

GRUPO

VISABEIRA

ANNUAL
REPORT 2017



GRUPO

VISABEIRA

**ANNUAL
REPORT 2017**



**Welcome
to the Annual
Report and
Accounts of
the Grupo
Visabeira 2017**



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Grupo Visabeira





01




Our 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 fulfilling 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.



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

2017

Values

The values we assume 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 Group's evolution and its continued success.

**Creativity
Innovation
Dynamism
Competitiveness
Ambition**

Message from the Chairman of the Board of Directors

We have closed the financial year of 2017 with a turnover of 638 million euros and an EBITDA of 124 million euros, having grown by 12% in relation to 2016.

In 2017, the global economic activity confirmed the desired positive evolution of growth, having even exceeded expectations, both in the European Union and in the Euro zone. The Grupo Visabeira, driven by this favourable scenario and leveraged by its own dynamics, registered record highs in most of the main indicators.

We have closed the financial year of 2017 with a turnover of 638 million euros and an EBITDA of 124 million euros, having grown by 12% in relation to 2016 and net profits exceeded the €50 million mark, confirming the soundness of our strategies and attesting to the robustness of our business model.

These results show that the internationalisation strategy that the Group has been consolidating for several years now, which has enabled it to attain 64% of its turnover in the external market this year, is correct and will be vital to achieve the goal of reaching 1 billion euros in turnover by 2020. In addition to the reinforcing of the Group's position in the main countries where it is present, 2017 was marked by our entry into the Italian market, within our strategy of continually consolidating our presence in European markets, in countries such as France, Belgium, Germany and Denmark, where we already have an important presence, with our quality and excellence being recognised by the main operators in these countries. We would like to express a special recognition for all employees of the Grupo Visabeira, who have so well understood this challenge of growth and rigour. There are over 10,000 employees who, in the four corners of the world, through their commitment, dedication and effective performance, have allowed the Group to consolidate the implementation of this strategy, which is the corner-

stone of the success we have achieved. Lastly, I would like to thank the vote of confidence of all stakeholders, especially our partners, suppliers and our main *raison d'être*, our customers. With them, we shall continue to follow the paths of the future, based on the competitive advantages of our brand, the training and expertise of our people and the partnerships we have been strengthening or expanding. Together, we shall continue to write the future, day by day, always focused on obtaining solid and sustained results.

In this context, our mantra for 2018 will be to grow and to improve each day. To grow with the sustainability for which our past and our legacy hold us accountable and with the boldness and motivation that new challenges always inspire in us. To grow with the resilience and dynamism that are part of our DNA, investing on the permanent construction of the future with increased confidence.

Thank you.



Fernando Campos Nunes
Chairman of the Board of Directors



The year 2017 was overall quite good for the Grupo Visabeira, both in terms of the growth of its activity in Portugal and in the world, and of the positive reinforcement of the main economic and operational indicators of the businesses we operate.

In this financial year, the Group consolidated an important position in the Portuguese corporate fabric and strengthened its international presence in a very significant way. Visabeira Global, in its core activities (telecommunications, energy and construction) continues to demonstrate high dynamism and sustained distinctive capabilities, having grown in all markets where it is present, particularly in Europe, through Constructel, which is increasingly recognised as one of the main European players, having been awarded, as part of a consortium with Orange (France Telecom), a tender in the amount of 100 million euros for the construction of the fibre optic network in Martinique.

As one of the largest telecommunications and power network engineering service providers in Portugal, France, Belgium, Germany and Denmark, we have also expanded our business to Italy in early 2017, through the acquisition of Ieme, a company with more than 50 years of existence and one of the main service providers for the incumbent energy operator in that country.

Also worthy of note are our triple play operations (television, internet and voice), through TVCABO, in Angola and Mozambique, which in 2017, continued to grow steadily in terms of customers and active services, having reinforced its position as the first choice of consumers in each of those countries.

With regard to Visabeira Indústria, the historical results of Vista Alegre and Bordallo Pinheiro confirmed the recovery already witnessed by these two historic Portuguese brands, giving further credit to Visabeira's management and business recovery capacity. Our strong commitment to innovation in product design and production processes, coupled with a rigorous management and strong commercial dynamics, have reinforced the brand's notoriety in Portugal, also giving it a greater international dimension, which was significantly reflected in the fact that almost two-thirds of its turnover comes from the external market. Also in the course of 2017, we gave Vista Alegre greater economic and financial strength, through a capital increase of over 50 million euros, thus preparing the company for the expansion phase we are implementing.

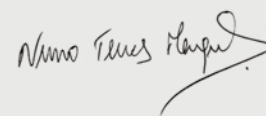


Message from the Chairman of the Executive Committee

In the financial area, we continued to reduce the need for financing in 2017, having decreased this heading by 154 million euros in the last 2 years, making the Grupo Visabeira increasingly robust and balanced.

It is also worth mentioning that Ria Stone, a subsidiary of Vista Alegre, which is expanding its production capacity by 60%, has renewed its contract with IKEA, which guarantees the full purchase of its production until 2026, representing a global turnover of EUR 250 million. As for Visabeira Turismo, we highlight the consolidation of the business in its main units, with the growth and improvement of the main operational and economic indicators, as well as the focus on the future, with the portfolio of new projects already underway in Lisbon, Alcobaça, Caldas da Rainha and also in Aveiro, with the refurbishment of the Vista Alegre workers' quarter. Every day, all around the world, approximately ten thousand highly qualified employees work to provide products and services that meet the highest standards of quality and rigour, thus honouring the Visabeira brand and demonstrating the capacity for achievement that characterises the group. Its Values – Innovation, Dynamism, Creativity, Ambition and Competitiveness – are transversal to all professionals working in the different areas of the organisation, which are Grupo Visabeira's most valuable asset. The many and varied distinctions that our companies and products have garnered fill us with pride but are also, and foremost, mainly, a testimony of the added value they represent in their markets. Emblematic examples were the many distinctions achieved in the telecommunications sector, of which the best example is the "Best Quality Award" bestowed upon Constructel. On another front, highlight goes to the many awards that Vista Alegre products continue to conquer, year after year, such as

the 10 collections that were distinguished with the "Red Dot Design Award" at the German Design Awards, among many other awards achieved in 2017. As a corollary, the Group recorded a turnover of 638 million euros, of which about 64% comes from customers abroad, thus reinforcing its multinational character and decidedly carrying out its Vision to become a Pluricontinental Group. In 2017, EBITDA grew by 12%, to 124 million euros, and net results surpassed the 50 million euro mark, translating into a 77% growth over the previous year, which reflects the Group's good performance in this year. In the financial area, in 2017, we continued to reduce financing, an item that has decreased over the last two years, by 154 million euros, making the Grupo Visabeira increasingly robust, balanced and able to meet the future challenges of growth and consolidation in the geographies in which we operate. In closing, I would like to leave a word of great appreciation to our customers and partners, who continue to honour us with their trust along this path of almost four decades. Increasing their trust is our main purpose. Without them and their level of demand, it would not have been possible to achieve this plethora of good results. Let's get to work.



Nuno Miguel Rodrigues Terras Marques
Chairman of the Executive Committee

Corporate Bodies

Grupo Visabeira SGPS, S.A.



**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



**ALEXANDRA DA
CONCEIÇÃO LOPES**

Member of the Board of Directors



**ANTÓNIO JORGE
XAVIER DA COSTA**

Member of the Board of Directors



**JOSÉ LUÍS BORBA DE
CAMPOS NOGUEIRA**

Member of the Board of Directors



**MARIA FILOMENA
DIAS PASTOR**

Member of the Board of Directors
Representing Portugal
Capital Ventures, S.A.



**FERNANDO
CAMPOS NUNES**

Chairman of the Board of
Directors

BOARD OF DIRECTORS

Fernando Campos Nunes
Nuno Miguel Rodrigues Terras Marques
João Manuel Pisco de Castro
Alexandra da Conceição Lopes
António Jorge Xavier da Costa
José Luís Borba de Campos Nogueira
Maria Filomena Dias Pastor

BOARD OF THE GENERAL MEETING

Leopoldo de Sousa Camarinha – Chairman
Marta Albuquerque Santos – Secretary

STATUTORY AUDITOR

Ernst & Young, Audit & Associados – SROC, S.A.
Represented by Rui Manuel da Cunha Vieira

Ownership structure

100%⁽¹⁾

VISABEIRA GLOBAL SGPS, S.A.

Viatel	99.29%
PTC	100.00%
Constructel (FR)	99.98%
PDT	50.00%
leme (IT)	60.00%
Gatel (FR)	100.00%
Constructel Belgium	96.77%
Modal (BE)	60.00%
Mascaux (BE)	60.00%
Cabling Station (BE)	60.00%
SCI Constructel (FR)	99.90%
Constructel Energie (FR)	51.00%
Constructel Germany	75.00%
Constructel Bau (DE)	100.00%
Constructel Italia	50.00%
Constructel Sweden	50.00%
Constructel (UK)	50.00%
Constructel Denmark	50.00%
Constructel Russia	100.00%
Visabeira	60.00%
Aceec	50.00%
DST/Visabeira, ACE	50.00%
Yetech Mexico	50.00%
Beiragás	23.52%
Naturenergia	100.00%
Visagreen	100.00%
Real Life Technologies	65.00%
Real Life Technologies (MZ)	98.00%
Real Life Academy (MZ)	98.00%
Edivisa	100.00%
Visacasa	100.00%
Vibeiras	11.07%

100%⁽²⁾

VISABEIRA INDÚSTRIA SGPS, S.A.

TVCABO Mozambique	50.00%	Vista Alegre Atlantis	90.48%
Televisa (MZ)	50.00%	Vista Alegre Spain	90.48%
TVCABO Angola	50.00%	Vista Alegre Brazil	81.36%
Comatel (AO)	100.00%	Vista Alegre USA	90.48%
Televisa Morocco	80.00%	Riastone	90.48%
Constructel Africa (MZ)	50.00%	Ambitermo	50.99%
Electrotec (MZ)	49.00%	Ambitermo Maroc	100.00%
Selfenergy Mozambique	60.00%	Mob	97.78%
Edivisa (AO)	99.00%	Mob Cuisines (FR)	100.00%
Electrovisa (AO)	99.00%	Pinewells	100.00%
Vista Power (AO)	50.00%	Granbeira	98.75%
Sogitel (MZ)	75.00%	Marmonte (MZ)	80.00%
Intelvisa (MZ)	49.00%	Agrovisa (MZ)	99.98%
Visaqua (MZ)	50.60%	Celmoque (MZ)	70.38%
Aeroprotechnik	51.00%	Tubangol (AO)	95.00%
Hidroáfrica (MZ)	81.90%	Álamo (AO)	95.00%
Constructel (DO)	80.00%	Visaconstrois (AO)	95.00%

⁽¹⁾ 90% Grupo Visabeira + 10% Own Shares

⁽²⁾ 93,04% Grupo Visabeira + 6.96% Own Shares

GRUPO VISABEIRA

SGPS, S.A.

99.45%
Fernando Campos Nunes
(NCFGEST, SGPS, S.A.)

0.55%
Other shareholders

100%

VISABEIRA

TURISMO

SGPS, S.A.

100%

VISABEIRA

IMOBILIÁRIA

SGPS, S.A.

100%

VISABEIRA

PARTICIPAÇÕES

SGPS, S.A.

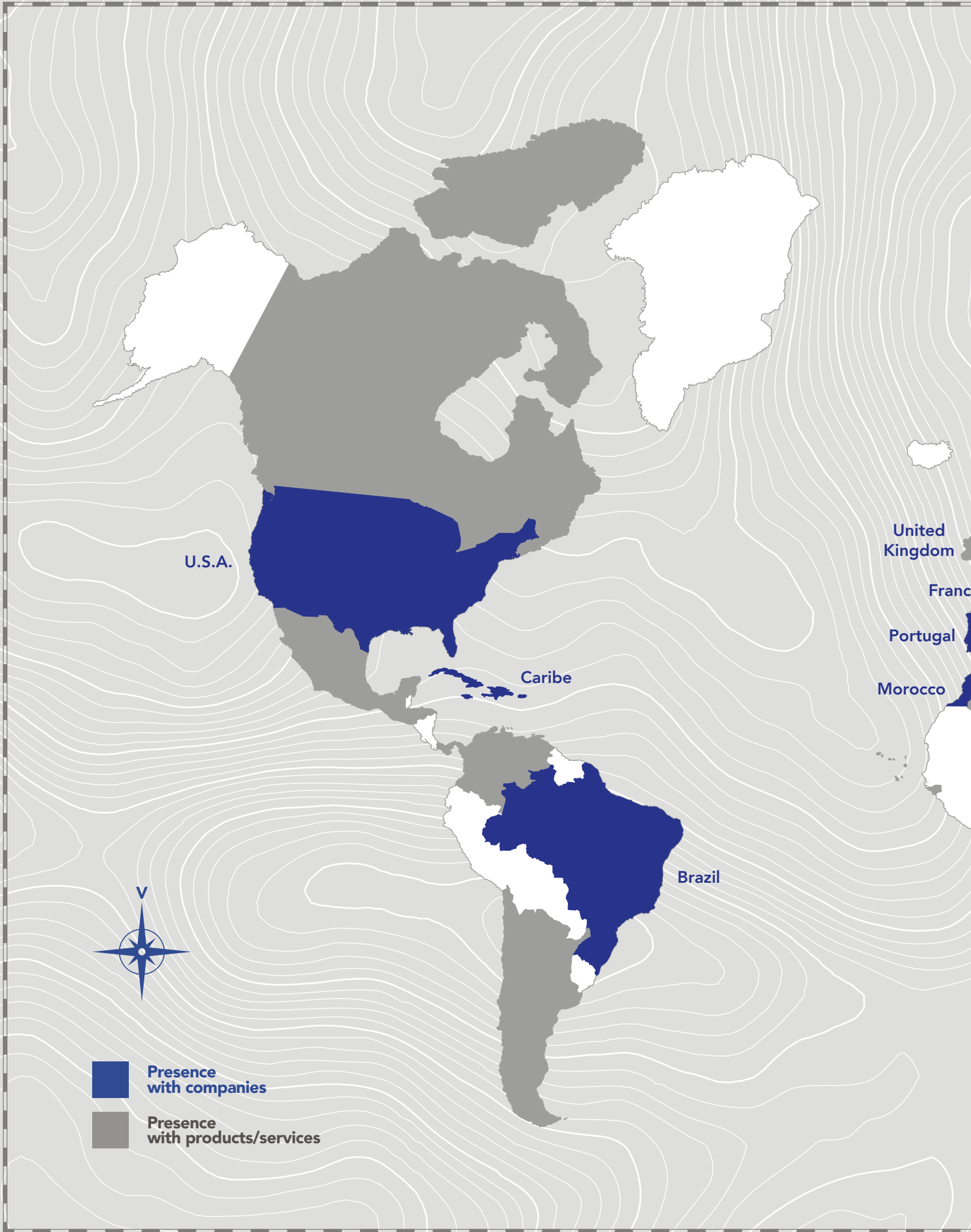
Montebelo	99.83%
VAA Empreend. Turísticos	80.99%
Zambeze	50.00%
Doutibelo	20.00%
Sem Amarras	20.00%
Movida	94.17%
Mundicor	100.00%
Turvisa (MZ)	95.00%
Inhambane (MZ)	80.00%
Imobiliária Panorama (MZ)	70.00%
Milibangalala (MZ)	69.00%
Soginveste (MZ)	70.00%
Zambeze Village (MZ)	90.00%

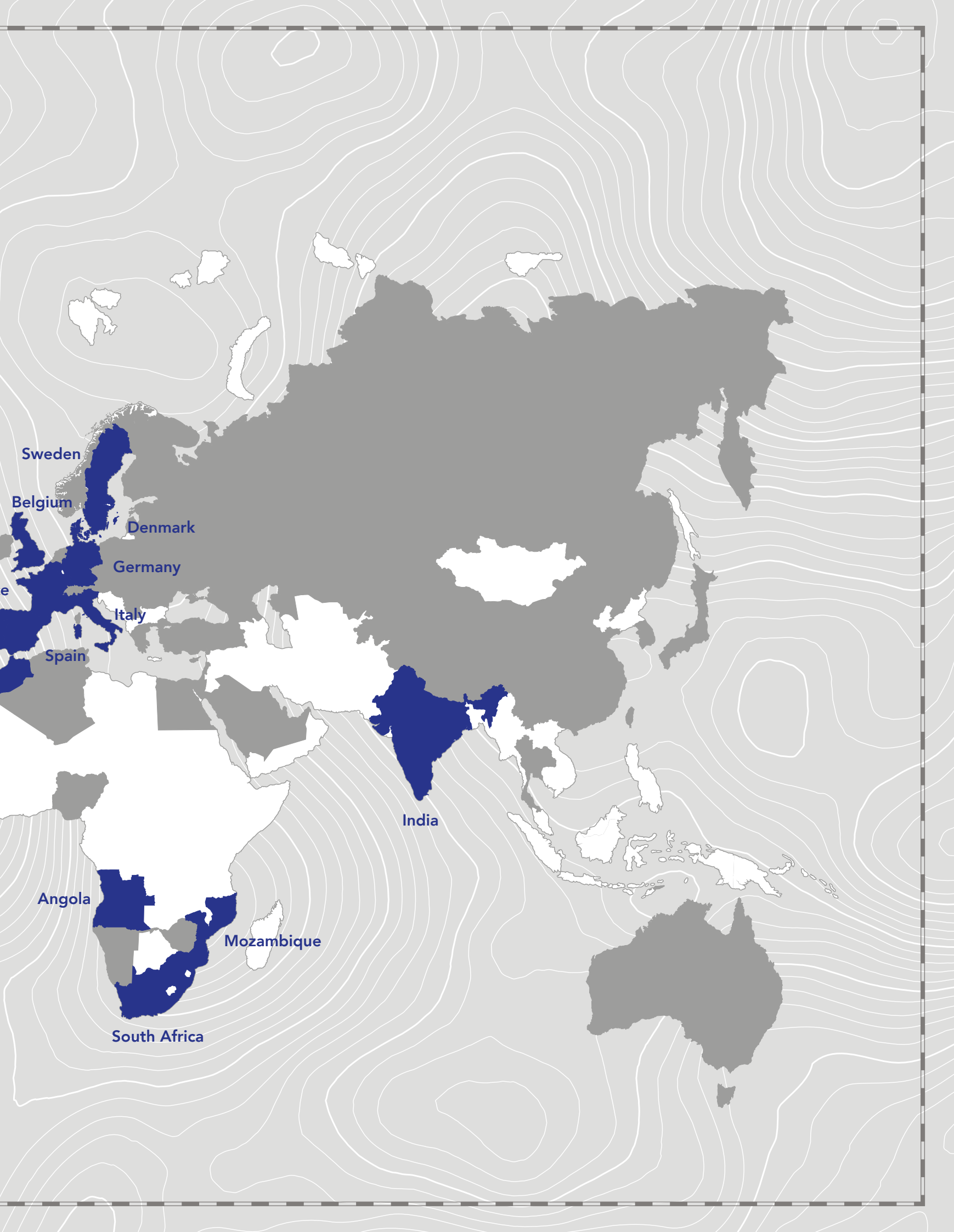
Visabeira Imobiliária S.A.	100.00%
Ifervisa	100.00%
Imovisa (MZ)	49.00%

Benetrónica	100.00%
Iutel	50.00%
Rentingvisa	100.00%
Parque Desportivo de Aveiro	54.57%
Visabeira Saúde	100.00%
Porto Salus	79.50%
Hosp. N.º Sr.ª da Arrábida	80.00%
2 Logical	51.00%
Visabeira Pro - Est. e Invest.	100.00%
Gevisar	30.00%
Mercury Comercial (MZ)	95.00%
Combustíveis Songo (MZ)	99.00%
Mercury South Africa	100.00%
Visabeira Moçambique	100.00%
Autovisa (MZ)	80.00%
Imensis (MZ)	49.00%
Martifer Amal (MZ)	35.00%
Build Down & B. Up (MZ)	50.00%
Caetano Formula (MZ)	21.00%
Visa House (MZ)	35.00%
Spinarq (MZ)	30.00%
Vibeiras (MZ)	60.00%
Amal (MZ)	50.00%
Visasecil (AO)	70.00%
Visauto (AO)	95.00%
Visabeira (ES)	60.00%
Mercury (AO)	99.00%
Catari Angola	95.00%
Visabeira Angola	99.00%
Convisa Engenharia (AO)	50.00%
Ambitermo (AO)	60.00%
Visatur (AO)	95.00%
Agrovisa (AO)	95.00%
Angovisa (AO)	70.00%

The holding's most relevant shares

Visabeira House	100.00%
Fundo Invest. Imob. Tur. II	0.24%
Fundação Visabeira	9.00%
Moçambique Seguros	4.50%
Cerutil	100.00%
Bordalgest	99.97%
Bordallo Pinheiro	83.99%





Sweden
Belgium
Denmark
Germany
Italy
Spain

India

Angola
Mozambique
South Africa

Where we are

The Grupo Visabeira is present in **17 countries**, including Germany, France, Belgium, Spain, Denmark, Angola and Mozambique, marketing services and products for more than **74 nations** and employing over **10,000 employees**, distributed by more than **100 companies**.



17

Countries



74

Nations



10,073

Employees

Presence with Companies

EUROPE

Portugal
Spain
France
Germany
Belgium
Denmark
United Kingdom
Sweden
Italy

AMERICA

USA
The Caribbean
Brazil

AFRICA

Angola
Mozambique
Morocco
South Africa

ASIA

India

Presence with Products/Services

EUROPE

Austria
Belarus
Cyprus
Estonia
Finland
Greece
The Netherlands
Hungary
Ireland
Latvia
Lithuania
Luxembourg
Malta
Moldavia
Monaco
Norway
Poland
Czech Republic
Romania
Russia
Serbia
Switzerland
Turkey
Ukraine

AMERICA

Argentina
Canada
Chile
Colombia
Guatemala
Honduras
Mexico
Panama
Venezuela

AFRICA

Algeria
Cape Verde
Egypt
Guinea-Bissau
Namibia
Nigeria
Tunisia
Zimbabwe

ASIA

Saudi Arabia
Azerbaijan
Kazakhstan
China
South Korea
United Arab Emirates
Israel
Japan
Lebanon
Kuwait
Macao
Qatar
Singapore
Taiwan
Timor Lorosae

OCEANIA

Australia

10,073

EMPLOYEES

Main business areas

The Grupo Visabeira is recognised for its vision and capacity for achievement, coupled with an objective, result-oriented drive. A successful path, supported by a history of comprehensive multisectoral expertise and an effective and proactive optimisation of resources.

Assuming a position of integration and complementarity in all aspects of its activity, this model of entrepreneurship and high standards aims at creating value and generating business opportunities, rewarding the trust and investment of customers and partners.

This vision has resulted in sustained growth over the years, in the multiple areas of business in which the group operates globally.

The results achieved in 2017 allow us to face the challenges we are anticipating with renewed optimism and confidence. As thus far, this path will be based on a rigorous planning, monitoring and evaluation process, which supports strategic decisions and continuously optimises our human resources.



Telecommunications
Energy
Construction
Technology



Ceramics and Glassware
Kitchens
Biofuels and Thermal Energy
Natural Resources



Hospitality
Restaurants
Entertainment and Leisure
Sports and Wellness



Housing and Commerce
Management and Services



Investment
Trading
Health
Services





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 fibre optics.

Performing Energy

Construction and maintenance of infrastructures and equipment related to electricity, gas and renewable energy sources, including solar, wind, cogeneration and biofuels.

Performing Construction

Design, development, construction, refurbishment and maintenance of buildings and infrastructures.

Performing Technology

Solutions and services related to engineering, including information and communication systems, mobility, innovation and georeferencing.

Performing Innovation

Corporate Bodies

Visabeira Global SGPS, S.A.

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE



**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 BORGES**

Member of the Board
of Directors and
Vice-Chairman 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



**JORGE MANUEL
FERREIRA
GUIMARÃES SOUSA**

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

BOARD OF THE GENERAL MEETING

Leopoldo de Sousa Camarinha – Chairman
Marta Albuquerque Santos – Secretary

STATUTORY AUDITOR

Ernst & Young, Audit & Associados - SROC, S.A.
Represented by Rui Manuel da Cunha Vieira



**ANTÓNIO CARLOS
FERREIRA ROCHA
PERPÉTUA**

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



**DOMINGOS GONÇALO
SOARES SAMPAIO**

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



**MARIA FILOMENA
DIAS PASTOR**

Member of the Board
of Directors, representing
Portugal Capital Ventures,
S.A.

Telecommunications

- Viatel
- PDT
- Televisa
- Comatel
- Constructel
- Gatel
- Modal
- TVCABO Mozambique
- TVCABO Angola

Energy

- Visabeira
- Electrotec
- Hidroáfrica
- Constructel Energie
- Selfenergy
- Ieme

Construction

- Edivisa
- Visacasa
- Sogitel
- Visaconstroï

Technology

- Real Life Technologies
- Aeroprotechnik



In the telecommunication engineering segment, Visabeira Global operates in a wide scope, including all types of networks, systems and technological infrastructures, from planning to design from construction to maintenance. This branch of the Grupo Visabeira also operates and provides multimedia services, as well as broadband internet and cable TV, through a network of optical and coaxial cables with fully digital technology.



Telecommunications



Energy

In the area of Energy, Visabeira Global holds companies with recognised competence in various fields related to the construction and maintenance of infrastructures and equipment associated with energy resources, namely in the field of electricity, gas and the growing renewable energy market, including solar, wind and biofuels.





In the field of construction, Visabeira Global brings together several complementary companies, operating at different stages of the value chain and continually recognised for their high standards of quality and services. Together they possess a solid know-how, encompassing the design, construction, refurbishment and maintenance of buildings and infrastructures, be it in works of small, medium or large scale, in Portugal or abroad.

Construction

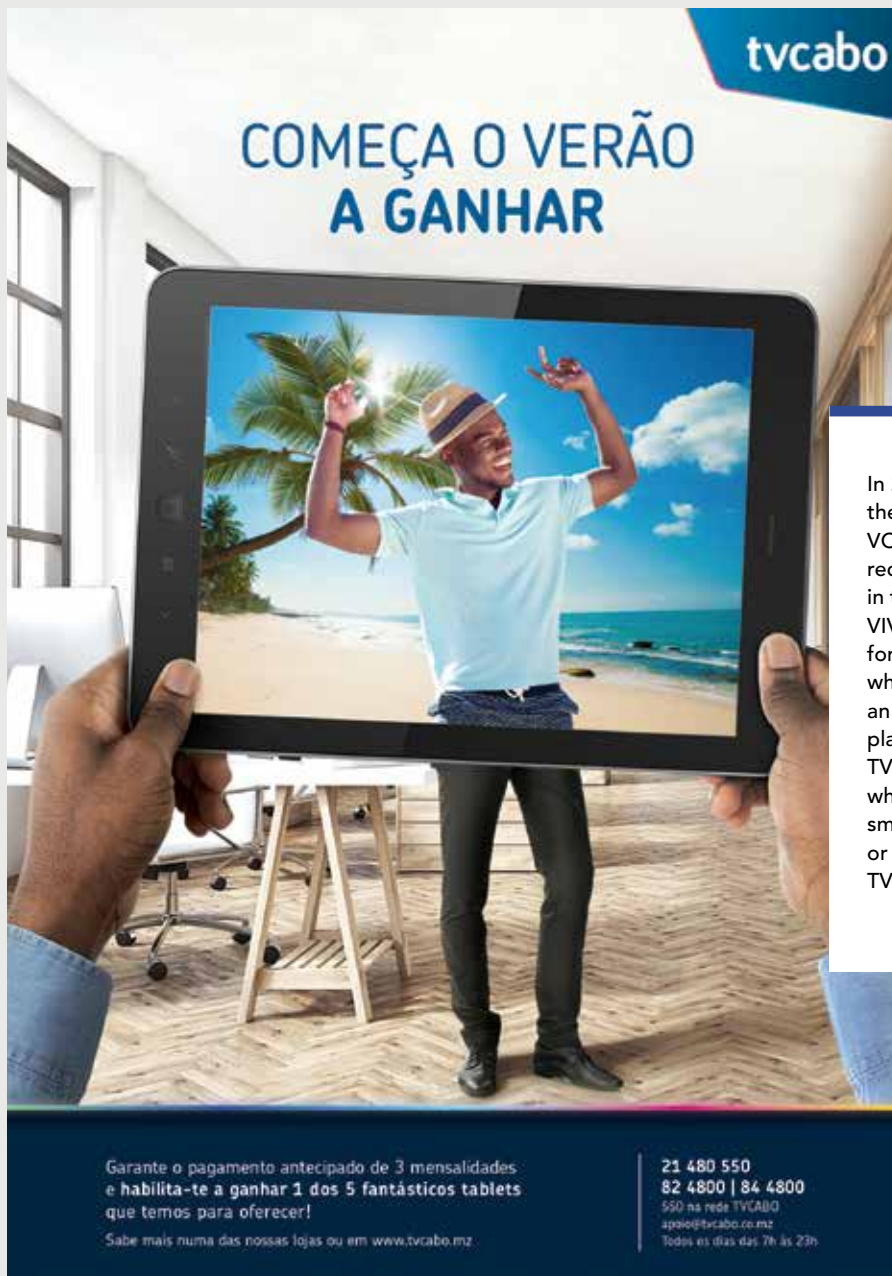




Technology



In addition to companies specialising in the development of solutions and services in the field of information and communication systems, mobility, innovation management and georeferencing, among others, the Technology branch of Visabeira Global includes units focused on the research and development of technological solutions for companies in a wide number of sectors.



In 2017, TVCABO Mozambique, the only triple-play (TV + NET + VOICE) operator of the country, recently distinguished by KPMG in the African continent, launched VIV Mais, an innovative service for its customers, thanks to which they will be able to access an advanced Internet television platform and enjoy their favourite TV channels wherever and whenever they want, via their smartphone, tablet or computer, or on the TV, with VIV Mais from TVCABO.

Garante o pagamento antecipado de 3 mensalidades e habilita-te a ganhar 1 dos 5 fantásticos tablets que temos para oferecer!
Sabe mais numa das nossas lojas ou em www.tvcabo.mz.

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app@tvcabo.mz
Todos os dias das 7h às 23h

Art Direction by www.bangbang.agency

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Adeira a um dos Pacotes VIV* da TVCABO e mergulha no mar de prémios** da nossa campanha de Verão!

Sabe mais em www.tv cabo.ao ou numa das nossas lojas.

*Promoção válida para pacotes iguais ou superiores ao VV L / VV BL, com pagamentos iguais ou superiores a três mensalidades. ** Cadeiras, chapéus, ou colunas de música - limitados ao stock existente.

TVCABO Angola has strengthened its position as a reference telecommunications operator in Southern Africa and was the keynote speaker at a workshop sponsored by the European Investment Bank in Brussels, under the theme "EIB Investment in Digitalisation Outside the EU". At the time, there was an emphasis on the "TVCABO Angola Multimedia II" project, co-financed by the EIB, which will allow the brand to expand its network to the provinces of Lubango, Huambo, Cabinda and Soyo, as well as to strengthen its presence in the metropolitan area of Luanda and in Benguela.

VIV
NEGÓCIOS COM + FIBRA

LEVE A SUA EMPRESA ALÉM DOS LIMITES COM INTERNET ILIMITADA

VIV NEGÓCIOS COM + FIBRA _ tráfego ilimitado

- Tráfego ilimitado
- Planos Simétricos
- Assistência Personalizada
- IP fixo

tv cabo

DESPORTO
É NA TVCABO

tv cabo





Manufacture and marketing of porcelain and ceramics, crystal and glass, for the tableware, giftware, decorative and hotelware segments; Manufacture and marketing of multifunctional and customisable kitchen furniture; Production of organic pellets, a processed form of biomass.

Performing Industry

Ceramics and Glassware

- Vista Alegre
- Bordallo Pinheiro
- Ria Stone
- Cerutil

Kitchens

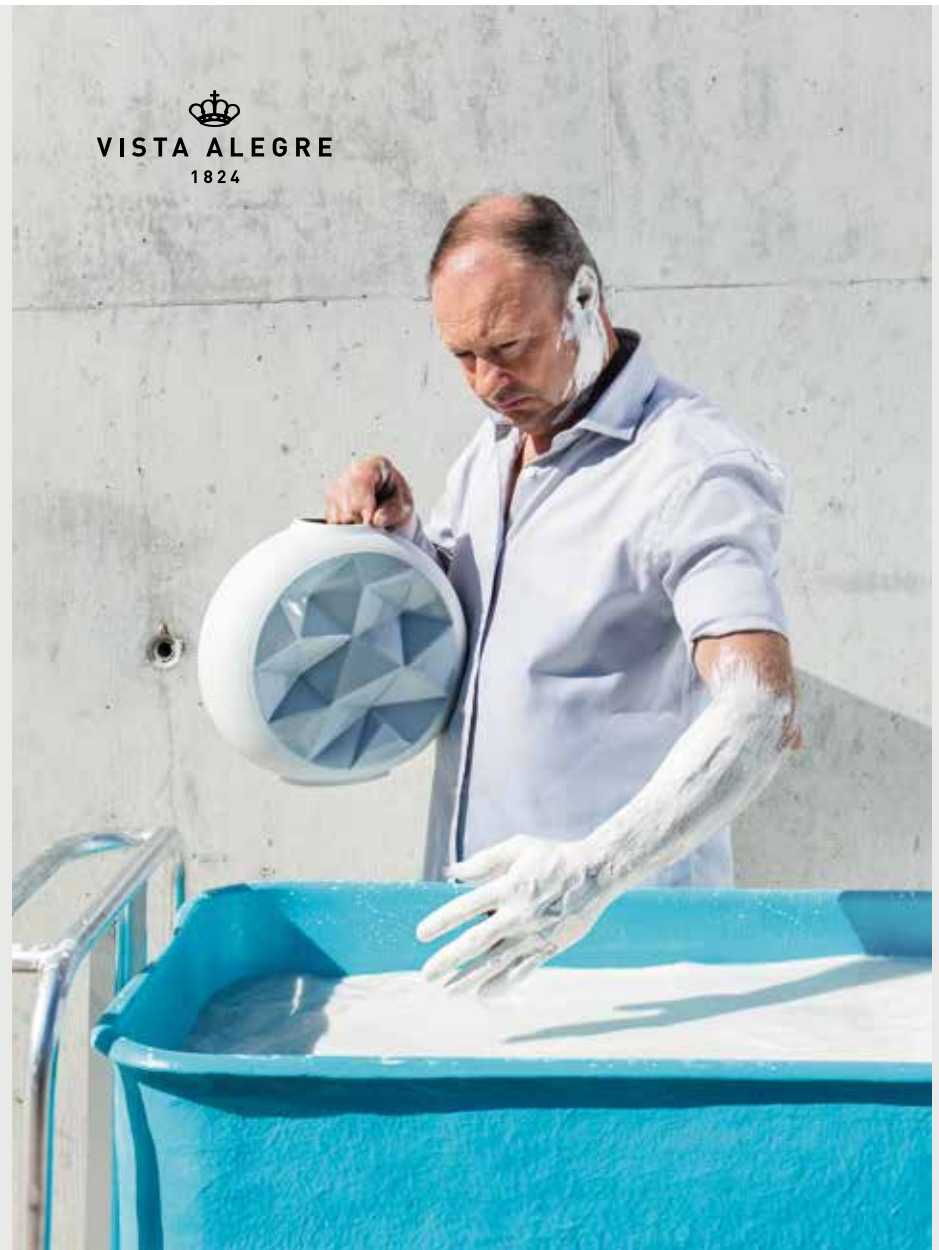
- Mob

Biofuels and Thermal Energy

- Pinewells
- Ambitermo
- Celmoque

Natural resources

- Granbeira
- Agrovisa
- Álamo



In 2017, Vista Alegre was awarded in several international design competitions, including the German Design Awards, where it received five awards (Calçada Portuguesa, in porcelain; Garland, Frosty, Oz, Piet and Precious, all in crystal), out of a total of 12 awards conquered throughout the year. In the 2017 balance, highlight, goes also to the continuity of the collaboration with Christian Lacroix, in the Rêveries line, and with Spanish designer Jaime Hayon, in the Folkifunki collection.



sardinha

BY BORDALLO PINHEIRO

O DIA EM QUE CHOVERAM SARDINHAS!

NOVA COLEÇÃO

“EXCITANTE ATÉ À ÚLTIMA ESPINHA!”
ARTE & PESCA

“UMA INVASÃO DE CRIATIVIDADE!”
VARINA DAILY

GRANDIOSA PRODUÇÃO COM 70 PROTAGONISTAS!

PONTOS DE VENDA: LOJAS VISTA ALEGRE | LOJAS BORDALLO PINHEIRO | REVENDEDORES AUTORIZADOS | LOJA ONLINE

bordallopinheiro.com

EGEAC

BORDALLO PINHEIRO
EST. 1964

The year 2017 was marked by the launch of the first piece of the WWB – WorldWide Bordallianos project, in collaboration with artist Paula Rego, entitled Figo, as well as by the presentation of the collection Fish & Seafood by Bordallo, under the label Arte Bordallo, with the aim of reviving the unique legacy of the brand's founder. Highlight goes also to the partnership with chef José Avillez, recently distinguished with the Grand Prix de l'Art de la Cuisine by the International Academy of Gastronomy.





PINEWELLS

The Pinewells unit returned to work in full in 2017, responding to the high demand for pellets in the domestic and industrial segments. In addition to satisfying all orders, Pinewells focused its efforts on the recovery of exports of industrial pellets for co-firing, through frequent attendance at conferences and specialty trade fairs.

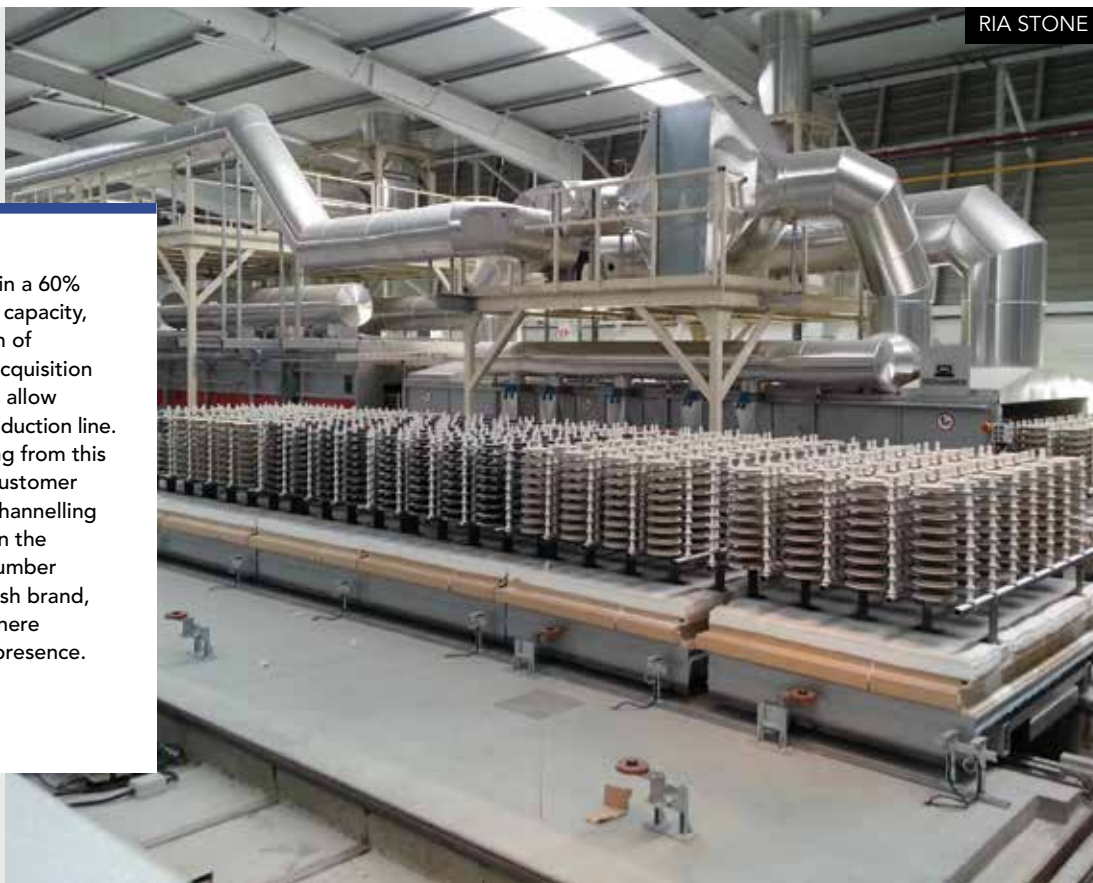


MOB

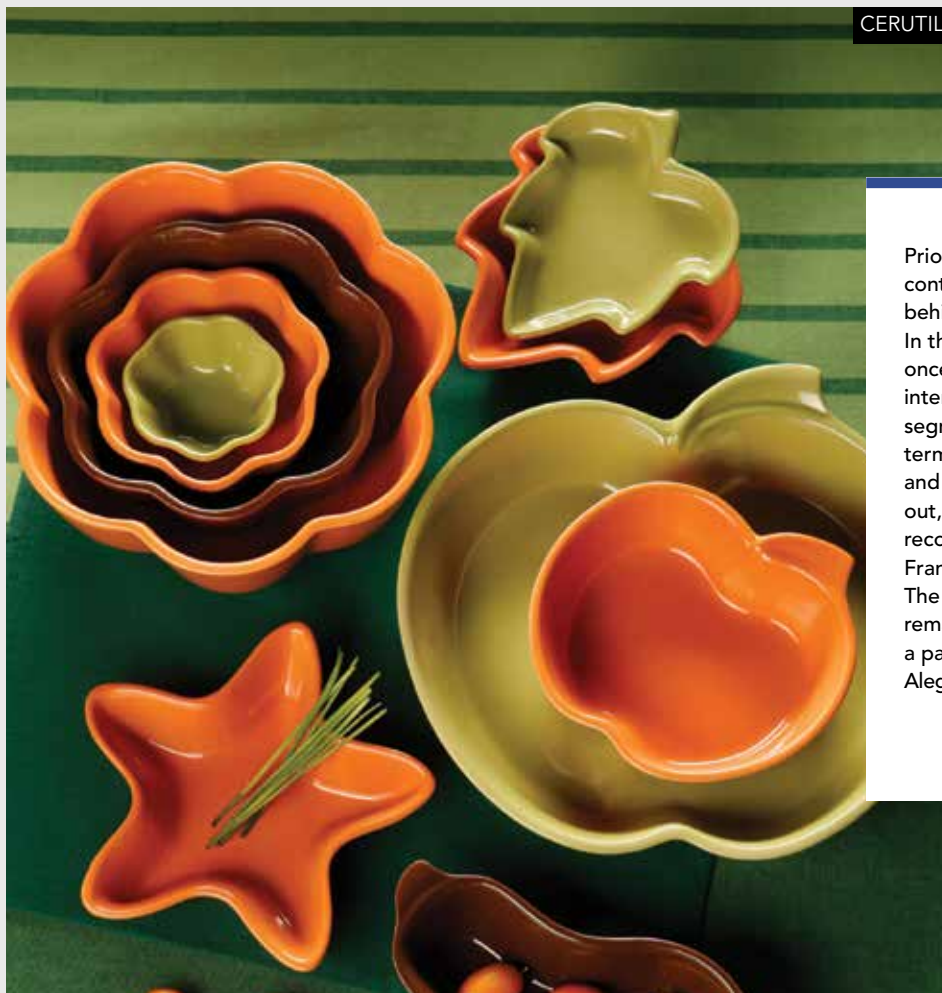
Presence at the Tektónica trade fair, in Lisbon, with a significant increase in the number of visitors, and the new 500-m² store at Avenida da República, in Lisbon, were excellent showcases for introducing Mob's new products and solutions, as well as for projecting it as a main player in the sector in Portugal. Business in the domestic market grew by more than 20%, mainly due to our investment on the supply of real estate projects and our reaching out to builders and developers, while, in the foreign market, the brand extended its activity to Lebanon and Ghana.

RIA STONE

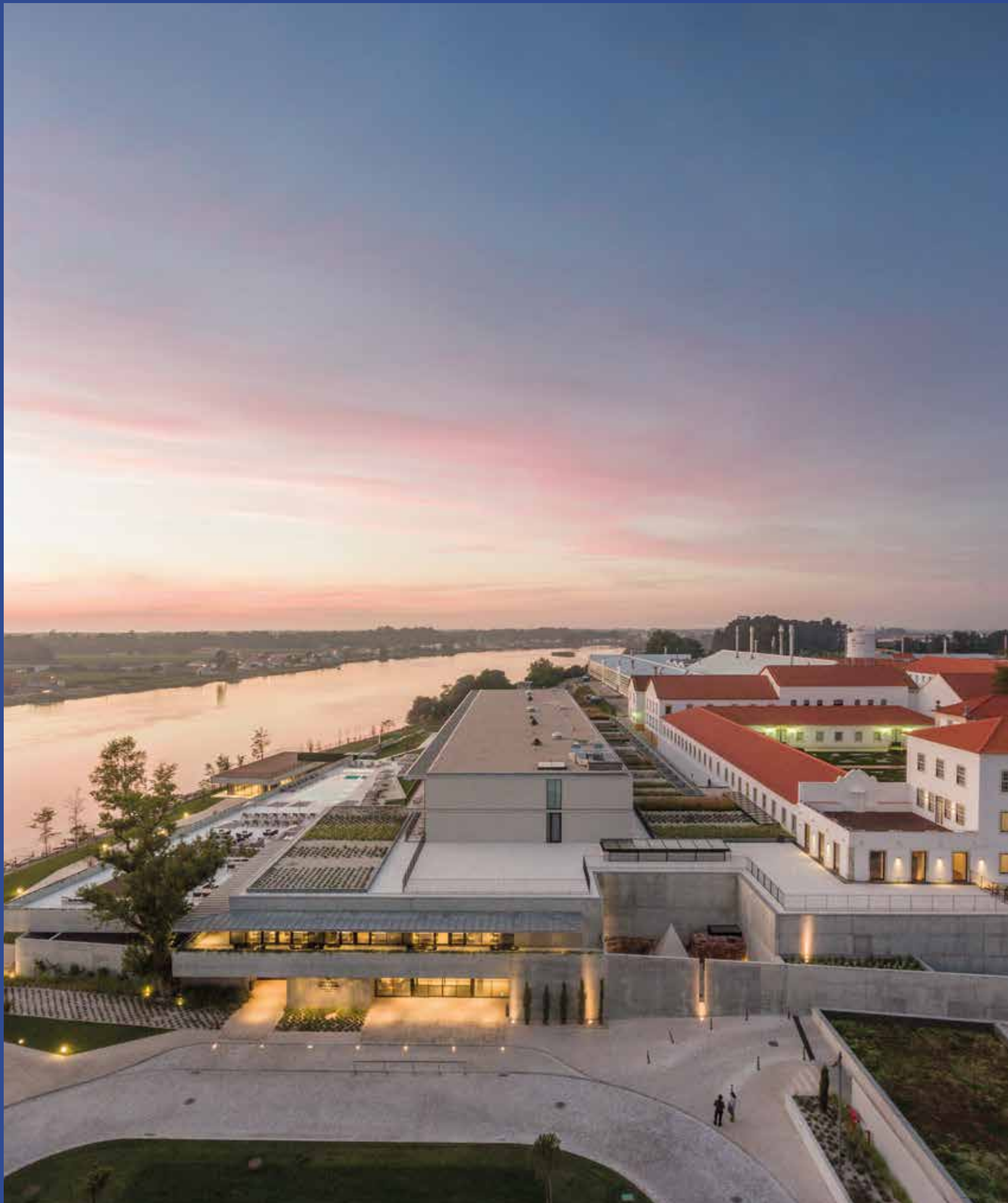
Ria Stone is investing in a 60% increase in the plant's capacity, through the expansion of the building and the acquisition of equipment that will allow introducing a third production line. All production resulting from this expansion will go to customer IKEA, with a view to channelling the pieces produced in the factory to a greater number of stores of the Swedish brand, namely in countries where Ria Stone still has no presence.



CERUTIL



Priority to foreign markets continued to be the great driver behind Cerutil's performance. In this regard, the company was once again present at the main international trade fair of the Home segment, Ambiente Frankfurt. In terms of demand, the Austrian and Netherlands markets stood out, adding to the good results recorded in Portugal, Germany, France and Italy. The growth achieved was remarkable, with highlight to a partnership project with Vista Alegre targeting the German market.





Operation of hotels, resorts and lodges, as well as multiple entertainment areas and restaurants in Portugal and Mozambique; responsible for a wide range of offers in Portugal, including hotel infrastructures in the beauty, nature, sport, culture and history, recreational and business tourism segments.

Performing Tourism

Hospitality Portugal

- Montebelo Aguieira Lake Resort & Spa
- Montebelo Viseu Congress Hotel
- Montebelo Vista Alegre Ílhavo Hotel
- Parador Casa da Ínsua
- Hotel Palácio dos Melos
- Hotel Príncipe Perfeito

Hospitality 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

Entertainment and Leisure

- Palácio do Gelo Shopping
- Bar de Gelo Viseu
- Mundicor

Sports and Wellness

- Montebelo Golfe
- ForLife





MONTEBELO

HOTELS & RESORTS

In Portugal, the Montebelo chain of Hotels & Resorts maintained regional leadership in the Tourism sector, underpinned by a strategy of growth based on three vectors: development and strengthening of the Montebelo units, diversification of the product portfolio and an integrated Hospitality, Golf, Entertainment, Sports/Adventure, Wellness and Restaurant offer.

The Montebelo brand prioritises the affirmation of the values of quality and innovation, aiming at full customer satisfaction, especially regarding the price/service quality ratio.

In Mozambique, the Montebelo chain maintained its benchmark position in the tourism segment, thanks to its presence in the provinces of Maputo, Sofala, Songo, Niassa and Nampula, and to an offer that, besides hotels and a lodge & safari, includes restaurants, catering services, wellness and beauty care spaces and extremely attractive areas for corporate events.

MONTEBELO VISTA ALEGRE ÍLHAVO HOTEL



In 2017, the Montebelo Vista Alegre Ílhavo Hotel, a 5-star unit of the Montebelo Hotels & Resorts chain, which boasts the refinement, art and innovation of this centennial Portuguese brand, continued to surprise its current customers and to attract new ones, hosting a wide number of events and recording an overall increase in demand.

MONTEBELO VISEU CONGRESS HOTEL



PARADOR CASA DA ÍNSUA

MONTEBELO AGUIEIRA LAKE RESORT & SPA



Os Girassol Hotéis agora chamam-se

MONTEBELO HOTELS & RESORTS



A marca Montebelo, com mais de 20 anos de experiência no acolhimento de excelência, prossegue e reforça a tradição Girassol, presente em 5 províncias com uma oferta acrescida de serviços e facilidades.

Muda o nome, mantém-se a alma de bem receber.

Informações e reservas
+258 21 480 1405
montebelohotels.com

montebelohotels.com
— PORTUGAL - MOZAMBIQUE —

VISABEIRA

MONTEBELO INDY MAPUTO CONGRESS HOTEL



MONTEBELO GIRASSOL MAPUTO HOTEL



The Montebelo Girassol Maputo Hotel was rated "Fabulous" by Booking.com. The online platform recognised and awarded this Grupo Visabeira unit in Mozambique with the "Guest Review Award", as a result of the comments and ratings given by Booking users regarding the quality of the facilities and services provided, including the restaurants and other services offered by the unit.

PALÁCIO DO GELO SHOPPING



In 2017, the Palácio do Gelo Shopping recorded a new increase in the number of visitors, which reached 9.2 million, the highest number since 2008, the opening year. The inauguration of six new stores and the remodelling of a few other ones, along with its proximity to the new CUF Viseu Hospital, have contributed decisively to its success, reinforcing the shopping centre's position as the preferred choice for shopping, entertainment and wellness in the region.

BAR DE GELO VISEU



ICE RINK





CERVEJARIA ANTÁRTIDA



FORNO DA MIMI & RODÍZIO REAL

The Zambeze Restaurant has reaffirmed its unique profile in Lisbon's gastronomic scene, coupled with its privileged location and view of the city's downtown and the Tejo river, offering a combination of Mozambican and Portuguese cuisine that is continually sought after both by Portuguese and foreign customers, for formal and informal gatherings. A space that welcomes any type of customer, from high-profile personalities to spontaneous walk-in customers, for a truly differentiating experience in terms of flavours and contact with the city.

Portugal e Moçambique com vista sobre o Tejo.

O Zambeze Restaurante funde a melhor tradição gastronómica beirã com as especialidades moçambicanas. Venha deliciar-se com sabores surpreendentes e usufruir de uma esplanada de 300m² debruçada sobre o coração de Lisboa.

montebelohotels.com
— PORTUGAL · MOZAMBIQUE —

ZamBeZe
restaurante
By Montebelo

Calçada Marquês de Távora
Edifício EMEL
Miradouro Cláudio Lemos
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RESERVAS
+351 218 877-260
reservas@zambeze.com | montebelohotels.com

Zambeze Restaurant
#zambezerestaurante
GPS: 38° 42' 48" N 9° 8' 31" W
zambezerestaurante.pt





Design, construction, mediation and maintenance of top-quality projects for the middle-upper and upper segments, as well as commercial spaces, offices and other complementary areas.

Performing Real Estate

Housing and Commerce

- Moradias Aguieira
- Quinta do Bosque
- Quinta da Alagoa
- Forum Residence
- Villatrium
- Moradias Vilabeira
- Pateo Vera Cruz
- Parque Desportivo de Aveiro

Management and Services

- Visabeirahouse
- Imovisa
- Edifício Nampula

PALÁCIO DO GELO SHOPPING



COMMERCE

Prospecting of market opportunities and marketing of office spaces and business centres.



QUINTA DA ALAGOA

HOUSING

Design and construction of buildings characterised by the quality of the materials and finishes, providing the roominess, comfort and location required for a high quality of life.



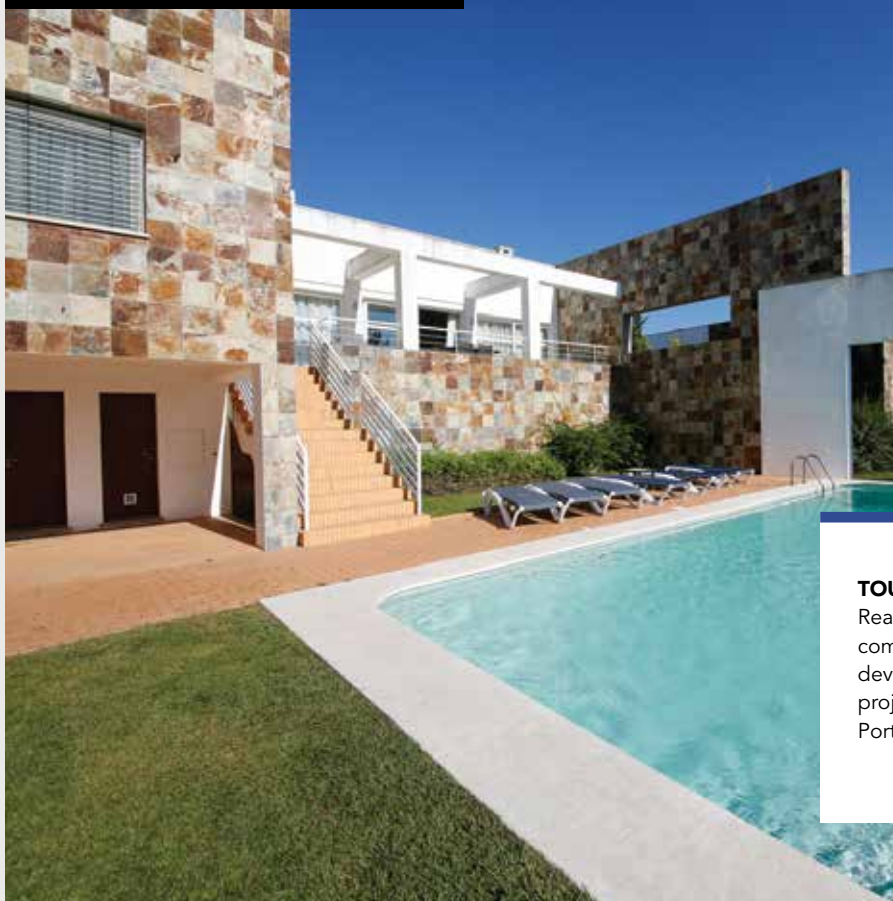
MANAGEMENT AND SERVICES

Management, administration, conservation, maintenance, supervision and marketing of real estate and related equipment; development of new real estate and tourism projects and provision of services for condominiums.



PATEO VERA CRUZ

MONTEBELO AGUIEIRA LAKE RESORT & SPA



TOURISM

Real estate promotion in the commercial and tourist areas, and development and marketing of projects in central and northern Portugal.





Creation of business synergies and incubation of new projects, concentrating financial investments in strategically selected companies - from multi-sector trading to the operation of health facilities, from management and consulting services to georeferencing systems.

Performing Services

Management and Services

- Visabeira Pro
- Visabeira Angola
- Visabeira Moçambique
- Fundação Visabeira
– Infanticos da Vilabeira

Trading

- Benetrónica
- Mercury
- Autovisa
- Visasecil

Health

- Visabeira Saúde
- Porto Salus
- Hospital de Nossa S.ª da Arrábida

VISABEIRA PRO



MANAGEMENT AND SERVICES / INVESTMENTS

Coordination of specialist teams for strategic advice and provision of multidisciplinary services.

ESTUDOS E INVESTIMENTOS

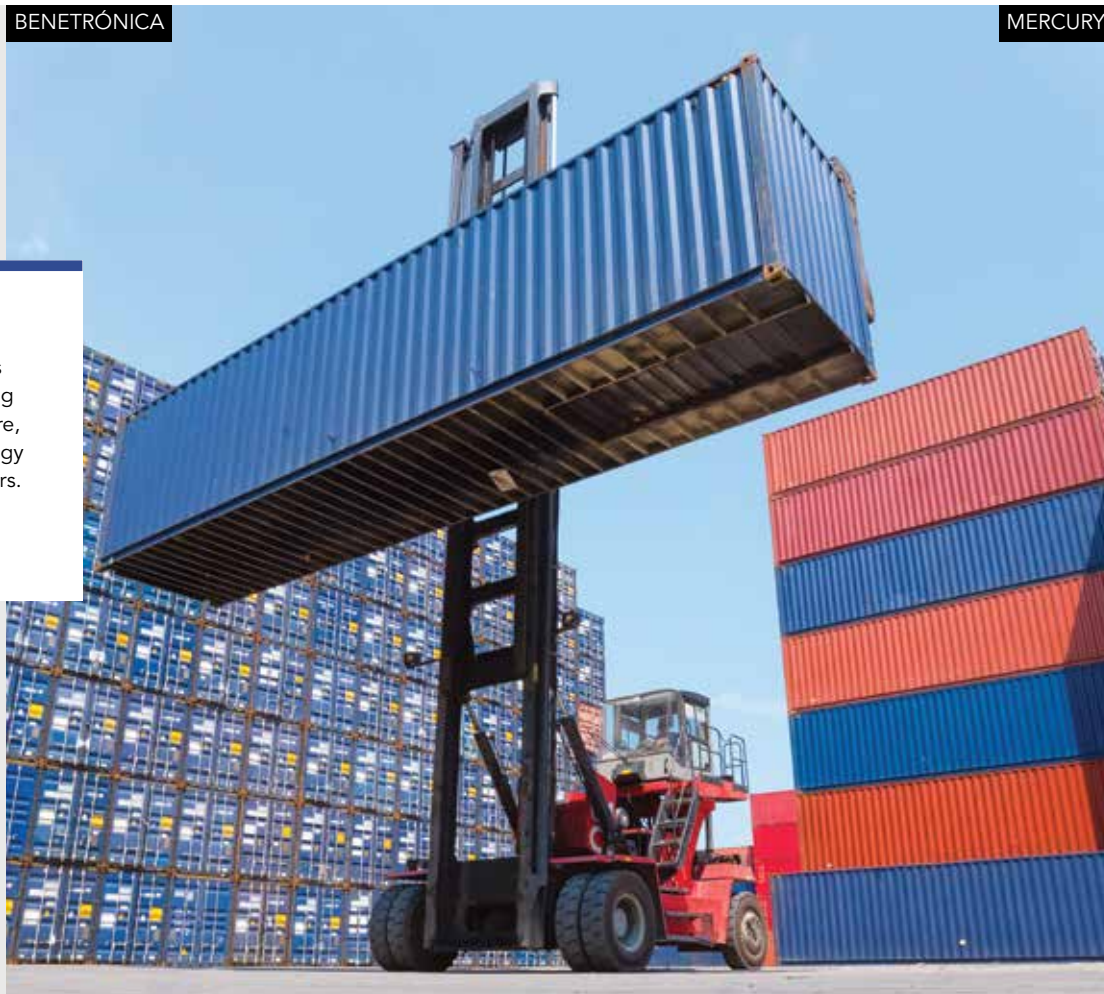


BENETRÓNICA

MERCURY

TRADING

Import and export of products in different segments, including construction materials, furniture, equipment, vehicles, technology and food brands, among others.



FUNDAÇÃO VISABEIRA – INFANTINHOS DA VILABEIRA



MANAGEMENT AND SERVICES

Promotion of charitable organisations that provide support to disadvantaged families and children.



2017 Overview



02

Analysis of consolidated results

Macroeconomic background

In 2017, the global economic activity maintained a positive trend, with a revised growth of 3.7%. Consistent with this scenario, growth forecasts for 2018 and 2019 were revised upwards, to 3.9%.

In the Euro area and in the European Union, growth rates exceeded expectations and are expected to close with a growth of 2.3% in 2017. This robust performance is expected to continue in the 2018/2019 biennium, with GDP rising by 2.3% and 2% in the Euro area and in the European Union, respectively.

In 2017, GDP grew by 2.6% in real terms, a higher rate by 1.1 p.p. than that recorded in 2016, having reached, in nominal terms, 193 billion euros. Investment in real terms increased by 8.3% in 2017, reflecting the acceleration of Gross Fixed Capital Formation (GFCF), to a 9.0% growth rate. The process of expansion of the Portuguese economy is expected to continue in the coming years. Economic activity will continue to show a growth profile over the forecast horizon, albeit at a progressively lower pace (2.3%, 1.9% and 1.7%, respectively in 2018, 2019 and 2020).

Key economic indicators

WORLDWIDE	FORECASTS	
	2017	2016
World Output	3.7	3.2
Advanced economies	2.3	1.7
USA	2.3	1.5
Japan	1.8	0.9
Eurozone	2.4	1.8
Germany	2.5	1.9
France	1.8	1.2
Italy	1.6	0.9
Spain	3.1	3.3
United Kingdom	1.7	1.9
Emerging markets and developing economies	4.7	4.4
Russia	1.8	-0.2
China	6.8	6.7
Brazil	1.1	-3.5
Mexico	2.0	2.9

Annual rate of change (%)

Source: FMI: World Economic Outlook 2016

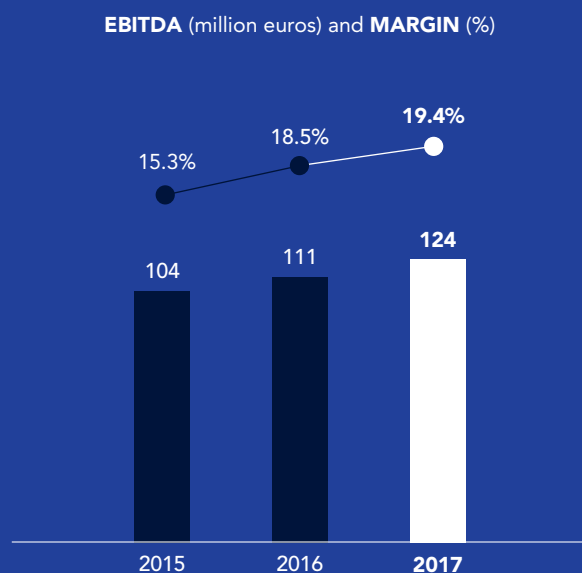
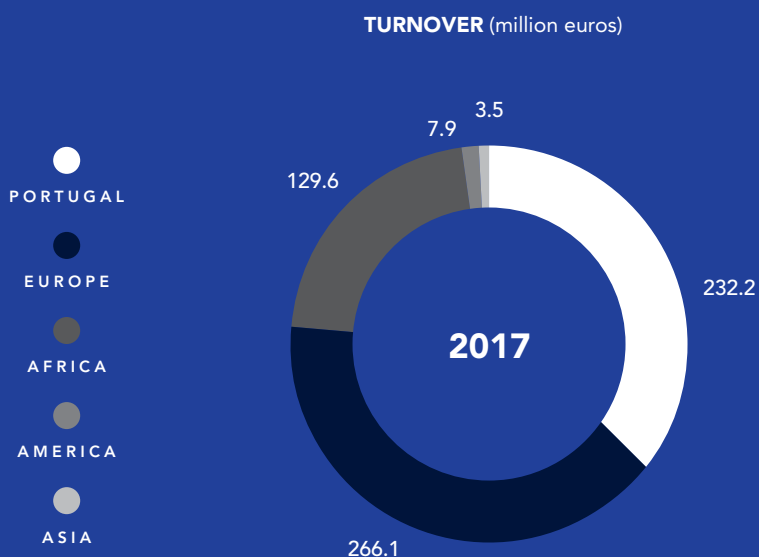
PORTUGAL	FORECASTS	
	2017	2016
Gross Domestic Product	2.6	1.5
Private Consumption	2.2	2.1
Public Consumption	0.1	0.6
Gross Fixed Capital Formation	8.3	1.6
Domestic Demand	2.7	1.6
Exports	7.7	4.1
Imports	7.5	4.1
Inflation	1.6	0.6
Unemployment Rate	8.9	11.1
Budget Deficit (as a % of GDP)	-1.4	-2
Public Debt (as a % of GDP)	127.7	130
Current Account Balance (as a % of GDP)	1.5	1.7

Source: Bank of Portugal, AICEP, INE



CONSOLIDATED INDICATORS (amounts expressed in million euros)			
	2017	2016	YoY Changes
Turnover	638	601	6%
EBITDA	124	111	11%
EBITDA Margin	19.4%	18.5%	0.9 pp
Recurring operating income*	83.7	80.0	5%
Operating margin	13.1%	13.3%	-0.2 pp
Net income	50.1	28.3	70.7%
Net investment	-4.7	26.1	-118%
Debt	657	742	-11%
Inventories	128	139	-8%
Fixed assets (including goodwill)	677	538	26%

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



AVERAGE ANNUAL GROWTH

	2007 / 2017	2016 / 2017
Aggregate turnover – 768 million euros	5%	2 %
Consolidated turnover – 638 million euros	6%	6%
Foreign markets -64%	4.0 pp	0.6 pp
EBITDA – 124 million euros	12%	11%
EBITDA Margin – 19.36%	0.8 pp	0.9 pp
Productivity – 30 million euros	7%	14%
Average number of employees – 9,719	9%	0%

Income

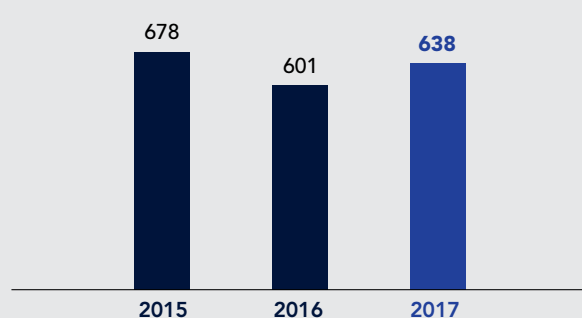
In 2017, the Grupo Visabeira reached new record highs, with a consolidated turnover of 638 million euros. The Group recorded an EBITDA of 124 million euros, which translates into a growth of 11% YoY, and net profit rose from 28 million euros to 50 million euros, representing a growth of 77%. The Grupo Visabeira remained strongly committed to its internationalisation strategy, which was well reflected in the amount of business generated outside Portugal, which reached 64%. In foreign markets, the countries with the greatest weight in turnover were France, Angola and Mozambique. Visabeira Global is the Group's main sub-holding company, representing 71% of consolidated turnover and 63% of EBITDA, with the highest contributions coming from Europe, and especially from France. Companies in central/northern Europe (France, Belgium, Germany, Italy and Denmark)

contributed with 207 million euros to this sub-holdings business turnover, evidencing the focus on this centrality as a key factor for the Group's growth strategy in the telecommunications sector.

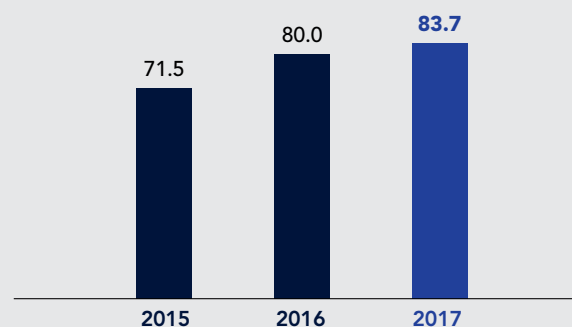
Visabeira Indústria contributed with 20% to the Group's consolidated turnover, reaching 127 million euros, having contributed with 22 million euros to EBITDA. In this area, highlight goes to Vista Alegre, which reached 85 million euros in turnover in 2017, representing a 13% increase compared to 2016, with net profits recording a very positive evolution, standing at 4.2 million euros. The sub-holding Visabeira Turismo closed 2017 with a turnover of 35 million euros, which represents almost 6% of the Group's total consolidated turnover, reaching an EBITDA of 16 million euros.

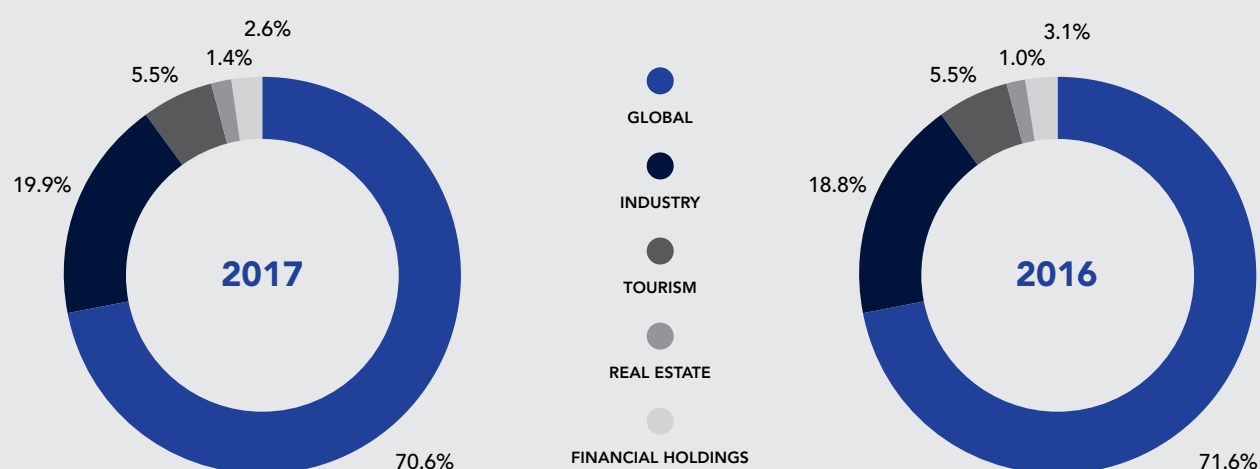
GRUPO VISABEIRA

TURNOVER (million euros)



RECURRING OPERATING INCOME (million euros)



TURNOVER BY BUSINESS AREA**Balance Sheet**

In 2017, the Group's assets recorded a positive evolution, surpassing 1,576 million euros. During the year 2017, net investment (investments - divestments) was -4.7 million euros. With regard to investment, it reached 77 million euros during 2017, with highlight to investments made in Angola and Mozambique by TVCABO Angola and TVCABO Moçambique, in order to expand the coverage of their networks and the non-recurring investment made by TVCABO Angola through the IRU (Indefeasible Right of Use) model, in the amount of 19 million euros, relating to the acquisition of the right to use the capacity of an underwater cable for the next 10 years, which will bring great cost savings in terms of bandwidth acquisition. In addition, it is important to highlight the investment in the Vista Alegre

Group, with the innovation and expansion project at the Ria Stone plant and, also in the Crystal segment, the acquisition of equipment that will allow further automatizing production.

We should also highlight the financial investment in the amount of 11 million euros, for the acquisition of companies in Italy and Belgium. The divestment amount, of approximately 82 million euros, relates to the disposal of shares by the Group. Throughout the year, the Grupo Visabeira sold all EDP and NOS shares, as well as part of PHAROL's shares. The financial autonomy ratio stood at 25%, an increase of 4 p.p. over 2016. Against this background, and as a result of the cash flows generated and divestments made in 2017, debt (financing and leases) decreased by 85 million euros.

CONSOLIDATED FIGURES (million euros)

Total Debt (Leasing + Financing)	657.3
Cash and cash equivalents	-46.0
Available-for-sale financial assets	-4.0
Total net operating debt	607.2
EBITDA	123.6
Net financial debt attributed to areas generating EBITDA / EBITDA	4.9 x

The Grupo Visabeira holds debt allocated to assets in progress not generating EBITDA and allocated to the real estate activity, which, if sold upon the start of activity, could reduce the ratio to 3.6x.

Investments

PORTUGAL (amounts in euros)		
	Amount	Investment
Visabeira Global		
Edivisa	1,355,050	Equipment
Visabeira	399,025	Equipment
Real Life Technologies	129,135	Software licenses
PDT	113,083	Equipment
Viatel	72,349	Equipment
Visabeira Indústria		
Vista Alegre Atlantis	5,740,448	Expansions, remodelling and equipment
Bordallo Pinheiro	985,166	Equipment
Cerutil	65,321	Equipment
Mob	37,305	Equipment
Visabeira Turismo		
Empreendimentos Montebelo	1,833,363	Facility refurbishment and upgrading New hotels
Movida	687,124	Offices and exterior repairs
Zambeze	45,040	Remodelling and equipment
VAA Empreendimentos Turísticos	42,869	Montebelo Vista Alegre Ílhavo Hotel
Visabeira Participações Financeiras		
PDA	978,069	Ongoing work
Visabeira Estudos e Investimentos	85,956	Equipment
Other Companies	703,769	
TOTAL	13,448,531	

At the Visabeira Global sub-holding, the most significant investments made in Portugal in 2017 were carried out by Edivisa and Visabeira. Investments made by these two companies accounted for approximately 80% of investments made in the national territory by Visabeira Global, in the amounts of 1.3 million euros and 399 thousand euros, respectively. These investments relate primarily to equipment and assets required to meet the specific needs of each company and its activities.

Visabeira Indústria's investment in the sector amounted to 5.7 million euros, which accounts for more than 80% of investments made in industry, mainly aimed at modernising

Vista Alegre and Bordallo Pinheiro. The projects currently in progress, whose goal is the development of optimised and innovative production processes, will allow expanding the offer and increasing the quality of the products. At the end of 2017, and in the continuation of this policy of continuous improvement, Vista Alegre started investing in another innovation project, this time in its Porcelain factory in Ílhavo. At Visabeira Turismo, the main investments were made by Empreendimentos Turísticos Montebelo, in the amount of 1.8 million euros, essentially aimed at upgrading and improving the facilities at its units.

INTERNATIONAL (amounts in euros)		
	Amount	Investment
Mozambique		
TV Cabo Moçambique	3,888,531	Expansion of the network coverage area
Turvisa	1,535,853	Expansion works at the various hotels – Expansion of hotels
Imovisa	1,361,161	Expansion of the Montebelo Girassol Hotel
Milibangalala	711,769	Montebelo Milibangalala
Televisa	68,034	Equipment
Other	38,516	
Angola		
TV Cabo Angola	37,567,203	Expansion of the network coverage area and acquisition of IRU
Comatel	1.835,942	Equipment
Álamo Angola	65,605	Equipment
Other	133,310	
France		
Constructel	2,340,736	Equipment (transportation)
SCI Constructel	825,550	Buildings
Constructel Energie	166,527	Equipment
Gatel	44,171	Equipment
Belgium		
Constructel Belgium	332,908	Equipment
Germany		
Constructel GmbH	1,045,087	Equipment
Other countries		
	472,136	
TOTAL	52,433,039	

Investment in foreign markets was mainly concentrated in the main geographies where the Group is present, namely Angola, which accounted for 76% (39.6 million euros) and Mozambique, with 15% (7.6 million euros). In France, Constructel invested 2.3 million euros in equipment and technical means, necessary to provide operational teams with suitable resources, especially in terms of transportation. In the Angolan market, highlight goes to TVCABO, which was responsible for most of the investment (around 95%), with 37.5 million euros, mainly referring to the right to use international Internet traffic connectivity, acquired in 2017, in the amount of nearly 19 million euros for ten years. The company also invested in expanding its network in the areas of greater urban growth, such as the metropolitan area of Luanda – Corimba and Viana Sul, Vila Pacifica/Zango, Benfica and the centers of Kilamba Kiaxe, Camama and Sequele –, as well as the province of Huambo; plus the investment made in equipment for operations in the various provinces with a view to improving the quality of the data services offered. In the Mozambican market, investment was divided by several companies, a special highlight to TVCABO, Turvisa and Imovisa. TVCABO invested 3.9 million euros, mainly in the expansion of its network in the various provinces, as well as in the purchase of

equipment necessary to increase the business' competitiveness. Turvisa invested 1.5 million euros, mainly in refurbishment works in several hotels (Montebelo Indy, Montebelo Girassol Songo – phase II, Montebelo Girassol Maputo and Montebelo Gorongosa). The investment made by Imovisa, of 1.4 million euros was largely related to the expansion of the Montebelo Girassol Maputo.

Financial investments

As part of its expansion in strategic markets, the Grupo Visabeira incorporated and acquired various companies during 2017. Constructel France purchased 60% of Italian Ieme SRL, a company with more than 50 years in the Italian market, with a view to expanding its activity in the electricity and telecommunications sector in that market, and strengthening its presence in Europe. Highlight also to Belgium, where Constructel France acquired 60% of Modal Installation, a company with more than 25 years of activity, thus reinforcing the company's presence in the Belgian market and becoming the main service provider for Belgacom.

Risk factors

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

In this regard, the Grupo Visabeira has always given great importance to actively managing the various financial risks, with a view to minimising their potential negative impacts on the company's cash flow, results and value. Therefore, the group promotes a careful management of these risks by devising the most appropriate hedging strategies for each situation. The Group 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 jeopardise its strategic objectives.

Interest Rate Risks

The Group'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 2017 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, greater relevance was given to financing the various subsidiaries, particularly in Angola and Mozambique, in the local currency. On the date of the balance sheet, the Grupo Visabeira has open positions classified as hedging instruments associated with this index for 2.7 million euros, contracted in 2015 with a mark-to-market value of -26 thousand euros. 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. The rate opened the year 2017 at -0.318% and stood at -0.329% at the end of the year. With Euribor at very low levels and with a stable short-term trend, the Group 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 Group, 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 Group 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, after a period of devaluation of the Mozambican Metical, last year there was an appreciation of 16.95% 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. However, in 2018, the Angolan government launched a process leading to a devaluation of the national currency, with a view to eliminating the peg against the US dollar through limited auctions in volume and exchange rate, controlled by the BNA, under the Macroeconomic Stabilization Programme. The European currency has become the benchmark for the Angolan market since the beginning of 2017, because of the restrictions that affected corresponding banks. In January 2018, the Angolan currency accumulated a depreciation of 39% against the Euro and 25% against the Dollar. The consolidated financial results include foreign exchange losses resulting from foreign exchange rate agreements in the amount of 11.3 million euros.

Cash flow risks

The cash and investments of all Group 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, due to the timely obtaining of the necessary working capital to finance the operational cycle, a fundamental condition for sustained economic and financial growth. On 31 December 2017, amounts paid in advance by customers in this format stood at 41.4 million euros.

The Group 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 transaction. The assessment of credit risk reflects the multiplicity, quality and origin of the information available to the credit analyst.

For many years, the Grupo Visabeira 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, 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. In addition, this model ensures the hedging of risks that have no amount attributed in the aforementioned policy, or guarantee 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, which is something that the decision model allows assertively controlling. Also relevant is the amount received as advance payment or payments in cash,

which, in the year under review, represented a volume of about 15% 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 Group, had, this year, a weight of 2.17%. Companies in the Grupo Visabeira that operate as infrastructure and telecommunications service providers sell to entities of recognised financial probity, which accounted for about 68% of consolidated turnover in 2017. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of this are Orange (France Telecom), MEO – Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição, GRDF – Distribution de Gaz Naturel en France and ERDF – Electricité Réseau Distribution France, TDM – Telecomunicações de Moçambique, EDM – Eletricidade de Moçambique, Hidroelectrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, and natural gas concessionaires, among others.

Liquidity Risks

The Group 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 Group 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 group contracted a 20 million euros loan with a bullet refund in 2022 and a Commercial Paper Programme in the amount of 32.3 million 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.

Also in 2017, Visabeira Global liquidated a short-term current account, in the amount of 8 million euros, and a Commercial Paper Programme with a shorter maturity, in the amount of 24.3 million euros. These operations have strengthened Visabeira Global's equity and working capital, giving it greater financial strength and reducing liquidity risk. Also noteworthy was the release of the first tranche of the European Investment Bank's financing for TV Cabo Angola, worth 17,5 million euros, with a grace period of two years which expires in 2024.

The amount of short-term debt includes the amount of

23.5 million euros, related to pledged current accounts and authorised overdrafts, and the amount of 32.1 million euros, related to bond loan operations, a commercial paper programme in which there is understanding with the counterparties to refinance the respective operations. The short-term residual debt will amount to 70 million euros, representing about 11% of the consolidated debt. Based on the same assumption, considering cash and cash equivalents (although around 28.5 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 41.5 million euros, which could also be addressed with the operational flows released during the year (estimated to rise, after taxes, to 123 million euros in 2018).

In addition to the investment in the expansion project of TVCABO Angola, supported by the European Investment Bank, the Group has approved financing lines under the Portugal2020 programme and from financial institutions, amounting to 22 million euros. The Group will seek to obtain specific funding for the remaining investments planned for 2018. 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 and institutions that have recently increased their involvement with the Group. The short-term debt of Grupo Visabeira is rated "B" by ARC Ratings, which means that the Group currently has sufficient 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 Group was rated "BB+", with a positive trend.

The overall liquidity ratio in the consolidated accounts stood at 0.81, against 0.8 in 2016, showing an improvement in the adequacy of financing of current assets by current liabilities, compared to the previous year.

AMBITERMO
Development and design of
industrial boilers and energy
recovery systems.



VIATEL

Main national company in
the telecommunications
network engineering sector.



Business evolution by area

TURNOVER BY COMPANY(euros)

Business Areas	Total		Group		Consolidated 2017		Consolidated 2016	
GLOBAL								
Portugal	169,460,460	32.8%	29,995,762	45.5%	139,464,698	30.9%	180,506,288	42.0%
Visabeira Global, SGPS	2,641,794	0.5%	2,525,077	3.8%	116,717	0.0%	133,737	0.0%
Aeroprotechnik	174,513	0.0%	0	0.0%	174,513	0.0%	74,173	0.0%
Edivisa	17,389,757	3.4%	7,789,539	11.8%	9,600,218	2.1%	18,132,010	4.2%
Field Force Atlântico	162,824	0.0%	0	0.0%	162,824	0.0%	0	0.0%
Naturenergia	3,387,182	0.7%	941,773	1.4%	2,445,410	0.5%	2,368,566	0.6%
PDT	29,644,689	5.7%	3,658,099	5.5%	25,986,589	5.8%	31,809,035	7.4%
PTC	12,000	0.0%	12,000	0.0%	0	0.0%	0	0.0%
Real Life Technologies	14,302,665	2.8%	2,318,509	3.5%	11,984,156	2.7%	14,558,232	3.4%
Viatel	66,466,465	12.9%	7,844,766	11.9%	58,621,699	13.0%	84,213,524	19.6%
Visabeira	32,704,969	6.3%	3,641,828	5.5%	29,063,141	6.4%	27,240,696	6.3%
Visacasa	2,573,602	0.5%	1,264,171	1.9%	1,309,431	0.3%	1,976,315	0.5%
France	167,498,099	32.4%	5,415,846	8.2%	162,082,253	36.0%	142,522,860	33.1%
Constructel	142,529,813	27.6%	2,310,347	3.5%	140,219,467	31.1%	124,574,145	29.0%
Constructel Energie	20,090,114	3.9%	0	0.0%	20,090,114	4.5%	16,065,532	3.7%
Gatel	4,614,692	0.9%	2,870,721	4.4%	1,743,972	0.4%	1,883,183	0.4%
SCI Constructel	263,478	0.1%	234,778	0.4%	28,700	0.0%	0	0.0%
Belgium	23,228,952	4.5%	372,641	0.6%	22,856,311	5.1%	7,855,042	1.8%
Constructel Belgium	6,900,818	1.3%	0	0.0%	6,900,818	1.5%	7,855,042	1.8%
Modal	9,661,463	1.9%	46,790	0.1%	9,614,673	2.1%	0	0.0%
Cabling	6,421,279	1.2%	80,686	0.1%	6,340,593	1.4%	0	0.0%
Mascaux	245,392	0.0%	245,166	0.4%	226	0.0%	0	0.0%
Mozambique	34,032,318	6.6%	6,329,309	9.6%	27,703,009	6.1%	26,271,348	6.1%
Constructel Africa	106,279	0.0%	106,279	0.2%	0	0.0%	0	0.0%
Hidroafrica	1,299,719	0.3%	480,767	0.7%	818,952	0.2%	49,456	0.0%
Real Life Academy	1,117	0.0%	0	0.0%	1,117	0.0%	26,133	0.0%
Real Life Mozambique	1,191,397	0.2%	7,447	0.0%	1,183,951	0.3%	1,835,809	0.4%
Selfenergy	463	0.0%	0	0.0%	463	0.0%	298,496	0.1%
Sogitel	4,662,605	0.9%	2,857,920	4.3%	1,804,685	0.4%	1,737,880	0.4%
Televisa	10,047,099	1.9%	2,650,279	4.0%	7,396,820	1.6%	6,942,612	1.6%
TV Cabo	16,319,636	3.2%	187,566	0.3%	16,132,070	3.6%	14,987,092	3.5%
Visaqua	404,003	0.1%	39,051	0.1%	364,952	0.1%	393,870	0.1%
Angola	98,938,448	19.2%	22,838,324	34.6%	76,100,124	16.9%	65,132,357	15.1%
Comatel	25,381,236	4.9%	19,579,193	29.7%	5,802,044	1.3%	7,686,765	1.8%
Edivisa Angola	3,077,718	0.6%	2,981,095	4.5%	96,623	0.0%	198,556	0.0%
Electrovisa	164,158	0.0%	163,430	0.2%	728	0.0%	14,709	0.0%
TV Cabo Angola	70,315,337	13.6%	114,607	0.2%	70,200,730	15.6%	57,232,328	13.3%
Germany	8,196,737	1.6%	1,000,000	1.5%	7,196,737	1.6%	7,442,073	1.7%
Constructel GmbH	8,196,737	1.6%	1,000,000	1.5%	7,196,737	1.6%	7,442,073	1.7%
Sweden	9,426	0.0%	0	0.0%	9,426	0.0%	0	0.0%
Constructel Sweden AB	9,426	0.0%	0	0.0%	9,426	0.0%	0	0.0%
Denmark	3,838,649	0.7%	0	0.0%	3,838,649	0.9%	509,178	0.1%
Constructel Denmark	3,838,649	0.7%	0	0.0%	3,838,649	0.9%	509,178	0.1%
Italy	11,478,153	2.2%	0	0.0%	11,478,153	2.5%	0	0.0%
Ieme	11,478,153	2.2%	0	0.0%	11,478,153	2.5%	0	0.0%
TOTAL	516,681,242	100.0%	65,951,882	100.0%	450,729,360	100.0%	430,239,147	100.0%

Business Areas	Total		Group		Consolidated 2017		Consolidated 2016	
INDUSTRY								
Portugal	125,810,693	87.3%	15,968,290	93.6%	109,842,402	86.4%	96,678,267	85.7%
Visabeira Indústria, SGPS	275,818	0.2%	275,818	1.6%	0	0.0%	5,971	0.0%
Ambitermo	10,489,866	7.3%	918	0.0%	10,488,949	8.3%	9,995,642	8.9%
Bordallo Pinheiro	6,087,094	4.2%	2,671,008	15.7%	3,416,086	2.7%	3,253,604	2.9%
Cerutil	7,330,131	5.1%	1,616,852	9.5%	5,713,278	4.5%	5,115,243	4.5%
Granbeira	2,767,630	1.9%	448,051	2.6%	2,319,579	1.8%	1,765,933	1.6%
Mob	6,378,532	4.4%	1,259,049	7.4%	5,119,483	4.0%	5,180,397	4.6%
Pinewells	12,271,440	8.5%	36	0.0%	12,271,404	9.7%	7,453,856	6.6%
Ria Stone	18,486,323	12.8%	0	0.0%	18,486,323	14.5%	16,854,487	14.9%
Vista Alegre Atlantis	61,723,857	42.8%	9,696,558	56.8%	52,027,299	40.9%	47,053,134	41.7%
Mozambique	2,083,398	1.4%	27,167	0.2%	2,056,231	1.6%	1,475,234	1.3%
Agrovisa	28,925	0.0%	26,383	0.2%	2,542	0.0%	8,601	0.0%
Celmoque	1,921,487	1.3%	783	0.0%	1,920,704	1.5%	1,316,299	1.2%
Vista Alegre Atlantis Mozambique	132,986	0.1%	0	0.0%	132,986	0.1%	150,333	0.1%
Angola	3,935,707	2.7%	1,062,991	6.2%	2,872,716	2.3%	3,458,222	3.1%
Álamo Angola	3,921,821	2.7%	1,058,979	6.2%	2,862,842	2.3%	3,384,844	3.0%
Visaconstroí	13,886	0.0%	4,012	0.0%	9,874	0.0%	73,378	0.1%
France	365,875	0.3%	2,757	0.0%	363,118	0.3%	859,522	0.8%
Mob Cuisines	365,875	0.3%	2,757	0.0%	363,118	0.3%	859,522	0.8%
Brazil	3,350,533	2.3%	0	0.0%	3,350,533	2.6%	2,697,163	2.4%
Vista Alegre Atlantis Brazil	3,350,533	2.3%	0	0.0%	3,350,533	2.6%	2,697,163	2.4%
United States of America	1,127,213	0.8%	0	0.0%	1,127,213	0.9%	994,893	0.9%
Vista Alegre Atlantis USA	1,127,213	0.8%	0	0.0%	1,127,213	0.9%	994,893	0.9%
Spain	7,469,848	5.2%	0	0.0%	7,469,848	5.9%	6,704,952	5.9%
Vista Alegre Atlantis Spain	7,469,848	5.2%	0	0.0%	7,469,848	5.9%	6,704,952	5.9%
TOTAL	144,143,266	100.0%	17,061,204	100.0%	127,082,062	100.0%	112,868,253	100.0%
TOURISM								
Portugal	37,361,141	84.2%	8,922,804	94.3%	28,438,336	81.5%	26,965,512	80.7%
Visabeira Turismo, SGPS	569,720	1.3%	569,720	6.0%	0	0.0%	6,630	0.0%
Empreedimentos Montebelo	14,702,349	33.1%	3,092,623	32.7%	11,609,726	33.3%	11,643,545	34.8%
Movida	16,548,592	37.3%	4,528,122	47.9%	12,020,469	34.4%	11,317,936	33.9%
Mundicor	1,073,440	2.4%	473,867	5.0%	599,572	1.7%	536,361	1.6%
VAA - Empreedimentos Turísticos	3,129,574	7.1%	194,299	2.1%	2,935,275	8.4%	2,266,109	6.8%
Zambeze	1,337,467	3.0%	64,173	0.7%	1,273,294	3.6%	1,194,931	3.6%
Mozambique	7,007,002	15.8%	537,960	5.7%	6,469,042	18.5%	6,465,818	19.3%
Turvisa	7,007,002	15.8%	537,960	5.7%	6,469,042	18.5%	6,465,818	19.3%
TOTAL	44,368,142	100.0%	9,460,764	100.0%	34,907,379	100.0%	33,431,330	100.0%

Business Areas	Total		Group		Consolidated 2017		Consolidated 2016	
REAL ESTATE								
Portugal	7,832,298	75.3%	748,467	46.8%	7,083,831	80.4%	4,171,465	70.5%
Visabeira Imobiliária, SGPS	337,505	3.2%	337,505	21.1%	0	0.0%	0	0.0%
Ifervisa	3,724,080	35.8%	36,599	2.3%	3,687,481	41.9%	1,747,090	29.5%
Visabeira Imobiliária, SA	3,770,713	36.2%	374,362	23.4%	3,396,351	38.6%	2,424,375	41.0%
Mozambique	2,574,823	24.7%	849,328	53.2%	1,725,495	19.6%	1,742,426	29.5%
Imovisa	2,574,823	24.7%	849,328	53.2%	1,725,495	19.6%	1,742,426	29.5%
TOTAL	10,407,122	100.0%	1,597,795	100.0%	8,809,326	100.0%	5,913,891	100.0%
FINANCIAL HOLDINGS								
Portugal	34,952,502	69.5%	25,536,094	76.0%	9,416,409	56.2%	8,131,683	43.3%
Visabeira Participações, SGPS	606,046	1.2%	606,046	1.8%	0	0.0%	16,973	0.1%
2 Logical	879,547	1.7%	0	0.0%	879,547	5.3%	655,441	3.5%
Benetrónica	10,161,483	20.2%	9,192,983	27.4%	968,500	5.8%	1,200,807	6.4%
Hospital Nossa Srª Arrábida	4,093,920	8.1%	17,761	0.1%	4,076,159	24.3%	3,357,548	17.9%
lutel	332,094	0.7%	583	0.0%	331,511	2.0%	307,355	1.6%
Porto Salus	2,244,827	4.5%	12,000	0.0%	2,232,827	13.3%	1,595,716	8.5%
Rentingvisa	7,995	0.0%	7,995	0.0%	0	0.0%	0	0.0%
Visabeira Pro Estudos e Investim.	16,616,690	33.0%	15,688,825	46.7%	927,864	5.5%	997,200	5.3%
Visabeira Knowledge & Research	0	0.0%	0	0.0%	0	0.0%	643	0.0%
Visabeira Saúde	9,900	0.0%	9,900	0.0%	0	0.0%	0	0.0%
Spain	6,000	0.0%	0	0.0%	6,000	0.0%	6,000	0.0%
Visabeira Spain	6,000	0.0%	0	0.0%	6,000	0.0%	6,000	0.0%
Mozambique	5,775,181	11.5%	3,003,076	8.9%	2,772,105	16.6%	2,979,980	15.9%
Autovisa	462,544	0.9%	342,951	1.0%	119,592	0.7%	120,553	0.6%
Combustíveis do Songo	1,284,224	2.6%	0	0.0%	1,284,224	7.7%	1,421,118	7.6%
Mercury	1,773,719	3.5%	637,263	1.9%	1,136,457	6.8%	1,211,273	6.5%
Vibeiras Mozambique	239,405	0.5%	28,744	0.0%	210,661	1.3%	229,973	1.2%
Visabeira Moçambique	2,015,290	4.0%	1,994,118	5.9%	21,171	0.1%	-2,937	0.0%
Angola	9,588,745	19.1%	5,042,413	15.0%	4,546,331	27.2%	7,653,798	40.8%
Catari Angola	10,899	0.0%	0	0.0%	10,899	0.1%	120,417	0.6%
Mercury Angola	851,504	1.7%	487,431	1.5%	364,073	2.2%	315,498	1.7%
Visabeira Angola	1,661,867	3.3%	1,645,799	4.9%	16,068	0.1%	10,003	0.1%
Visauto	7,064,474	14.0%	2,909,183	8.7%	4,155,292	24.8%	7,207,881	38.4%
TOTAL	50,322,428	100.0%	33,581,583	100.0%	16,740,845	100.0%	18,771,462	100.0%
HOLDING								
Portugal	2,817,906	100.0%	2,815,786	100.0%	2,120	100.0%	32,785	100.0%
Grupo Visabeira	2,814,671	99.9%	2,814,171	100.0%	0	0%	32,395	98.8%
Visa House	3,235	0.1%	1,115	0.0%	2,120	100.0%	390	1.2%
TOTAL	2,817,906	100.0%	2,815,786	100.0%	2,120	100.0%	32,785	100.0%
OVERALL TOTAL	768,740,106	100.0%	130,469,013	100.0%	638,271,092	100.0%	601,256,868	100.0%

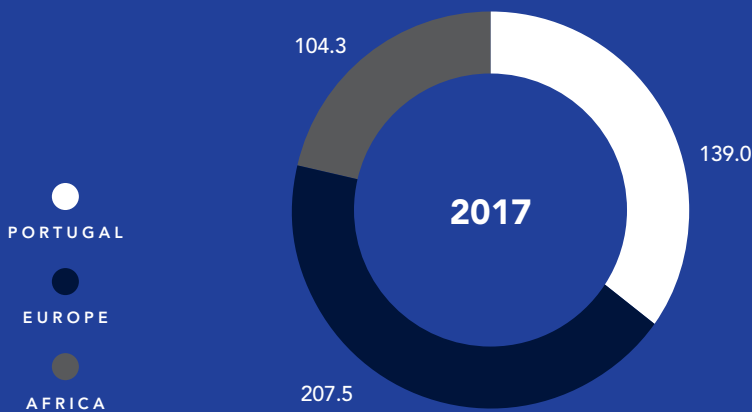


CONSOLIDATED INDICATORS (amounts expressed in million euros)

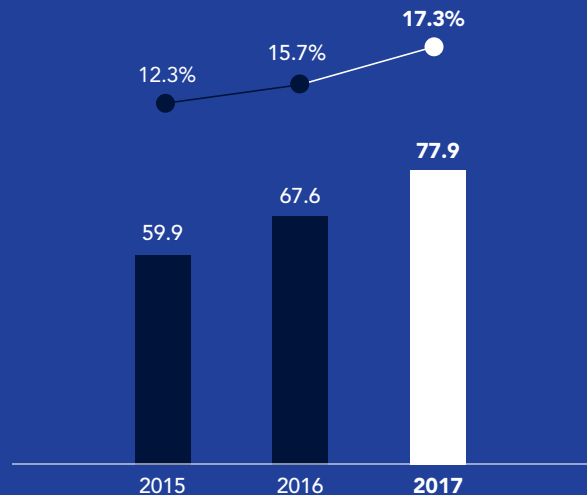
	2017	2016	YoY Changes
Turnover	451	430	5%
EBITDA	77.9	67.6	15%
EBITDA Margin	17.3%	15.7%	1.6 pp
Recurring operating income*	54.3	52.1	4 %
Operating margin	12.1%	12.1%	-0.1 pp
Net income	20.4	25.9	-21%
Net investment	62.7	24.5	156%
Debt	149.9	80.7	86%
Inventories	31.1	36.2	-14%
Fixed assets (including goodwill)	276	142	94%

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

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN** (%)



Visabeira Global is the largest holding company and aggregates the core service activities of the Grupo Visabeira, encompassing the areas of telecommunications, energy, technology and construction. It is also the one with the largest international presence in terms of foreign operations and the one that has assured the greatest geographical expansion.

In 2017, the consolidated turnover of Visabeira Global grew by 5%, reaching 451 million euros. EBITDA rose to 77.9 million euros, a growth of 15% over the previous year. Consequently, the EBITDA margin increased by 1.6 p.p., reaching 17.3%. This performance was mainly driven by the telecommunication network infrastructure engineering, energy and cable television (CATV) business areas, which more than compensated for the decrease in the construction segment. Foreign markets accounted for 69% of Visabeira Global's total turnover and for 73% of its EBITDA. EBITDA in foreign markets stood at 56.6 million euros, with highlight to the French telecommunications segment, which represented 36% of the holding company's turnover and 18.4% of its EBITDA, and the Cable TV segment in Angola and Mozambique (TV CABO), which together accounted for 19.2% of Visabeira Global's turnover and 35% of its EBITDA. In Portugal, turnover amounted to 139 million euros, with highlight to the contributions from the telecommunications and energy areas, which were complemented by the ICT and construction segments.

TELECOMMUNICATIONS

The consolidated turnover of the telecommunications area in 2017 amounted to 360 million euros, having grown 4% over the previous year. EBITDA stood at 67.3 million euros, an increase of 28% over 2016, with the EBITDA margin increasing by 3.5 p.p., corresponding to a growth of 23%. The business growth in Europe and the expansion to new geographies has been the main strength of Visabeira Global's strategy, with a special focus on this sector of telecommunications. An important event of 2017 was the entry into the Italian market, as a result of the acquisition by Constructel of a local company (leme), one of the main and most historic service providers of ENEL (incumbent electricity distribution operator). The acquisition of leme, powered by Visabeira Global's parent company, will enable it to establish itself in this market more rapidly, in the energy segment and also in telecommunications, namely in the construction of fibre-optic networks.

In Europe, the Constructel brand continues to be the mainstay of Visabeira Global's continuous expansion in the various geographies where it has been gaining a leading position: France, Germany, Belgium, Denmark and, more recently, Italy.

Constructel France has strengthened its position as the leading service provider for French operator Orange (France Telecom), currently being one of its main service providers operating throughout the territory, with a workforce including over 3,000 technicians, roughly half of which are internal, the other half providing services through partner companies. Constructel France also has an operational presence in the Caribbean, working for Orange, where it already boast a long tradition and recognition. In 2017, the company secured a major contract, in the amount of 100 million euros, as part of a consortium with Orange, to build a fibre-optic network in Martinique, thus consolidating its leading position in the telecommunications sector in this region. Similarly to what had occurred in 2007, it was once again necessary for Constructel to show a strong commitment and mobilisation to proceed with an emergency intervention to rebuild the telecommunication networks on the island of Guadeloupe and the Northern Islands, namely St. Martin and St. Barthelemy, territories that were devastated by hurricanes Irma and Maria in September 2017. Once again, the ability to rapidly mobilise

a large number of resources to respond in a timely manner to the impact of these natural disasters on telecommunication infrastructures has been well recognised and appreciated by our telecommunication customers/operators.

In Belgium, Constructel consolidated its presence in the telecommunications sector, where we highlight the trust shown by Proximus (Belgacom) with regard to fixed telecommunications, in the form of the agreement that makes the company one of the main partners for the construction of fibre optic networks and also with regard to the mobile network, by securing its anchor customer, Ericsson. A relevant fact in 2017, in line with the strategy of consolidation and growth in this country, was the acquisition of the company Modal, which operates in the telecommunications sector, developing its activity in areas complementing those of Constructel Belgium. The merger of these companies makes Constructel the main service provider for Proximus (Belgacom). Constructel Denmark was awarded the "Best Quality Award" – Nordic Region by Huawei, an award bestowed upon the Visabeira Global company for quality and excellence in service delivery, namely concerning the "GigaCoax" project, which consisted of a technological upgrading of the coaxial network of operator TDC. The company was selected out of a universe of 20 service providers operating in Denmark, Finland, Iceland, Norway and Sweden.

Through its multi-disciplinary role in fixed and mobile networks, Constructel Germany has strengthened its position as a reference partner for Deutsche Telekom, which demonstrated confidence in the delivery of an important portfolio of fibre optic networks in Cologne, Stuttgart and Munich, as well as conquering new contracts for customer network services in the same regions, thereby consolidating the company's position. As for other customers, highlight goes also to the pioneering installation of an innovative cargo container control and management system for SigFox GmbH, a work carried out on freighter MS Spica J, at the Dutch port of Rotterdam. Special mention should also be made of the fact that Constructel GmbH was chosen as one of SIGFOX's main partners for the construction of the Internet of Things (IOT) network in Germany.

In 2017, Constructel presented a turnover of 209.5 million euros in 2017, thus having grown by 33.8% compared to 2016,

when it had recorded an amount of 156.6 million euros. Having reaching 17.9 million euros, EBITDA grew by an impressive 148.6% (7.2 million in 2016).

In Portugal, Viatel maintained its reference position in the sector, achieving significant growth in the last months of 2017. In addition to its traditional activity with customer MEO, it focused on attracting new customers, including a number of Municipal Councils, the Administrations of the Douro and Leixões Maritime ports and *Infraestruturas de Portugal*, which were added to its portfolio of activities. In the commercial sector, the company ensured the maintenance of leadership in the segment. On the other hand, in the mobile network segment, Viatel presented a significant growth in view of recent history, ensuring the acquisition of new customers, namely in the transportation sector, while consolidating its presence with the main technology suppliers. Viatel remains a strategic piece in Visabeira Global's international growth strategy, both in the field of engineering and operational support, an in the important area of training and technical assistance, as well as in the recruitment and management of technicians' mobility and logistics. The company's financial statements show an impact on turnover but no impacts on EBITDA, due to changes in the material resale policy.

Still in the telecommunications sector, PDT has strengthened its position as NOS' main service provider, both in the technical/operational area and in the commercial area, having renewed its contract with NOS for a multi-year period and conquered new operating areas as of the second half of the year, having also expended its activity to the DTH segment.

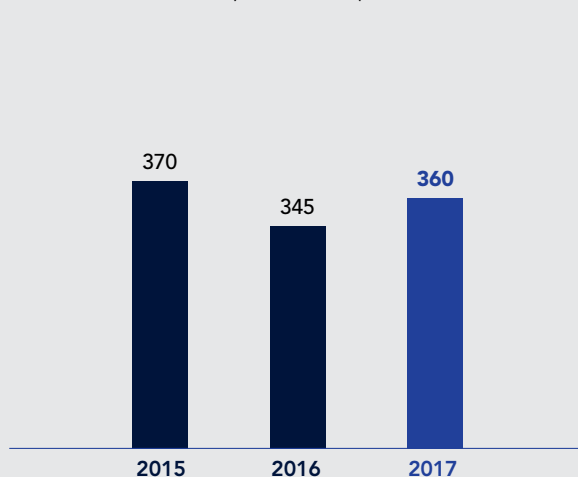
In Mozambique, Televisa consolidated its position in the market, with highlight to the construction of base stations, after securing two important contracts with customer Vodacom for the construction of another 112 telecommunication base stations and the construction of 200 Km of fibre-optic backbone, in order to strengthen that

operator's coverage in all provinces. The company also secured a new contract for the construction of another 120 sites, to be completed in 2018. Televisa thus strengthened its position as the largest service provider for Vodacom Moçambique, in the area of base station construction, having already delivered over 450 sites in the last 5 years. Televisa also consolidated another strategic priority, as it affirmed itself as the main network maintenance service provider, celebrating a 2-year contract with Vodacom for the maintenance of the Fibre-Optic Network (national backbone), which comprises nearly 12,000 km across the entire Mozambican territory. In FY 2017, Televisa recorded an increase in turnover of 27.7%, which grew from 7.9 million euros in 2016 (563 million meticals) to 10 million euros in 2017 (719 million meticals).

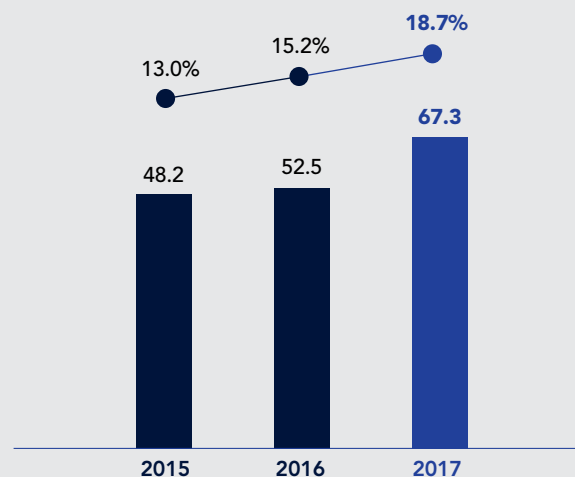
In Angola, Comatel maintained its reference position as a provider of telecommunication network engineering services, despite the slowdown in investment by the main local operators. In addition to its significant operations with TV Cabo Angola, the company began implementing the contract for the maintenance of the nearly 8,000-km-long national fibre-optic backbone network, for operator Angola Telecom. In another area, under the maintenance agreement signed with Unitel, it carried out several maintenance works on the fibre-optic network in the cities of Luanda and Cabinda. As for the construction component, also for this operator, Comatel was hired by Huawei to expand the metro network and ensure the installation/connection of fibre-optic access points in some parts of Luanda. On the other hand, together with Movitel, Comatel ensured the preventive and corrective maintenance of the metro network and fibre-optic access points in the city of Luanda. Still in 2017, Comatel, hired by ZTE, continued the implementation of a new project for the installation of prepaid energy meters, at this stage only in the province of Luanda, although there are plans to expand it to other provinces. Turnover in 2017 stood at 23.6 million euros (4,306 million kwanzas).

TELECOMMUNICATIONS

TURNOVER
(million euros)



EBITDA (million euros) and MARGIN (%)



TVCABO
Angola and Mozambique
Stand FILDA.

tv cabo

tv cabo

NESTE CACIMBO
APROVEITA O TEU CUBICO
COM A TVCABO

tv cabo

BRA

UTURO

INSTRUCOES

CATV

TVCABO Angola remains the only triple-play (TV + NET + VOICE) cable operator in Angola and remains committed to investing in innovative technologies and infrastructures to provide broadband, digital television and telephone services. The brand's notoriety stems from its technological dominance and its organisational and operational capacity, attributes that it develops in two distinct segments: the residential segment - *VIV A Vida a 3 Dimensões* and the business segment - *VIV Negócios com + Fibra*. In 2017, TV CABO continued to expand its FTTH (Fibre-to-the-Home) access network in the areas of greater urban growth of the metropolitan area of Luanda, extending them to the province of Huambo since October. In operational terms, highlight goes to activities aimed at migrating customers and buildings from coaxial to fibre-optics, as well as the segmentation of coaxial cells, so as to make them more reliable. In order to remain at the technological forefront,

TVCABO launched the *VIV Mais* service, which gives customers access to an advanced TV-over-the-Internet platform. Customers are able to watch their favourite TV channels at home or whenever and wherever they want, through their smartphone, tablet, computer or through TVCABO's *VIV Mais* box. In commercial terms, in 2017, there was an increase of 11.8% in the number of active contracts and of 7.3% in the total number of active services, in relation to 2016. As in previous years, there was a continuous increase in multi-service contracts, resulting from investments in communication, loyalty strategies and sales arguments for having TVCABO customers adhere to more services. Thanks to this performance, in 2017, turnover amounted to 63.7 million euros (11.8 billion Kwanzas), a growth of 12.4% over the previous year.

In 2017, TVCABO Moçambique launched another innovative service, *VIV Mais*, and is again a pioneer, being the only operator in the market with a multi-screen Internet television service. The *VIV Mais* service provides access to an innovative Internet TV platform, available through any smartphone, tablet, computer or TV set, with its own *VIV Mais* Box. Regarding the television service, highlight goes also to the launch of a new channel package, of the DStv range, as well as of the new channel package of TVCABO, *Nice TV*, which was well received in the market, thus reinforcing the company's position as a television operator. Regarding the Internet service, the company maintained its commitment to continually improving the quality of the service provided, namely by increasing the speed contracted in certain Internet plans, a significant increase of Happy Hours in plans with traffic ceilings and the restructuring of its residential portfolio, in which all TV + NET + VOICE packages were changed to offer unlimited Internet. In commercial terms, TVCABO maintained its commitment to developing the Corporate segment, having reinforced the implementation of specific platforms to support the management of this business segment. Simultaneously, as part of the process aimed at improving customer service, the *Call Me Back* service, available at the TVCABO website, was automated, which dramatically reduced callback times and consequently improved the user experience. In terms of network expansion, the company started a new project in Fomento, municipality of Matola, in addition to maintaining its strategy of continually

expanding its network to keep up with the urban and business growth in the cities that it covers. In 2017, turnover exceeded 16.3 million euros (1,167 million meticals), which translates into a growth of 10.6% over the previous year, when it stood at 14.7 million euros (1,055 million meticals). This sustained increase is a reflection of its commercial policy of business expansion, and a special contribution from cities outside the Province of Maputo.

ENERGY

Visabeira Global's energy business in Portugal, France, Italy and Mozambique increased by 39.4% in 2017, to 64.4 million euros. EBITDA from this business segment increased significantly, by 318%, reaching 4.6 million euros, with the EBITDA margin growing by 4.7 p.p., which corresponds to a 188% increase.

Visabeira, the main company in this area, consolidated its position in the Electricity sector for its main customers, EDP and REN. The level of performance, which has fulfilled expectations and increased customer satisfaction, continues to be underpinned by the maintenance of the staff training and capacity building effort, aimed at ensuring the achievement of quality and optimisation goals. The company simultaneously continues to invest in the creation of increasingly versatile teams, thus fulfilling resource optimisation and competitiveness goals. With customer EDP, the level of operation was maintained and the current contract for Construction, Repair and Maintenance of HV, MV and LV Distribution Networks was renewed for a new period, ending in 2020, thus solidifying the company's position as the second largest contractor in the country in this type of continuous works contracts. The estimated annual turnover is approximately 17 million euros, in line with that of 2015, 2016 and 2017. As in 2016, works continued under the scope of the *InovGrid* Project, namely regarding the activity of replacing electromechanical and static energy meters with *ENERGY BOX* Smart Meters. In the overall activity of Visabeira's three organisational areas, the company ensured the replacement/installation of over 50,000 units. On the other hand, activity for customer REN significantly increased, particular with the awarding of two more high-voltage line refurbishment projects (Lavos - Rio Maior and Batalha - Paraimo). In what concerns this customer, the year was marked by the execution of these two important works to uprate the lines to 400 kV, both with very ambitious deadlines, which were scrupulously met. The first one, which involved the uprating of the Lavos - Rio Maior 400 Kv line, took place between February and August. The work was carried out in a consortium and the section allocated to Visabeira corresponded to about 2.82 million euros. The second project, the remodelling and uprating of the Batalha - Paraimo line, took place between August and December. It was also carried out in a consortium, where the section allocated to Visabeira corresponded to around 2.9 million euros. As for other customers, highlight goes to works in Transport and Distribution Networks of customer EDA - Eletricidade dos Açores, a contract that will remain in force until the end of 2018.

In the gas segment, Visabeira was once again recognised by Galp Gás Natural Distribuição for excellence in services at a

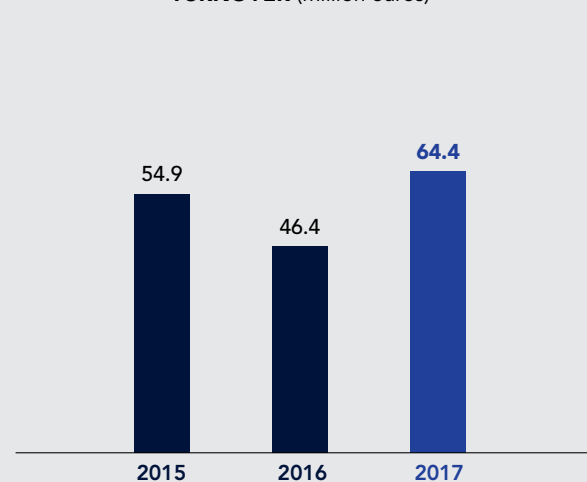
national level, in the 2016/2017 biennium. This distinction was obtained within the scope of the incentives created by Galp Gás Natural Distribuição, as part of the *Estrela* Service Quality Programme, which aims at rating and stimulating service providers, based on demanding parameters and objective evaluation criteria, with a view to ensuring total customer satisfaction. Visabeira Gás concluded negotiations for a contract with Galpenergia GGND (Galp Gás Natural Distribuição), which was signed simultaneously with Lusitaniagás and Beiragás, in a consortium with the company PRF, with a duration of 4 years and with a total estimated amount of 14.3 million euros. Globally, Visabeira's turnover amounted to 32.8 million euros in 2017, corresponding to an increase of 2% over the previous year.

In France, in the energy segment, Constructel consolidated its presence with the incumbent operators GrdF and ErdF (Enedis), thus reinforcing its importance as a player in this sector. The company conquered new markets in southern France, maintaining its strategy aimed at strengthening its presence in this region. The company continued to expand its activity, having entered new areas, such as the replacing of traditional energy meters with smart meters. This allowed the

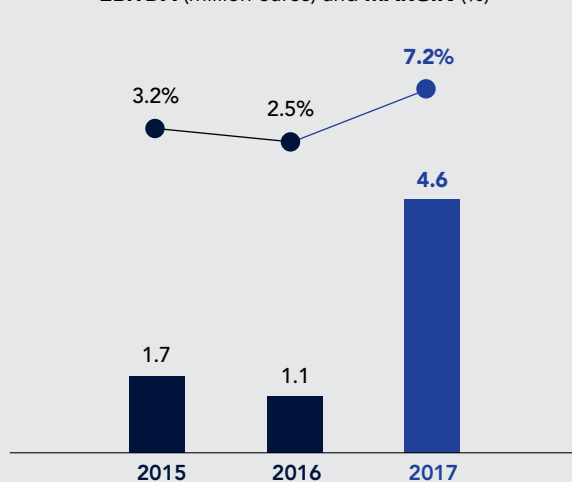
company to reach a turnover in excess of 20 million euros. Following the recent entry into the Italian market, Ieme's turnover in this segment amounted to 11.5 million euros. In Mozambique, in 2017, Electrotec continued to develop its specialised activity in the construction and maintenance of high-, medium- and low-voltage electricity transmission and distribution infrastructures, operating all throughout the Mozambican territory for its main customer – EDM – Eletricidade de Moçambique. In 2017, the company's turnover amounted to 2.4 million euros (168 million meticals), a growth of 3% over the previous year. Also in Mozambique, HidroAfrica maintained its activity in the water segment, in association with important projects, such as: Construction of the Limane Irrigation System for PROIRRI, of the Aquaculture Demonstration and Training Centre in Chokwé, for the National Aquaculture Development Institute (INAQUA) of the Ministry of Fisheries, and the Electrification Works for a mini hydropower plant in Chiuraírué, for customer FUNAE. In commercial terms, 2017 was marked by the awarding of two new contracts for the rehabilitation of the Intabo and Munda-Munda irrigation systems, in the total amount of 3 million euros (214.9 million meticals). HidroAfrica's turnover increased by 39%, to 1.3 million euros (93.0 million meticals).

ENERGY

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN** (%)





COMMUNICATION AND INFORMATION TECHNOLOGY

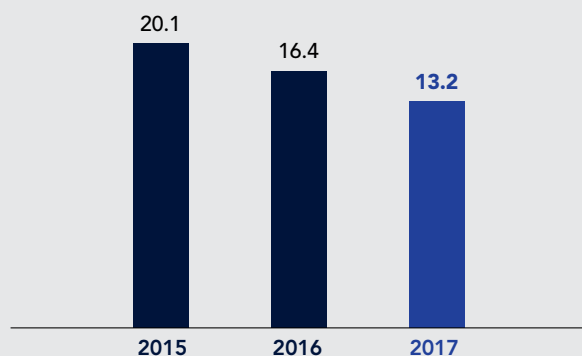
The technology segment reached a turnover of 13.2 million euros in 2017 and an EBITDA of 1 million euros, which corresponds to an EBITDA margin of 7.2%.

In this area, 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. The company has strengthened its position as an integrated service provider, thanks to the skills it develops and its agile attitude towards the reality of the market, which optimise the offer of global solutions and services. In 2017, Viatel's Technology division consolidated its organisation and structure to provide specialised services in the technological areas of data centre infrastructures, access network technologies

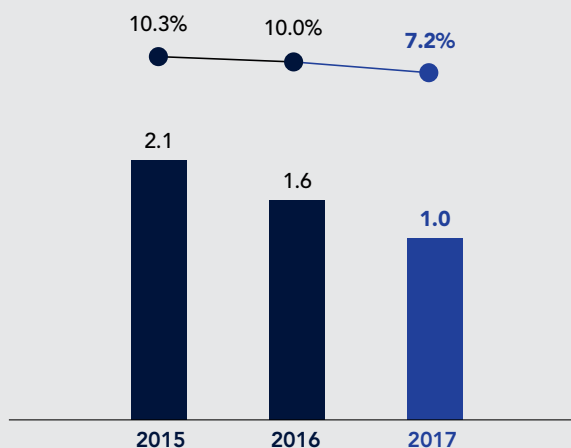
(fixed and mobile) and telecommunication transport, as well as new technologies in the areas of smart cities and the Internet-of-Things (IoT). It also strengthened its collaboration with the various companies of the Grupo Visabeira, which have had an increasing need for services in these areas. It should also be noted that, during this period, the acquisition of a considerable number of new customers has enabled us to anticipate a scenario of consolidated growth for this activity within Visabeira Global. Despite some disinvestment in some of the segments in which the company has more presence, the expectation is that the sector will grow in the near future, opening up new opportunities, for which the company is already positioned.

TECHNOLOGY

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN** (%)



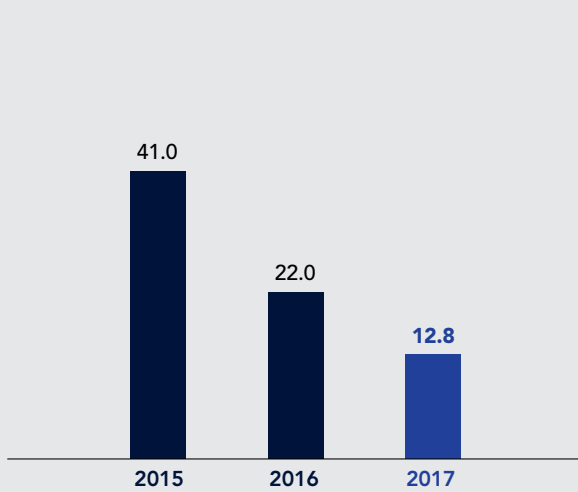
CONSTRUCTION

Turnover from Visabeira Global's construction segment decreased to 12.8 million euros in 2017, with EBITDA standing at 5 million euros, corresponding to an EBITDA margin of 39.2%. The decrease in relation to 2016 was mainly due to the conclusion, in that year, of the important works for the refurbishment and reconstruction of the Sena railway line, in Mozambique. Edivisa, with across-the-board experience in Construction and Maintenance of Buildings and Infrastructures, is currently recognised as a benchmark company in the construction market, boasting a vast portfolio of works in a variety of sectors. It develops its activity along two axes of action – public works and real estate market – acting within the scope of construction, refurbishment, remodelling and maintenance of buildings and infrastructures. In the public works segment, in line with the growth trend of public investment in Portugal, Edivisa tendered for works in the amount of 113.2 million euros, 68 million euros more than in the previous year. The volume of contracted works amounted to 10.8 million euros, thus maintaining the award

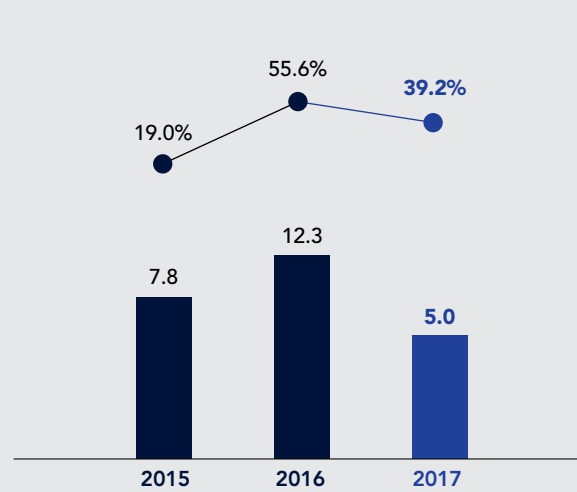
performance achieved in 2016. In the portfolio of awarded works, in 2017, highlight goes to the works in the tunnels for the Gouvães Dam, whose contract amount was one million, one hundred and sixty thousand euros. We should note that the construction of this dam, in which Edivisa integrates a consortium with Aciona and Mota Engil, is part of an ambitious project by Iberdrola for the hydroelectric development of the river Tâmega. In Mozambique, in 2017, Sogitel maintained its activity in the real estate and construction segments. In Real Estate, the exploration of the Nampula Building continued, without significant changes in the number of leases. In Construction, 2017 was a year of continuity for Sogitel, whose main external customers were Fundinvest and the Embassy of Portugal. Edivisa's activity in Mozambique remained focused on the operations for the construction and maintenance of railway infrastructures and, as expected, the year 2017 was marked by the maintenance of the entire extension of the Sena Railway Line, whose reconstruction and refurbishment works had been completed in 2016.

CONSTRUCTION

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)



EDIVISA
Detail of the full refurbishment of
the Vista Alegre Palace.



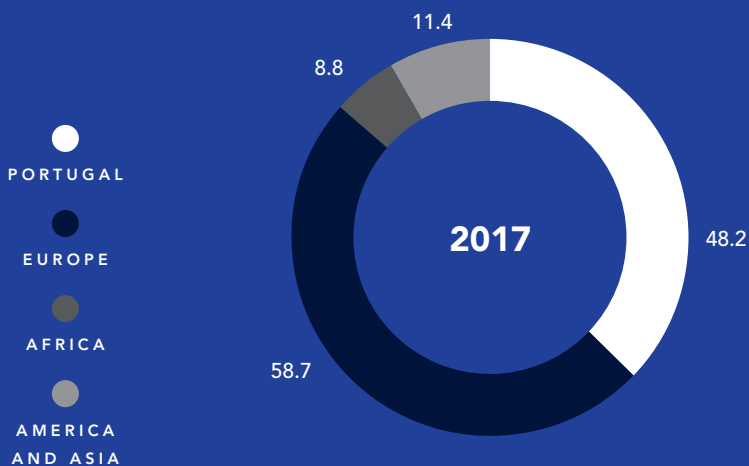


CONSOLIDATED INDICATORS (amounts expressed in million euros)

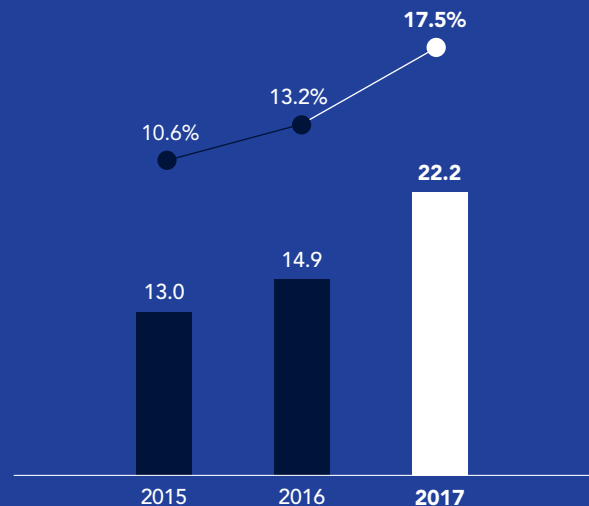
	2017	2016	YoY Changes
Turnover	127	113	13%
EBITDA	22.2	14.9	50%
EBITDA Margin	17.5%	13.2%	4.3 pp
Recurring operating income*	13.0	7.8	67%
Operating margin	10.2%	6.9%	3.3 pp
Net income	2.1	0.0	15337%
Net investment	6.5	6.9	-5%
Debt	62.5	66.2	-6%
Inventories	42.6	43.6	-2%
Fixed assets (including goodwill)	206	205	1%

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

TURNOVER (million euros)



EBITDA (million euros) and **MARGIN** (%)



In 2017, Visabeira Indústria's consolidated turnover increased by 13% YoY, to 127 million euros. EBITDA grew by 50%, from 14.9 million euros in 2016 to 22 million in 2017. Highlight goes to the very significant evolution of operating income, which, in 2017, stood at 14.2 million euros, reflecting a growth rate of 67% over 2016. This performance is the result of the reinforcement of a strategy based on a continuous focus on product innovation and development, always supported by the expansion of its markets and the strengthening of its commercial capacity, thus obtaining historical results in the majority of indicators of its main business areas. The strengthening of its international presence, with the increase of exports is the main pillar of the growth of the various businesses and has a significant weight in the results achieved.

The year 2017 is also associated with the beginning of a new cycle of projects aimed at expanding and modernising its units, with highlight to the expansion, updating and increasing of the productive capacity of the production plants of Ria Stone, Bordallo Pinheiro and Vista Alegre.

Visabeira Indústria's product portfolio remains structured into segments, having as its main areas: Ceramic, Glassware and Crystals (with Vista Alegre, Ria Stone, Cerutil and Bordallo Pinheiro as the main companies), Kitchens (mainly Mob), Biofuels and Thermal Energy (Pinewells and Ambitermo) and Natural Resources, among others.

CERAMICS AND GLASSWARE

Consolidated turnover in this segment reached 91.7 million euros in 2017, an increase of 11% over the same period of the previous year and EBITDA stood at 16.1 million euros, up by 43% compared to 2016. An important milestone for this

performance was the strong development of promotional actions, through contacts and product presentations aimed at attracting new customers, with a view to detecting and realising new business opportunities with new customers.

Vista Alegre Atlantis

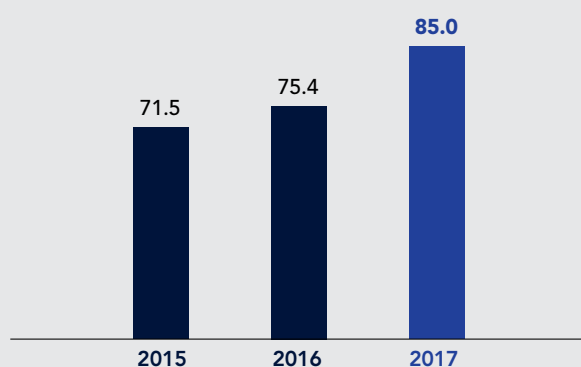
The year 2017 was a remarkable year for Vista Alegre, marked by the company's performance and the affirmation of greater awareness of the Vista Alegre brand throughout the world. International expansion, the development of continuous improvement processes and the improvements already implemented in operating efficiency, as well as the focus on innovation, marked the year 2017 in a very positive way. This financial year is also marked by the celebration of the company's 30th year on the stock exchange, an event commemorated in association with Euronext Lisbon. We should note that Vista Alegre's excellent operational performance was a result of a strong and sustained growth, which was reflected in a net profit of 4.2 million euros, thus maintaining the growth trend recorded in recent years. Highlight goes to the importance of the foreign market as a strong driver of sales, with emphasis on

the expansion into new markets, mainly in Europe and Asia, boosting exports to the 66% mark, at 54.5 million euros. The year 2017 was also marked by a strategic option of having been the first year in which the entire Vista Alegre universe started to be marketed under the same brand, with the assumption of the brand also in crystal products, which were included with porcelain within a single universe.

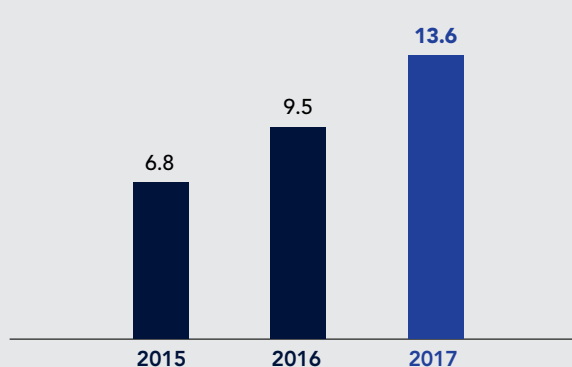
Continuing a centenary tradition, Vista Alegre brand collections have earned more and more international recognition for brand and design quality. In 2017, six Vista Alegre collections were distinguished at the "German Design Awards" – one porcelain collection called "Calçada Portuguesa" and five crystal collections. The 'Garland' collection was distinguished with the 'German Design Award 2018 – Winner' and other four

VISTA ALEGRE ATLANTIS

TURNOVER (million euros)



EBITDA (million euros)



collections – 'Frosty', 'OZ', 'Piet' and 'Precious' –received the 'German Design Award 2018 – Special Mention' award. With these distinctions, the number of international design awards earned by Vista Alegre this year rises to 12. In this regard, we should also note that, this year, the "Calçada Portuguesa" line has become Vista Alegre's collection with the most international awards, including a Red Dot Design Award. Vista Alegre's consolidated turnover reached 85 million euros

in 2017, which represents a growth of 13% over 2016. EBITDA grew by 42% in 2017, reaching 13.6 million euros, and the EBITDA margin rose by 3.3 p.p. compared to 2016, reaching 16% in 2017, against 12.7% in the previous year. The focus on productive efficiency and the good sales performance allowed operating income to grow by 39% YoY, to 7.7 million euros. Net income for the year, of 4.2 million euros was 2.5 million euros (147%) higher than that of the previous year.

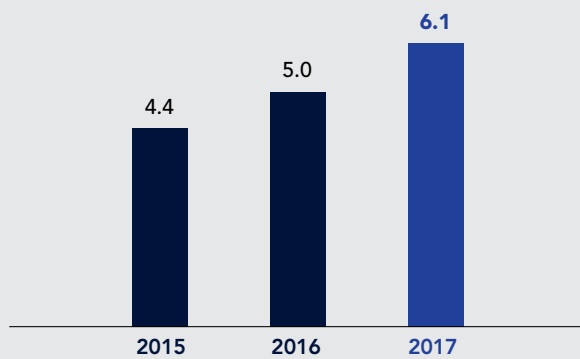
Bordallo Pinheiro

The Fábrica de Faianças Artísticas Bordallo Pinheiro, founded in 1884 in Caldas da Rainha, is a brand known for designing and manufacturing a gallery of utilitarian and decorative ceramics, which have become a reference worldwide. In 2017, Bordallo Pinheiro recorded a turnover growth of about 21% when compared to 2016, to a total amount exceeding 6 million euros. Its presence at important international trade fairs and the focus on a strong sales dynamics in the markets where it operates, remain the main lines of the strategy implemented with a view to positioning its various products. Examples of this are the presence at Ambiente, in Frankfurt, Maison & Objet, in Paris, or ABUP – Feira de Casa e Decoração de São Paulo, in Brazil, among many others. As a result of this dynamism, foreign markets already account for 30% of turnover, with highlight to central Europe and the

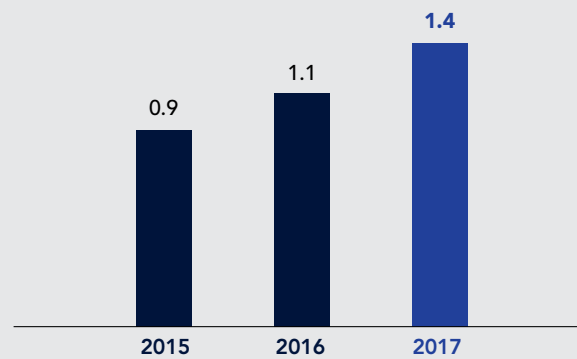
United States. The good performance in the year is reflected in the operating income of 1 million euros, which corresponds to an increase of 134% over the previous year (436 thousand euros in 2016), and an EBITDA of 1.4 million euros. Net profit, in the amount of 815 thousand euros, almost triple the results achieved in the previous year. This positive development is a clear indication of the soundness of the initiatives that have been implemented in various fields and which have led to improvements both in terms of operational efficiency and in terms of the reinforcement of the brand's communication in domestic and foreign markets. The company has also improved its financial autonomy ratio, which stood at 38% in 2017, as well as its total solvency ratio, which stood at 61%.

BORDALLO PINHEIRO

TURNOVER (million euros)



EBITDA (million euros)



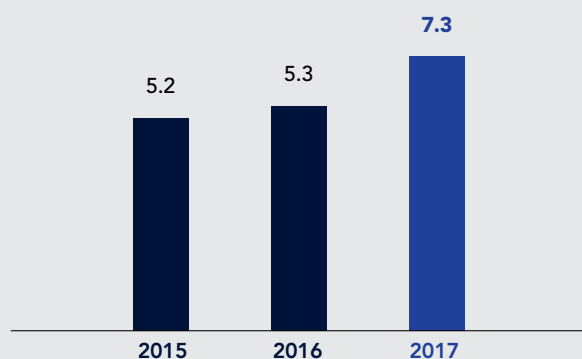
Cerutil

June 2017 was marked by the 25th anniversary of the beginning of Cerutil's operations, a remarkable date that marks two and a half decades of growth and success, but also the beginning of a new investment cycle for a new project to expand its productive capacity and introduce new and innovative products. Cerutil's turnover in 2017 stood at 7.3 million euros, a sharp increase of 38.2% over 2016. The increase in the sales volume was leveraged by the reinforcement and development of promotional actions, including contacts and product presentations aimed at attracting new customers, with a view to identifying new business opportunities and increasing proximity with customers. Highlight goes to the already customary presence in the segment's main international trade fair –

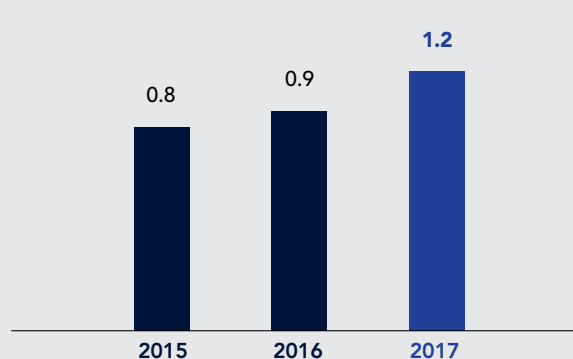
"AMBIENTE 2017". The company's priority continues to be the foreign market, as a strategy and guiding focus for Cerutil's operations, and to this aim, the company increased its presence in international markets in 2017. The company achieved a recurring EBITDA of 1.2 million euros and a recurring operating income of 785 thousand euros, an increase of approximately 30% over 2016. With a view to reorganising the ceramics and glassware segment, Cerutil sold the Vista Alegre subsidiary to Visabeira Indústria, thus recording a gain of 174 million euros.

CERUTIL

TURNOVER (million euros)



EBITDA (million euros)



BIOFUELS AND THERMAL ENERGY

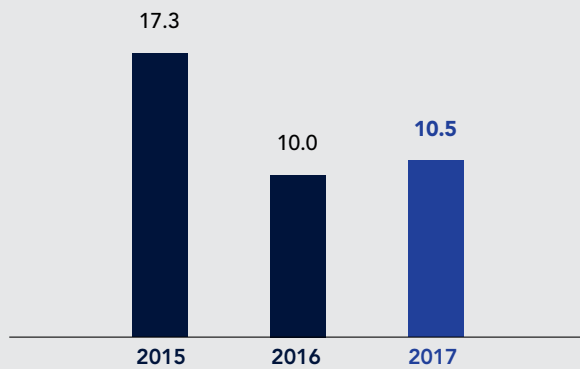
Ambitermo

Ambitermo is a reference company in energy and environmental solutions. Its capacity and expertise, coupled with its versatility and flexibility, enable it to design, manufacture and install thermal power plants and energy production systems that meet customer requirements and are compliant with European Standards and the CE Mark. Thanks to the improved economic environment, in 2017, Ambitermo was able to strengthen its position in the domestic market, having recorded a positive evolution in turnover and remaining a leader in its sector. Internationally, Ambitermo's main areas of influence are the markets of the United Kingdom, Angola and, as a result of the work recently carried out, the Cuban

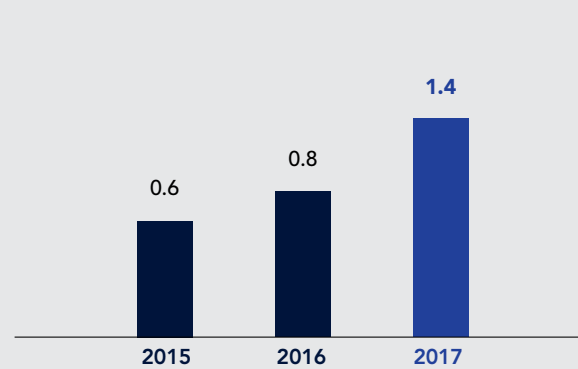
market, where, at the end of 2017, a few relevant contracts were awarded, which bodes well for the year 2018. In FY 2017, Ambitermo recorded an increase in turnover of around 5% over 2016, amounting to a total 10.5 million euros. EBITDA amounted to 1.4 million euros and operating income was 1.1 million euros, which translates into a very positive performance. With regard to the maintenance of key financial indicators, highlight goes to financial autonomy and total solvency, which decreased from 35% to 49% and from 54% to 96%, respectively, demonstrating the company's ability to generate resources.

AMBITERMO

TURNOVER (million euros)



EBITDA (million euros)



Pinewells

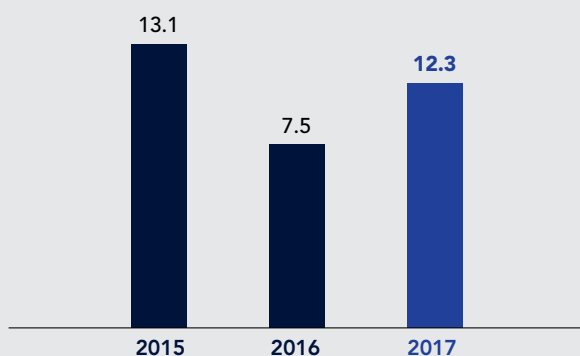
Pinewells is a modern pellet production plant, equipped with the latest technology with a view to providing a high-quality end product, manufactured according to the most demanding specifications of international customers and the ENPlus European Standard. The growth trend in the pellet sector, which had been slowing down in recent years, recorded a sharp rise in 2017, mainly due to the conversion of several European power plants to use pellets as fuel instead of fossil fuels.

The year 2017 was thus characterised by a stronger demand for pellets in both segments (domestic and industrial), requiring the unit to work at full steam in order to satisfy all its customers' orders and needs. Pinewells focused its efforts on the resumption of industrial pellet exports for co-firing, through assiduous attendance at conferences and specialised trade fairs, which led to the contracting of a significant share of its production to this sector, allowing for the diversification

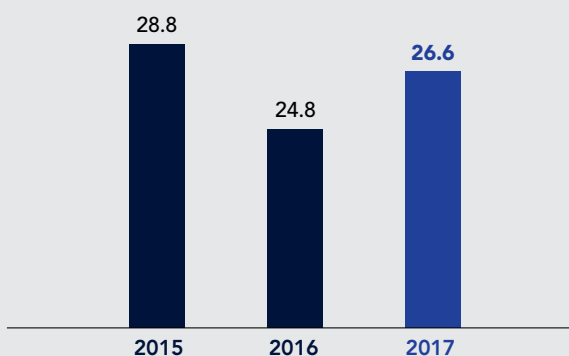
of sales by several customers, so as to ensure production levels and sales that are compatible with the installed capacity. On the other hand, in 2017, Pinewells' operations, which already upheld the principles of sustainable management, extended their set of certifications and were audited with a view to obtaining certification under SBP Standard 1, which was granted with no non-conformities identified. In FY 2017, Pinewells recorded a turnover of 12.3 million euros, which corresponds to an increase of 65% over the previous year. EBITDA stood at 1.4 million euros, comparing to 440 thousand euros in the same period of the previous year, and operating profit went from negative to a positive 879 thousand euros in 2017. The company thus closed 2017 with a net profit amounting to 498 thousand euros, having also improved its financial autonomy and total solvency ratios, which were stood at 26.6% and 36%, respectively.

PINEWELLS

TURNOVER (million euros)



GEARING RATIO (as a percentage)





KITCHENS

Mob

Mob is one of the largest and most prestigious Portuguese kitchen furniture manufacturers, currently present in a number of markets. Its reference status in the market is a result of its strict manufacture processes, which meet the highest standards of quality, and a careful and diversified selection of materials. The sophistication of its products is coupled with contemporary design and the best technical solutions, which privilege space and ergonomics. Presence at the Tektónica trade fair in Lisbon, which recorded a significant increase in the number of visitors, was an effective showcase for presenting new products and solutions, as well as for promoting the Mob brand as a major industry player in Portugal.

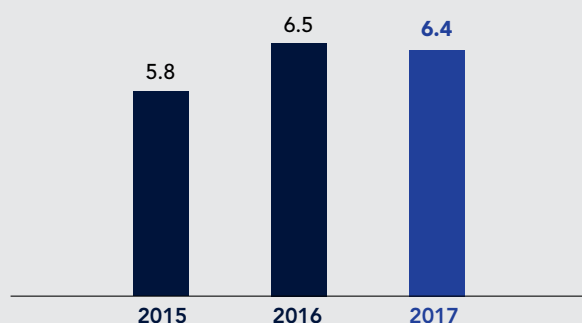
The strengthening of the company's positioning through the offering of products for the premium segment, on which it is focused, was a milestone in this financial year, both domestically and regarding its multinational expression. This year, the main highlight goes to the installation of premium kitchens, for example, in reference real estate projects both in Portugal and abroad, including projects carried out in Luanda and Abu Dhabi, among others. Indeed, 2017 was a year of consolidation of the company's position, both nationally and internationally. In the domestic market, Mob saw a significant increase as a result of having supplied kitchens for real estate developments, having established partnerships with

companies connected with the real estate sector and the development of the agent network. The award of a contract for the supply of 33 kitchens, of 5 different types, to the company Vilamoura World, following the second phase of the Orangerie housing project was one of the most significant projects developed in 2017. In the United Arab Emirates, an agreement was reached to provide 18 types of kitchens for a real estate development comprising 1315 luxury villas in Abu Dhabi. Simultaneously, the company continued to supply and assemble kitchens for the Hidd Al Saadyat project, which has been carried over to 2018. The focus on the international market and on the development of new markets, such as Lebanon and Ghana, materialised as early as 2018 with the award of a contract to supply 37 kitchens for the Vineyards project, in Ghana.

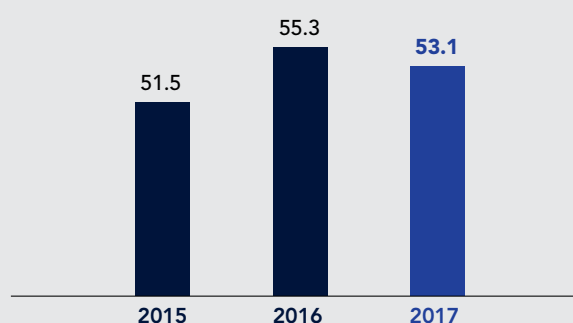
In FY 2017, Mob reached a turnover of 6.4 million euros, impacted by slippages in the construction works of some of the main projects in the company's order book. In the wake of what happened in 2016, the domestic market represented the majority of sales, contributing with 69.1%. The presence in the foreign market was reinforced, and amounted to a turnover of 1.8 million euros. The company closed the financial year with an operating profit of 1.2 million euros, and net profit of 967 thousand euros.

MOB

TURNOVER (million euros)



GEARING RATIO (as a percentage)



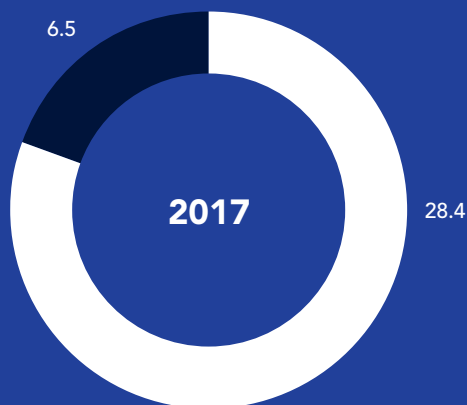


CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2017	2016	YoY Changes
Turnover	34.9	33.4	4%
EBITDA	16.0	17.3	-8%
EBITDA Margin	45.7%	51.6%	-5.9 pp
Recurring operating income*	11.5	13.1	-13%
Operating margin	32.9%	39.3%	-6.4 pp
Net income	4.3	6.9	-37%
Net investment	4.9	13.2	-137%
Debt	133.9	67.7	98%
Inventories	2.2	1.8	19%
Fixed assets (including goodwill)	124	124	0%

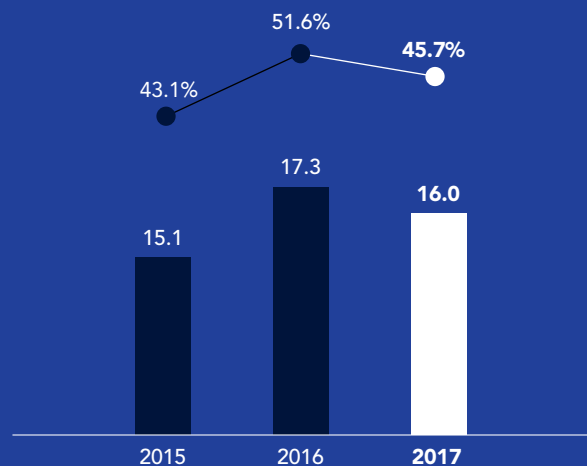
*Operating income excluding the effect of changes in the fair value of investment properties, provisions and impairment losses.

TURNOVER (million euros)



● PORTUGAL
● AFRICA

EBITDA (million euros) and **MARGIN** (%)



Visabeira Turismo coordinates the Group's capabilities in this sector, providing cross-cutting tourist offers in the Hotel and Catering, Entertainment and Leisure and Sports and Wellness segments, in the two geographies where it is present: Portugal and Mozambique. The year 2017 is marked by an increase in activity, largely due to the growing popularity of the Montebelo brand and the quality of the hotel and restaurant offer of its units, as well as the shopping area, which combines the commercial offer with sports and wellness. In this context, the tourism segment recorded a 4% increase in consolidated turnover in 2017, compared to the same period last year, reaching 34.9 million euros. The external market (Mozambique) maintained its contribution at 18.5%, while the domestic market increased by 5.5% in relation to the previous year. EBITDA stood at 16 million euros, with Movida standing out as the largest contributor, with 10.6 million euros. Operating income and net income amounted to 11.5 million euros and 4.3 million euros, respectively.

Hospitality – Portugal

In 2017, the corporate segment was once again a relevant component in hotel operations, thus reversing the negative cycle that had lingered over recent years. The demand for hotel units as venues for meetings, congresses and other events showed a very positive trend.

Highlight goes to Montebelo Hotels & Resorts' newest five-star unit, the Vista Alegre Ílhavo Hotel, which, in 2017, reinforced the already excellent indicators achieved in 2016, having once again been chosen to host several events, such as the launch of the new Octavia model by automaker Skoda. This worldwide operation brought to the hotel over 650 journalists from 42 nationalities who used the services and facilities offered by this Grupo Visabeira unit. Highlight goes also to the Montebelo Viseu Congress Hotel, a unit that offers countless functional and multimodular rooms, which allow hosting events for up to 600 people and which have, throughout the year, served as venue for several medical congresses, meetings of pharmaceutical companies, business and political initiatives, sports teams, among others.

The Montebelo Aguieira Lake Resort & Spa, recognised as a world-class canoeing training centre, not only because of the natural conditions surrounding it but especially for the top-notch infrastructures and services that it offers to athletes, was the chosen venue for the 'World Paddle Awards', considered the 'Oscars' of canoeing by professionals worldwide. The initiative, which was held in Portugal for the first time, brought together

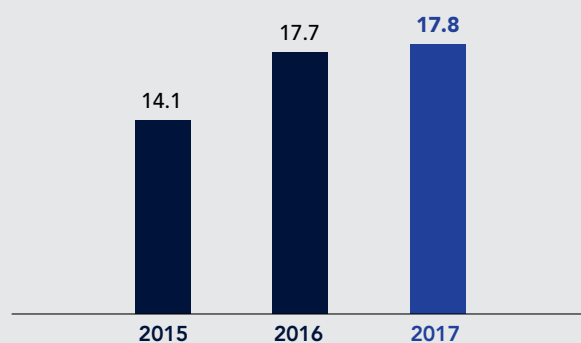
over three hundred athletes from various countries, who stayed at this Grupo Visabeira unit. Throughout the year, this five-star resort with 152 rooms also continued to merit the preference of many families for leisure time and consolidated its position as a reference resort for the summer period in Central/Northern Portugal. 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. With a total of 35 rooms, historic halls and gardens, Casa da Ínsua also includes a museum, vineyards, a cheese shop and a very active agricultural activity, with the production of olive oil, cheese, jams and wines, which, in 2017, were distinguished both domestically and internationally, with gold and silver medals.

The growth recorded and expected for Empreendimentos Turísticos Montebelo and the focus on the expansion of the brand were at the genesis of a few projects already underway, of which we highlight the Montebelo Mosteiro Alcobaca Hotel, which promotes socio-cultural tourism taking advantage of the national heritage, and the expansion of the Montebelo Vista Alegre Ilhavo Hotel, which included the recovery of the villas of the Vista Alegre Worker's Quarter, with a view to integrating them into the rest of the offer that has already made Vista Alegre a reference in the sector.

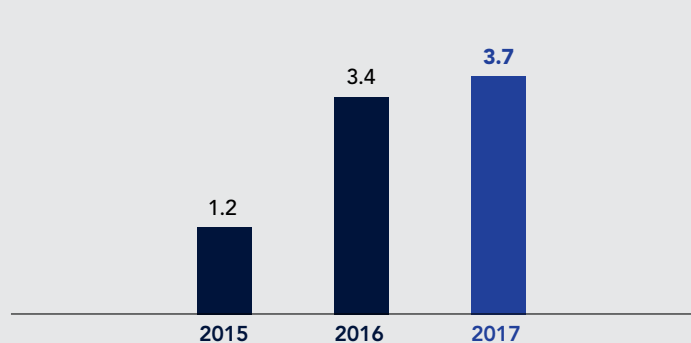
In 2017, turnover was 17.8 million euros and EBITDA improved by 14.7% over the same period, to 3.7 million euros.

MONTEBELO

TURNOVER (million euros)



EBITDA (million euros)



Hospitality – Mozambique

With regard to Visabeira Turismo's activity in Mozambique, the six hotel units distributed throughout the country, with locations in Maputo, Gorongosa, Lichinga, Nampula and Songo, closed the year on a positive note, having been chosen several times as venues for events, parties and meetings, in addition to earning the loyalty of the public of the current hotel activity.

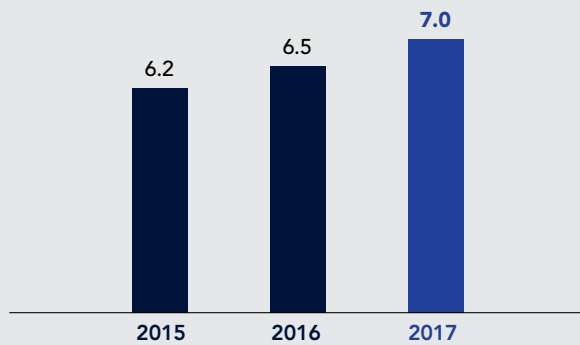
Highlight goes to the Montebelo Girassol Maputo Hotel, which was rated "Fabulous" by Booking.com. The online platform recognised and awarded this Grupo Visabeira unit in

Mozambique with the 'Guest Review Award', as a result of the comments and ratings given by customers through Booking.com after their stay, by answering several questions regarding the quality of the facilities and services, including the restaurant and other amenities offered by the unit.

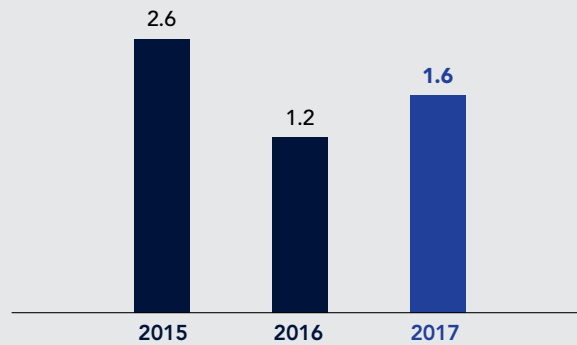
In line with the previous year, Turvisa's performance in 2017 translated into a turnover of 7.0 million euros (501 million meticals), with operating income amounting to 655 thousand euros (46.9 million meticals) and the gross margin standing at 71.7%.

TURVISA

TURNOVER (million euros)



EBITDA (million euros)





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

ZAMBEZE RESTAURANT

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



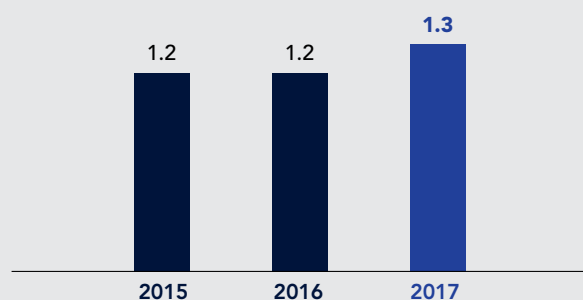
Restaurants

In the restaurant segment, several Visabeira Turismo restaurants were distinguished by AHRESP, by Turismo Centro de Portugal and by CIM Viseu Dão Lafões. The restaurants of the Montebelo Viseu Congress Hotel, Parador Casa da Ínsua, Mimi & Rodizio Real, Rodízio do Gelo and Cervejaria Antártida now bear the seal of the "Seleção Gastronomia e Vinhos" Programme, having met a selection of requirements, such as the quality of the raw materials used in the gastronomic confection, plating up, waiting times, menu, wine list, among others. The Zambeze, in Lisbon, continues to be our ambassador in the country's capital. During the year 2017, the Zambeze was the venue chosen for

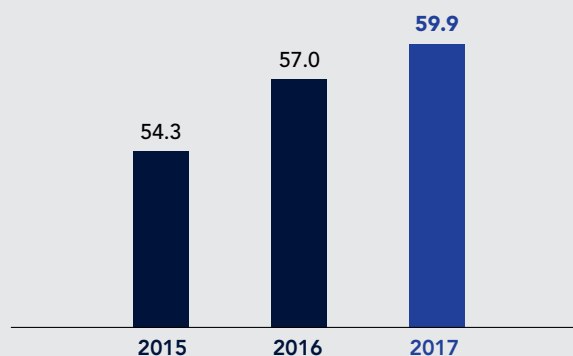
several corporate and social events, having established its own identity, which has increasingly distinguished it in the sector, and having been visited by several public figures and capturing the interest and the attention of various media in Portugal and abroad throughout the year. In 2017, the Zambeze reached a turnover of 1.3 million euros, an increase of 8.9% over the previous year. The company recorded an operating income of 33.8 thousand euros, up by 6.3% over FY 2016. The financial autonomy and total solvency indicators, standing at 38.7% and 63.1%, respectively, are indicative of the company's good performance.

ZAMBEZE

TURNOVER (million euros)



EBITDA (thousand euros)



Shopping

In 2017, the Palácio do Gelo Shopping expanded its already vast and eclectic range of stores. In this regard, highlight goes to the opening of stores by Lacoste and Ana Sousa and the renovation and expansion of the H&M store. Eureka Shoes and Flormar have also joined the offer available at the shopping centre, making it increasingly eclectic.

We should note the launch of the Ice + Ice Baby campaign, as part of the territorial marketing action "2017, official year to visit Viseu", which provides two novel experiences at the Palácio do Gelo Shopping. The initiative, sponsored by actor Fernando Mendes, was presented at BTL - Feira de Turismo de Lisboa, and invites the public to travel to Viseu to enjoy the double ice experience, by going to Bar do Gelo and practice ice skating in the only permanent ice rink in the country.

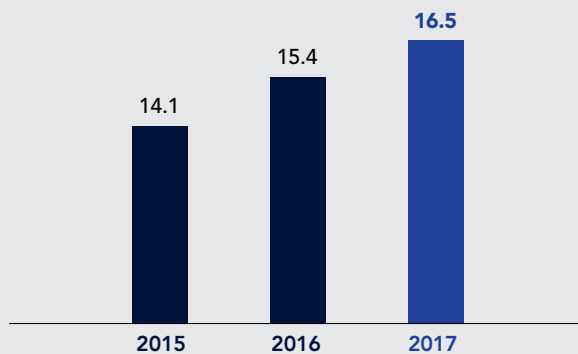
In terms of sports, the ForLife sports and wellness club, one of the main attractions of the Palácio do Gelo Shopping, reinforced its leading position in the Viseu market, remaining one of the most visited spaces and one of the

anchor stores of the shopping centre, attracting hundreds of people every day. ForLife implemented several initiatives during the year, aimed at attracting new audiences, such as the various "open days" held throughout 2017. The year was also marked by a few outdoor actions carried out by Forlife, with highlight to Seven On The Road, at the Príncipe Perfeito Sports Complex, and the Schwinn Cycling Experience Ride, at Montebelo Agueira, two events that, in 2017, attracted thousands of people to these Visabeira Turismo units.

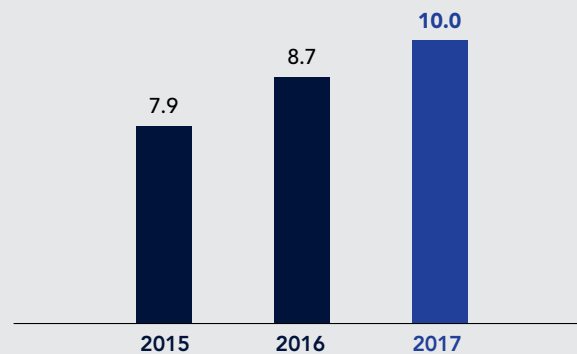
The good performance demonstrated throughout 2017 increased Movida's turnover by 7.6%, to 16.5 million euros, compared with 15.4 million euros in 2016. EBITDA grew by 15%, to 10 million euros. Operating income for the period increased by about 30.5% from 4.8 million euros in 2016 to 6.2 million euros in 2017. In terms of financial structure, highlight goes to the maintenance of the main short- and medium-term indicators which set its financial autonomy at 28.0% and its solvency at 38.9%.

MOVIDA

TURNOVER (million euros)



EBITDA (million euros)



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



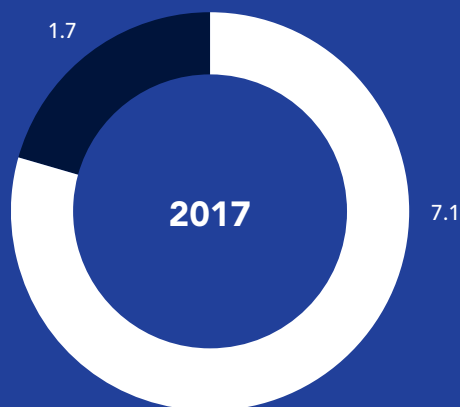


CONSOLIDATED INDICATORS (amounts expressed in million euros)

	2017	2016	YoY Changes
Turnover	8.8	5.9	49%
EBITDA	1.4	2.3	-40%
EBITDA Margin	16.1%	39.6%	-23.5 pp
Recurring operating income*	0.9	2.8	-68%
Operating margin	10.4%	48.1%	-37.9 pp
Net income	-1.6	0.0	32427%
Net investment	1.4	2.5	-46%
Debt	8.2	6.8	21%
Inventories	47.5	53.8	-12%
Fixed assets (including goodwill)	16	16	-2%

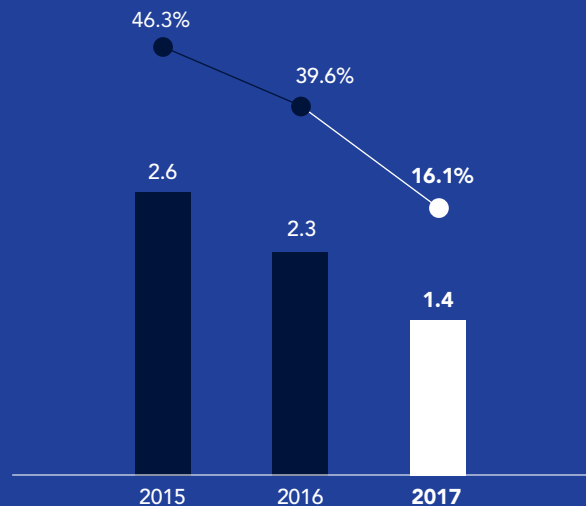
*Operating income excluding the effect of changes in the fair value of investment properties, provisions and impairment losses.

TURNOVER (million euros)



● PORTUGAL
● AFRICA

EBITDA (million euros) and **MARGIN** (%)



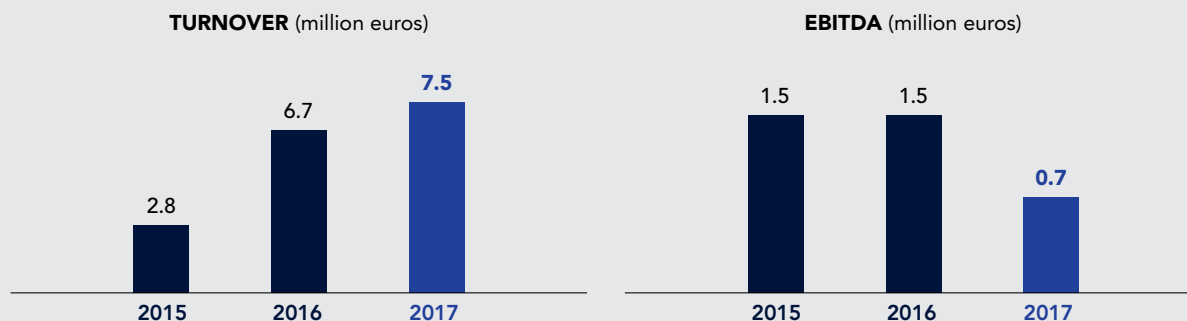
In 2017, Visabeira Imobiliária maintained its position as a benchmark in the sector, with a special focus on the substantial offer it provides the market in the city of Viseu, coupled with an increasingly attractive portfolio, with a geographically open offer. The company reinforced its positioning, being increasingly recognised by the quality of its products and the distinction of its locations. In this context, in 2017, the real estate segment recorded a 49% increase in consolidated turnover YoY, reaching 8.8 million euros.

Visabeira Imobiliária

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 segment of sale coupled with investment is another area in which the company has been investing based on a long-term vision and that is maximised with the real estate management capacity that is inherent to Visabeira Imobiliária's skills. Another pillar for the performance of its activity was the dissemination of the Visabeirahouse brand image, which is expected to bring added value to the visibility and notoriety of the company's operations, creating stronger

brand awareness and increased attractiveness for its offer. Associated with this more aggressive approach to the market was also an expanded and better trained sales team, in tune with this policy, and the opening of more points of sale, closer to the products and to potential customers. Another important aspect behind the positive dynamic that characterised this financial year was the strengthening of the company's position in social networks and in various digital channels, a strategic focus that has proven very successful. As a corollary, an improved performance in the segment, boosted by the company's policies, leveraged Visabeira Imobiliária's activity and achieved a very positive performance, when compared to its most recent history. In 2017, turnover amounted to 7.5 million euros, which corresponds to a growth of 12%.

VISABEIRA IMOBILIÁRIA



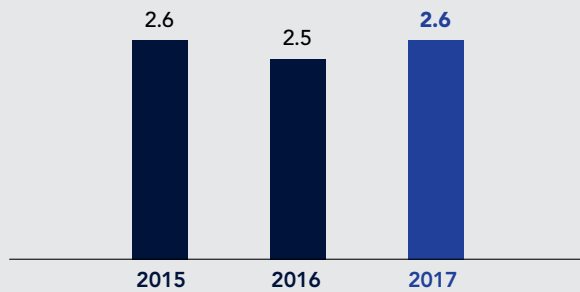
Imovisa

In FY 2017, Imovisa continued to focus on developing its activity in the segments of real estate management, maintenance, hygiene and cleaning, consolidating its commitment to the integrated management of real estate assets. The main customers in its portfolio include Banco de Moçambique, Mozal, Standard Bank, Mstar, Coca-Cola, Visabeira Moçambique, Turvisa and TV Cabo.

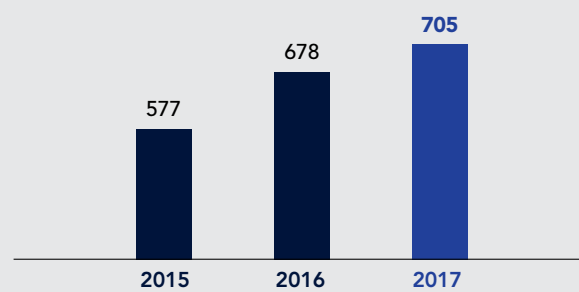
Turnover in 2017 grew by 3.9% over 2016, i.e., there was an increase of 96 thousand euros (6.9 million meticals), to 2.6 million euros (184 million meticals). EBITDA amounted to 705 thousand euros (50.2 million meticals), a growth of 3.6% over the previous year, in which it stood at 678 thousand euros (48.5 million meticals).

IMOVISA

TURNOVER (million euros)



EBITDA (thousand euros)



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

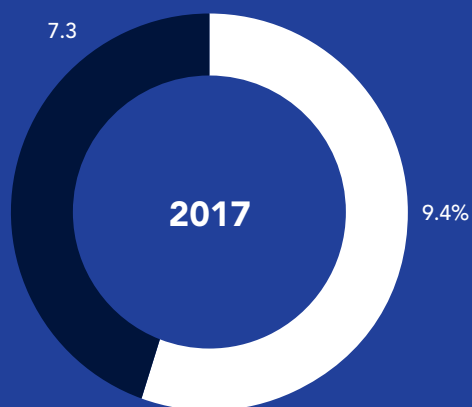




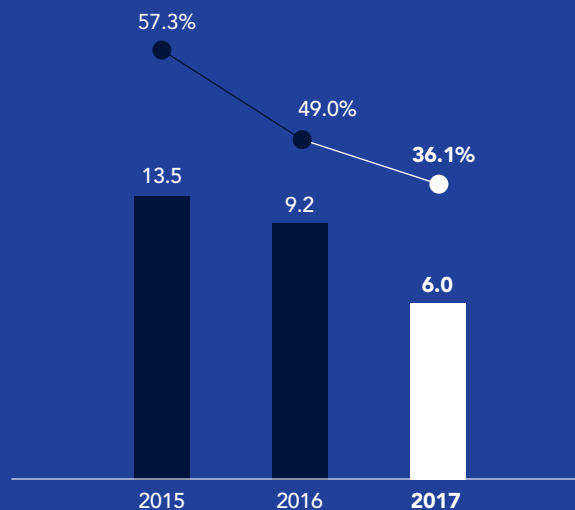
CONSOLIDATED INDICATORS (amounts expressed in million euros)			
	2017	2016	YoY Changes
Turnover	16.7	18.8	-11%
EBITDA	6.0	9.2	-35%
EBITDA Margin	36.1%	49.0%	-12.9 pp
Recurring operating income*	4.0	5.8	-31%
Operating margin	23.8%	30.8%	-7.0 pp
Net income	24.9	-4.5	-648%
Net investment	-80.1	5.3	-1597%
Debt	303	521	-42%
Inventories	4.2	3.4	21%
Fixed assets (including goodwill)	55	50	8%

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

TURNOVER (million euros)



EBITDA (million euros) and MARGIN (%)



● PORTUGAL
● AFRICA

Financial Holdings

Visabeira Participações is the holding company that concentrates the shareholdings of Group companies associated with the commerce and services sectors and also the Group's financial investment portfolio. In 2017, Visabeira Participações' turnover reached 16.7 million euros and EBITDA stood at 6.0 million euros. Net income stood at 24.9 million euros, due to gains from the disposal of NOS and EDP shares in the portfolio, which was a sharp improvement over the negative 4.5 million euros recorded in 2016. The structure of this sub-holding also integrates services, including the Group's own shared services, which are concentrated in Visabeira Pro – Estudos e Investimentos. In this field a wide range of shared services and competencies are offered in various areas, such as Investment and Project Analysis; Consulting; Accounting; Financial Area; Business Management Support; Information Systems; Legal Services; Procurement and Purchases; Human Resources; Marketing and Communication; among others. In 2017, trading companies, responsible for the import and export of products in various segments, reached a turnover of 1.3 million euros.

Visauto, a company that markets trucks for the Angolan market, had a turnover of 6.4 million euros (1,186 million kwanzas), achieving an operating profit of 662 thousand euros (123 million kwanzas).

In the area of health, 2017 was a year of business consolidation, marked not only by the conclusion of new contracts, agreements and protocols, but also by the maturity of existing ones, which led to a substantial increase in the volume of services rendered, as well in results achieved.

Porto Salus Azeitão, an assisted living facilities development, closed 2017 with an occupancy rate of 96% and a turnover growth of 40.4% over 2016, standing at 2.2 million euros. Long-term care unit Hospital Nossa Senhora da Arrábida expanded its range of services by increasing its staff, namely hiring speciality physicians that brought added value to the outpatient clinic. Turnover stood at 4.1 million euros and operating income amounted to 342 thousand euros, representing an increase of around 10% over 2016.

Commitment to society

Environment, Quality and Safety

The sustainability of the business is a concern that has consistently guided the performance of the Grupo Visabeira; especially at a time when globalisation takes on a growing and determining role in the creation and affirmation of values. The current economic context is characterised by customers' expectations of interacting with organisations that are ethical, that have a good institutional image in the market and that act in an ecologically responsible manner.

In this context, the Grupo Visabeira's management relies on a set of procedures, standards and practices that make Quality the ultimate goal throughout the organisation, while privileging the use of natural resources in an environmentally responsible way, avoiding irreversible impacts. This 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 obtaining certification for the companies' main Management Systems, combined with various actions to prevent accidents and with the continuous commitment to awareness raising and training of employees, allowed optimising working conditions and professional performance, which significantly improved indices in these areas.

As a result of these guidelines, in 2017, a set of activities stand out within the scope of continuous improvement in the areas of quality, environment and safety, summarised below.

- 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 and production optimisation.
- continued focus on training and safety awareness, as part of a programme involving a total of 2,409 employees, of which the most important was occupational health & safety, administered to 66% of trainees;
- reinforcement of continuous monitoring of the implementation of best practices in the areas of quality, environment and safety, namely through visits, audits and inspections, with special emphasis on Visabeira Global areas;
- strengthening of continuous monitoring of best practices in terms of environment, quality and safety, namely through EQS visits and inspections in the telecommunications and energy sectors. 560 visits and/or inspections were held, involving over 2000 employees;
- improved response to environmental emergency situations, through the carrying out of environmental accident drills. With these drills, employees are expected to learn how to comply with the environmental procedures defined by the organisation with a view to minimising the negative environmental impacts associated with any environmental accidents;
- continuous monitoring of good hygiene and food safety practices, in compliance with a control and audit programme that included, among other actions, over 250 microbiological analyses at the various units of Visabeira Turismo;

- maintenance of the programme aimed at monitoring the flora (phytoplankton) and water quality in the Agueira 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 control and reassessment of mitigation and minimisation measures implemented;
 - monitoring the implementation and optimisation of the vehicle geolocation system, which has allowed for a more efficient management of technicians in their various daily activities. This system represents an important step in the company's sustainability, as it allows obvious gains in the economic aspect, due to the optimised use of resources, but especially in the environmental aspect;
 - guidance on the acquisition of work equipment, increasingly emphasising environmental concerns, with the goal of prioritising those that translate into better operations with lower environmental impacts and that simultaneously allow guaranteeing the safety of users more effectively;
 - expansion of Pinewells' SBP (Sustainable Biomass Partnership) certification to Standard 1, ensuring that the biomass used in production is not only legal but also sustainable. This system develops tools to prove that the biomass used in pellet production is economically, environmentally and socially sustainable and contributes to a low-carbon economy, which opens the possibility of selling SBP Compliant pellets;
- In line with its strategic guidelines, the Grupo Visabeira, as an active member of the United Nations Global Compact, prepared its fifth Communication on Progress (COP) report, restating once again its commitment to further promoting the Global Compact and its principles as an important part of the company's strategy, culture and day-to-day operations.
- With regard to the implementation and certification of management systems, the year 2017 was also marked by implementations and certifications at three other Grupo Visabeira companies, namely: Bordallo Pinheiro (Quality – ISO 9001), Constructel Belgium, SA (Quality – ISO 9001) and Constructel GmbH (Quality – ISO 9001, Environment – ISO 14001 and Safety – OHSAS 18001). For 2018, the focus on management systems will be focused on the transition to the new regulatory quality (ISO 9001: 2015) and environment (ISO 14001: 2015) standards. The company certification programme, in which Constructel Denmark will be at the forefront, is also expected to continue.

The People

Grupo Visabeira recognises that it favours as the fundamental vectors of its position, the virtuous triangle that comprises the quality of its services and products, the geographic expansion of its activities and the dynamics and rigour of its performance. The 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 attitude.

Within this framework, the Group's human resource policy is geared towards a permanent continuous improvement of productivity and customer satisfaction. The cornerstone of this performance is the constant enhancing of our Employees' qualifications, their professional growth and the development of their skills.

The number of employees working for the Grupo Visabeira grew from 9,674 in 2016 to 10,073 on 31 December 2017.

PEOPLE				
	2017	2016	2015	2014
Visabeira Global	5,285	4,945	4,932	4,826
Visabeira Indústria	2,611	2,444	2,442	2,504
Visabeira Turismo	914	889	883	845
Visabeira Imobiliária	494	593	594	616
Visabeira Participações Financeiras	769	803	801	762
TOTAL	10,073	9,674	9,652	9,553

Vocational Training

In a constantly changing professional context, training, in its various aspects, is a necessity more and more felt by professionals and fostered by the Group's companies, with a view to increasing their skills and abilities. We are faced with new and increasingly diversified and flexible needs in order to respond to the issues identified by Visabeira Potencial Humano and submitted by the various companies. The prospect of deepening knowledge and expertise in certain subjects is a growing concern and a key added value in today's competitive markets.

The organisation's main goal is to promote innovative, quality and sustainable value training projects, which can contribute efficiently to maximise human potential, so as to underpin an unequivocal strategy to maximise service and product quality standards.

In this context, 2017 was once again a year of consolidation of the training dedicated to the various areas of the companies of the Grupo Visabeira, which is viewed as a fundamental pillar for the success of each of its activities. Out of the set of achievements accomplished in 2017, highlight goes to 297 training actions, involving 2,409 trainees, mostly held at the Training Academy in Viseu. In this context, certifications were attributed to 99% of participants (2,385), segmented by the various areas of training provided by Visabeira Pro.

Nearly 6,501 hours of training were administered, representing a training volume of 55,628 hours, corresponding to an average of 1.25 certified training sessions, involving 10 trainees per day.

Communication

The Grupo Visabeira and its companies are responsible for several achievements throughout the year, and communication is a fundamental corollary of their strategy, as it takes on an important role in the sustained development of all their business areas, in the consolidation and strengthening of their brands' notoriety and in their affirmation in the domestic and foreign markets.

Visabeira Turismo, which had regular and sustained visibility over these months, managed to raise its level of notoriety and perception in the markets, anchored not only in the characteristics of its hotel, catering and leisure heritage, but also in the innovative initiatives that it implemented throughout the year. One of the most striking examples of this differentiating position was the charity event "The Day After," intended to help the Central Portugal region, which was flogged by the fires of October 2017. The event, which mobilised civil society in the region and raised over 66,000 euros for the community, was the subject of wide media coverage, which greatly surpassed one hundred news items. General media, social magazines and television channels, such as TVI, Porto Canal and Correio da Manhã have repeatedly publicised the success of this initiative, which reopened, for one single exceptional day, one of the country's most mythical nightclubs. A few public figures, such as Catarina Furtado, Diogo Infante and Rui Reininho, joined this initiative, publicising the event through their social media profiles. In terms of events, highlight goes also to the ceremony of the 'World Paddle Awards', considered the Oscars of canoeing, held for the first time in Portugal, at the Montebelo Aguieira Lake Resort & Spa. This prestigious event, which distinguishes individualities connected to the sport, thus honouring the excellence efforts developed throughout the year, captured the attention of the media and was subject to extensive coverage by CMTV.

Montebelo Aguieira was, along with Parador Casa da Ínsua, one of the most publicised units during 2017, not only for the events held there, such as the Schwinn Cycling Experience Ride, but also for the unique characteristics of the resort and the nautical activities it offers, which have been highlighted several times over the years, in magazines *Evasões*, *Visão* and *Time Out*, among other lifestyle and tourism media outlets. The show *Imagens de Marca*, on SIC Notícias and general interest TV channel SIC also gave wide media coverage to this five-star unit. During the year 2017 Visabeira Turismo assumed a clear and unequivocal position, aimed at promoting its facilities associated with the territory, as a choice destination for tourists. In this context, the campaign "ICE + ICE Baby", which, as part of the "2017, Official Year to Visit Viseu" initiative, intended to promote the Bar de Gelo and the Ice Rink at Palácio do Gelo Shopping, was launched at the Bolsa de Turismo de Lisboa trade fair and deserved particular attention from the media. Still within this philosophy, integrated with regional marketing, a few actions were promoted around the endogenous products of the region, such as Dão wines (medals earned by Casa da Ínsua wines) and Serra da Estrela cheese, both available at Parador Casa da Ínsua. This charm unit is one of the most appealing, in editorial terms, to the media, having, more than once, made the cover of magazines *Evasões* and *Visão*. Visabeira Turismo units, particularly those boasting five stars, are a frequent presence on the pages of Portuguese newspapers, namely through the promotion of accommodation campaigns

associated with festive dates or thematic initiatives. Visits by journalists and bloggers to the units have also provided some media return, such as the prominence given by *Elle* magazine and blog *Viaje Comigo* to Montebelo Vista Alegre Ílhavo Hotel or by *Up Magazine* to Montebelo Viseu Congress Hotel and Hotel Palácio dos Melos. The *Boa Cama Boa Mesa* Guide continues to be a regular communication partner for Visabeira Turismo, in which the Montebelo Hotels & Resorts chain has maintained its presence, with an excellent rating.

The Palácio do Gelo Shopping also recorded a high flow of news, with particular emphasis to the celebration of its ninth anniversary, which was celebrated with a great fashion show that mobilised the country's general interest press and social magazines. This event stood out as the biggest fashion event in Central Portugal, once again presented by Catarina Furtado, with the presence of models and socialites, a performance by the band D.A.M.A., and full coverage by the main magazines and newspapers. The show 'Fama Show', on SIC, covered the fashion show, as did CMTV, Porto Canal and regional channel Viseu Now. The renewal of the Shopping Center store mix, with the opening of new and attractive stores, made news in the main regional media and in speciality and lifestyle publications.

The 21st edition of the festival 'Os Melhores Anos' (The Best Years) once again attracted the media's attention, with coverage reaching more than two dozen news items in local and regional media and in CMTV.

With regard to companies in closer contact with the final consumer, Vista Alegre was among those that had the most impact on the media. The disclosure of the results for the first semester deserved the attention of the media, as the company presented historical figures. The 1.3 million euros in profits were reported in various print and online media outlets, such as *Jornal Económico*, *Dinheiro Vivo*, *Negócios*, *Público*, *RTP Online* and *Correio da Manhã*, among others. An ongoing presence that culminated in the month of December, with several references to Vista Alegre, such as the inauguration of the Christmas Tables Exhibition and the Vista Alegre Christmas Tree at the Museu da Misericórdia, in Porto, which generated over 50 news items. Also during this month, monthly and weekly publications included Vista Alegre and Bordallo Pinheiro items in their lists of Christmas gift suggestions.

Also noteworthy was the broadcasting of RTP afternoon show, 'Aqui Portugal' from the 'Terreiro da Vista Alegre', in Ílhavo, in which the background was the mythical Vista Alegre borough, which integrates the Vista Alegre porcelain factory, the Nossa Senhora da Penha de França chapel, the Theatre, the Museum, the former nursery – currently the Museum's educational services, the brand's shops and the Montebelo Vista Alegre Ílhavo Hotel. During this six-hour long show, several employees of the century-old company were interviewed live, and spectators got a close look at each stage involved in the manufacturing of Vista Alegre pieces, from modelling to painting, its almost 200-year-old history and the strength of a worldwide brand. The show also showcased the five-star unit integrated into the complex and presented a gastronomic suggestion signed by the team of chefs of the Montebelo Vista Alegre Ílhavo Hotel.

The initiatives carried out by Bordallo Pinheiro also deserved special attention from the media, with highlight to the publication of a large number of news items concerning the piece "Figo", created in partnership with artist Paula Rego.

In 2017, the brands Vista Alegre and Bordallo Pinheiro began to explore and invest in e-influencers, establishing partnerships with bloggers with a large number of followers who, by sharing

the brand's products, reach a wide audience. An example of such actions was the presentation of the new catalogue of the century-old brand, the launch of a piece by Mestre Martins Correia and the inauguration of the Christmas tables exhibition and the Christmas Tree, which featured Vista Alegre plates and platters. Highlight goes also to the presence of Bordallo Pinheiro and Vista Alegre in the Brazilian market, where the posting of news about their products and news concerning the two brands by speciality bloggers is a growing trend. Another event that aroused the interest of the media was the consortium formed by Constructel France and Orange (France Telecom) to build an FTTH network in the French overseas territory of Martinique. The project, appraised at more than 100 million euros was disclosed in *Jornal Económico*, *Jornal de Negócios* and *Diário de Notícias*, among others. The inauguration of the new Mob store at Avenida da República, in Lisbon, and the commemoration of the 25 years of the Cerutil plant also made the headlines in various media outlets. In summary, during the year 2017, the activities of the Grupo Visabeira, as well as of the dozens of companies that make up its sub-holdings, were regularly publicised in media outlets such as *Jornal de Notícias*, *Diário de Notícias*, *Público*, *Expresso*, *Jornal de Economia*, *Negócios*, SIC, TVI, Porto Canal, CMTV, Regional daily newspapers of Viseu, Aveiro, Coimbra and Leiria, *Jornal do Centro*, and *Fast Track*, *Flash*, *VIP*, *Visão* and *Sábado* magazines, among other national, regional and local publications.

Internal communication

NEWSLETTER

The MyVisabeira newsletter is distributed in digital format to all Group employees in Portugal and in all countries where Visabeira companies are based. In existence for several years, this newsletter guarantees access to news about the Group's activities, and has proven an excellent vehicle for internal dissemination. In 2017, its image and layout were renewed to give it a more current and appealing design.

INTRANET

The Grupo Visabeira's Intranet continues to be a space intended for direct communication with employees, incorporating several platforms that integrate an online operational management policy. The Intranet disseminates knowledge on several internal programs, benefits for employees and protocols, among other information and work tools.

Social responsibility

In a proactive attitude, the Grupo Visabeira and all its companies have, for many years, continuously adopted a position of permanent and firm support to relevant initiatives in the field of social responsibility. Initiatives undertaken were aimed at supporting cultural, educational, social, recreational, leisure, wellness and sporting activities, and the company maintains a strong connection with the promoters. In 2017, the Grupo Visabeira continued to sponsor and support its two kindergartens and preschool nursery

(Infantinhos da Vilabeira and Infantinhos da Quinta do Bosque), the management of which is entrusted to the Visabeira Foundation, which also carries out a social function, supporting the families of employees of Group companies and welcoming several children from the two geographical areas of the city. Internally, the Grupo Visabeira has once again carried out a set of initiatives aimed at supporting its employees. Summer and holiday season gatherings bring together thousands of employees from all companies of the Group in Portugal, in Mozambique and across all countries where the company is present.

In terms of external operations, the first line of collaborations and partnerships in carrying out important actions included APPACDM – Association of Parents and Friends of the Mentally Handicapped Citizens of Viseu, the Volunteer Firefighters of Viseu, the Infantry Regiment No. 14, the Polytechnic Institute of Viseu, the Portuguese Catholic University, AIRV – Business Association of the Viseu Region and the Portuguese Red Cross, among others. Another initiative supported by the Grupo Visabeira is the 'Viver a Vida' Gala, promoted by newspaper *Correio da Manhã* (CM) and CMTV, which was held in Viseu for the fifth time.

On the social plane, as has been the case for several years now, the Grupo Visabeira has once again expressed its support to the International Bazaar of the Diplomatic Corps, an initiative promoted by the Portuguese Diplomats' Families Association. The proceeds of this year's bazaar, which included Bordallo Pinheiro and Vista Alegre pieces in porcelain and crystal, reverted to private social solidarity institutions.

In terms of culture, the Grupo Visabeira continued to collaborate with the Grão Vasco National Museum and the Viriato Theatre, an institution that keeps a gallery for temporary exhibitions on the 1st floor of the Palácio do Gelo Shopping, where it promotes its activities through photographs, posters, videos, documentaries and performances.

Regarding the health sector, the Grupo Visabeira, through Montebelo Hotels & Resorts, maintains its connection with the humanitarian missions that have been, for several years now, carried out by Portuguese NGO Health4Moz in Mozambique, in the field of pre- and post-graduate training. The 10th mission, organised by a group of doctors, nurses and other health technicians, took place in several Mozambican cities, especially Nampula and Beira. It mainly addressed oral health and maternal and child health. In 2017, another mission was also held in Maputo and in the city of Beira, this time addressing the issue of diabetes. This Learn4Moz mission integrated Portuguese voluntary physicians Paula Freitas and André Carvalho, who provided training to 35 Mozambican physicians. The training sessions took place at the Montebelo Indy Maputo Congress Hotel.

Also in Mozambique, a partnership agreement was signed with law firm VdA Partners, which will allow transforming educational establishments and consequently improving study conditions for children and youths attending school. The schools are located in the so-called Human Development Zone of the Gorongosa National Park, which also serves to raise awareness to environmental sustainability and to the importance of preserving the park, where the Montebelo Gorongosa Lodge & Safari is located. In turn, TV Cabo Moçambique, as part of one of its initiatives, donated 500 school folders to the Amílcar Cabral Primary School, located in the outskirts of Maputo. Original in their design and unique in their name, these school folders are made from advertising canvas that TV Cabo uses as visual

support for its campaigns. After these canvases had served their purpose, the operator collected and stored them, subsequently suggesting a use for them. Thanks to recycling and processing, they were used to make the "Telinha" school folders. The "Telinha" project started with children from Maputo, but there is an ambition to bring them to children all across the country. In India, highlight goes to the sponsorship of the 28th edition of the International Bazaar of the DCWA – Delhi CommonWealth Women's Association, held in New Delhi, for which Vista Alegre porcelain pieces were donated. The initiative, in association with the Portuguese Embassy in New Delhi, aimed at raising funds for continuing projects and actions aimed at correcting asymmetries in the access to social, educational and cultural opportunities by poorer sections of the Indian population.

In Portugal, highlight goes to two solidarity initiatives carried out by Palácio do Gelo and nightclub The Day After, following the fires that affected the region. In a joint action with the Portuguese Red Cross, Palácio do Gelo promoted a solidarity campaign to collect supplies (clothing, furniture, appliances, non-perishable food...) to aid the victims of the massive fires that ravaged Central Portugal. The campaign was very positive, and delivered more than a ton and a half of supplies to the Portuguese Red Cross and 10,000 bottles of water to the Municipal Firemen and to the Volunteer Firefighters of Viseu. In turn, legendary nightclub The Day After reopened its doors for one night only charging an entry fee of 10 euros, which reverted to this cause. Nearly 4,600 people attended the events, generating a revenue of 66,084 euros, divided into fractions, as follows: 20,000 euros donated by Associação Mutualista Montepio were delivered directly to Cáritas Diocesana de Viseu, 37,854 euros were deposited in the solidarity account in benefit of the Viseu Dão Lafões Intermunicipal Community and the remaining 8,230 euros were paid to the state as VAT generated in the ticket sale.

In the area of leisure and wellness, following its social responsibility policy, the ForLife health club promoted the Schwinn Cycling marathon, entitled "Schwinn for Alzheimer's: Pedalling to Remember". The event brought together 90 athletes, who pedalled with the goal of raising awareness to the challenges of Alzheimer's disease and other forms of dementia in the community, as well as to raise funds for the Alzheimer's Support Centre in Viseu, to support the association, as well as families and caregivers. As it has done for several years now, the ForLife health club continued to promote several Open Days throughout the year, providing free access to some of the modalities available.

With regard to actions aimed at informing and attracting the population to healthy practices, highlight goes to the Health Fair, an initiative that included workshops, risk assessments regarding various pathologies and initiatives to promote awareness and early diagnosis. The purpose of the event was to bring the CUF Viseu Hospital closer to the surrounding community, providing free demonstrations and assessments carried out by a multidisciplinary team of nurses, nutritionists and health technicians, who put themselves at the service of the population to give advice and clarify doubts. Also

noteworthy at Palácio do Gelo Shopping was the celebration of the National Cerebral Palsy Day, with a musical concert titled '*Consertar para a Vida*' (Performing for Life) and a photographic exhibition under the theme 'From Emotion to Rehabilitation'. In terms of exhibitions, the Palácio do Gelo Shopping continued to welcome several entities throughout the year, with several exhibitions, such as the annual exhibition by the Viseu Infantry Regiment, this year dedicated to "Pieces and Shatters of the Great War – 1914-1918". Highlight goes also to the exhibition of antique vehicles that, each year, take part in the tour organised by the House of Staff of the S. Teotónio de Viseu Hospital, paintings and ultralight airplane exhibitions (Aeroclube de Viseu), among others.

In 2017, the Grupo Visabeira, through the Palácio do Gelo Shopping and the Montebelo Hotels & Resorts chain, renewed its sponsorship for Académico de Viseu and Clube Desportivo de Tondela, two of the most important football clubs in the district. The Palácio do Gelo logo is printed on the front of the shirts of the professional football team Académico de Viseu, currently playing in the Ledman league, and is also visible in static advertising signs at the Fontelo Municipal Stadium. In turn, Clube Desportivo de Tondela, which plays in the first league, advertises the Group's brands at the João Cardoso Stadium, as well as on the background panel during press conferences.

Vista Alegre has supported a number of cultural, sporting and social initiatives, for instance, offering trophies and pieces from its portfolio. These include the trophies for the Car of the Year/ Essilor Crystal Wheel Trophy, an initiative by Expresso and Sic Notícias, the Azores Ladies Open women's golf competition, held on the island of São Miguel, and the "Taça Portugal Solidário", an initiative by Golfcom with the high sponsorship of the President of the Republic. Still in this area, we should also note that Vista Alegre was invited to design and manufacture the crystal trophy for the 2018 RTP Song Contest.



SOCIAL RESPONSIBILITY

The charity event 'Uma Noite por Todos' (One Night For All) brought together nearly 5,000 people at the mythical nightclub The Day After.

Future outlook

The macroeconomic framework for the near future, both according to the Organisation for Economic Co-operation and Development (OECD) and to the International Monetary Fund (IMF) presents an optimistic look, as these institutions estimate that the world economy will grow by 3.9 % in 2018 and 2019, 0.2 p.p. more than previously estimated, influenced by the 'good moment' experienced in 2017. Growth estimates for the Eurozone were revised upwards by 0.3 p.p. for 2018 and 2019, and it is now estimated that the economy of the set of countries that use the Euro will grow by 2.2% and 2%, respectively.

It is expected that the process of expansion of the Portuguese economy will continue in the coming years, with economic activity continuing to present a growth profile along the forecast horizon, albeit at a progressively lower pace (2.3%, 1.9% and 1.7%, respectively in 2018, 2019 and 2020). The Grupo Visabeira faces the challenges of 2018 with confidence and, in line with the evolution of international markets, the Group once again relies on its growth and business expansion to other countries, with a view to becoming more and more internationalised, through investments in its various sub-holdings and an ever wider presence of the Group's products in the different geographies.

Visabeira Global

In 2018, Visabeira Global will strengthen the path it has been taking, consolidating its position in the market with investments, to be made mainly by Constructel, as it strengthens its position in central Europe.

In the CATV services segment in Angola, the investment plan by TV CABO Angola is mainly aimed at improving its offer and expanding its network. It includes the acquisition of equipment and the expansion of the network in the areas where the company already operates, particularly in Luanda, Benguela and Lubango. Within a similar scenario and with a special focus on improving the services provided, TV CABO Mozambique is planning to invest on expanding its network in the city of Maputo.

The investment plan outlined constitutes a strong commitment to increasing the capacity and quality of the services provided, also increasing the international notoriety of Visabeira Global.

For the domestic market, investments are planned by Viatel and PDT in the telecommunications sector, and by Visabeira in the energy sector. Both sectors aim at increasing the quality of the services provided in the segments in which they operate, as well as to respond to the development of new projects.

Visabeira Indústria

The Grupo Visabeira's industry sector has always focused primarily on innovation and technological research and development in the various sectors in which it operates, with the aim of increasing its competitiveness and the notoriety of its products. The Group believes that it is only through innovation (in processes and/or products) that it will be able to provide the necessary support to the positioning of its industries in the national market, and to gain greater recognition in international markets.

Thus, Visabeira Indústria considers it is relevant in terms of differentiation to continue to develop new projects to invest in its industries in order to modernise its factories. To this end, it will resort to state-of-the-art equipment and greater control and monitoring of production, with a view to developing new processes and products, increasing efficiency and strengthening its position in international markets.

For 2018, highlight goes to the updating of the Cerutil plant, with a view to expanding its productive capacity and creating the conditions for greater productive flexibility, as well as for the development of innovative and differentiating products. The aim is to improve the current production processes, which are still generating significant inefficiencies, while promoting the development of new products, such as larger pieces of asymmetrical geometry, and the introduction of non-stick, thus creating more eclectic and distinctive range portfolio, with a view to reaching new markets.

Also noteworthy in this sector is Ria Stone's capacity expansion project, aimed at expanding the factory and the support infrastructures and state-of-the-art equipment, with a view to introducing a third production line dedicated to the production of table stoneware for customer IKEA. This project has already allowed extending the contract with IKEA to 2026, i.e., for an additional 5 years in which we will supply table stoneware pieces and introduce a new and innovative product – single-fired decorated table stoneware. Within this framework, the Vista Alegre Group will continue to focus on disseminating the Vista Alegre brand through the various distribution channels it possesses, and on establishing partnerships with internationally renowned entities, as well as on improving its productivity and operational efficiency, so that it can continue to offer premium products in the domestic and international markets.

Still in the ceramics segment, in order to keep the schedule defined, investments in the Bortallo Pinheiro plant shall be intensified in 2018, with a view to completing the expansion works at this plant. With this expansion, the company will be able to increase its output capacity and be better equipped to respond to the market, with a view to increasingly affirm the brand and the Bortallo DNA in the world.

All these projects at the Group's various plants are aimed at increasing the global business volume, as well as increasing the international component, with a view to improving the competitiveness of the companies and improve their position in the markets.

The increase in capacity and quality that these investments will bring about, together with the strong commitment towards development and design and the commercial strategy defined, allow us to anticipate the next fiscal year as positive, with a reinforcement of the visibility and notoriety of Visabeira Indústria's products.

Visabeira Turismo

In line with the positive trend in the sector, 2017 was a year in which there was a significant growth in the tourism area, due to the growing notoriety of the Montebelo brand and the quality of the hotel and restaurant units that comprise it. Due to the growing exposure and promotion, both domestically and abroad, a positive evolution is expected for Visabeira Turismo's business. It is within this framework that the Montebelo Hotels & Resorts chain will expand its operations, with new hotel and restaurant projects.

In the hotel segment, the Montebelo chain will promote the refurbishment of a historic building in Lisbon's Pombaline downtown, most notably in the Chiado area, which will house a 5-star Hotel with 49 rooms. Simultaneously, also in the capital, it will refurbish a historic property, classified as Pombaline, located between Rua da Prata and Rua da Vitória, with a view to turning it into a local accommodation facility.

Visabeira Turismo also plans to invest in two other projects to refurbish two historic buildings, one of them located in Alcobaça, more precisely inside the cloisters of the Monastery of Santa Maria de Alcobaça, which will be turned into a 5-star hotel with 81 rooms and the other in Caldas da Rainha, in the Pavilhões do Parque D. Carlos I Buildings, which will also be a five-star hotel with 107 rooms.

Still with regard to the domestic tourist offer, another project is aimed at refurbishing the former Vista Alegre worker's quarters, with a view to expanding the Montebelo Vista Alegre Ílhavo Hotel.

In this way, Visabeira Turismo is expected to further assert itself on the national scene and reinforce its positioning with unique accommodation and restaurant units.

Visabeira Imobiliária

In the real estate area, highlight goes to Visabeira Imobiliária S.A., which expects that the year 2018 will bring a continuation of the path started in the previous year, which was based on sustained growth, and on the increase of turnover, greatly influenced by the economic climate and by the adoption of a more aggressive sales policy, which included the expansion of the sales team, in order to boost the revitalisation of the real estate market. Within this framework, and taking into account the growth observed in the real estate market recently, the Group expects to increase its turnover in this area.

Visabeira Participações

Visabeira Participações will strive to maintain the course that has distinguished it, which is based on the efficiency and effectiveness of its services and will maintain its strong commitment to a permanent attitude of active and result-oriented innovation.

Having as its goal a permanent focus on creating added value for its customers, the company will continue to build on its purpose of providing global solutions and anticipating customer needs. Its performance, which continues to be noticeable in the market where the company is positioned, allows us to forecast a new period in which the company's position will be strengthened, having the opportunity both to grow its portfolio and to expand into new segments.



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 Articles 447 and 448 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 2017.

SHAREHOLDER/MEMBER OF CORPORATE BODIES					
	Number of shares on 31 December 2017	%	Number of shares on 31 December 2016	%	Operations in 2017
Fernando Campos Nunes *	22,899,601	99.45%	19,287,580	83.77%	3,612,021
Caixa Capital	0	0.00%	496,315	2.17%	-496,315
Grupo Visabeira (own shares)	0	0.00%	2,302,512	10.00%	-2,302,512
Portugal Capital Ventures	0	0.00%	813,194	3.53%	-813,194
TOTAL	22,899,601	99.45%	22,899,601	99.45%	0

*Percentage held via NCFGEST, SGPS, S.A


Viseu, 12 March 2018

The Certified Accountant



CC member no.
77089

The Board of Directors





Consolidated account reporting documents

A black and white photograph of a wooden structure, possibly a staircase or a walkway, with a large white number '03' overlaid in the center. The structure is made of dark wood with visible grain and knots. The lighting is dramatic, with strong shadows and highlights. The number '03' is rendered in a clean, sans-serif font.

03

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Financial years ended 31 December 2017 and 31 December 2016

	Notes	2017	2016
Ongoing operations			
Sales		148,226,657	143,939,231
Services rendered		490,044,435	457,317,637
Turnover	10	638,271,092	601,256,868
Cost of sales and services rendered		-102,443,170	-122,196,174
Gross margin		535,827,922	479,060,694
Own work capitalised	11	4,833,554	5,361,214
Other income	12	27,618,438	18,064,381
External supplies and services	13	-261,451,055	-232,964,018
Staff costs	14	-171,141,351	-149,529,566
Other expenses	12	-12,136,467	-8,765,479
Operating income (excluding amortisations, provisions and fair value of investment properties)		123,551,041	111,227,226
Changes in the fair value of investment properties	23	-498,428	2,535,283
Amortisation	15	-39,820,010	-31,224,770
Provisions and impairment losses	16	-2,135,021	-887,759
Operating income		81,097,581	81,649,981
Interest borne, net	17	-34,186,577	-31,378,840
Gains/(losses) on listed shares	18	34,880,542	-3,955,330
Other financial expenses, net	19	-22,369,594	-6,671,793
Gains/(losses) from associated companies	6	360,592	-1,005,340
Financial income		-21,315,037	-43,011,303
Earnings before taxes		59,782,544	38,638,678
Current income tax	20	-16,998,647	-9,124,072
Deferred income tax	20	7,309,813	2,526,788
Income tax for the financial year		-9,688,833	-6,597,284
Net income before discontinued operations		50,093,710	32,041,394
Discontinued operations			
Income before taxes from discontinued operations	9	0	-3,751,043
Net income		50,093,710	28,290,351
Attributable:			
Shareholders		45,657,109	24,383,960
Non-controlling interests	36	4,436,601	3,906,390
Earnings per share:			
Basic	34	1.98	1.06
Diluted	34	1.98	1.06

The notes form an integral part of this consolidated financial statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 Financial years ended 31 December 2017 and 31 December 2016

	2017	2016
Consolidated net income for the period (a)	50,093,710	28,290,351
Other comprehensive income:		
Amounts that will be subsequently reclassified to profit or loss		
Currency translation adjustments		
Translation of transactions denominated in foreign currencies	58,913,889	-28,628,539
Derivatives and hedge accounting		
Changes in the market value	23,732	348,023
Tax effect	-5,340	-78,305
Impairments of assets		
Change in the fair value reserve of available-for-sale financial assets	-32,596,416	-16,938,954
Tax effect	7,334,193	3,811,265
Other adjustments recognised directly in equity, net		
Other adjustments	-2,482,234	56,480
Amounts that will not be subsequently reclassified to profit or loss		
Retirement benefits		
Actuarial gains/(losses)	43,129	-163,193
Tax effect	-12,519	36,718
Other comprehensive income for the period (b):	31,218,436	-41,556,505
Total comprehensive income for the period (a) + (b)	81,312,146	-13,266,154
Total comprehensive income attributable to:		
Non-controlling interests	28,794,784	-3,539,853
Shareholders	52,517,362	-9,726,301

The notes form an integral part of this consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 Financial years ended 31 December 2017 and 31 December 2016

	Notes	2017	2016
ASSETS			
Non-current assets			
Tangible assets	21	537,743,170	421,541,706
Goodwill	22	38,471,229	32,741,242
Investment properties	23	331,050,555	341,946,050
Intangible assets	24	101,235,499	83,234,343
Investments in associated companies	6	32,209,169	31,795,934
Available-for-sale financial assets	25	4,016,760	85,008,317
Other financial investments	7	56,620,166	59,357,748
Deferred tax assets	20	47,765,031	45,782,749
Other debtors	27	6,541,371	0
Total non-current assets		1,155,652,951	1,101,408,087
Current assets			
Inventories	26	127,622,533	138,856,046
Customers and other receivables	27	109,370,063	129,813,084
State and other public entities	28	1,996,090	3,376,622
Other current assets	29	135,606,367	146,115,132
Held-for-trading financial assets	30	703,519	203,980
Cash and cash equivalents	31	46,018,726	46,537,101
Total current assets		421,317,297	464,901,965
Total Assets		1,576,970,248	1,566,310,052
EQUITY			
Equity	32	115,125,630	115,125,630
Own shares	33	0	-33,468,381
Share premiums		44,493,578	44,493,578
Other reserves	35	16,262,328	32,030,319
Retained earnings	35	127,408,263	129,736,087
Equity attributable to shareholders		303,289,798	287,917,233
Non-controlling interests	36	69,855,298	44,176,368
Total Equity		373,145,096	332,093,602
LIABILITIES			
Non-current liabilities			
Medium- and long-term bank loans	37	475,648,468	498,704,788
Other non-current liabilities	39	104,961,864	75,021,755
Deferred tax liabilities	20	108,282,050	95,960,518
Provisions for other risks and expenses	43	14,341,270	6,834,189
Total non-current liabilities		703,233,653	676,521,250
Current liabilities			
Short-term bank loans	37	119,182,929	187,641,468
Suppliers and other creditors	38	112,126,518	115,540,725
State and other public entities	28	19,971,718	13,580,920
Other current liabilities	39	249,310,334	240,932,088
Total current liabilities		500,591,499	557,695,200
Total liabilities		1,203,825,152	1,234,216,450
Total equity and liabilities		1,576,970,248	1,566,310,052

The notes form an integral part of this consolidated statement of financial position

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 Financial years ended 31 December 2017 and 31 December 2016

	Equity	Own shares	Share issue premiums	Financial asset fair value reserve (note 25)	Retained earnings and other reserves (note 35)	Sub-total	Non-controlling interests	Total equity
On 1 January 2016	115,125,630	-33,468,381	44,493,578	37,316,736	134,513,125	297,980,687	48,508,334	346,489,021
Comprehensive income for the period	0	0	0	-13,127,689	3,401,389	-9,726,301	-3,539,853	-13,266,154
Transactions with shareholders								
Dividends distributed	0	0	0	0	0	0	-664,375	-664,375
Acquisitions, disposals and share capital increases	0	0	0	0	-337,153	-337,153	-127,738	-464,891
On 31 December 2016	115,125,630	-33,468,381	44,493,578	24,189,046	137,577,360	287,917,233	44,176,368	332,093,602
On 1 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 increases	0	0	0	0	-7,213,179	-7,213,179	-2,311,730	-9,524,908
On 31 December 2017	115,125,630	0	44,493,578	535,434	143,135,156	303,289,798	69,855,298	373,145,096

The Notes form an integral part of this consolidated statement of changes in equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial years ended 31 December 2017 and 31 December 2016

	2017	2016
OPERATING ACTIVITIES		
Receipts from customers	766,915,363	744,892,200
Payments to suppliers	-464,816,787	-463,714,380
Payments to staff	-170,186,402	-146,066,156
Operating cash flow	131,912,174	135,111,664
Income tax paid/received	-6,614,466	-4,340,513
Other operating payments/receipts	-3,567,262	-8,366,488
Cash flow generated before extraordinary items	121,730,446	122,404,663
CASH FLOW FROM OPERATING ACTIVITIES (1)	121,730,446	122,404,663
INVESTING ACTIVITIES		
Receipts from:		
Financial investments	83,231,491	3,022,657
Tangible fixed assets	0	24,086,728
Investment grants	2,318,867	1,291,010
Interest and similar income	0	615,484
Loans granted	49,582,000	813,922
Dividends	4,451,055	5,152,090
	139,583,413	34,981,891
Payments concerning:		
Financial investments	-625,925	-416,000
Acquisitions of subsidiaries	-4,515,981	0
Tangible and intangible fixed assets	-61,697,908	-56,766,543
Loans granted	-60,285,350	-12,140,686
	-127,125,164	-69,323,229
CASH FLOW FROM INVESTING ACTIVITIES (2)	12,458,250	-34,341,338
FINANCING ACTIVITIES		
Receipts from:		
Loans obtained	692,980,263	757,896,283
Share capital increases by non-controlling interests	647,410	0
	693,627,673	757,896,283
Payments concerning:		
Loans obtained	-776,618,767	-791,185,080
Amortisation of financial lease contracts	-8,064,370	-5,192,579
Interest and similar costs	-43,345,354	-46,494,460
Dividends	-347,164	0
	-828,375,655	-842,872,120
CASH FLOW FROM FINANCING ACTIVITIES (3)	-134,747,982	-84,975,837
Changes in cash and cash equivalents (1) + (2) + (3)	-559,286	3,087,488
Cash and cash equivalents at the beginning of the period	42,786,708	39,540,502
Effects of changes in the scope of consolidation	3,011,704	-158,718
Cash and cash equivalents at the end of the period	39,215,719	42,786,708

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
Financial years ended 31 December 2017 and 31 December 2016

1. Acquisition or disposal of companies	Price	Receipt. / Paym.
a1) Acquisitions/increases in holdings in the current financial year		
Electrotec	425,925	425,925
Pinewells	200,000	200,000
Ieme	3,343,000	3,343,000
Modal	626,094	626,094
Cabling	546,887	546,887
	5,141,906	5,141,906
a2) Disposals in the current financial year		
EDP	46,979,389	46,979,389
PHAROL	1,446,948	1,446,948
NOS	34,805,155	34,805,155
	83,231,491	83,231,491
2. Breakdown of cash and cash equivalents:		
	2017	2016
For companies included in the scope of consolidation		
a) Cash		
- Cash	388,744	400,549
- Bank deposits	40,966,341	44,461,409
- Bank overdrafts	-4,494,823	-4,113,091
b) Cash equivalents		
c) Other cash and cash equivalents		
- Tradable securities	2,355,456	2,037,841
Cash and cash equivalents at the end of the period	39,215,719	42,786,708
- Bank overdrafts	4,494,823	4,113,091
From changes to the scope of consolidation during the year		
a) Cash		
- Bank deposits	3,011,704	-158,718
Cash and cash equivalents in the balance sheet*	46,722,245	46,741,081

* Includes financial assets available for trading

Notes to the consolidated financial statements

On 31 December 2017 (amounts in euros)

1. Introductory note

The origins of the Grupo Visabeira go back to 1980, when its first company began its activity in the telecommunications and electricity sectors. The company was born with a profile geared toward innovation 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, it rapidly extended to the entire Portuguese territory and became the largest employer in central Portugal. Its indelible 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.

Focusing, since its inception, on the diversification of its activities, the Group has evolved, through a strategy aimed at structuring its operations into sectoral sub-holdings, so as to enhance each of its business lines and streamline the Group's ability to perform.

This model includes a global area, in which it organises its main activities: Telecommunications, Energy, Technology and Construction, which remain the cornerstones of its main business area.

The matrix was enriched by the growth of the industrial area, in sectors such as ceramics and glassware, kitchen manufacture, biofuels, thermal energy and natural resources, while consolidating a rich complementary tourism business, including hotels, restaurants, entertainment and leisure, as well as sports and wellness. In the real estate area, it also gathered skills and knowledge that made the company a reference in the market, in segments ranging from residential to commercial spaces, office spaces and tourism. The business portfolio is complemented with a shareholding business, which integrates a wide range of competences and also shared services.

At the same time, based on the trust earned in the market, it defined and consolidated a bold internationalisation strategy, which consolidated the Group's abilities and dynamics into two fronts of pluricontinental presence. On the one hand, it has expanded and strengthened its operating model into new countries, as a natural expansion of its markets, both in emerging economies and highly competitive developed countries, through a policy of investment in partnerships or creation of local companies, which has implemented its brand in almost 2 dozen countries, with companies that are gaining increasing recognition due to their strong performance dynamics and their unrivalled ability to offer highly competitive global solutions.

On the other hand, it has implemented a strategy aimed at increasing the presence of its products and services, which have taken on a multinational vocation and currently bring its brands to over seven dozen countries in the four corners of the world.

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 Group's resources, so as to enhance the differentiating opportunities made possible by its multiple competences. In this context, the Grupo Visabeira maintains a strong commitment to external growth as its main development path, leveraged by its multi-sectoral and multi-stakeholder matrix, which is enhanced by an attitude of constant technological updating and permanent innovation. Following this strategy, the Group will continue to enhance its distinctive skills and the entrepreneurial dynamism that have always characterised it, operating in an integrated manner in increasingly global scenarios, maximising resources and expanding its markets in a sustained manner. Within a crosscutting vision, the whole structure is geared towards results, always striving for leadership in its strategic businesses and with the primary goal of creating value for its customers and shareholders.

On 31 December 2017, turnover amounted to 638,271,092 euros. Equity amounted to 373,145,096 euros, of which 69,855,298 euros correspond to non-controlling interests. In 2017, the Grupo Visabeira employed an average of 9,719 employees (9,754 in 2016).

The financial statements were approved for issue in the meeting of the Board of Directors held on 12 March 2017, 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 BASES OF PRESENTATION

Pursuant to Decree- Law No. 35/2005 of 17 February, as subsequently amended by Decree-Law No. 98/2015 of 2 July, which transposed into Portuguese legislation the provisions of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, these consolidated financial statements 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 1 January 2017. In preparing the consolidated financial statements in accordance with IFRS, the Board of Directors of Grupo Visabeira SGPS 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 property, derivatives, held-for-trading and available-for-sale investments, which have been measured at fair value.

The consolidated financial statements include comparative information, in relation to previous financial years.

Unless stated otherwise, the amounts are expressed in euros (EUR).

2.2 BASES OF CONSOLIDATION

The consolidated financial statements include, in reference to 31 December 2017, the assets, liabilities and profit and loss of the companies of the Group, 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 Group. Control exists only where the Group 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 investors.

Generally, it is assumed that there is control when the Group holds the majority of voting rights. In order to support this assumption and in cases where the Group 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 Group 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. Intergroup balances and transactions, as well as any unrealised gains on transactions between companies in the Group, 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 Group.

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 Group 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. Investments retained are recognised at fair value at the time of the loss of control.

In situations where the Group 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 Group shareholders and recorded in the consolidated income statement, in the line item Non-Controlling Interests.

Changes to the scope of consolidation

During the year 2017, the most significant changes to the scope of consolidation (see note 8) were the additions of Ieme and the Modal Group.

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.

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 in the net monetary position.

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

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

	Million euros
Tangible fixed assets	82.1
Deferred tax liabilities	24.7
Equity attributable to shareholders	33.7
Non-controlling interests	26.7
Net income	-0.3

2.3 BUSINESS COMBINATIONS AND GOODWILL

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

Acquisitions made after 2010:

In the acquisition method, the difference between: (i) the consideration transferred along with the non-controlling interests and the fair value of the equity interests previously held, and (ii) the net amount of identifiable assets acquired and liabilities assumed, is recognised, on the date of acquisition, as goodwill, if positive, or as a 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 Group. For the purpose of determining goodwill/gains resulting from the 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.

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.

Expenses related to the acquisition are not part of the transferred consideration, so they do not affect the determination of goodwill/gains resulting from the acquisition 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 Group 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.

Whenever a 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.

Goodwill is considered to have an indefinite useful life and thus is not amortisable, 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 1 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 made before 2010:

Compared to the treatment described above, applicable as of 1 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 Group had a present obligation, the outflow was likely and the estimate was reliably determinable; subsequent changes in this value were recognised against goodwill;

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 Group owns no interests in joint ventures, as defined in IFRS 11.20.

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; i.e., the consolidated financial statements include the Group'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 Group'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. The cumulative post-acquisition movements are adjusted according to the cumulative movements in the financial investment. When the Group's share of losses in an associate/joint venture equals or exceeds its investment in that entity, including any unsecured receipt transaction, the Group 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 Group'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 Group and its associates/joint ventures are eliminated to the extent of the Group'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 Group.

Following the application of the equity method, the Group assesses the existence of impairment indicators; should they exist, the Group calculates the recoverable amount of the investment and recognises an impairment loss if the recoverable amount is lower than the book value of the investment, under item "Gains/losses in associates and joint ventures" of the income statement.

After the loss of significant influence or joint control, the Group 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

a) Sales and services rendered

Income derived from sales is recognised in the income statement when risks and advantages inherent to the possession of the assets sold are transferred to the purchasing party. Income from services rendered are recognised in the income statement at the time they are rendered, taking into account the ratio between services rendered in the financial year and the total services contracted.

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 revenue arising from the contract

can be reliably measured and it is probable that the contract will be profitable, revenues are recognised throughout the period of construction. If the contract is not profitable, the expected loss is acknowledged immediately as an expense in the fiscal 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.

Key income is recognised at the time of conclusion of the contract of reservation of ownership and subsequent receipt. The Group 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.

Income from sales and services rendered are not recognised if there are doubts as to the collectability of the proceeds from the sale or services rendered.

Income earned through rents is recorded in accordance with the straight-line method during the rental period and presented as "services rendered," due to its operational nature. Key income is recognised at the time of conclusion of the contract of reservation of ownership and subsequent receipt.

b) Grants

Grants are only recognised when received or upon sufficient certainty that the Group 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.

c) 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.

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.

d) Dividends

This income is recognised upon the establishment of the shareholder's right to receive it.

e) Own work capitalised

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:

- (i) the assets are identifiable and reliably measurable;
- (ii) it is highly likely that they will generate future economic benefits. No internally generated margins are recognised.

f) 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.

2.6 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.

All purchases and sales of these instruments are recognised on the date of the negotiation or when the respective contracts to buy or sell are signed, regardless of the date of the settlement.

2.6.1 Financial assets

Assets are initially recorded at their acquisition cost, which is the fair value of the price paid, including transaction costs, except for assets measured at fair value through profit and loss, in which transaction costs are immediately recognised in profit and loss.

These assets are not recognised when: (i) the contractual rights of the Group regarding the receipt of cash flows have expired, or (ii) the Group has substantially transferred the control over the assets or all the risks and benefits associated with their ownership.

Financial assets are classified as follows, depending on the intention of the Board of Directors at the time of their 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.

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 Group 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 Group 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 Group 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 from changes in the fair value of available-for-sale investments are recorded as equity in the line item reserves, until the investment is sold, collected or otherwise disposed of or until the fair value of the investment falls below the acquisition cost, corresponding to an impairment loss, at which time 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.

2.6.2 Financial liabilities

Financial liabilities are classified according to the substance of their contractual arrangement, regardless of the legal form, and are classified as follows:

- a) Financial liabilities measured at fair value through profit or loss;
- b) Bank loans;
- c) Accounts payable.

Financial liabilities are initially recognised at fair value and, in the case of bank loans and accounts payable, net of any costs directly incurred in the transaction.

Financial liabilities are derecognised when the obligation specified in the contract is satisfied, or when it is cancelled or expired. When a financial liability is replaced with another of the same borrower with substantially different terms

or the terms of an existing obligation are substantially modified, the exchange or modification shall be accounted for as extinction of the original financial liability and recognition of a new financial liability. The difference generated in the exchange or modification is recognised in the financial results of the financial year in which it occurs.

a) Financial liabilities measured at fair value through profit or loss

This category includes financial liabilities held for trading and derivatives that do not qualify as hedge accounting instruments and are initially classified as such.

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

b) Bank loans

Loans are initially recognised at their fair value, net of transaction costs incurred, and are subsequently measured at their amortised cost. Any differences between the face value (net of transaction costs incurred) and the nominal value is recognised in profit or loss during the term of the loans, according to the effective interest method.

Loans obtained are classified as current and non-current liabilities (in the latter case when their maturity exceeds 12 months after the balance sheet date).

c) Accounts payable

Outstanding balances to suppliers and other accounts payable are initially recorded at their nominal value, which is understood to be their fair value and subsequently at their amortised cost, in accordance with the effective interest method (whenever the effect of time is significant).

2.6.3 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 Group 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.

2.6.4 Derivatives and hedge accounting

On 31 December 2017, a series of derivative financial instruments was contracted, primarily aiming at minimising the risk of exposure to changes in interest rates.

Such financial instruments were contracted after a careful analysis of the risks and benefits inherent to this type of operation and a survey of several institutions involved in the market. These operations are subject to prior approval by the Executive Committee and require the continuous monitoring of the evolution of financial markets and positions held by the Group. The market value (fair value) of these instruments is determined at regular intervals throughout the year, in order to enable a continuous assessment of these instruments and their financial implications.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured at fair value on the balance sheet date.

The classification of a derivative as a hedging instrument complies with the provisions of IAS 39. A hedging relationship exists when:

- there is formal documentation of such relationship on the date of the contract;
- there is an expectation that the hedging will be highly effective;
- the effectiveness of the hedging can be reliably measured;
- the hedging is continually assessed and proves highly effective throughout the financial reporting period;
- concerning a planned transaction, it must be highly probable.

Changes in the fair value of derivative instruments classified as fair value hedges are recognised as financial result for the period.

Changes in the fair value of derivative instruments designated as cash flow hedges are recognised as equity, in its effective component, and as financial results in its non-effective component. Amounts recognised in equity are transferred to profit or loss when the hedged item also has effects on income.

When derivative financial instruments, although contracted for the purpose of hedging, according to the Group's risk management policies, do not comply with every requirement stipulated in IAS 39 to qualify for hedge accounting, they are classified as held-for-trading derivatives and the respective changes in fair value are recorded as results for the period.

When there are derivatives embedded in other financial instruments or other contracts, these are treated as separate derivatives in situations where the risks and characteristics are not closely related to contracts, and in situations where the contracts are not presented at fair value, with unrealised gains or losses being recorded in the income statement.

2.6.5 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.

2.6.6 Borrowing costs

The Group capitalises borrowing costs (interest and other costs incurred due to requests for loan funds) that are directly attributable to the acquisition, construction or production of an asset that qualifies as part of the cost of such asset, i.e. an asset that necessarily takes a substantial period of time to be ready for its intended use or its sale. All other borrowing 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.

Amortisation

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 depreciation rates applied correspond to the following estimated useful lives:

	2017	2016
Land and natural resources	2.50%	2.50%
Buildings	2.00% – 5.00%	2.00% – 5.00%
Other constructions	2.00% – 10.00%	2.00% – 10.00%
Basic equipment	6.67% - 33.33%	6.67% - 33.33%
Transportation equipment	16.66% - 25.00%	16.66% - 25.00%
Tools and utensils	4.00% - 25.00%	4.00% - 25.00%
Administrative equipment	4.00% - 10.00%	4.00% - 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 derecognition 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 Group 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 Group 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, this transfer must be measured at fair value on the date of the transfer and that shall be the cost considered for the recognition of the property in inventory.

2.9 LEASES

The classification of whether an agreement is (or contains) a lease is based on the substance and not the form of the agreement on the date of its commencement, which is the earliest between the date of the agreement and the date of the commitment by the parties with respect to its main terms. 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 by reference to the commencement date of the agreement is classified as finance or operating.

Lease contracts for which the Group substantially assumes all the risks and rewards inherent to their ownership are classified as finance leases.

Financial lease contracts are recorded on the contract commencement date as assets and liabilities at either the fair value of the leased property or the present value of future lease payments, whichever is lower.

Rents are calculated as their financial cost plus the financial repayment of the capital, in order to determine a constant interest rate on the remaining liability. Financial costs are recognised as financial expenses in the income statement. In the case of operating leases, rents owed are recognised as an expense in the income statement on a straight-line basis over the lease period.

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.

Costs of research carried out in the quest for new technical or scientific knowledge or in the quest for alternative solutions are recognised in profit or loss when incurred. Development costs are capitalised when the technical feasibility of the product or process under development can be proven, and when the Group 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 or depreciation, 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 amount of the asset is increased accordingly, but it can never be higher than the amount that would be recognised if the impairment loss had not been recorded. The impairment reversal is also recognised in the income statement in the period to which it relates.

2.12 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

This category includes assets or groups of assets whose value is realisable through a sale transaction or, jointly as a group in a single transaction, and any liabilities directly associated with these assets that are transferred in the same transaction. Assets and liabilities in this situation are measured at either the respective carrying value or the fair value, whichever is lower, net of selling costs.

For this situation to take place, the sale needs to be highly probable (expected to be realised within 12 months) and the asset has to be available for immediate sale in its present condition, in addition to the Group's commitment

in effecting the sale. The amortisation of assets in these conditions ceases from the moment in which they are classified as held for sale and are recognised as current under asset, liability or equity line items.

A discontinued operation is a component (operational units and cash flows that can be clearly distinguished, in terms of operation and for purposes of financial reporting, from the rest of the entity) of an entity that has been sold or is classified as held for sale, and:

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

The results of the discontinued operations are presented as a single amount in the income statement, which includes profit or loss after tax of the discontinued operations, plus the gains or losses after tax recognised in the measurement at fair value minus costs of sale or disposal of assets or group(s) for disposal comprised in the discontinued operation. Balances and transactions between continuing operations and discontinued operations are eliminated to the extent that they represent the operations that will no longer be carried out by the Group.

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 goods and work in progress - 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 finance charges considered correspond to the actual borrowing costs incurred on financing agreements that explicitly refer to the development, to the extent it is reasonable in terms of the application.

Other finished goods and work in progress are valued at production cost, which includes all direct costs and manufacturing overheads.

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 Group has a present (legal or implicit) obligation resulting from a past event and whenever a decrease in resources, which can be reasonably estimated, incorporating economic benefits is likely to be required in order 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 benefits expected from the fulfilment of the contract are lower than the costs arising from the obligations arising from 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, minus, where appropriate, the cumulative amortisation recognised in accordance with IAS 18 - Revenue.

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 Group directly or indirectly holds at least 75% of the share capital and which are based in Portugal and subject to Corporate Income Tax (IRC).

Since 2014, the subsidiaries of the VAA Group are 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 satisfied:

- The Group is able to control the timing of the reversal of the temporary difference; and
- The temporary difference is unlikely to be reversed in the foreseeable future.

The tax base of assets and liabilities shall reflect the tax consequences arising from the way the Group 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 Group's 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 Group has in place various retirement benefit plans, some managed by the Group and others by Futuro, of 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 Group 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 "Staff 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 Group 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. Where 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) a commitment to their assignment cannot be revoked, and (ii) the provision for restructuring is formed in accordance with IAS 37.

2.17.3 Holiday, holiday pay and bonuses

According to Portuguese labour law, employees are entitled to 22 annual leave days, as well as one month of holiday allowance, vested in the year prior to their payment. These liabilities 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 1 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 MEASUREMENT AT FAIR VALUE

The Group 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 market of the assets and liabilities; 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 transfer 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 Group.

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 Group 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, accessible to the entity on the measurement date;

Level 2 – Valuation techniques using inputs that, although not quoted, are directly or indirectly observable for assets and liabilities.

Level 3 – Valuation techniques using inputs not based on observable market data, i.e., based on unobservable data regarding assets and liabilities. 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.

2.19 INFORMATION BY SEGMENT

Business segment

A business segment is a distinguishable component of the Group, 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

A geographical segment is an individual area of the Group 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 Group 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.

2.20 TRANSACTIONS DENOMINATED IN A CURRENCY OTHER THAN THE EURO

The Group'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;
- The average exchange rate for the period used to translate the income statement line items;
- 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 1 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 31 December 2017 and 2016, assets and liabilities denominated in foreign currencies were translated into euros using the following exchange rates :

Closing exchange rate			
2017	2016	Code	Name
185.40	185.38	AOA	Angolan Kwanza
70,44	74,54	MZN	Mozambican Metical
3.95	3.42	BRL	Brazilian Real

In the financial years 2017 and 2016, the financial statements of subsidiaries expressed in foreign currency

Average exchange rate			
2017	2016	Code	Name
185.39	183.49	AOA	Angolan Kwanza
71.53	69.79	MZN	Mozambican Metical
3.63	3.88	BRL	Brazilian Real

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

2.21 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. Judgements 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 Group 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 Group 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 said assets.

c) Recognition of provisions and adjustments

The Group 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 Group'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 Group 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 Group 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 method used to determine the fair value of investment properties was discounted cash flows. This valuation is too dependent on the value of future rents and on the long-term occupancy rate.

e) Calculation of the market value of financial instruments

The Group chooses the method of assessment it deems appropriate for financial instruments not listed in an active market based on its best knowledge of the market and of the assets, applying the valuation techniques commonly used in the market and using assumptions based on market rates.

f) 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 date and amount of probable future taxable income, and
- Future tax optimisation strategies.

g) Post-employment benefits

The assessment of liabilities associated with retirement and health benefits attributed to the Group'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.

h) Companies included in the scope of consolidation

For the purpose of determining the entities included in the scope of consolidation, the Group 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 has over that entity (*de facto* control).

The Group's decision to consolidate a given entity is based on the use of judgement, assumptions and estimates to determine the extent to which the Group 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 Group's consolidated financial statements.

4. Changes to accounting policies

These separate financial statements 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 and in force for financial years started on 1 January 2017. The most important accounting policies used in preparing these financial statements are described below. These policies were consistently applied during the comparative periods, except where stated otherwise.

Unless stated otherwise, the amounts are expressed in euros (EUR). The financial statements of the Grupo Visabeira were prepared in accordance with the historical cost convention. The financial statements were prepared based on the assumptions of continuity of operations, accrual basis, consistency of the presentation, materiality and aggregation, no compensation and comparative information.

During the year 2017, there were no voluntary changes in accounting policies in relation to those considered in the preparation of the financial information of the previous year presented in the comparative statements.

With regard to new standards and interpretations, the following issues, revisions, amendments and improvements were introduced to the standards and interpretations used:

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 Group as of 1 January 2017:

- **IAS 7 – Disclosure Initiative**

Amendments to IAS 7 are part of IASB's Disclosure Initiative project and help the users of financial statements to better understand changes to the entity's debt. The amendments require that an entity discloses changes in liabilities related to financing activities, including changes in cash flows and non-cash flows (such as unrealised foreign exchange gains and losses).

- **IAS 12 – Recognition of deferred tax assets for unrealised losses;**

IASB issued amendments to IAS 12 to clarify the accounting of deferred tax assets on unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity must consider whether the country's fiscal rules restrict the sources of taxable income against which deductions can be made upon the reversal of a deductible temporary difference. In addition,

the amendments provide guidance on how an entity should determine its future taxable income and explain the circumstances under which such taxable income may include the recovery of certain assets for a value greater than its book value.

No significant impacts resulted for the Company'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 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 - Barter Transactions 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).

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.

The standard should be applied in financial years beginning on 1 January 2018 or later. The application is retrospective and entities may choose to apply the full retrospective approach or the modified retrospective approach.

Clarifications on IFRS 15: in April 2016, IASB issued amendments to IFRS 15, addressing various matters related to the implementation of this standard. These clarifications are to be applied simultaneously with the application of IFRS 15 for financial years beginning on or after 1 January 2018. The application is retrospective and entities may choose to apply the full retrospective approach or the modified retrospective approach. The Grupo Visabeira is analysing the impacts of this standard. There will be an increase in disclosures regarding sales and services provided.

- **IFRS 9 – Financial Instruments:**

The standard is to be applied in financial years beginning on or after 1 January 2018 and replaces IAS 39.

Classification and measurement of financial assets

All financial assets are measured at fair value on the date of their initial recognition, adjusted for transaction costs in the event that the instruments are not recorded at fair value through profit and loss (FVTPL). However, customer accounts without a significant financing component are initially measured at their transaction value, as defined in IFRS-15 Revenue from Contracts with Customers. Debt instruments are subsequently measured on the basis of their contractual cash flows and the business model in which such instruments are held.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the fair value option, the amount of the change in the fair value of those financial liabilities that is attributable to changes in the entity's credit risk must be presented in the statement of comprehensive income. The remainder of the change in fair value must be presented in profit-or-loss unless the presentation of the change in fair value with respect to the credit risk of the liability in the statement of comprehensive income creates or increases an accounting decompensation in the results for the year.

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.

Impairment

Impairment requirements are based on an expected credit loss model, which replaces IAS 39's loss model.

Hedge accounting

Hedging efficacy tests should be prospective – and may be qualitative, depending on the complexity of the hedging – without the 80% - 125% test. The three types of hedging provided for in IAS 39 are maintained, but a greater number of hedging strategies will be eligible for hedge accounting.

The Grupo Visabeira does not expect that any material impacts will result from the application of this standard.

- **IFRS 16 – Leases**

The scope of IFRS 16 includes the leases of all assets, with some exceptions. A lease is defined as a contract, or part of a contract, that transfers the right to use an asset (the underlying asset) for a period of time, in exchange for a monetary amount. IFRS 16 requires tenants to account for all leases based on a unique on-balance model, which is similar to the treatment that IAS 17 gives to financial leases. The standard recognises two exceptions to this model: (1) low-value leases (e.g. personal computers) and short-term leases (i.e. with a lease term not exceeding 12 months). At the commencement date of the lease, the lessee will recognise the liability related to the lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right-of-use, or ROU).

Lessees will have to recognise the cost of the interest on the lease liability and the depreciation of the ROU separately.

Lessees must also remeasure the liability of the lease upon the occurrence of certain events (such as a change

in the leasing period, a change in future payments resulting from a change in the reference rate or the rate used to determine such payments). The lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the ROU.

The accounting by the lessee remains substantially unchanged in relation to the current treatment of 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.

The standard is to be applied in financial years beginning on or after 1 January 2019. Early adoption is permitted, provided that the IFRS 15 is also applied. The application is retrospective and entities may choose to apply the full retrospective approach or the modified retrospective approach.

The Grupo Visabeira is assessing the impacts that will result from the adoption of this new standard, and it is expected that its adoption will have a significant impact on the Group's Financial Statements, as a result of the operating leases in which the Group is a lessee.

(See Note 40)

- **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. It is applicable for the first time for financial years beginning on or after 1 January 2018.

It does not apply to the Grupo Visabeira.

4.3 Standards and interpretations issued by IASB but not yet endorsed by the European Union

As of 31 December 2017, 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:

Issue (IASB)	IASB Standard or IFRIC Interpretation	Mandatory application in years beginning on or after:
June 2016	IFRS 2: Classification and Measurement of Share-Based Payment Transactions	1 January 2018
December 2016	Improvements to the international financial reporting standards (2014-2016 round)	1 January 2018
December 2016	IFRIC 22: Effects of exchange rate changes (new)	1 January 2018
December 2016	IAS 40: Transfer of investment properties (amendments)	1 January 2018
May 2017	IFRS 17 – Insurance contracts (new)	1 January 2021
June 2017	IFRIC 23 – Uncertainty in the treatment of income tax (new)	1 January 2019
October 2017	IFRS 9 – Negative compensation prepayment resources (amendments)	1 January 2019
October 2017	IAS 28 – Long-term investment in associates and joint ventures (amendments)	1 January 2019
December 2017	Improvements to the international financial reporting standards (2015-2017 round)	1 January 2019

The impact of adopting these standards or changes is being analysed by the Group, but no significant impacts are expected on the financial statements as a result of their adoption.

5. Group companies included in the consolidation

	Conditions for inclusion	Registered office	% of capital owned	
			2017	2016
GRUPO VISABEIRA SGPS, SA		Viseu	Parent	Parent
Visabeira Global				
Aeroprotechnik – Aerial Engineering, Lda		Viseu	51.00%	51.00%
Cabling Station Data, SA	c)	Mont-Sur-Marchienne	60.00%	-
Cass Constructel, Ltd	b)	London	-	50.00%
Comatel Infraestruturas, Lda		Luanda	100.00%	100.00%
Constructel – Constructions et Telecommunications Belgique		Mons	99.28%	99.28%
Constructel – Constructions et Telecommunications, SARL		Valence	99.28%	99.28%
Constructel África, SA		Maputo	100.00%	100.00%
Constructel BAU GmbH		Berlin	99.46%	99.46%
Constructel Denmark, ApS		Copenhagen	99.73%	99.73%
Constructel Energie, SA		Clermont-Ferrant	99.46%	99.46%
Constructel Italia, SRL		Galliate	99.64%	-
Constructel Infra-Structures, SAS.		Santo Domingo	99.86%	99.86%
Constructel GmbH		Berlin	99.46%	99.46%
Constructel LLC		Moscow	100.00%	100.00%
Constructel Sweden AB		Stockholm	99.73%	99.73%
Constructel UK, Ltd		London	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.		Luanda	100.00%	100.00%
Field Force Atlântico, SA (formerly Visagreen)		Viseu	100.00%	100.00%
Gatel, SAS		Domessin	99.28%	99.28%
Hidroáfrica – Comércio e Indústria, SARL		Maputo	96.10%	92.07%
Ieme, SRL		Cesena	59.57%	-
Intelvisa, Gestão de Participações, SA		Maputo	100.00%	50.00%
Modal Installation, SA	c)	Marchienne-Au-Port	60.00%	-
Mascaux 800, SA	c)	Flemalle	60.00%	-
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%
Real Life – Tecnologias de Informação, SA		Algés	65.00%	65.00%
Real Life Advanced Technologies Academy MZ, S.A.		Maputo	65.70%	65.70%
Real Life Technologies MZ, S.A.		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%
Visaqua – Gestão de Infra- estruturas e Serviços, Ambientais, SA		Maputo	50.60%	25.30%

	Conditions for inclusion	Registered office	% of capital owned	
			2017	2016
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%	56.00%
Celmoque – Cabos de Energia e Telec. de Moçambique, SARL		Maputo	85.19%	70.38%
Cerexport – Cerâmica de Exportação, SA*		Aveiro	94.12%	81.79%
Cerutil – Cerâmicas Utilitárias, SA		Sátão	100.00%	100.00%
Faianças Artísticas Bordallo Pinheiro, Lda		Caldas da Rainha	83.99%	47.01%
Faianças da Capôa – Industria de Cerâmica, SA*		Aveiro	94.12%	81.79%
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%
Mob – Indústria de Mobiliário, SA		Viseu	97.77%	97.77%
Mob Cuisines, SASU		Paris	97.77%	97.77%
Pinewells, SA		Arganil	100.00%	63.53%
Ria Stone – Fábrica de Louça de Mesa em Grés, SA*		Ílhavo	94.12%	81.79%
Shree Sharda Vista Alegre Private Limited*		Ílhavo	47.06%	40.90%
Tubangol – Tubos de Angola, Lda		Luanda	99.95%	99.95%
Visabeira Indústria, SGPS, SA		Viseu	100.00%	100.00%
Visaconstroi – Construção e Gestão Imobiliária, Lda		Luanda	99.95%	99.95%
Vista Alegre Atlantis, SA*		Lisbon	94.12%	81.79%
Vista Alegre Atlantis Brasil – Comércio, Importação e Exportação, SA*		Vitória	84.63%	72.52%
Vista Alegre Atlantis Imobiliária e Investimento, SA*		Ílhavo	94.12%	81.79%
Vista Alegre Atlantis Moçambique, Lda.		Maputo	94.12%	81.79%
Vista Alegre Atlantis, SGPS SA		Ílhavo	94.12%	81.79%
Vista Alegre Atlantis UK LTD.		London	94.12%	81.79%
Vista Alegre Atlantis USA*		New York	94.12%	81.79%
Vista Alegre España, SA*		Madrid	94.12%	81.79%
Vista Alegre France, SAS*		Paris	94.12%	-
Vista Alegre Group – Vista Alegre Participações, SA*		Lisbon	93.46%	81.22%
Visabeira Turismo				
Empreendimentos Turísticos Montebelo – Sociedade de Turismo e Recreio, SA		Viseu	99.83%	99.83%
Imobiliária Panorama, Lda.		Maputo	70.00%	70.00%
Inhambane Empreendimentos, Lda		Maputo	80.00%	80.00%
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%
Soginveste Empreendimentos, Lda		Maputo	70.00%	70.00%
Turvisa – Empreendimentos Turísticos, Lda		Maputo	100.00%	100.00%
VAA – Empreendimentos Turísticos, SA		Ílhavo	99.68%	98.12%
Visabeira Turismo, SGPS, SA		Viseu	100.00%	100.00%
Zambeze – Restauração, SA	a)	Lisbon	50.00%	50.00%
Zambeze Village, Lda		Maputo	63.00%	63.00%

	Conditions for inclusion	Registered office	% of capital owned	
			2017	2016
Visabeira Imobiliária				
Ifervisa – Sociedade de Promoção e Desenvolvimento Imobiliário, SA		Lisbon	100.00%	100.00%
Imovisa – Imobiliária de Moçambique, Lda	a)	Maputo	49.00%	49.00%
Visabeira Imobiliária, SA		Viseu	100.00%	100.00%
Visabeira Imobiliária, SGPS, SA		Viseu	100.00%	100.00%
Visabeirahouse, SA (formerly Visabeira Turismo e Imobiliária, SGPS, SA)		Viseu	100.00%	100.00%
Visabeira Participações Financeiras				
2 Logical - Serviços de Consultoria Farmacêutica, SA		Lisbon	51.00%	51.00%
Agrovisa – Agricultura e Pecuária, Lda		Luanda	99.00%	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	a)	Luanda	49.50%	49.50%
Convisa Turismo, Lda	a)	Luanda	49.50%	49.50%
lutel – Infocomunicações, SA	a)	Viseu	50.00%	50.00%
Hospital Nossa Senhora da Arrábida, SA		Viseu	80.00%	80.00%
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%
PDA – Parque Desportivo de Aveiro, SA		Aveiro	54.57%	54.57%
Porto Salus		Azeitão	79.50%	79.50%
Rentingvisa, Unipessoal Lda		Viseu	100.00%	100.00%
Telesp Telecomunicaciones, Electricidad y Gás de España, SA		Madrid	98.81%	98.81%
Vibeiras, Sociedade Comercial de Plantas SA		Maputo	64.43%	64.43%
Visabeira Angola – Investimento e Participações, Lda		Luanda	99.90%	99.90%
Visabeira Espanha, SA		Madrid	99.53%	99.53%
Visabeira Estudos e Investimentos, SA		Viseu	100.00%	100.00%
Visabeira Knowledge and Research, 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 Saúde, SA		Viseu	100.00%	100.00%
Visasecil – Prestação de Serviços, Lda		Luanda	100.00%	100.00%
Visatur – Empreendimentos Turísticos, Lda		Luanda	100.00%	100.00%
Visauto – Reparações Auto, Lda		Luanda	100.00%	100.00%

* 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, of which 50% is held by the Grupo Visabeira and 50% by Angola Telecom, and which benefits from the know-how and technical expertise that the Visabeira brand guarantees with its 36 years of activity in the field of Telecommunications, the Group controls all relevant activities: construction, financing (depending on the maintenance of the Management and Technical Assistance Agreement (MTAA) concluded between TVCABO and Visabeira); 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%

held by TDM, the situation is the same as that of TVCABO Angola. The data for these companies are the following:

Amounts in euros	TVCABO Angola	TVCABO Mozambique	Televisa
Net assets			
Tangible and intangible fixed assets	180,402,294	24,849,061	1,890,164
Other assets	13,738,439	3,887,519	22,289,289
Cash and cash equivalents	26,778,253	749,633	97,617
Bank loans	-17,439,076	-7,659,943	-4,474,967
Other liabilities	-73,187,479	-14,484,090	-19,291,976
TOTAL NET ASSETS	130,292,432	7,342,181	510,128

b) Wound up company

c) Companies of the so-called Modal Group, acquired in 2017

6. Investments in associated companies

Registered office	Holding		Equity	Net income	Carrying value		Effect of the EM on the result		
	2017	2016	2017	2017	2017	2016	2017	2016	
Visabeira Global									
Aceec, ACE	Viseu	50.00%	50.00%	51,397	-714	19,643	20,000	-357	0
Beiragás, SA	Viseu	23.55%	23.55%	44,130,703	2,451,862	10,725,121	10,614,826	577,456	756,949
Birla Visabeira Private Limited	New Delhi	49.00%	49.00%	1,233,197	17,980	721,113	812,659	8,810	612
Domingos da Silva Teixeira/Visabeira, ACE	Lisbon	50.00%	50.00%	-9,271	0	0	0	0	0
Electrotec - Projecto, Execução e Gestão de Redes de Energia, Lda	Maputo	49.00%	49.00%	212,938	-507,274	428,860	260,728	-248,564	-304,979
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	52,500	52,500	0	0
Visabeira Turismo									
Doutibelo, Lda	Viseu	19.97%	19.97%	2,057,950	424,221	3,061,912	3,010,621	84,717	44,227
Doutibelo, Lda – empréstimos						2,871,497	2,864,147	-	-
Lipilichi Holdings, Lda	Port-Louis	15.00%	15.00%	-2,943,293	0	0	0	0	0
Mtdendele Holdings, Lda.	Port-Louis	25.00%	25.00%	1,518	0	0	0	0	0
Sem Amarras, SA	Viseu	19.97%	19.97%	1,996,982	183,596	2,280,555	2,260,189	36,664	17,686
Sem Amarras, SA – empréstimos				-	-	5,176,575	5,186,575	-	-
Visabeira Participações Financeiras									
Build Down & Build Up Moçambique. Lda	Maputo	50.00%	50.00%	-220,043	16,205	1,716	0	8,102	-28,196
Gevisar, SA	Santa Maria da Feira	30.00%	30.00%	19,317,278	1,840,040	5,773,697	5,266,274	552,012	-1,042,978
Imensis – Soc. Gestão Empreem. Imobiliários, Lda	Maputo	49.00%	49.00%	297,628	0	66,629	66,629	0	0
Martifer Amal, S.A.	Maputo	35.00%	35.00%	-397,644	-1,024,303	-925,734	-574,040	-358,506	-450,462
Martifer Amal, SA – empréstimos				-	-	1,181,705	1,181,705	-	-
Predibeira – Compra e Venda de Propriedades, Lda	Viseu	50.00%	50.00%	217,452	515	108,726	108,468	258	1,800
Turvisa, Lda	Lubango	30.00%	30.00%	42,355	0	41,109	41,109	0	0
Twin City Maputo, Lda	Maputo	39.00%	39.00%	28,770	0	383,794	383,794	0	0
Differences in estimates of results								-300,000	
TOTAL						32,209,169	31,795,934	360,592	-1,005,340

The table below shows summarised information on the most significant associated companies:

	Year	Assets	Liabilities	Income	Costs
Visabeira Global					
Beiragás, SA	2016	81,990,071	38,327,679	16,988,052	13,774,067
	2017	79,780,115	35,649,412	15,405,603	12,953,741
Electrotec - Projecto, Execução e Gestão de Redes de Energia, Lda	2016	9,551,088	9,672,944	3,359,614	3,966,879
	2017	9,127,360	8,917,682	2,707,435	3,214,708
Visabeira Turismo					
Doutibelo, Lda	2016	7,702,405	6,068,676	730,653	676,566
	2017	7,607,764	5,549,814	979,282	555,061
Sem Amarras, SA	2016	9,451,482	7,638,096	395,499	388,550
	2017	9,471,613	7,474,632	665,122	481,526
Visabeira Participações Financeiras					
Gevisar, SA	2016	29,539,359	12,062,120	962,867	4,588,089
	2017	30,558,980	11,241,701	2,631,374	791,334
Martifer Amal, S.A.	2016	9,867,287	10,258,943	4,792,745	6,048,471
	2017	9,640,305	10,031,862	6,076,140	7,100,443
Total 2016		148,101,692	84,028,458	27,229,430	29,442,622
TOTAL 2017		146,186,137	78,865,103	28,464,956	25,096,813

7. Other financial investments

Capital holdings	Registered office	%	Book Value 2017	%	Book Value 2016
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
TF Turismo Fundos – SGFII, SA	Lisbon	2.50%	137,574	2.50%	137,574
Moçambique Companhia de Seguros, SARL	Maputo	5.00%	97,382	5.00%	97,382
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%	30,155
Centro Venture – Soc. Capital de Risco, SA	Coimbra	3.33%	25,000	3.33%	25,000
Associação Inov Paredes	Paredes	10.00%	25,000	10.00%	25,000
Caixa Crédito Agrícola Mútuos Costa Azul		n.d.	15,000	n.d.	15,000
Lisgarante		n.d.	11,263	n.d.	11,263
Garval		n.d.	11,263	n.d.	11,263
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.	7,600	n.d.	7,350
Fundo de Compensação do Trabalho	Viseu	n.d.	3,989	n.d.	3,989
Base Force, Lda	Viseu	20.00%	1,000	20.00%	1,000
Açor Pensões	Ponta Delgada	5.00%	0	5.00%	49,880
Other shareholdings			636,172		489,851
			3,149,527		3,052,817
Loans to shareholders			53,470,639		56,304,931
TOTAL			56,620,166		59,357,748

At the end of 2017, the Group has a balance of 53.5 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 Group's financing cost.

8. Changes in the scope of consolidation

Acquisitions / Incorporations		% Held	Date	Amount
leme, SRL	Acquisition	60.00%	01/01/2017	3,988,015
Vista Alegre France	Constitution	100.00%	13/07/2017	30,000
Constructel Italia	Constitution	100.00%	15/03/2017	10,000
Modal Installation	Acquisition	60.00%	01/05/2017	3,756,565
Cabling Station Data	Acquisition	60.00%	01/05/2017	3,281,323
Mascaux 800	Acquisition	60.00%	01/05/2017	652,112
TOTAL				11,718,015
Dissolutions		% Sold	Date	Amount
Cass Constructel	Dissolution	50.00%	24/01/2017	13,486
TOTAL				13,486

The most significant changes in the scope of consolidation with an impact on the consolidated accounts occurred during 2017 were as follows:

Company	Registered Office Name	Change scope of consoli- dation	Date	Percentage of equity held	
				Before the acqui- sition	After the acquisition
leme	Cesena	Entry	01/01/2017	0.00%	60.00%
Vista Alegre France	Paris	Entry	13/07/2017	0.00%	93.46%
Constructel Itália	Galliate	Entry	15/03/2017	0.00%	99.64%
Modal Installation	Marchienne-Au-Port	Entry	01/05/2017	0.00%	60.00%
Cabling Station Data	Mont-Sur-Marchienne	Entry	01/05/2017	0.00%	60.00%
Mascaux 800	Flemalle	Entry	01/05/2017	0.00%	60.00%

During the year 2017, the Grupo Visabeira incorporated and acquired several companies, especially in the European market. In order to expand and consolidate its position in the field of telecommunications, the Group, through Constructel, has acquired the Belgian group Modal, comprised by three companies – Modal Installation, Cabling Station and Mascaux 800 –, which has concluded contracts with Belgacom for more than 25 years, thus becoming the largest service provider for this entity.

Also worthy of note is the acquisition, in Italy, of leme, a company operating in the energy sector, 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	leme		Modal	
	Value of the position before the acquisition	1 January to 31 December 2017	Value of the position before the acquisition	1 May to 31 December 2017
Net assets				
Tangible and intangible fixed assets	2,820,707	2,645,333	221,507	103,156
Other assets	5,843,843	8,017,262	4,469,119	3,829,266
Cash and cash equivalents	781,856	696,005	477,914	730,350
Other liabilities	-4,905,167	-6,781,779	-3,594,777	-2,822,729
Total net assets	4,541,242	4,576,820	1,573,763	1,840,044
Non-controlling interests (note 36)	-	1,830,728	-	736,017

Amounts in euros	Cabling		Mascaux	
	Value of the position before the acquisition	1 May to 31 December 2017	Value of the position before the acquisition	1 May to 31 December 2017
Net assets				
Tangible and intangible fixed assets	93,117	86,265	21,389	18,720
Other assets	2,159,903	1,892,484	235,087	114,265
Cash and cash equivalents	1,195,933	1,336,168	332,981	246,492
Other liabilities	-2,086,036	-1,572,236	-153,998	-99,089
Total net assets	1,362,917	1,742,681	435,458	280,387
Non-controlling interests (note 36)	-	697,072	-	112,155

9. Discontinued operations

In 2016, the Grupo Visabeira sold the company Fibroglobal, the result of which was recognised in relation to discontinued operations up to the date of the disposal, in the negative amount of 3.8 million euros.

During the year 2017, there were no discontinued activities. Similarly, from 31 December 2017 to the present date, there are no decisions to discontinue operating activities.

10. Main indicators by segment

a) By area of activity	Years	Global	Industry	Tourism	Real Estate	Financial Holdings	Total
Turnover	2016	430,239,147	112,868,253	33,431,330	5,913,891	18,804,247	601,256,868
	2017	450,729,360	127,082,062	34,907,379	8,809,326	16,742,965	638,271,092
EBITDA	2016	67,550,359	14,857,867	17,266,181	2,341,021	9,211,799	111,227,226
	2017	77,916,184	22,220,659	15,952,269	1,417,841	6,044,088	123,551,041
Operating income Recurring *	2016	52,663,263	6,406,313	12,212,133	1,837,235	6,883,513	80,002,456
	2017	54,325,135	13,021,457	11,483,389	918,670	3,982,379	83,731,031
Net income	2016	25,922,769	13,505	6,893,291	-4,990	-4,534,225	28,290,351
	2017	20,428,822	2,084,780	4,333,814	-1,622,994	24,869,288	50,093,710
Tangible/intangible assets	2016	124,401,439	196,510,848	119,830,096	14,266,854	49,766,813	504,776,048
	2017	256,107,774	199,064,168	120,438,256	13,987,114	49,381,356	638,978,669
Inventories	2016	36,248,045	43,552,280	1,824,683	53,782,789	3,448,248	138,856,046
	2017	31,146,231	42,639,676	2,171,642	47,481,464	4,183,520	127,622,533

b) By country	Years	Portugal	France	Angola	Mozambique	Belgium	Italy	Spain	Other	Total
Turnover	2016	316,486,001	143,382,382	76,244,378	38,934,806	7,855,042	0	6,710,952	11,643,306	601,256,868
	2017	295,057,146	162,464,511	83,519,172	40,725,883	22,856,311	11,478,153	6,647,359	15,522,558	638,271,092
EBITDA	2016	67,103,659	6,521,138	26,251,357	9,627,554	602,670	0	430,990	689,858	111,227,226
	2017	62,023,011	14,249,423	31,339,240	12,059,245	2,106,061	815,767	756,518	201,775	123,551,041
Operating income Recurring *	2016	49,061,206	4,617,592	19,351,569	6,097,220	396,905	0	232,109	245,855	80,002,456
	2017	44,642,454	8,690,499	19,404,392	8,212,141	1,819,394	269,483	564,660	128,007	83,731,031
Net income	2016	15,519,785	2,679,225	9,039,466	532,963	185,038	0	146,821	187,054	28,290,351
	2017	45,860,580	5,820,654	270,239	-2,441,933	750,064	35,579	536,793	-738,265	50,093,710
Tangible/intangible assets	2016	365,745,175	4,847,594	74,840,418	55,179,841	1,202,519	0	1,244,790	1,715,712	504,776,048
	2017	364,039,848	13,865,610	191,548,583	61,981,167	1,342,372	2,645,333	1,056,342	2,499,415	638,978,669
Inventories	2016	118,029,101	445,531	7,742,286	4,565,637	107,021	0	763,947	7,202,523	138,856,046
	2017	107,085,177	346,110	8,608,846	4,448,383	774,054	0	906,642	5,453,321	127,622,533

* Excluding the effect of changes in the fair value of investment properties, provisions and impairment losses and gains from business combinations

11. Own work capitalised

	2017	2016
Construction of new TVCABO cells in Mozambique	1,520,531	1,487,342
Remodelling of Turvisa Hotels	1,426,792	1,265,825
Project to increase the production capacity of the furnace and crockery – Vista Alegre	613,628	950,611
Projects for the development of crystal bottles – Vista Alegre	499,424	0
Construction of new TVCABO cells in Angola	273,212	489,687
Remodelling of Pinewells' furnace and optimisation of its production system	245,276	340,304
Expansion works at Hotel Girassol, in Maputo	189,962	241,428
Vista Alegre e-commerce project	34,460	0
Exhibition furniture	29,356	67,406
Remodelling works at the Constructel Belgium facilities	914	53,999
Rehabilitation works at the Vista Alegre Palace (Montebelo Vista Alegre Ílhavo Hotel)	0	225,908
Remodelling and rehabilitation works in Agueira	0	107,470
Remodelling works at the Cerutil plant	0	85,012
Remodelling of the Girassol Nampula building	0	46,221
TOTAL	4,833,554	5,361,214

12. Other operating income and expenses

	2017	2016
Other Income		
Supplementary income	25,980,020	16,009,277
Corrections regarding previous financial years	0	8,369
Investment grants	1,638,418	2,046,735
TOTAL	27,618,438	18,064,381
Other Expenses		
Taxes	4,432,426	5,032,418
Losses on tangible fixed assets	3,426,516	283,196
Bad debts	0	273,261
Other	4,277,525	3,176,604
TOTAL	12,136,467	8,765,479

The item 'Supplementary income' includes compensation for insurance, rent and gains from disposals of tangible fixed assets.

13. External supplies and services

	2017	Weight - %	2016	Weight - %
Subcontracting	158,753,892	61%	142,988,317	61%
Rents and leases	21,655,595	8%	18,651,968	8%
Specialised work	16,566,792	6%	15,588,471	7%
Fuel	11,984,774	5%	9,396,225	4%
Electricity	9,647,209	4%	7,577,371	3%
Maintenance and repair	7,430,343	3%	4,705,766	2%
Insurance	4,623,595	2%	4,466,049	2%
Communication	4,023,765	2%	3,580,024	2%
Travels and stays	3,629,882	1%	3,537,922	2%
Transport of goods	3,438,127	1%	3,553,030	2%
Advertising	3,189,194	1%	3,684,035	2%
Commissions	2,558,712	1%	3,284,761	1%
Cleaning, hygiene and comfort	2,452,306	1%	2,219,457	1%
Fast-wear tools and utensils	2,401,007	1%	1,898,120	1%
Surveillance and security	2,104,207	1%	2,147,628	1%
Fees	1,316,465	1%	1,174,810	1%
Office supplies	702,931	0%	491,768	0%
Representation expenses	565,448	0%	311,243	0%
Other	4,406,813	2%	3,707,053	2%
TOTAL	261,451,055	100%	232,964,018	100%

In 2017, subcontracting rose by 15.7 million euros, mainly due to the additions of Ieme, Modal, Cabling and Mascaux to the scope of consolidation, and an impact of around 3 million euros resulting from monetary adjustment – IAS 29 Angola.

14. Staff costs

	2017	2016
Staff remunerations	136,439,987	119,840,637
Social Security contributions	28,058,379	24,847,480
Remuneration premiums	1,294,645	1,163,489
Corporate bodies	1,692,014	1,217,091
Insurance	1,127,227	1,130,167
Social initiatives expenses	960,086	864,666
Occasional staff and staff on retainer	429,466	256,975
Other	1,139,547	209,061
TOTAL	171,141,351	149,529,566

Staff remunerations increased in relation to the previous year, due to the addition of companies Ieme and Modal Group to the scope of consolidation, which represents approximately 32.1% of the increase.

Throughout the 2017 financial year, the average number of employees of the Group was 9,719 (2016: 9,754), with the following distribution by business sector and country:

Average number of employees by business area	2017	2016
Global	5,028	5,032
Industry	2,487	2,467
Tourism	928	866
Financial Holdings	770	782
Real Estate	506	607
TOTAL	9,719	9,754

Average number of employees by country	2017	2016
Portugal	4,521	4,415
Mozambique	2,065	2,320
France	1,644	1,394
Angola	1,091	1,286
Germany	106	106
Belgium	100	110
Italy	93	0
Spain	55	57
Denmark	27	49
Brazil	14	14
USA	3	3
TOTAL	9,719	9,754

The remuneration of the key management staff (under the terms of IAS 24) has an essentially fixed nature and does not include post-employment benefits or employment termination benefits. In 2017, it amounted to 1.7 million euros (1.2 million euros in 2016).

15. Amortisation

	2017	2016
Depreciation of intangible assets		
Development projects	462,078	225,311
Computer programmes	316,064	371,554
Industrial property and other rights	207	209
Other	1,912,449	587,421
Total depreciation of intangible assets	2,690,797	1,184,495
Depreciation of tangible assets		
Land and natural resources	459,596	253,405
Buildings and other constructions	17,428,064	12,004,524
Basic equipment	9,661,987	9,184,707
Transportation equipment	3,348,324	2,993,741
Administrative equipment	1,783,080	1,619,215
Other	4,448,163	3,984,684
Total depreciation of tangible assets	37,129,214	30,040,275
TOTAL	39,820,010	31,224,770

The increase in amortisation of tangible assets in 2017 is largely due to the classification of the Angolan economy as hyperinflationary, with an impact of 3.3 million euros.

It should also be noted that the amortisation of intangible assets (1.5 million euros) increased due to the amortisation of the irrevocable right of use (IRU) of international internet traffic connectivity carried out by TVCABO Angola.

16. Provisions and impairment losses

	2017	2016
Increases in provisions and adjustments	3,008,567	3,797,338
Decreases in provisions and adjustments	-873,545	-2,909,579
TOTAL	2,135,021	887,759

In 2017, regarding 'increases in provisions and adjustments', 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 borne, net

	2017	2016
Interest paid		
Loans obtained	-39,723,243	-34,979,366
	-39,723,243	-34,979,366
Interest earned		
Loans granted	5,536,666	3,600,526
	5,536,666	3,600,526
TOTAL	-34,186,577	-31,378,840

18. Gains/(losses) on listed shares

	2017	2016
Held-for-trading financial assets (see note 30)	275,344	-383,215
Available-for-sale financial assets (see note 25)	0	-1,304,825
Gains/(losses) on disposal	34,324,707	-377,667
Dividends	3,980,020	4,681,754
Interest from loans related to financial assets	-3,699,529	-6,571,378
TOTAL	34,880,542	-3,955,330

In 2017, a gain was recorded on the disposal of NOS, EDP and PHAROL shares, in the amount of 34.3 million euros. The renegotiation of the maturities of commercial paper (see note 37.1) and early debt repayments caused a downward effect on interest expenses related to listed shares of around 2.8 million euros. The dividends received are detailed as follows:

	2017	2016
EDP	2,686,636	3,010,960
NOS	1,293,384	1,034,707
Pharol	0	636,087
TOTAL	3,980,020	4,681,754

19. Other financial expenses, net

	2017	2016
Unfavourable exchange differences	-27,958,441	-13,614,200
Other expenses	-11,259,683	-4,291,414
Cash payment discounts granted	-140,007	-147,933
Favourable exchange rate differences	15,690,800	11,229,935
Cash payment discounts obtained	32,708	13,104
Other income	564,412	138,714
Monetary adjustment (IAS 29 - Angola)	700,617	0
TOTAL	-22,369,594	-6,671,793

Operations in Mozambique resulted in a negative contribution of 573 million euros (positive contribution of 733 million euros in 2016) to the net balance of foreign exchange rate differences, whereas operations in Angola contributed negatively with 12.2 million euros (negative contribution of 2.5 thousand euros in 2016).

20. Income tax

	2017	2016
Current tax	-16,998,647	-9,124,072
Deferred tax	7,309,813	2,526,788
Income tax for the financial year	-9,688,833	-6,597,284
Deferred tax asset		
Adjustments and provisions not accepted for tax purposes	41,493,341	35,917,840
Tax losses	3,119,489	5,301,788
Changes in exchange rates not accepted for tax purposes	1,062,322	2,120,887
Tax credit	811,608	1,161,862
Unrealised income in intra-group operations	675,745	677,846
Fiscal adjustment in transition – 'SNC'	602,526	602,526
Total deferred tax assets	47,765,031	45,782,749
Deferred tax liabilities		
Difference from the fair value of investment properties	51,304,071	51,062,302
Monetary adjustment (IAS 29 - Angola)	24,635,774	0
Difference from the fair value of intangible assets	16,292,640	16,292,640
Free revaluation reserves (formerly National Accounting Plan)	14,352,261	14,474,385
Fiscal adjustment in transition – 'SNC'	1,155,393	1,155,393
Unrealised income in intra-group operations	344,228	11,591,826
Changes in exchange rates not accepted for tax purposes	197,683	1,383,972
Total deferred tax liabilities	108,282,050	95,960,518
Income Statement		
Consolidated income before taxes	59,782,544	38,638,678
Income tax on profit or loss for the period	-16,998,647	-9,124,072
Deferred tax		
Adjustments and provisions not accepted for tax purposes	15,026,519	2,153,948
Changes in exchange rates not accepted for tax purposes	545,466	322,441
Free revaluation reserves (formerly National Accounting Plan)	257,124	86,562
Monetary adjustment (IAS 29 - Angola)	82,136	0
Fiscal adjustment in transition – 'SNC'	0	-9,917
Unrealised income in intra-group operations	-2,101	-3,047
Tax losses	-158,811	936,320
Difference from the fair value of investment properties	-241,770	-745,294
Tax credit	-198,750	-214,223
Deferred tax	15,309,813	2,526,788
Provisions for corporate income tax contingencies	-8,000,000	0
Income tax for the financial year	-9,688,833	-6,597,284

21. Tangible assets

	Land	Buildings and other constructions	Basic equipment	Transportation equipment	Administrative equipment
Opening Balance on 1 January 2016	31,154,304	310,382,596	106,622,990	20,439,093	4,918,511
Increases	331,409	10,017,432	4,619,263	1,104,601	715,450
Disposals/Transfers	-1,488,450	-6,158,035	-6,989,237	-3,223,575	9,362,727
Changes in the scope of consolidation	0	-52,209,626	0	0	-570
Exchange rate effect	-155,244	-20,901,192	-10,108,605	-1,879,733	-628,770
Impairment		193,884	-1,387	-13,976	-74
Depreciations in the financial year	-253,405	-12,004,524	-9,184,707	-2,993,741	-1,619,215
Closing balance on 31 December 2016	29,588,613	229,320,535	84,958,317	13,432,670	12,748,059
On 31 December 2016					
Acquisition costs	31,349,083	335,659,458	221,118,402	40,926,006	31,311,167
Accumulated depreciations	1,710,950	106,318,561	136,151,211	27,479,360	18,563,034
Impairment losses	49,519	20,362	8,874	13,976	74
Tangible assets	29,588,613	229,320,535	84,958,317	13,432,670	12,748,059
Opening Balance on 1 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 in the scope of consolidation	473,420	1,241,285	294,483	710,204	35,540
Monetary Adjustment	923,995	59,552,825	8,387,326	2,047,552	592,266
Exchange rate effect	-65	1,433,624	-1,700,628	132,910	47,576
Impairment	0	-4,945,285	23	-36,832	1
Depreciations in the financial year	-459,596	-17,428,064	-9,661,987	-3,348,324	-1,783,080
Closing balance on 31 December 2017	31,929,547	317,109,552	91,078,391	24,334,879	11,325,416
On 31 December 2017					
Acquisition costs	36,006,961	472,470,641	247,497,009	63,759,112	31,953,363
Accumulated depreciations	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

	Other tangible fixed assets	Tangible assets in progress	Advance payments on account of tangible assets	TOTAL
Opening Balance on 1 January 2016	967,719	46,010,840	225,213	520,721,265
Increases	1,053,028	29,033,990	0	46,875,172
Disposals/Transfers	13,757,475	-26,202,847	-27,000	-20,968,942
Changes in the scope of consolidation	0	-552,331	0	-52,762,527
Exchange rate effect	-3,593,858	-5,194,033	0	-42,461,436
Impairment	0	0	0	178,447
Depreciations in the financial year	-3,984,684	0	0	-30,040,275
Closing balance on 31 December 2016	8,199,680	43,095,619	198,213	421,541,706
On 31 December 2016				
Acquisition costs	38,814,607	43,095,619	198,213	742,472,554
Accumulated depreciations	30,614,478	0	0	320,837,595
Impairment losses	448	0	0	93,253
Tangible assets	8,199,680	43,095,619	198,213	421,541,706
Opening Balance on 1 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 in the scope of consolidation	90,657	0	0	2,845,589
Monetary Adjustment	10,489,671	123,252	0	82,116,887
Exchange rate effect	23,889	820,812	0	758,119
Impairment		0	0	-4,982,093
Depreciations in the financial year	-4,448,163	0	0	-37,129,214
Closing balance on 31 December 2017	17,946,997	43,420,175	598,213	537,743,171
On 31 December 2017				
Acquisition costs	57,670,698	43,420,175	598,213	953,376,171
Accumulated depreciations	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

In 2017, regarding tangible assets in progress, we highlight the following works: expansion of the coverage network by TVCABO Angola (2.6 million euros) and TVCABO Mozambique (2.0 million euros) and also the remodelling of several hotels in Mozambique by Turvisa (7.7 million euros). Highlight to the PDA investment (Aveiro), still in progress (20 million euros).

22. Goodwill

	Year of acquisition	Goodwill amount 2017	Goodwill amount 2016
Viatel – Tecnologia de Comunicações, SA	1997, 2002	14,997,178	14,997,178
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
Modal	2017	2,812,307	0
Tourism ventures Montebelo, SA	1998, 2002	2,768,845	2,768,845
Cabling Station	2017	2,463,573	0
Granbeira II – Rochas Ornamentais, SA	1992, 1998, 2001, 2002	905,101	2,105,101
Mob – Indústria de Mobiliário, SA	1998, 2002	1,320,221	1,320,221
leme	2017	1,263,270	0
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	456,740	456,740
Cerutil – Cerâmicas Utilitárias, SA	1993, 2002	401,130	401,130
Mascaux	2017	390,837	0
Other		1,532,175	1,532,175
TOTAL		38,471,229	32,741,242

For the purpose of impairment tests, the goodwill amount was distributed among the cash-generating units that correspond to the reportable business segments. The Board of Directors, based on the estimated cash flows from those segments, discounted at the rates applicable to each business line, concluded that, on 31 December 2017, the carrying amount of financial investments, including goodwill, did not exceed its recoverable amount. Regarding the highest goodwill amount allocated to the business developed by Viatel, we should emphasise that the company's EBITDA stood at 11.0 million euros in 2017 (8.9 million euros in 2016).

The change in goodwill resulted from the acquisition of 60% of the share capital of companies leme, Modal, Cabling and Mascaux, and was calculated as follows:

	Modal	Cabling	Mascaux	leme
Net assets and liabilities assumed on the date of acquisition	1,573,763	1,362,917	435,458	4,541,242
Acquisition cost	3,756,565	3,281,323	652,112	3,988,015
% share acquired	60%	60%	60%	60%
GOODWILL	2,812,307	2,463,573	390,837	1,263,270

23. Investment properties

	2017	2016
	Level 3*	Level 3*
Opening balance	341,946,050	328,898,759
Transfer to tangible fixed asset	-11,396,894	-2,300,000
Acquisitions	2,240,293	14,145,858
Foreign currency translation reserves	-1,240,464	286,149
Disposal	0	-1,620,000
Change in fair value	-498,428	2,535,284
TOTAL	331,050,555	341,946,050

* Classified according to the fair value hierarchy defined in IFRS 13 (not applicable to investment properties measured at acquisition cost)

	2017	2016
Palácio do Gelo Shopping	146,366,000	146,600,000
Golfe Montebelo Resort Project	64,374,614	64,484,614
Urbeira Project	33,500,000	33,500,000
Hospital building	26,879,269	26,810,187
Vista Alegre Atlantis Buildings	19,013,000	24,585,908
Santa Luzia Project	12,900,000	12,900,000
Condomínio de Belo Horizonte development (Mozambique)	8,497,290	10,267,147
Land held for capital appreciation	6,999,734	6,337,244
Alagoa II Project	6,875,000	5,310,000
Espaço Comercial Quinta do Bosque	5,598,701	5,648,701
Vista Alegre Collection	0	5,457,886
Agrovisa (Xinavane land)	46,948	44,363
TOTAL	331,050,555	341,946,050

Investment properties in use are measured at fair value, calculated using the discounted cash flow (DCF) and properties under development or intended for valuation are measured at fair value, calculated using the DCF method, the comparative method or the cost method. In cases where fair value cannot be reliably determined, investment properties are kept at cost.

According to the DFC 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 that 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) with the required qualifications and expertise in property appraising. The appraisal models used are consistent with the principles set out in IFRS 13.

In 2017, 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 Group's real estate business, but, in the current financial context, they are held for future appreciation.

In 2017, the 'Fábrica Quinta Nova', whose building began to be used as a warehouse, and the Vista Alegre collection were transferred to Tangible Fixed Assets.

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:

	2017	2016
Discount rate	7,56% to 7,55%	7.04% to 7.03%
Perpetuity discount rate	7.03%	7.0%
Occupancy rate	96%	98%
Sales growth rate	0% to 7%	0% to 7%
Rent perpetuity growth rate	2.4%	1.7%

A decrease of 1 p.p. 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 133 million euros (14 p.p. in occupancy rate plus 0.5 p.p. in the discount rate) and a maximum value of 162 million euros (same occupancy rate and minus 0.5 p.p. in the discount rate).

The growth of variable rents associated only with 80% of the tenants' sales, provided in the baseline scenario, would result in an amount of 145 million euros and an increase in the growth rate of variable rents associated with 105% of the tenants' sales, would result in an amount of 147 million euros; if combined with a 0.5 p.p. increase in the discount rate, it would be 133 million euros. The growth in variable rents associated with 105% of the tenants' sales combined with a decrease in the discount rate of 0.5 p.p. would increase the appraisal value to 162 million euros.

During 2017, the amount of the rents paid for the commercial spaces of Palácio do Gelo reached nearly 10.5 million euros (10 million euros in 2016). 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 86 million people. The occupancy rate remained at 86%, in line with the figures recorded in 2016.

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	2017	2016
Land for houses	68,913 m ²	45,480,000	45,500,000
Land for apartment buildings	70,506 m ²	16,100,000	16,220,000
Land for hotel	29,003 m ²	1,910,000	1,880,000
Additions by construction of infrastructures		884,614	884,614
TOTAL	168,421 m²	64,374,614	64,484,614

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 119 euros per m².

HOSPITAL BUILDING

In December 2014, the Group 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 Group's normal course of business, but are intended for sale, in their current state or after a capital appreciation 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)
Angolana "Factory"	465,000	Comparative method	J. Curvelo	Marinha Grande	price per m ²	22,61
Pine forests	970,000	Cost method	J. Curvelo	Alcobaça	price per m ²	26.17
L. Barão Quintela	5,400,000	Comparative method	J. Curvelo	Lisbon	price per m ²	1,431,36
Other properties	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	140,000	Cost method	J. Curvelo	Ílhavo	price per m ²	70,00
R. Neves Ferreira	370,000	Comparative method	J. Curvelo	Lisbon	price per m ²	513,89
RAN Plots of Land	130,000	Comparative method	J. Curvelo	Ílhavo	price per m ²	2.45
Housing estate I	1,517,700	Cost method	J. Curvelo	Ílhavo	price per m ²	239,57
Housing estate II:						
Bairro Allotment and annex plots	4,853,000	Cost method	J. Curvelo	Ílhavo	price per m ²	75.01
Murteira Allotment	1,096,000	Cost method	J. Curvelo	Ílhavo	price per m ²	34.23
Rua Fáb. VA Allotment	1,460,000	Cost method	J. Curvelo	Ílhavo	price per m ²	84.87
TOTAL	19,013,000					

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 hub that includes the Palácio do Gelo Shopping, the new CUF Hospital and the Viseu Estrela School Centre.

Its fair value was determined using the comparative method, with an average price of 461 euros per m².

CONDOMÍNIO DE BELO HORIZONTE DEVELOPMENT (MOZAMBIQUE)

The land of the Condomínio de Belo Horizonte, located in Matola, is in a residential area, which mostly comprises medium-/high-quality houses.

The land of the Condomínio 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, as calculated by an independent specialised company, after obtaining a building permit on 16 December 2013, is 9 million euros, a decrease over the previous year.

LAND HELD FOR CAPITAL APPRECIATION

On 31 December 2017, some properties held for capital appreciation were maintained at acquisition cost, due to the fact that their fair value could not be reliably measured as a result, for example, of the absence of any projects approved by official bodies. Among the assets in these conditions, we should highlight the plot of land known as Quinta dos Areais.

ALAGOA II PROJECT

This plot of land, owned by Movidia, has a total area of about 6,769 m² and a built-up area of 13,929 m². Its location is between Palácio do Gelo and the new CUF Viseu Hospital.

Its fair value was determined using the comparative method, plus the replacement cost method, with an average price of 1015 euros per m².

ESPAÇO COMERCIAL QUINTA DO BOSQUE

The property called "Espaço comercial Quinta do Bosque," with a built-up area of 14,787 m² is located in the city, near the Montebelo Hotel, within a predominantly residential area. It is intended to be used for the construction of a trade and services building to increase the offer in central Portugal.

Its fair value was determined using the comparative method, with an average price of 2.765 euros per m², which is apparently high, but justified by the fact that the area of the plot in question is very small compared to the planned built-up area.

INVESTMENT PROPERTIES PROVIDED AS COLLATERAL AND CONTRACTUAL RESPONSIBILITIES

On 31 December 2017 and 31 December 2016, only Palácio do Gelo was pledged as collateral for bank loans.

On 31 December 2017 and 31 December 2016, there are no contractual obligations to purchase, build or develop investment properties.

24. Intangible assets

	Development projects and computer programmes	Other intangible assets	Intangible assets in progress	Total
Opening balance on 1 January 2016	1,217,673	79,448,418	75,094	80,741,185
Increases	348,049	2,623,539	423,389	3,394,978
Disposals/Transfers	-29,828	647,798	-153,003	464,967
Exchange rate effect	-100,532	-56,323	-25,438	-182,292
Depreciations in the financial year	-596,865	-587,630	0	-1,184,495
Closing balance on 31 December 2016	838,497	82,075,803	320,043	83,234,343
On 31 December 2016				
Acquisition costs	4,507,340	84,483,565	320,043	89,310,947
Accumulated depreciations	3,668,843	2,407,761	0	6,076,604
Intangible assets	838,497	82,075,803	320,043	83,234,343
Opening balance on 1 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	267,068
Changes in the scope of consolidation	3,313	4,762	0	8,075
Exchange rate effect	48	152,352	10,246	162,647
Depreciations in the financial year	-778,141	-1,912,655	0	-2,690,797
Closing balance on 31 December 2017	813,381	100,191,958	230,161	101,235,499
On 31 December 2017				
Acquisition costs	5,554,380	103,916,137	230,161	109,700,677
Accumulated depreciations	4,740,999	3,724,179	0	8,465,178
Intangible assets	813,381	100,191,958	230,161	101,235,499

In the line item "Other intangible assets," we should highlight the value of the Vista Alegre brand name (around 80 million euros), as attributed by an independent specialised entity at the time of the acquisition of the Vista Alegre Atlantis Group. For the purpose of impairment testing, the brand's value was attributed to the relevant cash-generating units (Vista Alegre porcelain and crystal segments), with a discount rate of 7% (7% in 2016). The value of the brand is also regularly validated through an assessment carried out by Brand Practice, whose latest assessment, with reference to 31 December 2016, confirms the brand's book value.

Highlight goes also to the value of the acquisition of the irrevocable right of use (IRU) of international internet traffic connectivity (nearly 19 million euros), acquired in 2017 by TVCABO Angola.

25. Available-for-sale financial assets.

Capital holdings	Fair value reserve 2016	Book value 2016	Fair value reserve in 2017	Book value 2017
PHAROL, SGPS, SA	0	4,220,292	535,434	4,016,760
EDP – Energias de Portugal, SA	7,935,515	44,329,215	0	0
NOS, SGPS, SA	16,253,531	36,458,809	0	0
TOTAL	24,189,046	85,008,317	535,434	4,016,760

Throughout the year 2017, the Grupo Visabeira sold all its shares in EDP and NOS. PHAROL's shares had a positive appreciation of nearly 690 thousand euros.

On 31 December, the accumulated depreciation of these shares has amounted to 162.3 million euros.

The amounts presented in the 'Fair value reserve' are net of the respective tax effect.

26. Inventories

	Raw Material	Goods	Finished products	Products and work in progress	Total
31 December 2016					
Cost	23,565,768	22,222,529	98,612,810	21,158,457	165,559,564
Adjustments	-3,189,030	-3,128,813	-18,839,278	-1,546,397	-26,703,518
Inventories valued at either the acquisition cost or realisation value, whichever is lower	20,376,738	19,093,716	79,773,533	19,612,059	138,856,046
31 December 2017					
Cost	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

We should highlight the contribution of the sub-holding Visabeira Imobiliária to this line item (note 10.a).

27. Customers and other receivables

	2017	2016
Customers - current account	108,653,551	129,376,456
Customers - doubtful debts	13,932,409	14,810,197
Outstanding balances from suppliers	1,697,808	1,036,052
Customers - securities receivable	54,956	0
Other debtors	6,541,371	0
	130,880,095	145,222,705
Debtor allowances	-14,968,662	-15,409,621
TOTAL	115,911,433	129,813,084

The carrying amounts presented are net of accumulated impairment losses for doubtful debts, which were estimated by the Group 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 in the line item "Customers - current account" is detailed as follows:

Customers – Current account and Other debtors	Months after the maturity date				Total
	0 – 6	6 – 12	12 – 18	> 18	
2017	81,832,027	9,429,307	4,405,298	19,528,289	115,194,922
2016	91,906,288	10,590,140	4,947,630	21,932,398	129,376,456

In amounts receivable for over than 18 months, highlight goes to the balance of TDM - Telecomunicações de Moçambique (2017: 4 million euros; 2016: 2.2 million euros).

The Board of Directors finds the debt adjustment appropriate.

28. State and other public entities

	Assets		Liabilities	
	2017	2016	2017	2016
Income tax	897,306	1,563,441	2,085,538	2,474,982
Third-party income tax withholding	0	0	96,759	14,715
Value-added tax	1,098,783	1,813,181	14,462,864	9,281,529
Social Security contributions	0	0	3,326,556	1,809,693
TOTAL	1,996,090	3,376,622	19,971,718	13,580,920

29. Other current assets

	2017	2016
Shareholders - loans	31,640,684	46,258,784
Margin accrual	87,771,731	74,597,714
Other accruals	10,171,385	9,039,366
Other debtors	4,952,516	10,625,098
Advances to suppliers	331,898	4,871,997
Subsidiary companies - loans	738,154	722,173
TOTAL	135,606,367	146,115,132

The amount in 'margin accrual' refers to income incurred in 2017 but to be billed only in 2018, and is mainly related to the telecommunications business.

30. Held-for-trading financial assets

	No. of shares		Book value	
	2017	2016	2017	2016
Capital holdings				
BCP	147,164	147,164	640,458	157,613
Other capital holdings in listed companies		-	63,061	46,367
TOTAL			703,519	203,980

31. Cash and cash equivalents

	2017	2016
Demand deposits	34,537,500	41,302,379
Term deposits	9,440,545	3,000,312
Cash	388,744	400,549
Treasury investments	1,651,937	1,833,862
TOTAL	46,018,726	46,537,101

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 31 December 2017, the majority shareholder Fernando Campos Nunes held, directly and indirectly, 99.45% of Grupo Visabeira (83.768% in 2016), with 22,898,487 shares. During the financial year under review, the majority shareholder acquired 496,315 shares from Caixa Capital and 813,194 shares from Portugal Capital Ventures.

33. Own shares

During the year 2017 the Grupo Visabeira sold all its own shares (2,302,512 shares) to the majority shareholder, NCFGest, SGPS, SA.

34. Earnings per share

	2017	2016
Basic		
Net income of the year for the purpose of calculation	45,657,109	24,383,960
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Basic earnings per share	1,983	1.059
Diluted		
Net income of the year for the purpose of calculation	45,657,109	24,383,960
Weighted average number of shares for the purpose of calculation	23,025,126	23,025,126
Diluted earnings per share	1,983	1.059

35. Retained earnings and other reserves

	2017	2016
Retained earnings	127,408,263	129,736,087
Financial investments - Swaps	129,012	102,830
Reserves	68,891,352	59,032,944
Fair value reserve of available-for-sale financial assets	535,434	24,189,046
Foreign currency translation reserves	-53,293,471	-51,294,501
TOTAL	143,670,590	161,766,406

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.

36. Non-controlling interests

	% Non-controlling interests		Book value		Attributed results	
	2017	2016	2017	2016	2017	2016
Visabeira Global						
TVCABO Angola, Lda	50.00	50.00	47,659,034	20,893,139	2,936,171	2,768,307
Visabeira, Lda	40.00	40.00	3,746,467	3,447,219	371,248	151,354
TV Cabo Moçambique, Lda	50.00	50.00	1,925,296	1,013,883	768,005	56,025
Televisa, Lda	50.00	50.00	255,064	1,565,617	-956,390	869,038
Ieme	40.00	0.00	1,830,728	0	14,231	0
Modal	40.00	0.00	736,017	0	106,512	0
Cabling	40.00	0.00	697,072	0	151,906	0
Visabeira Indústria						
Vista Alegre, SA	5.88	18.40	6,245,643	8,437,587	288,381	325,692
Pinewells, SA	0.00	44.00	0	2,021,598	0	-472,279
Ambitermo, SA	49.00	49.00	2,964,545	2,689,187	538,894	277,406
Bordallo Pinheiro, Lda.	16.01	16.01	758,151	627,663	130,488	45,216
Bordalgest, SA	0.00	44.00	0	597,765	0	15,505
Visabeira Participações Financeiras						
PDA, SA	45.00	45.00	1,778,124	1,804,206	-26,082	8,208
Other			1,259,156	1,078,503	113,238	-138,082
TOTAL			69,855,298	44,176,368	4,436,601	3,906,390

Highlight goes to non-controlling interests of 40% of the companies acquired in FY 2017 in the European market and to the increase in the value of non-controlling interests in TVCABO Angola, which is justified to a large extent by the impact of the Monetary adjustment - IAS 29 Angola.

37. Indebtedness

	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Commercial paper	15,200,000	177,750,000	192,950,000	109,675,000	168,900,000	278,575,000
Bank loans	67,005,788	123,591,892	190,597,680	73,446,457	103,745,710	177,192,167
Bond loans	32,100,000	168,305,262	200,405,262	0	212,195,301	212,195,301
Reimbursable grants	4,877,141	6,001,314	10,878,455	4,520,010	13,863,777	18,383,788
Finance lease	6,458,482	55,987,347	62,445,829	5,172,852	50,901,137	56,073,989
TOTAL	125,641,411	531,635,815	657,277,226	192,814,320	549,605,925	742,420,245

The Group has no financing denominated in a currency other than the Euro, except for the debt denominated in Metical. During the year 2017, the impact of exchange rate variations (Meticul) resulted in a consolidated debt increase of around 1.2 million euros, resulting from the appreciation of the Metical against the Euro.

37.1 COMMERCIAL PAPER

2017	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SA	3,950,000	0	3,950,000	20/12/2022
Grupo Visabeira, SA	8,900,000	0	8,900,000	20/11/2022
Grupo Visabeira, SA	8,900,000	0	8,900,000	20/11/2022
Grupo Visabeira, SA	800,000	500,000	300,000	26/06/2019
Grupo Visabeira, SA	1,250,000	1,000,000	250,000	09/01/2019
Grupo Visabeira, SA	6,850,000	0	6,850,000	29/09/2019
Grupo Visabeira, SA	41,000,000	4,600,000	36,400,000	30/11/2021
Viatel, SA	3,500,000	3,500,000	0	21/10/2018
Viatel, SA	1,500,000	1,000,000	500,000	19/06/2019
Visabeira Global, SGPS, SA	32,300,000	1,600,000	30,700,000	30/12/2023
Movida, SA	84,000,000	3,000,000	81,000,000	15/08/2026
TOTAL	192,950,000	15,200,000	177,750,000	

2016	Amount	Current	Non-current	Settlement Date
Grupo Visabeira, SA	113,050,000	49,950,000	63,100,000	20/12/2019
Grupo Visabeira, SA	98,400,000	22,400,000	76,000,000	22/02/2023
Grupo Visabeira, SA	9,900,000	9,900,000	0	20/12/2017
Grupo Visabeira, SA	9,900,000	9,900,000	0	20/12/2017
Grupo Visabeira, SA	8,350,000	0	8,350,000	29/09/2019
Grupo Visabeira, SA	4,400,000	4,400,000	0	20/12/2017
Grupo Visabeira, SA	2,250,000	1,000,000	1,250,000	09/01/2019
Grupo Visabeira, SA	1,300,000	500,000	800,000	26/06/2019
Grupo Visabeira, SA	725,000	725,000	0	20/04/2017
Viatel, SA	3,500,000	0	3,500,000	21/10/2018
Viatel, SA	2,500,000	1,000,000	1,500,000	19/06/2019
Visabeira Global, SGPS, SA	19,500,000	7,500,000	12,000,000	30/12/2019
Visabeira Global, SGPS, SA	4,800,000	2,400,000	2,400,000	19/06/2019
TOTAL	278,575,000	109,675,000	168,900,000	

37.2 BANK LOANS

	2017		2016	
	Current	Non-current	Current	Non-current
Authorised bank overdrafts	4,494,823	0	4,113,091	0
Portugal	2,657,454	0	2,724,951	0
Mozambique	1,144,939	0	1,033,321	0
France	692,429	0	354,819	0
Loans obtained	62,510,965	123,591,892	69,333,367	103,745,710
Portugal	51,639,647	111,573,850	56,779,390	85,692,610
Mozambique	8,196,053	9,035,356	7,943,735	12,638,434
Angola	0	0	2,862,488	2,746,262
France	652,861	1,525,913	871,598	1,257,998
Other	2,022,405	1,456,773	876,156	1,410,405
TOTAL	67,005,788	123,591,892	73,446,457	103,745,710

37.3 BOND LOANS

2017	Amount	Refinancing	Settlement Date
Current			
Grupo Visabeira, SGPS, SA	540,000		05/07/2018
Grupo Visabeira, SGPS, SA	20,000,000	18,000,000	30/09/2018
Grupo Visabeira, SGPS, SA	10,000,000	9,000,000	31/10/2018
Grupo Visabeira, SGPS, SA	760,000		31/10/2018
Grupo Visabeira, SGPS, SA	800,000		29/11/2018
Total Current	32,100,000	27,000,000	
Non-current			
Grupo Visabeira, SGPS, SA	65,000,000	58,500,000	14/07/2019
Visabeira Global, SGPS, SA	2,775,000		29/10/2019
Visabeira Moçambique, SA	3,549,372		23/03/2020
Grupo Visabeira, SGPS, SA	2,030,000		05/07/2020
Grupo Visabeira, SGPS, SA	1,540,000		30/10/2020
Grupo Visabeira, SGPS, SA	1,600,000		26/11/2020
Grupo Visabeira, SGPS, SA	92,500,000	83,250,000	22/07/2021
Total non-current	168,994,372	141,750,000	
Amortised Cost	-689,110		
TOTAL	200,405,262	168,750,000	

For the current value of the bond loans, in the amount of 32.1 million euros, there is an agreement with the counterparties for the refinancing of 27 million euros. The non-current amount incorporates bond issues with maturities in 2019 and 2021, regarding which there is agreement for refinancing, in the amount of 141.8 million euros. In general, these issues include the covenants that are common in this type of financing, namely *pari passu*, cross default, negative pledge and ownership.

37.4 FINANCIAL LEASE

	2017		2016	
	Current	Non-current	Current	Non-current
Portugal	2,805,831	50,103,357	5,001,206	50,783,114
Mozambique	21,017	20,447	57,397	27,963
Angola	0	0	20,429	0
Belgium	52,756	37,390	56,280	90,060
Germany	150,036	433,792	37,540	0
France	3,428,842	5,392,361	0	0
TOTAL	6,458,482	55,987,347	5,172,852	50,901,137

The balances are presented in the Statement of Financial Position under the line item 'Other liabilities' (note 39).

37.5 DEBT MATURITY

Contractual maturity Profile:	Portugal	Mozambique	Belgium	France	Other	Total
2018	109,280,074	9,362,009	611,719	4,774,132	1,613,477	125,641,411
2019	156,996,280	4,420,808	128,158	3,331,857	525,766	165,402,869
2020	72,585,907	5,735,879	54,940	2,174,952	421,535	80,973,212
2021	64,941,485	1,643,541	52,267	763,373	231,936	67,632,602
2022	72,591,740	537,386	52,267	123,077	51,664	73,356,135
2023 and subsequent years	143,069,000	267,560	409,423	525,015	0	144,270,998
TOTAL	619,464,485	21,967,184	1,308,772	11,692,405	2,844,379	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, *pari passu* and negative pledge clauses on ownership by the Group or the majority shareholder.

The amount of current debt includes the amount of 23.5 million euros, related to pledged current accounts and overdrafts, and the amount of 32.1 million euros, related to debenture loans and commercial paper in which there is an understanding with the counterparties for refinancing, in the amount of 27 million euros. The debt maturity profile resulting from the completion of these refinancing operations and those referred to in note 37.3 will become the following:

Re-profiling of the debt maturity:	Portugal	Mozambique	Belgium	France	Other	Total
2018	62,556,741	8,581,261	611,719	4,774,132	1,613,477	78,137,330
2019	73,897,946	4,198,666	128,158	3,331,857	525,766	82,082,393
2020	52,220,907	6,366,746	54,940	2,174,952	421,535	61,239,079
2021	40,976,485	1,643,541	52,267	763,373	231,936	43,667,602
2022	74,568,407	537,386	52,267	123,077	51,664	75,332,801
2023 and subsequent years	315,244,000	639,584	409,423	525,015	0	316,818,022
TOTAL	619,464,485	21,967,184	1,308,772	11,692,405	2,844,379	657,277,226

38. Suppliers and other creditors

	2017	2016
Suppliers - current account	105,718,148	109,908,576
Suppliers - securities payable	24,741	35,246
Other	6,383,630	5,596,902
TOTAL	112,126,518	115,540,725

39. Other current and non-current liabilities

	2017	2016
Non-current		
Leases (See note 37)	55,987,347	50,901,137
Other	48,974,518	24,120,618
	104,961,864	75,021,755
Current		
Margin accrual	56,389,565	50,162,357
Factoring	41,481,141	52,056,470
Incurring costs billable in subsequent years	21,141,572	22,367,670
Advances from customers	8,752,640	8,205,774
Investment suppliers	14,428,712	10,297,336
Remunerations payable	11,660,970	11,492,131
Investment grants	9,602,949	8,629,874
Leases (See note 37)	6,458,482	5,172,852
Derivative financial investments (See Note 41)	26,182	49,914
Advances on account of sales	345,413	365,657
Associated and subsidiary companies	276,459	13,672
Deferred payments on acquisitions of subsidiaries	10,996,142	0
Other	67,750,108	72,118,380
	249,310,334	240,932,088
TOTAL	354,272,198	315,953,842

The amount of margin accrual in 2017 is mainly related to the telecommunications business. Item 'Other' in Current Liabilities includes debt instruments of a commercial nature.

40. 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.

Future payments associated with the totality of the contracts are as follows:

	2017	2016
Payment terms up to one year	6,447,435	7,552,324
Payment terms from one to five years	17,329,285	21,379,709
Payment terms over five years	31,957,282	36,285,287
TOTAL	55,734,003	65,217,319

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, which, at the end of 2017, amounted to 55.7 million euros (2016: 65.2 million euros).

Rents and leases recognised as expenses are broken down as follows:

	2017	2016
Properties	4,976,665	3,842,479
Transportation equipment	3,385	2,052,633
TOTAL	4,980,050	5,895,112

41. Financial risks

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

In this regard, the Grupo Visabeira has always given great importance to actively managing the various financial risks, with a view to minimising their potential negative impacts on the company's cash flow, results and value. Therefore, the group promotes a careful management of these risks by devising the most appropriate hedging strategies for each situation.

The Group 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 jeopardise its strategic objectives.

INTEREST RATE RISK

The Group'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 2017 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, greater relevance was given to financing the various subsidiaries, particularly in Angola and Mozambique, in the local currency.

On the date of the balance sheet, the Grupo Visabeira has open positions classified as hedging instruments associated with this index for 2.7 million euros, contracted in 2015 with a mark-to-market value of -26 thousand euros, as follows:

Company	Description	Nominal value	Type of operation	Average maturity	Economic goal
Naturenergia, SA	Euribor Swap (3M)	3,000,000	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		Book value 2017	Book value 2016
Naturenergia, SA	Euribor Swap (3M€)	-26,182	-49,914
TOTAL		-26,182	-49,914

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. The rate opened the year 2017 at -0.318% and stood at -0.329% at the end of the year. With Euribor at very low levels and with a stable short-term trend, the Group 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 Group 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, after a period of devaluation of the Mozambican Metical, last year there was an appreciation of 16.95% 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. However, in 2018, the Angolan government launched a process leading to a devaluation of the national currency, with a view to eliminating the peg against the US dollar through limited auctions in volume and exchange rate, controlled by the BNA, under the Macroeconomic Stabilization Programme. The European currency has become the benchmark for the Angolan market since the beginning of 2017, because of the restrictions that affected corresponding banks. In January 2018, the Angolan currency accumulated a depreciation of 39% against the Euro and 25% against the Dollar. The consolidated financial results include foreign exchange losses resulting from foreign exchange rate agreements in the amount of 11.3 million euros.

CASH FLOW RISK

The cash and investments of all Group 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, due to the timely obtaining of the necessary working capital to finance the operational cycle, a fundamental condition for sustained economic and financial growth. On 31 December 2017, amounts paid in advance by customers in this format stood at 41.4 million euros.

The Group 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.

For many years, the Grupo Visabeira 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, 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. In addition, this model ensures the hedging of risks that have no amount attributed in the aforementioned policy, or guarantee 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, which is something that the decision model allows assertively controlling. Also relevant is the amount received as advance payment or payments in cash, which, in the year under review, represented a volume of about 15% 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 Group, had, this year, a weight of 2.17%. Companies in the Grupo Visabeira that operate as infrastructure and telecommunications service providers sell to entities of recognised financial probity, which accounted for about 68% of consolidated turnover in 2017. This group includes entities such as local telecommunications operators, generally directly held by the Government of each country, replacing credit risk with political risk. Examples of this are Orange (France Telecom), MEO – Serviços de Comunicações e Multimédia, NOS Multimédia, EDP Distribuição, GRDF – Distribution de Gaz Naturel en France and ERDF – Electricite Reseau Distribution France, TDM – Telecomunicações de Moçambique, EDM – Eletricidade de Moçambique, Hidroelectrica de Cahora Bassa, Moçambique Celular, Vodacom Moçambique, and natural gas concessionaires, among others.

LIQUIDITY RISK

The Group 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 Group 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 group contracted a 20 million euros loan with a bullet refund in 2022 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.

Also in 2017, Visabeira Global liquidated a short-term current account, in the amount of 8 million euros, and a Commercial Paper Programme with a shorter maturity, in the amount of 24.3 million euros. These operations have strengthened Visabeira Global's equity and working capital, giving it greater financial strength and reducing liquidity risk. Also noteworthy was the release of the first tranche of the European Investment Bank's financing for TV Cabo Angola, worth 17.5 million euros, with a grace period of two years which expires in 2024.

The amount of short-term debt includes the amount of 23.5 million euros, related to pledged current accounts and authorised overdrafts, and the amount of 32.1 million euros, related to bond loan operations, a commercial paper programme in which there is understanding with the counterparties to refinance the respective operations. The short-term residual debt will amount to 70 million euros, representing about 11% of the consolidated debt. Based on the same assumption, considering cash and cash equivalents (although around 28.5 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 41.5 million euros, which could also be addressed with the operational flows released during the year (estimated to rise, after taxes, to 123 million euros in 2018).

In addition to the investment in the expansion project of TV Cabo Angola, supported by the European Investment Bank, the Group has approved financing lines under the Portugal2020 programme and from financial institutions, amounting to 22 million euros. The Group will seek to obtain specific funding for the remaining investments planned for 2018. 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 and institutions that have recently increased their involvement with the Group. The short-term debt of Grupo Visabeira is rated "B" by ARC Ratings, which means that the Group currently has sufficient 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 Group was rated "BB+", with a positive trend.

The overall liquidity ratio in the consolidated accounts stood at 0.81, against 0.8 in 2016, showing an improvement in the adequacy of financing of current assets by current liabilities, compared to the previous year.

OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

As defined by IAS 39, the carrying value of each of the categories provided is broken down as follows:

	2017	2016
Financial assets recorded at amortised cost		
Customers and other receivables	115,911,433	129,813,084
State and other public entities	1,996,090	3,376,622
Other current assets (advances to suppliers and other debtors)	135,606,367	146,115,132
Cash and cash equivalents	46,018,726	46,537,101
Financial assets recorded at fair value		
Listed shares	4,016,760	85,008,317
Cash flow hedging derivatives recorded at fair value		
	-26,182	-49,914
Financial liabilities at amortised cost		
Long-term debt	475,648,468	498,704,788
Short-term debt	119,182,929	187,641,468
Accounts payable	112,126,518	115,540,725
Accrued expenses	68,076,717	61,704,403
Financial liabilities recorded under IAS 17 - Leases		
	62,445,829	56,073,989

MEASUREMENT AT FAIR VALUE

The following table presents the fair value hierarchy of the assets and liabilities held by the Group as of 31 December 2017 and 2016:

	Assets measured at fair value - 2017				Assets measured at fair value - 2016			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets measured at fair value								
Investment Properties	331,050,556			331,050,556	341,946,050			341,946,050
Available-for-sale financial assets	4,016,760	4,016,760			85,008,317	85,008,317		
Held-for-trading financial assets	703,519		703,519		203,980		203,980	
Liabilities measured at fair value								
Financial instruments - Swaps	26,182		26,182		49,914		49,914	

No transfers between levels 1 and 2 were made in the financial years 2017 and 2016.

The fair value of loans paid to banks is considered close to their book value, given the recent renegotiation of the most significant loans and the market rates applied.

CAPITAL RISK

The goal of the Group in terms of capital management, which is a broader concept than the capital disclosed in the balance sheet, is to maintain an optimal capital structure through the prudent use of debt, allowing it to lower the cost of capital. The purpose of capital risk management is to ensure the continuity of the Group's operations, providing the appropriate compensation to shareholders while generating benefits for all third-parties involved. This policy aims at optimising the capital structure, with a view to ensuring greater tax efficiency and reducing the average cost of capital.

	2017	2016
Non-current loans	531,635,815	549,605,925
Current loans	125,641,411	192,814,320
Confirming debt	-37,054,022	-34,006,941
Available-for-sale financial assets	-4,016,760	-85,008,317
Debt allocated to real estate, investments in progress and not yet generating EBITDA	-160,898,576	-173,444,008
Cash and cash equivalents	-46,018,726	-46,537,101
Operating debt	409,289,141	403,423,877
Investment grants	9,602,949	8,629,874
Total Equity	373,145,096	330,621,960
Capital and grants	382,748,045	339,251,834
Operating debt/total capital	1.1	1.2

42. Contingencies**a) Proceedings with probable losses**

On 31 December 2017 and 2016, there were several legal claims and other tax contingencies filed against various companies in the Group, which are classified as proceedings with probable losses, in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Based on the opinion of internal and external legal advisers, the Group recorded provisions (Note 43) for these legal claims and tax contingencies in order to face the likely outflow of resources.

b) Proceedings with possible losses

On 31 December 2017 and 2016, there were several legal claims and other tax contingencies filed against certain companies in the Group, for which the possibility of future cash disbursement was considered possible, according to information from lawyers and advisers following these proceedings, and for this reason, no provisions were recorded. The detail and nature of those proceedings are as follows:

	2017	2016
Civil liability	329,187	329,187
Other contingencies	16,865,421	25,517,078
TOTAL	17,194,608	25,846,265

No significant losses are expected to result from these proceedings.

43. Provisions

	2017	Increases/Decreases	2016
Retirement pensions	1,464,727	-897,985	2,362,712
Other	12,876,544	8,405,067	4,471,477
	14,341,270	7,507,082	6,834,189

43.1 RETIREMENT PENSIONS

The Grupo VAA has in place several retirement benefit plans, some managed by the Pension Fund (Futuro - Sociedade Gestora de Fundos de Pensões, SA) and others by the Group (Defined benefit plan - no funds).

There are two funds managed by Futuro - Sociedade Gestora de Fundos de Pensões, SA:

- One of the funds is called Adesão Coletiva Atlantis and has an indefinite duration. Participants in this fund include all employees of Vista Alegre Atlantis, SA, former employees of Atlantis - Cristais de Alcobaça, SA, who were hired at the Associate until 31 December 2013, and who meet the eligibility requirements set out in the Pension Plan, i.e., all participants who turn 65 and have, at least, ten years of service at the Associate, are entitled to a supplementary pension for old age, calculated under the terms of the Pension Plan. This fund is funded by Fundo de Pensões Viva.
- Another fund called Fundo de Pensões Grupo Vista Alegre, also with an indefinite duration, covers the employees of Vista Alegre Atlantis SA, former employees of Fábrica de Porcelana da Vista Alegre, SA and Grupo Vista Alegre Participações, SA, who were hired until 20 December 1976 and are covered by the CBA for the Ceramic Industry. The Grupo Vista Alegre pension plan is funded by Fundo de Pensões Grupo Vista Alegre.

The Group's liabilities are as follows:

	2017	2016
Liabilities – Provisions for retirement pensions		
Retirement benefits - Benefit plan managed by the VAA Group	-1,464,727	-2,362,712
Asset - Accrued income		
Retirement benefits - Defined benefit plan with constituted fund	141,495	85,859

On 31 December 2017, the amount in 'Liabilities - without fund' includes a provision related to a former administrator of the Vista Alegre Group, in the amount of 957 thousand euros (December 2016: 1.8 million euros). The provision concerns the pension supplement granted to a former Director. In December 2014, the Supreme Court of Justice considered the granting of the retirement pension to the former Director. As of February 2018, the retirement pension was reduced, pursuant to certain legal provisions. This decision was supported by the legal advisers of the Grupo Vista Alegre, and determined a reduction of the provision in the amount of 349 thousand euros.

The table below summarises the composition of net pension costs for the years ended 31 December 2017 and 2016 recognised in the consolidated income statement as staff costs:

	2017	2016
Operating costs		
Defined benefit plan managed by the VAA Group and active staff	-10,997	-12,301
Operating income		
Defined benefit plan with a fund set up	58,259	72,377

DEFINED BENEFIT PLAN MANAGED BY THE GRUPO VAA

Obligations arising from these plans are directly met by the Group and they are currently estimated, on the date of closure of accounts, by a specialised entity (Futuro Grupo Montepio).

Operations of the Grupo VAA Group in the financial year:

	2017	2016
Balance on 1 January	2,362,712	2,916,885
Costs with interest + actuarial gains/losses + increase in provisions	-172,025	172,569
Retirement benefits paid	-725,960	-726,742
Balance on 31 December	1,464,727	2,362,712

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:

	2017	Increase/Decrease	2016
Present value of bonds	-2,540,120	243,636	-2,783,756
Market value of the fund	2,681,615	-188,000	2,869,615
Asset recognised in the balance sheet	141,495	55,636	85,859

43.2 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 Group companies are involved.

44. Guarantees provided

Actual guarantees include 120 million euros for the Palácio do Gelo Shopping, 11 million euros for the Grupo Vista Alegre and also 26.6 million euros for Cerutil.

	2017	2016
Tangible guarantees	313,920,408	379,218,639
Financial guarantees	33,524,290	18,508,947
Technical/Work execution guarantees	15,172,222	10,170,460
TOTAL	362,616,920	407,898,047

The Grupo Vista Alegre still has a pledge on the brands in favour of the banks, in parity and in the proportion of fifty percent each.

45. Related parties

	Year	Sales to related parties	Purchases from related parties	Interest borne	Interest earned	Amounts receivable from related parties	Amounts payable to related parties
Shareholders	2017	0	0	0	3,373,051	91,102,340	474,355
	2016	0	0	0	2,985,046	109,355,837	24,120,618
Associated companies and other holdings	2017	2,438,704	1,259,546	9,567	0	12,198,434	2,072,162
	2016	1,925,720	944,540	62,621	0	15,972,413	1,962,946

Highlight goes also to 18 million euros owed by NCFTRADETUR, a company belonging to the NCFGEST Group, for the sale of a property during FY 2016, whose purchase price will be settled by the transfer of a contractual position and the assumption of a credit debt mortgage in an equivalent amount.

46. Events after the balance sheet date

There were no events subsequent to the balance sheet date that may have a material impact on the financial statements.

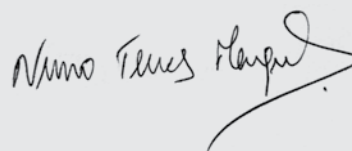
Viseu, 12 March 2018

The Certified Accountant



CC member no. 77089

The Board of Directors





Appreciation and certification documents

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(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 2017 (showing a total of 1.576.970.248 euros and a total equity of 373.145.096 euros, including a net profit for the year of 50.093.710 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 2017, 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.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa
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Grupo Visabeira, S.G.P.S., S.A.
Statutory Auditor's Report
31 December 2017

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, 29 March 2018

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

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