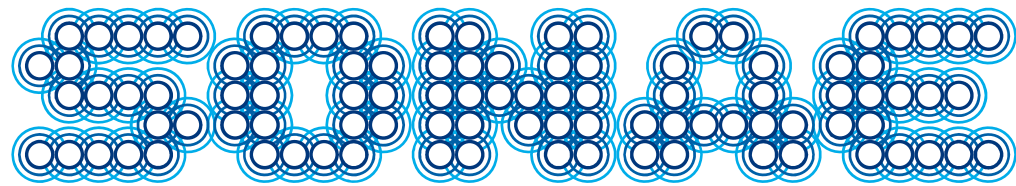




Improving  
GROWTH

# ROADSHOW LONDON



IMPROVING LIFE

London | 19 November 2010

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

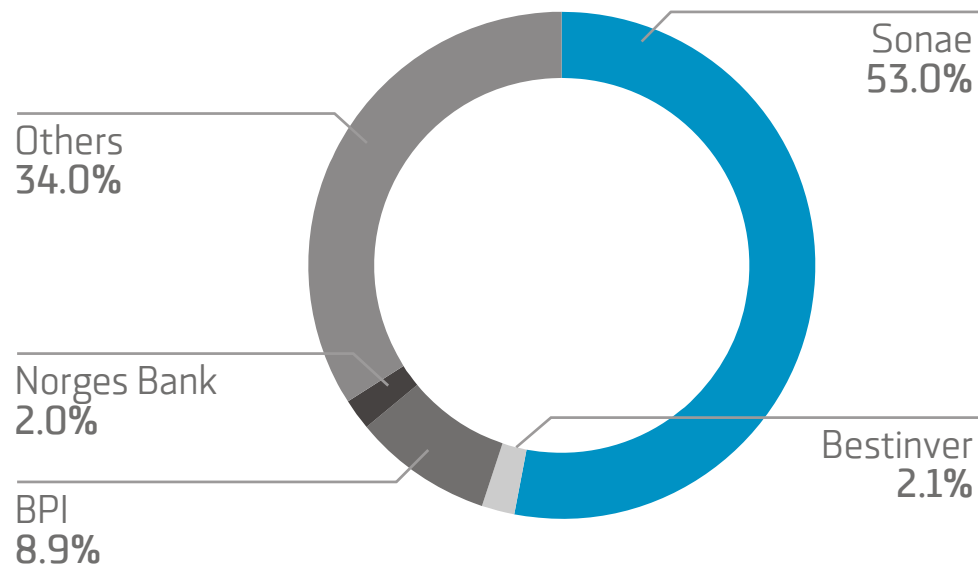
## SONAE

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>SONAE COM 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, such as a blue and white watercolor-like texture or a blue circular pattern with dark spots.

## 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%**

RECURRENT EBITDA

**+12%**

TURNOVER  
RETAIL

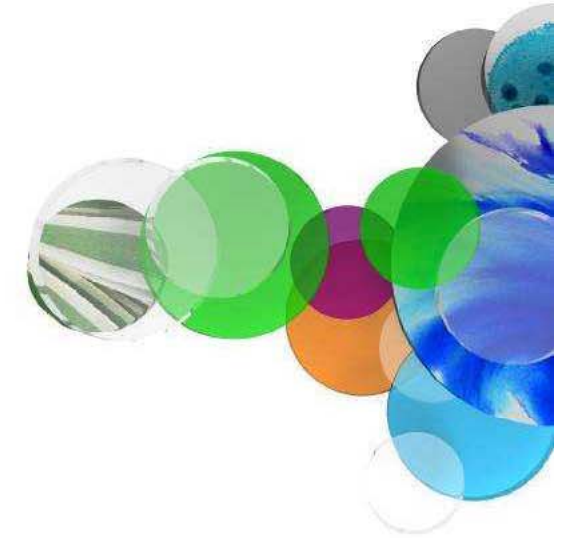
**+8%**

NET DIRECT  
PROFITS

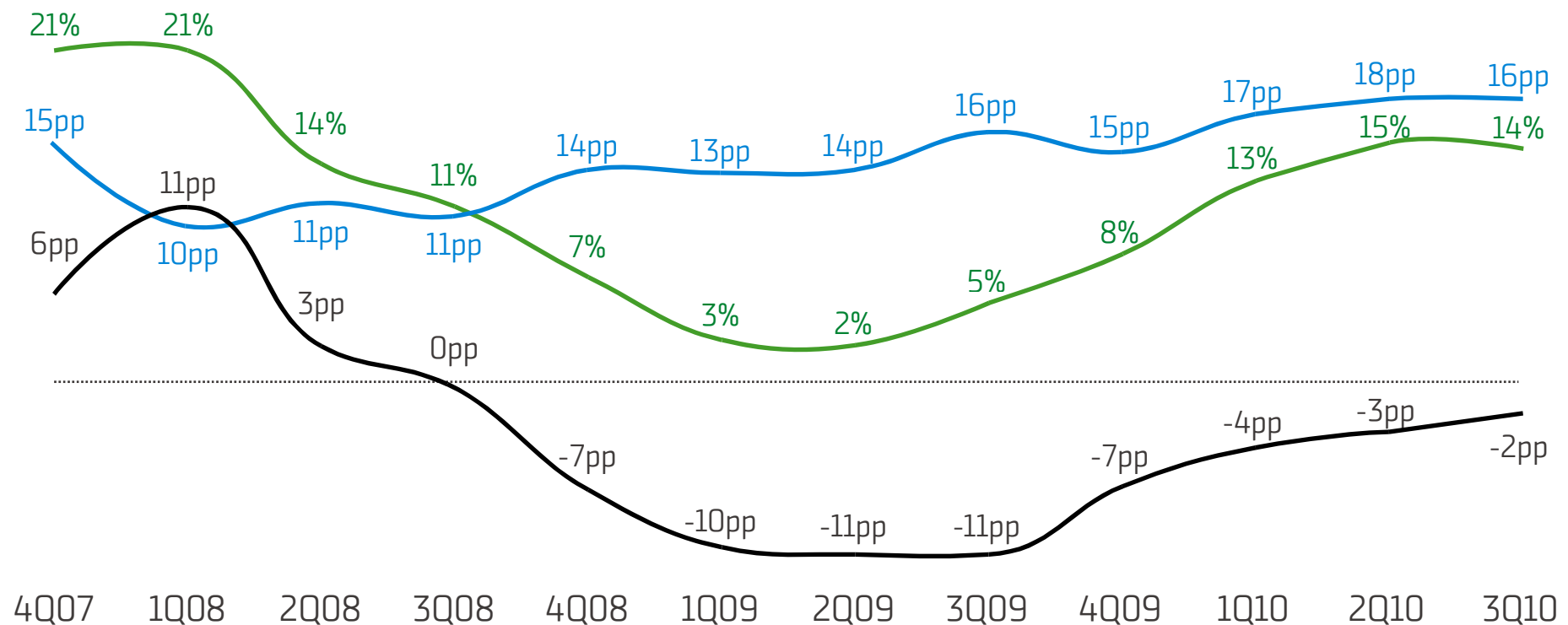
**+30%**



# 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

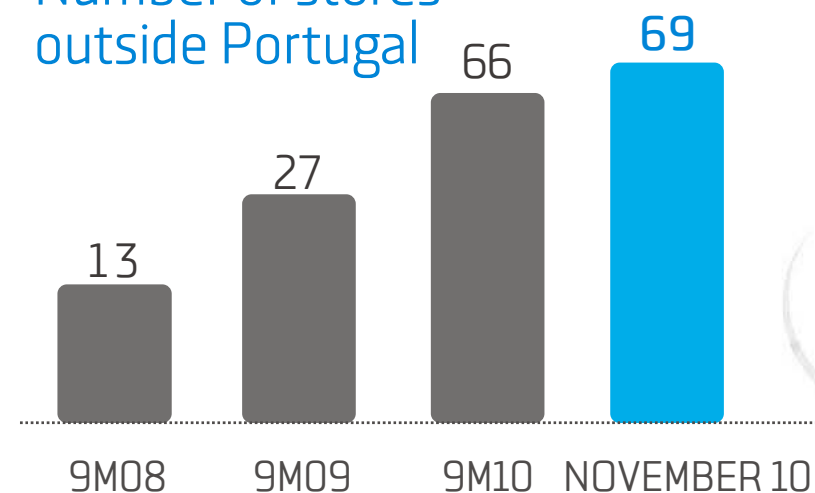
# 278 M€

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

OUTSIDE PORTUGAL

# 70M€

Number of stores  
outside Portugal

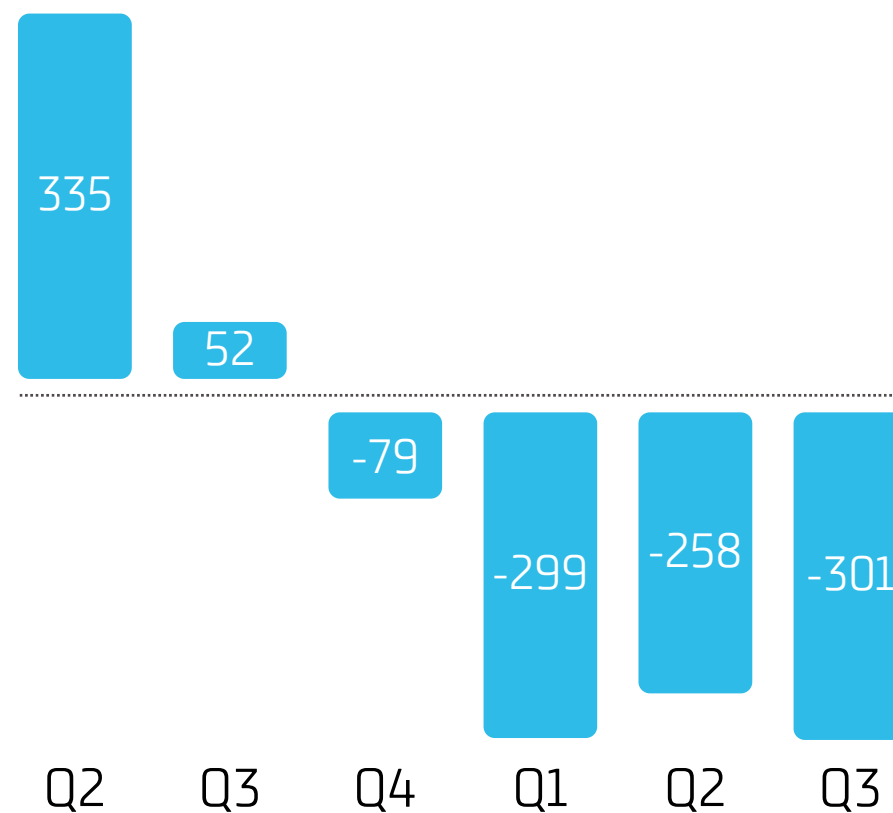


# ... AND WHILE REDUCING NET DEBT

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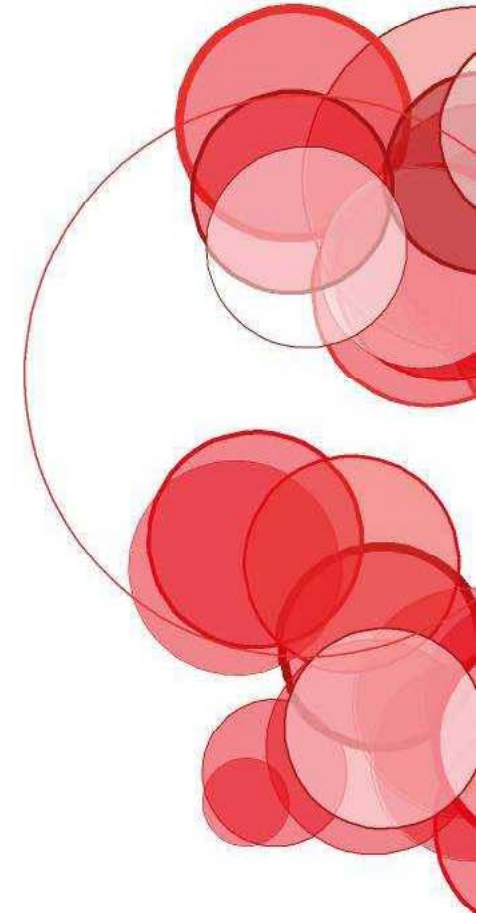
Coverage of the  
**PORTUGUESE MARKET**  
and **CONSOLIDATE**  
**MARKET LEADERSHIP**

---

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

---

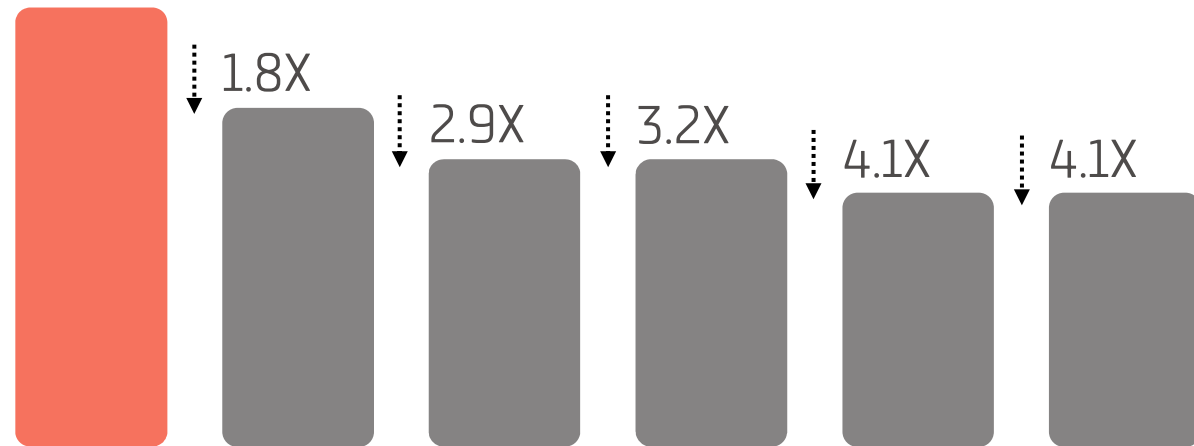
**Manage the business**  
in Portugal  
as a **SUSTAINABLE**  
**CASH FLOW**  
**GENERATOR**



IN THIS 9M10  
 WE INCREASED LEADERSHIP  
 OF THE FOOD RETAIL MARKET

INCREASE IN SALES (+6%) ABOVE THAT  
 OF THE MODERN RETAIL MARKET (+3%)

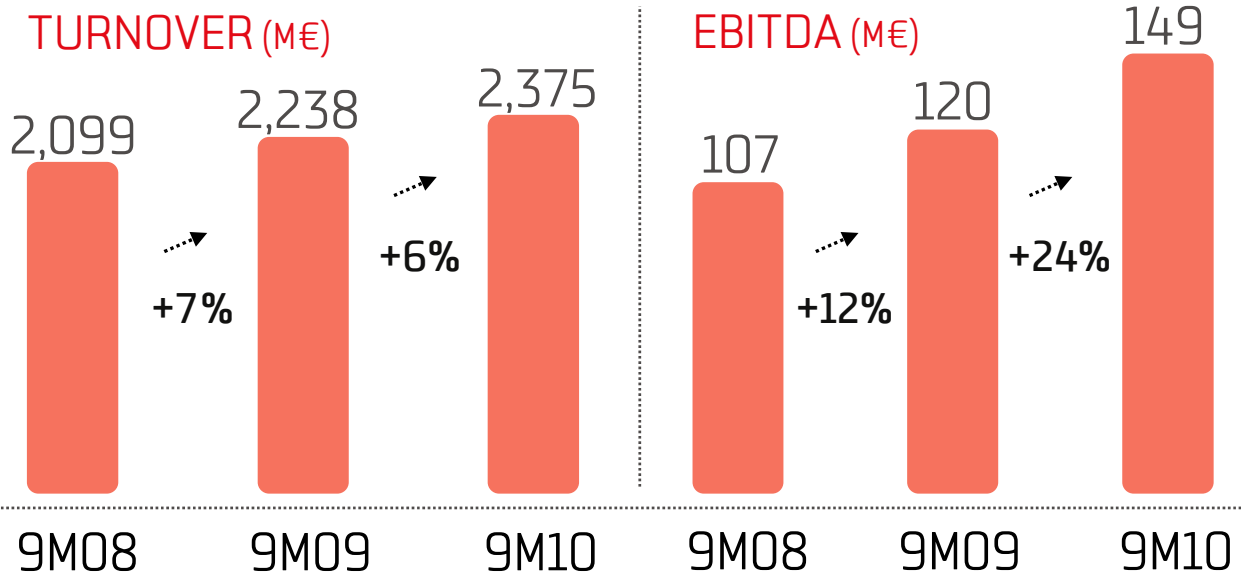
MODELO  
 CONTINENTE



FOOD MARKET

# LEADERSHIP HAS ENABLED GROWTH AND PROFITABILITY TO BE ACHIEVED

**TURNOVER = + 6% | EBITDA = + 24%**



## TURNOVER AND EBITDA

**SALES ON A LIKE FOR LIKE BASIS = +3%**  
Benefiting from a clear value focused offering

**EBITDA margin = 6.3%**  
Reflecting scale, cost-cutting measures and effectiveness of promotions through the loyalty card

**EBITDAR margin = 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%

2010e

>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

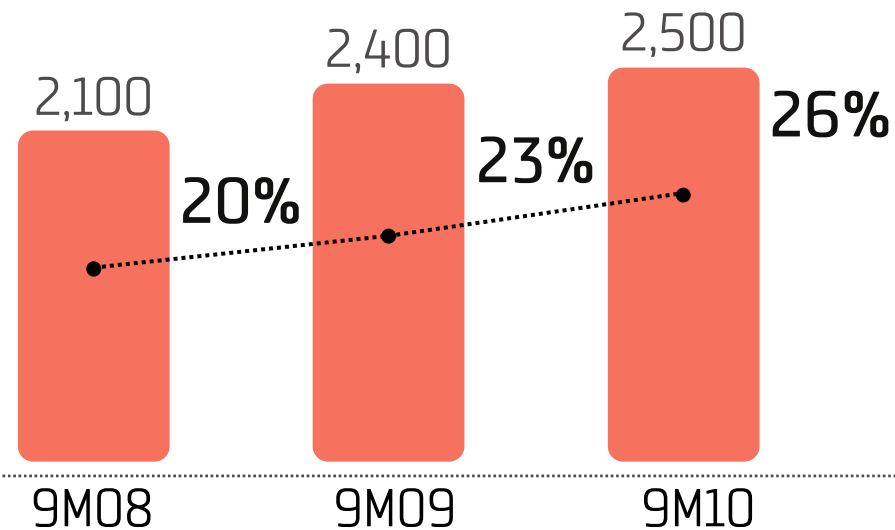
- ~80.000 sku´s and ~2.000 suppliers
- 700 M€ of global imports for Sonae group

- 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



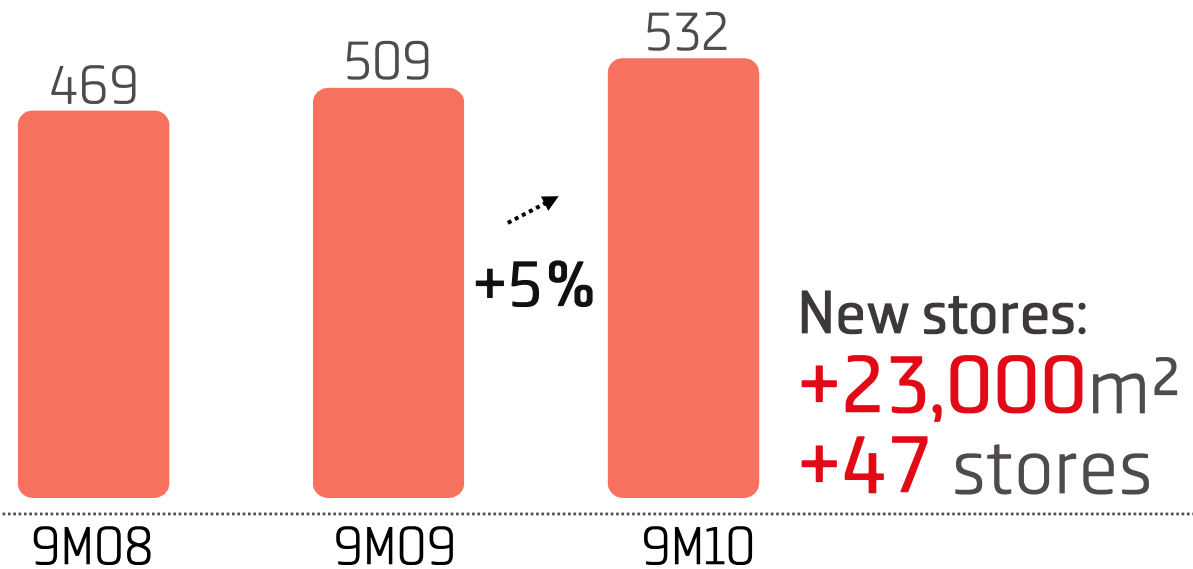
# OWN REFERENCES  
AND % FMCG SALES

## 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 = 394 | SALES AREA = 532,000 M<sup>2</sup>



## ORGANIC GROWTH IN LAST 12 MONTHS

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

## PERFORMANCE REFLECTS OUR OPERATIONAL EFFICIENCY



- Operational efficiency
- Cost control
- Stock optimization



## ... 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

Investment in logistics: 35M€ (2009)  
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

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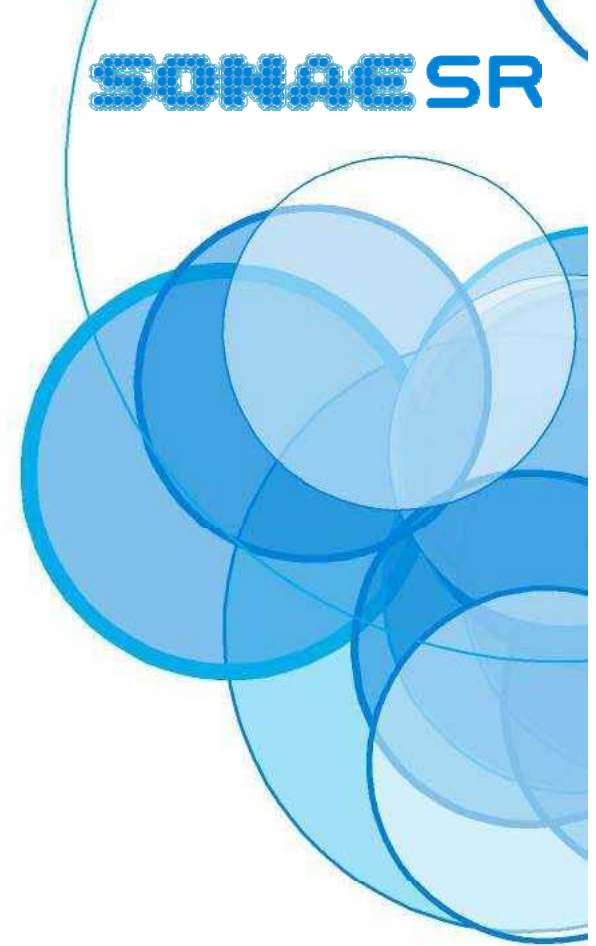
Coverage of the **PORTUGUESE MARKET** with the current formats' portfolio and **CONSOLIDATE MARKET LEADERSHIP**

---

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

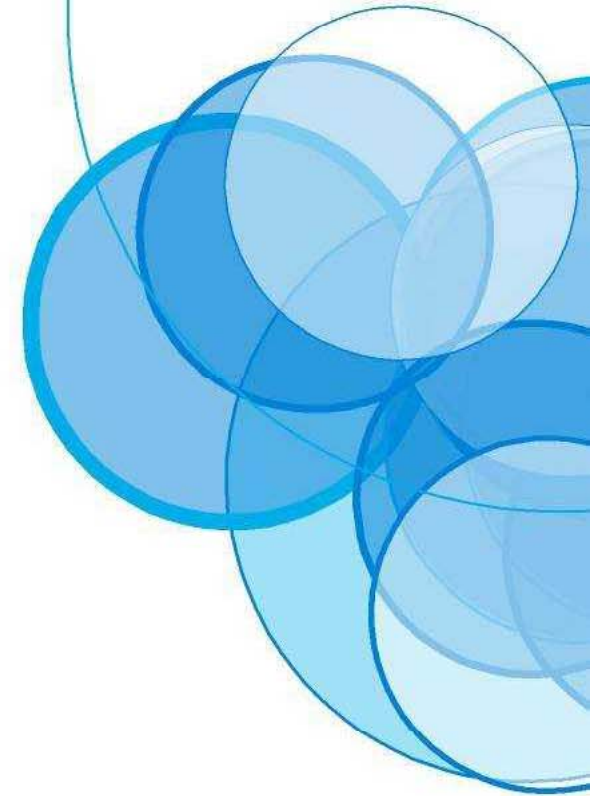
... STRONG PUSH TOWARDS  
INTERNATIONALISATION

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

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

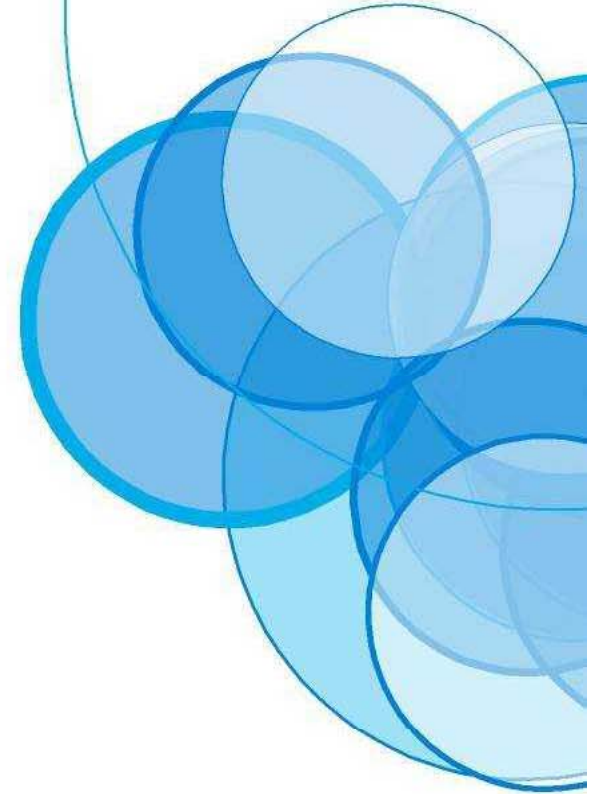
of **SPORTZONE**, leading  
the **REINFORCEMENT**  
of the **INTERNATIONA-**  
**LIZATION PROCESS**

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

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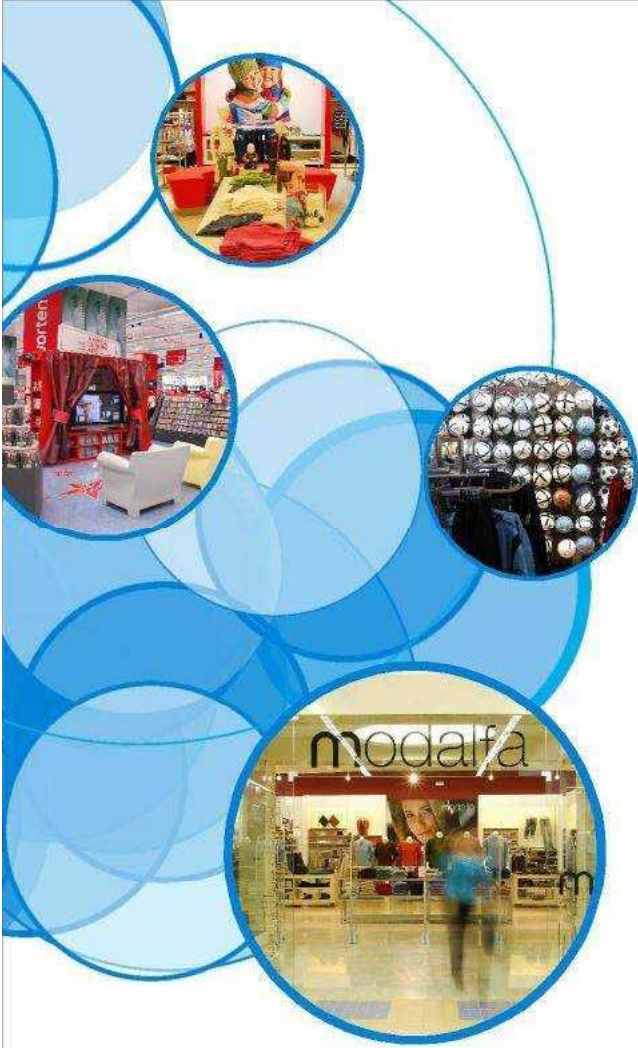
Enter into  
**NEWCOUNTRIES**

---

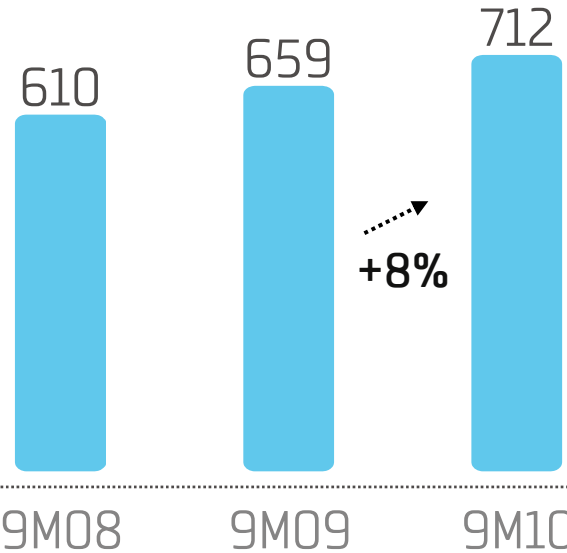
Configure an  
**INTERNATIONAL  
DEVELOPMENT  
MODEL** based on  
franchising and joint  
venture as means to  
accelerate growth

# IN THIS 9M10 WE MAINTAINED GROWTH AND PROFITABILITY IN PORTUGAL

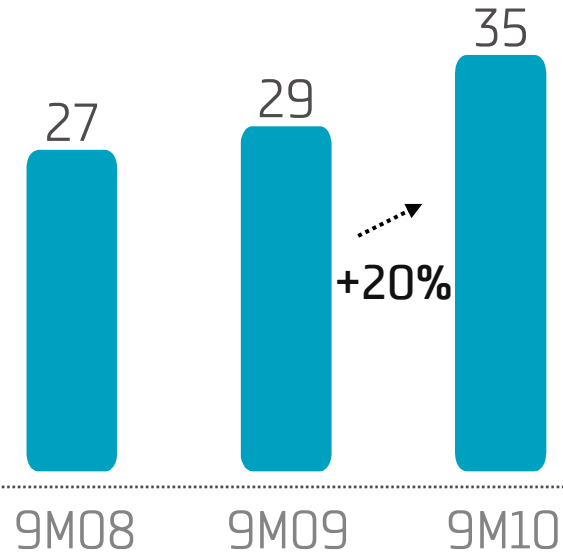
STORES = 414 | SALES AREA = 251,000 M2



TURNOVER (M€)



EBITDA (M€)



## 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

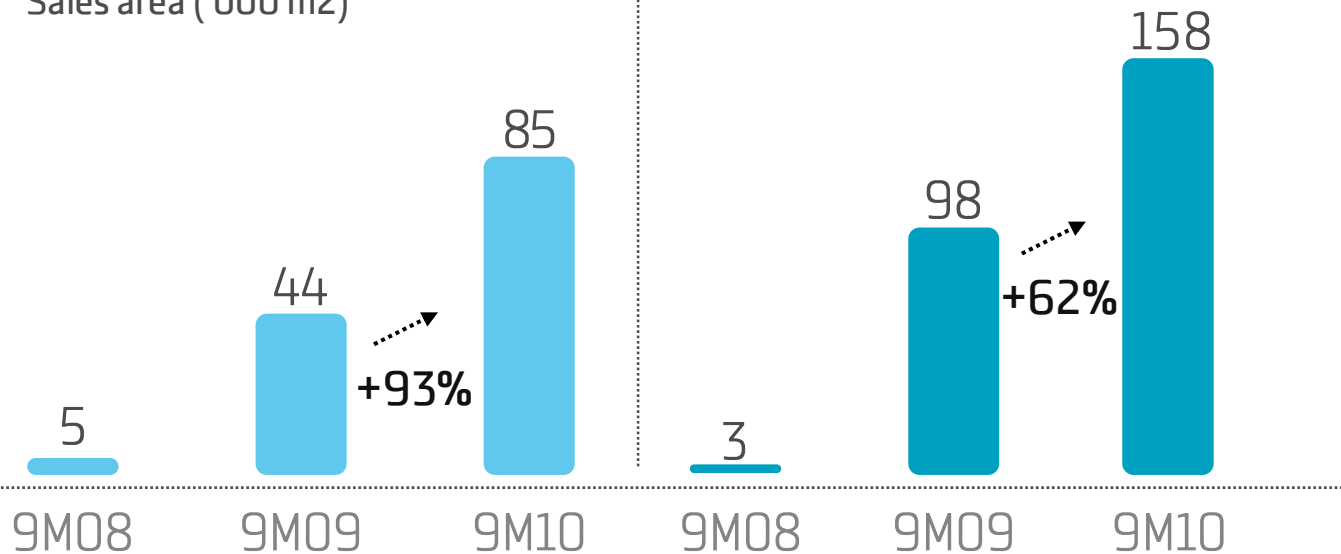
New stores:  
Last 12 months  
**+28,000m<sup>2</sup>**  
**+39 stores**

# WE ACCELERATED OUR INTERNATIONAL GROWTH

STORES = 66 | SALES AREA = 85,000 M2  
AS AT END 9M10

ORGANIC GROWTH  
Sales area ('000 m2)

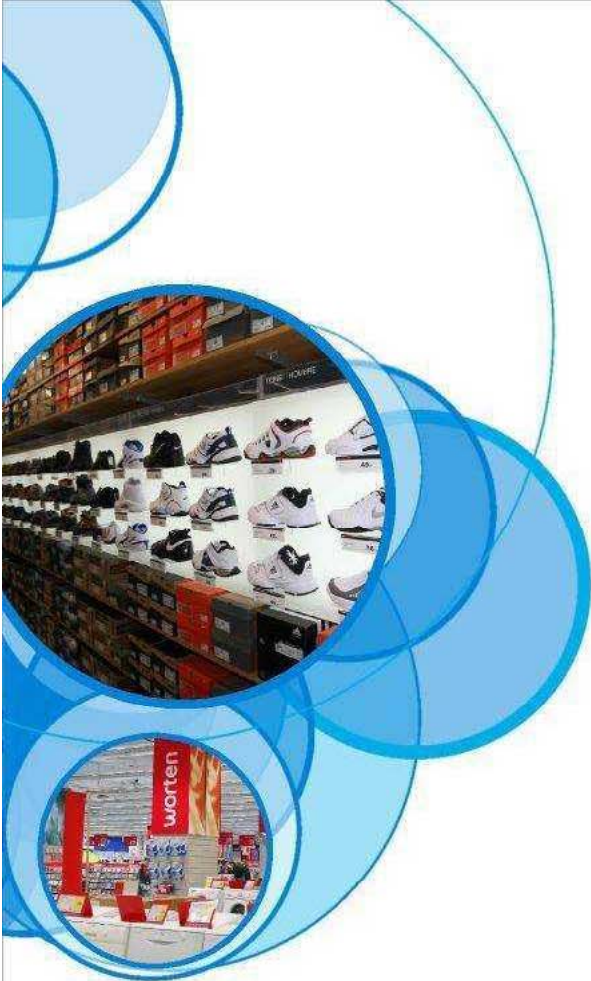
TURNOVER (M€)



## ORGANIC GROWTH AND TURNOVER

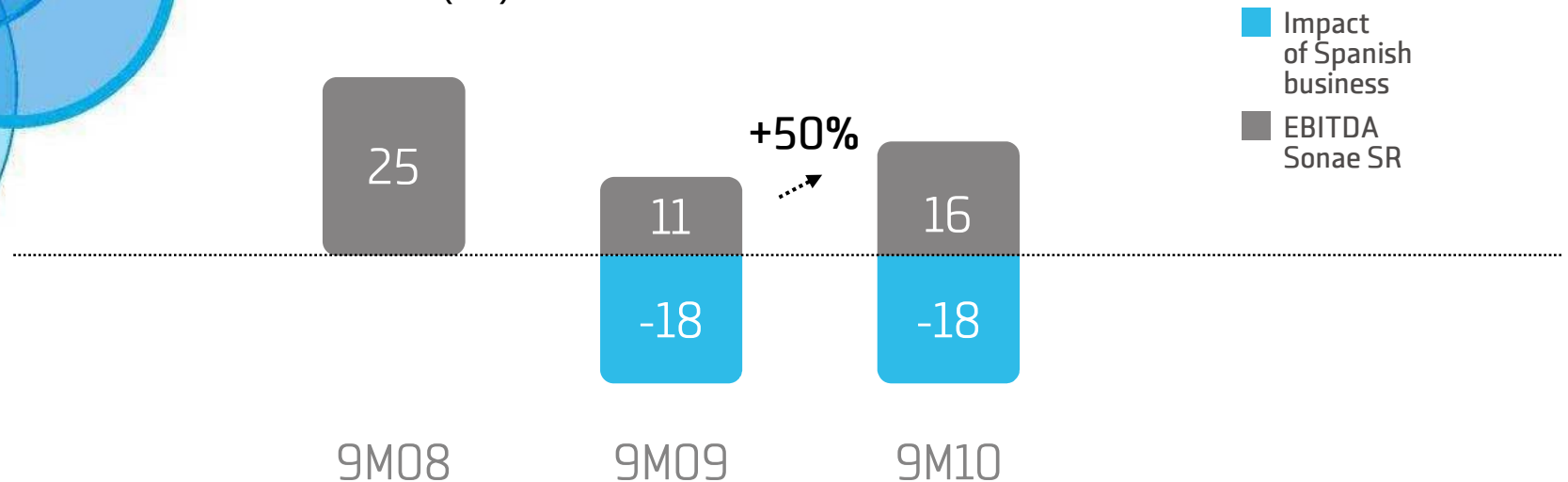
New stores:  
Last 12 months  
**+35 stores**  
**+38,000m<sup>2</sup>**

SPORTZONE = 22(+12)  
WORTEN = 19 (+7)  
ZIPPY = 20(+16)



# 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

# 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

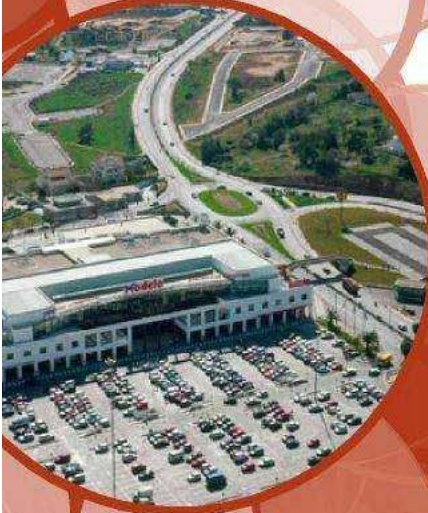
Yield - 6.8% | Value - 71 million € | Capital gain - 29 million €

### HYPERMARKETS | Continente

34 stores owned | 90% total sales area

### SUPERMARKETS | Modelo

98 stores owned | 79% total sales area

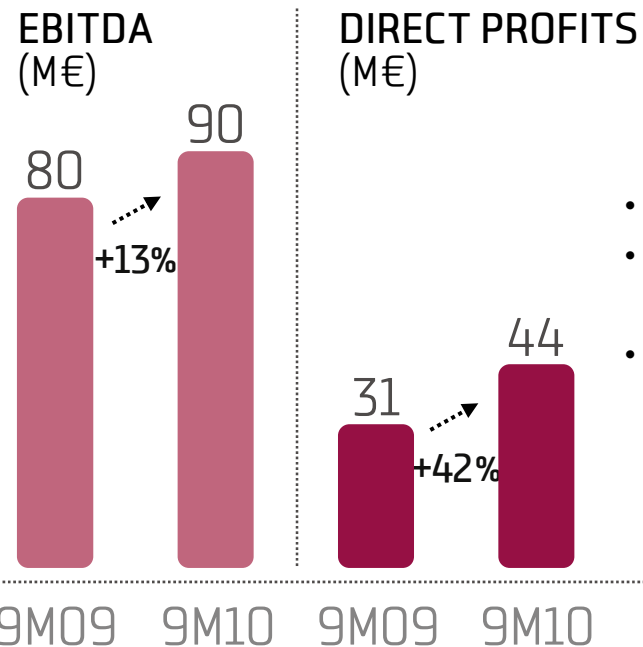




## 4.4. GOOD PERFORMANCE OF THE CORE PARTNERSHIPS



## 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€)

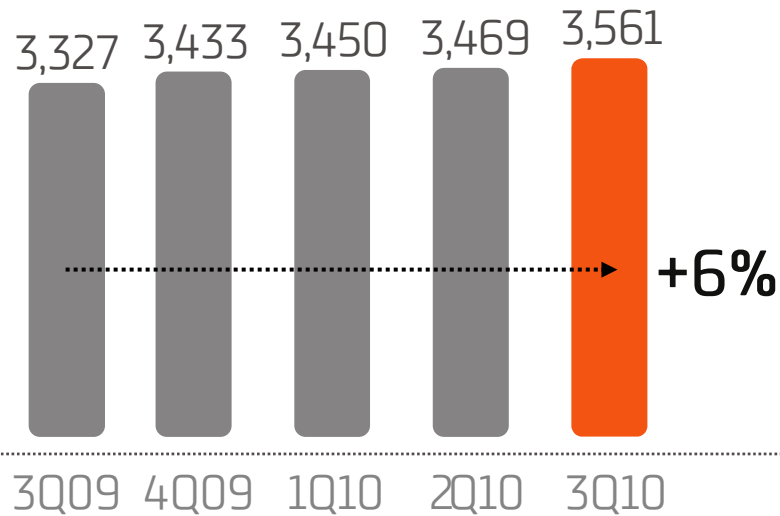
EBITDA PERFORMANCE REFLECTING ONGOING COST CUTTING MEASURES AND OPERATIONAL IMPROVEMENTS

INDIRECT PROFITS SHOWING SIGNS OF STABILIZATION

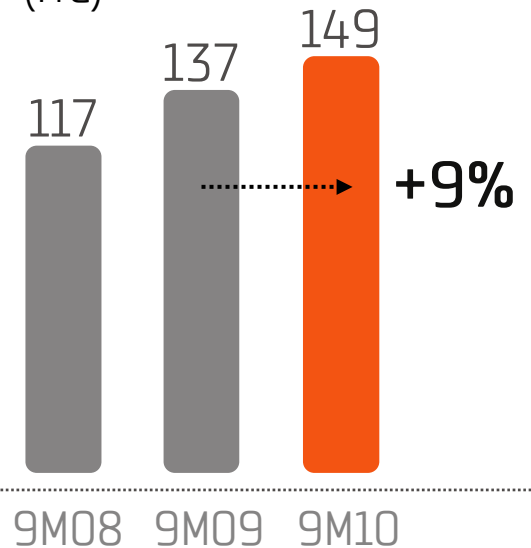
# EBITDA GROWS 9% AND CASH FLOW IS POSITIVE

RESULTS CONTINUE TO SHOW  
A FAVOURABLE EVOLUTION

MOBILE SEGMENT  
CUSTOMERS (M)



EBITDA  
(M€)



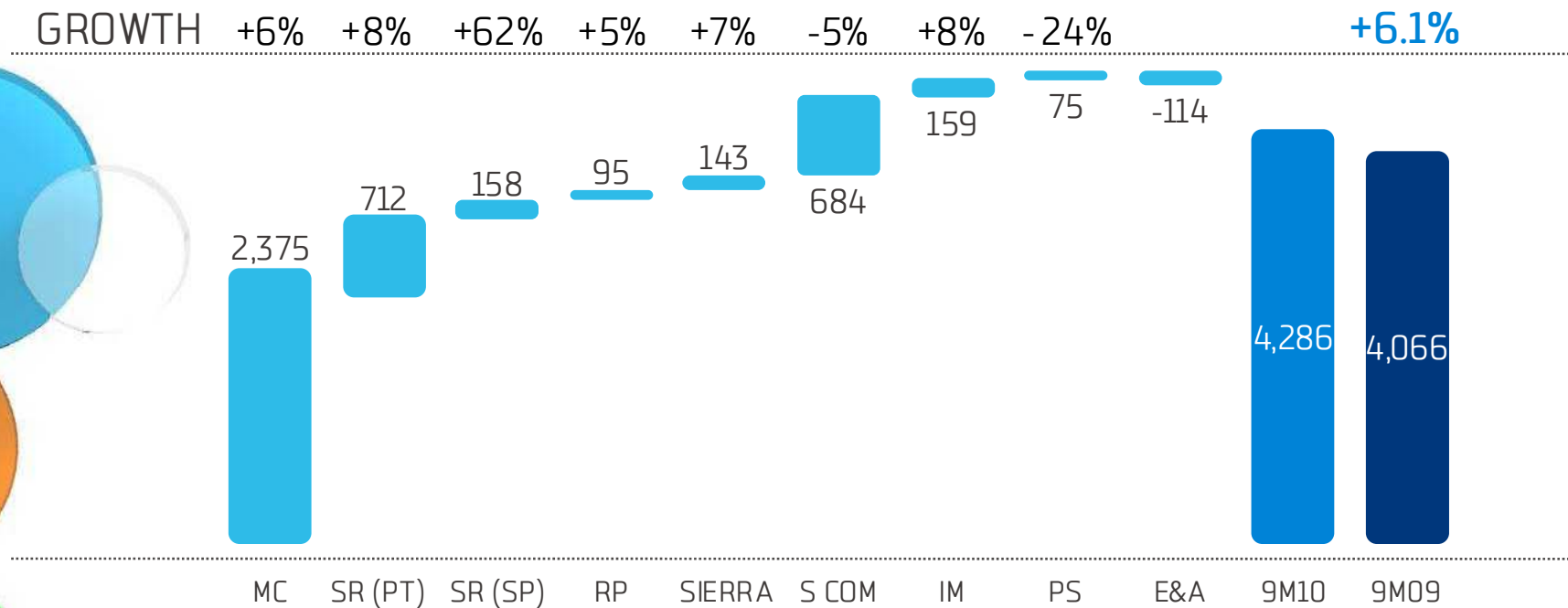
- Growth in mobile customers and customer revenues
- Gains in mobile market share
- Cost control policies
- Strict investment management

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 textured dots.

# 5. FINANCIAL ANALYSIS

# TURNOVER GREW BY 6%

WITH RETAIL UNITS MAKING A SIGNIFICANT CONTRIBUTION TO THIS PERFORMANCE

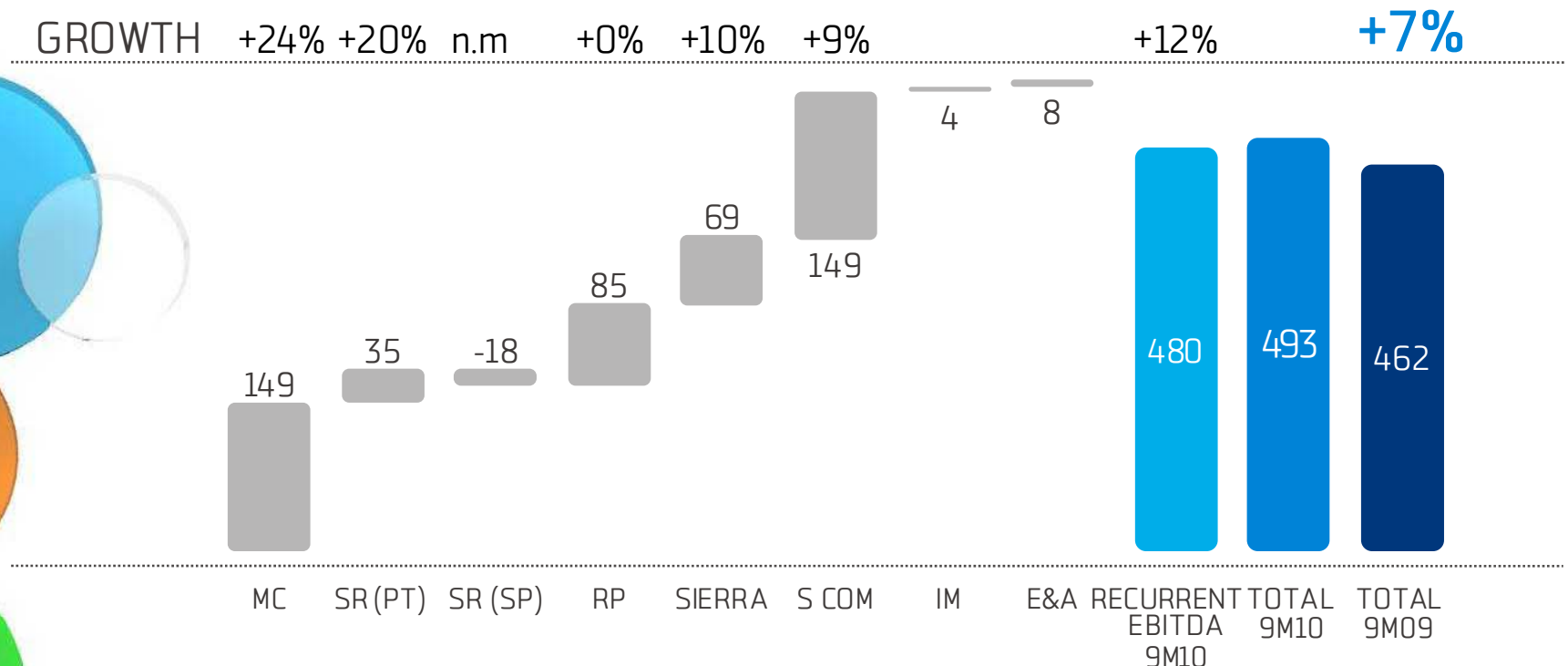


Sonae MC and Sonae SR growing 8%  
 International business approaching 20%  
 of Sonae SR turnover

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

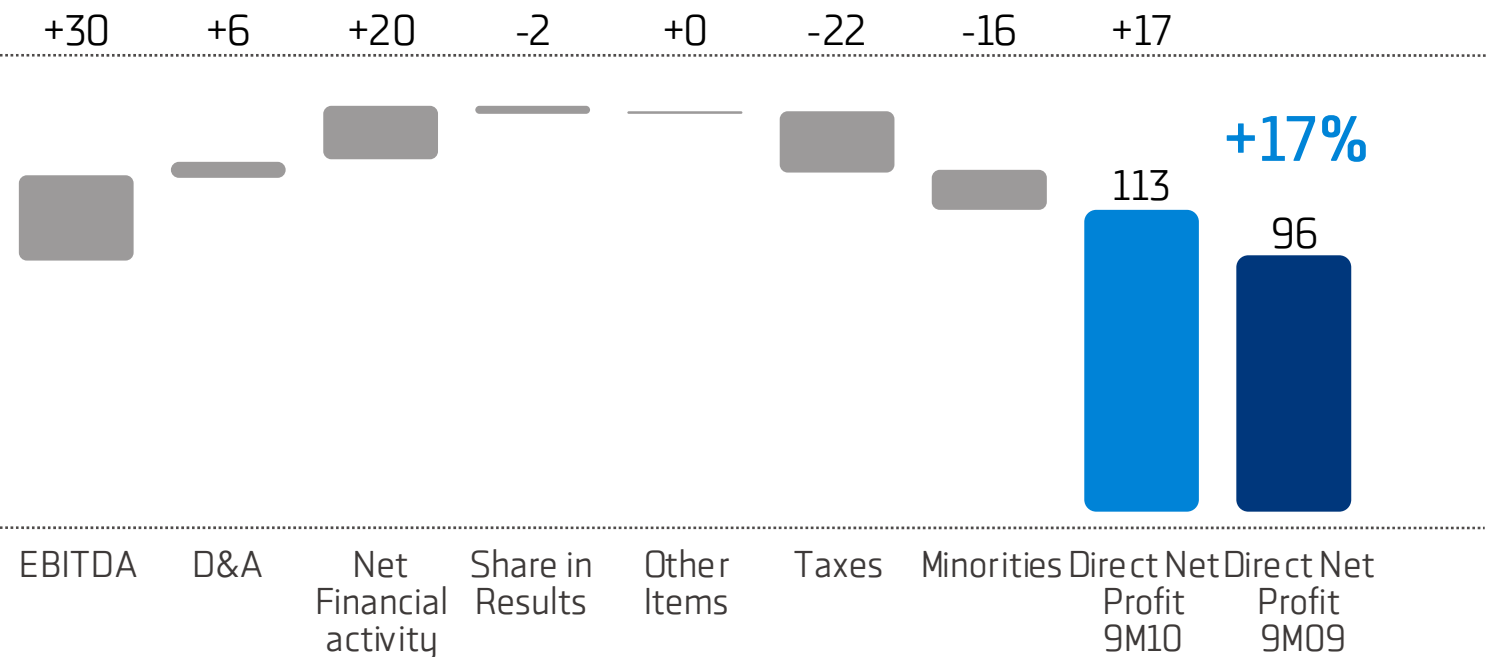


EBITDA 9M10 includes capital gains of ~13m€ from Sonae RP with the sale & lease back of Retail real estate assets;

EBITDA 9M09 includes 33m€ of capital gains.

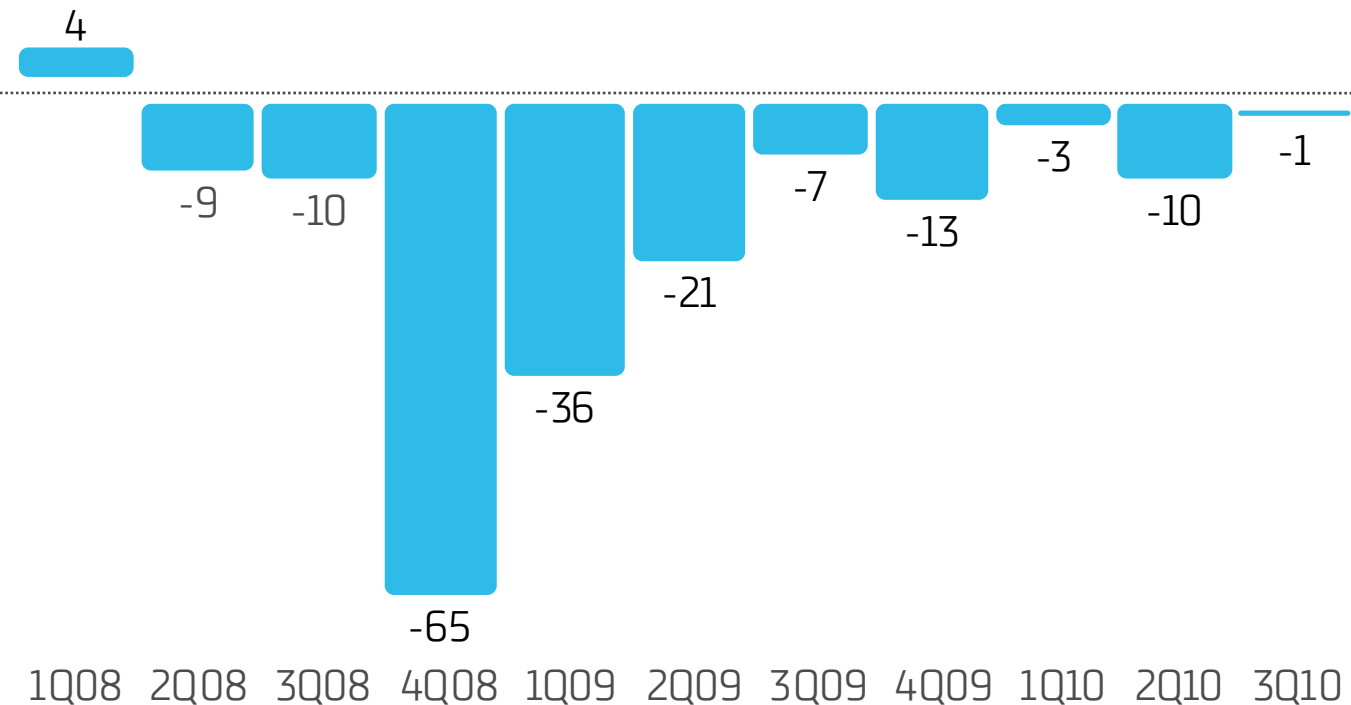
YTD 9M1Q Million euros

## 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

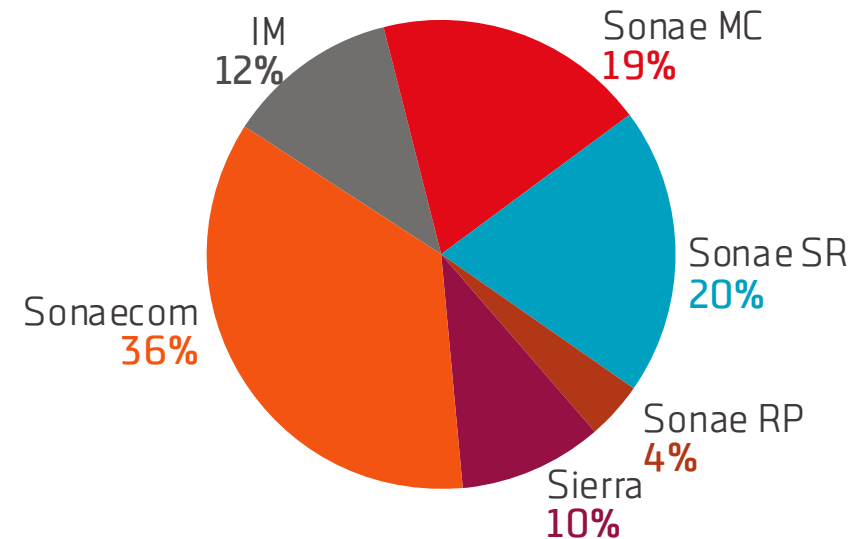
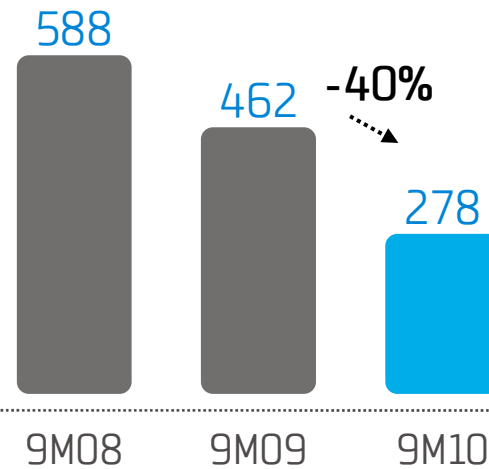
## INDIRECT PROFIT REFLECTS A SIGNIFICANT SLOWING DOWN OF YIELDS



- 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

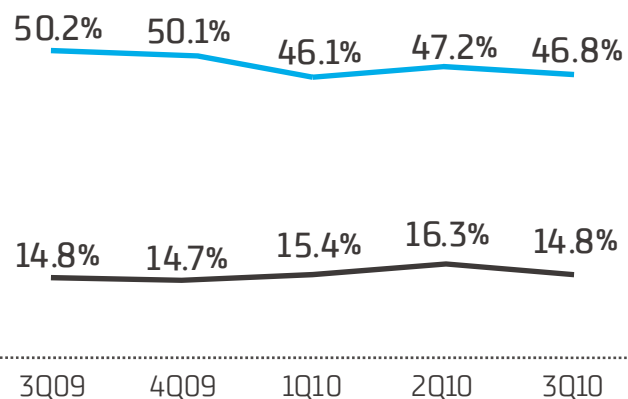


- CAPEX 40% below that in 9M10
- Despite the strong push to increase presence in the Spanish market
- Sonae RP investment reaching 18 M€ compared to 78M€ in 9M09
- Development of 3 shopping centres scheduled to open in 2011/2012



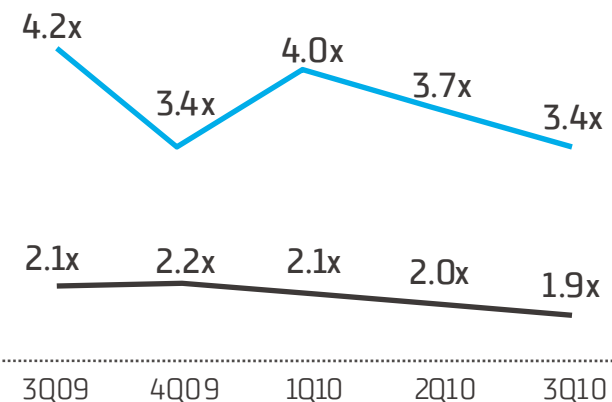
# AN APPROPRIATE CAPITAL STRUCTURE IN EACH BUSINESS TO SUPPORT FUTURE GROWTH PLANS

Shopping centres  
and Holding  
Loan to Value



■ Sierra ■ Holding

Retail and Telecom  
NET DEBT/EBITDA

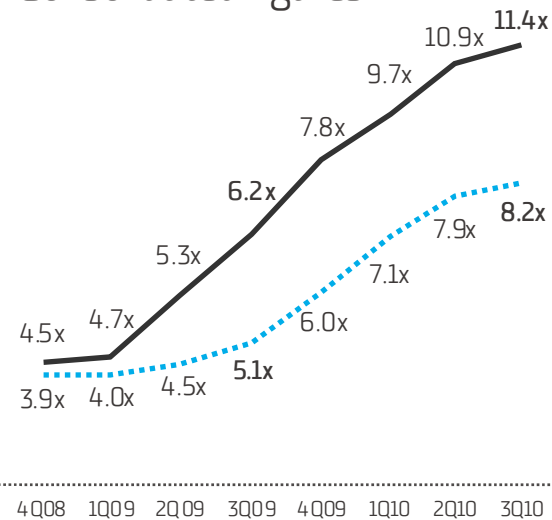


■ Retail ■ SC

# MAJOR IMPROVEMENT IN DEBT RATIOS

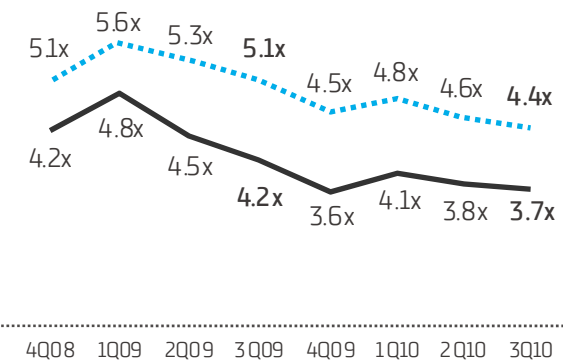
## EBITDA/INTEREST

Consolidated figures



## NET DEBT/EBITDA

Consolidated figures



■ Without Sonae Sierra



# 6. OUTLOOK FOR 2010

## OUTLOOK FOR RETAIL

The strength of our retail value proposition, clearly demonstrated on our past performance, allows us to be confident on future growth

---

We are “Value Retailers”, with a low and competitive price offer

---

Price positioning explains continuous gains in market share despite a tough consumer market

---

We have proven our ability to manage successfully in challenging environments



## OUTLOOK FOR RETAIL

Sonae will emerge from this recession as a stronger company and with a strengthened long term growth potential

---

### Market leader formats

Continente, Modelo, Worten, SportZone, Zippy and Well's in Portugal

#### Maintain gains of market share and profitability

- Value oriented offering
- Food sector as non-cyclical
- Weakness of high cost/low efficiency retailers, reinforced with the economic crisis
- Continuous improvements in operational efficiency

---

### Lower market share formats

Worten, SportZone, Zippy in Spain and Loop, Bom Bocado, book.it in Portugal

#### Consistently gain market share

- Value oriented offering
- Resilience on the back of the distinctiveness of the concepts
- Leverage on Sonae's competences and strong asset base

## OUTLOOK FOR RETAIL

Progress on Internationalization  
in line with planned

---

### Strong expansion in Spain with Worten, SportZone and Zippy

- Expecting to end the year with additional 60 thousand m<sup>2</sup> of new sales area (~2x the area in YE 2009)
- On track to achieve EBITDA break even, on Spanish operations, by 2012

---

Angolan market under analysis

---

### Expansion of Sonae SR business frontiers, with opening more than 100 stores, until 2014, in 10 countries

- Worten - Joint Venture Contract for the Canary islands
- SportZone - Joint Venture Contract for the Canary islands
- Zippy - Franchising contracts for Canary Islands and Middle East

---

Attentive to international expansion opportunities

## OUTLOOK FOR RETAIL

Sonae RP to free up  
invested 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

# OUTLOOK FOR CORE PARTNERSHIPS

## Sonae Sierra

---

### 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)

## Sonaecom

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**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



# 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

