



1st Half Results, 2021

Matosinhos, 29th July 2021

Proforma unaudited figures reported according to IFRS 16

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 the 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.

01.

HIGHLIGHTS

In May 2021, Sonae MC announced to the market that it had reached an agreement for the sale of 50% of Maxmat's share capital. In this context, Maxmat was considered as held for sale and all periods in 2020 and 2021 were restated to consider this asset as a discontinued operation.

- Turnover increased 5.4% to €2,505m in 1H'21, with 2.3% like-for-like growth amid unwinding national lockdown
- Encouraging additional market share gain in the first half, reflecting customers' high recognition and the Company's unrivalled omnichannel proposition
- Underlying EBITDA margin of 9.4%, +0.2pp year-on-year, boosted by solid topline performance and robust profitability profile, highlighted by the very positive evolution of grocery formats
- E-commerce operation grew 45% in 1H'21, on top of the strong growth achieved last year; the digital transformation progressed, with emphasis in the opening of Continente Labs cashierless store and the launch of the new Continente and Well's online platforms

MESSAGE FROM THE CEO | Luís Moutinho

"In the first semester, Sonae MC remained on track with the favourable momentum carried on from last year, posting a resilient topline performance and a growing market share, despite very strong comparable figures.

As Portugal took the first steps into easing lockdown measures, our teams excelled in providing great customer service and in adapting to new shopping habits, maintaining a disciplined implementation of our strategic pillars. We continued to prioritize Sonae MC's digital transformation, having recently opened the first Continente Labs cashierless store and launched a revamped version of our leading grocery online platform, further developing the merits of our omnichannel approach.

It remains unclear how consumers will respond to changing COVID-19 restrictions and the macro environment will develop in the coming months. Even so, we feel confident to stay at the forefront of the market, and well prepared to continue investing in our sustainable success."



Continente Labs, a pioneering cashierless store

02. OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	1 st Half				2 nd Quarter			
	2020	2021	Δ y.o.y.	Δ LFL	2020	2021	Δ y.o.y.	Δ LFL
Total Sonae MC	2,377	2,505	5.4%	2.3%	1,205	1,258	4.4%	1.3%
Hypermarkets	823	832	1.1%	1.4%	422	416	-1.3%	-1.2%
Supermarkets	1,210	1,272	5.1%	1.2%	619	633	2.3%	-1.7%
New Growth Businesses & Others	345	401	16.4%	14.3%	165	209	27.0%	41.0%

KEY RESULTS (€m)	1 st Half			2 nd Quarter		
	2020	2021	Δ y.o.y.	2020	2021	Δ y.o.y.
Underlying EBITDA (unEBITDA)	219	235	7.3%	124	128	3.0%
as % of turnover	9.2%	9.4%	0.2pp	10.3%	10.2%	-0.1pp
Net profit (from continuing operations)	40	48	20.3%	31	38	23.9%

- During the second quarter, Portugal gradually eased the COVID-19 related lockdown measures, enabling the progressive opening of the HORECA channel, high street stores and shopping centres. While several lockdown restrictions were still in place in April, from May onwards, the opening of restaurants and cafes led to a rebound of out-of-home consumption, as consumers sought to return to their usual consumption patterns.
- In this context, Sonae MC was able to post a resilient performance, cement its leadership position and maintain customer perception at high levels, amid a backdrop of food inflation close to zero. In the first half, turnover amounted to €2,505m, recording a 5.4% total growth and a 2.3% like-for-like increase, a solid evolution on top of the robust growth achieved in the same period last year. Also, Sonae MC delivered strongly across different banners, both on grocery and non-grocery formats, with continued excellent results on its e-commerce operation.
- Proximity formats enjoyed higher total growth due to the ongoing expansion and the ramp-up of new stores, while larger formats continued posting attractive growth performances. Regarding grocery sales profile, fresh produce (such as fruits & vegetables), take away and healthy nutrition faced a year-on-year increase in demand, reflecting the evolution of lockdown measures and the growing market demand for healthy lifestyles. The Health, Wellness & Beauty segment posted a very strong recovery in 1H'21 versus a challenging 2020, when stores were temporarily closed or endured significant operating restrictions. Total online sales registered double digit growth rates in 1H21 (+45%), having also grown in 2Q'21 despite the abnormal peak demand levels in the same period of 2020.
- Sonae MC kept strengthening its online value proposition, with the launch of new versions of the e-commerce platforms from Continente Online, with distinctive new features and an enhanced shopping experience, and from Well's, with an expanded offer in the areas of perfumery and selective beauty. Additionally, in the first half, Sonae MC provided its customers with a state-of-the-art digital shopping experience, through the opening in Lisbon of Continente Labs, the first cashierless store offered by a European retailer.

- Underlying EBITDA margin in the 1H'21 reached 9.4%, up by 0.2pp y-o-y, resulting from a robust turnover growth and a sustained operational profitability profile, diluting the extra COVID-19 direct related costs (€9m in the 1H'21). The strong trading and operational performance led net profit from continuing operations to attain €48m in the 1H'21, up by €8m year-on-year.

FREE CASH-FLOW AND DEBT (€m)	1 st Half		
	2020	2021	Δ y.o.y.
Free cash-flow	4	-42	-45
Net financial debt	680	664	-2.4%
Lease liabilities	987	1,085	9.9%
Total net debt ¹ to unEBITDA	3.4x	3.3x	-

- Free cash-flow reached €-42m in the 1H'21, reflecting the sound operating result generated in the period, the implementation of the Company's capital expenditure program and working capital seasonal effects. Sonae MC's cash conversion ratio stood at 66.1%.
- Capital investment plans progressed according to schedule, following a typical accelerating pace throughout the year, with gross capex amounting to €68m in 1H'21. Major investments included the opening of 20 new company-operated stores (of which 6 Continente Bom Dia proximity supermarkets), which added +9k square meters of sales area, and the refurbishment of 8 food retail units.
- Sonae MC maintained a solid balance sheet position with net financial debt reaching 664m€, down by €16m year-on-year, after the payment of €140m of dividends relating to FY20 results, signaling the Company's strong cash generation profile. Total net debt¹ in relation to underlying EBITDA stood at 3.3x as of June 2021 (3.4x the end of 1H'20). The debt maturity schedule remained at a comfortable level (average maturity around 4 years; funding needs ensured until YE22) and funding costs remained low. In terms of liquidity, at the end of 1H'21, Sonae MC maintained high amounts of available credit facilities.

03.

OUTLOOK

- The erratic evolution of the pandemic casts doubt on the broader macro outlook. Still, the recent acceleration in the roll-out of the COVID-19 vaccination plan has contributed to improve consumer confidence, and the National Recovery and Resilience plan that will begin to be implemented in the coming months will provide an additional stimulus to the economy and consumption.
- Amid these uncertain times, Sonae MC remains confident that it will continue delivering a top-notch customer service and a superior value proposition, no matter how the roadmap to easing restrictions unfolds. The Company is well positioned to keep succeeding and while the pandemic might be far from over, it looks forward to continuing to capture value-added opportunities in the new times to come.

¹ Total net debt equals net financial debt plus lease liabilities.

04.

OTHER EVENTS

- In May 2021 Sonae MC reached an agreement to sell its 50% share capital in Maxmat to an entity fully owned by BME Group, which already holds the remaining 50% of the share capital of Maxmat. The completion of the transaction is subject to the satisfaction of customary conditions for a transaction of this nature and the closing is expected to take place in the third quarter of 2021.
- This sale is expected to generate a capital gain of approximately €40m, subject to the financial performance of Maxmat until the transaction closing date.
- In July 2021, the Portuguese Competition Authority concluded the analysis process of this transaction, having adopted the decision of non-opposition regarding the respective merger control operation.

A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	1 st Half			2 nd Quarter		
	2020	2021	Δ y.o.y.	2020	2021	Δ y.o.y.
Turnover	2,377	2,505	5.4%	1,205	1,258	4.4%
Underlying EBITDA (unEBITDA)	219	235	7.3%	124	128	3.0%
<i>as % of turnover</i>	9.2%	9.4%	0.2pp	10.3%	10.2%	-0.1pp
D&A	-125	-139	11.2%	-62	-65	4.7%
Underlying EBIT (unEBIT)	94	96	2.1%	62	63	1.3%
<i>as % of turnover</i>	3.9%	3.8%	-0.1pp	5.2%	5.0%	-0.2pp
Net financial activity	-40	-39		-19	-18	
Other investment income	0	0		-0	0	
Non-recurring items	-5	-		-5	-	
Equity method	0	1		0	0	
EBT	50	57	15.2%	38	45	18.9%
Income tax	-10	-9		-8	-7	
Minorities	0	0		0	-0	
Net profit (from continuing operations)	40	48	20.3%	31	38	23.9%

CONSOLIDATED BALANCE SHEET (€m)	1 st Half		
	2020	2021	Δ y.o.y.
Net fixed assets	1,607	1,587	-1.3%
Leased assets right-of-use	871	943	8.3%
Goodwill and financial investments	491	475	-3.2%
Working capital	-600	-543	-9.5%
Invested capital	2,369	2,462	3.9%
Shareholders' funds ²	701	713	1.6%
Lease liabilities	987	1,085	9.9%
Net financial debt	680	664	-2.4%
Sources of financing	2,369	2,462	3.9%
Total net debt to unEBITDA	3.4x	3.3x	-

Please visit <https://sonaemc.com/en/financial-information/> for additional information about the results, including a comprehensive glossary.

² Shareholders' funds are deducted from the net book value of Maxmat.