

5. Outlook for 2017

Outlook for the Jerónimo Martins Businesses

Jerónimo Martins will keep adopting a prudent financial stance in order to maintain a solid balance sheet and to maximise the return on its assets. The Group believes that its businesses have the adequate 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.

Biedronka

In 2017, Biedronka will keep sales growth in the same store network as a top priority, while at the same time it will continue to invest in opening stores in locations it considers to be important, in order to strengthen its position in the Polish market. The Company also intends to open a new Distribution Centre and will maintain its refurbishing plan in order to modernise and adapt the stores to the highest operating standards.

Simultaneously, the Company intends to continue expanding its base of loyalty card holders and will continue to invest in strengthening the presence of the Private Brand as a differentiating factor, by reviewing the assortment and packaging.

The Company intends to adopt technologic solutions that enable it to achieve greater levels of efficiency and provide support to product management in the stores.

Although it is anticipated that, in the current social and economic environment the pressure will remain on the sector's cost structure, Biedronka will stay focused on obtaining gains in efficiency, enabling it to have a balanced management of its operating profitability.

Hebe

In 2017, Hebe wants to consolidate the investments into a single value proposition, through a differentiating assortment with very competitive prices, while always remaining focused on service and on the shopping experience, being present in locations with greater consumer traffic.

The Company will be focused on consolidating its margin mix, on increasing productivity and on cost efficiency. The expansion plan will continue to be an important driver to gain scale and also to increase awareness of the brand.

Pingo Doce

In 2017, Pingo Doce will remain focused on continuing its expansion, investing in proximity locations and in refurbishing stores in order to ensure the quality of the shopping experience and the store environment.

During the first half of the year, it will open the new Distribution Centre in the North of the country, which will enable the restructuring of Pingo Doce logistics to be continued and, in the mid-term, to boost gains in efficiency.

Given that it is anticipated that promotions will remain very important to consumers, right from the start of the year, Pingo Doce will invest in a new line of communication, that will link television and leaflets. Putting the emphasis on the employees in the different sections, who, with their competence and dedication, make a difference in the daily life of the stores. The new leaflets will be designed to meet the preferences and needs of our customers, also enhancing the quality of our products.

Recheio

In 2017 Recheio plans to open a new store in the North of the country, investing in the proximity with its customers. It will also remodel another store, in order to improve the shopping experience and its customer service and to develop the Perishable category, an area where the Company pretends to be an expert. Focus will also be on the expansion of the partnership with Traditional Retail and continue to contribute to the development of the Amanhecer chain.

Identified as the main drivers of Recheio's sale growth, *Food Service* and Exports areas will continue to evolve and consolidate in 2017.

At the same time, Recheio will continue to develop its information systems to simplify processes and strengthen relations with its customers.

Ara

In 2017, Ara plans to accelerate its expansion. Within this context of rapid growth, the recruitment, selection and training of future employees will be a priority, in order to reinforce the structure to address the business needs.

As far as expansion is concerned, the Bogota region will be the main priority for 2017, planning the opening of new sub-regions within this region. From a logistics point of view, this expansion will mean implementing new Distribution Centres.

With regard to the Private Brand, Ara aims to continue investing in launching new, innovative, differentiating products, attracting more suppliers to keep up with its pace of growth, and boosting the increase of its weight in the Company's sales.

Jeronymo & Hussel

In 2017, both banners will continue to be focused on the store operation and commercial dynamics as means of ensuring effective, permanent dialogue with their consumers.

Jeronymo will go ahead with identifying potential locations of interest for the opening of new stores and Hussel will invest in refurbishing some of its stores, adapting them to the new concept.

Agro Business

In 2017, it is envisaged that all of JMA's areas of operation will expand: i. building of the new Dairy Products factory, reinforcing efficiency and innovation in this area; ii. expansion of production of Aquaculture, on the Madeira Island and in other locations, for the production of sea bream and sea bass, and potentially other key species for the Group; and iii. increase the production of national angus in new operations.