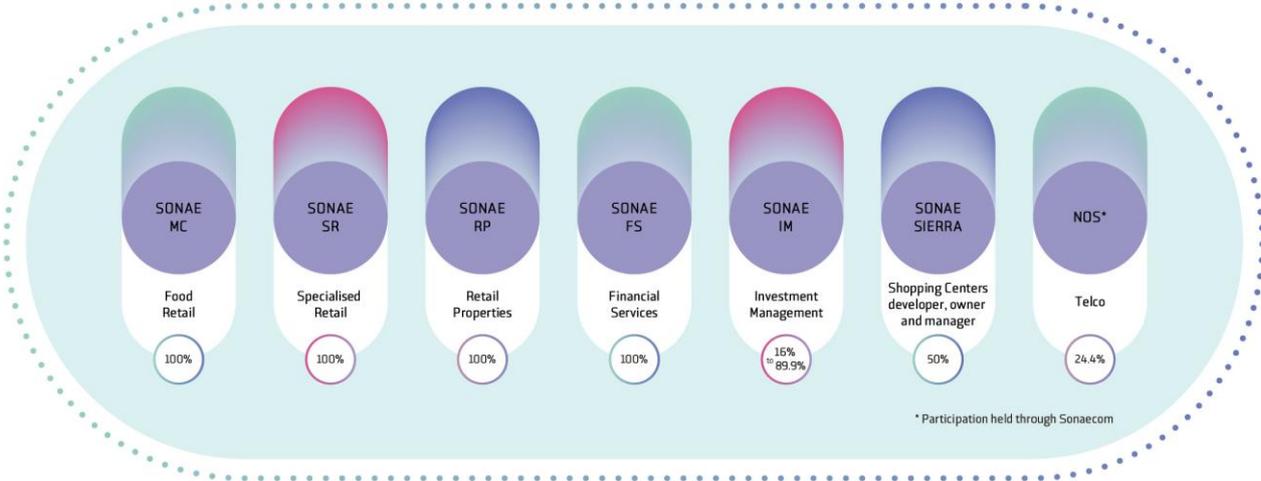
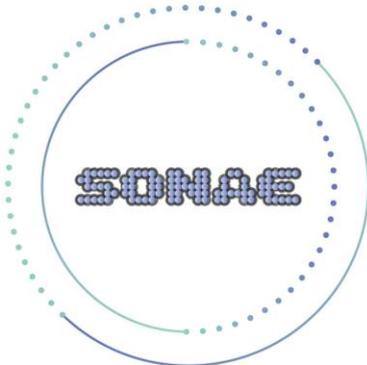


SONAE FINANCIAL REPORT '15  
MANAGEMENT  
REPORT



IMPROVING LIFE





\* Participation held through Sonaecom

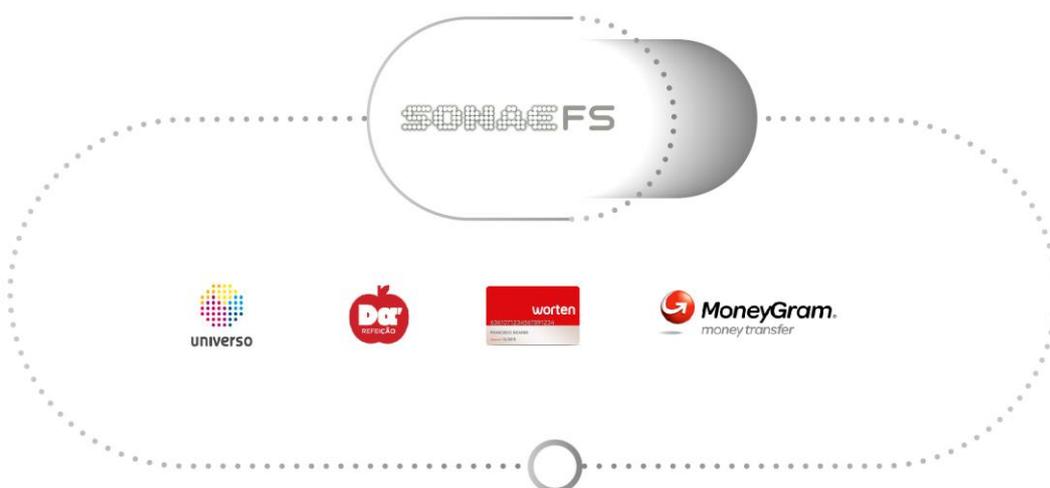




# Sonae's Brands

(Brands of Sonae associated companies)







# SOMAE SIERRA



# SOMAE RP

# NOS

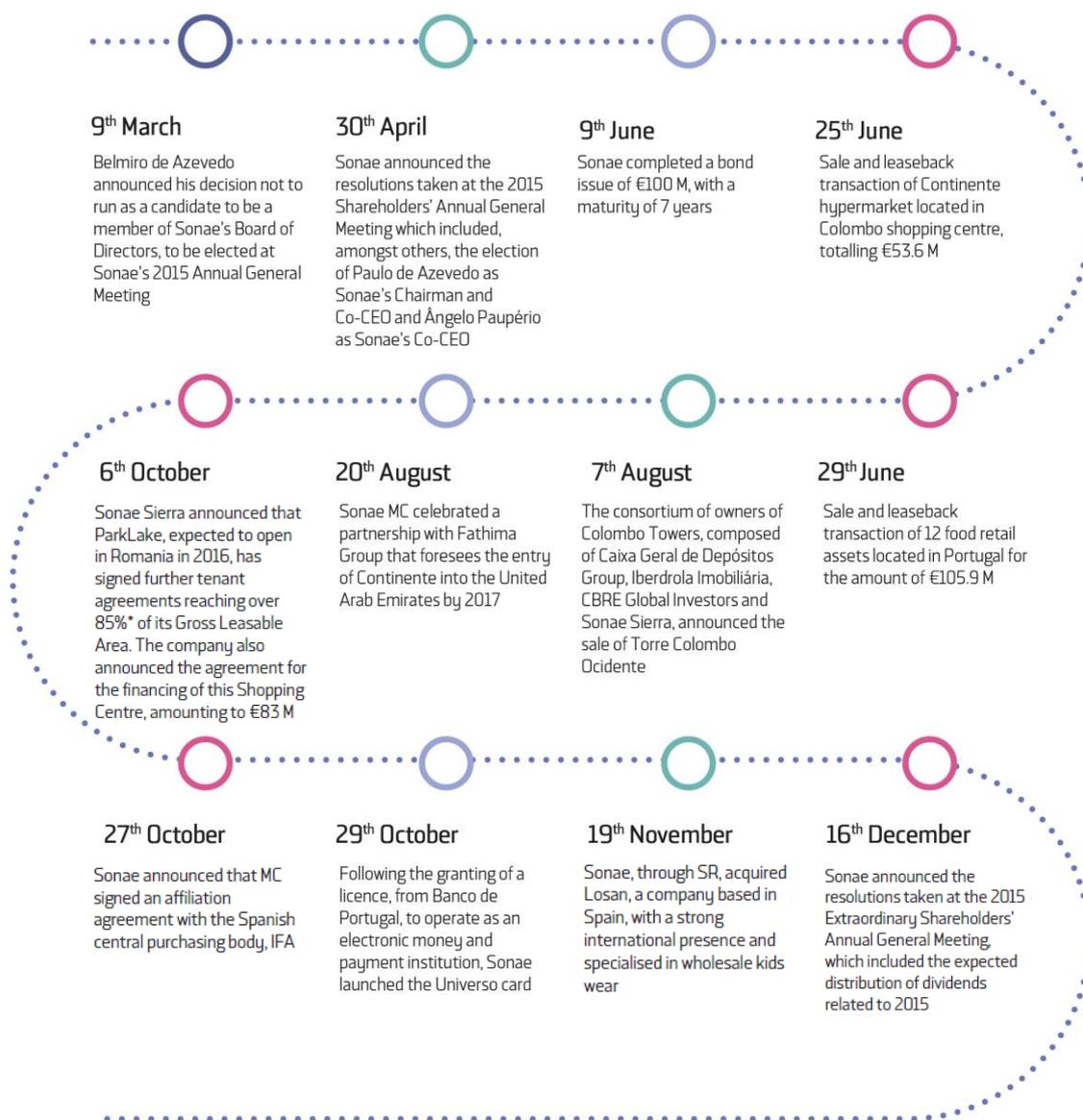


## Sonae's world

(Including operations, services to third parties, representative offices, franchising agreements and partnerships)

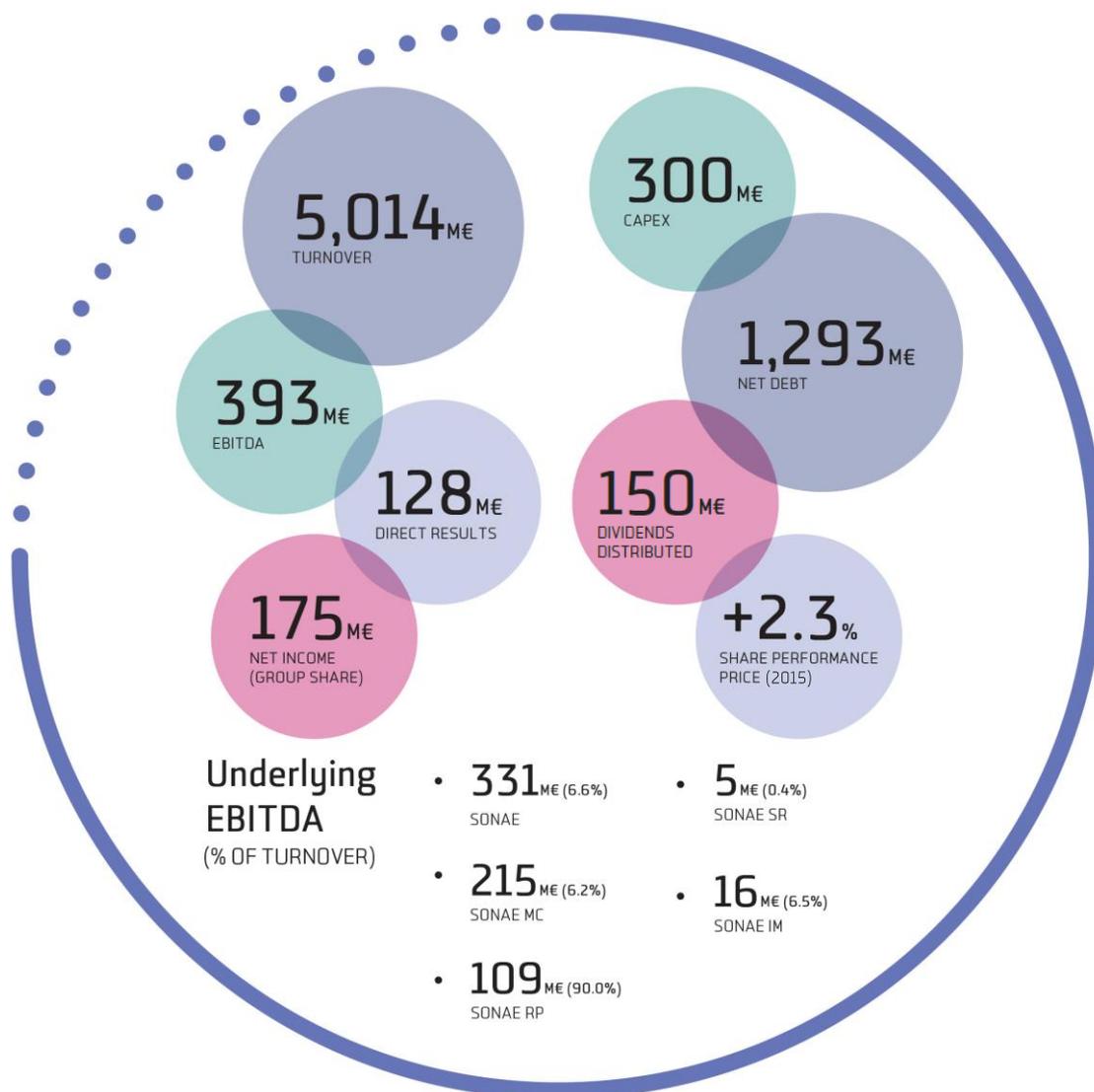


## Key corporate events



\*as of 31 December 2015.

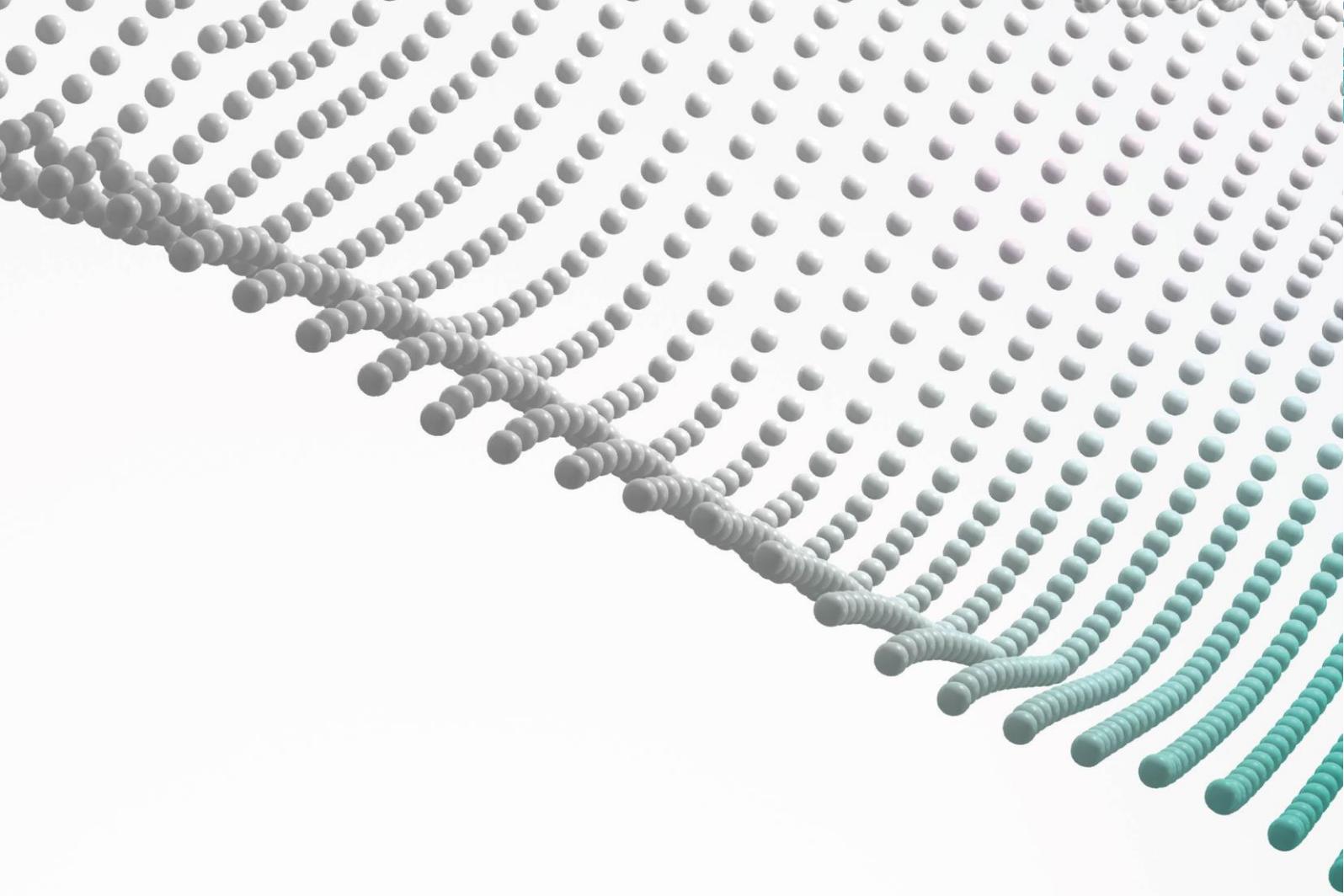






## Table of Contents

<b>Sonae's Brands</b>	<b>5</b>
<b>Sonae's world</b>	<b>8</b>
<b>Key corporate events</b>	<b>9</b>
<b>Chairman's letter</b>	<b>14</b>
<b>CEO's letter</b>	<b>16</b>
<b>Strategy in action</b>	<b>20</b>
<b>Corporate responsibility</b>	<b>27</b>
We value our team	29
Respect the environment	32
Sourcing with integrity and quality management	33
Innovation is essential for our sustainable success	35
A standing commitment to our customers	37
Making a positive difference to our community	38
Corporate Governance	43
<b>Financial Review</b>	<b>46</b>
Key financial performance indicators	46
Macroeconomic context	48
2015 Consolidated financial performance	50
Sonae performance and capital structure	50
Business segments	52
Sonae MC	54
Sonae SR	58
Sonae RP	62
Sonae FS	63
Sonae IM	64
Sonae Sierra	67
NOS	69
Outlook for 2016	70
Information on shareholdings and share performance	70
Individual net income of Sonae, SGPS, SA	72
Subsequent events	72
Proposed allocation of the 2015 net income and dividend distribution	72
<b>Closing remarks and acknowledgements</b>	<b>75</b>
<b>Glossary</b>	<b>76</b>



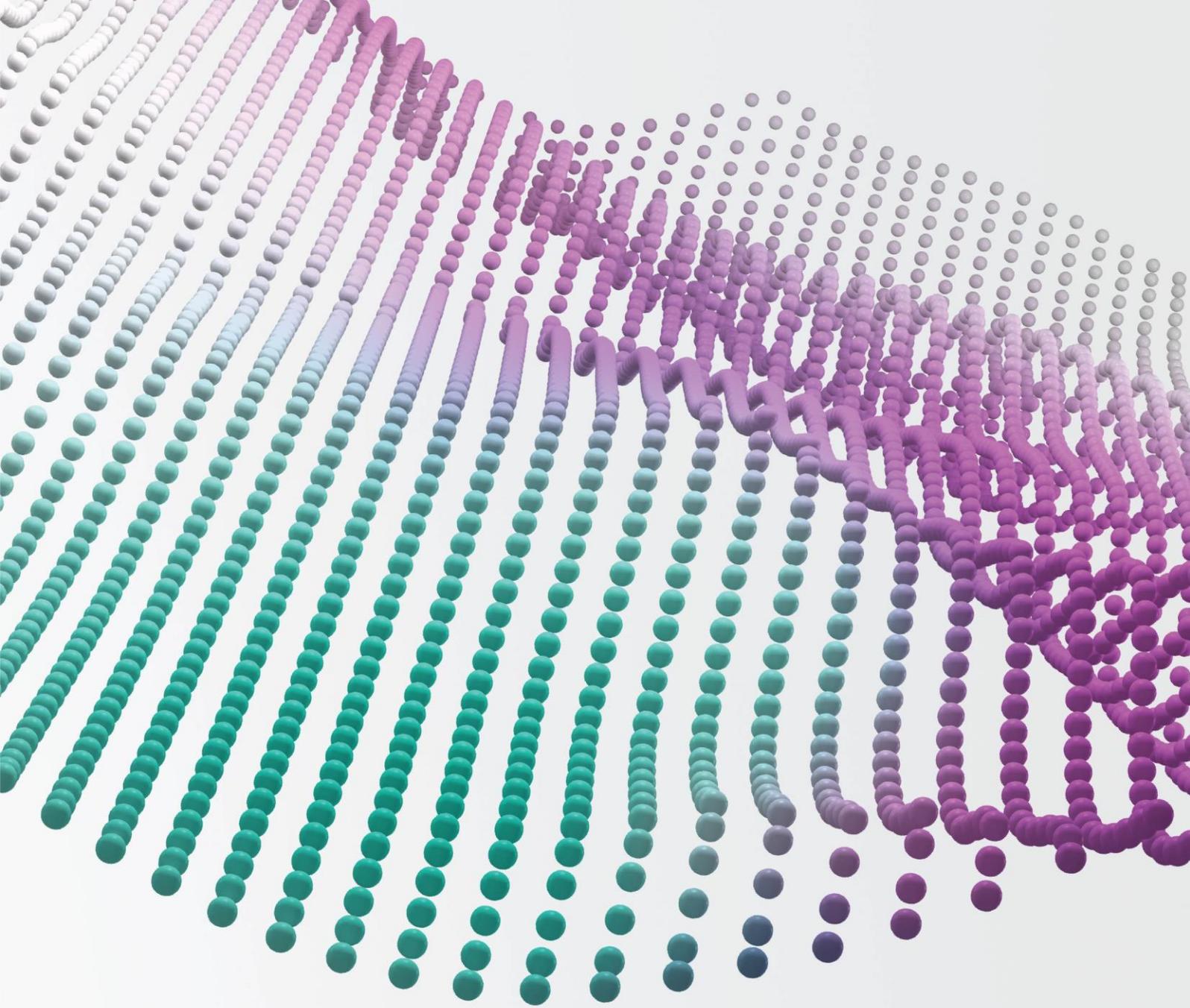
CHAIRMAN  
AND CEO'S LETTERS



IMPROVING LIFE



Ângelo Paupério and Paulo Azevedo







Fierce competition, ever-faster changing market trends and consumer habits and unstable economic and social environments are our biggest challenges. At Sonae, we like to look at these added difficulties as opportunities to innovate and to change.

Innovation is by definition the future. Our future. Innovation is at the root of our success and our most distinctive capability. At Sonae, everyone can innovate and we continue to be truly committed to promote and nurture a rich innovation environment across the whole organisation.

Sonae is a market leader and as such we want to understand the market before our competitors, and quickly adapt our offers, our business models and our organisation. We are adjusting our structure to become faster and more effective. To face the new organisational challenges, we have implemented some structural changes, allowing higher levels of autonomy to each business unit and focusing on higher levels of specialisation. These changes are supported by our commitment to create new forums and new bridges that will bring together our invaluable world of personal and business experience.

Furthermore, we continued to study and pursue new internationalisation opportunities with a flexible approach and with solid partnerships with strong knowledge of the local market and traditions. We have a unique structure and assets base that can leverage our international expansion and our worldwide reputation is a key determinant in finding the best partners. Partners who share the same corporate responsibility values and our thirst for sustainable growth.

Finally, we continuously reinforce our dedication towards our solid values of corporate responsibility. In periods of economic and social turmoil, corporate responsibility surfaces as one of the most critical cornerstones of success. Sonae is a unique and invaluable team of 40,738 colleagues and we all strive to keep this at the top of our minds. We truly believe that this is one of our most important assets and we are extremely proud of our donations to charity and our voluntary work. I would like to highlight another good year of environmental performance, with a 6% reduction in our carbon dioxide footprint (despite our expansion). We also continued to use our influence and social presence to increase awareness of environmental issues among our colleagues, clients, suppliers and other business partners. We are green at the core and we take our responsibilities seriously as any leader should do. We promptly subscribed to and promoted the environmental initiative “Paris Pledge for Action”, and we are now working to ensure that this results in new initiatives to accelerate improvements in our environmental performance.

Our shares closed the year with a small increase but underperformed the market. We believe that the discount to the sum of the parts which is reflected in our valuation is by no means justifiable. In any event, it is our responsibility to work harder and provide our investors with a sustainable market performance that rewards their commitment to our company and in particular to deliver our goals in the retail business.

A special note concerning Sonae MC that celebrated 30 years of being the first hypermarket in Portugal. We are proud of our history and achievements, but even more excited about what the next 30 years will hold.

We take pride in our legacy and we try to think of Sonae as Belmiro always did – every day is a starting point for new opportunities, new challenges and new triumphs.

Thank you.

Paulo Azevedo, Chairman and Co-CEO

## CEO's letter

Overall, 2015 was a positive year for Sonae. The achievements across our main strategic guidelines were significant and the results reached in our businesses, albeit mixed, were positive.

We underwent an important organisational change that has allowed our businesses to become more autonomous and more focused on their strategies, while increasing the flexibility and agility necessary to face the increasingly frequent changes within each business context.



The new business areas identified with the most potential have been reinforced with the necessary resources to pave new growth avenues, namely in business segments such as health and wellbeing, technology, cybersecurity or the international food retail market.

We have invested in strengthening critical skills through more training, better recruitment and the acquisition of companies such as Losan, Ulabox, Makenotes or Elergone, highly renowned for their know-how in international commerce, e-commerce, product design and energy management.

We reduced our real-estate freehold to the planned level, through sale and leaseback operations amounting to €376 M completed in 2015 and in the first quarter of 2016.

We have heightened the competitiveness of our food retail offers by investing in even more competitive pricing and convenience for our customers, improving the attraction formats offer and ensuring an easier shopping experience, in particular by expanding our store network.

In specialised retail, we have developed new store concepts and we have optimised the existing network with a positive impact on sales per sqm whilst lowering the overall investment costs.

In 2015, Sonae continued to grow. The turnover of all of the companies controlled by Sonae, including through equal partnerships, totalled €6.74 bn, an increase of 2.4% compared to the previous year, and the correspondent EBITDA remained flat at almost €1,000 M. Consolidated net income increased by 22%, reaching €175 M.

Concerning our business results, Sonae MC delivered a good level of profitability while maintaining its market share and intensifying its commercial aggressiveness. Worten increased its clear market leadership in Portugal and took significant steps towards the consolidation of its Iberian market position, strengthening its position as one of the most important and recognised players, both by suppliers and customers.

The performance of the Sports and Fashion segment was disappointing and, as mentioned in the analysis of the 3rd quarter, was marred by misalignment in the spring/summer collection, exacerbated by the weather conditions felt in the last few months of the year which had an impact on the entire sector. However, it is worth noting Sport Zone's positive evolution, particularly in the Spanish market, where it already provides a positive contribution to the format's results.

Sonae Sierra has successfully implemented its capital recycling strategy, lowering its freehold according to its predefined goals, while ensuring the strengthening of its development activity of new shopping centres and the services business. The financial results reflect both the good operational performance and the recovery of the real estate market.

NOS delivered another excellent operational and financial performance, exceeding our best expectations. The company was able to accelerate the execution of its strategy, ahead of target, while showing the flexibility required to position itself in a telecommunications market that has experienced considerable turbulence and disruption.



Sonae's financial stability was reinforced in 2015 despite high levels of consolidated investment, a year in which we saw increased confidence from the financial sector, our business partners and, above all, our own brand customers.

Thank you.

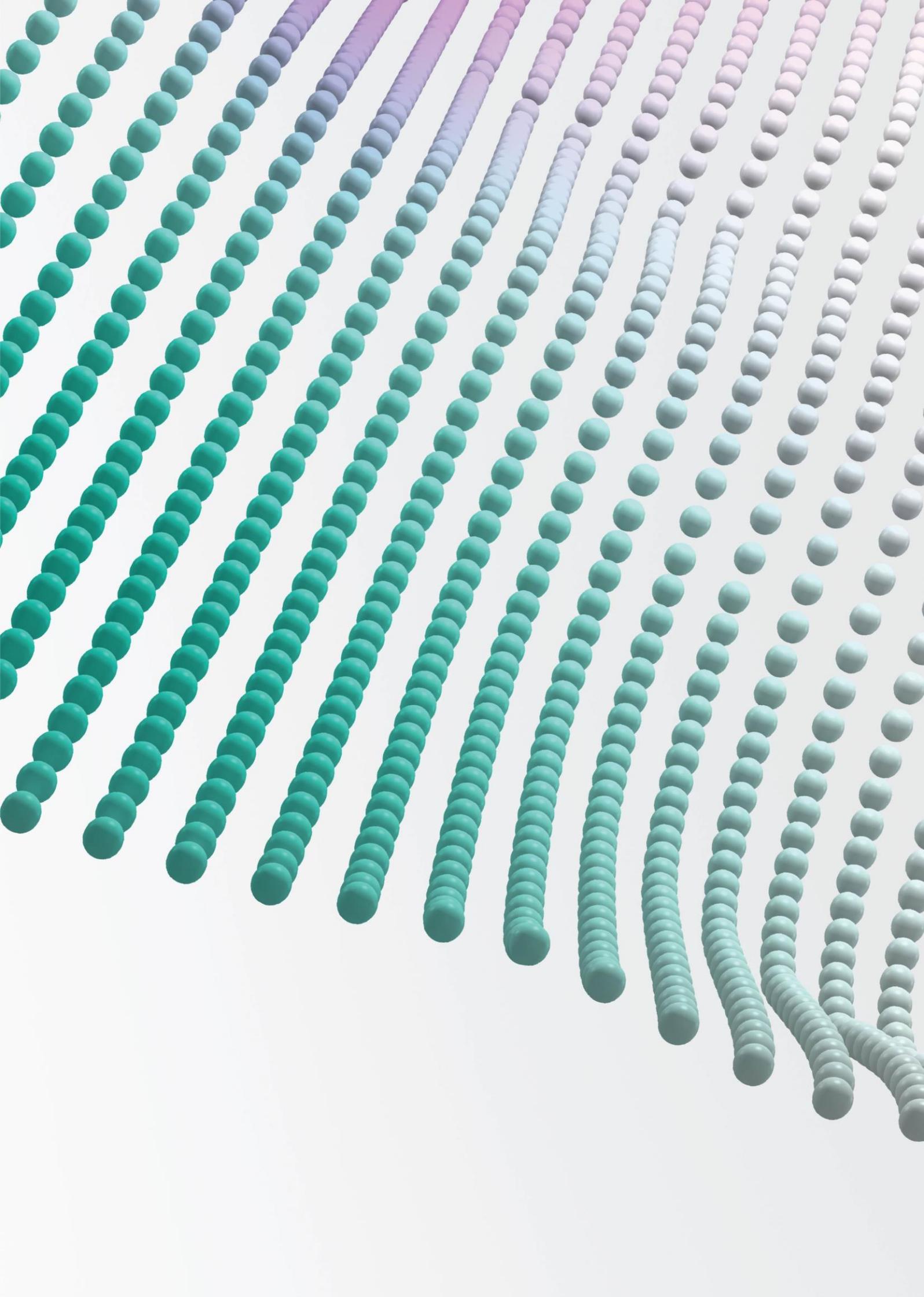
Ângelo Paupério, Co-CEO



STRATEGY  
IN ACTION

**SONAE**

IMPROVING LIFE







## Social responsibility

We have an active sense of social responsibility, and try to contribute to improving the communities within which we operate. Our behaviour takes into account the most recent environmental concerns and sustainable development policies.



Well's and the **Make-a-Wish Foundation** have been actively working to raise funds to help grant wishes to children and young people who are victims of life-threatening diseases. In 2015, more than 90 thousand euros were raised through various campaigns, which were then reverted to the **Make-A-Wish Foundation** helping to make special wishes come true and giving these children and young people strength and hope.

## Frugality and efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.



We continuously monitor our processes. Our insatiable quest for higher levels of efficiency was recognised by the Kaizen Institute with the awards **Kaizen Ambassador** (Continente) and **Excellence in Quality** (Worten).

## Cooperation and independence

We are willing and ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and to ensure the best solutions for the communities within which we operate, but we also take care to maintain our independence in relation to all such entities.

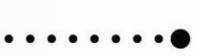
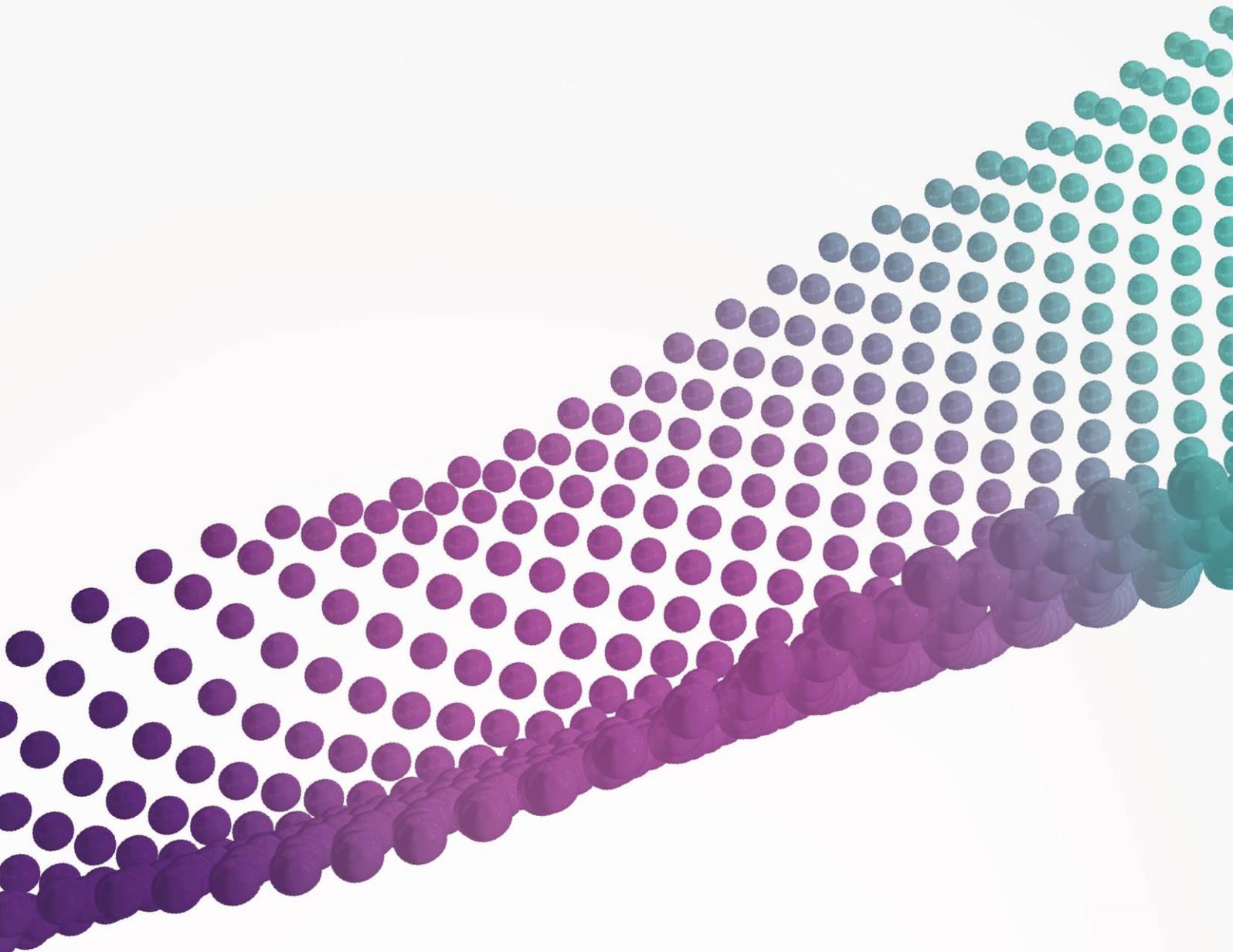


Sonae and the Ministry of Education and Science have signed a protocol for the promotion of vocational education, according to which Sonae will offer internships to school students who choose to follow vocational training options. The first course, for training logistics technicians, is already underway in partnership with the *Escola de Comércio de Lisboa* (Lisbon School of Commerce) and involves 23 students.









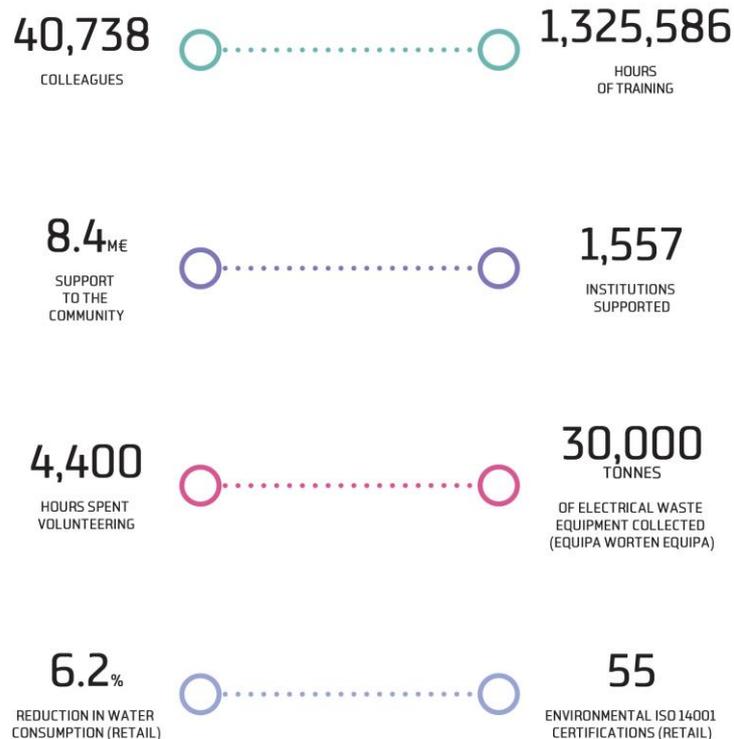
CORPORATE  
RESPONSIBILITY



IMPROVING LIFE



## Corporate responsibility



Sonae's values and disciplined ethos were vital in ensuring our success during a time when organisations found it difficult to adjust to the far-reaching impact of the recent crisis. The future always holds significant challenges, however for Sonae this represents a future filled with opportunities.

The crisis is still more than a memory and Sonae is continuously identifying new opportunities and new risks. The development and pursuit of value creation opportunities is of the utmost importance to us, whilst ensuring that all of our actions are in strict accordance with our corporate responsibility values. Our people, the environment, sourcing, clients, innovation and our community form the pillars of our organisation and our achievements.

In 2015, we had a robust performance across all our business segments, our commitment to corporate values was an essential determining factor and this has been acknowledged on a number of occasions.



**PARIS2015**  
UN CLIMATE CHANGE CONFERENCE  
COP21-CMP11

### Sonae subscribes and promotes the environmental initiative "Paris Pledge for Action"

Sonae is always in the lead when it comes to the environment and with this in mind we signed the Paris Pledge for Action, demonstrating our commitment to an initiative that has the ultimate goal of protecting our planet from climate change and endorses a commitment to mitigate the temperature rises to 2°C above the pre-industrial era.

In this document, a group of high profile companies recognise that climate changes are a fact threatening both the present and the future and that it is our responsibility to act immediately in order to mitigate the risks and to promote sustainable growth.

Paulo Azevedo (Sonae's Chairman) endorses this responsibility, stating that "A sustainable future is at the heart of Sonae's strategy and we actively and continuously act to reduce our carbon footprint. The signing of the Paris Pledge, not only reinforces our commitment towards sustainability, it challenges us to raise our goals. Sustainable growth is a cornerstone of our culture and a paramount determinant of our strategy's success."









Sonae and Junior Achievement Portugal have a long lasting relationship through which we support initiatives aimed at promoting an entrepreneurial spirit amongst the young generation, developing their understanding of society and the business world. In the last three years, we have experienced a 15% increase in the number of Sonae volunteers in these initiatives to a total of 150 volunteers covering 1,379 hours of training to 1,891 students.

We have also extend our support to Junior Achievement Spain with 12 Sonae volunteers participating in 7 programmes covering different civil education pillars: Our Community, Our Town and Ethics in Action.

These initiatives also help us to promote our values across our team:

- “Participating in this programme made me feel closer to those, who one day will be the active work force of this country”, Inês Pinheiro Torres
- “We receive far more than we give”, Catarina Cruz
- “It was a truly rewarding and enriching experience”, Pedro Tróia.



**Contacto Programme**

Contacto is our privileged interface with finalist students both at the undergraduate and masters level, from the very best universities. Created in 1986, Contacto programme allows a selected group of

recently graduated students to be part of the Sonae team via an internship placement at one of our companies.

In 2015, the programme adopted an international dimension by accepting applications from a selected group of universities from around the world (Portugal, Spain, Brazil, Poland, Italy, Ukraine and Vietnam). The mix of backgrounds and cultures highlights and adds an enormous value to the programme that now includes more than 1,000 students.

Contact Day is the main event, allowing each participant the possibility of presenting themselves to their mentors and gathering some valuable knowledge concerning the world of Sonae.

We are known for our performance in retail. One of the pillars of our success is the quality of our team, that works every day to achieve higher levels of performance. It is critical for us to give the opportunity to each colleague to develop their professional and personal skills and we believe that there is a wealth of talent to develop within our team. This is the essence of our retail schools, to promote the dissemination of best practices across the whole organisation, allowing colleagues to share their unique talent and experiences.

**Sonae Retail School**

An example of our excellence in developing, qualifying, updating and certifying the fundamental skills required by numerous colleagues who are part of the retail segment. Sonae Retail School is structured on three pillars:

Career – strictly related to our retail business segments, aiming at ensuring the required training for a sustainable career path;

Depth – determining the levels of knowledge required for each one of the topics presented;

Thematic topics – allows the identification of the topics that should be studied by our colleagues.

**Continente Perishables School**

In line with the commitments of the Sonae Retail School to consolidate and diversify its portfolio in 2015, the new model of the Continente Perishables School aims to maintain levels of excellence and to be aligned with the needs of the business units and their teams. The new model was designed based on different assumptions, such as, innovation in training methods, models and locations; flexibility, adjusting the courses according to the needs of our colleagues and their teams; their scheduling requirements; and adaptability to the operational reality.

**Worten Training Academy (Portugal/Spain)**

The Worten Academy Spain and the Worten Academy Portugal aim to support the business, in a sustainable way, by developing, managing and applying knowledge acquired in the workplace, thereby ensuring the continuous improvement of performance levels and, consequently, the satisfaction of our customers. In these academies, with the objective of filling educational gaps, the pedagogical content is prioritised in order to allow each colleague to develop their own skills in a progressive way, respecting the

**Worten Training Campus Portugal & Supplier Training Show Spain**

These are the largest annual Worten training events and an excellent educational opportunity, aiming at reinforcing proximity to the suppliers. During these initiatives, which always have a large attendance, the suppliers share their educational programmes and the most recent technology news, with the goal of improving sales skills and providing a broader knowledge of their products and services. In 2015, we held two Worten Training Campus editions in Portugal



learning pace of each individual.

and one Supplier Training Show Spain in Spain, making a total of 6 Portuguese and 5 Spanish editions.

#### **Fashion Academy**

Launched in 2015, it was founded on a strong concept of internationalisation and directed towards focusing on the client and on the product. The mission of this academy is to develop the skills of our colleagues so that they can promote excellent levels of performance while responding to the different challenges of Zippy and MO, through the most varied educational methodologies (namely e-learning, on-site, on-the-job or forums for sharing ideas).

As an example, we would like to highlight the launching of the ZY VM WORLD – a portal of communication and of data management – developed in partnership with the Visual Merchandising Team and with the Fashion Academy, where one can find all the information regarding Visual Merchandising and the Product. The ZY VM WORLD aims to organise data and to promote immediate access to educational material and to any required information, and therefore, form a channel of communication that reinforces the interaction between all participants.

At Sonae, we ensure that our colleagues know that we are one team. Our people welcome the challenges of responsibility, as they know that Sonae as an organisation comes across the same obstacles and difficulties as they do. This is the cornerstone of our compensation scheme, which is based on responsibility and reward. A comprehensive remuneration package that carefully complies with the established meritocratic system. The key performance indicators of each group, department and individual are used collectively to contribute towards our incentives scheme, bearing in mind that our success is our team's success.

Our team is driven by the desire for continual improvement and success. We promote this incessant quest for higher levels of specialisation and efficiency by offering ambitious career opportunities and continuous training. Our on-going training strategy focuses on disseminating best practices and promotes the transfer of knowledge across the organisation. Sonae Management & Leadership Academy and Sonae Retail School are formidable examples of our commitment towards continuous learning. Our training academies are a notable example of our dedication towards continuous training. The school structure we have in place has been evolving so that it continuously matches the level of expertise and specialisation of our business segments and for this reason we have created new forums and training methods that aim to address the specific request of each business more assertively.

Safety first! We strictly follow a "zero accidents" policy and we actively promote a safer and happier work environment. We work endlessly to eliminate any obstacles that may arise and promote a strong culture of dissemination and awareness of health and safety across the whole organisation. We truly believe that everyone must be an active agent in promoting safety and mitigating workplace risks. Our efforts have been acknowledged both nationally and internationally, through the presentation of several awards and distinctions, which increases our drive towards this crucial objective.

## Respect the environment



**PARIS2015**  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

### Paris Pledge For Action

Sonae constantly wants to be in the leading position when it concerns the environment. We keep this commitment close to our hearts, as it not only drives us to continuously take our environmental actions to a higher level, but is an opportunity to pass our values and a strong environmental message across to our stakeholders, our customers and our investors. The environment has to be a universal top priority.

Respect for the environment is at the core of our values. We actively take on the responsibility to promote respect for the environment and we foster and nurture a strong culture towards a better environment, a better world. At Sonae, we do not believe in sustainable success without taking into consideration a very simple rule that our actions towards environmental issues have to be continuously improved.

At Sonae, respecting the environment goes beyond simply adhering to the mandatory legal requirements. We think 'green' within the organisation, we promote green options to our customers and we encourage green options from our producers. We streamline our approach to environmental issues on an ongoing basis and assure that our team implements our environmental management policies both with passion and painstaking care. We want future generations to inherit an environment which makes them proud. Sonae claims to be a living organisation and as such we have the responsibility to work towards an environmental legacy worthy of being passed from one generation to another.

Our strategy towards a better environment is based on two pillars. On the one hand, we constantly update and adapt our strategy so as to significantly lessen our environmental footprint to the absolute minimum. On the other hand, we use our presence in society to raise public awareness of environmental issues, by actively promoting initiatives which improve the environment and disseminating information that allows our stakeholders to make better informed decisions on environmental topics. Our environmental actions take place in 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total CO<sub>2</sub> emissions; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste.



### Climate Change 2015 CDP Iberia Report

For the third consecutive year Sonae was recognised by the non-governmental organisation Carbon Disclosure Project (CDP) for the excellence disclosure of its environmental information. In this year's edition, Sonae obtained the perfect score (100 out of 100) in the Climate Disclosure Leadership Index (CDLI), which evaluates the quality of the information disclosed to investors and the general public related to climate change. Additionally, Sonae presented the best environmental performance amongst Iberian Retail companies and of the best performances in the Iberian market ("CDP Iberia 125 Climate Performance Leadership Index"). A double recognition that rewards our efforts towards a better environment and the transparency of our initiatives.

Catarina Oliveira Fernandes (Sonae | Head of Communications, Brand and Corporate Responsibility) states: "This year Sonae obtained the maximum score and a leadership position at an Iberian level regarding environmental disclosure and we are very pleased to receive this CDP award, as it acknowledges the work we have been developing not only in promoting the best environmental practices, but also in our efforts towards a quality report we have been trying to improve, year upon year. At Sonae we are committed to developing sustainable operations, for which we have been investing in the continuous improvement of our ecologic footprint. This effort has been made easier by our internal culture, which promotes efficiency in everything we do. The entire organization commitment is what allows us to innovate and combine environmental improvements with the development of our operations and consolidation of our leadership positions."

These recognitions are the result of the careful scrutiny by 822 institutional investors, representing 85 trillion dollars in assets. The maximum score obtained by Sonae indicates a high level of transparency in the disclosure of information related with climate change, providing investors with a level of comfort that allows to assess companies' accountability and preparation to face changing market demands and emissions regulation.



At Sonae, environmental issues are at the core of our strategy and we are committed to ensuring complete transparency in our actions and to actively communicate with our stakeholders and customers, bringing everyone together and making a difference towards a better world.

#### Equipa Worten Equipa – Excellence in environmental responsibility



Since 2009, Equipa Worten Equipa (EWE) has collected more than 30,000 tonnes of electrical and electronic waste equipment and more than 17,000 new pieces of equipment, with a value over €1.5 M, which have been offered to more than 1,700 institutions, providing support to 410,000 people in need.

EWE is one of our social and environmental responsibility flagship projects, achieving levels of excellence year after year, and it is a clear example of using our presence in the market and translating it into actions that actually make a difference with the involvement of our customers. For each tonne of waste electrical and electronic equipment collected in Worten stores, we donate 50 euros in new equipment. However the impact of EWE extends further than just the donation, as it also has a clear environmental impact not only through collecting waste but also through publicising the correct handling of old equipment.



## Sourcing with integrity and quality management

---

Our customers want to know where their products come from and so do we. It is essential for both Sonae and its customers to be informed about how and from where we source our products. Safety is paramount at Sonae, with regard to both the organisation itself and our customers. We continuously examine our suppliers' network closely, in order to ensure enhanced levels of efficiency and quality, as well as rapidly pinpoint any difficulties which may arise and disseminate best practices.

Our active and meticulous approach towards our supply network also allows us to work in close association with our partners towards a sustainable future. Our partners need to be closely associated with our business strategies and values, an aspect which is vital for long-lasting success. This is accomplished through the training we offer under our continuous learning programmes, in addition to the support forums that provide guidance in order to follow and meet our stringent corporate responsibility policies. It is our responsibility to guarantee that we source products with integrity and quality. Above all, we aim to collaborate with our partners towards a sustainable future.

At Sonae, we believe that our customers should be able to make well-informed, knowledgeable decisions regarding our products. Therefore, our determination to guarantee high levels of transparency is central to our customer care policy and can be seen in our innovative labelling system in relation to the nutritional content of our products. We aim to promote a healthier lifestyle by enabling our customers to easily access the best product information and advice available. In this regard, we have several protocols in place with specialist organisations in the area of health and nutrition.





## Innovation is essential for our sustainable success

---

Our culture of innovation keeps us at the forefront of the market place. However, we are highly aware that a leading position is only maintained through persistently fostering innovation at all levels of the organisation. We are known worldwide for our capacity to effortlessly convert innovative ideas into practical applications. We believe innovation has a profound impact as a value driver on two dimensions. Firstly, we can innovate internally achieving higher levels of efficiency and specialisations. Secondly, we can innovate in the products and services that we offer to our customers, knowing that creating value for them is the path to a sustainable future. Our approach towards innovation is deeply engrained in all of our various retail divisions and the way in which they carry out business. Each retail division is unique, however, each and every division reaps the benefits of the state-of-the-art products, services and processes developed, in addition to the exclusive types of brand activation and social responsibility networks. Innovation also allows us to be quicker to adjust to market trends and in mitigating operational risks.

Our insatiable drive to discover and innovate has led to our success. We take pride in our past achievements but expect even more from the future. We look beyond the very limits of boundaries, gaining a better understanding of the future, a pacesetter in terms of innovation and innovative methodologies. Long-lasting success and innovation go hand-in-hand, so creating an environment conducive to change is essential.

It is our steadfast belief that everyone is capable of innovation. Our teams are made up of colleagues from a multitude of backgrounds and profiles, furthermore the different business segments and countries where we operate, all combine to create a motivating and dynamic environment that stimulates creativity, initiative and innovation.

### Our approach towards innovation

Our commitment to innovation is at the heart of our business, as it plays a vital role in how we foresee, prepare for and take advantage of behavioural and technological changes in our society for the sake of improving our customers' lives and, at the same time, creating long-lasting competitive advantages for SONAE.

During 2015, we cemented our position as a highly regarded R&D+I actor, both in investment and in results. Below, we would like to highlight the following innovation projects and activities implemented:

- Continente's ShopView, a system which allows the continuous and automatic monitoring and supervision of the presence, misplacement or lack of a product on store shelves.
- Worten's Sales Assistant, a smart mobile platform which allows our sales colleagues to show detailed information about the products in store, enhancing the shopping experience, virtually expanding in-store stocks and allowing the possibility of finalising a sale anywhere in the store.
- Deeply Zipperless Suit, a surf suit without zippers, a revolutionary characteristic which makes it lighter, more comfortable to the user and with enhanced flexibility and performance.
- Zippy New Concept Store, which promotes greater levels of interaction, increased proximity to customers – kids and parents - and an enhanced shopping experience in an area which has been transformed.

In 2015, we also experienced the strengthening and expansion of our innovation network which includes universities, research centres, technological transfer units, partners, suppliers, start-ups and businesses from a large variety of sectors. We currently leverage and rely on a network of over 160 innovation partners across the world, including institutions from dozens of countries over four continents. Amongst the projects developed in partnership are product design challenges and R&D cooperation in domains like cybersecurity or mobile platforms to assure healthy nutrition in groups with special needs.

We also made progress in involving an increasing number of employees in our innovation flux, from ideation to implementation, leading to significant advances in our businesses often inducing positive changes.

Nuno Lopes Gama | Head of Innovation & Future Tech





## A standing commitment to our customers

Our success is measured by our customers' satisfaction. Our focus on creating value and our desire to help customers have a better lifestyle fuels our commitment to extend the state-of-the-art products and services we offer, inspired by a better future for all. Our loyalty to our customers has the ultimate goal of improving their lifestyle whether it is by offering them the best products at the best prices or by guiding and advising them in their choices and behaviour.

We are determined to offer the best value for money proposal and a wide choice of prices for each product, while ensuring the highest quality levels in order to fulfil our customer's expectations. Efficiency gains are our main priority, whilst collaborating with our suppliers to develop new products and services, as well as assuring quality. Innovation is encouraged across all tiers of the organisation, with our customers benefiting from lean operations and a satisfying shopping experience. A noteworthy example in this case is the Continente Loyalty Card, an innovative product used by 3.5 million clients that has led to about €310 M in savings.

At the same time we are aware of the impact of our presence in society and we play a leading role in the society in which we operate, using our influence to benefit the lifestyle of every customer. This is accomplished through the superior quality of our products, in addition to providing our customers with advice through such means as health campaigns and a wide range of healthy product categories.

Our strong principles are apparent in our products and services and our commitment to high standards of quality and integrity has been extensively recognised. We strive to uphold our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because they are worth all of our efforts. We take pride in the awards and acknowledgements we have received.

We are honoured to be given such valuable acknowledgments, however this makes us even more aware of our responsibility to our customers. Next year, we hope to achieve even more!

	<b>Universo Card</b>		<b>A commitment to our customers</b>													
<p>In the last quarter of 2015, Sonae launched the Universo card. An innovative card that brings together all the benefits of loyalty cards into a single card like that of a Mastercard credit card, with all its associated benefits.</p>	<p>In the last quarter of 2015, Sonae launched the Universo card. An innovative card that brings together all the benefits of loyalty cards into a single card like that of a Mastercard credit card, with all its associated benefits.</p>	<p>The Continente Loyalty Card is one of Sonae's flagship projects, an evolving case study of innovation and success since it was first launched in 2007. Sonae MC progressed further in our strategy to implement a "customer loyalty ecosystem", which all participating brands and members of the programme benefit from.</p>	<p>The Continente Loyalty Card is one of Sonae's flagship projects, an evolving case study of innovation and success since it was first launched in 2007. Sonae MC progressed further in our strategy to implement a "customer loyalty ecosystem", which all participating brands and members of the programme benefit from.</p>													
<p>This new proposal adds to our current offer and we believe that in the future the Universo card will be the preferred payment card, offering the maximum benefits at the best price in the market.</p>	<p>This new proposal adds to our current offer and we believe that in the future the Universo card will be the preferred payment card, offering the maximum benefits at the best price in the market.</p>	<p>New initiatives were implemented, such as the reinforcement of the partnership with Galp Energia – since early 2015, with offers covering fuel, electricity and natural gas –, the expansion of the Continente Loyalty Card to the Meu Super stores and, later in the year in close collaboration with Sonae's financial arm, the launch of the new Universo Card. The relevance of the Continente Loyalty Card is highlighted through its achievement of €4,500 M in sales, more than 170 M transactions, and benefiting 3.5M families with more than €300 M in savings.</p>	<p>New initiatives were implemented, such as the reinforcement of the partnership with Galp Energia – since early 2015, with offers covering fuel, electricity and natural gas –, the expansion of the Continente Loyalty Card to the Meu Super stores and, later in the year in close collaboration with Sonae's financial arm, the launch of the new Universo Card. The relevance of the Continente Loyalty Card is highlighted through its achievement of €4,500 M in sales, more than 170 M transactions, and benefiting 3.5M families with more than €300 M in savings.</p>													
<p>Additionally, it will allow its users transparent access to all loyalty programmes in place at Sonae retail businesses, with the different businesses maintaining the ability to analyse and explore their customer base autonomously.</p>	<p>Additionally, it will allow its users transparent access to all loyalty programmes in place at Sonae retail businesses, with the different businesses maintaining the ability to analyse and explore their customer base autonomously.</p>	<table border="1"> <thead> <tr> <th colspan="6">Continente loyalty card in a nutshell</th> </tr> </thead> <tbody> <tr> <td><b>€4,500 M</b> in sales</td> <td><b>&gt; 90%</b> of total sales</td> <td><b>€310 M</b> in discounts</td> <td><b>170 Million</b> transactions</td> <td><b>7 out of 10</b> transactions</td> <td><b>3.5 Million</b> customers</td> </tr> </tbody> </table>			Continente loyalty card in a nutshell						<b>€4,500 M</b> in sales	<b>&gt; 90%</b> of total sales	<b>€310 M</b> in discounts	<b>170 Million</b> transactions	<b>7 out of 10</b> transactions	<b>3.5 Million</b> customers
Continente loyalty card in a nutshell																
<b>€4,500 M</b> in sales	<b>&gt; 90%</b> of total sales	<b>€310 M</b> in discounts	<b>170 Million</b> transactions	<b>7 out of 10</b> transactions	<b>3.5 Million</b> customers											

### Sonae – Several brands, but the same Culture of Success

Continente remarkably has now held the Brand of Trust title for 13 consecutive years. Worten has been recognised by our customers for the sixth consecutive year. Zippy for the third consecutive year. Well's and Sport Zone





### The launch of Sonae's Media Art Award with MNAC

This initiative promoted by Sonae in partnership with the National Museum of Contemporary Art – Chiado Museum (MNAC-MC) aims at distinguishing and promoting artistic creations from young Portuguese artists. It is designed for artists who present new works in the area of media art in either an exploratory or innovative way, or with a critical and historical perspective. The winning artist is awarded 40 thousand euros, the highest national award in the field of new media.

The five artists selected as finalists in this inaugural edition of Sonae's Media Art Award were chosen among more than 150 applications. The 2015 winner was the highly talented Tatiana Macedo, with the original work "1989", a multichannel video installation with space-like sound.

This initiative is part of Sonae's corporate responsibility policy, which aims to promote creativity and innovation, stimulating new tendencies and bringing society closer to art, namely through important cultural events that foster enriching personal and collective development experiences.



### The new edition of the Sonae/Serralves project

Sonae remains one of the patrons of Serralves, with the aim of promoting culture, by linking the community to art. The Sonae/Serralves Project (launched in 2015 and to be completed in 2016), which resulted from this partnership, has the following objectives:

- Encourage national artistic production
- Promote national art on a worldwide basis and exchange among young national and international artists
- Support institutions dedicated to art
- Stimulate society's approach to art by supporting and promoting initiatives

Haegue Yang (Hangul, South Korea, 1971) is the artist who has been invited to the next edition of the Sonae|Serralves project at the Museum of Contemporary Art of Serralves. This is the fourth time that the Sonae|Serralves project has invited an artist to create unpublished works of art, again this year in close collaboration with the architectural and natural context of Serralves, as was the case in 2014 with the exhibition 'Cold Shoulder', by the Iranian Nairy Baghramian.

Catarina Oliveira Fernandes (Head of Communications, Brand and Social Responsibility | Sonae) commented that "Sonae aims to contribute to the promotion of social and cultural well-being of the communities where it operates, so it has been promoting over the years, the development of knowledge and culture. The 4<sup>th</sup> edition of the Sonae/Serralves project is a successful example of this commitment, it has enabled us to bring national and international artists of increasing value to Portugal. This initiative is also an important opportunity for university students, through the involvement of students of the arts, who will watch the artist in the preparation and implementation of her works, through open meetings with the artist in four Portuguese universities".



orquestra  
sinfónica  
porto · casa da música

### The internationalisation of the Symphony Orchestra of Porto from Casa da Música

With the aim of strengthening the internationalisation of the Sonae Art brand, bringing together actions related to supporting, promoting and encouraging Arts and Culture, Sonae and Worten supported for the second consecutive year, the internationalisation of the Symphony Orchestra of Porto from Casa da Música by holding a concert in Madrid. The concert was held at the National Auditorium of Music in Madrid giving the musicians the opportunity to perform on one of the most renowned stages in the Spanish capital and bringing Portuguese symphonies to Spain.

Catarina Oliveira Fernandes (Head of Communications, Brand and Corporate Responsibility | Sonae) emphasised that "Culture is a central tenet of our corporate responsibility policy, because we believe that art stimulates creativity and innovation, values that are part of the Sonae culture. We are a company of people for people who rely on a strong connection with the communities where we develop our business, and we want to contribute to the development of communities, fulfilling our mission to bring the benefits of progress and innovation to a growing number of people".

Miguel Mota Freitas, CEO of Sonae SR commented that "Sonae has a strong concern for the communities in which it develops its activity, aiming to contribute to their progress. Worten, as part of its corporate responsibility policy, also promotes creativity and culture as development factors in the communities where it operates".



As one of the largest employers in the country and with our knowledge of the needs in different business and geographic markets, Sonae is in a privileged position to understand the gap between academic training and market needs. In addition, we believe that it is critical to anticipate future market needs and prepare young generations to fulfil those needs. Bearing these insights in mind, we have been promoting different initiatives to close that gap. For us, this is not only an opportunity to help but also an opportunity to find and recruit talent. We have different programmes and initiatives in place such as the Contacto programme and partnership with Junior Achievement (Portugal and Spain), but we want to go a step further and become involved with higher education institutions and we have signed an agreement with the Ministry of Education and Science to cooperate in the development of vocational courses.

**Helping future generations by bridging the gap between higher education and the job market**

Sonae and the Ministry of Education and Science have signed a protocol of cooperation for the development of vocational courses in secondary education, acting as an outstanding example of cooperation between companies and educational institutions.

This partnership is part of the human resources and cooperation policy with other academic and teaching institutions at Sonae and aims to empower youth through the development of in-house training in companies, enabling better preparation for the job market. The partnership established allows Sonae to place its knowledge and skills at the service of the Community and this initiative will surely develop specialised technicians who may become part of the Sonae team, thus contributing to the development of its operations.

The first course, for training logistics technicians, is already underway in partnership with the Escola de Comércio de Lisboa (Lisbon School of Commerce) and involves 23 students. According to the agreement signed with the Ministry of Education and Science, Sonae is a benchmark in the Portuguese market, with an active presence and a strong focus on its business sector, bringing together excellent conditions for an active liaison with schools by implementing such courses together.

The socioeconomic crisis is still more than just a memory and the social impacts are very visible and reinforce the need for help. In 2015, we were highly selective in our initiatives because we wanted to make sure that we were effectively reaching those most in need. We are particularly concerned when it comes to children, as they are our legacy for the future. We want to help ensure that children are provided with an environment and facilities that are conducive to their development. We firmly believe that it is our obligation to play our part in ensuring sustainable growth and a brighter future for as many children as possible. The future of our children is in our hands. Additionally, one of our key focus areas is social solidarity. This is in terms of providing assistance in various forms to those who most need it, in order for them to overcome short and long-term hardships. We carry out such efforts hand in hand with the communities where we operate. Our actions are a genuine reflection of our values.

**Porto de Futuro** provides support to the management and development of schools. It encourages the sharing of knowledge and experiences between schools and companies aiming at increasing the level of community involvement in schools. The project recognises the fundamental role of education in the sustainable development of a more competitive and dynamic society.

As part of this project, Sonae has continued its partnership with the Cerco School Group aiming at strengthening the link between schools and their community, promoting sports, providing support for management consulting, encouraging entrepreneurship and rewarding merit. We believe that together, we can improve the social environment in these schools.

In 2014, Porto de Futuro set in motion a project focusing on academic success, under the coordination of EPIS - Entrepreneurial Association for Social Inclusion. This project aims to train young people to realise their potential throughout life, through Education, Training and Professional Insertion. In the academic year 2014/2015, the focus of activity was the implementation of a programme which promoted the success of students in the 3rd cycle of their education, coordinated by EPIS. Additionally, through the Cerco School Group, tutors monitored around 54 students. Students are tutored both in individual or group sessions, with special emphasis on study sessions and the EPIS Merit Scholarship.



#### Projeto Pêra

Our children are our future. A healthy child is more willing and motivated to learn. Their personal development is more balanced and active and as a result they are more likely to interact positively with others, developing stronger soft skills. We cannot accept circumstances where children come to school without a nutritious breakfast and, therefore, we were quick to act and to create Project Pêra (**Project Pear**) aiming at providing children in need in Porto with a healthy breakfast. In the 2014/2015 school-year, we provided breakfast to 805 children in 18 schools, including 18 Continente stores. More importantly, we need and intend to be more active in this area.



#### Well's Make-a-Wish

The Well's and the Make-A-Wish Foundation have teamed up to help grant wishes to children and young people, who are victims of life-threatening medical conditions. The Portuguese people responded with amazing generosity to the appeal by the two entities and over a period of two months, the campaign managed to collect a total of 90 thousand euros from the sale of Christmas label collections, surpassing the value raised in the previous year. The initiative spanned across more than 160 Sonae health and well-being stores and consisted of the sale of 14 sets of beautifully-illustrated Christmas labels, detailing some of the children's wishes that had already been granted through the brand, for the amount of one euro. The funds raised reverted entirely to the Make-A-Wish Foundation.



#### Código Dá Vinte – Worten

The "Dá Vinte" Code allows Worten customers at the checkout counter to select a "Dá Vinte" bar code card and donate multiples of 20 ("Vinte") cents. Worten adds 20% to the value donated by our customers and the total is then donated to a charity organisation. In total, over the three editions, Worten has donated about 435 thousand euros to help those in need. Out of this amount, approximately 185 thousand euros were allocated to the construction of a new house to foster 16 families of children undergoing treatment at the Portuguese Institute of Oncology (IPO) of Porto, reaching 100 families per year.



Love in a Box is a joint Christmas initiative shared by Zippy and the Portuguese Red Cross designed to bring a smile those children most in need. "Love in a Box" asks children and their families to bring

happiness to children in need during the Christmas season. The idea is as simple as giving a child a reason to smile. The amount raised is converted into several child-care articles, clothing and footwear, which are in turn distributed by the various delegations of the Portuguese Red Cross, according to their needs. In 2015, we took this initiative to Spain and in both countries we raised over 19 thousand euros.

"Love in a Box" was recognised in the 24<sup>th</sup> edition of the Masters of Distribution Awards in the Social Responsibility category.





**Missão Continente**

In 2015, Mission Continente was established, in order to raise awareness and mobilise people and communities in relation to social inclusion, economic development and respect for the environment. Mission Continente has evolved from Mission Smile, which for more than a decade, focused on the development of social causes in the areas of child health, active aging and the fight against hunger. Mission Continente extends Mission Smile by embracing all of Sonae MC's corporate responsibility dimensions, namely activities of a social nature, the community and the environment. In order to better contribute to the development of communities and to improve the quality of life of Portuguese families, this initiative is divided into three strategic pillars: Raise Awareness, Community and Smile.

**Raising Awareness**

This component focuses on the adoption and promotion of lifestyles that take into consideration many of today's social and world challenges, from a social, economic and environmental perspective.

**Gardens in Schools**

In partnership with the Lisbon Town Council, Mission Continente contributed to the creation of school gardens in Lisbon municipality in 10 basic education schools, as part of the campaign "vegetable gardens at schools ... vegetables on your plate," raising awareness of healthy eating habits.

**Community" pillar**

The Community component aims to contribute positively to cohesion and social welfare. In this sense, during 2015, we developed several actions in partnership with various organisations such as Cáritas, Quercus and the Red Cross.

**Food Collection**

During a period of three days, Mission Continente held in partnership with the Red Cross, a national Food Collection campaign, in which several hundred volunteers were in various Continente stores and Meu Super stores collecting essential goods contributions. Products and food offered accounted for about 200,000 meals and were then distributed to the neediest people, indicated by the representatives of the Portuguese Red Cross according to the most urgent needs of each region.

**Smile**

The Smile component, in addition to inheriting the name of the previous initiative (Mission Smile), also focuses on child health, concentrating on the development of actions to support birth rates and promote family health in Portugal through local support.

**Mission Continente Smile**

The promotion of maternal and child health in the health centres in Portugal, one of the Mission Continente's aims during 2015 was to raise funds by selling the book "The best family recipes" and the contribution of the population through premium-rate calls, totalling a final value exceeding 375,000 euros. For each book sold, Mission Continente donated half the value of the winning projects of the annual Mission Smile contest, voted by the Portuguese people from one of 58 projects.



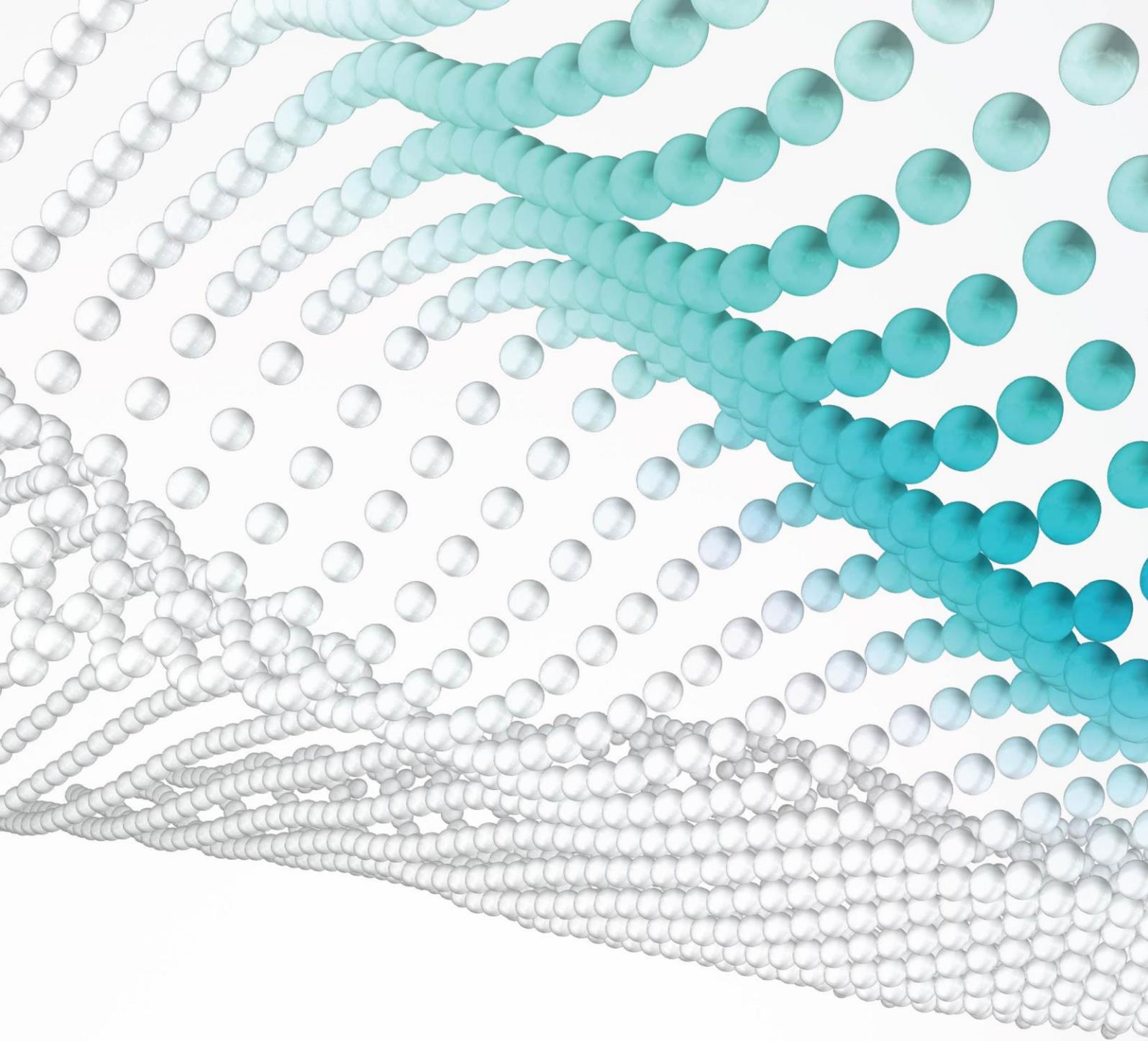
## Corporate Governance

---

At Sonae, we are aware of our influence on society. For this reason, we take our responsibilities seriously, in particular, in light of our stakeholders. We abide by the most stringent corporate governance standards and our actions, policies and decisions are carried out and monitored with the utmost care, taking our stakeholder's interests to heart. Ethical and responsible behaviour are reflected through transparency at all levels. We clearly adhere to all capital market regulations and we always guarantee that we relay information quality of the highest standard. We have an extensive corporate structure established, which ensures that investors, principally small investors, trust and can rely on our dedication to innovation and sustainability and our ability to carefully regulate our organisation. Our corporate governance structure is based on both internal and external knowledge and know-how, best corporate governance practices are continuously upheld beyond what is required. Through a number of different forums and training workshops, we provide support to small investors helping them to meet the strict regulations.

Our stakeholders are extremely important to us at Sonae; we are always available and can be approached through the Investor Relations Department. We do our utmost to assure that all regulatory and reporting requirements are adhered to and all relevant information is made available voluntarily, both in Sonae and on the Portuguese Stock Exchange Commission websites. Our business is your business.

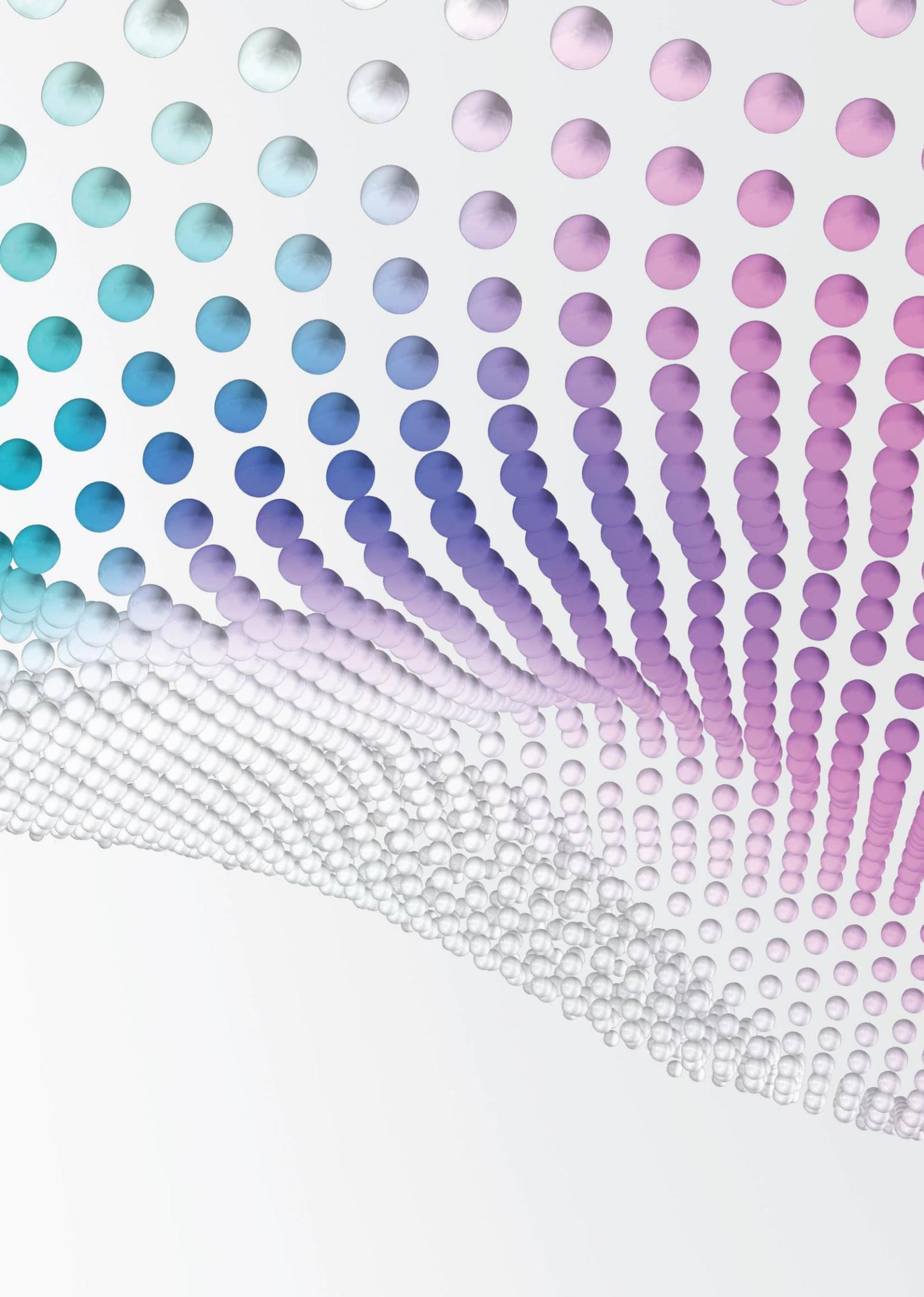
For further information on Corporate Governance related issues, please refer to our Corporate Governance Report.



FINANCIAL  
REVIEW



IMPROVING LIFE











tightening of the U.S. monetary policy. Advanced economies will continue to experience a modest recovery (+2.1%), while emerging economies will face a new reality of slower growth rates (+4.0%).

The Eurozone is expected to slightly accelerate its growth rate (+1.7%), driven by stronger private consumption supported by lower oil prices and improved financial conditions that should compensate the weakening of net exports.

The United States is expected to continue to deliver robust economic activity, benefitting from still-easy financial conditions and strengthening labour and housing markets. However, the appreciation of the dollar will remain as the main challenge, causing the US manufacturing sector to shrink marginally.

Emerging markets should experience a slight growth increase from +4.0% in 2015 — the lowest rate since the 2008-09 financial crises — to +4.3% in 2016. However, these average values conceal a wide diversity of situations across countries. India and parts of emerging Asia will continue to present strong growth rates, while Latin America will remain in recession in 2016, mostly due to the depression in Brazil and economic stress in other countries (even if most other countries in the region continue to grow). The emerging countries in Europe are expected to grow steadily, but at a lower rate, as a consequence of Russia's recession. A gradual pickup is expected in Sub-Saharan Africa, but with lower growth rates compared to the previous decade.

In Portugal, economic growth will remain moderate (+1.5% to +2.0%), mostly due to internal vulnerabilities, namely the high level of both public and private debt, and apathetic European economic growth. Private consumption will remain as the strongest growth driver (+1.9%), supported by higher levels of household disposable income, resulting from different factors such as wage increases, increased income for pensioners and tax relief, whilst the fall in unemployment rate will be more restrained. The Government's budget for 2016 is expected to deliver a boost to the economy, but is casting some uncertainty regarding future economic policies and compliance with European commitments.

The outlook is globally favourable for Spain. The expansionary phase of the economy is expected to continue throughout 2016 (+2.8%), with growth remaining underpinned by solid domestic demand. Household consumption should remain particularly buoyant (+3.4%), driven by the favourable evolution of employment, together with the positive impact on real disposable income of the fall in oil prices and the reduction in direct taxation. Furthermore, the economy will continue to benefit from the improvement of financing conditions and the recovery in residential investment.

In brief, the outlook for the Iberian economies is favourable, albeit moderate, particularly for Spain where GDP growth will continue to outpace the Euro Area average. However, the year ahead is challenging with main risks tilted to the downside. Internally, political instability will be the major source of concern, while externally, the deterioration of the global outlook, particularly a derailment in emerging markets, could negatively affect both economies.

---

Notes: Real growth rates

Sources: Data and forecasts: i) Main economic blocks – IMF World Economic Outlook update, January 2016; ii) Portugal - Bank of Portugal December 2015 Economic Bulletin; iii) Spain - Bank of Spain December 2015 Economic Bulletin

## 2015 Consolidated financial performance

### Sonae performance and capital structure

Sonae Consolidated results			
Million euros	2014	2015	y.o.y.
<b>Turnover</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%
E&A <sup>(1)</sup>	-155	-140	9.2%
<b>Underlying EBITDA</b>	<b>380</b>	<b>331</b>	<b>-13.0%</b>
Sonae MC	241	215	-10.7%
Sonae SR	15	5	-64.5%
Sonae RP	116	109	-6.3%
Sonae IM	19	16	-14.3%
E&A <sup>(1)</sup>	-12	-15	-28.8%
Underlying EBITDA margin	7.6%	6.6%	-1.0 p.p.
Equity method results <sup>(2)</sup>	42	48	13.6%
o.w. S. Sierra (direct results)	26	31	15.9%
o.w. NOS	16	18	13.7%
Non-recurrent items	-5	14	-
<b>EBITDA</b>	<b>417</b>	<b>393</b>	<b>-5.8%</b>
EBITDA margin	8.4%	7.8%	-0.6 p.p.
D&A <sup>(3)</sup>	-189	-187	1.0%
<b>EBIT</b>	<b>228</b>	<b>206</b>	<b>-9.9%</b>
Net financial activity	-77	-57	26.1%
<b>EBT</b>	<b>151</b>	<b>149</b>	<b>-1.6%</b>
Taxes	-25	-21	15.2%
<b>Direct results <sup>(4)</sup></b>	<b>127</b>	<b>128</b>	<b>1.1%</b>
<b>Indirect results</b>	<b>19</b>	<b>49</b>	<b>158.9%</b>
<b>Net income</b>	<b>146</b>	<b>177</b>	<b>21.5%</b>
Non-controlling interests	-2	-1	12.3%
<b>Net income group share</b>	<b>144</b>	<b>175</b>	<b>21.9%</b>

(1) Eliminations & adjustments;

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

(3) Depreciations & amortisations including provisions & impairments;

(4) Direct results before non-controlling interests.

Sonae net invested capital			
Million euros	2014	2015	y.o.y.
<b>Net invested capital</b>	<b>3,083</b>	<b>3,088</b>	<b>0.1%</b>
Technical investment	2,034	1,920	-5.6%
Financial investment	1,279	1,313	2.7%
Goodwill	611	625	2.3%
Working capital	-840	-770	8.4%
<b>Sonae shareholders funds</b>	<b>1,832</b>	<b>1,795</b>	<b>-2.0%</b>
<b>Sonae net debt <sup>(1)</sup></b>	<b>1,251</b>	<b>1,293</b>	<b>3.4%</b>
Net debt / Invested capital	40.6%	41.9%	1.3 p.p.

(1) Financial net debt + net shareholder loans.

In 2015, **Sonae consolidated turnover** reached €5,014 M, representing a growth of 0.8% when compared to 2014, benefiting from the positive performance of MC and SR, which has more than compensated the lower turnover of RP and IM.

**Sonae underlying EBITDA** stood at €331 M, corresponding to an **underlying EBITDA margin** of 6.6%.

**Sonae EBITDA** reached €393 M, equivalent to an EBITDA margin of 7.8% and including the following contributions:

- (i) underlying EBITDA, amounting to €331 M;
- (ii) equity method results of €48 M, made up of Sierra's direct results, as well as NOS contribution; and,
- (iii) non-recurrent items of €14 M, benefiting from the capital gains related to the sale and leaseback transactions completed throughout the year.

Driven by the combination of a lower average net debt and a lower cost of outstanding debt of approximately 90 bps, Sonae **net financial activity** improved by €20 M, registering a negative €57 M in 2015.

Sonae continued to focus on increasing the average maturity of the debt and decreasing the average interest rate of outstanding debt, which averaged 2.0% on December 31<sup>st</sup> 2015. It should be noted that Sonae financial results are only related to MC, SR, RP and IM businesses.

**Sonae direct results** amounted to €128 M, increasing 1.1% y.o.y., driven by the slightly lower D&A, less negative net financial activity and taxes, which more than off-set the lower EBITDA.

**Sonae indirect results** reached €49 M, a significant increase on a yearly basis. This benefited from the non-cash movements related to the revaluation of Sierra's assets, in the amount of €40 M, carried out on December 31<sup>st</sup> 2015, as well as by NOS mark to market effect and dividends, amounting to €24 M.

**Sonae shareholders' funds** stood at €1,795 M in 2015, €37 M below 2014.



## Business segments

---

Sonae has grown to become a global player and our activity is spread across 72 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. We continuously adapt our strategy to fit new businesses, new markets and new partners, always making sure that our values shared by all of our stakeholders and promoting sustainable growth based on social and economic development.

The business environment landscape is changing towards a highly competitive market characterised by increasingly demanding consumers and fast-moving market trends. In such a dynamic world, specialisation, innovation, efficiency and capacity to focus on the consumer are paramount to success.

Sonae is a major player in different business segments and the market is driving our operations to become more specialised and autonomous so as to face future challenges and to be the front runner in each and every one of our businesses.

In order to face these new organisational challenges, we have been adjusting our internal organisation, making our business more autonomous, thus enabling higher levels of specialisation. Simultaneously we are creating new forums and new bridges throughout the organisation, to continue to bring together our multitude of cultures and business expertise. This new approach means that our business segments have had and will continue to have their management levels reinforced with human capital, with unique and highly specialised experience in each segment.

We believe that this new structure will allow each one of our business segments to be more agile in creating new opportunities and, Sonae as a whole, will be the backbone of this new structure. To strengthen this new structure, Sonae Corporate Centre will adopt a very proactive role in bringing together our invaluable world of personal and business expertise. Sonae Corporate Centre will have two major functions. On the one hand, the Corporate Centre is responsible for the so-called sovereign functions like Corporate Governance, Strategy, Investor Relations and Corporate Communication and on the other hand supports our business segments to ensure higher levels of efficiency by creating a pool of shared services.

- CONTINENTE
- CONTINENTE MODELO
- CONTINENTE BOM DIA
- WELL'S
- MEU SUPER
- NOTE!
- MAKENOTES
- BOM BOCADO / BAGGA
- PET & PLANTS
- ZU

**SONAE MC**



- WORTEN
- SPORT ZONE
- MD
- ZIPPY
- LOSAN
- BERG
- DEEPLY

**SONAE SR**



- RETAIL
- PROPERTIES

**SONAE RP**



- UNIVERSO CARD
- CREDIT CARDS
- DÁ
- MONEYGRAM

**SONAE FS**



**SONAE IM**

- WEDO TECHNOLOGIES
- SAPHETY
- BIZDIRECT
- S21SEC
- MOVVO
- TLANTIC
- MDS
- MAXMAT
- PÚBLICO

**SONAE SIERRA**

Present in 12 countries  
with 45 Shopping Centres

- |          |          |
|----------|----------|
| PORTUGAL | CHINA    |
| SPAIN    | ITALY    |
| BRAZIL   | MOROCCO  |
| GREECE   | ALGERIA  |
| GERMANY  | COLOMBIA |
| ROMANIA  | TURKEY   |

**NOS**

TELECOMMUNICATIONS

**Sonae MC**

**Sonae MC** is part of Portuguese society. Continente has been distinguished for the 13<sup>th</sup> successive year as a Brand of Trust and for the 12<sup>th</sup> successive year as a Superbrand. Well's has been recognised for the second year as a Brand of Trust. This recognition highlights our commitment towards our clients.

**Sonae MC**, the food retail business, continued to have a leading market position in Portugal. **Sonae MC** is devoted to understanding the needs of the Portuguese consumers, and has extensive experience in customising its offers and promotional tools to rapidly adjust to the needs of the market. Furthermore, it is worth highlighting the Continente Loyalty card that continues to excel and represents more than 90% of sales during the year.

2015 was a very special year as Sonae MC celebrated 30 years since the establishment of the first hypermarket in Portugal. We are proud of this achievement, but more than proud we are excited about the next 30 years.



**The first hypermarket store in Portugal opened 30 years ago**

The first Continente store opened in 1985 at Matosinhos, starting a profound revolution in Portuguese society, in particular in consumer habits. For the first time, customers were able to satisfy all their needs in terms of food, toys or even bricolage, in only one specific place, instead of having to go to a number of different and small local grocery stores. The big store became an enjoyable place for families to go, and people grew used to the idea of doing their grocery shopping with their relatives.

Thirty years have passed, the shopping experience has continued to evolve and Continente continues to be at the forefront, providing the best emotional experience to do your shopping with family and friends. The brand evolved and it is now more modern and adapted to market trends, setting international practices that are recognised worldwide. Continente remains at the head of the revolution: with a huge investment in e-commerce, which gives access to a large amount of services that go beyond the physical store; with the creation of new store concepts; and with the use of a customer loyalty card in an effective sales promotion campaign.



Sonae MC is now in the process of strengthening Continente’s internationalisation strategy. During 2015, Sonae MC exported its own brand products to more than 30 countries, a significant step in only a limited period of time. Sonae MC’s products are now in Europe, North America, Asia, Africa and Oceania in a mixture of developed and rapidly growing countries. According to Luís Moutinho (CEO | Sonae MC) “Sonae continuously invests in innovation, research and development in order to strengthen the value proposition to its customers. The result of this commitment is that we offer our customers a wide portfolio of high quality products that are at the roots of our position as Portuguese market leader, particularly Continente products. The success of our brands and products now goes beyond our borders





**Improving the customers lifestyles but making shopping more convenient**

**Meu Super**, the franchising food retail format, now have 205 stores and together with **Continente Bom Dia**, with 52 stores, are a key element in Sonae's strategy of creating a network of modern convenience stores, facilitating the shopping experience by adding stores within close proximity to customers and to our range of offers.

"Meu Super" is facilitating the revitalisation and modernisation of food retail in Portugal, allowing franchisees to adjust their businesses in order to meet customer needs, as well as allowing new entrepreneurs to enter the market benefiting from the skills and knowledge of Sonae MC.

Responsible for the creation of approximately 600 jobs, "Meu Super" stores are present in 18 districts of Portugal and also in Madeira. "Meu Super" stores are nearby, local food retail stores in residential areas, so that partners can benefit from the extra value of the concept, including the use of Continente's own label products.

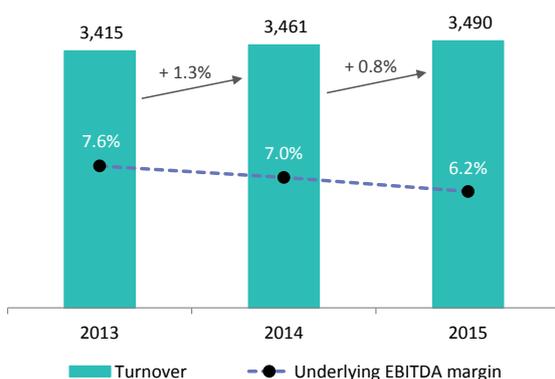
Sonae MC is also expanding the network of "Continente Bom Dia" stores under its new store concept, ending 2015 with 52 stores, 11 additional stores when compared to 2014. This format is focused on a closer proximity and relationship with customers. "Continente Bom Dia" aims at bringing back the habit of local shopping of fresh products and to create a friendly atmosphere to its customers, including an open space coffee shop that allows for a new shopping experience that customers can add to their everyday routines.

For Sonae MC, these two concepts complement and contribute to the modernisation of traditional commerce. Despite the differences between the two formats, each of the concepts has a value proposition based on proximity, appealing promotional campaigns and a quality of service of reference, embedded by the awareness of Sonae brand.



**Turnover and Underlying EBITDA – yearly performance**

Yearly performance				
	2012	2013	2014	2015
Lfl (%)	-2.0%	1.4%	-2.1%	-1.7%
Turnover % growth	-1.4%	4.1%	1.3%	0.8%



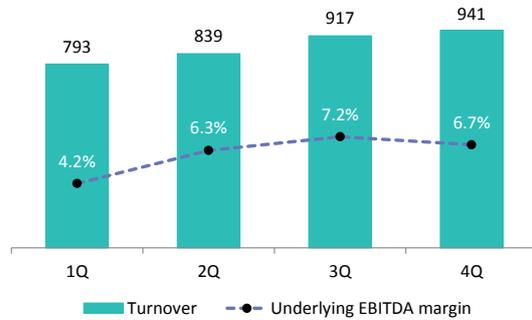
**MC turnover** stood at €3,490 M in 2015, an increase of 0.8% when compared to 2014. This turnover growth was reached through the opening of 11 Continente Bom Dia stores, 2 Continente Modelo stores and 65 Meu Super stores, the franchising model for food retail. This expansion of the store network not only benefited turnover performance but also contributed towards increasing MC's exposure to convenience stores.

MC Lfl performance totalled -1.7% in 2015, backed by a strong 4Q15, during which turnover grew by 1.8% and Lfl sales inverted their increasing downward trend.

**MC underlying EBITDA** margin stood at 6.2% in 2015, corresponding to an **underlying EBITDA** of €215 M. As in previous years, the food retail market continued to be highly competitive in 2015, thus improving and reinforcing the value proposition of the business was key for MC. The company took several initiatives to improve perception levels by the costumers' community: emphasis was made in reducing the gap between perceived and real prices, in order to strengthen the leadership at this attribute, as well as increasing the quality perception of perishables, namely meat, fruit and vegetables. In addition, MC has continued to implement efficiency measures, as part of a continuous improvement programme that partially explains MC's reference EBITDA margin.

### Turnover and Und. EBITDA – quarterly performance

Quarterly performance				
	1Q15	2Q15	3Q15	4Q15
LfL (%)	-1.2%	-2.4%	-2.9%	-0.2%
Turnover % growth	0.8%	0.1%	0.6%	1.8%



During 2015, MC reached an important number of objectives on various fronts, of which MC would like to highlight the following:

- **international expansion:** in 2015 the first international agreement through franchising was signed, with the Fathima Group, in order to establish Continente hypermarkets in the United Arab Emirates by 2017. At the same time, MC own brands wholesale activity continued to grow, reaching approximately 30 different countries by the end of the year;
- **improvement of store concepts:** MC has been carrying out important refurbishments so as to implement the “2020 hypermarket of the future” concept, with 8 out of 40 hypermarkets partially or totally renewed as of December 2015. Besides this, MC has also designed a new store concept for Continente Bom Dia stores, which has been implemented in new and refurbished stores.



store's goal is to facilitate people's access to products, both physically and virtually through the Omni-channel technology. Touchscreen terminals and big screens are present in the store providing a more visual experience.

This new and revolutionary space is organised in five different segments, namely "Fun Cooking", "Living Room", "Office Zone", "Smart Life" and "Home". Apart from these five categories, the store has its "Worten Solutions" segment, the aim of which is to provide its customers with specialised help. The new store is part of a significant investment the company is making in Catalonia.



#### **Zippy's new store concept**

ZIPPY has introduced a new store concept based on the strategy of an increased customer friendly store, through the introduction of new technologies and interactive screens, and by the implementation of distinguished elements that improve the buying experience, making it enjoyable for both children and parents. The main goal is to invigorate the store environment with energy and life and to capture the imagination and creativity of children, whilst inspiring and facilitating the parent's needs.

Zippy's new store offers an interactive experience and differentiated elements like "pockets of fun" games to entertain children while parents enjoy their shopping experience. Children can look forward to a new adventure every time they visit ZIPPY. These adventures include passing through secret tunnels that only they are aware of or filling their own balloons with the help of a friendly monster. Additionally, when parents are finalising their purchase, children will also receive a special 'ticket' with funny activities and draws to colour in.

This store concept increases the level of interaction between Zippy brand and customers and incorporates innovative services for parents, such as personalised childcare support sessions, pregnancy workshops, shopping lists from birth, among others.



#### **MO's new website**

In 2015, MO launched its new online store and it is now linked to market trends and ready to be a more competitive brand. In 2015, the website registered more than 1 million visits and more than 11,000 transactions were made, most of them in cities in which MO does not have a strong physical presence, showing a clear signal that the brand recognition is increasing.

MO's website was completely revamped bearing in mind its usability and with the intention of giving more visibility to its portfolio of products. 2016 will be a year of growth and of adaptation to the new buyer trends and MO will focus on the optimisation of the website to mobile technology.

#### **SPORT ZONE – A reference in Iberia**

After developing and launching the new store concept (4G) in 2013 and the expansion of the test base to 5 stores in 2014, 2015 was the year to assess the performance of the change and to decide to go ahead or not with the roll-out phase. The results were very positive, both in the store performance and also from customer enquiries, and Sport Zone decided to accelerate the refurbishment of additional stores and also to introduce this new 4G concept to Spain, which will take place in early 2016.

Sport Zone is the market leader for sports retail in Portugal and aims to become a Sports Retail reference in the



Iberian market. As such, Sport Zone is concentrating most of its efforts to bring its differentiated store experience to even more customers in Portugal, as well as doing its utmost to increase its footprint in Spain through an ambitious expansion plan.



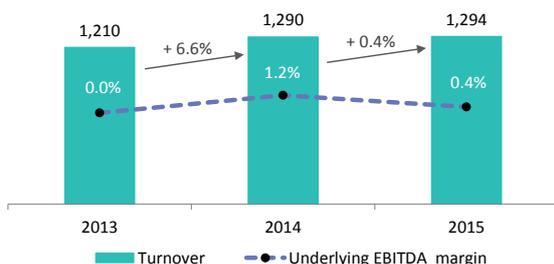
Sonae SR international expansion has been particularly evident through its new franchising models: Sonae SR has bolstered **MO's international presence by opening its first two stores in Saudi Arabia**. This expansion means the brand can now be found in four countries outside of Portugal and marks its entry into the Middle East, where Sonae was already present with its Zippy brand. MO has entered Saudi Arabia through a franchising agreement with the Fawaz Alhokair Group, which expects to open 20 MO stores in the region within the next five years. Miguel Mota Freitas (CEO | Sonae SR) commented: "MO's entry into Saudi Arabia is another important step on this path as it marks the beginning of expansion to a region where Zippy now holds a benchmark position and where we believe MO has the potential to flourish, benefiting from its quality products at attractive prices and an ability to adapt to the local market".

**Sport Zone has arrived in France:** another outstanding example of Sonae SR multinational dimension and drive towards international expansion.

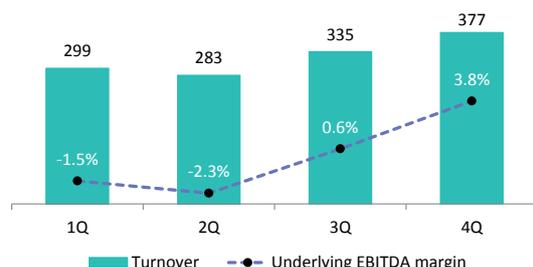
Sonae SR has also strengthened its international hold further through the establishment of an additional number of Zippy stores in various countries world-wide namely Georgia, Ecuador, Central America, Philippines, Mozambique and Tunisia.

This reinforces Sonae's growth strategy, promoting its brands by exploring competitive advantages and alternative growth paths through such channels as partnerships, franchising or exports.

### Turnover and Underlying EBITDA – yearly performance



### Turnover and Und. EBITDA – quarterly performance



### Performance per geographic area

	2014	2015	y.o.y	4Q14	4Q15	y.o.y
<b>Turnover (million €)</b>	<b>1,290</b>	<b>1,294</b>	<b>0.4%</b>	<b>376</b>	<b>377</b>	<b>0.2%</b>
Portugal	930	917	-1.5%	278	278	0.2%
International	359	378	5.1%	99	99	0.2%
<b>EBITDA (million €)</b>	<b>12</b>	<b>5</b>	<b>-55.1%</b>	<b>15</b>	<b>14</b>	<b>-5.4%</b>
Portugal	48	37	-24.3%	24	22	-10.9%
International	-36	-31	13.9%	-9	-7	-20.0%
<b>EBITDA margin (%)</b>	<b>0.9%</b>	<b>0.4%</b>	<b>-0.5 p.p.</b>	<b>4.0%</b>	<b>3.8%</b>	<b>-0.2 p.p.</b>
Portugal	5.2%	4.0%	-1.2 p.p.	8.8%	7.8%	-1.0 p.p.
International	-10.1%	-8.3%	1.8 p.p.	-9.3%	-7.4%	1.9 p.p.
<b>Lfl (%)</b>	<b>4.6%</b>	<b>-1.1%</b>	<b>-</b>	<b>-1.2%</b>	<b>-0.1%</b>	<b>-</b>
Portugal	5.5%	-2.0%	-	-0.8%	0.3%	-
International	0.8%	2.4%	-	-3.3%	-1.7%	-

SR turnover reached €1,294 M in 2015, increasing 0.4% when compared to 2014, driven by the positive impact of the International unit, which has more than compensated for the Portuguese unit.

The International unit benefited from the performance of Worten and Sport Zone in Spain. With regard to SR Portuguese unit, turnover decreased by 1.5% in 2015, largely due to the sports and fashion division, mostly impacted by the weak Spring/Summer season in MO and Zippy and the unfavourable winter weather conditions, which affected the sector at large.

It is also worth noting, SR's sales per square metre continued improving, averaging 4.1% in 2015, particularly driven by the impact from Spanish units. New stores concepts and formats are contributing significantly to this evolution, sustaining a positive sales trend despite square metre reduction.

SR EBITDA stood at €5 M, corresponding to an EBITDA margin of 0.4%. This has benefited from improved results in the Spanish operations both at Worten and at Sport Zone, which ended 2015, registering an EBITDA breakeven (before central fees), notwithstanding the impact of the negative performance of Zippy and the consequent restructuring of this format in Spain. In Portugal, EBITDA decreased to €37 M, driven by lower top line performance, coupled with the adverse exchange-rate effects related to raw-materials and products purchased in dollars.

Some of the most significant milestones in 2015 were:

- **Worten** was able to improve EBITDA in Spain. Besides the improved macroeconomic conditions in the country, the operation is recovering due to the measures adopted over the last quarters, which include the optimisation of the store network and the expansion of a new store concept, supported by an omni-channel approach;
- **Zippy** continued to expand its international footprint under a capital light approach. In 2015, the company entered Ecuador, Cyprus, Kurdistan, Libya, Tunisia and the Philippines, ending 2015 with 50 stores spread across 22 countries;
- the acquisition of **Losan**, in November 2015, a company based in Spain with a strong international presence specialised in wholesale kids wear. This acquisition will allow SR to strengthen its wholesale and supply chain competencies.



## Sonae FS

Sonae FS is a new business segment that has been created to foster financial services. It includes the recently created “Universo” card, “Dá” card, Continente Money Transfer and Cross-Selling over store credit. Following the granting of a licence from *Banco de Portugal*, to operate as an electronic money and payment institution, Sonae FS created the “Universo” card in order to deliver payment services and issue credit cards. Sonae FS was designated as a Mastercard principal issuer, which allows us to issue our own brand of Mastercard cards. The structure for this new segment has been created, but its operational and financial reporting will only start in 2016.



### Universo Card

First and foremost, the “Universo” Card is the natural evolution from existing loyalty cards of Sonae MC and Sonae SR formats. Adding value by merging all the benefits of loyalty cards into a single card that also has the dimension of a Mastercard credit card, with all the benefits

associated to this.

Sonae FS has set goals concerning all its strategic initiatives and it have raised the bar here so that it is:

- The preferred payment card, offering the maximum benefits at the best price in the market
- Widely used outside Sonae, becoming the card which is top-of-wallet card, especially for Sonae customers
- The preferred mode of payment in Sonae's stores and tendentially the only credit vehicle at the point of sale, assisting the sales of Sonae's brand
- Allows its users transparent access to all loyalty programmes in place in Sonae retail, with the brands maintaining the ability to know and explore their customer base autonomously

### Card Dá

A pre-paid card accepted in a network of more than 1,000 stores both in Portugal and Spain.



### Cross-selling over store credit

Cross-selling of credit insurance and personal loans to store credit customers.



### Continente Money Transfer

A service for money transfers across the globe at our stores, at the customer's convenience.







**Tlantic – Software for retail**

Established in 2004 in Brazil, Tlantic focuses on achieving higher levels of optimisation and improving the management efficiency of retail stores. Tlantic offers a comprehensive set of software solutions covering different dimensions of store management, such as the front of the store, where there is contact between store colleagues and customers, for logistics and for the management of human resources.

Tlantic’s software collects information, crosses data and sends it to store colleagues so that they can improve not only the store operation but also the customer relationship. It’s available on PDAs, smartphones and tablets.



**Maxmat** is a hard-discount company, the leader in DIY, construction, bath and garden market prices. MaxMat’s business model is based on a wide product range offering an appropriate selection for different needs, from private to major projects of small and medium enterprises.



**MDS** is a partnership with the Suzano Group (Brazil) and is one of the world’s most attractive modern brokerage groups. MDS focuses on serving clients with insurance products and services that excel in efficacy, convenience, and value.

Its dominant presence in Portugal and Brazil speaks of its lengthy tradition of improving the field of insurance in the Latin world. MDS Portugal is the largest broker in the nation, while the Brazilian branch ranks in the top 3 brokers in the country and employs four hundred professionals across twelve offices. MDS was one of the founders of the highly successful international brokerage network Brokerslink, which today is ranked among the largest independent insurance broker networks in the world. The leadership MDS demonstrates, as a part of Brokerslink, helps to forge important new partnerships, while our access to some of the world’s most highly specialised insurance services means we are better able to serve our clients.



**Público** is the major daily newspaper in the country with a strong printed and digital presence and has celebrated in 2015 its 25<sup>th</sup> anniversary.

Público was awarded the European Newspaper of the Year in the category of nationwide newspapers by the European Newspapers Congress in 2014. In 2015, Público was awarded with 14 prizes of journalism, design, photography and infographic design, including a special mention in the category of best news site by the European Digital Media Awards, only behind The Guardian.

IM portfolio	
Technology	
WeDo Technologies	Bizdirect
Saphety	S21Sec
Movvo	
Partnerships	
MDS	Tlantic
Maxmat	Público

Turnover and underlying EBITDA						
Million euros	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
Turnover	252	249	-1.1%	66	62	-5.8%
Underlying EBITDA	19	16	-14.3%	8	7	-7.0%
Underlying EBITDA margin	7.5%	6.5%	-1.0 p.p.	11.6%	11.5%	-0.1 p.p.

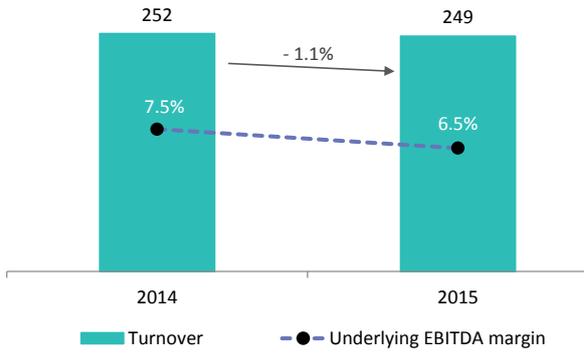
**IM turnover** reached €249 M, decreasing 1.1% when compared to 2014. **IM underlying EBITDA** amounted to €16 M, which translates into an **underlying EBITDA margin** of 6.5%.

Some of the most important milestones of IM in 2015 are:

- **WeDo Technologies:** during the year *Frost & Sullivan* proclaimed WeDo Technologies as the worldwide leader in the area of Financial Assurance (comprising of Revenue Assurance, Fraud Management and Margin Assurance) and *Analysys Mason* as the worldwide market leader in the Telecom Revenue Assurance and Fraud Management software space;
- **S21Sec:** continued to consolidate its presence in the cybersecurity market. The company was amongst the first companies in the world to identify Dridex (a banking malware) and to understand its sophisticated nature. This has become a key element in collaborating with Law Enforcement Agencies such as Europol, NCA, Guardia Civil and the FBI. Beyond the Law Enforcement



**Turnover and Underlying EBITDA – yearly performance**



community, S21sec has also been supporting the financial community;

- **Saphety**: recorded significant improvements in revenues and profitability in 2015, coupled with good commercial activity. International expansion continued to grow and international revenues represented more than 30% of total revenues in 2015;
- **Bizdirect**: increased the number of projects delivered and increased turnover by 8.7% in 2015;
- **Movvo**: continued its internationalisation efforts and reached important goals in the UK and Asia.

In relation to IM partnerships, MDS was able to increase EBITDA despite the unfavourable currency exchange effects and Maxmat increased both turnover and EBITDA in 2015. Tlantic turnover was below last year's, on the back of a challenging fourth quarter and the company's refocus is on the new product designed for small and medium-sized enterprises. Additionally, IM completed the sale of its 100% position in GeoStar to Springwater Tourism in October 2015.

## Sonae Sierra

**Sonae owns 50% of Sonae Sierra**, an international property company, dedicated to serving the needs of retail real estate investors. **Sonae Sierra** invest in retail assets and provide services on investment, development, expansion and property management for clients in geographies as diverse as Europe, South America, North Africa and Asia.

**Sonae Sierra** delivered another stellar performance in 2015, pursuing several development projects in Colombia (Cucuta), Morocco (Shopping Centre Zenata), Romania (ParkLake in Bucharest) and Spain (Designer Outlet in Malaga), among others. Additionally, Sonae Sierra celebrated new shopping centre management contracts in several countries such as Germany, Italy, Romania, Spain and Turkey.



### The environment always comes first

As a leading player in shopping centre development and management, Sonae Sierra adheres to the highest environmental standards and continuously focuses on environmental innovation.

Our efforts have received many honours and we are pleased to be the recipients of the Forbes Green Awards for our environmental strategy implementation in the project ParkLake and River Plaza Mall, Romania.

Operational indicators			
	2014	2015	y.o.y.
<b>Footfall</b> (million visitors)	<b>440</b>	<b>433</b>	<b>-1.6%</b>
Europe & New Markets	329	326	-0.8%
Brazil	111	107	-3.7%
<b>Occupancy rate (%)</b>	<b>95.5%</b>	<b>95.2%</b>	<b>-0.3 p.p.</b>
Europe	95.7%	96.1%	0.5 p.p.
Brazil	95.1%	92.6%	-2.5 p.p.
<b>Like-for-Like (Lfl) tenant sales</b>			
Europe	3.3%	3.1%	-
Brazil (local currency)	8.4%	2.8%	-
<b>Tenant sales</b> (million euros)	<b>4,617</b>	<b>4,501</b>	<b>-2.5%</b>
Europe (million euros)	3,119	3,182	2.0%
Brazil (million euros)	1,498	1,319	-11.9%
Brazil (million reais)	4,673	4,806	2.8%
<b>Nº of shopping centres owned/co-owned (EOP)</b>	<b>46</b>	<b>45</b>	<b>-1</b>
Europe	36	35	-1
Brazil	10	10	0
<b>GLA under Management</b> ('000 sqm)	<b>2,307</b>	<b>2,273</b>	<b>-1.5%</b>
Europe & New Markets	1,788	1,742	-2.6%
Brazil	519	531	2.3%

During 2015, **tenant sales** in Europe increased 2.0%, to €3,182 M, corresponding to an increase in **Lfl tenant sales** of 3.1% and reinforcing the positive performance delivered throughout 2015. The **tenant sales** in Brazil increased 2.8% in reais, decreasing 11.9% in euros, entirely due to the depreciation of the Brazilian Real.

**Occupancy rates** stood at 95.2%, slightly below the level registered in 2014, completely driven by the operation in Brazil, a consequence of the current deceleration in private consumption, notwithstanding the positive performance of the more recent shopping malls.

Sierra's **turnover** reached €226 M, posting a neutral evolution when compared to 2014, despite the adverse exchange rate effect concerning the Brazilian Real against the Euro and the adverse effect of disposals. The **EBIT** stood at €105 M, less 1.0% y.o.y., corresponding to an **EBIT margin** of 46.6%.

**Direct results** amounted to €61 M, €8 M above 2014 and **indirect results** almost doubled, totalling €81 M and benefitting from the assets valuation which occurred in 2015. On average, the yields compression continued to benefit Sierra's indirect results, particularly in Iberia. **Net results** totalled €142 M, growing 47.1% y.o.y..

On 31<sup>st</sup> December 2015, the **Investment and Development Properties** attributable to **Sierra** reached €2,128 bn, €48 M above the 2014 year-end, driven by the investment in the pipeline of projects under development, as the increase in the valuations in Europe was totally off-set by the adverse exchange rate effect in the Brazilian portfolio and the disposals of Torre Colombo Ocidente and Zubiarte. Sierra currently has a significant number of projects under development, of which we would like to highlight the following: the shopping centre Parklake, in Romania, which has more than 93% of its GLA already let and/or committed and is scheduled to be inaugurated in 2016; the development of the shopping centre Zenata, in Morocco, and the Designer Outlet, in Spain, both scheduled to be inaugurated in 2017; and the first

Financial indicators						
Million euros	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
<b>Turnover</b>	<b>226</b>	<b>226</b>	<b>0.0%</b>	<b>62</b>	<b>64</b>	<b>2.7%</b>
<b>EBIT</b>	<b>106</b>	<b>105</b>	<b>-1.0%</b>	<b>30</b>	<b>29</b>	<b>-2.9%</b>
EBIT margin	47.0%	46.6%	-0.4 p.p.	47.7%	44.9%	-2.8 p.p.
Direct results	53	61	15.7%	17	19	11.8%
Indirect results	44	81	85.0%	20	28	42.2%
<b>Net results</b>	<b>96</b>	<b>142</b>	<b>47.1%</b>	<b>37</b>	<b>47</b>	<b>28.3%</b>
... attributable to Sonae	48	71	47.1%	18	23	28.3%





## Outlook for 2016

The changes implemented in the organisational structure, aimed at having more focused and agile teams, will continue to support the execution of our portfolio strategy throughout 2016.

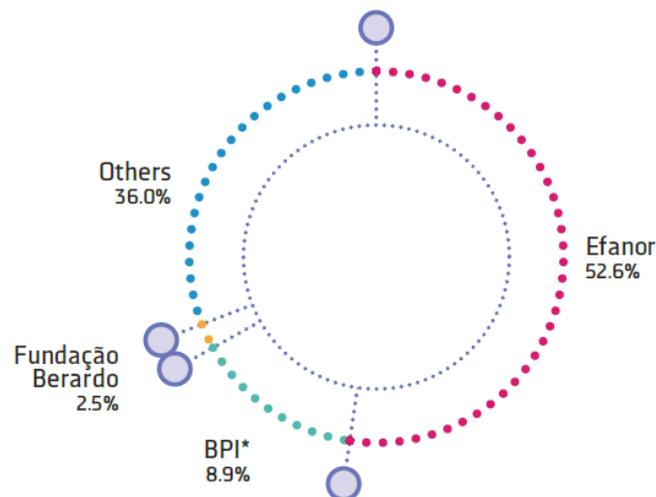
MC will be dedicated to defending its leadership position in the Portuguese market by reinforcing the winning attributes of its formats mostly in terms of price and range. MC believes that there are the necessary conditions to maintain the positive trend in sales evolution and to keep a comfortable level of profitability.

SR will continue its internationalisation efforts, following its strategic guidelines. In electronics, both in Portugal and in Spain, the company will pursue the omni-channel approach for well-located stores, which will help to drive the trends already witnessed throughout 2015. The sports and fashion division will continue to reinforce their competitive positions particularly with the renewed store concepts. The recent acquisition of Losan, besides improving the division's supply chain competencies, will have a positive contribution to the wholesale business.

Sierra will continue to follow the strategy of greater exposure to new development opportunities, asset valuation and provision of services to third parties. Moreover, it is expected to continue presenting a solid operating performance, an achievement that clearly reflects the quality of our assets, which is also expected to be reflected in further yield compression especially for the Iberian market.

At NOS, the results reached in 2015 are a strong indication that the company will continue to reinforce its competitive position in the Portuguese telecommunications market.

## Information on shareholdings and share performance



\* BPI stake includes Equity swap of circa 119 million shares (~6% of share capital).

Sonae shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI-20, with a market cap weighting of 4.7%, as at the end of December 2015. The table below shows the key indicators of Sonae's share performance.

	2013	2014	2015
ISIN code	PTSON0AM0001		
BLOOMERG code	SON PL		
REUTERS code	SONP.IN		
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
<b>Prices</b>			
Year close	1.049	1.024	1.048
Year high	1.110	1.419	1.500
Year low	0.664	0.942	1.024
Avg. trading volume per day (shares)	2,645,077	3,786,300	3,652,518
Average trading volume per day (€)	2,271,751	4,518,003	4,417,704
Market cap. as at 31 <sup>st</sup> Dec (M€)	2,098	2,048	2,096



Sonae's shares ended the year 2015 quoted at 1.048 euro, reflecting a nominal increase of 2.3% during the year, which compares with an increase of approximately 10.7% of the reference index of the Portuguese Stock Market – the PSI-20. The trading volume decreased slightly as Sonae's average in 2015 was approximately 3.7 million shares per day.

During 2015, regarding transactions with its own shares:

- Sonae acquired through the Euronext Lisbon Stock Exchange 118,820 own shares at an average price of 1.173 euros per share on January 28<sup>th</sup> 2015;
- Sonae sold 4,817,167 own shares to its subsidiaries at an average price of 1.278 euros per share; and sold 862,399 own shares to its Directors at an average price of 0.064 euros per share. Pursuant to the company's remuneration policy, this is equivalent to the amount of their contribution in the acquisition of shares, calculated considering a maximum of 5% of Sonae share price at the date of the attribution.

These transactions were aimed at fulfilling the obligations arising from the remuneration policy adopted by the company and its subsidiaries.

As of 31 December 2015, Sonae owned directly zero own shares and owned indirectly, through one of its subsidiaries, 137,859 own shares.

During 2015, the main announcements which had a possible impact on Sonae's share price, were as follows:

- 21.01.2015 - 2014 preliminary retail sales
- 11.03.2015 - 2014 annual results
- 07.05.2015 - 2015 first quarter results
- 11.05.2015 - Dividend payment for the year 2014
- 09.06.2015 - Sonae announced the completion of a bond issue
- 25.06.2015 - Sonae announced sale and leaseback operations
- 29.06.2015 - Sonae announced sale and leaseback operations
- 19.08.2015 - 2015 first semester results
- 27.10.2015 - Sonae announced affiliation agreement with the Spanish central purchasing body, IFA Group
- 28.10.2015 - Launching of Cartão Universo
- 05.11.2015 - 2015 first nine months results

19.11.2015 - Sonae announced the acquisition of Losan

29.12.2015 - Dividend payment for the year 2015

## Distribution of free reserves in 2015

---

The Board of Directors proposed at the Shareholders' Extraordinary General Meeting held on December 16<sup>th</sup> 2015, the distribution of free reserves in the amount of €77 M. This proposal implied a gross dividend per share of 0.0385 euros, 5% above the dividend per share distributed in 2015 related to 2014 results.

This dividend corresponds to a dividend yield of 3.5%, based on the adjusted closing price as at December 31<sup>st</sup> 2015 (closing price + gross dividend per share), and to a payout ratio of 60.1% of the consolidated direct income attributable to equity holders of Sonae.

## Subsequent events

---

On **January 12<sup>th</sup> 2016**, Sonae announced that MC launched Continente Negócios, an e-commerce platform completely dedicated to enterprise customers. This platform will offer more than 3,000 different products both from MC own brands as well as other supplier brands, including paper, stationery, equipment and technology, furniture or hygiene and cleanliness products.

On **February 1<sup>st</sup> 2016**, Sonae announced that RP made a sale and leaseback transaction of 12 food retail assets located in Portugal, with an estimated net book value of €114 M. The transaction amounted to €164 M.

On **March 1<sup>st</sup> 2016**, Sonae announced that RP made a sale and leaseback transaction of 3 Worten stores in Spain. This transaction totalled €27 M and was related to assets with an estimated net book value of €17 M.

On **March 7<sup>th</sup> 2016**, Sierra announced the sale of 25% of its stake in the Sierra Portugal Fund, to Madison International Realty. Following this transaction, Sierra retains a 22.5% stake in the Fund and will continue to manage both the Fund and the individual assets within it.

## Individual net income of Sonae, SGPS, SA

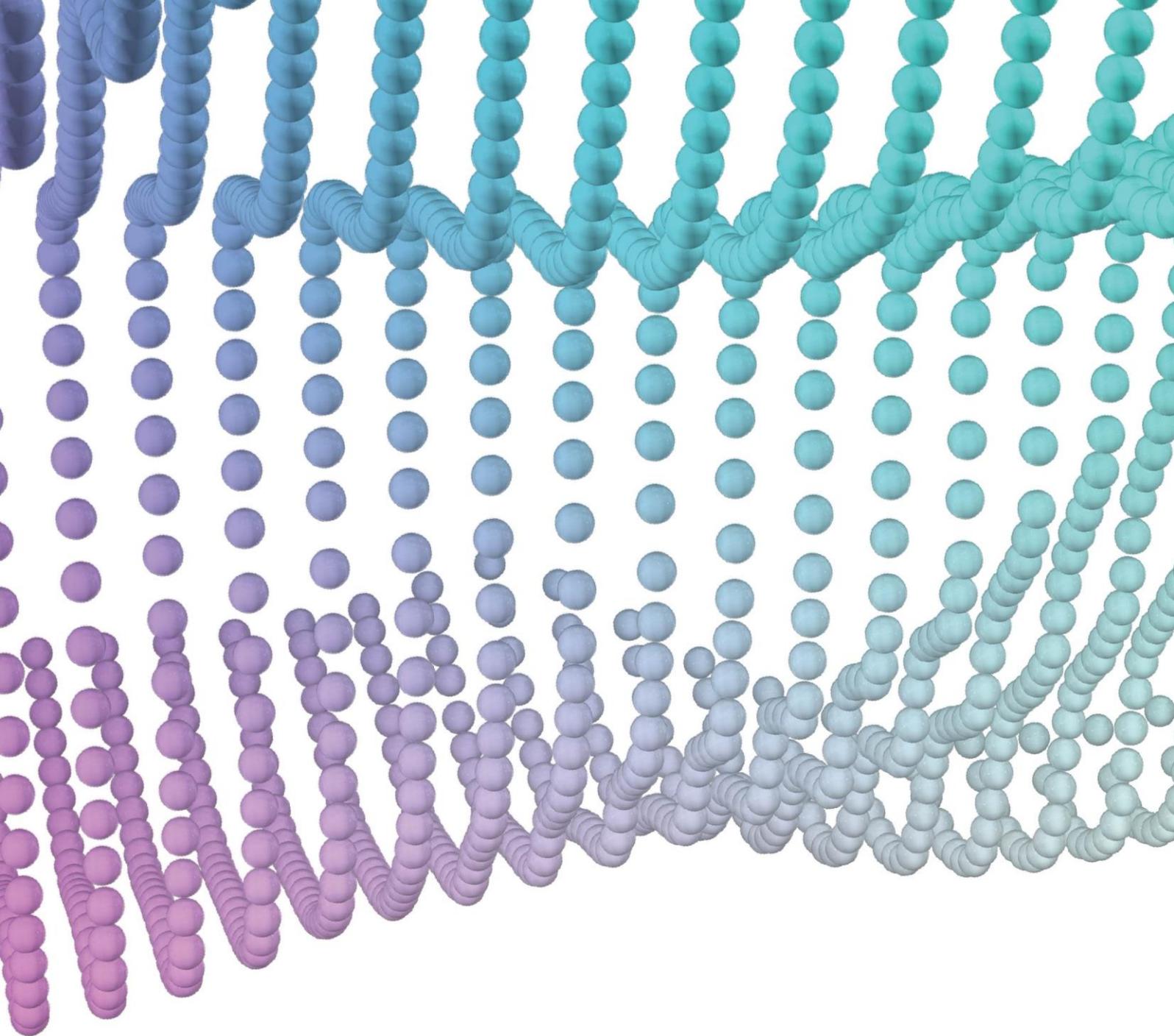
---

Sonae, SGPS, SA operations, on a stand-alone basis, are essentially associated with the management of the share-holdings in its subsidiaries. In 2015, the individual net income of Sonae, SGPS, SA stood at negative 279,672,409.71 Euros.

## Proposed allocation of the 2015 net income and dividend distribution

---

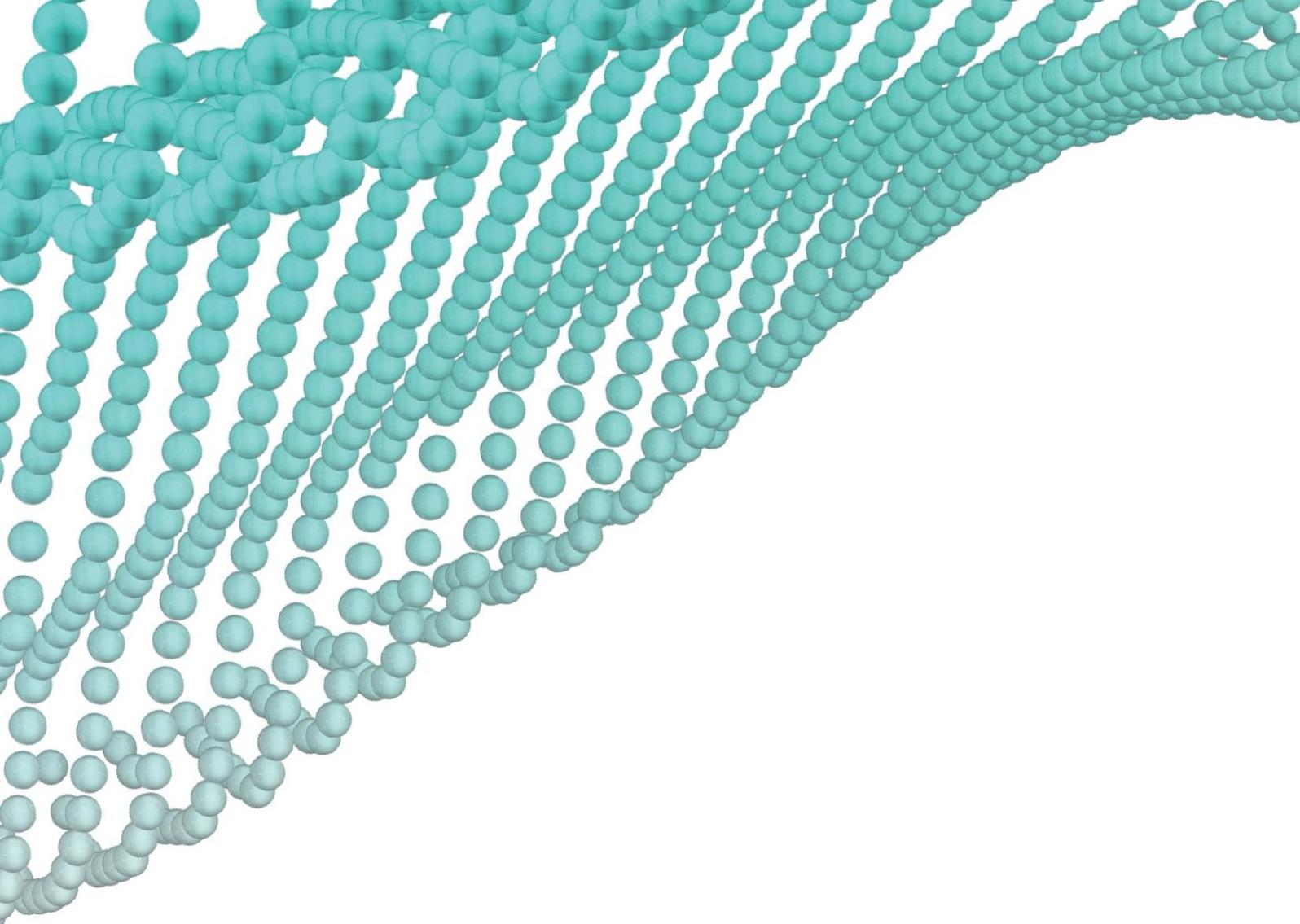
Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the 2015 results, negative in the amount of 279,672,409.71 euros, be transferred to retained earnings. Considering the existence of free reserves in an amount sufficient to cover the negative retained earnings, it is additionally proposed that free reserves in the amount of 279,672,409.71 euros be used to cover such negative retained earnings.



.....● CLOSING REMARKS  
AND GLOSSARY



IMPROVING LIFE





## Closing remarks and acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance during 2015. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Maia, March 15<sup>th</sup> 2016

### **The Board of Directors**

Duarte Paulo Teixeira de Azevedo, Executive Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

## Glossary

<b>CAPEX</b>	Investments in tangible and intangible assets and investments in acquisitions.
<b>Direct result</b>	Results excluding contributions to indirect results.
<b>(Direct) EBIT</b>	Direct EBT - financial results.
<b>EBITDA</b>	Underlying EBITDA + equity method results (Sonae Sierra direct results and ZOPT net income) + non-recurrent items.
<b>EBITDA margin</b>	EBITDA / Turnover.
<b>(Direct) EBT</b>	Direct results before non-controlling interests and taxes.
<b>E&amp;A (Eliminations &amp; adjustments)</b>	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
<b>EoP</b>	End of period.
<b>Free Cash Flow (FCF)</b>	EBITDA - CAPEX - change in working capital - financial results - income taxes.
<b>Financial net debt</b>	Total net debt excluding shareholders' loans.
<b>FMCG</b>	Fast-Moving Consumer Goods.
<b>Gearing (book value)</b>	The average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
<b>Gearing (market value)</b>	The average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares at the last day of each quarter.
<b>GLAs</b>	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

**Indirect result**

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 a 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, excluding the 2.14% participation at NOS.

**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, excluding the 2.14% participation at NOS, and other long-term financial applications.

**Net invested capital**

Total net debt + total shareholders' funds.

**Other income**

Dividends.

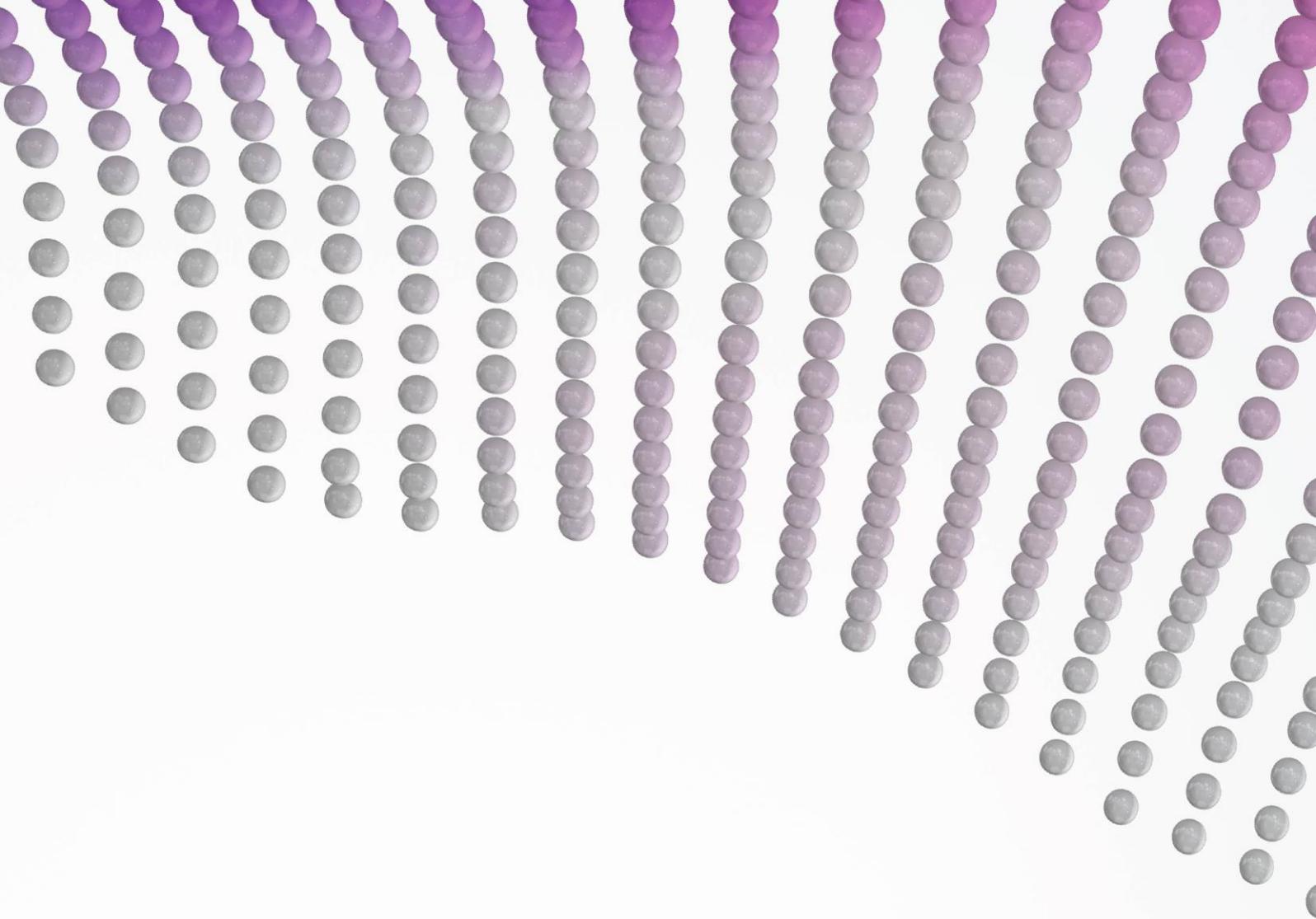
**Other loans**

Bonds, leasing and derivatives.

**Open market value (OMV)**

Fair value of properties in operation and under development (100%), provided by independent international entities.





.....● APPENDIX



IMPROVING LIFE





## Statement under the terms of Article 245 Paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 15<sup>th</sup> March 2016

### **The Board of Directors**

Duarte Paulo Teixeira de Azevedo, Executive Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Tsega Gebreyes, Non-Executive Director



	Date	Additions		Reductions		Position at 31.12.2015	Balance as of 31.12.2015
		Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>							
Sonae - SGPS, SA (3)						Dominant	200,100,000
Pareuro, BV (2)							
<b>(2) Pareuro, BV</b>							
Sonae - SGPS, SA (3)							849,533,095
<b>(3) Sonae - SGPS, SA</b>							
Sonae - SGPS, SA (treasury shares)							0
Purchase	30/01/2015	118,820	1.173				
Sale	08/05/2015			112,270	1.262		
Sale	15/05/2015			4,704,897	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015			862,399	0.064		
Sonae Investments, BV (7)						Dominant	
Sontel, BV (8)						Dominant	
Sonaecom, SGPS, SA (9)						Dominant	
<b>(4) Migracom, SA</b>							
Sonae - SGPS, SA (3)							2,464,337
Sale	19/05/2015			247,362	1.264		
Sale	20/05/2015			300,037	1.254		
Sale	21/05/2015			315,000	1.251		
Purchase	17/12/2015	1,000,000	1.071				
Purchase	28/12/2015	790,053	1.060				
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
<b>(5) Imparfin - Investimentos e Participações Financeiras, SA</b>							
Sonae - SGPS, SA (3)							4,105,280
Continente Bonds - 7% -2015							0
Reimbursement at maturity	25/07/2015			100,000	1.000		
<b>(6) Linhacom, SGPS, SA</b>							
Sonae - SGPS, SA (3)							439,314
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
<b>(7) Sonae Investments BV</b>							
Sontel BV (8)						Dominant	
<b>(8) Sontel BV</b>							
Sonaecom, SGPS, SA (9)						Dominant	
<b>(9) Sonaecom SGPS, SA</b>							
Sonae - SGPS, SA (treasury shares)							137,859
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	20/03/2015			323,039	1.395		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			946,612	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			837,438	1.277		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	22/07/2015			5,007	1.284		
<b>(10) Enxomil - SGPS, SA</b>							
Sonae - SGPS, SA (3)							2,021,855
Purchase	23/12/2015	1,521,855	1.077				
Continente Bonds - 7% -2015							0
Reimbursement at maturity	25/07/2015			400,000	1.000		

(\*) Member of the Board of Directors of Sonae - SGPS, SA

(\*\*) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(\*\*\*) Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (5)

(a) article 248 S119B, paragraph 4), subparagraph b), of the Portuguese Securities Code - family member who resides with the person discharging managerial responsibilities for more than a year

(b) held by spouse





## Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of the Sonae - SGPS, SA share capital:

	Number of shares held as of 31.December.2015
<b>Efanor Investimentos, SGPS, SA</b>	
Sonae - SGPS, SA	200,100,000
Pareuro, BV	Dominated
<b>Pareuro, BV</b>	
Sonae - SGPS, SA	849,533,095