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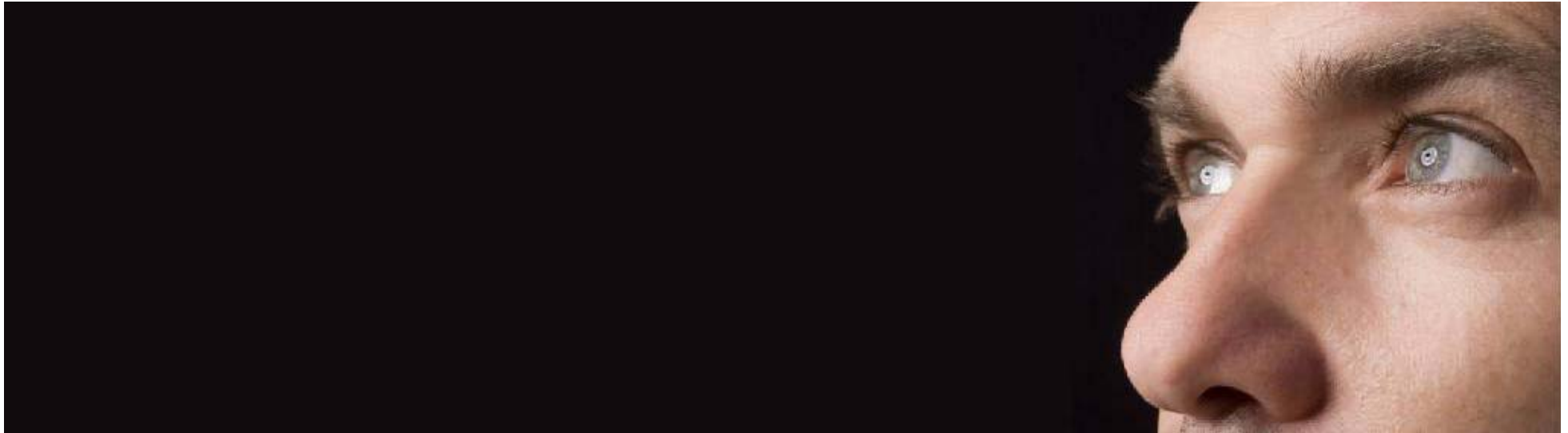
# SONAE

## INVESTOR PRESENTATION

February 2010

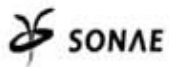
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# Investor's key questions and concerns



# Q1

## What is Sonae's equity story?



SONAE  
50 YEARS AHEAD.

## 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**

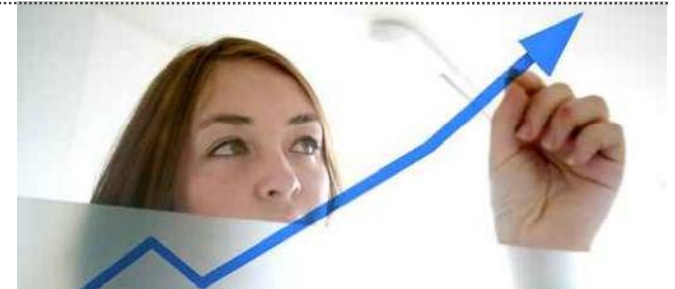


#### Go international

- 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

## Q1. What is Sonae's equity story?

### 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 businesses

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



#### Integrate Retail & Holding corporate centres

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

#### 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



## Q1. What is Sonae's equity story?

### 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

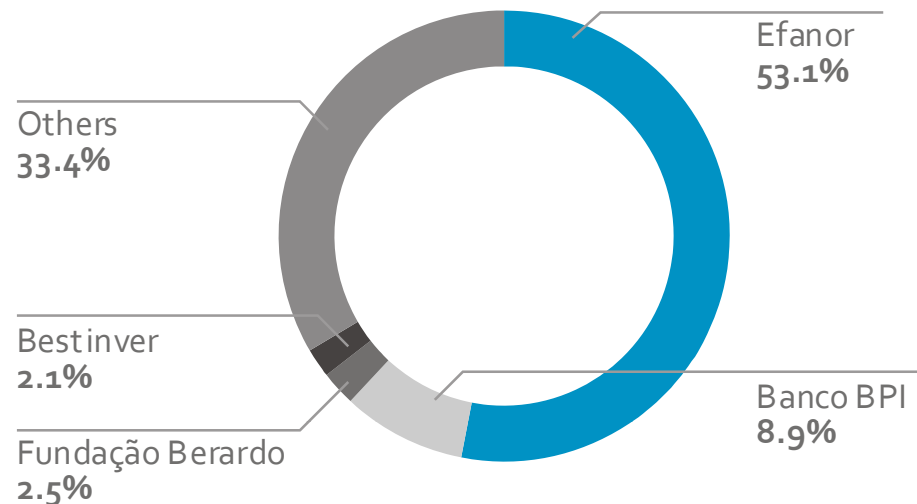
Turnover 5.4 billion euros (2008); EBITDA 617 million euros (2008); Invested Capital 4.7 billion euros (2008)

100%	100%	100%	50%	53%	100%
<b>Food Retail</b>	<b>Specialized Retail</b>	<b>Retail Properties</b>	<b>Sonae Sierra</b>	<b>Sonaecom</b>	<b>Investment Manag.</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	Businesses with M&A activity: Insurance, Travel and DIY
55% Sales 31% EBITDA 11% Inv. Capital	18% Sales 9% EBITDA 4% Inv. Capital	2% Sales 18% EBITDA 30% Inv. Capital	3% Sales 15% EBITDA 36% Inv. Capital	18% Sales 26% EBITDA 16% Inv. Capital	4% Sales 1% EBITDA 3% Inv. Capital

## Q1. What is Sonae's equity story?

### WITH A STABLE SHAREHOLDER STRUCTURE

- Reference shareholder, Efanor, a family holding company



#### Share Capital

2,000 million

#### Average daily volume (2009)

~8 million shares; 5.6 million euros

#### Market Capitalization (as of 31 Dec 09)

1.7 billion euros

#### Free Float (as of 31 Dec 09)

0.82 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?

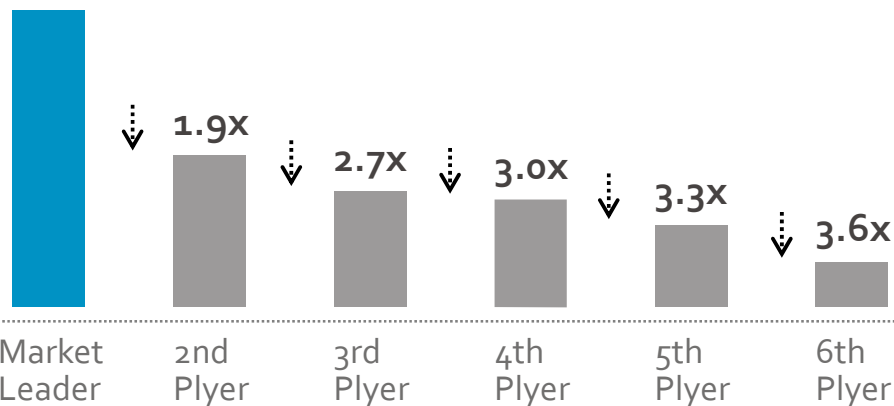


## Q2. What are the growth prospects for your Food Retail business?

### MODELO CONTINENTE HAS REINFORCED ITS LEADERSHIP POSITION

- Food retail leader in Portugal
- With 378 stores and sales area of 528,000 m<sup>2</sup>

#### Modelo Continente



Source: TNS worldpanel (gMog)

#### 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

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

#### Others

- Área Saúde;** 115 stores  
Beauty & Health
- Book.it;** 14 stores  
Books, stationery & tobacco



SONAE  
50 YEARS AHEAD.

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

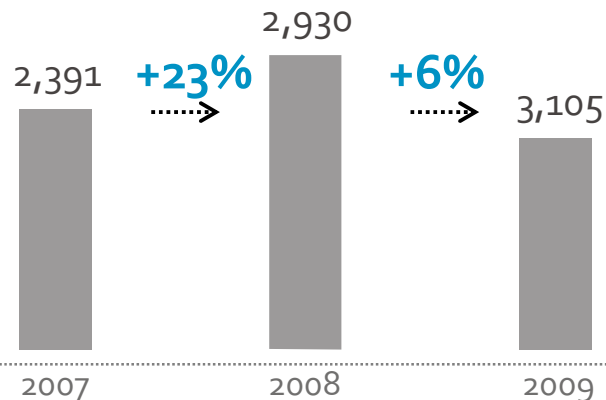
### LEADERSHIP TRANSLATED INTO TURNOVER AND PROFITABILITY GROWTH

- In a tough consumer environment with significant food deflation, turnover was up 6%
- Gains in market share and improvements in internal operating efficiency reflected in EBITDA

**Significant like for like sales (+1%),** with higher volumes (+5%) offsetting the lower average price per unit sold (deflation + trading down phenomenon + strong competitive pressures)

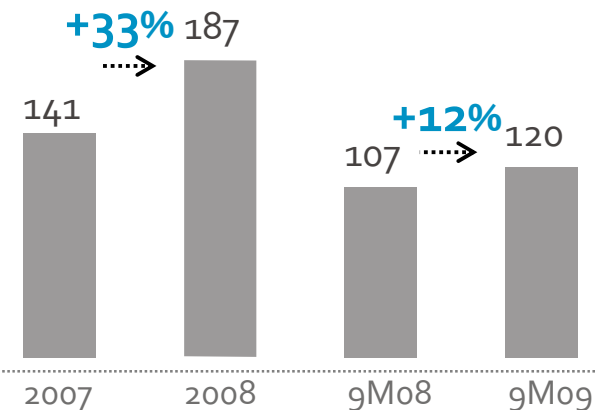
**EBITDA growth** benefited from the gain in market share and improvements in internal operating efficiency (centralized logistics & category management); margin was impacted by food deflation and competitive pressures.

#### TURNOVER (M€)



Note: 2009 turnover figures released in January 2010

#### RECURRENT EBITDA (M€)



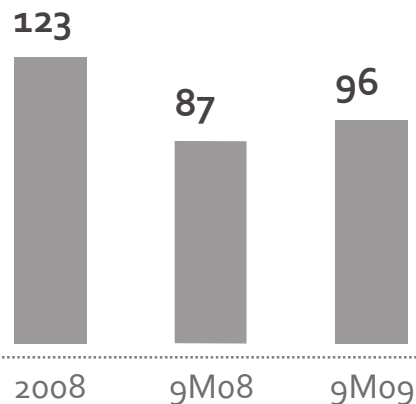
## Q2. What are the growth prospects for your Food Retail business?

### GROWTH ACHIEVED WHILE SUSTAINING ROIC

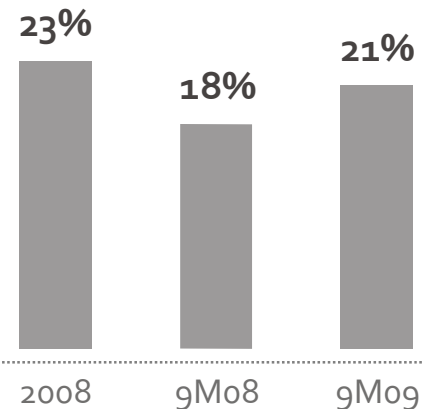
Notwithstanding high investment level,  
return on invested capital  
has remained attractive (21%)



#### CAPEX (M€)



#### EBIT (LTM) / Invested capital



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

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

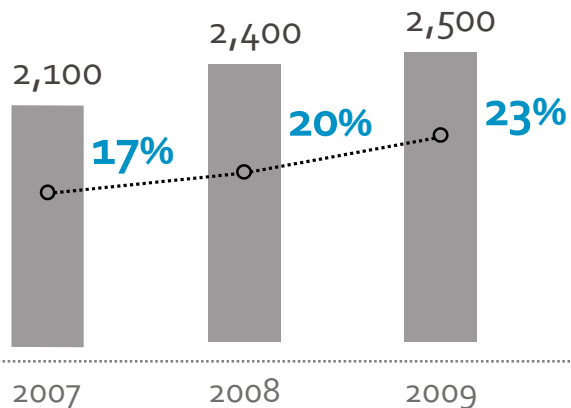
### PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

#### Strong investment in private label

- Reinforcement of value proposition, with new products and packaging
- Investment started more heavily in mid 2007
- Adapted to macroeconomic environment and market demands
- Own brands include: private label Continente (circa 20% discount to branded products - category leader) and Discount brand (best price in market, including hard discounters)

#### REFERENCES

% FMCG sales



Note: 2009 turnover figures released in January 2010



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

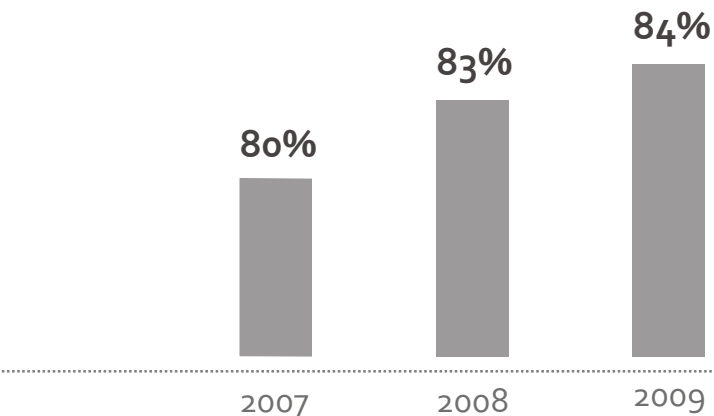
### PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

#### Success of loyalty card

- Launched in January 2007
- Approximately 84% of sales made using the loyalty card
- Allows for targeted and customized promotions
- Enhanced differentiation from competitors allowing customization of promotional activity
- Differentiation also derived from expertise in client interface



#### SALES PENETRATION



Note: 2009 turnover figures released in January 2010

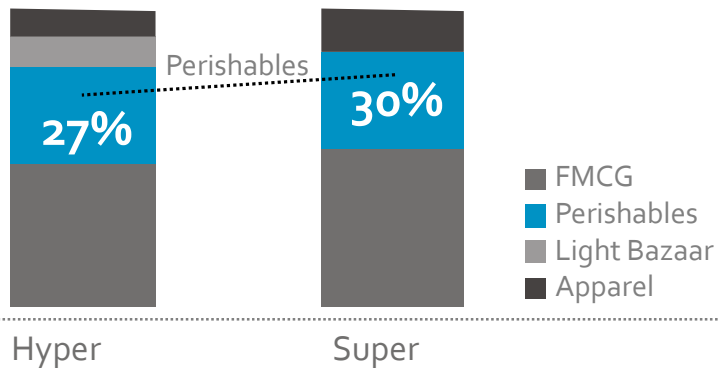
## Q2. What are the growth prospects for your Food Retail business?

### PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

#### Investment in perishables

- Implementation of “Missão Frescos”: project to increase leadership in the perishables category, targeted to improve quality of products
- Segmentation of fresh products into three clear price categories: Economic (most affordable offer), Quality & Freshness (medium range priced product), Selection (gourmet assortment)
- Clear value proposition in terms of price/quality
- Visible customer “trading-up” as a consequence

#### BREAKDOWN OF SALES PER CATEGORY



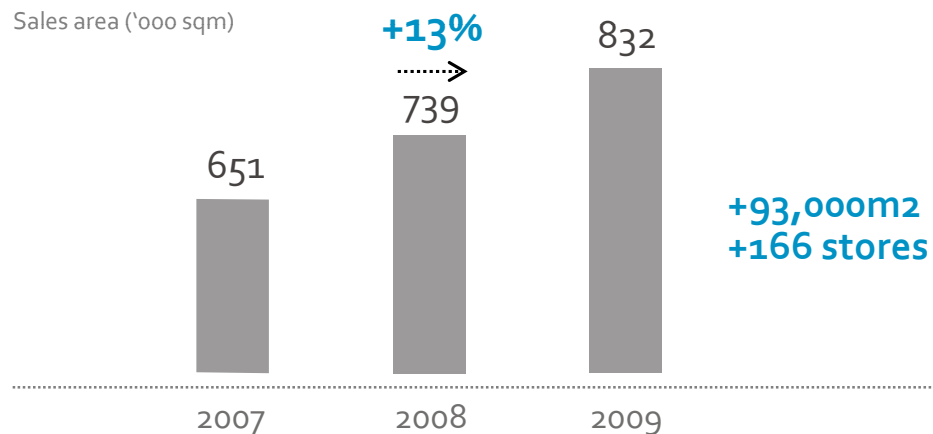
## Q2. What are the growth prospects for your Food Retail business?

### PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

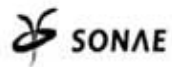
#### Benefits from integration of ex-Carrefour stores

- Successful integration of 12 stores, 95,000 m2 of sales area and 3,000 employees
- Full completion of AdC remedies
- Completion of stores remodeling

#### STRONG ORGANIC GROWTH Over last 12 months



Note: 2009 turnover figures released in January 2010

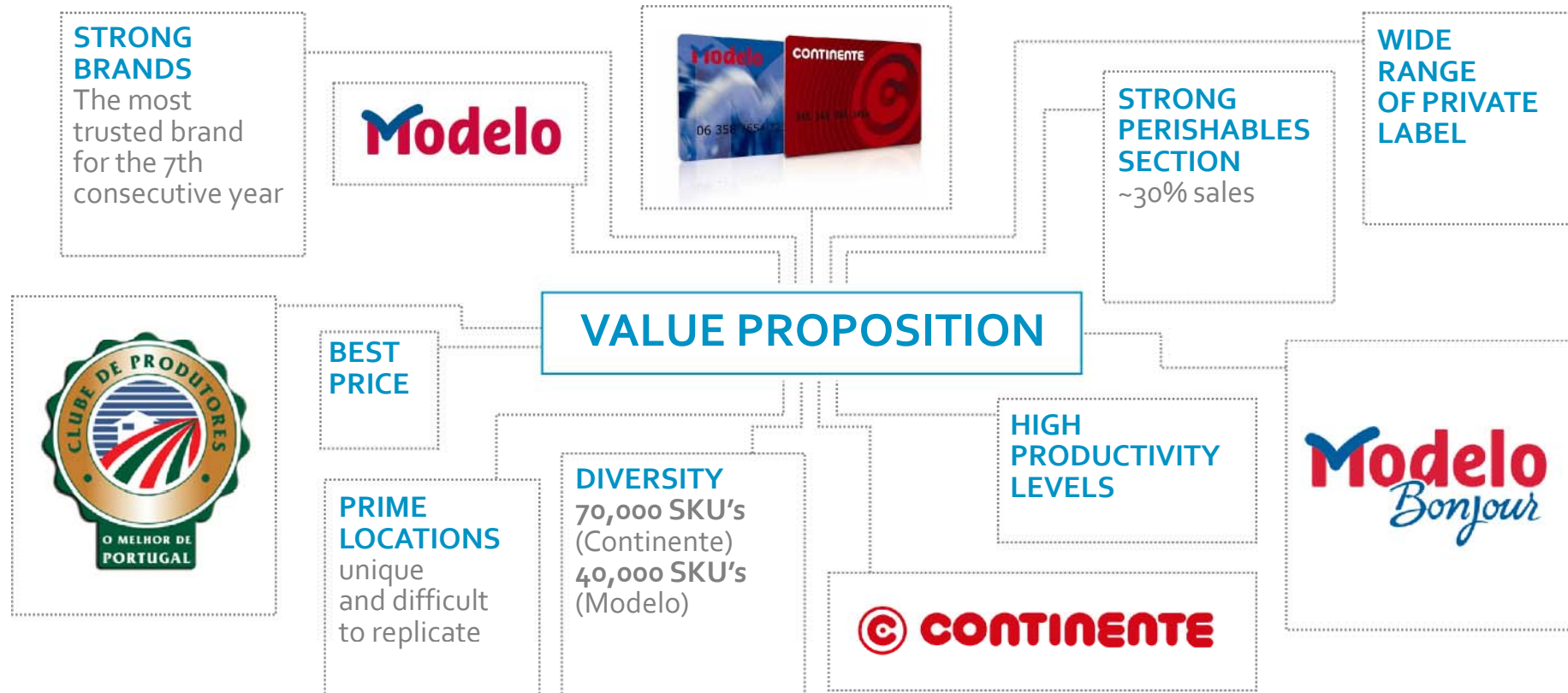


SONAE  
50 YEARS AHEAD.

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

### PERFORMANCE ALSO REFLECTS STRONG VALUE PROPOSITION

Modelo Continente's formats have key differentiating factors





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

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



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#### 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

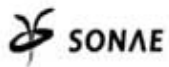
#### Look for international expansion opportunities; Requirements needed for a country to be considered an option:

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



Q3

What can we expect from your  
Specialized Retail business?



SONAE  
50 YEARS AHEAD.

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

## SPECIALIZED RETAIL UNIT WITH MARKET LEADER FORMATS

Operation of 7 different non-food retail formats, the most significant related with Sports, Textile and Consumer Electronics.

Sports	Home Appliances & Electronics	Apparel	Kids Apparel	Others
<p><b>SportZone</b></p> <ul style="list-style-type: none"> <li>• #1 in Portugal</li> <li>• 89 stores</li> <li>• 78,000 m2 (sales area)</li> <li>• 170 M€ turnover (2008)</li> </ul>	<p><b>Worten</b></p> <ul style="list-style-type: none"> <li>• #1 in Portugal</li> <li>• 146 stores</li> <li>• 147,000 m2 (sales area)</li> <li>• 563 M€ turnover (2008)</li> </ul>	<p><b>Modalfa</b></p> <ul style="list-style-type: none"> <li>• 99 stores</li> <li>• 51,000 m2 (sales area)</li> <li>• 102 M€ turnover (2008)</li> </ul>	<p><b>Zippy</b></p> <ul style="list-style-type: none"> <li>• 44 stores</li> <li>• 16,000 m2 (sales area)</li> <li>• 28 M€ turnover (2008)</li> </ul>	<p><b>Loop</b> Casual Footwear</p> <p><b>Worten Mobile</b> Mobile telecom equipments</p> <p><b>Vobis</b> Computer appliances</p>

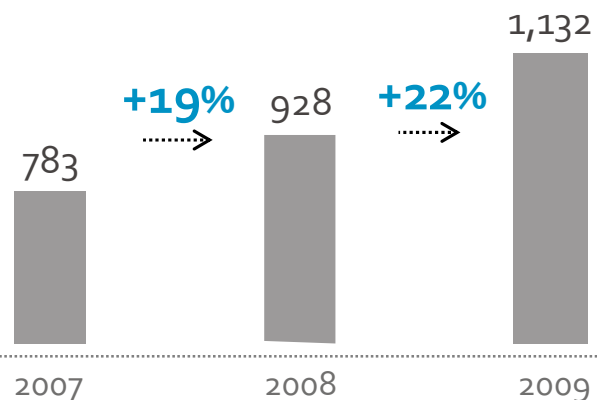


### Q3. What can we expect from your **Specialized Retail business?**

## CLEAR GROWTH DURING 2009

- Turnover showing significant growth, mainly driven by strong expansion of the last 12 months
- Like-for-like sales down by only 3%
- Growth in the textile and sports formats mitigating the performance of the consumer electronic formats; the latter reflecting a lower consumption of discretionary products
- Sustainable reinforcement of leadership in the Portuguese consumer electronics and sports market
- International business already contributing with 13% of sales

### TURNOVER (M€)



Note: 2009 turnover figures released in January 2010



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

### **CLEAR GROWTH DURING 2009**

Consolidation of position in Portugal and strong push towards internationalization

#### **Success in defending market leadership in:**

- Home appliances & consumer electronics
- Sports

#### **Entrance into Spanish market with positive first signs:**

- Worten - 14 stores; 34,000m<sup>2</sup>
- SportZone - 14 stores; 17,000m<sup>2</sup>
- Zippy - 10 stores; 4,000m<sup>2</sup>

#### **Strong expansion**

- Organic growth - +62,000m<sup>2</sup> (last 12 months)
- M&A - 9 stores; +22,000m<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

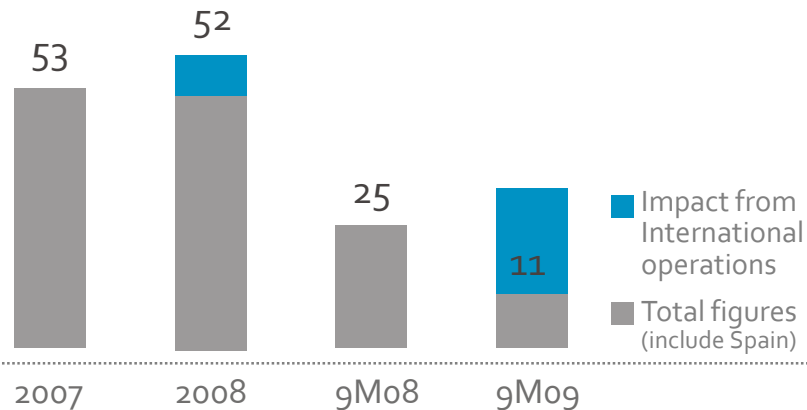
### Q3. What can we expect from your Specialized Retail business?

## CLEAR GROWTH DURING 2009

- Portuguese operation posting an increase in EBITDA, driven by scale benefits mainly at the textile formats
- Entrance costs in Spain explain the decrease in EBITDA for the specialized retail business
- Estimated impact in EBITDA of internationalization of circa 20 million euros (2009)

**Target to attain EBITDA breakeven within 3 years' time from launch in every format**

### EBITDA (M€)



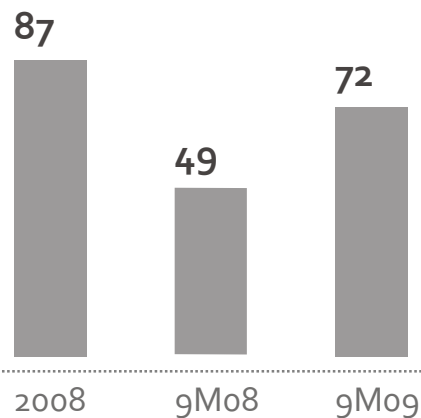
### Q3. What can we expect from your Specialized Retail business?

## INVESTMENT IMPACTING SHORT TERM RETURNS

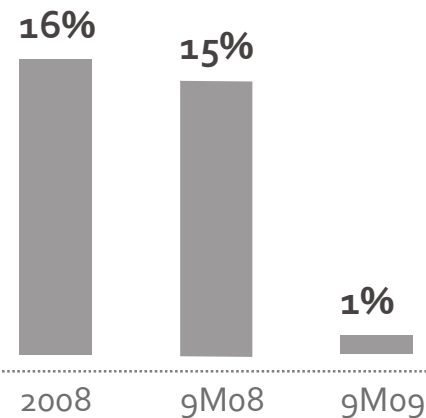
Commitment to grow international retailing activities has short term impact on returns



CAPEX (M€)



EBIT (LTM) / Invested capital



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

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

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

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### **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**?

## Q4.1. What are your **strategic options** for the **Shopping Centre business**?

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

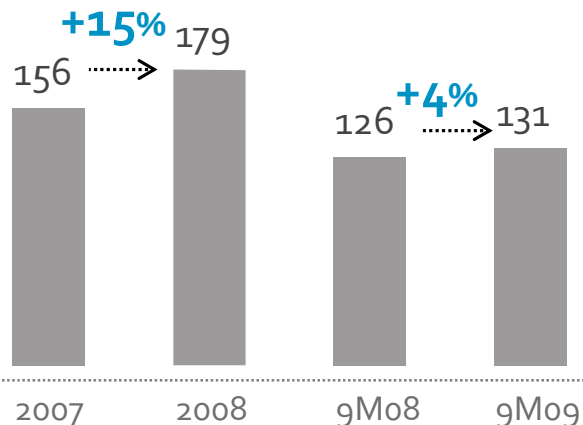
#### An international shopping centre specialist, 50% owned joint venture with Grosvenor

- 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 30 Sept 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€)



9Mo8 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 (96%)
- Flat total rents collected (variable + fixed) on a like-for-like basis
- Spain with the worst performance, with -8% total rents collected (variable + fixed) on a like-for-like basis

## Q4.1. What are your strategic options for the Shopping Centre business?

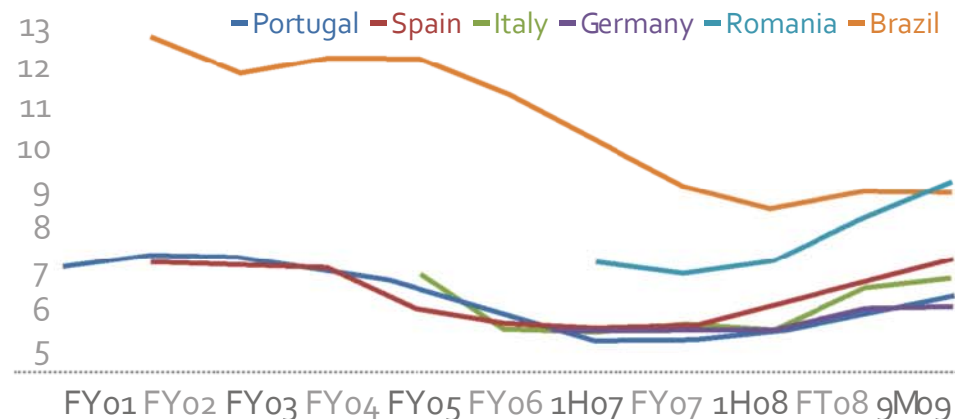
### YIELDS ACROSS EUROPE CONTINUE TO INCREASE... BUT AT A LOWER RATE...

In 3Q09, there were already some properties stabilizing/increasing in value

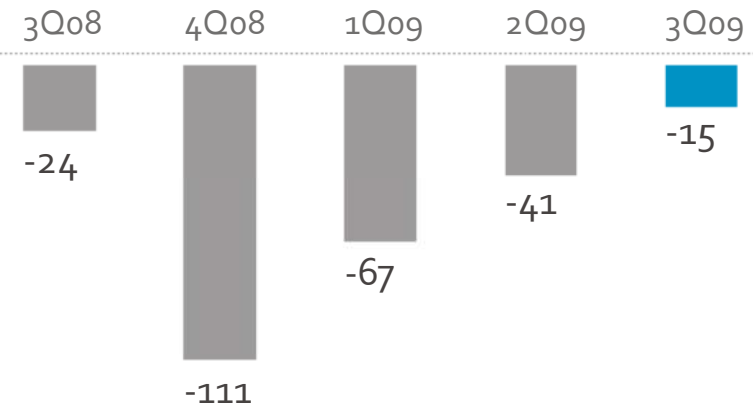
YIELD EVOLUTION	Δ 2008	Δ 9M09
Portugal	+56bp	+55bp
Spain	+95bp	+55bp
Italy	+78bp	+39bp
Germany	+42bp	+8bp
Romania	+125bp	+99bp
Brazil	-8bp	-3bp



### AVERAGE YIELDS



### VALUE CREATED IN PROPERTIES (M€)



## Q4.1. What are your strategic options for the Shopping Centre business?

### 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**

## Q4.2. What are your strategic options for the Telecommunications business?

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

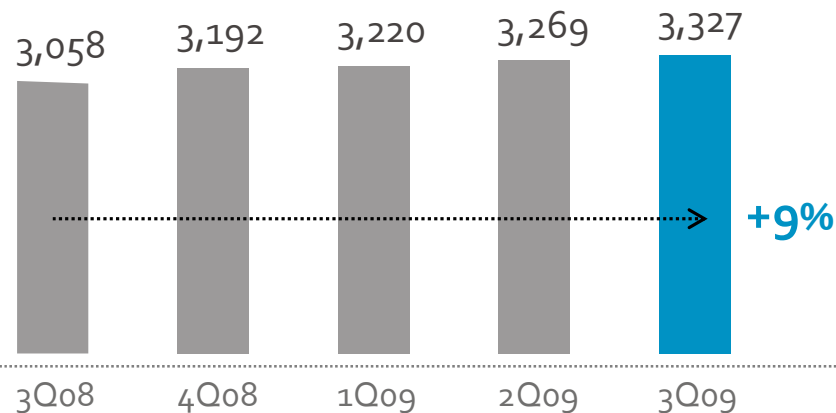
#### An integrated operator

- 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

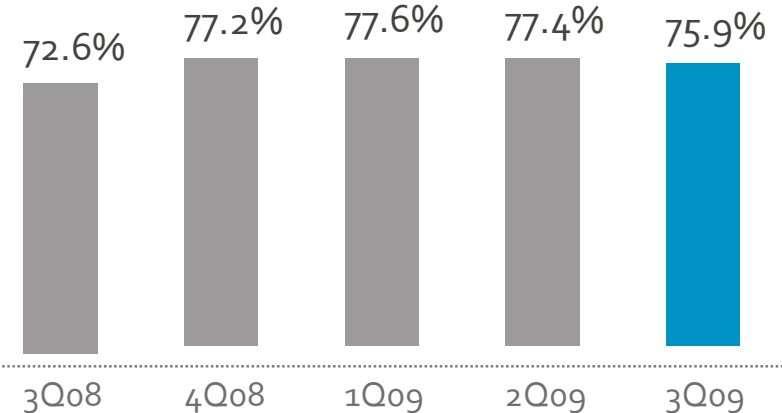
Mobile customer base exceeds 3.2 million subscribers and continues to grow

Wireline business evolving towards offers supported by its own network

MOBILE CUSTOMERS (Millions)



% DIRECT ACCESS / Wireline customer revenues



## Q4.2. What are your **strategic options** for the **Telecommunications business**?

### SHOWING STRONG EBITDA RESULTS AND POSITIVE CASH FLOW

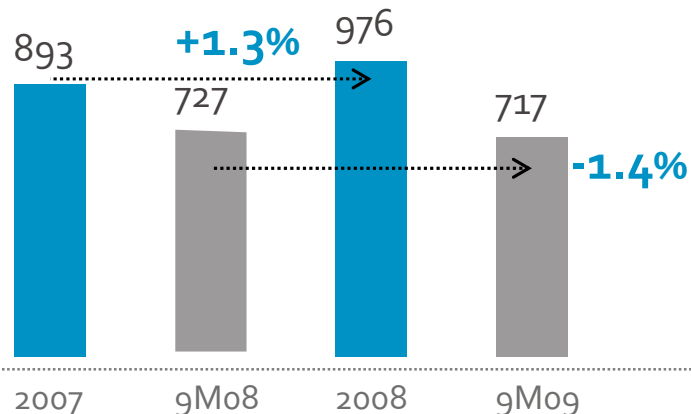
These results are a clear demonstration of the company's ability to meet and, in some measures, surpass the challenging targets for the year...

...amid the environment of high risk and uncertainty

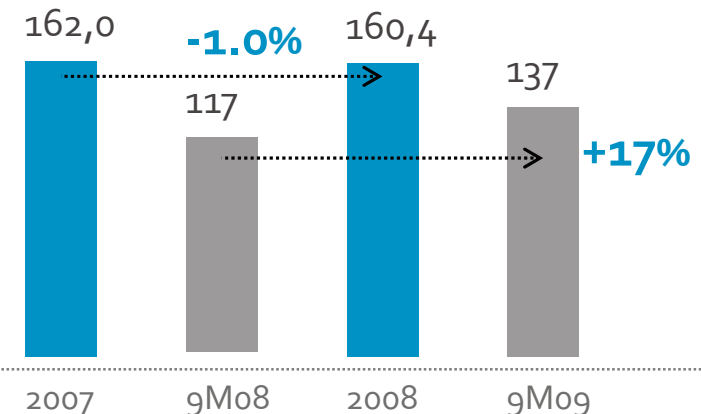
#### Again, the performance was above expectations:

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

#### TURNOVER (M€)



#### EBITDA (M€)



## Q4.2. What are your strategic options for the Telecommunications 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

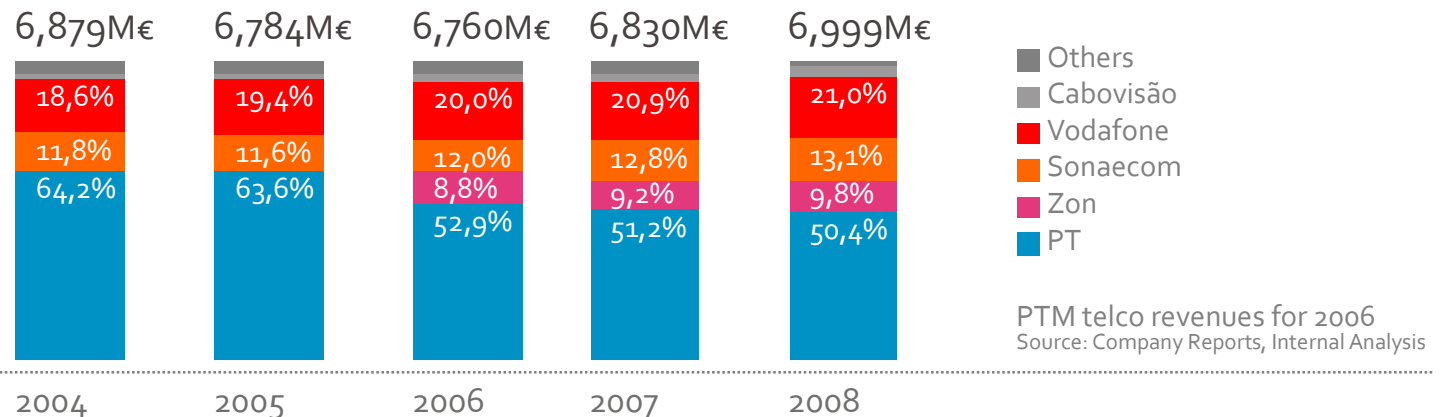
## Q4.2. What are your strategic options for the Telecommunications business?

### MATURE PORTUGUESE TELECOMMUNICATIONS MARKET

Sonaecom has been able to strengthen its market position, in a market that is not growing in revenues



### SHARE OF TOTAL REVENUES





## Q4.2. What are your **strategic options** for the **Telecommunications business**?

### COMPETITIVE PORTUGUESE TELECOMMUNICATIONS MARKET

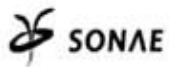
Four main players offering/planning to offer Voice, Broadband and Pay TV over different Fixed and Mobile access technologies

	VOICE		BROADBAND		PAY TV	
	Fixed	Mobile	Fixed	Mobile	Fixed	Mobile
SONAECOM	■	■	■	■	■	■
PT	■	■	■	■	■	■
ZON	■	■	■	■	■	■
VODAFONE	■	■	■	■	■	■


For the market size of Portugal, 4 national players is probably not the natural outcome in medium/log term:

**Economic rationality | Economies of scale | Synergies**

**Sonaecom is a part of any market restructuring movements**

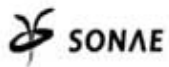


SONAE  
50 YEARS AHEAD.



# Q5

Isn't Sonae a highly leveraged company?



SONAE  
50 YEARS AHEAD.

## Q5. Isn't Sonae a highly leveraged company?

### ADEQUATE STRUCTURE AT EACH BUSINESS WITH LONG AVERAGE MATURITIES (end 9m09)

#### NET DEBT/EBITDA (end 9M09)

RETAIL: **4.2X**(~3.5x estimated Fy09)

TELECOMS: **2.1X**

#### LOAN TO VALUE (end 9M09)

SHOPPING CENTRES: **51%**

HOLDING: **15%**

- **Sonae's weighted average maturity** standing at approximately 5.2 years
- No major debt repayments in the short term
- **Retail formats weighted** average maturity of 4 years, with more than 65% of debt repayable after 2011
- **Shopping Centres** weighted average maturity of 6.9 years, with more than 85% of debt repayable after 2011; non-recourse project finance
- **Telecommunications** with weighted average maturity of 2.2 years, with no amortization of bank loans scheduled until mid-2010
- **Sonae's liquidity risk** maintained at a low level, with the sum of cash and unused credit facilities standing at 960 million euros

## Q5. Isn't Sonae a highly leveraged company?

### 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

## Q5. Isn't Sonae a highly leveraged company?

### 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 9M09)

**1.5 Billion Euros** (Net book value)

#### SALES AREA OWNED

**582,200 m<sup>2</sup>**

- 70% of total Retail Sales Area (food & non-food)
- 88% of total Food Sales area

#### 2008 TURNOVER

**109 Million Euros** (Rents)

#### HYPERMARKETS

##### CONTINENTE

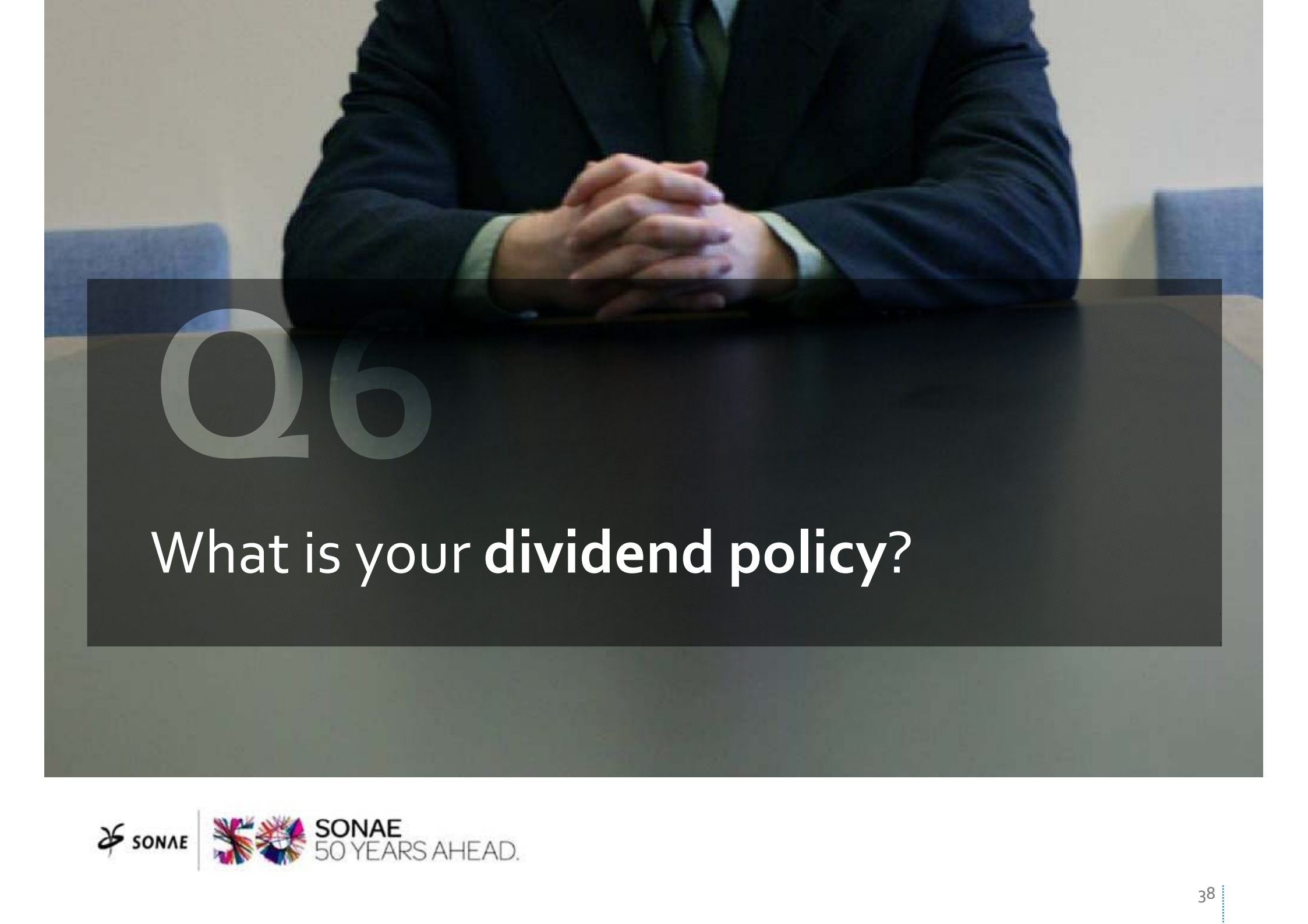
- 34 stores owned
- 90% total sales area

#### SUPERMARKETS

##### MODELO

- 102 stores owned
- 87% total sales area





Q6

What is your dividend policy?

## Q6. What is your dividend policy?

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### MAINTAIN THE SHAREHOLDER REMUNERATION POLICY

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

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**DIVIDEND  
PER SHARE 2008: 3 Cents**

**DIVIDEND YIELD: 6.9%**  
Considering 2008.12.31 Share Price

**PAY OUT RATIO: 38%**  
Considering 2008 Direct Net Profits\*  
attributable to equity holders

**PAY OUT RATIO: 75%**  
Considering 2008 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