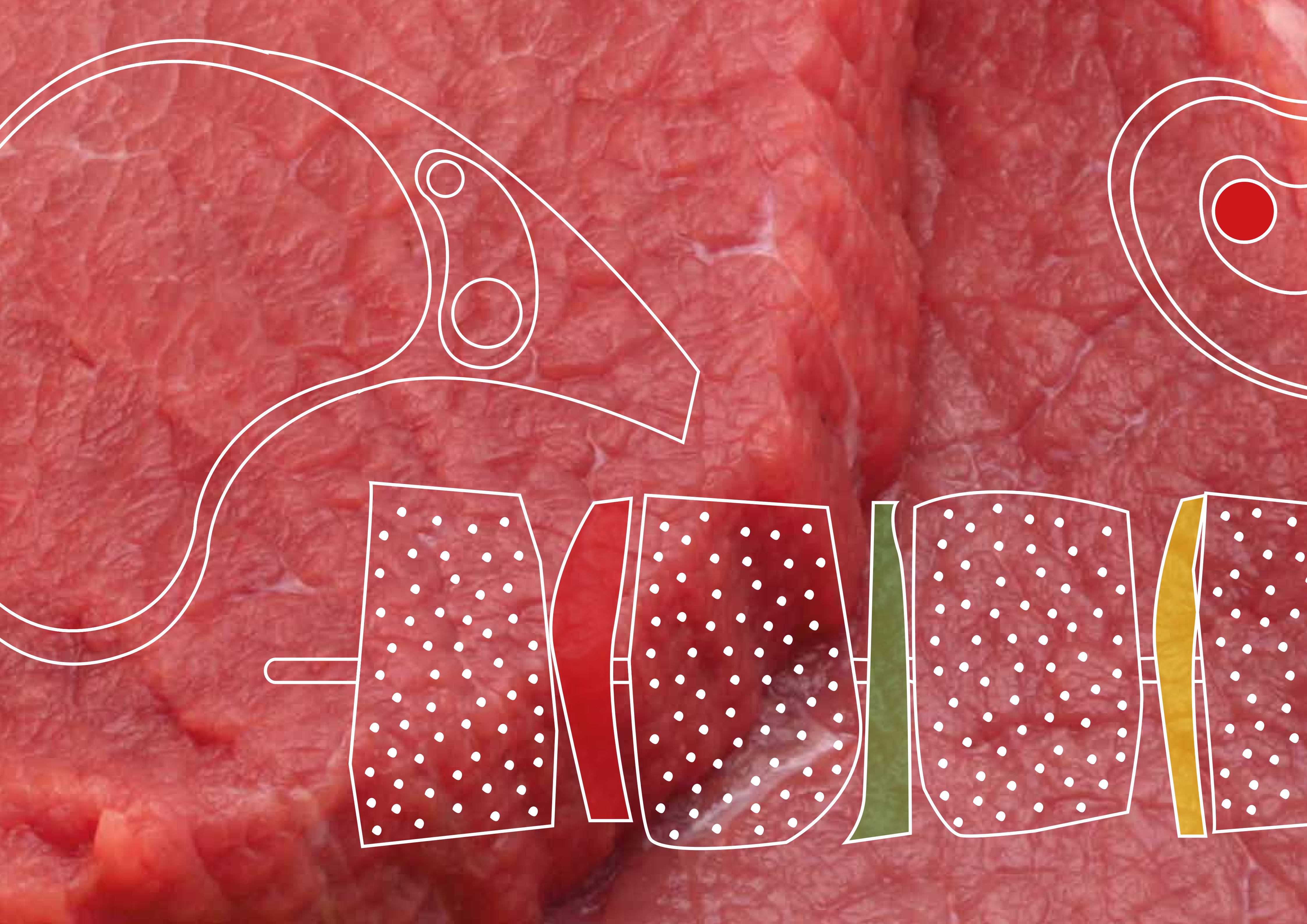
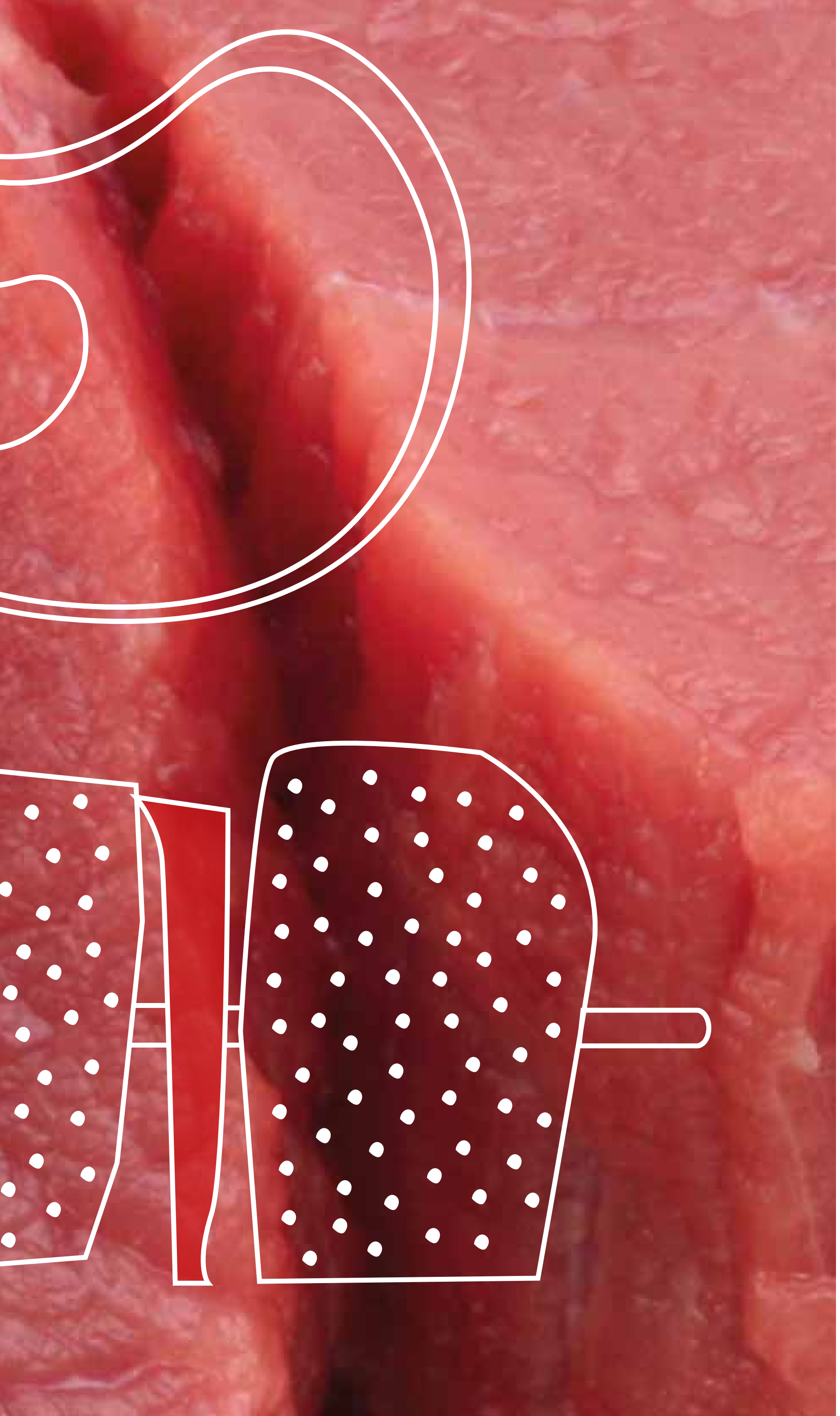




II. WHAT WE DID IN 2015

1. KEY FACTS OF THE YEAR

BIEDRONKA

- Celebration of Biedronka's 20th anniversary
- Opening of 102 stores
- Launch of "Twoja Biedronka", a new mobile application that provides greater interaction with the consumer regarding the Company's offers
- Creation of www.testujemy.biedronka.pl, a website enabling consumers to suggest and vote on new products

PINGO DOCE

- Celebration of Pingo Doce's 35th anniversary
- Opening of 21 stores, eight of which are managed by third parties
- Opening of two Pingo Doce & Go convenience stores

RECHEIO

- Inclusion of 105 stores in the Amanhecer concept, ending the year with a total of 249 units

ARA

- Opening of 56 Ara stores, closing the year with 142 stores
- Start of operations in the Caribbean Coast region, with the opening of a Distribution Centre and 41 stores in that region

HEBE

- Opening of 15 stores
- First tests of the new store concept, including a revised offer and with more focus on the consumer

JMDPC, HUSSEL & JMRS

- Opening of two Jeronymo coffee shops
- Development of the "Giro by Hussel" concept, with the opening of three gummies kiosks
- Implementation of Hussel's new image in the Cascais Shopping store
- JMDPC starts representing the Barilla, Patak's and Amoy brands

JMA (JERÓNIMO MARTINS AGRO-ALIMENTAR)

- Conveyance of the Cooperativa Serraleite factory in June
- Start of the operation of the Angus Beef Cattle Fattening Unit in October

2. 2015 ENVIRONMENT

Prices in Poland reached historically low levels whilst, in Portugal, 2015 was marked by the gradual recovery of the economy. The Colombian economy continued to grow above the average for the Latin America countries.

2.1. POLAND

MACROECONOMIC ENVIRONMENT

In 2015, the Gross Domestic Product (GDP) grew 3.6%, according to the Polish Statistical Office (GUS). Domestic demand continued to be the GDP's main growth driver, supported by the increases in employment and household income. Further business investments and investments in family housing were other factors that also contributed towards the country's economic growth. According to that same institute, the average wage increased by 3.5% in 2015.

In 2015, the number of unemployed decreased, following the same trend seen the previous year, and the unemployment rate registered a reduction of 1.8 p.p. compared to 2014, now standing at 10.5%.

In the forex market, the average exchange rate of the zloty against the euro was 4.1819 in 2015, almost in line with the 4.1850 recorded in 2014. When comparing the foreign exchange rate position at the end of the year (4.2639) with the one at the end of 2014 (4.2732), we can see a slight appreciation of the zloty against the euro of 0.2%.

Inflation in Poland reached historically lows levels in 2015: -0.9% compared to an evolution of zero in 2014. The variation in the price of food products was negative at -1.7%, compared to -0.9% in 2014. As a consequence of this level of prices in the economy, well below that desired by the Polish Monetary Council, it was decided in March 2015 to reduce the reference rate of 2.0% to 1.5%, the lowest level ever.

MODERN FOOD RETAIL

According to PMR Research, the Modern Food Retail market in Poland should have grown by 2.1% in 2015, exceeding 242 billion zlotys. This evolution was significantly influenced by the gradual recovery of the economy and the stimulation of consumption by food price deflation.

Consumers remained price-sensitive and very rational in their purchasing behaviour. With price continuing to be the key criterion, consumers sought intelligent purchases and as such, chose stores with the best cost-benefit ratio. The importance of the convenience factor continued to increase, with consumers preferring stores close to their place of residence or work.

In 2015, mid-range products gained importance, following the improvement in the Polish economy. The operators' strategy included extending the offer of these products as well as of the high-range products, making them available at affordable prices.

Sales of Private Brand products in Polish Food Retail grew by 6.6% compared to the previous year, continuing to show signs of growth potential, albeit at a slower pace. Current market penetration was driven by the increase in confidence in these products, which in turn, is a reflection of a constant improvement in its quality.

The year 2015 was marked by the increase in popularity of the smaller size store formats, as a consequence of the increasing competition and reflecting new consumer habits. The number of operators that use a single store format has decreased and we can see an increase in the variety of formats operated by the retail chains. Also noteworthy was the heightened expansion of the convenience format and the increase in cooperation between retailers and petrol stations.

The Food Retail market continued to show signs of consolidation, with increased closures of independent stores or their integration into franchise networks. In 2015, the integration of the Real hypermarkets into the Auchan chain was completed.

In 2015, there was a further increase in the offer of organic products. This growth was mainly driven by the demands of consumers who are increasingly favouring food quality and food origin. Although this trend is essentially present in the big cities, it is also becoming increasingly visible outside urban areas.

HEALTH AND BEAUTY RETAIL

According to the projections by PMR Research, in 2015 the Polish Health and Beauty market should have grown 4.4% compared to 2014, to 21.5 billion zlotys and the non-prescription pharmaceuticals market increased by 4.9%.

The year 2015 was marked by a broader offer of Health and Beauty products in the discount stores and the resulting pressure on the main Beauty categories of the major players (hypermarkets and specialised stores). This trend was felt mainly in the second half of the year, making the market even more competitive. The main operators maintained their growth in the drugstore channel, whilst the small and medium-sized operators felt a strong squeeze on their profit margins, which in the last quarter of 2015 resulted in the insolvency of 180 stores of the Dayli chain.

Benefiting from the changes in consumers' pace of life, as well as the increasing number of Internet users, the online distribution channel remained dynamic, promoting the concept of convenience combined with time savings and easy access to low prices.

According to PMR Research, the trend covered the purchase of low-priced products, but with a commitment to quality. On the other hand, the consumer remained attentive to novelties in the cosmetics market and, despite the lack of an environment of high economic confidence, the offer of premium products at more accessible prices became more relevant.

2.2. PORTUGAL

MACROECONOMIC ENVIRONMENT

The year 2015 was marked by the continuing gradual recovery of the economic activity, at a relatively moderate pace, reflecting the need for the various public and private economic agents to make additional adjustments to their balance sheets, following the preceding international financial crisis.

The economic bulletin published in December 2015 by Banco de Portugal (the Portuguese Central Bank), predicted an economic expansion of 1.6% compared to a growth of 0.9% in 2014. The acceleration in economic activity in the first half of 2015 was noted for being more dynamic, both with regard to domestic demand and exports. As far as the labour market is concerned, there was a decrease in the unemployment rate during the same period. The second half of the year was essentially characterised by the stabilisation in economic activity together with a somewhat stagnant employment environment. On the other hand, the consumer confidence indicator remained at historically high levels (albeit negative) and relatively stable since the beginning of the year.

The moderate recovery of domestic demand (+2.4%) was supported by an increase in private consumption (+2.7%), arising from a favourable evolution of the average disposable household income in real terms and by investments (+4.8%). This evolution reflects the improvement in the level of business investments (+4.6%) and in everyday consumption of goods and services to levels close to those seen before the international financial crisis. On the other hand, despite some recovery in 2015, public investment continued to be constrained by the need for budgetary consolidation.

Exports may have accelerated, with the prospect of a 5.3% growth (+3.9% in 2014). This evolution reflects, on the one hand, additional gains in market share arising from the positive impact of the devaluation of the euro on the growth of the economic activity, and on the other hand, temporary factors linked to the export of fuel. In contrast, the growth in imports (+7.3%) partly reflects the increase in domestic demand for goods with a high imported content, such as cars, machinery and equipment and energy.

With regard to inflation, following the decrease of 0.3% in 2014, this indicator stood at 0.5%, mainly reflecting the increase in the price of non-processed food and services, as the price of energy fell, although less than that suggested by the drop in the price of oil. It should be noted that the low level of inflation had a positive effect on real disposable household income and consequently on private consumption.

In 2015, the deficit is estimated at 3.2% of GDP (+4.5% in 2014). Nevertheless, despite this reduction Portugal still seems to be facing high risks of budgetary sustainability, in the mid-term.

MODERN FOOD RETAIL

With regard to macroeconomics, 2015 was noted for the consolidation of the growth that began in 2014.

From a consumer point of view, the most recent available data indicate a growth in both durable and non-durable private consumption in 2015, in line with 2014.

According to Banco de Portugal (the Portuguese Central Bank), this positive evolution must have benefited from a favourable evolution in actual disposable household income and from continuous recovery in consumer confidence.

Despite this more favourable environment, 2015 remained tough, with consumers consolidating the behaviour they adopted in the recent past, remaining focused on shopping more rationally and taking strong advantage of the food retailers' promotions. Aspects such as proximity and price continued to be critical in the choice of shopping location.

The year continued to be noted for strong promotional dynamics, in line with 2014, but more recent indicators suggest a slight recovery in Food Retail turnover in 2015, contrary to the previous year.

The Distribution business was marked by the dynamic activity of the new Food Retail formats, mainly arising from partnerships between the major chains and small traditional grocers, whilst there was also a faster pace of openings in Modern Retail than in 2014.

WHOLESALE MARKET

In 2015, the turnover of the Cash & Carry operators registered a slight growth, resulting from the recovery of the Traditional Retail and HoReCa channel segments. The network of Cash & Carry stores remained stable.

In Traditional Retail, of note were the opening of more than 100 new Amanhecer stores and 70 new 'Meu Super' stores, reinforcing the positioning of the proximity retail chains with a high geographical expression.

2.3 COLOMBIA

MACROECONOMIC ENVIRONMENT

The prospects for economic growth in Colombia were successively revised downwards throughout 2015, conditioned by the end of the rising cycle of the price of commodities, particularly the price of oil and of some food. This drop in price strongly conditioned the Colombian trade balance, as a result of the importance of this type of goods in the country's foreign trade. Consequently, and in order to control the country's deficit, it was necessary to make a sharp reduction in the State expenditure.

According to the country's National Administrative Statistics Department, the Colombian economy grew 3.0% in the first nine months of the year, which represented a year-on-year decline of 1.9 p.p. However, the Colombian economy continued to grow above the average for the Latin American countries, outperforming countries such as Brazil, Chile and Mexico.

With regard to the main GDP components, there was a significant slowdown in investments (+2.8% in the first nine months of 2015 compared to 12.8% in the same period in 2014). Equally of note is the Government's decline in consumption, which grew less than the average for the economy (+2.2% in the first nine months of the year compared to +7.1% in the same period in 2014).

As far as foreign trade is concerned, imports posted a growth of 2.9% and exports showed a decrease of 0.3% in the first nine months of the year.

Private consumption was the economic growth driver, with an increase of 3.7% in the first nine months of the year.

Average inflation in 2015 was 5.0% compared to 2.9% in 2014, remaining well above the objective of the Colombian Central Bank (3.0% ±1.0 p.p.). The main inflationary pressures were registered in food, goods and services categories, resulting from the El Niño weather phenomenon and the strong devaluation of the Colombian peso.

On the other hand, the accelerated inflation led the Central Bank to increase its reference interest rate by 125 base points during 2015 (from 4.50% to 5.75%).

Consequently, the consumer confidence index clearly fell in the first half of the year, and deteriorated further in July and August, with a slight recovery after September but in the balance for the year, it remained considerably below the previous year.

During 2015, there was a reduction in the unemployment rate, but nevertheless, not as much as initially forecast. The average unemployment rate was 8.9% in 2015, lower 0.2 p.p. than in 2014.

The Colombian peso suffered a strong decline during 2015. In average terms it devalued 14.5% against the euro.

The Colombian stock market had a negative performance in 2015, recording a fall of 22.5% compared to 2014.

MODERN FOOD RETAIL

Food retail in Colombia represents a market estimated at 61 billion dollars, with organised retail representing a market share of approximately 20%.

According to data from Nielsen, Food Retail sales increased by 2.9% in 2015. Traditional Retail grew 1.4%, well below the strong evolution of Modern Retail with a 5.1% growth. In the Supermarkets segment, the region with the highest growth was the Atlantic with an increase of 13%, followed by the Coffee Growing Region, with a 6% growth.

During 2015, there were fewer store openings in Modern Retail, with a total of 197 new stores opened in 2015 compared to 318 openings in 2014. The Discount format had the highest number of openings in organised retail, with 179 new stores, which represents 91% of the total number of stores opened, followed by the supermarkets with 18 new stores. Also of note was the fact that no hypermarkets were opened in 2015.

The rapid expansion of the Hard Discount format in new regions of Colombia brought additional dynamics to the Retail Market and increased consumers' choices.

Sources:
IMF World Economic Outlook; Eurostat; Bank of Portugal Economic Bulletins; Portuguese Ministry of Finance; Portuguese National Statistics Institute (INE); National Bank of Poland Economic Bulletins; Central Statistical Office (GUS); Banco de la República (Colombian Central Bank); Colombia National Administrative Department of Statistics (DANE); Business Monitor International (BMI); BBVA; Planet Retail; Deloitte; TNS; Nielsen and PMR Research.

3. GROUP PERFORMANCE

3.1. MAIN PROJECTS OF 2015

The Group's Companies in Portugal and in Poland began 2015 anticipating the continued reduction in food inflation (or even deflation) on the one hand, and on the other hand, strong promotional dynamics in the Food Retail sector.

In general, all the defined strategies and objectives of the Management Teams were implemented and achieved, and duly monitored by the Board of Directors, which oversaw the business activities without any constraints.

Being aware of the market challenges, the Group defined three fundamental strategic objectives for the year, which it successfully achieved and which are structural for strengthening its competitiveness in the mid and long-term:

i. Execution of the programme to improve Biedronka's offer, whilst maintaining the efficiency of the business model at all levels;
ii. Strengthening of the strategic pillars of differentiation in both the Pingo Doce and Recheio models in Portugal;
iii. Entry into a new region in Colombia with the opening of a second Distribution Centre at the Caribbean Coast.

3.1.1. EXECUTION OF THE PROGRAMME TO IMPROVE BIEDRONKA'S OFFER

In 2014, Biedronka outlined and began implementing a programme for improving its value proposition, with the objective of increasing its share-of-wallet.

In view of the development of the food basket in Poland, with very positive trends in the categories with better added value, Biedronka enlarged its assortment in the existing categories and developed its offer in areas that are drivers of future growth.

Between the fourth quarter of 2014 and the end of the second quarter of 2015, the Company focused on enlarging the offer, which had to be executed with great control regarding the supply chain and logistics, so that the change would not cause disruption in supply to the stores or in the efficiency of the logistics processes.

Throughout the second half of the year, Biedronka concentrated on adapting the stores in order to be able to operate the assortment, combining efficiency, consistency and the necessary visibility, so that customers could recognise the quality and variety of the offer.

The entire programme was executed without affecting the efficiency of the business model and while enabling flexibility to be incorporated into the assortment that is managed in the stores in urban locations. These locations can now have a set of products which, in addition to the Company's basic assortment, make it better adapted to urban consumption trends.

3.1.2. STRENGTHENING OF THE STRATEGIC PILLARS OF DIFFERENTIATION IN BOTH THE MODELS IN PORTUGAL

Pingo Doce and Recheio began 2015 with good sales dynamics, largely as a result of a strong promotional strategy, which was maintained throughout the year and complemented by measures for strengthening the strategic pillars of the two banners.

Pingo Doce accelerated its store remodelling plan, which covered 29 stores in 2015, with a very clear improvement in the shopping experience, which is one of its traditionally recognised strengths.

Also with regard to the offer of Private Brand, another differentiation pillar, Pingo Doce reinforced its innovation with 214 new products launches and reformulations throughout the year.

Recheio began the investment in improving the layout of two stores, enabling them to enhance their operation of Perishables, a strategic category for its positioning.

3.1.3. ENTRY INTO A NEW REGION IN COLOMBIA

In Colombia, Ara's major objective for 2015 was to enter the Caribbean Coast region, with the opening of a new Distribution Centre.

The construction of the new Distribution Centre took place whilst the Company prepared the pipeline of stores to be inaugurated. The Distribution Centre opened in September and, at the end of the year, there was a total of 41 stores in this region, in addition to the 101 already existing in the Coffee Growing Region.

As there are substantial differences in food habits and tastes between the various regions of Colombia, operating in a new region is fundamental for Ara to validate the flexibility of its value proposition, and to assess the impact of the increasing scale of operations in the country.

The opening of the operation and the expansion of the store network were successful in this new Colombian region and the value proposition was well accepted, reinforcing the belief that the opportunity in this new market has a great potential.

3.2. EXECUTION OF THE INVESTMENT PROGRAMME

The investment programme is a fundamental pillar of the Group's growth strategy and also plays an important role regarding the quality of the operations and the innovation of the value propositions.

In 2015, the Group invested 412.3 million euros, 223.6 million euros (54%) of which were for expansion.

(million euros)

Business Area	2015			2014		
	Expansion	Others	Total	Expansion	Others	Total
Biedronka	**90**	**114**	**204**	**235**	**126**	**361**
Stores	84	110	193	182	119	302
Logistics & Head Office	6	5	11	53	6	59
Pingo Doce	**75**	**59**	**133**	**13**	**42**	**55**
Stores	54	57	111	13	41	54
Logistics & Head Office	21	2	23	0	1	2
Recheio	**5**	**14**	**18**	**2**	**7**	**9**
Ara	**49**	**0**	**49**	**28**	**0**	**28**
Stores	31	0	31	22	0	23
Logistics & Head Office	17	0	17	5	0	5
Total Food Distribution	**218**	**187**	**404**	**278**	**175**	**453**
Hebe	**3**	**1**	**4**	**13**	**3**	**15**
Services & Others	3	1	4	0	1	2
Total JM	**224**	**189**	**412**	**291**	**179**	**470**
% of EBITDA	**28.0%**	**23.6%**	**51.6%**	**39.6%**	**24.5%**	**64.1%**

Biedronka inaugurated 102 stores, 48 in cities with more than 100 thousand inhabitants, therefore pursuing the expansion plan as defined, and continuing to strengthen its position in the market.

Pingo Doce intensified its store opening efforts, inaugurating 21 stores in locations that are important for reinforcing its national presence. Of these new stores, eight were opened under third-party management, bringing the total number of locations operating under this regime to 15.

Ara, in Colombia, inaugurated 56 stores and a new Distribution Centre, moving ahead with its programme to enter the second region.

Hebe inaugurated 15 stores, ending the year with 134 locations in the Polish market.

	New Stores		Revampings [1]		Closed Stores	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Biedronka	102	211	155	127	22	17
Pingo Doce	21	5	29	26	2	1
Recheio	0	0	2	1	0	0
Ara	56	50	0	0	0	0
Hebe	15	18	10	23	0	3
Other Businesses [2]	13	8	1	2	11	9

[1] Only includes the revampings that implied the closing of the food selling area, with exception for Recheio.
[2] Including the stores NewCode, Spot, Bem Estar, Refeições no Sítio do Costume, Fuel Stations, Jeronymo, Kropka Relaks, Olá, Hussel and Jeronymo Food with Friends.

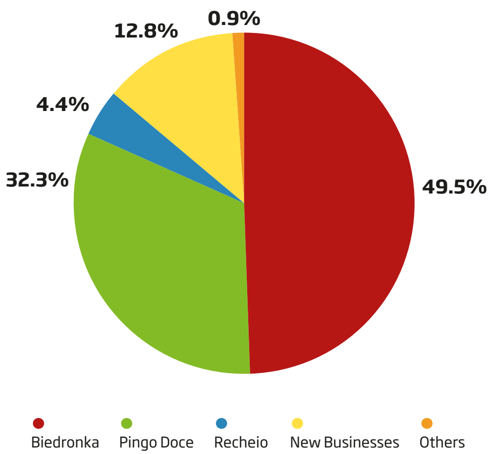
In 2015, investments in remodelling received special attention following the programme for strengthening Biedronka's assortment and as a result of accelerating Pingo Doce's remodelling programme. This kind of investment represented 34% of the Group's total capex programme for the year.

Apart from its annual store remodelling programme, which covered 155 locations during the year, in 2015, Biedronka also made investments with a view to optimising the operation of the new assortment in the stores and with specific work on the store layout.

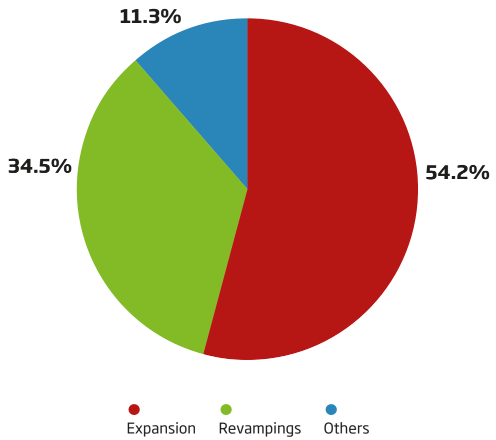
Pingo Doce having defined as a priority the reinforcement of its differentiation pillars, namely the shopping experience accelerated its remodelling programme that began in 2014, and refurbished 29 stores in 2015.

Paying attention to the specific nature of each location and according to the type of customer it serves, Recheio remodelled two of its stores, having focused the investment on reinforcing the areas of the stores that are most important for the local markets.

INVESTMENT BY BUSINESS AREA



INVESTMENT BREAKDOWN



3.3. CONSOLIDATED ACTIVITY IN 2015

3.3.1. CONSOLIDATED SALES

The Group's sales reached 13,728 million euros, +8.3% vs. previous year, with the like-for-like reaching a solid 3.4% growth for the year.

(million euros)

	2015		2014		Δ %		LFL
		% total		% total	Zloty	Euro	
Sales & Services							
Biedronka	9,206	67.1%	8,432	66.5%	9.1%	9.2%	3.2%
Pingo Doce	3,407	24.8%	3,234	25.5%		5.4%	3.9%
Recheio	832	6.1%	799	6.3%		4.1%	3.5%
Mkt, Repr. and Rest. Services	81	0.6%	79	0.6%		2.6%	n.a.
Others & Cons. Adjustments	202	1.5%	137	1.1%		n.a.	n.a.
Total JM	**13,728**	**100%**	**12,680**	**100%**		**8.3%**	**3.4%**

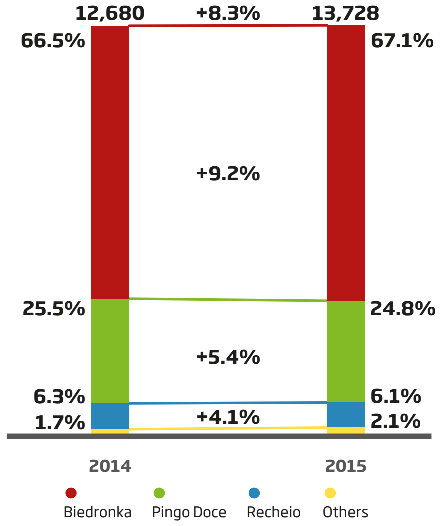
The focus on sales led the banners to post good performances, reaching solid like-for-like growth and increasing their market shares.

In Poland, the competitive environment remained dominated by promotions and consumers remained value-oriented, despite the positive trends registered in food consumption.

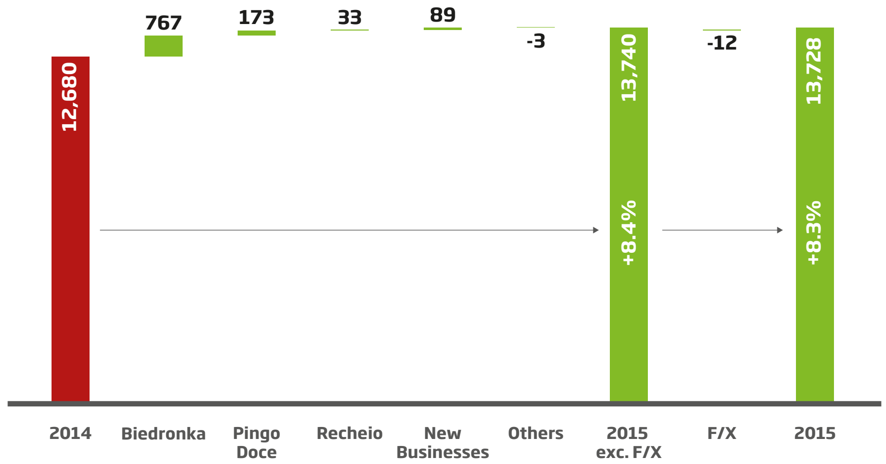
Food inflation was negative (-1.7%), having moved towards positive ground throughout the year, with the last three months recording some positive values (+0.4%, +0.1% and -0.1% in October, November and December 2015, respectively).

In 2015, Biedronka gave priority to improving its offer, with the objective of reinforcing its relevance to consumers and increasing penetration (share-of-wallet).

CONSOLIDATED SALES
(million euros)



CONTRIBUTION TO CONSOLIDATED SALES GROWTH
(million euros)



The results of this focus were visible in the like-for-like performance, which quarter after quarter was supported by growth in volume more than offsetting the deflation in the basket. Growth in the value of like-for-like sales in the year was 3.2%, with a positive contribution from both the number of visits and the value of the average basket.

As predicted, the Company executed its expansion programme, inaugurating 102 stores (80 net additions) and ended the year with a total of 2,667 locations.

Biedronka's sales increased by 9.2% in the year (+9.1% in local currency) to 9,205.7 million euros.

In Portugal, the Food Retail environment remained extremely competitive throughout the year and was marked by ongoing promotions.

Food inflation in the country was positive, reaching 1.0%.

Pingo Doce maintained an intense promotional strategy whilst at the same time investing in improving the shopping experience for customers, through the store remodelling programme and through improvements in service levels. Taking advantage of the boost created last year, the like-for-like sales growth accelerated in 2015, reaching 4.6% (excluding fuel).

Combining the like-for-like growth with 21 store openings in the year, total sales increased by 5.4%, reaching 3,407.3 million euros.

Recheio's sales benefited from improved trends in the HoReCa channel and the Company's strong commercial position. Total sales increased by 4.1%, reaching 832.2 million euros with a like-for-like of 3.5%.

As planned, Ara opened its second Distribution Centre in a new region of Colombia (Caribbean Coast), where it ended the year with 41 stores. In 2015, Ara ended the year with a total of 142 stores and sales of 122.5 million euros.

At the end of 2015, Hebe had 134 stores and had surpassed 100 million euros of sales.

3.3.2. CONSOLIDATED OPERATING RESULTS

(million euros)

	2015	%	2014	%	Δ %
Net Sales & Services	**13,728**		**12,680**		**8.3%**
Gross Margin	2,937	21.4%	2,692	21.2%	9.1%
Operating Costs	-2,138	-15.6%	-1,958	-15.4%	9.2%
EBITDA	**800**	**5.8%**	**733**	**5.8%**	**9.1%**
Depreciation	-294	-2.1%	-277	-2.2%	6.4%
EBIT[1]	**505**	**3.7%**	**457**	**3.6%**	**10.7%**

[1] The EBIT above presented does not include operational items with non recurrent nature that in the Income Statement by Functions are classified as Exceptional Operating Losses and are included in the Operating Profit therein presented.

The year 2015 was important for all our banners:
i. Biedronka was totally focused on executing an ambitious programme to improve its offer, whilst maintaining efficiency at all levels; ii. in Portugal, maintaining their promotional strategy, Pingo Doce and Recheio reinforced their overall value proposition, substantially outperforming their respective markets and iii. in Colombia, Ara planned and successfully carried out its entry into a new region, providing the business model with the necessary flexibility to better adapt to the specific nature of the markets.

The good sales performance and the cost discipline in Portugal and in Poland led to a strong performance with regard to the Group's operating results, with EBITDA increasing by 9.1% to 799.6 million euros.

The EBITDA margin was 5.8%, in line with the previous year, despite: i. the deflation that persisted at Biedronka and the efforts by the Company to implement its plan for improving the value proposition and ii. the promotional investment carried out by Pingo Doce and Recheio, simultaneously with the investment in improving their store experience.

(million euros)

	2015	% total	2014	% total	Δ %
Biedronka	641	80.2%	573	78.2%	11.9%
Pingo Doce	188	23.5%	187	25.6%	0.3%
Recheio	44	5,5%	42	5.7%	5.7%
Others & Cons. Adjustments	-73	-9.2%	-69	-9.4%	6.5%
Consolidated EBITDA	**800**	**100%**	**733**	**100%**	**9.1%**

Biedronka posted an EBITDA of 641.1 million euros, a growth of 11.9% against the previous year. This performance reflected: i. the strong increase in sales, ii. the cost discipline and execution of the plan, and iii. the positive impact on the margin mix, related to an improvement in the assortment.

Biedronka's EBITDA margin was 7.0% (vs. +6.8% in 2014).

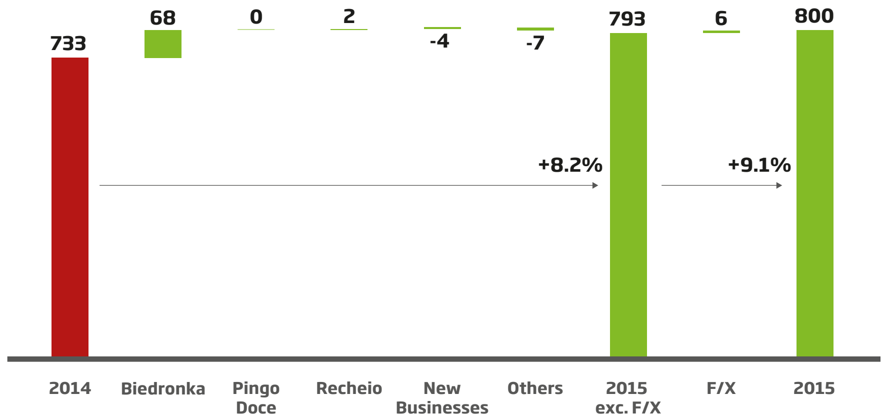
At Pingo Doce, the EBITDA generated was 187.9 million euros, in line with the previous year. The EBITDA margin was 5.5% of sales, the reduction compared to the 5.8% recorded in 2014 being due to the focus on sales, which led to the competitive position being strengthened without deterioration in cash EBITDA.

At Recheio, EBITDA reached 43.9 million euros, a growth of 5.7% compared to the previous year, and the EBITDA margin was 5.3% (+10 bps vs. 2014), as a result of the good sales performance.

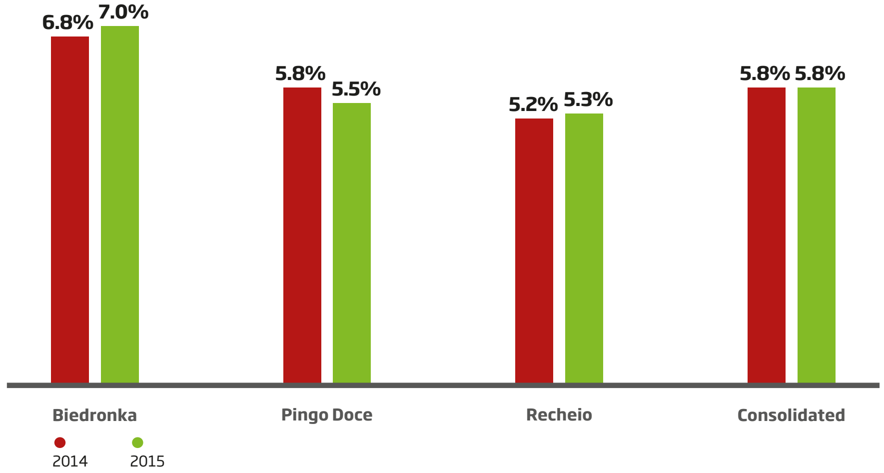
Ara and Hebe recorded a combined EBITDA loss of 55.5 million euros, 2.2 million euros less than the previous year and slightly better than expected, essentially as a consequence of the depreciation of the Colombian peso.

CONTRIBUTION TO CONSOLIDATED EBITDA GROWTH

(million euros)



EBITDA MARGIN



3.3.3. NET CONSOLIDATED RESULT

(million euros)

	2015		2014		Δ %
		%		%	
EBIT [1]	**505**	**3.7%**	**457**	**3.6%**	**10.7%**
Net Financial Results	-26	-0.2%	-34	-0.3%	-22.8%
Profit in Associated Companies	17	0.1%	15	0.1%	9.4%
Non Recurrent Items [2]	-20	-0.1%	-9	-0.1%	n.a.
EBT	**475**	**3.5%**	**429**	**3.4%**	**10.7%**
Taxes	-117	-0.8%	-104	-0.8%	12.4%
Net Profit	**358**	**2.6%**	**325**	**2.6%**	**10.2%**
Non Controlling Interest	-25	-0.2%	-23	-0.2%	6.4%
Net Profit attr. to JM	**333**	**2.4%**	**302**	**2.4%**	**10.5%**
EPS (euros)	0.53		0.48		10.5%

[1] The EBIT shown in the "Net Consolidated Result" table does not include non-recurrent operational items which appear itemised in the "Statement by Functions" under Exceptional Operating Profit/Loss and are included in the Operating Result shown therein.

[2] Non Recurrent Items presented in the table "Net Consolidated Result" include the Exceptional Operating Results and Gains/Losses on Other Investments as reported in the "Statement by Functions".

The good sales performance, common to all the business areas, was fundamental for the positive evolution of the EBITDA generated in value terms.

The net results attributable to Jerónimo Martins were 333.3 million euros, an increase of 10.5% compared to 2014.

This result was the direct consequence of a good operating performance and strict management of the Group's balance sheet.

The financial results were 26.5 million euros, 7.8 million euros less than in 2014, as a result of lower average debt throughout the year as well as a lower cost of debt.

Profit in associated companies, which reflects the consolidation of the result generated by the partnership that the Group has with Unilever in Portugal, was 16.6 million euros (vs. 15.2 million euros in 2014).

3.3.4. CASH FLOW

(million euros)

	2015	2014
EBITDA	800	733
Interest Payment	-29	-32
Other Financial Items	14	20
Income Tax	-108	-109
Funds From Operations	**677**	**612**
Capex Payment	-394	-486
Δ Working Capital	212	146
Others	-12	-5
Free Cash Flow	**482**	**267**

Cash flow generated in the year reached 482.2 million euros, 215.0 million euros more than in the previous year.

The good cash flow performance was the result of: i. the solid sales performance; ii. very strict execution of the improvements to Biedronka's assortment; iii. capex efficiency in Poland and Colombia; and iv. strong working capital management.

In view of the cash flow generated, and on the proposal of the Group's Board of Directors, the distribution of free reserves in the sum of 235.7 million euros was approved at the Extraordinary General Shareholders' Meeting that was held in December 2015.

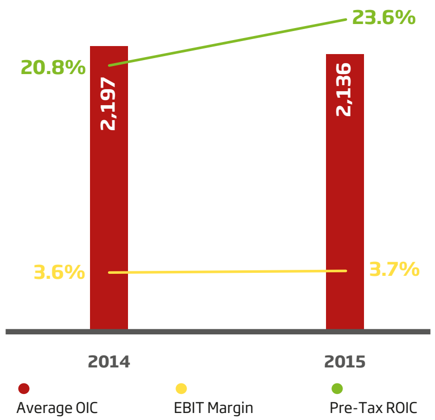
3.3.5. CONSOLIDATED BALANCE SHEET

(million euros)

	2015	2014
Net Goodwill	640	640
Net Fixed Assets	3,060	2,940
Total Working Capital	-2,001	-1,778
Others	82	111
Invested Capital	**1,780**	**1,912**
Total Borrowings	658	714
Leasings	0	1
Accrued Interest & Hedging	0	4
Marketable Sec. & Bank Deposits	-471	-446
Net Debt	**187**	**273**
Non Controlling Interests	252	243
Share Capital	629	629
Retained Earnings	712	767
Shareholders Funds	**1,593**	**1,639**
Gearing	11.7%	16.7%

The solidity of the balance sheet is reflected in the gearing of 11.7% at the end of the year, even after paying dividends in May (in line with the dividend policy for the year) and the distribution of reserves in December. In total, a sum of 389.6 million euros was paid to the shareholders in 2015.

PRE-TAX ROIC
(million euros)



3.3.6. RETURN ON INVESTED CAPITAL

Return on invested capital, calculated on a Pre-Tax ROIC basis, rose from 20.8% in 2014 to 23.6% in 2015.

This evolution was the result of the increase in return on capital, which benefited from the growth in sales on a like-for-like basis (+3.4% at Group level) and the strict management of working capital and investments.

3.3.7. DEBT BREAKDOWN

Net debt at the end of the year was 187.0 million euros (273.0 million euros in 2014), even after the distribution of reserves which was paid in December 2015 and reflects the Group's good performance in the various business areas.

Regarding medium and long-term financing, there was an increase in maturity from 2 to 2.4 years following the renewal of the bond loan.

(million euros)

	2015	2014
Long Term Debt	**534**	**374**
as % of Total Borrowings	81.2%	52.4%
Average Maturity (years)	2.4	2.0
Bond Loans	150	0
Commercial Paper	100	0
Other LT Debt	284	374
Short Term Debt	**123**	**340**
as % of Total Borrowings	18.8%	47.6%
Total Borrowings	**658**	**714**
Average Maturity (years)	1.9	1.5
Leasings	0	1
Accrued Interest & Hedging	0	4
Marketable Securities & Bank Deposits	-471	-446
Net Debt	**187**	**273**
% Debt in Euros (Financial Debt + Leasings)	47.4%	31.6%
% Debt in Zlotys (Financial Debt + Leasings)	40.4%	57.3%
% Debt in Pesos (Financial Debt + Leasings)	12.2%	11.1%

3.3.8. JERÓNIMO MARTINS IN THE CAPITAL MARKETS

SHARES DESCRIPTION

Listed Stock Exchange		NYSE Euronext Lisbon
IPO		November 1989
Share Capital (€)		629,293,220
Nominal Value		€ 1,00
Number of Shares Issued		629,293,220
Symbol		JMT
Codes	**ISIN**	PTJMT0AE0001
	Reuters	JMT.LS
	Bloomberg	JMT PL
	Sedol	B28JPD0
	WKN	878605

Jerónimo Martins' shares are part of 51 indices, the most relevant being the PSI-20 (the reference index of the NYSE Euronext Lisbon), the Euronext 100 and the EuroStoxx Index, and are negotiated on 36 different platforms, mostly in the main European markets.

CAPITAL STRUCTURE

For information on the capital structure of Jerónimo Martins, please see point 9. Notes to the Consolidated Management Report in this chapter.

PSI-20 PERFORMANCE

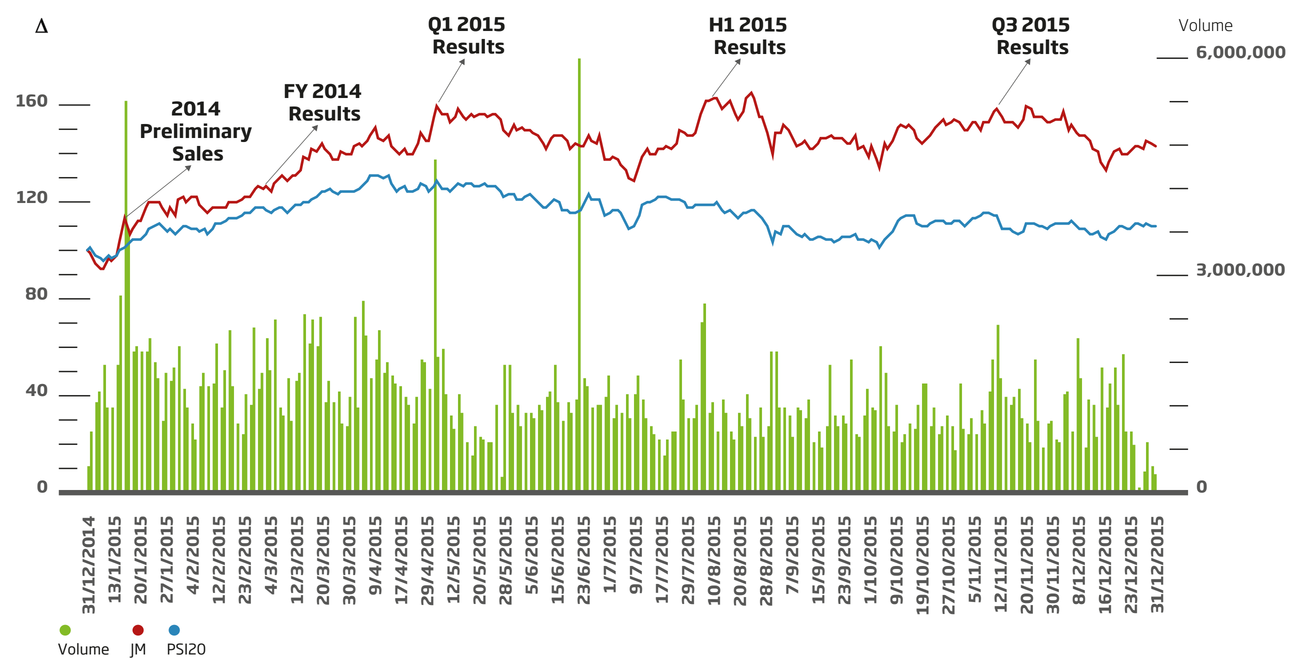
In 2015, the reference index in the Portuguese market – PSI-20 – closed the year increasing 10.7% in value to 5,313.17 points. It was one of the European indices with the largest increase in value, well above the reference index for Europe, the Stoxx600, which rose 6.9% compared to the previous year.

The PSI-20 saw Banif de-listed, moving from 18 to 17 members, as well as the transformation of PT SGPS into Pharol, whose securities reached successive all-time lows. The index's increase in value benefited essentially from the gains by Altri, as it almost doubled its stock exchange value (+92.1%), by Jerónimo Martins (+43.9%) and by NOS (+38.4%). As far as losses are concerned, five listed companies recorded significant devaluations: BCP (-25.6%), Mota-Engil (-27.7%), Impresa (-40.2%), Teixeira Duarte (-55.8%) and Pharol (-68.6%).

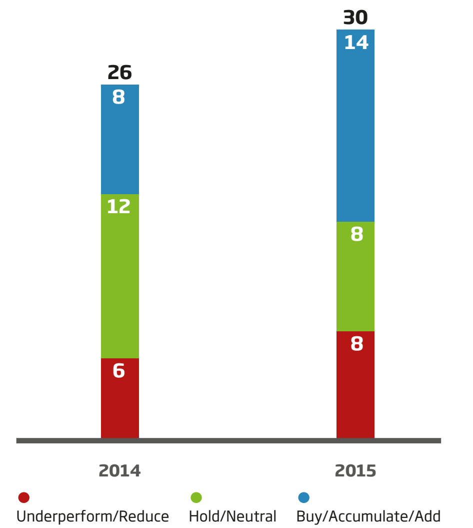
In a year that was marked by the prospects of an increase in interest rates in the United States and by signs of a slow-down in China and other emerging markets, the domestic reference index reached its lowest value of the year on January 7th, at 4,602.48 points, and its highest on April 10th, at 6,348.46 points.

February was the best month for the PSI-20 in 2015, with a climb of 10.6%, and August the worst, a month when the markets were affected by fears concerning the slowdown of the world economy. In that month, the PSI-20 dropped 8%.

The Portuguese stock market index was above the main European indices, whilst the IBEX35, the WIG20 and the FTSE100 were the only indices to have a negative performance during the year, having devalued 7.2%, 23.3% and 4.9% respectively.



NO. OF RECOMMENDATIONS



JERÓNIMO MARTINS SHARE PRICE PERFORMANCE

After showing a devaluation of 41.4% in 2014, Jerónimo Martins posted a 43.9% increase in value in 2015.

According to the NYSE Euronext Lisbon, in 2015 Jerónimo Martins was the Portuguese company with the third highest market capitalisation, having closed the year with a relative weight of 13.3% in the PSI-20. The Group closed 2015 with a market capitalisation of 7.5 billion euros versus 5.2 billion euros at the end of 2014. Jerónimo Martins is one of the three Portuguese companies to be part of the Euronext 100 index, with a weight of 0.32% (0.25% in 2014).

Jerónimo Martins' shares were among the most traded on the NYSE Euronext Lisbon, with around 345 million shares traded, meaning a daily average of 1.3 million shares (26% higher than that recorded in 2014), at an average price of 11.84 euros. In terms of turnover, these shares represented the equivalent of 14.6% (4 billion euros) of the overall volume of shares traded on the PSI-20 index in 2015 (27.6 billion euros).

Jerónimo Martins' shares showed a positive trend during the most part of the year, having recorded a minimum price of 7.70 euros on January 7th and a maximum price of 13.81 on August 17th. In the first-half, the average volume of shares traded increased by 17% compared to an average monthly volume in the previous 12 months, despite the negative share performance after the first news in the market about the potential new tax on the retail sector in Poland.

Throughout the year, except for the first few days in January, the performance of Jerónimo Martins' shares always remained above the PSI-20, ending 2015 with a price of 12.00 euros, which represents a 43.9% increase in value compared to 2014.

ANALYSTS

In 2015, six investment companies began covering Jerónimo Martins (Berenberg, Dom Maklerski mBanku, Nomura, MainFirst Bank, Bryan, Garnier & Co., PKO BP Securities) and two others stopped covering this security (Berenberg and VTB Capital). At the end of the year, 30 analysts were following Jerónimo Martins. 14 of the 30 analysts issued a positive recommendation on the security, eight issued a neutral recommendation and eight issued a negative recommendation. At the end of 2015, the average target price of the analysts was 13.44 euros, which corresponded to a potential rise compared to the closing price on 31st December of 12.0%.

JERÓNIMO MARTINS FINANCIAL PERFORMANCE 2011-2015

(million euros)

Balance Sheet	2015	2014	2013	2012	2011
Net Goodwill	640	640	648	655	627
Net Fixed Assets	3,060	2,940	2,810	2,557	2,227
Total Working Capital	-2,001	-1,778	-1,686	-1,615	-1,495
Others	82	111	112	99	135
Invested Capital	**1,780**	**1,912**	**1,885**	**1,695**	**1,495**
Net Debt	187	273	346	321	204
Total Borrowings	658	714	688	660	676
Leasings	0	1	6	18	38
Accrued Interest	0	4	20	15	14
Marketable Securities and Bank Deposits	-471	-446	-368	-372	-524
Non Controlling Interests	187	243	236	251	260
Equity	1,342	1,396	1,304	1,122	1,030

(million euros)

Income Statement	2015	2014	2013	2012	2011
Net Sales & Services	**13,728**	**12,680**	**11,829**	**10,683**	**9,646**
EBITDA	**800**	**733**	**777**	**740**	**693**
EBITDA margin	0	5.8%	6.6%	6.9%	7.2%
Depreciation	-294	-277	-249	-221	-206
EBIT	**505**	**457**	**528**	**518**	**487**
EBIT margin	3.7%	3.6%	4.5%	4.9%	5.0%
Financial Results	-26	-34	-39	-30	-30
Profit in Associated Companies	17	15	19	13	17
Non Recurrent Items [1]	-20	-9	-4	-19	-11
EBT	**475**	**429**	**503**	**483**	**463**
Taxes	-117	-104	-111	-116	-106
Net Income	**358**	**325**	**393**	**366**	**357**
Non Controlling Interests	-25	-23	-10	-6	-17
Net Income attributable to JM	**333**	**302**	**382**	**360**	**340**

[1] Non Recurrent Items include the Exceptional Operating Losses and Gains in Others Investments as presented in the Income Statement by Functions and detailed in the notes to Consolidated Accounts.

(million euros)

Market Ratios	2015	2014	2013	2012	2011
Share Capital (€)	629,293,220	629,293,220	629,293,220	629,293,220	629,293,220
Total Number of Shares	629,293,220	629,293,220	629,293,220	629,293,220	629,293,220
Own Shares	859,000	859,000	859,000	859,000	859,000
Free Float	31.7%	26.9%	32.0%	27.2%	29.0%
EPS (€)	0.53	0.48	0.61	0.57	0.54
Dividend per share (€)	0.62 *	0.31	0.30	0.51 **	0.21 ***
Stock Market Performance					
High (€)	13.81	14.25	18.47	15.62	14.34
Low (€)	7.70	6.98	13.61	11.87	10.64
Average (€)	11.84	10.94	15.51	13.71	12.33
Closing (End of year) (€)	12.00	8.34	14.22	14.60	12.79
Market Capitalisation (31 Dec) (€ 000,000)	7,548	5,245	8,945	9,188	8,049
Transactions (volume) (1,000 shares)	344,797	274,146	202,709	157,916	254,571
Annual Growth	43.9%	-41.4%	-2.6%	14.2%	12.2%
Annual Growth - PSI-20	10.7%	-26.8%	16.0%	2.9%	-27.6%

* The value refers to the payment of a gross dividend of 0.245 euros per share, on May 07, 2015, regarding the distribution of 2014 results and to the distribution of free reserves corresponding to a gross dividend of 0.375 euros per share, paid on December 22, 2015.
** The value refers to the payment of a gross dividend of 0.275 euros per share, on April 30, 2012, regarding the distribution of 2011 results and to the distribution of free reserves corresponding to a gross dividend of 0.239 euros per share, paid on December 31, 2012.
*** This dividend, regarding the 2010 financial year, was paid by the end of 2010.

4. PERFORMANCE OF THE BUSINESS AREAS

4.1. DISTRIBUTION POLAND

4.1.1. BIEDRONKA

MESSAGE FROM THE MANAGING DIRECTOR

In 2015, Biedronka chose its store offer as the main area for development in order to reinforce its value proposition to consumers and thereby increase the share-of-wallet.

The macroeconomic environment was especially marked by food deflation, which had an impact on the first nine months of the year (-2.2%), becoming marginally positive during the last quarter. Food Retail remained dominated by promotions and by the relevance of the price factor, particularly valued by consumers.

The programme for developing Biedronka's offer, namely in Perishables categories, enabled a like-for-like sales growth of 3.2%, driven both by the number of visits and the value of the average basket. This program was based on presenting innovative solutions to ensure convenience as demanded by today's consumer, as well as by bringing it more in line with the different needs of urban and non-urban consumers, in addition, the increase in operational efficiency, which is one of the pillars of Biedronka's business model, continued to be a special focal point, namely in the store operating processes, the

distribution centres and the central business support processes.

The expansion programme continued, with the inauguration of 102 new stores, ending the year with a total of 2,667 locations and thereby reinforcing its position as leader in Polish Food Retail market.

We believe that the initiatives deployed in developing our offer and in increasing operational efficiency contributed towards the increased robustness of the business model, whilst at the same time enabling us to continue presenting innovative solutions to reinforce consumer confidence.

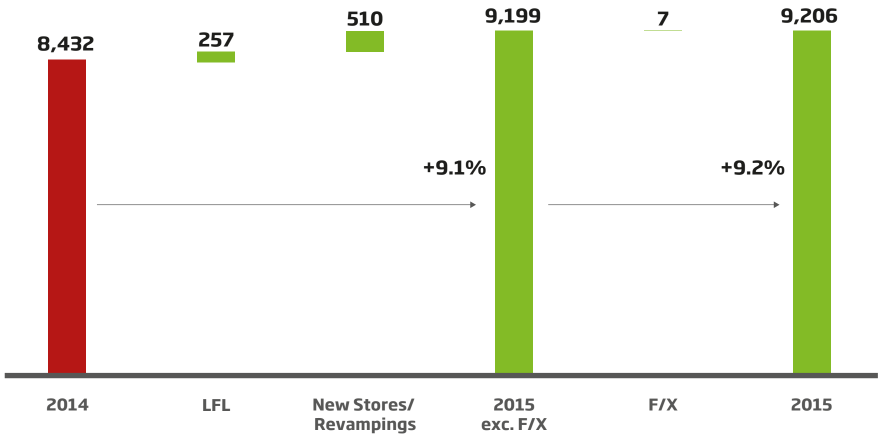
2015 PERFORMANCE

Throughout the year, the Polish economy recorded a strong growth with a good evolution in GDP and in the unemployment rate. However, the year was also marked by strong food deflation, which reached -1.7%.

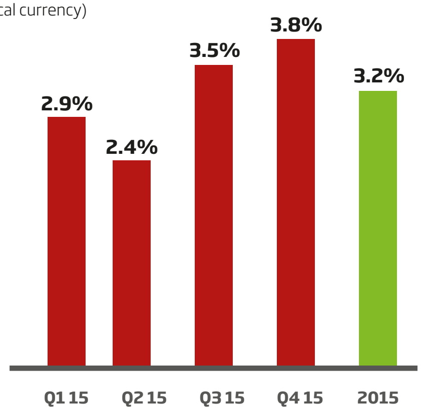
During the course of the year, Biendronka's priority was to adjust and optimise its assortment, in order to create a competitive advantage compared to other players, and in order to provide a differentiated purchasing experience for its consumers. Constantly remaining focused on innovation, various operational improvements with regard to the layout of the stores were introduced, in order to optimise the organisation of the space, especially in the Fruit and Vegetables, Fresh food and Bakery categories, the latter having benefited from an improvement in the offer, with smaller stores also starting to have ovens to provide their own Bakery services. The Company continued to invest in developing the Ready Meals category, which is valued by the Polish consumer who places increasing relevance on convenience, especially in the urban centres.

The competitiveness of Biedronka's offer with regard to price continued to be a key focus to the Company,

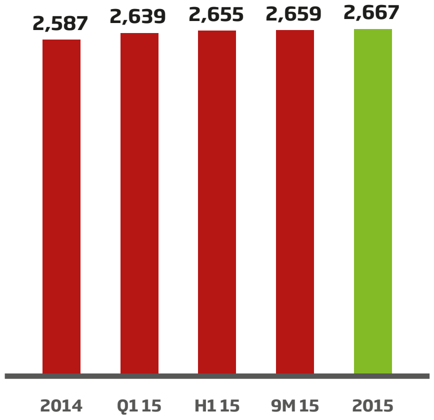
BIEDRONKA: NET SALES
(million euros)



BIEDRONKA: LIKE-FOR-LIKE SALES GROWTH
(local currency)



BIEDRONKA: NUMBER OF STORES



through a policy of everyday low prices, reinforced with promotional activity, aiming to always meet the daily needs of the consumers.

As a result of the various measures implemented, and based on the strength of the value proposition, volume growth accelerated throughout the year, more than offset by internal basket deflation. As such, like-for-like sales grew by 3.2% in 2015.

2015 also marked the celebration of Biedronka's 20th anniversary. To celebrate the occasion, the slogan "Everyday low prices" was changed to "20 years of low prices" and "20 years together", highlighting the Company's core values. Apart from the specific promotions, there was an offer of "Vintage products", prepared in cooperation with business partners, who re-launched their products in limited edition vintage packages, exclusively for the special occasion.

It was the consumers who, using the digital platform "Testujemy" (we test) launched by Biedronka for that purpose, voted on the products that should be part of the anniversary celebration campaign.

Biedronka invested in its interaction with the consumer, launching a mobile application whereby the promotional campaigns could be viewed using a smartphone or tablet. This launch reinforced the banner's investment in communication and digital innovation.

Biedronka's Private Brand products achieved a weight of almost 50% in the total sales and continued to be one of the strategic pillars of the banner's offer and differentiation.

The implementation of payment in the stores by debit and credit card was concluded in July 2014, and throughout 2015 it continued to be increasingly accepted by the Polish consumers. At the end of this year, around 30% of the transactions in Biedronka stores were paid by card.

Biedronka's sales grew 9.2% to 9,206 million euros (+9.1% in zlotys) with a like-for-like of 3.2% for the year. Like-for-like sales, without deflationary impact, increased around 6%, supported by a value proposition that earned the confidence of an increasing number of consumers and that enabled regular customers to benefit from an improved offer. The Company continued to increase its market share, reinforcing its leadership position.

With regards to expansion, and apart from the above-mentioned 102 store openings, there were 22 closures, most of them to replace existing stores with better location. Biedronka ended the year with a total of 2,667 locations.

4.1.2. HEBE

MESSAGE FROM THE MANAGING DIRECTOR

For Hebe, 2015 was a break-through year as we brought our test phase to conclusion and as we finalized both the value proposition and the business model fine-tuning.

Throughout the year, we continued a very disciplined improvement into three areas: i. adjusting the product offer to pure a health and beauty value model; ii. maintaining consistent efforts in directing the chain towards future profitability; and iii. building up teams and processes.

In terms of expansion, 2016 will be a year of building scale for Hebe, leveraging on the chain's uniqueness: the most attractive offer in the health & beauty market always at low prices with a differentiating shopping experience for demanding Polish consumers.

We are confident that the strength and the uniqueness of our concept will enable to achieve further successes in a very active Polish market, full of both challenges and opportunities.

2015 PERFORMANCE

In 2015, the Company's sales reached 100 million euros and its performance was driven by both a positive like-for-like sales growth and by new stores openings. This growth came not only from an increasing number of customers but also from the higher value of the average basket.

The chain opened 15 new stores, ending the year with a total of 134 locations.

To enhance sales performance and brand awareness, several seasonal campaigns took place during the year related to Valentine's Day, Women's Day, Easter, Christmas and New Year. Strong digital support with a 200 thousand fan base on social media and 350 thousand monthly users of Hebe's website continue to fuel brand recognition. Special note to the promotions that were supported using radio adverts, email campaigns, SMS for loyalty card holders and local distribution of leaflets.

Hebe's loyalty programme has approached 1.5 million members, 95% of whom are women. Moreover, over 60% of the chain's total sales are made by customers holding Hebe's loyalty card.

4.2. DISTRIBUTION PORTUGAL

4.2.1. PINGO DOCE

MESSAGE FROM THE MANAGING DIRECTOR

For us, 2015 was a year of strong sales performance, in which Pingo Doce once again proved itself to be the benchmark choice of the Portuguese consumers.

The objectives achieved were the result of the strategy that has been implemented over the last few years, whereby the Company clearly positioned itself in order to be prepared to serve the needs of consumers during tough times, considering the unfavorable evolution of household disposable income. This was a challenge that the Pingo Doce employees, mainly in the stores, were able to rise to with competence and dedication.

I believe that price is and will continue to be the factor with the greatest weight in the decision on which store to choose for shopping. Pingo Doce has been able to respond to the consumers' aspirations without compromising on the overall quality of its value proposition in the aspects that distinguish our brand in the market.

In this context, we maintained the intensity of our promotional strategy and invested in the quality of the shopping experience and in the innovation of the Private Brand, two extremely important pillars of our differentiation.

I believe that Pingo Doce ended the year with an improved value proposition and that it will continue to reinforce its position in the Portuguese market.

2015 PERFORMANCE

For Pingo Doce, 2015 was a year with a strong sales performance, which, once again, led to the reinforcement of its market share.

In 2015, and despite Portugal having experienced a slight food inflation, at Pingo Doce, food deflation in the basket continued to put pressure on prices, mainly in the Meat category.

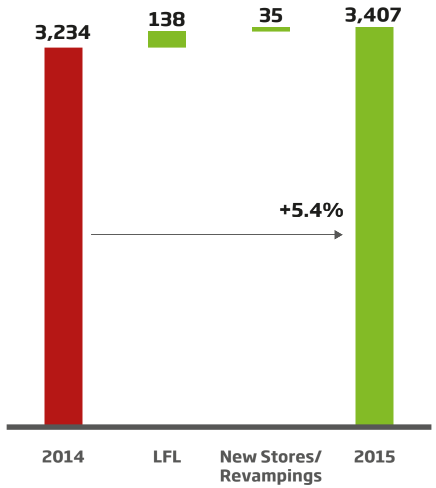
Within this context, Pingo Doce achieved a solid sales growth of 5.4%, driven by the 4.6% like-for-like (excluding fuel), which represents 12 consecutive months of positive like-for-like.

In 2015, the Company made a strong investment in the store network, inaugurating 21 new locations (19 stores in net terms if we consider two replacements) and remodelling 29 stores.

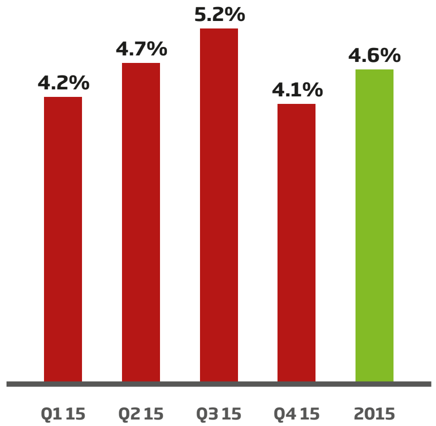
At the end of the year, the store network included 15 stores under third-party management, which contributed positively towards the good performance posted.

Cumulatively for the year, Pingo Doce sales showed a growth across all the categories, except fuel, which was influenced by the fluctuations in the price of oil.

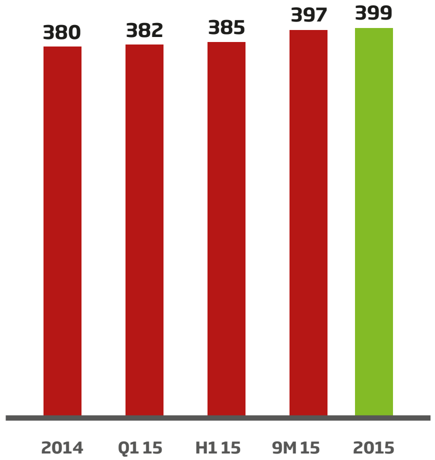
PINGO DOCE: NET SALES
(million euros)



PINGO DOCE: LIKE-FOR-LIKE SALES GROWTH
(excl. fuel)



PINGO DOCE: NUMBER OF STORES
(excl. fuel)



In an extremely competitive market, Pingo Doce reinforced its leadership position, delivering monthly gains in market share, which, in the year, was reinforced by 0.9 percentage points [1]. This performance demonstrated the customers' preference for the banner.

In 2015, the number of Poupa Mais ('Save More') cards continued to increase, which reflects its importance in communicating with customers, as well as their recognition of the benefits associated with this loyalty programme.

The Private Brand should also be highlighted, with a weight of 34.5% in the 2015 sales, resulting not only from the reinforced communication and promotional dynamics but also from the launch of new products. During the year, 214 products were launched, with prevalence in the Grocery and non-specialised Perishables categories.

Besides reinforcing the Private Brand, one of the strategic differentiation pillars, investments were also made in the shopping experience by improving the services provided to the customers.

Pingo Doce maintained innovation as an important pillar in the reinforcement of its present and future competitiveness, particularly visible in first tests of the Pingo Doce & Go concept, which are small convenience stores located in petrol stations.

The efficiency and the level of service provided to the stores remain as a priority, evidenced by commencing the construction of a new Distribution Centre in the north of the country under the Company's logistics reorganization programme.

Pingo Doce's EBITDA margin was 5.5%, from 5.8% registered in 2014, in a year in which the Company assumed sales growth and strict cost control to be its main objectives, minimising the impact of the food deflation and enabling an increase in the return on invested capital.

[1] **Source:** Internal estimates based on Turnover in Food Retail Trade published by INE (Turnover Index in Retail [2014 and 2015]; Turnover (€) of business by Economic Activity (CAE Rev. 3); Annual [2011-2013]).

4.2.2. RECHEIO

MESSAGE FROM THE MANAGING DIRECTOR

Despite the soft recovery felt in 2015, Recheio once again proved that it is focused on developing its business, maintaining a growth above the market and a strong increase in its customer base. Deflation continued to be a demanding challenge, especially due to the negative impact on the prices of Meat, Milk and Dairy Products. However, Recheio managed to overcome the challenge by using the thoroughness, optimisation and productivity that have always been the guiding principles of its business model.

This year was also marked by the reinforcement of the Company's new business areas. The Amanhecer stores project, with a further 105 store openings, reinforced its presence throughout the country, especially in the cities of Lisbon and Oporto. This project, that started five years ago, has been proving itself to be the new driving force of traditional commerce in Portugal. The Food Service area reinforced our relevance to the HoReCa market in Portugal, proving to be an important growth driver for Recheio in the last year.

2015 PERFORMANCE

The main challenge for Recheio during the year was to strengthen its market position, by increasing sales and customers in an environment that remained very competitive, despite the soft signs of revival of both the Traditional Retail and HoReCa channels.

2015 was a year in which the Company had a good performance both regarding sales growth, which reached 4.1%, and regarding attracting new customers, where it posted a 2.2% growth. The categories with the best sales performance were Beverages and Frozen Food, which recorded double-digit growth compared to the previous year.

In an environment that saw the recovery of the Traditional Market, with a cumulative growth of 2.8% in 2015 (Source: Nielsen – Scantrends), Recheio upheld its good performance and reinforced its project as a partner of this market through the opening of an additional 105 Amanhecer stores.

For the HoReCa channel, this was a year with a slight recovery, with the appearance of new restaurant concepts and a positive trend in the Hotel sector.

Recheio went ahead with developing the Exports area, having increased its sales not only in the markets in which it was already present, but also in new markets, such as the Republic of the Congo, Mauritania, Namibia, Ireland, Italy and the Netherlands.

This year, the Company continued with the project for renewing its store network, having remodeled two stores. In Ramalde, a new layout was implemented by introducing a Bakery section and in Valença, focus was placed on improving the implementation of the Frozen Food area.

Recheio pursued the project for renewing the Private Brand product packaging, in order to improve its offer. It launched 131 products during the year and relaunched 22 products from the MasterChef, Amanhecer and Gourmês brands.

2015 was the year in which Recheio celebrated its 43rd anniversary and, once again, we organised a trip with our best clients, this year the destination being the Greek Islands, in order to reward its clients with the highest purchasing volumes and biggest sales growth compared to the previous year. A strong campaign was also organised around the Company's anniversary, with various associated initiatives.

In January 2015, Recheio launched a loyalty programme, which consists of attributing points for an increase in purchases compared to the previous year, whereby the customer may exchange it for various prizes, including a professional transport vehicle, hotel equipment, technology or training initiatives. The aims of this programme are to increase the average purchase and to give more advantages to customers who concentrate their purchases at Recheio.

The good sales performance within the same store network enabled the Company to improve its profitability, reaching an EBITDA margin of 5.3% of sales.

4.3. DISTRIBUTION COLOMBIA - ARA

MESSAGE FROM THE MANAGING DIRECTOR

The year of 2015 was a historic milestone for our operation in Colombia. It was the year in which we opened the second region, the Caribbean Coast, giving a clear sign of our commitment to success in the country.

We recognise that Colombia is a country of regions, where the tastes and preferences of the consumers vary considerably, and so when entering the new region we had to adjust our stores to a new market reality. Naturally, we maintained the essence of our value proposition, our identity and our positioning. We adjusted our assortment and marketing activities to meet the regional demands of the consumers from the Caribbean Coast.

It is clear to us that our flexibility and capacity to address the different market profiles will be the key to being successful in Colombia, and so we have prepared our teams to effectively respond to this type of market.

It was also in 2015 that we built our first Distribution Centre from scratch. We applied the Jerónimo Martins logistics know-how to build an infrastructure that is prepared to respond to and comply with the most demanding requirements.

We are still at a learning stage, whilst growing in a consistent and sustained way, in order to firmly establish the foundations of this business that we aim to make relevant for the Jerónimo Martins Group.

Our team has remained determined, resilient and with a pioneering spirit, all essential aspects for delivering the expected results. This year's performance has placed us on the right track for meeting the ambitious targets that we have for this market.

2015 PERFORMANCE

The two main objectives for 2015 were to consolidate our presence in the Coffee Growing Region and to commence operations in the Caribbean Coast region, with the opening of a Distribution Centre and 41 stores.

In the first region (Coffee Growing Region), Ara consolidated its market position with the opening of 15 stores, ending the year with 101 locations.

During the year it remained focused on optimising the assortment, fitting it to the needs of the Colombian consumers, and in developing campaigns involving activities with customers, in order to create an emotional link between the banner and the local communities.

Since the beginning of the year, the Company's main challenge was the opening of the second logistics platform and stores in the Caribbean Coast region, which took place in the beginning of September.

As such, during the last four months of the year, Ara opened 41 stores, starting its operation in that region and differentiating itself through competitive prices and the Private Brand offer.

Considering the social and economic differences between the different Colombian regions, around 20% of the assortment takes into account the characteristics of each region, enabling the value proposition to be adapted to the consumers we serve.

One of Ara's differentiating factors is its Private Brand assortment, which has been very well accepted by the Colombian consumers and which, in a short period of time, represents 37.5% of the Company's sales.

4.4. MANUFACTURING, DISTRIBUTION AND RESTAURANTS & SERVICES

4.4.1. MANUFACTURING

4.4.1.1. UNILEVER JERÓNIMO MARTINS (ULJM)

MESSAGE FROM THE MANAGING DIRECTOR

This was a successful year for Unilever Jerónimo Martins (ULJM), reaching all set objectives.

For the third successive year, the Company increased its sales in both volume and value, and it increased its cash flow. For the fourth consecutive year, it increased its market shares, reinforcing competitive position, both through the repositioning of the value proposition in the segments in which it operates and through innovation.

We entered new market segments by launching new Domestos products and Alsa ready-to-eat jellies. For the second consecutive year, we carried out "Sou Olá" (I'm Olá), a social responsibility programme that aims to reduce the youth unemployment rate and, at the same time, boost the brand's sustainable growth. We were pioneers in this project that has become a reference in Portugal and in Unilever's international universe.

2015 PERFORMANCE

This year was marked by a positive performance in sales, market shares and margins.

The Company grew for the third consecutive year, increasing sales by 3% compared to the previous year. ULJM registered increases in market share in the categories that represents more than two thirds of its sales, notably the growth in the Home Care and Personal Care areas.

Of particular note was the good year for exports, namely in the Ice Cream and Margarine categories.

In terms of launches, of note in the Home Care category are the new Domestos brand products and in the Food category the reinforcement of the Knorr stock cube range, with the launch of various sauces.

The Company increased its EBITDA margin as a result of the sales increase, but also due to the improved mix of products sold and the ongoing careful cost efficiency.

In 2015, the investment in advertising remained high, focused primarily on digital marketing.

4.4.1.2. GALLO WORLDWIDE

MESSAGE FROM THE MANAGING DIRECTOR

The year of 2015 was strongly conditioned by the weak olive oil harvest, which caused an increase in the raw material prices to an all-time high. The subsequent increase in the upstream prices led our distributors, retail and, finally, the consumer to lower demand, culminating in a double-digit retraction in the worldwide market.

Our main markets underwent unfavourable economic constraints and a severe devaluation in their respective currencies, triggering the increase in shelf prices which, in some cases, meant trebling the public retail price in local currency.

The Company was able to resist this adverse environment, safeguarding its profitability and taking advantage of the market conditions to reinforce its global position, hence becoming the 2nd largest olive oil brand in the world.

We anticipate more favourable conditions for 2016, with regard to the price of the raw material, but adverse and uncertain economic conditions of the main markets in which we operate (LatAm and Africa).

2015 PERFORMANCE

2015 was a year of solid performance, with the Company's sales posting a 2% growth, despite some contraction in volume.

The abrupt rise in the price of the raw material was reflected in the significant increase of around 40% in prices of olive oil to the final consumer, causing some resistance regarding volumes, both from the final consumer and the volume of stocks in the value chain.

Another important factor that affected our main markets was the significant exchange rate devaluation of some countries' currencies, namely in Brazil and Angola, which caused a considerable increase in the prices of olive oil in those markets.

Also as far as challenges in the key markets are concerned and taking into account the unfavorable macro-economic situation, in Brazil there was an increase in fraud in the authenticity of the olive oil sold in this market. Work was carried out, in partnership with the Brazilian authorities, to counteract such situations, which had a negative impact on the market.

The 2015 performance was achieved whilst safeguarding the Company's profitability, by carrying out an adjusted sourcing policy and defining appropriate prices.

In Portugal, with a focus on innovation, there was a re-launch of vinegars, which boosted this category, enabling Gallo to be re-positioned as the second Company in terms of market share.

Aiming to reinforce the efficiency of the operation, partnerships were established with other international players, with a view to generate greater logistics efficiency.

4.4.2. MARKETING, REPRESENTATIONS AND RESTAURANT SERVICES

4.4.2.1. JERÓNIMO MARTINS DISTRIBUIÇÃO DE PRODUTOS DE CONSUMO (JMDPC)

MESSAGE FROM THE MANAGING DIRECTOR

2015 was a positive year for JMDPC. The Company once again grew in the domestic market and yet again out-performed it. The newly represented brands - Barilla, Patak's and Amoy - reinforced the portfolio in the existing categories and channels, without jeopardising the like-for-like growth.

Despite the contraction registered in its export business, JMDPC managed to gain dimension overall. Even with its two international markets in crisis, the Company almost doubled the number of countries in which it is present.

These results demonstrate that we defined the right path, with ambition and focus, and that we have carved the right way on that path, arming ourselves with the right competencies and stimulating a culture of change.

2015 PERFORMANCE

JMDPC's sales in the domestic market recorded a 5.2% growth. This performance was above that of the market, which grew 1.4% in the total of FMCG, with Food increasing 0.6% and Beverages 3.8% (Nielsen-Scantrends).

Sales grew in all categories except the Cereals category. From the remaining categories, of note are the ones in which the Company has been gaining importance - Dairy Products and Snacks – with a growth of 21% and 15%, respectively.

In terms of brands, the Company reinforced its market share in 83% of the represented brands. The newly represented brands – Barilla in the Pasta and Pasta Sauces category and Patak's and Amoy in the Asian Food category –, which were sold as from the end of the first half, already represent 2.3% of the total sales.

Exports in 2015 amounted to 5.7% of JMDPC's sales, having recorded a 6.4% decrease compared to the previous year, due to the economic difficulties felt in the Angolan and Brazilian markets. However, sales to the Asian markets increased significantly. This year, sales were made to 25 markets. Exports of Portuguese brands, which have been the Company's focal point over the last few years, increased by 4.3%.

4.4.2.2. JERÓNIMO MARTINS RESTAURAÇÃO E SERVIÇOS (JMRS) AND HUSSEL

MESSAGE FROM THE MANAGING DIRECTOR

In 2015, despite a demanding macroeconomic environment, JMRS and Hussel once again exceeded our expectations in terms of results.

The Jeronymo, Olá and Hussel banners achieved positive performances, demonstrating the resilience of their value proposals. The performance of the Olá stores should also be highlighted, as it had a like-for-like sales growth of 4%.

2015 PERFORMANCE

In 2015, the Company posted a positive sales evolution compared to the previous year, the main highlight being the performance of the Olá banner which posted a 4.0% like-for-like.

During the year under review, two Jeronymo coffee shops were inaugurated in the Lisbon area, located in Belém and Benfica. Various communication initiatives took place throughout the year at the point-of-sale and on Facebook, such as the launch of a new family of summer drinks, the launch of Jeronymo tea and herbal tea, sold as leaf tea, the introduction of Jeronymo biscuits and cookies in four flavours, "O nosso Bolo Rei" (Portuguese Christmas cake) and "Brigadeiro de Natal" (Christmas Chocolate Truffles).

The main growth drivers of Olá's sales were the increase in customer traffic, due to the very high temperatures during the year, as well as due to the various marketing campaigns that took place, especially "O Meu Cornetto David Carreira" (My David Carreira Cornetto ice cream), which is leveraged on the notoriety and popularity of that singer.

The high temperatures had an impact on Hussel, especially in December, leading to a lower sales performance than in the previous year. As far as marketing is concerned, Hussel invested in seasonal themed campaigns (St. Valentine's, Easter, Mother's Day, Children's Day, Popular Saints, among others), whose implementation was a great success in the stores, on its institutional website and on Facebook. In the last quarter of the year two kiosks "Giro by Hussel" were opened in the Alegro Shopping Centre in Setúbal and in the Dolce Vita Shopping Centre in Coimbra (a pop-up store).

The Company closed the year operating 70 stores: 18 Jeronymo coffee shops, 27 Hussel confectioner's (including three "Giro by Hussel" kiosks) and 30 Olá ice cream parlors, five of which are franchised stores.

4.5. AGRO BUSINESS

4.5.1. JERÓNIMO MARTINS AGRO-ALIMENTAR (JMA)

MESSAGE FROM THE MANAGING DIRECTOR

The year of 2015 was an historic landmark for JMA as it was its first year in operation with the launch of the first two business areas: the Dairy Products factory in Portalegre and the Angus Beef Cattle Fattening Unit in Manhente, Barcelos.

On June 1st, the formal conveyance of Cooperativa Serraleite's factory was completed, in a process whereby 50 employees from Cooperativa were integrated into the management of Jerónimo Martins Lacticínios de Portugal and which resulted in this new unit adapting to the work processes of the Jerónimo Martins Group.

In October, we began fattening Angus Beef Cattle in our first unit, which has the capacity for 1,000 animals, supported by a team that is in a permanent working relationship with the corporate structures of the Group and the different Companies, and that is supported by a vast network of knowledge present in institutions from the Portuguese and international Scientific and Technological System.

We are starting out with confidence for the future, aware that, although 2015 is just the first year, it already demonstrates the ambition that mobilises us.

2015 PERFORMANCE

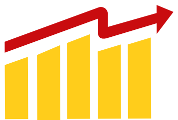
The Company's objective is to develop businesses in the Agro-Food area with a view to have direct access to supply sources of certain food products considered to be strategic, thereby ensuring the Group's internal needs, with competitive cost, efficiency and quality conditions, supported by the right research and development strategy, strongly directed at the market.

In June 2015, when the formal conveyance of the Cooperativa Serraleite factory was completed, the Private Brand UHT milk production and cream production began, both for Pingo Doce and Recheio.

We aim to maintain production in this factory until the new factory has been concluded, which is currently in development and which will enable us to increase the production of milk and its derivatives in excellent conditions.

In October 2015, the project for Angus fattening began, consisting of creating centres that buy and feed (up to the age of slaughter) Angus animals from producers who are not interested in fattening the animals beyond the weaning age. The ultimate objective is to sell the meat to the Group's Companies, improving and differentiating the offer in the meat counters with high quality Angus beef at competitive prices.

5. OUTLOOK FOR 2016



As a result of a more favourable macroeconomic outlook, as projected by official entities, the Food Retail market should grow at a faster pace than in 2015.

5.1. POLAND

MACROECONOMIC ENVIRONMENT

For 2016, the Polish economy is expected to maintain the GDP growth trend seen in 2015. This evolution should be simultaneous with a moderate increase in worldwide economic activity. If, on one hand, recovery is progressing in the advanced economies, on the other hand, many of the emerging economies are showing a growth slowdown. The most recent estimates by the Polish Central Bank (NBP) for the growth in the Polish GDP in 2016 point to 3.3%.

The Polish GDP should be influenced more by the positive trend in the job market combined with all-time low interest rates and the low prices of raw materials, than by the moderate recovery of the Euro Zone. These factors should boost private consumption and investment, the two components which are hoped to stimulate economic growth.

It is probable that inflation will turn to positive in 2016, with the NBP's most recent estimates indicating a 1.1% increase in prices. However, inflation should start the year at still moderate levels, due to the deflationary effect on the prices of energy, and accelerate during the second half of the year. With regard to food inflation, it is expected that we will see a return to positive values in the first months of 2016.

Unemployment should stay below 10%, lower than in 2015, although still a smaller reduction than seen in the last two years. According to the NBP, wages in the Polish economy should increase by approximately 5% in 2016.

With regard to the monetary policy for 2016, it is expected that the Polish Monetary Council will change its position and, in accordance with the guidelines of the new Government, will concentrate on stimulating economic growth. As such, it is possible that the reference rate is reduced during 2016.

Regarding the exchange rate, this should remain above the four zlotys per euro in the long term. However, short-term expectations are strongly dependent on the policies adopted by the European Central Bank, the Federal Reserve of the United States of America and the Polish Government, introducing a high volatility and making it difficult to predict the behaviour of the Polish currency during 2016.

MODERN FOOD RETAIL

As a result of a more favourable macroeconomic outlook, as projected by official entities, the Food Retail market should grow at a faster pace than in 2015.

It is expected that consumers will increase their spending on food compared to previous years. However, the growing demand for healthier eating and an increasingly important role attributed to the quality of the products will require operators to adapt their assortment. An expansion in the offer of non-food products is expected, as well as an increase in the offer of regional products.

An increase in the number of consumers who value convenience and chose to do their shopping in stores located close to their residence is also anticipated. Equally, the improvement in the economic outlook for households could lead to traditional food products being replaced by food services or "ready meal" solutions.

The consolidation of the Polish Food Retail market should continue. On the other hand, it is expected that the operators diversify their current formats, whilst at the same time increasing their investment in existing stores, in order to improve the shopping experience.

In 2016, the Modern Retail market will be affected by the implementation of a sales tax, according to the new Government proposal. Details of the bill are still being discussed.

HEALTH AND BEAUTY RETAIL

The Health and Beauty market in Poland should continue to grow at a rate of around 5% a year, with the prospect of reaching a value of 26 billion zlotys in 2019, according to the projections by PMR Research.

The main operators have been growing at a pace of 150 to 170 stores a year since 2011, driven by a market with high growth rates and by the conversion of individually operated stores that were not able to compete with organised chains.

Private Brands continue with high market gains in organised retail and make a large contribution to the growth in the sale of fast-moving consumer goods, based on the reinforcement of consumer confidence in these products. This aspect may also prove to be an opportunity to expand the exclusive brands in Health and Beauty retail, promoting differentiation and offering a strong compromise between quality and price.

It is expected that the expansion of the discount stores, as well as the increase in the offer of Health and Beauty products in these stores will continue to put pressure on the specialised chains.

On the other hand, the anticipation of an increase in purchasing power and the improvement of the consumers' financial position should lead to an increase in the purchases of mid and high-range beauty products available in the Health and Beauty stores.

The increase in Polish consumers' confidence should sustain the sales of non-prescribed pharmaceuticals, with an anticipated growth of between 3% and 4% for the next few years. It is estimated that this progression is mainly driven by the food supplements category, which should boost the market with growth rates above 10%.

5.2. PORTUGAL

MACROECONOMIC ENVIRONMENT

Banco de Portugal (the Portuguese Central Bank) predicts that the Portuguese economy will continue to recover and expects a growth in GDP of 1.7% in 2016, close to that projected for the Euro Zone. At the time of its publication, the values disclosed in the last Economic Bulletin show greater uncertainty than usual, particularly as the State Budget for 2016 had not yet been approved.

This projection is supported by the sustained growth in domestic demand (+1.8%) along with a robust growth in exports (+3.3%).

Private consumption should increase by 1.8% in 2016 (+2.7% in 2015), in line with disposable household income, with an environment of moderate recovery of employment, wage moderation in the private sector and a rise in consumer prices. A slowdown in the consumption of durable goods to an average annual growth of around 3% and a growth of 2% in the consumption of non-durable goods is predicted.

Growth of 0.3% in public consumption is expected, based on a less significant reduction in the number of civil servants, conditioned by the need for budgetary consolidation and the increase in expenditure on the acquisition of goods and services.

Similarly, there is an indication of an acceleration of investment in 2016 (+4.1%), after an estimated increase in 2015 of 4.8%.

Inflation should reach 1.1% in 2016 (+0.5% in 2015), as a consequence of the increase in the prices of non-energy services and goods, while the variation in the price of energy should be close to zero.

According to the Portuguese Central Bank forecast, the depreciation of the euro against the dollar should have a positive impact on the evolution of the Portuguese GDP, arising mainly from the increase in exports. In addition, imports will tend to decrease in the first phase, conditioned by the evolution of the euro, but in the following years, and assuming there is currency stabilisation, the effect of the increase in imported quantities will have a negative impact on GDP evolution.

For 2016, the Government estimates a general government deficit of 2.8% of GDP, the equivalent of 5.2 billion euros.

MODERN FOOD RETAIL

After a year of economic growth, albeit modest, in 2016 we should continue to see a slight improvement in the majority of macroeconomic indicators, with the expectation of a slightly higher growth in GDP than in 2015, supported partly by the increase in consumption, estimated at around 1.8%, which in turn should support the growth in retail.

With regard to consumption trends for 2016, we should continue to see an increasing demand for healthier alternatives, development of the Private Brand with high quality standards that meet the needs of the consumers and reinforcement of convenience as a key factor in the purchasing process.

Nevertheless, at the same time, the price, promotion and proximity factors will continue to be critical for consumers' choices. Equally, it is expected that we will continue to see strong competitive pressure and promotional dynamics in Food Retail.

WHOLESALE FOOD MARKET

In 2016, the positive evolution of the economy and of consumer confidence is expected to be maintained, which should enable the recovery of out-of-home consumption.

As was the case in 2015, the good performance in the tourism, hotel and restaurant services sectors should continue to make a positive contribution towards the growth of the economy. On the other hand, Traditional Retail will continue its investment in the modernisation of the store network, supported by integrated business programmes, such as the Amanhecer stores. The development of these two channels, HoReCa and Traditional Retail, should contribute towards boosting demand in the Cash & Carry market.

5.3 COLOMBIA

MACROECONOMIC ENVIRONMENT

The Colombian economy will be very much dependent on international economic development, in particular the evolution of the price of oil, but also on factors such as the possible slowdown of the Chinese economy and the probable increase in the interest rates of the Federal Reserve of the United States of America.

In addition, the crisis in Eastern Europe, the doubts about the stability of the Euro Zone or even the increasing disturbance in Latin America may further condition global economic growth and, consequently, the Colombian economy.

From a domestic point of view, the peace process is fundamental for the economic and political stability of the region. The date put forward by the Colombian Government for signing the peace agreement is March 2016.

The Colombian State's strong dependence on the income from oil should condition the already planned tax reform, which will most probably mean an increase in taxes, namely VAT, which in turn will affect retail during 2016.

Additionally, there will surely be other conditioning factors, notably the Central Bank's monetary policy to combat inflationary pressures, which will remain as a key topic for economic activity, taking into account the impact that inflation may have on domestic consumption, one of the main economic growth drivers. Nevertheless, in 2016, it is expected that consumption will continue to be quite dynamic.

The Colombian peso should remain significantly devalued, which should at least benefit exports, already boosted by the recent trade agreements with China and Japan.

The estimated growth for Colombia in 2016 should once again be higher than the average for Latin America, but lower than recorded in the last few years.

MODERN FOOD RETAIL

With the growth of the middle class in Colombia, which should soon represent around one third of the population, it is anticipated that we will see an increase in household consumption, especially in the Food Retail sector.

Similarly to 2015, soft discounts are predicted to continue to be the growth driver in 2016, notably their price and proximity positioning, and so a lower growth in Traditional Retail is therefore also expected.

The major operators in the market are also expected to invest in loyalty campaigns and in strong promotional campaigns.

According to our experience, we will continue to see a reinforcement of consumers' attachment to their neighbourhood commerce, not only to avoid travelling but also because they are conditioned by poor road infrastructures.

In addition, we should see a more rational trend in consumption and a higher penetration of Private Brands, which are beginning to gain relevance in the market.

With regard to sales growth by category, the Colombian market will still remain very focused on the so-called basic categories, such as Grocery, which should continue to grow well. The Personal Care category on the other hand will probably lose importance in the Traditional and Modern Retail segment due to the appearance of a new channel, characterised by direct sales.

5.4. OUTLOOK FOR THE JERÓNIMO MARTINS BUSINESSES

Jerónimo Martins will continue to adopt financial prudence that fosters a strong balance sheet and maximises the return on its assets. The Group believes that the businesses it operates have differentiated value propositions, focused on price, quality and consumer service and on operational cost-efficiency, and that they are in a good position to continue performing ahead of their respective markets, as proven in previous years.

BIEDRONKA

In 2016, sales growth will remain Biedronka's main priority and the Company will continue to invest in the continuous innovation of its assortment and operation in order to secure being the preferred choice of the Polish consumer.

To do so, the Company is already relying on the improvements made to its offer, which will continue to be optimised, boosting a progressive increase in the share-of-wallet. The Perishables, Personal Care and Ready Meal categories present interesting development and differentiation opportunities.

With regard to the expansion programme, Biedronka expects to inaugurate around 100 new locations.

Priority will continue to be placed on the efficiency of the operation as a source of competitive advantage in order to guarantee the positioning as price leader.

HEBE

In 2016, the reinforcement of the assortment with more Exclusive and Private Brands will be a priority in order to further differentiate the offer as well as to increase, among our customers, Hebe's perception of having the best price-quality relationship. We will keep our affordable price positioning with a dynamic trade marketing programme developed in cooperation with our suppliers. The expansion plan will continue to be an important driver to gain scale and also to improve the awareness of the brand.

PINGO DOCE

In 2016, Pingo Doce will continue to move ahead with the logistics reorganisation process, having planned the inauguration of a new Distribution Centre in the North of the country. At the same time, it will strengthen its presence in proximity locations by opening around 10 stores, whilst maintaining its investment in improving the store standards. As such, the remodelling programme will continue.

The environment is expected to remain competitive and the Company will continue to give priority to strengthening its market position, supported by the competitiveness of its pricing policy, and to developing its Private Brand, as a means of further differentiation.

RECHEIO

In 2016, Recheio will remain focused on consolidating its market position and on increasing its sales in all the segments it operates. Special attention will be given to exports, where there is a relevant potential and to the Food Service area, where the Company has been investing and which will be boosted by the launch of the new institutional website, thereby enabling contact with customers to be optimised.

During the course of the year, the inauguration of a store in Sines is also planned, aimed at reinforcing customer penetration in the Alentejo Coast.

ARA

In 2016, we aim to continue with the expansion in the second region, leveraging reinforced brand notoriety on the opening of new stores. In the second half, operations are planned to commence in a third region of the country, which will imply inaugurating another Distribution Centre to serve the new stores.

The Company will continue to focus on increasing its presence in the Colombian market and its main challenges, with regard to human resources, will be its capacity to recruit and train new employees, as well as to mobilise Private Brand suppliers to accompany its pace of growth.

MANUFACTURING AND SERVICES

ULJM

In 2016, Unilever Jerónimo Martins' ambition is to maintain the sales growth recorded in the previous year, focusing on the Personal Care category, which has the greatest potential. The Company predicts that the level of competitiveness in the Portuguese market is unlikely to slow down and aims to reinforce the efficiency of its production costs in order to also enable exports to be increased, mainly in the Ice Cream and Margarine categories.

GALLO WORLDWIDE

For Gallo Worldwide, the main projects in 2016 involve achieving growth in the markets where the Company already has consolidated positions and preparing the entry into new markets, in order to boost sales. The challenges faced in 2015 regarding the price rise of raw material are expected to continue in 2016, even though there is an anticipation of a reduction in the prices of the raw material, which should nevertheless remain above the average for the last few years.

JMDPC

In the domestic market, priority will continue to be given to reinforcing the market shares of the represented brands, increasing the relevance of the categories where the

Company is present. Winning represented brands in new categories will also be important, as a way of diversifying and ensuring future growth, and as a way of boosting synergies from the operations.

In exports, the Company will pursue the path of taking Portuguese brands "across the world", diversifying the portfolio and destination markets. In this phase, it will be essential to reinforce our sourcing competences and those related with international markets.

JMRS & HUSSEL

In 2016, JMRS will remain focused on expanding its network of Jeronymo coffee shops and on assessing the potential of the "Giro by Hussel" gummies kiosks.

AGRO BUSINESS

JERÓNIMO MARTINS AGRO-ALIMENTAR

During 2016 it is expected the building of a new dairy products factory in Portalegre to be concluded in the middle of 2017. This will be a modern factory of excellence, with the right conditions for an efficient production of high quality milk and milk products.

Within the scope of the Angus beef cattle fattening project, it is planned that the supply of meat from this farm to Pingo Doce will already start in the first half of 2016. It is also planned to increase, throughout the year, the number of animals in this project.

In 2016, we aim to continue studying and developing new projects in other strategic areas, mainly in Aquaculture, which may include establishing partnerships or cooperation agreements.

Sources:
IMF World Economic Outlook; Eurostat; Bank of Portugal Economic Bulletins; Portuguese Ministry of Finance; Portuguese National Statistics Institute (INE); National Bank of Poland Economic Bulletins; Central Statistical Office (GUS); Banco de la República (Colombian Central Bank); Colombia National Administrative Department of Statistics (DANE); Business Monitor International (BMI); BBVA; Planet Retail; Deloitte; TNS; Nielsen and PMR Research.

6. POST BALANCE SHEET EVENTS

At the conclusion of this Report there were no relevant events to highlight that are not disclosed in the Financial Statements.

In 2016, we plan to continue studding and developing new Agro Business projects, including Aquaculture.

7. DIVIDEND DISTRIBUTION POLICY

The Company's Board of Directors maintained a policy of dividend distribution based on the following rules:

- The value of the dividend distributed must be between 40% and 50% of ordinary consolidated net earnings;
- If, as a result of applying the criteria mentioned above, there is a drop in the dividend in a certain year compared to that of the previous year, and the Board of Directors considers that this decrease is a result of abnormal and merely circumstantial situations, it may propose that the value from the previous year should be maintained. It may even resort to free existing reserves, providing that the use of these reserves does not jeopardise the principles adopted for balance sheet management.

In accordance with the above-mentioned directives, in relation to the 2014 fiscal year, the gross dividend allocated to shareholders was 0.245 euros per share, paid in May 2015.

At the end of 2015, the better than planned cash flows throughout the year led the Group to post a lower than expected level of debt. In view of this level of debt, of the maintenance of the Group's investment plans and having guaranteed the financial flexibility to take advantage of any growth opportunities (non-organic) that may arise in the short-term, was proposed by the Board of Directors and approved at the Extraordinary Shareholders' Meeting of Jerónimo Martins SGPS, S.A., which took place on December 16, 2015, the appropriation of free reserves in the sum of €235,662,832.50, the equivalent of a gross value of 0.375 euros per share. Payment of that sum was made in December 2015.

As such, the amount paid was in anticipation of the value of the dividends that would normally be paid in May 2016, within the terms of the above-mentioned dividends policy and also included an additional extraordinary component.

Taking into account the excellent performance recorded in late 2015, net debt at December 31 remained at very low levels, even after the free reserves payment mentioned above. Having secured the resources needed to implement the outlined plans by the Group, the Board of Directors decided to propose to the Shareholder's Meeting, regarding the 2015 results appropriation, the payment of an additional dividend.

8. RESULTS APPROPRIATION PROPOSAL

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

The Board of Directors proposes to Shareholders that the net profits 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, corresponding to a dividend yield of 2.24% on the average share price in 2015, which was 11.84 euros.

Lisbon, 1st March 2016

The Board of Directors

9. CONSOLIDATED MANAGEMENT REPORT ANNEX

INFORMATION CONCERNING STAKES HELD IN THE COMPANY BY MEMBERS OF THE BOARD OF DIRECTORS AND STATUTORY AUDITOR

(Under the terms of paragraph 5 of article 447 of the Portuguese Commercial Companies Code)

THE BOARD OF DIRECTORS

Members of the Board of Directors	Held on 31.12.14		Increases during the year		Decreases during the year		Held on 31.12.15	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Alan Johnson	30,075	-	-	-	-	-	30,075	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten [1]	n.a.	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [2]	n.a.	-	-	-	-	-	353,260,814	-
Clara Christina Streit [1]	n.a.	-	-	-	-	-	800	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
Henrique Manuel da Silveira e Castro Soares dos Santos [1]	n.a.	-	-	-	-	-	26,455 [3]	-
José Manuel da Silveira e Castro Soares dos Santos [4]	20,509	-	-	-	-	-	n.a.	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [2]	353,260,814	-	-	-	-	-	n.a.	-
Nicolaas Pronk	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) [5]	31,464,750	-	-	-	-	-	31,464,750	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Appointed in April 9, 2015, to the Board of Directors.
[2] Sociedade Francisco Manuel dos Santos, B.V.
[3] Of which 1,500 shares held by spouse.
[4] Ceased his duties as Director on April 9, 2015.
[5] Asteck, S.A.

Statutory Auditor

As at 31st December, 2015, the Statutory Auditor PricewaterhouseCoopers & Associados, SROC, Lda. did not hold any shares or bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions, this year, with Jerónimo Martins, SGPS, S.A. securities.

LIST OF TRANSACTIONS MADE BY PERSONS WITH MANAGERIAL RESPONSIBILITIES AND PEOPLE CLOSELY CONNECTED WITH THEM

Under the terms of paragraph 7 of Article 14 of CMVM Regulation 5/2008, Jerónimo Martins, SGPS, S.A. hereby informs that no transactions were made by persons with managerial responsibilities in the Company during the course of 2015.

LIST OF QUALIFYING HOLDINGS AS AT 31ST DECEMBER 2015

(Pursuant to paragraph 4 of Article 448 of the Commercial Companies Code and in sub-paragraph b) of paragraph 1 of Article 8 of the CMVM Regulation no. 5/2008.)

Shareholder	No. of Shares Held	% Capital	No. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.A. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
Aberdeen Asset Managers Limited Directly	31,482,477	5.003%	31,482,477	5.003%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
BNP Paribas Investment Partners, Limited Company Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.006%

Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A.
* Based on the total number of shares under the terms of section b), paragraph 3 of article 16 of the Portuguese Securities Code.