

Preliminary Sales 2018

Lisbon, 14 January 2019

**Jerónimo
Martins**

In the year, the Group sales increased more than one billion euros with all banners reinforcing their market positions

SALES
FIGURES

Million Euros	2018	2017	Δ% (Euro)	Δ% (w/o FX)
Net Sales	17,337	16,276	+6.5	+6.8
Biedronka	11,691	11,075	+5.6	+5.8
Pingo Doce	3,835	3,667	+4.6	-
Recheio	980	942	+4.0	-
Ara	599	405	+47.9	+53.9
Hebe	207	166	+24.7	+25.0
Others	24	20	+15.2	-

Group net sales grew 6.5% to €17.3 billion, despite the twenty-one fewer trading days in Poland.

Biedronka, Pingo Doce and Recheio strengthened their value propositions and continued to gain market share, while Ara progressed on its expansion plan and improved its sales drivers.

Biedronka posted, in local currency, a 5.8% sales growth (+4.6% in Q4) with a LFL increase of 2.7% (+1.2% in Q4). In euros, sales grew 5.6% (+2.9% in Q4).

Hebe registered, in local currency, a sales increase of 25.0% (+27.5% in Q4). In euro terms, sales grew 24.7% (+25.5% in Q4).

Pingo Doce grew sales by 4.6% (+3.2% in Q4) with a LFL growth (excl. fuel) of 3.5% (+2.8% in Q4).

Recheio registered sales growth of 4.0% (+5.6% in Q4) with a LFL increase of 4.4% (+6.6% in Q4).

Ara grew its sales, in local currency, by 53.9% (+40.8% in Q4). In euro terms, sales increased 47.9% (+37.2% in Q4).

All banners invested to reinforce their competitive positions by improving their offers and shopping experience and expanding their store networks. A sharp design of the sales actions and commercial dynamics resulted in a better sales mix and drove profitable growth.



SALES
PERFORMANCE

(Million Euro)	2018		2017		Δ %		Q4 18		Q4 17		Δ %	
	% total		% total		w/o FX	Euro	% total		% total		w/o FX	Euro
Biedronka	11,691	67.4%	11,075	68.0%	5.8%	5.6%	3,059	67.4%	2,972	68.3%	4.6%	2.9%
Pingo Doce	3,835	22.1%	3,667	22.5%		4.6%	1,006	22.2%	975	22.4%		3.2%
Recheio	980	5.7%	942	5.8%		4.0%	242	5.3%	229	5.3%		5.6%
Ara	599	3.5%	405	2.5%	53.9%	47.9%	160	3.5%	117	2.7%	40.8%	37.2%
Hebe	207	1.2%	166	1.0%	25.0%	24.7%	64	1.4%	51	1.2%	27.5%	25.5%
Others & Cons. Adjustments	24	0.1%	20	0.1%		15.2%	6	0.1%	6	0.1%		-2.7%
Total JM	17,337	100%	16,276	100%	6.8%	6.5%	4,537	100%	4,350	100%	5.5%	4.3%

Despite the challenges in our main market, we delivered a very good sales growth and all banners increased their market shares.

Group sales reached €17.3 bn in 2018, 6.5% above the previous year (+6.8% at constant exchange rates).

In **Poland**, positive consumer demand provided opportunities for continuous improvement in the offer.

Food inflation in the country remained low throughout the year driven by both deflation in relevant commodities and fresh products and a highly competitive environment, particularly in the context of the Sunday trading ban regulation. Up to November food inflation was 2.8% (+1.3% on average for October and November).

In a demanding context, **Biedronka** remained focused on the consumer and reinforced its market share. The banner was able to mitigate the impact of having 21 fewer trading days in the year while protecting the efficiency of the operation and its profitability.

Sales in the year grew 5.6% (+2.9% in Q4) to €11.7 bn. In local currency, sales growth was 5.8% (+4.6% in Q4).

On a LFL basis, sales increased 2.7% (+1.2% in Q4). Basket inflation was flattish, with growth being driven by volumes and trading up.

The regulation in force since March regarding Sunday closures had an estimated impact in the LFL of c.1.3p.p. (c.1.3p.p. in Q4, with 5 days of ban).

In line with its expansion plan, Biedronka opened 122 stores, ending the year with a network of 2,900 locations (77 net additions). We continue to see interesting opportunities to open neighbourhood stores and we believe we have the right format with the necessary layout flexibility to take those opportunities.

Despite the impact of the Sunday ban, **Hebe's** sales grew 25.0% in the year (+27.5% in Q4). In euros, sales increased by 24.7% (+25.5% in Q4) to €207 mn. This performance confirms that the current value proposition suits the Polish market and has room to deliver more in the near future.

Hebe opened 51 new stores (48 net additions) having ended the year with a total network of 230 locations: 30 Pharmacies and 200 Drugstores (21 of which include a pharmacy).

In **Portugal** the consumer environment remained positive across the year.

Food inflation in the country was 0.7% (+0.3% in Q4).

Pingo Doce innovated in its commercial activity and proved to be in good competitive shape. Total sales grew 4.6% to €3.8 bn (+3.2% in Q4).

With a remarkable performance, LFL growth (excl. fuel) reached 3.5% (+2.8% in Q4).

The banner opened 10 new locations in the year (8 of which under the convenience concept Pingo Doce & Go).

Recheio had another strong year and reached sales of €980 mn, 4.0% up on the previous year (+5.6% in Q4). On a LFL basis, top line grew 4.4% in the year and 6.6% in Q4. The Company's commercial assertiveness allowed it to further benefit from a favourable consumer environment and a positive tourism backdrop.

In **Colombia**, we saw an improvement in consumer confidence in the first half of the year. Although some subsequent deterioration was registered, all in all the context improved from previous year.

Ara delivered sales of €599 mn, 47.9% ahead of the previous year (+37.2% in Q4). At constant exchange rate, sales grew 53.9% (+40.8% in Q4). Expansion was the number one priority of the Company which was focused on scaling up its presence and the relevance of the offer in the different regions.

The banner opened 143 stores in 2018, very close to the 150 target, and ended the year with a total network of 532 locations. The remaining stores are expected to open early 2019 with no material impact on the year's defined schedule.

In Poland, Biedronka successfully addressed the impact of the Sunday ban both at top line performance and at operational efficiency. Profitable growth was a key priority on which the banner delivered very well while continuing to increase its market share.

In Portugal, the competitive strength of both Pingo Doce and Recheio drove market outperformance fuelled by a positive consumer backdrop.

In Colombia, Ara is on track with its development plans. Expansion and brand awareness are progressing well, and the Company keeps focused on sales density and cost of goods sold as main drivers to profitability.

2018 was a demanding year, particularly in Poland where we faced a significant change to the market operating rules. Nevertheless, we were able to grow market shares across the three geographies while carefully managing sales mix as a critical driver for profitable growth. We believe this will be a key advantage as we enter 2019.

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FINANCIAL CALENDAR

FY 2018 Results: 27 February 2019 (after the market close)

General Shareholders Meeting: 11 April 2019

Q1 2019 Results: 26 April 2019 (before the market opening)

H1 2019 Results: 25 July 2019 (after the market close)

9M 2019 Results: 23 October 2019 (after the market close)

DISCLAIMER Statements in this release that are forward-looking are based on current expectations of future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The risks and uncertainties relate to factors that are beyond Jerónimo Martins' ability to control or estimate precisely, such as general economic conditions, credit markets, foreign exchange fluctuations, and regulatory developments.

Except as required by any applicable law or regulation, Jerónimo Martins assumes no obligation to update the information contained in this release or to notify a reader in the event that any matter stated herein changes or becomes inaccurate.

APPENDIX

SALES GROWTH

	Total Sales Growth							LFL Sales Growth						
	Q1 18	Q2 18	H1 18	Q3 18	9M 18	Q4 18	2018	Q1 18	Q2 18	H1 18	Q3 18	9M 18	Q4 18	2018
Biedronka														
Euro	15.6%	2.2%	8.6%	2.6%	6.5%	2.9%	5.6%							
PLN	11.9%	3.3%	7.5%	3.7%	6.2%	4.6%	5.8%	8.6%	0.6%	4.5%	0.8%	3.2%	1.2%	2.7%
Pingo Doce	7.1%	2.3%	4.6%	6.0%	5.1%	3.2%	4.6%	5.8%	0.7%	3.1%	4.7%	3.7%	2.8%	3.5%
Ex-Fuel	7.7%	2.4%	4.9%	5.9%	5.3%	3.2%	4.7%	6.4%	0.7%	3.4%	4.6%	3.8%	2.8%	3.5%
Recheio	4.2%	2.9%	3.5%	3.6%	3.5%	5.6%	4.0%	3.6%	2.6%	3.0%	4.9%	3.7%	6.6%	4.4%

STORE NETWORK

Number of Stores	2017	Openings				Closings	
		Q1 18	Q2 18	Q3 18	Q4 18	2018	2018
Biedronka	2,823	11	19	24	68	45	2,900
Pingo Doce	422	0	3	5	2	0	432
Recheio	43	0	1	0	0	2	42
Ara	389	25	25	36	57	0	532
Hebe	182	11	9	7	24	3	230

Sales Area (sqm)	2017	Openings				Closings/Remodellings	
		Q1 18	Q2 18	Q3 18	Q4 18	2018	2018
Biedronka*	1,853,075	8,378	14,676	19,405	50,766	13,196	1,933,104
Pingo Doce	503,897	0	764	2,456	231	594	506,754
Recheio	131,997	0	3,942	0	0	2,113	133,826
Ara	133,692	9,010	8,939	12,185	18,178	0	182,005
Hebe	43,053	2,719	2,376	1,746	5,604	462	55,035

* Restated figure from 1,856,992 published in 2017 FY

NOTES

1. DEFINITIONS

Like For Like (LFL) sales: sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure).