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Multinational accelerates growth and expands activity on a global scale

SONAE INCREASES SALES BY 10.7% IN 3Q16

- **Turnover reached 1,451 million euros in 3Q16; 3,882 million euros in 9M16**
- **Investment grew from 171 to 293 million euros, through organic expansion and acquisitions**
- **Sonae continues to strengthen global footprint and is present in over 85[1] countries worldwide**

Sonae (Euronext: SON), the multinational company that operates in retail, shopping centres, telecommunications and technology, grew substantially in sales and results over the third quarter of 2016 (3Q16), with turnover increasing 10.7% to €1,451 M and net group income share growing 34.5% to €61 M. This performance reflects Sonae's continued growth strategy, which resulted in reinforced competitive positions in most business areas, a rising internationalisation, diversified investment styles and the capitalisation of its competencies and assets.

Ângelo Paupério, Co-CEO of Sonae, says: "*The third quarter was undeniably positive for Sonae. On a consolidated basis we enjoyed double-digit growth in turnover and EBITDA, we improved the competitive standing of our main businesses and we continued to strengthen our capital structure.*

On a comparable basis, all of our retail businesses grew, most notably Continente which retained its status as the acknowledged price leader in the market.

Sonae Sierra successfully opened ParkLake, the first Sierra shopping centre developed in Romania and maintained high occupancy rates and profitability levels in European and Brazilian operations.

In telecommunications NOS remained as the operator with highest turnover growth in the market, continued to improve profitability and secured a pivotal position in the management of sport content.

In the year-on-year comparison, consolidated debt at the end of the period continued to decline, and currently has a lower cost and extended maturity, reflecting a more robust balance sheet.

All in all, comforted by the success of adopted strategies, and standing on a greater financial strength, we face future challenges with renewed confidence."

During the first nine months of the year, investment grew from €171 M to €293 M, as all Sonae businesses continued to expand its activities and strengthened their global footprint, in line with the strategy of diversifying investment styles.

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

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In food retail, Sonae MC remained focused on implementing its plan of store network expansion through convenience formats, namely of Continente Bom Dia – proximity own stores with average sales area slightly below 1,000 sqm, and Meu Super – franchised local food stores, with average sales area of 300 sqm. Since the beginning of the year, Sonae MC has opened 14 Continente Bom Dia and 54 Meu Super stores, as well as 1 hypermarket of the future and 14 Well's stores, which contributed to a y.o.y. 8.4% increase in 3Q16, to €993 M.

In specialised retail, Worten increased turnover by 1.2% in 3Q16, to €229 M, presenting improved results across all operations (Portugal, mainland Spain, Canary Islands and omni-channel), strengthening its position in the Iberian market. Operationally, Worten continued to implement its omni-channel strategy in Iberia, leveraging on its physical store network and e-commerce presence. Accordingly, omni-channel sales maintained the increasing trend, fuelled by a significant growth of online sales close to 20% since the beginning of the year. It is important to highlight that Worten posted a LfL sales growth of 6.7% in 3Q16. It should also be mentioned that, in 2016, Worten store network was particularly reinforced by refurbishments, especially in Spain, allowing to reach important goals concerning sales area productivity. Thus, sales per sqm continued to grow, increasing 7% on a yearly basis.

In the Sports and Fashion division, which includes Sport Zone (sports equipment and apparel), Mo (fashion), Zippy (kids fashion), Berg Outdoor (outdoor sports) and Deeply (surf and lifestyle), as well as acquired brands Losan, a wholesale player specialised in kids wear, and Salsa, a recognised jeanswear brand, turnover grew 51.5% to €164 M. The unit benefited from the positive contribution of Zippy and Sport Zone, but also from the consolidation of Losan and Salsa results. Both acquired brands have a strong international presence as well as a proven track record and will contribute towards reinforcing Sports and Fashion competencies.

Sonae RP, the retail real estate unit, completed 3 sale and leaseback transactions in the amount of €230 M since the beginning of the year, generating a capital gain of approximately €63 M. This strategy enabled Sonae RP to release capital from mature real estate assets while also maintaining adequate operational flexibility. At the end of 3Q16, Sonae RP was managing a real estate portfolio with a net book value of €909 M.

Sonae IM, the Investment Management unit, reached a turnover of €63 M in 3Q16, a similar amount to the one achieved in the same period last year. Sonae IM has an active portfolio strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail and telecommunications, aiming to develop innovative solutions with an international focus. IM core areas of interest include business analytics solutions, mobility solutions for retail, in-store technologies, fraud assurance and cybersecurity solutions.

In shopping centres, **Sonae Sierra** continued to prove the quality of its assets. In 9M16, tenant sales in Europe increased 2.5%, to €2,286 M, corresponding to a 3.3% increase in LfL tenant sales, while occupancy rates grew 1.1pp to 97.1%. In Brazil, tenant sales grew 0.4% in LfL terms, returning to a positive trend and, despite the still challenging macroeconomic environment, occupancy rates are already registering a slight recovery. Sonae Sierra has been implementing its recycling capital strategy by reducing exposure to more mature shopping centres and reinvesting in developing others. ParkLake was inaugurated on 1st September 2016 and is Sonae Sierra's first project in Romania. The new shopping centre represents a €180 M investment, with over 200 stores across 70 thousand sqm, with results so far exceeding expectations. It should be noted that Sonae Sierra has 5 projects under development in Nuremberg (Germany), Zenata (Morocco), Malaga Designer Outlet (Spain), Cucuta (Colombia) and the NorteShopping expansion (Portugal).

In telecommunications, NOS continued to show a very solid operational and financial performance, with turnover increasing 5.3% in 9M16, y.o.y., to €1,124 M, maintaining a solid sales performance. Total RGUs grew by 8.0%, to 8,942 M, and the number of convergent RGUs rose to 3,271 M, representing a 22.7% y.o.y. growth.