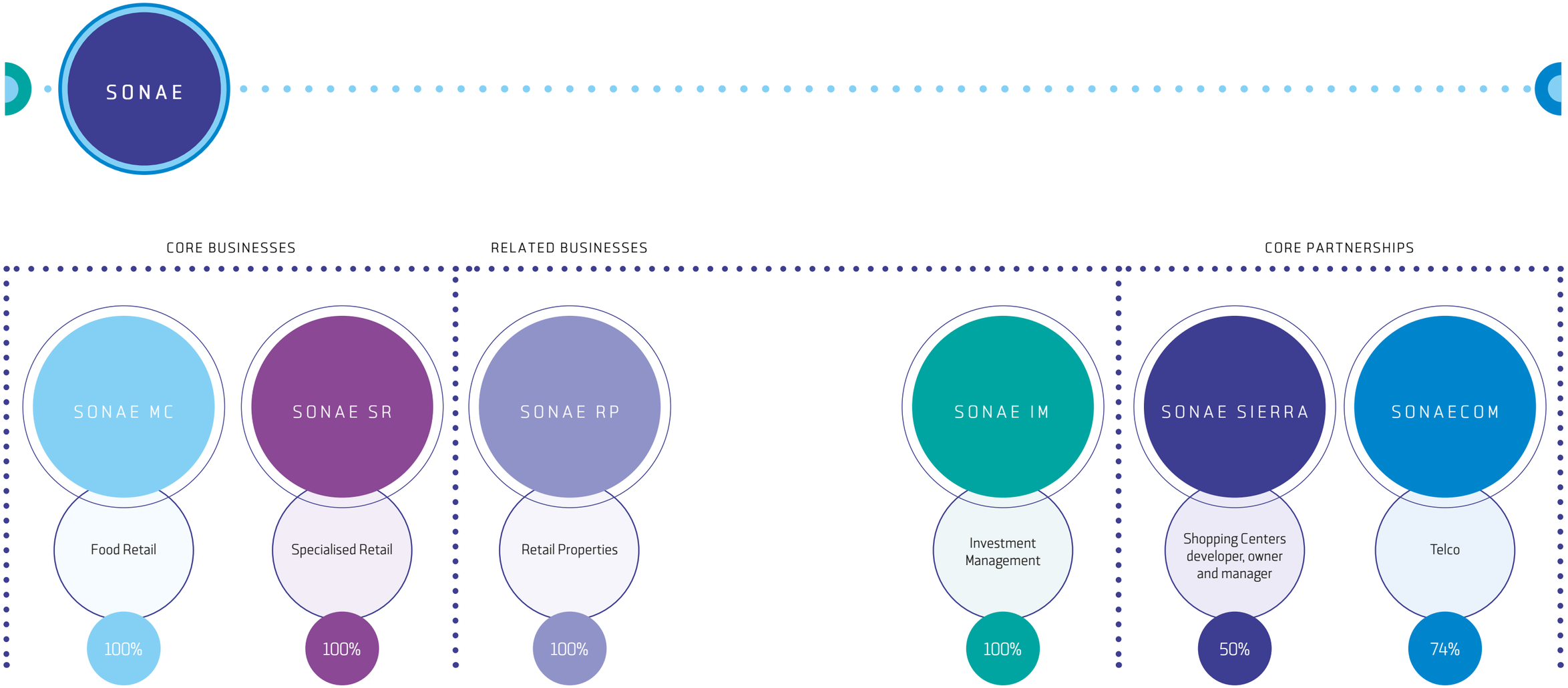
SONAE MANAGEMENT REPORT 2013

IMPROVING LIFE

MANAGEMENT REPORT

GROUP STRUCTURE



31.12.2013

11th consecutive year as a Brand of Confidence, now with 3 brands recognised, Continente, Zippy and Worten

3rd consecutive year and 1st Portuguese company in the list of the World's Most Ethical Companies

We believe in Corporate Responsibility

For the third successive year, we were recognised by Ethisphere as one of the *World's Most Ethical Companies*. For the 11th successive year we also received the *Brand of Confidence* award, with 3 of our brands now recognised.

Corporate responsibility is one of the cornerstones of our mission and these awards recognise our efforts in this area.

Tomorrow's leadership starts today

Innovation is paramount to our enduring success. In a rapidly changing world, we have to continuously bring innovation to new products, services and processes. Acknowledgement of the sheer vastness of the online retail world is vital as it is a rich source to be tapped and mastered and Sonae is the driving force behind this. In this area our pioneering work has been recognised by the *Kaizen Institute* and also by *Junior Achievement*.

7 innovative projects distinguished at FINOV

Company of the Year by Junior Achievement Portugal, for the fourth consecutive year

5.3 M€ of energy efficiency savings over the last 4 years as a result of Project "Trevo"

Top 3 in Iberia in environmental performance

23,395 tonnes of old electrical equipment collected in the last 5 years

90% of shopping centres certified with ISO 14001

The environment is a priority

At Sonae, respecting the environment is a whole way of life. We are green at the core. We think 'green' within the organisation, we promote green options to our customers and we encourage green solutions from our producers.

As a leading company, we are driven by a desire to reduce our environmental footprint and raise awareness of environmental issues with the participation of our people and the community. We strive to leave an environmental legacy worthy of being passed from one generation to another.

We do not compromise on quality

We are constantly concerned with providing the best quality products and services to our customers, whilst ensuring good value for money.

This is clearly evident in that for the 9th successive year we were put forward by our customers as a *Superbrand* and *Consumer Choice*.

254 M€ of purchases from Continente Producers Club

742 supplier audits around the world

3.4 M customers >90% of total sales

10.6 M€ in community support to social, human and cultural causes

2,059 institutions supported

8,634 hours of volunteering for the community

We support our community

We have the responsibility of helping our community and we vigorously look for ways of maximising our impact through our efforts and by supporting our people to make a difference in someone's life. We want to make a world of difference.

Our hard work concerning entrepreneurial training and dedication to social causes was rewarded with the *Master of Social Responsibility and Master of Negotiation award*.

We value our team

Our people are the soul of our business at Sonae and we value their precious skills. We not only aim to recruit the best but are constantly looking for new talent to engage. The culmination of our efforts was the award of "The Best School for Leaders" award by the Hay Group.

Safety first! Health and Safety at work is a top priority for us and it is addressed throughout the structures of the organisation. We will continue to reinforce our efforts to mitigate risk at work and we are proud of our efforts awarded with the *International Award of Good Practice* by the European Agency for Safety and Health at Work.

1.1 million hours of specialised training

40 thousand colleagues sharing a common goal

KEY CORPORATE EVENTS 2013

February

- Sonae MC and Jorge Sá, SA celebrated a lease agreement which allows up to 9 stores to operate, located on Madeira Island.

February 15th

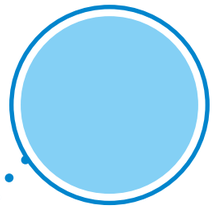
- Sonae and France Telecom (FT-Orange) agreed on the acquisition of a 20% stake in Sonaecom's share capital presently held by a subsidiary of FT-Orange.

March 7th

- The Extraordinary General Meetings of Optimus SGPS and Zon approved the merger project by incorporation of the two companies.

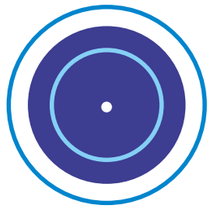
March 21st

- Sonae SR signed an agreement with the S. H. Al Mana Group for the development of Zippy brand in Kuwait, United Arab Emirates and Qatar.



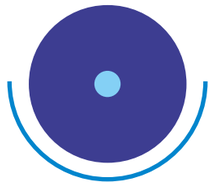
August 27th

- ZON OPTIMUS was registered, following the approval of the Competition Authority.



July 30th

- The Competition Authority informed about their non-opposition to the merger between Zon and Optimus, subject to a 12 working period.

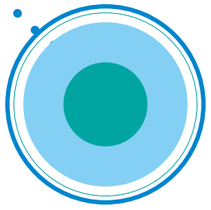


May 3rd

- Sonae Sierra successfully inaugurated the Boulevard Londrina Shopping Centre in Brazil, an investment of about 122 M€ with a 47,800 m² of Gross Lettable Area.

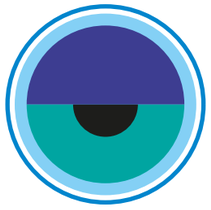
March 26th

- Sonae Sierra reached an agreement with a fund managed by Rockspring Property Investment Managers, for the acquisition of its 50% stake in Cascais Shopping.



October 7th

- Sierra Fund and CBRE Iberian Value Added Fund sold Parque Principado Shopping Centre (Paredes Lugones, Asturias) for 141.5 M€.

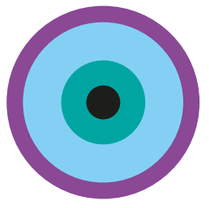


October 23rd

- Sonae Sierra and MAB Development inaugurated Hofgarten Solingen Shopping Centre, located in the German city of Solingen with 29,000 m² of Gross Lettable Area.

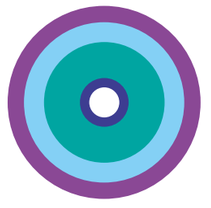
October 29th

- Sonaecom announced a voluntary tender offer for up to 24.16% of its share capital.



October 30th

- Sonae Sierra opened Passeio das Águas Shopping Centre to the public, the largest centre in the Central-Western region of Brazil, an investment of 150 M€ with 78,000 m² of Gross Lettable Area.



December 20th

- Sierra Fund sold Valecenter Shopping Centre (Marcon, Venice) and Airone Shopping Centre (Monselice, Padua) to Blackstone Group, for 144.5 M€.

FINANCIAL HIGHLIGHTS

4,821 M€ TURNOVER

475 M€ EBITDA

175 M€ DIRECT RESULTS

319 M€ NET INCOME (GROUP SHARE)

349 M€ CAPEX

1,219 M€ NET DEBT

66.2 M€ DIVIDENDS PAID

+53 % SHARE PERFORMANCE PRICE (YEAR)

Underlying EBITDA (% OF TURNOVER)

378 M€ (7.8%) SONAE

258 M€ (7.6%) SONAE MC

115 M€ (92.4%) SONAE RP

0.4 M€ (0.0%) SONAE SR

15 M€ (6.6%) INVESTMENT MANAGEMENT

MANAGEMENT REPORT

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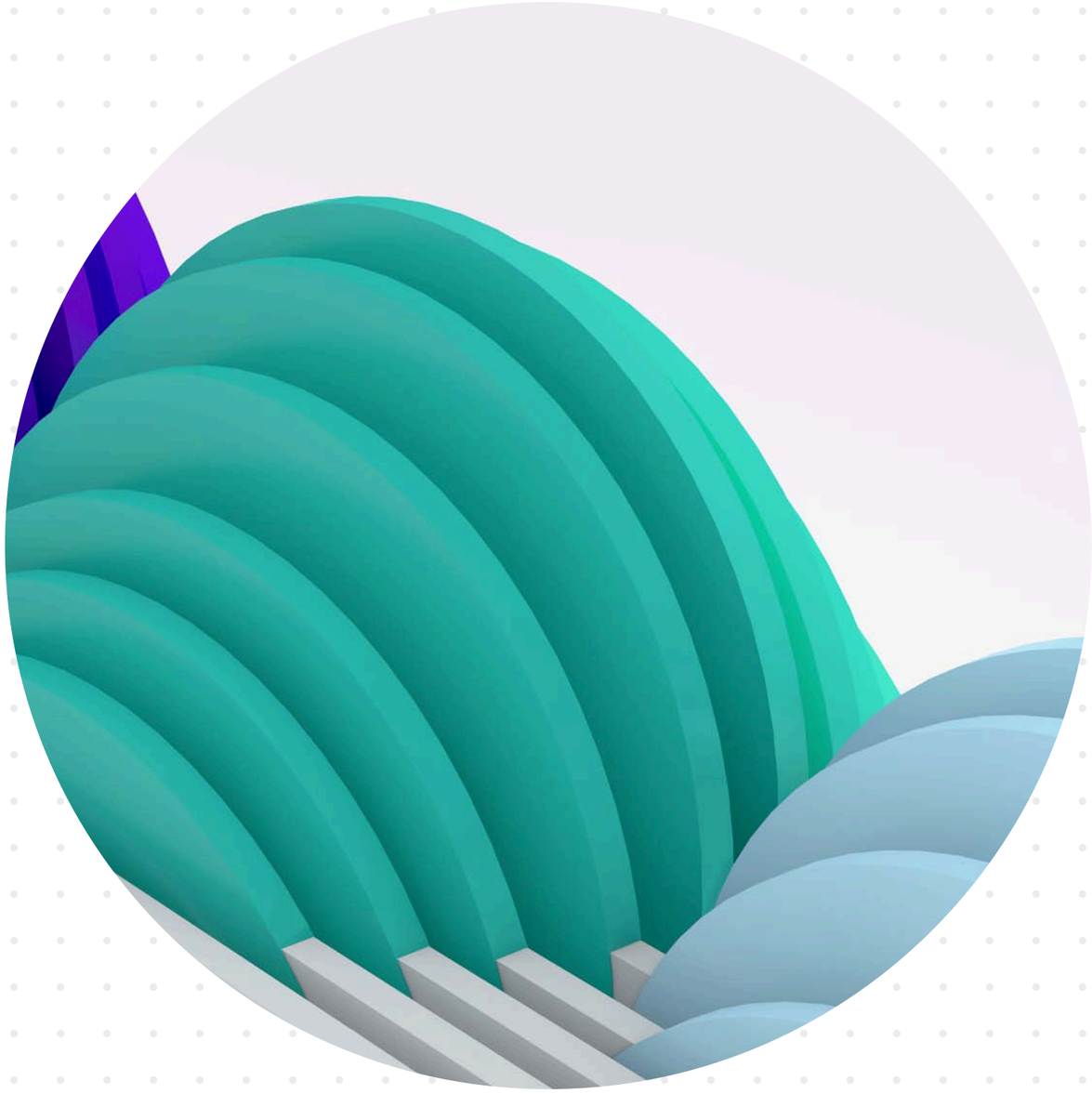
CHAIRMAN'S LETTER



CHAIRMAN'S LETTER

BELMIRO DE AZEVEDO
CHAIRMAN
SONAE

The business environment landscape is changing at an increasingly rapid pace. Funding is still a scarce and relatively expensive resource. Investors are still uncertain about the future of the economy. Innovation has become faster and a challenge to manage. Competition is more aggressive, in addition to a sharp drop in purchasing power. Public policies have become more volatile. Notwithstanding these developments, Sonae continued in 2013 to improve its financial performance. However, the question arises, how did we reach this point?

Our performance is anchored in three paramount principles. Firstly, we determined our areas of excellence and reinforced them with a long-term approach. Secondly, we considered innovation as a way of learning about new ways to offer a better service to our clients and partners and thus understand the future ahead of our competitors. Thirdly, and finally, we honoured our true commitment to corporate responsibility and lived up to this challenge. These three principles allow us to be extremely proud of our heritage, but, more importantly, to be ambitious about the future.

Our food retail business has proven to have outstanding resilience anchored in our values. We foresaw the opportunity to increase our market share and we firmly took this challenge in hand. We have invested in new stores. We have changed our way of thinking concerning food retail. We have focused on creating innovative processes both to lower the costs and make even the more practical part of the shopping experience agreeable. We have shared with our customers and our partners the gains from higher levels of efficiency and, as a result, we have strongly reinforced our leadership in an increasingly competitive market.

Of noteworthy mention is our specialised retail business. Our specialised retail is highly diversified and has a strong component of internationalisation. Increasing competition across the whole portfolio and the fragile economic environment raised tough challenges. We did not lose focus and we continued to work towards our strategic goals and we closely monitored market movements, refining our actions when needed. As a result, the turnaround in our specialised retail business is now well underway and, together with our food retail business, has allowed us to overcome the tremendous socio-economic difficulties and to achieve considerable progress in our performance.

Sustainable growth is not possible without innovation. We operate in a market, characterised by unforgiving economic conditions, with aggressive competitors always following our path. We are leaders and, therefore, we cannot just follow others, but instead we have to continuously offer new products and services. However, innovation does not end at the forefront of our business and we are continuously looking for efficiency gains, aiming to create value across the whole organisation and for all stakeholders.

Innovation has been and will always be one of the cornerstones of our success. The culture of innovation here at Sonae forces us to focus on the future. A prosperous future is part of our definition of a sustainable performance. Our strong commitment towards innovation allowed us to distinguish ourselves from all the other players in the market, with market share gains year after year. Innovation is so deeply rooted in our culture that we nurture its development across the whole organisation always with the ethos that everything we do, we can do even better. Our focus on continuous improvement and innovation is a strong driver of our solid performance.

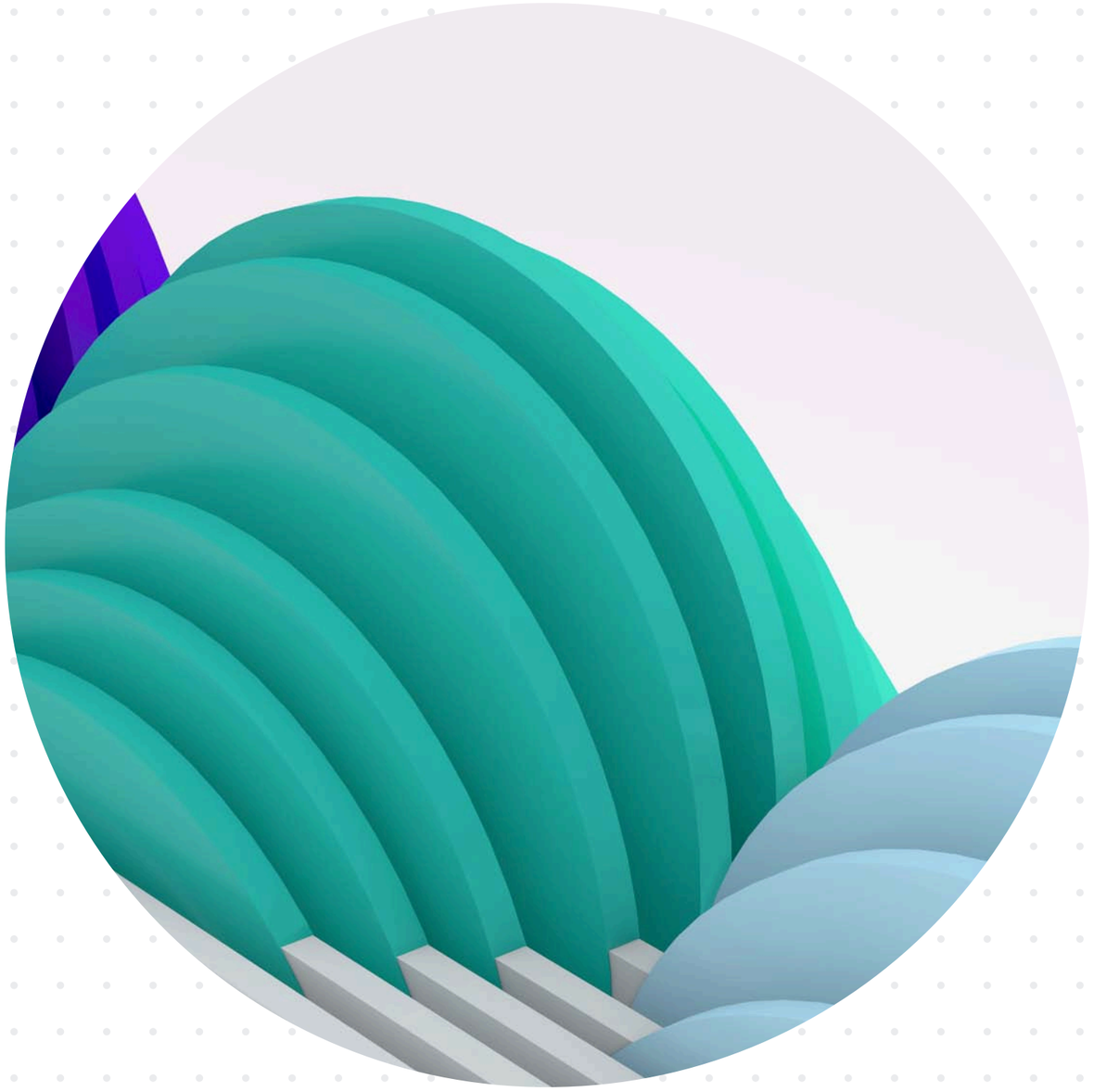
At Sonae, we believe that organisations emerge from and are a thriving part of society. Therefore, organisations must assume a strong commitment towards corporate responsibility. The difficulties experienced by organisations can be easily traced to the difficulties of their communities. We at Sonae are very aware of the challenges we are facing and we do not forget how they also impact our partners, our customers and their families and friends. We are aware that the impact of our actions extends far beyond our stores and, therefore, our message to our stakeholders is a message of sound corporate responsibility, which is strongly committed to shaping a better society, a better world.

In 2012, we closed the year with our shares up by 49.7%, an increase well above the market, with our investors recognising the sustainable performance of our businesses. In 2013, we again outperformed the market with our shares up by 52.7%. A clear recognition of our values and our sustainable performance, based on innovation and active management of our operational and capital structures, and our resilience and capacity to adapt without losing focus of our core values of corporate responsibility.

At Sonae, we know that it is in difficult times that we thrive at our best, standing up to our responsibilities as a leader and allowing our values to guide our strategy. Our journey to success is a journey of overcoming challenges. We believe that challenges define who we are and we always come out stronger. This is our identity. This is our future.

Belmiro de Azevedo

CEO'S LETTER



CEO'S LETTER

PAULO AZEVEDO
CEO SONAE

2013 was a particularly rewarding year for our team, as the success of our multiple efforts to withstand the severe negative economic cycle in Southern Europe became visible to the outside world.

In food retail, we felt that given the strength of our team, our leadership position and the relatively stable nature of food consumption, we would be able to accelerate our continuous improvement and our innovation programmes sufficiently to acquire more clients and maintain our benchmark profitability level.

Our team has fully delivered on these ambitious targets and we ended the year with another significant gain in the number of clients and market share and an increased efficiency advantage over our competitors.

In non-food retail, the challenge we faced in this period was even more difficult. Not only did we have to undergo several years of double digit decline in the Iberian market, but it also became clear that our sourcing model in textiles was not suitable to the current market situation. We suffered in financial terms, but we worked even harder and were able to:

1) Gain market share and hold on to our EBITDA margin in Electronics in Portugal;
2) Redesign and implement our new supply model in textiles;
3) Maintain international growth outside Iberia in a "capital-light" mode;
4) Review store concepts for all retail formats to adapt to a new consumer environment and to the Spanish market.

In our shopping centre division, we weathered the storm in Southern Europe by ensuring an important gain of efficiency in the running of our centres to the point where we were able to help many of our tenants control their rising "effort rates" (costs, including rents, divided by tenant sales) and minimise decreases in the value of our centres in these regions (through maintaining high occupancy rates and cash-flow projections). We were not able to find a solution for the impact of rising yields, or the lack of financing and lack of buyers in these markets, but we were able to redirect our management and development capabilities to expansion in other geographic areas and to increase services rendered to third parties. As a result, in 2013, we were able to inaugurate three new shopping centres (one in Germany and two in Brazil) and increase development and property management third party services by 15% in annual terms.

In telecommunications, we were able to implement the merger of Optimus and Zon. This new starting point of a company with the assets and the competencies to be the leading innovator in all market segments had been our goal for more than a decade. We battled for the separation of cable from the incumbent in all possible instances, we risked offering to do it ourselves in the bid over Portugal Telecom and, we took on the challenge of taking the smallest mobile operator to benchmark profitability and then we were able to find the right partners and convince shareholders on both sides and all authorities of the merits of this solution.

Following the successful formal conclusion of this merger process, we supported Sonaecom's initiative to provide the remaining shareholders the possibility of switching their exposure to ZON OPTIMUS, which is the dominant asset of Sonaecom and provides far larger liquidity. As a result of this offer (for which Sonae now holds approximately 90% of Sonaecom) and of the strong management team and governance models agreed with our partners at ZON OPTIMUS, Sonaecom will no longer require a heavy governance or management layer. The remaining technology investments at SSI can be effectively managed together with our Investment Management, complementing our strategy to manage our attractive retail related and telecommunications technology companies.

Concerning our remaining businesses, we were unable to accomplish some of our objectives in Sonae RP and in Investment Management, as there has been no market for Portuguese real estate for a long period of time, coupled with a general lack of M&A interest in Iberia. On a positive note, SSI continued its good track record of growth and positive results and all investments in our portfolio under Investment Management have improved their performance.

Our consolidated results reflect these achievements and we are particularly happy with the growth figures already achieved in the last quarter and the significant improvement of the solidity of our balance sheet.

Looking forward, we have an incredible amount of work ahead of us and a future filled with opportunities.

The strong return of quality investors to the Iberian real estate market will allow us to return to our stated strategy of lowering the amount of capital used in mature assets. This will enable Sonae Sierra to increase its development ratio and gradually re-establish the attractive levels of return on equity it has historically achieved and Sonae RP will release capital for other businesses, as well as better support the growth of our retail businesses.

The recovering levels of private consumption in Iberia, together with our leaner operations, better supply models and renewed store concepts, will enable our non-food businesses to progress at a good pace to achieve satisfactory profitability levels. We will also be in a better position to confidently develop all the new opportunities we have created in new geographic areas, as well as new franchising, wholesaling and category management business models.

In food retail, we will be facing a progressively more competitive market in pricing and promotional activity, as was increasingly demonstrated in 2013. It is fundamental to our strategy and commitment to the Portuguese consumer to maintain our price leadership and our market leadership. Our very significant efficiency and profitability advantage, our size and the excellence of our assets place us in a privileged situation and we are very confident we will maintain our market share and profitability advantage. Given the trends we have seen recently, it does seem probable that, although we will maintain these relative advantages over our competitors, the average profitability of the market will suffer. We will also be working hard on the expansion of all the new formats in this division which have developed extremely well in 2013, both in terms of growth and profitability. We will also continue our efforts to find the most suitable way to participate in the modernisation of the retail market and food supply chain in Angola.

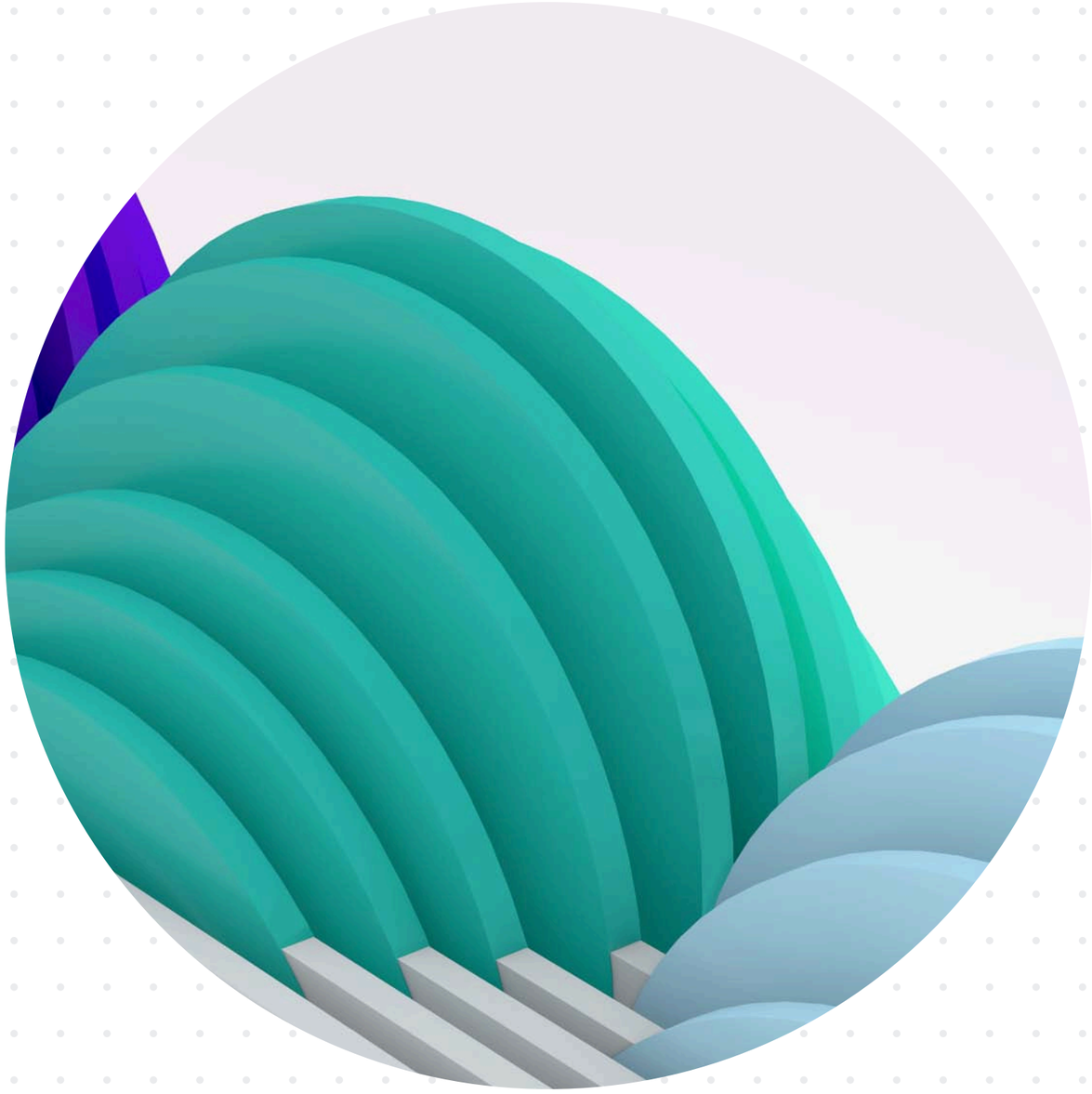
In all retail operations, our increasing capacity to design products and create brands has paved new routes for market differentiation and international expansion, which we are very excited about and will endeavour to develop further in the coming years.

2014 will also be an exciting year for ZON OPTIMUS and we are committed, together with our partners, to support the demanding management tasks of extracting the full value from the identified synergies and launching the future leader of convergent telecommunications.

The amoun t of work that has gone into overcoming this negative cycle has been tremendous. In our base countries, which were under more pressure, our teams produced work of an extremely high quality during a period of personal financial pressure. While we were able to improve remuneration or other benefits on a yearly basis at entry level salaries, this was not the case for our remaining colleagues. The vast majority of these colleagues received no change in fixed income; they all suffered large increases in taxes and many were hit by lower variable remuneration. In 2014, all the new tax and social security obligations in Portugal will be maintained or increased. I am extremely thankful to all those who chose to work in these circumstances and fully appreciate that the high level of expertise of our people means that most of them could easily have moved to other countries, strongly benefiting from lower tax rates and higher salaries. We will continue to push the limits of our productivity, which is already at benchmark best practice levels in many of our businesses, which will allow us to increase variable compensation levels and mitigate these circumstances.

We would also like to thank our stakeholders for all of their support, encouragement, challenges and supervision that have tested our capabilities to the limit, but have also left us extremely satisfied with our personal and collective development.

STRATEGY IN ACTION

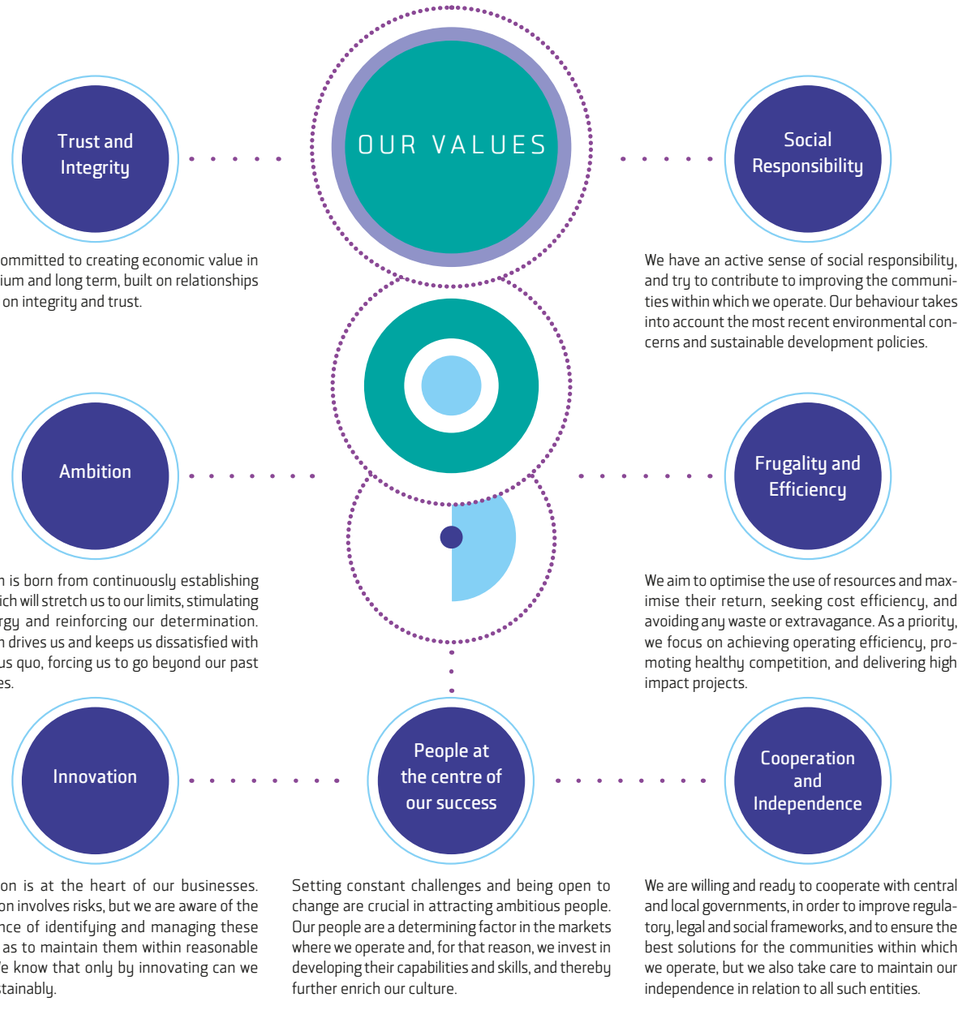


STRATEGY IN ACTION

Executive Committee: Paulo Azevedo and Ângelo Paupério

Our mission is to create long-term economic and social value, bringing the benefits of progress and innovation to an ever increasing number of people.

At Sonae, we believe that our values define who we are and what we stand for. Our values anchor our responsibilities as a corporation and are paramount to the success of our mission.



WHO WE ARE AND WHAT WE STAND FOR

We are a trust based organisation with deep routed values and beliefs which are embedded in our history and have stood the test of time – our values and beliefs have remained consistent and have produced our unique culture. We have lived by them and we have constantly grown in scope and value whilst contributing to society above and beyond the economic wealth we create.

ACTIVE AND ENTREPRENEURIAL INVESTOR

We are an active investment group with an ambitious quest for superior growth and value creation. We continuously plan and optimise our strategy, looking for improved opportunities in our current businesses, analysing new investment opportunities, both in current and new sectors and geographies.

We are constantly searching for new business models and concepts, nurturing our entrepreneurial spirit and assuming considerable risk in the implementation of new ventures. We are rapid and efficient when entering and exiting businesses, whilst always taking strategic decisions with a medium to long-term view.

BERG INNOVATION: OUT TO CONQUER THE WORLD

We think differently. When we decided to create a specialised retail sports segment - Sport Zone - we did not just create a network of sport shops. We were faithful to our entrepreneurship values and we invested in developing an active and innovative way of thinking about sports, focusing on quality and innovation.

Our Berg team has created highly innovative products with the objective of representing the brand abroad. The team and its internal and external innovation forums in place have led to the production of five original products.

The product development process led to five innovations: technical shirt, waterproof jacket, sleeping bag, Peugaiter sock and backpack for trail running. All of these articles are totally distinct from those found on the market and reinforce the brand's avant-garde image.

The promotion of the brand internationally with the creation of unique products has produced very interesting results and over the past year and a half Berg was been honoured with five awards – four internationally.

CORPORATE RESPONSIBILITY

We are committed to developing our business activities based on the principles of sustainable development, with the aim of contributing to society beyond the economic value generated by our business activities. We take into account social, environmental and governance principles and best practices in our decisions and interactions with stakeholders. We are engaged with both financial and human resources in relation to the help we provide to the communities we are part of.

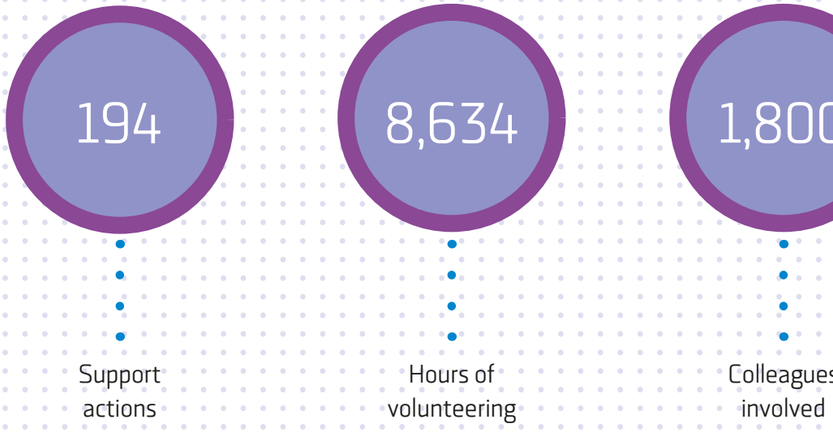
INNOVATION IN ALL OF OUR DIMENSIONS

We are continuously looking for ways to improve efficiency across the whole organisation. Sonae Activshare programme applies this quest to our Corporate Responsibility actions by consolidating and aggregating Sonae's volunteering and social responsibility actions.

Sonae Activshare promotes the development of volunteering actions by communicating all Social Responsibility actions to employees and volunteers.

In 2013, the Activshare programme helped us to support 112 institutions, implementing 194 support actions involving 8,634 hours of voluntering work by 1,800 colleagues. The more efficient we are, the more we can help.

Activshare in numbers



ETHICAL AND TRUST BASED ORGANISATION

We are an ethical and trust based organisation. Our ethical standards are evident through the networks we establish based on the principles of honesty, integrity and transparency, with corruption being completely unacceptable. Our trust based organisation is nurtured by developing long-term relationships based on high standards of trust amongst ourselves and with our partners.

LEADERSHIP IN BUSINESS ETHICS PRINCIPLES

The recognition of Sonae as one of the World's Most Ethical Companies rewards our core values of sustainable growth. Growth based on generating economic and social value, anchored in relationships of trust and cooperation with all members of the community.

"This year, not only did a record number of companies participate in the application process to be recognised as one of the "World's Most Ethical Companies", which demonstrates that ethical activity plays a very important role in many of these companies' business models, but we also witnessed an ever increasing number of companies being proactive and creating new initiatives that expand ethical and cultural programmes via industries such as industry lead associations based on ethics and other activities" - Alex Brigham, Executive Director of the Ethisphere Institute.

PEOPLE ARE AT THE CENTRE OF OUR SUCCESS

It is the talent, expertise, professionalism and dedication of each and every one of us that supports our continued success; these characteristics are at the foundation of our distinctive business knowledge and competences.

We believe and promote meritocracy and do not tolerate any form of discrimination, be it based on gender, religion, race, nationality, social-economic status or any other.

We promote a safe, secure and fruitful work environment which fosters the solid professional and personal development of our colleagues (through experience, training and mentoring) and appeals to young and talented new professionals. In our group, we all have the opportunity to explore and expand our horizons, in order to deliver an extraordinary performance.

FINOV – CHAIRMAN'S AWARD

The FINOV (Sonae Companies' Innovation Forum) Chairman's Award is awarded every year to a specific initiative or the successful implementation of a project, recognising the significant contribution made to the business and the notable endeavour made towards Sonae Companies' culture of innovation.

The 2013 award was granted to the project 'Picking Trolley', which adds new functionalities to the picking trolley at Continente Online.

Whilst collecting orders from clients made via Continente Online, we use a shopping trolley that was developed internally and that has been patented. Use of the trolley on a daily basis led to the development of new functionalities such as supports for fruit bags, enhanced visibility of the touch screen and increased loading capacity. Results are very positive and we have extended the remodelling to 150 baskets.

Changes have resulted in a 30% increase in basket capacity, with a 10% direct increase in the operator's productivity, due to greater ergonomics and decreased effort during the collection of items.

Our corporate values and beliefs are shared by all our business units. They are a fundamental and structural element at the base of many of our distinctive competencies. They are the fibre that holds us together and guarantees our collective strength and common future. We have a set of corporate culture attributes that guide our actions and are a clear statement of **what we stand for**.

AMBITION

It was our ambition that transformed a small industrial business into one of the top Portuguese based companies with a growing international footprint. We have also become a leading player in almost all of the sectors in which we are established and our ambition continues to be the driving force of our success.

We always aim to achieve leadership positions in our business areas. We continuously set ambitious goals, which are inspired but not limited by benchmarks or best practices and that test our current competences and demand a bold and entrepreneurial attitude from our managers. We are highly resilient pursuing our ambitious goals and implement most effectively in class risk management practices to balance our bold attitude and guarantee that adverse situations are detected and managed swiftly.

EXCELLENCE AND INNOVATION

We look to excel in all our activities and our professionalism is above standard.

We continuously question both our business models and industry orthodoxies in order to identify opportunities. Customers are at the centre of our activities. We believe it is necessary to think "out-of-the-box" and develop new ways to compete, always maintaining a "challenging" attitude, by continuously improving our value propositions and experimenting with new business models.

FRUGALITY AND EFFICIENCY

We eliminate superfluous expenditures and are cost conscious, always looking to improve our operational efficiency and organisational structure. We look to optimise the use of our resources, carefully choosing where and when to use them, maximising their returns. We invest with confidence in all areas and initiatives that improve our ability to create value.

COOPERATION AND INDEPENDENCE

We establish long-term partnerships with third parties based on the principles of honesty, integrity and transparency. We are fully committed to the success of each established partnership adopting an active role by sharing objectives and risks, bringing valuable contributions, and committing the necessary resources.

We look to cooperate with central or regional governments, by contributing with our expertise and with the aim of improving the regulatory, legislative and social environment. Our commitment and willingness to help society never leads to a loss of independence or to any involvement with political party activities.

GOVERNANCE

We have put into place procedures which allow a true and clear evaluation of business performance and ensure compliance with our values and principles. Our Directors accept and look for regular monitoring by our stakeholders, in particular from our shareholders (or their representatives), as well as from our customers, colleagues, market analysts and other outside observers.

We are a listed company, in which the majority ownership lies with one shareholder who has shaped our culture and beliefs. We share this culture and this beliefs with our sister companies and we are a publicly traded company with a large free-float and a responsibility to over 30 thousand shareholders.

We believe that our founding motives to 'contribute to economic development' and to 'promote overall social well-being' are as valid today as ever.

STRATEGY

Our mission and our values are built into our strategy – we always know where we are going and why. We will significantly increase our geographic presence and employ new business models to foster growth and value creation. Based on our existing businesses and with our distinctive competencies, assets and culture, we will pursue the following three main strategic pillars.

Board of Directors: Michel Marie Bon, Bernd Bothe, José Manuel Neves Adelino, Paulo Azevedo, Álvaro Cuervo Garcia, Belmiro de Azevedo, Álvaro Portela, Christine Cross and Ângelo Paupério.

CORPORATE STRATEGY

VALUE CREATION THROUGH INTERNATIONAL EXPANSION AND STRENGTHING OF THE CORE BUSINESSES CORPORATE STRATEGIC PILLARS

International Expansion

NEW GROWTH AVENUES

PROFIT FROM "WORLD CLASS" COMPETENCIES

- Current core business with leader formats in mature markets
- Widen competencies, knowledge and experience pool
- New sources of value creation

Worten Omni-channel

Wholesale MC

Ecommerce

Diversify Investment Style

ADOPT THE MOST APPROPRIATE INVESTMENT STYLE
- FRANCHISING
- PARTNERSHIPS
- MINORITY STAKES

- Use capital light models (renting vs. owning; partnership vs. full control; and franchising)
- Add local knowledge
- Reduce Capital Employee needs

ZON OPTIMUS merger

Sonae Sierra recycling capital

Zippy Franchising

Leverage and Reinforce Exceptional Assets and Competencies

INNOVATE

GENERATE NEW BUSINESS STRENGTHEN COMPETITIVE POSITION

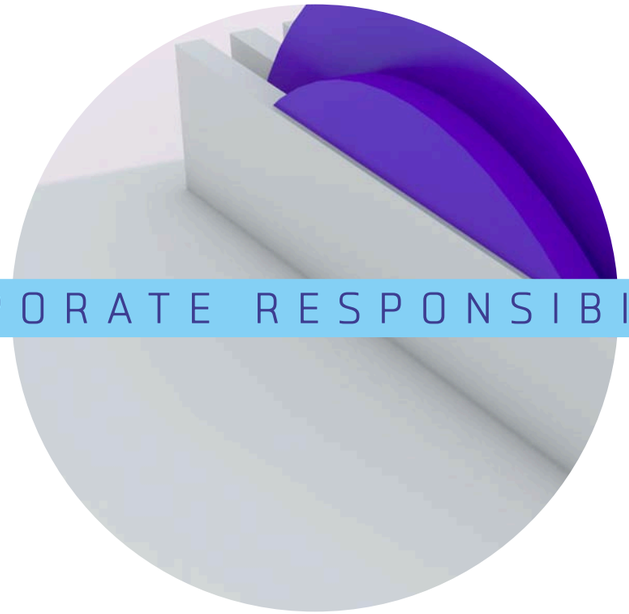
- Capitalise on assets and competencies in base market to launch new projects in adjacent areas
- Reinforce competitive position
- Grow "share-of-wallet"

Hyper 2020

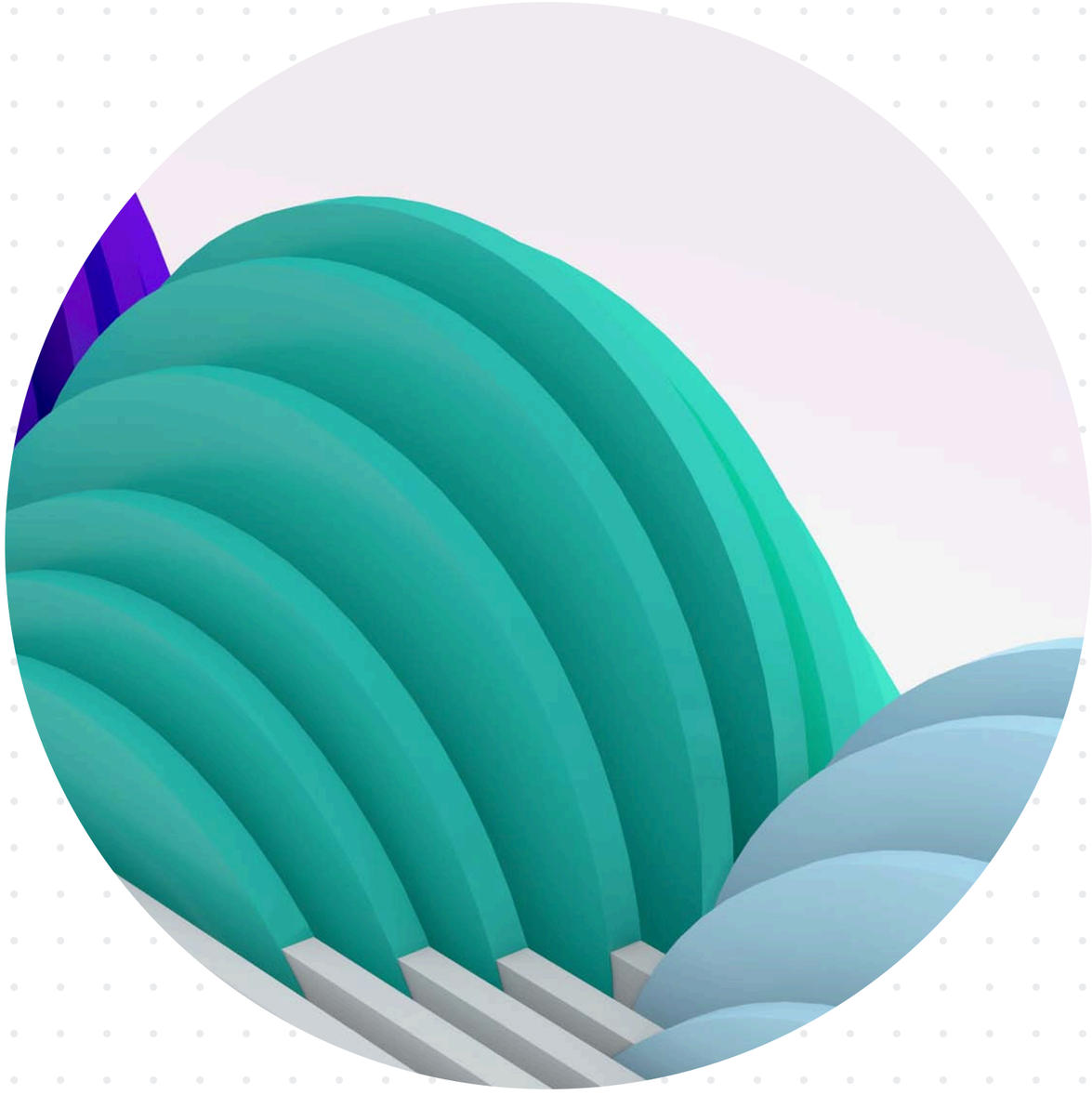
Rebranding of MO

New concept of Sport Zone

We continuously apply our Corporate Strategic Pillars, as clearly demonstrated by some examples, which are described in the Financial Review section of this report.



CORPORATE RESPONSIBILITY



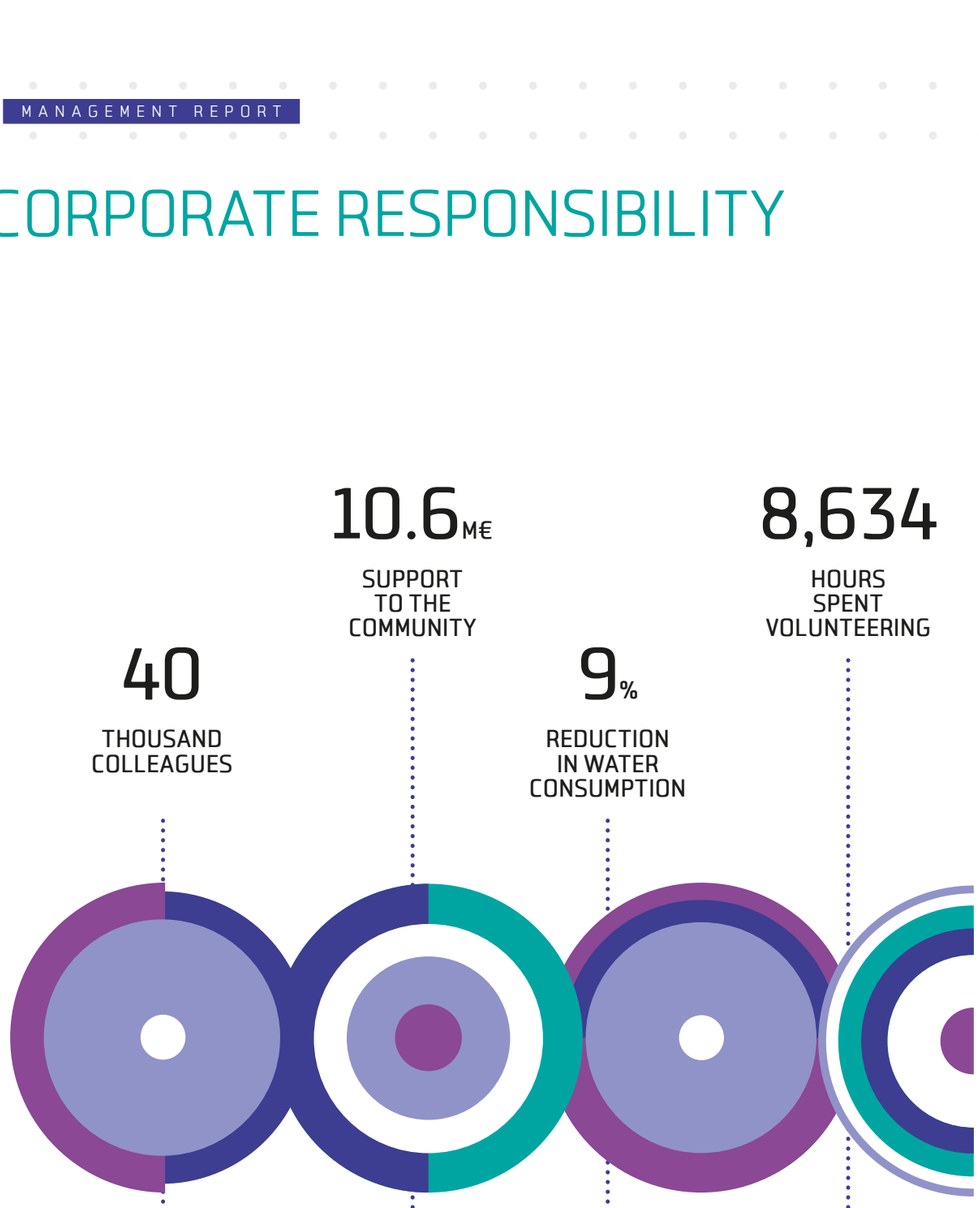
CORPORATE RESPONSIBILITY

10.6 M€
SUPPORT TO THE COMMUNITY

8,634
HOURS SPENT VOLUNTEERING

40
THOUSAND COLLEAGUES

9 %
REDUCTION IN WATER CONSUMPTION



1,107,749
HOURS OF TRAINING

2,059
INSTITUTIONS SUPPORTED

194
VOLUNTEERING ACTIONS

23,000
TONNES OF ELECTRICAL WASTE EQUIPMENT COLLECTED IN THE PAST 5 YEARS

The socioeconomic environment is undergoing a period of profound adjustment raising new challenges across the whole organisation. We face the future with optimism, but we are also aware of current difficulties.

We have devoted significant efforts to creating growth opportunities, but we have never lost track of our corporate responsibility values. In fact, it is our strongest conviction that those same values are paramount to our success. Corporate responsibility is part of our genetic makeup and we actively manage each dimension: people, environment, sourcing, clients, innovation and community.

We have had an excellent performance in 2013 and we are particularly proud of the recognition received for our commitment to our corporate values. Every day we take strategic decisions with an impact that goes far beyond our stores. We make sure that all these decisions are guided by ethics and sustainability principles.

SONAE IS RECOGNISED FOR THE THIRD YEAR RUNNING AS ONE OF THE MOST ETHICAL COMPANIES IN THE WORLD

2013 WORLD'S MOST ETHICAL COMPANIES™ WWW.ETHISPHERE.COM

Sonae, the first Portuguese company to be awarded this distinction, has been recognised for the third time running by the Ethisphere Institute as one of the "**Most Ethical Companies in the World**" for its implementation of transparent business practices and initiatives that benefit the community, raising the bar for ethical standards among all of its stakeholders.

This continued recognition confirms Sonae's commitment to create economic and social value based on principles of ethical behaviour and sustainable development, taking a long-term view and founded on relationships of confidence with all of its stakeholders.

"Corporate responsibility is a topic very close to our heart. At Sonae we cannot conceive a strategy that is not soundly routed in the ethical principles of sustainable development. As a market leader, we know that the stakes are higher and this recognition gives us the encouragement to reinforce our efforts towards a better world. We will not compromise on ethics and transparency, as we believe that these are the cornerstones paramount to our success. I am proud and fortunate to have a team that shares these beliefs."

Paulo Azevedo | CEO of Sonae

A significant part of our efforts are devoted to aligning our values of corporate sustainability with our colleagues and stakeholders, as we truly believe that this is the only possible way to shape a better society.

HIGH LEVEL FORUM FOR A BETTER FUNCTIONING FOOD SUPPLY CHAIN

Sonae is the only European retailer to be invited to join the High Level Forum for a Better Functioning Food Supply Chain, the consultive group of the European Commission whose objective is to ensure consistency and coordination across the various initiatives of the EC and to collaborate in the definition of policies for the the agro-food sector.

In the words of Luís Reis (Sonae's Chief Corporate Centre Officer), "The choice of Sonae to be invited to join the High Level Forum is recognition of the excellence of our practices and cooperation with the producers, an area where we have worked actively to promote national production and to offer unique conditions for our business partners." Sonae's Producers Club is an unique example of the quality of this commitment.

We think about corporate responsibility as a nuclear dimension of our strategy and, therefore, we continuously revise and monitor our Corporate Responsibility Commitments in order to guarantee that they are being correctly enforced and to ensure that in the long run there is a complete alignment between our strategy and our impact in society. We do not compromise when it comes to corporate responsibility.

CORPORATE RESPONSIBILITY COMMITMENTS FOR 2013/2015

Better Purpose

- Promote the adoption of healthy lifestyles by providing customers with all the necessary information for balanced a nd more nutritionally responsible choices.
- Promote the welfare of communities where Sonae is present, contributing to the strengthening of citizenship and social cohesion.

Better Planet

- Focus on continuously raising the levels of Excellence of our environmental performance, not only as a differentiating factor but also as a pre-requisite for the sustainable development of Sonae's businesses.

Better People

- Promote wellness and invest in the development of the personal skills and competences of our colleagues, continuously enriching Sonae's culture.
- Integrate sustainability into the supply chain and improve the alignment of our suppliers' practices with Sonae's policies.

At Sonae, we believe that our values are the strongest motive for our success and our actions serve as the best testament to our values. Further information can be found in our Sustainability Report.

WE VALUE OUR TEAM

OUR TEAM IN FIGURES

72%
OF COLLEAGUES WITH PERMANENT CONTRACTS

67%
FEMALE COLLEAGUES

109,195
TRAINING ACTIONS

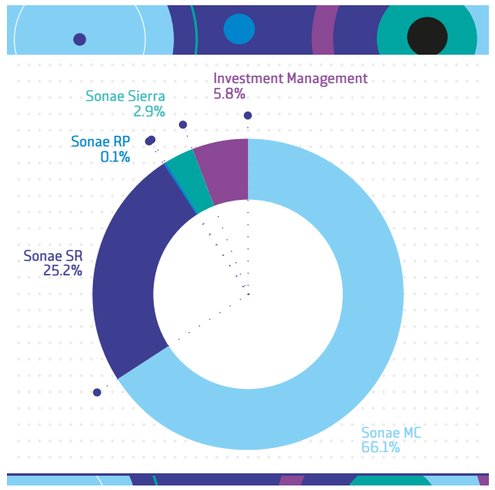
57%
OF COLLEAGUES BELOW THE AGE OF 35

1,107,749
HOURS OF TRAINING

Sonae is a company for the people. Our people are the soul of our business and we value their precious skills. We truly believe that we have the best team and we do not compromise when it comes to giving our team the right opportunities for personal and professional development. Sonae is built by the people for the people and for us this means that we have the responsibility of promoting talent and recognising merit when it is due.

We take the motto "The success of our team is our success" very seriously, as we believe a professional, excited and happy team will work at its best to bring the best products and services to our customers. This is paramount to our success. We have aggressive policies and strategies to find talent, as we only want to recruit the best. But finding talent is only part of the key to our success, as we believe that it is equally important to retain talent and to promote the right opportunities for the development of each colleague and each team.

Staff per area



MOVEMENT FOR YOUTH EMPLOYABILITY

Sonae has committed to offering internships to young professionals, who have recently graduated and are seeking job opportunities. In 2013, 71 professionals were selected through these criteria for a one year internship at Sonae.

A new generation of professionals is formed every year. We believe it is our responsibility to create opportunities for young professionals to develop personal and professional skills that we regard as essential at an early stage of their careers. In parallel, we take our social role to contribute to job creation in the country very seriously, particularly given the many challenges faced when placing young people on the labour market.

CALL FOR SOLUTIONS

The Call For Solutions is an open innovation programme that invites some final year Masters students from the top Portuguese Universities to take an internship at Sonae, contributing with ideas and solutions to overcome the challenges presented by Sonae's various companies.

This programme aims to bring added value to our business and it allows us to identify young talent, exposing these students to a real work environment at a very early stage of their careers. During a 4-5 month period, we focus on promoting the development of both their personal and professional skills, allowing them to take part in this privileged opportunity to prepare themselves for the job market.

Over the last 4 years, the programme has involved more than 30 management teams and has received students from over 10 universities. In 2013, the programme was held two times and presented 37 challenges to those final year Masters students, whom we considered to have the potential to come and join the ranks of Sonae, after their internship.

We believe in a system based on responsibility and reward. Our team is not afraid to take responsibility, as we share the same goals and attitude facing challenges and we make sure that they know that they are part of us. We have a competitive remuneration package in place that includes a comprehensive compensation plan and strict adherence to the criteria of merit. Our incentives scheme is based on a combination of Group, departmental and personal key performance indicators. We share our success with our team.

Our team is driven by success and a focus on continuous improvement. The learning process is interactive: we provide our team with continuous training but we also want to learn from them. Sonae Retail School and Sonae Management & Leadership Academy are the finest example of our commitment to continuous training. Sonae Retail School continues to focus on making Sonae's team more active in the identification of new challenges and areas to improve, rapidly designing programmes, which lead to the dissemination of best practices across the organisation. Sonae Retail School has proven to be a critical asset in our continuous learning process. The Sonae Management & Leadership Academy promotes intensive training in the areas of management and leadership with a strong impact on our competitiveness.

Safety first! As part of our effort towards a better working environment we have an unwavering commitment towards health and safety at the workplace. Our efforts are recognised both internally and internationally with numerous awards and distinctions, but for us there is always further action to take towards one of our most relevant objectives – "zero accidents". We are in the process of raising the awareness of health and safety across the whole organisation, particularly with the involvement of managers. We believe that higher levels of awareness towards health and safety will mitigate any associated risks.

INTERNATIONAL AWARD OF GOOD PRACTICE BY THE EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK

Sonae was, once again, awarded with The European Good Practice Awards for the development of new practices to ensure all organisational levels are involved in risk prevention and in the promotion of safety and health at work in the areas of retail.

With the aim of developing an effective safety culture, Sonae's Safety and Health at Work departments introduced several initiatives, in particular the presentation of an awareness programme for managers. This programme aimed to promote the message that safety requires teamwork and a visible commitment by all, helping to emphasise the role of managers and supervisors with regard to safety and health at work. It also stressed why these parties are key to motivating their colleagues to adopt safe behaviours that will help to achieve a safety culture. The presentations also analysed the main causes of accidents and managers and supervisors were encouraged to determine the main characteristics in order to be able to reduce the occurrence of such accidents in the future.

José Côrte-Real (Sonae's Human Resources Director) states that "Sonae has a culture of innovation and sustainability and intends to continue to implement its best practices, particularly in raising awareness throughout the organisation of the issue of safety and health at work. Receiving this award is an honour for us because it recognises the commitment, hard work and Sonae's dedication to the goal, of each and every day, building a sustainable company which creates value for all its stakeholders."

THE BEST LEADERSHIP SCHOOL

For the third consecutive year, Sonae was honoured with the "The Best School for Leaders" award by the Hay Group consulting firm that distinguishes the best companies in training leaders worldwide. The international study, in which 69 companies in Portugal participated, was based on a poll of business leaders. The results placed Sonae at the top of the Talent Management and Leadership Development category.

José Côrte-Real (Sonae's Human Resources Director) notes that "Sonae offers unique opportunities for skills and knowledge development, as we enable differentiated experiences that contribute to the development of talents. The ability to generate innovative, entrepreneurial leaders internally has proven key to the accelerated development and diversification of our business, assuming positions of leadership in their respective segments of activity."

Sonae actively invests in the development of talent. With the goal of fostering leadership and developing leaders, Sonae launched the Sonae Management & Leadership Academy. Here programmes are offered which are dedicated to the development of the different organisational levels from the operational levels to the strategic levels. For this purpose, partnerships were established with the most reputed national and international management schools, promoting the sharing of knowledge with their current leaders, who undoubtedly have exceptional skills in the areas of leadership and coaching.

SONAE MANAGEMENT & LEADERSHIP ACADEMY

The Sonae Management & Leadership Academy offers highly specialised training by focusing on the development of the different organisational levels, from the more operational to the more strategic levels. Each programme is designed based on our areas of competence and focuses on state-of-the-art management and leadership skills. Our objective is to provide our team with the best preparation for management and leadership and, consequently, for this to be recognised by our stakeholders.

For our executive members, we have an integrated vision concerning their training and development. We go beyond executive education, aiming to offer programmes supported by alternative methodologies like action learning, on-the-job-experience, coaching or mentoring. We designed customised programmes, which are challenging and innovative, taking into account the current needs of each and every executive member.

We would like to emphasise the sponsorship provided by the Executive Commission members for these training programmes as a source of motivation and a challenge. We also highlight the internal training component as a privileged way to transmit the fundamental management processes practised at Sonae.

The partnerships we have established with the most prestigious national and international universities guarantees that the most up-to-date topics are addressed and ensures that our programmes are highly reputed.

In 2013, the Sonae Management & Leadership Academy's programmes were received with much enthusiasm, many of the participants repeatedly confirmed their interest in the contents and the relevance of the training offered for their career development. During 2013, 935 colleagues were involved in 22,300 hours of training, representing an investment of 800 M€.

We believe that the constant introduction of added value to this model of training, promotes the right conditions to increase the levels of satisfaction and motivation of our team and, consequently, the development of our productivity and strengthening of our competitiveness.

RESPECT THE ENVIRONMENT

At Sonae, respecting the environment is not merely about meeting the required legal standards but about a whole way of life. We think 'green' within the organisation (our people), we promote green options to our customers and we encourage green options from our producers. We constantly update our environmental strategy and ensure that our people work vigorously towards its implementation, as we strive to leave an environmental legacy worthy of passing from one generation to another.

We have two main objectives: on the one hand it is to reduce our environmental footprint to the absolute minimum. This means always reviewing and adapting our strategy and its impact on the environment, so that the highest environmental standards are attained.

EQUIPA WORTEN EQUIPA

Launched in 2009, the "Equipa Worten Equipa" is a project of social and environmental responsibility, through which Worten offers new electric and electronic equipment to solidarity institutions in exchange for old equipment collected from customers.

Since 2009, Equipa Worten Equipa has collected more than 23,000 tonnes of electrical and electronic waste equipment and more than 13,000 new pieces of equipment have been offered to 1,280 institutions, offering support to more than 314,000 people in need. In 2013, Equipa Worten Equipa had another impressive result with a total of 4,060 tonnes of waste equipment collected.

On the other hand, our second point of focus is that of raising public awareness of environmental issues. We are extremely active in the community around us and we use this unique infiltration to our advantage to work towards a better environment and to promote public awareness. Our environmental actions are divided into 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total emissions of CO_2e; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste. In 2013, we were successful in all of these domains.

At Sonae, we take our environmental responsibilities seriously and we do not accept compromises when it comes to reducing our environmental footprint or to using our stronghold to raise awareness of environmental issues. Our hard work is evident in the recognition we received, such as the "Brand of Confidence" awards, the CDP recognition, where we are ranked in the top positions amongst Iberian companies.

SONAE, LEADER FOR A BETTER ENVIRONMENT - CARBON DISCLOSURE PROJECT

Sonae is the Portuguese company with the best environmental performance, according to the study "CDP Iberia 125 Climate Change Report 2013". This distinction recognised our efforts to reduce carbon emissions and mitigate climate change, as well as the transparency and quality in the reporting of our environmental information.

Our efforts are anchored in solid corporate responsibility values and we are very proud of being the only Portuguese and the only retail company to be awarded two awards in different fields of environmental analysis: "CDP Iberia 125 Climate Performance Leadership Index 2013" on environmental performance and "CDP Iberia 125 Discloser Climate Leadership Index" on quality of information published.

Catarina Fernandes (Sonae's Head of Communication, Brand and Corporate Responsibility) at Sonae said: "Sonae is largely concerned with the efficiency of their operations, aiming to lead in the implementation of best practices and mitigate potential impacts, making threats opportunities to do more and to a better standard. In this sense, the inclusion of Sonae in CDP ranks, since 2011, rewards the work of our colleagues who work every day to be more efficient and further reduce the ecological footprint towards a better world."

In the words of Paul Simpson (CEO of CDP) "The number of investors requesting business action on climate change through CDP increases continuously. We congratulate the companies of the Climate Performance Leadership Index for their pioneering efforts in combating climate change and promoting low carbon economies at this critical time. (...) Companies that score high enough to be included in the Climate Disclosure Leadership Index are assuming a critical role in showing a greater corporate accountability on the issue of climate change. These companies demonstrated best practices regarding the measurement of emissions of greenhouse gases, energy use and transparency of its strategy to climate change."

SOURCING WITH INTEGRITY AND QUALITY MANAGEMENT

Our customers want to know where their products come from and so do we. For this reason at Sonae, we go out of our way to ensure the quality and safety of our products. Sourcing is strictly controlled and all suppliers not only have to meet the highest standards of quality, but we also have to ensure that our customers have real value for their money.

Safety is paramount at Sonae, both within our organisation and concerning our partners. We constantly monitor our suppliers' network in order to attain better levels of efficiency and quality and determine problematic areas. Any necessary adaptations are carried out and best practices disseminated. In particular, we are concerned with the sustainability of our partners and particular emphasis is placed on the environmental and social aspects of their performance.

It is essential that our partners are aligned with our business strategies and values, they are essential for our long-term success. We address their interests by providing training through continuous learning programmes and support forums to adhere to our strict corporate responsibility standards. It is our prerogative to make certain that we source products with integrity and quality. Above all, we wish to ensure that we work hand-in-hand with our partners towards a sustainable future.

Our standards of quality are also reflected in our efforts to promote higher levels of transparency to allow our customers to make better informed decisions. In this regard, we continue to improve our pioneer labelling system on nutritional content and we promote a healthier lifestyle by providing our customers with the best information and advice and by celebrating protocols with specialist organisations in the areas of health and nutrition.

Founded in 1998, Continente Producers Club results from Sonae's desire to support Portuguese producers more closely. The Club has had a significant impact in national and regional economic development.

The strategic objectives of the Producers Club are essentially to promote national products in accordance with Sonae's high standards of quality and safety in the food retail chains of the Group and, to that end, offer consistent and structured support to its members. At the same time, it guarantees a means to ensure the sale of their production, which because of its renowned good taste and quality, can openly and advantageously compete in the market.

The Club takes the lead in providing a key link between production and consumption, through its in-depth knowledge of consumer trends and requirements. It has also encouraged continuous investment in training and support of its members, so that the sectors in which it is involved become increasingly competitive against a background of global competition.

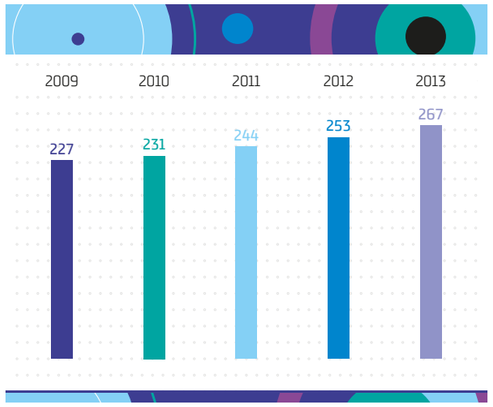
At the end of 2013, the Club had 267 members and represents 254 M€ of purchases, an increase of 8% from the previous year.

In 2013, the Continent Producers Club was represented at various events, namely:

- Market of Flavours. With 17,500 visitors, this event aimed at promoting knowledge and typical Portuguese foods.
- Mega Pic-Nic Continente. More than 600 thousand people visited this event and the world's largest gazpacho (5,000 litres) was cooked.

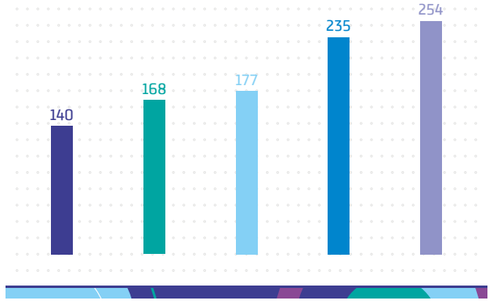
The Club also recognises innovative projects with the Producers Club Innovation Award, now in its fourth edition, which aims at recognising members of the Club for their innovative projects that aim to improve performance and alignment with our retail policies. The 2013 prize was awarded to the project "Environmentally Friendly Cellar", by the wine producer Adega Cooperativa de Borba CRL.

Club Members



Purchases on the Club

Million euros



OWN BRANDS: A COMMITMENT TO QUALITY

Part of our retail strategy is to develop a wide range of products with our own brands. We want these products to be competitive in price, without compromising their quality. To support our goal we have developed a comprehensive system with a strong innovation component and with production based on high quality standards. We continuously monitor our products and services, throughout their life cycle:

- Concept development
- Research and development
- Certification
- Production
- Marketing
- Supply and distribution
- Use
- Disposal, reuse or recycling

As part of our commitment to the quality of our products we have audited 742 of our near 2,000 suppliers and we have carried out more than 525,000 laboratorial analyses. Additionally, we reinforced our food safety audit programme in stores, cafeterias, warehouses and manufacturing centres, by reporting main conclusions across the company and taking corrective actions. The system is also critical to identify cases of excellence and to disseminate best practices. This audit programme sets out to systematically verify compliance with legal standards and internal rules associated with food safety. Our audit systems strongly contribute towards increasing customer satisfaction levels, as well as maintaining the image and reputation of the company.

THE SUPPLY CHAIN INITIATIVE

THE SUPPLY CHAIN INITIATIVE
Together for good trading practices

Sonae signed up to the Supply Chain Initiative, a joint initiative launched by 7 EU level associations with the aim of increasing fairness in commercial relations along the food supply chain.

The 7 EU level associations involved in this Initiative represent the food and drink industry (FoodDrinkEurope), the branded goods manufacturers (AIM), the retail sector (the European Retail Round Table (ERRT), EuroCommerce, EuroCoop and Independent Retail Europe) and agricultural traders (CELCAA).

"The purpose of the Initiative is to promote fair business practices in the food supply chain as a basis for commercial dealings. It aims to generate a cultural change through the commitment of signatories to fair trading practices coupled with measures aimed at integrating the principles of good practice into day-to-day company operations and at controlling their application.

The Initiative also aims to ensure that companies address disputes in a fair and transparent manner, whilst reassuring the complainant that they will not be subject to retaliation."

Luís Moutinho | CEO Sonae MC

INNOVATION IS ESSENTIAL FOR OUR SUSTAINABLE SUCCESS

"Innovation is one of Sonae's most fundamental values. For us innovation is not just a word or intention. It is a work methodology. It is our way of life." Luís Reis (Sonae's Chief Corporate Centre Officer)

To succeed we have to get there first. We are proud of our past, but we want more. This relentless desire to break the next limit and to understand the future before our peers is the reason why we are so active in nurturing innovation. We truly believe that innovation can be managed and, given the right conditions, can thrive and become one of the strongest determinants of a sustainable success.

We are a market leader. We reached this position by continuously innovating in all our dimensions, paving the path for others to follow. The way we think about our retail business and the way we make the transition from strategy to action is acclaimed around the world. Our different retail segments are all based on creating value for the customer, as we believe this to be the only possible way to create value for the organisation. Each retail segment has its own idiosyncrasies, but they all share an exciting range of new products, services and procedures very distinctive forms of brand activation and social responsibility and an impressive capacity to continuously adapt to the reality of the market through organisational changes.

Our culture of innovation is based on the simple principle that everyone can innovate. The diversity of the backgrounds and profiles of our people, as well as from the diversity of the business sectors and countries in which we operate are paramount to create an exciting and dynamic environment that induces creativity and innovation.

MANAGING INNOVATION

We continuously reinforce our strong investment in Innovation aiming at creating value for our clients. Our innovative actions are varied and striking, having a positive impact on the innovation culture. Our colleagues continue to be the source of creativity at Sonae.

We have been testing several ways to boost the innovation culture, continuously transforming our organisation so that we can efficiently solve any daily challenges.

We have conducted dozens of Creative Problem Solving Sessions, with hundreds of colleagues actively contributing ideas for actual problems.

We have created ShineOn, an idea collection model in which collaborators respond to specific challenges and then present them to the Board of Directors in a special format, the "ignite" way.

We have promoted BizShare and Experiences events, forums for the sharing of knowledge and experiences between colleagues in different businesses.

We have launched Academy2Business, to work closer with Portuguese universities.

We organised the Agile Marathon, a hackathon that gathered 130 students, for 29 hours straight, with the objective of creating app prototypes for the Continente Online shop.

The success of these initiatives and the challenges ahead increase our responsibility. We will continue to work with great effort and rigor to justify access to the funding sources available for innovation projects.

Our customers will always remain the main motivation, reason, and purpose of all of our activity. We are committed to decisively contributing toward the creation of a better future for all.

João Günther Amaral | Head of Innovation

FINOV – SONAE COMPANIES' INNOVATION FORUM

FINOV ensures that the theme of innovation and sharing of experiences and knowledge are present across all business units.

FINOV gathers representatives from all companies and defines the policy of innovation and strategy to follow. Various cross-sectoral projects are carried out and enriched by this business heterogeneity.

This forum is also responsible for the organisation of the FINOV event which, besides being a vehicle of information on the tendencies of innovation, recognises the most innovative initiatives of each of Sonae's companies.

In 2013, we awarded the following projects: Hyper Future (Sonae MC), product innovation of Berg (Sonae SR), Optimus' internal platform of beta testers (Sonaecom), the programme and discounts Promofans site (Sierra), applying online access information for insurance customers Proximity (MDS) and energy efficiency BuildOne (Sonae Capital) software.

Luís Reis, FINOV's President said: "The winning projects of Sonae Companies and the Chairman's Award demonstrates our ability to develop, in Portugal and in more than 60 countries where we operate solutions that create competitive advantages and it is companies like Sonae which act as a landmark in their sectors at national and international level. We have promoted a culture of open innovation, involving employees, partners, universities and knowledge, with significant results that translate into new products and services, but also new formats and business processes that were evident in the FINOV'13 ".

AGILE MARATHON: ONE HUNDRED STUDENTS INNOVATING WITH SONAE FOR 29 HOURS

We believe in the talent found in universities and in what we can learn from students. Released in October, the Agile Marathon for Ecommerce challenged 135 students from Faculdade de Engenharia, Universidade do Porto (FEUP) to develop an application that allowed the transfer of the service of the Continente online store to mobile devices with innovative features.

The event was organised in partnership with the Centre of Skills of Innovation and Development of Products and Services (CIPS) and FEUP. This partnership has made possible the realisation of an event that combines creativity with the use of the most appropriate pedagogical tools, with learning as the key factor throughout the process.

This challenge aimed to reinforce, stimulate, and support innovation projects in the company's ecommerce area, fostering open innovation practices. Over a hundred students participated in this marathon of creativity, enthusiasm, and innovation. During the 29 hours of the marathon, sleep was scarce motivation levels in the workrooms were high, in order to achieve the ultimate goal and the adrenaline rush of the countdown resulted in the development of excellent applications. There were a number of awards recognising the most innovative applications, but the pride and the sparkle in the students' eyes was the best result we could have achieved.

SHINE ON: A GOLDEN OPPORTUNITY TO PRESENT INNOVATIVE IDEAS

Innovation is a part of our DNA and this led to the Shine On initiative, which gave our people a golden opportunity to voice their innovative ideas on a given challenge.

This innovative programme for collecting ideas allows everyone, from all areas, to share their ideas. After further analysis, the best ideas are selected and presented to the Executive Boards.

Shine On took place at both Sonae MC and Sonae SR simultaneously. At both events, 22 colleagues each presented their ideas, within a 5 minute time limit. At the end, the Executive Boards had the tough task of selecting the best ideas to be implemented.

ALWAYS LOOKING FOR BETTER PROCESSES

Sonae was distinguished by the Kaizen Institute for the continuous improvement project implemented in its Department of Administrative Services (DAS). It recognised the innovative work done by DAS in the optimisation of its management of administrative processes, ensuring the quality and timeliness of financial, tax and management information across the whole group. Better and timelier information allows more time for analysis, improving the quality of the decision-taking.

Domingos Sequeira (Director of the Sonae Corporate Centre) states that: "The project of continuous improvement implemented in DAS enhanced the efficiency and effectiveness of services, helping to develop and enhance teamwork. This award recognises the improvement in the quality and timeliness of information, which plays a paramount role in decision-making, encouraging the creation of business value."

A STANDING COMMITMENT TO OUR CUSTOMERS

The trust our customers place in our work, drives us to develop innovative products and services for a better future. At the end of the day, our customers are a direct measure of our success. Our commitment to our customers has two dimensions: our products and services and our quest to improve each customer's lifestyle.

We aim to bring the best products at the best prices and for each product we offer a wide range of prices, always with a guarantee of quality. We work closely together with our suppliers to develop new products and services and continuously search for efficiency gains, without compromising on quality. Additionally, we work internally to innovate across the whole organisation, leaning operations and allowing our customers to have a more enjoyable shopping experience. The Continent loyalty card cannot go unmentioned, it is a phenomenal example of innovation that has led to more than 360 M€ in savings.

We are also aware of our presence in society and we use this presence to help to improve each customer's lifestyle. We do this not only through the quality of our products, but also by providing our customers with advice through health campaigns and promoting our healthy product categories – "Equilíbrio" (Balance) and "Área Viva" (Living Area).

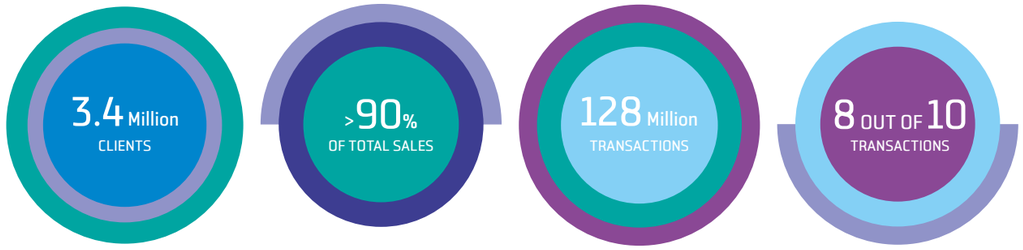
CONTINENTE LOYALTY CARD A LANDMARK IN RETAIL

Our Continente Loyalty Card is a case study around the world and we are still exploring its potential. Year after year we are surprised by the staggering results delivered by this innovative project used by 3.4 million clients, out of 4 million homes in Portugal.

The loyalty card is a way for us to show our clients our true commitment to household savings and to offering our customers the best products at the best prices.

Luís Moutinho, CEO of Sonae MC, stated that "against the negative economic backdrop, Sonae made a significant effort to facilitate the task of Portuguese families in managing their budgets, providing the best products and the lowest prices, as well as an extended range of information, enabling a smarter choice. This effort has been recognised by consumers, leading to market share gains for most Sonae retail formats, including Continente, a leading food retailer in Portugal."

CONTINENTE LOYALTY CARD IN A NUTSHELL



Our values are recognised through our products and services and we are proud to see our commitment to integrity and quality being recognised. For the first time, we have had three of our brands recognised as Brands of Confidence - Continente, Worten and Zippy. We are extremely proud that for the first time Zippy has been recognised. Once again, our innovative entrepreneurial style of investment has proven to be correct and allows us to distinguish ourselves from our competitors. This recognition rewards all of our efforts. Additionally, Continente has been recognised for the 11th consecutive year by Superbrands, certifying that in the retail category, Continente is the most trusted brand by Portuguese consumers. This recognition is based on identification with the brand, needs fulfilled by the brand and the familiarity, competence and responsibility associated with the brand.

We value the loyalty of our customers and we are aware that such recognition only increases our responsibility. Next year, we will do even better!

SONAE A BRAND OF TRUST

At Sonae we truly believe that our success comes from our customers. We work at our finest everyday in order to offer the best products and services at the best price. We honour our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because we know how hard we work. We are proud of the recognition we have received. For the first time we are the recipient of three Brands of Confidence. Continente holds the title for 11 consecutive years. A remarkable achievement. Worten has been recognised by our customers for the fourth consecutive year. Zippy is a new addition and has been recognised as a brand of trust for the first time.

In addition, Continente was recognised for the ninth consecutive year as a Superbrand.

Thank you! We know success carries with it more responsibility and we will stand up to our commitments.

MAKING A POSITIVE DIFFERENCE TO OUR COMMUNITY

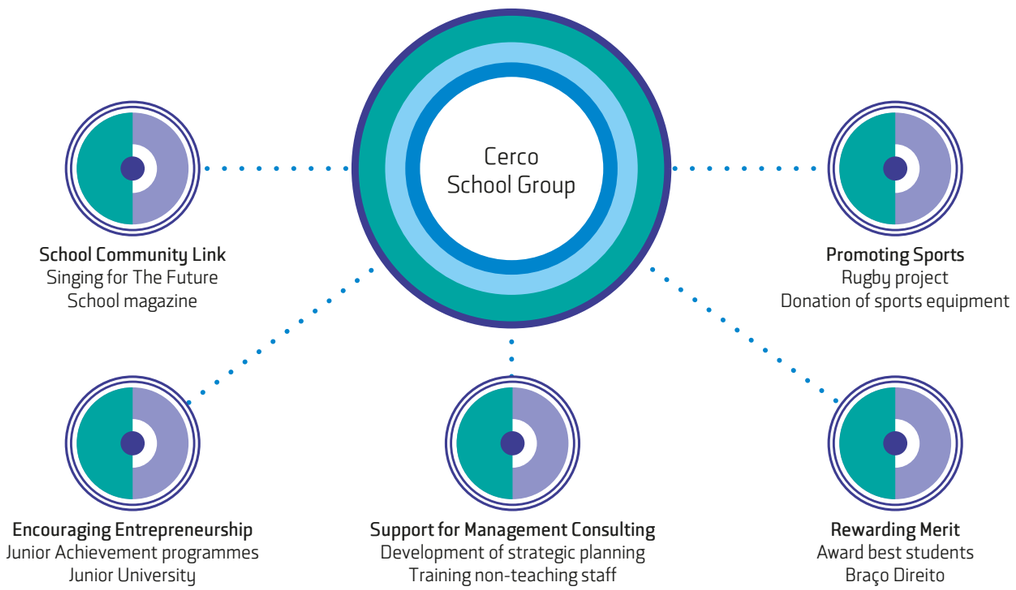
We have the responsibility of helping our community and we actively look for ways of maximising our impact. Our social responsibility covers 6 dimensions: the environment, culture, education, health and sports, science and innovation and social solidarity. We believe that these dimensions are critical to promote a sustainable and better society. We want to make a world of difference. During 2013, we provided more than 10 M€ in community support, helping 2,059 institutions. We share our values with our team and we are proud of their outstanding contribution with 194 volunteering actions, totalling 8,634 hours of volunteer work.

We are predominantly concerned with children and ensuring that they are nurtured and have the right environment and facilities to thrive. In this regard, we created the project Porto de Futuro and Project Pêra. The former focuses on promoting the involvement of society in schools and in children's education and the latter provides breakfast for children in need. Additionally, our project Missão Sorriso also targets children in need. We believe in sustainable growth and children are critical for our future.

PORTO DE FUTURO

Porto de Futuro is a project that provides support to the management and development of schools, 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 established a 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.



PROJETO PÊRA

The current socioeconomic crisis had a profound impact on our community and, unfortunately, it also affected young children and their dietary habits. A healthy child is more willing and motivated to learn. Their personal development is more active and this leads them to be 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 aiming at providing children in need in Porto with a healthy breakfast. In 2013, we provided breakfast to 613 children in 10 schools. More importantly, we need and intend to be more active in this area.

In addition, we focus predominantly on the area of social solidarity by helping those in need to meet both their short and long-term needs, along with the support of the communities around us. Our actions are the best testament to our values.

PROJETO NÓS

Projeto Nós (Project We) aims to involve the community in helping those in need. With the support of other organisations, like the media, we have created a nationwide campaign to sell scarves with the profits donated to a specific organisation. In 2013, we sold 25,000 scarves and donated 50,000 euros to Make a Wish Portugal.

PROJETO PORTUGAL MAIS FELIZ

Projeto Portugal mais Feliz (Project for a Happier Portugal) helps families in need to rebuild their life projects, fighting poverty and social exclusion. During 2013, we wrapped 200,000 Christmas presents, which in turn generated 175,000 euros donated to the Portuguese Red Cross.

BANCO ALIMENTAR

Banco Alimentar is an NGO that collects food donations and distributes them to different people in need. It aims at eradicating hunger and, therefore, promoting a better society. In 2013, we collaborated with Banco Alimentar during a 4-day period, during which time we sold 60,000 food vouchers and raised 50,000 euros. Additionally, we allowed Banco Alimentar to use our stores to directly collect donations.

CRUZ VERMELHA PORTUGUESA

The Portuguese Red Cross acts in a wide range of areas, always with the goal of helping people and families in need. In 2013, we worked closely with the Red Cross collecting food donations during a 4-day period. This effort involved an amazing 1,700 of our colleagues, who contributed voluntarily to the cause. We collected 1.2 M€ in goods donated by our clients.

MISSÃO SORRISO

Missão Sorriso (The Smile Mission) aims at providing support to children in hospital and elderly people, as well as fighting hunger and social exclusion. Since 2003, we have helped 184 institutions with more than 9 M€ donated in more than 2,100 pieces of equipment. This is one of our most enduring projects with more than one million followers on Facebook and we have also been honoured with seven awards, such as "Master Distribuição" and "Prémio Eficácia", in the areas as distribution and efficiency.

CORPORATE GOVERNANCE

Sonae, undoubtedly, has a profound impact on society. We are driven by a desire to act responsibly towards all of our stakeholders. We have created a place where our people love to work, we provide our customers with the best value for their money and our producers are assured they will receive a fair price for their produce. In this sense, we adhere to the highest corporate governance standards and carefully regulate the actions, policies and decisions made whilst taking the interests of all stakeholders to heart. We believe transparency on all levels is essential and ensures ethical and responsible behaviour throughout our performance.

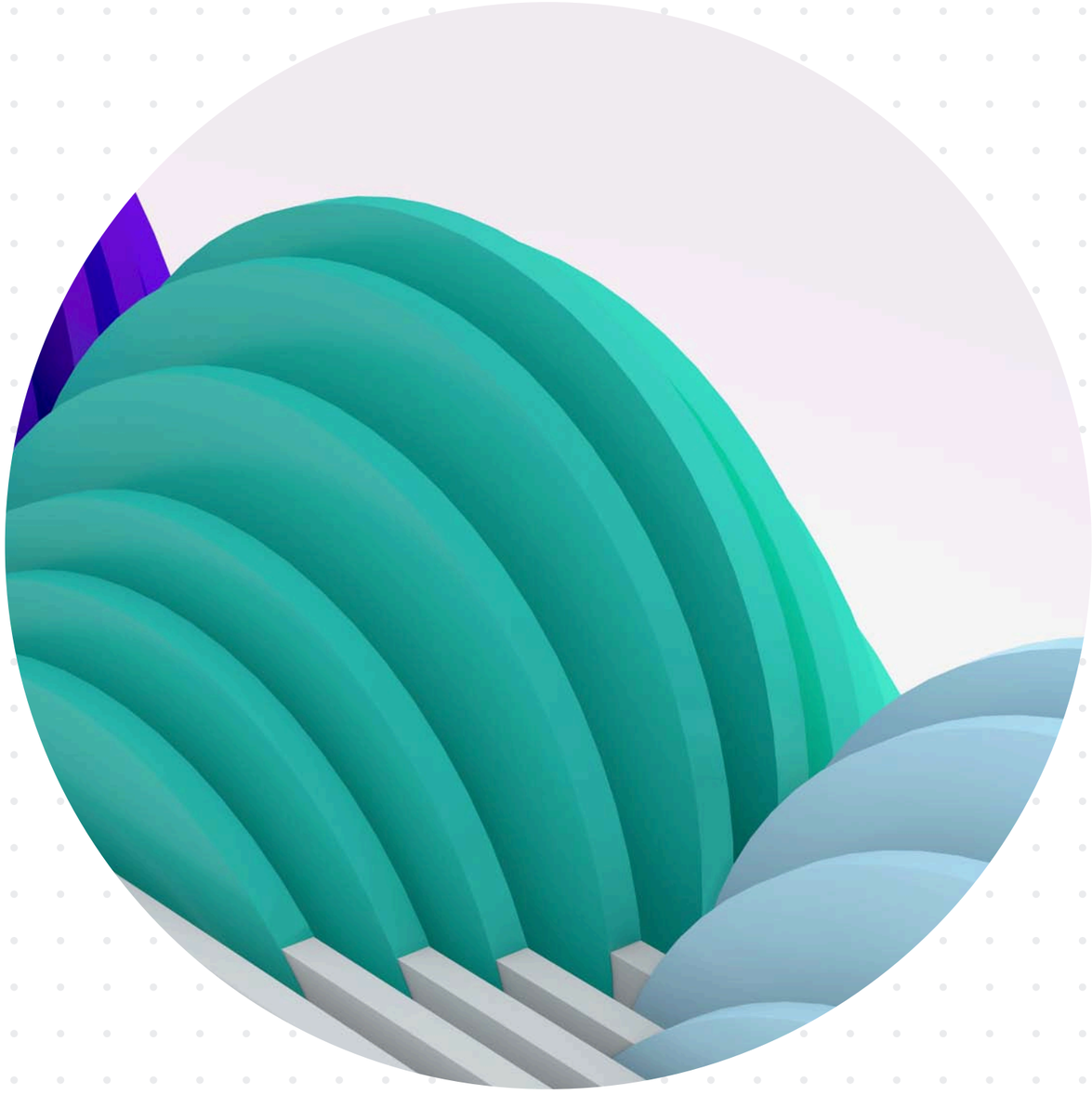
We convey information quality of the highest standard and conform to all capital market regulations. We want investors, in particular small investors, to feel confident that our commitment to innovation and sustainability and our capacity to vigilantly monitor our organisation is assured through the corporate governance structure we have in place. A structure which is founded upon both internal and independent key expertise, ensuring that we not only fulfil but raise the bar for best corporate governance practices. Furthermore, we protect small investors and provide support to meet these rigorous standards through various forums and training workshops.

Our relation with investors is of outmost importance; we are always open and approachable through the Investor Relations department and encourage active levels of interaction. We make it our business to ensure that all regulatory and reporting requirements are met and all relevant information is made available voluntarily, both in Sonae and on the Portuguese Stock Exchange Commission websites. Our business is your business.

In compliance with Article 66 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Corporate Governance Report identifies and describes the main financial risks to which the company is exposed in the exercise of its activity.

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

FINANCIAL REVIEW

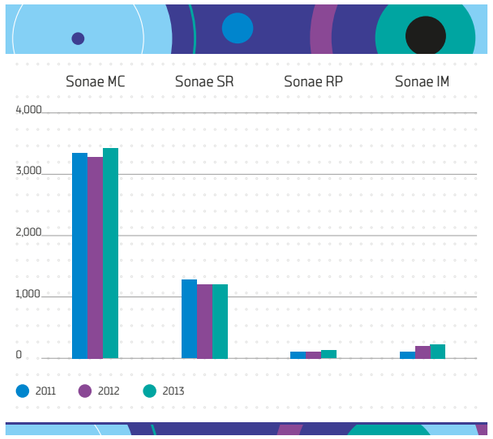


FINANCIAL REVIEW

KEY FINANCIAL PERFORMANCE INDICATORS

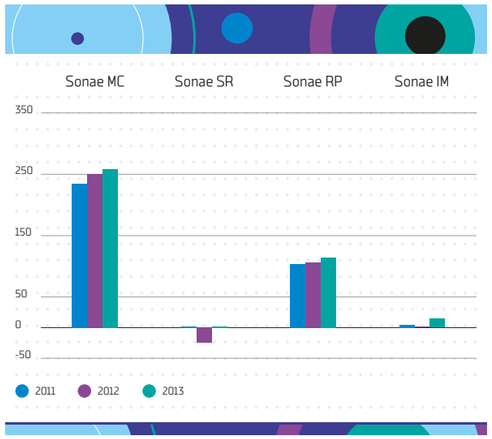
Turnover

Million euros

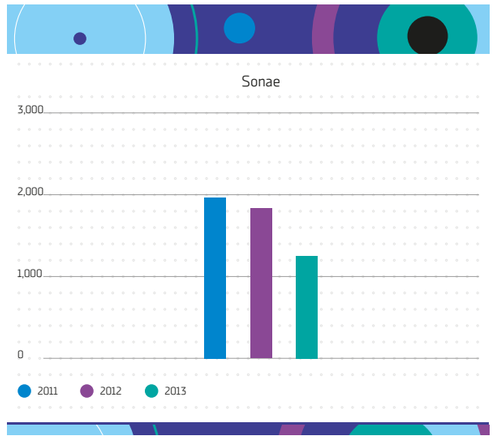


Underlying EBITDA

Million euros

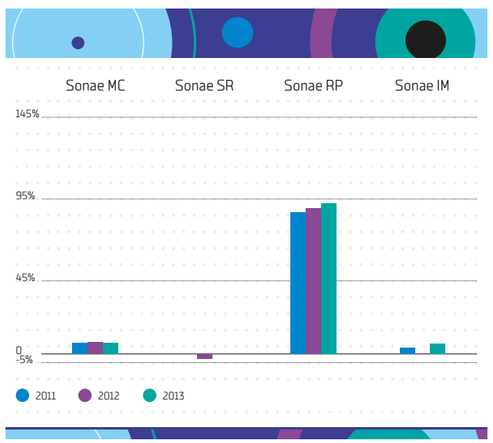


Net Debt



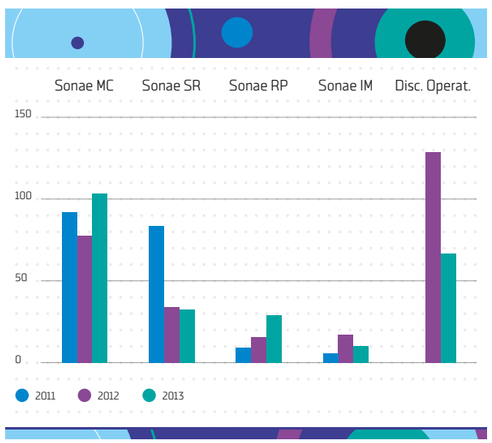
Net Income

% Underlying EBITDA/Turnover



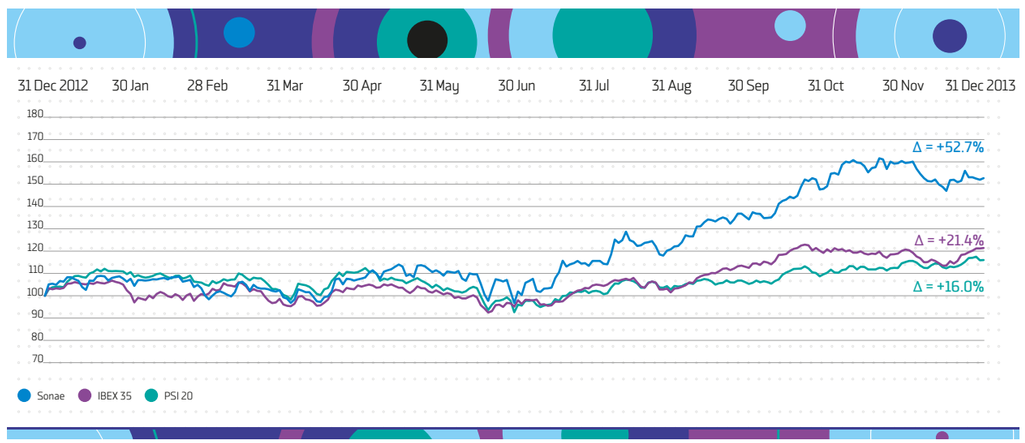
CAPEX

Million euros



Share price evolution in 2013

(100 basis)



MACROECONOMIC CONTEXT

In 2013, the world economy had its third consecutive year of disappointment, with a real growth of only 3%[1], which is historically a low growth rate. The year has been marked by successive downward revisions of the global growth scenario, albeit on a smaller scale than in the recent past, mainly due to some slowing down in the growth of emerging and developing economies.

In the Eurozone and the USA, political factors have also conditioned the evolution of economic activity, in a context where the economy was still weakened by the legacy of the financial crisis of 2008-09. The election processes in some European countries - notably Italy and Germany - and the budget impasse in the USA, as well as the announcement that the Federal Reserve was preparing to start reducing the monetary policy stimulus, will eventually have implications on family and business trusts and, ultimately, on the economy. One year ago, the OECD scenario for 2013 anticipated a drop in growth in the Eurozone of 0.1%, while the most recent forecasts are estimating a decline of 0.4%[2]. In the USA, following a disappointing performance in the first semester, the economy grew 1.9% in 2013[3]. Nevertheless, the end of the year was more positive, with the USA showing some dynamic growth and the Eurozone starting to come out of the recession in the second quarter, even if it was only with a slight growth.

In Portugal, 2013 was marked by the consolidation of the economic adjustment process started in 2011 under the aegis of Troika. The economy continued to present a negative growth, with GDP falling 1.4% in real terms[4]. However, this was a surprising performance contradicting most forecasts that initially pointed to a decline of more than 2%.

The economic performance in 2013 has benefitted from some relaxation of the budget constrains arising from the repositioning of the holiday allowance for civil servants and pensioners, which was ruled as unconstitutional by the Constitutional Court. It has also profited from some signs of cyclical recovery in economic activity.

The year ended with some optimism about the process of adjustment of the Portuguese economy. After ten consecutive quarters of a reduction in GDP, the economy presented economic growth from the second quarter onwards, ending the technical recession period. This performance was based on the slowing down of private consumption (-2.0% against -5.4% in 2012)[5] and the continued dynamism of foreign trade. In fact, the positive performance of exports coupled with a decrease of imports, led to one of the most positive results of the adjustment: the external financing needs of the economy that were around 10% of GDP in the last decade have gone to a surplus of 3%.

In Spain, the year was also marked by the continued efforts to correct the various imbalances accumulated in the pre-crisis period, which has resulted in another year of recession, with GDP falling about 1.2% in real terms. However, in the third and fourth quarters the economy presented growth, putting an end to nine consecutive quarters of negative growth.

The export sector was fundamental to this recovery and, along with Portugal, presented one of the best performances in the Eurozone, as a result of strong competitive gains, benefiting from a drop in labour costs. The contribution of external demand coupled with a decline in imports led to the correction of the external imbalance, resulting in a positive current and capital account balance.

The high level of unemployment, which remains above 26%, and the inability to create jobs in a sustainable manner, are the most critical aspects of the Spanish economy, regardless of some signs of stabilisation. The decrease in employment and wages has continued to place pressure on disposable family income and to affect their private consumer spending, which largely explains that 2013 was another year of decline in private consumption (-2.5%).

PERSPECTIVES

The global economic outlook is more auspicious for 2014, with an expected growth of 3.7%[6], the highest rate of growth since 2011. The growth is mostly based on improved expectations across all economic areas, especially in developed economies and, particularly in the Eurozone that after two years of recession is expected to return to growth next year, albeit tenuously (approximately 1%[7]). In emerging economies, growth will mainly be determined by external demand from developed markets, but internal weaknesses remain a concern.

In Portugal, the economic outlook has been revised upwards, following the performance which was above expectations in 2013, with an estimated expansion of economic activity of 0.7% and 1.5% for 2014 and 2015, respectively[8]. As in recent years, exports are expected to be the main determinant of growth, but domestic demand should return to a positive contribution.

The risk factors of recent years will continue to prevail in 2014, including the external economic environment, the evolution of the Eurozone debt crisis and the degree of commitment of the Portuguese authorities with the Programme for Economic and Financial Assistance. In this context, many uncertainties remain, namely concerning the actual commitment of the authorities to fulfil budgetary targets, their ability to implement the planned measures and the financing autonomy of the Republic.

The forecasts for the Spanish economy predict a moderate economic growth in the coming years (0.7% and 1.0% in 2014 and 2015, respectively[9]), mostly because of the need to continue to address the economic imbalances that will limit the growth of domestic demand. Nevertheless, we expect a slight rebound in consumption reflecting the increasing confidence of families and their private consumer spending, as a result of the stabilisation of the labour market, the positive inflation scenario and maintenance of low interest rates. The external sector is expected to remain the main growth driver, with a dragging effect on investment especially in industrial equipment. Concerning the coming months, despite the reform efforts and the results already achieved, challenges remain high, particularly in the financial system and public finances.

In short, growth expectations in Iberian countries are based on a recovery, albeit that there is limited domestic demand, which is dependent on the success of adjustments and reforms. The external sector will continue to undoubtedly be the main driver of these economies and, therefore, its performance depends largely on the recovery of global economic activity and, in particular, on the consolidation of the recovery in the Eurozone.

2013 CONSOLIDATED FINANCIAL PERFORMANCE

OVERALL PERFORMANCE

In 2013 **consolidated turnover** grew 3% to 4,821 M€, and **underlying EBITDA** reached 378 M€, 47 M€ above the same period of the previous year. This result is completely explained by the improved operational performance of the retail, particularly non-food, and Software and Systems Information businesses. It is worth noting the positive underlying EBITDA reached at Sonae SR.

In 2013 **EBITDA** amounted to 475 M€ and is comprised of the contributions of (i) of the above mentioned underlying EBITDA of 378 M€; (ii) equity method results of 28 M€ (Sonae Sierra direct results, ZON OPTIMUS and Geostar); (iii) the impact of discontinued operations of Optimus amounting to 71 M€; and (iv) non-recurrent items.

Net financial results totalled negative 82 M€ in 2013, 13% below the figure registered in 2012, supported by a much lower level of net debt. The average interest rate of outstanding credit facilities at the end of 2013 was slightly above 3%. These financial results are only related to Retail and Investment Management businesses.

In 2013 **Taxes** amounted to 30 M€, 7 M€ above the same period of the previous year.

In 2013 **Direct Results** reached 175 M€, 31 M€ above the figure registered in the same period of the previous year, with the strong underlying EBITDA improvement (+47 M€ vs. 2012), lower depreciations & amortizations (-21 M€ vs. 2012) and financial costs (-12 M€ vs. 2012) more than compensating for the lower results from discontinued operations (-30 M€ vs. 2012) and higher taxes (+7 M€ vs. 2012).

In 2013 **Indirect Results** amounted to 289 M€ as it includes 443 M€ gain related to the ZON OPTIMUS merger and Sonae Sierra indirect income contribution. This item also includes other non-cash movements, namely those impairments related to revaluations of retail properties registered in 3Q13, as well as identification of new concepts in the Sonae SR formats that required strong investments and accelerated depreciations.

[1] IMF, World Economic Outlook, January 2014
[2] IMF, World Economic Outlook, January 2014
[3] IMF, World Economic Outlook, January 2014
[4] INE, Quarterly National Accounts - Quick Estimates, February 2014
[5] Bank of Portugal: Economic Bulletin - Winter 2013
[6] IMF, World Economic Outlook, January 2014
[7] IMF, World Economic Outlook, January 2014
[8] Evaluation of the 10th IMF Economic and Financial Adjustment Programme (EFAP), February 2014
[9] Economist Intelligence Unit, February 2014

Non-controlling interests were 145 M€, including 111 M€ related to the non-cash capital gain considered in the ZON OPTIMUS merger process.

Net income attributable to the Group reached 319 M€, significantly above 2012, mostly as a consequence of the Indirect Results registered, which were strongly impacted by the non-cash gain of the merger between Zon and Optimus.

Consolidated results

Million euros

	2012PF	2013	Var	4Q12PF	4Q13	y.o.y.
Sonae MC	3,281	3,415	4%	876	924	5%
Sonae SR	1,209	1,210	0%	343	383	12%
Sonae RP	120	124	3%	30	31	3%
Investment Management	209	223	6%	53	59	11%
E&A [1]	-150	-151	-1%	-37	-43	-16%
Turnover	**4,670**	**4,821**	**3%**	**1,265**	**1,354**	**7%**
Sonae MC	250	258	3%	81	75	-7%
Sonae SR	-25	0	-	-1	17	-
Sonae RP	107	115	7%	26	31	22%
Investment Management	0	15	-	1	7	-
E&A [1]	-2	-10	-	-9	-11	-25%
Underlying EBITDA	**330**	**378**	**14%**	**98**	**120**	**22%**
Underlying EBITDA margin	7.1%	7.8%	0.8 p.p	7.8%	8.8%	1.1 p.p
Equity method results [2]	31	28	-9%	6	4	-35%
Disc.operations' results [3]	101	71	-29%	20	0	-
Non-recurrent items	7	-2	-	12	-2	-
EBITDA	**469**	**475**	**1%**	**137**	**122**	**-11%**
EBITDA margin	10.0%	9.8%	-0.2 p.p	10.8%	9.0%	-1.8 p.p
D&A [4]	-209	-188	10%	-56	-42	25%
EBIT	**260**	**286**	**10%**	**81**	**80**	**-1%**
Net financial activity	-94	-82	13%	-24	-17	28%
EBT	**166**	**205**	**23%**	**57**	**63**	**11%**
Taxes	-22	-30	-32%	-20	-18	9%
Direct results [5]	**144**	**175**	**22%**	**37**	**45**	**21%**
Indirect results [6]	**-72**	**289**	**-**	**-58**	**0**	**-**
Net income	**72**	**464**	**-**	**-21**	**45**	**-**
Non-control interests	-39	-145	-	-12	-8	29%
Net income group share	**33**	**319**	**-**	**-32**	**36**	**-**

(1) Eliminations & adjustments
(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and ZON OPTIMUS)
(3) impact of discontinued operations of Optimus
(4) Depreciations & amortisations including provisions & impairments
(5) Direct results before non-controlling interests
(6) Includes: (i) Sonae's Sierra indirect income contribution; (ii) the non-cash capital gain with ZON OPTIMUS merger; (iii) other asset provisions for possible future liabilities in non-core operations and (iv) non-cash impairments for operational assets

Following the merger between Zon and Optimus and its report using the equity method, we decided to change the way we report our results to the market by separating each business, in order to obtain more transparency between the segments: 1) Sonae Retail (Sonae MC, SR and RP); 2) Investment Management, including Software and Systems Information and Online & Media businesses from Sonaecom; 3) Sonae Sierra and 4) ZON OPTIMUS. 2012 P&L figures were restated and are designated as "2012PF" and "4Q12PF", respectively.

CAPITAL STRUCTURE

Net invested capital

Million euros

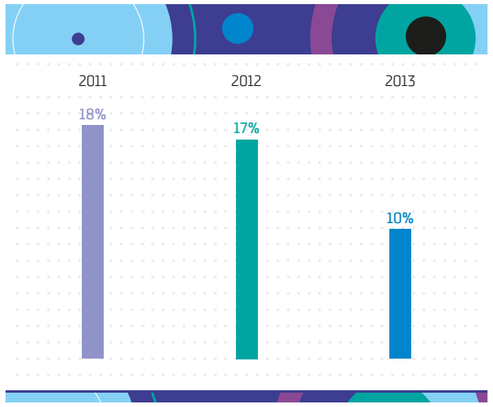
	2012	2013	y.o.y.
Net invested capital	**3,485**	**3,127**	**-358**
Investment properties	0	1	1
Technical investment [1]	3,166	2,030	-1,136
Financial investment	483	1,364	881
Goodwill	658	610	-48
Working capital	-822	-878	-55
Total shareholders' funds	**1,669**	**1,908**	**240**
Total net debt [2]	**1,816**	**1,219**	**-597**
Net debt / Invested capital	52%	39%	-13.1 p.p

(1) Includes available for sale assets
(2) Financial net debt + net shareholder loans

In 2013, **total shareholders' funds** were 240 M€ above the same period of last year.

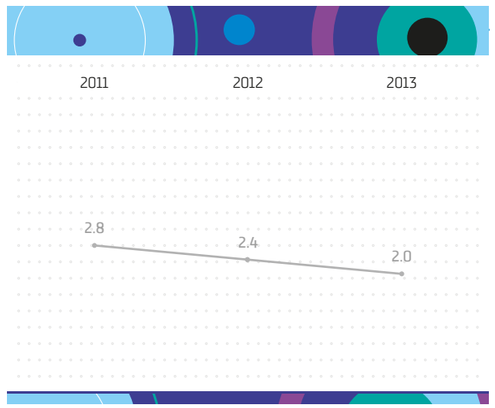
Capital structure

Loan-to-value (%) - Holding



Capital structure - Retail

Net debt to EBITDA



Net debt

Million euros

	2012	2013	y.o.y.
Net financial debt	**1,802**	**1,214**	**-587**
Retail units	796	763	-34
Sonaecom Group [1]	361	-	-361
Investment Management [1]	27	30	3
Holding & other	618	421	-196
Total net debt	**1,816**	**1,219**	**-597**

(1) 2012 Balance Sheet figures were not restated

Up until December, 31st 2013, **total net debt** was reduced to 1,219 M€, 597 M€ below the same date in 2012, driven by the deconsolidation of Optimus debt of approximately 430 M€, but also due to sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt reaching 39% of invested capital at the end of 2013.

It is worth highlighting that net debt reduction was achieved despite the impact resulting from the total **dividends distributed** by Sonae (199 M€) between 2011 and 2013.

The 2013 **Net debt** of **Sonaecom**, totalling negative 162 M€, was allocated in the amount of 13 M€ to Investment Management unit and the remainder value to the Holding.

In 2013 **retail net debt** was reduced to 763 M€, 34 M€ below 2012, driven by sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt to EBITDA reaching 2.0x at the end of 2013.

The **holding net debt** was reduced to 421 M€ at the end of December 2013. The "loan-to-value" ratio of the holding remains at conservative levels and registered a strong improvement from 17% in December 2012 to 10% in December 2013.

In relation to the **debt maturity profile**, it is important to note that a series of transactions were concluded, which enabled Sonae to increase the average maturity of debt whilst optimising its cost of funding, strengthening its capital structure and diversifying its financing sources.

BUSINESS SEGMENTS

Sonae is mostly a retail company with two major partnerships in the fields of Telecommunications (Sonaecom) and Shopping Centres (Sonae Sierra).

It carries out its activity in a total of 67 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. In all of the countries where Sonae is active it is known as an organisation driven by its strong values and one that is particularly concerned with social and economic development.

SONAE MC

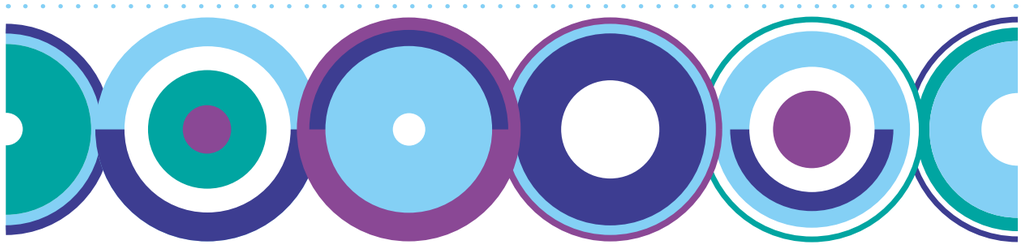
- CONTINENTE
- CONTINENTE MODELO
- CONTINENTE BOM DIA
- CONTINENTE ICE
- WELL'S
- MEU SUPER
- BOOK.IT
- BOM BOCADO
- PET & PLANTS

SONAE SR

- MO
- SPORT ZONE
- WORTEN
- ZIPPY

SONAE RP

- SONAE RETAIL
- PROPERTIES



SONAE SIERRA

47 (shopping centres) present in 12 countries

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

SONAECOM

- ZON OPTIMUS

INVESTMENT MANAGEMENT

- GEOSTAR
- MDS
- MAXMAT
- PÚBLICO
- BIZDIRECT
- SAPHETY
- WEDO TECNHOLOGIES
- MAINROAD

SONAE MC

During 2013, **Sonae MC**, the food retail business, reinforced its market position in Portugal achieving a turnover evolution above market average.

Continente is undoubtedly one of the most trusted brands in Portugal (11 consecutive years as Brand of Confidence), and has increased its value proposition by offering a highly diversified range of products at a fair price. This is largely due to our familiarity and understanding of the needs of Portuguese consumers, developed over many years and enhanced by such unique promotional tools as our loyalty card, which is linked to more than 90% of sales during the year.

CONTINENTE THE HYPERMARKET OF THE FUTURE

Continente Hypermarket 2020 is the pilot name for a new concept store tested in Cascais. Sonae MC has driven the Continente brand towards the future, rethinking the entire store concept from the beginning.

The new store recreates the different environments of traditional markets, retail stores and warehouses aiming to create a new shopping experience. It promotes freshness, convenience, variety and familiarity. Memorable scenes have been created, provoking a certain nostalgia from customers and which adds value and a human-side to the service experience.

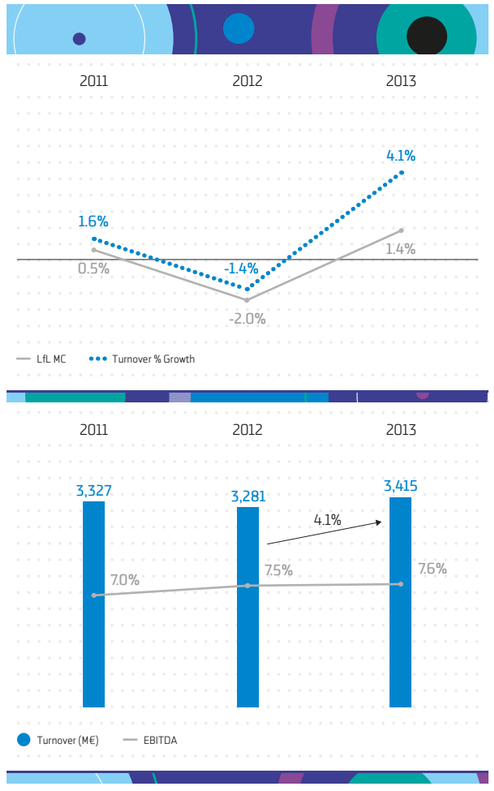
Inspired by current trends, traditional markets and non-food specialist stores, Sonae MC has created an attractive store design, with neutral colours and urban graphics. These innovative techniques stimulate purchasing activity.

Sonae MC has invested in better ways of communicating the products and prices to customers, making the purchasing experience more dynamic. It has introduced new concepts, such as the lounge area and sushi restaurant, and has reformulated others, such as the wine section.

Results show the strength of this investment: a 12% increase per m^2, in a store that is 10% smaller.

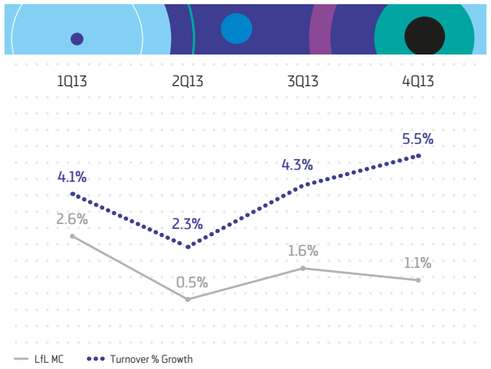
Sonae MC: Turnover and EBITDA

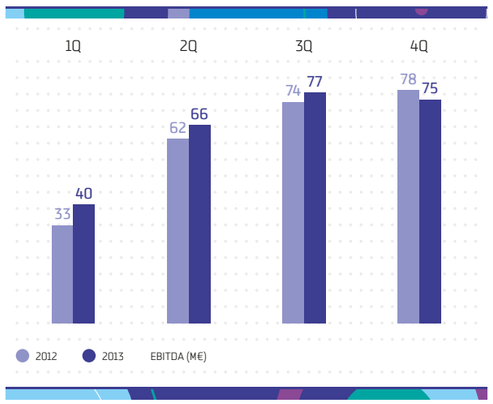
Yearly trend



Sonae MC: Turnover and EBITDA

Quarterly trend





In 2013 **Sonae MC turnover** totalled 3,415 M€, 4.1% above 2012. This increase reflects, not only the selective expansion of its sales area (including 17 new Continente stores), but also the 1.4% growth in sales on a "like-for-like"[10] basis. This growth is even more remarkable if we take into account the macroeconomic environment and the adjustment process which Portugal is still exposed to, with GDP falling by 1.4%[11]. In 4Q13, Sonae MC sales on a "like-for-like" basis increased by 1.1%, which combined with the opening of 7 Continente stores, led to a turnover increase of 5.5% compared to 4Q12.

Thus, during this period, Sonae MC is estimated to have continued strengthening its leading market share in the Portuguese food retail sector [12] based on:

1) Continuous improvement of the quality of products, with Continente being voted in 2013 for the 11th consecutive year, as a brand of confidence[13]. In 2014, we have already received the same recognition for the 12th consecutive year;

2) The strategy of having a high variety of products available to consumers, which enables us to react quickly to changes in customer habits (in both phases of trading down and trading up). This was achieved by having the highest variety of private label references, as well as other supplier brands. The portfolio of Continente own brands was kept in 2013 at approximately 31% of the turnover of FMCG categories;

3) 8% y.o.y. growth in online sales, supported by the new ecommerce platform;

4) Selective opening of stores as detailed in the following pages of this document.

In 2013 **Sonae MC** reached an **EBITDA** margin of 7.6%, despite the highly competitive environment that drove us to have a highly active promotional strategy, particularly in the last quarter of the year, causing an internal deflation of 0.8% and a negative effect on the EBITDA. This promotional activity continued to be supported by the Continente loyalty card (which was the basis of more than 90% of sales in the period). This profitability is only possible with strict cost control and additional productivity gains, sustained by the success of continuous improvement programmes implemented with the unique dedication of our teams.

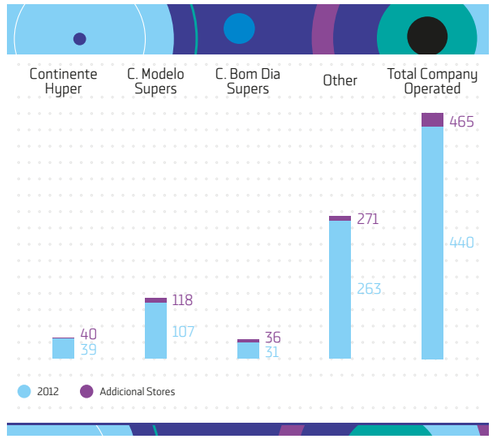
The investment for food retail business carried out in 2013 consisted in the opening of **Sonae MC** stores, including 1 Continente store in Portimão, which replaces the one that suffered from a fire in the Algarve; 11 Continente Modelo stores including 8 on Madeira Island; and 5 Continente Bom Dia stores.

At the end of 2013, **Sonae MC** operated 465 (583,000 m²) stores plus 83 stores (30,000 m²) under franchising agreements, including 70 "Meu Super" stores. This type of franchising store has been growing very rapidly since 2011, when we started with 9 stores. By the end of 2013, we had 70 stores and for 2014 we are expecting to have 100 stores.

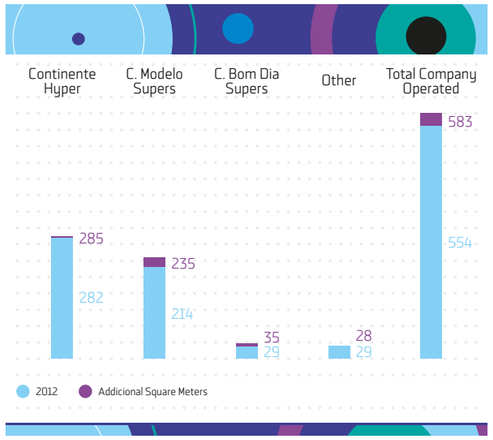
[10] Like for like sales = Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods considered
[11] National Institute of Statistics - Estimativa Rápida, February 2014
[12] For example, A. C. Nielsen's Homescan survey YTD up until 29th December: +0.4 p.p market share for Sonae MC
[13] Selecções Reader's Digest

COMPANY OPERATED MC STORES

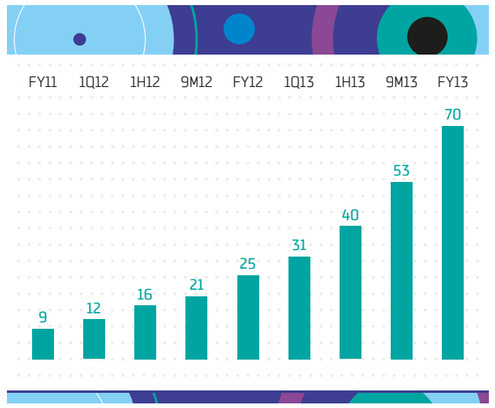
Number of stores



Addicional square meters



Number of Meu Super stores



Sonae MC – 465 stores operated by the company and 83 stores under franchise and joint-venture agreements generated a 3,415 M€ turnover in 2013.

Food retail businesses

Continente – 40 hypermarkets (centrally located and more than half situated in leading shopping centres) – with an average area of approximately 7 thousand m² and average Stock Keeping Units (SKUs) of 70 thousand. Non-food area (typically light bazaar and textiles) representing less than 15% of total sales.

Continente Modelo – 118 supermarkets (+6 under franchising agreements), typically located in medium-sized population centres, with an average area of 2 thousand m² and with a number of SKUs well above competitors. These supermarkets are based on location and convenience and are typically light bazaar, representing less than 10% of sales (no textiles offered).

Continente Bom Dia – 36 small, convenience food stores, with an average sales area of around 986 m². Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Meu Super – 70 franchised local food stores, with areas between 150 and 500 m², located mainly in residential areas within large city centres. Sonae MC offers the franchisees store management support, a guaranteed competitive price and access to Continente's own brand labels, as well as other suppliers' products.

Adjacent business

Bom Bocado – 100 stores (+2 under franchising agreements), coffee shops and small snack-bars. Variety and quality with a fast service and great price.

Book.it – 18 stores (+1 under franchising agreement), book shops, stationery and tobacco.

Well's – 146 stores dedicated to parapharmacy, beauty products, health and well-being care, eye glasses and optical services.

SONAE SR

Sonae SR is our non-food retail unit, with businesses in the categories of electronics, sports goods and fashion. The considerable drop in the levels of private consumption in the Iberian market, especially with regard to discretionary products, led to **Sonae SR** adjusting its operations in view of this context. The adopted strategy is now delivering impressive results.

Sonae SR has continued to strengthen its position in the Iberian market and special focus has been placed on key consumer electronics (Worten), which has further consolidated its prime position in the Portuguese market and increased its market share in Spain.

Sonae SR increased its international activity by diversifying to fast growing economic markets through a "capital-light" strategy. Several new franchise agreements were signed and newly franchised Zippy stores were opened during 2013 in Morocco, United States, Jordan, Lebanon, St. Maarten and Qatar. The Zippy brand also extended its network to China, through product exportation to local retailers.

MO - THE NEW, REVAMPED MODALFA

After revamping the brand and the store concept, MO stores opened in early September 2013. MO is a convenient lifestyle clothing and accessories brand, inspired by today's women and their families. MO offers stylish products at low prices. Its clothing and accessories are always in line with the latest fashion trends and the best essential selections available on the market. MO is a dynamic, contemporary and customer-friendly store.

The new signature symbol brings with it a more human-side and makes the brand more easily accessible and approachable to all of its customers. MO appeals to a broader universe beyond the world of fashion. It is a strong, upbeat and rejuvenated brand.

Clothing and accessory items at MO are clearly divided into men, women and children's departments. The products are located in spacious stores with high visibility of murals and low tables in front of them for improved product display. Stores are now brighter, timeless and simple, with a strong focus on product display, inviting us to live a little, dress-up a little and celebrate the many moments of our everyday lives.

This change was strategically planned and the results confirm the excellence of our planning. In 2013, sales related to these renewed stores were 180% above the same period of last year.

ZIPPY FOSTERS INTERNATIONALISATION

Zippy fosters internationalisation and goes to the USA, Jordan, China and Qatar, extending its presence to a total of 14 countries outside Portugal in 2013.

Sonae SR increased its international activity through a "capital light" strategy.

A partnership with the Fawaz Alhokair Group led to international expansion to new geographic regions, profiting from synergies with the businesses of the local partner. Within this partnership Zippy's first store openings took place in Morocco in March and in the United States and Jordan, in September. In April, Zippy opened its first store in Lebanon.

In 2013, Sonae SR also celebrated a partnership with the S.H. Al Mana Group for the development of the Zippy brand in Kuwait, Emirates and Qatar. The first store in Qatar opened in October.

The Zippy brand also extended its network to China, through product exportation to local retailers.

Our international presence, which accounts for more than 25% of the turnover, is supported in Portugal, where the store product portfolio is developed and where 50% of the product line is produced.

WORTEN CREATES FUTURISTIC STORES

The new Worten stores present new layouts, space organisation, more products offered and new innovative solutions. Customer interaction is fostered through technology and the promotion of the Omni-channel strategy, which aims to provide a richer and more rewarding shopping experience for its customers.

At the store level this entails: clear aisle-ways, facilitating customer flows; clear identification of the main product areas; changes on the placement of products, providing a better view of the area; better use of screens for communicating and interacting with customers, and very attractive brand corners.

At the service level, it has strengthened the service "Worten Resolve" where customers can solve all of their problems related to products sold at Worten in one unique place, and it has installed specialised recycling points.

Technology innovation is key, visible through a wider range of technological products, but in particular by the fact that customer interaction has been boosted, through multimedia kiosks, the availability of QR Codes, experience posts and/or Bluetooth testing points.

SPORT ZONE PRESENTS A NEW STORE CONCEPT

At Sport Zone we focus on offering a comfortable, exciting and vibrant shopping environment, as we believe that the experience of fashion and style starts in the shop itself. Sport Zone is introducing a new store concept, both in Portugal and in Spain, that aims at improving the customer's shopping experience by organising the space according to key sports (for example, in case of Portugal: football, running, gymnastics and fitness, cycling, casual wear and essentials) balancing the easiness of shopping with an exciting and vibrant environment.

Sonae SR: Turnover and EBITDA

Yearly trend

Sonae SR: Turnover and EBITDA

Quarterly trend

Sonae SR reached 1,210 M€ turnover. Despite the reduction of 13 thousand m² and the impact of the negative macroeconomic evolution on the levels of consumption, particularly for the more discretionary products, sales performance ended up slightly above last year. Private consumption levels in Portugal and Spain continued to be negatively impacted by economic adjustment processes. Nevertheless, in the case of Portugal, it is estimated that the decline of consumption pace was slower, when compared to 2012[14]. In 4Q13, Sonae SR turnover in Portugal grew by 9% y.o.y. (and 5% LfL), which was the result of some combined factors: 1) better signs from the GDP evolution in the 2nd half of the year; 2) the refund of holiday allowance to civil workers; 3) measures taken to reposition Sonae SR main brands; and 4) the strengthening of Worten[15] and Sport Zone leadership position together with a double digit growth from MO turnover.

Internationally, turnover increased 5% on a LfL basis.

The positive performance of the international market was driven by: 1) wholesale and franchising businesses evolution and, 2) the fine tuning in businesses models and value proposals of all brands, with a special focus on the Spanish market (4Q13 was the 3rd quarter in a row of positive LfL growth for Sport Zone in Spain). These results can be perceived as the reversal of the negative market trend for the most discretionary categories.

Sonae SR per country

	4Q12	4Q13	y.o.y	2012[1]	2013	y.o.y
Turnover (million €)	**343**	**383**	**11.9%**	**1,209**	**1,210**	**0.1%**
Portugal	256	279	8.9%	874	877	0.3%
International [2]	86	104	20.8%	335	333	-0.5%
EBITDA (million €)	**-1**	**16**	**-**	**-25**	**-1**	**94%**
Portugal	14	26	90.1%	27	39	40.6%
International [2]	-14	-10	28.5%	-52	-40	23.7%
EBITDA margin	**0%**	**4%**	**4.3 p.p**	**-2%**	**0%**	**1.9 p.p**
Portugal	5%	9%	3.9 p.p	3%	4%	1.3 p.p
International [2]	-17%	-10%	6.7 p.p	-16%	-12%	3.6 p.p

(1) Sonae SR turnover in 2012 was restated, in order to include internal revenues (mostly related to Sonae SR's Fashion division) of the wholesale to Sonae MC
(2) Includes sales to franchisees

Sonae SR reached a positive **underlying EBITDA** in 2013 which is remarkable particularly if we consider the prevailing crisis in the Iberian Peninsula. In the 4Q13, compared to the 4Q12 EBITDA recovered by 17 M€, and reached 16 M€. This was the result of the stronger sales evolution combined with the turnaround measures implemented, particularly the new Worten and Sport Zone concepts in Spain, the rebranding of MO with a completely new collection, as well as the product improvement of Zippy. It is also worth highlighting the successful implementation of the Omni-channel strategy at Worten, where we are integrating online and store businesses. This includes the possibility of having a kiosk in the store to access the online range or to use the (reserve and) pick up service in the store.

Capex

Million euros

	2012	2013	% of Turnover
Sonae Retail	**127**	**164**	**4%**
Sonae MC	78	103	3%
Sonae SR	34	32	3%
Sonae RP	16	29	23%
Underlying EBITDA - capex	**206**	**209**	**-**

[14] Source Bank of Portugal: *Boletim Económico* - Winter 2013
[15] GfK, YTD evolution until the end of November 2013 - estimated market share gain of 1 p.p

The investment for non-food retail business carried out in 2013 was essentially distributed among the following projects:

1) Selective opening of **Sonae SR** stores;

2) Further consolidation of **Sonae SR**'s store network in the international markets.

Sonae SR Stores

		Stores		m²/ Store	
		2012	2013	2012	2013
Portugal	Electronics	182	179	698	706
	Sports	82	76	799	838
	MO	107	108	520	509
	Zippy	40	38	343	328
Spain	Electronics	42	44	2,204	1,912
	Sports	37	34	1,225	1,174
	Zippy	45	40	324	308
Turkey	Zippy	2	2	340	340
Portugal		**411**	**401**	**637**	**642**
International		**126**	**120**	**1,216**	**1,142**
Company Operated		537	521	773	757
Franchising		31	58	311	294
Total Sonae SR Stores		**568**	**579**	**748**	**711**

At the end of 2013, Sonae SR operated 521 (395,000 m²) stores, including 120 outside Portugal. It should be noted that the average number of m² in Worten in Spain has been reduced as a result of the implementation of the new concept, with smaller stores supported by the Omni-channel strategy.

Sonae SR Franchising Stores

		Stores		m²/ Store	
		2012	2013	2012	2013
Portugal	Electronics	4	4	433	433
	Sports	2	2	623	623
	MO	5	5	299	299
Spain	MO	-	9	-	402
	Zippy	1	-	157	-
Malta	MO	-	3	-	254
	Zippy	3	3	203	203
Saudi Arabia	Zippy	7	10	355	312
Turkey		4	4	133	96
Egypt		1	1	370	370
Kazakhstan		1	1	308	308
Azerbaijan		1	1	331	331
Dominican Republic		1	2	173	218
Venezuela		1	3	213	172
USA		-	4	-	231
Lebanon		-	2	-	151
Morocco		-	1	-	205
Qatar		-	1	-	232
St. Maarten		-	1	-	92
Jordan		-	1	-	363
Portugal		**11**	**11**	**407**	**407**
International		**20**	**47**	**259**	**268**
Total Franchising		**31**	**58**	**311**	**294**

At the end of 2013, Sonae SR operated 58 stores under franchising agreements, including 47 outside of Portugal. It is worth highlighting the new countries reached this year with Zippy in the USA, Lebanon, Morocco, Qatar, St. Maarten and Jordan, as well as the opening of MO in Spain and Malta, further strengthening our international expansion.

SONAE RP

Sonae RP, the retail real estate business area, was set up to actively manage Sonae's retail real estate properties, which are mainly made up of stores operated under Continente and several Sonae SR banners. The company's business is concerned with asset management, identifying property development opportunities and planning to release invested capital, through a decrease in the level of freehold ownership of retail sales area, mostly in the food business. Despite some asset sales and sale & leaseback transactions carried out up until the end of 2011, at the end of 2012, Sonae still demonstrated a level of freehold of retail real estate significantly higher than that of other retailers in Europe (74% freehold at Sonae MC and 28% freehold at Sonae SR).

Sonae RP reached an EBITDA of 115 M€, 7 M€ above the value reached in the previous year, which translates into a margin of 92% over 124 M€ sales and an EBIT ROCE of 7%.

Sonae RP

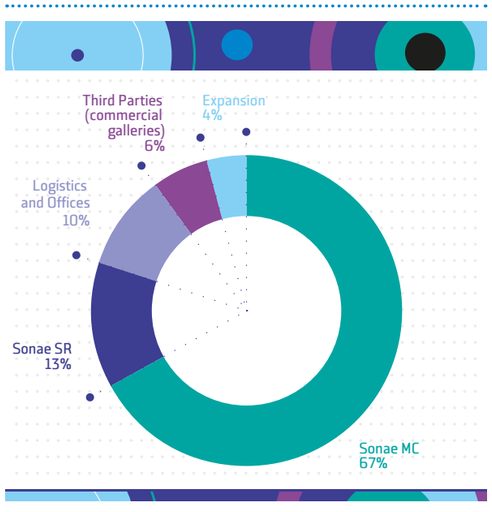
Million euros

	2012	2013	y.o.y.	4Q12	4Q13	y.o.y.
Turnover	120	124	3%	30	31	3%
Underlying EBITDA	**107**	**115**	**7%**	**26**	**31**	**22%**
Underlying EBITDA margin	89.4%	92.4%	3.1 p.p	83.9%	99.0%	15.1 p.p

The net book value of the capital invested in retail real estate assets amounted at the end of 2013 to 1.25 billion € and the portfolio comprises 33 Continente stores, 80 Continente Modelo stores and 18 Continente Bom Dia stores. Sonae currently maintains a freehold level of approximately 74% of its food retail selling area and 28% of its non-food retail space.

During 2013, there were no sale and leaseback transactions.

Sonae RP Portfolio



INVESTMENT MANAGEMENT

The implementation of corporate and business strategies is also supported by the **Investment Management** area. It adds value to the company by maximising shareholder's return on Sonae's portfolio, vigorously supporting core business M&A planning and execution and reinforcing Sonae businesses' networking with industry players, M&A advisors and investment banks. **Investment Management** portfolio includes a company operating in the DIY retail (Maxmat), a travel agency GeoStar, insurance brokerage (MDS) as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Público. In 2013, Sonae E.Ventures was launched, a venture capital initiative that aims to invest in ecommerce business in the retail area.

E.VENTURES

Launched in late 2013, Sonae E.Ventures (**www.sonaeeventures.com**) is a corporate venture capital initiative to invest in early stage ecommerce companies. Sonae E.Ventures aims to be the partner of ambitious entrepreneurs with innovative business models, who want to be successful in the international arena and need help to achieve their goals.

With the clear objective to be the Ecommerce Retail Energizer, Sonae E.Ventures offers not only funding, but also Sonae's core competencies, strategic assets and network of advisors.

Sonae E.Ventures statement to entrepreneurs is that we are the natural partner to Power Your Online Business.

Investment Management

Million euros

	2012PF	2013	y.o.y.	4Q12PF	4Q13	y.o.y.
Turnover	209	223	6%	53	59	11%
Underlying EBITDA	**0**	**15**	**-**	**1**	**7**	**-**
Underlying EBITDA margin	0.2%	6.6%	6.4 p.p	1.1%	12.0%	10.9 p.p

From 3Q13 onwards, following the merger between Zon and Optimus, it was decided to report Software and Systems Information as well as Online & Media businesses from Sonaecom, under **Investment Management**. Thus, this unit combines not only the businesses from MDS, Maxmat, GeoStar[16], as well as Wedo Technologies, Saphety, Mainroad, Bizdirect and Público. This business unit also has the responsibility of supporting management on M&A activities as well as Sonae E.Ventures, a new initiative launched this year.

Investment Management turnover, reached 223 M€, 6% above 2012, also benefitting from the increase of 6% of the SSI business, supported by the stronger service revenues.

Investment Management underlying EBITDA totalled 15 M€ in 2013 (+15 M€), corresponding to an underlying EBITDA margin of 6.6% (6.4 p.p above 2012). This improvement is mainly driven by the increased weight of service revenues in total turnover of the Software and Systems Information business.

MDS is the leader in the Portuguese insurance brokerage market and amongst the top 3 players in Brazilian market. The company offers a fully integrated service and provides customised and state of the art solutions to its customers. As a member of Brokerslink, MDS is part of one of the largest groups of independent insurance brokerage firms in the world. In 2013, both the Portuguese and the Brazilian operators reinforced their operational performance and despite the unfavourable BRL-EUR exchange rate, MDS successfully improved its turnover and EBITDA.

[16] GeoStar is reported using the equity method

WeDo Technologies, the worldwide market leader in providing revenue assurance and fraud management solutions to telecom operators, continued to expand its international footprint ending 2013 with over 200 customers across 90 countries in five continents. By the end of the year, international revenues accounted for 77.4% of its turnover, up 16.3% compared to 2012.

Maxmat holds a leading position in the Portuguese DIY market and holds a portfolio of 30 stores with a distinctive discount positioning. In 2013, the company presented a like-for-like growth of 4% and substantially improved its operational profitability.

Saphety reinforced its position in the local market in purchase-to-pay solutions, process optimisation and data and media synchronisation. Internationally, the company remained focused on South America and Europe and invested strongly in expanding into new countries, opening offices in Brazil and Colombia and signing partnership agreements in the Baltic, Kazakhstan, Mexico and Kenya.

Mainroad's focus is IT outsourcing. Its comprehensive offer includes IT managed services, IT security, business continuity and cloud computing. Backed by its data centres, Mainroad assures the maximum availability of the applications, systems and networks that support its customers' critical business processes. With more than 120 customers worldwide, in 2013 Mainroad provided services to customers in four continents from its offices in Lisbon, Porto and Madrid.

In 2013, **Bizdirect** retained its leadership position for delivering multi-brand IT solutions and managing corporate software licensing contracts. The strategic areas developed in 2013 reinforced the business' market positioning as a specialised player in the integration of Microsoft solutions and software asset management consulting.

Launched in late 2013, **Sonae E.Ventures** is a corporate venture capital initiative to invest in early stage ecommerce companies. The aim is to support entrepreneurs with innovative business models and international ambition, not only with financing, but also with Sonae's core competencies and strategic assets.

SONAE SIERRA

Sonae Sierra, the international shopping centre specialist, with 50% held by Sonae, was largely able to counteract the decline in private consumption in the Iberian market through its stronghold in emerging economies such as Brazil, as well as through an extension of management services to third parties, and the finalisation of a number of new agreements in Algeria, Italy, Morocco and Turkey. Such key expertise in the area of retail property development and asset and property management has clearly benefitted Sonae and we now have 47 shopping centres operational.

During 2013, **Sonae Sierra** opened 3 new shopping centres, "Boulevard Londrina" and "Passeio das Águas" in Brazil and "Hofgarten Solingen" in Germany.

SONAE SIERRA - RECYCLING CAPITAL

2013 was a very important year for Sonae Sierra. Despite the turmoil in the real-estate and, particularly, in the shopping centre markets, Sonae Sierra strategically positioned itself focusing on new investments with strong growth potential. A strategy made possible by recycling capital from some investments to new opportunities. For this purpose, Sonae Sierra critically analysed each investment in its portfolio and assessed the potential latent in each investment opportunity. As a result, Sonae Sierra sold its investment in Parque Principado shopping centre (a joint project with CBRE Iberian Value Added Fund), Valecenter shopping centre and Airone shopping centre totalling 286 M€.

The capital from these sales was then invested in the development of new projects (two shopping centres in Brazil, Hofgarten Solingen shopping centre in Germany and ParkLake in Romania).

Sonae Sierra

Operational data

	2012	2013	y.o.y.
Footfall (million visitors)	**426**	**406**	**-**
Europe	318	303	-
Brazil	107	102	-
Ocuppancy rate (%)	**96.0%**	**94.4%**	**-1.5 p.p**
Europe	95.8%	95.2%	-0.6 p.p
Brazil	97.0%	92.1%	-4.9 p.p
Tenant sales (million euros)	**5,114**	**4,623**	**-9.6%**
Europe (million euros)	3,365	3,217	-4.4%
Brazil (million euros)	1,749	1,406	-19.6%
Brazil (million reais)	4,367	4,009	-8.2%
N. of shopping centres owned/co-owned (EOP)	**47**	**47**	**0**
Europe	39	37	-2
Brazil	8	10	2
GLA owned in operating centres ('000 m²)	**1,893**	**1,896**	**0%**
Europe	1,553	1,430	-8%
Brazil	341	467	37%

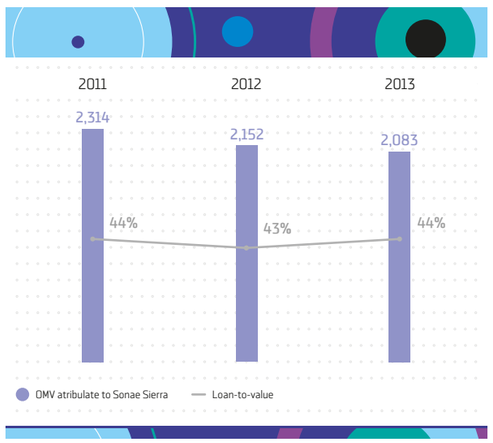
Sonae Sierra

Financial (Million euros)

	2012	2013	y.o.y.	4Q12	4Q13	y.o.y.
Turnover	**227**	**228**	**0%**	**59**	**62**	**5%**
EBITDA	**116**	**113**	**-2%**	**30**	**30**	**0%**
EBITDA margin	51.2%	49.7%	-1.4 p.p	50.4%	47.7%	-2.7 p.p
Direct result	**63**	**58**	**-8%**	**16**	**15**	**-9%**
Indirect result	**-108**	**-54**	**50%**	**-79**	**-16**	**79%**
Net results	**-46**	**4**	**-**	**-63**	**-1**	**98%**
... attributable to Sonae	-23	2	-	-31	-1	98%
OMV	**2,152**	**2,083**	**-3%**	**-**	**-**	**-**
NAV	**1,050**	**1,000**	**-5%**	**-**	**-**	**-**

Sonae Sierra

Open Market Value (OMV) and leverage



The benchmark quality of Sonae Sierra assets was once again demonstrated by achieving an average **occupancy rate** of 95.2% in Europe, despite the depressed macroeconomic environment during the first half of the year, especially in the Iberian Peninsula. In Brazil, this rate was affected by the opening of 2 shopping malls (Boulevard Londrina on May, 5th 2013 and Passeio das Águas on October, 30th 2013), which at the date of their inaugurations were not fully occupied. In the overall portfolio under management, **tenant sales** in 2013, when compared to the previous year, decreased particularly driven by the sale of Munster Arkaden in Germany in November, 19th 2012, and the stakes in 3 non-strategic shopping malls in Brazil (Penha, Tivoli and Patio Shopping centres in November, 5th 2012). **LfL tenant sales** in Europe declined by 1.5%, which was partially compensated by the 5.1% growth reached in Brazil (in local currency).

In 2013 **Turnover** was kept at the same level, when compared to the previous year, because the higher consumer confidence from May onwards and a month-on-month turnover growth across the majority of the portfolio since October, more than compensated for the depressed macroeconomic environment at the beginning of the year.

Sonae Sierra recorded **net results** of 3.6 M€ in 2013, which compares with the negative result of 45.9 M€ in 2012. This strong set of results was particularly influenced by a better market environment in the second half of the year, combined with a stabilisation of yields, particularly in Portugal and Spain. The lower **direct result** was impacted by the sale of assets already mentioned. On a like-for-like basis, the direct net profit and EBITDA remained stable. Indirect result in 2013 amounted to negative 54 M€ (50% better than 2012) as a consequence of a less unfavourable evolution of the yields, when compared to 2012.

Regarding the value of its assets, on 31st December 2013 the **OMV (Open Market Value)** attributable to Sonae Sierra was 2,083 bn€, 68 M€ below 2012 year-end, basically as a result of the sale of Parque Principado Shopping centre in Spain, Valecenter and Airone shopping centres in Italy and the adverse exchange rate effect in the Brazilian assets. These effects more than offset the conclusion of the Boulevard Londrina and Passeio das Águas Shopping centres in Brazil, as well as Solingen in Germany and the acquisition of an additional stake in Cascaishopping. **NAV (Net Asset Value)** was negatively impacted for the same reasons as OMV, reaching at the end of 2013 1,000 bn€, 50 M€ below December 2012.

Despite the increase on average yields, the "Loan-to-value" ratio remains at a conservative level of 44% at the end of December 2013.

SONAECOM

2013 was a strategic and intense year for Sonaecom. The creation of ZON OPTIMUS has changed the landscape of the Portuguese Telecommunications market.

On February 15th, Sonae and France Telecom ("FT-Orange") executed an agreement whereby, respectively, a call and put option was granted over the 20% stake in Sonaecom's share capital held by a subsidiary of FT-Orange. Sonae's call option could be exercised during an 18-month period and FT-Orange's put option within the subsequent 3-month period. The price for the exercise of both options was of 98.9 M€, which could be increased up to 113.5 M€ in case Sonaecom or Optimus would participate in any consolidation process within a 24-month period. On August 27th, Sonae exercised the call option.

"The creation of ZON OPTIMUS has left an indelible mark on Sonaecom and on the telecommunications sector in Portugal. A long and demanding process was successfully concluded, which helped create an operator with increased competitiveness, renewed ambition and with a shareholding structure totally aligned and committed to the new project. Given the significant impact of this operation on Sonaecom's portfolio, the Board of Directors decided in October to launch a tender offer to acquire own shares in exchange for ZON Optimus shares, held by Sonaecom outside the control structure, thereby allowing Sonaecom's minority shareholders to gain direct exposure to the new and promising operator."

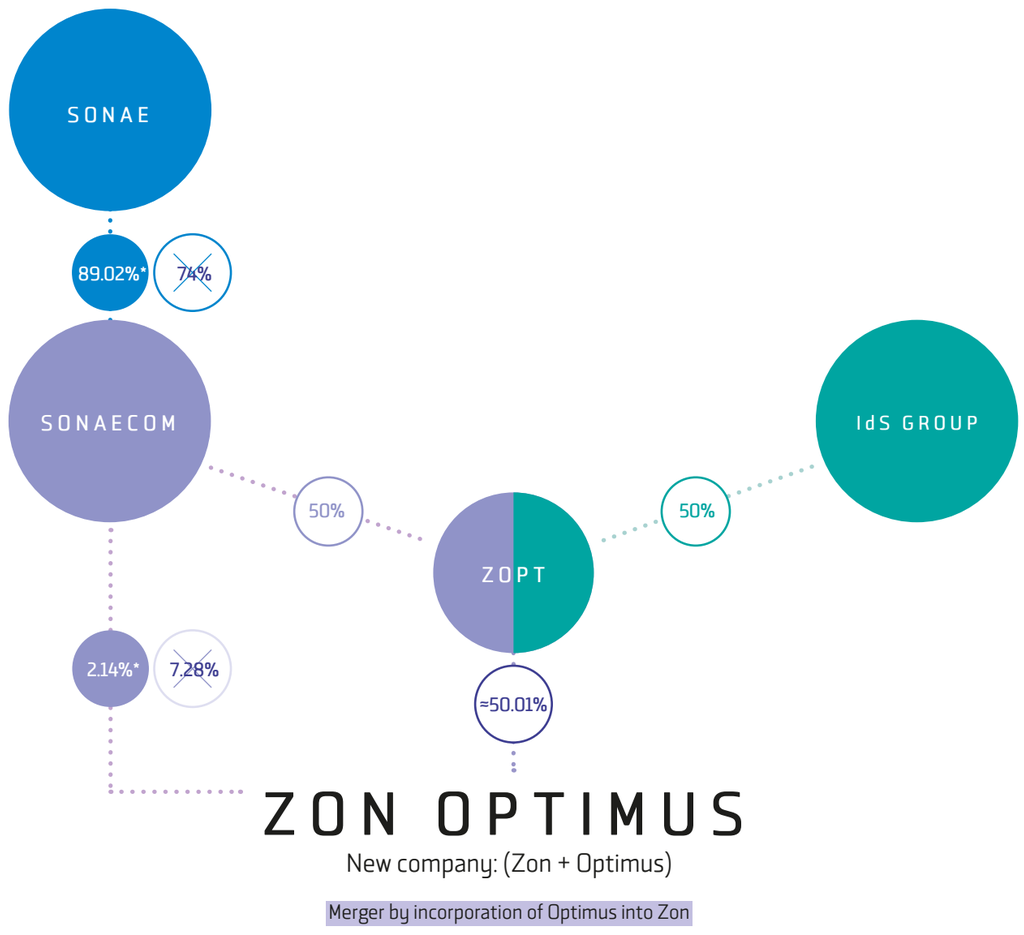
Ângelo Paupério | CEO Sonaecom

Following the merger between Zon and Optimus, on October 29th, 2013, Sonaecom announced the decision to make a partial and voluntary tender offer for the acquisition of a maximum of 88,479,803 of its own shares, representing 24.16% of its share capital. Sonaecom's shareholders were given the option to sell, in equal standing conditions, their Sonaecom shares for consideration of the directly held 37,489,324 ZON OPTIMUS shares, which were not necessary to the pursuit of Sonaecom's business purposes, thereby enabling direct exposure of Sonaecom shareholders to ZON OPTIMUS. Sonaecom offered an overall price equivalent to €2.45 per Sonaecom share, to be composed of ZON OPTIMUS shares and, where applicable, a remaining cash amount. For determining the Sonaecom/ZON OPTIMUS share trade ratio, it was set a ZON OPTIMUS share price of €5.08.

Sonaecom held on December, 31st a 50% stake in ZOPT, which in turn holds a 50.01% participation in ZON OPTIMUS. Sonaecom also held a direct stake of 7.28% in the capital of ZON OPTIMUS.

On February 5th, 2014, following CMVM approvals, Sonaecom announced the launch of the tender offer. The period of the offer, during which sales orders were received, ran for two weeks, beginning on February 6th and ending on February 19th, 2014.

On February 20th, 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares and Euronext announced Sonaecom, having a free-float close to 10%, would be excluded from the PSI 20 from February 24th, 2014 onwards. Following the offer, Sonae's participation in Sonaecom increased from 74.32% to 89.02% and Sonaecom's direct participation in ZON OPTIMUS was reduced from 7.28% to 2.14%.



* Following the voluntary tender offer launched by Sonaecom, results were released on February 20th, 2014

ZON OPTIMUS

In 2013, we successfully concluded the Zon and Optimus merger, creating ZON OPTIMUS, a strong player with a solid competitive position in all segments of the Portuguese telecoms market. This merger represents a milestone in Sonae's history and is a pinnacle of our strategy.

At the end of 2012, Sonae announced an agreement between Sonaecom and Unitel International Holdings to promote the merger of Zon and Optimus.

Zon and Optimus have unique characteristics that allows for a close to a perfect match, have almost no overlapping businesses and there are high efficiency gains associated with the proposed transaction. Further, the critical mass gains for the resulting company increases its ability to compete in the local market, as well as to seek growth in other geographic areas. This merger creates a solid and competitive player across all telecommunications platforms.

"The conclusion of the Zon and Optimus merger constitutes an indelible mark and is the achievement of two fundamental long-term and long-pursued goals of Sonae. Firstly to create a level and competitive playing field in the Portuguese Telecommunications market and, secondly, to further implement our Core Partnership Corporate Strategy. We are very confident that together with our co-controlling partner, remaining shareholders and the newly elected board and management team, we will make ZON OPTIMUS a success story."

Paulo Azevedo | CEO Sonae

In January 2013, both Boards of Directors unanimously approved the merger project involving the incorporation of Optimus into Zon, and pursuant to which all the assets and liabilities of Optimus would be globally transferred to Zon. The merger project was then approved by Optimus shareholders in an extraordinary shareholder meeting held in March.

The final two steps were concluded in April and August, with the Portuguese Securities Exchange Commission (CMVM) resolution waiving the obligation to launch a mandatory takeover bid and with the declaration of non-opposition to the merger by the Portuguese Competition Authority.

The new company was formally registered on August 27th, 2013. This date marks the beginning of a new era in the Portuguese Telecommunications market.

ZON OPTIMUS

ZON OPTIMUS is a telecommunications and entertainment group which offers a wide range of telecommunication services to all market segments (residential, personal, corporate and wholesale), with a leading position in Pay TV, Next Generation Broadband services and in Cinema Exhibition and Distribution in Portugal.

ZON OPTIMUS has approximately 1.5 million Pay TV customers, 922 thousand Fixed Broadband customers, 1.5 million Fixed Voice Customers and 3.2 million Mobile subscribers in Portugal. Its Pay TV service, IRIS, is the most innovative in the Portuguese market and ranked by Portuguese consumers as "Product of the Year". It was previously awarded the Janus Design Award by the Institut Français du Design and the "Most Innovative TV Interface" award by the TV of Tomorrow Show in San Francisco. The path of excellence towards leadership in customer satisfaction was also acknowledged by the international jury of the Contact Center World 2013 award, which ranked Optimus as #1 for Best Customer Service of the EMEA region. Optimus was also distinguished as the "Consumer Choice" by Consumer Choice – Consumer Satisfaction Evaluation Center, due to the quality of the services provided, customer service and the diversity of its offer.

ZON OPTIMUS fixed and mobile telecommunications networks make use of the most advanced technologies. ZON OPTIMUS fixed network is the most sophisticated Next Generation Network in the country and is installed in 3.2 million homes. The mobile 4G network enables ZON OPTIMUS to offer 4G network coverage to over 90% of the Portuguese population.

With 29 multiplexers and 210 cinema screens spread throughout the country, ZON OPTIMUS is also the leader in Cinema Exhibition in Portugal. It is continuously innovating in terms of technology, always with the latest trends and technical evolutions, including the digitalisation of 100% of its cinema screens and the opening of the first IMAX® DMR-Digital 3D screen in the country. The Audiovisuals division maintains its position of leadership in the distribution of films for cinema exhibition.

The Group, which results from the merger between Zon and Optimus in 2013, generated pro-forma revenues of around 1.4 M€, EBITDA of 536.6 M€, Net Income of 63.4 M€ and Recurrent EBITDA-CAPEX of 275.2 M€. The Company is listed on the main Portuguese stock index, PSI 20, and has a market cap of over 2,000 M€.

Sonae has a co-controlling influence of ZON OPTIMUS through ZOPT.

ZON OPTIMUS Indicators - Pro-forma Results

Million euros

	2012PF	2013PF	y.o.y.	4Q12PF	4Q13PF	y.o.y.
Operating revenue	1,474	1,427	-3%	370	356	-4%
EBITDA	541	537	-1%	128	118	-8%
EBITDA margin	36.7%	37.6%	0.9 p.p	34.6%	33.2%	-1.4 p.p
Net results	114	63	-45%	22	-13	-
Recurrent CAPEX	297	261	-12%	81	77	-4%
EBITDA-Recurrent CAPEX	244	275	13%	47	41	-13%

There was much customer enthusiasm for the convergent offer with ZON4i reaching 300 thousand RGUs just three months after its launch.

These results confirm that customers have been waiting for the merger to take place to be able to benefit from this strong fixed and mobile value proposition combining the best TV interface in the market, IRIS, the highest broadband speeds with the best network coverage and unlimited all-net mobile services.

The merger by incorporation of Optimus into Zon that led to the creation of ZON OPTIMUS was completed on August 27th, 2013. As from this quarter, ZON OPTIMUS' statutory financial statements as at December 31st, 2013 reflect the financial consolidation of 12 months of Zon and 4 months of OPTIMUS. To facilitate comparison between current and prior period results for the new ZON OPTIMUS, pro-forma accounts were prepared to reflect consolidation of Optimus for 12 months and the restatement of statutory accounts to reflect changes to accounting policies (as explained in detail in ZON OPTIMUS' report to the market).

The 4Q13 was the first full quarter of operations after the ZON OPTIMUS merger was completed at the end of August and led by the new management team as from October 1st.

The quarter was marked by significant internal reorganisation to reflect a new integrated company, driven by a convergent strategy and built around 2 main segments: Consumer and Business.

Net Income was negatively impacted by 26.8 M€ non-recurrent expenses in 4Q13, which incorporates a combination of:

1) Costs resulting from the merger of approximately 9 M€ that reflect primarily the cash out and provisions for curtailment costs, and

2) one-off non-cash accounting adjustments such as the impairment of some technical and IT equipment and platforms that have become obsolete through the integration process[17]

ZON OPTIMUS operating revenues reached 1,427 M€ in 2013, decreasing 3.2% when compared to 2012.

EBITDA stood at 537 M€, decreasing 0.9% when compared to 2012.

Recurrent CAPEX decreased from 297 M€ to 261 M€, less 12%. As a consequence of EBITDA and Recurrent CAPEX evolution, EBITDA-Recurrent CAPEX grew 13% y.o.y., to 275 M€.

Net Financial Debt to EBITDA stood at 1.8x at the end of 2013.

ZON OPTIMUS is now financed until 1Q15 and the average maturity of its Net Financial Debt is now 2 years.

ZON OPTIMUS published its 2013 results on February 27th, 2014, which are available at www.zonoptimus.pt.

[17] This part of the costs is only affecting ZON OPTIMUS results since Sonaecom included it directly in the goodwill

OUTLOOK FOR 2014

We are cautiously optimistic regarding the macroeconomic situation in the Iberian Peninsula in 2014, for the development of our retail and shopping mall businesses. We remain, however, prudent as some of the recent macroeconomic risks have not yet been completely eliminated in Iberia. In other countries where we operate, namely, Germany, Brazil and Italy, we expect stable market conditions.

The increasingly competitive **food market** in Portugal, together with our resolute will to strengthen our leadership position would likely produce lower EBITDA margins, although we are confident that they will be kept at benchmark levels due to our cost efficiency competitive advantage.

In the case of **Sonae SR** businesses, we expect to further consolidate the turnaround, with positive effects following the ones already registered in 4Q13. We will expand to new geographic areas mainly through franchising agreements and continue to develop our business models with an Omni-channel strategy.

In what concerns our core partnerships, **Sonae Sierra** will probably benefit from a better market environment and stronger consumer confidence, which is expected to have a positive impact in the yields evolution as well as in the operational results. In the **telecommunications** area, we are confident that in 2014 we will progressively witeness the positive impact of the merger process between Zon and Optimus.

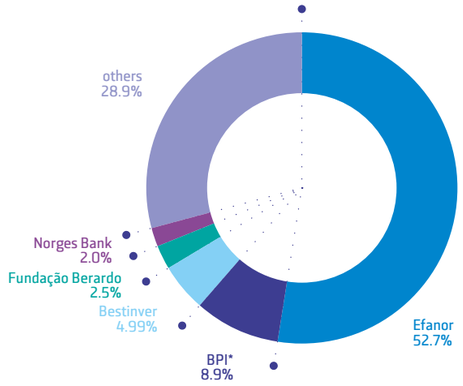
As a group, we will continue to be focused on the sustainability of our core businesses, by keeping our market leadership positions in Portugal, consolidating turnaround results in Spain and enhancing our growing international avenues, which will further improve our capacity to generate cash flow, thus strengthening our balance sheet, despite the investments to be carried out and the dividends to be distributed.

INFORMATION ON SHAREHOLDINGS AND SHARE PERFORMANCE

SHAREHOLDINGS

A STABLE SHAREHOLDER STRUCTURE

"FREE FLOAT" OF CIRCA 40%



SHARE CAPITAL
2,000 million

AVERAGE DAILY VOLUME (2013)
~2,36 million shares

MARKET CAP (as of 31.12.2013)
~2.1 billion euros

***BPI stake includes Equity swap**
of circa 123 million Sonae 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 3.68% and the Next 150, with a weighting of 3.41%, as at the end of December 2013. The table below shows the key indicators of Sonae's share performance.

	2011	2012	2013
ISIN code		PTSON0AM0001	
BLOOMBERG code		SON PL	
REUTERS code		SONP.IN	
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year close	0.46	0.69	1.05
Year high	0.85	0.72	1.11
Year low	0.42	0.37	0.66
Average trading volume per day (shares)	2,258,026	1,811,356	2,645,077
Average trading volume per day (€)	1,533,960	924,433	2,271,751
Market cap. as at 31st Dec (M€)	918	1,374	2,098

Sonae shares ended the year 2013 quoted at 1.05 euros, reflecting a nominal improvement of 53% during the year, which compares with an appreciation of approximately 16% of the reference index of the Portuguese Stock Market – the PSI-20. There was also higher volume of shares traded in the stock market, with Sonae's average trading volume up in 2013 to approximately 2.6 million shares per day.

During 2013, there were no transactions with own shares.

During 2013, the main announcements with a possible impact on Sonae's share price were as follows:

23.01.2013 - 2012 preliminary retail sales

15.02.2013 - Sonae announces the agreement with France Telecom Group

13.03.2013 - 2012 annual results

20.03.2013 - Fulfilment of the condition to suspend the agreement with France Telecom

09.05.2013 - 2013 first quarter results

17.05.2013 - Dividend payment for the year 2012

12.06.2013 - Bond issue by subsidiary

21.08.2013 - 2013 first semester results

27.08.2013 - Exercises call option over company of France Telecom group

18.10.2013 - Qualified shareholding from Bestinver Gestión, S.A. SGIIC

15.11.2013 - 2013 third quarter results

20.11.2013 - Cash settled equity swap term extension

INDIVIDUAL NET INCOME OF SONAE, SGPS, S.A.

Sonae, SGPS, S.A.'s activities, on a stand-alone basis, are essentially associated with the management of the shareholdings in its subsidiaries. In 2013, the individual net income of Sonae, SGPS, S.A. stood at 159.5 M€.

This net income already includes the amount of 515,300.00 euros for the short term variable remuneration of the executive members, as distribution of profits pursuant nr. 2 of art. 31 of the Articles of Association and on as proposed by the Shareholders' Remuneration Committee, which is responsible for the implementation of the remuneration policy approved at the General Meeting held on April 30th, 2013.

SUBSEQUENT EVENTS

On **February 5th, 2014**, following CMVM approvals, Sonaecom announced the launch of the tender offer for the acquisition of a maximum of 88,479,227 shares, representing 24.16% of its share capital. The period of the offer, during which sales orders were received, ran for two weeks, beginning on February 6th and ending on February 19th 2014.

On **February 20th, 2014**, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares and Euronext announced Sonaecom exclusion from the PSI-20, from February 24th, 2014 onwards. Following the offer, Sonae's participation in Sonaecom increased from 74.32% to 89.02% and Sonaecom's direct participation in ZON OPTIMUS was reduced from 7.28% to 2.14%.

On **March 10th, 2014**, Sonae announced that it has completed, directly and through its subsidiaries, a number of financing transactions with maturities between 5 and 7 years for the total amount of 240 M€, with several financial institutions. These operations enabled Sonae to anticipate under favorable conditions a significant part of the refinancing programme of its medium and long-term credit facilities maturing up to the end of 2015.

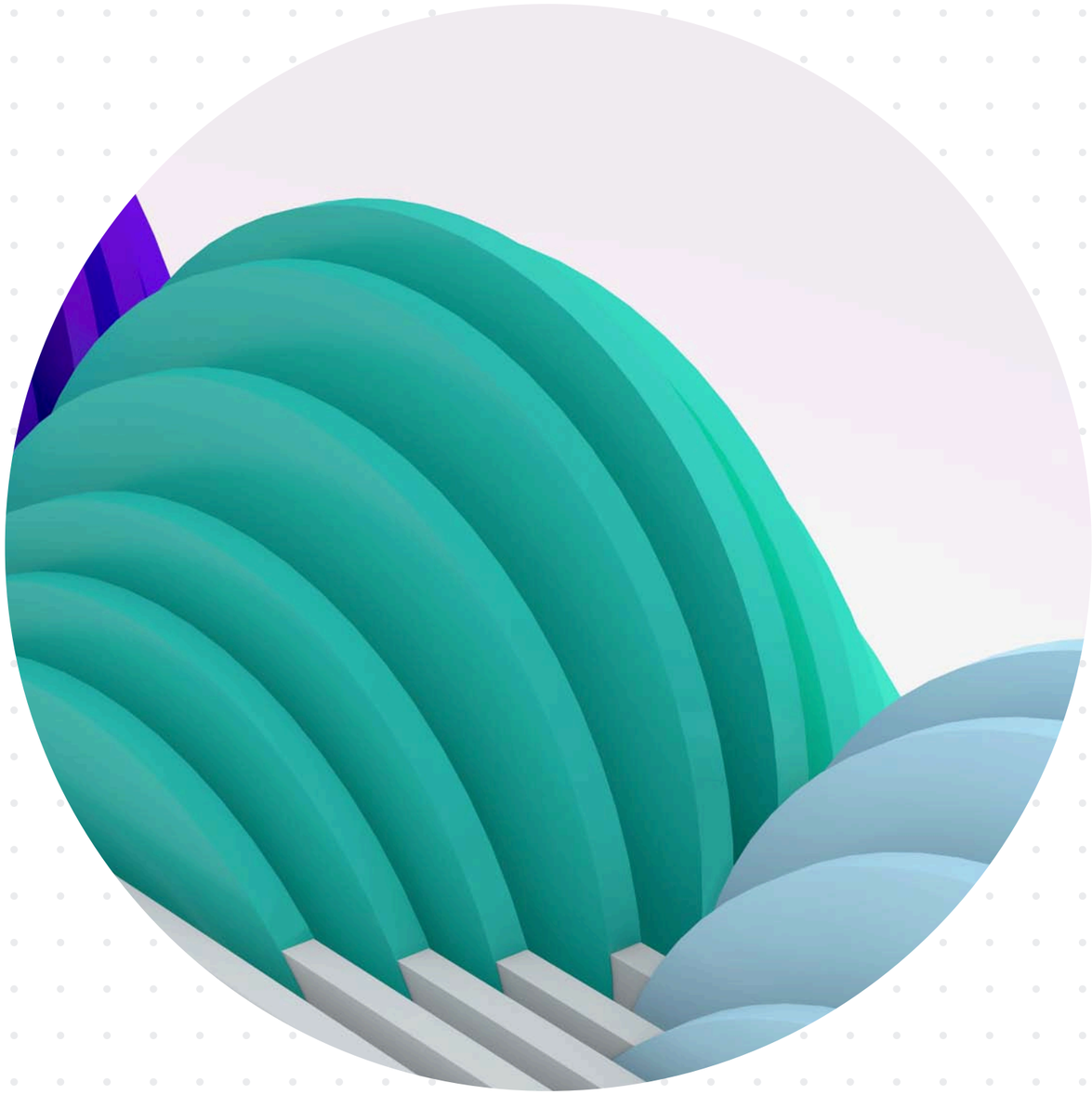
PROPOSED ALLOCATION OF THE 2013 NET INCOME AND DIVIDEND DISTRIBUTION

Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the net profit, of 159,490,510.43 euros, is appropriated in the amount of 7,974,525.52 Euros, to legal reserves, and the remaining amount of 81,915,984.91 Euros to free reserves and the assigning of an overall dividend of 69,600,000 euros.

The Board of Directors accordingly proposes that a gross dividend of 0.0348 euros per share is paid to the shareholders, excluding from the total dividends of 69,600,000 euros, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to the Free Reserves.

This dividend corresponds to a dividend yield of 3.3%, based on the closing price as at December 31st 2013, and to a payout ratio of 46% of the consolidated direct income attributable to equity holders of Sonae.

CLOSING REMARKS AND ACKNOWLEDGEMENTS



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 2013. 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 18th, 2014

THE BOARD OF DIRECTORS

Belmiro de Azevedo,
Chairman

Álvaro Carmona e Costa Portela,
member of the Board of Directors

Álvaro Cuervo Garcia,
member of the Board of Directors

Bernd Bothe,
member of the Board of Directors

Christine Cross,
member of the Board of Directors

Michel Marie Bon,
member of the Board of Directors

José Neves Adelino,
member of the Board of Directors

Duarte Paulo Teixeira de Azevedo,
CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério,
member of the Executive Committee

GLOSSARY

C

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.

D

Direct income	Results excluding contributions to indirect income.

E

(Direct) EBIT	Direct EBT - financial results + discontinued operations of Optimus.
EBITDA	Total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, ZON OPTIMUS and GeoStar) + the impact of discontinued operations of Optimus.
EBITDA margin	EBITDA / Turnover.
(Direct) EBT	Direct results before non-controlling interests and taxes.
Eliminations & adjustments	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
EOP	End of period.

F

Free Cash Flow (FCF)	EBITDA - operating CAPEX - change in working capital - financial investments - financial results - income taxes.
Financial net debt	Total net debt excluding shareholders loans.
FMCG	Fast-moving Consumer Goods.

G

GLAs	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

I

Indirect income	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 by Sonae Sierra.

L

Liquidity	Cash & equivalents + current investments, excluding the 7.28% participation at ZON OPTIMUS.
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 capitalization for listed companies.
Loan to value (LTV) – Shopping Centre	Net debt / (investment properties + properties under development).

N

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 7.28% participation at ZON OPTIMUS, and other long term financial applications.
Net Invested capital	Total net debt + total shareholder funds.

O

Other income	Share of results of associated undertakings + dividends.
Other loans	Bonds, leasing and derivatives.
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by an independent entity.

R

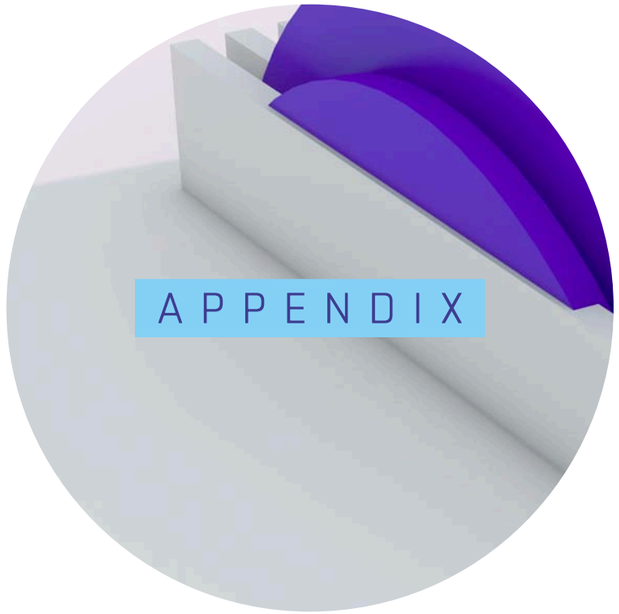
Return on invested capital (RoIC)	EBIT (12 months) / Net invested capital.
Return on equity (ROE)	Total net income n (equity holders) / Shareholders' Funds n-1 (equity holders).

T

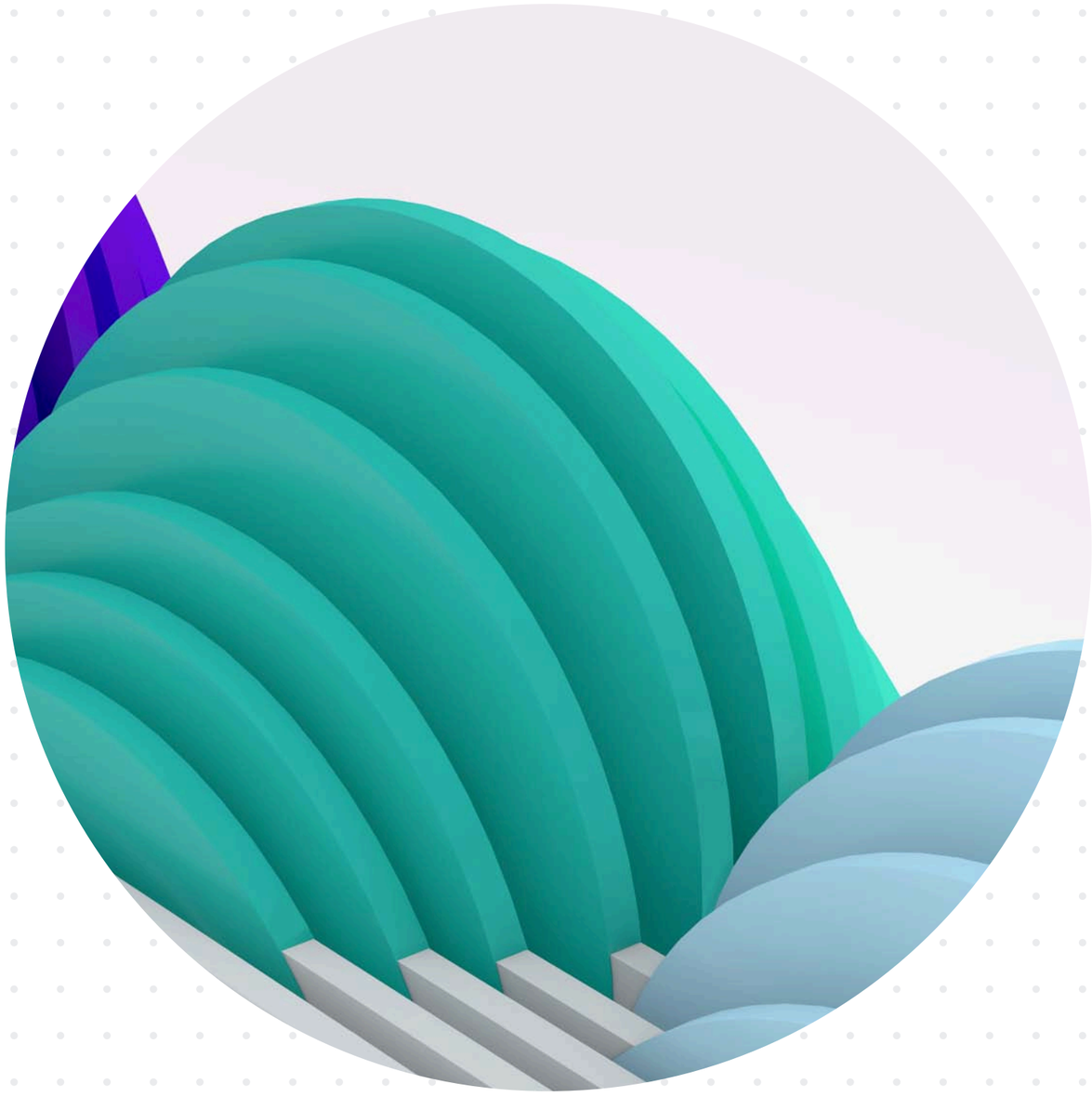
Technical investment	Tangible assets + intangible assets + other fixed assets - depreciations and amortisation.

U

Underlying EBITDA	Total direct income - total expenses - reversal of impairment losses (see reconciliation).



APPENDIX



APPENDIX

ARTICLE 245 PARAGRAPH 1, C)

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, as adopted by the European Union, giving a fair and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae, SGPS, S.A., and of the companies included in the consolidation perimeter, and that the Management Report faithfully describes the progress of the business and position of Sonae, SGPS, S.A., and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties that they face.

Maia, 18 March 2014

THE BOARD OF DIRECTORS

Belmiro de Azevedo,
Chairman

Álvaro Carmona e Costa Portela,
member of the Board of Directors

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member of the Executive Committee

ARTICLE 447 AND ARTICLE 14, PARAGRAPH 7

ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT AND ARTICLE 14, PARAGRAPH 7, OF THE PORTUGUESE SECURITIES COMISSION (CMVM) REGULATION NR. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

		Additions		Reductions		Balance as of 31.12.2013
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Belmiro Mendes de Azevedo (*) (**)						
Efanor Investimentos, SGPS, SA (1)						49,999,996
Sonaecom, SGPS, SA (9)						75,537
Álvaro Carmona e Costa Portela (*)						
Sonae, SGPS, SA (3)						125,934
Sonaecom, SGPS, SA (9)						5,000
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)						
Sonae, SGPS, SA (3)						763,150 (a)
Performance Bonus Plan and Medium Term Incentive Plans	08.03.2013	178,588	0,000			
Sonaecom, SGPS, SA (9)						552,837
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013	112,767	0,000			
Continente Bonds - 7% -2015						700,000 (b)
Duarte Paulo Teixeira de Azevedo (*) (**) (****)						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (4)						1,969,996
Sonae, SGPS, SA (3)						488,530 (c)
Performance Bonus Plan and Medium Term Incentive Plans	25.06.2013	28,479	0,000			
Sale	26.06.2013			28,479	0,699	
Performance Bonus Plan and Medium Term Incentive Plans	04.12.2013	485,707	0,000			
Michel Marie Bon (*)						
Sonae, SGPS, SA (3)						321,000
Purchase	02.12.2013	28,000	1,094			

Maria Margarida Carvalhais Teixeira de Azevedo (**) (***)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA (3)					14,901
Maria Cláudia Teixeira de Azevedo (**) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA (3)					41,127
Performance Bonus Plan and Medium Term Incentive Plans	08.03.2013	41,127	0,000		
Linhacom, SGPS, SA (6)					99,996
Sonaecom, SGPS, SA (9)					40,566 (d)
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013	40,396	0,000		
Nuno Miguel Teixeira de Azevedo (**) (****)					
Efanor Investimentos, SGPS, SA (1)					1
Sonae, SGPS, SA (3)					10,500 (e)
Arlindo Dias Duarte Silva (*****)					
Continente Bonds - 7% -2015					5,000 (f)

	Date	Additions		Reductions		Balance as of 31.12.2013
		Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (3)						200,100,000
Pareuro, BV (2)						5,583,100
Sonaecom, SGPS, SA (9)						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA (3)						849,533,095
(3) Sonae, SGPS, SA						
Sonae Investments, BV (7)						2,894,000
Sontel, BV (8)						32,745
Sonaecom, SGPS, SA (9)						76,679,374
Purchase	15.02.2013	73,249,374	1,430			
(4) Migracom, SGPS, SA						
Sonae, SGPS, SA (3)						2,936,683
Purchase	26.06.2013	28,479	0,699			
Sonaecom, SGPS, SA (9)						387,342
Imparfin, SGPS, SA (5)						150,000

(5) Imparfin, SGPS, SA					
Sonae, SGPS, SA (3)					4,105,280
Continente Bonds - 7% -2015					5,000
(6) Linhacom, SGPS, SA					
Sonae, SGPS, SA (3)					439,314
Sonaecom, SGPS, SA (9)					120,300
Imparfin, SGPS, SA (5)					150,000
(7) Sonae Investments BV					
Sontel BV (8)					58,555
Capital increase	18.12.2013	14,900	5,369,128		
(8) Sontel BV					
Sonaecom, SGPS, SA (9)					194,063,119
(9) Sonaecom SGPS, SA					
Sonaecom, SGPS, SA (treasury shares)					5,571,014
Performance Bonus Plan and Medium Term Incentive Plans	04.03.2013			247,423	0,000
Purchase	20.03.2013	140,000	1,653		
Purchase	21.03.2013	180,000	1,648		
Purchase	22.03.2013	160,000	1,666		
Purchase	25.03.2013	145,000	1,679		
Purchase	26.03.2013	64,000	1,655		
Purchase	27.03.2013	85,000	1,637		
Purchase	28.03.2013	35,000	1,622		
Purchase	02.04.2013	170,000	1,689		
Purchase	03.04.2013	160,000	1,659		
Purchase	04.04.2013	170,000	1,687		
Purchase	05.04.2013	103,000	1,668		
Purchase	08.04.2013	88,000	1,665		
Performance Bonus Plan and Medium Term Incentive Plans	10.05.2013			1,192	0,182
Performance Bonus Plan and Medium Term Incentive Plans	10.05.2013			1,409	0,000

(*) 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)
(***) People closely connected with the President of the Board of Directors of Sonae Holding, Belmiro de Azevedo
(****) Member of the Board of Directors of Imparfin, SGPS, SA (5)
(*****) Member of the Statutory Audit Board
(a) of wich 125,000 shares held by spouse
(b) of which 150,000 bonds held by spouse and 400,000 are held by company in which this person discharging managerial responsibilities ("dirigente") is the sole director
(c) of which 530 shares held by descendants under his charge
(d) 170 shares held by spouse
(e) Shares held by descendants under his/her charge
(f) co-held with the respective spouse
Note: The Independent non-executive member of the Board of Directors, José Manuel Neves Adelino, is a member of the Statutory Audit Board of Banco BPI, SA, which holds 178,039,855 shares representing of 8.902% of Company's share capital.

QUALIFIED HOLDINGS

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of the Sonae - SGPS, SA, as required by article 8, nr.1, b) of the Portuguese Securities Market Comission (CMVM) Regulation nr.05/2008:

Shareholder	Nr. of shares	% share capital	% of voting rights
Efanor Investimentos, SGPS, SA (i)			
Directly	200,100,000	10.0050%	10.0050%
By Pareuro, BV (controlled by Efanor)	849,533,095	42.4767%	42.4767%
By Maria Margarida CarvalhaisTeixeira de Azevedo (Director of Efanor)	14,901	0.0007%	0.0007%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor)	488,530	0.0244%	0.0244%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	41,127	0.0021%	0.0021%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	10,500	0.0005%	0.0005%
By Migracom, SGPS, SA (company controlled by Efanor's Director Duarte Paulo Teixeira de Azevedo)	2,936,683	0.1468%	0.1468%
By Linhacom, SGPS, SA (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0220%
Total attributable to Efanor Investimentos, SGPS, SA	**1,053,564,150**	**52.6782%**	**52.6782%**
Banco BPI, SA	132,851,868	6.6426%	6.6426%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0036%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2376%
Total attributable to Banco BPI, SA	**178,039,855**	**8.9020%**	**8.9020%**
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4925%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	**49,849,514**	**2.4925%**	**2.4925%**
Bestinver Gestión, S.A. SGIIC			
Bestinver Bolsa, F.I.	26,842,197	1.3421%	1.3421%
Bestinfond, F.I.M.	24,648,288	1.2324%	1.2324%
Bestinver Hedge Value Fund Fil	11,556,421	0.5778%	0.5778%
Bestinver Global, FP	7,154,263	0.3577%	0.3577%
Bestvalue, FI	6,161,372	0.3081%	0.3081%
Soixa Sicav, SA	4,387,528	0.2194%	0.2194%
Bestinver Ahorro, Fondo de Pensiones	3,068,989	0.1534%	0.1534%
Bestinver Mixto, F.I.M.	2,398,104	0.1199%	0.1199%
Bestinver Sicav - Bestifund	3,234,455	0.1617%	0.1617%
Bestinver Sicav - Iberian	8,757,641	0.4379%	0.4379%
Bestinver Renta, F.I.M.	756,150	0.0378%	0.0378%
Bestinver Prevision, FP	216,988	0.0108%	0.0108%
Divalsa de Inversiones Sicav	154,747	0.0077%	0.0077%
Bestinver Empleo, FP	151,085	0.0076%	0.0076%
Linker Inversiones, Sicav	100,279	0.0050%	0.0050%
Bestinver Futuro EPSV	83,569	0.0042%	0.0042%
Bestinver Empleo III, Fonde de Pensiones	34,135	0.0017%	0.0017%
Bestinver Empleo II, FP	55,323	0.0028%	0.0028%
Total attributable to Bestinver Gestión, S.A. SGIIC	**99,761,534**	**4.9881%**	**4.9881%**
Norges Bank	40,100,985	2.0050%	2.0050%
Total attributable to Norges Bank	**40,100,985**	**2.0050%**	**2.0050%**

(i) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

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 2013
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	200,100,000
Pareuro, BV	5,583,100
Pareuro, BV	
Sonae, SGPS, SA	849,533,095