

# Preliminary Sales 2017

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Strategic focus on growth driving four quarters of strong delivery, with all banners reinforcing their market positions

SALES  
FIGURES

Million Euros	2017	2016	Δ% (Euro)	Δ% (w/o FX)
Net Sales	16,275	14,622	+11.3	+9.4
Biedronka	11,075	9,781	+13.2	+10.4
Pingo Doce	3,667	3,558	+3.1	-
Recheio	942	878	+7.2	-
Ara	405	236	+72.0	+71.8
Hebe	166	122	+35.6	+32.2
Others	20	46	-	-

Group net sales achieved 16.3 billion euros, an 11.3% growth on 2016.

LFL sales were the main priority for Biedronka, Pingo Doce and Recheio, while Ara delivered on the objective to faster expand its store network.

Leveraging on strong commercial dynamics combined with seasonal assortment adjustments, in Q4 **Biedronka** posted a 7.6% LFL sales increase, +8.6% in the full year. Total sales grew, in 2017, 13.2% (+10.4% in local currency).

In line with previous quarters, **Hebe** registered a solid sales performance in Q4 driving total sales growth of 35.6% in the year (+32.2% in local currency).

On a slightly more favourable backdrop in Portugal, **Pingo Doce** kept its commercial assertiveness and reached a solid 3.0% LFL growth in Q4, +1.0% in the year.

Leveraging both on the positive tourism activity and on its deep knowledge of the clients' base, **Recheio** registered a LFL growth of 6.6% in Q4 and 6.2% in 2017.

**Ara** invested in its network expansion capacity throughout 2017 and opened 169 new stores, 77 of which in Q4, with a more intense pace than planned towards the end of December. The banner ended 2017 with 389 locations and a total sales increase of 72.0% (+71.8% in local currency).

Investment on top line delivery through reinforced price positioning and customer experience resulted in a strong year of sales growth and market share increases, with all banners being in good shape to start 2018.



SALES  
PERFORMANCE

(Million Euro)	2017		2016		Δ %		Q4 17		Q4 16		Δ %	
	% total		% total		w/o FX	Euro	% total		% total	w/o FX	Euro	
Biedronka	11,075	68.0%	9,781	66.9%	10.4%	13.2%	2,972	68.3%	2,618	67.4%	9.7%	13.5%
Pingo Doce	3,667	22.5%	3,558	24.3%		3.1%	975	22.4%	930	23.9%		4.9%
Recheio	942	5.8%	878	6.0%		7.2%	229	5.3%	215	5.5%		6.2%
Ara	405	2.5%	236	1.6%	71.8%	72.0%	117	2.7%	73	1.9%	72.6%	59.0%
Hebe	166	1.0%	122	0.8%	32.2%	35.6%	51	1.2%	38	1.0%	30.2%	34.6%
Others & Cons. Adjustments	20	0.1%	46	0.3%		n.a.	6	0.1%	9	0.2%		n.a.
<b>Total JM</b>	<b>16,275</b>	<b>100%</b>	<b>14,622</b>	<b>100%</b>	<b>9.4%</b>	<b>11.3%</b>	<b>4,349</b>	<b>100%</b>	<b>3,884</b>	<b>100%</b>	<b>9.6%</b>	<b>12.0%</b>

**Group sales** reached €16.3 bn in 2017, 11.3% above the previous year (+9.4% at constant exchange rates).

**In Poland**, the consumption environment was favourable throughout the year with positive impact on the food sector.

Up to November 2017, food inflation in the country was 4.1% (5.4% in October and 6.0% in November). This evolution of prices was driven by peaks in the prices of several relevant products along the year.

**Biedronka's** strategic priority - sales growth - remained unchanged and was fuelled by the company's ability to create opportunities in a dynamic market.

Consumers' appetite to improve the food basket drove a continuing trading up to which Biedronka answered with an ever-improving assortment and innovative in&out campaigns executed through the year.

Aware that price remains paramount for the Polish consumer, Biedronka captured the opportunities generated by higher inflation in specific products and strategic categories to reinforce price perception and trigger additional sales.

All quarters registered an outstanding LFL delivery. Regardless of the more challenging comps with Q4 16, in Q4 17 the Company posted a solid 7.6% LFL sales growth. In the year, LFL was 8.6% and drove a total sales increase of 13.2% (+10.4% in local currency) to €11.1 bn.

In line with plans, Biedronka added 101 stores to its network (121 openings in the year), ending 2017 with a total of 2,823 locations.

**Hebe** delivered well on an improved value proposition, with sales of €166 mn, 35.6% up on the previous year (+32.2% at constant exchange rate). The banner opened 30 stores in the year, ending 2017 with a total network of 182 locations.

Food inflation in **Portugal** was 1.5%. After the pronounced slowdown to 0.6% seen in Q3 and which was driven by some seasonal fresh produces, food inflation in Q4 moved to 2.0%.

The consumer environment in the country, although remaining challenging, showed some dynamism in the last quarter of the year. **Pingo Doce** leveraged on this improvement to push its intense commercial activity which led to a LFL sales growth of 3.0% in Q4, +1.0% in the year.

This LFL sales growth together with the opening of 10 stores (9 net additions) in the year, resulted in total sales of €3,667 mn euros, 3.1% more than in the previous year.

Pingo Doce ended the year with a strengthened market position.

**Recheio** outperformed consistently throughout the year, taking advantage of its well positioned value proposition in a more positive environment to deliver 6.2% LFL growth in the year (+6.6% in Q4).

Total sales grew 7.2% to reach €942 mn.

**In Colombia**, food inflation was 2.6%. Although negative during the year, consumer confidence started to show an improving trend as from April.

**Ara** achieved sales of €405 mn, 72.0% ahead of the previous year (+71.8% at constant exchange rate). The main priority of the Company for 2017 was to work on its capacity to speed up store expansion. This effort succeeded with the opening of 169 stores in the year, 77 of which in Q4.

Sales wise, we started 2017 aware of the LFL opportunities in Poland and the need to permanently challenge ourselves to capture those. The team was able to do that solidly growing its LFL sales over an already strong base while keeping investing in consumer shopping experience.

In Portugal, we considered the challenges of a mature and promotions-driven food market, where, counter-intuitively, installed capacity keeps expanding. Pingo Doce reinforced the quality of its offer and price positioning and maintained LFL on positive territory while Recheio delivered a remarkable growth fully capturing the opportunities in its sector.

In Colombia, our focus is on building the future growth path for Ara. In this context, 2017 was a year of strong investment in our teams and in expansion while continuing to fine-tune the value proposition. It ended up being a structuring year for our operation in Colombia that was able to open more than 160 stores in 12 months.

All in all, all the Companies delivered on their sales targets, posting very positive growth fuelled by investment in market share gains. This performance is even more important in the context of increased costs of labour in Poland and Portugal and strong resources allocation to operational quality standards.

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## FINANCIAL CALENDAR

FY 2017 Results: 28 February 2018 (after the market close)  
General Shareholders Meeting: 12 April 2018  
Q1 2018 Results: 26 April 2018 (before the market opening)  
H1 2018 Results: 25 July 2018 (after the market close)  
9M 2018 Results: 30 October 2018 (after the market close)

**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

### SALES GROWTH

	Total Sales Growth							LFL Sales Growth						
	Q1 17	Q2 17	H1 17	Q3 17	9M 17	Q4 17	2017	Q1 17	Q2 17	H1 17	Q3 17	9M 17	Q4 17	2017
Biedronka														
Euro	10.8%	15.9%	13.4%	12.6%	13.1%	13.5%	13.2%							
PLN	9.7%	11.8%	10.8%	10.5%	10.7%	9.7%	10.4%	8.4%	9.5%	9.0%	8.9%	9.0%	7.6%	8.6%
Pingo Doce	0.8%	5.2%	3.1%	1.3%	2.4%	4.9%	3.1%	-1.1%	3.0%	1.0%	-1.0%	0.3%	2.9%	1.0%
Ex-Fuel	0.6%	5.3%	3.0%	1.5%	2.5%	5.1%	3.1%	-1.4%	3.1%	0.9%	-0.9%	0.3%	3.0%	1.0%
Recheio	7.2%	9.9%	8.6%	5.9%	7.6%	6.2%	7.2%	5.2%	8.1%	6.8%	4.9%	6.0%	6.6%	6.2%

### STORE NETWORK

Number of Stores	2016	Openings				Closings	
		Q1 17	Q2 17	Q3 17	Q4 17	2017	2017
Biedronka	2,722	11	18	17	75	20	2,823
Pingo Doce	413	2	3	2	3	1	422
Recheio	42	0	1	0	0	0	43
Ara	221	23	26	43	77	1	389
Hebe	153	7	1	6	16	1	182

Sales Area (sqm)	2016	Openings				Closings / Remodellings	
		Q1 17	Q2 17	Q3 17	Q4 17	2017	2017
Biedronka	1,768,293	7,442	12,089	12,361	52,830	-3,977	1,856,992
Pingo Doce	493,089	2,242	4,051	2,000	3,982	1,467	503,897
Recheio	130,597	0	1,399	0	0	-1	131,997
Ara *	71,263	8,342	10,284	15,557	28,464	217	133,693
Hebe	35,479	1,815	222	1,485	4,052	0	43,052

\* Restated: figures published in 2016 and Q1 17

## 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).