FY19

RESULTS

BUILDING TOGETHER

18 March 2020

1. Highlights

Financial Performance

- Strong top line growth, with **consolidated turnover** increasing 9.2% yoy to €6.4 bn and all businesses posting positive LfL growth levels
- **Operational profitability** improving significantly across businesses, with total underlying EBITDA reaching €599 M, a 22.2% yoy increase
- **Reinforced capital structure**, with net debt reducing €167 M to €1,150 M, an average maturity of above 4 years, a low average cost of debt and over €630 M[1] of facilities refinanced in 2019

Portfolio Management Activity

- In 1Q19, **Sonae MC** acquired a 60% stake in Arenal, significantly reinforcing Sonae MC's position in the Health & Wellness segment, one of our key growth avenues
- In 2Q19, **Sonae Sierra** Brasil completed a merger agreement with Aliansce Shopping Centers to create the largest shopping centre operator in Brazil
- In 3Q19, **Sonae IM** sold WeDo to Mobileum, and throughout the year continued to invest in technology-based companies
- In 4Q19, **Sonae Sierra** launched with Bankinter the first REIT in Portugal with more than €100 M in cash to invest
- Already in 2020, Sonae Sierra created **Sierra Prime**, a new leading retail real estate JV with APG, Allianz and Elo, resulting in €525 M of cash proceeds to Sonae Sierra and APG

Key Social and Environmental Developments

- Sonae defined its **Charter of Principles for CO_2 and Climate Change** and pledged to reduce the Scope 1+2 emissions by 54% in 2030, compared to 2018, an effort aligned with the decarbonisation trajectories needed to limit global warming to 1.5ºC
- Sonae was recognised by the **Carbon Disclosure Project** with the award of the level A^-, a recognition that places Sonae in the group of companies that are leading the fight against climate change and have adopted the best-known practices
- Sonae joined the **Portuguese Pact for Plastics**, pledging that 100% of our private label plastic packaging will be reusable, recyclable or compostable by 2025 and incorporating on average 30% recycled plastic into new plastic packaging
- Sonae approved the **Plan for Gender Equality**, which defined specific measures to ensure equal rights, freedom and opportunities between men and women

The Board of Directors will propose at the Shareholders' AGM a 5.0% **dividend** increase to 4.63 euro cents per share (€93 M), corresponding to a dividend yield of 5.1%[2].

[1] Excluding Sonae Sierra.

[2] Considering the share price at year-end 2019.

2. CEO letter

It is with great pleasure and sense of responsability that I write you my first letter as Sonae's CEO. Enthusiasm for leading a portfolio of businesses with such relevant positions and interesting challenges in each of its sectoral contexts. Responsibility for continuing a path of sucess anchored in our strong corporate values and in the creation of economic and social value.

The quality of our businesses and our teams were key to another successful year. In 2019, we delivered outstanding operational and financial results across the entire portfolio. Consolidated turnover grew 9.2% to €6,435 M and underlying EBITDA increased 22.2% to €599 M. This performance, together with an active portfolio management, allowed for a €167 M reduction of our net debt and a further strengthening of our capital structure.

Sonae MC continued to reinforce its leadership position despite the fierce competition in the market. The company presented a record turnover growth of 9.2% to €4,702 M fuelled by positive LfL figures in all segments, formats and key categories, but also by the execution of its expansion plan, while maintaining benchmark profitability levels. Health and Wellness continued to be an important growth avenue and, in 2019, the acquisition of a majority stake in Arenal marked the entrance of the company in the Spanish market.

Our remaining retail businesses also had a remarkable year. Worten ended 2019 on a very positive note, reaching the same level of annual turnover and underlying profitability of 2018, after a more challenging start to the year. In strategic terms, the company continued to expand its digital and services offering, and executed a demanding restructuring plan in Spain mainland. Sonae Fashion had a particularly positive year with solid improvements in sales and profitability across banners, already showing the benefits of the ongoing transformation plan. ISRG maintained a strong performance, with double-digit growth rates and EBITDA more than doubling year-on-year, further strengthening our confidence in the future of this joint venture.

Sonae Sierra continued to post very solid operational results and had a very important year in terms of strategy execution. I would like to start by highlighting the merger of Sonae Sierra Brasil with Aliansce Shopping Centres, which created the largest operator in the country. On the other hand, the company has continued to execute its capital recycling programme and, already in 2020, announced the creation of Sierra Prime, a €1.8 bn strategic joint venture in Iberia with three blue-chip investors. The services business continued to grow and, on the development front, the first shopping centre in Colombia was inaugurated and a number of other projects progressed at a good pace, namely expansions in dominant assets.

NOS continues to be a key asset in our portfolio, posting very solid results in a challenging market. Revenues increased in both telco and audiovisuals/cinemas segments and the company continued to improve its operational efficiency, which resulted in an additional increase in the EBITDA margin. The business continues to make progress in its technological and digital transformation, and is well positioned for the opportunities that will arise from the 5G rollout in Portugal.

Regarding our most recent business units, Sonae FS had another year of sustained growth of its Universo Card operation, which in just four years captured a market share of 12.8% of credit production, with already 858 thousand users, clearly reinforcing its position in the Portuguese payments market. Additionally, Sonae IM continued to build its portfolio of technology-based companies and completed the sales of Saphety and WeDo Technologies, important milestones of its active portfolio management activity.

During this year we also devoted a great deal of our attention to the development of group-wide initiatives on several fronts, namely in talent management, promoting diversity and inclusion, environmental sustainability and community support. We are proud of our track record in these areas. For instance, this year I signed, on behalf of Sonae, the CEO Guide to Human Rights of the World Business Council for Sustainable Development, which compels company leaders to promote the defence of human rights and the improvement of people's lives. I take this responsibility to heart and Sonae will continue to be at the forefront of what companies can do to improve the society we live in.

In October, we organised our first Capital Markets Day, an important milestone, to share our vison and strategy with investors and analysts, and also to be able to better convey the quality of our assets and management teams. The event was well received by the investment community and we will remain committed to maintain a close and transparent dialogue with our main stakeholders.

My final word goes to our people. Our sustained success would not be possible without the enthusiasm, commitment and quality of our teams. These last few months confirmed what I already knew: that Sonae's values are well alive within each one of our people. In a context of increasing uncertainty and speed, as well as mounting competitive pressures, our teams confirmed their ability to collaborate with each other and perform to a remarkable standard. They did so by contributing to solve challenges that go far beyond their day-to-day activities and by helping us have a longlasting contribution to the most pressing social and environmental issues.

A special thank you to João Dolores (CFO) and João Günther Amaral (CDO) and the CEOs of our businesses. Together we make a very confident and comitted team aiming to improve the quality of our assets as well as our people and our communities.

Sonae is an organisation of excellence and I am particularly grateful to both Paulo and Ângelo for the remarkable way they have led the group over the past few years. I accepted this position knowing the weight of their legacy and I am enthusiastic about the challenges that lie ahead. I am sure our future will be another chapter of success in Sonae's history, one that will be written in partnership with each of our stakeholders.

Finally, and as I write these words, the World is facing the spread of a pandemic. The impacts of Covid-19 will probably be extensive, widespread and longlasting. Although we are still at the beginning of the outbreak, I can already say with pride that our people are being true heroes. Sonae plays a critical role in ensuring people have access to a number of essential products and services. Our teams know this and have been showing a fantastic spirit and commitment over the past few days. We will continue to do everything we can to protect our employees while responding to the needs of the communities we serve. I am confident that we will all overcome this challenging situation. Sonae will certainly strive to make its contribution.

Cláudia Azevedo

CEO, Sonae

3. Sonae consolidated performance

Brief portfolio update

In 2019:

(i) Sonae started to adopt the IFRS16 accounting standard, also with implications in historical figures,

(ii) Sonae Sierra was consolidated line-by-line (since 4Q18),

(iii) Sonae IM restated its P&L figures to reflect Saphety and WeDo as discontinued operations until their effective sale, and

(iv) Sonae Sierra classified its Sierra Prime assets as held for sale, given the transaction which took place already in February 2020.

Sonae corporate structure	Stake	Consolidation method
Sonae MC	100%	Full consolidation
Sonae Sierra	70%	Full consolidation
NOS	23%	Equity method
Worten	100%	Full consolidation
ISRG	30%	Equity method
Sonae Fashion	100%	Full consolidation
Sonae FS	100%	Full consolidation
Sonae IM	90%	Full consolidation

From a **statutory point of view**, Sonae **turnover** reached **€6,435 M** at the end of the year, increasing by 9.2% yoy, benefiting mainly from Sonae MC's performance and full-year consolidation of Sonae Sierra's statutory revenues.

Underlying EBITDA was also mainly impacted by the improved performance of Sonae MC (+€57 M) and the consolidation of Sonae Sierra's statutory figures (€53 M). Even excluding Sonae Sierra's full consolidation in 2019, turnover and underlying EBITDA would have increased significantly when compared to 2018, 7% and 14%, respectively.

The **positive underlying EBITDA evolution**, coupled with an increase of the equity method results, led to an **EBITDA** increase of 7.5% yoy to €695 M in the FY19. Equity method results were mainly driven by the full consolidation of Sonae Sierra since the 4Q18 but also by the improvement of ISRG's performance, which had a positive impact of €12 M yoy. Regarding non-recurrent items, last year this figure was impacted by capital gains from the OutSystems transaction at Sonae IM, Sonae Sierra's sale of assets and Sonae MC's sale and leaseback transactions. Sonae's **Direct Results** stood at €215 M, pratically at the same level of 2018, despite the aforementioned extraordinary capital gains registered last year.

Sonae consolidated results Million euros	2018(1)	2019(1)	yoy	4Q18(1)	4Q19(1)	yoy
Turnover	**5,891**	**6,435**	**9.2%**	**1,688**	**1,800**	**6.7%**
Underlying EBITDA	**490**	**599**	**22.2%**	**164**	**196**	**19.5%**
margin	*8.3%*	*9.3%*	*1.0 p.p.*	*9.7%*	*10.9%*	*1.2 p.p.*
Equity method results (2)	52	97	85.7%	10	18	83.4%
Non-recurrent items	104	0	-	71	-5	-
EBITDA	**646**	**695**	**7.5%**	**245**	**210**	**-14.4%**
margin	*11.0%*	*10.8%*	*-0.2 p.p.*	*14.5%*	*11.7%*	*-2.9 p.p.*
Provisions and imp. losses	-22	-19	11.3%	-16	-8	48.6%
D&A	-198	-209	-5.6%	-52	-54	-3.9%
D&A - RoU	-93	-122	-31.5%	-24	-31	-29.3%
EBIT	**334**	**345**	**3.2%**	**153**	**117**	**-23.8%**
Net fin. results - lease liabilities	-63	-72	-14.7%	-16	-18	-12.8%
Net fin. results - financing	-35	-38	-8.0%	-13	-7	47.9%
EBT	**236**	**235**	**-0.5%**	**125**	**92**	**-26.1%**
Taxes	-19	-20	-5.4%	-17	-10	39.1%
Direct results	**217**	**215**	**-1.0%**	**108**	**82**	**-24.0%**
Indirect results	**22**	**19**	**-15.2%**	**20**	**21**	**-2.4%**
Net income	**240**	**234**	**-2.3%**	**128**	**103**	**-19.8%**
Non-controlling interests	-32	-69	-	-26	-26	1.5%
Net income group share	**207**	**165**	**-20.2%**	**102**	**77**	**-24.4%**

(1) Restated figures due to: a) IFRS16 accounting standard; and b) the discontinued operations namely Berg and Temasa from Sonae Fashion and the sale of Saphety and WeDo in Sonae IM.

(2) Equity method results: includes direct income by equity method results from Sonae Sierra statutory accounts, income related to investments consolidated by the equity method (mainly NOS/Zopt and ISRG) and discountinued operations results.

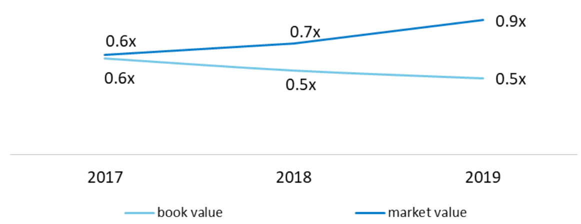
In what concerns **Sonae's capital structure, total net debt** reduced **12.7% yoy to €1,150 M**, driven by strong operating cash-flow generation, asset sales and dividends received. In addition to this, Sonae's consolidated net debt will also benefit from the cash proceeds of the Sierra Prime transaction in 1Q20 – a total impact of €188 M (net of dividends paid to Grosvenor).

Sonae net invested capital Million euros	2018[1]	2019	yoy
Net invested capital	5,575	5,448	-2.3%
Shareholders funds	3,195	3,107	-2.8%
Net debt	1,317	1,150	-12.7%
Lease liabilities	1,064	1,191	11.9%

(1) Restated figures according to IFRS16 accounting standard

The group's **gearing** at book value stood at 0.5x, a slight decrease versus last year. At market value gearing increased yoy to 0.9x, mainly fuelled by the average net debt increase during 2019.

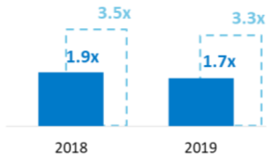
Gearing evolution



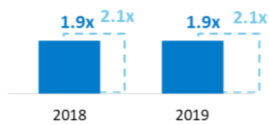
Regarding **financing conditions**, Sonae was once again able to maintain a low cost of debt, which stood at 1.2% during 2019, and an average maturity profile of above 4 years. Without Sonae Sierra, the cost of debt was 1.0% and Sonae continued to keep its practice of being fully financed for the coming 18 months.

Ratios

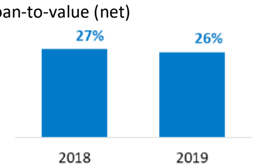
Sonae MC
Net Debt/ und. EBITDA[3]
(pre and post IFRS16)



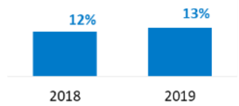
NOS
Fin. Net Debt/ EBITDA
(pre and post IFRS16)



Sonae Sierra
Loan-to-value (net)



Holding
Loan-to-value



Additionally, all the companies in the portfolio kept conservative and solid balance sheets. Both Sonae MC and NOS were able to post comfortable ratios of financial net debt to (underlying) EBITDA, with highlight to Sonae MC that was able to close the year at 1.7x underlying EBITDA (pre-IFRS16). Sonae Sierra's loan-to-value stood at 26%, reducing by 100 bps vs last year. At the holding level, loan-to-value stood at 13%, impacted by the acquisition of the 20% stake in Sonae Sierra.

Total capex decreased from €702 M in 2018 to €399 M in 2019, mainly explained by the impact of Sonae Sierra's 20% acquisition in the 3Q18.

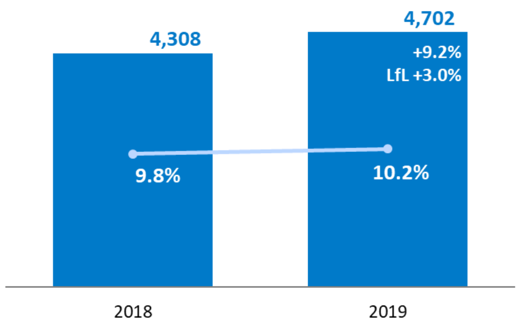
Sonae Capex Million euros	2018	2019	yoy
Capex	**702**	**399**	**-43.2%**
Sonae MC	242	279	15.7%
Sonae Sierra	81	17	-
Worten	37	43	15.2%
Sonae FS	1	0	-30.1%
Sonae Fashion	27	18	-33.9%
Sonae IM	40	35	-13.4%
Acquisition of 20% S. Sierra	256	-	-

[3] Pre IFRS16 ratio is Financial Net Debt / Underlying EBITDA and Post IFRS16 ratio is Total Net Debt / Underlying EBITDA

4. Business by business results

4.1. Sonae MC

Turnover and underlying EBITDA margin (€M)



Sonae MC[4] ended the year with a **turnover** of €4.7 bn, a growth of more than 9% yoy. This remarkable sales evolution enabled, once again, the reinforcement of the company's leadership position, with an increase in market share which was underpinned not only by a LfL sales growth of +3.0%, fuelled by positive LfL figures in all segments, formats and key categories but also by the execution of its expansion plan (namely with the opening of 13 Continente Bom Dia proximity stores) and the strategic acquisition of Arenal (in the northwest region of Spain). In the 4Q19 Sonae MC reached particularly strong results with a turnover of €1.3 bn, +8.1% yoy and +2.2% in LfL, despite the tough comparable of 4Q18 (+4.0% LfL) and the low food inflation (0.3%). This positive sales performance, coupled with an effective margin mix management and a cost-control mindset, allowed Sonae MC to maintain its **benchmark profitability in the sector**. In 2019, the underlying EBITDA margin stood at 10.2%, +0.4 p.p. when compared to last year. Excluding the one-off positive impact related with the review of transportation lease agreements under the new accounting standard (IFRS16), already mentioned in the previous reports, the margin remained stable, in line with last year.

In terms of **Free Cash Flow** generation, Sonae MC posted an increase of €52 M vs last year to €91 M, driving net financial debt to decrease by €16 M to €591 M. The Company continued to strengthen its balance sheet with net financial debt to underlying EBITDA reaching at 1.7x in 2019 vs 1.9x in the previous year (on a pre-IFRS16 basis).

In what regards social and environmental developments, Sonae MC made important efforts, having been the 1st Portuguese retailer to join Ellen MacArthur Foundation's **New Plastics Economy Global Commitment**, pledging to guarantee that 100% of plastic packaging of its private label will be reusable, recyclable or compostable by 2025. In terms of **decarbonization**, through the use of electricity effectively produced from renewable sources, Sonae MC has already 137 photovoltaic plants, representing an increase of 16 units compared to 2018 and continued to implement a broader scope of initiatives to improve the ecoefficiency of the business. In terms of **Biodiversity**, Sonae MC has been developing a set of initiatives to foster the creation of responsible supply networks, contributing to the protection of ecosystems and the preservation of natural resources.

4.2. Sonae Sierra

2019 was a successful year for Sonae Sierra in terms of the execution of its **core strategic pillars**, of which we would like to highlight the following:

i) Successful conclusion of several transactions under its capital recycling strategy, totalling €0.8 bn of OMV in 10 assets,

ii) Merger of its Brazilian business creating the largest shopping center operator in the country,

iii) Opening of its first shopping centre in Colombia (Cucuta),

iv) Launching of the first REIT in Portugal with more than €100 M in cash to invest (together with the ORES Spain, Sierra is managing a €500 M Iberian REIT portfolio),

iv) Conclusion of two bolt-on acquisitions in the services business unit,

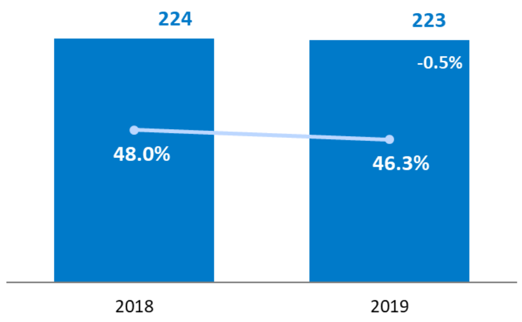
[4] For additional information please see document published with Sonae MC FY19 Results at www.sonae.pt.

v) Refinancing of over €1 bn of debt facilities, increasing the debt maturity by more than 30%,

vi) Very solid performance of the European portfolio with sales and rents growing by 3.7% and 4.2%, respectively, on a LfL basis.

From a proportional accounting point of view, **Direct Results** increased by 2.2% to €68 M. This is particularly noteworthy as the significant level of asset sales was more than offset by solid organic growth, the addition of the remaining stake in ParkLake (which recorded LfL sales growth of 15.2%) and the opening of Cucuta in Colombia. This asset sales impact was seen at both Income and EBIT level with a decrease of 4% yoy to €103 M. **In terms of NAV**, according to INREV methodology, Sonae Sierra reached €1.4 bn at YE19, which represents a 4.9% decrease when compared to 2018, mainly due to the dividend payment of €115 M during the year (relating to the Direct Result of 2018 and the cash proceeds from assets sales).

Turnover and EBIT margin (€M)



Already in 2020, Sonae Sierra announced the creation of **Sierra Prime** with APG, Allianz and Elo, a €1.8 bn strategic joint venture invested in 6 prime shopping centres in Iberia. With this transaction, both APG and Sonae Sierra received €525 M of cash proceeds, maintained a sizeable exposure to these assets and Sierra will continue to be the manager of this long-term venture.

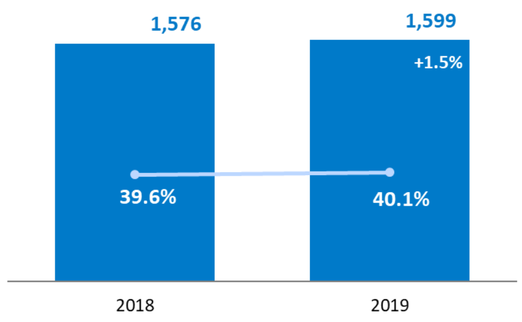
Sonae Sierra has continued to lead in terms of **ESG** (Environmental, Social and Governance) **developments** and in 2019 received again the highest possible rating, 5-stars from 2019 **GRESB Real Estate Assessment**, winning a **Green Star status for the 9th consecutive year**, awards conferred in recognition of its ESG performance.

4.3. NOS

In 2019, NOS[5] total **operating revenues** reached €1.6 bn, +1.5% yoy, benefiting from positive evolutions from both telco and audiovisuals & cinemas, which grew revenues by 1.1% and 6.5% yoy, respectively. **EBITDA** amounted to €641 M in 2019, improving by 2.7% yoy and corresponding to a margin of 40.1%. This growth above the revenues pace reflects the significant improvements in operational efficiency.

Capex including right of use totalled €444 M in 2019, +4.8% above last year (excluding leasing contracts, it would have stayed flat yoy). **Free Cash Flow before dividends** improved from €0.3 M in the 4Q18 to €2.4 M in the 4Q19, leading to a total of €147 M in 2019. Total net debt, according to IFRS16, amounted to €1.347 M and Net Financial Debt /EBITDA after lease payments stood at 1.9x.

Turnover and EBITDA margin (€M)



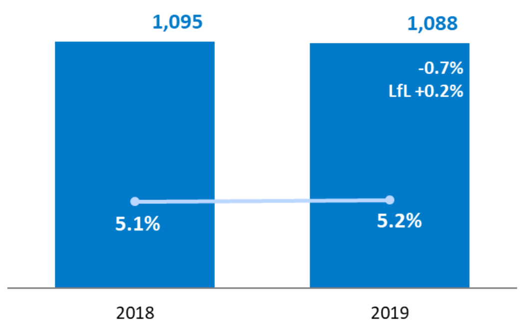
Finally, NOS proposed the payment of a 27.8 euro cents per share **dividend**, 100% of its net income, consistent with current limited visibility surrounding the financial implications of the upcoming 5G spectrum auction terms.

[5] NOS published its FY19 results on February 21st, available on its website (www.nos.pt).

4.4. Worten

Worten recovered its **top line performance** in 4Q19 and reached a total Turnover of €344 M, +0.3% yoy and +2.5% LfL. This performance was mainly fueled by the positive sales evolution in Portugal and the Canary Islands, which stood above last year in both the Black Friday and Christmas periods, and more than offset the sales deceleration in Spain Mainland driven by the closing of eleven loss-making stores (two of which in November). This 4Q19 performance allowed Worten to end the year reaching €1.1 bn in turnover, with a positive a LfL of 0.2%. Moreover, Worten was able to reinforce online sales by more than 30%, solidly sustaining the progress of its digital transformation strategy, with the marketplace being a key contributor. In terms of **profitability**, underlying EBITDA in the 4Q19 reached €28 M, a margin of 8.2%. This strong performance in the 4Q19 led to a FY19 underlying EBITDA of €57 M and a margin of 5.2%. Already during the 1Q20, three more loss-making stores were closed in Spain Mainland.

Turnover and underlying EBITDA margin (€M)



In December, Worten acquired 100% of the share capital of **iServices**, a leading smartphone repair company operating in Portugal, after the approval of the anti-trust authority. This acquisition reinforces Worten's capabilities in its services offering and contribute to strengthen its customer experience and omnichannel value proposition.

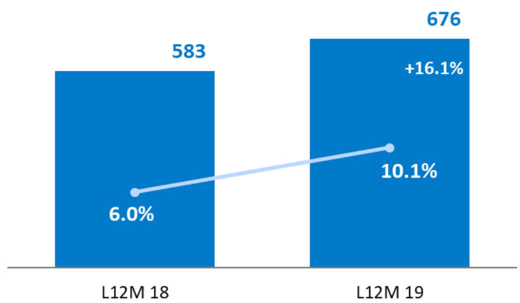
Finally, as a retailer selling electrical and electronic products, **Worten continued to promote and facilitate the recycling of all equipment at the end of its life cycle**, minimising its environmental impact. The annual result, in terms of waste collection and recycling, will now result in the donation of €75,000 in new equipment to close to 100 charities.

4.5. ISRG

ISRG[6] continued to register double-digit growth rates. In the last 12 months, **turnover** grew by more than €90 M (+16.1% yoy) when compared to the same period of 2018, reaching €676 M. This evolution benefited especially from the contributions of JD and Sprinter. **EBITDA** grew in the L12M by €33 M yoy to €68 M, corresponding to a margin increase of 4.1 p.p.

Sport Zone's performance impacted both top line and EBITDA as it was affected by the refurbishment of 50 stores into the new format throughout 2019. Nevertheless, the refurbished stores have been delivering very encouraging results.

Turnover and EBITDA margin (€M)



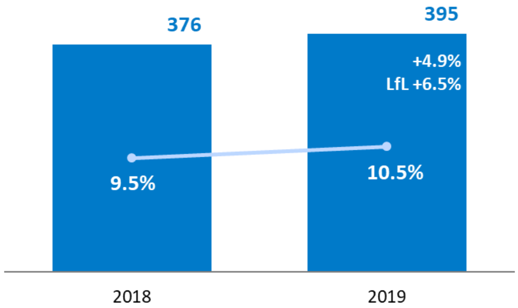
All in all, **equity method results** included in Sonae's accounts stood at €7 M, +€12 M when compared to 2018.

[6] Note: Due to calendar reporting dates of JD Sports (the main shareholder of the JV), ISRG figures for the L12M ended last November, 2nd.

4.6. Sonae Fashion

Sonae Fashion ended the year with another **positive quarter in terms of sales growth and profitability.** All banners showed positive LfL sales evolution, standing above market references. In the 4Q19 turnover reached €114 M, growing +7.3% yoy and +4.6% LfL, underpinned by solid improvements in both value propositions and operating models. This performance was particularly positive considering the strong level of LfL sales evolution registered in 4Q18 (+7.2%). In total, turnover in 2019 reached €395 M, a yoy increase of 4.9%. It is worth highlighting the performance of the online channel, which continues to show strong growth rates across all banners, having increased sales by 32% yoy.

Turnover and underlying EBITDA margin (€M)



Underlying EBITDA also followed a positive trend both in the 4Q and the full year, improving by €2.4 M and €5.8 M yoy, respectively, reaching €41.4 M in 2019 with a margin of 10.5%, +1.0 p.p. vs 2018. This operational performance clearly shows that Sonae Fashion is on track in its transformation plan and continues to evolve into a fashion-ready company while becoming more profitable.

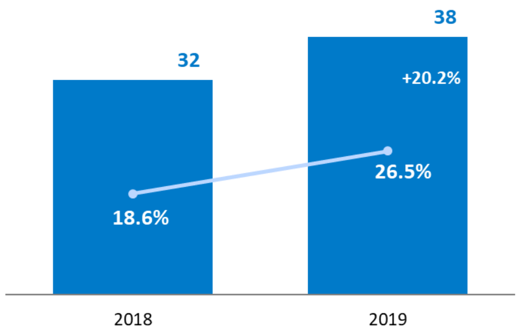
At Sonae Fashion, a **series of initiatives are underway to reduce its environmental footprint**. The company is promoting a more responsible use of raw materials, whether by using organic cotton (some of which produced in Portugal), recycled cotton and recycled polyester, reducing the consumption of virgin raw materials, the use of water and chemicals and energy consumption. The revision of the packaging procedures also made it possible to achieve a reduction of 11% in the plastic material used.

4.7. Sonae FS

Sonae FS ended **one more year reinforcing its position** as a fast growing business unit in our portfolio while posting a strong performance both in financial and operational terms.

In financial terms, Sonae FS **turnover** increased by 20% yoy to €38 M in 2019 and **underlying EBITDA** reached the threshold of €10 M, corresponding to a margin of 26.5%.

Turnover and underlying EBITDA margin (€M)



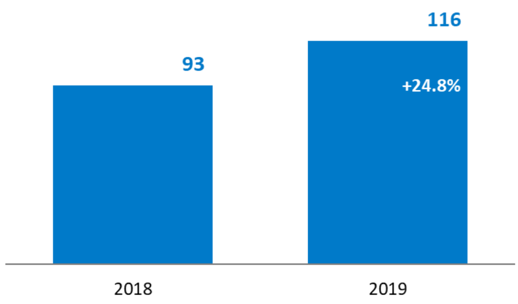
Concerning its **Universo** card operation, during 2019 it had an average of 9 thousand new subscribers per month, which allowed it to end the year with 858 thousand subscribers, +111 thousand compared to last year, clearly reinforcing Universo's top 3 position in the Portuguese credit card issuing market. In terms of market share, the Universo card grew 0.9 p.p. during 2019 reaching 12.8% at the end of December. In addition, Universo continued to strengthen its digital value proposition namely by launching new app-based products and services.

4.8. Sonae IM

Aligned with its **active portfolio management strategy**, Sonae IM had relevant changes in its portfolio during 2019 entering in the share capital of seven new companies, three of which in early stage, and completing the sales of WeDo and Saphety.

In terms of **investments** and, apart from follow-on investments in some portfolio companies, it is worth highlighting the investment in two retail tech based companies - CB4 and Daisy Intelligence - in one cybersecurity company – Sixgill – and in a telco tech-based company – Cellwize. At the end of 2019, cash invested in the active portfolio was €130 M, 7.1% above last year.

Turnover (€M)



Regarding **operational performance**, and excluding the companies divested during the year, turnover amounted to €116 M in 2019, 24.8% above last year, reflecting the integration of Nextel and Excellium. Underlying EBITDA stood at negative €4.9 M in 2019, mostly impacted by the consolidation of recently acquired companies.

5. Corporate information

5.1. Main corporate events in the 4Q19

October 11th

Sonae informed on Capital Markets Days presentation.

October 25th

Sonae informed on Cash Settled Equity Swap term extension.

December 23rd

Sonae informed on transaction by person closely connected with the person discharging managerial responsibilities

December 31st

Sonae informed on qualified shareholding related to March 2018

5.2. Subsequent events

January 17th, February 5th, 13th, 14th and 19th and March 13th

Sonae informed on qualified shareholdings.

February 29th

Sonae announced that its subsidiary Sonae Sierra SGPS, SA created Sierra Prime.

Covid-19

The Board of Directors is closely monitoring all developments related to the Covid-19 pandemic with great concern and is carefully following the position of the relevant international authorities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Health Management Authority (*Direção Geral de Saúde*).

In this context, and given the impacts already felt across the group and the existing risk outlook, a specific governance model was developed to manage this crisis, led by Sonae's Executive Committee in alignment with the CEOs of each business unit. Depending on the risk level identified at each given moment, Sonae has developed prevention/contingency plans based on concrete and concerted actions, covering the entire organisation, from the operational areas to the central structures, across all the Group's businesses.

At this stage, it is not possible to quantify the magnitude of the impacts if the risk level worsens, however we have been implementing all the measures that we consider appropriate to minimise the potential negative impacts of this situation, in line with the recommendations of the competent authorities and in the best interest of all our stakeholders.

6. Outlook and dividend proposal

6.1. Outlook

The year began in turmoil around the world with the news related with the spread of Covid-19. Sonae immediately started monitoring the evolution of this situation and developed a pre-emptive set of measures early on to mitigate any disruptions that could potentially affect our people and our businesses. As of today, it is still very difficult to accurately predict all the impacts on our activities, but our businesses will undoubtedly be significantly affected in the weeks to come.

Sonae MC has been experiencing an increased level of demand, as Portuguese families have anticipated more extensive containment measures and a potential shortage of essential products. The business has strengthened contingency plans, ensuring close dialogue with all stakeholders in the supply chain in order to strengthen the response capacity, either by anticipating needs or by defining mitigation actions in case of limitations, namely in terms of human resources. We expect Sonae MC to continue to lead in the Portuguese market and play a crucial role in supplying its customers with essential products and services.

Sonae Sierra's activity in Italy, Spain and Poland has been significantly affected, given that shopping centres in these countries have had to close all non-essential stores and are therefore essentially closed. Other jurisdictions have experienced an increasing reduction in the number of visitors and sales. Sonae Sierra has been maintaining an open communication channel with its tenants on how to address the current situation and has already prepared several contingency scenarios. The company currently has a high degree of resilience to more extreme scenarios due to its solid liquidity position.

NOS plays a fundamental role in Portuguese society, insofar as it guarantees the maintenance of essential communications infrastructure for the population and companies at large. Thus, given the current situation of Covid-19, it has also reinforced efforts to implement measures that guarantee the smooth functioning of its activity in conjunction with all operational partners. For 2020, NOS is also preparing itself for the rollout of 5G, with significant potential implications in terms of investment and also product innovation.

Fashion, Electronics and Sports Retail businesses should all experience a significant slowdown in sales in the coming weeks as stores in some banners were temporarily closed down and customers will be driven away from commercial spaces. On the other hand, the performance of digital channels should continue to grow at a faster pace, and should mitigate part of the effects felt at the level of physical channels. In this sense, businesses have been preparing to respond to a more significant increase in demand in e-commerce channels.

In terms of **financing**, Sonae, in compliance with its internal liquidity and financing policies, has a practice of pre-financing its liquidity needs 18 months in advance. At the beginning of March, Sonae had €601 M of available credit lines and €582 M[7] of cash. In this sense, regardless of any impacts that might exist in terms of the performance of each business, we do not foresee any additional financing needs for the next 18 months nor do we expect in the short term any situation of breach of the current existing corporate debt covenants in any portfolio company.

Although performance in 2020 should be materially affected by this situation, Sonae expects to navigate through this adverse context and resume the implementation of its strategy and return to its recent performance as soon as possible. Our priority at this moment in time is to ensure the safety of our people while providing critical products and services to our customers.

[7] Both credit lines and cash are adjusted by the cash proceeds received by Sonae Sierra in early March (and net of dividends paid out to Grosvenor).

6.2. Dividend proposal

In view of the Net Results for the financial year 2019 and according to our dividend policy, the Board of Directors will propose at the Shareholders' Annual General Meeting the payment of a dividend of 0.0463 euros per share, 5% above the dividend distributed last year. This dividend corresponds to a dividend yield of 5.1%, based on the closing price as at December 31st, 2019 (which stood at €0.91), and to a payout ratio of 43% of the consolidated direct income attributable to equity holders of Sonae.

7. Additional information

7.1. 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.

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

(i) Adoption of the IFRS16 accounting standard in 2019 and 2018 restated for comparable reasons;

(ii) A new business structure, which now includes a new perimeter for Sonae MC (comprised of the historical Sonae MC segment, Maxmat and Sonae RP's operational assets). The former Sonae Sports & Fashion segment was split into Sonae Fashion and ISRG, given the different nature and independent management teams of both businesses;

(iii) Following the acquisition of a further 20% in Sonae Sierra in 2018, Sonae Sierra statutory balance sheet started to be fully consolidated in the 3Q18 and the statutory P&L in the 4Q18;

(iv) Discontinued operations, namely Berg in Sonae Fashion in 2018; Saphety and WeDo following the sale from Sonae IM in 1Q19 and 3Q19, respectively; and Temasa in Sonae Fashion after the sale in 2020 (Saphety, WeDo and Temasa were also deconsolidated in 2018 for comparable reasons).

(v) Following the Sonae Sierra creation of Sierra Prime announced already in 2020, CascaiShopping and Plaza Mayor were accounted as assets for sale in Sonae Sierra statutory accounts in the YE19, and therefore deconsolidated from the Balance sheet.

7.2. Sonae Sierra statutory accounts

Sonae Sierra consolidated results Million euros	4Q19	2019
Turnover	**40**	**166**
Underlying EBITDA	**13**	**53**
margin	32%	32%
Equity method results	19	62
Non-recurrent items	1	-14
EBITDA	**32**	**100**
margin	80%	61%
Provisions and impairment losses	0	-1
D&A	-1	-3
EBIT	**32**	**97**
Net financial results	-2	-12
EBT	**30**	**84**
Taxes	0	-5
Direct results	**29**	**80**
Indirect results	**14**	**14**
Net income	**44**	**93**
Non-controlling interests	-9	-33
Net income group share	**35**	**60**

Note: FY19 Net Results excludes non-cash effect from recycling of currency translation reserves within equity, resulting from the merger of Sonae Sierra Brasil.

8. Sonae Balance sheet

Sonae statement of financial position			
Million euros	2018	2019	yoy
TOTAL ASSETS	**8,955**	**9,044**	**1.0%**
Non current assets	**7,187**	**6,249**	**-13.1%**
Net fixed assets	2,022	2,090	3.4%
Net Rights of Use	969	1,060	9.4%
Goodwill	779	679	-12.9%
Investment properties	999	348	-65.2%
Other investments	2,027	1,687	-16.8%
Deferred tax assets	311	331	6.4%
Others	80	54	-32.8%
Current assets	**1,768**	**2,795**	**58.1%**
Stocks	671	664	-1.1%
Trade debtors	142	115	-18.9%
Liquidity	698	610	-12.5%
Others	257	1,406	-
SHAREHOLDERS' FUNDS	**3,195**	**3,107**	**-2.8%**
Equity holders	2,069	2,132	3.0%
Attributable to minority interests	1,126	975	-13.4%
LIABILITIES	**5,760**	**5,938**	**3.1%**
Non-current liabilities	**3,226**	**3,286**	**1.9%**
Bank loans	1,072	1,030	-3.9%
Lease liabilities	991	1,088	9.9%
Other loans	516	562	8.9%
Deferred tax liabilities	502	472	-6.0%
Provisions	41	43	3.1%
Others	104	90	-13.2%
Current liabilities	**2,535**	**2,652**	**4.6%**
Bank loans	287	191	-33.3%
Lease liabilities	73	103	40.2%
Other loans	214	5	-97.7%
Trade creditors	1,287	1,338	4.0%
Others	674	1,015	50.7%
SHAREHOLDERS' FUNDS + LIABILITIES	**8,955**	**9,044**	**1.0%**

9. Glossary

Capex	Investments in tangible and intangible assets and investments in acquisitions. For NOS it includes right of use.
Direct results	Results before non-controlling interests excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results + non-recurrent items.
EBITDA margin	EBITDA / turnover.
(Direct) EBT	Direct results before taxes.
EoP	End of period.
Financial net debt	Net debt excluding shareholders' loans.
Gearing (book value)	Average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	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.
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.
Lease Liabilities	Net present value of payments to use the asset.
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 (average) / NAV of the investment portfolio plus Holding net debt (average).
Loan to Value (LTV) – Sonae Sierra	Net debt / (Investment properties + properties under development), on a proportional basis.
INREV Net asset value (NAV) Sonae Sierra	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 - other long-term financial applications.
Net invested capital	Total net debt + total shareholders' funds.
Online sales	Total e-commerce sales, including online marketplaces.
Open Market Value (OMV)	Fair value of properties in operation (% of ownership), provided by independent international entities and book value of development properties (% of ownership).
Other loans	Bonds, leasing and derivatives.
Right of use (RoU)	Lease liability at the beginning of the lease adjusted for, initial direct costs, advance rent payments and possible lease discounts.
RoIC	Return on invested capital.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.
Underlying EBITDA margin	Underlying EBITDA / turnover.

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.

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