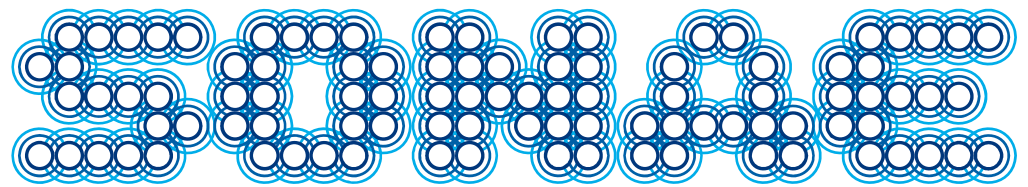




Improving  
GROWTH

# ROADSHOW FRANKFURT



IMPROVING LIFE

The background features a collection of overlapping circles in various colors including blue, orange, green, purple, and grey. Some circles have a textured, watercolor-like appearance, while others are solid. The circles are arranged in a dynamic, non-linear pattern.

# 1.SONAE AT A GLANCE

# WE ARE A RETAIL COMPANY

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

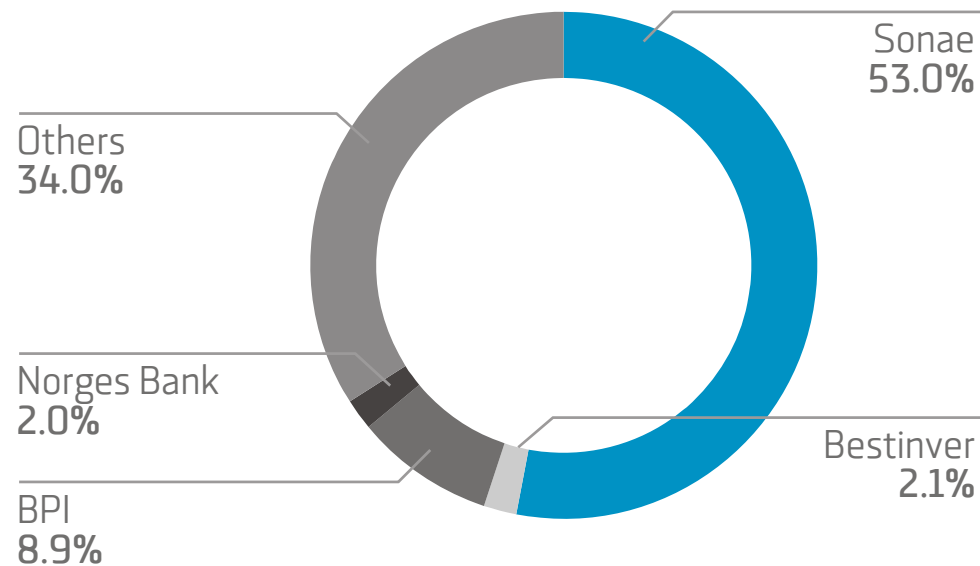
## SONAE

100%	100%	100%	50%	53%	100%
<b>SONAE MC Food Retail</b> Hypers and Supers	<b>SONAE SR Specialized Retail</b> Non-Food Retail formats: sports, fashion and electronics	<b>SONAE RP Retail Properties</b> Retail real estate assets	<b>SONAE SIERRA Shopping Centres</b> Shopping centre developer, owner and manager	<b>SONAECOM Telco</b> Integrated telecom provider	<b>Investment Manag.</b> Business with M&A activity: Insurance, Travel and DIY
<b>CORE BUSINESSES</b>		<b>RELATED BUSINESSES</b>	<b>CORE PARTNERSHIPS</b>		<b>ACTIVE INVESTMENT</b>

**RETAIL**

# WITH A STABLE SHAREHOLDER STRUCTURE

Reference shareholder, Efanor, a family holding company



## Free float of circa 47%

\*Including BPI equity swap

**Share capital**  
2,000 million

**Average daily volume** (2010)  
-6 million shares;  
5.2 million euros

**Market Capitalization**  
(as of 12 Nov 10)  
1.5 billion euros

**Free Float**  
(as of 12 Nov 10)  
0.72 billion euros

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

The background consists of several overlapping circles of various colors and opacities, including shades of blue, green, red, and grey. Some circles contain abstract patterns or textures, such as a blue and white watercolor-like wash or a blue circular pattern with dots.

## 2. STRATEGIC AMBITIONS

# WHERE WE ARE GOING AND WHY?

## International Expansion

The main strategic priority

Dilution of country risk

New growth avenues

## Diversifying investment style

Adopt the most appropriate  
investment style

Wholly owned businesses

Majority stakes

Partnerships

Minority stakes

## Leverage the exceptional asset base in Portugal

Innovate

Generate new businesses

Strengthen our competitive  
position

# WHAT ARE OUR STRATEGIC AMBITIONS?

ROE > 15%

TURNOVER  
CAGR > 10%

25% OF TURNOVER  
AND 35% OF ASSETS  
ABROAD

~1/3 OF CE  
IN MINORITY STAKES  
OR PARTNERSHIPS  
WITHOUT FULL CONTROL



WHAT ARE  
OUR STRATEGIC AMBITIONS?

# CAPITAL LIGHT STRATEGIES

To implement capital light growth strategies and look for opportunities to release capital employed





WHAT ARE  
OUR STRATEGIC AMBITIONS?

# REACH INVESTMENT GRADE PROFILE

To ensure access to debt  
in competitive conditions  
and/or alternative  
financing solutions





# 3. WE CONTINUE TO DELIVER OUR VALUE CREATION MODEL

IN 9M10 WE CONTINUED  
TO DELIVER PROFITABLE  
GROWTH, ON TRACK  
OF OUR INTERNAL OBJECTIVES

TURNOVER

**+6%**

TURNOVER  
RETAIL

**+8%**

RECURRENT EBITDA

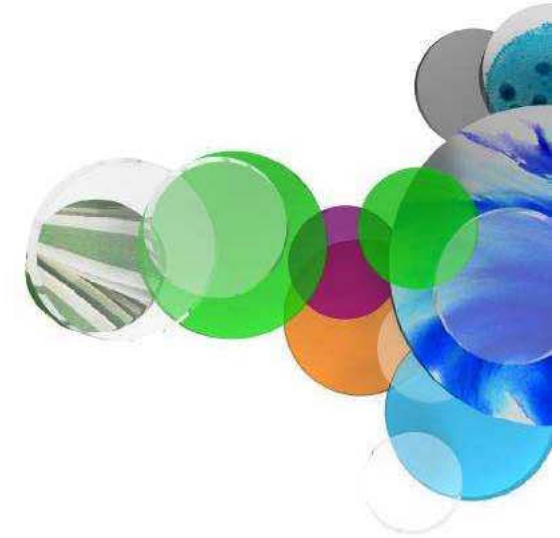
**+12%**

NET DIRECT  
PROFITS

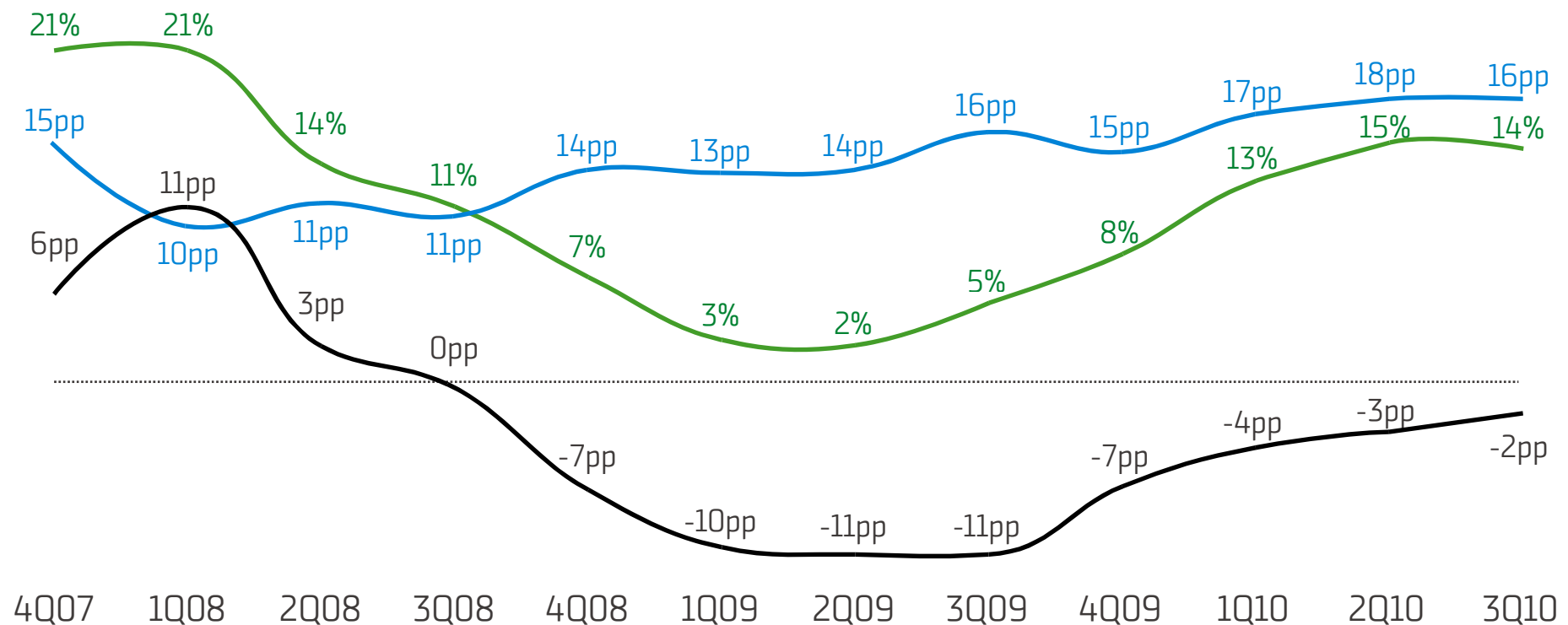
**+30%**



# WE CONTINUED TO IMPROVE OUR RETURN ON EQUITY



- Direct Income contribution to RoE
- ROE
- Indirect Income contribution to ROE



# WHILE INVESTING IN FUTURE GROWTH

GROSS CAPEX

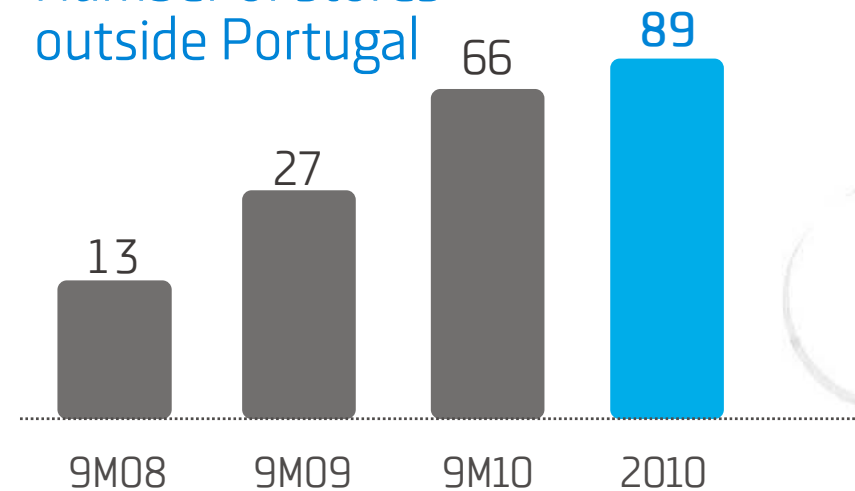
**278 M€**

High levels of investment  
in retail unit organic  
expansion:  
**+40,000 m<sup>2</sup>**

OUTSIDE PORTUGAL

**70M€**

Number of stores  
outside Portugal

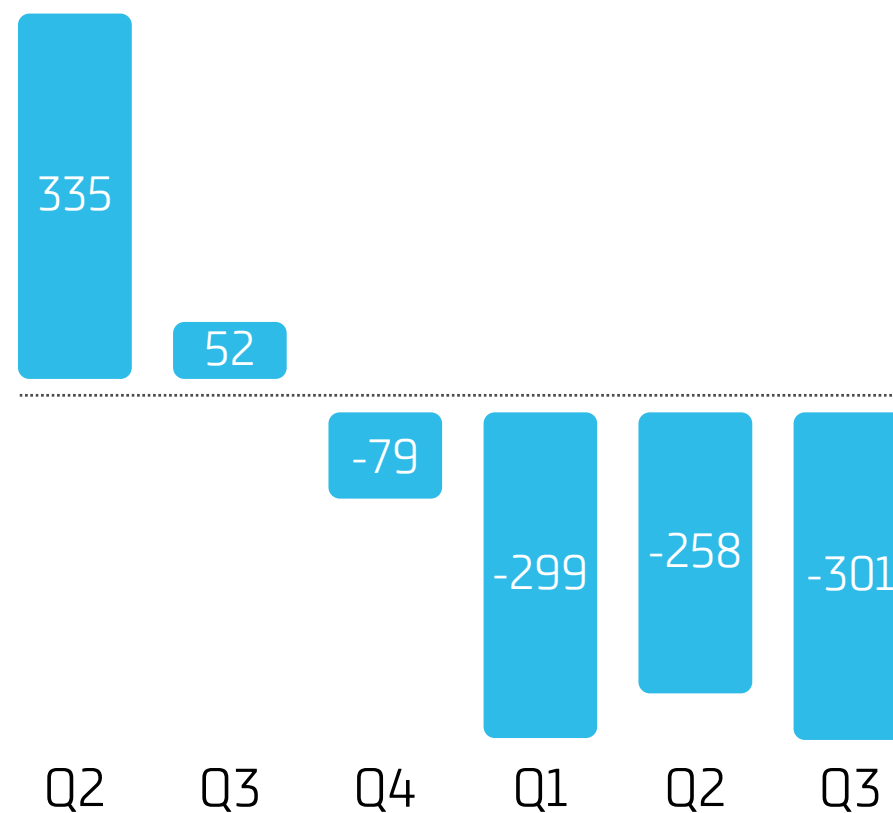


# ... AND WHILE REDUCING NET DEBT

NET DEBT

# 3,136M€

DELTA VS. SQLY



The background features a collection of overlapping circles in various colors including green, purple, orange, blue, brown, and red. Some circles contain abstract patterns like watercolor splashes or textured dots. The circles are semi-transparent, creating a layered effect.

# 4. PERFORMANCE OF THE BUSINESSES

# 4.1. LEADERSHIP AND PROFITABILITY



# SONAE MC KEY ACTION DRIVERS

**CONSOLIDATE LEADERSHIP**  
position in **Portugal** while looking  
for international opportunities

... **LEVERAGING ON OUR EXCEPTIONAL  
ASSET BASE IN PORTUGAL**

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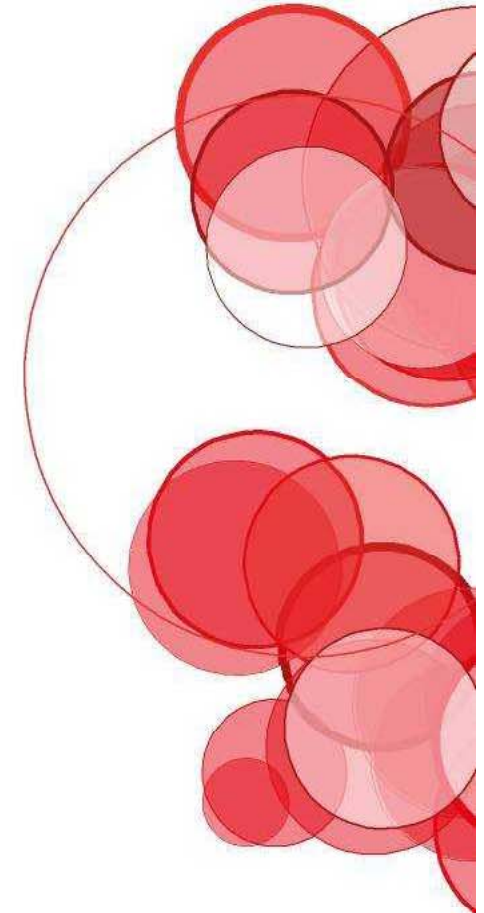
Coverage of the  
**PORTUGUESE MARKET**  
and **CONSOLIDATE  
MARKET LEADERSHIP**

---

Explore new adjacent  
**BUSINESS  
OPPORTUNITIES**  
leveraging on a **strong  
management team**  
and **know-how** in retail

---

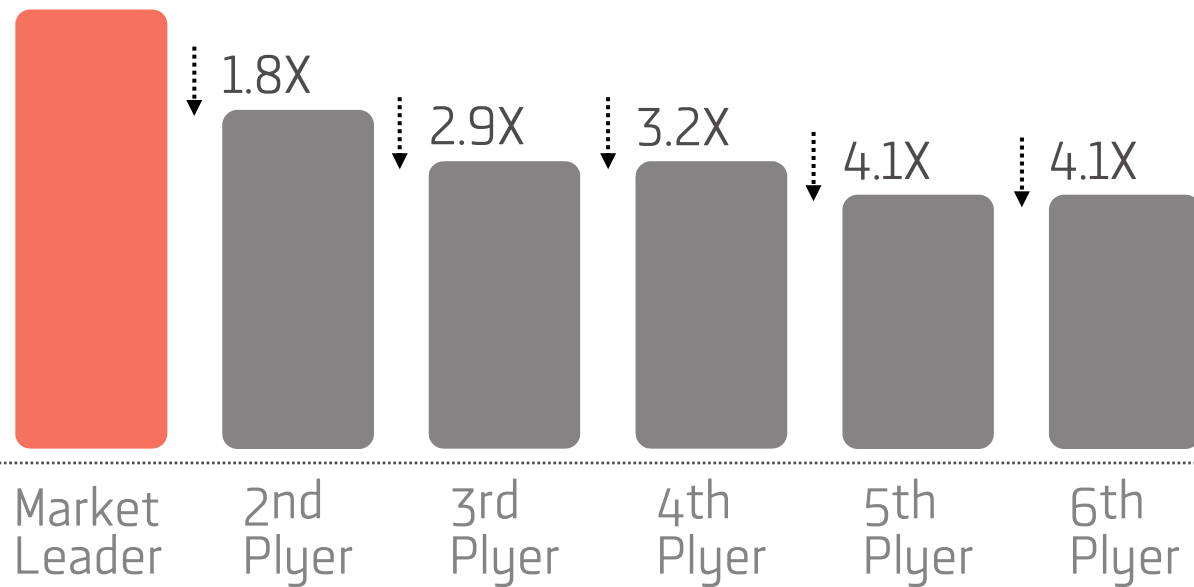
**Manage the business**  
in Portugal  
as a **SUSTAINABLE  
CASH FLOW  
GENERATOR**



**IN 2010**  
**WE INCREASED LEADERSHIP**  
**OF THE FOOD RETAIL MARKET**

**INCREASE IN SALES (+5%) ABOVE THAT**  
**OF THE MODERN RETAIL MARKET**

**MODELO**  
**CONTINENTE**



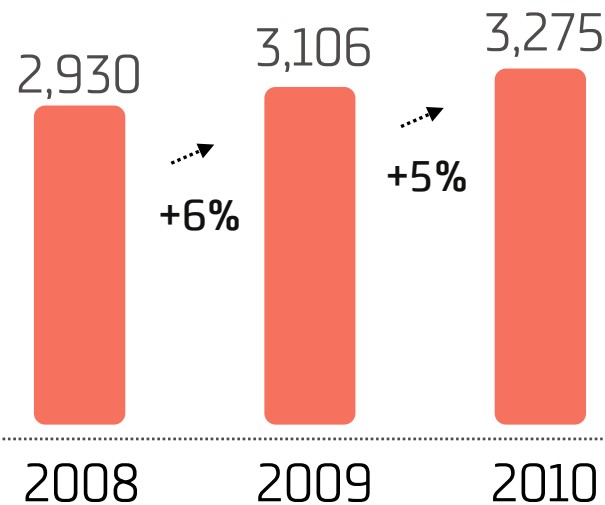
**FOOD MARKET**

# LEADERSHIP HAS ENABLED GROWTH AND PROFITABILITY TO BE ACHIEVED

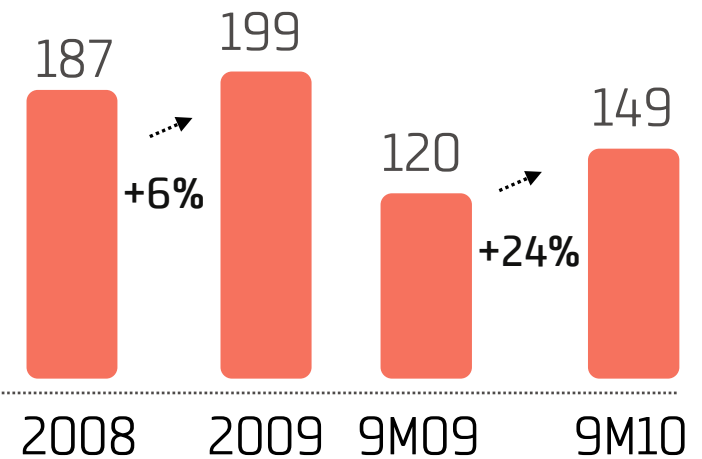
**TURNOVER = + 5% | EBITDA = + 24%**



TURNOVER (M€)



EBITDA (M€)



Note: 2010 turnover figures released in January 2011

## TURNOVER AND EBITDA

**SALES ON A LIKE FOR LIKE BASIS 2010 = 3%**

Benefiting from a clear value focused offering

**EBITDA margin 9M10 = 6.3%**

Reflecting scale, cost-cutting measures and effectiveness of promotions through the loyalty card

**EBITDAR margin 9M10 = 9.2%**

- Increasing from 9.0% in 9M09
- Benchmark in the portuguese market

## PERFORMANCE LEVERAGES ON THE VALUE AND SUCESS OF THE LOYALTY PROGRAM



NUMBER OF CLIENTS  
WITH LOYALTY CARD

% OF SALES ASSOCIATED  
WITH CARD

2008

2.8 million

83%

2009

2.9 million

84.5%

2010

>3.0 million

86%

NEW TECHNIQUES OF USING CLIENT INFORMATION:  
**'CUSTOMER CENTRICITY RETAIL'**

# PERFORMANCE REFLECTS THE STATE OF THE ART BUSINESS PROCESSES

Key issue:

## INTERNATIONAL SOURCING



- International procurement, quality control, administrative and logistic management
- Since 1994

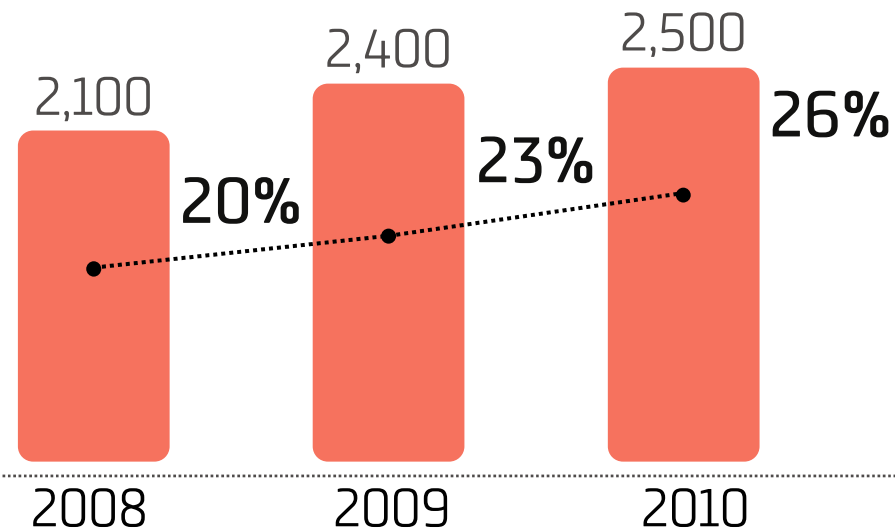
- ~80.000 sku´s and ~2.000 suppliers
- 700 M€ of global imports for Sonae group

- Recurrent contacts in 50 countries
- Dedicated offices in China and Brazil

- Sonae MC with 14% of international sourcing

# PERFORMANCE REFLECTS THE STRONG AND CONTINUOUS INVESTMENT IN PRIVATE LABEL

OWN LABEL OFFERED IN ALL PRODUCT CATEGORIES  
AND INCREASING IMPORTANCE



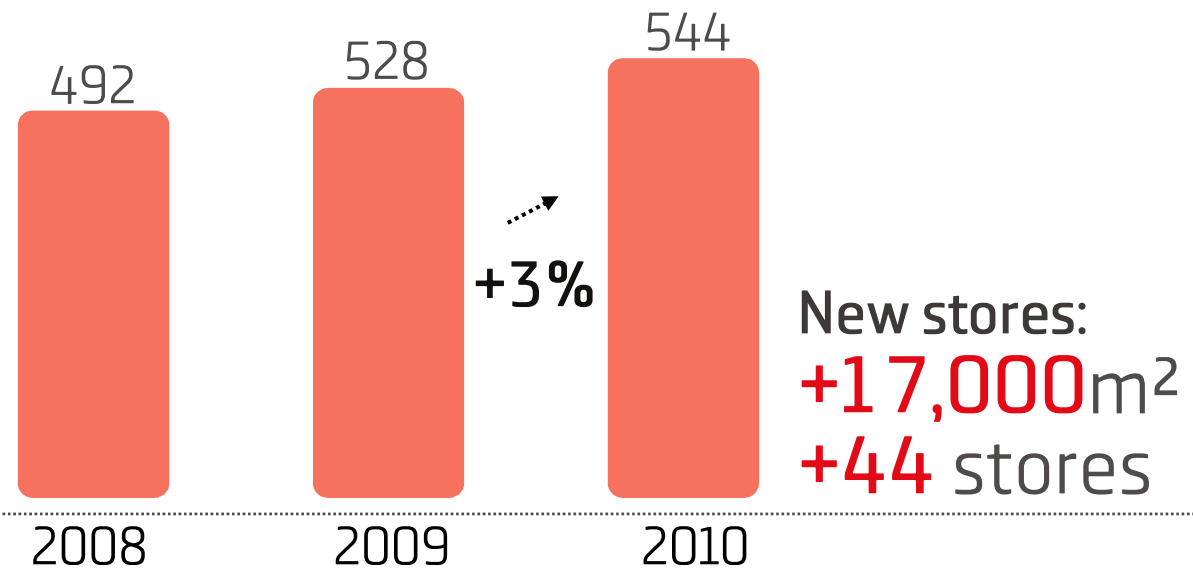
# OWN REFERENCES  
AND % FMCG SALES

## INVESTMENT IN OWN BRAND

- Broadening of the Own Brand range
- Representing a quarter of FMCG sales
- Own Brands include:
  - The Continente brand (20% cheaper than the sales category leader)
  - 1<sup>st</sup> price brands (best price on the market)
  - Controlled brands (gourmet, selection, etc.)

# PERFORMANCE REFLECTS THE SOLID ORGANIC GROWTH IN PORTUGAL

STORES = 415 | SALES AREA = 544,000 M<sup>2</sup>



Note: 2010 figures released in January 2011

## ORGANIC GROWTH IN LAST 12 MONTHS

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

# PERFORMANCE REFLECTS OUR OPERATIONAL EFFICIENCY

## COST CONTROL

---

Cost-cutting measures  
Specific teams focused  
on minimizing  
and controlling costs

## STOCK OPTIMIZATION

---

Reduction on average  
stock ( 9M10 vs 9M09)  
2% decrease in value (M€)  
from 42 to 39 days

## IMPROVEMENTS IN OPERATIONAL EFFICIENCY

---

Implementation of the  
**Kaizen method** aimed  
at identifying, reducing  
and eliminating  
suboptimal processes



## ... AND THE STRENGTHENING OF OUR COMPETENCIES AND VALUE PROPOSAL

CONTINENTE AND MODELO EACH  
HAVE DISTINCTIVE COMPETENCIES

### STRONG BRAND RECOGNITION

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

### PRODUCT OFFER VARIETY

Continente:  
~70,000 sales items  
Modelo:  
~40,000 sales items

### EXCELLENCE OF THE LOGISTICS INFRASTRUCTURE

2 logistics warehouses  
to centralize distribution  
for the North and the South  
of the country  
Total logistics area: 221,000 m<sup>2</sup>

## 4.2.GROWTH AND INTERNATIONAL EXPANSION

# SONAE SR KEY ACTION DRIVERS

## CONSOLIDATE LEADERSHIP

position in **Portugal** and strong push towards internationalisation

... LEVERAGING ON OUR EXCEPTIONAL  
ASSET BASE IN PORTUGAL

---

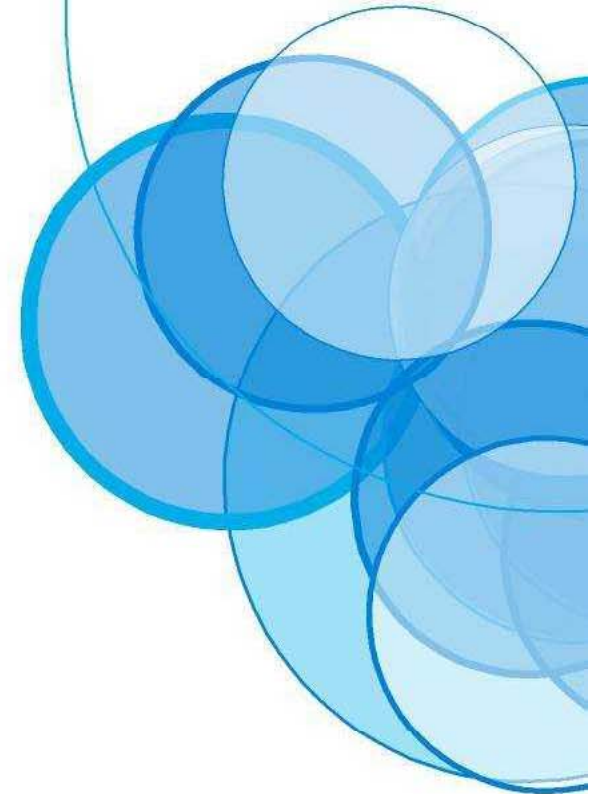
Coverage of the  
**PORTUGUESE MARKET**  
with the current formats' portfolio and  
**CONSOLIDATE  
MARKET LEADERSHIP**

---

Continue to use  
**PORTUGAL AS A TEST  
PLANT** for new formats,  
leveraging on a strong  
management team and  
know-how in retail

---

Manage the business  
in Portugal  
as a **SUSTAINABLE  
CASH FLOW  
GENERATOR**



# SONAE SR KEY ACTION DRIVERS

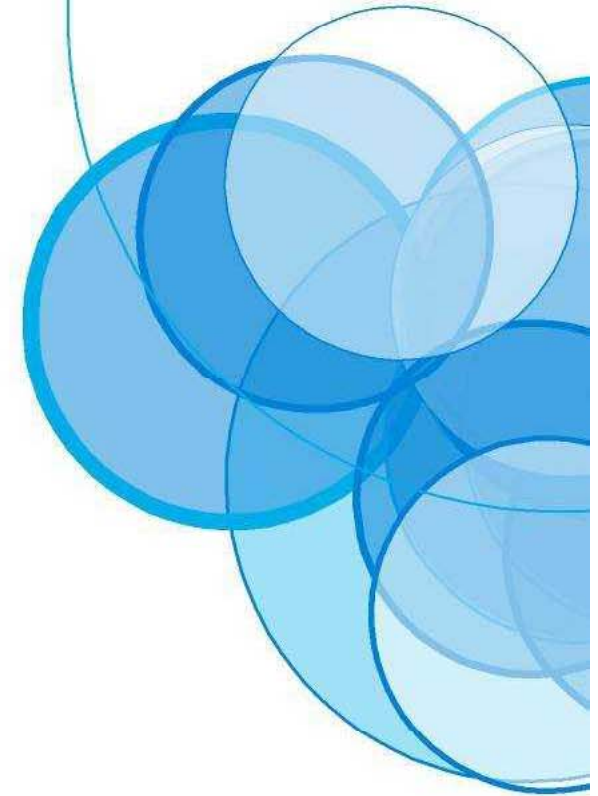
... STRONG PUSH TOWARDS  
INTERNATIONALISATION

... BECOME AN INTERNATIONAL RETAIL  
PLAYER, STARTING WITH A STRONG  
EXPANSION IN SPAIN

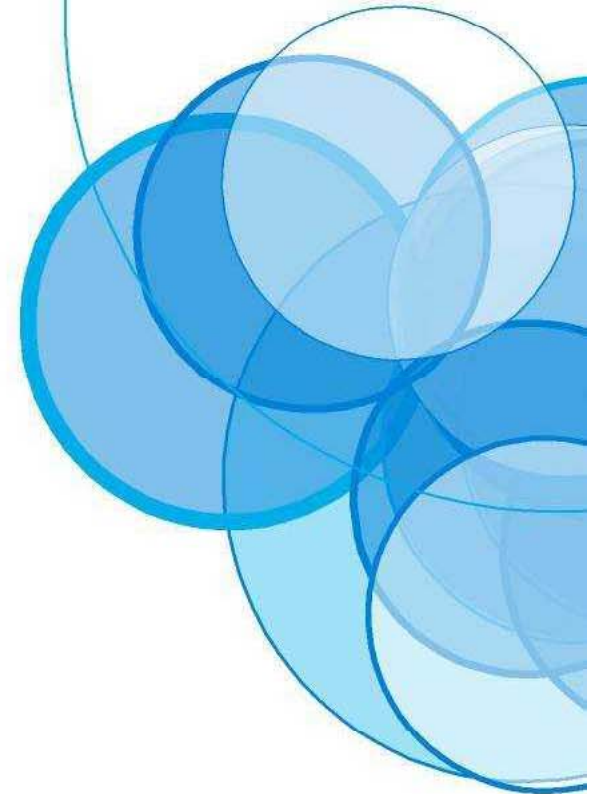
of **WORTEN**, building a  
strong and **DISTINCTIVE**  
**POSITION** in the  
IBERIAN MARKET

of **SPORTZONE**, leading  
the **REINFORCEMENT**  
of the **INTERNATIONA-**  
**LIZATION PROCESS**

of **ZIPPY**, exploring  
The **DISTINCTIVENESS**  
**OF THE CONCEPT**  
in both geographies



# SONAE SR KEY ACTION DRIVERS



---

**BUILD SKILLS  
AND EXPERIENCE**  
in order to develop  
the international  
identity of the  
formats' portofolio

---

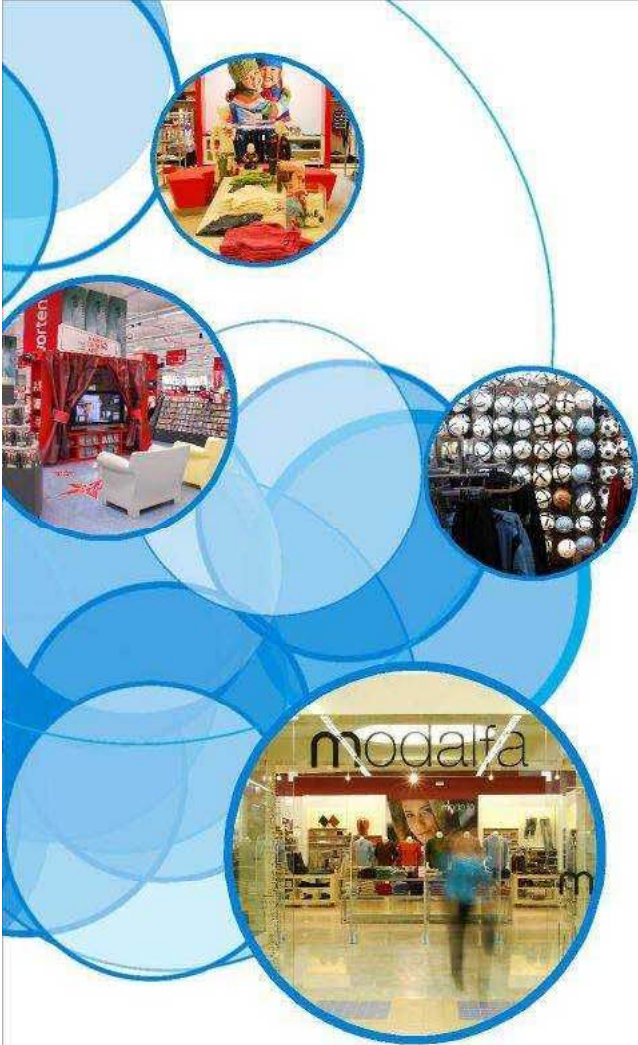
Enter into  
**NEWCOUNTRIES**

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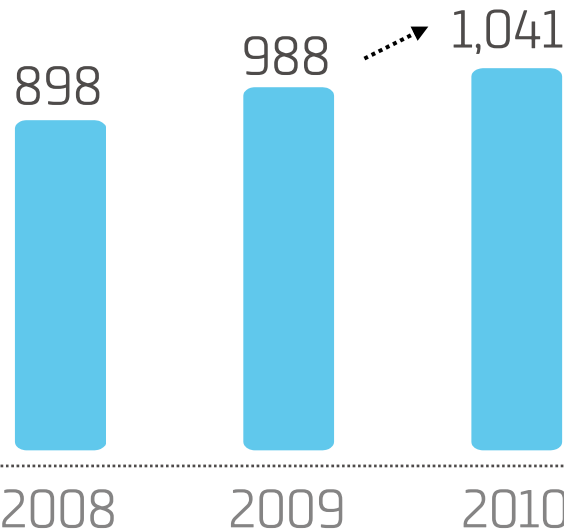
Configure an  
**INTERNATIONAL  
DEVELOPMENT  
MODEL** based on  
franchising and joint  
venture as means to  
accelerate growth

# WE MAINTAINED GROWTH AND PROFITABILITY IN PORTUGAL

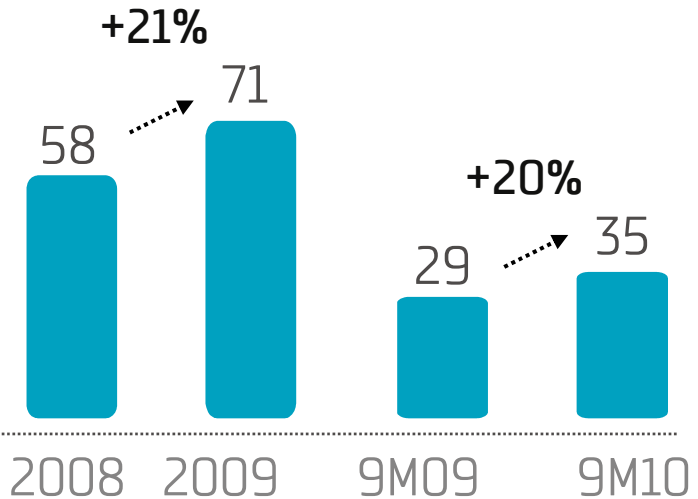
STORES = 414 | SALES AREA = 256,000 M2  
AS AT END 2010



TURNOVER (M€)



EBITDA (M€)



Note: 2010 turnover figures released in January 2011

## TURNOVER AND EBITDA

STRENGTHENING OF LEADERSHIP POSITION IN THE CONSUMER ELECTRONICS AND SPORTS GOODS SECTORS

SPORTZONE #1 in Portugal  
WORTEN #1 in Portugal

GOOD PERFORMANCE BY THE TEXTILES FORMATS

MODALFA  
ZIPPY

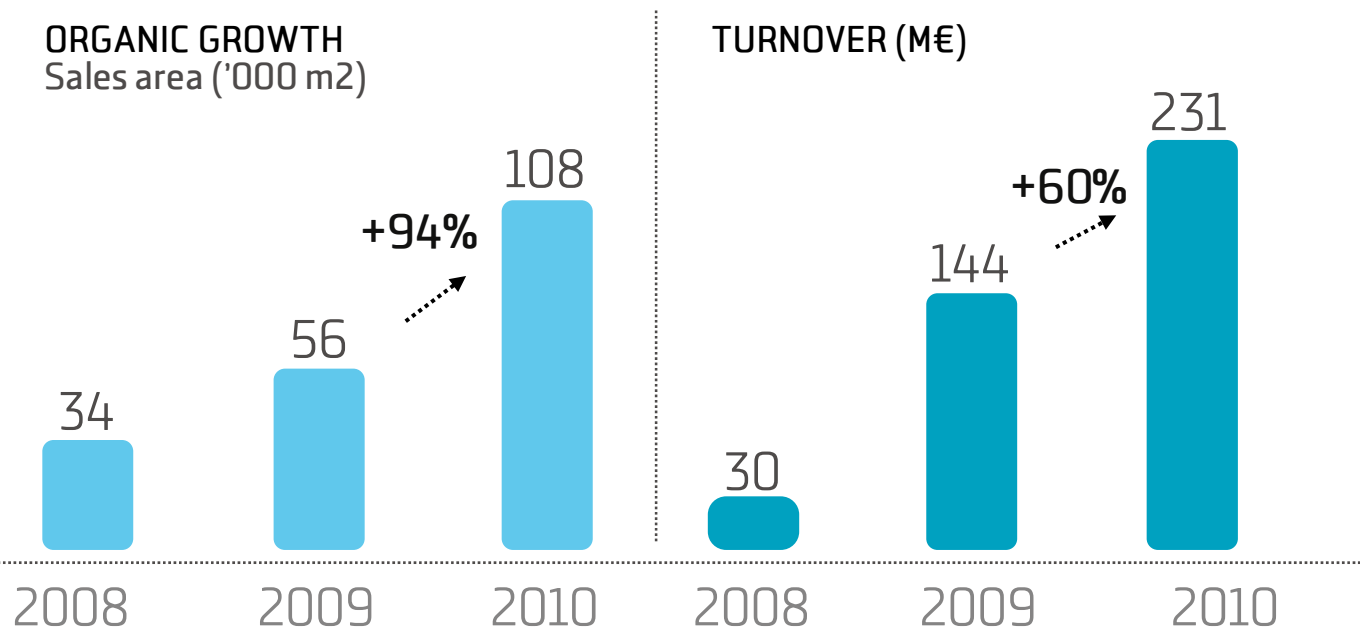
New stores:  
Last 12 months  
**+18,000m<sup>2</sup>**  
**+18 stores**

# WE ACCELERATED OUR INTERNATIONAL GROWTH

STORES = 89 | SALES AREA = 108,000 m<sup>2</sup>  
AS AT END 2010

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

**TURNOVER (M€)**

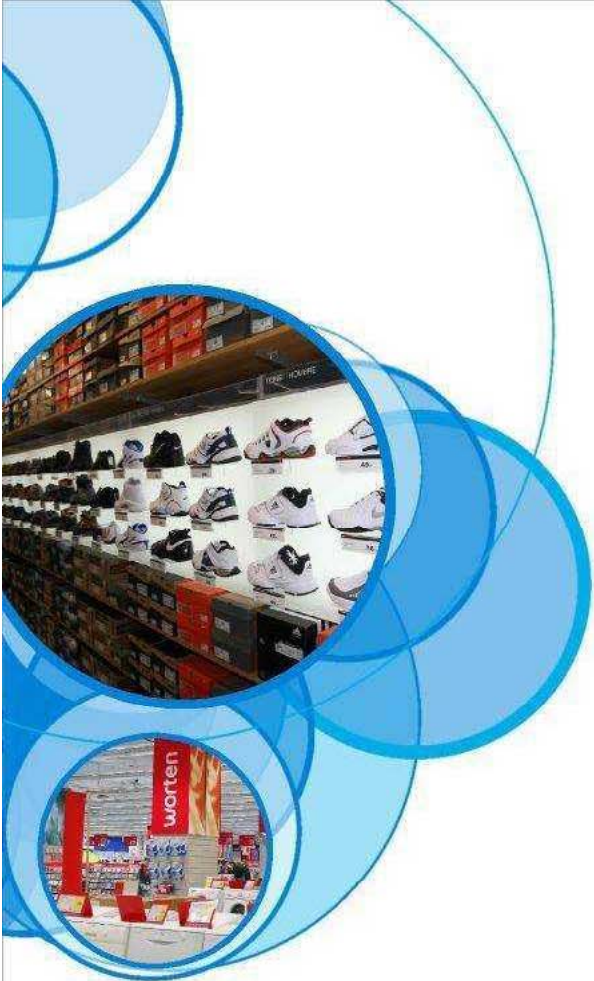


Note: 2010 figures released in January 2011

## ORGANIC GROWTH AND TURNOVER

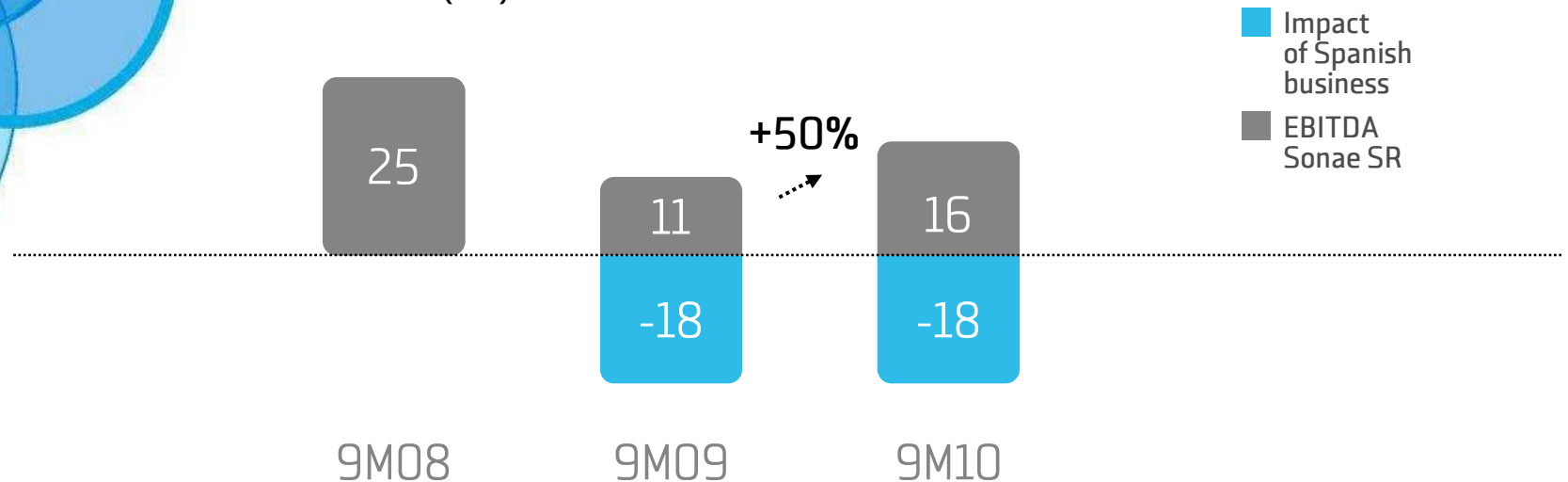
**New stores:**  
Last 12 months  
**+51 stores**  
**+52,000m<sup>2</sup>**

SPORTZONE = 28(+14)  
WORTEN = 25(+11)  
ZIPPY = 36(+26)



# INTERNATIONAL EXPANSION EFFORT IMPACTING PROFITABILITY BUT IN LINE WITH THE GOAL OF POSITIVE EBITDA IN 2012

EBITDA (M€)



SONAE SR EBITDA reflecting:

- Market entry costs
- Organic growth





## ... AND EXPANDED OUR BUSINESS FRONTIERS

### 1st joint ventures

Worten CANARY ISLANDS

Sport Zone CANARY ISLANDS

### 1st franchising contracts

Zippy CANARY ISLANDS

Zippy MIDDLE EAST

### 70 stores | 9 countries

Kingdom of Saudi Arabia

United Arab Emirates

Jordan

Egypt

Lebanon

Qatar

Bahrain

Kuwait

Kazakhstan



# 4.3.RETAIL REAL ESTATE ASSET MANAGEMENT

# SONAE RP KEY ACTION DRIVERS

AN IMPORTANT SOURCE OF CAPITAL



---

Execute an **asset monetization plan** to release circa 50% of **invested capital** freehold ownership of food retail sales area

---

Focus on **Asset Management**

---

Seek **Property Development opportunities**

# RETAIL PROPERTIES BUSINESS UNIT

## AN IMPORTANT SOURCE OF CAPITAL

### RATIONALE

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

**INVESTED CAPITAL** (end 9M10)  
1.5 Billion Euros (Net book value)

### 8 SALE & LEASE BACK TRANSACTIONS COMPLETED

#### Azambuja logistics platform

Yield - 7.62% | Value - 33.2 million € | Capital gain - 7 million €

#### 2 Modelos stores

Yield - 7.23% | Value - 12.2 million € | Capital gain - 3 million €

#### 6 Modelos stores ; 1 Continente; 1 Worten; 1 SportZone

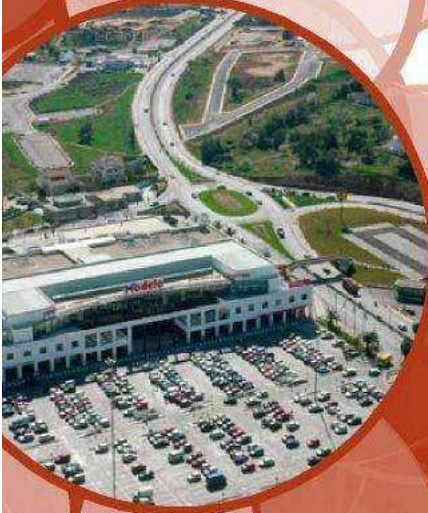
Yield - 6.8% | Value - 71 million € | Capital gain - 29 million €

### HYPERMARKETS | Continente

34 stores owned | 90% total sales area

### SUPERMARKETS | Modelo

98 stores owned | 79% total sales area



## 4.4. GOOD PERFORMANCE OF THE CORE PARTNERSHIPS

# SONAE SIERRA KEY ACTION DRIVERS



---

## Grow in **promising markets:**

- Speed up expansion in Brazil
- Reinforce emergent markets presence and services to third parties

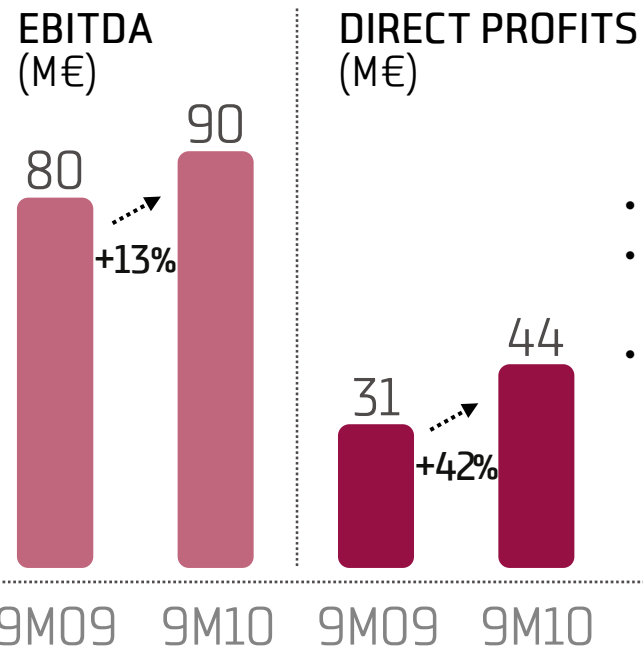
---

Continue to **make operational improvements** in spite of the fall in consumption in certain sectors in Europe

---

Prepare the **company for European recovery** in selected countries (freeing up capital and starting up with the best projects)

## EBITDA UP BY 13% AND DIRECT PROFITS INCREASED BY 42%



- Occupancy rate = **96%** (+2pp)
- Total of rents collected (fixed and variable) up **5%** on a LfL basis
- Expansion restricted in Europe but partially offset by greater development activity in Brazil

EBITDA AND DIRECT PROFITS (M€)

EBITDA PERFORMANCE REFLECTING ONGOING COST CUTTING MEASURES AND OPERATIONAL IMPROVEMENTS

INDIRECT PROFITS SHOWING SIGNS OF STABILIZATION

# SONAE.COM KEY ACTION DRIVERS



---

Manage **cash flow**  
and optimize  
**operational efficiency**

---

Ensure continuous  
**market share gain**  
in the mobile  
segment

---

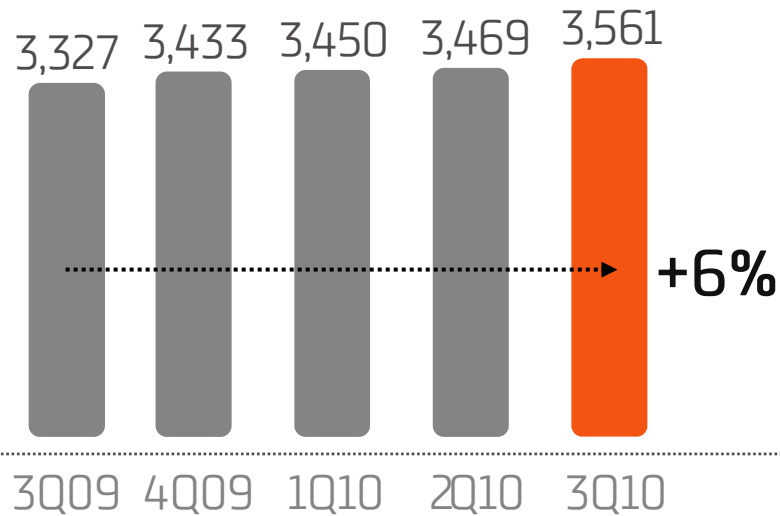
Reinforce **SSI's**  
**International presence**  
and **grow client base**  
through new services  
and sectors



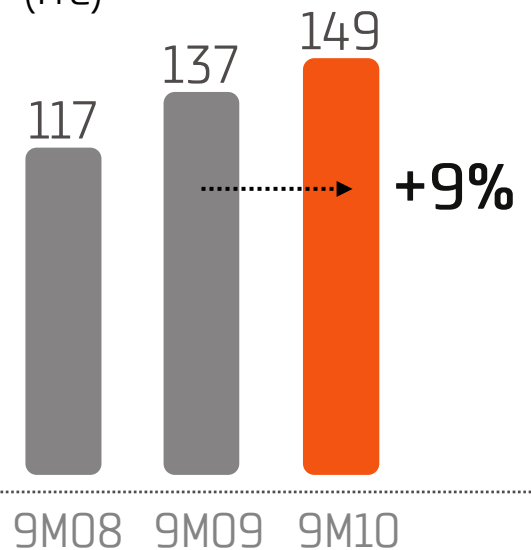
# EBITDA GROWS 9% AND CASH FLOW IS POSITIVE

RESULTS CONTINUE TO SHOW  
A FAVOURABLE EVOLUTION

MOBILE SEGMENT  
CUSTOMERS (M)



EBITDA  
(M€)

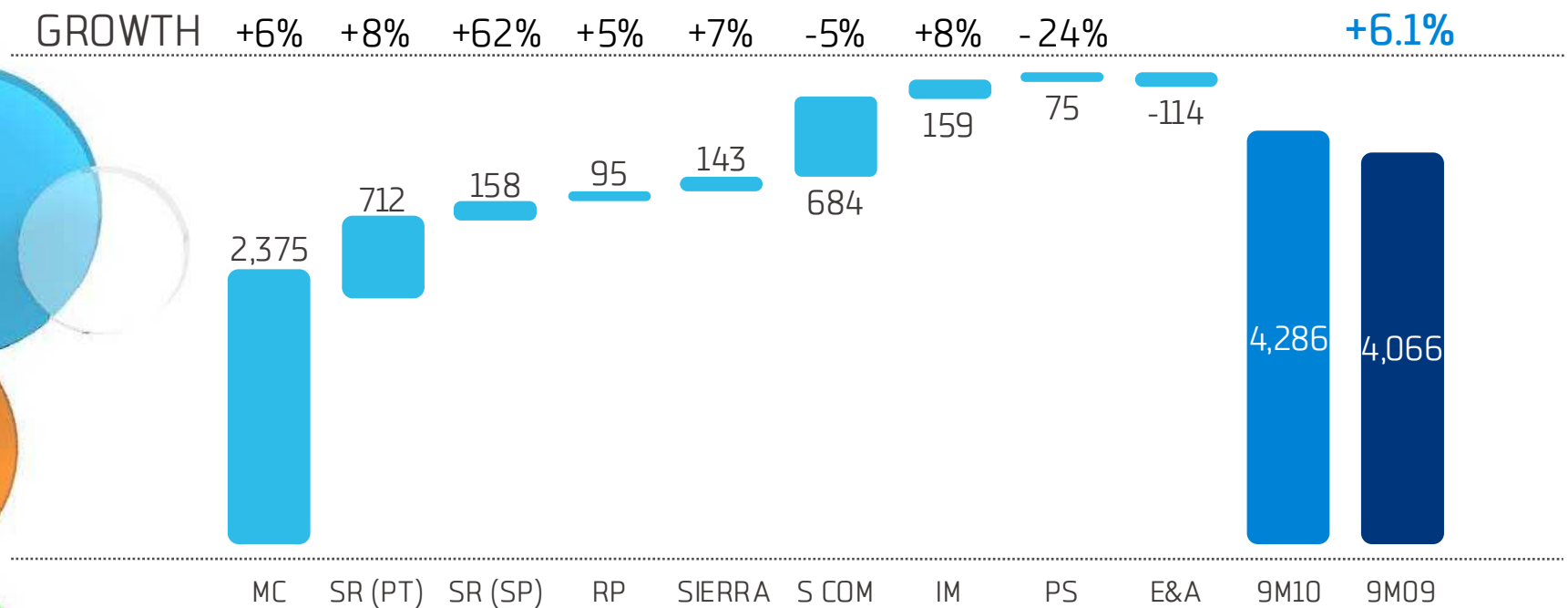


- Growth in mobile customers and customer revenues
- Gains in mobile market share
- Cost control policies
- Strict investment management

The background features a collection of overlapping circles in various colors including green, orange, purple, blue, and brown. Some circles contain abstract patterns like watercolor splashes or dot textures. A white rectangular box is positioned in the center-left, containing the section header text.

# 5. FINANCIAL ANALYSIS

# TURNOVER GREW BY 6% WITH RETAIL UNITS MAKING A SIGNIFICANT CONTRIBUTION TO THIS PERFORMANCE

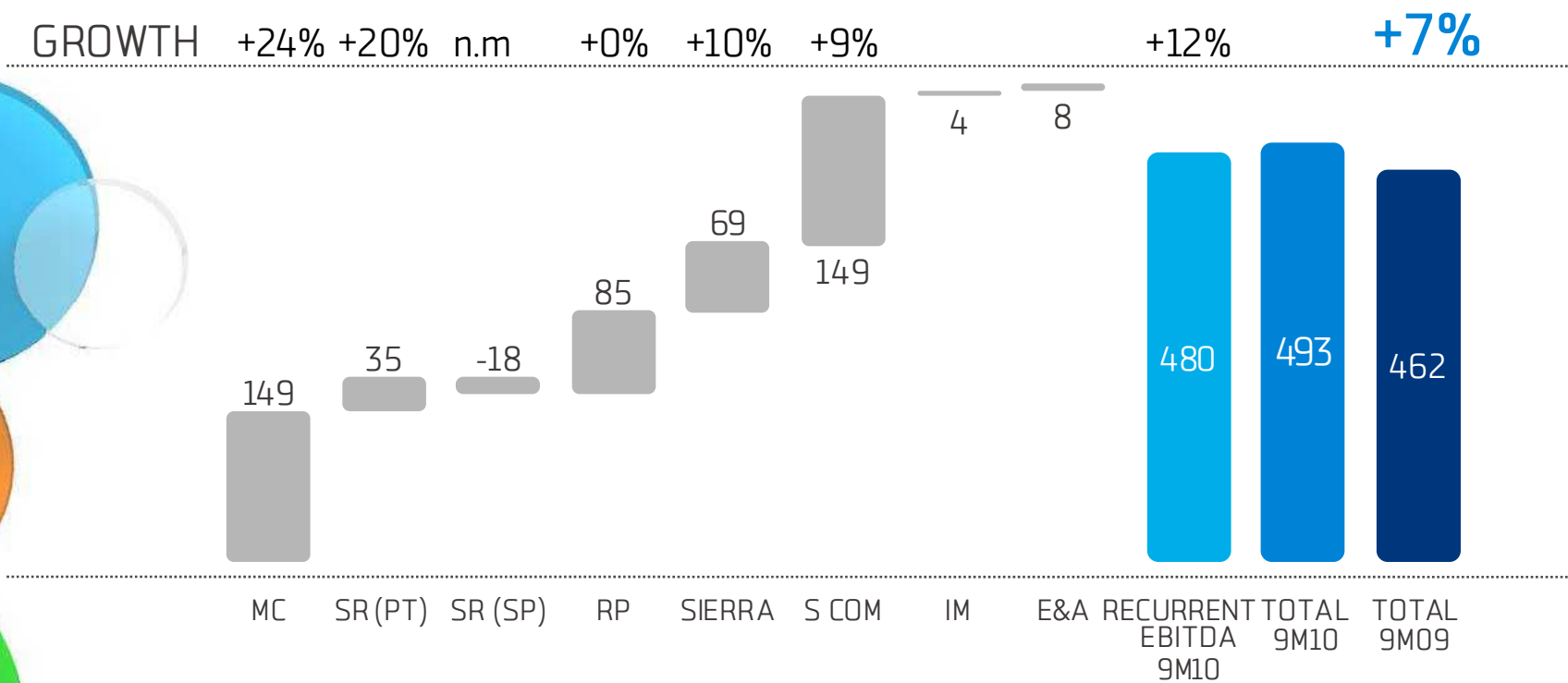


Sonae MC and Sonae SR growing 8%  
International business approaching 20%  
of Sonae SR turnover

YTD 9M1Q Million euros

# EBITDA INCREASED BY 7% GENERATING A MARGIN OF 12%

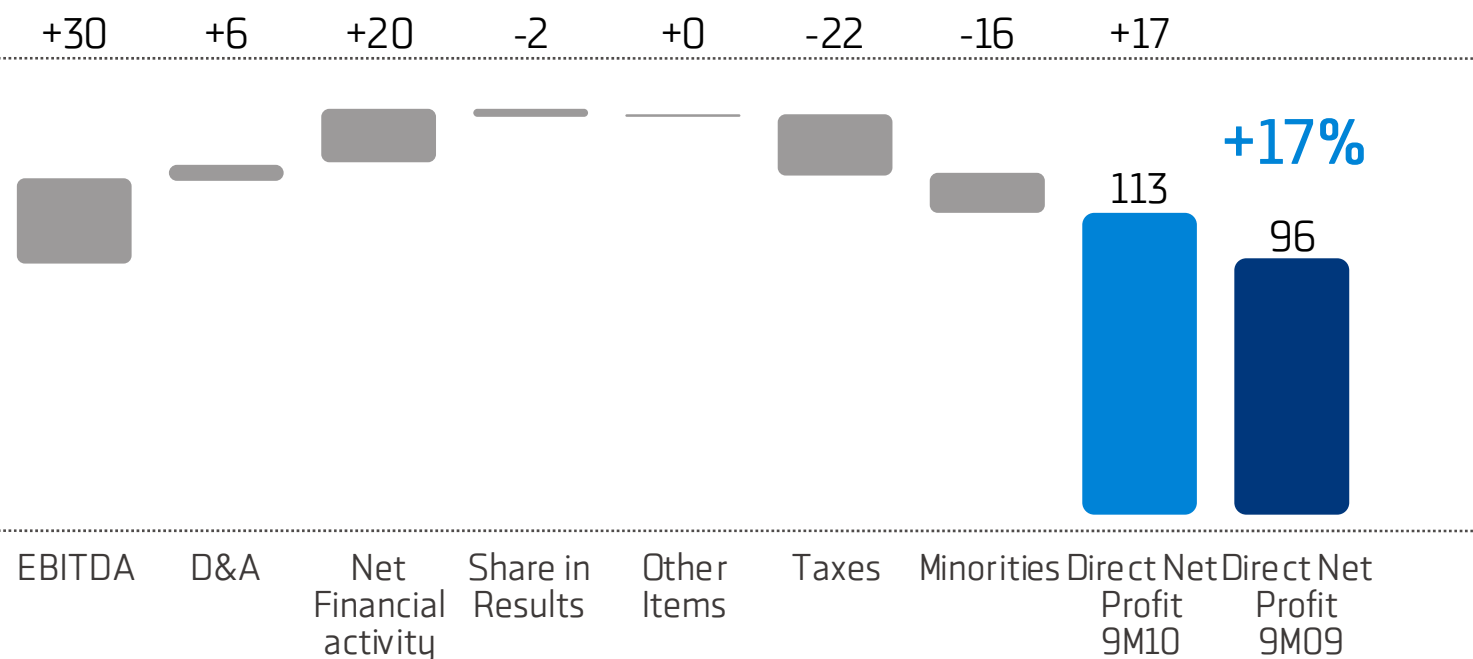
RETAIL UNIT MARGINS WERE SUSTAINED  
BY GAINS IN MARKET SHARE AND IN EFFICIENCY



EBITDA 9M10 includes capital gains of ~13m€ from Sonae RP with the sale & lease back of Retail real estate assets;  
EBITDA 9M09 includes 33m€ of capital gains.

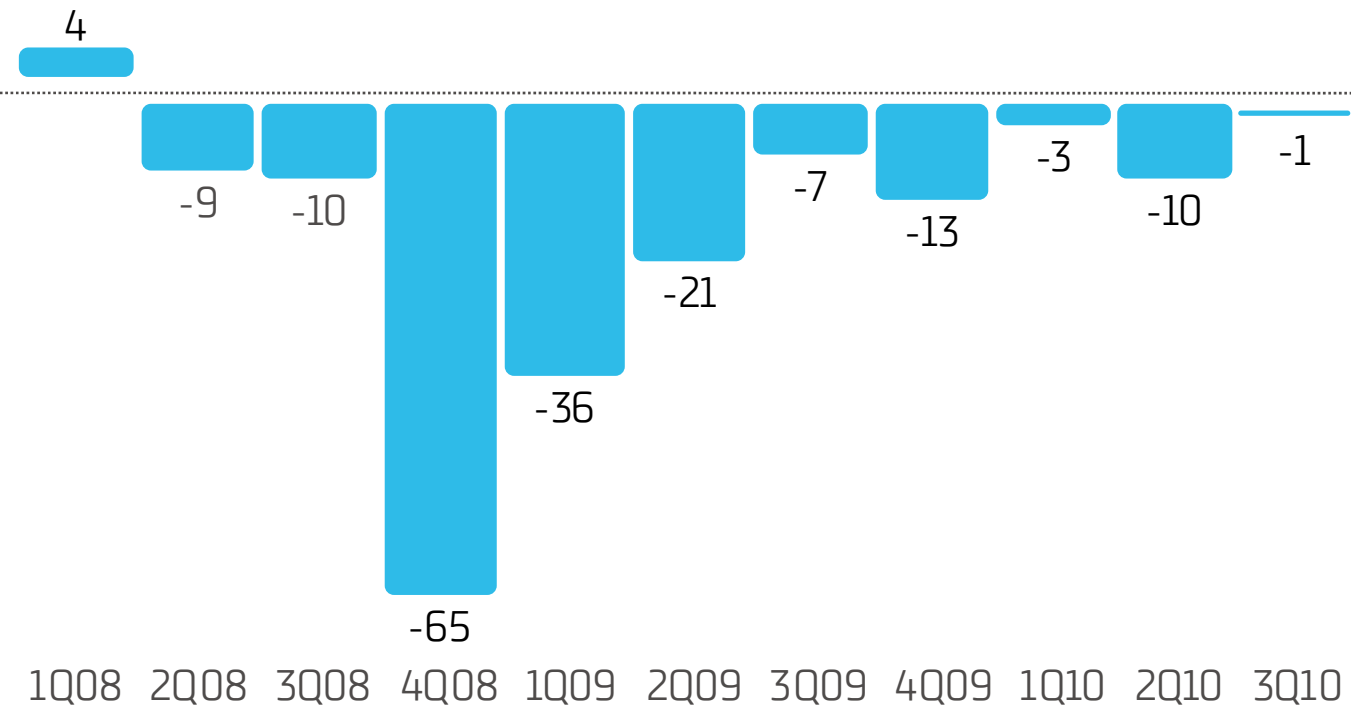
YTD 9M1Q Million euros

## DIRECT NET PROFITS INCREASED BY 17% REFLECTING STRONG EBITDA PERFORMANCE AND A SIGNIFICANT FALL IN NET FINANCIAL EXPENSES



- Considerable better net financial activity due to the reduction in average debt in 9M10 and the lower level of the interest rates.
- Higher taxes in retail formats and Sonaecom

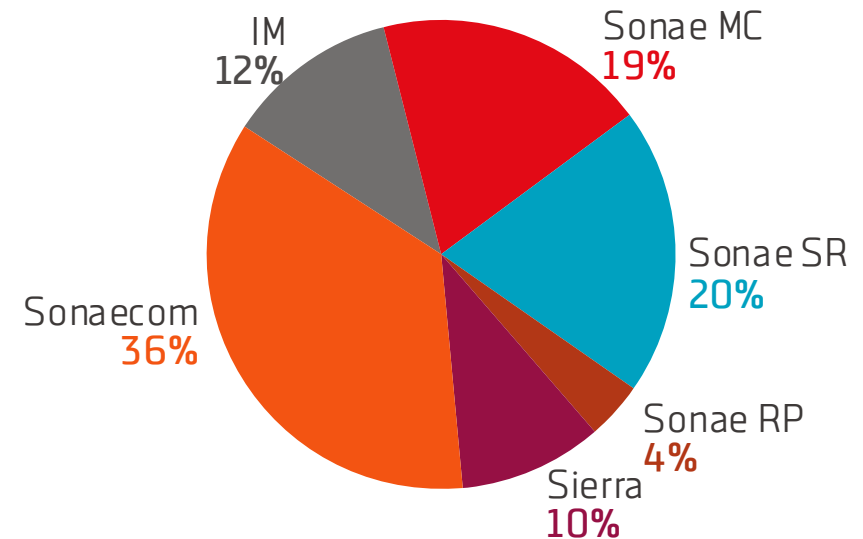
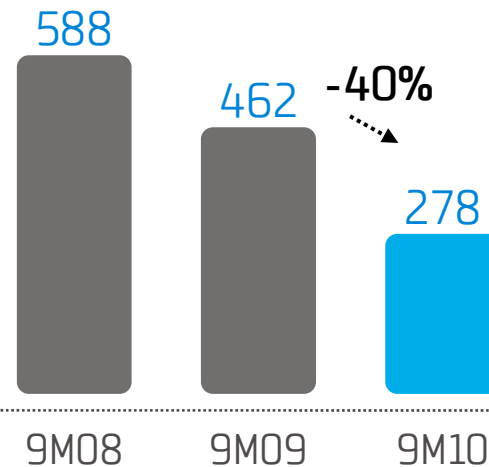
## INDIRECT PROFIT REFLECTS A SIGNIFICANT SLOWING DOWN OF YIELDS



- Relatively stable yields across all the countries where Sierra is present, with the exception of Portugal and Greece

## INVESTMENT TOTALED 278M€ REFLECTING THE ADOPTION OF A CAPITAL LIGHT STRATEGY

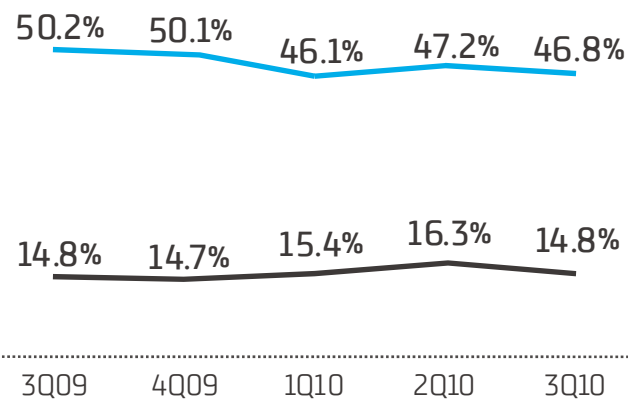
**INVESTMENT**  
Million Euros



- CAPEX 40% below that in 9M10
- Despite the strong push to increase presence in the Spanish market
- Sonae RP investment reaching 18 M€ compared to 78M€ in 9M09
- Development of 3 shopping centres scheduled to open in 2011/2012

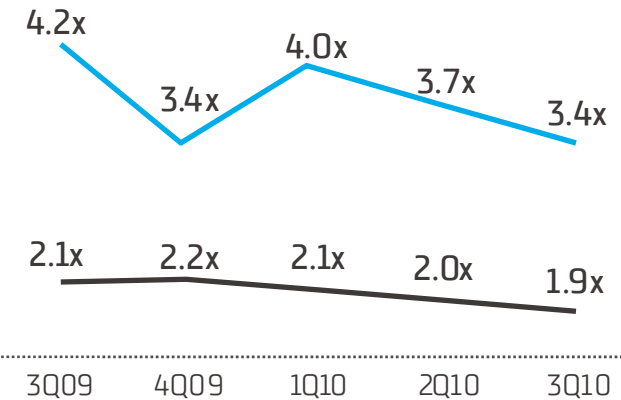
# AN APPROPRIATE CAPITAL STRUCTURE IN EACH BUSINESS TO SUPPORT FUTURE GROWTH PLANS

Shopping centres  
and Holding  
Loan to Value



■ Sierra ■ Holding

Retail and Telecom  
NET DEBT/EBITDA

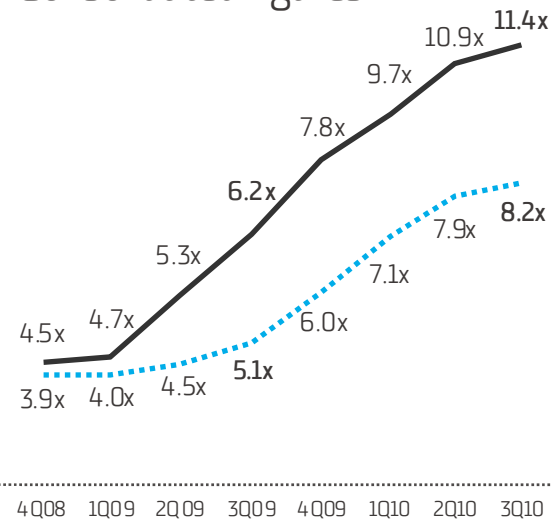


■ Retail ■ SC

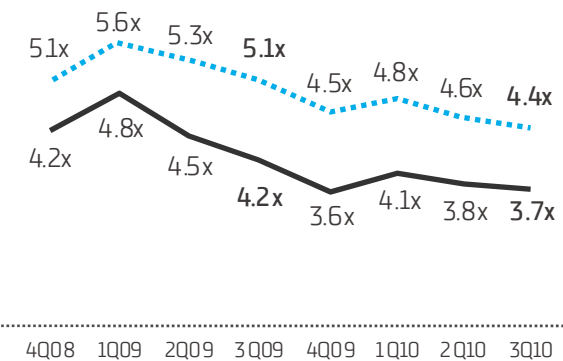


# MAJOR IMPROVEMENT IN DEBT RATIOS

**EBITDA/INTEREST**  
Consolidated figures



**NET DEBT/EBITDA**  
Consolidated figures



■ Without Sonae Sierra

# SONAE AN ATTRACTIVE INVESTMENT OPPORTUNITY

- **Confirmed growth** in Turnover and Profitability in the face of adverse macroeconomic conditions
- **Value proposal** offer adapted to market demands
- **A clear and ambitious strategy** that will enable for future growth and value creation
- **Strong culture and values**
- **High quality** management teams

