

SONAE
1ST HALF
RESULTS
2014



IMPROVING LIFE

1 HIGHLIGHTS

Further consolidation of leadership across key retail formats

Sonae MC:

- 2.6% turnover growth with further market share gains
- 2nd quarter underlying EBITDA margin reached 7.7%

Sonae SR:

- 12% turnover growth with market share increases in key formats
- 20% increase in sales per m² in Spain
- 2nd quarter underlying EBITDA close to breakeven

Sonae Sierra LfL occupancy and tenant sales returned to growth. Compression of real estate yields led to strong indirect net result.

NOS successfully launched the new brand and achieved record growth of 450 thousand RGUs leveraged on the convergent offer.

Sonae further reinforced its capital structure with another quarter of debt reduction.

2 CEO MESSAGE

“Our second quarter consolidated performance registered a 6% turnover growth and a 22% growth in direct results, as well as an inversion of indirect results, allowing us to post total results more than doubling last year’s value. Operational performance of our consolidated companies increased slightly to 94M€ underlying EBITDA, as a result of improved performance at SONAE SR and a decline at SONAE MC.

The **food retail market** in Portugal has been extremely competitive since the 3rd quarter of last year leading to a strong price deflation and a situation where the weakest players are in great difficulties. We do not welcome this situation but as the largest player with the most efficient operations, lowest market prices and best financial performance, we will of course maintain our strategy of leading in price, range, and promotional offers. In the quarter we continued to grow our food retail market share, increasing our turnover by 3.5%.

At **Sonae SR** we have been continuing the path towards breakeven, further increasing market share in almost all our businesses and reaching 11% LfL sales growth in 2Q14, one of the highest ever achieved. I would like to highlight the success of the store concepts implemented at MO in Portugal, Sport Zone and Worten in Spain, all reaching double digit additional sales growth per sq meter. Moreover, we have continued a gradual restructuring of our store network and the total effect has resulted in a 20% in sales/m² (vs. 2Q13). Our financial performance does not fully capture this positive evolution as improvements in our stock provisioning rules have anticipated 3 M€ of provisions vs. last year – this effect will be reversed in the 3rd quarter comparison versus last year.

Sonae Sierra was able to further improve its LfL tenant sales growth and benefited from the contraction of real estate yields in Europe which led to a positive impact in the results, inverting the negative tendency faced over the last years. We expect rental income to gradually improve, as a result of better tenant sales and improved occupancy.

NOS is progressing well in the two key drivers of value creation – extracting merger synergies and conquering leadership in the growth of convergent offers. Progress in the corporate segment has also been significant.

Sonae Investment Management has also improved performance and has made two investments in technologies that are important to our business – cybersecurity and indoor location.”

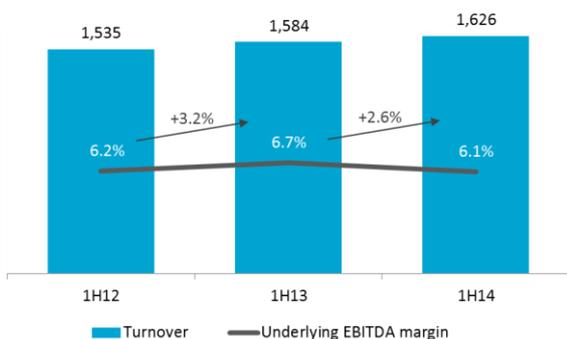
Paulo Azevedo, CEO

Following the merger between Zon and Optimus and its report using the equity method, we decided to change the way we report our results to the market by separating each business, in order to obtain more transparency between the segments: 1) Sonae Retail: Sonae MC, SR and RP; 2) Investment Management, including Software and Systems Information, and Público businesses from Sonaecom; 3) Sonae Sierra and 4) NOS. Moreover, Sonae adjusted the 2013 profit and loss statements on a pro forma basis (2Q13 PF and 1H13 PF), assuming that the merger between ZON and Optimus occurred in January 1st 2013, with some consolidation effects in our co-controlled vehicle company. This criterion, besides assuring an easier and fairer comparability between 2013 and 2014 results, is in line with the current reporting pro forma method adopted by Sonaecom, NOS and market expectations.

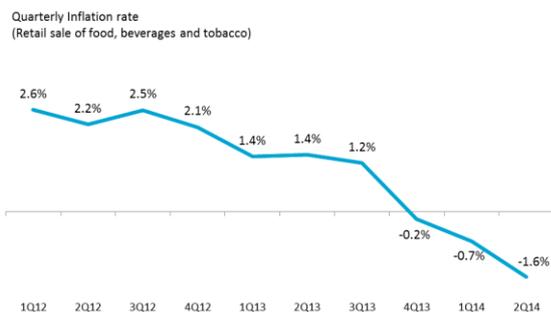
3 SONAE RETAIL RESULTS

Sonae MC

Turnover and underlying EBITDA margin



Inflation rate evolution



Note: Data provided by Eurostat as of July 25th 2014. 2Q14 information until May 2014.

Number of Meu Super Stores



In 1H14 **Sonae MC turnover** reached 1,626 M€, 42 M€ and 2.6% above 1H13, and 28 M€ and 3.5% above the same quarter of the previous year. This increase in the 1st half reflects approximately 5% growth in volume sales supported by the opening of 11 Continente Modelo stores and 4 Continente Bom Dia stores over the last 12 months. **Sonae MC** strategy of having a high variety of products available to consumers, a very effective promotion activity in stores recognized by their modernity, and with focus in continuous improvement of the quality of products, allowed **Sonae MC** to strengthen its leading market share in the Portuguese food retail sector¹. Should be noted that the portfolio of Continente own brands was kept in 1H14 at approximately 31% of the turnover of FMCG categories.

In 1H14 **Sonae MC** reached an **underlying EBITDA** of 100 M€ corresponding to a **margin** of 6.1% (65M€ and 7.7% for the 2Q14, respectively). These results were achieved despite the highly competitive environment that led us to a strong promotional effort, causing an internal deflation of 2.2% in the 1H14 (and 2.9% in the 2Q14) and a negative effect on the **turnover** and on the **EBITDA**. This promotional activity continued to be supported by the Continente loyalty card which was used for more than 90% of sales in the period.

Sonae MC CAPEX reached 40 M€ in 1H14, 7 M€ above the same period last year. The investments carried out by Sonae MC in 1H14 included the opening of one Continente Bom Dia store in Alvalade (Lisbon) and the preparation of new store openings including Continente Modelo store of Ilhavo, and Continente Bom Dia stores of Tondela and Palmela, already opened in July.

During the 1H14 **Sonae MC** opened 21 Meu Super stores under franchising agreements finalizing the first half of the year with 89 stores of this format. Until the end of 2014 we are expecting to have 120 Meu Super stores.

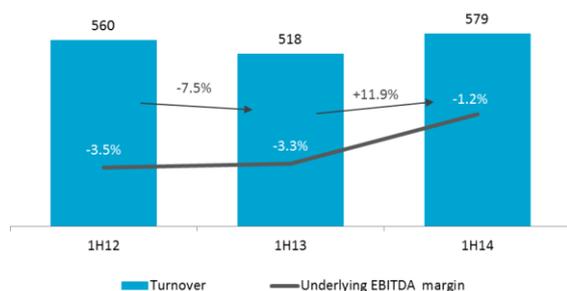
On June 26th 2014, Sonae announced the rebranding of book.it, now note! and opened the business to franchising. The first store under franchising agreement opened on June 27th in Braga. This measure contributes to the modernization of the retail stationery sector in Portugal.

¹ For example, A. C. Nielsen's Homescan survey YTD up until 15th June: +0.6 p.p. market share for Continente.

3 SONAE RETAIL RESULTS (cont.)

Sonae SR

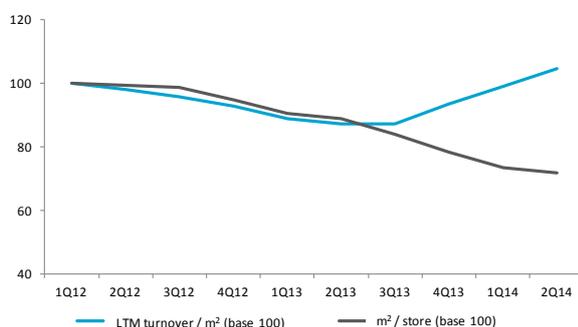
Turnover and underlying EBITDA margin



Turnover and underlying EBITDA per geography

Sonae SR per country						
	1H13	1H14	y.o.y	2Q13	2Q14	y.o.y
Turnover (million €)	518	579	11.9%	253	288	13.8%
Portugal	369	409	10.9%	183	208	13.8%
International	148	170	14.5%	70	79	13.8%
EBITDA (million €)	-17	-7	60.5%	-6	-2	59.6%
Portugal	4	10	170.1%	4	7	77.5%
International	-21	-17	18.0%	-10	-9	6.0%
EBITDA margin	-3.3%	-1.2%	2.1 p.p.	-2.4%	-0.8%	1.5 p.p.
Portugal	1.1%	2.6%	1.5 p.p.	2.1%	3.3%	1.2 p.p.
International	-14.2%	-10.2%	4.0 p.p.	-14.0%	-11.6%	2.4 p.p.

SR International - m²/store evolution



In 1H14, **Sonae SR turnover** reached 579 M€, 11.9% above the same period last year corresponding to 8.5% growth on a like-for-like (Lfl) basis (and 11% in 2Q14).

Sonae SR underlying EBITDA recovered from negative 17 M€ to negative 7 M€ which correspond to an improvement in the **underlying EBITDA margin** of 2.1 p.p. y.o.y. reaching negative 1.2%. The 2Q14 **underlying EBITDA** of minus 2M€ is negatively impacted by the anticipation of provision of 3M€, resulting from a new inventory depreciation monthly agenda. Sonae SR performance is the result of the stronger sales evolution combined with the turnaround measures implemented over the last years which also led to an increase in its market share in almost all formats both in the Portuguese and in the Spanish market. The recent evolution of the majority of the businesses in the geographies we are present, coupled with the 'tailwinds' from the economic environment being witnessed, give us the confidence to continue with the strategic plan we're implementing, in order to deliver very positive figures shortly. It is worth highlighting that this significant improvement in the results was only possible thanks to:

- a remarkable performance by **MO** achieved through the new value proposition which includes brand, store and product improvement. The stores that have already implemented the new concept had an increase in sales around 20%;
- the two digit growth on a Lfl basis of **Worten, Zippy** and **MO** in Portugal;
- the ca. 20% increase of sales per m² at **Worten** and **Sport Zone** in Spain as a result of the new concept implemented, in which the size of the store are reduced; and
- the market share increase in both Portuguese and Spanish electronics market².

Sonae SR CAPEX amounted 26 M€, 16M€ above 1H13 which includes the opening of a **Sport Zone** store in Tenerife (Spain). Until the end of September, **Sonae SR** will refurbish 10 more **MO** stores. In 1H14, **Sonae SR** strengthened its international expansion by opening 6 new Zippy stores namely in Armenia, Malta, Saudi Arabia, and Lebanon, 1 MO store also in Malta and 1 Sport Zone in Spain. The Sport Zone store was opened in the autonomous Spanish city of Ceuta on Africa's northern coast and is the format's first franchise store.

² For example, GfK survey YTD: +2.6 p.p. (until May) market share for Worten Portugal and +0.2 p.p. (until June) market share for Worten Spain.

3 SONAE RETAIL RESULTS (cont.)

Sonae RP						
Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
Turnover	62	63	2.1%	31	31	1.1%
Underlying EBITDA	55	57	2.3%	28	28	1.0%
Underlying EBITDA margin	89.9%	90.1%	0.2 p.p.	90.6%	90.5%	-0.1 p.p.

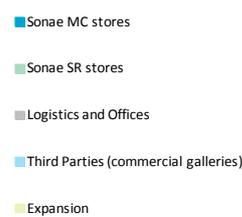
In 1H14, **Sonae RP turnover** increased 1 M€ to 63 M€, reaching an **underlying EBITDA** of 57 M€, 2M€ above the value reached in the previous year, which translates into an **underlying EBITDA margin** of 90.1% and a LTM EBIT ROCE of 7.1%.

The **net book value of the capital invested** in retail real estate assets amounted, at the end of 1H14, 1.23 bn€, corresponding to a portfolio of 33 Continente stores, 80 Continente Modelo stores and 16 Continente Bom Dia stores. Sonae currently maintains a freehold level of approximately 73% of its food retail selling area and 28% of its non-food retail space.

Sonae RP CAPEX stood at 7 M€, 8 M€ below the same period in 2013.

During 1H14 there were two sale and leaseback transactions, in the total amount of 5.7 M€ and a third one of 5.8 M€ was completed in July.

Sonae RP Portfolio



4 INVESTMENT MANAGEMENT

Investment Management unit includes the businesses from MDS, Maxmat³, GeoStar⁴ and Tlantic³, as well as the Software and Systems Information (SSI) and Online & Media units from Sonaeacom: WeDo Technologies, Saphety, Mainroad, Bizdirect and Público. This business unit also has the responsibility of supporting management on M&A activities as well as E-ventures, a new initiative launched in 2013.

Investment Management						
Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
Turnover	107	118	10.1%	56	63	13.5%
Underlying EBITDA	3	5	52.1%	3	3	9.5%
Underlying EBITDA margin	3.0%	4.1%	1.1 p.p.	4.6%	4.4%	-0.2 p.p.

Investment Management turnover, stood at 118 M€, 10.1% above 1H13, also benefitting from the increase of 4.1% of the SSI business, which totalled 57.9 M€ in 1H14.

Investment Management **underlying EBITDA margin** reached 4.1% corresponding to an **underlying EBITDA** of 5 M€, 2 M€ above 1H13.

These results were mainly supported by the contributions of MDS, Maxmat and WeDo Technologies.

MDS is the leader in the Portuguese insurance brokerage market and a top-3 player in Brazilian market. The company offers a fully integrated service and provides customized and state of the art solutions to its customers.

WeDo Technologies is the worldwide market leader in revenue and business assurance software and works with some of the world's leading blue chip companies from the retail, energy and finance industries, as well as more than 180 telecommunications operators from more than 90 countries, through more than 500 highly-skilled professionals.

With a wide range of DIY products, construction, bathroom and garden, **Maxmat** offers an adequate selection to different needs, from private to major projects of small and medium enterprises. **Maxmat** is a Discount company guided by a Low Cost philosophy.

During July the **Investment Management** portfolio had some changes. A security software specialist company in Spain – S21 sec - as well as a part of an indoor location company - Movvo (ex-Around Knowledge) - were acquired.

³ Sonae holds 50% of Maxmat and 77.7% of Tlantic and adopts the full consolidation method to report its results.

⁴ GeoStar is reported using the equity method.

5 SONAE SIERRA RESULTS

Sonae Sierra - Operational data

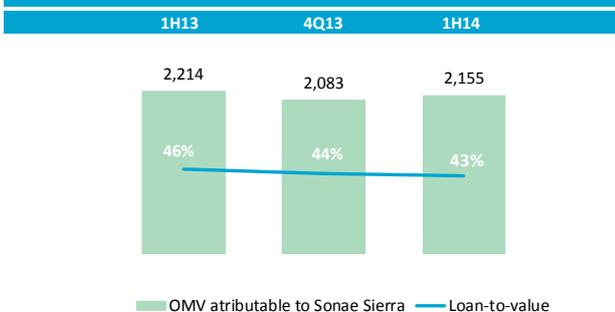
	1H13	1H14	y.o.y.
Footfall (million visitors)	191	200	4.7%
Europe	144	147	2.6%
Brazil	47	53	11.1%
Occupancy rate (%)	93.6%	94.7%	1.0 p.p.
Europe	93.4%	95.4%	2.0 p.p.
Brazil	94.7%	92.4%	-2.2 p.p.
"Like-for-Like" (Lfl) Tenant sales			
Europe	-3.5%	3.5%	7.0 p.p.
Brazil (local currency)	4.2%	7.8%	3.6 p.p.
Tenant sales (million euros)	2,099	2,044	-2.6%
Europe (million euros)	1,439	1,382	-3.9%
Brazil (million euros)	660	661	0.3%
Brazil (million reais)	1,757	2,081	18.5%
Nº of shopping centres owned/co-owned (EOP)	48	47	-1
Europe	39	37	-2
Brazil	9	10	1
GLA owned in operating centres ('000 m2)	1,944	1,900	-2.3%
Europe	1,555	1,433	-7.9%
Brazil	389	467	19.9%

Sonae Sierra - Financial indicators

Million euros	1H13	1H14	y.o.y.	2Q13	2Q14	y.o.y.
Turnover	111	109	-1.8%	56	55	-0.6%
EBITDA	56	51	-9.2%	28	26	-6.9%
EBITDA margin	50.9%	47.1%	-3.8 p.p.	49.3%	46.2%	-3.1 p.p.
Direct result	29	22	-25.6%	15	10	-29.7%
Indirect result	-34	26	-	-32	26	-
Net results	-5	48	-	-17	36	-
... attributable to Sonae	-2	24	-	-9	18	-
OMV	2,214	2,155	-2.7%			
NAV	1,040	1,092	5.0%			

Sonae Sierra

Open Market Value (OMV) and leverage



The **occupancy rate** of Sonae Sierra improved to 94.7% growing 1.0 p.p. when compared to the previous year which continues proving the benchmark quality of its assets. In Europe, this rate increased to 95.4%, 2.0 p.p. above 1H13 and in Brazil it decreased 2.2 p.p. to 92.4% impacted by the opening of Passeio das Águas on October 30th 2013. Excluding the effect of asset portfolio changes, this rate would have reached 95.1% in Brazil.

Lfl tenant sales in Europe in 1H14 increased to 3.5%, a significantly recovery when compared to 1H13, which shows very positive signs of the sector evolution. Nevertheless, **tenant sales** in Europe decreased by 3.9% y.o.y. due to the sale of Parque Principado in Spain in October 7th 2013, ValeCenter and Airone in Italy in December 20th 2013. In Brazil **Lfl tenant sales** totalled 7.8% and tenant sales in local currency improved by 18.5% y.o.y..

In 1H14 **Turnover** stood at 109 M€, 2 M€ below the same period last year. This result was mainly impacted by the sale of assets in 2013 and to the adverse FX change effect. This lower turnover led to an **EBITDA** of 51 M€, 9.2% below 1H13.

The **direct results** recorded 22 M€, 8 M€ below 1H13. The lower direct results were impacted by the sale of assets already mentioned, and the adverse FX change effect. Moreover, the **indirect result** had a remarkable recovery amounting 26 M€ that compares with a loss of 34 M€ in 1H13. This strong set of results was particularly influenced by the yields recovery in Portugal and Spain but also by the positive evolution of the tenant sales. These effects resulted in a significant recovery of the **net results** from loss of 5 M€ to a gain of 48 M€.

On June 30th 2014 the **OMV (Open Market Value)** attributable to Sonae Sierra was 2.155 bn€, 72 M€ above December 31st 2013, as a result of the real estate yields recovery and the real appreciation. **NAV (Net Asset Value)** was positively impacted for the same reasons as OMV, reaching at 1H14 1.092 bn€, 91 M€ above December 2013.

At the end of June 2014 the **Loan-to-value** ratio remains at a conservative level of 43%.

6 NOS RESULTS

Launch of “NOS”

Launch of “NOS” on May, 16th, a single brand for all segments and for all services, replacing ZON OPTIMUS. Results have beaten all expectations – in just 7 weeks after launch, total awareness was more than 90%.

NOS financial highlights

NOS Indicators - Pro-forma Results						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
Operating revenues	709	682	-3.8%	357	345	-3.4%
EBITDA	278	264	-5.3%	140	134	-4.8%
EBITDA margin	39.3%	38.6%	-0.6 p.p.	39.3%	38.7%	-0.6 p.p.
Net results	58	44	-24.8%	31	18	-39.8%
CAPEX	127	145	14.2%	67	89	33.0%
EBITDA-CAPEX	151	118	-21.8%	74	45	-38.9%
Recurrent CAPEX	124	125	0.3%	66	72	9.5%
EBITDA-Recurrent CAPEX	154	139	-9.9%	75	62	-17.3%

NOS **operating revenues** stood at 682.3 M€ in 1H14, decreasing 3.8% y.o.y..

EBITDA reached 263.5 M€, decreasing 5.3% when compared to 1H13.

Recurrent CAPEX stood stable y.o.y., reaching 124.6 M€ in 1H14. As a consequence of EBITDA evolution, EBITDA-Recurrent CAPEX decreased 9.9%.

Net financial debt to EBITDA stood at 1.9x at the end of 1H14.

The average **maturity** of its **net financial debt** is now 2.1 years.

NOS published its 1H14 results on July 30th 2014 which are available at www.nos.pt.

NOS operational highlights

NOS Operational Indicators			
	2Q13	1Q14	2Q14
Total RGUs	7,241	7,215	7,296
Convergent RGUs	34	556	1,008
Mobile	3,204	3,288	3,397
% 3P&4P Subscribers	65.3%	68.0%	69.2%
IRIS Subscribers	339	499	561

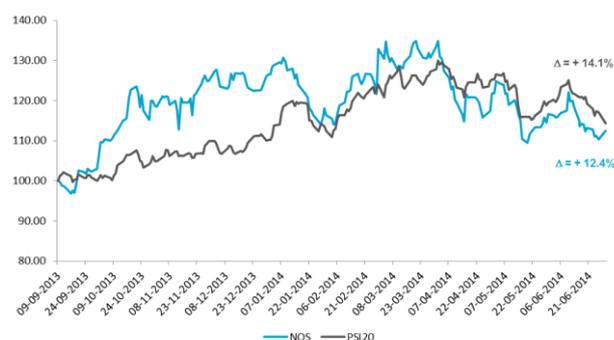
Over 1.007 million **convergent RGUs** at the end of 2Q14, representing net adds of 451.9 thousand.

Mobile net adds of 108.7 thousand in 2Q14.

IRIS achieved another record quarter with additional 62.7 thousand subscribers, reaching 69.2% as a **percentage of the 3&4P subscriber base**.

NOS market performance

Subsequent to the merger between Optimus and Zon (currently NOS), and since the day in which new shares issued were listed on September 9th 2013, and until June 30th 2014, the company's market capitalisation grew 12.4%, corresponding to a share price increase from 4.27€ to 4.80€. The PSI20, the main Portuguese index, grew its market capitalisation 14.1% in the same period.



7 OVERALL PERFORMANCE

Consolidated results						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
Sonae MC	1,584	1,626	2.6%	810	839	3.5%
Sonae SR	518	579	11.9%	253	288	13.8%
Sonae RP	62	63	2.1%	31	31	1.1%
Investment manag.	107	118	10.1%	56	63	13.5%
E&A ⁽¹⁾	-68	-80	-17.4%	-33	-41	-27.1%
Turnover	2,203	2,306	4.7%	1,118	1,180	5.6%
Sonae MC	106	100	-6.2%	66	65	-1.9%
Sonae SR	-17	-7	60.5%	-6	-2	59.6%
Sonae RP	55	57	2.3%	28	28	1.0%
Investment manag.	3	5	52.1%	3	3	9.5%
E&A ⁽¹⁾	5	-1	-	0	0	-96.0%
Underlying EBITDA	153	154	0.4%	91	94	2.9%
Underlying EBITDA margin	6.9%	6.7%	-0.3 p.p	8.1%	7.9%	-0.2 p.p
Equity method results ⁽²⁾	29	20	-31.0%	15	9	-37.9%
o.w. Sonae Sierra (diret income)	15	11	-25.6%	7	5	-29.7%
o.w. NOS	15	9	-38.5%	8	4	-48.5%
Non-recurrent items	0	-2	-	0	-2	-
EBITDA	182	172	-5.7%	106	101	-4.8%
EBITDA margin	8.3%	7.4%	-0.8 p.p	9.5%	8.5%	-0.9 p.p
D&A ⁽³⁾	-100	-87	13.1%	-47	-44	5.7%
EBIT	82	85	3.3%	59	57	-4.0%
Net financial activity	-45	-38	16.5%	-24	-18	24.5%
EBT	37	47	28.1%	35	39	9.6%
Taxes	-4	-1	62.9%	-5	-2	68.4%
Direct Results ⁽⁴⁾	33	45	39.1%	30	37	22.4%
Indirect Results	-17	6	-	-16	4	-
Net income	16	52	-	14	41	186.2%
Non-controlling interests	0	1	-	0	1	-
Net income group share	15	52	-	15	42	188.6%

(1) Eliminations & adjustments;

(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS);

(3) Depreciations & amortizations including provisions & impairments;

(4) Direct results before non-controlling interests.

In 1H14, **consolidated turnover** grew 4.7% to 2,306 M€, mainly impacted by the 5.6% increase in the 2Q14 consolidated turnover. This improvement is particularly driven by the strong performance of Sonae SR which turnover grew 11.9% in 1H14.

The **underlying EBITDA** amounted 154 M€, 1 M€ above the same period of the previous year. Despite the strong improvement in Sonae SR underlying EBITDA, Sonae MC underlying EBITDA was negatively impacted by the highly competitive environment among the Portuguese food retail industry leading to a decrease of 7 M€ y.o.y..

In 1H14, **EBITDA** reached 172 M€ and includes the contributions of the:

- (i) before mentioned underlying EBITDA of 154 M€; and
- (ii) equity method results of 20 M€ (from Sonae Sierra direct results, NOS and GeoStar).

Net financial results related to Retail and Investment Management businesses reached negative 38 M€ in 1H14, backed by the lower level of net debt. The average interest rate of outstanding credit facilities at the end of 1H14 was slightly above 3%.

Direct results reached 45 M€, 13 M€ above the figure registered in the same period of the previous year, mostly driven by the lower D&A (-13 M€ vs. 1H13), and the improvement in net financial activity (-7 M€ vs. 1H13), more than compensating the decrease in the equity method results (-9 M€ vs. 1H13).

Indirect results had a strong improvement passing from negative 17 M€ in 1H13, to positive 6 M€ in 1H14, mainly impacted by Sonae Sierra non cash movements related with revaluations of real estate properties.

Net income attributable to the Group improved 37 M€ when compared to 1H13, reaching 52 M€ in 1H14. This improvement was impacted by both direct and indirect results.

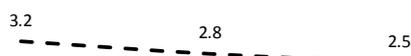
8 CAPITAL STRUCTURE

Net invested capital			
Million euros	1H13	1H14	y.o.y.
Net invested capital	3.563	3.239	-9,1%
Technical investment	3.100	2.012	-35,1%
Financial investment	464	1.245	168,4%
Goodwill	657	612	-6,8%
Working capital	-658	-630	4,2%
Total shareholders funds	1.515	1.752	15,6%
Total net debt⁽¹⁾	2.048	1.487	-27,4%
Net debt / Invested capital	57,5%	45,9%	-11,6 p.p

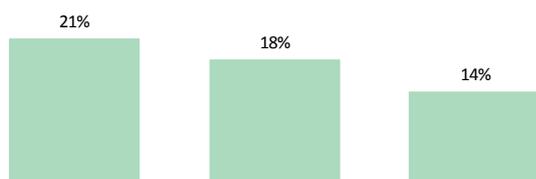
(1) Financial net debt + net shareholder loans.

Net debt			
Million euros	1H13	1H14	y.o.y.
Net financial debt	2,041	1,470	-28.0%
Retail units	963	945	-1.8%
Sonaecom Group	395	-	-
Investment management	19	42	121.0%
Holding & other	664	483	-27.3%
Total net debt	2,048	1,487	-27.4%

Capital Structure - Retail			
Net debt to EBITDA			
	1H12	1H13	1H14



Capital Structure			
Loan-to-value (%) - Holding			
	1H12	1H13	1H14



In 1H14 **total shareholders' funds** totalled 1,752 M€, 15.6% above the same period of last year.

Until June 30th 2014, **total net debt** was reduced to 1,487 M€, 560 M€ below the same date in 2013, driven not only by the deconsolidation of Optimus, but also due to sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt reaching 46% of invested capital in 1H14.

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

In 1H14, Sonae entered the capital market with an offer of 210 M€ **convertible bonds**, issued through a fully owned subsidiary. The bonds were issued at par, with a maturity of 5 years, and will pay a fixed coupon of 1.625%.

Additionally Sonae and its subsidiaries issued additional 185 M€ of long term financing operations, with maturities between 4 and 7 years with national and international banks, lengthening its maturity profile and ensuring it refinancing needs until the beginning of the 3rd quarter of 2015. Already in July and August and additional 80 M€ of long term financing were closed.

In 1H14 **retail net debt** totalled 945 M€, reducing 18 M€ when compared to 1H13, driven by sustainable cash flow generation over the last 12 months. The company thus continued to strengthen its capital structure, with total net debt to EBITDA reaching 2.5x in 1H14.

The **holding net debt** was reduced to 483 M€ at the end of June 2014. The "loan-to-value" ratio of the holding remains at conservative levels and registered a strong improvement from 18% in 1H13 to 14% in 1H14.

9 CORPORATE INFORMATION

Main corporate events in 2Q14

On **April 22nd 2014**, Sonae Sierra announced the launching of a joint venture with CITIC Capital Holdings Limited for the provision of property management and leasing services to shopping centres in China. CITIC Capital Holdings Limited has a strong foothold in the Chinese market, which will allow SONAE SIERRA to quickly gain an in-depth knowledge and unique connections to create new business opportunities in the fast-growing Chinese retail market.

In the Annual General Meeting which took place on **April 30th 2014**, shareholders approved, amongst other items, the distribution of a gross dividend per share, relative to the 2013 financial year, in the amount of 0.0348 Euros, around 5% above the dividend distributed in the previous year. This dividend corresponds to a dividend yield of 3.3%, based on the closing price as at December 31st 2013, and to a payout ratio of 46% of the consolidated direct income attributable to equity holders of Sonae.

On **May 19th 2014**, Sonae Sierra signed a partnership with Marjane, Al Futtaim and Société d'Aménagement de Zenata (Groupe CDG), to develop Zenata shopping centre, a 100 M€ investment located in Mohammedia, Casablanca (Morocco). Furthermore, Sonae Sierra will be responsible to provide development, leasing and property management services for the shopping centre.

On **June 4th 2014**, Sonae launched an offering of convertible bonds due 2019 in a principal amount of EUR 210,500,000. The Bonds were issued at par in a nominal amount of EUR 100,000 per Bond, with a maturity of 5 years, and pay a fixed coupon of 1.625% per annum, payable semi-annually in arrears. The initial conversion price has been set at EUR 1.726, representing a premium of 35% above the volume weighted average price of the Shares on the Lisbon Stock Exchange between launch and pricing of the Offering.

Subsequent information

On **July 2nd 2014**, Sonae Sierra and ING, the global financial institution, sold 90% of its ownership in Le Terrazze Shopping centre to Union Investment, the international real estate investment manager. Sonae Sierra will continue to be responsible for the shopping centre's management service and will be a joint venture partner of Union Investment by remaining owner of a 10% share of Le Terrazze.

Sonae provides additional operating and financial information in Excel format.

Click here to be taken to the information directly

www.sonae.pt

10 ADDITIONAL INFORMATION

Methodological notes

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

Glossary

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.
Direct income	Results excluding contributions to indirect income.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, NOS and GeoStar).
EBITDA margin	EBITDA / Turnover.
(Direct) EBT	Direct results before non-controlling interests and taxes.
Eliminations & adjustments	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
EoP	End of period.
Free Cash Flow (FCF)	EBITDA - operating CAPEX - change in working capital - financial investments - financial results - income taxes.
Financial net debt	Total net debt excluding shareholders loans.
FMCG	Fast-moving Consumer Goods.
GLAs	Gross Lettable 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 of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in a process of being discontinued/repositioned); (iv) results from "mark to market" methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned by Sonae Sierra.
Liquidity	Cash & equivalents + current investments, excluding the 2.14% participation at NOS.
Like for Like sales (Lfl)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.

Loan to value (LTV) - Holding	Holding Net debt / Investment Portfolio Gross Asset Value; gross asset value based on Market multiples, real estate NAV and market capitalization for listed companies.
Loan to value (LTV) - Shopping Centres	Net debt / (investment properties + properties under development).
LTM	Last twelve months.
Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, excluding the 2.14% participation at NOS, and other long term financial applications.
Net Invested capital	Total net debt + total shareholders' funds.
Other income	Dividends.
Other loans	Bonds, leasing and derivatives.
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by independent international entities.
Return on invested capital (RoIC)	EBIT (12 months) / Net invested capital.
Return on equity (ROE)	Total net income n (equity holders) / Shareholders' Funds n-1 (equity holders).
RGU	Revenue generating unit
Technical investment	Tangible assets + intangible assets + other fixed assets - depreciations and amortizations.
Underlying EBITDA	EBITDA – share of results in joint ventures and associated undertakings (Sonae Sierra direct results, NOS and GeoStar) – non recurrent items

Consolidated Profit and Loss Account

Consolidated profit and loss account						
Million euros	1H13 PF	1H14	y.o.y.	2Q13 PF	2Q14	y.o.y.
Turnover	2,203	2,306	4.7%	1,118	1,180	5.6%
Underlying EBITDA	153	154	0.4%	91	94	2.9%
Underlying EBITDA margin	6.9%	6.7%	-0.3 p.p.	8.1%	7.9%	-0.2 p.p.
EBITDA	182	172	-5.7%	106	101	-4.8%
EBITDA margin	8.3%	7.4%	-0.8 p.p.	9.5%	8.5%	-0.9 p.p.
Depreciations & amortizations ⁽¹⁾	-100	-87	13.1%	-47	-44	5.7%
EBIT	82	85	3.3%	59	57	-4.0%
Net financial Activity	-45	-38	16.5%	-24	-18	24.5%
Other items ⁽²⁾	0	0	63.0%	0	0	-100.0%
EBT	37	47	28.1%	35	39	9.6%
Taxes	-4	-1	62.9%	-5	-2	68.4%
Direct results	33	45	39.1%	30	37	22.4%
Indirect results ⁽³⁾	-17	6	-	-16	4	-
Net income	16	52	-	14	41	186.2%
Minority interests	0	1	-	0	1	-
Net income group share	15	52	-	15	42	188.6%

(1) Includes provisions, impairments, reversion of impairments and negative goodwill; (2) dividends; (3) Includes: (i) Sonae's Sierra indirect income contribution; (ii) the capital gain with NOS merger; (iii) other asset provisions for possible future liabilities in non-core and/or discontinued operations and (iv) non-cash impairments for operational assets.

Consolidated Statement of Financial Position

Consolidated statement of financial position			
Million euros	1H13	1H14	y.o.y.
TOTAL ASSETS	5,673	5,395	-4.9%
Non current assets	4,500	3,995	-11.2%
Tangible and intangible assets	3,099	2,011	-35.1%
Goodwill	657	612	-6.8%
Investment properties	0	1	159.0%
Other investments	478	1,206	152.5%
Deferred tax assets	227	143	-36.9%
Others	39	21	-45.1%
Current assets	1,173	1,400	19.3%
Stocks	525	536	2.1%
Trade debtors	183	84	-54.1%
Liquidity	138	409	197.1%
Others	328	370	13.0%
SHAREHOLDERS' FUNDS	1,515	1,752	15.6%
Equity holders	1,303	1,588	21.8%
Attributable to minority interests	212	164	-22.6%
LIABILITIES	4,158	3,643	-12.4%
Non-current liabilities	2,083	1,651	-20.8%
Bank loans	455	386	-15.2%
Other loans	1,225	1,035	-15.5%
Deferred tax liabilities	139	134	-4.0%
Provisions	87	38	-56.2%
Others	177	58	-67.0%
Current liabilities	2,075	1,993	-3.9%
Bank loans	178	219	23.3%
Other loans	335	254	-24.0%
Trade creditors	1,012	914	-9.7%
Others	550	606	10.1%
SHAREHOLDERS' FUNDS + LIABILITIES	5,673	5,395	-4.9%

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

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

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

Report available at Sonae's institutional website
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SONAE is listed on the Euronext Stock Exchange.
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