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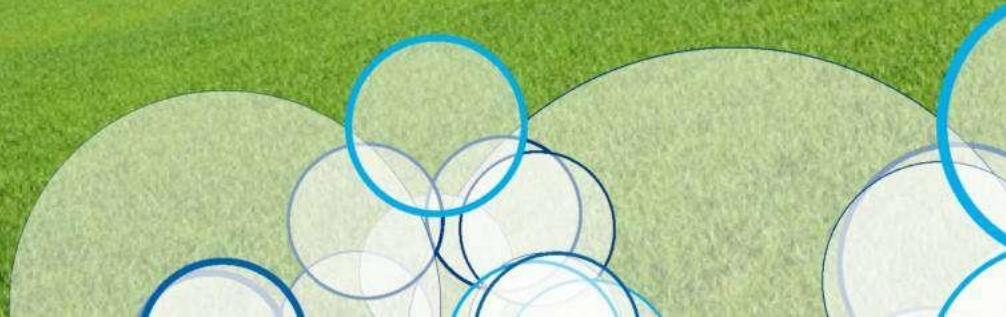
# INVESTOR PRESENTATION

October 2016



1.

# SONAE OVERVIEW



# History

## START-UP OF THE BUSINESS



50's

Foundation of Sonae -  
Sociedade Nacional de  
Estratificados (18<sup>th</sup>  
August 1959)



60's

Belmiro de Azevedo was hired  
(1965)



70's

Diversification of Sonae, through the  
acquisition of NOVOPAN  
(particleboard manufacturing unit)  
and additional investments aimed at  
surface coated particle board production  
(Agglomerite)

# History

## DIVERSIFICATION THROUGH ACQUISITIONS AND THE SET UP OF NEW BUSINESSES

80's



- Launch of Sonae in the **capital markets** (1983)
- Set up of **Modelo Continente Hipermercados SARL** (with the French group Promodès as joint shareholder)
- Opening of the **1<sup>st</sup> Hypermarket** in Portugal: Continente (1985 - Matosinhos)
- Inauguration of **Porto Sheraton Hotel** and acquisition of **STAR** (travel agency)
- Opening of the **first two Shopping Centres** built and managed by Sonae (1989 - Portimão and Albufeira)

# History

## DIVERSIFICATION THROUGH ACQUISITIONS AND THE SET UP OF NEW BUSINESSES

90's

Público



wbcscd



- Launch of the newspaper **Público** (1990)
- Set up of **Sonae Distribuição Brasil**
- Sonae Indústria acquires a controlling position in **Tafisa** (1993 - wood panels)
- Set up of **Sonae Tourism**
- Sonae: the 1<sup>st</sup> Portuguese company to be a member of **WBCSD** (World Business Council for Sustainable Development)
- Opening of **Centro Colombo**, the largest Shopping Centre in Iberian Peninsula
- Acquisition of **Torraltá** (Tróia tourism)
- Launch of **Optimus** (1998 - telco operator)

# History

## DEVELOPMENT OF STRATEGIC BUSINESSES AND EXPANSION INTO TELECOMMUNICATIONS

## INTERNATIONAL GROWTH AND REORGANISATION OF THE BUSINESS PORTFOLIO



00's

- **WeDo** (business assurance company) commercial launching
- Launch of **Sierra Funds**
- Partnership between **MDS** (insurance company) and **Cooper Gay** (insurance broker)
- **Spin-off** of Sonae Indústria (2005)
- **Disposal** of Sonae Distribuição Brasil to the Wal-Mart Group
- Sonaecom **takeover bid** for PT and PT Multimédia (2006)
- Paulo Azevedo becomes the **CEO** of Sonae (2007)
- **Acquisition** of Carrefour Portugal by Sonae Distribuição (2007)
- Launch of **Continente loyalty card** (2007)
- Presentation of the **corporate strategy** and **reorganisation** of business areas (Sonae MC, Sonae SR and Sonae RP)
- **Spin-off** of Sonae Capital (2007)

# History

## INTERNATIONAL GROWTH AND REORGANISATION OF THE BUSINESS PORTFOLIO



# History

## INTERNATIONAL GROWTH AND REORGANISATION OF THE BUSINESS PORTFOLIO



2014

- Roll-out of **new store concepts** for Worten, Sport Zone, MO and Zippy
- **Sonaecom** launches a tender offer for the acquisition of a maximum of 24.16% of its share capital. The level of acceptance reaches 62%, corresponding to 54,906,831 Sonaecom shares
- Launch of a **convertible bonds** offer due in 2019 with a principal amount of € 210.5 M
- Rebranding of book.it to **note!**
- Sport Zone opens first international store in franchising (Ceuta, Spain)
- Launch of 1<sup>st</sup> **ZU** store, specialised in pets and cats
- Franchising of Well's and note!
- **Sonae IM** pursues its strategy of active portfolio management: sells Mainroad to NOS, acquires a 60% participation of S21Sec and invests in Movvo



# History

## INTERNATIONAL GROWTH AND REORGANISATION OF THE BUSINESS PORTFOLIO



2015

- **Sport Zone** enters the **Indian** market
- Paulo de Azevedo becomes Chairman and Co-CEO of Sonae. Ângelo Paupério is elected as Co-CEO
- **Continente** celebrates 30 years
- **Sonae RP** concludes **sale and leaseback** transactions amounting to 185 M€
- Sonae MC announces the creation of an **affiliation agreement** with the central purchasing body **IFA Group**
- Sonae acquires **Losan**, a company specialised in **kidswear wholesale** with **strong international presence**
- Sonae launches **Cartão Universo**, a credit and loyalty card with a highly innovative value proposition

# History

## INTERNATIONAL GROWTH AND REORGANISATION OF THE BUSINESS PORTFOLIO

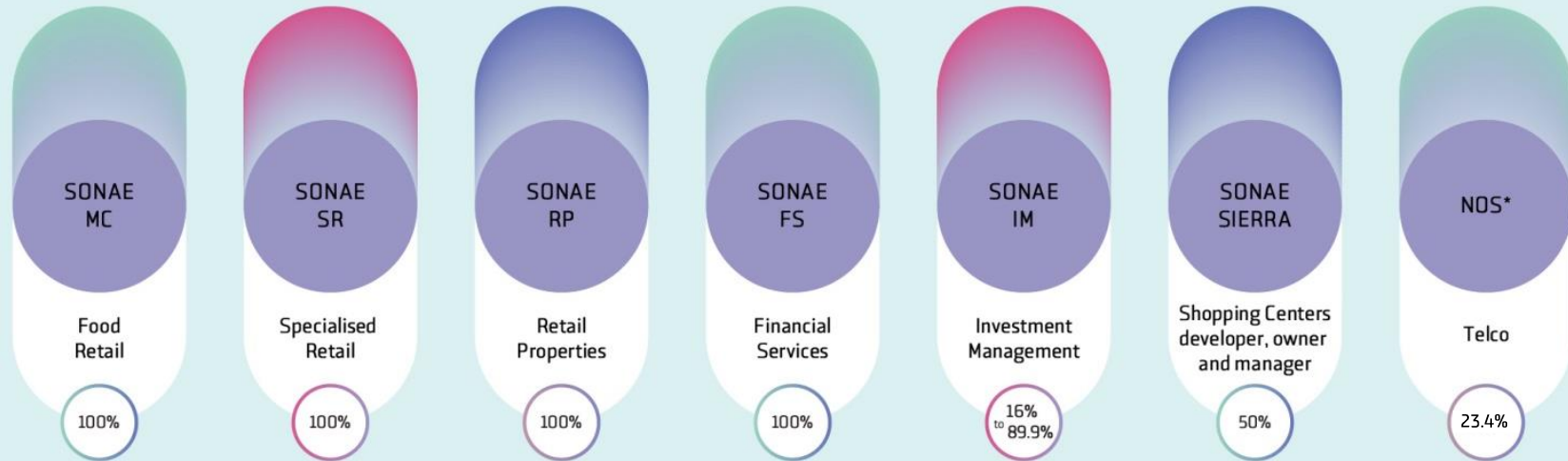


2016

- Sonae RP concludes 3 sale and leaseback transactions amounting to 230 M€
- Sonae Sierra sells 25% of Sierra Portugal Fund to Madison International Realty
- Sonae SR acquires 50% of Salsa capital
- Sonae MC ends 1H16 with 229 Meu Super stores

# Group structure

## PORTFOLIO OF BUSINESSES WITH LEADING POSITIONS IN EACH SECTOR



\* Participation held through Sonaecom

# Corporate strategy

## VALUE CREATION through Sonae's 3 strategic pillars

## WINNING THE CORE is at the cornerstone of our strategy



72 countries



S&LB  
415M€  
2015 and  
2016

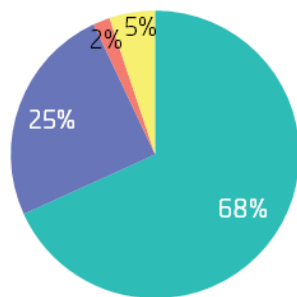



# Group breakdown

## BREAKDOWN PER BUSINESS

### Turnover breakdown (1H16)

% Total Turnover



■ Sonae MC ■ Sonae SR

■ Sonae RP ■ Sonae IM

### TURNOVER M€

	2014	2015	1H15	1H16
Sonae	4,974	5,014	2,329	2,431
Sonae MC	3,461	3,490	1,633	1,691
Sonae SR	1,290	1,294	582	614
Sonae RP	126	121	64	47
Sonae IM	252	249	124	127

### UNDERLYING EBITDA M€

	2014	2015	1H15	1H16
Sonae	380	331	132	111
Sonae MC	241	215	86	81
Sonae SR	15	5	-11	-8
Sonae RP	116	109	58	41
Sonae IM	19	16	5	5

### UNDERLYING EBITDA MARGIN

% Turnover

	2014	2015	1H15	1H16
Sonae	7.6%	6.6%	5.7%	4.6%
Sonae MC	7.0%	6.2%	5.3%	4.8%
Sonae SR	1.2%	0.4%	-1.9%	-1.2%
Sonae RP	92.1%	90.0%	90.4%	87.8%
Sonae IM	7.5%	6.5%	3.6%	4.1%

### INVESTED CAPITAL

Breakdown of invested capital per business (M€)

	1H15	1H16	% in total
Sonae	3,249	3,328	-
Sonae MC	574	685	20.6%
Sonae SR	230	468	14.1%
Sonae RP	1,045	888	26.7%
Sonae IM	148	148	4.5%
Other <sup>1</sup>	1,252	1,139	34.2%

Invested Capital = Total net debt + total shareholders' funds.

<sup>1</sup> NOS + Sonae Sierra + Others.

# House of Brands

SONAE'S MISSION IS TO CREATE LONG-TERM ECONOMIC AND SOCIAL VALUE, TAKING THE BENEFITS OF PROGRESS AND INNOVATION TO A GROWING NUMBER OF PEOPLE

MORE THAN  
**80**  
RETAIL BRANDS  
...WERE BORN AT SONAE

MORE THAN  
**90.000**  
PRODUCTS

REPRESENTING  
**41%**  
OF SONAE MC  
TURNOVER  
(as of 2015)

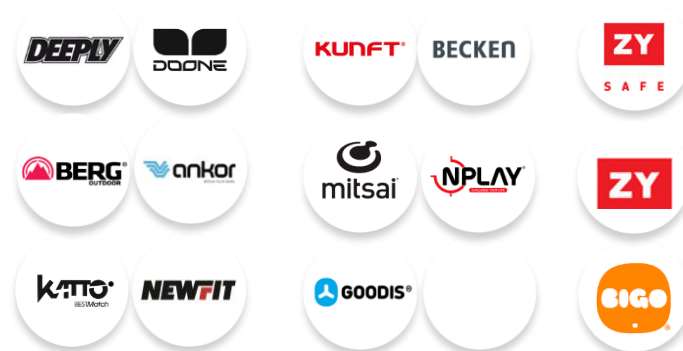
REPRESENTING  
**28%**  
OF SONAE SR  
TURNOVER  
(as of 2015)

THE CREATION OF OWN BRANDS IS PARAMOUNT FOR SONAE'S BUSINESS STRATEGY

## SONAE MC



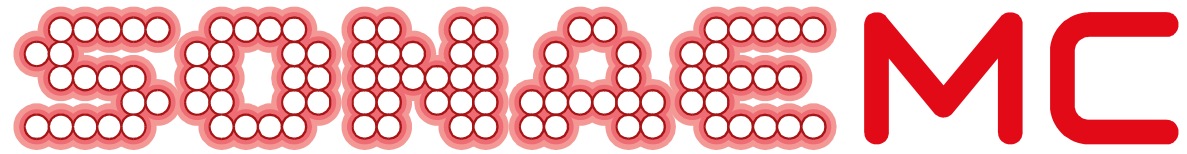
## SONAE SR



A close-up photograph of a showerhead spraying water against a clear blue sky. The water droplets are captured in mid-air, creating a dynamic, sparkling effect. In the bottom right corner, there are several overlapping circles of varying sizes and colors, including teal, light blue, and white, which serve as a decorative graphic element.

2.

# OPERATIONAL REVIEW



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STRENGTHENING OF **LEADING POSITION** IN FOOD RETAIL MARKET,  
WHILE **PROTECTING PROFITABILITY**



## A leading brand in Portugal



Considered over the last 13 years as one of the **most trusted brands in Portugal** by consumers (survey “Trusted brands” carried out by Reader’s Digest)



## EXPOSURE TO DIVERSE FOOD FORMATS

SINGLE BRANDING OF SONAE MC STORES UNDER “CONTINENTE” COMPLETED DURING 2011

### CONTINENTE

Hypers



First mover advantage, prime locations

- 41 stores (of which 25 are anchored with leading shopping centres)
- Average 7.1 thousand sqm
- Price and diversity (~50k SKUs)
- Light bazaar + textiles representing ~15% of sales

### CONTINENTE MODELO

Supers



Typically located in medium sized population centres

- 123 stores, average 2 thousand sqm
- # SKUs well above competitors
- Light bazaar representing less than 10% of sales (no textiles)

### CONTINENTE

BOM DIA

Small Supers



Proximity and convenience (urban)

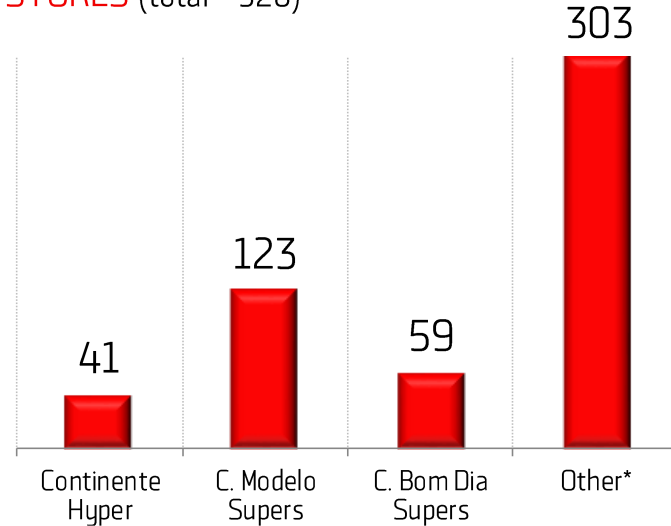
- 59 small, convenience food stores
- Average sales area of 1 thousand sqm
- Renewed concept based on quality and variety of fresh products, ideal for more frequent daily shopping
- Growth opportunity in large cities

## Retail area

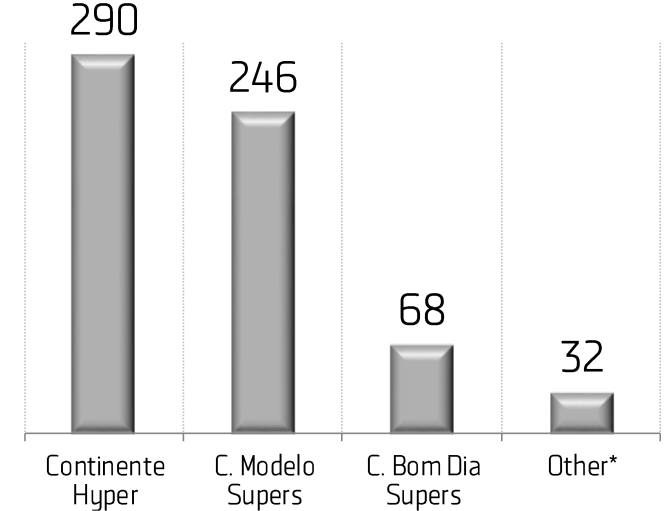
694,000 sqm  
OF RETAIL SPACE,  
MAINLY  
DISTRIBUTED  
BETWEEN HYPERS  
AND SUPERS

### SONAE MC RETAIL SPACE BY FORMAT (1H16)

STORES (total = 526)



'000 sqm (total = 635 thousand)



\* Mainly parapharmacies  
and coffee shops

**+ 266 stores** (60,000 sqm) under franchising including 229  
Meu Super stores

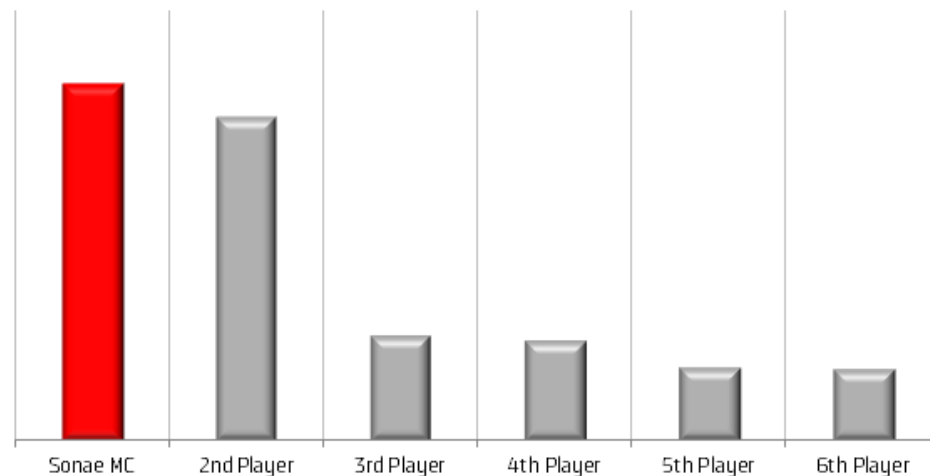
# Market share growth

## LEADERSHIP IN THE PORTUGUESE FOOD RETAIL MARKET



### FOOD RETAIL MARKET SHARES (1Q16)

CONTINENTE



Information as of March 2016, according to Homescan Nielsen, Public Information and internal estimates.

SONAE MC continues deeply focused on offering the **best value proposition** of the market



## Continente Loyalty card

PERFORMANCE  
LEVERAGES  
ON THE VALUE  
AND SUCCESS  
OF THE LOYALTY  
PROGRAM



## A DIFFERENTIATING TOOL AMONG RETAILERS IN THE PORTUGUESE MARKET

### SUPERIOR CUSTOMER INSIGHT IN PORTUGAL

- Targeted promotions, with discounts provided as “credit” in repeated purchase
- Superior customer profiling and knowledge of consumer habits

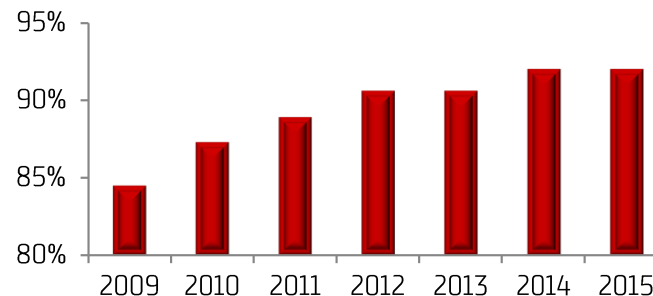
### NUMBER OF ACTIVE LOYALTY CARDS

**3.4 million**

3 out of 4 Portuguese households

### % OF SALES ASSOCIATED WITH LOYALTY CARD

**2015  
> 90%**



# Cartão Universo

# INNOVATIVE PROJECT THAT AGGREGATES THE VARIOUS LOYALTY AND PAYMENT CARDS OF SONAE BUSINESSES

LAUNCHED IN  
NOVEMBER 2015

UNIVERSALLY ACCEPTED MASTERCARD WITH NO ANNUAL FEES

## NEW LOYALTY FEATURES AND INNOVATIVE PAYMENT SOLUTIONS

- Innovative open loop payment and loyalty card
- Discounts platform for Portuguese families, including Sonae stores as well as the growing network of partners within the Continente loyalty programme
- Managed in partnership with MasterCard and BNP Paribas Personal Finance, S.A., which recognises on its balance sheet the credit granted, as well as the responsibility for risk management



ALL CARDS  
MERGING  
INTO ONE  
SINGLE CARD



CASHBACK  
OF 1%



VARIOUS  
PAYMENT  
OPTIONS



DISCOUNTS  
OUTSIDE  
SONAE  
UNIVERSE  
(GALP)

# E-commerce website

A renewed user experience: new stores, new navigation & new services!

Sales

CAGR: +11%  
2014

Deliveries

>450.000  
2014

Registered users

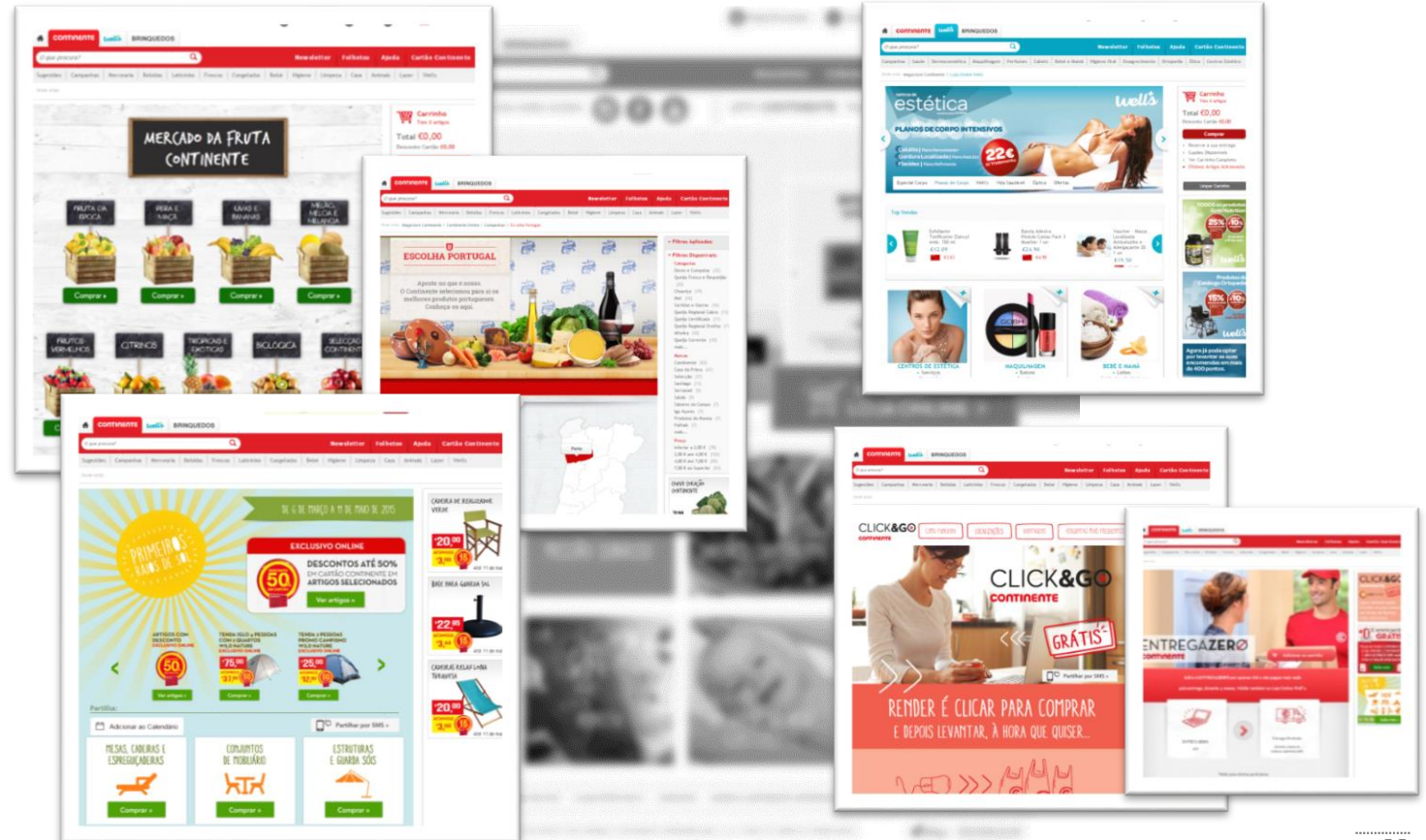
CAGR: +135%  
2014: >350.000

Buying users

CAGR: +15%  
2014: >60.000

Pageviews

>120 M  
2014



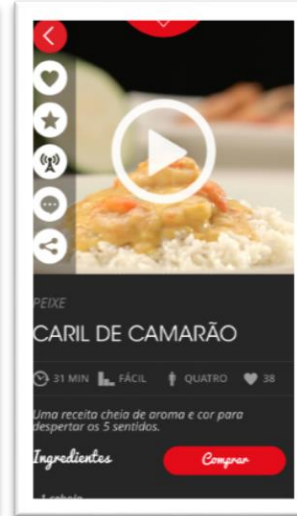
## Mobile experience



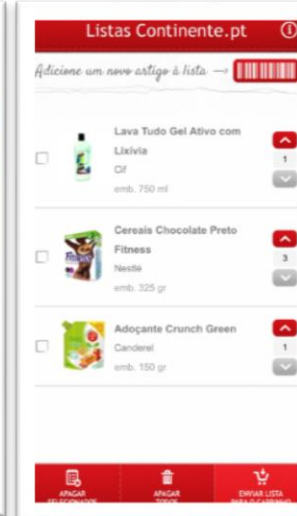
APP  
Continte  
Oct 2015



APP Tira-Vez  
Apr 2015



APP Yammi  
Oct 2014



APP Listas  
Jul 2014



APP Cartão  
Continte  
Apr 2014

## Wi-fi



Coverage

111 stores

Users

>100.000

# New adjacent business opportunities

## LEVERAGE ON KNOW-HOW IN RETAIL

## FRANCHISING

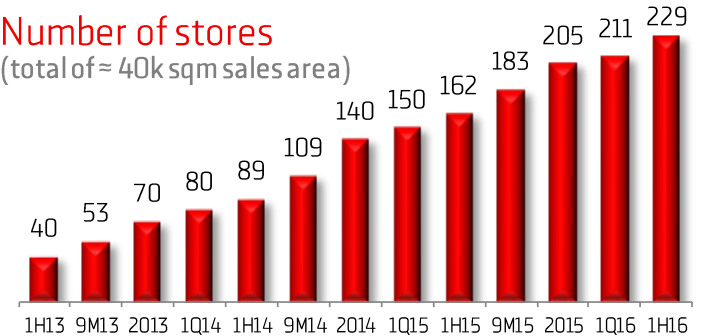


## Meu Super reaches 229 stores in the end of June 2016

- Franchised local food retail stores
- **Convenience stores**, located in residential areas: sales area between 150sqm and 500sqm
- Franchisees with guaranteed competitive prices for a wide range of products, with access to **Continente's private label**, **Continente's loyalty card** and local suppliers products (particularly perishables)
- Franchisees do not pay royalties nor start commissions and benefit from the **know-how of the leading retailer in Portugal** (to study the business viability and store operation)
- Logistics are supported by wholesale **distribution networks**

### Number of stores

(total of ≈ 40k sqm sales area)





# New adjacent business opportunities

## OWN STORES and FRANCHISING



Well's, specialised in health, wellness and optics, is the market leader in Portugal with **158 own stores** + **20 stores** under franchising agreements (1H16)

### Health and well-being

- Parapharmacy, beauty products, health and well-being care
- Eye glasses and optical services

### Additional services

- Spa
- Cosmetic
- Nutrition
- Dental care
- Orthopedics
- Hairdresser
- ... among other services

### Franchising

- In October 2014, Well's opened its 1<sup>st</sup> store under franchising agreement in Lisbon
- Well's stores in franchising benefit from information systems that are integrated within Sonae

## New adjacent business opportunities

### LEVERAGE ON KNOW-HOW IN RETAIL

• **B·A·G·G·A·**

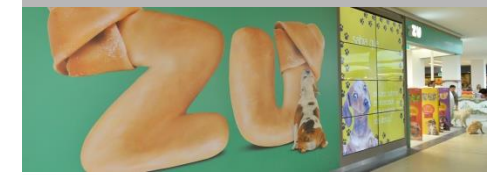
#### Coffee shops and small snack-bars

- Typically next to Sonae MC supers
- Variety and quality with a fast service fresh products and great price
- 113 own stores + 5 franchising stores (1H16)



#### Book shops, stationery and gifts

- 250 sqm of average store size
- 26 own stores + 5 franchising stores (1H16)



#### Products and services for dogs and cats

- extensive multi-brand range of products, including food, hygiene products, textiles, toys and accessories
- vet services, bathing, grooming and pet training

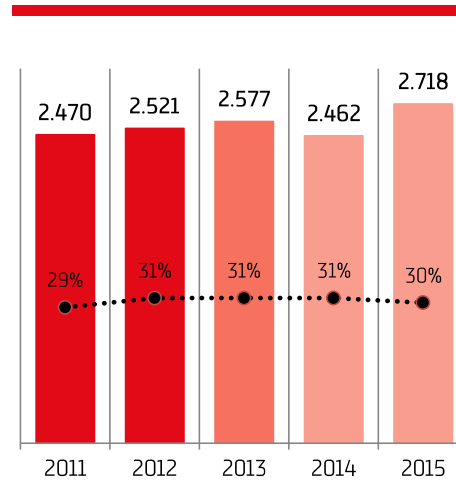
Discounts available through **Continente's** loyalty card

## Private label

PERFORMANCE REFLECTS THE STRONG AND CONTINUOUS INVESTMENT IN PRIVATE LABEL

WHOLESALE ACTIVITY INCREASING TO 38 GEOGRAPHIES

## # OWN REFERENCES AND % FMCG SALES



OWN LABEL PROGRAMME IS MANAGED INTERNALLY AND NOW COMPRISES MOST PRODUCT CATEGORIES

### INVESTMENT IN OWN BRANDS

- Broadening of private label range
- An important offer within the current adverse consumer environment (allowing customers to trade-down into a trusted brand)
- Larger volumes and increased know-how



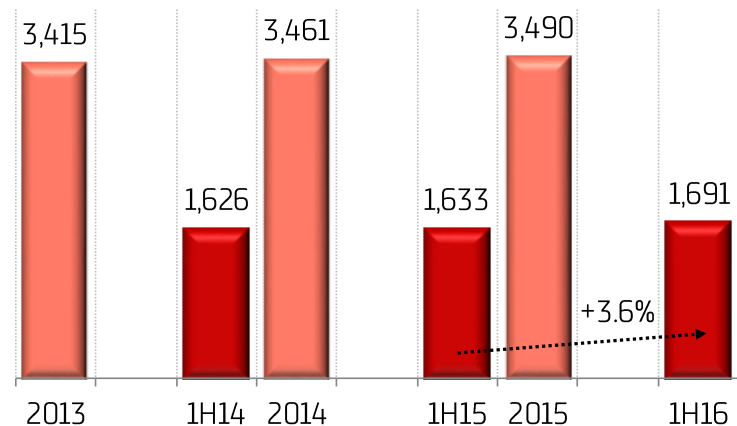
## Profitable growth

### GROWING MARKET SHARE, WHILE REINFORCING REFERENCE PROFITABILITY



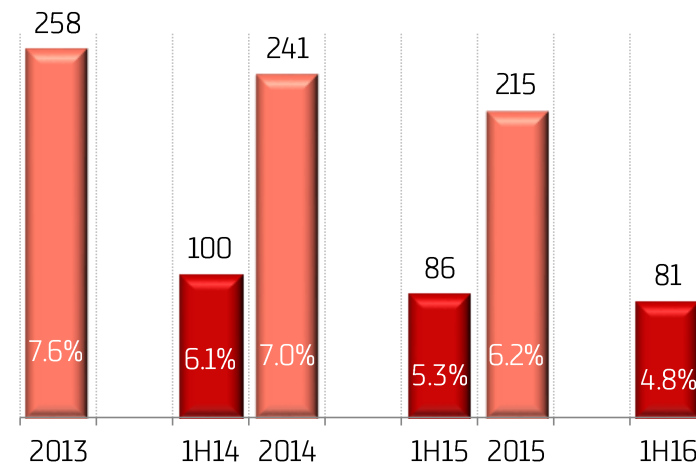
**1H16 TURNOVER GROWING** by 3.6% y.o.y. thanks to store network expansion and a large number of measures aimed at reinforcing the value proposition of Sonae MC, whilst improving price perception so as to be compatible with the real price positioning of our stores

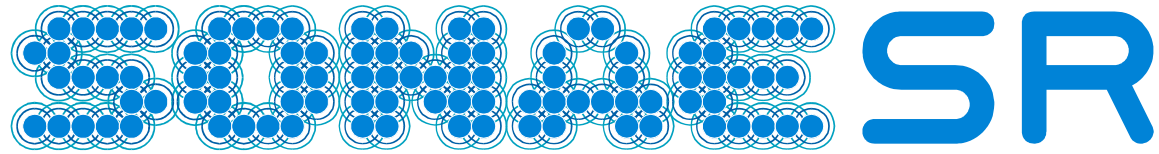
#### TURNOVER (M €)



**1H16 UNDERLYING EBITDA MARGIN OF 4.8%**, which translates into an underlying EBITDA of 81 M€, achieved despite the very intense promotional activity

#### UNDERLYING EBITDA (M€ and % sales)





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# INTERNATIONAL EXPANSION AND CONSOLIDATION OF MARKET LEADERSHIP IN PORTUGAL

# Breakdown per retail format

## Revenues

## Number and size of the stores

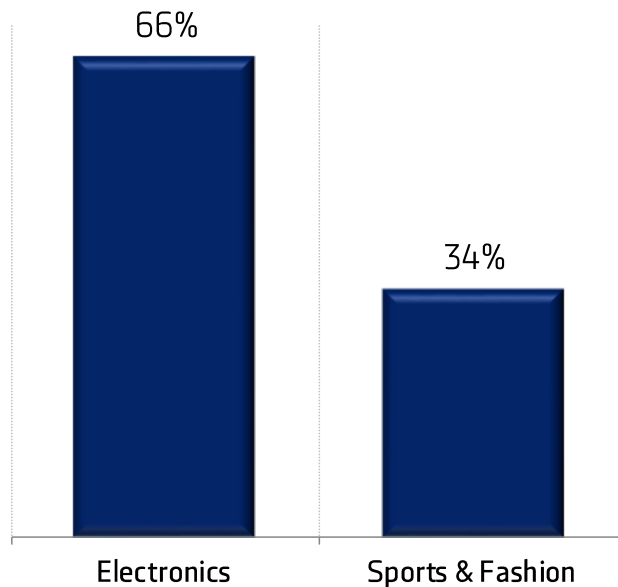
### Electronics



### Sports and Fashion:



REVENUES 1H16 in % of total SR



	1H16	Stores	Total '000 sqm	Average sqm/store
Worten	Portugal	181	119	659
	Spain	49	66	1,344
Sport Zone	Portugal	82	66	801
	Spain	35	33	937
	India	3	1	11
	France	1	1	23
MO	Portugal	112	54	480
	Spain	4	1	352
	Saudi Arabia	5	2	348
	Other countries	3	1	269
Zippy	Portugal	39	12	301
	Spain	21	6	280
	Saudi Arabia	17	4	256
	Other countries	31	5	171
Losan	Spain	10	3	345
	Bahrein	1	0	140
Total	Portugal	414	250	
	Spain	119	109	
	Other countries	61	14	
<b>Total Sonae SR</b>		<b>594</b>	<b>374</b>	

# Number of stores

## Portugal

STORES

**414**

including 13 under franchising

Worten	181
Sport Zone	82
MO	112
Zippy	39

S. AREA

**250k sqm**

## International

STORES

**180**

including 66 under franchising

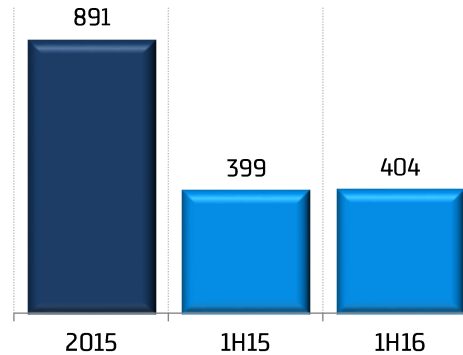
Worten Spain	49
Sport Zone Spain	35
Sport Zone Others	4
MO Spain	4
MO others	8
Zippy Spain	21
Zippy others	48
Losan	11

S. AREA

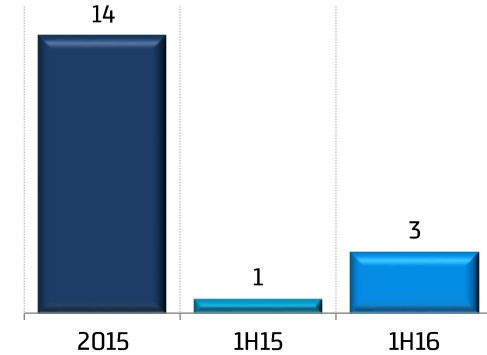
**123k sqm**

# Main financial indicators

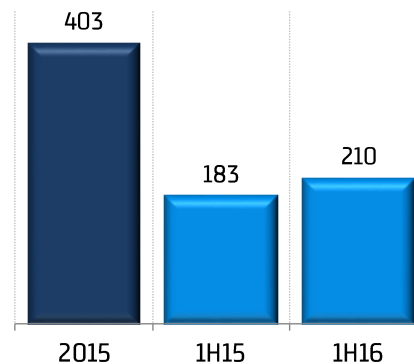
TURNOVER Worten (M €)



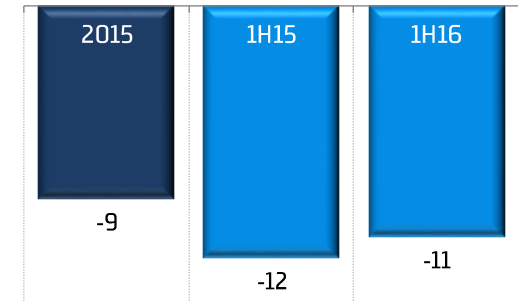
EBITDA Worten (M €)



TURNOVER S&F (M €)



EBITDA S&F (M €)



# International Expansion

INTERNATIONALI-  
SATION MOSTLY  
BASED ON NEW  
EXPANSION MODELS:

**JOINT-VENTURES  
FRANCHISING  
WHOLESALE**

**66 franchising stores  
outside Portugal**

## FRANCHISING CONTRACTS

24 COUNTRIES

**ZIPPY**

- Armenia
- Azerbaijan
- Cyprus
- Dominican Rep
- Ecuador
- Egypt
- Georgia
- Kazakhstan
- Kurdistan
- Lebanon
- Libya
- Morocco
- Mozambique
- Philippines
- Qatar
- Saudi Arabia
- Tunisia
- Turkey
- Venezuela

**SPORT  
ZONE**

- Ceuta
- India
- France
- Portugal

**MO**

- Bulgaria
- Canary Islands
- Mozambique
- Portugal
- Saudi Arabia

**worten**

- Portugal

## WHOLESALE

41 COUNTRIES

**ZIPPY**

- Andorra
- Bosnia
- Cyprus
- Costa Rica
- Czech Republic
- El Salvador
- Finland
- Germany
- Greece
- Guatemala
- Ireland
- Italy
- Nicaragua
- Poland
- Portugal
- Russia
- Slovakia
- Spain
- Ukrania
- Turkey

**SPORT  
ZONE**

- Andorra
- Australia
- Bulgaria
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Israel
- Italy
- Lithuania
- Mexico
- Mozambique
- Portugal
- Slovakia
- Slovenia
- Spain
- Switzerland
- Turkey
- UK

**worten**

- Angola
  - Czech Republic
  - El Salvador
  - Estonia
  - Greece
  - Guatemala
  - Holland
  - India
  - Israel
  - Mongolia
  - Morocco
  - Nicaragua
  - Romania
  - Spain
  - Timor
  - UK
- MO**
- Armenia
  - Belgium
  - Cyprus
  - Czech Republic
  - France
  - Slovakia
  - Spain



## ACQUISITION OF AN INTERNATIONALLY RENOWNED JEANSWEAR BRAND

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This acquisition brings to SONAE...

- A strong brand with proven international track record
- Strong growth potential with relatively low capital intensity given relevance of 3<sup>rd</sup> party distribution
- Reinforcement of internal competencies, namely textile product innovation and 3<sup>rd</sup> party distribution

For SALSA, this transaction brings...

- Shareholding stability with long-term vision commitment
- Balance sheet strength and a reinforced ability to invest
- Strong network capabilities and shopping centres international footprint

## A VALUE ACCRETIVE TRANSACTION FOR BOTH PARTIES

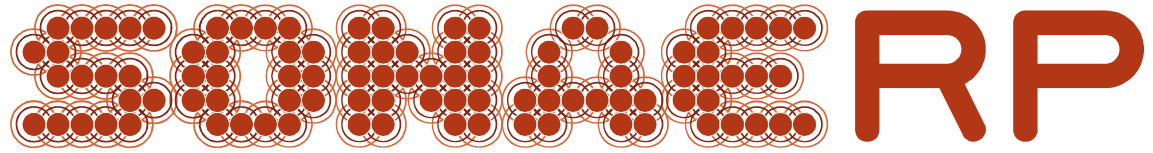
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SALSA consistent track record

- €106M total turnover in 2015, more than 50% of which in international markets
- Consistently recording double digit EBITDA margin over the last 5 years
- Strong business in Portugal, and international business with a 14% CAGR since 2008

Long-term goals

- Accelerate growth, both in current and new markets
- Reach 70% international revenues by 2020
- Maintain strong profitability levels
- Reinforce the brand position, starting with the Iberian market



# ACTIVE MANAGEMENT OF RETAIL REAL ESTATE ASSETS



# Assets Portfolio

## Properties anchored by CONTINENTE

Properties are presented as factions in Shopping Centres (22 of our 41 hypermarkets) or stand alone stores. Stores are located strategically in highly populated areas.

In the case of stand alone stores, the building generally includes a large Continente store (food retail anchor), two or three non food retail units operated by Sonae SR and several other smaller retail units (light bazaar + textiles represent ~15% of sales)



## Properties anchored by CONTINENTE MODELO

Properties are strategically spread throughout Portugal territory in relevant populated areas (average store size: 2 thousand sqm)

The building usually includes a Continente Modelo store (food retail anchor), two non food retail units operated by Sonae SR and several other smaller retail units (light bazaar represents less than 10% of sales - no textiles)



## Properties CONTINENTE BOM DIA

Convenience stores mostly located in Porto and Lisbon metropolitan areas (average store size: 1 thousand sqm)

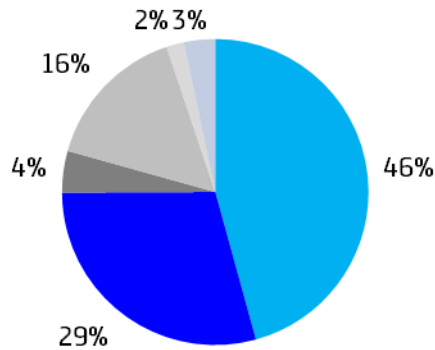
Operating exclusively a food retail store (concept based on quality and variety of fresh products, ideal for more frequent daily shopping)

Growth opportunity in large cities



# Strategy of Asset Monetisation

**GROSS BOOK VALUE**  
(1H16)  
**1.25 billion Euros**



- Continente
- Continente Modelo
- Continente Bom Dia
- Logistics & Offices
- Others
- Assets W/out Income

Note: Information organised by anchor.

From 2010 to 2011 Sonae completed 8 sale & leaseback transactions

Amidst new market conditions, and facing increased interest in its assets, Sonae accomplished relevant sale and leaseback transactions since 2014...

...which enabled releasing capital from mature real estate assets within Sonae RP while also maintaining adequate operational flexibility

Total Cash-In = 153 M€  
Capital gain = 56 M€

**2014**

4 SALE & LEASEBACK TRANSACTIONS

Total Cash-In = 14.5 M€

Total net asset value = 13.0 M€

**2015**

4 SALE & LEASEBACK TRANSACTIONS

Total Cash-In = 184.7 M€

Total net asset value = 132.0 M€

**2016**

3 SALE & LEASEBACK TRANSACTIONS

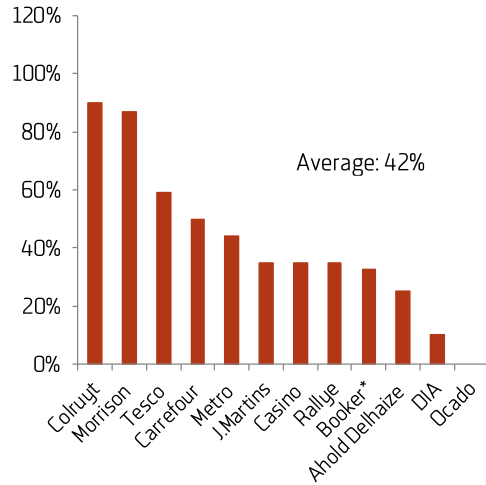
Total Cash-In = 229.9 M€

Total net asset value = 155.9 M€

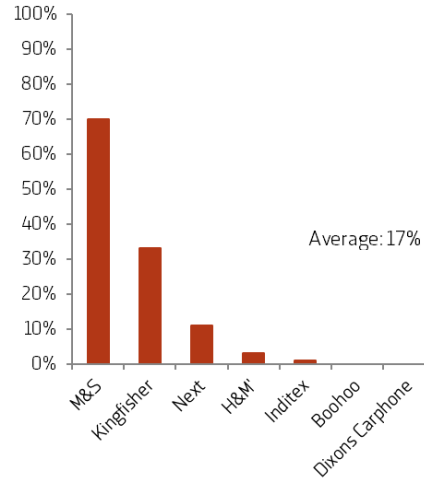
# Sonae Freehold Level

Following the transactions carried out over the last quarters Sonae retail real estate level of freehold as of 1H16 was significantly reduced

**FOOD RETAIL**  
% of space owned freehold



**GENERAL RETAIL**  
% of space owned freehold



**SONAE MC**  
**51% freehold**

**SONAE SR**  
**22% freehold**

**Hypermarkets**  
Continente  
22 stores owned

**Supermarkets**  
Continente Modelo  
62 stores owned

Continente Bom Dia  
20 stores owned



# 3. EQUITY CONSOLIDATED BUSINESSES

**SONAE SIERRA** (Shopping Centres)  
50% ownership

**NOS** (Telecoms)  
Ownership through Sonaecom



# Resilient Performance

**A SELF SUSTAINABLE COMPANY**  
 WITH INCREASING EXPOSURE TO EMERGING MARKETS

IN 1H16\*:

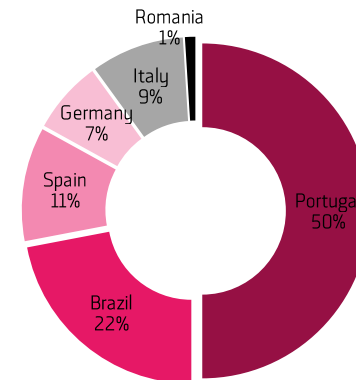
- **Occupancy rate** = 96.1%
- **Tenant sales** increased by 2.5% y.o.y. in Europe and decreased by 22.3% in Brazil (decreasing by 3.1% y.o.y. in local currency)
- Positive LfL in Europe (3.9%) and 0.0% in Brazil

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

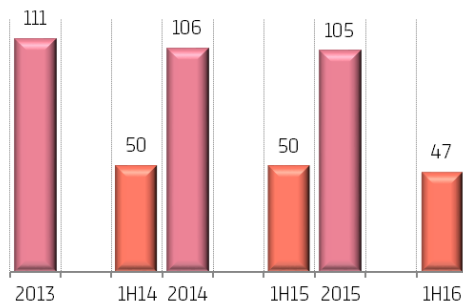
- Stakes in **44** Shopping Centres
- Net Asset Value of **-1.24 billion euros**

## OMV BREAKDOWN 1H16

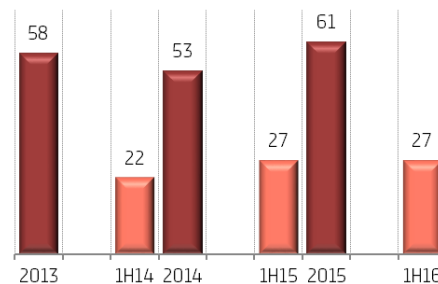
Assets owned and Co-owned - OMV (100% basis)



## EBIT (M€)



## DIRECT PROFITS (M€)



Occupancy rate growth reflecting the benchmark quality of Sonae Sierra assets

## MARKET VALUATIONS:

In 1H16 indirect results totaled 32 M€

(\* As per Sonae Sierra's published accounts (100%))

# Strategy of Recycling Capital and Services Provision

## TO GROW IN EMERGING MARKETS AND SERVICES BUSINESS

Recycle capital from mature, non-controlled assets to other projects with development potential

### 1H16

- Sale of 25% of Sonae Sierra stake in Sierra Portugal Fund
- Sierra retains a 22.5% stake in the Fund, continuing to manage both the Fund and the individual assets within it

## REDUCING THE EXPOSURE TO MATURE ASSETS

Munster (Germany)	2012
Parque Principado (Spain)	2013
Valecenter (Italy)	2013
Airone (Italy)	2013
Le Terraze (Italy)	2014
La Farga (Spain)	2014
Torre Colombo (Portugal)	2015
Zubiarte (Spain)	2015
Boavista (Brazil)	2016
Loop 5 (Germany)	2016
AlgarveShopping (Portugal)	2016
Estação de Viana Shopping (Portugal)	2016
Luz del Tajo (Spain)	2016

## STRENGTHENING OF SERVICES PROVISION

- Profiting from the expertise as retail property developer and property manager
- Signing of new contracts for the management, letting and development of third-party owned shopping centres
- 6 shopping centre developments in pipeline:
  - ParkLake (Romania)
  - Nuremberga (Germany)
  - Zenata (Morocco)
  - Designer Outlet (Spain)
  - Cucuta (Colombia)
  - Norte Shopping expansion (Portugal)

## PRESENCE IN 4 CONTINENTS AND 12 COUNTRIES

Portugal  
Spain  
Italy  
Germany  
Romania  
Greece  
Brazil  
Algeria  
Colombia  
Morocco  
China  
Turkey

Note: Shopping Centres owned/co-owned and services rendered.



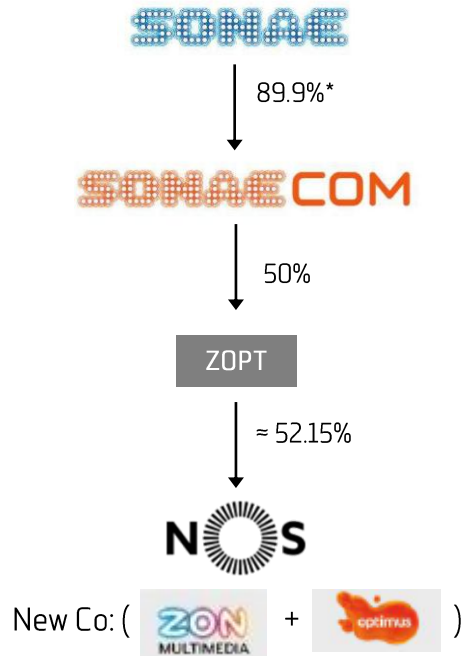
# Value Creation

## CONSOLIDATION UNLOCKED A SIGNIFICANT VALUE CREATION

On May 16<sup>th</sup> 2014, NOS was launched, a single brand for all segments and for all services, replacing ZON OPTIMUS.

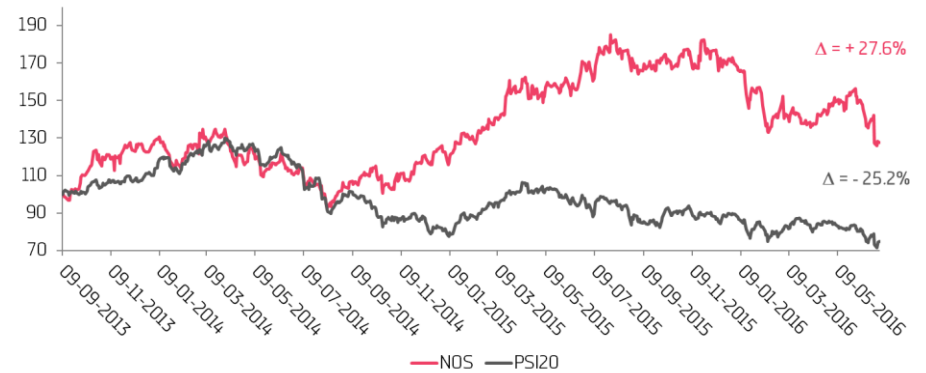
NOS strong operational trends are generating market share gains and improvements in the company's financial performance.

August 27<sup>th</sup> 2013: ZON OPTIMUS (NOS) was created



Merger by incorporation of Optimus into Zon

NOS market performance



Following the merger between Optimus and Zon, and the subsequent creation of NOS, and since September 9<sup>th</sup> 2013, the day when new shares issued were listed, to June 30<sup>th</sup> 2016, the company's market capitalisation has grown 27.6%, corresponding to a share price increase from €4.27 to €5.45



4.



# RECENT FINANCIAL PERFORMANCE

## Overview

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Resilient  
turnover performance

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Efficiency gains allowing for  
reference operating  
profitability

## KEY FINANCIALS 1H16

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TURNOVER

2.43bn

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UNDERLYING EBITDA

111m

---

UNDERLYING EBITDA Mg.

4.6%

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TOTAL NET DEBT

1.39bn

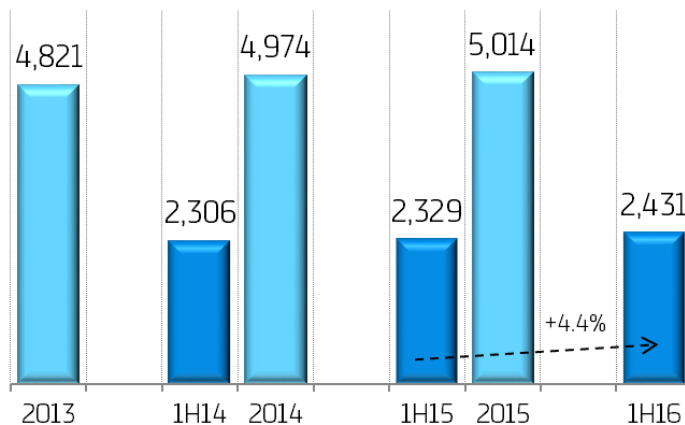


## Turnover

**CONSOLIDATED  
TURNOVER  
GREW** by 4.4%  
TO €2.43 BN IN  
1H16

... BENEFITING FROM THE POSITIVE CONTRIBUTIONS OF  
SONAE MC and SONAE SR

CONSOLIDATED TURNOVER  
Million Euros



TURNOVER PER BUSINESS (M€)

	1H15	1H16	y.o.y.
<b>SONAE</b>	<b>2,329</b>	<b>2,431</b>	<b>4.4%</b>
SONAE MC	1,633	1,691	3.6%
SONAE SR	582	614	5.5%
SONAE RP	64	47	-27.0%
SONAE IM	124	127	2.3%

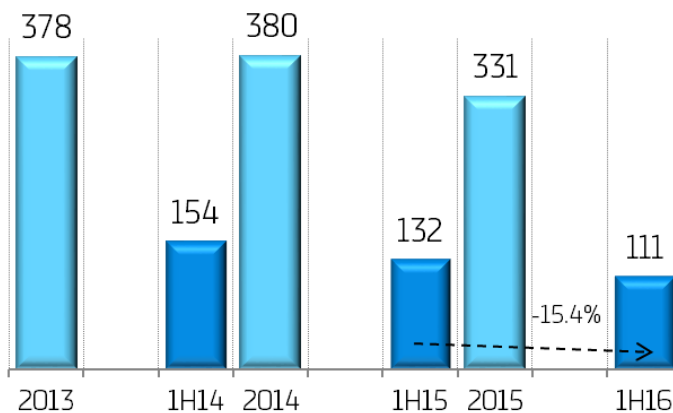
	2014	2015	y.o.y.
<b>SONAE</b>	<b>4,974</b>	<b>5,014</b>	<b>0.8%</b>
SONAE MC	3,461	3,490	0.8%
SONAE SR	1,290	1,294	0.4%
SONAE RP	126	121	-4.0%
SONAE IM	252	249	-1.1%

## EBITDA

IN A DIFFICULT  
MACRO  
ENVIRONMENT,  
GROUP'S  
UNDERLYING  
EBITDA REACHES  
€111M in 1H16

... SUPPORTED BY THE IMPLEMENTATION OF OPERATIONAL  
EFFICIENCY PROGRAMMES

UNDERLYING EBITDA  
Million Euros



UNDERLYING EBITDA PER BUSINESS (M€)

	1H15	1H16	y.o.y.
SONAE	132	111	-15.4%
SONAE MC	86	81	-6.3%
SONAE SR	-11	-8	30.9%
SONAE RP	58	41	-29.1%
SONAE IM	5	5	15.8%

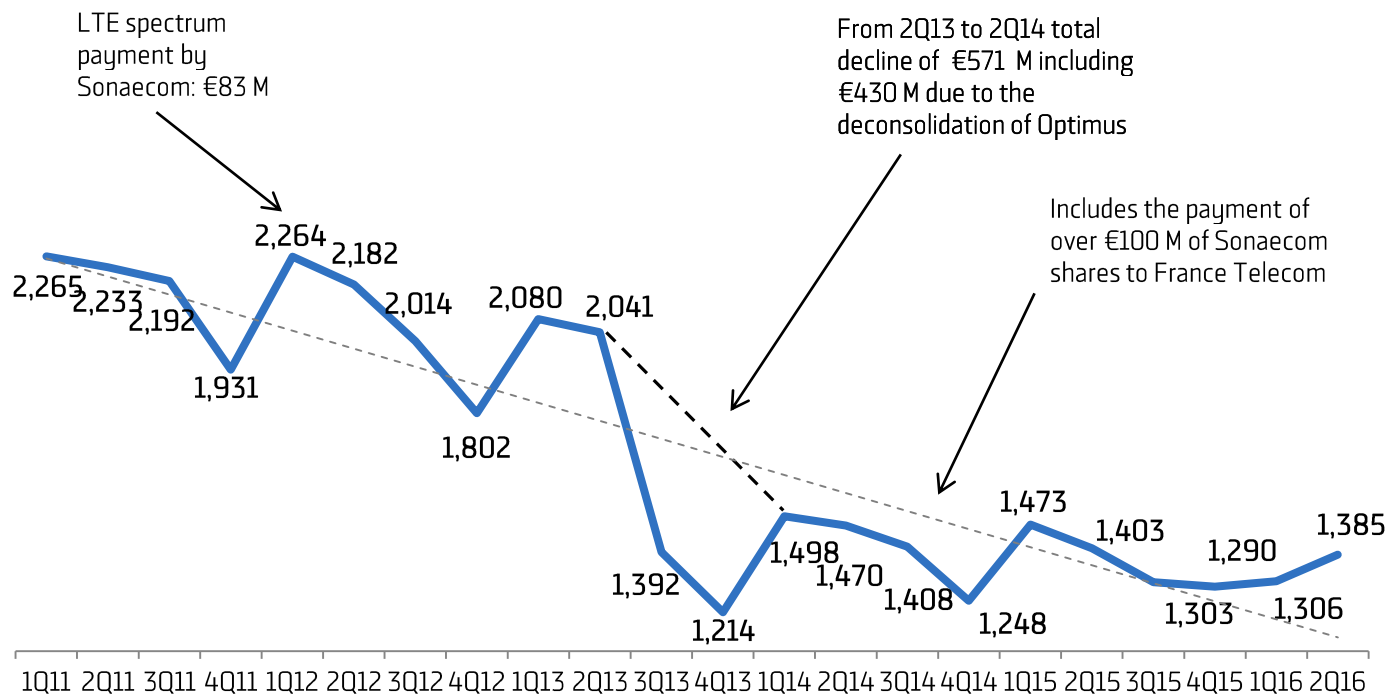
	2014	2015	y.o.y.
SONAE	380	331	-13.0%
SONAE MC	241	215	-10.7%
SONAE SR	15	5	-64.6%
SONAE RP	116	109	-6.3%
SONAE IM	19	16	-14.3%

# Capital Structure

Net Financial Debt	2Q16
MC, SR and IM	836
Holding & Other	538
Sonae IM	10
<b>TOTAL FINANCIAL NET DEBT</b>	<b>1,385</b>

All refinancing needs for next 18 months already secured

## FINANCIAL NET DEBT



Sonae further reinforced its capital structure, and concluded several financing operations with maturities up to 7 years

## Capital Structure

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June 4<sup>th</sup> 2014  
Sonae issued €210.5 M in  
convertible bonds

## COVERTIBLE BONDS

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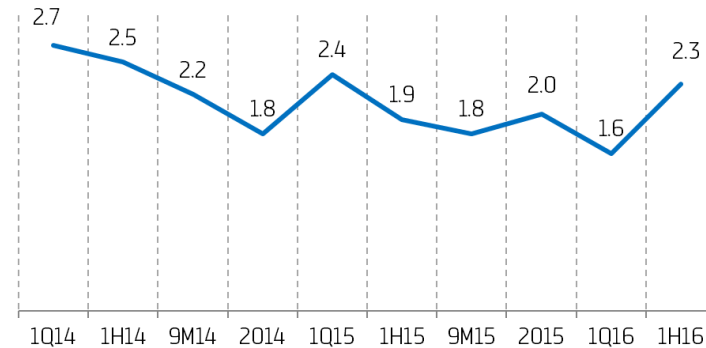
- 210.5 M€
- 122 million shares
- Initial conversion price 1.726 €/share
- Premium 35%
- Maturity 5 years – redeemed at par at maturity
- Coupon 1.625% per annum, payable semi-annually in arrear



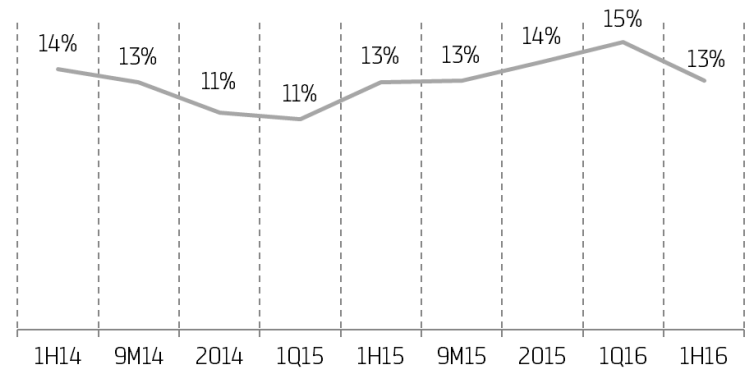
# Capital Structure

**AN APPROPRIATE CAPITAL STRUCTURE IN EACH BUSINESS TO SUPPORT ACTIVITIES AND INVESTMENTS**

**RETAIL NET DEBT/REC. EBITDA**



**HOLDING & OTHER LOAN-TO-VALUE(\*)**



(\*) Holding net debt as % of Sonae's gross asset value (Retail businesses @ market multiples, except for SR SP (invested capital @ book value) + Sonae RP @ book value + Sonae IM equity value (@ book value; % share) + share of Sonae sierra NAV + share of Sonaecom market cap)



## Shareholder Remuneration

### DIVIDEND PAYER ON A REGULAR BASIS

OBJECTIVE  
TO MAINTAIN  
AN ADEQUATE  
SHAREHOLDER  
REMUNERATION

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

**3.85 cents**

DIVIDEND PER SHARE 2015

+5.5% vs. 2014  
+10.6% vs. 2013

**3.5%**

DIVIDEND YIELD

Considering  
Share Price (adjusted) as of  
2015.12.31 (€1.048)



# Valuation

## SIGNIFICANT DISCOUNT VS “SUM-OF-THE-PARTS” VALUATION

SONAE Market Valuation (€M)	
Sonae MC enterprise value	1,649
Sonae SR enterprise value	656
Worten	325
Sports & Fashion	331
Sonae RP (invested capital @ book value)	879
Retail businesses avg. net debt	-680
<b>Retail businesses' equity value</b>	<b>2,504</b>
Investment Management's equity value	161
NOS (market value; % share)	737
<b>Sonae Sierra's equity value (NAV; % share)</b>	<b>598</b>
<b>Sonae's GAV (Gross Asset Value)</b>	<b>4,001</b>
<b>Holding net debt (incl. shareholder loans)</b>	<b>-614</b>
<b>Sonae NAV (Net Asset Value)</b>	<b>3,387</b>
<b>Sonae NAV per share</b>	<b>1.69</b>

# €1.69

## SONAE NAV per share

### Assumptions:

Sonae MC: valuation based on sector's EV/EBITDA & EV/Sales applied to last 12 months Sales & EBITDA reported;

Worten: valuation based on sector's EV /Sales applied to last 12 months Sales reported;

Sports & Fashion: valuation based on sector's EV /Sales applied to last 12 months Sales reported;

Investment Management: valuation based on invested capital @ book value, minus debt;

SSI & Media: valuation based on sector's EV/EBITDA & EV/Sales applied to last 12 months Sales & EBITDA reported;

NOS: valuation as per market price on last trading day;

Sonae Sierra: valuation as per disclosed quarterly NAV.

## Valuation

**SONAE IS ACTIVELY COVERED BY 7 SELL SIDE EQUITY ANALYSTS**

**+ 2.3%**

Stable share price performance in 2015

BROKER	Date	Recommendation	Price Target
Fidentiis	Sept 16	Buy	1.03
BPI	Sept 16	Buy	1.05
Barclays	Jul 16	Hold	0.75
Caixa BI	Jun 16	Buy	1.50
Equita	May 16	Buy - Best Picks	1.40
BIG	Apr 16	Buy	1.37
Haitong	Apr 16	Buy	1.35
Mainfirst	Jan 16	Outperform	1.42

<b>Average</b>	<b>1.23</b>
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Average price target of **€1.23**

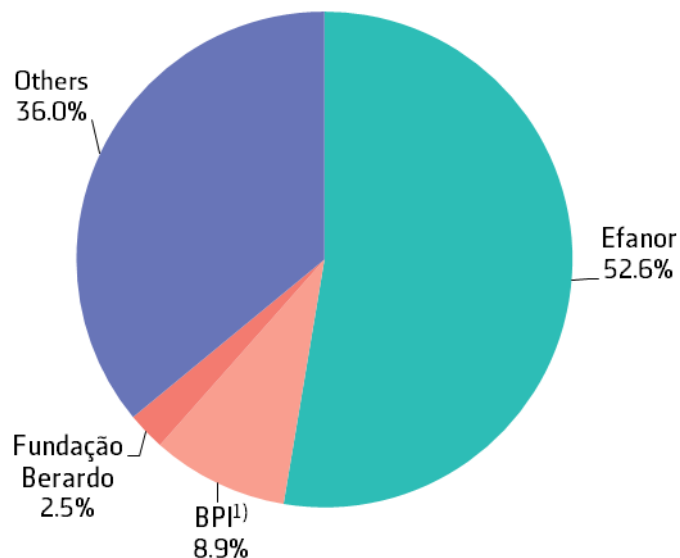
**+ 75.0%**

when compared with share price as of 30.06.2016 (€0.705)

## Shareholdings

### A STABLE SHAREHOLDER STRUCTURE

Reference shareholder, Efanor, a family holding company



## FREE FLOAT OF CIRCA 40%

<sup>1)</sup> BPI stake includes Equity swap of circa 119 million Sonae shares (~6% of share capital)



SHARE CAPITAL  
2,000 million

AVERAGE DAILY  
VOLUME (1H16)  
~4.09 million shares

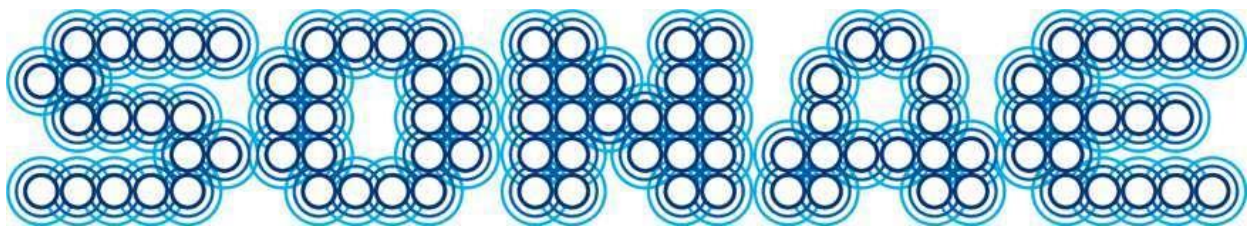
MARKET  
CAP (as of 30.06.2016)  
~1.41 billion euros

<sup>2)</sup> As of 25 May 2015;  
Note: Sonae own shares represent less than 0.01% of Sonae's share capital.

## CONCLUSION

## AN ATTRACTIVE INVESTMENT OPPORTUNITY

- Growing **leading market positions** in Portugal, while protecting operational profitability
- An **internationalisation strategy** based on a “capital light” approach, enabling future growth and value creation
- **Significant deleveraging** made possible by organic cash flow generation and asset monetisation
- **Undervalued** share price, driven by political uncertainties and macro concerns
- Attractive **dividend yield**
- Proven **management track record**



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# INVESTOR PRESENTATION

October 2016

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SONAE is listed on the Euronext Stock Exchange. Information may also be accessed on Reuters under the symbol **SONP.IN** and on Bloomberg under the symbol **SONPL**.

## **SAFE HARBOUR**

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that should not be regarded as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts, and generally all recipients of this document, are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.