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Preliminary retail sales reveal leadership positions and success of new formats and omnichannel

SONAE REACHES RETAIL SALES OF 4,850 MILLION EUROS IN 2015

Joint sales of Sonae retail units grew 0.7%, to 4,850 million euros, despite the strong competitive environment

Sonae retail businesses registered positive turnover trends in 2015, with every unit contributing positively to increase sales. This performance was based on an improved value proposition, on the success of new store concepts, an investment in the omnichannel and the growing internationalisation of Sonae insignias.

Sonae MC, Sonae's food retail business, registered a growing performance throughout the year, reaching a turnover increase of 1.8% during the last quarter, which reached 3.4% in December. In 2015, the food retail area strengthened its presence with 11 new Continente Bom dia and 2 Continente Modelo stores, also surpassing the Meu Super 200 store target by the end of the year. Sonae's specialised retail unit, Sonae SR, registered a 4.1% growth in consolidated sales per sqm in 2015, increasing international sales by 5.1% in absolute terms, and 12.1% per sqm. Worten reinforced its market share leadership position by 0.6 p.p. in Portugal, reaching an LfL sales growth of 3.4% in 4Q15. Internationally, Sonae retail divisions continued to expand internationally and entered new markets by opening their own stores, establishing franchising partnerships and exporting products, leveraging the competitive advantages of their offer.

Concerning performance in food retail, Luís Moutinho, CEO of Sonae MC, explains, 'Sonae MC experienced an increase in turnover over the last quarter of 2015, particularly in December, outperforming the trends of previous quarters. This is the result of a large group of measures aimed at reinforcing the value proposition of Sonae MC while improving price perception in line with the real price positioning at its stores. This performance was obtained in a year that is marked by an extremely competitive environment in the Portuguese food retail market.'

As regards to performance in specialised retail, Miguel Mota Freitas, CEO of Sonae SR, says, 'In a particularly challenging year, we have managed to consolidate our leadership positions in Sonae SR while proceeding with the internationalization process of our brands. In Portugal, the electronics business reinforced market leadership and improved turnover over the last quarter of the year. In Spain, turnover was able to grow, as a result of the success of new store formats. I would like to particularly highlight the recent store refurbishment of Worten Sant Antoni, in Barcelona, as an example of a successful new store concept.'

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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Growth in every business unit

Sonae retail **turnover** increased by 0.7% in 2015, reaching €4,850 M, with a positive contribution from all businesses.

Sonae MC turnover totalled €3,490 M, registering a 0.8% growth, when compared to the previous year. Sonae's food retail area expanded its store network, with special mention to the increase in convenience stores. Over the last year, Sonae MC opened 11 Continente Bom Dia and 2 Continente Modelo stores, increasing the number of square metres by 3.5% when compared to 2014. In quarterly terms, turnover grew 1.8%, reaching €941 M, benefiting from a special Christmas campaign in Continente.

On an LfL basis, 4Q15 revealed a positive sales trend when compared to the previous quarters of 2015, despite the strong competitive climate experienced in Portugal's food retail market. It should be noted the LfL sales growth was of 1.0% in December 2015, equivalent to a 3.4% growth in turnover.

The number of Meu Super stores continued to increase, reaching 205 stores, and the insignia's sales registered an LfL growth of 5.7%. In addition to increasing Sonae MC's convenience store networks through a capital light approach, Meu Super has been contributing to the revival and modernisation of traditional food retail in Portugal.

Some of the most relevant milestones achieved by Sonae MC in 2015 include the positive performance of the e-commerce division, which increased turnover by 7.9% in 2015, and the launch of the *Universo* Card, a credit card with an innovative value proposition that combines new payment solutions with new loyalty features. It is also worth mentioning the company's adjustment in price communication in order to improve price perception, coupled with new improvement programs based on new promotions, on Sonae brand portfolio, perishables and services.

In specialised retail, **Sonae SR turnover** totalled €1,294 M, growing 0.4% when compared to the previous year. At Sonae SR, turnover per sqm maintained a positive trend, growing an average of 4.1% over 2015.

The electronics division in Portugal delivered strong results, with Worten reaching LfL sales growth of 3.4% in 4Q15 and reinforcing its position in the Portuguese market, further increasing market share by approximately 0.6 p.p.[1]. In the fashion division, the Autumn-Winter collection revealed positive signs in 4Q15, particularly in the baby segment.

The consolidated international unit increased turnover by 5.1% when compared to 2014, reaching €378 M. Sales per square metre grew approximately 12.1%, as a result of the positive evolution of the electronics and fashion divisions in Spain. In electronics, the business is benefiting not only from the market tailwinds but also, and more specifically, from the optimisation of the store portfolio along with the expansion of the new store concept, supported by the omnichannel approach. In the sports business, there was a continued increase in turnover, with an LfL sales growth of 5.2% in 2015, proving that the measures implemented over the last quarters are driving positive results.

Throughout 2015, Sonae SR strengthened its internationalisation process, acquiring Losan, in November 2015, a company specialised in the wholesale of children's fashion with a strong international presence and key competencies in the textiles chain value. Worten has continued to prove its success path in Spain, particularly with the new store concept implemented in Sant Antoni (Barcelona). Furthermore, the implementation of Worten's omnichannel has brought on very positive results, with a fully integrated system that converts online sales in offline sales, and vice-versa.

Sonae opens 96 stores worldwide and enters eight new countries

[1] According to the GFK YTD study: approx. +0.6p.p. (until November 2015) Worten Portugal share market.

Sonae continued with the worldwide expansion of its insignias' retail store network, ending 2015 with 1,361 units, compared with 1,265 at the end of last year. This expansion has led to an increase of 12 thousand square metres (sqm) in sales area, reaching 1,104 thousand sqm.

Sonae MC ended the year with 746 own and franchising stores while Sonae SR totalled 585 units, spread through 27 countries. During 2015, Sport Zone entered India and France, MO arrived in Saudi Arabia and Zippy in Cyprus, Equator, Kurdistan, Libya, Mozambique, the Philippines and Tunisia.

Turnover and sales growth – preliminary figures			
Millions of euros	**2014**	**2015**	**var.**
Sonae retail	4,814	4,850	0.7%
Sonae MC	3,461	3,490	0.8%
Sonae SR	1,290	1,294	0.4%
Others[1]	63	65	3.6%

The retail segment identified as 'Others' includes Maxmat turnover. In 2015, Maxmat increased turnover in 3.6% , benefiting from its positioning in terms of discounts.

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