# EARNINGS ANNOUNCEMENT

30 SEPTEMBER 2015

SONAE CAPITAL

# 1. CEO MESSAGE & HIGHLIGHTS

*"The results registered during the first 9 Months of 2015 witness our commitment and effort on implementing the defined strategy, with particular relevance the achievement of positive Net Results. The sale of diverse Financial and Real Estate assets, amounting to, approximately, 39M€, alongside with the operational performance of each Business Unit has allowed for a significant Net Debt reduction (49.8M€).*

*Improving each Business Unit competitive position has been and will continue to be one of our core goals and the team's main effort during 2015. As a result, the first nine months of the year continue showing significant improvements across major key financial indicators: total Operational Income grew 3.9% and EBITDA improved 10.43M€ (registering a margin of 15.7%), having reached a positive Net Result of 3.05M€, a growth of 10.84M€ compared to the same period of last year.*

*Net Debt reached 184.6M€, registering another quarterly decrease of 15.9M€ or 53.6M€ when compared to September 2014."*

*Cláudia Azevedo, CEO*

## THE RESULTS OF THE FIRST NINE MONTHS OF THE YEAR CONFIRM THE SOLID OPERATIONAL AND FINANCIAL PERFORMANCE OF THE GROUP, ACHIEVING POSITIVE NET RESULTS AND ANOTHER STRONG DECREASE AT THE NET DEBT LEVEL...

...CONSOLIDATED OPERATIONAL INCOME GREW 3.9%, with all business units showing positive performance when compared to the same period last year.

CONSOLIDATED EBITDA amounted to 20.38M€, more than twice the level reached in the 9M14, with all business units showing positive performance: Resorts, +22.0%; Hospitality, +39.0%; Fitness, +14.2%; Energy, +9.5%; and Refrigeration & HVAC, +1.88M€. It should also be highlighted the contribution of the non-core real estate sales, namely the capital gain of 6.0M€ related to the sale of "Duque de Loulé" asset.

NET RESULTS of the period reached positive 3.05M€, growing 10.84M€ when compared to last year, resulting from the EBITDA performance and, importantly, from a relevant decrease of Net Financial Expenses, driven by both lower levels of Net Debt and lower interest rates.

FREE CASH FLOW (levered), reached 47.9M€, representing an improvement of 40.2M€ compared to LY, benefiting from the improved Business Units operational contribution and, primarily, from the sale of 39M€ of non-core assets.

NET DEBT registered another significant drop of 49.8M€ compared to YE2014, to 184.6M€, the lowest level since the spin-off of the Group.

## THIRD QUARTER PERFORMANCE CONTINUES SHOWING SIGNIFICANT PROGRESSES, BOTH AT THE CONSOLIDATED AND EACH BUSINESS UNIT LEVEL, NOTWITHSTANDING THE LOWER TOP LINE...

...CONSOLIDATED TOP LINE reached 48.9M€, a decrease of 10.1% based on...:

- A decrease of 27.5% in Resorts segment, to 10.20M€, due to a lower number of deeds despite the favourable sales mix. During the 3Q15 were registered 7 deeds of real estate residential units in troiaresort (compared with 13 deeds registered in 3Q2014), to which it should be added a stock of 17 promissory purchase and reserve agreements;
- Energy segment reached a Top Line of 11.7M€, with a decrease of 11.7% when compared to same period last year, due to: (i) lower selling energy prices, that more than cancelled the growth registered in energy production, and (ii) interruption of one cogeneration plant operations for repowering works;
- Refrigeration & HVAC registered a decrease of 15.5% when compared to LY, due to the ongoing restructuring plan and the discontinuation of some of non-strategic business lines;

...on the other hand, with positive contributions, it should be highlighted:

- The continuous growth of Hospitality segment that has resulted in a Top Line of 8.32M€ and a 16.3% growth when compared to last year; and
- On the Fitness growth of 15.6% to 3.78M€, strengthening the trend of previous quarters, leveraging on the increased number of active members.

CONSOLIDATED EBITDA amounted to 8.32M€, a significant improvement of 39.3% (2.35M€) when compared to 3Q14:

- Hospitality business improved its performance by more than twice of the value registered last year, to a EBITDA level of 1.53M€;
- Fitness, leveraging on the Top Line performance and materializing the increased number of active members, improved 2.35x to 0.4M€;
- The Resorts segment, notwithstanding the lower number of deeds and consequently a lower Top Line, registered an improvement of 21.1% driven by a favourable sales mix;
- Refrigeration & HVAC has also registered an improvement of 1.22M€, leveraging on the on-going restructuring plan, with the aim of improving its efficiency and on the discontinuation of some non-strategic business lines;
- The Energy segment, now on a comparable basis, registered a decrease of 24.1% due to the Top Line performance, namely the lower selling energy prices and the interruption of a cogeneration plant operations for repowering works.

CONSOLIDATED NET RESULTS of the quarter amounted to positive 2.20M€, representing an improvement of 2.81M€ when compared to 3Q14.

# 2. OVERALL PERFORMANCE

The financial and operational performance during the first nine months of 2015 was overall positive. Besides the improved Business Units' competitive position, the sale of non-core assets produced a significant positive impact at the Net Debt level that has reduced by 49.8M€ when compared to YE2014. The achievement of positive Net Results, both in the quarter (2.20M€) and the nine-month period (3.05M€) should also be highlighted.

## 2.1. CONSOLIDATED PROFIT & LOSS STATEMENT

| Consolidated Profit and Loss Account<br>Million euro | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **49.48** | **56.11** | **-11.8%** | **140.27** | **134.98** | **+3.9%** |
| **Turnover** | **48.87** | **54.34** | **-10.1%** | **129.85** | **130.57** | **-0.6%** |
| Resorts | 10.20 | 14.06 | -27.5% | 23.91 | 32.55 | -26.5% |
| Hospitality | 8.32 | 7.15 | +16.3% | 14.64 | 12.75 | +14.8% |
| Fitness | 3.78 | 3.27 | +15.6% | 11.23 | 10.17 | +10.4% |
| Energy | 11.70 | 13.25 | -11.7% | 40.30 | 33.52 | +20.2% |
| Refrigeration & HVAC | 14.64 | 17.33 | -15.5% | 40.83 | 42.82 | -4.7% |
| Others & Eliminations | 0.22 | -0.73 | - | -1.05 | -1.24 | +15.4% |
| Other Operational Income | 0.62 | 1.77 | -65.2% | 10.42 | 4.41 | >100% |
| **EBITDA, excluding Guaranteed Income Provisions (1)** | **8.48** | **6.78** | **+25.0%** | **21.19** | **12.85** | **+64.8%** |
| Resorts | 3.33 | 3.43 | -2.9% | 5.25 | 6.55 | -19.8% |
| Hospitality | 1.53 | 0.74 | >100% | -1.65 | -2.71 | +39.0% |
| Fitness | 0.40 | 0.17 | >100% | 1.26 | 1.10 | +14.2% |
| Energy | 1.99 | 2.62 | -24.1% | 7.69 | 7.02 | +9.5% |
| Refrigeration & HVAC | 0.56 | -0.66 | - | 1.41 | -0.47 | - |
| Others & Eliminations | 0.67 | 0.48 | +39.5% | 7.23 | 1.37 | >100% |
| Provisions for Guaranteed Income | -0.16 | -0.81 | +80.3% | -0.81 | -2.90 | +72.2% |
| **EBITDA** | **8.32** | **5.97** | **+39.3%** | **20.38** | **9.95** | **>100%** |
| Amortization & Depreciation | -4.05 | -3.85 | -5.1% | -11.88 | -10.90 | -9.0% |
| Provisions & Impairment Losses | -0.08 | 0.00 | <-100% | -0.24 | -0.17 | -41.5% |
| Non-recurrent costs/income (2) | -0.57 | 0.07 | - | -0.21 | 0.01 | - |
| Discontinued Operations (3) | 0.00 | -0.07 | - | 0.00 | -0.21 | - |
| **EBIT** | **3.62** | **2.12** | **+70.4%** | **8.05** | **-1.33** | **-** |
| Net Financial Expenses | -2.63 | -2.95 | +11.1% | -7.23 | -9.06 | +20.2% |
| Investment Income and Results from Assoc. Undertakings | 1.04 | 1.84 | -43.5% | 3.04 | 5.12 | -40.7% |
| **EBT** | **2.03** | **1.01** | **>100%** | **3.86** | **-5.27** | **-** |
| Taxation | 0.16 | -1.62 | - | -0.81 | -2.52 | +68.0% |
| **Net Profit** | **2.20** | **-0.61** | **-** | **3.05** | **-7.79** | **-** |
| Attributable to Equity Holders of Sonae Capital | 1.86 | -0.57 | - | 2.05 | -7.93 | - |
| Attributable to Non-Controlling Interests | 0.34 | -0.04 | - | 1.00 | 0.14 | >100% |

*(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at **troia**resort*
*(2) Non-recurrent items mainly related to restructuring costs and one-off income*
*(3) Includes discontinued businesses in the reported period (2014/15)*

Consolidated Total Operational Income reached in the 3Q15 49.48M€, a decrease of 11.8% over the same period last year. However, this decrease has not produced a negative impact on the consolidated EBITDA, which has registered, once more, an increase of 39.3% over the same period last year.

Resulting from a combination of several factors, the 3Q15 registered a decline in the Top Line: (i) Resorts: decrease of 27.5%, due to a lower number of signed deeds; in the 3Q15 were registered 7 deeds, compared to the 13 deeds registered over the same period last year; (ii) Energy: decrease of 11.7% due to lower selling energy prices and the operations' interruption of a cogeneration plant for repowering works, despite the higher production levels with higher heat energy consumption in main industrial operators; and (iii) Refrigeration & HVAC, decrease of 15.5%, due to the discontinuation of some non-strategic business lines. On the other side, it should also be highlighted the positive contributions from the: (i) continuous growth of Hospitality business (+16.3%), based on the improvement of the main operational indicators such as occupancy rates and RevPar; and (ii) Fitness growth of 15.6% driven by the 10.0% increase on the average number of active members and 7.5% increase on the average monthly fees.

Top Line of the first nine months of 2015 stood in line with last year, penalized by a lower number of deeds in Troia and by the on-going restructuring plan and strategic focus at Refrigeration & HVAC business unit level. Significant growth in Top Line was registered in all the remainder Business Units.

3Q15 consolidated EBITDA reached 8.32M€, an increase of 39.3% or 2.35M€ when compared to the same period last year. Resorts was the main contributor to the Consolidated EBITDA, registering an improvement of 21.1% to 3.17M€, despite the lower number of deeds. Energy contributed with 1.99M€, showing a decrease of 24.1%, due to the lower selling energy prices and the interruption of one cogeneration plant for repowering works. Hospitality contribution should also be highlighted, with a meaningful improvement to 1.53M€. Refrigeration & HVAC registered a considerable improvement to 0.56M€, notwithstanding the restructuring plan already mentioned in previous announcements, confirming the merits of the on-going strategic realignment. Finally, Fitness has also registered a twofold growth to 0.4M€, leveraging not only, on the increased number of active members, but also, on higher average monthly fees.

9M15 Consolidated EBITDA reached 20.38M€, registering an increase of 10.43M€ when compared to last year, with all business units showing positive performance. Capital gains from real estate sales registered during the 2Q15 should also be highlighted.

3Q15 Net Results reached positive 2.20M€, with particular emphasis on: (i) the already noted growth at the EBITDA level (+2.35M€); (ii) the decrease of Net Financial Expenses in 0.32M€, driven by lower levels of Net Debt and lower financing costs; (iii) the lower tax charges, due to the recognition of the consolidated fiscal perimeter; and notwithstanding (iv) the higher costs with Depreciation and Amortization (0.20M€); (v) the decrease of 43.5% related to Results from Associated Companies / Investment Income, mainly explained by lower contributions from Energy operations acquired during the 1Q14 where the Group does not own the majority shareholding; and (vi) the non-recurrent costs/(gains) amounting to 0.57M€, related to an accounting capital loss from an asset sale.

9M15 Net Results reached positive 3.05M€, an improvement of 10.84M€ when compared to last year, driven mainly by the EBITDA growth of 10.43M€.

## 2.2. CAPEX

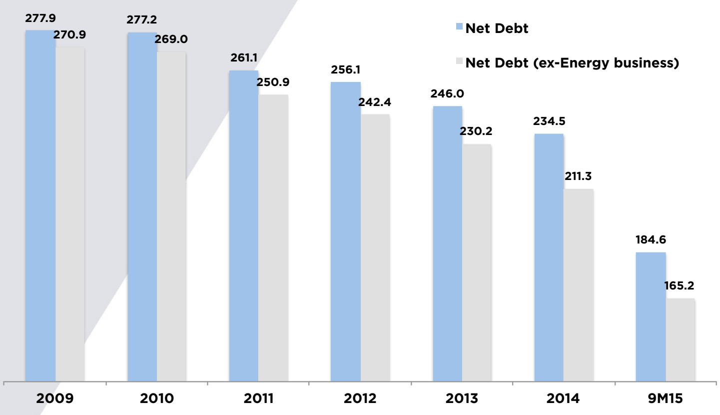
CAPEX in 9M2015 amounted to 11.0M€, registering a growth of 5.5M€ when compared to the same period last year. The main Capex contributors were registered at the Energy (repowering plants' investments in order to increase their profitability) and Real Estate segment, namely the expansion and refurbishment of Aqualuz Lagos ApartHotel.

## 2.3. CAPITAL STRUCTURE

At the end of the 9M2015 period, Net Debt amounted to 184.6M€, 49.8M€ below the level registered at the end of 2014 and, as in previous reporting seasons, the lowest level since the group's spin-off in 2007. This result was mainly driven by the consolidated FCF performance that includes a cash in of 6.58M€ related to a

Promissory Purchase and Reserve agreement signed during the 3Q15 of one of the non-core real estate assets.
It should also be highlighted that, when compared to the same period last year, Net Debt presented a reduction of 53.6M€.

| Consolidated Balance Sheet<br>Million euro | Sep 2015 | Dec 2014 | Δ Sep15/Dec14 |
|---|---|---|---|
| **Total Assets** | **589.3** | **636.0** | **-7.3%** |
| Tangible and Intangible Assets | 242.8 | 248.7 | -2.4% |
| Goodwill | 61.0 | 61.0 | -0.0% |
| Non-Current Investments | 36.9 | 54.8 | -32.6% |
| Other Non-Current Assets | 45.4 | 44.4 | +2.2% |
| Stocks | 150.1 | 157.6 | -4.8% |
| Trade Debtors and Other Current Assets | 47.7 | 60.2 | -20.7% |
| Cash and Cash Equivalents | 5.4 | 9.3 | -42.2% |
| **Total Equity** | **311.5** | **307.3** | **+1.4%** |
| Total Equity attributable to Equity Holders of Sonae Capital | 302.0 | 298.0 | +1.4% |
| Total Equity attributable to Non-Controlling Interests | 9.6 | 9.4 | +1.9% |
| **Total Liabilities** | **277.7** | **328.7** | **-15.5%** |
| **Non-Current Liabilities** | **118.3** | **217.4** | **-45.6%** |
| Non-Current Borrowings | 101.3 | 199.6 | -49.3% |
| Deferred Tax Liabilities | 11.0 | 11.7 | -6.4% |
| Other Non-Current Liabilities | 6.1 | 6.2 | -1.2% |
| **Current Liabilities** | **159.4** | **111.2** | **+43.3%** |
| Current Borrowings | 88.8 | 44.2 | >100% |
| Trade Creditors and Other Current Liabilities | 70.6 | 67.0 | +5.4% |
| **Total Equity and Liabilities** | **589.3** | **636.0** | **-7.3%** |
| **Net Capital Employed** | **496.2** | **541.8** | **-8.4%** |
| Fixed Assets | 303.8 | 309.7 | -1.9% |
| Non-Current Investments (net) | 65.2 | 81.3 | -19.8% |
| Working Capital | 127.2 | 150.8 | -15.6% |
| Capex (9M period) | 11.0 | 5.5 | >100% |
| % Fixed Assets | 3.6% | 1.8% | |
| **Net Debt** | **184.6** | **234.5** | **-21.2%** |
| % Net Capital Employed | 37.2% | 43.3% | |
| Debt to Equity | 59.3% | 76.3% | |
| **Net Debt excluding Energy** | **165.2** | **211.3** | **-21.8%** |




Net Capital Employed reduced 8.4% compared to YE2014, to 496.2M€. This result was driven by a reduction in Non-Current Investments of 16.1M€, a reduction in Working Capital of 23.6M€ and a reduction in Net Fixed Assets of 5.9M€.


SONAE CAPITAL

# 3. SEGMENTS PERFORMANCE

## 3.1. RESORTS

| Profit and Loss Account<br>Million euro<br>Resorts | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **10.72** | **14.90** | **-28.0%** | **25.69** | **34.00** | **-24.4%** |
| **Turnover** | **10.20** | **14.06** | **-27.5%** | **23.91** | **32.55** | **-26.5%** |
| Other Operational Income | 0.52 | 0.83 | -37.8% | 1.78 | 1.45 | +22.4% |
| **Total Operational Costs** | **-7.42** | **-11.47** | **+35.3%** | **-20.44** | **-27.45** | **+25.5%** |
| Cost of Goods Sold | -1.39 | -0.75 | -84.8% | -3.68 | -1.03 | <-100% |
| Change in Stocks of Finished Goods | -1.43 | -4.49 | +68.2% | -4.22 | -12.15 | +65.2% |
| External Supplies and Services | -3.03 | -4.36 | +30.5% | -8.40 | -9.91 | +15.2% |
| Staff Costs | -1.18 | -1.03 | -14.7% | -2.96 | -2.62 | -12.8% |
| Other Operational Expenses | -0.38 | -0.83 | +54.0% | -1.18 | -1.74 | +32.3% |
| **EBITDA excluding Guaranteed Income Provisions *** | **3.33** | **3.43** | **-2.9%** | **5.25** | **6.55** | **-19.8%** |
| Provisions for Guaranteed Income | -0.16 | -0.81 | +80.3% | -0.81 | -2.90 | +72.2% |
| **EBITDA** | **3.17** | **2.62** | **+21.1%** | **4.45** | **3.64** | **+22.0%** |
| **Capex** | **0.23** | **0.20** | **+17.7%** | **0.79** | **1.05** | **-24.2%** |
| **EBITDA-Capex** | **2.94** | **2.42** | **+21.4%** | **3.65** | **2.60** | **+40.7%** |

** EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at troiaresort*

During the 3Q15 were signed 7 deeds regarding residential units in troiaresort, with a total of 24 signed deeds for the first nine months of the year. Furthermore, it should be added a stock of 17 promissory purchase and reserve agreements (with advance payment). It should be pointed out the increase in the stock of promissory purchase and reserve agreements, when compared to previous quarters, mainly taking into consideration the slow down of the "Golden Visa" market, only partially mitigated with the domestic market recovery. As at 30th of September 2015, a total of 343 deeds had been celebrated on residential units in troiaresort.

Mainly driven by the number of signed deeds, Top Line in 3Q15 stood at 10.2M€, showing a decrease of 27.5% when compared to 3Q14, envisioning future recovery when taking into consideration the stock of promissory purchase and reserve agreements. However, benefiting from the positive sales mix and the general improvement of the operations that support the Resort, namely, hospitality (touristic apartments operation), EBITDA registered 3.17M€ in the 3Q15, a positive performance of 21.1% when compared to the same period last year.

For prudence reasons and following the traditional conservative approach that should govern the accounting principles, it is accounted as Provisions, at the time of the sale, the present value of potential costs for the entire period of the guaranteed income from troiaresort real estate sales (the difference between the guaranteed rate of return and a conservative expectation on commercial operation). Driven by the sales registered in the 9M15 and the favourable sales mix, the value amounted to 0.81M€.

Considering year-to-date figures, performance is similar to the quarter, registering a decrease of 26.5% in Top Line, despite an improvement in the EBITDA level of 22.0%, driven by the favourable sales mix and the general improvement of the operations that support the Resorts segment.

CAPEX stood at controllable levels, below 9M14 and consequently contributing to an improvement of EBITDA–CAPEX of 1.05M€.

## 3.2. FITNESS

Fitness activity continues to show improvements on its competitive position, certified by the 10% growth in the number of active members.

In this regard, as mentioned in previous announcements, it should be noted a new club opening in 2Q15, in Alfragide (Oeiras). Presently the Solinca fitness club chain manages 13 clubs.

In 3Q15, Top Line increased 15.6%, to 3.78M€, as a result of the above-mentioned growth in the number of active members, being worth to note the positive performance on average monthly fees. EBITDA amounted to 0.40M€, a significant improvement over the previous year, corresponding to a margin of 10.6%.

| Profit and Loss Account<br>Million euro<br>Fitness | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **3.87** | **3.34** | **+15.9%** | **11.47** | **10.39** | **+10.4%** |
| **Turnover** | **3.78** | **3.27** | **+15.6%** | **11.23** | **10.17** | **+10.4%** |
| Other Operational Income | 0.09 | 0.07 | +28.7% | 0.24 | 0.21 | +12.0% |
| **Total Operational Costs** | **-3.47** | **-3.17** | **-9.4%** | **-10.21** | **-9.28** | **-9.9%** |
| Cost of Goods Sold | -0.03 | -0.03 | -8.7% | -0.09 | -0.10 | +8.6% |
| External Supplies and Services | -2.21 | -2.00 | -10.6% | -6.41 | -5.94 | -8.0% |
| Staff Costs | -1.04 | -0.96 | -8.1% | -3.13 | -2.83 | -10.3% |
| Other Operational Expenses | -0.19 | -0.19 | -2.4% | -0.58 | -0.42 | -39.5% |
| **EBITDA** | **0.40** | **0.17** | **>100%** | **1.26** | **1.10** | **+14.2%** |
| **Capex** | **0.43** | **0.74** | **-41.5%** | **0.64** | **1.24** | **-48.1%** |
| **EBITDA-Capex** | **-0.03** | **-0.57** | **+95.0%** | **0.61** | **-0.14** | **-** |

Year-to-date Top Line increased 10.4% and EBITDA improved 14.2% to 1.26M€, corresponding to a margin of 11.2%.

CAPEX in the 9M15 amounted to 0.64M€, 48.1% below the level registered in 9M14, contributing to an improvement of EBITDA-CAPEX of 0.75M€ to 0.61M€, when compared to the same period last year.

## 3.3. HOSPITALITY

| Profit and Loss Account<br>Million euro<br>Hospitality | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **8.46** | **7.28** | **+16.3%** | **14.95** | **13.08** | **+14.3%** |
| **Turnover** | **8.32** | **7.15** | **+16.3%** | **14.64** | **12.75** | **+14.8%** |
| Other Operational Income | 0.14 | 0.12 | +17.5% | 0.32 | 0.33 | -4.7% |
| **Total Operational Costs** | **-6.94** | **-6.54** | **-6.1%** | **-16.61** | **-15.80** | **-5.1%** |
| Cost of Goods Sold | -0.74 | -0.68 | -8.8% | -1.45 | -1.33 | -9.5% |
| External Supplies and Services | -4.11 | -3.92 | -5.0% | -9.82 | -9.50 | -3.4% |
| Staff Costs | -1.96 | -1.83 | -7.0% | -4.81 | -4.55 | -5.9% |
| Other Operational Expenses | -0.13 | -0.12 | -14.1% | -0.52 | -0.43 | -21.7% |
| **EBITDA** | **1.53** | **0.74** | **>100%** | **-1.65** | **-2.71** | **+39.0%** |
| **Capex** | **0.07** | **0.08** | **-22.1%** | **0.49** | **0.46** | **+7.8%** |
| **EBITDA-Capex** | **1.46** | **0.65** | **>100%** | **-2.15** | **-3.17** | **+32.3%** |

3Q15 Hospitality Top Line registered an improvement of 16.3% to 8.32M€, when compared to 3Q14. This performance resulted mainly from the 4pp occupancy rate growth. In the same period, the number of room nights sold rose 10.1% in the total Group's hotel properties and RevPar also revealed an improvement of 17.4%.

Due to the increased Top Line and the optimization and rationalization cost measures implemented over the past years, 3Q15 EBITDA showed an improvement of more than the double when compared to last year, to 1.53M€.

Considering year-to-date figures, mainly driven by the 4pp increased level of occupancy rate, the increase of 11.3% in number of room nights sold and the growth of 20.0% in RevPar, Top Line and EBITDA showed an improvement of 14.8% and 39.0%, respectively.

Excluding rents, it should be highlighted that the Hospitality segment EBITDAR registered 2.83M€ positive in the period, an improvement of 88.5% or 1.33M€ compared to 9M14.

Hospitality CAPEX levels continued to be kept under tight control, despite the increase of 7.8% when compared to 9M14. Though, resulting from the operational performance, EBITDA-CAPEX showed in 9M15 an improvement of 32.3% compared to the same period last year.

## 3.4. ENERGY

| Profit and Loss Account<br>Million euro<br>Energy | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **11.75** | **13.68** | **-14.1%** | **40.58** | **34.45** | **+17.8%** |
| **Turnover** | **11.70** | **13.25** | **-11.7%** | **40.30** | **33.52** | **+20.2%** |
| Other Operational Income | 0.05 | 0.42 | -88.9% | 0.28 | 0.93 | -69.5% |
| **Total Operational Costs** | **-9.76** | **-11.05** | **+11.7%** | **-32.89** | **-27.43** | **-19.9%** |
| Cost of Goods Sold | -7.85 | -8.99 | +12.8% | -27.13 | -22.86 | -18.7% |
| External Supplies and Services | -1.10 | -1.26 | +13.2% | -3.11 | -2.63 | -18.5% |
| Staff Costs | -0.66 | -0.50 | -33.0% | -2.13 | -1.35 | -57.8% |
| Other Operational Expenses | -0.15 | -0.30 | +48.8% | -0.51 | -0.59 | +13.7% |
| **EBITDA** | **1.99** | **2.62** | **-24.1%** | **7.69** | **7.02** | **+9.5%** |
| **Capex** | **3.37** | **0.21** | **>100%** | **4.64** | **1.14** | **>100%** |
| **EBITDA-Capex** | **-1.38** | **2.42** | **-** | **3.05** | **5.88** | **-48.2%** |

Energy Top Line decreased 11.7% during 3Q15 due to (i) lower selling energy prices, and (ii) the operations interruption of a cogeneration plant for repowering works, notwithstanding (iii) the growth registered in energy production levels. Following Top Line performance, EBITDA showed a decrease of 24.1%, registering a 17.0% margin.

Considering year-to-date figures and benefitting from the 9 months consolidation of the operations acquired in 2014 (when compared to the 7 months in the same period last year), Turnover and EBITDA registered a 20.2% and a 9.5% growth respectively. 9M15 EBITDA margin was of 19.1%, compared to the 20.9% registered last year.

Capex registered 4.64M€, 4.1x above that registered last year, mainly due to the repowering operations in progress, showing a reduction in EBITDA–CAPEX of 48.2%, to 3.05M€.

## 3.5. REFRIGERATION & HVAC

3Q15 Top Line amounted to 14.64M€, showing a decrease of 15.5% when compared to the same period last year. Backlog at the end of the period amounted to, approximately 42M€, an increase of 77% when compared to YE2014, leveraging on the Portuguese operations order backlog related to businesses abroad (i.e. exportation), consubstantiating the internationalization process in progress. At the EBITDA level, a significant improvement was noted, amounting to 0.56M€ and with a margin of 3.8%.

Regarding year-to-date figures, 9M15 Top Line showed a decrease of 4.7% driven by the discontinuation of some of non-strategic business lines. International Top Line (consolidating exports from Portugal and direct sales abroad), represented 26% of the 9M15 Consolidated Top Line, 6pp above the level registered in 2014.

Under the continuous implementation of measures leading to a more balanced and flexible business cost structure adjusted to the new benchmark, and as a result of the restructuring process started in 2014 and still on-going, first results can be seen. EBITDA ascended to 1.41M€, showing an improvement of 1.88M€ when compared to the 9M14, reaching a 3.5% margin.

| Profit and Loss Account<br>Million euro<br>Refrigeration & HVAC | 3Q 2015 | 3Q 2014 | Δ 15/14 | 9M 2015 | 9M 2014 | Δ 15/14 |
|---|---|---|---|---|---|---|
| **Total Operational Income** | **14.69** | **17.52** | **-16.2%** | **41.24** | **43.25** | **-4.6%** |
| **Turnover** | **14.64** | **17.33** | **-15.5%** | **40.83** | **42.82** | **-4.7%** |
| Other Operational Income | 0.05 | 0.19 | -72.2% | 0.41 | 0.43 | -3.7% |
| **Total Operational Costs** | **-14.13** | **-18.18** | **+22.3%** | **-39.83** | **-43.72** | **+8.9%** |
| Cost of Goods Sold | -7.13 | -7.55 | +5.7% | -16.63 | -15.21 | -9.4% |
| Change in Stocks of Finished Goods | 1.20 | -1.09 | - | 1.88 | -1.73 | - |
| External Supplies and Services | -4.33 | -5.47 | +20.7% | -13.59 | -14.85 | +8.5% |
| Staff Costs | -3.61 | -3.69 | +2.1% | -11.05 | -11.05 | +0.1% |
| Other Operational Expenses/Income | -0.25 | -0.38 | +33.3% | -0.45 | -0.89 | +49.0% |
| **EBITDA** | **0.56** | **-0.66** | **-** | **1.41** | **-0.47** | **-** |
| **Capex** | **0.05** | **0.09** | **-46.9%** | **0.17** | **0.23** | **-26.1%** |
| **EBITDA-Capex** | **0.51** | **-0.75** | **-** | **1.23** | **-0.71** | **-** |

Domestic operation EBITDA rose to 0.9M€ in 9M15, showing an increase of 26.6% when compared to last year.

CAPEX remained at low levels and the majority of the EBITDA-CAPEX increase of 1.94M€ to 1.23M€, resulted from the positive EBITDA performance.

## 3.6. OTHER ASSETS

Sonae Capital Group owns a set of non-strategic assets and thus available for sale, including Real Estate assets and Financial Shareholdings.

During the 3Q15, there were no significant sales registered. A promissory purchase and reserve agreement was signed with a 6.58M€ cash in, for a real estate asset (Plots 5 and 10 of Quinta das Sedas).

During 2015, important steps were taken in respect to Norscut financial asset, namely, to comply with almost all legal formalities for the implementation of the new concession agreement. As at the date of this announcement, it was only pending the Court of Auditors approval (more information at item 4.2).

As at 30th of September, Capital Employed in this set of assets (real estate) amounted to 118.8M€.

# 4. CORPORATE INFORMATION

## 4.1. CORPORATE INFORMATION 3Q15

There was no corporate information to register.

## 4.2. SUBSEQUENT CORPORATE EVENTS

On 27th of October 2015, Sonae Capital was informed on the Court of Auditors' decision made on 22nd of October 2105, regarding the dismissal of the previous supervision about the Norscut new concession agreement, with retroactively effect starting 1st of January 2014.

# 5. METHODOLOGICAL NOTES

The consolidated financial statements presented in this report are non-audited and have been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS"), issued by International Accounting Standards Board ("IASB"), as adopted by European Union.

With the aim of continuing improve the quality and transparency of the information provided, not only at the Consolidated level, but also, at the Business Unit level, from the 1Q15 onwards Sonae Capital reports Business Units' financial information on a consolidated basis and not as a contribution to the Sonae Capital Consolidated accounts as practice until last reporting season. At the EBITDA level there are no differences to the reported figures, both at the Consolidated and Business Unit level. The only change is reflected at the Business Units' Top Line (not affecting the reported Consolidated figures). To assure comparable information, we are disclosing in appendix a table with the 2014 quarterly information reflecting this new criteria.

The present document is a translation from the Portuguese original version.

# GLOSSARY

- HVAC = Heating, Ventilation and Air Conditioning
- Operational Cash Flow = EBITDA - Capex
- EBITDA = Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) – Reversal of Impairment Losses and Provisions (including in Other Operation Income)
- EBITDA excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at troiaresort
- EBITDAR = EBITDA + Rents for buildings
- Net Debt = Non-Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments
- Capex = Investment in Tangible and Intangible Assets
- Gearing: Debt to Equity = Net Debt / Equity

# APPENDIX

| Consolidated Profit and Loss Account<br>Million euro | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014 | 1Q 2015 | 2Q 2015 | 3Q 2015 |
|---|---|---|---|---|---|---|---|
| **Total Operational Income** | **36.87** | **41.99** | **56.11** | **48.70** | **42.82** | **47.96** | **49.48** |
| **Turnover** | **36.17** | **40.07** | **54.34** | **46.00** | **39.84** | **41.14** | **48.87** |
| Resorts | 12.58 | 5.90 | 14.06 | 7.81 | 6.44 | 7.27 | 10.20 |
| Hospitality | 1.53 | 4.06 | 7.15 | 2.36 | 1.87 | 4.44 | 8.32 |
| Fitness | 3.37 | 3.53 | 3.27 | 3.56 | 3.50 | 3.94 | 3.78 |
| Energy | 7.13 | 13.14 | 13.25 | 13.89 | 15.58 | 13.01 | 11.70 |
| Refrigeration & HVAC | 11.42 | 14.07 | 17.33 | 18.21 | 13.86 | 12.34 | 14.64 |
| Others & Eliminations | 0.13 | -0.64 | -0.73 | 0.17 | -1.41 | 0.14 | 0.22 |
| Other Operational Income | 0.71 | 1.93 | 1.77 | 2.70 | 2.98 | 6.81 | 0.62 |
| **EBITDA, excluding Guaranteed Income Provisions (1)** | **1.50** | **4.58** | **6.78** | **2.68** | **2.76** | **9.95** | **8.48** |
| Resorts | 2.17 | 0.95 | 3.43 | 0.23 | 1.04 | 0.88 | 3.33 |
| Hospitality | -2.45 | -1.00 | 0.74 | -2.00 | -2.43 | -0.75 | 1.53 |
| Fitness | 0.32 | 0.61 | 0.17 | 0.26 | 0.23 | 0.62 | 0.40 |
| Energy | 1.45 | 2.95 | 2.62 | 2.52 | 3.22 | 2.48 | 1.99 |
| Refrigeration & HVAC | -0.38 | 0.57 | -0.66 | 1.36 | 0.42 | 0.43 | 0.56 |
| Others & Eliminations | 0.40 | 0.49 | 0.48 | 0.30 | 0.27 | 6.29 | 0.67 |
| Provisions for Guaranteed Income | -1.65 | -0.44 | -0.81 | -0.80 | -0.28 | -0.37 | -0.16 |
| **EBITDA** | **-0.16** | **4.13** | **5.97** | **1.87** | **2.47** | **9.59** | **8.32** |
| Amortization & Depreciation | -3.27 | -3.77 | -3.85 | -3.89 | -3.92 | -3.92 | -4.05 |
| Provisions & Impairment Losses | -0.03 | -0.14 | 0.00 | 1.99 | -0.07 | -0.08 | -0.08 |
| Non-recurrent costs/income (2) | -0.02 | -0.05 | 0.07 | -0.15 | 0.76 | -0.39 | -0.57 |
| Discontinued Operations (3) | -0.16 | 0.02 | -0.07 | -0.07 | -0.01 | 0.01 | 0.00 |
| **EBIT** | **-3.64** | **0.19** | **2.12** | **-0.25** | **-0.76** | **5.20** | **3.62** |
| Net Financial Expenses | -2.91 | -3.20 | -2.95 | -2.45 | -2.25 | -2.35 | -2.63 |
| Investment Income and Results from Assoc. Undertakings | 1.73 | 1.55 | 1.84 | 6.18 | 1.21 | 0.79 | 1.04 |
| **EBT** | **-4.82** | **-1.47** | **1.01** | **3.47** | **-1.81** | **3.64** | **2.03** |
| Taxation | -0.41 | -0.49 | -1.62 | -1.98 | -0.87 | -0.10 | 0.16 |
| **Net Profit** | **-5.23** | **-1.96** | **-0.61** | **1.50** | **-2.68** | **3.53** | **2.20** |
| Attributable to Equity Holders of Sonae Capital | -5.00 | -2.37 | -0.57 | 1.10 | -2.93 | 3.12 | 1.86 |
| Attributable to Non-Controlling Interests | -0.23 | 0.41 | -0.04 | 0.40 | 0.25 | 0.41 | 0.34 |

*(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at* **troia**resort
*(2) Non-recurrent items mainly related to restructuring costs and one-off income*
*(3) Includes discontinued businesses in the reported period (2014/15)*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net Debt** | **245.63** | **254.00** | **238.22** | **234.46** | **228.53** | **200.59** | **184.65** |
| **Delta Net debt** | **-0.39** | **8.37** | **-15.78** | **-3.76** | **-5.93** | **-27.94** | **-15.94** |
| Net Debt/Ebitda* | 30.94x | 23.90x | 20.05x | 19.83x | 15.81x | 10.08x | 8.30x |

**EBITDA L12M excluding discontinued operations*



SONAE CAPITAL

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