

HSBC – 9TH EQUITY CONFERENCE

March 2011

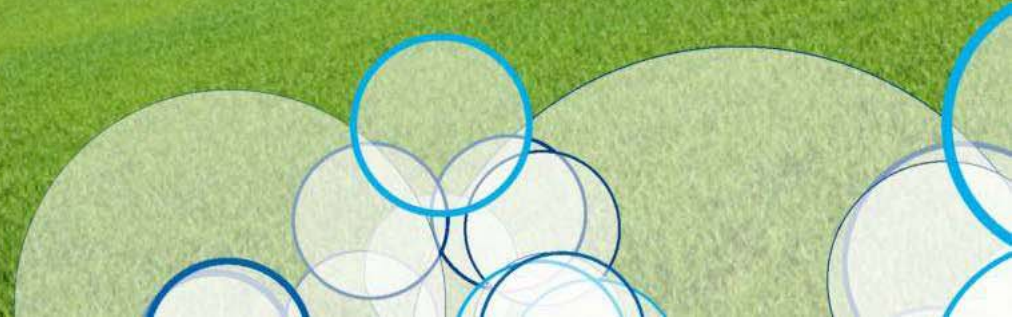


INVESTOR'S KEY QUESTIONS AND CONCERNS



Q1.

WHAT IS
SONAE?



WE ARE A RETAIL COMPANY

- Market leader in food and specialized retail formats
- With Board control of a Shopping Centre and a Telecommunications business

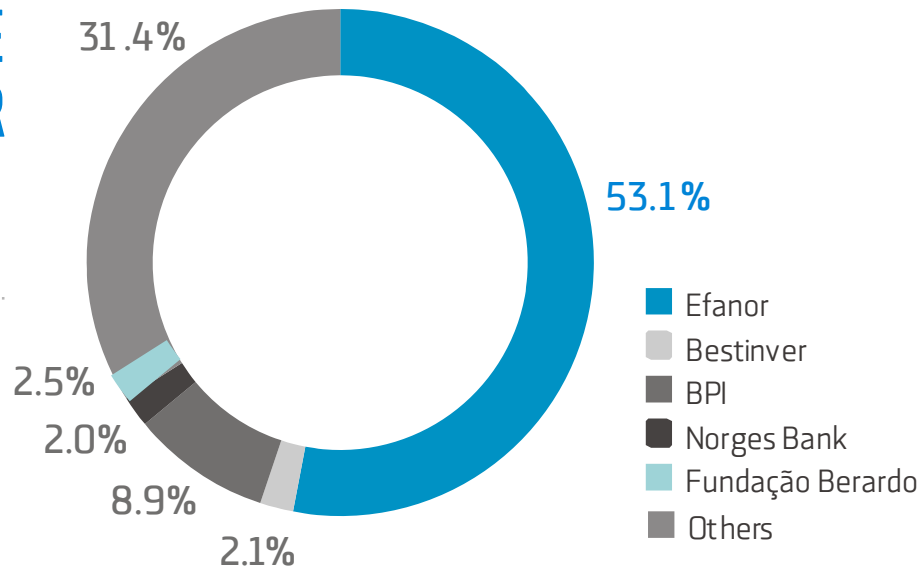


SONAE

100%	100%	100%	50%	55%
SONAE MC Food Retail	SONAE SR Specialised Retail	SONAE RP Retail Properties	SONAE SIERRA Shopping Centres	SONAE COM Telco
Hypers and Supers	Non-Food Retail formats: sports, fashion and electronics	Retail real estate assets	Shopping centre developer, owner and manager	Integrated telecom provider
CORE BUSINESSES		RELATED BUSINESSES	CORE PARTNERSHIPS	
RETAIL & RELATED BUSINESSES				

WITH A STABLE SHAREHOLDER STRUCTURE

Reference shareholder, Efanor, a family holding company



FREE FLOAT OF CIRCA 47%

*including BPI equity swap

SHARE CAPITAL
2,000 million

AVERAGE DAILY VOLUME (2010)
~6 million shares;
5.2 million euros

MARKET CAPITALIZATION
(as of 31 Dec 10)
1.5 billion euros

FREE FLOAT
(as of 31 Dec 10)
0.72 billion euros

BPI stake includes equity swap of 132.8 million Sonae shares (~7% of share capital)





Q2.

WHAT IS
YOUR CORPORATE
STRATEGY?

VALUE CREATION THROUGH INTERNATIONAL EXPANSION AND THE STRENGTHENING OF THE CORE BUSINESSES

CORPORATE STRATEGIC PILLARS

GO INTERNATIONAL

- THE MAIN STRATEGIC PRIORITY
- DILUTION OF COUNTRY RISK
- NEW GROWTH AVENUES

PORTUGAL IS A SMALL COUNTRY

- Current core business with leader formats in mature markets
- Widens competences, knowledge and experience pool
- New sources of value creation

DIVERSIFY INVESTMENT STYLE

- ADOPT THE MOST APPROPRIATE INVESTMENT STYLE
- WHOLLY OWNED BUSINESSES
- PARTNERSHIPS
- MINORITY STAKES

- Use capital light models (renting vs. owning; partnerships vs. full control)
- Release capital from real estate
- Accelerate growth while minimizing indebtedness level
- Minimizes risk

LEVERAGE EXCEPTIONAL ASSET BASE IN PORTUGAL

- INNOVATE
- GENERATE NEW BUSINESSES
- STRENGTHEN OUR COMPETITIVE POSITION

- Capitalize on assets and competencies in base market to launch new projects in adjacent areas
- Reinforce the asset base and protect core markets



CORPORATE STRATEGY REFLECTED IN EACH RETAIL BUSINESS STRATEGY

Sonae's businesses accommodated the corporate guidelines and developed the correspondent strategic planning

SONAE MC

FOCUS ON LEADERSHIP AND PROFITABILITY

- Consolidate market leadership
- Explore new adjacent business opportunities leveraging on a strong management team and know-how in retail
- Manage the business in Portugal as a sustainable cash flow generator
- Look for international opportunities of growth

SONAE SR

FOCUS ON GROWTH AND INTERNATIONALIZATION

- Configure an ambitious international operation, with a strong expansion in Spain
- Explore franchising and/or joint-venture opportunities as means to accelerate growth
- Consolidate market leadership in Portugal and improve profitability
- Continue to use Portugal as a test plant for new formats

SONAE RP

ASSET MONETIZATION

- Plan to release invested capital freehold ownership of sales area in food retail
- Focus on Asset Management
- Seek Property Development opportunities



CORPORATE STRATEGY MATERIALISED IN MLT FINANCIAL GOALS

Deliver growth in turnover and profitability, while pursuing a long term strategy of internationalization and strengthening of core businesses, and gradually reduce debt level, improving leverage ratios

PROFITABLE GROWTH

ROE >15%

Turnover growth rate >10%

INTERNATIONAL EXPANSION

25% of turnover and 35% of assets in international operations

~1/3 of invested capital in partnerships without full control

REDUCE DEBT LEVEL

Deleveraging over time in absolute and relative terms

Investment grade profile in 2012



A photograph of a water fountain against a clear blue sky. Water is spraying from a circular nozzle, creating a mist of droplets. In the bottom right corner, there are several overlapping circles of varying sizes and colors, including teal, light blue, and white, resembling bubbles or a decorative graphic element.

Q3.

WHAT
HAVE YOU DONE
SO FAR?

PROFITABLE GROWTH AND NEW ADJACENT BUSINESS AREAS



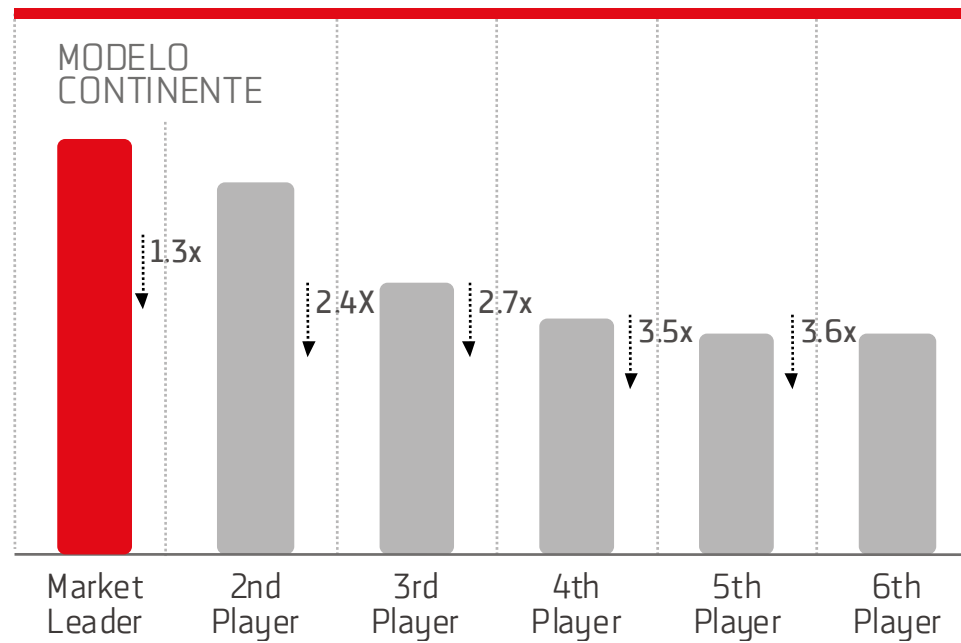
Q3. WHAT HAVE YOU DONE SO FAR?

Profitable Growth

IN 2010
WE INCREASED
LEADERSHIP
OF THE FOOD
RETAIL MARKET



FOOD MARKET



INCREASE IN SALES
(+5%) ABOVE THAT
OF THE MODERN
RETAIL MARKET

Source: Homescan Nielsen



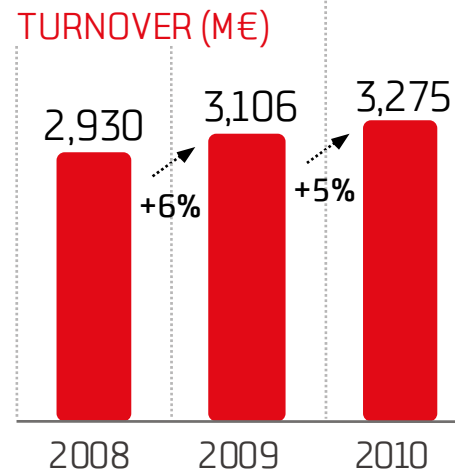
Q3. WHAT HAVE YOU DONE SO FAR?

Profitable Growth

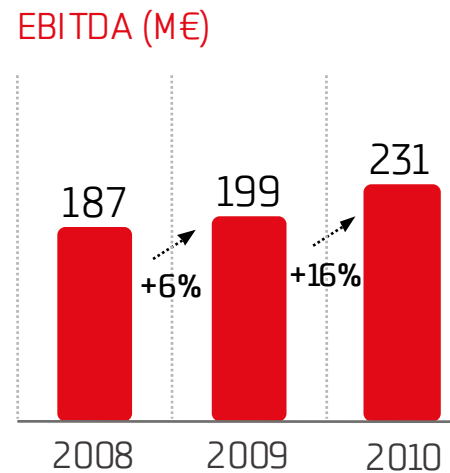
LEADERSHIP HAS ENABLED GROWTH AND PROFITABILITY TO BE ACHIEVED



SALES ON A LIKE FOR LIKE BASIS 2010 = **3%**
Benefiting from a clear value focused offering



EBITDA margin 2010 = **7.1%**
Increasing from 6.4% in 2009 reflecting scale, cost-cutting measures and effectiveness of promotions through the loyalty card



TURNOVER = +5%
EBITDA = +16%



Q3. WHAT HAVE YOU DONE SO FAR?

Profitable Growth

PERFORMANCE LEVERAGES ON THE VALUE AND SUCCESS OF THE LOYALTY PROGRAM

NEW TECHNIQUES OF USING CLIENT INFORMATION: 'CUSTOMER CENTRICITY RETAIL'

NUMBER OF CLIENTS WITH LOYALTY CARD

2008

2009

2010

2.8 million

2.9 million

>3.0 million

% OF SALES ASSOCIATED WITH CARD

83%

84.5%

86%



Q3. WHAT HAVE YOU DONE SO FAR?

SONAEMC

Profitable Growth

PERFORMANCE
REFLECTS
THE STATE
OF THE ART
BUSINESS
PROCESSES

KEY ISSUE:

INTERNATIONAL SOURCING

- International procurement, quality control, administrative and logistic management
• Since 1994
- Recurrent contacts in 50 countries
• Dedicated offices in China and Brazil
- ~80.000 SKU's and ~2.000 suppliers
• 700 M€ of global imports for Sonae group
- Sonae MC with 14% of international sourcing

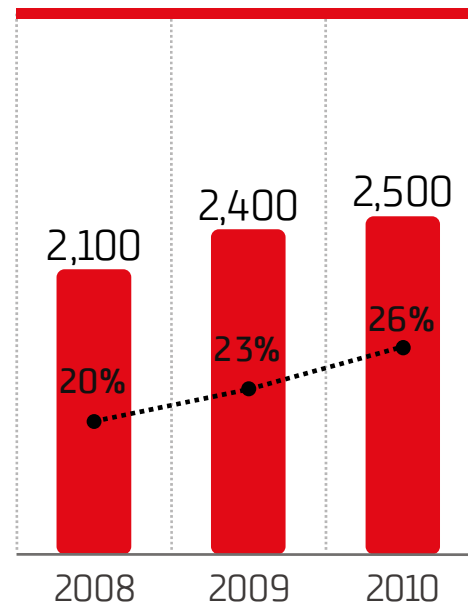


Profitable Growth

PERFORMANCE REFLECTS THE STRONG AND CONTINUOUS INVESTMENT IN PRIVATE LABEL



OWN REFERENCES AND % FMCG SALES



OWN LABEL OFFERED IN ALL PRODUCT CATEGORIES AND INCREASING IMPORTANCE

INVESTMENT IN OWN BRAND

- Broadening of the Own Brand range
- Representing a quarter of FMCG sales
- Own Brands include:
 - The Continente brand (20% cheaper than the sales category leader)
 - 1st price brands (best price on the market)
 - Controlled brands (gourmet, selection, etc.)



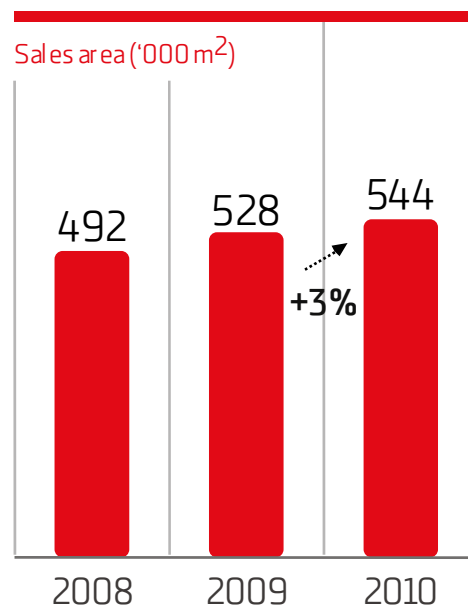
Q3. WHAT HAVE YOU DONE SO FAR?

Profitable Growth

PERFORMANCE REFLECTS THE SOLID ORGANIC GROWTH IN PORTUGAL



ORGANIC GROWTH IN LAST 12 MONTHS



STORES
415

NEW STORES:

+17,000 m²

+44 stores

SALES AREA
544,000 M²



Q3. WHAT HAVE YOU DONE SO FAR?



Profitable Growth

PERFORMANCE REFLECTS OUR OPERATIONAL EFFICIENCY

COST CONTROL

Cost-cutting measures
Specific teams focused on minimizing and controlling costs

STOCK OPTIMIZATION

Reduction on average stock
(less 3 days in 2010)

IMPROVEMENTS IN OPERATIONAL EFFICIENCY

Implementation of the Kaizen method
aimed at identifying, reducing and eliminating suboptimal processes



Profitable Growth

... AND THE STRENGTHENING OF OUR COMPETENCIES AND VALUE PROPOSAL



CONTINENTE AND MODELO EACH HAVE DISTINCTIVE COMPETENCIES

STRONG BRAND RECOGNITION

Continente is considered to be the "Brand of Confidence" by consumers for the 8th year running

PRODUCT OFFER VARIETY

Continente:
~70,000 sales items
Modelo:
~40,000 sales items

EXCELLENCE OF THE LOGISTICS INFRASTRUCTURE

2 logistics warehouses to centralize distribution for the North and the South of the country
Total logistics area: 221,000 m²



Q3. WHAT HAVE YOU DONE SO FAR?

New adjacent business opportunities

SONAE MC

LEVERAGE ON KNOW-HOW IN RETAIL



- **A new store concept for Deep Frozen Products**
- Offers a wide range of products, such as ready to eat meals, desserts, snacks, as well as basic ingredients such as fish and meat

- **Convenience business**
- Franchised local food retail stores
- Between 150 m² and 999 m²
- Located mainly in residential areas
- Partners with guaranteed competitive prices, access to own brand Continente and other suppliers' products

- **Reinforcement of the existing wholesale business** (since 2008 supplier to a number of petrol station convenience stores)
- Satisfy the needs of professional customers who operate in the hotel and restaurant sectors supplying public and private institutions
- Own sales force, making deliveries to the customer's door



PROFITABLE GROWTH AND INTERNATIONAL EXPANSION

Q3. WHAT HAVE YOU DONE SO FAR?

Profitable Growth

SONAE SR

WE MAINTAINED GROWTH AND PROFITABILITY IN PORTUGAL

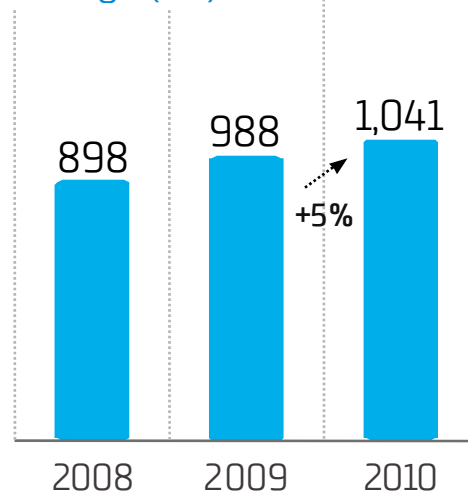
Strengthening of leadership position in the consumer electronics and sports goods sectors

SPORTZONE #1 in Portugal
WORTEN #1 in Portugal

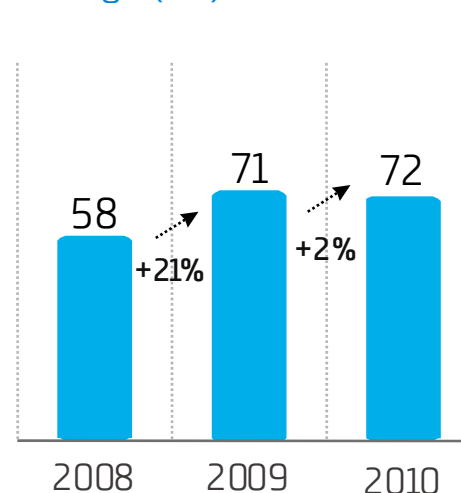
Good performance by the textiles formats

MODALFA
ZIPPY

TURNOVER Portugal (M€)



EBITDA Portugal (M€)



NEW STORES:
Last 12 months

+18,000m²
+18 stores

STORES
414

SALES AREA
256,000 M²
AS AT END 2010



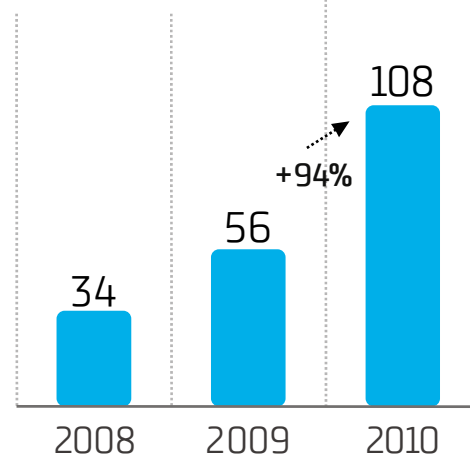
International Expansion

WE ACCELERATED OUR INTERNATIONAL GROWTH

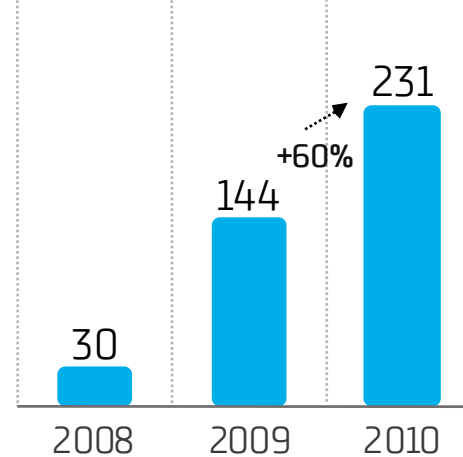


SPORTZONE = 28 (+14) | WORTEN = 25 (+11) | ZIPPY = 36 (+26)

INTERNATIONAL ORGANIC GROWTH
Sales area ('000 m²)



TURNOVER International (M€)



NEW STORES:
Last 12 months

+51 stores
+52,000m²

STORES
89

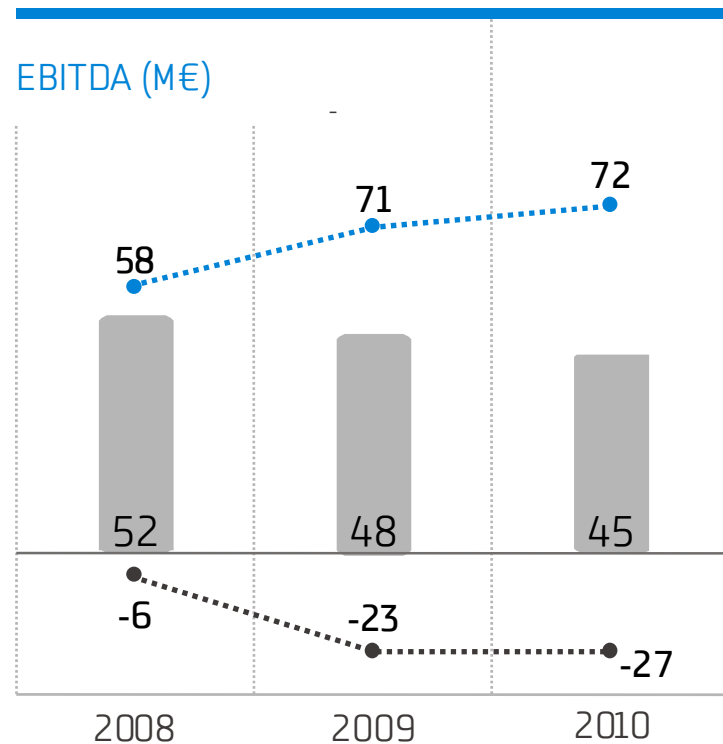
SALES AREA
108,000 M²
AS AT END 2010



Q3. WHAT HAVE YOU DONE SO FAR?

International Expansion

INTERNATIONAL EXPANSION EFFORT IMPACTING PROFITABILITY BUT IN LINE WITH THE GOAL OF POSITIVE EBITDA IN 2012, IN SPAIN



- Sonae SR
- Sonae SR Portugal
- Sonae SR International

SONAE SR EBITDA REFLECTING:

- Market entry costs
- Organic growth



Q3. WHAT HAVE YOU DONE SO FAR?

International Expansion

INTERNATIONALI-
ZATION BASED
ON NEW EXPANSION
MODELS:
JOINT-VENTURES
AND FRANCHISING

1ST JOINT-VENTURES

Worten **Canary Islands**
SportZone **Canary Islands**

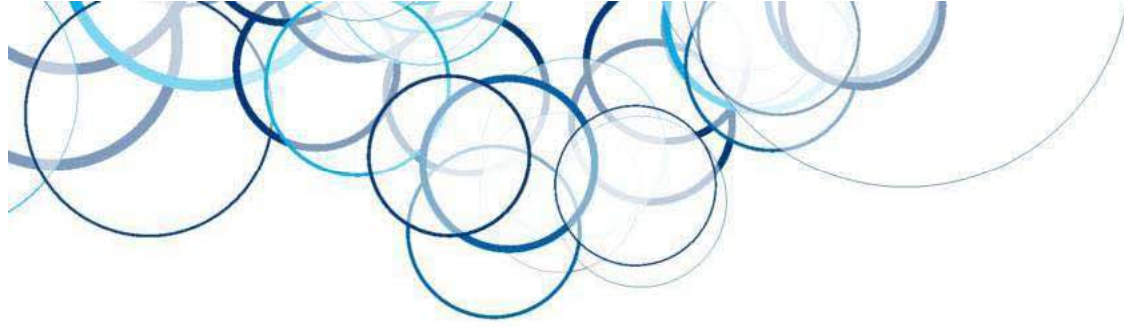
1ST FRANCHISING
CONTRACTS

Zippy **Canary Islands**
Zippy **Middle East**

> 110 STORES
10 COUNTRIES

Spain
Kingdom of Saudi Arabia
United Arab Emirates
Jordan
Egypt
Lebanon
Qatar
Behrain
Kuwait
Kazakhstan





ASSET MONETIZATION

Asset Monetization

**RETAIL
PROPERTIES
BUSINESS UNIT
AN IMPORTANT
SOURCE
OF CAPITAL**

INVESTED CAPITAL
(end 2010)

1.4 Billion Euros
(Net book value)

HYPERMARKETS

Continente

34 stores owned
90% total sales area

SUPERMARKETS

Modelo

98 stores owned
79% total sales area

**9 SALE & LEASE BACK
TRANSACTIONS
COMPLETED**

Total Cash-In = 153 million €
Capital Gain = 56 million €

**Azambuja logistics
platform**

Value - 33 million €

2 Modelos stores

Value - 12 million €

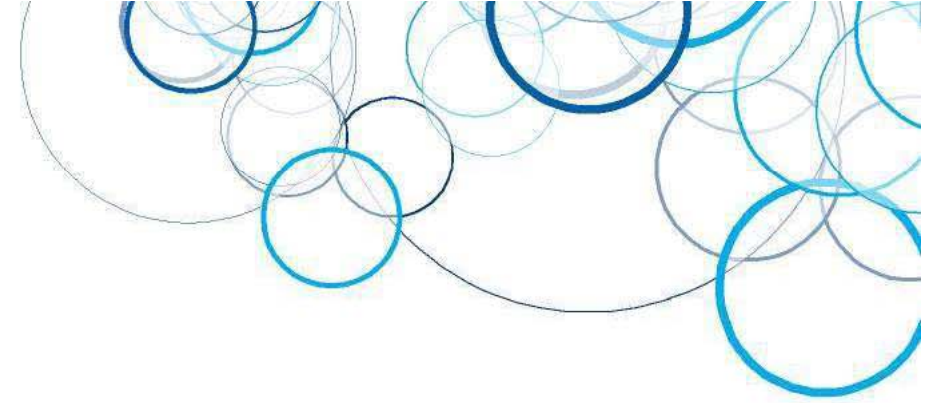
**6 Modelos stores;
1 Continente; 1 Worten;
1 SportZone**

Value - 65 million €

1 Continente/1 Worten

Value - 42 million €





Q4.

WHAT ARE YOUR
STRATEGIC OPTIONS
FOR THE SHOPPING CENTRE
AND TELECOMMUNICATIONS
BUSINESSES?



A SELF SUSTAINABLE COMPANY WITH NO "CALL FOR MONEY" AND A DIVIDEND PAYER ON A REGULAR BASIS

IN 2010 :

- **Occupancy rate = 96%**
- **Total rents collected** (fixed and variable) **up 4%** on a LfL basis
- **Expansion restricted in Europe** but partially offset by greater development activity in Brazil

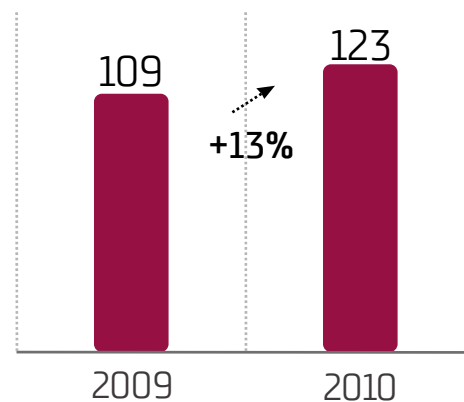
AN INTERNATIONAL SHOPPING CENTRE SPECIALIST, 50% OWNED JOINT-VENTURE WITH GROSVENOR

- With presence in Portugal, Brazil, Spain, Italy, Germany, Greece and Romania
- Owning 53 Shopping centres with open market value of ~6.5 billion euros

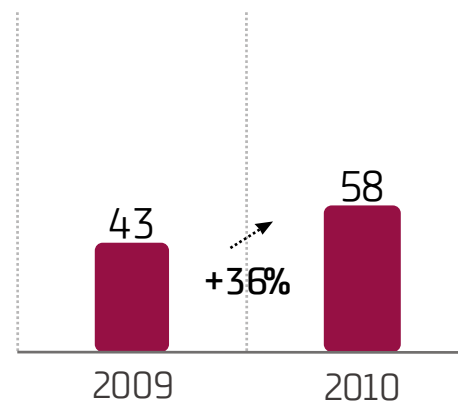
COMMITMENT TO ACHIEVE ABOVE INDUSTRY AVERAGE RETURN

- Return on Equity - long term target of 15%
- Dividends - 50% of direct net profit after minorities plus 50% gain on sales

EBITDA (M€)



DIRECT PROFITS (M€)



EBITDA PERFORMANCE REFLECTING ONGOING COST CUTTING MEASURES AND OPERATIONAL IMPROVEMENTS

INDIRECT PROFITS SHOWING SIGNS OF STABILIZATION



GROW IN EMERGENT MARKETS

GROW IN PROMISING MARKETS:

- Speed up expansion in Brazil, so as to capitalize on the country's rapid economic growth
- Reinforce emergent markets presence and services to third parties, developing new growth avenues profiting from the expertise as retail property developers and property and asset managers

CONTINUE TO MAKE
**OPERATIONAL
IMPROVEMENTS,**
in spite of the fall
in consumption in certain
sectors in Europe

NEW APPROACH TOWARDS EUROPE ASSET PORTFOLIO

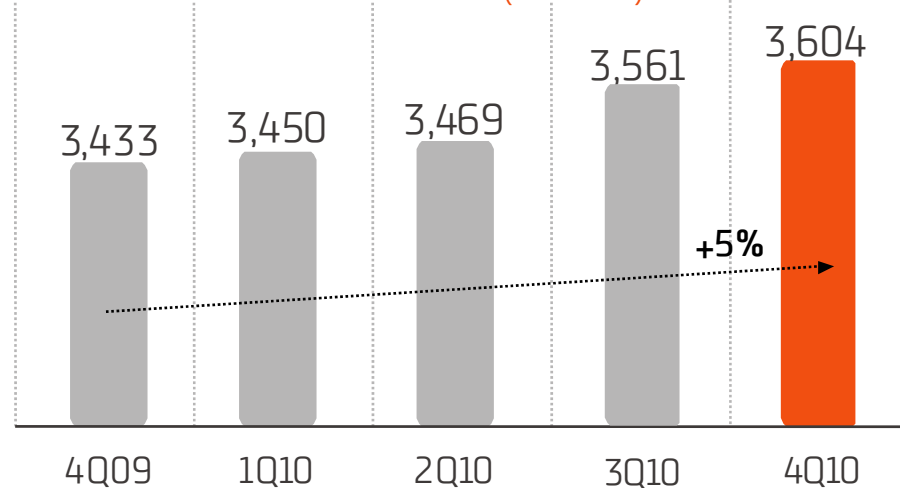
- Shift to a more capital light approach in Iberia, concentrating on key assets
- Prepare the company for European recovery in selected countries, freeing up capital and starting with the best projects



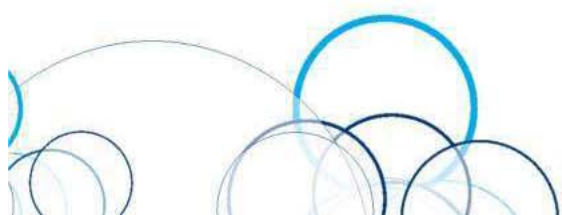
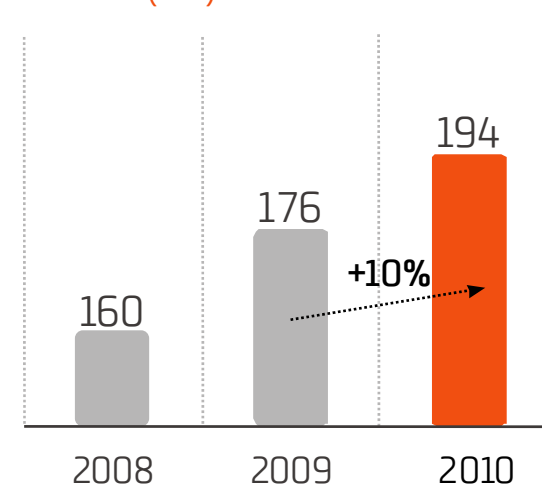
A SUSTAINABLE STAND ALONE BUSINESS

- **Stable/growing mobile business:**
growing market share; sustaining good margins
- **Good performing wholesale:**
Corporate & Wireline business
- **Fully integrated** telecom's structure
and convergent market approach
- **Comfortable capital structure**
- **Stable reference shareholder**
- **Strong management team**
- **Growth** in mobile customers and customer revenues
- **Gains** in mobile market share
- **Cost control** policies
- **Strict investment** management

MOBILE SEGMENT CUSTOMERS (thousand)



EBITDA (M€)



CASH FLOW
MANAGEMENT

FOCUS

On the **growth** of the **mobile business**, leading mobile market share gains, particularly in the mobile data segment

On **cash-generation**, reinforcing efficiency programs





Q5.

HAVE YOU REACHED
YOUR FINANCIAL
OBJECTIVES?

IN 2010 WE CONTINUED TO DELIVER PROFITABLE GROWTH, ON TRACK OF OUR INTERNAL OBJECTIVES

TURNOVER

+4%

RECURRENT EBITDA

+9%

TURNOVER RETAIL

+7%

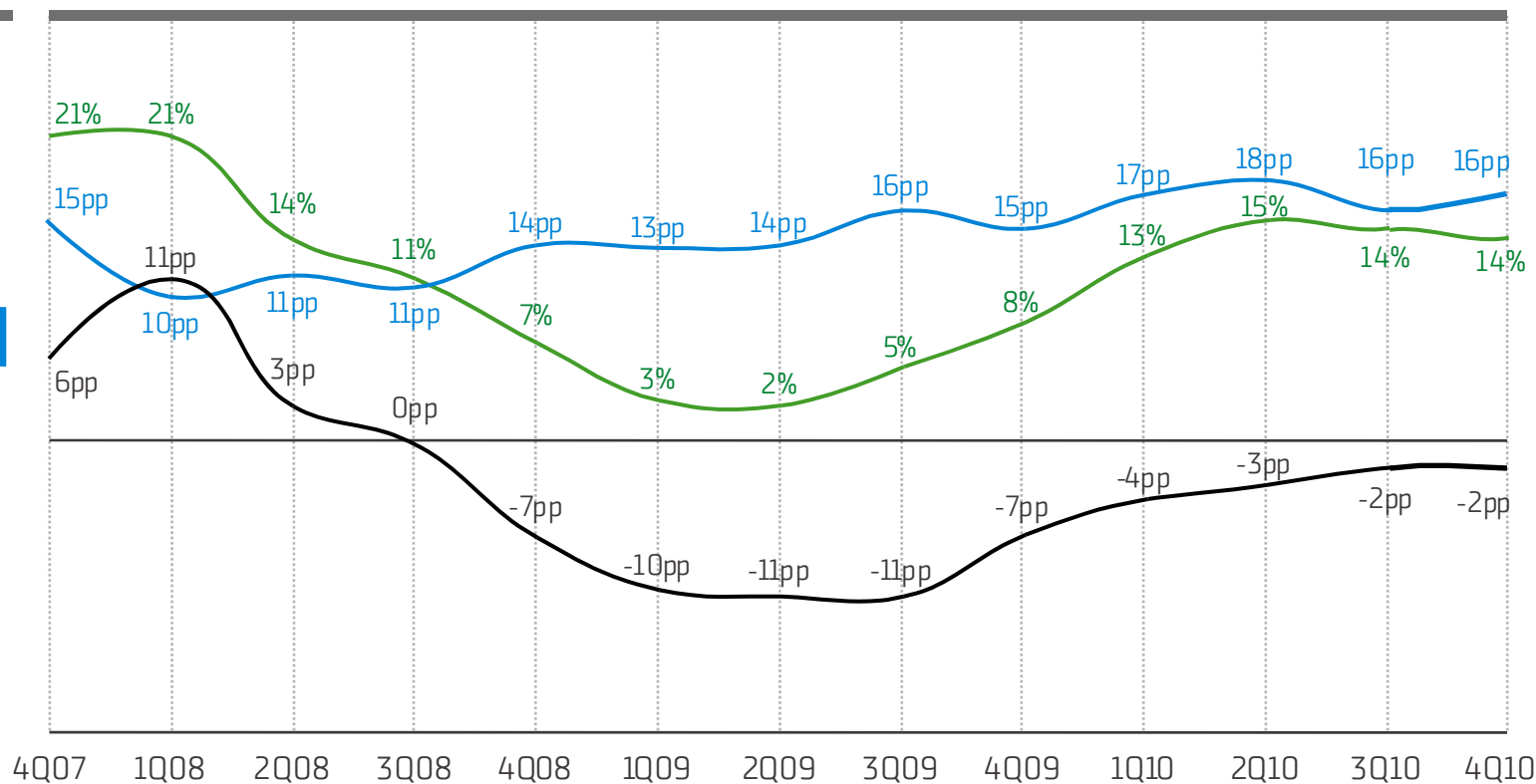
NET DIRECT PROFITS

+22%



WE CONTINUED TO IMPROVE OUR RETURN ON EQUITY

- Direct Income contribution to RoE
- ROE
- Indirect Income contribution to ROE



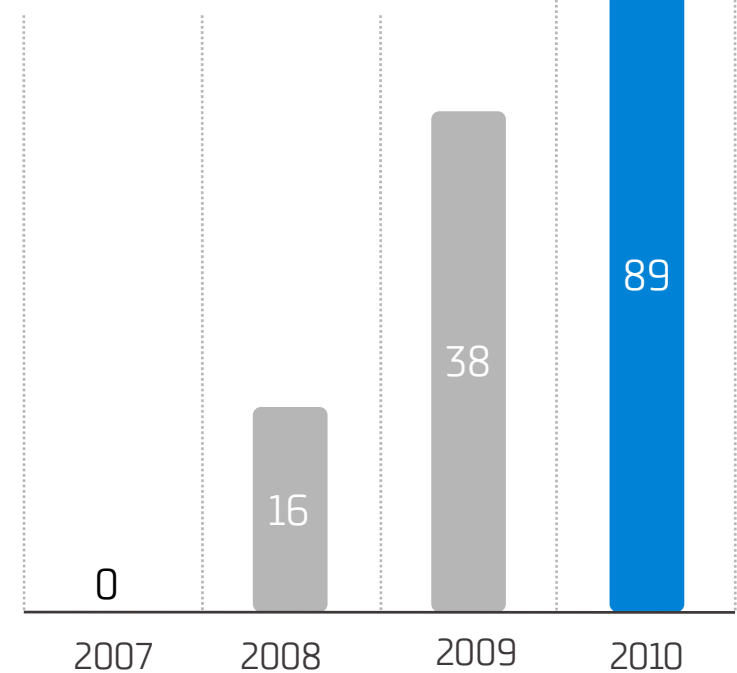
**WHILE
INVESTING
IN FUTURE
GROWTH**

**GROSS CAPEX⁽²⁰¹⁰⁾
412 M€**

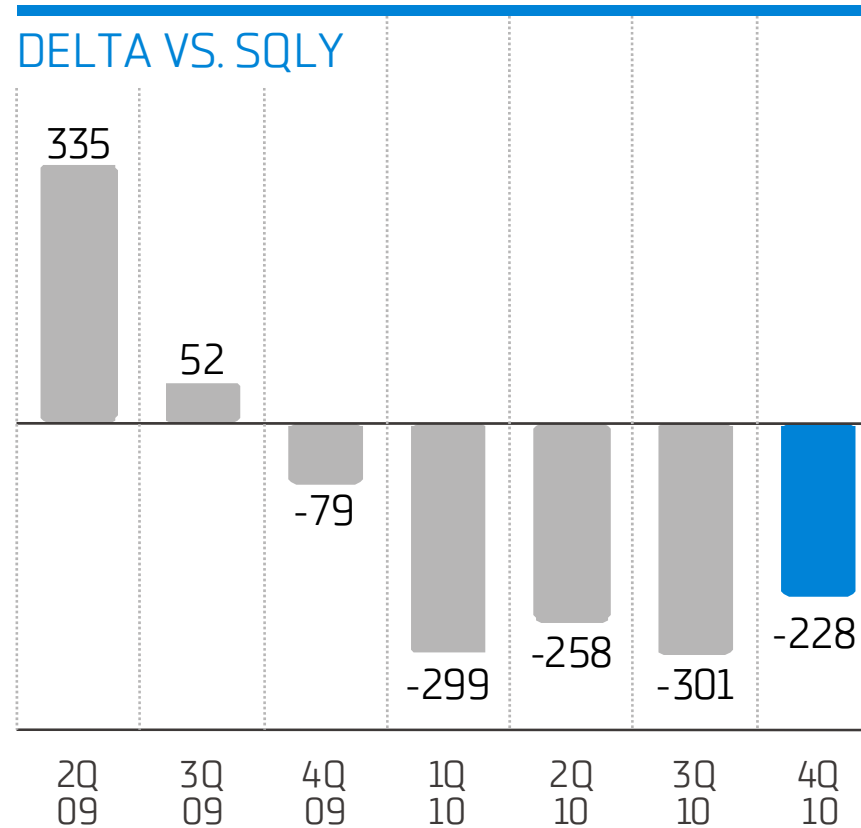
**OUTSIDE PORTUGAL
~100 M€**

**High levels of investment
in retail unit organic expansion:
+74,000m²⁽²⁰¹⁰⁾**

**NUMBER OF STORES
OUTSIDE PORTUGAL**



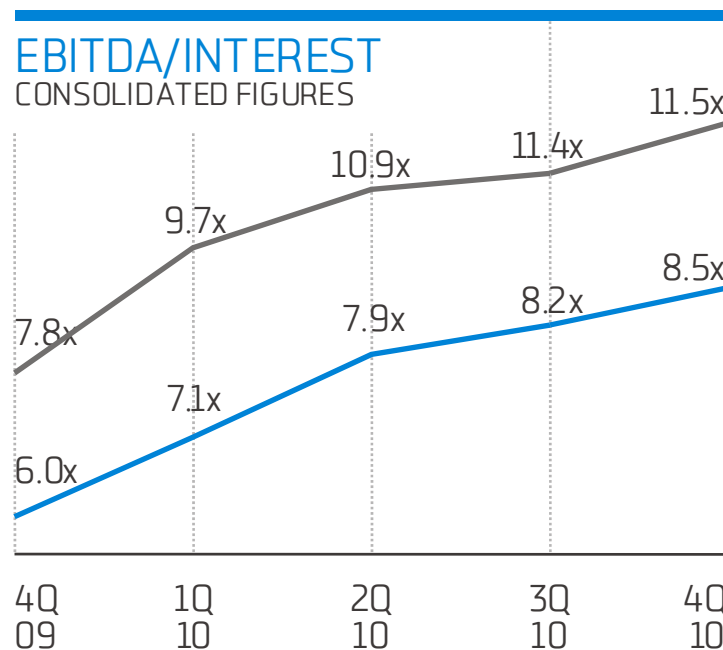
... AND
WHILE
REDUCING
NET DEBT



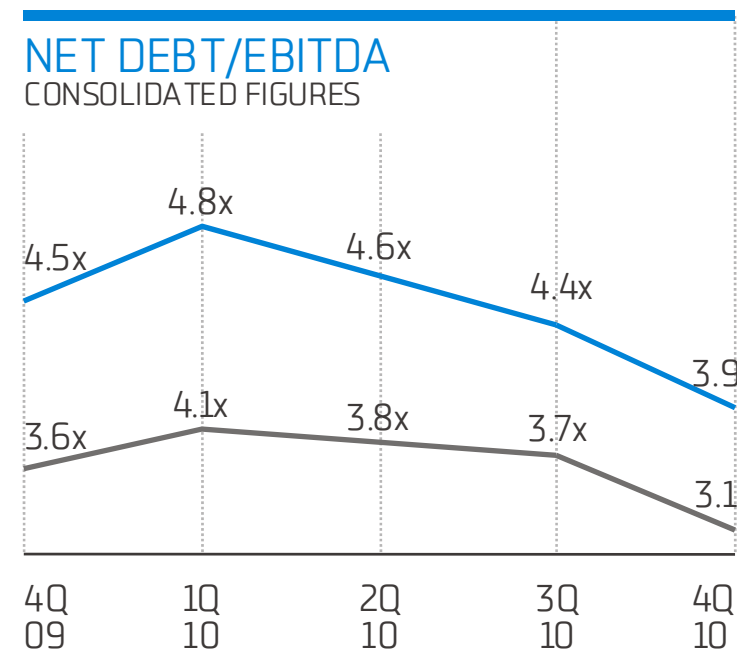
NET DEBT
2,852 M€



MAJOR IMPROVEMENT IN DEBT RATIOS



■ WITHOUT SONEA SIERRA



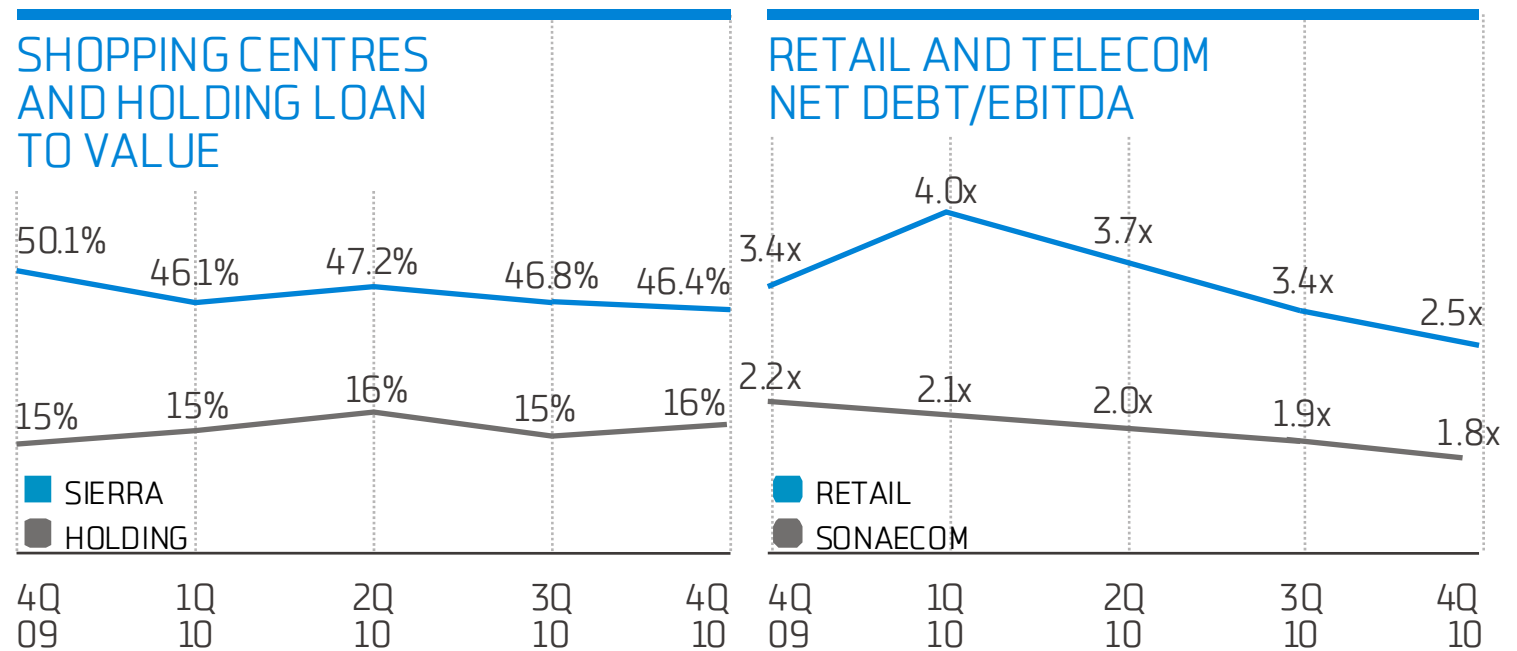


Q6.

ISN'T SONAE
A HIGHLY LEVERAGED
COMPANY?



AN APPROPRIATE CAPITAL STRUCTURE IN EACH BUSINESS TO SUPPORT FUTURE GROWTH PLANS



TOTAL NET DEBT IS EXPECTED TO DROP SIGNIFICANTLY

TOTAL NET DEBT IS EXPECTED TO DROP STEADILY DURING THE NEXT 6 YEARS

- Strong growth efforts combined with planned reduction of debt
- Leveraging on the cash flow generated by the market leader operations in Portugal
- Reflecting sale of retail property assets owned
- Capital light growth approach, with expansion based on operating the leasing of properties rather than their ownership

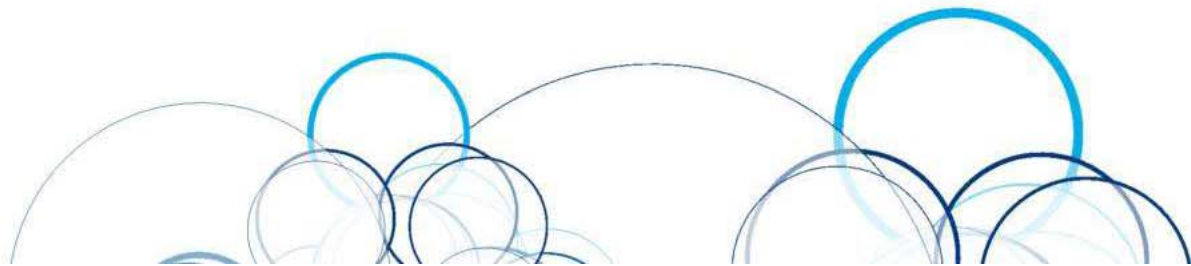
PLAN TO REACH INVESTMENT GRADE BY 2012

- Each company should be perceived as investment grade by 2012
- Have the option of issuing debt if needed to finance growth and/or repay debt



Q7.

WHY SHOULD WE BUY
INTO YOUR STOCK?

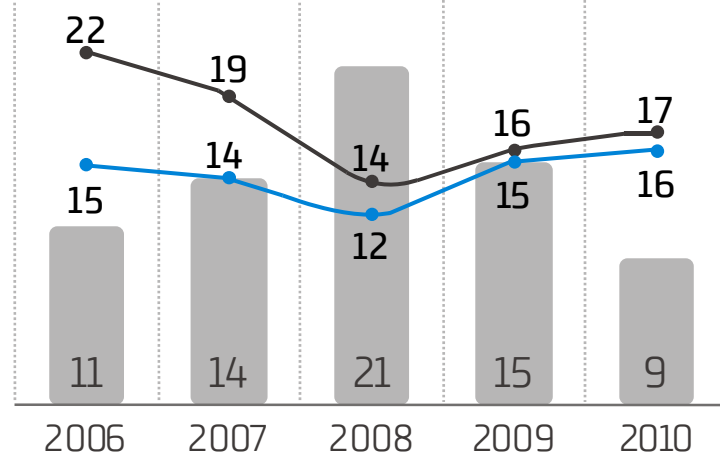


UNDERVALUED SHARE PRICE

SONAE'S PER HAS BEEN UNDERVALUED BOTH WHEN COMPARED TO THE MARKET AND TO THE RETAIL SECTOR

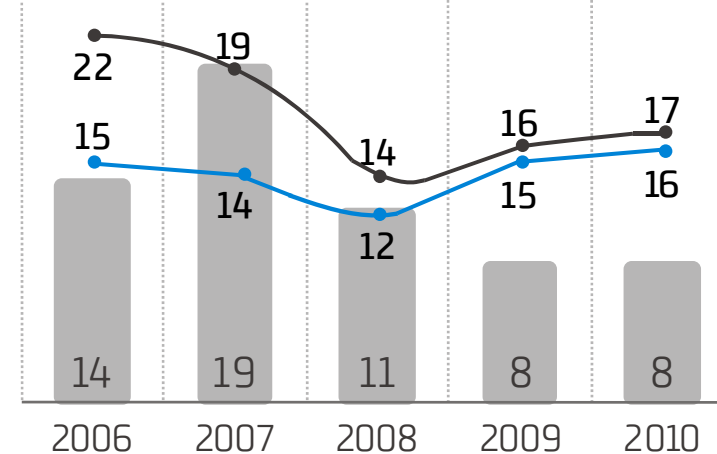
SONAE PER

Computed using total income



SONAE PER (DIRECT)

Computed using direct income



- RETAIL PER (avg)
- GLOBAL PER (avg)



DIVIDEND PAYER ON A REGULAR BASIS

MAINTAIN THE
SHAREHOLDER
REMUNERATION
POLICY

The resilience of the cash flows generated gives confidence on the ability to maintain shareholder remuneration policy

3.31 Cents

DIVIDEND PER
SHARE 2010

Proposed by the
Board;
+5% vs 2009

4.2%

DIVIDEND
YIELD

Considering
2010 .12.31 Share
Price

35%

PAY OUT
RATIO

Considering 2010
Direct Net Profits*
attributable to
equity holders

39%

PAY OUT
RATIO

Considering 2010
total Net Profits
attributable
to equity holders

* Excluding indirect income impact from devaluation of properties; non-cash impact



AN ATTRACTIVE INVESTMENT OPPORTUNITY

-
- **Confirmed growth in Turnover and Profitability** in the face of adverse macroeconomic conditions
 - **A clear and ambitious strategy** that will enable for future growth and value creation
 - **Strong culture and values**
 - **High quality management teams**
-