



1st Quarter Results, 2021

Matosinhos, 20th May 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

- Turnover totaled €1,273m, driven by a total growth of 6.6% and a like-for-like sales increase of 3.6%, on a demanding basis of comparison (due to stockpiling events, in March last year)
- Sonae MC gained market share in the period, with customers recognizing the Company's distinctive omnichannel proposition and online sales more than doubling year-on-year
- Underlying EBITDA margin increased by 0.6pp to 8.6%, boosted by solid trading development and notable operational performance
- The Company maintained a sound capital structure, with net financial debt down by €164m year-on-year to €530m, and a comfortable funding and liquidity position

MESSAGE FROM THE CEO | Luís Moutinho

"Sonae MC started 2021 on the right foot, showing sustained business momentum and operational excellence, despite the unexpected countrywide lockdown imposed at the beginning of the year, which had negative effects on some of our banners.

We were able to thrive and capitalize on the opportunities emerging from a conditioned consumption environment, thanks, once again, to the unparalleled efforts of our teams, who worked together to continue improving our value proposition and to address our customers' evolving needs swiftly.

Now that eyes are on the post-pandemic recovery, Sonae MC remains attentive to changes in consumption and in the competitive backdrop, focused on the execution of our strategy, and well prepared to tackle the new challenges that will undoubtedly arise. Our confidence in continuing to deliver superior results, surpassing the market, and in fulfilling the trust that our customers deposit in our brands, is today further strengthened."



Payment with "Continente Pay" wallet at a cashier

02.

OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	1 st Quarter			
	2020	2021	Δ y.o.y.	Δ LFL
Total Sonae MC	1,194	1,273	6.6%	3.6%
Hypermarkets	401	416	3.8%	4.2%
Supermarkets	591	639	8.1%	4.3%
New Growth Businesses & Others	202	218	7.8%	-1.8%

KEY RESULTS (€m)	1 st Quarter		
	2020	2021	Δ y.o.y.
Underlying EBITDA (unEBITDA)	96.5	109.9	13.9%
<i>as % of turnover</i>	<i>8.1%</i>	<i>8.6%</i>	<i>0.6pp</i>
Net profit (from continuing operations)	9.8	11.1	12.4%

- Sonae MC had a very a good start to the year, benefiting from a strong volume development in the quarter, as the total lockdown measures imposed in Portugal from-mid January, including circulation restrictions and the closure of the HORECA channel, led customers to turn again to at-home consumption. In a contained food inflation environment (0.9% in 1Q'21), Sonae MC reinforced its leadership position on the back of solid market share gains and improved customer perception.
- Turnover reached €1,273m in 1Q'21, posting a 6.6% total growth and a 3.6% like-for-like increase, in a demanding vis-a-vis comparison due to the stockpiling in March last year. The Company thrived in the quarter, despite the restrictions imposed by the enforced lockdown measures (such as reduced store opening hours and limited circulation of people on the weekends, as well as the prohibition of the sale of specific product categories), and a negative calendar effect (2020 was a leap year).
- The buoyant performance of the grocery retail activity more than compensated for the adverse impact of the forced closure of some of the new growth businesses (namely, the foodservice formats). Both larger formats and more convenient channels enjoyed steady growth, with customers reducing the frequency of their visits, but in compensation acquiring higher average baskets. In terms of grocery sales profile, essential items, fresh produce, and frozen categories outperformed, while categories that faced additional sale restrictions (such as toys, books, and apparel) were negatively impacted the most. Health, Wellness & Beauty activity was also affected by restrictive measures, although para-pharmacies and perfumeries showed a resilient performance, reflecting the results of the development programs implemented. Sonae MC's private labels performed very well, a sign of the trust deposited by customers in the Company's own brands.
- Online sales more than doubled in the quarter (+121%) and Sonae MC's omnichannel customer base continued to grow, benefiting from an expanded e-commerce capacity and enhanced supply chain. As of today, Sonae MC is very well placed to respond to the ongoing shift towards online grocery shopping and continue cementing its leadership position in this channel. The Company continued to focus on growing its digital footprint, with several initiatives underway, such as developing different fulfilment models and partnering with instant delivery services.

- Sonae MC underlying EBITDA margin reached a robust 8.6% figure, increasing by 0.6pp year-on-year, as the buoyant trading activity coupled with operational excellence efforts more than offset additional COVID-19-related direct costs (c.€8m in 1Q'21). At the bottom line, the Company's net profit from continuing operations reached €11.1m in the 1Q'21, up by €1.2m versus historic performance.

FREE CASH-FLOW AND DEBT (€m)	1 st Quarter		
	2020	2021	Δ y.o.y.
Free cash-flow	-104	-66	37
Net financial debt	694	530	-23.6%
Lease liabilities	995	1,089	9.5%
Total net debt ¹ to unEBITDA	3.4x	3.0x	-

- In the first quarter, Sonae MC's free cash-flow reached -€66m, a €37m increase year-on-year, reflecting the strong operating result generated in the period, working capital seasonal effects, and the execution of the Company's capital expenditure program. The positive cash-flow from operating activities led to a cash conversion ratio of 67.6%.
- Gross capex in 1Q'21 amounted to €29m, with investments progressing according to schedule, typically with an accelerating pattern throughout the year. It included capital spent in opening 9 new company-operated stores (of which 2 Continente Bom Dia proximity supermarkets), representing an additional +4k square meters of sales area, and in the refurbishment of one food retail unit.
- Sonae MC's balance sheet remained well funded throughout the period. Net financial debt decreased by €164m year-on-year to 530m€, backed by the solid cash-flow generation. As of March 2021, total net debt¹ in relation to underlying EBITDA was 3.0x, below the figure registered at the end of 1Q'20 (3.4x).
- The Company maintained a very comfortable funding and liquidity position, with a long debt maturity profile (average maturity higher than 4 years) and funding costs kept at low levels. Sonae MC has significant amounts of available credit facilities, and its funding needs are ensured until the end of 2022, providing a great degree of future flexibility.

03.

OUTLOOK

- Going forward, uncertainty looms on the circumstances under which a post-pandemic recovery might occur and their effects on the macroeconomic evolution, aggregate consumption, and shopping patterns. Business developments in the following quarters will be conditioned by the success of vaccination programmes, the pace of withdrawal of lockdown measures, and the conditions under which the out-of-home channel will reopen.
- Nevertheless, Sonae MC started the year on a very positive tone and well positioned to build on the momentum perceived by customers. The Company emerged from the first waves of the public health crisis more prepared, agile, and focused, and with the confidence that its distinctive value proposition and clear strategy will allow it to continue to succeed in the coming times.

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

A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	1 st Quarter		
	2020	2021	Δ y.o.y.
Turnover	1,194	1,273	6.6%
Underlying EBITDA (unEBITDA)	96.5	109.9	13.9%
<i>as % of turnover</i>	8.1%	8.6%	0.6pp
D&A	-64	-75	17.5%
Underlying EBIT (unEBIT)	32.8	35.0	6.9%
<i>as % of turnover</i>	2.7%	2.8%	0.0pp
Net financial activity	-21	-21	-
Other investment income	0	-	-
Non-recurring items	1	-	-
Equity method	0	0	-
EBT	13.0	14.5	11.4%
Income tax	-3	-3	-
Minorities	-1	-1	-
Net profit (from continuing operations)	9.8	11.1	12.4%

CONSOLIDATED BALANCE SHEET (€m)	1 st Quarter		
	2020	2021	Δ y.o.y.
Net fixed assets	1,636	1,620	-1.0%
Leased assets right-of-use	882	951	7.9%
Goodwill and financial investments	491	475	-3.4%
Working capital	-534	-570	6.7%
Invested capital	2,475	2,477	0.0%
Shareholders' funds	786	857	9.0%
Lease liabilities	995	1,089	9.5%
Net financial debt	694	530	-23.6%
Sources of financing	2,475	2,477	0.0%

Total net debt / unEBITDA	3.4x	3.0x	-
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Please visit <https://sonaemc.com/en/financial-information/> for additional information about the results, including a comprehensive glossary.