

SONAE

1ST HALF
RESULTS
2016



1 HIGHLIGHTS and CEO's message

- Sonae consolidated turnover increased 4.4%, to €2,431 M
- Sonae international revenues grew 13.6% y.o.y.
- Sonae MC increased turnover by 3.6%, corresponding to +0.4% LfL sales growth
- Worten improved EBITDA by €2 M
- Sonae Sierra disposed of 14 mature assets, paid dividends in the amount of €49 M and refinanced €260 M of debt
- NOS continued to profitably gain market share, increasing turnover by 6.2% and EBITDA by 7.6%

“During the second quarter, Sonae witnessed significant achievements regarding the strategy implementation for its businesses. We continued to grow in retail and telecommunications segments, completed targeted acquisitions in Salsa and in the technology area, proceeded with the recycling capital strategy and reinforced investment in new shopping centres.

In operational terms, results are globally positive, although reflecting distinct realities in the different businesses. NOS and Sonae Sierra reported another good quarter, as well as Sonae MC, which ensured the strengthening of its market leadership, while consolidating its position as the player with the lowest prices, within benchmark levels of profitability.

Worten also increased its profitability and maintained a good turnover performance, in a seasonal weaker quarter in comparison with the previous year, due to the Easter effect. In the Sports and Fashion division, results were less positive, as they were affected both by the unfavourable weather conditions and by exchange currency effects.

On a consolidated level, EBTIDA reduction is more than explained by the lower contribution of Sonae RP, reflecting the sale of assets carried out over the last 12 months.

Despite the high levels of investment recorded this semester, debt continued to decline year on year, leading to the maintenance of an adequate level of financial strength, which coupled with the increasing quality of our teams, allow us to face with optimism the challenges that our strategic ambition brings.”

Ângelo Paupério, Co-CEO

Following the merger between Optimus and Zon and the further creation of NOS, and ZOPT, which is reported using the equity method, Sonae decided to change the way results are reported to the market by separating each business in order to obtain more transparency between the segments: 1) Sonae MC, Sonae SR and Sonae RP; 2) Sonae IM, including Technology business and Partnerships (MDS, Maxmat, Tlantic and Publico); 3) Sonae Sierra; and, 4) NOS.

2 SONAE PERFORMANCE AND CAPITAL STRUCTURE

Sonae Consolidated results						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover	2,329	2,431	4.4%	1,183	1,216	2.8%
Sonae MC	1,633	1,691	3.6%	839	862	2.7%
Sonae SR	582	614	5.5%	283	283	-0.1%
Sonae RP	64	47	-27.0%	32	22	-29.4%
Sonae IM ⁽¹⁾	124	127	2.3%	64	70	9.2%
E&A ⁽²⁾	-74	-48	-	-35	-21	-
Underlying EBITDA	132	111	-15.4%	73	65	-10.0%
Sonae MC	86	81	-6.3%	53	49	-7.3%
Sonae SR	-11	-8	30.9%	-7	-6	13.7%
Sonae RP	58	41	-29.1%	29	20	-32.2%
Sonae IM ⁽¹⁾	5	5	15.8%	3	4	72.3%
E&A ⁽²⁾	-6	-8	-35.8%	-5	-2	60.6%
Underlying EBITDA margin	5.7%	4.6%	-1.1 p.p.	6.1%	5.4%	-0.8 p.p.
Equity method results ⁽³⁾	24	23	-4.5%	12	11	-6.9%
o.w. S. Sierra (direct results)	13	13	0.1%	6	6	-2.2%
o.w. NOS	11	10	-5.5%	6	5	-6.4%
Non-recurrent items	35	55	59.4%	35	-6	-
EBITDA	191	190	-0.4%	119	70	-41.3%
EBITDA margin	8.2%	7.8%	-0.4 p.p.	10.1%	5.8%	-4.3 p.p.
D&A ⁽⁴⁾	-88	-97	-10.5%	-43	-47	-8.7%
EBIT	103	93	-9.8%	76	23	-69.5%
Net financial activity	-36	-26	28.8%	-18	-11	37.8%
EBT	67	67	0.7%	58	12	-79.2%
Taxes	-11	-1	93.9%	-8	11	-
Direct results ⁽⁵⁾	56	66	18.7%	50	23	-54.4%
Indirect results	43	11	-74.3%	27	26	-6.1%
Net income	99	77	-21.7%	78	49	-37.4%
Non-controlling interests	-2	-1	58.4%	-1	-2	-
Net income group share	97	77	-20.9%	77	46	-39.6%

(1) Includes Technology and Partnerships contribution;

(2) Eliminations & adjustments;

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

(4) Depreciations & amortisations including provisions & impairments;

(5) Direct results before non-controlling interests.

Sonae net invested capital			
Million euros	1H15	1H16	y.o.y.
Net invested capital	3,249	3,328	2.4%
Technical investment	1,903	1,811	-4.8%
Financial investment	1,330	1,233	-7.3%
Goodwill	609	796	30.6%
Working capital	-593	-511	13.8%
Sonae shareholders funds	1,836	1,939	5.6%
Sonae net debt ⁽¹⁾	1,413	1,389	-1.7%
Net debt / Invested capital	43.5%	41.7%	-1.8 p.p.

(1) Financial net debt + net shareholder loans.

Sonae consolidated turnover reached €2,431 M, representing a growth of 4.4% when compared to 1H15, benefiting from the positive performance of MC and SR, which has more than compensated the lower turnover of RP, resulting from sale and leaseback transactions over the course of 2015 and in 1Q16.

Sonae underlying EBITDA margin declined to 4.6%, driven by lower RP revenues as a result of the sale and leaseback transactions and the promotional activity at MC.

Sonae EBITDA reached €190 M, equivalent to an EBITDA margin of 7.8% and includes the following contributions:

- (i) underlying EBITDA, amounting to €111 M;
- (ii) equity method results of €23 M, made up of Sierra's direct results, as well as NOS contribution; and,
- (iii) non-recurrent items of €55 M, benefiting mostly from the capital gains related to the sale and leaseback transactions completed in 1Q16.

Driven by the combination of the lower average net debt and in particular by the lower cost of outstanding debt, **Sonae net financial activity** improved by €10 M, registering a negative €26 M in 1H16.

Sonae continued to focus on increasing the average maturity of its debt and decreasing the average interest rate of outstanding debt, which reached 1.6% on June 30th 2016. It should be noted that Sonae financial results exclude Sonae Sierra and NOS businesses.

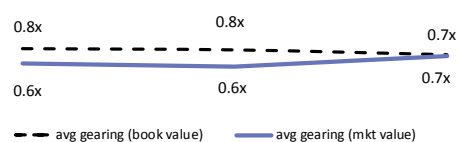
Sonae direct results amounted to €66 M, increasing 18.7% on a yearly basis. Despite the lower EBIT, this was driven by less negative net financial results and taxes.

Sonae indirect results reached €11 M, including the positive effect of the valuation of Sierra's assets and the capital gain related to the sale of the 2.14% direct stake at NOS capital on June 15th 2016. Year on year, the contribution of indirect results was smaller driven by the negative mark-to-market effect of NOS (negative €16 M) and the lower contribution of Sierra's upward asset valuation (from €26 M to €16 M).

Sonae shareholders' funds stood at €1,939 M in 1H16, €103 M above 1H15. **Sonae net debt** reached €1,389 M in 1H16, decreasing 1.7% in comparison to 1H15.

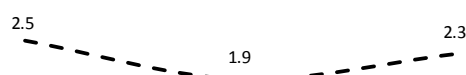
2 SONAE PERFORMANCE AND CAPITAL STRUCTURE

Gearing		
1H14	1H15	1H16

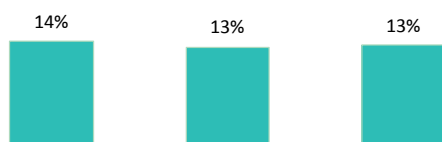


Net debt			
Million euros	1H15	1H16	y.o.y.
Net financial debt	1,403	1,385	-1.3%
MC, SR and RP	757	836	10.4%
IM	45	10	-76.7%
Holding & other	601	538	-10.4%
Sonae net debt	1,413	1,389	-1.7%

Capital Structure - MC, SR and RP		
Net debt to EBITDA		
1H14	1H15	1H16



Capital Structure		
Loan-to-value (%) - Holding		
1H14	1H15	1H16



Sonae Capex			
Million euros	1H15	1H16	% of Turnover
Capex	116	208	8.6%
Sonae MC	50	69	4.1%
Sonae SR	30	102	16.5%
Sonae RP	30	28	59.1%
Sonae IM	5	7	5.7%

Average gearing at book value reached 0.7x, decreasing 0.1x in comparison with 1H15. **Average gearing at market value** stood at 0.7x, increasing y.o.y. driven by Sonae's market price, as net debt evolution has remained largely unchanged.

Sonae continues to focus on presenting a robust capital structure, supported by low leverage and an improved maturity profile. No funding needs are expected for the next 18 months and more importantly, this capital structure guarantees the necessary financial strength to explore future growth opportunities.

Net financial debt of MC, SR and RP stood at €836 M in 1H16, €79 M above 1H15, driven by the cash-out related to the acquisition of 50% of Salsa, coupled with the consolidation of Salsa's debt. The **net debt to EBITDA** at MC, SR and RP stood at 2.3x, increasing when compared to 1H15, driven by the higher net debt.

Holding net debt reached €538 M, decreasing 10.4% y.o.y. and benefiting from the sale of the direct participation at NOS. **Loan-to-value** ratio of the holding stood at 13%, stable in relation to 1H15, despite the lower holding net debt.

Sonae Capex increased from €116 M to €208 M, mostly due to Sonae SR:

- **MC Capex** increased €19 M to €69 M, which includes the opening of 7 Continente Bom Dia, 1 Continente hypermarket and 6 Well's stores;

- **SR Capex** reached €102 M in 1H16, growing materially y.o.y. mostly impacted by the Capex related to the acquisition of Salsa, which occurred on June 30th 2016;

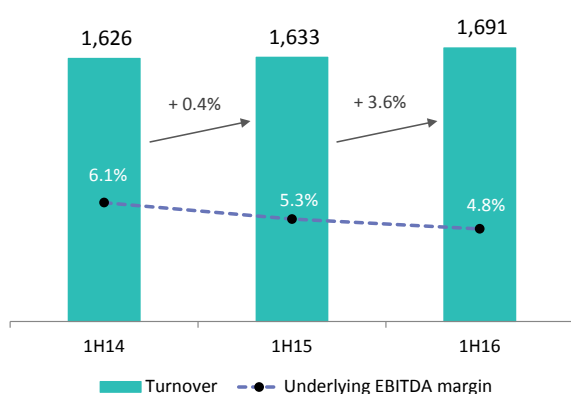
- **RP Capex** totalled €28 M in 1H16, in comparison to a value of €30 M in 1H15;

- **IM Capex** reached €7 M in 1H16, increasing €2 M when compared to 1H15.

3 SONAE MC RESULTS

Turnover and underlying EBITDA						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover	1,633	1,691	3.6%	839	862	2.7%
Lfl sales (%)	-1.8%	0.4%	-	-2.4%	-0.4%	-
Underlying EBITDA	86	81	-6.3%	53	49	-7.3%
Underlying EBITDA margin	5.3%	4.8%	-0.5 p.p.	6.3%	5.7%	-0.6 p.p.

Turnover and Underlying EBITDA evolution



MC turnover reached €1,691 M in 1H16, posting an increase of 3.6% when compared to 1H15, and continuing to reinforce Sonae's market share in a very mature and competitive market. This performance was backed by the opening of new convenience stores, of which we would like to highlight 7 Continente Bom Dia and 37 Meu Super stores.

MC Lfl sales performance totalled 0.4% in 1H16, -1.8% in 1H15. In 2Q16, Lfl sales growth totalled -0.4%, driven by the calendar effect. The calendar effect in 2Q16 was slightly negative when compared to 2Q15, as a result of Easter falling in 1Q16 (and 2Q15).

MC underlying EBITDA stood at €81 M, corresponding to an **underlying EBITDA margin** of 4.8%, less 50bps when compared to 1H15, reflecting MC's continued investment in price and market share growth. In addition to these effects, the opening of Bom Dia and Meu Super stores also has a short-term negative impact on MC's EBITDA margin.

MC underlying EBITDA margin before internal rents stood at 7.2% in 2Q16.

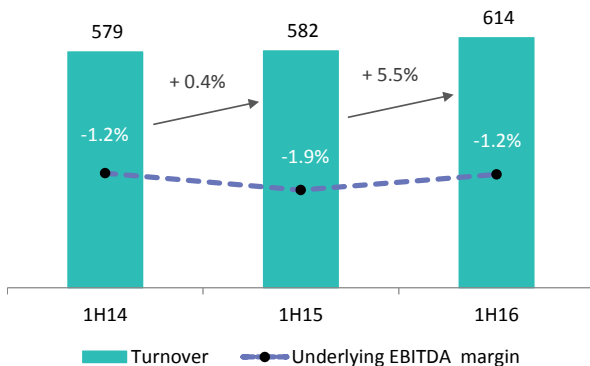
MC remained focused on reinforcing its value proposition, improving perception on price and quality of perishables and launching innovative price campaigns, along with the implementation of its programme for the expansion of local convenience and close proximity stores.

At the end of the semester, DECO, the Portuguese Consumers' Association, published the results of its most recent price survey covering the entire country, ranking Continente first in price leadership. This is an important achievement that recognises one of MC's most relevant areas of focus.

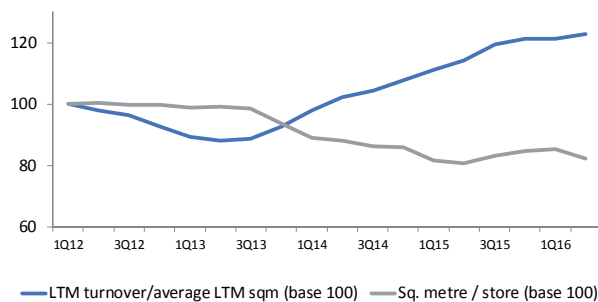
4 SONAE SR RESULTS

Performance per business						
	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover (million €)	582	614	5.5%	283	283	-0.1%
Worten	399	404	1.4%	190	188	-1.0%
Sports and Fashion	183	210	14.6%	93	95	1.6%
EBITDA (million €)	-11	-8	30.9%	-7	-6	13.7%
Worten	1	3	-	1	1	52.7%
Sports and Fashion	-12	-11	8.1%	-7	-7	8.0%
EBITDA margin (%)	-1.9%	-1.2%	0.7 p.p.	-2.3%	-2.0%	0.3 p.p.
Worten	0.2%	0.8%	0.6 p.p.	0.3%	0.5%	0.2 p.p.
Sports and Fashion	-6.4%	-5.1%	1.3 p.p.	-7.6%	-6.9%	0.7 p.p.
LFL (%)	-0.2%	0.5%	-	-3.0%	-0.1%	-
Worten	0.3%	0.8%	-	-2.0%	0.0%	-
Sports and Fashion	-1.2%	-0.2%	-	-4.8%	-0.4%	-

Turnover and Underlying EBITDA evolution



Sonae SR International Last 12 months (LTM) turnover/square metre (sqm) evolution



Note: Includes online sales. Excludes Losan contribution.

SR turnover stood at €614 M in 1H16, an increase of 5.5% when compared to 1H15. This evolution was driven by both SR divisions, which continued to show clear improvements in sales per sqm.

At **Worten**, turnover grew by 1.4%, to €404 M, backed by a positive performance in Portugal, consolidating market share in the context of a slight market growth, and a continuous recovery in Spain, where sales per sqm continued to grow driven by the store network optimisation, despite a less favourable market context so far (overall market decreasing and online market decelerating).

In **Sports and Fashion**, turnover grew by 14.6%, to €210 M. This growth was mostly driven by the inclusion of Losan and, to a lesser extent, Zippy's very positive performance in Portugal. Sales per sqm (excluding wholesale business, namely Losan) resumed growth, supported by significant improvement at Zippy, as well as positive developments at Sport Zone. This evolution was achieved in the context of, once again, adverse weather conditions, which had an impact on the Spring-Summer '16 collections in the fashion sector as a whole in Iberia.

SR EBITDA reached negative €8 M in 1H16, posting an improvement of 30.9% y.o.y., driven by both SR divisions.

At **Worten**, EBITDA improved €2 M, now standing at €3 M in 1H16, with both the Portuguese and Spanish operations contributing positively to this evolution. In Spain, the 2Q16 confirmed the positive trend registered since February (following the 1Q16, where performance was constrained by a disappointing January) and continued to reap the benefits and reinforced store network optimisation efforts. Both in Portugal and in Spain, omnichannel continues to be at the core of Worten's development and at the end of 1H16 these sales represented 25.3% of total turnover. Online sales grew by 4.2% in Iberia, backed by a growth of 22.9% in 2Q16, and Worten became the first electronics specialist to have a digital transactional platform in the Canary Islands.

In **Sports and Fashion**, EBITDA evolved from negative €12 M to negative €11 M. Despite the positive turnover performance, EBITDA evolution was hindered by MO's negative contribution. Sport Zone continued to register a positive y.o.y. EBITDA contribution (before central fees) in Spain, consolidating the improvements registered in the last 2 years.

SR completed the acquisition of 50% of Salsa's capital in 2Q16, hence starting a promising partnership in an internationally renowned Portuguese jeanswear specialist. Salsa's results will be consolidated in SR accounts from 3Q16 onwards.

Zippy continued to expand its international presence and entered Cyprus in 2Q16. Through own stores, franchising and wholesale, Zippy's products are currently available in approximately 40 countries.

5 SONAE RP RESULTS

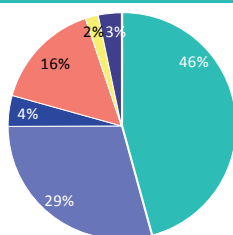
Turnover and Underlying EBITDA						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover	64	47	-27.0%	32	22	-29.4%
Underlying EBITDA	58	41	-29.1%	29	20	-32.2%
Underlying EBITDA margin	90.4%	87.8%	-2.6 p.p.	91.2%	87.7%	-3.5 p.p.

RP turnover decreased 27.0%, to €47 M, driven mostly by freehold reduction at MC, from 63% in 1H15, to 51% at the end of 1H16. The **underlying EBITDA** amounted to €41 M, corresponding to an **underlying EBITDA margin** of 87.8%.

Net book value of the capital invested in real estate assets amounted to €888 M at the end of 1H16.

RP Portfolio as % of Gross Book Value

- Continente
- Continente Modelo
- Continente Bom Dia
- Logistics & Offices
- Others
- Assets without income



RP completed 3 sale and leaseback transactions in the amount of €230 M in 1H16, equivalent to a capital gain of approximately €63 M. This strategy enabled releasing capital from mature real estate assets while also maintaining adequate operational flexibility.

MC's freehold is now at 51%, moving closer to the stated target freehold level of 50%. At the end of 1H16, MC's real estate portfolio included 22 Continente stores, 62 Continente Modelo stores and 20 Continente Bom Dia stores. As for SR's freehold, it stood at 22% as of 1H16.

6 SONAE IM RESULTS

Sonae IM has an active portfolio strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail and telecommunications.

Technology portfolio

WeDo Technologies

Saphety

Bizdirect

S21Sec

Movvo

Brightpixel

InovRetail

Turnover and Underlying EBITDA performance

Turnover and underlying EBITDA						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover	59	61	1.9%	31	34	9.3%
Underlying EBITDA	4	2	-52.0%	2	1	-26.7%
Underlying EBITDA margin	6.6%	3.1%	-3.5 p.p.	6.0%	4.0%	-2.0 p.p.

In the Technology arm, **IM turnover** reached €61 M, increasing 1.9% when compared to 1H15, driven by a growth of 9.3% in 2Q16. **Underlying EBITDA** amounted to €2 M, which translates into an **Underlying EBITDA margin** of 3.1%, although showing an improving trend in 2Q16 versus 1Q16.

Note: For consolidation purposes, Sonae IM also includes some partnerships - MDS, Maxmat, Tlantic and Público - which reached a turnover of €67 M and an underlying EBITDA of €4 M in 1H16.

WeDo Technologies is a worldwide market leader in enterprise business assurance software that works for more than 190 telco operators from more than 90 countries. During 1H16, WeDo acquired 5 new telco customers, continuing to enlarge its worldwide customer base. At the end of 1H16, 77% of its turnover was generated outside Portugal.

S21sec strengthened its position in the European cybersecurity market with the acquisition of SysValue in May 2016, becoming the leading pure play cybersecurity player in Portugal. Recently, **S21Sec** announced that it will actively participate in the development of future information security policies in Europe, as a member of the group that will work with the European Commission.

Saphety is a solutions provider for business processes optimisation that has a strong position in electronic invoicing and the EDI (Electronic Data Interchange) market, as well as in data synchronization for GS1 worldwide organizations. International revenues increased more than 35% when compared to 1H15, namely in SaphetySYNC line, with international markets representing circa 45% of total revenues. EBITDA also grew 24% y.o.y..

Bizdirect is specialised in IT solutions commercialisation, consulting and management of corporate software licensing contracts and Microsoft solutions integration. In 1H16 Bizdirect's turnover increased 14% with all business units over performing 1H15 and contributing to an EBITDA margin improvement of 0.7p.p..

Movvo refocused its efforts on building up the product robustness, coupled with an emphasis on creating a standardised offer, so to fully prepare the company for international scaling.

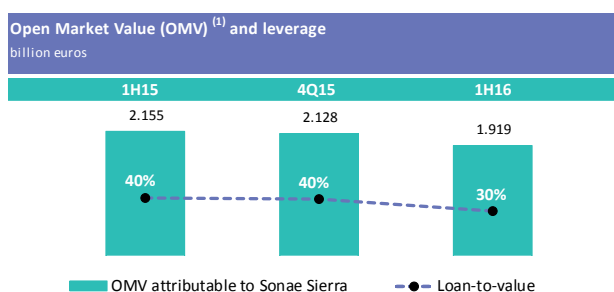
Bright Pixel, publicly launched in April, is a company composed of a group of experienced builders, creative thinkers and investors whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is also promoting a close relationship with its partners by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

Already in July 2016, Sonae IM announced the investment in **InovRetail**, whose core business is the development of advanced analytics tools, aiming to assist retailers in improving their performance, by enabling them to make better informed decisions. The immediate steps include accelerating growth in existing markets, as well as, penetrating new ones, through investment in building up the team, improving the SaaS platform and reinforcing R&D.

7 SONAE SIERRA RESULTS

Operational Indicators			
	1H15	1H16	y.o.y.
Footfall (million visitors)	211	204	-3.0%
Europe & New Markets	159	156	-1.7%
Brazil	52	48	-7.1%
Occupancy rate (%)	95.8%	96.1%	0.2 p.p.
Europe	95.9%	97.1%	1.1 p.p.
Brazil	95.5%	93.0%	-2.6 p.p.
Like-for-Like (Lfl) tenant sales			
Europe	2.8%	3.9%	1.1 p.p.
Brazil (local currency)	7.3%	0.0%	-7.3 p.p.
Tenant sales (million euros)	2,081	1,966	-5.5%
Europe (million euros)	1,404	1,439	2.5%
Brazil (million euros)	676	525	-22.3%
Brazil (million reais)	2,235	2,166	-3.1%
Nº of shopping centres owned and managed (EOP)	68	65	-3
Europe	57	55	-2
Brazil	11	10	-1
Nº of shopping centres owned/co-owned (EOP)	46	44	-2
Europe	36	35	-1
Brazil	10	9	-1
GLA under Management ('000 sqm)	2,422	2,288	-5.5%
Europe & New Markets	1,900	1,806	-4.9%
Brazil	522	481	-7.7%

Financial Indicators						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Turnover	108	100	-7.7%	53	48	-9.4%
EBIT	50	47	-5.9%	24	22	-9.9%
EBIT margin	46.3%	47.2%	0.9 p.p.	45.1%	44.9%	-0.2 p.p.
Direct results	27	27	0.0%	12	12	-2.7%
Indirect results	52	32	-38.7%	54	30	-44.0%
Net results	79	59	-25.6%	67	42	-36.4%
... attributable to Sonae	40	30	-25.6%	33	21	-36.4%



⁽¹⁾ Includes investment properties at open market value and development properties at cost.

Tenant sales in Europe increased 2.5%, to €1,439 M, corresponding to an increase in Lfl tenant sales of 3.9%. The **tenant sales** in Brazil reached 0.0% in Lfl terms.

Occupancy rates stood at 96.1%, backed by a strong performance in Europe, notwithstanding the performance in Brazil, impacted by the challenging macroeconomic environment.

Sierra's turnover reached €100 M, a decrease of 7.7% when compared to 1H15, driven by the execution of Sierra's capital recycling strategy. We would also like to highlight asset disposals such as Colombo Tower (Portugal), Zubiarte (Spain), Loop 5 (Germany), Boavista Shopping (Brazil), the 25% dilution in the Sierra Portugal Fund, and the recent dilution in the ownership of AlgarveShopping, Estação Viana Shopping and Luz del Tajo (following the closing of the partnership with CBRE Global Investment Partners). The adverse exchange rate effect of the Brazilian Real against the Euro (average rate 6M16 vis-à-vis average rate 6M15) has also had a negative impact on turnover performance. The **EBIT** stood at €47 M, less 5.9% y.o.y., corresponding to an **EBIT margin** of 47.2%. Excluding the portfolio changes and the exchange rate effect mentioned previously, EBIT increased 11% as a consequence of higher rental income and higher services rendered mainly to clients outside Sierra's shopping centre portfolio.

Direct results amounted to €27 M, with no change in comparison to 1H15 and **indirect results** reached €32 M, benefiting from the capital gains of disposals and from the increased asset valuations that occurred at the end of the semester, driven by operational improvements and yields compression in Iberia.

Sierra currently has 6 projects under development: ParkLake (Romania), Nuremberg (Germany), Zenata (Morocco), Malaga Designer Outlet (Spain), NorteShopping Expansion (Portugal) and Cucuta (Colombia). ParkLake will be inaugurated in September 2016 and will comprise of a GLA of 70,000 sqm with over 200 shops, representing an investment of €180 M.

On June 30th 2016, the **Investment and Development Properties** attributable to Sierra reached €1.919 bn, €209 M below the 2015 year-end, driven by the effect of the disposals, which more than off-set the investment in the pipeline of projects under development and the positive exchange rate effect (closing rate 6M16 vis-à-vis closing rate 12M15).

NAV (Net Asset Value) reached €1.244 bn at the end of 1H16, €64 M above December 2015, reflecting the direct results of the period, the favourable exchange rate effect less the dividends payment.

In 1H16, Sierra was able to refinance approximately €260 M of its debt facilities, improving credit conditions such as the cost and the debt's average maturity. **Loan-to-value** reached 30% in 1H16, compared to a value of 40% in 1H15, reflecting the effect of the cash received from the recent asset disposals.

8 NOS RESULTS

Financial Indicators						
Million euros	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Operating revenues	700	743	6.2%	356	373	4.8%
EBITDA	266	287	7.6%	139	149	7.3%
EBITDA margin	38.1%	38.6%	0.5 p.p	38.9%	39.9%	1.0 p.p
Net results	47	51	7.6%	24	27	10.0%
Capex	197	196	-0.3%	102	101	-1.4%

Operational Indicators						
('000)	1H15	1H16	y.o.y.	2Q15	2Q16	y.o.y.
Total RGUs (Net adds)	404	282	-	239	151	-
Convergent RGUs (Net adds)	590	303	-	249	168	-
Mobile (Net adds)	218	147	-	131	97	-
Pay TV (Net adds)	26	31	-	14	13	-
Total RGUs	8,029	8,746	8.9%	8,029	8,746	8.9%
Convergent RGUs	2,443	3,157	29.2%	2,443	3,157	29.2%
Convergent customers	510	644	26.3%	510	644	26.3%
ARPU/Unique subscriber with fixed access (euros)	42	43	3.9%	42	43	2.3%

NOS published its results on July 27th 2016, which are available at www.nos.pt.

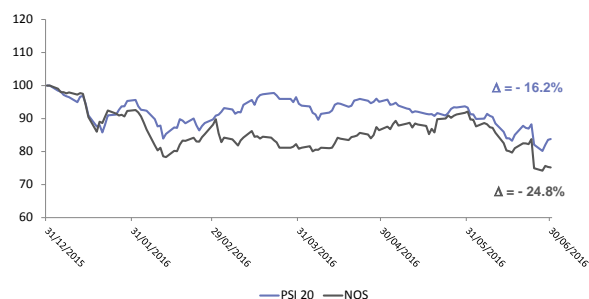
The **operating revenues** increased 6.2% y.o.y to €743 M, in 1H16, maintaining the very positive top line performance.

EBITDA registered €287 M, improving 7.6% when compared to 1H15 and corresponding to an EBITDA margin of 38.6%.

Net results grew by 7.6%, to €51 M.

Total RGUs grew by 8.9%, to 8,746 M and **convergent RGUs** increased to 3,157 M, +29.2% y.o.y..

ARPU continued to grow, reaching 43 euros in 1H16, increasing 3.9% when compared to 1H15.



During 1H16, NOS market capitalisation decreased 24.8%, corresponding to a share price decrease from €7.246 to €5.450.

The PSI20, the main Portuguese index, decreased its market capitalisation 16.2% in the same period.

9 CORPORATE INFORMATION

Main corporate events in the 2Q16

On **May 12th 2016**, Sonae announced Sonae SR agreement to acquire a 50% stake in IVN – Serviços Partilhados, S.A., which trades under the trademark “Salsa”. Salsa is an internationally renowned Portuguese jeanswear brand, recognised for its entrepreneurial spirit and development of innovative products. The conclusion of this transaction was announced to the market on **June 30th 2016**.

On **June 15th 2016**, Sonaecom – SGPS, S.A. announced the sale of its 2.14% direct participation in the capital of NOS – SGPS, S.A. to Zopt – SGPS, S.A. This participation corresponded to 11,012,532 shares, amounting to approximately €83 M.

Subsequent events

On **August 5th 2016**, Sonae IM announced an agreement with Novo Banco to be the leading investor in a transaction involving the acquisition of participation units in 3 venture capital funds from Novo Banco. These participations will enable Sonae IM to reinforce its portfolio through sizable stakes in companies such as Outsystems and Feedzai.

10 ADDITIONAL INFORMATION

Methodological notes

The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.

Glossary

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.
Direct results	Results excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results (Sonae Sierra direct results and ZOPT net results) + non-recurrent items.
EBITDA margin	EBITDA / turnover.
(Direct) EBT	Direct results before non-controlling interests and taxes.
E&A (Eliminations & adjustments)	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
EoP	End of period.
Free Cash Flow (FCF)	EBITDA - CAPEX - change in working capital - financial results - income taxes.
Financial net debt	Total net debt excluding shareholders' loans.
FMCG	Fast-Moving Consumer Goods.
Gearing (book value)	The average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	The average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares on the last day of each quarter.
GLA	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.
Indirect results	Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned and co-owned by Sonae Sierra.
Liquidity	Cash & equivalents + current investments.

Like for Like sales (Lfl)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to value (LTV) - Holding	Holding net debt / investment portfolio gross asset value; gross asset value based on market multiples, real estate NAV and market capitalisation for listed companies.
Loan to value (LTV) - Shopping Centres	Net debt / (investment properties + properties under development).
LTM	Last twelve months.
Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, and other long-term financial applications.
Net invested capital	Total net debt + total shareholders' funds.
Other income	Dividends.
Other loans	Bonds, leasing and derivatives.
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by independent international entities.
Return on Invested Capital (RoIC)	EBIT (LTM) / net invested capital.
Return on equity (ROE)	Total net income n (equity holders) / shareholders' funds n-1 (equity holders).
RGU	Revenue generating unit.
Technical investment	Tangible assets + intangible assets + other fixed assets - depreciations and amortisations.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method

Number of stores and sales area

	Nr. of Stores						Sales Area ('000 sqm)					
	31 Dec 2015	Stores Opened	M&A	Banner Changed	Stores Closed	30 Jun 2016	31 Dec 2015	Stores Opened (3)	M&A	Banner Changed	Stores Closed	30 Jun 2016
Sonae MC	746	61	0	0	-15	792	673	24	0	0	-3	694
Company Operated ⁽¹⁾	509	19	0	0	-2	526	619	17	0	0	-1	635
Continente	40	1	0	0	0	41	283	6	0	0	0	290
Continente Modelo	123	0	0	0	0	123	246	0	0	0	0	246
Continente Bom Dia	52	7	0	0	0	59	58	10	0	0	0	68
Well's	152	6	0	0	0	158	16	0	0	0	0	16
Bom Bocado / Bagga	111	3	0	0	-1	113	6	0	0	0	0	6
Note! / Makenotes	25	1	0	0	0	26	6	0	0	0	0	6
Other ⁽²⁾	6	1	0	0	-1	6	4	0	0	0	-1	3
Franchising	237	42	0	0	-13	266	54	7	0	0	-2	60
Continente Modelo	7	0	0	0	0	7	17	0	0	0	0	17
Meu Super	205	37	0	0	-13	229	35	7	0	0	-2	40
Well's	15	5	0	0	0	20	1	0	0	0	0	2
Bom Bocado / Bagga	5	0	0	0	0	5	0	0	0	0	0	0
Note!	5	0	0	0	0	5	1	0	0	0	0	1
Sonae SR	596	15	0	0	-17	594	381	2	0	0	-9	374
Company Operated ⁽¹⁾	516	11	0	0	-12	515	360	1	0	0	-9	353
Electronics	227	5	0	0	-6	226	189	0	0	0	-6	183
Portugal	177	2	0	0	-2	177	118	0	0	0	0	118
Worten	138	2	0	0	0	140	116	0	0	0	0	116
Worten Mobile	39	0	0	0	-2	37	1	0	0	0	0	1
Spain	50	3	0	0	-4	49	72	0	0	0	-6	66
Worten	50	3	0	0	-4	49	72	0	0	0	-6	66
Sports	108	5	0	0	-1	112	95	2	0	0	-1	96
Portugal	75	3	0	0	0	78	62	1	0	0	0	64
Sport Zone	75	3	0	0	0	78	62	1	0	0	0	64
Spain	33	2	0	0	-1	34	33	1	0	0	-1	32
Sport Zone	33	2	0	0	-1	34	33	1	0	0	-1	32
Fashion	181	1	0	0	-5	177	76	-1	0	0	-2	73
Portugal	147	1	0	0	-2	146	66	-1	0	0	-1	64
Mo	108	0	0	0	-1	107	54	-1	0	0	0	52
Zippy ⁽⁴⁾	39	1	0	0	-1	39	12	0	0	0	0	12
Spain	34	0	0	0	-3	31	10	0	0	0	-1	9
Zippy	24	0	0	0	-3	21	7	0	0	0	-1	6
Losan	10	0	0	0	0	10	3	0	0	0	0	3
Franchising	80	4	0	0	-5	79	21	1	0	0	-1	21
Electronics	4	0	0	0	0	4	2	0	0	0	0	2
Portugal	4	0	0	0	0	4	2	0	0	0	0	2
Worten	4	0	0	0	0	4	2	0	0	0	0	2
Sports	9	0	0	0	0	9	4	0	0	0	0	4
Portugal	4	0	0	0	0	4	2	0	0	0	0	2
Sport Zone	4	0	0	0	0	4	2	0	0	0	0	2
Other Countries ⁽⁵⁾	5	0	0	0	0	5	2	0	0	0	0	2
Fashion	67	4	0	0	-5	66	15	1	0	0	-1	15
Portugal (Mo)	5	0	0	0	0	5	1	0	0	0	0	1
Other Countries	62	4	0	0	-5	61	14	1	0	0	-1	14
Zippy ⁽⁶⁾	50	3	0	0	-5	48	10	1	0	0	-1	10
Mo ⁽⁷⁾	12	0	0	0	0	12	4	0	0	0	0	4
Losan ⁽⁸⁾	0	1	0	0	0	1	0	0	0	0	0	0
Sonae IM	30	0	0	0	0	30	54	0	0	0	0	54
Maxmat	30	0	0	0	0	30	54	0	0	0	0	54

(1) Includes Joint-Ventures;

(2) Includes outlet;

(3) Includes changes in sales area due to refurbishments;

(4) Includes a pop up store opened in 2014 converted into a permanent store;

(5) Includes India, France and Spain;

(6) Includes Turkey, Saudi Arabia, Egypt, Kazakhstan, Azerbaijan, Dominican Republic, Venezuela, Morocco, Lebanon, Qatar, St. Maarten (2015), Jordan (2015), Armenia, Chile (2015), Georgia, Equator, Cyprus, Kurdistan, Libya, Tunisia, Philippines and Mozambique;

(7) Includes Spain, Bulgaria, Mozambique and Saudi Arabia;

(8) Bahrein.

Sonae Consolidated Profit and Loss Account

Sonae profit and loss account			
Million euros	1H15	1H16	y.o.y.
Turnover	2,329	2,431	4.4%
Underlying EBITDA	132	111	-15.4%
Underlying EBITDA margin	5.7%	4.6%	-1.1 p.p.
EBITDA	191	190	-0.4%
EBITDA margin	8.2%	7.8%	-0.4 p.p.
Depreciations & amortisations ⁽¹⁾	-88	-97	-10.5%
EBIT	103	93	-9.8%
Net financial activity	-36	-26	28.8%
EBT	67	67	0.7%
Taxes	-11	-1	93.9%
Direct results	56	66	18.7%
Indirect results ⁽²⁾	43	11	-74.3%
Net income	99	77	-21.7%
Minority interests	-2	-1	58.4%
Net income group share	97	77	-20.9%

(1) Includes provisions and impairments; (2) Includes: (i) Sonae's Sierra indirect income contribution; (ii) NOS mark to market effect; (iii) other asset provisions for possible future liabilities in non-core and/or discontinued operations and (iv) non-cash impairments for operational assets.

Sonae Consolidated Statement of Financial Position

Sonae statement of financial position			
Million euros	1H15	1H16	y.o.y.
TOTAL ASSETS	5,215	5,350	2.6%
Non current assets	3,898	3,951	1.4%
Tangible and intangible assets	1,897	1,810	-4.6%
Assets available for sale	5	0	-
Goodwill	609	796	30.6%
Investment properties	1	1	-6.0%
Other investments	1,263	1,244	-1.6%
Deferred tax assets	96	68	-29.4%
Others	27	33	19.7%
Current assets	1,317	1,399	6.2%
Stocks	564	654	15.9%
Trade debtors	79	114	44.6%
Liquidity	346	331	-4.3%
Others	328	300	-8.6%
SHAREHOLDERS' FUNDS	1,836	1,939	5.6%
Equity holders	1,696	1,732	2.1%
Attributable to minority interests	140	208	47.8%
LIABILITIES	3,379	3,410	0.9%
Non-current liabilities	1,206	1,507	25.0%
Bank loans	335	656	95.6%
Other loans	698	707	1.2%
Deferred tax liabilities	91	68	-24.8%
Provisions	32	39	20.5%
Others	50	38	-23.1%
Current liabilities	2,173	1,903	-12.4%
Bank loans	118	335	183.2%
Other loans	609	29	-95.2%
Trade creditors	922	993	7.7%
Others	524	546	4.2%
SHAREHOLDERS' FUNDS + LIABILITIES	5,215	5,350	2.6%

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.

Report available at Sonae's institutional website
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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 **SON PL**