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Retail Preliminary Sales 2017: record sales, leadership positions and successful store formats

SONAE REACHES SALES OF 5,554 MILLION EUROS

Joint sales of Sonae retail units grew 6.9% compared to last year, benefiting from record sales at Worten, Sonae MC and Sonae Sports & Fashion. Worten surpassed one billion euros in sales and the e-commerce operations in retail are already selling over 100 million euros.

Sonae retail businesses registered an accelerated growth in 2017, as all units contributed to increase sales. This performance reflects an improved value proposition, the expansion of convenience formats, the successful store concepts, as well as our investment in the omnichannel, strengthened business portfolio and international expansion.

Sonae retail sales reached €5,554 M in 2017, growing 6.9% when compared to 2016, benefiting from the positive contribution of all divisions. In quarterly terms, Sonae Retail sales grew by 7.3% compared to 2016, reaching €1,556 M. Online sales surpassed €100 M in 2017, particularly due to the contribution of Worten, Sonae MC and Salsa.

In food retail, Luís Moutinho, CEO of Sonae MC, says: *"2017 was once again a positive year for Sonae MC with the continuous reinforcement of our market leadership in such a demanding market environment. In line with our expectations, sales increased by 5.4% when compared to 2016, supported by a LfL sales growth of 1.2% and by the continuous expansion of our Continente Bom Dia proximity stores.*

The LfL sales growth clearly shows the results of a stronger value proposition, namely the effective improvement of our perishables' quality as well as the price perception, confirmed by the latest study of DECO in which Sonae MC was recognised as the price leader in the Portuguese market."

Regarding Worten and Sonae S&F, Miguel Mota Freitas, CEO of these business units, says: "*Worten ended a particularly good year by surpassing sales of €1bn and a high single digit LfL growth. With this positive performance, Worten has been able to reinforce its market share both in Portugal and Spain, in the online and offline channels.*

Sports and Fashion division posted combined sales growth of 11.7%, with positive LfL contributions from all fashion brands, in spite of the negative impact from October weather conditions."

Sonae MC accelerates growth and reaches new sales record

Sonae MC sales rose to €3,884 M, increasing 5.4% when compared to 2016. This evolution was sustained by the continuous expansion of the store network (with the opening of 19 Continente Bom Dia and 1 Continente Modelo) and by a LfL sales growth of 1.2%. This LfL sales growth reflects the impact of the measures implemented by Sonae MC to strengthen its value proposition, with special highlight to: (i) the

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effective improvement of its perishables' quality and consequently its quality perception, and (ii) the price perception, reinforced once again by the latest study released in October 2017, in which Sonae MC was recognised by DECO, the Portuguese consumers' association, as the price leader in the Portuguese market.

This operational performance allowed Sonae MC to further strengthen its market share, both in the year and in the quarter. Regarding 4Q17, in which Sonae MC's sales increased 6.8% to €1,070 M, it is worth highlighting its LfL sales growth of 3.2%. This growth was particularly positive considering the comparable 2.1% LfL sales growth posted in 4Q16.

Pursuing the strategy of strengthening its position in the Health and Wellness segment, throughout 2017, Sonae MC took several steps to promote the health and well-being of the communities, namely by (i) increasing the variety of healthy products in Continente stores under the renewed brand *bio e saudável* (healthy), (ii) acquiring 51% of Go Natural and 100% of Brio' supermarkets, and (iii) opening 19 Wells and 3 Dr. Well's clinics. Already in January of 2018, Dr. Well's opened its 4th clinic specialised in dental and aesthetic medicine.

Worten surpasses one billion euros in sales

Worten sales surpassed one billion euros for the first time, ending 2017 with €1,003 M. This represents a 10.2% y.o.y. growth, which was sustained by a LfL sales growth of 7.7% and by a significant increase of Worten's online operation, that grew over 50% in Portugal and 65% in Spain. The Spanish operation reached a particularly good sales performance, driven by the online sales hike and by reinforced sales area productivity.

In 4Q17, sales grew 13.4% versus 4Q16, reaching €313 M, sustained by a 10.2% LfL sales growth. It is worth mentioning that Worten experienced a very substantial growth during the Black Friday period, both in Spain and in Portugal, with no relevant impact on traditionally higher sales in December.

As a result of this annual performance, Worten strengthened its market leadership in Portugal and improved market share in Spain, both in the online and offline channels.

Sonae Sport & Fashion grows 11.7%

Sports & Fashion sales reached €589 M in 2017, posting an increase of 11.7% when compared to the previous year. This evolution benefited not only from Salsa's consolidation over the first semester, but also from the positive contribution of the remaining brands, proving the success of the value proposition adjustments made over the last quarters.

In terms of **LfL sales growth**, all fashion brands witnessed a positive performance in 2017, reaffirming the continued growth path posted over the last quarters, despite the unfavourable weather conditions that led to a late start of the cold season which caused a strong effect on October's performance.

Regarding the agreement with the JD group, formalized in September 2017, for the merger of JD Sprinter with Sport Zone, everything is evolving as planned, including the anti-trust approval from the competition authorities (received on January 18th), for which the transaction is expected to be completed very soon.

Sonae Retail: Preliminary Sales

Million euros	2016	2017	var.
Sonae Retail	5,196	5,554	6.9%
Sonae MC	3,687	3,884	5.4%
Worten	910	1,003	10.2%
Sonae S&F	527	589	11.7%
Others[1]	72	78	9.3%

[1] Maxmat