

SONAE CAPITAL

**EARNINGS
ANNOUNCEMENT**

30 SEPTEMBER 2019



Since 1 January 2019, Sonae Capital information is subject to the application of IFRS 16, the new financial reporting standard on accounting of leases (using the modified retrospective approach).

In order to allow for a reliable analysis of Sonae Capital year-on-year evolution, we present the Profit and Loss Statement for 3Q18 and 9M18 in a pro-forma (PF) logic. Additionally, the Balance Sheet for December 2018 year-end is presented in accordance to the same logic.

SONAE CAPITAL



1. CEO'S MESSAGE AND HIGHLIGHTS

"Sonae Capital continued to affirm itself as an active business portfolio manager throughout the first nine months of 2019. With the integration of Futura Energía Inversiones, our Energy business achieved more competences and became more international, with greater value chain integration, a key step in positioning CapWatt as a promoter of integrated Energy solutions.

At Fitness, our business operates three brands that grow simultaneously in different segments, based on an increasingly efficient expansion model, evident on the 3.3pp EBIT margin increase, to 9.8%.

In Hospitality, we keep the plan to open the first hotel unit in Lisbon, at Santa Apolónia Railway Train Station, in the Summer of 2021. With the objective of improving scale and giving priority to a light capital approach, we continue to target new opportunities for the creation of hotel units in emblematic buildings, in prime locations in the cities of Porto and Lisbon. At Adira, being aware of the ongoing challenges, the actions we have implemented, namely the partnership with Mitsubishi for the American market, will allow us to place the operation at higher levels of profitability. Considering the maturity stage of the Refrigeration and HVAC business, we remain watchful to the evolution of the sector, aiming to identify solutions that foster new opportunities for value creation.

In the Real Estate Assets Unit, September ended with sales deeds above 18 million euros, coupled with a global amount of reserves and PPSAs totalling 40.9 million euros. As regards the evolution of sales deeds, the third quarter of the year does not show the rhythm we forecasted, but this does not change our positive outlook for the asset monetisation plan in the coming quarters.

We ended the first nine months of 2019 with Business Units turnover growing by 18.6%, to 162.1 million euros, at the same time we increased Business Units EBITDA by 16.1%, to 29.8 million euros, and EBIT by 21.7%, to 7.7 million euros. As the corollary of an increasingly robust Profit and Loss Statement, we posted positive Net Profit of 3.7 million euros, more than 12 million euros above the same period of 2018. We maintain a strong capital structure, with Net Financial Debt at 143.7 million euros, despite the investment of 38.7 million euros and the distribution of 18.5 million euros in dividends.

Accordingly, the results we report today are the confirmation that step by step, quarter after quarter, we are on the right track to meet our ambitions for growth and value creation."

Miguel Gil Mata

- Business Units steadily increased turnover and EBITDA in 9M19, by 18.6% and 16.1%, respectively:
 - Energy increased EBITDA by 10.6%, to 12.8M€;
 - Fitness increased turnover by 17.9% in 9M19, to 31.0M€ (or 13.5% excluding Urban Fit chain contribution);
 - Hospitality registered a robust performance, fuelled by 3Q19, with a turnover and EBITDA increase of 17.5% and 43.7%, respectively;
 - Troia Resort Operations registered an EBITDA of 2.3M€, 47.2% above 9M18.
- Real Estate Assets monetisation plan underway:
 - Troia Resort residential touristic units: 26 sales deeds at the date of this report, corresponding to 13.2M€, coupled with 9 PPSAs/Reserves totalling 4.6M€;
 - Other Real Estate Assets: sales deeds in the amount of 5.4M€ and PPSAs totalling 36.3M€ (including the PPSA of UNOP 3).
- Business Units positive evolution trend fuelling the growth of Continued Businesses Net Profit (Δ of 9.0M€), and the growth of Net Results (Δ of 12.1M€);
- Net Results in the amount of 3.7M€ in 9M19 (6.5M€ in 3Q19);
- Consolidated FCF negative at 3.7M€, notwithstanding the significant Capex (38.7M€). As a result of dividend payment (18.5M€), Net Financial Debt stood at 143.7M€ at the end of September 2019 (Net Debt at 208.9M€);
- Maintenance of an adequate capital structure: Net Financial Debt / EBITDA at 2.7x and LTV at 25.8%.

2. OVERALL PERFORMANCE

Consolidated Profit and Loss Statement						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Turnover						
Business Units	78.09	51.92	+50.4%	162.10	136.67	+18.6%
Energy	35.84	14.17	>100%	64.16	39.72	+61.5%
Industrial Engineering	2.17	2.50	-13.2%	6.24	8.86	-29.5%
Fitness	10.88	8.57	+26.9%	31.02	26.31	+17.9%
Hospitality	13.04	10.66	+22.3%	23.40	19.92	+17.5%
Refrigeration & HVAC	10.14	10.03	+1.2%	26.75	32.08	-16.6%
Troia Resort - Operations	6.03	5.98	+0.8%	10.53	9.79	+7.5%
Real Estate Assets	9.65	9.83	-1.8%	25.74	20.51	+25.5%
Troia Resort	7.37	7.86	-6.2%	16.31	14.45	+12.9%
Other Real Estate Assets	2.28	1.97	+15.9%	9.42	6.06	+55.6%
Eliminations & Adjustments	-3.76	-3.61	-4.2%	-8.08	-6.50	-24.3%
Consolidated Turnover	83.98	58.13	+44.5%	179.76	150.68	+19.3%
Other Operational Income	0.36	0.60	-39.8%	1.84	2.40	-23.4%
Total Operational Income	84.35	58.73	+43.6%	181.60	153.09	+18.6%
EBITDA						
Business Units	15.25	12.77	+19.3%	29.76	25.64	+16.1%
Energy	4.36	4.27	+2.1%	12.83	11.60	+10.6%
Industrial Engineering	-1.01	-0.36	<-100%	-2.62	-0.83	<-100%
Fitness	3.64	2.56	+42.3%	9.89	8.14	+21.5%
Hospitality	5.32	3.47	+53.4%	6.51	4.53	+43.7%
Refrigeration & HVAC	0.70	0.49	+43.7%	0.90	0.67	+33.3%
Troia Resort - Operations	2.24	2.35	-4.9%	2.25	1.53	+47.2%
Real Estate Assets	3.05	3.43	-11.3%	8.80	4.04	>100%
Troia Resort	2.14	2.45	-12.7%	3.35	1.47	>100%
Other Real Estate Assets	0.91	0.99	-7.8%	5.45	2.57	>100%
Eliminations & Adjustments	-1.98	-1.39	-42.4%	-5.65	-4.35	-29.7%
Consolidated EBITDA	16.31	14.82	+10.1%	32.92	25.33	+29.9%
Amortizations & Depreciations	8.87	8.13	+9.0%	24.64	22.70	+8.5%
Provisions & Impairment Losses	-0.21	-0.02	<-100%	-0.21	0.06	-
Recurrent EBIT						
Business Units	7.25	5.90	+22.8%	7.65	6.29	+21.7%
Energy	0.94	1.25	-25.0%	3.93	3.83	+2.8%
Industrial Engineering	-1.22	-0.62	-96.9%	-3.26	-1.57	<-100%
Fitness	1.18	0.40	>100%	3.03	1.71	+77.5%
Hospitality	4.08	2.55	+59.9%	2.77	1.80	+54.4%
Refrigeration & HVAC	0.54	0.38	+42.3%	0.45	0.43	+3.2%
Troia Resort - Operations	1.73	1.95	-11.3%	0.73	0.11	>100%
Real Estate Assets	1.45	1.23	+18.4%	3.76	-1.71	-
Troia Resort	1.12	0.97	+15.8%	0.48	-1.65	-
Other Real Estate Assets	0.33	0.26	+27.9%	3.28	-0.06	-
Eliminations & Adjustments	-1.05	-0.42	<-100%	-2.93	-2.01	-45.7%
Consolidated Recurrent EBIT	7.65	6.71	+14.0%	8.48	2.57	>100%
Non-recurrent costs/income (1)	-0.03	0.05	-	0.04	0.77	-94.4%
Consolidated EBIT	7.68	6.66	+15.4%	8.44	1.80	>100%
Net Financial Expenses	-1.29	-2.12	+39.2%	-5.04	-6.28	+19.8%
Investment Income and Results from Assoc. Undertakings	0.17	0.08	>100%	0.65	0.30	>100%
EBT	6.57	4.61	+42.4%	4.05	-4.19	-
Taxes	0.14	0.37	-62.1%	0.31	1.03	-69.7%
Net Profit - Continued Businesses	6.43	4.24	+51.7%	3.74	-5.22	-
Net Profit - Discontinued Businesses	0.12	-1.21	-	-0.08	-3.26	+97.5%
Net Profit - Total	6.54	3.03	>100%	3.66	-8.48	-
Attributable to Equity Holders of Sonae Capital	6.03	3.01	>100%	2.75	-8.36	-
Attributable to Non-Controlling Interests	0.51	0.01	>100%	0.91	-0.12	-

(1) Non-recurrent items mainly related to restructuring costs and one-off income

- The Business Units turnover stood at 162.1M€, performing a growth of 18.6% when compared to 9M18, essentially due to Energy, Fitness, Hospitality and Troia Resort Operations, which more than offset Industrial Engineering and Refrigeration & HVAC negative turnover performance. In the same period, the Real Estate Assets unit increased turnover by 25.5%, to 25.7M€.
- The Business Units EBITDA increased to 29.8M€ in 9M19, 16.1% above the same period of 2018, generating an EBITDA margin of 18.4%, 0.4pp below 9M18. The Real Estate Assets EBITDA has more than doubled and reached 8.8M€ in 9M19.
- The Recurrent EBIT totalled 8.5M€, which represents a significant increase when compared to 2.6M€ posted in 9M18.
- Continued Businesses Net Profit increased by 9.0M€ y.o.y., totalling positive 3.7M€. This evolution benefited from:
 - (i) a Consolidated EBITDA increase of 7.6M€;
 - (ii) a lower level of Non-Recurrent Costs (as the results in 2018 were impacted by the recognition of Non-Recurrent costs related to the RACE operation in Brazil); and,
 - (iii) an increase of 1.2M€ in Net financial Results, including the amount related to the capitalisation of interest incurred in the development of the Biomass-fuelled cogeneration plant in the Energy segment (in the amount of 0.5M€);

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(iv) notwithstanding the higher Amortizations and Depreciations, in the amount of 1.9M€ (0.7M€ referred to IFRS 16 Amortizations and 1.2M€ driven by the investment plan in place, namely in the Energy segment).

- Driven by the evolution of Net Profit in both continued and discontinued businesses, Consolidated Net Profit improved by 12.1M€ in 9M19, to 3.7M€.
- On a quarterly basis, Continued Businesses Net Profit was positive and reached 6.4M€ in 3Q19, 2.2M€ above 3Q18. Net Results were also positive and stood at 6.5M€, 3.5M€ above 3Q18.

2.1 CAPITAL STRUCTURE

Capital Structure/Capex/Ratios			
Million euro	Sep 2019	Dec 2018 PF	Δ 19/18
Net Capital Employed	450.82	438.74	+2.8%
Fixed Assets	397.16	379.91	+4.5%
o.w. Rights of Use (IFRS16)	52.45	50.93	+3.0%
Non-Current Investments (net)	14.07	15.17	-7.3%
Working Capital	38.37	43.66	-12.1%
Capex (end of period)	38.71	32.62	+18.7%
% Fixed Assets	11.7%	8.6%	+3.1 pp
CAPEX (L12M) / Depreciations	2.03x	1.34x	0.69x
Net Debt			
Financial Net Debt	143.67	119.78	+19.9%
Net Debt Total	208.85	181.67	+15.0%
% Net Capital Employed	46.3%	41.4%	+4.9 pp
Debt to Equity	86.3%	70.7%	+15.6 pp
Capital Structure Ratios			
Loan to Value (Real Estate Assets)	25.8%	21.1%	+4.7 pp
Net Debt/EBITDA (recurrent without IFRS16)	2.73x	2.49x	+0.24x
Net Debt/EBITDA (recurrent with IFRS16)	3.35x	3.49x	(0.1x)

- Capex totalled 38.7M€ in 9M19, mostly driven by the Energy segment, namely on the back of the biomass-fuelled cogeneration project development (with an investment of 20.5M€) and the acquisition of Futura Energía Inversiones, as well as the investment made in the Fitness segment, which includes the acquisition of Urban Fit chain.
- Net Debt stood at 208.9M€ at the end of September 2019. Net Financial Debt reached 143.7M€ in the same period, registering an increase of 23.9M€ when compared to the end of 2018. Net Debt was also impacted by dividend distribution, in the amount of 18.5M€, on May 2019.
- We maintain an adequate capital structure when considering the Group's portfolio of businesses and Real Estate Assets held, with Net Financial Debt to EBITDA of 2.7x and LTV of 25.8%, both slightly above the figures reported in 2018 year-end.

3. BUSINESS UNITS

3.1 ENERGY



Operational and Financial Information - Energy						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	35.86	14.20	>100%	64.26	40.37	+59.2%
Turnover	35.84	14.17	>100%	64.16	39.72	+61.5%
<i>Power</i>	14.13	14.17	-0.3%	42.45	39.72	+6.9%
<i>Retail & Trade</i>	21.87	-	-	21.87	-	-
Other Operational Income	0.03	0.03	-13.8%	0.10	0.65	-84.3%
Total Operational Costs	31.50	9.93	>100%	51.44	28.78	+78.7%
Cost of Goods Sold	28.35	7.08	>100%	42.89	20.43	>100%
External Supplies and Services	1.84	1.56	+17.9%	4.92	4.40	+11.6%
Staff Costs	1.00	0.72	+39.7%	2.81	2.23	+25.9%
Other Operational Expenses	0.30	0.57	-47.8%	0.82	1.71	-52.0%
EBITDA	4.36	4.27	+2.1%	12.83	11.60	+10.6%
<i>Power</i>	4.23	4.27	-1.0%	12.69	11.60	+9.5%
<i>Retail & Trade</i>	0.13	-	-	0.13	-	-
EBITDA Margin (% Turnover) - [Power]	29.9%	30.1%	-0.2 pp	29.9%	29.2%	+0.7 pp
Depreciations IFRS16	0.14	0.11	+30.2%	0.38	0.31	+20.0%
Amortizations & Depreciations	3.29	2.92	+12.7%	8.52	7.46	+14.2%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	0.94	1.25	-25.0%	3.93	3.83	+2.8%
<i>Power</i>	0.82	1.25	-34.4%	3.82	3.83	-0.3%
<i>Retail & Trade</i>	0.12	-	-	0.12	-	-
Recurrent EBIT Margin (% Turnover) - [Power]	5.8%	8.8%	-3.0 pp	9.0%	9.6%	-0.6 pp
Capex	15.28	3.65	>100%	27.65	10.81	>100%
EBITDA-Capex	-10.92	0.62	-	-14.82	0.79	-
Total Capacity (MW)	80.1	76.5	+4.7%	80.1	76.5	+4.7%
Owned & Operated	64.2	62.3	+3.0%	64.2	62.3	+3.0%
Operated (not consolidated)	3.2	3.2	+0.0%	3.2	3.2	+0.0%
Projects in progress (MW)	12.7	11.0	+15.5%	12.7	11.0	+15.5%

- CapWatt completed the acquisition of 100% of the share capital of Futura Energía Inversiones, a company based in Spain, in August 2019. This acquisition is part of the growth strategy of the Energy segment and aims to complement its activity, positioning CapWatt as a promoter of integrated Energy solutions, enhancing its capabilities in the sourcing of natural gas and CO₂ emission allowances and, especially, in the third-party sale of electricity generated in a scenario post feed-in tariffs. For that reason, the Energy business consolidates two different businesses since 1 August, 2019. Two businesses that are different, not only in nature but also in turnover and profitability metrics: the Power business, which includes Cogeneration and Renewables operations (also including the holding structure), and the Retail & Trade business, which includes the operation developed by Futura Energía Inversiones.
- The Power business increased turnover by 6.9% in 9M19, to 42.5M€, benefiting from both the Cogeneration operation and the Renewables operation: in Cogeneration, the contribution of Electric and Thermal Energy evolved positively, as well as the availability of solar and wind resources in Renewables. The Tagol Cogeneration Power Plant (with a capacity of 7.3MW) had a technical maintenance stop, transversal to the entire industrial complex, during a part of 3Q19, which impacted the performance of the Cogeneration operation. On a quarterly standpoint, the availability of solar resources evolved unfavorably throughout 3Q19 when compared to 3Q18. As for the wind resource, its availability has evolved favorably. The EBITDA stood at 12.7M€, posting an increase of 9.5% against 9M18. The EBITDA margin stood at 29.9%, 0.7pp above 9M18. It should be noted that the EBITDA in 2019 continued to be negatively affected by the increase of the price of CO₂ licences versus 2018.
- The Retail & Trade business, whose activity includes trading of natural gas, electricity and carbon emission allowances, had a contribution of 21.9M€ and 0.13M€ for turnover and EBITDA, respectively, in 3Q19.
- The Capex amounted to 27.7M€, almost entirely due to the ongoing development in the biomass-fuelled cogeneration plant, which stood at 20.5M€ in 9M19 and is progressing as planned. This project, which will start operating in 2020, will ensure a material and stable cash flow throughout 25 years (the feed-in tariff period) and is currently CapWatt's most significant investment project.

3.2 INDUSTRIAL ENGINEERING



Operational and Financial Information - Industrial Engineering						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	2.30	2.63	-12.4%	6.76	9.25	-26.9%
Turnover	2.17	2.50	-13.2%	6.24	8.86	-29.5%
Other Operational Income	0.13	0.13	+2.5%	0.52	0.40	+31.0%
Total Operational Costs	3.31	2.99	+10.9%	9.38	10.09	-7.0%
Cost of Goods Sold	1.39	1.71	-18.7%	4.13	5.84	-29.3%
External Supplies and Services	0.50	0.41	+21.9%	1.69	1.22	+37.8%
Staff Costs	1.21	0.86	+40.9%	3.06	2.75	+11.0%
Other Operational Expenses	0.21	0.01	>100%	0.51	0.27	+89.4%
EBITDA	-1.01	-0.36	<-100%	-2.62	-0.83	<-100%
<i>EBITDA Margin (% Turnover)</i>	-46.5%	-14.3%	-32.2 pp	-42.0%	-9.4%	-32.5 pp
Depreciations IFRS16	0.01	0.01	+14.2%	0.03	0.03	+3.5%
Amortizations & Depreciations	0.20	0.25	-21.2%	0.61	0.71	-14.8%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	-1.22	-0.62	-96.9%	-3.26	-1.57	<-100%
<i>Recurrent EBIT Margin (% Turnover)</i>	-56.2%	-24.8%	-31.4 pp	-52.2%	-17.8%	-34.4 pp
Capex	0.42	0.22	+90.9%	0.86	0.66	+30.3%
EBITDA-Capex	-1.43	-0.58	<-100%	-3.48	-1.49	<-100%

- The 9M19 results reflect Adira's ongoing restructuring process, which started in 2018, largely based on a new commercial approach, after-sales and customer satisfaction areas.
- Industrial Engineering turnover stood at 6.2M€ in 9M19, 29.5% below 9M18. In the same period, the EBITDA registered negative 2.6M€. Despite the unfavorable performance hereby presented, largely due to a level of orders below expectations at the end of 2018 and also at the beginning of 2019, we would like to highlight that the number of orders has been improving, which should be reflected in turnover in the short-term.
- As previously disclosed, Adira has entered into an agreement with Mitsubishi to exclusively supply bending and cutting machines in the USA, Canada and Mexico, which will ensure a significant increase in the number of machines produced at cruising speed. The first machines are already in production and Adira will produce a total of 15 units under this contract up to the end of 2019.

3.3 FITNESS



Operational and Financial Information - Fitness						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	11.03	8.63	+27.9%	31.35	26.78	+17.1%
Turnover	10.88	8.57	+26.9%	31.02	26.31	+17.9%
Other Operational Income	0.16	0.06	>100%	0.33	0.47	-29.2%
Total Operational Costs	7.39	6.07	+21.8%	21.46	18.64	+15.2%
Cost of Goods Sold	0.07	0.08	-10.6%	0.16	0.17	-6.0%
External Supplies and Services	3.45	2.95	+16.8%	10.13	9.15	+10.8%
Staff Costs	3.33	2.70	+23.3%	9.42	8.22	+14.7%
Other Operational Expenses	0.54	0.34	+60.7%	1.75	1.10	+58.8%
EBITDA	3.64	2.56	+42.3%	9.89	8.14	+21.5%
<i>EBITDA Margin (% Turnover)</i>	33.5%	29.8%	+3.6 pp	31.9%	30.9%	+0.9 pp
Depreciations IFRS16	1.53	1.34	+14.3%	4.29	3.86	+11.1%
Amortizations & Depreciations	0.93	0.83	+12.4%	2.57	2.31	+11.3%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.26	-
Recurrent EBIT	1.18	0.40	>100%	3.03	1.71	+77.5%
<i>Recurrent EBIT Margin (% Turnover)</i>	10.9%	4.6%	+6.3 pp	9.8%	6.5%	+3.3 pp
Capex	0.24	0.92	-73.9%	5.61	11.75	-52.3%
EBITDA-Capex	3.40	1.64	>100%	4.28	-3.61	-
# Average number of active members	103 464	85 741	20.7%	103 464	85 741	20.7%
# Clubs in Operation	35	29	+6	35	29	+6

- Fitness business ended September 2019 with a portfolio of 35 Clubs: 20 Solinca Clubs, 14 Pump Clubs and 1 ONE Club. The last months were dedicated to the integration and rebranding of the Urban Fit Clubs that were acquired in June 2019, a process that is already finished. Continuing the business growth strategy, we expect to end the year adding 2 more Clubs to our portfolio.

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- The average number of active members stood at approximately 103 thousand, a growth of 20.7% y.o.y.. Apart from the contribution of the Urban Fit chain, the average number of active members benefited from the positive performance of Solinca and Pump operations.
- The turnover increased 17.9% y.o.y., to 31.0M€, mostly due to a higher number of active members, but also due to a 7% increase on the average monthly fee (on a comparable basis). Importantly, excluding the contribution of Urban Fit chain, turnover would have increased by 13.5%.
- The Consolidated EBITDA reached 9.9M€ in 9M19, a growth of 21.5% when compared to 8.1M€ in 9M18.
- The Recurrent EBIT totalled 3.0M€, increasing by 77.5% versus 1.7M€ registered in the same period of 2018. As for the Recurrent EBIT margin, it stood at 9.8% in 9M19, 3.3pp above 9M18.
- Capex in 9M19 was 5.6M€, driven by the acquisition of the Urban Fit chain (in the net amount of 3.4M€). This compares with 11.8M€ in 9M18, impacted by the acquisition of Pump chain (for 8.4M€).

3.4 HOSPITALITY



Operational and Financial Information - Hospitality						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	13.08	10.99	+19.1%	23.56	20.48	+15.0%
Turnover	13.04	10.66	+22.3%	23.40	19.91	+17.5%
Other Operational Income	0.04	0.32	-88.5%	0.15	0.57	-73.1%
Total Operational Costs	7.76	7.52	+3.2%	17.05	15.95	+6.9%
Cost of Goods Sold	1.37	1.98	-30.6%	2.67	2.69	-0.8%
External Supplies and Services	3.85	3.29	+17.0%	7.70	7.46	+3.2%
Staff Costs	2.36	2.08	+13.5%	5.98	5.27	+13.6%
Other Operational Expenses	0.18	0.17	+4.4%	0.70	0.54	+29.2%
EBITDA	5.32	3.47	+53.4%	6.51	4.53	+43.7%
<i>EBITDA Margin (% Turnover)</i>	40.8%	32.5%	+8.3 pp	27.8%	22.7%	+5.1 pp
Depreciations IFRS16	1.09	0.80	+35.5%	3.26	2.41	+35.1%
Amortizations & Depreciations	0.16	0.11	+36.1%	0.48	0.32	+48.2%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	4.08	2.55	+59.9%	2.77	1.80	+54.4%
<i>Recurrent EBIT Margin (% Turnover)</i>	31.2%	23.9%	+7.3 pp	11.8%	9.0%	+2.8 pp
Capex	0.31	0.37	-16.1%	0.81	0.52	+56.5%
EBITDA-Capex	5.01	3.10	+61.8%	5.70	4.02	+42.0%
# Units	6	5	+1	6	5	+1

- Since 1 January 2019, the Hospitality segment includes the contribution of the Aqualuz Lagos Hotel operation, counting with a portfolio of six hotel units.
- In 9M19, the main operating indicators, occupancy and price, had a favorable performance, also boosted by the contribution of the third quarter of the year, which has a major seasonality effect. As a consequence, the RevPar increased by 1.0% in 9M19, backed by an increase of 2.5% in 3Q19.
- The turnover increased 17.5% y.o.y. and totalled 23.4M€.
- EBITDA reached 6.5M€, growing by 43.7% when compared to 9M18, reflecting the growing profitability in all the operations. The EBIT stood at 2.8M€, 54.4% above 9M18. The EBIT margin increased by 2.8pp, to 11.8%.
- On a comparable basis, i.e. excluding the impact of the Aqualuz Lagos operation, both turnover and EBITDA would have increased.
- The Capex reached 810 thousand euros in 9M19, essentially due to the refurbishment of Porto Palácio Hotel and the beginning of the Santa Apolónia Railway Station project, in Lisbon.

3.5 REFRIGERATION & HVAC



Operational and Financial Information - Refrigeration & HVAC						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	9.99	10.04	-0.5%	26.65	32.17	-17.2%
Turnover	10.14	10.03	+1.2%	26.75	32.08	-16.6%
Other Operational Income	-0.15	0.02	-	-0.09	0.09	-
Total Operational Costs	9.29	9.56	-2.8%	25.76	31.50	-18.2%
Cost of Goods Sold	4.67	4.59	+1.8%	12.12	16.28	-25.6%
External Supplies and Services	2.50	2.65	-5.6%	6.87	8.40	-18.2%
Staff Costs	2.02	2.19	-7.9%	6.44	6.54	-1.5%
Other Operational Expenses	0.10	0.12	-21.9%	0.33	0.28	+15.3%
EBITDA	0.70	0.49	+43.7%	0.90	0.67	+33.3%
<i>EBITDA Margin (% Turnover)</i>	6.9%	4.9%	+2.0 pp	3.4%	2.1%	+1.3 pp
Depreciations IFRS16	0.14	0.09	+54.6%	0.40	0.19	>100%
Amortizations & Depreciations	0.02	0.02	+19.6%	0.05	0.05	+12.8%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	0.54	0.38	+42.3%	0.45	0.43	+3.2%
<i>Recurrent EBIT Margin (% Turnover)</i>	5.3%	3.8%	+1.5 pp	1.7%	1.3%	+0.3 pp
Capex	0.02	0.01	>100%	0.15	0.10	+53.2%
EBITDA-Capex	0.68	0.48	+42.5%	0.75	0.57	+29.8%
Orders backlog	16.90	27.10	-37.6%	16.90	27.10	-37.6%

- Turnover totalled 26.8M€ in 9M19, 16.6% below 9M18. This was driven by a delay in several Refrigeration projects, as well as by a reduction in HVAC activity, an outcome of our strategy for the business, which focuses on projects of greater value and complexity, where our contribution is better perceived.
- The EBITDA stood at 0.9M€, increasing 33.3% versus 9M18. Despite the turnover decrease, the increase in EBITDA results from significant improvements in the after-sales area, as well as in the HVAC operation, related to a higher exposure to more profitable projects.
- The Recurrent EBIT reached 0.5M€, which compares with 0.4M€ in 9M18.
- The orders backlog amounted to 16.9M€ at the end of September 2019, representing roughly 4.3 months of turnover. This backlog, coupled with the projects we are about to close in coming weeks, provides positive expectations for the business in the next quarters.

3.6 TROIA RESORT – OPERATIONS



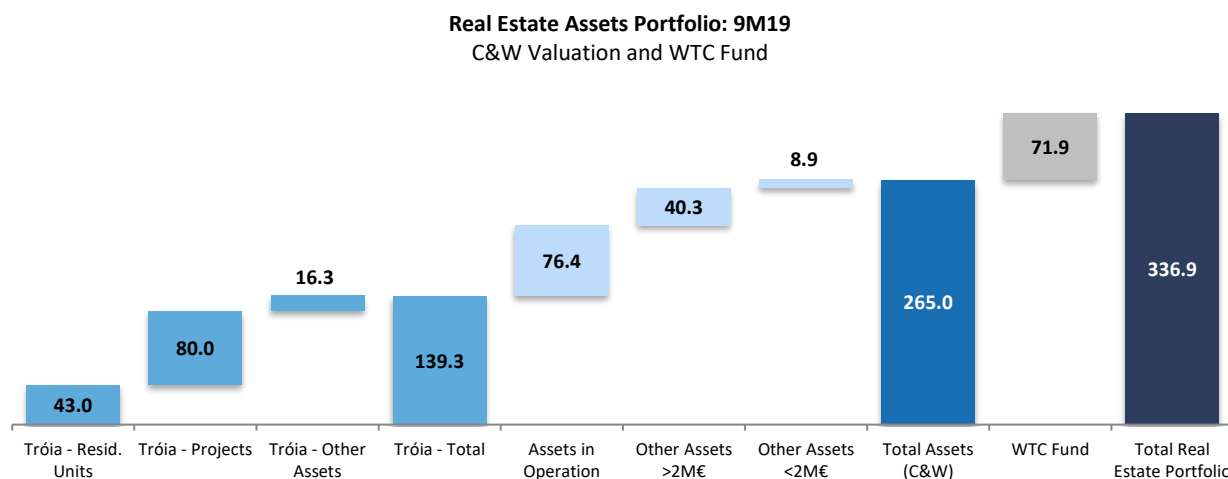
Operational and Financial Information - Troia Resort Operations						
Million euro	3Q 2019	3Q 2018 PF	Δ 19/18	9M 2019	9M 2018 PF	Δ 19/18
Total Operational Income	6.20	6.38	-2.9%	11.03	10.38	+6.2%
Turnover	6.03	5.98	+0.8%	10.53	9.78	+7.6%
Other Operational Income	0.17	0.40	-57.6%	0.50	0.60	-16.3%
Total Operational Costs	3.96	4.03	-1.7%	8.77	8.85	-0.9%
Cost of Goods Sold	1.00	1.07	-5.8%	1.41	1.39	+1.4%
External Supplies and Services	1.71	1.82	-6.3%	4.04	4.31	-6.3%
Staff Costs	1.10	0.98	+12.5%	2.87	2.58	+11.3%
Other Operational Expenses	0.15	0.17	-8.0%	0.45	0.57	-20.9%
EBITDA	2.24	2.35	-4.9%	2.25	1.53	+47.2%
<i>EBITDA Margin (% Turnover)</i>	37.1%	39.3%	-2.2 pp	21.4%	15.7%	+5.8 pp
Depreciations IFRS16	0.05	0.04	+5.5%	0.14	0.13	+5.6%
Amortizations & Depreciations	0.46	0.35	+30.8%	1.39	1.30	+6.7%
Provisions & Impairment Losses	-0.00	0.00	-	0.00	-0.00	-
Recurrent EBIT	1.73	1.95	-11.3%	0.73	0.11	>100%
<i>Recurrent EBIT Margin (% Turnover)</i>	28.7%	32.6%	-3.9 pp	6.9%	1.1%	+5.9 pp
Capex	0.45	0.09	>100%	1.13	0.34	>100%
EBITDA-Capex	1.79	2.26	-21.0%	1.13	1.19	-5.6%

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- The operations in Troia Resort include Atlantic Ferries river transportation and operations such as Tróia Marina, Tróia Market, the Roman Ruins and the Golf course.
- The turnover stood at 10.5M€ in 9M19, 7.6% above the same period of 2018. The EBITDA reached 2.3M€, showing a significant growth when compared with 9M18, in which EBITDA stood at 1.5M€. Since the beginning of 2019, the performance of Atlantic Ferries, which registered a larger number of travellers and traffic of vehicles, has been one of the major drivers of the segment’s performance.
- The Capex totalled 1.1M€ and resulted from investments made in Atlantic Ferries operation, as well as in some refurbishment works in the Marina of Tróia and the Beach.

4. REAL ESTATE ASSETS

On 30 September 2019, the value of Sonae Capital Real Estate Assets portfolio stood at 336.9M€, including the Real Estate Assets valued by Cushman & Wakefield (C&W), in the amount of 265.0M€, and the WTC Fund, with a market value of 71.9M€.



On the same date, the capital employed in this group of Real Estate Assets, excluding touristic residential units in Tróia and the WTC Fund, stood at 145.7M€. This value compares with a C&W valuation of 222.0M€.

4.1 TROIA RESORT



This segment includes, in the Peninsula of Tróia, developed touristic residential units for sale, as well as plots for construction. Out of 546 touristic residential units developed, we had 66 units available for sale at the date of this report (considering Reserves and PPSAs).

The turnover reached 25.7M€ in 9M19, showing an increase of 25.5% y.o.y., on the back of the following contributions:

- 25 sales deeds, corresponding to 12.8M€, which compare with 30 sales deeds in the amount of 11.3M€ in 9M18. Out of the 25 sales deeds reported, 11 were made under the guaranteed income product.
- Rents related to the assets in operation (Hotels, Tróia Shopping, Car parking lots, Touristic Units in operation), in the amount of 2.6M€.

Already in 4Q19 and up to the date of this report, we signed one additional sales deed (in the amount of 0.4M€) and there are still in stock 9 promissory purchase and sale agreements and reserves totalling 4.6M€. It should be noted that the PPSA of UNOP 3, for 20M€, which was signed in 2Q18, is not yet reflected in the results.

4.2 OTHER ASSETS

The Other Real Estate Assets unit registered a turnover of 9.4M€ in 9M19. This includes the rents received from assets under management, as well as sales deeds in the amount of 5.4M€. Currently, the global amount of PPSAs is 16.3M€, and includes the “Metropolis Building” (6.3M€), the “Santarém Allotment” (1.5M€) – as disclosed in 1Q19 Results, and also the “Country Club Maia” (8.0M€), whose PPSA was signed in 3Q19.

5. BALANCE SHEET

Consolidated Balance Sheet			
Million euro	Sep 2019	Dec 2018 PF	Δ 19/18
Total Assets	626.83	552.86	+13.4%
Tangible and Intangible Assets	336.12	327.89	+2.5%
o.w. Rights of Use (IFRS16)	52.45	50.93	+3.0%
Goodwill	61.05	52.02	+17.3%
Non-Current Investments	2.13	2.29	-7.2%
Other Non-Current Assets	32.87	35.20	-6.6%
Stocks	58.62	63.26	-7.3%
Trade Debtors and Other Current Assets	86.25	63.96	+34.8%
Financial Instruments	40.74	0.00	-
Cash and Cash Equivalents	8.51	7.56	+12.6%
Assets held for sale	0.56	0.67	-16.9%
Total Equity	241.98	257.06	-5.9%
Total Equity attributable to Equity Holders of Sonae Capital	232.21	247.62	-6.2%
Total Equity attributable to Non-Controlling Interests	9.77	9.44	+3.5%
Total Liabilities	384.85	295.79	+30.1%
Non-Current Liabilities	167.81	127.20	+31.9%
Non-Current Borrowings	97.17	59.43	+63.5%
Non-Current Borrowings - IFRS16	50.34	50.39	-0.1%
Deferred Tax Liabilities	12.60	12.98	-2.9%
Other Non-Current Liabilities	7.69	4.39	+75.1%
Current Liabilities	217.05	168.60	+28.7%
Current Borrowings	55.01	67.91	-19.0%
Current Borrowings - IFRS16	14.84	11.50	+28.9%
Trade Creditors and Other Current Liabilities	106.50	83.57	+27.4%
Financial Instruments	39.51	0.00	-
Liabilities associated to assets held for sale	1.19	5.62	-78.8%
Total Equity and Liabilities	626.83	552.86	+13.4%

Note: Trade Debtors and Other Current Assets and Trade Creditors and Other Current Liabilities include a balance of 25.6M€ and 14.6M€, respectively, related with the consolidation of Futura Energía Inversiones. The Financial Instruments line reflects the mark-to-market of swaps and options referred to the outstanding positions in Futura Energía Inversiones’ subsidiaries, at the end of September 2019. These positions are related to risk coverage of the corresponding underlying assets, as Futura Energía Inversiones policy involves managing assets and liabilities in order to cover almost all the risks involved.

6. CORPORATE INFORMATION

6.1 CORPORATE INFORMATION IN 3Q19

On 1 July, 2019, Sonae Capital informed that its subsidiary, CapWatt, SGPS, S.A. submitted a binding offer for the acquisition of 100% of the share capital of Futura Energia Inversiones, S.L. and its subsidiaries. This acquisition is part of Sonae Capital's Energy segment growth strategy, and aims to improve its competences in the: (i) sourcing of natural gas and carbon emissions rights, and (ii) sale of the electric energy produced, in a scenario post feed-in tariffs.

Following the clearance of the competent Competition Authorities, as well as the fulfilment of other conditions to which the parties agreed to subordinate the transaction, the acquisition was successfully concluded on 9 August 2019.

6.2 SUBSEQUENT EVENTS

On 4 November, 2019, Sonae Capital released the Notice of Meeting for the Shareholders Extraordinary General Meeting, to be held on 4 December, 2019. The meetings's agenda includes the amendment of Article 9.1 of the Company's Articles of Association, in order to extend the number of members of Sonae Capital Board of Directors and elect Mr. Ângelo Ribeirinho Paupério for the remainder of the current mandate: 2018-2020.

7. METHODOLOGICAL NOTES

The consolidated financial information presented in this report is not audited and has been prepared in accordance with the International Financial Reporting Standards ("IAS / IFRS"), issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

With the aim of continuing to provide the best financial information not only at the Consolidated level, but also, at each Business Unit level and aligning with the best market practices, the international operations (Mozambique and Brazil) of the Refrigeration & HVAC segment are considered as assets held for sale and therefore their contribution to the consolidated results is recognised as a discontinued operation.

GLOSSARY

CAPEX	Investment in Tangible and Intangible Assets
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)
EBITDAR	EBITDA + Building Rents
Gearing: Debt to Equity	Net Debt / Equity
HVAC	Heating, Ventilation and Air Conditioning
Loan to Value	Net Debt of real estate assets / Real estate assets Valuation
Net Debt	Net Debt + IFRS 16 Impact
Net Financial Debt	Non-Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments
Operational Cash Flow	EBITDA - Capex
PPSA	Promissory Purchase and Sale Agreement
RevPar	Revenue Per Available Room

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SONAE CAPITAL

