

This Annual Report of the Jerónimo Martins Group covers the period from January 1st to December 31st, 2017, and includes the areas of Distribution and Agribusiness in Portugal and the area of Distribution in Poland and Colombia, describing the results of the entities directly held by the Group.

1. Profile and Structure

1.1. Identity and Responsibilities

Asset Portfolio

Jerónimo Martins is a Group that has assets in the Food area, mostly in Distribution, with market leadership positions in Poland and Portugal. In 2017, it achieved sales of 16.3 billion euros (68% in Poland) and an EBITDA of 922 million euros (87% in Poland). The Group has a total of 104,203 employees and ended the year with a market capitalisation of 10.2 billion euros on the Euronext Lisbon.



In Poland, **Biedronka**, a chain of food stores with a positioning that combines the quality of its assortment, store environment and proximity locations with the most competitive prices in the market, is the Food Retail sales leader, operating 2,823 stores spread across the entire country. At the end of 2017, the Company reached 11.1 billion euros of sales, recording around 1.4 billion customer tickets.



Also in Poland, since May 2011, the Group has a chain in the drugstore sector, under the **Hebe** banner, which has 182 stores. This business concept is based on the offer of a Health and Beauty assortment with high quality advice, at very competitive prices.



In Colombia, **Ara** currently operates in three regions of the country: the Coffee Growing Region, the Caribbean Coast and Bogota. It is a chain of proximity food stores, mostly set up in residential neighbourhoods, with a positioning of quality at the best price, combining competitiveness with promotional opportunities in key categories for the Colombian consumer. At the end of the year, Ara was operating in 389 locations.



In Portugal, the Jerónimo Martins Group holds a leading position in Food Distribution, having reached a combined turnover of 4.6 billion euros in 2017. It operates with the banners **Pingo Doce** (422 supermarkets, including four Pingo Doce & Go) and **Recheio** (39 Cash & Carry and four platforms, three of them related to Food Service), which are leaders in the Supermarket and Cash & Carry segments, respectively.



Also in Portugal, through Pingo Doce, Jerónimo Martins has invested in developing projects that are complementary to the Food Retail business, namely **Refeições no Sítio do Costume** Restaurants, **Bem-Estar** Stores, Petrol Stations, as well as Clothing (for adults and children) and Shoes and Accessories, through the **New Code** and **Spot** banners, respectively. These last two are developed within the scope of partnerships with specialised operators.

Jerónimo Martins Agro-Alimentar

The main objective of **Jerónimo Martins Agro-Alimentar (JMA)** is to safeguard the Group's Companies ability to have a supply of some strategic products. It currently operates in the areas of Dairy Products, Livestock (Angus beef) and Aquaculture (sea bass and sea bream).

Jerónimo Martins



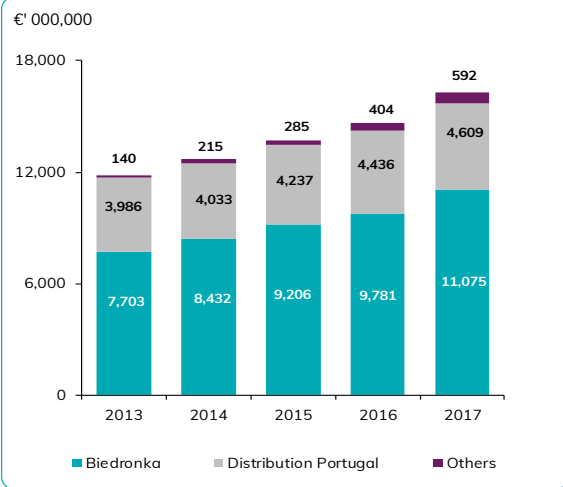
Jerónimo Martins Restauração e Serviços is engaged in developing projects in the Restaurants sector and, at the end of 2017, was operating the Jeronymo chain of kiosks and coffee shops with 21 points of sales.



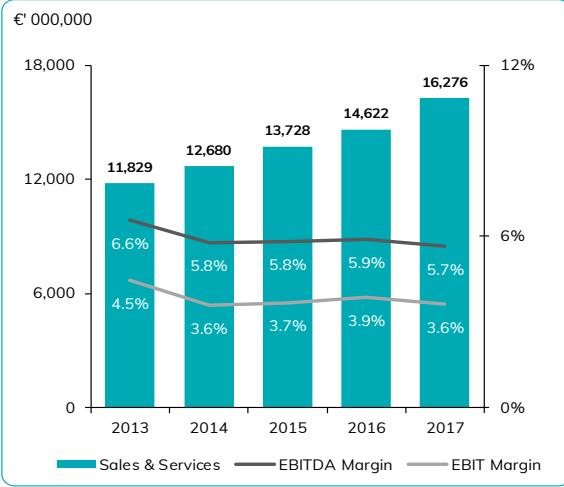
Husnel, a Specialised Retail chain selling chocolates and confectionery, had 24 stores at the end of 2017.

1.2. Operating and Financial Indicators

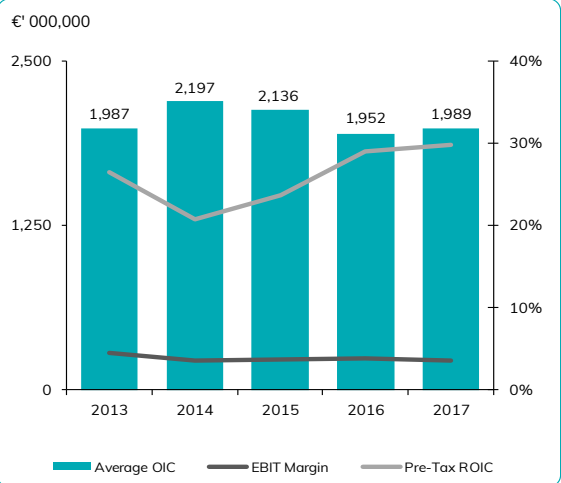
Sales & Services



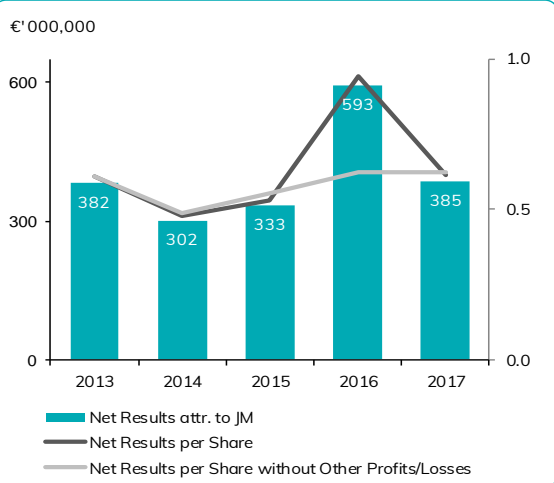
Sales, EBITDA Margin & EBIT Margin



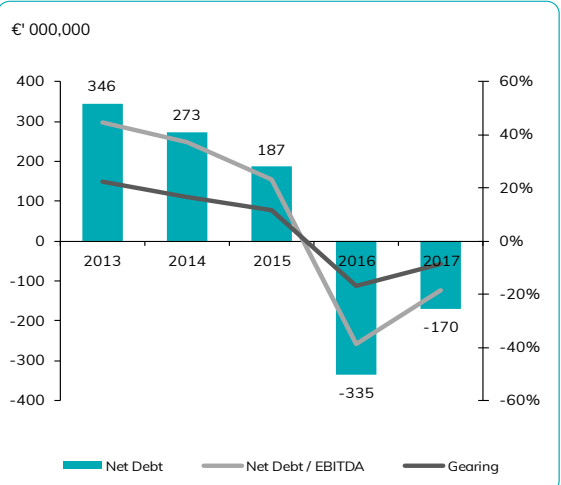
Pre-Tax ROIC



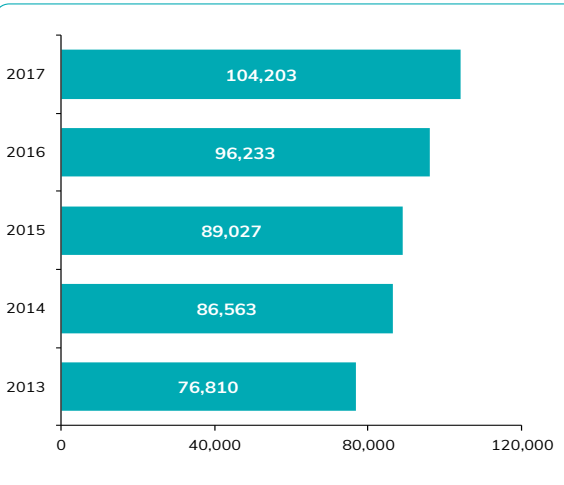
Net Results and Net Results per Share



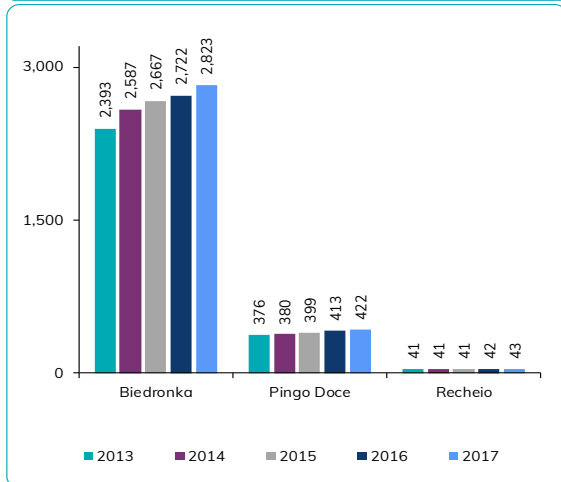
Net Debt



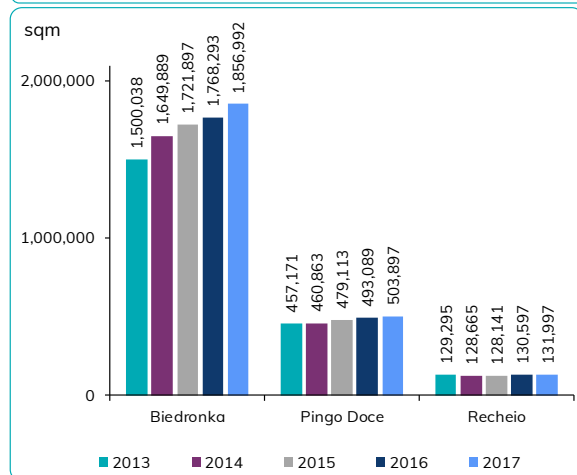
Employees



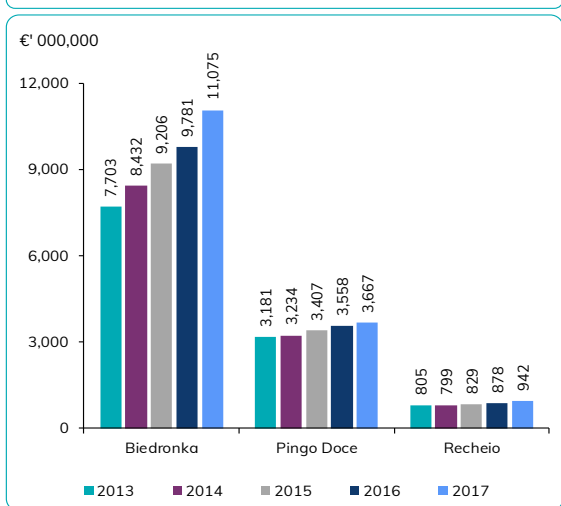
Number of Stores



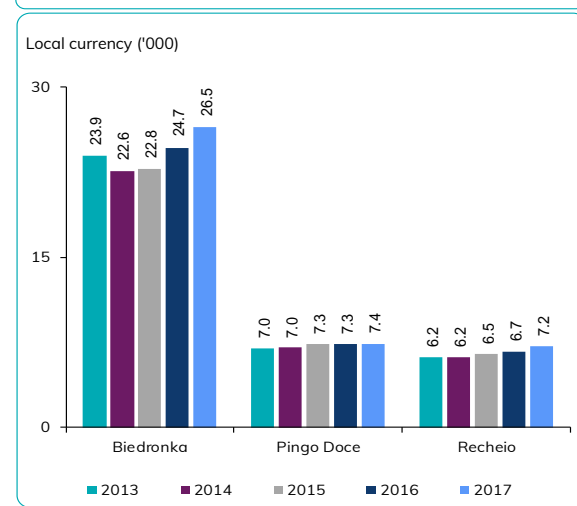
Sales Area



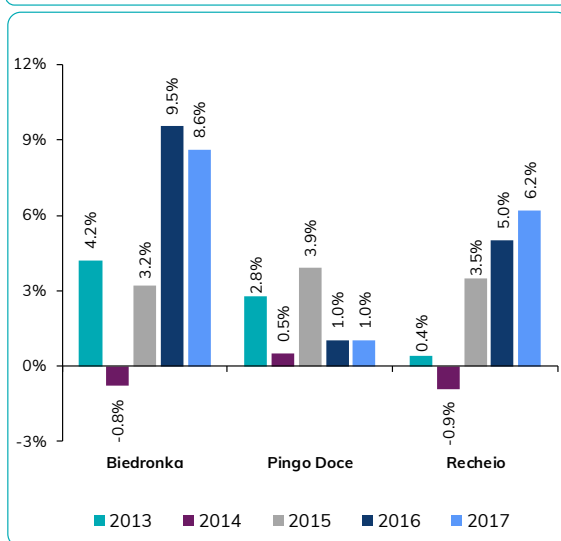
Sales



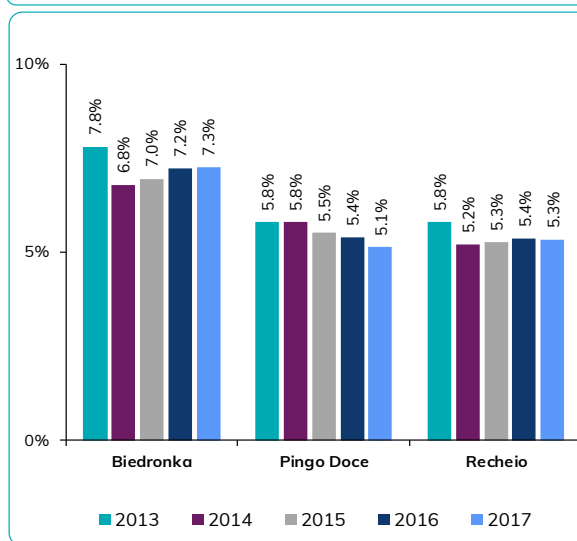
Sales / sqm



LFL Sales Growth



EBITDA Margin



1.3. Statutory Bodies and Structure

1.3.1. Statutory Bodies

Election date: 14 April 2016

Composition of the Board of Directors elected for the 2016-2018 term



Pedro Manuel de Castro Soares dos Santos
Chairman of the Board of Directors and Chief Executive Officer
Born on 7 March 1960
Chairman of the Board of Directors since December 2013
Chief Executive Officer of the Group since April 2010
Member of the Board of Directors since March 1995



Andrzej Szlezak
Born on 7 July 1954
Member of the Board of Directors since April 2013



António Pedro de Carvalho Viana-Baptista
Born on 19 December 1957
Member of the Board of Directors since April 2010



Artur Stefan Kirsten
Born on 22 February 1961
Member of the Board of Directors since April 2015



Clara Christina Streit
Born on 18 December 1968
Member of the Board of Directors since April 2015
Member of the Audit Committee since April 2016



Francisco Manuel Seixas da Costa
Born on 28 January 1948
Member of the Board of Directors since April 2013



Hans Eggerstedt
Born on 12 March 1938
Member of the Board of Directors since June 2001
Member of the Audit Committee since March 2007



Henrique Manuel da Silveira e Castro Soares dos Santos
Born on 7 November 1968
Member of the Board of Directors since April 2015



Sérgio Tavares Rebelo
Born on 29 October 1959
Member of the Board of Directors since April 2013
Chairman of the Audit Committee since April 2016

Statutory Auditor and External Auditor

Ernst & Young Audit & Associados, SROC, S.A.*
Av. República 90, 6.º, 1600 - 206 Lisboa, Portugal
Represented by:

João Carlos Miguel Alves (R.O.C. no. 896)

Substitute:

Rui Abel Serra Martins (R.O.C. no. 1119)

Company Secretary

Ana Luísa Abreu Coelho Virgínia

Substitute:

Carlos Miguel Martins Ferreira

Chairman of the Board of the Shareholders' Meeting

Abel Bernardino Teixeira Mesquita

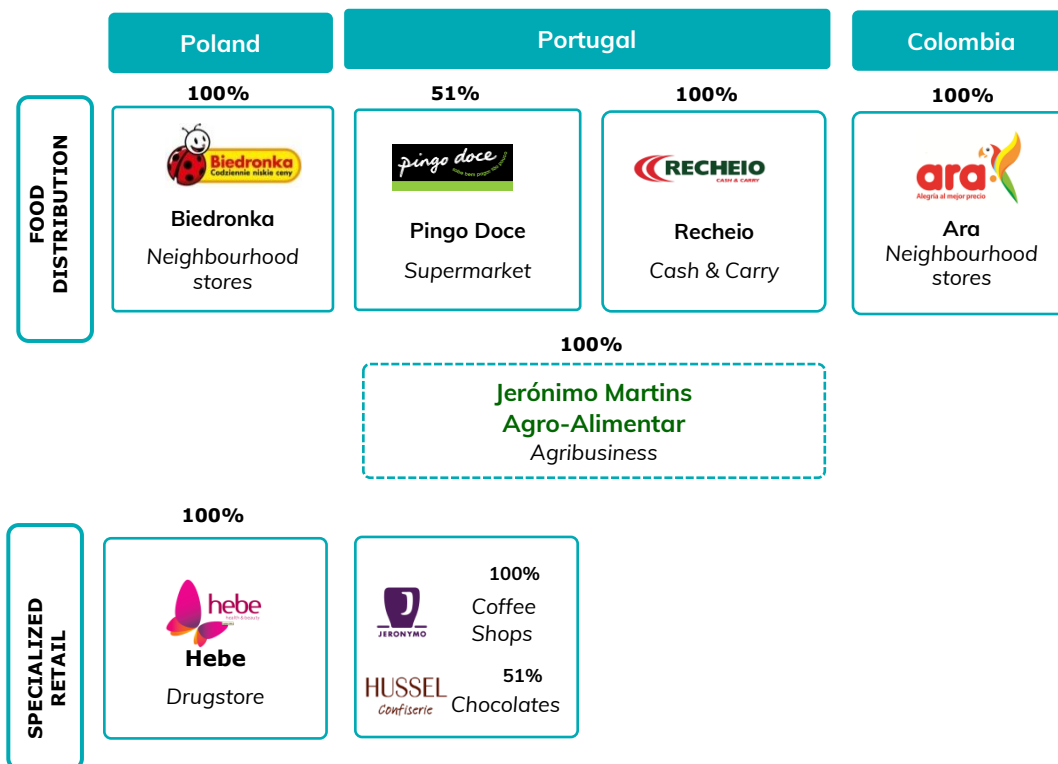
Secretary of the Board of the Shareholders' Meeting

Nuno de Deus Pinheiro

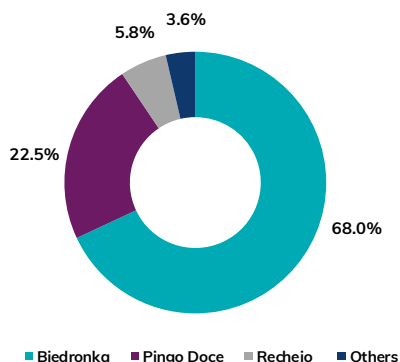
* Appointed in 6 April 2017

1.3.2. Business Structure

JERÓNIMO MARTINS	
2017 Sales 16,276 million euros	2017 EBITDA 922 million euros



Sales by Business Area 2017



EBITDA by Business Area 2017

Million euros	EBITDA	% Total
Biedronka	805	87.3%
Pingo Doce	188	20.4%
Recheio	50	5.5%
Others	-122	-13.2%
JM	922	100%