PRESS RELEASE /

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Leadership positions maintained, debt reduced and value creation strengthened in the 1st quarter of 2015

# SONAE INCREASES GROWTH AND INTERNATIONALISATION

## 1. HIGHLIGHTS OF THE FIRST QUARTER OF 2015:

- All business areas record turnover growth
- Strengthening of internationalisation process, with entry into new markets
- Turnover grows by 1.7% to 1,146 M€
- Underlying EBITDA reaches 59 M€ and total EBITDA rises 1% to 71 M€
- Pre-tax income grows 5.3% and direct result reaches 6 M€
- Net profit attributable to shareholders increases from 10 M€ to 20 M€
- Investment in retail business increases 57.5% to 47M€
- Purchases from domestic producers account for over 80% of perishables by quantity

Angelo Paupério, Co-CEO of Sonae said: "In the first quarter, Sonae achieved positive results, especially for telecommunications activities, shopping centres and the IM (Investment Management) business area.
Sales at Sonae MC rose in line with the food sector in a quarter that saw intense competition, now extended to all operators, with Continente, as ever, remaining faithful to its commitment to guarantee the best prices in the market.

In the electronics market Sonae SR increased its clear leadership position in Portugal and grew in line with the sector in the Spanish market, notably boosting its share of the important online segment. In the sports and fashion areas there was growth in sales by square metre, which confirms the improved match of the new generation of stores, as well as the effectiveness of the current network of stores, particularly in Spain.

The 24% growth in the direct results of Sonae Sierra is a reflection of positive trends in all markets and improved operating efficiency. The improvement of yields in the real estate sector, despite being very favourable in the quarter, will only have an impact on half-year accounts.

At NOS, the exemplary execution of the post-merger strategy allowed for continued significant gains in all operating indicators and finally reversed the downward trend for turnover experienced in the last five years.

Lastly, despite maintaining high levels of investment, we continued to strengthen our capital structure by once again reducing debt against the same quarter of 2014, increasing maturities to levels that are in line with our objectives and significantly reducing servicing costs."



Sonae is a Retail company with two major partnerships in the areas of Shopping Centres (Sonae Sierra) and Software & Information Systems Media and Telecommunications (Sonaecom).
By the end of 2014, Sonae achieved a turnover of over 5 thousand million Euros. The company defined as its strategic objectives: the internationalisation and diversification of investment style and the leveraging and strengthening of core assets and competencies. Find out more at www.sonae.pt.

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## 2. GIVING BACK TO THE COMMUNITY

- **COMMITMENT TO FAMILIES DEMONSTRATED BY THE BEST PRICES IN THE MARKET**

In the first quarter of 2015, Sonae rewarded the loyalty of Portuguese families by offering the lowest prices in the market in order to make household budgeting easier by providing the best prices and widest range of products. Additionally, Sonae provided Portuguese families with card and receipt discounts through its retail brands, which maximised families' savings totalled 77 million euros.

- **PURCHASES FROM NATIONAL PRODUCERS ACCOUNT FOR OVER 80% OF PERISHABLES**

Sonae continued to support domestic production, with the purchase of Portuguese perishables accounting for over 80% of the total by quantity in Q115. The Continente Producers' Club increased the value of purchases from domestic producers by 6.1%, reinforcing its commitment to supporting domestic producers in the agri-food sector in developing their business and innovation processes.

## 3. OPERATING AND FINANCIAL ANALYSIS

In the first quarter of 2015 Sonae continued with its growth and development strategy, with consolidated turnover totalling 1,146 M€, which represents an increase of 1.7% compared to Q114, driven by improvements in all Sonae business units.

In food retail, turnover at Sonae MC totalled 793 M€, rising by 0.8% compared to Q114. Continente continued its commitment to provide the best products at the lowest market prices on a daily basis. The fact that it has the widest range of private label products and of other brands allows it to react quickly to changes in customer consumption patterns and offer a range and level of quality levels in line with consumers' needs. Promotional activities supported by the Continente loyalty card continue to be a competitive advantage, with sales through the card representing over 90% of turnover in Q115. Sonae MC thus maintained its leadership of the Portuguese food retail market, whilst Continente was distinguished by Reader's Digest in April 2015 and for the 13th consecutive year as a Trusted Brand, once again proving the brand's commitment to customer trust. Continued growth of online sales is also a highlight as they grew 6% against Q114, in a segment in which Continente is the leader with a market share of approximately 70%, and growth of the Meu Super format that reached a total of 150 stores. As it is as accessible to families as a grocery store, providing Continente private label products and fresh produce sourced locally and recently started offering additional promotions through the Continente card, in Q115 Meu Super posted significant growth in like for like sales (LfL).

In specialised retail. Sonae SR's turnover was 299 M€ in Q115, increasing 2.5% year on year and representing an increase of 2.6% in like for like stores. This improvement in turnover was bolstered by a 1.1% increase in the business in Portugal and growth of 5.7% in the international unit. Sonae SR remained focused on its key strategies, which include improvements in the stores (including resizing its network of stores and development and roll-out of new store concepts in the four formats), enhanced international presence

(mainly through a capital light approach) and making the store and online channel experiences more complementary (supported either by the omni-channel, already in place at Worten, and the new e-commerce platforms in every business). This strategy has increased sales per square metre in all businesses, on average, by 14% in Spain and 5% in Portugal. Worten strengthened its leading position in the Portuguese electronics market, registering a gain in market share of over 1 percentage point, and consolidated online sales registered very significant growth, supported by the e-commerce platforms of all businesses, both in Portugal and in Spain. Sonae SR also expanded its international presence by taking the Zippy format into two new markets through a capital light approach: Kurdistan and Ecuador.

Sonae IM, the group's Investment Management unit recorded turnover of 60 M€, increasing 8.7% compared to Q114. This performance was particularly influenced by an increase of 20.2% in the turnover of the SSI (Software and Information Systems) division: WeDo Technologies gained two new clients in the US and Mexico, as well as a new customer in the energy sector in Portugal, generating 76.5% of its turnover in international markets; Bizdirect increased turnover by 23.0%, achieved 12.8% of its revenues abroad, and the Centro de Competências de Viseu (Viseu Skills Centre) increased its importance in the European market; as well as this Saphety registered significant improvements in turnover and profitability, with international revenues more than doubling compared to Q114, representing 32% of turnover. In the retail technologies division: Tlantic increased its turnover by 27% between the Q114 and Q115. And in the partnerships division: MDS robustly increased its turnover and EBITDA driven by business in Brazil; Maxmat increased sales on a comparable basis by some 7% despite an increasingly competitive environment, and Geostar grew 11% over the same period of last year.

In shopping centres, tenant sales increased 5.2% year on year, totalling 1,021 M€, with this improvement driven by an increase in tenant sales, both in Europe and in Brazil. The benchmark quality of Sonae Sierra's assets is also translated into the occupancy rate of its shopping centres, which improved by 1.2 percentage points year on year, reaching 95.8%.

In telecommunications, NOS posted sales growth of 2%, reversing a trend seen in the industry for several years. This performance reflects the implementation of the defined strategy and has enabled an improvement in operating indicators.

With regard to operating profitability, underlying EBITDA totalled 59 M€, with an underlying EBITDA margin of 5.2%, and EBITDA reached 71 M€, increasing 1% over the same period of last year benefiting from operational resilience and the contribution of operations accounted for by the equity method, which include the direct results of Sonae Sierra, as well as the contributions of NOS and GeoStar.

Earnings before taxes (EBT) rose 5.3% to 8 M€, and the direct result amounted to 6 M€. The indirect result totalled 16 M€ in the quarter, due mainly to the positive effect of the mark to market of NOS.

Net income attributable to shareholders amounted to 20 M€, which compares with 10 M€ in Q114, reflecting operational resilience and the contribution of indirect results in a quarter where all business areas increased their sales.

At the end of Q115, total net debt decreased by 27 M€ to 1,477 M€ compared to the same period of 2014, maintaining the downward trend over the past few quarters. Regarding the profile of its debt portfolio, in

both 2014 and 2015 Sonae completed some financing operations, paying off, on favourable terms, its credit lines due to mature in 2015, and a significant part of the lines due to mature in 2016.

Investment in Sonae retail units (Sonae MC, Sonae SR and Sonae RP) increased 57.5%, from Q114 to Q115, reaching 47 M€. Sonae invested in expanding its brands as well as the implementation of new formats and the development of its international business.

| **Consolidated income statement** | | | |
|---|---|---|---|
| EUR million | Q12014 | Q12015 | Change |
| **Turnover** | **1,126** | **1,146** | **1.7%** |
| *Underlying* EBITDA | 60 | 59 | -1,6% |
| *Underlying* EBITDA margin | 5.3% | 5.2% | -0.2 Pp |
| **EBITDA** | **71** | **71** | **1.0%** |
| EBITDA margin | 6.3% | 6.2% | 0.0 pp |
| **EBIT** | **28** | **26** | **-5.2%** |
| Net financial income | -20 | -18 | 10.2% |
| **EBT** | **8** | **8** | **5.3%** |
| Taxes | 0 | -3 | - |
| **Direct results** [(1)] | **8** | **6** | **-30.3%** |
| Indirect results | 2 | 16 | - |
| **Total net income** | **10** | **21** | **108.8%** |
| Minority interests | 0 | -2 | - |
| **Net income attributable to shareholders** | **10** | **20** | **95.9%** |

[(1)] Direct results before minority interests.