

# SONAE 1ST HALF RESULTS 2018



IMPROVING LIFE

## 1 HIGHLIGHTS AND CEO'S MESSAGE

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- Sonae turnover kept the positive trend, growing 6.6% y.o.y., to €2,680 M in 1H18
- Sonae EBITDA reached €154 M in 1H18, +11.1% y.o.y.
- Sonae net debt reduced by €95 M y.o.y. to €1,324 M (-6.7%)

*“The growth achieved in the 2<sup>nd</sup> quarter allowed Sonae to end the 1<sup>st</sup> half of 2018 with a turnover increase of more than 6% over the same period last year, with positive contributions from all our business areas, particularly food retail which grew by 7.2%. The overall profitability also improved, with EBITDA reaching €154 M, 11.1% above the 1st semester of 2017.*

*It was also possible to reduce the Group's net debt by an additional €95 M while increasing investment levels and continuing to grow by 5% the dividend paid to our shareholders.*

*The quarter was, however, marked by the results reached in terms of portfolio management, with relevant steps in the preparation of the potential IPO of Sonae MC, with the partial sale of a stake in Outsystems (indirectly owned by Sonae IM) and particularly with the acquisition of an additional 20% stake of Sonae Sierra, an operation that contributed to a more balanced portfolio and to reinforce the group's international profile, which remains at the forefront of Sonae's strategic priorities.”*

*Ângelo Paupério, Sonae Co-CEO*

## 2 SONAE PERFORMANCE AND CAPITAL STRUCTURE

Sonae aggregated businesses overview						
Million euros	1H17	1H18	y.o.y.	2Q17	2Q18	y.o.y.
<b>Turnover</b>						
Sonae Retail <sup>(1)</sup>	2,571	2,768	7.7%	1,311	1,431	9.1%
Sonae Sierra <sup>(2)</sup>	108	106	-1.8%	54	52	-3.7%
NOS <sup>(2)</sup>	768	772	0.6%	387	389	0.5%
Sonae IM	69	75	8.7%	36	42	15.6%
Sonae FS <sup>(3)</sup>	37	43	15.0%	20	22	9.9%
<b>Underlying EBITDA</b>						
Sonae Retail <sup>(1)</sup>	128	132	3.0%	73	72	-2.5%
Sonae Sierra <sup>(2)</sup>	50	52	3.6%	25	25	-0.4%
NOS <sup>(2)</sup>	298	306	2.6%	156	159	2.1%
Sonae IM	2	3	27.5%	2	2	23.8%
Sonae FS <sup>(3)</sup>	4	6	59.5%	3	3	4.8%

(1) Sonae Retail includes Sport Zone figures in 1H17 and in 1H18 Iberian Sports Retail Group following its creation in January 31<sup>st</sup> 2018;  
(2) Aggregated turnover and Underlying EBITDA equals 100% of the figures reported by NOS or Sonae Sierra. In statutory accounts equity method is used;  
(3) Includes 100% turnover and underlying EBITDA of MDS.

Sonae consolidated results						
Million euros	1H17 <sup>(1)</sup>	1H18 <sup>(1)</sup>	y.o.y.	2Q17 <sup>(1)</sup>	2Q18 <sup>(1)</sup>	y.o.y.
<b>Turnover</b>	2,515	2,680	6.6%	1,280	1,337	4.5%
<b>Underlying EBITDA</b>	123	130	6.3%	71	73	2.9%
Underlying EBITDA margin	4.9%	4.9%	0.0 p.p.	5.6%	5.5%	-0.1 p.p.
Equity method results <sup>(2)</sup>	21	30	41.7%	11	17	51.8%
o.w. S. Sierra (direct results)	15	17	9.3%	8	8	6.2%
o.w. NOS	16	19	16.9%	9	11	17.1%
Non-recurrent items	-5	-6	-20.7%	-4	-4	-11.2%
<b>EBITDA</b>	139	154	11.1%	78	86	9.4%
EBITDA margin	5.5%	5.7%	0.2 p.p.	6.1%	6.4%	0.3 p.p.
D&A <sup>(3)</sup>	-93	-102	-8.8%	-48	-52	-8.3%
<b>EBIT</b>	45	52	16.1%	31	34	11.1%
Net financial results	-17	-16	7.4%	-10	-8	19.3%
<b>EBT</b>	28	37	30.1%	21	26	24.9%
Taxes	14	0	-98.4%	13	-2	-
<b>Direct results <sup>(4)</sup></b>	43	37	-13.5%	34	24	-28.5%
<b>Indirect results</b>	33	68	107.4%	33	59	81.0%
<b>Net income</b>	75	104	38.8%	67	83	25.0%
Non-controlling interests	-2	-7	-	-2	-5	-
<b>Net income group share</b>	73	98	34.2%	65	78	20.6%

(1) Due to the creation of Iberian Sports Retail Group in January 31<sup>st</sup> 2018, Sport Zone was registered as discontinued operation. In the 2Q18 ISRG started to be consolidated through the Equity Method. In June 2017, after the sale of 1,773 shares from MDS SGPS to IPHF Holding, MDS started to be consolidated through the Equity Method and was included in Sonae FS. From 3Q16 until June 2017, MDS was registered as a discontinued operation;  
(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS/Zopt);  
(3) Depreciations & amortisations including provisions & impairments;  
(4) Direct results before non-controlling interests.

Sonae net invested capital			
Million euros	1H17	1H18	y.o.y.
Net invested capital	3,453	3,459	0.2%
Sonae shareholders funds	2,034	2,135	5.0%
Sonae net debt <sup>(1)</sup>	1,419	1,324	-6.7%
Net debt / Invested capital	41.1%	38.3%	-2.8 p.p.

(1) Financial net debt + net shareholder loans.

Sonae aggregated business overview during the 1H18 shows that almost all businesses improved turnover and EBITDA in relation to the same period of last year.

From a statutory view, **Sonae consolidated turnover** grew by 6.6% in comparison to the same period of last year, amounting to €2,680 M in 1H18, particularly impacted by Sonae Retail which contributed with an additional € 167M.

**Consolidated EBITDA** improved by €15 M, reaching €154 M in 1H18, supported by a higher underlying EBITDA (+€8 M) and equity method results (+€9 M).

**Direct results** decreased to €37 M in 1H18 (despite a 16.1% EBIT growth y.o.y.), driven by an abnormally high level of tax credits registered in 1H17.

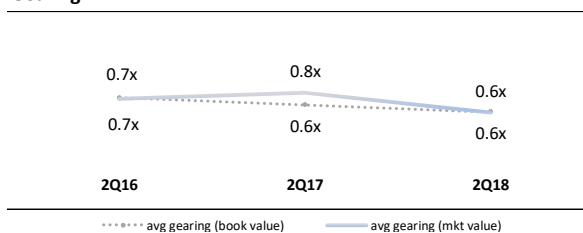
**Indirect results** reached €68 M in 1H18, more than doubling the 1H17 results, resulting mainly from portfolio revaluations and capital gains at Sonae IM, and also from the value created in investment properties of Sonae Sierra.

All in all, **net income group share** improved by €25 M to €98 M in the 1H18, +34.2% y.o.y..

**Net debt** decreased by €95 M y.o.y., to €1,324 M in 1H18 and **financial leverage** stood at 38.3%, less 2.8 p.p. versus 1H17.

## 2 SONAE PERFORMANCE AND CAPITAL STRUCTURE (continued)

### Gearing



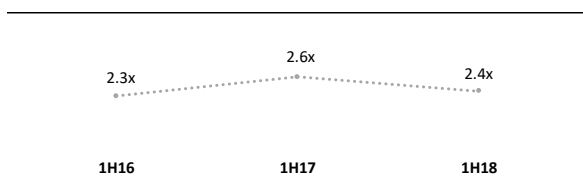
The **group's average gearing at market value** decreased when compared to the same period of last year to 0.6x, mostly driven by the average market cap increase and also by the decrease in net debt, when compared to the same period of 2017.

Million euros	1H17	1H18	y.o.y.
<b>Net financial debt</b>	<b>1,418</b>	<b>1,324</b>	<b>-6.7%</b>
Retail	862	812	-5.8%
Sonae IM	2	-52	-
Holding & other	555	564	1.7%
<b>Sonae net debt</b>	<b>1,419</b>	<b>1,324</b>	<b>-6.7%</b>

**Retail net debt** reduced by €50 M, totalling €812 M in 1H18 and **retail net debt to EBITDA** stood at 2.4x, decreasing from 2.6x in 1H17, due to retail net debt reduction coupled with an improvement of profitability. Sonae IM net debt was reduced as a result of AVP's capital distribution amounting to €58 M, before taxes.

### Capital Structure

Net debt to EBITDA - Retail

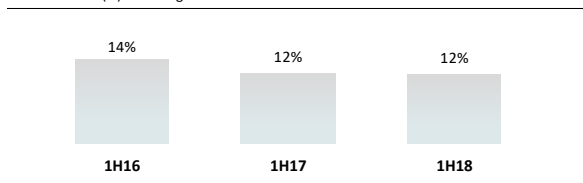


The **Holding & other net debt** increased slightly to €564 M and **loan-to-value ratio of the Holding** stood at 12%.

The group maintained its practice of being fully financed for the coming 18 months and at the same time improved its general funding conditions. Sonae was able to decrease the average cost of debt outstanding to 1.0% without material impact on the average maturity profile.

### Capital Structure

Loan-to-value (%) - Holding



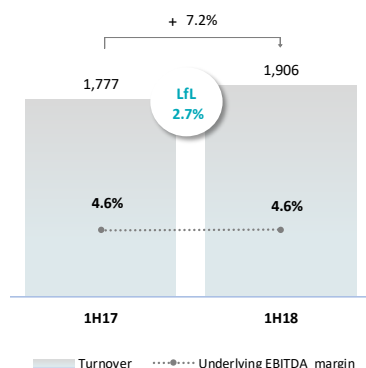
Sonae Capex			
Million euros	1H17	1H18	% of Turnover
<b>Capex</b>	<b>121</b>	<b>151</b>	<b>11.3%</b>
<b>Sonae Retail</b>	<b>105</b>	<b>132</b>	<b>10.1%</b>
Sonae MC	67	83	8.6%
Worten	13	15	6.5%
Sonae Sports & Fashion	8	13	17.9%
Sonae RP	16	19	82.2%
Maxmat	1	2	7.5%
<b>Sonae IM</b>	<b>5</b>	<b>13</b>	<b>31.6%</b>
<b>Sonae FS</b>	<b>0.2</b>	<b>0.5</b>	<b>3.2%</b>

**Capex** stood at €151 M, increasing when compared to last year mainly due to a higher capex level of Sonae MC related with refurbishments and Sonae IM related to M&A.

## 3 SONAE RETAIL RESULTS

## SONAE MC

## Turnover and underlying EBITDA mg evolution (€M; %)



**Sonae MC turnover** increased by 7.2% versus 1H17, amounting to €1,906 M, benefiting from a **LfL sales growth** of 2.7% and from the continued expansion of the Continente Bom Dia network. In the 2Q18, LfL sales growth reached 0.2% despite the adverse calendar effect of Easter.

This evolution allowed Sonae MC to once again reinforce its market share and to demonstrate the effectiveness of the measures implemented throughout the previous years, such as the investment in fresh offer, the improvement of price perception and the development of own brand products.

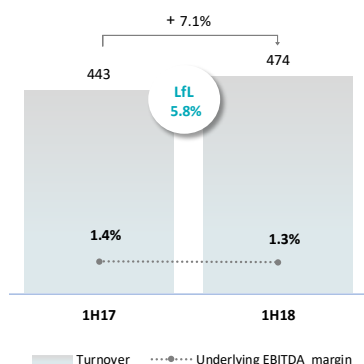
**The underlying EBITDA margin** stood at 4.6%, remaining stable when compared to the 1H17, in spite of the store network expansion and intense competitive environment. Nonetheless, in absolute terms, underlying EBITDA improved by €6 M y.o.y., amounting to €87 M in 1H18.

Being one of its strategic goals to expand the Health & Wellness offer, Sonae MC opened, during 2Q18, the first Go Natural supermarket in Oporto and acquired Amor Bio located in Lisbon, thus adding 3 organic convenience supermarkets, on top of the 7 stores of the portfolio entirely dedicated to healthy food. Also, in 2Q18, 3 Well's para-pharmacies were opened, totaling already 228 at the end of June.

### 3 SONAE RETAIL RESULTS (continued)

#### WORTEN

Turnover and underlying EBITDA mg evolution (€M; %)

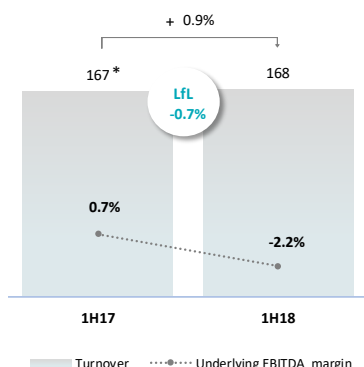


**Worten turnover** increased by 7.1% versus 1H17, amounting to €474 M in the 1H18. This evolution benefited from the online operation growth and from a positive **LfL sales performance**, which reached +5.8%, despite lower seasonal product sales as a result of abnormally low temperatures felt in May and June, particularly in Spain.

**Underlying EBITDA** totalled €6.1 M in the 1H18, slightly above last year.

#### SONAE SPORTS & FASHION

Turnover and underlying EBITDA mg evolution (€M; %)



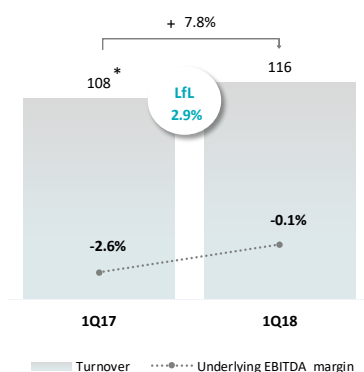
#### SONAE FASHION

The first half of the year was one of the most challenging periods ever for fashion players, with the whole fashion sector negatively impacted by abnormal weather conditions and an early Easter. In this adverse context, **turnover** grew 0.9% and **underlying EBITDA margin** declined to -2.2%. Excluding start up brands, EBITDA margin would have been slightly positive.

In the 1H18, online sales grew 56% y.o.y. at Zippy, 13% at Salsa and more than doubled at MO. International sales now represent 45% of total sales.

\*Restated fashion accounts. In 2017 there were no fashion figures reported.

Turnover and underlying EBITDA mg evolution (€M; %)



#### IBERIAN SPORTS RETAIL GROUP

On January 31<sup>st</sup>, the agreement for the combination of JD Sprinter and Sport Zone was concluded, creating the **Iberian Sports Retail Group (ISRG)**.

ISRG accounts are equity consolidated from this quarter onwards in Sonae's consolidated P&L. Due to calendar reporting dates of JD Sports (the main shareholder of the JV), ISRG figures refer to the period of 1st Feb - 5th May.

During these first three months, **ISRG turnover** grew 7.8% y.o.y., reaching €116 M, mainly due to JD's contribution following the expansion in Spain, and **EBITDA** improved €2.7 M y.o.y. benefiting from the positive contributions of all brands. Equity method results included in Sonae accounts totalled -€ 1.4M, a significant improvement versus last year.

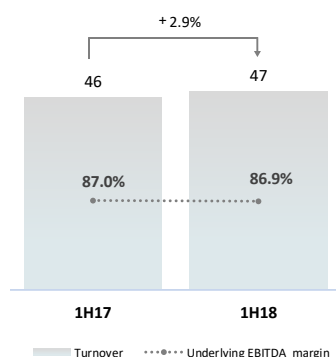
\*Pro forma figures.

## SONAE 1H18 RESULTS

### 3 SONAE RETAIL RESULTS (continued)

#### SONAE RP

##### Turnover and underlying EBITDA mg evolution (€M; %)

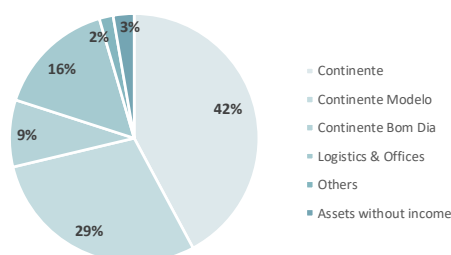


On June 30<sup>th</sup>, Sonae RP portfolio included 20 Continente stores, 60 Continente Modelo stores and 31 Continente Bom Dia stores, representing a **gross book value** of € 1,284 M and a **net book value** of €908 M.

Sonae RP did not complete any sale and leaseback transaction in the first semester, however it will continue to look for further opportunities that might arise. Accordingly, Sonae MC's freehold remained at 47%.

**Sonae RP turnover** totalled €47 M in the 1H18, +2.9% versus 1H17 and the **underlying EBITDA** amounted to €41 M, equivalent to an underlying EBITDA margin of 86.9%.

##### RP Portfolio – % of Gross Book Value



### 4 SONAE FS RESULTS

Financial Indicators	1H17	1H18	y.o.y.	2Q17	2Q18	y.o.y.
Million euros						
Production	370	452	22.2%	189	233	23.2%
Turnover	11.1	14.2	27.5%	5.8	7.3	25.7%
Underlying EBITDA	1.4	2.2	57.9%	0.7	1.0	34.3%
Underlying EBITDA margin	12.3%	15.2%	2.9 p.p.	12.3%	13.2%	0.8 p.p.

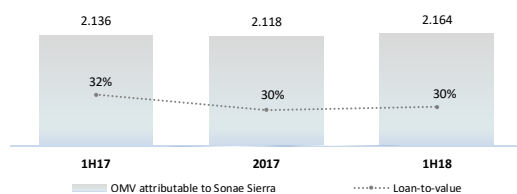
**Sonae FS turnover** increased by 27.5% in relation to 1H17, reaching €14 M in 1H18. **Underlying EBITDA** improved €0.8 M to €2.2 M in 1H18, corresponding to an **underlying EBITDA margin** of 15.2% in the 1H18.

Regarding **Universo's operation**, the first semester ended with 667 thousand subscribers and production increased by 31.8% when compared with the 1H17, to €342 M.

## 5 SONAE SIERRA RESULTS

Operational Indicators			
	1H17	1H18	y.o.y.
<b>Footfall</b> (million visitors)	<b>207</b>	<b>214</b>	<b>3.6%</b>
Europe & New Markets	160	169	5.7%
Brazil	47	45	-3.5%
<b>Occupancy rate (%)</b>	<b>95.8%</b>	<b>95.8%</b>	<b>0.0 p.p.</b>
Europe	96.9%	96.7%	-0.2 p.p.
Brazil	92.3%	93.0%	0.7 p.p.
<b>Like-for-Like (Lfl) tenant sales</b>			
Europe	3.4%	2.3%	-
Brazil (local currency)	7.3%	1.3%	-
<b>Tenant sales</b> (million euros)	<b>2,211</b>	<b>2,152</b>	<b>-2.7%</b>
Europe (million euros)	1,552	1,598	3.0%
Brazil (million euros)	659	554	-15.9%
Brazil (million reais)	2,259	2,289	1.3%
<b>Nº of shopping centres owned and/or managed (EOP)</b>	<b>65</b>	<b>65</b>	<b>0</b>
Europe	55	55	0
Brazil	10	10	0
<b>Nº of shopping centres owned/co-owned (EOP)</b>	<b>47</b>	<b>45</b>	<b>-2</b>
Europe	38	36	-2
Brazil	9	9	0
<b>GLA under Management</b> ('000 sqm)	<b>2,341</b>	<b>2,446</b>	<b>4.5%</b>
Europe & New Markets	1,859	1,971	6.0%
Brazil	481	474	-1.5%

Financial Indicators						
Million euros	1H17	1H18	y.o.y.	2Q17	2Q18	y.o.y.
<b>Turnover</b>	<b>108</b>	<b>106</b>	<b>-1.8%</b>	<b>54</b>	<b>52</b>	<b>-3.7%</b>
<b>EBIT</b>	<b>50</b>	<b>52</b>	<b>3.7%</b>	<b>25</b>	<b>25</b>	<b>-0.3%</b>
EBIT margin	46.3%	48.9%	2.6 p.p.	45.9%	47.5%	1.6 p.p.
Direct results	30	33	9.3%	15	16	6.0%
Indirect results	34	26	-23.7%	33	28	-16.9%
<b>Net results</b>	<b>64</b>	<b>59</b>	<b>-8.2%</b>	<b>48</b>	<b>44</b>	<b>-9.7%</b>
... attributable to Sonae	32	29	-8.2%	24	22	-9.7%

Open Market Value (OMV)<sup>(1)</sup> and leverage (€Bn)

<sup>(1)</sup> Includes investment properties at open market value and development properties at cost.

As already announced on July 14<sup>th</sup>, Sonae reached an agreement with Grosvenor for the **acquisition of an additional 20%** stake of Sonae Sierra for a total estimated value of €255 M. Following the completion of this transaction, which is expected to happen in the 3Q18, **Sonae will fully consolidate Sonae Sierra accounts.**

At June 30<sup>th</sup>, **NAV** stood at €1,413 M, 1.4% below the value registered at the end of December 2017, impacted by dividend distribution and the adverse effect of the depreciation in the Brazilian Real, which totally offset the Net Result in the period.

Regarding the **development activity** in the first semester, Sonae Sierra signed last February a 50/50 joint-venture agreement with Impresa Pizzarotti for the development of a new shopping district in Parma, which represents an investment of circa €200 M. The pipeline of development projects also includes: McArthurGlen Designer Outlet in Málaga (Spain), Jardín Plaza in Cucuta (Colombia) as well as the expansion of NorteShopping and Colombo (Portugal).

Pursuing its **recycling strategy**, during the 1H18, Sonae Sierra reduced its shareholding from 11.25% to 5% in SerraShopping; and has acquired, through ORES Socimi, the real estate investment vehicle joint-venture with Bankinter, several assets located in Iberia in the total amount of circa €115 M.

Moreover, during the 1H18, Sonae Sierra further strengthened its **services** activity, having signed 200 new contracts for development, investment management and property management services, equivalent to €11.5 M.

Regarding the operational performance in the 1H18, the **global occupancy rate** remained stable at 95.8%. Compared with the 1H17, **tenant sales** grew by 3.0% in the European portfolio and by 1.3% in Brazil in local currency, corresponding to an increase in **Lfl tenant sales** of 2.3% and 1.3%, respectively. **Total tenant sales** stood at €2,152 M, decreasing y.o.y. due to the adverse impact of the depreciation in the Brazilian real.

In 1H18 **Sonae Sierra turnover** amounted to €106 M and **direct results** grew 9.3% y.o.y., to €33 M, mostly explained by improved EBIT from the Services division which coupled with better Financial Results due to lower costs with corporate debt (refinanced in January), more than offset the adverse FX effect of the Brazilian Real. **Indirect results** reached €26 M resulting from value created in investment properties, positively impacted by yield compression in the Portuguese portfolio.



## 6 NOS RESULTS

Financial Indicators						
Million euros	1H17	1H18	y.o.y.	2Q17	2Q18	y.o.y.
Operating revenues	768	772	0.6%	387	389	0.5%
EBITDA	298	306	2.6%	155	159	2.1%
EBITDA margin	38.8%	39.6%	0.8 p.p	40.1%	40.8%	0.6 p.p
Net results	72	79	9.2%	39	45	14.3%
Capex	172	179	4.3%	86	92	7.3%
Free Cash Flow	-1	-65	-	-59	-100	-

Operational Indicators						
('000)	1H17	1H18	y.o.y.	2Q17	2Q18	y.o.y.
Total RGUs (Net adds)	178	87	-	99	46	-
Convergent RGUs (Net adds)	199	136	-	77	57	-
Mobile (Net adds)	93	55	-	62	24	-
Pay TV (Net adds)	13	0	-	5	2	-
Total RGUs	9,254	9,499	2.6%	9,254	9,499	2.6%
Convergent RGUs	3,586	3,787	5.6%	3,586	3,787	5.6%
Convergent customers	711	749	5.4%	711	749	5.4%
ARPU/Unique subscriber with fixed access (euros)	-	-	-	45	44	-

NOS published its results on July 23<sup>rd</sup> 2018, which are available at [www.nos.pt](http://www.nos.pt).

NOS operating revenues totalled €772 M in the 1H18, +0.6% above last year.

NOS EBITDA reached €306 M, improving 2.6% in relation to 1H17 and EBITDA margin increased by 80 bps, to 39.6% in 1H18.

Net results grew by 9.2% y.o.y. amounting to €79 M in 1H18.

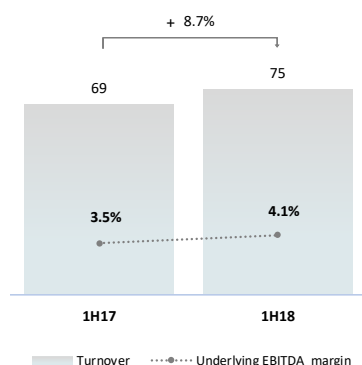
NOS capex amounted to €179 M, + 4.3% y.o.y..

Regarding the operational indicators, total RGUs stood at 9,499 thousand, an increase of 2.6% when compared to 1H17, whereas convergent RGUs grew by 5.6%, reaching 3,787 thousand in 1H18.

## 7 SONAE IM RESULTS

Portfolio	
Controlling stakes	Minority stakes
WeDo Technologies	AVP Funds
S21Sec	Stylesage
Saphety	Probe.ly
Bizdirect	Ometria
InovRetail	Arctic Wolf
Bright Pixel	Secucloud
Nextel	Continuum Security
	Jscramber
	Nextail
	Case on It

### Turnover and underlying EBITDA mg evolution (€M; %)



Sonae IM continued to implement its active portfolio management strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail, telecommunications and cybersecurity.

In the 1H18, Outsystems (included in AVP Funds) announced it has raised \$360 M in an investment round from KKR and Goldman Sachs. Following this round, Sonae IM was informed that it would receive a capital distribution amounting to €58 M, before taxes. The indirect results of Sonae IM reached €48 M, resulting from portfolio revaluations and capital gains.

Additionally, in June, Sonae IM signed an agreement for the merger of S21sec and **Nextel**, a Spanish-based company specialized in cybersecurity. The merger will create the largest cybersecurity company in Iberia. Also during 2Q18, Sonae IM entered in the capital of **Nextail**, a tech company, that has developed a cloud-based platform which combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations, and **Case on It**, the developer of MedUX, a technology that obtains data on operator networks and quality of service in real time, without the need to track the final user.

**Sonae IM turnover** increased by 8.7% y.o.y., to €75 M in the 1H18, and the **underlying EBITDA margin** stood at 4.1%, 61 bps above last year.

## 8 CORPORATE INFORMATION

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### Main corporate events in the 1H18

#### May 3<sup>rd</sup> 2018

In the Annual General Meeting, which took place on May 3<sup>rd</sup> 2018, the company's shareholders approved, amongst other items, the distribution of a gross dividend per share, relative to the 2017 financial year, in the amount of 0.042 euros. This dividend, which was paid on May 30<sup>th</sup> 2018, corresponded to a dividend yield of 3.7%, based on the closing price as at December 31<sup>st</sup> 2017, and to a payout ratio of 64% of the consolidated direct income attributable to equity holders of Sonae.

#### May 21<sup>st</sup> 2018

Sonae informed that continued to evaluate the potential listing of part of the Company's retail portfolio, in which Sonae would maintain a majority shareholding. The retail portfolio which would potentially be subject to a listing would mainly include Sonae MC and Sonae RP. Sonae has appointed Barclays, BNP Paribas and Deutsche Bank to arrange exploratory meetings with potential investors for a possible initial public offering. At that stage, no formal decision has been taken and further details will be provided in due course.

#### June 14<sup>th</sup> 2018

Sonae announced that it has entered into an agreement with CTT – Correios de Portugal, S.A. (CTT), a reference company in Portugal in the mail and express & parcels sectors. This agreement aims to create a joint venture to exploit a business opportunity in the e-commerce market.

### Subsequent events

#### July 14<sup>th</sup> 2018

Sonae announced that it has entered into an agreement with Grosvenor Group for the acquisition of a 20% stake of Sonae Sierra, SGPS, SA for a total estimated consideration of 255 million euros. The completion of the transaction is subject to anti-trust approval.

#### July 17<sup>th</sup> 2018

Following the decisions taken by Engs. Paulo Azevedo and Ângelo Paupério to, after the end of the current mandate, hand over the executive role exercised up until this date at the Board of Directors of Sonae, the Board has announced to EFANOR, that, under its competency to identify potential candidates with an executive role profile, it has resolved to appoint Dr.ª Cláudia Azevedo, as the next CEO to be appointed after the end of the present mandate. EFANOR has asked Sonae to inform the market that it has accepted the recommendation of the Board of Directors of Sonae.

Announcements made on this date by Sonae can be found here:

<https://www.sonae.pt/en/investors/releases-to-the-market/>.

## 9 ADDITIONAL INFORMATION

### Methodological notes

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

### Glossary

<b>Capex</b>	Investments in tangible and intangible assets and investments in acquisitions.
<b>Direct results</b>	Results before non-controlling interests excluding contributions to indirect results.
<b>(Direct) EBIT</b>	Direct EBT - financial results.
<b>EBITDA</b>	Underlying EBITDA + equity method results + non-recurrent items.
<b>(Direct) EBT</b>	Direct results before taxes.
<b>EBITDA margin</b>	EBITDA / turnover.
<b>EoP</b>	End of period.
<b>Financial net debt</b>	Total net debt excluding shareholders' loans.
<b>Gearing (book value)</b>	Average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
<b>Gearing (market value)</b>	Average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares on the last day of each quarter.
<b>GLA</b>	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.
<b>Indirect results</b>	Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
<b>Investment properties</b>	Shopping centres in operation owned and co-owned by Sonae Sierra.

## SONAE 1H18 RESULTS

<b>Liquidity</b>	Cash & equivalents + current investments.
<b>Like for Like sales (Lfl)</b>	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.
<b>Loan to value (LTV) - Holding</b>	Holding net debt / investment portfolio gross asset value; gross asset value based on market multiples, real estate NAV and market capitalisation for listed companies.
<b>Loan to value (LTV) - Shopping Centres</b>	Net debt / (investment properties + properties under development).
<b>Net asset value (NAV)</b>	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
<b>Net debt</b>	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, and other long-term financial applications.
<b>Net invested capital</b>	Total net debt + total shareholders' funds.
<b>Open market value (OMV)</b>	Fair value of properties in operation and under development (100%), provided by independent international entities.
<b>Other loans</b>	Bonds, leasing and derivatives.
<b>RGU</b>	Revenue generating unit.
<b>Technical investment</b>	Tangible assets + intangible assets + other fixed assets - depreciations and amortisations.
<b>Underlying EBITDA</b>	Recurrent EBITDA from the businesses consolidated using the full consolidation method.

Note: Sonae implemented the following changes in its reporting structure:

- (i) from 1Q17, Maxmat is reported under "Sonae Retail", together with Sonae MC, Worten, Sonae Sports & Fashion and Sonae RP; and,
- (ii) MDS started to be consolidated through the Equity Method and was included in Sonae FS, in June 2017, after the sale of 1,773 shares from MDS SGPS to IPLF Holding. From 1Q16 until June 2017, MDS was registered as a discontinued operation;
- (iii) From 1Q17 until January 2018, Sport Zone figures were reported under discontinued operation. In the 2Q18, ISRG started to be consolidated through the Equity Method.

## SONAE 1H18 RESULTS

Sonae statement of financial position			
Million euros	1H17	1H18	y.o.y.
<b>TOTAL ASSETS</b>	<b>5,427</b>	<b>5,642</b>	<b>4.0%</b>
<b>Non current assets</b>	<b>4,100</b>	<b>4,220</b>	<b>2.9%</b>
Tangible and intangible assets	1,977	1,993	0.8%
Goodwill	629	633	0.7%
Other investments	1,398	1,500	7.3%
Deferred tax assets	75	73	-2.6%
Others	21	21	-1.3%
<b>Current assets</b>	<b>1,327</b>	<b>1,422</b>	<b>7.1%</b>
Stocks	683	644	-5.7%
Trade debtors	108	119	10.6%
Liquidity	277	355	28.2%
Others	259	303	17.1%
<b>SHAREHOLDERS' FUNDS</b>	<b>2,034</b>	<b>2,135</b>	<b>5.0%</b>
Equity holders	1,877	1,966	4.7%
Attributable to minority interests	157	170	7.8%
<b>LIABILITIES</b>	<b>3,393</b>	<b>3,507</b>	<b>3.4%</b>
<b>Non-current liabilities</b>	<b>1,515</b>	<b>1,385</b>	<b>-8.6%</b>
Bank loans	709	767	8.2%
Other loans	654	445	-32.0%
Deferred tax liabilities	112	143	27.6%
Provisions	20	18	-6.8%
Others	21	12	-41.4%
<b>Current liabilities</b>	<b>1,878</b>	<b>2,121</b>	<b>13.0%</b>
Bank loans	278	262	-5.8%
Other loans	65	217	-
Trade creditors	993	1,073	8.1%
Others	542	569	5.1%
<b>SHAREHOLDERS' FUNDS + LIABILITIES</b>	<b>5,427</b>	<b>5,642</b>	<b>4.0%</b>

## SONAE 1H18 RESULTS

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## SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that should not be regarded as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts, and generally all recipients of this document, are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available at Sonae's institutional website  
[www.sonae.pt](http://www.sonae.pt)

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SONAE is listed on the Euronext Stock Exchange.  
Information may also be accessed on Reuters  
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under the symbol **SON PL**

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