



I. The Group Jerónimo Martins

1. Profile and Structure	8
1.1. Identity and Responsibilities	8
1.2. Operating and Financial Indicators	10
1.3. Corporate Bodies & Structure	12
2. Strategic Positioning	15
2.1. Mission	15
2.2. Strategic Vision	15
2.3. Operational Profile	16
3. Awards and Recognition	17

This Annual Report of the Jerónimo Martins Group covers the period from January 1st to December 31st, 2015, and includes the areas of Distribution and Services in Portugal, Poland and Colombia, describing the results of the entities directly held by the Group.

1. Profile and Structure

1.1. Identity and Responsibilities

Asset Portfolio

Jerónimo Martins is a Group that has assets in the Food area, mostly in Distribution, with market leadership positions in Poland and Portugal. In 2015, it achieved sales of 13.7 billion euros (67% in Poland) and an EBITDA of 800 million euros (80% in Poland). The Group has a total of 89,027 employees and ended the year with a market capitalisation of 7.5 billion euros on the NYSE Euronext Lisboa.



In Poland, **Biedronka**, a chain of food stores with a positioning that combines the quality of its assortment, store environment and proximity locations with the most competitive prices in the market, is the Food Retail sales leader, operating 2,667 stores spread across the entire country. At the end of 2015, the Company reached 9.2 billion euros of sales, recording around 1.3 billion customer tickets. Also in Poland, since May 2011, the Group has a chain in the drugstore sector, under the **Hebe** banner, which has 134 stores, including an Apteka Na Adrowie pharmacy. This business concept is based on the offer of a Health and Beauty assortment with high quality services at a very competitive price.



In Colombia, **Ara** currently operates in two regions of the country: the Coffee Growing Region, and since September 2015, the Caribbean Coast. Ara operates proximity food stores, mostly set-up in residential neighbourhoods. Ara is positioned as a chain of quality products at the best prices, combining competitiveness with promotional opportunities in key categories to the Colombian consumer. At the end of the year, Ara was operating in 142 locations.



In Portugal, the Jerónimo Martins Group holds a leading position in Food Distribution, having reached a combined turnover of 4.2 billion euros in 2015. It operates with the banners **Pingo Doce** (399 supermarkets) and **Recheio** (37 cash & carries and four platforms, three of them related to Food Service), which are leaders in the Supermarket and Cash & Carry segments, respectively.

Also in Portugal, through Pingo Doce, Jerónimo Martins has invested in developing projects that are complementary to the Food Retail business, namely **Refeições no Sítio do Costume** Restaurants and Take Away, Petrol Stations and **Bem-Estar** Stores, as well as through the **New Code** (adults and children's clothing) and **Spot** (shoes and accessories) banners. These last two through partnerships with specialised operators.

The main objective of **Jerónimo Martins Agro-Alimentar (JMA)** is to have direct access to the supply of strategic products, thereby guaranteeing the Group's internal needs, most specifically in the areas of dairy products and beef.



Through its partnership with Unilever and operating under the name of **Unilever Jerónimo Martins**, the Group is also the largest manufacturer of fast-moving consumer goods in Portugal, in the area of Food, Personal Care, Home Care and Out-of-Home consumption. This Company holds leadership positions in the Margarines, Ice Tea, Ice-Creams and Washing Detergents markets, among others.



Also within the area of Manufacturing, the partnership with Unilever is extended to **Gallo Worldwide**, operating in the Olive Oil, Vinegar, Olives and Vegetable Oil business. In 2015, the Company sold to over 30 countries, including Portugal, becoming the 2nd largest olive oil brand in the world.

In Portugal, the Group's portfolio also includes a business area geared towards Marketing, Representations and Restaurant Services, integrating the following businesses:



Jerónimo Martins Distribuição de Produtos de Consumo, which is the representative of international food brands in Portugal, some of which are market leaders in mass market food.

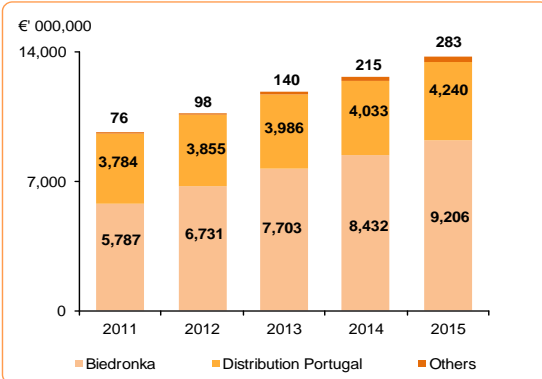
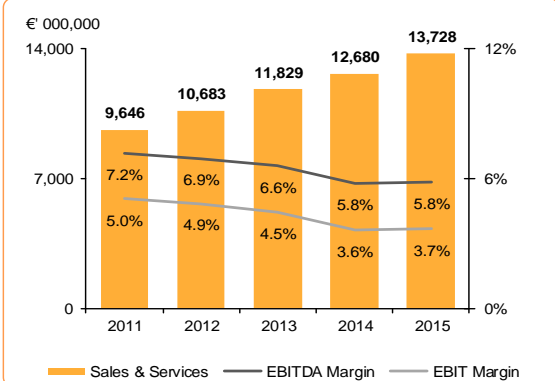
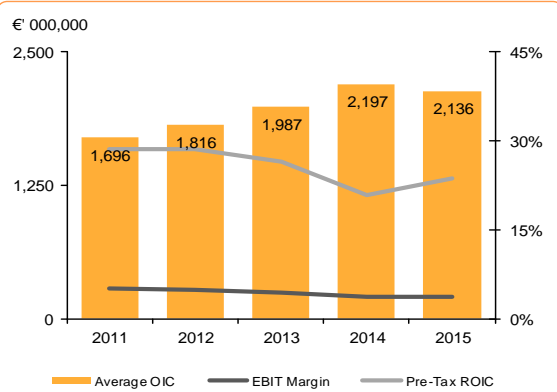
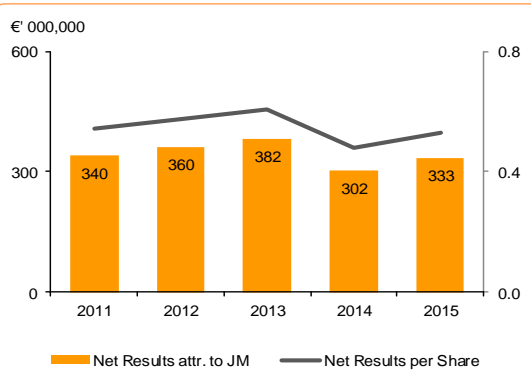
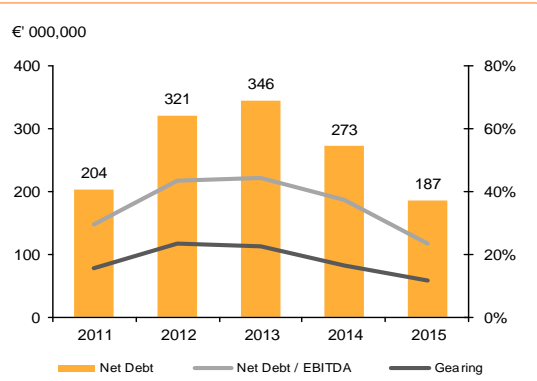
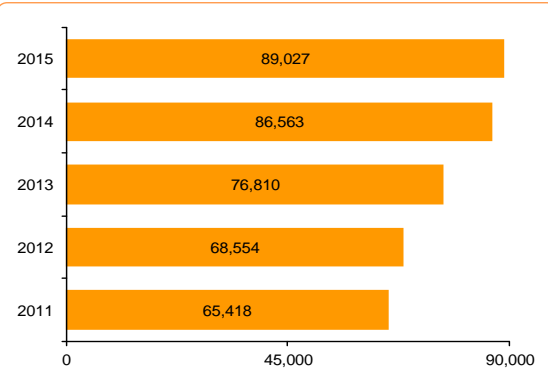


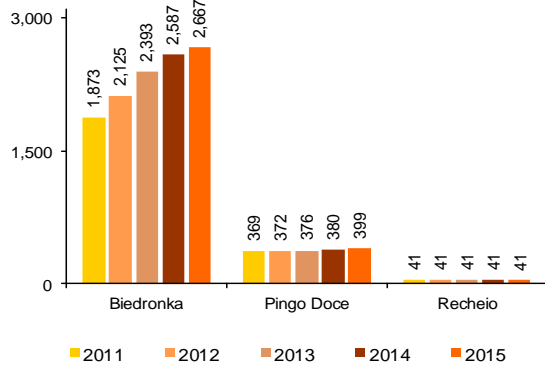
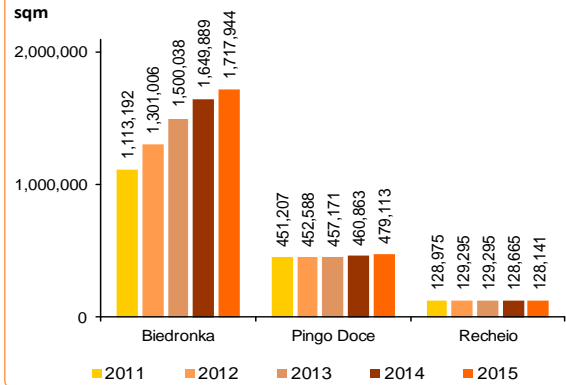
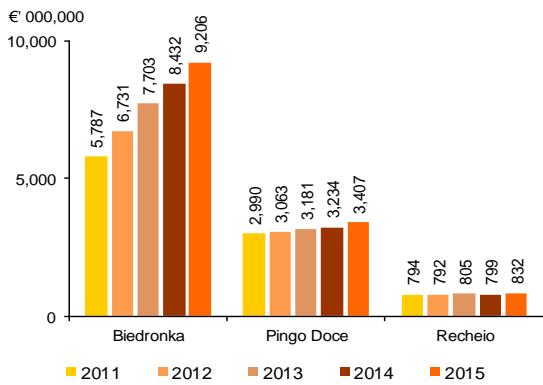
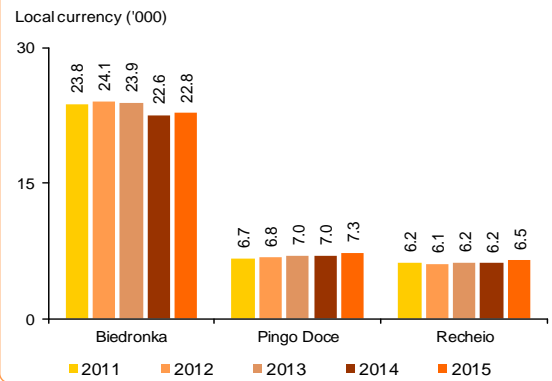
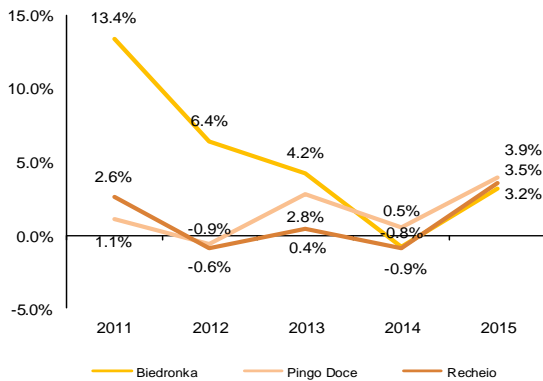
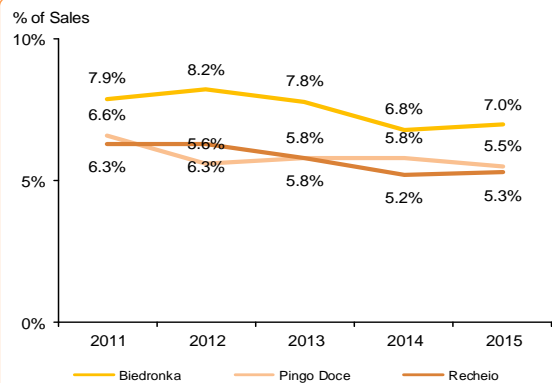
Jerónimo Martins Restauração e Serviços is engaged in the Restaurant Services sector and at the end of 2015 included: the Jerónimo chain of kiosks and coffee shops, with 18 points of sale, and the Olá chain of ice-cream parlours, with 30 stores, five of which are franchised.



Hussel, a Specialised Retail chain selling chocolates and confectionery, had 27 stores at the end of 2015 (including three "Giro by Hussel" kiosks).

1.2. Operating and Financial Indicators

Sales & Services

Sales, EBITDA Margin & EBIT Margin

Pre-Tax ROIC

Net Results and Net Results per Share

Net Debt

Employees


Number of Stores

Sales Area

Sales

Sales / sqm

LFL Sales Growth

EBITDA Margin


1.3. Statutory Bodies and Structure

1.3.1. Statutory Bodies

Election date: 10th April, 2013

Composition of the Board of Directors elected for the 2013-2015 term

Pedro Manuel de Castro Soares dos Santos

- Chairman of the Board of Directors and Chief Executive Officer
- Born on 7th March, 1960
- **Chairman of the Board of Directors since December 2013**
- **Chief Executive Officer of the Group since April 2010**
- **Member of the Board of Directors since 1995**
- **Chairman of the Corporate Governance and Corporate Responsibility Committee since December 2013**

Alan Johnson

- Born on 18th September, 1955
- **Member of the Board of Directors since March 2012**

Andrzej Szlezak

- Born on 7th July, 1954
- **Member of the Board of Directors since April 2013**
- **Member of the Corporate Governance and Corporate Responsibility Committee since April 2013**

António Pedro de Carvalho Viana-Baptista

- Born on 19th December, 1957
- **Member of the Board of Directors since April 2010**
- **Member of the Audit Committee since April 2010**

Artur Stefan Kirsten

- Born on 22nd February, 1961
- **Member of the Board of Directors since 9th April 2015**

Clara Christina Streit

- Born on 18th December, 1968
- **Member of the Board of Directors since 9th April 2015**

Francisco Manuel Seixas da Costa

- Born on 28th January, 1948
- **Member of the Board of Directors since April 2013**
- **Member of the Corporate Governance and Corporate Responsibility Committee since April 2013**

Hans Eggerstedt

- Born on 12th March, 1938
- **Member of the Board of Directors since 2001**
- **Chairman of the Audit Committee since 2007**

Henrique Manuel da Silveira e Castro Soares dos Santos

- Born on 7th November, 1968
- **Member of the Board of Directors since 9th April, 2015**

- **Member of the Corporate Governance and Corporate Responsibility Committee since 23rd April, 2013**

José Manuel da Silveira e Castro Soares dos Santos

- Born on 6th April, 1962
- **Member of the Board of Directors from 2004 until 9th April, 2015**
- **Member of the Corporate Responsibility Committee and later, of the Corporate Governance and Corporate Social Responsibility Committee since April 2010**

Nicolaas Pronk

- Born on 2nd October, 1961
- **Member of the Board of Directors since 2007**

Sérgio Tavares Rebelo

- Born on 29th October 1959
- **Member of the Board of Directors since April 2013**
- **Member of the Audit Committee since April 2013**

Statutory Auditor and External Auditor

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

Palácio Sottomayor, Rua Sousa Martins, 1 - 3rd floor, 1050-217 Lisbon

Represented by:

José Pereira Alves (R.O.C. no. 711) or António Joaquim Brochado Correia (R.O.C. no. 1076)

Substitute:

José Manuel Henriques Bernardo

Company Secretary

Ana Luísa Abreu Coelho Virgínia

Substitute:

Carlos Miguel Martins Ferreira












Chairman of the Shareholders' Meeting

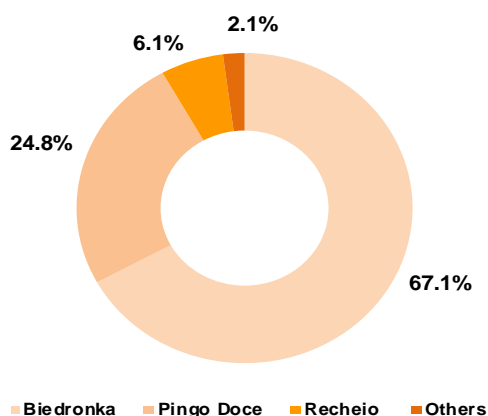
Abel Bernardino Teixeira Mesquita

Secretary of the Shareholders' Meeting

Tiago Ferreira de Lemos

1.3.2. Business Structure

JERÓNIMO MARTINS					
2015 Sales 13,727 million euros			2015 EBITDA 800 million euros		
Poland	Portugal				Colombia
Distribution	Distribution	Manufacturing ⁽¹⁾	Services	Agro Business	Distribution
100%	51%	45%	100%	100%	100%
 Biedronka Convenient Discount	 Pingo Doce Supermarket	 Unilever Jerónimo Martins	 JMDPC  JM Restauração e Serviços	 Jerónimo Martins Agro-Alimentar	 Ara Proximity Food Store
100%	100%	45%	51%		
 Hebe Drugstore	 Recheio Cash & Carry	 Gallo Worldwide	 Hussel		

Sales by Business Area 2015

EBITDA by Business Area 2015

Million euros	EBITDA	% Total
Biedronka	641	80.2%
Pingo Doce	188	23.5%
Recheio	44	5.5%
Others	-73	-9.2%
JM	800	100%

⁽¹⁾ Since 2013, Manufacturing is consolidated using the equity method and not included in the figures here presented.

2. Strategic Positioning

2.1. Mission

Jerónimo Martins is an international Group with its head office in Portugal, operating in Food Distribution and Food Manufacturing, aiming to satisfy the needs and expectations of its Stakeholders and the legitimate interests of its Shareholders in the short, medium and long term, while simultaneously contributing towards the sustainable development of the regions in which it operates.

As key pillars for its mission and within the scope of its approach to Corporate Responsibility, Jerónimo Martins adopts continuous and sustainable value creation and growth.

Jerónimo Martins' Corporate Responsibility focuses on its contribution towards improving the quality of life in the communities where the Group operates. This, by providing healthy products and food solutions, being actively responsible in its purchases and sales, defending human rights and working conditions, stimulating a more cohesive and balanced social structure, and respecting the environment and natural resources.

2.2. Strategic Vision

Creating Value and Growth

The Group's strategic guidelines for creating value are based on four aspects:

1. Continuous promotion of sustainable growth;
2. Careful risk management to preserve the value of its assets and to reinforce the robustness of its balance sheet;
3. Maximisation of the effect of scale and synergies;
4. Encouragement of innovation and a pioneering spirit as factors for developing competitive advantages.

These four aspects aim to achieve the following strategic objectives:

- To achieve and consolidate a leadership position in the markets where it operates;
- To build and develop strong and responsible banners and brands;
- To ensure balanced growth of sales and profitability of its business units.

In pursuing these objectives, the Group Companies carry out their activities using the following guidelines:

- Strengthening their price competitiveness and value proposition;
- Improving their operational efficiency;
- Incorporating technological upgrading;
- Identifying opportunities for profitable growth.

2.3. Operating Profile

Our operational positioning reflects a clear value food retail approach, where the focus on value and mass market strategy define our presence in the market.

The Group offers proximity, convenient food solutions for all consumers, at very competitive prices, which requires operating with maximum efficiency and lean cost structures. All our value propositions are marked by strong differentiation in three essential aspects: variety and quality of fresh food, strong brands, and quality store environment.

The success of our formats is leveraged on our market leadership. Leadership within a mass-market approach is linked to relevant size, which is essential for creating economies of scale that enable us to be cost leaders and thus allows us to offer the best prices. Furthermore, it is leadership that enables us to create notoriety and trust, which is essential for building lasting relationships with strategic business partners and with our consumers.

3. Awards and Recognition

Corporate

- The Jerónimo Martins Group climbed three positions in the **Global Powers of Retailing 2016** ranking, compared to the previous year's edition, to become ranked as the 59th largest retail company in the world. The study, conducted by Deloitte, in partnership with the North American magazine, "Stores", was based on 2014 financial information and shows that the Jerónimo Martins Group jumped eight places in just two years;
- The Group was awarded the **Founder Award** by Junior Achievement, in recognition of the role it has played in founding and promoting the institution's success since it was created in Portugal, in 2005;
- "Less is More" an internal publication aimed at raising awareness on the fight against food waste, won various awards attributed by the magazine "**Meios & Publicidade**", by the North American **Content Marketing Institute**, by the **SPD Awards**, and by the **Pearl Awards**;
- The Group was also awarded the prizes '**National Champion**' and '**Ruban d'Honneur**' by the European Business Awards in the category "The Award for Environmental & Corporate Sustainability" for its strategy to combat food waste;
- It was awarded in the Euronext Lisbon Awards, in the "**Listed company - Best Performance – Compartment A**".

Biedronka

- Biedronka reached the 3rd position in the ranking of the **100 Biggest Companies in Poland**, publicised by "Forbes" magazine;
- It was once again awarded the **Stars in Service Quality** award in the "Supermarkets" category, attributed within the scope of the Polish Service and Quality Programme;
- It won the **Success of the Year** award, from the magazine "Personalities and Successes";
- It remained in 1st position in the **List of the Largest Polish Companies in the Retail Sector**, by the publications "Gazeta Finansowa" and "Grocer Market";
- It was voted **Retailer of the Year**, in the "Discounts" category, by producers that participate in a survey by AC Nielsen Polska;

- The "Dada" Private Brand of baby nappies won three awards: **Super Product of the Year 2014, Hit Mammy it's me - Best for child**, and **M like Mum monthly**;
- The organisation **Responsible Business** awarded two of Jerónimo Martins Polska's initiatives in the area of Social Responsibility: "Young designers for Biedronka" and "Biedronka and well-known designers for DKMS Foundation";
- The "Linda" liquid soap and "Bebeauty" bath salts, which are Private Brand products, were honoured with the **Good Brand** award;
- Biedronka was given the **Biały Listek CSR** award by the magazine, "Polityka", for following the recommendations of ISO 26000;
- For the sixth time, it won the **Superbrand** award in the "Retail" category;
- It reached the 2nd position in the ranking of the **500 Biggest Polish Companies**, compiled by the publication "Rzeczpospolita";
- It once again achieved 1st place in the **Top Brand** ranking, in the "Retailers" category, publicised by "Press magazine" and by "Press Service Media Monitoring";
- The Bydgoszcz store was awarded the **Architecture with Energy** award, in the "Public Building" category. This award aims to select the buildings with the greatest energy efficiency in the Kujawsko-Pomorskie region;
- Biedronka received the **Business Partner Supporting** award, from Last Mile Solutions;
- It was awarded the **Best Image** trophy, attributed by The Flag of Regions' Business;
- It was recognized by the newspaper "Polska The Times", in its CSR report, for the launch of the Children's Literature Prize contest Biedronka (Piórko 2015);
- It reached 4th position in the ranking of the **500 biggest companies in Central and Eastern Europe**, set up by Coface;
- Jeronimo Martins Polska collected a **Golden Laurel of Super Biznes** for the work carried out in the agro-food sector;
- The Wojnicz Distribution Centre was classified in 1st place in the **Speed Docking** contest, organised by ECR Poland, with the objective of measuring and comparing truck offloading times in mass market companies' Distribution Centres;
- Jeronimo Martins Polska received the **Business Superbrands** Award;

- Biedronka was acknowledged as the second **Most Valuable Brand in Poland**, in the ranking compiled by the newspaper "Rzeczpospolita" and by the consultant Acropolis;
- Jeronimo Martins Polska was acknowledged in the **Polish Business Patriotism Index**, ranking as one of the most patriotic companies in Poland, in various categories.

Pingo Doce

- Pingo Doce Private Brand wines won one **Gold Medal**, nine **Silver Medals**, six **Bronze Medals** and nine **Medals of Recommendation** in the International Wine Challenge, Concours Mondial de Bruxelles, Decanter World Wine and Vinhos de Portugal contests;
- The magazine "Sabe Bem" (Tastes Good) was awarded the silver in the **Pearl Awards**, in the "Best Retail" category.

Recheio

- Recheio was certified with the "**Choice of the Professionals**" seal, attributed by "Consumer Choice – Centro de Avaliação da Satisfação do Consumidor", in the "Wholesale Distribution" category.

Jerónimo Martins Distribuição de Produtos de Consumo

- **Best Global Brands** (Interbrand): Kellogg's in 34th position;
- **Marcas que marcam - Marcas com maior notoriedade espontânea (Brands that leave a mark - Brands with the greatest spontaneous notoriety)** (QSP - Consultoria de Marketing and the newspaper, "Diário Económico"): Kellogg's;
- **Master of Distribution**, in the "Confectionery" category: Reese's 2 Butter Cups;
- **Consumer's Choice 2015**: *Francesinha* Sauce and QB Original from Guloso;
- **Master of Distribution**, in the "Sauces and Seasonings" category: Guloso Pizza Sauce.