



# INVESTOR'S

key questions and concerns

# Q1

## What is Sonae's equity story?



# CORPORATE STRATEGIC GUIDELINES FOR FUTURE GROWTH WERE DISCLOSED

Main goal is to transform Sonae into a large multinational retail corporation

## GO INTERNATIONAL

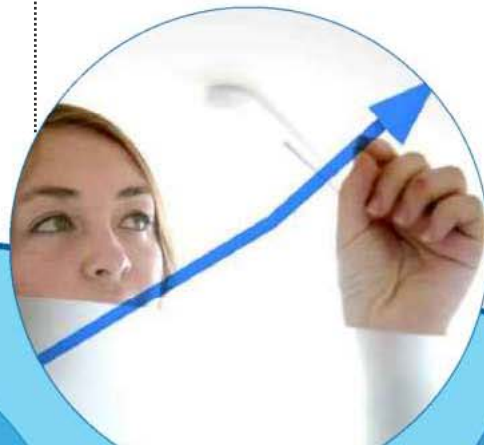
- Top strategic objective
- Target growth geographies and mature markets
- Use concepts believed to be distinctive and with a clear edge over competitors

## DIVERSIFY INVESTMENT STYLE

- Adopt the most appropriate investment style on each business
- Accept non-controlling stakes (minority stakes) when Sonae would benefit from the contribution of partners to create value

## LEVERAGE EXCEPTIONAL ASSET BASE IN PORTUGAL

- Continue to explore new business opportunities that leverage Sonae's exceptional asset base in Portugal
- New ventures should have potential to become a large business in the medium term and with a clear path to internationalization



# IMPORTANT ORGANIZATIONAL CHANGES WERE IMPLEMENTED

Changes designed to provide the necessary focus and taking into account different internationalization expansion opportunities of each core unit

## REORGANIZE RETAIL INTO 3 SEPARATE BUSINESS

- 2 core businesses: Food based retail and Specialized retail
- 1 related business: Retail Real Estate
- 2 core partnerships: Shopping Centre and Telecommunications

## INTEGRATE RETAIL & HOLDING CORPORATE CENTRES

- Release resources necessary for new corporate developments without increasing headcount
- More focus on retail and retail related business

## INCORPORATE A NEW INVESTMENT MANAGEMENT AREA

- Create a support unit within the newly integrated corporate centre
- Unit with M&A expertise and focused on the retail sector



# WE ARE A RETAIL COMPANY

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

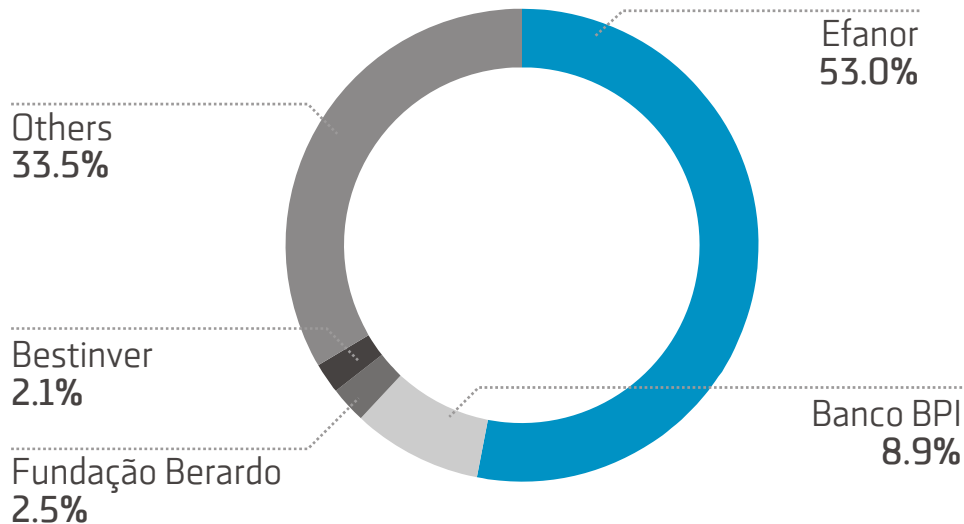
## SONAE

Turnover 5.7 billion euros (2009); EBITDA 667 million euros (2009); Invest Capital 4.8 billion euro (2009)

100%	100%	100%	50%	53%	100%
<b>SONAE MC</b> Food Retail	<b>SONAE SR</b> Specialised Retail	<b>SONAE RP</b> Retail Properties	<b>SONAE SIERRA</b> Shopping Centres	<b>SONAE COM</b> Telco	<b>Investment Management</b>
Hipers and Supers	Non-Food Retail formats: Sports, Textiles and Electronics	Retail Real Estate assets	Shopping centre developer, owner and manager	Integrated Telecom provider	Business with M&A activity: Insurance, Travel And DIY
55% Sales 30% EBITDA 10% Inv. Capital	20% Sales 7% EBITDA 5% Inv. Capital	2% Sales 17% EBITDA 32% Inv. Capital	3% Sales 14% EBITDA 35% Inv. Capital	17% Sales 26% EBITDA 16% Inv. Capital	3% Sales 4% EBITDA 3% Inv. Capital
<b>CORE BUSINESS</b>		<b>RELATED BUSINESS</b>	<b>CORE PARTNERSHIP</b>		<b>ACTIVE INVESTMENT</b>

## WITH A STABLE SHAREHOLDER STRUCTURE

- Reference shareholder, Efanor, a family holding company



Share Capital  
**2,000** million

Average daily volume (1Q10)  
~6 million shares; **5.3** million euros


Market Capitalization (as of 31 Mar 10)  
**1.8** billion euros

Free Float (as of 31 Mar 10)  
**0.83** billion euros

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

**Free float of circa 47%**  
including **BPI** equity swap





Q2

What are the growth prospects for your Food Retail business?

# MODELO CONTINENTE HAS REINFORCED ITS LEADERSHIP POSITION

- Food retail leader in Portugal
- With 380 stores and sales area of 528,000 m<sup>2</sup>

## HYPERMARKETS Continente

- 39 stores
- 284,000 m<sup>2</sup> (sales area)
- Average sales area = 7,300 m<sup>2</sup>

## Supermarkets Modelo

- 125 stores
- 218,000 m<sup>2</sup> (sales area)
- Average sales area < 2,000 m<sup>2</sup>

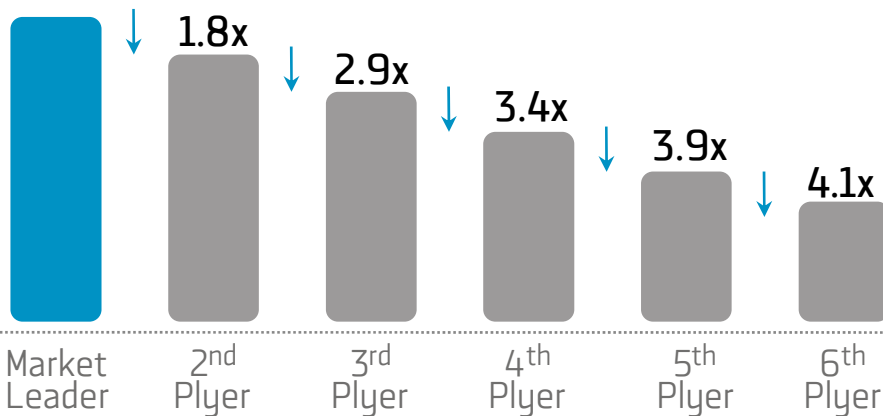
## Coffee-Shops Bom Bocado

- 79 stores
- 4,000 m<sup>2</sup> (sales area)

## Others Área Saúde

- 117 stores | Beauty & Health
- Book.it;**
- 15 stores | Books, stationery & tobacco

## MODELO CONTINENTE



Source: TNS worldpanel (1Q10)



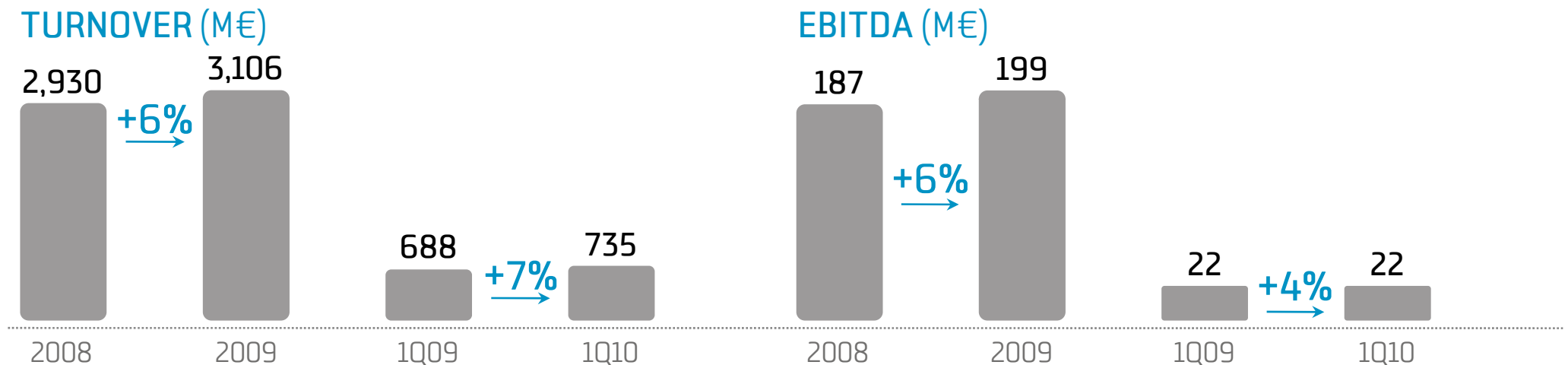


## LEADERSHIP HAS ENABLED GROWTH AND PROFITABILITY TO BE ACHIEVED

- In a tough consumer environment with significant food deflation, turnover was up 7%
- Gains in market share and improvements in internal operating efficiency reflected in EBITDA

**Significant like for like sales** (+3%), with higher volumes (+8%) offsetting the lower average price per unit sold (deflation + trading down phenomenon + strong competitive pressures)

**EBITDA growth** benefited from the gain in market share and improvements in internal operating efficiency (centralized logistics & category management); margin achieved was significant given scenario of food deflation and competitive pressures.

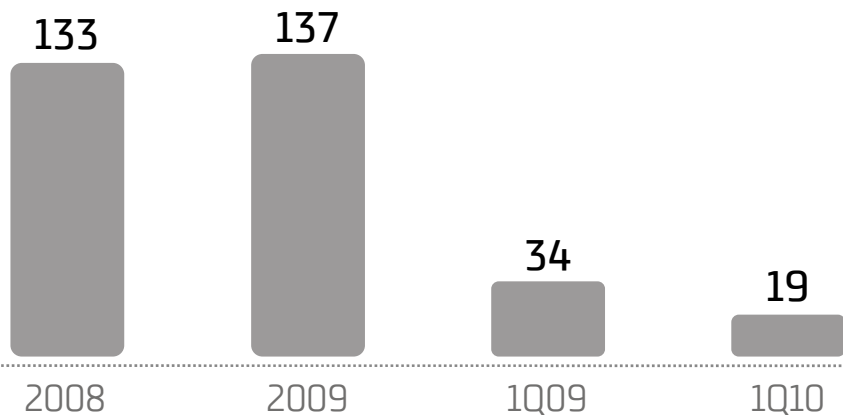


Q2. What are the growth prospects for your Food Retail business?

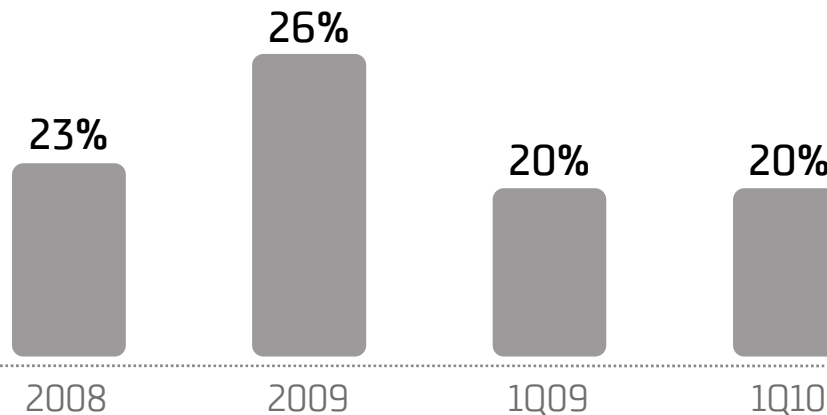
# GROWTH ACHIEVED WHILE SUSTAINING ROIC NOTWITHSTANDING HIGH INVESTMENT LEVEL, RETURN ON INVESTED CAPITAL HAS REMAINED ATTRACTIVE



CAPEX (M€)



EBIT (LTM)/Invested capital

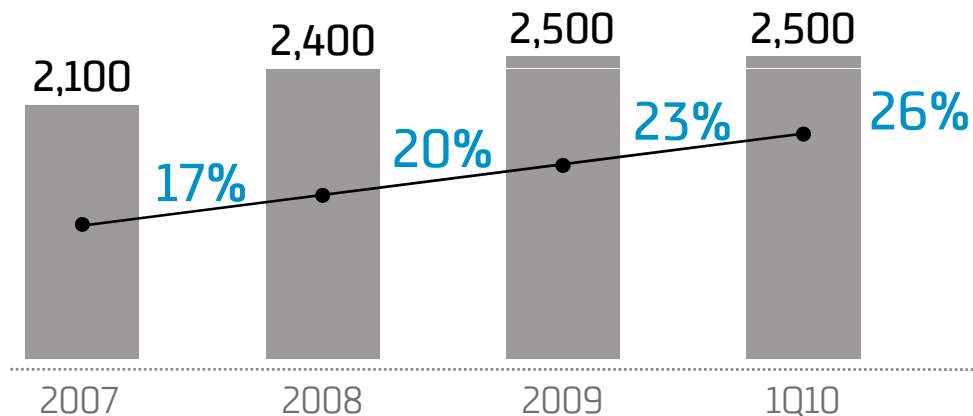


# PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

## Strong investment in private label

- Broadening of the own brand range
- Representing a quarter of FMCG sales
- Own brands include: private label Continente (circa 20% discount to branded products - category leader) 1<sup>st</sup> price brands (best price in market, including hard discounters) and controlled brands (gourmet selection, etc)

## REFERENCES (% FMCG sales)



# PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

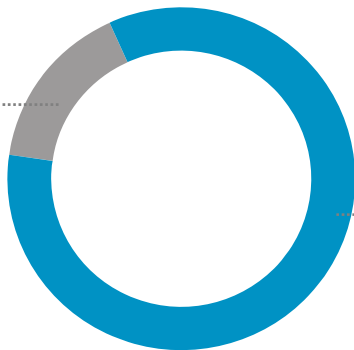
## Success of loyalty card

- Launched in January 2007
- Approximately 84% of sales made using the loyalty card
- Improved efficiency and greater customization of sales promotions undertaken
- Highly distinctive value proposal compared to competition

## SALES PENETRATION

Without loyalty card

16%



With loyalty card

84%

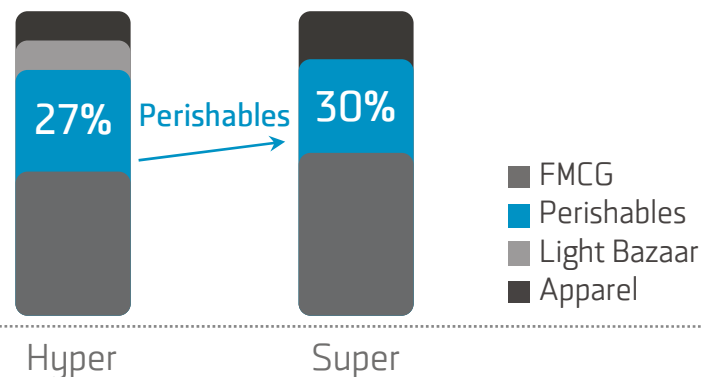


# PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

## Investment in perishables

- “Traffic Generator” category
- Segmentation of fresh products into three clear price categories: Economic (most affordable offer), Quality & Freshness (medium range priced product), Selection (gourmet assortment)
- Clear value proposal in price/quality terms
- Increase in sales on a like for like basis

## BREAKDOWN OF SALES PER CATEGORY

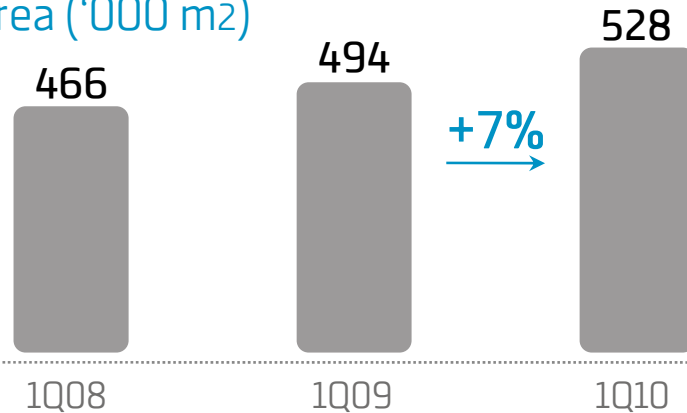


# PERFORMANCE REFLECTS THE STRONG PROGRAMME OF ORGANIC GROWTH IN PORTUGAL

STORES = 380 | SALES AREA = 528,000M<sup>2</sup>

## ORGANIC GROWTH IN LAST 12 MONTHS

Sales area ('000 m<sup>2</sup>)



New stores:  
**+38,000m<sup>2</sup>**  
**+86 stores**



# PERFORMANCE REFLECTS THE STRENGTHENING OF OUR COMPETENCIES AND VALUE PROPOSAL

## STRONG BRAND RECOGNITION

Continente is considered to be the “**Brand of Confidence**” by consumers for the 8<sup>th</sup> year running

## PRODUCT OFFER VARIETY

Continente:  
~70,000 sales items  
“Brand of Confidence”  
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 m<sup>2</sup>

Continente and Modelo each have **distinctive competencies**



# INTERNATIONALIZATION IS AN OPPORTUNITY AND A NEED GIVEN GROWTH CONSTRAINTS IN PORTUGAL

## Leverage on our exceptional asset base in Portugal

- Take advantage of the 80% coverage of the Portuguese market to keep reinforcing market share
- Continue to **explore new adjacent business opportunities** leveraging on a strong management team and know how in retail
- **Manage a sustainable cash flow** generator business in Portugal

## Look for international expansion opportunities; Requirements needed for a country to be considered an option:

- Strong growth potential
- Underdeveloped modern retail
- Low competition pressures
- Possibility of a “Greenfield approach”





# Q3

What can we expect  
from your Specialized  
Retail business?

# SPECIALIZED RETAIL UNIT WITH MARKET LEADER FORMATS

Operation of 7 non-food retail formats related with Sports, Apparel and Consumer Electronics.

## SPORTS

### Sportzone

- #1 in Portugal
- 90 stores
- 80,000 m<sup>2</sup> (sales area)
- 205 M€ Turnover (2009)

### Loop

- Casual Footwear
- 5 M€ Turnover (2009)

## HOME APPLIANCES & ELECTRONICS

### Worten

- #1 in Portugal
- 147 stores
- 149,000 m<sup>2</sup> (sales area)
- 708 M€ Turnover (2009)

### Worten Mobile

- Mobile Telecom Equipments
- 15 M€ Turnover (2009)

### Vobis

- Computer Appliances
- 45 M€ Turnover (2009)

## APPAREL

### Modalfa

- 100 stores
- 53,000 m<sup>2</sup> (sales area)
- 115 M€ Turnover (2009)

### Zippy

- 45 stores
- 17,000 m<sup>2</sup> (sales area)
- 39 M€ Turnover (2009)



# CONSOLIDATION OF LEADERSHIP POSITION IN PORTUGAL AND STRONG PUSH TOWARDS INTERNATIONALIZATION

## SUCCESS IN DEFENDING MARKET LEADERSHIP IN:

- Home appliances & consumer electronics
- Sports

## STRONG EXPANSION

- **Organic growth** Portugal  
+38,000m<sup>2</sup> (last 12 months)  
+54 stores
- **Organic growth** International  
+26,000m<sup>2</sup> (last 12 months)  
+23 stores

## PRESENCE IN SPANISH MARKET WITH POSITIVE FIRST SIGNS:

- **Worten** - 15 stores; 36,000m<sup>2</sup>
- **SportZone** - 15 stores; 19,000m<sup>2</sup>
- **Zippy** - 10 stores; 4,000m<sup>2</sup>

- **Large market**, with well developed shopping centres and retail parks
- **Offers attractive** lease terms given economic situation
- **Big potential** for organic growth
- **Capital light approach**



Q3. What can we expect from your Specialized Retail business?

SONAE

## STRONG GROWTH

- Maintenance of strong growth in 1Q10
- Like-for-like sales up significantly by 6%
- International business already contributing with 19% of sales

### SONAE SR TURNOVER REFLECTS TWO PERFORMANCES:

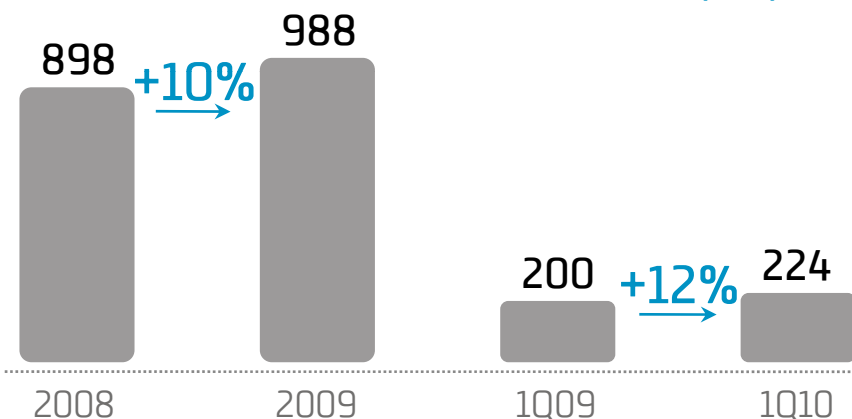
#### Sonae SR Portugal

- Like-for-like sales growth of 6%
- Sustainable reinforcement of leadership in the consumer electronics and sports market
- Good performance of the textile formats

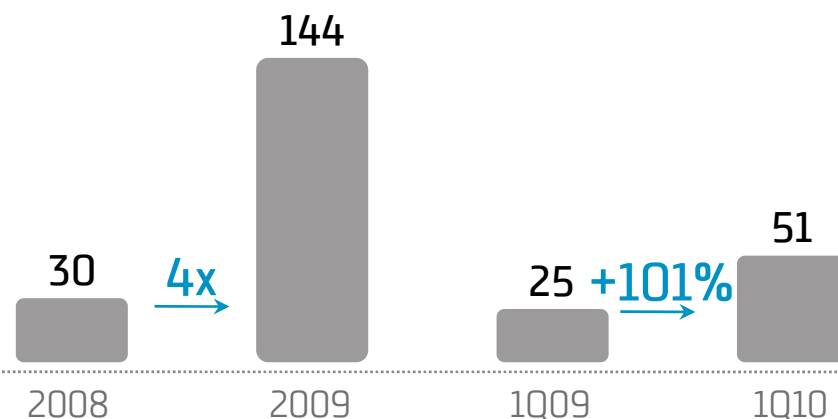
#### Sonae SR International

- Like-for-like sales growth of more than 8%
- Conversion works of the consumer electronic stores acquired into the Worten concept, in 1Q09

### TURNOVER SONAE SR PORTUGAL (M€)

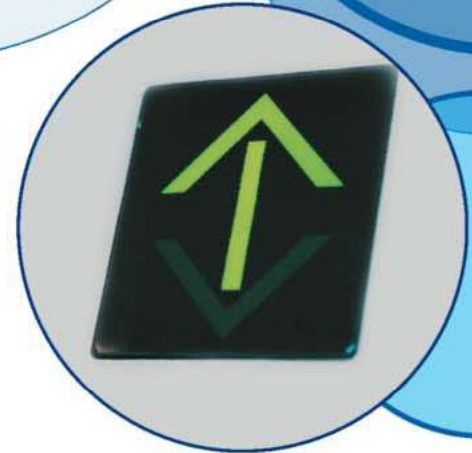


### TURNOVER SONAE SR INTERNATIONAL (M€)



Q3. What can we expect from your Specialized Retail business?

# COMMITMENT TO GROW INTERNATIONAL IMPACTING PROFITABILITY... BUT IN LINE WITH THE GOAL OF POSITIVE EBITDA IN 2012



## SONAE SR EBITDA REFLECTS TWO PERFORMANCES:

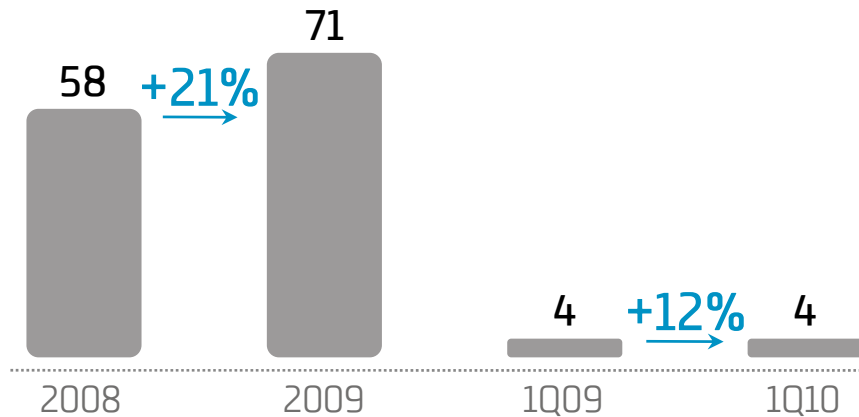
### Sonae SR Portugal

- Sustained increase in profitability
- Market share gains, with increasing leadership in consumer electronics and sports goods
- Increasing efficiency in more recent formats

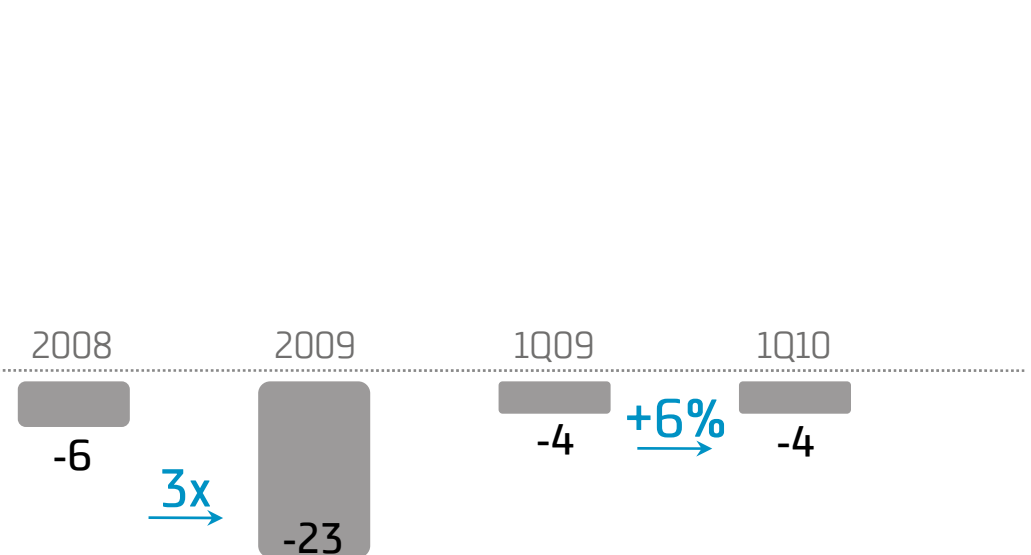
### Sonae SR International

- Market entry costs + organic growth
- EBITDA margin improving by 9pp

EBITDA SONAE SR PORTUGAL (M€)



EBITDA SONAE SR (M€)

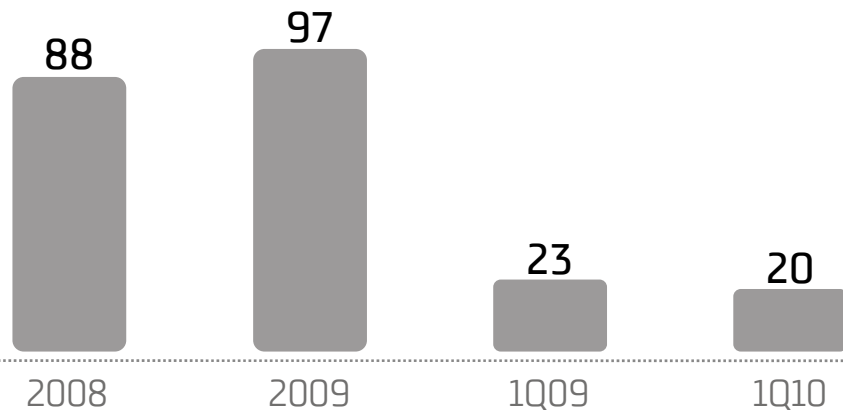


Q3. What can we expect from your Specialized Retail business?

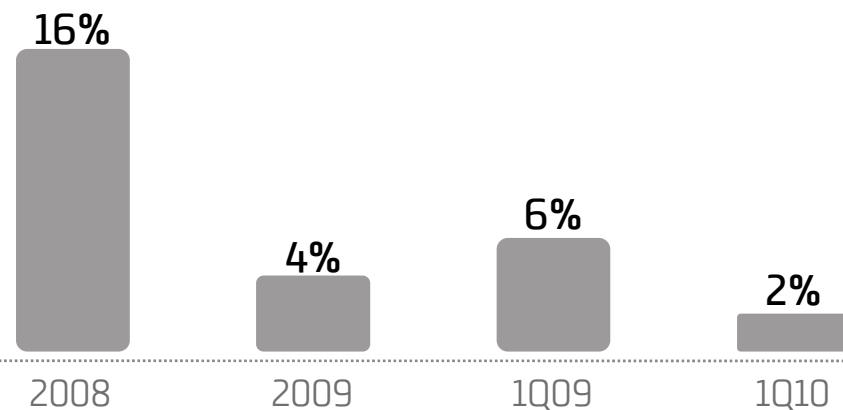
# COMMITMENT TO GROW INTERNATIONAL WITH SHORT TERM IMPACT ON RETURNS



CAPEX (M€)



EBIT (LTM)/ Invested capital



Invested Capital= investment properties + technical investment + financial investment + goodwill + working capital

# INTERNATIONALIZATION IS AN OPPORTUNITY AND A NEED GIVEN GROWTH CONSTRAINTS IN PORTUGAL

## Leverage on our exceptional asset base in Portugal

- **Complete coverage** of the Portuguese market with the current formats' portfolio
- Continue to use Portugal as a test plant for new formats, leveraging on a **strong management team** and **know-how in retail**
- Manage a **sustainable cash flow** generator business in Portugal.

## Be an international retail player, starting with a strong expansion in Spain

- **Grow the business** to be a reference "Iberian retail player"
- **Build international skills** and **experience**
- **Develop the international identity** of the formats' portfolio paving the way to the entrance into other markets
- Possible configuration of an **additional international development model** based on franchising and other capital light approaches as means to accelerate growth.

# 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

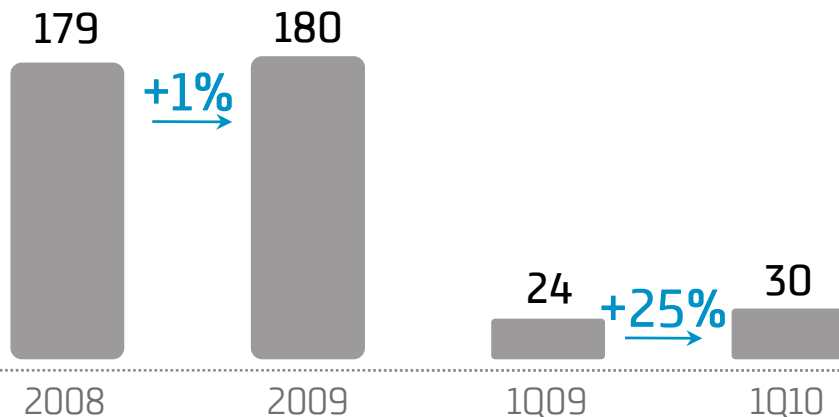
An international shopping centre specialist, 50% owned joint venture with Grosvenor

- with presence in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil
- owning 52 Shopping centres with open market value of ~6 billion euros (as of 31 Dec 09)

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€)



2008 is restated to include the Sierra Portugal Fund at 42%

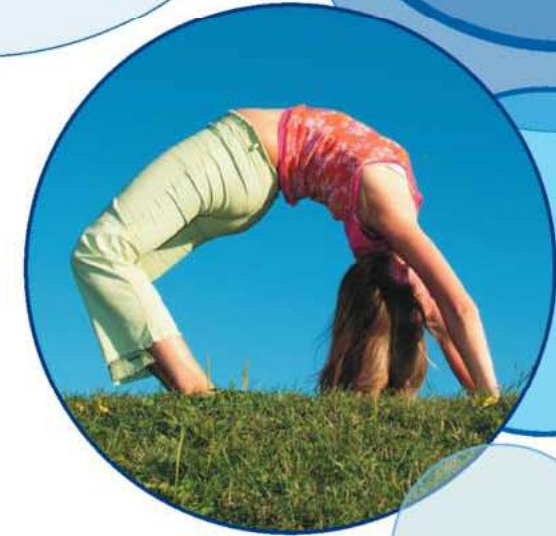
CONTINUED GROWTH OF DIRECT RESULTS...

Reflecting the cost control initiatives implemented and...

- Occupancy rates kept at high levels (95%)
- Higher total rents collected (variable + fixed) by 7% and marginally negative 1% on a like-for-like basis

# A DECELERATION OF YIELD INCREASES WAS CLEARLY NOTICEABLE IN 1Q10

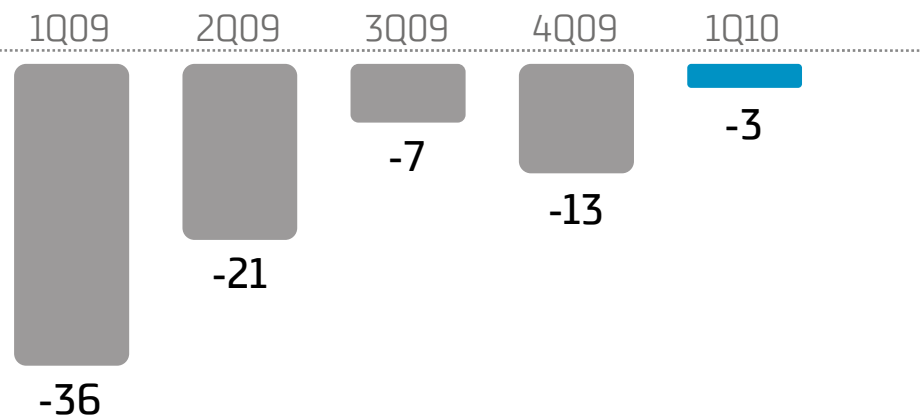
- Only properties in Portugal suffered from yield expansion (+13bp)
- Yields in others countries remained relatively flat



## NEGATIVE NON CASH EFFECT FROM THE DEVALUATION OF ASSETS

YIELD EVOLUTION	△ 2008	△ 2009
Portugal	+56bp	+89bp
Spain	+95bp	+60bp
Italy	+78bp	+27bp
Germany	+42bp	+17bp
Romania	+125bp	+100bp
Brazil	-8bp	-7bp

## INDIRECT INCOME FROM THE DEVALUATION OF ASSETS



## ADAPT BUSINESS PRIORITIES TO THE CURRENT CONSTRAINTS IN FINANCIAL MARKETS

**Be resilient under the current market turmoil and prepare to exploit all the growth opportunities to come when the market recovers**

- Heavy focus on cost management
- Reduction of capital employed through reinforcement of partnerships and accepting non-controlling equity stakes
- Push for selling service activities to other shopping centre operators (development, asset management and property management services)

**Slow down the pace of launch of projects in pipeline**

- 2 projects under construction and 10 new projects in different phases of development
- Only projects committed with financing will be developed
- Delivering a minimal required return on equity for each project

**Be ready to continue to grow**, as soon as feasible, spearheaded by the **development activity** and **entering into new markets**

# SONAE COM IS A SIGNIFICANT PLAYER AND A VALUABLE ASSET IN THE TELCO MARKET

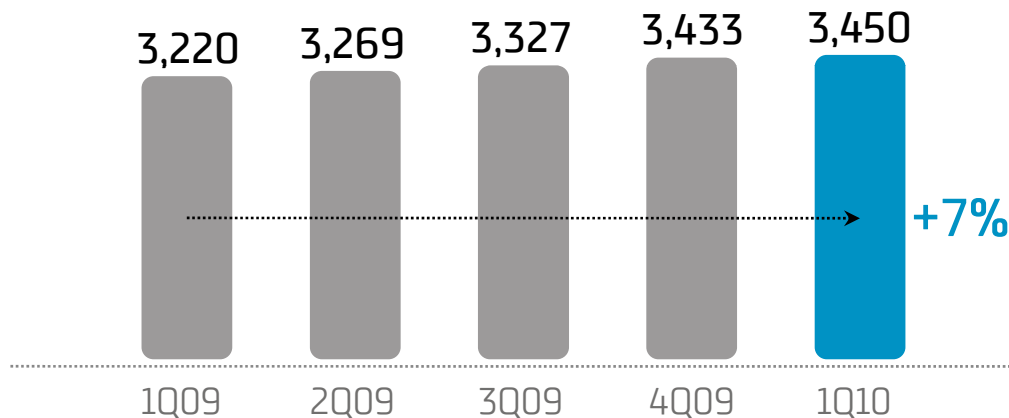
## An integrated operator

- Sonaecom is present in all Telco segments - residential, corporate, SME and SOHOs and Wholesale - with mobile, wireline and convergent offers of Voice, Data & Internet access and TV
- The true integrated alternative operator in Portugal

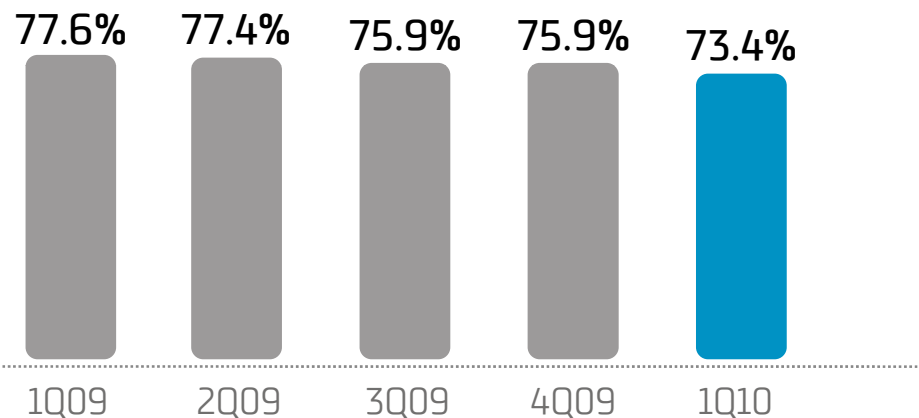
Mobile customer base exceeds 3.4 million subscribers and continues to grow

Wireline business evolving towards offers supported by its own network

MOBILE CUSTOMERS (Millions)



% DIRECT ACCESS/ Wireline customer revenues

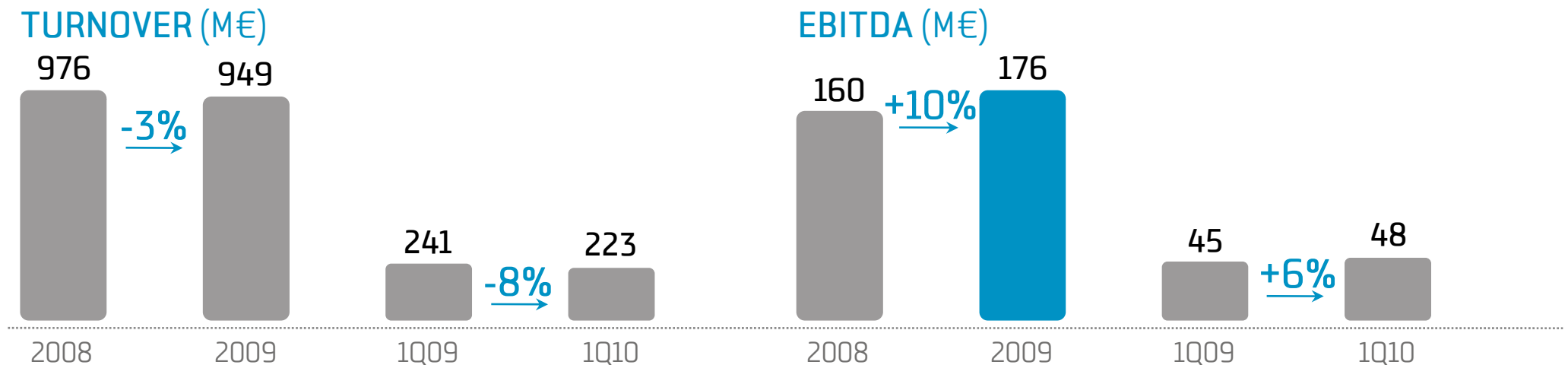


## SHOWING STRONG EBITDA RESULTS AND POSITIVE CASH FLOW

These results are a clear demonstration of the company's ability to meet and, in some measures, surpass the challenging targets for the year...  
...amid the environment of high risk and uncertainty

### Again, the performance was above expectations:

- Turnover impacted by MTRs, lower Roaming in revenues and lower wireline residential revenues
- Cost control initiatives in place
- Rigorous management of CAPEX



## 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
- **Growing SSI** business
- **Comfortable capital structure**
- **Stable reference shareholder**
- **Strong management team**

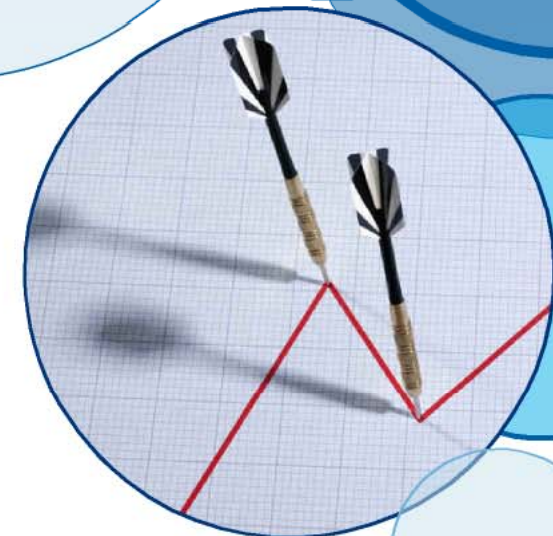


# Q5

Isn't Sonae a highly leveraged company?

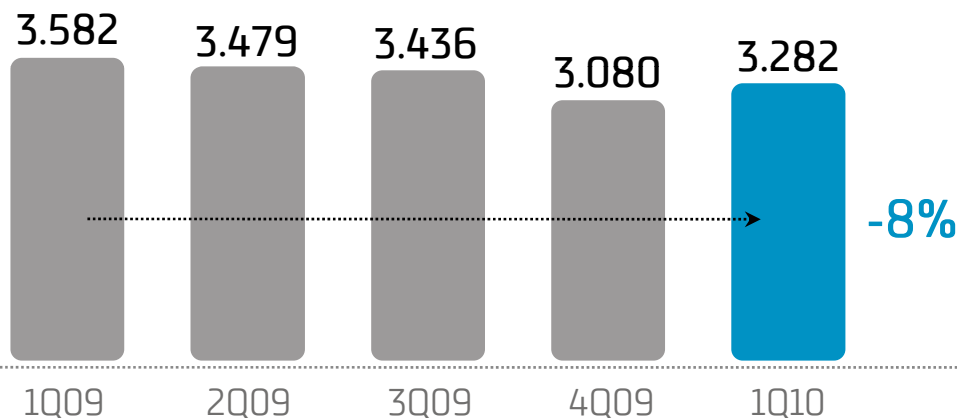
## DEBT DECREASING

IN LINE WITH EXPECTATIONS AND THE OBJECTIVE OF DELEVERAGING OVER TIME IN ABSOLUTE AND RELATIVE TERMS

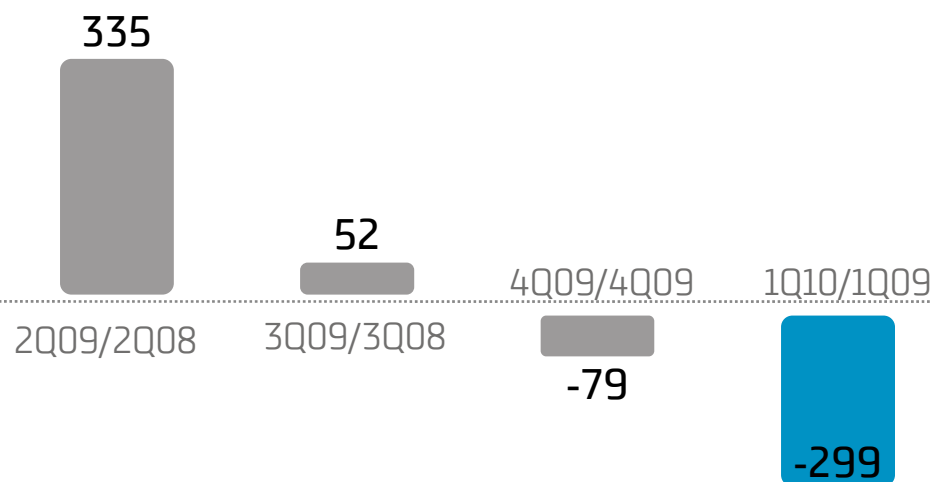


- Strong growth efforts combined with planned reduction of debt
- Leveraging on the cash flow generated by the market leader operations in Portugal
- Reflecting sale of retail property assets owned
- Capital light growth approach, with expansion based on operating the leasing of properties rather than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

### TOTAL DEBT EVOLUTION



### DELTA vs. SQLY





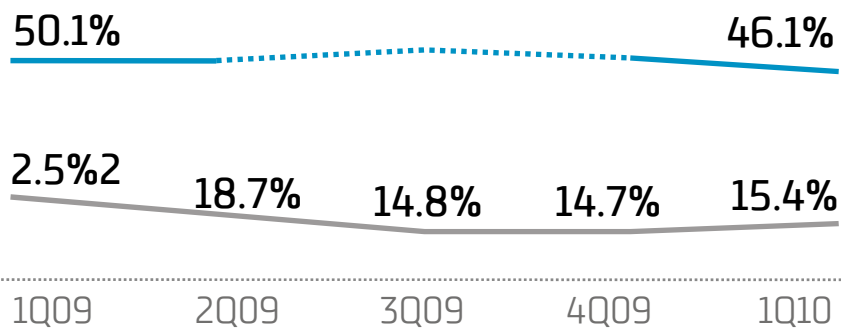
Q5. Isn't Sonae a highly leveraged company?



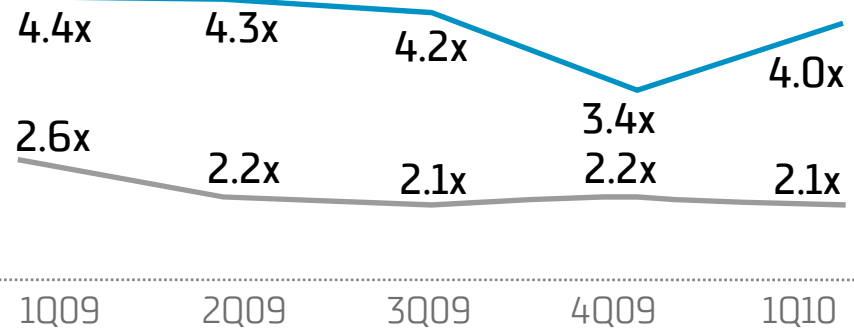
# AN APPROPRIATE CAPITAL STRUCTURE IN EACH BUSINESS TO SUPPORT FUTURE GROWTH PLANS



### LOAN TO VALUE OF SONAE SIERRA AND HOLDING



### NET DEBT/EBITDA OF RETAIL AND TELECOMMUNICATIONS



■ Sierra  
■ Holding

■ Retail  
■ SC

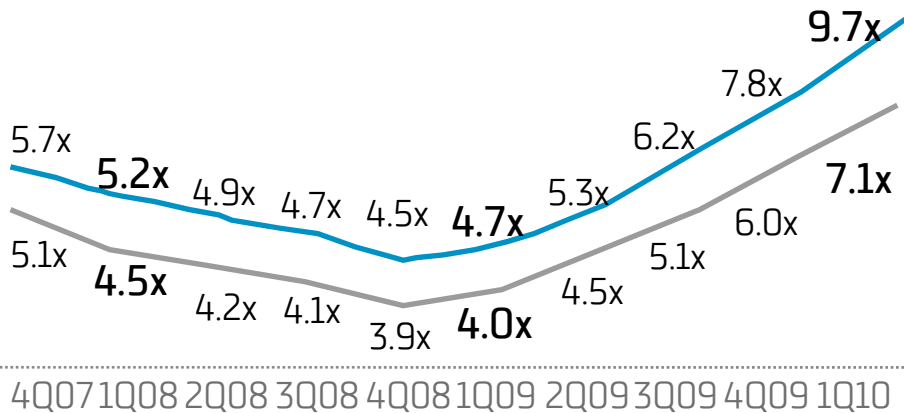
Q5. Isn't Sonae a highly leveraged company?



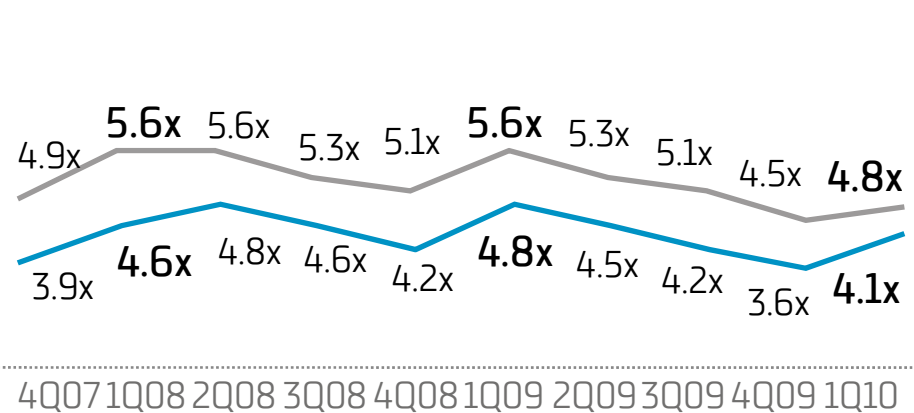
# MAJOR IMPROVEMENT IN DEBT RATIOS ON TRACK TO ACHIEVE INVESTMENT GRADE BY 2012

Have the option of issuing debt if needed to finance growth and/or repay debt

EBITDA/ INTEREST (Consolidated figures)



NET DEBT/ EBITDA (Consolidated figures)



■ Excluding Sonae Sierra

# NEWLY CREATED RETAIL PROPERTIES BUSINESS UNIT EXPECTED TO BE AN IMPORTANT SOURCE OF CAPITAL

## RATIONALE

- Manage Assets more proactively
- Build Retail Real Estate competencies
- Partial release of invested capital

**INVESTED CAPITAL** (end 1Q10)  
1.5 Billion Euros (Net book value)

## 2 SALE & LEASE BACK TRANSACTIONS COMPLETED

**Azambuja logistics platform**

Yield - 7.62%

Value - 33.2 million €;

Capital gain - 7 million €

**2 Modelos stores**

Yield - 7.23%

Value - 12.2 million €;

Capital gain - 3 million €

**Currently underway:**

- Sales & Leaseback of 20 Modelo stores

## HYPERMARKETS

**Continente**


- 34 stores owned
- 90% total sales area

## SUPERMARKARKETS

**Modelo**

- 100 stores owned
- 83% total sales area





Q6  
What is your  
dividend policy?

## MAINTAIN THE SHAREHOLDER REMUNERATION POLICY

THE RESILIENCE OF THE CASH FLOWS GENERATED GIVES CONFIDENCE ON THE ABILITY TO MAINTAIN SHAREHOLDER REMUNERATION POLICY

### DIVIDEND

**PER SHARE 2008: 3.15 Cents**

**DIVIDEND YIELD: 3.6%**

Considering 2009.12.31 Share Price

**PAY OUT RATIO: 37%**

Considering 2009 Direct Net Profits\* attributable to equity holders

**PAY OUT RATIO: 67%**

Considering 2009 total Net Profits attributable to equity holders

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



# SONAE 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

