PRESS RELEASE /

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International expansion and strengthening of financial stability in the 1st half of 2015

SONAE INCREASES SALES AND ENHANCES INTERNATIONALISATION

1. HIGHLIGHTS OF THE FIRST HALF OF 2015:

- All business areas return to record turnover growth
- Enhancement of international activity and entry into new markets
- Turnover grows by 1% to €2,329M
- *Underlying* EBITDA reaches €132M and EBITDA grew 11.1% to €191M
- Direct income grows 23.5% and reaches €56M
- Net profit attributable to shareholders increases from €52M to €97M
- Investment in retail business increases 48.6% to €109M
- Purchases from domestic producers account for over 80% of perishables by quantity

Ângelo Paupério, Co-CEO da Sonae, says: "In the 1st half of 2015, important steps were taken in the pursuit of Sonae's strategy, at the same time as very positive results were achieved globally, despite reflecting different realities in terms of the performance of our businesses.

In the food sector, which is experiencing an extraordinarily intense competitive phase, Sonae MC has been fine-tuning its value proposition, with immediate impacts on profitability, which nonetheless clearly remains at above market levels.

Sonae SR continued to increase its sales per square metre and showed a significant improvement in the Spanish market both in Worten and in Sport Zone, in contrast to the performance of the fashion division, which has not reached the goals set out for the Spring/Summer collection.

Sonae RP concluded asset sales amounting to €185M with significant capital gains, and approaching the target set for the level of assets owned in sectors in which our brands operate.

Sonae Sierra's good performance should also be highlighted, both in terms of direct and indirect results, the latter benefiting from a reduction in yields, which is already visible in Portugal.

Alongside this NOS also presented surprising operating indicators and financial results for the speed at which they reached the best expectations resulting from the merger.

A Sonae é uma empresa de Retalho, com duas grandes parcerias nas áreas de Centros Comerciais (Sonae Sierra) e Telecomunicações (Sonaecom). No final de 2014, a Sonae atingiu um volume de negócios de cerca de 5 mil milhões de euros. A empresa tem como objetivos estratégicos: a internacionalização, a diversificação do estilo de investimento e a alavancagem e reforço da base de ativos e competências.
Saiba mais em www.sonae.pt.

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Lastly, it should be noted that the continuous strengthening of Sonae's balance sheet, driven by the combination of debt reduction, an increase of its maturity and reduction of its cost, allows us to face new investment opportunities and fuel our growth ambitions."

2. GIVING BACK TO THE COMMUNITY

- **SOCIAL COMMITMENT INCREASED WITH NEW CONTINENTE MISSION**

Sonae seeks to contribute to the economic and social development of the communities where it operates, developing a policy of social responsibility in areas such as social welfare, health and sport, environmental awareness, culture, education and science and innovation. This vision was enhanced in the first half of 2015 with the launch of the new Continente Mission to raise the awareness of, encourage and value people and the community for social inclusion, economic development and respect for the environment. The Continente Mission focuses primarily on children and the elderly, working with health centres and other institutions to maximise their impact on communities. The scheme will continue to donate medical equipment and food, focusing on a policy of proximity to the various audiences it seeks to support.

- **NATIONAL PRODUCTION ACCOUNTS FOR OVER 80% OF PERISHABLES**

Sonae continued with its commitment to support domestic producers in the agri-food sector to develop their business and innovation processes in the first half of 2015. Purchases from domestic producers accounted for over 80% of perishables purchased by quantity reflecting Sonae's efforts to promote domestic production. The average purchase price per kilo increased by over 2pp.

3. OPERATING AND FINANCIAL ANALYSIS

In the first half of 2015 Sonae continued with its strategy exploring growth opportunities both in Portugal and internationally. Consolidated turnover reached €2,329 M, an increase of 1% compared to 1H14 and benefiting from the positive performance of all Sonae businesses.

In **food retail**, turnover stood at €1,633 M, growing 0.4% when compared to 1H14. The turnover performance benefited from the sales area expansion, as Sonae MC ended the period with two more food retail stores of its own. Most importantly, the franchising format is rapidly expanding, with all businesses, namely Meu Super, Well's, Bom Bocado and note! contributing positively. The number of Meu Super stores reached 162 and represented a sqm increase of 10% in the half. Through the Meu Super stores, Sonae MC is increasing its convenience store presence using a capital light approach model.

Aimed at maintaining its market leadership, Sonae MC continued to focus on offering the best value proposal in the market: presenting the lowest prices with high quality standards, running promotions, offering benefits through the loyalty card that can also be used outside Continente with other partners, like Galp, where agreements are in place, and seeking innovative and convenient solutions for its customers. The promotional activity supported by the Continente loyalty card continues to be a distinctive competitive

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advantage, with sales using the card representing in 1H15 more than 90% of total sales. Online sales are also worth noting as growth continued at a rate of 11% between 1H14 and 1H15.

In specialised retail, turnover reached €582 M in 1H15, an increase of 0.4% and improved sales per sqm by 4.4%. Sonae SR continued to focus on internationalisation, achieving a 5.1% increase in the International unit. Sonae SR continued the roll-out of new store concepts, investing in product development and implementing the omni-channel experience. The new store concepts have confirmed their success, contributing to better customer service and high levels of satisfaction. The half year's main achievements include continuous growth in consolidated online sales, supported by e-commerce platforms in all businesses. SportZone consolidated LfL sales growth of 1%. Worten y.o.y. market share growth of 40 basis ponts (bps) at Worten in Portugal and in Spain has continued to show positive signs of recovery, tendo recently started a rebranding operation, more appropriate to the company's positioning in this market;

As part of its internationalisation strategy Sonae SR continued to grow through a capital light approach benefiting from its entry in June 2015 into Saudi Arabia, with MO. This new geography extends the presence of the MO brand to four countries, besides Portugal, and marks the entry of the brand into the Middle East region, where Sonae SR is already present with Zippy.

At the IM Sonae investment management unit turnover stood at €124 M, increasing 4.0% when compared to the same period of 2014. The turnover performance benefited from the positive contribution of the SSI division, Which grew its turnover by 18.0% in 1h15, excluding the 1H14 Mainroad contribution. In this half-year WeDo Technologies acquired five new international telco customers and three new customers in Portugal in the energy and healthcare sectors, once again reflecting the company's growth in the enterprise business assurance market. Bizdirect increased turnover by 14% in 1H15, benefiting from the recent improvement in the IT hardware and software market, coupled with its positive performance in the new solutions area. Saphety's business activity evolved positively during this half-year, with the acquisition of 193 new customers, and recorded significant improvements both in turnover and profitability. And S21Sec signed a memorandum of understanding with Europol - it is the first Spanish company to do so - which includes exchanging expertise and cooperation in combating online fraud. In the retail technology division, Tlantic increased turnover by 22% yoy and Movvo continued to invest in client acquisition, with its indoor tracking technology successfully increasing the number of retail and shopping centre clients. Regarding partnerships, MDS increased turnover and profitability when compared to 1H14 and Maxmat registered a LfL sales growth of 4%, notwithstanding the unfavourable competitive environment;

In **shopping centres**, Tenant sales increased €37 M, 1.8% yoy, totalling €2,081 M, supported by a positive performance both in Europe and Brazil. Confirming once again the quality of Sonae Sierra's assets, occupancy rates continued to improve, reaching 95.8% in 1H15, growing approximately 120 bps yoy.

In telecoms, **NOS operating revenues** stood at €700 M in 1H15, growing 2.6% yoy, supported by its strong operating performance. Convergent customers stood at 510,000, more than doubling in comparison to 1H14 and representing 2.4 million RGUs.

On a consolidated basis, and with regard to operating profit, underlying EBITDA totalled €132 M, corresponding to an underlying EBITDA margin of 5.7%, and EBITDA stood at €191 M, growing 11.1% yoy, benefiting from the strong performance of NOS and Sonae Sierra and sale and leaseback transactions completed in the period.

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Direct results amounted to €56 M, growing 23.5% yoy, benefiting from the higher EBITDA and the lower net financial activity, notwithstanding the higher depreciations and amortisations and taxes.

Indirect results reached €43 M, increasing materially yoy. This was mostly driven by NOS mark to market effect, as well as by non-cash movements related to the revaluation of Sonae Sierra assets, carried out twice a year.

As a result of direct and indirect results, net income attributable to the group reached €97M, a value that compares with €52M in 1H14.

Total net debt decreased €75M, when compared to the same period of 2014, to €1,413 M in 1H15. Sonae continues to be highly focused on increasing the average maturity of its debt, at the same time as it optimises the cost of funding. In June 2015, Sonae completed a €100 M bond issue with a maturity of seven years. The average interest rate of the outstanding credit facilities continued the decreasing trend and reached 2.8% at 1H15. Sonae has already covered all financing needs for the credit facilities maturing in 2015 and 2016

Investment in retail units of Sonae (Sonae MC, Sonae SR and Sonae RP) increased 48.6%, reaching €109M. Sonae invested in expanding its brands as well as the implementation of new formats and the development of its international business.

Consolidated profit and loss account			
Million euros	1H14	1H15	yoy
Turnover	**2,306**	**2,329**	**1.0%**
Underlying EBITDA	154	132	-14.2%
Underlying EBITDA margin	6.7%	5.7%	-1.0 pp
EBITDA	**172**	**191**	**11.1%**
EBITDA margin	7.4%	8.2%	0.7 pp
EBIT	**85**	**103**	**21.3%**
Net financial activity	-38	-36	5.2%
EBT	**47**	**67**	**42.4%**
Taxes	-1	-11	-
Direct income	**45**	**56**	**23.5%**
Indirect income	6	43	-
Net Income	**52**	**99**	**91.3%**
Non-controlling interests	1	-2	-
Net income group share	**52**	**97**	**84.8%**

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