



# 1H20

## RESULTS

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BUILDING  
TOGETHER

## 1. Highlights

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### Financial Performance

- **Very resilient performance across all businesses** in a very challenging context marked by the pandemic, enabling Sonae to deliver a top line growth of 6% in the 1H and a stable underlying EBITDA on a comparable basis. Growth fuelled by strong operational readiness measures and unprecedented online sales, enabling higher market shares across most businesses;
- **Consolidated net result** strongly impacted by Covid-19 in both quarters, mostly due to non-cash contingencies – provisions in the 1Q and lower real estate asset valuations in the 2Q;
- Maintenance of solid **capital structure** with total liquidity reinforced by more than €650 M of refinancing operations since the beginning of the year and extensive cash preservation initiatives across businesses.

### Portfolio Management Activity

- In the 1Q20, **Sonae Sierra** created Sierra Prime, a leading retail real estate JV with APG, Allianz and Elo, which includes some of Sierra's most iconic assets. This was a key milestone in the company's capital recycling strategy and for its property and asset management business;
- In the 2Q20, **Sonae Fashion** acquired the remaining 50% stake in Salsa and is now better positioned to strategically support the company and bring it to a new level of growth;
- Already in the 3Q20, Sonae reinforced its position in **NOS** and announced the agreement to dissolve the partnership at ZOPT. When executed, these operations will ensure a standalone position of 33.45% in NOS.

## 2. CEO letter

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The second quarter of 2020 was certainly one of the toughest quarters in Sonae's history. After a good start to the year, we were all hit by the Covid-19 pandemic in mid-March and it was during the second quarter that we felt most of the impacts to date of this unprecedented and challenging situation. As I have stated multiple times, our main concern since day one has been the health and safety of our people, customers and partners, while we continue to provide essential services to society and to support our communities. All our businesses have been severely impacted by this situation, but I am proud to say that our collective response has been quite outstanding. I feel truly honoured and privileged to lead such a resilient and generous team. These past few months have shown not only the cohesion and coordination of the top management team at Sonae, but also the strong commitment of our people to serve our customers and take great care of all our stakeholders.

Our portfolio showed a very resilient performance throughout the last few weeks. I would like to highlight the exceptional performances of both Sonae MC and Worten, which, in such a challenging context, were able to strengthen their leadership positions in the Portuguese market and grow turnover by more than 9% and 6% yoy in this second quarter of the year, respectively. But I would also like to stress the resilience of the remaining businesses in our portfolio, especially the ones which were forced to shut down during most of 2Q. Sonae Sierra faced a particularly challenging situation, namely in Portugal, with all shopping centres practically closed during the quarter and high uncertainty regarding rent collection driven by unprecedented legislation (despite the agreements that had already been reached with the vast majority of tenants). Overall, Sonae grew 5% yoy in the quarter and underlying EBITDA was practically stable vs last year in comparable terms. This is a remarkable performance considering that many of our operations were shut down for many weeks.

Under these challenging times, maintaining a solid financial position is essential to face the future with confidence. Since the beginning of 2020, we have been able to further reinforce our capital structure with several refinancing operations totalling more than €650 M and extensive cash preservation initiatives. This has enabled us to keep a healthy liquidity position and maintain our commitments to all stakeholders. Currently, all the companies in our portfolio hold conservative balance sheets, which will be important to face the upcoming months.

While we remained deeply committed to protecting our businesses and serving our customers, we have not lost sight of our environmental and social sustainability priorities. In the past few months, we have continued to reinforce our social responsibility initiatives in a number of areas, namely food donations and government support initiatives related to the fight against Covid-19, and we have continued to make significant progress towards our CO<sub>2</sub> emissions and plastics consumption goals.

The next few months will bring different types of challenges for our teams, and I am confident that Sonae will overcome these challenges. We have a resilient portfolio of businesses and a strong financial position, but most importantly the right people and the right values embedded across the organisation.

Cláudia Azevedo

CEO, Sonae

### 3. Covid-19 update

Sonae continues to monitor all the developments related to the Covid-19 outbreak and to adapt all its actions to the current circumstances, according to each business context and to the recommendations and rules established by the competent authorities. Since the beginning of the pandemic, and given the existing risks, a specific governance model was implemented early on to manage this crisis and prevention/contingency plans were developed to cover the entire organisation, from the operational areas to the central structures, across all of the Group's businesses.

Below is a summary of the main initiatives and impacts in several areas during the last months:

#### Employees

- At the operations level, measures continued to be implemented in order to ensure the health of our employees, partners and customers.
- Businesses that were closed during the state of emergency have been gradually reopening since mid-May and, as of this date, all operations are adjusted to the new normality, requiring special hygiene and social distancing measures.
- Regarding central offices, as well as in every job function in which this was possible, remote work continued to be prioritised. In June, a phased return to the offices was initiated in many businesses yet maintaining a low occupancy rate.

#### Community Support

Sonae continued to reinforce its social responsibility initiatives in the quarter, in particular:

- Wide support to institutions (hospitals, local councils and support centres) through the distribution of thousands of food and non-food goods and PPE (personal protective equipment) to the most vulnerable people, but also to health and security professionals. In addition, hundreds of computers were donated to schools so that children could follow classes remotely.
- Sonae group companies have actively participated in cooperation networks to support communities, namely international sourcing support made available to public institutions, having managed to purchase PPE in a time of great need and providing all the logistics for its transportation to Portugal and distribution to priority entities and institutions (e.g. hospitals). At the same time, portfolio companies participated in several fundraising initiatives amounting to a total of €1.2 M, with Sonae having donated more than 150 tons of essential products.

#### Business operations – Main highlights

##### Food retail | Sonae MC

- The food retail sector registered an increased level of demand before and after the state of emergency. After the lockdown, Sonae MC's sales returned to more typical levels, but still above the pre-Covid period, which demonstrates the recognition of its value proposition, as well as the cleanliness and safety environment felt in our stores.
- Sonae MC maintained a close dialogue with all stakeholders in the supply chain to strengthen its response capacity during the crisis, including the activation of alternative suppliers, namely at the national level, promoting market liquidity, especially for small producers. At the moment, all supply chain operations have been normalised.
- The unprecedented demand in the online channel, that required Sonae MC to increase significantly its response capacity and establish partnerships for home delivery, is already normalised. Nevertheless, sales continue to be higher than the pre-Covid period, which shows the quality of the service and a strong customer loyalty.
- The formats that had been forced to close during the state of emergency, namely Arenal in Spain, as well as the Go Natural restaurants, Bagga coffee shops and most of the Dr.Wells clinics in Portugal, have resumed their activity.

### Shopping Centres | Sonae Sierra

- Sonae Sierra has now all shopping centres open in all its geographies, having implemented several measures in coordination with tenants to ensure the safety of visitors and employees (e.g. temperature checks, use of masks, increase of cleaning and of air circulation/renewal).
- The return phase has been successful, with footfall evolving in a positive trend (although still below pre-Covid levels) and tenant sales showing encouraging signs. During the lockdown, Sonae Sierra developed some initiatives to mitigate tenants' loss in sales, which it still keeps, such as: i) a virtual mall, in partnership with Dott and ii) a click & collect initiative, taking advantage of the parking space serving the shopping centres.
- Rental income has been impacted by the discounts and rent invoicing suspensions that the company had already agreed for the lockdown period with its tenants in order to support their operations and share the impacts of the pandemic and by the new legislative measures taken in Portugal.
- Despite the impacts of the recent legislation, the company has been updating several contingency scenarios, maintaining a solid liquidity, and continues to implement several measures to reduce/contain non-essential costs, as well as investments that are not critical.

### Telecommunications | NOS

- As for telecom operations, traffic volumes remained very high during the 2Q, both fixed and mobile, with increases versus pre-Covid-19 levels. Despite this additional pressure, service levels remained intact with minimal disruption, a result of the significant investments made in past years to deploy the nationwide next generation network, both fixed and mobile, and the contingency measures implemented during this period.
- During this period, premium sports channels billing suspension was maintained up to end of May, being resumed in June with the return of the Portuguese football league. Also, roaming revenues continued to struggle due to limited international travel.
- Cinemas were closed due to the pandemic, with no revenues generated since mid-March. Already in July, NOS cinemas reopened under stricter health and safety measures – all the procedures were certified by an external entity (ISQ), that will also undertake quarterly audits to ensure safety standards are being complied with. Since then, theatres have been operating with a limited level of demand, also driven by the postponement of many movie launches.

### Electronics | Worten

- The end of 2Q20 was marked by the lifting of previous lockdown measures in both Portugal and Spain, albeit at different paces. In Portugal, these measures were lifted from the beginning of May onwards, leading to the gradual reopening of Worten's Mobile and iServices stores (remaining stores – Worten Mega and Worten Super – continued open during confinement period, yet under a more restricted opening hour schedule). In Spain, these measures were lifted progressively in stages according to the pandemic status of each region, delaying the reopening of physical stores to the beginning of June (Spain Mainland stores and the six stores previously closed in the Canary Islands). To be noted that in Spain, the severe limitations to product categories that could be sold in stores, as defined by the Spanish Government, prompted Worten to close its stores, contrary to Portugal.
- As per stores reopening, footfall increased, and sales levels started to converge to pre-Covid levels. To ensure the safety of all customers and employees, stores' operating model was reviewed reinforcing protection measures (e.g., masks, acrylic panels, electronic signalling), thus leading to extraordinary costs during this period. Notwithstanding, this effect is partly mitigated by reinforced efficiency efforts underway, both at cost and investment levels.
- As expected, and as a direct result of the end of social confinement and stores reopening, the weight of online purchases in the electronics channel reached its peak and started to decrease despite still being currently at higher levels than the past. Thus, Worten's online sales have also decelerated, yet still registering record-breaking levels. All in all, and from an omnichannel perspective, Worten sales present a strong growth, both LfL and non LfL, translated into market share gains.

### Fashion and Sports | Sonae Fashion and ISRG

- Regarding the sports and fashion retail businesses, and since the end of the state of emergency, stores have been reopening in different stages and depending on the pandemic evolution in each region where these are located.
- Focused on protecting people and promoting public health, Sonae Fashion joined the scientific and industrial community and successfully created and made available worldwide an innovative reusable mask (MOxAd-Tech). The project involved the clothing brand MO, the manufacturer Adalberto, the CITEVE technological centre and the University of Minho. In addition, the MOxAd-Tech mask has successfully passed all the tests carried out at the Instituto de Medicina Molecular João Lobo Antunes (iMM; Lisbon, Portugal), which makes it the first mask capable of inactivating the virus that causes Covid-19. This mask had already been certified as having antimicrobial protection and is now also capable of inactivating the SARS-CoV-2 virus which causes Covid-19.

### Financing

In compliance with its internal policies and given the current high uncertainty context, Sonae has privileged the increase of the group's liquidity, the reduction of debt amortizations in the coming years and the expansion of maturities. Therefore, since the beginning of 2020, more than €650 M in debt facilities were reinforced, and as of the end of June, Sonae had €614 M of available credit lines and €595 M of cash. In this context, we do not foresee any significant financing needs in the short term and we believe we have the adequate liquidity levels, even under more adverse scenarios. In addition, we do not foresee any situation of debt covenant breach in the short term, either at Sonae MC or at Sonae SGPS.

At this stage, it is not possible to provide accurate estimates of the future economic, operational and financial impacts of this pandemic, as these depend on the economy relaunch, which in turn depends on the evolution of the pandemic contagion and the economic stimulus measures that are being implemented. However, Sonae has been directing all efforts to minimise the effects of this crisis, in line with the recommendations of the competent entities and in the best interest of all its stakeholders.

## 4. Sonae consolidated performance

### Brief portfolio update

In the 1Q20, Sonae Sierra created Sierra Prime, a leading retail real estate JV with APG, Allianz and Elo, resulting in a dilution of its stake on a portfolio of leading Iberian assets (down to 25%), whilst maintaining the management of these assets.

In the 2Q20, Sonae acquired the remaining 50% in Salsa.

Already in the 3Q20, Sonae announced the agreement to terminate the partnership at ZOPT and the acquisition of a 7.38% stake in NOS.

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

### Consolidated performance

Sonae's consolidated performance in 2Q20 was marked by two different moments:

- the lockdown period up to mid-May, marked by a strong impact in most of our businesses, positive in terms of sales performance for Sonae MC and Worten Portugal and negative, for Sonae Sierra, Worten Spain, and Sonae Fashion, that had to practically close down their operations during this period, and
- the post-lockdown period with the reopening of all stores and gradual easing of restrictions but still with some shopping centres with limited opening hours and therefore lower footfall.

From a **statutory point of view**, Sonae's consolidated **turnover** grew 5% yoy, to €1,584 M in the 2Q20, mainly driven by the strong contribution from Sonae MC, leading to a 6% yoy growth in the 1H to €3,136 M. In terms of **underlying EBITDA**, Sonae ended the 2Q20 with €129 M and €229 M in the 1H20, 7% and 5% below last year's figure, respectively, mainly explained by the deconsolidation of two core shopping centres (consequence of the Prime transaction) in Sonae Sierra's statutory accounts and the lockdown period's negative impact in Sonae Sierra and Sonae Fashion. **Excluding the impact of Sierra Prime, 1H20 Sonae's consolidated underlying EBITDA would have stayed flat yoy.**

2Q20 consolidated **EBITDA**, decreased 12% yoy to €128 M, due to the lower equity method results from Sonae Sierra and ISRG. Consequently, in the **1H20, consolidated EBITDA** fell 8% yoy to €256 M, despite the capital gain registered in the 1Q20 resulting from the Prime transaction at Sonae Sierra. **Sonae's Indirect Results** were mainly impacted by Sonae Sierra's asset revaluations as a result of the pandemic, which pushed **Sonae's Net Result** to a negative value of €16 M in the 2Q. All in all, at the end of 1H20, Sonae's Net result (group share) stood at -€75 M, highly influenced by total non-cash contingencies of €76 M already in the 1Q and Sonae Sierra's portfolio valuation decrease in the 2Q, both directly related to Covid-19.

Sonae consolidated results						
Million euros	1H19	1H20	yoy	2Q19	2Q20	yoy
<b>Turnover</b>	<b>2,960</b>	<b>3,136</b>	<b>5.9%</b>	<b>1,511</b>	<b>1,584</b>	<b>4.8%</b>
<b>Underlying EBITDA</b>	<b>241</b>	<b>229</b>	<b>-5.3%</b>	<b>139</b>	<b>129</b>	<b>-7.5%</b>
margin	8.2%	7.3%	-0.9 p.p.	9.2%	8.1%	-1.1 p.p.
Equity method results <sup>(1)</sup>	49	13	-73.2%	23	6	-73.5%
Non-recurrent items	-11	14	-	-18	-7	59.5%
<b>EBITDA</b>	<b>279</b>	<b>256</b>	<b>-8.3%</b>	<b>145</b>	<b>128</b>	<b>-11.7%</b>
margin	9.4%	8.2%	-1.3 p.p.	9.6%	8.1%	-1.5 p.p.
D&A	-103	-107	-3.7%	-52	-54	-2.8%
D&A - RoU	-60	-64	-6.2%	-34	-32	5.6%
Provisions and impairments	-3	-53	-	-2	-7	-
<b>EBIT</b>	<b>114</b>	<b>32</b>	<b>-</b>	<b>56</b>	<b>35</b>	<b>-</b>
Net financial results - lease liabilities	-36	-37	-3.4%	-17	-18	-5.6%
Net financial results - financing	-21	-18	14.6%	-11	-7	33.4%
<b>EBT</b>	<b>57</b>	<b>-23</b>	<b>-</b>	<b>29</b>	<b>9</b>	<b>-</b>
Taxes	-1	4	-	-5	-3	-
<b>Direct results</b>	<b>56</b>	<b>-19</b>	<b>-</b>	<b>24</b>	<b>6</b>	<b>-</b>
<b>Indirect results</b>	<b>8</b>	<b>-65</b>	<b>-</b>	<b>9</b>	<b>-45</b>	<b>-</b>
<b>Net income</b>	<b>64</b>	<b>-84</b>	<b>-</b>	<b>32</b>	<b>-39</b>	<b>-</b>
Non-controlling interests	-26	10	-	-13	23	-
<b>Net income group share</b>	<b>38</b>	<b>-75</b>	<b>-</b>	<b>20</b>	<b>-16</b>	<b>-</b>

(1) 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 discontinued operations results.



## Capital Structure

In what concerns Sonae's capital structure, **total net debt reduced €498 M yoy to €1,257 M**, underpinned by the cash-in from Sonae Sierra's Prime transaction in the 1Q20 (€188 M, net of dividends paid to Grosvenor), and the consequent debt deconsolidation of these assets from Sonae's balance sheet.

The group's **gearing at book value** stood at 0.4x and **market value** gearing at 0.9x, as the negative share price performance during the last 12 months offset the decrease in average net debt during the same period.

Sonae's **financing conditions** sustained a low cost of debt of 1.2% during 1H20 (c.1.0% excluding Sonae Sierra), and the average maturity profile surpassed 4 years.

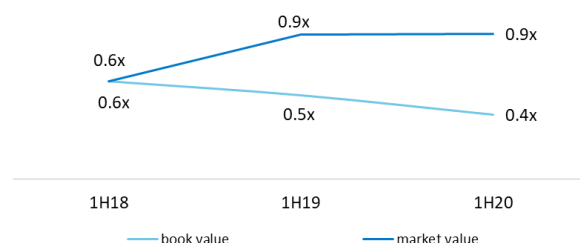
Moreover, and since the end of 2019, Sonae has already refinanced more than €650 M in long term facilities. As already stated in the 1Q20 release, with these operations, Sonae has increased the average debt maturity, the diversification of relationship banks and significantly reinforced its capital structure. The increased resilience of the balance sheet in the current adverse context allows Sonae to face the coming months with greater confidence and to pursue the group's strategic objectives in better conditions.

Moreover, all the companies in the portfolio continued to hold **conservative and solid balance sheets**. Both Sonae MC and NOS were able to post comfortable ratios of net debt to EBITDA (post-IFRS16), Sonae MC with 3.3x and NOS with 1.8x. Sonae Sierra's loan-to-value decreased to 25% and at the holding level, loan-to-value stood at 11%.

In terms of **capex** and in a quarter mainly characterized by lockdown, Sonae's companies spent €52 M, 28% below 2Q19, reaching €113 M at the end of 1H20. The deviation in 1H also reflects Arenal's acquisition by Sonae MC in 2019.

Sonae net invested capital			
Million euros	1H19	1H20	yoy
Net invested capital	5,956	4,839	-18.7%
Shareholders funds	3,008	2,401	-20.2%
<b>Net debt (exc. lease liabilities)</b>	<b>1,755</b>	<b>1,257</b>	<b>-28.4%</b>
Lease liabilities	1,193	1,182	-1.0%

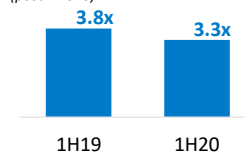
## Gearing evolution



## Ratios

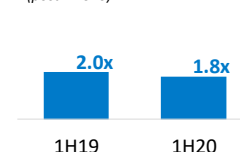
### Sonae MC

Net Debt/ und. EBITDA  
(post IFRS16)



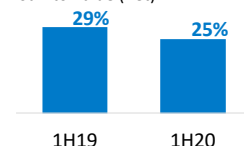
### NOS

Net Debt/ EBITDA  
(post IFRS16)



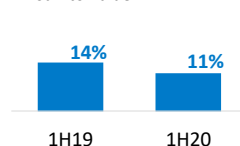
### Sonae Sierra

Loan-to-value (net)



### Holding

Loan-to-value



Sonae Capex			
Million euros	1H19	1H20	yoy
<b>Capex</b>	<b>189</b>	<b>113</b>	<b>-40.4%</b>
Sonae MC	155	89	-42.5%
Sonae Sierra	5	2	-
Worten	10	8	-20.5%
Sonae Fashion	6	6	4.8%
Sonae FS	<1	<1	51.3%
Sonae IM	15	6	-62.8%



## 5. Business by business results

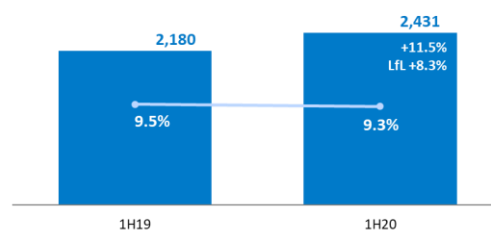
### 5.1. Sonae MC<sup>1</sup>

For Sonae MC, the 2Q20 showed the same trends witnessed at the end of the 1Q20. Under such a challenging environment, Sonae MC was able to deliver strong sales growth, good momentum in the ecommerce operation and a strengthened leadership position. In the 2Q20, **turnover** grew by 9% yoy to €1,237 M, with a LfL sales growth above 6% and a very good performance in the i) hypers due to their broad offering, wide spaces and perceived safe environment, ii) proximity supermarkets, as customers are closer to home for their everyday needs and iii) the online business that continued to post double-digit growth during the 2Q and remained at high levels even after the end of the lockdown. New growth businesses, after a challenging start to the 2Q with most of the stores closed, have started to recover in June but still with lower footfall when compared to last year's figures, as people are still cautious over going out to acquire non-essential goods and services.

This 2Q top line performance led to a turnover of €2,431 M at the end of the 1H20, implying a 11.5% yoy growth and a LfL of 8.3%, in an environment of accelerating food inflation (2% in the 1H20). These figures reflect an extraordinary impact of the Covid-19 clearly showing the superior value proposition of Sonae MC's food retail formats, especially important in a sector where the limit of 5 customers per 100 sqm in stores continues.

Regarding **underlying operating profitability**, the incremental impact from Covid-19 on the costs side, particularly in the 2Q, led to a slightly lower margin when compared to last year. The direct and indirect costs related with the pandemic, were namely the costs with hygiene, safety measures and staff bonuses to reward exceptional work in the frontline during the lockdown period coupled with the changes in channel and product mix that weighed down on gross margins. All in all, underlying EBITDA margin stood at 9.3% vs 9.5% in the 1H19.

Turnover and underlying EBITDA margin (€M)

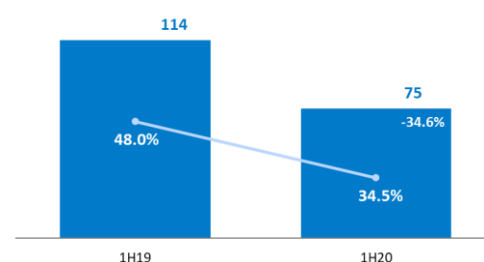


### 5.2. Sonae Sierra

Covid-19 had a material impact in the commercial real estate sector during the 2Q, particularly in shopping centres, thereby negatively impacting all of Sonae Sierra's business units.

From an **operational point of view**, Sierra's European portfolio, which today has a significant bias towards core / dominant assets, recorded (i) a decrease of c.70% of footfall when compared to the 2Q19 figures, reflecting the lockdown period which covered most of Q2 for almost all assets of Sierra's portfolio; and (ii) an average occupancy rate of 96.6% at the end of June, only slightly below last year's figure (97.4%).

Turnover and EBIT margin (€M)



On a **proportional accounting basis**, Sonae Sierra's 2Q20 net result was -€56 M, split between Direct results of -€3 M and Indirect results of -€53 M, the latter mainly related with property revaluations during the quarter, as asset values saw an

<sup>1</sup> For more information please see Sonae MC 1H20 results report in [www.sonae.pt](http://www.sonae.pt).

increase in yields and operational impacts from the pandemic. All in all, the 2Q20 net loss more than offset the net result of 1Q20, leading to a 1H20 net loss of €8 M.

Regarding **NAV**, Sonae Sierra ended the 2Q20 with €947 M, 7% down when compared to the end of 1Q20, mainly reflecting the decrease in investment property values, asset impairments and FX losses from Brazil.

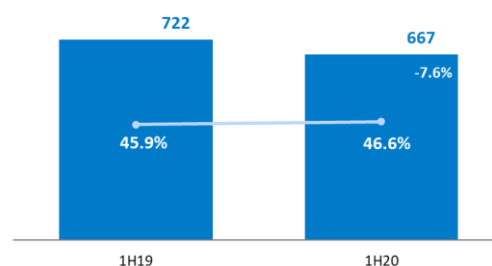
### 5.3. NOS

NOS published its 2Q20 results on July 22<sup>nd</sup>. This 2Q was a quarter with a stronger operational and financial impact from Covid-19 when compared to 1Q20, as a result of the more extensive period under lockdown, with all business segments being significantly affected.

NOS **turnover** in the 2Q20 declined 12% yoy to €321 M, leading to a 1H20 turnover of €667 M, -7.6% yoy. This performance in the 2Q reflected the cinema theatre closures, a significant decline in roaming revenues, the suspension of premium sports channel billing (in April and May) and the more challenging B2B environment. The Cinema and Audiovisuals business was the most impacted on a relative basis (more than 40% yoy) given the complete closure of theatres since March 16<sup>th</sup>. **EBITDA** followed the same trend and decreased by 7.8% in the 2Q to €158 M and 6.3% versus 1H19 to €311 M in the 1H20. All in all, **2Q20 net result** declined 5% yoy to €45 M in the 2Q20, as a result of the decline in EBITDA that more than offset the accounting capital gain of €6 M resulting from the sale of NOS International Carrier Services and at the end of 1H20, net result stood at €35 M, strongly impacted by the non-recurrent items linked to Covid-19 already registered in the 1Q20.

Nevertheless, NOS' financial balance sheet remains solid, having ended the 1H20 with a net financial debt to EBITDA of 1.8x. This position will be further strengthened with the sale of NOS Towering to Cellnex, which was already approved by the Portuguese Competition Authority in the 3Q20.

Turnover and EBITDA margin (€M)

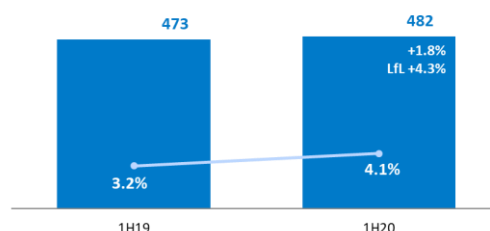


### 5.4. Worten

Worten had a **strong 2Q both in terms of top line and profitability** in spite of the very different business contexts in Portugal and Spain.

As already stated in the 1Q release, during the lockdown period, in Portugal, all stores remained open except Worten Mobile and iServices stores located in shopping centres – and then gradually reopened in May. Due to more restrictive confinement rules and a more acute impact of the outbreak, in Spain mainland all stores were temporarily closed, although still supporting the online operation, while in the Canary Islands 6 stores were closed, 2 of which were adapted to serve online orders – in both regions, stores opened in the beginning of June. The online demand continued to deliver double-digit sales growth, being the main driver of the top line performance.

Turnover and underlying EBITDA margin (€M)



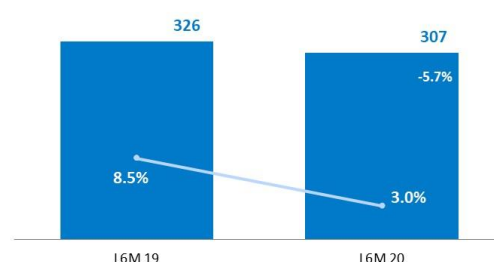
In this context, despite closures in Spain and as a result of the online surge, **turnover** grew 6% yoy (9% in like-for-like stores), reaching €250 M in the 2Q20 and €482 M in the 1H20.

Highlight to the categories of IT and entertainment that registered a strong growth, easily understood in view of the current situation. Regarding profitability, Worten's **underlying EBITDA** improved yoy from €7 M (3.0% margin) to €12 M (4.7% margin) in the 2Q, boosted by the top line performance, namely in Portugal, and the closure of 14 loss-making stores in Spain over the last 12 months. Already in July, three more loss-making stores were closed in Spain Mainland.

## 5.5. ISRG

After a strong performance in 2019, the first months of ISRG's fiscal year were severely impacted by the Covid-19 outbreak as sales started to slow down since the beginning of March and, from mid-March onwards, all the company's stores were closed both in Portugal and in Spain (representing a shutdown period in half of the quarter<sup>2</sup>). In what concerns profitability and following the negative sales trend, 1Q EBITDA decreased to negative ground and implied that the company's equity method contribution to Sonae's results was negative at €6 M in the quarter.

Turnover and EBITDA margin (€M)



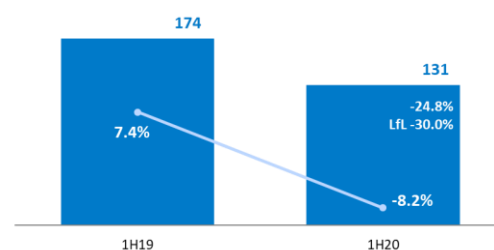
The reopening performance of ISRG stores since June in both geographies has been quite positive and encouraging.

## 5.6. Sonae Fashion

For Sonae Fashion, the 2Q was atypical and severely hit by the closure of all stores as the lockdown measures were in place for the most part of the quarter. Since mid-May, stores began to reopen but continued to be impacted by legal requirements and by limited footfall in shopping centres.

In spite of the adverse context and during the lockdown, Sonae Fashion implemented a comprehensive set of measures to find alternative ways to sell and to increase brand engagement across all of its brands. Part of the severe impact in top line was offset by a very positive performance of the online business that more than doubled last year's figures in the 2Q. Zippy and MO are worth highlighting with 5x and 6x increases in online sales, respectively, having reached the FY19 online sales figure in just one quarter. In addition, performance since reopening has delivered encouraging results to face the rest of the year.

Turnover and underlying EBITDA margin (€M)



Overall, Sonae Fashion **turnover** in the 2Q20 stood at €53 M, decreasing 32% yoy, leading to a 25% yoy decline in the 1H to €131 M. Regarding profitability, following the sales trend, and considering that the stores were closed for more than 2.5

<sup>2</sup> 1Q of ISRG refers to the period from the 2<sup>nd</sup> of February to the 2<sup>nd</sup> of May.

months and the extra costs directly related with the Covid-19, **underlying EBITDA** was down by €24 M yoy to negative ground and stood at -€11 M at the end of 1H20.

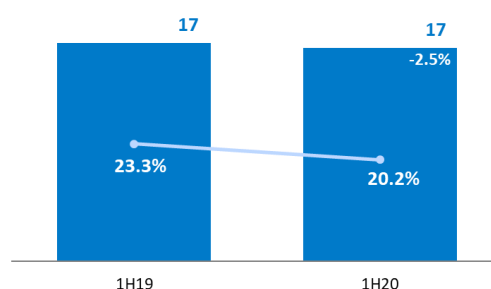
## 5.7. Sonae FS

Although not being among the most affected businesses in our portfolio, Sonae FS' activity slowed down in the months of the lockdown, namely concerning new credit cards and personal loans approvals. Nevertheless, since mid-May Sonae FS' operational performance already showed signs of recovery and its activity has returned to historical levels, especially in Universo purchases, coupled with the recovery of activity in Spain with the reopening of retail stores.

In spite of the deceleration of the credit card payments market as a whole (-15% yoy until the end of June), the Universo card was able to register an estimated record market share of 18.1% in April, 16.4% in May and 14.2% at the end of June, guaranteeing an average of 14.7% for 1H20 compared to 12.5% in 1H19. This represents a record market share since its creation and in the lockdown period, fuelled by the strong boost of online purchases in sectors like grocery, clothing and home appliances, significantly above historical figures. At the end of June, there were 886k active Universo cards, +85k vs last year.

All in all, Sonae FS **turnover** fell €1.6 M yoy to €7.6 M in the 2Q20, being able to remain flat yoy in the 1H20 with a turnover of €17 M. The **underlying EBITDA** followed the same top line trend, decreasing less than €1 M both in the 2Q and in the 1H, when compared to the same period of last year and reaching €1.3 M in the 2Q20 and €3.4 M in the 1H20.

Turnover and underlying EBITDA margin (€M)

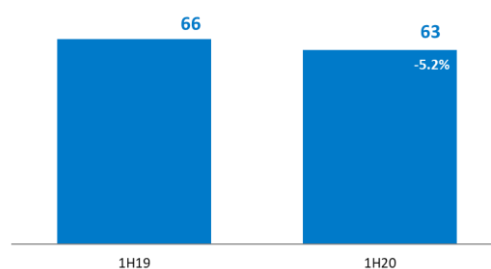


## 5.8. Sonae IM

Within Sonae IM's portfolio companies, a positive note to cybersecurity companies which have proven to be more resilient to the Covid-19 crisis and increased their top line by double digit in the semester.

As for the investment activity, the main priority has been monitoring and supporting portfolio companies and some follow-on investments have been done. Despite a slowdown in M&A activity in the months of March and April, as travel bans and event cancellations prevented the maintenance of deal generation activities, the end of the 2Q20 showed some encouraging signs with the M&A activity starting to pick up. During the 2Q20, Sonae IM made an early stage investment in a company with a distinctive short video technology.

Turnover (€M)



Sonae IM's 1H turnover reached €63 M, 5.2% below the value registered in 1H19 and 1H underlying EBITDA stood in negative ground but with a significant improvement in relation to last year. In the 2Q20, turnover improved 4% yoy and underlying EBITDA was positive.

## 6. Corporate information

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### 6.1. Main corporate events in the 2Q20

April 8<sup>th</sup>

Sonae informed about bond issue and refinancing of medium and long-term debt.

April 10<sup>th</sup>

Sonae announced that Wonder Investments SGPS informed that it has executed the contractual right to sell its 50% stake in IVN – Serviços Partilhados SA which trades under the trademark “Salsa” to Sonae Fashion.

April 17<sup>th</sup>

Sonae informed on transaction by person discharging managerial responsibilities.

April 30<sup>th</sup>

Sonae informed on Resolutions taken at Sonae’s Shareholders’ Annual General Meeting.

April 30<sup>th</sup>

Sonae informed on dividend payment.

May 5<sup>th</sup>

Sonae informed on qualified shareholding.

May 18<sup>th</sup>

Sonae informed on refinancing of medium and long-term debt.

May 21<sup>st</sup>

Sonae informed about notification from PriceWaterhouseCoopers, Sociedade de Revisores Oficiais de Contas, Lda.

### 6.2. Subsequent events

August 4<sup>th</sup>

Sonae informed about bond issue and refinancing of medium and long-term debt.

August 5<sup>th</sup>

Sonae informed about sale and leaseback operation.

August 19<sup>th</sup>

Sonae informed about an agreement to dissolve the partnership at ZOPT and a shareholding in NOS SGPS, SA

## 7. Sonae Balance sheet

Sonae statement of financial position			
Million euros	1H19	1H20	yoy
<b>TOTAL ASSETS</b>	<b>8,699</b>	<b>7,806</b>	<b>-10.3%</b>
<b>Non current assets</b>	<b>7,091</b>	<b>6,176</b>	<b>-12.9%</b>
Net fixed assets	2,050	2,084	1.6%
Net Rights of Use	1,082	1,043	-3.6%
Goodwill	822	675	-17.9%
Investment properties	975	336	-65.6%
Other investments	2,015	1,642	-18.5%
Deferred tax assets	83	343	-
Others	64	53	-16.9%
<b>Current assets</b>	<b>1,608</b>	<b>1,631</b>	<b>1.4%</b>
Stocks	670	567	-15.4%
Trade debtors	132	121	-9.0%
Liquidity	525	597	13.6%
Others	280	346	23.7%
<b>SHAREHOLDERS' FUNDS</b>	<b>3,008</b>	<b>2,401</b>	<b>-20.2%</b>
Equity holders	2,006	1,921	-4.2%
Attributable to minority interests	1,002	479	-52.2%
<b>LIABILITIES</b>	<b>5,690</b>	<b>5,405</b>	<b>-5.0%</b>
<b>Non-current liabilities</b>	<b>3,570</b>	<b>3,307</b>	<b>-7.4%</b>
Bank loans	1,474	1,079	-26.8%
Lease liabilities	1,099	1,077	-2.0%
Other loans	565	550	-2.7%
Deferred tax liabilities	290	464	60.2%
Provisions	40	42	4.3%
Others	102	94	-8.0%
<b>Current liabilities</b>	<b>2,120</b>	<b>2,098</b>	<b>-1.0%</b>
Bank loans	279	238	-14.7%
Lease liabilities	95	104	10.5%
Other loans	6	15	147.9%
Trade creditors	1,122	1,132	0.9%
Others	619	610	-1.5%
<b>SHAREHOLDERS' FUNDS + LIABILITIES</b>	<b>8,699</b>	<b>7,806</b>	<b>-10.3%</b>

## 8. Additional information

### 8.1. 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;
- (ii) Discontinued operations: Saphety and WeDo following the sale from Sonae IM in 1Q19 and 3Q19, respectively; Temasa following the sale from Sonae Fashion and Deeply as an asset available for sale.

### 8.2. Sonae Sierra statutory accounts

Sonae Sierra consolidated results		
Million euros	2Q20	1H20
<b>Turnover</b>	<b>23</b>	<b>50</b>
<b>Underlying EBITDA</b>	<b>3</b>	<b>7</b>
margin	11%	14%
Equity method results	1	10
Non-recurrent items	-2	57
<b>EBITDA</b>	<b>2</b>	<b>75</b>
Provisions and impairment losses	-5	-5
D&A	-1	-1
<b>EBIT</b>	<b>-4</b>	<b>68</b>
Net financial results	-1	-4
<b>EBT</b>	<b>-5</b>	<b>64</b>
Taxes	0	-1
<b>Direct results</b>	<b>-6</b>	<b>63</b>
<b>Indirect results</b>	<b>-52</b>	<b>-72</b>
<b>Net income</b>	<b>-58</b>	<b>-9</b>
Non-controlling interests	2	1
<b>Net income group share</b>	<b>-56</b>	<b>-8</b>



## 9. Glossary

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