



## 9 Months Results, 2021

Matosinhos, 10<sup>th</sup> November 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.

## 9 MONTHS HIGHLIGHTS

*In September 2021, Sonae MC announced to the market that it had completed the sale of 50% of Maxmat's share capital. In this context, all periods in 2020 and 2021 were restated to consider Maxmat as a discontinued operation.*

- **Turnover grew 5.3% to €3,883m** (up by 2.3% on a same-store level), with transversally strong performances across formats
- **Market share increased**, once again, on the back of high customer advocacy levels
- **Underlying EBITDA margin stood at 9.9%**, as circumstantial cost structure pressures were successfully overruled by productivity and efficiency gains
- **Net financial debt reduced to €453m**, bringing the total net debt-to-unEBITDA ratio to an all-time low of 2.9x

## MESSAGE FROM THE CEO | Luís Moutinho

*"Sonae MC had a superior summer season performance, finishing the first nine months of 2021 with solid sales growth, rising profits and robust cash flows. In a year that started with an unforeseen lockdown and a variety of enduring challenges, we are proud to see that the company's leading position in the market continues, quarter after quarter, to grow stronger.*

*This achievement was underpinned by Sonae MC's robust same store growth, on top of the extraordinary figures achieved last year, which is remarkable. Our customer perception levels continued steadily rising, and we kept investing in the enlargement of our omnichannel proposition, in line with growing consumer demand for a seamless retail experience.*

*Going forward, with the eyes cast on the evolution of the sanitary and economic outlook, we are committed to finish the year in the same high note, while we remain focused in the continued development of our long-term business fundamentals."*



*In-store display of the "Back to School" Campaign*

## 02. OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	9 Months				3 <sup>rd</sup> Quarter			
	2020	2021	Δ y.o.y.	Δ LFL	2020	2021	Δ y.o.y.	Δ LFL
Total Sonae MC	3,686	3,883	5.3%	2.3%	1,309	1,378	5.3%	2.3%
Hypermarkets	1,268	1,281	1.0%	1.3%	445	449	0.9%	1.0%
Supermarkets	1,860	1,963	5.5%	1.7%	650	691	6.3%	2.5%
New Growth Businesses & Others	559	639	14.4%	9.2%	214	238	11.2%	6.0%

KEY RESULTS (€m)	9 Months			3 <sup>rd</sup> Quarter		
	2020	2021	Δ y.o.y.	2020	2021	Δ y.o.y.
Underlying EBITDA (unEBITDA)	362	384	6.1%	144	150	4.2%
as % of turnover	9.8%	9.9%	0.1pp	11.0%	10.9%	-0.1pp
Net profit (from continuing operations)	89	151	69.5%	49	103	109.5%

- During the third quarter, the improved outlook for Covid-19 crisis control, along with summer holidays and greater family mobility, supported a gradual economic recovery and consumption normalization. Food retail industry volumes continued rising, albeit at a slower pace than during the peak of the pandemic, on the back of the HORECA channel recovery in Portugal.
- In this positive backdrop, Sonae MC delivered another notable quarterly performance, which translated into improved levels of brand perception and market share gains, and thus reinforced market leadership. In the first nine months, in a context of slight food inflation, turnover reached €3,883m, up by 5.3% y.o.y. and by 2.3% on a like-for-like basis. These results were underpinned both by a strong delivery in grocery formats, as well as a robust recovery of the non-grocery banners - more impacted by the forced closure and the restrictive operating conditions imposed last year.
- On the grocery side, both proximity and larger formats continued growing over the exceptional 2020 basis, upholding their strong value proposition arguments towards competitors and the normalization of eating habits and consumption patterns. In Hypermarkets, same-store performance in Q3'21 benefited from growing customer traffic, with more diversified shopping missions, and the gradual return to shopping centres. In Supermarkets, stores in traditional high-traffic areas grew at a faster pace, signalling the progressive resumption in workplace and leisure mobility trends.
- The Health, Wellness & Beauty segment continued to show a very positive evolution, after challenging months with several restrictions and disturbed shopping patterns. As of today, this business area is capitalizing on extremely positive category fundamentals and the sharp recovery in demand, as well as the launch of several value enhancing initiatives (such as the ramp-up of Well's new beauty concept).
- Total online sales continued growing, on top of the 2020 pandemic-fuelled increase (+40% y.o.y.), as digital commerce is becoming a greater part of consumers' lives and Sonae MC's sales. The Company is thus evolving, powering its leading customer centric and omnichannel proposition, with the revamp of online platforms and the upgrade of the digital customer experience in stores. It is also refitting its business models, with new fulfilment solutions and the power-up of digital and analytical competences.
- In Portugal, the last business months were particularly pressured by a sharp increase in energy costs and instability around rising commodity prices, due to international demand-supply imbalances. Despite these circumstantial cost pressures, the Company maintained a broadly stable underlying

EBITDA margin of 10.9% in the quarter, on the back of productivity gains and the permanent fine-tuning of its core business processes.

- Sonae MC's solid operating performance, coupled with a one-off gain of c. €40m related to the net capital gain on the sale of the 50% stake in Maxmat, drove net profit from continuing operations in the first nine months to rise €62m y.o.y. to €151m.

FREE CASH-FLOW AND DEBT (€m)	9 Months		
	2020	2021	Δ y.o.y.
Free cash-flow	127	169	42
Net financial debt	557	453	-18.7%
Lease liabilities	1,005	1,079	7.4%
Total net debt <sup>1</sup> to unEBITDA	3.1x	2.9x	-

- In the first nine months, free cash-flow reached €169m, an increase of €42m versus last year, benefiting from the sound operating result generated in the period, the execution of the Company's capital expenditure plans and working capital seasonal effects. The cash conversion ratio stood at 66.8%.
- Gross capex totalled €132m in the nine-months period, mainly directed towards the expansion and modernization of the store network. The investment activity included the opening of 36 new company-operated stores (of which 7 Continente Bom Dia supermarkets), adding +13k sqm of sales area, and the refurbishment of 14 food retail units, plus other key projects geared towards the digital transformation of Sonae MC and the reinforcement of its logistical capacity and technological backbone.
- Sonae MC continued to strengthen its balance sheet position, with net financial debt reducing €104m y.o.y. to €453m, after the €140m annual dividend payment. This was achieved on the back of the strong operational cash-flow generation and the consideration of the net proceeds from the sale of the 50% stake in Maxmat. Total net debt<sup>1</sup> to underlying EBITDA reached an historic low of 2.9x, and average debt maturity stood at four years, reflecting the very comfortable funding position of Sonae MC.

## 03.

### OUTLOOK

- Looking ahead, it is our firm conviction that the successful rollout of the Covid-19 vaccination program in Portugal will continue to restore consumer confidence and upheave households purchasing behaviours. This is particularly noteworthy in the run-up to Christmas - with all Sonae MC teams committed to contribute to the merrier and safest festive sales season of recent years.
- Nonetheless, the context of uncertainty associated with the post-pandemic recovery, the prevailing disruption of global supply chains and the scarcity and increase in the costs of productive resources could impend over business. Sonae MC is confident that it has both the solid strategic foundations to capture the new emergent opportunities, and the experience and agility to implement the operational adjustments deemed adequate.

<sup>1</sup> Total net debt equals net financial debt plus lease liabilities.

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## CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	9 Months			3 <sup>rd</sup> Quarter		
	2020	2021	Δ y.o.y.	2020	2021	Δ y.o.y.
Turnover	3,686	3,883	5.3%	1,309	1,378	5.3%
Underlying EBITDA (unEBITDA)	362	384	6.1%	144	150	4.2%
<i>as % of turnover</i>	9.8%	9.9%	0.1pp	11.0%	10.9%	-0.1pp
D&A	-197	-204	3.6%	-72	-66	-9.4%
Underlying EBIT (unEBIT)	165	180	9.0%	71	84	18.0%
<i>as % of turnover</i>	4.5%	4.6%	0.2pp	5.5%	6.1%	0.7pp
Net financial activity	-59	-60		-19	-21	
Other investment income	0	0		0	0	
Non-recurring items	-2	40		3	40	
Equity method	1	1		0	0	
EBT	105	161	53.0%	55	104	86.9%
Income tax	-16	-9		-6	-0	
Minorities	-0	-0		-0	-0	
Net profit (from continuing operations)	89	151	69.5%	49	103	109.5%

CONSOLIDATED BALANCE SHEET (€m)	9 Months		
	2020	2021	Δ y.o.y.
Net fixed assets	1,579	1,609	1.9%
Leased assets right-of-use	875	935	6.8%
Goodwill and financial investments	485	476	-1.8%
Working capital	-626	-631	0.7%
Invested capital	2,312	2,389	3.3%
Shareholders' funds <sup>2</sup>	751	856	14.1%
Lease liabilities	1,005	1,079	7.4%
Net financial debt	557	453	-18.7%
Sources of financing	2,312	2,389	3.3%
<b>Total net debt to unEBITDA</b>	<b>3.1x</b>	<b>2.9x</b>	-

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

<sup>2</sup> Shareholders' funds are deducted from the net book value of Maxmat.