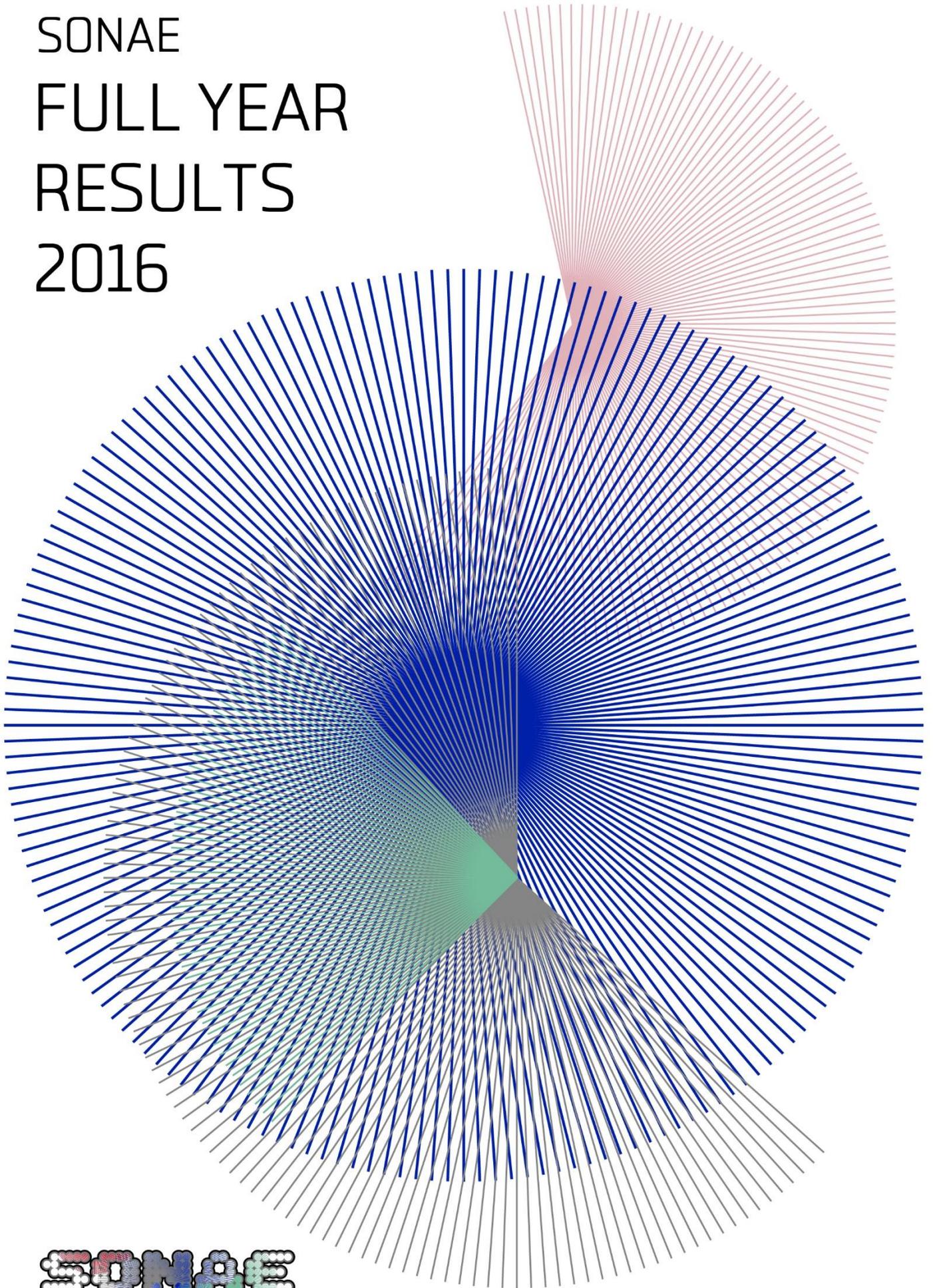


SONAE
FULL YEAR
RESULTS
2016



1 HIGHLIGHTS AND CEO'S MESSAGE

- Sonae posted in 2016 a significantly positive turnover evolution of 7.2%
- Sonae consistently improved its profitability throughout each quarter of the year, leading to an EBITDA growth of 5.9% in 2016 and 14.0% in 4Q16
- Sonae refinanced credit facilities of more than €1,125 M in 2016, assuring a more robust balance sheet

"For Sonae 2016 was a year of significant progress in the implementation of corporate strategy and in the diverse areas of activity, culminating in important results in terms of growth and strengthening of competitive positions in main businesses.

Considering the companies we control or co-control, the turnover reached 7,100 million euros, growing more than 6% y.o.y., and EBITDA surpassed 1,000 million euros, increasing 4.2% when compared to the previous year. Total Capex reached almost 900 million euros.

We evolved towards an organisation of more autonomous, agile, and focused business areas, capable of better responding to the speed of change in the markets in which they operate. We paid particular attention to the strengthening of retail businesses, shopping centres and telecommunications, never, however, neglecting investment in avenues of growth that capitalise on the existing asset base and which further the development of competencies aligned with trends and needs of the markets of the future.

In retail, we surpassed 5,000 million euros in turnover for the first time, enjoying positive contributions from all businesses (even excluding acquisitions), and we increased the quality of the portfolio with the inclusion of Salsa and Go Natural, as well as with other participations of smaller dimension, which, however, bring with them high levels of competence in e-commerce, data analytics or energy management. Furthermore, it was also possible to negotiate an agreement with JD Sports for the creation of a strong Iberian sports operator, which will benefit from the dimension and strongly complementary contributions of each of the integrating companies.

At Sonae Sierra, we successfully continued the strategy of reducing capital allocated to mature assets for further investment in new shopping centres and acquisition of minority participations in funds that enhance our services business and the growth in the number of shopping centres under management. In this context, we highlight the opening of ParkLake Plaza shopping centre, with an innovative and outstanding concept that has introduced new standards in the Romanian market and received significant international recognition.

At NOS, we maintained our capacity to grow and improve profitability while simultaneously continuing to lead the evolution of telecommunications in Portugal, promoting valuable solutions for our customers and the entire value chain in this sector of crucial importance for the competitiveness of any country.

In the Investment Management division, we acquired relevant positions in three important investment funds with participations in some of the most promising Portuguese companies in the technology sector, such as Outsystems or Feedzai, while at the same time we further created an organisation capable of managing companies in diverse phases of their business life-cycle and in which the participation in global market consolidation movements presents a solid promise of value generation.

All this was achieved in a year in which we continued to reinforce our capital structure, as net debt was again reduced, along with the reduction of its cost and increased maturity.

We are thus fully aware that we enter 2017 as a better, stronger company, enjoying an improved portfolio and increasingly comfortable with our strategy. However, we know that our greatest confidence lies in the quality and dedication of our people who, every day, assuming with ease the values of Sonae, dedicate themselves to the accomplishment of the mission which inspires us."

Ângelo Paupério, Sonae Co-CEO

2 SONAE PERFORMANCE AND CAPITAL STRUCTURE

Sonae Consolidated results

Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Turnover	5,014	5,376	7.2%	1,375	1,494	8.6%
Sonae MC	3,490	3,687	5.6%	941	1,002	6.6%
Sonae SR ⁽¹⁾	1,294	1,438	11.1%	377	430	13.9%
Sonae RP	121	92	-24.2%	29	23	-21.8%
Sonae IM ⁽²⁾	249	258	3.7%	62	68	10.4%
E&A ⁽³⁾	-140	-98	-	-34	-29	-
Underlying EBITDA	331	320	-3.3%	105	109	4.2%
Sonae MC	215	210	-2.1%	63	63	1.1%
Sonae SR	5	35	-	14	27	89.1%
Sonae RP	109	80	-26.2%	26	20	-22.8%
Sonae IM ⁽²⁾	16	13	-21.4%	7	4	-47.0%
E&A ⁽³⁾	-15	-18	-	-5	-5	-
Underlying EBITDA margin	6.6%	5.9%	-0.6 p.p.	7.6%	7.3%	-0.3 p.p.
Equity method results ⁽⁴⁾	48	44	-9.2%	10	8	-19.5%
o.w. S. Sierra (direct results)	31	28	-6.8%	9	8	-10.9%
o.w. NOS	18	17	-5.0%	2	1	-16.7%
Non-recurrent items	14	53	-	-14	-3	81.1%
EBITDA	393	416	5.9%	101	115	14.0%
EBITDA margin	7.8%	7.7%	-0.1 p.p.	7.3%	7.7%	0.4 p.p.
D&A ⁽⁵⁾	-187	-203	-8.6%	-52	-57	-9.3%
EBIT	206	213	3.5%	49	58	19.0%
Net financial activity	-57	-46	19.0%	-5	-9	-68.3%
EBT	149	167	12.1%	44	49	13.1%
Taxes	-21	-19	10.9%	-17	-21	-21.8%
Direct results ⁽⁶⁾	128	148	15.9%	26	28	7.3%
Indirect results	49	74	-	5	52	-
Net income	177	222	25.6%	31	81	159.3%
Non-controlling interests	-1	-7	-	2	-4	-
Net income group share	175	215	22.7%	33	77	134.2%

(1) The SR and Sports and Fashion turnover values were readjusted when compared to the information reported in Sonae's Trading Statement for 2016. The turnover of each Sports and Fashion company was correct but there was an accounting change introduced in this Earnings Announcement, in eliminations & adjustments;

(2) Includes Technology and Partnerships contribution;

(3) Eliminations & adjustments;

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

(5) Depreciations & amortisations including provisions & impairments;

(6) Direct results before non-controlling interests.

Sonae net invested capital

Million euros	2015	2016	y.o.y.
Net invested capital	3,088	3,279	6.2%
Technical investment	1,944	1,995	2.6%
Financial investment	1,313	1,372	4.5%
Goodwill	606	654	8.0%
Working capital	-775	-741	4.4%
Sonae shareholders funds	1,795	2,064	15.0%
Sonae net debt ⁽¹⁾	1,293	1,215	-6.0%
Net debt / Invested capital	41.9%	37.0%	-4.8 p.p.

(1) Financial net debt + net shareholder loans.

Sonae consolidated turnover stood at €5,376 M in 2016, increasing 7.2% when compared to 2015, benefiting from the positive performance of all businesses apart from RP, which was impacted by the lower freehold level.

Sonae EBITDA increased by €23 M in 2016, to €416 M, mostly driven by:

- (i) a €30 M increase in SR's underlying EBITDA: amounting to approximately €8 M at Worten and €21 M at Sports and Fashion (driven mostly by the consolidation of Losan and Salsa, but also including the positive contribution of the original portfolio);
- (ii) the impact of MC's price investment and expansion of its store network, which has resulted in a €5 M reduction in underlying EBITDA; and,
- (iii) the positive contribution of non-recurrent items.

Sonae net financial activity improved by €11 M, registering a negative €46 M in 2016, driven by the combination of the lower average net debt and by the lower cost of outstanding debt. Sonae average interest rate of outstanding debt continued to decrease and reached 1.3% on December 31st 2016. It should be noted that Sonae financial results exclude Sonae Sierra and NOS businesses.

Sonae direct results amounted to €148 M, increasing 15.9% when compared to 2015. This was driven by the higher EBITDA, the less negative net financial activity and lower taxes, notwithstanding the higher D&A.

Sonae indirect results reached €74 M, backed by the contribution of Sierra (both the positive effect of the valuation of Sierra's assets in 2016 and the value created with the opening of ParkLake in Romania, in 3Q16) and by a group of movements related to transactions regarding financial assets.

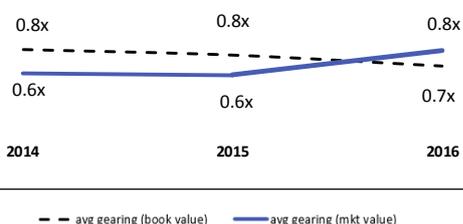
Sonae net income group share stood at €215 M, increasing 22.7% when compared to the previous year, benefiting both from direct and indirect results performance.

Sonae shareholders' funds stood at €2,064 M in 2016, €270 M above 2015.

Sonae net debt reached €1,215 M, decreasing 6.0% in comparison to 2015.

2 SONAE PERFORMANCE AND CAPITAL STRUCTURE

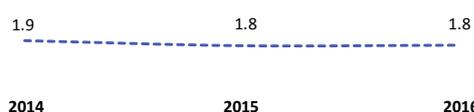
Gearing



Million euros	2015	2016	y.o.y.
Net financial debt	1,290	1,215	-5.8%
MC, SR and RP	646	683	5.8%
IM	15	9	-37.1%
Holding & other	629	522	-17.0%
Sonae net debt	1,293	1,215	-6.0%

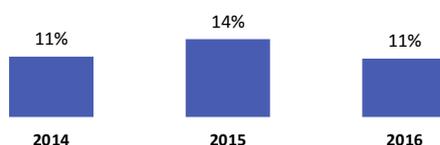
Capital Structure - MC, SR and RP

Net debt to EBITDA



Capital Structure

Loan-to-value (%) - Holding



Sonae Capex

Million euros	2015	2016	% of Turnover
Capex	300	437	8.1%
Sonae MC	114	167	4.5%
Sonae SR	111	152	10.6%
Sonae RP	60	62	67.8%
Sonae IM	11	51	19.9%

Average gearing at book value reached 0.7x, decreasing 0.1x in comparison with 2015. **Average gearing at market value** stood at 0.8x, increasing y.o.y. driven mostly by Sonae's market price evolution.

Sonae continues to focus on presenting a robust capital structure, optimising funding costs whilst maintaining sufficient back up liquidity and an improved maturity profile.

Sonae carried out during 2016 an **ambitious programme to further strengthen its capital structure** by launching a formal tender with local and international banks for the refinancing of its facilities, having refinanced more than **€1,125 M**, €775 M of which is in long-term facilities and around €350 M in short-term facilities, allowing the average maturity profile to increase, remaining above 4 years. Thus, Sonae continued to fulfil its practice of being fully financed for the coming 18 months and at the same time improving its general funding conditions.

Net financial debt of MC, SR and RP reached €683 M in 2016, €37 M above 2015, driven mostly by the cash-out related to the acquisition of 50% of Salsa, coupled with the consolidation of Salsa's debt. The **net debt to EBITDA** at MC, SR and RP stood at 1.8x, maintaining the level registered in 2015.

Holding net debt totalled €522 M, decreasing 17.0% y.o.y. and benefiting from the sale of the direct participation at NOS, which took place in June 2016. **Loan-to-value** ratio of the Holding stood at 11%, benefiting from the lower Holding net debt.

Sonae Capex increased from €300 M to €437 M, mostly due to MC, SR and IM:

- **MC Capex** increased by €53 M to €167 M, driven by the acceleration of the expansion of its store network, which includes the opening of 25 Continente Bom Dia stores, 1 Continente hypermarket and 25 Well's stores;

- **SR Capex** reached €152 M in 2016, increasing by €41 M, more than explained by the Capex related to the acquisition of Salsa, which took place on June 30th 2016;

- **RP Capex** totalled €62 M in 2016, remaining flat when compared to 2015. RP Capex is mostly driven by MC's expansion of its store network and future developments;

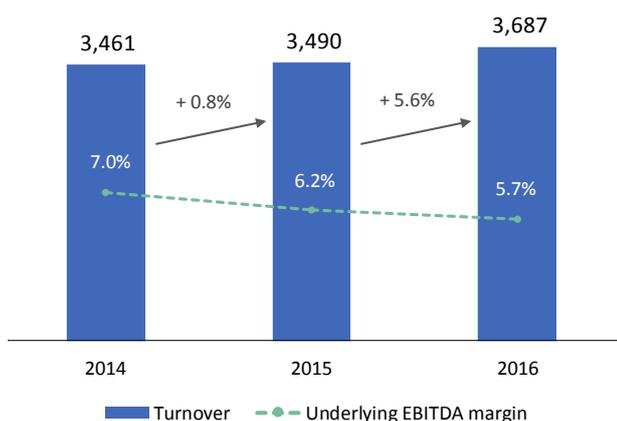
- **IM Capex** reached €51 M in 2016, increasing €40 M y.o.y., mostly due to the acquisitions in the technology area: InovRetail and Armilar Venture Partners.

3 SONAE MC RESULTS

Turnover and underlying EBITDA

Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Turnover	3,490	3,687	5.6%	941	1,002	6.6%
LfL sales (%)	-1.7%	1.9%	-	-0.2%	2.1%	-
Underlying EBITDA	215	210	-2.1%	63	63	1.1%
Underlying EBITDA margin	6.2%	5.7%	-0.5 p.p.	6.7%	6.3%	-0.3 p.p.

Turnover and Underlying EBITDA evolution



MC turnover reached €3,687 M in 2016, growing 5.6% when compared to the previous year. This performance was backed by **LfL sales growth** of 1.9%, and by the expansion of the store network, in which we would like to highlight the opening of 1 Continente hypermarket, 25 Continente Bom Dia and 77 Meu Super stores. The expansion of these last two formats contributed to increasing the number of convenience stores at MC.

On a quarterly basis, **turnover** for the 4Q16 stood for the very first time above €1,000 M, reaching €1,002 M and growing 6.6% versus 4Q15. Thus, MC continued to increase market share, which has occurred consistently over the course of the year.

The Portuguese competitive environment continues to be very strong, and has been this way for many years, naturally having an impact on profitability. Despite the continuous investment in price competitiveness, **MC's underlying EBITDA margin** reached 5.7% in 2016, 50bps below 2015, and stood at 6.3% in 4Q16, 34bps below 4Q15. Also in 4Q16, it should be noted that MC's **underlying EBITDA** performance was flat versus 4Q15 and reached €63 M.

The improvement of the value proposition was one of **MC's** major objectives for 2016. The company remained focused on closely monitoring a series of leading indicators which include price perception, price competitiveness and customer satisfaction. At the same time, with the objective of establishing Continente as a specialist in perishables, the brand worked towards improving and communicating its offer.

Also in 2016, MC took a few steps to expand its position in the Health and Wellness segment. **Sonae MC** had already developed a value proposition, both through Area Viva, an area specialised in organic and healthy food at Continente stores, and also through the Well's parapharmacies. The agreement for the acquisition of Go Natural and the opening of the first supermarket entirely dedicated to organic food, which took place in 4Q16, were aimed at consolidating **MC's** presence in a segment with relevant growth potential.

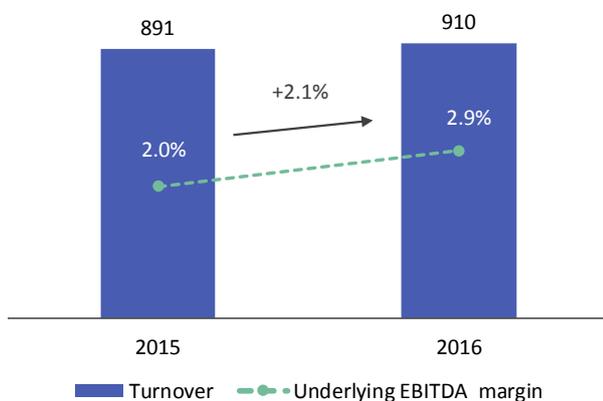
4 SONAE SR RESULTS

Performance per business

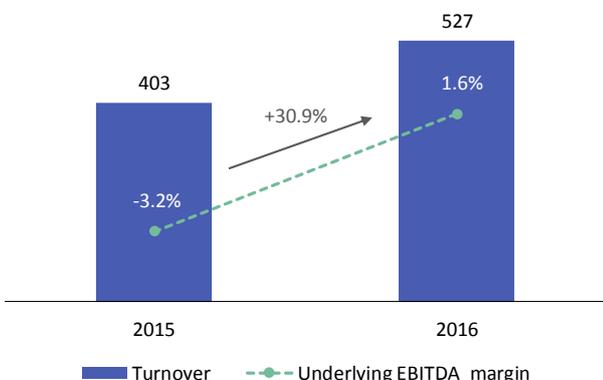
Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Turnover⁽¹⁾	1,294	1,438	11.1%	377	430	13.9%
Worten	891	910	2.1%	266	276	4.0%
Sports and Fashion ⁽¹⁾	403	527	30.9%	112	154	37.6%
LFL (%)	-1.1%	2.5%	-	-0.1%	3.8%	-
Worten	0.0%	3.3%	-	1.5%	4.0%	-
Sports and Fashion	-2.9%	1.0%	-	-3.2%	3.3%	-
Underlying EBITDA	5	35	-	14	27	89.1%
Worten	18	26	43.8%	16	17	9.5%
Sports and Fashion	-13	8	-	-2	10	-
Underlying EBITDA margin (%)	0.4%	2.4%	2.0 p.p.	3.8%	6.3%	2.5 p.p.
Worten	2.0%	2.9%	0.8 p.p.	6.0%	6.3%	0.3 p.p.
Sports and Fashion	-3.2%	1.6%	4.8 p.p.	-1.4%	6.3%	7.7 p.p.

(1) The SR and Sports and Fashion turnover values were readjusted when compared to the information reported in Sonae's Trading Statement for 2016. The turnover of each Sports and Fashion company was correct but there was an accounting change introduced in this Earnings Announcement, in eliminations & adjustments.

Worten Turnover and Underlying EBITDA evolution



Sports and Fashion Turnover and Underlying EBITDA evolution



Worten continued to implement its omni-channel strategy in Iberia. This involves creating a totally integrated operation, supported by a network of physical stores and two recently renewed e-commerce platforms (firstly in Spain, then in Portugal). We would like to highlight the extremely positive performance of the Portuguese platform, launched in November 2016, with a significant increase in e-commerce sales.

Worten turnover stood at €910 M, growing by 2.1% when compared to 2015 and reflecting a market share growth of 20bps¹ in Portugal.

Worten remained highly focused on increasing profitability in Iberia and was able to increase **underlying EBITDA** by €8 M in 2016, to €26 M (2.9% of turnover). On a quarterly basis, underlying EBITDA increased by 9.5% and reached €17 M, despite the company's focus on improving its operation through providing a better service, as well as the promotion driven market in Portugal.

The **Sports and Fashion** division comprises an original portfolio that includes Sport Zone, MO and Zippy, as well as two businesses acquired in 4Q15 and 2Q16, respectively: Losan and Salsa.

The **Sports and Fashion turnover** increased 30.9% in 2016, to €527 M. This growth resulted largely from Losan and Salsa's contributions, and also from the performance of the original portfolio. Sport Zone maintained its positive sales per m2 performance, despite the increased number of stores. Zippy posted a strong LfL sales performance of 10% in Portugal and 6% in Spain. MO was able to show positive signs, especially in 4Q16. On a quarterly basis, **Sports and Fashion turnover** grew by 37.6%, to €154 M.

The **Sports and Fashion underlying EBITDA** totalled €8 M, registering an improvement of €21 M y.o.y.. This benefited both from the consolidation of Salsa and Losan's results, and from the positive contribution of the original portfolio, in which all businesses increased profitability.

The MoU that was recently announced with JD Group and JD Sprinter is a major step for the creation of a Group that will become the second largest Iberian Sports Retailer, generating further scale and resources to continue JD's, Sport Zone's and Sprinters' current growth momentum and reaching attractive profitability levels, thus adding significant value to Sports and Fashion portfolio.

SR turnover stood at €1,438 M in 2016, posting an increase of 11.1% when compared to 2015, backed by Worten and the Sports and Fashion divisions. As for **SR underlying EBITDA**, it increased to €35 M in 2016, also driven by both SR divisions.

¹ According to GfK as of December 2016, last available information.

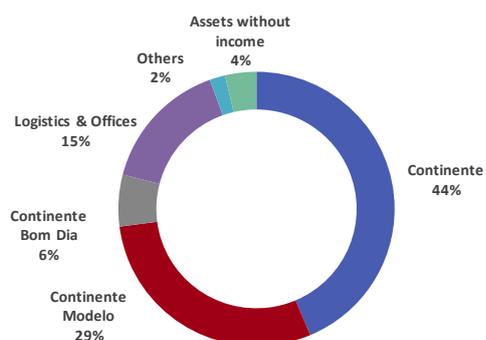
5 SONAE RP RESULTS

Turnover and Underlying EBITDA

Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Turnover	121	92	-24.2%	29	23	-21.8%
Underlying EBITDA	109	80	-26.2%	26	20	-22.8%
Underlying EBITDA margin	90.0%	87.5%	-2.5 p.p.	89.6%	88.5%	-1.2 p.p.

RP Portfolio

as % of Gross Book Value



RP business unit is responsible for the management of Sonae's retail real estate portfolio. As of 31 December 2016, the portfolio of real estate assets had a gross book value amounting to €1,260 M, equivalent to a net book value of €931 M.

Throughout 2016, **RP** continued to implement its strategy of asset monetisation and completed 4 sale and leaseback operations. The cash proceeds amounted to €251 M, equivalent to a capital gain of approximately €70 M. This strategy enabled capital from mature real estate assets to be released while also maintaining adequate operational flexibility. MC's freehold reached the 50% target announced and included 21 Continente stores, 62 Continente Modelo stores and 26 Continente Bom Dia stores on December 31st 2016. As for SR's freehold, it stood at 21%.

RP turnover decreased 24.2% in 2016, to €92 M, driven mostly by freehold reduction at MC, from 62% at the 2015 year-end, to 50%. The **underlying EBITDA** amounted to €80 M, corresponding to an **underlying EBITDA margin** of 87.5%.

6 SONAE IM RESULTS

Technology portfolio

WeDo Technologies	Movvo
Saphety	Brightpixel
Bizdirect	InovRetail
S21Sec	Armilar Venture Partners

Turnover and Underlying EBITDA

Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Turnover	115	117	1.6%	26	29	9.8%
Underlying EBITDA	10	5	-52.8%	4	2	-56.8%
Underlying EBITDA margin	8.6%	4.0%	-4.6 p.p.	13.5%	5.3%	-8.2 p.p.

IM has an active portfolio strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail and telecommunications, aiming to develop innovative solutions and with an international focus. **IM's** core areas of interest include business analytics solutions, mobility solutions for retail, in-store technologies, fraud assurance and cybersecurity solutions. Armilar Venture Funds includes 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco in December 2016, Sonae IM's latest acquisition. Thanks to this acquisition, IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai.

Sonae IM also includes the following partnerships - MDS, Maxmat, Tlantic and Público - which reached a **turnover** of €142 M and an **underlying EBITDA** of €9 M in 2016.

In the Technology arm, **IM turnover** totalled €117 M, increasing 1.6% when compared to 2015. **Underlying EBITDA** amounted to €5 M, representing an **underlying EBITDA margin** of 4.0%.

7 SONAE SIERRA RESULTS

Operational Indicators

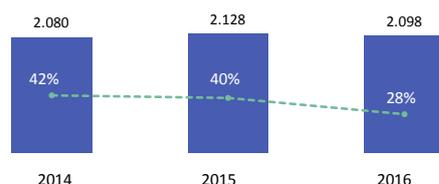
	2015	2016	y.o.y.
Footfall (million visitors)	433	430	-0.6%
Europe & New Markets	326	333	2.1%
Brazil	107	97	-8.8%
Occupancy rate (%)	95.2%	96.6%	1.3 p.p.
Europe	96.1%	97.1%	1.0 p.p.
Brazil	92.6%	94.8%	2.2 p.p.
Like-for-Like (Lfl) tenant sales			
Europe	3.1%	3.4%	-
Brazil (local currency)	2.8%	0.9%	-
Tenant sales (million euros)	4,501	4,495	-0.1%
Europe (million euros)	3,182	3,285	3.2%
Brazil (million euros)	1,319	1,211	-8.2%
Brazil (million reais)	4,806	4,644	-3.4%
Nº of shopping centres owned and managed (EOP)	66	65	-1
Europe	54	55	1
Brazil	12	10	-2
Nº of shopping centres owned/co-owned (EOP)	45	45	0
Europe	35	36	1
Brazil	10	9	-1
GLA under Management ('000 sqm)	2,273	2,316	1.9%
Europe & New Markets	1,742	1,835	5.3%
Brazil	531	481	-9.3%

Financial Indicators

Million euros	2015	2016	y.o.y.	4Q15	4Q16	q.o.q.
Turnover	226	209	-7.2%	64	59	-7.4%
EBIT	105	97	-8.2%	29	26	-9.4%
EBIT margin	46.6%	46.1%	-0.5 p.p.	44.9%	44.1%	-0.7 p.p.
Direct results	61	57	-7.1%	19	16	-11.8%
Indirect results	81	125	54.3%	28	72	156.0%
Net results	142	181	27.9%	47	89	89.2%
... attributable to Sonae	71	91	27.9%	23	44	89.2%

Open Market Value (OMV)⁽¹⁾ and leverage

billion euros



⁽¹⁾ Includes investment properties at open market value and development properties at cost.

■ OMV attributable to Sonae Sierra - - - Loan-to-value

Throughout 2016, **Sierra** continued to pursue its capital recycling strategy, which acts as an enabler for Sierra's future growth by releasing capital to finance new developments and to expand the provision of professional services.

Over the last year, regarding **asset disposals**, Sierra sold 41% of Loop5, in Germany, diluted 25% of its position in the Sierra Portugal Fund and reduced its ownership in AlgarveShopping, Estação Viana Shopping and Luz del Tajo (following the closing of a partnership with CBRE Global Investment Partners).

ParkLake, which was opened on September 1st 2016, in Romania, was the major **development** of the past year. With an occupancy rate of 97.1% by the year end the results achieved so far have been very positive. The remaining projects in the pipeline include: Málaga McArthurGlen Designer Outlet Málaga (Spain), NorteShopping Expansion (Portugal), Jardín Plaza Cucuta (Colombia) and Zenata (Morocco).

In December 2016, Sonae Sierra and Bankinter launched ORES Socimi – a real estate investment vehicle aimed at investing in single assets with long-term rentals such as hypermarkets and supermarkets, retail parks, high street retail, among others mainly located in the major cities of Iberia. Total investment is expected to reach €400 M through equity raised and borrowings on a 50:50 basis. Sierra will be responsible for the management of the fund and for the **property management** of the properties.

Indirect results reached €125 M in 2016, benefiting from strong yield compression, mainly in Iberia, as well as from the positive effect of the value created in the Parklake development. Consequently, on December 31st 2016, the **Investment and Development Properties** attributable to Sierra reached €2.098 bn, €30 M below the 2015 year-end, driven by the disposals, which more than off-set the investments in projects under development, the positive exchange rate effect in the Brazilian real (closing rate 12M16 vis-à-vis closing rate 12M15) and assets valuation.

The **operational performance** continued to provide evidence of the high quality and efficient management approach of Sierra assets: in **Europe**, tenant sales increased 3.2%, to €3,285 M, corresponding to an increase in Lfl tenant sales of 3.4% and occupancy rates increased further to 97.1%; in **Brazil**, Lfl tenant sales reached 0.9%, maintaining the positive trend registered in the previous quarter, but declining 3.4% y.o.y. to 4,644 M reais, due to the still challenging macroeconomic environment. Despite this, **occupancy rates** continued to grow, reaching 94.8% in 2016, 220bps above 2015.

Sierra turnover stood at €209 M, which represents a 7.2% decrease when compared to 2015. This was mostly driven by asset disposals. The **EBIT** reached €97 M, less 8.2% y.o.y., corresponding to an **EBIT margin** of 46.1%. Excluding the portfolio changes and the unfavourable exchange rate effect, EBIT would have increased 6% due to higher rental income and higher EBIT margin from services rendered.

NAV reached €1,418 M at the end of 2016, €239 M above December 2015, reflecting both the direct and indirect results of the period, the favourable exchange rate effect less the dividends payment. **Loan-to-value** stood at 28% in 2016, compared to 40% in 2015, an improvement that reflects the cash position of the company.

8 NOS RESULTS

Financial Indicators

Million euros	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Operating revenues	1,444	1,515	4.9%	376	391	3.8%
EBITDA	533	557	4.4%	123	125	1.4%
EBITDA margin	36.9%	36.7%	-0.2 p.p	32.7%	32.0%	-0.8 p.p
Net results	83	90	9.3%	9	12	30.5%
Capex	408	393	-3.8%	114	100	-12.0%

Operational Indicators

('000)	2015	2016	y.o.y.	4Q15	4Q16	y.o.y.
Total RGUs (Net adds)	839	612	-	188	135	-
Convergent RGUs (Net adds)	1,000	534	-	189	116	-
Mobile (Net adds)	480	333	-	98	60	-
Pay TV (Net adds)	67	57	-	22	15	-
Total RGUs	8,465	9,077	7.2%	8,465	9,077	7.2%
Convergent RGUs	2,854	3,387	18.7%	2,854	3,387	18.7%
Convergent customers	591	680	15.1%	591	680	15.1%
ARPU/Unique subscriber with fixed access (euros)	42	43	3.1%	43	44	2.1%

Share price performance



NOS published its results on March 2nd 2017, which are available at www.nos.pt.

NOS continued to show a very solid operating and financial performance.

The **operating revenues** increased 4.9% y.o.y., to €1,515 M, maintaining the positive top line performance throughout all the segments.

EBITDA registered €557 M, improving 4.4% when compared to 2015 and corresponding to an EBITDA margin of 36.7%.

Net results increased by 9.3% y.o.y, to €90 M.

Total RGUs grew by 7.2%, to 9,077 M, surpassing the 9,000 M threshold. The **convergent RGUs** increased to 3,387 M, + 18.7% y.o.y..

During 2016, **NOS** market capitalisation decreased 22.2%, corresponding to a share price decrease from €7.25 to €5.64.

The PSI-20, the main Portuguese index, decreased its market capitalisation 11.9% in the same period.

NOS approved a proposal to submit at the Shareholders' Annual General Meeting the payment of a gross dividend of €0.20 per share, an increase of 25% when compared to the dividend paid in the previous year.

9 CORPORATE INFORMATION

Main corporate events in the 4Q16

December 2nd 2016

Sonae announced an agreement with the shareholders of GO WELL - Promoção de Eventos, Catering e Consultoria, S.A. (Go Well) for the acquisition of a 51% stake of Go Well.

Following the recent approval of the Portuguese Competition Authority, the completion of this transaction is still subject to the fulfilment of certain conditions which require agreements with third parties.

December 30th 2016

Sonae concluded the sale and leaseback transaction of the property where Sonae MC operates Continente Albufeira hypermarket, located in Algarve Shopping Centre. To this end, Sonae RP sold 100% of the capital of 'Imoconti', who fully owns this asset. The transaction totalled €21.4 M and generated a capital gain of approx. €3.4 M.

Subsequent events

February 17th 2017

Sonae Sierra and Bankinter launched their recently created Socimi on the Alternative Stock market. This listed real estate investment company was created in December 2016 on a 50:50 basis, and its major investment focus is on hypermarkets and supermarkets, retail parks and high street retail. Shopping centres will not be included in the asset portfolio.

March 9th 2017

Sonae announced that agreed with JD Sports Fashion Plc (JD Group), and JD Sprinter Holdings (JD Sprinter), a Memorandum of Understanding (MoU) which would see the combination of the JD Group's existing businesses in Iberia and JD Sprinter, with Sport Zone's business.

This MoU establishes the key parameters for the creation of an Iberian Sports Retail Group that will have as shareholders the JD Group, Sonae and the family shareholder of JD Sprinter, with shareholdings of approximately 50%, 30% and 20%, respectively.

10 OUTLOOK AND DIVIDEND PROPOSAL

Outlook for 2017

For 2017, Sonae will continue to follow its strategy, which is based on three pillars: strengthen and leverage key assets and competencies, drive international expansion and diversify business and investment approach. Also, as an active portfolio manager, Sonae will continue working towards finding the most value accretive solutions for all its assets.

MC will remain focused on improving its leadership position in the food retail business by continuously improving its value proposition and expanding its convenience store presence. At the same time, **MC** will continue pursuing business opportunities in adjacent segments, namely in health and wellness. **MC** believes that despite the very intensely competitive market, it will be able to keep benchmark profitability levels in 2017.

Worten will continue implementing its omni-channel strategy in Iberia. This will involve creating an increasingly robust operation, capable of improving its position in the electronics market. The efforts behind the **Sports and Fashion** division will continue to be the geographical expansion of its portfolio of brands, while improving its profitability, already leveraged by the double-digit EBITDA performance of Salsa. Most importantly, the MoU recently announced provides very positive expectations, as the **Sports and Fashion** division will have a much more competitive, strong and profitable position in the Sports segment.

Sierra aims to increase exposure to developments in Europe and emerging markets and intensify the focus on providing real estate services to clients. Capital recycling acts as an enabler to future growth by releasing capital to finance new developments, reducing exposure to investment risks, and protecting future returns by securing management contracts.

At **NOS**, the positive financial and operational performance reached in 2016 is a step further towards the objective of becoming an even more relevant player in the Portuguese telecoms market.

Although we are still cautious in relation to next year's, the results reached in 2016 reinforce our positive stance for 2017.

Distribution of dividends

In view of the net results for the financial year 2016 and according to our dividend policy, the Board of Directors will propose at the Shareholders' Annual General Meeting the payment of a gross dividend of approximately 0.04 euros per share, 5% above the dividend distributed in the previous year. This dividend corresponds to a dividend yield of 4.6%, based on the closing price as at December 31st 2016 (which stood at €0.87), and to a payout ratio of 54% of the consolidated direct income attributable to equity holders of Sonae.

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

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 capitalisation 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, 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 (LTM) / 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 amortisations.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method

Sonae profit and loss account

Million euros	2015	2016	y.o.y.
Turnover	5,014	5,376	7.2%
Underlying EBITDA	331	320	-3.3%
Underlying EBITDA margin	6.6%	5.9%	-0.6 p.p.
EBITDA	393	416	5.9%
EBITDA margin	7.8%	7.7%	-0.1 p.p.
Depreciations & amortisations ⁽¹⁾	-187	-203	-8.6%
EBIT	206	213	3.5%
Net financial activity	-57	-46	19.0%
EBT	149	167	12.1%
Taxes	-21	-19	10.9%
Direct results	128	148	15.9%
Indirect results ⁽²⁾	49	74	51.1%
Net income	177	222	25.6%
Minority interests	-1	-7	-
Net income group share	175	215	22.7%

(1) Includes provisions and impairments; (2) Includes: (i) Sonae's Sierra indirect income contribution; (ii) NOS mark to market effect; (iii) other asset provisions for possible future liabilities in non-core and/or discontinued operations and (iv) non-cash impairments for operational assets.

Sonae statement of financial position

Million euros	2015	2016	y.o.y.
TOTAL ASSETS	5,232	5,513	5.4%
Non current assets	3,759	4,104	9.2%
Tangible and intangible assets	1,681	1,978	17.7%
Assets available for sale	131	8	-
Goodwill	606	654	8.0%
Investment properties	1	1	-4.4%
Other investments	1,244	1,383	11.1%
Deferred tax assets	64	61	-4.3%
Others	32	19	-39.2%
Current assets	1,473	1,409	-4.4%
Stocks	635	696	9.7%
Trade debtors	96	116	20.6%
Liquidity	283	345	22.1%
Others	459	251	-45.3%
SHAREHOLDERS' FUNDS	1,795	2,064	15.0%
Equity holders	1,658	1,894	14.2%
Attributable to minority interests	136	171	25.3%
LIABILITIES	3,437	3,448	0.3%
Non-current liabilities	1,427	1,372	-3.9%
Bank loans	566	508	-10.3%
Other loans	707	702	-0.7%
Deferred tax liabilities	79	114	45.1%
Provisions	40	26	-34.9%
Others	36	22	-40.2%
Current liabilities	2,009	2,077	3.4%
Bank loans	259	350	35.5%
Other loans	56	11	-80.5%
Trade creditors	1,162	1,137	-2.2%
Others	533	579	8.5%
SHAREHOLDERS' FUNDS + LIABILITIES	5,232	5,513	5.4%

SAFE HARBOUR

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

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

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

Report available at Sonae's institutional website
www.sonae.pt

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