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2013 growth supported by customer loyalty leads to gains in market share

SONAE RECORDS SALES OF 4.6 BILLION EUROS IN RETAIL AND REINFORCES LEADERSHIP POSITIONS

Sonae reinforced its leadership in the Portuguese retail sector in 2013, recording market share gains in most of their retail businesses, most significantly in Continente, SportZone and Worten. In 2013, Sonae's retail areas improved their combined sales by 3%, reaching 4.6 billion euros, recording a progressive performance across the year that culminated in a 7.2% growth in the last quarter. This performance is the result of the growing customer loyalty, as they've rewarded Sonae brands with their preference in such a challenging economic juncture. In international terms, Sonae's retail areas maintained their expansion and entered new markets using their own stores, *franchising* or product exports.

Regarding this performance, Paulo Azevedo, Sonae's CEO states: "2013 was marked by important challenges in the most relevant markets for Sonae's retail brands, and we should highlight the stabilization of consumption levels in the Iberian Peninsula after the middle of the year.

The demand among Portuguese families for attractive value deals has benefited our position, which now involves offering variety at unbeatable prices backed up by vigorous promotional activity. This has made it possible for us to increase the loyalty of our customers and grow our sales at a rate that reached 7.2% in the final quarter of the year in Portugal.

In food retail, in spite of the highly competitive environment, Continente consolidated its market by a 5.4% increase in sales in the final quarter, offering more than 400 million Euros in discounts with actual savings for 3.4 million families through the loyalty card.

The specialized retail area focused on the development of new store concepts, which, together with efficiency measures and a number of innovations, helped reverse the negative cycle. Sonae SR's brands recorded a second half year of growth, culminating in a significant 8.9 % increase in sales in Portugal in the fourth quarter, with Sport Zone performing especially well.

In line with its strategy, Sonae also continued internationalizing its business, with the expansion of its retail operations, including through franchising agreements, partnerships and exporting its brands.

I am confident that our strategy will enable us to consolidate our competitive position even more across the various retail formats".

The combined turnover of the Sonae MC and Sonae SR retail units grew 3 % in 2013, reaching € 4.625 billion, enabling Sonae to strengthen its position as the largest retailer in Portugal. This performance was supported by a particularly strong final quarter of 2013, both in the food and the non-food sector, with

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Sonae registering growth of 7.2 % in this period. Despite the challenging macroeconomic situation in Portugal and Spain and its negative impact on private consumption, this above-market growth was based on increasing household preference for and loyalty towards Sonae brands, which is our reward for the value we offer in quality products at the best prices.

In the area of food retail, **Sonae MC**'s turnover grew 4.1% to EUR 3.415 billion in 2013, including a 1.4% increase in sales in the like-for-like store portfolio. In the fourth quarter (Q413), despite strong competition and increased promotional activity, Sonae MC sales increased 5.4 %, with growth of 1.1% in the like-for-like store portfolio. This sales performance was driven exclusively by higher sales volumes, given that market inflation remained at very low/negative levels.

In 2013 Sonae MC continued to enhance its market share in the food retail sector, based on the excellent value for money of its products and services, which led to increased customer preference for its brands. Sonae MC was rewarded for its ability to adapt quickly to changing customer habits, in particular for having the largest selection of references of its own brands and those of other suppliers, in addition to its ability to drive promotions based on the success of the Continent loyalty card.

In the area of specialized retail, **Sonae SR** recorded sales of EUR 1.210 billion in 2013, surpassing the previous year's sales, despite the challenging macroeconomic climate for discretionary categories. The growth of Sonae SR became more visible throughout the year as a result of improvements in business models and the success of the most recent store concepts and brand repositioning. The success of these initiatives contributed to the strong performance in the last quarter of the year, which saw an increase of 11.9 % in turnover. In the Iberian Peninsula, the Portuguese market began to show signs of improvement before the Spanish market, especially in the last quarter. Sales in Q413 rose 8.9 % in Portugal and 20.8% in international markets, compared to Q412.

The consumer electronics segment, approximately 70 % of Sonae SR's sales in 2013, continued to strengthen its leading position in the Portuguese market, with an estimated increase in market share of more than 1 percentage point[1]. Worten has also improved its market position in Spain.

Sport Zone in Spain recorded a third consecutive quarter of positive growth in the like-for-like store portfolio and in Portugal it further strengthened its leading position.

In the area of fashion, MO significantly improved its sales, based on renewal of the brand and the success of the Autumn/Winter collection, while Zippy recovered in the Iberian Peninsula and further strengthened its international expansion.

Sonae has opened 81 stores worldwide

Throughout 2013, Sonae invested in the global expansion of its own brand store network, ending the year with 1,127 units, compared to 1,046 at the previous year-end. This growth allowed the Sonae to surpass one million m2 (square metres) of sales area by the end of 2013, with 1.025 million m2.

Sonae MC expanded its network of stores in Portugal to 548 units at the end of the year, most notably with the net opening of 70 stores, including 11 new "Continente" stores (7 on the island of Madeira), 5

[1] Source: GfK, cumulative variation to November 2013

"Continente Bom Dia" stores, 1 Continente in Portimão (replacing the Algarve store that was burnt down) and 45 franchised "Meu Super" stores.

Sonae SR also strengthened its worldwide network of stores with the net opening of 11 stores, reaching 579 units. This growth was particularly strong in Zippy and MO, which throughout 2013 invested in the growing internationalization of their operations, in particular through their own stores, franchise agreements and product exports.

Turnover and sales growth - preliminary figures						
	Q412	Q413	Δ 13/12	2012	2013	Δ 13/12
Turnover (EUR billion)						
Sonae retail	1.218	1.307	7.2%	4.490	4.625	3.0%
SonaeMC	876	923	5.4%	3.281	3.415	4.1%
SonaeSR	343	383	11.9%	1.209	1.210	0.1%