Jerónimo Martins SGPS, S.A.

First Nine Months 2016 Results

All Group banners posted a strong performance in the quarter, driving Group sales to grow 5.5% (+9.3% at constant exchange rates) and EBITDA to increase 6.7% (+10.0% at constant exchange rates) in the first 9 months of the year.

- **Biedronka sales grew 9.9% in local currency (+10.2% in Q3), with LFL at 8.7% (+8.5% in Q3)**
- **Pingo Doce sales (excluding fuel) increased 5.0% (+6.3% in Q3) with LFL at 1.1% (+2.6% in Q3)**
- **Recheio sales grew 5.5% (+7.6% in Q3), with LFL at 4.4% (+5.9% in Q3)**
- **On a comparable basis[1], Net Profit to JM was 266 million euros, growing 12.0% over the previous year**

Lisbon, 21 October 2016

Message from the Chairman and CEO
Pedro Soares dos Santos

'In the third quarter, the performance of all Group banners was reinforced by the commercial dynamics of the previous quarters and by the consistent focus on sales.

Biedronka continued with its programme to enhance the value proposition and the differentiation in its offer, which was reflected in a solid growth of the average basket.

Pingo Doce consolidated its market positioning and its leadership as the Portuguese consumers' preferred banner.

In Colombia, Ara arrived to the Bogota region. It is encouraging to see the acceptance our banner received in its expansion to the country's capital.

The nine months' performance validates the defined strategy and confirms our expectation to deliver the targets we set for the year.'

(Million Euro)	9M 16	9M 15	Δ% (Euro)	Δ% (w/o F/X)
Consolidated Sales	10,738.2	10,174.6	+5.5	+9.3
EBITDA	626.9	587.5	+6.7	+10.0
EBITDA Mg (%)	5.8	5.8		
Net Profit JM	501.6	252.2	+98.9	+101.6
w/o non-recurrent	290.4	257.2	+12.9	+15.6
EPS (€)	0.80	0.40	+98.9	
w/o non-recurrent	0.46	0.41	+12.9	
Net Debt	-179.3	176.2		
Gearing (%)	-9.3	10.1		

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[1] Excluding in both years the impact of Monterroio as presented in reconciliation note 6

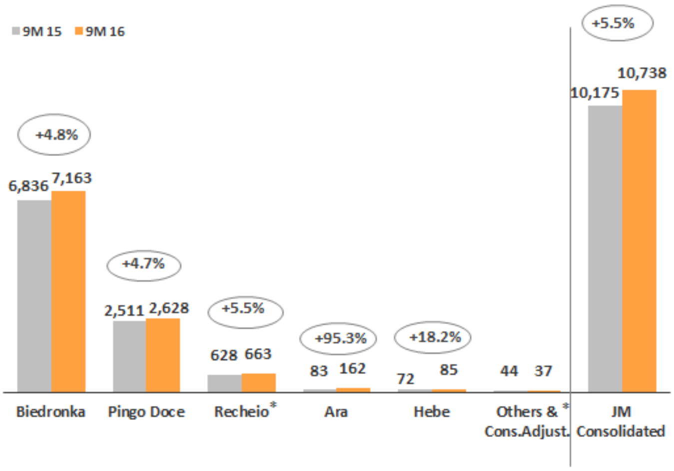
Key Performance Figures

NET CONSOLIDATED PROFIT

(Million Euro)	9M 16		9M 15		Δ	Q3 16		Q3 15		Δ
Net Sales and Services	**10,738**		**10,175**		**5.5%**	**3,780**		**3,531**		**7.1%**
Gross Profit	2,275	21.2%	2,169	21.3%	4.9%	806	21.3%	757	21.5%	6.4%
Operating Costs	-1,648	-15.3%	-1,581	-15.5%	4.2%	-567	-15.0%	-533	-15.1%	6.3%
EBITDA	**627**	**5.8%**	**588**	**5.8%**	**6.7%**	**239**	**6.3%**	**224**	**6.4%**	**6.5%**
Depreciation	-220	-2.0%	-221	-2.2%	-0.5%	-74	-2.0%	-74	-2.1%	-0.2%
EBIT	**407**	**3.8%**	**367**	**3.6%**	**11.0%**	**165**	**4.4%**	**151**	**4.3%**	**9.8%**
Net financial costs	-12	-0.1%	-20	-0.2%	-37.1%	-2	0.0%	-7	-0.2%	-72.3%
Gains in joint ventures and associates	10	0.1%	15	0.1%	n.a.	3	0.1%	7	0.2%	n.a.
Non-Recurrent Items	201	1.9%	-7	-0.1%	n.a.	204	5.4%	-3	-0.1%	n.a.
EBT	**606**	**5.6%**	**354**	**3.5%**	**71.0%**	**370**	**9.8%**	**148**	**4.2%**	**150.4%**
Income tax	-86	-0.8%	-83	-0.8%	3.7%	-32	-0.8%	-34	-0.9%	-4.9%
Net Profit	**520**	**4.8%**	**272**	**2.7%**	**91.4%**	**338**	**8.9%**	**114**	**3.2%**	**196.0%**
Non Controlling Interests	-19	-0.2%	-20	-0.2%	-4.8%	-8	-0.2%	-11	-0.3%	-26.2%
Net Profit attributable to JM	**502**	**4.7%**	**252**	**2.5%**	**98.9%**	**330**	**8.7%**	**103**	**2.9%**	**220.8%**
EPS (€)	0.80		0.40		98.9%	0.52		0.16		220.8%
EPS without non-recurrent (€)	0.46		0.41		12.9%	0.19		0.17		11.8%

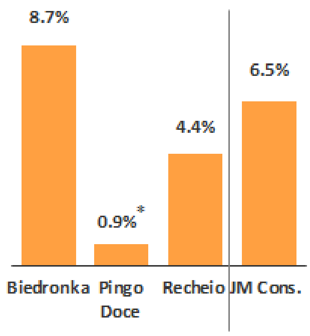
SALES EVOLUTION

Sales (Million Euro)



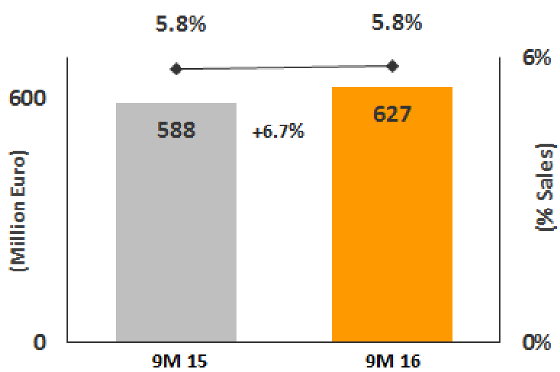
* Restated figures in 9M 2015, see note 2.1.

LFL Growth
(9M 16/9M 15)



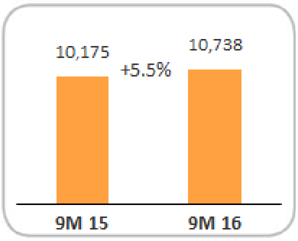
* Ex-Fuel LFL: 1.1%

EBITDA EVOLUTION



Sales & Profit Analysis

SALES



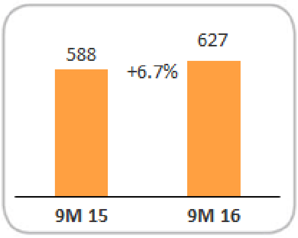
Consolidated sales in the nine months reached €10,738.2m, a growth of 5.5% versus the same period last year (+9.3% at constant exchange rates).

As a result of the increased relevance for consumers of our banners' value proposition, Group LFL sales increased by 6.5% (+6.9% in Q3) over the nine months last year.

In **Poland**, promotions continued to dominate the market and the existing competitive landscape gave no signs of softening. Food inflation in the country, although low, improved slightly to 0.9% in Q3 from the 0.6% in H1.

The increased disposable income in the country continued to contribute to the favourable consumer environment.

EBITDA



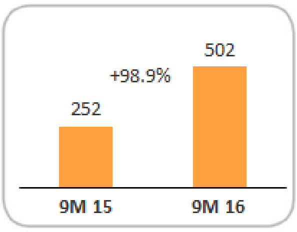
In the first nine months, **Biedronka** total sales grew 9.9% (in local currency) with LFL sales up 8.7%. In euros, sales reached €7,163.4m, 4.8% more than in the previous year.

In Q3 16, Biedronka's improved offer and strong promotional dynamics led to a very positive performance which was reflected in the 8.5% LFL sales growth.

In the first nine months of the year, Biedronka opened 50 new stores bringing the total network up to 2,700. The Company continued with its revamping programme with a total of 145 locations having been remodelled during the period.

Hebe ended the 9M with €84.9m of sales, a growth of 18.2% (+24.0% at constant exchange rates). Over the period, the banner opened 6 locations, ending the nine months with a total of 141 stores.

NET PROFIT

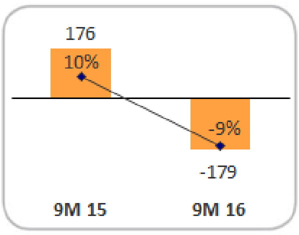


In **Portugal**, July and August saw an acceleration in the growth of food retail sales along with a slight increase in food inflation. Consumer remained highly price-sensitive and promotions continued to dominate the competitive landscape.

In this context, **Pingo Doce** maintained its promotional intensity whilst continuing to invest in reinforcing the attractiveness of its offer. In Q3 16, this resulted in a LFL performance of 2.6% (excl. fuel), despite the challenging comparative of Q3 15.

In the nine months sales grew 4.7% to reach €2,628.0m with LFL (excl. fuel) at 1.1%. Over the period, six new stores were opened and 17 locations were remodelled.

DEBT & GEARING



Recheio also benefited from the strong tourist activity across the country and delivered a remarkable sales performance with LFL reaching 4.4% in the nine months (+5.9% in Q3). Helped by the contribution from one new store opened last June, the Company recorded total sales of €663.1m, an increase of 5.5% in the nine months (+7.6% in Q3).

In Colombia, **Ara's** sales stood at €162.3m in the first nine months of the year. The banner opened its first stores in the Bogota area in September, adding this third region to its expansion map.

In the nine months period, Ara opened a total of 41 stores, and was operating a network of 183 locations by the end of September.

At the Group level, EBITDA increased 6.7% to reach €626.9m with the respective margin standing at 5.8% (5.8% in 9M 15). In Q3 16, EBITDA grew 6.5% with a margin of 6.3% (6.4% in Q3 15). This positive operational performance was the result of the effectiveness of our banners' strategic decision to focus on top line growth.

Biedronka's EBITDA, in the nine months, grew 8.0% to €512.0m (+13.3% in local currency), recording a margin of 7.1% (6.9% in 9M 15). In the third quarter, Biedronka's EBITDA grew 9.3% (+13.2% in local currency). This positive margin evolution was achieved in a context of intense commercial investment and strengthening of our remuneration policies.

The distribution businesses in Portugal achieved an EBITDA of €174.8m in the first nine months, 3.5% ahead of 9M 15. EBITDA margin was at 5.3%, 10 bps down on previous year impacted by the investments in the value proposition and in the top line growth.

Losses generated by Ara and Hebe, at the EBITDA level, stood at €44.3m in the nine months period.

Financial charges for the Group in the nine months were €12.4m, €7.3m below the 9M 15 figure due to lower average net debt and lower cost of debt.

The sale of the Group's subsidiary Monterroio - Industry & Investments B.V. was concluded by 30 September 2016. Proceeds amounted to €310m and the transaction generated additional earnings, at the consolidated level, of €224m, which are included in the heading relating to non-recurrent items.

Net Profit attributable to Jerónimo Martins in the nine months was €501.6m. Excluding the Monterroio contribution, net profit was €266.5m, 12.0% ahead of the same period in previous year.

Group Capex was €295.1m in the first nine months of the year, of which c.43% was invested in Biedronka.

Free Cash Flow generated in the period, after Capex payments, was €555.6m. Excluding the proceeds of Monterroio disposal, cash flow was €250.7m, broadly in line with the same period in 2015.

Net cash position for the Group by the end of September stood at €179.3m including the proceeds from the disposal of Monterroio as mentioned above.

Outlook for 2016

The solid year-to-date performance confirms the relevance of our strategic option to focus on consumer preferences and top-line growth. This, in a context of low food inflation in Poland and Portugal, as well as intense competitive conditions in all the countries where we operate.

Going forward we remain determined to continue reinforcing our banners' market positions whilst focusing on price leadership and differentiated offer.

In Colombia, Ara will invest in the infrastructure and internal organisation that will allow the Company to accelerate its expansion plan which already includes the region of Bogota. This is bringing a bit more of upfront opex and therefore the start-up losses, from Ara and Hebe for this year, already impacted by F/X, are now expected to be marginally ahead of the 2015 number.

At the Group level, capex should not exceed €550m, the lower part of the range previously disclosed.

In our two main markets we maintain a cautious view of prospects due to the socio-economic uncertainty. As such we expect labour costs to put some pressure on the Companies' costs structures.

However, we are confident in both the ability of the Group's Companies to reach their goals and in the potential to continue investing in future growth.

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)	9M 16	9M 15
Net sales and services	**10,738**	**10,175**
Cost of sales	-8,464	-8,006
Gross profit	**2,275**	**2,169**
Distribution costs	-1,693	-1,637
Administrative costs	-174	-165
Exceptional operating profits/losses	-20	-7
Operating profit	**387**	**359**
Net financial costs	-12	-20
Gains/losses in other investments	-4	0
Gains in disposal of business	224	0
Gains in joint ventures and associates	10	15
Profit before taxes	**606**	**354**
Income tax	-86	-83
Profit before non controlling Interests	**520**	**272**
Non controlling interests	-19	-20
Net profit attributable to JM	**502**	**252**

SALES BREAKDOWN

(Million Euro)	9M 16		9M 15		Δ %		Q3 16		Q3 15		Δ %	
		% total		% total	Pln	Euro		% total		% total	Pln	Euro
Biedronka	7,163	66.7%	6,836	67.2%	9.9%	4.8%	2,485	65.7%	2,337	66.2%	10.2%	6.3%
Pingo Doce	2,628	24.5%	2,511	24.7%		4.7%	941	24.9%	888	25.2%		6.0%
Recheio *	663	6.2%	628	6.2%		5.5%	256	6.8%	238	6.7%		7.6%
Ara	162	1.5%	83	0.8%		95.3%	61	1.6%	28	0.8%		120.1%
Hebe	85	0.8%	72	0.7%		18.2%	30	0.8%	24	0.7%		23.8%
Mkt. Repr. and Rest. Serv.	46	0.4%	56	0.6%		n.a.	7	0.2%	20	0.6%		n.a.
Others & Cons. Adjustments*	-10	-0.1%	-12	-0.1%		n.a.	0	0.0%	-4	-0.1%		n.a.
Total JM	**10,738**	**100%**	**10,175**	**100%**		**5.5%**	**3,780**	**100%**	**3,531**	**100%**		**7.1%**

* Restated figures for Q3 15 and 9M 15, see note 2.2.

SALES GROWTH

	Total Sales Growth					LFL Sales Growth				
	Q1 16	Q2 16	H1 16	Q3 16	9M 16	Q1 16	Q2 16	H1 16	Q3 16	9M 16
Biedronka										
Euro	5.1%	3.0%	4.0%	6.3%	4.8%					
PLN	9.3%	10.2%	9.8%	10.2%	9.9%	7.6%	9.9%	8.8%	8.5%	8.7%
Pingo Doce	5.8%	2.2%	3.9%	6.0%	4.7%	1.9%	-1.5%	0.1%	2.4%	0.9%
Ex-Fuel	*6.3%*	*2.5%*	*4.3%*	*6.3%*	*5.0%*	*2.1%*	*-1.4%*	*0.3%*	*2.6%*	*1.1%*
Recheio *	4.4%	4.1%	4.2%	7.6%	5.5%	3.8%	3.4%	3.6%	5.9%	4.4%

* Restated figure for Q1 16, see note 2.3.

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9M 2016 Results

STORE NETWORK

Number of Stores	2015	Openings			Closings	Network	
		Q1 16	Q2 16	Q3 16	9M 16	9M 16	9M 15
Biedronka	2,667	26	14	10	17	2,700	2,659
Pingo Doce	399	3	2	1	0	405	397
Recheio	41	0	1	0	0	42	41
Ara	142	8	11	22	0	183	54
Hebe	134	1	5	6	5	141	117

Sales Area (sqm)	2015	Openings			Closings/ Remodellings	Network	
		Q1 16	Q2 16	Q3 16	9M 16	9M 16	9M 15
Biedronka	1,721,897*	19,329	10,743	6,077	6,671	1,751,374	1,710,534
Pingo Doce	479,113	3,500	1,850	1,489	-1	485,952	478,123
Recheio	128,141	0	2,696	0	0	130,837	128,141
Ara	43,891	2,732	3,683	7,404	0	57,710	34,521
Hebe	30,955	225	1,282	1,219	1,311	32,369	28,508

* Restated figure from 1,717,944 published in 2015 FY.

EBITDA MARGIN BREAKDOWN

(% of sales)	9M 16	% total	9M 15	% total
Biedronka	7.1%	81.7%	6.9%	80.7%
Distribution Portugal	5.3%	27.9%	5.4%	28.8%
Others & Cons. Adjustments	n.a.	-9.6%	n.a.	-9.4%
JM Consolidated	**5.8%**	**100%**	**5.8%**	**100%**

BALANCE SHEET

(Million Euro)	9M 16	2015	9M 15
Net Goodwill	636	640	642
Net Fixed Assets	3,095	3,060	2,997
Total Working Capital	-2,004	-2,001	-1,829
Others	11	82	114
Invested Capital	**1,739**	**1,780**	**1,924**
Total Borrowings	326	658	689
Leasings	0	0	0
Accrued Interest	1	0	5
Marketable Sec. & Bank Deposits	-507	-471	-519
Net Debt	**-179**	**187**	**176**
Non Controlling Interests	254	252	248
Share Capital	629	629	629
Reserves and Retained Earnings	1,035	712	871
Shareholders Funds	**1,918**	**1,593**	**1,748**
Gearing	*-9.3%*	*11.7%*	*10.1%*

CASH FLOW

(Million Euro)	9M 16	9M 15
EBITDA	627	588
Interest Payment	-11	-20
Other Financial Items	3	11
Income Tax	-88	-84
Funds From Operations	**531**	**496**
Capex Payment	-291	-283
Working Capital Movement	20	51
Others	296	-5
Free Cash Flow	**556**	**258**

FINANCIAL COSTS BREAKDOWN

(Million Euro)	9M 16	9M 15
Net Interest	-9	-17
Exchange Differences	-1	0
Others	-2	-3
Financial Results	**-12**	**-20**

CAPEX

(Million Euro)	9M 16	Weight
Biedronka	126	42.6%
Distribution Portugal	115	39.0%
Others	54	18.4%
Total CAPEX	**295**	**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. Restatement sales in Recheio

Recheio sales in 2015 included when reported intercompany sales that are now being corrected, with impact in the headings Recheio Sales and Other and Consolidated Adjustments.

2.1 Sales Evolution

Sales	Reported 9M 15	Restated 9M 15
Recheio	631	628
Others & Cons. Adjustments	37	39

2.2 Sales Breakdown

Sales	Reported		Restated	
	Q3 15	9M 15	Q3 15	9M 15
Recheio	238	631	238	628
Others & Cons. Adjustments	-4	-15	-4	-12

2.3 Sales Growth

Total Sales Growth	Reported Q1 16	Restated Q1 16
Recheio	4.3%	4.4%

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3. P&L - Reconciliation note

(Following ESMA guidelines on Alternative Performance Measures from October 2015)

Income Statement	Income Statement by Functions in the Consolidated Report & Accounts - First Nine Months 2016
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 €-219.5m
EBITDA	
Depreciation	Includes heading of Depreciations - in note Gross profit and operating costs - and the amortisations related with the production activity (€1,8m)
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 Profit/Losses in other investments
EBT	
Income tax	Tax heading on current results
Net Profit	
Non-Controlling Interests	Non-controlling interests
Net Profit attributable to JM	

4. 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 Nine Months 2016
Net Goodwill	Included in the heading of Intangible assets
Net Fixed Assets	Includes the headings Tangible and Intangible assets excluding the net goodwill value (€636.2m)
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 €3.7m Cash and cash equivalents (note - Cash and cash equivalents) and the value of €6.8m related to 'Others' due to its operational nature. Excludes: the value of €-1.1m 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 €34.4m related to Collateral deposits associated to financial debt (note - Trade debtors, accrued income and deferred costs); and also the value of €6.8m related to Others due 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 €1.1m 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 €34.4m related to Collateral deposits associated to financial debt (reflected in Trade debtors note) and excludes the value of €3.7m 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	

5. 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 Nine Months 2016
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 property
Working Capital Movement	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	

6. Net Profit on a comparable basis

	9M 16	9M 15
Net Profit attributable to JM	502	252
Deducted from the impact of discontinued businesses:		
Gains in joint ventures and associates	10	15
Non-Recurrent Items - Monterroio	224	0
Net Profit Mkt. Repr. and Rest. Serv.	0	0
Net Profit on a comparable basis	**266**	**238**