Results

2017 Q1

Lisbon, 20 April 2017

JERÓNIMO MARTINS

Strong start to the year with a 5.8% LFL growth confirms sales dynamics

+9.0% SALES
TO €3.7 BN
(+7.9% at constant exchange rate)

+4.6% EBITDA
TO €192 MN
(+5.1% at constant exchange rate)

+1.0% EPS
TO €0.12
(excl. non-recurrent)

- **FOCUS ON SALES driving LFL growth opportunities and offsetting negative calendar impact**
  - **BIEDRONKA - sales grew 9.7% in local currency, with LFL at 8.4%**
  - **HEBE - sales in local currency grew 32.6%**
  - **PINGO DOCE - sales (excluding fuel) increased 0.6%, with LFL at -1.4%**
  - **RECHEIO - sales increased 7.2%, with LFL at 5.2%**
  - **ARA - sales in local currency grew 57.9%**
- **EBITDA, excluding the impact of the investment in Ara and Hebe, grew 9.3%**
- **NET PROFIT TO JM was €78 mn, despite the increased investment in Ara. Excluding Monterroio impact in Q1 16, net profit was up 4.6% on previous year [1]**
- **NET CASH position of €135 mn at the end of the quarter, even after a cash out flow in the period of €200 mn, reflecting the normal seasonality of the working capital**

MESSAGE FROM CHAIRMAN AND CEO

PEDRO SOARES DOS SANTOS

We started 2017 determined to continue to grow in a profitable and sustainable way.

Strongly focusing on sales, Biedronka continues to positively surprise customers with its campaigns, while the permanent offer evolves to fit Polish consumer's preferences.

In Portugal, where the consumer environment is less vibrant, Pingo Doce sustained LFL sales (before calendar impact) while Recheio continued to perform strongly in the HoReCa segment.

Ara has been working on its main priorities: to execute its investment programme for the year and to build its logistics infrastructure and the pipeline for store expansion.

The focus on growth, together with rigorous cost-discipline, resulted in a strong increase of the Group EBITDA (excluding investments in Ara and Hebe), despite inflationary cost pressure and the negative calendar impact in the quarter.

Although there is naturally still much to do to reach the targets set for the year, the first three months figures give us confidence that the strategic path chosen for our businesses will allow us to continue to grow and outperform the markets where we operate.

OUTLOOK 2017

In 2017, all our banners are expected to maintain a strong commercial dynamic to support the focus on the consumer and on sales growth. We do not anticipate a slowdown in promotional intensity in any of our markets, nor any relief in the existing pressure on costs, particularly on labour costs.

In Poland, we maintain a positive outlook on consumption. Biedronka will keep focused in growing the average basket while Hebe will be consolidating a differentiated value proposition.

In Portugal, Pingo Doce will continue improving the quality of its store operation while Recheio will give priority to the optimization of its multi-channel offer.

In Colombia, Ara will continue to strengthen its teams and logistics infrastructure to accelerate growth pace. As a consequence losses are expected to increase versus previous year.

With a view to capture the growth opportunities identified in the markets where we operate, we confirm the **Investment programme** for 2017 which is expected to amount to c.€700 mn. We also stick to our plans to add more than 100 locations (net) to Biedronka's network and at least 150 new Ara stores in Colombia.

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Dividend payment in the amount of €380.2 mn will take place in the second quarter, on the 4th of May.

[1] Excluding in both years the impact of Monterroio as presented in note 5

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KEY FIGURES

CONSOLIDATED RESULTS

(Million Euro)	Q1 17		Q1 16		Δ
Net Sales and Services	**3,679**		**3,376**		**9.0%**
Gross Profit	778	21.2%	711	21.1%	9.5%
Operating Costs	-586	-15.9%	-527	-15.6%	11.2%
EBITDA	**192**	**5.2%**	**183**	**5.4%**	**4.6%**
Depreciation	-78	-2.1%	-73	-2.2%	6.4%
EBIT	**114**	**3.1%**	**110**	**3.3%**	**3.4%**
Net Financial Costs	0	0.0%	-4	-0.1%	n.a.
Gains in Joint Ventures and Associates	0	0.0%	3	0.1%	n.a.
Non-Recurrent Items	-2	0.0%	-1	0.0%	n.a.
EBT	**112**	**3.0%**	**108**	**3.2%**	**3.9%**
Income Tax	-29	-0.8%	-25	-0.7%	15.0%
Net Profit	**83**	**2.3%**	**83**	**2.5%**	**0.5%**
Non Controlling Interests	-6	-0.2%	-6	-0.2%	2.1%
Net Profit Attributable to JM	**78**	**2.1%**	**77**	**2.3%**	**0.4%**
EPS (€)	0.12		0.12		0.4%
EPS without non-recurrent (€)	0.12		0.12		1.0%

CONSOLIDATED BALANCE SHEET

(Million Euro)	Q1 17	2016	Q1 16
Net Goodwill	643	630	641
Net Fixed Assets	3,284	3,180	3,072
Total Working Capital	-2,027	-2,201	-1,926
Others	77	46	96
Invested Capital	**1,977**	**1,656**	**1,883**
Total Borrowings	403	335	536
Leasings	6	4	0
Accrued Interest	11	0	2
Marketable Sec. & Bank Deposits	-555	-674	-326
Net Debt	**-135**	**-335**	**211**
Non Controlling Interests	256	253	255
Share Capital	629	629	629
Reserves and Retained Earnings	1,226	1,109	787
Shareholders Funds	**2,112**	**1,991**	**1,671**
Gearing	*-6.4%*	*-16.8%*	*12.7%*

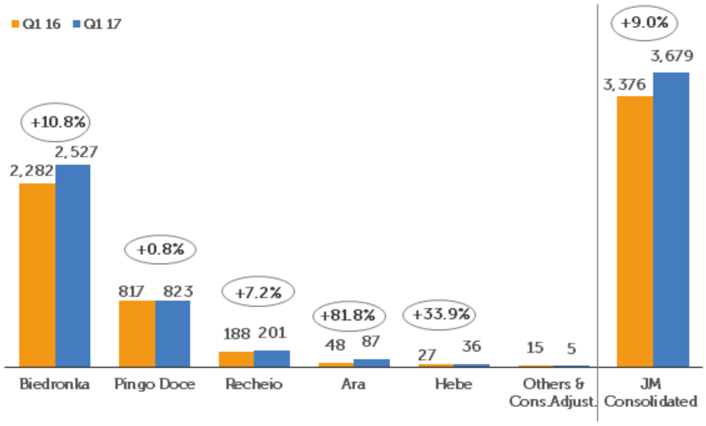
CASH FLOW

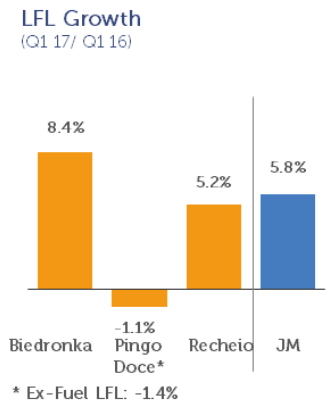
(Million Euro)	Q1 17	Q1 16
EBITDA	192	183
Interest Payment	-2	-3
Other Financial Items	0	0
Income Tax	-60	-38
Funds From Operations	**129**	**142**
Capex Payment	-123	-93
Change in Working Capital	-206	-67
Others	-1	0
Free Cash Flow	**-200**	**-17**

SALES PERFORMANCE

Group sales reached €3.7 bn, 9.0% above the same quarter in the previous year (+7.9% at constant exchange rates).

Group LFL sales growth was 5.8%, with Biedronka and Recheio sales growth largely offsetting the negative calendar impact from the leap year in 2016 and absence of Easter in Q1 17.





In Poland, consumer environment remained favourable, benefiting from the family subsidies, which started to be distributed from April 2016, and the minimum wage increase from January 2017. The competitive environment kept intense and promotionally driven.

In order to maximise its LFL growth opportunity against this favourable backdrop, **Biedronka** maintained an intense commercial dynamic. The focus on promotions and in&out campaigns consolidated price leadership while imprinting innovation to the offer.

The strategy delivered strongly in Q1 and LFL reached 8.4%, driving sales growth of 9.7% (local currency). In euros, sales reached €2,527 mn, 10.8% ahead of the previous year.

The Company opened 11 stores in the quarter, having 2,729 locations by the end of March.

Hebe delivered sales of €36 mn, 33.9% up on Q1 16 (+32.6% at constant exchange rates), and ended the period with 159 stores (24 additions over Q1 16).

In Portugal, the food retail sector remained competitive and promotions-driven with the players focusing on reinforcing proximity.

Pingo Doce started the year following its strategic approach of putting sales first and increasing the quality of the overall value proposition. Total sales grew 0.8% to €823 mn, with LFL (excl. fuel) at -1.4%, impacted by the negative calendar effect.

Recheio continued to take advantage of the favourable tourist activity in the country and delivered a sound 5.2% LFL sales increase, driving Q1 17 sales to €201 mn, 7.2% ahead of same quarter in the previous year.

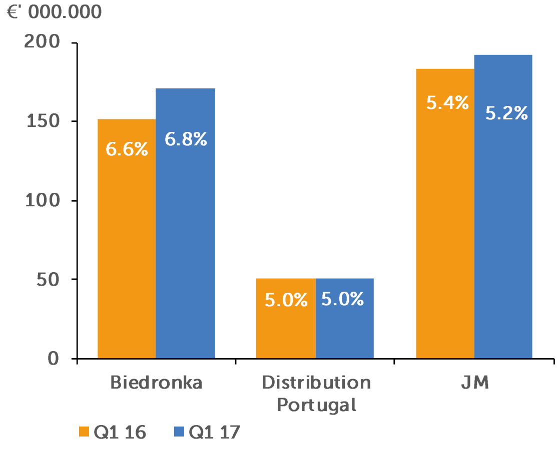
Ara ended the quarter with 244 stores, after opening 23 stores in the first three months of 2017. The banner achieved sales of €87 mn, 81.8% ahead of previous year (+57.9% at constant exchange rate).

RESULTS PERFORMANCE

Group EBITDA reached €192 mn in the period, a 4.6% growth on previous year (+5.1% at constant exchange rates).

EBITDA from the established businesses (excluding Ara and Hebe) increased by 9.3%. This good performance allowed Group consolidated EBITDA to grow despite the expected step-up of Ara's losses in the period.

EBITDA and EBITDA margin



Biedronka registered an EBITDA of €171 mn, 13.0% more than in Q1 16 (+11.9% at constant exchange rate). This performance was driven by strong sales, despite the negative calendar effect, and by strict cost management in a context of wage and fuel inflation. The respective EBITDA margin was 6.8% (6.6% in Q1 16).

Pingo Doce and Recheio generated EBITDA of €51 mn, 1.1% above the previous year. The EBITDA margin was 5.0%, in line with Q1 16.

Ara and Hebe together recorded losses of €23 mn at the EBITDA level, with Ara accounting for 83% of the total.

The increase in losses reflects the higher operating costs in Colombia following the decision to reinforce the teams as the Company prepares to accelerate expansion. A stronger Colombian peso and Polish zloty also contributed to this increase.

Net financial costs were zero due to the positive exchange differences registered in the quarter.

Group net profit reached €78 mn, in line with previous year. The good performance of the established businesses compensated for the increased losses generated by Ara and Hebe.

Cash flow generated in the quarter, reflecting normal working capital seasonality, reached €-200 mn.

FINANCIAL CALENDAR

Dividend payment date: 4 May 2017
H1 2017 Results: 26 July 2017
9M 2017 Results: 25 October 2017

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DISCLAIMER

Statements in this release that are forward-looking statements are based on current expectations of future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The risks and uncertainties relate to factors that are beyond Jerónimo Martins' ability to control or estimate precisely, such as general economic conditions, credit markets, foreign exchange fluctuations and regulatory developments.

Except as required by any applicable law or regulation, Jerónimo Martins assumes no obligation to update the information contained in this release or to notify a reader in the event that any matter stated herein changes or becomes inaccurate.

APPENDIX

INCOME STATEMENT BY FUNCTIONS

(Million Euro)	Q1 17	Q1 16
Net Sales and Services	**3,679**	**3,376**
Cost of Sales	-2,901	-2,665
Gross Profit	**778**	**711**
Distribution Costs	-604	-545
Administrative Costs	-60	-55
Exceptional Operating Profits/losses	-2	-1
Operating Profit	**112**	**109**
Net Financial Costs	0	-4
Gains/Losses in Other Investments	0	0
Gains in Disposal of Business	0	0
Gains in Joint Ventures and Associates	0	3
Profit Before Taxes	**112**	**108**
Income Tax	-29	-25
Profit Before Non Controlling Interests	**83**	**83**
Non Controlling Interests	-6	-6
Net Profit Attributable to JM	**78**	**77**

SALES BREAKDOWN

(Million Euro)	Q1 17		Q1 16		Δ %	
		% total		% total	w/o FX	Euro
Biedronka	2,527	68.7%	2,282	67.6%	9.7%	10.8%
Pingo Doce	823	22.4%	817	24.2%		0.8%
Recheio	201	5.5%	188	5.6%		7.2%
Ara	87	2.4%	48	1.4%	57.9%	81.8%
Hebe	36	1.0%	27	0.8%	32.6%	33.9%
Others & Cons. Adjustments	5	0.1%	15	0.4%		n.a.
Total JM	**3,679**	**100%**	**3,376**	**100%**		**9.0%**

SALES GROWTH

	Total Sales Growth Q1 17	LFL Sales Growth Q1 17
Biedronka		
Euro	10.8%	
PLN	9.7%	8.4%
Pingo Doce	0.8%	-1.1%
Ex-Fuel	*0.6%*	***-1.4%***
Recheio	7.2%	5.2%

STORE NETWORK

Number of Stores	2016	Openings Q1 17	Closings Q1 17	Q1 17	Q1 16
Biedronka	2,722	11	4	2,729	2,683
Pingo Doce	413	2	0	415	402
Recheio	42	0	0	42	41
Ara	221	23	0	244	150
Hebe	153	7	1	159	135

Sales Area (sqm)	2016	Openings Q1 17	Closings/ Remodellings Q1 17	Q1 17	Q1 16
Biedronka	1,768,293	7,442	225	1,775,511	1,737,309
Pingo Doce	493,089	2,242	0	495,331	482,664
Recheio	130,597	0	0	130,597	128,141
Ara	70,669	8,410	0	79,079	46,623
Hebe	35,479	1,815	0	37,294	31,180

EBITDA BREAKDOWN

(Million Euro)	Q1 17	Mg	Q1 16	Mg
Biedronka	171	6.8%	151	6.6%
Distribution Portugal	51	5.0%	50	5.0%
Others & Cons. Adjustments	-30	n.a.	-18	n.a.
JM Consolidated	**192**	**5.2%**	**183**	**5.4%**

FINANCIAL RESULTS

(Million Euro)	Q1 17	Q1 16	Δ
Net Interest	-2	-3	-26%
Exchange Differences	3	0	n.a
Others	-1	-1	4%
Financial Results	**0**	**-4**	**n.a.**

CAPEX

(Million Euro)	Q1 17	Weight	Q1 16	Weight
Biedronka	49	48.3%	42	50.1%
Distribution Portugal	22	22.3%	34	40.9%
Ara	18	18.2%	6	7.3%
Others	11	11.1%	1	1.7%
Total CAPEX	**101**	**100%**	**83**	**100%**

NOTES

1. DEFINITIONS

Like For Like (LFL) sales: sales made by stores that operated under the same conditions in the two periods. Excludes stores opened or closed in one of the two periods. Sales of stores that underwent profound remodelling are excluded for the remodelling period (store closure)

Gearing: Net Debt / Shareholder Funds

2. INCOME STATEMENT RECONCILIATION NOTE

Following ESMA guidelines on Alternative Performance Measures from October 2015

Income Statement	Income Statement by Functions in the Consolidated Report & Accounts - First Quarter 2017 Results
Net Sales and Services	Net Sales and Services
Gross Profit	Gross Profit
Operating Costs	Includes headings of Distribution costs; Administrative costs; Other operating costs and excludes Depreciations of €-77.9mn
EBITDA	
Depreciation	Value reflected in the Segments reporting note. The difference to the operating costs note or the tangible and intangibles assets note is related with the non-recurrent depreciations (€5.0th)
EBIT	
Net Financial Costs	Net Financial Costs
Gains in Joint Ventures and Associates	Gains (Losses) in Joint Ventures and Associates
Non-Recurrent Items	Includes headings of Exceptional operating profits/losses; Gains in disposal of business and Gains/Losses in other investments
EBT	
Income Tax	Income Tax
Net Profit	
Non-Controlling Interests	Non-Controlling Interests
Net Profit attributable to JM	

3. BALANCE SHEET RECONCILIATION NOTE

Following ESMA guidelines on Alternative Performance Measures from October 2015

Balance Sheet in this Release	Balance Sheet in the Consolidated Report & Accounts - First Quarter 2017 Results
Net Goodwill	Included in the heading of Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets excluding the net goodwill value (€642.9mn)
Total Working Capital	Includes the headings Current trade debtors, accrued income and deferred costs; Inventories; Biological assets; Trade creditors, accrued costs and deferred income; Employee benefits; the value of €3.6mn Cash and cash equivalents (note - Cash and cash equivalents) and the value of €7.2mn related to 'Others' due to its operational nature. Excludes the value of €-1.5mn related to interest accruals and deferrals (note - Financial debt)
Others	Includes the headings Investment property; Investments in joint ventures and associates; Available-for-sale financial assets; Non-current trade debtors, accrued income and deferred costs; Deferred tax assets and liabilities; Income tax receivable and payable; and Provisions for risks and contingencies. Excludes the value of €34.4mn related to Collateral deposits associated to financial debt (note - Trade debtors, accrued income and deferred costs); and also the value of €7.2mn related to others due to its operational nature
Invested Capital	
Total Borrowings	Includes the heading Borrowings excluding leasings
Leasings	Value reflected in Borrowings note
Accrued Interest & Hedging	Includes the heading Derivative financial instruments and the value of €1.5mn related to Interest accruals and deferrals (value reflected in note - Financial debt)
Marketable Sec. & Bank Deposits	Includes the heading Cash and cash equivalents and the value of €34.4mn related to Collateral deposits associated to financial debt (reflected in Trade debtors note) and excludes the value of €3.6mn in Cash and cash equivalents (reflected in note - Cash and cash equivalents)
Net debt	
Non-Controlling Interests	Non-controlling interests
Share Capital	Share capital
Reserves and Retained Earnings	Includes the heading Share premium, Own shares, Other reserves and Retained earnings
Shareholders' Funds	

4. CASH FLOW RECONCILIATION NOTE

Following ESMA guidelines on Alternative Performance Measures from October 2015

Cash Flow in this Release	Cash Flow in the Consolidated Report & Accounts - First Quarter 2017 Results
EBITDA	Included in the heading of Cash generated from operations
Interest Payment	Includes the headings of Interest paid and Interest received
Other Financial Items	Dividends received
Income Tax	Income tax paid
Funds From Operations	
Capex Payment	Includes the headings Disposal of tangible assets; Disposal of Intangible assets; Disposal of financial assets and investment property; Acquisition of tangible assets; Acquisition of intangible assets; Acquisition of financial assets and investment properties
Change in Working Capital	Included in the heading of Cash generated from operations
Others	Includes the headings Disposal of business, being the remaining amount Included in the heading Cash generated from operations
Free Cash Flow	

5. NET PROFIT ON A COMPARABLE BASIS

	Q1 17	Q1 16
Net Profit Attributable to JM	78	77
Deducted from the impact of discontinued businesses:		
Gains in joint ventures and associates (sold)	0	3
Net Profit Mkt. Repr. and Rest. Serv. (sold)	0	0
Net Profit on a comparable basis	**78**	**74**