope of consolidation:

Amounts in euros at 04/30/2018	Hospital Nossa Senhora da Arrábida	Porto Salus
Net assets		
Tangible and intangible assets	11,079,542	10,318,217
Other Assets	340,110	2,162,449
Cash and cash equivalents	21,793	151,102
Other liabilities	-10,852,169	-9,211,077
Total net assets	589,276	3,420,692
Non-controlling interests (note 35)	-49,348	275,563

9. Discontinued activities

During the year 2018, there were no discontinued activities. Likewise, from the 31st December 2017 to the present date, there are no decisions to discontinue operating activities.

10. Main indicators by segment

10.1 Main indicators by activity / geography

a) By area of activity	Years	Global	Industry	Tourism, Real Estate and Services	Total
Turnover	2017	450,729,360	127,082,062	60,459,670	638,271,092
	2018	542,853,575	140,632,261	61,917,305	745,403,142
EBITDA	2017	77,916,184	22,220,659	23,414,198	123,551,041
	2018	87,549,071	25,406,515	28,870,806	141,826,392
Recurring operating income**	2017	54,325,135	13,021,457	16,384,439	83,731,031
	2018	55,215,630	19,646,938	24,874,525	99,737,093
Net income	2017	20,428,822	2,084,780	27,580,108	50,093,710
	2018	16,486,950	6,907,529	28,025,144	51,419,622
Tangible / intangible assets	2017	256,107,774	199,064,168	183,806,726	638,978,669
	2018	208,032,481	226,552,907	146,074,405	580,659,794
Inventories	2017	31,146,231	42,639,676	53,836,625	127,622,533
	2018	35,454,207	41,398,359	33,537,469	110,390,035

In 2018 Turnover is broken down as follows:

	Global	Industry	Tourism, Real Estate and Services	Total
Revenue from contracts with customers.	543,022,601	140,632,261	49,060,176	732,715,038
Income from rents	0	0	12,688,104	12,688,104
Total	543,022,601	140,632,261	61,748,280	745,403,142

b) By country*	Years	Portugal	Europe	Africa	America and Asia	Total
Turnover	2017	295,057,146	214,491,145	124,245,054	4,477,747	638,271,092
	2018	320,805,768	324,965,772	95,547,547	4,084,055	745,403,142
EBITDA	2017	62,023,011	18,964,848	43,398,485	-835,303	123,551,041
	2018	74,991,749	30,688,123	36,477,453	-330,933	141,826,392
Operating income recurring **	2017	44,642,454	12,544,187	27,616,534	-1,072,144	83,731,031
	2018	61,149,795	20,111,131	19,017,565	-541,397	99,737,093
Net income	2017	45,860,580	7,653,119	-2,171,694	-1,248,294	50,093,710
	2018	43,672,123	15,357,587	-6,576,477	-1,033,610	51,419,622
Tangible / intangible assets	2017	364,039,848	21,052,895	253,546,420	339,506	638,978,669
	2018	353,068,083	36,210,421	191,294,649	86,640	580,659,794
Inventories	2017	107,085,177	4,302,277	13,119,033	3,116,046	127,622,533
	2018	88,351,469	7,420,892	11,577,416	3,040,258	110,390,035

* Distribution according to the location of the company's head office

** Excluding the effect of changes in the fair value of investment properties, provisions and impairment losses

10.2 Assets associated with contracts with customers

	Years	Global	Industry	Tourism, Real Estate and Services	Total
Associated assets contracts with customers	2018	94,177,282	1,441,890	7,503,867	103,123,039

The amounts of assets associated with contracts with customers result from the adoption on the 1st January 2018 of IFRS 15, the main values of Visabeira Global, resulting from the telecommunications area.

These amounts refer to services already provided according to the terms contracted with the customer and not yet billed.

10.3 Assets associated with contracts with customers

	Years	Global	Industry	Tourism, Real Estate and Services	Total
Advances from customers		3,598,092	1,221,783	1,264,497	6,084,372
Billing on services to be rendered		10,745,024	4,918,278	4,912,229	20,575,532
Liabilities associated with contracts with customers	2018	14,343,116	6,140,061	6,176,726	26,659,904

The amounts of liabilities associated with contracts with customers result from the adoption on the 1st January 2018 of IFRS 15, the main values of Visabeira Global resulting from the telecommunications area.

11. Own work capitalised

	2018	2017
Construction of new TVCABO cells in Mozambique	1,099,855	1,520,531
Project to increase the production capacity of the furnace and stoneware tableware – Vista Alegre	1,011,945	613,628
Projects for the development of crystal bottles – Vista Alegre	943,738	499,424
Remodelling of Turvisa Hotels	587,151	1,426,792
Project of changes of the production process - Vista Alegre	259,781	0
Innovation project of the productive processes - Cerutil	248,006	0
Pinewells furnace remodelling and optimisation of the production system	212,120	245,276
Works for the refurbishment of Constructel Bélgica facilities	199,635	914
Project to increase the production capacity of earthenware - Bordalo Pinheiro	187,538	0
Construction of new TVCabo cells in Angola	132,755	273,212
HORUS and BLISS project - Real Life	118,640	0
Other	155,359	253,778
TOTAL	5,156,525	4,833,554

12. Other operating income and expenses

	2018	2017
OTHER INCOME		
Supplementary income	17,840,757	14,901,888
Losses on tangible fixed assets	987,494	11,078,132
Gains on the disposal of investment properties	5,140,353	0
Investment Grant	2,165,265	1,638,418
TOTAL	26,133,869	27,618,438

OTHER EXPENSES		
Taxes	3,743,529	4,432,426
Losses on tangible fixed assets	0	3,426,516
Other	6,092,651	4,277,525
TOTAL	9,836,180	12,136,467

The item 'Supplementary income' includes compensation for insurance, rent and gains from disposals of shares.

13. External supplies and services

	2018	Weight %	2017	Weight %
Subcontracts	193,325,348	61%	158,753,892	61%
Rents and leases	27,538,035	9%	21,655,595	8%
Specialised work	15,386,501	5%	16,566,792	6%
Fuel	15,350,031	5%	11,984,774	5%
Maintenance and repair	14,697,011	5%	7,430,343	3%
Electricity	9,703,598	3%	9,647,209	4%
Insurance	6,639,372	2%	4,623,595	2%
Transport of goods	4,231,142	1%	3,438,127	1%
Communication	4,168,848	1%	4,023,765	2%
Travel and stays	3,912,257	1%	3,629,882	1%
Advertising	3,268,101	1%	3,189,194	1%
Fast-wear tools and utensils	2,998,204	1%	2,401,007	1%
Cleaning, hygiene and comfort	2,533,362	1%	2,452,306	1%
Commissions	2,179,171	1%	2,558,712	1%
Surveillance and safety	2,073,802	1%	2,104,207	1%
Fees	1,544,237	0%	1,316,465	1%
Office supplies	743,745	0%	702,931	0%
Representation expenses	731,327	0%	565,448	0%
Other	4,777,845	2%	4,406,813	2%
TOTAL	315,801,935	100%	261,451,055	100%

In 2018, subcontracts increased by 34,6 million euros, mainly due to the entry MJ Quinn into the scope of consolidation.

14. Personnel costs

	2018	2017
Personnel costs	157,755,237	136,439,987
Social Security contributions	33,269,666	28,058,379
Remuneration premiums	1,262,836	1,294,645
Corporate bodies	1,854,835	1,692,014
Insurance	1,214,632	1,127,227
Social initiatives expenses	1,049,237	960,086
Occasional staff and staff on retainer	469,380	429,466
Other	1,529,308	1,139,547
TOTAL	198,405,131	171,141,351

Personnel salaries also increased in relation to the previous year, due in part to the entry in the scope of consolidation of MJ Quinn (264 employees) and Escotel (227 employees), which explains about 26% of the increase and also the increase of the number of employees of the Grupo Visabeira companies.

The average number of the Grupo's employees during 2018 was 10,974 (2017: 9,719), with the following distribution by sector of activity and country, shown in the following tables:

Average number of employees by business area	2018	2017
Global	6,279	5,028
Industry	2,580	2,487
Tourism, Real Estate and Services	2,115	2,204
TOTAL	10,974	9,719

Average number of employees per country	2018	2017
Portugal	4,742	4,521
Europe	3,101	2,025
Africa	2,753	3,156
America and Asia	378	17
TOTAL	10,974	9,719

The remuneration of the key management personnel (under the terms of IAS 24) has an essentially fixed nature and does not include post-employment benefits or employment termination benefits. In 2018, it amounted to 1,9 million euros (2017: 1,7 million euros).

15. Amortisations

	2018	2017
INTANGIBLE ASSETS AMORTISATIONS		
Development projects	623,635	462,078
Software	279,549	316,064
Industrial property and other rights	109	207
Other	3,101,988	1,912,449
Total intangible amortisation	4,005,280	2,690,797
TANGIBLE ASSETS AMORTISATIONS		
Land and natural resources	667,033	459,596
Buildings and other constructions	13,771,046	17,428,064
Basic equipment	9,902,962	9,661,987
Transport equipment	7,887,748	3,348,324
Office equipment	2,364,950	1,783,080
Other	3,490,280	4,448,163
Total amortisation of tangible asset	38,084,019	37,129,214
TOTAL	42,089,299	39,820,010

The increase in amortisations in 2018 is related to the investment made during the year. Also worth mentioning is the increase in amortisation of other intangible assets, justified by the amortisation of assets (contracts with customers) associated with MJ Quinn.

16. Provisions and impairment losses

	2018	2017
Increases in provisions and impairment losses	4,407,902	3,008,567
Decreases in provisions and impairment losses	-475,666	-873,545
TOTAL	3,932,236	2,135,021

In 2018, regarding 'increases in provisions and impairment losses, we highlight the provisions set up mainly to cover risks related to collections from customers and the reinforcement of provisions to cover other estimated losses.

17. Interest expense, net

	2018	2017
Interest paid		
Loans obtained	-38,906,859	-39,723,243
	-38,906,859	-39,723,243
Interest obtained		
Loans granted	3,588,584	5,536,666
	3,588,584	5,536,666
TOTAL	-35,318,275	-34,186,577

18. Gains/(losses) on listed shares

	2018	2017
Other financial assets recorded at fair value through profit or loss (see note 7.2)	-100,072	-
Held-for-trading financial assets (see note 30)	-	275,344
Gains/(losses) on disposal	-	34,324,707
Dividends	0	3,980,020
Interest from loans related to financial assets	0	-3,699,529
TOTAL	-100,072	34,880,542

In 2017, there was a gain on the disposal of all the shares of NOS, EDP and PHAROL in the amount of 34,3 million euros, explained by the "recycling" of fair value reserves held in equity in accordance with accounting policy followed (IAS 39).

19. Other financial expenses, net

	2018	2017
Unfavourable exchange differences	-24,528,863	-27,958,441
Other costs	-4,111,644	-11,259,683
Cash payment discounts granted	-102,871	-140,007
Favourable exchange rate differences	3,674,039	15,690,800
Cash payment discounts obtained	51,643	32,708
Other income	897,715	564,412
TOTAL	-24,119,981	-23,070,211

Operations in Angola contributed negatively to 21,7 million euros (2017: negative 12,2 million euros) as a result of the negative devaluation of the Kwanza (2018: 353.02; 2017: 185,40), while Mozambique's operations contributed positively with 824 thousand euros (2017: positively 573 thousand euros) to the net balance of exchange differences.

20. Income tax

	2018	2017
Current tax	-13,286,759	-16,998,647
Deferred tax and provision for income tax contingencies	2,977,540	7,309,813
Income tax for the financial year	-10,309,219	-9,688,833

DEFERRED TAX ASSETS	2017	Changes to the scope of consolidation	Effect on the results	Effect on Equity	Reclassifications	2018
Adjustments and other provisions not accepted for tax purposes	41,493,341	-817	-1,939,240	2,033,277	2,332,346	43,918,907
Tax losses	3,119,489	-492,722	-452,967	0	-56,093	2,117,707
Changes in exchange rates not accepted for tax purposes	1,062,322	0	39,056	-300,461	0	800,917
Tax credit	811,608	-49,724	1,756,722	0	0	2,518,606
Unrealised results in intra-group operations	675,745	0	-2,101	0	0	673,644
Transitional tax adjustment "snc"	602,526	0	0	0	0	602,526
Total deferred tax assets	47,765,031	-543,263	-598,530	1,732,816	2,276,253	50,632,307

DEFERRED TAX LIABILITIES

Difference from the fair value of investment properties	51,304,071	0	3,571,269	14,774,812	0	69,650,152
Monetary adjustment (IAS 29 - Angola)	24,635,774	0	1,501,065	-8,287,597	0	17,849,241
Difference from the fair value of intangible assets	16,292,640	1,268,688	-201,021	0	0	17,360,307
Free revaluation reserves	14,352,261	0	-210,595	-1,300,297	340,546	13,181,916
Transitional tax adjustment "snc"	1,155,393	0	0	0	0	1,155,393
Unrealised results in intra-group operations	344,228	0	-99,914	0	0	244,314
Changes in exchange rates not accepted for tax purposes	197,683	0	-136,875	-14	0	60,794
Total deferred tax liabilities	108,282,050	1,268,688	4,423,929	5,186,904	340,546	119,502,117

IMPACT ON INCOME STATEMENT	2018
Earnings before Taxes	61,728,841
Nominal rate of tax on profits	21.0%
Tax rate - 21%	-12,963,057
Differentiated nominal tax rates	-1,078,678
Differences between accounting and tax of capital gains / losses	1,763,301
Autonomous Taxation	-656,162
Local tax	-957,625
Tax benefits	549,412
Other	56,050
Total non-current assets	-13,286,759
Deferred tax	-5,022,460
Reversal of provisions	8,000,000
Tax for the financial year	-10,309,219

21. Tangible assets

	Land	Buildings	Basic equipment	Transportation equipment	Office equipment
Opening balance on the 1st January 2017	29,588,613	229,320,535	84,958,317	13,432,670	12,748,059
Increases	552,899	3,583,760	4,254,350	3,792,905	330,922
Disposals / Transfers	850,279	44,350,873	4,546,507	7,603,794	-645,869
Changes to the scope of consolidation	473,420	1,241,285	294,483	710,204	35,540
Monetary adjustment (IAS 29 - Angola)	923,995	59,552,825	8,387,326	2,047,552	592,266
Exchange effect	-65	1,433,624	-1,700,628	132,910	47,576
Impairment	0	-4,945,285	23	-36,832	1
Amortisations for the financial year	-459,596	-17,428,064	-9,661,987	-3,348,324	-1,783,080
Closing balance on the 31st December 2017	31,929,547	317,109,552	91,078,391	24,334,879	11,325,416
On the 31st December 2017					
Acquisition costs	36,006,961	472,470,641	247,497,009	63,759,112	31,953,363
Accumulated amortisations	4,027,894	150,395,441	156,409,767	39,373,425	20,627,875
Impairment losses	49,519	4,965,647	8,851	50,808	73
TANGIBLE ASSETS	31,929,547	317,109,552	91,078,391	24,334,879	11,325,416
Opening balance on the 1st January 2018	31,929,547	317,109,552	91,078,391	24,334,879	11,325,416
Increases	1,554,172	11,718,166	8,336,497	10,218,803	792,495
Disposals / Transfers	0	-349,921	-390,858	-657,720	-60,189
Changes in the scope of consolidation*	-2,697,555	-17,735,568	635,905	58,463	537,965
Monetary adjustment (IAS 29 - Angola)	89,062	11,852,518	2,328,306	292,693	72,493
Exchange effect	-120,510	-50,717,892	-6,941,906	3,511,571	-603,955
Impairment	-6,000	2,022,012	-926,170	3,829	-2
Amortisations for the financial year	-667,033	-13,771,046	-9,902,962	-7,887,748	-2,364,950
Closing balance on the 31st December 2018	30,081,684	260,127,821	84,217,201	29,875,770	9,699,273
On the 31st December 2018					
Acquisition costs	33,300,766	420,591,749	245,052,906	75,779,417	32,863,875
Accumulated amortisations	3,163,563	157,520,293	159,900,683	45,856,668	23,164,528
Impairment losses	55,519	2,943,635	935,022	46,979	74
TANGIBLE ASSETS	30,081,684	260,127,821	84,217,201	29,875,770	9,699,273

	Other tangible fixed assets	Tangible assets in progress	Advance payments on account of tangible assets	TOTAL
Opening balance on the 1st January 2017	8,199,680	43,095,619	198,213	421,541,706
Increases	2,289,666	30,422,906	400,000	45,627,409
Disposals / Transfers	1,301,597	-31,042,414	0	26,964,767
Changes to the scope of consolidation	90,657	0	0	2,845,589
Monetary adjustment (IAS 29 - Angola)	10,489,671	123,252	0	82,116,887
Exchange effect	23,889	820,812	0	758,119
Impairment	0	0	0	-4,982,093
Amortisations for the financial year	-4,448,163	0	0	-37,129,214
Closing balance on 31st December 2017	17,946,997	43,420,175	598,213	537,743,171
On the 31st December 2017				
Acquisition costs	57,670,698	43,420,175	598,213	953,376,171
Accumulated amortisations	39,723,253	0	0	410,557,655
Impairment losses	448	0	0	5,075,346
TANGIBLE ASSETS	17,946,997	43,420,175	598,213	537,743,170
Opening balance on the 1st January 2018	17,946,997	43,420,175	598,213	537,743,170
Increases	1,636,933	40,849,494	0	75,106,561
Disposals / Transfers	-307,935	-20,933,184	0	-22,698,808
Changes in the scope of consolidation*	-41,552	-282,016	0	-19,524,359
Monetary adjustment (IAS 29 - Angola)	151,263	0		14,786,335
Exchange effect	103,014	-13,982,486	-155,465	-68,907,630
Impairment	-214,166	0	0	879,503
Amortisations for the financial year	-3,490,280	0	0	-38,084,019
Closing balance on 31st December 2018	15,784,273	49,071,983	442,748	479,300,753
On the 31st December 2018				
Acquisition costs	53,173,878	49,071,983	442,748	910,277,322
Accumulated amortisations	37,174,990	0	0	426,780,725
Impairment losses	214,614	0	0	4,195,844
TANGIBLE ASSETS	15,784,273	49,071,983	442,748	479,300,753

* It was decided to present the accumulated tax amortisations amounts associated with the assets acquired.

The main acquisitions during the year mainly concern the works to expand the Ria Stone, Cerutil and Bordallo Pinheiro factories (30 million euros). Also worthy of note are the investments in the expansion of the TVCabo network in Angola and Mozambique (12 million), in the area of telecommunications and energy, in vehicles, transport equipment and other equipment essential for the activity to the amount of 14 million euros, Tourism and Real Estate (10 million euros) in the requalification and improvement of the areas and also in the expansion and new hotels and restaurants.

The decreases are explained by the sale in the health area, and by the transfer of the project from the *Parque Desportivo de Aveiro* to Investment Properties.

At the end of the year, the amount in progress relates to the aforementioned expansion works of the Grupo Vista Alegre's subsidiaries.

22. Goodwill

	Year of acquisition	Value of goodwill 2018	Value of goodwill 2017
MJ Quinn - Integrated Services, Ltd	2018	53,130,938	-
Viatel - Tecnologia de Comunicações, SA	1997, 2002	14,997,178	14,997,178
Modal Group	2017	5,666,717	5,666,717
Visabeira Moçambique, SARL	2001, 2002	3,390,676	3,390,676
Granbeira – Soc. Expl. Com. Granitos, SA	1992, 1998, 2002	3,116,383	3,116,383
Empreendimentos Turíst. Montebelo, SA	1998, 2002	2,768,845	2,768,845
Mob - Indústria de Mobiliário, SA	1998, 2002	1,320,221	1,320,221
Ieme, SRL	2017	1,263,270	1,263,270
Granbeira II - Rochas Ornamental, SA	1992, 1998, 2001, 2002	905,101	905,101
PDA - Parque Desportivo de Aveiro, SA	2008	894,659	894,659
Edivisa - Empresa de Construções, SA	1993, 2002	888,354	888,354
Gatel, SAS	2008	869,778	869,778
Hospital Nossa Senhora da Arrábida, SA	2015	0	456,740
Other		1,250,157	1,933,305
TOTAL		90,462,279	38,471,229

For the purpose of impairment tests, goodwill amount was distributed among the cash-generating units that correspond to the reportable business segments. The Board of Directors, based on the estimated future cash flows of these segments, discounted at the rate considered applicable to each business, concluded that, on the 31st December 2018, the carrying value of financial investments, including goodwill, does not exceed its recoverable value.

Regarding the most significant goodwill amount, resulting from the acquisition during the year of MJ Quinn, the main assumptions used in the impairment test were as follows:

ASSUMPTIONS IMPAIRMENT TESTS

Method Used	Method of cash flows updated
Base used	Projection
Years of projection	5 years
Sales growth in N + 1 (2019)	12.67%
CAGR sales 2019-2023	7.28%
Growth rate in perpetuity	2.00%
WACC used in perpetuity	7.18%

On the 31st December 2018, if a discount rate higher than 0,5% had been used, or a perpetuity growth rate of less than 0,5%, or projected cash flows less than 5%, the results obtained in the tests mentioned above would not give rise to impairment. The value in use corresponds to the estimate of the present value of the future cash flows, calculated based on budgets and business plans duly approved by the Grupo's Board of Directors, which cover an average of five years.

Regarding Viatel, the impairment tests carried out showed once again that there was no impairment in goodwill, considering that it is a robust company, with a solid and sustained business model, which allows us to estimate that, on a prudent basis, the company will release an annual EBITDA of more than 7 million euros.

23. Investment properties

	2018 Level 3*	2017 Level 3*
Opening balance	331,050,555	341,946,050
Transfer to tangible fixed asset	100,543,883	-11,396,894
Investment	279,995	2,240,293
Foreign currency translation reserves	403,096	-1,240,464
Disposal	-1,796,552	0
Change in fair value	14,733,959	-498,428
TOTAL	445,214,935	331,050,555

* Classified according to the fair value hierarchy defined in IFRS 13 (not applicable to investment properties measured at acquisition cost).

	Appraisal method	2018	2017
Palácio do Gelo Shopping	DCF Method	146,400,000	146,366,000
PDA - Parque Desportivo de Aveiro	DCF Method	75,191,000	0
Montebelo Resort Golf Project	DCF Method	64,464,614	64,374,614
Urbeira Project	Comparative methods	33,500,000	33,500,000
Hospital building	DCF Method	26,977,397	26,879,269
Vista Alegre Buildings	Comparative Methods and DCF Method	19,639,600	19,013,000
Quinta dos Areais Project	Comparative methods	18,875,000	4,800,925
Land held for capital appreciation	Comparative methods	18,536,613	2,198,809
Project for Quinta do Bosque	DCF Method	14,399,726	5,598,701
Santa Luzia Project	Comparative methods	13,290,000	12,900,000
Condomínio de Belo Horizonte development (Mozambique)	Cost Methods	8,813,913	8,497,290
Alagoa II Project	Replacement cost method	5,080,001	6,875,000
Agrovisa (Xinavane land)		47,072	46,948
TOTAL		445,214,935	331,050,555

Investment property in use is measured at fair value, determined by the use of the discounted cash flow (DCF) and development or valuation assets are measured at fair value determined by the DCF method, comparative method or cost method. In cases where fair value cannot be reliably determined, investment properties are kept at cost. According to the DCF method, the fair value of the property is estimated based on the current amount of cash flows that the property is expected to generate in the future, based on financial projections concerning the business under development or to be developed (rental). Cash flows are discounted at a discount rate which reflects the time value of money, as well as the risks associated with cash flows.

The comparative method refers to the values of similar properties and intends to estimate the presumed value of sale. The cost method considers that the value of the asset is the sum of the cost of acquisition of the land, construction, projects, licensing, financial charges, marketing fees and estimated profit of the project.

In the case of investment properties not generating income, the estimated costs for the construction and development of the project were discounted.

The appraisals were conducted by accredited, independent appraisers (PricewaterhouseCoopers Assessoria de Gestão, Lda, Figueira Center Imobiliária, J. Curvelo e J.F, Lda e Envisábio – Engenharia, Lda) with the required qualifications and expertise in property appraising. The appraisal models used are consistent with the principles set out in IFRS 13.

In 2018, no changes were made to the investment property valuation methods. Investment properties include a set of land acquired several years ago for development in relation to the Grupo's real estate business, but, in the current financial context, they are held for future appreciation.

In the determination of the fair value of investment property, the highest and best use is considered.

PALÁCIO DO GELO SHOPPING

The appraisal of the Palácio do Gelo Shopping was based on the following assumptions:

	2018	2017
Discount rate	7.15% to 7.14%	7.56% to 7.55%
Perpetuity discount rate	7.14%	7.55%
Occupancy rate	96%	96%
Sales growth rate	0% to 7%	0% to 7%
Rent perpetuity growth rate	2.1%	2.4%

A decrease of 1 pp in the occupancy rate of stores would reduce the appraisal value to 145 million euros. These changes in occupancy rates, combined with the changes shown in the sensitivity analysis conducted on the discount rate, result in a minimum value of 132 million euros (-1 p.p. in occupancy rate plus 0.5 p.p. in the discount rate) and a maximum value of 164 million euros (+ 1 in the occupancy and less 0,5 p.p. in the discount rate).

A reduction of -5 p.p. in the growth rate of tenants' sales, provided in the baseline scenario with impact on variable rents, would result in an amount of 146 million euros and a 5 p.p. increase in the growth rate of tenants' sales would result in an amount of 147 million euros, combined with a 0,5 p.p. increase in the discount rate, it would be 133 million euros. The growth of 5 p.p. in the tenants' sales combined with the reduction of the discount rate by 0,5 p.p. would increase the appraisal value to 163 million euros.

During 2018, the amount of the rents paid for the commercial spaces of Palácio do Gelo reached nearly 11 million euros (2017: 10,5 million euros). The number of visitors increased again in 2017. This was the best year since the opening of the Shopping. From April 2008 to date, the number of visitors to Palácio do Gelo already surpassed 96 million people. The occupancy rate rose compared to 2017, surpassing 87%.

PDA - PARQUE DESPORTIVO DE AVEIRO PROJECT

Project located at the eastern end of the city of Aveiro, next to the Municipal Stadium of Aveiro, occupying an area of about 165 hectares, is located in a particularly privileged area in terms of access, either to the city, or the A25 and the A17.

Comprehensive project that consolidates tourism, housing, services, sports, leisure and entertainment in a unique environment, mainly for the sophistication and quality of its green areas ruled by streams and water surface, its wide parks and gardens that will create a unique and permanent experience in touch with nature.

PDA will have a construction area of around 320,000 m² comprising trade, housing, services, sports and leisure / tourism facilities, such as the 18-hole golf course, 5-star hotel, horse riding center and tennis complex.

The change in the use of the PDA results from events during the year that point to a considerable increase in the size of the project, which is in line with the Grupo's strategy for the "new" sub-holding unique in the Tourism, Real Estate and Services areas. In this sense, this asset was classified for Investment Properties, with the impact on its remeasurement being treated, as provided for in IAS 40, as if it were a reassessment of assets under IAS 16.

Its fair value was determined using the DFC method, summarised as follows:

Polo		Construction area (m ²)	Appraiser Value 2018
Polo 2	Horse riding facilities	31,448	7,427,000
Polo 3	Ludo Parque	48,246	9,779,000
Polo 5	Central	74,750	13,496,000
Polo 6	South central	71,175	14,693,000
Polo 7	Golf Resort	68,478	29,796,000
	Hotel	24,000	
TOTAL		318,097	75,191,000

In addition to the discount rate, the sale price, the construction price and the estimated sales schedule of the project are the variables that most influence the value of the appraisal, so the sensitivity analysis to these variables resulted in the following values:

- A 5% increase in building prices would reduce the value of the valuation to 68.3 million euros. These changes in the construction prices, combined with the changes shown in the sensitivity analysis conducted on the discount rate, result in a minimum value of 65 million euros (+ 5% in construction prices plus 1 p.p. in the discount rate) and with a maximum amount of 85,9 million euros (-5% in building prices and 1 p.p. in the discount rate).
- A reduction of -5 p.p. in the sales prices, foreseen in the evaluation, would result in an amount of 63,3 million euros and a 5 p.p. increase of these same sales prices would result in an amount of 87 million combined with an increase of 1 p.p. discount rate would be 83,4 million euros. The 5 p.p. increase in sales prices with the reduction of the 1 p.p. discount rate would increase the appraisal amount of 91 million euros.
- A 10% advance of sales in all years considered in the appraisal, adding another year of trading to the project against the base scenario, would reduce the amount of the appraisal to 69 million euros. This variation in the project's trading, combined with the changes shown in the sensitivity analysis of the discount rate, result in a minimum amount of 65,9 million euros (10% advances in the sales, plus 1 year trading plus 1 p.p. in discount rate) and a maximum amount of 80,7 million euros (5% in advance of the sales and less 1 p.p. in the discount rate).

GOLFE MONTEBELO RESORT PROJECT

The Golfe Montebelo Resort project aims at addressing deficiencies and enhancing the features of the 27-hole Golf Course, in operation for many years. Besides enhancing and revitalising the area of Golf, it will enable its promotion and the recognition of the area as an urban location, connected to the city, creating a prestigious sport-tourism hub in one single unit. There are about 168,421 m² of construction, comprising houses (68,913 m²), apartments (70,506 m²) and a five-star hotel (29,003 m²). The intervention will target 3 different areas: the first addresses the real estate network, which is small and does not clash with the second area, the Resort. The project also includes a common area for services, equipment and commerce. The appraisal values were the following:

	Area	2018	2017
Land for houses	68.913 m ²	44,940,000	45,480,000
Land for apartment buildings	70.506 m ²	16,740,000	16,100,000
Land for hotel	29.003 m ²	1,900,000	1,910,000
Additions for the construction of infrastructures		884,614	884,614
TOTAL	168.422 m²	64,464,614	64,374,614

Besides the discount rate, the sale price, the construction price and the estimated sales schedule of the project are the variables that most influence the value of the appraisal, so the sensitivity analysis to these variables resulted in the following values:

- A reduction of -5 p.p. in the sales prices, foreseen in the evaluation, would result in an amount of 56 million euros and a 5 p.p. increase of these same sales prices would result in an amount of 72.9 million combined with an increase of 1p.p. discount rate would be 68,7 million euros. The growth of 5 p.p. in sales prices combined with the reduction of the discount rate by 1 p.p. would increase the appraisal value to 77,3 million euros.
- A 10% advance of sales in all years considered in the appraisal, adding another year of trading to the project against the base scenario, would reduce the amount of the appraisal to 60.5 million euros. This variation in the project's trading, combined with the changes shown in the sensitivity analysis of the discount rate, result in a minimum amount of 56,5 million euros (10% advances in the sales, plus 1 year trading plus 1p.p. in discount rate) and a maximum amount of 70 million euros (5% in advance of the sales and less 1 p.p. in the discount rate).

URBEIRA PROJECT

A real estate project was approved, with feasibility for a built-up area of 137,421 m², comprising housing, commerce and services for the plot of land called "Urbeira," a property with a size of approximately 279,860 m², located south-west of the city of Viseu, only 3 km away from the city centre.

Its fair value was determined using the comparative method, with an average price of 244 euros per m², considering the construction area.

HOSPITAL BUILDING

In December 2014, the Grupo concluded a contract with Grupo José de Mello Saúde for the construction and subsequent leasing of the hospital CUF - Viseu. The property is leased to José de Mello Saúde for an initial period of 25 years, extendible for another 10 years. This property with a built-up area of 20,234 m² opened in June 2016, and was officially opened on 29 November 2016.

Its fair value was determined using the DFC method, based on the negotiated lease amounts.

VISTA ALEGRE ATLANTIS BUILDINGS

These are properties (land and buildings) that are not used in the Grupo's normal course of business, but are intended for sale, in their current state or after a capital valuation process.

The fair value of investment properties was determined based on market evidence.

With regard to leased investment properties, lease contracts of limited duration are in force, typically with a duration of five years and automatically renewable for periods of one year unless they are terminated.

The fair value was determined by J. Curvelo as follows:

Vista Alegre Atlantis Buildings	Fair value (in euros)	Appraisal method	Appraiser	Location	Assumptions	Intervals (average in euros)
"Fábrica" Angolana	469,000	Comparative method	J. Curvelo	Marinha Grande	price per m ²	€ 22.81
Pine forest	970,000	Cost method	J. Curvelo	Alcobaça	price per m ²	€ 26.17
L. Barão Quintela	6,170,000	Comparative method	J. Curvelo	Lisbon	price per m ²	€ 1.635,46
Real Estate	2,592,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 182.70
Rural plots of land	19,300	Comparative method	J. Curvelo	Ílhavo	price per m ²	€ 1.90
Vale do Ílhavo Plots of Land	144,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 72.00
R. Neves Ferreira	380,000	Comparative method	J. Curvelo	Lisbon	price per m ²	€ 527.78
RAN Plots of Land	130,000	Comparative method	J. Curvelo	Ílhavo	price per m ²	€ 2.45
Urbanização I	1,433,300	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 226.25
Urbanização II:						
Bairro Allotment and annex plots	5,023,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 77.63
Murteira Allotment	919,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 28.70
Rua Fáb. VA Allotment VA	1,390,000	Cost method	J. Curvelo	Ílhavo	price per m ²	€ 80.80
TOTAL	19,639,600					

QUINTA DOS AREAIS PROJECT

Property with 51,633 m² located about 500 meters from the Hospital São Teotónio de Viseu that borders at west with *Primeira Circular Sul de Viseu*. It has a real estate project with a construction feasibility project of 61,375 m² divided by housing, commerce and services.

Its fair value was determined using the comparative method, with an average price of 308 euros per m², considering the construction area.

LAND HELD FOR CAPITAL APPRECIATION

They refer to 14 lots, 12 of which are located in Viseu, 11 located in Quinta do Bosque next to Hotel Montebelo, a predominantly residential area, one in Aveiro and another in Guimarães, near Guimarães railway station. These are lots already developed, with all the necessary infrastructures, and with a total construction area of 54,406 m² for land with an overall area of 12,854 m².

The fair value of these properties was determined using the comparative method, with an average price of 341 euros per m², considering the construction area.

PROJECT FOR QUINTA DO BOSQUE

The so-called "Projeto para a Quinta do Bosque", which is divided into two lots, has 29,197 m² of construction area, is located in the city, next to Hotel Montebelo, in a predominantly residential area. It is intended to be used for the construction of a trade and services building to increase the offer in the central region of Portugal.

Its fair value was determined using the DCF method, with an average price of 493 euros per m², considering the construction area.

SANTA LUZIA PROJECT

The property called "Terreno Santa Luzia," with an implementation area of 27,978 m² and a built-up area of 38,519 m², is unquestionably, considering its excellent location, one of the best real estate offers in the city, mainly due to its proximity to the city's urban structuring roads and to the large commercial and service area that includes the Palácio do Gelo Shopping, the new CUF Hospital and the *Centro Escolar Viseu Estrela*.

Its fair value was determined using the comparative method, with an average price of 345 euros per m², considering the construction area.

ALAGOA II PROJECT

This plot of land, owned by Movida, has a total area of about 6,769 m² and a built-up area of 9,149 m². Its location is between Palácio do Gelo and the new CUF Viseu Hospital.

Its fair value was determined using the comparative method, with an average price of 555 euros per m², considering the construction area.

EMPREENDIMENTO CONDOMÍNIO DE BELO HORIZONTE PROJECT (MOZAMBIQUE)

The land of the future project *Condomínio do Belo Horizonte*, located in Matola, on the outskirts of Maputo, is in a residential area, which mostly comprises medium-/ high-quality houses.

The land of the project *Condomínio do Belo Horizonte* is in a well-established residential area, comprising medium-/high-quality houses, and is subdivided into 69 plots with a total area of 67,667 m². Its fair value, determined by a specialised independent entity, after obtaining a building permit on the 16th December 2013, is 8,8 million euros.

INVESTMENT PROPERTIES PROVIDED AS COLLATERAL AND CONTRACTUAL RESPONSIBILITIES

On the 31st December 2018 and 31st December 2017, only Palácio do Gelo was pledged as collateral for bank loans.

On the 31st December 2018 and 31st December 2017, there are no contractual obligations to purchase, build or develop investment properties. Likewise, there are no restrictions on the ability to carry out investment properties or on the income from disposal.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

In addition to the fair value changes identified above and presented in the line "Change in the fair value of investment properties", it is important to mention, in 2018:

- i) income from investment property rents, namely from the Palácio do Gelo Shopping and the hospital building, amounting to 12,1 million euros and its direct operating expenses (including repairs and maintenance), which were around 3,8 million euros; and
- ii) an increase of 4 million euros with the disposal of a portion of the investment property "Alagoa II" Project. Regarding the other investment properties, they did not generate income during the period and the corresponding direct expenses were of immaterial value.

24. Intangible assets

	Development projects and software	Other intangible assets	Intangible assets in progress	Total
Opening balance on the 1st January 2017	838,497	82,075,803	320,043	83,234,343
Increases	1,009,010	19,186,636	58,518	20,254,164
Disposals / Transfers	-259,346	685,060	-158,647	-195,556
Changes to the scope of consolidation	3,313	4,762	0	8,075
Exchange effect	48	152,352	10,246	162,647
Amortisations for the financial year	-778,141	-1,912,655	0	-2,690,797
Closing balance on the 31st December 2017	813,381	100,191,958	230,161	101,235,499
On the 31st December 2017				
Acquisition costs	5,554,380	103,916,137	230,161	109,700,677
Accumulated amortisations	4,740,999	3,724,179	0	8,465,178
INTANGIBLE ASSETS	813,381	100,191,958	230,161	101,235,499
Opening balance on the 1st January 2018	813,381	100,191,958	230,161	101,235,499
Increases	912,975	786,337	308,368	2,007,681
Disposals / Transfers	577,725	-522,075	-251,206	-195,556
Changes to the scope of consolidation	-5,223	6,783,429	0	6,778,206
Monetary adjustment IAS 29 - Angola	0	4,391,766	0	4,391,766
Exchange effect	266,208	-9,119,935	452	-8,853,275
Amortisations for the financial year	-903,183	-3,102,096	0	-4,005,280
Closing balance on the 31st December 2018	1,661,882	99,409,383	287,775	101,359,041
On the 31st December 2018				
Acquisition costs	7,188,310	106,409,965	287,775	113,886,050
Accumulated amortisations	5,526,427	7,000,582	0	12,527,009
INTANGIBLE ASSETS	1,661,882	99,409,383	287,775	101,359,041

The "Other Intangible Assets" line item stands out the amount of the Vista Alegre brand (around 80 million euros), attributed by a specialised independent entity, when the Grupo Vista Alegre Atlantis was acquired and the permit to operate the acquired network in 2017 by TVCabo Angola, of around 19 million euros (2018: 9 million euros). It should be noted that the increase in intangible assets resulting from the MJ Quinn entrance in the consolidation scope. This asset will be amortised over the next three years.

For the purposes of impairment testing, the value of the brand was allocated to the corresponding cash generating units (porcelain and crystal segments of Vista Alegre), using a discount rate of 7% (2017: 7%). The value of the brand is also regularly validated through an assessment carried out by Brand Practice, whose latest assessment, with reference to the 31st December 2016, confirms the brand's book value.

25. Available-for-sale financial assets

Capital holdings	Fair value reserve 2017	Book value 2017
PHAROL, SGPS, SA	535,434	4,016,760
TOTAL	535,434	4,016,760

The amounts presented in the 'Fair value reserve in 2017' are net of the respective tax effect.

As a result of the adoption of IFRS 9 in 2018, the amount included in this line item was reclassified to "Other financial investments".

Throughout the year 2017, Grupo Visabeira sold all its shares in EDP and NOS. On the 31st December 2017, the accumulated devaluation of these shares has amounted to 162.3 million euros.

26. Inventories

	Raw Material	Goods	Finished products	Products and work in progress	Total
On the 31st December 2017					
Costs	20,734,033	22,973,164	91,269,723	20,143,675	155,120,595
Adjustments	-3,200,445	-3,696,383	-19,582,479	-1,018,756	-27,498,063
Inventories valued at either the acquisition cost or realisation value, whichever is lower	17,533,588	19,276,781	71,687,245	19,124,919	127,622,533
On the 31st December 2018					
Costs	25,163,116	23,854,818	81,928,755	6,450,766	137,397,455
Adjustments	-3,076,209	-3,625,885	-19,471,188	-834,137	-27,007,420
Inventories valued at either the acquisition cost or realisation value, whichever is lower	22,086,906	20,228,933	62,457,567	5,616,629	110,390,035

We should highlight the contribution of the sub-holding Visabeira Turismo, Imobiliária e Serviços to this line item (note 10.a).

27. Customers

	2018	2017
Customers - current account	127,622,271	108,653,551
Customers - doubtful debts	13,630,615	13,932,409
Customers - securities receivable	54,957	54,956
	141,307,844	122,640,917
Debtor allowances	-21,081,623	-14,968,662
TOTAL	120,226,221	107,672,255

The carrying amounts presented are net of accumulated impairment losses for doubtful debts, which were estimated by the Grupo in accordance with its experience and based on its assessment of the economic environment. The Board of Directors believes that the carrying value of accounts receivable is close to its fair value. The companies in Grupo Visabeira that operate as infrastructures and telecommunications service providers sell to entities of recognised financial probity. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Some examples of this are TDM – Telecomunicações de Moçambique, EDM – Electricidade de Moçambique, Angola Telecom, France Telecom, Belgacom, PT, NOS, EDP and natural gas concessionaires.

The maturity of the amounts receivable is detailed as follows:

	Not yet overdue	Months after the maturity date				Total
		< 6	6 – 12	12 – 18	> 18	
Customers - current account and other debtors - non-current (See note 29)						
2018	74,092,674	20,901,718	9,445,651	3,135,432	23,614,129	131,189,603
2017	55,110,024	26,722,003	9,429,307	4,405,298	19,528,289	115,194,922

The Board of Directors finds the debt adjustment appropriate, and its evolution is detailed as follows:

	Opening balance	Impact IFRS 9	Opening balance after IFRS 9	Increases/Decreases	Final balance
Debtor allowances	14,968,662	6,999,361	21,968,023	-886,400	21,081,623

28. State and other public entities

	Assets		Liabilities	
	2018	2017	2018	2017
Income tax	2,069,655	897,306	1,397,466	2,085,538
Total - Income tax	2,069,655	897,306	1,397,466	2,085,538
Third-party income tax withholding	0	0	161,203	96,759
Value-added tax	2,219,558	1,098,783	13,172,797	14,462,864
Social Security contributions	0	0	7,521,891	3,326,556
Total - State and other public entities	2,219,558	1,098,783	20,855,891	17,886,180

29. Other current and non-current assets

	2018	2017
NON-CURRENT		
Other debtors	3,567,332	6,541,371
	3,567,332	6,541,371
CURRENT		
Shareholders - loans	46,346,510	31,640,684
Services rendered not yet billed	-	87,771,731
Other specialisations	13,775,728	10,171,385
Other debtors	7,351,845	4,952,516
Advances to suppliers	1,656,644	331,898
Subsidiary companies - loans	1,337,370	738,154
Outstanding balances from suppliers	645,799	1,697,808
State and other public entities (See note 28)	2,219,558	1,098,783
	73,333,455	138,402,958
TOTAL	76,900,787	144,944,329

As a result of the adoption of IFRS 15 as from the 1st January 2018, Grupo Visabeira recorded the amounts of "Services rendered not yet billed" in the line item "Assets associated with contracts with customers".

At the end of 2018, the Grupo has a balance of 46.3 million euros related to loans granted to the majority shareholder. These loans are remunerated at a market rate adjusted according to subsequent market changes or changes in the Grupo's financing cost.

30. Held-for-trading financial assets

	No. of shares	Book value
Other capital holdings in listed companies	2017	2017
BCP	147,164	640,458
Other capital holdings in listed companies	-	63,061
TOTAL		703,519

As a result of the adoption of IFRS 9 in 2018, the amount of 593 thousand euros included in this line item was reclassified to "Other financial investments".

31. Cash and cash equivalents

	2018	2017
Demand deposits	32,489,476	34,537,500
Term deposits	5,709,013	9,440,545
Cash	350,710	388,744
Treasury investments	2,521,833	1,651,937
TOTAL	41,071,032	46,018,726

32. Share capital

The authorised share capital is represented by 23,025,126 bearer shares, with a nominal value of five euros and the amount paid up is 115,125,630 euros.

On the 31st December 2018, the majority shareholder Fernando Campos Nunes held, directly and indirectly, 99.45% of Grupo Visabeira (2017: 99.45%), with 22,898,487 shares.

In 2018, Grupo Visabeira continued the process of corporate reorganisation with a view to simplifying, rationalizing and reducing structural costs. Moreover, with a view to simplifying the Grupo's corporate structure and concentrating, in a single entity, similar and / or complementary business units, in order to efficiently allocate human, material and financial resources, was carried out the merger of Visabeira Pro - Estudos e Investimentos, SA (a shared services company), in Grupo Visabeira SA, thus allowing to aggregate in a single entity all activities providing similar and complementary shared services.

33. Earnings per share

	2018	2017
Basic		
Net income of the year for the purpose of calculation	53,944,846	45,657,109
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Basic earnings per share	2.343	1.983
Diluted		
Net income of the year for the purpose of calculation	53,944,846	45,657,109
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Diluted earnings per share	2.343	1.983

34. Retained earnings and other reserves

	2018	2017
Retained earnings	193,976,504	127,408,263
Financial investments - Swaps	99,131	129,012
Reserves	66,525,447	68,891,352
Fair value reserve of financial assets	-1,350,819	535,434
Foreign currency translation reserves	-96,411,192	-53,293,471
TOTAL	162,839,071	143,670,590

Portuguese commercial law establishes that 5% of net profits must be transferred to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable and can only be integrated into the share capital or used to absorb losses after all other reserves are exhausted. The balance of retained earnings is not fully available for distribution, as it included gains resulting from increases in the fair value of investment properties.

At the end of 2018 it was decided to distribute dividends in the amount of 20 million euros, from free reserves.

On this date, no additional distribution of dividends is expected.

35. Non-controlling interests

	% Non-controlling interests		Book value		Attributed results	
	2018	2017	2018	2017	2018	2017
VISABEIRA GLOBAL						
TVCabo Angola, Lda	50.00%	50.00%	23,655,450	47,659,034	-5,713,280	2,936,171
Visabeira, Lda	40.00%	40.00%	3,940,671	3,746,467	214,205	371,248
TVCabo Moçambique, Lda	50.00%	50.00%	2,567,618	1,925,296	1,009,500	768,005
Televisa, Lda	50.00%	50.00%	-1,760,896	255,064	375,268	-956,390
Ieme	0.00%	40.00%	0	1,830,728	0	14,231
Modal	40.00%	40.00%	515,822	736,017	-40,196	106,512
Cabling	40.00%	40.00%	532,346	697,072	135,273	151,906
VISABEIRA INDÚSTRIA						
Vista Alegre, SA	5.88%	5.88%	7,031,754	6,245,643	345,493	288,381
Ambitermo, SA	49.00%	49.00%	3,411,317	2,964,545	608,440	538,894
Bordalo Pinheiro, SA	16.01%	16.01%	65,955	758,151	65,955	130,488
VISABEIRA TURISMO, IMOBILIÁRIA E SERVIÇOS						
PDA, SA	45.00%	45.00%	20,515,318	1,778,124	624	-26,082
Other			463,948	1,259,156	473,495	113,238
TOTAL			60,939,303	69,855,298	-2,525,224	4,436,601

The decrease in the value of non-controlling interests of Ieme, as a result of the acquisition of the percentage of capital held by the company, and also of TVCabo Angola, which is justified by the devaluation of the exchange rate in Angola.

Also noteworthy is the increase in the non-controlling interests in the "Parque Desportivo de Aveiro", to the amount of 18,7 million euros, which resulted from the transfer of this asset to Investment Properties.

36. Indebtedness

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Commercial paper	20,841,523	199,659,311	220,500,834	15,200,000	177,750,000	192,950,000
Bank loans	75,510,503	112,633,775	188,144,277	67,005,788	123,591,892	190,597,680
Bond loans	20,705,445	213,794,095	234,499,540	32,100,000	168,305,262	200,405,262
Reimbursable grants	2,410,508	6,852,637	9,263,145	4,877,141	6,001,314	10,878,455
Finance lease	7,253,737	47,198,277	54,452,014	6,458,482	55,987,347	62,445,829
TOTAL	126,721,715	580,138,095	706,859,810	125,641,411	531,635,815	657,277,226

The loans contracted, namely commercial paper programmes, bond loans and mutual funds generally include, in addition to the usual terms and conditions, cross default, paris passu and negative pledge, clauses on ownership by the Grupo or the majority shareholder.

During the period, the evolution of indebtedness can be represented as follows:

	Bank loans	Finance leases	Total
Opening balance	594,831,398	62,445,829	657,277,226
Transactions with cash impact:			
Investing activities			
Receipts of refundable subsidies	9,264,534		9,264,534
Financing activities			
Receipts of loans	310,732,392		310,732,392
Amortization and repayment of loans	-269,004,611	-21,561,179	-290,565,790
	50,992,315	-21,561,179	29,431,136
Transactions without cash impact:			
Exchange rate variation	-1,171,918	227,487	-944,431
Recognition of amortised cost	-977,939		-977,939
Changes to the scope of consolidation	8,733,941		8,733,941
New financial lease contracts		13,339,877	13,339,877
	6,584,084	13,567,364	20,151,447
FINAL BALANCE	652,407,796	54,452,014	706,859,810

Changes to the scope of consolidation regarding the company MJ Quinn.

36.1 COMMERCIAL PAPER

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Grupo Visabeira, SA	12,311,111	71,738,889	84,050,000	6,100,000	65,550,000	71,650,000
Movida - Emp. Turísticos, SA	4,000,000	77,000,000	81,000,000	3,000,000	81,000,000	84,000,000
Visabeira Global, SGPS, SA	1,700,000	36,000,000	37,700,000	1,600,000	30,700,000	32,300,000
Viatel – Tec. de Comunicações, SA	1,860,000	8,640,000	10,500,000	4,500,000	500,000	5,000,000
Pinewells, SA	1,000,000	3,000,000	4,000,000	-	-	-
Faianças Artísticas Bordalo Pinheiro, SA	0	3,850,000	3,850,000	-	-	-
Amortised cost and fair value	-29,588	-569,577	-599,166	-	-	-
TOTAL	20,841,523	199,659,311	220,500,834	15,200,000	177,750,000	192,950,000

36.2 BANK LOANS

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
BANK OVERDRAFTS AUTHORISED	3,616,988	0	3,616,988	4,494,822	0	4,494,822
Portugal	2,400,810	0	2,400,810	2,657,454	0	2,657,454
Europe	622,945	0	622,945	1,144,939	0	1,144,939
Africa	593,234	0	593,234	692,429	0	692,429
LOANS OBTAINED	71,893,514	112,633,775	184,527,289	62,510,965	123,591,892	186,102,857
Portugal	61,829,800	97,132,218	158,962,017	51,639,647	111,573,850	163,213,497
Africa	6,936,752	12,166,244	19,102,995	8,196,053	9,035,356	17,231,409
Europe	3,126,963	3,335,313	6,462,276	2,675,265	2,982,686	5,657,951
TOTAL	75,510,503	112,633,775	188,144,277	67,005,787	123,591,892	190,597,679

36.3 BOND LOANS

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Grupo Visabeira, SA	19,570,000	155,600,000	175,170,001	32,100,000	162,670,000	194,770,000
Constructel – Contructions et Telec., SARL	0	54,859,178	54,859,178	-	-	-
Visabeira Moçambique, Lda	0	3,577,500	3,577,500	3,549,372	0	3,549,372
Visabeira Global, SGPS, SA	1,385,000	0	1,385,000	2,775,000	0	2,775,000
Amortised cost and fair value	-249,556	-242,583	-492,139	0	-689,110	-689,110
TOTAL	20,705,445	213,794,095	234,499,540	38,424,372	161,980,890	200,405,262

The amount of the bond loans includes a syndicated issue of the Grupo Visabeira of 100 million euros maturing on 22/07/2026 and Constructel of 55 million euros maturing on 27/09/2024.

In general, these issues include the covenants that are common in this type of financing namely pari passu, cross default, negative pledge and ownership.

36.4 FINANCE LEASE

	2018			2017		
	Current	Non-current	Total	Current	Non-current	Total
Portugal	1,966,741	38,166,166	40,132,907	2,805,831	50,103,357	52,909,188
Europe	5,276,758	9,022,042	14,298,799	3,631,634	5,863,543	9,495,177
Africa	10,239	10,069	20,308	21,017	20,447	41,464
TOTAL	7,253,737	47,198,277	54,452,014	6,458,482	55,987,347	62,445,829

The balances are presented in the Statement of Financial Position under the line item 'Other liabilities' (see note 38).

36.5 DEBT MATURITY

	Portugal	Europe	Africa	Total
2019	110,154,825	9,026,666	7,540,224	126,721,715
2020	79,135,202	5,170,099	9,222,467	93,527,768
2021	51,154,919	3,619,648	4,074,368	58,848,935
2022	65,051,462	1,969,088	1,327,975	68,348,524
2023 and subsequent years	301,826,167	56,457,698	1,129,003	359,412,868
TOTAL	607,322,575	76,243,199	23,294,036	706,859,810

The amount of short-term debt includes the amount of 37.9 million euros, related to pledged current accounts and authorised overdrafts, and the amount of 102 million euros, related to bond loan operations, a commercial paper programme in which there is understanding with the counterparties for its refinance.

37. Suppliers

	2018	2017
Suppliers - current account	143,772,038	105,718,148
Suppliers - securities payable	34,039	24,741
TOTAL	143,806,076	105,742,888

The large increase in the line item "Suppliers - current account" is largely explained by the entrance in the scope of consolidation of the company MJ Quinn (23 million euros).

38. Other current and non-current liabilities

	2018	2017
NON-CURRENT		
Financial lease (see note 36)	47,198,277	55,987,347
Investment Grant	10,418,545	0
Deferred payments on acquisitions of subsidiaries	13,790,238	8,420,415
Other	39,184,642	40,554,102
	110,591,702	104,961,864
CURRENT		
Margin accrual	44,218,312	56,389,565
Factoring	39,405,692	41,481,141
Discount of documentary collection	20,085,963	14,103,061
Confirming	43,218,228	37,054,022
Incurred costs billable in subsequent years	0	21,141,572
Advances from customers	0	8,752,640
Investment suppliers	15,325,082	14,428,712
Remunerations payable	14,076,448	11,660,970
Investment Grant	1,157,616	9,602,949
Financial lease (see note 36)	7,253,737	6,458,482
Derivative financial investments (See Note 44)	29,881	26,182
Advances on account of sales	344,126	345,413
Associated and subsidiary companies	444,997	276,459
Deferred payments on acquisitions of subsidiaries	16,452,558	10,996,142
Benefits post employment	195,557	0
Customer creditors balances	15,847	1,057,076
State and other public entities (See note 28)	20,855,891	17,886,180
Other	26,671,218	21,919,579
	249,751,154	273,580,144
TOTAL	360,342,856	378,542,008

As a result of the adoption of IFRS 15 as from January 1, 2018, Grupo Visabeira recorded the values of "Costs incurred to be billed in subsequent years" and "Customer advances" in the line item "Liabilities associated with contracts with customer".

The amount of margin accrual in 2018 is mainly related to the telecommunications business.

The item "Other", in current liabilities, includes the line suppliers payable (express bill) amounting to 2.2 million euros.

39. Operating leases

Leases in which a significant part of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under these contracts are recognised in the income statement on a straight-line basis over the term of the contracts.

The estimated impact of the adoption of IFRS 16 is detailed as follows: asset recognition and corresponding liability is between 60 and 65 million euros; increase in depreciation and corresponding reduction of external supplies and services between 15 and 20 million euros.

For the most part, these amounts relate to hotel and warehouse leases, whose initial duration is 5 to 20 years, with the option of renegotiation after that period. Payments are updated annually, reflecting inflation and/or market values.

These contracts can be cancelled upon payment of a penalty. The liabilities inherent to these penalties correspond mainly to rents due until the end of the contracts.

40. Financial Risks

Grupo Visabeira's control matrix always prioritises its exposure to a diverse set of risks arising from its different business areas and, therefore, undertakes the management of credit risk and the protection of its treasury as a priority, recognizing, within this context, the importance of credit insurance as an essential instrument, both in the domestic and foreign market.

In this context, it has always assumed the importance of adopting an active management of the different financial risks, in order to minimize its potential negative impacts on the cash flow, results and value of the company. Therefore, permanently attentive to the paramount importance of this theme, Grupo Visabeira promotes a rigorous and proactive management of these risks, planning the most adequate coverage measures for each situation.

Within this context, the Grupo is fully aware that the success of its operations critically depends on the mitigation and control of any risks that can significantly affect all of its assets (equipment, service quality, information, facilities) and seeks to avoid, thereby jeopardizing its strategic objectives.

INTEREST RATE RISK

The Grupo's exposure to interest rate risk arises mainly from loans obtained, since financial investments are usually short-term investments and loans granted to its subsidiaries are mostly remunerated at a fixed rate. Consequently, impacts arising from changes in interest rates do not materially affect the accounts.

The balance of the consolidated financial debt of the Grupo Visabeira by the end of December 2018 was contracted, for the most part, at the indexed interest rate, and the main indexing factor was the Euribor rate at the different maturities for domestic financing, and the Libor rate for loans in dollars, mostly granted to foreign companies. In order to reduce the risk of interest rate fluctuations, in 2018 the Grupo issued a 55 million euro fixed rate bond loan. In Mozambique, fixed interest rates were renegotiated for a period of about one year, after which they will return to the variable rate indexed to the Prime Rate of the Mozambican Financial System.

On the date of the balance sheet, the Grupo Visabeira has open positions classified as hedging instruments associated with this index for 2.2 million euros, contracted in 2015 with a mark to market value of -29 thousand euros, as follows:

Company	Description	Nominal value	Operation type	Average maturity	Economic target
Naturenergia, SA	Swap Euribor 3M	2,246,051	Interest Rate Swap	8 years	Eliminate the risk of variation of the interest rate on financing

Company		Book value 2018	Book value 2017
Naturenergia, SA	Swap Euribor (3M€)	-29,881	-26,182
TOTAL		-29,881	-26,182

In October 2008, the 3-month Euribor rate started to drop, as a result of successive cuts to the reference rate by the European Central Bank, in response to the international financial crisis, which has led to a downward trend in recent years, reaching negative values in 2015 and 2016. This trend continued during 2018, starting the year with a value of -0.329%, and set at the end of the year at -0.309%. With Euribor at very low levels and with a stable short-term trend, the Grupo estimates that the impacts arising from changes in this index will not have a significant impact on its accounts in the short term.

EXCHANGE RATE RISK

The Grupo, within its various areas of activity, is naturally exposed to exchange rate and transaction risks.

Exposure to transaction risk refers to potential changes in the value of outstanding obligations due to changes in exchange rates between the start date and settlement date and are reflected in profit-and-loss for the period. Exposure to foreign exchange risk results from the translation into national currency of the financial statements of its subsidiaries, whose assets and liabilities are denominated in currencies other than the reporting currency of the consolidated accounts - Euro - and are reflected in equity, under exchange conversion reserves.

The Grupo holds assets and liabilities denominated in US dollars in different countries and subsidiaries, which allows partially hedging exchange rate risk vis-à-vis that currency. In foreign markets, particularly Angola and Mozambique, local companies import goods and services from the European market in euros, billing customers in kwanzas and meticals, respectively. In these markets, the local currency is strongly correlated with the U.S. dollar, with a historical devaluation trend. In Mozambique, a depreciation of 5,95% of the metical against the US dollar was registered during the last year. In Angola, the official exchange rate set by the National Bank of Angola for the Kwanza remained unchanged from the first quarter of 2016 to the end of 2017. The Angolan government initiated in 2018 a process leading to a devaluation of the currency, eliminating the peg against the dollar, through auctions limited in volume and exchange rate, controlled by the BNA, under the Macroeconomic Stabilization Program. The European currency has become the benchmark for the Angolan market since the beginning of 2017 because of the restrictions that affected the corresponding banks. In 2018 the Angolan currency accumulated a depreciation of 90,41% against the euro and 85,99% for the dollar. Consolidated financial results include a currency impact from Angola of 21,7 million euros. The adjustment to the exchange rate level already reflects to a large extent the corrections that were imposed, which can be attested by the relative stability compared to the current levels, even in February 2019, a slight recovery against the euro after historical minimums, stabilised against the dollar. The Angolan economy was classified as hyperinflationary, so it is necessary to restate the value of the assets of Angolan companies. M.J. QUINN, a company acquired in 2018 and operating in the United Kingdom in the telecommunications infrastructures for British Telecom, invoices in Pounds Sterling and has the cost of the factors essentially in the same currency and therefore is not exposed to relevant transaction risks. The integration of the company into the consolidated accounts is subject to the exchange rate fluctuation of the Pound Sterling against the Euro - risk of transposition. Future dividends will also be exposed to the aforementioned exchange rate fluctuation. The Sterling Pound started the year at 1.127 Euros and ended the year at 1,118 Euros.

CASH FLOW RISK

The Grupo, through its concentrated management policy, ensures that the the cash and investments of all the Grupo's companies are managed by a centralised global organisation, which reduces the risk of cash flows, avoiding exposure to variations that may affect the results of companies.

The use of factoring allows, on the other hand, a reduction of the average maturities of receipt with the inherent advances of receipts and facilitates a better cash management. It ensures the timely obtaining of working capital necessary to finance the exploring cycle, fundamental to sustained economic and financial growth. On the 31st December 2018, amounts paid in advance by customers in this format stood at 39,4 million euros. The Grupo has additionally contracted short-term current accounts to meet occasional cash needs.

CREDIT RISK

Credit risk is an important and complex activity that is present in the everyday life of most companies of Grupo Visabeira, whatever the nature of their business. Risk assessments imply credit decisions, at times, based on incomplete information, within a scenario of uncertainty and constant change. Considering the business itself, the business areas in which it operates, or the risk of the region and country, the classification and assessment of the credit risk of a given customer is usually summarised in a credit record, which includes available and relevant information such as the customer's nature, management capacity, assets, history, financial information, credit guarantees and payment terms that will inform an opinion on a given credit transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst.

The Grupo Visabeira maintains the policy underwriting in Portugal, Germany, Spain, the United States of America, Brazil and France (Vista Alegre), delegating in first instance the analysis of credit granting in professionals specialised in the collection and recovery of debts, receiving from the credit insurer an assessment of the exposure - credit limit - adjusted to the creditworthiness of each customer. Thus, management can be primarily focused on operational issues. The hedging of this risk enables a compensation for unpaid customer loans, which is 85% for the domestic market and 90% for the foreign market, except Angola. Recent years have been marked by increased restrictions on lending in general, with credit limits having undergone significant unfavourable revisions. In light of this scenario, and in order to meet the credit risk hedging requirements for which the limits granted under basic policies are insufficient, the Grupo Visabeira has contracted additional instruments, which allow increasing the partial hedging of its risks up to twice the amount covered by basic policies, for customers located both in the domestic and foreign markets. At the same time, it is the intention to obtain hedges for risks that have no amount attributed in the aforementioned policy, or obtain an amount greater than double the existing hedging, up to a limit of 100,000 euros for customers in foreign markets. The added constraints in the external hedging of loans entail a greater precision and stricter requirements in assessing applications for internal credit.

Also relevant is the amount received as advance payment or payments in cash, which, in the year under review, represented about 10% of turnover, with a special contribution from the cable TV and Internet distribution, tourism, restaurants and leisure businesses. Loans granted to external entities, which also act as suppliers of the Grupo, had, this year, 2018 a weight of 3%.

Companies in the Grupo Visabeira that operate as infrastructure and telecommunications service providers sell to entities of recognised financial integrity, which accounted for about 47% of consolidated turnover in 2018. This group includes entities such as telecommunications operators, usually directly held by the Government of each country, replacing credit risk with political risk. Examples of this are Orange (France Telecom), British Telecom, Próximus (Belgacom), Deutsche Telekom, MEO – Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição, GRDF – Distribution de Gaz Naturel en France, ERDF – Électricité Réseau Distribution France, TDM – Telecomunicações de Moçambique, EDM – Eletricidade de Moçambique, Hidroelectrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, and natural gas concessionaires, among other.

LIQUIDITY RISK

The Grupo manages liquidity risk in such a way as to ensure the financing of assets by maturity date and at appropriate rates and the timely settlement of its financial commitments, while maintaining appropriate cash balances and short-term credit lines, which allow for the proper management of cash to meet short-term financial commitments.

In 2017, the Grupo sold its shares of NOS Multimédia, EDP and partially in Pharol, and reimbursed the financing in the form of Commercial Paper associated with these shares. Credit lines with longer maturities were also contracted, which significantly reduced liquidity risk:

- I) Real estate leasing related to the Palácio do Gelo Shopping, with an outstanding capital of 36.5 million euros, became an operation with a residual amount, payable only in 2026;
- II) in connection with this asset, a commercial paper program, in the amount of 85 million euros was contracted, with increasing reductions in the nominal value until 2026 and with a bullet value of 42.5 million euros;
- III) the Grupo contracted a 20 million euros loan with a refund in 2023 and a Commercial Paper Program amounting to 32.3 million euros, with a plan to reduce the annual nominal value by around 5% by 2021, inclusive, and the remainder in the following two years; the commercial paper that was due in December 2017 was extended by five years and a bullet, will now fall due in 2022, in the amount of 21.75 million euros.

In 2018 were settled two bond loans amounting to 30 million euros and maturing this year. At the same time, two issues of commercial paper of 27 million euros were contracted with maturity bullet in 2023, giving a longer average life to the debt. The Grupo issued a new bond loan in France in the amount of 55 million euros, with maturity bullet in 2024, placed in institutional investors, which, in addition to giving greater maturity to the debt, enabled the Grupo to diversify its sources of financing. The new investments made in industrial companies were financed with maturities between 6 and 7 years.

The amount of short-term debt includes the amount of 37.9 million euros, related to pledged current accounts and authorised overdrafts, and the amount of 102 million euros, related to bond loan operations, a commercial paper programme in which there is understanding with the counterparties for its refinance. The short-term residual debt will amount to 88 million euros, representing about 13% of the consolidated debt. Based on the same assumption, considering cash and cash equivalents (although around 7 million euros may be subject to the current restrictions on the transfer of currency from Angola and Mozambique), short-term net debt will amount to around 47.6 million euros, which could also be addressed with the operational flows released during the year (estimated to rise, after taxes, to 153 million euros in 2019).

The Grupo has financing lines approved under the Portugal 2020 program and with financial institutions amounting to 45 million euros. The Grupo will seek to obtain specific funding for the remaining investments planned for 2019. At the same time, it will be necessary to negotiate the partial revolving of some short-term commitments, whose renewal we consider very likely, since it refers to partner organisations with a long relationship history. The Grupo also has lines of support to the current cash in the form of factoring, payment to suppliers and discount of documentary collection to the amount of 37 million euros, available at the end of 2018. The short-term debt of Grupo Visabeira is rated "A3" by ARC Ratings, which means that the Grupo currently has a strong capacity to meet its financial commitments. ARC Rating also assigned a medium- and long-term rating. The ability to meet short-, medium- and long-term financial commitments of the Grupo was rated BBB-, with a positive trend.

The overall liquidity ratio in the consolidated accounts was 0.8 in 2018, showing an improvement in the adequacy of financing of current assets by current liabilities.

OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

As defined by IAS 9, the carrying value of each of the categories provided is broken down as follows:

	2018	2017
Financial assets recorded at amortised cost		
Customers and other debtors	123,091,578	110,468,846
State and other public entities	2,069,655	897,307
Assets associated with contracts with customers and other current assets	173,591,137	135,606,367
Cash and cash equivalents	41,071,032	46,018,726
Other financial investments recorded at fair value through other comprehensive income:		
Listed shares	2,458,941	4,016,760
Cash flow hedging derivatives recorded at fair value	-29,881	-26,182
Financial liability at amortised cost		
Long-term debt	532,939,819	475,648,468
Short-term debt	119,467,978	119,182,929
Suppliers and other creditors	172,679,857	130,012,698
Assets associated with contracts with customers	84,984,544	97,970,929
Financial liabilities recorded under IAS 17 - Leases	54,452,014	62,445,829

MEASURED AT FAIR VALUE

The following table presents the fair value hierarchy of the assets and liabilities held by the, Grupo as of the 31st December 2018 and 2017:

	Assets measured at fair value - 2018				Assets measured at fair value - 2017			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets measured at fair value								
Investment properties	445,214,953			445,214,953	331,050,555			331,050,555
Financial assets measured through another comprehensive income	2,458,941	2,458,941			4,016,760	4,016,760		
Financial assets measured through profit or loss	593,253	593,253			703,519	703,519		
Assets measured at fair value								
Financial instruments - Swaps	29,881		29,881		26,182		26,182	

No transfers between levels 1 and 2 were made in the financial years 2018 and 2017.

The fair value of bank-borrowed loans is considered to be close to the book value, given the recent renegotiation of the most significant loans and the market rates practiced.

CAPITAL RISK

The Grupo's objective in relation to capital management, which is a broader concept than the capital shown on the face of the balance sheet, is to maintain an optimal capital structure through the prudent use of debt that allows it to reduce the cost of capital. The purpose of capital risk management is to safeguard the continuity of the Grupo's operations, with adequate compensation to shareholders and generating benefits for all interested third parties. This policy aims at optimizing the capital structure with a view to greater fiscal efficiency and reduction of the average cost of capital.

	2018	2017
Non-current loans	580,138,095	531,635,815
Current Loans	126,721,715	125,641,411
Debt of confirming	-43,218,228	-37,054,022
Other financial investments recorded at fair value through other comprehensive income	-2,458,941	-4,016,760
Debt allocated to real estate, investments in progress and not yet generating EBITDA	-127,400,207	-160,898,576
Availabilities	-41,071,032	-46,018,726
Operating Debt	492,711,402	409,289,142
Investment Grant	11,576,161	9,602,949
Total equity	383,397,581	373,145,096
Capital and grants	394,973,743	382,748,045
Operating Debt / Total Capital	1.2	1.1

41. Contingencies

a) Proceedings with probable losses

As of December 31, 2018 and December 31, 2017, several legal proceedings and tax contingencies have been filed against several companies of the Grupo, classified as probable losses, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Based on the opinion of its internal and external legal advisors, the Grupo recorded provisions (note 42) for these lawsuits and tax contingencies in order to face the probable outflow of resources.

b) Proceedings with possible losses

At December 31, 2018 and December 31, 2017, several legal proceedings and tax contingencies have been filed against certain Grupo companies for which the possibility of future cash disbursement was considered possible, according to the information of the lawyers and consultants accompanying these processes, and that for this reason were not provisioned. The detail and nature of these processes are as follows:

	2018	2017
Civil liability	136,390	329,187
Other contingencies	22,927,390	16,865,421
TOTAL	23,063,780	17,194,608

It is not expected that there will be significant losses from these processes. The increase in the value of other contingencies is related to the subject described in note 42.3.

42. Provisions for other risks and expenses

	2018	Increases/ Decreases	2017
Retirement Pensions Vista Alegre	1,359,715	-105,012	1,464,727
Other pensions	996,068	614,935	381,133
Other	5,027,702	-7,467,709	12,495,411
	7,383,484	-6,957,786	14,341,270

42.1 RETIREMENT PENSIONS

Grupo VAA has several defined benefit pension plans in place, one in charge of the Pension Fund (Futuro - Sociedad Gestora de Fundo de Pensões, SA) and others charged to the Grupo itself, ("Defined benefit plan").

In charge of Futuro - Sociedad Gestora de Fundos de Pensões, SA, there are two funds:

- One denominated of Collective Membership Atlantis and has indeterminate duration. All employees of Vista Alegre Atlantis, SA, from Ex Atlantis - Crystals de Alcobaça, SA, admitted to the Associate's service up to and including December 31, 2013, and who meet the requirements of pension plan, ie all participants who turn 65 and who have at least ten years of service in the associate are entitled to a supplementary old-age pension calculated under the Pension Plan. financed by the Living Pension Fund.
- Another, called the Grupo Vista Alegre Pension Fund, also of indefinite duration, which includes the employees of Vista Alegre Atlantis SA, who came from the former Fábrica de Porcelana da Vista Alegre, SA and Vista Alegre Grupo - Vista Alegre Participações SA., who have established an individual contract of employment before the 20th December 1976 and that are covered by the collective agreement contract for the Ceramic Industry.
The Grupo Vista Alegre pension fund is financed by the Grupo Vista Alegre Pension Fund.

The Grupo's responsibilities are as follows:

	2018	2017
Liabilities - Provisions for retirement pensions		
Retirement benefits - Benefit plan managed by Grupo VAA	-1,359,715	-1,464,727
Assets - Accrued income		
Retirement benefits - Defined benefit plan with constituted fund (Excess / deficit of pension fund value)	142,772	141,495

In 2018 and 2017, the Grupo Vista Alegre maintains a recognised provision (included in the "unfunded" component), which refers to the responsibilities with a pension supplement of a former administrator of the Grupo Vista Alegre, based on actuarial calculation made by the entity Futuro, Sociedade Gestora de Fundos de Pensões, SA., in the amount of approximately 886 thousand euros and 957 thousand euros, respectively. In December 2014, the Supreme Court of Justice sentenced VAA - Vista Alegre Atlantis SGPS, SA, to the payment of a supplementary pension for life to a former director with a total annual value of 231 thousand euros, payable in 12 monthly installments to the amount of 19 thousand euros each, which may be restated annually according to the official inflation index. The amounts owed up to February 2018 had already been paid until the 31st December 2018, in accordance with the agreement signed between the parties.

As of February 2018, considering the analysis and position of the legal advisors of the Grupo Vista Alegre, the amount of the retirement pension supplement attributed to the aforementioned former administrator was reduced (from 20,8 thousand euros to 7,5 thousand euros) under certain legal provisions, in particular the provision prohibiting commercial companies from granting retirement pensions to their directors to an amount exceeding the director's salary with executive functions, with the highest salary.

In May 2018, the former director submitted an executive requested for payment of the difference between the amount Vista Alegre Atlantis, SGPS, SA was ordered to pay and the amount actually paid as of February 2018, the Company then presented opposition, now awaiting the judicial decision.

The provision established on the 31st December 2018 to the amount of approximately 886 thousand euros is the best estimate of the Company's Board of Directors regarding future expenditures with the retirement complement of that former director.

The table below summarizes the composition of the net cost of pensions in the periods ended on the 31st December 2018 and on the 31st December 2017 recognised in the consolidated statement of income under personnel costs:

	2018	2017
Operating costs		
Defined benefit plan managed by Grupo VAA and active personnel	-10,095	-12,301
Operating income		
Defined benefit plan with a fund set up	48,263	72,377

DEFINED BENEFIT PLAN MANAGED BY GRUPO VAA AND ACTIVE PERSONNEL

Obligations arising from these plans are directly met by the Grupo and they are currently estimated, on the date of closure of accounts, by a specialised entity (Futuro Grupo Montepio).

Operations of the Grupo VAA during the financial year:

	2018	2017
Balance on the 1st January	1,464,727	2,362,712
Costs with interest + actuarial gains/losses + increase in provisions	51,814	-172,025
Retirement benefits paid	-156,825	-725,960
Balance on the 31st January	1,359,715	1,464,727

DEFINED BENEFIT PLAN WITH A FUND SET UP

Liabilities resulting from these plans are covered by an autonomous pension fund managed by a specialised entity (Futuro Grupo Montepio).

Amounts recognised in the balance sheet of the Grupo VAA:

	2018	Variation	2017
Present value of bonds	-2,277,266	262,854	-2,540,120
Market value of the fund	2,420,038	-261,577	2,681,615
Assets recognised in the balance sheet	142,772	1,277	141,495

42.2 OTHER PENSIONS

According to the General Law in France, an estimate is made of the amount payable to employees when they reach retirement age.

However, to date, companies have not been forced to make any payment.

Company	2018	Increases/ Decreases	2017
Constructel	456,830	109,673	347,157
Gatel	44,012	10,036	33,976
Escotel	495,226	495,226	0
TOTAL	996,068	614,935	381,133

42.3 OTHER

The provision appearing in the line item "Other" is intended primarily to cover liabilities estimated based on the information obtained from lawyers and arising from proceedings related to contracts, labour and taxes, in which the Grupo's companies are involved.

It should be noted that in the current period the Board of Directors has opted to revert a provision of 8 million euros related to a special scheme for the taxation of groups of companies, since its new legal advisers consider that it is probable that the decision unfavorable to the Grupo in 2017 can be reversed.

43. Guarantees provided

	2018	2017
Actual guarantees	379,390,551	313,920,408
Financial guarantees	27,291,640	33,524,290
Technical/Work execution guarantees	15,805,291	15,172,222
TOTAL	422,487,481	362,616,920

In the actual guarantees its important to highlight of 117 million euros regarding the Palácio do Gelo Shopping. At Visabeira Global there are also 21 million euros related to TVCabo Angola and around 30 million euros in advance of customer receipts. Vista Alegre maintains the guarantees provided in the scope of the financing operation, related to the acquisition of the company to the amount of approximately 30 million euros, standing out in this scope the mortgage of assets and pledge of the brand, as well as about 24 million euros related to investments made in recent years, with special emphasis on the new Ria Stone factory.

44. Related parties

	Year	Sales to related parties	Purchases to related parties	Interests paid	Interests obtained	Amounts receivable from related parties	Amounts payable to related parties
Shareholders	2018	0	0	0	2,760,571	82,032,295	440,394
	2017	0	0	0	3,373,051	91,102,340	474,355
Associated companies and other capital holdings	2018	806,686	1,068,272	9,567	0	14,751,182	1,629,703
	2017	2,438,704	1,259,546	9,567	0	12,198,434	2,072,162

45. Events after the balance sheet date

There are no events subsequent to the balance sheet date, and up to the date of issuance of the accounts, that may materially impact the financial statements.

Viseu, the 15th March 2019

The Chartered Accountant

The Board of Directors

Angélica Maria de Jesus
Franco Fernandes

Fernando Campos
Nunes

Nuno Miguel Rodrigues
Terras Marques

Chartered Accountant
member No. 77089

João Manuel
Pisco de Castro

Alexandra da Conceição
Lopes

Paulo Jorge
Lourenço Pires

António Jorge Xavier
da Costa



Assessment and certification documents



Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da Boavista, 36, 3º
4050-112 Porto
Portugal

Tel: +351 226 002 015
Fax: +351 226 000 004
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Grupo Visabeira, S.G.P.S., S.A. (the Group), which comprise the Consolidated Balance Sheet as at 31 December 2018 (showing a total of 1,694,897,281 euros and a total equity of 383,397,581 euros, including a net profit for the year of 51,419,622 euros), the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Grupo Visabeira, S.G.P.S., S.A. Company as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the consolidated financial statements

Management is responsible for:

- ▶ the preparation of consolidated financial statements that presents a true and fair view of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as endorsed by the European Union;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Group's ability to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Grupo Visabeira, S.G.P.S., S.A.
Statutory Auditor's Report
31 December 2018

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and
- ▶ communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatement.

Oporto, 24 May 2019

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:
(Signed)

Rui Manuel da Cunha Vieira - ROC n.º 1154
Registered with the Portuguese Securities Market Commission under license n.º 20160766



REPORT AND OPINION OF THE SUPERVISORY BOARD

To the Shareholders,

In compliance with the requirements of article 420 paragraph g), together with article 508-D no 1 of the Commercial Companies Code, it is our responsibility to issue the Annual supervisory report and to issue an Opinion on the Consolidated Management Report, the Consolidated Financial Statements presented by the Board of Directors of GRUPO VISABEIRA SA (the Grupo), for the year ended 31st December 2018.

During the year, we have monitored the activity of the Grupo and we have performed the following procedures:

- Verified, to the extent considered appropriate, the accounting records and related supporting documentation;
- Verified, as necessary, to a nature and extent we considered appropriate, the existence of goods and other assets owned by the company or held by it as security, deposit or otherwise;
- Verified that the determination of the scope of the consolidation and the consolidation procedures performed are in accordance with those in the consolidation standards;
- Reviewed the Statutory Auditors Reports issued by the Statutory Auditors of the companies' integrated scope of consolidation;
- Verified the completeness and reasonableness of the individual and consolidated financial statements;
- Verified that the accounting policies and the measurement criteria adopted in the consolidated accounts, which are prepared in accordance with the International Standards of the Financial Reporting, as adopted in the European Union, lead to a fair presentation of the assets and results of the Grupo;
- Confirmed that the Consolidated Management Report, the Consolidated Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement Financial Position, the Consolidated Statement of Changes in Shareholder Equity, the Consolidated Statement of Cash Flows and the notes annexed to the Consolidated Financial Statements, respecting all legal requirements and reflect the position of the accounting records at the end of the financial year;
- Verified the company's compliance with the law and with the articles of association.
- Performed all the other responsibilities required by the law.

During the course of the procedures we performed to comply with our supervisory duties, we obtained from the Board of Directors and from the other responsible, the information and documentation we consider necessary.

Grupo Visabeira, SA

Viseu – Sede Social

R. do Palácio do Gelo, 1 Palácio do Gelo Shopping, Piso 3 3500-606 Viseu – Portugal
T. +351 232 483 000 | F. +351 232 483 100

Lisboa

Av. Almirante Gago Coutinho, 78 1700-031 Lisboa – Portugal
T. +351 218 429 970 | F. +351 218 496 731

geral@grupovisabeira.com | grupovisabeira.com

Cap. Social 115 125 630,00€ | NIPC e Mat.C.R.C.Viseu 502 263 628



We accompanied the work of the responsible auditors for the legal revision of the accounts and we have held meetings deemed necessary for the obtaining the required information in view of the Legal Certification of the Consolidated Accounts, without reserve or emphasis, and which we approve.

In this context, it is our opinion that:

- a) The Consolidated Management Reports, for the year ended 31st December 2018, complies with the requirements foreseen in the Commercial Companies Code;
- b) The Consolidated Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement Financial Position, the Consolidated Statement of Changes in Shareholder Equity, the Consolidated Statement of Cash Flows and the notes annexed to the Consolidated Financial Statements, respecting all legal requirements and accounting requirements applicable.

Viseu, 24th May 2019

The Supervisory Board,

Alberto Henrique de Figueiredo Lopes, Chairman

João Carlos Monteiro de Macedo

Ricardo Jorge Pinto Dias

Grupo Visabeira, SA

Viseu – Sede Social

R. do Palácio do Gelo, 1 Palácio do Gelo Shopping, Piso 3 3500-606 Viseu – Portugal
T. +351 232 483 000 | F. +351 232 483 100

Lisboa

Av. Almirante Gago Coutinho, 78 1700-031 Lisboa – Portugal
T. +351 218 429 970 | F. +351 218 496 731

geral@grupovisabeira.com | grupovisabeira.com

Cap. Social 115 125 630,00€ | NIPC e Mat.C.R.C.Viseu 502 263 628

