Jerónimo Martins SGPS, S.A.

Release

Jerónimo Martins SGPS S.A. informs, following a request presented by the Statutory Auditor of the Company, PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., that some clerical errors were detected in the statutory audit report and auditor's report. Such documents were issued by said Statutory Auditor with reference to the financial year of 2016 and are to be resolved by the shareholders in the upcoming General Meeting. The correction of such errors is already made in the documents enclosed herein, which replace the documents previously released.

Basically, the said clerical errors, which do not alter the substance of said documents, are the following:

i.

Portuguese version:

Where it reads (page 6 of the document on consolidated accounts and page 5 of the individual accounts):

"for the period from 2016 to 2018" ("*para o mandato compreendido entre 2016 e 2018*")

It should be read:

"for the year 2016" ("*para o exercício de 2016*")

And, where it reads (page 7 of the document on consolidated accounts and page 5 of the individual accounts):

"March 6, 2016" ("*6 de março de 2016*")

It should be read:

"March 6, 2017" ("*6 de março de 2017*") ii.

In the English version documents concerning both the consolidated accounts and the individual accounts, the correction consisted in adapting and eliminating inconsistencies *vis-a-vis* the corrected Portuguese version.

Lisbon, March 24, 2017

pwc

Statutory Audit Report and Auditors' Report issued in accordance with paragraph 1 b) of article No. 245 of the Portuguese Securities Market Code

(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 Jerónimo Martins, SGPS, S.A. (the Group), which comprise the consolidated balance sheet as at December 31, 2016 (which shows total assets of Euro 5,685,642 thousand and total shareholders' equity of Euro 1,990,511 thousand including a net profit of Euro 593,218 thousand), the consolidated statement of income by functions, 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 Jerónimo Martins, SGPS, S.A. as at December 31, 2016, and its consolidated financial performance and its consolidated 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 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.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc.pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Key Audit Matters	*Summary of audit approach*
Vendor allowances/ Supplementary gains	
Disclosures related to vendor allowances/ supplementary gains, associated with supply contracts, included in cost of sales, are presented in notes 4, 14 and 15 to the consolidated financial statements. The allowances associated with contracts with suppliers present various forms of credits and discounts. According to IAS 2 - Inventories, the discounts obtained in the contracts with vendors (vendor allowance/ supplementary gains) are a component of the cost of the inventory and are recognized in the income statement when the products are sold. As at December 31, 2016, cost of sales amounts to Euro 11,509 million, net of these allowances. The calculation of the amount of discounts to be deducted from the cost of sales depends partially on the determination of the purchases of the products to which they relate and on the quantities which at the date of the balance sheet are still in the inventory and those which have already been sold. In addition, the process of calculating and accounting for vendor allowances/ supplementary gains, which assume material amounts, involves manual processes that are more susceptible to the occurrence of errors in the consolidated financial statements, for which we consider a relevant audit matter.	Understanding, evaluating and testing controls over the Supplementary gains processes. Understanding and performing test on interfaces between the systems used to manage supplementary gains and the accounting. Testing the accuracy of key inputs to individual supplier's agreements, for a sample of inputs and re-performing amounts accounted for. Obtaining confirmations from suppliers for a sample of allowances. Identification of any significant transactions recorded as manual adjustments and obtain evidence to support the amount and its accounting in the correct period. Performing analytical procedures namely, monthly supplementary gains vs prior years, ratio analysis to sales vs prior years and ratio analysis vs purchases as well as comparing to prior year and other relevant variables. Performing year-end cut-off procedures to determine whether amounts were recorded in the correct period. Verifying the adequacy of the disclosures presented in the consolidated financial statements.
Tax litigations	
Disclosures related to provisions and contingencies, namely tax litigations, are presented in notes 21 and 26 to the consolidated financial statements. Management constantly monitors the inherent risk of tax matters and current disputes with the	Understanding and evaluating the monitoring processes over tax litigation and claims. Reviewing minutes of meetings and performing inquires to management, to the legal department and to the fiscal department.

Key Audit Matters	*Summary of audit approach*
tax authorities. Based on the opinion expressed by the Group legal and tax advisors and the judgment made by Management, disagreements with the tax authorities, are recognized as liabilities or disclosed as a contingent liability in the consolidated financial statements, in accordance with IAS 37 – Provisions, contingent liabilities and contingent assets. As at December 31, 2016, the Group presents an open amount of approximately Euro 20 million of tax contingencies, net of provisions and payments under special tax regimes. Additionally, there is a litigation, coming from the State Budget for 2016 and 2017, regarding the taxation of gains from previous years that resulted from intercompany transactions, amounting to Euro 50 million in each year. The complexity and the degree of judgment inherent to these tax matters, as well as the level of uncertain associated with the respective outcome, makes it to be a key audit matter for the purposes of our audit.	Confirming with lawyers representing the Group on the development of said disputes. Independent analysis of the ongoing tax disputes. Verifying the adequacy of the disclosures presented in the consolidated financial statements.
Fixed Assets – Stores	
Disclosures related to fixed assets are presented in note 9 to the consolidated financial statements. According to IAS 16 – Property, plant and equipment, fixed assets used by the business are accounted for at acquisition cost less depreciation and possible impairment losses. The Group operates a significant number of retail stores in three different countries: Portugal, Poland and Colombia. The associated store assets are important to our audit, due to the size of the store asset carrying value of above Euro 2,000 million as well as the judgment involved in the assessment of the recoverability of the invested amounts. Management annually assesses the existence signs of impairment.	Understanding, evaluating and testing controls over the fixed assets processes. Independent analysis about events indicating potential impairment. Obtaining the impairment tests performed by management to the stores, evaluating if the recoverable amount is higher than the carrying amount. Reviewing the assumptions and methodology followed by management for assessing their stores, namely the projection of cash-flows, discount rates and discount rates for perpetuity for a sample of stores.

Key Audit Matters	*Summary of audit approach*
In accordance with IAS 36 - Impairment of assets, the impairment of those investments are analysed at each balance sheet date in order to detect indicators of possible impairment losses. If there are indicators, the recoverable amount is evaluated. Impairment tests focus predominantly on the store's future performance.	Verifying the adequacy of the disclosures presented in the consolidated financial statements.

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; and

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 preparation and disclosure process 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 were the most important in the audit of the consolidated financial statements of the current year, which are the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

i) state 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 audit also included the verification 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.

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 opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation and 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.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our opinion that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, no material misstatements were identified in the information disclosed in this report and comply 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 have been appointed auditors of Jerónimo Martins, SGPS, S.A. for the first time in the Shareholders' General Meeting of April 15, 2004 for the period from 2005 to 2006. We remain as statutory auditors since this first appointment. Our last appointment was in the Shareholders' General Meeting of April 14, 2016 for the year 2016.

b) The management has disclosed to us no knowledge of any allegations of fraud or suspicions of fraud with material effect in the financial statements. In planning the execution of our audit in accordance with ISAs, 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 as of March 6, 2017;

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.

March 6, 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.

pwc

Statutory Audit Report and Auditors' Report issued in accordance with paragraph 1 b) of article No. 245 of the Portuguese Securities Market Code

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Jerónimo Martins, SGPS, S.A. (the Entity), which comprise the balance sheet as at December 31, 2016 (which shows total assets of Euro 1,425,035 thousand and total shareholders' equity of Euro 1,391,499 thousand including a net profit of Euro 350,645 thousand), the statement of income by functions, 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 Jerónimo Martins, SGPS, S.A. as at December 31, 2016, 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.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
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Key audit matters	*Summary of audit approach*
Investments in subsidiaries	
Disclosures related to financial investments presented in note 13 to the financial statements. Jerónimo Martins, SGPS, S.A. shows under the Investments in subsidiaries heading the amount of Euro 665 million. Subsidiaries are all entities over which Jerónimo Martins, SGPS, S.A. has control. The Company is deemed to control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are stated at cost. In accordance with IAS 36 - Impairment of assets, the investments in subsidiaries are analysed at each balance sheet date in order to detect indicators of possible impairment losses. When indicators are identified, the recoverable amount of the asset is tested. In impairment tests over the investments in subsidiaries, valuation data for the calculation of the value in use are supported by the past performance and expectations of market developments for each of the business areas, in accordance with the discounted cash flow method, based on assumption of cash flows projections, discount rates and perpetuity growth rates. Due to the complexity and level of judgment inherent in the model adopted for the calculation of impairment, this issue was a relevant matter for the purposes of our audit.	Understanding, evaluating and testing controls over the Investment on subsidiaries. Independent analysis of events indicating potential impairment. Obtaining impairment tests performed by management to the investment in subsidiaries, evaluating if the recoverable amount is higher than the carrying amount. Reviewing the assumptions and methodology followed by the management, when evaluating its investments in subsidiaries, namely the cash-flow projections, discount rates and perpetuity growth rates. Verifying the adequacy of the disclosures presented in the 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; and

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 preparation and disclosure process 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 were the most important in the audit of the financial statements of the current year, which are the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

h) state 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 audit also included the verification 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.

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 opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation and 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.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our opinion that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, no material misstatements were identified in the information disclosed in this report and comply 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 have been appointed auditors of the Entity for the first time in the Shareholders' General Meeting of April 15, 2004 for the period from 2005 to 2006. We remain as statutory auditors since this first appointment. Our last appointment was in the Shareholders' General Meeting of April 14, 2016 for the year 2016.

b) The management has disclosed to us no knowledge of any allegations 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 financial statements. Based on the work performed, we have not identified any material misstatement in the 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 Entity's supervisory board as of March 6, 2017;

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.

March 6, 2017

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.