REPORT & ACCOUNTS 31 DECEMBER 2018

SONAE CAPITAL

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PART I
MANAGEMENT REPORT

31 December 2018

SONAE CAPITAL

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PART I
MANAGEMENT REPORT
31 December 2018

“The new Sonae Capital inevitably inherits a set of values and principles that are the cornerstone of the businesses that I lead and have led in the past.”

“This story is not exclusively mine. It is of all those who believe in this project and who share with me the determination to make it grow…”

Belmiro Mendes de Azevedo
(Founder’s statement, 2007)

"The growing sustainability of our businesses continues to be noticeable, not only in our Capital Structure, which remains adequate to the type of businesses and assets held by the Group, but also in the improvement of our profitability metrics"

Paulo Azevedo
Chairman of the Board of Directors

1. CHAIRMAN'S MESSAGE

Through 2018, we continued to implement our corporate strategy by: (i) investing in the Business Units with value creation plans already approved and whose added value is already materialised in results; (ii) improving the competitive position and the profitability of the businesses still with unsatisfactory performance; and, (iii) identifying and materialising new business areas, which will foster growth. At the same time, we continued to sell our portfolio of Real Estate assets, which has the purpose of financing the investment plan of our businesses and the options for future growth.

The growing sustainability of our businesses continues to be noticeable, not only in our Capital Structure, which remains adequate to the type of businesses and assets held by the Group, but also in the improvement of our profitability metrics. In 2018, the EBITDA of our Business Units continued to grow and reached 20.6M€, an increase of more than 18% when compared to 2017. In addition, and very important to the Group's sustainability in the mid to long term, 2018 was a year of strong investment, like 2017. We invested 32.6M€ in 2018 (1.2x the EBITDA), after investing 61.6M€ in 2017.

This investment was mainly channelled to businesses with value creation plans already approved and, more specifically, where we already have a team with proven capacity, in-depth sector's knowledge, and above all with recognised performance as profitability is concerned. Accordingly, we have invested 15M€ in Energy, taking sustained steps towards internationalisation with the creation of a small team in Mexico, a country of great opportunities in our preferred technology, the Cogeneration. In Fitness, where the leadership position is about to be achieved, we have invested 12.6M€, already including the acquisition of the Pump chain, whose integration in our portfolio was a success.

In the Hospitality and Refrigeration & HVAC businesses, our efforts are mainly focused in operational improvement, since the profitability of both businesses is still at an insufficient stage. Nevertheless, we made relevant progress throughout the year: in Hospitality, we achieved the important goal of EBITDA "breakeven" and, at the same time, we continued kept opening new units in order to mitigate the lack of scale that the segment has. In this context, the concession of the emblematic building of Santa Apolónia Railway Station, or even the acquisition of Aqualuz Lagos operation, already in 2019, are noteworthy steps. As in 2018, in 2019 we will remain committed to improving the profitability of the Refrigeration & HVAC business. In what concerns Tróia Operations, we are entirely committed to take the customer experience to levels of excellence.

Regarding our future growth options, namely in the new Industrial Engineering business, which materialises the announced "investment theme" - Exporting Portuguese Engineering, 2018 was totally dedicated to the turnaround of our first acquisition: Adira. The difficulties have been considerably beyond of what we expected, but now that we stabilised the management team, we are confident that in short to mid-term Adira will show an operating activity, and most importantly a commercial activity in line with its potential. We believe in the value of the company and so we are certain that the measures taken to provide the company with the required financial and human resources will result in a significantly better performance.

The sale of Real Estate Assets is one of the key pillars of our strategy and plays a critical role in its materialisation. In 2018, we surpassed the sales delivered in 2017 as the total amount of Real Estate Assets (including CPCVs and Reserves) reached 86.6M€. In particular, I would like to highlight the sale of EFANOR Allotment for 30M€, as well as the PPSA of UNOP3, for 20M€, for the development of another distinctive project in the Tróia Peninsula.

Also in relation to Real Estate, I would like to emphasize that, at the end of the year we updated the valuation of the Real Estate portfolio with the help of the independent entity Cushman & Wakefield. We are pleased to announce that the overall value of the portfolio has been confirmed, thus reaffirming the intrinsic value of our assets, which of course brings good prospects for this activity in the coming years.

The cash flow generated in 2018 in Real Estate, coupled with our positive expectations for this activity in the future, allows to fulfil the triple objective of: (i) financing the growth of the Business Units with high potential for value creation; (ii) maintaining a robust capital structure, adequate for the type of businesses and assets held by the Group; and, (iii) proposing the General Meeting a dividend distribution that represents one of the best yields in the Portuguese stock exchange.

Before finishing, I would like to outline two points that fill me with equal measure of pride. The first has to do with the fact that this year Sonae Capital reports for the very first time a Sustainability report. We have finally managed to release this report after organising and aggregating the information necessary to show the economic, social and environmental picture of the Group and its Business Units. Sustainability will undoubtedly continue to be one of our concerns for years to come and thus we will define priority work themes and communicate our progress for all of them.

Secondly, it is worth mentioning that, shortly after we started 2019, Sonae Capital reached the threshold of 1,500 Employees. We are, without a doubt, a growing company, and for this, we will continue to attract and to develop more and more talent so that we have the capacity to surpass more and more our ambitious goals.

And it is precisely with a word of gratitude and recognition to them, our Employees, that I would like to end this message: it was only with their dedication and commitment that we reached these results in 2018. I also take this opportunity to extend this recognition to all the members of our Corporate Bodies and Partners, in which I include Customers, Suppliers and Investors.

Paulo Azevedo
Chairman of the Board of Directors

“I have no doubt that the challenges will always remain, but we also know the way forward to overcome them.”

Miguel Gil Mata
Chief Executive Officer

2. CEO'S MESSAGE

The results we announce today are the outcome of a year where we achieved important milestones in our corporate strategy, thanks to the efforts of all the people that are part of Sonae Capital universe. Today we can say that we are a bigger company, with an increasingly consolidated business portfolio. The turnover of our Business Units continued to grow and reached 183.5 million euros in 2018, 16.3% above 2017, with an EBITDA of 20.6 million euros, corresponding to an increase of 18.6% when compared to the previous year.

The Real Estate unit, which is key to our corporate strategy financing, continued to perform in line with expectations. In 2018, we highlight the sale, for 30 million euros, of one of the most emblematic assets in our portfolio, the EFANOR Allotment, in addition to the PPSA of Unop 3, in Tróia, and Edifício Metrópolis, in Porto. Regarding the Residential Tourist Units in Tróia, we signed 38 sales deeds amounting to 14.7 million euros (plus 5 sales deeds in the amount of 2.3M€, already in the beginning of 2019), with a sales rhythm we were not able to achieve since 2014.

We are glad to announce that our Business Units remain in a continuous logic of growth, although with expected differences in rhythm and ambition. In Energy, 2018 was the year in which we established the foundations to explore a new market, the Mexican, essentially through the cogeneration technology, where we have the adequate know-how and experience. In Fitness, we have successfully integrated Pump Fitness chain and Lagoas Park Club, while at the same time we opened three new Clubs, which means we are ending the year with thirty clubs in our portfolio. In Hospitality, we won the concession to open a new unit in the iconic building of Santa Apolónia Railway Station, which will allow us to start our activity in Lisbon, a destination of undisputable potential. In Refrigeration & HVAC, we continued to improve the profitability and sustainability of the operation.

In Adira, we proceeded with a series of profound operational and structural transformations during 2018, virtually in all areas of the company. Notwithstanding the unavoidable impact in operational profitability under a short-term horizon, these changes aim to provide Adira with the resources and processes that are required to put the operation at higher levels, both in volume and profitability, in line with the potential that (we would like to reaffirm), the company has.

After closing the year with net debt at 119.8 million euros, we maintain an adequate capital structure when considering the type of businesses and assets held by the Group, even considering the dividend distribution in the amount of 15 million euros, last May, and the 32.6 million euros investment - essential for the path of steady growth we want to pursue.

I have no doubt that the challenges will always remain, but we also know the way forward to overcome them. We aim for an Energy business that also grows outside Portugal, and for a Fitness business that leads the market. We are confident that the Hospitality business will be able to capture the potential of the sector in all its locations and we desire a more profitable Refrigeration & HVAC business, not forgetting the operation in Tróia, in which we see the potential to keep establishing itself as a touristic destination of excellence. Finally, we are determined to create all the conditions for Adira to demonstrate its intrinsic potential, thus fulfilling its role as the seed of a new business area in Sonae Capital.

Given this set of results, in which I would like to highlight the positive Net Profit (Continued Businesses), as well as the evolution trends more and more evident, it seems clear to me that we should face 2019 with optimism.

Miguel Gil Mata
Presidente da Comissão Executiva

3. SONAE CAPITAL

Business Units

B2B, *Business-to-Business*

Refrigeration & HVAC

Player specialised in refrigeration, air conditioning and building efficiency engineering

Energy

Player focused on the promotion, detention and operation of integrated energy optimisation solutions, contributing to a sustainable energy paradigm

Industrial Engineering (ADIRA)

Reference in innovative, customized and value-adding metal forming solutions

B2C, *Business-to-Consumer*

Fitness

Fitness chain operator, focused on physical activity, health and well-being

Hospitality

Hotel management recognised for an outstanding service

Troia Operations

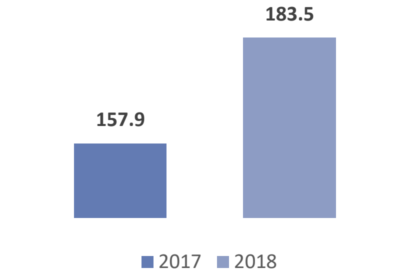
Development and management of Troia resort, remembered for its diverse quality offer and restorative experiences

Real Estate Assets

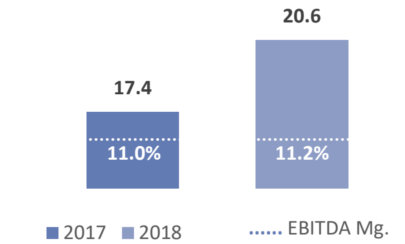
Assets targeted to the financing of the group corporate strategy

Key figures

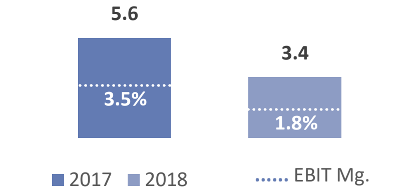
TURNOVER*
+ 16.3 %



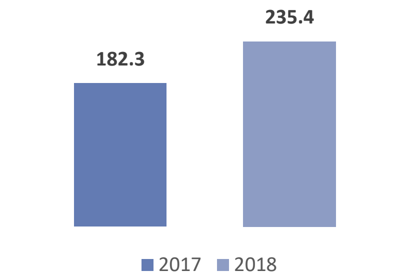
EBITDA*
+ 18.6 %



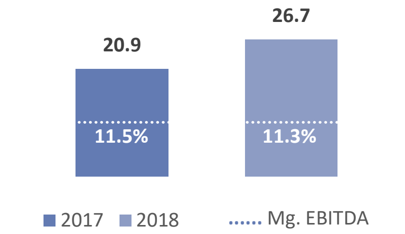
EBIT*
- 39.6 %



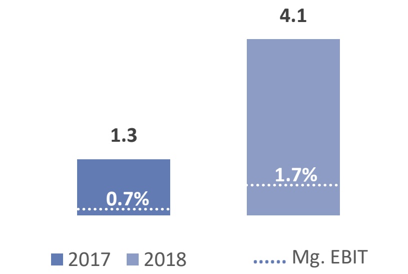
CONSOLIDATED TURNOVER
+ 29.1 %



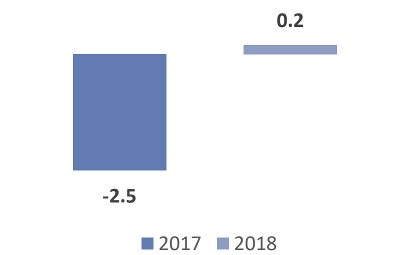
CONSOLIDATED EBITDA
+ 27.7 %



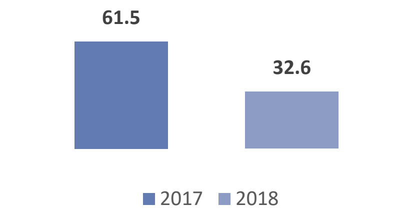
CONSOLIDATED EBIT
> 100 %



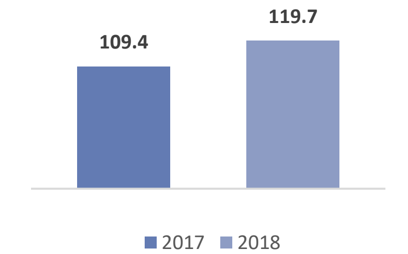
NET RESULTS (CONTINUED BUSINESSES)



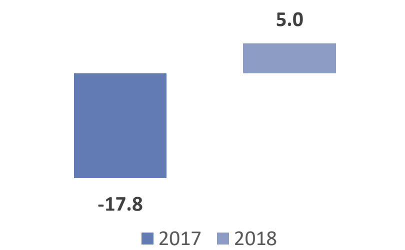
CAPEX



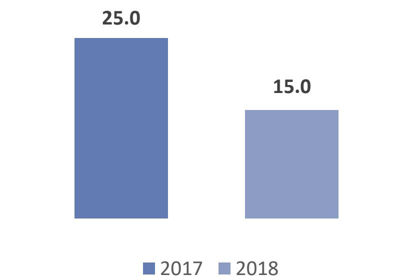
NET DEBT
+ 10.3 M€



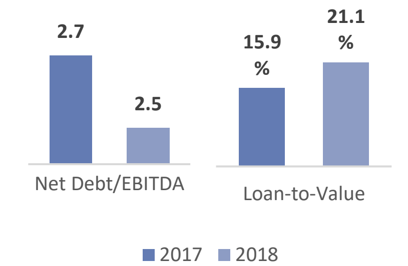
LEVERED FREE CASH FLOW
+ 22.8 M€



DIVIDENDS



CAPITAL STRUCTURE



*Business Units.

4. CORPORATE STRATEGY

Sonae Capital strategic purpose is to identify new business opportunities in segments with high growth potential, and provide them with resources to enable growth until they become self-sustainable with mechanisms for efficient capital allocation.

4.1 SONAE CAPITAL VALUES

Sonae Capital has a strong corporate culture, based on solid values.

Ethics and Trust

We are primarily committed to the creation of economic value on a long-term horizon, based on principles of ethics and sustainable development, built on relationships of trust with our stakeholders.

People at the centre of our success

We promote the development of the abilities and competences of everyone through constant challenges, an appetite for change and teamwork. Supported by an internal culture that encourages meritocracy, we believe that these are crucial factors for attracting, retaining and developing employees with outstanding talent and potential.

Ambition

This is our driving force, embodied in the way we continuously challenge ourselves to remain resilient and determined, stimulating and challenging our capabilities and adding value to our clients.

Innovation

Innovation is in the lifeblood of our businesses. We continuously break with the conventional and we have the capacity to surprise the market. We believe that mistakes and failure can be a source of learning, but we are aware of the importance of knowing how to balance them within acceptable risk parameters.

Social responsibility

We have an active sense of social responsibility, aiming to improving our society, with a strong concern for the environment and the development of human knowledge.

Frugality and efficiency

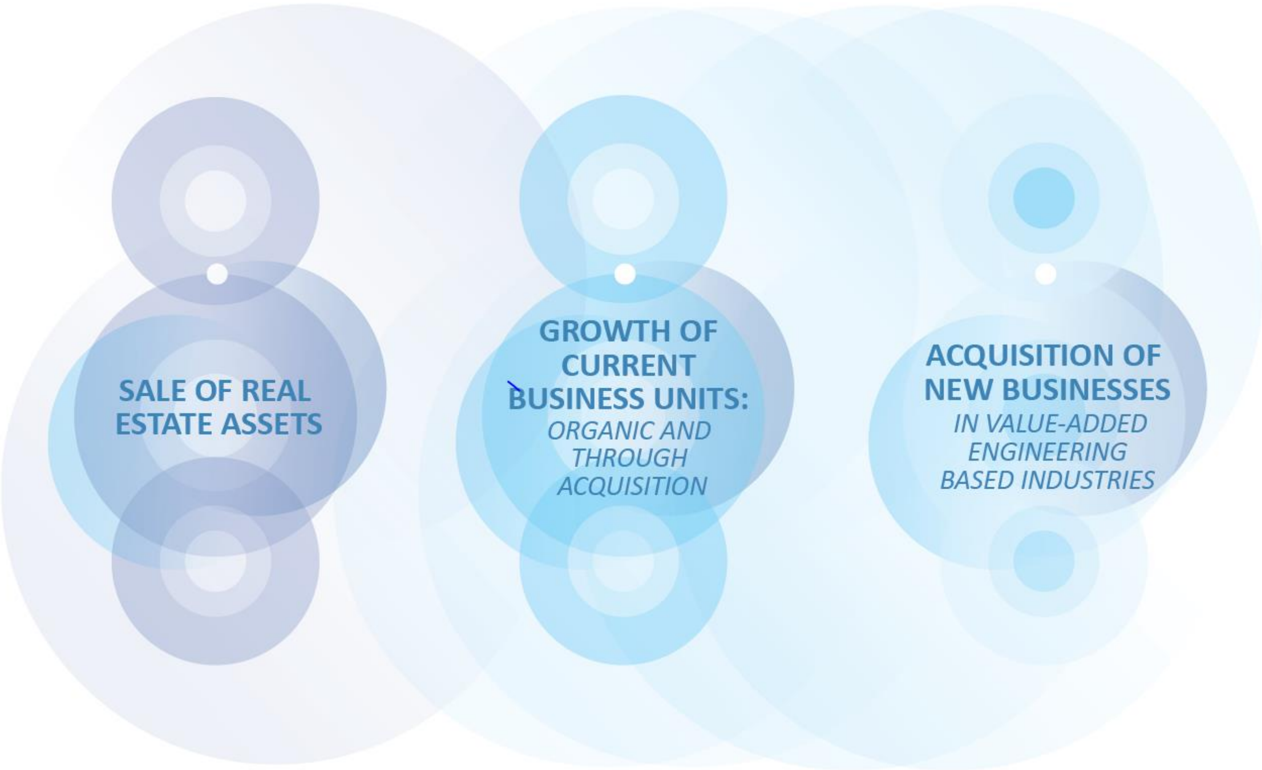
We value efficiency and healthy competition, and continuously strive to optimise the use of our resources while maximising their return.

Cooperation and independence

We take a position of independence and autonomy in relation to central and local Government, but we are always open and willing to cooperate with the authorities to improve the regulatory, legislative and social framework.

4.2 STRATEGIC PILLARS

The implementation of Sonae Capital corporate strategy is materialized throughout 3 strategic pillars:



Sale of Real Estate Assets

Sonae Capital owns a portfolio of Real Estate Assets targeted to the financing of new investment opportunities and the leverage of the growth of its portfolio. At the end of 2018, according to Cushman & Wakefield, the Real Estate portfolio of Sonae Capital was valued at 353.8M€ (including the WTC Fund, with a market value of 71.2M€ at same date).

Troia Resort

The Peninsula of Tróia is a sandy line with 25 kilometers long and is located between the Atlantic Ocean, the Sado Estuary and the Serra da Arrábida. About 60 kilometers from Lisbon, the Peninsula stands out for its landscape and high environmental value.

In the Peninsula of Tróia, Sonae Capital has for sale residential tourist units already developed up for sale, as well as plots for construction. Throughout 2018, Sonae Capital completed 38 sales deeds of residential units, in the total amount of 14.7M€.

Out of the total of 546 residential tourist units developed, the number of units available for sale at the end of 2018 stood at 84 (excluding Reserves and PPSAs).

Picture 1: Atlantic Villa, Ocean Villa and Ácala Apartments.

Also in 2018, Sonae Capital signed the Promissory purchase and sale agreement of UNOP 3, for 20M€. Sonae Capital has available for sale both Unop 1 and Unop 4.

A Sonae Capital possui, ainda, para venda, as Unidades Operacionais 1 e 4 (Unop 1 e Unop 4, respectivamente).

Picture 2: Tróia Peninsula.

Other Assets

Sonae Capital real estate portfolio includes assets in different licensing and construction stages, namely land plots (with and without construction viability), residential units, construction projects, offices, industrial premises and commercial areas. The entire portfolio is located in Portugal, having a wide geographical dispersion.

In 2018, the global amonut of sales deeds stood at 35.7M€. This includes the sale of Efanor allotment, in Matosinhos, for 30M€. In addition to being one of the most valuable assets in Sonae Capital's real estate portfolio, given its historical relevance, the Efanor Loteamento was an emblematic asset.

Already in 2019 and up to the date of this report, there is still a group of promissory purchase and sale agreements and reserves in the amount of 10.6M€,

Growth of current business units: organic and through acquisition

Fitness

In the Fitness business, we intend to grow in order to lead the market for the provision of physical activity services. Accordingly, we have adopted a multi-segment strategy in order to consolidate our presence in the Lifestyle segment, with the Pump brand, in the Mainstream segment, with the Solinca brand and in the Premium segment with the ONE brand.

In order to fulfil a strong expansion plan, we completed the acquisition of Pump chain in the begining of 2018, with eight clubs in operation, seven of which are in Lisbon and one in the Algarve. This allowed us to start operating in the Lifestyle segment. As far as the Premium segment is concerned, we acquired the Club Lagoas Park, currently the first club with the ONE brand.

At the end of 2018, the Fitness business had 30 clubs in operation.

Picture 3: Pump, Solinca and ONE, our three brands.

Picture 4: Club Solinca Estádio do Dragão, Pump Saldanha and ONE Lagoas.

Hospitality

In the Hospitality business, we intend to benefit from the positive trends that the tourism sector has been experiencing in Portugal, looking for non-organic growth solutions that improve the overall competitive position.

Currently, the business include 6 units in operation, of which three are located in Porto (Porto Palácio Hotel, The House Ribeira Hotel and The Artist Porto Hotel & Bistro), two in Tróia (Aqualuz Tróia and Tróia Residence) and, since the beginning of 2019, we also have a unit in the Algarve (Aqualuz Lagos).

Also, already in the beginning of 2019, the business won the sub-concession for the installation and operation of a hotel unit in Santa Apolónia Railway Station building, in Lisbon. This opportunity, in addition to enabling the entrance in Lisbon - Portugal's largest tourist destination - will contribute to balance the portfolio between city/break and sun and sea destinations.

Picture 5: The House Ribeira Hotel, The Artist Porto Hotel & Bistro and Aqualuz Tróia.

Energy

The creation of the Energy business took advantage of the existing experience and know-how in the development of power generation plants within the Sonae Group, which dates back to the beginning of the 1980s, by joining and including all the existing assets and competences in a single dedicated business: Capwatt.

Currently Capwatt owns and operates 67 MW: 9 cogeneration plants with 45 MW, 14 solar plants with 16 MW, 1 biogas power plant with 1 MW and 1 wind farm with 5 MW. The cogeneration process, which is at the core of the business, is an efficient and clean approach to simultaneously generate electric power and useful thermal energy from a single fuel source. Considered as one of the most important technologies to promote energy efficiency, cogeneration eliminates losses in the transmission and distribution of electric energy, which results in reduced use of primary energy and lower greenhouse gas (GHG) emission.

At the end of 2017, we announced the investment in a biomass-fired cogeneration plant with 10MW in Sonae Arauco plant, in Mangualde. This investment is part of Sonae Capital's long-term strategy for the Energy business, particularly in the reinforcement and development of cogeneration. The total investment, already partially realized, amounts to 50M€ and the operation is scheduled to start in the beginning of 2020.

At the same time, we took the first steps towards entering a new market, the Mexican, in essence, through cogeneration technology.

In Energy, turnover reached 52.6M€ in 2018, which represents a growth of 16.2% when compared to 2017. The EBITDA stood at 15.1M€, corresponding to an EBITDA margin of 28.8%.

4.3 CORPORATE GOVERNANCE

Sonae Capital is an investment holding company that manages a portfolio of businesses. Our parenting model seeks to be agile and adjusted to the level of maturity, robustness and life cycle of each Business Unit. Accordingly, each Business Unit has a dedicated management team totally focused and responsibe, favoring a sustained and long-term focused development and ensuring alignment with the guidelines, management principles and, principally, culture and values of the Group.

BOARD OF DIRECTORS

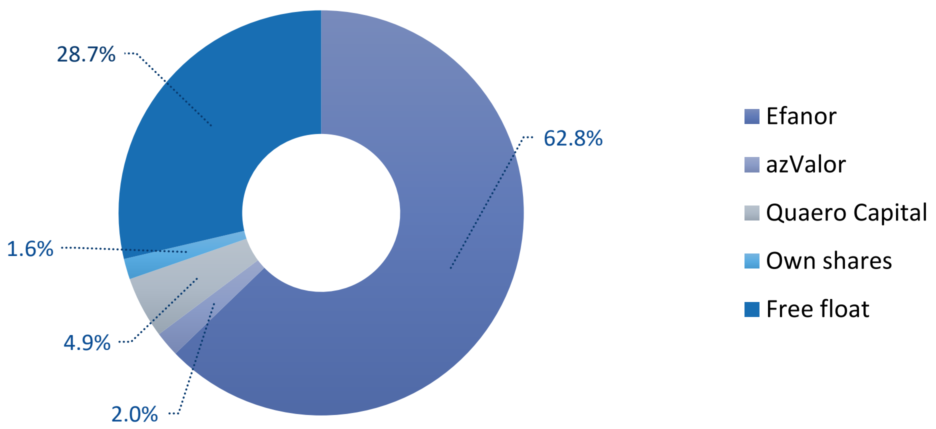
The Board of Directors of Sonae Capital inclues seven Directors, having a balance between executive and non-executive roles that is appropriate to the interests and nature of the company. Additionaly, three of the non-executive Directors are independent, thus ensuring proper monitoring and supervision.

The Board of Directors is responsible for the definition of Sonae Capital's general strategy and policies, delegating on the Executive Committee the day-to-day management of the company.

5. CAPITAL MARKETS

The admission to trading of the shares representing the share capital of Sonae Capital on the Euronext Lisbon regulated market took place on 28 January 2008. Sonae Capital has a stable and committed shareholding base which favors the development, implementation and execution of a strategy focused on the creation of economic and social value.

Shareholding structure | 31 Dec. 2018



Sonae Capital share information	
Sonae Capital	
Name	Sonae Capital, SGPS, S.A.
Security's issuer	Sonae Capital, SGPS, S.A.
Listing date	28 January 2008
Share capital, €	250,000,000
Listed amount	250,000,000 shares
ISIN Code	PTSNP0AE0008
NYSE Euronext	SONC
Reuters	SONAC LS
Bloomberg	SONC.PL

The following table summarises the most relevant information on the Sonae Capital shares traded in Euronext Lisbon:

Sonae Capital share performance		
Euronext Lisbon	2018	2017
Closing price, €	0.849	0.748
Maximum price, €	1.076	0.999
Minimum price, €	0.696	0.681
Average volume	234,603	375,775
Market cap, M€ (31.12)	212.3	187.0

During 2018, Sonae Capital share price decreased by 3.6%, ending the year at 0.849 euros. Sonae Capital share performance stood above the reference index of the Portuguese Stock Exchange (PSI20), which decreased by 13.8% in the same period. As far as the total shareholder return is concerned, it stood at 2.5% in 2018.

The chart below shows the share performance of Sonae Capital over 2018:

The main announcements, which may have had a possible impact on Sonae Capital share price during 2018 were as follows:

12 January
Conclusion of the acquisition of About, SGPS, S.A., the wholly owner of *Pump* Fitness Chain, with eight Clubs.

2 March
Release of 2017 Consolidated Results.

3 May
Resolutions taken at the Annual Shareholders General meeting held on 3 May 2018: election of the Statutory Governing Bodies for the new mandate (2018-2020).

15 May
Information about the date for dividend payment.

22 May
Release of First Quarter 2018 Consolidated Results.

28 June
Information about promissory purchase and sale agreement for the sale of UNOP3, in Tróia.

17 July
Information about Efanor Investimentos announcement and the resulting change in the Executive Commission of Sonae Capital: Cláudia Azevedo is released from her role as CEO, being replaced by Miguel Gil Mata.

27 July
Release of First Half 2018 Consolidated Results.

8 November
Release of First Nine Months 2018 Consolidated Results.

15 November
Sale of the share capital and voting rights of Prédios Privados – Imobiliária, S.A., owner of the Efanor Allotment.

Shareholder Remmuneration

Euronext Lisbon	2015	2016	2017	2018
Dividends (M€)	15	25	15	18.5
Dividend per share (€)	0.06	0.10	0.06	0.074*
Closing price (year-end)	0.510	0.748	0.887	0.849
Dividend Yield (%)	11.8%	13.4%	6.8%	8.7%
Total Shareholder Return (%)	95.4%	58.4%	32.0%	2.5%

* Dividend subject to shareholder approval.

In 2015, Sonae Capital started a practice of shareholder remmuneration in the form of dividend distribution. Throughout the last three years we paid 55 million euros in dividends, which is equivalent to a dividend per share of 0.22 euros. Shareholder remmuneration has been linked to the monetisation of real estate assets, provided the maintenance of an adequate capital structure when considering the type of businesses and assets held by the Group.

6. THE YEAR 2018

SONAE CAPITAL GIVES IMPORTANT STEPS IN THE IMPLEMENTATION OF CORPORATE STRATEGY IN 2018

- Reinforcement of Business Units competitive position and robustness, with significant Turnover (+16.3%) and EBITDA growth (+18.6%):
  - Energy business increasing Turnover and EBITDA by 16.2% and 6.5%, respectively, benefiting from cogeneration and renewables operations;
  - Fitness business executing its growth plan, showing a Turnover increase of 55.4% and more than doubling EBITDA, reaching an EBITDA margin of 12.5%, 4.8pp above 2017;
  - Hospitality business posting positive EBITDA (54 thousand euros). It should be noted that RevPAR increased by 4.5% in 2018, with the positive contribution from all units in operation in Porto;
  - Refrigeração & HVAC business registering an EBITDA margin of 4.5%, 1.6pp above 2017; and,
  - Industrial Engineering - Adira - with EBITDA in the amount of negative 1.8M€, consequence of the ongoing transformational process.

- Real Estate unit showing the role of corporate strategy financier:
  - Troia Resort: (i) 38 sales deeds in residential touristic units in Tróia, corresponding to 14.7M€, coupled with 5 deeds in the amount of 2.3M€ already in 2019, plus 12 Reserves/PPSAs totaling 5.8M€; and, (ii) as previously reported, PPSA of UNOP 3, in Tróia, in the amount of 20M€ (not yet accounted in 2018 Results);
  - Other Real Estate Assets: PPSAs of 10.6M€, together with sales deeds of 35.7M€ (which include the sale of EFANOR Allotment, for 30M€).

- Capital structure under control and adequate when considering the Group's portfolio of businesses and real estate assets held: Net Debt to EBITDA of 2.5x and LTV of 21.1%.
  - Net Debt at 119.8M€, 10.4M€ above 2017, as a result of: (i) the dividend payment in the amount of 15M€, last May; and, (ii) the positive Free Cash Flow (levered) amounting to 5M€, including: (a) the payment, in 2Q18, of a 9M€ instalment related with the acquisitions made in 2017 in Energy; and, (b) the investment made, in the amount of 32.6M€, including the acquisition of Pump Fitness chain, the Lagoas Park club and the ongoing investment in Mangualde biomass-fuelled cogeneration plant, in Energy.

- Operational improvement across the majority of the businesses already translated into Continued Businesses Net Profit, in the amount 0.2M€, despite the significant growth in Amortizations and Depreciations.

6.1. OVERALL PERFORMANCE

Consolidated Profit and Loss Account			
Million euro	FY 2018	FY 2017	Δ 18/17
Turnover			
Business Units	**183.53**	**157.85**	**+16.3%**
Energy	52.55	45.22	+16.2%
Industrial Engineering	11.91	4.27	>100%
Fitness	36.12	23.25	+55.4%
Hospitality	23.84	22.96	+3.8%
Refrigeration & HVAC	47.70	51.24	-6.9%
Troia Resort – Operations	11.41	10.92	+4.6%
Real Estate Assets	**59.63**	**32.12**	**+85.6%**
Troia Resort	18.54	15.46	+19.9%
Other Real Estate Assets	41.09	16.65	>100%
Eliminations & Ajustments	-7.79	-7.64	-2.0%
Consolidated Turnover	**235.37**	**182.33**	**+29.1%**
Other Operational Income	5.01	5.08	-1.5%
Total Operational Income	**240.38**	**187.42**	**+28.3%**
EBITDA			
Business Units	**20.64**	**17.41**	**+18.6%**
Energy	15.12	14.19	+6.5%
Industrial Engineering	-1.83	-0.59	<-100%
Fitness	4.50	1.79	>100%
Hospitality	0.05	-0.26	-
Refrigeration & HVAC	2.15	1.48	+45.1%
Troia Resort – Operations	0.64	0.80	-19.7%
Real Estate Assets	**8.48**	**6.52**	**+30.0%**
Troia Resort	0.57	2.37	-75.8%
Other Real Estate Assets	7.91	4.16	+90.3%
Eliminations & Ajustments	-2.46	-3.05	+19.2%
Consolidated EBITDA	**26.66**	**20.88**	**+27.7%**
Amortizations & Depreciations	24.38	19.44	+25.4%
Provisions & Impairment Losses	-2.01	-0.18	<-100%
Non-recurrent costs/income (1)	0.18	0.35	-48.8%
EBIT			
Business Units	**3.35**	**5.55**	**-39.6%**
Real Estate Assets	**5.77**	**1.03**	**>100%**
Eliminations & Ajustments	-5.02	-5.31	+5.4%
Consolidated EBIT	**4.11**	**1.26**	**>100%**
Net Financial Expenses	-3.82	-4.25	+10.0%
Investment Income and Results from Assoc. Undertakings	0.73	2.41	-69.8%
EBT	1.01	-0.58	-
Taxes	-0.81	-1.90	+57.7%
Net Profit - Continued Businesses	0.21	-2.48	-
Net Profit - Discontinued Businesses	-3.47	-2.92	-18.8%
Net Profit - Total	-3.26	-5.40	+39.7%
Attributable to Equity Holders of Sonae Capital	-3.86	-6.51	+40.7%
Attributable to Non-Controlling Interests	0.60	1.11	-45.7%

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

PROFIT AND LOSS STATEMENT

- Business Units' turnover stood at 183.5M€ in 2018, showing an increase of 16.3% y.o.y.. In the same period, consolidated turnover reached 235.4M€, which represents an increase of 29.1% compared to the previous year. Consolidated turnover benefited both from the Business Units performance and the Real Estate business.
- Business Units' EBITDA grew to 20.6M€, 18.6% above 2017, equivalent to an EBITDA margin of 11.2%. The consolidated EBITDA increased by 27.7%, to 26.7M€, generating an EBITDA margin of 11.3%.
- Net Profit (Continued Businesses) reached positive 0.2M€, improving by 2.8M€ against 2017. This evolution benefited from:

  (i) an EBITDA increase in the amount of 5.8M€;

  (ii) the reversal of impairments related with Sonae Capital Real Estate assets. The valuation made by Cushman & Wakefield at the end of 2018 confirmed the intrinsic value of our portfolio, which triggered the reversal of some impairments;

  (iii) lower non-recurrent costs. In 2018, Sonae Capital had non-recurrent costs in the amount of 0.2M€, due to personnel restructuring and an impairment related to a business carried out through RACE Brasil, partially offset by non-recurrent income related to insurance claims received in the Energy business, on Ferreira and Alrota operations (formerly named Ventos da Serra and Lusobrisa), related to their stoppage, in 2018.

  Notwithstanding:

  (iv) an increase in Amortizations (+4.9M€), mostly driven by the acquisitions made in Energy and Fitness;

  (v) when compared to last year, the recognition of Badwill in the amount of 1.8M€ in 1H17, consequence of the operations acquired in the Energy segment.
- Net Profit (discontinued businesses) show, as previously reported, the recognition of non-recurrent costs in the amount of 3.5M€, resulting from the most recent estimate of potential contingencies resulting from the closing of RACE operations in Brazil and Mozambique;
- Driven by the evolution of Net Profit (in continued and discontinued businesses), Consolidated Net Profit improved by 2.1M€ y.o.y., totaling negative 3.3M€;
- On a quarterly standpoint, Consolidated Net Profit stood at 3.2M€ in 4Q18, increasing by 9.0M€ when compared to 4Q17.

CAPITAL STRUCTURE

Capital Structure/Capex/Ratios			
Million euro	**Dec 2018**	**Dec 2017**	**Δ 18/17**
Net Capital Employed	**387.81**	**400.74**	**-3.2%**
Fixed Assets	328.98	322.63	+2.0%
Non-Current Investments (net)	20.12	8.64	>100%
Working Capital	43.66	71.85	-39.2%
Capex (end of period)	32.62	61.62	-47.1%
% Fixed Assets	9.9%	19.1%	-9.2 pp
Net Debt/EBITDA	**119.78**	**109.37**	**+9.5%**
% Net Capital Employed	30.9%	27.3%	+3.6 pp
Debt to Equity	44.7%	37.5%	+7.2 pp
Capital Structure Ratios			
Loan to Value (Real Estate)	21.1%	15.9%	+5.2 pp
Net Debt/EBITDA (recurrent)	2.49x	2.67x	(0.2x)

- Capex totalled 32.6M€ in 2018, mostly as a consequence of the acquisition of *Pump Fitness* chain (8.4M€), the acquisition of Lagoas Park Club (0.26M€) and in the biomass-fuelled cogeneration project development (13.2M€), in the Energy segment.
- FCF (levered) stood at positive 5.0M€ in 2018, on the back of: (i) Business Units Cash Flow from Operations in the amount of 21.5M€; (ii) sale of Real Estate Assets in the amount of 36.8M€; and (iii) 41.7M€ investment, including: the payment of a 9M€ instalment in 2Q18 related with the acquisitions made in the Energy business in 2017 and the acquisition of *Pump* (8.4M€). Additionally, considering the 15M€ dividend paid in 2018, Net Debt showed an increase of 10.4M€ and totalled 119.8M€.
- We maintained an adequate capital structure when considering the Group's portfolio of businesses and Real Estate Assets held: Net Debt to EBITDA of 2.5x and LTV of 21.1%.
- Net capital employed decreased from 400.7M€ in 2017, to 387.8M€ in 2018, mostly due to the sale of Real Estate Assets.
- As a result of Net Debt and Total Equity evolution, Debt to Equity reached 44.7%, +7.2pp when compared to 2017 year-end.

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet			
Million euro	Dec 2018	Dec 2017	Δ 18/17
Total Assets	**501.93**	**516.13**	**-2.8%**
Tangible and Intangible Assets	276.96	275.25	+0.6%
Goodwill	52.02	47.38	+9.8%
Non-Current Investments	2.29	2.00	+14.9%
Other Non-Current Assets	35.20	34.38	+2.4%
Stocks	63.26	94.40	-33.0%
Trade Debtors and Other Current Assets	63.96	53.00	+20.7%
Cash and Cash Equivalents	7.56	7.31	+3.4%
Assets held for sale	0.67	2.42	-72.3%
Total Equity	**268.03**	**291.37**	**-8.0%**
Total Equity attributable to Equity Holders of Sonae Capital	258.59	280.45	-7.8%
Total Equity attributable to Non-Controlling Interests	9.44	10.92	-13.5%
Total Liabilities	**233.90**	**224.76**	**+4.1%**
Non-Current Liabilities	**76.80**	**116.20**	**-33.9%**
Non-Current Borrowings	59.43	88.47	-32.8%
Deferred Tax Liabilities	12.98	21.64	-40.0%
Other Non-Current Liabilities	4.39	6.10	-27.9%
Current Liabilities	**157.10**	**108.55**	**+44.7%**
Current Borrowings	67.91	28.21	>100%
Trade Creditors and Other Current Liabilities	83.57	75.55	+10.6%
Liabilities associated to assets held for sale	5.62	4.79	+17.2%
Total Equity and Liabilities	**501.93**	**516.13**	**-2.8%**

6.2. BUSINESS UNITS

ENERGY

Profit and Loss Account - Energy			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**55.14**	**46.60**	**+18.3%**
Turnover	**52.55**	**45.22**	**+16.2%**
Other Operational Income	2.59	1.38	+87.7%
Total Operational Costs	**-40.03**	**-32.41**	**-23.5%**
Cost of Goods Sold	-28.03	-23.18	-20.9%
External Supplies and Services	-6.93	-5.09	-36.1%
Staff Costs	-2.95	-2.64	-11.9%
Other Operational Expenses	-2.12	-1.50	-40.9%
EBITDA	**15.12**	**14.19**	**+6.5%**
EBITDA Margin (% Turnover)	28.8%	31.4%	-2.6 pp
EBIT	**5.22**	**7.23**	**-27.8%**
EBIT Margin (% Turnover)	9.9%	16.0%	-6.0 pp
Capex	**15.00**	**38.99**	**-61.5%**
EBITDA-Capex	**0.12**	**-24.80**	**-**
Total Capacity (MW)	**69.5**	**65.5**	**+6.1%**
Owned & Operated	66.3	62.3	+6.4%
Operated (not consolidated)	3.2	3.2	

- Energy turnover reached 52.6M€ in 2018, growing by 16.2% versus 2017. The operations acquired in 2017 continued to be very relevant for this segment performance, contributing with 10.6M€ in 2018 (+5.5M€ versus 2017). Although positive, this value is below of what is expected in these operations, due to the lower availability of the renewables resources (sun and wind) in 2018.
- The EBITDA reached 15.1M€, performing a growth of 6.5% and benefiting from the contribution of the operations acquired, in the amount of 6.7M€ (+2.7M€ vs. 2017). The EBITDA margin stood at 28.8%, decreasing when compared with the EBITDA margin of 31.4% posted in 2017, driven by: (i) cogeneration operation, as the price of CO2 licenses increased significantly; and (ii) renewables operations (consequence of the resource availability).
- The EBIT decreased 27.8%, to 5.2M€, as a result of a 48.6% increase in Amortizations and Depreciations, mostly driven by the operations acquired in 2017, but also because of the resource evolution, as mentioned above.
- The CAPEX reached 15.0M€, mainly due the investment in the new biomass-fuelled cogeneration plant, totalling 13.2M€. As already announced, this will start operating in the beginning of 2020.
- Currently, almost all the projects of this segment operate in the regulated market. The first project to be carried over the free market corresponds to 10MW (solar energy), which will take place in 2H21.

INDUSTRIAL ENGINEERING

Profit and Loss Account - Industrial Engineering			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**12.65**	**4.37**	**-**
Turnover	**11.91**	**4.27**	**-**
Other Operational Income	0.74	0.10	-
Total Operational Costs	**-14.48**	**-4.96**	**-**
Cost of Goods Sold	-8.18	-2.90	-
External Supplies and Services	-1.86	-0.69	-
Staff Costs	-3.67	-1.24	-
Other Operational Expenses	-0.76	-0.13	-
EBITDA	**-1.83**	**-0.59**	**-**
EBITDA Margin (% Turnover)	-15.3%	-13.8%	-1.5 pp
EBIT	**-3.09**	**-0.99**	**-**
EBIT Margin (% Turnover)	-25.9%	-23.2%	-2.7 pp
Capex	**1.10**	**16.20**	**-**
EBITDA-Capex	**-2.92**	**-16.79**	**-**

- 2018, our major goal has been the design and construction of a structure of adequate and sufficient resources for the implementation of the growth strategy set. This process is taking longer than was initially expected, as a transformational process is being relaunched in the commercial, after-sales and customer satisfaction areas.
- As antecipated, the FY18 results reflect the restructuring process in course. Accordingly, Adira had a contribution of 11.9M€ and negative 1.8M€ for turnover and EBITDA, respectively.
- In a more operational stance and, despite not visible at results level, the number of machines produced continued to grow and totalled 157 machines in 2018, of which 36 machines were produced in 4Q18. We also observe a better evolution in group of key performance indicators, as the lead time, the after-sales service, or product non-compliance issues.

FITNESS

Profit and Loss Account - Fitness			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**36.42**	**23.62**	**+54.2%**
Turnover	**36.12**	**23.25**	**+55.4%**
Other Operational Income	0.30	0.38	-19.9%
Total Operational Costs	**-31.92**	**-21.84**	**-46.2%**
Cost of Goods Sold	-0.25	-0.14	-76.6%
External Supplies and Services	-18.89	-13.12	-44.0%
Staff Costs	-11.03	-7.34	-50.3%
Other Operational Expenses	-1.74	-1.24	-40.8%
EBITDA	**4.50**	**1.79**	**>100%**
EBITDA Margin (% Turnover)	12.5%	7.7%	+4.8 pp
EBIT	**1.04**	**0.06**	**>100%**
EBIT Margin (% Turnover)	2.9%	0.2%	+2.6 pp
Capex	**12.62**	**3.23**	**>100%**
EBITDA-Capex	**-8.12**	**-1.45**	**<-100%**
# Health Clubs in Operation	**30**	**19**	**+11**

- In the Fitness segment, in 2018 we excelled both in the operational and in the financial front. The average number of active members kept increasing favourably and totaled 85,637. Comparing with 2017, the average number of active members increased by 69% (which corresponds to a 16% increase when considering the *Solinca* chain). In the same period, turnover increased by 55.4%, to 36.1M€, benefiting from the contribution of the *Pump* chain, in the amount of 7.2M€. Regarding the average membership fees, the like-for-like growth stood at 7%.
- We closed the year with 30 Clubs in operation: 20 *Solinca* Clubs, 9 *Pump* Clubs and 1 *ONE* Club. Aimed at fulfiling a multi-segment strategy, we are planning to keep the expansion plan already in course in the coming quarters, increasing the number of Clubs in each segment.
- The EBITDA reached 4.5M€, more than doubling when compared to 1.8M€, registered in 2017. The EBITDA margin reached 12.5%, 4.8pp above 2017.
- The EBIT stood at 1.0M€, which compares with 0.1M€ in 2017. As previously reported, the EBIT in 2018 is negatively impacted by an impairment of 0.3M€, driven by the closing of the Crossfit operation, in “Cascais”, that had a profitability below expectations.

HOSPITALITY

Profit and Loss Account - Hospitality			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**24.28**	**23.52**	**+3.2%**
Turnover	**23.84**	**22.96**	**+3.8%**
Other Operational Income	0.44	0.56	-20.1%
Total Operational Costs	**-24.22**	**-23.78**	**-1.8%**
Cost of Goods Sold	-3.26	-3.02	-7.9%
External Supplies and Services	-13.17	-13.27	+0.8%
Staff Costs	-7.08	-6.70	-5.7%
Other Operational Expenses	-0.71	-0.79	+9.8%
EBITDA	**0.05**	**-0.26**	-
EBITDA Margin (% Turnover)	0.2%	-1.2%	+1.4 pp
EBIT	**-0.39**	**-0.65**	**+39.2%**
EBIT Margin (% Turnover)	-1.6%	-2.8%	+1.2 pp
Capex	**1.28**	**0.84**	**+53.4%**
EBITDA-Capex	**-1.23**	**-1.10**	**-11.7%**
# Units	**5**	**5**	

- In Hospitality, the consolidated RevPAR increased by 4.5%, benefiting from the positive contribution of all units in operation in Porto (Porto Palácio Hotel, The Artist and The House Ribeira) as well as of Aqualuz Tróia. Particularly, the performance of Porto Palácio Hotel evolved very significantly, increasing the RevPAR by almost 15%, well above market benchmark.
- The turnover increased by 3.8% versus 2017, totalling 23.8M€. The EBITDA was positive and reached 54 thousand euros, an historical milestone for the business unit. It should be noted that all operations at Porto recorded positive EBITDA, as the main profitability challenge resides now at Aqualuz Tróia.
- The EBITDAR stood at 6.8M€, an increase of 5.0% when compared to 2017, with EBITDAR margin reaching 28.5%, an increase of 0.4pp comparing to 2017.
- The CAPEX stood at 1.3M€ in 2018, which represents an increase versus 0.8M€ reported in 2017, mostly driven by the refurbishment of Porto Palácio Hotel.

REFRIGERATION & HVAC

Profit and Loss Account - Refrigeration & HVAC			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**47.88**	**51.36**	**-6.8%**
Turnover	47.70	**51.24**	**-6.9%**
Other Operational Income	0.18	0.12	+51.2%
Total Operational Costs	**-45.72**	**-49.88**	**+8.3%**
Cost of Goods Sold	-31.51	-34.81	+9.5%
External Supplies and Services	-4.94	-5.41	+8.7%
Staff Costs	-8.89	-8.43	-5.5%
Other Operational Expenses	-0.39	-1.23	+68.5%
EBITDA	**2.15**	**1.48**	**+45.1%**
EBITDA Margin (% Turnover)	4.5%	2.9%	+1.6 pp
EBIT	**1.64**	**0.89**	**+83.7%**
EBIT Margin (% Turnover)	3.4%	1.7%	+1.7 pp
Capex	**0.14**	**0.10**	**+40.8%**
EBITDA-Capex	**2.01**	**1.38**	**+45.4%**

- Turnover stood at 47.7M€ in 2018, 6.9% below 2017. This was driven by a reduction in HVAC activity as well as in the Refrigeration activity (although at a smaller scale), as some of the projects were rescheduled to 2019. The reduction in HVAC activity is the result of our business strategy, which focuses on projects of greater value and complexity, where our contribution is better perceived.
- The EBITDA stood at 2.2M€ in 2018, an increase of 45.1% when compared to 2017, boosted by a 64.5% incease in 4Q18, a frequent seasonality effect. This is the result of a greater focus on Refrigeration and benefits from an increase in HVAC, related to a greater focus in more profitable projects.
- It should be noted that the contracts in pipeline at the end of December 2018 amounted to 18.0M€, which gives good prospects for 2019.
- The EBIT reached 1.6M€, 83.7% above 2017, impacted by the recognition of non-recurrent costs, consequence of an impairment related with a business made through RACE Brazil, as disclosed in 1Q18.

TROIA RESORT – OPERATIONS

Profit and Loss Account - Troia Resort - Operations			
Million euro	FY 2018	FY 2017	Δ 18/17
Total Operational Income	**12.27**	**11.70**	**+4.9%**
Turnover	**11.41**	**10.92**	**+4.6%**
Other Operational Income	0.85	0.78	+9.1%
Total Operational Costs	**-11.66**	**-10.90**	**-7.0%**
Cost of Goods Sold	-1.56	-1.44	-8.0%
External Supplies and Services	-5.86	-4.93	-18.9%
Staff Costs	-3.47	-3.65	+5.1%
Other Operational Expenses	-0.78	-0.88	+11.7%
EBITDA	**0.64**	**0.80**	**-19.7%**
EBITDA Margin (% Turnover)	5.6%	7.3%	-1.7 pp
EBIT	**-1.07**	**-0.99**	**-8.6%**
EBIT Margin (% Turnover)	-9.4%	-9.1%	-0.3 pp
Capex	**0.38**	**0.62**	**-39.2%**
EBITDA-Capex	**0.26**	**0.18**	**+48.9%**

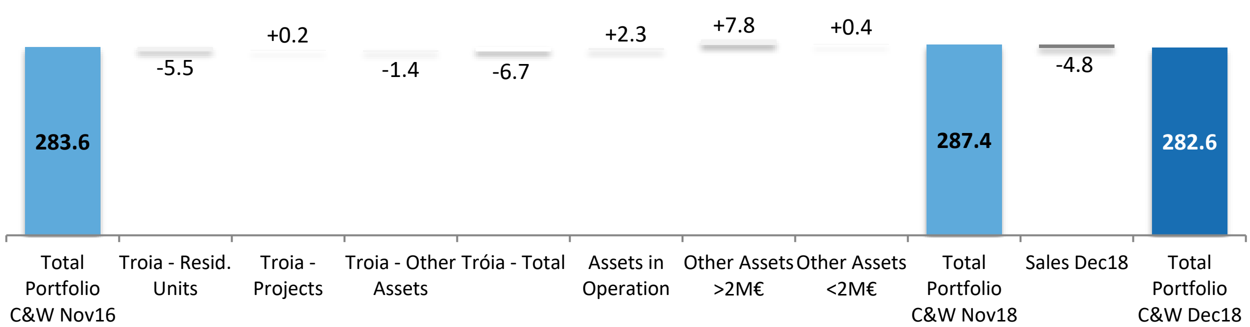
- This segment includes Atlantic Ferries river transportation and operations such as Tróia Marina and Tróia Market.
- Turnover generated by the operations in Troia Resort reached 11.4M€ in 2018, 4.6% above 2017. The EBITDA stood at 0.6M€, decreasing when compared to 0.8M€ registered in 2017. This reduction is mainly due to costs related with the repositioning of Tróia, which, we believe, will drive profitability to higher levels and, above all, will drive up the customer experience in Resort to levels of excellence.
- Capex remained at controlled levels and was mainly due to investments in the renovation and improvement of Tróia Marina and Atlantic Ferries river transportation.

6.3. REAL ESTATE ASSETS

Sonae Capital real estate portfolio includes assets with different licensing and construction stages, namely land plots (with and without construction viability), residential units, construction projects, offices, industrial premises and commercial areas, with wide geographical dispersion.

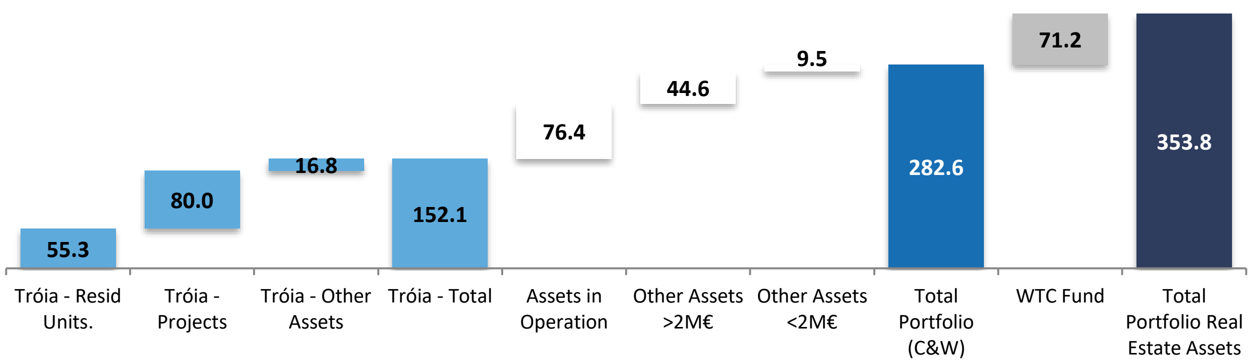
Aligned with our commitment to disclose complete and reliable information, we update the valuation of our portfolio with the support of the independent entity Cushman & Wakefield every two years. According to the valuation made in 30 November 2018, the global value of the portfolio reached 287.4M€, which compares with 283.6M€ in 30 November 2016.

Real Estate Assets Portfolio: 2018
Evolution C&W Valuation 2016 | 2018 (M€)



Accordingly, in 31 December 2018, Sonae Capital real estate portfolio amounted to 353.8M€, including the real estate assets valued by Cushman & Wakefield and the WTC Fund valuation, with a market value of 71.2M€. In the same date, the capital employed in this group of real estate assets, excluding touristic residential units in Tróia and the WTC Fund, remained at 145.6M€.

Real Estate Assets Portfolio: 2018
Cushman & Wakefield Valuation and WTC Fund (M€)



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 84 units available for sale at the date of this report (already excluding Reserves and PPSAs).

The turnover reached 18.5M€ in 2018, 19.9% above 2017, on the back of the following contributions:

- 38 sales deeds, corresponding to 14.7M€, which compares with 29 sales deeds in the amount of 11.7M€ in 2017. Out of the 38 sales deeds, 19 were made under the guaranteed income product.
- Rents related to the assets in operation (Hotels, Tróia Shopping, Car parking lots, Touristic Units in operation), for 2.7M€, in line with the previous year.

Already in 2019 and up to the date of this report, we signed 5 additional deeds (in the amount of 2.3M€) and there are still in stock 12 promissory purchase and sale agreements and reserves totalling 5.8M€. It should be noted that the PPSA of UNOP 3, for 20M€, which was signed in 2Q18, is not yet reflected in the results. We expect the sales deed to take place in the coming months.

OTHER ASSETS

The other real estate assets unit registered a turnover of 41.1M€ in 2018. This includes the rents coming from assets under management and sales deeds of 35.7M€, namely the sales deed of EFANOR Allotment, one of the most valuable assets in the portfolio, and Lote 11, in Matosinhos.

Already in 2019 and up to the date of this report, there is still a group of promissory purchase and sale agreements and reserves in the amount of 10.6M€, providing good prospects over the coming months. We would like to highlight that Edifício Metrópolis is included in this set of assets.

7. OUTLOOK

In the course of 2019, we will keep the Real Estate Assets monetisation plan, one of the major drivers for the effective implementation of Corporate Strategy.

In Energy, we will remain focused on growth, which will involve strengthening our cogeneration operation, exploring possible opportunities in the Portuguese market, and also in new geographies, namely in Mexico. In 2019, we intend to complete the ongoing investment in the biomass-fired cogeneration plant in Mangualde, which, at cruising speed, will generate a considerable and stable flow of cash.

In Fitness, pursuing the market leadership goal, we will continue the expansion plan through a multi-segment strategy based on Pump, Solinca and ONE brands. We expect not only to open further clubs, but also to explore new acquisition opportunities.

As Hospitality is concerned, and now counting with the integration of Aqualuz Suite Hotel Lagos, we start 2019 with six units in operation. At the same time, we won the concession for a new unit in Santa Apolónia Railway Station in Lisbon, which we consider to have extremely high potential. We are creating a more balanced portfolio and, above all, a portfolio with more scale to face coming years with sustained positive profitability. At the same time, we will continue to monitor the market dynamics, both in terms of price and demand, and in terms of potential consolidation movements.

In the Refrigeration & HVAC business, with the appropriate suitability to the nature and maturity of the business, we focus on improving the profitability profile, always keeping in mind the evolution of the sector.

Lastly, in the Industrial Engineering business, Adira is expected to conclude the ongoing transformational process throughout the year, which is leveraged on the definition and implementation of an adequate commercial strategy, a requirement to achieve results that meet our ambition. We expect that 2020 will already be a year at cruising speed, with a completely redesigned Adira.

In the future, following our Corporate Strategy, we will continue to invest in the creation of a cluster of technology-based companies, with strong exporting vocation and leveraged on Portuguese engineering competencies.

8. PROFIT APPROPRIATION PROPOSAL

Given the results and cash-flow generated in 2018, coupled with current prospects for the sale of Real Estate Assets, the Board of Directors approved the distribution of 18.5 million euros in dividends. This dividend shall be carried out by the appropriation of the results of the year and the distribution of Free Reserves, corresponding to a dividend per share of 0.074 euros.

The dividend related to the shares that, at the moment of the dividend distribution, are held by Sonae Capital or by any of its subsidiaries will be excluded from the amount of 18.5 million euros and transferred to Free Reserves.

This proposal is subject to Shareholder approval at the next Shareholder's Annual General meeting.

9. OTHER INFORMATION

9.1 INDIVIDUAL FINANCIAL STATEMENTS

The net profit of Sonae Capital, SGPS, SA, the holding company of the Group, stood at positive 5,294,899 euros. This compares with 5,589,342 euros in the previous year and was impacted by a loss of 2M€ in investment income, despite lower taxes in the amount of 1.5M€.

The net profit already includes 194,999 euros related with the short term variable remuneration of executive directors and other employees, in the form of distribution of profits for the year, pursuant to article 31, nr.2 of the Articles of Association and on proposal of the Remuneration Committee, which is responsible for implementing the remuneration policy approved at the Shareholders' General Meeting of 3 May 2018.

9.2 OWN SHARES

In 2018 the company sold 675,810 own shares, for the total amount of 627,152€ (reference price of 0.928€ per share), consequence of the delivery of shares to employees, in accordance with the provisions of the Medium-Term Variable Remuneration Plan. As at 31 December 2018, Sonae Capital had 4,107,623 own shares, representing 1.643% of its share capital.

9.3 ACTIVITY CARRIED OUT BY NON-EXECUTIVE DIRECTORS

During 2018, Non-Executive Board Members had significant contribution to the discussion of the different strategic options of Sonae Capital, at the same time they maintained close contact with corporate directors and management teams, as in previous years. During the year, Non-Executive Board Members effectively performed their duties as members of the Board of Directors and members of the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

Further information on the above mentioned Committees can be found in point 29 of the Company's Corporate Governance Report, complementing information on activities performed by Non-Executive Board Members described in this section of the report.

9.4 SUBSEQUENT EVENTS

On 21 January 2019, Sonae Capital informed that, in the context of a tender launched by IP Património – Administração e Gestão Imobiliária, S.A., its subsidiary The House Ribeira Hotel – Exploração Hoteleira, S.A. was awarded with the sub-concession for the creation and operation of a Hotel Unit in Santa Apolónia Railway Station Building, in Lisbon. The sub-concession will have a duration of thirty-five years, with an exception from rent payment for the first two years. The opening of the unit is scheduled for the first half of 2021.

On 6 February 2019, Sonae Capital informed that, following Efanor's intention to sell, it has acquired for 1 euro the operation of "Aqualuz Suite Hotel Lagos". Up to the date of the transaction, the "Aqualuz Suite Hotel Lagos" Hotel operation was fully owned by Aqualuz – Turismo e Lazer, Lda (a subsidiary from Efanor Investimentos, SGPS, S.A.). This transaction had effect from January 1st 2019.

9.5 ACKNOWLEDGEMENTS

The Board of Directors wishes to thank all the stakeholders of Sonae capital for their support and trust shown throughout the year, highlighting the cooperation and monitoring by the Statutory Audit Board and the Statutory Auditor.

We thank our employees for their commitment, their valuable contribution to the significant improvement in operational results and the shared effort to achieve the goals set.

We reaffirm that we continue to believe that the foundation for the Group's sound growth is increasingly more established, believing in the success and sustainability of the strategy set.

Maia, 1 March 2019

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Miguel Jorge Moreira da Cruz Gil Mata
Member of the Executive Committee, CEO

Ivone Pinho Teixeira
Member of the Executive Committee, CFO

Maria Cláudia Teixeira de Azevedo
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

10. APPENDIX

10.1 STATEMENT

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code

(Translation of a Statement originally issued in Portuguese)

The signatories individually declare that, to their knowledge, the Report of the Board of Directors, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with applicable International Financial Reporting Standards, and give a true and fair view, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of Sonae Capital, SGPS, SA, and of the companies included in the consolidation perimeter, and that the Report of the Board of Directors faithfully describes major events that occurred during 2018 and their impacts, if any, in the business performance and financial position of Sonae Capital, SGPS, SA and of the companies included in the consolidation perimeter, and contains an appropriate description of the major risks and uncertainties that they face.

Maia, 1 March 2019

The Board of Directors

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors

Álvaro Carmona e Costa Portela
Member of the Board of Directors

Miguel Jorge Moreira da Cruz Gil Mata
Member of the Executive Committee, CEO

Ivone Pinho Teixeira
Member of the Executive Committee, CFO

Maria Cláudia Teixeira de Azevedo
Member of the Board of Directors

Francisco de La Fuente Sánchez
Member of the Board of Directors

Paulo José Jubilado Soares de Pinho
Member of the Board of Directors

10.2 ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT AND ARTICLE 14(7) OF THE PORTUGUESE SECURITIES COMMISSION (CMVM) REGULATION NO.5/2008

Disclosure of the number of shares and other securities issued by the Company held and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("Dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

Article 447							
	Date	Acquisition		Sale		Position as at 31.12.2018	Balance as at 31.12.2018
		Number	Av. Price, €	Number	Av. Price, €		
Duarte Paulo Teixeira de Azevedo (*) (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (2)						Dominant	
Maria Cláudia Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Linhacom, SA (3)						Dominant	
Sonae Capital, SGPS, SA	29.03.2018	168 718	0.928				449 213
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae Capital, SGPS, SA							838 862
Miguel Jorge Moreira da Cruz Gil Mata (*) (***)							
Sonae Capital, SGPS, SA	29.03.2018	159 604	0.928				980 330
Ivone Maria Pinho Teixeira da Silva (*) (***)							
Sonae Capital, SGPS, SA	29.03.2018	167 525	0.928				277 595
Álvaro Carmona e Costa Portela (*)							
Sonae Capital, SGPS, SA							24 942
Obrigações Sonae Capital/2014-2019							1
Paulo José Jubilado Soares de Pinho (*)							
Sonae Capital, SGPS, SA							12 650
Closely connected person (a)							8 125

Article 447							
	Date	Acquisition		Sale		Position as at 31.12.2018	Balance as at 31.12.2018
		Number	Av. Price, €	Number.	Av. Price, €		
(1) Efanor Investimentos, SGPS, SA							
Sonae Capital, SGPS, SA							88 859 200
Pareuro, BV						Dominant	
(2) Migracom, SA							
Sonae Capital, SGPS, SA							161 250
Imparfin - Investimentos e Participações Financeiras, SA						Minority	
(3) Linhacom, SA							
Sonae Capital, SGPS, SA							43 912
Imparfin - Investimentos e Participações Financeiras, SA						Minority	
(4) Pareuro, BV							
Sonae Capital, SGPS, SA							66 600 000
(5) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae Capital, SGPS, SA							513 160
(1) Efanor Investimentos, SGPS, SA							
Sonae Capital, SGPS, SA							88 859 200
Pareuro, BV						Dominant	
(2) Migracom, SA							
Sonae Capital, SGPS, SA							161 250
Imparfin - Investimentos e Participações Financeiras, SA						Minority	

(*) Member of the Board of Directors of Sonae Capital, SGPS, SA;

(**) Member of the Board of Directors of Efanor Investimentos, SGPS, SA (directly and indirectly dominant company);

(***) Shares acquired in compliance with the annual mid-term variable remuneration policy;

(a) Article 248B, no.4, paragraph b) of the Portuguese Securities Code: held by Change Partners, SCR, SA, of which is Member of the Board of Directors.

10.3 APPENDIX REQUIRED BY ARTICLE 448 OF THE PORTUGUESE COMPANIES ACT

Number of shares held by shareholders owning more than 10%, 33% or 50% of the company's share capital:

Article 448	
	Number of shares as at 31.12.2018
Efanor Investimentos, SGPS, SA (1)	
Sonae Capital, SGPS, SA	88 859 200
Pareuro, BV	Dominant
Pareuro, BV	
Sonae Capital, SGPS, SA	66 600 000

(1) Under the terms and for the purpose of articles 20 and 21 of the Portuguese Securities Code, Efanor ceased to have a controlled shareholder as of 29 November 2017.

10.4 QUALIFIED SHAREHOLDINGS

Shares held and voting rights attributable to shareholders owning more than 2% of the share capital of the Sonae Capital, SGPS, SA, as required by article 8(1)(b) of the Portuguese Securities Market Commission (CMVM) Regulation No. 5/2008:

Qualified shareholdings			
Shareholder	**Number of Shares**	**% Share Capital**	**% Voting Rights**
Efanor Investimentos, SGPS, S.A.			
Held directly	88 859 200	35.544%	36.137%
Through Pareuro, BV (controlled by Efanor)	66 600 000	26.640%	27.085%
Through Maria Margarida Carvalhais Teixeira de Azevedo (Member of the Board of Directors of Efanor)	838 862	0.336%	0.341%
Through Maria Cláudia Teixeira de Azevedo (Member of the Board of Directors of Efanor)	449 213	0.180%	0.183%
Through Linhacom, SGPS, S.A. (controlled by Maria Cláudia Teixeira de Azevedo, Member of the Board of Directors of Sonae Capital)	43 912	0.018%	0.018%
Through Migracom, S.A. (controlled by Duarte Paulo Teixeira de Azevedo, Member of the Board of Directors of Sonae Capital)	161 250	0.065%	0.066%
Total attributable	**156 952 437**	**62.781%**	**63.830%**
Quaero Capital	12 322 845	4.929%	5.011%
Total attributable	**12 322 845**	**4.929%**	**5.011%**
AZValor Asset Management, SGIIC, SA	5 011 941	2.005%	2.038%
Total attributable	**5 011 941**	**2.005%**	**2.038%**

METHODOLOGICAL NOTES

The consolidated financial statements presented in this report are audited and have 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 improve the quality and transparency of the information provided, not only at the Consolidated level, but also, at each Business Units level, and aligned with the best market practices, the international operations (Angola, Mozambique and Brazil) of the Refrigeration & HVAC segment are now considered assets held for sale and therefore their contribution to the consolidated results is recognized as discontinued operations.

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
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

sonaecapital.pt

SONAE CAPITAL

REPORT & ACCOUNTS

PART II
GOVERNANCE REPORT

31 December 2018

SONAE CAPITAL

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PART II
GOVERNANCE REPORT
31 December
2018

1. INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER´S STRUCTURE

I. Equity Structure

1. Share Capital Structure

The share capital of Sonae Capital, SGPS, S.A. (hereinafter referred to as "Company"or "Sonae Capital") is 250,000,000 euros, fully subscribed and paid up, and is divided into 250,000,000 ordinary, book entered and nominative shares each with the nominal value of 1 euro.

All the shares of Sonae Capital have been admitted to trading on the Euronext Lisbon regulated market.

2. Restrictions on the transferability and ownership of shares

The Company's shares have no restrictions on their transferability or ownership, nor are there shareholders holding special rights. Accordingly, the shares are freely transferable according to the applicable legal rules.

3. Own Shares

The Company, on 31st December 2018, held 4,107,623 own shares, representing 1.643% of the share capital, corresponding to the same percentage of voting rights.

4. Impact of the change of shareholder control of the Company on significant agreements

The Company has not entered into any agreements which contain clauses intended to be defensive measures for the change of shareholder control in the case of takeover bids.

Under the same terms, the Company did not approve any statutory provision or rules or regulations in order to prevent the success of takeover bids.

5. Defensive measures in the case of change of shareholder control

No defensive measures were adopted during the 2018 financial year.

The majority of the share capital of the Company is attributed to a single shareholder. There is also no statutory rule that foresees the limitation of the number of votes that may be held or exercised by a shareholder, whether individually or jointly with other shareholders.

6. Shareholders' agreements

The Company has no knowledge of any shareholders' agreements involving the Company.

II. Shareholdings and holdings of bonds

7. Qualified shareholdings

On 31st December 2018 and in accordance with the notices received by the Company, the shareholders who, pursuant to article 20 of the Portuguese Securities Code, have a qualified shareholding representing at least 2% of the share capital of Sonae Capital, are the following:

Qualified Shareholdings			
Shareholder	No. of Shares	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, S.A.			
Directly	88 859 200	35.544%	36.137%
By Pareuro, BV (controlled by Efanor)	66 600 000	26.640%	27.085%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	838 862	0.336%	0.341%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	449 213	0.180%	0.183%
By Linhacom, SGPS, S.A. (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	43 912	0.018%	0.018%
By Migracom, S.A. (company controlled by Efanor's Director, Duarte Paulo Teixeira de Azevedo)	161 250	0.065%	0.066%
Total Attributable	**156 952 437**	**62.781%**	**63.830%**
Quaero Capital	12 322 845	4.929%	5.011%
Total Attributable	**12 322 845**	**4.929%**	**5.011%**
AZValor Asset Management, SGIIC, SA	5 011 941	2.005%	2.038%
Total Attributable	**5 011 941**	**2.005%**	**2.038%**

[1] As from 29th November 2017, Efanor Investimentos, SGPS, S.A. ceased to have any controlling shareholder, pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

8. Number of shares and bonds held by the members of the management and supervisory bodies, submitted pursuant to paragraph 5 of article 447 of the Portuguese Companies Code

The shares and bonds held by members of the management and supervisory bodies in the Company and in companies in a control or group relationship with the Company, either directly or through related persons, are disclosed in an appendix to the annual management report, as required by article 447 of the Portuguese Companies Code.

9. Powers of the Board of Directors on share capital increases

The powers granted by the Articles of Association to the Board of Directors of the Company to decide on share capital increase operations were withdrawn in December 2012. As from that date, such powers are exclusively held by the Shareholders' General Meeting, under the terms legally established.

10. Business relationships between the owners of qualified shareholdings and the Company

In relation to the commercial activities of the businesses that comprise the portfolio of Sonae Capital, there is a set of commercial relationships between the Company and its Subsidiaries and owners, either individuals or companies held by them, of qualified shareholdings.

These transactions are part of the usual business activity of each company and are carried out under current market practices and conditions. In addition, when related parties are involved, these transactions are scrutinised and, if significant, approved in advance by the Statutory Audit Board.

No significant business or commercial transactions were carried out in 2018 between the Company and owners of qualified shareholdings in the Company.

B. GOVERNING BODIES AND COMMITTEES

I. Shareholders' General Meeting

a) Composition of the Board of the Shareholders' General Meeting

11. Board of the Shareholders' General Meeting: members and respective mandate

The Shareholders' General Meetings are conducted by the Board of Shareholders' General Meeting, whose members are elected by the shareholders for a term of three years, coinciding with the mandate of the other governing bodies.

The members of the Board of the Shareholders' General Meeting elected for current term of office were re-elected, for a second mandate, following a resolution of the Annual General Meeting held on 3rd May 2018, for the current term of 2018-2020.

- Manuel Eugénio Pimentel Cavaleiro Brandão (Chairman);
- Maria da Conceição Henriques Fernandes Cabaços (Secretary).

b) Exercise of the Voting Rights

12. Possible restrictions on voting rights

The Company's share capital is entirely made up of a single class of common shares, in which one share equals onevote, and where there are no statutory limitations on the exercise of the voting rights.

For shareholders to participate in the Shareholders' General Meeting, the only rules that have to be complied with is applicable legislation regarding the "Registration Date" as a relevant moment for proving the quality of shareholder and for exercising the corresponding right to participate in and vote at the Shareholders' General Meeting, as well as the scheme for the participation and voting of shareholders who, on a professional basis, hold shares in their own name but on behalf of clients.

Shareholders may be represented at meetings of the Shareholders' General Meeting upon presentation of a written representation document addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered at the beginning of the meeting, indicating the name and domicile of the representative and the date of the meeting. This communication may also be done by e-mail in accordance with the instructions contained in the notice of meeting.

A shareholder may designate different representatives in respect of the shares held in different securities accounts, without prejudice to the principle of voting unity and to a voting differently allowed to shareholders on a professional basis.

The Company makes available, within the legal deadlines, adequate information - notices of meetings, voting procedures and procedures to be adopted for postal voting, voting by e-mail or by proxy, as well as a draft letter of representation, in Portuguese and English, on its website (https://www.sonaecapital.pt/en) in order to ensure, promote and encourage the participation of shareholders in general meetings, either directly or through representatives.

In addition to the Company's website, this documentation is also available to shareholders for consultation at the company headquarters during business hours, as well as in the CMVM Information Disclosure System (www.cmvm.pt), from the date of publication of the notice of meeting.

Shareholders may vote by post on all matters requiring approval of the Shareholders' General Meeting, and the vote may be cast electronically. The means of voting are defined in the notice convening the Shareholders' General Meeting, and a form is available at https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting to request the technical elements necessary to vote in this manner.

The Company also makes available to shareholders draft ballot forms in Portuguese and English on its website at (https://www.sonaecapital.pt/en), simultaneously with the publication of the Shareholders' General Meeting notice, as well as the corresponding preparatory documents relating to the various items of the Agenda, in Portuguese and English.

The Company did not adopt any mechanism which causes the gap between the right to receive dividends or the subscription of new securities and voting rights of each share.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of article 20

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Shareholder decisions which, by statutory imposition, can only be taken with a qualified majority

Pursuant to the provisions of the Articles of Association, the decisions of the Shareholders' General Meeting shall be taken by basic majority, unless otherwise established by law.

II. Management and Supervision

a) Composition

15. Identification of the adopted governance model

The Company adopts a one-tier governance model (composed of Board of Directors, Statutory Audit Board and Statutory Auditor), as provided for by articles 278, paragraph 1 - a) and 413, paragraph 1- b), both of the Portuguese Companies Code, complemented by a delegation of management powers in an Executive Committee.

The Board of Directors is the body responsible for managing the Company's business, for performing all management acts related to the corporate purpose, determining the strategic orientation of the Company, as well as designating and supervising the performance of the Executive Committee and the specialised committees it sets up.

The Board of Directors considers that the adopted governance model is appropriate to the exercise of the powers of each of the governing bodies, ensuring, in a balanced manner, both its independence and the functioning of the respective interface. Moreover, the specialised committees, restricted to matters of great relevance, maximize the quality and performance of the management body, reinforcing the quality of its decision-making process.

The Executive Committee exercises the powers delegated in it by the Board of Directors for day-to-day matters of the Company and the corporate services.

The remaining two bodies have supervisory responsability.

The details of the structure adopted, the bodies that comprise it and corresponding functions and responsibilities are presented in the following paragraphs.

16. Statutory rules on procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors

The members of the Board of Directors are elected, in accordance with the law and articles of association, under the terms stated in a proposal approved by the Shareholders' General Meeting.

The articles of association envisage that a director may be elected individually if there are proposals subscribed by shareholders who hold shares individually or jointly with other shareholders representing between ten and twenty percent of the share capital (director elected under the minority rule). The same shareholder may not subscribe to more than one voting list. Each proposal must contain at least the identification of two persons eligible for the same position to be filled. If several proposals are tabled by different shareholders or groups of shareholders, the votes will be taken on all proposals.

The articles of association also establish that in the event of death, resignation or temporary or permanent impediment of any of its members, other than the director elected under the minority rule, the Board of Directors shall ensure that director's replacement by co-opting, and this appointment requires ratification by the shareholders at the first Shareholders' General Meeting held after co-optation. In the event of definitive absence of a Director elected in accordance with the rules set forth in the preceding paragraph, the election shall occur at a Shareholders' General Meeting that is convened.

In the exercise of the Board of Directors' power to co-opt, the Board Nomination and Remuneration Committee is responsible for identifying potential candidates for the position of director with the appropriate profile for the exercise of the management functions, according with the criteria and values foreseen by the Company and included in its Code of Conduct and Diversity Policy.

A director shall be deemed to be definitively absent if he fails to attend two consecutive or interpolated meetings, without presenting a justification that is accepted by the Board of Directors.

The Company is fully convinced that the adequacy of its management body to the duties assigned to it is essential to ensure a suitable composition of the interests of all its stakeholders and is facilitated through creative solutions resulting from the combination of different perspectives and backgrounds, as foreseen in its Diversity Policy. Accordingly, it is fundamental for the Company that when selecting the members of these bodies the shareholders have approved governing body election proposals that are based on diversity criteria, in order to ensure that they have a greater range of knowledge, skills, experience and values.

In order to give more visibility to these principles, the Company, in its Code of Conduct, exhorts the shareholders to properly support their proposals for election, matching the concrete characteristics of the members indicated to the Governing Bodies with the selection criteria disclosed.

This conviction is demonstrated by the Company's compliance with the rule for balanced representation of men and women in the management and supervisory bodies of listed companies, even before the publication of Law 62/2017 on 1st August 2017, and also by the principles which guide the Board Nomination and Remunerations Committee in the performance of the functions regarding the identification of the aforementioned candidates, and by its Code of Conduct available at https://www.sonaecapital.pt/en (Corporate Governance tab, Regulation section) and which applies to all Sonae Capital's Group. These responsibilities focus mainly on: i) professional qualification in parallel with the renewal of the composition of the governing bodies in order to ensure compatibility between seniority and the need for diversification of career paths, so as to avoid a monolithic line of thought in group thinking; ii) gender diversity; iii) diversity of knowledge; and iv) age diversity, with no restrictive view regarding the age limits for the performance of corporate roles.

17. Composition of the Board of Directors

Under the terms of the Company's Articles of Association, the Board of Directors can be composed of an odd or even number of members, a minimum of three and a maximum of nine, elected by the Shareholders at a Shareholders' General Meeting. The mandate of the Board of Directors is three years, and its members may be re-elected one or more times. The current term of office of the Board of Directors is the 2018-2020 triennium. It is the Board of Directors that, in accordance with the Articles of Association, elects its Chairman.

On 31st December 2018 the Board of Directors was composed of seven members, two executive members and five non-executive members, three of which are independent.

The current members of the Board of Directors who were elected for the 2018-2020 term are listed in the following table:

Name	First appointment	End of current mandate
Duarte Paulo Teixeira de Azevedo	March 2015	31 December 2020
Álvaro Carmona e Costa Portela*	March 2011	31 December 2020
Maria Cláudia Teixeira de Azevedo	March 2011	31 December 2020
Francisco de La Fuente Sánchez	April 2008	31 December 2020
Paulo José Jubilado Soares de Pinho	April 2008	31 December 2020
Miguel Jorge Moreira da Cruz Gil Mata	April 2016	31 December 2020
Ivone Maria Pinho Teixeira da Silva	March 2013	31 December 2020

* Coordinator elected among the independent directors, pursuant to article 1 of the Regulation do Board of Directors.

18. Distinction between executive and non-executive members

Name	Role
Duarte Paulo Teixeira de Azevedo	Chairman – Non-Executive
Álvaro Carmona e Costa Portela	Vice-Chairman – Non-Executive (Independent)
Maria Cláudia Teixeira de Azevedo	Non-Executive*
Francisco de La Fuente Sánchez	Non-Executive (Independent)
Paulo José Jubilado Soares de Pinho	Non-Executive (Independent)
Miguel Jorge Moreira da Cruz Gil Mata	CEO
Ivone Maria Pinho Teixeira da silva	Executive

* As from 17th July 2018, when Cláudia de Azevedo has resigned from her position of CEO.

The proposal for appointment of the members of the Board of Directors took into account the Company 's Diversity Policy and the requirements foreseen by the law.

As for non-executive members, they were appointed on the basis of their prestige in the business, finance, academic and consulting fields, with the aim of strengthening the Board of Directors' competences, namely with regard to the strategy for setting up the business portfolio and the annual financial plan, as well as its revision.

The non-executive members of the Board of Directors, Álvaro Carmona e Costa Portela, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, are considered independent according to the criterion of independence established in section 18.1 of Annex I of the CMVM Regulation No. 4/2013 and Recommendation III.4 of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG).

Independent non-executive directors are under a duty to inform the Company immediately of any occurrence during their term of office that may cause incompatibilities or loss of independence, as required by law.

The current composition of the Board of Directors, in particular regarding the number of independent non-executive directors (3 out of 7 members), ensures the degree of supervision necessary for the activities carried out by the Executive Directors, taking into account the governance model adopted, the size of the company and its free float. The Management Report includes a chapter describing the activities carried out by the non-executive members of the Board of Directors.

19. Professional qualifications of the members of the Board of Directors

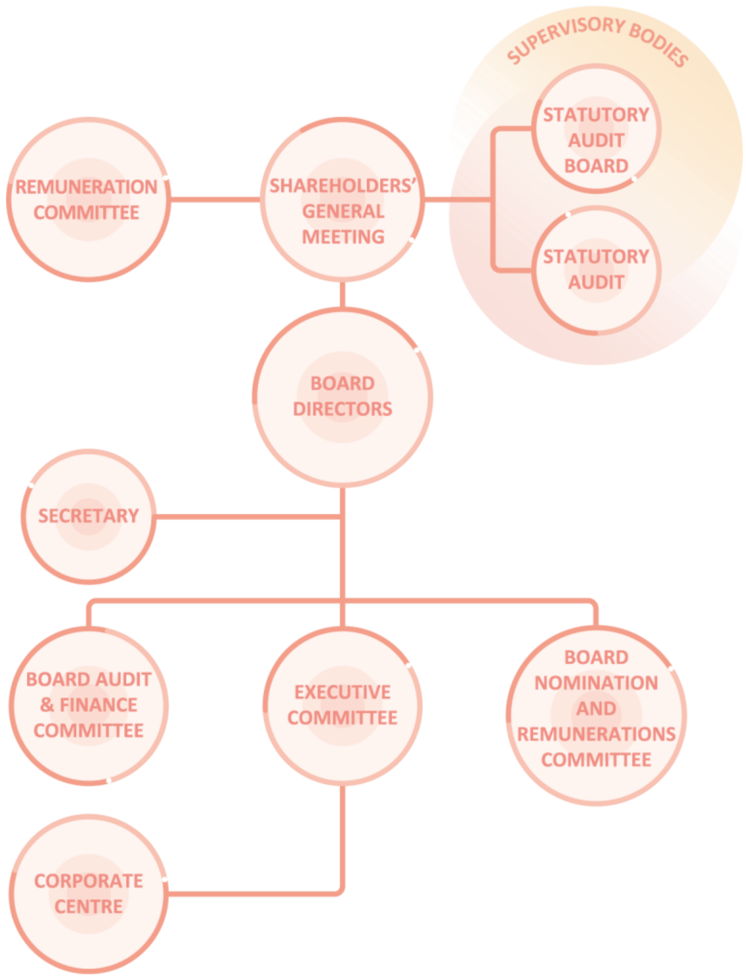
The professional qualifications and other relevant information of the *curricula* of the members of the Board of Directors are detailed in this report, in the Annex I.

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders with qualified shareholdings

The Chairman of the Board of Directors, Duarte Paulo Teixeira de Azevedo and the director Maria Cláudia Teixeira de Azevedo, are shareholders and members of the Board of Directors of Efanor Investimentos, SGPS, S.A., a legal person to which the control of the majority of the voting rights in this Company is imputed.

To the best knowledge of the Company, there are no other usual and significant family, business and commercial relationships between shareholders owners of qualified shareholdings higher than 2% of the voting rights and members of the Board of Directors.

21. Organisational charts or functional charts relating to the division of powers between the different governing bodies, committees and/ or departments of the Company, including information on the delegation of powers, particularly with regard to the delegation of the Company's daily management



According to the Company's current corporate governance structure, the Board of Directors is responsible for strategic decisions with regard to the business portfolio level and their implementation.

The Board of Directors, pursuant to the terms set forth in the Articles of Association, delegates in the Executive Committee the powers for the day-to-day operational management, also controlling the way in which this body operates and how the delegated powers are exercised.

The following powers of the Board of Directors may not be delegated, while all others have been delegated:

- Appointment of the Chairman of the Board of Directors;
- Co-optation of Directors;

- Request to convene General Meetings;
- Approval of the Annual Report and Accounts, to be submitted to the approval of the General Meeting, and also the approval of semi-annual and quarterly reports and accounts and of the results to be disclosed to the market;
- Provision of collateral and personal or real guarantees by the Company;
- Decision to change the registered office or increase the share capital;
- Decision on mergers, spin-offs or transformation of the Company or involving companies of the Group, except if, in those cases, such operations consist in a mere internal restructuring operations framed in the general objectives and principles approved;
- Approval, on proposal of the Executive Committee, of the strategic configuration of the business portfolio and the resulting financial plan, including extensions or important reductions of the activity or of the internal organisation of the Company or of the Group;
- Approval, on proposal of the Executive Committee, of the business plans, budgets, investment plans and annual financial plans of the Company, and any substantial changes and with relevant impacts on the same;
- To resolve, in accordance with the legal and statutory provisions, on the issuance of bonds and commercial paper and loan contracting in the domestic and foreign financial market, by one or more times, when involving values that exceed 10 million euros per contract or issue and affect in the same amount the company's consolidated debt;
- Approval of the main policies of the Company;
- Definition of the human resources policies applying to senior positions (level G3 and higher) in areas that do not fall under the purview of the General Meeting o the Remuneration Committee.

The Corporate Centre plays an instrumental role in supporting the Executive Committee and the Board of Directors in the definition and control of the implementation of the defined strategies, policies and objectives. Composed of sovereign functions and shared functions, which are described below, its purpose is to provide transversal services to all Group companies:

- Corporate Finance;
- Legal Department;
- Corporate Management Planning and Control;
- Corporate Human Resources;
- Portfolio Development;
- Internal Audit;
- Risk Management;
- Information Systems;
- Financial Department;
- IOW and Innovation.

The Corporate Finance role is to be responsible for defining and implementing financial management strategies and policies, ensuring an integrated and transversal vision of the Group’s needs as well as the upkeep of relations with the capital, debt and banking markets. It is also responsible for managing the Group’s financial risks and for preparing and monitoring the Group’s financial plan.

The Legal area provides legal support in all fields, guaranteeing the defense of the Group's interests and promoting in an integrated and cross-cutting manner the strategy defined by the Board of Directors. It is responsible for monitoring legal compliance, litigation management, the corporate secretariat and the management of the Group's legal risks.

The Corporate Management Planning and Control function is to assist in the strategic development of the Group and in the definition of management information policies and ensure the reporting of consolidated information internally. This function is part of the Investor Relations Office which has the main responsibilities of reporting information to the market and ensuring permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources is responsible for the definition and implementation of the Group's human resources strategy and policies as well as the planning and management of talent and careers of top managers, under the terms approved by the Board of Directors and the Remuneration Committee.

Portfolio Development, including Mergers and Acquisitions, has the mission to support the Board of Directors of Sonae Capital in projects of organisational growth and in the Group's business management, as well as in portfolio optimisation projects including the analysis and negotiation of investment and divestment opportunities.

The Internal Audit function defines and implements the Internal Audit activities by systematically and independently evaluating the Group's activities in order to ensure the effectiveness of the internal management and control systems and processes.

The Risk Management function assists the Board of Directors in the identification, modelling and monitoring of the Group's risks with the aim of ensuring their control and mitigation, as well as making it possible to include the risk dimension in strategic and operational decisions.

The Information Systems function is to ensure the alignment of information systems with the Group's strategy, creating value through the provision of solutions that promote effectiveness, efficiency and innovation of processes.

The sovereign functions report to the Executive Committee of Sonae Capital.

As regards Shared Functions, the mission of the Financial Department, coordinated by a manager of the Corporate Centre, is:

- to optimise the Group's financial flows through the efficient management of external entities, namely customers, suppliers and banks;
- to guarantee an accounting management model that ensures the integrity and availability of accounting, financial and asset information for the whole organisation through an integrated system;
- to coordinate human resources administrative management activities, ensuring alignment with the businesses.

The current organisation of the Corporate Centre of Sonae Capital also envisages the existence of the IOW - Improving Our Work - and Innovation function. The responsibility of this is to, on the one hand, promote a common culture and practices of continuous improvement, within the scope of the IOW model, cross-cutting all of the Group's companies and, on the other hand, to promote, facilitate and accelerate integrated innovation projects between the different areas in order to increase the Group's competitiveness. At the same time, it also has the responsibility of identifying, promoting, evaluating and exploring project financing opportunities, through incentives and subsidies, within the context of the activities carried out by the different Group companies, in order to boost the performance of each business.

b) Functioning

22. Existence of the regulation of the Board of Directors and place where it can be consulted

The regulation of the Board of Directors is available for consultation on the Company's website (https://www.sonaecapital.pt/en) (Corporate Governance tab, Regulation section).

23. Number of meetings held and attendance record of each member, as applicable, at meetings of the Board of Directors, the General and Supervisory Board and the Executive Committee

The Articles of Association of the Company establish that the Board of Directors must meet at least once every quarter and, in addition, whenever the Chairman or two Directors call a meeting, and also that the meetings can be carried out by telematic means, in the legally foreseen terms. During 2018, the Board of Directors met 8 times and the attendance record, either in person or through telematic means, was as follows:

Name	Attendance (%)
Duarte Paulo Teixeira de Azevedo	100%
Álvaro Carmona e Costa Portela	100%
Maria Cláudia Teixeira de Azevedo	100%
Francisco de La Fuente Sánchez	100%
Paulo José Jubilado Soares de Pinho	100%
Miguel Jorge Moreira da Cruz Gil Mata	100%
Ivone Maria Pinho Teixeira da Silva	100%

The Secretary of the Board of Directors is responsible for the preparation and functioning of the meetings. The Secretary also keeps records of all decisions taken in the minutes of the meetings and sends the agenda of the meetings and supporting documents at least five days in advance, always with a weekend in between, before the date of the meeting.

24. Competent governing bodies of the Company to assess the performance of the executive directors

The Remuneration Committee, elected at the Shareholders' General Meeting, is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors and other governing bodies, in representation of the shareholders and in accordance with the remuneration policy approved by the Shareholders at the General Meeting.On the other hand, non-executive members, as part of their supervisory role, monitor in particular the performance of executive directors.

The Board Nomination and Remuneration Committee, which is solely composed of non-executive directors, supports the Remuneration Committee in the performance of its remuneration responsibilities. These committees may be assisted by international consultants of recognised competence, in order to carry out these functions. The independence of the consultants is guaranteed by their autonomy before the Board of Directors, the Company and the Group, as well as by their broad experience and credibility recognised by the market.

25. Pre-determined criteria for assessing the performance of the executive directors

The performance assessment of executive directors is based on pre-determined criteria, consisting of objective performance indicators set for each period and in line with the overall strategy of growth and positive business performance.

These indicators consist of the business, economic and financial KPIs (Key Performance Indicators), subdivided into collective, departmental and personal KPIs. The collective business KPIs consist of economic and financial indicators that are defined based on the budget, the performance of each business unit, as well as on the consolidated performance of the Company.

Departmental business KPIs, in turn, are similar in nature to the previous ones, and they measure the specific contribution of the director to the performance of the business. Personal KPIs include objective and subjective indicators and are intended to measure compliance with duties and commitments individually taken on by the executive director. Additional information can be found in sections 71 to 75 below.

26. Availability of each member of the Board of Directors, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of those bodies during the financial year

The list of positions held by the Company's directors and other relevant activities is included in the Appendix I. Each of the members of the Board of Directors have consistently demonstrated their availability to perform their duties, having regularly attended the meetings of the body and participated in its work.

c) Committees within the management or supervisory bodies and delegated directors

27. Identification of Committees established within the Board of Directors and the place where its Regulations can be consulted

The committees created by the Board of Directors are the Executive Committee, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

In the performance of their duties as members of the Board of Directors and the Committees created by the Board, they must comply with the Company's Code of Conduct, adopted procedures concerning related party transactions and the procedures adopted on conflicts of interest.

The functioning of the various committees is established in the rules of procedure of the Board of Directors, available for consultation on the Company's website (https://www.sonaecapital.pt/en) (Corporate Governance tab, Regulation section).

28. Composition of the Executive Committee

Name	Position
Maria Cláudia Teixeira de Azevedo	Chief Executive Officer until 17th July de 2018
Miguel Jorge Moreira da Cruz Gil Mata	Chief Executive Officer since 17th July de 2018 *
Ivone Maria Pinho Teixeira da Silva	CFO

* Following the resignation of Maria Cláudia Teixeira de Azevedo to her position on 17th July 2018.

29. Indication of the powers of each of the committees created and a summary of the activities carried out in the exercise of those powers

Executive Committee

The Executive Committee is empowered to deliberate on all matters that have been delegated by the Board of Directors or related to the day-to-day management of the Company, following the strategic guidelines defined by the Board of Directors and under the aforementioned delegation of powers.

Pursuant to the established policy, the members of the Executive Committee share responsibilities in more than one area, and the allocation of these responsibilities is done according to the profile and experience of each member.

The Executive Committee of the Company shall meet on a monthly basis and at any time a meeting is called in writing, at least 3 days in advance, by the Chief Executive Officer or by a majority of its members. Notwithstanding regular contact between the members of the Executive Committee in the periods between meetings, 12 meetings were held in 2018.

The Executive Committee may only take decisions if the majority of its members are attending or represented. Decisions are taken by majority of the votes cast by the members attending or represented and by those voting by post.

Employees of the Corporate Centre may attend Executive Committee meetings, at the request of one of the Executive Directors, to give support and opinions on certain matters.

The Secretary of the Executive Committee (who is also the Secretary of the Board of Directors and BAFC) is responsible for the functioning of the Executive Committee and other logistical aspects. The Secretary is also responsible for recording the decisions in the minutes of the meetings and for providing the members of the Executive Committee with the agenda and supporting documents for the meeting, at least three business days prior to the date of the meeting. The fact that the Secretary is the same for both bodies ensures the adequate flow of information between both bodies, allows the timely distribution of information and minimises any problems in the interpretation of requests for clarification, contributing to greater efficiency and effectiveness of the process.

During 2018, the Executive Committee sent the agenda and approved minutes of the respective meetings to the Non-Executive Directors and to the members of the Statutory Audit Board. The members of the Executive Committee shall provide, in a timely and adequate manner, any information requested by other members of the governing bodies.

Board Audit and Finance Committee

The Board Audit and Finance Committee (BAFC) functions under the terms approved by the Board of Directors.

BAFC is composed of members selected from among the members of the Board of Directors.

With reference to 31 December 2018, the BAFC is composed of Independent Non-Executive Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho.

The BAFC is competent to:

- review the annual and interim financial statements and the documents for disclosure of results and report its findings to the Board of Directors, in support to the process of approval of the accounts by the Board of Directors;
- advise the Board of Directors about their reports to shareholders and the financial markets, to be included in the annual and half-yearly financial statements, as well as in the quarterly results disclosures;

- advise the Board of Directors, integrating the assessment and suggestions made by the Statutory Audit Board, about the appropriateness and quality of the information provided by the Executive Committee, and the systems and internal control standards applied by the Company;
- monitor the activity of the internal audit in line with the plans validated by the Statutory Audit Board, and formulate conclusions to be directed to the Board of Directors;
- evaluate operational procedures to ensure the monitoring of the internal control, the efficient management of risks, the timely circulation of information and the reliability of the procedure for preparation and disclosure of financial information, and formulate conclusions to be directed to the Board of Directors;
- ensure the flow of information with the Statutory Audit Board and process the requests addressed by him to the Board of Directors;
- to ensure the observance of corporate governance policies adopted by the Company, and for the observance of the rules and practices of financial reporting;
- Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies:
- issue opinions on significant relevant transactions undertaken by the Company with related parties.

The BAFC meets with the Statutory External Auditor of the Company and the Internal Audit team.

Refer to Chapter III of this report for information on risk-taking and control of risks.

The BAFC must meet at least five times a year, prior to the publication of annual and quarterly results, and whenever its Chairman, the Board of Directors or the Executive Committee calls for meeting. The BAFC will always meet for analising the annual budget of the Company and the financial plan of the Group's businesses.

BAFC's Secretary, which is the same as the Board of Directors and other Committees, with the exception of the BNRC-Board Nomination and Remunerations Committee, distributes the agenda and supporting documents to the members of the Commission with at least five days in advance, with a weekend in between, regarding the date of the meeting, in addition to ensure the recording of resolutions taken in the minutes of meetings.

The minutes of the meetings are distributed to all members of the Board of Directors. In the year 2018 the BAFC met 5 times.

Board Nomination and Remunerations Committee

The Board Nomination and Remunerations Committee (BNRC) It is composed of the President of the Board of Directors, Duarte Paulo Teixeira de Azevedo, the Vice-President Álvaro Carmona e Costa Portela and Francisco de La Fuente Sánchez, these last two non-Independent Executive Directors.

Its members were appointed for a period of three years (2018-2020).

The BNRC meets ordinarily once a year, preferably in the period prior to the annual meetings of the Remuneration Committee, and whenever its Chairman or the Board of Directors calls for meeting.

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- Identifying potential candidates for appointment to the Board of Directors (in particular when the Board decides to co-opt a Board member) and provide oversight of succession planning, contingency planning and talent management in general for Board members and other persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates having regard to the requirements of the function, merit and appropriate diversity to Company, in particular considering gender.

- Submit to the Board of Directors, reasoned opinion with regard to the proposal from the Executive Committee on the remuneration policy and compensation for the members of the Board of Directors of other companies of the Sonae Capital Group, to be submitted to the Board of Directors and subsequently submitted by the Management Board of Directors to the Remunerations Committee, as a proposal to be put forward by the latter, at the Annual General Meeting of Shareholders;
- To receive, analyse and present, in accordance with the internal procedure approved, proposals for remuneration of the members of the Board of Directors and of other governing bodies of the Company, to be approved by Remunerations Committee. All proposals must be in accordance with the terms set forth in the remuneration and compensation policy;
- Supervising the remuneration decisions taken by the Executive Committee for the senior executives who report directly to the Executive Committee;
- Advising the Board of Directors on advance disclosures made by any of the members of the Board of Directors in relation to accepting outside directorships and other person with significant roles or activities, as required by the Company´s Conflicts of Interest Policy.

The BNRC has at its disposal the possibility of having recourse to external entities specialized services, whose independence, reputation and experience, are recognized by the market. At least one member of the BNRC is also present in the Annual General Meeting and in any other in which the agenda includes any subject connected with the remuneration of the members of the bodies and Committees of the Company. It is also available to attend if its presence is requested by any shareholder.

As it follows from the above exposed, the members of the existing Committees are also members of the Board of Directors and in each meeting shall briefly inform the remaining members of the Board on the relevant facts regarding the execution of its assignments.

The Chairman of the Board of Directors and of the existing Committees, as well as the Independent Senior Director, ensure timely and properly, the flow of information necessary for the performance of legal and statutory responsibilities of each of the remaining bodies and commissions, streamlining, notably, so including but not limited to, the necessary resources to provision of notices, minutes and supporting documentation of decisions made.

III. Audit

a) Composition

30. Identification of the supervisory bodies

The Statutory Audit Board and the Statutory External Auditor are, under the governance model currently adopted, the auditing bodies of the Company.

31. Composition of the Statutory Audit Board

In accordance with the Company’s articles of association, the Supervisory Board may be composed of an even or odd number of members, a minimum of three and a maximum of five. The number of members is defined at the Shareholders’ General Meeting.

The Statutory Audit Board shall also have one or two substitute members, if it is made up of three or more members, respectively.

The members of the Statutory Audit Board are elected for three-year terms, jointly with the members of the other governing bodies, being applicable to such designation, the principles and criteria contained in the Diversity Policy of the Company and in its Code of Conduct.

The Statutory Audit Board appoints its Chairman, if the Shareholders' General Meeting does not do so.

If the Chairman leaves office before the expiry of the respective mandate, the other members must elect a chairman from among themselves to carry out those duties until the end of the mandate. The substitute members must replace current members unable to perform their duties or who have resigned. They shall remain as a full member until the next Shareholders' General Meeting, which shall appoint new members to fill the vacant positions. In the event that there are no substitute members, the Shareholders' General Meeting shall appoint new members.

Further it should be noted that the appointment for the management and supervisory bodies, carried out in 2018 if applied in full, the Diversity Policy.

32. Identification of Statutory Audit Board members considered independent

The members appointed for the current mandate (triennium 2018-2020) and in office are:

Name	Position	First appointed
António Monteiro de Magalhães	Chairman	March 2015
Manuel Heleno Sismeiro	Member	April 2009
Susana Catarina Iglésias Couto Rodrigues de Jesus	Member	May 2018
Ana Isabel Príncipe dos Santos da Silva Lourenço	Substitute	May 2018

All the members of the Supervisory Board are independent, with the exception of Manuel Heleno Sismeiro, pursuant to article 414 paragraph 5 of the Portuguese Companies Code and they comply with all the incompatibility rules mentioned in paragraph 1 of article 414-A of the Portuguese Companies Code. Manuel Heleno Sismeiro has lost independence due to the fact that he has been re-elected for more than two terms. The Company emphasizes the professional qualifications of the Chairman of the Statutory Audit Board, which contribute very positively in the functioning of the body and believes that the same justifies the maintenance in office, despite the aforementioned loss of independence.

The members of the Statutory Audit Board are required to immediately inform the Company of any occurrence during their term of office that may cause incompatibilities or the loss of independence, as required by law.

The Statutory External Auditor will be discussed in sections 39 to 41 below.

33. Professional qualifications

The professional qualifications and other relevant information of the *curricula* of the members of the Statutory Audit Board are detailed in this report in the Annex I.

b) Functioning

34. Place where the regulation can be consulted

Ther regulation of the Statutory Audit Board is available for consultation on the Company's website (https://www.sonaecapital.pt/en) (Corporate Governance tab, Regulation section).

35. Meetings of the Statutory Audit Board

The Statutory Audit Board meets at least once every quarter. In 2018, 6 formal meetings of this body were held and the respective attendance rate, in person or through representation, was as follows:

Name	Attendance (%)
António Monteiro de Magalhães	100%
Manuel Heleno Sismeiro	100%
Susana Catarina Iglésias Couto Rodrigues de Jesus	100%

The decisions of the Supervisory Board are approved by simple majority and minutes are recorded.

36. Availability of each of the members, indicating the positions held in other companies, inside and outside the Group, and other relevant activities carried out by members of the Statutory Audit Board

Each of the members of the Statutory Audit Board has consistently demonstrated their availability to perform their duties, having regularly attended the meetings of the body and participated in its work.

The information on other positions held by members of the Statutory Audit Board, their qualifications and professional experience is available in the *curricula vitae* included in the Annex I to this report.

c) Powers and duties

37. Description of the procedures and criteria applicable to the intervention of the Supervisory Body for the purpose of contracting additional services from the Auditor

It is the responsibility of the Statutory Audit Board to approve the provision of additional audit services to be provided by the Auditor.

At the first meeting of each financial year, the Statutory Audit Board prepares a plan and work schedule for that year which includes, inter alia, the coordination and supervision of the Auditor's work. It shall include the following activities:

- Approval of the annual activity plan of the Auditor;
- Monitoring the work and discussion of the conclusions of the audit work and review of the accounts;
- Supervising the Auditor's independence;
- Joint meeting with the Board Audit and Finance Committee to review issues related to Internal and External Auditing;
- Analysis of services rendered other than audit services in compliance with Recommendation VII.2.1 of the Corporate Governance Code (from IPCG) and applicable legislation.

In assessing the criteria that backed the contracting of additional services from the Auditor, the Statutory Audit Board verified the presence of the following safeguards:

- that the contracting of additional services did not affect the independence of the Auditor;
- that the additional services, duly falling within the defined framework, were not prohibited services pursuant to article 77 paragraph 8 of Law 140/2015;
- that any additional services were provided with high quality, autonomy and also independent from those carried out in the context of the audit process;
- that the necessary factors guaranteeing independence and impartiality are met;
- that the quality system used by PricewaterhouseCoopers (internal control), in accordance with the information it provides, monitors the potential risks of loss of independence or possible conflicts of interest with Sonae Capital and ensures the quality of the services rendered, in compliance with the rules of ethics and independence;
- that the services provided comply with the terms established by Law no. 140/2015 of 7 September, which approves the new Statute of the Order of Statutory Auditors.

38. Other functions of the Statutory Audit Board

In addition to the duties described in the previous section, the Statutory Audit Board is responsible for, among others:

- Supervising the Company's management;
- Ensuring compliance with the Law and the Company's Articles of Association;
- Checking the compliance of books, accounting records and supporting documents;
- Verifying, when it deems appropriate and in the manner deemed adequate, the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- Checking the accuracy of the accounting documents;
- Verifying whether the report on the corporate governance structure and practices disclosed includes the elements referred to in article 245-A of the Securities Code;
- Verifying that the accounting policies and valuation criteria adopted by the company lead to a correct valuation of assets and results;
- Draw up an annual report on its auditing activity addressed to the shareholders, including the description of the surveillance activity developed, any detected constraints and give an opinion on the report, accounts and proposals presented by the Management;
- Convening the Shareholders' General Meeting, when the chairman of the respective board does not do it, and should do so;
- Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system;
- Receiving reports of irregularities, presented by shareholders, employees of the Company or others;
- Contracting the services of experts to assist one or more of its members in the performance of their duties. The hiring and remuneration of experts shall take into account the importance of the matters entrusted to them and the economic situation of the company;
- Supervising the process of preparation and disclosure of financial information;
- Represent the Company before the Statutory External Auditor and to propose to the General Meeting its appointment or dismissal, to assess the activities carried out, ensuring, within the Company, the conditions appropriate to the rendering of its services, being the interlocutor of the Company and the primary recipient of the reports of the Statutory External Auditor,

- Supervising the audit of the Company's accounting and financial statements;
- Supervising the existence and maintenance of the independence of the Statutory External Auditor;
- Approve the provision of audit services, as well as the additional services to be provided by the Statutory External Auditor, or any entities with the latter are in a relation of participation or which form part of the same network, and approve the respective remuneration;
- Issuing a specific and substantiated opinion supporting the decision not to rotate the Statutory External Auditor, considering the Auditor's independence in that circumstance and the advantages and costs of its replacement;
- Supervising the activity developed by the internal audit;
- Issue a prior opinion in respect of any deal that the Company negotiates with shareholders owners of qualified shareholdings or with entities that are in any relation with them, in accordance with article 20 of the Securities Code (reference shareholders), involving over 10 million euros.
- Complying with other duties contained in the law or the Code of Corporate Governance adopted by the Company.

For the performance of the duties mentioned above, the Statutory Audit Board:

- Establishes its annual activity plan, at the first meeting of each financial year;
- Obtains from the Management, namely through the Board Audit and Finance Committee, the information necessary for the exercise of its activity, in particular the operational and financial evolution of the Company, the changes in the composition of its portfolio, the terms of the operations performed, the content of the decisions taken by the Board and its Committees, including, namely, access to call notices, minutes and supporting documentation of the decisions;
- Analises and monitors the internal and external audit activity plans throughout the financial year and transmits its recommendations to the Board of Directors;
- Monitors the internal risk management and internal control system, issues its guidelines and recommendations, and prepares an annual assessment report and recommendations addressed to Management;
- Receives from the Board of Directors, at least two days before the date of its meeting, the consolidated and individual financial statements and the respective reports, analysing in particular the main changes, the relevant transactions and the corresponding accounting procedures, and receives from the Statutory External Auditor its audit certification of the accounting documents, and issues its assessments and decisions;
- Oversees and approves the disclosure of financial information of its competence, namely the sending to the Securities Market Commission and the placing on the website of the Company of the financial statements and results announcements;
- Records in writing the reports of irregularities addressed to it, initiating, as appropriate, the necessary measures before the Management and the internal and/or external audit and draws up its report thereon;
- Notifies the Management about the assessment, the inspections and procedures it has carried out and of the results thereof;
- Attends the Shareholders' General Meetings, as well as the meetings of the Board of Directors for which it is convened or where are approved the annual accounts;
- Carries out annually a self-assessment of its activity and performance, which may include the revision of this regulation, with a view to the development and implementation of improvements on its functioning;

- Seeks to ensure, in interaction with the Board of Directors and Committees created by the latter, the actual existence of a flow of timely and appropriate information to the proper exercise of responsibilities and duties of each of the governing bodies;
- Develops the other surveillance duties that are imposed by law or by the Corporate Governance Code adopted by the Company.

In support of the activity of the Statutory Audit Board, the Company provides the human and technical resources necessary for the organisation of meetings, preparation of agendas, minutes and supporting documentation and their timely distribution. In addition, these meetings are attended by the internal liaisons considered relevant to the issues under discussion, for presentation and explanation of the issues raised by the Statutory Audit Board. The items on the agenda of these meetings on matters related to Auditing are discussed, at the discretion of the Statutory Audit Board, without the presence of employees of the Company.

The Supervisory Board represents the Company before the Auditor and proposes to the Shareholders' General Meeting its appointment, as well as its dismissal, also evaluating the activity performed by the Auditor, ensuring that the appropriate conditions exist within the company for the performance of its services. The Statutory Audit Board is the company's liaison and first recipient of the respective reports.

The Statutory Audit Board annually prepares a report on its supervisory action in the financial year, including an annual assessment of the Statutory External Auditor, and it issues an opinion on the management report, the consolidated and individual financial statements and the Corporate Governance report presented by the Board of Directors, in order to comply with the legal deadlines for disclosure at the date established for the Annual General Meeting. The annual report on its audit activity is included in the reports and accounts made available on the Company's website (https://www.sonaecapital.pt/en).

The Statutory External Auditor is the supervisory body responsible for the legal certification of the Company's financial information. Its fundamental duties are:

- Check the consistency of all the books, accounting records and supporting documents;
- Whenever it deems convenient and through such means as it deems appropriate, verify the accuracy of cash and amounts of assets or securities of any type belonging to the Company or received by the Company by way of guarantee, deposit or for any other purpose;
- Check the accuracy of the financial statements and express its opinion on them in the Legal Certification of Accounts and in the Audit Report;
- Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of the assets and results;
- Perform any necessary examinations and tests for the audit and legal certification of accounts and perform all procedures stipulated by law;
- Verify the enforcement of remuneration policies and systems and the effectiveness and functioning of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, under the terms of and within the scope and limits of its legal and procedural powers;
- Verify whether the Corporate Governance Report includes the elements referred to in article 245-A of the Securities Code.

IV. Statutory External Auditor

39. Identification of the Statutory Audit Firm and of the statutory auditor that represents it

The Statutory External Auditor of the Company for the 2018-2020 period is PricewaterhouseCoopers & Associados, SROC, represented by António Joaquim Brochado Correia or by Joaquim Miguel de Azevedo Barroso.

40. Permanence in functions

The Statutory External Auditor is in its fourth mandate, having been re-elected for the present mandate on proposal of the Statutory Audit Board, at the Shareholders' General Meeting of 3rd May 2018, under the terms explained hereafter. The Company has the same Statutory Auditor in almost all of its subsidiaries since 2011.

41. Other services rendered to the Company

The Statutory External Auditor also provides the Company with Audit services as described in the sections below.

V. Auditor

42. Identification

The Auditor of the Company, designated in the terms of Article 8 of the Portuguese Securities Code, is PricewaterhouseCoopers & Associados, SROC, registered under no. 9077 at the Portuguese Securities Market Commission, represented by the statutory auditor António Joaquim Brochado Correia or by Joaquim Miguel de Azevedo Barroso.

In 2018, the representative of the Company's Statutory Audit Firm was António Joaquim Brochado Correia.

43. Permanence in functions

The Auditor was elected at the Shareholders' General Meeting on proposal of the Statutory Audit Board for the first time in 2011, for the 2011-2012 biennium, and it is in its fourth mandate.

The partner that represents it has been working with the Company since 3rd May 2018.

44. Policy and frequency of rotation of the Auditor and the respective Statutory Auditor partner representing it

The Auditor is in its fourth mandate.

The current partner of the Statutory External Auditor of the Company - PricewaterhouseCoopers & Associados – SROC, Lda., hereinafter "PWC"- responsible for guidance or direct execution of the statutory audit of accounts was elected for the first time, in 2018, for the term 2018-2020, in compliance with the provisions concerning rotation of the statutory auditor partner that represents the Auditor in this mandate.

The article 54, paragraph 3 of the Statute of the Order of Chartered Accountants (EOROC), approved by Law no. 140/2015, of 7th September, determines that in public interest entities, the maximum period of exercise of statutory functions by the audit firm is 2 or 3 mandates, depending on mandates are, respectively, of 4 or 3 years, without prejudice to paragraph 4 of the Article 54 of the EOROC stipulating that the maximum period of the statutory auditor in the same entity may be exceptionally extended to a maximum of 10 years, provided that such an extension is approved by the competent body – the General Meeting, on the substantiated proposal of the supervisory body.

The Statutory Audit Board, in compliance with the provisions of paragraph 3 – f) of article 3 of the Legal Regime of Audit Supervision approved by Law no. 148/2015 and article 16 of the Regulation (EU) no. 537/2014 and of its own policy, held an extended selection process, free of any outside influence, and free of any contractual clause referred to in paragraph 6 of the mentioned legal provision. Were considered the costs associated with the replacement of the Auditor of the Company which, although more difficult to measure, assume a leading role in this matter, such as those associated with the integration of a new Auditor in the repository of information and in the business organization of the Company, given the characteristics of the portfolio and its diverse and complex nature.

It was considered that delaying the replacement of the Auditor by the additional period allowed by law, when all other requirements and selection and evaluation elements pointed to its maintenance, allow the elimination of such costs without endangering the legal purpose.

Considering all the above mentioned, in particular the fact that the Statutory Audit Board considers to be the one that will give the best answer to the needs of Company, it was proposed to the General Meeting the election of PWC as Auditor, for the next term (2018-2020). This proposal was approved by the General Meeting on the 3rd May 2018, with the above mentioned framework.

45. Assessment of the Auditor

In accordance with the Company's governance model, the election or dismissal of the Statutory External Auditor is decided by the Shareholders' General Meeting, upon proposal of the Statutory Audit Board.

In addition, the Statutory Audit Board supervises the performance of the Auditor and the work throughout each financial year, considers and approves additional work by the auditor and annually conducts an overall assessment of the Auditor, which includes an assessment of the Auditor's independence.

46. Additional Work

Tax consultancy services and other services (mainly in the area of management consulting) were provided by technicians other than those involved in the audit process in order to ensure the independence of the Auditor. The Board Audit and Finance Committee and the Statutory Audit Board analysed the scope of the other services and approved them, considering that they did not jeopardise the independence of the Auditors.

The services provided by the Auditor, other than audit services, were previously approved by the Statutory Audit Board according to the recommended principles. In 2018, the percentage of such services in the total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company corresponds to 3.7% and amounts to 5.424 euros, and does not represent 30% of the total average of fees received in the last three financial years, by reference to the period established in Article 77, paragraph 1, of Law no. 140/2015 of 7th September. Considering the amounts involved, within the recommended limits, and the fact that the services are provided by a totally different team from the entity providing audit services, the Auditor's independence and impartiality are assured.

The Auditor reported to the Statutory Audit Board of the Company all the different audit services provided to the Company, without prejudice to the fact that such services are subject to the prior approval of the latter through the annual communication referred to in article 24, paragraph 6 - b) of Law no. 148/2015 of 9th September.

Within the scope of its work, the Auditor verified the application of the remuneration policies and systems, as well as the effectiveness and functioning of the internal control mechanisms. It did not identify any material deficiencies that should be reported to the Company's Statutory Audit Board.

47. Annual remuneration

The total remuneration paid to the Company's External Auditor in 2018 was 145.312 euros corresponding to the following services:

Services	Total 2018	%	Sonae Capital SGPS	%	Other Group entities	%
Statutory Audit and Accounts Certification 1)	139 888	96.27%	11 475	100.00%	128 413	95.95%
Other Compliance and Assurance Services 2)	4 044	2.78%	0	0.00%	4 044	3.02%
Tax Consultancy Services 2)	0		0	0.00%	0	0.00%
Other Services 2)	1 380	0.95%	0	0.00%	1 380	1.03%

1) Fees agreed for the year;

2) Amounts billed.

C. INTERNAL ORGANISATION

I. Articles of Association

48. Rules applicable in the case of amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Code, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II. Reporting Irregularities

49. Means of and Policy for Reporting Irregularities

The Company has implemented a procedure concerning the communication of irregularities in order to assure the response of the competent bodies of the Company to which such irregularities may be reported, the Policy and Procedures for Reporting Irregularities in the Company - The Whistle Blowing Policy. Within the scope of the Policy, irregularities are defined as facts that violate or seriously jeopardise:

- The compliance with legal, regulatory and deontological principles by the members of the governing bodies and employees of Sonae Capital or of its affiliated companies, in the exercise of their professional positions;
- Assets of the Company and of its affiliated companies, as well as assets from clients, shareholders, suppliers and commercial partners of the Company or any of its affiliated companies;
- Good management practices and the image or reputation of the Company or of any of its affiliated companies.

The fundamental features of the policy for reporting irregularities currently in force in the Company are:

- Establishment of procedures for reporting irregularities, namely the provision of a mailbox with exclusive access for the Chairman of the Statutory Audit Board, along with the receipt by post, that guarantee all employees, shareholders or stakeholders that the report, communication or complaint of irregularities arrives inviolably to the addressee. Although there is a need for the explicit and unequivocal identification of the complainant, this identity must be kept confidential and only known by the Chairman of the Statutory Audit Board, whenever this is requested in the report or complaint.
- After communicating or becoming aware of a potential irregularity, ensure a rigorous and impartial investigation process, through the access of the Statutory Audit Board to all relevant documentation that should be made available by the Company for the investigation of irregularities and to prevent access to the investigation procedure by any and all persons who, although indirectly, may have a conflict of interests with the outcome of the investigation process.
- The handling of irregularities, namely the prompt and effective handling of such communications, the implementation of corrective measures, when necessary, and informing the complainant of the outcome of the procedure.
- The communication by the Supervisory Board to the governing bodies of the Company or of its affiliated companies, whenever necessary, with a view to adopting the measures deemed necessary to remedy the investigated irregularities.
- Prevent the existence of reprisals that may arise from the report made, provided that it is proved that there is no bad faith or participation in any irregularity by the complainant.

According to best corporate governance practices, the Company's Whistle Blowing Policy, the main characteristics of which are described above, is available for consultation on the Company's website (https://www.sonaecapital.pt/en) and it covers the entire perimeter of the Sonae Capital Group.

The Statutory Audit Board did not receive in 2018, through the means defined for this purpose, any reports on matters under the scope of this policy.

Also, with regard to reporting irregularities of the members of the corporate bodies and committees in the performance of their duties, in accordance with article 10 of the Regulation of the Board of Directors, the members shall, by reference to article 8 of the same Regulation, inform promptly the appropriate body or committee to which they belong about facts that may constitute or give cause to a conflict between their interests and the corporate interest, being that the member who declares to be conflict of interests, will not interfere in the decision-making process, without prejudice to the duty of providing information and clarification that the body, the committee or the respective members require.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for the internal audit and/or implementation of internal control systems

A Risk Management is one of the core components of the Sonae Capital Group's culture and a pillar of the Company's Corporate Governance, being present in all the management processes. It is a responsibility of all Group employees, at different levels of the organisation.

Sonae Capital attaches primary importance to the implementation of internal control and risk management principles appropriate to the Group's activities. Visibility vis-à-vis the market, the exposure and diversification of business risks and the increasing speed of information transmission make it fundamental to adopt these principles, following a philosophy of value creation, ethical affirmation and social responsibility.

Risk Management is developed with the objective of creating shareholder value through (i) managing and controlling the opportunities and threats that may affect the objectives of Sonae Capital's portfolio and companies, (ii) preventing the occurrence of errors and irregularities and minimizing their consequences; and (iii) maximizing the organization's performance and the reliability of its information, in an ongoing business perspective. It stands out as one of the components of the sustainable development of companies, since, when embodied in coordinated plans and systems of management and control, it contributes to a continuous development of the business through greater knowledge of the uncertainties and threats and more effective management and control of the risks that can affect organisations.

Risk Management is inherent in all management processes and is assumed as a responsibility for all managers and employees of the Group. These are a fundamental element of a conservative risk management culture that is intended to be transversal to all activities and hierarchical levels of the Company.

The Risk Management role is to support companies in achieving their business objectives through a systematic and structured approach in identifying and managing risks and opportunities, promoting and supporting the integration of Risk Management into the planning and management control of the respective companies.

The Internal Audit role is to identify and evaluate the effectiveness and efficiency of the management and control of the risks of business processes and information systems, reporting functionally to the Statutory Audit Board.

It should be noted that the risks concerning the reliability and integrity of accounting and financial information are also evaluated and reported by the External Audit activity.

51. Explanation, possibly by inclusion of an organisational chart, of the hierarchical and/or functional dependency relationships with other bodies or committees of the Company

Bodies and committees responsible for Risk Management and Internal Control

- Board of Directors
- Executive Committee
- Board Audit and Finance Committee
- External Audit
- Internal Audit
- Risk Management
- Corporate Centre

The Board of Directors is the maximum body responsible for the risk management process. The Board of Directors is responsible for defining and approving the Group's risk management policies.

It is the responsibility of the Executive Committee to permanently assess the risks of the Group, approve the action measures/plans, models and mechanisms for the evaluation, control and mitigation of these risks.

The Board Audit and Finance Committee informs the Board of Directors on the adequacy of the internal information provided by the Executive Committee and of the internal control systems and principles, and on the compliance with the Corporate Governance best practices.

Moreover, the Board Audit and Finance Committee supports the Statutory Audit Board in appointing the Auditor, as well as defining the scope and remuneration of its work and it reports to the Board of Directors on the quality and independence of the Internal Auditor and should be consulted by the management on the appointment of the Internal Audit manager.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thus validating the internal control system established for this purpose by Sonae Capital.

Internal Audit, acting as an independent internal advisory body, identifies and evaluates the effectiveness and efficiency of risk management and control of business processes and information systems, as well as the risks of non-compliance with laws, contracts, policies and procedures of the companies. Its activity is reported to and monitored by the Board Audit and Finance Committee, and is also reported to the Statutory Audit Board.

Regarding the interrelationship between the two Audit bodies, the Board Audit and Finance Committee reviews the scope of Internal Audit work and its relations with the scope of the Auditor's work and analyses with this and with the Internal Audit manager the reports on the review of the annual financial information and on the review of internal control, reporting its findings to the Board of Directors. These reports are issued for the Statutory Audit Board and for the Board Audit and Finance Committee at the same time.

In turn, Risk Management promotes the performance of procedures and the internal dissemination of best practices, and is responsible for coordinating the entire risk management process of the Sonae Capital Group, collaborating with the risk managers of each business unit in the activities arising from the risk management process, and continuously ensuring the efficiency and effectiveness of the process.

52. Existence of other functional areas with risk control competences

Risk Management, integrated in the Corporate Centre, reports to the Executive Committee. It promotes, coordinates, facilitates and supports the development of Risk Management processes, promoting the inclusion of the risk dimension in strategic and operational decisions. This role and the Internal Audit role are coordinated by managers at the Corporate Centre level of Sonae Capital and their activities are reported and monitored by the Board Audit and Finance Committee of the Board of Directors.

Similar to that which occurs with the Internal Audit and Risk Management roles, the financial and legal risk management role is also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and monitored in the Board Audit and Finance Committee, and also reported to the Statutory Audit Board.

There are Risk Management Pivots at each business segment level, coordinated by the Group's Risk Management function, which works with the *owners* of each risk in order to ensure the implementation of the determined action plans, and the permanent update of the risk matrix of each segment.

53. Identification and description of the main types of risks (economic, financial and legal) to which the Company is exposed in the performance of its activity

53.1 Cross-Cutting Risks

Contextual Risks: The activity developed by the Sonae Capital Group is affected by the macroeconomic situation and by the profiles of the business segments where it operates. Considering that a large part of the activity of its subsidiaries is currently developed in Portugal, Sonae Capital is exposed to the situation of the Portuguese economy, which is, in turn, greatly shaped by the evolution of the situation in the Euro Zone.

Sonae Capital's activity, business, operating results, financial position, future prospects or ability to achieve its objectives may be potentially adversely affected by a negative development of the economic situation in Portugal or the Euro Zone.

The Sonae Capital Group has several initiatives in order to mitigate this risk, whether through business internationalisation or through strict control of costs, or by presenting innovative and differentiating solutions according to the profile of the markets where it operates.

Competition risks: In addition to Sonae Capital Group developing a wide range of activities in various sectors of activity and consequently exposed to economic cycles, such as the Promotion of Tourism, Hospitality, Fitness, Energy, Refrigeration & HVAC, Industrial Engineering and Real Estate Assets, several of these sectors are still very competitive by the intervention of national and international companies, and therefore Sonae Capital subsidiaries are exposed to strong competition. The ability of Sonae Capital subsidiaries to position themselves appropriately in the sectors and markets in which they operate may have a significant impact of on Sonae Capital business or on the results of its activities. The Sonae Group Capital regularly follows the behaviour of the markets where it operates, working in order to anticipate changes in customer demand and/or new market trends, in order to provide an innovative and differentiating proposal.

Financial Risks: Sonae Capital is exposed to a diversified set of risks of a financial nature, namely interest rate, foreign exchange risk (transaction and currency translation risks), liquidity and fluctuations in the capital and debt markets, credit (especially relevant in economic recession) and exposure to commodity prices.

Sonae Capital's financial risk management policy aims to minimise the potential adverse effects of financial market volatility and, to this end, a coherent set of systems and processes is implemented at Sonae Capital enabling the timely identification, monitoring and management by the Corporate Finance function.

The volatility of the financial markets has led liquidity risk, credit risk, and capital market and debt fluctuations to take centre stage in corporate priorities for the potential impact on business continuity and development. In fact, the business development of some Sonae Capital subsidiaries may require the reinforcement of Sonae Capital's investment in these subsidiaries, or Sonae Capital may wish to expand its business through organic growth or any acquisitions and business continuity requires the maintenance of liquidity reserves appropriate to the business requirements of the companies. The reinforcement of investment and maintenance of liquidity reserves may be done by means of equity or funds from third parties. Sonae Capital cannot ensure that such funds, if necessary, are obtained under the intended conditions, which may lead to changes or deferrals in the business development objectives or plans, restricting the success of the defined strategic objectives.

In this context, the aforementioned financial risk management systems and processes, centralised in the Company's corporate centre, are established in order to mitigate these risks by ensuring liquidity management through:

- short, medium and long-term financial planning based on predictive cash flow models;
- cashbook and working capital control instruments;
- strict customer credit management and monitoring of risk developments;
- diversification of funding sources and counterparties;
- adjustment of the debt maturity profile to the profile of cash flow generation and investment plans;
- maintenance of an adequate level of liquidity by contracting with known banks cash support lines.

Sonae Capital does not contract derivatives or other financial instruments, except those strictly related to the hedging of risks arising from its operational activities and its financing. The risk management policy of the Company and the Group prevents the use of financial derivative instruments for purposes other than the strict coverage of these risks.

Legal, Tax and Regulatory Risks: Sonae Capital and its subsidiaries are subject to extensive and often complex regulations as a result of their activities and compliance requires investment in terms of time and other resources, and therefore it has legal and tax advice for this purpose. In fact, Sonae Capital and its businesses have a permanent legal and tax function dedicated to each activity, which works in conjunction with other corporate and sovereign functions so as to ensure, in a preventive manner, the protection of Sonae Capital's interests in strict respect for the fulfilment of its legal duties as well as the enforcement of good practices.

Legal and tax advice is also supported, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competency, ethics and experience. However, Sonae Capital and its subsidiaries may be affected by legal and tax changes in Portugal, the European Union and other countries where it operates. Sonae Capital does not control these changes, or changes in the interpretation of laws by any authority. Any changes in legislation in Portugal, in the European Union or in the countries where Sonae Capital carries out its activities may affect the conduct of the business of Sonae Capital or its subsidiaries and, consequently, hinder or prevent the achievement of the strategic objectives.

Information Systems Risks: Sonae Capital's information systems are characterised by being comprehensive, multifaceted and distributed. In terms of information security, several actions have been developed to mitigate the risk of compromising the confidentiality, availability and integrity of business data, namely off-site backups, implementation of high availability systems, network infrastructure redundancy, verification and control of the quality of flows between applications, access and profile management and reinforcement of data network perimeter protection mechanisms. On a recurrent basis, the Internal Audit function performs audits in various domains: applications, servers and networks, with the objective of identifying and correcting potential vulnerabilities that may have a negative impact on the business, as well as ensuring the protection of the confidentiality, availability and integrity of the information.

Following the audit of the management and governance processes in the information systems, based on the *framework Cobit V5,* an Information Security project started in 2016 with a view to addressing the recommendations of the audit evaluation as well as outlining strategies and intervention plans to protect Sonae Capital's information and information systems. This project will culminate in the development of an Information Security Management System founded on policies, standards and procedures, based on information security risk management and supported by specific processes with unequivocally identified and qualified managers.

People Risks: Sonae Capital's ability to successfully implement the defined strategies depends on its ability to recruit and retain the most qualified and competent employees for each role. Although Sonae Capital's human resources policy is geared towards achieving these objectives, it is not possible to guarantee that in the future there may be no limitations in this area.

Public Health Risks: Sonae Capital acknowledges that Health is an essential cornerstone for the sustained development of its businesses, a differentiating aspect and the driving force behind all its success.

Risk assessment and the definition of measures to minimise these risks are carried out continuously, in conjunction with the business units, particularly through training our staff, close relationships with staff in the workplaces and conducting audits.

Aware that people are its greatest asset, both employees and customers, Sonae Capital is committed to preventing the spread of diseases and improving the internal control environment for systems and equipment used to support its business activities. This is a fundamental cornerstone of motivation, sustainability and growth.

On this topic, special attention must be paid to the prevention and control procedures and plans implemented generally in the business segments to mitigate the risk of Legionnaires' disease.

Insurable Risks: As regards the transfer of insurable risks (technical and operational), the Group's companies contract coverages pursuing an objective of rationalisation by the correct adjustment of the financial structure to the values of the risk capital, based on the permanent changes in the businesses encompassed. Moreover, this architecture was improved by the optimisation of the insurance programme in terms of coverage and retention, consistent with each business, internally ensuring effective insurance management.

53.2 Companies' Risks

Sonae Capital, as an holding company (SGPS), directly and indirectly develops management activities over its subsidiaries, and therefore, the fulfilment of the obligations taken on depends on the cash flows generated by its subsidiaries. Sonae Capital therefore depends on the distribution of dividends by its subsidiaries, the payment of interest, the repayment of loans granted and other cash flows generated by those companies. The ability of the invested companies to make available/repay funds to Sonae Capital will depend in part on their ability to generate positive cash flows from their operational activities, as well as on the statutory, legal and fiscal framework applicable to the distribution of dividends and other forms of payment/return of funds to its shareholders.

53.3 Subsidiaries' Risks

Sonae Capital's portfolio includes a diversified business portfolio, therefore some of the main risks its subsidiaries are exposed to may be sectoral. The main risks are identified below.

53.3.1 Troia Operations

a. The activities developed by Troia Operations are subject to economic cycles and depend on the growth of tourism and real estate in Portugal. Thus, the tourism operations of this business depend on tourism demand, which is associated with the evolution of both the national and international economy. Any negative economic developments in Portugal or in the main tourist countries for the Portuguese market may have a negative impact on the performance of this activity, due to a reduction in the number of tourists.

b. The activities of Atlantic Ferries and Tróia Marina are subject to the terms and deadlines mentioned in the concession contracts entered into: (i) Atlantic Ferries entered into an agreement with APSS (*Associação dos Portos de Setúbal e Sesimbra*) in 2005, with entry into operation in October 2007, for a public service concession for the inland waterway transport of passengers, light and heavy goods vehicles between Setúbal and the Peninsula of Tróia. The concession is for 15 years and can be extended for successive periods of 5 years, if both parties agree to do so; (ii) Tróia Marina also signed a concession contract with APSS in 2001 for the commercial operation of Tróia Marina, for a period of 50 years. Any breach of contractual obligations may entail significant risks to the activity and impact on the results of these companies.

c. This business may still be subject to seasonality, whereby abnormally adverse weather conditions during those periods may adversely affect the level of business activity and operating results.

53.3.2 Hospitality

a. This business activity depends on tourism demand, which is associated with the evolution of both the national and international economy. Any negative economic developments in Portugal or in the main tourist countries for the

Portuguese market may have a negative impact on the performance of this activity due to a reduction in the number of tourists.

b. This activity is also subject to demand fluctuations related to natural disasters, as well as to social or political factors that may have an impact on the flow of tourists and, consequently, on occupancy rates.

c. The hospitality activity is subject to the supervision of the Directorate General of Tourism and the compliance with specific legislation for this field.

d. The hospitality activity may depend on the competitive intensity - regional and global - of the tourist destination where it is located. Competition between tourist destinations is increasingly aggressive as a result of the growth in demand, the massification of air transport and the emergence of new destinations. However, in addition to its location, Sonae Capital believes that the brand's reputation and the quality of its businesses, particularly in relation to the complementary activities offered (catering, golf and other leisure activities), are important competitive advantages in this sector.

e. The possibility of public health risks in the development of catering activities that jeopardise the health of customers in the respective facilities may imply that the companies in this segment are held accountable in this field, which may have an adverse effect on results, their financial situation and reputation. The business seeks to mitigate possible risks to the catering business and others arising from situations that could pose risks to public health. Of note in this area are:

- the implementation and consolidation of a food safety audit plan aimed at the kitchens and outlets included in the hotel units, as well as all catering stations operated, highlighting and reporting the main findings to the company and giving guidance on corrective actions. This audit plan aims to systematically check compliance with legal norms and internal rules on food safety. The hospitality activity uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the *Codex Alimentarius* - Annex to CAC/RCP 1-1969, Rev. 4 (2003), complying with the requirements specified therein as well as with current legislation, in particular Regulation (EC) No. 852/2004 of the European Parliament and the Council of 29th April 2004, on the hygiene of foodstuffs.

- the implementation, since 2015, of a set of best practices in the prevention and control of Legionnaires' disease according to the recommendations made by the Directorate General for Health to reduce the risk of this disease in hotels and tourism developments. The risk of this disease developing is mitigated through the careful application of a set of measures aimed at thermal and/or chemical disinfection of water and the implementation of a periodic inspection, cleaning and maintenance programme for the systems and equipment involved.

53.3.3 Fitness

The most relevant risks in the leisure sector, namely in the Fitness segment, where the Sonae Capital Group operates under the brands Solinca, Pump and ONE (health clubs), are as follows:

a. The health clubs activity may be impacted by economic developments, namely by a decrease in consumer confidence and a consequent impact on household disposable income.

b. The entry of new competitors, opportunities for consolidation in the market, repositioning of current competitors or the actions they can take to conquer new markets or increase market share (price wars, promotional activity, introduction of new concepts, innovations) may jeopardise the market share the business aims to achieve and the business strategy. The response to increased competition may lead to price decrease or the implementation of promotional discounts, which may have an impact on the Company's results.

In order to minimise this risk, Fitness business carries out constant benchmarking of its competitors' actions and invests in new formats and products/services, or in the improvement of existing ones, in order to offer its customers an innovative proposal.

c. Making services, equipment and infrastructures available that do not comply with quality levels and the changing needs demanded by customers may expose the Company to complaints, hinder customer attraction and loyalty, as well as negatively impact on its image and reputation.

Consumers frequently change their preferences and expectations, which requires continuous adaptation and optimisation of the product offer and business concepts. The difficulty or inability to foresee, understand and/or to meet the frequent variations of the needs and expectations of customers can be reflected in difficulties concerning their loyalty in the medium term.

To anticipate market and consumer trends, Fitness business regularly reviews customer behaviour, satisfaction and loyalty by conducting monthly surveys (*Net Promoter Score*). The introduction of new concepts, products and/or services is always tested on pilots before being generalised to all clubs. In addition, Solinca Health & Fitness allocates a significant portion of its annual budget to the renewal of equipment and facilities in order to ensure attractiveness and keep up with the challenges imposed by the market.

d. Fitness businesst may be held liable in the event of accidents or unforeseen circumstances due to inappropriate physical activity that affect the life, health or physical integrity of people, which may have an adverse effect on its reputation and consequently on its results.

Fitness business has several initiatives in place to mitigate this risk, namely the obligation of customers to carry out a medical evaluation questionnaire at the time of enrolment, offering an initial physical evaluation to all customers and encouraging it, training in basic life support for all employees, as well as the existence of occupational accident, property damage and civil liability insurance policies.

e. Fitness business may be held liable in the event of the existence of public health risks arising from the development of its business activity, which could jeopardize the health of clients in its facilities, with an adverse effect on its reputation and consequently on its results. In this area, it is important to highlight the risk of legionnaires' diseases in places aerosols can form, such as showers, jacuzzis, turkish baths and saunas.

Since 2012, a set of initiatives is in place in all health clubs, aimed at reducing the risk of legionnaires' disease. These include thermal and/or chemical disinfection of water and the implementation of a periodic inspection, cleaning and maintenance programme on the systems and equipment involved.

f. Legislative changes (e.g. tax, legal, labour, competition, etc.) may threaten the specific strategies defined by Fitness business in the development of its activities, involve contractual changes with the main stakeholders or dictate an increase in its costs.

53.3.4 Refrigeration & HVAC

The activities related to Refrigeration & HVAC, which operate under the brand RACE, have specific risks, mostly related to the competition of other companies operating in the same markets and the evolution of the economy. The most relevant risks are related to the following:

a. The activity developed by the Group is shaped by the macroeconomic situation and by the profiles of the markets where it operates. The products developed by the Group have the nature of durable goods, mainly aimed at the real estate and food distribution sectors. The Group's operating activity, as a result, is cyclical and is positively correlated with the cycles of the economy in general and, in particular, with developments in those specific sectors. Accordingly, the Group's business and that of its invested companies may be adversely affected by periods of economic recession, in particular by the deterioration of private investment. The availability of credit in the economy is also relevant to the business, due to the potential impact it has on the real estate market. RACE, through its subsidiaries*, is directly represented in Portugal, Brazil and Mozambique, where it produces and sells. These markets have different macroeconomic, political and social profiles and, as such, are experiencing different responses to the global economic and financial crisis. In fact, the pace at which the various markets will emerge from the current crisis is dependent on variables that the Group does not control. Likewise, the possible occurrence of political and/or social tensions in any of the markets may have a material impact that cannot be estimated on the business's operations and financial situation.

The development of this segment, considering the market framework in Portugal, is therefore based on the growth of the international arm, via exports. The evolution of the world economy, the specific risks of the selected countries and the capacity to conquer new markets could, therefore, have an impact on the activity of this segment.

b. The Group's business is geographically diversified, with subsidiaries located in three different continents, therefore there are transactions and balances in *reais* and *meticais*.

The consolidated statements of financial position and the income statement are thus exposed to the currency translation risk (risk relative to the value of capital invested in subsidiaries outside the euro area) and the subsidiaries are exposed to the currency translation risk (risk associated with commercial transactions carried out in a currency other than the euro). The transaction risk arises essentially when there is a currency risk related to cash flows denominated in a currency other than the functional currency of each of the subsidiaries. The cash flows of Group companies are largely denominated in their respective local currencies. This is true regardless of the nature of the cash flows, i.e. operational or financial, and allows a considerable degree of natural hedging, reducing the Group's transaction risk. In line with this principle, the Group's subsidiaries only contract financial debt denominated in the respective local currency. The currency translation risk arises from the fact that, in the preparation of the consolidated financial statements of the Group, the financial statements of subsidiaries with a functional currency different from the reporting currency of the consolidated accounts (Euro) have to be converted into Euros. As exchange rates vary between accounting periods and since the value of the subsidiaries' assets and liabilities do not coincide, volatility is introduced in the consolidated accounts.

In order to minimise potentially adverse effects arising from the unpredictability of financial markets, the Group, besides having an exchange risk management policy and implementing control mechanisms for the identification and determination of exposure, sometimes uses derivative instruments to cover this risk.

*The current international operations of the Refrigeration & HVAC segment were considered as assets held for sale and, therefore, their contribution to the consolidated results is reflected as discontinued operations.

53.3.5 Energy

The Energy business, which operates under the brand CapWatt, focuses its activity mainly on the development and management of cogeneration projects. Cogeneration is a way of rationalizing energy consumption, since the production of electricity from the energy released during combustion brings a more efficient use of fuel - natural gas in the majority of Sonae Capital's projects. In a cogeneration plant there is a reduction in fuel consumption, compared to the production of the same quantities of thermal energy and electricity, separately.

Although this type of electricity generation is a more efficient and environmentally friendly alternative, it nevertheless carries with it certain specific risks that may have an impact on the companies' results. The most relevant risks are as follows:

a. Cogeneration projects use, in most of the cases, natural gas as the primary fuel in the combined production of electricity and thermal energy, so the purchase price of this raw material has significant weight on the variable cost structure. Consequently, the volatility of the purchase price of natural gas, normally linked to the price of oil in international markets and the euro/dollar exchange rate, could translate into a significant impact on the Company's results and margin.

It should be noted, however, that the tariff for the sale of electricity by cogeneration units is regulated and also linked to the evolution of the price of oil in international markets and the euro/dollar exchange rate, which, by itself, allows exposure to this risk to be significantly reduced. In particular, the electricity sales tariff defined by Ordinance 58/2002, the remuneration scheme applicable to most cogeneration units, and the purchase price of natural gas are highly correlated, giving a considerable level of natural hedging as regards gross margin.

However, Decree-law 23/2010 and Ordinance 140/2012 established a new remuneration scheme for cogeneration in Portugal, applicable to new cogeneration units, which entailed the loss of the hitherto existing natural hedging, since the elasticity of prices to unit variations of the indexing factors is now totally different. The natural gas purchase price has significantly higher sensitivity than the electricity sales tariff, which translates into an increased risk of exposure to the volatility of the natural gas purchase price. This fact will become increasingly relevant as cogeneration facilities move to this new remuneration scheme.

In order to mitigate this risk, CapWatt regularly monitors the development of the natural gas price as well as its future development tendency, assessing at all times the attractiveness of the hedging of this risk by fixing natural gas purchase price over a set period of time, whether with the supplier or through derivative financial instruments.

In addition, as regards the allocation of CO2 emission allowances, the European greenhouse gas emissions allowance trading scheme (ETS) has introduced significant changes in the allocation rules for the period from 2013 onwards. The total quantity of allowances is determined at Community level and the allocation of allowances carried out by auction, with the free allocation still marginally permitted through compliance with benchmarks defined at Community level.

In addition, cogeneration units with nominal terminal power higher than 20MW are covered by the European trading scheme emissions trading of greenhouse gases (EU ETS).

The reform of the EU ETS for the post 2020 period introduced a number of amendments and reforms to reduce the surplus allowances on the market and improve system resilience to future shocks, contributing to a significant rise in the price of licenses on market. The total quantity of allowances is determined at Community level, but now subject to a linear reduction factor of 2.2% (instead of 1.74% in the current period of fulfillment). The auction continues to be the main rule for allocation of allowances, while remaining marginally the free allocation by application of benchmarks defined at Community level. The free allocation of allowances follows a downward trend year after year, with a view to its extinction.

The cogeneration units covered by this scheme will have increasing need to go to the market for CO2 allowances and are exposed to fluctuations in their price.

b. The reduction of thermal energy consumption and default by the host as regards defined contractual clauses, such as exclusivity, take-or-pay, among others, may impact on the revenues of the business, through the reduction of the electricity tariff premium or, ultimately, the loss of legal cogenerator status.

c. The focus and concentration of the business in the cogeneration activity relative to alternative forms of energy could increase the company's risk to external factors and consumption profiles.

In order to minimise this risk, the Sonae Capital Group has established a growth plan for this business segment which includes investing in renewable energy, as well as the internationalisation of the business, thus diversifying the portfolio both technologically and geographically.

d. The cogeneration units have support systems that can be associated with the development of the Legionella bacteria. Of note, among them, are the cooling towers, evaporative condensers and air conditioning systems. Special attention is required in places where there is standing or stagnant water, where the water temperature can reach between 35ºC and 50ºC. The following preventive measures have been put in place to attenuate this risk: implementation of maintenance plans according to manufacturers' recommendations, best practices and local conditions; dispensing biocides to ensure reserves above the values deemed necessary for the non-development of bacteria colonies; checking, calibrating and adjusting water treatment dispensing equipment every month; analysis and quality control of the water every month; periodic analysis for the presence of Legionella; and periodic cleaning of the main equipment (cooling towers). In this area, CapWatt has been optimising the measures implemented in the facilities in order to improve the entire prevention and control process, seeking to minimise the risk of Legionella bacteria being found during an inspection.

The following specific risks are identified regarding the production of energy from renewable energy sources:

e. Electricity generation from renewable energy sources is regulated in terms of tariff, so any future tariff fluctuations may translate into significant impacts on the company's results and margin.

f. The amount of energy produced is dependent on the availability of the resource. Therefore, lower availability than that initially estimated may impact the regular turnover and profitability of the projects. Moreover, one of the greatest challenges in harnessing renewable resources relates to their intermittence, since climatic conditions (wind strength, solar radiation, etc.) are not always favourable when electricity is necessary due to the impossibility or high cost of storage.

In order to minimise this risk, the Sonae Capital Group promotes, under the technical due diligence procedure carried out for each of its projects, a thorough study of the resource in order to define different scenarios and the consequent evaluation of the economic feasibility of the projects.

The Energy business, regardless of the primary energy source used, encompasses the following risks of a more general nature:

g. Energy generation under the special scheme in Portugal has the tariffs predefined by the Portuguese State, as a way of encouraging alternative forms of electricity production that are more efficient and environmentally clean. Consequently, the risks regarding the electricity sale price are currently reduced. Although electricity is sold at a price defined by the Portuguese State for a long period of time, the profitability of the operations depends on the stability in the short, medium and long term of regulatory policies and schemes that support the development of energy efficiency.

Any possible governmental changes to energy policy in the future may prove to be a risk to future projects and to the viability of developing the business in the long term.

h. Energy production is subject to supervision by the Directorate-General for Energy and Geology (DGEG) and the Energy Services Regulator (ERSE), which are the entities responsible for regulating the electricity sector in Portugal. Production must also comply with specific legislation on the field. Any change to the broad legal framework applicable to the sector may entail significant risks for the activity of this segment.

i. The occurrence of extraordinary situations, such as fires, adverse weather and/or accidents, may threaten the company's ability to maintain operations, provide essential services or cover operational costs. In order to minimise this risk, the Sonae Capital Group conducts regular preventive and safety audits of the facilities and equipment and periodically reviews and adapts the insurance plans for property damage, operating losses and civil liability in force.

j. The absence or inadequate maintenance of equipment, or the lack of control of the service levels of the suppliers (equipment, maintenance and spare parts) that do not ensure adequate functionality, safety and compliance can lead to inefficient processes or cause significant damage to equipment. Furthermore, not adequately using resources, at the lowest cost and the highest yield can impact on the profitability of each project and threaten its viability.

k. The abovementioned growth plan implies additional investments, the conditions for which may be limited by the financial environment, the Group's current level of indebtedness and the evolution of its activity and its subsidiaries.

Sonae Capital cannot ensure that such funds, if necessary, are obtained under the intended conditions, which may lead to changes or deferrals in the objectives or impair business growth capacity.

53.3.6 Industrial Engineering

Sonae Capital acquired ADIRA in 2017. ADIRA is a Portuguese-based company dedicated to the development, design, manufacture, production and marketing of machine tools, with the majority of its business activity aimed at international markets.

The business activity of ADIRA comprises specific risks that may have an impact on the company's results. The most relevant risks are as follows:

a. Changes in the global macroeconomic environment may restrict the company's activity or generate negative impacts on its results.

ADIRA seeks at all times to mitigate this risk by diversifying the destination markets of its exports. It operates in about 40 markets, which represent more than 50% of its turnover. These markets have different macroeconomic, political and social profiles and, as such, are experiencing different responses to worldwide economic and financial crises.

b. The company's competitive position faces threats from new competitors and the actions of competitors already existing in the market. The company actively monitors technological innovation in the sector and has sought to be a differentiating element in the market, particularly with additive technology and the dematerialization of machines. It does not expect any disruptive change in the sector that could threaten its competitive position.

c. The machine tools produced by ADIRA are mainly intended for use in the metal products manufacturing sector, in particular the metalworking and metal construction sectors. Accordingly, its operating activity is positively correlated with the cycles of the economy in general and, in particular, with developments in those referred sectors. To this extent, the business may be adversely affected by periods of economic recession, in particular by the deterioration of the level of private investment to grow or technologically renew the productive capacity of its customers.

d. The company is exposed to specific regulations applicable to its activity/sector, namely the Machinery Directive/CE Certification, which aims to regulate the placing on the market and the operational start up of new machines. Changes in laws and regulations or litigation claims that result in a reduction of the company's capacity to conduct business efficiently are not expected.

In order to minimize this risk, ADIRA has external legal advice that allows it to ensure compliance with current laws and regulations and consequently avoid sanctions, fines and penalties that could threaten the company's reputation, business opportunities and potential for expansion.

e. ADIRA uses steel sheet in its production process, the price of which evolves according to the price of steel on international markets. The cost of acquiring this raw material has significant weight in the variable costs structure. Consequently, the volatility of the purchase price of sheet steel could translate into significant impacts on the company's profits and margin. In order to minimise this risk, ADIRA closely monitors the evolution of steel prices in international markets and has a diversified supplier base, among which it seeks to negotiate the best price.

53.3.7 Real Estate Assets

Sonae Capital Group owns a diversified real estate portfolio, whose strategic purpose is to sell, although subject to a price considered acceptable. However, Sonae Capital cannot guarantee its implementation or the period when that will occur, especially if no suitable acquisition proposals arise. This real estate portfolio comprises a wide range of assets at different licensing and construction stages, including plots of land with and without construction permits, residential units, construction projects, offices, industrial buildings and commercial spaces, and with extensive geographical dispersion. The loss of liquidity of portfolio assets and/or difficulties in placement of these assets on the market may affect the ability to grow the business and the fulfilment of its strategic objectives.

With regard to real estate assets located in Tróia Resort:

a. The success of the marketing of tourist complexes depends on the economic situation of the real estate sector in Portugal and in the main countries of origin of foreign investors, on the date of placing on the market (to the extent that a significant part of the tourist offer is promoted in foreign markets), as well as the stability of the government incentives to foreign direct investment. The new rules for awarding residency visas to foreigners wishing to invest in Portugal, under the residence permits for investment (ARI), also known as "*golden visas*", caused a slowdown of the dynamics of this market's segment. Thus, a less favourable environment than expected may impact the business, in particular as regards selling prices and deadlines.

b. The activity developed by the Resorts, while tourism operator, is subject to the supervision of the General Directorate of Tourism and to compliance with specific legislation on this matter. A different framework than expected could jeopardise the current expectations about the business, in particular as regards selling prices and deadlines for placing, with potentially negative impact on the financial situation of this business.

c. In the Tróia peninsula, tourist real estate activity can be affected by possible competition from other ventures, in particular of the Alentejo coastline, Algarve and southern Spain. However, Sonae Capital considers that the Tróia Resort project is being developed in an area where the biodiversity and the existing heritage are considered factors of differentiation, and may be capitalized in new services and products of interest with positive impact on its development.

d. In addition to the potential impact referred to in the preceding paragraph, the tourist real estate promotion may also be affected by any changes in territorial instruments applicable to the national territory and more specifically in the Tróia peninsula, despite constant monitoring of these issues by Sonae Capital, through its subsidiaries, before the competent authorities.

54. Description of the process of identification, evaluation, monitoring, control and risk management

As a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge, Risk Management is integrated throughout Sonae Capital's planning process, with the objective of identifying, evaluating and managing the opportunities and threats that the businesses of Sonae Capital face in pursuit of their value creation goals.

Sonae Capital's management and monitoring of its main risks is implemented through different approaches and agents, including:

Internal Control policies and procedures defined at the central level and at the level of the businesses, in order to guarantee:

- Correct segregation of functions and duties;
- Definition of authority and responsibility;
- Safeguarding of the Group's assets;
- Control, legality and consistency of operations;
- The performance of plans and policies defined by more senior management;
- The integrity and accuracy of accounting records;
- The effectiveness of management and quality of the information produced.

Regular audits are carried out by the Internal Audit team to ensure permanent compliance with established policies and procedures.

Risk Management Process supported by a uniform and systematic methodology, based on the international standard of Enterprise Risk Management - Integrated Framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which includes, in particular:

- Definition of the risk management approach (dictionary of risks, definition of a business risk matrix and a common language);
- Identification and systematisation of the risks that can affect the organisation and each segment, and the appointment of risk owners (employee responsible for monitoring their evolution);
- Assessment and attribution of the degree of criticality and priority of risks, depending on the impact on business objectives and probability of occurrence; Identification of the causes of risks and indicators to measure these risks;
- Assessment of risk management strategies (e.g. accept, prevent, mitigate, transfer);
- Development and implementation of risk management action plans and their integration into the planning and management processes of business units and functions;
- Monitoring and reporting on the progress of implementation of the action plan and the evolution of risks.

Identification of risks	**Prioritization of risks**	**Risk strategy**	**Assessment and Monitoring**
Identify and assess risk To be revised annually (during the Strategic Planning cycle)	Establish the importance of each risk in relative terms Allocate an owner	Definition of key risk measures: (i) Tolerated risk profile; (ii) Mitigation actions; (iii) Transfer.	Integrated risk assessment: (i) how to measure, (ii) incorporation in the Business Plan and (iii) aggregate levels of risk and hedging
Business Risk Model (Individual e Aggregated) Follow-up Group		Action Plan	Reporting and Planning

This process comprises the following routines:

(i) Strategic planning includes identifying and assessing the risks of the portfolio and of each existing business unit, as well as the development of new businesses and the most relevant projects, and the definition of strategies for managing those risks;

(ii) On an operational level, the risks of managing the business objectives are identified and evaluated, and risk management actions are planned, which are included and monitored within the business unit and functional unit plans;

(iii) In the more cross-cutting risks, in particular in major organisational change projects, contingency plans and business continuity plans, structured risk management programmes are developed with the participation of those responsible for the units and functions involved;

(iv) In relation to the safety risks of physical assets and persons ("technical-operational" risks), audits are carried out on the main units and preventive and corrective actions of the identified risks are implemented. The financial hedging of insurable risks is reassessed on a regular basis;

(v) Financial risk management is carried out and monitored within the scope of the Company's financial and business functions, centralised in the Corporate Centre, the activity of which is reported and monitored by the Finance Committee of Efanor Group companies and the Board Audit and Finance Committee of the Board of Directors;

(vi) Legal, tax and regulatory risk management is carried out and monitored within the scope of the legal and tax function of the Corporate Centre;

(vii) Internal Audit develops annual work plans that include audits of critical business processes, compliance audits, financial audits and audits of information systems.

Actions implemented in 2018

In accordance with the methods defined and implemented in previous years, the risk management processes were integrated with the processes of business management planning and control, from the strategic reflection phase to the operational planning phase. The risk management actions were included in the activity and resource plans of the business units and functional units, and monitored throughout the year.

In 2018, the Enterprise Wide Risk Management activities focused mainly on monitoring progress in the implementation of action plans and assessing their impact on risk perceptions, following the annual cycle of Enterprise Wide Risk Management, which is based on the following activities:

Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

	Set-up/ review of the risk management function	Annual performance of risk management	Monitoring and follow-up	Annual review
Board of Directors	Review of the alignment of risk management with Sonae Capital's strategy Definition/updating of the governance structure	Analysis of the impact of decisions on risk management	Monitoring of the significant risks and the general risk profile of Sonae Capital	Approval of new risk profiles (if applicable)
Executive Committee	Definition of periodic risk reporting mechanisms by business areas	Approval of the risk profile of Sonae Capital at the corporate level and level of each business	Definition and review of risk appetite defined at the corporate and business level Approval of the defined mitigation actions	Approval of new risk portfolios (if applicable)
Corporate Risk Manager	Internal disclosure/ communication of Sonae Capital's risk management policies, procedures and milestones	Aggregation and hierarchy of risks tobe handled Support to the Board of Directors for the standardisation and prioritization of the risks of the various businesses Sonae Capital risk profile proposal	Follow-up of the KRIs of Sonae Capital (corporate and business) Follow-up of Sonae Capital's mitigation actions (corporate and business)	Drawing up situation report of the KRIs and mitigation actions of the Group Presenting the situation to the Board of Directors
Business Unit Risk Manager		Assessment of business risks and definition of risk profiles and files and response strategies	Update of KRI's Monthly reporting of KRIs and actions	Analysis of current risks and identification of new critical risks Updating risk files

The Risk Management Department continued to support risk management in the organisation's main projects, namely in the following projects.

In 2018, we started the programme to adapt the Group to the standards set forth in the General Data Protection Regulation, approved in May 2016 and applicable from 25 May 2018.

Sonae Capital encourages the continuous training and adoption of the best international methodologies and practices in the Risk Management and Internal Audit areas. In this sense, the Group supports staff in attending a training and knowledge updating programme that includes the international professional certification in Internal Audit organised by the Institute of Internal Auditors - that of Certified Internal Auditor (CIA). The members of the Internal Audit team have obtained this professional certification.

External Audit evaluates and reports on the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system established for this purpose by Sonae Capital, which embodies the clear separation between the preparer and its users and the implementation of various validation procedures throughout the process of preparation and disclosure of financial information.

The **Board** Audit **and Finance Committee** analyses the risks of the Company, the risk control models and mechanisms adopted and the mitigation measures taken by the Executive Committee. It evaluates their suitability and proposes to the Board of Directors any needs for change in the Company's risk management policy.

55. Main elements of the internal control and risk management systems implemented in the Company with regard to the financial disclosure process

The implementation of an effective internal control environment, particularly in the financial reporting process, is a commitment taken by the Board of Directors of Sonae Capital to identify and improve the most relevant processes for preparing and disclosing financial information, with a view to ensure transparency, consistency, simplicity, reliability and relevance. The internal control system is designed to ensure a reasonable guarantee with regard to the preparation of the financial statements, according to the accounting principles used, and the quality of the financial reporting.

The reliability of the financial information is ensured by the clear separation between preparers and its users and the implementation of various control procedures throughout the process of preparation and disclosure of the financial information.

The internal control system for accounting, preparation and disclosure of financial information includes the following key controls:

- The financial information disclosure process is formalised, the associated risks and controls are identified and the criteria for its preparation and disclosure are duly established and approved and are reviewed periodically;
- There are three main type of controls: high level controls (entity level controls), information system controls and procedural controls. These controls include a set of procedures related to the execution, supervision, monitoring and improvement of processes, with the objective of preparing the company's financial reports;
- The use of accounting principles, which are explained in the notes to the financial statements, is one of the key stepping stones to the control system;
- The plans, procedures and records of the Group companies allow for a reasonable assurance that transactions are only carried out with general or specific authorisation from management and that these transactions shall be recorded in order to enable financial statements compliance with the generally accepted accounting principles. This also ensures that the companies keep up-to-date records of the assets and that these records are checked against the existing assets. Appropriate steps shall be taken whenever discrepancies come to light;

- The financial information is examined by the business unit administrators and the representatives of the results centres on a systematic and regular basis, thus providing for a constant monitoring and budget control;
- During the process of preparing and reviewing the financial information, a schedule is first drawn up and shared with the different areas involved and all the documents are carefully reviewed. This includes reviewing the principles used, checking the accuracy of the information generated and consistency with the principles and policies established and used in previous years;
- The Accounting, Supervision and Reporting central function is responsible for the accounting records and the preparation of the financial statements, ensuring the control over the recording of the business process transactions and the balances on assets, liabilities and equity accounts;
- The consolidated financial statements are prepared every quarter by the Accounting, Supervision and Reporting central function;
- The Management Report is prepared by the Corporate Management Planning and Control Department, with the additional contribution and review from the various support and business areas. The Statutory Auditor also reviews the content of this report and its compliance with the supporting financial information;
- The Corporate Governance Report is prepared jointly by the Legal Department and the Corporate Management Planning and Control Department;
- As The Group's financial statements are prepared under the supervision of the Group's Executive Committee. The set of documents comprising the half-yearly and annual reports is sent to the Board of Directors of Sonae Capital for review and approval. Upon the approval, the set of documents on the annual financial statements is sent to the Auditor, and the Statutory Audit Certificate and the External Audit Report are then issued;
- The Statutory External Auditor carries out an annual audit on the individual and consolidated accounts. These audits are carried out in accordance with the Technical Standards and Auditing Guidelines of the Portuguese Order of Statutory Auditors, with the objective of achieving an acceptable level of safety as to whether the financial statements are free of relevant material misstatement. This audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. The estimates and judgements made by the Board of Directors are also evaluated. The audit also includes evaluating the appropriateness of the accounting policies used, their consistent enforcement and disclosure;
- The process of preparing the individual and consolidated financial information and the Management Report is supervised by the Statutory Audit Board and the Audit and Finance Committee of the Board of Directors. Every quarter, these bodies meet and analyse the individual and consolidated financial statements and the Management Report. The Statutory External Auditor submits directly to the Statutory Audit Board and the Audit and Finance Committee a summary of the key findings from the annual audit on the financial information;
- All those involved in the financial analysis of the Company are part of the list of people with access to privileged information, and are particularly aware of their obligations, as well as of the penalties arising from the misuse of inside information;
- The internal rules applicable to the disclosure of financial information aim to ensure its timely disclosure and prevent asymmetric access to information by the market.

The risk factors that could materially affect the accounting and financial reporting include the following:

- Accounting estimates – The most significant accounting estimates are described in the notes to the financial statements. The estimates were based on the best information available while the financial statements were being prepared and on the best knowledge and experience of past and/or present events;

- Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the notes to the consolidated financial statements. These are mainly associated with the operating activities of the Group as well as loan granting and receiving at market prices.

More specific information on how these and other risk factors were mitigated is available in the notes to the consolidated financial statements.

IV. Investor Support

56. Service responsible for investor support, composition, duties, information made available by this service and contact information

The Investor Relations Office is responsible for managing the relationship between Sonae Capital and the financial community - current and potential investors, analysts and market regulatory authorities - with the goal of enhancing their knowledge and understanding of the Company by providing relevant, updated and reliable information.

In strict compliance with the legal and regulatory provisions, Sonae Capital has as a rule to immediately inform its shareholders and the market in general about the highlights of its activity, in order to avoid gaps between the occurrence and disclosure of those facts, having fulfilled this commitment over the years.

The Investor Relations Office regularly prepares presentations for the financial community, announcements on quarterly, semi-annual and annual results, as well as relevant communications to the market whenever necessary to disclose or clarify any event that can influence the price of Sonae Capital shares. In addition, and upon request, provides information on the activities of the company, responding to questions via email or by telephone.

To further enhance effective communication with the capital market and ensure the quality of the information provided, the Investor Relations team conducts roadshows covering the most important financial centres and participates in conferences. In parallel, the Investor Relations Office promotes access for investors and analysts to Executive Directors of Sonae Capital, in the form of one-to-one meetings or conference calls.

The information is made public through publication on the Portuguese Securities Commission Information Disclosure System (www.cmvm.pt) and on the Company's website (https://www.sonaecapital.pt/en).

The Investor Relations Office can be contacted by telephone (+351 22 010 79 03), fax (+351 22 010 79 35), email (ir@sonaecapital.pt) or post (Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia). The Director of the Investor Relations Office is Nuno Parreiro, who can be contacted using the same above numbers and addresses.

57. Representative for Capital Market Relations

The representative for Capital Market Relations is Anabela Nogueira de Matos, who can be contacted by telephone (+351 22 010 79 25), fax (+351 22 010 79 35) or email (anm@ sonaecapital.pt).

58. Information on proportions and the deadline for replying to information requests received during the year or pending from previous years

In 2018, the Investor Relations Office received a normal number of requests for information, taking into account the size of the Company in the capital market.

Sonae Capital SGPS, S.A., through its Investor Relations Office, is in constant contact with its shareholders and analysts, providing information that is always up-to-date. In addition, upon request, it provides clarification of the relevant facts about the Company's activities, which have made available to public in accordance with the law. All information requested by investors is analysed and answered in the shortest possible time, by email, post or telephone, whichever is most suitable.

V. Website

59. Address

Sonae Capital has a website where all the information about the Company is disclosed. The address is: https://www.sonaecapital.pt/en

60. Location of the information mentioned in Art. 171 of the Portuguese Companies Code

Specific information is available for consultation at the following address:
https://www.sonaecapital.pt/en/corporate-governance/corporate-details

61. Location for the provision the Articles of Association and the regulations of the corporate bodies and/or committees

Specific information is available for consultation at the following addresses:
https://www.sonaecapital.pt/en/corporate-governance/articles-of-association
https://www.sonaecapital.pt/en/corporate-governance/regulation

62. Location for the provision of information about the identity of the statutory governing bodies, the representative for market relations, the investor relations office, respective functions and contact details

Specific information is available for consultation at the following addresses:
https://www.sonaecapital.pt/en/corporate-governance/organs-of-government
https://www.sonaecapital.pt/en/sonae-capital/contacts

63. Location for the provision of accounting documents and calendar of corporate events

Specific information is available for consultation at the following addresses:
https://www.sonaecapital.pt/en/investors/financial-information
https://www.sonaecapital.pt/en/investors/investor-calendar

64. Location for the provision of the notices for shareholders' general meetings and all related preparatory and subsequent information

Specific information is available for consultation at the following address:
https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting

65. Location where the historical archives are available with resolutions adopted at the shareholders' general meeting, the represented share capital and the voting results, with reference to the previous 3 years

Specific information is available for consultation at the following address:
https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting

D. REMUNERATION

I. Power to establish

66. Responsibility for approving the remuneration of the Company's statutory governing bodies, executive directors and persons discharging managerial responsibilities ("dirigentes")

Based on the remuneration and compensation policy approved by the Shareholders' General Meeting, the Sonae Capital Remuneration Committee is responsible for approving remuneration and other payments to the Board of Directors, the Statutory Audit Board and the members of the Shareholders' General Meeting.

With regard to the remuneration of the Executive Directors, the Board Nomination and Remunerations Committee assists the Remuneration Committee, presenting its proposals before any decisions are made.

II. Remuneration committee

67. Composition of the remuneration committee, including the identification of individuals or companies hired to provide support and a statement on the independence of each member and consultant

The Board of Directors appointed the Board Nomination and Remunerations Committee for the 2018-2020 mandate.

The BNRC is composed of the Chairman of the Board of Directors, Duarte Paulo Teixeira de Azevedo, Vice-Chairman, Álvaro Carmona e Costa Portela and the Director Francisco de La Fuente Sánchez.

The Board Nomination and Remuneration Committee, which is solely composed of non-executive directors, supports the Remuneration Committee in the performance of its duties.

The members of the Remuneration Committee are independent of the board of directors, as explained in the paragraph below.

Duarte Paulo Teixeira de Azevedo, Chairman of the Board of Directors and non-executive member of this body, is on the Remuneration Committee. He was elected to this position by the Shareholders' General Meeting. His participation in the Remuneration Committee corresponds to representation of the shareholder interest, acting in that capacity and not in his capacity as Chairman of the Board of Directors. To ensure these duties are carried out independently, this member abstains from discussing or deciding on matters where conflict of interest exists or may exist.

68. Knowledge and experience of the members of the remuneration committee with regard to the remuneration policy

The experience and professional qualifications of the members of the Board Nomination and Remunerations Committee are detailed in the *curricula vitae* included in the Annex I to this document and allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties.

III. Remuneration Structure

69. Description of the remuneration policy for the management and supervisory bodies

69.1 Principles

The remuneration policy for the Company's statutory bodies is approved by the Shareholders' General Meeting.

The Shareholders' General Meeting held on 3rd May 2018, consistently continuing with the policy previously followed, approved the Remuneration and Compensation Policy in force, in compliance with the provisions of article 2 of Law no. 28/2009 of 19 June.

The remuneration proposals for the members of the statutory bodies are decided based on:

- Overall market comparison;
- Practices of comparable companies, including other Sonae Capital business units in comparable situations;
- The individual responsibility and performance assessment of each Executive Director;
- Granting of exclusively fixed remuneration to members of the Shareholders' General Meeting, members of the Statutory Audit Board and Non-Executive Directors;

Therefore, remuneration policy at Sonae is used as a formal means of aligning the interests of the Company's management with those of the shareholders, given that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae Capital's performance, is given high importance. A management approach focusing on the long-term interests of the Company and, in which, business risks are carefully considered, is thereby encouraged.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve taking excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to the Company's statutory governing bodies is approved in advance by the shareholders at the Shareholders' General Meeting. The body responsible for presenting the remuneration proposal and approving the remuneration of both executive and non-executive members of the Board of Directors and members of the other statutory governing bodies of Sonae Capital, is the Remuneration Committee, whose members are elected by the General Meeting which also decides on their remuneration.

The Board Nomination and Remunerations Committee gives support to the Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Remuneration Committee.

Under corporate governance principles, guidelines have been established for remuneration policy.

Remuneration policy features:

Competitiveness:
The Policy is defined in comparison with the global market and the practices of comparable companies, according to information from the main studies carried out in Portugal and in European markets. *Mercer and Hay Group* market studies are presently used as reference.

Accordingly, the remuneration parameters for members of the statutory governing bodies are determined and periodically revised in line with the remuneration practices of national and internationally comparable companies, with the aim of aligning with the market practice the potential maximum amount of remuneration, both individually as well as in aggregated terms, to be paid to the members of the statutory governing bodies. When making such analysis, the remuneration of the members of the statutory governing bodies shall take into consideration, namely, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competences of the statutory governing body and of the individual member, as well as the degree of direct correlation between individual performance and business performance.

For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives. The companies that are considered to be comparable companies are those with securities traded at Euronext Lisbon.

Orientation for performance:
The Policy establishes the attribution of bonus calculated considering the level of success of the Company. The variable component of the remuneration is structured in a way to establish a connection between the bonus attributed and the level of performance both individual and collective. In the case that the predefined objectives, measured by business and individual KPIs, are not accomplished,the amount of short and medium term incentives will be partially or totally reduced.

Alignment with the interests of shareholders:
Part of the the Executive Directors variable bonus is deferred for a period of 3 years and the amount depends on share price performance. This ensures an alignment between the director, the interests of the shareholders and the medium term performance, aimed at business sustainability.

Transparency:
All aspects of the remuneration structure are clear and openly disclosed, internally and externally, through publication of the documents on the Company's website. This communication process helps to promote equity and independence.

Reasonableness:
The Policy aims at ensuring a balance between the interests of the Company, the market position, the expectations and motivation of the members of the governing bodies and the need to retain talent.

The Remuneration and Compensation Policy applicable to the governing bodies and of other persons discharging managerial responsibilities adheres to EU guidelines, national legislation and the recommendations from the Portuguese Securities Market Commission (CMVM).

The Shareholders' General Meeting held on 3rd May 2018, consistently continuing with the policy previously followed, approved the Remuneration and Compensation Policy in force, which is guided by the following general principles:

- No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
- Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, supervisory bodies and other persons discharging managerial responsibilities;
- When applying the Remuneration and Compensation Policy, consideration is given to roles and responsibilities performed in companies that are in a domain or group relationship with the Company.

69.2 Competitiveness of the remuneration policy

The remuneration package applicable to Executive Directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking, regarding comparable market situations, to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

Who are our benchmark/peer companies?

- At Sonae Capital the remuneration policy is determined in comparison with the overall market and the practices of comparable companies, according to information obtained from the main studies carried out in Portugal and in European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.
- The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those included in the Portuguese stock market index, the PSI-20.

69.3 Risk control in relation to remunerations

A Sonae Capital reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2018, no problems relating to payment practice were found that may pose significant risks.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonae Capital has in place internal control procedures concerning remuneration policy, which target the identification of potential risks posed by the policy.

On the one hand, the variable remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour, to the extent that remuneration is linked to the evaluation of performance. Definition of objective KPIs enables this method to work as an efficient control mechanism.

On the other hand, Sonae Capital policy does not allow for agreements aimed at minimising the essence of the Medium Term Variable Bonus to be concluded. This restriction includes transactions aimed at eliminating or minimising the risk of fluctuation in share prices.

69.4 Remuneration Policy Approval Process

The Board Nomination and Remunerations Committee submits remuneration proposals for the members of the Board of Directors to the Remuneration Committee, in accordance with the approved internal procedure.

70. Structure of the remuneration of the members of the Board of Directors

70.1 Executive Directors

The fixed remuneration of the Executive Directors is determined according to the level of responsibility of the Board of Directors and is reviewed annually.

According to Sonae Capital's remuneration policy, in addition to the fixed remuneration, the Executive Directors also benefit from an incentive plan, also called variable bonus.

The variable bonus is awarded in the first quarter of the year following the year to which it relates and depends on the previous year performance and aims to motivate and compensate the board directors for achieving pre-defined objectives. It is divided in two parts:

a) Short Term Variable Bonus (STVB), paid in cash, through profit sharing or not, in the first half year following the year to which it relates. It may, however, at the discretion of the Remuneration Committee, be paid in shares within the same period, under the same terms and conditions as provided for the Medium Term Variable Bonus;

b) Medium Term Variable Bonus (MTVB), paid after an additional 3 year deferral period and in the year following this period.

The various components of the annual remuneration are clearly shown in the following table:

	Components	Description	Objective	Market positioning
Fixed	**Base salary**	Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts)	Adequacy to the status and responsibility of the Director	Median
Variable	**Short term variable bonus (STVB)**	Performance bonus paid in the first half of the following year, after the financial results for the year have been calculated	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objectives	Third quartile
	Medium term variable bonus (MTVB)	Compensation deferred for three years, the amount awarded depends on the share price performance		Third quartile

The obligation to pay in cash the bonus incentive may be fulfilled as permitted by law and by the Company's Articles of Association.

Currently, no scheme involves the award of share purchase options.

70.2 Non-executive Directors

The remuneration of Non-executive Directors is determined by reference to market values and the following principles: (1) attribution of a fixed remuneration (2) attribution of an annual responsibility allowance. No remuneration is paid in the form of a variable bonus.

71. Variable component of the remuneration for Executive Directors

The variable bonus is discretionary in nature and because its value depends on the achievement of objectives payment is not guaranteed. The variable bonus is calculated annually and the value of the predefined objective varies between 30% and 60% of the total annual remuneration (fixed remuneration and objective value of the variable bonus).

The variable component of the remuneration is calculated based on performance assessment of a set of performance indicators relating to the various businesses which are primarily economic and financial in nature – "Key Performance Indicators of Business Activity" (Business KPIs). The content of the performance indicators and their specific weight in determining the effective remuneration provide for the alignment of the Executive Directors with the strategic objectives defined and the compliance with the legal regulations governing the company business.

The value of each bonus has a minimum limit of 0% and a maximum limit of 140% of the predefined target.

72. Deferral of payment of the variable component of the Remuneration

Payment of at least 50% of the variable component of the remuneration for the year to which it relates is deferred for a period of 3 years, in a total of four years, as provided for in section 70.1 (Medium Term Variable Bonus).

73. Criteria for awarding variable remuneration in Shares and for its maintenance

Features of the Medium Term Variable Bonus (MTVB)

The MTVB is one of the components of Sonae Capital's Remuneration Policy. This component differs from the others as it has a restricted and casuistic character, being subject to the eligibility rules set out for that purpose.

The MTVB allows the eligible persons to share with shareholders the value that is created as a result of their direct influence on the strategy definition and management of the underlying businesses, in the proper measurement of the annual assessment of their performance.

MTPB Scheme

The MTVB constitutes a way of aligning the executive directors' interests with the organisation's objectives, reinforcing their commitment and strengthening the perception of the importance of their performance for the success of Sonae Capital, reflected in the share market capitalisation.

Eligibility Criteria

The executive directors of the company and of its subsidiary companies are eligible to be awarded the MTVB Plan. According to the remuneration policy approved by the Board of Directors, the MTVB Plan may also apply to employees covered by that policy.

Eligible members	Reference value of the medium term variable bonus (% total target variable remuneration)
Executive Directors of the Company	At least 50%
Executive Directors of Business Units	At least 50%
Employees	Terms to be defined by each Company's Board of Directors

Duration of the Plan

The MTVB Plan is set out on a period of four years, including the year to which it relates and a three-year deferral period.

Valuation of the of MTPB plan

The MTVB is valued at the date of attribution using prices which represent the price of the share, in the Portuguese stock market, considering for this effect the most favourable of the following: closing share price of the first day of trading after the Shareholder's General Meeting or the average closing share price (regarding the thirty-day period of trading prior to the Shareholder's General Meeting).

Members entitled to MTVB have the right to acquire a number of shares corresponding to the division between the amount of MTVB granted and the price of the share at the date of attribution calculated under the terms of the previous paragraph. If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure with impact in the economic value of the attributed rights, then the number of MTPB shares will be adjusted to an equivalent number, taking into account the impact of these changes.

In line with the statement of a policy that strengthens the alignment of executive directors with the company's long term interests, the Remuneration Committee may, at its discretion, adjust the percentage discount granted to the executive directors for acquisition of shares, and determine that the executive director contributes to the acquisition of shares up to a percentage that cannot exceed 5% of its share price at the date of the share transmission. All other employees to whom that right is assigned may acquire the shares under the conditions established by the Board of Directors of each Company.

Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

MTPB plan vesting

The acquisition right of the shares attributed by the MTVB become due at the end of the deferral period.

Conditions of exercise of the right to acquire shares

The right to exercise the acquisition right of shares attributed under the MTPB plan expires if the contractual link between the member and the Company ceases before the three year period subsequent to its attribution, notwithstanding situations included in the following paragraphs.

The right will remain valid in case of permanent incapacity or death of the member, in which case the payment is made to the member or to his/her heirs on the vesting date.

In case of retirement of the member, the attributed right can be exercised in the respective vesting date. To ensure the effectiveness and transparency of the Remuneration and Compensation Policy objectives, it was agreed that the executive directors of the company:

- shall not enter into any agreements, either with the Company, or with third parties, the effect of which is to mitigate the risk associated with the variability of the remuneration determined for them by the Company;

- must not sell, during the period of their mandate, the Company shares acquired under the attribution of the variable remuneration up to the limit of twice the total annual remuneration value, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.

74. Criteria for attribution of the variable remuneration in options

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

The main parameters and reasoning about variable remuneration system are described in the remuneration policy approved by the Shareholders' General Meeting of 3rd May 2018, available at https://www.sonaecapital.pt/en.

76. Main characteristics of the complementary pension or early retirement schemes for the directors and date of their approval at the General Meeting

The Company does not have any complementary pension or early retirement schemes for Directors.

IV. Disclosure of Remuneration

77. Indication, in aggregate and individual amount, of the annual remuneration earned by the members of the Company's Board of Directors, including fixed and variable remuneration, and with a reference to the different components giving rise to the variable remuneration

During 2018, remuneration and other payments made to the members of the Board of Directors were as follows:

Name	Fixed Remuneration	Short Term Variable Remuneration[2]	Deferred Performance Bonus[3]	Total	Fixed/Variable Remuneration Ratio
Duarte Paulo Teixeira de Azevedo	142 300	0	0	**142 300**	[100%, 0%]
Álvaro Carmona e Costa Portela	76 967	0	0	**76 967**	[100%, 0%]
Maria Cláudia Teixeira de Azevedo[1]	101 182	52 533	52 533	**206 248**	[49%, 51%]
Francisco de La Fuente Sánchez	30 633	0	0	**30 633**	[100%, 0%]
Paulo José Jubilado Soares de Pinho	30 633	0	0	**30 633**	[100%, 0%]
Miguel Jorge Moreira da Cruz Gil Mata	144 846	66 800	66 800	**278 466**	[52%, 48%]
Ivone Pinho Teixeira	143 890	61 200	61 200	**266 290**	[54%, 46%]
Total	**670 450**	**180 533**	**180 533**	**1 031 517**	[65%, 35%]

1 Maria Cláudia Teixeira de Azevedo performed executive duties (as CEO) until 17th July 2018.

2 Amount paid in 2019, related with the performance in 2018.

3 Amount related with the performance in 2018.

78. Any amounts paid by other controlled or group companies, or those under shared control

No amounts other than those described above were paid controlled or group companies.

79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for granting those bonuses and/or profit-sharing

The variable bonus for the executive directors was determined in accordance with the performance assessment and the remuneration policy approved at the Shareholders' General Meeting on 3rd May 2018, as detailed in section 71 above and shown in the remuneration table under section 77 above.

The bonus paid in the form of profit-sharing is included in the Short Term Variable Bonus listed in the table under section 77 above.

80. Compensations paid or due to former executive directors as a result of loss of office

No compensation to former executive directors is due or was paid.

81. Indication, in aggregate and individual amount, of the annual remuneration received by the members of the Company's Statutory Audit Board

In 2018, the members of the Statutory Audit Board of Sonae Capital, SGPS, S.A. received the following fixed remuneration (no other type of remuneration was paid):

Name	Fixed Remuneration
António Monteiro de Magalhães	9 967
Manuel Heleno Sismeiro	7 967
Susana Catarina Iglésias Couto Rodrigues de Jesus	6 700

The remuneration received by the Statutory External Auditor is detailed in section 47 above.

82. Remuneration of the Chairman of the Shareholders' General Meeting in the year under review

During 2018, the Chairman of the Shareholders' General Meeting received the amount of 5 thousand euros as fixed remuneration.

V. Agreements with remuneration implications

83. Contractual limitations on compensation to be paid upon the director's dismissal without due cause and its relation with the variable component of remuneration

The Remuneration and Compensation Policy approved in Shareholders' General meeting maintains the principle of not attributing compensation to directors associated with the termination of mandate, without prejudice to applicable legal provisions.

84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors or persons discharging managerial responsibilities, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no individual agreements with directors defining the calculation method for any compensation in case of resignation, dismissal without due cause or termination of the employment relationship, following a change of control of the Company.

VI. Share attribution plans or stock options

85. Identification of the plan and recipients

The share attribution plan, with the conditions defined in section 73, includes the variable component of the remuneration and the recipients are the Executive Directors, as well as employees of Group companies, in accordance to terms to be defined by the respective Boards of Directors.

86. Plan features

The attribution plan is described in section 71 to 73.

The remuneration and compensation policy for the statutory governing bodies, as well as the current share attribution plan, were approved at the Shareholders' Annual General Meeting held on 3rd May 2018, upon proposal presented by the Remuneration Committee, in compliance with Article 2 of Law no. 28/2009 of 19 June and the 2013 CMVM Recommendation II.3.4.

The remuneration policy approved upon the proposal from the Remuneration Committee established the principle of inalienability of the shares accessed by the Company's Executive Directors via MTVB, in accordance with the 2013 CMVM Recommendation III.6.

The referred resolutions taken at the Shareholders' Annual General Meeting can be found in:
https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting

The ongoing MTVB plans for the executive members of the Board of Directors of Sonae Capital in 2018 can be summarised as follows:

Director*	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested and Paid off in 2018	Share price at award date	# Attributed shares	Plans value at award date	Open plans value at 31 December 2018
Miguel Jorge Moreira da Cruz Gil Mata	2014	mar/15	mar/18	140 707		-	0	0
	2015	mar/16	mar/19		0.572	113 061	64 671	95 989
	2016	mar/17	mar/20		0.827	88 135	72 888	74 827
	2017	mar/18	mar/21		0.961	67 351	64 724	57 181
				Total		**268 547**	**202 283**	**227 996**
Ivone Maria Pinho Teixeira da Silva	2014	mar/15	mar/18					0
	2015	mar/16	mar/19		0.572	124 140	71 008	105 395
	2016	mar/17	mar/20		0.827	88 135	72 888	74 827
	2017	mar/18	mar/21		0.961	68 792	66 109	58 404
				Total		**281 067**	**210 005**	**238 626**

* As of 31st December 2018.

87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are the Company employees

During 2018, no option rights to acquire shares were granted by the Company.

88. Control mechanisms included in any system of employee participation in the share capital where the voting rights are not exercised directly by the employees

There are no control mechanisms established to control employee participation in the Company’s share capital.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for monitoring transactions with related parties (reference made to the concept arising from IAS 24)

The transactions between the Company and any related parties are governed by principles of thoroughness, transparency and strict compliance with the market competition rules. These transactions are subject to specific administrative procedures that arise from regulatory requirements, in particular those related to transfer price rules or the rules on voluntary adoption of internal checks and balances, particularly, processes for reporting or formal validation, according to the value of the transaction in question.

In 2010, the Statutory Audit Board adopted the regulation on Company transactions with shareholders owners of qualified shareholdings (under the terms of Article 16 and 20 of the Portuguese Securities Code) and its related parties (definition in Article 20, paragraph 1 of the Portuguese Securities Code), which establishes the relevant level of transactions carried out from which the Executive Committee must notify the Board Audit and Finance Committee and the Statutory Audit Board.

Such regulation, as well as the regulation of the Board of Directors, determines that the Executive Committee shall notify the Board Audit and Finance Committee and the Statutory Audit Board on any transaction, in an amount exceeding 10 million euros, to be entered into between the Company and any of its shareholders, holders of qualified shareholdings or with entities that are in a relation with them, in accordance with Article 20 of the Portuguese Securities Code (reference shareholders).

Together with the notification for the completion of the transaction, the Executive Committee shall report to the Board Audit and Finance Committee and the Statutory Audit Board the procedures adopted to ensure that the transaction is carried out under normal market conditions and that is preserved from any potential conflicts of interest. The Board Audit and Finance Committee and the Statutory Audit Board shall have eight days (this deadline may be extended if such is required given the complexity of the transaction in question) to request additional information necessary for the issuing of the respective opinions and, if appropriate, to exchange information as to their conclusions.

Additionally, the Secretary of the Executive Committee is responsible for reporting, on a half-yearly basis, to the Board Audit and Finance Committee and the Statutory Audit Board (i) transactions carried out between the Company and holders of qualified shareholdings exceeding 1 million euros and (ii) transactions carried out between the Company and persons related to shareholders who own qualified shareholdings exceeding 20 thousand euros, of which they become aware. The report shall include all transactions completed, above the referred amount, despite its recurring nature, as well as those that are nearing completion, as long as the appropriate information is already available.

After receiving all the relevant information, the Statutory Audit Board will issue its opinion on the transactions referred to it.

In 2018, the Statutory Audit Board was regularly informed of the transactions with related parties, having been provided detailed information where it is justified.

During the year, there was no need for prior approvals under the regulation in force.

90. Transactions subject to control in the year under review

As described in section 10, there were no significant business or other relationships between the holders of qualified shareholdings and the Company in 2018. Business or transactions with holders of qualified shareholdings or companies held by them, that are not considered significant, are part of the normal activity of Sonae Capital's subsidiaries and are carried out under normal market conditions.

The transactions with the Statutory External Auditor related to various audit services were approved by the Statutory Audit Board and are detailed under section 47 of this report.

The transactions with controlled or group companies were carried out under normal market conditions and are part of the Company's normal activity. In 2018, we highlight the sale of Plot 11 in Quinta das Sedas (Matosinhos) to Sonae Sierra Group, at market prices and conditions. In addition, the Statutory Audit Board was informed about the proposal, discussed in the Board of Directors, for the acquisition of the Aqualuz Lagos hotel operation from Efanor, by the value of one euro (the same value at the time of sale in 2015). Although this is not a transaction that requires specific approval, the Audit Committee considered that the proposal has been prepared in compliance with the legal requirements and in the best interests of the Company. Said acquisition was completed on 6th February 2019.

The amounts involved in the transactions and respective balances are disclosed in the notes to the Consolidated Financial Statements, as referred to in section 92.

91. Description of the procedures and criteria applicable to the intervention of the Statutory Audit Body for the purpose of conducting a prior assessment of the transactions to be concluded between the Company and holders of qualified shareholding or entities that are in a relation with them, under the terms of Article 20 of the Portuguese Securities Code

The procedures and criteria were already mentioned in section 87 above.

II. Elements related to transactions

92. Location where the information on transactions with related parties is available on the accounting documents, according to IAS 24 or, alternatively, reproduction of said information

Relevant information on transaction with related parties can be found in note 45 of the Consolidated Financial Statements' Appendix and in note 20 of the Individual Financial Statements' Appendix, available on the Company's website: https://www.sonaecapital.pt/en (Corporate Governance tab, Shareholder's General Meeting section).

2. ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the adopted Corporate Governance Code

This Corporate Governance Report provides a description of the Corporate Governance structure, policies and practices followed by the Company and complies with the standards of the article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Commission (CMVM) Regulation no. 4/2013 of 1st August. This Report additionally discloses, in light of the principle comply or explain, the terms of compliance by the Company with the Portuguese Institute of Corporate Governance (IPCG) Recommendations contained in the IPCG Corporate Governance Code.

This Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2018.

The requirements for the provision of information demanded by article 3 of Law no. 28/2009 of 19th June, articles 447 and 448 of the Portuguese Companies Code, article 245-A of the Portuguese Securities Code and of CMVM Regulation no. 5/2008, have also been fulfilled.

The Company adopted the Corporate Governance Code published by Portuguese Institute of Corporate Governance (IPCG).

Sonae Capital also complies with internal rules that have been adopted, which are relevant to the structure of its Corporate Governance, namely internal rules of conduct and transparency, in particular the Code of Conduct, the rules of transactions with related parties and transactions with holders of qualified shareholdings.

All the rules and regulations mentioned in this Report are publicly available at https://www.sonaecapital.pt/en.

2. Analysis of the Compliance with the adopted Corporate Governance Code

Sonae Capital has been promoting the implementation and adoption of the Corporate Governance best practices, supporting its policy on high standards of ethics and social responsibility.

The Board of Directors aims to implement an integrated and effective management of the Group, which will allow value creation by the Company, promoting and ensuring the legitimate interests of shareholders, employees and stakeholders, while encouraging transparency in the relationship with investors and the market.

In this context, we would like to highlight that of the 60 recommendations included in the new Corporate Governance Code of the IPCG, the Company fully complies with 54, five recommendations are not applicable and one five recommendationwas not adopted, for the reasons duly explained below - which constitutes a very high level of compliance.

Below is a list of the recommendations included in the IPCG Coportate Governance Code, under the terms and for the purposes of paragraph 1 - o) of article 245-A of the Portuguese Securities Code:

I. General Provisions

I.1. Company's relationship with investors and disclosure

I.1.1. The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other *stakeholders*, financial analysts, and to the markets in general.

RECOMMENDATION FULLY ADOPTED: SECTIONS 29, 38, 51, 55, 56, 59 TO 65 OF THIS REPORT.

Under the terms of article 11 of the Regulation of the Board of Directors, the Chairman of the Board of Directors and of all the Committees, as well as the Independent Senior Director, in a timely and appropriate manner, assure the required information flow needed to the exercise of the legal and statutory duties and responsibilities of all corporate bodies and committees and, in a non-restrictive manner, providing the necessary resources to convening the meetings, providing the basis documents to the decisions and draft and execution of the respective minutes.

This flow of information is also more efficient considering that the Board of Directors, the Executive Committee and the Board Audit and Finance Committee have the same Secretary, which is the person responsible for preparing, wording and treatment of the information, as well as for its disclosure, for the purposes referred to in the preceding paragraph.

As for the the Statutory Audit Board, one of its the mains duties and responsibilities is to ensure, in a close cooperation with the Board of Directors and with the Committees incorporated by the same, a timely and adequate flow of information that allows for the correct exercise of competences and duties of each of the corporate bodies. Also, in accordance with the Regulation of the Statutory Audit Board, this corporate body may participate in the meetings of the Board of Directors whenever convened and considered appropriate and should participate in all the meetings convened to appreciate the annual accounts and may demand any necessary information. Furthermore, in accordance with the same Regulation, the Board Audit and Finance Committee shall inform the Statutory Audit Board about the reports presented to the Board of Directors regarding the efficiency of the Company's audit structure.

The Company also has an Investor Support Office which provides regular and relevant information to the investors and the financial community, ensuring the recording of the relevant interlocutions, in order to enhance the quality of its performance, providing also all the recommended information in Portuguese and in English in its website: https://www.sonaecapital.pt/en.

I.2. Diversity in the composition and functioning of the company's governing bodies

I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

RECOMMENDATION FULLY ADOPTED: SECTIONS 16, 22, 24, 27 AND 32 OF THIS REPORT

The Company prepared and approved a Code of Conduct which was disclosed in its Portuguese and English versions on its website, which contains its Diversity Policy, including also, in accordance with article 245-A paragraph 1 - r) and paragraph 2 of the Portuguese Securities Code, a detailed description of said policy in the annual management report. This policy lists a very strict criteria which mainly focus on (i) the professional qualification which needs to be aligned with the renewal of the members of the governing bodies, in order to ensure compatibility between the seniority and the need to assure different professional careers, roles and competences, in order to avoid a monolithic thinking; (ii) gender diversity; (iii) the diversity of knowledge and (iv) age diversity, with no restrictive view on age limits for the exercise of corporate functions.

In the same way, and with regard to the duties of the Board Nomination and Remunerations Committee, and considering that it is up to this Committee to identify potential candidates with an appropriate profile for the role of director (in particular when the Board of Directors exercises its cooptation duties), the selection procedures used by this Committee also take into account the demands of the role and the merit, as well as the appropriate diversity for the Company, namely gender, as foreseen in the Regulation of this Committee.

I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations - namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.

RECOMMENDATION FULLY ADOPTED: SECTIONS 22, 27 AND 29 OF THIS REPORT

The Company's management and supervisory bodies and their internal committees have their own regulations, in which are defined their competences, duties and functions. A minutes of each of the meetings of these bodies is always formalised in the respective minutes' books.

I.2.3. The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees — should be disclosed, in full, on the company's website.

RECOMMENDATION FULLY ADOPTED: SECTION 61 OF THIS REPORT

All Regulations are available in Portuguese and English versions on the Company's website: https://www.sonaecapital.pt/en.

I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

RECOMMENDATION FULLY ADOPTED: SECTION 62 OF THIS REPORT

The composition of the management, supervisory and internal committees of the Company, as well as the number of their annual meetings, is available in Portuguese and English versions on the Company's website: https://www.sonaecapital.pt/en.

I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (*whistleblowing*) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.

RECOMMENDATION FULLY ADOPTED: SECTIONS 38 AND 49 OF THIS REPORT

The Regulation of the Statutory Audit Board determines its competences regarding the mechanisms of detection and prevention of irregularities, and the Company has also implemented a communication policy of Irregularities that is available on the Company's website - https://www.sonaecapital.pt/en - and covers the entire perimeter of the Sonae Capital Group.

I.3. Relationships between the company bodies

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

RECOMMENDATION FULLY ADOPTED: SECTION 22 OF THIS REPORT.

Vide section I.1.1

I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

RECOMMENDATION FULLY ADOPTED: SECTIONS 29, 37 AND 38 OF THIS REPORT

Vide section I.1.1

I.4. Conflicts of interest

I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest

RECOMMENDATION FULLY ADOPTED: SECTION 49 OF THIS REPORT

In accordance with article 10 of the Regulation of the Board of Directors, the members of this governing body shall, by reference to article 8, promptly inform the respective governing body or committee about facts that may constitute or cause a conflict between their own interests and the interests of the Company.

I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

RECOMMENDATION FULLY ADOPTED: SECTION 49 OF THIS REPORT

In accordance with article 10 of the Regulation of the Board of Directors, the members of this governing body shall, by reference to article 8, promptly inform the respective governing body or committee about facts that may constitute or cause a conflict between their own interests and the interests of the Company. The member who, in accordance with the preceding paragraph, declares to be in conflict of interest, shall not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications that the governing body, the committee or its members request.

I.5. Related party transactions

I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.

RECOMMENDATION FULLY ADOPTED: SECTIONS 89 AND 90 OF THIS REPORT

The Company resolved, in the context of the regulations of the management and supervisory bodies, on transactions of the Company with shareholders owners of qualified shareholdings and their related parties, having also in force an internal formal procedure, both aiming to obtain the opinion of the Statutory Audit Board and the Board Audit and Finance Committee, prior to the execution by the Executive Committee of any business with shareholders owners of qualified shareholdings or entities that are in a relation with them, pursuant to article 20 of the Portuguese Securities Code, whenever such transactions involve amounts or interests higher than 10 million euros.

I.5.2. The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months

RECOMMENDATION FULLY ADOPTED: SECTION 89 OF THIS REPORT

The Secretary of the Executive Committee is responsible for reporting, on a biannual basis, to the Board Audit and Finance Committee and the Statutory Audit Board (i) transactions executed between the Company and shareholders owning qualified shareholdings exceeding 1 million of euros and (ii) transactions executed between the Company and persons related to shareholders owners of qualified shareholdings exceeding 20 thousand euros and of which they become aware.

II. Shareholders and General Meetings

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

RECOMMENDATION FULLY ADOPTED: SECTION 12 OF THIS REPORT

The Company encourages its shareholders to participate in General Meetings, in particular, by assigning to each share one vote, and by not limiting the number of votes that may be held or exercised by each shareholder.

II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difcult, specifically, by setting a quorum higher than that established by law.

RECOMMENDATION FULLY ADOPTED: SECTIONS 12, 13 and 14 OF THIS REPORT

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.

RECOMMENDATION FULLY ADOPTED: SECTION 12 OF THIS REPORT

The Company makes available to the shareholders the postal voting and voting by electronic means.

In addition, the Company makes available, from the publication of the notice of meeting, the adequate information and document models in order to ensure, promote and encourage the participation of the shareholders. The Company also provides an e-mail address for the clarification of all doubts and to receive all communications regarding the participation in the General Meeting.

II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.

RECOMMENDATION FULLY ADOPTED

The participation of shareholders in the General Meeting by telematic means is duly foreseen in the Company's Articles of Association.

However, the Company has never used these means, since it deems that the shareholders' right to participate in the Meeting is not limited, once the shareholders have available all the other means to exercise their right to vote - by postal or by electronic means, as explained in the preceding paragraph.

It is important to highlight that, up to this date, the vote by telematic means was never used and that none of the Company's shareholders requested the implementation of the voting telematic means. Therefore, the Company considers that the shareholders favor the physical presence in the General Meetings. Also, the disproportionate cost of implementing the vote by telematic means was considered in such decision, in light of the principle described in section II. C.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution - without increased

quorum in comparison to the legally established - and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE

The Articles of Association do not establish any limitation to the number of votes that may be issued by a shareholder.

II.6. Te company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

RECOMMENDATION FULLY ADOPTED: PONTS 4 AND 84 OF THIS REPORT

The Company does not unilaterally adopt policies causing any of the restrictions listed in the recommendation. Contracts concluded by the Company reflect the protection of its corporate interest, with a view to achieving long term business sustainability within the framework of market conditions.

III. Non-Executive Management, Monitoring and Supervision

III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

RECOMMENDATION FULLY ADOPTED: SECTIONS 17 AND 22 OF THIS REPORT

In the terms of article 1 of the Regulation of the Board of Directors, independent directors have appointed, among themselves, in accordance with the best practices of corporate governance, a coordinator to act, as necessary, as interlocutor with the chairman of the Board of Directors and with the other directors, to ensure that they have the conditions and the necessary means for the performance of their duties and to coordinate them in the assessment of the performance by the governing body. The member appointed for this role was Álvaro Carmona e Costa Portela.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed

RECOMMENDATION FULLY ADOPTED: PONTS 17, 29 AND 32 OF THIS REPORT

Regarding the Board of Directors, this governing body is composed by seven members, three of which are executive and four of which are non-executive directors. In which regards the Statutory Audit Board, this governing body is composed by three members. Concerning the Board Audit and Finance Committee, it is composed by two independent and non-executive directors.

The Company considers that the composition of the governing bodies and committees, as described above, is totally aligned with this recommendation.

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

RECOMMENDATION FULLY ADOPTED: SECTIONS 18 and 29 OF THIS REPORT

The Board of Directors is composed by a total number of seven members and five of them are non-executive.

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- **i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;**
- **ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;**
- **iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;**
- **iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;**
- **v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or**
- **vi. having been a qualified holder or representative of a shareholder of qualifying holding.**

RECOMMENDATION FULLY ADOPTED: SECTION 18 OF THIS REPORT

III.5. Te provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)

RECOMMENDATION NOT APPLICABLE

The Company does not have any Director in such situation.

III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

RECOMMENDATION FULLY ADOPTED: SECTION 21 OF THIS REPORT

III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include a General and Supervisory Board.

III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.

RECOMMENDATION FULLY ADOPTED: SECTIONS 37 AND 38 OF THIS REPORT

The Statutory Audit Board monitors and evaluates the internal control and risk management system defined by the management, reporting on such system in its statements and annual report.

III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.

RECOMMENDATION FULLY ADOPTED: SECTIONS 50 TO 52 OF THIS REPORT

III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 TO 38 OF THIS REPORT

The Board of Directors shall ensure the internal control and risk management system. The Board Audit and Finance Committee assesses the operational procedures implemented by the Company in order to ensure monitoring of internal control and efficient risk management. The Statutory Audit Board assesses the effectiveness of those systems by recommending the optimisation measures it may deem necessary and issues its opinion on them in its annual report and statements.

III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Statutory Audit Board establishes with the Internal Audit the plan of actions to be developed, supervises its activity, receiving periodic reporting of the activity developed and, after evaluating the results and conclusions achieved, assesses the existence of irregularities and issues the guidelines it may deem convenient.

IV. Executive Management

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

RECOMMENDATION NOT APPLICABLE

No authorization is granted to executive directors for the exercise of executive functions in other entities outside the Group. It is further stated that the executive directors are only allowed to perform these functions within the Group, following their appointment by the shareholders at the General Meeting.

IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

RECOMMENDATION FULLY ADOPTED: SECTION 21 OF THIS REPORT

The powers of the Board of Directors that cannot be delegated fully comply with the rules foreseen in this recommendation.

IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 TO 51 OF THIS REPORT

The Board of Directors, in accordance with article 3 and, as a competence that cannot be delegated, approves the main policies of the Company, including the risk policy.

As for the monitoring of this policy, on the one hand, the Board Audit and Finance Committee evaluates the operational procedures to ensure the monitoring of the internal control and the efficient risk management, formulating conclusions, as a result of such analysis, to be directed to the Board of Directors. On the other hand, the Supervisory Audit Board also monitors the internal risk management system and annually prepares an assessment report with recommendations to the Board of Directors.

IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

In accordance with the Regulation of the Statutory Audit Board, it is an attribution of this governing body to supervise the efficiency of the risk management system, of the internal control system and of the internal audit system, monitoring the internal risk management system by annually preparing an assessment report and recommendations to the Board of Directors.

The Board Audit and Finance Committee also informs the Statutory Audit Board on its reports presented to the Board of Directors regarding the efficiency of the Company's audit structure, in particular with regard to the quality and independence of the role of internal audit, the scope of its functions and its interaction with the external auditor, circulating periodic reports on the activity of the external auditor and the internal auditor and presenting to this governing body any facts that it becomes aware and may affect the independence of the external auditor.

V. Evaluation of Performance, Remuneration and Appointments

V.1 Annual evaluation of performance

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees

RECOMMENDATION NOT ADOPTED.

The management body performs the assessment foreseen in this recommendation. However, regarding its periodicity, since the goals of the Board of Directors are aligned with the term of the mandate, i.e., with the triennium, the Company considers that the assessment referred in this recommendation, although it actually takes place, it should occur as soon as half of the mandate has elapsed. Exceptionally, the assessment in question may be carried out outside the indicated period, in the event of substantial changes in the composition of the Board of Directors have occurred.

V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Statutory Audit Board exercised the competences described in section 38 of this Corporate Governance Report, monitoring the management, the risk management and performing other responsibilities assigned to this statutory body, including those arising from the principles of interaction between the supervisory and management bodies, aiming to avoid conflict of interest situations.

The Statutory Audit Board did not issue any opinion or warning regarding the accomplishment of the strategic plan and the budget, having acted in accordance with the legal rules which determine its competences, capacity and duty to intervene.

V.2 Remuneration

V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.

RECOMMENDATION FULLY ADOPTED: SECTIONS 24, 69 TO 76 OF THIS REPORT

V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the

case of the existence of a variable component of remuneration, the committee should also approve, execute, and conform the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.

RECOMMENDATION FULLY ADOPTED: SECTIONS 24, 29 AND 69 OF THIS REPORT

The Company's remuneration policy has the characteristics foreseen in section 69 and which are in line with the recommendation. The Remuneration Committee, appointed in the General Meeting and representing the shareholders, is the responsible corporate body for evaluating the performance and approval of the remunerations of the members of the Board of Directors and other corporate bodies, according with the Remuneration Policy approved by the shareholders at the General Meeting.

It is an attribution of the Board Nomination and Remunerations Committee to receive, analyse and submit, in accordance with the approved internal procedure, the remuneration proposals of the members of the Board of Directors and other bodies of the Company, to be approved by the Remuneration Committee. All proposals need to be aligned with the terms set out in the Remuneration and Compensation Policy.

V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following:

- **i. the total remuneration amount itemised by each of its components, the relative proportion of fxed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;**
- **ii. remunerations from companies that belong to the same group as the company;**
- **iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;**
- **iv. information on the possibility to request the reimbursement of variable remuneration;**
- **v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specifc elements subject to derogation;**
- **vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.**

RECOMMENDATION FULLY ADOPTED

The remuneration policy proposed to the Shareholders in the Annual General Meeting of 3rd May 2018 complies with all the requirements of the applicable law.

The remaining information included in this recommendation is foreseen in the following documents: Corporate Governance Report and Management Report - also presented for the approval of the shareholders.

The statement about remuneration policy is available at https://www.sonaecapital.pt/en.

V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of ofce.

RECOMMENDATION NOT APPLICABLE

The Articles of Association do not establish the payment of pensions. The remuneration policy adopted does not establish any scheme of pension benefits or compensation payment.

V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Company assures that a member of the Remunerations Committee is always present at the General Meeting.

V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

V.3 Directors' Remuneration

V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

RECOMMENDATION FULLY ADOPTED: SECTION 69 TO 76 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 3 MAY 2018

The remuneration of the members of the Board of Directors with executive functions is based on the performance, measured according to pre-determined criteria and is built to align their performance with the sustainability of the Company and a stable shareholder interest, discouraging the excessive risk assumption.

V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation

RECOMMENDATION FULLY ADOPTED: SECTIONS 71, 72 AND 86 OF THIS REPORT

According with the remuneration policy proposed by the Remuneration Committee and approved in the General Meeting held on 3rd May 2018, at least 50% of the variable remuneration shall be deferred for a period of three years and paid in the year following such period. Its value depends on the performance of the Company throughout said period, once it is indexed to the share price.

V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

RECOMMENDATION FULLY ADOPTED: SECTION 73 OF THIS REPORT

Vide recommendation V.3.3.

V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

RECOMMENDATION FULLY ADOPTED: SECTION 69 TO 76 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 28th APRIL 2017

The remuneration of non-executive members of the Board of Directors is exclusively composed of a fixed amount, without any connection with the performance of the Company or its value.

V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.

RECOMMENDATION FULLY ADOPTED: SECTION 69.1 OF THIS REPORT

No compensation is attributed to a director or to a member of any other corporate body, related to the early termination for any reason, without prejudice to the Company's obligation to comply with the applicable legal provisions. This is one of the principles that guides the current Remuneration and Compensation Policy of the Company.

V.4. Appointments

V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

RECOMMENDATION FULLY ADOPTED: SECTION 16, 22, 29 AND 31 OF THIS REPORT

The Company has a long-term controlling shareholder who has consistently presented the proposals for the appointment of members to the governing bodies, which have been approved by the respective General Meetings. These proposals are accompanied by the *curricula vitae* of the proposed members, considering the shareholders - both the ones indicating the candidates and those who vote the proposal - and also the Company, that it becomes clear from the *curriculum vitae* the adequacy of the profile, skills, *curriculum* and experience to the role to be performed by such candidates.

In the same way, as regards to the exercise of the co-optation power of the Board of Directors, the Board Nomination and Remunerations Committee is responsible for identifying potential candidates for the role of director with the appropriate profile to perform the management functions, in accordance with the criteria and values defined by the Company and included in its Code of Conduct and Diversity Policy.

Therefore, the Company considers that the appointment of members to the governing bodies for the current mandate was in compliance with the principles of these instruments.

V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justifed by the company's size.

RECOMMENDATION FULLY ADOPTED: SECTION 27, 29 AND 67 OF THIS REPORT.

V.4.3. This nomination committee includes a majority of non-executive, independent members.

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 AND 67 OF THIS REPORT.

The Board Nomination and Remunerations Committee is entirely composed of non-executive directors, and most of them are independent.

Duarte Paulo Teixeira de Azevedo, chairman of the Board of Directors is a non-executive member of this body. In order to assure its independence in the exercise of his functions, this member abstains from discussions and decisions when a conflict of interests exists or may exist. The two other members of the Board Nomination and Remunerations Committee are independent.

V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identifcation of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

With regard to the functions of the Board Nomination and Remunerations Committee, as determined by the management body in its Regulation, it has the duty to identify potential candidates with a profile for the performance of management functions (in particular when the Board of Directors decides to co-opt a Board member), providing oversight of succession planning, contingency planning and talent management in general for Board members and other persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates having regard to the requirements of the function, merit and appropriate diversity to Company, in particular considering gender.

VI. Risk Management

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.

RECOMMENDATION FULLY ADOPTED: SECTION 51 TO 54 OF THIS REPORT

The competences of the management body are in compliance with the rules set out in this recommendation.

VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.

RECOMMENDATION FULLY ADOPTED: SECTION 50 TO 55 OF THIS REPORT

The Company complies with the rules foreseen in this recommendation.

VI.3. Te company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.

RECOMMENDATION FULLY ADOPTED: SECTION 29 AND 38 OF THIS REPORT

Vide Recommendation III.11

After following the procedures described in Recommendation III.11, the Statutory Audit Board has not proposed any change to the risk framework.

VII. Financial Statements and Accounting

VII.1 Financial Statements

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between fnancial years, in a duly documented and communicated form.

RECOMMENDATION FULLY ADOPTED: SECTIONS 37 AND 38 OF THIS REPORT

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2 Statutory Audit of Accounts and Supervision

VII.2.1. Through the use of internal regulations, the supervisory body should define:

i. **the criteria and the process of selection of the statutory auditor;**
ii. **the methodology of communication between the company and the statutory auditor;**
iii. **the monitoring procedures destined to ensure the independence of the statutory auditor;**
iv. **the services, besides those of accounting, which may not be provided by the statutory auditor.**

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

It is responsibility of the Statutory Audit Board to supervise the activity and independence of the Statutory External Auditor, ensuring direct interaction with it, in the terms of its competences and the functioning rules set out in the Regulation of the Statutory Audit Board, and also to receive its reports. To this regard, and to the fact that the reports are sent, simultaneously, to the Statutory Audit Board and to the Board of Directors, the Company considers that it does not jeopardizes the fulfillment of this recommendation.

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT AND THE ANNUAL REPORT OF THE SATUTORY AUDIT BOARD

The Statutory Audit Board annually assesses the Statutory External Auditor. Such assessment is included in its annual report and opinion, and is made available together with all other accounting documents in https://www.sonaecapital.pt/en (Corporate Governance tab, Shareholder's General Meeting section).

VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.

RECOMMENDATION FULLY ADOPTED: SECTION 46 OF THIS REPORT

The Statutory External Auditor verifies the effectiveness and functioning of the internal control mechanisms and reports any deficiencies to the supervisory body. Nonetheless, the Statutory External Auditor does not have the legal responsibility to verify the implementation of the policies and remuneration systems of the governing bodies, nor such competence has been attributed by the Company to this body.

VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.

RECOMMENDATION FULLY ADOPTED: SECTIONS 38 AND 51 OF THIS REPORT

The competences of the Statutory External Auditor are set out in section 38, as well as its activity of risk control and the exercise of its role before other governing bodies and committees of the Company foreseen in section 51. Said competences are in full compliance with the legal provisions applicable to this body activity, and no other duties were awarded besides those listed therein.

3. ANNEX TO THE CORPORATE GOVERNANCE REPORT

CURRICULA VITAE OF THE MEMBERS OF THE GOVERNING BODIES

Duarte Paulo Teixeira de Azevedo
Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.
Age: 53
Nationality: Portuguese

Education

- Degree in Chemical Engineering – École Polytechnique Fédérale de Lausanne (1986)
- Master in Business Administration – Porto Business School (1989)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the Board of Directors of Modelo Continente, SGPS, S.A.
- Chairman of the Board of Directors of Sonae MC, Serviços Partilhados, S.A.
- Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
- Chairman of the Board of Directors of Sonae Arauco, S.A.
- Chairman of the Board of Directors of Sonae Sierra, S.A.
- Chairman of the Board of Directors and Co-CEO of Sonae, SGPS, S.A.
- Chairman of the Board of Directors of Migracom, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, S.A.
- Chairman of the Board of Directors of Sonae Corporate, S.A.
- Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of BA Glass
- Member of the European Round Table of Industrialists (ERT)
- Member of International Advisory Board of Allianz, SE
- Member of Consejo Iberoamericano para la Productividad y la Competitividad

Main professional activities over the last five years:

- 2007-2018 – Chairman of the Board of Directors of Sonae MC, SGPS, S.A.
(formerly Sonae Investimentos, SGPS, S.A.)
- 2007-2014 – Chairman of the Board of Directors of Sonaecom, SGPS, S.A.

- 2007- April 2015 - Vice-Chairman of the Board of Directors of Sonae Industria, S.A.
- 2007- April 2015 - CEO of Sonae SGPS, S.A.
- 2008-2014 – Chairman of the Board of Directors of MDS, SGPS, S.A.
- 2009-2013 – Chairman of the Board of Directors of Sonaegest, Sociedade Gestora de Fundos de Investimentos, S.A
- 2009-2014 – Member of the Board of Curators of AEP – Associação Empresarial de Portugal
- 2009–2015 - Chairman of the Board of Curators of Universidade do Porto
- 2010-2016 – Chairman of the Board of Directors of Sonae – Specialized Retail, SGPS, S.A.
- 2012-2015 – Director of COTEC Portugal
- 2012-2017 – Member of the Board of Curators of Fundação Belmiro de Azevedo
- Desde 2008 – Member of the European Round Table of Industrialists (ERT)
- Desde 2013 - Member of International Advisory Board of Allianz, SE
- Desde 2015 – Member of Consejo Iberoamericano para la Productividad y la Competitividad
- Desde Abril de 2015 - Chairman of the Board of Directors and Co-CEO of Sonae, SGPS, S.A.
- Desde Maio de 2016 – Chairman of the Board of Directors of Sonae Arauco Portugal, S.A

Álvaro Carmona e Costa Portela
Vice-Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.
Age: 66
Nationality: Portuguese

Education

- Degree in Mechanical Engineering – FEUP (1974)
- Master in Business Administration - Universidade Nova de Lisboa (1983)
- AMP / ISMP – Harvard Business School (1997)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Non-Executive Director of Casa Agrícola HMR, S.A.
- Non-Executive Director of COPAM – Companhia Portuguesa de Amidos, S.A.
- Director of Victor e Graça Carmona e Costa Foundation
- Manager of Portela & Portela, Lda.
- Member of the Investment Committee do ECE European Prime Shopping Centre Fund, Luxembourg
- Director of Fundação Belmiro de Azevedo
- Vice-Chairman of FPAK – Federação Portuguesa de Automobilismo e Karting

Main professional activities over the last five years:

- 2010-2015 – Non-Executive Director of Sonae SGPS, S.A
- 2010-2014 – Chairman (until 2012) and Member of the Board of Representatives of Faculdade de Economia da Universidade do Porto
- 2010-2014 – Non-Executive Chairman of the Board of Directors of MAF Properties, Dubai, EAU
- 2012-2018 – Non-Executive Director of SPDI – SECURE PROPERTY Development & Investment, PLC

Francisco de La Fuente Sánchez
Non-Executive Director of Sonae Capital, SGPS, S.A.
Age: 77
Nationality: Portuguese

Education

- Degree in Electrical Engineering - Instituto Superior Técnico (1965)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Co-opted Member of the General Council of Universidade de Lisboa
- Chairman of the Board of the General Meeting of APEDS – Associação Portuguesa de Engenheiros para o Desenvolvimento Social
- Chairman of the Board of the General Meeting of AAAIST – Association of Alumni of Instituto Superior Técnico
- Honorary Chairman of Hidroeléctrica del Cantábrico, S.A.
- Member of the Remuneration Committee of Sonae SGPS, S.A. and of Sonaecom, SGPS, S.A.
- Member of the Board of Trustees of the Fundação Luso-Brasileira
- Member of the Board of Trustees of the Fundação Luso-Espanhola
- Member of the Board of Trustees of the Fundação Hidroeléctrica del Cantábrico

Main professional activities over the last five years:

- 2012-2016 - Chairman of the Board of AAAIST
- 2010-2015 - Chairman of the Board of the General Meeting of Iberwind - Desenvolvimento e Projectos, S.A.
- 2007-2013 - Chairman of the General Board of PROFORUM
- 2007-2013 - Chairman of the National Council of the Colégio de Engenharia Electrotécnica da Ordem dos Engenheiros
- 2007-2012 - Guest member of the Conselho Nacional da Água
- 2007-2012 - Vice-Chairman and Non-Executive Chairman of the Board of Directors of EFACEC Capital
- 2009-2016 - Co-opted member of the Conselho de Escola do Instituto Superior Técnico
- 2005-2012 - Member of the Advisory Board of the Fórum para a Competitividade
- 2005-2009 - Chairman of Fundação EDP

- 2003-2006 - Chairman of the Board of Directors of EDP - Energias de Portugal
- 2000-2003 - Chairman of the Board of Directors and CEO of EDP - Energias de Portugal
- Since 2017 - Co-opted member of the General Council of the Universidade de Lisboa
- Since 2005 - Member of the Board of Trustees of the Fundação Hidroeléctrica del Cantábrico
- Since 2004 - Member of the Board of Trustees of the Fundação Luso-Brasileira
- Since 2002 - Member of the Board of Trustees of the Fundação Luso-Espanhola

Paulo José Jubilado Soares de Pinho
Non Executive Director of Sonae Capital, SGPS, S.A.
Age: 56
Nationality: Portuguese

Education

- Degree in Economics – Faculdade de Economia, Universidade Nova de Lisboa (1985)
- Master in Business Administration – Faculdade de Economia, Universidade Nova de Lisboa (1989)
- PhD in Banking and Finance - City University Business School, London (1994)
- Negotiation Analysis - Amsterdam Institute of Finance (2005)
- Advanced Course - European Venture Capital and Private Equity Association (2006)
- Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)
- Private Equity and Venture Capital Programme - Harvard Business School (2007)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the General Council of the Fundo de Sindicalização de Capital de Risco PME-IAPMEI
- Member of the Board of Directors of Change Partners, SCR, S.A.
- Managing Partner of Finpreneur, Ltda.
- Academic Director of the Lisbon MBA (MIT – Católica – Nova)

Main professional activities over the last five years:

- Chairman of the Statutory Audit Board of Novabase, S.A.
- Member of the Strategic Advisory Board of the Fast Change Venture Capital Fund
- Member of the Board of Directors of Biotecnol, S.A.
- Director (representative in Portugal) of Venture Valuation, Switzerland
- Senior Consultant at New Next Moves Consultants, Portugal
- Associate Professor at the Faculty of Economics, Universidade Nova de Lisboa
- Visiting Professor at Cass Business School, London
- Visiting Professor at the University of Luxembourg

Maria Cláudia Teixeira de Azevedo
Non-Executive Director of Sonae Capital, SGPS, S.A.
Age: 49
Nationality: Portuguese

Education

- Degree in Management from Universidade Católica do Porto and MBA from INSEAD

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the Board of Directors of Imparfin, SGPS, S.A.
- Chairman of the Board of Directors of Linhacom, SGPS, S.A.
- Chairman of the Board of Directors of PCJ – Público, Comunicação e Jornalismo, S.A.
- Chairman of the Board of Directors of Praça Foz – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of BA – Business Angels, SGPS, S.A.
- Member of the Board of Directors of BA – Capital, SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of Público - Comunicação Social, S.A.
- Member of the Board of Directors of Setimanale – SGPS, S.A.
- Member of the Board of Directors of Sonaecom, SGPS, S.A.
- Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Member of the Board of Directors of Vistas da Foz – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member of the Board of Directors of NOS – SGPS, S.A.
- Sole Director of Sekiwi, SGPS, S.A.

Main professional activities over the last five years:

- Chairman of the Board of Directors of Capwatt, SGPS, S.A.
- Chairman of the Board of Directors of Race, SGPS, S.A.
- Chairman of the Board of Directors of SC, SGPS, S.A.
- Chairman of the Board of Directors of SC Hospitality, SGPS, S.A.
- Chairman of the Board of Directors of SC Industrials, SGPS, S.A.
- Chairman of the Board of Directors of Troiaresort, SGPS, S.A.
- Chairman of the Board of Directors of WeDo Consulting, Sistemas de informação, S.A.
- Chairman of the Board of Directors of Bright Development Studio, S.A.
- Chairman of the Board of Directors of Digitmarket – Sistemas de Informação, S.A.
- Chairman of the Board of Directors of Grupo S21 sec Géstion, S.A.

- Chairman of the Board of Directors of S21sec Portugal - Cybersecurity Services, S.A.
- Chairman of the Board of Directors of Inovretail, S.A.
- Chairman of the Board of Directors of Saphety Level – Trusted Services, S.A.
- Chairman of the Board of Directors of Sonaecom – Ciber Security and Intelligence Services, SGPS, S.A.
- Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Executive Director of Sonaecom, SGPS, S.A.
- Executive Director of NOS - SGPS, S.A.

Ivone Pinho Teixeira
Executive Director and CFO of Sonae Capital, SGPS, S.A.
Age: 46
Nationality: Portuguese

Education

- Degree in Economics – Faculdade de Economia, Universidade do Porto (1995)
- Postgraduate Degree in Credit Analysis – ISGB – Instituto Superior de Gestão Bancária (1996)
- Postgraduate Degree in International Taxation – Universidade Católica (2004)

Offices held in companies of the Group

- Chairman of the Board of Directors of Imparfin, SGPS, S.A.
- Member of the Board of Directors of Acrobatic Title, S.A.
- Executive Director of Adira – Metal Forming Solutions, S.A.
- Member of the Board of Directors of Aqualuz Tróia – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Atlantic Ferries – Tráfego Local, Fluvial e Marítimo, S.A.
- Member of the Board of Directors of Bloco Q – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Capwatt, SGPS, S.A.
- Member of the Board of Directors of Capwatt ACE, S.A.
- Member of the Board of Directors of Capwatt Alrota, Wind Power, S.A (formerly Lusobrisa – Produção de Energia Eléctrica, S.A.)
- Member of the Board of Directors of Capwatt – Brainpower, S.A.
- Member of the Board of Directors of Capwatt Colombo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Engenho Novo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Évora – Solar Power, S.A. (formerly Capwatt II – Heat Power, S.A.)
- Member of the Board of Directors of Capwatt Ferreira – Solar Power, S.A. (formerly Ventos da Serra – Produção de Energia, S.A.)

- Member of the Board of Directors of the Agrupamento Complementar de Empresas Capwatt Hectare – Heat Power, ACE
- Member of the Board of Directors of Capwatt III – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Maia – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Martim Longo – Solar Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Caima – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Tejo – Heat Power, S.A.
- Member of the Board of Directors of Casa da Ribeira – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Centro Residencial da Maia – Urbanismo, S.A.
- Member of the Board of Directors of Cinclus - Imobiliária,S.A.
- Member of the Board of Directors of Country Club da Maia – Imobiliária, S.A.
- Member of the Board of Directors of Empreendimentos Imobiliários Quinta da Azenha, S.A.
- Member of the Board of Directors of Golf Time – Golfe e Investimentos Turísticos, S.A.
- Member of the Board of Directors of Imobeauty, S.A.
- Member of the Board of Directors of Imoclub – Serviços Imobiliários, S.A.
- Member of the Board of Directors of Imodivor – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imohotel – Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of Imopenínsula – Imobiliária, S.A.
- Member of the Board of Directors of Imoponte – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imoresort – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imosedas – Imobiliária e Serviços, S.A.
- Member of the Board of Directors of Implantação – Imobiliária, S.A.
- Member of the Board of Directors of Inparvi, SGPS, S.A.
- Member of the Board of Directors of Marina de Tróia, S.A.
- Member of the Board of Directors of Marmagno – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Marvero – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Porto Palácio Hotel – Exploração Hoteleira, S.A.
- Member of the Board of Directors of Porturbe – Edifícios e Urbanizações, S.A.
- Member of the Board of Directors of Praedium – Serviços, S.A.
- Member of the Board of Directors of Praedium II – Imobiliária, S.A.
- Member of the Board of Directors of Predisedas – Predial das Sedas, S.A.
- Member of the Board of Directors of Promessa – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of PUMP, SA
- Member of the Board of Directors of Race – Refrigeration & Air Conditioning Engineering, S.A.
- Member of the Board of Directors of Race SGPS, S.A.
- Member of the Board of Directors of SC Industrials, SGPS, S.A.
- Member of the Board of Directors of SC, SGPS, S.A.
- Member of the Board of Directors of SC – Sociedade de Consultadoria, S.A.
- Member of the Board of Directors of SC Assets, SGPS, S.A.

- Member of the Board of Directors of SC Finance, BV
- Member of the Board of Directors of SC Fitness, S.A. (formerly Contacto Concessões, S.A.)
- Member of the Board of Directors of SC Hospitality, SGPS, S.A.
- Member of the Board of Directors of S.I.I. – Soberana – Investimentos Imobiliários, S.A.
- Member of the Board of Directors of Sete e Meio Herdades – Investimentos Agrícolas e Turismo, S.A.
- Member of the Board of Directors of Soira – Sociedade Imobiliária de Ramalde, S.A.
- Member of the Board of Directors of Solinca – Health and Fitness, S.A.
- Member of the Board of Directors of Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.
- Member of the Board of Directors of Sopair, S.A.
- Member of the Board of Directors of Sotáqua – Sociedade de Empreendimentos Turísticos de Quarteira, S.A.
- Member of the Board of Directors of Spinveste – Gestão Imobiliária, SGII, S.A.
- Member of the Board of Directors of Spinveste – Promoção Imobiliária, S.A.
- Member of the Board of Directors of The Artist Porto Hotel & Bistro – Actividades Hoteleiras, S.A.
- Member of the Board of Directors of The House Ribeira – Exploração Hoteleira, S.A.
- Member of the Board of Directors of Tróia Market – Supermercados, S.A.
- Member of the Board of Directors of Troiaresort – Investimentos Turísticos, S.A.
- Member of the Board of Directors of Troiaresort, SGPS, S.A.
- Member of the Board of Directors of Tulipamar – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of UP Invest, SGPS, S.A.
- Member of the Board of Directors of Urbisedas – Imobiliária das Sedas, S.A.
- Member of the Board of Directors of Vistas do Freixo – Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of 2NDROOM - Exploração Hoteleira, S.A.
- Member of the Management of Capwatt Chamusca – Bio Power, Unipessoal, Lda (formerly Gasflow, Unipessoal, Lda.)
- Member of the Management of Capwatt Estuário – Heat Power, Unipessoal, Lda. (formerly C.T.E. – Central Termoeléctrica do Estuário, Unipessoal, Lda.)
- Member of the Management of Capwatt IV – Heat Power, Unipessoal, Lda. (formerly Ronfegen – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management of Capwatt Lousado – Heat Power Unipessoal, Lda. (formerly Enerlousado – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management Board of Capwatt México, Sociedad de Responsabilidad Limitada de Capital Variable
- Member of the Management of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of the Management of Companhia Térmica Tagol, Unipessoal, Lda.
- Member of the Management of Guimadira – Máquinas e Ferramentas, Unipessoal, Lda.
- Legal Representative of Race – Refrigeration & Air Conditioning Engineering, S.A., Matosinhos "Sucursala Bucaresti"

Offices held in other companies/entities

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Main professional activities over the last five years:

- Since 2012 - Chief Financial Officer, Sonae Capital Group
- 2007-2012 - Corporate Finance Director, Sonae Capital Group

Miguel Jorge Moreira da Cruz Gil Mata
CEO of Sonae Capital, SGPS, S.A.
Age: 44
Nationality: Portuguese

Education

- Degree in Mechanical Engineering – Faculdade de Engenharia, Universidade do Porto (1998)
- Postgraduate Degree in Industrial Maintenance – Faculdade de Engenharia, Universidade do Porto (1999)
- Master in Business Administration – Porto Business School, Universidade do Porto (2003)

Offices held in companies of the Group

- Chairman of the Board of Directors and CEO of Adira – Metal Forming Solutions, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Atelgen, Produção de Energia, ACE
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Capwatt Hectare – Heat Power, ACE
- Chairman of the Board of Directors of Capwatt, SGPS, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Companhia Térmica do Serrado, ACE
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Feneralt – Produção de Energia, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Soternix – Produção de Energia, ACE
- Chairman of the Board of Directors of Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Chairman of the Board of Directors of Race, SGPS, S.A.
- Chairman of the Board of Directors of Sopair, S.A.
- Chairman of the Board of Directors of SC SGPS, S.A.
- Member of the Board of Directors of SC Fitness, S.A. (formerly Contacto Concessões, S.A.)
- Chairman of the Board of Directors of SC Hospitality, SGPS, S.A.
- Chairman of the Board of Directors of SC Industrials, SGPS, S.A.
- Chairman of the Board of Directors of Troiaresort, SGPS, S.A.
- Chairman of the Board of Directors of Suncoutim – Solar Energy, S.A.
- Member of the Board of Directors of Capwatt ACE, S.A.
- Member of the Board of Directors of Capwatt Alrota, Wind Power, S.A (formerly Lusobrisa – Produção de Energia Eléctrica, S.A.)

- Member of the Board of Directors of Capwatt – Brainpower, S.A.
- Member of the Board of Directors of da Capwatt Colombo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Engenho Novo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Évora – Solar Power, S.A. (formerly Capwatt II – Heat Power, S.A.)
- Member of the Board of Directors of Capwatt Ferreira – Solar Power, S.A. (formerly Ventos da Serra – Produção de Energia, S.A.)
- Member of the Board of Directors of Capwatt III – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Maia – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Martim Longo – Solar Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Caima – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Tejo – Heat Power, S.A.
- Member of the Board of Directors of Race – Refrigeration & Air Conditioning Engineering, S.A.
- Membro Conselho de Administração da SC – Sociedade de Consultadoria, S.A.
- Member of the Management of Capwatt Chamusca – Bio Power, Unipessoal, Lda. (formerly Gasflow, Unipessoal, Lda.)
- Member of the Management of Capwatt Estuário – Heat Power, Unipessoal, Lda. (formerly C.T.E. – Central Termoeléctrica do Estuário, Unipessoal, Lda.)
- Member of the Management of Capwatt IV – Heat Power, Unipessoal, Lda. (formerly Ronfegen – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management of Capwatt Lousado – Heat Power Unipessoal, Lda. (formerly Enerlousado – Recursos Energéticos, Unipessoal, Lda.
- Member of the Management Board of Capwatt México, Sociedad de Responsabilidad Limitada de Capital Variable
- Member of the Management of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of the Management of Companhia Térmica Tagol, Unipessoal, Lda.
- Member of the Management of Guimadira – Máquinas e Ferramentas, Unipessoal, Lda
- Legal Representative of Race - Refrigeration & Air Conditioning Engineering, S.A., Matosinhos "Sucursala Bucaresti"

Offices held in other companies/entities

- Chairman of the Executive Committee of APGEI – Associação Portuguesa de Gestão e Engenharia Industrial
- Chairman of the Executive Committee of COGEN Portugal – Associação Portuguesa de Cogeração e Eficiência Energética
- Member of the Board of IPES – Instituto Português de Energia Solar
- Member of the Management of Vantipal, Lda.

Main professional activities over the last five years:

- Chief Operating Officer of CapWatt (2008-2018)
- Chief Operating Officer of Sonae Indústria de Revestimentos (2012-2014)
- Chief Operating Officer of Euroresinas (2012-2014)
- Chief Operating Officer of Impaper (2012-2014)

António Monteiro de Magalhães
Chairman of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Degree in Economics – Faculdade de Economia, Universidade do Porto (1969)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Partner and Director of António Magalhães & Carlos Santos – Statutory Audit Firm (since its incorporation in 1989)
- Member of the Statutory Audit Board of CIN – Corporação Industrial do Norte, S.A.
- Member of the Representative Assembly of the Ordem dos Economistas - 2018/2021 mandate

Main professional activities over the last five years:

- Chairman of the Superior Council of the Ordem dos Revisores Oficiais de Contas - 2012/2014 and 2015/2017 mandates
- Member of the Statutory Audit Board of Montepio Holding, SGPS, S.A. and of Montepio Investimento, S.A. - 2008/2010, 2011/2013 and 2014/2016 mandates
- Chairman of the Statutory Audit Board of Nexponor – Sociedade Especial de Investimento Imobiliário de Capital Fixo – SICAFI, S.A. - 2013/2015 mandate
- Member of the Representative Assembly of the Ordem dos Economistas - 2016/2017 mandate

Manuel Heleno Sismeiro
Member of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Accountant, ICL, Lisbon (1964)
- Degree in Finance, ISCEF, Lisbon (1971)

Offices held in companies of the Group

-

Offices held in other companies

- Chairman of the Statutory Audit Board of the companies:
    - Sonae Arauco Portugal, S.A.
    - OCP Portugal – Produtos Farmacêuticos, S.A.
- Member of the Statutory Audit Board of Sonae, SGPS, S.A.

Main professional activities over the last five years:

- Since 2008 – Consultant, expert in the areas of internal audit and internal control

Susana Catarina Iglésias Couto Rodrigues de Jesus
Member of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Degree in Management – Faculdade de Economia, Universitdade do Porto (1998) – final grade of 14 values
- Postgraduate Degree in Risk Management and Derivatives, organized by Universidade Católica Portuguesa and the former Oporto Derivatives Exchange (2000) - final grade of 15 values

Offices held in companies of the Group

-

Offices held in other companies/entities

- Sole Auditor acting as Statutory External Auditor:
    - Agência para o Investimento e Comércio Externo de Portugal, E.P.E.
    - Gestão e Obras do Porto, E.M.
    - Oftaline, S.A.
    - Imocapital, S.A.
    - Comissão de Coordenação e Desenvolvimento Regional do Norte
- Member of the Statutory Audit Board, acting as Statutory External Auditor:
    - Sociedade Lusa - Agência de Notícias de Portugal, S.A.
    - Associação Porto Digital
- Member of the Statutory Audit Board:
    - Banco Primus, S.A.
    - Bright Ventures Capital, SCR, S.A.
    - Inter-Risco - Sociedade de Capital de Risco, S.A.
    - Flexdeal – Sociedade de Investimento Mobiliário para Fomento da Economia, S.A.
- Member of the SME Working Group of the Order of Statutory Auditors

Main professional activities over the last five years:

- Sole Auditor acting as Statutory External Auditor of Agência para o Investimento e Comércio Externo de Portugal, E.P.E.
- Sole Auditor acting as Statutory External Auditor of Gestão e Obras do Porto, E.M.
- Sole Auditor acting as Statutory External Auditor of Oftaline, S.A
- Member of the Statutory Audit Board of Banco Primus
- Member of the Statutory Audit Board of Bright Ventures Capital, SCR, S.A.
- Member of the Statutory Audit Board of Inter-Risco - Sociedade de Capital de Risco, S.A.
- Member of the Statutory Audit Board of Flexdeal - Sociedade de Investimento Mobiliário para Fomento da Economia, S.A.

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REPORT & ACCOUNTS

PART III
FINANCIAL STATEMENTS
31 December 2018

SONAE CAPITAL

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PART III

FINANCIAL STATEMENTS

31 December 2018

SONAE CAPITAL, SGPS, SA

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2017
(Amounts expressed in euro)

ASSETS	Notes	31 December 2018	31 December 2017
NON-CURRENT ASSETS:			
Tangible assets	10	266 257 880	265 431 974
Intangible assets	11	10 697 642	9 822 521
Goodwill	12	52 024 808	47 376 371
Investments in associated companies and joint ventures	6	1 623 907	1 419 028
Other investments	7	670 435	578 430
Deferred tax assets	19	22 997 895	27 774 060
Other debtors	13	12 200 567	6 601 994
Total non-current assets		**366 473 134**	**359 004 378**
CURRENT ASSETS:			
Inventories	14	63 263 441	94 396 634
Trade account receivables and other current assets	15	25 461 559	24 799 640
Other debtors	16	18 801 075	10 047 909
Income tax receivable	17	3 165 031	3 896 136
Other taxes receivable	17	4 754 203	4 932 769
Other current assets	18	11 781 569	9 326 244
Cash and cash equivalents	20	7 558 360	7 307 069
Total Current Assets		**134 785 238**	**154 706 401**
Assets held for sale		**668 342**	**2 415 830**
TOTAL ASSETS	47	**501 926 714**	**516 126 609**

EQUITY AND LIABILITIES	Notes	31 December 2018	31 December 2017
EQUITY:			
Share capital	21	250 000 000	250 000 000
Own Shares	21	(1 192 808)	(1 305 839)
Reserves and retained earnings	21	9 859 511	34 815 731
Profit/(Loss) for the year attributable to the equity holders of Sonae Capital		(3 860 952)	(6 513 485)
Equity attributable to the equity holders of Sonae Capital		258 587 636	280 454 113
Equity attributable to non-controlling interests	22	9 440 091	10 915 176
TOTAL EQUITY		**268 027 727**	**291 369 289**
NON-CURRENT LIABILITIES:			
Bank Loans	23	32 414 510	17 218 216
Bonds	23	14 883 910	57 245 810
Obligation under finance leases	23 & 24	11 981 704	13 807 082
Other loans	23	145 706	197 389
Other non-current liabilities	26	1 312 947	3 015 213
Deferred tax liabilities	19	12 984 582	21 638 983
Provisions	31	3 079 824	3 079 824
Total Non-Current Liabilities		**76 803 183**	**116 202 517**
CURRENT LIABILITIES:			
Bank Loans	23	21 836 060	24 740 268
Bonds	23	42 500 000	-
Obligation under finance leases	23 & 24	3 527 494	3 422 578
Other loans	23	48 788	48 788
Trade creditors	28	27 233 514	25 369 800
Other creditors	29	18 799 992	17 625 496
Income tax payable	17	4 738 097	1 443 550
Other taxes payable	17	3 163 907	3 025 841
Other current liabilities	30	26 344 927	23 681 508
Provisions	31	3 286 698	4 403 401
Total Current Liabilities		**151 479 477**	**103 761 230**
Liabilities associated with assets held for sale		**5 616 327**	**4 793 573**
TOTAL LIABILITIES		**233 898 987**	**224 757 320**
TOTAL EQUITY AND LIABILITIES	47	**501 926 714**	**516 126 609**

The acGrouping notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in euro)

	Notes	31 December 2018	31 December 2017 Restated
Sales	33	140 786 679	109 513 964
Services rendered	33	81 891 278	67 642 801
Other operating income	34	10 709 804	6 595 430
Cost of sales	14	(89 297 579)	(72 750 494)
Changes in stocks of finished goods and work in progress	35	(4 839 055)	(6 483 266)
External supplies and services	36	(65 071 606)	(55 737 160)
Staff costs	37	(41 526 342)	(34 963 322)
Depreciation and amortisation	10 & 11	(24 383 655)	(19 441 636)
Provisions and impairment of non-financial assets (Increases)/Decreases	30	1 826 939	12 647
Impairment losses of financial assets (Increases)/Decreases	30	47 368	(89 126
)Other operating expenses	38	(6 034 341)	(5 671 948)
Operational profit/(loss)		**4 109 490**	**1 262 675**
Financial Income	39	389 277	118 840
Financial Expenses	39	(4 212 871)	(4 366 919)
Net financial income / (expenses)		**(3 823 594)**	**(4 248 079)**
Profit/(Loss) in associated and jointly controlled companies measured using the equity method	6	**444 700**	**391 017**
Investment income	40	**281 075**	**2 017 071**
Profit/(Loss) before taxation		**1 011 671**	**(577 317)**
Taxation	41	805 629	1 904 800
Profit/(Loss) for the year - continued operations		**206 044**	**(2 482 116)**
Profit/(Loss) for the year - discontinued operations		**(3 466 883)**	**(2 919 288)**
Profit/(Loss) for the year	42	**(3 260 839)**	**(5 401 404)**
Attributable to:			
Equity holders of Sonae Capital		(3 860 952)	(6 513 485)
Non-controlling interests	22	600 113	1 112 088
Profit/(Loss) per share - continued operations			
Basic	44	(0,00159)	(0,01453)
Diluted	44	(0,00159)	(0,01453)
Profit/(Loss) per share - discontinued operations			
Basic	44	(0,01397)	(0,01180)
Diluted	44	(0,01397)	(0,01180)

The acGrouping notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE 4TH QUARTER OF 2018 AND 2017
(Amounts expressed in euro)

	Notes	4th Quarter 2018 *	4th Quarter 2017 *
Sales		63 709 010	34 938 378
Services rendered		18 540 992	10 656 361
Other operating income		4 861 797	2 323 994
Cost of sales		(46 740 272)	(17 129 853)
Changes in stocks of finished goods and work in progress		(2 041 011)	(6 480 343)
External supplies and services		(18 849 652)	(13 968 273)
Staff costs		(10 907 048)	(7 767 900)
Depreciation and amortisation		(6 460 290)	(5 718 982)
Provisions and impairment losses (Increases)/Decreases		2 147 443	2 058 939
Other operating expenses		(733 507)	(1 929 973)
Operational profit/(loss)		**3 527 462**	**(3 017 652)**
Financial Income		336 681	117 427
Financial Expenses		(1 139 540)	(962 514)
Net financial income / (expenses)		**(802 859)**	**(845 087)**
Profit/(Loss) in associated and jointly controlled companies measured using the equity method		**147 770**	**128 020**
Investment income		**282 983**	**285 953**
Profit/(Loss) before taxation		**3 155 356**	**(3 448 766)**
Taxation		(226 345)	504 218
Profit/(Loss) for the year - continued operations		**3 381 702**	**(3 952 983)**
Profit/(Loss) for the year - discontinued operations		**(208 545)**	**(1 938 635)**
Profit/(Loss) for the year		**3 173 157**	**(5 891 618)**
Attributable to:			
Equity holders of Sonae Capital		2 464 149	(6 014 951)
Non-controlling interests		709 008	123 338

The acGrouping notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in euro)

	31 December 2018	31 December 2017
Consolidated net profit/(loss) for the period	**(3 260 839)**	**(5 401 404)**
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	303 922	160 485
Share of other comprehensive income of associates and joint ventures accounted for by the equity method (Note 5)	-	-
Change in the fair value of assets available for sale		
Change in the fair value of cash flow hedging derivatives	-	1 366
Tax related to other comprehensive income captions	-	-
Other comprehensive income for the period - continued operations	**(3 490)**	**(20 891)**
Other comprehensive income for the period - discontinued operations	**307 412**	**182 742**
Total comprehensive income for the period	(2 956 916)	(5 239 553)
Attributable to:		
Equity holders of Sonae Capital	(3 648 206)	(6 378 650)
Non-controlling interests	691 290	1 139 097

The acGrouping notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 4TH QUARTER OF 2018 AND 2017
(Amounts expressed in euro)

	4th Quarter 2018 *	4th Quarter 2017 *
Consolidated net profit/(loss) for the period	**3 173 157**	**(5 891 618)**
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	330 225	171 459
Change in the fair value of cash flow hedging derivatives	-	-
Other comprehensive income for the period - continued operations	**(3 490)**	**(123 179)**
Other comprehensive income for the period - discontinued operations	**330 225**	**230 722**
Total comprehensive income for the period	**3 499 892**	**(5 784 075)**
Attributable to:		
Equity holders of Sonae Capital	6 308 655	(5 944 027)
Non-controlling interests	816 512	159 952

The acGrouping notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

The Board of Directors

SONAE CAPITAL, SGPS, SA

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital													
	Share Capital	Own Shares	Demerger Reserve (Note 15)	Translation Reserves	Fair Value Reserves	Hedging Reserves	Other Reserves	Sub Total	Retained Earnings	Subtotal Reserves and Retained Earnings	Net Profit/(Loss)	Total	Non-Controlling Interests	Total Equity
Balance as at 1 January 2017	**250 000 000**	**(1 404 226)**	**132 638 253**	**12 876**	**-**	**5 004**	**(91 872 050)**	**40 784 083**	**3 457 708**	**44 241 791**	**17 594 199**	**310 431 764**	**9 925 965**	**320 357 729**
Total consolidated comprehensive income for the period	-	-	-	133 476	-	1 366	-	134 842	-	134 842	(6 513 485)	(6 378 645)	1 139 097	(5 239 548)
Appropriation of profit of 2016:														
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	17 594 199	17 594 199	-	17 594 199	(17 594 199)	-	-	-
Dividends paid	-	-	-	-	-	-	(24 521 567)	(24 521 567)	-	(24 521 567)	-	(24 521 567)	(926 710)	(25 448 277)
(Acquisition)/Sales of own shares	-	98 387	-	-	-	-	-	-	-	-	-	98 387	-	98 387
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-	-	-	-	-	776 824	776 824
Other changes	-	-	-	-	-	-	824 174	824 174	-	824 174	-	824 174	-	824 174
Balance as at 31 December 2017	**250 000 000**	**(1 305 839)**	**132 638 253**	**146 352**	**-**	**6 370**	**(97 975 244)**	**34 815 731**	**3 457 708**	**38 273 437**	**(6 513 485)**	**280 454 113**	**10 915 176**	**291 369 289**
Balance as at 1 January 2018	**250 000 000**	**(1 305 839)**	**132 638 253**	**146 352**	**-**	**6 370**	**(97 975 244)**	**34 815 731**	**3 457 708**	**38 273 437**	**(6 513 485)**	**280 454 113**	**10 915 176**	**291 369 289**
Total consolidated comprehensive income for the period	-	-	-	212 745	-	-	-	212 745	-	212 745	(3 860 952)	(3 648 207)	691 290	(2 956 917)
Appropriation of profit of 2017:														
Transfer to legal reserves and retained earnings	-	-	-	-	-	-	(6 513 485)	(6 513 485)	-	(6 513 485)	6 513 485	-	-	-
Dividends paid	-	-	-	-	-	-	(14 753 543)	(14 753 543)	-	(14 753 543)	-	(14 753 543)	(1 384 309)	(16 137 852)
(Acquisition)/Sales of own shares	-	113 031	-	-	-	-	-	-	-	-	-	113 031	-	113 031
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	(4 394 531)	(4 394 531)	324 177	(4 070 354)	-	(4 070 354)	(762 025)	(4 832 379)
Other changes	-	-	-	-	-	-	492 596	492 596	-	492 596	-	492 596	(20 042)	472 554
Balance as at 31 December 2018	**250 000 000**	**(1 192 808)**	**132 638 253**	**359 097**	**-**	**6 370**	**(123 144 207)**	**9 859 512**	**3 781 885**	**13 641 396**	**(3 860 952)**	**258 587 637**	**9 440 091**	**268 027 727**

The acGrouping notes are part of these financial statements.

The Board of Directors

SONAE CAPITAL, SGPS, SA
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in euro)

	Notes	31 December 2018	31 December 2017	4th Quarter 2018 *	4th Quarter 2017 *
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		208 544 424	173 262 850	59 918 326	50 171 297
Cash paid to trade creditors		(123 497 965)	(112 288 882)	(34 400 623)	(29 428 050)
Cash paid to employees		(41 593 532)	(33 275 063)	(10 185 618)	(3 512 028)
Cash flow generated by operations		43 452 927	27 698 905	15 332 085	17 231 219
Income taxes (paid) / received		(637 296)	(335 924)	(285 612)	(1 159 983)
Other cash receipts and (payments) relating to operating activities	20	(2 840 242)	2 045 103	990 586	(2 042 846)
Discontinued operations		**(2 977 816)**	**(1 021 073)**	**(47 117)**	**(10 277 979)**
Net cash from operating activities (1)		**42 953 205**	**28 387 011**	**16 084 176**	**3 750 411**
INVESTMENT ACTIVITIES:					
Cash receipts arising from:					
Investments	46	687 167	812 469	5 805	76 373
Tangible assets		16 544 008	9 795 270	5 323 790	2 188 592
Intangible assets		828	242 675	(3)	242 664
Subsidies		-	44 209	-	-
Interest and similar income		391 548	187 197	324 187	87 410
Loans granted		-	754 955	-	100 000
Dividends	6	239 822	280 461	118 939	-
Others		1 460	43 241	-	36 848
Changes in consolidation perimeter (companies in)	8	78 339	3 025 803	-	153 969
		17 943 172	15 186 278	5 772 718	2 885 856
Cash Payments arising from:					
Investments	46	(17 710 981)	(40 751 829)	(71 322)	(3 462 050)
Tangible assets		(23 960 507)	(9 422 548)	(2 831 305)	(3 949 409)
Intangible assets		(3 209 707)	(1 322 472)	(531 393)	(521 187)
Loans granted		-	(33 042)	-	810
		(44 951 620)	(51 529 891)	(3 434 020)	(7 931 836)
Discontinued operations		**(41 853)**	**3 117**	**170**	**3 117**
Net cash used in investment activities (2)		**(26 966 595)**	**(36 340 496)**	**2 338 528**	**(5 042 863)**
FINANCING ACTIVITIES:					
Cash receipts arising from:					
Loans obtained	23	22 299 715	57 811 852	(14 264 545)	8 205 325
Sale of own shares		190 012	98 387	-	-
		22 489 727	57 910 239	(14 264 545)	8 205 325
Cash payments arising from:					
Loans obtained	24	(15 041 558)	(44 071 769)	(2 846 929)	(3 138 114)
Interest and similar charges		(4 248 573)	(4 969 782)	(1 396 101)	(1 479 122)
Reimbursement of capital and paid in capital		-	-	-	1 658 113
Dividends		(16 387 343)	(25 088 995)	(668 698)	(180 349)
		(35 677 474)	(74 130 546)	(4 911 728)	(3 139 472)
Discontinued operations		**2 901 221**	**1 254 189**	**(104 565)**	**(1 254 189)**
Net cash used in financing activities (3)		**(16 088 968)**	**(17 474 496)**	**(19 071 708)**	**3 811 664**
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		**(102 357)**	**(25 427 981)**	**(649 004)**	**2 519 212**
Effect of foreign exchange rate		(19)	69 959	(19)	(475)
Cash and cash equivalents at the beginning of the period	20	7 233 499	32 731 439	(7 661)	-
Cash and cash equivalents at the end of the period	20	7 131 161	7 233 499	(656 646)	2 519 687

The acGrouping notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

The Board of Directors

1. INTRODUCTION

SONAE CAPITAL, SGPS, SA (“Group”, "Group" or “Sonae Capital”) whose head-office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, is the parent Group of a group of companies, as detailed in Notes 5 to 7 (“Sonae Capital Group”) and was set up on 14 December 2007 as a result of the demerger of the shareholding in SC, SGPS, SA (previously named Sonae Capital, SGPS, SA) from Sonae, SGPS, SA, which was approved by the Board of Directors on 8 November 2007 and by the Shareholder's General Meeting held on 14 December 2007.

Reflecting the current management structure, the reporting segments were revised, addressing the strategic business areas identified in the Group:

- Troia Resort Operations
- Hospitality
- Fitness
- Energy
- Refrigeration & HVAC
- Industrial Engineering
- Real Estate
- Holding & Others

The non-strategic assets (including non-tourism real estate assets and financial shareholdings) are included in the segment “Holding & Others”.

The Shares of Sonae Capital are traded in Lisbon Euronext Stock Exchange.

Shareholders have the ability to change the Financial Statements after they have been approved for issue.

2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the acGrouping consolidated financial statements are as follows. These policies were applied in a consistent manner in the comparative periods, except when resulting from the adoption of the IFRS 9 and IFRS 15.

2.1. BASIS OF PREPARATION

The acGrouping consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS") adopted by the European Union, issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2018.

Interim financial statements were presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The acGrouping consolidated financial statements have been prepared from the books and accounting records of the Group and of its subsidiaries on a going concern basis and under the historical cost convention, except for derivative financial instruments which are stated at fair value . In preparing the financial statements, the Group followed the historical cost convention modified, when applicable, by the Group. measurement at fair value of i) financial assets at fair value through profit or loss and ii) financial assets at fair value through other comprehensive income.

Fair value was only considered for the purpose of evaluating the Group's tangible fixed assets, intangible assets and inventories, which, despite being recorded at cost, were evaluated in order to test their impairment. The valuations of the Group's real estate assets were made by the Group Cushman & Wakefield-Consultoria Imobiliária, Unipessoal, Lda. According to the "RICS Valuation january 2014 - Professional Standards" published by "The Royal Institution of Chartered Surveyors".

Regarding the fair value hierarchy used:

Level 1 - nothing to mention;

Level 2 - real estate valuations of tangible fixed assets and inventories (note 14), considered in the respective tables in column (VM). In fact, these properties have been valued at their market value, which is defined as the estimated amount for the transaction of an asset or liability at the valuation date between a willing buyer and seller without any relationship, after an appropriate period of trading, and in which the parties have acted consciously, prudently and without coercion. For the purpose of valuations at market value, market comparisons were used essentially.

Level 3 - real estate valuations of tangible fixed assets and inventories (note 14), considered in the respective tables in column (OM). It is defined as value opinion when the normal valuation parameters are not met and as such, the reported amount cannot be considered as the market value..

The preparation of the financial statements in line with the IFRS requires the use of estimates, assumptions and critical judgement in the process of determining the accounting policies to adopt by the Group with significant impact on the book value of the assets and liabilities, as well as the revenue and expenses of the period.

Even though these estimates are based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present date. The areas that involves a higher degree of judgement or complexity or areas where the assumptions and estimates are significant are presented in Note 2.20.

New accounting standards and their impact on the consolidated financial statements:

a) In force for 2018 and with no material impact on the consolidated financial statements at 31 December 2018:

Accounting Standards	Effective Date (Started on or after)
IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRS 9 – Financial instruments	1 January 2018
IFRS 4 – Applying IFRS 4 with IFRS 9	1 January 2018
IFRS 2 – Share-based payments	1 January 2018
IAS 40 – Investment property	1 January 2018
IFRIC 22 – Foreign currency transactions and advance consideration	1 January 2018
Annual improvements to IFRS 2014 - 2016 [IFRS 1, IFRS 12 e IAS 28]	1 January 2018

Adoption of the IFRS 9 – Financial Instruments

In accordance with the transitional provisions of the IFRS 9, the Group opted for the retrospective application with adjustment to retained earnings, at the date of initial adoption (1 January 2018), and comparative values were not restated.

Classification and measurement of financial instruments

With the adoption of the IFRS 9, the Group assessed what business models that applied to its financial assets and the characteristics of contractual cash flows at the date of initial application of the IFRS 9 (1 January 2018), having classified the financial instruments in the categories provided by the IFRS 9 and which did not result in reclassifications to be made.

The financial assets that were classified in 2017 in the "Receivables and Accounts Receivable" category of the IAS 39 are classified in 2018 as financial assets measured at amortised cost. The reclassification of these assets had no impact on Shareholders' Equity as of 1 January 2018. As the application of the new classification criteria of the IFRS 9 did not change the model of measurement of the assets before impairment losses the amortised cost will continue to be applied.

Impairment of financial assets

The application of the IFRS 9 requires the determination of impairment losses based on the estimated credit losses model, rather than the valuation made on the basis of the losses incurred in accordance with the IAS 39. They are subject to the new credit impairment model set forth in the IFRS 9 the debt instruments recognised at amortised cost (customers, other debtors, loans to related entities) and assets of contracts with customers.

For debt instruments at amortised cost, customers, other borrowers and client contract assets, the Group applies the simplified approach of the IFRS 9, whereby estimated impairment losses are recognised from the initial recognition of balances and period of maturity, considering a matrix of historical default rates for the maturity of the balances, adjusted by prospective estimates.

Regarding loans to related entities and debt instruments at fair value through other comprehensive income, these were considered as having low risk, so that impairment losses were determined by evaluating the estimated losses in the following 12 months, as according to the general model of estimated credit losses.

The total impact on retained earnings of the Group by the adoption of the IFRS 9 on 1 January 2018 was considered immaterial and was not recorded in the accounts.

Adoption of the IFRS 15 - Revenue from contracts with customers

The IFRS 15 is based on the principle that revenue from the sale of assets is recognised on the date of transfer of control to the customer, and the transaction value is allocated to the different performance obligations assumed with the client and subject to adjustment in the measurement whenever the amount rendered back is variable or subject to a significant financial effect.

In adopting the IFRS 15, the Group decided to adopt the transitional retrospective application regime with the initial cumulative effect recognised in retained earnings on 1 January 2018, using the following practical arrangements: Application only for contracts not completed at the date of 1 January 2018 and no restatement of modified contracts before 1 January 2017.

The adoption of the IFRS 15 resulted in the following changes to the Group's accounting policies, reclassifications and adjustments:

Accounting for certain costs incurred in fulfilling a contract (fulfilling costs):

Costs related to the implementation phase are considered fulfillment costs. Costs associated with performance of a contract must be capitalised in accordance with the IFRS 15 if (i) it is related to an existing contract or a specific futures contract, ii) create resources that will be used to satisfy a performance obligation in the future, (iii) if the costs are expected to be recovered or (iv) are not already covered by another standard. These costs will be capitalised and recognised in results according to the customer's estimated period of compliance with the contract or over the contract period. These costs are currently recorded in results when incurred.

Reclassification of amounts relating to revenue accrual from service contracts for contractual assets and contractual liabilities in the balance sheet:

From this analysis it is concluded that the adoption of the IFRS 15 in the consolidated financial statements of the Group will have an estimated net impact on consolidated Shareholders’ Equity as of 1 January 2018 that is immaterial.

b) In force for periods subsequent to 31 December 2019, already endorsed by the EU:

Accounting Standards	Effective Date (Started on or after)
IFRS 16 – Leases	1 January 2019
IFRS 9 – Financial instruments	1 January 2019
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019
IAS 28 – Investiments in associates and joint ventures	1 January 2019

The Group did not apply any of these standards in the financial statements for the year ended 31 December 2018 because its application is not mandatory. The estimated impacts on the financial statements arising from the adoption of the IFRS 16 are as follows:

Adoption of the IFRS 16 - Leases

The IFRS 16 defines the principles for the recognition, measurement and presentation of leases, replacing the IAS 17 - Leases and their interpretive guidelines.

The IFRS 16 distinguishes leases and service contracts taking into account whether an asset is identified and controlled. The distinction between operational leases (off-balance sheet) and financianl leases (included in the balance sheet) are eliminated at the lessee level and are replaced by a model in which an asset is identified with a right-of-use and a corresponding liability for all leases, except for short-term (up to 12 months) and low value contracts.

The right-of-use is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease responsibilities to the current date. Subsequently, the lease liability is adjusted by the financial updating of the said value, as well as the possible modifications of the lease contracts.

During the year the Group carried out an inventory of existing leases, carried out its analysis and technical framework taking into account the provisions of the IFRS 16.

In addition, existing information systems have been reviewed and adapted to meet the requirements of this standard.

The Group will apply the standard from the date of mandatory adoption of 1 January 2019 with the modified retrospective approach.

During 2018, the impacts of its adoption were analyzed. With regard to its current operating lease commitments, the Group expects to recognize right-of-use assets of approximately 52 million euros on 1 January 2019 and lease obligations of 62 million euros.

The adoption of the IFRS 16 will result in a reduction in net income after tax in 2019. EBITDA will increase, since operating lease payments were previously included in EBITDA, but the depreciation of right-of-use assets and interest on lease liability are excluded.

c) In force for periods subsequent to 1 January 2019, but not yet endorsed by the EU:

Accounting Standards	Effective Date (Started on or after)
IAS 19 – Employee benefits	1 January 2019
IAS 28 – Investments in associates and joint ventures	1 January 2019
IFRS 3 – Business combinations	1 January 2020
IAS 1 – Presentation of financial statements; IAS 8 – Accounting policies, changes in accounting estimates and errors	1 January 2020
Annual improvements to IFRS 2015 – 2017 [IAS 23, IAS 12, IFRS 3 e IFRS 11]	1 January 2019
Conceptual framework - Amendments to references to other IFRS	1 January 2020

2.2. CONSOLIDATION PRINCIPLES

The consolidation methods adopted by the Group are as follows:

a) Investments in Group companies

The Group controls an entity when it is exposed to, or has rights to, the variable returns from its involvement with the Entity, and has the ability to affect those returns through the power exercised over the Entity (definition of control normally used by the Group), are included in the consolidated financial statements using the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated balance sheet and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

Comprehensive income and other components of equity are attributable to non-controlling interests, even if these captions show negative values.

The acquisition of subsidiaries is recorded using the purchase method. The cost of an acquisition is measured at the fair value of the delivered assets, equity instruments issued and liabilities incurred or assumed at the acquisition date. The costs directly attributable to the acquisition are recorded in the income statement when incurred.

Assets and liabilities of each Group Group are measured at their fair value at the date of acquisition and this measurement may be adjusted within 12 months from the date of acquisition. When the Group starts to have control on a subsidiary and already holds a previously acquired shareholding, the fair value of such shareholding contributes to the calculation of goodwill or bad will. Any excess of the cost of acquisition over the Group's interest in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c). Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognized as income in profit or loss for the period of acquisition, after reassessment of the estimated fair value of net assets acquired. Non-controlling interests include their proportion of the fair value of net identifiable assets and liabilities recognised on acquisition of Group companies.

The results of its subsidiaries companies acquired/sold during the period are included in the income statement since the date of acquisition or until the date of sale.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt accounting policies to those used by the Group. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on consolidation. Unrealized losses are also eliminated, but are considered as an impairment indicator for the transferred asset.

Financial investments in companies excluded from consolidation are recorded at acquisition cost net of impairment losses (Note 7).

Whenever the Group has, in substance, control over other entities created for a specific purpose, even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. Such entities, when applicable, are disclosed in Note 5.

Subsequent transactions in the disposal or acquisition of shareholding to non-controlling interests, and not involving any change in control, don't generate recognition of gains, losses or goodwill. Any difference between the transaction value and the book value of the traded shareholding is recognized in Equity, in other equity instruments.

b) Investments in associated and in jointly controlled companies

The joint agreements are classified as joint operations or joint ventures in relation to the rights and contractual obligations of each investor.

Investments in associated companies (companies where the Group exercises significant influence but does not establish financial and operational policies – usually corresponding to holdings between 20% and 50% in a Group's share capital) and in jointly controlled companies are accounted for in accordance with the equity method.

Under the equity method, investments are recorded at cost value, adjusted by the amount corresponding to the Group's share of changes in equity (including net profit) of associated and jointly controlled companies and by dividends received.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2.2.c), which is included in the caption Investment in associated and jointly controlled companies. Any excess of the Group's share in the fair value of the identifiable net assets acquired over cost is recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired.

An assessment of the investment in associated and jointly controlled companies is performed when there is an indication that the asset might be impaired and any impairment loss is disclosed in the income statement whenever the shareholding includes goodwill and / or implicit loans / financing. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When the Group's share of losses exceeds the carrying amount of the investment, this is reported at nil value and recognition of losses is discontinued, unless the Group is committed beyond the value of its investment, or in case it has made payments in favour of the subsidiaries, with the Group recording additional losses.

The Group's share in unrealized gains arising from transactions with associated and jointly controlled companies is eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

Investments in associated and jointly controlled companies are disclosed in Note 6.

The accounting policies of the joint ventures are amended, where necessary, to ensure that they are applied consistently with those of the Group.

c) Goodwill

The excess of the cost of acquisition of investments in group companies, jointly controlled companies and associated companies over the Group's share in the fair value of the assets and liabilities of those companies at the date of acquisition is shown as Goodwill (Note 12) or as Investments in associated and jointly controlled companies (Note 6).

The excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Group's currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are disclosed in Currency Translation Reserves.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. For impairment testing purposes, Goodwill is allocated to the cash generating units to which it belongs, the latter being the smallest identifiable group of assets that generates independent cash flows among themselves. The recoverable amount is determined based on the business plans used in the management of the Group or on valuation reports prepared by independent entities.

Impairment losses identified in the period are disclosed in the income statement under Provisions and impairment losses, and may not be reversed.

Any excess of the Group's share in the fair value of identifiable assets and liabilities in Group companies over costs is recognised as income in the profit and loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets and liabilities acquired.

When the Group reorganizes its activity, implying a change in the composition of its cash-generating units to which goodwill has been allocated, a review of Goodwill's allocation to the new cash-generating units is carried out when appropriate. The reallocation is done through a relative value approach, of the new cash-generating units that are created from the reorganization.

d) Translation of financial statements of foreign companies

Functional and disclosure currency

The items included in the consolidated financial statements are measured using the currency of the economic environment in which the Group operates (functional currency). The Consolidated Financial Statements of the Group and the notes thereto are presented in euros, the functional and disclosure currency of the Group, unless otherwise stated.

Transactions and balances

Exchange gains or losses resulting from the payment / receipt of transactions, as well as the translation of assets and liabilities in foreign currency at the exchange rate at the reporting date, are recognized in the income statement under Financial Expenses or Financial Income if the transactions are related with loans, and Other Income or Other Expenses for all other balances / transactions.

Assets and liabilities denominated in foreign currencies in the individual financial statements of foreign companies are translated to euro using exchange rates at the balance sheet date. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under Currency Translation Reserves. Exchange rate differences that originated prior to 1 January 2004 (date of transition to IFRS) were written-off through Retained earnings.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the balance sheet date.

Whenever a foreign Group is sold (in whole or in part), the share of the corresponding accumulated exchange rate differences is recorded in the income statement as a gain or loss on the disposal, in the caption Investment income.

Whenever a subsidiary in foreign currency is fully disposed of, the accumulated exchange difference is recognized in the income statement as a gain or loss on disposal. If the subsidiary is partially disposed, without loss of control, the accumulated exchange difference is derecognised in its share and transferred to non-controlling interests. If the subsidiary Group is partially disposed, with loss of control, the exchange difference is recorded in the income statement.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	Dec 2018		Dec 2017	
	End of Period	Average of Period	End of Period	Average of Period
Metical Moçambicano	0,014220	0,014060	0,01418	0,01399
Real Brasileiro	0,225020	0,232890	0,25171	0,27834
Kwanza Angolano				0,00530
Dólar Americano	0,873360	0,847530		
Peso Mexicano	0,044460	0,044080		

Source: Bloomberg

2.3. TANGIBLE ASSETS

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition cost, or revaluated acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after those dates are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

The acquisition cost includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset so that it is placed in condition of use. Financial costs incurred on loans obtained for the construction of tangible assets are recognized as part of the construction cost of the asset.

Depreciation is calculated on a straight line basis, once the asset is available for use, over the expected useful life for each class of assets and disclosed in “Amortisation and depreciation” in the consolidated profit and loss account.

Impairment losses in tangible assets are accounted for in the year when they are estimated, and are disclosed in Impairment losses in the consolidated profit and loss account, except for those relating to Inventories whose impairment is recorded in Cost of goods sold and materials consumed.

Impairment losses are recorded in the year in which they are estimated and booked in Provisions and impairment losses in the Consolidated Income Statement.

Depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

The useful lives of the assets are reviewed in each financial report so that the depreciation practiced is in accordance with the useful life of the assets. The land is not depreciated. Changes to useful lives are treated as a change in accounting estimates and are applied prospectively.

Subsequent costs incurred with renewals and major repairs resulting in an increase in the useful life or the ability to generate economic benefits from an asset, are added to the carrying amount of that asset. Maintenance and repair costs related to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction/development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or start being used.

Gains or losses on a sale or a disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale/disposal. These are recorded in the income statement under either "Other operational income" or "Other operational expenses".

Expenses incurred with the dismantling or removals of assets installed in third-party property are considered as part of the initial cost of the respective assets, when they constitute significant amounts.

2.4. INTANGIBLE ASSETS

When individually acquired, intangible assets are stated at acquisition cost, which comprises: i) the purchase price, including intellectual property costs and fees after deduction of any discounts; and ii) any costs directly attributable to the preparation of the asset to be placed in condition of use.

After the initial accounting, the Group measures its intangible assets according to the cost model.

When acquired within the scope of a business combination, separable from goodwill, intangible assets are initially valued at fair value determined in the application of the purchase method, as stated by IFRS 3 - Business Combinations.

Intangible assets are stated at acquisition cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if they are identifiable, if it is probable that future economic benefits will flow from them, if they are controlled by the Group and if their cost can be reliably measured.

Expenditure on research associated with new technical know-how is recognised as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognised as an intangible asset if the Group demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits is probable are capitalized as intangible assets.

The Group adopted IFRIC 12 – Service Concession Arrangements from 2009 onwards whenever a Group Group enters into a service concession arrangement with a public sector entity to provide services to the public. The Troia Marina is the sole service concession arrangement to which this interpretation is applicable. In this case, costs incurred with building the infrastructure for the marina were recorded as an intangible asset which is amortised, on a straight line, over the period of the arrangement, because rights were given to this Group to charge users of the public service but has no unconditional contractual right to receive cash from the grantor and bearing the risk of demand. These Intangible Assets are added to the amounts agreed with the grantor for the construction / acquisition of assets for the commercial use of the concession, when these are translated in investments of expansion or requalification in the infrastructures.

Amortisation is calculated on a straight line basis, once the asset is available for use, over the expected useful life which normally is between 3 and 6 years, and are disclosed in Amortisation and Depreciation in the consolidated profit and loss account, except for Troia Marina assets, recorded as Intangible assets under IFRIC 12 - Service Concession Arrangements, which are amortised over the period of the arrangement (50 years).

Whenever there is evidence of impairment of intangible assets, impairment tests are performed in order to estimate the recoverable value of the asset and, when necessary, to record an impairment loss.

The useful lives of the assets are reviewed in each financial report so that the amortization practiced is in accordance with the useful life of the assets. Changes to useful lives are treated as a change in accounting estimates and are applied prospectively.

2.5. ACCOUNTING FOR LEASES

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

Accounting for leases where the Group is the lessee

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability, at the lower of fair value and present value of minimum lease payments up to the end of the lease. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Tangible fixed assets acquired through finance leases are depreciated by the lower of the two criteria - useful life of the asset or the period of the lease (when the Group has no option to purchase at the end of the lease), or estimated useful life (when the Group Intends to acquire the assets at the end of the contract).

Lease payments under operating lease contracts are recognised as an expense on a straight line basis over the lease term.

Accounting for leases where the Group is lessor

Where the Group acts as a lessor in operating leases, the value of assets leased is maintained in the Group's balance sheet and related rents (net of any incentives granted to the lessee) are taken to the profit and loss account on a straight line basis over the period of the lease.

2.6. GOVERNMENT GRANTS

Government grants are recognised at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Investment subsidies related to the acquisition of fixed assets are recognised as deferred income under other current liabilities that are taken to the income statement, under other operating profit, on a systematic basis over the estimated useful life of the asset.

2.7. IMPAIRMENT OF NON-CURRENT ASSETS, EXCEPT GOODWILL

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement in provisions and impairment losses (increases/decreases). However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.8. BORROWING COSTS

Borrowing costs are normally recognised as an expense in the period in which they are incurred.

Borrowing costs directly or indirectly attributable to the acquisition, construction or production of tangible and real estate projects included under Inventories are capitalised as part of the cost of the qualifying asset. The capitalization of these charges begins after the start of the preparation or construction of the asset and is discontinued when those assets are available for use or when the project concerned is suspended. Borrowing costs are capitalised from the time of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.9. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. These assets are not depreciated since the date they were classified as available for sale, and will remain so until the sale happens or the sale is not likely to happen.

When non-current assets (or disposal groups) no longer meet the conditions to be classified as held for sale, these assets (or disposal groups) will be reclassified according to the nature of the underlying assets and will be remeasured at the lower of: i) The carrying amount before they have been classified as held for sale, adjusted for any depreciation / amortization, or revaluation amounts that have been recognized had those assets not been classified as held for sale ii) by the recoverable amounts of these assets at the date when they are reclassified according to their underlying nature. These adjustments will be recognized in the net income of the year.

2.10. INVENTORIES

Goods for sale and raw materials are stated at the lower of cost, net of discounts obtained or estimated, and net realisable value. Cost is determined on a weighted average basis. Goods for sale include mostly land for real estate developments.

Finished goods and work in progress are stated at the lower of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads (including depreciation of production equipment based on normal levels of activity). Work in progress includes mostly resorts and real estate developments for sale in the normal course of business. Changes in the inventories of finished goods and work in progress during the year are stated in caption Changes in stocks of finished goods and work in progress in the income statement.

Net realisable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

Differences between cost and net realisable value, if negative, are shown as operating expenses under Cost of sales or Changes in Inventories of finished goods and work in progress, depending on whether they refer to goods for sale and raw materials or finished goods and work in progress.

2.11. PROVISIONS

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Provisions are measured at the present value of estimated expense to pay the obligation, using a pre-tax interest rate, which reflects the market valuation for the discount period and the risk of the provision in question.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

Provision for judicial claims

Provisions related to lawsuits in which the Group is a defendant. The Group recognizes this provision when it estimates, based on information provided by legal counsel on the progress of the process, that it is likely the Group will have to pay for an indemnity.

Provision for guaranteed income

Provisions regarding the estimation of the current value of the potential charges for the total Guaranteed Income in real estate sales of Troia Resort.

2.12. FINANCIAL INSTRUMENTS

Financial instruments were classified in the categories presented in the consolidated balance sheet as detailed in Note 9 and in the following:

a) Investments

Accounting policy adopted as of January 1, 2018

Recognition

Purchases and sales of investments in financial assets are recorded at the date of the transaction, ie on the date the group commits itself to buy or sell the asset.

Ranking

The classification of financial assets depends on the business model followed by the group in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable. Changes to the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets can be classified in the following measurement categories:

(i) Financial assets at amortized cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity): In the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time of their sale; (b) in the case of equity instruments, this category includes the percentage of interest held in entities over which the group does not exercise control, joint control or significant influence, and that the group has irrevocably chosen on the date of recognition initial designate at fair value through other comprehensive income;

(iii) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments which were not designated at fair value through other comprehensive income.

At December 31, 2018, the classification of the group's financial assets by category is disclosed in Note 9.

Measurement

Financial assets are initially recorded at acquisition cost, which corresponds to the fair value at that date, including transaction costs, with the exception of financial assets at fair value through profit or loss. The transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortized cost" in financial income.

Impairment losses

The Group assesses in a forward-looking manner the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. The applied impairment methodology takes into account the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

With regard to receivables under "Clients" and "Other receivables" and Assets from customer contracts, the Group applies the simplified approach allowed by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of the balances receivable and for the entire period up to its maturity, considering a matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

Regarding the balances receivable from related entities, which are not considered as part of the financial investment in these entities, the credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due; ii) if the balance receivable is low risk; or (iii) if it has a term of less than 12 months In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero.

In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only evaluates the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and nature of accounts receivable, the Group applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there is no increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to expected losses within a period of 12 months. If there has been an increase in credit risk, the Group calculates an impairment corresponding to the amount equivalent to the expected loss for all contractual flows until the maturity of the asset.

Derecognition of financial assets

The Group derecognises financial assets when and only when contractual rights to cash flows have expired or have been transferred and the Entity has substantially transferred all the risks and rewards of ownership of the asset.

Accounting policy adopted until December 31, 2017

Ranking

Held-to-maturity financial assets are classified as non-current financial assets, unless their maturity is less than 12 months from the balance sheet date, and financial assets with a defined maturity for which the Group has the intention and ability to them until that date.

Financial assets measured at fair value through profit or loss include the financial assets held for trading that the Group acquires in view of their sale within a short period of time. They are classified in the consolidated balance sheet as current financial assets.

The Group classifies as available-for-sale financial assets those that are not classified as financial assets measured at fair value through profit or loss or financial assets held to maturity. These assets are classified as non-current assets, unless they are intended to be disposed of within less than 12 months of the balance sheet date.

Recognition and measurement

All purchases and sales of these investments are recognized on the date of their respective purchase and sale contracts, regardless of the date of financial settlement.

Investments are initially recorded at their acquisition cost, which is usually the fair value of the price paid, including transaction costs, except for investments measured at fair value through profit or loss, where investments are initially recognized at fair value and transaction costs are recognized in the income statement.

Held-to-maturity investments are recorded at amortized cost using the effective interest rate, net of amortization of principal and interest received.

After initial recognition, financial assets measured at fair value through profit or loss and available-for-sale investments are revalued at their fair values by reference to their market value at the balance sheet date, without any deduction relating to transaction costs that may arise to occur until it is sold. Financial assets in companies that are not quoted and for which it is not possible to reliably estimate their fair value are maintained at cost less any impairment losses.

Gains or losses arising from a change in the fair value of available-for-sale financial assets are recorded in equity under the heading Fair value reserves included in the Reserves and retained earnings item until the financial asset is sold, received or otherwise disposed of, or until the fair value of the financial asset is below its cost of acquisition and that it corresponds to an impairment loss, at which point the accumulated gain or loss is recorded in the income statement.

Gains or losses arising from a change in the fair value of financial assets at fair value through profit or loss are recorded under a caption "Financial Results" in the consolidated income statement. Impairment losses associated with debt instruments recognized in the consolidated income statement are reversible through profit or loss. Impairment losses associated with equity instruments recognized in the consolidated income statement are not reversible through profit or loss.

Held-to-maturity financial assets are recorded at amortized cost using the effective interest rate, net of amortization of principal and interest received.

Derecognition

Financial assets are derecognised when the rights to receive the cash flows arising from these investments expire or are transferred, as well as all the risks and benefits associated with their possession.

b) Non-current loans and accounts receivable

Loans and accounts receivable are booked at amortised cost using the effective interest method less any impairment losses.

Financial income is calculated using the effective interest rate, except for amounts receivable within a very short time period, for which the income receivable is immaterial.

These financial investments arise when the Group supplies money, goods or services directly to a debtor without the intention to negotiate the debt involved.

Loans and accounts receivable are classified as current assets, expect in cases where the maturity date is more than 12 months from the date of the balance sheet, when they are classified as non-current assets. These financial investments are included in the classes identified in Note 9.

c) Customers and other third party debts

Amounts owing from Customers and other third party debts are booked at their nominal value and are subsequently measured at amortized cost and shown in the consolidated balance sheet net of any impairment losses, recognised in the caption Losses due to impairment in receivables in order to reflect their net realisable value. These captions, when current, do not include interest, since the discount impact is considered immaterial.

Impairment losses are booked following the events that have taken place, which indicate objectively and in a quantifiable manner that the whole or a part of the debt will not be received. For this, each Group Group takes into consideration market information which demonstrates that:

- The entity involved has significant financial difficulties;
- Significant delays have taken place in payments by the entity involved;
- There is a probability that the debtor will go into liquidation or financial restructuring.

Recognised impairment losses equal the difference between the amount receivable in the accounts and the present value of future estimated cash flows, discounted at the initial effective interest rate, which is considered to be zero. The discount is considered immaterial in those cases where a receipt is expected within less than a year.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Financial liabilities

Accounting policy adopted as of January 1, 2018

Financial liabilities are classified into two categories:
i) Financial liabilities at fair value through profit or loss; and
ii) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes liabilities presented under "Loans obtained", "Suppliers" and "Other creditors". These liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost at the effective interest rate.

At December 31, 2018, the Group has only recognized liabilities classified as "Financial liabilities at amortized cost".

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are canceled or expire.

Accounting policy adopted until December 31, 2017

Financial liabilities are classified into two categories:
iii) Financial liabilities at fair value through profit or loss; and
iv) Other financial liabilities.

The "Other financial liabilities" category includes the liabilities presented under "Loans obtained", "Suppliers" and "Other creditors". These liabilities are initially recognized at fair value and are subsequently measured at amortized cost at the effective interest rate.

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are canceled or expire.

e) Loans

Loans are recorded as liabilities at their nominal value, net of commissions and other financing expenses related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.16. The portion of the effective interest charge relating to commissions and other financing expenses, if not paid in the period, is added to the book value of the loan.

Loans will be classified as current liabilities if the payment is due within 12 months or less, otherwise they will be classified as non-current liabilities.

f) Trade accounts payable and other creditors

These items generally include balances of suppliers of goods and services that the group acquired, in the normal course of its activity. The items that compose it will be classified as current liabilities if the payment is due within 12 months or less, otherwise the accounts of "Suppliers" will be classified as non-current liabilities

Accounts payable and other creditors are stated at their nominal value, subsequent to their initial recognition these items are measured at amortized cost using the effective interest rate method.

g) Derivatives

The Group uses derivatives in the management of its financial risks, only to hedge such risks and/or to optimise funding costs.

Derivatives classified as cash flow hedge instruments are used by the Group mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net Financial Income/Expenses in the consolidated income statement.

The Group's criteria for classifying a derivative instrument as a cash-flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The forecasted transaction that is being hedged is highly probable.

Cash-flow hedge instruments used by the Group to hedge the exposure to changes in interest rate of its loans are accounted by its fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption Hedging reserves, and then recognised in net financial income/expenses in the income statement over the same period in which the hedged instrument affects income statement.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction, to the extent that the hedged instrument affects profit and loss. Subsequent changes in fair value are recorded in the income statement.

In those cases in which derivative instruments, in spite of having been negotiated with the abovementioned objectives (essentially derivatives in the form of interest rate options), in relation to which the Group did not apply hedge accounting, are initially recorded at cost, if any, and subsequently measured at fair value. The changes in value resulting from the measurement at fair value, calculated using especially designed software tools are included in Net financial charges in the consolidated income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host contract, and this is not stated at fair value, and unrealised gains or losses recorded in the consolidated income statement.

In specific situations, the Group may use interest rate derivatives with the goal of obtaining fair value cover. In these situations, derivatives are booked at their fair value in the consolidated financial statements. If this hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged instrument for which the effective interest rate method is used are amortized through profit and loss over the maturity period of the hedge instrument. In the cases in which the derivative involved is not measured at fair value (in particular borrowings that are measured at amortised cost), the effective share of cover will be adjusted to the accounting value of the derivative covered through the profit and loss account.

Accounting policy adopted until December 31, 2017

The criteria used by the group to classify derivative instruments as cash flow hedging instruments are as follows: (i) hedging is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk; (ii) the effectiveness of coverage can be reliably measured; iii) there is adequate documentation on the transaction to be covered at the beginning of the coverage; iv) The hedged transaction is highly probable.

Interest rate and foreign exchange hedging instruments are initially recorded at cost, if any, at fair value and subsequently revalued at fair value. The changes in the fair value of these instruments are recognized in equity under the caption "Hedging reserves" and are transferred to the "Financial income and expenses" and "Financial expenses" captions in the consolidated statement of operations in the same year in which the instrument coverage affects results.

h) Equity instruments

Equity instruments are those that represent a residual interest on the Group's net assets and are recorded at the amount received, net of costs incurred with their issuance.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans.

2.13. SHARE-BASED PAYMENTS

Share-based payments result from Deferred Performance Bonus Plans that are referenced to the Sonae Capital, SGPS, SA share price and vest within a period of 3 years after being granted.

Share-based payment liabilities are measured at fair value on the date they are granted (after the Annual General Meeting) and are subsequently remeasured at the end of each reporting period, based on the number of shares or share options granted and the corresponding fair value at the closing date (adjusted for the distribution of dividends or movements in capital stock). These obligations are stated as Staff costs and other liabilities, and are recorded on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates, when the Group has the choice to settle the transaction in cash to its market value at the date of its exercise.

2.14. CONTINGENT ASSETS AND LIABILITIES

Whenever one of the criteria for recognition of provisions is not complied with or the existence of the obligation is conditional on the occurrence (or non-occurrence) of a future event, there is a contingent liability. Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

Contingent assets are "possible" assets generated by past events whose existence derives from the confirmation of the future occurrence of one or more uncertain events over which the Group has no control. Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

2.15. INCOME TAX

The tax charge for the year is determined based on the taxable income of companies included in the consolidation perimeter and considers deferred taxation. Current tax is calculated in accordance with the tax rules in force, or with the tax rules substantially considered as being in force at the balance sheet date.

Current income tax is determined based on the taxable income of the companies included in the consolidation perimeter, or optionally, in the groups of companies included in tax consolidations perimeters, in accordance with the tax rules in force in the respective country.

Deferred taxes are calculated using the balance sheet liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each balance sheet date a review is made of the deferred tax assets recognised, which are reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognized on all taxable temporary differences, except those related with: i) initial recognition of the goodwill; ii) The initial recognition of assets and liabilities, that are not from a concentration of activities, and that at the date of the transaction do not affect the accounting or tax result. However, there are no taxable temporary differences related to investments in subsidiaries, since; i) the parent Group has the ability to control the reversal period of the temporary difference: ii) It is likely that the temporary difference will not reverse in the near future.

Deferred taxes are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Group tax return, from the years 2015 to 2018, could still be subject to review. However, in the opinion of the Group's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the consolidated financial statements as at 31 December 2018.

In the fiscal year 2018, the Group is subject to taxation on Corporate Income Tax at the normal rate of 21%, plus municipal taxes at a maximum rate of 1.5%.

In addition, on the part of the taxable profit of more than 1,500,000 euros subject to and not exempt from Corporate Income Tax, the following state levy fees are levied: 3% over 1,500,000 euros and less than 7,500,000 euros; 5% on the upper part to 7,500,000 euros and up to 35,000,000 euros; and 7% that is levied on the part of the taxable income that exceeds 35,000,000 euros.

Under the terms of Article 88 of the Portuguese Income Tax Code, the Group is also subject to separate taxation on a set of charges at the rates provided for in the mentioned article.

The Corporate income tax rate in force for 2019 is 21%.

2.16. REVENUE RECOGNITION

The Revenue is the fair value of the amount received or receivable earned from the sale of products and rendering of services by the Group.

Accounting policy adopted as of January 1, 2018

In determining the value of revenue, the Group assesses for each transaction its performance obligations to customers, the price of the transaction to be affected by each performance obligation identified in the transaction, and the existence of variable price conditions that may give rise to future results to the value of the recorded revenue, and for which the Group makes its best estimate.

Revenue from the sale of goods is recorded in the income statement when control of the product or service is transferred to the customer, that is, at the moment when the customer is able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

Revenue from services rendered - The income of the projects developed are recognized, in each year, according to the percentage of completion of the projects according to the performance obligation to which they relate, according to the percentage of their performance. That is, with respect to each performance obligation, the group recognizes revenue over time by measuring progress towards full compliance with such a performance obligation.

The Revenue from work in progress comprises the initial amount of revenue agreed in the contract. Any variations in the work performed are only considered after the agreement with the client. These changes are recorded as a new contract when these correspond to a new scope and the financial terms negotiated are independent of the current contract. In cases where these conditions are not met, the Group re-calculates the cumulative percentage of completion of the contract.

The penalties and incentives associated with construction contracts are recognized based on the nature of the terms traded on the basis of the most probable or expected value method, as long as it is not probable to be reversed.

The Group considers that, given the nature of the product or service that is associated with the performance obligations assumed, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously throughout the contractual period defined.

Accounting policy adopted until December 31, 2017

Revenue from the sale of goods is recognised in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognised net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue from services rendered is recognised in the income statement taking into consideration the stage of completion of the transaction at the balance sheet date.

Revenue from work in progress is recognized at the end of each year as follows: when total amounts invoiced are higher than the corresponding expenses, the excess is recorded in other current liabilities, and when expenses are higher than the corresponding amounts invoiced the excess is recorded in work in progress.

Revenues arising from contract variations, claims and completion premiums are recorded when these are agreed with the customer, or when negotiations are at an advanced stage and it is probable that these will be favourable to the Group.These changes are recorded as a new contract when these correspond to a new scope and the financial terms negotiated are independent of the current contract. In cases where these conditions are not met, the Group re-calculates the cumulative percentage of completion of the contract.

The penalties and incentives associated with construction contracts are recognized based on the nature of the terms traded on the basis of the most probable or expected value method, provided that it is not probable that they will be reversed

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be booked in the income statement.

2.17. ACCRUALS

Income and expenses are booked in accordance with the accrual basis of accounting, whereby they are recognized as they are earned, regardless of when the cash is received or paid. The differences between the amounts received and paid and the corresponding income and expenses, are recorded under the captions "Other current assets" and "Other current liabilities".

Dividends are recognised as income in the year they are attributed to the shareholders.

2.18. BALANCES AND TRANSACTIONS EXPRESSED IN FOREIGN CURRENCIES

Transactions in currencies other than the Euro are translated to Euro using the exchange rate as at the transaction date.

At each balance sheet date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign Group at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each Group, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the balance sheet, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

2.19. SUBSEQUENT EVENTS

Events after the balance sheet date and before the financial statements are issued that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Events after the balance sheet date and before the financial statements are issued that are non-adjusting events are disclosed in the notes when material.

2.20. JUDGEMENTS AND ESTIMATES

The estimates and judgments with impact on the Group's financial statements are continuously evaluated, representing each reporting date the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, if they believe they are reasonable.

The intrinsic nature of the estimates may mean that the actual reflection of the situations that have been estimated may, for financial reporting purposes, differ from the estimated amounts. The most significant estimates and judgments reflected in the consolidated financial statements include:

Judgments

The Group grants loans to entities that qualify as associates or joint ventures of the Group under different contractual arrangements. Its classification as elements / components of financial holdings or other financial assets depends on the repayment conditions and associated remuneration, and on the Management's intention to enforce the contractual clauses agreed with the investees. As a general rule, non-remunerated financing is classified as part of the investment in the Group's subsidiaries

Estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- Useful lives of tangible and intangible assets;
- The main sources of uncertainty resulting from the period in which the assets will be able to use the forecasts of cash flows, estimates of recoverable amounts, obtain market comparable growth rates, discount rates and sensitivity assumptions.
- Analysis of the impairment of goodwill and other tangible and intangible assets;
- The complexity and level of judgment inherent in the model adopted for the calculation of impairment and the identification and aggregation of cash-generating units (CGUs) implies considering this issue as a significant accounting estimate;
- Adjustments to the values of assets and provisions;
- Relevant estimates given the complexity and the degree of judgment inherent to the contingencies, as well as the level of uncertainty associated with the outcome of course proceedings.
- Estimates of future income tax;
- The degree of judgment associated with the assessment of the recoverability of deferred tax assets requires the use of estimates in the projection of future taxable income and in determining the amounts required for its recovery, the event of which always presents a degree of uncertainty.
- Percentage of completion of revenue recognition.
- The map of works that supports the recognition of revenue based on the percentage of completion of construction contracts has several assumptions, essentially as regards the overall budget for construction expenses, expenses already incurred and expenses to be incurred. The degree of uncertainty inherent in estimates of this nature, and the inherent assumptions, implies that these estimates are relevant.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present date. Changes to these estimates, which take place after the date of the financial statements, will be recognised prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions used relating to future events included in the consolidated financial statements are described in the corresponding notes attached highlighting below the impairment of financial assets and recognition of contract revenue.

Accounting policies adopted as of January 1, 2018

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, the Group assesses, among other factors, the duration and extent of the circumstances under which the recoverable value of these assets may be lower than their book value. The balances of "Loans granted to related entities", "Customers" and "Other debtors" are valued for factors such as default, current market conditions and estimated prospective information by reference to the end of each reporting period, more critical valuation elements for the purpose of analyzing the estimated credit losses, as described in Note 2.2 c)

Accounting policies adopted until December 31, 2017

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, management assesses, among other factors, the duration and extent of the circumstances in which the recoverable value of these assets is lower than their cost. The balances of "Loans granted to related entities", "Customers", and "Other debtors" were valued based on the debtor's financial position as the most critical valuation elements for the purposes of impairment analysis.

See analysis of ageing of "Clients" balances, and "Other debtors" in Notes 13, 15 and 16.

Recognition of revenue in services rendered

In the recognition of the revenue of the services rendered are recognized according to the performance obligation to which they respect, based on the percentage of finish of the same. In other words, with respect to each performance obligation, the group recognizes revenue over time by measuring progress towards the fulfillment of the total performance obligation. The Group reviews, at each reporting date, the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the service and / or its completion. Where there are significant deviations in the performance of the contract that are not associated with changes that result in the right to an additional revenue as agreed with the customer, the percentage of completion and the margin associated with the contract shall be reviewed according to its best estimate, and may result in the recording of a provision (an onerous contract).

2.21. SEGMENT INFORMATION

Financial information regarding business segments is included in Note 47.

3. FINANCIAL RISK MANAGEMENT

The ultimate purpose of financial risk management is to support Sonae Capital in the achievement of its long term strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae Capital's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae Capital does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

The Corporate Finance Department of Sonae Capital is responsible for consolidating and measuring the group's financial risk exposure for reporting and monitoring purposes, being also responsible for submit proposal and implementation of hedging instruments to managing their own currency, interest rate, liquidity and refinancing risks. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at each business level and on a consolidated.

In what concerns to customer and partner´s credit risk management, the Department of Counterparty Risk, as part of the Finance Services, is responsible for assessing and monitoring the clients and partners' risk profile for all the business units as well as the implementation of instruments to mitigate such risks and reporting of exposures and credit quality.

3.1. MARKET RISKS

a) Interest rate risk - POLICY

As a result of maintaining its debt in the consolidated balance sheet at variable rates, and the resulting cash flows from interest payments, the Group is exposed to a Euro interest rate risk.

In view of the fact that:

- The volatility of Group results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- Under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- The setting up of any form of risk cover structure has an implicit opportunity cost associated with it, the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Group, in order to avoid the possibility of exposure that could have a real impact on the consolidated results of the Group.

In view of the above, the Group policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

- Derivatives are not used for trading or speculation;
- Derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt to avoid any mismatch and hedging inefficiencies;

- The maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
- Derivative contracts are only agreed with authorised entities of high prestige, national and international recognition and based on respective credit ratings. It is Sonae Capital policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae Capital's relationships;
- All transactions must be the object of competitive bids, involving at least two financial institutions to ensure optimum conditions;
- All transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
- To determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
- Any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest rate risk – Sensitivity Analysis

Interest rate sensitivity is based on the following assumptions:

- Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
- Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;
- Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);
- Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the Group (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;
- The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the consolidated net profit before tax of the Group as at 31 December 2018 would have been higher/lower by 922,409 euros (as at 31 December 2017 they would have been higher/lower by 466,166 euros). The impact in equity (excluding the impact on net profit) of the interest rate sensitivity analysis as at 31 December 2018 would have been lower/higher by around 0 euro (as at 31 December 2017 the impact would have been lower/higher by around 0 euro).

c) Exchange rate risk

The Sonae Capital Group, as an all, has an immaterial exposure to exchange rate risk.

However, the refrigeration and air conditioning business has international operations with subsidiaries operating in different jurisdictions and therefore it is exposed to the exchange rate risk.

The Consolidated Statements of Financial Position and Income Statement are exposed to the risk of a change in exchange rates (risk relative to the value of capital invested in subsidiaries outside the Eurozone) and Group's subsidiaries are exposed to the risk of a change in both exchange and transaction rates (risk associated with commercial transactions made in currencies other than the euro). Transaction risk arises when there is exchange risk related to a cash flow in other than a subsidiary local currency. The Group Group cash flows are largely denominated in the subsidiary local currency. This is valid independently of the nature of the cash flows, i.e.: operating or financial, and provides a degree of natural hedging, reducing the Group's transaction risk. In line with this reasoning, Group's subsidiaries only contract debt that is denominated in the respective local currency. In turn, the currency conversion risk emerges from the fact that, when preparing the Group's consolidated accounts, the financial statements of the subsidiaries denominated in currencies other than that of the consolidated accounts (euro), must be converted into euros. As exchange rates vary between accounting periods and as the value of the subsidiaries' assets do not match their liabilities, volatility in the consolidated accounts arise as a result of conversion in different periods at different exchange rates.

As a rule, whenever it is possible and economically viable, subsidiaries aim to offset assets and liabilities denominated in the same foreign currency, thus mitigating foreign exchange risks. Also as a general rule, in situations where there is significant exchange rate risk resulting from operating activities involving currencies other than the local currency of each subsidiary, the foreign exchange risk should be mitigated through the use of short-term foreign exchange derivatives contracted by the subsidiary exposed to that risk. Sonae Capital's subsidiaries do not contract exchange rate derivatives for trading, profit making or speculative purposes. As policy, the translation risk as a result of conversion of equity investments in subsidiaries different from Euro is not hedged, since these investments are considered long-term. Gains and losses related to the translation at different exchange rates of Equity investments in foreign non Euro subsidiaries are accounted under the Conversion Reserve, included in Other Reserves and Accumulated Earnings, on the Consolidated Balance Sheet.

In view of the low volume of balances in foreign currency, no exchange rate sensitivity analysis was carried out.

d) Other price risks

The Group is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. CREDIT RISK

Credit risks at Sonae Capital arise mainly from (i) debts from customers relating to operational activity, (ii) its relationships with financial institutions in the course of its day to day business activity, and (iii) the risk of noncompliance by business counterparts in portfolio transactions.

Customer Credit

Sonae Capital’s credit management is structured according to the particular needs of the businesses that are part of the Group, always taking in consideration:

- Customer credit risk evaluation before the transaction, as well as the rigorous determination of the credit limit adjusted to each customer profile. The analysis is based on pre-established and automatic model that guarantees the rigorous implementation of the principles;
- Automatic and daily monitoring of the customer credit risk and adoption of preventive measures when a modification occurs;
- The mitigation of the credit risk by credit insurance and additional warranties;
- Monitoring of customer accounts with focus proportional to its risk level;
- The establishment of fragmented credit concession processes, through a separation between administrative and decision procedures
- The use of legal measures necessary to recover debts.

The implementation of all these mechanisms has allowed a strict fulfilment of the credit risk policy and also an under the average rate of clients’ unfulfillment.

Sonae Capital has established a credit risk management process based on Group scoring methodology. The credit risk management policy and its classification methodology enabled Sonae Capital to obtain, in 2018, an average default rate of 0.2%, substantially lower than the average customer default in Portugal, which according to an Intrum Justitia study, turnover of 2,2%. Thus, there is no risk of material non-compliance with the amounts recorded in accounts receivable as at 31 December 2018.

In the normal course of activity collection risk may arise in trade debtors. The amounts presented on the face of the balance sheet are net of impairment losses, which were estimated based on the Group's experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade debtors reflect their fair value.

Loans granted to related entities" balances are considered to have low credit risk and, therefore, impairment losses recognized during the period are limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low uncollectibility risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

The group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all "Customer" and "Other third party debt" balances. In order to measure estimated credit losses, Customer and Other Third-party Debts were aggregated based on the shared credit risk characteristics, as well as on the days of arrears. Given the immateriality of the impact in relation to the model of credit losses incurred in 2017, no additional amount of impairment losses was recorded in the balances of "Customers" and "Other third party debts". The amount related to customers, other third party debt and other assets presented in the consolidated financial statements, which are net of impairment, represent the maximum exposure of Sonae to credit risk.

Financial Institutions

The credit risk is linked to possible noncompliance by financial institutions, to which the Group is contractually bound, in its normal operational activity, term deposits, cash balances and derivatives.

To mitigate this risk, the Group:

- Only executes transactions with counterparts with an Investment Grade minimum grading;
- Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;
- Defines a restricted range of chosen instruments (aimed at not contracting complex instruments, the structure of which is not entirely known), requiring authorization from the Board of Directors to use alternative instruments;
- Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

Shareholding Buy/Sale transactions

In the course of its business, the Group is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the variability of the means used, there exists always the possibility of using normal market methods, namely carrying out due diligences, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed, requesting bank guarantees, setting up escrow accounts, obtaining collateral, among others.

Sonae Capital Group's available cash mainly includes bank deposits resulting from cash generated by operations. By geography, bank deposits and short-term investments are distributed as follows:

Deposits and short term investments:	
Portugal	99,02%
Brazil	0.74%
Spain	0,21%
Netherlands	0,01%
Mozambique	0,01%

Presented below the ratings (S&P rating, except in the case of Montepio Geral - Fitch) of the main financial institutions in which Sonae Capital Group had deposits and other investments as at 31 December 2018:

Rating	% of deposits
A	0.01%
B	0.04%
BB	35.90%
BBB	63.68%
n.d.	0.37%

In accordance with established policy, Sonae Capital Group only carry out bank deposits and other short-term investments with counterparties that have a high national and international prestige based on their respective rating notations and preference should be given to financial institutions that form part of Sonae Capital's relationship banks that have a credit position equal or greater that the amount of the short term investment that Sonae Capital aims to do.

3.3. LIQUIDITY RISK

Sonae Capital has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long term diversified portfolio, essentially made of, loan´s and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines.

The objective of liquidity risk management is to ensure at any given moment that the Group has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Group aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Group includes the following key aspects:

- Centralised liquidity management (cash surpluses and needs) at the holding Group level, seeking to optimise the finance function in the Group;
- Financial planning based on cash flow forecasts, both at an individual Group and consolidated levels, and for different time periods (weekly, monthly, annual and multiyear);
- Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
- Diversification of sources of financing and counterparts;
- Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
- Contracts with relationship Banks, of committed credit lines (of at least six months) and commercial paper programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable;
- Negotiation of contract terms which reduce the possibility of early termination of loans.

A liquidity reserve in form of credit lines with its relationship banks is maintained by Sonae Capital, to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms.

Consequentially, Sonae Capital expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines or contracting new, if needed.

4. CHANGES IN ACCOUNTING POLICIES

Changes in international accounting standards that took effect on or after 1 January 2018 (Note 2.1), had no significant impact on the financial statements at 31 December 2018.

5. GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of the share capital held by the Group as at 31 December 2018 and 2017, are as follows:

				Percentage of capital held			
				31 December 2018		31 December 2017	
	Group		Head Office	Direct	Total	Direct	Total
	Sonae Capital, SGPS, S.A.		Maia	Holding	Holding	Holding	Holding
	Hospitality						
	Porto Palácio Hotel, S.A.	a)	Porto	100,00%	100,00%	100,00%	100,00%
	SC Hospitality, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	The Artist Porto Hotel & Bistrô - Actividades Hoteleiras, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	The House Ribeira Hotel – Exploração Hoteleira, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Aqualuz Tróia, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
21)	2ndRoom - Exploração Hoteleira, S.A.	a)	Maia	100,00%	100,00%		
	Tróia Resort Operations						
	Atlantic Ferries - Tráf. Loc. Flu. e Marít., S.A.	a)	Grândola	95,77%	95,77%	95,77%	95,77%
	Marina de Tróia, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Tróia Market, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Tróia Natura, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Troiaresort-Investimentos Turísticos, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Troiaresort, SGPS, S.A.	a)	Matosinhos	100,00%	100,00%	100,00%	100,00%
	Golf Time - Golfe e Invest. Turísticos, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Fitness						
3)	Acrobatic Title, S.A.	a)	Lisboa	100,00%	100,00%	10,00%	10,00%
	Solinca - Health & Fitness, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
4)	SC Fitness, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
1) & 8)	Pump, S.A.	a)	Maia	100,00%	100,00%		
1) & 12)	About Changes Investimentos, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
1) & 12)	Ineditalchemy, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
1) & 12)	Magnetic Nature, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
1) & 12)	Ocean Destiny, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
1) & 12)	Questão Magenta, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
1) & 12)	Rhtyhmdragon, Unipessoal, Lda.	a)	Maia	100,00%	100,00%		
	Energy						
	Atelgen - Produção Energia, ACE	a)	Barcelos	51,00%	51,00%	51,00%	51,00%
	CAPWATT – Brainpower, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	CAPWATT – ACE, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%

	Capwatt Colombo - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Engenho Novo - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Hectare - Heat Power, ACE	a)	Maia	100,00%	100,00%	100,00%	100,00%
13)	Capwatt Évora – Solar Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt III - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
14)	Capwatt IV – Heat Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Maia - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Martim Longo - Solar Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Vale do Caima - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Capwatt Vale do Tejo - Heat Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
15)	Capwatt Estuário – Heat Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
16)	Capwatt Lousado – Heat Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
17)	Capwatt Alrota – Wind Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
18)	Capwatt Chamusca – Bio Power, Unipessoal, Lda.	a)	Maia	100,00%	100,00%	100,00%	100,00%
19)	Capwatt Ferreira – Solar Power, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	CAPWATT – SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Carvemagere - Manutenção e Energias Renováveis, Lda.	a)	Barcelos	65,00%	65,00%	65,00%	65,00%
	Companhia Térmica SERRADO, ACE	a)	Maia	70,00%	70,00%	70,00%	70,00%
	Companhia Térmica Tagol, Lda.	a)	Oeiras	100,00%	100,00%	100,00%	100,00%
	Soternix - Produção de Energia, ACE	a)	Barcelos	51,00%	51,00%	51,00%	51,00%
	Suncoutim - Solar Energy, S.A.	a)	Faro	85,00%	85,00%	85,00%	85,00%
	Sociedade de Iniciativa e Aproveitamentos Florestais - Energia, S.A.	a)	Mangualde	90,00%	90,00%	90,00%	90,00%
21)	Capwatt México, S. de R. L. de C.V	a)	Cidade do México	100,00%	100,00%		
	Refrigeration & HVAC						
11)	QCE - Desenvolvimento e fabrico de Equipamentos, S.A.	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
6)	RACE - Refrigeration & Air Conditioning Engineering, S.A.	a)	Matosinhos	100,00%	70,00%	100,00%	70,00%
5)	RACE, SGPS, S.A.	a)	Matosinhos	70,00%	70,00%	70,00%	70,00%
2)	Sistavac Sistemas HVAC - R do Brasil, Ltda.	a)	São Paulo	100,00%	70,00%	100,00%	70,00%
	Sopair, S.A.	a)	Madrid	100,00%	70,00%	100,00%	70,00%
2)	Spinarq Moçambique, Lda.	a)	Maputo	70,00%	70,00%	70,00%	70,00%
	Real Estate						
	Bloco Q - Soc. Imobil, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Casa da Ribeira - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Centro Residencial da Maia, Urban., S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Cinclus Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Contry Club da Maia - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Empreend. Imob. Quinta da Azenha, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Fundo Esp. Inv. Imo. Fec. WTC	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imoclub - Serviços Imobilários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imodivor - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imohotel - Emp. Turist. Imobiliários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imoponte - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Imosedas - Imobiliária e Seviços, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Implantação – Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Porturbe - Edifícios e Urbanizações, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Praedium II - Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
20)	Prédios Privados Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Predisedas - Predial das Sedas, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Promessa Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%

	SC Assets, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sete e Meio Herdades - Inv. Agr. e Tur., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Soira - Soc. Imobiliária de Ramalde, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Sótaqua - Soc. de Empreend. Turisticos	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste - Promoção Imobiliária, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Spinveste - Gestão Imobiliária SGII, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Urbisedas - Imobiliária das Sedas, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Vistas do Freixo - Emp. Tur. Imobiliários, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Soltroia - Imob. de Urb. Turismo de Tróia, S.A.	a)	Lisboa	100,00%	100,00%	100,00%	100,00%
	SII - Soberana Invest. Imobiliários, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Tulipamar - Expl. Hoteleira Imob., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marmagno - Expl. Hoteleira Imob., S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imopenínsula - Sociedade Imobiliária, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Imoresort - Sociedade Imobiliária, S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Marvero - Expl. Hotel. Im.. S.A.	a)	Grândola	100,00%	100,00%	100,00%	100,00%
	Industrial Engineering						
4) & 7)	SC, INDUSTRIALS, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Adira - Industrial Engineering Forming Solutions, S.A.	a)	Porto	100,00%	100,00%	100,00%	100,00%
	Guimadira - Máquinas e Ferramentas, Lda.	a)	V. N. Gaia	100,00%	100,00%	100,00%	100,00%
	Holding & Others						
	Imobeauty, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC - Sociedade de Consultadoria, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC Finance BV	a)	Amesterdão	100,00%	100,00%	100,00%	100,00%
10)	SC For - Ser. Formação e Desenvolv. Recursos Humanos, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	UP Invest., SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	SC, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Solinfitness - Club Málaga, S.L.	a)	Málaga	100,00%	100,00%	100,00%	100,00%
	Praedium – Serviços, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
	Inparvi, SGPS, S.A.	a)	Maia	100,00%	100,00%	100,00%	100,00%
10)	Interlog - SGPS, S.A.	a)	Lisboa	98,98%	98,98%	98,98%	98,98%
	Société de Tranchage Isoroy, S.A.S.	a)	Honfleur	100,00%	100,00%	100,00%	100,00%
9)	Andar - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	50,00%	50,00%
9)	Sociedade de Construções do Chile, S.A.	a)	Maia	100,00%	100,00%	50,00%	50,00%
9)	Vastgoed One - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	50,00%	50,00%
9)	Vastgoed Sun - Sociedade Imobiliária, S.A.	a)	Maia	100,00%	100,00%	50,00%	50,00%

1) Group acquired during the period in consideration;
2) Discontinued operations;
3) Acquisition of 90% participation during the period in consideration;
4) Transferred from the segment Holding & Others;
5) Ex – Sistavac, SGPS, S.A.;
6) Ex – Sistavac, S.A.;
7) Ex – SC-Eng. e promoção imobiliária, SGPS, S.A.;
8) Ex - About, SGPS, S.A.;
9) Companies that integrate the consolidation perimeter from Q2 2018;
10) Disposals during the period in consideration;
11) Group merged into RACE - Refrigeration & Air Conditioning Engineering, S.A.;
12) Group merged into Pump, S.A.;

13) Ex – Capwatt II - Heat Power, S.A.;
14) Ex – Ronfegen - Recursos Energéticos, Lda.;
15) Ex – CTE - Central Termoeléctrica do Estuário, Lda.;
16) Ex – Enerlousado - Recursos Energéticos, Lda.;
17) Ex – Lusobrisa - Produção de Energia Eléctrica, S.A.;
18) Ex – Gasflow, Unipessoal, Lda.;
19) Ex – Ventos da Serra - Produção de Energia S.A.;
20) Group alienated during the period in consideration;
21) Group constituted during the period in consideration;

a) Majority of voting rights.

These group companies are consolidated using the full consolidation method as described in Note 2.2.a.

6. INVESTMENTS IN ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

Associated and jointly controlled companies included in the consolidated financial statements, their head offices and the percentage of share capital held by the Group as at 31 December 2018 and 2017 are as follows:

31 December 2018

	Group name	Head Office	Percentage of Capital Held		Total Assets	Total Liabilities	Total Costs	Total incomes	Shared Capital	Net income	Balance Value
			Direct	Total							
	Jointly Controlled Companies										
	Holding & Others										
1)	Andar - Sociedade Imobiliária, SA	Maia	-	-	-	-	-	-	-	-	-
1)	Sociedade de Construções do Chile, SA	Maia	-	-	-	-	-	-	-	-	-
1)	Vastgoed One - Sociedade Imobiliária, SA	Maia	-	-	-	-	-	-	-	-	-
1)	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	-	-	-	-	-	-	-	-	-
	Associated Companies										
	Holding & Others										
	Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	17 369 362	8 468 351	21 671 826	22 694 820	8 901 011	1 022 994	1 438 114
	Energy										
	Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	1 305 083	455 748	1 390 005	2 239 340	849 335	849 335	185 792
					18 674 445	**8 924 099**	**23 061 831**	**24 934 160**	**9 750 346**	**1 872 329**	**1 623 907**

1) Companies in the Sonae Capital SGPS consolidation perimeter from Q2 2018.

31 December 2017

	Group name	Group name	Group name	Group name	Group name	Group name	Group name	Group name	Group name	Group name	Group name
	Jointly Controlled Companies										
	Holding & Others										
	Andar - Sociedade Imobiliária, SA	Maia	50,00%	50,00%	16 583 257	16 878 185	123 856	1 102	(294 928)	(122 754)	-
1)	Sociedade de Construções do Chile, SA	Maia	100,00%	50,00%	16 548 484	326 238	110 974	2 423 166	16 222 246	2 312 192	-
1)	Vastgoed One - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 037 856	976	1 084	-	12 036 880	(1 084)	-
1)	Vastgoed Sun - Sociedade Imobiliária, SA	Maia	100,00%	50,00%	12 042 540	976	1 079	-	12 041 564	(1 079)	-
	Associated Companies										
	Holding & Others										
	Lidergraf - Artes Gráficas, Lda	Vila do Conde	24,50%	24,50%	18 533 396	10 335 157	20 515 836	21 812 819	8 198 240	1 296 983	1 276 788
	Energy										
	Feneralt - Produção de Energia, ACE	Barcelos	25,00%	25,00%	818 220	167 923	107 770	2 053 857	650 297	646 087	142 240
					76 563 753	**27 709 455**	**20 860 599**	**26 290 944**	**48 854 299**	**4 130 345**	**1 419 028**

1) Null investment values arise from the adoption of the equity method in Andar – Sociedade Imobiliária, SA, holder of all of these investments.

Associated and jointly controlled companies are consolidated using the equity method.

At 31 December 2017, nil balances shown result from the reduction of the acquisition cost of amounts determined by the equity method, discontinuing the recognition of its part of additional losses under the terms of IAS 28.

During the periods ended 31 December 2018 and 2017, movements in investments of associated and jointly controlled companies may be summarized as follows:

	31 December 2018	31 December 2017
Opening balance as at 1 January	**1 419 028**	**1 266 842**
Acquisitions in the period	-	-
Disposals in the period	-	(31 948)
Equity method	444 700	391 017
Dividends received	(239 822)	(206 883)
Change in the consolidation method	-	-
Closing balance as at 31 December	**1 623 907**	**1 419 028**
Accumulated impairment losses (Note 30)	-	-
	1 623 907	**1 419 028**

The use of the equity method had the following impacts: 444,700 euro recorded on share of results of associated undertakings (391,017 euro at 31 December 2017), and 0 euro in changes in reserves in 31 December 2017 and 2018.

During the year ended 31 December 2018 dividends were received totalling 240.000 euros (207.000 at 31 December 2017) paid by the companies Lidergraf-graphic arts, Lda and Feneralt-Energy Production, ACE.

Dividends received during the year 2017 differ from those shown in the Statement of Cash Flows due to the receipt of amounts referring to prior years.

There are no contingent liability commitments or significant restrictions on the ability to transfer funds in favour of Sonae Capital by associates and joint ventures.

7. OTHER INVESTMENTS

The head offices, percentage of share capital held and book value of Other Investments as at 31 December 2018 and 2017 are made up as follows:

		Percentage of capital held						
		31 December 2018		31 December 2017		Book value		
Group	Head Office	Direct	Total	Direct	Total	31 December 2017	31 December 2016	Group
Troia Resort Operations								
Infratróia - Infraestruras de Tróia, E.M.	Grândola	25,90%	25,90%	25,90%	25,90%	64 747		64 747
Others								
Fundo de Investimento Imobiliário Imosonae Dois	Maia	-	-	0,06%	0,06%	-		-
Net, SA	Lisboa	0,98%	0,98%	0,98%	0,98%	23 034		23 034
Fundo de Capital de Risco F-HITEC	Lisboa	6,48%	6,48%	6,48%	6,48%	250 950		250 950
Outros Investimentos						331 704		239 699
Total						**670 435**		**578 430**

As at 31 December 2018 and 2017, movements in investments were as follows:

	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
Investments at acquisition cost				
Opening balance as at 1 January	**870 268**	-	**770 693**	-
Acquisitions in the period	155 162	-	71 601	-
Changes in consolidation perimeter	-		94 187	
Disposals in the period	(72 816)	-	(66 213)	-
Transfers	10 687			
Merger	(1 029)	-	-	-
Changes in consolidation perimeter	**962 273**	-	**870 268**	-
Closing balance as at 31 December	(291 838)	-	(291 838)	-
	670 435	-	**578 430**	-
Other Investments	**670 435**	-	**578 430**	-

8. CHANGES TO THE CONSOLIDATION PERIMETER

During the period ended 31 December 2018 the following companies were acquired:

		Percentage of Capital Held at the date of Disposal	
Group	Head Office	Direct	Total
Pump, S.A.	Maia	100.00%	100.00%
About Changes Investimentos, Unipessoal, Lda.	Maia	100.00%	100.00%
Ineditalchemy, Unipessoal, Lda.	Maia	100.00%	100.00%
Magnetic Nature, Unipessoal, Lda.	Maia	100.00%	100.00%
Ocean Destiny, Unipessoal, Lda.	Maia	100.00%	100.00%
Questão Magenta, Unipessoal, Lda.	Maia	100.00%	100.00%
Rhtyhmdragon, Unipessoal, Lda.	Maia	100.00%	100.00%
Andar - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%
Sociedade de Construções do Chile, S.A.	Maia	100.00%	100.00%
Vastgoed One - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%
Vastgoed Sun - Sociedade Imobiliária, S.A.	Maia	100.00%	100.00%

At the beginning of 2018, we successfully integrated the acquisition of the total capital and voting rights of ABOUT, SGPS, SA (Pump, SA), which operates through its subsidiaries eight Fitness Clubs under the Pump insignia, seven of which in the Greater Lisbon area and one in Faro. The acquired companies were merged into the Group Pump, S.A. during the year.

The companies Andar, Sociedade de Construções de Chile, Vastgoed One and Vastgoed Sun integrated the perimeter of consolidation of Sonae Capital SGPS as of the 2Q 2018.

Impacts in the consolidated financial statements at the inclusion date were as follows:

	Acquisition Date	31 December 2018
Net assets acquired		
Tangible and intangible assets (Notes 10 and 11)	5 246 221	5 542 240
Financial investments	20 371	14 055
Holding & Others	750 853	574 917
Cash and cash equivalents	78 339	71 869
Other liabilities	(5 036 336)	(4 154 596)
	1 059 448	**2 048 485**
Total equity	**1 059 448**	
Income statements from the acquired companies		
Cost of sales	-	90 449
External supplies and services	13 240	3 823 809
Staff costs	-	1 627 902
Depreciation and amortisation	-	960 962
Other operating expenses	-	258 951
Operational expenses	**13 240**	**6 762 073**
Sales	-	147 559
Services rendered	-	7 052 648
Other operating income	196	60 302
Operational income	195	7 260 508
Operational profit/(loss)	**(13 045)**	**498 435**
Financial income	6	8 237
Financial expenses	12 684	89 608
Net financial income / (expenses)	**(12 678)**	**(81 371)**
Investment income	**-**	**-**
Profit/(Loss) before taxation	**(25 723)**	**417 064**
Taxation	-	(156 340)
Profit/(Loss) for the year	**(25 723)**	**260 724**
Gain/(Loss) on acquisition (Note 41)	-	
Acquisition price	6 404 463	
Payments made	1 919 735	
Net cash flow from the acquisition	-	
Payments made	8 324 198	
Cash and equivalents acquired	(78 339)	
	8 245 859	

9. FINANCIAL INSTRUMENTS

Financial Instruments, in accordance with the policies described in Note 2.1, were classified as follows:

		Financial Instruments					
Financial Assets	Notes	Borrowings and Accounts Receivable	Available for Sale	Investments Held-to-Maturity	Sub Total	Assets Not Covered by IFRS 7	Total
As at 31 December 2018							
Non-current assets							
Other Investments	7	670 435	-	-	670 435	-	670 435
Other non-current assets	13	12 200 567	-	-	12 200 567	-	12 200 567
		12 871 002	**-**	**-**	**12 871 002**	**-**	**12 871 002**
Current Assets							
Trade account receivables	15	25 461 559	-	-	25 461 559	-	25 461 559
Other debtors	16	18 801 075	-	-	18 801 075	-	18 801 075
Cash and cash equivalents	20	7 558 361	-	-	7 558 361	-	7 558 361
		51 820 995	**-**	**-**	**51 820 995**	**-**	**51 820 995**
		64 691 997	**-**	**-**	**64 691 997**	**-**	**64 691 997**
As at 31 December 2017							
Non-current Assets							
Other Investments	7	578 430	-	-	578 430	-	578 430
Other non-current assets	13	6 601 994	-	-	6 601 994	-	6 601 994
		7 180 424	**-**	**-**	**7 180 424**	**-**	**7 180 424**
Current Assets							
Trade account receivables	15	24 799 640	-	-	24 799 640	-	24 799 640
Other debtors	16	10 047 909	-	-	10 047 909	-	10 047 909
Cash and cash equivalents	20	7 307 070	-	-	7 307 070	-	7 307 070
		42 154 619	**-**	**-**	**42 154 619**	**-**	**42 154 619**
		49 335 043	**-**	**-**	**49 335 043**	**-**	**49 335 043**

Financial Liabilities	Notes	Borrowings and accounts receivable	Available for sale	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not covered by IFRS 7	Total
As at 31 December 2018							
Non-current liabilities							
Bank Loans	20 e 23	32 414 510	-	-	32 414 510	-	32 414 510
Bonds	23	14 883 910	-	-	14 883 910	-	14 883 910
Other loans	23	12 127 410	-	-	12 127 410	-	12 127 410
Other non-current liabilities	26	999 318	-	-	999 318	313 629	1 312 947
		60 425 148	**-**	**-**	**60 425 148**	**313 629**	**60 738 777**
Current Liabilities							
Bank Loans	20 e 23	21 836 060	-	-	21 836 060	-	21 836 060
Other loans	23	42 500 000	-	-	42 500 000	-	42 500 000
Bonds	23 e 24	3 576 282	-	-	3 576 282	-	3 576 282
Trade Creditors	28	27 233 514	-	-	27 233 514	-	27 233 514
Other current liabilities	29	12 797 737	-	-	12 797 737	6 002 255	18 799 992
		107 943 593	**-**	**-**	**107 943 593**	**6 002 255**	**113 945 848**
		168 368 741	**-**	**-**	**168 368 741**	**6 315 884**	**174 684 625**
As at 31 December 2017							
Non-current liabilities							
Bank Loans	23	17 218 216	-	-	17 218 216	-	17 218 216
Bonds	23	57 245 810	-	-	57 245 810	-	57 245 810
Other loans	23	14 004 472	-	-	14 004 472	-	14 004 472
Other non-current liabilities	26	2 598 398	-	-	2 598 398	416 815	3 015 213
		91 066 897	**-**	**-**	**91 066 896**	**416 815**	**91 483 711**
Current Liabilities							
Bank Loans	20 e 23	24 740 268	-	-	24 740 268	-	24 740 268
Other loans	23	-	-	-	-	-	-
Bonds	23 e 24	3 471 366	-	-	3 471 366	-	3 471 366
Trade Creditors	28	25 369 800	-	-	25 369 800	-	25 369 800
Other current liabilities	29	15 136 329	-	-	15 136 329	2 489 167	17 625 496
		68 717 763	**-**	**-**	**68 717 763**	**2 489 167**	**71 206 930**
		159 784 660	**-**	**-**	**159 784 659**	**2 905 982**	**162 690 641**

10. TANGIBLE ASSETS

During the periods ended 31 December 2018 and 2017, movements in tangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Tangible Assets							
	Land and Natural Resources	Buildings and Other Constructions	Plant and Machinery	Vehicles	Fixtures and Fittings	Other Tangible Assets	Tangible Assets in progress	Total Tangible Assets
Gross Cost:								
Opening balance as at 1 January 2017	**49 277 022**	**163 142 640**	**203 878 370**	**988 371**	**4 117 201**	**2 239 282**	**2 619 249**	**426 262 135**
Changes in consolidation perimeter (companies in) (Note 8)	1 202 850	5 147 730	77 012 467	707 476	108 320	2 632 743	1 231 370	88 042 956
Changes in consolidation perimeter (companies out) (Note 8)	-	-	(81 991)	(338 989)	(30 458)	(3 824)	-	(455 262)
Discontinued Operations	-	-	(11 737)	(48 524)	(4 245)	(547)	-	(65 053)
Capital expenditure	-	-	(22 308)	(9 693)	(44 381)	(47 951)	-	(124 333)
Disposals	71 449	577 659	911 603	-	4 544	1 730	9 846 816	11 413 801
Exchange rate effect	(1 254 450)	(13 222 993)	(4 694 349)	(54 535)	(349 220)	(63 630)	(12 037)	(19 651 214)
Transfers	562 302	43 558	8 709 449	-	253 304	37 991	(7 136 568)	2 470 036
Opening balance as at 1 January 2018	**49 859 173**	**155 688 594**	**285 701 504**	**1 244 106**	**4 055 065**	**4 795 794**	**6 548 830**	**507 893 066**
Changes in consolidation perimeter (companies in) (Note 8)	-	5 299 212	1 380 771	77 390	270 461	61 567	48 505	7 137 906
Changes in consolidation perimeter (companies out) (Note 8)	-	-	(23 482)	-	(21 645)	(36 125)	-	(81 252)
Capital expenditure	737 856	1 066 856	2 080 365	-	-	81 659	22 898 593	26 865 329
Disposals	(3 735 005)	(4 459 817)	(11 106 617)	(195 076)	(46 654)	(81 843)	(149 642)	(19 774 654)
Exchange rate effect	-	-	(1 440)	29	(2 829)	(3 096)	-	(7 336)
Transfers	32 392	127 851	12 962 886	(322 436)	391 678	(1 695 542)	(10 784 196)	712 633
Closing balance as at 31 December 2018	**46 894 417**	**157 722 696**	**290 993 985**	**804 015**	**4 646 076**	**3 122 412**	**18 562 090**	**522 745 691**
Accumulated depreciation								
Opening balance as at 1 January 2017	-	**41 590 603**	**105 170 616**	**930 711**	**3 409 113**	**1 742 151**	**-**	**152 843 194**
Changes in consolidation perimeter (companies in) (Note 8)	-	2 493 165	38 579 732	526 652	102 427	537 930	-	42 239 906
Changes in consolidation perimeter (companies out) (Note 8)	-	-	(36 542)	(309 005)	(19 883)	(2 943)	-	(368 372)
Discontinued Operations	-	-	(16 714)	(6 058)	(39 854)	(40 649)	-	(103 275)
Charges for the period	-	2 696 520	15 212 674	27 887	191 883	98 968	-	18 227 932
Disposals	-	(3 382 773)	(2 076 306)	(54 535)	(337 412)	(60 477)	-	(5 911 503)
Exchange rate effect	-	-	(5 764)	(45 406)	(3 013)	(439)	-	(54 622)
Transfers	-	183 459	769 483	2	40	-	-	952 983
Opening balance as at 1 January 2018	**-**	**43 580 974**	**157 597 180**	**1 070 248**	**3 303 301**	**2 274 540**	**-**	**207 826 243**
Changes in consolidation perimeter (companies in) (Note 8)	-	1 309 434	429 468	11 869	135 484	18 624	-	1 904 879
Changes in consolidation perimeter (companies out) (Note 8)	-	-	(19 245)	-	(19 101)	(33 759)	-	(72 105)
Charges for the period	-	3 188 619	19 444 181	42 066	306 289	113 141	-	23 094 295
Disposals	-	(1 121 200)	(6 235 740)	(131 201)	(39 832)	(84 945)	-	(7 612 918)
Exchange rate effect	-	-	(1 174)	38	(2 743)	(2 733)	-	(6 612)
Transfers	-	49 459	306 469	(276 764)	1 942	136 612	-	217 719
Closing balance as at 31 December 2018	**-**	**47 007 288**	**171 521 141**	**716 256**	**3 685 341**	**2 421 478**	**-**	**225 351 503**

Accumulated impairment losses

Opening balance as at 1 January 2017	**7 602 812**	**25 704 221**	**1 327 036**	**-**	**-**	**-**	**-**	**34 634 071**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	3 376 858	-	-	-	-	3 376 858
Changes in consolidation perimeter (companies out) (Note 8)	-	-	-	-	-	-	-	-
Charges for the period	472 911	95 492	11 840	-	-	-	-	580 243
Reversals for the period	(2 075 332)	(1 841 028)	(39 963)	-	-	-	-	(3 956 323)
Exchange rate effect	-	-	-	-	-	-	-	-
Transfers	-	(543 918)	543 918	-	-	-	-	-
Opening balance as at 1 January 2018	**6 000 391**	**23 414 767**	**5 219 689**	**-**	**-**	**-**	**-**	**34 634 847**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	-	-	-	-	-	-
Changes in consolidation perimeter (companies out) (Note 8)	-	-	-	-	-	-	-	-
Charges for the period	1 124 463	753 893	427 223	-	-	-	-	2 305 579
Reversals for the period	(2 911 334)	(2 724 274)	(168 508)	-	-	-	-	(5 804 117)
Exchange rate effect	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Closing balance as at 31 December 2018	**4 213 519**	**21 444 385**	**5 478 404**	**-**	**-**	**-**	**-**	**31 136 308**
Carrying amount								
As at 31 December 2017	**43 858 782**	**88 692 852**	**122 884 635**	**173 857**	**751 764**	**2 521 253**	**6 548 830**	**265 431 974**
As at 31 December 2018	**42 680 898**	**89 271 023**	**113 994 440**	**87 759**	**960 735**	**700 934**	**18 562 090**	**266 257 880**

The disposals carried out during the year ended on 31 December, 2018 refer mainly to the sale of equipment of Soternix, dismantling of the equipment at Capwatt Hectare and the selling of fractions pertaining to Troiaresort.

The main acquisitions carried out during 2018 are essentially associated with the Energy segment with the reconstructing and remodelling of the factories and management projects and with the Fitness segment with the opening of new fitness centres and remodelling of existing ones.

Impairment losses and reversals of impairment losses for the year 2018 and 2017 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by "Cushman & Wakefield – Consultoria Imobiliária, Unipessoal, Lda.". The valuation was performed according to the Professional Standards contained in the RICS Valuation January 2014, published by The Royal Institution of Chartered Surveyors.

The assessments were intended to determine the fair value of the assets concerned, in accordance with the following rules:

1) Market Value (most likely amount for which a property may be traded) for part of the portfolio;
2) Opinion of Value (when normal valuation criteria is not available and as a result the value arrived at cannot be considered as Market Value) for the remaining portfolio.

The simulation of the valuation, for the year 2018, taking into account a variation in the Market Value of +- 10% and +- 15% for the Opinion of Value is as follows:

VALUATION BY C&W		31 Dec 2018	31 Dec 2018 (MV)	31 Dec 2018 (OV)	31 Dec 2018 Book Value
Tróia		**68 339 324**	**52 592 144**	**15 747 180**	**49 210 982**
Residential		29 345 980	24 680 000	4 665 980	15 893 438
Projects		22 180 144	22 180 144	-	18 449 535
Others		16 813 200	5 732 000	11 081 200	14 868 008
Hospitality		**76 420 000**	**76 420 000**	**-**	**59 443 947**
Hospitality		76 420 000	76 420 000	-	59 443 947
Other Assets		**16 647 272**	**4 848 000**	**11 799 272**	**12 126 391**
>2M€		12 832 472	2 004 000	10 828 472	8 783 251
<2M€		3 814 800	2 844 000	970 800	3 343 141
Total		**161 406 596**	**133 860 144**	**27 546 452**	**120 781 320**
Valuation Simulation					
Market Value	*+/- 10%*		13 386 014		
Opinion of Value	*+/- 15%*			4 131 968	
Total Variation		**17 517 982**	**13 386 014**	**4 131 968**	

The valuation comprised a total of 78 properties held by the Group, of which 47 are included in Tangible Assets. The rest are included within Inventories as elucidated in Note 14.

The acquisition cost of Tangible Assets held by the Group under finance lease contracts amounted as at 31 December 2018 to euro 36,166,400 (35,930,642 euro at 31 December 2017) and their net book value as of those dates amounted to 16,902,096 euro and 18,572,598 euro, respectively (Note 24).

Major amounts included in the caption Tangible Assets in progress, refer to the following projects:

	31 December 2018	31 December 2017
Troiaresort	1 859 128	1 671 835
Cogeneration Project	14 165 316	2 240 148
Refurbishment of Health Clubs	469 797	1 280 759
Refurbishment / Maintenance of Marmagno + Aqualuz de Tróia	268 290	26 580
Refurbishment / Maintenance of Troia Resort Operações Segment	203 347	164 062
Industrial Engineering	1 415 505	1 112 976
Others	180 707	52 470
	18 562 090	**6 548 830**

11. INTANGIBLE ASSETS

During the periods ended 31 December 2018 and 2017, movements in intangible assets as well as in amortisation and accumulated impairment losses, are made up as follows:

	Intangible Assets				
	Patents and Other Similar Rights	Software	Other Intangible Assets	Intangible Assets in Progress	Total Intangible Assets
Gross Cost:					
Opening balance as at 1 January 2017	**8 189 952**	**3 778 269**	**283 781**	**382 826**	**12 634 829**
Changes in consolidation perimeter (companies in) (Note 8)	4 868 797	52 042	3 600 331	1 128 122	9 649 292
Changes in consolidation perimeter (companies out)	-	(4 880)	-	-	(4 880)
Discontinued Operations	-	(24 584)	-	-	(24 584)
Capital expenditure	(21 900)	95 998	345 038	890 365	1 309 501
Disposals	(332 831)	(183)	-	-	(333 014)
Exchange rate effect	-	(699)	-	-	(699)
Transfers	(3 367 845)	923 249	(225 059)	(881 629)	(3 551 284)
Opening balance as at 1 January 2018	**9 336 173**	**4 819 212**	**4 004 091**	**1 519 684**	**19 679 160**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	19 790	-	19 790
Changes in consolidation perimeter (companies out)	-	-	-	-	-
Capital expenditure	-	-	2 237 713	1 113 301	3 351 014
Disposals	(162 029)	(19 641)	-	-	(181 670)
Exchange rate effect	-	(1 587)	-	-	(1 587)
Transfers	34 721	548 797	(1 144 731)	(478 516)	(1 039 729)
Closing balance as at 31 December 2018	**9 208 866**	**5 346 783**	**5 116 864**	**2 154 467**	**21 826 981**
Accumulated amortization					
Opening balance as at 1 January 2017	**1 700 975**	**3 094 135**	**224 289**	**-**	**5 019 398**
Changes in consolidation perimeter (companies in) (Note 8)	1 570 467	29 000	2 453 146	-	4 052 613
Changes in consolidation perimeter (companies out)	-	(4 880)	-	-	(4 880)
Discontinued Operations	-	(19 998)	-	-	(19 998)
Charges for the period	475 163	585 349	153 192	-	1 213 704
Disposals	(88 719)	(1 114)	-	-	(89 833)
Exchange rate effect	-	(699)	-	-	(699)
Transfers	(1 001 524)	-	(1 676)	-	(1 003 200)
Opening balance as at 1 January 2018	**2 656 362**	**3 681 793**	**2 828 951**	**-**	**9 167 105**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	6 596	-	6 596
Changes in consolidation perimeter (companies out)	-	-	-	-	-

Charges for the period	401 150	665 549	222 661	-	1 289 360
Disposals	(55 237)	(18 813)	-	-	(74 050)
Exchange rate effect	-	(1 429)	-	-	(1 429)
Transfers	11 765	19 593	20 863	-	52 221
Closing balance as at 31 December 2018	**3 014 039**	**4 346 694**	**3 079 070**	**-**	**10 439 803**
Accumulated amortization					
Opening balance as at 1 January 2017	**89 536**	**-**	**600 000**	**-**	**689 536**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	-	-	-
Changes in consolidation perimeter (companies out)	-	-	-	-	-
Charges for the period	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rate effect	-	-	-	-	-
Transfers	-	-	-	-	-
Opening balance as at 1 January 2018	**89 536**	**-**	**600 000**	**-**	**689 536**
Changes in consolidation perimeter (companies in) (Note 8)	-	-	-	-	-
Changes in consolidation perimeter (companies out)	-	-	-	-	-
Charges for the period	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange rate effect	-	-	-	-	-
Transfers	-	-	-	-	-
Closing balance as at 31 December 2018	**89 536**	**-**	**600 000**	**-**	**689 536**
Carrying amount					
As at 31 December 2017	**6 590 275**	**1 137 419**	**575 140**	**1 519 684**	**9 822 521**
As at 31 December 2018	**6 105 291**	**1 000 089**	**1 437 794**	**2 154 467**	**10 697 642**

At 31 December 2018 and 2017, there are no impairment losses relating to Intangible Assets.

As at December 2018 net assets of Marina de Troia amount to 5,166,004 euros (5,261,284 euros at December 2017) recorded in "Industrial property and other rights".

“APSS – Administração dos Portos de Setubal e Sesimbra, SA” (APSS) signed in 2007 with an Group Group a service concession arrangement to build and operate, in the public interest, a marina and support services in Troia, during a period of 50 years from the date of entry into operation. This period may be extended a maximum of 10 years if agreed between the parties. At the end of the service concession arrangement the concession will revert to APSS at no consideration, with some exceptions in the arrangement.

The Group has the right to charge fees for services to be provided under the concession. Maximum fee limits must be approved by the grantor based on a proposal submitted by the Group.

During the concession period the Group has a contractual obligation to maintain the infrastructure in a specific level of serviceability and pays the grantor a fixed fee and a variable fee, the latter based on revenues charged for the service provided.

The grantor may cancel the service concession arrangement whenever public interest is affected, provided that at least the contractual period is over and with at least 1 year notice, in which case the Group is entitled to compensation equal to the net book value of the infrastructure plus lost revenue calculated in accordance with the terms of the contract.

The Group carried out a sensitivity analysis of the recoverable value of the assets of “Marina de Tróia”.

The use of a five-year period for projecting cash flows has taken into consideration the extension and intensity of economic cycles to which the Group’s activity is subject to. Calculation of recoverable amounts consisted in projecting operating cash flows over a five year period, thereafter extrapolated using perpetuity and discounted to 31 December 2018. Weighted Average Cost of Capital, before tax, calculated using CAPM (Capital Asset Pricing Model) methodology for this cash generating unit, was used as discount rate. These rates include specific market features and include different risk factors as well as the risk-free interest rate for ten-year bonds.

The use of a five-year period for projecting cash flows takes into account the extension and intensity of economic cycles to which “Marina de Tróia” activity is subject to.

Projected cash flows are based on the Group’s business plan and are updated annually so as to include changes in the economic outlook of each market where the Group is conducting business.

The impairment tests did not show any impairment loss to be recognized under Intangible Assets at 31 December 2018.

12. GOODWILL

During the periods ended 31 December 2018 and 2017, movements in goodwill, as well as in corresponding impairment losses, are as follows

	31 December 2018	31 December 2017
Gross amount:		
Opening balance	**72 080 082**	**62 194 124**
Acquisitions with increase in percentage ownership	-	-
Increases - acquisition of affiliated companies	5 423 635	10 449 890
Decreases - disposals of affiliated companies	-	563 932
Write-off	-	-
Closing balance	**77 503 717**	**72 080 082**
Accumulated impairment losses (Note 30):		
Opening balance	24 703 711	24 353 034
Increases	775 198	350 677
Transfers	-	-
Decreases	-	-
Closing balance	**25 478 909**	**24 703 711**
Total	**52 024 808**	**47 376 371**

The increase in impairment losses in 2018 is associated with the valuation of real estate assets, as Goodwill generated in the acquisition of the Group that owns the properties, is no longer supported by the positive differential of the fair value of these properties in relation to their book value.

The amount related to transfers of impairment losses carried out in 2018 is related to the companies included in the consolidation period from Q2 2018 as per Note 6.

The Impairment tests to Goodwill were calculated by projecting operating cash flows over a five-year period, thereafter extrapolated using perpetuity and discounted to 31 December 2018. The RACE business plan reports an average growth rate of 3,7% with a rate of 19.3% for increase in sales and EBITDA (it is assumed a growth in industrial refrigeration - a strategic focus - on building efficiency and after-sales services). The average growth rate for uFCF is -1.0%, achieved by economies of scale and focus in the business segments with better profitability. The discount rates used are the average rates of the Weighted Average Cost of Capital (WACC).

The WACC rates used were calculated on the specific nature of each business and its respective target capital structures, as follows:

Real Estate	7,35%	Refrigeration & HVAC	9,63%
Troia Resort Operations	7,48%	Hospitality	8,56%
Energy	[6,58% - 7,58%]	Industrial Engineering	8,56%
Fitness	8,54%		

The Goodwill remains without impairment in the sensitivity tests performed, through assessments by discounted cash flow, with variations in WACC of 1 p.p.

As at 31 December 2018 and 2017, Goodwill may be split as follows:

	31 December 2018	31 December 2017
Troia Resort Operations	1 223 235	1 223 235
Fitness	4 714 787	-
Energy	3 075 415	3 075 415
Refrigeration & HVAC	9 619 730	9 619 730
Industrial Engineering	8 075 960	7 997 303
Holding & Others	25 315 682	25 460 689
	52 024 808	**47 376 371**

13. OTHER NON-CURRENT DEBTORS

As at 31 December 2018 and 2017, other non-current assets are detailed as follows:

	31 December 2018	31 December 2017
Loans granted to related parties		
Others	34 916	907 655
	34 916	907 655
Impairment losses (Note 30)	(34 916)	(34 916)
	-	**872 739**
Trade accounts receivable and other debtors		
Sale of financial investments	10 505 000	505 000
Others	1 614 353	4 947 709
Impairment losses (Note 30)	-	-
	12 119 353	**5 452 709**
Deferred costs		
Financing charges	81 214	276 547
	81 214	**276 547**
Total financial instruments	**12 200 567**	**6 601 994**
Other non-current debtors	**12 200 567**	**6 601 994**

	Trade Accounts Receivable and Other Debtors	
	31 December 2018	31 December 2017
Not due	**11 001 450**	**4 331 234**
Due but not impaired		
< 6 months	-	-
6 - 12 months	-	-
> 1 year	1 117 903	1 121 475
	1 117 903	**1 121 475**
Due and impaired		
> 1 year	-	-
	12 119 353	**5 452 709**

Generally, values included in Other Non-Current Debtors bear interest at market rates, and it is estimated that their fair value does not significantly differ from amounts in the balance sheet.

The amount in 2017 in Others, loans granted to related parties, is a loan to the Group Andar - Soc. Imobiliária S.A. (Note 43).

At 31 December 2018 and 2017 the amounts within the caption Trade Accounts Receivable and Other Debtors, Sale of Financial Investments included (i) amounts to receive from the alienation of UPK - GESTÃO DE FACILITIES E

MANUTENÇÃO, S.A. and BoxLines and (ii) amounts to receive from the alienation of the Group Prédios Privados – Imobiliária, S.A. (10,000,000 euros) (Note 16).

The amounts considered in 2018 and 2017 in Others, Trade accounts receivable and Other Debtors, are essentially related with (i) amount receivable related to the sale of real estate held during 2017 (496,000 euros), (ii) payment to the State to benefit from a 2002 tax amnesty (803,000 euros) and others.

At 31 December 2018 and 2017 the caption Clients and Other Debtors includes loans granted to related parties and do not have a defined maturity, and therefore are not due. These loans bear interests.

14. INVENTORIES

Inventories as at 31 December 2018 and 2017 can be detailed as follows, highlighting the value attributable to real estate developments:

	31 December 2018		31 December 2017	
	Total	of which Real Estate Developments	Total	of which Real Estate Developments
Goods for sale	14 393 602	13 313 076	14 765 873	13 282 113
Goods for resale held by third parties	2 069	-	1 731	-
Raw materials, by-products and consumables	6 318 496	-	4 677 862	-
Finished goods	12 124 200	11 081 219	13 281 182	12 613 221
Sub-products, waste, residues and scrap	-	-	-	-
Work in progress	36 577 949	34 268 391	67 372 682	62 728 774
Payments on account	-	-	-	-
	69 416 316	**58 662 686**	**100 099 330**	**88 624 108**
Accumulated impairment losses on stocks (Note 30)	(6 152 875)	(5 161 721)	(5 702 697)	(5 240 945)
Total Operations	**63 263 441**	**53 500 965**	**94 396 634**	**83 383 163**

Cost of goods sold as at 31 December 2018 and 2017 amounted to 89,297,579 and 72,750,494 euros, respectively, and may be detailed as follows:

	31 December 2018	31 December 2017
Opening Stocks	19 445 466	32 038 738
Exchange rate effect	(1 443)	(79 286)
Changes in consolidation perimeter	(117 106)	1 133 291
Purchases	63 530 499	57 210 904
Adjustments	26 797 531	1 891 710
Closing Stocks	20 714 166	19 445 466
	88 940 781	**72 749 891**
Impairment losses increases (Note 30)	1 085 793	604
Impairment losses decreases (Note 30)	(728 994)	-
Continued Operations	**89 297 579**	**72 750 494**
Discontinued Operations	**161 024**	**631 454**
Total Operations	**89 458 604**	**73 381 948**

Impairment losses and reversals of impairment losses for the year 2018 and 2017 are calculated from the assessments of the property assets of Sonae Capital Group, carried out by "Cushman & Wakefield – Consultoria Imobiliária, Unipessoal, Lda." (Note 10). The valuation was performed according to the Professional Standards contained in the RICS Valuation January 2014, published by The Royal Institution of Chartered Surveyors.

The assessments were intended to determine the fair value of the assets concerned, in accordance with the following rules:

1) Market Value (most likely amount for which a property may be traded) for part of the portfolio;

2) Opinion of Value (when normal valuation criteria is not available and as a result the value arrived at cannot be considered as Market Value) for the remaining portfolio.

The simulation of the valuation, for the year 2018, taking into account a variation in the Market Value of +- 10% and +- 15% for the Opinion of Value is as follows:

VALUATION BY C&W	31 Dec 2018	31 Dec 2018 (MV)	31 Dec 2018 (OV)	31 Dec 2018 Book Value
Tróia	**83 793 556**	**38 980 856**	**44 812 700**	**28 779 389**
Residential	25 947 700	1 135 000	24 812 700	12 296 509
Projects	57 845 856	37 845 856	20 000 000	16 482 880
Others	-	-	-	-
Hospitality	**-**	**-**	**-**	**-**
Hospitality	-	-	-	-
Other Assets	**38 572 578**	**31 119 800**	**7 452 778**	**27 208 088**
>2M€	32 888 928	28 815 000	4 073 928	24 145 701
<2M€	5 683 650	2 304 800	3 378 850	3 062 388
Total	**122 366 134**	**70 100 656**	**52 265 478**	**55 987 478**
Valuation Simulation				
Market Value	*+/- 10%*	7 010 066		
Opinion of Value	*+/- 15%*		7 839 822	
Total Variation	**14 849 887**	**7 010 066**	**7 839 822**	

15. CLIENTS

As at 31 December 2018 and 2017, trade accounts receivable and other current assets are detailed as follows:

	31 December 2018	31 December 2017
Trade accounts receivable		
Troia Resort Operações	2 031 875	1 888 312
Hospitality	986 998	851 832
Fitness	158 635	318 278
Energy	7 800 964	8 522 609
Refrigeration & HVAC	14 270 446	14 372 081
Holding & Others	220 307	222 668
Industrial Engineering	86 047	128 834
	3 039 838	1 176 944
Trade Debtors, bills receivable	**28 595 111**	**27 481 558**
Doubtful debtors	74 410	74 410
Trade accounts receivable	3 022 339	3 452 519
	31 691 859	**31 008 486**
Accumulated impairment losses on Trade Debtors (Note 30)	(6 230 300)	(6 208 847)
Total Operations	**25 461 559**	**24 799 640**

In the normal course of activity collection risk may arise in Trade Debtors. The amounts presented on the face of the balance sheet are net of impairment losses, which were estimated based on the Group's experience and on the assessment of present economic conditions. As a result, amounts disclosed in Trade debtors reflect their fair value.

As at 31 December 2018 we do not have any reason to believe that normal collection times regarding trade accounts receivable not due for which there are no impairment losses will not be met.

As at 31 December 2018 and 2017, the ageing of Trade Accounts Receivables can be detailed as follows:

	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Real Estate	Holding & Others	Industrial Engineering	Total
31 December 2018									
Not Due	**522 161**	**321 219**	**54 748**	**6 395 233**	**8 739 530**	**75 793**	**54 958**	**652 487**	**16 818 130**
Due but not impaired									
0 - 30 days	30 512	119 058	22 762	762 758	1 542 503	12 026	169	1 018 568	2 489 788
30 - 90 days	134 128	150 203	8 895	384 475	857 831	-	-	883 322	1 535 532
+ 90 days	608 528	133 692	16 167	257 686	1 465 577	22 873	2 163	203 351	2 506 686
Total	**773 168**	**402 953**	**47 824**	**1 404 919**	**3 865 911**	**34 899**	**2 332**	**2 105 242**	**8 637 248**
Due and impaired									
0 - 90 days	25 049	4 841	-	-	34 851	-	-	-	64 741
90 - 180 days	9 470	1 794	-	-	151 883	2 514	-	-	165 661
180 - 360 days	9 800	9 406	42	-	79 050	-	-	41 294	98 298
+ 360 days	817 005	399 083	56 021	812	1 811 720	271 292	127 483	2 385 076	3 483 416
Total	**861 324**	**415 124**	**56 063**	**812**	**2 077 504**	**273 806**	**127 483**	**2 426 370**	**6 238 486**
Total accumulated before impairments	**2 156 653**	**1 139 296**	**160 636**	**7 800 964**	**14 682 945**	**384 498**	**184 773**	**5 184 099**	**31 691 859**

	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Real Estate	Holding & Others	Industrial Engineering	Total
31 December 2017									
Not Due	**317 519**	**307 590**	**109 346**	**4 309 041**	**8 422 356**	**57 196**	**97 798**	**66 058**	**13 686 904**
Due but not impaired									
0 - 30 days	110 801	144 648	18 882	3 496 385	465 300	17 167	107	948 326	4 253 290
30 - 90 days	153 385	88 823	129 593	249 435	1 415 019	-	1 667	176 727	2 037 922
+ 90 days	636 491	27 203	4 740	451 561	2 507 172	24 345	504	38 101	3 652 016
Total	**900 678**	**260 674**	**153 215**	**4 197 381**	**4 387 491**	**41 512**	**2 278**	**1 163 154**	**11 106 383**
Due and impaired									
0 - 90 days	12 356	4 767	-	-	-	3 016	-	-	20 139
90 - 180 days	166 485	2 488	137	-	-	-	-	(14 217)	169 110
180 - 360 days	14 060	4 499	1 154	-	43 953	-	-	102 859	63 666
+ 360 days	655 347	447 850	56 374	18 366	2 174 580	296 787	220 991	2 003 350	3 870 295
Total	**848 247**	**459 604**	**57 665**	**18 366**	**2 218 533**	**299 803**	**220 991**	**2 091 992**	**6 215 201**
Total accumulated before impairments	**2 066 444**	**1 027 868**	**320 226**	**8 524 788**	**15 028 380**	**398 511**	**321 067**	**3 321 205**	**31 008 486**

To determine the recoverability of Trade accounts receivable, the Group reviews all changes to the credit quality of its counterparties since the date of the credit to the date of reporting consolidated financial statements. Credit risk is not concentrated because of the significant number of trade debtors. The Group thus believes that credit risk does not exceed recorded impairment losses for trade accounts receivable doubtful accounts.

The Group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all customer balances. In order to measure the estimated credit losses, the balances were aggregated based on the shared credit risk characteristics, as well as on the days of arrears. Impairment losses at December 31, 2018 are determined as follows: estimated credit losses incorporate information from forward estimates.

2018	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & AVAC	Real Estate	Holding e Outras	Industrial Engeneering	Total
Gross accounting value	**2 156 653**	**1 139 296**	**158 635**	**7 800 964**	**14 682 945**	**384 498**	**184 773**	**5 184 098**	**31 691 862**
0 - 90 days	711 850	595 321	86 405	7 542 466	11 174 715	87 819	55 127	2 554 377	22 808 080
+ 90 days	1 444 803	543 975	72 230	258 498	3 508 230	296 679	129 646	2 629 721	8 883 782
	-	-	-	-	-	-	-	-	-
Accumulated impairment losses	**861 324**	**415 124**	**56 063**	**812**	**2 077 504**	**273 806**	**127 483**	**2 426 370**	**6 238 486**
0 - 90 days	25 049	4 841	-	-	34 851	-	-	-	64 741
+ 90 days	836 275	410 283	56 063	812	2 042 653	273 806	127 483	2 426 370	6 173 745
	-	-	-	-	-	-	-	-	-
Estimated loss ratio	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
0 - 90 days	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
+ 90 days	100.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Until December 31, 2017, the impairment of customer balances were evaluated according to the model of credit losses incurred. Individual balances considered uncollectible were derecognised directly by reducing their book value. The other balances were evaluated in order to determine the objective existence of impairment losses not yet identified. Impairment losses on these balances were recognized as impairment losses. The Group considered that there was evidence of impairment if any of the following indicators were verified: (i) Significant financial difficulties for the debtor; (ii) Likelihood of the debtor entering into insolvency or financial reorganization; and (iii) Failure or late payment (more than 30 days after the due date).

16. OTHER DEBTORS

As at 31 December 2018 and 2017, Other Debtors are made up as follows:

	31 December 2018	31 December 2017
Loans granted to and other amounts to be received from related parties		
Suppliers with a debtor balance	70 758	38 897
	70 758	**38 897**
Other current assets		
Suppliers with a debtor balance	796 119	1 153 208
Accounts receivable from the sale of tangible assets	3 226 160	2 859 253
Accounts receivable from the sale of financial investments	12 214 412	2 862 642
Other debtors	4 342 209	5 129 832
	20 578 900	**12 004 935**
Other debtors	20 649 658	12 043 832
Accumulated impairment losses on other current assets (Note 22)	(1 848 583)	(1 995 925)
Other debtors	**18 801 075**	**10 047 909**

Loans granted to relate parties bear interest at market rates.

At December 2018, the amounts included in Other Debtors – Tangible Assets are related to the amount receivable related to the sale of real estate executed last year.

At December 2018 the sale of financial Investments includes (i) balance receivable for which impairment loss was recorded during the year of 2016, (ii) balance receivable from the sale of “UPK – Gestão de Facilities e Manutenção S.A.” and “BoxLines Navegação S.A.” and (iii) amounts to receive from the alienation of the Group Prédios Privados – Imobiliária, S.A. (10,000,000 euros).

The caption "Others" is made up of the balances receivable from the WTC fund (237,000 euros), taxes recoverable overseas (2,098,000 euros), amount to be received from Prédios Privados relating to the sale of lots of land (496,000 euros, among others.

As at 31 December 2018 and 2017, ageing of Other Debtors can be summarised as follows:

	Other Debtors	
	31 December 2018	31 December 2017
Not Due	**16 512 110**	**7 596 457**
Due but not impaired		
0 - 30 days	677 645	313 358
30 - 90 days	142 095	265 496
+ 90 days	1 397 753	1 866 537
Total	**2 217 493**	**2 445 391**
Due and impaired		
0 - 90 days	-	-
90 - 180 days	-	-
180 - 360 days	-	-
+ 360 days	1 849 300	1 963 086
Total	**1 849 300**	**1 963 086**
Total accumulated before impairments	**20 578 903**	**12 004 934**

As at 31 December 2018, we do not have any reason to believe that normal collection times regarding other debtors not due, and for which there are no impairment losses, will not be met.

Values included in Other Debtors are close to their fair value.

The Group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all balances of Other Debtors. In order to measure the estimated credit losses, the balances were aggregated based on the shared credit risk characteristics, as well as on the days of arrears. Impairment losses at December 31, 2018 are determined as follows: estimated credit losses incorporate information from forward estimates.

	31 December 2018
Gross accounting value	**20 578 903**
0 - 90 dias	17 331 850
+ 90 dias	3 247 053
Accumulated impairment losses	**1 849 300**
0 - 90 dias	-
+ 90 dias	1 849 300
Estimated loss ratio	
0 - 90 dias	0.00%
+ 90 dias	57%

The gross accounting value of the above balances reflects the Group's maximum credit risk relative to these items.

Until December 31, 2017, the impairment of the balances of Other Debtors were evaluated according to the model of credit losses incurred. Individual balances considered uncollectible were derecognised directly by reducing their book value. The other balances were evaluated in order to determine the objective existence of impairment losses not yet identified. Impairment losses on these balances were recognized as impairment losses. The Group considered that there was evidence of impairment if any of the following indicators were verified: (i) Significant financial difficulties for the debtor; (ii) Likelihood of the debtor entering into insolvency or financial reorganization; and (iii) Failure or late payment (more than 30 days after the due date).

17. TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2018 and 2017, taxes recoverable, taxes, and contributions payable are made up as follows:

	31 December 2018	31 December 2017
Tax recoverable		
Income tax receivable		
Amounts withheld	817 129	862 380
Payments on account	2 300 734	2 973 835
Income taxation	47 167	59 921
	3 165 031	**3 896 136**
Other taxes receivable		
VAT	1 964 271	1 943 269
Other taxes	2 789 933	2 989 500
	4 754 204	**4 932 769**
Total Operations	**7 919 234**	**8 828 905**
Taxes and contributions payable		
Income tax payable		
Income Taxation	4 738 097	1 443 550
	4 738 097	**1 443 550**
Other taxes payable		
VAT	1 664 212	1 612 514
Income Taxation - amounts withheld	754 802	758 544
Social security contributions	744 581	654 784
Other taxes	311	-
	3 163 905	**3 025 842**
Total Operations	**7 902 002**	**4 469 392**

The amount in Other taxes receivable respects additional payments of taxes, appeals and complaints to the Portuguese Tax Services.

The variation within the caption Income Taxation under the Income tax payable results from the sales deed of the UNOP lots 7, 8 and 9, whose gain was recognized in 2016, as well as the respective deferred tax (Note 19).

18. OTHER CURRENT ASSETS

As at 31 December 2018 and 2017, Other Current Assets are made up as follows:

	31 December 2018	31 December 2017
Interest receivable	35	15 434
Invoicing to be issued for services rendered	609 273	1 484 839
Other income accruals	3 192 919	3 286 306
Deferred costs - External supplies and services	1 541 589	1 382 160
Deferred costs - Rents	793 225	627 096
Deferred costs - Finantial charges	228 020	199 521
Other current assets (Note 33)	5 416 508	2 330 888
Total Accumulated	**11 781 569**	**9 326 244**

At 31 December 2018 the caption Other income accruals included (i) income accruals related to work in progress at the end of the year (1,211,463 euros) and (ii) amounts to receive related to insurance claims (1,191,197 euros).

The other current assets for the year ended December 31 2017 and 2018 include amounts receivable from Sistavac - Sistemas HVAC-R do Brasil, Ltda. and Spinarq Moçambique - entities considered as assets (Note 43). The international operations (Mozambique and Brazil) of the Refrigeration & HVAC segment are now considered assets held for sale and therefore their contribution to the consolidated results are discontinued operations.

19. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2018 and 2017 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Amortisation and Depreciation harmonisation adjustments	252 488	267 271	4 527 729	4 618 137
Provisions and impairment losses of non-tax deductible	4 630 120	5 238 117	-	-
Write off of tangible and intangible assets	71 250	71 250		
Revaluation of tangible assets	-	-	245 870	93 355
Tax losses carried forward	16 751 852	20 710 838	-	-
Write off of stocks	-	-	393 997	393 996
Taxable temporary differences arising from the fair value of non-current liabilities	-	-	6 544 704	6 544 704
Others	1 292 185	1 486 584	1 272 283	9 988 792
	22 997 895	**27 774 060**	**12 984 582**	**21 638 983**

The amount considered in other deferred tax liabilities refers to the difference between the tax and accounting gain arising from the sale of UNOP lots 7, 8 and 9 and the revaluation of tangible assets of companies acquired in the year.

During the periods ended 31 December 2018 and 2017, movements in deferred tax are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Opening balance	**27 774 060**	**27 380 258**	**21 638 984**	**19 635 287**
Effect in results (Note 41):				
Amortisation and Depreciation harmonisation adjustments	(14 783)	(299 391)	(90 408)	321 017
Provisions and impairment losses of non-tax deductible	-	-	-	-
Write off of tangible and intangible assets	-	-	-	-
Write off of accruals	-	-	-	-
Revaluation of tangible assets	-	-	-	-
Tax losses carried forward	(3 958 986)	(703 369)	-	-
Impairment of Assets	(607 997)	(131 659)	-	-
Financial Instruments	-	-	-	-
Changes in tax rates	-	-	-	-
Others	(194 399)	(19 998)	(8 564 319)	(104 253)
	(4 776 165)	**(1 154 417)**	**(8 654 727)**	**216 764**

Effect in reserves:				
Financial Intruments	-	-	-	-
Others	-	(363)	326	(678)
	-	**(363)**	**326**	**(678)**
Changes in consolidation perimeter (Note 8)	**-**	**1 548 583**	**-**	**1 787 611**
Others	**-**	**-**	**-**	**-**
Closing balance	**22 997 895**	**27 774 060**	**12 984 582**	**21 638 984**

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2018 and 2017, and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 December 2018			31 December 2017		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2013	-	-	2018	18 852 311	3 958 985	2018
Generated in 2014	13 193 576	2 770 651	2026	13 536 168	2 842 595	2026
Generated in 2015	43 854 221	9 209 386	2027	45 035 288	9 457 411	2027
Generated in 2016	12 439 172	2 612 226	2028	12 025 566	2 525 369	2028
Generated in 2017	10 283 755	2 159 589	2022	9 173 702	1 926 477	2022
Generated in 2018	-	-	2023	-	-	
	79 770 725	**16 751 852**		**98 623 036**	**20 710 838**	
With a time limit different from the above mentioned	-	-		-	-	
	79 770 725	**16 751 852**		**98 623 036**	**20 710 838**	

An analysis was made on the relevance of the recognition of deferred taxes, taking into account the possibility of them to be recovered in accordance with the medium and long term prospects of the Group.

Deferred tax assets and liabilities are calculated and annually evaluated using the tax rates in effect, at the date of reversal of the temporary differences.

Deferred tax assets arising from tax losses have been recorded only when it is likely to occur taxable income in the future.

Deferred tax assets were reassessed against each Group's business plans, which are regularly updated.

Since fiscal year 2014, most of the Group's subsidiaries based in Portugal belong to the perimeter of the group of companies that are taxed in accordance with the special taxation regime for Group groups (“RETGS”), being Sonae Capital, SGPS, S.A. the dominant Group.

Of the analysis made at 31 December 2018, it is concluded that there is a reasonable expectation on the recovery of the recorded deferred tax assets before their limited time use expires.

As at 31 December 2018, tax losses carried forward amounting to 19,157,846 euros (43,912,619 euros as at 31 December 2017) have for prudential reasons not originated deferred tax assets and are detailed as follows:

	31 December 2018			31 December 2017		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2013	-	-	2018	25 043 382	5 259 110	2018
Generated in 2014	963 693	202 376	2026	49 633	10 423	2026
Generated in 2015	1 190 501	250 005	2027	4 751	998	2027
Generated in 2016	1 081 029	227 016	2028	19 292	4 051	2028
Generated in 2017	12 534 812	2 632 311	2022	6 368 844	1 337 457	2022
Generated in 2018	2 927 156	614 703	2023	-	-	
	18 697 191	**3 926 411**		**31 485 902**	**6 612 039**	
Without limited time use	-	-		12 001 155	3 000 289	
With a time limit different from the above mentioned	460 654	102 897		425 562	95 258	
	460 654	**102 897**		**12 426 717**	**3 095 546**	
	19 157 846	**4 029 308**		**43 912 619**	**9 707 586**	

20. CASH AND CASH EQUIVALENTS

As at 31 December 2018 and 2017, cash and cash equivalents can be detailed as follows:

	31 December 2018	31 December 2017
Cash at hand	236 410	30 132
Bank deposits	7 311 232	7 276 938
Treasury applications	10 719	-
Cash and cash equivalents on the balance sheet	**7 558 360**	**7 307 069**
Bank overdrafts (Note 23)	(427 200)	(73 571)
Guarantee deposit	-	-
Cash and cash equivalents in the statement of cash-flows	**7 131 160**	**7 233 499**

Bank overdrafts include creditor balances of current accounts in financial institutions, and are disclosed in the balance sheet under current bank loans (Note 23).

The caption of other receipts / payments in the Cash Flow Statement includes mainly payments and receipts from other taxes, and settlements and receipts of other operating expenses or income.

Credit risk analysis is in accordance with Note 3.2.

21. EQUITY

The share capital of Sonae Capital SGPS, S.A. is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 December 2018, Sonae Capital SGPS, S.A. owns 4, ,107,623 own shares (4,783,433 own shares at 31 December 2017) booked for 1,192,808 euros (1,305,829 euros at 31 December 2018).

Other reserves includes amounts equal to the value of own shares held by the Group's parent Group. This reserve should be unavailable while these shares are kept by the Group.

The Reserves and retained earnings of Sonae Capital Group in the periods ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Demerger reserve	132 638 253	132 638 253
Translation reserves	359 097	146 352
Fair value reserves	-	-
Hedging reserves	6 370	6 370
Others	(119 362 322)	(94 517 536)
Other reserves and retained earnings	**13 641 398**	**38 273 439**

Demerger reserve

The demerger originated a reserve in the amount of 132,638,253 euros, which has a treatment similar to that of a Legal Reserve. According to Group Law, it cannot be distributed to shareholders, unless the Group is liquidated, but can be used to make good prior year losses, once other reserves have been used fully, or for capital increases.

Translation reserves

These reserves are comprised by the conversion into euro of the financial statements of the subsidiaries that have other functional currency.

Hedging reserves

This caption is comprised by the fair value of hedging derivatives and the accrued interest of those derivatives. The amounts in this reserve are transferred to the income statement when subsidiaries are sold or liquidated.

Changes in Equity are detailed in the Consolidated Statements of Changes in Equity.

22. NON-CONTROLLING INTERESTS

Movements in non-controlling interests in the periods ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Opening balance as at 1 January	**10 915 176**	**9 925 965**
Changes in the percentage of capital held in affiliated companies	(762 025)	776 824
Changes resulting from currency translation	91 177	27 009
Dividends paid	(1 384 309)	(926 710)
Others	(20 042)	-
Profit for the period attributable to minority interests	600 113	1 112 088
Closing balance	**9 440 090**	**10 915 176**

The Non-Controlling Interests are primarily from companies in the Refrigeration and HVAC segment.

23. BORROWINGS

As at 31 December 2018 and 2017, Borrowings are made up as follows:

	31 December 2018		31 December 2017		
	Outstanding amount		Outstanding amount		Repayable on
	Current	Non-Current	Current	Non-Current	
Bank loans					
Sonae Capital SGPS - commercial paper [a)]	-	-	4 500 000	-	Jun/2021
Sonae Capital SGPS - commercial paper [b)]	-	13 000 000	-	4 000 000	Sep/2021
Sonae Capital SGPS - commercial paper [c)]	-	-	3 200 000	-	Mar/2028
Sonae Capital SGPS - commercial paper [d)]	10 000 000	-	10 000 000	-	Jun/2019
Sonae Capital SGPS - commercial paper [e)]	2 000 000	8 000 000	-	10 000 000	Feb/2023
Sonae Capital SGPS - commercial paper [f)]	7 650 000	-	5 000 000	-	Dec/2019
Sonae Capital SGPS - commercial paper [g)]	-	10 000 000	-	-	Jun/2021
Up-front fees	-	(60 070)	-	(16 867)	
Others	1 758 860	1 474 580	1 966 697	3 235 083	
	21 408 860	**32 414 510**	**24 666 697**	**17 218 216**	
Bank overdrafts (Note 14)	427 200	-	73 571	-	
Bank loans	**21 836 060**	**32 414 510**	**24 740 268**	**17 218 216**	
Bond Loans					
Sonae Capital 2014/2019 Bonds [h)]	-	15 000 000	-	15 000 000	Jul/2021
Sonae Capital 2016/2021 Bonds [i)]	42 500 000	-	-	42 500 000	May/2019
Up-front fees	-	(116 090)	-	(254 190)	
Bond Loans	**42 500 000**	**14 883 910**	**-**	**57 245 810**	
Other loans	48 788	145 706	48 788	197 389	
Obligations under finance leases	3 527 494	12 028 586	3 422 578	13 867 519	
Up-front fees on finance leases	-	(46 882)	-	(60 437)	
	67 912 342	**59 425 830**	**28 211 634**	**88 468 497**	

a) Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with automatic annual renewals up to seven years and six months, unless denunciated by either party.
b) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid to October 2021.
c) Short-term commercial paper programme, issued on 28 March 2008 and valid until 28 March 2018, but was extended for another 10 years. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
d) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual payments, unless denounced by either party.
e) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 and valid until February 2023, with semi-annual payments starting in 2019.
f) Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual payments, issued to investors.
g) Commercial paper programme, with subscription guarantee, issued on 23 June 2016 and valid up to five years, with annual payments and grace period for one year.
h) Sonae Capital SGPS - 2016/2021 bond loan in the amount of 15,000,000 euros, with a 5 year maturity, and a sole reimbursement on 29 July 2021, unless the issuer requests a full or partial refund (call option). This bond loan bears interest every six months.
i) Sonae Capital SGPS, SA, 2014/2019 bond loan in the amount of 42,500,000 euros, with a five year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months

The interest rate on bonds and bank loans in force on 31 December 2018 was on average 2.10% (2.27% in 31 December 2017)

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In the case that any bank or investor do not renovate a commercial paper programme, at the given maturity dates, the Group has credit facilities available to cover this gap.

The caption Others includes the Investment Grants received in 2018.

Derivatives have not been used.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

	31 December 2018		31 December 2017	
	Nominal Value	Interest	Nominal Value	Interest
N+1	67 912 343	1 529 573	28 211 633	2 437 850
N+2	6 563 075	573 365	57 664 567	1 493 224
N+3	43 588 345	482 699	4 359 194	586 376
N+4	5 707 975	70 782	22 329 433	497 625
N+5	3 063 402	23 954	3 373 694	85 336
After N+5	726 075	6 201	1 073 103	26 328
Total	**127 561 214**	**2 686 573**	**117 011 624**	**5 126 739**

As at 31 December 2018 and 2017, the credit lines available and the amount of contracted lines, can be summarized as follows:

	31 December 2018		31 December 2017	
	Commitments < 1 year	Commitments > 1 year	Commitments < 1 year	Commitments > 1 year
Value of available lines	56 750 000	18 250 000	43 650 000	68 500 000
Value of contracted lines	68 750 000	49 250 000	61 350 000	82 500 000

As at 31 December 2018 the reconciliation of the liabilities whose flows affect the financing activities are detailed as follows:

	31 December 2017	Cash	Non-Cash			31 December 2018
			Acquisitions	Up front fees	Changes in consolidation perimeter	
Non Current Loans (Note 23 & 25)	90 411 068	(34 494 302)	-	108 451	3 631 460	59 656 677
Current Loans (Nota 23 & 28)	28 211 634	39 700 708	-	-	-	67 912 342
	118 622 702	**5 206 406**		**108 451**	**3 631 460**	**127 569 019**

24. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2018 and 2017, Obligations under finance leases are made up as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
Amounts under finances leases:	31 December 2018	31 December 2017	31 December 2018	31 December 2017
N+1	3 791 859	3 698 446	3 527 494	3 422 578
N+2	3 814 116	3 565 384	3 623 053	3 355 296
N+3	3 143 242	3 564 885	3 022 617	3 419 195
N+4	3 657 431	2 848 597	3 590 594	2 763 738
N+5	1 096 424	3 297 885	1 066 246	3 256 291
After N+5	733 385	1 096 411	726 075	1 072 999
	16 236 458	**18 071 609**	**15 556 080**	**17 290 098**
Future Interest	(680 377)	(781 511)		
	15 556 080	**17 290 098**		
Up-front fees			(46 882)	(60 437)
Current obligations under finance leases			3 527 494	3 422 578
Obligations under finance leases - net of current obligations			**11 981 704**	**13 807 082**

Finance leases are contracted at market interest rates, have defined useful lives and include an option for the acquisition of the related assets. The interest rate of these contracts as at 31 December 2018 was on average 1.88% (1.74% at 31 December 2017).

As at 31 December 2018 and 2017, the fair value of finance leases is close to their book value.

Obligations under finance leases are guaranteed by the reservation of ownership of the leased assets.

As at 31 December 2018 and 2017, the book value of assets acquired under finance leases can be detailed as follows:

	31 December 2018	31 December 2017
Assets acquired under finance leases		
Land and Buildings	-	-
Plant and machinery	16 900 518	18 570 468
Vehicles	-	-
Tools	-	-
Fixtures and Fittings	1 577	2 130
Holding & Outros fixos tangíveis	-	-
Activos fixos tangíveis em curso	-	-
Total tangible assets	**16 902 096**	**18 572 598**

25. OTHER NON-CURRENT CREDITORS

As at 31 December 2018 and 2017 other non-current creditors liabilities can be detailed as follows:

	31 December 2018	31 December 2017
Loans and other amounts payable to related parties		
Plaza Mayor Parque de Ocio, SA (Note 27)	-	1 739 399
Others	230 847	203 172
	230 847	**1 942 571**
Other creditors		
Creditors in the restructuring process of Torralta	768 471	650 478
Others	-	5 349
	768 471	**655 827**
Deferred income		
Obligations by share-based payments (Note 26)	313 629	416 815
	313 629	**416 814**
Other non-current creditors	**1 312 947**	**3 015 213**
Discontinued Operations	**-**	**-**
Other non current liabilities	**1 312 947**	**3 015 213**

As at 31 December 2018 and 2017, other creditor's balances maturity can be detailed as follows:

31 December 2018	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non current creditors	-	-	-	-	768 471	768 471
Total	**-**	**-**	**-**	**-**	**768 471**	**768 471**

31 December 2017	N+1	N+2	N+3	N+4	N+5	Total
Fixed assets suppliers	-	-	-	-	-	-
Other non current creditors	-	-	-	-	655 827	655 827
Total	**-**	**-**	**-**	**-**	**655 827**	**655 827**

26. SHARE-BASED PAYMENTS

In 2012 and in previous years, the Sonae Capital Group granted deferred performance bonuses to employees, based on shares of Sonae Capital SGPS, SA to be acquired at nil cost, three years after they were attributed to the employee. In any case, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The Group has the choice to settle in cash instead of shares. The option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date.

As at 31 December 2018 and 2017, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarised as follows:

	Year of grant	Vesting year	Number of participants	Fair Value	
				31 December 2018	31 December 2017
Shares					
	2015	2018	6	-	569 471
	2016	2019	6	428 993	415 708
	2017	2020	6	426 115	419 031
	2018	2021	12	365 340	
Total				**1 220 448**	**1 404 210**

As at 31 December 2018 and 2017, the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which have not yet vested:

	31 December 2018	31 December 2017
Other non-current creditors (Note 25)	492 540	416 815
Other current creditors (Note 28)	426 115	569 471
Reserves	(416 815)	(277 619)
Staff Costs (Note 37)	**501 840**	**708 667**

27. TRADE ACCOUNTS PAYABLE

As at 31 December 2018 and 2017 trade accounts payable can be detailed as follows:

		Payable		
	31 December 2018	Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Troia Resort Operations	1 375 701	882 100	75 067	418 534
Hospitality	836 467	717 799	49 988	68 680
Fitness	1 519 837	1 441 368	(5 851)	84 320
Energy	4 347 932	4 341 534	3 394	3 004
Refrigeration & HVAC	11 411 409	6 177 952	100 440	5 133 017
Real Estate	405 460	398 068	24	7 369
Holding & Others	727 538	611 719	48 159	67 660
Industrial Engineering	2 927 068	1 007 806	1 821 116	98 146
	23 551 412	**15 578 346**	**2 092 337**	**5 880 729**
Trade creditors - Invoices Accruals	3 682 102	3 131 435	91 325	459 343
Total Operations	**27 233 514**	**18 709 781**	**2 183 662**	**6 340 072**

		Payable		
	31 December 2017	Less than 90 days	90 to 180 days	More than 180 days
Trade creditors current account				
Troia Resort Operations	1 270 072	1 154 424	23 286	92 361
Hospitality	1 061 426	944 723	90 960	25 742
Fitness	1 401 902	1 314 466	91 110	(3 673)
Energy	2 760 413	2 713 385	29 653	17 375
Refrigeration & HVAC	11 801 148	11 631 644	51 060	118 445
Real Estate	196 589	172 960	14 360	9 268
Holding & Others	616 987	538 325	49 092	29 570
Industrial Engineering	1 609 632	65 804	190 722	1 353 106
	20 718 170	**18 535 731**	**540 244**	**1 642 194**
Trade creditors - Invoices Accruals	4 651 631	3 960 623	164 295	526 713
Total Operations	**25 369 800**	**22 496 354**	**704 539**	**2 168 908**

28. OTHER CREDITORS

As at 31 December 2018 and 2017 other creditors can be detailed as follows:

		Payable		
	31 December 2018	Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	3 711 817	3 428 541	69 666	213 612
Others	9 085 920	2 077 800	4 886 540	2 121 580
	12 797 737	**5 506 341**	**4 956 206**	**2 335 192**
Advances from customers and down payments	5 613 462			
	18 411 199			
Related parties	388 791			
Total	**18 799 990**			

		Payable		
	31 December 2017	Less than 90 days	90 to 180 days	More than 180 days
Other creditors				
Fixed assets suppliers	2 392 508	2 173 509	37 954	181 045
Others	12 743 821	1 318 037	255 212	11 170 572
	15 136 329	**3 491 546**	**293 166**	**11 351 617**
Advances from customers and down payments	1 881 047			
	17 017 376			
Related parties	608 120			
Total	**17 625 496**			

As at 31 December 2018 and 2017, this caption includes balances payable to other creditors and fixed assets suppliers that do not include interest. The caption includes also advances from customers on promissory sales of Inventories and tangible assets.

The balance of others includes the debt of the purchase of a finantial participation Group for 3,700,000 euros (Note 45).

The Board of Directors believes that the fair market value of these payables is approximately their book value, and that effects of discounting these balances are immaterial.

29. OTHER CURRENT LIABILITIES

As at 31 December 2018 and 2017 other current liabilities can be detailed as follows:

	31 December 2018	31 December 2017
Staff Costs	8 472 932	7 590 826
Amounts invoiced for works not yet completed	4 982 050	3 658 159
Interest payable	340 666	354 584
Investment aid	36 739	126 309
Others	12 512 540	11 951 630
Total Operations	**26 344 927**	**23 681 508**

Refrigeration & HVAC is the segment with the most significant contribution to works not yet completed, amounting to 4.8 million euros as at 31 December 2018 (3.6 million euros at 31 December 2017).

The amount included under Others respects to amounts relating to creditors for accrued expenses and income to be recognized.

30. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in provisions and accumulated impairment losses over the period ended 31 December 2018 and 2017 were as follows:

Captions	Balance as at 1 January 2018	Increases	Decreases	Utilisations	Transfers	Balance as at 31 December 2018
Accumulated impairment losses on:						
Tangible Assets (Note 10)	34 634 847	2 851 780	(5 368 409)	(981 908)	-	31 136 308
Intangible Assets (Note 11)	689 536	-	-	-	-	689 536
Goodwill (Note 12 and 40)	24 703 711	775 198	-	-	-	25 478 909
Other Investments (Notes 5, 6 and 40)	291 838	-	-	-	-	291 838
Other non-current assets (Note 13)	34 916	-	-	-	-	34 916
Trade accounts receivable (Note 15)	6 208 847	939 542	(918 090)	-	-	6 230 300
Other current assets (Note 16)	1 995 925	-	(147 342)	-	-	1 848 583
Stocks (Note 14)	5 702 697	1 218 358	(768 180)	-	-	6 152 875
Non-current provisions	**3 079 824**	**-**	**-**	**-**	**-**	**3 079 824**
Current provisions	**4 403 401**	**509 785**	**(389 181)**	**(1 237 307)**	**-**	**3 286 698**
Total	**81 745 545**	**6 294 663**	**(7 591 202)**	**(2 219 215)**	**-**	**78 229 787**

Captions	Balance as at 1 January 2017	Increases	Decreases	Utilisations	Transfers	Balance as at 31 December 2017
Accumulated impairment losses on:						
Tangible Assets (Note 10)	34 634 071	3 957 099	(3 956 323)	-	-	34 634 847
Intangible Assets (Note 11)	-	689 536	-	-	-	689 536
Goodwill (Note 12 and 40)	24 353 034	350 677	-	-	-	24 703 711
Other Investments (Notes 5, 6 and 40)	323 781	-	(31 943)	-	-	291 838
Other non-current assets (Note 13)	34 916	-	-	-	-	34 916
Trade accounts receivable (Note 15)	4 259 204	2 648 681	(498 899)	(200 143)	-	6 208 847
Other current assets (Note 16)	2 003 417	147 342	(154 834)	-		1 995 925
Stocks (Note 14)	15 351 494	459 418	(10 108 216)	-	-	5 702 697
Non-current provisions	**3 079 824**	**-**	**-**	**-**	**-**	**3 079 824**
Current provisions	**3 939 016**	**2 138 438**	**(2 000)**	**(1 672 052)**	**-**	**4 403 401**
Total	**87 978 757**	**10 391 190**	**(14 752 215)**	**(1 872 195)**	**-**	**81 745 545**

On December 2018 and 2017, the amounts recorded in provisions and impairment losses were recognized for prudence; it is not possible to predict when these provisions and impairment charges will result in future cash flows.

As at 31 December 2018 and 2017 increases in provisions and impairment losses can be detailed as follows:

	31 December 2018	31 December 2017
Provisions and impairment losses (Increases / Decreases)	4 563 882	1 705 512
Provisions and impairment losses recorded in cost of goods sold (Note 14) and changes in inventories (Note 35)	1 218 358	604
Impairment in Investment Income (Note 40)	-	-
Godwill Impairment	775 198	350 677
Changes in consolidation perimeter	-	8 328 524
others increase	(262 775)	5 873
Balance Increases	**6 294 663**	**10 391 190**
Provisions and impairment losses (Decreases)	6 438 189	14 263 817
Decreases in Provisions and impairment losses recorded in cost of goods sold (Note 14 & 35)	1 074 491	447 991
Decreases in investments (Note 40)	-	31 943
Other reversals of impairment losses and provisions to the income statement	-	(409 938)
Changes in consolidation perimeter	78 521	267 628
Other decreases	-	150 774
Balance Decreases	**7 591 202**	**14 752 215**

Impairment losses are deducted from the book value of the corresponding asset.

As at 31 December 2018 and 2017 detail of other provisions was as follows:

	31 December 2018	31 December 2017
Judicial claims	1 831 101	2 225 121
Provision for secured income	861 036	1 451 279
Others	3 674 386	3 806 826
	6 366 522	**7 483 226**

The amount considered in Provision for secured income is calculated estimating the difference between the amount to be charged through the properties leased in Tróia and the secured income to be paid to property owners. The amount to be charged through the marketing of real estate is estimated based on the average of the values obtained in previous years. It is expected that the provision for secured income, totalling 368,299 euros, will generate a cash outflow for the year 2019.

The judicial claims in progress relate essentially to litigation / damages in companies Inparvi SGPS, S.A. and Societe de Tranchage Isoroy SAS.

In Others, the provisions refer to dismantling of assets.

31. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2018 and 2017 the most important contingent liabilities referred to guarantees given and were made up as follows:

	31 December 2018	31 December 2017
Guarantees given:		
on VAT reimbursements	5 199 346	5 199 346
on tax claims	17 587 976	15 163 918
on judicial claims		
on municipal claims	577 795	1 134 224
on loans	25 192 891	16 466 333
Others	39 524 891	9 574 135

Others include the following guarantees:

- 3,954,871 euros as at 31 December 2018 (4,222,349 euros as at 31 December 2017) of guarantees on construction works given to clients;
- 9,207,045 euro as at 31 December 2018 (3,766,391 euro as at 31 December 2017) of guarantees given concerning building permits in the Resorts segments.

The Group has not registered provisions for the events/disagreements for which these guarantees were given since the Group believes that the above mentioned events will not result in a loss for the Group.

32. OPERATIONAL LEASES

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2018 and 2017 amounted to 3,346,175 euros and 3,485,520 euros, respectively.

Additionally, as at 31 December 2018 and 2017, the Group had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2018	31 December 2017
Due in:		
N+1 automatically renewed	1 974 325	1 594 484
N+1	10 225 425	1 171 374
N+2	8 764 002	920 950
N+3	7 434 370	841 753
N+4	7 140 614	731 306
N+5	6 443 649	6 562 400
After N+5	59 095 918	1 944 238
	101 078 303	**13 766 505**

Lease payments arising from operational leases, in which the Group acts as a lessee, recognized as an expense during the period ended 31 December 2018 and 2017 amounted to 10,040,596 euros and 7,668,609 euros, respectively. This variation took place in the fitness segment whose annual contribution amounted to 1,599,261 euros.

Additionally, as at 31 December 2018 and 2017, the Group had operational lease contracts, as a lessee, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2018	31 December 2017
Due in:		
N+1 automatically renewed	2 743 955	2 964 068
N+1	435 564	310 811
N+2	261 785	310 811
N+3	45 000	155 015
N+4	45 000	-
N+5	30 000	-
After N+5	-	-
	3 561 304	**3 740 705**

33. TURNOVER

Turnover for the year ended 31 December 2018 and 2017 was as follows:

	31 December 2018	31 December 2017
Sale of goods	122 050 415	94 545 135
Sale of products	18 736 264	14 968 829
	140 786 679	**109 513 964**
Services Rendered	81 891 278	67 642 801
Continued Operations	**222 677 957**	**177 156 765**
Discontinued Operations	**435 574**	**6 402 261**
Total	**223 113 531**	**183 559 026**

The Sale of Products includes amounts from the sale of real estate assets totalling 33.9 million euros as at 31 December 2018 (9.9 million euros at 31 December 2017).

The detail of the revenue per type of contract is as follows:

	31 December 2018	31 December 2017
Sale of goods and products		
Energy	52 208 591	44 691 649
Properties	36 971 734	16 675 219
Goods and products – Industrial Eng.	11 717 078	4 306 304
Goods and products - Ref. & Avac	37 933 599	42 104 350
Others	1 955 677	1 736 442
	140 786 679	**109 513 964**
Services Rendered		
Accommodation and related services	21 543 948	20 835 994
Fitness	34 830 757	22 503 365
Resorts Operations	12 694 357	12 422 880
Contract with clients - Industrial Eng.	647 439	226 590
Contract with clients - Ref. & Avac	9 501 846	9 448 520
Others	2 672 930	2 205 452
	81 891 278	**67 642 801**

At 31 December 2018 the most significant amounts under IAS 11 - Construction contracts, are as follows:

	31 December 2018
Revenue on the works in progress for construction contracts at 31 December 2018	57 686 905
Invoicing on works in progress at 31 December 2018	59 855 740
Amounts not invoiced for works in progress at 31 December 2018	15 822 061
Expenses with works in progress at 31 December 2018	48 354 280
Other current liabilities - Works already invoiced but not yet performed (Note 30)	4 698 837
Inventories for the works in progress at 31 December 2018 (Note 14)	2 530 003

34. OTHER OPERATIONAL INCOME

Other operational income for the year ended 31 December 2018 and 2017 was as follows:

	31 December 2018	31 December 2017
Own work capitalised	1 199 303	631 297
Gains on sales of assets	4 133 082	2 707 951
Supplementary income	597 525	704 752
Others	4 779 894	2 551 430
Continued Operations	**10 709 804**	**6 595 430**
Discontinued Operations	**5 706**	**(194 214)**
Total	**10 715 510**	**6 401 216**

The caption Others includes in the year ended in 2018, (i) insurance claims (1,884,930 euros), (ii) foreign exchange gains (694,335 euros), (iii) reversals of impairments related to assets (998,531 euros), other non-recurring gains related to the sale of assets (633,062 euros), with compensations received (331,176 euros) and corrections of previous years (106,234 euros).

The caption “Gains on sales of assets” in 2018 includes the gain obtained in the sale of real estate assets located in Tróia.

35. CHANGES IN INVENTORIES

Changes in Inventories for the years ended 31 December 2017 and 2016 was as follows:

	31 December 2018	31 December 2017
Finished goods	(1 691 175)	(2 705 566)
Work in progress	(3 360 812)	(4 217 353)
	(5 051 987)	**(6 922 919)**
impairment losses (Note 30)	212 932	439 653
Continued Operations	**(4 839 055)**	**(6 483 266)**
Discontinued Operations	**(17 808)**	**(1 103 110)**
Total	**(4 856 863)**	**(7 586 376)**

Changes in Inventories were calculated as follows:

	31 December 2018	31 December 2017
Opening inventories	80 653 864	87 824 711
Exchange rate effect	-	-
Changes in perimeter	(27 396 793)	1 990 605
Inventories adjustments	497 065	(2 238 533)
Closing inventories (Note 14)	48 702 149	80 653 864
	(5 051 987)	**(6 922 919)**
Impairment losses (Note 30)	(132 565)	-
Reversion of impairment losses	345 497	439 653
Continued Operations	**(4 839 055)**	**(6 483 266)**
Discontinued Operations	**(17 808)**	**(1 103 110)**
Total	**(4 856 863)**	**(7 586 376)**

36. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2018 and 2017, external supplies and services were made up as follows:

	31 Dezembro 2018	31 Dezembro 2017
Subcontracts	7 838 402	9 329 910
Services	9 037 636	8 077 330
Rents	13 293 702	10 250 087
Fees	1 968 610	1 230 222
Maintenance	6 418 747	5 440 273
Cleaning, health and safety	4 227 580	3 626 086
Electricity	4 268 888	2 849 290
Travelling expenses	1 373 228	1 121 534
Publicity	1 688 026	1 120 199
Fuel	863 066	701 376
Security	628 541	588 361
Communication	1 305 105	1 048 780
Comissions	3 823 002	3 187 248
Other fluids	1 489 641	1 109 474
Insurance	931 627	790 635
Others	5 915 805	5 266 355
Continued Operations	**65 071 606**	**55 737 160**
Discontinued Operations	**959 842**	**3 370 704**
Total	**66 031 448**	**55 737 160**

Refrigeration & HVAC is the segment with the most significant contribution to subcontracts, totalling 6.9 million euros as at 31 December 2018 (8.0 million euros at 31 December 2017). This decrease translates to the completion of the work Parklake and IKEA.

The caption “Services” includes consultancy services, fees and subcontracting of labour. Compared to the previous year the differences in the amounts are from the increase of fees with consultancy services with ongoing projects in the Energy and Industrial Engineering segments, as well the increase in the subcontracting of labour by the Fitness segment.

The increases in "Rents" and "Communication" are mostly explained by the opening of new Solinca Health Clubs.

In “Fees” are included fees with lawyers, musicians and external staff (mainly personal trainers hired to the Fitness segment).

In “Commissions” are included the amounts with services provided by real state agencies and paid by the segments Hospitality, Troia Resort Operations and Holding & Others.

The variation of the heading "Travelling expenses" resulted in the prospect of new business and follow-up of other existing ones.

The increase in the caption Publicity reflects the expenses related to the fairs and repositionings in the market of the Industrial Engineering segment.

"Maintenance" includes repair and maintenance services primarily for energy, industrial engineering and fitness equipment.

In the caption “Others” are included, among others, bank services, water consumptions and costs with transports of goods.

37. STAFF COSTS

As at 31 December 2018 and 2017, staff costs were made up as follows:

	31 December 2018	31 December 2017
Salaries	32 213 649	27 183 087
Social security contributions	6 637 063	5 574 373
Insurance	764 852	595 114
Welfare	121 212	92 873
Other staff costs	1 789 566	1 517 875
Continued Operations	**41 526 342**	**34 963 322**
Discontinued Operations	**738 627**	**3 580 466**
Total	**42 264 969**	**38 543 788**

Sonae Capital’s average headcount can be detailed as follows:

	31 December 2018	31 December 2017
Troia Resort Operations	128	142
Hospitality	256	236
Fitness	548	395
Energy	76	70
Refrigeration & HVAC	297	280
Industrial Engineering	135	125
Holding & Others	124	120
	1 564	**1 368**

The caption "Staff costs” includes 501,839 euros at 31 December 2018 (708,667 euro in 31 December 2017) with liabilities for payments in shares (Note 26).

38. OTHER OPERATIONAL EXPENSES

As at 31 December 2018 and 2017, other operational expenses were made up as follows:

	31 December 2018	31 December 2017
Losses on sales of assets	1 920 249	1 198 653
Other taxes	963 225	694 567
Property tax	1 144 857	1 328 857
CO_2 Emissions	1 394 474	726 938
Doubtful debts written-off	517 337	-
Others	1 076 106	1 722 933
Continued Operations	**7 016 248**	**5 671 948**
Discontinued Operations	**1 186 309**	**50 455**
Total	**8 202 557**	**5 671 948**

Within the caption Losses on sales of assets there was registered losses related to the sales of assets from Troia.

The accrual registered within the caption CO2 Emissions is mainly associated with the increase in price/tonne of the consumptions in the companies from the Energy segment.

The amount of Doubtful debts written-off refers, essentially, to the debts within the segments of Refrigeration & HVAC and Hospitality considered uncollectible in the future.

39. NET FINANCIAL EXPENSES

As at 31 December 2018 and 2017, net financial expenses were made up as follows:

	31 December 2018	31 December 2017
Expenses:		
Interest payable		
Related with bank loans and overdrafts	511 876	429 883
Related with bank non convertible bonds	1 949 453	1 962 390
Related with finance leases	308 857	326 204
Related with hedge accounting derivatives	-	1 727
Others	69 276	109 377
	2 839 462	**2 829 581**
Exchange Losses	959	206
Payment discounts given	38	14 161
Up front fees	140 740	140 717
Other financial expenses	1 231 672	1 382 254
	4 212 871	**4 366 919**
Income:		
Interest receivable	334 514	118 625
Exchange gains	12 446	213
Payment discounts received	-	-
Gains on fair value of hedge derivatives	-	-
Other financial income	42 317	2
	389 277	**118 840**
Continued Operations	**(3 823 594)**	**(4 248 079)**
Discontinued Operations	**(685 533)**	**(628 726)**
Total	**(4 509 127)**	**(4 876 805)**

At 31 December 2017, the caption Other financial expenses mainly includes expenses with bank commissions.

40. INVESTMENT INCOME

As at 31 December 2018 and 2017, Investment income was made up as follows:

	31 December 2018		31 December 2017	
Dividends		-		-
Adjustment to the liquidation price of Sodesa, S.A.	-		1 448	
Adjustment to the liquidation price of Powercer, S.A.	-		4 944	
Adjustment to the selling price of Box Lines Navegação	19 314		54 840	
Others	(1.405.292)		-	
Losses on sales of group companies	19 717		(116 872)	
Gains in the acquisition of group companies (Note 8)	-		2 414 496	
Gains of investments in group companies		**1 084 323**		**2 358 856**
Equity settlement in other investments (Note 6)	-		-	
Impairment losses (Note 30)	(803 248)		(318 739)	
Sale of investment units from Fundo de Investimento Imobiliário Fechado Imosede	-		-	
Settlement of the sale agreement of UPK - Gestão de Facilities e Manutenção, S.A.	-		(23 039)	
	-		-	
Gains/(Losses) on sale of other investments		**(803 248)**		**(341 778)**
Others		-		(7)
Investment Income	**-**	**281 075**	**-**	**2 017 071**
Discontinued Operations		-		-
Total Operations	**-**	**281 075**	**-**	**2 017 071**

41. TAXATION

As at 31 December 2018 and 2017, Taxation was made up as follows:

	31 December 2018	31 December 2017
Current tax	4 684 191	533 618
Deferred tax	(4 263 689)	1 371 182
Taxation	**420 502**	**1 904 800**
Discontinued Operations		**414**
Continued Operations	**420 502**	**1 905 214**

The reconciliation between the profit before taxation and the tax charge for the periods ended 31 December 2018 and 2017 may be summarised as follows:

	31 December 2018		31 December 2017	
	Basis of incidence	Tax amount	Basis of incidence	Tax amount
Profit before income tax (1)	**1 011 673**		**(577 316)**	
Income tax rate in Portugal	21%		21%	
Theorical Income tax		212 451		(121 236)
Increases / (Reductions) to the taxable amount:				
Difference between accounting and tax treatment of capital gains/(losses)	14 251 800	2 992 878	(6 628 331)	(1 391 949)
Share of results of associated companies	(1 501 399)	(315 294)	(391 017)	(82 114)
Provisions and impairment losses not accepted for tax purposes	(2 128 593)	(447 005)	(3 404)	(715)
Other permanent differences	3 418 092	717 799	(5 996 934)	(1 259 357)
Use of tax losses carried forward	(2 519 881)	(529 175)	(897 909)	(188 561)
Recognition of tax losses that have not originated deferred tax assets	30 530 518	6 411 409	25 377 138	5 329 199
Effect of different income tax rates in other countries	-	14 666	-	15 692
Effect of increases or decreases in deferred taxes		-3 878 562		1 371 182
Municipality tax	-	1 815 586	-	272 958
Under / (over) taxation estimates	-	(6 922 434)	-	(2 231 362)
Autonomous taxes and tax benefits	-	733 309	-	191 063
Taxation (2)	**43 062 211**	**805 628**	**10 882 226**	**1 904 800**

42. RECONCILIATION OF CONSOLIDATED NET PROFIT

As at 31 December 2018 and 2017, the reconciliation of consolidated net profit can be analysed as follows:

	31 December 2018	31 December 2017
Aggregate net profit - continued operations	1 510 210	55 800 698
Aggregate net profit - discontinued operations	(3 500 707)	(2 702 520)
Harmonisation adjustments	550 812	4 490 623
Elimination of intragroup dividends	(64 737 953)	(156 478 402)
Share of gains/(losses) of associated undertakings	444 700	391 017
Elimination of intragroup capital gains/(losses)	123 018 501	68 715 926
Elimination of intragroup impairment	(82 725 405)	7 321 776
Adjustments of gains/(losses) of financial shareholdings sale	22 176 177	17 059 486
Others	2 815	(7)
Consolidated net profit for the year - continued operations	206 044	(2 482 115)
Consolidated net profit for the year - discontinued operations	(3 466 883)	(2 919 288)
Consolidated net profit for the year	**(3 260 839)**	**(5 401 404)**

43. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2018 and 2017 with related parties are detailed as follows:

	31 December 2018		31 December 2017	
Transactions	Sales and services rendered	Purchases and services obtained	Sales and services rendered	Purchases and services obtained
Parent Group				
Associated companies	**24 353**	**7 217**	**26 535**	**20 319**
Andar-Sociedade Imobiliária, S.A.	-	-	-	-
Feneralt - Produção de Energia, ACE	**15 746**	**(20 654)**	16 406	(21 714)
Lidergraf - Artes Gráficas, Lda.	**8 607**	**27 871**	10 129	42 033
Other partners and Group companies	**44 536 510**	**12 594 579**	**46 732 281**	**6 833 999**
8ª Avenida - Centro Comercial, S.A.	4 798	-	-	-
Águas Furtadas - Soc. Agricola, S.A.	2 590	-	2 506	1 378
Algarveshopping- Centro Comercial, S.A.	(4 443)	-	4 443	-
Alpêssego - Sociedade Agrícola, S.A.	17 304	327	6 658	-
ARP Alverca Retail Park, S.A.	-	-	-	-
Casa Agrícola de Ambrães, S.A.	1 724	350	2 398	-
Aqualuz - Turismo e Lazer, Lda.	1 660 534	(88)	1 639 787	4 244
Arrábidashopping - Centro Comercial, S.A.	1 867	445	2 302	-
Asprela - Sociedade Imobiliária, S.A.	-	-	142 474	-
Azulino Imobiliária, S.A.	-	-	-	-
BB Food Service, S.A.	203 960	23 555	353 181	(6 020)
Bertimóvel - Sociedade Imobiliária, S.A.	-	-	-	-
BOM MOMENTO - Comércio Retalhista, S.A.	267 415	7 432	296 486	(34)
Bright Brands SportsGoods, S.A.	-	-	6 231	-
Bright Development Studio, S.A.	-	-	1 738	-
Prod. Agric.Biológica, S.A.	117 745	-	23 318	-
Cascaishopping- Centro Comercial, S.A.	97 730	(3 789)	701 572	(05)
Coimbrashopping - Centro Comercial, S.A.	-	(2 136)	-	-
Centro Colombo- Centro Comercial, S.A.	814 831	1 639 992	877 684	1 164 653
Continente Hipermercados, S.A.	11 503 172	155 714	6 218 922	(33 967)
Contimobe-Imobil.Castelo Paiva, S.A.	-	6 393	-	4 830
Digitmarket-Sistemas de Informação, S.A.	69	329 624	261	269 065
Discovery Sports, S.A.	-	-	11 390	-
Efanor Investimentos, SGPS, S.A.	1 574	-	244	-
Efanor Serviços de Apoio à Gestão, S.A.	68 859	-	67 364	-
Estação Viana - Centro Comercial, S.A.	-	-	16	-
Euroresinas - Indústrias Quimicas,SA	-	147	-	7 340
Fashion Division, S.A.	12 462	-	4 292	-
Gaiashopping I - Centro Comercial, S.A.	-	133	-	-
Gaiashopping II - Centro Comercial, S.A.	-	(68)	-	-
Sonae Arauco Deutschland AG	436	-	-	-
Guimarãeshopping- Centro Comercial, S.A.	4 092	-	2 327	-
Herco Consul. Riscos Corret. Seguros, Ltda.	-	-	-	-
Iberosegur - Sociedade Ibérica de Mediação de Seguros, Lda.	1 902	-	1 187	-
Fundo de Invest. Imobiliário Imosede	151 669	575 890	92 481	564 639

Imosistema-Sociedade Imobiliária, S.A.	-	1 572	968	-
Fundo Invest. Imobiliário Imosonae Dois	-	-	77 215	-
Inovretail, S.A.	1 357	-	-	-
Insco Insular de Hipermercados, S.A.	513 397	42 484	1 169 751	(2 092)
LCC LeiriaShopping Centro Comercial, S.A.	1 890	-	13 242	-
Loureshopping - Centro Comercial, S.A.	-	1 564	-	-
NOS Lusomundo Audiovisuais, S.A.	116	-	-	-
Madeirashopping - Centro Comercial, S.A.	-	63	-	-
Maiashopping- Centro Comercial, S.A.	402	-	375	-
NOS Sistemas S.A.	-	93 080	21 082	1 097 232
Modelo - Dist. de Mat. de Construção, S.A.	54 892	-	61 605	-
Modelo Continente Hipermercados, S.A.	19 177 491	4 123 196	24 469 926	1 025 173
Modelo Continente Hipermercados, Suc.	53	12 625	1 023	10 800
Modelo Hipermercados Trading, S.A.	1 726	-	-	-
MDS Corretor de Seguros, S.A.	385 485	(18 786)	373 594	157
MDS RE-Mediador de Resseguros, SGPS, S.A.	85	-	-	-
MDS Africa, SGPS, S.A.	714	-	1 806	-
MDS Auto - Mediação de Seguros, S.A.	2 082	-	1 902	-
MDS Consulting, S.A.	12 394	2 439	11 068	2 687
MDS, SGPS, S.A.	1 434	-	951	-
Modalfa-Comércio e Serviços, S.A.	2 009	570	97 537	(603)
MODALLOOP - Vestuário e Calçado, S.A.	224	(112)	380	-
Modelo Hiper Imobiliária, S.A.	(42)	-	42	-
Movelpartes - Comp.para Ind.Mobiliária, S.A.	197	-	1 209	-
Norteshopping - Centro Comercial, S.A.	4 017 255	445 890	30 500	345 477
Larissa Develop. of Shopping Centers, S.A.	-	-	-	-
Parklake Shopping, S.A.	145 170	13 990	7 272 210	(366)
PHARMACONTINENTE - Saúde e Higiene, S.A.	30	-	3 609	541
Prosa - Produtos e Serviços Agrícolas, S.A.	63 691	3 637	52 857	2 765
Público - Comunicação Social, S.A.	1 095	3 882	90	8 240
Saphety Level - Trusted Services, S.A.	-	146 582	-	150 356
SONAESR - Serviços e logistica, S.A.	32 954	6 396	27 212	-
RACE, SGPS, S.A.	-	(6 107)	-	-
Sempre à Mão - Sociedade Imobiliária, S.A.	-	-	20 218	-
Sonae Financial Services, S.A.	-	378	1 874	-
SFS, Gestão e Consultoria, S.A.	-	933	-	-
Sondis Imobiliária, S.A.	22 378	-	170 000	-
Sonae Indústria, SGPS, S.A.	4 027	-	3 362	-
Sonae Arauco Portugal, S.A.	3 219 421	3 214 928	74 369	8 749
Sonae Industria de Revestimentos, S.A.	474 722	424 950	411 012	331 612
SIRS-Soc.Ind.Radiodifusão Sonora, S.A.	505	25 639	-	25 257
Sierra Management Portugal - Gest. CC, S.A.	364 894	132 462	11 110	770 293
Sohi Meat Solut-Distr. Carnes	275 069	50 824	125 220	53 862
Sonae MC – Serviços Partilhados, S.A.	37 047	563 635	125 272	526 999
Sonae.com, SGPS, S.A.	-	8 250	-	11 280
Sonae Investment Management - S.T., SGPS, S.A.	13	-	287	-
Sonaecom - Serviços Partilhados, S.A	122 818	(136 844)	98 451	(149 148)
Sonaegest - Soc.Gest.Fundos Investimentos	-	226 705	2 882	223 792
Modelo Continente, SGPS, S.A.	-	815	-	-
Sonaerp - Retail Properties, S.A.	470 476	131 311	977 433	6 829
Sonae SGPS, S.A.	14 875	61 500	14 633	50 000
Sonae - Specialized Retail, SGPS, S.A.	-	-	-	-
Sonae Arauco France SAS	1 477	-	-	-
Sport Zone - Comércio Art.Desporto, S.A.	14 119	36 996	29 625	52 921

Sonae Arauco, S.A.	(71)	-	2 533	-
Textil do Marco, S.A.	111 385	-	110 860	-
Tableros Tradema, S.L.	3 373	-	1 702	-
Centro Vasco da Gama-Centro Comercial, S.A.	-	5 854	-	4 878
Via Catarina- Centro Comercial, S.A.	-	-	-	-
We Do Consulting-SI, S.A.	31 678	71 939	181	295 548
We Do Technologies Mexico, S.A.	-	111 555	-	-
Worten-Equipamento para o Lar, S.A.	15 028	16 512	330 141	37
ZIPPY - Comércio e Distribuição, S.A.	5 938	79	25 691	-
Sonae Corporate, S.A.	947	39 272	-	-
	44 560 863	**12 601 796**	**46 758 816**	**6 854 318**

Transactions	Interest income	Interest expenses	Interest income	Interest expenses
Parent Group				
Associated companies	**-**	**-**	**41 660**	**-**
Andar-Sociedade Imobiliária,SA	-	-	41 660	-
Other partners and Group companies	**-**	**32 728**	**-**	**87 804**
Plaza Mayor Parque de Ocio, SA	-	32 728	-	87 804
	-	**32 728**	**41 660**	**87 804**

Balances	31 December 2018		31 December 2017	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Parent Group				
Associated companies	**7 870**	**3 881**	**112 744**	**3 074**
Andar-Sociedade Imobiliária, S.A.		-	28 347	-
Feneralt - Produção de Energia, ACE	6 716	-	79 716	-
Lidergraf - Artes Gráficas, Lda.	1 154	3 881	4 681	3 074
Other partners and Group companies	**10 435 043**	**2 958 929**	**7 605 923**	**2 117 281**
8ª Avenida - Centro Comercial, S.A.	3 655	-	-	-
Águas Furtadas - Soc. Agricola, S.A.	296	(1 002)	257	-
Algarveshopping- Centro Comercial, S.A.	16 479	-	21 943	-
Alpêssego - Sociedade Agrícola, S.A.	21 063	-	2 866	-
Arrábidashopping- Centro Comercial, S.A.	191	-	-	-
Asprela - Sociedade Imobiliária, S.A.	(1 513)	-	1 513	-
Aqualuz - Turismo e Lazer, Lda.	86 255	57 536	85 036	53 327
BA Capital, SGPS, S.A.	-	-	-	-
BB Food Service, S.A.	46 934	(670)	101 974	1 783
Bertimóvel - Sociedade Imobiliária, S.A.	-	-	-	-
Prod. Agric.Biológica, S.A.	300	-	19 818	-
BOM MOMENTO - Comércio Retalhista, S.A.	174 087	-	157 504	-
Casa Agrícola de Ambrães, S.A.	550	-	171	-
Cascaishopping- Centro Comercial, S.A.	59 471	-	163 696	-
Centro Colombo- Centro Comercial, S.A.	164 360	226 297	75 232	199 160
Contimobe-Imobil.Castelo Paiva, S.A.	408	1 004	404	993
Continente Hipermercados, S.A.	2 429 864	5 939	1 630 860	10 144
Digitmarket-Sistemas de Informação, S.A.	132 082	14 171	133 948	39 418
Efanor Investimentos, SGPS, S.A.	60	-	280	-

Efanor Serviços de Apoio à Gestão, S.A.	3 292	5 575	2 709	5 512
Sonaerp - Retail Properties, S.A.	18 960	87 330	390 668	34 839
Euroresinas-Indústrias Quimicas, S.A.	-	-	-	10 160
Fashion Division, S.A.	6 662	-	1 364	-
SISTAVAC-Sistemas HVAC-R do Brasil, Ltda.	1 747 852	-	-	
Fundo de Invest. Imobiliário Imosede	17 159	39 955	13 502	6 410
Gaiashopping II- Centro Comercial, S.A.	(163)	(163)	-	163
Go Well, S.A.	-	3	-	635
Guimarãeshopping- Centro Comercial, S.A.	3 207	-	163	-
Inovretail, S.A.	-	123 000	-	-
Infofield-Informática, S.A.	1 683	-	1 683	-
Insco Insular de Hipermercados, S.A.	19 752	-	523 525	-
LCC LeiriaShopping Centro Comercial, S.A.	2 153	-	9 372	-
Loureshopping-Centro Comercial, S.A.	-	122	1 768	-
Maiashopping- Centro Comercial, S.A.	494	-	-	-
MDS Africa, SGPS, S.A.	109	4	170	-
MDS Consulting, S.A.	364	1 292	-	1 918
MDS Corretor de Seguros, S.A.	110 202	304 474	17 948	106 257
Mds Knowledge Centre, Unipessoal, Lda.	-	-	-	-
MDS RE-Mediador de Resseguros, SGPS, S.A.	(838)	-	(838)	-
Modalfa-Comércio e Serviços, S.A.	1 345	-	68 245	-
MODALLOOP - Vestuário e Calçado, S.A.	6 235	6 235	6 241	6 235
Modelo - Dist.de Mat. de Construção, S.A.	4 641	-	989	-
Modelo Continente Hipermercados, Suc.	220	2 500	160	-
Modelo Continente Hipermercados, S.A.	3 761 482	207 522	3 550 053	311 852
Modelo Hiper Imobiliária, S.A.	-	-	52	-
Modelo Hipermercados Trading, S.A.	405	-	-	-
Movelpartes-Comp.para Ind.Mobiliária, S.A.	-	-	494	-
Mundo Vip	-	-	-	-
Norteshopping-Centro Comercial, S.A.	22 041	228 177	21 699	347 635
NOS Sistemas, S.A.	-	95 014	-	90 938
Paracentro - Gest.de Galerias Com., S.A.	-	-	-	4 000
Pareuro, BV	-	-	-	-
Parklake Shopping, S.A.	-	-	-	117 207
PHARMACONTINENTE - Saúde e Higiene, S.A.	2	-	1 841	-
Plaza Mayor Parque de Ocio, S.A.	-	-	-	40 300
Prod. Agric.Biológica, S.A.	300	-	19 818	-
Prosa - Produtos e Serviços Agrícolas, S.A.	41 957	2 552	28 772	3 740
Público - Comunicação Social, S.A.	90	-	-	1 047
Raso, SGPS, S.A.	592	-	-	-
Rio Sul - Centro Comercial, S.A.	5 270	-	6 334	-
Saphety Level - Trusted Services, S.A.	-	18 370	-	53 466
SEKIWI, SGPS., S.A.	-	-	273	-
SFS, Gestão e Consultoria, S.A.	16	106 785	235	146 825
Sierra Management Portugal - Gest. CC, S.A.	472 609	34 346	5 357	29 276
SIRS-Soc.Ind.Radiodifusão Sonora, S.A.	-	10 035	-	7 824
Sonae Arauco South Africa (Pty), Ltd.	17	-	-	-
Sohi Meat Solut-Distr. Carnes	(3 673)	(25 151)	119 910	27 332
Sonae Arauco Portugal, S.A.	783 517	830 740	19 861	10 890
Sonae Arauco, S.A.	404	-	544	-
Sonae MC – Serviços Partilhados, S.A.	20 525	170 589	52 498	183 618
Sonae Industria de Revestimentos, S.A.	106 230	71 041	185 960	83 380

Sonae Indústria-SGPS, S.A.	807	16	830	-
Sonae Investment Management-S.T.,SGPS, S.A.	15	-	208	-
Sonae, SGPS, S.A.	5 856	50 054	5 341	50 000
Sonae.com,SGPS, S.A.	-	216	-	4 059
Sonaecom - Serviços Partilhados, S.A	25 460	4 883	25 460	-
Sonaegest-Soc.Gest.Fundos Investimentos	441	19 356	-	16 849
SONAESR - Serviços e logistica, S.A.	12 031	-	10 289	-
Sondis Imobiliária, S.A.	-	60	-	-
Sport Zone-Comércio Art.Desporto, S.A.	17 279	13 562	2 178	14 337
Tableros Tradema, S.L.	1 030	14	215	-
Tafiber,Tableros de Fibras Ibéricas, S.L.	-	-	-	-
Textil do Marco, S.A.	9 133	119	9 101	119
We Do Consulting - SI, S.A.	70 000	62 209	20 191	86 412
We Do Technologies Mexico, S.A.	-	122 223	-	-
Worten-Equipamento para o Lar, S.A.	3 297	9 624	79 431	9 221
ZIPPY - Comercio y Distribución, S.A.	-	-	-	-
ZIPPY - Comércio e Distribuição, S.A.	23	-	5 807	-
Sonae Corporate, S.A.	16	52 971	-	-

Balances	Loans obtained	Loans granted	Loans obtained	Loans granted
Parent Group				
Associated companies	-	**-**	-	**872 739**
Andar-Sociedade Imobiliária, S.A.	-	-	-	872 739
Other partners and Group companies	**-**	-	**1 710 059**	-
Plaza Mayor Parque de Ocio, S.A.	-	-	1 710 059	-
	-	**-**	**1 710 059**	**872 739**

The remunerations attributed in 2018 to members of the Board of Directors of Sonae Capital, SGPS, S.A. amounted to 1,273,218 euros (1,140,331 euros in 2017) of which 670,450 euros (690,763 euros in 2017) are fixed remunerations and 602,768 euros (449,568 euro in 2017) are performance-based bonuses.

Further, it is important to note that the Board of Directors was identified as a related party to Sonae Capital.

44. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2018 and 2017 were calculated taking into consideration the following amounts:

	31 December 2018	31 December 2017
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	(3 860 962)	(6 513 485)
Net profit taken into consideration to calculate diluted earnings per share	(3 860 962)	(6 513 485)
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	248 085 190	247 409 380
Weighted average number of shares used to calculated diluted earnings per share	248 085 190	247 409 380
Earnings per share (basic and diluted) - Continued operations	**(0,001590)**	**(0,014527)**
Earnings per share (basic and diluted) - Discontinued operations	**(0,013975)**	**(0,011799)**
Earnings per share (basic and diluted)	**(0,015563)**	**(0,026327)**

There are no convertible instruments based on shares in Sonae Capital, SGPS, S.A., hence there is no dilutive effect in earnings.

45. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

As at 31 December 2018 and 2017, cash receipts and cash payments related to investments can be analysed as follows:

	31 December 2018		31 December 2017	
	Amount received	Amount paid	Amount received	Amount paid
Acquisition of Lusobrisa, S.A.	-	-	-	5 611 417
Acquisition of Ventos da Serra, S.A.	-	9 000 000	-	20 135 622
Acquisition of Adira, S.A.	-	-	-	10 220 186
Acquisition of Gasflow, S.A.	-	-	-	2 947 414
Acquisition of Siaf Energia, S.A.	-	-	-	1 790 843
Acquisition of Pump, S.A.	-	8 324 197	-	-
Liquidation of Interlog (Payment Holding)	-	222 308	-	-
Adjustment price of UPK - Gestão Facilitie Manutenção, S.A.	72 371	-	146 832	-
Sale of units from Fundo Inv. Imobiliario Imosonae Dois	-	-	-	-
Adjustment to the liquidation price of Powercer S.A.	-	-	7 953	-
Sale of Spred, SGPS, S.A.	-	-	1	-
Acquisition of Suncoutim - Solar Energy, S.A.	-	-	-	-
Acquisition of Acrobatic, S.A.	-	145 292	-	-
Adjustment to the selling price of “Box Lines Navegação”	600 000	-	600 000	-
Others	14 796	89 609	57 683	46 347
Cash and Cash equivalents of Lusobrisa / Ventos da Serra / Gasflow / Adira / Guimadira e Siaf Energia S.A. (Note 8)	78 339	-	3 025 803	-
Total Operations	**765 506**	**17 781 406**	**3 838 272**	**40 751 829**

46. SEGMENT INFORMATION

In 31 December 2018 and 2017, the following were identified as segments:

- Troia Resort Operations
- Hospitality
- Fitness
- Energy
- Refrigeration & HVAC
- Industrial Engineering
- Holding & Others

The contribution of the business segments to the income statement of the periods ended 31 December 2018 and 31 December 2017 can be detailed as follows:

31 December 2018										
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Turnover	11 221 694	23 836 920	36 119 397	52 552 810	47 695 281	11 914 395	46 702 266	6 695 002	(14 059 808)	**222 677 957**
Other operational income	563 839	949 119	607 855	3 098 953	181 155	1 371 045	4 894 647	113 570	(1 070 379)	**10 709 804**
Total operational income	**11 785 533**	**24 786 039**	**36 727 252**	**55 651 762**	**47 876 436**	**13 285 441**	**51 596 913**	**6 808 572**	**(15 130 187)**	**233 387 761**
Operational cash-flow (EBITDA)	**(972 690)**	**66 101**	**4 207 484**	**15 569 964**	**1 705 750**	**(2 135 038)**	**10 901 612**	**(2 503 303)**	**1 653 267**	**28 493 147**

31 December 2017										
Profit and Loss Account	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Turnover	8 482 900	19 769 866	23 247 906	45 218 677	51 240 237	4 269 895	26 691 514	5 773 663	(7 537 894)	**177 156 765**
Other operational income	835 460	1 061 707	685 539	1 390 374	128 969	145 939	6 018 684	2 469 333	(6 140 574)	**6 595 431**
Total operational income	**9 318 359**	**20 831 573**	**23 933 445**	**46 609 052**	**51 369 206**	**4 415 834**	**32 710 198**	**8 242 997**	**(13 678 468)**	**183 752 196**
Operational cash-flow (EBITDA)	**(80 534)**	**(605 280)**	**1 946 670**	**14 192 424**	**962 821**	**(590 526)**	**8 773 261**	**(799 644)**	**(3 094 880)**	**20 704 311**

Contribution of the main business segments to the balance sheet statement for the periods ended 31 December 2018 and 2017 can be detailed as follows:

31 December 2018										
Balance Sheet	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	61 377 694	12 871 687	48 649 716	75 261 525	9 842 318	16 876 916	139 482 322	778 508	(36 160 357)	**328 980 330**
Investments	166 337 698	10 940 646	54 547	219 623	23 307	54 183	6 209 189	440 410 634	(400 698 931)	**2 294 342**
Holding & Others	72 784 184	5 148 469	2 923 830	12 435 012	47 159 923	10 470 519	82 753 416	446 962 955	(509 986 265)	**170 652 042**
Total Assets	**293 069 550**	**28 960 802**	**51 628 093**	**87 916 160**	**57 025 548**	**27 401 617**	**228 444 927**	**674 325 569**	**(946 845 553)**	**501 926 714**
Total Liabilities	**173 146 589**	**24 754 618**	**50 350 219**	**80 168 663**	**26 139 714**	**30 314 191**	**209 077 408**	**143 321 116**	**(503 462 445)**	**233 898 993**
Technical investment	**2 143 866**	**1 379 556**	**4 198 527**	**19 737 157**	**169 511**	**1 097 651**	**1 463 787**	**227 538**	**(201 250)**	**30 216 343**
Gross Debt	**8 200 138**	**-**	**1 958 763**	**6 476 558**	**-**	**2 720 348**	**-**	**107 982 365**	**-**	**127 338 173**
Net Debt	**8 085 124**	**(192 878)**	**1 786 923**	**6 323 798**	**(978 122)**	**2 596 425**	**(4 894 821)**	**107 053 363**	**-**	**119 779 813**

31 December 2017										
Balance Sheet	Troia Resort Operations	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Real Estate	Holding & Others	Intersegment Adjustments	Consolidated
Fixed Assets Tangible, Intangible and Goodwill	71 505 248	12 618 277	10 476 681	67 475 147	9 763 348	17 078 211	135 293 764	1 018 191	(2 598 001)	**322 630 866**
Investments	153 770 439	10 849 159	25 662	172 389	15 484	1 912 507	6 157 005	273 759 871	(438 194 449)	**1 997 458**
Holding & Others	81 279 867	5 694 754	2 287 983	12 812 445	49 257 629	16 903 442	7 221 344	396 404 923	(380 364 104)	**191 498 283**
Total Assets	**306 555 555**	**29 162 190**	**12 790 326**	**80 459 981**	**59 306 461**	**35 894 160**	**148 672 113**	**846 663 583**	**(1 003 377 762)**	**516 126 607**
Total Liabilities	**181 173 050**	**25 962 972**	**9 029 069**	**72 862 309**	**21 196 764**	**12 362 419**	**234 670 490**	**132 520 962**	**(465 020 715)**	**224 757 320**
Technical investment	**1 827 798**	**954 495**	**3 232 316**	**4 666 123**	**102 031**	**96 682**	**1 392 001**	**474 430**	**(22 575)**	**12 723 301**
Gross Debt	**9 886 023**	**-**	**964 151**	**7 582 867**	**73 571**	**4 227 709**	**-**	**93 945 810**	**-**	**116 680 131**
Net Debt	**9 348 956**	**(334 502)**	**838 451**	**7 373 986**	**(2 590 142)**	**4 032 147**	**(3 025 623)**	**93 729 788**	**-**	**109 373 062**

Contribution of the main business segments to the cash-flow for the periods ended 31 December 2018 and 2017 can be analyz ed as follows:

31 December 2018								
Balance Sheet	Troia Resort Operações	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Holding & Others	Consolidated
Operating activities	152 939	5 469 432	6 887 142	19 648 799	6 080 886	(2 860 344)	7 501 122	**42 879 976**
Investment activities	9 636 491	(1 173 352)	(13 361 950)	(25 832 334)	224 772	(1 177 333)	4 790 339	**(26 893 367)**
Financing activities	(1 835 314)	(219)	228 631	(3 659 647)	(3 243 834)	(1 627 565)	(5 951 021)	**(16 088 969)**
Net increase in cash and cash equivalents	**(502 244)**	**(141 624)**	**(301 783)**	**(56 142)**	**(1 619 679)**	**(71 638)**	**2 590 752**	**(102 358)**

31 December 2017								
Balance Sheet	Troia Resort Operações	Hospitality	Fitness	Energy	Refrigeration & HVAC	Industrial Engineering	Holding & Others	Consolidated
Operating activities	2 960 952	5 656 897	4 397 730	11 451 148	6 358 210	-	863 489	**28 387 011**
Investment activities	4 495 133	(881 096)	(1 877 079)	(29 815 432)	34 124	-	2 023 523	**(36 340 496)**
Financing activities	(1 942 884)	(565)	(41 341)	(4 452 337)	(8 028)	-	(10 256 103)	**(17 474 496)**
Net increase in cash and cash equivalents	**(327 174)**	**232 502**	**49 901**	**(618 865)**	**2 050 128**	**-**	**(27 009 124)**	**(25 427 981)**

47. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	31 December 2018	31 December 2017
Tangible assets	191	10 872
Intangible assets	-	2 120
Other non-current assets	93 782	66 309
Inventories	3 997	25 000
Trade account receivables	73 920	592 294
Other debtors	85 290	42 829
Income tax receivable	327 643	1 448 837
Other current assets	20 166	2 418
Cash and cash equivalents	63 353	225 153
Assets held for sale	**668 342**	**2 415 830**
Loans	238 477	220 586
Trade creditors	95 267	602 842
Income tax payable	25 572	830 184
Other creditors	16 703	(5 257)
Provisions	86 520	
Other current liabilities	5 153 787	3 145 219
Liabilities associated with assets held for sale	**5 616 326**	**4 793 573**

48. FAIR VALUE

Fair value was only considered for the purpose of evaluating the Group's tangible fixed assets, intangible assets and inventories, which, despite being recorded at cost, were evaluated in order to test their impairment. The valuations of the Group's real estate assets were made by the Group Cushman & Wakefield-Consultoria Imobiliária, Unipessoal, Lda. According to the "RICS Valuation january 2014 - Professional Standards" published by "The Royal Institution of Chartered Surveyors".

Regarding the fair value hierarchy used:

Level 1 - nothing to mention;

Level 2 - real estate valuations of tangible fixed assets and inventories (Note 14), considered in the respective tables in column (MV). In fact, these properties have been valued at their market value, which is defined as the estimated amount for the transaction of an asset or liability at the valuation date between a willing buyer and seller without any relationship, after an appropriate period of trading, and in which the parties have acted consciously, prudently and without coercion. For the purpose of valuations at market value, market comparisons were used essentially.

Level 3 - real estate valuations of tangible fixed assets and inventories (Note 14), considered in the respective tables in column (OV). It is defined as value opinion when the normal valuation parameters are not met and as such, the reported amount cannot be considered as the market value.

49. COMPLIANCE WITH LEGAL REQUIREMENTS

Decree Law Nr. 185/09 Article 11

During the years ended 31 December 2018 and 2017, the following amounts have been paid to the Group's external auditor:

	31 December 2018		31 December 2017	
Audit and Statutory Audit [1]	139 888	96,28%	163 155	111,90%
Other Assurance [2]	4 044	2,77%	3 461	2,37%
Tax Consultancy [2]	-	0,00%	-	0,00%
Other Services [2]	1 380	0,95%	855	0,59%
Total	**145 312**	**100%**	**167 471**	**115%**

1. Fees agreed for the year.

2. Amounts already paid.

The amount in Other Services is related to the provision of work services of reasonable assurance of reliability on the document of accountability regarding the Real Rights of Housing and the Services of Tourist Use, to be prepared by the Administrative Entity of the Employee for the purpose of presentation to the holders of the Real Rights of Periodic Housing and to the joint owners.

The amount of Other services refers to Training provided to Sonae Capital employees in open enrolment for the entire market.

50. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2018.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The shareholders have the capacity to alter the Financial Statements after these have been approved for issuance.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 1, 2019.

The Board of Directors

SONAE CAPITAL, SGPS, SA

INDIVIDUAL BALANCE SHEET AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(Amounts expressed in euro)

	Notes	31/12/2018	31/12/2017
ASSETS			
NON-CURRENT ASSETS:			
Tangible assets		26 475	27 721
Investments	4	243 022 380	300 257 447
Investments in associated companies and joint ventures	4	1 125 301	1 125 301
Other investments	4	275 184	275 185
Deferred tax assets	7	16 751 852	16 764 699
Other non-current debtors	5	367 658 125	314 130 161
Total non-current assets		**628 859 318**	**632 580 515**
CURRENT ASSETS:			
Other debtors	6	45 587 454	61 331 400
Income tax receivable	6		1 639 594
Other current assets	6	5 132 310	4 316 836
Cash and cash equivalents	8	888 068	171 848
Total Current Assets		**51 607 832**	**67 459 678**
TOTAL ASSETS		**680 467 150**	**700 040 193**
EQUITY:			
Share capital	9	250 000 000	250 000 000
Own Shares	9	(1 192 808)	(1 305 839)
Reserves	10	292 980 837	301 630 917
Profit/(Loss) for the year		5 294 899	5 589 342
TOTAL EQUITY		**547 082 928**	**555 914 420**
NON-CURRENT LIABILITIES:			
Bank Loans	11	30 948 456	14 000 000
Bonds	11	14 883 910	57 245 810
Other non-current liabilities	13	138 580	287 354
Total Non-Current Liabilities		**45 970 946**	**71 533 164**
CURRENT LIABILITIES:			
Bank Loans	11	19 650 000	22 700 000
Bonds	11	42 500 000	-
Trade creditors	13	111 994	137 599
Other creditors	12	21 590 424	48 568 841
Income tax payable	13	2 299 149	
Other taxes payable	13	48 995	50 069
Other current liabilities	13	1 212 714	1 136 100
Total Current Liabilities		**87 413 276**	**72 592 608**
TOTAL LIABILITIES		**133 384 222**	**144 125 773**
TOTAL EQUITY AND LIABILITIES		**680 467 150**	**700 040 193**

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, SA

INDIVIDUAL INCOME STATEMENTS BY NATURE

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in euro)

	Notes	31/12/2018	31/12/2017
Sales		-	-
Services rendered		-	-
Other operating income	18	122 913	118 338
Cost of sales			
Changes in stocks of finished goods and work in progress			
External supplies and services	14	(1 480 932)	(1 417 268)
Staff costs	16	(1 415 813)	(1 760 666)
Depreciation and amortisation		(1 246)	(2 052)
Provisions and impairment losses (Increases)/Decreases		-	-
Other operating expenses	18	(45 284)	(43 634)
Operational profit/(loss)		**(2 820 362)**	**(3 105 282)**
Financial Income	17	9 594 252	9 920 503
Financial Expenses	17	(3 565 498)	(3 823 607)
Net financial income / (expenses)		**6 028 754**	**6 096 896**
Profit/(Loss) in associated and jointly controlled companies measured using the equity metho		-	-
Investment income	17	**(3 206 422)**	**(1 204 459)**
Profit/(Loss) before taxation		**1 970**	**1 787 154**
Taxation	19	5 292 929	3 802 188
Profit/(Loss) for the year - continued operations		-	-
Profit/(Loss) for the year - discontinued operations		-	-
Profit/(Loss) for the year		**5 294 899**	**5 589 342**
Attributable to:			
Equity holders of Sonae Capital		-	-
Non-controlling interests		-	-
Profit/(Loss) per share - continued operations			
Basic		-	-
Diluted		-	-
Profit/(Loss) per share			
Basic	20	0.021343	0.022593
Diluted	20	0.021343	0.022593

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, SA
INDIVIDUAL INCOME STATEMENTS BY NATURE
FOR THE 4TH QUARTER OF 2018 AND 2017
(Amounts expressed in euro)

	Notes	4th Quarter 2018 (Unaudited) *	4th Quarter 2017 (Unaudited) *
Sales		-	-
Services rendered		-	-
Other operating income		34 058	33 006
Cost of sales			
Changes in stocks of finished goods and work in progress			
External supplies and services		(365 652)	(374 996)
Staff costs		(626 621)	(375 668)
Depreciation and amortisation		(104)	(500)
Provisions and impairment losses (Increases)/Decreases		-	-
Other operating expenses		(8 792)	(7 575)
Operational profit/(loss)		**(967 112)**	**(725 732)**
Financial Income		2 496 322	2 174 024
Financial Expenses		(879 776)	(949 429)
Net financial income / (expenses)		**1 616 546**	**1 224 595**
Profit/(Loss) in associated and jointly controlled companies measured using the equity metho		-	-
Investment income		**(42 228 639)**	**(18 060 051)**
Profit/(Loss) before taxation		**(41 579 206)**	**(17 561 188)**
			-
Taxation		4 346 167	2 530 234
Profit/(Loss) for the year - continued operations		-	-
Profit/(Loss) for the year - discontinued operations		-	-
			-
Profit/(Loss) for the year		**-37 233 039**	**(15 030 954)**
Attributable to:			
Equity holders of Sonae Capital		-	-
Non-controlling interests		-	-
Profit/(Loss) per share - continued operations			
Basic		(0.150082)	(0.060769)
Diluted		(0.150082)	(0.060769)
Profit/(Loss) per share			
Basic		(0.150082)	(0.060769)
Diluted		(0.150082)	(0.060769)

The accompanying notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting and unaudited

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in euro)

	31/12/2018	31/12/2017
Net profit/(loss) for the period	5 294 899	5 589 342
Items that may be reclassified subsequently to net profit / (loss):		
Changes in the currency translation differences	-	-
Change in the fair value of assets available for sale		
Change in the fair value of cash flow hedging derivatives	-	-
Tax related to other comprehensive income captions	-	-
Total comprehensive income for the period	**5 294 899**	**5 589 342**

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, SA
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017
(Amounts expressed in euro)

	Attributable to Equity Holders of Sonae Capital							
	Share Capital (Note 9)	Own Shares (Note 9)	Legal Reserves (Note 10)	Other Reserves (Note 10)	Retained Earnings	Subtotal	Net Profit/(Loss)	Total Equity
Balance as at 1 January 2017	**250 000 000**	**(1 404 226)**	**10 073 164**	**306 815 095**	**-**	**316 888 259**	**8 738 316**	**574 222 348**
Total comprehensive income for the period	-	-	-	-	-	-	5 589 342	5 589 342
Appropriation of profit of 2016:								
Transfer to legal reserves and retained earnings	-	-	436 916	-	8 301 400	8 738 316	(8 738 316)	-
Dividends paid	-	-	-	(16 220 257)	(8 301 400)	(24 521 657)	-	(24 521 657)
(Acquisition)/Sales of own shares	-	98 387	-	525 999	-	525 999	-	624 386
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	**250 000 000**	**(1 305 839)**	**10 510 080**	**291 120 837**	**-**	**301 630 917**	**5 589 342**	**555 914 420**
Balance as at 1 January 2018	**250 000 000**	**(1 305 839)**	**10 510 080**	**291 120 837**	**-**	**301 630 917**	**5 589 342**	**555 914 420**
Total comprehensive income for the period	-	-	-	-	-	-	5 294 899	5 294 899
Appropriation of profit of 2017:	-	-	-	-	-	-	-	-
Transfer to legal reserves and retained earnings	-	-	279 467	-	5 309 875	5 589 342	(5 589 342)	-
Dividends paid	-	-	-	(9 443 668)	(5 309 875)	(14 753 543)	-	(14 753 543)
(Acquisition)/Sales of own shares	-	113 031	-	514 121	-	514 121	-	627 152
Changes in the percentage of capital held in affiliated companies	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	**250 000 000**	**(1 192 808)**	**10 789 547**	**282 191 290**	**-**	**292 980 837**	**5 294 899**	**547 082 928**

The accompanying notes are part of these financial statements.

SONAE CAPITAL, SGPS, SA

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in euro)

	Notes	31/12/2018	31/12/2017	4th Quarter 2018 (Unaudited) *	4th Quarter 2017 (Unaudited) *
OPERATING ACTIVITIES:					
Cash receipts from trade debtors		-	-	-	-
Cash paid to trade creditors		(1 513 002)	(1 371 988)	(354 753)	(403 128)
Cash paid to employees		(1 083 025)	(1 236 535)	(206 096)	(247 235)
Cash flow generated by operations		(2 596 027)	(2 608 523)	(560 849)	(650 363)
Income taxes (paid) / received		1 525 811	1 415 190	(59 956)	(460 336)
Other cash receipts and (payments) relating to operating a		404 216	122 359	21 799	1 764 973
Net cash from operating activities (1)		**(666 000)**	**(1 070 974)**	**(599 006)**	**654 274**
INVESTMENT ACTIVITIES:					
Cash receipts arising from:					
Investments	23	50 215 645	600 001	3 630	-
Interest and similar income		8 803 042	14 438 065	804 847	904 704
Loans granted	6	41 526 103	15 474 868	19 745 916	9 386 631
Dividends	18	25 433 333	18 122 785	-	-
Others		1 668 600	1 951 839	409 821	898 086
		127 646 723	50 587 558	20 964 214	11 189 421
Cash Payments arising from:					
Investments	23	(22 694 100)	(2 792 590)	(21 251 528)	(1 723 246)
Tangible assets		-	(1 113)	-	-
Loans granted	6	(72 258 274)	(35 420 988)	14 816 126	(6 998 005)
		(94 952 374)	(38 214 691)	(6 435 402)	(8 721 251)
Net cash used in investment activities (2)		**32 694 349**	**12 372 867**	**14 528 812**	**2 468 170**
FINANCING ACTIVITIES:					
Cash receipts arising from:					
Loans obtained	11	21 650 000	16 700 000	(14 350 000)	(32 750 000)
Sale of own shares		190 012	98 387	-	-
		21 840 012	16 798 387	(14 350 000)	(32 750 000)
Cash Payments arising from:					
Loans obtained	11	(34 915 500)	(27 653 700)	2 215 240	30 964 828
Interest and similar charges		(3 486 748)	(3 620 339)	(1 244 006)	(1 239 679)
Dividends		(14 749 893)	(24 515 574)	-	-
		(53 152 141)	(55 789 613)	971 234	29 725 149
Net cash used in financing activities (3)		**(31 312 129)**	**(38 991 226)**	**(13 378 766)**	**(3 024 851)**
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		**716 220**	**(27 689 333)**	**551 040**	**97 592**
Cash and cash equivalents at the beginning of the period	8	171 848	27 861 181	337 028	74 256
Cash and cash equivalents at the end of the period	8	888 068	171 848	888 068	171 848

The accompanying notes are part of these financial statements.

* Prepared in accordance with IAS 34 - Interim Financial Reporting

1. INTRODUCTION

Sonae Capital, SGPS, SA ("the Company" or "Sonae Capital") whose registered office is at Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia, Portugal, was set up on 14 December 2007 by public deed, following the demerger from Sonae, SGPS, SA of the whole of the shareholding in the company formerly named Sonae Capital, SGPS, SA, now named SC, SGPS, SA, in compliance with paragraph a) of article 118 of the Commercial Companies Code.

The Company's financial statements are presented as required by the Commercial Companies Code. According to Decree-Law 158/2009 of 13 July of 2009, the Company's financial statements have been prepared in accordance with International Financial Reporting Standards

2. MAIN ACCOUNTING POLICIES

As at the date of the approval of these financial statements, the following standards have been endorsed by the European Union.

The main accounting policies adopted in preparing the accompanying individual financial statements are as follows:

a) effective as of 1 January 2018:

Description	Effective date
IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRS 9 – Financial instruments	1 January 2018
IFRS 4 – Applying IFRS 4 with IFRS 9	1 January 2018
IFRS 2 – Share-based payments	1 January 2018
IAS 40 – Investment property	1 January 2018
IFRIC 22 – Foreign currency transactions and advance consideration	1 January 2018
Annual improvements to IFRS 2014 - 2016 [IFRS 1, IFRS 12 e IAS 28]	1 January 2018

b) effective as of 1 January 2019 endorsed by the EU:

Description	Effective date
IFRS 16 – Leases	1 January 2019
IFRS 9 – Financial instruments	1 January 2019
IFRIC 23 – Uncertainty over income tax treatments	1 January 2019

c) effective after 1 January 2019 not endorsed by the EU:

Description	Effective date (started on or after)
IAS 19 – Employee benefits	1 January 2019
IAS 28 – Investments in associates and joint ventures	1 January 2019
IFRS 3 – Business combinations	1 January 2020
IAS 1 – Presentation of financial statements; IAS 8 – Accounting policies, changes in accounting estimates and errors	1 January 2020
Annual improvements to IFRS 2015 – 2017 [IAS 23, IAS 12, IFRS 3 e IFRS 11]	1 January 2019
Conceptual framework - Amendments to references to other IFRS	1 January 2020
IFRS 17 – Insurance contracts	1 January 2021

2.1. BASIS OF PREPARATION

The accompanying individual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" – previously named International Accounting Standards – "IAS"), issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the "International Financial Reporting Interpretations Committee" ("IFRIC"), previously named "Standing Interpretations Committee" ("SIC"), beginning on 1 January 2018.

As at the date of the approval of these financial statements, the following standards have been endorsed by the European Union.

Adoption of the IFRS 9 – Financial Instruments

In accordance with the transitional provisions of the IFRS 9, the Company opted for the retrospective application with adjustment to retained earnings, at the date of initial adoption (1 January 2018), and comparative values were not restated.

Classification and measurement of financial instruments

With the adoption of the IFRS 9, the Company assessed what business models that applied to its financial assets and the characteristics of contractual cash flows at the date of initial application of the IFRS 9 (1 January 2018), having classified the financial instruments in the categories provided by the IFRS 9 and which did not result in reclassifications to be made.

The financial assets that were classified in 2017 in the "Receivables and Accounts Receivable" category of the IAS 39 are classified in 2018 as financial assets measured at amortised cost. The reclassification of these assets had no impact on Shareholders' Equity as of 1 January 2018. As the application of the new classification criteria of the IFRS 9 did not change the model of measurement of the assets before impairment losses the amortised cost will continue to be applied.

Impairment of financial assets

The application of the IFRS 9 requires the determination of impairment losses based on the estimated credit losses model, rather than the valuation made on the basis of the losses incurred in accordance with the IAS 39. They are subject to the new credit impairment model set forth in the IFRS 9 the debt instruments recognised at amortised cost (customers, other debtors, loans to related entities) and assets of contracts with customers.

For debt instruments at amortised cost, customers, other borrowers and client contract assets, the Group applies the simplified approach of the IFRS 9, whereby estimated impairment losses are recognised from the initial recognition of balances and period of maturity, considering a matrix of historical default rates for the maturity of the balances, adjusted by prospective estimates.

Regarding loans to related entities and debt instruments at fair value through other comprehensive income, these were considered as having low risk, so that impairment losses were determined by evaluating the estimated losses in the following 12 months, as according to the general model of estimated credit losses.

The total impact on retained earnings of the Group by the adoption of the IFRS 9 on 1 January 2018 was considered immaterial and was not recorded in the accounts.

Adoption of the IFRS 15 - Revenue from contracts with customers

The IFRS 15 is based on the principle that revenue from the sale of assets is recognised on the date of transfer of control to the customer, and the transaction value is allocated to the different performance obligations assumed with the client and subject to adjustment in the measurement whenever the amount rendered back is variable or subject to a significant financial effect.

In adopting the IFRS 15, the Group decided to adopt the transitional retrospective application regime with the initial cumulative effect recognised in retained earnings on 1 January 2018, using the following practical arrangements: Application only for contracts not completed at the date of 1 January 2018 and no restatement of modified contracts before 1 January 2017.

The adoption of the IFRS 15 resulted in the following changes to the Company's accounting policies, reclassifications and adjustments:

Accounting for certain costs incurred in fulfilling a contract (fulfilling costs):

Costs related to the implementation phase are considered fulfillment costs. Costs associated with performance of a contract must be capitalised in accordance with the IFRS 15 if (i) it is related to an existing contract or a specific futures contract, ii) create resources that will be used to satisfy a performance obligation in the future, (iii) if the costs are expected to be recovered or (iv) are not already covered by another standard. These costs will be capitalised and recognised in results according to the customer's estimated period of compliance with the contract or over the contract period. These costs are currently recorded in results when incurred.

Reclassification of amounts relating to revenue accrual from service contracts for contractual assets and contractual liabilities in the balance sheet:

From this analysis it is concluded that the adoption of the IFRS 15 in the consolidated financial statements of the Group will have an estimated net impact on consolidated Shareholders’

2.2. ACCOUNTING FOR LEASES

Tangible assets acquired through finance lease contracts are recorded as assets and corresponding obligations as liabilities in the balance sheet. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability, at the lower of fair value and present value of minimum lease payments up to the end of the lease. Both the finance charge and the depreciation expense for depreciable assets are taken to the income statement in the period in which they are incurred.

Tangible fixed assets acquired through finance leases are depreciated by the lower of the two criteria - useful life of the asset or the period of the lease (when the Group has no option to purchase at the end of the lease), or estimated useful life (when the Group Intends to acquire the assets at the end of the contract).

Lease payments under operating lease contracts are recognised as an expense on a straight line basis over the lease term.

Where the Group acts as a lessor in operating leases, the value of assets leased is maintained in the Group's balance sheet and related rents (net of any incentives granted to the lessee) are taken to the profit and loss account on a straight line basis over the period of the lease.

2.3. BORROWING COSTS

Financial charges connected with loans contracted are generally recognised as a cost in accordance with the accruals principle, using for this purpose the effective interest rate method.

2.4. FINANCIAL INSTRUMENTS

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available-for-sale
- Loans and receivables

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or loss are classified as current investments. Available-for-sale investments are classified as non-current assets.

Investments measured at fair value through profit and loss include investments held for negotiation, which the company acquires with a view to disposal within a reasonable period of time and are classified in the balance sheet as current investments.

The Company classifies as available for sale investments those, which are not classified as investments measured at fair value through profit and loss nor as investments held to maturity. These investments are classified as non current assets, unless there is an intention to dispose of them within 12 months of the balance sheet date.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost, less impairment losses.

Gains and losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under Fair value reserve, until the investment is sold or otherwise disposed of, or until its fair value is lower than its carrying amount and that corresponds to an impairment loss, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period.

Gains and losses resulting from changes to the fair value of derivatives valued at fair value are shown in the financial statements in the caption net financial charges/income.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

In accordance with IAS 27, investments in affiliated and associated undertakings are stated at acquisition cost, less impairment losses.

Loans and accounts receivable are recorded at amortized cost using the effective interest method and deducted from possible impairment losses.

Financial income is calculated at the effective interest rate, except for very short-term receivables of which the amounts to be recognized would be immaterial.

These financial investments arise when the Company delivers money or supplies goods or services directly to a debtor with no intention to negotiate the debt.

Loans and accounts receivable are classified as current assets, except when maturity is greater than 12 months from the balance sheet date, which are classified as non-current.

b) Classification as equitay or Liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

c) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.5. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

d) Trade accounts payable

Trade accounts payable are stated at their nominal value.

e) Derivates

The Company uses derivatives in the management of its financial risks only to hedge such risks, and/or to optimize funding costs, in accordance with the interest rate risk policy stated in Note 3.1.

The derivatives used by the Company defined as cash-flow hedge instruments relate mainly to interest rate hedge instruments on loans contracted. The indices, calculation methods, dates for re-fixing interest rates and the reimbursement plans for the interest rate hedge instruments are all identical to the conditions established for the underlying contracted loans, and thus qualify as perfect hedges. Inefficiencies that may exist are shown in the caption Net financial income/expenses in the income statement.

The Company's criteria for classifying a derivative instrument as a cash-flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the forecast transaction that is being hedged is highly probable.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the cash-flow statement, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption current bank loans

2.5. REVENUE RECOGNITION AND ACCRUAL BASICS

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and Other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognised in the income statement.

2.6. SUBSEQUENT EVENTS

Evens after the balance sheet date provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the financial statements. Events after the balance sheet date that are non-adjusting events are disclosed in the notes when material.

2.7. JUDGEMENTS AND ESTIMATES

The most significant accounting estimates reflected in the financial statements are as follows:

a) Useful lives of tangible and intangible assets;

b) Adjustments to the values of assets and provisions;

c) Analysis of the impairment of loans and investments;

d) Calculation of the fair value of derivatives.

Estimates were based on the best information available at the date of the preparation of the financial statements and on the best knowledge and experience of past and/or current events. These estimates may, however, be affected by subsequent events which are not foreseeable at the present day. Changes to these estimates, which take place after the date of the financial statements, will be recognized prospectively in the income statement, in accordance with IAS 8.

The main estimates and assumptions concerning future events included in the financial statements are described in the corresponding notes to the accounts, when applicable.

2.8. PROVISIONS

Provisions are recognised when, and only when, the Group has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Provisions for future operating losses are not recognized.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

The subjectivity inherent in determining the probability and amount of domestic resources required to pay the obligations may lead to significant adjustments, either by varying the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

2.9. INCOME TAX

Current income tax is determined in accordance with tax rules in force in Portugal, considering the profit for the period.

The Company is subject to a special fiscal regime applicable to Group companies, according article 69 and next of the IRC code (RETGS), being part of a fiscal perimeter whose mother company is Sonae Capital SGPS, SA. Companies being part of the perimeter of the Group of companies subject to this regime calculate and account for Tax Income as on a stand-alone basis. The tax savings attributed to the RETGS is accounted for at the mother company.

Deferred taxes are calculated based on the liability method of the balance sheet and reflect the temporary differences between the amount of assets and liabilities for accounting purposes and the respective amounts for tax purposes.

Deferred tax assets and liabilities are calculated and annually assessed at the current or announced tax rates to be effective at the expected date of reversal of the temporary differences.

Deferred tax liabilities are recognized on all taxable temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities that do not result from a concentration of activities and that at the date of the transaction do not affect the accounting or fiscal result. However, as regards temporary taxable differences related to investments in subsidiaries, these are not recognized to the extent that: (i) the parent company has the ability to control the period of reversal of the temporary difference; and (ii) it is likely that the temporary difference will not reverse in the near future.

At the end of each fiscal year, these deferred taxes are reviewed and reduced whenever their future use is no longer probable.Deferred taxes are recorded in the applicable situations according to the balance sheet method, and deferred tax assets are only recognized in the situations in which their recovery is probable.

3. FINANCIAL RISK MANAGEMENT

3.1. MARKET RISK

The main objective of financial risk management is to support the Company in the pursuit of long-term strategy of Sonae Capital, reducing unwanted financial risk, volatility associated and mitigate any negative impacts on the Group's results of such risks. The attitude of Sonae Capital in relation to financial risk management is conservative and prudent, and when used derivative instruments to hedge certain risks related to operating activities of Sonae Capital, does not contract, by policy, derivatives or other financial instruments for speculative purposes or they are not related to the Company's operations.

a) Interest rate risk - POLICY

As a result of maintaining its debt in the balance sheet at variable rates, and the resulting cash flows from interest payments, the Company is exposed to a Euro interest rate risk.

In view of the fact that:

- The volatility of Company results does not depend only on the volatility of its financial results linked to the volatility of interest rates;
- Under normal market conditions, there is a correlation between the levels of interest rates and economic growth, with the expectation being that the impact of movements in interest rates (and the respective volatility of cash flows to service the debt) can to some extent be compensated by movements in the remaining lines of the profit and loss account, in particular by operational profits or losses;
- The setting up of any form of risk cover structure has an implicit opportunity cost associated with it, the Group policy concerning the mitigation of this risk does not establish the maintenance of any minimum proportion of fixed interest rate debt (converted to fixed rate through use of derivatives), but rather has opted for a dynamic approach to monitoring exposure, which aligns market conditions to the real exposure of the Company, in order to avoid the possibility of exposure that could have a real impact on the results of the Company.

In view of the above, the Company policy concerning this issue defines a case by case review of each potential transaction, such that any contract for derivatives must follow the following principles:

i. Derivatives are not used for trading or speculation;
ii. Derivatives to be contracted must match exactly the underlying exposures in relation to indices to be used, refixing dates for interest rates and dates for payment of interest, and the amortisation profile of the underlying debt;
iii. The maximum financial cost of the entire derivative and underlying exposure must always be known and limited from the date of the derivative contract, with the aim that the resulting level of costs are within the cost of funds considered in the business plans;
iv. Derivative contracts are only agreed with authorised entities, specifically Financial Institutions with a minimum Investment Grade rating, giving preference to Banking Relationship Institutions of the Company;
v. All transactions must be the object of competitive bids, involving at least two financial institutions;
vi. All transactions are entered into by using market standard contracts (ISDA - International Swaps and Derivatives Association), with schedules negotiated with each one of the Institutions;
vii. To determine the fair value of the hedging transactions, the Group uses a range of methods in accordance with market practices, namely option valuation models and discounted future cash flow models, with specific market assumptions (interest and exchange rates, volatilities, etc.) prevailing at the Balance Sheet date. Comparative quotes provided by financial institutions are also used as a valuation benchmark;
viii. Any transaction that does not comply with all of the above principles must be individually approved by the Board of Directors.

b) Interest rate risk – Sensitivity Analysis

Interest rate sensitivity is based on the following assumptions:

i. Changes in interest rates affect interest receivable and payable of financial instruments indexed to variable rates (interest payments, related to financial instruments not defined as hedging instruments for interest rate cash flow hedges). As a result, these instruments are included in the calculation of financial results sensitivity analysis;
ii. Changes in market interest rates affect income and expenses related to fixed interest rate financial instruments, in cases in which these are recognised at fair value. As such, all financial instruments with fixed interest rates booked at amortised cost, are not subject to interest rate risk, as defined in IFRS 7;
iii. In the case of instruments designated as fair value hedges of interest rate risk, when changes to the fair value of the hedging instrument, which are attributable to movements in interest rates, are almost completely compensated in the financial results in the same period, these financial instruments are also considered not to be exposed to interest rate risks;
iv. Changes in market interest rates of financial instruments which were designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates, are recorded in reserves, and are thus included in the sensitivity analysis calculation of shareholders' funds (other reserves);
v. Changes in market interest rates of interest rate derivatives, which are specified as being part of hedging relationships as defined in IAS 39, affect the results of the company (net gain/loss resulting from the revaluation of the fair value of financial instruments), and are thus included in the calculation of profit and loss sensitivity;

vi. Changes in the fair value of derivatives and other financial assets and liabilities are estimated by calculating the discounted present value of future cash flows at existing market interest rates at the end of each year, and assuming a parallel variation in interest rate trends;

vii. The sensitivity analysis is applied to all financial instruments existing at the end of the period.

Given the above mentioned assumptions, if interest rates of financial instruments denominated in euro had been 0.75 percentage points higher/lower, the net profit before tax of the Company as at 31 December 2018 would have been higher/lower by 2 326 485 euro (as at 31 December 2016 they would have been higher/lower by 2,039,424 euro).

c) Exchange rate risk

Sonae Capital is not exposed to an exchange risk.

d) Other price risks

The Company is exposed to risks arising from the value of investments made in financial shareholdings. However, these investments are in general made with strategic objectives in mind and not for current trading.

3.2. CREDIT RISK

Credit risk is defined as the probability of a financial loss resulting from failure to meet contractual payment obligations of a counterparty. Sonae is a holding company and has no commercial activity in addition to the normal activities of a portfolio manager participation and providing services to its subsidiaries. As such a regular basis, the Company is only exposed to credit risk arising from financial instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or loans to subsidiaries.

Credit risks at Sonae Capital arises mainly from (i) its relationships with financial institutions in the course of its day to day business activity, and (ii) the risk of non compliance by business counterparts in portfolio transactions.

Financial Institutions: The credit risk is linked to possible non compliance by Financial Institutions, from which the Company, in its normal operational activity, contracted term deposits, cash balances and derivatives.

To mitigate this risk, the Company:

a) Only executes transactions with counterparts with Investment Grade minimum rating and/or financial institutions with high credit quality, giving preference to banking institutions with which the Company already works;

b) Diversifies its counterparts, in order to avoid an excessive concentration of credit risk;

c) Defines a limited range of eligible instruments (aimed at not contracting complex instruments, whose structure is not entirely known), requiring proper authorization from the Board of Directors for use of other alternative instruments;

d) Regularly monitors total exposures with each counterpart, in order to guarantee compliance with the policy established.

The ratings (S & P rating) of the main institutions of credit where Sonae Capital had deposits and other investments at 31 December 2018 can be detailed as follows:

Rating	% dos depósitos
B+	11.00%
BB	89.00%

In compliance with the established policy, Sonae Capital only constitutes deposits and other short-term financial investments and with prestigious financial institutions and national and / or international recognition, based on the respective ratings, being that the institutions of banking relationship of the Group with a creditor position equal to or greater than the intended application.

(i) Shareholding Buy/Sale transactions: In the course of its business, the Company is exposed to the credit risk of counterparts with whom it agrees transactions concerning investments in shareholdings. In these cases, the means used to mitigate risks are determined on a one on one basis, in order to take into account the specifics of the transaction, with the constant supervision of the Board of Directors. Despite the wide range of means used, there exists always the possibility of using normal market methods, namely carrying out due diligence, obtaining financial information concerning the counterpart in question, or the pledging of an asset which is released when the financial transaction has been completed.

In view of the above, as well as the fact that the balances receivable are mainly from group companies, credit risk appears to be very low.

3.3. LIQUIDITY RISK

Sonae Capital has a regular need for external funds to finance its current operations and its expansion plans holding a diversified loan portfolio, which consists mainly of long-term bonds, but also includes a variety of short-term financing transactions, in the form of commercial paper and credit lines.

The objective of liquidity risk management is to ensure at any given moment that the Company has the financial capability under favourable market conditions to: (i) comply with its payment obligations when these fall due and (ii) ensure in a timely manner the appropriate financing for the development of its businesses and strategy.

To that end, the Company aims at maintaining a flexible financial structure, so that the process of managing liquidity within the Company includes the following key aspects:

i. Financial planning based on cash flow forecasts and for different time periods (weekly, monthly, annual and multi year);
ii. Short and long term financial control systems (based on Treasury and Cash Management systems), which allow in a timely manner to identify variances, anticipate financing needs and identify refinancing opportunities;
iii. Diversification of sources of financing and counterparts;

iv. Spread of debt maturity dates, aiming at avoiding excessive concentration, at specific points in time, of debt repayments;
v. Contracts with relationship Banks, of committed credit lines (of at least one year) and Commercial Paper Programmes, with cancellation clauses which are sufficiently comfortable and prudent, seeking to obtain an appropriate level of liquidity while optimising the amount of commitment commissions payable.
vi. Negotiation of contract terms which reduce the possibility of early termination of loans.

Sonae Capital maintains a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments without having to refinance in unfavourable conditions. Additionally at the end of the year Sonae Capital had a liquidity reserve consisting of cash and cash equivalent.

Sonae Capital believes that it has access to all the necessary financial resources and expects thus meet its short-term commitments, whether through release of funds generated by the business, whether using their financial applications, or if necessary by the existing credit lines or contracting new financing.

Although the Working Capital Fund is negative, liquidity risk is low since the main receivables payable are with group companies, so the payment obligation will be adequate to the availability of Sonae Capital.

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Although the Working Capital Fund is negative, liquidity risk is low since the main receivables payable are with group companies, so the payment obligation will be adequate to the availability of Sonae Capital.

4. FINANCIAL INVESTMENTS

As at 31 December 2018 and 31 December 2017 Investments are detailed as follows:

	31 December 2018	31 December 2017
Investments in affiliated and associated undertakings	334 564 887	349 194 729
Investments in other companies		
Sonae RE - (0,04%)	1 200	1 200
Matadouro Alto Alentejo, S.A. - (0,89%)	-	1
NET Novas Tecnologias, S.A. - (0,98%)	23 034	23 034
Fundo F HITEC - (6,48%)	250 950	250 950
	334 840 071	349 469 914
Impairment	(86 992 382)	(47 811 981)
	247 847 689	301 657 933

4.1. INVESTMENTS IN AFFILIATED AND ASSOCIATED UNDERTAKINGS

As at 31 December 2018 and 31 December 2017, the detail of Investments in Affiliated and Associated Companies is as shown in the table below

	31 December 2018			
Company	% Held	Book Value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100%	2 725 000	6 891 529	3 791 932
Fundo Esp de Invest. Imob Fechado WTC	60%	52 823 047	71 179 936	1 619 123
Troiaresort, SGPS, S.A.	100%	167 132 793	101 121 898	22 371 727
Lidergraf - Artes Gráficas, SA.	25%	1 125 301	8 901 011	1 022 994
SC Assets S.G.P.S., SA	100%	25 577 659	(9 285 387)	(22 792 766)
SC Hospitality, S.G.P.S., S.A.	100%	5 857 175	1 328 014	(4 944 253)
SC Finance B.V.	100%	10 963 698	5 683 100	(202 815)
SC-Industrials, S.G.P.S., S.A.	100%	34 575 100	421 476	(778 524)
Race, SGPS, S.A.	70%	32 492 436	41 087 606	184 522
SC Fitness, S.A.	100%	1 292 678	880 067	(412 611)
		334 564 887		

	Impairment
SC Assets S.G.P.S., SA	25 577 659
Troiaresort, SGPS, S.A.	21 817 116
SC Finance BV	5 022 507
SC, Industrials, SGPS, S.A.	34 575 100
	86 992 382

	31.12.2017			
Company	% Held	Book Value	Equity	Profit / (Loss) for the period
CAPWATT, S.G.P.S., S.A.	100%	2 725 000	5 132 247	2 139 631
Fundo Esp de Invest. Imob Fechado WTC	60%	42 271 519	72 210 814	4 081 698
Troiaresort, SGPS, S.A.	100%	167 132 793	78 750 172	-793 608
Interlog - SGPS, S.A.	99%	21 658 210	21 858 053	5 065
Lidergraf - Artes Gráficas, SA.	25%	1 125 301	8 198 240	1 296 983
SC Assets S.G.P.S., SA	100%	25 577 659	13 507 379	-314 576
SC Hospitality, S.G.P.S., S.A.	100%	5 857 175	6 272 267	-169 017
SC Finance B.V.	100%	263 698	-4 814 085	6 022 698
SC-Industrials, S.G.P.S., S.A.	100%	34 575 100	24 479 800	23 279 800
Race, SGPS, S.A.	70%	32 492 436	40 903 083	252 350
Solinca - Health & Fitness, S.A.	100%	15 515 838	1 075 719	-144 724
Total		349 194 729		

	Impairment
SC Assets S.G.P.S., SA	25 577 659
Interlog - SGPS,S.A.	36 864
Troiaresort, SGPS, S.A.	11 140 826
SC Finance BV	263 698
SC, Industrials, SGPS, S.A.	10 792 934
	47 811 981

Investments carried at cost correspond to those in unlisted companies and for which a fair value cannot be reliably estimated.

Impairment tests on financial investments were performed, based on external valuations of the real estate of group companies or DCF methodology, to assess the fair value of such investments.

These assessments use discount rates that correspond to the weighted average rates of the cost of capital (WACC), calculated on the basis of the business type in which they operate and s target capital structures, and are in the range [7.1% - 10,1%]. 5 years projections were considered and growth rates in perpetuity were considered void.

As a result of this impairment tests as at 31 December 2018 and 31 December 2017, the detail of Impairments on Investments in Affiliated and Associated Companies is as shown in the table below.

	31 December 2018	31 December 2017	Variation
Interlog, SGPS, S.A.	-	(36 864)	36 864
Troiaresort, SGPS, S.A.	(21 817 116)	(11 140 826)	(10 676 289)
SC Assets, SGPS, S.A.	(25 577 659)	(25 577 659)	-
SC Finance BV	(263 698)	(263 698)	-
SC, Industrials, SGPS, S.A.	(34 575 100)	(10 792 934)	(23 782 166)
	(82 233 572)	(47 811 981)	(34 421 592)

5. OTHER NON-CURRENT ASSETS

As at 31 December 2018 and 2017, other non-current assets are detailed as follows:

	31 December 2018	31 December 2017
Loans granted		
CAPWATT, SGPS, S.A.	40 000 000.00	-
SC Assets, SGPS, S.A.	155 568 399.81	174 450 597
SC Finance BV	6 458 900.00	5 885 000
SC Fitness, S.A.	28 615 500.00	-
SC Hospitality, SGPS, S.A.	6 155 000.00	6 155 000
SC Industrials, SGPS, S.A.	12 588 000.00	-
Solinca - Health & Fitness, S.A.	-	661 000
Troiaresort, SGPS, S.A.	130 294 731.62	138 805 637
	379 680 531.43	**325 957 234**
Impairment		
SC Assets, SGPS, S.A.	(13 521 162)	(11 640 970)
SC-Industrials, S.G.P.S., S.A.	(2 007 282)	-
SC Finance BV	-	(462 650)
	(15 528 444)	(12 103 620)
Up-front fees not yet charged to income statement	81 214	276 547
	364 233 301	**314 130 162**

As at 31 December 2018, loans granted matured as follows:

2019	2020	2021	2022	2023	Total
67 541 131	199 839 000	10 357 000	6 694 000	95 249 400	379 680 531

These assets were not due or impaired as at 31 December 2018. The fair value of loans granted to Group companies is basically the same as their book value.

Loans to group companies interest at market rates and are repayable within a period exceeding one year. The interest rate as at 31 December 2018 stood, in average, at approximately de 2.38% (2017: 2.35%).

6. OTHER CURRENT ASSETS AND INCOME TAX

As at 31 December 2018 and 2017, other current assets and Income tax are made up as follows:

The balance registered at Shareholding, other Operations is related to the values transferred from subsidiaries under the IRC regime (RETGS).
As at 31 December 2018 and 2017, the item Loans Granted is related to financial operations with the following subsidiaries:

	31 December 2018	31 December 2017
Loans granted		
CAPWATT, SGPS, S.A.	14 545 000	41 175 000
Inparvi SGPS, S.A.	-	69 000
SC Assets, SGPS, S.A.	19 000	73 000
SC Finance BV	-	-
SC Fitness, S.A.	8 004 100	-
SC Hospitality, SGPS, S.A.	1 156 502	454 000
SC Industrials, SGPS, S.A.	7 473 500	-
SC SGPS, S.A.	361 300	14 269 500
Solinca - Health & Fitness, S.A.	-	1 186 300
Troiaresort, SGPS, S.A.	4 157 271	1 481 000
	35 716 674	**58 707 800**

Loans to group companies interest at market rates and are repayable within a period inferior to one year. The interest rate as at 31 December 2018 stood, in average, at approximately de 1.26% (2017: 1.36%).

The item Other Debtors includes as at 31 December 2018 , includes the amount of 600.000 euros related to the Via Maritima credit acquired from the subsidiary Spred SGPS.

The amount recorded in the accrued income includes 3.980.318 euro relating to interest on loans granted to subsidiaries as well as 113.986 euro relating to commissions of guarantees given to subsidiaries (Note 22).

Deferred costs include 200 231 euro relating to bank charges, which are deferred over the loan period.

Income Tax

Under current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except if there have been tax losses or tax benefits, or ongoing tax inspections or claims. In these cases, and depending on the circumstances, the time limits are extended or suspended. In this way the Company tax return, from the years 2015 to 2018, could still be subject to review. However, in the opinion of the Company's Board of Directors, it is not expected that any correction relating to the said financial years will be significant for the financial statements as at 31 December 2018.

As mentioned in 2.9 note the Company is subject to the special regime for the taxation of groups of companies (RETGS) provided for in Article 69 and following of the IRC Code, integrating the taxation group, which is the mother company.

In the fiscal year 2018, the Company is subject to taxation on Corporate Income Tax at the normal rate of 21%, plus municipal taxes at a maximum rate of 1.5%.

In addition, on the part of the taxable profit of more than 1,500,000 euros subject to and not exempt from Corporate Income Tax, the following state levy fees are levied: 3% over 1,500,000 euros and less than 7,500,000 euros; 5% on the upper part to 7,500,000 euros and up to 35,000,000 euros; and 7% that is levied on the part of the taxable income that exceeds 35,000,000 euros.

Under the terms of Article 88 of the Portuguese Income Tax Code, the company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned article.

The Corporate income tax rate in force for 2018 is 21%.

As at 31 December 2018 and 2017, the item Income tax is made up as follows:

	31 December 2018	31 December 2017
Income tax withheld	-	849 047
Income tax (advanced payment)	-	760 611
Income tax	-	29 935
	-	**1 639 594**

7. DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2018 and 2017 can be detailed as follows, split between the different types of temporary differences:

	Deferred tax assets	
	31 December 2018	31 December 2017
Tax losses carried forward	16 751 852	16 764 699
Others	-	-

During the periods ended 31 December 2018 and 2017, movements in deferred tax are as follows:

	Deferred tax assets	
	31 December 2018	31 December 2017
Opening balance	16 764 699	14 314 699
Effect in results	-	-
Tax losses carried forward	(12 847)	2 450 000
Others	-	-
Effect in reserves	-	-
Closing balance	**16 751 852**	**16 764 699**

In accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward, as at 31 December 2018 and 2017, tax losses carried forward can be summarized as follows:

	31 December 2018			31 December 2017		
	Tax loss	Deferred tax assets	To be used until	Tax loss	Deferred tax assets	To be used until
Generated in 2013	-	-		61 175	12 847	2018
Generated in 2014	13 536 168	2 842 595	2026	13 536 168	2 842 595	2026
Generated in 2015	45 035 288	9 457 411	2027	45 035 288	9 457 411	2027
Generated in 2016	12 025 566	2 525 369	2028	12 025 566	2 525 369	2028
Generated in 2017	9 173 702	1 926 477	2022	9 173 702	1 926 477	2022
	79 831 899	**16 764 699**		**79 831 899**	**16 764 699**	

The constitution of deferred tax assets was based on the analysis of the relevance of its recognition, notably as regards the possibility of their recovered, given the prospects for medium and long term of the company.

The deferred tax assets recognized resulting from fiscal losses are recorded to the extent that it is probable that taxable profit will occur in the future.

The valuation of deferred tax assets is based on the business plans of the Group companies, periodically reviewed and updated.

Since fiscal year 2014, most of the Group's subsidiaries, based in Portugal, are part of the perimeter of the taxed Corporate Group in accordance with the Special Taxation Regime for Company Groups (RETGS), whose parent company is the Sonae Capital, SGPS, SA. Gains generated by the application of this tax regime are allocated to Sonae Capital SGPS.

The analysis carried out on 31 December 2018, resulted that there is reasonable expectation of recovery of deferred tax assets recorded before their date of expiry.

8. CASH AND CASH EQUIVALENTS

As at 31 December 2018 and 2017, cash and cash equivalents can be detailed as follows:

	31 December 2018	31 December 2017
Cash	-	-
Bank deposits	888 068	171 848
Cash and cash equivalents in the balance sheet	**888 068**	**171 848**

9. EQUITY

The share capital of Sonae Capital SGPS, SA both in December 2018 and 2017 is represented by 250,000,000 ordinary shares, which do not have the right to a fixed remuneration, with a nominal value of 1 euro each.

As at 31 December 2018, Sonae Capital SGPS, SA holds 4.107.623 own shares representing 1.643% of the share capital (4.783.433 shares at 31 December 2017), recorded by 1,192.808 euros (1,305.839 euros at 31 December 2017) (Note 10).

10. RESERVES

As at 31 December 2018, and 31 December 2017 this caption can be detailed as follows:

	31 December 2018	31 December 2017
Legal reserves	10 789 547	10 510 080
Free reserves	148 360 229	157 176 745
Demerger reserve	132 638 253	132 638 253
Own shares reserve	1 192 808	1 305 839
	292 980 837	**301 630 917**

Free Reserves: These reserves result from the transfer of the positive results obtained in retained exercises and can be distributed to shareholders provided they are not required to cover losses.

The overall value of the demerger reserve (Note 1), representing the difference between the book value of the stake in SC, SGPS, SA (382,638,252 euros) which was highlighted Sonae, SGPS, SA for the Company and the amount of capital social Society (250,000,000 euros) which is comparable to the legal Reserve, according to the Companies Code, may not be distributed to the shareholders except in the event of liquidation of the Company, but may be used to absorb accumulated losses, after other reserves are exhausted, or can be incorporated into capital.

Legal Reserve: Under the law, at least 5% of annual net profit is positive, should be allocated to the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after the other reserves, or increase capital.

As at 31 December of 2018 this item amounts to 10.789.547€ (December 2017: 10.510.080€).

Reserve own shares: This reserve, established in accordance with article 342 of the CSC, is the same amount of the own shares value held by the company. This reserve is unavailable while the own shares are in possession of the company.

11. BORROWINGS

At 31 December 2018 and 31 December 2017, the following loans were included under this caption::

	31 December 2018		31 December 2017	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae Capital SGPS - commercial paper a)	-	-	4 500 000	-
Sonae Capital SGPS - commercial paper b)	-	13 000 000	-	4 000 000
Sonae Capital SGPS - commercial paper c)	-	-	3 200 000	-
Sonae Capital SGPS - commercial paper d)	10 000 000	-	10 000 000	-
Sonae Capital SGPS - commercial paper e)	2 000 000	8 000 000	-	10 000 000
Sonae Capital SGPS - commercial paper f)	7 650 000	-	5 000 000	-
Sonae Capital SGPS - commercial paper g)	-	10 000 000	-	-
Sonae Capital SGPS - commercial paper c)	-	-	-	-
Up-front fees not yet charged to income statement	-	(51 544)	-	-
	19 650 000	30 948 456	22 700 000	14 000 000
Bank overdrafts (Note 8)	-	-	-	-
	19 650 000	**30 948 456**	**22 700 000**	**14 000 000**
Bond Loans				
Sonae Capital 2016/2021 h)	-	15 000 000	-	15 000 000
Sonae Capital 2014/2019 i)	42 500 000	-	-	42 500 000
Up-front fees not yet charged to income statement	-	(116 090)	-	(254 190)
	42 500 000	14 883 910	-	57 245 810
	62 150 000	**45 832 366**	**22 700 000**	**71 245 810**

a) Commercial paper programme, with subscription guarantee, issued on 31 December 2013, with automatic annual renewals up to seven years and six months, unless denunciated by either party.
b) Commercial paper programme, with subscription guarantee, issued on 29 September 2017 and valid to October 2021.
c) Short term commercial paper programme, issued on 28 March 2008 and valid for a 10 year period, which may be extended at the option of Sonae Capital. Placed in investors or financial institutions and guaranteed by credit lines, with commitment of at least six months to a year, placed in relationship banks.
d) Commercial paper programme, with subscription guarantee, issued on 30 June 2017 with annual payments, unless denounced by either party.
e) Commercial paper programme, with subscription guarantee, issued on 24 February 2017 and valid until February 2023, with semi-annual payments starting in 2019.
f) Commercial paper programme, without subscription guarantee, issued on 20 December 2017 with annual payments, issued to investors.
g) Commercial paper programme, with subscription guarantee, issued on 23 June 2016 and valid up to five years, with annual payments and grace period for one year.
h) Sonae Capital SGPS - 2016/2021 bond loan in the amount of 15,000,000 euro, with a 5 year maturity, and a sole reimbursement on 29 July 2021, unless the issuer requests a full or partial refund (call option). This bond loan bears interest every six months.
i) Sonae Capital SGPS, SA, 2014/2019 bond loan, with a five year maturity, and a sole reimbursement on 28 May 2019. This bond loan bears interest every six months

The interest rate on bank loans and bonds in force on 31 December 2018 was on average 2.14%. (em 2017 : 2.39%).

Bank loans pay interest rates that are indexed to the Euribor market rates of the period, and its fair value is considered close to its book value.

In case of any Bank institution or commercial paper investor do not renew, at the maturity date, its respective loans, the Company has credit lines available to overcome such renewables

There are no derivative instruments.

The repayment schedule of the nominal value of borrowings may be summarised as follows:

The nominal value of the loans have the following maturity dates:

	31 December 2018		31 December 2017	
	Capital	Interest	Capital	Interest
N+1	62 150 000	(1 239 416)	22 700 000	(2 112 847)
N+2	2 000 000	(393 125)	52 500 000	(1 255 768)
N+3	40 000 000	(377 188)	-	(427 135)
N+4	2 000 000	(20 000)	19 000 000	(410 573)
N+5	2 000 000	(1 250)	-	(46 667)
After N+5	-	-	-	(2 917)
	108 150 000	(2 030 978)	94 200 000	(4 255 906)

As at 31 December 2018 and 31 December 2017, available credit lines may be summarised as follows:

	31 December 2018		December 2017	
	Commitments		Commitments	
	less than 1Y	over 1Y	less than 1Y	over 1Y
Amounts of credit lines avalable	(56 750 000)	(18 250 000)	(50 150 000)	(68 500 000)
Amounts of credit lines contrat	(68 750 000)	(49 250 000)	(67 850 000)	(82 500 000)

At 31 December 2018 the reconciliation of the liabilities whose flows affect the financing activities are detailed as follows:

	31 December 2017	Cash	Up-front fees not yet charged to income statement	fair value	31 December 2018
No Current loans	71 245 810	(25 500 000)	(86 555)	-	45 832 366
Current Loans (Note 12)	70 549 000	12 234 500	-	-	82 783 500
	141 794 810	(13 265 500)	(86 555)	-	128 615 866

12. OTHER CREDITORS

As at 31 December 2018 and 2017 other creditors can be detailed as follows:

OTHER CREDITORS

	31 December 2018	31 December 2017
Other creditors:		
Group companies - Short term loans	20 633 500	47 849 000
Other creditors	956 924	719 841
	21 590 424	**48 568 841**

As at 31 December 2018 and 2017 the caption loans granted is relative to financial operations granted to the following subsidiaries:

	31 December 2018	31 December 2017
Interlog, SGPS, S.A.	-	21 858 000
SC Industrials, SGPS, S.A.	-	9 347 000
SC For - Serv. de For. e Des. de Rec. Hum., Unip., Lda.	-	11 000
Race. SGPS, SA	19 720 500	16 613 000
Inparvi, SGPS, S.A.	913 000	-
Solinca - Health & Fitness, S.A.	-	20 000
	20 633 500	**47 849 000**

Loans obtained from group companies bear interest at market rates and are repayable within one year. The interest rate as at 31 December 2018 was, in average, approximately 0.050% (2017: 0.080%).

The item Other Creditors, there are included 932.721 euros (Note 22) regarding transfers from subsidiaries of tax estimates under the special regime RETGS.

13. SUPLIERS, TAXES, OTHER NON CURRENT AND CURRENT LIABILITIES

As at 31 December 2018 and 2017 these items were as follows:

	31 December 2018		31 December 2017	
	Current	Non-Current	Current	Non-Current
Trade creditors	111 994	-	137 599	-
Taxes payable - income tax	2 299 149	-	-	-
Taxes payable - other taxes	48 995	-	50 069	-
Other current liabilities				
Accruals:				
Staff costs	820 702	138 580	750 007	287 354
Interest payable	301 451	-	308 166	-
Other accruals	83 191	-	73 158	-
Deferred income	7 370	-	4 769	-
	1 212 714	138 580	1 136 100	287 354

At 31 December 2018, the items Suppliers, Other Accruals and Staff costs include balances with related entities amounting to 96.317 euro, and 51.954 euro respectively (Note 22).

The amount of staff cost (Non-current) refers to deferred compensation payable in periods exceeding one year.

As at 31 December 2018 and 2017 interest payable can be detailed as follows:

	31 December 2018	31 December 2017
Interest payable:		
Bank Loans	300 766	305 672
Group companies loans	685	2 494
	301 451	**308 166**

As at 31 December 2018 and 2017 the Income tax and Other taxes can be detailed as follows:

	31 December 2018	31 December 2017
Taxes payable - income taxes		
Income tax (advanced payment)	(587 888)	-
Income tax withheld	(766 042)	-
Income tax	(267 636)	-
Income tax (provision)	3 920 714	-
	2 299 149	**-**
Taxes payable - other taxes		
Income taxation - amounts withheld	26 787	27 300
VAT	69	69
Social security contributions	22 138	22 700
Others	-	-
	48 995	**50 069**

14. EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2018 and 2017 External Supplies and services can be detailed as follows:

	31 December 2018	31 December 2017
Operational rents	(42 099)	(52 266)
Insurance costs	(42 343)	(39 629)
Travelling expenses	(28 905)	(53 683)
Services obtained	(1 305 069)	(1 217 573)
Other services	(62 517)	(54 116)
	(1 480 932)	**(1 417 268)**

The variation observed in the item "Services obtained" is mainly due to the increase in the item "Holding cost" in 2018 is approximately 796 thousand euros (663 thousand euros in 2017), which was debited by the subsidiary SC Sociedade de Consultadoria, SA. and Specialized Works - Others category which in 2018 has a value of 271 thousand euros (184 thousand euros in 2017).

As at 31 December 2018, External Supplies and Services included transactions with related entities amounting to 1.193.029 euros (967.316 euros in 2017) (Note 22).

15. OPERATIONAL LEASES

As at 31 December 2018 and 2017, the Company had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 December 2018	31 December 2017
N+1	38 921	39 071
N+2	38 921	39 071
N+3	38 921	39 071
N+4	18 522	39 071
N+5	-	18 597
	135 285	**174 881**

16. STAFF COSTS

As at 31 December 2018 and 31 December 2017, staff costs can be detailed as follows:

	31 December 2018	31 December 2017
Governing bodies' remunerations	(1 057 176)	(1 225 969)
Staff and other sectors remunerations	(171 114)	(291 711)
Social security contributions	(166 030)	(178 145)
Other staff costs	(21 493)	(64 841)
	(1 415 813)	**(1 760 666)**

17. NET FINANCIAL EXPENSES AND INVESTMENT INCOME

As at 31 December 2018 and 31 December 2017, Net Financial Expenses and Income can be detailed as follows:

NET FINANCIAL EXPENSES AND INCOME

	31 December 2018	31 December 2017
Interest payable and similar expenses		
Interest arising from:		
Bank loans	(415 170)	(318 015)
Bonds	(1 949 453)	(1 962 390)
Other	(12 619)	(50 700)
Other financial expenses	(1 188 257)	(1 492 502)
	(3 565 498)	(3 823 607)
Interest receivable and similar income		
Interest income	9 594 252	9 920 503
	9 594 252	9 920 503
Net financial expenses	**6 028 754**	**6 096 896**

As at 31 December 2018, the amount mentioned in "Interest arising from other" includes interest on current loans obtained from group companies amounting to 12.619 euros (2017: 50.700 euros) (Note 22).

As at 31 December 2018, the amount mentioned in "interest receivable and similar income" includes interest on loans granted to group companies amounting to 9.594.272 euros (2017: 9.918.433 euros) (Note 22).

As at 31 December 2018, the amount mentioned in "Other financial expenses" refers to commissions incurred with the assembly and management of bank loans and bonds.

18. NET INVESTMENT EXPENSES AND INCOME

As at 31 December 2018 and 31 December 2017, Net Investment Expenses and Income can be detailed as follows:

	31 December 2018	31 December 2017
Reversal of /and Impairment losses (Note 4.1)	(42 642 090)	(6 248 597)
Dividends received	25 433 333	18 122 785
Losses on financial investments	-	(15 080 601)
Other income	14 002 335	2 001 952
Investment income	**(3 206 422)**	**(1 204 460)**

As at 31 December 2018, the amount recorded under "Other income" relates essentially to income obtained from the WTC Fund (1.667.140 euros) and gains from sale of investments (812.333.735 euros)

As at 31 December 2017, the amount recorded under the caption Losses on financial Investments, Includes the losses on the disposal of the subsidiary Spred SGPS, SA.

As at 31 December 2018 and 31 December 2017, the amount of dividends received from affiliated companies was as follows: (Note 22)

	31 December 2018	31 December 2017
Lidergraf, SA	120 883	114 074
SC Industrials SGPS, SA	23 279 801	12 673 988
SC Hospitality SGPS SA		305 336
Capwatt SGPS SA	2 032 649	5 029 387
	25 433 333	**18 122 785**

19. OTHER OPERATIONAL PROFIT AND OTHER OPERATIONAL EXPENSES

As at 31 December 2018 and 2017 these items were as follows:

	31 December 2018	31 December 2017
Other operating income		
Other supplementary income - Comissions	118 598	114 714
Other	4 314	3 624
	122 913	**118 338**
Other operating expenses		
Taxes	(44 499)	(43 390)
Other	(785)	(244)
	(45 284)	**(43 634)**

20. TAXATION

As at 31 December 2018 and 2017, Taxation was made up as follows:

	31 December 2018	31 December 2017
Current tax (Note 6)	5 305 776	1 352 188
Deferred tax (Note 7)	(12 847)	2 450 000
	5 292 929	**3 802 188**

20.1. RECONCILIATION OF THE EFFECTIVE INCOME TAX

The reconciliation between profit before income tax and taxation for the periods ended 31 December 2018 and 31 December 2017 is made up as follows:

	31 December 2018		31 December 2017	
	Incidence value	Tax amount	Incidence value	Tax amount
Profit before income tax (1)	1 970		1 787 155	
Tax charge	21%		21%	
Tax charged		(414)		(375 302)
Increases or (decreases) in taxable profit				
Reversal of Inpairment losses (Note 18)	42 642 090	(8 954 839)	(20 923 422)	4 393 919
Dividends received (Note 18)	(25 433 333)	5 341 000	(18 122 785)	3 805 785
Payment base on shares	-	-	33 709	(7 079)
Impairment losses (Note 17)	-	-	27 172 018	(5 706 124)
Losses on finantial investments	(12 287 350)	2 580 344	13 846 529	(2 907 771)
Others	2 023	(425)	-	-
deduction of tax losses	-	-	(61 175)	12 847
Tax savings (RETGS)		6 523 767		2 269 128
Municipality and state tax		(176 643)		(125 694)
Autonomous taxes		(7 014)		(7 520)
Under/over taxation estimates		-		-
Effect of increases or decreases in deferred taxes		(12 847)		2 450 000
Taxation		**5 292 929**		**3 802 188**

As stated in Note 2.9, the Company is taxable according to the RETGS.

21. EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2018 and 2017 were calculated taking into consideration the following amounts:

	31 December 2018	31 December 2017
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	5 294 899	5 589 342
Effect of dilutive potential shares	-	-
Net profit taken into consideration to calculate diluted earnings per share	**5 294 899**	**5 589 342**
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	248 085 190	247 388 190

Earnings per share (basic and diluted)	**0.021343**	**0.022593**

22. RELATED PARTIES

Balances and transactions during the periods ended 31 December 2018 and 2017 with related parties are detailed as follows:

	Expenses (Notes 14 and 17)		Income (Notes 17,18 and 19)	
Transactions	31 December 2018	31 Dezembro 2017	31 December 2018	31 December 2017
Parent company	-	-	-	-
Group and associaated companies	1 205 648	1 018 016	35 146 183	28 155 932
	1 205 648	**1 018 016**	**35 146 183**	**28 155 932**

	Accounts payable (Notes 12 and 13)		Accounts receivable (Note 6)	
Balances	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Parent company	-	-	-	-
Group and associaated companies	1 080 992	848 854	-	5 541 839
	1 080 992	**848 854**	**-**	**5 541 839**

	Loans obtained (Note 12)		Loans garanted (Notes 5 and 6)	
Balances	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Parent company	-	-	-	-
Group and associaated companies	20 633 500	47 849 000	415 397 206	384 665 034
	20 633 500	**47 849 000**	**415 397 206**	**384 665 034**

In 2018, the income include dividends received from group companies in the amount of 25.433.333 euro (2017: 18.122.785 euro) (Note 18).

It should also be noted that the Board of Directors was identified as a related party of Sonae Capital.

23. CASH RECEIPTS/PAYMENTS RELATED TO INVESTMENTS

Cash receipts and payments related to investments during the periods ended 31 December 2018 and 2017 are detailed as follows:

	31 December 2018		31 December 2017	
	Receipts	Payments	Receipts	Payments
Interlog SGPS, SA	21 685 281	-	-	-
Fundo Esp de Invest. Imob WTC	-	10 551 528	-	-
Solinca - Health & Fitness, S.A.	27 947 912	144 725	-	1 069 344
Spred, S.G.P.S., S.A.	-	-	-	1 723 246
SC Fitness, SA	-	1 292 678	-	-
SC Finance BV	-	10 700 000	-	-
Terceiros	582 452	5 170	600 001	-
	50 215 645	**22 694 100**	**600 001**	**2 792 590**

24. COMPLIANCE WITH LEGAL REQUIREMENTS

Art 5 nr 4 of Decree-Law nr 495/88 of 30 December changed by art 1 of Decree-Law nr 318/94 of 24 December.

in the period ended 31 December 2018 shareholders' loan contracts were entered into with the companies Capwatt SGPS, SA , SC Assets SGPS, SA, SC Finance BV, SC Fitness, SA e SC Industrials SGPS, SA.

In the period ended 31 December 2018 short-term loan contracts were entered with the companies

Adira - Metal Forming Solutions, S.A.	Capwatt Évora-Solar P.,SA	Country Club da Maia, SA	Imosedas-Imob.Serviços,SA
Aqualuz Tróia-E.Ho.I.,SA	Capwatt Ferreira-So.P.,SA	Empreendiment.Im.Q.Azenha	Implantação-Imobiliár.,SA
AQUALUZ-Turismo Lazer Lda	CAPWATT HECTARE-HE.P.,ACE	GOLF TIME-Golfe e Invest.	Marina de Tróia, S.A.
ATLANTIC FERRIES-LocFluvM	CAPWATT MARTIM L.-S.P.,SA	Imoclub-Serv.Imobili.,SA	MARMAGNO-Expl.Hot.Imob.SA
BLOCO Q-Soc.Imobil.SA	CAPWATT, SGPS, S.A.	Imohotel-Soc.Imobili.,SA	PortoPalacioHotelExp.H.SA
CAPWATT ACE, S.A.	Casa da Ribeira-SocImob	IMOPENINSULA-SOC.IMOB.,SA	Porturbe-Ed.Urbanizaç.,SA
Capwatt Alrota-Wind P.,SA	Centro Resid.Maia-Urb.,SA	Imoponte-Soc.Imobili.,SA	Praedium - Serviços, SA
Capwatt Chamusca-Bi.U.Lda	Cinclus - Imobiliária, SA	Imoresort-Soc.Imobili.,SA	PraediumII-Imobiliária,SA

Prédios Privados-Imob.,SA	SC, SGPS, SA	SUNCOUTIM - SOLAR ENERGY
Promessa-Soc.Imobilir.,SA	Sete e Meio Herdades-I.A.	The House Ribeira Hotel
RACE, SA	SIAF - Energia, S.A.	Troiaresort, SGPS, S.A.
SC Assets, SGPS, S.A.	SOBERANA Invest.Imobil.SA	TROIARESORT-Inv.T,SA
SC FINANCE BV	Sotáqua-S.Em.Tu.Quarteira	TULIPAMAR-Expl.Hot.Im.SA
SC FITNESS, S.A.	Soternix-Prod.Energia,ACE	UP INVEST, SGPS, S.A.
SC HOSPITALITY, SGPS, S.A	Spinveste-Gestão Imob.,SA	Urbisedas-Imobil.Sedas,SA
SC INDUSTRIALS,SGPS,S.A.	Spinveste-PromoçãoImob,SA	Vistas do Freixo

As at 31 December 2018 amounts due by affiliated companies can be summarized as follows:

Loans and Short term loans granted

Companies	Closing Balance
CAPWATT, SGPS, S.A.	54 545 000
SC Assets, SGPS, S.A.	155 587 400
SC Finance BV	6 458 900
SC Fitness, S.A.	36 619 600
SC Hospitality, SGPS, S.A.	7 311 502
SC Industrials, SGPS, S.A.	20 061 500
SC SGPS, S.A.	361 300
Troiaresort, SGPS, S.A.	134 452 004
	415 397 206

As at 31 December 2018 amounts due to affiliated companies can be summarized as follows:

Short term loans obtained

Companies	Closing Balance
Inparvi, SGPS,S.A.	913 000
RACE, SGPS, S.A.	19 720 500
	20 633 500

25. SUBSEQUENT EVENTS

No significant events, requiring further disclosure, have occurred after 31 December 2018.

26. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on March 1, 2019. However, they are still subject to approval by the General Shareholders' Meeting, in accordance with the commercial legislation in force in Portugal.

Certified Accountman

Rui Manuel Machado Morais

Bord of Directors

Duarte Paulo Teixeira de Azevedo

Álvaro Carmona e Costa Portela

Francisco de La Fuente Sanchez

Maria Cláudia Teixeira de Azevedo

Paulo José Jubilado Soares de Pinho

Miguel Jorge Moreira da Cruz Gil Mata

Ivone Pinho Teixeira

sonaecapital.pt

SONAE CAPITAL

REPORT & ACCOUNTS

PART IV
SUSTAINABILITY REPORT

31 December 2018

SONAE CAPITAL

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PART IV

SUSTAINABILITY REPORT

31 December 2018

FRAMEWORK

The Sonae Capital's Sustainability Report has been prepared in accordance with the provisions of the Global Reporting Initiative (*GRI Standards*) and Non-Financial Reporting Directive 2014/95 EU of the European Parliament and of the Council of 22 October of 2014 and Decree-Law 89/2017 of 28 July, with the purpose of reporting the performance of the Group and its Business Units, in the year 2018, in the different dimensions of Sustainability.

In 2018, in anticipation of this Report, we internally conducted an analysis of the most material themes in the different dimensions of Sustainability and reflected them in this document:

- With regard to the environmental domain, Sonae Capital is committed to develop its business in a way that is aware and respectful of the environment. The main aim is to ensure that the development and area of action of the different businesses have the least adverse impact on the environment, developing efforts to promote the rational use of energy and material resources, as well as the optimisation of water and energy consumption and minimizing GHG emissions (greenhouse gas), in addition to the effective management of the waste generated.
- With regard to the social dimension and concerning workers and gender equality, Sonae Capital, as a benchmark employer on the national market, has been exerting a strong power of attraction on technical and young staff with high potential, succeeding in responding to the challenge of attracting new human resources required for expanding the activity carried out by the different businesses, and strongly rejecting any form of discrimination.
- Finally, as regards respect for human rights, combating corruption and attempted bribery, the Code of Conduct of Sonae Capital is a prime example of the company's commitment to showing its stakeholders that its reputation is based on integrity, consistency and transparency. However, are also disclosed the main Regulations that guide the activities of the Group.

In order to obtain a more thorough analysis, we plan, in the next financial years, to conduct a materiality analysis involving external stakeholders. In this way, we can have a better idea of the impact that our actions as a Group have on this target audience so relevant to our Sustainability strategy.

Reporting period and scope

This report focuses on the activity of Sonae Capital between 1 January 2018 and 31 December 2018, in Energy, Industrial Engineering (Adira), Refrigeration and HVAC, Fitness, Hospitality and Troia Operations. It should be noted that the portfolio of Sonae Capital includes an area of Real Estate Assets that, given its specific nature, is outside the scope of this report. The information concerning the Corporate Center and Shared Services is also included in the Social Indicators reported.

GRI (*Global Reporting Initiative*)

The Report was prepared in accordance with the Sustainability Reporting Guidelines of GRI (GRI Standards) for the "In agreement-Essential" level. In the Economic and Environmental indicators, with the aim of measuring the evolution of Sonae Capital, in addition to the financial year of 2018, the year of 2017 is also reported.

Decree-Law no. 89/2017

With this report we also intend to respond to the requirements of Decree-Law No. 89/2017, published on 28 July 2017.

Contacts

For further clarification, please contact the Investor Relations Office: Nuno Parreiro | ir@sonaecapital.pt | Tel.: +351 22 010 7903.

"In 2018, we decided to take a step forward in the way we share with shareholders, employees and the public, the path we are undertaking, drafting this Sustainability Report."

Ivone Pinho Teixeira
CFO Sonae Capital

1. MESSAGE FROM THE CFO

The beginning of a new chapter

As a Group with a long-term perspective, we consider essential that our value proposition is based on the principles of sustainable development. These are the principles that guide our action in the relationships we have established with our partners and suppliers, in the way we develop our products, in how we develop our people and in our contribution to overcome some the most pressing social and environmental challenges of our time.

Thus, in 2018, we decided to take a step forward in the way we share with shareholders, employees and the public, the path we are undertaking, drafting this Sustainability Report.

As is natural, and as a beginning of a process, the current information collection mechanisms are not, yet, those we would like to possess in order to highlight, in line with our levels of ambition, all aspects of the reality of our businesses from the economic, social and environmental point of view. However, in the logic of an incremental effort, we know that we have taken safe first steps to make this annual Report a reality in constant evolution and improvement.

We will continue to work for our indicators to improve gradually, because we know our responsibility and because we care.

Climate change, which is on today’s agenda and shaping the national and international panorama, show us the way in how we generate and use energy efficiently and how to invest to limit carbon emissions in all areas of our activity: these are key points to Sonae Capital as a whole and is important to make this clear to our stakeholders.

But the way we consider Sustainability is not exhausted in the environmental side. We are also thinking about values, diversity, inclusion and how this reality has to be instilled in the various areas of our Group. We are very proud of prizes such as the one we received at the *Leading Together* Conference, already in the beginning of 2019, in which Sonae Capital was distinguished as the company at the top of the index created by this initiative on gender equality in Boards of Directors and Executive Commissions of the companies of PSI20. However, we also know it is only a start and that our data concerning gender parity still have a lot of leeway to progress along the entire chain of employees, and so "the path is made by walking", assuming our commitment to improve this and other indicators.

2018 was a year in which all our businesses proved to be up to the challenges we have internally related to the Sustainability issue and therefore I would like to highlight:

- **Accumulated economic value of 1.7 million euros, which compares with negative 9.7 million euros in 2017**
- **Significant reductions in the consumption of materials, with emphasis on paper reduction of 11% compared to 2017**
- **400 volunteer hours in 2018**
- **34,968 training hours in 2018, 62% above 2017**

I would like to conclude with a word of thanks. All our Employees, from all businesses, for the work in the Sustainable development of our activity. We are counting on them so that the measures that are being put into practice achieve the success that will enable us to proudly bear this flag, stating we are a Group with a mission towards the environment in which we operate.

Ivone Pinho Teixeira
CFO

2. SONAE CAPITAL

B2B, *Business-to-Business*

Refrigeration & AVAC: Player specialised in refrigeration, air conditioning and building efficiency engineering

Energy: Player focused on the promotion, detention and operation of integrated energy optimisation solutions, contributing to a sustainable energy paradigm

Industrial Engineering (ADIRA): Reference in innovative, customized and value-adding metal forming solutions

B2C, *Business-to-Consumer*

Fitness: Fitness chain operator, focused on physical activity, health and well-being

Hospitality: Hotel management recognised for an outstanding service

Troia Operations: Development and management of TROIA RESORT, remembered for its diverse quality offer and restorative experiences

Real Estate Assets

Assets targeted to the financing of the group corporate strategy
(outside the scope of this Report)

OUR VALUES

Ethics and Trust

We are primarily committed to the creation of economic value on a long-term horizon, based on principles of ethics and sustainable development, built on relationships of trust with our stakeholders.

People at the centre of our success

We promote the development of the abilities and competences of everyone through constant challenges, an appetite for change and teamwork. Supported by an internal culture that encourages meritocracy, we believe that these are crucial factors for attracting, retaining and developing employees with outstanding talent and potential.

Ambition

This is our driving force, embodied in the way we continuously challenge ourselves to remain resilient and determined, stimulating and challenging our capabilities and adding value to our clients.

Innovation

Innovation is in the lifeblood of our businesses. We continuously break with the conventional and we have the capacity to surprise the market. We believe that mistakes and failure can be a source of learning, but we are aware of the importance of knowing how to balance them within acceptable risk parameters.

Social responsibility

We have an active sense of social responsibility, aiming to improving our society, with a strong concern for the environment and the development of human knowledge.

Frugality and efficiency

We value efficiency and healthy competition, and continuously strive to optimise the use of our resources while maximising their return.

Cooperation and independence

We take a position of independence and autonomy in relation to central and local Government, but we are always open and willing to cooperate with the authorities to improve the regulatory, legislative and social framework.

OUR POLICIES

At Sonae Capital, we scrupulously follow the national legislation on Human and Worker's Rights, as well as the guidelines of the United Nations and the International Labour Organization, assuring the elimination of any form of discrimination and promoting a healthy and balanced working environment.

In line with the principles in our Code of Conduct, we assume a commitment to promoting diversity in its various dimensions, in particular on the basis of age, gender, education or professional background.

At Sonae Capital, we value the diversity of qualifications and professional background. We believe that the work of the teams is enriched through the complementarity of each individual and, therefore, we continue to focus on a corporate culture that promotes innovation and continuous learning, with a strong focus on internal mobility as an instrument of personal development and enhancement. We value the diversity of careers and profiles of our employees. We stand for equality of opportunities and we do not accept any kind of discrimination in the workplace, be it related to age, gender, race, social background, religion, sexual orientation or physical fitness.

We seek to promote gender diversity actively in all companies that are part of the Group. In the process of recruitment and selection, we suggest to those responsible to present a list of candidates that is balanced in terms of representativity of both genders. We recommend that, at all levels of the company, as well as in all businesses, the teams are composed of elements of both genders, in a balanced way. We monitor the performance evaluations, promotions and salary reviews by gender, in order to ensure proper and balanced management in all teams.

Sonae Capital's Code of Conduct

Sonae Capital has a Code of Conduct ("Code") which includes a set of rules and principles of an ethical and deontological nature that govern the activity of the companies within Sonae Capital Group, the performance of the respective members of the governing bodies, their people and its business partners.

This Code establishes the principles of the Group with regard to what is expected of all players in the day-to-day activities in terms of transparency, trust, honesty, clarity of purpose and expected behavior, in line with the principles set out by the Group in its values. What is expected in the relations established by the various companies of Sonae Capital, or people who represent them, is included in this Code of Conduct, which is expected to be fulfilled in its entirety.

This Code of Conduct also aims to set a reference to the various external stakeholders about the behaviour patterns of Sonae Capital in its relationship with the various entities that are essential to its business.

To whom does this Code apply?

The Code is aimed at two groups of people, one internal and one external. Thus, internally, the Code applies to all members of the Governing Bodies of any entity that is part of the Sonae Capital Group, to all Employees and Service Providers and to all those who are, in some way, entitled to represent Sonae Capital in its relationship with Customers, Suppliers and Partners.

The Code is also a guide to the performance of all entities that are economically, institutionally or socially related to Sonae Capital Group, including shareholders, investors, suppliers, customers and business partners.

Why was this Code created?

The Code was created with the fundamental aim of:

- Materialising and sharing the principles that guide the activity of the Group and the rules of an ethical and deontological nature that should guide the behaviour of all its Employees and Partners;
- Promoting and encouraging the adoption of the principles of operation and the rules of behaviour defined in this Code, in the relations of employees between them and in their relation with Sonae Capital's stakeholders;
- Consolidating the institutional image of Sonae Capital, which should be characterised by excellence, exigence, responsibility and stringency.

How is the Code of Conduct divulged?

This Code is disseminated to all Employees and Partners and is published on the Group's website and Intranet.

How can any non-conformities to the Code be communicated?

The Statutory Audit Board of Sonae Capital has the responsibility to receive communications of irregularities, presented by shareholders, Sonae Capital's employees or others. The Statutory Audit Board shall, in writing, record the communication of irregularities addressed to it, promoting, as appropriate, the necessary steps to the Management, to the internal and/or external audit and shall draw up its report on said communications.

During 2018, the Supervisory Board has not received, through the means defined for this purpose, any communications dealing with matters under this policy.

The Code of Conduct of Sonae Capital is available on the Corporate website - www.sonaecapital.pt (Corporate Governance, Regulation).

Whistle Blowing Policy

The Policy on Reporting Irregularities seeks to protect the right of entities, employees or individuals to report procedures that do not follow the strict compliance with the legal, regulatory and deontological principles of Sonae Capital and its companies. Any acts which, in some way, affect the assets of Sonae Capital and the companies, as well as the good management practices, image or reputation of the Group are likely to be analysed by the relevant corporate body, the Statutory Audit Board.

The reporting of irregularities complies with several criteria and should contain a description of the facts that support it, be labelled as confidential and, where possible, included in a format, material or digital, which guarantees its inviolability until its receipt by the respective consignee. The author of the communication of irregularities should be clearly identified, with the possibility of requesting confidentiality of his/her identity.

The investigation and determination of responsibilities should be carried out expeditiously and the Statutory Audit Board will propose to the governing bodies of Sonae Capital or to the governing bodies of any other of its subsidiaries, or to any other organisational structure of those companies, the adoption of the measures it considers necessary to remedy the reported irregularity and confirmed by the investigation process. There is also a prohibition of reprisals in relation to the complainant, excluding situations where he is a participant in any irregularity or when it is proved that he has acted in bad faith in the initiation of such a procedure.

The Whistle Blowing Policy of Sonae Capital is available on the Corporate website - www.sonaecapital.pt (Corporate Governance, Whistle Blowing Policy).

Diversity Policy

We are convinced that our success, in a constantly changing world, comes from the people that are part of our Group. It is our essential premise to ensure that our recruitment processes are aimed both at suiting the characteristics of the candidates to the duties they are tasked with and the existence of different points of view, in order to make the Group richer.

We also believe that, when selecting the members of the governing and supervisory bodies, it is fundamental, that the shareholders favour the approval of proposals for electing governing bodies that are based on diversity criteria, in order to ensure that they have a wider range of knowledge, skills, experience and values. As such, we believe that the key to our success is the diversity of our people, which brings different perspectives, points of view and convictions and makes us a Group with a diversity of profiles.

Thus, Sonae Capital undertakes to develop efforts to promote diversity in its frameworks, as well as to focus on policies and recommendations aimed at the same purpose as regards the designation of its management and supervisory bodies, particularly in relation to the following criteria and always taking the nature and complexity of the Group's activities into account, as well as the social and environmental context of the companies they operate in:

- Professional Experience: the co-existence of diverse professional careers and backgrounds bring the appropriate know-how to the Group's activities and the strategy defined, particularly in the following areas: financial, accounting, legal, corporate governance, securities/derivatives market, industry, investor relations, banking, strategy, corporate social responsibility, risk management, auditing, procurement and asset management, marketing, the environment and Sustainability;
- Gender: gender diversity is aimed at promoting the existence of different perspectives and styles, bringing innovation and creativity to the body in question;
- Qualifications: the diversity of professional qualifications puts the skills needed for developing its activities and the defined strategy at the disposal of the group, bearing in mind the complexity involved. The inclusion of different areas like engineering, economics, management, law and others promotes the diversity of technical knowledge, which will permit a clearer understanding of the issues, risks and opportunities inherent to the Group's activity;
- Age: the Group does not have a restrictive view on age limits, because we believe that age diversity will allow experience and innovation to be combined, which could result in a more innovative, streamlined and considered decision-making process.

Sonae Capital is committed to implement and monitor the alignment of this policy with the most advanced standards of corporate governance and reviewing it at a suitable frequency (always with reasonable notice before each annual general meeting – with regard to the recommendations for the governing and supervisory bodies), while also bearing in mind the rules and principles of non-discrimination, particularly for reasons of ethnic origin, race, disability or sexual orientation.

Code of Conduct for Suppliers

Sonae Capital intends to guide its activity, in all businesses, by behaviours that go beyond the strict compliance with the legislation in force. To this end, we have adopted, in our practice, a set of principles of Sustainability, Ethics, Justice and Honesty.

Recognising the challenges and risks associated with its supply chain, and following its Supplier Relationship Policy, Sonae Capital has established this Code of Conduct to inform its Suppliers, and its subcontracting chain of the minimum requirements to be ensured throughout the period of collaboration with Sonae Capital, in all businesses, both locally and globally.

We intend to create value based on relationships of ethics and trust in a medium and long-term horizon and avoid circumstances or situations that may be perceived as improper or generating conflicts of interest for the market or other interested parties.

Sonae Capital expects, from its suppliers and service providers, to comply with these requirements, always on the assumption, when acceptable, that sufficient time is given for the necessary adjustments.

In addition, and transparency being a fundamental basis of any kind of relationship of trust, we expect our suppliers to inform us of all the circumstances that may jeopardize the fulfillment of this Code of Conduct, in order to try to overcome the problem together.

This Code of Conduct is modeled on the basis of the norms of the Universal Declaration of Human Rights and other standards issued by organizations such as the International Labour Organization, International Social Responsibility and the Ethical Trade Initiative.

Sonae Capital expects, from all its suppliers, the commitment to comply with and enforce the Code of Conduct.

The Code of Conduct for Suppliers is available on the Corporate website - www.sonaecapital.pt (Corporate Governance, Regulation).

Policy of restriction to the transaction of securities admitted to negotiation of Sonae Capital

At Sonae Capital, there is a group of employees who, by the functions they perform, have regular access to Privileged Information, highly confidential and of considerable value for the organisation and its stakeholders.

In this sense, Sonae Capital has implemented a set of guidelines aimed at regulating the transaction of securities, not only for the protection of the company but also of these employees.

Employees with access to Sonae price sensitive information are expressly prohibited from trading Sonae Capital's securities with short-term objectives (i.e., making day-trade). At the same time, the transaction of securities of Sonae Capital is restricted: (i) during periods of restriction, namely before the release of Sonae Capitals quarterly results; (ii) whenever the employee is aware of sensitive, non-public information, and; (iii) during any other period in which the Director appointed to monitor and supervise the policy considers that the securities transaction may go against the spirit of this policy.

Outside of restriction periods, in order to transact Sonae Capital securities, these employees must obtain formal written clearance from a designated Director.

Money laundering and terrorist financing prevention policy

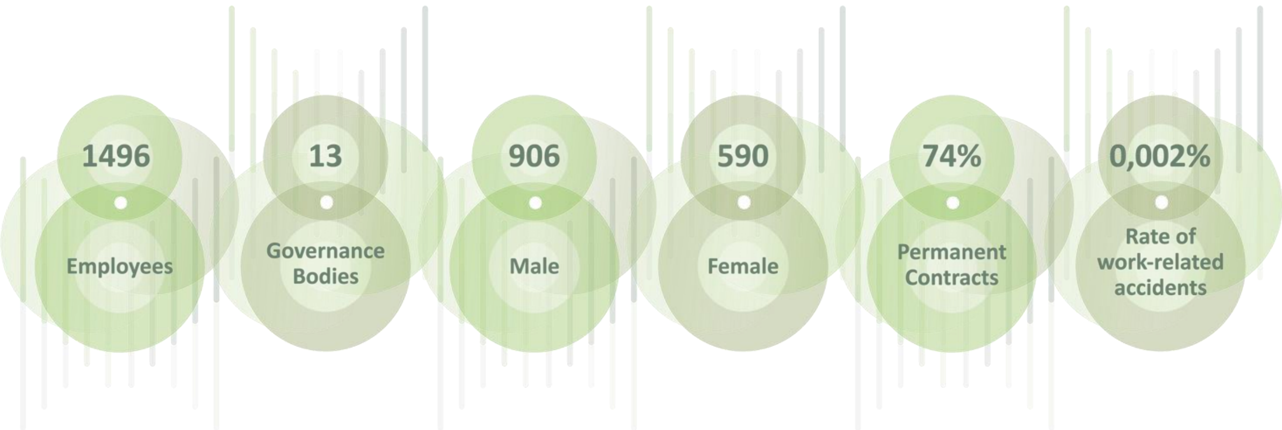
This policy reflects the definition of the basic principles – to be applied transversally in the Group headed by Sonae Capital in what regards the prevention, detection and response to the risks of exposure to transactions with third parties, the purpose of which (transactions) is converting resources from a criminal source into lawful resources through mechanisms of money laundering (ML), financing terrorist organizations or contributing to the proliferation of weapons of mass destruction (TF). This policy was prepared in accordance with the applicable Law, namely Law 83/2017 of 18 August and shall be applied without exception to all employees of Sonae Capital and its subsidiaries.

The money aundering and terrorist financing prevention policy is available on the Corporate website - www.sonaecapital.pt (Corporate Governance, Regulation).

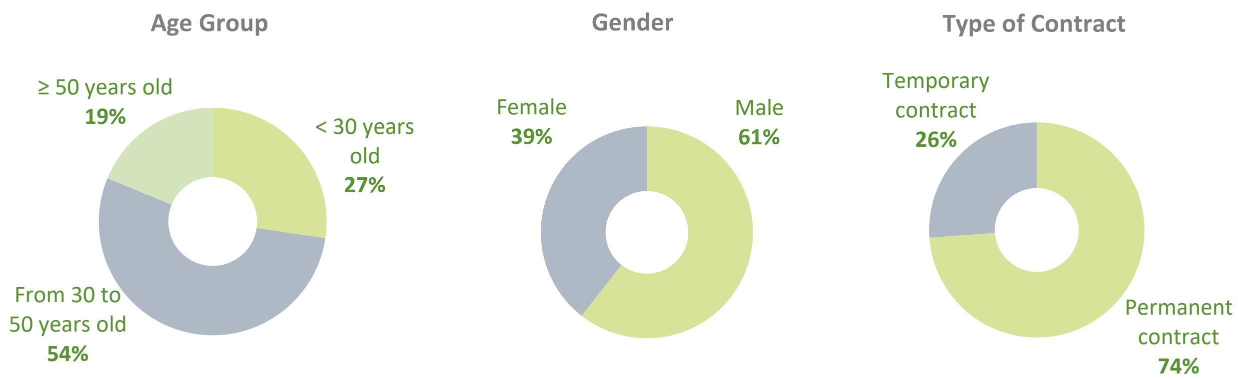
3. THE SOCIAL DIMENSION OF OUR BUSINESS

Sonae Capital is a company with several different business areas and with varying levels of maturity, which means that our approach to learning and constant adaptation is based on continuous improvement. Only in this way can we successfully respond to the needs of our businesses, which are continually in the process of growth and reinvention.

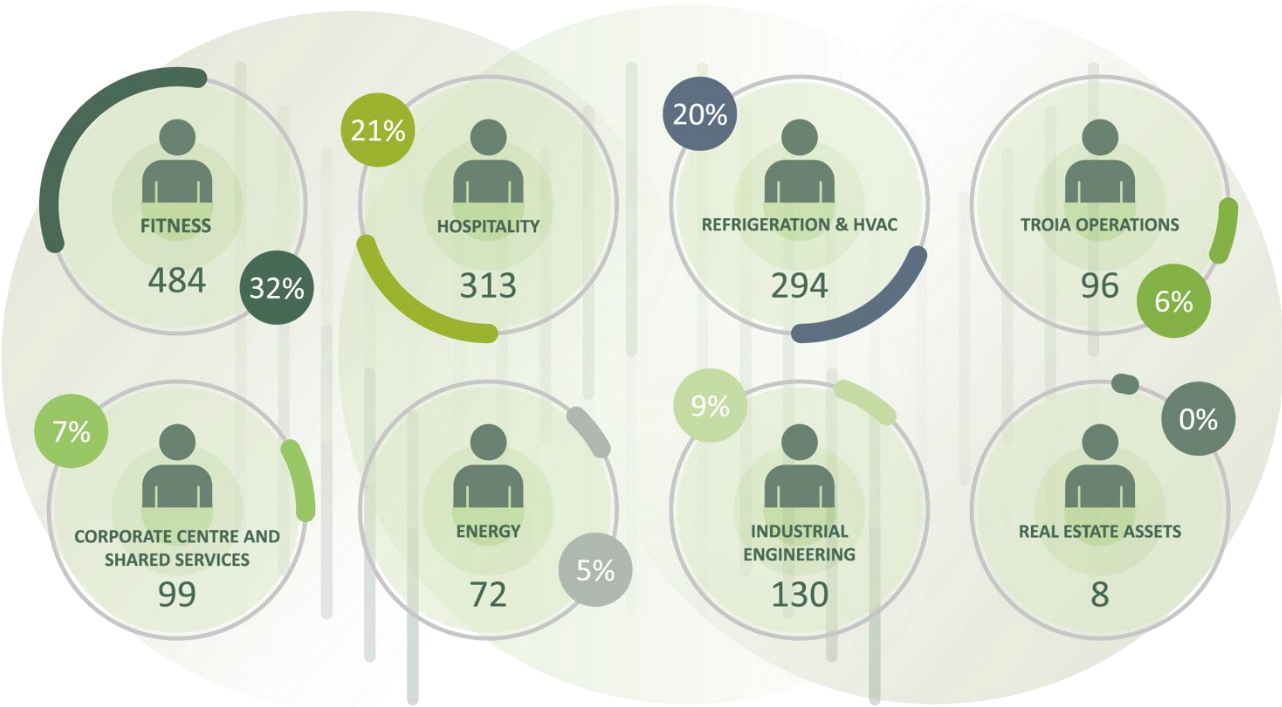
3.1 OUR REALITY IN 2018



Distribution of our employees | 2018



Distribution of our employees by business | 2018



At Sonae Capital, our employees are at the center of our success and, with this in view and with the intention of making them grow, we pay close attention to the individual path of each employee. Only in this way can we ensure that they are an increasingly important asset to the Group, allowing us to be more capable, daring and professional in all the businesses of our portfolio. Amongst the various components of the social dimension of Sonae Capital, we highlight the following:

Recognition and meritocracy: performance and career development assessment

At Sonae Capital, we are committed to ensuring employees a fair salary and personal and professional development based on merit. The IOP (Improving Our People) is one of the most important Human Resources management tools, in which each employee, at least on an annual basis, can obtain and provide feedback on their performance and career planning and development.

- **In 2018, 68% of our employees had a performance and career development assessment and 66 of which were promoted**

Training and development

In order to ensure a sustained growth rate, Sonae Capital focuses on continuous training for its employees. Each employee has an individual plan for growth and training, which depends on its function and professional category, which is complemented with the needs identified in the IOP.

In addition to training based on soft skills, Sonae Capital also provides employees with technical training, also giving the chance to participate in programs carried out in partnership with entities such as Harvard, London Business School or Cornwell.

- **In 2018, we conducted more than 34,900 hours of specialised training, 62% above 2017**
- **The average number of training hours per employee stood at 23.4 hours**

Health and Safety

Occupational Health and Safety is a fundamental part of the management of Sonae Capital.

Our concern with improving occupational health and safety conditions is always present and in line with our broader commitment to provide for the well-being of our employees. Therefore, we focus on a culture of zero accidents and we ensure the necessary conditions for the workplace to be safe and favorable to collective well-being

- **Em 2018, 58 work accidents were recorded, corresponding to an accident at work rate of 0.02%**

Parenting and the Job

Respect for parental leave is a priority for Sonae Capital. At one of the most important moments in the personal life of the employee, the Group is committed to respecting maternity and paternity leave in full compliance, providing all necessary support and conditions so that the employee's priority is with his or her family.

In 2018, all fathers and mothers at Sonae capital took their parental leaves:

- **Take-up rate (“Male” employees): 100%**
- **Take-up rate (“Female” employees): 100%**

Freedom of Association and Collective hiring

Sonae Capital respects the freedom of Association and Collective hiring, as well as the trade union activity, in accordance with the terms established by applicable law and as set out in the Code of Conduct.

- **In 2018, 31% of our employees were covered by collective hiring agreements and 7% of employees were unionized**

In the various businesses of Sonae Capital there are the following collective employment contracts:

Industrial Engineering

Collective Employment Contract between AIMMAP and SINDEL

Hospitality

Company Agreement between Aqualuz Tróia and FESAHT

Collective Employment Contract between APHORT and FESAHT

Troia Operations

Company Agreement between Atlantic Ferries and Sindicato dos Trabalhadores da Marinha Mercante, Agências de Viagem, Transitários e Pesca (SIMAMEVIP), Sindicato da Mestrança e Marinhagem da Marinha Mercante e Fogueiros de Terra e Energia (SITEMAQ) and Sindicato dos Transportes Fluviais, Costeiros e da Marinha Mercante

3.2 OUR SOCIAL RESPONSIBILITY

- **In 2018, 400 hours of volunteering were held by our employees**

Social responsibility is one of the pillars that governs our activity and is mainly through volunteering that we have been able to have impact on the community. In fact, and during 2018, we carried out several actions in which Sonae Capital employees were involved towards improving the society, in a growing group dynamic of involvement.

These actions were mostly organised under *Sonae Activshare*. This program, which was born in 2012, is a transversal initiative transversal to all companies in the Efanor Group and aims to develop, consolidate and aggregate all the Social Responsibility and Volunteering actions. Of the various activities in which Sonae Capital employees participated in this program in 2018, we would like to highlight:

Junior Achievement Portugal: *Junior Achievement Portugal* (JAP) is a nonprofit organization that inspires and prepares children and young people to succeed in a global economy. Its activity is to provide transformative experiences based on three key pillars: citizenship and financial literacy, entrepreneurship education and employability skills. Sonae Capital, together with Sonae, has a partnership with JAP and has several volunteers to participate in the expansion of education for entrepreneurship.

Escola de Super Poderes (*Super Powers School*): Sonae Capital allied with the *Transformers* Movement to create the "Sonae Super Powers School", whose mission to increase the involvement of employees in their community by sharing what they like to do best – their talents/superpowers. Participation implies the promotion of explanatory sessions of each superpower with a group of apprentices.

Escola de Super Poderes (Super Powers School), Solinca.

Braço Direito (*Right Arm*): the *Right Arm* is an initiative that gives our employees the opportunity to share their knowledge with students of the *Escola do Cerco,* in Porto. One of the main objectives is to show each participant the practical application of the subjects studying in the school within the organisational structure and day-to-day work in a business context. Students accompany the employee during a day of their work, sharing their routines, difficulties and gratifying moments of their function. It is particularly useful for young people to know what is actually done in certain areas of companies where visibility is not always given externally.

Fundraising for fire victims: following the serious fires that occurred in Portugal in 2017, there was a set of actions organised between the various companies of Sonae, in order to raise funds for the purchase of material needed for the areas most affected by fires. The final amount raised by the employees was doubled by Sonae Capital.

Amongst the actions that were promoted outside the scope of Sonae Activshare, we would like to highlight:

Casa do Casal: requalification and assembly of the furniture of a house affected by the fires in 2017. As part of a teambuilding action of Sonae Capital, the employees bought material and furniture to recover the house of an elderly couple, painting the house, hanging paintings, assembling furniture and cleaning the various divisions of the house.

Christmas Action: every year, Sonae Capital elects a cause to support on Christmas. In 2018, the Company joined an Institution that supports needy children and families, the *Conferência de Jovens de S. João Baptista de Aldoar*, a Vicentina conference that develops a socio-charitable work with the most deprived families of the social neighborhoods of Aldoar, Fonte da Moura and Biquinha, to make Christmas of a group of children even more special. The children wrote letters to Santa Claus, and our employees made their wishes a reality.

4. THE ENVIRONMENTAL DIMENSION OF OUR BUSINESS

4.1 ENERGY

WHAT WE DO

The creation of the Energy business took advantage of the experience and know-how existing in the development of power plants within the Sonae Group, which dates back to the beginning of the decade of 80. The objective was to transform a set of assets and competencies that were, up to that moment, included in various operations of the Group in a dedicated business. Currently, CapWatt owns and operates 67 MW: 9 cogeneration plants with 45 MW, 14 photovoltaic plants with 16 MW, 1 biogas plant with 1 MW and 1 wind farm with 5 MW.

Aqualuz | Troia

Atelgen | Barcelos

Carvemagere | Barcelos

Colombo | Lisbon

Efanor | Barcelos

Enerlousado | Famalicão

PNES | Maia

Prosa | Marco de Canavezes

CapWatt (not exhaustive).

OUR PERFORMANCE

- **132,790 GJ produced through Renewable Sources in 2018**
- **10,384 t of avoided CO_2e emissions**

OUR BEST PRACTICES

CapWatt, Sonae Capital Energy business, holds and operates decentralized energy production projects through cogeneration and renewable sources (wind, solar and biogas). Thus, the cogeneration - decentralized mean in which the production of electricity and thermal energy occurs simultaneously, to the detriment of the separate production - stands out for the saving of primary energy and, consequently, reducing the emissions of gases with greenhouse effect, namely CO_2. The cogeneration plants held by CapWatt are made up of engines or turbines, use natural gas as fuel and are characterized by their high overall efficiency, which means primary energy savings of about 20% on average.

Regarding the prevention and control of pollutant emissions to the atmosphere, and in accordance with the applicable law, monitoring of gaseous effluents is carried out and the results are communicated to the responsible governmental entity. Paying attention to the preservation of operating conditions and respecting the equilibrium of the human-environment binomial, the emissions of gaseous effluents resulting from the production of energy comply with the legal requirements for concentration limits and pollutant emissions into the atmosphere. This is due to the use of the best available techniques, in order to develop an integrated policy for the prevention and control of air pollution.

In addition to the initiatives related to solar and wind energy, the portfolio of CapWatt also includes two differentiating projects based on the full use of biofuels. Thus, CapWatt first investment in the area of biofuel emerged in 2017, with the integration in the portfolio of an electrical production facility based on the use of biogas. This project has a power of 1 MW and is located in Chamusca. Through a biogas capture system produced in the landfill, this gas is valued energetically, in a motor similar to those employed in the cogeneration plant, and thus produces electricity – promoting circular economy and significantly decreasing the amount of greenhouse gas emissions.

The year 2017 also proved to be a landmark for CapWatt, since the development of the first large-scale biomass energy project was initiated in Mangualde. The biomass plant, which represents an investment of approximately 50 million euros and whose entry into operation is scheduled for the beginning of 2020, will use by-products of wood processing industries and forestry biomass as fuel, thus constituting an important contribution to the circular economy. It is also noteworthy that this installation will recover the heat produced for the production process, so it will achieve a very high overall efficiency.

The main objective of CapWatt is the provision of a global energy solution to its partners, supplying their electricity and thermal energy needs, always in an awareness-raising perspective for rational energy consumption.

Another environmental aspect that remains properly controlled is the management and treatment of waste generated by the activity, with the principle of minimising its production and having an appropriate final destination. The waste generated is forwarded to entities licensed for this purpose, and the quantities reported to the Portuguese Environment Agency on an annual basis. In 2018, 92% of the CapWatt waste was recovered, a value that compares with 87% in 2017.

Our employees are aware and motivated to the adoption of ecological practices, so that the rational use of natural resources is achieved. Several actions have been developed to raise awareness for the rational use of resources, as well as selective sorting practices at source, in order to encourage waste recovery through flows and sectors, maximizing the environmental benefit.

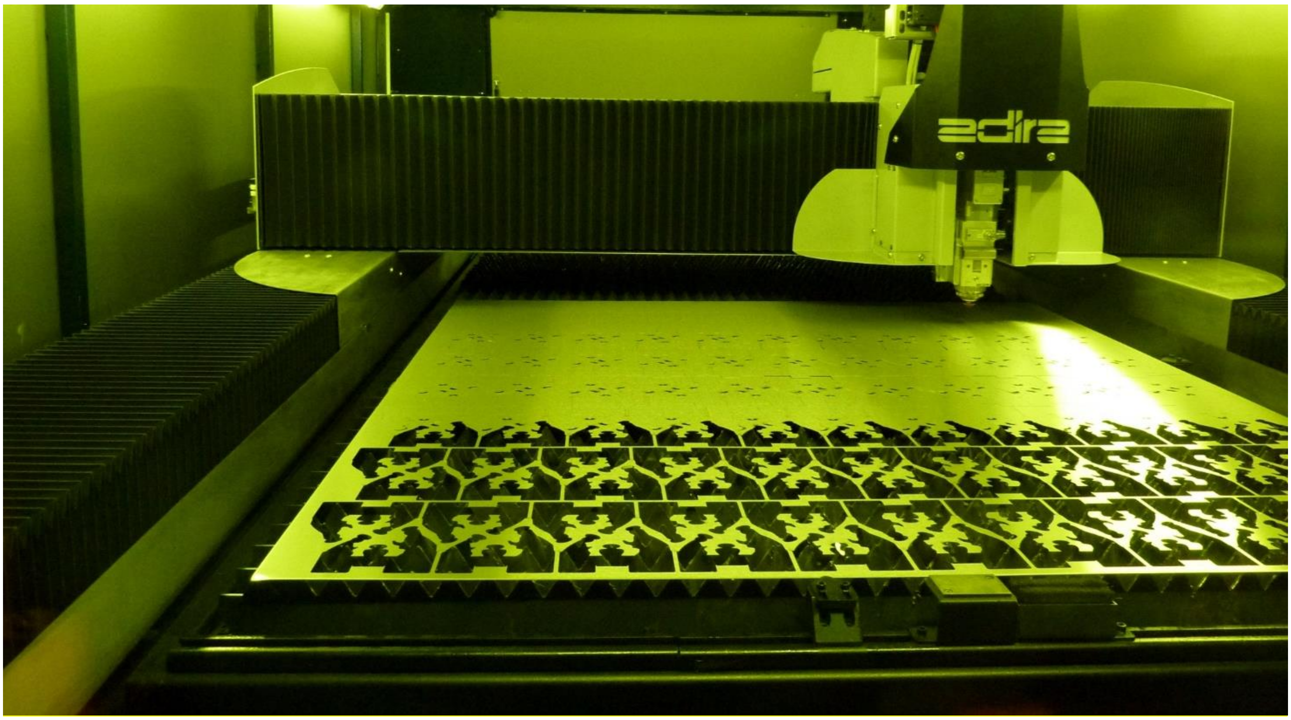
With regard to Fluorinated Greenhouse Gas (F-GHGs) and in accordance with current legislation, the maintenance and leak detection are carried out, and this data is reported annually to the Portuguese Environment Agency.

CapWatt is aware of the risks inherent in its activity, focusing on prevention through systematic evaluation and implementation of appropriate control measures. In 2018, it was obtained the Environmental Certification according to ISO 14001:2015 and certifications according to ISO 45001:2018, Safety and Health Management Systems at Work and ISO 9001:2015, Quality Management Systems.

4.2 INDUSTRIAL ENGINEERING

WHAT WE DO

ADIRA is dedicated to the manufacture of bending machines and guillotines of steel sheet and laser cutting machines. It also produces a new line of *Additive Manufacturing* (3D printing). Created more than 50 years ago (acquired by Sonae Capital in July 2017), its value is based on the reliability and technological advance of the equipment.



OUR PERFORMANCE

- **Implementation of clear measures in order to reduce Paper and Energy consumption**
- **Use of recycled plastic sleeves in machine packaging**

OUR BEST PRACTICES

ADIRA currently has certification according to ISO 9001:2015 standard for Quality Management Systems. ADIRA Environmental Certification is an objective that the business intends to ensure and for which the first steps are still being given. However, there is already a set of good practices implemented, which allows being optimistic about the certification in the future in the short/medium term.

Waste separation

The waste is duly separated, either in the manufacturing area or in the office area, and subsequently collected to the respective forwarding locations. The separation of waste is a process that facilitates its management and, therefore, ADIRA fulfills a task that generates value.

Paper consumption

At the beginning of 2019, through an initiative under *the AdOffice 4.0* project, a restructuring of the office space was carried out, for which a set of rules was created with the marked aim of reducing paper consumption. Thus, a 5S action was carried out focused on increasing the organization of the business, intending to establish and maintain a "paper free" space, digitaising all the necessary documentation to the company while archiving it in its proper places.

Energy consumption

During 2018, ADIRA took the initiative to replace the condensers of the Transformation Station, allowing the maximum reduction of energy losses. These condensers, newer and more effective than the previous ones, are a valuable aid for the energy consumed to be better used and so that, at the end of the process, the Station is, in fact, more efficient.

For ADIRA, the impact that lighting and the unregulated use of it has in operation and in the environment is a constant concern. Thus, in 2018, in order to achieve greater efficiency and reduction of consumption, the replacement of the older interior lighting by LED bulbs in the factory buildings was carried out, replacing 250W halogen lamps with LED bulbs of 150W and 200W.

Consumption of materials: machinery packing

Following the trend of the industry, we proceeded to change the packing material of the machines. The protection of the machine during transport, with regard to atmospheric conditions and the protection of its hydraulic, pneumatic and electric organs is a vital condition for the satisfaction of our customers. At the end of 2018, we implemented an alternative to the usual plastic sleeves, with the introduction of a new recycled product. By adopting the concept of recycling in our packaging process, we were able to reduce not only the packaging cost by about 29%, but also to improve our environmental performance. This new way of packing, even if equal in terms of flow and pace of work, is a first step with a material that concerns us as a company and has been in focus in recent years.

Sleeve of plastic | Recycled sleeve of plastic

Optimization of machinery oils

Machinery oils are indispensable components for the activity of ADIRA and, at the same time, are also those with the most environmental impact. Thus, we required the test for a new lubricant for the machining equipment, in order to improve its performance. The test was carried out with a 100% synthetic product, free of Chlorine, Boron, Formaldehyde, nitrites and secondary amines; it also contains a set of additives that provides good surface finishes, as well as additives for high product stability and bio-resistance to micro-organisms, making it ideal for medium and severe rections.

With the use of this new oil, the estimated saving is significant. In addition to reducing the environmental impact, the equipment needs less oil and, consequently, it also has less need for monitoring by the operators. Finally, we reached savings of about 38% in the average oil cost.

4.3 FITNESS

WHAT WE DO

The Fitness business was created in 1995, with the opening of the first Club, at the Porto Palácio Hotel in Porto, having started the expansion plan from 1997, with the opening of a second space in the Colombo Shopping Center in Lisbon. Currently, this business has 30 Clubs in operation and the average number of active members is already above the 85,000. With a multi-segment strategy, the business operates through the brands Solinca, Pump and ONE.

OUR PERFORMANCE

- **80% of the total area of Clubs in operation with low-consumption lighting**
- **Use of water mixers with timing and flow reduction in 28 Clubs**

OUR BEST PRACTICES

Energy consumption

Energy and water consumption are the most material subjects in the Fitness business. In addition to a constant concern with consumption levels, awareness-raising campaigns are promoted in which good practices are communicated to employees and customers.

As with physical exercise, an efficient and intelligent use of energy will allow the Fitness business to get beyond using fewer resources. Thus, over the past few years we promoted the refurbishment of Clubs already in operation, where we replaced halogen spotlight bulbs by LED bulbs. Currently, 80% of the total area of the Clubs in operation has low consumption lighting, which represents average savings of 400MW per year.

In the new Clubs, with new underlying constructions, there is a concern with both the energy class of the equipment and the energy class of the building (which takes into consideration equipment, insulation materials and systems) and the option is, wherever possible, by environmentally more efficient equipment. At the same time, and whenever the nature of building is favorable, we study the placement of solar thermal and photovoltaic panels. Of the 30 Clubs in operation, we have solar thermal panels in 5 Clubs and a project is underway for the implementation of photovoltaic in 4 Clubs between 2019 and 2020.

Water consumption

Water consumption is, by nature, a central theme of the operation. Of the 30 Clubs in operation, 21 have a swimming pool and, in addition, the consumption of showers is equally relevant. Over the last few years, actions have been implemented to replace equipment. At an early stage, the water mixers and showers we had debited 18 L/min. These structures were progressively replaced by equipment with timing and reduction of flow, and currently the debit amounts approximately from 6 to 8 L/Min. This solution has a very positive effect on reducing the annual consumption of Clubs. We currently have water mixers with timing and flow reduction installed in 28 Clubs, with estimated annual savings of approximately 40,000 cubic meters.

Also, in the new constructions the implementation of these systems is also taken into account, and there is constant market monitoring in search of new solutions that may allow even greater efficiency.

4.4 HOSPITALITY

WHAT WE DO

The Hospitality Business includes the operation of six Hotel Units, of which three in Porto (Porto Palácio Hotel, The House Ribeira Hotel and The Artist Porto Hotel), two in Troia (Aqualuz Troia and Troia Residence, which are covered in greater detail in chapter 4.7) and, since the beginning of 2019, a unit in Lagos (Aqualuz Suite Hotel Lagos). Acknowledged for their service of excellence, each unit has its distinguishing identity, which establishes it as a full-fledged reference in the context in which it is inserted.

OUR PERFORMANCE

- **Reduction in total energy consumed, from 46,652 GJ, in 2017, to 46,247 GJ, in 2018 (evident in the consumption of natural gas, electricity, diesel and gasoline**

- **Reduction in water consumption from 98,047 to 88,693 cubic meters between 2017 and 2018**

OUR BEST PRACTICES

In 2018, Sonae Capital's Hospitality business focused on three main areas as far as the ecological footprint is concerned: the separation of waste, the treatment of food oil and the consumption of water and electricity. These are fundamental steps in key areas of our activity, since we are talking about actions that influence the business on a daily basis and the way we position ourselves in terms of our responsibility towards the environment that surrounds us.

Waste management and separation

The management and separation of waste has been assuming an increasing importance in our units. We have prepared several campaigns to raise our employees awareness about the way we dispose of the waste we produce and which have an impact on their collection. Thus, several campaigns have been put into practice throughout the year so that, increasingly, separation is a reality assumed and repeatedly practiced in our hotel units.

Food oil recycling

As far as food oil recycling is concerned, we have been taking important steps in how we deal with this important element in our business. The delivery of the product and its substitutes to the competent authorities, so that it can be recycled and reused, is a concern that has become increasingly present in all our units. Here too, the effort of our employees is essential, so we have made several actions to raise awareness with regard to the contribution to an ever less waste of this material.

Rational resource management

We have been developing an ever greater environmental awareness with regard to water and electricity consumption. It is a particularly sensitive area of our daily life as a business, since they are absolutely indispensable elements for the hotel units to develop their activity in a normal way. However, we are aware that the sensitization of the various users of our hotel units – whether they are employees, suppliers or clients – is essential for us to reduce the use of water and electricity and, by doing so, for our ecological footprint to become smaller.

Hygiene and safety

In the Hospitality business, the Hygiene and Food Safety is one of the crucial points evaluated annually. This is the strict monitoring of the spaces where food production and processing takes place and its main objective is to ensure the safety and well-being of Clients. Five checks per year are usually performed, and points are analyzed that guarantee the quality and safety of food. The application of good practices contributes to better management of raw materials and to less food waste.

4.5 REFRIGERAÇÃO & HVAC

WHAT WE DO

The Refrigeration and HVAC business, which operates under the RACE brand, has the mission to develop, implement and manage competitive and integrated solutions centered on Refrigeration, with the use of innovative, efficient and sustainable technologies, contributing to the Sustainability of all stakeholders.

OUR PERFORMANCE

- **More than 10 commercial installations with the integrated solution of the cooling system with the HVAC system, with consequent energy savings and reduction of refrigerant gas volume in the installation and refrigerant leakage rates**

- **Reduction of the organization's energy consumption by 20**

OUR BEST PRACTICES

During the last years of its activity, RACE has been developing skills in design and installation, in order to use environmentally friendly refrigerants, in line with the European legislation. At the same time, it has sought to implement solutions of high efficiency, at the level of integration of various systems, taking advantage of the synergies thereof. Here we highlight, among others, the integration of *Building Efficiency* in the development of new solutions that are more efficient, both in HVAC and refrigeration. The use of these new technologies, coupled with an effective control system, allows for the creation of more efficient systems and also reinforces the commitment to the implementation of more sustainable solutions, either economically (cost and investment) and environmentally (as regards emission reduction targets).

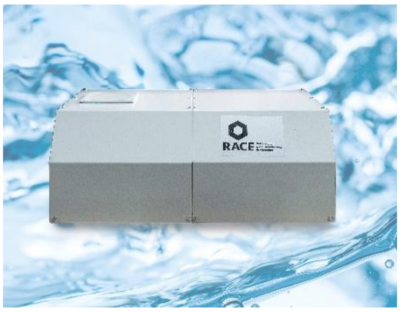
RACE solutions, which use the latest technology, have the following objectives:

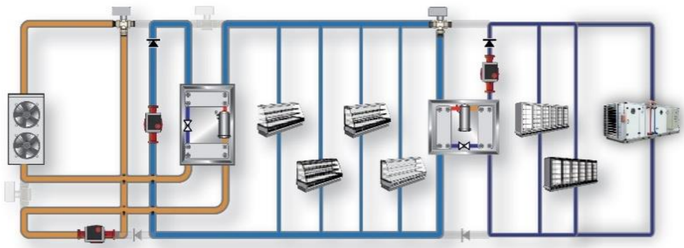
- Reduce energy consumption and the environmental impact
- Increase economic benefits by saving energy
- Reduce the refrigerant charge of the installations
- Comply with all regulations and environmental commitment

Thus, over the years, RACE has been participating in several national and international projects, namely in MULTIPACK and COOLBOX projects. Both projects take advantage of the synergies and simultaneity of the operation of refrigeration and HVAC systems. Given the total integration between the two systems, these are very innovative projects, both nationally and internationally. The heat generated by refrigeration is fully harnessed by the HVAC system, increasing the overall efficiency of the system.

It is also noteworthy the use of more efficient HVAC solutions in large commercial buildings (e.g. in Shopping Malls), such as the implementation of variable flow systems in the primary - allowing for greater overall efficiency of HVAC system - and optimizations performed at the level of reengineering of HVAC projects.

COOLBOX





RACE has developed the COOLBOX solution, which integrates the cooling system with the HVAC system, with the aim of reducing investment and energy consumption on commercial facilities. The system consists of converting each exhibitor/chamber into a refrigeration unit, independently or in a multi-circuit connection, consisting of COOLBOX condensing units. The solution adopted physically integrates the air conditioning system of the sales and offices area, in order to reduce installation and operation costs.

This system allows:

- Lower refrigerant leakage rate;
- Energy saving in the pumping system, adjusting in real time the flow to the needs of the installation;
- Energy savings of more than 20% in the overall store, which corresponds to a decrease of almost 30% in the energy consumption of refrigeration;

- Greater energy efficiency, since the compressors used in the COOLBOX allow remarkable energy savings, and can obtain significant savings in the refrigerator cycle, as well as a high stability of the evaporation temperature;
- Reduction of TEWI (*total equivalent warming impact*) against traditional systems, with a reduction of about 96% in refrigerant losses;
- Reduction of about 80% of the volume of refrigerant gas in the supermarket, one of the biggest contributions for the ecological footprint in a store.

In June 2017, we inaugurated the first store in Portugal endowed with a *waterloop* COOLBOX by RACE system, with integration between refrigeration and climatization. Since that date, this solution has been used in ten more commercial facilities nationwide. According to the information collected so far, there is a reduction in the average daily consumption of the store in about 8% to 38%, compared to the stores with the traditional centralized system.

3GEnergy - Integrated Power Management and Maintenance System (BuildONE Software integration)

Following the creation of the BuildONE Web application for Energy Management, RACE partnered with INESC TEC to further develop the potentialities of this tool, giving rise to the 3Genergy project. This project aims to create a highly innovative global energy efficiency management platform, dedicated to medium and large-scale installations (both in the industrial and services sectors), which allows to manage energy in a perspective that includes various functionalities.

This platform was built on several aspects that characterize the development of energy management systems, such as the use of energy resources from a perspective of carbon emission control or the intelligent monitoring of consumption and of the equipment in real time. Another of the features to be taken into account in this partnership concerns the consumption assessment devices in relation to the potential impact of investments in energy efficiency and the active collaboration of all employees to improve efficiency. In the end, the platform makes the integration of advanced energy management systems with other management systems (maintenance, quality, environment, production), being accessible through different environments (web, cloud or mobile).

4.6 TROIA OPERATIONS

WHAT WE DO

Sonae Capital's operations in Troia are located at TROIA RESORT. Troia is a sandy restinga bathed, on the west, by the Atlantic Ocean and, on the east, by the Sado estuary. This unique location gives Troia a huge richness from the environmental point of view.

Accordingly, the TROIA RESORT emerged in this privileged environment with beach, dunes, marsh, estuary and pine forest surroundings, where the safeguarding and appreciation of the environmental heritage were considered as differentiating factors.

The development of the TROIA RESORT goT along with the implementation of an *Environmental Management System* that progressively included the project, construction and the operation activities.

OUR PERFORMANCE

- **Biodiversity, a differentiation factor of the TROIA RESORT: with more than 600 inventoried species**
- **Population of 30 bottlenose dolphins of Sado is the only one in Portugal and one of the few in Europe to live in Estuary**

OUR BEST PRACTICES

At TROIA RESORT, we have invested from the outset in environmental excellence as a source of competitive advantage, and in the environmental heritage as a resource capable of creating value as a differentiating factor, or with potential to be capitalised in new services and products.

Thus, the Environmental Management System (EMS) of TROIA RESORT is certified according to the ISO 14001 standard since 2005 and is registered in the Community Eco-Management and Audit Scheme (EMAS) since 2008, a single case in Portugal for projects of this nature. In addition, the beaches and the marina are awarded with the Blue Flag.

Aware of the importance of making efficient use of natural resources, the different areas of the TROIA RESORT have developed a set of initiatives aimed at the continuous improvement of their environmental performance. In this context, we highlight the initiatives related to the reduction of water and energy consumption - not neglecting, also, the responsibility in the use and protection of the natural values of the Peninsula of Troia.

Next, we present some initiatives and differentiating projects that have contributed not only to reduce the environmental impact, but also to raise the awareness of employees, customers and the general population for the cause.

Water consumption

In 2018, the total water consumption at TROIA RESORT stood at 317,724 cubic metres, representing a reduction of 24%, compared to 2017. This significant decrease was the result of the implementation of consumption optimisation measures, in addition to more favorable weather conditions.

Given the high water consumption of the Golf course, we have implemented over the past few years a set of measures aimed at reducing the consumption of this infrastructure. These measures include the implementation of a new irrigation system, a new waterproofing of the lake, changes in the type of turf in some areas of the field (for species with lower water needs), a rigorous monitoring of the consumption and specific environmental awareness. These measures allowed for a 46% reduction in water consumption for watering the field between 2010 and 2018, corresponding to total water savings of 139,312 cubic meters, compared to 2010.

Energy consumption and Emissions

In 2018, the global electricity consumption at TROIA RESORT totaled 2.104 MWh, associated with an indirect emission of 592 tonnes of CO_2, which represents a reduction of 32 tonnes of CO_2 compared to 2017.

The project for optimising water consumption in Troia Golf also had a positive impact on the energy consumption associated with the reduction of pumping needs.

Also, “Meu Super”, the supermarket of Troia Marina, has implemented a set of measures with the aim of improving the energy performance of the store. Examples of these measures included redesigning the layout and cooling system, the use of more efficient lighting and the installation of a power rectifier. The set of measures implemented resulted in a 42% reduction in the consumption recorded between 2010 and 2018.

With regard to energy production from renewable sources, there are two photovoltaic solar parks in TROIA RESORT. At Aqualuz Suite Hotel Apartamentos, the park has 100 kW of power, having produced about 147 MWh of clean energy. The Troia Golf park has 40 kW of power, having produced, in 2018, almost 66 MWh of clean energy. Briefly, and only in 2018, the electricity produced in the two parks allowed to avoid the emission of more than 41 tonnes of CO_2.

In the area of mobility, soft transport modes are promoted at the Resort as the bike, for which there is a 5.5 km long cycle path. There are also fluvial connections by Ferry and Catamaran from Setúbal to the Peninsula, which allow the reduction of CO_2 emissions. Also available is a charging station for electric vehicles.

Resilience and adaptation to climate change

The Roman Ruins of Troia are one of the five pilot sites selected for the development of the project STORM (Safeguarding Cultural Heritage through Technical and Organisational Resources Management), alongside the Thermal Baths of Diocletian (in Italy), the Historic Center of Rethymno (Crete), the village of Mellor (in the United Kingdom) and the ruins of Ephesus (in Turkey).

The project STORM was one of the two winning projects of the Horizon 2020 *Disaster Resilience & Climate Change Program*, promoted by the European Union. This program aims to create a platform for communication and technological innovation, proposing a set of new predictive models, better non-invasive and non-destructive research and diagnostic methods for the effective prediction of environmental changes and revealing threats, which may mitigate the environmental and human risk that threatens cultural heritage.

In 2018, the Roman Ruins of Troia installed several anemometers and an acoustic sensor on the site that, in addition to the weather station, will allow to deepen the knowledge about the impact of climatic conditions and other risk factors on the cultural heritage and, thus, increasing its resilience capacity.

Biodiversity

Biodiversity is a differentiating factor of the TROIA RESORT. To date, more than 600 species have been inventoried, of which 233 species of flora, 152 species of birds, 12 species of mammals, 11 species of reptiles, 4 species of amphibians and 207 species of organisms living in the intertidal zone.

For visitors to be able to know the peninsula and its natural values in a privileged way, two pedestrian trails were developed and signposted in Troia: the trail of *Caldeira and Pinhal* (lagoon and pine forest trail) and the trail of *Praia e da Duna* (trail of the beach and dune), with dissemination materials available in several languages.

Trail of the Caldeira and the Pinhal: This trail develops through two different environments, consisting of the lagoon ("Caldeira") and the pine forest ("Pinhal") that surrounds it. The Caldeira is a lagoon where the tide fills and empties twice a day, unveiling the marshland and the muddy bottoms. In the area of the pine forest are the oldest dunes of Troia, covered by maritime pine (*Pinus pinaster*) and umbrella pine (*Pinus pinea*), and with a great diversity of plants such as "aroeira" (*Pistacia lentiscus*), the "cravo-das-areias" (Armeria spp.) and "camarinha" (*Corema album*). Especially noteworthy are the "zimbros" (*Juniperus turbinata* and J. Navicularis), the lichen, as well as the *Linaria ficalhoana* and the *Ionopsidium acaule*, two small rare plants existing in this area.

Trail of the Beach and Dune: this trail starts with access to the beach *Tróia-Mar* and goes south by the sand, passing before the *Cambalhão* bank towards the beach *Tróia-Bico das Lulas*. On this trail, the visitor will be able to come across the "pilritos-da-areia" (*Calidris alba*), groups of small birds that run fast behind the ripples of the waves, depecting the sand. Its also possible to know the characteristic plants of the dunes, such as the "eruca-marítima" (*Cakile maritima*), the "feno-das-areias" (*Elymus farctus*), the "cardo rolador" (*Eryngium maritimum*) and the "cordeirinhos-da-praia" (*Otanthus maritimus*), which retain the sand transported by the wind. Even in the urban nucleus, it is possible to find species with high natural value. Examples of these are the pallid swift and the European free-tailed bat, which motivated the construction of alternative shelters during the demolition of the tower they occupied.

Following the environmental impact assessment procedure of the Marina and the New Ferries Pier of TROIA RESORT, the monitoring carried out in 2018 shows the effectiveness of the measures to prevent and minimise the impacts foreseen in the environmental impact study, since, similarly to what happened in previous years, no impact of magnitude greater than anticipated or even significant was detected in any of the target factors of the monitoring program.

The population of bottlenose dolphins of Sado, which accounts for 30 individuals residing in 2018, is the only one in Portugal (and one of the few in Europe) that lives in Estuaries and has, therefore, deserved special attention, namely by "Tróia-Natura S.A.", a company owned by Sonae Capital, which promotes conservation and environmental monitoring actions in the Sado estuary, which are carried out in cooperation with the Institute for the Conservation of Nature and Forests. To highlight, in 2018, the 5th edition of the campaign "Protecting the Dolphins" which, in the summer months, has informed public opinion in general and the diverse users and navigators in the Sado Estuary to the problems of the community of bottlenose dolphins of the Sado and to the need for safeguarding and protecting them. Throughout its five editions, this campaign, carried out by a team aboard a vessel, has already alerted a total of 3,324 vessels.

Environmental awareness-raising activities

TROIA RESORT has been stimulating environmental education activities involving domestic and foreign tourists, the local community and visitors. Since 2005, these activities have covered more than 25,000 participants, with special focus on disseminating the vast natural heritage of the area.

Atlantic Ferries

In 2016, Atlantic Ferries initiated the implementation of an integrated management system (IMS) of quality, environment and health and safety at work, having been certified in 2018 according to ISO 9001, ISO 14001 and OHSAS 18001 standards. The implementation of this project focused in several key areas, such as customer service, safety and efficiency of operations.

Atlantic Ferries and TROIA RESORT have also supported non-governmental organizations whose mission is focused on preserving the environment. An example is *Ocean Alive*, which promotes campaigns in the Sado estuary allusive to the theme of the removal of marine litter on the beaches and in the Caldeira of Troia

5. *GLOBAL REPORTING INITIATIVE*

SONAE CAPITAL GROUP

Business-to-Business

100%	ENERGY
100%	INDUSTRIAL ENGINEERING
70%	REFRIGERATION & HVAC

Business-to-Consumer

100%	FITNESS
100%	HOSPITALITY
100%	TROIA OPERATIONS

GRI TABLE FOR THE OPTION “IN ACCORDANCE” CORE

GRI 102 – General disclosures		
Perfil Organizacional		
102 - 1	**Name of the organisation**	*Sonae Capital, SGPS, SA*
102 - 2	**Activities, brands, products and services**	*“ Sonae Capital"*
102 - 3	**Location of headquarters**	*Sonae SGPS, SA’s headquarters are located in Lugar de Espido, Via Norte MaiaPortugal.*
102 - 4	**Location of operations**	*All the operations of Sonae Capital are based in Portugal. In 2018, Sonae Capital initiated an operation in Mexico, in the Energy business*
102 - 5	**Ownership and legal form**	*Sociedade aberta. Matriculada na Conservatória do Registo Comercial da Maia, sob o número único de matrícula e identificação fiscal 508.276.756*
102 - 6	**Markets served**	*Sonae Capital businesses are mostly exposed to Portugal. In Hospitality, the Revenues from International clients in significant. However, in the case of Adira, the company has more than 50% International Revenues: http://www.adira.pt/dealers.aspx?dqa=0:0:0:11:0:0:-1:0:0&id=1*
102 - 7	**Scale of the organisation**	*"Sonae Capital Group"*
102 - 8	**Information on employees and other workers**	

Employees by type of contract (no.)	
Permanent contracts (no.)	**1 105**
Male	724
Female	381
Temporary contracts (no.)	**391**
Male	182
Female	209
Total employees (no.)	**1 496**
Employees by region (no.)	
Portugal (no.)	**1 495**
Permanent contracts (no.)	1 104
Temporary contracts (no.)	391
Mexico (no.)	**1**
Permanent contracts (no.)	1
Temporary contracts (no.)	0
Total employees (no.)	**1 496**
Employees by type of job (no.)	
Full-time (no.)	**1 425**
Male	869
Female	556
Part-time (no.)	**71**
Male	37
Female	34
Total employees (no.)	**1 496**

102 - 9	**Supply chain**	*"Our policies”*

102 - 10	Significant changes to the organisation and its supply chain	*There were no significant changes during the period covered by the report.*
102 - 11	Precautionary principle or approach	*Corporate Governance Report 2018* *C. Internal Organisation: III- Internal Control and Risk Management*
STRATEGY		
102 - 14	Message from the senior decisionmaker	*"Message from the CFO"*
102 - 15	Key impacts, risks and opportunities	*Corporate Governance Report 2018* *C. Internal Organisation: III- Internal Control and Risk Management*
ETHICS AND INTEGRITY		
102 - 16	Values, principles, standards and norms of behaviour	*"Our Values" and "Our policies"*
GOVERNANCE		
102 - 18	Governance structure	*Corporate Governance Report 2018* *B. Governing Bodies and Committees: I- Shareholder's General Meeting: 12.3-14; II- Management and Supervision: 15-26*
102 - 21	Consulting stakeholders on economic, environmental and social topics	*Corporate Governance Report 2018* *B. Governing Bodies and Committees: II- Management and Supervision: 21-26*
102 - 22	Composition of the highest governance body and its committees	*Corporate Governance Report 2018* *B. Governing Bodies and Committees: II- Management and Supervision: 19-21*
102 - 23	Chair of the highest governance body	*Corporate Governance Report 2018* *B. Governing Bodies and Committees: I- Shareholder's General Meeting: 12.3-14;* *II- Management and Supervision: 15-21*
102 - 24	Nominating and selecting of the highest governance body	*Corporate Governance Report 2018* *B. Governing Bodies and Committees: II- Management and Supervision: 21*
102 - 25	Conflits of interest	*Corporate Governance Report 2018* *C. Internal Organisation: I- Statutes: 48; II - Communication of Irregularities: 49; III- Internal Control and Risk Management: 50-53*
102 - 28	Evaluating the highest governance body's performance	*Corporate Governance Report 2018* *B. Bodies and Commissions: II- Administration and supervision: 27 - 28.1.*
102 - 35	Remuneration policies	*Corporate Governance Report 2018* *D. Remuneration: I- Powers for determination: 66; II- Remuneration Committee: 67-68; III- Remuneration Structure: 69-76; IV - Disclosure of Remuneration: 77-82; V - Agreements with Remunerative Implications: 83-84; VI – Share Attribution Plans or Stock Options: 85-88; E. Transactions with Related Parties: I- Control mechanisms and procedures: 89-91*
INVOLVEMENT WITH STAKEHOLDERS		
102 - 41	Collective bargaining agreements	
Total of employees covered by collective bargaining agreements (no.)		469
Percentage of of employees covered by collective bargaining agreements (%)		**31%**
Employees registered in trade unions (no.)		106
Percentage of employees registered in trade unions (%)		**7%**
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	*"Framework"*

102-46	**Defining the report content and topic Boundaries**	*"Framework"*
102-47	**List of material topics**	*"Framework"*
102-48	**Restatements of information**	*Not Applicable*
102-49	**Changes in reporting**	*Not Applicable*
102-50	**Reporting period**	*"Framework"*
102-51	**Date of most recent report**	*This document is the first Sustainability Report of Sonae Capital*
102-52	**Report Cycle**	*Annual*
102-53	**Contact for questions regarding the report**	*"Framework"*
102-54	**Claims of reporting "in accordance" with the GRI Standards**	*This report was prepared according to the GRI Standards: Core option*
102-55	**GRI content index**	*Present table*
102-56	**External assurance**	*The information reported in this Sustainability Report was not subject to external assurance*

GRI 200 – ECONOMIC DISCLOSURES

GRI 201 – Economic Performance	2018	2017
201 - 1 Direct economic value generated and distributed		
(in million euros)		
Economic value generated	**240,4**	**187,4**
Revenues	240,4	187,4
Economic value distributed	**238,7**	**197,2**
Operational costs	170,4	130,2
Salaries and employee benefits	43,6	36,7
Payments to investors	20,0	29,7
Payments to the State	4,7	0,5
Donations and other community investments	0,03	0,05
Accumulated economic value	**1,7**	**-9,7**

GRI 201 - 2 Financial implications and other risks and opportunities for the organisation due to climate change

We have formed, at the Efanor Group level, a working group that will be focused (among other topics) on the following topics: Commitment endorsed under the Paris Pledge for Action initiative and the approach to the guidelines of the Financial Stability Board's Task Force concerning Climate-Related Financial Disclosures.

GRI 201 - 3 Defined benefit plan obligations and other retirement plans

Sonae Capital does not have a pension fund.

GRI 201 - 4 Financial assistance received from government

	2018	2017
(in million euros)	0,9	0,4
Include the deduction of tax benefits and investment subsidies.		

GRI 205 – Anti-corruption

GRI 205 - 1 Operations assessed for risk related to corruption

In its risk management process, Sonae Capital implements the international Enterprise Risk Management - Integrated Framework (COSO) methodology, which allows the identification of the different types of risks and threats to businesses development at both strategic and operational level . As the risk of corruption was not identified as a priority business risk, no operations were assessed.
It should be noted that Sonae Capital's Code of Conduct imposes restrictions on the offer and receipt of gifts, as well as gifts as a means of unduly influencing decision-making by Sonae Capital or by third parties.

GRI 205 - 3 Confirmed incidents of corruption and actions taken

There were no registered cases of corruption in 2018.

GRI 300 – ENVIRONMENTAL DISCLOSURES

GRI 301 - Materials	2018	2017
301 - 1 Consumption of materials by weight or volume		
Sonae Capital actively promotes the reduction of the consumption of materials in its value chain and we have several initiatives underway, with the appropriate suitability for the specific nature of each business and its value chain. Regarding paper consumption, we have obtained significant results in Energy (-28%), Refrigeration & HVAC (-36%), Hospitality (-18%) and Fitness (-7%), this last despite the significant increase in the number of clubs .		
Sonae Capital		
Paper (t)	17,0	19,1
Energy		
Natural gas (m3)	82 810 550	82 619 230
Note: Natural gas is a raw material used in the process of energy production in CapWatt, in cogeneration.		
Industrial Engineering		
Steel (t)	89	94
Oils (l)	56 260	52 294
Inks and diluents (l)	21 421	22 058
Plastic (t)	3	2
Following industry's best practices, and aligned with a greater concern with the impact of our activity, the packaging material of the machines has changed since the end of 2018, by replacing the plastic sleeves with recycled plastic sleeves. The evolution in plastic consumption between 2017 and 2018 is due to: a more rigorous packaging in 2018; (ii) the introduction of the use of plastic after the beginning of 2017; and, (iii) the increase in the number of machines produced in 2018, compared to 2017.		
Fitness		
Sodium hipochlorite (t)	120	96

GRI 302 - Energy	2018	2017
302 - 1 Energy consumption within the organisation		
Sonae Capital		
Natural gas consumption (m3)	1 411 119	1 155 975
Electricity consumption (MWh)	30 486	24 202
Diesel consumption - vehicles (l)	6 366	2 504
Petrol consumption - vehicles (l)	629 496	569 524
Note: Excludes Atlantic Ferries consumption.		
Natural gas consumption (GJ)	54 243	44 436
Electricity consumption (GJ)	109 749	87 128
Diesel consumption - vehicles (GJ)	209	82
Petrol consumption - vehicles (GJ)	22 445	20 307
Note: Excludes Atlantic Ferries consumption.		
Energy		

Electricity produced through renewable energy source (MWh)	36 886	40 410
Electricity produced through renewable energy source (GJ)	132 790	145 476
Note: 2017 information include the contribution of Lusobrisa and Ventos da Serra since 1 January 2017.		
Industrial Engineering		
Corgon 18 (m3)	18 160	9 662
Oxigénio Líquido (m3)	24 313	29 216
Corgon 18 (GJ)	698	371
Liquid oxygen (GJ)	935	1 123
Troia Operations		
Diesel consumption (l)	1 271 150	1 247 859
Diesel consumption (GJ)	45 324	44 494
Note: Atlantic Ferries consumption.		
Electricity consumption within the organisation (GJ)	**109 749**	**87 128**
Fuel consumption within the organisation (GJ)	**123 855**	**110 813**
Energy consumption within the organisation (GJ)	**233 604**	**197 942**

302 - 3 Energy intensity

Sonae Capital		
(in GJ/million euros)	**1 273**	**1 254**
Note: Considering the Turnover of Sonae Capital Business Units.		

302-4 Reduction of energy consumption

"The environmental dimension of our business".

GRI 403 - Water	2018	2017

303-1 Water withdrawal per source

At TROIA RESORT there are two lakes (Golf and UNOP2) that receive rainwater, which is used for watering. However, to date, there are no mechanisms to accurately report the amount of rainwater.

Sonae Capital		
Municipal water supply (m3)	646 205	684 143
Hospitality		
Underground withdrawal (m3)	50 361	61 254
Water consumption within the organisation (m3)	**696 566**	**745 397**
Water consumption per revenues	**3 796**	**4 722**
(in GJ/million euros)		
Nota: Considering the Turnover of Sonae Capital Business Units.		

303-3 Water recycled and reused

TROIA RESORT is currently undergoing a project to reformulate the Wastewater Treatment Plant of Troia, which will include the re-use of treated effluents for irrigation of green areas.

GRI 404 - Biodiversity

304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

TROIA RESORT comprises a total area of 486 hectares of land, corresponding to 380,000 square metres of construction area. The Urbanization Plan of Troia divides the territory into several operational units, named UNOPs.
The UNOP 4, named Ecoresort, covers a total area of 264 hectares and is intended for a high environmental and cultural value area, around a marsh area – the Caldeira – also including the Roman Ruins of Troia. This UNOP is included in the site PTCON0011 – Estuário do Sado da Rede Natura 2000. An important part of UNOP 4 is also included in the External Zone of Influence of the Reserva Natural do Estuário do Sado.
In 2016, it was created in UNOP 4 the ONE TROIA JOSÉ MOURINHO TRAINING CENTER, an internship center for soccer practice. This Center includes two football fields, a training ground for goalkeepers (occupying an area of 15,460 square metres) and a support building with about 354 square meters.
In UNOP 4, there is also the new Ferry pier in Troia, occupying an area of about 6,000 square metres.
The areas of intervention of UNOPs 1, 2, 3 and 4 include areas that are included in the Reserva Ecológica Nacional (namely in Beach, Dunes, Estuary Ponds and their respective protection range).
The Troia WWTP occupies an area of 22 hectares and is located in UNOP 9, in an area with several protection statutes:
- Site PTCON0011 - Sado Estuary of the Natura 2000 Network;
- Special Protection Zone PTZPE0011 - Sado Estuary;
- Sado Estuary Natural Reserve (RNES), which includes the Botanic Bottom of the Dunes of Troia, in whose area the WWTP is located, which was prior to the creation of the RNES.
Troia wastewater treatment plant area amounts to 22 hectares, being located in UNOP 9, which is an area with several protection statutes:
- Site PTCON0011 - Estuário do Sado da Rede Natura 2000;
- Special Protection Zone PTZPE0011 - Estuário do Sado;
- Reserva Natural do Estuário do Sado (RNES), which include the Botanic Bottom of the Dunes of Troia (which include the wastewater treatment plant) - which occurred prior to the creation of RNES.

304-2: Significant impacts of activities, products and services on biodiversity

Following a procedure to evaluate the environmental impact of the Marina and the New Ferry Pier of TROIA RESORT, the annual monitoring has shown the effectiveness of the measures to prevent and minimise the impacts foreseen in the environmental impact study since, as in the case of in previous years, none of the factors targeted by the program have detected impacts of a magnitude higher than expected or even significant.
In the case of ONE TROIA JOSÉ MOURINHO TRAINING CENTER, the environmental monitoring carried out has already shown that the impact of the use of fertilizers and phytosanitary products on groundwater is essentially null and also that there are no differences in conservation status of parcels in the direct and indirect surroundings of the Center as regards Flora and Habitats.

304-3: Habitats protected or restored

Description of habitats (312 hectares)
At UNOP 4, there are 15 habitats with conservation status (264 hectares).
The National Ecological Reserve (REN, Reserva Ecológica Natural), at UNOP2, covers an area of beach and dunes that has approximately 1,200 meters long and approximately, between 280 meters and 500 meters wide from the coast line, an area of over 48 hectares. In the REN area of UNOP 2, we registered 5 habitats with conservation status.
Description of measures implemented
These measures have been in progress for several years.
UNOP2: Construction of raised pathways on wooden walkways, longitudinal to green nature reserve area (total length of 1,248 km), in order to conduct visitors along pre-determined routes, allowing the minimisation of damage in dune vegetation.
UNOP4: Demolition and removal of dispersed buildings in ruin, scattered throughout the territory;
Phytosanitary slaughter of pinheiro-bravo (Pinus pinaster), which led to the elimination of a substantial number of diseased or dead trees, most of which have already been replaced by young specimens of pinheiro-manso (Pinus pinea) and pinheiro-bravo (Pinus pinaster).
Control of undifferentiated human intrusion through pedestrian and vehicle conditioning, with the aim of reducing the level of disturbance of sensitive areas (pinheiro-manso, meadow, shrub, herbaceous and lichen) and the risk of fire;
Control and eradication of invasive species or species unsuitable for space quality.

GRI 305 – Emissions	2018	2017
305-1: Direct (Scope 1) GHG emissions		
Emissions associated with the consumption of natural gas (t CO_2e)	3 043	2 493
Emissions associated with the consumption of diesel (t CO_2e)	5 022	4 802
Emissions associated with the consumption of petrol (t CO_2e)	15	6
Total direct (Scope 1) GHG emissions (t CO_2e)	**8 079**	**7 300**

305-2: Energy indirect (Scope 2) GHG emissions

Emissions associated with electricity consumption (t CO_2e) – location based	8 582	6 813
Total indirect (Scope 2) GHG emissions (t CO_2e)	8 582	6 813
Total GHG emissions – Direct and Indirect (t CO_2e)	**16 662**	**14 114**

305-4: GHG emissions intensity

(in t CO_2e/million euros)	**91**	**89**

Nota: Considering the Turnover of Sonae Capital Business Units.

305-6: Emissions of ozone-depleting substances

Sonae Capital did not run ozone-depleting substances.

305-7: Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions

NOx emissions - Diesel consumed (t)	54	52
NOx emissions - Petrol consumed (t)	0,1	0,0
Emissões totais de NOx (t)	**54**	**52**
SOx emissions - Diesel consumed (t)	10	9
SOx emissions - Petrol consumed (t)	0,0	0,0
Emissões totais de SO2 (t)	**10**	**9**

306-1: Water discharge by quality and destination

Volume of effluent discharged (m3)	557 253	596 318

Note: Sonae Capital does not have the accurate measure of rejected liquid effluents. Thus, according to Engineering best practices, we assume that 80% of the water consumed is rejected as liquid effluent. Regarding wastewater treatment, most of the liquid effluents generated in the facilities are discharged into public collectors.
In TROIA RESORT, the system in operation at the Troia wastewater treatment plant foresees several treatment steps.
The preliminary treatment allows to remove solids from the raw effluent, through a screening process in which the coarser fraction is removed. After grading, the effluent passes through a sandbox where the smallest particles are retained.
Then, the effluent proceeds to secondary treatment consisting of two aeration tanks where the biological treatment occurs through prolonged aeration. The effluent undergoes a process of biodegradation in the aeration tanks through a bacterial culture maintained in suspension by the existing aerators. During this process, the microorganisms multiply and constitute flakes that, when sent to the secondary decanter, settle to clarify the effluent.
From there, the final effluent is then sent to infiltration ponds, where it infiltrates completely, causing no direct discharge into the Sado estuary. The excess sludge produced in the activated sludge system is sent to drying beds so that, after dehydration, they follow to final destination.

306-2: Waste by type and disposal method

Hazardous waste (t)	**44,8**	**39,4**
Recovery (t)	38,2	32,6
Elimination (t)	6,6	6,9
Resíduos não perigosos (t)	**429,5**	**859,3**
Recovery (t)	419,5	848,8
Elimination (t)	10,0	10,5
Total volume of waste (t)	**474,3**	**898,8**
Recovery rate of waste (%)	**97%**	**98%**

306-3: Significant Spills

No significant spills ocurred in 2018.

307-1: Non-compliance with environmental laws and regulations

In 2007, there were no fines or sanctions related to Non-compliance with environmental laws and regulations.

Energy	**Unit**	**Conversion Factors (2017)**	**Conversion Factors (2018)**	**Source**
Natural Gas	PCI (GJ/Nm^3)	0.03844	0.03844	Agência Portuguesa do Ambiente (APA) (2013) (http://www.apambiente.pt/_zdata/DPAAC/CELE/tabela_PCI_FE_FO_2013.pdf)
Propane	PCI (GJ/ton)	46	46	APA (2017) Portuguese National Inventory Report on Greenhouse Gases 1990-2015
Diesel	PCI (GJ/ton)	42.6	42.6	APA (2017) Portuguese National Inventory Report on Greenhouse Gases 1990-2015
	Densidade (ton/l)	0.000837	0.000837	APA (2014) http://www.apambiente.pt/_zdata/DPAAC/CELE/tabela_densidades_combustiveis_2013.pdf
Petrol	PCI (GJ/ton)	44	44	APA (2017) Portuguese National Inventory Report on Greenhouse Gases 1990-2015
	Densidade (ton/l)	0.0007475	0.0007475	Decreto-Lei nº 142/2010, de 31 de dezembro
Electricity	(GJ/MWh)	3.6	3.6	-

Energy	**Unit**	**Emission Factors (2017)**	**Emission Factors (2018)**	**Source**
Natural Gas	(kg CO_2/GJ)	56.1	56.1	APA (2017) Portuguese National Inventory Report on Greenhouse Gases 1990-2015
Propane	(kg CO_2/GJ)	63.1	63.1	
Diesel	(kg CO_2/GJ)	74.1	74.1	
Petrol	(kg CO_2/GJ)	69.3	69.3	
Eletricity - Location Based	(kg CO_2/GJ)	78.2	78.2	International Energy Agency (2015). CO2 Emissions from Fuel Combustion, 2015 Edition

Emission Factors				
Energy	**Unit**	**Nox**	**SO2**	**Source**
Diesel	kg/GJ	0.8	0.21	IPCC 2006
Petrol	kg/GJ	0.600	0.075	IPCC 2006

GRI 400 - SOCIAL DISCLOSURES

GRI 401 – Employment	2018
GRI 401 - 1 New employee hires and employee turnover	
Total employees	
Age range (no.)	**1 496**
< 30 years old	409
From 30 to 50 years old	806
≥ 50 years old	281
Location (no.)	**1 496**
Portugal	1 495
International	1
Gender (no.)	**1 496**
Male	906
Female	590
New employee hires	
Age range (no.)	**619**
< 30 years old	336
From 30 to 50 years old	229
≥ 50 years old	54
Location (no.)	**618**
Portugal	617
International	1
Gender (no.)	**618**
Male	299
Female	319
Percentage of new employee hires	
Age range (no.)	**41%**
< 30 years old	22%
From 30 to 50 years old	15%
≥ 50 years old	4%
Location (no.)	**41%**
Portugal	41%
International	0%
Gender (no.)	**41%**
Male	20%
Female	21%
Employees leaving	
Age range (no.)	**730**
< 30 years old	399

From 30 to 50 years old	247
≥ 50 years old	84
Location (no.)	**730**
Portugal	647
International	83
Gender (no.)	**730**
Male	402
Female	328

Percentage of employee turnover

Age range (no.)	**49%**
< 30 years old	27%
From 30 to 50 years old	17%
≥ 50 years old	6%
Location (no.)	**49%**
Portugal	43%
International	6%
Gender (no.)	**49%**
Male	27%
Female	22%

GRI 401 - 3 Parental leave	Male	Female	Total
Total employees entitled to parental leave (no.)	33	34	67
Total employees who benefitted from parental leave (no.)	33	34	67
Total employees who returned to work after completion of parental leave (no.)	31	32	63
Total employees who returned to work after completion of parental leave and continued to work for the Company 12 months after returning (no.)	31	32	63
Take-up rate (%)	**100%**	**100%**	**100%**
Rate of return (%)	**94%**	**94%**	**94%**
Rate of retention (%)	**100%**	**100%**	**100%**

GRI 403 – Occupational health and safety	2018
GRI 403 - 2 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	
Occupational health and safety	
Workable hours by all employees (h)	2 883 927
Worked hours by all employees (h)	2 883 357
Total of deaths (no.)	0
Total of accidents in the workplace (no.)	58
Rate of occupational accidents (%)	**0.002%**
Total of days of absence due to occupational accidents (d)	56
Rate of days lost due to occupational accidents (%)	**0.002%**
Total of days of absence due to occupational diseases (d)	0

Rate of occupational diseases (%)	0
Total number of days lost (d)	56
Rate of lost days (%)	**0.002%**
Total of hours of absence (h)	570
Absenteeism rate (%)	**0.020%**

GRI 403 - 3 Workers with high incidence or high risk of diseases related to their occupation

Total number of employees whose work, or workplace, is controlled by the organisation, involved in occupational activities that have a high incidence or high risk of specific / serious diseases (no.)	0

GRI 404 - Training and education

404-1 Average hours of training per year and per employee

Total employees by functional category (no.)	Male	Female	Total
Top Executives	2	1	3
Management & Senior Management	64	26	90
Middle Management	94	41	135
Technicians/highly specialized technicians	369	325	694
Representatives	376	198	574
TOTAL	**906**	**590**	**1 496**

Total hours of training (h)	Male	Female	Total
Top Executives	0	0	0
Management & Senior Management	2 278	1 206	3 484
Middle Management	3 247	1 302	4 549
Technicians/highly specialized technicians	10 171	9 448	19 619
Representatives	4 299	3 017	7 316
TOTAL	**19 995**	**14 973**	**34 968**

Average hours of training by category and gender (h/employee)	Male	Female	Total
Top Executives	0.0	0.0	0.0
Management & Senior Management	35.6	46.4	38.7
Middle Management	34.5	31.7	33.7
Technicians/highly specialized technicians	27.6	29.1	28.3
Representatives	11.4	15.2	12.7
TOTAL	**22.1**	**25.4**	**23.4**

404-2 Programmes for upgrading employee skills and transition assistance programmes

Holding and Corporae Center	Total hours (h)
ADVANCED NEGOTIATION SKILLS	64
ALWAYS-ON LEARNING	48
ACTUALIZAÇÃO FISCAL EM IRC - ASPECTOS PRÁTICOS	8

AUDITORIA	12
AVALIAÇÃO DOS IMPACTOS DA FORMAÇÃO	8
BENEFÍCIOS FISCAIS	8
COACHING	56
CURSO DE MERCADO ELÉCTRICO	28
CURSO INTENSIVO DE LEGISLAÇÃO LABORAL	34
DATA PROTECTION	283
DESIGNING EXPERIENCE FOR AND WITH USERS	1
DPIA E PRIVACE BY DESIGN E SEGURANÇA	7
E-LEARNING	1
ENERGIA OMIP E A CÂMARA de COMPENSAÇÃO OMICLEAR	0
ESPANHOL	383
ESTRUTURAÇÃO LÓGICA DE IDEIAS	88
EXCEL BÁSICO APHORT	7
EXECUTIVE LEADERSHIP FORUM	15
FISCALIDADE INTERNACIONAL	8
FRANCÊS NÍVEL INICIAL	28
FUTURE OF FINANCE	48
GESTÃO DE RISCO E AUDITORIA BASEADA NO RISCO	0
GESTÃO DE TEMPOS MILLENIUM	5
GESTÃO DO TEMPO EM OUTLOOK	51
IHRSA EUROPEAN CONGRESS	24
IMPORTÂNCIA E PRÁTICA COMFORT ZONE | S1	216
IN COMMUNICATION	7
INGLÊS	240
INTERNACIONALIZAÇÃO VS EXPORTAÇÃO	4
INTRANET	50
IOP	4
IOW AWARENESS	4
IOW LAB	96
IOW TOP MANAGEMENT	16
IOW TOP MANAGEMENT | ADIRA	16
LIDERANÇA E GESTÃO DE EQUIPAS	28
MANUSEAMENTO DE DADOS PESSOAIS	9
MASTERCLASS APGEI: LIDERANÇA	2
MERGERS & ACQUISITIONS	4
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PRODUTIVIDADE PESSOAL E INTERPESSOAL	2
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SDP SENSIBILIZAÇÃO - PILOTO N2	9
SESSÃO DE ESCLARECIMENTO	6
SONAE SHOTS_BEYOND THE NOISE	2
SONAE SHOTS_BLOCKCHAIN, FADE OR FATE?	2
SONAE SHOTS_CREATING 31ST CENTURY...	6
SONAE SHOTS_CYBERSECURITY TRENDS	2
SONAE SHOTS_FINTECH DIGITAL OF BANKING..	3
SONAE SHOTS_MACHINE LEARNING	96
SONAE SHOTS_THE MIND OF THE LEADER	2
SONAE SHOTS_THE POWER OF POSITIVE PSYCHO	3
SONAESHOTS_WHAT WILL CONSUMERS LOOK LIKE	2
STRUCTURED PROBLEM SOLVING & COMMUNICATION	32
TÉCNICAS RECRUTAMENTO AVANCADO| LINKEDIN	7
TERCER SEMINARIO DE PROMOCIÓN Y DIFUSIÓN	8
THE GENERAL DATA PROTECTION REGULATION	3
TRANQUILITY E SAL	6
TRIBE EVENT | 18	32
WEB SUMMIT | 2018	32
WORLD BUSINESS FORUM | 2018	30
	2 514

Energy	Total hours (h)
A LEGIONELLA PREVENÇÃO E CONTROLO	24
ADVANCED MANAGER IN ENERGY	16
AUTOMAÇÃO INTEGRADA	70
COACHING	17
COGEN DAY | CENTRAIS DE COGERAÇÃO	46
COMBATE A INCÊNDIOS MEIOS 1ª INTERVENÇÃO	116
CONGRESO COGENERA | 18	59
CURSO DE MERCADO ELÉCTRICO	146
CURSO EUROPEU PRIMEIROS SOCORROS	304
CYBER SECURITY FOR INDUSTRIAL ENVIRONMENT	48
DATA PROTECTION	26
DIRECTIVA ATEX	56
E-GAR – GUIAS ELECTRÓNICAS ACOMPANHAMENTO	0
ENAEA | 18	10
ENERGIA OMIP E A CÂMARA de COMPENSAÇÃO OMICLEAR	8
ESPANHOL	83
ESSENTIAL PROJECT MANAGEMENT	16
ESTRUTURAÇÃO LÓGICA DE IDEIAS	16
FORMAÇÃO EM ICP PROJECT DEVELOPER	3
GESTÃO DE TEMPOS MILLENIUM	20
GESTAO DO TEMPO EM OUTLOOK	9
GESTÃO EQUIPAS I	16

GESTÃO VISUAL E QUADROS DE EQUIPA	20
INGLÊS	113
INTRANET	8
IOW AWARENESS	12
IOW LAB	192
JORNADAS DE MOBILIDADE ELÉCTRICA	23
MANOBRAS EM SUBESTAÇÕES	176
MASTERCLASS APGEI: LIDERANÇA	2
MATEMÁTICA	39
OPERAÇÃO E UTILIZÃÇAO DE EMPILHADORES	40
OPERATOR TRAINING | OPT TYPE 3 & 4	52
OPERATOR TRAINING | OPT TYPE 6	144
PBS GRAND CONFERENCE | VERTEX	32
PLANO ACOLHIMENTO INTEGRAÇÃO PROJECT MANAGER	38
PLANO ACOLHIMENTO INTEGRAÇÃO-ELECTRICISTA	18
PLANO ACOLHIMENTO INTEGRAÇÃO-OPERADORMCC	17
PLANO ACOLHIMENTO INT. TÉCNICO COMERCIAL	7
PRODUÇÃO DE ENERGIA EM COGERAÇÃO	7
PRODUTIVIDADE PESSOAL E INTERPESSOAL	0
PROGRAMA DE GESTÃO INICIAL	40
PROGRAMA GERAL DE GESTÃO	120
REGIME PREV. CONT. EMISSÕES POLUENTES AR	32
RENEWABLE SUMMIT | MERCADO E RENOVÁVEIS	45
ROTEIRO PARA O HIDROGÉNIO EM PORTUGAL	4
SESSÃO DE ESCLARECIMENTO	110
SESSÃO ESCL. SOBRE NOVO REGIME GERAL PROTECÇÃO DADOS	6
SIMULACROS | MEDIDAS DE AUTOPROTEÇÃO	63
SINVERT 400	128
SONAE SHOTS_CYBERSECURITY TRENDS	3
SONAE SHOTS_MACHINE LEARNING	48
SONAE SHOTS_THE MIND OF THE LEADER	2
SPCCC	40
STORYTELLING & ENGAGEMENT	6
STRUCTURED PROBLEM SOLVING & COMMUNICATION	16
TECNOLOGIA OPC	32
TERCER SEMINARIO DE PROMOCIÓN Y DIFUSIÓN	16
TRANSIÇÃO ENERGÉTICA | DESAFIOS PARA PT	15
WEB SUMMIT | 2018	16
WIRELESS MEETING	8
WORKSHOP LICENCIAMENTO ÚNICO AMBIENTAL	18
XIV CONGRESSO ANUAL COGEN ESPANHA	14
	2 824

Industrial Engineering	Total hours (h)
5S	88
ADVANCED NEGOTIATION SKILLS	24

COMANDOS DELEM	128
COMANDOS ESA	72
CURSO DOE E METODOS TAGUCHI	30
CURSO EUROPEU PRIMEIROS SOCORROS	60
DATA PROTECTION | NIVEL 2_MANHÃ	4
ESA AUTOMATION	40
ESSENTIAL PROJECT MANAGEMENT	32
ESTRUTURAÇÃO LÓGICA DE IDEIAS	16
FOLLOW UP DESAFIOS NA SUPPLY CHAIN BOSCH	6
FORMAÇÃO SOLIDEDGE ST10	75
FORMAÇÃO SST P/ REPRESENTANTES TRAB | 18	64
GESTÃO DE TEMPOS MILLENIUM	50
GESTÃO EQUIPAS I	112
GESTÃO VISUAL E QUADROS DE EQUIPA	54
INTERNATIONAL LASER TECHNOLOGY CONGRESS	19
INTRANET | SESSÃO DE FORMAÇÃO 2	3
IOP	18
IOW DIÁRIO	23
IOW LAB	64
IOW STUDY TOURS | SANTARÉM	4
IOW TOP MANAGEMENT | ADIRA | 1ª SESSÃO	48
IOW TOP MANAGEMENT | ADIRA | 2ª SESSÃO	48
KNOWLEDGE, WORKFORCE AND INFRASTRUCTURE	9
LEADING OTHERS	64
MANUTENÇÃO DE LASERS ROFIN SINAR	40
MINDFUL EXECUTIVES | MASTERING YOUR WAY	15
MINDSPHERE	16
MÓDULO GESTÃO DE ESCALAS	4
PARAMETRIZAÇÃO SIST. AVENTAIS E ESBARROS	64
PBS GRAND CONFERENCE | VERTEX	23
RESOLUÇÃO ESTRUTURADA DE PROBLEMAS	32
REVISÃO E ANÁLISE DOS MÓDULOS DE LN	64
SAPHETY PLATAFORMA	54
SEGURANÇA EM ATMOSFERAS EXPLOSIVAS	16
SEMINÁRIO APGEI | CUSTEIO INDUSTRIAL	8
SIMATIC TIA PORTAL PROGRAMAÇÃO 1	80
SOLIDEDGE	18
VISÃO ARTIFICIAL	14
WORKSHOP Q&A	8
	8
	1 615

Fitness	Total hours (h)
1º. CONGRESSO INT.NUTRIÇÃO/ALIMENTAÇÃO	162
3C	16
A ARTE DE VENDER MELHOR	28

ACULTURAÇÃO INTEGRAÇÃO| LAGOAS	60
ALWAYS-ON LEARNING	16
AQUATRAINER	20
AQUATRAINER | PRO	144
ARTE DE VENDER MELHOR	25
ATENDIMENTO, RETENÇÃO, PROCEDIMENTOS	20
AVALIAÇÃO FÍSICA INICIAL	33
BOSU PT	16
CAMPANHA JANEIRO/ FEVEREIRO | ALVALADE	8
CAMPANHA JANEIRO/ FEVEREIRO | NAÇÕES	8
CAMPANHA JANEIRO/ FEVEREIRO | REPÚBLICA	8
CLUB MANAGER	132
CONGRESSO DE FITNESS	581
CONVENÇÃO SC FITNESS	1973
CURSO DE AQUA FOW TRAINER NÍVEL 1	20
CURSO NATAÇÃO - TÉCNICAS ALTERNADAS	27
CUSTOMER CENTRIC | MANAGEMENT LEADERSHIP	16
CUSTOMER INTERACTION | TURMA 1	178
CUSTOMER INTERACTION | TURMA 2	160
CUSTOMER RETENTION	62
CUSTOMER RETENTION | TURMA 1	142
CUSTOMER RETENTION | TURMA 2	94
DATA PROTECTION | COMPLETE COURSE	30
DATA PROTECTION | NÍVEL 2_TARDE_1	19
DATA PROTECTION | NÍVEL 2_TARDE_2	11
DATA PROTECTION | NÍVEL 3 | TARDE	12
DESFIBRILHAÇÃO AUTOMÁTICA EXTERNA	380
DESIGNING EXPERIENCE FOR AND WITH USERS	1
DEVELOPING SQL DATA MODELS	18
E@SPORT	352
EQUIPAMENTO FITNESS	4
ESPECIALISTA EXERCICIO FÍSICO-M10	114
ESPECIALISTA EXERCICIO FÍSICO-M11	114
ESPECIALISTA EXERCICIO FÍSICO-M12	120
ESPECIALISTA EXERCICIO FÍSICO-M5	120
ESPECIALISTA EXERCICIO FÍSICO-M7	120
ESTRUTURAÇÃO LÓGICA DE IDEIAS	16
EXERCISE SUMMIT 2018	146
FI´S AULAS DE GRUPO	88
FI´S AULAS DE GRUPO | PROJECTO	21
FI´S INTERACÇÃO TÉCNICA	52
FI´S INTERACÇÃO TÉCNICA | PROJECTO	15
FI´S PERSONAL TRAINING	288
FI´S PERSONAL TRAINING | PROJECTO	18
FIBO	75
FI'S ABERTURA DE CLUBE | SALDANHA	12

FI'S GIMNICA	112
FITNESS MAGIC	60
FORMAÇÃO COMERCIAL	168
FORMAÇÃO COMERCIAL | CAMPANHA JANEIRO	4
FORMAÇÃO EQUIPAS FITNESS	10
FORMAÇÃO EQUIPAS FITNESS | FIS IT	14
FORMAÇÃO EQUIPAS FITNESS | S FUNCIONAL	8
FORMAÇÃO EQUIPAS FITNESS | SFUNCIONAL	260
FORMAÇÃO EQUIPAS FITNESS | SQA	114
FORMAÇÃO EQUIPAS FITNESS | SQA ALFRAGIDE	18
FORMAÇÃO EQUIPAS FITNESS | SQA COLOMBO	18
FORMAÇÃO EQUIPAS FITNESS | SQA FOZ	12
FORMAÇÃO EQUIPAS FITNESS | SQA LUMIAR	10
FORMAÇÃO EQUIPAS FITNESS | SQA MAIA	10
FORMAÇÃO EQUIPAS FITNESS | SQA NORTESP.	15
FORMAÇÃO EQUIPAS FITNESS | SQA OEIRAS	8
FORMAÇÃO EQUIPAS FITNESS|CRIAÇAO HABITO	177
FORMAÇÃO EQUIPAS FITNESS|SQA LARANJEIRAS	4
FORMAÇÃO FIX THE CORE	66
FORMAÇÃO INICIAL 3B	18
FORMAÇÃO INICIAL BODY ATTACK	144
FORMAÇÃO INICIAL BODY BALANCE	80
FORMAÇÃO INICIAL BODY COMBAT	96
FORMAÇÃO INICIAL BODY JAM	0
FORMAÇÃO INICIAL BODY PUMP	208
FORMAÇÃO INICIAL CXWORX	48
FORMAÇÃO INICIAL GRIT	16
FORMAÇÃO INICIAL LES MILLS BARRE	145
FORMAÇÃO INICIAL POWER JUMP	48
FORMAÇÃO INICIAL RPM	240
FORMAÇÃO INICIAL SH'BAM	32
FORMAÇÃO INICIAL SPRINT	24
FORMAÇÃO INICIAL ZUMBA	64
FORMAÇÃO INTERNA HIDRO	56
FORMAÇÃO INTERNA NUTRICIONISTAS FIT	39
FORMAÇÃO OMNIA	18
FORMAÇÃO PROCESSOS DE COMRPAS	48
FORMAÇÃO RECEPÇÃO FITNESS	71
FORMAÇÃO VENDAS NUTRIÇÃO	8
GESTÃO CARTEIRA DE CLIENTES | COLOMBO	18
GESTÃO CARTEIRA DE CLIENTES | LUMIAR	8
GESTÃO DE CARTEIRA DE CLIENTES | V.GAMA	12
GESTÃO DE CARTEIRA DE CLIENTES PT	28
GESTÃO DE CARTEIRA DE CLIENTES PT | GAIA	15
GESTÃO DE CARTEIRA DE CLIENTES PT | PPH	15
GESTÃO DE CARTEIRA DE CLIENTES PT | VC	10

GESTÃO DE CARTEIRA DE CLIENTES PT |BRAGA	8
GESTÃO DE CARTEIRA DE CLIENTES PT |VIANA	15
GESTÃO DE CARTEIRA DE CLIENTES|ALFRAGIDE	10
GESTÃO DE PISCINAS	27
GESTÃO DO TEMPO EM OUTLOOK	9
GESTÃO ESTRATEGICA E CRIACAO DE VALOR	40
GESTÃO FITNESS	6
GESTÃO VISUAL E QUADROS DE EQUIPA	40
IHRSA EUROPEAN CONGRESS	333
INTRODUÇÃO DE AVAL. FÍSICA + PLANOS DE TREINOS EM E@SPORT	63
INTRANET | SESSÃO DE FORMACAO 2	3
IOP	49
IOW LAB	160
IOW PROJECTO	16
MEDIDAS A IMPLEMENTAR P/ MELHORAR GF NO TERRENO	132
MEDIDAS A IMPLEMENTAR NA INTERACÇÃO TÉCNICA	134
NATAÇÃO INFANTIL	9
NORMALIZAÇÃO	12
NOVO CICLO DE VIDA 0-500	86
PBS GRAND CONFERENCE | VERTEX	0
PLANO ACOLHIMENTO E INTEGRAÇAO - FITNESS SPECIALIST	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - SERVICE COORDINATOR	160
PLANO ACOLHIMENTO E INTEGRAÇÃO - COMERCIAL	158
PLANO ACOLHIMENTO E INTEGRAÇÃO - ESTÁGIO PROFISSSIONAL FITNESS INSTRUCTOR	20
PLANO ACOLHIMENTO E INTEGRAÇÃO - FI	819
PLANO ACOLHIMENTO E INTEGRAÇÃO - NUTRIC	360
PLANO ACOLHIMENTO E INTEGRAÇÃO - REC FIT	918
PLANO ACOLHIMENTO E INTEGRAÇÃO - VIGILANTE	80
PLANO ACOLHIMENTO E INTEGRAÇÃO - SERVICE COORDINATOR	120
PRÁCTICAS DE VENDAS	77
PRESCRIÇÃO DE TREINO FUNCIONAL	124
PROCEDIMENTOS SC FITNESS E RGPD	21
PROCESSO COMERCIAL E PROMOÇÃO JANEIRO	36
PROCESSO DE VENDA | CAMPANHA JANEIRO 19	84
PROGRAMA DE GESTÃO INICIAL	40
PROGRAMA GERAL DE GESTÃO	120
PROPOSTA LEI P/ ALTERAÇÃO DO CÓDIGO TRABALHO	1
PROTECÇAO DADOS: PRESCRIÇÃO PLANOS TREINO	20
QUARTERLY 1 | 1 MODALIDADE	13
QUARTERLY 1 | 2 MODALIDADES	36
QUARTERLY 1 | 3 MODALIDADES	72
QUARTERLY 1 | 4 MODALIDADES	76
QUARTERLY 1 | 5 MODALIDADES	40
QUARTERLY 1 | 6 MODALIDADES	48
QUARTERLY 1 | 7 MODALIDADES	14
QUARTERLY 2 | 1 MODALIDADE LISBOA	10

QUARTERLY 2 | 1 MODALIDADE PORTO	8
QUARTERLY 2 | 2 MODALIDADES LISBOA	12
QUARTERLY 2 | 2 MODALIDADES PORTO	36
QUARTERLY 2 | 3 MODALIDADES LISBOA	30
QUARTERLY 2 | 3 MODALIDADES PORTO	36
QUARTERLY 2 | 4 MODALIDADES LISBOA	32
QUARTERLY 2 | 4 MODALIDADES PORTO	60
QUARTERLY 2 | 5 MODALIDADES LISBOA	10
QUARTERLY 2 | 5 MODALIDADES PORTO	40
QUARTERLY 2 | 6 MODALIDADES LISBOA	18
QUARTERLY 2 | 6 MODALIDADES PORTO	43
QUARTERLY 2 | 7 MODALIDADES PORTO	7
QUARTERLY 3 | 1 MODALIDADE LISBOA	10
QUARTERLY 3 | 1 MODALIDADE PORTO	6
QUARTERLY 3 | 2 MODALIDADES LISBOA	10
QUARTERLY 3 | 2 MODALIDADES PORTO	32
QUARTERLY 3 | 3 MODALIDADES LISBOA	33
QUARTERLY 3 | 3 MODALIDADES PORTO	55
QUARTERLY 3 | 4 MODALIDADES LISBOA	24
QUARTERLY 3 | 4 MODALIDADES PORTO	48
QUARTERLY 3 | 5 MODALIDADES LISBOA	10
QUARTERLY 3 | 5 MODALIDADES PORTO	50
QUARTERLY 3 | 6 MODALIDADES LISBOA	12
QUARTERLY 3 | 6 MODALIDADES PORTO	18
QUARTERLY 3 | 7 MODALIDADES PORTO	7
QUARTERLY 3 | 8 MODALIDADES PORTO	8
QUARTERLY 3 |7 MODALIDADES LISBOA	7
QUARTERLY 4 | 1 MODALIDADE LISBOA	16
QUARTERLY 4 | 1 MODALIDADE PORTO	5
QUARTERLY 4 | 2 MODALIDADES LISBOA	16
QUARTERLY 4 | 2 MODALIDADES PORTO	22
QUARTERLY 4 | 3 MODALIDADES LISBOA	33
QUARTERLY 4 | 3 MODALIDADES PORTO	51
QUARTERLY 4 | 4 MODALIDADES LISBOA	32
QUARTERLY 4 | 4 MODALIDADES PORTO	60
QUARTERLY 4 | 5 MODALIDADES LISBOA	5
QUARTERLY 4 | 5 MODALIDADES PORTO	45
QUARTERLY 4 | 6 MODALIDADES LISBOA	6
QUARTERLY 4 | 6 MODALIDADES PORTO	12
QUARTERLY 4 | 7 MODALIDADES PORTO	7
QUARTERLY 4 | 8 MODALIDADES LISBOA	8
QUARTERLY 4 | 8 MODALIDADES PORTO	8
REACTIVAÇÕES MANZ BODY COMBAT	1
REACTIVAÇÕES MANZ POWER JUMP	1
REACTIVAÇÕES MANZ RPM	1
REACTIVAÇÕES MANZ SPRINT	1

RECICLAGEM 3B	84
RECICLAGEM 3B | COREOGRAFIA 29	46
RECICLAGEM 3B | COREOGRAFIA 30	150
RETENÇÃO DE CLIENTES EM NUTRIÇÃO	76
RETENTION CONVENTION 2018	16
RH MEETING	12
STRONG - SC FITNESS	387
SUPLEMENTAÇAO	56
TECHONOGYM	10
TÉCNICAS DE NEGOCIAÇÃO E VENDAS	83
TÉCNICAS RECRUTAMENTO AVANCADO| LINKEDIN	7
TRX FIT | LISBOA	80
TRX FIT | PORTO	112
TRX GTC	56
TRX NÍVEL 1 | LISBOA	152
TRX NÍVEL 1 | PORTO	144
TRX STRONG | LISBOA	68
TRX STRONG | PORTO	112
VENDAS DE TREINO PERSONALIZADO	8
VENDAS TREINO PERSONALIZADO	12
VISUALIZAÇÃO VÍDEO FORMAÇÃO INICIAL MANZ	9
WORKSHOP RGD	3
	16 016

Hospitality	Total hours (h))
COACHING	9
CORRECTA DIVULGAÇÃO NOTÍCIAS NAS REDES SOCIAIS	23
DATA PROTECTION | COMPLETE COURSE	30
DATA PROTECTION | NIVEL 2_MANHÃ_2	7
DATA PROTECTION | NIVEL 2_TARDE_1	7
DATA PROTECTION | NIVEL 2_TARDE_2	4
DATA PROTECTION | NIVEL 3 | TARDE	32
DOING BUSINESS ONLINE	32
EQUIPAS 1ª INTERVENCAO PPH	123
EXCEL AVANÇADO	35
EXCEL BÁSICO APHORT	56
EXCEL POR COMPETÊNCIAS | FORMATAÇAO GRÁFICA CÉLULAS	4
EXCEL POR COMPETÊNCIAS | FORMULAS	4
EXCEL POR COMPETÊNCIAS | GESTÃO DOCUMENTOS	4
EXCEL POR COMPETÊNCIAS | IMPORTAÇÃO DE FICHEIROS E OUTRAS APLICAÇÕES E LIGAÇÃO ENTRE DOCUMENTOS	4
EXCEL POR COMPETÊNCIAS | TABELAS DINÂMICAS	4
FORMAÇÃO EQUIPAS 1ª INTERVENCAO PPH	51
FORMAÇÃO PEDAGÓGICA INICIAL DE FORMADOR	180
FRANCÊS NIVEL INICIAL	164
GESTÃO DE INDICADORES DE GESTAO DE RH	7
GESTÃO DE TEMPOS MILLENIUM	34

GESTAO DO TEMPO EM OUTLOOK	8,5
GESTÃO EQUIPAS I	104
GESTÃO VISUAL E QUADROS DE EQUIPA	56
IMPLEMENTAÇÃO SIST. GESTÃO QUALIDADE |Q1	24
INGLÊS WALL STREET ENGLISH 18	143
INTELIGÊNCIA EMOCIONAL	608
INTELIGÊNCIA EMOCIONAL PPH	168
IOP	4
IOW | SENSIBILIZAÇÃO	68
IOW DIÁRIO	56
IOW LAB	356
IOW TOP MANAGEMENT	120
LEADING FOR RESULTS	57
LEADING OTHERS	64
MECÂNICOS CAMPOS DE GOLFE	10
MODELO DE GESTÃO DE PESSOAS	7
NORMALIZAÇÃO	60
ORACLE - VISION	32
PBS GRAND CONFERENCE | VERTEX	24
PERCURSO PEDESTRE	6
PLANO ACOLHIMENTO E INTEGRAÇÃO - SUB CHEFE MESA	32
PLANO ACOLHIMENTO E INTEGRAÇÃO - COZ 2ª|THE ARTIST	38
PLANO ACOLHIMENTO E INTEGRAÇÃO - COZINHA	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - GUEST RELATIONS	55
PLANO ACOLHIMENTO E INTEGRAÇÃO - REC HOSP	120
PLANO ACOLHIMENTO E INTEGRAÇÃO - CAFE PPH	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - COZINHA AQUALUZ	40
PLANO ACOLHIMENTO E INTEGRAÇÃO-EMP.MESA	160
PLANO ACOLHIMENTO E INTEGRAÇÃO - TÉCNICO MANUTENÇÃO	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - ASS. DEPARTAMENTO	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - ASSISTENTE MARKETING	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - CHEFE MESA	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - E-COMMERCE	40
PLANO ACOLHIMENTO E INTEGRAÇAO - EMP.LIMPEZA	80
PLANO ACOLHMENTO E INTEGRAÇÃO - BAGAGEIRO	40
PLANO ACOLHMENTO INTEGRAÇÃO - EMP ANDARES	160
PLANO DE SEGURANCA|ATUALIZACAO DAS MAP'S	54
PRINCÍPIOS DE SEGURANÇA ALIMENTAR	21
PROCEDIMENTOS DE SEGURANÇA ALIMENTAR	18
PROCEDIMENTOS DE SEGURANÇA ALIMENTAR TA	72
PROCEDIMENTOS DE SEGURANÇA ALIMENTAR TH	6
PROCEDIMENTOS SEGURANÇA ALIMENTAR ONJOB	5
PROGRAMA DE GESTÃO INICIAL	40
PROGRAMA GERAL DE GESTÃO	120
PROPOSTA LEI P/ ALTERAÇÃO DO CÓDIGO TRAB	1
PROTECÇÃO DADOS - ALOJAMENTO	3

QSP SUMMIT 2018	24
RECRUTAMENTO&SELEÇÃO|TALENT ACQUISITION	15
REVENUE MANAGEMENT	79
RGPD: LINHAS ORIENTADORAS P/ EMPRESAS	3
RH MEETING	12
RUINAS ROMANAS DE TROIA	56
SEMINÁRIOS IMOJURIS	2
SENSIBILIZAÇÃO AMBIENTAL	7
SENSIBILIZAÇÃO AMBIENTAL TROIA GOLF	192
SESSÃO DE INFORMAÇÃO COM O IEFP	2
SONAE SHOTS_THE MIND OF THE LEADER	3
SUPORTE BÁSICO DE VIDA COM DAE	54
TÉCNICAS RECRUTAMENTO AVANCADO| LINKEDIN	7
TRIBE EVENT | 18	16
VINHO S WSET	7
VINHOS ESPIRITUOSOS WSET | NIVEL 2	21
WEB SUMMIT | 2018	32
WEBINAR QUALIDADE DO AR INT. E LEGIONELLA	1
WORKSHOP DIGITAL ANALYTICS	16
WORKSHOP MARKETING DIGITAL	7
WORKSHOP RGD	3
	4 689

Refrigeration & HVAC	Total hours (h)
19º SEMINARIO DE OUTONO	7
1º NÍVEL - FABRICO E INSTALAÇÃO	9
4ºENCONTRO GESTAO TECNICA CENTRALIZADA	5
A LEGIONELLA PREVENÇÃO E CONTROLO	4
ACOMPANHAMENTO GASES FL	97
ADVANCED NEGOTIATION SKILLS	24
ADVANSOR TRAINING COURSE	16
AHT	39
Alther HPSU	23
Altherma HT	62
Altherma HT S11819	15
Altherma LT	45
ARMANCELL	110
ATMOSPHERE ITALIA 18	129
AUTOCAD FUNDAMENTAL	35
CALDEIRAS	32
CALDEIRAS/QUEIMADORES	80
CAREL EM SISTEMAS WATERLOOP	128
CAREL EM SISTEMAS WATERLOOP_TURMA2	160
CARTÃO DE SEGURANÇA INDÚSTRIA PAPELEIRA	128
CERTIFICAÇÃO GASES FL - PORTO 4	18
CO2 REFRIGERATION TRANING PROGRAM	32

COACHING	65
COCKPIT CONTROL|GESTAO TEMPO PROD. PESS	7
CONDUÇÃO DE EMPILHADORES	16
CONTROLADORES CLIMATIC 50 E 60 E CONSOLA	75
CONTROLO DE FUMO	20
COOLBOX	140
CURSO DE PREPARAÇÃO EXAME TIM III	465
DAIKIN	24
DANFOSS MULTI INJECTOR CO2 E VALVULA CTR	23
DATA PROTECTION | NIVEL 2_MANHÃ	4
DATA PROTECTION | NIVEL 2_MANHÃ_2	7
DATA PROTECTION | NIVEL 2_TARDE_2	4
DATA PROTECTION | NIVEL 3 | MANHA	12
ESTRUTURACAO LOGICA DE IDEIAS	8
EuroCIS	16
EXAME PRÁTICO TIM III	4
EXAME TEORICO TIM III	5
EXAME TEÓRICO TIM III	2
FORMAÇÃO RISCOS POR FUNÇÃO/POSTO DE TRAB	16
FTE TRAINING	48
GAS_RAMAIS DE DISTRIBUIÇÃO | ATUALIZAÇAO	25
GESTAO DE ARMAZENS	15
GESTÃO DE STOCKS	16
GESTÃO EQUIPAS I	16
IN COMMUNICATION | EF.COLABORATIVA SES.1	35
IN COMMUNICATION | EF.COLABORATIVA SES.2	32
INGLÊS A1	304
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TRANSFORMAÇÃO DIGITAL PROJETAR FUTURO	20
VRV 1 S11819	30
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WEB SUMMIT | 2018	32
	5 337

Troia Operations	Total hours (h)
24TH ANNUAL MEETING OH THE EUROPEAN ASSOCIATION OF ARCHEOLOGISTS	53
31ST CONGRESS OF THE REI CRETARIAE ROMANAE FAUTORES INTERNATIONAL ASSOCIATION	158
6º ENHCT	22
8TH INTERNATIONAL CONFERENCE BUILDING RESILIENCE	49
ALGARVE RESIDENTIAL TOURISM CONFERENCE	72
ALWAYS-ON LEARNING	16
AS TECNOLOGIAS AO SERVIÇO DA INFORMAÇÃO TURÍSTICA	3
CARTA PATRÃO LOCAL	48
CLIMATE CHANGE LEADERSHIP SUMMIT 2018	7
COMUNICAÇÃO AUMENTATIVA	6
CURSO EUROPEU PRIMEIROS SOCORROS	278
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CUSTOMER JOURNEY MAPPING	14
DOING BUSINESS ONLINE	8
EQUIPAMENTOS DE PROTECÇÃO INDIVIDUAL	16
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FORMAÇAO EMERGÊNCIAS AF	136
GESTÃO DE TEMPOS MILLENIUM	2
INGLÊS TRÓIA - TURMA 3 NIVEL INICIAL	75
INGLÊS TRÓIA - TURMA 1	36
INGLÊS TRÓIA - TURMA 2	47
INGLÊS TRÓIA -TURMA 2 NÍVEL MÉDIO	78
INGLÊS TRÓIA - TURMA 3	12
INGLÊS TRÓIA - TURMA 4	54
INGLÊS TRÓIA - TURMA 5	24
INTRANET | SESSÃO DE FORMAÇÃO 2	3
IOW LAB	64
IOW STUDY TOURS | AZAMBUJA	6
MEDIDAS DE AUTO PROTECÇÃO	216
MOBILITY ON THE MOVE | 18	6
MODELO DE GESTÃO DE PESSOAS	4
PBS GRAND CONFERENCE | VERTEX	23
PERCURSO PEDESTRE	14
PLANO ACOLHIMENTO E INTEGRAÇÃO - TECNICO ATLANTIC FERRIES	40
PLANO ACOLHIMENTO E INTEGRAÇÃO - CHEFE MAQ.	40
PROGRAMA GERAL DE GESTÃO	104
QSP SUMMIT 2018	32
RUÍNAS ROMANAS DE TRÓIA	4
SENSIBILIZAÇÃO AMBIENTAL	12
SENSIBILIZAÇÃO AMBIENTAL SUBST. PERIGOSAS	2
T.PUBLICOS|DESAFIOS TRANSFORMAÇÃO DIGITAL	4
WORKS:ARCHES HERITAGE INVENTORY_MANAGEME	34
	1 973
Total hours of training	**34 968**

404-3 Percentage of employees receiving regular performance and career development reviews

68%

Note: Only employees with at least six months of antiquity are subject to performance review. In the case of the Industrial Engineering business, only the Directors were evaluated.

GRI 405 - Diversity and Equal Opportunities

405-1: Diversity of Governance Bodies and employees

Employees

	Age group	Male	Female	Total
	< 30 years old	0%	0%	0%
Top Executives (%)	From 30 to 50 years old	0%	0%	0%
	≥ 50 years old	67%	33%	100%

	TOTAL	**67%**	**33%**	**100%**
Management & Senior Management (%)	< 30 years old	0%	0%	0%
	From 30 to 50 years old	52%	26%	78%
	≥ 50 years old	19%	3%	22%
	TOTAL	**71%**	**29%**	**100%**
Middle Management (%)	< 30 years old	5%	1%	7%
	From 30 to 50 years old	56%	22%	79%
	≥ 50 years old	8%	7%	15%
	TOTAL	**70%**	**30%**	**100%**
Technicians/highly specialized technicians (%)	< 30 years old	15%	18%	33%
	From 30 to 50 years old	31%	26%	57%
	≥ 50 years old	7%	3%	10%
	TOTAL	**53%**	**47%**	**100%**
Representatives (%)	< 30 years old	15%	14%	28%
	From 30 to 50 years old	29%	13%	42%
	≥ 50 years old	22%	8%	30%
	TOTAL	**66%**	**34%**	**100%**
Governance Bodies				
Governance Bodies (%)	< 30 years old	0%	0%	0%
	From 30 to 50 years old	8%	23%	31%
	≥ 50 years old	54%	15%	69%
	TOTAL	**62%**	**38%**	**100%**

405 - 2 Ratio of basic salary and remuneration of women to men

Ratio of average basic salary by functional category	
Top Executives	-
Management & Senior Management	0.77
Middle Management	0.96
Technicians/highly specialized technicians	0.86
Representatives	0.79

Note: In the Top Executives segment, the sample does not have enough size to display data.

Average pay ratio by functional category	
Top Executives	-
Management & Senior Management	0.83
Middle Management	0.97
Technicians/highly specialized technicians	0.83
Representatives	0.60

Note: In the Top Executives segment, the sample does not have enough size to display data.

GRI 406 – Non-discrimination

406 - 1 Incidents of discrimination and corrective actions taken

There were no cases of discrimination.

GRI 407 - Freedom of association and collective bargaining agreements

407 - 1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

There were identified cases of operations and suppliers in which the right to freedom of association and collective bargaining could be at risk.

GRI 408 – Child Labour

408 - 1 Operations and suppliers at significant risk for child labour incidents

At Sonae Capital, as a rule, minors are not admitted into the company. Only exceptionally are minors between the ages of 16 and 18 admitted, and always in compliance with the law.
Sonae Capital has adopted a Code of Conduct for Suppliers, which includes a set of principles of Sustainability, Ethics, Justice and Honesty, which must be followed by all Group Suppliers. Child labor and any form of child exploitation are prohibited. Any Sonae Capital supplier must undertake to comply with all applicable legislation on child labor and to keep records that prove the date of birth of each employee.

GRI 409 - Forced or compulsory labour

409 - 1 Operations and suppliers at significant risk for incidents of forced or compulsory labour

At Sonae Capital, there is no forced labour.
Sonae Capital has adopted a Code of Conduct for Suppliers, which includes a set of principles of Sustainability, Ethics, Justice and Honesty, which must be followed by all Group Suppliers. Sonae Capital's suppliers may not use any type of slave or forced labor, as well as activities involving trafficking in human beings, such as the transportation, recruitment, transfer or receipt of persons through threats or fraud.

GRI 412 - Human Rights assessment

412 - 1 Operations that have been subject to human rights reviews or impact assessments

No operations were identified that had to be assessed.

GRI 413 - Local Communities

413 - 1 Operations with local community engagement, impact assessments and development programs

"Our social responsibility".

GRI 419 - Socioeconomic Compliance

419-1: Non-compliance with laws and regulations in the social and economic area

Total monetary value of significant fines (euros)	
Economic area	30 334
Social area (labour)	0

Note: Fines above 1,000 euros were considered as significant.

6. NON FINANCIAL INFORMATION REQUIREMENTS

Contents of the Decree-Law no. 89/2017	Location
Business model DL 89/2017 - Article 3 (Refers to no. 2 of Article 508-G of the CSC) - Directive 2014/95/ EU - Article 19a (1)(a)	
Company's business model	**Management Report 2018:** 3. Sonae Capital 4. Corporate Strategy 6. The year 2018 **Sustainability Report 2018:** 2. Sonae Capital
Diversity Policy applied by the company with respect to its management and supervisory bodies DL 89/2017 - Article 4 (Refers to no. 1r) and no.2 of Article 245 of the CVM) - Directive 2014/95/EU - Article 20 (1)(g)	
Diversity Policy applied by the company with respect to its management and supervisory bodies	**Sustainability Report 2018:** 2. Sonae Capital **Corporate Governance Report 2018:** B. GOVERNING BODIES AND COMMITTEES: II. Management and Supervision
Environmental issues DL 89/2017 - no. 2 of Article 3 (Refers to no. 2 of Article 508 of the CSC) - Directive 2014/95/EU - Article 19a (1)(a-e)	
Description of the company's policies related with environment	**Sustainability Report 2018:** 4. The environmental dimension of our business
Results from these policies	**Sustainability Report 2018:** 4. The environmental dimension of our business 5. Global Reporting Initiative
The main risks associated and how these risks are managed by the company	**Sustainability Report 2018:** 4. The environmental dimension of our business 5. Global Reporting Initiative **Corporate Governance Report 2018:** C. INTERNAL ORGANISATION: III- Internal Control and Risk Management: 53-55
Key performance indicators relevant to its specific activity	**Sustainability Report 2018:** 5. Global Reporting Initiative

Social and worker-related issue issues DL 89/2017 - no. 2 of Article 3 (Refers to no. 2 of Article 508 of the CSC) - Directive 2014/95/EU - Article 19a (1)(a-e)	
Description of the company's policies related with environment	**Sustainability Report 2018:** 2. Sonae Capital 3. The social dimension of our business
Results from these policies	**Sustainability Report 2018:** 5. Global Reporting Initiative
The main risks associated and how these risks are managed by the company	**Sustainability Report 2018:** C. INTERNAL ORGANISATION: III- Internal Control and Risk Management: 53-55
Key performance indicators relevant to its specific activity	**Sustainability Report 2018:** 5. Global Reporting Initiative
Equality between men and women and non-discrimination and respect for human rights DL 89/2017 - no. 2 of Article 3 (Refers to no. 2 of Article 508 of the CSC) - Directive 2014/95/EU - Article 19a (1)(a-e)	
Description of the company's policies related with environment	**Sustainability Report 2018:** 2. Sonae Capital 3. The social dimension of our business
Results from these policies	**Sustainability Report 2018:** 5. Global Reporting Initiative
The main risks associated and how these risks are managed by the company	**Sustainability Report 2018:** C. INTERNAL ORGANISATION: III- Internal Control and Risk Management: 53-55
Key performance indicators relevant to its specific activity	**Sustainability Report 2018:** 5. Global Reporting Initiative
Respect for human rights DL 89/2017 - no. 2 of Article 3 (Refers to no. 2 of Article 508 of the CSC) - Directive 2014/95/EU - Article 19a (1)(a-e)	
Description of the company's policies related with environment	**Sustainability Report 2018:** 2. Sonae Capital 3. The social dimension of our business
Results from these policies	**Sustainability Report 2018:** 5. Global Reporting Initiative
The main risks associated and how these risks are managed by the company	**Sustainability Report 2018:** C. INTERNAL ORGANISATION: III- Internal Control and Risk Management: 53-55
Key performance indicators relevant to its specific activity	**Sustainability Report 2018:** 5. Global Reporting Initiative
Combating corruption and bribery DL 89/2017 - no. 2 of Article 3 (Refers to no. 2 of Article 508 of the CSC) - Directive 2014/95/EU - Article 19a (1)(a-e)	
Description of the company's policies related with environment	**Sustainability Report 2018:** 2. Sonae Capital
Results from these policies	**Sustainability Report 2018:** 5. Global Reporting Initiative
The main risks associated and how these risks are managed by the company	**Sustainability Report 2018:** C. INTERNAL ORGANISATION: III- Internal Control and Risk Management: 53-55
Key performance indicators relevant to its specific activity	**Sustainability Report 2018:** 5. Global Reporting Initiative

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REPORT AND OPINION OF THE STATUTORY AUDIT BOARD
(Translation of a report originally issued in Portuguese)

To the Shareholders of
Sonae Capital, S.G.P.S., S.A.

In accordance with applicable legislation and the mandate given to the Statutory Audit Board, we hereby submit our Report and Opinion which covers the report of the Board of Directors and the consolidated and individual financial statements of Sonae Capital, S.G.P.S., SA for the year ended 31 December 2018, which are the responsibility of the Company's Board of Directors.

Supervisory activities

During the year, we have monitored the management of the Company, reviewed the development of the operations of the Company and of its main affiliates, and held meetings whenever considered necessary and with the appropriate scope. In face of the subject under review, these meetings were attended by key staff of the finance department, namely the Chief Financial Officer, of the planning and control department and of internal audit and risk management. We have also followed up closely the work of the statutory auditor and external auditor of the Company who kept us informed of the scope and conclusions of the audit work performed. In performing these tasks, the Statutory Audit Board has obtained from the Board of Directors, Company staff and affiliated companies' staff and from the statutory auditor all the necessary information and explanations, for a proper understanding and assessment of business developments, financial performance and position, as well as of risk management and internal control systems.

We have also reviewed the preparation and disclosure of financial information, as well as the statutory audit performed on the individual and consolidated accounts of the Company, having obtained from the statutory auditor all information and explanations requested. Additionally, within the scope of the mandate given to the Statutory Audit Board, we examined the individual and consolidated balance sheets as at 31 December 2018, the individual and consolidated statements of profit and loss by nature, statements of cash flows, statements of comprehensive income and statements of changes in equity for the year ended on that date and related notes.

We have also reviewed the report of the Board of Directors and the Corporate Governance Report for the year 2018, issued by the Board of Directors, and the Statutory Auditor's Report issued by the External Auditor of the Company, whose content we agree with.

Considering the above, we are of the opinion that the consolidated and individual financial statements referred to above were prepared in accordance with applicable accounting, legal and statutory standards and give a true and fair view of the assets and liabilities, financial position and results of Sonae Capital, S.G.P.S., SA and of its main affiliates, and that the report of the Board of Directors faithfully describes business developments, performance and financial position of the Company and of its affiliates and the main risks and uncertainties they face. We hereby inform that the Corporate Governance report issued complies with article 245-A of the Portuguese Securities Code.

The Statutory Audit Board would like to express its gratitude to the Company's Board of Directors and staff for their cooperation.

Opinion

In face of the above mentioned, we are of the opinion that the Shareholders' General Meeting can approve:

a) The report of the Board of Directors, the individual and consolidated balance sheets as at 31 December 2018, the individual and consolidated financial statements of profit and loss by nature, of cash flows, of comprehensive income and of changes in equity for the year ended on that date and related notes;
b) The profit appropriation proposal of the Board of Directors.

Statement under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code

Under the terms of Article 245, paragraph 1, c) of the Portuguese Securities Code, the members of the Statutory Audit Board hereby declare that, to their knowledge, the information disclosed in the Report of the Board of Directors and other accounting documents, was prepared in accordance with applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and results of the Company and of its affiliates.

Moreover, members of the Statutory Audit Board consider that the Report of the Board of Directors faithfully describes business developments, the performance and the position of the Company and of its affiliates and the main risks and uncertainties they face.

Maia, 1 March 2019

The Statutory Audit Board,

António Monteiro de Magalhães

Manuel Heleno Sismeiro

Susana Catarina Iglésias Couto Rodrigues de Jesus

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sonae Capital S.G.P.S., S.A. (the Group), which comprise the consolidated balance sheet as at 31 December 2018 (which shows total assets of Euro 501.926.714 and total shareholders' equity of Euro 268.027.727 including a net loss of Euro 3.260.839), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonae Capital S.G.P.S., S.A. as at 31 December 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Recovery of Fixed Assets and Inventory – Real Estate Assets	
As disclosed in Notes 10 and 14 of the notes to the consolidated financial statements, the balance sheet presents real estate assets recorded under Property, Plant and Equipment and under Inventory (in a total of Euro 120.781 thousand and Euro 55.987 thousand, respectively). The relevance of the amounts in question and the degree of judgment associated with the assessment of the recoverability of these assets justify that it has been considered a key audit matter. The evaluation of the recoverability of this type of asset requires the use of assumptions that always involve some uncertainty, namely cash flow forecasts, estimates of recoverable amounts, obtain market comparable, growth rates, discount rates and sensitivity assumptions.	To avaliate the recovery of real estate assets recorded under Property, Plant and Equipment and under Inventory, we obtained real estate appraisals prepared by independent entities, critically analyzed them, in particular the reasonableness of the main assumptions used, and discussed them with the group services whenever deemed necessary. We have use our internal experts in the process of validating the assumptions and methodologies used in these real estate appraisals. We have verified the adequacy of the disclosures in the consolidated financial statements with respect to these assets.
Goodwill Recovery	
The balance sheet presents a Goodwill value of Euro 52.025 thousand. Considering the relevance of the amount and the complexity and level of judgment inherent in the model adopted for the calculation of impairment and the identification and aggregation of cash-generating units (CGUs), this issue was a key audit matter. Disclosures are presented in not 2.2 c) about the accounting policy applicable to the Goodwill and in note 12 of the consolidated financial statements.	In order to evaluate the recoverability of these assets, we obtained and analyzed the impairment tests prepared by the Group. Considering the identification and aggregation of CGUs, we have analyzed the reasonableness of the assumptions used in the forecasts, the market conditions and the historical accuracy of the Group in the preparation of forecasts and budgets. We also analyzed the reasonableness of the discount rates used, as well as the perpetuity growth rates, using market comparable and other information in the market, and we reexecuted the model calculations. We have verified the adequacy of the disclosures in the consolidated financial statements.
Revenue recognition	

Key Audit Matter	*Summary of the Audit Approach*
As disclosed in Note 33 of the notes to the consolidated financial statements, the Construction Contracts ongoing at 31.12.2018 revenue amounts to Euro 57.687 thousand. The work map that supports the recognition of revenue based on the percentage of completion of construction contracts has several assumptions, essentially as regards the overall budget for construction expenses, already incurred expenses and expenses to be incurred. Given the uncertainty inherent in estimates of this nature, and the inherent assumptions, they must be continually reviewed and, as such, we consider a key audit matter. Disclosures are presented in notes 33 and 2.16 - policies.	We obtained and reconciled the work maps with the values of the balance sheet and the income statement. We reviewed the contracts supporting the work maps or the receipt of the total billing amounts, analyzed the reasonableness of the percentage of completion considered taking into account the underlying assumptions and compared the results obtained with the recorded revenue. In order to validate Management's assumptions regarding the recognized margin, we analyze the information available, essentially as it relates to the terms in the contracts signed or the total receipt of the total value of the contract, the invoicing made and the reasonableness of the budgets In the past, compared to actual values. We have verified the adequacy of the disclosures in the consolidated financial statements.
Deferred tax-assets recovery	
The balance sheet presents Deferred tax-assets value of Euro 22.998 thousand. The relevance of the amounts in question and the degree of judgment associated with the assessment of the recoverability of deferred tax assets, which requires the use of estimates in the projection of future taxable income and the determination of the taxes required for their recovery, justify that it has been considered a key audit matter. Disclosures are presented in notes 19 and 2.15 - policies.	In order to evaluate the Group's ability to recover these assets, we have analyzed the budgeting models and Management's assumptions and estimates in relation to the Group's probability of generating sufficient future taxable profits to support the estimated recovery of deferred tax assets. We also evaluate the Group's historical accuracy in the preparation of forecasts and budgets, namely by comparing the tax results obtained with those previously forecast. We have reexecuted the calculations of budgeting models. We have verified the adequacy of the disclosures in the consolidated financial statements.
Contingent liabilities	
As disclosed in Note 31 of the notes to the consolidated financial statements, there are tax contingencies for which no provisions have been recorded, since Management understands that	The audit procedures we have carried out in this area included understanding of tax and legal contingency assessment procedures; getting and analysis of disputes affecting the Group; analysis of communications with external experts;

Key Audit Matter	*Summary of the Audit Approach*
these events will not result in losses for the Group. The complexity and the degree of judgment inherent in the tax matters in question, as well as the level of uncertainty associated with the outcome, justify that it was a key audit matter. Disclosures are presented in notes 31 and 2.14 - policies.	obtaining and analysis of the answers obtained to the requests for confirmation of the processes carried out by external lawyers; inquiry to the management and to the legal and tax responsible over the estimates and judgments; obtaining and analyzing the opinion of internal specialists; verification of the assumptions used by Management for non-provisioning. We discussed with the Management and with the legal and tax responsible about the estimates, judgments and decisions taken in order to assess the reasonableness of the probability of outcome for each proceeding in in accordance with IAS 37, supporting the disclosures made and the non-provisioning.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Non-financial information set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Director's report that includes the non-financial information set forth in article No. 66-B of the Portuguese Company Law, which was published together with the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of 31 March 2011 for the period from 2011 to 2012, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 3 May 2018 for the period from 2018 to 2020.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board at the same date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

1 March 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sonae Capital S.G.P.S., S.A. (the Entity), which comprise the balance sheet as at 31 December 2018 (which shows total assets of Euro 680.467.150 and total shareholders' equity of Euro 547.082.928 including a net profit of Euro 5.294.899), the statement of income by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sonae Capital S.G.P.S., S.A. as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Recovery of financial investments	
As disclosed in the individual financial statements, at 31 December 2018, Sonae Capital, S.G.P.S., S.A. holds financial investments on group companies in the amount of Euro 251 million, which are measured at cost. The valuation of financial investment is considered a key audit matter, because changes caused by events or circumstances that adversely affect the performance of the investees may lead to non-recoverability of the book value of these assets. Impairment tests are performed on the financial investments whenever an event or change in circumstances is identified that indicates that the asset may not be recovered. The valuation model used is the discounted cash flow model. To build this model, management incorporates judgments based on assumptions about cash flow projections, real estate fair value differentials, perpetuity growth rates and discount rate to be applied. Disclosures are presented in notes 2.4 and 4.1 - policies.	In order to validate the assumptions and judgments made by management in the valuation of financial investments, we perform the following procedures: a) assessment of whether or not there is evidence of impairment in financial investments; and b) obtaining and analyzing the impairment tests of the financial investments, in the applicable cases. The analysis of impairment tests, based on discounted cash flow models, involved the following procedures: a) evaluate the reasonableness of the projections of future cash flows, comparing with historical performance; and b) appreciation of the estimates and judgments made by the management body, underlying the relevant assumptions that support the model. The analysis of impairment tests, based on the fair value of real estate, involved the following procedures: a) obtain the real estate valuations performed by independent entities b) critical analysis of the real estate appraisals obtained; namely the assumptions and methodologies utilized, and c) discussion of the evaluations with the group services. We compare the recoverable amount obtained in the valuations with the book value of the financial investments and appreciate the reasonableness of the impairments recorded by the Entity. We have verified the adequacy of the disclosures in the consolidated financial statements.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria;

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law and verifying that the non-financial information was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Non-financial information set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Director's report that includes the non-financial information set forth in article No. 508-G of the Portuguese Company Law, which was published together with the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

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c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board at the same date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

2 March 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

Hermínio António Paulos Afonso, R.O.C.

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