



SONAE

INVESTOR PRESENTATION

November 2009



SONAE
50 YEARS AHEAD.

Investor's key questions and concerns



Q1

What is Sonae's equity story?



Q1. What is Sonae's equity story?

WE ARE A RETAIL COMPANY

- Market leader in food and specialized retail formats
- With Board control of a Shopping Centre and a Telecommunications business

SONAE

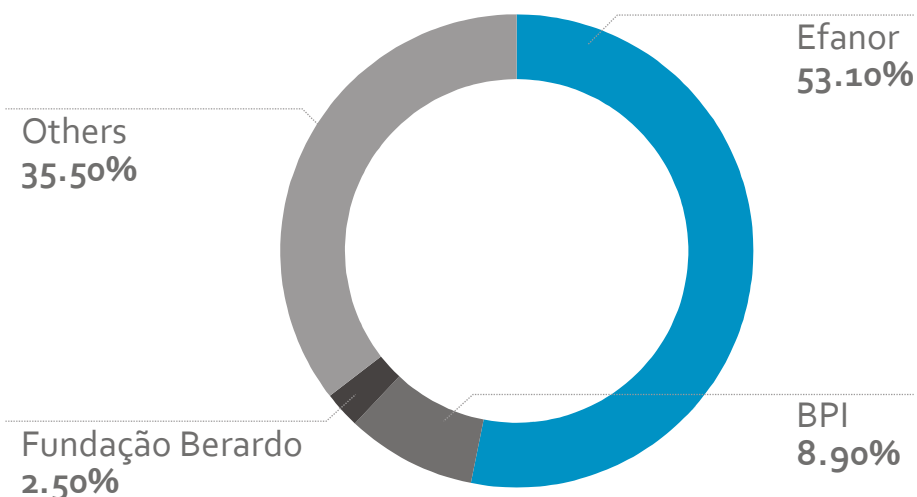
Turnover 5.4 billion euros (2008) ; EBITDA 617 million euros (2008); Invested Capital 4.7 billion euros (2008)

100%	100%	100%	50%	53%	...
Food Retail Hipers and supers	Specialized Retail Non-Food Retail Formats: Sports, textiles and electronics	Retail Properties Retail real estate assets	Sonae Sierra Shopping centre developer, owner and manager	Sonaecom Integrated telecom provider	Investment Manag. Businesses with M&A activity: Insurance, Travel and DIY
55% Sales 31% EBITDA 11% Inv. Capital	18% Sales 9% EBITDA 4% Inv. Capital	2% Sales 18% EBITDA 30% Inv. Capital	3% Sales 15% EBITDA 36% Inv. Capital	18% Sales 26% EBITDA 16% Inv. Capital	4% Sales 1% EBITDA 3% Inv. Capital

Q1. What is Sonae's equity story?

WITH A STABLE SHAREHOLDER STRUCTURE

- Reference shareholder, Efanor, a family holding company



Share Capital

2,000 million

Average daily volume (YTD Oct 09)

~9 million shares

Market Capitalization (as of 30 Oct 09)

1,8 billion euros

Free Float (as of Oct 09)

0.85 billion euros

BPI stakes includes equity swap of 132.8 million Sonae shares

(~7% of share capital)

Free float of circa 47%

including **BPI equity swap**





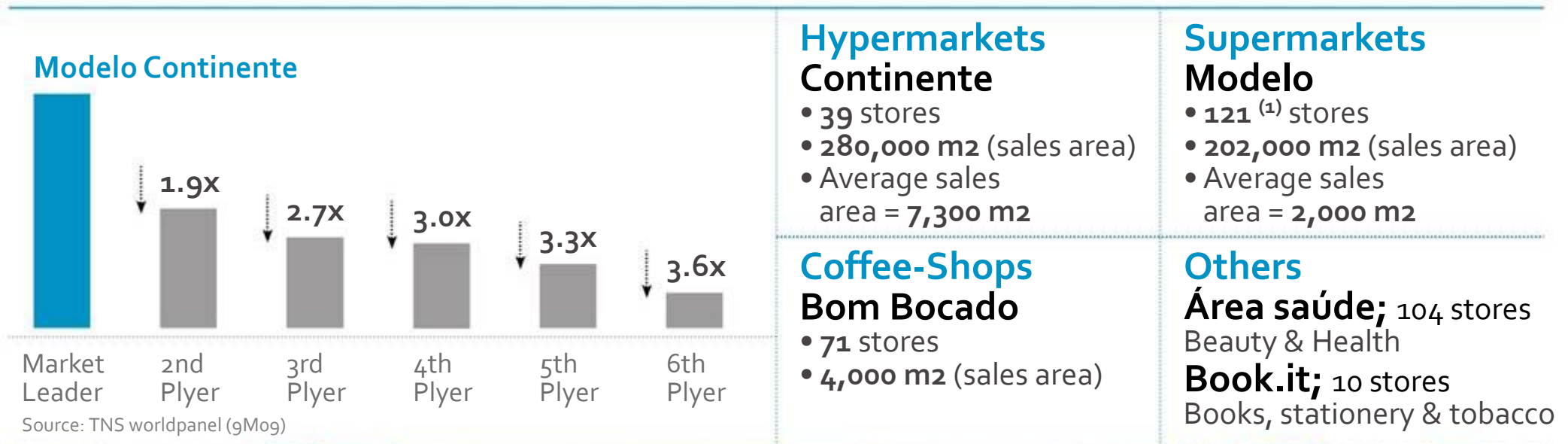
Q2

What are the growth prospects
for your food retail formats?

Q2. What are the growth prospects for your food retail formats?

MODELO CONTINENTE HAS REINFORCED ITS LEADERSHIP POSITION

- Food retail leader in Portugal
- With 347 stores and sales area of 509,000 m²



⁽¹⁾ 96 Modelo stores; 25 Modelo Bonjour stores

Q2. What are the growth prospects for your food retail formats?

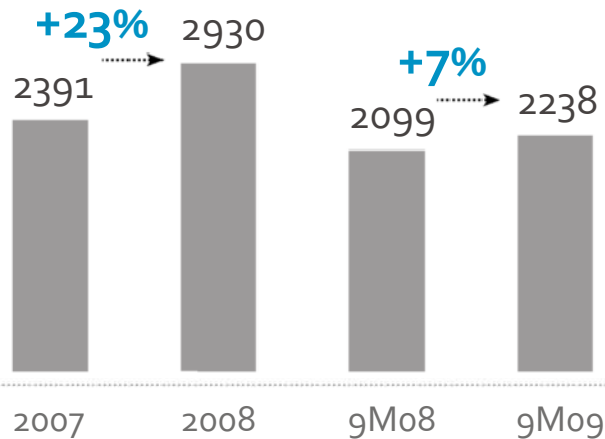
LEADERSHIP TRANSLATED INTO TURNOVER AND PROFITABILITY GROWTH

- In a tough consumer environment with significant food deflation, turnover was up 7%
- Gains in market share and improvements in internal operating efficiency reflected in EBITDA

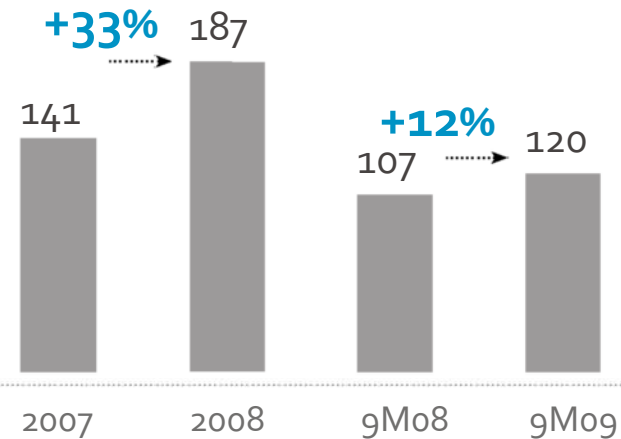
Turnover increase is a reflection of the strong value proposition; on a like for like basis, the significant reduction of the average ticket, driven by deflation and changes in promotional calendar, not compensated by higher volumes.

EBITDA growth benefited from the gain in market share and improvements in internal operating efficiency (centralized logistics & category management); margin was impacted by food deflation and competitive pressures.

TURNOVER (M€)



RECURRENT EBITDA (M€)



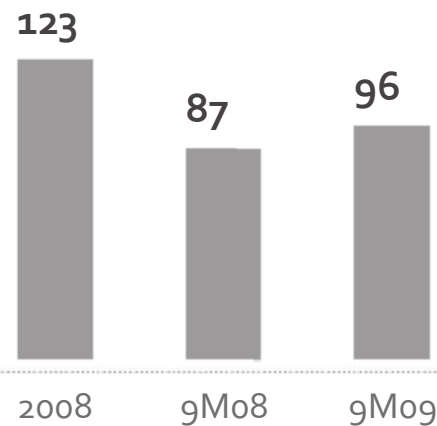
Q2. What are the growth prospects for your food retail formats?

GROWTH ACHIEVED WHILE **SUSTAINING ROIC**

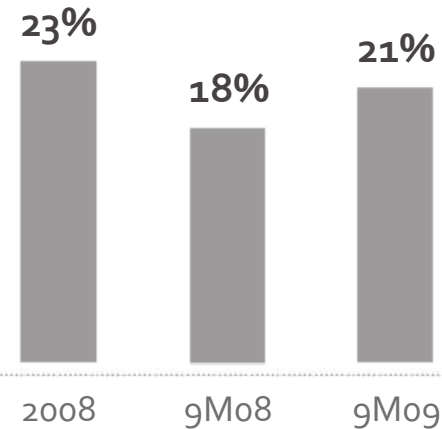
Notwithstanding high investment level,
return on invested capital
has remained attractive (21%)



CAPEX (M€)



EBIT (LTM) / Invested capital



Invested Capital=
investment properties +
technical investment +
financial investment +
goodwill + working capital

Q2. What are the growth prospects for your food retail formats?

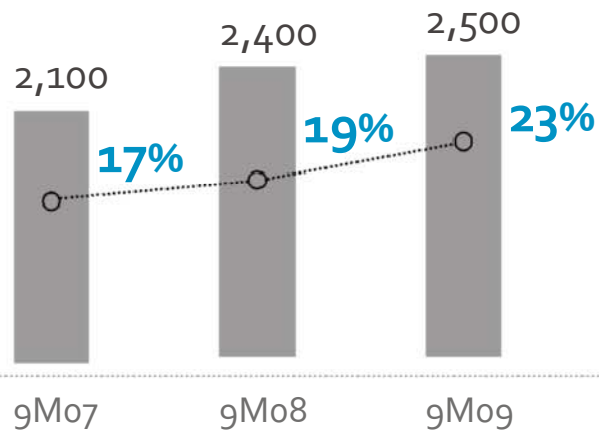
PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

Strong investment in private label

- Reinforcement of value proposition, with new products and packaging
- Investment started more heavily in mid 2007
- Adapted to macroeconomic environment and market demands
- Own brands include: private label Continente (circa 20% discount to branded products – category leader) and Discount brand (best price in market, including hard discounters)

REFERENCES

% FMCG sales



Q2. What are the growth prospects for your food retail formats?

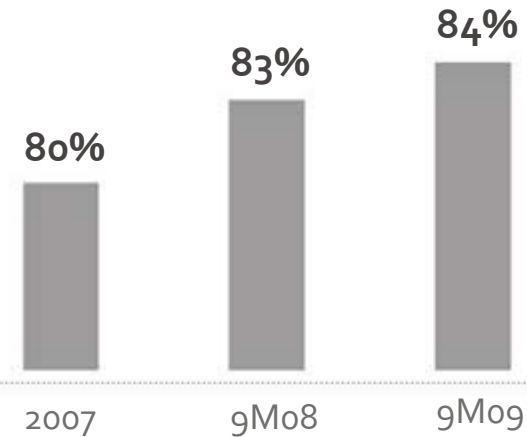
PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

Success of loyalty card

- Launched in January 2007
- Approximately 84% of sales made using the loyalty card
- Allows for targeted and customized promotions
- Enhanced differentiation from competitors allowing customization of promotional activity
- Differentiation also derived from expertise in client interface



SALES PENETRATION



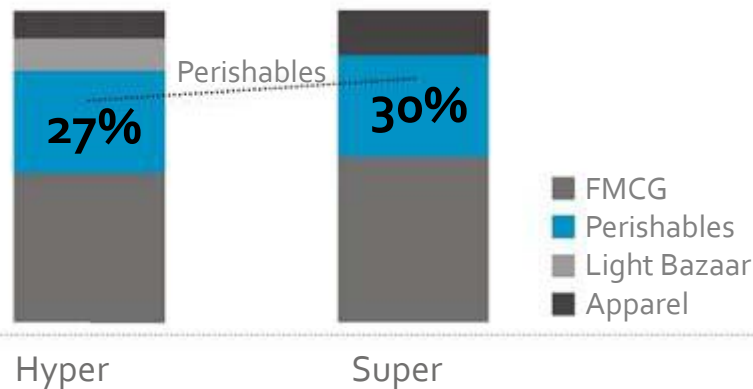
Q2. What are the growth prospects for your food retail formats?

PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

Investment in perishables

- Implementation of “Missão Frescos”: project to increase leadership in the perishables category, targeted to improve quality of products
- Segmentation of fresh products into three clear price categories: Economic (most affordable offer), Quality & Freshness (medium range priced product), Selection (gourmet assortment)
- Clear value proposition in terms of price/quality
- Visible customer “trading-up” as a consequence

BREAKDOWN OF SALES PER CATEGORY



Q2. What are the growth prospects for your food retail formats?

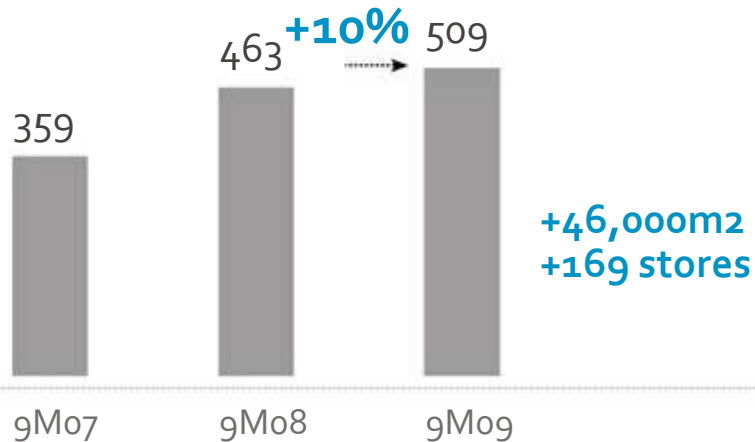
PERFORMANCE REFLECTS SUCCESS OF OPERATING INITIATIVES & INNOVATION

Benefits from integration of ex-Carrefour stores

- Successful integration of 12 stores, 95,000 m2 of sales area and 3,000 employees
- Full completion of AdC remedies
- Completion of stores remodeling

STRONG ORGANIC GROWTH Over last 12 months

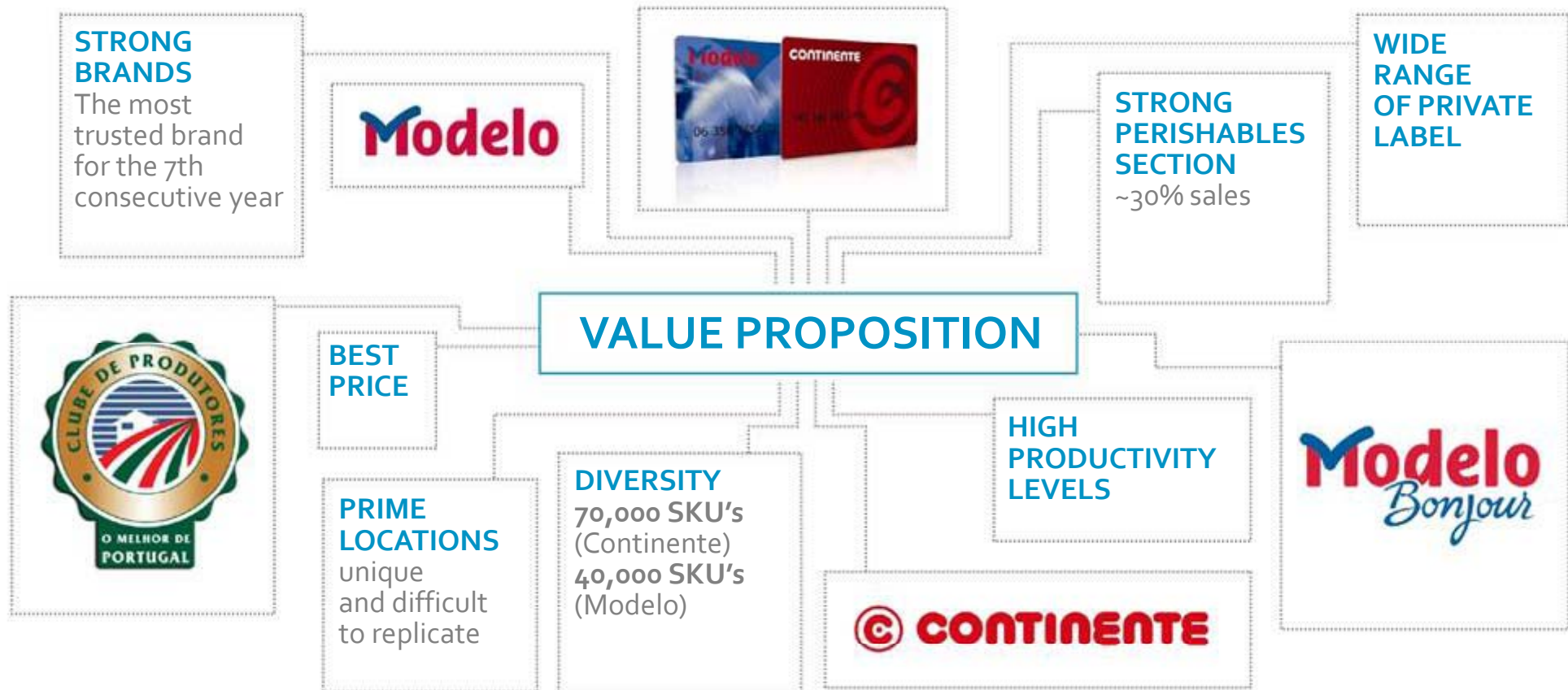
Sales area (*000 sqm)



Q2. What are the growth prospects for your food retail formats?

PERFORMANCE ALSO REFLECTS STRONG VALUE PROPOSITION

Modelo Continente's formats have key differentiating factors





Q3

What can we expect from your
Specialized Retail formats?

Q3. What can we expect from your Specialized Retail formats?

SPECIALIZED RETAIL UNIT WITH MARKET LEADER FORMATS

Exploitation of business opportunities that leverage on Sonae's exceptional asset base in Portugal... [a way to expand growth options](#)

Sports	Home Appliances & Electronics	Apparel	Kids Apparel	Others
SportZone <ul style="list-style-type: none">• #1 in Portugal• 70 stores• 55,000 m2 (sales area)• 170 M€ turnover (2008)	Worten <ul style="list-style-type: none">• #1 in Portugal• 128 stores• 106,000 m2 (sales area)• 563 M€ turnover (2008)	Modalfa <ul style="list-style-type: none">• 89 stores• 43,000 m2 (sales area)• 102 M€ turnover (2008)	Zippy <ul style="list-style-type: none">• 33 stores• 12,000 m2 (sales area)• 28 M€ turnover (2008)	Loop Casual Footwear Worten Mobile Mobile telecom equipments Vobis Computer appliances

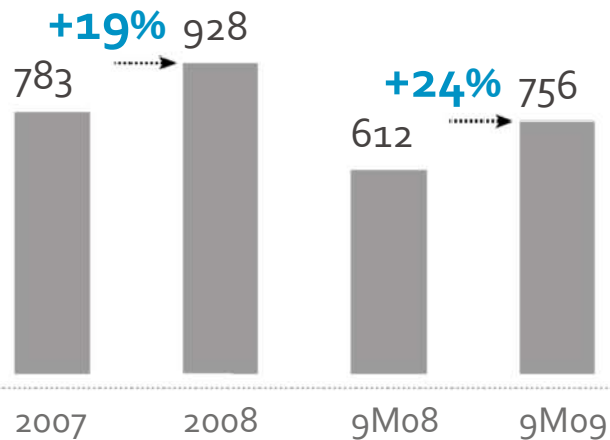


Q3. What can we expect from your **Specialized Retail formats?**

CLEAR GROWTH DURING THE LAST 9 MONTHS

- Turnover at double digit growth, mainly driven by strong expansion of the last 12 months
- Like-for-like sales down only 5%
- Growth in the textile and sports formats mitigating the performance of the consumer electronic formats; the latter reflecting a lower consumption of discretionary products
- Sustainable reinforcement of leadership in the Portuguese consumer electronics and sports market
- International business already contributing with 13% of sales

TURNOVER (M€)



Q3. What can we expect from your **Specialized Retail formats?**

CLEAR GROWTH DURING THE LAST 9 MONTHS

Consolidation of position in Portugal and strong push towards internationalization

Success in defending market leadership in:

- Home appliances & consumer electronics
- Sports

Entrance into Spanish market with positive first signs:

- Worten - 12 stores; 30,000m²
- SportZone - 11 stores; 13,000m²
- Zippy - 4 stores; 2,000m²

Strong expansion

- Organic growth - +73,000m² (last 12 months)
- M&A - 9 stores; +22,000m²



- Large market, with well developed shopping centres and retail parks
- Offers attractive lease terms given economic situation
- Big potential for organic growth

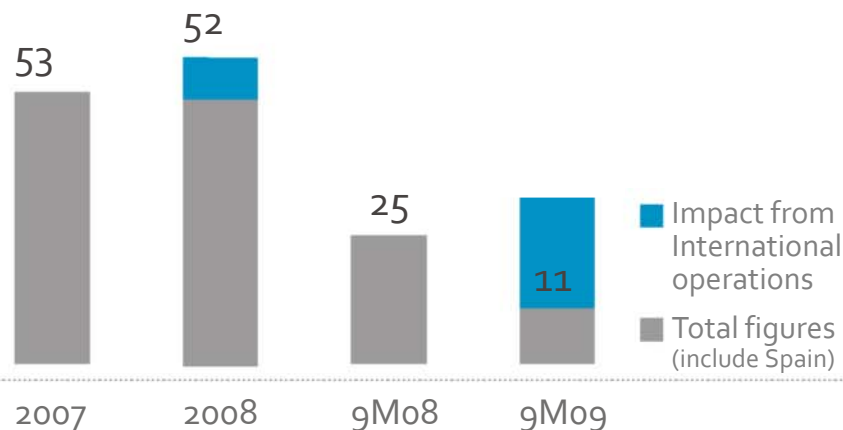
Q3. What can we expect from your **Specialized Retail formats?**

CLEAR GROWTH DURING THE LAST 9 MONTHS

- EBITDA reflects the strong investment in organic growth both in Portugal and in Spain
- Portuguese operation posting an increase in EBITDA, driven by scale benefits mainly at the textile formats
- Entrance costs in Spain explain the decrease in EBITDA for the specialized retail business

Target to attain EBITDA breakeven within 3 years' time from launch in every format

EBITDA (M€)



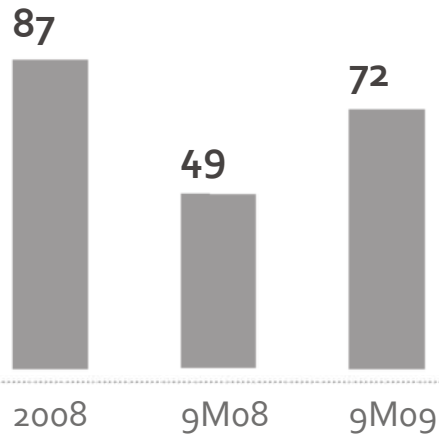
Q3. What can we expect from your Specialized Retail formats?

INVESTMENT IMPACTING SHORT TERM RETURNS

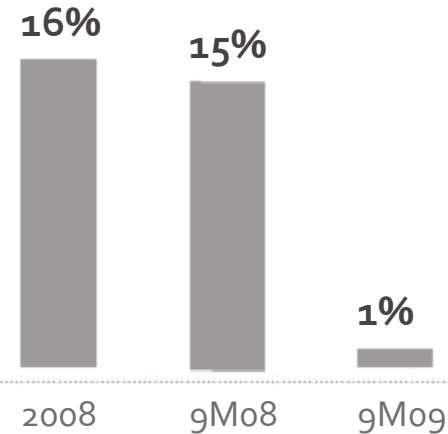
Commitment to grow
international retailing activities
has short term impact on returns



CAPEX (M€)



EBIT (LTM) / Invested capital



Invested Capital=
investment properties +
technical investment +
financial investment +
goodwill + working capital

Q4

Can we expect further **negative impacts**
from **devaluation** of properties?

Q4. Can we expect further negative impacts from devaluation of properties?

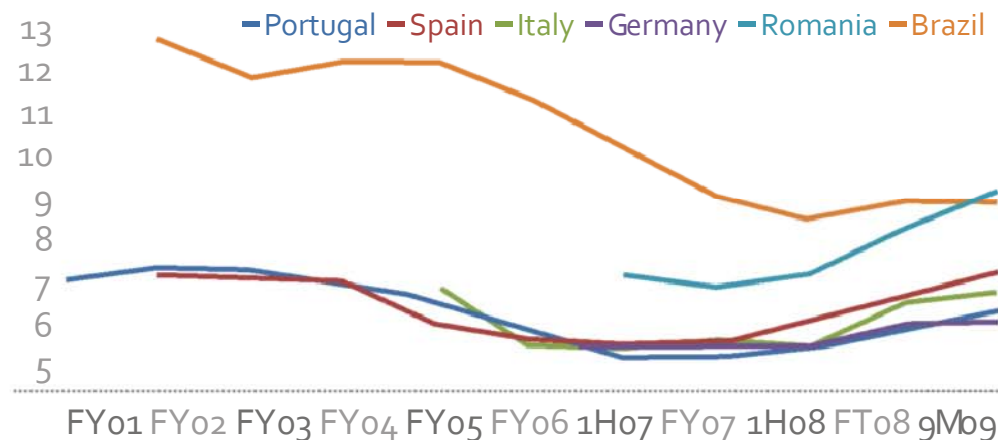
YIELDS ACROSS EUROPE CONTINUE TO INCREASE... BUT AT A LOWER RATE...

In 3Q09, there were already some properties stabilizing/increasing in value

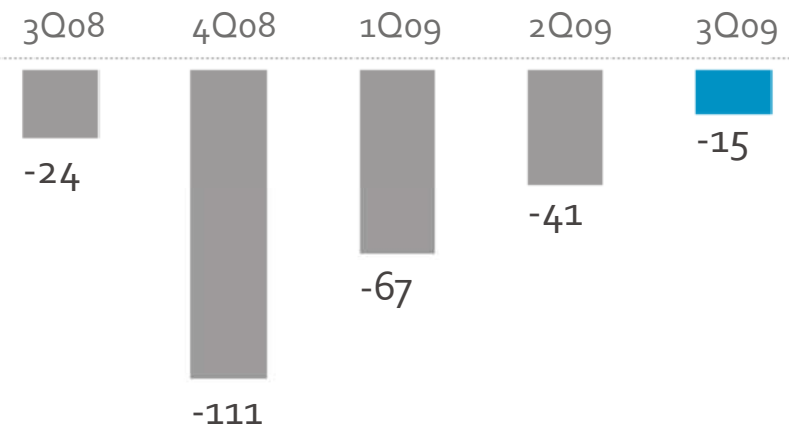
YIELD EVOLUTION	Δ 2008	Δ 9M09
Portugal	+56bp	+55bp
Spain	+95bp	+55bp
Italy	+78bp	+39bp
Germany	+42bp	+8bp
Romania	+125bp	+99bp
Brazil	-8bp	-3bp



AVERAGE YIELDS



VALUE CREATED IN PROPERTIES (M€)



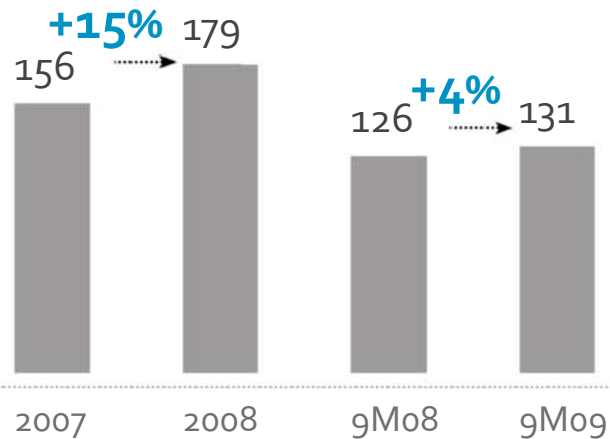
Q4. Can we expect further **negative impacts** from **devaluation** of properties?

SHOPPING CENTRES CONTINUES IMPROVING DIRECT RESULTS

Reflecting the cost control initiatives implemented and...

- Occupancy rates kept at high levels (96%)
- Flat total rents collected (variable + fixed) on a like-for-like basis
- Spain with the worst performance, with -8% total rents collected (variable + fixed) on a like-for-like basis

EBITDA (M€)



¹H08 is restated to include the Sierra Portugal Fund at 42%





Q5

What should we expect
from your **Shopping Centres** pipeline?

Q5. What should we expect from your Shopping Centres pipeline?

THE PACE OF LAUNCH WILL BE SLOWED DOWN

A total of 13 projects disclosed in the pipeline

- Projects under analysis regarding their opening
- Adapted to current constraints in financial markets
(only projects committed with financing will be developed)
- Delivering a minimal required return on equity for each project

Opened on schedule

Manuara Shopping

Brazil, in April 2009

Loop 5

Germany, in October 2009

To develop and open on schedule:

Leiria Shopping

Portugal (2010)

Le Terraze

Italy (2011)





Q6

What are your **strategic options**
for the **telecommunications business**?

Q6. What are your **strategic options** for the **telecommunications business**?

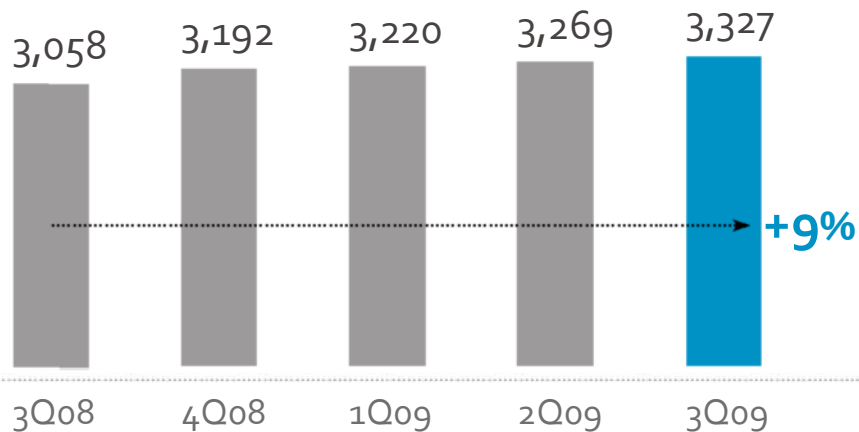
SONAE COM IS A **SIGNIFICANT PLAYER** AND A **VALUABLE ASSET** IN THE TELCO MARKET

An integrated operator

- Sonaecom is present in all Telco segments - residential, corporate, SME and SOHOs and Wholesale - with mobile, wireline and convergent offers of Voice, Data & Internet access and TV
- The true integrated alternative operator in Portugal

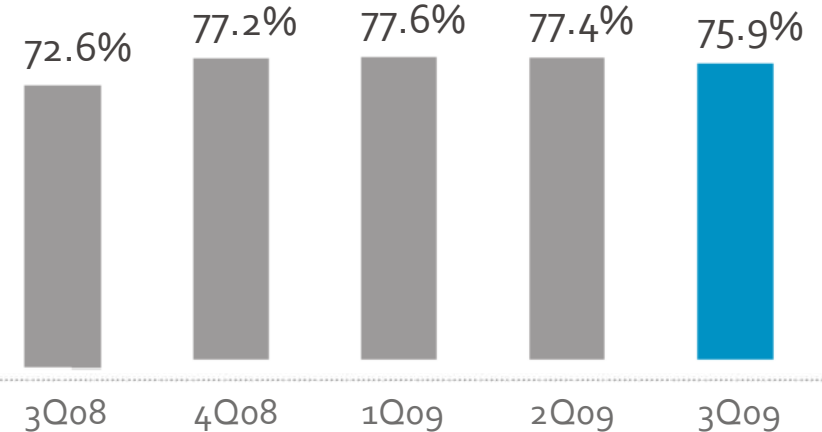
Mobile customer base exceeds 3.2 million subscribers and continues to grow

MOBILE CUSTOMERS (Millions)



Wireline business evolving towards offers supported by its own network

% DIRECT ACCESS / Wireline customer revenues



Q6. What are your **strategic options** for the **telecommunications business**?

SHOWING STRONG EBITDA RESULTS AND POSITIVE CASH FLOW

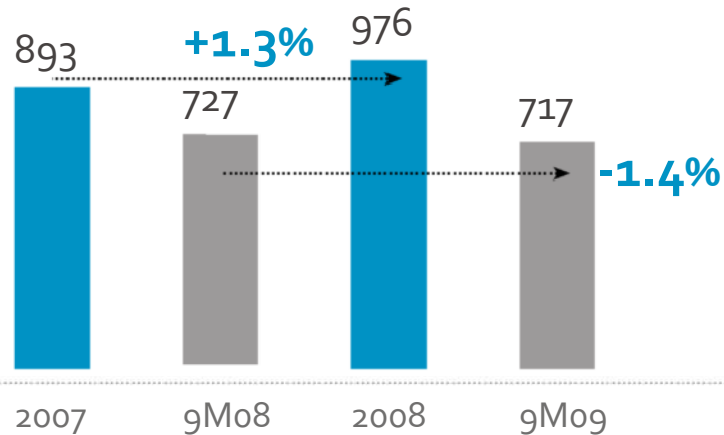
These results are a clear demonstration of the company's ability to meet and, in some measures, surpass the challenging targets for the year...

...amid the environment of high risk and uncertainty

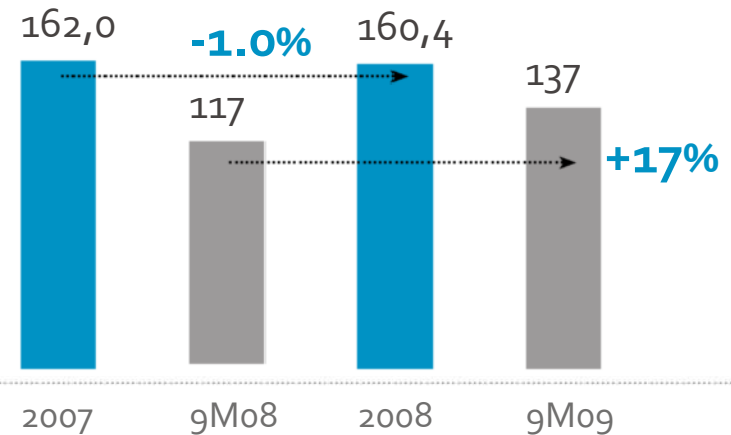
Again, the performance was above expectations:

- Turnover impacted by MTRs, lower Roaming in revenues and lower wireline residential revenues;
- Continued growth of the customer base
- Cost control initiatives in place
- Rigorous management of CAPEX

TURNOVER (M€)



EBITDA (M€)



Q6. What are your **strategic options** for the **telecommunications business**?



- **Stable/growing mobile business:** growing market share; sustaining good margins
- **Good performing wholesale:** Corporate & Wireline business
- **Fully integrated** telecom's structure and convergent market approach
- **Growing SSI** business
- **Comfortable capital structure**
- **Stable reference shareholder**
- **Strong management** team

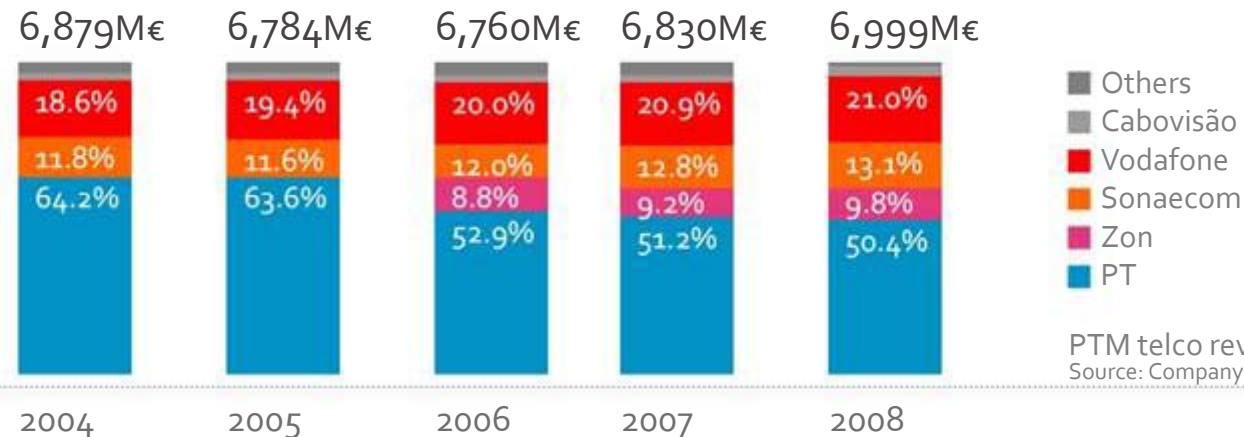
Q6. What are your **strategic options** for the **telecommunications business**?

MATURE PORTUGUESE TELECOMMUNICATIONS MARKET

Sonaecom has been able to strengthen its market position, in a market that is not growing in revenues



SHARE OF TOTAL REVENUES



PTM telco revenues for 2006
Source: Company Reports, Internal Analysis

Q6. What are your **strategic options** for the **telecommunications business**?

COMPETITIVE PORTUGUESE TELECOMMUNICATIONS MARKET

Four main players offering/planning to offer Voice, Broadband and Pay TV over different Fixed and Mobile access technologies

	VOICE		BROADBAND		PAY TV	
	Fixed	Mobile	Fixed	Mobile	Fixed	Mobile
SONAE COM	■	■	■	■	■	■
PT	■	■	■	■	■	■
ZON	■	■	■	■	■	■
VODAFONE	■	■	■	■	■	■

For the market size of Portugal, 4 national players is probably not the natural outcome in medium/long term:

Economic rationality | Economies of scale | Synergies

Sonaecom is a part of any market restructuring movements



Q7

Isn't Sonae a highly leveraged company?

Q7. Isn't Sonae a highly leveraged company?

**ADEQUATE STRUCTURE
AT EACH BUSINESS
WITH LONG AVERAGE MATURITIES**
(end 9mog)

NET DEBT/EBITDA (end 9Mog)

RETAIL: **4.2X**

TELECOMS: **2.1X**

LOAN TO VALUE (end 1Mog)

SHOPPING CENTRES: **51%**

HOLDING: **15%**

- **Sonae's weighted average maturity** standing at approximately 5.2 years
- No major debt repayments in the short term
- **Retail formats weighted** average maturity of 4 years, with more than 65% of debt repayable after 2011
- **Shopping Centres** weighted average maturity of 6.9 years, with more than 85% of debt repayable after 2011; non-recourse project finance
- **Telecommunications** with weighted average maturity of 2.5 years, with no amortization of bank loans scheduled until 2010
- **Sonae's liquidity risk** maintained at a low level, with the sum of cash and unused credit facilities standing at 960 million euros



8

What are your **value triggers**
for the next years?

Q8. What are your **value triggers** for the next years?

CORPORATE STRATEGIC GUIDELINES FOR FUTURE GROWTH WERE DISCLOSED

Main goal is to transform Sonae into a **large multinational corporation**



Go international

- Top strategic objective
- Target growth geographies and mature markets
- Use concepts believed to be distinctive and with a clear edge over competitors

Diversify Investment Style

- Adopt the most appropriate investment style on each business
- Accept non-controlling stakes (minority stakes) when Sonae would benefit from the contribution of partners to create value



Leverage exceptional Asset Base in Portugal

- Continue to explore new business opportunities that leverage Sonae's exceptional asset base in Portugal
- New ventures should have potential to become a large business in the medium term and with a clear path to internationalization

Q8. What are your **value triggers** for the next years?

IMPORTANT ORGANIZATIONAL CHANGES WERE IMPLEMENTED

Changes designed to **provide the necessary focus** as well as to further develop internal competencies and management abilities

Reorganize Retail into 3 separate Businesses

- 2 core businesses: Food based retail and Specialized retail
- 1 related business: Retail Real Estate
- New structure took into account different internationalization expansion opportunities of each core unit



Integrate Retail & Holding Corporate Centres

- Release resources necessary for new corporate developments without increasing headcount
- More focus on retail and retail related businesses

Incorporate a new Investment Management Area

- Create a support unit within the newly integrated corporate centre
- Unit with M&A expertise and focused on the retail sector



Q8. What are your **value triggers** for the next years?

NEWLY CREATED RETAIL PROPERTIES BUSINESS UNIT

Expected to be an important source of capital

RATIONALE

- Manage Assets more proactively
- Build Retail Real Estate competencies
- Partial release of invested capital

2008 INVESTED CAPITAL

1.4 Billion Euros (book value)

SALES AREA OWNED

582,200 m²

- 70% of total Retail Sales Area (food & non-food)
- 87% of total Food Sales area

2008 TURNOVER

109 Million Euros (Rents)

HYPERMARKETS

CONTINENTE

- 34 stores owned
- 90% total sales area
- Average sales area >7,300m²

SUPERMARKETS

MODELO

- 102⁽¹⁾ stores owned
- 87% total sales area
- Average sales area <2,000m²

⁽¹⁾ 85 Modelo stores; 17 Modelo Bonjour stores





Q9

What is your dividend policy?

Q8. What is your dividend policy?

GRADUALLY INCREASE THE DIVIDEND PER SHARE

The resilience of the cash flows generated at almost all businesses gives confidence on the ability to maintain shareholder remuneration policy

**DIVIDEND
PER SHARE 2008: 3 Cents**

DIVIDEND YIELD: 6.9%
Considering 2008.12.31 Share Price

PAY OUT RATIO: 75%
Considering 2008 Net Profits
attributable to equity holders



SONAE AN ATTRACTIVE INVESTMENT OPPORTUNITY

- **Confirmed growth** in Turnover and Profitability
- **Showing resilience** in the face of macroeconomic conditions
- A clear and ambitious strategy, with **high growth** potential
- **Strong culture** and **values**
- **High quality** management teams