

**EARNINGS  
ANNOUNCEMENT**  
30 SEPTEMBER 2017



**SONAE CAPITAL**

# EARNINGS ANNOUNCEMENT

30 SEPTEMBER 2017

## 1. CEO'S MESSAGE & MAIN HIGHLIGHTS

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*"The third quarter of 2017 is marked by the integration of a new business - ADIRA, a Portuguese based company, strongly focused on international markets, that leverages on one of the country's main assets and resources: the Portuguese based engineering know-how. The investment we have been making in other segments, namely in Energy, reinforces the stability and the quality of the results that we have been achieving.*

*The strengthening of the competitive position of each one of our businesses continues to generate positive results as far as turnover and profitability are concerned, being especially notable the improvements in Fitness, Hospitality and Energy segments. In the Refrigeration & HVAC segment in Portugal, the high number of on-going contracts is a promising indicator for the levels of activity expected for the next quarters. Regarding the sale of residential units in Tróia, it continues to develop according to our expectations and the number of booked contracts allows us to be comfortable about the performance for the year. In addition, concerning the sale of Real Estate Assets, we signed a set of sales deeds in this quarter that, added to the Promissory Purchase and Sale Agreements already signed in stock, provides good prospects for 2017.*

*To conclude, we are certain that the high investment made during the first nine months of 2017, in the amount of 58.6M€, coupled with the continuous focus on the sale of real estate assets, does not compromise the maintenance of a conservative capital structure and will allow for significant growth and increased stability of the Group's main financial indicators, as it is shown in these quarterly results."*

*Cláudia Azevedo, CEO*

### MAIN HIGHLIGHTS

- Integration of ADIRA, an important landmark in the materialization of the corporate strategy;
- Strong turnover growth in Energy (+56.8%), Fitness (+26.3%) and Hospitality (+11.3%) segments;
- Stock of 19 Reservations/Promissory Purchase and Sale Agreements of residential units in Troia Resort corresponding to 6.7M€ at the end of September 2017. During 3Q17, 8 sales deeds were signed, 2 of which under the *fractional* regime (19 sales deeds signed in 9M17);
- Contract sales signed for a lot of real estate assets (excluding residential units in Troia Resort) amounting to 10.2M€ in 3Q17 (15.96M€ in 9M17), in addition to Promissory Purchase and Sale Agreements totaling 5.4M€;
- Backlog in Refrigeration & HVAC Portuguese operation amounting to 32.2M€ in 9M17, representing, approximately, 9 months of turnover;
- Full integration of the operations acquired during the previous quarters in the Energy segment, namely: (i) a Cogeneration operation fueled by landfill biogas, with 1MW, acquired at the end of 1Q17; and (ii) 15MW of Renewable Energies acquired in 2Q17, significantly increasing the turnover (2.63M€ in 3Q17) and the profitability (2.4M€ in 3Q17) of the business, offering higher stability to the Group's cash-flow;
- Notwithstanding the high Capex (58.6M€ including ADIRA's acquisition) and Dividends distribution (25M€), Net Debt increasing only 41.4M€, driven by the cash-flow from operations;
- Net Debt under control and adequate to the Group's business portfolio and type of assets: LTV of 16.1% and Net Debt/EBITDA of 2.41x.

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## 2. OVERALL PERFORMANCE

Consolidated Profit and Loss Account						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>60.93</b>	<b>52.71</b>	<b>+15.6%</b>	<b>138.38</b>	<b>133.30</b>	<b>+3.8%</b>
<b>Turnover</b>	<b>59.64</b>	<b>51.73</b>	<b>+15.3%</b>	<b>135.18</b>	<b>131.00</b>	<b>+3.2%</b>
Troia Resort	10.45	9.33	+12.0%	20.00	20.42	-2.1%
Hospitality	8.18	7.35	+11.3%	16.26	13.79	+17.9%
Fitness	5.81	4.60	+26.3%	17.29	13.20	+31.0%
Energy	13.01	8.29	+56.8%	34.38	29.80	+15.4%
Refrigeration & HVAC	15.49	19.74	-21.6%	38.76	47.29	-18.0%
Industrial Engineering	1.19			1.19		
Others & Eliminations	5.51	2.42	>100%	7.29	6.51	+12.0%
Other Operational Income	1.29	0.97	+32.8%	3.19	2.30	+39.0%
<b>EBITDA, excluding Guaranteed Income Provisions (1)</b>	<b>12.19</b>	<b>8.20</b>	<b>+48.7%</b>	<b>18.06</b>	<b>13.88</b>	<b>+30.1%</b>
Troia Resort	4.68	3.28	+42.6%	3.78	3.75	+0.9%
Hospitality	1.93	1.40	+37.8%	0.62	-0.94	-
Fitness	0.48	0.78	-39.2%	1.79	1.79	-0.1%
Energy	5.27	1.73	>100%	10.95	6.03	+81.8%
Refrigeration & HVAC	-0.03	0.35	-	0.14	1.66	-91.5%
Industrial Engineering	-0.25			-0.25		
Others & Eliminations	0.11	0.66	-82.8%	1.02	1.61	-36.5%
Provisions for Guaranteed Income	-0.04	-0.08	+49.8%	-0.21	-0.27	+20.4%
<b>EBITDA</b>	<b>12.15</b>	<b>8.12</b>	<b>+49.6%</b>	<b>17.85</b>	<b>13.62</b>	<b>+31.1%</b>
Amortization & Depreciation	-5.48	-3.97	-38.2%	-13.72	-11.84	-15.9%
Provisions & Impairment Losses	-0.04	0.00	-	0.22	-0.05	-
Non-recurrent costs/income (2)	0.01	-0.37	-	-0.07	-0.13	+47.1%
<b>EBIT</b>	<b>6.64</b>	<b>3.79</b>	<b>+75.2%</b>	<b>4.28</b>	<b>1.60</b>	<b>&gt;100%</b>
Net Financial Expenses	-1.24	-1.58	+21.2%	-3.40	-4.99	+31.8%
Investment Income and Results from Assoc. Undertakings	-0.01	1.81	-	1.99	18.18	-89.0%
<b>EBT</b>	<b>5.39</b>	<b>4.02</b>	<b>+33.9%</b>	<b>2.87</b>	<b>14.79</b>	<b>-80.6%</b>
Taxation	-0.65	-0.43	-50.7%	-1.40	-0.81	-72.5%
<b>Net Profit - Continued Businesses</b>	<b>4.73</b>	<b>3.59</b>	<b>+31.9%</b>	<b>1.47</b>	<b>13.97</b>	<b>-89.5%</b>
<b>Net Profit - Discontinued Businesses</b>	<b>-0.31</b>	<b>-0.21</b>	<b>-51.0%</b>	<b>-0.98</b>	<b>-0.78</b>	<b>-26.2%</b>
<b>Net Profit - Total</b>	<b>4.42</b>	<b>3.38</b>	<b>+30.8%</b>	<b>0.49</b>	<b>13.20</b>	<b>-96.3%</b>
Attributable to Equity Holders of Sonae Capital	3.98	3.12	+27.4%	-0.50	12.26	-
Attributable to Non-Controlling Interests	0.44	0.26	+72.1%	0.99	0.93	+5.8%

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

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

The Group's consolidated turnover amounted to 59.64M€ in 3Q17, registering an increase of 15.3% over the same period of 2016. As profitability is concerned, the EBITDA showed a positive performance reaching 12.15M€ (+49.6%), corresponding to an EBITDA margin of 20.4%, growing 4.7pp yoy. It is worth highlighting that:

- Hospitality segment continued to deliver a positive performance and to improve the main operational indicators, namely Occupancy Rate (+6.3pp) and RevPAR (+13.0%), registering a turnover growth of 11.3% and an EBITDA growth of 37.8%;
- Sustainable Fitness turnover growth (+26.3%) due to the continued increase of active members (+29.6%). The expansion plan currently in place (2 fitness clubs opened in the quarter; 4 more than in the previous year) had a negative impact in profitability, which translated into an EBITDA decrease of 39.2% in 3Q17 when compared to 3Q16, although in accumulated terms, EBITDA has remained relatively flat;
- Energy segment continued to show in the quarter an increase in both turnover (+56.8%) and, especially, in EBITDA (which more than tripled), to 13.01M€ and 5.27M€ respectively. The evolution of both energy and gas index prices, as well as the contribution from the operations already acquired in 2017, were the main drivers to the significantly improved performance;
- Troia Resort was able to consolidate the positive evolution already seen in the previous quarter, increasing the number of sales deeds compared to the same period of last year. In 3Q17, 8 sales deeds were registered, 2 of which in the *fractional* regime, which compares to 4 in 3Q16. As a result, turnover increased by 12.0% and profitability increased as well (+44.8%). As of today, 19 promissory purchase and sale agreements and reservations remain in stock, corresponding to

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6.67M€. It is forecasted that deeds over a large part of these contracts will be signed in the next quarter;

- As regards the Real Estate Assets segment, it was concluded a number of sales deeds related to several assets totaling 10.2M€. It should be noted that PPSAs regarding a diverse portfolio of real estate assets are still in the portfolio totaling 5.4M€;
- Ref. & HVAC segment registered an already expected turnover decrease of 21.6% (as in 2016, particularly in the 3Q, an important international project was delivered). However, we witnessed in 3Q17 a clear recovery when compared to the previous quarters. Additionally, and particularly in domestic operation, we started to see an EBITDA recovery that should increase given the number of contracts in backlog in the amount of 32.2M€.

Consolidated Net Profit (Continued Businesses) stood at positive 4.73M€ in 3Q17, increasing 31.9% when compared to 3Q16 mostly driven by: (i) the above mentioned EBITDA performance (+4.03M€); and (ii) the improved Financial Results (+0.34M€), motivated by a lower net debt level and lower financing costs; notwithstanding (iii) the reduction in Results from Investments amounting to 1.82M€ (following the sale of highway concessions in 2016).

Capital Structure/Capex/Ratios			
Million euro	Sept 2017	Dec 2016	Δ 17/16
<b>Net Capital Employed</b>	<b>403.7</b>	<b>386.4</b>	<b>+4.5%</b>
Fixed Assets	320.6	284.1	+12.8%
Non-Current Investments (net)	5.1	4.7	+10.1%
Working Capital	78.6	98.2	-20.0%
Capex (end of period)	58.6	12.7	>100%
% Fixed Assets	18.3%	4.5%	+13.8 pp
<b>Net Debt</b>	<b>107.3</b>	<b>66.0</b>	<b>+62.5%</b>
% Net Capital Employed	26.6%	17.1%	+9.5 pp
Debt to Equity	36.2%	20.6%	+15.6 pp
Net Debt excluding Energy	54.5	48.9	+11.3%
<b>Capital Structure Ratios</b>			
Loan to Value (Real Estate)	16.1%	8.6%	
Net Debt/EBITDA (recurrent)	2.41x	2.38x	

- Capex reached 58.6M€ in 9M17 (including 16.1M€ related with ADIRA's acquisition), showing a significant increase of 45.9M€ over the previous year motivated mostly by investments in the acquisition of new businesses and operations, especially in the Energy segment.

- The Free Cash Flow (levered) at the end of September 2017, excluding dividends paid, was negative by 16.0M€, due to the aforementioned investments, notwithstanding the positive contribution of the cash-flow from operations.

Consolidated Balance Sheet			
Million euro	Sept 2017	Dec 2016	Δ 17/16
<b>Total Assets</b>	<b>523.6</b>	<b>500.4</b>	<b>+4.6%</b>
Tangible and Intangible Assets	272.9	246.3	+10.8%
Goodwill	47.7	37.8	+26.0%
Non-Current Investments	1.8	1.7	+7.2%
Other Non-Current Assets	30.8	29.4	+4.6%
Stocks	103.0	103.2	-0.2%
Trade Debtors and Other Current Assets	63.4	49.4	+28.2%
Cash and Cash Equivalents	5.2	32.2	-83.7%
Assets held for sale	0.1	0.2	-77.3%
<b>Total Equity</b>	<b>296.4</b>	<b>320.4</b>	<b>-7.5%</b>
Total Equity attributable to Equity Holders of Sonae Capital	286.4	310.4	-7.7%
Total Equity attributable to Non-Controlling Interests	10.0	9.9	+0.5%
<b>Total Liabilities</b>	<b>228.4</b>	<b>180.0</b>	<b>+26.9%</b>
<b>Non-Current Liabilities</b>	<b>112.6</b>	<b>120.7</b>	<b>-6.7%</b>
Non-Current Borrowings	85.1	94.3	-9.7%
Deferred Tax Liabilities	21.4	19.6	+9.1%
Other Non-Current Liabilities	6.0	6.8	-11.5%
<b>Current Liabilities</b>	<b>115.8</b>	<b>59.3</b>	<b>+95.4%</b>
Current Borrowings	27.5	4.0	>100%
Trade Creditors and Other Current Liabilities	87.8	54.5	+61.1%
Liabilities associated to assets held for sale	0.6	0.8	-30.8%
<b>Total Equity and Liabilities</b>	<b>524.8</b>	<b>500.4</b>	<b>+4.9%</b>

- Following the investments mentioned, the Net Debt increased versus 2016 year-end, totaling 107.3M€, yet maintaining an adequate capital structure when considering Sonae Capital's business portfolio: LTV stood at 16.1% and Net Debt/EBITDA reached 2.41x.
- The Net Capital Employed increased 4.5% when compared to 2016 year-end, reaching 403.7M€ driven by the increase of Fixed Assets under management.
- As a result of the Net Debt increase, the Debt to Equity ratio rose to 36.2%, +15.6pp compared to the end of 2016.

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## 3. SEGMENTS PERFORMANCE

### 3.1. TROIA RESORT



Profit and Loss Account - Troia Resort						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>11.52</b>	<b>9.82</b>	<b>+17.3%</b>	<b>21.83</b>	<b>21.86</b>	<b>-0.1%</b>
<b>Turnover</b>	<b>10.45</b>	<b>9.33</b>	<b>+12.0%</b>	<b>20.00</b>	<b>20.42</b>	<b>-2.1%</b>
Other Operational Income	1.07	0.49	>100%	1.83	1.43	+27.3%
<b>Total Operational Costs</b>	<b>-6.84</b>	<b>-6.53</b>	<b>-4.7%</b>	<b>-18.05</b>	<b>-18.11</b>	<b>+0.4%</b>
Cost of Goods Sold	-1.65	-1.29	-28.1%	-4.13	-3.05	-35.5%
Change in Stocks of Finished Goods	-0.72	-0.84	+14.2%	-1.90	-3.82	+50.3%
External Supplies and Services	-2.88	-2.76	-4.6%	-7.08	-6.84	-3.5%
Staff Costs	-1.16	-1.13	-3.0%	-3.21	-2.94	-9.3%
Other Operational Expenses	-0.43	-0.53	+18.9%	-1.72	-1.46	-17.8%
<b>EBITDA, excluding Guaranteed Income Provisions (1)</b>	<b>4.68</b>	<b>3.28</b>	<b>+42.6%</b>	<b>3.78</b>	<b>3.75</b>	<b>+0.9%</b>
Provisions for Guaranteed Income	-0.04	-0.08	+49.8%	-0.21	-0.27	+20.4%
<b>EBITDA</b>	<b>4.64</b>	<b>3.20</b>	<b>+44.8%</b>	<b>3.57</b>	<b>3.48</b>	<b>+2.6%</b>
EBITDA Margin (% Turnover)	44.4%	34.4%	+10.1 pp	17.8%	17.0%	+0.8 pp
<b>Capex</b>	<b>0.47</b>	<b>0.70</b>	<b>-33.9%</b>	<b>1.23</b>	<b>0.97</b>	<b>+26.6%</b>
<b>EBITDA-Capex</b>	<b>4.18</b>	<b>2.50</b>	<b>+66.9%</b>	<b>2.33</b>	<b>2.50</b>	<b>-6.8%</b>

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

- During 3Q17, 8 deeds of residential units in Troia Resort were signed (19 in 9M17) – two of them in *fractional* regime – an increase from the 4 registered in 3Q16. As a result of the good sales performance, 19 promissory purchase and sale agreements and reservations, amounting to 6.67M€, remain in stock.
- As of September 30, a total of 394 sales deeds were signed on residential units of the Troia Resort complex.
- Turnover of the first nine months of the year amounted to 20.0M€, 2.1% below 9M16, but 12.0% higher in the quarter when compared to the same period of the previous year, reflecting a strong recovery of the average value per deed, associated with the very positive performance presented by the operations that support the Resort.
- Capex for the first nine months of the year remained at controlled levels, if we exclude the turn back, already mentioned in previous releases, of an asset evaluated for 0.37M€ (related to a property swap deed not included in the figures above).
- It should be noted that, as part of the sale process of non-core assets, one of the companies that are included in the perimeter of Troia Resort sold a real estate asset for 1M€, generating a margin of 0.5M€, being recorded in Other Operational Income.

### 3.2. FITNESS



- Maintenance of the positive performance and strengthening of the competitive position reflected, mainly, in the increased number of active members (+29.6%), with the average monthly fees remaining in line with the same period last year. As a result, turnover of the first nine months of the year increased significantly by 31.0% over the same period last year.
- Performance at the turnover level allows to partially offset the negative impact from new clubs openings (two in quarter), which penalize Ebitda performance before reaching a regular level of customers. However, the decrease registered in 3Q17 compared to the same period last year, is not seen in the nine months performance, showing the resilience that the business is already presenting.

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Profit and Loss Account - Fitness						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>5.85</b>	<b>4.68</b>	<b>+25.2%</b>	<b>17.45</b>	<b>13.36</b>	<b>+30.6%</b>
<b>Turnover</b>	<b>5.81</b>	<b>4.60</b>	<b>+26.3%</b>	<b>17.29</b>	<b>13.20</b>	<b>+31.0%</b>
Other Operational Income	0.04	0.07	-43.6%	0.16	0.17	-4.9%
<b>Total Operational Costs</b>	<b>-5.38</b>	<b>-3.89</b>	<b>-38.2%</b>	<b>-15.66</b>	<b>-11.57</b>	<b>-35.3%</b>
Cost of Goods Sold	-0.02	-0.01	<-100%	-0.11	-0.05	<-100%
External Supplies and Services	-3.27	-2.38	-37.8%	-9.54	-7.00	-36.2%
Staff Costs	-1.82	-1.35	-34.6%	-5.25	-3.86	-36.2%
Other Operational Expenses	-0.26	-0.16	-66.4%	-0.76	-0.66	-15.2%
<b>EBITDA</b>	<b>0.48</b>	<b>0.78</b>	<b>-39.2%</b>	<b>1.79</b>	<b>1.79</b>	<b>-0.1%</b>
EBITDA Margin (% Turnover)	8.2%	17.0%	-8.8 pp	10.3%	13.6%	-3.2 pp
<b>Capex</b>	<b>0.55</b>	<b>0.50</b>	<b>+9.7%</b>	<b>1.53</b>	<b>1.13</b>	<b>+35.9%</b>
<b>EBITDA-Capex</b>	<b>-0.08</b>	<b>0.28</b>	<b>-</b>	<b>0.26</b>	<b>0.66</b>	<b>-61.1%</b>
<b># Health Clubs in Operation</b>	<b>19</b>	<b>15</b>	<b>+ 2</b>	<b>19</b>	<b>15</b>	<b>+ 2</b>

- During the rest of the year we will remain focused on improving the competitive position, looking for opportunities to expand the number of clubs in operation. In fact, the last quarters already show a clear investment increase when compared to the same periods of 2016. Following a capital light approach, the investment in the opening of the new clubs, has occurred at an accelerated pace. At the end of the period, Solinca operates 19 clubs (including 2 new openings in 3Q17: Constituição – Porto and Rio Tinto).

## 3.3. HOSPITALITY

PORTO PALÁCIO  
CONGRESS HOTEL & SPA  
\*\*\*\*\*

QUALUZ  
HOTEL MANAGEMENT  
Tróia

THE ARTIST  
PORTO HOTEL  
& BISTRÔ

THE HOUSE  
RIBEIRA HOTEL  
\*\*\*\*\*

Profit and Loss Account - Hospitality						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>8.36</b>	<b>7.54</b>	<b>+10.9%</b>	<b>16.68</b>	<b>14.21</b>	<b>+17.4%</b>
<b>Turnover</b>	<b>8.18</b>	<b>7.35</b>	<b>+11.3%</b>	<b>16.26</b>	<b>13.79</b>	<b>+17.9%</b>
Other Operational Income	0.18	0.19	-6.1%	0.42	0.42	-1.1%
<b>Total Operational Costs</b>	<b>-6.43</b>	<b>-6.14</b>	<b>-4.7%</b>	<b>-16.05</b>	<b>-15.15</b>	<b>-5.9%</b>
Cost of Goods Sold	-0.66	-0.65	-1.6%	-1.43	-1.37	-4.0%
External Supplies and Services	-3.57	-3.53	-1.2%	-9.10	-8.73	-4.3%
Staff Costs	-2.00	-1.72	-16.5%	-4.96	-4.60	-7.8%
Other Operational Expenses	-0.19	-0.24	+18.3%	-0.57	-0.46	-24.1%
<b>EBITDA</b>	<b>1.93</b>	<b>1.40</b>	<b>+37.8%</b>	<b>0.62</b>	<b>-0.94</b>	<b>-</b>
EBITDA Margin (% Turnover)	23.6%	19.1%	+4.5 pp	3.8%	-6.8%	+10.7 pp
<b>Capex</b>	<b>0.26</b>	<b>0.04</b>	<b>&gt;100%</b>	<b>0.75</b>	<b>1.23</b>	<b>-39.1%</b>
<b>EBITDA-Capex</b>	<b>1.67</b>	<b>1.36</b>	<b>+22.8%</b>	<b>-0.13</b>	<b>-2.18</b>	<b>+94.1%</b>
<b># Units</b>	<b>4</b>	<b>4</b>		<b>4</b>	<b>4</b>	

- Following the trend already shown in previous releases, the main operational indicators continue to show favorable evolutions, with the average revenue per room and RevPAR improving, in 9M17, 6.1% and 18.8%, respectively. It should be noted that all operations increased RevPAR when compared to the same period last year, showing the positive dynamics of the sector, in general, and, particularly, of this business segment performance.
- It should be highlighted the positive performance achieved in 3Q17, both in turnover as well as Ebitda, showing a growth of 11.3% and 37.8%, respectively.
- Consequently, in the first nine months of the year, both turnover (+17.9%) and Ebitda (+1.56M€) registered considerable growth rates. Indeed, it should be pointed out that, at the end of nine months of 2017, unlike what happened in previous years, Ebitda was positive (0.62M€).
- Excluding rents, it should be underlined that the Hospitality segment's EBITDAR amounted to 4.2M€ in the 9M17, an improvement of 57.4% over the same period last year.

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- Capex remained at low levels and amounted to 0.75M€ in the first nine months of the year, 39.1% lower than the 9M16. As a result of the Ebitda and the Capex performance Ebitda-Capex increased 94.1% yoy.

### 3.4. ENERGY



Profit and Loss Account - Energy						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>13.05</b>	<b>8.42</b>	<b>+55.0%</b>	<b>34.65</b>	<b>30.04</b>	<b>+15.3%</b>
<b>Turnover</b>	<b>13.01</b>	<b>8.29</b>	<b>+56.8%</b>	<b>34.38</b>	<b>29.80</b>	<b>+15.4%</b>
Other Operational Income	0.05	0.13	-64.7%	0.27	0.24	+8.7%
<b>Total Operational Costs</b>	<b>-7.78</b>	<b>-6.69</b>	<b>-16.3%</b>	<b>-23.69</b>	<b>-24.02</b>	<b>+1.3%</b>
Cost of Goods Sold	-5.75	-4.95	-16.2%	-17.56	-18.61	+5.7%
External Supplies and Services	-1.16	-1.11	-5.0%	-3.59	-3.29	-9.0%
Staff Costs	-0.60	-0.53	-13.6%	-1.77	-1.79	+1.5%
Other Operational Expenses	-0.27	-0.11	<-100%	-0.78	-0.32	<-100%
<b>EBITDA</b>	<b>5.27</b>	<b>1.73</b>	<b>&gt;100%</b>	<b>10.95</b>	<b>6.03</b>	<b>+81.8%</b>
EBITDA Margin (% Turnover)	40.5%	20.9%	+19.6 pp	31.9%	20.2%	+11.6 pp
<b>Capex</b>	<b>1.24</b>	<b>0.11</b>	<b>&gt;100%</b>	<b>37.20</b>	<b>0.31</b>	<b>&gt;100%</b>
<b>EBITDA-Capex</b>	<b>4.03</b>	<b>1.63</b>	<b>&gt;100%</b>	<b>-26.25</b>	<b>5.72</b>	<b>-</b>
<b>Total Capacity (MW)</b>	<b>72.5</b>	<b>62.8</b>	<b>+15.4%</b>	<b>72.5</b>	<b>62.8</b>	<b>+15.4%</b>
Owned & Operated	62.3	52.6	+18.4%	62.3	52.6	+18.4%
Operated (not consolidated)	10.2	10.2	+0.0%	10.2	10.2	+0.0%

- Energy turnover in 3Q17 amounted to 13.01M€, an increase of 56.8% over the same period of last year, due to: (i) higher electricity sales prices; and (ii) a larger number of cogeneration plants in operation and an increase in the number of renewable assets. In 3Q17 the contributions related to the acquisition of a Cogeneration operation fueled by landfill biogas, at the end of 1Q17, and the 15MW Renewables assets acquired in the 2Q17, are now considered. These acquisitions currently translate an increase to 73MW in owned or operated capacity.
- As a result of the positive turnover performance, Ebitda in the quarter amounted to 5.27M€, an increase of 3.5M€ compared to 3Q16, reaching a margin of 40.5%, +19.6pp yoy, reinforcing the continuous improvement of the last quarters' performance in a row and revealing good prospects towards the end of the year. It should be noted that, in the quarter, the contribution of the operations acquired during the year amounted to 2.63M€ and 2.42M€ in turnover and Ebitda, respectively.
- Cumulative and when compared to the same period of the previous year, turnover increased by 15.4% to 34.4M€. This growth is also reflected in the Ebitda increase of 81.8% to 10.9M€.
- Capex amounted to 37.2M€, mainly due to the above-mentioned acquisitions regarding Renewable operations.

### 3.5. REFRIGERATION & HVAC



- Turnover in the first nine months of the year, registered an expected decrease of 18.0% to 38.8M€ when compared to the same period last year due to: (i) the delay in the conclusion of several projects at the Refrigeration segment that are expected to be recognized in the coming quarters; and (ii) the delivery, during 2016, of an important international project that positively influenced the previous year.

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Profit and Loss Account - Refrigeration & HVAC						
Million euro	3Q 2017	3Q 2016	Δ 17/16	9M 2017	9M 2016	Δ 17/16
<b>Total Operational Income</b>	<b>15.59</b>	<b>19.98</b>	<b>-22.0%</b>	<b>38.80</b>	<b>48.00</b>	<b>-19.2%</b>
<b>Turnover</b>	<b>15.49</b>	<b>19.74</b>	<b>-21.6%</b>	<b>38.76</b>	<b>47.29</b>	<b>-18.0%</b>
Other Operational Income	0.10	0.24	-56.4%	0.04	0.72	-94.6%
<b>Total Operational Costs</b>	<b>-15.63</b>	<b>-19.64</b>	<b>+20.4%</b>	<b>-38.66</b>	<b>-46.35</b>	<b>+16.6%</b>
Cost of Goods Sold	-9.17	-6.78	-35.3%	-19.71	-19.95	+1.2%
Change in Stocks of Finished Goods	1.08	-0.87	-	2.78	2.75	+1.1%
External Supplies and Services	-4.54	-9.08	+50.0%	-12.47	-20.49	+39.1%
Staff Costs	-2.78	-2.80	+0.8%	-8.52	-8.13	-4.8%
Other Operational Expenses	-0.21	-0.10	<-100%	-0.74	-0.53	-39.0%
<b>EBITDA</b>	<b>-0.03</b>	<b>0.35</b>	<b>-</b>	<b>0.14</b>	<b>1.66</b>	<b>-91.5%</b>
EBITDA Margin (% Turnover)	-0.2%	1.8%	-2.0 pp	0.4%	3.5%	-3.1 pp
<b>Capex</b>	<b>0.01</b>	<b>0.00</b>	<b>&gt;100%</b>	<b>0.10</b>	<b>0.06</b>	<b>+65.0%</b>
<b>EBITDA-Capex</b>	<b>-0.04</b>	<b>0.35</b>	<b>-</b>	<b>0.04</b>	<b>1.60</b>	<b>-97.4%</b>

- It should be noted that the backlog on the Portuguese operation, at the end of the period, amounted to 32.2M€, representing approximately 9 months of turnover, indicating a recovery in activity levels for the coming quarter, particularly in the Refrigeration segment.
- Ebitda in 9M17 registered a decrease of 91.5% to 0.14M€, corresponding to a margin of 0.4%, 3.1pp lower when compared with the same period last year, as a result of the aforementioned reasons that negatively impacted the turnover. However, a recovery is expected in the forthcoming months due to the larger number of on-going contracts in Portugal.

## 3.6. INDUSTRIAL ENGINEERING



Following its strategic purpose, Sonae Capital has incorporated an Industrial Engineering segment, aimed at creating a cluster of technological based companies levered in the Portuguese engineering know-how and strongly export driven.

Under this context, we started to materialize this incorporation during 3Q17 with the acquisition of ADIRA.

With 60 years of history, ADIRA, a Portuguese based company, is a key player in the Metal Forming industry, developing, designing, manufacturing and commercializing machine tools, that has the majority of its activity focused on external markets. At the same time, ADIRA is acknowledged as a technologically dynamic company with a widespread brand, being associated to recurrent investment in innovation and R&D, which has resulted in the attribution of several national and international awards.

The acquisition of ADIRA, materialized in the 3Q17, has only contributed to the Group's consolidated results in August and September.

In this initial stage, the Management Team's main focus has been the integration of the main corporate processes, keeping at the same time a clear vision about the transformation plan that has to be implemented.

In the 3Q17, the contribution of this segment to the consolidated results of the Group was 1.2M€ in turnover and -0.2M€ in Ebitda. In addition to Adira's current activity, it includes the costs related to the acquisition process. It should be noted that, as it was the practice of the company before the acquisition, the plant was closed in August.

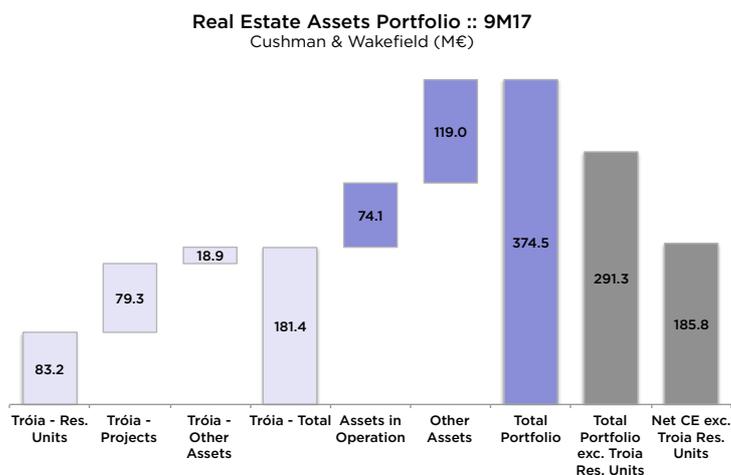
## 3.7. OTHER ASSETS

Within the Group's current real estate portfolio there are diversified assets with different licensing and construction stages, including land plots with and without construction viability, residential units, construction projects, offices, industrial premises and commercial areas, with wide geographical dispersion.

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This block considers all the real estate assets of Sonae Capital Group, except the units already developed and in commercialization in the Troia Resort and the assets held by the WTC Fund.



- As at 30 September 2017, the CE in this group of real estate assets amounted to 185.8M€, which are evaluated in 291.3M€, according to the valuation made at the end of the previous year by the independent reference entity Cushman & Wakefield;
- During 3Q17 deeds of 10.2M€ were signed, namely those referring to Braga's Health Club, "Fábrica do Cobre" and one plot of "Tarik" asset (considered in the Troia Resort segment) and;

additionally, there are 5.4M€ of PPSAs signed over a set of assets, which provides good prospects for the coming quarters.

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## 4. CORPORATE INFORMATION

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### 4.1. CORPORATE INFORMATION 3Q17

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- On July 25, 2017, Sonae Capital, SGPS, SA, following the declaration of non-opposition by the Portuguese Competition Authority, announced the effectiveness of the acquisition of the company "ADIRA – Metal Forming Solutions, SA" and its subsidiary "Guimadira".

### 4.2. SUBSEQUENT CORPORATE EVENTS

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On October 12, 2017, Sonae Capital, SGPS, SA, through its subsidiary CapWatt, SGPS, SA, entered into a sale and purchase agreement with Sonae Arauco, SA, for the acquisition of 90% of the share capital and the voting rights of the company "Sociedade Iniciativa de Aproveitamentos Florestais-Energia, SA" (SIAF-Energia), for a global consideration of approximately 0.9 million euros. This company owns and operates the biomass fired cogeneration plant installed in Sonae Arauco's industrial facility in Mangualde and owns a license to develop and operate a new biomass fired cogeneration plant with installed electric capacity of 10MW, whose total investment of 45 million euros will be made by CapWatt.

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## 5. METHODOLOGICAL NOTES

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The consolidated financial statements presented in this report are non-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 and Mozambique) of the Refrigeration & HVAC segment are now considered as assets held for sale and therefore their contribution to the consolidated results is recognized as discontinued operations. In order to maintain the information comparability, the 2016 figures are presented in appendix according to this new reality.

This document is a translation from the Portuguese original version.

## GLOSSARY

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- 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).
- EBITDA, excluding Guaranteed Income Provisions = EBITDA + Provisions related to the estimated present value of potential costs for the full period of the Guaranteed Income from real estate sales at Troia Resort.
- EBITDAR = EBITDA + Building Rents.
- Gearing: Debt to Equity = Net Debt / Equity.
- HVAC = Heating, Ventilation and Air Conditioning.
- Loan to Value (LTV) = 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.

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## APPENDIX

Consolidated Profit and Loss Account							
Million euro	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
<b>Total Operational Income</b>	<b>37.59</b>	<b>43.00</b>	<b>52.71</b>	<b>97.25</b>	<b>34.31</b>	<b>43.14</b>	<b>60.93</b>
<b>Turnover</b>	<b>36.86</b>	<b>42.41</b>	<b>51.73</b>	<b>59.58</b>	<b>33.64</b>	<b>41.90</b>	<b>59.64</b>
Troia Resort	3.88	7.21	9.33	10.70	2.39	7.16	10.45
Hospitality	2.10	4.34	7.35	3.21	2.67	5.41	8.18
Fitness	4.14	4.45	4.60	4.89	5.88	5.60	5.81
Energy	11.74	9.77	8.29	8.43	9.79	11.58	13.01
Refrigeration & HVAC	13.71	13.83	21.45	15.84	11.91	11.36	15.49
Industrial Engineering							1.19
Others & Eliminations	1.28	2.81	0.72	16.51	1.00	0.78	5.51
Other Operational Income	0.73	0.59	0.97	37.67	0.66	1.24	1.29
<b>EBITDA, excluding Guaranteed Income Provisions (1)</b>	<b>1.47</b>	<b>4.21</b>	<b>8.20</b>	<b>16.78</b>	<b>0.59</b>	<b>5.28</b>	<b>12.19</b>
Troia Resort	0.01	0.46	3.28	13.82	-0.99	0.09	4.68
Hospitality	-1.76	-0.59	1.40	-1.36	-1.54	0.24	1.93
Fitness	0.38	0.62	0.78	0.37	0.90	0.41	0.48
Energy	2.36	1.93	1.73	1.78	2.10	3.58	5.27
Refrigeration & HVAC	0.69	0.62	0.36	0.58	0.42	-0.24	-0.03
Industrial Engineering							-0.25
Others & Eliminations	-0.21	1.17	0.64	1.58	-0.30	1.21	0.11
Provisions for Guaranteed Income	-0.07	-0.12	-0.08	-0.09	-0.06	-0.11	-0.04
<b>EBITDA</b>	<b>1.40</b>	<b>4.09</b>	<b>8.12</b>	<b>16.69</b>	<b>0.53</b>	<b>5.16</b>	<b>12.15</b>
Amortization & Depreciation	-3.90	-3.97	-3.97	-3.96	-4.07	-4.17	-5.48
Provisions & Impairment Losses	-0.01	-0.05	0.00	0.42	0.29	-0.03	-0.04
Non-recurrent costs/income (2)	-0.38	0.62	-0.37	0.21	-0.24	0.16	0.01
<b>EBIT</b>	<b>-2.89</b>	<b>0.70</b>	<b>3.79</b>	<b>13.36</b>	<b>-3.49</b>	<b>1.13</b>	<b>6.64</b>
Net Financial Expenses	-1.73	-1.68	-1.58	-1.15	-1.00	-1.16	-1.24
Investment Income and Results from Assoc. Undertakings	1.05	15.32	1.81	-1.50	0.07	1.93	-0.01
<b>EBT</b>	<b>-3.57</b>	<b>14.34</b>	<b>4.02</b>	<b>10.71</b>	<b>-4.42</b>	<b>1.90</b>	<b>5.39</b>
Taxation	0.16	-0.54	-0.43	-4.99	-0.28	-0.47	-0.65
<b>Net Profit - Continued Businesses</b>	<b>-3.41</b>	<b>13.80</b>	<b>3.59</b>	<b>5.72</b>	<b>-4.70</b>	<b>1.44</b>	<b>4.73</b>
<b>Net Profit - Discontinued Businesses</b>	<b>-0.47</b>	<b>-0.10</b>	<b>-0.21</b>	<b>-0.23</b>	<b>-0.15</b>	<b>-0.52</b>	<b>-0.31</b>
<b>Net Profit - Total</b>	<b>-3.88</b>	<b>13.70</b>	<b>3.38</b>	<b>5.50</b>	<b>-4.85</b>	<b>0.92</b>	<b>4.42</b>
Attributable to Equity Holders of Sonae Capital	-4.19	13.33	3.12	5.33	-5.05	0.57	3.98
Attributable to Non-Controlling Interests	0.31	0.37	0.26	0.16	0.20	0.34	0.44

(1) EBITDA excluding the estimated present value of potential costs for the period of the Guaranteed Income from real estate sales at Troia Resort

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

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