MARKET LEADER IN PORTUGAL IN FOOD AND SPECIALISED RETAIL
BOARD CONTROL OF A SHOPPING CENTRE AND A TELECOMMUNICATIONS BUSINESS

GROUP STRUCTURE

SONAE MC
Food Retail

SONAE SR
Specialised Retail
Sports goods, fashion and electronics

SONAE RP
Retail Properties
Retail real estate assets

SONAE SIERRA
Shopping Centres
Shopping centre developer owner and manager

SONAECOM
Telco
Integrated telecoms provider

CORE BUSINESSES
RELATE BUSINESSES
CORE PARTNERSHIPS
WE BELIEVE IN CORPORATE RESPONSIBILITY

For the second consecutive year, we were distinguished by Ethisphere Institute as one of the World’s Most Ethical Companies. Continente was also awarded for the 10th consecutive year with the ‘Brand of Confidence’ award.

We are very proud of this recognition as they reward values that we believe to be paramount to our success.

1st Portuguese company to be included on the World’s Most Ethical Companies list

10th consecutive year Continental as a Brand of Confidence

WE DO NOT COMPROMISE ON QUALITY

Sonae’s continuous efforts towards quality are part of our devotion to offering our clients the best products and services at a fair price.

For the 8th consecutive year, we were nominated by our clients as a Superbrand and Sonaecom Customer Support Service was elected once again as the best in its category in the Contact Centre World 2012 Awards.

WE VALUE OUR TEAM

Our team is one of our strongest assets. We aim to recruit the very best and we continuously search for talent. Our pioneer project “Rede Contacto“ has won the international prize in the Digital Communication Awards. The jury rewarded the innovation of the Contacto Network, developed to find new and promising talent for a single economic business group.

WE SUPPORT OUR COMMUNITY

At Sonae we are committed to making a positive difference in our community, both by helping and by encouraging our team to volunteer in making someone’s life better.

We are once again the proud recipients of the Junior Achievement Award and Damiao de Góis Award for Social Entrepreneurship for our efforts in entrepreneurship training and social devotion.

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THE ENVIRONMENT IS A PRIORITY

Reducing Sonae’s environmental footprint is a standing commitment. Every day we do our best to improve our environmental performance and raise general awareness for environmental causes.

We are recognised as a leading company and we encourage our team to be part of this effort.

Top 10 in Iberia in the fight against climate change

4,784 tonnes of old electrical equipment collected

90% of shopping centres certified with ISO 14001

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10 € to social, human and cultural causes

3,229 institutions supported

10,480 hours of volunteering for the community

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FINANCIAL HIGHLIGHTS

- **Turnover**: 5,379 M€
- **EBITDA**: 600 M€
- **Direct Results**: 144 M€
- **Net Income (Group Share)**: 33 M€
- **CAPEX**: 292 M€
- **NEBT Debt (Var. Y.O.Y)**: -147 M€
- **Dividends Paid**: 66 M€
- **Share Price Performance (Year)**: +49.7%

RECURRENT EBITDA (% OF TURNOVER)

- **Sonae**: 597 M€ (11.1%)
- **Sonae MC**: 250 M€ (7.6%)
- **Sonae SR**: -25 M€ (-2.1%)
- **Sonae RP**: 107 M€ (89.4%)
- **Sonaeecom**: 250 M€ (30.2%)
- **Investment Management**: 5 M€ (5.2%)

KEY CORPORATE EVENTS

2012

- **January**: Announcement of partnership between EDP and Sonae MC, enabling consumers to obtain a 10% discount on electricity expenses, available on Continente’s loyalty card.
- **March**: Optimus launches its 4G mobile telecommunications services.
  Sonae Sierra opens new shopping centres in Italy (Le Terrazze) and in Brazil (Uberlândia Shopping).
  For the 2nd year, Sonae is recognised as one of the “Most Ethical Companies in the World” by the Ethisphere Institute.
- **April**: Sonae MC is distinguished with the Kaizen Lean prize for its initiative in implementing continuous improvement processes in its food retail activities.
  Sonae’s AGM approves the distribution of a gross dividend per share of 0.0331 euros.
- **August**: Sonae SR signs an agreement for the expansion of its international presence in the Caucasus region.
- **July**: Sonae completes several medium and long-term refinancing transactions for a total amount of 370 M€.
- **June**: Sonae Sierra and MAB Development begin the construction of its new shopping centre in Solingen (Germany).
  Launch of “Obrigações Continente”, a 250 M€ bond issue made available through a public subscription offer to retail investors.
- **May**: Signature by Sonae SR of a franchising agreement for Latin America, with a forecasted opening of 25 Zippy stores by 2016.
- **September**: Optimus is elected as the Portuguese consumers’ most preferred mobile operator by “Consumer Choice”.
- **October**: Opening of the first franchised Zippy stores in Latin America and Azerbaijan.
- **November**: Sonae Sierra reaches an agreement for the sale of its ownership stake in 5 shopping centres in Brazil.
- **December**: Sonaeecom, Kento Holding and Untel International reach an agreement to recommend, to the Boards of Zon and Optimus, a merger between the two companies.
CHAIRMAN’S LETTER
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BELMIRO DE AZEVEDO
Chairman Sonae

We are aware of our responsibilities and we continuously look towards our community in the search for opportunities to help and to improve the quality of life of those in need. We provided financial, technical and, at times, simply human support to numerous institutions in the markets where we operate. Our team multiplied its efforts and went out of their way to help. For this reason, I am honoured and would like to say a sincere thank you to our team for their invaluable volunteering efforts.

In 2012, despite the economic turmoil, we managed to sustain turnover and increase our recurrent EBITDA margins, which reflects our continuous efforts to achieve higher levels of efficiency across our activities. We have also taken important steps to further reinforce our capital structure and reduce leverage. This is particularly important in the current financial environment, characterised by severe restrictions in access to bank financing and unsustainable costs of debt.

Despite the adverse market conditions, 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 and the merits of the measures taken with the aim of streamlining our operations and managing our capital structure, as well as adapting our strategy to the current circumstances.

In the middle of an economic crisis, our vision is as clear as ever allowing us to see ahead into the future. We are more committed than ever to our corporate values as we believe that our strategy, the trust of our customers and the quality of our team stem from our core values. The economic climate will continue to challenge us, but for us this only represents a new world of opportunities, to be explored with the confidence, ambition and positive attitude that are the cornerstone of Sonae’s culture.

The current financial crisis has altered the business environment, forcing companies to focus on solid socioeconomic values, as the only way to face the severe economic conditions and guarantee sustainable growth in the long-term. Sonae’s corporate culture and values proved once again to be our most valuable asset, allowing us to continue to quickly adapt to the new market conditions and react in a timely manner to changing consumer habits, whilst never losing sight of the importance of laying the grounds for future sustainable growth.

Today, economic growth is only possible through new markets or continuous innovation. We continue our search for new markets through new ventures and solid international expansion, but the current macroeconomic situation brought added difficulties when identifying investment opportunities, reinforcing the critical relevance of innovation within our businesses as a determinant for sustainable growth. As part of our growth ambitions abroad, we are also changing the way we hire and train our people, looking to foster adaptability, cross-sector mobility and international exposure, as key competencies for the future.

Innovation is part of our DNA and our long-standing commitment to innovation has played a role of paramount importance in every single one of our successes, allowing us to thrive in a very difficult and competitive market. We innovate in the products and services we offer, never forgetting the increasing relevance of online shopping. We innovate in the internal processes across the whole organisation. We innovate in the way we think about our team. We implement innovative processes in order to respect the environment. We innovate in finding ways to help our community. We innovate in the way we nurture and promote a culture of innovation.

Sonae is a global company with an active presence in 66 countries around the world and in each one of them we want to be regarded as an attractive and robust partner. Our corporate values and our excellent performance throughout the years are a solid reference to our stakeholders. Our experience in the retail sector is renowned worldwide for its excellence and our attractive track record of integrating industry with final consumers and in organising modern and efficient distribution channels are an industry benchmark.

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Despite some improvements in the European financial environment and the efforts to recapitalise the banking system, access to fairly priced financing to companies and families is yet to be a reality in Portugal. It is well-known that companies cannot compete in a Single European Market with the same currency but with significant disadvantages in the access and cost of funding.

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We continuously look for ways to improve resource allocation in all stages of our network and we are very determined to share these efficiency gains with our team, our suppliers, our customers, our shareholders and our community. This is part of our understanding of sustainable development.

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For a number of years, we have faced extremely tough macroeconomic conditions in southern Europe, with an overall economic recession, record unemployment levels and rapidly declining private consumption.

A return to growth is expected in most southern European countries in the coming year, but these predictions remain volatile and uncertain. Regarding our home base, Portugal, significant efforts have been undertaken and continue to be developed to reduce government spending, introducing structural reforms and, generally, improving the competitiveness of companies, with some very concrete results, such as the rapid correction of trade imbalances. One key condition that remains to be solved is the financing of growth, as the availability and cost of credit to companies, driven by the national banking sector, have become a severe detriment to availability and cost of credit to companies, driven by the vital and uncertain. Regarding our home base, Portugal, several operating costs but also, and importantly, in the level of service contracts (e.g. Sierra in 11 countries) and many new joint-ventures. We have also prepared new e-commerce platforms to enable international sales.

Our challenge will now be to scale up these learnings. In this environment, innovations and changes have been implemented across every dimension of our business portfolio. The revision of the product offering was taken together with the reengineering of operations, aiming at achieving efficiency gains. Important savings were achieved not only in terms of several operating costs but also, and importantly, in the level of stocks. We translate this into lower prices to consumers, without any compromise of the equitable return on investments to shareholders. Thanks to these efforts, Sonae MC has been able to grow its market share during 2012, while remaining a leading position in terms of brand awareness, with Continente consistently considered in the last 10 years the most trusted food retailer in Portugal.

Importantly, a new generation of store formats were developed and implemented in new openings for 2 key store concepts (Continente and Continente Bom Dia). In addition, very significant progress was achieved in relation to the sales density and profitability of our newer businesses (Well’s, Book it and Bom Bocado).

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2012 was again a challenging year for our non-food business, with a reduction in consumption levels being particularly felt in the more discretionary categories. Wortex, in Portugal, managed to fully counteract the strong market decline, maintaining high levels of operational profitability. The sports and fashion segments underwent, as reported during the year, a fundamental change of supply model, which had a strong negative impact on sales and, particularly, on margins. In the last quarter, the benefits of this transformation to gradually have an impact on the improvement of margins during the coming year. 2013 will also be an important year for Sonae SR in terms of e-commerce initiatives and the restructuring of Spanish operations.

Sonae Sierra continues to be widely recognised as a world-renowned developer and manager of shopping centres. Sierra is now present or renders services in 11 countries globally. During 2012, new shopping centres were inaugurated in Brazil and Germany and 27 new services contracts were signed with other promoters. The company has also continued to seek opportunities to recycle capital from mature projects to new developments but the sovereign crisis has significantly affected transactions in the Iberian real estate markets. This restriction, together with the current high cost of debt in the periphery of Europe, has been restraining the expansion opportunities in Europe, which we have largely compensated with new projects in Brazil. In terms of operating activity, despite the decline in retail sales felt in the Iberian markets, rental revenues from international operations, notably from Brazil, have continued to grow steadily and the company was able to register a 2% increase on its direct income in the year.

2012 was a year marked by some important developments at Sonae.com: In a difficult environment, Optimus has been able to meet important strategic goals in areas such as brand image, mobile data, convergence, AG, innovation and customer experience, while again increasing its profitability levels. The year was also marked by the public announcement, on December 14th, of the agreement between Sonaecom, Kento and Untel International Holdings to promote the merger of Zon and Optimus. The two companies are close to a perfect match, having almost no overlapping businesses and there are high efficiency gains associated with the proposed transaction. Further, the critical mass gain for the resulting company increases its ability to compete in the local market, as well as to seek growth in other geographic areas.

The decisions we have taken during the year have had a positive impact on our financial performance, and prepared the company for the future. Group sales decreased by only 3% to 5,179 million euros, while recurrent EBITDA margin increased by 0.4 pp, driven by significant efficiency gains across our activities. Our net income group share was down by 71 million euros solely as a result of higher interest rates and the impacts arising from asset impairments and the fall in valuations of shopping centres in Iberia. Both of these are the result of the macroeconomic situation and the prevailing financial turmoil; however, this did not have an impact on our operating profitability and cash flow generation.

The devaluation of our southern European shopping centre assets during this negative cycle has occurred almost entirely through valuation yields used by external appraisals. The almost complete lack of transactions of shopping centres in Iberia was primarily caused by uncertainty on the future of the Euro. The recent strong decline in risk perception should allow the market to start functioning again and, although we do not expect the first transactions to contribute positively to yield contraction, we do expect this to be the beginning of the return to normalised markets and, within this context, we expect dominant assets to benefit in the medium term.

We ended 2012 with a strengthened capital structure, with our net debt down by 147 million euros year-on-year, whilst maintaining the necessary investment level in all businesses and continuing our dividend policy. For the fourth consecutive year, Sonae has been able to generate sufficient organic cash flow to invest in future growth and finance innovation, whilst continuing to reduce leverage.

Our defined strategy remains as relevant now as it did in the past and we remain committed to driving higher returns for shareholders. Sustainability is at the core of our concerns and we have and will continue to focus on implementing all the right initiatives for the business, for our customers, for the communities where we operate, for our team and for our shareholders. We remain committed to our dividend policy. Given the financial results achieved in 2012 and our confidence in the companies’ ability to follow this course, we will be proposing to shareholders the payment of a dividend of 3.31 euro cents per share, corresponding to a dividend yield of 4.8% calculated using the 2012 year-end closing share price.

People are at the core when it comes to business and strategy implementation. When we look at the Portuguese economy, we see high unemployment rates, rising taxes and salaries being cut, together with mounting interest rates. Our effort to ensure efficiency gains and growth is also an attempt to maintain employment levels at Sonae, whilst, at the same time, not compromising the goal of delivering value to the remaining stakeholders. We invest in our people and I would like to thank all the committed and devoted employees who have overcome the challenges encountered throughout 2012, and have produced these achievements and results.

We are also extremely grateful to our Board and shareholders for supporting our long-term strategy and in particular for allowing, in times of lower net profitability, the company to maintain its high levels of donations and time devoted to support communities.
STRATEGY IN ACTION
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Our mission is to create long-term economic and social value, taking 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.

Our Values

TRUST AND INTEGRITY
We are committed to creating economic value in the medium and long-term, built on relationships founded on integrity and trust.

PEOPLE AT THE CENTRE OF OUR SUCCESS
Setting constant challenges and being open to change are crucial in attracting ambitious people. Our people are a determining factor in the markets where we operate and, for that reason, we invest in developing their capabilities and skills, and thereby further enrich our culture.

AMBITION
Ambition is born from continuously establishing goals which will stretch us to our limits, stimulating our energy and reinforcing our determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to go beyond our past successes.

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.

Sonae volunteers
We are proud that our team shares our social values and we encourage their efforts in charitable actions. During 2012, our colleagues volunteered in 300 social causes in the areas of Culture, Education, Environment, Health, Science and Innovation and Social Solidarity.

The number of hours spent on volunteer work by employees of Sonae exceeded 10,680, benefiting 380 institutions such as the Agrupamento de Escolas de Cerca, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acreditar, Fundação Gil, Associação Sol, Cruz Vermelha Portuguesa, AMI, Aldeias SOS, Casa do Cerco, Acre...

Doing it Well

Wells is an example of Sonae’s commitment to actively explore new markets, always with the same entrepreneurial spirit that characterises our culture.

Wells, a retail business specialised in health, wellness and optics, was launched in October 2010, recording a sustained growth of 2-digit sales both in 2011 and 2012. In just 2 years, Wells became the market leader in Portugal, with an estimated market share of 53% (source: Mercado das Parafarmácias Jun. 2011-Jun. 2012), with 150 stores located mostly next to Continente supermarkets.

In addition, to offering the most recognised brands at the best prices and providing professional advice and expertise, Wells customers also benefit from its association with Continente’s loyalty card.

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 and analysing new investment options, both in current and in new sectors and geographic areas.

We are constantly searching for new business models and concepts, nurturing our entrepreneurial spirit and accepting 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 on value creation.

Who we are and what we stand for
We are a trust based organisation with deep rooted 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 beyond the economic wealth created.

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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 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.

Employees 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 competencies.

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 employees (through experience, training and mentoring) and appeals to young and talented new professionals. In our group, we all have the opportunity to raise the bar in a regulatory environment that is constantly evolving and advancing.” Alex Brigham, Executive Director of the Ethisphere Institute.

Among the World’s Most Ethical Companies

“The winners this year, of which Sonae is one, know that a programme of strong ethical conduct is a key factor for a successful business model, and we thus continue to scrutinise their ethical standards in order for them to be it based on gender, religion, race, nationality, social-economic status or any other.

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Finov – Chairman’s award

The Finov (Sonae’s innovation forum) Chairman’s Award is awarded every year to an initiative or the successful implementation of a project, recognising the significant contribution made towards Sonae’s culture of innovation.

The 2012 award was granted to a group of 4 employees for the development of a biodegradable sports bottle and for “Peugaiter”, an innovative sports sock. The two innovations strongly contributed to the notoriety of Sonae’s sport brand Berg in its first year of internationalisation. The biodegradable sports bottle is aimed at sportsmen and sportswomen who care about the environment and the “peugaiter” is a specially designed sock that prevents dirt from entering a shoe and, therefore, is intended for those striving for a better performance.

Both products were amongst those selected for the innovation award at Europe’s largest outdoor sports fair “Friedrichshafen Outdoor”. The biodegradable sports bottle was awarded first prize in the category of “High Ecological and Sustainable Value”, further evidencing Berg’s commitment towards innovation.

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 bind us together and guarantee 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 evaluation by our stakeholders, in particular from our shareholders (or their representatives), as well as from our customers, employees, market analysts and other external 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 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 inbuilt in our strategy and we always know where we are going and why. We are going to significantly increase our arena to new geographic areas and employ new business models that will foster growth and value creation. Beginning with our existing retail, shopping centres, telecom and other nascent businesses and with our distinctive competences, assets and culture, we will pursue the following three main strategic pillars:

International expansion

International expansion, focused on our core businesses, including adjacent arenas, will be our key growth driver for many years to come. This is one of our top strategic priorities and we will deploy resources accordingly as we have the opportunity to enlarge our international footprint and with our distinctive competences, assets and culture, we will pursue the following three main strategic pillars:

Corporate Strategy

VALUE CREATION THROUGH INTERNATIONAL EXPANSION AND STRENGTHENING OF THE CORE BUSINESSES

IMPORTANT STRATEGIC PILLARS

INTERNATIONAL EXPANSION

New growth avenues

Profit from "world class" competences

Current core business with leader formats in mature markets

Widen competences, knowledge and experience pool

New sources of value creation

Diversify investment style

Adopt the most appropriate investment style

Franchising

Partnerships

Minority stakes

Use capital light models (leasing vs. owning; partnership vs. full control; franchising)

Additonal knowledge

Reduce Capital Employee needs

Leverage and reinforce exceptional assets and competences

Innovate

Generate new business, strengthen competitive position

Capitalise on assets and competences in base market to launch new projects in adjacent areas

Reinforce competitive position

Grow "share of wallet"

We need to improve the international profile and experience of our top managers. Training, recruiting and company culture management should accommodate this strategic intention. In addition, we need to prepare our management organisation to be flexible enough to cope with future growth.

Diversification of investment style

We will leverage our businesses and the effectiveness of the implementation plans of our strategy, by adopting the most appropriate investment style or mix of styles for each business, including wholly owned businesses and majority stakes, as well as minority stakes with or without special rights.

Minority stakes are considered the appropriate investment style, whenever on our own or with a small contribution from third parties, we have the resources and competences to lead the business and guarantee the development of sustainable competitive advantages and the creation of superior value.

Minority stakes are considered the appropriate investment style, whenever either we do not have sufficient resources or would benefit from the contribution of third parties to achieve superior value creation. Minority positions should be used to facilitate consolidation and other industry restructuring movements, to enter new geographic areas as technical partners and to develop an appropriate high-level business relationship network.

Leverage and reinforce exceptional assets and competences

We will continue to explore new business opportunities that leverage our exceptional asset base and competences as a way to nurture our portfolio of options for future growth. These new ventures should have most of the following characteristics: (i) a clear path to internationalisation; (ii) potentially attractive profitability levels; (iii) profit from global trends; (iv) benefit from and reinforce our competences and/or strategic assets; and (v) have the potential to become a large business in the medium term.

We will dedicate a part of our capital to these new ventures, according to their ability to deliver growth and create value. We will also look for early signs of success or failure, guaranteeing that scale up, merger or divestment decisions are taken as soon as possible.

Why this strategy?

Our quest for growth and superior value creation reinforces our ambition to expand internationally. We have the competences and technical know-how to successfully explore opportunities not only in 'growth geographical areas', providing sound macroeconomic growth, developing industry structures and improving governance practices, but also in mature markets, given our distinctive products, competences and strategic assets.

Our base market is not sufficient to deliver all of our ambitious goals as: (i) Portugal is a small market and a difficult territory to defend in a globalised competitive environment; and (ii) our current core businesses in Portugal are reaching maturity and, consequently, have limited growth opportunities.

We have an outstanding management team, expertise and reputation in our core businesses and can use them to create value on a larger scale and in markets that are growing faster and have greater potential.

We will create new and significant career development opportunities for our managers, fostering their professional and personal development, and improving their international profile. Our competence, knowledge and experience pool will grow and become an even more solid base for the future development of the Group through exposure to diverse environments.

Most of our core businesses already have successful international business experience, which demonstrates the immense opportunity we have to explore. Our management teams are robust, highly skilled and have co-ownership over business strategies; internationalisation gives us the chance to leverage this asset on a much larger scale.

To enlarge our international footprint at a faster pace, a more flexible investment style will be crucial, as it will enable us to: (i) leverage our financial and human resources, multiplying our ability to seize different and larger opportunities; (ii) become a company with an enlarged external network; and (iii) improve our access to relevant information, enabling a more proactive management of our legal, regulatory and political environments and increasing our influence. This is critical for successful expansion in foreign countries and for improving our ability to understand the real obstacles of business development and to identify new business opportunities.

Although our internationalisation strategy opens up an immense opportunity for us to grow, we must not relinquish our asset base in Portugal. By leveraging these assets to enter new ventures, we are in turn also nurturing our capacity and ambition to grow in the future, while minimising risk.

In summary, by focusing on internationalisation, diversifying our investment style and leveraging our exceptional asset base in Portugal, we maximise our ability to grow and create value with our financial and human resources.
At Sonae, we believe that our values are the strongest driver of the success of our mission. Ethics and sustainability are paramount to our strategy and are at the core of our decision-making process.

Facing the current socioeconomic situation, we rise to our responsibilities as one of the largest Portuguese companies, with yet another year full of innovative and exciting projects that guarantee that we will continue to deliver social and economic growth in a responsible and sustainable manner.

Our efforts continue to be recognised by leading organisations around the world, but most importantly, by our customers that day after day trust in the quality and integrity of our products and services. Such a level of success is only possible thanks to the tremendous efforts of our team, with each individual knowing that he or she is part of a large organisation that works together with its community. Our efforts towards innovation impact across the whole organisation with particular emphasis on the environment.

Sonae is recognised for the second year running as one of the most ethical companies in the world. Sonae, the first Portuguese company to be awarded this distinction, has been recognised for the second 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.

Paulo Azevedo, CEO of Sonae: “Since the company’s birth, Sonae’s culture has incorporated ethical principles of sustainable development. This distinction gives us encouragement to continue on our path of promoting social well being and helping to build and improve the communities among which we operate, as well as implementing transparent business and governance practices. Ethical conduct and trust are an integral part of Sonae’s values, and an important element that unites all the colleagues across the various countries in which we operate.”

Luis Filipe Reis, Sonae’s Chief Corporate Centre Officer, stated: “We need to look towards the future and understand in what way our country and our companies can act to promote economic growth and generate wealth for society. We have a commitment to sustainability as a whole and our mission is to create economic and social value. As the largest private employer in Portugal, we are a “company for people”, meaning that the development of the full potential of our people is a key strategic concern. In parallel, we are committed to promoting a culture that foresees an active participation in our society.”

Sonae creates Activshare

We are continuously looking for ways to improve efficiency across the whole organisation. For this reason we believe that we can do more and improve our corporate responsibility dimension, so in 2012 we created the Sonae Activshare programme, which consolidates and aggregates Sonae’s volunteering and social responsibility actions.

At Sonae people are at the heart of our success. Sonae Activshare promotes the development of volunteering actions.

The Sonae Activshare platform communicates all Social Responsibility actions to employees and volunteers. Through this platform, our team will always be informed of the various ongoing initiatives.

Corporate responsibility is a critical part of our strategy and we continuously revise our goals and monitor their implementation and achievements. We recently completed our commitment cycle for Retail businesses from 2009-2012 and we are now starting a new cycle that will take us to 2015. Our corporate responsibility commitments for Retail businesses during the period 2012 and 2015 are being disseminated across the whole organisation, as we believe that greatness can only be achieved with the involvement of everyone on our team.
Corporate Responsibility Commitments for 2012/2015 – Retail

**Better purpose**
Promote the adoption of healthier lifestyles by providing customers with all the necessary information for balanced and nutritionally more responsible choices.

Promote the welfare of communities where Sonae is present, contributing to the strengthening of citizenship and social cohesion.

**Better people**
Promote wellness and invest in the development of the personal skills and competences of our employees, continuously enriching Sonae’s culture.

Integrate sustainability into the supply chain and improve the alignment of our suppliers’ practices with Sonae’s policies.

**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.

The success of our team is our success. We believe that an exciting and motivated team is a strong determinant of our clients’ satisfaction. Our team is our face and our strongest selling asset. Our teams work their very best every day to bring excellent products and services to our communities at a fair price. We are continuously committed to recruiting the best people and, most importantly, to providing them with the best opportunities for their personal and professional development. Above all, managers should always be aware that they will be seen as role models by others.

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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 is the finest example of our commitment to continuous training. Sonae Retail School continues to focus on making the team more active in the identification of new challenges and improvement areas, rapidly designing programmes to disseminate the best practices across the organisation. Sonae Retail School has proven to be a critical asset in our continuous learning process.

As a process of improving continuous learning, we have developed the tool “Upward Feedback” to promote personal and professional development. The “Upward Feedback” is a “180 degree” appraisal tool whereby employees give feedback to their direct superiors, evaluating their action as team managers in a series of relevant areas: Work Organisation, Motivation and Development and Communication. It serves as an anchor for an ongoing process of change and individual growth.

We believe that the personal and professional development options available within Sonae are the most relevant determinant for the quality of our team. This is complemented by a competitive remuneration package 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.

Sonae Retail School

Continuous learning is the path to excellence, a bridge to constant improvement and sustained progress. The personal and professional development of our team is part of our strategic vision and continuous learning is a critical determinant of our sustainable success over the years.

Sonae Retail School exemplifies our approach to the development of skills and is a cornerstone of our success in retail, providing our team with an integrated and comprehensive approach to continuous learning aligned with our strategy and business objectives.

Sonae Retail School clearly defines our quest to add value to the organisation by generating knowledge.

Sonae Retail School adopts a unique approach that combines the individual professional path and our business strategy, actively identifying new challenges and areas that need improvement and promptly designing programmes that disseminate our best practices throughout the organisation.

All of our training is designed to develop critical skills in cross-functional areas, such as Leadership and Management, as well as in more technical areas such as Foreign Languages, Systems and Project Management.

Finally, we care about our colleagues and we put health and safety above all else. We are active in improving working conditions and we work closely together with the Portuguese Work Conditions Authority, welcoming their contribution as a way to work together towards one of our most relevant objectives – “zero accidents”. We conduct a comprehensive accident prevention programme with a number of goals. Firstly, to train our team on how to face hazardous situations. Secondly, to continuously monitor our work environment in order to identify and mitigate risks. Our efforts have awarded us in the past the Safety and Health award from the European Good Practice Awards, namely for the management of preventive and corrective maintenance. We believe we are a very strong contender for this year’s award.

Contacto Network

Contacto Network “Rede Contacto”

The Contacto Network was launched in June 2010 and it was the first social network in the world set up to attract talent to a single business group. The network enhances interaction between Sonae and its members, facilitating brand communication and reinforcing itself as an open innovation channel. During 2012, the network was remodelled in order to adapt it to the new forms of communication used by younger generations. As a result, a more youthful and fresh interface was implemented, with several new features and with English as the official language. The platform, that currently has more than 19,000 users in 66 countries, reinforced its role as an important factor in Sonae’s international growth strategy.

“Contacto Day”

Contacto Day is an annual initiative designed to welcome the top final year students from Portuguese universities, previously selected by Network Contacto (www.contactosonae.com). During this event, young people are given the opportunity to directly contact members of top management, who have in-depth knowledge of Sonae’s business, future development plans and strategy. For the 2012 event, we welcomed 50 young people and a number of internships were offered to the very best candidates, leading to the development of personal and professional skills and the possibility of joining Sonae’s team.

Goals for 2012 – Retail

To be a company of reference in terms of

- Strategic medium to long-term HR Planning
- Internationalisation of HR processes and policies
- Making the HR structure more flexible and closer to the needs of the business, aiming for greater efficiency

Achievements

- In 2012, all actions were initiated as part of an active and ongoing HR management policy.

Call For Solutions Universities

The Call For Solutions is an Open Innovation programme aimed at students from the top Portuguese universities. As part of the programme, Sonae offers an internship to the best graduate students that year and encourages them to contribute with ideas and solutions to challenges raised by the different Sonae business units. This initiative aims to bring value to the organisation through innovation and, at the same time, it allows us to identify young talent by giving them the opportunity to work in a real business environment. In parallel, it allows students to develop valuable skills at the beginning of their professional journey. Over the past 3 years, this programme has involved around 20 management teams and has received 88 students.

The Call For Solutions programme is based on the following principles:

- Students from the best Portuguese universities are selected to develop their own ideas and solutions.
- Each selected student receives an internship at Sonae Retail.
- Students have the possibility of joining Sonae’s team.
- Student ideas are valued and triggers innovative solutions.
- Students come into contact with senior managers from Sonae Retail.
- Top level students are selected through a rigorous selection process.
- Students are given the opportunity to directly contact members of top management and the network Contacto.

As part of this initiative, Sonae Retail School exemplifies our approach to the development of skills and is a cornerstone of our success in retail, providing our team with an integrated and comprehensive approach to continuous learning aligned with our strategy and business objectives.
Respect the environment

At Sonae we adopt an approach towards the environment that goes far beyond the legal requirements and recommendations. We actively think green and we continuously review our environmental guidelines and encourage our team to be proactive towards the implementation of dynamic and aggressive environmental management policies.

Our goal is twofold: firstly, to reduce our environmental footprint to the absolute minimum. As part of our environmental policies, we continuously monitor our environmental impact and adjust our actions to achieve the highest environmental standards.

Continente was the proud recipient of both the “Brand of Confidence” award for the 10th time, a highly coveted award given by Reader’s Digest in recognition of our efforts.

Higher levels of efficiency

We have implemented several actions to optimise energy efficiency in our warehouses, resulting in a significant reduction of associated costs. The solutions focused on optimising the existing lighting system and the creation of natural lighting solutions.

As part of our efforts, we have changed the form of illumination on an operational area of 45,000 m², substituting lamps, achieving an immediate saving of 20% and the ability to regulate the flow of energy according to the level of ambient light.

With regard to natural light, the sites in which we have identified poorer lighting were studied and a mixed solution of plates and solar translucent tubes was implemented in the warehouses located in Azambuja, Carregado and Madeira, leading to a reduction in energy consumption of approximately 35%.

Secondly, to increase public awareness of environmental topics. We are extremely active and we promote a better environment not only across the whole organisation, but more importantly, we use our relationship with our community as a unique vehicle to increase public awareness.

Our environmental efforts are focused on 7 dimensions: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total emissions of CO2e; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vi) waste. In 2012, we achieved positive results in all of these areas.

Equipa Worten Equipa

“Equipa Worten Equipa” is a project of social and environmental responsibility, through which Worten supports thousands of people who turn to national solidarity institutions for support. Since 2009, the first year of the project, Equipa Worten Equipa has collected more than 38,850 tonnes of electrical and electronic waste equipment and 10,596 pieces of new equipment has been offered to 1,003 institutions. In 2012, Equipa Worten Equipa had another impressive result with a total of 4,784 tonnes of waste equipment collected.

Project Trevo

Sonae’s food retail segment implemented an energy efficiency programme within their facilities, which led to savings of up to 4 million euros over the last 3 years. Project “Trevo” aims to ensure a sustained reduction in the cost of electricity, whilst also ensuring the maintenance of thermal comfort levels in stores for customers and employees.

A critical determinant for the success of Project “Trevo” was the implementation across the whole organisation of the ‘Energy Usage Guide’ and the strong promotion and institutional adherence to the idea of the guide, raising the awareness of employees and customers.

We have invested in the processes of energy acquisition and energy production.

José Fortunato, Sonae MC Director, stated that “the implementation of the project allowed Sonae to enhance its energy efficiency and reduce its carbon footprint, while also generating savings, which translates into better prices for customers. During 2013, we will continue to look for efficiencies and promote the generation of energy through renewable sources, fulfilling our mission of sustainable development.”

Sonae in the top-10 Iberian companies in the fight against climate change

Sonae was considered one of the leading companies in the Iberian Peninsula in the fight against climate change, according to the Carbon Disclosure Project, a non-profit organisation that aims to raise awareness of climate change and water management, through the dissemination of useful information to decision makers, investors and businesses.

Sonae is the only company in the retail sector in the Iberian Peninsula to join the list of companies classified as leaders in the study “CDP Iberia 125 Report 2012”, which examined the 125 largest companies listed in the Iberian Peninsula. The results were analysed with the prospect of potential future investment in mind by 655 investors worldwide, who manage assets valued at 78 trillion dollars.

The result achieved by Sonae reflects the overall commitment to sustainable development of its business and results from the adoption of energy efficiency measures impacting the level of consumption; increasing the production of own energy using renewable sources and promoting best environmental practices throughout the organisation.
CORPORATE RESPONSIBILITY

Goals for 2012 – Retail

Reduction of ecological footprint, complying with environmental policy by:

- Reducing electrical energy consumption by over 1%,
- Maintaining focus on the installation of new autonomous energy production plants based on renewable sources, taking advantage of current investment opportunities and legislation on “Micro and Mini Generation” of energy,
- Ensuring a high level of eco-efficiency of the contracted vehicles used,
- Maintaining the refrigerant gas R22 at refrigeration systems which have not yet been subject to replacement (continuous action),
- Increasing efforts to promote (and offer) the use of reusable bags,
- Surpassing the waste recovery rate achieved in 2011,
- Reducing drinking water consumption by 2%,
- Increasing the number of installations with Environmental Certification in accordance with Standard ISO 14001,
- Publishing an International Environmental Management Guide to support operations outside Portugal.

Achievements:

- In 2012, there was a reduction of 8.3% in electricity consumption;
- We closed the 2008 – 2012 cycle with a cumulative reduction of 14.8% in energy consumption, well above the assumed commitments of 6%;
- In 2012, we installed 42 new photovoltaic systems;
- We now have 100 photovoltaic systems installed, of which 86 are already in production;
- We closed 2012 with 89% of the contracted fleet of vehicles complying with Euro 4 or Euro 5 standards;
- In 2012, we replaced 2 of the last 6 refrigeration systems using R22 and we began using the R290, a refrigerant gas with virtually no effect on the depletion of the ozone layer or greenhouse effect;
- We launched 6 new types of Continente’s reusable bags, continuing to extend our offer of these types of bags;
- In 2012, we achieved a reduction of circa 10% of water consumption;
- 4 facilities received an Environmental Certification and we achieved our goal of having all facilities in mainland Portugal certified according to ISO 14001;
- We closed 2012 with 25 units certified;
- We finalised our International Environmental Management Guide.
Improvement System

the Kaizen Continuous

Sonae is the first retail company sustainable success.

embrace our efforts towards a more sustainable future and training programmes. Our partners are aware of our high therefore, it is in our interest to promote alignment with our partners, with special emphasis on the environmental and social dimensions.

Our partners are critical to the success of our mission and, therefore, it is in our interest to promote alignment with our values and goals. We provide our partners with continuous training programmes. Our partners are aware of our high quality and corporate responsibility standards and they embrace our efforts towards a more sustainable future and sustainable success.

International Certification

Quality - Own Brands

The food retail area of Sonae received international certification of its management system for its entire range of own brands, thereby widening the scope of certification which it had already held since 2010. The distinction, awarded by SGS ICS - International Certification Services, recognises the quality of Sonae and Continente in the development of their own brands, as well as in the monitoring of suppliers and products.

Continente's private label programme is now widely recognised by customers, representing over 50% of the sales in the categories of fast moving consumer goods. The certification according to ISO 9001:2008, encompasses all Continente's own-brand products and reinforces our values and commitment to quality throughout the product development process, from the selection of suppliers and manufacturing to marketing in stores.

Luís Moreira, CEO of Sonae MC, stated: “This recognition reinforces our strategy and commitment to the quality of private label products, which are increasingly recognised and valued by our customers. Besides guaranteed best prices, families are assured of high quality standards.”

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.

Sourcing with integrity and quality management

The quality and safety of our products and services are paramount to our success. We strictly control our suppliers’ network in a continuous effort towards higher levels of efficiency and quality, bringing to our clients the best products and services at the lowest possible price.

We do not compromise when it comes to safety and excellence and we ask each one of our partners to meet our standards. We continuously and actively monitor our network in order to identify potential problems and disseminate best practices. We particularly focus on the sustainability performance of our partners, with special emphasis on the environmental and social dimensions.

Our partners are critical to the success of our mission and, therefore, it is in our interest to promote alignment with our values and goals. We provide our partners with continuous training programmes. Our partners are aware of our high quality and corporate responsibility standards and they embrace our efforts towards a more sustainable future and sustainable success.

Sonae is the first retail company in the world to implement the Kaizen Continuous Improvement System

Sonae was distinguished with the Kaizen Lean award by the Kaizen Institute for its initiative in implementing continuous improvement processes in the food retail area. The Kaizen Institute prize recognises the pioneering and innovative work carried out by Sonae in applying the Kaizen methodology in the retail sector.

According to the Kaizen Institute, Sonae was outstanding “for its best practices in continuous improvement as a means of generating innovation and competitiveness.” Sonae involved all of its employees in the process and thus managed to achieve the goal of creating value, satisfying customers and eliminating waste.

João Melo, Sonae MC’s Human Resources Manager, stated “that the Kaizen project has revolutionised the working of our units, not just through significant efficiency and productivity gains but also, and more importantly, by the cultural transformation that it produced. Today, Sonae is a company in which innovation is a priority for all employees and where everyone seeks ways of carrying out their jobs more rapidly and efficiently.”

We particularly focus on the sustainability performance of our partners, with special emphasis on the environmental and social dimensions.

Food Safety Audits

In 2012, we carried out circa 450 food safety audits and we continued with the implementation and consolidation of a food safety audit programme on stores, cafeterias, warehouses and manufacturing centres, 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.

Sustained growth with regard to the size and value of its production and in terms of market coverage;

Sharing of a vision and projects between production and distribution;

Innovation, in products, in new ways of selling and in processes.

In supporting producers, the Producers Club has also, since it was launched, published a newsletter, in which events and relevant issues related to its activities are communicated to members.

In 2012, we significantly increased (+35%) our purchases from the Producers Club. For Sonae, this is a very important aspect, as we continually make a real effort to share our values with our suppliers in order to ensure a more sustainable supply chain.

The 3 key guidelines of the Continente Producers Club are the following:

Continente Producers Club

Special mention is needed of the Continente Producers Club. Founded in 1998, Continente Producers Club is a support structure provided to Portuguese livestock and agricultural producers. It originated from Sonae’s desire to support Portuguese producers more closely. The strategic objectives of the Producers Club are essentially to promote national products in accordance with 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.

Selecting and promoting particularly fine and sometimes exclusive products, is always a positive exercise, and even more so when the local consumer is at the end of the supply chain. Consumers are normally very much attached to products from their own country.

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.

As far as training and technical knowledge is concerned, the Club has supported and organised events such as study visits to production centres both in Portugal and abroad, and has also clearly contributed towards building synergies that facilitate the activity of its members. One example in this area is the protocols agreed with the Government and other state entities that bring significant benefits to producers.
Goals for 2012 – Retail

Commitment to healthier food habits and products:

- To commit to sensory analysis, with a view to promoting, monitoring and ensuring the superior quality of Continente’s products, seeking to adjust them to the needs of each client;
- To continue to promote a healthy lifestyle, providing more and better information and being involved in the community;
- To continue to provide a broad range of products with an optimised nutritional profile and adjusted to different nutritional needs.

Achievements:
- We conducted 522 sensory panel tests internally involving colleagues from the central structures, stores, warehouses and administration;
- Using mobile sensory analysis laboratories (Minilab – Continente Stores and Sensebus – Continente Modelo stores), we promoted sessions to assess the quality of our products and to promote Continente’s own brands. These sessions involved nearly 9,100 customers;
- In total, 29,000 reviews of Continente’s products were conducted;
- We continued to provide advice to the Portuguese population on how to adopt a healthier lifestyle, taking into account the 8 commitments of our programme “HiperSaudável”. Dieticians present in Continente’s stores have played an important role in making recommendations to our customers concerning important food decisions. We have provided advice to more than 25,500 customers;
- We continued to optimise the nutritional profile of our products by reducing the fat and sugar content.

Extension of our commitments to quality, the environment and society throughout the value chain.

To help suppliers comply with market demands:
- Extension to non-food producers of the certification of the development of Continente private label and monitoring of product and suppliers after the development/launch of products, in accordance with the standard ISO 9001;
- To optimise transport boxes with a view to reducing packaging materials;
- To develop and start the Sonae Suppliers’ International Certification process;
- Social, ethical and environmental certification of the majority of textile suppliers (with a target of 80%);
- Maintenance of certification of the Continente Producers Club;
- To maintain the plan to increase the number of suppliers who undergo a qualification and selection audit;
- To contribute to fishing sustainability.

Achievements:
- We started a major social, ethical and environmental certification programme during 2012. However, the economic slowdown has constrained the participation of some partners in the process and progress has been slow;
- Only a small number of suppliers audited in the Far Eastern region have met the objectives of our social, ethical and environmental certification. All non-compliance cases identified are now in the process of implementing corrective measures and will be re-audited in the first half of 2013;
- Monitoring audits of existing suppliers were conducted, in accordance with annual planning;
- We have conducted several actions to raise the awareness of our codfish suppliers, in the interest of obtaining the ”Certified Sustainable Seafood” certification;
- The sale of products from aquaculture has increased by 14%, representing 41% of the total volume of fish sold.

A standing commitment to our customers

Ultimately, our efforts towards innovation and efficiency throughout the supply chain are a testimony of our commitment to bring the best products at the best prices to our customers.

In the quest to improve our customers’ lifestyle, we have been strengthening our healthy product categories – “Equilibra” (Balance) and “Área Viva” (Living Area) – by broadening the range of products on offer and by improving the nutritional content of some products. We now have 212 products on offer.

Our values are recognised through our products and services and we are proud to see our commitment to integrity and quality being recognised.

We value the loyalty of our customers. In 2012, Continente was recognised for the 8th consecutive year by Superbrands, an independent project that rewards and promotes brands which are distinguished for their status of excellence. This award reinforces the trust and value that consumers place in the Continente brand. The Superbrands 2012 study concluded that, in the retail category, Continente is the brand which Portuguese consumers trust the most, the brand with which they identify the most, and the brand that best meets their needs. The study also shows that consumers value the familiarity, competence and responsibility associated with the brand.

ColorAdd – Sonae SR is a pioneer in the implementation of a colour code for people who have colour blindness

Sonae SR will be the first company among textile retailers worldwide to implement a code that allows customers who have colour blindness to correctly identify colours. Zipay and Modala’s next spring-summer collection will include labels that allow people with colour blindness to identify the colour of the clothes.

The ColorAdd system will facilitate and improve the shopping experience of customers who have colour blindness as well as strengthen their autonomy in day-to-day situations.

The ColorAdd code is monochromatic, supported by universal concepts of interpretation and split colours. Miguel Mota Freitas, CEO of Sonae SR, noted that “The pioneering implementation of a code system for people with colour blindness worldwide reflects our commitment to stand alongside the customers in the various markets and countries where we operate, offering innovative products, with quality and design at the best prices.”

Optimus was elected the consumers’ choice for mobile communications

This choice was based on the “Consumer Choice” survey, carried out by Consumer Choice – Consumer Satisfaction Evaluation Centre. “Consumer Choice” is a market survey project that evaluates and awards prizes to brands and companies in more than 50 categories. As part of the project, more than 200 brands/companies were surveyed, involving more than 17,300 evaluations carried out by consumers using different methodologies, such as the mystery customer, home test and call centre, among others. This distinction has been earned in addition to the international recognition won by Optimus for the second year running for “Best Customer Service” in Europe, the Middle East and Africa in the Contact Centre World 2012 prizes, the most important category in the competition. Optimus’ customer service was also recognised for its excellence for the third year running for Best Customer Service in the APCC Portugal Best Awards 2012 in the Telecommunications category.

The loyalty discounts offered to Sonae retail customers grew by 29% in 2012, reaching 425 million euros, reflecting our true commitment to household savings and to offering our customers the best products at the best prices.

The initiatives undertaken in the year provided effective savings for the millions of customers of our food and specialised retail brands.

This commitment to families also contributed to the growing success of the Continente Card, used by over 3.2 million Portuguese families in 2012.

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 additional information, enabling customers to make 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.”

Savings of 425 million euros through the loyalty card and coupons

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For the 4th consecutive year, Sonae Sierra launches website in Portugal

Sonae Sierra launches “PromoFans”, its shopping centre with discounts

During 2012, Sonae Sierra launched PromoFans, an innovative multichannel promotions platform, the only one of its kind in Portugal. PromoFans’ online channel is designed to disseminate promotions and is aimed at improving visitors’ shopping experience and adding value to its tenants’ businesses, through this relevant proposal to digitally fluent consumers, who are increasingly aware of good shopping opportunities.

www.continente.pt was elected users and had over 68 million page views during 2012. Online currently has over 400 thousand registered Portugal and its services currently cover circa 70% of Continente’s online store is available in Continental shopping experience for each customer.

We accept and believe that this responsibility is a critical dimension of our mission and it is our duty to lead the way. Our culture towards our community goes well beyond our stores. We are committed to involving our colleagues and to using our visibility to increase awareness of actions and projects that have intrinsic merit and bring potentially positive benefits to society. Every year we engage in projects that aim to raise the awareness of sustainability issues and in projects that actively promote social, cultural, educational, environmental and scientific activities.

Sonae is also devoted to supporting the initiatives of young people, helping to shape the leaders of the future. We have a commitment to help to educate young people and to develop an enterprise society capable of generating wealth. The promotion of entrepreneurialism is thus one of the priorities we have set in the context of our social corporate responsibility policy and which has led us to encourage our employees to participate in voluntary programmes related to the promotion of innovation, creativity and entrepreneurialism.

It is worth highlighting our team’s extensive dedication to social causes. In 2012, our employees dedicated over 10 thousand hours to voluntary actions and were involved in 300 actions in projects that actively promote social, cultural, educational, environmental and scientific activities.

Sonae also sponsored the “European Innovation Challenge”. The winning team then goes on to participate in the “Company of the Year” by Junior Achievement Portugal for being the partner company with the highest number of volunteers involved in the education and promotion of entrepreneurship to youngsters in schools throughout the country.

Volunteering has the advantage of benefiting the communities in which it takes place, as well as enriching our employees’ lives both at a personal and a professional level.

During 2012, Sonae and Junior Achievement Portugal have launched a business challenge to 100 students from 5 schools in Porto. The goal of the initiative was to stimulate knowledge and entrepreneurship among young people through creative processes and troubleshooting.

Catarina Fernandes, Head of Communication, Brand and Corporate Responsibility of Sonae said: “One of the pillars of corporate responsibility policy is the promotion of education and entrepreneurship among young people looking to foster a spirit of creativity, innovation and responsibility. With this initiative we want to motivate and challenge young people to practice their skills in an active scenario and to develop their creative and entrepreneurial potential.”

Participants are students between 15 and 18 years old, attending courses and vocational schools. They are divided into teams, which have to develop and present a solution to the challenge that was launched, with the help of a teacher and a set of Sonae volunteers with skills in areas such as Finance, Marketing, Communication, Sales and Operations.

The winning team then goes on to participate in the “European Innovation Challenge”.

Making a positive difference to our community

We do not make any compromises when it comes to making a positive difference to our community. Our actions provide the best testimony of our commitment and the efforts of our team to improve our communities. During 2012, we provided support of a global amount of 10 million euros (4.5 million euros in food items) to 3,229 institutions or projects.

We accept and believe that this responsibility is a critical dimension of our mission and it is our duty to lead the way. Our culture towards our community goes well beyond our stores. We are committed to involving our colleagues and to using our visibility to increase awareness of actions and projects that have intrinsic merit and bring potentially positive benefits to society. Every year we engage in projects that aim to raise the awareness of sustainability issues and in projects that actively promote social, cultural, educational, environmental and scientific activities.

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Missão Sorriso

Record amount raised

On its 10th anniversary, Missão Sorriso, with the support of thousands of Portuguese people, managed to raise around 1.4 million euros, a new record amount for the programme. Since its inception in 2003, this project has raised almost 7 million euros, helping thousands of children and senior citizens.

This year funds will be allocated to the winning projects in the areas of child health, active ageing and fight against hunger.

The 1.4 million euros amount was raised through the generous participation of the Portuguese people, who bought “Leopoldina” products and books related to this cause.

This year’s edition was carried out in partnership with the Portuguese Red Cross.

2012 was also a record year in terms of the number of projects in the competition - 176 - and the number of votes cast - 1.5 million.

Santa Claus – Teletransformer

Sonae Sierra has launched a Christmas campaign in its shopping centres aiming to collect 7,000 used mobile phones and converting them into 4,000 new toys for children in need.

According to Joana Moura e Castro, Sonae Sierra, “Santa Claus – Teletransformer is an innovative initiative developed to raise the awareness of parents and children to social causes and to the need to help those in need.” In addition, the campaign also shows a strong commitment to environmental causes through recycling.

This campaign is a partnership with the association “Banco de Bens Doados”, which will be responsible for handing out the new toys.

For the third consecutive year, Sonae was honoured as “Company of the Year” by Junior Achievement Portugal for being the partner company with the highest number of volunteers involved in the education and promotion of entrepreneurship to youngsters in schools throughout the country.

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Goals for 2012 – Retail

**To contribute to the education of citizens and social cohesion:**
- To contribute with projects that have a positive social impact on the community in the fields of health, education, environment, culture, sport and entertainment activities.
- To involve employees in voluntary activities.

**Achievements:**
- We continued to implement several actions with a positive impact in the community through projects such as “Missão Sorriso”, “Equipa Worten Equipa”, “Corridas Sport Zone” and “Nós”.
- We created the programme “Sonae Activshare”, focusing on Corporate Social Responsibility.
- Sonae employees have carried out circa of 10,500 hours of volunteering work.

**Innovation is essential for our sustainable success**

At Sonae, we believe that innovation is a critical part of our sustainable success. Innovative techniques have made us into a leader and are expected to ensure our future success. Since the opening of the first hypermarket in Portugal, we have been shaping the retail market in Portugal and have become a reference point in retail innovation around the world.

Today, with several retail branches in food, electronics, sports and fashion retail, we continue to invest strongly in the creativity and on the creative power of our employees, a cornerstone of our innovation culture. Based on this culture of innovation comes from all employees and becomes a reality through both small and large projects, with a high level of impact on the processes and productivity of the company. The empowerment of each member of our team is a cornerstone of our innovation culture.

Sonae MC is the recipient of the “Future IT Award 2012” from Fujitsu for its Self-Checkout system in Continente stores.

The project developed within Sonae comprises a set of solutions and initiatives aiming at facilitating and improving customer’s shopping experience. Among the innovations and technologies implemented in this project are devices that allow customers to check out their purchases independently and effectively.

The ‘IT Future Awards’ rewards projects with a strong component of technological innovation or a strong impact on the business, recognising the merit of innovative companies and their economical relevance.

Marcelo Tupan, Director of Information Technology at Sonae, states that “The innovation and adoption of information technology, by our retail areas, have contributed to the affirmation of Sonae as an international benchmark in the industry, receiving regular visits from operators around the world to learn about the innovative solutions that we provide to our customers.”

Nuno Almeida, Director of E-Commerce Sonae MC, notes that “In Sonae, we strive every day to provide the best products, the best prices and the best customer service, providing the best shopping experience. The award recognises our everyday work and our commitment to innovation, creativity and quality.”

We are aware of the richness coming from 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. We want to continue to encourage this diversity, because it is precisely the cross-fertilisation of these differences that generates dynamism and induces creativity and innovation.

**Open Innovation**

**Internal Sharing Sessions**

Knowledge and experience sharing is essential to the constant evolution of working methods and critical to our quest for higher levels of quality.

We strongly promote the internal sharing of knowledge and experiences, mostly through training and information sharing sessions between different business areas, as exemplified by the Experiences, Biz Share or Ignite events.

**Experiences**

The Experiences events are organised by FINDV and are transversal to the whole organisation, aiming at promoting networking among employees. The main objective is to promote knowledge, ideas and experiences sharing focusing on the dissemination of best practices on Innovation Management and Information Systems. In 2012, the Experiences event focused on the topic of “Productivity in the use of professional electronic tools.”

**Biz Share**

Biz Share sessions aim at sharing working methods between various business segments and, therefore, promoting knowledge transfer and identification of best practices. Under a common theme, we gather employees from different departments and ask them to explain their methodologies, processes and tools used. Given the different nature and maturity levels of each business, these sessions are a constructive learning process.

**Ignite**

In these sessions, employees have the opportunity to present their innovative ideas to a wide audience including the top management of the company.

**Creative Problem Solving**

Creative Problem Solving sessions are a major tool used for the internal generation of ideas. These sessions consist of working groups, in which employees contribute with innovative and bold ideas directed at solving a particular problem.

All conditions are created so that employees are involved in the creative process of generating ideas.

We believe that creativity can be encouraged, directed and developed. Our innovation management process is led by the Innovation Committee and FINDV. Together, they facilitate an environment favourable to innovation, by promoting information sharing, rewarding ideas with positive outcomes, organising brainstorming sessions focusing on specific problems, putting forward challenges and by giving a positive and active contribution to applied and academic research. The Innovation Management Department is an open-minded department with the sole purpose of bringing out the creativity latent in each one of our team members.
Everybody Innovates

Organisation

FINOV – Innovation Forum

FINOV, Sonae’s Innovation Forum, ensures that the theme of innovation and sharing of experiences and knowledge are present across all business units.

FINOV, presided by Luís Filipe Reis, 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.

Innovation Committee

The Innovation Committee is composed of representatives from all areas of Sonae’s retail companies. It is a forum for sharing innovation and activity strategies.

It is the responsibility of this Committee to ensure that the culture of innovation reaches all employees, continually challenging all business areas.

The Innovation Management Team coordinates the Innovation committee and facilitates the processes that support the general innovation objectives.

Goals

Everybody Innovates

Involving all employees is crucial for the creation of a culture of innovation across the board, creating opportunities for the generation of ideas.

Networking

Given that Sonae has many employees situated within a wide geographic area, it is necessary to create mechanisms for knowledge and best practices sharing among its many departments. This act of sharing goes beyond the company’s borders, including partners and other external players who benefit from this exchange of knowledge and experience.

Reference

Today, Sonae is a reference point for innovation in Portugal and the world of retail. Many colleagues contributed towards this goal by making dozens of presentations at external events about Sonae’s various projects.

The external recognition gained through the award of various prizes from industry is also a source of motivation and pride for all colleagues.

At Sonae, we are open-minded and we believe in the transfer of knowledge within the organisation and with the outside world. Our long-standing attitude towards innovation is known worldwide and every year we receive visits from schools, research institutions and competitors. Our ideas and success have been part of several research case studies and they have received positive feedback in conferences around the world. We believe that higher levels of efficiency can be achieved by sharing ideas and problems.

Sharing knowledge

“Sonae is a very innovative company, combining a tremendous appreciation for the critical success factors in retail with the clever use of technology. It is clear that Continent’s operating model is a well-managed combination of people, processes, and technology.”

Robert Parket, Group Vice President, Research IDC Retail Insights

“The business is clearly led by visionaries that can see opportunities that spin off from multiple formats and services. They have a great service ethic, and this has driven the requirements to facilitate innovative systems to simplify interaction, reduce response times, and allow more time for the store staff to spend with their customers on the [shop] floor and not in the back office looking at systems or reports.”

Stasha Battye, UCS Solutions

“In what concerns Kaizen, Toyota is for manufacturing what Sonae is for retail.”

Despar

Corporate governance

Sonae is aware of its impact on society. As such, our values also reflect our vision towards stakeholders and we are committed to the highest standards of corporate governance based on transparency, ethics and responsible behaviour, contributing towards both our financial and social performance.

Sonae is a transparent organisation and we are deeply committed to maintaining good communications with all investors and we devote particular attention to small investors. We advocate the highest levels of information quality and transparency on the market and we comply with all capital market regulations. Our corporate governance structure is designed to protect small investors and to comply strictly with the best corporate governance practices.

We have selected people with a strong commitment to sustainability and with a reputable background both as individuals and as professionals. We have a significant proportion of independent members that not only comply with their monitoring duties, but also add significant value and expertise to the organisation.

Our Investor Relations department is permanently available to discuss any issue with our stakeholders and all relevant information is made available both in Sonae and on the Stock Exchange Commission websites. Our reporting policies go beyond the regulatory requirements and we are committed to reporting all relevant information on a voluntary basis.

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

### Key financial performance indicators

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### Net debt

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### Net Results - Group Share

<table>
<thead>
<tr>
<th></th>
<th>Sonae MC</th>
<th>Sonae SR</th>
<th>Sonae RP</th>
<th>Sonaecom</th>
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### Sonae Performance vs Country Market Indexes

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<tr>
<td><strong>31 Dec 2012</strong></td>
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</tbody>
</table>
Macroeconomic context

In 2012, the world economy continued to be driven by persistent high levels of uncertainty, which, although affecting countries differently, led to a further slowdown in economic growth and a postponement of the global economic recovery.

The euro zone went into economic recession, mainly as a result of austerity policies adopted in many of its member states. Significant steps were, nevertheless, taken in stabilisation and strengthening of the monetary union. In fact, at the end of 2011, a more stable environment in which concerns the sustainability and longevity of the euro zone was in place.

In the United States, although the economy has returned to growth, the post-elections period was affected by uncertainties around the budget and fiscal policies. In particular, it was necessary to find political consensus for the renewal of the expired fiscal stimulus implemented as a measure to combat the financial crisis, as well as to avoid the automatic cuts in public spending if an agreement were to increase the public debt was not reached. The lack of a political agreement in the US may push the country, and by extension the world economy, into a new recession.

Despite this climate of global uncertainty and recession in the euro zone, the threat of a sudden slowdown in emerging economies did not take place, with these regions maintaining robust levels of economic growth. This situation contrasts with the onset of the financial crisis in 2008/09 when the Spanish economy also went into recession in 2012. This evolution, together with growing concerns over public accounts, in particular with regional governments, and well-founded fears about the resilience of the national banking sector, resulted in a progressive worsening of financing conditions for the Spanish economy, of the financial sector and to Central Government’s rescue of some of the most heavily indebted autonomous communities.

Spain started 2012 with an upward revision of 2011’s public deficit, forcing the recently appointed government to speed up the implementation of measures to correct the structural economic problems of the country. Consequently, the Spanish economy also went into recession in 2012. This situation was further affected by the devaluation of Portugal’s currency.

Spanish Gross Domestic Product contracted by 1.6% in 2012, driven by a sharp decrease in domestic demand, which was only partially offset by an increase in exports, in particular with foreign accounts, in particular with regional governments, and well-founded fears about the resilience of the national banking sector, resulting in a progressive worsening of financing conditions for the Spanish economy, of the financial sector and to Central Government’s rescue of some of the most heavily indebted autonomous communities.

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Despite the significant steps taken forward in the adjustment processes by the Iberian economies, uncertainty remains high and challenges are still significant, both internally and externally. On the one hand, doubts persist whether Portugal and Spain have the ability to implement the necessary measures and to meet demanding budget targets in an adverse economic environment. On the other hand, the slowdown of the global economy continues to weigh on the macroeconomic evolution of these countries, as exports currently constitute their sole growth engine. Nevertheless, the resolution of the current crisis in the Iberian Peninsula, and the euro zone in general, will depend, to a greater extent, on the European Union’s ability to find political solutions that provide a strong and coherent response to the financial crisis and strengthen the economic and monetary union.

2012 Consolidated financial performance

Overall Performance

The operating context in 2012 was influenced by the macroeconomic adjustment process carried out in Iberia, which has led to a significant reduction of private consumption, particularly evident in the most discretionary categories. For example, in the case of Portugal, private consumption is estimated to have decreased by circa 6% in 2012. Against this backdrop, Sonae achieved market share gains in its main business areas which, in parallel with the growing international activity, allowed for a consolidated turnover of 5,379 M€ (3% below 2011).

Recurrent EBITDA margin reached 11.1% in 2012, up by 0.4 p.p. against the previous year. This positive performance was determined by the record EBITDA generation of the food retail and telecommunications businesses, enabling the company to reach a Consolodated Recurrent EBITDA of 597 M€ in 2012. EBITDA margin remained practically stable against 2011, a remarkable result as no capital gains associated with the sale & leaseback of stores were registered in 2012.

During the year, direct income totalled 144 M€, 6% below the previous year, mainly as a result of higher financing costs. Indirect results, mostly as a result of the devaluation of Sonae’s foreign operations, had a significant impact on Sonae’s profitability in Iberia and Italy.

Indirect income group share was down to 13 M€ in 2012. During 2012, consolidated Capex for the group amounted to 252 M€ and was essentially allocated to the remodelling and maintenance of retail assets in Iberia and, in the case of Sonaeecom, to the 4G network deployment.

On 31st December, total net debt totalled 1,015 M€ which represents a y-o-y reduction of 347 M€, despite the impact of the LTE spectrum acquisition made by Sonaeecom (83 M€) and the payment of dividends to Sonae’s shareholders. Sonae thus continued to strengthen its financial structure, with its debt decreasing sustainably y-o-y over the last 13 quarters and representing, at the end of 2012, 52% of invested capital (2 p.p. lower than at the end of 2011). It is worth noting that the reduction in leverage during 2012 was achieved solely thanks to the improved organic cash flow generation of the businesses.

SONAE 2012 MANAGEMENT REPORT – 16

Consolidated profit & loss account

<table>
<thead>
<tr>
<th>Million euros</th>
<th>2011P/F</th>
<th>2012</th>
<th>Var</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>5,541</td>
<td>5,379</td>
<td>-3%</td>
</tr>
<tr>
<td>Turnover (ex-fuel)</td>
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<td>5,379</td>
<td>-3%</td>
</tr>
<tr>
<td>Recurrent EBITDA</td>
<td>592</td>
<td>597</td>
<td>1%</td>
</tr>
<tr>
<td>Recurrent EBITDA margin</td>
<td>10.7%</td>
<td>11.1%</td>
<td>0.4 p.p</td>
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<tr>
<td>EBITDA</td>
<td>602</td>
<td>600</td>
<td>0%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>10.9%</td>
<td>11.2%</td>
<td>0.3 p.p</td>
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<tr>
<td>EBT</td>
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<tr>
<td>Net financial activity</td>
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<td>-94</td>
<td>-15%</td>
</tr>
<tr>
<td>Other items</td>
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<tr>
<td>EBITDA &amp; EBT direct results</td>
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<td>0%</td>
</tr>
<tr>
<td>EBT</td>
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<td>169</td>
<td>-5%</td>
</tr>
<tr>
<td>Taxes</td>
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<td>-25</td>
<td>0%</td>
</tr>
<tr>
<td>Direct results before non-controlling interests</td>
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<td>144</td>
<td>-6%</td>
</tr>
<tr>
<td>Non-controlling interests</td>
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<td>-25</td>
<td>0%</td>
</tr>
<tr>
<td>Direct income group share</td>
<td>131</td>
<td>109</td>
<td>-20%</td>
</tr>
<tr>
<td>Indirect results group share</td>
<td>-28</td>
<td>-72</td>
<td></td>
</tr>
<tr>
<td>Net income group share</td>
<td>104</td>
<td>33</td>
<td>-69%</td>
</tr>
</tbody>
</table>

1 The 2012 results were restated to reflect (i) the change in the consolidation method applicable to Sonae Sierra and Genstar currently registered in the Equity Method; and (ii) the change made by Sonae in the accounting criteria for costs related to customers’ loyalty contracts.
2 Includes non-cash assets provisions related with non-core or discontinued businesses.
3 Includes Sonae’s Sierra indirect income contribution and other asset provisions for possible future liabilities and impairments related with non-core financial investments and/or discontinued businesses.
4 The indirect results include the tax on dividends paid by non-core businesses.
## Consolidated results

### Million euros

<table>
<thead>
<tr>
<th>2011PF</th>
<th>2012</th>
<th>Var</th>
</tr>
</thead>
<tbody>
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<tr>
<td>EBITDA margin</td>
<td>10.9%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Depreciations &amp; amortizations</td>
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<td>-368</td>
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<td>Net financial activity</td>
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<td>Shopping centres direct results</td>
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</tr>
<tr>
<td>EBT</td>
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<td>169</td>
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<tr>
<td>Taxes</td>
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</tr>
<tr>
<td>Net income group share</td>
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<td>33</td>
</tr>
</tbody>
</table>

### Notes

- **Note 1:** Includes available for sale assets; **Note 2:** Financial net debt + net shareholder loans.

### Net Results

In 2012, consolidated EBITDA reached 600 M€, only 2 M€ below the previous year. This stabilisation of the EBITDA generation, despite the absence of non-recurrent gains at Sonae RP (vs. 16 M€ registered in 2011), determined by the fact that no retail property sales were completed during 2012, was made possible by the improved operational performance of both Sonae MC and Sonaecom and by the capital gains registered by MDS (insurance brokerage subsidiary, incorporated under the Investment Management area) on the sale of part of its shareholding in Cooper Gay Swett & Crawford.

Net financial expenses totalled 94 M€ in 2012, 15% above the figure registered in 2011, with the lower amount of average debt being more than compensated by the increase in interest costs, solely explained by the increase in credit spreads, as average Euribor rates have actually been lower in 2012 than in 2011. As a result, driven by the exposure to variable rates, the average interest rate of outstanding credit facilities at the end of 2012 has not deteriorated significantly, when compared to December 2011 and stood at approximately 3%.

Earnings before taxes reached 169 M€, 5% below 2011, with the higher net financial expenses more than offsetting the improved Recurrent EBITDA generation and the 2% growth in the direct contribution from Sonaecom.

Indirect Results deteriorated significantly against 2011, mostly reflecting Sonaecom’s share (50%) in Sonae Sierra’s non-cash indirect results.

### Invested Capital

During the course of 2012, Sonae carried out a total investment of 292 M€, 137 M€ below the figure registered during 2011. This reduction is mostly justified by the impact of the LTE licence acquisition at Sonaecom at the end of 2011 (110 M€) and by the lower degree of international expansion carried out by Sonae SR during the current year.

The increasing cash-flow generation of Sonae’s business continues to be evidenced by the 14 M€ growth at the level (recurrent EBITDA - Capex) registered in 2012, when compared to 2011.

On 31st December 2012, Sonae’s overall net invested capital was 3,485 M€, of which circa 57% is invested in the retail businesses, corresponding to Sonae RP an overall asset portfolio with a book value of 1,355 M€, mostly comprised of stores operated by Sonae MC and Sonae SR. It is important to note that the level of freehold of food retail stores stands currently at 77%, a value above the average of our European peers. Sonaecom’s contribution to the previously mentioned invested capital was 956 M€, 129 M€ above the same period last year, essentially as a result of the investments carried out in the development of its 4G network.
Capital Structure

As at the end of 2012, Sonae’s net financial debt amounted to 1,802 M€, translating into a reduction of 129 M€ or 7%, over the course of the last 12 months. This was possible despite the impact resulting from the initial payment (83 M€), made in the beginning of 2012, relative to the acquisition of the LTE spectrum by Sonaecom and the continuation of Sonae and Sonaecom’s dividend policy. This evolution is all the more significant when considered over the last 3 years (a cumulative reduction of circa 338 M€ on total net debt), which is particularly remarkable when considering the strong investments in international expansion carried out during this period and the total dividends paid.

In relation to the debt profile, it should be noted that the transactions completed during 2012 enabled Sonae to complete the refinancing programme of its medium and long-term credit facilities maturing until the end of 2013, as well as to partially ensure the refinancing of debt maturities in 2014.

At the end of December 2012, consolidated net debt represented 52% of capital employed which compares with 54% at the end of 2011. In terms of allocation per business, the following is worth highlighting:

- The retail units net debt totalled 796 M€, 204 M€ below YE11, exclusively as a result of the business’ strong capacity to generate cash-flow as no sale & leaseback of retail real estate assets were completed during 2012. This reduction in net debt has more than compensated the lower EBITDA generation, determined by the performance of the non-food businesses, allowing for a significant improvement of the Net Debt to recurrent EBITDA ratio from 2.8x at the end of 2011 to 2.4x at the end of 2012.

- Sonaecom’s net debt increased by 51 M€ to 361 M€, exclusively due to the initial payment foreseen under LTE spectrum acquisition (83 M€) and the circa 25 M€ dividends distribution made during the first half of the year. The Net Debt to recurrent EBITDA ratio increased from 1.3x to 1.5x at the end of 2012, with the previously explained higher net debt level more than offsetting the very positive EBITDA performance.

- The holding net debt increased circa 20 M€ to 618 M€, at end of December 2012, mostly driven by the impact of the dividend payment made in 2012 (circa 66 M€). The “loan-to-value” ratio of the holding remains at conservative levels and registered a slight improvement from 18% at YE11 to 17% in December 2012.

Business segments

Sonae is a retail company with two major partnerships in the fields of telecommunications, software and information systems (Sonaecom) and shopping centres (Sonae Sierra).

It carries out its activity in a total of 66 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. In the countries where it operates it is recognised as an organisation with a strong value-based culture which contributes to social and economic development.
Sonae MC

During 2012, Sonae MC, the food retail business, reinforced its market position in Portugal achieving a turnover evolution above market average. As one of the most trusted brands in Portugal, Continente continued enhancing its value proposition by presenting the most diversified range of products at the best price. This achievement stems from our deep knowledge of Portuguese consumer needs, built over decades of activity, and on our distinctive promotional tools, such as our loyalty card, which was involved in circa 90% of sales during the year.

Sonae MC has selectively expanded its footprint in Portugal with the opening of 10.5 thousand m² of new areas, including 2 new Continente Modelo and 5 new Continente Bom dia stores during 2012. Strengthening the portfolio of its food retail business, Sonae MC launched “Meu Super” in 2011. This franchised business, based on a convenience store approach and targeting residential areas, reached 25 stores and a total of approximately 5 thousand m² by the end of 2012.

In an environment adverse to consumption, Sonae MC has been able to enlarge its market share, while delivering remarkable growth at the level of EBITDA and EBITDA margin, with increased productivity across all of its activities and processes, thanks to the successful implementation of several efficiency projects over the last few years. In parallel, Sonae MC was able to increase its cash flow generation as a result of the higher operational efficiency and a significant improvement in terms of working capital management, driven by the level of inventories.

Sonae MC’s turnover totalled 3,281 million euros, 1.4% below 2011, reflecting the negative evolution in sales on an “LfL” basis (-2% in 2012). The market shares gains achieved in the year, with Sonae MC again strengthening its leading position in the Portuguese food retail sector, together with selective expansion of its sales area, allowed for a top line evolution well above market average. Continente’s private label portfolio continued to increase its relative weight in Sonae MC’s sales, representing in 2012 almost 31% of the turnover on FMCG categories, up by 2 p.p. against 2011. It is also worth highlighting the 10% y-o-y growth in online sales registered by Continente in 2012.

Sonae MC registered a Recurrent EBITDA of 250 M€ (+7% or 15 M€), representing a profitability of 76% over turnover (+10.6 p.p. compared to 2011), a remarkable outcome in the current context of a reduction in consumption. Sonae MC was able to sustain its competitiveness during this period via a combination of focused promotional activities, leveraged on its customer loyalty card (which was involved in approximately 90% of the sales in the period), a rigorous cost control, a strict inventory management policy (with YE stock levels down by 15%) and further productivity gains delivered by the successful implementation of several internal initiatives.

The investment carried out in 2012 was essentially distributed among the selective opening of new retail stores in Portugal, including 2 Continente Modelo area (typically light bazaar and textiles) representing less than 15% of total sales.

Sonae MC’s store portfolio

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<tr>
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<tbody>
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<tr>
<td>Sales area (’000 m²)</td>
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<td>Portugal</td>
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<td>531</td>
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<tr>
<td>Sonae MC (franchising)</td>
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<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>
Sonae SR

Sonae SR, the non-food retail unit, with businesses in the categories of electronics, sports goods and fashion, had to adapt its operation to the significant reduction of consumption witnessed in the Iberian economies, particularly felt in the discretionary products categories. During 2012, strong emphasis was placed on efficiency and on the redefinition of the supply model of the textile businesses. This has already resulted in a much improved cash-flow generation, mostly driven by lower stock levels, but has impacted the business profitability in the year.

Sonae SR continued consolidating market positions in Iberia, particularly in the key consumer electronics segment (Worten), which has again been able to reinforce its leading position in the Portuguese market and grow its market share in Spain.

In terms of international expansion outside Iberia, several new franchise agreements were signed and newly franchised Zippy stores were opened during 2012 in Azerbaijan, Malta, the Dominican Republic, and Venezuela, thus pursuing the defined strategy of exploring franchising and joint venture opportunities as a means to accelerate growth, using a "capital light" approach.

Sonae SR’s turnover reached 1,180 million euros (-4.0% or -9.3% on an "LfL" basis), reflecting the negative sales behaviour in more discretionary categories in Iberia, which have further deteriorated in the 4Q12, and a lower level of expansion of sales area (+0.5% in 2012 vs. +15% in 2011). Sales in Portugal decreased by 8%, which was only partially compensated by the 5.8% turnover growth attained in the international markets. In the key consumer electronics segment, Worten increased, once again, the leadership in the Portuguese market. The sales outside Portugal, accounted for more than 28% of total sales in 2012, 3 p.p. above the figure registered in 2011. Sonae SR has further strengthened its international presence during the year, with openings of new Zippy franchised stores in 6 countries.

Sonae SR’s contribution totalled -25 M€ in the year, significantly worse than the +1 M€ recurrent EBITDA registered in 2011. The relevant cost savings and gains in efficiency obtained by the businesses during 2012 were not sufficient to compensate the large decreases in sales of discretionary categories in Iberia, which have further deteriorated in the 4Q12. Additionally, the Sports and Fashion divisions were negatively affected in turnover and margin by the restructurings that had to be implemented in the respective supply model during 2012. These efforts have, nevertheless, already allowed for an improved cash flow generation and significant reduction in stock levels.

The investment carried out in 2012 was essentially distributed among the consolidation of Sonae SR’s store network in the international markets. At the end of 2012, Sonae SR had a total of 346 stores outside of Portugal, including 20 under franchising agreements. The lower rate of store openings by Sonae SR is clearly evidenced by the 50 M€ y.o.y. reduction on its CAPEX.
Sonae RP

Sonae RP, the retail real estate business area, was established to actively manage Sonae’s retail real estate properties, mostly comprised of stores operated under Continente and several Sonae SR banners. The company’s operation is focused on asset management, seeking property development opportunities and planning to release invested capital, through a reduction 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 until the end of 2011, Sonae still presented, at the end of 2012, a level of freehold of retail real estate well above other retailers in Europe.

Sonae RP’s turnover totalled 120 million euros, 1 million euros above the previous year, an increase mainly driven by market inflation as no relevant changes occurred in its asset portfolio between the 2 periods.

Sonae RP registered a recurrent EBITDA of 107 M€, 3 M€ above 2011, translating into a margin of 89.4% over sales, demonstrating the efficient management and continuous enhancement of the retail real estate assets in its portfolio (mainly comprised of stores operated by Sonae MC and Sonae SR). Sonae currently maintains a freehold level of approximately 77% of its food retail selling area and 26% of its non-food retail space (of which, 40% is in Portugal and 5% in Spain).

The total invested capital at Sonae RP reached circa 1.3 Bn€, is in Spain).

Sonae currently maintains a freehold level of 107 M€, 3 M€ above 2011, translating into a margin of 89.4% over sales, demonstrating the efficient management and continuous enhancement of the retail real estate assets in its portfolio (mainly comprised of stores operated by Sonae MC and Sonae SR). Sonae currently maintains a freehold level of approximately 77% of its food retail selling area and 26% of its non-food retail space (of which, 40% is in Portugal and 5% in Spain).

The total invested capital at Sonae RP reached circa 1.3 Bn€, and is mostly comprised of stores operated by Sonae MC/Continente.

Sonaecom

Sonae com, the telecommunications and IT/IS business area, 54% controlled by Sonae, performed in line with its ambition of growing the mobile business, leading the mobile data segment and increasing cash-flow generation. Meeting its strategic goals, in areas such as brand image, mobile data, convergence, 4G, innovation and customer experience, enabled the company to exceed expectations, in a context of adverse market conditions, registering a record year in terms of profitability. In 2012 Optimus, the integrated telecommunications operator, achieved a noteworthy record EBITDA margin of 30.2%.

The year was also marked by the public announcement, on 14th December 2012, of the agreement between Sonaecom and Kento Holding to propose a merger between Optimus and Zon, which was followed by the approval of the merger project, on 21st January 2013, by the Optimus’ Board of Directors. The board considered this merger to be a logical and essential step towards the development of a common growth platform, which will leverage and maximise the significant potential of both companies. The completion of the transaction is subject to certain conditions, as disclosed in the announced merger project.

Sonae com revenues reached 825 million euros, 4% below 2011. The y.o.y. reduction results from decreases both at the level of product sales (-15.7%) and service revenues (-3.3%), with the latter evolution determined not only by the impact of the austerity measures over the level of telecommunications expenditure but also by the lower level of regulated tariffs (mobile termination rates and roaming). It is worth noting the positive performance of the IT/IS division (SSI), with the respective service revenues up by 11% y.o.y. in 2012.

Sonae com’s recurrent EBITDA contribution totalled 250 M€ in 2012 (+6% or +15 M€), corresponding to a record sales margin of 30.2% (up by 3 p.p. against 2011), with all of its business divisions registering a positive growth in the respective EBITDA generation. It is particularly worth highlighting the growth of the already benchmark EBITDA margin obtained by the Optimus’ mobile business (up by 4.8 p.p., to 43.1% in 2012), a performance clearly ahead of its main competitors.

The investment carried out in 2012 was mostly comprised of:

- Strengthening of the coverage and capacity of the Optimus’ mobile network. After securing the ideal combination of LTE spectrum bands at the end of 2011, Optimus’ 4G/LTE network now covers 80% of the population, exceeding the coverage targets set for 2012.

- The acquisition by WeDo Technologies of Connectiv Solutions Inc, a US software company, an investment of 10 M€ made during the 2Q12, thus reinforcing WeDo’s position in the global business assurance telecom market.
Sonae Sierra

Sonae Sierra, the international shopping centre specialist, 50% held by Sonae, has been able to partially offset the strong reduction in consumer activity in southern European countries with its presence in emerging markets, namely in Brazil, and a further expansion of management services to third parties, including the signature of several new agreements in North Africa. The company thus continued to benefit from its high level of expertise as a retail property developer and asset and property manager, currently with 47 shopping centres in operation.

During 2012, Sonae Sierra opened 2 new shopping centres, “Le Terrazze” in Italy and “Uberlândia” in Brazil, and continued with the construction of 2 new projects in Brazil and 1 new centre in Germany. In the same period, Sonae Sierra Brasil, a Sonae Sierra subsidiary listed in the Bovespa stock exchange, has also taken further steps to adjust its portfolio of shopping malls, in line with the objective to allocate capital from mature, non-controlled assets to new projects with greater development potential.

Sonae Sierra ended the year demonstrating the superior quality of its portfolio of assets, with the maintenance of occupancy rates at 96% and a consistent revenue performance.

The accounting standard IFRS 11 - Joint Arrangements changes the accounting method of joint-controlled investments, namely eliminating the possibility of proportional consolidation of entities that fall under the concept of joint-ventures, as is the case of Sonae Sierra. Under these terms, Sonae has decided, as it is already possible under the current standards, in anticipation of the requirement for this change to be implemented for annual reporting periods beginning on 1st January 2014 and in order to facilitate a future comparison of its financial reporting, to start reporting Sonae Sierra according to the Equity Method (the only possible method according to this new standard) from 1st January 2012.

In the context of a strong reduction in consumption levels in southern European countries, with inevitable impacts on the retail real estate occupancy rates, Sonae Sierra maintained, at the end of 2012, an overall occupancy rate in its portfolio of 96%, a decrease of just 0.8 p.p. when compared to 2011. In the overall portfolio under management, tenant sales decreased by 1.7%, mainly influenced by the economic conditions in Portugal and Spain, which drove tenant sales down by 5.7% in the European portfolio. This trend was partly offset by the continued strong operating performance in Brazil, with a circa 8% growth in “L.I.L.” tenant sales, in local currency terms, during 2012.

Sonae Sierra’s turnover1 remained stable at 227 M€, with the negative evolution of rental income in Iberia compensated by the effect of the new openings, the growth attained in Brazil and the expansion of development services rendered to third parties.

EBITDA grew to 116 M€ in 2012, 3% above the figure registered in 2011, reflecting the resilient top line performance and the gains in efficiency delivered by the cost control efforts across all areas of the company, which translated into a 51.2% EBITDA margin in the period, 1.5 p.p. above 2011.

In the same period, Sonae Sierra registered negative net results of 46 M€, of which the share attributable to Sonae was -23 M€. These losses were solely determined by the negative impact of indirect results,-108 M€ during 2012, mainly due to average yields expansion in Portugal (+33 bps), Spain (+67 bps) and Italy (+55 bps), only partially compensated by the compression of yields and improved operational performance in Brazil. Importantly, Sierra’s direct results increased y.o.y. by 2%, to 63 M€, again demonstrating the quality of its assets and the remarkable resilience of its operating performance.

On 31st December 2012, the company’s DMV (Open Market Value) was 2.1 Bn€, down against 2011 largely because of the yields expansion referred to above and of the asset sales completed in Brazil and Germany. In terms of portfolio, it is worth highlighting the 2 openings that took place during 2012: “Le Terrazze” in Italy and “Uberlândia” in Brazil. The “Loan-to-value” ratio was reduced from 44% to 43% at the end of December 2012, even after taking into account the development of projects under construction in Brazil and Germany. As a result of the above, Sonae Sierra’s Net Asset Value was 1.05 Bn€ at the end of 2012.

Sonae Sierra - Financial Indicators

<table>
<thead>
<tr>
<th>2011PF</th>
<th>2012</th>
<th>Var</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net turnover</td>
<td>227</td>
<td>227</td>
</tr>
<tr>
<td>EBITDA</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>49.7%</td>
<td>51.2%</td>
</tr>
<tr>
<td>Direct result</td>
<td>61</td>
<td>63</td>
</tr>
<tr>
<td>Indirect result</td>
<td>-51</td>
<td>-108</td>
</tr>
<tr>
<td>Net results</td>
<td>-10</td>
<td>-46</td>
</tr>
</tbody>
</table>

attributable to Sonae | 5 | -23 |

In December 2012, the company’s DMV (Open Market Value) was 2.1 Bn€, down against 2011 largely because of the negative impact of indirect results, -108 M€ during 2012, mainly due to average yields expansion in Portugal (+35 bps), Spain (+67 bps) and Italy (+55 bps), only partially compensated by the compression of yields and improved operational performance in Brazil. Importantly, Sierr’s direct results increased y.o.y. by 2%, to 63 M€, again demonstrating the quality of its assets and the remarkable resilience of its operating performance.

On 31st December 2012, the company’s DMV (Open Market Value) was 2.1 Bn€, down against 2011 largely because of the yields expansion referred to above and of the asset sales completed in Brazil and Germany. In terms of portfolio, it is worth highlighting the 2 openings that took place during 2012: “Le Terrazze” in Italy and “Uberlândia” in Brazil. The “Loan-to-value” ratio was reduced from 44% to 43% at the end of December 2012, even after taking into account the development of projects under construction in Brazil and Germany. As a result of the above, Sonae Sierra’s Net Asset Value was 1.05 Bn€ at the end of 2012.

Pipeline of Projects Under Development

<table>
<thead>
<tr>
<th>Project</th>
<th>Country</th>
<th>% ownership</th>
<th>GLA m²</th>
<th>Capex (million €)</th>
<th>Expected opening date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boulevard Londrina Shopping</td>
<td>Brazil</td>
<td>28%</td>
<td>478,000</td>
<td>88</td>
<td>1H2013</td>
</tr>
<tr>
<td>Passeio das Águas Shopping</td>
<td>Brazil</td>
<td>33%</td>
<td>78,100</td>
<td>167</td>
<td>2H2013</td>
</tr>
<tr>
<td>Hofgarten Solingen</td>
<td>Germany</td>
<td>50%</td>
<td>30,000</td>
<td>120</td>
<td>4Q2013</td>
</tr>
</tbody>
</table>

**Footnotes**

1Indicators as published by Sonae Sierra on 8th March 2013 (management accounts). Sonae holds a 50% stake in Sonae Sierra.
Investment Management

The Investment Management area creates value for Sonae by supporting the implementation of corporate and business strategies, maximising shareholder’s return on Sonae’s portfolio, actively supporting core business M&A planning and execution and reinforcing Sonae’s business networking with industry players, M&A advisors and investment banks. At the end of 2012, the Investment Management portfolio included stakes in companies operating in the DIY retail (Maxmat), travel agencies (Geostar) and insurance brokerage (MDS), where M&A is considered to play a key role in value creation.

The accounting standard IFRS 11 – Joint Arrangements changes the accounting method of joint-controlled investments, namely eliminating the possibility of proportional consolidation of entities that fall under the concept of joint-ventures, as is the case of Geostar. Under these terms, Sonae has decided, as it is already possible under the current standards, in anticipation of the requirement for this change to be implemented for annual reporting periods beginning on 1st January 2014 and in order to facilitate a future comparison to the Equity Method (the only possible method according to this new standard) from 1st January 2012. The turnover generated by the Investment Management area reached 105 million euros during 2012, only 1% below the previous year, despite the severe macroeconomic context. This performance was the result of a positive contribution from MDS (insurance brokerage), which registered a 4% increase in its turnover, backed by growth in both the Portuguese and Brazilian markets. This evolution was, nevertheless, more than offset by the negative sales performance of Maxmat (DIY business), determined by the lower levels of new housing developments and consumer spending in Portugal.

The Investment Management area achieved a recurrent EBITDA of 5 million euros in 2012. All companies continued to implement measures to control operational costs, streamline operations and improve working capital management leading to a 22% increase on recurrent EBITDA generation, when compared to 2011.

It is also worth noting that, at the end of 2012, MDS sold part of its stake in Cooper Gay Swett & Crawford. As a result of this transaction, MDS had, at the beginning of 2013, a capital inflow of approximately 271 million USD. The transaction was accounted for in 2012 and resulted in a capital gain of circa 11.8 M€ in MDS’ accounts. In addition, the implementation of this transaction determined a change in the method for accounting MDS’ shareholding in Cooper Gay Swett & Crawford Limited, thereby creating an additional capital gain of circa 3.5 M€.

**Investment Management store portfolio**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
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<tbody>
<tr>
<td>Investment Management</td>
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<td>101</td>
<td>95</td>
<td>92</td>
<td>87</td>
<td>74</td>
</tr>
<tr>
<td>Maxmat</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Geostar</td>
<td>70</td>
<td>68</td>
<td>62</td>
<td>59</td>
<td>55</td>
<td>42</td>
</tr>
</tbody>
</table>

**Sales area (100 m²)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management</td>
<td>65</td>
<td>63</td>
<td>63</td>
<td>63</td>
<td>63</td>
<td>62</td>
</tr>
<tr>
<td>Maxmat</td>
<td>61</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Geostar</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

**Shareholdings**

**A STABLE SHAREHOLDER STRUCTURE**

**FREE FLOAT OF CIRCA 40%**

**SHARE CAPITAL**

2,000 million

**AVERAGE DAILY VOLUME (2012)**

- 1.8 million shares

**MARKET CAP (AS OF 31.12.12)**

- 1.4 billion euros

**BPI STAKE INCLUDES EQUITY SWAP of circa 1.7 million Sonae shares (~ 6% of share capital)**

Individual results of Sonae, SGPS, S.A.

Sonae, SGPS, S.A.’s activities, on a stand-alone basis, are basically associated with the management of the shareholdings in its subsidiaries.

In 2012, the individual net income of Sonae, SGPS, S.A. stood at 22.9 million Euros.

**Outlook for 2013**

In 2013, Iberian economies are expected to continue to face the majority of the headwinds presented in 2012, with public consolidation efforts determining material tax increases over personal income and corporations, which will again inevitably lead to a further reduction in disposable income and rising levels of unemployment. Consequently, a further reduction of internal economic activity is widely expected for both Portugal and Spain.

During 2013, Sonae MC will continue to focus on delivering the best value proposal to consumers in Portugal, thus aiming for sales performance above market average and, consequently, to again reinforce its market share. Exposure to more discretionary categories is expected to determine a further reduction in sales density at Sonae SR. However, cost saving efforts, the expected growth in the franchising area and in online sales, the optimisation of its store portfolio and the benefits of the restructuring of the Sports and Fashion divisions carried out in 2012, should translate into an improved cash flow generation during the current year.

In terms of our core partnerships, Sonae Sierra will have to face a new drop of private consumption in southern Europe, which is expected to progressively impact on its rental revenues in these markets. The exposure to Brazil and growing services business should at least partially compensate these effects during 2013. The company will also continue to pursue opportunities to recycle capital from mature projects to new developments in geographic areas with growth potential.

2013 will be an important year for Sonae MC, with the expected completion of the merger between Optimus and Zen. The combination of the 2 companies is expected to generate significant synergies over time and open new growth opportunities for the enlarged operation, thus creating value for all stakeholders.

As a Group, we will continue to explore international growth opportunities and leverage our exceptional asset base in Portugal, strengthening our competitive positions and innovating with new projects in adjacent business areas. Despite the investments to be carried out, the continuation of our dividend policy and the impact of the reduction in consumption, we will also continue along the deleveraging path, aiming to reach the end of 2013 with a further reduction in consolidated net debt.

**Information on shareholdings and share performance**

**Shareholdings**
Sonae’s shares ended the year 2012 quoted at 0.687 euro, reflecting a nominal increase of 49.7% during the year, which compares with an increase of just approximately 2.6% of the reference index of the Portuguese Stock Market – the PSI 20. Despite the share price increase, particularly evident in the second half of the year, the volume of shares traded in the market was down against 2011, with Sonae’s average trading volume being reduced to approximately 1.8 million shares per day.

During 2012, events with a possible impact on Sonae’s share performance:

(i) 25th January announcement of 2011 preliminary retail sales;
(ii) 12th March: disclosure of the 2011 annual results;
(iii) 30th April information on the Shareholders’ Annual General Meeting resolutions, including the approval of a dividend payment of 0.0335 euros (gross amount per share) in relation to 2011 results;
(iv) 2nd May: information on the refinancing operation of medium to long-term debt of a total amount of 500 million euros;
(v) 23rd May: disclosure of the 2012 first quarter results;
(vi) 25th June: information on the issuance of medium-term bonds, placed with retail investors, with a maximum of 200 million euros;
(vii) 23rd August: disclosure of the 2012 first half results;
(viii) 16th November: disclosure of results for the first nine months of 2012;
(ix) 14th December: announcement of an agreement reached between Sonaecom and Kento Holding Limited and Jadeium BV to recommend to the Boards of Sonae MultiMedia, SGPS, SA and Optimus SGPS, SA a merger between the two companies;
(x) 27th April 2012: in compliance with the undertakings under Sonae’s employees and senior executives Medium Term Incentive Plan, Sonae transferred, by transactions executed over the counter, 5,653,103 own shares, to subsidiaries at a value of €0.414 per share, a further 368,173 own shares, by transactions executed over the counter, which were delivered at no cost to the respective employees and senior executives.

Subsequently, on 14th December 2012, with the same purpose, 3,943,231 were delivered at no cost to the respective employees and senior executives.

Following the above identified transactions, Sonae – SGPS, SA did not hold, as at the end of 2012, any own shares.

The implementation of the merger is now conditional upon the prior fulfilment of the following conditions: (i) the non-opposition from the Competition Authority; (ii) the issuance of a statement waiving the obligation to launch a mandatory takeover bid by the Portuguese Securities and Exchange Commission; and (iii) the fulfilment of the remaining administrative and corporate formalities applicable or necessary for the completion of the merger.

On March 7th, the Extraordinary Shareholder Meetings of Optimus SGPS and Zon approved the merger project by incorporation between the 2 companies, under the terms that had been approved by the respective Boards on January 22nd.

Proposed allocation of the 2012 net income and dividend distribution

In accordance with the applicable legal and statutory terms, the Board of Directors will propose to the Shareholders’ Annual General Meeting that the 2012 net results, in the amount of 22,964,316.93 Euros are transferred, in the amount of 1,148,215.85 Euros, to legal reserves, and the remaining amount of 21,816,101.08 Euros to cover retained earnings. In addition, it will be proposed that free reserves in the amount of 41,578,390.93 are transferred to retained earnings.

Taking into account the defined dividend policy, the financial position of the Sonae Group and the availability of distributable reserves in excess of the requirements of article 52 of the Portuguese Companies Act, the Board of Directors will propose to the Shareholders’ Annual General Meeting the distribution of free reserves in the amount of €66,200,000 Euros, equivalent to a gross dividend of 0.0331 Euros per share, an amount equal to the previous year. This dividend corresponds to a dividend yield of 4.8%, based on the closing price as at 31st December 2012, and a payout ratio of 63% of the consolidated direct income attributable to equity holders of Sonae.

Dividend payments made in the last 3 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Distributed (M€)</th>
<th>Dividend Per Share (€)</th>
<th>Dividend Yield (%)</th>
<th>Payout Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>63</td>
<td>0.0315</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2011</td>
<td>66</td>
<td>0.0331</td>
<td>4.2%</td>
<td>3.4%</td>
</tr>
<tr>
<td>2012</td>
<td>66</td>
<td>0.0331</td>
<td>4.2%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

(1) Refers to the year when the dividend was distributed; (2) Dividend distributed / closing price as at 31st December of the previous year; (3) Payout ratio = Dividend distributed / consolidated direct profits attributable to the equity holders of Sonae.
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 2012. 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, 12 March 2013

The Board of Directors

Belmiro de Azevedo, Chairman
Álvaro Carmona e Costa Portela, member of the Board of Directors
Álvaro Cuervo García, 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
Nuno Manuel Moniz Trigoso Jordão, member of the Executive Committee

Glossary

| CAPEX | Investments in tangible and intangible assets and investments in acquisitions; Gross CAPEX, not including cash inflows from the sale of assets |
| Direct income | Results excluding contributions to indirect income |
| EBIT | EBT + financial results + shopping centres direct results + other items |
| EBITDA | Turnover + other revenues - impairment reversal - negative goodwill - operating costs (based on direct net income) - provisions for warranty extensions - share gains from sales of companies - non-recurrent stock impairments |
| EBITDA margin | EBITDA / Turnover |
| 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 |
| EQP | End of period |
| 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 |
| GLAs | Gross Leasable Area: equivalent to the total area available to be rented in the shopping centres |
| 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 (including goodwill) and, (iv) provision for assets at risk and other asset provisions for possible future liabilities and impairments related with non-core financial investments and/or discontinued businesses |
| Net debt | Total net debt + total shareholder funds |
| Investment properties | Shopping centres in operation owned by Sonae Sierra |
| Liquidity | Cash & equivalents + current investments |
| 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 Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalisation for listed companies |
| "Loan to value" | Net debt / (investment properties + properties under development ) |
| "Loan to value" | Shopping Centres |
| LTE | “Long Term Evolution” is a standard for wireless communication of high-speed data for mobile phones and data terminals developed by the Third Generation Partnership Project, an industry trade group. LTE provides significantly increased capacity and speed for wireless broadband, using new modulation techniques |
| 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 and other long-term financial applications |
| 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 |
| RoIC (Return on invested capital) | EBIT(12 months) / Net invested capital |
| RoIE (Return on equity) | Total net income (equity holders)/Shareholders' Funds + I (equity holders) |
| Recurrent EBITDA | EBITDA excluding non-recurrent items, namely gains in sales of investments and other movements that distort comparability |
| Technical investment | Tangible assets + intangible assets + other fixed assets - depreciation and amortisation |

CAPEX: Capital Expenditure; EBIT: Earnings Before Interest and Tax; EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation; EBT: Earnings Before Tax; EOG: End of period; EBITDA margin: EBITDA divided by turnover; EBT: Earnings Before Tax; Earnings before non-controlling interests and taxes; Eliminations and Adjustments: Intra-group adjustments + consolidation adjustments + contributions from other companies not included in the identified segments; EQP: End of period; Free Cash Flow: EBITDA less CAPEX, operating capital expenditure, change in working capital, financial investments, financial results and income taxes; Financial net debt: Total net debt excluding shareholders loans; GLAs: Gross Leasable Area; 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 (including goodwill) and, (iv) provision for assets at risk and other asset provisions for possible future liabilities and impairments related with non-core financial investments and/or discontinued businesses; Net Debt: Total net debt + total shareholder funds; Investment Properties: Shopping centres in operation owned by Sonae Sierra; Liquidity: Cash & equivalents + current investments; 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 Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalisation for listed companies; “Loan to Value”: Net debt / (investment properties + properties under development); LTE: “Long Term Evolution” is a standard for wireless communication of high-speed data for mobile phones and data terminals developed by the Third Generation Partnership Project, an industry trade group. LTE provides significantly increased capacity and speed for wireless broadband, using new modulation techniques; 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 and other long-term financial applications; 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; RoIC (Return on Invested Capital): EBIT (12 months) / Net invested capital; RoIE (Return on Equity): Total net income (equity holders) / Shareholders' Funds + I (equity holders); Recurrent EBITDA: EBITDA excluding non-recurrent items, namely gains in sales of investments and other movements that distort comparability; Technical Investment: Tangible assets + intangible assets + other fixed assets - depreciation and amortisation.
Article 447 of the Portuguese Companies Act and Article 14, paragraph 7 of Portuguese Securities Commission (CMVM) Regulation nr. 05/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248 B of the Portuguese Securities Code), and disclosure of the respective transactions during the year involving such shares and other securities:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Quantity</td>
<td>Aver. Price €</td>
</tr>
</tbody>
</table>

Belmiro Mendes de Azevedo [**](**)  
Sonae, SGPS, SA (3)  
Sonaecom, SGPS, SA (9)  75,537

Álvaro Carmona e Costa Portela (*)  
Sonae, SGPS, SA (3)  125,934

Ângelo Gabriel Ribeirinho dos Santos Paupério (*)  
Sonae, SGPS, SA (3)  5,000

Ángelo Gabriel Ribeirinho dos Santos Paupério (*)  
Sonae, SGPS, SA (3)  584,562 (a)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 229,529 0.000

Sonae, SGPS, SA (3)  49,069 (b)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 48,884 0.000

Sale 21.05.2012 48,884 0.398

Leitacm, SGPS, SA (6)  99,996

Sonaecom, SGPS, SA (9)  170 (d)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 4,069 0.000

Sale 21.05.2012 4,069 1.200

Nuno Teixeira de Azevedo [**](****)  
Sonae, SGPS, SA (3)  10,500 (e)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 49,069 0.000

Sale 21.05.2012 49,069 1.120

Duarte Paulo Teixeira de Azevedo [**](****)  
Efanor Investimentos, SGPS, SA (1)  1

Sonae, SGPS, SA (3)  1,000

Subscription 20.03.2012 700,000 1.500

(1) Efanor Investimentos, SGPS, SA  
Sonae, SGPS, SA (3)  200,000,000

Pareuro, BV (2)  777,000,000

Sonaecom, SGPS, SA (9)  2,000,000

(2) Pareuro, BV  
Sonae, SGPS, SA (3)  849,533,095

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 49,069 0.000

Sale 21.05.2012 49,069 1.120

Linhacon, SGPS, SA (6)  99,996

Sonaecom, SGPS, SA (9)  170 (d)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 4,069 0.000

Sale 21.05.2012 4,069 1.200

Michel Maria Bon [**]  
Sonae, SGPS, SA (3)  291,000

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 1,000 0.000

Sale 21.05.2012 1,000 0.420

(1) Efanor Investimentos, SGPS, SA  
Sonae, SGPS, SA (3)  49,069 (b)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 48,884 0.000

Sale 21.05.2012 48,884 0.398

Leitacm, SGPS, SA (6)  99,996

Sonaecom, SGPS, SA (9)  170 (d)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 4,069 0.000

Sale 21.05.2012 4,069 1.200

Maria Margarida Cavalcanti Teixeira de Azevedo [**]**  
Sonae, SGPS, SA (3)  14,996

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 229,529 0.000

Sale 21.05.2012 229,529 0.398

Leitacm, SGPS, SA (6)  99,996

Sonaecom, SGPS, SA (9)  170 (d)

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 4,069 0.000

Sale 21.05.2012 4,069 1.200

Maria Claudia Teixeira de Azevedo [**]**  
Sonae, SGPS, SA (3)  1,000

Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2012 49,069 0.000

Sale 21.05.2012 49,069 1.120

Maria Margarida Cavalcanti Teixeira de Azevedo [**]**  
Sonae, SGPS, SA (3)  10,500 (e)
(5) Imparfin, SGPS, SA

Sonae, SGPS, SA (3)  150,000
Purchase 01.06.2012 169,757 1.135
Purchase 04.06.2012 89,743 1.135
Purchase 05.06.2012 230,740 1.161
Purchase 06.06.2012 273,039 1.164
Purchase 07.06.2012 75,000 1.170
Purchase 08.06.2012 34,568 1.174
Purchase 11.06.2012 190,000 1.187
Purchase 12.06.2012 175,546 1.189
Purchase 15.06.2012 12,600 1.182
Purchase 16.06.2012 33,199 1.187
Purchase 17.06.2012 274,546 1.188
Purchase 18.06.2012 200,000 1.184
Purchase 19.06.2012 18,946 1.279
Purchase 20.06.2012 8,946 1.279
Purchase 22.06.2012 61,000 1.284
Purchase 25.06.2012 10,000 1.293
Purchase 26.06.2012 10,500 1.285
Purchase 27.06.2012 59,000 1.291
Purchase 28.06.2012 25,000 1.294

Share delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2013 4,686,986 0.000
Purchase March-12 722,271 1.223
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 30.03.2012 59,956 0.000
Purchase April-12 1,026,829 1.219
Share delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 17.05.2012 81,292 0.000
Purchase May-12 931,725 1.176
Purchase 01.08.2012 1,750 1.224
Purchase 02.08.2012 23,750 1.204
Purchase 03.08.2012 30,000 1.183
Sale 27.12.2012 357,463 0.000
Sale 27.12.2012 2,446,691 0.154

(6) Linhacom, SGPS, SA

Sonae, SGPS, SA (3)  4,321,038
Shares delivered under the terms of the Annual Performance Bonus Plan 09.03.2013 194,063,119
Purchase March-12 722,271 1.223
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 30.03.2012 59,956 0.000
Purchase April-12 1,026,829 1.219
Share delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 17.05.2012 81,292 0.000
Purchase May-12 931,725 1.176
Purchase 01.08.2012 1,750 1.224
Purchase 02.08.2012 23,750 1.204
Purchase 03.08.2012 30,000 1.183
Sale 27.12.2012 357,463 0.000
Sale 27.12.2012 2,446,691 0.154

(7) Sonaecom Investments BV

Sonae, SGPS, SA (9)  387,342
Purchase 21.05.2012 49,069 1.120
Imparfin, SGPS, SA (5)  150,000
Purchase 21.05.2012 48,884 0.398
Sonaecom, SGPS, SA (9)  194,063,119
Purchase March-12 722,271 1.223
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 09.03.2013 4,686,986 0.000
Purchase March-12 722,271 1.223
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 30.03.2012 59,956 0.000
Purchase April-12 1,026,829 1.219
Share delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 17.05.2012 81,292 0.000
Purchase May-12 931,725 1.176
Purchase 01.08.2012 1,750 1.224
Purchase 02.08.2012 23,750 1.204
Purchase 03.08.2012 30,000 1.183
Sale 27.12.2012 357,463 0.000
Sale 27.12.2012 2,446,691 0.154

(8) Sontel BV

Sonaecom, SGPS, SA (9)  194,063,119
Sonaecom, SGPS, SA (9)  4,321,038
Shares delivered under the terms of the Annual Performance Bonus Plan 09.03.2013 194,063,119
Purchase March-12 722,271 1.223
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 30.03.2012 59,956 0.000
Purchase April-12 1,026,829 1.219
Share delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans 17.05.2012 81,292 0.000
Purchase May-12 931,725 1.176
Purchase 01.08.2012 1,750 1.224
Purchase 02.08.2012 23,750 1.204
Purchase 03.08.2012 30,000 1.183
Sale 27.12.2012 357,463 0.000
Sale 27.12.2012 2,446,691 0.154

[**] 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).
### Qualified Holdings

Shares held and voting rights of companies owning more than 2% of the share capital of the company, as required by article 8 n.1 b) of Securities Market Commission (CMVM) regulation 05/2008:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Nr of shares</th>
<th>% share capital</th>
<th>% of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efanor Investimentos, SGPS, SA</td>
<td>200,100,000</td>
<td>10.0050%</td>
<td>10.0050%</td>
</tr>
<tr>
<td>By Pareuro, BV (controlled by Efanor)</td>
<td>849,533,095</td>
<td>42.4767%</td>
<td>42.4767%</td>
</tr>
<tr>
<td>By Maria Margarida Canavais Teixeira de Azevedo (Director of Efanor)</td>
<td>14,801</td>
<td>0.0007%</td>
<td>0.0007%</td>
</tr>
<tr>
<td>By Duarte Paulo Teixeira de Azevedo (Director of Efanor)</td>
<td>1,293</td>
<td>0.0002%</td>
<td>0.0002%</td>
</tr>
<tr>
<td>By Nuno Miguel Téixeira de Azevedo (Director of Efanor and held by descendent)</td>
<td>10,500</td>
<td>0.0005%</td>
<td>0.0005%</td>
</tr>
<tr>
<td>By Migracom, SGPS, SA (company controlled by Efanor’s Director Duarte Paulo Teixeira de Azevedo)</td>
<td>2,908,204</td>
<td>0.1454%</td>
<td>0.1454%</td>
</tr>
<tr>
<td>By Migracom, SGPS, SA (company controlled by Efanor’s Director Maria Cláudia Téixeira de Azevedo)</td>
<td>439,314</td>
<td>0.0220%</td>
<td>0.0220%</td>
</tr>
<tr>
<td>Total attributable to Efanor Investimentos, SGPS, SA</td>
<td>1,053,009,307</td>
<td>52.6505%</td>
<td>52.6505%</td>
</tr>
<tr>
<td>Banco BPI, SA</td>
<td>132,851,868</td>
<td>6.6426%</td>
<td>6.6426%</td>
</tr>
<tr>
<td>Banco Portugal de Investimento, SA</td>
<td>365,199</td>
<td>0.0183%</td>
<td>0.0183%</td>
</tr>
<tr>
<td>Fundos de Pensões do Banco BPI</td>
<td>40,071,372</td>
<td>2.0036%</td>
<td>2.0036%</td>
</tr>
<tr>
<td>BPI Vida - Companhia de Seguros de Vida, SA</td>
<td>4,751,416</td>
<td>0.0220%</td>
<td>0.0220%</td>
</tr>
<tr>
<td>Total attributable to Banco BPI, SA</td>
<td>178,039,855</td>
<td>8.9020%</td>
<td>8.9020%</td>
</tr>
<tr>
<td>Fundação Berardo, Instituição Particular de Solidariedade Social</td>
<td>4,884,914</td>
<td>0.0220%</td>
<td>0.0220%</td>
</tr>
<tr>
<td>Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social</td>
<td>4,884,914</td>
<td>0.0220%</td>
<td>0.0220%</td>
</tr>
<tr>
<td>Bestinver Gestão, S.A. SGIC</td>
<td>90,870</td>
<td>0.0045%</td>
<td>0.0045%</td>
</tr>
<tr>
<td>Bestinver Emprego III, Fondo de Pensions</td>
<td>87,135</td>
<td>0.0044%</td>
<td>0.0044%</td>
</tr>
<tr>
<td>Bestinver Emprego II, F</td>
<td>77,958</td>
<td>0.0039%</td>
<td>0.0039%</td>
</tr>
</tbody>
</table>

(i) Belmiro Mendes de Azevedo is, according to article 21, 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:

<table>
<thead>
<tr>
<th>Number of shares held as of 31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efanor Investimentos, SGPS, SA</td>
</tr>
<tr>
<td>Sonae, SGPS, SA</td>
</tr>
<tr>
<td>Pareuro, BV</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholder</th>
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<tr>
<td>Bestinver Emprego II, F</td>
<td>77,958</td>
<td>0.0039%</td>
<td>0.0039%</td>
</tr>
</tbody>
</table>
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, 12 March 2013

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
Nuno Manuel Moniz Trigosa Jordão, member of the Executive Committee
Sonae SGPS, S.A.
Lugar do Espírito, Via Norte
4471-909 Maia
Portugal
Tel: + 351 22 948 75 22
Fax: + 351 22 940 46 34

Head of Communication, Brand and Corporate Responsibility
Catarina Oliveira Fernandes
catarina.fernandes@sonae.pt
Tel: + 351 22 010 47 05

Head of Investor Relations
António Castro
antonio.gcastro@sonae.pt
Tel: + 351 22 010 47 94

Property
Sonae SGPS, S.A.
Lugar do Espírito, Via Norte
4471-909 Maia
Portugal
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Fax: + 351 22 940 46 34

Design
Ivity Brand Corp.

Sonae is listed in the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

This report is available on Sonae’s institutional website: www.sonaep.pt