

This Annual Report of the Jerónimo Martins Group covers the period from January 1<sup>st</sup> to December 31<sup>st</sup>, 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 2<sup>nd</sup> 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.

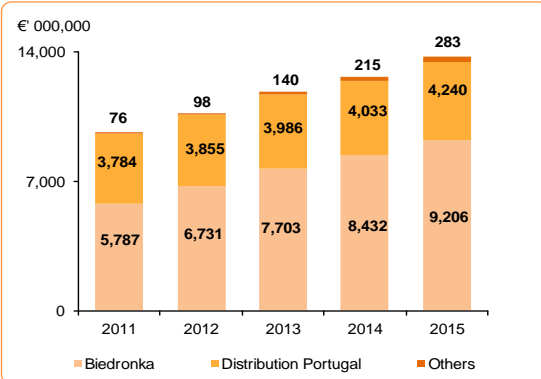
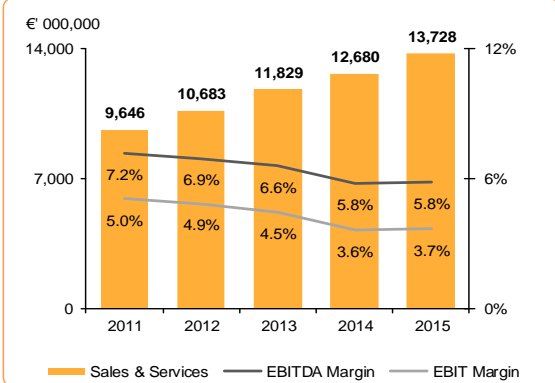
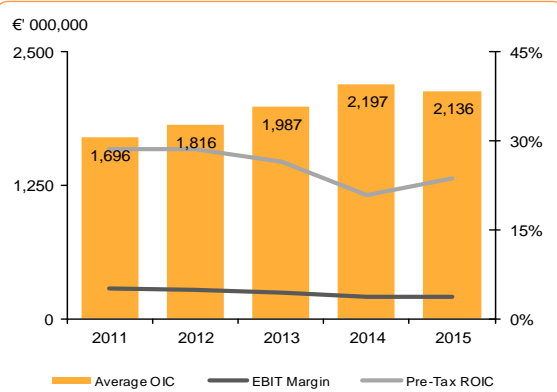
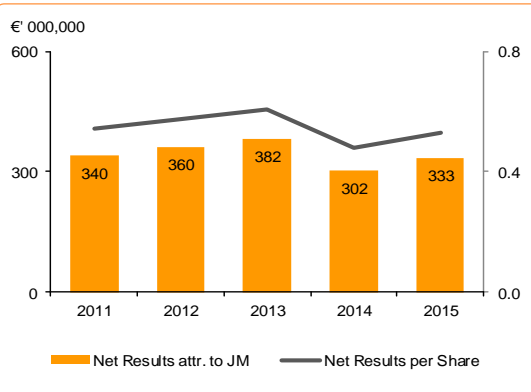
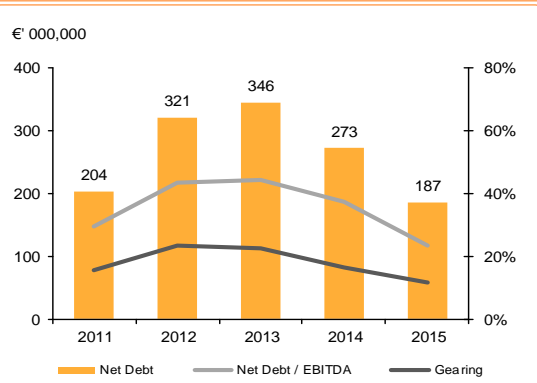
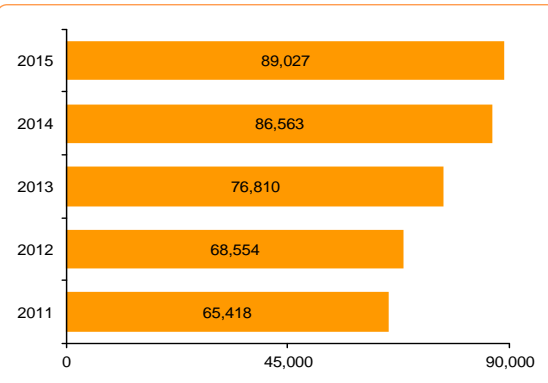


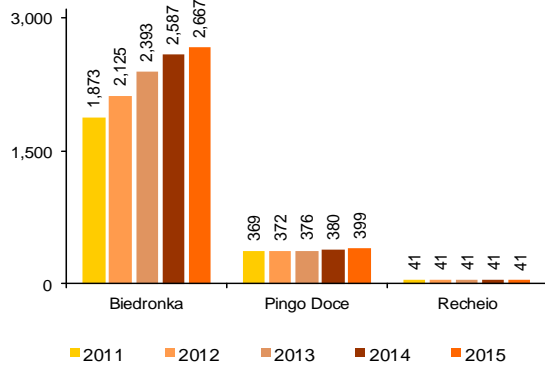
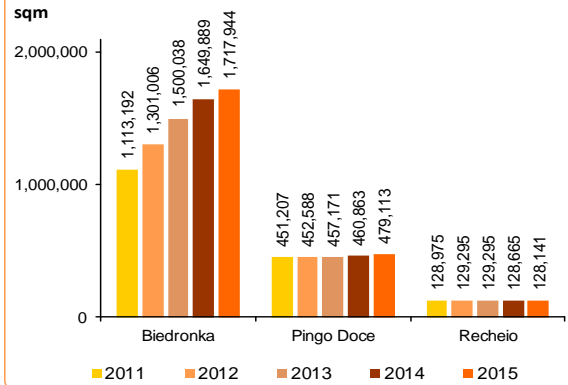
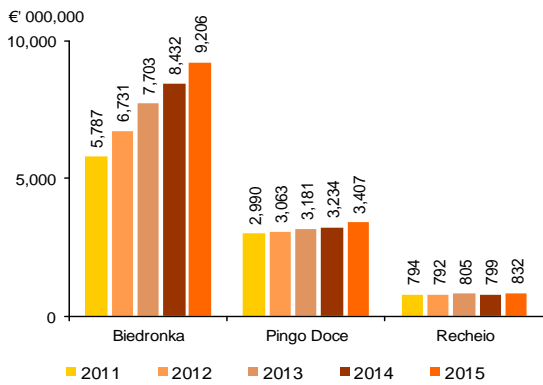
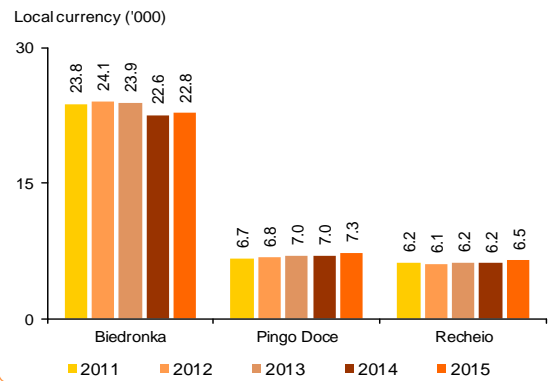
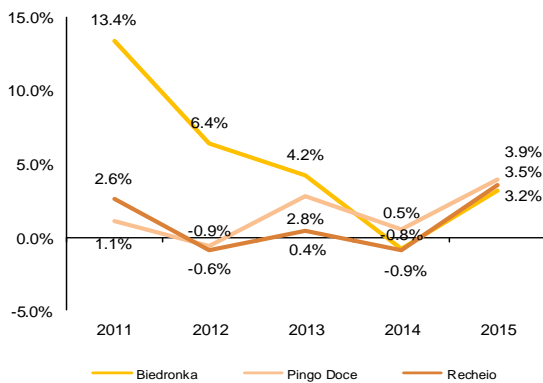
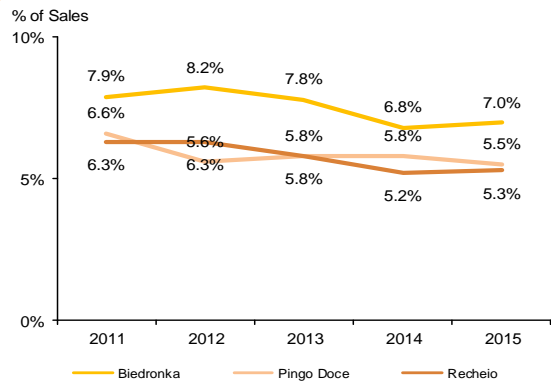
**Jerónimo Martins Restauração e Serviços** is engaged in the Restaurant Services sector and at the end of 2015 included: the Jerónimo chain of kiosks and coffee shops, with 18 points of sale, and the Olá chain of ice-cream parlours, with 30 stores, five of which are franchised.



**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:** 10<sup>th</sup> 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 7<sup>th</sup> 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 18<sup>th</sup> September, 1955
- **Member of the Board of Directors since March 2012**

**Andrzej Szlezak**

- Born on 7<sup>th</sup> 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 19<sup>th</sup> December, 1957
- **Member of the Board of Directors since April 2010**
- **Member of the Audit Committee since April 2010**

**Artur Stefan Kirsten**

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

**Clara Christina Streit**

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

**Francisco Manuel Seixas da Costa**

- Born on 28<sup>th</sup> 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 12<sup>th</sup> 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 7<sup>th</sup> November, 1968
- **Member of the Board of Directors since 9<sup>th</sup> April, 2015**

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

**José Manuel da Silveira e Castro Soares dos Santos**

- Born on 6<sup>th</sup> April, 1962
- **Member of the Board of Directors from 2004 until 9<sup>th</sup> 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 2<sup>nd</sup> October, 1961
- **Member of the Board of Directors since 2007**

**Sérgio Tavares Rebelo**

- Born on 29<sup>th</sup> 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 - 3<sup>rd</sup> 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**

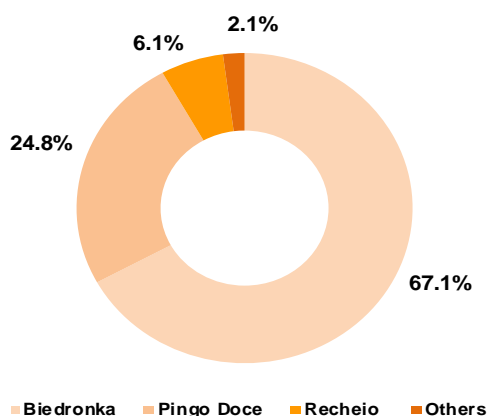
**Abel Bernardino Teixeira Mesquita**

**Secretary of the Shareholders' Meeting**

**Tiago Ferreira de Lemos**

### 1.3.2. Business Structure

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

**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%
<b>JM</b>	<b>800</b>	<b>100%</b>

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