

Maia, 15 May 2019

FIRST QUARTER OF 2019 BRINGS GROWTH TO SONAE

1. MAIN HIGHLIGHTS OF FIRST QUARTER OF 2019:

- Sonae consolidated turnover grew 8.9% to €1,461 M
- Profitability improved, as underlying EBITDA grew 15.6% to €105 M and EBITDA grew 33.4% to €136 M
- Net income group share improved 6.5% reaching €18.3 M, translating increased sales and profitability
- Investment reached €116 M in the quarter, growing 64%, driven by organic expansion and acquisitions
- Net debt decreased €99 M on a comparable basis

Cláudia Azevedo, CEO of Sonae, states, *“Sonae has had a good start to the year, despite the adverse calendar effect of a later Easter period. Consolidated turnover in the first quarter increased by 8.9% y.o.y. reaching €1,461 M, with positive contributions from almost all businesses, particularly from Sonae MC and from Sonae Sierra, which is now fully consolidated into Sonae’s accounts.*

Regarding profitability, underlying EBITDA grew 15.6% y.o.y. to €105 M, driven by a solid performance of Sonae MC, and EBITDA reached €136.1 M, +€34 M when compared to 1Q18, fuelled by both equity method results (namely Sonae Sierra and ISRG), and the capital gain from the sale of Saphety by Sonae IM, which continues to create value by actively managing its portfolio.

In terms of portfolio management, this quarter marked the acquisition by Sonae MC of a 60% stake in Arenal, which we believe will significantly reinforce Sonae MC’s position in the Health & Wellness segment, one of our growth avenues.

Despite a significant increase in our total investment level (+64% y.o.y.), mainly driven by the Arenal acquisition, our capital structure remains strong. Our gearing level continued to decrease y.o.y. and is now down to 0.5x, and our main businesses continue to show conservative balance sheets. Our debt now has a longer maturity profile and low funding costs, thus maintaining conditions to both support the growth strategies of our businesses and our shareholder remuneration policy.

In my first CEO message, I would like to thank Paulo and Ângelo for all their support in the transition phase and for having the benefit of their wisdom as Chairman and Non-Executive Board member.

We are today over 53 thousand people at Sonae, committed to the development of a long-living company which creates economic and social value. We will only be able to achieve this goal by taking great care of all our stakeholders to whom we remain committed.”

PRESS RELEASE

2. CONSOLIDATED ANALYSIS



Growth across all operational and financial indicators

€1,461 M

+ 8.9%

€136 M

+33.4%

consolidated
EBITDA

€18.3 M

+6.5%

Net income group
share

116 M€

Capex

In the first quarter of 2019 (1Q19), Sonae's **business turnover** grew 8.9% to €1,461 M, mainly a reflection of Sonae MC growth and consolidation of Sonae Sierra statutory revenues.

This growth in sales translated into profitability, as **underlying EBITDA** grew 15.6%, or €14 M, to €105 M. EBITDA posted a more expressive growth, of 33.4% or €34 M, and reached €136 M, underpinned by the growth in the underlying EBITDA, the equity method results of Sonae Sierra and ISRG, and by the capital gain from the sale of Saphety by Sonae IM. This positive performance in operational profitability drove direct result to reach €32.8 M, €23 M above the amount stated in the same period in 2018.

Hence, growing sales and improved operational profitability backed **net income** group share to increase 6.5% to €18.3 M.

Investment posted a significant increase of 64%, to €116 M, with particular focus on the investment by Sonae MC, at the beginning of the year, in the acquisition of the Spanish parapharmacy and cosmetics network Arenal.

Decrease of 99 million euros in debt on a like-for-like basis

Sonae continued to strengthen its financial solidity during the first months of 2019, as on a like-for-like basis, Sonae's net debt decreased €99 M compared to 1Q18. Current net debt is of €1,701 M, already reflecting the acquisition of Arenal and the impacts of the 20% additional stake in Sonae Sierra, namely the investment in the acquisition (€256 M) and consolidation of its net debt (€205 M).

Sonae's cost of debt stood at 1.3% at the end of 1Q19 and the average maturity profile is now about 4 years. Excluding Sonae Sierra, Sonae maintained a cost of debt close to 1%. Since the end of 1Q19, Sonae has already refinanced €230 M long-term facilities, which allows Sonae to secure a comfortable average maturity profile and maintain its track record of being fully financed for the next 18 months.

Sonae's average gearing at book value improved to 0.5x in 1Q19, compared to 0.6x in 1Q18, demonstrating a strengthened capital structure.

Sustainability commitment benefits almost 1,000 institutions

Growth across all business areas was met by Sonae's strengthened commitment to the community, by investing, during 1Q19, in 992 social economy institutions through material goods, competences and financial resources.

Also, Sonae maintains the training of employees as a strategic priority, having achieved the certification of 277 individuals through Qualifica Programme.

Note: In 2019, Sonae begins reporting its business segments under a new structure, which now includes a new perimeter for Sonae MC (comprised of the historical Sonae MC segment, Maxmat and Sonae RP's operational assets). The former Sonae Sports & Fashion segment was split into Sonae Fashion and ISRG, given the different nature and independent management teams of both businesses. Finally, 2019 also marks the adoption of the IFRS 16 accounting standard.

For comparable reasons, historical figures were restated to include all the above mentioned changes.

Additionally, this will be the first full year of line-by-line consolidation of Sonae Sierra's accounts. 1Q18 figures still exclude this effect, as the acquisition of the additional 20% stake only happened in 3Q18.



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PRESS RELEASE

3. OPERATIONAL AND FINANCIAL ANALYSIS PER BUSINESS

SONAE MC Sonae MC surpasses sales of billion euros

€1,048 M

+ 7.4%

Turnover

In food retail, Sonae MC began the year with a strong top line growth, despite the negative calendar effect due to Easter falling later than last year's. In 1Q19, Sonae MC turnover increased 7.4% y.o.y. to €1,048 M, surpassing the billion euros mark. This evolution benefited from the positive evolution of 1.1% in *like-for-like sales*, from the expansion of the store network with 14 new stores in 1Q19, including 3 Continente Bom Dia and 1 Continente Modelo, and from the completion of Arenal's acquisition, thus reinforcing Sonae MC's position in the Health & Wellness segment, one of the main strategic development pillars of the company.

81 M€

+ 8.1%

underlying
EBITDA

In terms of profitability, underlying EBITDA grew 8.1% when compared to the same period last year, reaching €81 M in 1Q19, which corresponds to a stable margin of 7.7%. This solid performance was backed by the positive evolution in turnover, which compensated the pressure of the challenging competitive environment and investment of the ongoing expansion program.

+ 1.1%

Lfl sales

worten

€237 M

Turnover

Worten strengthens market leadership and grows online

During the first three months of 2019, Worten reached a turnover of €237 M, compared to €242 M in the same period last year. This sales performance was impacted by a late Easter and by atypical weather conditions. In Portugal, Worten was able to once again strengthen its market share, as the online channel posted an even more accelerated growth when compared to the offline channel, in line with its omnichannel strategy.

€8.1 M

Underlying
EBITDA

This evolution in sales, together with the store network expansion and ongoing efforts towards digital transformation, drove to an underlying EBITDA of €8.1 M.

€98 M

+ 0.5%

Turnover

Sonae Fashion grows 4.4% LfL and shows resilience

Sonae Fashion continued to show a resilient performance and grew above market references. Total business turnover grew 1% y.o.y., reaching €98 M at the end of 1Q19, backed by a strong performance of the omnichannel sales. Despite the adverse calendar effect, Sonae Fashion

brands posted a 4.4% LfL increase in 1Q19, driven by a strong online growth (+40% y.o.y.).

In terms of profitability, Sonae Fashion has made important efforts in containing its cost structure, considering that in a negative calendar effect quarter, underlying EBITDA reached €8 M, with an implicit margin of 8.4%.

+12%

ISRG sales of
3 Nov to 2 Feb

ISRG with a two-digit growth

In its last fiscal quarter (3rd Nov to 2nd Feb), ISRG continued to post a very positive performance, growing sales and improving its profitability. In 4Q18, turnover grew 12% y.o.y. and reached €192 M, benefiting from JD and Sprinter performance. This top line performance boosted EBITDA to

€20 M in 4Q18, +57.5% y.o.y., which led to a 2.9 p.p. margin increase, to 10.3%. Equity method results included in Sonae accounts in 1Q19 stood at €2.9 M, €4.6 M above 1Q18.



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SONAE FS Sonae FS grows 16.7% and nearly doubles profitability

€8.1 M

+ 16.7%

Turnover

775 thousand

*Universo Card
subscribers*

In 1Q19, Sonae FS maintained the positive evolution posted in 2018. Business turnover increased 16.7%, rising to €8.1 M, and underlying EBITDA nearly doubled to a total of €2 M, corresponding to a 24.8% margin.

The Universo Card was the main driver of this performance, as it continued to boost its place in the payments market: number of cards reached 775 thousand at the end of March (+138 thousand y.o.y.) and production grew 21.4% to €197 M. In addition, market share grew 1.3 p.p. over the last 12 months, reaching 12.8% in 1Q19.

SONAE IM Sonae IM accelerates growth and heads new investments

€44 M

+ 41%

Turnover

During 1Q19, Sonae IM turnover increased 41% y.o.y. to €44 M, fuelled by the integration of Nextel and Excellium, as even on a comparable basis, turnover increased 18.7% with the positive contribution of nearly all companies. EBITDA grew €4 M to €4.9 M, supported by the capital gain generated by selling Saphety, a transaction in line with its active portfolio investment management strategy.

In the first three months of the year, Sonae IM strengthened its stake in some of the companies within its portfolio and invested in CB4, a company based in Israel that provides a patented solution in AI software for retailers with physical stores to be able to identify and correct critical operational problems at store.

SONAE SIERRA Shopping centres expand presence and carry on its capital recycling strategy

Sonae Sierra registered an 8.2% growth in turnover in 1Q19, to €58 M, and EBIT showed once again a good performance with an 8.6% increase to €29 M. Net results reached €20 M, 15.6% more y.o.y., driven both by the performance of the European portfolio and by the service division. At the end of March, NAV stood at €1,478 M, a 1.6% growth when compared to the amount registered at the end of December.

Over the first 3 months of 2019, Sonae Sierra: continued the execution of its capital recycling strategy with the sale of Loop5 (Germany); opened its first shopping centre in Cucuta (Colombia); enhanced the role of its service division with the acquisition of a 50% stake in the Polish Balmain; and improved its operational performance. In terms of the operational indicators of Sonae Sierra owned or co-owned portfolio, these continue to deliver positive figures in both LfL tenant sales and occupancy rates, despite the late Easter.



NOS pursues operational and financial growth

In 1Q19, NOS operating revenues reached €385 M, growing 0.6% y.o.y., as it benefitted from a telco revenue growth of 1.1%. Concerning profitability, its consolidated EBITDA growth was higher than its sales growth, reflecting cost discipline and operating leverage, reaching €161 M in 1Q19. Net results increased over 20% to €43 M. In spite of the more mature market environment and the high levels of service penetration, converging RGUs increased 4.4% to 3.9 million, while converging customers also grew 4.4% y.o.y. to 770 thousand.



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5. FINANCIAL INDICATORS

| Consolidated results | | | |
|---|---------------------|---------------------|--------------|
| Million euros | 1Q18 ⁽¹⁾ | 1Q19 ⁽¹⁾ | Var |
| Turnover | 1,341 | 1,461 | 8.9% |
| Underlying EBITDA | 91 | 105 | 15.6% |
| Underlying EBITDA margin | 6.8% | 7.2% | 0.4pp |
| Equity method results (incl. Sierra and NOS) ⁽²⁾ | 12 | 27 | 124.6% |
| Non-recurring items | -0.6 | 4.6 | - |
| EBITDA | 102 | 136 | 33.4% |
| EBITDA margin | 7.6% | 9.3% | 1.7pp |
| EBIT | 30 | 57 | 93% |
| Net financial results – lease liabilities | -15 | -18 | -18.9% |
| Net financial results – funding | -7,5 | -10,5 | - |
| EBT | 7 | 29 | - |
| Taxes | 2.2 | 4.3 | - |
| Direct results | 9 | 33 | - |
| Indirect results | 9 | -1 | - |
| Net income | 18 | 32 | - |
| Non-controlling interests | -1 | -13 | - |
| Net income group share | 17.2 | 18.3 | 6.5% |

(1) Restated figures due to: a) IFRS16 accounting standard in 2019 and 2018; and b) discontinued operations, namely Berg, from Sonae Fashion, and sale of Saphety, by Sonae IM.

(2) Equity method results: include direct income related with investments consolidated by the equity method (mainly Sonae Sierra and NOS/Zopt) and results from discontinued operations.