Jerónimo Martins, SGPS, S.A.
2005 Full Year Results

1. Summary

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- **Consolidated Net Sales grew by 9.5% year-on-year in 2005, reaching Euro 3,828.2 million. The Net Profit attributable to Jerónimo Martins increased by 19.3%, to Euro 110.4 million.**
- **The Group's Retail chains in Portugal performed strongly in 2005, in both sales and margins. The outstanding sales growth displayed by the Pingo Doce supermarkets (LFL increase of 4.6%) and the Feira Nova hypermarkets (LFL increase of 0.3%) were achieved with EBITDA margins standing, at JMR, at 9.7% of sales.**
- **Biedronka improved its EBITDA margin from 4.9% in 2004 to 5.1% in 2005, on strong growth of net sales, which increased 13.4% in Zloty (+27.3% in Euro).**
- **In Manufacturing, sales grew 4.5% (on a comparable accounting basis), reflecting the positive results of the repositioning of several brands of the portfolio.**
- **Group's EBITDA reached Euro 308.3 million, 8.1% of net sales.**
- **Consolidated Net Financial Expenses came to Euro 46.3 million in 2005, having decreased by 8.5% when compared to 2004.**
- **Gearing improved to 74.2% in 2005 from 107.5% in 2004 supported by a stronger equity and the decrease of net debt from Euro 612.2 million in 2004 to Euro 497.3 million in 2005.**
- **The Board of Directors of Jerónimo Martins, SGPS, S.A. will propose in its next AGM the distribution of a gross dividend of Euro 0.42 per share, a 16.7% increase compared to 2004.**
- **Strong performances across the Group's business areas, in difficult economic and competitive conditions, make the Board of Directors confident about the future, despite capacity increase in the Portuguese Food Retail Market. The Group is in a position to increase sales and returns in 2006.**

Next Events:

Annual General Meeting 31st March 2006

1st Quarter Results on 3rd May 2006

2005FY Results Presentation will be available on Jerónimo Martins' website (www.jeronimomartins.com) from February 21, 2006.

2. Consolidated Performance

Sound performance in a tough environment.

Consolidated sales rise 9.5%

Net profit up by 19.3%.

CONSOLIDATED RESULTS

	2005		2004			4Q05		4Q04		
	Eur Tho.	%	Eur Tho.	%	Δ%	Eur Tho.	%	Eur Tho.	%	Δ%
Net Sales & Services	**3.828.166**		**3.494.600**		**9,5%**	**1.052.243**		**963.475**		**9,2%**
Gross Margin	942.644	24,6%	876.019	25,1%	7,6%	264.655	25,2%	246.354	25,6%	7,4%
Operating Costs	-633.138	-16,5%	-562.452	-16,1%	12,6%	-167.971	-16,0%	-146.988	-15,3%	14,3%
Provisions	-1.184	0,0%	-8.718	-0,2%	-86,4%	418	0,0%	-5.624	-0,6%	-107,4%
EBITDA	**308.322**	**8,1%**	**304.849**	**8,7%**	**1,1%**	**97.101**	**9,2%**	**93.741**	**9,7%**	**3,6%**
Depreciation	-99.719	-2,6%	-97.130	-2,8%	2,7%	-25.860	-2,5%	-24.540	-2,5%	5,4%
EBIT	**208.603**	**5,4%**	**207.719**	**5,9%**	**0,4%**	**71.242**	**6,8%**	**69.201**	**7,2%**	**2,9%**
Net Financial Results	-46.320	-1,2%	-50.634	-1,4%	-8,5%	-9.548	-0,9%	-14.064	-1,5%	-32,1%
Non Recurrent Items	8.923	0,2%	-7.323	-0,2%	n.a.	8.366	0,8%	-3.782	-0,4%	n.a.
EBT	**171.207**	**4,5%**	**149.762**	**4,3%**	**14,3%**	**70.060**	**6,7%**	**51.355**	**5,3%**	**36,4%**
Taxes	-25.446	-0,7%	-18.835	-0,5%	35,1%	-10.679	-1,0%	-4.470	-0,5%	138,9%
Net Profit	**145.761**	**3,8%**	**130.926**	**3,7%**	**11,3%**	**59.381**	**5,6%**	**46.885**	**4,9%**	**26,7%**
Minority Interests	-35.382	-0,9%	-38.412	-1,1%	-7,9%	-13.205	-1,3%	-12.485	-1,3%	5,8%
Net Profit attr. to JM	**110.379**	**2,9%**	**92.515**	**2,6%**	**19,3%**	**46.176**	**4,4%**	**34.400**	**3,6%**	**34,2%**
EPS (euro)	0,88		0,83 *		5,2%	0,37		0,27		34,2%
Cash Flow per share (euro)	1,96		2,23 *		-11,9%	0,66		0,65		1,6%

* considering 125.858.644 shares in 2005 and 111.022.578 shares in 2004

The year 2005 has borne out the success of the strategies followed by the Group's three retail chains - Pingo Doce, Feira Nova and Biedronka –, translating into strong sales performances.

Even though consumption in Portugal and Poland lagged behind expectations, the Group's brands implemented new price policies, reinforcing their presence in the markets where they operate. Therefore, Jerónimo Martins consolidated sales increased by 9.5% in 2005 (+5.4%, ex-currency).

Consolidated EBITDA reached Euro 308.3 million in 2005. EBITDA margin represented 8.1% on sales in 2005 compared with 8.7% in 2004. This performance reflects the following factors: i) the new pricing policies followed by the distribution chains in Portugal, ii) the increase in the relative weight of Biedronka's EBITDA within the Group (from 17.1% in 2004 to 22.2% in 2005), that has brought a dilution effect due to the chain's lower margin when compared to the average of the Group and finally iii) the revamping programme deployed by the Group's various distribution chains.

Financial charges showed a positive evolution and were reduced by 8.5% when compared to 2004. The financial results were affected by the decision to finance the Polish operation in local currency as from the last quarter of 2004, which, despite the negative effect of Poland's higher interest rates, has the advantage of providing a natural hedging for foreign exchange differences.

Non-recurring items included, in 2005, the impairment of assets under the IAS/IFRS (International Accounting Standards/International Financial Reporting Standards), the results associated with the end of the stock option plan, and the release of provisions, among others.

The decline in cash flow per share (-11.9%) reflects the capital increase (30 million new shares) that took place in June 2004 (this ratio considers the average number of shares in the period).

The net profit attributable to Jerónimo Martins was Euro 110.4 million, a 19.3% increase on 2004.

3. Performance by Business Area

3.1. Distribution in Portugal

Retail Chains raise sales, displaying solid performance of margins.

DISTRIBUTION IN PORTUGAL	Sales	Nr. Stores			Sales area (sqm)			LFL Growth	
	Δ%	2005	2004	Δ	2005	2004	Δ	2005	4Q05
Pingo Doce	5,3%	179	178	1	149.158	146.089	3.069	4,6%	4,4%
Feira Nova	3,5%	29	28	1	130.684	128.317	2.367	0,3%	2,5%
Hypers	-0,8%	9	9	0	82.653	82.515	138	-0,8%	0,8%
Compact Hypers	10,3%	20	19	1	48.031	45.802	2.229	2,2%	5,3%
Recheio	-2,4%	32	32	0	107.202	107.202	0	-3,0%	-4,3%
Madeira	2,7%	15	14	1	13.697	11.982	1.715	-4,8%	-6,9%

EBITDA MARGIN	EBITDA Margin	
	2005	2004
Retail Mainland	9,7%	10,4%
Cash & Carry Mainland	6,7%	7,5%
Madeira	8,0%	8,5%

Pingo Doce's winning bet on a concept combining price, convenience, a strong assortment of perishables and differentiation through its private label, led to a sales LFL increase of 4.6%. This figure corresponded to a rise in volume in excess of 8% (explained by the chain's deflation of its average basket).

Feira Nova, having begun in 2005 the implementation of a new price positioning, displayed a vigorous commercial performance throughout the year: a strong average deflation combined with an effective communication policy, drove up compact hypers' LFL sales by 5.3% in the last quarter of the year when compared to the same period in 2004, leading to an accumulated increase of 2.2% for the full 2005.

Over the year, Feira Nova's large hypermarkets showed a sound improvement in its sales trend, closing the year with a LFL decline of 0.8% (+0.8% in the last quarter of 2005).

EBITDA margin from Retail in Portugal, which in 2004 had exceptionally reached 10.4% of sales, has declined this year to 9.7%. On one side, this reflects the competitive environment, and on the other the revamping programme undertaken by Pingo Doce (13 stores) and Feira Nova (6 stores), which meant closing down each store for an average period of one month.

Recheio, despite raising sales in the HoReCa channel by 2.2%, saw its performance hurt by the downward trend that is affecting traditional retailers. The evolution of the EBITDA margin reflects the pressure faced by the Traditional Retail Channel, which has brought out for some investments in price.

In **Madeira**, 2005 was a year of intense competition, the Company having increased net sales by 2.7%. LFL sales performance reflects the opening of three new stores in the market (one of them a Pingo Doce store).

3.2. Distribution in Poland

Sales rise by 13.4% in Zloty, with EBITDA margin increasing 20b.p.

DISTRIBUTION IN POLAND	Sales Δ		Nr. Stores			Sales area (sqm)			LFL Growth		EBITDA Margin	
	(Eur)	(Pln)	2005	2004	Δ	2005	2004	Δ	2005 (Pln)	4Q05 (Pln)	2005	2004
Biedronka	27,3%	13,4%	805	725	80	394.536	348.751	45.785	5,4%	6,0%	5,1%	4,9%

The Group's retail chain in Poland – **Biedronka** – once again confirmed its role as the undisputed leader in its format, outperforming the sector with a 5.4% LFL sales increase in 2005.

The strengthening of the business model and the experience achieved over the last ten years in Poland has allowed to pool efforts into the expansion of the chain. Having initially announced a plan to open between 60 and 80 new stores in 2005, the Company ended up opening 84, which is at the upper limit of the initial expectations.

These openings, combined with the LFL increase in sales, led to a year-on-year rise in total sales of 13.4% in Zloty (+27.3% in Euro).

Currently operating 805 stores and 5 distribution centres, Biedronka improved substantially returns and margins. EBITDA margin increased to 5.1% of sales in 2005. This, together with the chain's growing dimension in Poland, made for an EBITDA increase of 17.0% in local currency (+31.1% in Euro).

3.3. Manufacturing

Growth of sales volume bears out repositioning strategy.

MANUFACTURING					Eur Thousand
	Sales att. to JM			EBITDA Margin	
	2005	2004	Δ%	2005	2004
Food Manufacturing	241.014	236.572	1,9%	17,7%	17,4%

* During 2004 JM owned 60% of FimaVG and only in 2005, with Bestfoods integration, the stake was adjusted from 60% in FimaVG to 51% in FimaVG and Bestfoods.

Sales from the Manufacturing business area were up by 1.9% on the uneven contribution of the various brands included in the joint venture. However, it should be reminded that from January 1st 2005, the companies in this business area deduct discounts and rebates from sales which until then were recognised as costs. Using the same accounting criteria for the 2004 sales, this business area's turnover growth is 4.5%.

Despite the impact of the price policy, the repositioning strategy of the main brands featured in the portfolio has already yielded positive signs in 2005, making for a positive evolution of volume sales.

This business area posted, in 2005, an EBITDA growth of 3.4% year-on-year, contributing with 13.8% of consolidated EBITDA.

3.4. Marketing, Representation and Restaurant Services

Marketing, Representation and Restaurant Services					Eur Thousand
	Sales			EBITDA Margin	
	2005	2004	Δ%	2005	2004
Marketing, Representantion and Restaurant Services	69.371	75.378	-8,0%	2,3%	4,9%

In the area of Marketing, Representation and Restaurant Services, the highlight goes to the diversification of the Company's business portfolio, which has gained the important Canderel and Denim brands, and seen the launch in Portugal of the Ben&Jerry's stores franchising as well as the Subway and Olá stores.

The EBITDA margin reflects the withdrawal from the business portfolio of three brands from the same represented company (Nestlé) in September 2004.

4. Balance Sheet

Balance Sheet reinforced through increase in equity and reduction of the debt.

BALANCE SHEET	Eur Thousand	
	2005	2004
Net Goodwill	398.072	315.066
Net Fixed Assets	1.127.635	1.052.117
Net Working Capital	-485.101	-452.480
Others	127.288	266.673
Invested Capital	**1.167.894**	**1.181.376**
Debt	672.712	730.187
Leasings	30.458	25.131
Accrued Interest & Hedging	4.713	15.834
Marketable Sec. & Bank Deposits	-210.554	-158.986
Net Debt	**497.329**	**612.166**
Minority Interests	250.765	227.581
Share Capital	629.293	629.293
Retained Earnings	-209.493	-287.665
Shareholders Funds	**670.565**	**569.210**
Gearing	*74,2%*	*107,5%*

The reinforcement of the balance sheet's structure through the strengthening of shareholders' equity and debt reduction allowed the Group to pay dividends according to the established policy and the gearing to drop from 107.5% in 2004 to 74.2% in 2005.

The increase in the fixed assets translates the acceleration of the expansion plan in Poland, the investment made in 2005 in expanding retail chains in Portugal – with store openings scheduled to start in early 2006 - and also the integration of Bestfoods into FimaVG (disbursement took place in 2004 and was booked, in that year, as financial investment).

CAPEX			Eur Million
	2005		
	Expansion	Remodellling & Others	Total
Distribution in Portugal	38,2	54,1	92,3
Distribution in Poland	48,6	23,4	72,0
Manufacturing & Others	1,2	3,0	4,2
Total Capex	**88,0**	**80,5**	**168,5**

From 2005 total capital expenditure (Euro 168.5 million), 55% were invested in the distribution chains in Portugal, and 43% in Poland. Commitment to growth is therefore very clear: a total of Euro 88 million were invested in 2005 in expanding the Group's businesses.

From 2004 to 2005 consolidated net debt registered a drop of Euro 114.8 million, even with the level of investment (Euro 168.5 million) and the resumption of dividend payments to Jerónimo Martins's shareholders (Euro 45 million distributed in 2005).

As regards the structure of the debt, it should be said that the Zloty financing of the Polish operation (obtained in the last quarter of 2004) represents 11.9% of total consolidated debt.

5. Outlook for 2006

Solid performance in 2005 increases Management confidence towards 2006.

In the Portuguese food retail market, the year 2006 will be marked by new openings under the new legislation for commercial licensing.

The Group Retail chains in Portugal will take this opportunity and will focus along the year in the expansion of their network of stores, process that has already started in the first months of the year with the opening of two Feira Nova compact hypers.

Both Companies will pursue the consolidation of their price and differentiation strategies. **Pingo Doce** will continue to strengthen its leading position in supermarkets, further developing Perishables and Private Label products as factors of differentiation. **Feira Nova** will keep its Electric Co and New Code businesses growing, investing in perishables as a factor of attraction and in its private label as the main loyalty factor.

Recheio will be particularly alert to opportunities arising in the HoReCa channel. The chain is currently testing which channels will be more efficient to approach the various market segments.

In the **Manufacturing** area, 2006 is expected to see sales growth and the consolidation of market shares across all business areas, backed by strong investment in price and a clear bet on innovation. Streamlining in costs and refocusing its portfolio of strong brands are the Companies' two key priorities.

In the Food Distribution sector in Poland, the scenario of strong competition is expected to continue, as are the expansion plans of the majority of operators. On the other hand, a positive expectation towards consumption growth is based on a stable political situation and optimistic growth of the economy.

In the Polish market, **Biedronka** will be set on consolidating its winning strategy, ensuring that its edge in this market is maintained and focusing the entire organisation on continuous, fast and sustained growth. The operation maintains aggressive expansion and remodelling plans (80 to 100 new store openings per year and 40 to 60 store remodellings), and proposes to set up one new logistic and operational region intended to adjust its operating structure to the existing potential for growth.

Notwithstanding the ambitious objectives proposed for the current business portfolio, the Group continues to search for and to analyse new growth paths, either through new store formats or through new businesses. Accordingly, in February 2006 the Group formalised its relation with the Portuguese Association of Pharmacies (ANF) with a view to looking into the possibility of setting up a pharmacy business in the Polish market.

Bearing in mind that 2006 will be a year of substantial changes in the market (particularly in Portugal) the Management has ambitious targets for the current year, expecting to surpass, in Portugal, the plan of 15 new retail stores and to open no less than 80 new stores in Poland. In Portugal we expect to achieve solid growth rates in the different formats. This growth, combined with an increased efficiency in the use of capital, will sustain the returns at the same time than the Group Companies improve their competitive positioning in the market. In Poland we will maintain a strong growth pace in openings and returns consolidating our leadership in the sector.

6. Definitions

Like for like sales: sales by stores that operated under the same conditions in two periods. Excludes stores opened, closed or which suffered major remodelling works in one of the periods.

Cash Flow per Share: (Net Profit + Depreciation + Provisions – Deferred Taxes – Non recurrent items) / Number of shares.

Gearing: Net debt / Shareholders' funds

7. Annexes

Consolidated Income Statement by Functions
Working Capital
Debt Detail
Sales Detail
EBITDA Detail

February 20th, 2006

Consolidated Income Statement by Functions

Jerónimo Martins, SGPS, S.A. Consolidated Income statement by functions for the years ended 31 December of 2005 e 2004	2005 Eur Tho.	2004 Eur Tho.
Sales and services rendered	3.828.166	3.494.600
Cost of sales	(3.041.840)	(2.746.461)
Supplementary income and costs	156.318	127.881
Gross Profit	**942.644**	**876.020**
Distribution costs	(610.273)	(552.109)
Administrative costs	(123.767)	(116.192)
Excepcional operating losses	7.899	(266)
Operating Profit	**216.503**	**207.453**
Net financial costs	(45.485)	(57.814)
Losses on disposal of discontinued operations	189	123
Profit before taxes	**171.207**	**149.762**
Income taxes	(25.446)	(18.835)
Profit before minority interests	**145.761**	**130.927**
Minority interests	(35.382)	(38.412)
JM Profit	**110.379**	**92.515**

Working Capital

WORKING CAPITAL		Eur Thousand
	2005	2004
Inventories	240.569	208.208
in days of sales	23	22
Customers	69.543	64.856
in days of sales	7	7
Suppliers	-722.391	-632.839
in days of sales	-69	-66
Working Capital Trade	**-412.278**	**-359.775**
in days of sales	**-39**	**-38**
Others	-72.823	-92.705
Total Working Capital	**-485.101**	**-452.480**
in days of sales	**-46**	**-47**

Debt Detail

DEBT BREAKDOWN	Eur Thousand
	2005
Long Term Debt	**582.382**
as % of Financial Debt	86,6%
Bond Loans	255.000
Private Placement	151.007
Commercial Paper	110.000
Other LT Debt	66.375
Short Term Debt	**90.330**
as % of Financial Debt	13,4%
Bond Loans	0
Other ST Debt	90.330
Financial Debt	**672.712**
Maturity	4,3
Average Cost of Debt	3,3%
% Debt in Euros	88,1%
% Debt in Zlotys	11,9%
Leasings	30.458
Accrued Interest & Hedging	4.713
Marketable Securities & Bank Deposits	-210.554
Net Debt	**497.329**

Sales Detail

CONSOLIDATED REVENUES	2005		2004		Δ %	
	Eur Tho.	% total	Eur Tho.	% total	Pln	Euro
Sales & Services						
Retail Mainland	1.670.099	43,6%	1.589.211	45,5%	n.a.	5,1%
p.m. Store Sales	1.538.386	40,2%	1.472.345	42,1%	n.a.	4,5%
Cash & Carry Mainland	578.197	15,1%	592.162	16,9%	n.a.	-2,4%
Madeira	105.133	2,7%	102.393	2,9%	n.a.	2,7%
Poland - Biedronka	1.347.868	35,2%	1.059.118	30,3%	13,4%	27,3%
Manufacturing	241.014	6,3%	236.572	6,8%	n.a.	1,9%
Mkt, Repr. and Rest. Services	69.371	1,8%	75.378	2,2%	n.a.	-8,0%
Total JM	**3.828.166**	**100,0%**	**3.494.600**	**100,0%**	**n.a.**	**9,5%**

EBITDA Detail

EBITDA MARGIN (Eur. Thousand)	SALES & SERVICES			EBITDA Margin			
	2005	2004	Δ %	2005	% total	2004	% total
Retail Mainland -store sales	1.538.386	1.472.345	4,5%	9,7%	48,2%	10,4%	50,4%
Cash & Carry Mainland	578.197	592.162	-2,4%	6,7%	12,5%	7,5%	14,6%
Madeira	105.133	102.393	2,7%	8,0%	2,7%	8,5%	2,8%
Biedronka	1.347.868	1.059.118	27,3%	5,1%	22,2%	4,9%	17,1%
Mkt, Repr. and Rest. Services	69.371	75.378	-8,0%	2,3%	0,5%	4,9%	1,2%
Manufacturing	241.014	236.572	1,9%	17,7%	13,8%	17,4%	13,5%
JM Consolidated	**3.828.166**	**3.494.600**	**9,5%**	**8,1%**	**100,0%**	**8,7%**	**100,0%**