

SONAE CAPITAL

**EARNINGS
ANNOUNCEMENT**

31 DECEMBER 2019



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

In order to allow for a reliable analysis of Sonae Capital year-on-year evolution, we present the Profit and Loss Statement for 4Q18 and FY18 in a pro-forma (PF) logic. Additionally, the Balance Sheet for December 2018 year-end is presented in accordance to the same logic.

SONAE CAPITAL



1. CEO'S MESSAGE

"2019 was unquestionably an important year regarding Sonae Capital active portfolio management strategy. We sold our participation in the share capital of RACE, ending a cycle of almost 35 years in this company. We have created conditions for RACE to start a new growth phase, generating value for the new shareholders and for its employees and, at the same time, we crystallised value, releasing funds to leverage our growth path. Moreover, we completed the acquisition of the Urban Fit chain, as well as of Futura Energía Inversiones, both aimed at boosting the development of Fitness and Energy segments, respectively.

Now focusing on the results, the Business Units Turnover increased 46.5% and reached 268.8 million euros, as a result of a robust performance in nearly all segments, being important to notice the significant contribution from the Energy's Retail & Trade unit. The EBITDA increased 8.9%, to 35.3 million euros. The EBIT has also improved and reached 6.4 million euros, 11.8% above 2018.

Despite the positive results in our Business Units as a whole, it should be pointed out the negative impact registered by the Industrial Engineering segment, namely by ADIRA. In 2019, we finished a restructuring process that carried significant changes in the team, at the same time that we restructured the main business processes, giving particular relevance to those associated with the commercial area. Importantly, throughout 2019 and also in 2020, we are making an additional effort to adapt the cost structure to the current levels of demand.

In Energy, the team is fully committed to grow as a promoter of integrated Energy solutions, while taking safe steps to increase CapWatt international exposure: in Spain, leveraged by the recent acquisition of Futura Energía Inversiones, and in Mexico. The construction of the biomass-fired cogeneration power plant in Mangualde has entered its final stage, being in line with our plan both in terms of timings and investment. In Fitness, supported by a well balanced expansion model, we currently operate 37 Clubs with more than 104 thousand active members, and we ensured an EBIT margin increase of 2.4pp to 8.7% in 2019. In Hospitality, the effort placed not only in improving the operating indicators, but also in optimising the operation, resulted in a record EBIT of 1.7 million euros and a 3.6pp increase in the EBIT margin, to 6.2%. Very recently, we signed a contract for the opening of an additional hotel unit in Porto, in a privileged location at Avenida dos Aliados, which will allow us to expand our scale, while maintaining a capital light approach.

In the Real Estate Assets unit, we completed sales deeds in the amount of 33 million euros and we still hold in reserves and promissory purchase and sale agreements (PPSAs) a portfolio of about the same amount. This performance is particularly important when it comes to cash generation. In 2019, this unit generated more than 43 million euros in cash, which is essential to maintain a healthy balance sheet, at the same time that we continued to invest in our portfolio in order to improve the competitive position of our businesses. Additionally, it allowed us to maintain an adequate shareholder remuneration. Accordingly, the Net Financial Debt reached 141.2 million euros at the end of December 2019, despite the investment of 51.7 million euros and the distribution of dividends in the amount of 18.5 million euros.

2019 Net Result evolved negatively, impacted by the recognition of a Goodwill impairment related with the sale of RACE, and by the lack of relevant Real Estate Assets sales, some of which however we expect to accomplish in the short-term.

Therefore, based on an adequate balance sheet and, as in previous years, on the cash proceeds from the sale of Real Estate Assets and without compromising the investment plan required for our Business Units, I would like to announce that the Board of Directors will propose, to be approved at the next Annual Shareholders' Meeting, the distribution of dividends in the amount of 15 million euros, equivalent to a dividend yield of 8.0%.

Given the results we disclose today, I reiterate my comfort and confidence in the strategy outlined for Sonae Capital, as well as in the capability of our human resources to execute it."

Miguel Gil Mata

2. HIGHLIGHTS

- Sonae Capital continued to implement its active portfolio management strategy, with:
 - The acquisition of: (i) Futura Energía Inversiones, in Energy; (ii) Urban Fit chain, in Fitness; and (iii) Aqualuz Lagos operation, in Hospitality; and,
 - The sale of the Refrigeration & HVAC business, RACE.
- Business Units posted sustained growth:
 - Turnover increased 46.5%, to 268.8M€ (or 7.0%, to 145.4M€, excluding the contribution of Futura Energía Inversiones and RACE);
 - EBITDA totalled 35.3M€, 8.9% above 2018;
 - All Units increased EBITDA, with the exception of Industrial Engineering.
- Real Estate Assets unit continued the monetisation plan in course, key for the financing of the corporate strategy:
 - Residential touristic units in Tróia: 33 sales deeds, corresponding to 16.8M€, coupled with 7 PPSAs and Reserves in the amount of 3.9M€;
 - Other Real Estate Assets: sales deeds in the global amount of 14.2M€, added to a stock of PPSAs in the amount of 34.9M€ (including the PPSA of UNOP 3).
- Business Units EBIT increased 11.8%, to 6.4M€;
- Net Results totalled negative 12.3M€ (mostly driven by Investment Income and Results from Associated Undertakings, due to a Goodwill impairment in Sonae Capital Consolidated Results, following the sale of RACE);
- Negative Consolidated FCF of 4.0M€, notwithstanding the significant Capex (51.7M€). Following the dividends payment (18.5M€), Net Financial Debt at 141.2M€ at the end of December 2019 (Net Debt at 204.6M€);
- Capital structure remained adequate: Net Financial Debt / EBITDA at 3.0x and LTV of 23.9%.

3. OVERALL PERFORMANCE

Consolidated Profit and Loss Statement						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Turnover						
Business Units	106.69	46.88	>100%	268.79	183.53	+46.5%
Energy	79.86	12.84	>100%	144.02	52.55	>100%
Industrial Engineering	3.54	3.06	+15.8%	9.78	11.91	-17.9%
Fitness	10.22	9.81	+4.2%	41.25	36.12	+14.2%
Hospitality	4.33	3.93	+10.3%	27.73	23.84	+16.4%
Refrigeration & HVAC	7.01	15.61	-55.1%	33.75	47.70	-29.2%
Troia Resort - Operations	1.73	1.63	+5.7%	12.25	11.41	+7.4%
Real Estate Assets	14.78	39.12	-62.2%	40.52	59.63	-32.0%
Troia Resort	4.56	4.09	+11.4%	20.87	18.54	+12.6%
Other Real Estate Assets	10.22	35.03	-70.8%	19.64	41.09	-52.2%
Eliminations & Adjustments	-1.70	-1.29	-31.4%	-9.78	-7.79	-25.6%
Consolidated Turnover	119.78	84.71	+41.4%	299.54	235.37	+27.3%
Other Operational Income	1.60	2.61	-38.9%	3.44	5.01	-31.3%
Total Operational Income	121.37	87.32	+39.0%	302.97	240.38	+26.0%
EBITDA						
Business Units	5.53	6.75	-18.0%	35.29	32.41	+8.9%
Energy	2.95	4.03	-26.8%	15.78	15.63	+1.0%
Industrial Engineering	-0.99	-0.96	-2.5%	-3.60	-1.80	<-100%
Fitness	2.81	2.80	+0.4%	12.70	10.94	+16.1%
Hospitality	0.18	-0.25	-	6.69	4.29	+56.1%
Refrigeration & HVAC	1.10	1.79	-38.3%	2.00	2.46	-18.7%
Troia Resort - Operations	-0.53	-0.66	+19.0%	1.72	0.89	+92.6%
Real Estate Assets	1.31	4.58	-71.3%	10.11	8.62	+17.3%
Troia Resort	0.84	-0.90	-	4.18	0.57	>100%
Other Real Estate Assets	0.48	5.48	-91.3%	5.93	8.05	-26.3%
Eliminations & Adjustments	-1.65	-1.97	+16.4%	-7.30	-6.35	-15.0%
Consolidated EBITDA	5.19	9.36	-44.5%	38.11	34.69	+9.9%
Amortizations & Depreciations	7.72	8.21	-5.9%	32.36	30.91	+4.7%
Provisions & Impairment Losses	-0.35	-2.08	+83.1%	-0.56	-2.01	+72.4%
Recurrent EBIT						
Business Units	-1.28	-0.62	<-100%	6.37	5.70	+11.8%
Energy	0.52	1.03	-49.6%	4.45	4.86	-8.4%
Industrial Engineering	-1.22	-1.55	+21.0%	-4.48	-3.13	-43.1%
Fitness	0.57	0.58	-1.6%	3.60	2.29	+57.1%
Hospitality	-1.07	-1.19	+10.5%	1.71	0.61	>100%
Refrigeration & HVAC	0.99	1.65	-39.8%	1.44	2.08	-30.9%
Troia Resort - Operations	-1.07	-1.13	+5.5%	-0.34	-1.00	+66.4%
Real Estate Assets	-0.09	5.34	-	3.67	3.64	+1.0%
Eliminations & Adjustments	-0.81	-1.41	+42.8%	-3.74	-3.47	-7.9%
Consolidated Recurrent EBIT	-2.18	3.31	-	6.31	5.87	+7.4%
Non-recurrent costs/income (1)	1.47	-0.59	-	1.52	0.18	>100%
Consolidated EBIT	-3.65	3.90	-	4.79	5.69	-15.9%
Net Financial Expenses	-1.43	-1.90	+24.6%	-6.47	-8.19	+21.0%
Investment Income and Results from Assoc. Undertakings	-10.56	0.43	-	-9.91	0.73	-
EBT	-15.64	2.42	-	-11.60	-1.77	<-100%
Taxes	0.25	-0.23	-	0.56	0.81	-30.1%
Net Profit - Continued Businesses	-15.90	2.65	-	-12.16	-2.57	<-100%
Net Profit - Discontinued Businesses	-0.06	-0.21	+72.5%	-0.14	-3.47	+96.0%
Net Profit - Total	-15.95	2.44	-	-12.30	-6.04	<-100%
Attributable to Equity Holders of Sonae Capital	-16.33	1.73	-	-13.58	-6.63	<-100%
Attributable to Non-Controlling Interests	0.38	0.71	-47.0%	1.28	0.59	>100%

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

- The Business Units turnover stood at 268.8M€, performing a growth of 46.5% when compared to 2018. It should be noted that all the Business units increased turnover, with the exception of Industrial Engineering. In the same period, the Real Estate Assets Unit decreased turnover by 32.0%, to 40.5M€ (due an increase of 12.6% in Real Estate Assets unit in Tróia and a decrease of 52.2% in the Other Real Estate Assets line, given that the 4Q18 was positively impacted by the sale of the Efanor Allotment).
- The Business Units EBITDA grew to 35.3M€, 8.9% above 2018, generating an EBITDA margin of 13.1%, a decrease of 4.6pp y.o.y., partially due to the consolidation of Futura Energía Inversiones. The Real Estate Assets EBITDA increased 17.3%, to 10.1M€ in 2019.
- The Recurrent EBIT totalled 6.3M€, driven by a positive evolution in the Business Units and the Real Estate Assets unit, which represents an increase of 7.4% when compared to 2018.
- The Net Results decreased 6.3M€ y.o.y., due to the following effects:

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- (i) an increase of 1.4M€ in the level of Non-Recurrent costs (most of which related to ADIRA, following the ongoing restructuring plan and the recognition of impairment losses related to clients and stocks); and,
- (ii) a higher level of Amortizations and Depreciations, in the amount of 1.5M€ (0.8M€ referred to IFRS 16 Amortizations and 0.7M€ driven by the investment plan in place, namely in the Energy segment);
- (iii) a negative effect of 10.6M€ in Investment Income and Results from Associated Undertakings, which includes 10.5M€ related with a Goodwill impairment in Consolidated Results, driven by the sale of the Refrigeration & HVAC business.

Notwithstanding:

- (iv) an increase of 3.4M€ in the Consolidated EBITDA; and,
- (v) an increase of 1.7M€ in Net Financial Results, including the amount related to the capitalisation of interest incurred in the development of the Biomass-fired cogeneration plant in the Energy segment (in the amount of 0.8M€).

3.1 CAPITAL STRUCTURE

Capital Structure/Capex/Ratios			
Million euro	Dec 2019	Dec 2018 PF	Δ 19/18
Net Capital Employed	422.53	438.74	-3.7%
Fixed Assets	369.99	379.91	-2.6%
o.w. Rights of Use (IFRS16)	50.92	50.93	-0.0%
Non-Current Investments (net)	8.99	15.17	-40.7%
Working Capital	41.32	43.66	-5.4%
Capex (end of period)	51.73	32.62	+58.6%
% Fixed Assets	13.9%	8.6%	+5.3 pp
CAPEX (L12M) / Depreciations	2.07x	1.34x	0.73x
Net Debt			
Financial Net Debt	141.21	119.78	+17.9%
Net Debt Total	204.55	181.67	+12.6%
% Net Capital Employed	48.4%	41.4%	+7.0 pp
Debt to Equity	93.8%	70.7%	+23.2 pp
Capital Structure Ratios			
Loan to Value (Real Estate Assets)	23.9%	21.1%	+2.8 pp
Net Debt/EBITDA (recurrent without IFRS16)	3.00x	2.49x	+0.51x
Net Debt/EBITDA (recurrent with IFRS16)	3.55x	3.49x	+0.06x

- Capex totalled 51.7M€ in 2019, mostly driven by the Energy segment, namely on the back of the biomass-fired cogeneration project development (with an investment of 27.4M€) and the acquisition of Futura Energía Inversiones (in the amount of 6.2M€), as well as the investment made in the Fitness segment, which includes the acquisition of Urban Fit chain.
- Net Debt stood at 204.6M€ at the end of December 2019. Net Financial Debt reached 141.2M€ in the same period, registering an increase of 21.4M€ when compared to the end of 2018 and including: (i) dividends distributed in the amount of 18.5M€, on May 2019; (ii) Business Units cash flow of 11.5M€; (iii) Business Units investment in the amount of 46.8M€, and (iv) Real Estate Asset cash flow of 33.2M€.
- We maintain an adequate capital structure when considering the Group's portfolio of businesses and Real Estate Assets held, with Net Financial Debt to EBITDA of 3.0x and LTV of 23.9%, both slightly above the figures reported in 2018 year-end.

4. BUSINESS UNITS

4.1 ENERGY



Operational and Financial Information - Energy						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Total Operational Income	80.19	14.78	>100%	144.45	55.14	>100%
Turnover	79.86	12.84	>100%	144.02	52.55	>100%
<i>Production</i>	12.20	12.84	-5.0%	54.65	52.55	+4.0%
<i>Retail & Trade</i>	67.81	-	-	89.67	-	-
Other Operational Income	0.33	1.94	-83.2%	0.43	2.59	-83.4%
Total Operational Costs	77.23	10.74	>100%	128.67	39.52	>100%
Cost of Goods Sold	73.43	7.60	>100%	116.31	28.03	>100%
External Supplies and Services	2.38	2.02	+18.1%	7.30	6.42	+13.6%
Staff Costs	1.13	0.72	+56.7%	3.94	2.95	+33.4%
Other Operational Expenses	0.30	0.41	-24.9%	1.13	2.12	-46.8%
EBITDA	2.95	4.03	-26.8%	15.78	15.63	+1.0%
<i>Production</i>	2.51	4.03	-37.7%	15.21	15.63	-2.7%
<i>Retail & Trade</i>	0.44	-	-	0.57	-	-
EBITDA Margin (% Turnover) - [Production]	20.6%	31.4%	-10.8 pp	27.8%	29.7%	-1.9 pp
Depreciations IFRS16	0.15	0.11	+33.3%	0.53	0.43	+23.6%
Amortizations & Depreciations	2.28	2.89	-21.0%	10.80	10.34	+4.4%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	0.52	1.03	-49.6%	4.45	4.86	-8.4%
<i>Production</i>	0.10	1.03	-90.1%	3.92	4.86	-19.4%
<i>Retail & Trade</i>	0.42	-	-	0.53	-	-
Recurrent EBIT Margin (% Turnover) - [Production]	0.8%	8.0%	-7.2 pp	7.2%	9.2%	-2.1 pp
Capex	7.74	4.19	+84.7%	35.39	15.00	>100%
EBITDA-Capex	-4.78	-0.16	<-100%	-19.61	0.63	-
Total Capacity (MW)	80.8	76.5	+5.6%	80.8	76.5	+5.6%
Owned & Operated	64.6	62.3	-	64.6	62.3	-
Operated (not consolidated)	3.2	3.2	-	3.2	3.2	-
Projects in progress (MW)	13.0	11.0	-	13.0	11.0	-

- Following the acquisition of Futura Energía Inversiones, the Energy business consolidates two different businesses since 1 August, 2019. Two businesses that are different, not only in nature but also in turnover and profitability metrics: the Production business, which includes Cogeneration and Renewables operations, and the Retail & Trade business, which includes the operation developed by Futura Energía Inversiones.
- The Production business increased turnover by 4.0% when compared to 2018, totalling 54.7M€, benefiting from both the Cogeneration operation and the Renewables operation: in Cogeneration, the contribution of electric energy was positive, as well as the availability of solar and wind resources in Renewables. On a quarterly basis, turnover decreased by 5.0%, to 12.2M€, due to a change in the regime of electric energy remuneration in two power plants (Maia and Carvemagere), as well as the technical maintenance stop of Tagol, transversal to the entire industrial complex, in the beginning of 4Q19 and 3Q19, as previously reported. The EBITDA stood at 15.2M€ in 2019, 2.7% below 2018, impacted by the performance of the 4Q19, in which EBITDA decreased by 37.7%, to 2.5M€, largely due to the recognition of operating costs related to the ongoing expansion plan and the acquisition process of Futura Energía Inversiones. These costs are no more than the investment required to pursue the business growth path. In addition, in Cogeneration, EBITDA continued to be negatively affected by the increase of the price of CO₂ licences versus 2018 (circa 450 thousand euros in 2019 and 276 thousand euros in 4Q19, respectively).
- The Retail & Trade business (operated through Futura Group), whose activity includes trading of natural gas, electricity and carbon emission allowances, had a contribution of 89.7M€ and 0.6M€ for turnover and EBITDA, respectively, in 2019.
- The Capex amounted to 35.4M€, almost entirely due to the ongoing investment in the biomass-fired cogeneration plant, totalling 27.4M€ in 2019. Everything is planned in order to start the operation in the beginning of 2Q20, which will ensure a material and stable cash flow throughout at least 25 years (the feed-in tariff period).

4.2 INDUSTRIAL ENGINEERING



Operational and Financial Information - Industrial Engineering						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Total Operational Income	4.12	3.40	+21.3%	10.88	12.65	-14.0%
Turnover	3.54	3.06	+15.8%	9.78	11.91	-17.9%
Other Operational Income	0.58	0.34	+71.5%	1.10	0.74	+49.7%
Total Operational Costs	5.11	4.36	+17.2%	14.49	14.45	+0.3%
Cost of Goods Sold	3.26	2.34	+39.2%	7.39	8.18	-9.7%
External Supplies and Services	0.90	0.61	+47.1%	2.58	1.84	+40.5%
Staff Costs	1.05	0.91	+14.9%	4.11	3.67	+12.0%
Other Operational Expenses	-0.10	0.49	-	0.41	0.76	-46.4%
EBITDA	-0.99	-0.96	-2.5%	-3.60	-1.80	<-100%
<i>EBITDA Margin (% Turnover)</i>	-27.8%	-31.4%	+3.6 pp	-36.8%	-15.1%	-21.7 pp
Depreciations IFRS16	0.01	0.01	+52.6%	0.04	0.04	+15.8%
Amortizations & Depreciations	0.23	0.24	-5.2%	0.83	0.95	-12.4%
Provisions & Impairment Losses	0.00	0.34	-	0.00	0.34	-
Recurrent EBIT	-1.22	-1.55	+21.0%	-4.48	-3.13	-43.1%
<i>Recurrent EBIT Margin (% Turnover)</i>	-34.6%	-50.7%	+16.1 pp	-45.8%	-26.3%	-19.5 pp
Capex	0.08	0.44	-81.9%	0.94	1.10	-14.4%
EBITDA-Capex	-1.06	-1.40	+23.8%	-4.54	-2.90	-56.8%

- The turnover stood at 9.8M€, 17.9% below 2018. In the same period, the EBITDA registered negative 3.6M€. This evolution is principally the result of an unfavorable evolution in the number of orders, which will be surpassed in the short-term, thus resulting in a better top line performance.
- Throughout 2019, in order to achieve better results, ADIRA profit and loss statement was impacted by effects related with the implementation of new processes and resources, at the same time we recognised clients and stocks impairments (registered in the cost of goods sold and other operating costs).
- As previously disclosed, Adira has entered into an agreement with Mitsubishi to exclusively supply bending and cutting machines in the USA, Canada and Mexico, which will ensure a significant increase in the number of machines produced at cruising speed. At the same time, this will leverage the entrance of ADIRA in these markets, where the company's penetration has been relatively small.

4.3 FITNESS



Operational and Financial Information - Fitness						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Total Operational Income	10.51	9.65	+9.0%	41.86	36.42	+14.9%
Turnover	10.22	9.81	+4.2%	41.25	36.12	+14.2%
Other Operational Income	0.29	-0.16	-	0.62	0.30	>100%
Total Operational Costs	7.70	6.84	+12.5%	29.16	25.48	+14.5%
Cost of Goods Sold	0.03	0.08	-61.6%	0.19	0.25	-24.2%
External Supplies and Services	3.32	3.31	+0.4%	13.46	12.46	+8.0%
Staff Costs	3.68	2.81	+30.8%	13.10	11.03	+18.8%
Other Operational Expenses	0.67	0.64	+3.9%	2.42	1.74	+38.6%
EBITDA	2.81	2.80	+0.4%	12.70	10.94	+16.1%
<i>EBITDA Margin (% Turnover)</i>	27.5%	28.6%	-1.0 pp	30.8%	30.3%	+0.5 pp
Depreciations IFRS16	1.32	1.37	-3.4%	5.61	5.23	+7.3%
Amortizations & Depreciations	0.92	0.85	+7.8%	3.49	3.16	+10.5%
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.26	-
Recurrent EBIT	0.57	0.58	-1.6%	3.60	2.29	+57.1%
<i>Recurrent EBIT Margin (% Turnover)</i>	5.6%	5.9%	-0.3 pp	8.7%	6.3%	+2.4 pp
Capex	1.48	0.87	+70.1%	7.09	12.62	-43.8%
EBITDA-Capex	1.33	1.93	-31.1%	5.61	-1.68	-
# Average number of active members	104 126	85 637	21.6%	104 126	85 637	21.6%
# Clubs in Operation	36	30	+6	36	30	+6

- 2019 stood out for Fitness organic growth, with the opening of two Pump Clubs, in Seixal and Cascais, as well as for the completion of the work carried out at Solinca Matosinhos, whose inauguration took place in the beginning of January 2020. At the same time, we acquired and completed the integration of the Urban Fit chain (afterwards rebranded to Pump), in order to

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leverage the brand's presence in the north of Portugal. Accordingly, to date, the Fitness segment includes the operation of 37 Clubs: 21 Solinca Clubs, 15 Pump Clubs and 1 ONE Club.

- The average number of active members stood at approximately 104 thousand, a growth of 21.6% y.o.y., benefiting from the positive performance of Pump, Solinca and ONE chains.
- The turnover increased by 14.2% y.o.y., to 41.3M€, mostly due to a higher number of active members. Importantly, in Solinca chain, the average monthly fee increased by 3% on a comparable basis.
- The Consolidated EBITDA reached 12.7M€ in 2019, which represents a growth of 16.1% when compared to 10.9M€ achieved in 2018. The EBITDA margin reached 30.8%, 0.5pp above the previous year.
- The Recurrent EBIT totalled 3.6M€, increasing 57.1% compared to 2018. As for the Recurrent EBIT margin, it stood at 8.7% in 2019, 2.4pp above 2018.
- Capex stood at 7.1M€ in 2019, driven by the acquisition of the Urban Fit chain (in the amount of 5.0M€). This compares with 12.6M€ in 2018, impacted by the acquisition of Pump chain (for 8.4M€).

4.4 HOSPITALITY



Operational and Financial Information - Hospitality							
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18	
Total Operational Income	4.47	4.01	+11.3%	28.03	24.28	+15.4%	
Turnover	4.33	3.93	+10.3%	27.73	23.84	+16.4%	
Other Operational Income	0.14	0.09	+54.0%	0.29	0.44	-34.2%	
Total Operational Costs	4.28	4.26	+0.5%	21.33	19.99	+6.7%	
Cost of Goods Sold	0.58	0.57	+1.8%	3.25	3.26	-0.3%	
External Supplies and Services	1.69	1.71	-1.1%	9.39	8.95	+5.0%	
Staff Costs	1.82	1.81	+0.6%	7.80	7.08	+10.3%	
Other Operational Expenses	0.19	0.17	+11.0%	0.89	0.71	+25.7%	
EBITDA	0.18	-0.25	-	6.69	4.29	+56.1%	
<i>EBITDA Margin (% Turnover)</i>	4.2%	-6.3%	+10.6 pp	24.1%	18.0%	+6.1 pp	
Depreciations IFRS16	1.09	0.81	+35.0%	4.35	3.22	+35.1%	
Amortizations & Depreciations	0.16	0.14	+17.8%	0.63	0.46	+39.2%	
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-	
Recurrent EBIT	-1.07	-1.19	+10.5%	1.71	0.61	>100%	
<i>Recurrent EBIT Margin (% Turnover)</i>	-24.6%	-30.4%	+5.7 pp	6.2%	2.6%	+3.6 pp	
Capex	0.70	0.26	>100%	1.50	1.28	+17.2%	
EBITDA-Capex	-0.51	-0.51	-0.2%	5.19	3.00	+72.8%	
# Units	6	5	+1	6	5	+1	

- The Hospitality segment includes the operation of six Hotel units: three units located in Porto (Porto Palácio Hotel, The Artist and The House), two units located in the Tróia Peninsula (Aqualuz Troia and Troia Residence) and, since 1 January, 2019, a unit in the Algarve region (Aqualuz Lagos). Thus, compared to 2018, this segment includes the operation of one more unit. Additionally, the development of a new unit in Lisbon, in the Santa Apolónia Railway Station building, is already underway and the opening is planned for the 2H21.
- Throughout 2019, we continued to improve the main operational indicators – occupancy rate and price, in order to maximize the RevPAR. As a result, the RevPAR increased 1.7% in 2019, fueled by a 4.6% increase in the 4Q19.
- The turnover increased 16.4% versus 2018, to 27.7M€.
- Over the past quarters, the operation worked significantly in order to improve the profitability of the units in operation. As a result, EBITDA increased meaningfully compared to 2018, to 6.7M€, +56.1% y.o.y.. The EBIT stood at 1.7M€, a record level for the operation, more than doubling compared to the 0.6M€ generated in 2018. The EBIT margin totalled 6.2%, 3.6pp above last year.
- On a comparable basis, i.e. excluding the contribution of Aqualuz Lagos, both turnover and EBIT would continue to increase, registering a turnover growth of 1.6% and more than doubling the EBIT when compared to 2018. As a result, the conversion ratio stood at 2.6x, a very significant level.
- The Capex reached 1.5M€ in 2019, essentially due to the refurbishment of Porto Palácio Hotel and the beginning of the Santa Apolónia Railway Station project, in Lisbon.

4.5 TROIA RESORT – OPERATIONS



Operational and Financial Information - Troia Resort Operations						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Total Operational Income	2.03	1.88	+7.9%	13.06	12.27	+6.5%
Turnover	1.73	1.63	+5.7%	12.25	11.41	+7.4%
Other Operational Income	0.30	0.25	+22.2%	0.81	0.85	-5.3%
Total Operational Costs	2.56	2.54	+1.0%	11.34	11.37	-0.3%
Cost of Goods Sold	0.15	0.16	-8.3%	1.56	1.56	+0.4%
External Supplies and Services	1.32	1.30	+1.3%	5.35	5.57	-3.8%
Staff Costs	0.92	0.89	+3.5%	3.79	3.47	+9.0%
Other Operational Expenses	0.18	0.20	-5.5%	0.64	0.78	-18.0%
EBITDA	-0.53	-0.66	+19.0%	1.72	0.89	+92.6%
<i>EBITDA Margin (% Turnover)</i>	-30.8%	-40.3%	+9.4 pp	14.0%	7.8%	+6.2 pp
Depreciations IFRS16	0.05	0.04	+14.3%	0.19	0.18	+6.6%
Amortizations & Depreciations	0.48	0.40	+19.8%	1.87	1.70	+9.9%
Provisions & Impairment Losses	-0.00	0.02	-	-0.00	0.02	-
Recurrent EBIT	-1.07	-1.13	+5.5%	-0.34	-1.00	+66.4%
<i>Recurrent EBIT Margin (% Turnover)</i>	-61.8%	-69.1%	+7.3 pp	-2.8%	-8.8%	+6.0 pp
Capex	0.25	0.03	>100%	2.16	0.38	>100%
EBITDA-Capex	-0.78	-0.69	-13.7%	-0.44	0.51	-

- This segment aims to promote Tróia as a touristic and leisure destination, with high standards of quality of service and environmental sustainability, through an integrated management of its infrastructures. Besides Atlantic Ferries river transportation, it includes operations such as Tróia Marina, “Meu Super” supermarket, the Roman Ruins, a sports centre and a Golf course, among others.
- The turnover stood at 12.3M€ in 2019, 7.4% above the 2018. The EBITDA reached 1.7M€, showing a significant growth of 92.6% when compared with the previous year. Since the beginning of 2019, the performance of Atlantic Ferries, which registered a larger number of travellers and traffic of vehicles, has been one of the major drivers of the segment’s performance.
- The Capex totalled 2.2M€ and resulted from investments made in Atlantic Ferries operation, as well as in some refurbishment works in the Marina of Tróia, in “Meu Super” and the Beach infrastructure.

4.6 REFRIGERATION & HVAC

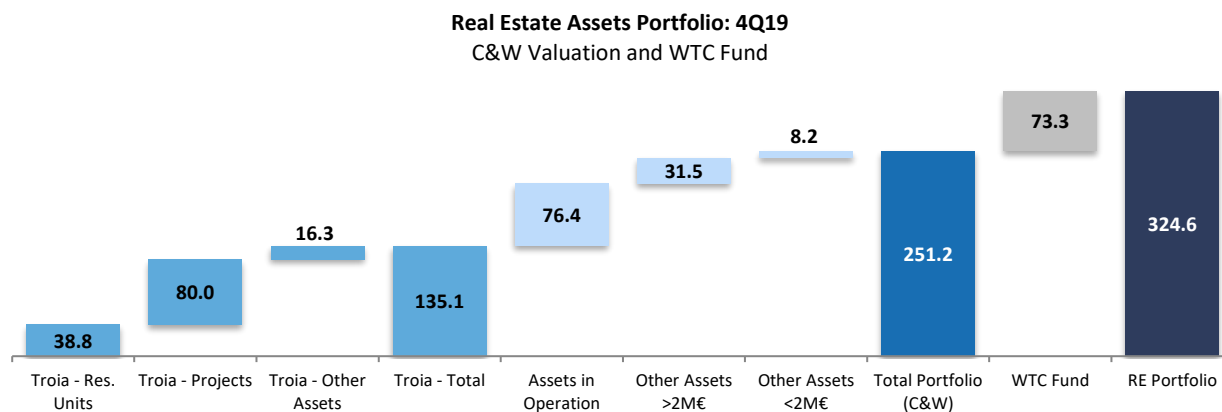


Operational and Financial Information - Refrigeration & HVAC						
Million euro	4Q 2019	4Q 2018 PF	Δ 19/18	FY 2019	FY 2018 PF	Δ 19/18
Total Operational Income	7.05	15.70	-	33.70	47.88	-
Turnover	7.01	15.61	-	33.75	47.70	-
Other Operational Income	0.04	0.09	-	-0.05	0.18	-
Total Operational Costs	5.95	13.92	-	31.70	45.42	-
Cost of Goods Sold	2.84	8.34	-	14.96	24.62	-
External Supplies and Services	1.63	3.12	-	8.50	11.52	-
Staff Costs	1.41	2.35	-	7.85	8.89	-
Other Operational Expenses	0.07	0.10	-	0.40	0.39	-
EBITDA	1.10	1.79	-	2.00	2.46	-
<i>EBITDA Margin (% Turnover)</i>	15.7%	11.4%	-	5.9%	5.2%	-
Depreciations IFRS16	0.10	0.12	-	0.49	0.31	-
Amortizations & Depreciations	0.01	0.02	-	0.07	0.06	-
Provisions & Impairment Losses	0.00	0.00	-	0.00	0.00	-
Recurrent EBIT	0.99	1.65	-	1.44	2.08	-
<i>Recurrent EBIT Margin (% Turnover)</i>	14.2%	10.6%	-	4.3%	4.4%	-
Capex	0.02	0.04	-	0.17	0.14	-
EBITDA-Capex	1.08	1.75	-	1.83	2.32	-

- Sonae Capital sold its 70% participation in the share capital of RACE, SGPS, SA in November 2019. Accordingly, the financial performance disclosed in 2019 refers to the results generated up to the end of November, which does not ensure a direct comparison with 2018 information.

5. REAL ESTATE ASSETS

On 31 December 2019, the value of Sonae Capital Real Estate Assets portfolio stood at 324.6M€, including the Real Estate Assets valued by Cushman & Wakefield (C&W), in the amount of 251.2M€, and the WTC Fund, with a market value of 73.3M€.



On the same date, the capital employed in this group of Real Estate Assets amounted to 197.0M€.

5.1 TROIA RESORT



This segment includes, in the Peninsula of Tróia, developed touristic residential units for sale, as well as plots for construction. Out of 546 touristic residential units developed, we had 61 units available for sale at the date of this report (considering the stock of Reserves and PPSAs).

The turnover reached 20.9M€ in 2019, showing an increase of 12.6% y.o.y., on the back of the following contributions:

- 33 sales deeds, corresponding to 16.8M€, which compare with 38 sales deeds in the amount of 14.7M€ in 2018. Out of the 33 sales deeds reported, 14 were made under the guaranteed income product.
- Rents related to the assets in operation (Hotels, Tróia Shopping, Car parking lots, Touristic Units in operation), totalling 3.1M€.

Already in 1Q20 and up to the date of this report, we signed one additional sales deed (in the amount of 0.5M€) and there are still in stock 6 promissory purchase and sale agreements and reserves totalling 3.4M€. It should be noted that the PPSAs in stock are not reflected in the results (namely the PPSA of UNOP 3, signed in 2Q18, for 20M€).

5.2 OTHER ASSETS

The Other Real Estate Assets unit registered a turnover of 19.6M€ in 2019. This includes the rents received from assets under management, as well as sales deeds of 14.2M€, including the Metropolis Building (6.3M€), Crotália (4.0M€) and the Santarém Allotment (1.5M€).

Already in 2020, we completed the sales deed of Casa da Ribeira (1.5M€) and there are still in stock Reserves and PPSAs in the global amount of 14.9M€ (8.0M€ of which referring to Maia Country Club and 4.8M€ to the Costa D'Oiro Allotment).

6. BALANCE SHEET

Consolidated Balance Sheet			
Million euro	Dec 2019	Dec 2018 PF	Δ 19/18
Total Assets	558.93	552.86	+1.1%
Tangible and Intangible Assets	336.36	327.89	+2.6%
o.w. Rights of Use (IFRS16)	50.92	50.93	-0.0%
Goodwill	33.64	52.02	-35.3%
Non-Current Investments	2.12	2.29	-7.5%
Other Non-Current Assets	30.63	35.20	-13.0%
Stocks	49.14	63.26	-22.3%
Trade Debtors and Other Current Assets	83.57	63.96	+30.7%
Financial Instruments	15.82	0.00	-
Cash and Cash Equivalents	7.59	7.56	+0.4%
Assets held for sale	0.05	0.67	-91.8%
Total Equity	217.98	257.06	-15.2%
Total Equity attributable to Equity Holders of Sonae Capital	215.79	247.62	-12.9%
Total Equity attributable to Non-Controlling Interests	2.18	9.44	-76.9%
Total Liabilities	340.95	295.79	+15.3%
Non-Current Liabilities	161.04	127.20	+26.6%
Non-Current Borrowings	88.40	59.43	+48.8%
Non-Current Borrowings - IFRS16	49.29	50.39	-2.0%
Deferred Tax Liabilities	12.43	12.98	-4.3%
Other Non-Current Liabilities	10.91	4.39	>100%
Current Liabilities	179.91	168.60	+6.7%
Current Borrowings	64.43	67.91	-5.1%
Current Borrowings - IFRS16	14.05	11.50	+22.2%
Trade Creditors and Other Current Liabilities	91.40	83.57	+9.4%
Financial Instruments	9.57	0.00	-
Liabilities associated to assets held for sale	0.47	5.62	-91.6%
Total Equity and Liabilities	558.93	552.86	+1.1%

Note: Trade Debtors and Other Current Assets and Trade Creditors and Other Current Liabilities include a balance of 42.5M€ and 19.4M€, respectively, related with the consolidation of Futura Energía Inversiones. The Financial Instruments line reflects the mark-to-market of swaps and options referred to the outstanding positions in Futura Energía Inversiones' subsidiaries, at the end of December 2019. These positions are related to risk coverage of the corresponding underlying assets, as Futura Energía Inversiones policy involves managing assets and liabilities in order to cover almost all the risks involved.

7. OUTLOOK

We face the future with confidence, certain that we have been setting the foundations to achieve a bigger Sonae Capital, with the potential to generate even more value.

Throughout 2020, we will continue our Real Estate Assets monetisation plan. We will be particularly focused in the sale of the WTC Fund under conditions that reflect its intrinsic value, as well as in the conclusion of the sales deed of Unop 3.

At the same time, we will continue to provide our businesses with the appropriate tools and resources to improve their competitive position, pursuing the growth plan set.

The Energy segment will continue to improve its position as a promoter of integrated Energy solutions, not only in Portugal, but also embracing new opportunities in the Spanish market. In Mexico, where the number of projects under analysis is already significant, the main growth driver will remain in cogeneration. The know-how of Futura Energía Inversiones will allow us to improve our skills in the sourcing of natural gas and CO₂ emission allowances (both of each essential for the cogeneration activity), but in particular, it will support us in the sale of the electricity produced, which is key in a scenario post-feed-in-tariffs, as well as in the offer of integrated energy solutions. In the beginning of 2Q20, we will start the biomass-fired cogeneration plant operation, in Mangualde, which will add a stable flow of cash to the segment over the next 25 years.

In Fitness, we will remain focused on growth, continuing a multi-segment expansion strategy in the metropolitan areas of Porto and Lisbon. We intend to be undisputable market leaders in the provision of physical activity and wellness services, expanding our scale and ensuring the sustainability of the segment.

In Hospitality, we will continue to focus on improving the operational indicators that lead to better profitability standards. At the same time, certain that we are facing a sector that is experiencing a very particular dynamic, we will remain active in the search for opportunities that allow us to expand our scale under a capital light approach, as well as, watchful to potential consolidation movements.

In Industrial Engineering, notwithstanding the difficulties found in ADIRA, we uphold the purpose to invest in the creation of a cluster of technology-based companies, with strong export vocation and leveraged in the Portuguese engineering skills. In a short-term horizon, we might complete acquisitions that despite immaterial in size, aim to improve the segment in a build-up logic.

Lastly, and particularly important, we will continue to focus on maintaining a level of debt that is appropriate to the type of businesses and assets held by Sonae Capital.

8. SHAREHOLDER REMUNERATION

Given the results reached in 2019, particularly in the Real Estate Assets unit, and assuring the maintenance of an adequate capital structure when considering the type of businesses and assets held by the Group, the Board of Directors will propose at the next Annual General Meeting the distribution of 15 million euros in dividends, equivalent to a gross dividend of 0.060 euros per share. This dividend corresponds to a dividend yield of 8.0%, considering the closing price on 31 December 2019 (0.753€).

9. CORPORATE INFORMATION

9.1 CORPORATE INFORMATION IN 4Q19

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

On 19 November, Sonae Capital has sold to SKK – Central de Distribuição para Refrigeração e Climatização, Lda., its 70% shareholding in the share capital of RACE, SGPS, S.A.. This transaction amounted to a price of 15.8M€, including a fixed amount of 7 million euros and a variable amount of 8.8 million euros.

On 14 December, Sonae Capital announced Norges Bank qualified holding in the amount of 2.19% of its share capital.

10. METHODOLOGICAL NOTES

The consolidated financial information presented in this report is audited and has been prepared in accordance with the International Financial Reporting Standards ("IAS / IFRS"), issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

GLOSSARY

CAPEX	Investment in Tangible and Intangible Assets
EBITDA	Operational Profit (EBIT) + Amortization and Depreciation + Provisions and Impairment Losses + Impairment Losses of Real Estate Assets in Stocks (included in Costs of Goods Sold) – Reversal of Impairment Losses and Provisions (including in Other Operation Income)
EBITDAR	EBITDA + Building Rents
Gearing: Debt to Equity	Net Debt / Equity
HVAC	Heating, Ventilation and Air Conditioning
Loan to Value	Net Debt of real estate assets / Real estate assets Valuation
Net Debt	Net Debt + IFRS 16 Impact
Net Financial Debt	Non-Current Loans + Current Loans – Cash and Cash Equivalents – Current Investments
Operational Cash Flow	EBITDA - Capex
PPSA	Promissory Purchase and Sale Agreement
RevPar	Revenue Per Available Room

EARNINGS ANNOUNCEMENT
31 DECEMBER 2019

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