PRESS RELEASE

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ALL SONAE BUSINESSES IMPROVE SALES AND OPERATIONAL PROFITABILITY

1. MAIN HIGHLIGHTS OF THE FIRST QUARTER OF 2018:

- Sonae turnover increases 8.7% to 1,342 M€, with positive contribution from all businesses
- Improved profitability across all businesses, with an 11% increase in underlying EBITDA to 57 M€
- Net income grows from 8 M€ to 20 M€
- Net debt decreased 8.2% or 113 M€, compared to the same period last year

Ângelo Paupério, Co-CEO da Sonae, states: *"Sonae recorded a good start to the year of 2018, with Q1 consolidated turnover growing by 8.7% and profitability (EBITDA) by 9.5%. The performance of our food retail business and of Worten were particularly strong, both in terms of absolute growth but also in terms of LFL sales, recording LFL growth of 5.3% and 8.8% respectively, well above what the calendar effect can explain. Including the remaining co-controlled companies, which performance also showed a favorable trend, turnover and EBITDA in aggregated terms reached 1,800 million euros (+6.7%) and 230 million euros (+6.0%), respectively.*

In addition to these encouraging results, we continued the execution of our different businesses' strategies and management of our portfolio, namely through the creation of the Iberian Sports Retail Group, materialised in the beginning of February, which is a result of the combination of Sport Zone with Sprinter and JD's Iberian operations and whose impact will start to be seen in our accounts from the next quarter onwards.

We also managed to maintain a significant level of investment, particularly into our growth avenues, at the same time as we reduced the cost and amount of our group debt and optimized our capital structure that supports our shareholder remuneration policy through dividends, which have grown at 5% a year since 2012."

Sonae is a multinational company managing a diversified portfolio of businesses in retail, financial services, technology, shopping centres and telecommunications. Present in about 90 countries, it reached a turnover of more than 5.5 billion euros at the end of 2017.

Find out more at www.sonae.pt.

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IMPROVING LIFE

2. CONSOLIDATED ANALYSIS

All businesses with strong growth

€ 1,342 M
+ 8.7%
Turnover

Sonae consolidated turnover reached 1,342 M€, a rise of 8,7%, mainly thanks to the Retail unit that benefited particularly from the performances of Sonae MC and Worten.

+ 9.5%
€ 70 M
Consolidated EBITDA

Sonae consolidated EBITDA evolved in a positive manner in the first quarter, due to a higher underlying EBITDA that increased by 11% y.o.y. to 57 M€, and to a greater contribution of the equity method results, namely those originated by NOS and Sonae Sierra.

Considering the strong operational performance, Sonae direct results rose to 14 M€, a 15.6% growth when compared to 1Q17. Indirect results stood at 7 M€.

€ 20 M
Net income group share

Sonae net income group share more than doubled in comparison to the 1Q17, from 8 M€ to 20 M€. This result translates a rising growth in turnover and profitability across all businesses, together with the positive evolution in indirect results.

The investment rose to 71 M€ in the first quarter, 17 M€ above the amount in 1Q17.

Decrease of 113 million euros in debt strengthens financial solidity

Sonae continues to strengthen its financial solidity, as net debt decreased by 8.2% or 113 M€ in comparison to 1Q17. Its financial leverage stood at 38.0%, improving 2.9 p.p. regarding 1Q17. The average interest rate of outstanding debt stood close to 1.2% in 1Q18.

The average gearing at book value decreased from 0.7x to 0.6x and the average gearing at market value improved 0.2x to 0.6x in 1Q18, as a result of a reduced debt and increased price in Sonae shares.

In 1Q18, Sonae sustained a solid capital structure, having optimised funding costs and preserved sufficient back-up liquidity and a long maturity profile, with a stable average at circa 4 years. Sonae maintained its practice of being fully financed for the coming 18 months and at the same time improved its general funding conditions.

Creation of over 2,000 jobs and support to 780 institutions

Sonae closed the first quarter of the year with over 45 thousand employees, having created more than 2,000 jobs in the past 12 months, which reflects a general growth across the several business areas in Portugal an also internationally. During this period, Sonae also strengthened its commitment to the community, having supported 780 institutions across the country, providing material goods, skills and financial resources.

3. OPERATIONAL AND FINANCIAL ANALYSIS PER BUSINESS

Sonae MC strengthens leadership position with accelerated growth

940 M€
+ 10.0%
Turnover

+ 12.7%
34 M€
Underlying EBITDA

In food retail, Sonae MC turnover grew 10%, to 940 M€, supported by a LfL sales increase of 5.3%, positive even without the favourable effect of Easter. This strong performance allowed Sonae MC to reinforce its market leadership. This is the result of the continuous efforts made over the last quarters towards strengthening its value proposition, thus improving the quality of its perishables and price perception. Additionally, Sonae MC continued expanding its store network in the convenience segment, Continente Bom Dia, and also in the Health & Wellness segment, which has 4 more Well's parapharmacies and 3 more Go Natural supermarkets, these already in 2Q18.
The underlying EBITDA margin increased 10 bps y.o.y., despite the impact of the store network expansion and of the competitive environment.

Worten grows 9.3% and strengthens market share in Portugal and Spain

242 M€
Turnover

+ 27.5%
3 M€
Underlying EBITDA

Worten turnover reached 242 M€ in 1Q18, 9,3% more, supported by a LfL sales growth of 8.8% and strong performance of e-commerce, which maintained the positive trend observed in the previous quarters. This sales performance was above the market evolution, both in Portugal and in Spain, where market share increased across all channels, both in physical stores and e-commerce.
Underlying EBITDA grew 27.5% to 3 M€ in 1Q18, corresponding to an underlying EBITDA margin of 1.4%.

Sonae Sports & Fashion increases sales and strengthens online importance

96 M€
Turnover

+ 3.7%
Lfl sales

In 1Q18, Sonae Fashion turnover reached 96 M€, increasing 1.5% y.o.y., and LfL sales grew by 3.7%, a remarkable performance considering the unusual weather conditions. The online operation kept its good growth pace, with special focus on MO that more than doubled its sales, on Zippy that grew by 68% and Salsa that posted an over 30% growth. Underlying EBITDA improved 5% compared to 1Q17, reaching 2 M€, which corresponds to a 2.4% margin.
It is important to mention that on 31st January 2018, the agreement for the combination of JD Sprinter and Sport Zone was concluded, creating the Iberian Sports Retail Group (ISRG), the second largest sports retail group in Iberia. ISRG will be equity consolidated from 2Q18 onwards.

Sonae FS with 30% growth in turnover

+ 17.3%
Underlying EBITDA margin

Sonae FS turnover grew by 30% compared to the same period last year, to 7 M€ in 1Q18. Underlying EBITDA stood at 1.2 M€, and the underlying EBITDA margin grew from 12.2% in 1Q17 to 17.3% in 1Q18.
The Universo card maintained a growing trend, increasing both the number of subscribers, which rose to 637 thousand, and production, which grew 30,7%.

Retail real estate with a portfolio of over 900 million euros

23 M€
+ 2.4%
Turnover

Sonae RP, the business unit responsible for managing Sonae's retail real estate, ended the quarter with a portfolio of 20 Continente stores, 60 Continente Modelo stores and 30 Continente Bom Dia stores, with a net book value of 908 M€. Sonae RP turnover increased 2,4% to 23 M€, despite the freehold reduction y.o.y. (47% versus 50% in 1Q17). Underlying EBITDA stood at €21 M, with an 87.5% margin.

Sonae IM grows and seeks innovative solutions

33 M€
Turnover
2.9 %
Underlying EBITDA margin

Sonae IM turnover totalled 33 M€ (+1%) in 1Q18 and the underlying EBITDA margin stood at 2.9%. Sonae IM is maintaining an active portfolio management strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail and telecommunications, leveraging the strong Group's strong expertise in these two verticals and aiming to develop innovative solutions, with an international focus.

Shopping centres unit develops new projects and investments

Sonae Sierra turnover totalled 54 M€, EBIT increased 7.8%, corresponding to an EBIT margin of 50.3%, and direct results rose to 17 M€, +12.6%, compared to 1Q17. The LfL tenant sales increased 4.2% in Europe and 4.8% in Brazil.

In the first quarter, Sonae Sierra reinforced its development activity by creating a joint-venture with Impresa Pizzarotti to develop a new shopping district in Parma, in an investment of circa €200 M, and maintained ongoing projects in Portugal, Spain and Colombia.

Pursuing its recycling strategy, Sonae Sierra continued to make acquisitions in the total amount of 94 M€ in Iberia through ORES Socimi. In terms of services, Sonae Sierra signed a total of 77 new contracts in the sum of 5.2 M€ and, following the recent disposals in Portugal, 3 service contracts were renewed in the total amount of 1.8 M€.

NOS grows both operational and financially

In 1Q18, NOS operating revenues reached 383 M€ (+0,7%), as telecommunications revenues grew 0.9% y.o.y.. NOS EBITDA grew by €4 M compared to 1Q17, rising to €147 M, which represents an EBITDA margin of 38.3%. Net results totalled 34 M€ in 1Q18, 3% above the amount posted in 1Q17. It should be noted that NOS capex remained in line with 1Q17, at €88 M. Total RGUs grew by 3.3% in comparison to 1Q17, reaching 9,454 thousand, while converging RGUs grew by 6.4% to 3,732 thousand.

4. FINANTIAL PERFORMANCE

Consolidated results			
Million euros	1Q17[(1)]	1Q18[(1)]	Var
Turnover	**1,234**	**1,342**	**8.7%**
Underlying EBITDA	**51**	**57**	**11.0%**
Underlying EBITDA margin	4.2%	4.2%	0.1pp
Equity method results (Sierra and NOS)	14	15	7.7%
Non-recurring items	-1	-2	-
EBITDA	**64**	**70**	**9.5%**
EBITDA margin	5.2%	5.2%	0.0pp
EBIT	**18**	**20**	**10.0%**
Net financial results	-7	-8	-8.4%
EBT	**11**	**12**	**11.1%**
Taxes	1	2	48.4%
Direct results	**12**	**14**	**15.6%**
Indirect results	-4	7	-
Net income	**9**	**21**	**-**
Non-controlling interests	0	-1	-
Net income group share	**8**	**20**	**-**

(1) Due to the creation of the Iberian Sports Retail Group on 31st January 2018, Sport Zone was registered as a discontinued operation. In June 2017, following the share sale from MDS, MDS started to be consolidated using the Equity Method and was included in Sonae FS. Before, between 1Q16 and June 2017, MDS was registered as a discontinued operation.

Business overview (Million euros)	1Q17	1Q18	Var
Turnover			
Sonae Retail	1,211	1,321	9.1%
Sonae Sierra (1)	54	54	0.1%
NOS (1)	380	383	0.7%
Sonae IM	33	33	1.0%
Sonae FS (2)	18	22	20.5%
Underlying EBITDA			
Sonae Retail	56	61	10.0%
Sonae Sierra (1)	25	27	7.6%
NOS (1)	142	147	3.0%
Sonae IM	1	1	36.8%
Sonae FS (2)	1	3	-

(1) Aggregated turnover and underlying EBITDA equals 100% of the figures reported by NOS and Sonae Sierra. In statutory accounts, the equity method is used. (2) Includes 100% turnover and EBITDA of MDS.