

SONAE FINANCIAL REPORT '14

MANAGEMENT | REPORT



IMPROVING LIFE





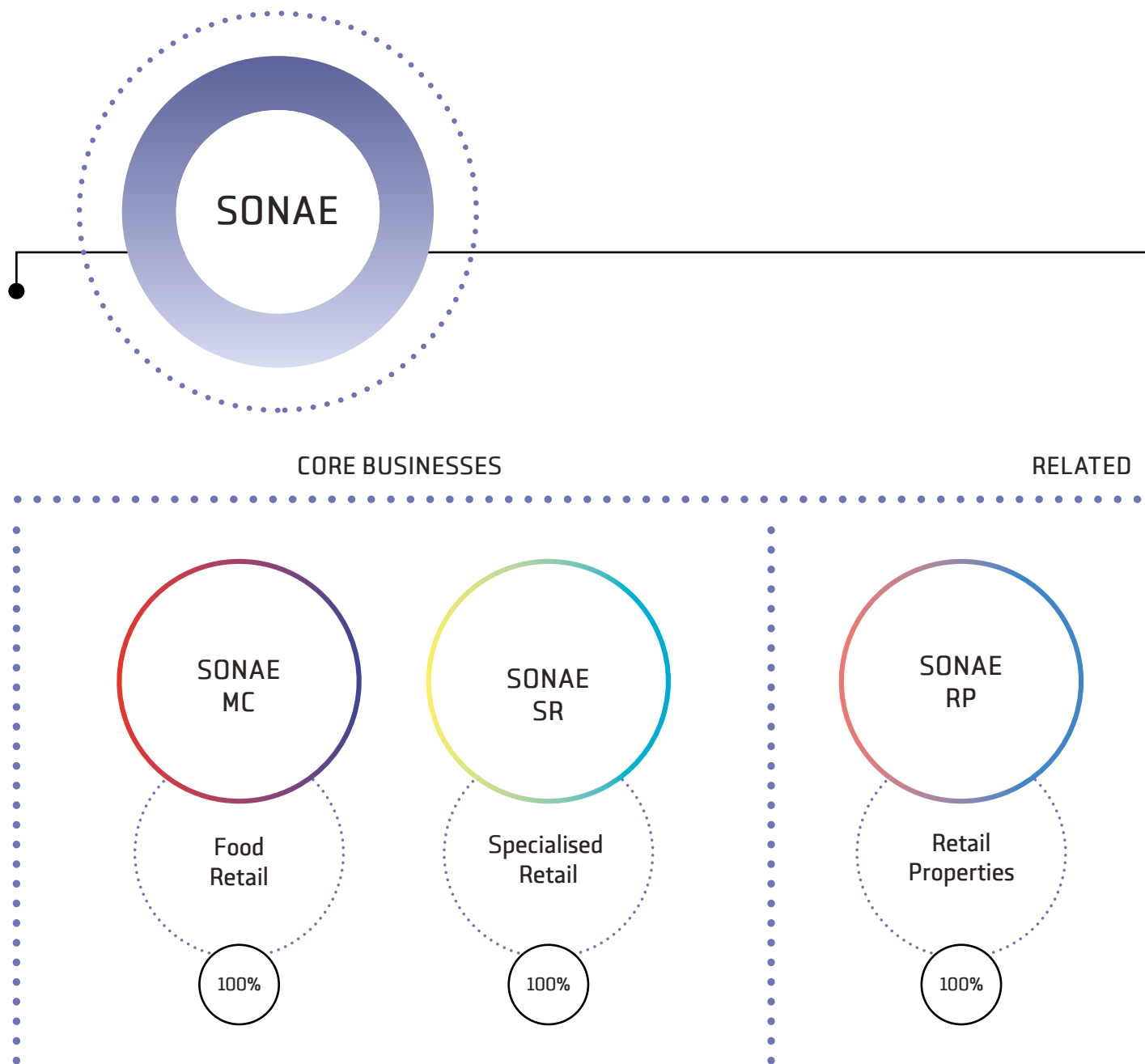
SONAE

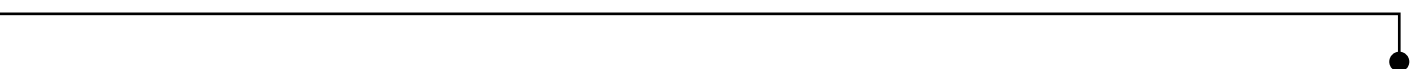
MANAGEMENT

REPORT

'14

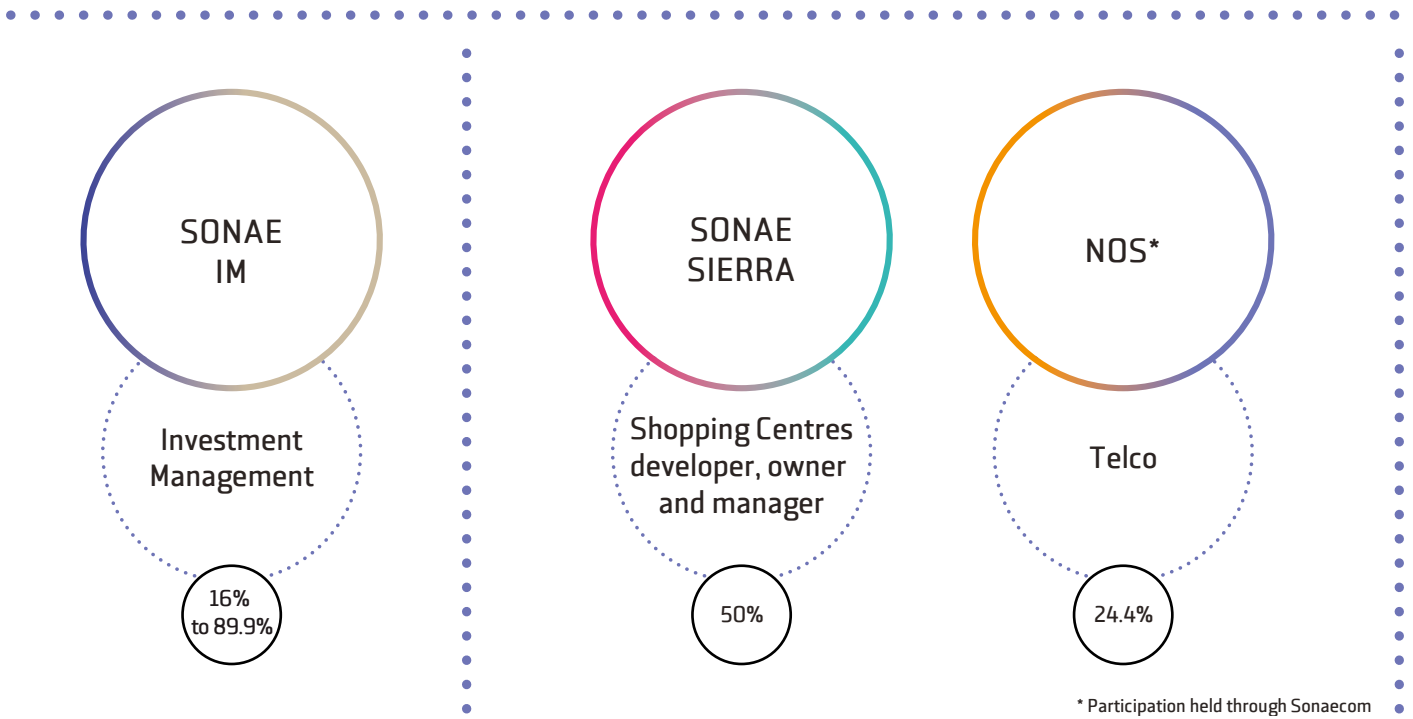
Group Structure





BUSINESSES

CORE PARTNERSHIPS



We believe in Corporate Responsibility

Sonae was recognised by Ethisphere as one of the *World's Most Ethical Companies* for the fourth year running. Corporate responsibility is one of the cornerstones of our mission and these awards recognise our efforts in this area.



4th consecutive year

and 1st Portuguese company in the list of the World's Most Ethical Companies

The environment is a priority

The environment comes first. Our environmental performance continues to be recognised internationally for its outstanding excellence.

We are particularly proud of the CDP recognition, which reflects the recognition of our efforts by analysts and investors. We also highlight the outstanding performance of our flagship project Worten Equipa Worten a ground-breaking initiative that continues to excel year after year.



The only Portuguese organisation
to be recognised under both CDP indices

99 points out of 100
awarded for our environmental reporting policy

27,268 tonnes
of old electrical equipment collected in the last 5 years

Level A environmental performance
the highest classification in environmental performance

We support our community

At Sonae, we are committed to making a positive difference to our community, both by helping and by encouraging our team to volunteer for social causes. Missão Sorriso continues to be distinguished with several awards for its profound impact in the lives of thousands of people. This year, we would like to highlight the *Marketing Award* in the category of Social Responsibility by the magazine Meios & Publicidade.



9.8 M€ in community support
to social, human and cultural causes

2,105 institutions
supported

6,841 hours
of volunteering to help the community

We believe that business innovation is the most important ingredient for long-term growth and success. We promote creativity and innovation across the whole organisation, because we believe innovation is a strong determinant of future success. Our efforts towards continuously improving our processes were rewarded through both the *Kofax Transformation Awards 2014* and *Excellence in Innovation and Development* by the Kaizen Institute.

Tomorrow's
leadership
starts today

3,411 tonnes of CO₂
prevented from entering the
atmosphere, as a result of the
Trevó project

9 innovative projects
distinguished internally for their
significant contribution to the
business



Our values are evident in our products and services and our dedication to integrity and quality has been widely acknowledged. Sonae has now five Brands of Trust: Continente (12 years), Worten (5 years), Zippy (2 years), Well's and Sport Zone (joined this year). Continente has quite remarkably now held the Brand of Trust title for 12 consecutive years. We are also a Superbrand. Continente was recognised for the 11th consecutive year and Worten has also joined this highly prestigious league.

We do not
compromise
on quality

**4.5 M€ sales with our
loyalty card**
399 M€ in savings

233 M€ of purchases
from the Continente
Producers Club



4.5 M loyalty cards
Continente and Sport Zone

1,283 supplier audits
around the world

We are an organisation made by people for the people. We trust our team to share our values and to work at its best every day. We are committed to recruiting and retaining talent. Retaining talent strongly depends on our capacity to develop the right environment to promote personal and professional development. We are proud of our achievements, particularly the recognition as The Best Company for Leadership, by the Hay Group and The Best Motivational and Employee Engagement Strategy in the Masters of Human Resources awards. Our human resources project Aiming for Excellence was also awarded by the Kaizen Institute under the Large Corporations category.

We value our team

1.3 million hours
of specialised training

**41 thousand
colleagues**
sharing a common goal

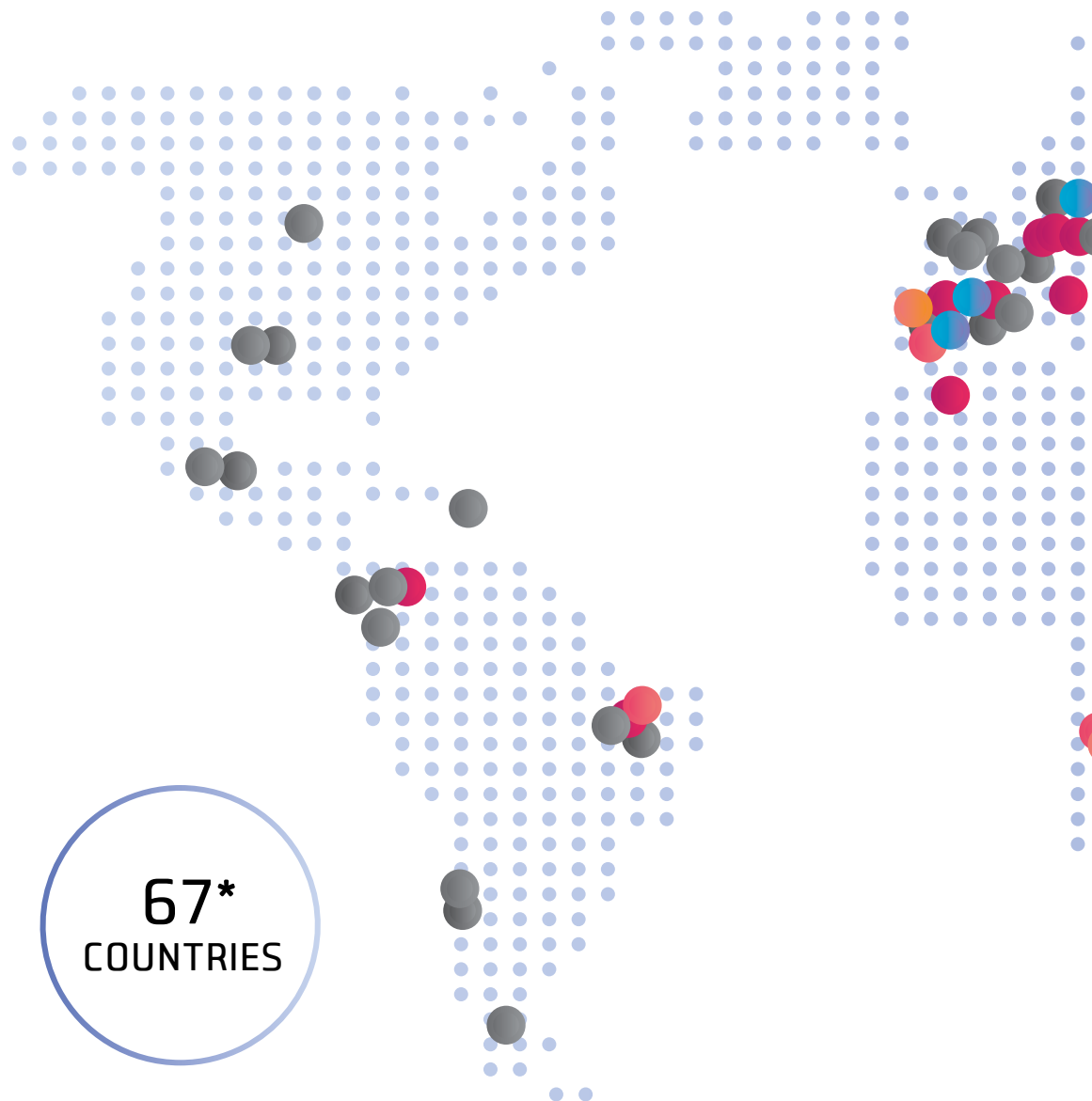


Our Brands





Sonae's
world



* This includes operations, third party services, representative offices, franchising agreements and partnerships.



Key corporate events



● **4,974_{M€}**
TURNOVER

● **356_{M€}**
CAPEX

● **417_{M€}**
EBITDA

● **1,251_{M€}**
NET DEBT

● **127_{M€}**
DIRECT RESULTS

● **73_{M€}**
DIVIDENDS TO BE PAID

● **144_{M€}**
NET INCOME (GROUP SHARE)

● **-2.4%**
SHARE PERFORMANCE PRICE (2014)

● **Underlying EBITDA**
(% of turnover)

• **380_{M€} (7.6%)**
SONAE

• **241_{M€} (7.0%)**
SONAE MC

• **116_{M€} (92.2%)**
SONAE RP

• **15_{M€} (1.2%)**
SONAE SR

• **19_{M€} (7.5%)**
SONAE IM

It is clear to see
what the future
of Sonae will be:
an unstoppable,
insatiable
and unshakable quest
for success based
on innovation
and sustainable growth.



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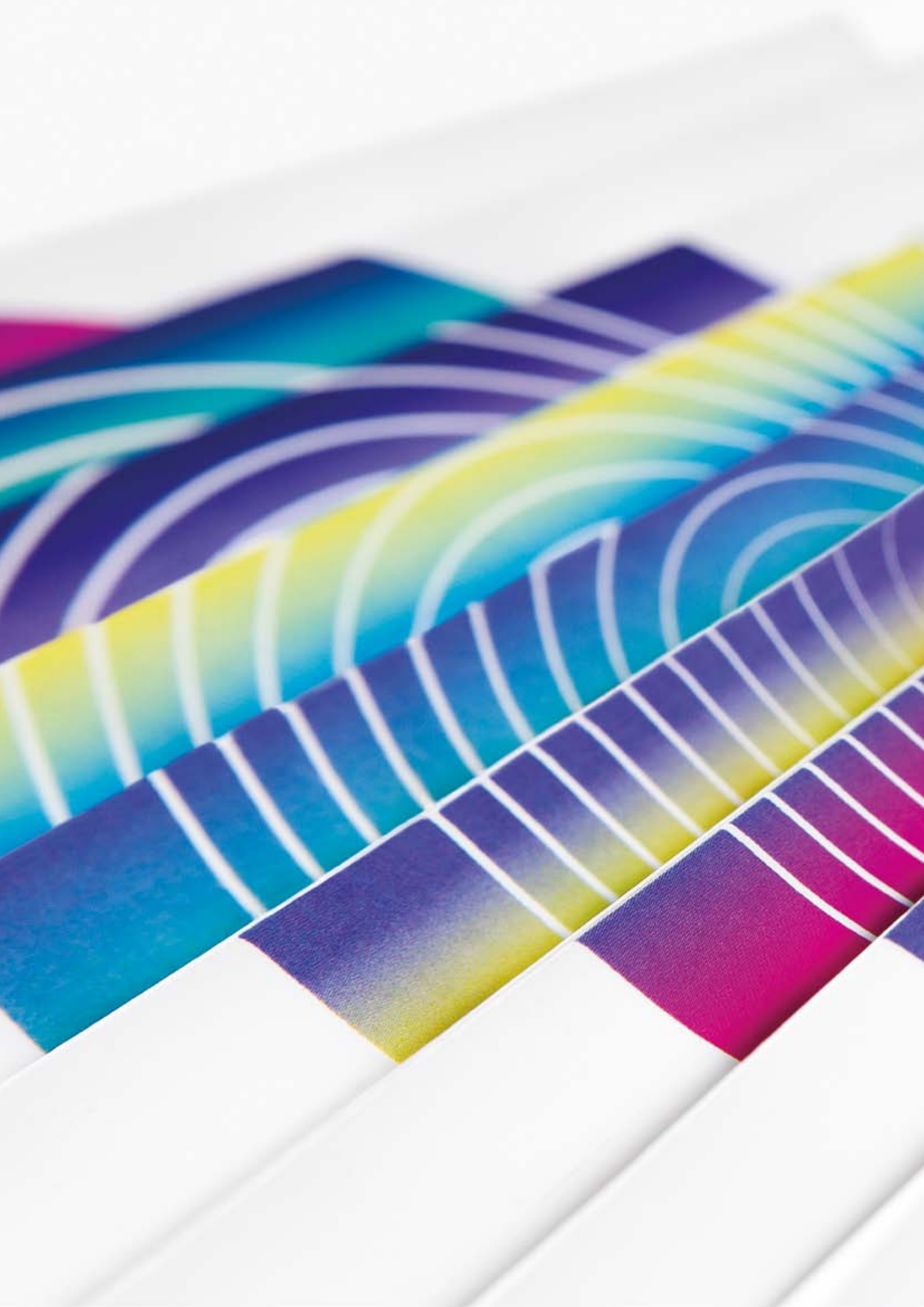
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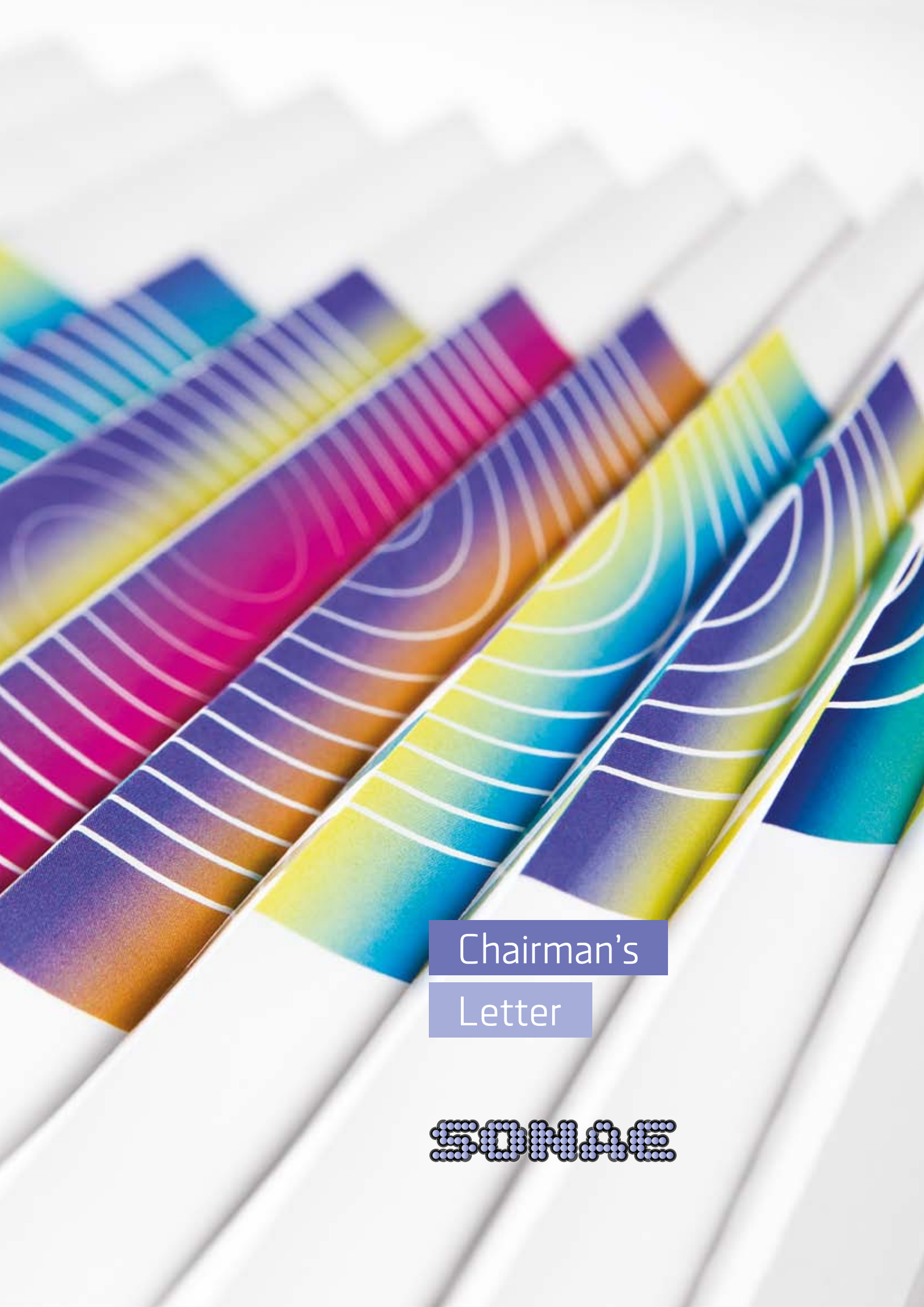
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Chairman's

Letter

SONAE

Chairman's Letter

Sonae continues to thrive
and we are proud to deliver another
outstanding performance
across all business segments.

The economic environment remains highly unstable. Signals of economic recovery are still rather tenuous and investors' confidence levels remain very low, showing that many of the structural imbalances have not yet been fully resolved. Despite these adversities, the Iberian economy has made some progress, returning to growth and strengthening its credibility with international financial markets. A very important step, as I believe that trust and credibility are paramount in any sustainable relationship.

Sonae continues to thrive and we are proud to deliver another outstanding performance across all business segments. Our food retail business is a worldwide case study and every year it defines new benchmarks. The specialised retail has shown resilience and has completed its turnaround, finalising its adjustment to the new economic landscape. Our telecom partnership delivered solid growth while others were unable to withstand the pressure and have crumbled. The real estate business shows a strong recovery at the same time as the demand for our services in shopping centre management increases, such recognition is largely due to our vast and highly sought-after experience.

We have continuously strived to achieve higher levels of performance, transforming adversities and challenges into opportunities. Never sacrificing our strategy and never doubting the values that made us who we are – Sonae, an organisation driven by success. The need for success is intrinsic to our persona and we understand success as the combination of the very same dimensions that we highlight in this report. Success comes from

Belmiro de Azevedo, Sonae Chairman





valuing our team. Sonae is a living organisation and we are committed to ensuring that every single colleague feels that they are important to our success. Success comes from respecting the environment. Sonae does not think of environmental costs, we think of environmental investments that create opportunities with significant gains in the medium-run and, more importantly, investment that creates a better future. Success comes from sourcing with integrity and quality management. We cannot compromise on the integrity and quality of our products and services and we are committed to sharing our experiences and success with all our partners. Success comes from innovation. Our attitude towards innovation, allows us to take the front seat in understanding tomorrow's opportunities, keeping every one of our businesses at the leading edge of their industries. Success comes from our standing commitment to our customers. We create the opportunities; our clients deliver the success to us. Success is also making a positive difference to our community. We actively engage in promoting and supporting initiatives that contribute towards a more sustainable society.

These are all the dimensions of our corporate responsibility and, year after year, have proven to be the cornerstone of our sustainable success, allowing us to transform our strategy into a remarkably solid economic performance. Despite the still unstable economy, Sonae achieved a turnover of 4,967 million euros, an increase of 3.0%, and an underlying EBITDA of 373 million euros. We have continued our efforts towards a capital light strategy. We have intensified our franchising strategy, which allows us to grow and share this investment with our partners and we have reduced our net debt by 73 million euros when compared with last year's (excluding non-recurrent transactions).

Our shares closed the year with a small drop of 2.4%, outperforming, once again, the market that had a drop of 26.8%. At Sonae, we are never happy when our stock performance does not reflect our operational performance, and we will reinforce our efforts towards delivering a robust market performance, rewarding our investors that undoubtedly recognise the sustainable performance of our businesses.

It has now been 50 years since I embraced this project – a solid partnership with Portugal. 50 years is a lifetime and what a lifetime! During this period I have changed, Sonae has changed and the world around us has changed, but certain aspects remain unchangeable, such as our commitment to our values. When I look back, I can easily understand the path that we followed to success as it was clear from the beginning that we had to create a relationship with all of our stakeholders based on competence, honesty and trust. We hold a global ambition to perform in an increasingly competitive environment, promoting a culture of merit and financial rigor. I am extremely proud of having had the opportunity to lead an organisation and a team that believes that values should lead strategy.

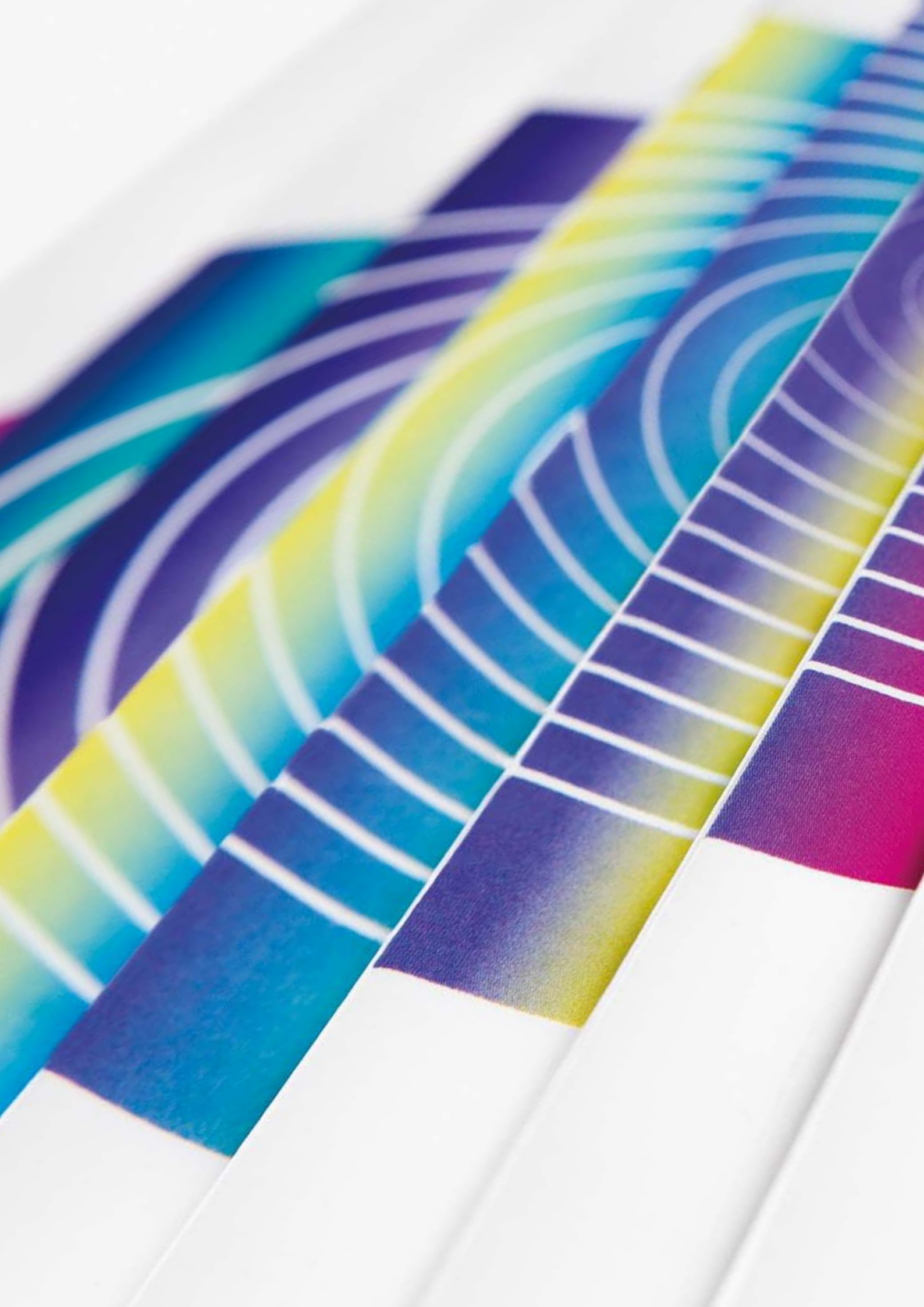
It is clear to see what the future of Sonae will be: an unstoppable, insatiable and unshakable quest for success based on innovation and sustainable growth. A journey of reinventing today's success to shape tomorrow's world. A journey always rooted in the same corporate responsibility values. A journey always seeking to create a long living company.

I encourage everybody to join me in extending investment in updating skills and be prepared to work in different places, because the future will very much happen in locations far away from Portugal and also in new skills.

I understand that it might not be possible for everybody, but we will work hard to support everyone in these new paths.

Thank you!

Belmiro de Azevedo, Sonae Chairman





CEO's

Letter

SONAE

CEO's

Letter

We look forward to the challenges ahead of us, as well as to the opportunities to grow our business, to grow our team and to fulfil our mission.



The Iberian economy showed modest signs of recovery in 2014, after several years of economic stagnation. The path to public finance adjustment is expected to continue as the governments of Portugal and Spain benefit from decreasing interest rates and the structural reforms that have been undertaken. On the monetary side, the quantitative easing in the EU is forcing interest rates further down and pushing the euro into devaluation. This expansionary policy from the European Central Bank has positive implications for the highly indebted countries in Southern Europe, as low interest rates are reducing the cost of debt and a weaker currency is helping exporting companies to regain competitiveness and resume growth. Consequently, in addition to other reasons, the Portuguese and Spanish current accounts posted a surplus in 2014, and despite the recent slowdown, a positive performance is still expected for 2015.

In Portugal, following the improvement in consumer confidence, private consumption posted a 2.1% increase in 2014, while GDP growth reached 0.7% on a yearly basis. Spain also resumed economic growth in 2014, after 3 years of recession, and improved labour market conditions allowed private consumption to expand by 2.3%. Growth was fuelled mostly by non-food categories. Demand for food goods remained stagnant and prices were kept under downward pressure. Food inflation in Portugal and Spain was negative -0.13% and -0.33%, respectively. Overall, the European Union faces increasing risks of deflation, which is bringing new challenges to governments and companies alike.

Paulo Azevedo, Sonae CEO





Our financial performance for the year of 2014 was driven by improved private consumption in some key markets and bursts of aggressive pricing in others resulting in stable operational margins, and an improvement of 4.4% in Direct Income versus the previous year. The company sustained its organic capacity to generate large cash flows, which have been used to further deleverage the company and strengthen its capital base. Notwithstanding the uncertainty and volatility that sweeps all economies worldwide, at Sonae, we are cautiously optimistic about the future. We know our risks, and we are committed to our long time strategy of developing Sonae into a robust and flexible company, able to capture gains from emerging opportunities in retail.

As we expected and made clear in last year's letter, the Portuguese food market entered a period of extremely aggressive pricing, resulting in a reduction in the average profitability of the market. At Sonae MC we stayed true to our stated strategy, reinforcing our strong position and led the market in terms of price, range, promotional offers and profitability for every benchmark. While communicating Continente real base-price advantage, we made promotional efforts to boost customer loyalty. Currently, more than 90% of our sales are made to customers holding the Continente loyalty card, and we strengthened our position as primary provider of current consumption goods to these clients. The sales area continues to expand through 19 new stores opened in 2014 — including 5 Continente Bom Dia, 3 Continente Modelo and 6 Wells. We recorded a significant boost in Meu Super franchised stores, closing the year with 140 points of sale. Online sales increased by 10% in a year that was mostly devoted to preparing future growth. We continued improving the design of our "2020 hypermarket of the future" and conducted two major refurbishments to implement this concept. The management team is committed to growth and innovation at the same time that we pursue further productivity gains to maintain Continente at the top of any efficiency or productivity benchmark and Market share ranking. We were particularly pleased with the growth in Turnover and profitability of Well's which is now yielding the same returns on investment as the best mature formats.

Sonae SR continued the renovation programme, restructuring the store network and implementing highly successful new store concepts. Improvements in product design and rightsizing of stores also contributed significantly to the much-improved overall result in sales area productivity. Worten is strengthening its leadership position in the Iberian market, increasing market share and posting a more than 60% growth in online sales. Sport Zone also shows positive LfL sales performance in Portugal and Spain, and in 2014 opened the first franchise store in Ceuta. MO fashion stores reported double digit growth in sales on a LfL basis, as a result of a successful new brand value proposition. Zippy started a partnership with Continente's loyalty card in the 3Q14, and launched an online store. All specialised retailing brands are increasing expansion abroad without exception and developing ecommerce platforms to meet new consumer habits and changes in customer preferences.





Sonae RP did not progress significantly in our stated objective of releasing capital from our most mature assets. This was not however due to lack of investor interest but rather to continuously improving expectations, which led to continuous improvements in the conditions of offers being received, and the lengthy and resource consuming nature of negotiating these deals. Currently, Sonae owns 73% of Sonae MC selling area, which is considerably above the industry average. During 2014, we completed four sale and leaseback transactions, releasing funds amounting to 14.5 M€ and invested 22 M€, mainly to support the growth in the Sonae MC store network. In 2014, Sonae RP was heavily involved in the development of Sonae MC store pipeline and invested in the total refurbishment of the Matosinhos shopping gallery and flagship Continente store, which is now the most developed hypermarket store concept operating in Portugal. There is a significant number of sale and leaseback deals being currently pursued and the division is also engaged in assessing alternative strategies to monetise our asset base.

Sonae Sierra proved its resiliency. During the peak of the crisis we were able to maintain a minimum level of asset monetisation, to recycle capital from mature shopping centres to finance some new developments in more attractive markets. We also adapted our entrance into new countries to focus on service to third parties and include development partners in our own projects, thus vastly reducing capital requirements. Following a strategy of expanding its portfolio of services, new management contracts were signed for 3 shopping centres in Hamburg, Germany. Sonae Sierra is currently responsible for managing and leasing 88 shopping centres around the world, totalling 2.3 million square meters of GLA in 14 countries. We are thus now in a privileged situation to profit from on one hand the significant pick-up in tenant sales and corresponding value increase of our portfolio and on the other hand to exploit new development opportunities given our larger knowledge of new markets and our lower and decreasing leverage levels. Although the pace of redeploying capital is still below our objectives we were able to increase our development ratio by 1.4 pp to 10.8%. New projects in growing markets bring good prospects for the future, such as ParkLake in Romania, which will open in 2016 and has 70% of the GLA already committed.

In the telecom business, NOS is demonstrating the importance of convergence in both the residential and the corporate market and strongly benefiting from the expertise and market shares previously held by Optimus and Zon. In 2014, NOS recorded sound operating and financial results. Both the corporate and the residential market showed strong performance. NOS conquered some of the largest Portuguese companies in the year and the operational momentum in the residential market reached record RGU growth, with convergent RGUs already representing more than 29% of the fixed customer base.

Investment Management registered important developments in SSI. WeDo Technologies was reconfirmed as worldwide leader in Revenue Assurance in Telecoms, and has been awarded the Stratecast Global Market Leadership for 2014. Our portfolio was also reconfigured with the sale of Mainroad to NOS and the acquisition of S21sec — a promising company with vast expertise in cyber security. Within the area focused in Retail Technology, we invested in Movvo, a start-up that





is the proprietor of a tagless real time location technology that allows for secure monitoring of the flow of people in physical spaces, providing relevant information for retailers. Our main partnership companies in this division improved their performance in 2014.

We ended the year stronger in competencies and also better prepared for future challenges from a financial perspective. Total financial debt was reduced and bank debt was managed to improve maturities and benefit from the strong appetite for Sonae debt and decreasing interest rates.

We look forward to the challenges ahead of us, as well as to the opportunities to grow our business, to grow our team and to fulfil our mission.

We have successfully navigated through the tough price wars of 2014 in food retail and telecoms in the Portuguese market and expect there will be less room in these markets for further reductions in average profitability. In both cases our companies have come out stronger with larger market shares and reinforced value proposition to our customers.

In non food retail, we need to increase the pace of profitability recovery in a number of formats or geographies and we hope to be able to show the results of the extensive work done over last year in improvements of product development and design, supply chain management as well as the investment in our stores in terms of store concept, size and locations.

In real estate, at both Sonae Sierra and Sonae RP, we expect to be able to move faster in our strategy of releasing capital from our most mature assets to redeploy in growing our businesses with the highest returns.

Once again our teams have produced an incredible amount of work facing, in some areas, additional market difficulties and finding the best solutions for every challenge and barrier. We are extremely pleased that we will be able to once again improve the remuneration across the board for our lowest pay level as we feel confident we are increasingly attracting and retaining people with capabilities and attitude to work which are clearly superior to the market norm.

I would like to thank our team for all this work and all these achievements, as well as all other stakeholders for their collaboration, support, challenge, encouragement and supervision.

Paulo Azevedo, Sonae CEO







Strategy

in Action

SONAE

Strategy in Action

Our mission is to create long-term economic and social value, taking the benefits of progress and innovation to a growing number of people.

At Sonae, we believe that our values define who we are and what we stand for. Our values anchor our responsibilities as a corporation and are paramount to the success of our mission.



EXECUTIVE COMMITTEE: Paulo Azevedo and Ângelo Paupério

OUR VALUES

Trust and Integrity

We are committed to creating economic value in the medium and long-term, built on relationships founded on integrity and trust.

People are at the centre of our success

Setting constant challenges and being open to change are crucial in order to attract ambitious people. Our people are a determining factor in the markets where we operate and, for that reason, we invest in developing their capabilities and skills, thereby further enriching our culture.

Ambition

Ambition stems from continuously establishing goals which push us beyond our limits, reinforcing our efforts and determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to reach beyond our past successes.

Innovation

Innovation is at the heart of our businesses. Innovation involves risks, but we are aware of the importance of identifying and managing these risks, so as to maintain them within reasonable limits. We know that only by innovating, can we grow sustainably.

Social Responsibility

We have an active sense of social responsibility, and try to contribute to improving the communities within which we operate. Our behaviour takes into account the most recent environmental concerns and sustainable development policies.

Frugality and Efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.

Cooperation and Independence

We are willing and ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and to ensure the best solutions for the communities within which we operate, but we also take care to maintain our independence in relation to all such entities.



WHO WE ARE

AND WHAT WE STAND FOR

We are a trust based organisation with deep rooted values and beliefs which are embedded in our history and have stood the test of time – our values and beliefs have remained consistent and have produced our unique culture. We have lived by them and we have constantly grown in scope and value whilst contributing to society beyond the economic wealth created.

ACTIVE AND ENTREPRENEURIAL INVESTOR

We are an active investment group with an ambitious quest for superior growth and value creation. We continuously plan and optimise our strategy, looking for improved opportunities in our current businesses, analysing new investment opportunities, both in current and in new sectors and geographic areas. We are constantly searching for new business models and concepts, nurturing our entrepreneurial spirit and accepting considerable risk in the implementation of new ventures. We are rapid and efficient when entering and exiting businesses, whilst always taking strategic decisions with a medium to long-term view on value creation.

From merely a concept to market leader and now a franchise



Well's is one of the most successful business ventures in the Portuguese health care market. A store chain with a modern concept of parapharmacy, beauty and optics.

When we entered this business we knew that we were entering a highly competitive market, where our experience in retail could be a distinctive factor, but the high technical skills required represented a huge challenge for Sonae. We started as "Área Saúde" in October 2005, with the first parapharmacy in Portugal, and 5 years later, in 2010, we already had 130 stores. Then, we launched Well's – Sonae's national retail brand specialised in health, wellbeing and optics. Since then, Well's has had a yearly 2-digit sales growth and in just 2 years it became the market leader in Portugal, owning 147 stores mostly located next to Continente supermarkets.

Four years later and after proving the concept, we are opening Well's franchising to entrepreneurs who are looking for an opportunity to open new stores or renew successful local stores. It will be a demanding journey, but one which will lead to sustainable growth and establish long-term business relationships.



CORPORATE RESPONSIBILITY

We are committed to developing our business activities based on the principles of sustainable development, with the aim of contributing to society beyond the economic value generated by our business activities. We take into account social, environmental and governance principles and best practices in our decisions and interactions with stakeholders. We are engaged with both financial and human resources in relation to the help we provide to the communities we are part of.

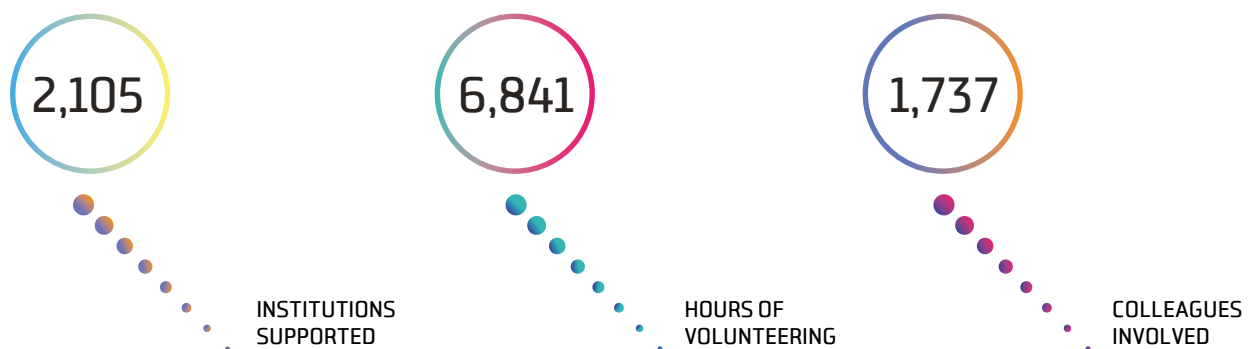
Corporate responsibility is at the core of our culture



Sonae Activshare programme focuses on actively searching for innovative and better ways to improve the quality and the impact of our corporate responsibility actions by consolidating and aggregating Sonae's volunteering and social responsibility actions. Sonae Activshare promotes the development of volunteering actions by communicating all social responsibility actions to employees and volunteers.

The more efficient we are, the more we can help.

ActivShare in numbers



ETHICAL AND TRUST BASED ORGANISATION

We are an ethical and trust based organisation. Our ethical standards are evident through the networks we establish based on the principles of honesty, integrity and transparency, with corruption being completely unacceptable. Our trust based organisation is nurtured by developing long-term relationships based on high standards of trust amongst ourselves and with our partners.



Leadership in the principles of business ethics



Ethics and governance are critical determinants of our success, anchored in solid relationships with all of our stakeholders. The recognition of Sonae as one of the World's Most Ethical Companies for the fourth consecutive year rewards our focus on sustainable growth, based on both economic and social value.

"The entire community of the *World's Most Ethical Companies* believes that customers, employees, investors and regulators place a high premium on trust and that ethics and good governance are fundamental to earn it. Sonae is part of an exclusive community committed to improving performance through best practice. We congratulate everyone at Sonae for this extraordinary achievement". Timothy Erblich, CEO of the Ethisphere Institute.

EMPLOYEES ARE AT THE CENTRE OF OUR SUCCESS

It is the talent, expertise, professionalism and dedication of each and every one of us that supports our continued success; these characteristics are at the foundation of our distinctive business knowledge and competences.

We believe and promote meritocracy and do not tolerate any form of discrimination, be it based on gender, religion, race, nationality, social-economic status or any other.

We promote a safe, secure and fruitful work environment which fosters the solid professional and personal development of our employees (through experience, training and mentoring) and appeals to young and talented new professionals. In our group, we all have the opportunity to explore and expand our horizons, in order to deliver an extraordinary performance.

Chairman's award

The Chairman's Award is presented every year to a specific initiative or the successful implementation of a project. It recognises the significant contribution made to the business and the notable endeavour made towards Sonae Companies' culture of innovation.

This year's edition of the Chairman's award recognised two projects that highlight the creativity and innovation in addressing existing challenges, enabling efficiency and productivity gains, as well as savings and greater efficiency in resource management.

Luís Ribeiro Marçalo (Sonae MC) created a project for the Automation of the Battery Room, by creating a robot for changing and storing batteries. This project allows for a 75% reduction in storage space, increased battery lives and reduction in health risks.

Maria Emília Gomes (Sonae Sierra) was awarded for the development of an innovative system that allows us to understand customers' behaviour by using the concentration of mobile device radio frequencies to analyse the flow of visitors and to customize spaces, layouts and offers accordingly, an offer, with clear benefits for customers and shopkeepers.



Our corporate values and beliefs are shared by all our business units. They are a fundamental and structural element at the base of many of our distinctive competencies. They are the fibre that holds us together and guarantees our collective strength and common future. We have a set of corporate culture attributes that guide our actions and are a clear statement of **what we stand for**.



It was our ambition that transformed a small industrial business into one of the top Portuguese based companies with a growing international footprint. We have also become a leading player in almost all of the sectors in which we are established and our ambition continues to be the driving force of our success.

We always aim to achieve leadership positions in our business areas. We continuously set ambitious goals, which are inspired but not limited by benchmarks or best practices and that test our current competences and demand a bold and entrepreneurial attitude from our managers. We are highly resilient pursuing our ambitious goals and implement most effectively in class risk management practices to balance our bold attitude and guarantee that adverse situations are detected and managed swiftly.



We look to excel in all our activities and our professionalism is above standard.

We continuously question both our business models and industry orthodoxies in order to identify opportunities. Customers are at the centre of our activities. We believe it is necessary to think "out-of-the-box" and develop new ways to compete, always maintaining a "challenging" attitude, by continuously improving our value propositions and experimenting with new business models.



We eliminate superfluous expenditures and are cost conscious, always looking to improve our operational efficiency and organisational structure. We look to optimise the use of our resources, carefully choosing where and when to use them, maximising their returns. We invest with confidence in all areas and initiatives that improve our ability to create value.



We establish long-term partnerships with third parties based on the principles of honesty, integrity and transparency. We are fully committed to the success of each established partnership adopting an active role by sharing objectives and risks, bringing valuable contributions, and committing the necessary resources.

We look to cooperate with central or regional governments, by contributing with our expertise and with the aim of improving the regulatory, legislative and social environment. Our commitment and willingness to help society never leads to a loss of independence or to any involvement with political party activities.



We have put into place procedures which allow a true and clear evaluation of business performance and ensure compliance with our values and principles. Our Directors accept and look for regular monitoring by our stakeholders, in particular from our shareholders (or their representatives), as well as from our customers, employees, market analysts and other outside observers.

We are a listed company, in which the majority ownership lies with one shareholder who has shaped our culture and beliefs. We share this culture and beliefs with our sister companies and we are a publicly traded company with a large free-float and a responsibility to over 30 thousand shareholders.

We believe that our founding motives to 'contribute to economic development' and to 'promote overall social well-being' are as valid today as ever.



STRATEGY

Our mission and our values are inbuilt in our strategy and we always know where we are going and why. We are going to significantly increase our arena to new geographic areas and employ new business models that will foster growth and value creation. Beginning with our existing retail, shopping centres, telecom and other nascent businesses and with our distinctive competencies, assets and culture, we will pursue the following three main strategic pillars:



BOARD OF DIRECTORS: Michel Marie Bon, Bernd Bothe, José Manuel Neves Adelino, Paulo Azevedo, Álvaro Cuervo Garcia, Belmiro de Azevedo, Álvaro Portela, Christine Cross and Ângelo Paupério.



Value Creation through International Expansion and Strengthening of the Core Businesses Corporate Strategic Pillars



NEW GROWTH AVENUES PROFIT FROM "WORLD CLASS" COMPETENCIES

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



ADOPT THE MOST APPROPRIATE INVESTMENT STYLE

- FRANCHISING
- PARTNERSHIPS
- MINORITY STAKES

- Use capital light models (renting vs. owning; partnership vs. full control; and franchising)
- Add local knowledge
- Reduce Capital Employed needs



INNOVATE GENERATE NEW BUSINESS STRENGTHEN COMPETITIVE POSITION

- Capitalise on assets and competencies in base market to launch new projects in adjacent areas
- Reinforce competitive position
- Grow "share-of-wallet"

We continuously apply our Corporate Strategic Pillars, as clearly demonstrated by some examples, which are described in the Financial Review section of this report.

- Wholesale MC
- E-commerce
- Sonae IM
- Berg

- NOS
- Sierra recycling capital
- Zippy franchising
- Omni-channel Worten

- Hiper 2020
- MO
- Sport Zone
- Sale and leaseback transactions





Corporate

Responsibility

SONAE

Corporate

Responsibility

"Our business approach reflects our commitment to generating value, a principle shared by our company and society in the short, medium and long-term. We believe that prosperous, sustained growth must include investing in the development of our colleagues, in the creation and sharing of knowledge, in promoting innovation and, naturally, being involved with the community. Sonae is a brand close to the people and is always present in their daily lives: Sonae 'Improving Life'"

Luís Filipe Reis, Chief Corporate Centre Officer.

40,947

COLLEAGUES

9.8_{M€}SUPPORT TO THE
COMMUNITY

6,841

HOURS SPENT
VOLUNTEERING

5%

REDUCTION IN WATER
CONSUMPTION

1,344,338

HOURS OF TRAINING

2,105

INSTITUTIONS
SUPPORTED

27,268

TONNES OF ELECTRICAL
WASTE EQUIPMENT
COLLECTED IN THE PAST
6 YEARS

13

NEW ENVIRONMENTAL
ISO 14001
CERTIFICATION
(RETAIL)



The Portuguese economy is still recovering from the recent socio-economic crisis. Sonae's values were a key determinant to our success during a period when organisations were struggling to adapt to the profound impact of the recent crisis. The future is filled with challenges, which for Sonae signifies that we have a future of opportunities ahead of us.

The creation of growth opportunities is of paramount importance to us, whilst carefully safeguarding our corporate responsibility values. Our values in their various dimensions such as people, environment, sourcing, clients, innovation and community form the backbone of our organisation and our success.

2014 was marked by a strong performance across all our business segments and we can proudly say that our dedication to corporate values was a key determinant and was highly recognised on several occasions. We continue to take deliberate measures, which have a widespread impact reaching far beyond our stores, in order to uphold these values.

Sonae is one of the most ethical companies in the world for the fourth consecutive year



This continued recognition confirms Sonae's commitment to create social and economic value based on principles of ethical behaviour and sustainable development, focused on a long-term view and on relationships of confidence with all of its stakeholders.

"The culture of Sonae is based on sound ethical principles, which, since its foundation, are the basis for the fulfilment of its sustainable development mission. We strive to be a long-lasting company and we take care to adopt and promote best practices, contributing to the development of the communities where we operate". Paulo Azevedo, Chief Executive Officer.

According to the Ethisphere Institute, Sonae "not only promote ethical business standards and practices internally, they exceed legal compliance minimums and shape future industry standards by introducing best practices today. The WME recognition provides companies with an opportunity to be recognised for their global ethics and compliance programmes. They are the companies who force other companies to follow their leadership or fall behind. These are the companies who use ethical leadership as a profit driver".



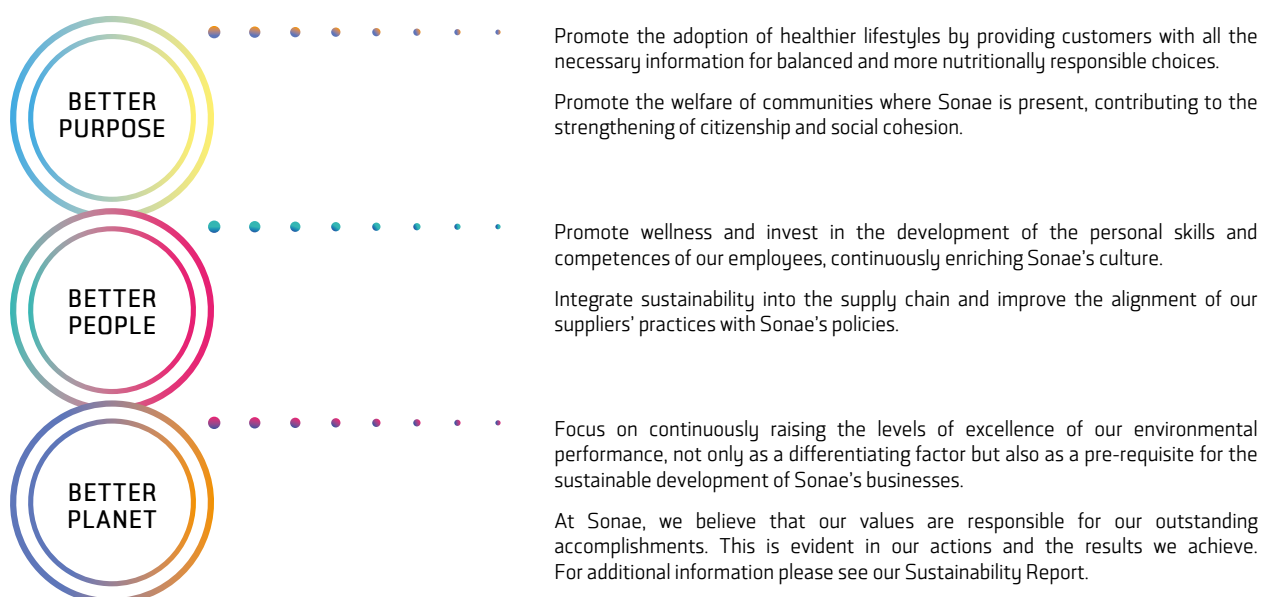
We are determined to continuously intensify our efforts towards aligning our corporate sustainability principles with those of our colleagues and stakeholders, so as to help to create a better world around us.

Bridging the gap between young generations and the market

Sonae is the leader of Action 1 of the Action Plan 2020 by BSCD Portugal. A project designed to align companies' needs in terms of job skills and the training young generations receive at school. The working group will focus on the identification of the professional skills needed by these companies by 2020 and will then communicate them to interested students and to public policy makers. This strategy is in an attempt to adjust the teaching content in order to promote employability amongst the future generations, by contributing to a better alignment with the needs of the labour market. Leading to a wide range of opportunities, this initiative benefits, in particular the younger generations, who are making crucial choices for their future and need access to more and better information. It is in the interest of companies to share this information and promote training in the areas where they find it harder to hire professionals with the required skills.

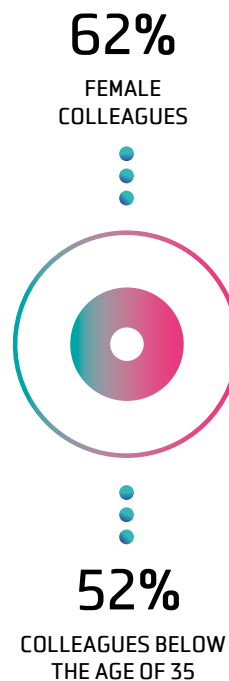
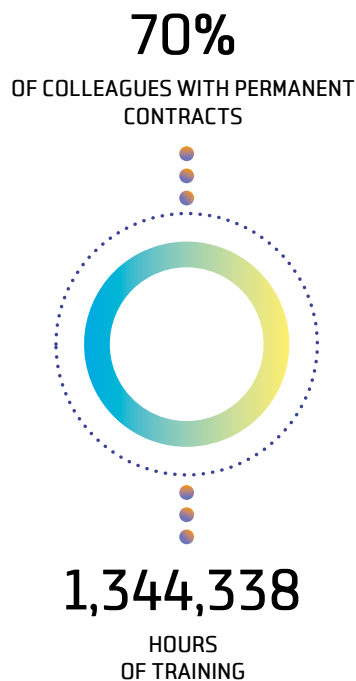
Our corporate responsibility commitments are constantly monitored and enhanced, as we believe that corporate responsibility is at the core of our strategy. It is essential to ensure it is being implemented and that in the long-term our strategy and our impact in society are congruent. We do not compromise when it comes to corporate responsibility.

CORPORATE RESPONSIBILITY COMMITMENTS FOR 2012/2015



WE VALUE OUR TEAM

OUR TEAM IN FIGURES



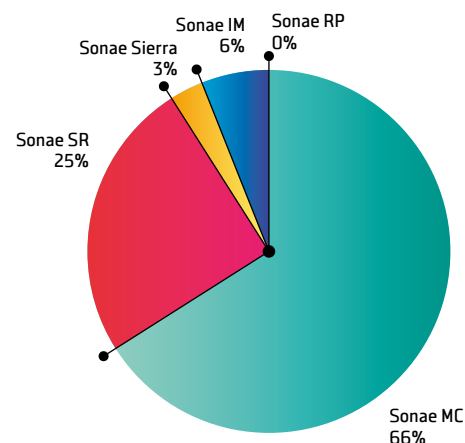
Sonae is a company for people. The talent and multi-faceted skills of our people form the backbone of our business and are highly valued. Our team is the best and they deserve the best opportunities we can offer them. Personal and professional development are pivotal for growth. Sonae is built by people for people, so we have to ensure that we encourage the development of talent and skills and distinguish and reward merit when it is deserved.

Our motto *The success of our team is our success* is one which we highly prize, because at Sonae a professional, enthusiastic and satisfied team is the only way to guarantee that the best products and services are available to our customers. This is of utmost importance if we wish to succeed. In order to identify and recruit the best, we have active recruitment strategies in place. However, recruiting the top talent is only the first step, this talent has to be retained and nurtured. We make it our business to ensure that each colleague and each team enjoy the best opportunities for growth.



Employees per business area

in %





PERSONÆ tenant awards



Sonae Sierra distinguishes tenants for good health & safety practices. PERSONÆ Awards raise tenants' awareness for the health, well-being and accident prevention of employees and customers. This award is a part of Sonae Sierra's health, safety and environmental policy, and its goal is to reward the tenants who best implemented good health & safety practices, improving the safety of the shopping centres where they operate and for Sonae Sierra's ambitious "zero accidents" goal.

Fernando Guedes de Oliveira, Sonae Sierra's CEO, highlights that "the health & safety culture is one of Sonae Sierra's main pillars, and is a part of its DNA. Our concern is the effective protection of people and the complete prevention of accidents. Inevitably, it is only possible with the creation of a health & safety culture practiced by all, from our employees to our partners, tenants, service providers and all those who visit us".

Elsa Monteiro, Sonae Sierra's Sustainability Director, states that "this award helps tenants become aware and motivated towards changing behaviours, which is essential for accident prevention and health & safety in general. Sonae Sierra provided more than 22,500 hours of training and awareness on the subject to more than 6,000 tenants and their employees. Additionally, around 500 Sonae Sierra employees and more than 4,500 service providers were also involved in training sessions".

Sonae Sierra has achieved a 66% reduction of the severity of employee accidents since 2005, and a decrease of more than 46% of absenteeism due to work accidents per employee, since that year.

Sonae SR wins the *Masters of Human Resources*

Sonae SR was elected the company in Portugal with the *Best Motivational and Employee Engagement Strategy* in the Masters of Human Resources awards. This award recognises Sonae SR's outstanding performance "in developing practices that have an impact on the intrinsic motivation of its employees, and the consequent increase in performance and profitability of the companies".

Miguel Tolentino, Sonae SR's Human Resources Director, states that "at Sonae, we believe that we have to be innovative in business development, but also in motivating the people who make the business grow. Therefore, we promote the professional and personal development of our employees and invest in motivation, always seeking to apply the most effective methods and techniques. Keeping employees motivated is always a concern for the Sonae SR philosophy. The company invests in motivating their teams because they believe that this has a direct influence on productivity, the development of the organisation, and the satisfaction of its employees and its customers".

Among the dozens of initiatives developed by Sonae SR, as part of its strategy of human resource management, are in-house training schools, the new format of the Sonae SR Annual Convention and the method of sharing it with all the teams, merit and performance awards, innovation challenges, creative problem solving activities, programmes to support entrepreneurship, and direct contact with the leaders, to name but a few.

The Masters of Human Resources is organised by the International Faculty for Executives (IFE) within the framework of Expo RH, and is sponsored by Randstad. Candidates were selected by a panel appointed by the organisation, composed of human resources directors and well-known personalities in the market, who reviewed the applications and chose the winners.

Sonae stands out as the best company in Portugal for managing and promoting talent



Sonae has been selected as “The company that best manages and promotes the development of its talent” in the 3rd edition of the Human Resources Magazine Portugal 2013 Awards. This recognition results from Sonae’s active policies in identifying and promoting employees with high potential, which has allowed leaders to be bred who today occupy prominent places in the Portuguese and international business environment.

José Côrte-Real, the Sonae Director responsible for Human Resources, said: “This award reinforces our confidence in the path we have been following in the development of our people and our leaders. We believe that the defence of a people-orientated strategy is the way that best facilitates the development and sustainability of our business. This is achieved, obviously, by investing in the best practices in the management and development of talent, such as training, evaluation, career management and recognition, but particularly by introducing this school of thought into the daily lives of our leaders. “At Sonae, there is what we call a talent mindset. Indeed, we believe that the existence of talent is critical to the development of our business, both today and in the future”.

We are particularly proud of this award as it is a double recognition. Candidates are shortlisted by a jury and then the winner is selected by the general public, based on the candidates’ performance in different dimensions such as environment, satisfaction, reputation, leadership, sustainability and social responsibility, among others.

Promoting Youth Employability

Sonae has been very active in promoting youth employability and has given particular importance to providing students and recent graduates with opportunities to have direct contact with a real-world business environment. At Sonae, we know the value of our team and we know how important is to recruit new talent. We have put in action several initiatives to promote the personal and professional development of young people, aiming at identifying young talent.

In 2014, Sonae promoted more than 1,200 internships, providing students, recent graduates and unemployed individuals with an opportunity at Sonae. These are prime opportunities for young people to benefit from practical training with guidance from experienced professionals and, based on their merit, to secure a job offer in an organisation that rewards talent.



We have a system in place based on responsibility and reward. Our people do not shy away from responsibility, as they know that we face the same objectives and difficulties as they do. At Sonae, we ensure that our colleagues know that we are one team. We have a comprehensive remuneration package established and we carefully comply with the meritocratic system in place. The key performance indicators of each group, department and individual are used collectively to contribute towards our incentives scheme, bearing in mind that our success is our team's success.

Our team strives towards constant improvement and success. Our learning process is two-fold: we offer our team on-going training but we also aim to learn from their experiences. Sonae Management & Leadership Academy and Sonae Retail School are outstanding examples of our dedication to ensure continuous learning. The Sonae Management & Leadership Academy has a strong impact on our competitiveness by promoting intensive training in the areas of management and leadership. Sonae Retail School is a key driver in the search for higher levels of efficiency by allowing us to identify new challenges and areas to improve and by disseminating best practices across the organisation. Sonae Retail School acts to rapidly identify and promote new programmes and is a critical asset in our continuous learning process.

Safety first! Health and safety at the workplace is a top priority at Sonae, as we aim to create a safer and happier work environment. Our strategy is based upon the policy of "zero accidents" in the workplace. It is a policy for which we have been recognised both nationally and internationally, through the presentation of a number of awards and distinctions. However, we continue to work hard to overcome any challenges which may arise in order to adhere to this policy. In this concern, managers play a key role in helping to raise the awareness of health and safety unanimously across the entire organisation, which will contribute to reducing any associated risks.

RESPECT

THE ENVIRONMENT

At Sonae, respecting the environment goes beyond simply adhering to the mandatory legal requirements, it is a school of thought which prevails throughout the organisation. We think 'green' within the organisation (our people), we promote green options to our customers and we encourage green options from our producers. We continuously update our approach to environmental issues and guarantee that our team executes our strategies both with enthusiasm and meticulous care. We want future generations to inherit an environment which makes them proud.

Our two main aims are as follows: firstly, to decrease our environmental footprint to the absolute minimum. In order to achieve this, we continuously revise our strategy to mitigate our environmental impact.

Secondly, we believe it is crucial to raise public awareness of environmental matters. We achieve this through our high level of interaction with all our stakeholders, particularly the members of our community. This rather unique involvement has enabled us to strive towards creating a better environment and to increase public awareness in this area. Our environmental actions take place in 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total emissions of CO₂; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste. In 2014, our success was evident in all of these areas.

At Sonae, environmental issues are a serious priority and no compromises are made concerning reducing our environmental footprint to an absolute minimum. Evidence of this can be seen through the recognition we were given, such as the CDP double world-wide recognition for the excellence of our environmental performance.



Sonae leading the way towards a better environment - Carbon Disclosure Project



Sonae is the only Portuguese company being distinguished both for our efforts to reduce carbon emissions and mitigate climate change, as well as for the transparency and quality in the reporting of our environmental information. Sonae is listed both in the “CDP Iberia 125 Climate Performance Leadership Index” on environmental performance and the “CDP Iberia 125 Discloser Climate Leadership Index” for the quality of information reported. This double recognition reflects our efforts to reduce our environmental footprint and at the same time to be totally transparent about our environmental performance.

Catarina Fernandes, Sonae’s Head of Communications, Brand and Corporate Responsibility, emphasises “Sonae is a *long living company* and from the beginning it has integrated environmental and sustainability concerns in the development of its business. We are immensely honoured with this dual distinction because on one hand, it strengthens our certainty that we are on track and on the other hand it motivates us to continue to focus on improving our carbon footprint by implementing efficiency measures and communicating the impacts in a clear and transparent manner”.

In the words of Paul Simpson, CDP’s CEO, “The emission of gas with global greenhouse gases continues to increase and we are facing a great financial risk if we cannot find ways to mitigate this effect. The need for data on corporate climate change impacts, and strategies to reduce them, has never been greater. For this reason, we congratulate the companies included in the Climate Disclosure Leadership Index. These companies are responding to the growing need for environmental information and should inspire others to follow them”.

Sonae is the only Iberian retail company awarded with a Level A with regard to climate performance and one of the very few companies worldwide, and the only Portuguese company, to combine this strong environmental performance with transparency in the reporting of environmental information, achieving a score of 99 out of 100.

Equipa Worten Equipa



Launched in 2009, Equipa Worten Equipa (EWE) continues to be one of our flagship projects of social and environmental responsibility, achieving levels of excellence year after year. The project combines environmental concern with supporting action on a social level.

The EWE calls for customers to place their old equipment in existing recycling spots in all Worten stores, so that they can be transformed into new equipment. EWE offers 50 euros in new equipment for each tonne of waste electrical and electronic equipment collected in Worten stores.

Since 2009, EWE has collected 27,268 tonnes of electrical and electronic waste equipment and almost 14,870 new pieces of equipment have been offered to 1,483 institutions, offering support to 362,059 people in need. In 2014, EWE had another outstanding result with a total of 4,313 tonnes of waste equipment collected and 1,579 new pieces of equipment donated to 197 institutions.



SOURCING WITH INTEGRITY AND QUALITY MANAGEMENT

It is imperative for both Sonae and its customers to know how and from where we source our products. As a result, we guarantee both the quality and safety of our products. Sourcing of products is stringently monitored and suppliers need to adhere to the highest quality standards and in addition, we guarantee that our customers are always assured real value for their money.

Safety is paramount at Sonae, in relation to the institution itself and our customers. We continuously scrutinise the network of our suppliers, in order to ensure improved levels of efficiency and quality, as well as quickly identify any challenges which may arise. This allows us to execute any necessary amendments and disseminate best practices. One of our chief concerns is the sustainability of our partners, in particular we focus on the environmental and social elements of their performance.

Above all, we wish to ensure that we work hand-in-hand with our partners towards a sustainable future. Our partners need to be closely affiliated with our business strategies and values, an aspect which is crucial for enduring success. This is achieved through the training we offer through our continuous learning programmes and support forums that provide help in order to follow our rigorous corporate responsibility policies. It is our duty to ensure that we source products with integrity and quality. First and foremost, we aim to work together with our partners towards an enduring future.

At Sonae, we believe that our customers should be able to make well-informed decisions regarding our products. Thus, our drive to endorse high levels of transparency is crucial and is evident in our innovative labelling system concerning the nutritional content of our products. We aim to encourage a healthier lifestyle by ensuring our customers can easily access the best product information and advice available. In this respect, we have a number of protocols established with specialist organisations in the domain of health and nutrition.

Total commitment to quality

Our own brands are an important part of our business strategy. We are continuously developing and improving our portfolio of own brand products. This strategy is only possible if our clients recognise in our products our commitment to total quality and that we do not compromise concerning quality. In 2014 alone, we audited 1,283 of our near 2,000 suppliers and we carried out more than 540,000 laboratorial analyses. We continuously monitor our supply chain and we intervene immediately as soon as any warning of the smallest risk is identified. We also disseminate across our network the best practice cases, allowing for the sharing of experiences and always focusing on higher levels of efficiency and quality, soundly rooted in our corporate responsibility values. Our audit systems strongly contribute towards increasing customer satisfaction levels, as well as maintaining the image and reputation of the company.

Continente Producers Club

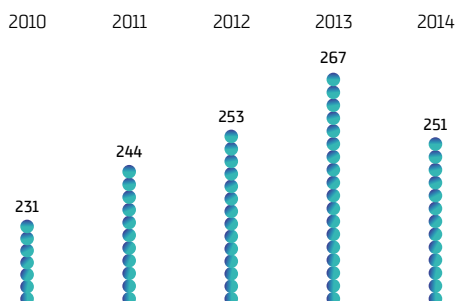
The **Continente Producers Club** is a pillar in our standing commitment to our customers, bringing together different dimensions of our corporate strategy. Firstly, it gives us the opportunity to work together with our partners and to significantly impact national and regional economic development. Secondly, it allows us to offer our customers products of proven quality and origin. Thirdly, we do not compromise concerning quality and the Continente Producers Club provides us with a unique opportunity to work closely with our suppliers and implement high quality standards and strict quality control procedures across the whole supply chain. Finally, Continente Producers Club allows us to align our values and with all the producers, helping us in our goal of creating sustainable growth.

The Continente Producers Club is a true success story with regard to retail in Portugal. It is an outstanding example of cooperation between economic partners, so as to combine in a unique way, the richness of genuine national products and the unique capacity of Sonae to reach a growing number of families across the country.

The Continente Producers Club has 251 members, the purchase value has increased by 10% in 2014, to 233 M€ (not comparable to 2013 due to a change in contract policies) and the quantities increased by 13.4% to 146,680 tonnes. In recent years the Club has gained a very positive dynamic, organising several events and awards.

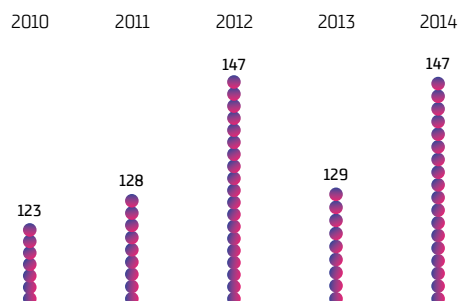
Aligned with Sonae's efforts towards innovation, the Club also recognises innovative projects with the Producers Club Innovation Award. This award distinguishes members of the Club for their innovative projects, which aim to improve performance and alignment with our retail policies. The 2014 prize was awarded to the producer *Montiqueijo* as acknowledgment of their performance in the innovating "Integration of the Supply Chain Project – Sustainable Growth". By integrating the different stages in the supply chain, the project allows for an increase of 30% in milk and cheese production, a reduction of 50 tonnes in plastic and domestic production equating to making up 30% of the energy consumed.

Club Members



Purchases

Thousands tonnes





INNOVATION IS ESSENTIAL FOR OUR SUSTAINABLE SUCCESS

Success means that we are always the first ones to discover, to innovate. We are proud of our past, but we want even more from our future. We strive towards breaking through the outer limits and understanding the future one step ahead of our competitors, which fuels our desire to promote innovation. Nurturing innovation and providing suitable conditions, we believe, will contribute significantly to enduring success. We aim at creating value through the generation and implementation of creative and innovative ideas, by managing and facilitating the relationship between internal and external stakeholders to find the best solutions for all the challenges we face.

Sonae is a front-runner in the market place. However, this leading position was only achieved by constantly promoting innovation in all dimensions of the organisation, leading the way for others to follow. We are world renowned for our smooth transition from strategy into action. Value for the organisation, stems directly from creating value for the customer, a mind-set upon which all of our different branches of retail are founded. Each retail segment has its own particular features, nonetheless they all benefit from an innovative array of new products, services and measures, as well as unique types of brand activation and social responsibility, which are designed to rapidly adjust to fluctuations in the market through changes made within the organisation.

Our culture of innovation is rooted in the basic belief that everyone has the ability to innovate. The diverse backgrounds and profiles of our team, in addition to the varied business segments and countries where we are active, are crucial to develop a stimulating and vibrant atmosphere that inspires ingenuity, resourcefulness and innovation.

Managing innovation



We believe that business innovation is the most important ingredient for long-term growth and success.

Innovation is so paramount to us that we exhort it in our mission and values, and we continuously reinforce our commitments towards its practice. Believing that everyone can innovate, we nurture an innovation fostering environment that aims to encourage participation, by developing a framework for promoting and facilitating innovation across the whole organisation.

The year 2014 was prolific in demonstrating the vitality of our framework, of which we would like to highlight the following:

- internationalisation of the “Agile Marathon” format, which gathered 100 students from eight Spanish universities in Madrid, who competed in the overnight development of a mobile app functional prototype;
- record participation in ShineOn - the internal competition of ideas based on five minute presentations. The Sonae Innovation Award was presented for the successful implementation of a concept that emerged from one of these ShineOn initiatives – “My Design by MO”;
- diversification in scope and internal participation in our open innovation initiatives and the underlying enrichment of our international network of scientific, technological and entrepreneurial partners.

The way we think and act towards innovation is holistic, comprehending it includes the complete path, from the idea to its implementation, and produces significant results that we successfully enhance year after year, allowing us to deliver better and better life improving experiences to our clients.

Nuno Gama, Head of Innovation & Future Tech

2014 FINCO – Automation of the Battery Room

In Sonae MC's warehouse in Azambuja over a hundred and fifty cargo handling machines powered by electricity are used on a daily basis. The process of changing more than three hundred batteries was carried out manually, requiring significant physical effort, as they can reach up to two tonnes of weight. The batteries were stored on the ground taking up a considerable amount of space.

Time and space are a scarce economic resource and, therefore, we set up a battery handling robot, designed internally and taking our specific needs into account. We can now store batteries on a shelf with four levels, achieving a 75% reduction of the space occupied. Additionally, we now have greater control over the charging time of each battery and we have implemented a FIFO system, which allows us to extend battery life, with significant savings. Other benefits include greater control of the process, increased security and thus reduced risk of accidents. This investment will be recovered in less than two years.



Agile marathon: promoting innovation amongst students



In 2013, we organised the first edition of Agile Marathon, an outstanding success which brought together about 100 students for 29 hours straight in an event that combines creativity and the development of innovative technology solutions. We were so thrilled with this event that we decided to replicate it in Spain, where Sonae SR already has a strong hold and significant turnover.

The challenge was to develop new mobile applications for Worten online in Spain. 90 students from 8 Spanish Universities attended the event and in a creative, stimulating but relaxed environment, they developed innovative apps. A further example of our successful approach towards innovation.

Innovation through sharing

Sonae is a world in itself. We are a large organisation focusing on different business and geographic segments, with the best team and an extensive diversity of backgrounds, cultures and personalities. We believe this to be an important determinant of our success. In order to promote more efficient and exciting sharing of knowledge, we have created the concept of BizShare Day, whereby we encourage the sharing of information and knowledge between our business areas and our people. On BizShare Day 80 colleagues from 20 business areas gathered in a single day to share topics as diverse as product development, internal processes, marketing and administrative tasks. We believe that this initiative is an excellent way to disseminate best practices across the whole organisation and to achieve higher levels of excellence.

Under the same principle, we also promote Creative Problem Solving (CPS) by bringing together small teams of employees and asking them to put forward creative and ground-breaking ideas in response to specific problems on topics as varied as forms of cross-marketing, new products, promotional campaigns and internal processes. In 2014, we organised the second edition of CPS Day, with several CPS sessions on a common challenge and we gathered 1,000 ideas from 110 participants. These sessions took place in Lisbon and Porto and included the facilitation and active involvement of the Innovation Committee.



Always looking for improved processes



Worten was awarded the Lean Kaizen, the 2014 award in the category "Excellence in innovation and development" for the creation and implementation of the tool Dynamic Information Table. A solution created to facilitate communication between central structures and stores and is now used by all Worten employees in Portugal and Spain with positive results for employees and customers.

Dynamic Information Table presents a number of important benefits, namely a reduction of 50% in the amount of mail received, an improvement in information management and reporting, with significant time and effort savings. Additionally, it contributes to increased customer focus, improving the already high quality of service of Worten stores.

According to Paulo Mota (Director of Sales Worten) "this award is recognition of the effort made to unify all communications, a tool that allows us to be more efficient, improving the flow of information between all employees and avoiding the funnel effect through the saturation of messages".

World award in document management



Kofax distinguishes document management at Sonae for the second consecutive year. The Kofax Transform Awards 2014 awarded Sonae for its vision and innovation in document management processes. Sonae won this global award in the category of Business Transformer of the Year, awarded at a ceremony held in San Diego, USA, and attended by 750 participants from 32 countries. Our efforts towards the implementation of processes and information technology in document management at Sonae's Corporate Centre had already been recognised in 2013 with the Best ROI / Integration in the SharePoint Environment.

Our spirit of innovation does not focus only on the outside, on the contrary, we believe innovation starts with the capacity to constantly analyse our processes and methodologies, with the aim of finding new and better ways to implement our processes. The constant challenge for continuous improvement and innovation and the vision to transform Sonae's Corporate Centre into a centre of excellence in the management of the group's documents were critical for this new award.

The Kofax Transform Awards distinguishes companies for the successful implementation of innovative solutions with significant impact on the optimisation of business processes, reducing costs and improving the interaction with business partners, with special focus on the experience of the "client".



A STANDING COMMITMENT TO OUR CUSTOMERS

We are strongly motivated by the loyalty our customers show towards our work, leading us to expand our repertoire of innovative products and services towards building a brighter future. Ultimately, our customers and their level of satisfaction reflect our success. Our dedication to our customers consists of two elements: our products and services and our commitment to better each customer's lifestyle.

Our main objective is to offer the best products at the best prices and for each product we offer a broad range of prices, whilst also safeguarding the level of quality so as to meet all of our customer's needs. We work hand-in-hand with our suppliers to evolve new products and services and constantly look for efficiency gains, at the same time as guaranteeing quality. Furthermore, we work on an internal level to encourage innovation throughout the entire organisation, leaning operations and letting our customers have a pleasanter shopping experience. Of significant importance here is the Continente Loyalty Card. It is a remarkable example of innovation that has resulted in more than 370 M€ of savings.

We have a significant presence in the society around us, we use this stronghold to improve each customer's lifestyle. We achieve this through the quality of our products, as well as offering our customers' advice through such mechanisms as health campaigns and endorsing our healthy product categories – "Equilíbrio" (Balance) and "Área Viva" (Living Area).

A growing success



The Continente Loyalty Card is a Sonae flagship, one of our most innovative solution and we are still exploring its potential. We continued to expand the portfolio of offers associated to the card both by extending the number our business units associated to the card (as an example, Zippy's customers started to benefit with Continente Loyalty Card) and by launching new initiatives with third parties. As regards new initiatives with third parties, we highlight the partnership with Galp Energy for the launching of Energia3 Plan, an integrated offer of energy products – electricity, gas and fuel.

The results are again remarkable, achieving 4,450 M€ in sales, representing more than 90% of Continente sales in 163 M transactions allowing for savings over 370 M€.

● Continente loyalty card in a nutshell



Our values are evident in our products and services and our dedication to integrity and quality has been widely acknowledged. For the second consecutive year, we have increased our portfolio of Brands of Confidence, now with five brands recognised – Continente, Zippy, Worten, Well's and Sport Zone – confirming that our entrepreneurial investment approach is a success and enables us to stand out far above our competitors. This award is an acknowledgement of all of our efforts. In addition, Continente has been distinguished for the 12th successive year as a Brand of Trust and for the 11th successive year as a Superbrand. A remarkable achievement that clearly demonstrates how much we value the loyalty of our customers. Nonetheless, we are aware that such recognition only increases our responsibility. Next year, we aim to do even better!

● Sonae – A Brand of Success!



For the first time, Sonae is the recipient of five Brands of Trust and two Superbrands awards. A remarkable achievement that truly reflects our innermost belief that our success comes from our customers.

Continente remarkably has now held the Brand of Trust title for 12 consecutive years. Worten has been recognised by our customers for the fifth consecutive year. Zippy for the second consecutive year. Well's and Sport Zone are the new additions and have been recognised as a brand of trust for the first time.

We are also a Superbrand. Continente was recognised for the eleventh consecutive year and Worten has joined this highly prestigious league for the first time.

Every day we work at our best, so as to guarantee the best products and services at the best prices. We strive to uphold our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because they are worth all of our efforts. We take pride in the awards and acknowledgements we have received.



MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

At Sonae, we know that we can make a positive difference to our community and we take this responsibility seriously. We are continuously searching for new and better ways to make the most profound and long-lasting impact. Our social responsibility consists of 6 main areas: the environment, culture, education, health and sports, science and innovation and social solidarity. These six areas are essential to promote a sustainable and better society.

Our efforts towards making a positive difference to our community are coordinated by ActivShare. Activshare actively searches for innovative and better ways to improve the quality and the impact of our actions by consolidating and aggregating all Sonae's volunteering and social responsibility actions. More efficient coordination and communication allows us to be more effective when helping those in need. We believe in making a world of difference. During 2014, we provided more than 9.8 M€ in community support, helping 2,105 institutions. Our values are defined and reflected through our team and we take pride in the remarkable contribution of 1,737 volunteers, totalling 6,841 hours of volunteer work.

An issue of utmost concern is the plight of children. Above all, we play a part in assuring that children are nurtured and are provided with an environment and facilities in which they can flourish. In this respect, our projects Porto de Futuro and Project Pêra are highly active. Porto de Futuro encourages the sharing of knowledge and experiences between schools and companies and the Project Pera offers breakfast to children in need. Additionally, Sonae supports and promotes many other different projects focusing on children such as: Missão Sorriso, focusing on children in need; Make-A-Wish and Love in a Box. We feel that it is our responsibility to ensure sustainable growth and offer a better chance to all children where possible. The future of our children is in our hands.

Porto de Futuro

Porto de Futuro provides support to the management and development of schools. It encourages the sharing of knowledge and experiences between schools and companies aiming at increasing the level of community involvement in schools. The project recognises the fundamental role of education in the sustainable development of a more competitive and dynamic society.

As part of this project, Sonae established a partnership with the Cerco School Group aiming at strengthening the link between schools and their community, promoting sports, providing support for management consulting, encouraging entrepreneurship and rewarding merit. We believe that together, we can improve the social environment in these schools.

In 2014, **Porto de Futuro** set in motion a project focusing on academic success, under the coordination of EPIS - Entrepreneurial Association for Social Inclusion. This project aims to train young people to realise their potential throughout life, through Education, Training and Professional Insertion. It was implemented through the Cerco School Group, whereby a tutor monitored around 70 students. Students are tutored individually both in individual or group sessions, with special emphasis on study sessions and the EPIS Merit Scholarship. For this first year the results have been very positive: the number of students with a positive grade across all subjects went up by 5% and the number of students failing more than 5 courses has decline 8.2%.

Projeto Pêra (Project Pear)

Our children are our future. A healthy child is more willing and motivated to learn. Their personal development is more active and as a result they are more likely to interact positively with others, developing stronger soft skills. We cannot accept circumstances where children come to school without a nutritious breakfast and, therefore, we were quick to act and to create Project Pêra aiming at providing children in need in Porto with a healthy breakfast. In 2014, we provided breakfast to 902 children in 19 schools, during 108 days. More importantly, we need and intend to be more active in this area.

Furthermore, one of our principal areas of focus is that of social solidarity, as such, assisting those in need to resolve some of their short and long-standing difficulties, coupled with the assistance of the surrounding communities. Our actions are a genuine reflection of our values.

Missão sorriso (The Smile Mission)



Missão sorriso (The Smile Mission) aims at providing support to children in hospital and elderly people, as well as fighting hunger and social exclusion. Since 2003, we have helped 184 institutions with more than 11 M€ donated through more than 2,100 pieces of equipment. This is one of our most enduring projects with almost 1.3 million followers on Facebook and we have also been honoured with several awards, such as "Master Distribuição" and "Prémio Eficácia".

In 2014, Missão Sorriso collected enough food for 720,000 meals to be distributed to Portuguese families in need. Sonae, in partnership with the Portuguese Red Cross, set up a large network for food collection with more than 6,000 volunteers, in over 300 stores throughout the country.

Worten – Geração Depositário (Worten – The Responsible Generation)



Worten – Geração Depositário (Worten – The Responsible Generation) is an initiative promoted by the European Recycling Platform – Portugal aiming to enhance the role of schools and teachers in WEEE used battery recycling. Worten contributes with the purchase of new equipment. Through this sponsorship, Worten reinforces its responsibility to the environment, encouraging young generations to adopt environmentally responsible behaviour.



Well's Make-a-Wish



For the second year, Well's and the Make-A-Wish Foundation have teamed up to make a special wish come true, bringing hope, happiness and strength to children and young people with a life-threatening medical condition. As always, Portuguese society has exceeded our expectations. Between November 2014 and January 2015, the campaign raised more than 75,000 Euros.

According to Tiago Simões, Director of Well's "the support of the Portuguese society to this initiative has been extraordinary! When we launched the campaign we aimed to surpass the results of 2013, but we never thought we would achieve our goal so quickly. The final outcome exceeded all expectations! It is very rewarding for the entire Well's team. We can help these children's wishes to come true and give them a memorable experience in such a hard and intense period of their lives".

For Mariana Carreira, CEO of the Make-A-Wish Foundation, "the outcome is more than positive. For the second year, the contribution of Well's, and all the Portuguese people, was extraordinary and will undoubtedly enable us to fulfil the desire of many children, bringing them a smile and the strength to persevere in their struggle".

Love in a Box



Love in a Box is a joint Christmas initiative shared by Zippy, the Portuguese Red Cross and RTP aiming to bring a smile to children in need. "Love in a Box" is a package in the form of cash, available in all Zippy stores during the month of December for the symbolic price of 1€ (small box) and 1.5€ (large box), with 0.5€ going back to the Portuguese Red Cross. Additionally, Zippy also invited all families to donate a gift - a toy, garment or childcare item - within each purchased box, encouraging solidarity among the young generations.

In its first year, the initiative "Love in a Box" sold more than 40,000 box-presents in Zippy stores, raising more than 20 thousand euros towards this campaign. This will be put towards the purchase of childcare articles - strollers, cots, cribs, beds, high chairs and baby bouncers - as well as on light nursery equipment - pacifiers, bottles and toys - and also clothing, footwear and nursery equipment to be distributed by the Portuguese Red Cross. On top of the "Love in a Box" we have also collected over 3,000 gifts - toys, clothing and childcare articles.



The Big Hand



Project: The Big Hand aims to help children in need in Mozambique, by finding sponsors around the world. Sonae has joined this amazing initiative sponsoring 40 children who will benefit from being given the opportunity to attend school, receive adequate meals and clothes. A small contribution for us, a life changing opportunity for these children.

CORPORATE GOVERNANCE

Sonae, undoubtedly, has a profound impact on society. We are driven by a desire to act responsibly towards all of our stakeholders. We have created a place where our people love to work, we provide our customers with the best value for their money and our producers are assured they will receive a fair price for their produce. In this sense, we adhere to the highest corporate governance standards and carefully regulate the actions, policies and decisions made whilst taking the interests of all stakeholders to heart. We believe transparency on all levels is essential and ensures ethical and responsible behaviour throughout our performance. We convey information quality of the highest standard and conform to all capital market regulations. We want investors, in particular small investors, to feel confident that our commitment to innovation and sustainability and our capacity to vigilantly monitor our organisation is assured through the corporate governance structure we have in place. A structure which is founded upon both internal and independent key expertise, ensuring that we not only fulfil but raise the bar for best corporate governance practices. Furthermore, we protect small investors and provide support to meet these rigorous standards through various forums and training workshops.

Our relation with investors is of utmost importance; we are always open and approachable through the Investor Relations department and encourage active levels of interaction. We make it our business to ensure that all regulatory and reporting requirements are met and all relevant information is made available voluntarily, both in Sonae and on the Portuguese Stock Exchange Commission websites. Our business is your business.

For further information on Corporate Governance related issues, please refer to our Corporate Governance Report.





Financial

Review

SONAE

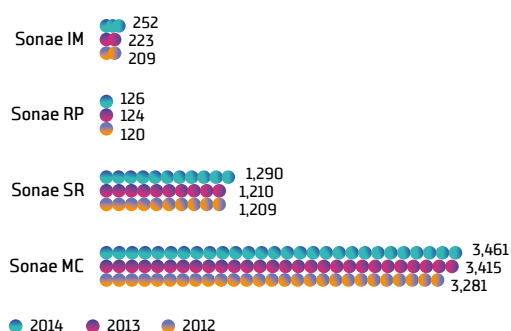
Financial Review

KEY FINANCIAL PERFORMANCE INDICATORS

The 2013 PF financial information contained in this report was not subject to audit procedures.

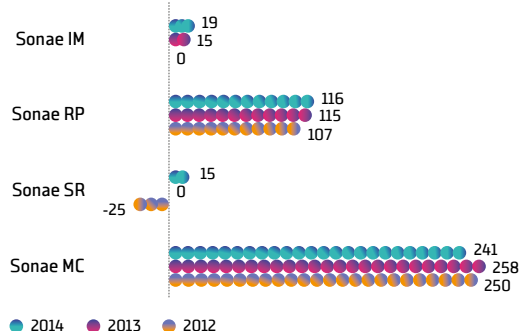
Turnover

Million euros



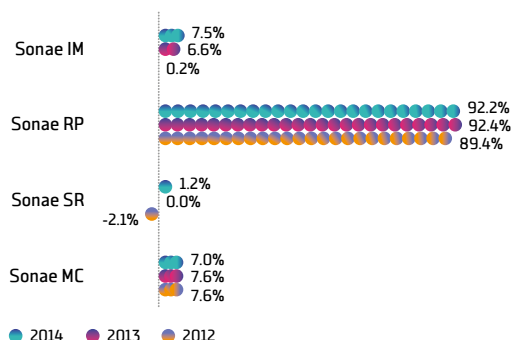
Underlying EBITDA

Million euros



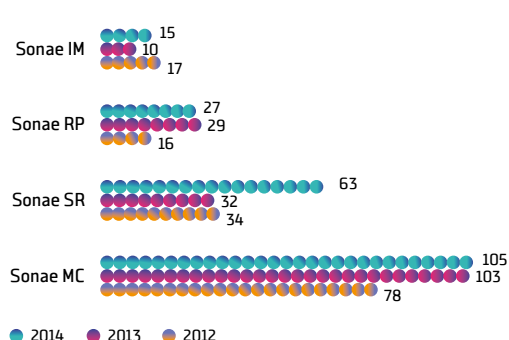
Underlying EBITDA margin

Million euros



CAPEX

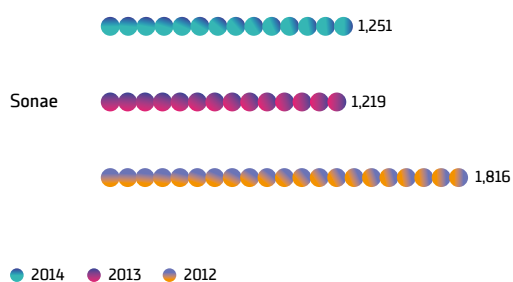
Million euros





Net Debt

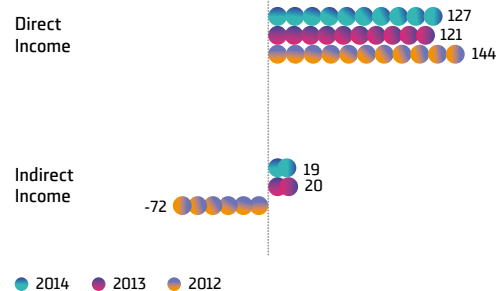
Million euros



Note: 2014 net debt includes the payment of Sonaecom shares to France Telecom, occurred in August 2014.

Net Income

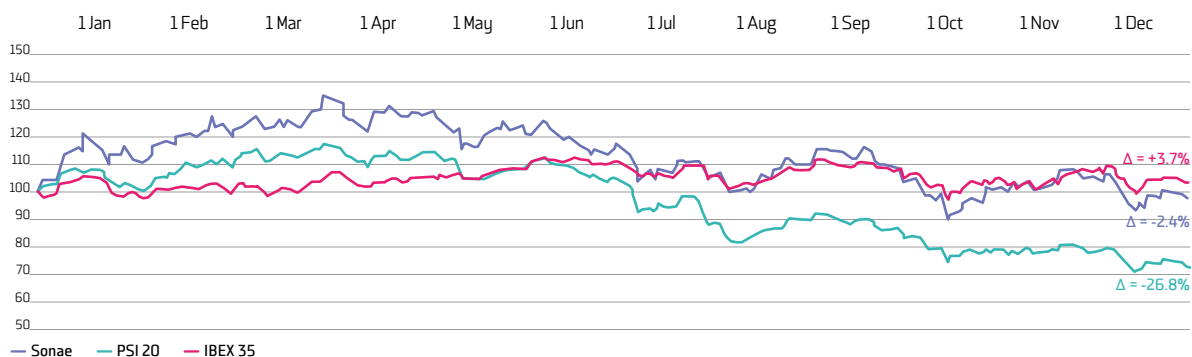
Million euros



Note: Indirect Results excluding Zon-Optimus merger effects and impairments booked in 3Q13.

Share price evolution in 2014

(100 basis)





MACROECONOMIC CONTEXT

The **world economy** grew 3.3%¹ in 2014, significantly below the average growth rate recorded before the crisis² (4.3%). Growth forecasts have successively been revised downwards throughout the year, showing that many of the imbalances that led to the 2008/2009 crisis have not yet been fully resolved at the global level.

In the **euro zone**, the economy continued anaemic (0.8%), negatively affected by the continuing adjustment process in several countries and by the uncertainty that continues to limit investment, along with the heightened geopolitical tensions with Russia. In particular, growth in Germany, France and Italy has been fragile, while in the periphery, namely Ireland, Spain, Portugal and Greece, the recovery has gained momentum over time.

Economic activity in the **US** has comfortably surpassed the 2% threshold again, as domestic demand expanded, propelled by private consumption (2.5%), which continues to benefit from strong job creation that has brought down the unemployment rate to almost full employment levels (6.2%). The US economy continues to be surprisingly positive, in a context where the main imbalances that led the country to the financial crisis are waning.

In **emerging economies**, growth remained strong (4.4%), although somewhat disappointing in view of the last decade³ (6.5%), but with very significant differences between countries. Standing out in a negative sense, albeit for different reasons, South Africa, Russia and Brazil, and even China, which has been one of the countries that has contributed the most to global growth, have once again decelerated, stabilising at around 7%.

In **Portugal**, the year was inevitably marked by the conclusion of the Economic and Financial Assistance Programme, agreed with the Troika in 2011. During the implementation period, there has been remarkable progress in correcting the problems affecting the economy and important structural reforms have been implemented in several areas. These developments allowed the economy to return to a positive growth rate and strengthened the country's credibility with international financial markets.

Domestic demand was actually the driving force in 2014, with private consumption (2.1%) leading the recovery and investment reversing the downward trend of recent years. Household consumption was, in fact, the component that most contributed to GDP growth, supported by significant improvements in the labour market, with the increase in household confidence. Consumers favoured the replacement of durable goods⁴ (16%), in particular automobiles⁵ (34.8%), which had suffered the largest cuts during the adjustment period, while the consumption of food prices fell (-0.1%) in real terms.

The negative contribution of external demand is explained, on the one hand, to some extent by the disappointing behaviour of exports (3.8%), which contributed significantly to the temporary closure of the Sines refinery, on the other hand, imports registered a higher than expected increase (5.9%), reflecting the stronger recovery in domestic demand.

In **Spain**, economic recovery has been consolidating and has been gaining momentum throughout the year, closing with an average growth of 1.4%, although in the last quarter the economy grew by 2%, the highest rate since 2008.

¹ Real growth rate;

² Real growth rate;

³ Average growth rate from 2000 to 2008;

⁴ Real growth, accumulated in 2014 until the 3rd quarter;

⁵ Sales in number of passenger vehicles.





This dynamic has benefited from the positive contribution of all the main components of public and private domestic demand, particularly private consumption (2.3%). The increase in disposable income, supported by the dynamics of job creation in a context of moderate prices, in tandem with the improvement in the financial position and confidence, led to a remarkable growth in household consumption.

PERSPECTIVES

The **global economy** is expected to accelerate moderately over the next year (3.6%), benefiting from the accelerated growth in developed countries and the fall in the oil price. However, the divergences between the major economies are expected to increase and there is a risk that once again growth will be disappointing.

The scenario is particularly auspicious for the **US**, whose growth rate may be above 3%, with domestic demand benefiting from cheap oil, the moderation of fiscal adjustment and the accommodative monetary policy. In the **euro area**, the perspective is of a limited expansion of activity (1.2%), which should also benefit from the crude oil price decline, coupled with the expansionary monetary policy of the ECB, a more neutral fiscal policy and the euro devaluation. However, inflation remains low and investment prospects are grim, reflecting the uncertainty and the impact of the emerging economies' slowdown in European exports.

In the **emerging economies**, growth is expected to remain unchanged (4.3%), penalised by the slowdown of China, by the entry into recession of Russia and by the downward revision of the outlook for commodity-exporting countries, particularly for those most dependent on oil.

In **Portugal**, the next year should consolidate the growth trend, albeit at a moderate pace (1.6%), in a context where internal vulnerabilities remain such as the high level of public and private debt and in which the European economy remains apathetic. In this context, private consumption will continue to be the main engine of the economy (1.8%), benefiting from the increase in household disposable income, by means of some tax relief, increased income for pensioners and wage increases, whilst the fall in unemployment will become more restrained.

In **Spain**, we forecast an acceleration of economic growth of (2.3%), supported by domestic demand. Private consumption (2.7%) continues to benefit from the momentum in job creation and moderate wage growth, positive signals are also expected from the investment side, driven by the domestic and external demand dynamics and the improvement of financing conditions.

In short, the outlook for the Iberian economies is more favourable for the coming year, particularly for Spain, which will continue to grow well above the euro area average. However, relevant challenges and uncertainties remain, in a year marked by elections in both countries, while externally, the still uncertain impact of the monetary policy measures of the ECB and the course of events in Greece will be the most relevant factors conditioning the evolution of activity in the euro area.

2014 CONSOLIDATED FINANCIAL PERFORMANCE

OVERALL PERFORMANCE

Consolidated results

Million euros

	2013	2014	y.o.y.	4Q13 PF	4Q14	y.o.y.
Sonae MC	3,415	3,461	1.3%	924	924	0.0%
Sonae SR	1,210	1,290	6.6%	383	376	-1.8%
Sonae RP	124	126	1.9%	31	32	1.4%
Sonae IM	223	252	13.1%	59	66	11.9%
E&A ⁽¹⁾	-151	-155	-2.2%	-43	-33	21.7%
Turnover	4,821	4,974	3.2%	1,354	1,364	0.7%
Sonae MC	258	241	-6.8%	75	70	-7.7%
Sonae SR	0	15	-	17	18	5.5%
Sonae RP	115	116	1.6%	31	31	-0.3%
Sonae IM	15	19	28.1%	7	8	8.5%
E&A ⁽¹⁾	-10	-12	-12.2%	-11	-6	43.8%
Underlying EBITDA	378	380	0.6%	120	120	0.4%
Underlying EBITDA margin	78%	76%	-0.2 p.p.	8.8%	8.8%	0.0 p.p.
Equity method results ⁽²⁾	45	42	-6.6%	4	8	98.6%
o.w. S. Sierra (diret results)	29	26	-8.6%	7	8	12.0%
o.w. NOS	17	16	-74%	-3	0	82.5%
Non-recurrent items	-2	-5	-189.5%	-2	-5	-155.8%
EBITDA	421	417	-1.0%	122	124	1.3%
EBITDA margin	8.7%	8.4%	-0.4 p.p.	9.0%	9.1%	0.1 p.p.
D&A ⁽³⁾	-188	-189	-0.1%	-42	-57	-36.2%
EBIT	233	228	-1.9%	80	67	-16.9%
Net financial activity	-82	-77	5.8%	-17	-19	-13.9%
EBT	151	151	0.2%	63	47	-25.4%
Taxes	-30	-25	16.7%	-18	-13	31.7%
Direct results ⁽⁴⁾	121	127	4.4%	45	35	-22.8%
Indirect results	289	19	-93.5%	0	14	-
Net income	410	146	-64.5%	45	48	8.2%
Non-controlling interests	-132	-2	98.7%	-8	0	-
Net income group share	278	144	-48.3%	36	49	33.8%
Indirect results ⁽⁵⁾	20	19	-4.3%	-	-	-
Net income ⁽⁵⁾	141	146	3.2%	-	-	-
Non-controlling interests ⁽⁵⁾	-12	-2	85.6%	-	-	-
Net income group share ⁽⁵⁾	129	144	11.2%	-	-	-

⁽¹⁾ Eliminations & adjustments;

⁽²⁾ Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS);

⁽³⁾ Depreciations & amortizations including provisions & impairments;

⁽⁴⁾ Direct results before non-controlling interests;

⁽⁵⁾ Excluding Zon-Optimus merger effects and Impairments booked in 3Q13.



In 2014, **consolidated turnover** grew 3.2% to 4,974 M€, and **underlying EBITDA** reached 380 M€, posting an increase of 0.6% when compared to 2013. The improved profitability of Sonae SR, Sonae RP and Sonae IM divisions was sufficient to compensate the negative impact of Sonae MC, resulting from the stronger promotional activity. **Underlying EBITDA margin** reached 7.6%, a value that compares with 7.8% registered in 2013.

The **EBITDA** amounted to 417 M€, comprised of the following:

- (i) underlying EBITDA of 380 M€;
- (ii) equity method results of 42 M€, including Sonae Sierra direct results, as well as NOS and GeoStar contributions; and,
- (iii) non-recurrent items.

Net financial activity totalled negative 77 M€ in 2014, improving 5.8% when compared to 2013, backed by a combination of a lower net debt level and a lower cost of debt. It should be noted that financial results are only related to Retail and investment management businesses.

The average interest rate of outstanding credit facilities at the end of 2014 was around 3%.

In 2014, **direct results** reached 127 M€, 4.4% above 2013 and benefiting from the lower level of net financial activity (-5 M€ vs. 2013) and taxes (-5 M€ vs. 2013), which more than compensated the lower equity method results.

Excluding the merger effects between Optimus and Zon, as well as the impairments recorded in 3Q13, **indirect results** reached 19 M€ in 2014, almost in line with the 20 M€ posted in 2013⁽⁵⁾. This performance is benefiting from the upward revaluation of Sonae Sierra assets, which has also been impacted by the NOS mark to market effect.

Non-controlling interests reached negative 2 M€. This line was impacted by the change in the participation at Sonaecom's capital. **Net income attributable to the Group** totalled 144 M€, growing 11.2% against 2013⁽⁵⁾ and benefiting from the performance of direct and indirect results.

CAPITAL STRUCTURE

Net invested capital

Million euros

	2013	2014	y.o.y.
Net invested capital	3,127	3,105	-0.7%
Technical investment	2,031	2,034	0.1%
Financial investment	1,364	1,279	-6.2%
Goodwill	610	611	0.1%
Working capital	-878	-819	6.7%
Total shareholders funds	1,908	1,854	-2.9%
Total net debt ⁽¹⁾	1,219	1,251	2.6%
Net debt / Invested capital	39.0%	40.3%	1.3 p.p.

⁽¹⁾ Financial net debt + net shareholder loans.

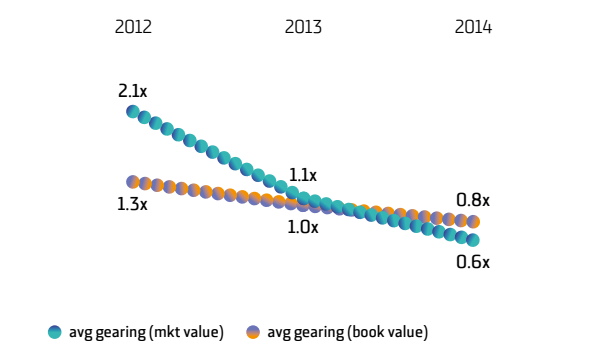
Total shareholders' funds amounted to 1,854 M€ in 2014, 54 M€ below 2013, due to a reduction in minorities following the increase in the participation at Sonaecom's share capital.

Sonae continued strengthening its balance sheet, presenting, in 2014, an average book value gearing of 0.8x. Average gearing at market value stood at 0.6x, improving 0.5x when compared with 2013.

On 31st December 2014, **total net debt** reached 1,251 M€, increasing 32 M€ when compared to 2013, and impacted by the payment of Sonaecom shares to FT, which occurred in August. If we exclude this payment, total net debt would have reduced by 73 M€, continuing the decreasing trend over the last quarters.

Gearing

Million euros



The commitment to FT has been reflected in Sonae consolidated accounts since June 2013 under "other creditors", but was not qualified as financial debt.

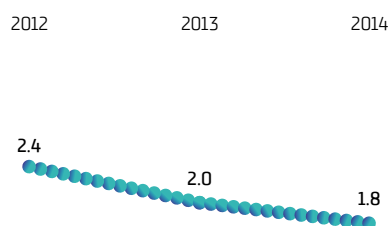
Net debt

Million euros

	2013	2014	y.o.y.
Net financial debt	1,214	1,248	2.8%
Retail units	763	683	-10.5%
Sonae IM	30	42	39.9%
Holding & other	421	523	24.1%
Total net debt	1,219	1,251	2.6%

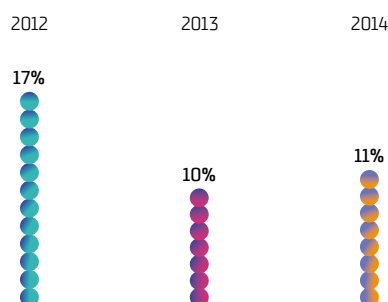
Capital Structure - Retail

Net debt to EBITDA



Capital Structure

Loan-to-value (%) - Holding



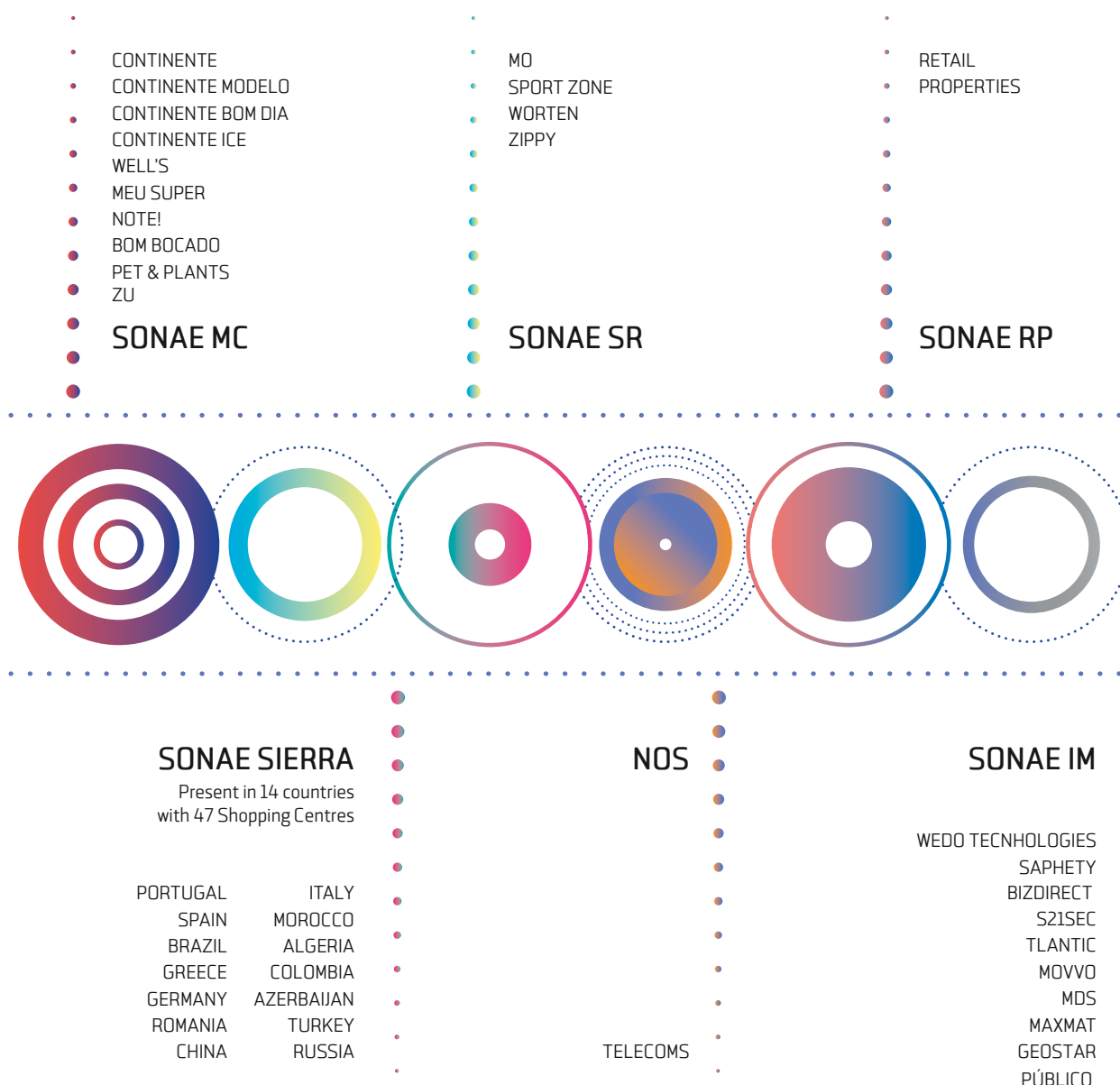
Regarding the **debt maturity profile**, during 2014 Sonae completed a number of financing transactions with maturities up to 7 years. These operations enabled Sonae to anticipate, under favourable conditions, the refinancing programme of the credit facilities maturing in 2015, as well as a significant part of the credit facilities maturing in 2016. Besides optimising the cost of funding and smoothing the amortisation profile, Sonae was able to diversify its banking pool.

In 2014, **retail net debt** reduced 80 M€ to 683 M€, driven by sustainable cash flow generation over the last 12 months. Retail total net debt to EBITDA reached 1.8x at the end of 2014, providing evidence of Sonae's solid capital structure.

At the end of December 2014, **holding net debt** reached 523 M€. The **loan-to-value** ratio of the holding remained stable when compared to December 2013, registering a conservative level of 11%.

BUSINESS SEGMENTS

Sonae business segments reflect our strategy focusing on retail, where we have extensive experience both in food and specialised retail, with two major partnerships in the fields of Telecommunications (NOS) and Shopping Centres (Sonae Sierra). Our activity is spread across 67 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. Wherever we are present, we always make sure that our values are well understood and that we are focused on promoting sustainable growth based on social and economic development.



SONAE MC

Sonae MC is part of the Portuguese society. Continente has been distinguished for the 12th successive year as a Brand of Trust and for the 11th successive year as a Superbrand. Well's has been recognised for the first year as a Brand of Trust. This recognition highlights our commitment towards our clients.

Sonae MC, the food retail business, reinforced its market position in Portugal. Continente and Well's performances are unique and both businesses assume the market leadership of their business segments. At Sonae MC, we are devoted to understanding the needs of Portuguese consumers, and we have extensive experience in customising our offers and promotional tools to rapidly adjust to the needs of the market. Furthermore, it is worth highlighting the Continente Loyalty card that continues to excel and represents more than 90% of sales during the year.

Well's and note! open to franchising agreements



Sonae has opened two of its specialised brands to entrepreneurs and businessman through franchising agreements: the Sonae brand specialist in pharmacy, well-being and optical products – Well's, leading in Portugal with 150 stores; and the Sonae brand bookstore and specialist in stationery, note!. In both cases, the new franchising stores can either be new facilities built from scratch or they can be the result of renovating existing stores, profiting from the already established awareness of Well's or note! brands, as well as from each product range, pricing, store concept, and the unique promotional proposals based on Continente's loyalty card.

The franchisees benefit from the support of a dedicated team, with the provision of continuous back-office support, specific training given to staff, access to the best sourcing prices and conditions, support regarding the development of the store project, layout, equipment and merchandising. The franchised stores profit from integrated information systems with Sonae, which facilitates business management and efficient logistics and allows the franchisees to focus on customer service.

Meu Super reaches its 140 store target



The Meu Super franchising network continues to be highly successful with regard to its expansion strategy. The 2014 goal of opening 100 stores in Portugal was reached before the deadline with remarkable geographic expansion, from the north to the south of the country.

Committed to being as easily accessible to families as a grocery store with dairy and fresh products, with the prices and confidence that the Portuguese people are familiar with and value. Meu Super gave new drive to traditional commerce, making an increasing number of franchisees very proud.

These excellent outcomes are the result of the professionalism of the Meu Super staff, Sonae colleagues and the Meu Super franchisees, and customers who were won-over and kept every day with a new store concept, which has now become part of many families' lives and that promises to continue in a positive light.



Continente – our first-ever store is now our newest store **CONTINENTE**

The first-ever Continente store in Portugal was entirely renovated with the exclusive idea of providing its customers with the perfect shopping experience. Each section was designed according to the most demanding needs of our customers. We redesigned spaces, improved the decoration and added new services. The innovations include more personalised customer support services in specific areas, the option to buy tea, coffee, sweets, fruit and vegetables and other products in bulk, pre-packaged products such as fish and meat to speed up the shopping process, a larger range of healthy and organic products and a new wine cellar with specialist advice on the best deals available. A new checkout system was added to the existing ones, however this one is a single line checkout. A screen helps customers to identify which checkout counter will serve them. It is easy, simple and faster.

Continente continues to make the day to day shopping experience more practical by maintaining the quality of the products offered, through the visual harmony of the store areas and by continuing to expand its warmth and high-quality service experience.

Sonae MC – 478 stores operated by the company and 162 stores under franchise and joint-venture agreements generated a 3,461 M€ turnover in 2014.

FOOD RETAIL BUSINESSES

Continente – 40 hypermarkets (centrally located and more than half situated in leading shopping centres) – with an average area of approximately 7 thousand sqm and average Stock Keeping Units (SKUs) of 70 thousand. Non-food area (typically light bazaar and textiles) representing less than 15% of total sales.

Continente Modelo – 121 supermarkets (+76 under franchising agreements), typically located in medium-sized population centres, with an average area of 2 thousand sqm and with a number of SKUs well above competitors. These supermarkets are based on location and convenience, with a light bazaar offering representing less than 10% of sales (no textiles offer).

Continente Bom Dia – 41 small, convenience food stores, with an average sales area of around 1,024 sqm. Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Meu Super – 140 franchised local food stores, with areas between 150 and 500 sqm, located mainly in residential areas within large city centres. Sonae MC offers the franchisees store management support, a guaranteed competitive price and access to Continente's private label offer, as well as other suppliers' products.

ADJACENT BUSINESSES

Bom Bocado – 102 stores (+ 4 under franchising agreements), coffee shops and small snack-bars. Variety and quality with a fast service and great price.

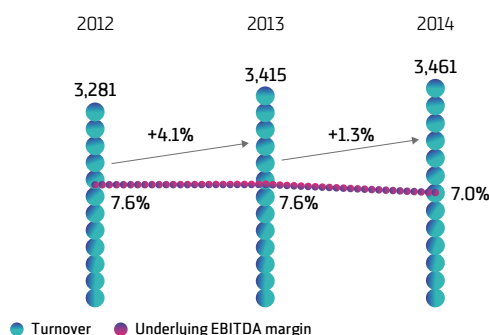
Note – 20 book shops (+2 under franchising agreement), stationery and tobacco.

Well's – 147 stores (+9 under franchising agreement) dedicated to parapharmacy, beauty products, health and well-being care, eye glasses and optical services.

Turnover and underlying EBITDA

Yearly trend

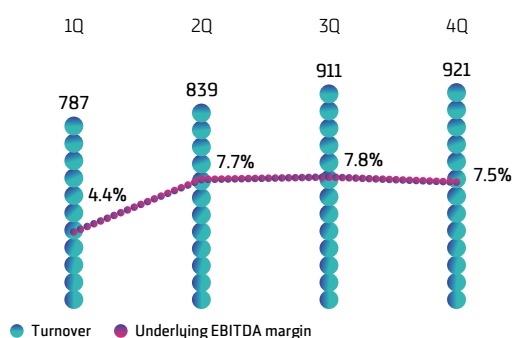
	2012	2013	2014
LfL (%)	-2.0%	1.4%	-2.1%
Turnover % growth	-1.4%	4.1%	1.3%



Turnover and underlying EBITDA

Quarterly performance

	1Q14	2Q14	3Q14	4Q14
LfL (%)	-2.3%	-0.3%	-2.9%	-2.8%
Turnover % growth	1.7%	3.5%	0.4%	0.0%



In 2014 **Sonae MC** turnover amounted to 3,461 M€, growing 1.3% and 45 M€ y.o.y.. The turnover increase was driven by the sales area expansion in which we would like to highlight the opening of 3 Continente Modelo and 5 Continente Bom Dia stores.

During this year, **Sonae MC** strengthened its leading market share in the Portuguese food retail sector⁶ supported by:

- an important investment in prices for the benefit of our customers, continuing to guarantee the lowest prices in the Portuguese market;
- continuous improvements in the quality of the products offered. In 2014, Continente was voted for the 12th consecutive year as a Brand of Trust by Reader's Digest, proving consumers continuous recognition of Sonae's high quality products;
- largest variety of private label references and other supplier brands, giving us the ability to rapidly respond to changes in consumer habits (Continente's private label portfolio continued to represent approximately 30% of the turnover of FMCG categories in 2014);
- selective opening of stores and the positive contribution of franchising opportunities;
- 10% growth of online sales, supported by the renewed e-commerce platform; and,
- a very good performance of the Well's format.

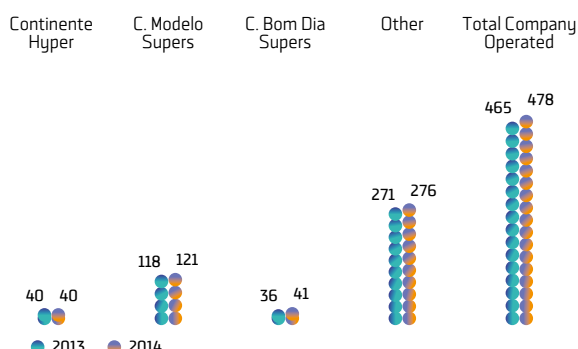
Sonae MC underlying EBITDA totalled 241 M€ in 2014, corresponding to an **underlying EBITDA margin** of 7.0%. On a quarterly basis, the **underlying EBITDA** reached 70 M€, which results in an **underlying EBITDA margin** of 7.5%. When compared to 2013, the lower underlying EBITDA was impacted by the highly competitive environment experienced for another year in Portugal, with a strong promotional effort leading to an internal deflation of 1.9% (0.4% in the 4Q14).

Nevertheless, **Sonae MC** was able to maintain the benchmark profitability, as a result of logistical and operational efficiencies, as well as the targeted promotional activity supported by the Continente Loyalty Card (which represented more than 90% of sales in 2014).

⁶ For example, A.C.Nielsen's Homescan 2014 YTD evolution until December 28th estimated market share gain of 0.9 p.p. for Continente.

Sonae MC

Company operated stores



In 2014, **Sonae MC Capex** stood at 105 M€, 2 M€ above the value registered last year.

In 2014 **Sonae MC** opened 84 stores under franchising agreements, closing the year with 162 stores (43,000 sqm) in this format. During the year, 75 Meu Super stores were opened, ending 2014 with 140 stores and largely surpassing the 100 stores target set last year.

SONAE SR

Our specialised retail unit, **Sonae SR**, covers the categories of electronics, sports goods and fashion. **Sonae SR** had a good year consolidating the recovery after a severe drop in the levels of private consumption in the Iberian market. We have redefined some aspects of our strategy aligning our market position with our customers. The results are excellent and our brands are highly valued by our customers. Zippy, Worten and Sport Zone have been recognised as a Brand of Trust and Worten has also been distinguished as a Superbrand. **Sonae SR** has continued to strengthen its position in the Iberian market, reinforcing its position as market leader in Portugal and strengthening the market position in Spain.

Mo thrives in the domestic market and expands its presence internationally

MO

MO, the largest Portuguese chain of clothing stores belonging to the Sonae group, opened another 10 stores with the new concept introduced last year. After the repositioning carried out in 2013, with the rebranding that resulted in a better value proposition at the product level and the launch of a completely new and differentiating store concept, in 2014, the focus on MO is enhanced by strong investment in the refurbishment of stores with the new concept.

At the same time MO has expanded its international activity opening the first stores in Bulgaria and Mozambique. The value proposition is based on the quality of the products at attractive prices, with the potential for adapting to different contexts. Sonae brands are gaining the interest of consumers and business partners around the world, which is contributing to the strengthening of geographical expansion and increased international revenues. In both countries entry is carried out through franchising agreements, following Sonae's strategy of growing internationally through capital light solutions.

The entry of MO into Mozambique marks the opening of the first store of the retail area of Sonae in sub-Saharan Africa, a region where its brands have a strong potential for growth. Mozambique has a population bigger than 25 million inhabitants and is one of the countries with the best growth perspectives in the world, with impact on consumer and purchasing power. The store opening in Bulgaria gives access to a market of more than 7 million inhabitants with growing purchasing power.

Zippy is now online



The first Zippy online store launched officially in 2014, through an innovative platform that makes a wide range of clothes and childcare products available to newborns and infants from 0 to 14 years of age. This opening is part of the Zippy strategy that aims towards complementarity and convergence between the 38 stores in Portugal and Spain and the virtual store, reinforcing the leading position of Zippy.

Conceived for the modern user, Zippy online strengthens the brand value proposition to its customers, by offering a more comfortable and enriching shopping experience. The launch of the virtual store responds to the increasing needs of the new consumer, increasingly well-informed and digitally active.

With the goal of facilitating the shopping experience and of guaranteeing value added to the consumer, the online store allows the consumer to choose the goods' delivery destination, whether it is at home or to any store. Reinforcing its commitment with a clear promise of complementarity between real and virtual channels.

The online store reflects the Zippy ambition of offering innovative solutions, contributing to greater customer involvement and fostering growth of the brand.

Sport Zone: new concept store where the love of sport is allied with functionality



The field of Sports are coloured by fierce emotions, passion, enthusiasm and adrenaline. Sport Zone, as a major retailer in the area of sport in Portugal aims to inspire athletes, beginners and sports enthusiasts, by creating a benchmark store with a distinctive concept and adjustable to various business segments. A store with life, rhythm, where our colleagues breathe and nurture their love of sport and offer customers a unique shopping experience. A temple for the best and most world renowned brands, which ally emotion to functionality, facilitating customers to find the product they need, through a clear identification of the areas dedicated to 4 key sports – football, running, cycling and gymnasiums/fitness, and through a layout and design that clearly displays products. Some of these novelties include the “stadium effect” at the store entrance, the strong digital component of in-store communication, and the creation of the “expert assistant” within each key-sport area.

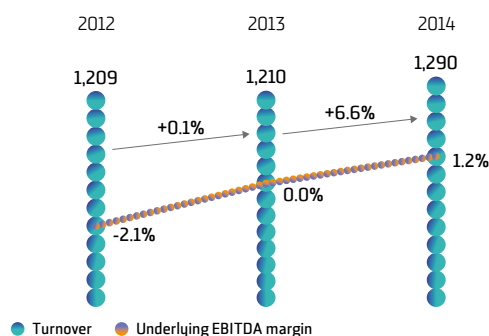
Worten: the omni-channel strategy



Under the Sonae omni-channel strategy, the Worten website was developed with the aim of promoting sales and customer satisfaction. With a specific focus on “How to buy”, with more information available about each product, better pictures and demonstrative videos, the website today has multi-device usability, which enables communication through all digital platforms. Customers from the Worten online store can collect their products bought online at any Worten store. They can also search and see the products they need and then reserve the product in a specific store.

Turnover and underlying EBITDA

Yearly trend

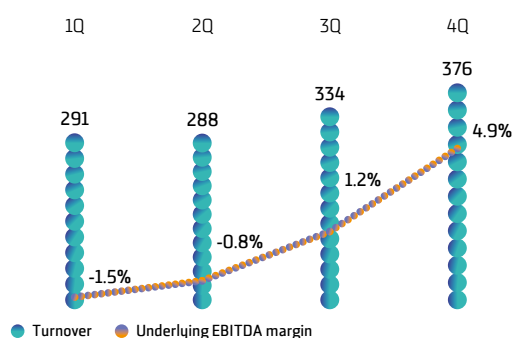


In 2014, **Sonae SR turnover** reached 1,290 M€, increasing 6.6% (6.1% in Portugal and 7.8% Internationally), notwithstanding the strategy of rightsizing of the store network, including area reduction in various stores (decreasing almost 14 thousand sqm between 2013 and 2014).

During the year, we continued the key lines of our strategy, which includes: development and roll-out of new store concepts for the four businesses, rightsizing of the store network, reinforcement of international businesses under a capital light approach, strongly supported by franchising, and improvement of omni-channel experience, already in place at Worten.

Turnover and underlying EBITDA

Quarterly trend



Concerning the main achievements in 2014, we would like to highlight the following:

- Worten reinforced its position in the consumer electronics market, gaining market share in Iberia;
- Zippy continued to expand its international presence, ending 2014 with 47 franchised stores across 17 different countries;
- Consolidated online sales grew 78% when compared to 2013, supported by the new Worten, Sport Zone and Zippy e-commerce platforms;
- Already in 2015, MO launched its e-commerce platform, a project that was developed throughout 2014.

As in 2013, **Sonae SR** reached a positive **underlying EBITDA** of 15 M€, supported by the evolution of Portuguese and International businesses. This was backed by the improved top line performance, combined with the measures implemented.

In Portugal, EBITDA grew 25.4%, to 48 M€. Internationally, although still negative, EBITDA improved by 4 M€.

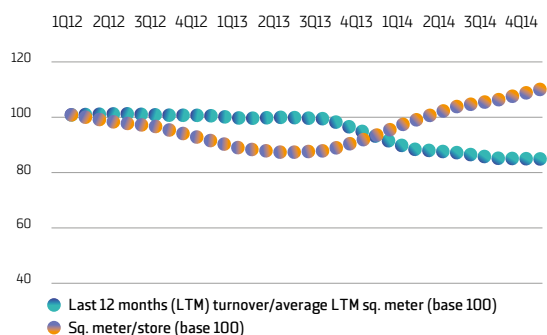
Performance per geography

Million euros

	2013	2014	y.o.y	4Q13	4Q14	y.o.y
Turnover (million €)	1,210	1,290	6.6%	383	376	-1.8%
Portugal	877	930	6.1%	279	278	-0.6%
International	333	359	7.8%	104	99	-4.9%
EBITDA (million €)	-1	12	-	16	15	-2.9%
Portugal	39	48	25.4%	26	24	-5.5%
International	-40	-36	9.7%	-10	-9	9.6%
EBITDA margin (%)	-0.1%	0.9%	1.1 p.p.	4.1%	4.0%	0.0 p.p.
Portugal	4.4%	5.2%	0.8 p.p.	9.2%	8.8%	-0.5 p.p.
International	-12.0%	-10.1%	2.0 p.p.	-9.8%	-9.3%	0.5 p.p.
LfL (%)	-3.8%	4.6%	8.4 p.p.	5.0%	-1.2%	-6.2 p.p.
Portugal	-2.7%	5.5%	8.2 p.p.	4.9%	-0.8%	-5.7 p.p.
International	-6.8%	0.8%	7.6 p.p.	5.7%	-3.3%	-9.0 p.p.

SR International organic

LTM turnover/sqm evolution



Note: includes online sales.



Sonae SR

Company operated stores

Country	Business	Stores		Sqm/store	
		2013	2014	2013	2014
Portugal	Worten	179	181	706	677
	Sport Zone	76	77	838	836
	MO	108	108	509	506
	Zippy	38	38	328	329
Spain	Worten	44	47	1,912	1,626
	Sport Zone	34	34	1,174	1,065
	Zippy	40	35	308	294
Turkey	Zippy	2	2	340	254
Portugal		401	404	642	629
International		120	118	1,142	1,046
Company Operated		521	522	757	723

Sonae SR

Franchising stores ⁽¹⁾

Country	Business	Stores		Sqm/store	
		2013	2014	2013	2014
Portugal	Worten	4	4	433	433
	Sport Zone	2	3	623	546
	MO	5	5	299	299
Spain	Sport Zone	0	1	-	289
	MO	9	8	402	407
Malta	MO	3	3	254	237
	Zippy	3	3	203	173
Other countries	MO	0	2	-	364
	Zippy	32	44	237	223
Portugal		11	12	407	406
International		47	61	268	251
Total Franchising		58	73	294	277

Sonae SR Capex reached 63 M€ in 2014, 30 M€ above the value achieved in 2013.

The investment made during 2014 at Sonae SR was impacted by the opening of 16 stores, namely:

- 3 Worten stores in Portugal;
- 6 Worten stores in Spain;
- 2 Sport Zone stores in Portugal;
- 3 Sport Zone stores in Spain;
- 1 MO store in Portugal; and,
- 1 Zippy store in Portugal.

At the end of 2014, Sonae SR operated 522 stores, corresponding to 377,000 sqm and included 118 stores outside of Portugal (123,000 sqm).

Sonae SR ended 2014 with 73 stores under franchising agreements (20,000 sqm), including 61 outside of Portugal. During 2014, Sonae SR opened 23 new stores, 22 of which are outside of Portugal, thus reinforcing its international expansion. It is worth highlighting that Sonae SR entered 5 new countries in 2014: Bulgaria and Mozambique with the MO format, Chile, Georgia and Armenia with the Zippy format.

Sonae RP, the retail real estate business area, was set up to actively manage Sonae's retail real estate properties, comprising mainly stores operated under Sonae MC and Sonae SR businesses. The core activity of this unit has been asset management: identifying property development opportunities and planning to release invested capital, through a decrease in the level of freehold ownership of retail sales area, mostly in the food business. Despite some asset sales and sale and leaseback transactions carried out until the end of 2011, as well as some small sale and leaseback transactions completed throughout 2014, Sonae still demonstrates a level of freehold of retail real estate significantly higher than that of other retailers in Europe (73% freehold at Sonae MC and 28% freehold at Sonae SR).

Turnover and underlying EBITDA

Million euros

	2013	2014	y.o.y	4Q13	4Q14	y.o.y
Turnover	124	126	1.9%	31	32	1.4%
Underlying EBITDA	115	116	1.6%	31	31	-0.3%
Underlying EBITDA margin	92.4%	92.2%	-0.3 p.p.	99.0%	97.3%	-1.7 p.p.

In 2014 **Sonae RP turnover** amounted to 126 M€, 1.9% above 2013. The **underlying EBITDA** increased 1.6%, reaching 116 M€ in 2014, which translates into an **underlying EBITDA margin** of 92.2% and an **EBIT ROCE** of 7.3%.

At the end of 2014, the **net book value of the capital invested** in retail real estate assets amounted to 1.21 bn€.

Sonae currently maintains a freehold level of approximately 73% of its food retail selling area and 28% of its non-food retail space.

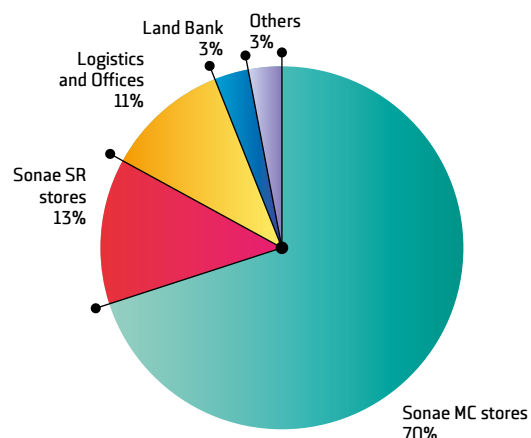
Sonae RP continues to support retail operations, acquiring new plots for store development and investing in maintaining the high quality of real estate assets.

Aligned with its strategy of monetisation of real estate assets, **Sonae RP** is actively developing its market presence and efforts in order to successfully fulfil all sale and leaseback targets.

Accordingly, **Sonae RP** completed four sale and leaseback transactions during 2014. Those transactions amounted to 14.5 M€, corresponding to a capital gain of 1.5 M€.

Sonae RP Capex totalled 27 M€ in 2014, 2 M€ below 2013.

Sonae RP Portfolio



SONAE IM

The implementation of corporate and business strategies is also supported by the **Sonae IM** area. It adds value to the company by maximising shareholder's return on Sonae's portfolio, vigorously supporting core business M&A planning and execution and reinforcing Sonae businesses' networking with industry players, M&A advisors and investment banks. **Sonae IM** portfolio includes a company operating in the DIY retail (Maxmat), a travel agency (Geostar), insurance brokerage (MDS) as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Público.

Tlantic grows internationally: more than 30% of its turnover from outside Portugal



Latin America, the company stepped up expansion to different geographic areas with the opening of a new office in the UK and with the enlargement of the São Paulo office.

Tlantic, a company specialised in developing solutions for retail, derived more than 30% of its turnover from outside Portugal in 2014. The company has in its client portfolio such world renowned retailers as Grupo Pão de Açúcar, Carrefour, Dufry, Marisa Lojas and Massmart Discounters.

In October 2014, Tlantic organised an unprecedented event with world experts - "The Everywhere Store". The aim of the event was the sharing of ideas, experiences and success stories and the discussion of the new global retail paradigm. Attended by over 120 participants from Europe, North America and Latin America, the event involved world-wide retailers namely Tesco, Leroy Merlin and Dufry, as well as attendance by international academia.

Sonae IM portfolio

Software and Systems Information unit from Sonaecom	
WeDo Technologies	Bizdirect
Saphety	S21Sec
Retail technology	
Tlantic ¹	Movvo
Partnerships	
MDS	GeoStar ²
Maxmat ¹	Público

⁽¹⁾ Sonae holds 50% of Maxmat and 77.7% of Tlantic and adopts the full consolidation method to report its results

⁽²⁾ GeoStar is reported using the equity method.

Turnover and underlying EBITDA

Million euros

	2013	2014	y.o.y	4Q13	4Q14	y.o.y
Turnover	223	252	13.1%	59	66	11.9%
Underlying EBITDA	15	19	28.1%	7	8	8.5%
Underlying EBITDA margin	6.6%	7.5%	0.9 p.p.	12.0%	11.6%	-0.4 p.p.

Sonae IM turnover reached 252 M€ in 2014, 13.1% above 2013. Top line performance has partially benefited from the increase of 12.7% at the SSI division. On a quarterly basis, **Sonae IM** turnover increased 11.9%, to 66 M€. **Sonae IM underlying EBITDA** totalled 19 M€, a growth of 28.1% when compared to 2013, corresponding to an **underlying EBITDA margin** of 7.5% in 2014 (and 11.6% in 4Q14).

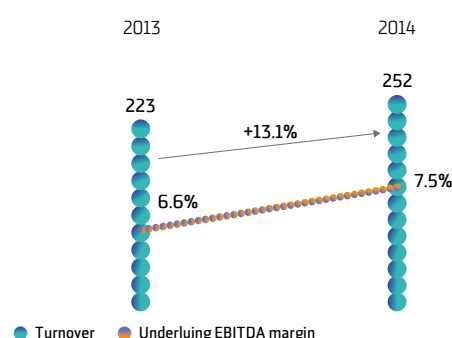
During 2014, the SSI unit continued to pursue its strategy of active portfolio management. In July 2014, Sonaecom acquired a 60% participation of **S21Sec**, a Madrid-based multinational company specialised in cyber security services. **S21Sec** is still undergoing a turnaround process but is showing very positive signs. Also, in September 2014, Sonaecom announced the sale of the total share capital of **Mainroad** to NOS.

WeDo Technologies continued to expand its international presence, ending 2014 with international turnover representing 74.8% of total turnover. According to a new report from Stratecast | Frost & Sullivan, **WeDo Technologies** was recognised, already in January 2015, as the global market share leader by earned revenue for the Financial Assurance software solution market.

Another important milestone in the SSI business is related to **Saphety**. The company's customer base has now over 8,100 customers and 100,000 users in about 20 countries worldwide. Concerning **Bizdirect**, the company increased turnover by 20.2% in 2014 when compared to 2013. International revenues increased significantly and are already representing 12.2% of turnover.

Turnover and underlying EBITDA

Yearly trend



As regards retail technology businesses, in 2Q14 **Sonae** concluded an investment in **Movvo** (ex-Around Knowledge), a Portuguese startup company that developed a proprietary tagless real time location technology. This technology allows the flow of people in physical spaces to measure and provide relevant information for retailers. Also, **Tlantic** fueled top line mainly due to the increased contribution from clients outside the Group.

Sonae IM partnerships were able to deliver good operational performance in this quarter:

- **MDS** presented the strongest quarter of the year both in Portugal and Brazil, growing gross revenues and EBITDA when compared to 2013;
- **Maxmat** increased LfL sales by 7% and EBITDA by 4% against 2013; and,
- **GeoStar** gained market share⁸ during the year (1.7% increase in BSP sales versus a market decrease of 1.2%), and more than doubled its EBITDA y.o.y..

⁷Includes Mainroad contribution.

⁸BSP refers to IATA Billing and Settlement plan.

SONAE SIERRA

Sonae owns 50% of Sonae Sierra, the international shopping centre specialist. The company's key expertise is in the area of retail property development and asset and property management. During 2014, Sonae Sierra entered China with service contracts and signed an agreement for the creation, in Russia, of a 50/50 joint-venture to provide property management and leasing services ending the year with 47 operational shopping centres in 4 continents and 14 countries.

Operational indicators

	2013	2014	y.o.y.
Footfall (million visitors)	406	440	8.4%
Europe & New Markets	303	329	8.5%
Brazil	102	111	8.1%
Occupancy rate (%)	94.4%	95.5%	1.1 p.p.
Europe	95.2%	95.7%	0.5 p.p.
Brazil	92.1%	95.1%	3.0 p.p.
Like-for-Like (Lfl) tenant sales			
Europe	-1.5%	3.3%	4.8 p.p.
Brazil (local currency)	5.1%	8.4%	3.3 p.p.
Tenant sales (million euros)	4,623	4,617	-0.1%
Europe (million euros)	3,217	3,119	-3.0%
Brazil (million euros)	1,406	1,498	6.5%
Brazil (million reais)	4,009	4,673	16.6%
Number of shopping centres owned/co-owned (EOP)	47	46	-1
Europe	37	36	-1
Brazil	10	10	0
GLA under Management ('000 sqm)	2,303	2,307	0.1%
Europe & New Markets	1,785	1,788	0.2%
Brazil	519	519	0.0%

Financial indicators

Million euros

	2013	2014	y.o.y.	4Q13	4Q14	y.o.y.
Turnover	228	225	-1.2%	62	62	-0.9%
EBITDA	113	108	-5.0%	30	30	-0.7%
EBITDA margin	49.6%	47.8%	-1.9 p.p.	47.7%	47.8%	0.1 p.p.
Direct results	58	53	-8.6%	15	17	11.8%
Indirect results	-54	44	-	-16	20	-
Net results	4	96	-	-1	37	-
... attributable to Sonae	2	48	-	-1	18	-



LfL tenant sales in Europe increased by 3.3%, 4.8 p.p. above 2013. Despite this improvement on a comparable basis, **tenant sales** decreased 3.0% to 3,119 M€ driven by the sale of assets (namely Parque Principado in Spain in October 2013, Valecenter and Airone in Italy in December 2013, 40% of Sonae Sierra ownership in Le Terrazze Shopping Centre also in Italy in July 2014 and La Farga Shopping Centre in Spain in November 2014). In Brazil, **LfL tenant sales** reached 8.4%, 3.3 p.p. above 2013 and the total **tenant sales** grew 16.6% y.o.y., in local currency due to the openings in 2013.

In 2014, **Sonae Sierra occupancy rate** registered an improvement of 1.1 p.p., totaling 95.5%. This result proves, once again, the benchmark quality of Sonae Sierra assets. In Europe, the **occupancy rate** reached 95.7% impacted by the improved macroeconomic conditions as well as our performance in terms of asset management. Furthermore, the **occupancy rate** in Brazil improved 3.0 p.p. reaching 95.1%. This result was driven by the higher occupancy rate of the 2 Shopping centres opened in 2013 (Boulevard Londrina in May 2013 and Passeio das Águas in October 2013), which in their year of inauguration had lower occupancy rates.

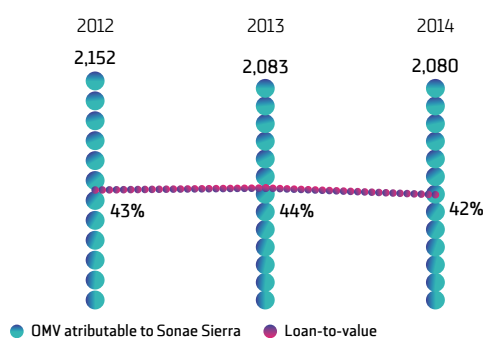
Sonae Sierra turnover reached 225 M€, 1.2% below the value achieved in 2013. This reduction is explained by the sale of assets in Europe and the adverse currency exchange effect (from the Brazilian real), despite the higher turnover on a comparable basis. As a consequence of the turnover evolution, **EBITDA** stood at 108 M€, 5.0% below 2013, corresponding to an **EBITDA margin** of 47.8%.

As a result of the above mentioned sale of assets and the adverse currency exchange effect, **direct results** stood at 53 M€, 5 M€ below 2013. The **indirect results** reached 44 M€ in 2014, which compares with the negative 54 M€ recorded in 2013. This improvement was driven not only by the yields compression, mostly in Iberia, but also by the positive evolution of the operational performance. As such, **net results** amounted to 96 M€ in 2014, 92 M€ above 2013.



Open Market Value (OMV) and leverage

Billion euros



On 31st December 2014, the **OMV (Open Market Value)** attributable to Sonae Sierra was 2.080 bn€, 3 M€ below 2013 year-end, benefiting with the investment properties value increase and the acquisition of an additional stake in CCC Portimão and Albufeira Shopping that almost compensated the sale of assets. **NAV (Net Asset Value)** stood at 1.115 bn€ at the end of 2014, 115 M€ or 11.4% above December 2013.

At the end of December 2014 the **loan-to-value** ratio remained at a conservative level of 41.5%.



NOS

NOS is held by Sonaecom which holds a co-controlling influence at the company, with a participation of 25% through Zopt. Additionally, Sonaecom also holds a direct participation of 2.14% at NOS.

NOS is a telecommunications and entertainment group which offers a wide range of telecommunication services to all market segments (residential, personal, corporate and wholesale), with a leading position in Pay TV, Next Generation Broadband services and in cinema film exhibition and distribution in Portugal. NOS has more than 3.5 million mobile phone customers, around 1.5 million television customers, 1.5 fixed telephone and 960 thousand fixed broadband Internet customers.

NOS offers the latest generation television, the fastest Internet, unlimited telephone and mobile phone network for everyone, as well as a 4G network for mobile phones, covering 90% of the Portuguese population, and free internet at more than 600 thousand hotspots in Portugal and 13 million hotspots across the world. In addition, NOS operates more than 200 cinemas in Portugal and the biggest video club in the country with more than 19 thousand films, drama series, cartoons and documentaries.

NOS is listed on the main Portuguese stock exchange index (PSI-20), with capitalisation in excess of 2.5 thousand million euros.

Financial Indicators - Pro-forma Results

Million euros

	2013 PF	2014	y.o.y.	4Q13 PF	4Q14	y.o.y.
Operating revenues	1,427	1,384	-3.0%	356	354	-0.7%
EBITDA	537	511	-4.9%	118	114	-4.0%
EBITDA margin	376%	36.9%	-0.7 p.p.	33.2%	32.1%	-1.1 p.p.
Net results	63	75	17.8%	-13	12	-
Capex	270	374	38.9%	81	143	76.7%
EBITDA - Capex	267	136	-49.0%	38	-29	-
Recurrent Capex	261	276	5.5%	77	83	7.9%
EBITDA-Recurrent Capex	275	235	-14.7%	41	30	-26.5%

NOS published its 2014 results on February 26th 2015, which are available at www.nos.pt.

NOS operating revenues reached in 2014 1,384 M€, less 3.0% when compared to 2013.

EBITDA reached 511 M€, decreasing 4.9% when compared to 2013 and representing a 36.9% EBITDA margin.

Recurrent CAPEX amounted to 276 M€ in 2014, an increase of 5.5% y.o.y.. As a consequence of EBITDA and CAPEX evolution, EBITDA-Recurrent CAPEX decreased 14.7%.

Net financial debt to EBITDA stood at 1.9x at the end of 2014.

At the end of 2014, the average maturity of the company's net financial debt is 2.6 years.

Operational Indicators

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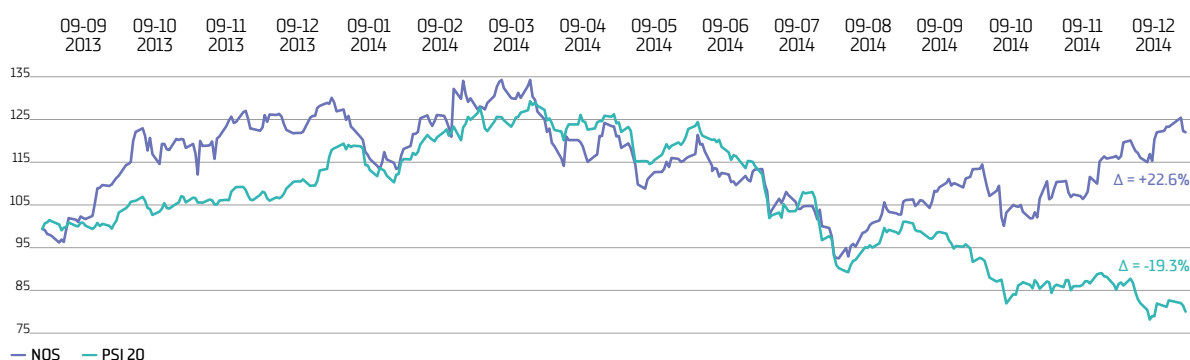
	2013	2014	y.o.y.	4Q13	4Q14	y.o.y.
Total RGUs (Net adds)	-144	398	-	-41	165	-
Convergent RGUs (Net adds)	212	1,641	-	141	366	159.5%
Mobile (Net adds)	-62	400	-	5	107	-
Pay TV (Net adds)	-76	-41	45.5%	-28	7	-
Total RGUs	212	1,853	-	212	1,853	-
Convergent RGUs	212	1,853	-	212	1,853	-
Convergent customers	45	385	-	45	385	-
ARPU/Unique subscriber with fixed access (euros)	36	38	4.7%	36	40	9.8%

The 4Q14 was the strongest quarter ever for **RGU** growth, with net adds amounting to 165 thousand.

Convergent RGUs are already representing 29.2% of the fixed customer base, 385 thousand customers, a little over a year since mobile and fixed bundles were first launched.

RGU growth is leading to a significant uplift in residential fixed access **ARPU**, which grew by 4.7% y.o.y..

NOS market performance



Subsequent to the merger between Optimus and Zon (currently NOS), and since the day in which new shares issued were listed on September 9th 2013, and until December 31st 2014, the company's market capitalisation grew 22.6%, corresponding to a share price increase from 4.27€ to 5.24€. The PSI20, the main Portuguese index, decreased its market capitalisation 19.3% in the same period.



OUTLOOK FOR 2015

In 2015, we expect a consolidation of the improving growth trend in Portugal and an acceleration of economic growth in Spain. However, both countries are still recovering from a deep economic crisis and we are aware of internal vulnerabilities. Nevertheless, we believe in a cautiously positive outlook for the Iberian economies in 2015 with expected private consumption increases benefiting not only the retail but also the Shopping Centre business. As far as the global economy is concerned, we believe it might benefit from the accelerated growth in developed countries, coupled with the expected fall in oil price.

In **food retail business**, price deflation was significantly reduced in the last quarter of the year and we expect a more favourable 2015, with a rational pricing evolution. We are confident that in 2015 Sonae MC will reinforce its leading market position, continuing to benefit from logistical, operational and promotional efficiencies and maintaining the benchmark levels of profitability.

In **Sonae SR**, we expect to improve our top line performance, benefiting from the macroeconomic conditions. For 2015, besides strengthening our leading position in Portugal, we expect to speed up the recovery of our businesses in the Spanish market, while continuing International expansion through a capital light approach.

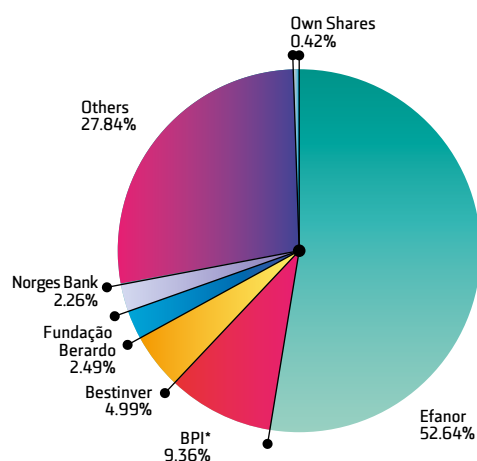
Sonae RP will continue to support the growth of retail operations and the quality of its assets. Sonae RP is facing increased interest in its assets. As such, we continue to examine options around releasing capital from our mature real estate assets within Sonae RP. This includes a range of potential strategic options including, among others, the sale and leaseback of asset(s) to third parties across a range of potential markets.

In the case of our core partnerships, **Sonae Sierra** will continue following its strategy of recycling capital and development of property management services. We believe that the positive operational trend continues with Sonae Sierra benefiting from the expected increase in private consumption. In 2015, we believe that **NOS** will further strengthen its leading position in the convergent telecommunications market.

As a group, always keeping as a priority the sustainability of our core businesses, we will go on leveraging our competencies of developing products and brands, while exploring international opportunities focusing on a capital light approach.

INFORMATION ON SHAREHOLDINGS AND SHARE PERFORMANCE

Shareholdings



*BPI stake includes Equity swap of circa 122 million Sonae shares
(-6% of share capital)

Sonae shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI 20, with a market cap weighting of 5.42%, as at the end of December 2014. The table below shows the key indicators of Sonae share performance

	2012	2013	2014
ISIN code	PTSONOAM0001		
BLOOMERG code	SON PL		
REUTERS code	SONP.IN		
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year close	0.687	1.049	1.024
Year high	0.719	1.110	1.419
Year low	0.368	0.664	0.942
Average trading volume per day (shares)	1,811,356	2,645,077	3,786,300
Average trading volume per day (€)	924,433	2,271,751	4,518,003
Market cap. as at 31st Dec (M€)	1,374	2,098	2,048



Sonae shares ended the year 2014 quoted at 1.024 euro, reflecting a nominal decrease of 2.5% during the year, which compares with a decrease of approximately 26.8% of the reference index of the Portuguese Stock Market – the PSI 20. There was also higher volume of shares traded in the stock market, with Sonae's average trading volume up in 2014 to approximately 3.8 million shares per day.

During 2014 Sonae completed some transactions with own shares. These transactions were made at the Euronext Lisbon Stock Exchange, both through Sonae and its subsidiary Sonaecom, as summarized in the following table:

Date	Nr of Shares	Price (€)	Side	Company
20-03-2014	920,000	1.3173	Buy	Sonaecom
21-03-2014	1,030,000	1.3266	Buy	Sonaecom
24-03-2014	1,885,000	1.3247	Buy	Sonae
14-04-2014	630,000	1.3052	Buy	Sonae
14-04-2014	160,000	1.3031	Buy	Sonaecom
15-04-2014	465,000	1.2958	Buy	Sonae
16-04-2014	530,000	1.3146	Buy	Sonae
17-04-2014	450,000	1.3354	Buy	Sonae
15-05-2014	755,000	1.2125	Buy	Sonae
15-05-2014	2,228,985	1.2272	Buy	Sonaecom
16-05-2014	1,532,973	1.2111	Buy	Sonae
19-05-2014	970,000	1.2221	Buy	Sonae
20-05-2014	710,000	1.2263	Buy	Sonae
21-05-2014	750,000	1.2474	Buy	Sonae
22-05-2014	809,700	1.2608	Buy	Sonae
23-05-2014	535,393	1.2737	Buy	Sonae

During 2014, the main announcements with a possible impact on Sonae's share price were as follows:

22.01.2014 - 2013 preliminary retail sales;

10.03.2014 - Medium and Long-term debt refinancing;

19.03.2014 - 2013 annual results;

05.05.2014 - Dividend payment for the year 2013;

14.05.2014 - 2014 first quarter results;

04.06.2014 - Launching of convertible bonds offer;

20.08.2014 - 2014 first half results;

12.11.2014 - 2014 first nine months results;

20.11.2014 - Cash settled equity swap term extension.



INDIVIDUAL NET INCOME OF SONAE, SGPS, S.A.

Sonae's operations, on a stand-alone basis, are essentially associated with the management of the share-holdings in its subsidiaries. In 2014, the individual net income of Sonae, SGPS, S.A. stood at 959,024,034.34 euros.

The amount of 567,279.00 euros is already reflected in the net income and is planned for the variable remuneration of executive directors, as a distribution of profit, pursuant. 2 of art. # 31 of the Articles of Association as proposed by the remunerations committee, which is responsible for the implementation of the remuneration policy approved at the General Meeting held on April 30th, 2014.

SUBSEQUENT EVENTS

On **21st January 2015**, Sonae Sierra strengthened its professional services business for third parties by celebrating new contracts for the leasing and management of three shopping centres in Hamburg. The company will be responsible for the management and leasing of Union Investment's shopping centres Quarrée Wandsbek-Markt, Mercado and Geschäftshaus Ottensen in Hamburg.

On **23rd February 2015**, MO launched its e-commerce platform. Like the Zippy products, MO products became available online. The partnership with the Continente loyalty card is maintained in case of online sales.

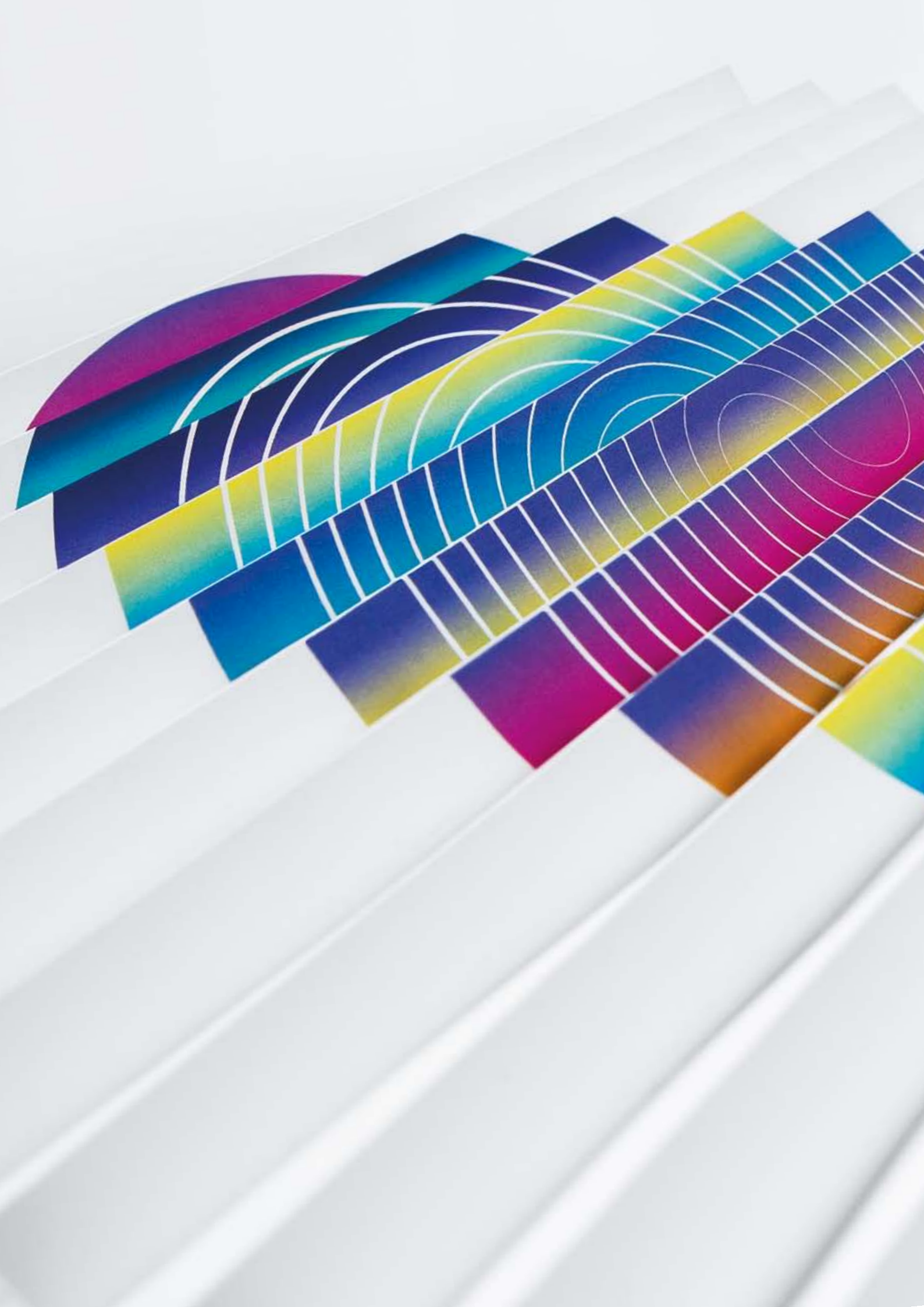
On **9th March 2015**, Sonae received a letter from Efanor Investimentos, announcing Mr. Belmiro Mendes de Azevedo decision of not being a candidate to the membership of Sonae's Board of Directors that will be elected at Sonae's next Annual General Meeting. The same letter mentioned that taking into full consideration the duties of Sonae's Board of Directors and its legal and statutory autonomy regarding the appointment of its Chairman and CEO, it will be proposed to the elected Board of Directors that Duarte Paulo Teixeira de Azevedo should be appointed as Chairman and co-CEO and that Ângelo Gabriel Ribeirinho dos Santos Paupério should be appointed as co-CEO in order to ensure that the company continues to follow a management philosophy that is coherent with that which was carried out until now, in close cooperation with its shareholders' strategic interests.

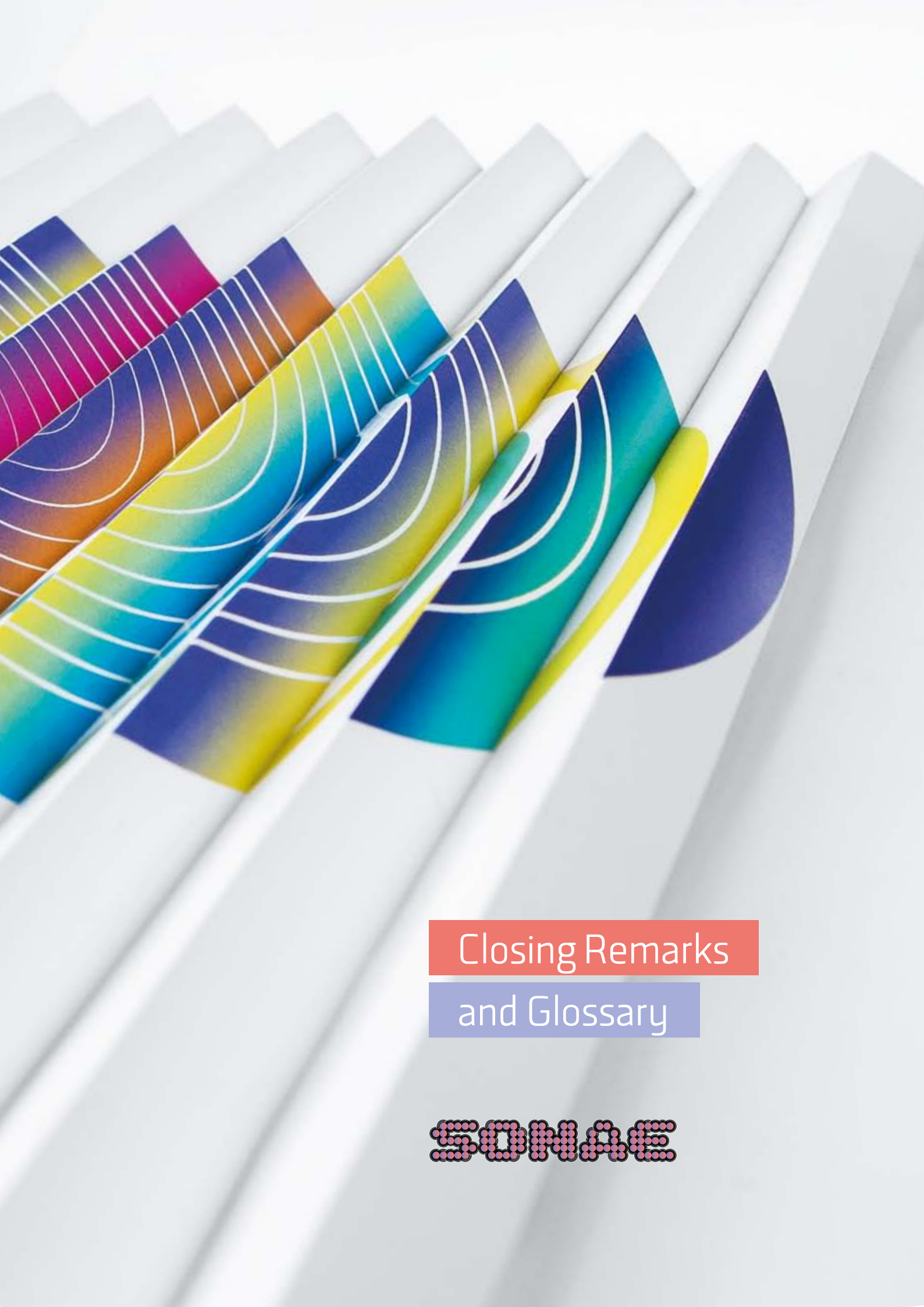
PROPOSED ALLOCATION OF THE 2014 NET INCOME AND DIVIDEND DISTRIBUTION

Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the net profit, of 959,024,034.34 euros, is appropriated in the amount of 47,951,201.72 euros to legal reserves; in the amount of 73,000,000 euros to the assigning of an overall dividend; and the remaining amount of 838,072,832.62 euros to free reserves.

The Board of Directors accordingly proposes that a gross dividend of 0.0365 euros per share is paid to the shareholders, excluding from the total dividends of 73,000,000 euros, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to the Free Reserves.

This dividend corresponds to a dividend yield of 3.6%, based on the closing price as at December 31st 2014, and to a payout ratio of 58% of the consolidated direct income attributable to equity holders of Sonae.





Closing Remarks and Glossary

SONAE

Closing Remarks and Glossary

CLOSING REMARKS AND ACKNOWLEDGEMENTS

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance during 2014. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Maia, March 10th 2015

The Board of Directors

Belmiro de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee





GLOSSARY

C

CAPEX

Investments in tangible and intangible assets and investments in acquisitions.

D

Direct result

Results excluding contributions to indirect results.

(Direct) EBIT

Direct EBT - financial results.

**EBITDA**

Underlying EBITDA + equity method results (Sonae Sierra direct results, NOS and Geostar) + non-recurrent items.

EBITDA margin

EBITDA / Turnover.

(Direct) EBT

Direct results before non-controlling interests and taxes.

Eliminations & adjustments

Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.

EoP

End of period.

**Free Cash Flow (FCF)**

EBITDA - operating CAPEX - change in working capital - financial investments - financial results - income taxes.

Financial net debt

Total net debt excluding shareholders loans.

FMCG

Fast-Moving Consumer Goods.

**Gearing (book value)**

Average of last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).

Gearing (market value)

Average of last four quarters considering, for each quarter, total net debt (EoP) / equity value considering closing price of Sonae shares at the last day of each quarter.

GLAs

Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

I

Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in a process of being discontinued/repositioned); (iv) results from "mark to market" methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.

Indirect result

Investment properties

Shopping centres in operation owned by Sonae Sierra.

L

Liquidity

Cash & equivalents + current investments, excluding the 2.14% participation at NOS.

Like for Like sales (LfL)

Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.

Loan to value (LTV) - Holding

Holding Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies.

Loan to value (LTV) - Shopping Centres

Net debt / (investment properties + properties under development).

LTM

Last twelve months.

N

Net asset value (NAV)

Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.

Net debt

Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, excluding the 2.14% participation at NOS, and other long term financial applications.

Net invested capital

Total net debt + total shareholders' funds.

O

Other income

Dividends.

Other loans

Bonds, leasing and derivatives.

Open market value (OMV)

Fair value of properties in operation and under development (100%), provided by independent international entities.



R

Return on
invested capital
(RoIC)

EBIT (LTM) / Net invested capital.

Return on equity
(ROE)

Total net income n (equity holders) / Shareholders' Funds n-1 (equity holders).

RGU

Revenue generating unit.

T

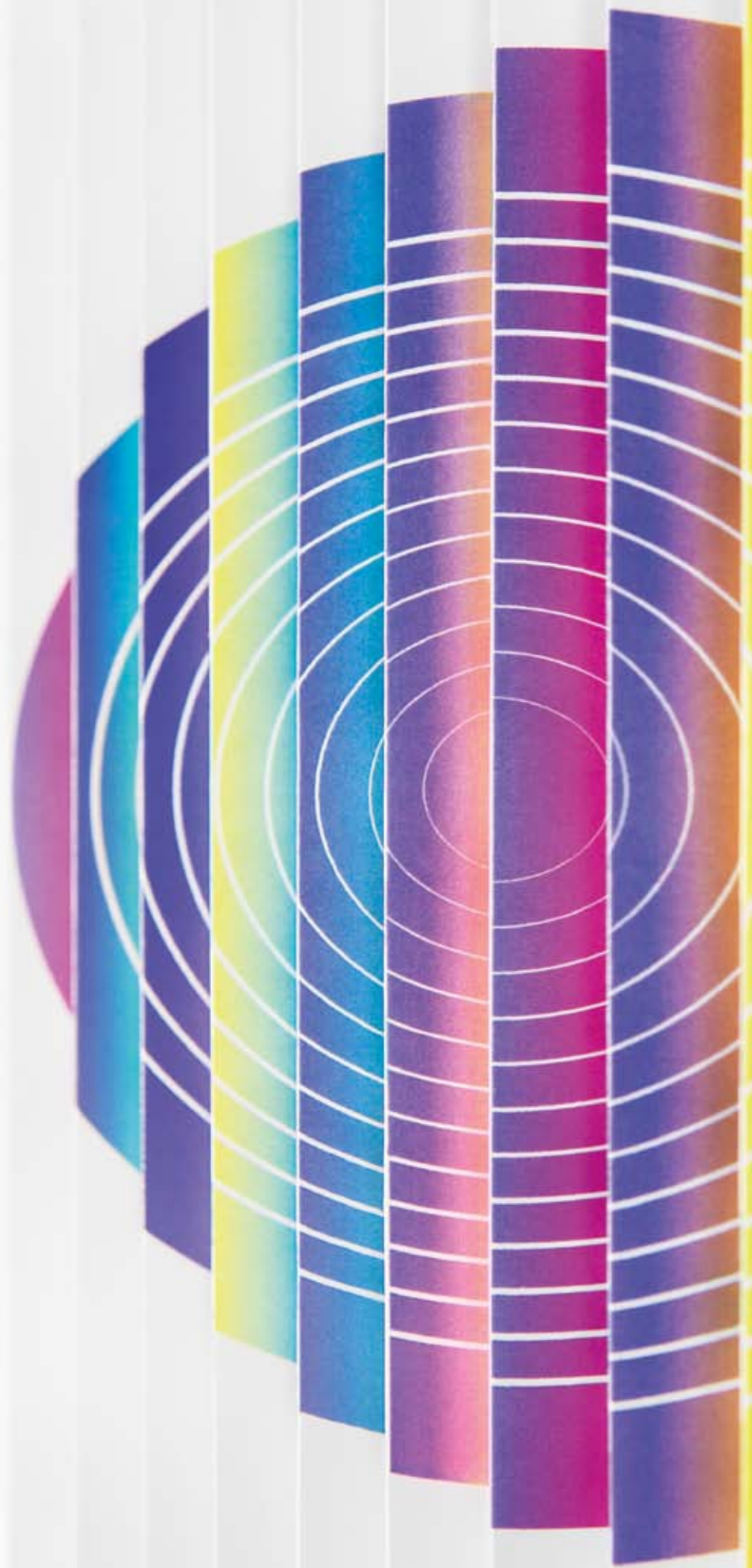
Technical
investment

Tangible assets + intangible assets + other fixed assets - depreciations and amortizations.

U

Underlying
EBITDA

Recurrent EBITDA from the businesses consolidated using the full consolidation method (Sonae MC, SR and RP and Investment Management).





Appendix

SONAE

Appendix

STATEMENT UNDER THE TERMS OF ARTICLE 245 PARAGRAPH 1, C) OF THE PORTUGUESE SECURITIES CODE

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 10th March 2015

The Board of Directors,

Belmiro de Azevedo, Chairman

Álvaro Carmona e Costa Portela, member of the Board of Directors

Álvaro Cuervo Garcia, member of the Board of Directors

Bernd Bothe, member of the Board of Directors

Christine Cross, member of the Board of Directors

Michel Marie Bon, member of the Board of Directors

José Neves Adelino, member of the Board of Directors

Duarte Paulo Teixeira de Azevedo, CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, member of the Executive Committee



ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT

AND ARTICLE 14, PARAGRAPH 7, OF THE PORTUGUESE SECURITIES

COMMISSION (CMVM) REGULATION NR. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

.....

.....

	Date	Additions		Reductions		Balance as of 31.12.2014
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						0
Sale	23/01/14			75,537	2.580	
Continente Bonds - 7% -2015						876,990
Purchase	20/03/14	117,000	1.053			
Purchase	21/03/14	90,000	1.053			
Purchase	24/03/14	2,705	1.053			
Purchase	27/03/14	99,500	1.053			
Purchase	31/03/14	61,000	1.053			
Purchase	01/04/14	5,000	1.053			
Purchase	02/04/14	58,500	1.053			
Purchase	04/04/14	10,000	1.053			
Purchase	08/04/14	30,000	1.053			
Purchase	09/04/14	55,000	1.053			
Purchase	10/04/14	19,000	1.054			
Purchase	11/04/14	21,468	1.054			
Purchase	14/04/14	25,000	1.054			
Purchase	15/04/14	65,000	1.054			
Purchase	16/04/14	15,000	1.055			
Purchase	21/04/14	202,817	1.059			
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						0
Sale	24/01/14			5,000	2.580	



Ângelo Gabriel Ribeirinho dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						770,426 (a)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	02/05/14	507,276	0.068			
Sale	31/12/14			500,000	1.033	
Sonaecom, SGPS, SA (9)						0
Sale	23/01/14			552,837	2.580	
Enxomil - SGPS, SA (10)						10,000 (b)
Continente Bonds - 7% -2015						150,000 (c)
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,999,996
Sonae, SGPS, SA (3)						928,184 (d)
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	28/04/14	262,087	0.068			
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	03/07/14	177,567	0.061			
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						321,000
Maria Margarida Carvalhais Teixeira de Azevedo (**) (***)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						14,901
Maria Cláudia Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	02/05/14	163,551	0.068			
Linhacom, SGPS, SA (6)						99,996
Sonaecom, SGPS, SA (9)						0
Sale	23/01/14			40,566	2.580	(e)
Nuno Miguel Teixeira de Azevedo (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Sonae, SGPS, SA (3)						0 (f)
Arlindo Dias Duarte Silva (*****)						
Continente Bonds - 7% -2015						5,000 (g)

		Date	Additions		Reductions		Balance as of 31.12.2014
			Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA (3)						200,100,000	
Pareuro, BV (2)						5,583,100	
Sonaecom, SGPS, SA (9)						0	
Sale	23/01/14			1,000	2.580		
(2) Pareuro, BV							
Sonae, SGPS, SA (3)						849,533,095	
(3) Sonae, SGPS, SA							
Sonae, SGPS, SA (treasury shares)						5,560,746	
Purchase	24/03/14	1,885,000	1.325				
Purchase	14/04/14	630,000	1.305				
Purchase	15/04/14	465,000	1.296				
Purchase	16/04/14	530,000	1.315				
Purchase	17/04/14	450,000	1.333				
Sale	28/04/14			3,585,251	1.358		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	28/04/14			262,087	0.068		
Sale	05/05/14			62,198	1.358		
Purchase	15/05/14	755,000	1.213				
Purchase	16/05/14	1,532,973	1.211				
Purchase	19/05/14	970,000	1.222				
Sale	19/05/14			11,509	1.238		
Purchase	20/05/14	710,000	1.226				
Purchase	21/05/14	750,000	1.247				
Purchase	22/05/14	809,700	1.261				
Purchase	23/05/14	535,393	1.274				
Sale	03/07/14			121,342	1.220		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	03/07/14			177,567	0.061		
Sale	24/07/14			236,434	1.169		
Sale	07/10/14			5,932	1.101		
Sonae Investments, BV (7)						2,894,000	
Sontel, BV (8)						32,745	
Sonaecom, SGPS, SA (9)						81,022,964	
Purchase	23/01/14	1,365,837	2.580				
Purchase	24/01/14	88,297	2.580				
Purchase	24/02/14	80,000	2.152				
Purchase	25/02/14	205,412	2.123				
Purchase	26/02/14	133,248	2.078				
Purchase	27/02/14	100,000	2.045				
Purchase	28/02/14	267,000	2.012				



Purchase	03/03/14	70,000	1.964			
Purchase	04/03/14	41,966	1.954			
Purchase	05/03/14	20,620	1.963			
Purchase	07/03/14	46,064	2.204			
Purchase	13/03/14	34,500	2.296			
Purchase	14/03/14	33,038	2.266			
Purchase	17/03/14	9,291	2.258			
Purchase	18/03/14	3,000	2.253			
Purchase	19/03/14	26,000	2.280			
Purchase	20/03/14	27,317	2.286			
Purchase	21/03/14	31,483	2.287			
Purchase	24/03/14	27,310	2.273			
Purchase	25/03/14	1,000	2.260			
Purchase	15/04/14	59,336	1.902			
Purchase	16/04/14	179,685	1.990			
Purchase	17/04/14	134,291	2.083			
Purchase	22/04/14	76,332	2.182			
Purchase	23/04/14	367,000	2.291			
Purchase	24/04/14	325,132	2.287			
Purchase	25/04/14	15,582	2.283			
Purchase	28/04/14	145,104	2.291			
Purchase	29/04/14	74,084	2.300			
Purchase	30/04/14	23,213	2.300			
Purchase	02/05/14	57,031	2.300			
Purchase	05/05/14	75,417	2.300			
Purchase	14/07/14	200,000	1.590			

(4) Migracom, SGPS, SA

Sonae, SGPS, SA (3)						1,536,683
Sale	13/06/14			435,000	1.278	
Sale	17/06/14			500,000	1.257	
Sale	18/06/14			465,000	1.264	
Sonaecom, SGPS, SA (9)						0
Sale	23/01/14			387,342	2.580	
Imparfin, SGPS, SA (5)						150,000

(5) Imparfin, SGPS, SA

Sonae, SGPS, SA (3)						4,105,280
Continente Bonds - 7% -2015						100,000
Purchase	28/01/14	222,000	1,050			
Purchase	09/04/14	411,000	1,050			
Sale	26/05/14			48,000	1,050	
Sale	29/07/14			30,000	1,047	
Sale	30/09/14			25,000	1,048	
Sale	19/11/14			300,000	1,033	
Sale	27/11/14			135,000	1,034	

(6) Linhacom, SGPS, SA						
Sonae, SGPS, SA (3)						439,314
Sonaecom, SGPS, SA (9)						0
Sale	23/01/14			120,300	2.580	
Imparfin, SGPS, SA (5)						150,000
(7) Sonae Investments BV						
Sontel BV (8)						58,555
(8) Sontel BV						
Sonaecom, SGPS, SA (9)						194,063,119
(9) Sonaecom SGPS, SA						
Sonae, SGPS, SA (treasury shares)						2,249,955
Purchase	20/03/14	920,000	1.317			
Purchase	21/03/14	1,030,000	1.327			
Sale	28/03/14			646,614	1.333	
Purchase	14/04/14	160,000	1.303			
Sale	17/04/14			696,641	1.298	
Sale	30/04/14			3,393	1.298	
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	02/05/14			670,827	0.068	
Sale	05/05/14			5,794	1.298	
Sale	07/05/14			48,793	1.298	
Sale	09/05/14			14,586	1.298	
Purchase	15/05/14	2,228,985	1.227			
Sale	30/05/14			2,382	1.294	
Sonaecom, SGPS, SA (treasury shares)						5,571,014
(10) Enxomil - SGPS, SA						
Sonae, SGPS, SA (3)						500,000
Purchase	31/12/14	500,000	1.033			
Continente Bonds - 7% -2015						400,000

(*) Member of the Board of Directors of Sonae, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo

(****) Member of the Board of Directors of Imparfin, SGPS, SA (5)

(*****) Member of the Statutory Audit Board

(a) of which 125,000 shares held by spouse

(b) directly and indirectly held

(c) of which 150,000 bonds held by spouse and 400,000 are held by company in which this person discharging managerial responsibilities ("dirigente") is the sole director

(d) of which 530 shares held by descendants under his charge

(e) 170 shares held by spouse

(f) 10.500 shares are no longer imputed to Nuno Miguel Teixeira de Azevedo because they are owned by a descendant and the legal base for allocation has ended according al. a) of paragraph 4 of article 248-B of the Securities Code

(g) co-held with the respective spouse

QUALIFIED HOLDINGS

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of Sonae - SGPS, SA, as required by article 8, paragraph 1, b) of the Portuguese Securities Market Commission (CMVM) Regulation nr. 05/2008:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0442%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.7432%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor)	928,184	0.0464%	0.0466%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	204,678	0.0102%	0.0103%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	1,536,683	0.0768%	0.0771%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0221%
Total attributable to Efanor Investimentos, SGPS, SA	1,052,756,855	52.7377%	52.8443%
Banco BPI, SA	132,851,868	6.7426%	6.7686%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0114%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2385%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9369%
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.5022%
Bestinver Gestión, S.A. SGIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3474%
Bestinfond, F.I.M.	24,648,288	1.2324%	1.2372%
Bestinver Hedge Value Fund Fil	11,556,421	0.5778%	0.5801%
Bestinver Global, FP	7,154,263	0.3577%	0.3591%
Bestvalue, FI	6,161,372	0.3081%	0.3093%
Soixa Sicav, SA	4,387,528	0.2194%	0.2202%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1541%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1204%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1624%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4396%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0380%
Bestinver Prevision, FP	216,988	0.0108%	0.0109%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0078%

Bestinver Empleo, FP	151,085	0.0076%	0.0076%
Linker Inversiones, Sicav	100,279	0.0050%	0.0050%
Bestinver Futuro EPSV	83,569	0.0042%	0.0042%
Bestinver Empleo III, Fonde de Pensiones	34,135	0.0017%	0.0017%
Bestinver Empleo II, FP	55,323	0.0028%	0.0028%
Total attributable to Bestinver Gestión, S.A. SGIC (III)	99,761,534	4.9881%	5.0076%
Norges Bank	40,100,985	2.0050%	2.0129%
Total attributable to Norges Bank	40,100,985	2.0050%	2.0129%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2014

Calculation based on the Company's share capital, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code

(III) total number of voting rights attributed to Bestinver Gestión, SA, SGIC as per article 20 of the Portuguese Securities Code

ARTICLE 448 OF THE PORTUGUESE COMPANIES ACT

Number of shares held by shareholders owning more than 10%, 33% and 50% of Sonae - SGPS, SA share capital:

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	Number of shares held as of 31 December 2014
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	200,100,000
Pareuro, BV	5,583,100
Pareuro, BV	
Sonae, SGPS, SA	849,533,095

