

JERÓNIMO MARTINS, SGPS, S.A.

PUBLIC COMPANY **MANAGEMENT REPORT**

Financial year 2015

Jerónimo Martins (JMH) has a portfolio of investments which controls a set of businesses that comprise Food Distribution in Portugal (Pingo Doce and Recheio), in Colombia (Ara) and in Poland (Biedronka, Hebe and Apteka Na Zdrowie), the Manufacturing sector through Unilever Jerónimo Martins and Gallo Worldwide, Specialised Retail (Hussel, Olá and Jeronymo), Marketing Services and Representations (JMDPC) and in Agro Business sector.

All amounts are shown in thousand euros (EUR thousand) unless otherwise stated.

As the Group's Holding Company and Corporate Center, JMH co-ordinates and provides consultancy services to its subsidiaries. The functional areas of support to the Group range from Administration, Environment and Food Safety, Legal Affairs, Internal Audit, Corporate Communications and Responsibility, Financial Control, International Expansion and Strategy, Fiscal Affairs, Risk Management, Marketing and Consumer, Financial Operations, Quality and Private Brand Development, Human Resources, Investor Relations, Security, Information Security and Information Technology. The turnover from these services, as well as management services for negotiations on behalf of the Group Companies, was EUR 19,619 thousand.

1. The Group's operational performance and outlook for 2015

The Group's business activities are analysed in detail in the Consolidated Management Report that accompanies the 2015 Consolidated Financial Statements.

2. Company's performance

JMH, as the Holding and manager of company holdings, presented negative operating results of EUR 4,991 thousand in 2015, which represents a decrease of EUR 2,485 thousand compared with 2014. This decrease is due, mainly, to the increasing reinforcement of JMH competences as corporate center of the Jerónimo Martins Group.

For 2015, the EUR 266,231 thousand gains in subsidiaries (EUR 323,509 thousand in 2014), are, essentially, due to dividends received from companies in which JMH has a direct shareholding, and as such they correspond to previous years consolidated results. Under the current tax legislation, this dividend income is exempt from taxation as it was already considered for Income Tax purposes in the companies which generated them.

The financial results were EUR 120 thousand (negative EUR 2,904 thousand in 2014). This result was mainly due to the average financial debt reduction during the year. When compared with previous year, the financial debt increased BY EUR 211,036 thousand, to EUR 161,615 thousand (in 2014 the financial debt was negative EUR 49,421 thousand). This financial debt increase is mainly due to the decrease in dividends received from subsidiaries as well as increase in loans granted to subsidiaries.

The Net Profit of the year was EUR 260,488 thousand (EUR 317,223 thousand in 2014), coming mainly from the dividends distributed by its subsidiaries.

3. Information on environmental matters

There are no significant environmental matters likely to affect the Company's financial performance and situation, and the Company is unaware of any environmental contingent liability concerning environmental matters. As a result, the Company did not recognise any relevant costs or investment of an environmental nature in its Financial Statements.

4. Results appropriation proposal

In the financial year of 2015, Jerónimo Martins, SGPS, S.A. declared consolidated profits of EUR 333,341,727.01 and a profit in the individual accounts of EUR 260,487,957.66.

In accordance with the dividend distribution policy outlined in point 7 of the Consolidated Management Report chapter of the Group's Annual Report, the Board of Directors proposes to the Shareholders that the net profits of the year be applied in the following manner:

▪ Legal Reserve	13,024,397.88 euros.
▪ Free Reserves	80,928,491.48 euros.
▪ Dividends	166,535,068.30 euros.

This proposal represents a gross dividend payment of 0.265 euros per share, excluding own shares in the portfolio.

5. Statements for legal purposes

Under the law, the Board of Directors is required to provide the following information:

- a) In addition to the above mentioned facts and those that are given in greater detail in the Report that accompanies the Group's Consolidated Financial Statements for 2015, no other situation after the end of the year has come to the Board of Director's knowledge which warrants special mention;
- b) Under the terms of Article 21 of Decree-Law no. 411/91, there are no debts of arrears of payments to Social Security;
- c) Under the terms of the paragraph 2, article 324 of the Portuguese Commercial Companies Code, there were no purchases or sales of own shares, and therefore the number of own shares held at the end of 2015 was 859,000 shares, the same as on 31 December 2014;
- d) The information regarding subsequent events, shareholdings in the Company's equity by Members of the Board of Directors and Statutory Auditor and the list of shareholders with Qualifying Holdings, can be found in the Consolidated Management Report.

Lisbon, 1 March 2016

The Board of Directors