

# Earnings Announcement



## **Consolidated Results** **For the six months ending 30 June 2008**

**Document disclosed on 6 August 2008**

# 01 HIGHLIGHTS FOR THE FIRST SIX MONTHS

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## **Sonae Distribuição with 26% growth in turnover and strong development dynamic**

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- **Turnover increases 26% to 1,879 M€**
- **Operational cash flow increases to 127 M€**
- **Net profits of 39 M€, equal to 2.1% of turnover**
- **Strong pace of growth in Portugal, with the opening of 43 new stores so far this year, the launch of various new innovative retail formats, and the signing of an important partnership in the travel business area**
- **Entry into the Spanish market with the opening of 2 Sportzone stores over the last few months, as part of a rapid short term growth plan**

## 02 MARKET BACKGROUND

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### **Significant slowdown in demand against a background of a strong rate of growth of supply**

The world economic background has been heavily affected by the crisis in international financial markets and by the generalised rise in the price of raw materials (in particular of oil), with inherent repercussions in the sharp increase in interest rates on international markets. This situation has had a particularly negative impact on European economies, which have been unable to generate sustainable and positive growth dynamic.

This has also been the case in Portugal. The combination of global economic slowdown and instability in financial markets, together with a generalised increase in inflation, has impacted the Portuguese economy, and has penalised the national economic agents.

- The fall in external demand, the worsening of financing conditions and the increase in operational costs are factors which are negatively affecting corporate businesses.
- At the same time, the increase in interest rates, fuel prices and the prices of staple food items are also exercising extra pressure on disposable family incomes, which are heavily impacted by the high level of consumer debt contracted in the past. No short-term reversal of this trend is expected, with confidence levels of domestic consumers reaching very low levels, which tend to further delay any intentions to purchase, in particular for consumer durable goods.
- The Portuguese state, penalised in its ability to generate revenues because of the economic slowdown, finds itself at the same time with an increase in costs (namely those related to servicing debt), and continues to be limited in its ability to take measures to stimulate the economy due to the commitments made to control the public deficit.

Turning to the Portuguese modern retail market in 2008, the trend towards a sharp increase in commercial sales area continues. Over the last 12 months, the main food based formats opened more than 170,000 m<sup>2</sup> of sales area, equal to an increase of around 10% in the installed supply<sup>(1)</sup>. Also in non food retail, there was a significant increase in various sectors in which Sonae Distribuição operates, both through the opening of new major stand alone projects, and in new shopping centres in the metropolitan areas of Porto and Lisbon, but also in smaller cities. Once again, the increase in supply exceeded the nominal rate of growth of demand<sup>(2)</sup>, which means that the Portuguese market has been again subject to a substantial increase in competitive pressure.

<sup>(1)</sup> Calculated in m<sup>2</sup> of sales area.

<sup>(2)</sup> Measured by the trend of sales of the major market operators.

## 03 BUSINESS ACTIVITY

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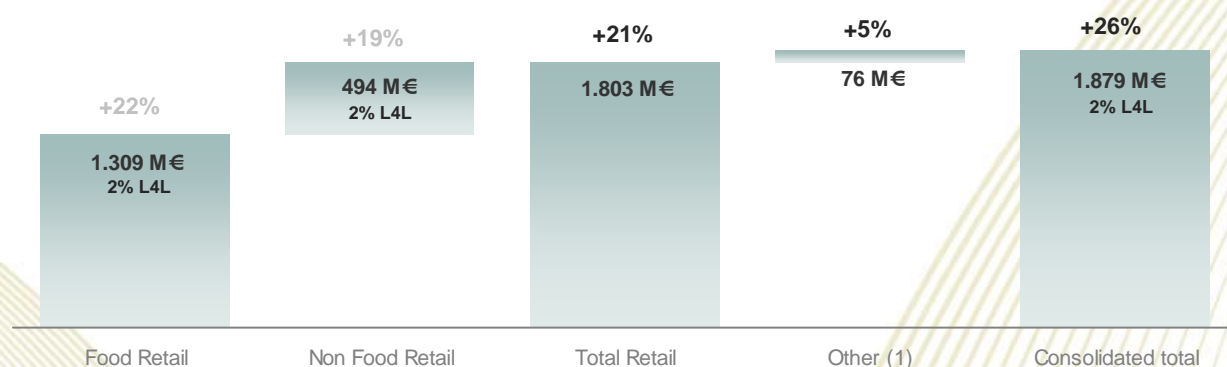
### **Turnover increases by 26% to 1,879 million Euro**

During the 1<sup>st</sup> half of 2008, Sonae Distribuição had consolidated turnover of 1,879 million Euro, increasing 26% compared to the first half of 2007. This trend was the result of the following factors:

- Growth of 2% on a like for like store basis, which was the same for both food and non food retail activities of the company.  
Against a background of heavily constrained consumption, and the fact that it is being compared to a particularly successful period of last year (due to the enormous success of the launch of the customer loyalty programmes for the food retail brands), this trend is a testimony to the resilience of the company and the quality of its operations. During the second quarter of 2008, and reflecting the lower levels of demand, the deterioration in consumer confidence indices and also the timing impact of the incidence of the Easter period, the non food retail brands performed at lower levels compared to previous years, resulting in a fall of 3% in turnover on a like for like store basis compared to the 2<sup>nd</sup> quarter of 2007;
- Strong organic growth, reflected in the opening of 119 new stores over the last 12 months, equal to 63,000 m<sup>2</sup> (split into 21,000 m<sup>2</sup> in food retail and 42,000 m<sup>2</sup> in non food retail stores);
- Integration on the last day of 2007 of the hypermarkets acquired from Carrefour Portugal, corresponding to 95,000 m<sup>2</sup> of additional sales area;
- Turnover from the petrol filling stations of the ex Carrefour hypermarkets, totalling 73 million Euro for the period under review, which led to an increase of 5% in the company's consolidated turnover compared to the same period of 2007.

Looked at another way, and for the same period, we would point out that the total turnover of the food based retail brands reached 1,309 million Euro, equal to an increase of 22% compared to the same period last year. This trend is the result of a positive performance by stores on a like for like basis, as mentioned above (+2%), the achievement of the expansion plan of the formats (+21,000 m<sup>2</sup> over the last 12 months spread among a total of 22 stores) and the integration of the hypermarkets acquired on 31 December 2007 from Carrefour Portugal.

Over the same period, turnover of the non food retail segment totalled 494 million Euros, an increase of 19% compared to the first half of 2007. Here, the main highlights were the increase on a like for like store basis (+2%), the organic growth achieved (+42,000 m<sup>2</sup> over the last 12 months for a total of around 100 new stores) and the integration of the new sales areas acquired at the end of 2007 from Carrefour Portugal.



## Operational cash flow increases by 11% to 127 million Euro

In consolidated terms in the first six months of 2008, the company's operational cash flow totalled 127 million Euro, equivalent to an increase of 11% compared to the same period of last year.

As already announced in the 1st quarter, this figure includes the non-recurring gain of 9 million Euro for the sale of the real estate asset in Florianópolis (Brazil), which was not included in the divestment operation that took place in December 2005. In its turn, the amount recorded in the same period of 2007 was impacted by a net non-recurring gain of 12 million Euro, resulting from the sale of the real estate assets of the Albufeira and Portimão shopping galleries in Portugal. If these transactions had not taken place, consolidated recurring operational cash flow would have totalled 118 million Euro, which compares favourably with that of the same period last year, equal to an increase of 16%.

<sup>(1)</sup> Includes, in particular, petrol filling stations.

Food based retail brands contributed 94 million Euro towards the consolidated operational cash flow of Sonae Distribuição. This amount is equal to 7.2% of related turnover, and approximately the same as the same period last year. In the same period, non food retail brands contributed 21 million Euro to the company's consolidated operational cash flow, equal to 4.3% of related turnover, an increase of 10% over the same period of last year.

The trend of these key indicators is impacted by the profitability levels of the most recent stores, which are currently in a phase of building up their operations and by refurbishment operations underway in the ex-Carrefour stores, which still have operational cash flow margins below benchmark averages of the company.

### **Net profits total 39 million Euro**

In the first half of 2008, the consolidated net profits of Sonae Distribuição totalled 39 million Euro, compared to 49 million Euro in the same period of last year. The fall arose mainly from non recurring events relating to capital gains on the disposal of real estate assets mentioned above, as well as a more significant component of financial charges, resulting from the significant investment effort made over the last few years and from the general increase in market interest rates.

# 04 INVESTMENT

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## **Continuation of strong investment plan**

At the end of June, Sonae Distribuição had a network of 677 stores after the opening of 31 new units since the beginning of the year. As of the date of this report, there are already 43 new Group stores (+23,000 m<sup>2</sup> of sales area), an obvious reflection of the intensified pace of store openings taking place in the second half of the year.

- In the food based segment, strengthened with 8 new stores equal to 6,000 new m<sup>2</sup> of sales area, the highlight was the opening of Modelo supermarkets in Famalicão and Lousã which improved the offer available to consumers in these markets. Also in terms of innovation and improving the business portfolio, the company developed a new cafeteria concept under the brand name “Bom Momento”, which is already under evaluation and will result in the later conversion of the already large network of owned cafeterias existing in Continente and Modelo shopping galleries.
- Sonae Distribuição also continued its intense pace of broadening the cover in the Portuguese market of its non food based formats, and has already opened in these first months of the present year 35 new units with 17,000 m<sup>2</sup>. The launch of two new formats in this area should be noted, which complement the offer made available to customers of Sonae Distribuição following a path of synergic growth: Loop (which makes available the biggest offer of shoe wear in the urban casual and sports segments, and Book.it (which is a format that brings together in a single area, book shop, stationery and tobacco concepts).
- Another important achievement in 2008 concerns the expansion of Sonae Distribuição’s business to new geographical markets. The entry into the Spanish market of the Group’s sports brand – Sportzone – confirms the company’s intention to move some of its retail formats to new geographical areas, affirming them as benchmark international chains. In this respect, to date, Sportzone opened two stores in Spain, out of a total of 4 units scheduled for opening up to the end of the year.

However, the investment of 107 million Euro made during the six months was not only for the programme of organic growth undertaken, but was also used to modernise less recent units, to develop new business concepts, as well as strengthening of the information systems and logistics infrastructures.

## 05 CAPITAL STRUCTURE

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### **Appropriate capital structure**

As at 30 June 2008, the consolidated net debt of the Company was 1,380 million Euro. This figure, which compares with 586 million Euro at the end of the first half of 2007, has been directly impacted by the heavy investment plan, which over the last 12 months totalled more than 1,000 million Euro. This amount was required for the strong pace of organic growth achieved, but in particular for the acquisition of Carrefour Portugal.

Even so, and as a result of the strong cash flow generation capability of Sonae Distribuição, the capital structure of the company continues to be well balanced and with the appropriate strength to face the challenges and reach the objectives with which the company is committed.

## 06 CORPORATE DEVELOPMENTS

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During the first six months of the year, Sonae Distribuição achieved the following:

- In a pioneering initiative in the distribution sector in Portugal, it signed a partnership agreement with the Caixa Geral de Depósitos Group, presenting an innovative business concept with the sale of Car Insurance, under the brand “Seguros Continente”.
- On 14 February, Sonae Distribuição informed the market of the agreement signed with Petrolgal for the sale of eight petrol filling stations operating next to Continente hypermarkets. The company acquired these petrol stations as part of the acquisition of Carrefour Portugal, concluded in December 2007. The finalisation of this transaction continues to await a non-opposition decision from the Competition Authority.



- On 22 July last, the company made public an agreement signed with the RAR Group to combine their travel operations, Geotur and Star, creating a new company, with a shareholding of 50% by each of the Groups and with joint management. The company believes this integration to be an important step towards consolidation of a sector, which is too fragmented, and reflects the wish of both Groups to strengthen their focus on an operation considered to be strategic and with excellent growth prospects. The transaction is also dependent on a non-opposition decision by the Competition Authority.

At the same time, and in compliance with the terms of the decision of non-opposition given by the Competition Authority relating to the acquisition of exclusive control of Carrefour Portugal, Sonae Distribuição achieved the following:

- On 14 July last, it informed the market of an agreement signed with Auchan for the disposal of the Modelo Eiras Shopping Centre and the Modelo Lagoa Shopping Centre, currently in operation, and the disposal of land located in Condeixa. This transaction also awaits a non-opposition decision by the Competition Authority.
- Within the same scope, on 30 June last, Sonae Distribuição closed two Modelo Bonjour stores in the Greater Porto region.
- The company also gave powers to the BPI Bank to proceed with the disposal of a project in Viana do Castelo for the building of a food retail establishment, redefined the sales area of the Arrábida Continente and restructured a set of future expansion projects, thus complying with the requirements made by the Competition Authority.

## 07 OUTLOOK

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### **A company with strong development activity**

Sonae Distribuição will maintain its business strategy over the coming months, based on clearly defined goals, which focus on growth (both organically and through acquisition opportunities which arise in the market) and on strengthening the value proposal for its customers, through continued investment in efficiency and innovation.

Consistent with the strategy of consolidating its leadership in the Portuguese retail market, the company will maintain its strong pace of organic growth, the goal being to increase its store network throughout the current year with 60,000 new m<sup>2</sup> of sales area compared to that as at the end of the year 2007.

However, and despite the fact that the company continues to have a portfolio of highly interesting projects for the Portuguese market, which will allow it to strengthen its competitive presence and respective market share, in view of the current signs of a sharp slowdown in demand and worsening of financing conditions, the company has decided to be more demanding and selective in the analysis of its investment proposals, by raising the minimum return on investment required by around 2 p.p.

Assuming its position as a benchmark operator, Sonae Distribuição is also attentive to possible growth opportunities via merger and acquisition transactions, which may arise in various geographical areas, whenever the opportunities in question are reasonably valued, and in line with the profitability yardsticks set by the company.

The international expansion of Sonae Distribuição's businesses is another growth area, which is part of the company's strategic guidelines. To that end, the company has chosen the Spanish market and, in a first phase, its sports good brand – Sportzone – to take the first steps in this new growth path. As mentioned above, Sportzone opened its 2nd store in Spain in July, as part of a plan which will involve an important portfolio of units in this country in the short term. As is publicly known, Sonae Distribuição is also studying other geographical areas, which it plans to enter through its format portfolio.

Maintaining its innovative approach, Sonae Distribuição continues to develop new retail concepts. In this area, various segments are being developed in parallel, with the company already able to forecast the launch during the second half of the year of an innovative concept in Optics, integrated into the retail format development plan in the health and well being area.

At the appropriate time, Sonae Distribuição disclosed a number of forecasts for the current year, involving growth of turnover of more than 20%<sup>(1)</sup>, maintaining the recurrent EBITDA margin of the company<sup>(1)</sup> and investing around 300 million Euro during the year. In the current context of worsening economic conditions, and in particular, the sharp deterioration on domestic consumption, the forecasts mentioned above, although more difficult to achieve, continue to be valid.

Matosinhos, 6 August 2008  
The Board of Directors

<sup>(1)</sup> Excluding sales from petrol station sales, which are awaiting a favourable decision from the Competition Authority in order to definitively transfer their operation to GALP, as part of the agreement signed at the beginning of the year and duly disclosed to the market.

# 08 PROFIT AND LOSS

	30 Jun 2008		30 Jun 2007		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	1,879	100	1,495	100	384	26%
<b>EBITDA</b>	<b>127</b>	<b>6.7</b>	<b>114</b>	<b>7.6</b>	<b>13</b>	<b>11%</b>
Amortization and depreciation	-55	-2.9	-43	-2.9	-12	28%
Provisions and impairments	-2	-0.1	0	0.0	-2	-
<b>EBIT</b>	<b>70</b>	<b>3.7</b>	<b>71</b>	<b>4.8</b>	<b>-1</b>	<b>-2%</b>
Net financial expenses	-31	-1.7	-18	-1.2	-14	79%
<b>Profits on Ordinary Activities</b>	<b>38</b>	<b>2.0</b>	<b>54</b>	<b>3.6</b>	<b>-15</b>	<b>-28%</b>
Share of results of associated undertakings and Investment income	0	0.0	-1	-0.1	1	-
<b>Profit before tax</b>	<b>39</b>	<b>2.1</b>	<b>53</b>	<b>3.5</b>	<b>-14</b>	<b>-26%</b>
Taxation	0	0.0	-3	-0.2	4	-
<b>Net Profit for the Period</b>	<b>39</b>	<b>2.1</b>	<b>49</b>	<b>3.3</b>	<b>-10</b>	<b>-21%</b>
Attributable to equity holders of SD	39	2.1	49	3.3	-10	-20%
Attributable to minority interests	0	0.0	0	0.0	0	-

	2 <sup>nd</sup> Q 2008		2 <sup>nd</sup> Q 2007		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	953	100	770	100	183	24%
<b>EBITDA</b>	<b>78</b>	<b>8.2</b>	<b>68</b>	<b>8.8</b>	<b>10</b>	<b>15%</b>
Amortization and depreciation	-29	-3.0	-22	-2.8	-7	31%
Provisions and impairments	-1	-0.1	0	0.0	-1	-
<b>EBIT</b>	<b>48</b>	<b>5.0</b>	<b>46</b>	<b>6.0</b>	<b>2</b>	<b>4%</b>
Net financial expenses	-17	-1.8	-10	-1.3	-7	74%
<b>Profits on Ordinary Activities</b>	<b>31</b>	<b>3.3</b>	<b>37</b>	<b>4.7</b>	<b>-5</b>	<b>-15%</b>
Share of results of associated undertakings and Investment income	0	0.0	-1	-0.1	1	-95%
<b>Profit before tax</b>	<b>31</b>	<b>3.3</b>	<b>35</b>	<b>4.6</b>	<b>-4</b>	<b>-12%</b>
Taxation	-1	-0.1	-1	-0.1	0	25%
<b>Net Profit for the Period</b>	<b>30</b>	<b>3.2</b>	<b>35</b>	<b>4.5</b>	<b>-5</b>	<b>-13%</b>
Attributable to equity holders of SD	30	3.2	34	4.5	-4	-12%
Attributable to minority interests	0	0.0	0	0.0	0	-

# 09 BALANCE SHEET

	June 2008		December 2007 <sup>(1)</sup>		change	
	M.€	%	M.€	%	M.€	%
<b>Non-current assets and assets held for sale</b>	<b>2,488</b>	<b>75%</b>	<b>2,438</b>	<b>75%</b>	<b>50</b>	<b>2%</b>
Tangible and intangible assets	1,894	57%	1,857	57%	38	2%
Goodwill	510	15%	506	16%	4	1%
Non-current assets held for sale	16	0%	6	0%	10	161%
Investments	40	1%	40	1%	0	0%
Other non-current assets	28	1%	30	1%	-1	-4%
<b>Current Assets</b>	<b>811</b>	<b>25%</b>	<b>801</b>	<b>25%</b>	<b>10</b>	<b>1%</b>
Stocks	467	14%	447	14%	19	4%
Trade debtors and other current assets	233	7%	229	7%	4	2%
Investments, cash and cash equivalents	112	3%	125	4%	-13	-11%
<b>Total Assets</b>	<b>3,299</b>	<b>100%</b>	<b>3,240</b>	<b>100%</b>	<b>60</b>	<b>2%</b>
Equity attributable to equity holders of SD	794	24%	839	26%	-45	-5%
Equity attributable to minority interests	12	0%	12	0%	0	-2%
<b>Total Equity</b>	<b>806</b>	<b>24%</b>	<b>851</b>	<b>26%</b>	<b>-46</b>	<b>-5%</b>
<b>Non-current liabilities</b>	<b>1,335</b>	<b>40%</b>	<b>1,185</b>	<b>37%</b>	<b>149</b>	<b>13%</b>
Borrowings and financial leasing creditors	1,255	38%	1,107	34%	149	13%
Borrowings from participating and/or participated companies	10	0%	10	0%	0	0%
Other non-current liabilities	69	2%	69	2%	1	1%
<b>Current Liabilities</b>	<b>1,159</b>	<b>35%</b>	<b>1,203</b>	<b>37%</b>	<b>-44</b>	<b>-4%</b>
Borrowings and financial leasing creditors	227	7%	91	3%	136	149%
Trade creditors and other current liabilities	933	28%	1,112	34%	-179	-16%
<b>Total Liabilities</b>	<b>2,494</b>	<b>76%</b>	<b>2,388</b>	<b>74%</b>	<b>105</b>	<b>4%</b>
<b>Total Equity and Liabilities</b>	<b>3,299</b>	<b>100%</b>	<b>3,240</b>	<b>100%</b>	<b>60</b>	<b>2%</b>

<sup>(1)</sup> Given that the subsidiary Continente Hipermercados (corresponding to the ex-Carrefour portfolio) was acquired at the end of the year 2007, the allocation of fair value was not carried out at that date. This exercise was carried out during the first six months of 2008 and is reflected in the new comparative figures presented. It is expected that this process is totally concluded until the end of the year, as foreseen by the IFRS.

# 10 INFORMATION BY SEGMENTS

The contributions of the main segments identified in the first halves and second quarters of 2008 and 2007 can be analysed as follows:

30 June 2008	Turnover		Operating cash flow			
	2008	2007	2008	2007	2008	2007
	M.€		M.€		% t	
Food retail brands	1,309	1,076	94.0	78.3	7.2	7.3
Non food retail brands	494	415	21.3	19.4	4.3	4.7
Real estate assets with income	4	4	3.2	17.1		
Real estate assets without income			9.0	0.1		
Other <sup>(1)</sup>	73		-0.9	-1.3		
<b>Consolidated</b>	<b>1,879</b>	<b>1,495</b>	<b>127</b>	<b>114</b>	<b>6.7</b>	<b>7.6</b>

2 <sup>nd</sup> quarter 2008	Turnover		Operating cash flow			
	2008	2007	2008	2007	2008	2007
	M.€		M.€		% t	
Food retail brands	663	551	64.0	52.3	9.6	9.5
Non food retail brands	247	217	13.8	12.4	5.6	5.7
Real estate assets with income	2	2	1.1	4.3		
Real estate assets without income						
Other <sup>(1)</sup>	41		-1.2	-1.2		
<b>Consolidated</b>	<b>953</b>	<b>770</b>	<b>78</b>	<b>68</b>	<b>8.2</b>	<b>8.8</b>

<sup>(1)</sup> Includes petrol stations and consolidation adjustments.

## Notes

### Food retail brands

includes the contribution of the business activity of the company related to food retail brands.

### Non food retail brands

includes the contribution of the business activity of the company related to non food retail brands.

### Real estate assets with income

includes the contribution of real estate assets managed by Sonae Distribuição, in particular shopping galleries annexed to Continente and Modelo units.

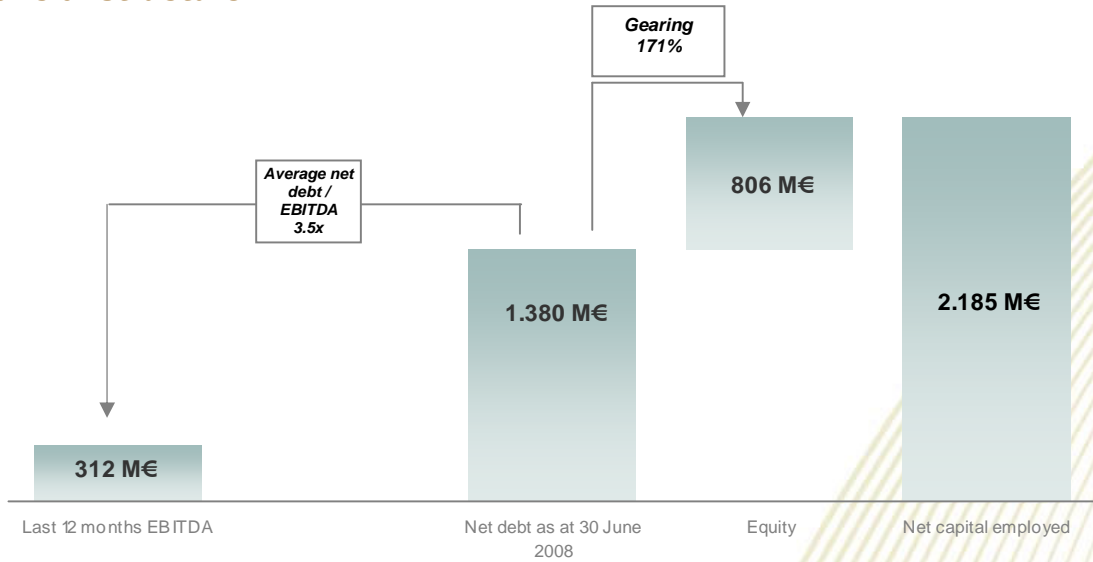
### Real estate assets without income

includes the contribution of real estate assets which in most cases will serve to accommodate the organic growth of Sonae Distribuição.

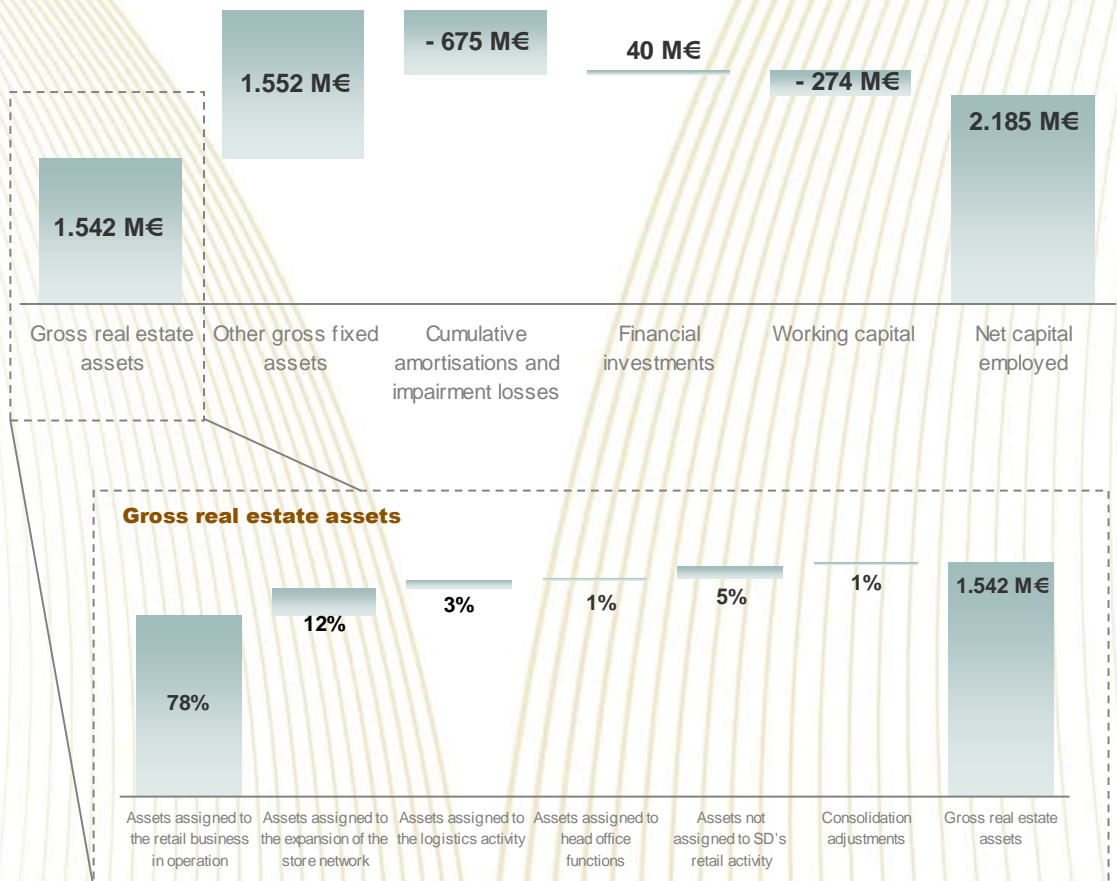
### Other

figures that because of their nature cannot be allocated to any of the other segments, such as consolidation adjustments and financial investments, which for the final value of capital employed make up almost the entire total.

## Financial structure



## Capital employed



# 11 BUSINESS PORTFOLIO

	Nr. of Stores						Sales Area ('000 m <sup>2</sup> )						
	31 Dec 2007	stores opened	change of banner	acquisitions	stores closed	30 Jun 2008	31 Dec 2007	stores opened	change of banner	acquisitions	stores closed	30 Jun 2008	% owned m <sup>2</sup> <sup>(1)</sup>
<b>Total</b>	<b>647</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>677</b>	<b>710</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>725</b>	<b>75%</b>
<b>Portugal</b>	<b>647</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>676</b>	<b>710</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>723</b>	<b>75%</b>
<b>Base alimentar</b>	<b>173</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>176</b>	<b>460</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>462</b>	<b>75%</b>
Continente	33	0	0	0	0	33	257	0	0	0	0	257	87%
Outlet	1	0	0	0	0	1	2	0	0	0	0	2	0%
Modelo <sup>(2)</sup>	114	1	0	0	0	115	200	2	0	0	0	202	87%
Cafetarias	25	2	0	0	0	27	2	0.1	0	0	0	2	97%
<b>Base não alimentar</b>	<b>474</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>500</b>	<b>249</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>261</b>	<b>54%</b>
Worten	110	4	0	0	0	114	84	3	0	0	0	88	61%
Modalfa	81	1	0	0	0	82	39	1	0	0	0	39	91%
Sportzone	57	3	0	0	0	60	44	2	0	0	0	46	10%
Vobis	21	0	0	0	-1	20	9	0	0	0	-1	9	9%
MaxMat e MaxGarden	31	2	0	0	0	33	55	3	0	0	0	59	64%
Zippy	22	2	0	0	0	24	8	1	0	0	0	9	4%
Star	61	0	0	0	0	61	4	0	0	0	0	4	20%
Área Saúde	67	7	0	0	0	74	5	0.6	0	0	0	6	86%
Worten Mobile	23	6	0	0	0	29	1	0.2	0	0	0	1	43%
Book.it	1	1	0	0	0	2	0.2	0.1	0	0	0	0.4	100%
Loop	0	1	0	0	0	1	0	0.2	0	0	0	0.2	0%
<b>Espanha</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0%</b>
Sportzone	0	1	0	0	0	1	0	2	0	0	0	2	0%

Note: sales area values rounded to thousand m<sup>2</sup>.

<sup>(1)</sup> % of m<sup>2</sup> of sales area in locations in which the real estate was held as at 30 June 2008 by Sonae Distribuição and which support around 80% of annualised net sales of the Company.

<sup>(2)</sup> Includes Modelo Bonjour.

# 12 GLOSSARY

## Turnover (t)

sales of articles + services rendered.

## Operating cash-flow (EBITDA)

operating results - amortisations and depreciation - provisions - impairment losses - reversal of impairment losses.

## Operating results (EBIT)

consolidated net profit for the period - income tax + investment profit/losses + profits/losses of associated companies - net financial expenses.

## Profits on ordinary activities

operating results + net financial expenses.

## Net investment

increase in gross fixed assets (tangible and intangible) + changes in perimeter (as a result of acquisitions and disposals) + disposals in gross fixed assets (tangible and intangible) + increases in goodwill. To calculate the investment in acquisitions (measured by changes occurred in consolidation perimeter) it was considered the net accumulated amortizations.

## Net debt

current borrowings + non current borrowings + financial leasing creditors – cash and cash equivalents – other current investments under negotiation + borrowings from participating and/or participated companies.

## Average debt

average of net debt at end of last four quarters.

## Gross Fixed Assets allocated to real estate companies

goodwill net of impairment losses/gains (positive variances between the acquisition cost of investments in Group and associated companies, and the fair value of identifiable assets and liabilities of these companies at the date of their acquisition) + gross Fixed Assets owned by real estate companies of the Group (value of tangible and intangible assets booked at acquisition cost, or acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal).

## Working Capital

customer debts (receivables derived from sales in the normal course of the Group's business) – suppliers (sums to pay resulting from purchases in the normal course of the Group's business) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors).

## Gearing

ratio between net debt and the company's shareholders' funds.

## Net Capital Employed

gross real estate assets + other gross real estate assets + amortisations and impairment losses + financial investments + working capital

## ROCE (“Return On Capital Employed”)

EBIT / Net Capital Employed.

## ROE (“Return On Equity”)

sum of net profits of the last four quarters / average of the equity at end of last four quarters.

## Financial calendar for the year 2008

**05 MARCH**

Earnings Announcement 4<sup>th</sup> Quarter 2007

**07 MAY**

Earnings Announcement 1<sup>st</sup> Quarter 2008

**06 AUGUST**

Earnings Announcement 2<sup>nd</sup> Quarter 2008

**05 NOVEMBER**

Earnings Announcement 3<sup>rd</sup> Quarter 2008