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SONAE POSTS PROFITABLE GROWTH

1. HIGHLIGHTS FROM FIRST NINE MONTHS OF 2018:

- Sonae turnover increased 7% to 4,236 M€, with a growth of all business units
- Profitability improves, with Sonae underlying EBITDA rising 3.5%
- Sonae net income grew from 133 M€ to 200 M€
- Investment reached 480 M€

Ângelo Paupério, Sonae Co-CEO, states: *"In the first nine months of 2018, Sonae continued to deliver a solid set of results across its portfolio of businesses. Consolidated turnover growth stood at 7% year-on-year, with positive contributions from all business units, and underlying EBITDA increased 3.5% to 233 million euros. Net income grew 50% to 200 million euros driven by a strong increase in indirect income.*

In the third quarter, Sonae MC continues to be worth highlighting, both due to the strong turnover growth and to profitability stabilizing at benchmark levels. During this period, the reorganization of participations and restructuring of the new perimeter of this business unit was completed, achieving the objectives of autonomy and agility, and allowing it to operate with a governance model fully aligned with the best practices of listed companies. Unfortunately, Sonae chose in October to withdraw its intention to float Sonae MC, due to particularly adverse market conditions.

Equally relevant and also in this quarter, Sonae completed the 20% stake acquisition of Sonae Sierra, an important milestone to increase the international profile of the group by reinforcing its participation and influence over this leading player in the retail real estate sector. Notwithstanding this acquisition and the consolidation of Sonae Sierra's balance sheet, Sonae continued to strengthen its capital structure and reduce its gearing levels."

2. CONSOLIDATED ANALYSIS

**All business units boost growth****4,236 M€****+ 7.0%***Turnover*

From a statutory point of view, Sonae consolidated turnover increased 7.0% versus last year to 4,236 M€ fuelled by another good quarter (+7.7% of turnover growth) from all consolidating businesses.

270 M€**+1.7%***Consolidated
EBITDA*

Sonae EBITDA amounted to 270 M€ in 9M18, +1.7% y.o.y., benefiting from a 3.5% increase of the underlying EBITDA coupled with an even better evolution in equity method results, which grew 29.6% y.o.y. to 47 M€.

200 M€**+50.1%***Net Income
Group Share*

Indirect result reached 114 M€ in 9M18, with a highlight to a capital gain of 46 M€ in resulting from the acquisition of a further 20% stake in Sonae Sierra.

Net income group share jumped from 133 M€ to 200 M€ in 9M18, impacted by rise of sales and profitability as well as indirect results.

Investment amounted to 480 M€, relating to the 20% acquisition in Sonae Sierra and the fulfilment of store openings and refurbishment plan.

Debt reduced by 144 M€ on a comparable basis

Sonae strengthened its financial performance, with net debt amounting 1.539 M€ at the end of 9M18, including the acquisition of 20% in Sonae Sierra for 256 M€ and the consolidation of the company's net debt. Looking at pro-forma figures, i.e. including the full consolidation of Sonae Sierra's net debt at the end of 9M17, Sonae net debt would have decreased 144 M€ (or 10.1%) y.o.y., to 1,283 M€.

Sonae's average gearing at both book and market value stood at 0.6x, a slight decrease when compared to 3Q17, and the group's capital structure was further reinforced and is now composed of 67% equity, a 4.0 p.p. (already with Sonae Sierra's balance sheet fully consolidated) increase vs last year.

Moreover, Sonae was able to maintain a low average cost of debt outstanding (1.0% in the 9M18) with an average maturity profile of 3 years.

Over 2,000 jobs created and 900 social institutions supported

Sales growth among the business units, in Portugal and abroad, has contributed to reinforce operational teams. Therefore, Sonae has created over 2,000 jobs during the last 12 months, having ended the first nine months of the year with over 45,000 employees.

Sonae also strengthened its commitment to the community, having supported about 900 solidarity institutions across Portugal, through material goods, skills and financial resources. Among the areas benefiting from Sonae's support were Social Solidarity, Culture, Education, Environmental Awareness and Health and Sport.

SONAE FS 3. OPERACIONAL AND FINANCIAL ANALYSES PER BUSINESS

SONAE MC Sonae MC grows by 7% and reinforces leadership position

3,012 M€

+ 7.0%

Turnover

+ 2.5%

Lfl sales

+ 8 Continente
Bom Dia+ 1 Continente
ModeloStore network
expansion

In food retail, Sonae MC continues to deliver a solid performance with turnover growing 7.0% y.o.y. to 3,012 M€, and underlying EBITDA margin remaining stable at 5.2%. This evolution benefited from a LfL sales growth of 2.5% in the 9M18 and from the continued store opening plan, in particular with 8 new Continente Bom Dia stores and 1 new Continente Modelo store. Over the last quarters, the solid top line performance shows the consistency of Sonae MC's continuous efforts to improve the fresh offer and the price perception as well as the development of own brand products. Furthermore, and yet again, Sonae MC was able to increase market share and thus reinforce its leadership in such a challenging market.

Last but not the least, the 3Q18 was also an important quarter for Sonae MC's Health & Wellness segment, with the announcement of the agreement for the acquisition of a 60% stake in Arenal, a parapharmacy and perfumery retail company with a network of 41 stores across the North of Spain. With this agreement, Sonae MC will be able to further expand its position in one of its key strategic pillars, the high-growth H&W segment.

worten

Worten boots growth and proceeds with online expansion

752 M€

+ 7.3%

Turnover

+ 5.5%

Lfl sales

Worten reached a total turnover of 752 M€, 7.3% above last year, and continues to reinforce its market leadership in the Portuguese market. In 3Q18, Worten turnover reached 278 M€, consolidating the upward trend reported in previous quarters (+7.8% growth in comparison with 3Q17). This solid evolution continues to be mostly supported by strong LfL sales growth of 5.5% in 9M18 and 4.2% in the 3Q18, and also by ecommerce double-digit growth both in Portugal and Spain. On the digital front, Worten took an important step with the launch of a marketplace offering in Portugal.

Regarding profitability, Worten's underlying EBITDA in the 3Q18 improved 0.6 M€, leading to 14.3 M€ in the 9M18 and a stable margin of 1.9%.

SONAE S&F
SPORTS & FASHION

Sonae Sports & Fashion increases sales during challenging market conditions

269 M€

+ 0.4%

Turnover

+9.8%

ISRG between
February and
July

Like in the 1H of this year, fashion players continued to face challenging market context. Fashion retail sales index delivered negative figures this quarter, both in Portugal and Spain, driven by atypical weather conditions. Still, 9M18 turnover grew 0.4% y.o.y. to 269 M€.

In Sports segment, Iberian Sports Retail Group (ISRG) turnover reached 262 M€ between February 1 and August 4, an increase of 9.8% y.o.y., mostly driven by Sprinter and JD sales performance.

Sonae FS posts over 30% turnover growth

Sonae is a multinational company managing a diversified portfolio of businesses in retail, financial services, technology, shopping centres and telecommunications. Present in over 90 countries, it reached a turnover of more than 5.5 billion euros at the end of 2017.

Find out more at www.sonae.pt.

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IMPROVING LIFE

NOS
22 M€
+ 31.9%
Turnover

In financial services, Sonae FS activity continues to show a good performance with both production and turnover increasing 23.4% and 31.9% y.o.y. to 707 M€ and 22 M€, respectively. This performance continues to be fuelled by the Universo Card operation, which have already surpassed 700k subscribers in October. At the same time, market share in the payments market also continued at high levels, reaching 12.4% in September.

Retail real estate with a net book value of over 900 million euros

SONAERP
 retail real estate
 expansion. At
 1,303 M€ and a
71 M€
+ 2.8%
Turnover

The turnover of Sonae RP, the business unit responsible for managing Sonae's portfolio increased 2.8% y.o.y. to 71 M€, fuelled by the store network the end of September, Sonae RP's portfolio represented a gross book value of net book value of 932 M€.

Sonae IM growing and benefiting from return on investments

SONAEIM
 fuelled by all of
 performance.
 a margin of
 impact from the
112 M€
+ 18.1%
Turnover

Sonae IM's turnover amounted to 112 M€ in 9M18, growing 18.1% y.o.y., the portfolio companies, mainly the integration of Nextel and Bizdirect's. The underlying EBITDA improved by 1.9 M€ y.o.y. to 4.5 M€ in the 9M18 and 4.0%, driven by improved efficiency across all companies and a positive increased sales of software licenses.

In the 3Q18, other than the reinforcement in some portfolio companies and some early stage investments, added two minority investments in the share capital of Reblaze (cybersecurity company that provides proprietary security technologies in a unified platform) and ciValue (retail tech company that provides cloud-based precision marketing and supplier advertising platforms for retailers), both based in Israel.

SONAESIERRA Strong expansion of investment and services

On September 12th, the agreement with Grosvenor for the acquisition of an additional 20% stake of Sonae Sierra was concluded for a total consideration of 255.9 M€. Following this transaction, Sonae fully consolidates Sonae Sierra's balance sheet in the 3Q18 and its P&L from 4Q18 onwards.

On a proportional basis, Sonae Sierra turnover stood at 159 M€ and direct result amounted to 50 M€ in 9M18, an improvement of 9.7% y.o.y. benefiting from a better operational performance of the services division coupled with improved financial results.

Sonae Sierra's services area recorded a positive performance in the 9M18, continuing to grow its contract portfolio across the development services, investment management and property management areas. The Investment Management area, specifically, the ORES Socimi, has continued to record a good investment pace, having now 30 assets in its portfolio with an open market value of 328 M€.

Sonae Sierra continues to progress the execution of its pipeline, namely the McArthurGlen Designer Outlet in Málaga (Spain), Jardín Plaza in Cucuta (Colombia) as well as the expansion of NorteShopping and Colombo (Portugal).

NOS improves operational and financial performance

In 9M18, operating revenues amounted to 1,167 M€ in the 9M18 an increase of 0.7% versus last year.

Regarding profitability, EBITDA improved by 2.9% y.o.y. to 462 M€ in 9M18, and EBITDA margin increased by 90 bps, to 39.6% in 9M18. Net results jumped 17.0% y.o.y. reaching 123 M€ in 9M18.

Regarding operational indicators, total RGUs increased 2.2% when compared with 9M17, to 9,570 thousand in 9M18, while convergent RGUs stood at 3,843 thousand, +5.8% y.o.y.. Investment rose 6.5% to 280 M€ in 9M18.

4. FINANCIAL INDICATORS

Sonae consolidated results			
Million euros	9M17 ⁽¹⁾	9M18 ⁽¹⁾	Y.o.y.
Turnover	3,960	4,236	7.0%
Underlying EBITDA	225	233	3,5%
Underlying EBITDA margin	5.7%	5.5%	-0.2pp
Equity method results (incl. Sierra and NOS)	36	47	29.6%
Non-recurrent items	4	-10	-
EBITDA	265	270	1.7%
EBITDA margin	6.7%	6.4%	-0.3pp
EBIT	122	114	-6.8%
Net financial results	-27	-26	5.3%
EBT	95	88	-7.3%
Taxes	6	6	-12.1%
Direct results	102	94	-7.6%
Indirect results	37	114	-
Net income	139	208	49.9%
Non-controlling interests	-6	-8	-
Net income group share	133	200	50.1%
Sonae aggregated businesses overview (million euros)			
	9M17	9M18	Y.o.y.
Turnover			
Sonae Retail ⁽¹⁾	4,078	4,446	9.0%
Sonae Sierra ⁽²⁾	161	159	-1.4%
NOS ⁽²⁾	1,160	1,167	0.7%
Sonae IM	95	112	18.1%
Sonae FS ⁽³⁾	56	64	14.9%
Underlying EBITDA			
Sonae Retail ⁽¹⁾	237	243	2.8%
Sonae Sierra ⁽²⁾	77	78	2.2%
NOS ⁽²⁾	449	462	2.9%
Sonae IM	3	4	75.9%
Sonae FS ⁽³⁾	6	10	56.8%
⁽¹⁾ Sonae Retail includes Sport Zone figures in 9M17 and in 9M18 Iberian Sports Retail Group following its creation in January 31 2018; ⁽²⁾ Aggregated turnover and Underlying EBITDA equals 100% of the figures reported by NOS or Sonae Sierra. In statutory accounts equity method is used; ⁽³⁾ Includes 100% turnover and Underlying EBITDA of MDS.			