



# CITI GROUP SMALL & MID CAP CONFERENCE

18 October



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Sonae SGPS: Who we are



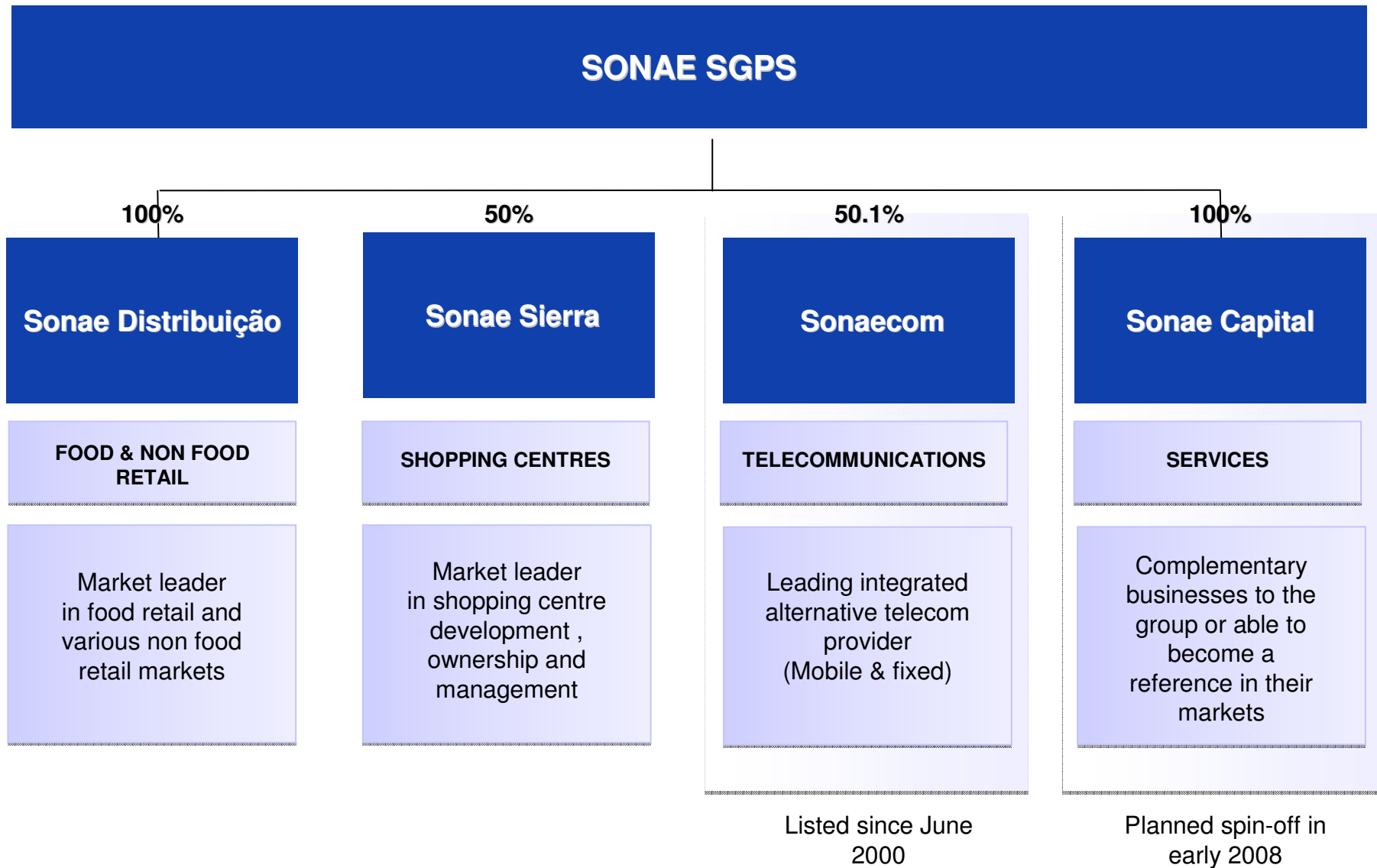
**Mission**

Sonae SGPS **controls and actively manages a portfolio of companies**, by:

- setting strategic guidelines and objectives together with management teams;
- monitoring and driving performance;
- supporting joint value creation initiatives;
- identifying new business opportunities.

**Organization**

**Each of the businesses is run by a fully dedicated management team** that develops independent strategies focused on its own key value-adding drivers.





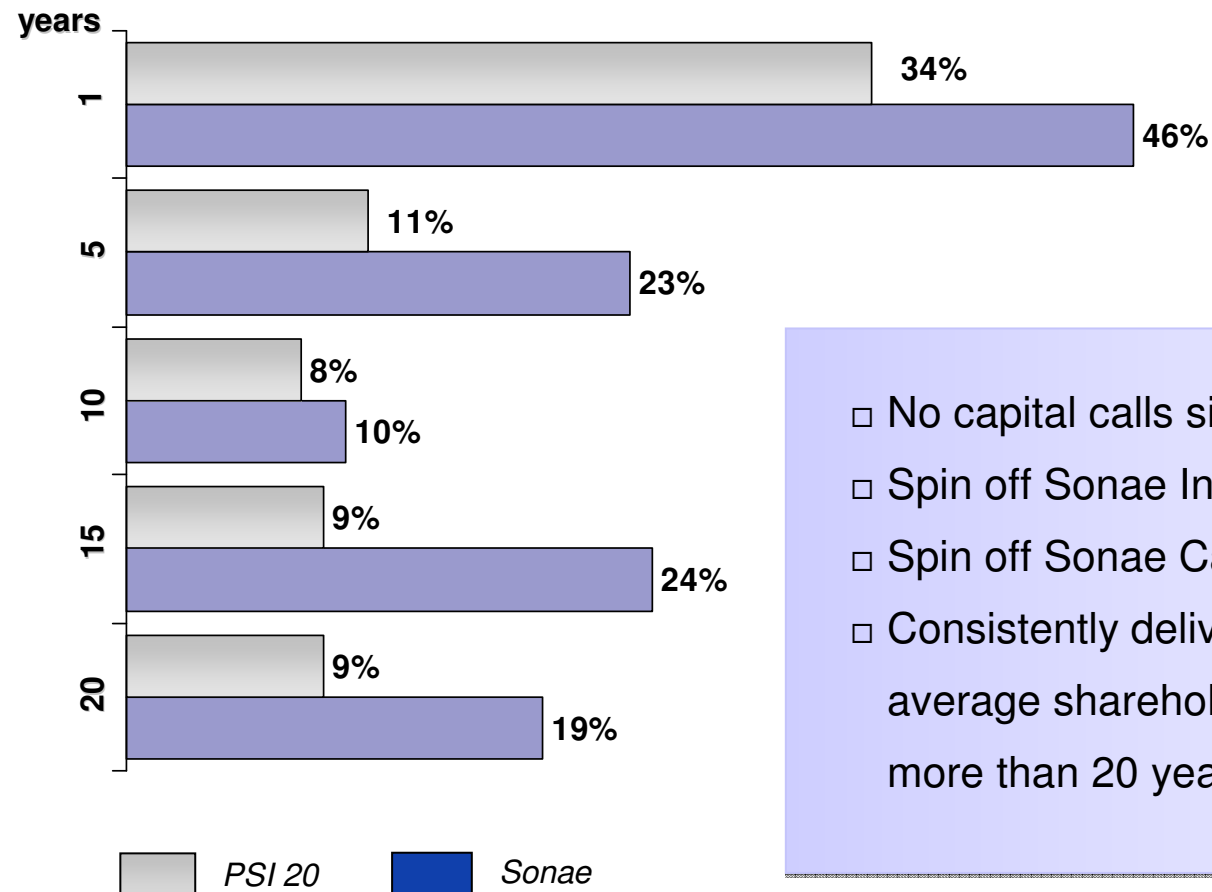
- Cooperation with sub-holdings in **definition of strategy and goals**;
- **Capital allocation** among sub-holdings and new business opportunities;
- Proactive and continuous search of **M&A and corporate development** opportunities;
- Strong **Sonae Brand** as an umbrella to sub-holdings' activities;
- Promotion and support of **growth and internationalization initiatives**;
- Leverage Group's dimension and **internal competencies**;
- Centralized HR management of top senior management;
- Management and internal promotion of **Sonae values and culture**;
- Proactive management of **institutional relations**.

Running nest costs of corporate centre represent less than 1.5 per thousand of consolidated Turnover (2006: 6.5 million euros)



## SONAE SGPS TRACK RECORD

### Total shareholder return:



- No capital calls since 2000;
- Spin off Sonae Indústria (2005);
- Spin off Sonae Capital (2008);
- Consistently delivering above average shareholder return for more than 20 years

Reference date: Dec 06



### **Long term perspective**

- Acquisitions of Tafisa and Glunz;
- Expansion to Brazil (retail, wood industry and Shopping Centres);
- Rapid expansion of Sonae Sierra in Europe;
- Tender offer for Portugal Telecom.

### **Flexibility**

- Joint-venture approach:
  - Promodés;
  - Grosvenor;
  - France Télécom.
- Prompt change in strategy in response to changes in the environment:
  - Divestment from Brazil (Retail);
  - Acquisitions at Sonaecom.

### **Entrepreneurship**

- Intrinsic to the Sonae Culture and sponsored by the Group Chairman;
- Continuous search for new business opportunities:
  - New retail formats;
  - Expansion of business frontiers at Sonaecom;
  - Portfolio development by Sonae Capital.

Sonae SGPS structure, organization, and tasks at the corporate level create and enhance value of its portfolio of companies





## Business units overview

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sonae **distribuição**

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## SONAE DISTRIBUIÇÃO

### Food Retail

**CONTINENTE**

Hypermarkets

**Modelo**

Hypermarkets

**Modelo**  
*Bonjour*

Supermarkets

### Non-Food Retail

**worten**

Consumer Elect.

**VOBIS**

Computers

**SPORT  
ZONE**

Sports Goods

**modalfa**

Apparel

**Maxmat**

DIY

**star**

Travel Agencies

+ 4 format start-ups over the last 4 years



**Growth**

- Growth, both organic and through acquisition opportunities;
- Develop and fine-tune recently launched concepts;
- Launch new concepts in Portugal, leveraging on all synergies available;
- Expansion of current businesses to new geographical areas (Spanish market).

**Efficiency**

- Continuous fine tune of the organizational model, information systems and internal procedures;
- Best practices approach encompassing continuous investment in efficiency and innovation

**Innovation**

- Develop the competitive advantage on the relationship with customer through a value proposal based on innovation



## SONAE DISTRIBUIÇÃO KEY FACTS

**No.1 retailer**  
in Portugal

(with food and non food retail)

**3.1 Bn€**  
2006 turnover

(205,000 articles in portfolio)

**~25,000**  
employees

**~565,000**  
sqm sales area

(in 517 stores)

**~ 1.1 Bn€**  
Real Estate Book Value

(77% of own sales area  
generating 80% of sales)

**254 Mn€**  
2006 EBITDA





3Q07:Acquisition of Carrefour's hypermarket operations in Portugal  
(subject to approval by the competition authority).

**Value accretive**

- Strengthen leadership in the Portuguese food retail market;
- Immediate increase installed sales area by 17%;
- Modern retail market share increase of 4pp (from 30% to 34%);
- Year on year turnover growth of more than 16%;
- Higher competitiveness in international sourcing;
- Logistics and marketing fixed costs dilution.

Sonae SGPS feels confident in the approval of the operation by the competition authority,  
even at the expenses of diverting some stores to non-food formats



sonae **sierra**



## SONAE SIERRA

### Shopping Centres

#### Sierra development

- Responsible for development of shopping centres;
- Role of overseeing the procurement and design process.

#### Sierra investment

- Owns Sonae Sierra's assets – shopping centres and retail parks;
- 51% control of Sierra investment property fund;
- Asset management services.

#### Sierra management

- Responsible for day to day management of shopping centres (property management);
- Operational management of Sierra's assets and others owned by third parties.

#### Sierra Brazil

- Similar business structure in Brazil;
- Fully dedicated local management team and partnership with DDR (Developers Diversified Realty).





**Growth**

- Increase shareholder value through developing, owning or co-owning and managing Shopping Centres;
- Be the best international Shopping Centre specialist

**International expansion**

- Expand presence to new geographical areas.
- Reinforce presence on a specific number of markets to become a local key player (Portugal, Spain, Italy, Germany, Greece, Romania and Brazil).

**Partnership approach**

- Maintain a partnership approach and establish joint-ventures with national and international partners.



**SONAE SIERRA**

## KEY FACTS

**International  
Shopping  
centre  
specialist**

**150 M€**

2006 Net Operating Income

**46**

Shopping centres co-owned

**1.8M sqm**

Total owned/co-owned Gross  
Lettable Area (GLA)

**~5.4 Bn€**

Market value of investments

**1.5 Bn€**

Net Asset Value

**~ 2M sqm**

Total managed Gross Lettable Area  
(GLA) in Portugal(900K),  
Spain(585K), Italy(135K),  
Brazil(321K), Germany(96),  
Greece(46K) and  
Romania(12)

**461K sqm**

Total Gross Lettable Area (GLA)  
under development in  
Spain(113K), Italy(107K),  
Portugal(77K), Brazil(43K),  
Greece(62K)  
and Germany(60K)

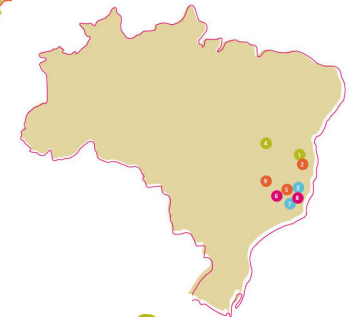
**PORTUGAL**



**SPAIN**



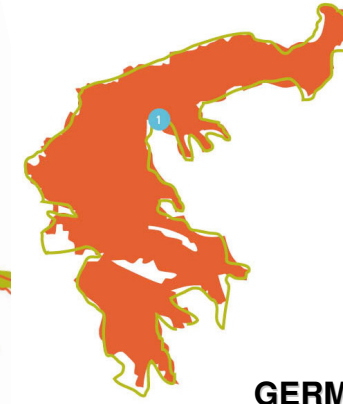
**BRAZIL**



**ITALY**



**GREECE**



**GERMANY**



**ROMANIA**



**Acquisitions**

- Sierra Investments acquired first property in Romania (River Plaza Mall);
- Sierra Investments acquired, in a 50/50 partnership, the shopping centre Modelo Albufeira and Continente Portimão (Algarve, Portugal);
- Sierra Brazil acquired 5% of shopping Tivoli (S. Paulo), raising position to 30%;
- Sierra Brazil acquired 73% of Metrópole shopping (S.Paulo, Brazil), raising position to 83%;
- Sonae Brazil acquired 10% of Plaza Sul Shopping (S. Paulo), raising position to 30%.

**Openings**

- July 07: Lima Retail Park (Viana do Castelo, Portugal)
- September 07: Alexa (Berlin, Germany);
- September: 8ª avenida (São João da Madeira, Portugal).



sonae **com**

**SONAE COM****100%****Telco Mobile**

- #3 mobile Operator;
- Mobile communications in Portugal: traditional voice; data; range of mobile solutions; wholesale services;
- Innovative convergent fixed-mobile products (Home; Kanguru).

**100%****Telco Fixed**

- Leading altnet operator in Portugal;
- Voice and internet services to residential, SME and corporate client bases; voice, data capacity and connectivity services to telco operators worldwide.

**99%****Media**

- Reference newspaper in Portugal;
- #3 in paid circulation;
- #3 in advertising.

**100%****SSI (1)**

- Information system and Technology products provider;
- IT/IS Consultancy.



(1) Software and Systems Information

**Organic  
Growth**

- Extension of addressable market: Mobile-fixed convergence; wireless internet access;
- Expand network coverage and capacity: full scale UMTS and HSDPA network;.
- Increase direct access broadband services;
- Lead innovation in the broadband market;
- Improve customer experience.

**Non-organic  
Growth**

- Consider acquisition opportunities for both telecoms businesses and SSI division

**Integrated  
strategy**

- Continuous focus on integrated strategy;
- Pursue productivity gains and financial and capital structure efficiencies.



**SONAE COM**

## KEY FACTS

### OPTIMUS

**20% MS**

at end 1H07, with  
2.7 million subscribers

**+10%**

Active customers (EOPs) at  
end 1H07 compared to  
1H06

**16.5%**

Data as % Service  
Revenues at end 1H07, a  
growth of 2.9pp compared to  
1H06

### SONAE COM FIXED

**9.8% MS**

at the end of 1H07, with  
337K direct services

**81.9%**

of customer base at end  
1H07 represented by direct  
services

**411 K**

Total direct + indirect  
services by end 1H07

### MEDIA

**12.5% MS**

of paid circulation at end  
1Q07, ranking third in the  
market

**14.0% MS**

of advertising from January-  
July 2007

**43 K**

of average paid circulation at  
end 1H07

### SSI

**#1 worldwide  
player**

in Revenue Assurance

**36**

Countries where Wedo has  
a footprint (after acquisition  
of Cape)

**~350**

employees, with main offices  
in Portugal, Ireland, Brazil  
and Poland

**Value accretive****Sonaecom Fixed**

2Q07: Acquisition of Oni's residential and SOHO customer base; Acquisition of Tele2 Portugal

- Strengthen growth in Direct Access and dilution of fixed costs;
- Opportunity to up-sell: Indirect to Direct; Low-end 2Play to higher value offers; IPTV
- Direct services grow by 45% to 448.6K services;
- Broadband market share increases to approximately 15%;
- Fixed telephony market share increases to approximately 22% (including Optimus Home)

**SSI**

2Q07/3Q07: Acquisition of Tecnológica; Acquisition of Cape technologies

- Consolidation and clear number 1 player in the international Revenue Assurance arena (WeDo)





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sonae **capital**

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## SONAE CAPITAL

### Resorts development and Hotels

- Troia resort project;
- Fitness: 10 health clubs (9 in Portugal; 1 in Spain);
- Hotels: 5 Hotels.



### Engineering, Services Real Estate

- Civil and public works construction;
- Luxury Residential development - Efanor project;
- Refrigeration, air conditioning and maintenance.



### Insurance Brokerage and Risk Management

- Insurance brokerage;
- Reinsurance brokerage;



### Seed and Risk Capital

- Shipping company;
- Fleet management and vehicles leasing;
- Rent a car;
- other





**Restructuring**

- Business portfolio revision and focus;
- Implementation of organizational structure,

**Growth**

- Complete Troia Resort and leverage on accumulated know-how to implement new resort real estate development projects;
- Develop luxury residential real estate projects;
- Invest in business opportunities within sectors undergoing restructuring or consolidation;
- Invest in emerging businesses able to take a leading role in their industries.

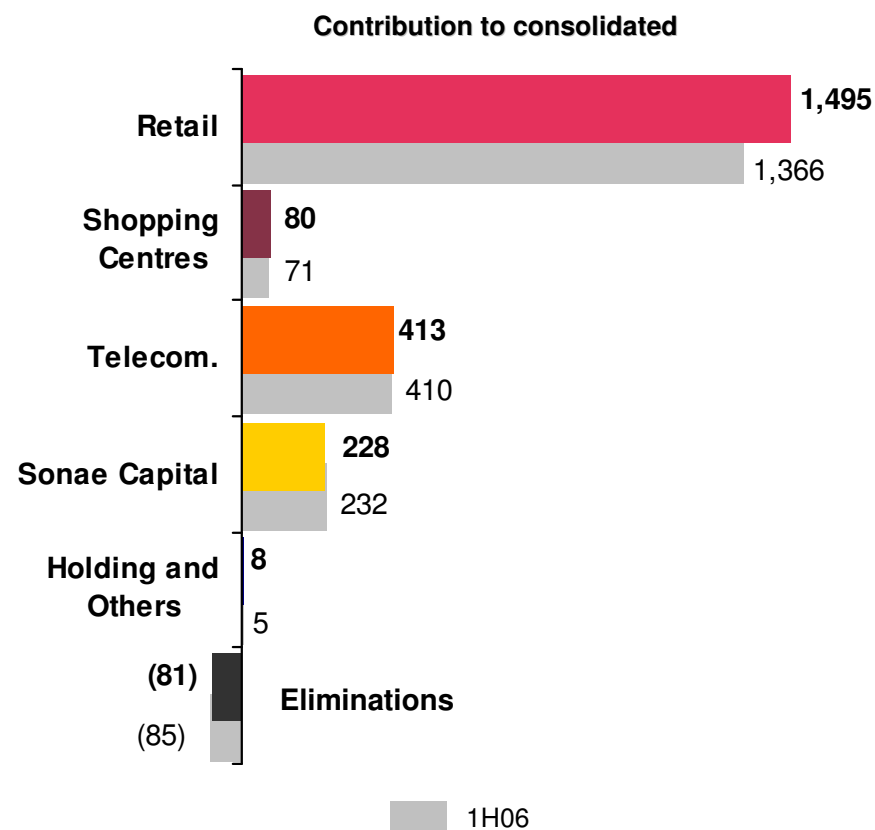
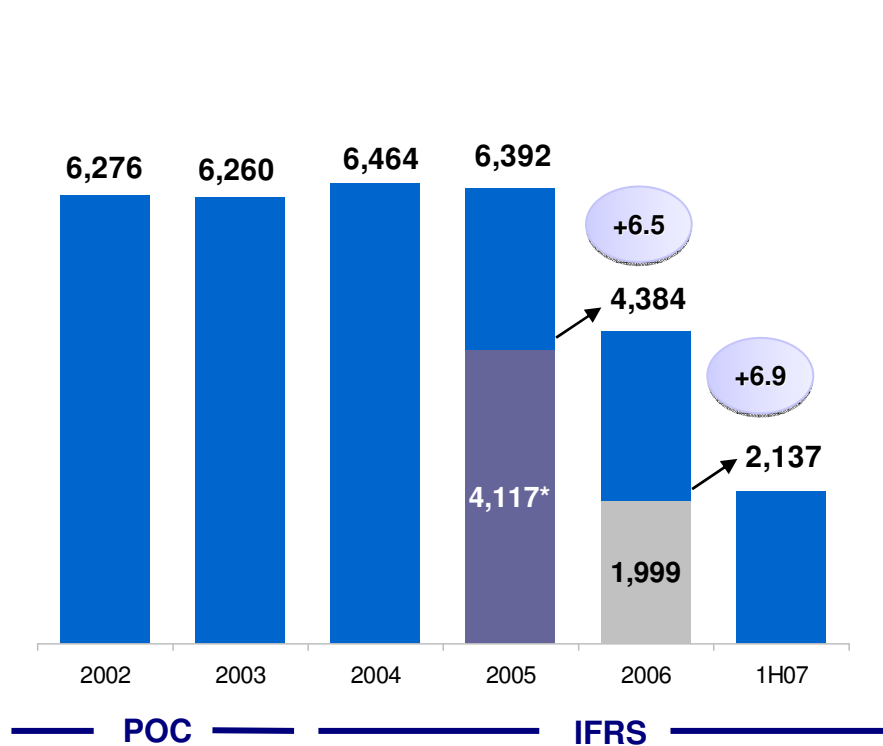


Financial results



# SONAE SGPS TURNOVER

Million euro

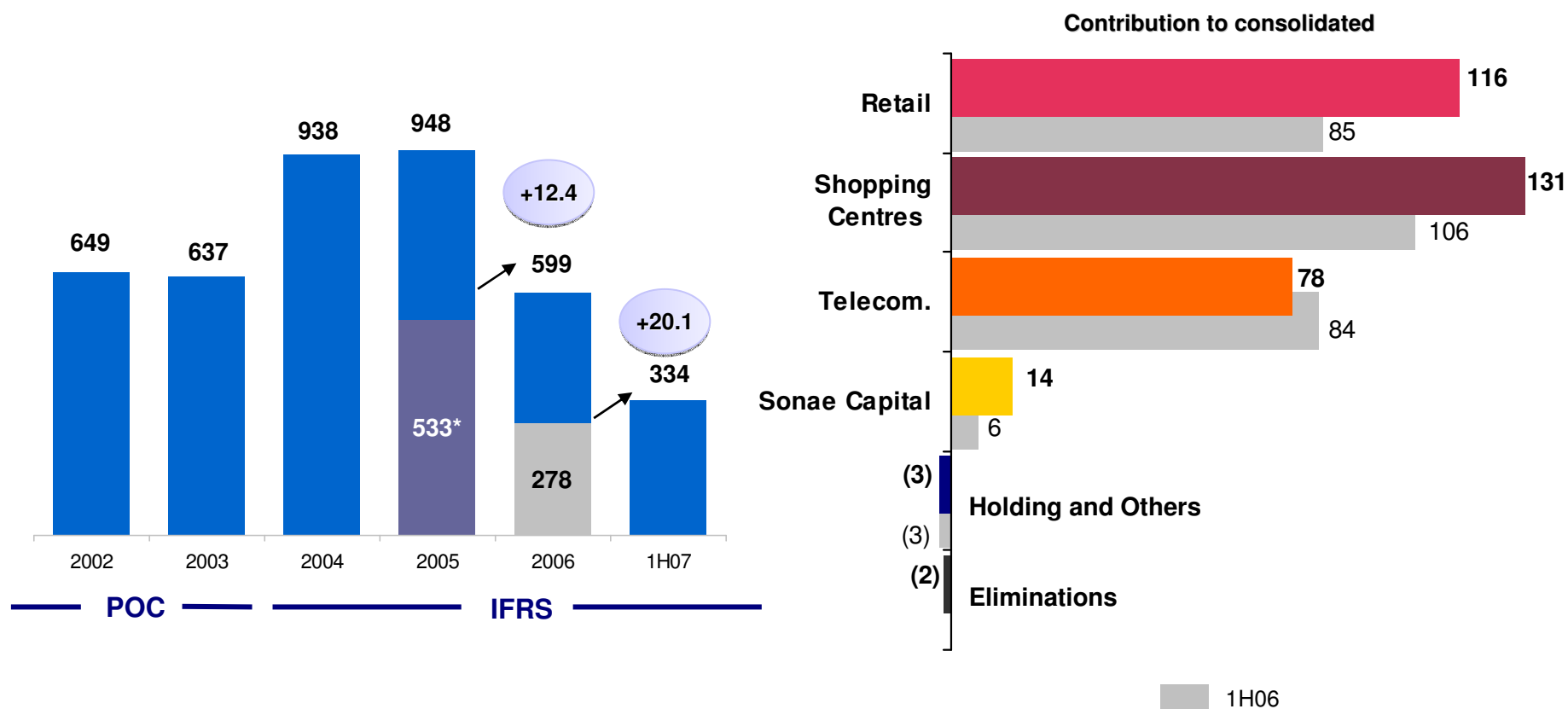


\* Excluding the contributions of Sonae Indústria and Sonae Distribuição Brasil, the investment income generated on the sale of the shareholding in Imocapital/Gescartão, and considering the change in the method of consolidating Sonae Sierra from full to proportionate (50%).



# SONAE SGPS OPERATIONAL CASH FLOW (EBITDA)

Million euro

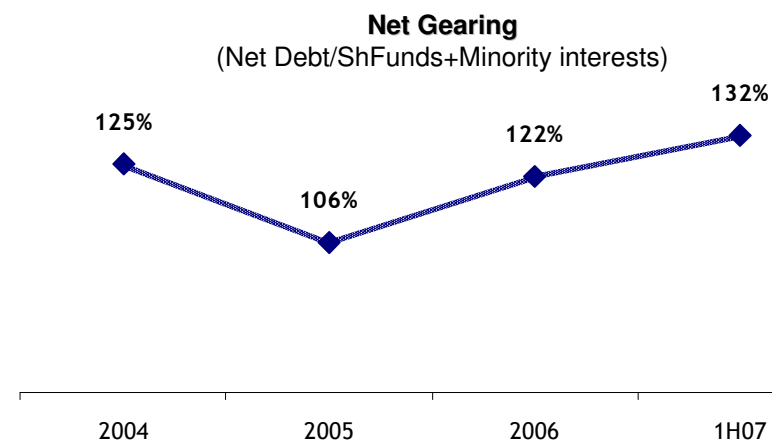
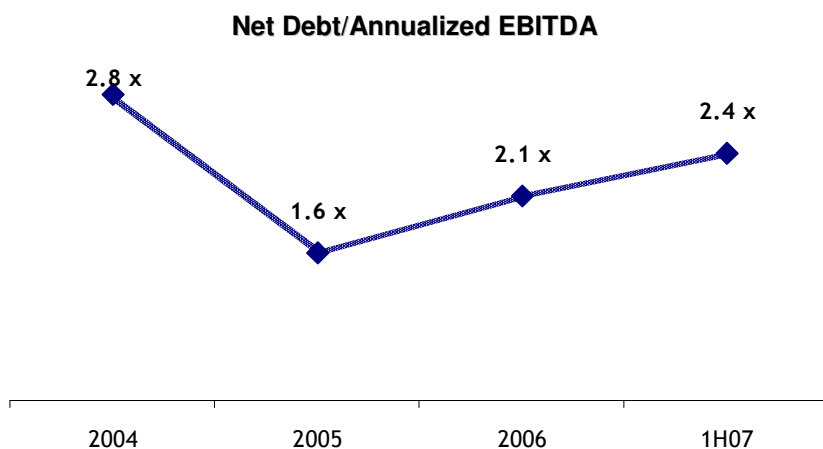
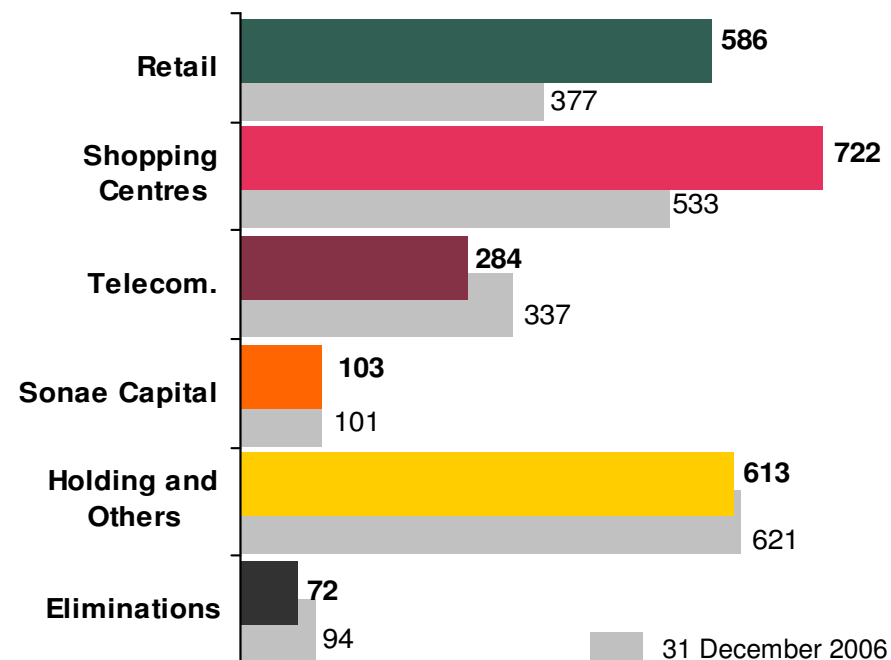
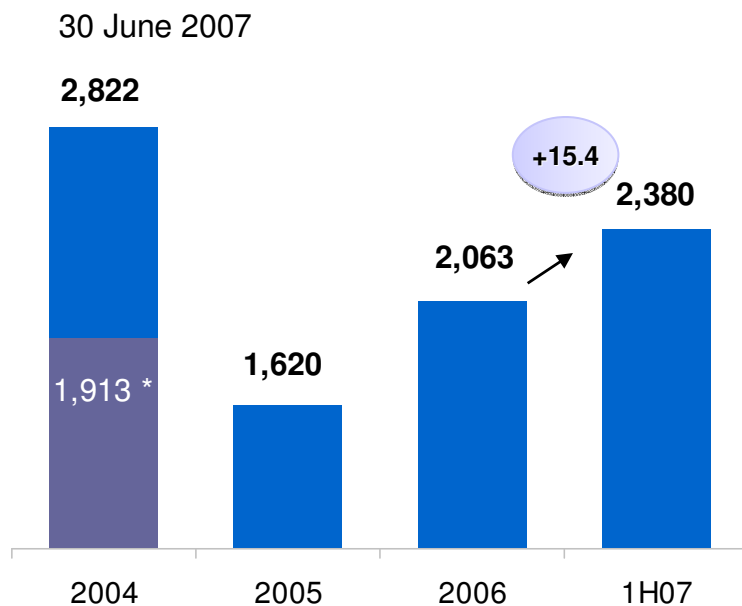


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## SONAE SGPS NET DEBT

Million euro



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Challenges going forward





- Prepare and execute **spin off of Sonae Capital**;
- Implement **new corporate centre** structure;
- Focus on **accelerating growth** in three core activities:
  - challenge and support ambitious organic growth strategies, driven by extending current businesses frontiers and leveraging innovation in core business areas;
  - active player in consolidation and convergence of Industries;
  - promote and support internationalization.