

THE FIRST “ARA” STORES OPEN TODAY

Lisbon, 13 March 2013 - The Jerónimo Martins Group's operations in Colombia start today, in the city of Pereira, with the opening of the first ara stores and the first Distribution Centre.

Pereira is the capital of the coffee-growing area known as the Eje Cafetero, a region chosen for the launch of operations due to its highly significant logistic advantages, given the nature of the business and the efficiency that the Group seeks in all its operations.

A total of five stores will be opened today and tomorrow. The ara stores are proximity food stores, with a strong presence in residential neighbourhoods. They combine a cheerful and colourful store environment with an architecture and product layout that offer a very pleasant shopping experience. The average sales area is between 300 and 600 m² and each store has around 15 employees.

The store concept is derived from an in-depth analysis of the market and of the needs and tastes of the Colombian consumer, resulting in the definition and implementation of a business model that is unique in the country and totally focused on the consumer.

The ara pledge is to offer consumers quality products, including a range of Private Brand articles, at stable and highly competitive prices. As in all the geographic regions in which the Jerónimo Martins Group operates, most of the assortment and Private Brand products are produced locally.

The ara Brand was developed in collaboration with McCann Colombia and is inspired by the country's immensely rich biodiversity and particularly by the fact that Colombia is considered "a paradise of birds". Emotional and local dimensions were decisive in the choice of the Brand's symbolic territory.

The investment envisaged for 2013 is €100 million, with the aim of reaching around 40 ara stores by the end of the year. Besides the implementation of the expansion plan, the team will be focused on identifying opportunities for improvement in service and consumer choice as well as in the management of operating costs.

The opening of the first stores reaffirms the Jerónimo Martins Group's commitment to contributing to the country's development and progress, supporting local industry and respecting the culture and values of the surrounding communities.

ARA TODAY (2018)

STORES	EMPLOYEES	SALES
532	5,642	599 M€

As of 31/12/2018

Throughout the year, Ara focused on gaining dimension which enables it not only to maximise its effect of scale but also to win increasing relevance in the Colombian market. These steps have proven to be essential for the growth in sales density, with the offer of better, higher added-value products, which also contribute to the development of a more interesting margin mix, which is fundamental for attaining profitability. As such, our Colombian chain of proximity stores opened 143 stores in 2018, at a pace of one new location every 2 and a half days - with an investment totalling 118 million euros - having closed the year with 532 stores. Ara inaugurated another Distribution Centre in the Greater Bogotá region, so that it now has four logistics units in Colombia. Its sales stood at 599 million euros, 47.9% up on 2017. At a constant exchange rate, sales grew by 53.9%.

In 2018, Ara leveraged the capacity to expand its store network, recording increased relevance in the Colombian market. This was the starting point to begin more detailed work on the sales mix with positive consequences on the margin mix. This work was developed with Private Brand suppliers who more directly share with the Company the benefits of the growth in the scale of sales and the impact that it has on the efficiency of the operations - both Ara's and those of these suppliers. In this context, 196 new Private Brand products were launched, aiming to reinforce the offer, which is already quite comprehensive, of articles which form the basic basket. With these developments, Ara strengthened its offer in the market, presenting a more comprehensive, more appealing assortment, which goes over and above the basic food basket. These steps are essential for the growth in sales density, with the offer of better, higher value-added products, which also contribute to the development of a more interesting margin mix, which plays a fundamental role in the path to profitability. Simultaneously, the Company continued opening stores at a good pace and reinforced its logistics operation by opening another Distribution Centre in Bogotá (the second in this region) in September. As a result of the work carried out, the Company posted a very positive

margin evolution in 2018 and is in line with the development plan drawn up for that market.

During 2018, Ara opened 143 stores in the regions where it operates and ended the year with a total of 532 locations. The year was also marked by the opening of the Gachancipá Distribution Centre, in the Bogota region, which took place in September, and will make it possible to increase logistics efficiency and support our expansion to more “neighbours” in this important region. Currently, Ara has 124 stores in the Coffee Growing region, 185 stores on the Caribbean Coast and 223 stores in the Bogota region. To achieve price leadership, it has been essential to guarantee efficiencies in the store and logistics processes, where the use of technology has proven to be crucial. However, we realise that our standards will have to continue improving, not forgetting the “youth” of our operation. Sales reached 599 million euros, a growth of 47.9% compared to the previous year (+53.9% at a constant exchange rate), Ara having consolidated its leadership in modern retail in the Coffee Growing region and increased its market share in all the geographic areas where it is present. With a view to satisfying the Colombian consumer, priority continued to be given to developing the Private Brand assortment, where 196 new products were launched. Private Brand already represents around 44% of Ara’s sales, and has a total of 156 suppliers, the large majority of which are local operators. The communication strategy remained focus on reinforcing the positioning and price leadership, combining nationwide campaigns with regional leaflets, in permanent dialogue with local consumers, giving the offer visibility but also enhancing the chain’s notoriety. The work done in sales mix and scale allowed for the stabilization of EBITDA losses despite the still relevant weight of expansion costs related to store and logistic expansion.

4.1.4. Ara



Message from the Managing Director

The neighbourhood store model that we have been developing in Colombia has proven to be very well accepted by the Colombian consumer - we already have over 10 million customer visits per month to our stores.

Our focus on an increasingly discerning consumer, who has ever more options, is based on the continuous development of a unique and differentiated offer, supported by the innovation of our brands, our price leadership and by developing an emotional tie through our concept of "tienda de barrio", a specificity to this country.

To better locally meet and address the needs of the consumer and the regional competitiveness, we implemented a new organisational structure which gave the regions greater autonomy with regard to managing the assortment, pricing and promotional activity.

The quality of our staff recruitment, selection and training processes was absolutely critical for the organic growth achieved and for developing a sense of engagement in our more than 5,600 employees who work every day to ensure a quality and warm service to our customers, because they are the ones critical to our success.

In 2019, Ara will continue to focus on consumers, on the dynamics of their preferences, on innovating its offer and expanding its store network, to reach more and more Colombian households.

JERONIMO MARTINS

Asset Portfolio

Jerónimo Martins is a Group that holds assets in the Food area, mostly in Distribution, with market leadership positions in Poland and Portugal. In 2018, it achieved sales of 17.3 billion euros (67% in Poland) and an EBITDA of 960 million euros (89% in Poland). The Group has a total of 108,560 employees and ended the year with a market capitalisation of 6.5 billion euros on 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 2,900 stores spread across the entire country. At the end of 2018, the Company reached 11.7 billion euros of sales, recording around 1.3 billion customer tickets.



Also in Poland, since May 2011, the Group has a chain in the drugstore sector, under the **Hebe** banner, which has 230 locations, 30 pharmacies and 200 drugstores (21 of which include a pharmacy). This business concept is based on the offer of a Health and Beauty assortment with high quality advice, at very competitive prices.



In Portugal, the Jerónimo Martins Group holds a leading position in Food Distribution, having reached a combined turnover of 4.8 billion euros in 2018. It operates with the banners **Pingo Doce** (432 supermarkets, including 12 Pingo Doce & Go) and **Recheio** (38 Cash & Carry and four platforms, three of them related to Food Service), which are leaders in the Supermarket and Cash & Carry segments, respectively.



Pingo Doce holds, in 32 of its stores, a restaurant area, named **Refeições no Sítio do Costume**, and operates three central kitchens that supply, not only these restaurants but also its Take Away. Complementary to the Food Retail business the banner has invested in drugstore sections **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.



In Colombia, **Ara** currently operates in three regions of the country: the Coffee Growing, 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 532 stores.

Jerónimo Martins Agro-Alimentar

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



Jerónimo Martins Restauração e Serviços is engaged in developing projects in the Restaurants sector and, at the end of 2018, was operating the Jeronymo chain of kiosks and coffee shops with 22 points of sale.



Husnel, a Specialised Retail chain selling chocolates and confectionery, had 24 stores at the end of 2018.

