PRESS RELEASE

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Consolidated turnover surpasses 5 billion euros in 2015

SONAE STRENGTHENS SALES, PROFITABILITY AND INTERNATIONALISATION

1. 2015 Highlights:

- Businesses sustained leadership positions maintaining exemplary operational profitability levels
- Sonae strengthened international presence, with areas entering new markets and exploring alternative formats
- Sonae present in 72 countries[1] through its businesses
- Turnover increased by 0.8% to €5,014 M, with positive contribute from retail businesses
- Underlying EBITDA stood at €331 M and total EBITDA reached €393 M, with a 7.8% margin
- Direct results grew 1.1% to €128 M
- Net income group share rose 21.9%, from €144 M to €175 M
- Consolidated investment reached €300 M
- Total support to the community stood at €8.5 M benefitting 1,577 institutions

Ângelo Paupério, Co-CEO of Sonae, states, 'Overall, 2015 was a positive year for Sonae. The achievements reached across our main strategic guidelines were significant and the results reached in our businesses, albeit mixed, were positive.

We underwent an important organisational change that has allowed our businesses to become more autonomous and more focused on their strategies, while increasing the flexibility and agility necessary to face the increasingly frequent changes within each business context.

The new business units identified with the most potential have been reinforced with the necessary resources to pave new growth avenues, namely in business segments such as health and wellbeing, technology, cybersecurity or the international food retail market.

We have invested in strengthening critical skills through more training, better recruitment and the acquisition of companies such as Losan, Ulabox, Make Notes or Elergone, highly renowned for their know-how in international commerce, e-commerce, product design and energy management.

We reduced our real-estate freehold to the planned level, through sale and leaseback operations amounting to €376 M completed in 2015 and in the first quarter of 2016.

We have heightened the competitiveness of our food retail offers by investing in even more competitive pricing and convenience for our clients, improving the attraction formats offer and ensuring an easier shopping experience, in particular by expanding our store network.

[1] Includes operations, services rendered to third parties, representative offices, franchising agreements and partnerships. Excludes wholesale in retail.

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In specialised retail, we have developed new store concepts and we have optimised the existing network with a positive impact on sales per sqm whilst lowering the overall investment costs.

In 2015, Sonae continued to grow. The turnover of all of the companies controlled by Sonae, including through equal partnerships, reached €6.74 bn, increasing 2.4% compared to the previous year, and the correspondent EBITDA kept flat at almost €1,000 M. Consolidated net income increased by 22%, reaching €175 M.

Sonae Sierra has successfully implemented its capital recycling strategy, lowering its freehold according to its predefined goals, while ensuring the strengthening of its development activity of new shopping centres and the services business. The financial results reflect both the good operational performance and the recovery of the real estate market.

NOS delivered another excellent operational and financial performance, exceeding our best expectations. The company was able to accelerate the execution of its strategy, ahead of target, while showing the flexibility required to position itself in a telecommunications market that has experienced considerable turbulence and disruption.

Sonae's financial stability was reinforced in 2015 despite high levels of consolidated investment, a year in which we saw increased confidence from the financial sector, our business partners and, above all, our own brand customers.'

2. GIVING BACK TO THE COMMUNITY

- **SUPPORT TO THE COMMUNITY REACHES €8.5 M, BENEFITTING 1,577 INSTITUTIONS**

Sonae carried on its corporate social responsibility policies throughout 2015, supporting and developing various projects within social solidarity, health and sports, environmental awareness, culture, education and science and innovation. This commitment to the community translated into supporting 1,577 institutions, in a total of €8.5 M. Sonae concentrated specially on the areas of social assistance and culture, by donating goods, granting the collaboration of technically skilled teams and providing financial aid. Among the projects developed were Sonae Media Art, a pioneer award in the field of new media, *Missão Continente*, *Equipa Worten Equipa* and Love in a Box by Zippy, which support institutions within health, education and social work.

During 2015, Sonae strengthened its commitment to the community and sustainability, celebrating protocols that entail promoting vocational training and gender equality within administrative positions, as well as signing the Paris Commitment, which aims to protect the planet from climate change and establishes a corporate commitment to limit global temperature rise.

3. OPERATIONAL AND FINANCIAL ANALYSIS

In 2015, Sonae benefitted from reinforced competitive positions by most of its business areas and its investment on internationalisation. **Turnover** reached €5,014 M, representing a 0.8% increase compared to 2014, greatly due to the positive performance of the retail businesses.

In food retail, **Sonae MC** turnover rose to €3,490 M, representing an increase of 0.8% when compared to 2014, considering such growth was, over the 4Q of the year, even more robust, reaching 1.8%. Throughout the year, Sonae MC opened 11 Continente Bom Dia stores, 2 Continente Modelo stores and 65 Meu Super stores, the franchising model for food retail. This store network expansion benefitted turnover performance, while also contributing to increase Sonae MC's exposure to convenience formats. Much like in previous years, the food retail market remained quite competitive over 2015, for which it became crucial for Sonae MC to improve and reinforce its business value proposition. This business unit adopted several measures to improve perception levels within its community of consumers, placing special emphasis on reducing the gap between perceived and real prices, in an effort to strengthen leadership in terms of price perception, as well as to increase the quality of perishables, namely meat, fruit and vegetables. Additionally, Sonae MC has continued to implement efficiency measures, as part of a continuous improvement programme that partially explains MC's reference EBITDA margin. In 2015, the underlying EBITDA margin stood at 6.2%, corresponding to an underlying EBITDA of €215 M.

It is worth mentioning that, throughout the past year, Sonae MC reinforced its international expansion, signing the first international franchising agreement with the Fathima Group, in order to establish Continente hypermarkets in the United Arab Emirates by 2017. At the same time, MC own brands wholesale activity continued to grow, reaching approximately 30 different countries by the end of the year. In Portugal, Sonae MC carried out important refurbishments so as to implement the "2020 hypermarket of the future" concept, with 8 out of 40 hypermarkets partially or totally renewed as of December 2015. In addition, MC also developed a new store concept for Continente Bom Dia, which has been implemented in new stores and in a few of the refurbished ones.

In specialised retail, **Sonae SR** turnover reached €1,294 M in 2015, rising 0.4% when compared to 2014, driven by the positive impact of the international unit that benefitted from Worten and Sport Zone performances in Spain. In Sonae SR, sales per square metre continued to improve, averaging 4.1% in 2015. The new store concepts and formats are contributing positively to this evolution, sustaining a positive sales trend, in spite of the reducing square metres. Some of the most significant milestones in 2015 include Worten's ability to improve EBITDA in Spain, which, aside from the improved macroeconomic conditions in the country, translates the measures implemented over the last quarters that include the optimisation of the store network and the expansion of a new store concept, supported by its omni-channel. Zippy also continued its international expansion under a capital light approach. Over the past year, Zippy entered Equator, Cyprus, Kurdistan, Libya, Tunisia and the Philippines, with 50 stores outside the Iberian Peninsula across 22 different countries by the end of 2015. Finally, the acquisition of Losan, in November 2015, a company based in Spain with a strong international presence specialised in wholesale kids' wear, will allow Sonae SR to strengthen its wholesale and supply chain competencies.

Sonae RP, the retail real estate unit, continued to monetise its real estate assets, capitalising its quality in line with the strategy established for freehold ownership. In 2015, the sale & leaseback transactions completed totalled €185 M, with an estimated capital gain of €40 M.

Sonae IM, the Investment Management unit, achieved a €249 M turnover, with an underlying EBITDA of €16 M, which translated into a 6.5% margin. WeDo Tecnhnologies was proclaimed by Frost & Sullivan as worldwide leader in the area of Financial Assurance (comprising Revenue Assurance, Fraud Management and Margin Assurance) and by Analysys Mason as worldwide Software market leader in Revenue Assurance and of Fraud Management in Telecommunications. S21Sec continued to consolidate its presence in the cybersecurity market, being one of the first companies to identify and understand the sophisticated nature of Dridex (a banking malware). The insight and intelligence hence generated became a key element to collaborate with Law Enforcement Agencies such as Europol, NCA, Guardia Civil and the FBI, as well as to support the financial community. Saphety recorded significant improvements on revenues and profitability in 2015, coupled with good commercial activity, continuing its international expansion, with international revenues representing over 30% of the grand total. Bizdirect increased the number of projects delivered and its turnover grew by 8.7% in 2015. Movvo continued its internationalisation efforts and reached important goals in the UK and Asia. Regarding Sonae IM partnerships, MDS increased EBITDA despite currency exchange effects and Maxmat increased both turnover and EBITDA during 2015.

On 29th October 2015, following the licence granted by *Banco de Portugal* to operate as an electronic money and payment institution, Sonae launched the 'Cartão Universo', an innovative open loop payment and loyalty card that combines new payment solutions with new loyalty features. Less than 3 months after launching, the number of cards reached 200 thousand, exceeding our highest expectations and becoming a reference among payment methods available in Portugal.

In **shopping centres**, Sonae Sierra direct results increased 15.7% to €61 M and the value of investment properties rose €109 M, translating the quality of its assets. Tenant sales in Europe grew 2% to €3,182 M, corresponding to an increase in like-for-like tenant sales of 3.1%, with occupancy rates increasing 50 bps to 96.1%, reinforcing the positive performance delivered throughout 2015. In Brazil, tenant sales increased 2.8% in reais, with occupancy rates reaching 92.6%. The number of visitors of Sonae Sierra's 45 shopping centres totalled 433 million. As of now, Sonae Sierra is currently developing a significant number of projects, of which we would like to highlight: the Parklake shopping centre, in Romania, which has more than 93% of its GLA already let and/or committed and is scheduled to be inaugurated in 2016; the development of the Zenata shopping centre, in Morocco, and the Designer Outlet, in Spain, both scheduled to be inaugurated in 2017; and the first investment in Colombia, through the acquisition of a site.

In **telecommunications**, the operating revenues of **NOS** increased 4.4% in 2015, to €1,444 M, reflecting the strong operational performance throughout the period. NOS accelerated the year-over-year growth turnover trend and EBITDA throughout the year, reaching 6.4% and 8.6% in the 4Q15, respectively. The company registered a record RGU growth (services rendered) across all segments, with total RGUs growing by 10.9% to 8,444 M and convergent RGUs increasing 54% to 2,854 M.

In **consolidated terms**, Sonae's underlying EBITDA totalled €331 M and EBITDA stood at €393 M, equivalent to an EBITDA margin of 7.8%, achieving a 1.1% growth in **direct results** to €128 M. Indirect results totalled €49 M, increasing significantly when compared to the €19 M recorded in the previous year. This evolution benefitted from non-cash movements related to Sonae Sierra's assets revaluation, performed on 31st December 2015, as well as from NOS mark to market effects and dividends.

Thanks to increased direct and indirect results, **net income group share** totalled €175 M, compared to the €144 M achieved in 2015. This 21.9% growth translates the sustained strong operational performance of NOS as well as the

quality of Sonae Sierra and Sonae RP assets, in combination with the effort put in by retail to provide the best value proposition and the investment of several businesses on their rising internationalisation.

Total **investment** reached €300 M in 2015. Sonae businesses continued to expand their activities and strengthened their global presence growing organically and through acquisitions, with special mention to the acquisition of participations in Ulabox (e-commerce), Makenotes (stationery), Elergone (energy services) and Losan (fashion wholesale).

Total net debt stood at €1,293 M, €20 M less than at the end of 3Q15, despite the anticipated payment of dividends carried out in December. Excluding this payment, debt reduction compared to the end of 2014 would have stood at €30 M. Sonae maintains a robust capital structure, supported by low leverage and an improved maturity profile, with no funding needs foreseen until the end of 2017.

Consolidated profit and loss account			
Million euros	2014	2015	Var
Turnover	**4,974**	**5,014**	**0.8%**
Underlying EBITDA	**380**	**331**	**-13.0%**
Underlying EBITDA margin	7.6%	6.6%	-1.0pp
EBITDA	**417**	**393**	**-5.8%**
EBITDA margin	8.4%	7.8%	-0.6 pp
EBIT	**228**	**206**	**-9.9%**
Net financial activity	-77	-57	26.1%
EBT	**151**	**149**	**-1.6%**
Taxes	-25	-21	15.2%
Direct results	**127**	**128**	**1.1%**
Indirect results	19	49	-
Net income	**146**	**177**	**21.5%**
Non-controlling interests	-2	-1	12.3%
Net income group share	**144**	**175**	**21.9%**