Universidade do Minho
Escola de Economia e Gestão

Pedro Gonçalo Soares Tojal de Meneses

Equity Research Report
Jerónimo Martins SGPS, S.A.

maio de 2023

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Equity Research Report

Jerónimo Martins SGPS, S.A.

Projeto de Mestrado

Master in Finance

Trabalho efetuado sob a orientação de

Professor Doutor Artur Jorge Pereira Rodrigues

maio de 2023

DIREITOS DE AUTOR E CONDIÇÕES DE UTILIZAÇÃO DO TRABALHO POR TERCEIROS

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Equity Research Report Jerónimo Martins SGPS, S.A.

Resumo

Este relatório académico apresenta um *Equity Research* Report sobre a empresa Jerónimo Martins SGPS, S.A., uma empresa líder de retalho com operações na Polónia, Colômbia e Portugal. O relatório examina o passado, o presente e as perspetivas da empresa, considerando a sua posição no mercado, a sua estratégia de investimento agressiva na América do Sul e a solidez das suas operações na Europa. A empresa tem demonstrado um crescimento e uma resiliência notáveis, expandindo as suas operações a nível internacional e mantendo uma posição sólida no seu país de origem, Portugal. Alcançou a liderança de mercado na Polónia através da sua reconhecida marca Biedronka, oferecendo aos clientes uma vasta gama de produtos a preços acessíveis. Além disso, a Jerónimo Martins implementou uma estratégia agressiva de investimento na Colômbia, principalmente através da sua marca Ara. Este movimento estratégico reflete a ambição da empresa em explorar mercados emergentes com um potencial de crescimento significativo. O relatório explora as oportunidades e os desafios associados a esta expansão, destacando as potenciais recompensas da sua aventura em novos territórios. Para o desenvolvimento deste estudo, foi utilizada exclusivamente informação pública. A avaliação de Jerónimo Martins foi conduzida através de uma abordagem abrangente, incorporando uma avaliação por discounted cash flows (DCF) e uma análise de avaliação relativa. Ao empregar estas metodologias, o relatório procura fornecer uma avaliação robusta do valor intrínseco da empresa. Adicionalmente, foi efetuada uma análise de sensibilidade e de cenários para testar a resistência dos resultados da avaliação a várias condições e pressupostos de mercado. Esta abordagem assegura a fiabilidade e a estabilidade dos resultados, contribuindo para a credibilidade global do estudo. Em termos gerais, este relatório de equity research oferece uma perspetiva valiosa sobre o desempenho financeiro, a posição de mercado e as perspetivas de crescimento da Jerónimo Martins, SGPS, S.A.

Palavras-Chave: Avaliação DCF; Avaliação Relativa, Setor Retalhista; Análise de Sensibilidade

Equity Research Report Jerónimo Martins SGPS, S.A.

Abstract

This project presents an Equity Research Report on the company Jerónimo Martins SGPS. S.A., a leading retail company with operations in Poland, Colombia, and Portugal. The report examines the company's past, present, and prospects, considering its market position, aggressive investment strategy in South America, and solid operations in the European segment. The company has demonstrated remarkable growth and resilience, expanding its operations internationally while maintaining a solid foothold in its home country, Portugal. It has achieved market leadership in Poland through its renowned Biedronka brand, offering a wide range of affordable products to customers. Moreover, Jerónimo Martins has implemented an aggressive investment strategy in Colombia, primarily through its Ara brand. This strategic move reflects the company's ambition to tap into emerging markets with significant growth potential. The report explores the opportunities and challenges associated with this expansion, highlighting the potential rewards of venturing into new territories. To develop this research, public information has been utilized exclusively. The valuation of Jerónimo Martins was conducted through a comprehensive approach, incorporating a discounted cash flow (DCF) valuation and a relative valuation analysis. By employing these methodologies, the report seeks to provide a robust assessment of the company's intrinsic value. Additionally, a sensitivity analysis was performed to test the resilience of the valuation results to various market conditions and assumptions. This approach ensures the reliability and stability of the findings, contributing to the overall credibility of the research. Overall, this equity research report offers valuable insights into the financial performance, market position, and growth prospects of Jerónimo Martins, SGPS, S.A. It serves as a comprehensive resource for investors, analysts, and stakeholders interested in understanding the company's past achievements, current operations, and future potential.

Keywords: Discounted Cash flows; Relative Valuation, Retail Industry; Sensitivity Analysis

Disclaimer

This Equity Research Report was prepared for academic purposes only by Pedro Meneses, a student of the Master's in Finance at the University of Minho. The report was supervised by a faculty member acting merely as an academic mentor.

Neither the author of this report nor the supervisor are certified investment advisors. This report should be read as a pure academic exercise of a master student. The information used to produce this report is generically available to the public from different sources and believed to be reliable by the student. The student is the sole responsible for the information used in this report, as well as the estimates and forecasts, application of valuation methods, and views expressed.

The UMinho and its faculty members have no unique nor formal position on those matters and do not take responsibility for any consequences of the use of this report.

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RECOMMENDATION	HOLD
Date	29.05.2023
Current Price	22,82 €
DCF Valuation (70%)	**24,58 €**
Relative Valuation (30%)	21,51 €
Target Price	23,66 €
Upside	3,67%
52-Week Range	17.96€ - 23.30€
Industry	Food Retail & Distribution
Sector	Consumer Defensive
Ticker	JMT.LS
Stock Exchange	Euronext Lisbon
Shares Outstanding	628,434,220
Market Capitalization	14.353M€
EPS (2022)	0,93
Free Float	37.71%

Table 2 - Investment Recommendation

Jerónimo Martins, with current leadership positions in Poland and Portugal and a determined growth strategy in Colombia, is primarily focused on the food distribution sector. It is estimated that JMT's intrinsic value (24.58€/share, DCF Valuation) is slightly higher its current share price (22.82€/share) based on revenue growth and store grid expansion.

INVESTMENT SUMMARY

A **HOLD** recommendation for Jerónimo Martins is issued by this report with a target price of **23.66€/share**, corresponding to a **3.67% upside potential** on the closing price of 22.82€/share on May 30th, 2023. The target price is based on a Discounted Cash Flow (DCF) valuation method (70% of the target price), weighted also by a Relative Valuation (30% of the target price).

Figure 2 - Jerónimo Martins Price Evolution (Jan 2021- May 2023)

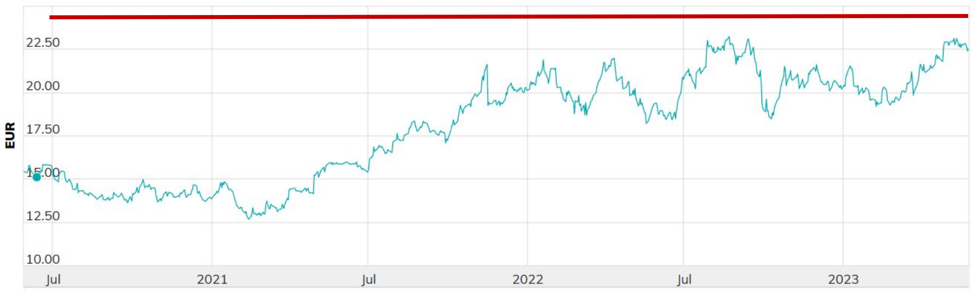
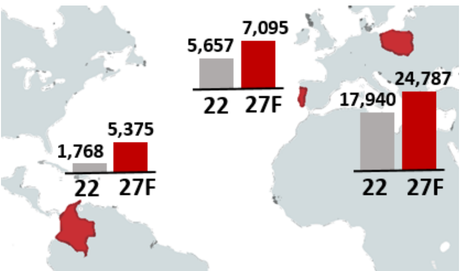


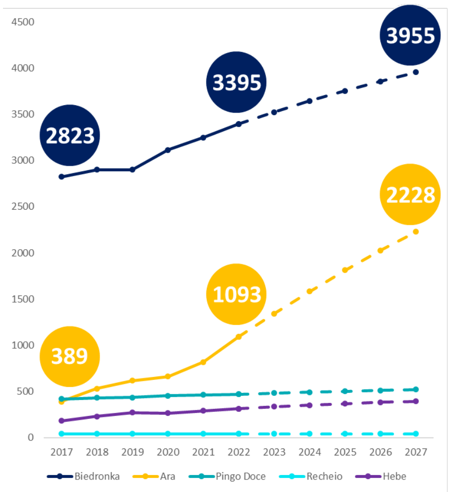
Figure 1 - Revenues for 2022YH and 2027YF by country



The **hold** recommendation lays on the following key catalysts:

SOLID LEADERSHIP IN POLAND: Despite the impact of the pandemic and the war, **Biedronka** once again outperformed its competitors and **consolidated its position as the market leader in food retailing in Poland**, with a market share of 25.9% and sales growth of 20.9% in 2022YE compared to the previous year. JMT plans to continue its expansion strategy and open more than 100 Biedronka stores per year soon. Sales revenues are expected to maintain their momentum and drive the sustainable growth of the Group. We expect sales in the Polish segment to grow at a CAGR of 7% from 2022YE to 2027YF, reaching €24,787M in 2027YF (Figure 1).

Figure 3 - Forecasted number of stores per business up to 2027



Source: Company Data and Own Estimates

DELIVERING GOODS, DELIVERING RESULTS: In October 2021, Biedronka, in collaboration with Glovo, launched a pioneer delivery service - Biek - with 14 micro-fulfillment centers to support its operations. This service is currently available in 6 major Polish cities and is a response to current market needs by providing a new, more convenient shopping alternative for customers.

As companies focus on accelerating their online presence, JMT is no laggard, especially in relation to its health and beauty brand - Hebe - which currently generates 14% of its total sales through e-commerce.

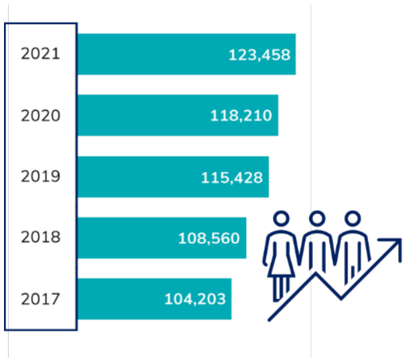
TAPPING GROWTH OPPORTUNITIES IN COLOMBIA: The most ambitious and aggressive bet is with **Ara's neighborhood stores**, which are experiencing unprecedented growth. According to this report's estimates, **sales will grow at a CAGR of 26% between 2022 and 2027**, reaching €5,375 million, more than **tripling current results**. **This will make it a key value driver for the group, increasing its share of total group sales from the current 7% to an estimated 14.3% in 2027**, as the company intends to maintain its aggressive expansion strategy and open more than 200 Ara stores annually during the forecast period, more than doubling the current figure, according to the estimates of this report (Figure 3).

BUSINESS DESCRIPTION

Figure 4 - Number of stores per business area in 2022

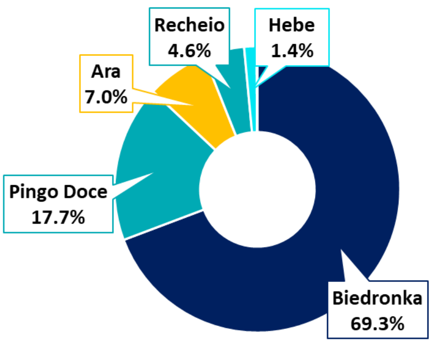
Source: Company Data

Figure 5 - Number of employees



Source: Company Data

Figure 6 - Sales of each brand in 2022 as a percentage of total sales



Source: Company Data

Jerónimo Martins, SGPS. SA is an international publicly traded company with its headquarters in Portugal which primarily serves the food retail and wholesale industries. In 1792, a single convenience store in Lisbon served as the starting point of their tale. JMT listed 25% of the company's share capital on the Lisbon Stock Exchange in 1989, and five years later it was added to the Portuguese stock index (PSI). With more than 5,300 stores (Figure 4) and 123,000 employees (Figure 5), the company currently has a Free Float of 37.71% and is active in Portugal, Poland, and Colombia.

FOOD DISTRIBUTION

Over 98% of the Group's total sales come from food retailing. Jerónimo Martins is the market leader in Poland with the Biedronka supermarket chain, known for its affordable prices, wide range of goods and convenient locations, which accounts for 69.3% of total sales (Figure 6). The Pingo Doce supermarket chain, one of the leading retailers in Portugal, and Recheio's Cash & Carry division are examples of this sector. Together, these account for 22.3% of total sales in 2022. Amanhecer, MasterChef and Gourmês are Recheio's three main brands. Since 2013, the company has also been active in Colombia with its neighborhood brand Ara, which has seen aggressive growth in recent years and accounted for 7% of total sales in 2022 (up from 5.3% in 2021). Ara currently operates in three country regions: The Coffee Growing Region, the Caribbean Coast, and Bogota.

SPECIALISED RETAIL

The Hebe health and beauty chain in Poland and the Jeronymo coffee shops and Hussel chocolate stores in Portugal make up Jerónimo Martins' specialty retail market. The Hebe chain generated 358 million euros (1.4%) of total sales in 2022, with e-commerce accounting for 14% of sales. In addition to Poland, Germany, the Czech Republic, Slovakia, and Portugal will now also receive its e-commerce platform.
As **Jeronymo and Hussel** are smaller brands which together account for approximately **0.1% of the Group's sales** and are therefore **materially irrelevant**, their key figures are not considered individually in the assessment made in this report and only appear in the consolidated financial statements.

AGRIBUSINESS

To ensure direct access to supply sources of strategic products, JMT's Agribusiness was established in 2014 with the intention of supporting food distribution, especially in Portugal. It currently operates in four different areas: Fruit and Vegetables, Aquaculture, Dairy and Livestock. This industry produced 81.5 million liters of milk, 2,201.5 tons of Angus beef, and a combined capacity of 1,400 tons each of sea bream and sea bass in 2021. However, **the revenues of this sector are materially insignificant compared to the Group's other businesses, so they are only included in the consolidated financial forecasts.**

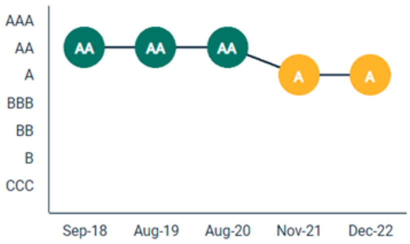
COMPANY STRATEGY

The Group focuses on providing high-quality, low-cost food solutions tailored to the regional markets it serves. Its vision is to achieve profitable and sustainable growth by prioritizing market leadership, responsibly managing its environmental and social impacts, and ensuring its independence through prudent financial and supply chain management.

Capital expenditures are the top priority for capital allocation. As Ara's neighbourhood store model represents a significant business opportunity in Colombia, one of the most important current efforts is to achieve aggressive growth in expanding the store network.

Renovations represent the largest investment for Biedronka, but new stores are expected to continue to open for the foreseeable future. As discounters invest aggressively in the Portuguese retail market, renovations are also critical for Pingo Doce stores. The group plans to invest in new restaurant locations and dining options that will increase customer visits to keep up with strong competition.
Recently, JMT has also increased its online presence, focusing on adaptability to consumers' changing lifestyles. The current partnership between Biedronka and Glovo covers Poland's largest cities, allowing the company to track trends in its consumers' needs and preferences through this channel. Also, in partnership with Glovo, Biedronka has launched a delivery service - Biek - which is already available in six Polish cities.

Figure 7 - JMT's ESG rating history



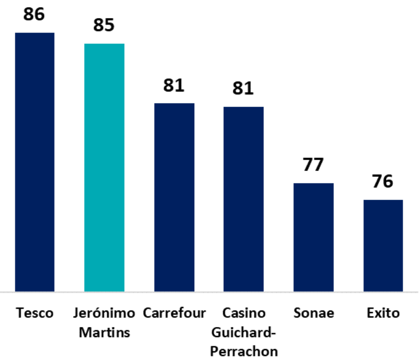
Source: Morgan Stanley Capital International

ESG analysis is becoming increasingly important for investors, especially as sustainability and social responsibility become more prominent. The Sustainable Finance Disclosures Regulation (SFDR) has begun to transform the ESG investment landscape, making it more transparent and sustainable. It is now being constrained by a larger and more comprehensive set of regulations for financial market participants, allowing capital to flow into companies that are working to build a more resilient economy.

The group receives a lower rating than in previous years (Figure 7) **but remains in the upper range of the average rating in the industry**. Sustainalytics rates the company as low-risk (14.5) and places it 7th in food retailing in a survey of 195 companies in the sector, which is better than in previous years (Appendix 5). Compared to its peers, JMT scores better on most ESG metrics (Figure 8).

ENVIRONMENT

Figure 8 - ESG peer comparison (2020)



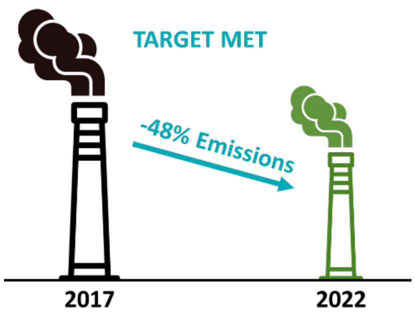
Source: Refinitiv Eikon

With a focus on reducing energy and water consumption, waste production and food waste, Jerónimo Martins has made significant progress in reducing its environmental impact. The company is among the best in class in the industry and performs better overall than its competitors. JMT has historically maintained a stable environmental score and represents a low environmental risk thanks to some of the measures mentioned below.

Compared to 2017, the group has set a target to reduce carbon emissions by at least 40% per $1,000 of sales from 2021 to 2023. According to the reports, JMT was able to reduce Scope 1 and Scope 2 emissions by 48% per €1,000 of sales in 2021, and this target has already been achieved (Figure 9). Preferring local suppliers, which leads to lower logistics-related emissions, is a key driver for this improvement.

In terms of energy consumption, about 36% of total energy consumption is renewable energy (2021Y), with an upward trend (34% in 2020Y), and there is increased investment in renewable energy generation, especially in Poland. In 2017, a target for energy consumption was also set for the period 2021-2023, with a reduction of 10% per €1,000 of sales. In 2021, consumption was reduced by 11%, reaching the target. With these results, **JMT is in line with the Paris Agreement target** for temperature increase (2ºC) with an implicit temperature increase of 1.7ºC.

Figure 9 - JMT Carbon Footprint performance adjusted to revenues.



Source: Company Data

Although some of the developments were affected by the COVID -19 pandemic, we still believe that the existing environmental measures are sufficient to further improve the environmental impact of JMT.

SOCIAL

Due to the return to normality, JMT's turnover rate increased by 4.6% at the corporate level in 2021. Over the past five years, the average increase in headcount has been 5.1%, and human capital development metrics have also increased. Over 76.5% of the workforce is made up of women.

The company's social score (93) is well above the industry average (53) and only slightly below the best score (95). This value is mainly supported by the "workforce" and "product responsibility" pillars (Appendix 4). The decreasing wage disparities between genders (97.6% 2021Y vs. 96.5% 2020Y), general gender equality efforts, increasing representation of women in top management, and employee training are considered the Group's social strengths. However, the company is an ESG laggard in the areas of privacy and data security and corporate behaviour. In recent years, JMT has excessively engaged in controversial business activities ranging from price fixing to abuse of bargaining power with suppliers to dishonest marketing. This behaviour has indeed impacted the company's reputation, ESG rating and fines, which amount to EUR 124 million in 2021 and EUR 198 million in 2020.

Figure 10 - Yearly ESG score grades of JM between 2017 and 2020

JM Yearly ESG Score Grades	2020	2019	2018	2017
ESG Score	A	A-	B+	A-
ESG Controversies Score	C-	A	A+	A+
ESG Combined Score	B-	A-	B+	A-
Environmental Score	A	A	A-	A
Social Score	A+	A	A	A
Governance Score	B+	B-	C+	B-

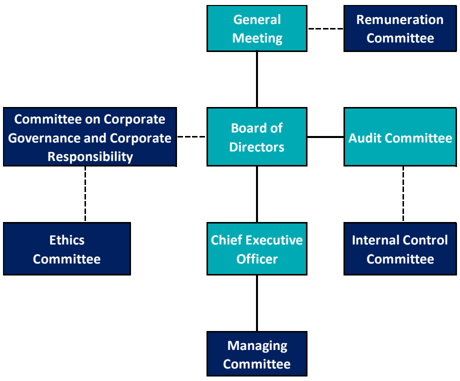
Source: Refinitiv Eikon

GOVERNANCE

JMT's governance is the weakest of the three ESG pillars. Between 2016 and 2020, the governance score increased from B- to B+ (Figure 10), placing 34th within the industry.

BOARD OF DIRECTORS | The Board, composed of 11 members with a wide range of professional and educational backgrounds in different areas of expertise, integrates 60% independent board members with a 36% female representation, including a new member with specialization in sustainability (Appendix 1). One of the major concerns are agency problems arising from the position of Chairman of the Board being held by the CEO. The term of office is set to three years, allowing re-elections.

Figure 11 - JMT's Governance



Source: Company Data

EXECUTIVE COMPENSATION | The Remuneration Committee (Figure 11) oversees executive compensation. While non-executive directors are paid only a fixed amount, executive directors and especially the CEO's remuneration is split into fixed and variable components, the second being limited to twice the amount of the first. This variable component is linked to shareholder return, key financial performance indicators and sustainability, strategy and ESG performance. The company is quite transparent with remuneration and its policies, which we consider a positive factor.

SHAREHOLDER STRUCTURE | The Company currently holds 859 thousand of its own shares, which were acquired in 1999. The share of institutions is 27.15%, with Comgest being the largest institutional shareholder with 2.06% (Appendix 2). Sociedade Francisco Manuel dos Santos is the largest shareholder of the company with a 56.14% stake. We assume that the long-term interests of the company are well aligned, as the CEO and Chairman of the Board is a member of the family that holds most of the company. While there are no restrictions on minority shareholders, their influence is affected by majority control.

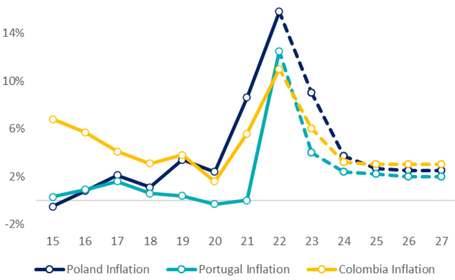
In summary, the Group continues to set high goals and has continuously improved every important aspect of ESG. We believe that more attention should be paid to corporate behavior to reduce the risk of controversy if JMT is to continue this improvement and maintain its strong ESG position and low risk.

INDUSTRY OVERVIEW

ECONOMIC OVERVIEW

Three distinct nations, each with very different geographical, consumer, and economic characteristics, are home to Jerónimo Martins. The bullish trend, low inflation, and low interest rate period before and shortly after the 2020 COVID-19 pandemic were all changed in 2022, which also brought a lot of economic uncertainty. Although the various scenarios in the Ukraine war will have a significant impact on the economy's recovery and inflation figures (Figure 12 and 13), IMF forecasts show that the global economy will stabilize.

Figure 12 - Inflation rate from 2015 to 2027

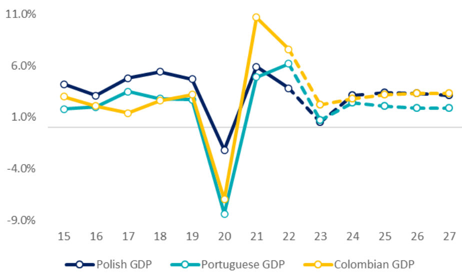


Source: IMF

CONSUMER PRICE INDEX, REAL GROWTH AND INFLATION

With its brands, the company operates in the markets of Poland, Portugal, and Colombia. The Polish market (Hebe & Biedronka) is expected to generate 70.7% of sales in 2022, so JMT's performance will depend heavily on the country's economy. The main drivers of rising inflation in Poland - which has led to increases in energy, distribution, and food costs - have been its geographic and economic proximity to Ukraine, one of the world's largest wheat producers, and its disproportionate dependence on Russian fuel and natural gas. Food inflation has repeatedly exceeded CPI in recent times, negatively impacting food retailing and causing a loss of purchasing power among customers (Figure 14).

Figure 13 - GDP from 2015 to 2027

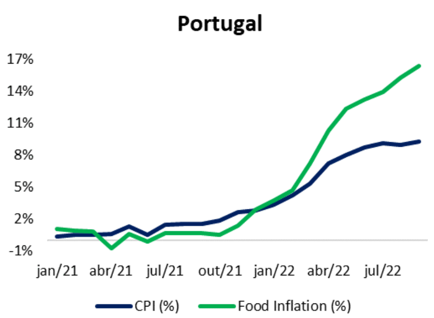


Source: IMF

INTEREST RATE

Despite the Company's lack of financial leverage, we estimated a debt ratio of 30% for JMT in 2022, leaving them vulnerable to rising interest rates on their loans, leases, and market expectations. The Group is pursuing an aggressive expansionist investment strategy during the forecasted period, which may increase their exposure to interest rate volatility. According to the Group's data, 100% of Colombian, 80% of Polish, and 50% of Portuguese stores are rented.

Figure 14 - Consumer Price Index and Food Inflation figures



Source: INE

RETAIL MARKET OVERVIEW

POLAND | Biedronka is the market leader in Polish food retailing. According to Statista, the brand has a share of about 26% of the €56.04 billion 2022 market. Biedronka is a mature brand in Poland, where 30% of the market is controlled by retail stores and open markets. The biggest competitors are Lidl with 9.6% of the market share, followed by Dino with 5.2% (Figure 15). The overall market is expected to grow at 5.46% CAGR between 2023YF and 2027YF (Statista).

Hebe is JMT's brand in the health and beauty industry. According to Statista, this segment is expected to grow at a CAGR of 4% between 2023YF and 2027YF. The key companies and competitors in this industry are Rossmann, Sephora, Doz, Apteka Gemini, and Natura, all of

which have a strong online presence. According to the group, e-commerce accounts for 14% of Hebe's sales.
Another important factor for overall demand in the Polish market is population growth, which will increase by 4.04% from 2021 to 2022.

Figure 15 - Main food retailers in Poland

Source: Statista

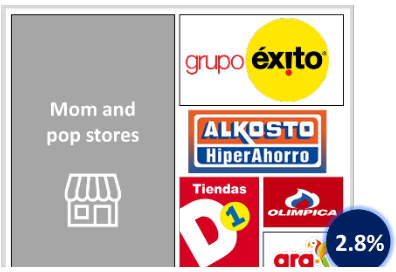
PORTUGAL | Pingo Doce is the most mature brand of JMT and is just behind SONAE MC as the market leader in the Portuguese food retail industry. This sector is characterized by the high level of competition among players. Pingo Doce has around 17.2% of the Portuguese retail market share (Figure 16). Recheio is JMT's Cash & Carry brand and is the market leader in wholesales along with Makro.
Portugal's population slightly declined from 2021 to 2022 by 0.19%, which is not a positive outlook for demand.

Figure 16 - Main food retailers in Portugal

Source: Statista

COLOMBIA | The Group is present in Colombia through its brand Ara, a growing food retailer that is expected to increase its market size through an aggressive expansionist investment strategy. Currently, Ara represents 2.8% of the food retail market share in the country. The biggest player is Grupo Exito with 11.2% of the market share followed by D1 with 6.6% (Figure 17). Ara's strategy is to penetrate the mom-and-pop stores market share, by opening small and community-oriented stores in neighbourhoods and smaller communities. According to Statista, the market is expected to grow annually by 4.65% CAGR between 2023YE and 2027YE.
Colombia's population grew 0.69% from 2021 to 2022, showing a slowdown in growth relative to previous years, which could hinder prospects of demand.

Figure 17 - Main food retailers in Colombia



Source: Statista

COMPETITIVE POSITIONING (PORTER'S 5 FORCES)

THREAT OF NEW ENTRANTS: LOW

New entrants need to make significant investments in equipment and stores, net margins are not very attractive compared to other industries, and it is critical to invest in infrastructure to remain competitive.
Comparing all three markets where JMT operates, Portugal is the most mature market with the lowest projected revenue growth and the smallest market compared to Poland and Colombia. Therefore, the threat of new entrants in Portugal is low. Poland is the largest market and a more attractive market due to its demand drivers, although Biedronka currently dominates the market, so the threat of new entrants is also low. Colombia is a market with a higher threat from new entrants, as the market is still underdeveloped and offers many growth opportunities. In addition, customer expectations in terms of quality and size are not as high, resulting in lower initial investment requirements.

Figure 18 - SWOT Analysis

S: Strengths	W: Weaknesses
> Competitive prices > Reputation and experience > Stores expansion > Logistics base > Economies of scale > Private brands > Strong Balance sheet	> Geographical restrictions > Currency risk exposure > Exposure to fuel and energy prices > High employee turnover
O: Opportunities	**T: Threats**
Expansion to new markets Development cycles M&A operation Refugees as customers > Partnerships	> Political pressure > Acceleration of cost inflation > Rise of labor costs > Competition increase > Economic recession

Source: Author

BARGAINING POWER OF SUPPLIERS: MODERATE

Jerónimo Martins has historically maintained a solid relationship with its suppliers, with a diversified supply chain and multiple distribution centres, which usually means that suppliers' bargaining power is mitigated, but in the context of the Ukraine war, which is causing supply chain disruptions for some products on which JMT is heavily dependent, an increase in suppliers' bargaining power is expected. JMT has 17 distribution centres in Poland and generally a larger supply infrastructure than its competitors, which helps mitigate the negative impact of the war. Portugal is supported by agribusiness and the investment in the Norwich salmon company. In Colombia, the Group is still laying the groundwork for its own supply chain, which means that suppliers will have the most negotiating power in the three countries in which JMT operates.

BARGAINING POWER OF CUSTOMERS: MODERATE

The Portuguese consumer is very demanding and attaches great importance to pricing (or to the perception of good pricing). Portuguese customers also tend to have access to a significant number of stores in their vicinity, which means their bargaining power is moderately high. In Poland, there are fewer stores per square kilometre than in Portugal, and customers are not as concerned about price compared to Portuguese consumers, so their bargaining power is estimated to be moderately low. Colombia is a country with a large information asymmetry and a low presence of players in the overall market, as the industry is still dominated by small stores, so the bargaining power of customers is moderate.

THREAT OF SUBSTITUTE PRODUCTS: LOW

New disruptive services such as online services (direct-to-customer) and grocery delivery services can be potential threats for JMT. Smaller retailers are usually more expensive, lack diversity and don't provide the same consumer experience a larger retailer can often provide, and as food products and the need for food remains constant, the threat of substitution is low.

RIVARLY AMONG EXISTING PLAYERS: MODERATE

The large food retailers already have a strong presence in the Portuguese market, geographical and brand competition is high, which creates a breeding ground for incessant rivalry. In Poland, Biedronka sits comfortably at the top by a large margin, and although other big retailers also have a strong presence, the market is not saturated, so there is room for growth for all without having to dispute aggressively for territory, rivalry is moderate in this scenario. In Colombia, the food retail industry is dominated by small companies, many growth opportunities exist in this type of market, which is not yet prone to extensive rivalry between players.

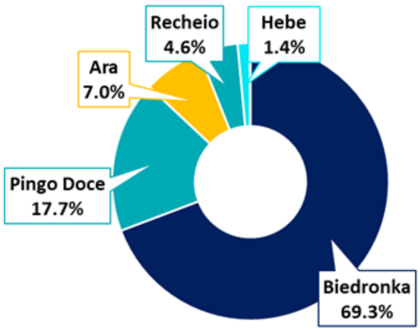
VALUATION

Table 2 - Financial performance IFRS level 1

From Revenues to FCFF (in Millions €)	2022	2023F	2024F	2025F	2026F	2027F
Revenue	25 385	27 922	29 944	32 178	34 632	37 256
COGS	- 19 890	- 21 878	- 23 462	- 25 212	- 27 135	- 29 191
Gross Profit	5 495	6 044	6 482	6 966	7 497	8 065
SGA	- 4 479	- 4 927	- 5 284	- 5 678	- 6 111	- 6 574
Operating Profit	1 016	1 117	1 198	1 287	1 386	1 491
Other income/expenses	- 393	- 444	- 475	- 509	- 544	- 581
Net Income	623	673	723	779	841	909

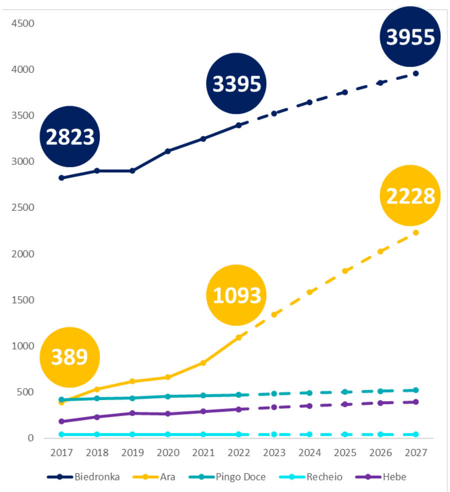
Source: Own Estimates

Figure 19 - Sales of each brand in 2022 as a percentage of total sales



Source: Company Data

Figure 20 - Forecasted number of stores per business up to 2027



Source: Company Data and Own Estimates

DISCOUNTED CASHFLOWS VALUATION

In this report, JMT undergoes valuation using the **discounted cash flow (DCF) method, which is considered the primary and most detailed approach**. The company operates in three distinct countries, each with its unique characteristics, with the Colombian and Polish brands demonstrating faster growth compared to the Portuguese brands. The projected revenues for each market segment are calculated, and subsequently, the consolidated projected revenues for the entire company are derived. **To account for the varying risks of a multinational company, the weighted average cost of capital (WACC) is calculated, taking into consideration the revenue weights of the three market segments.**

The WACC is recalculated annually based on variations in revenue weights per brand. This valuation process leads to a target price of **24.58€ per share for 2023**. Additionally, a relative valuation is employed to complement the original valuation, and the resultant value (revealed in the next sections) is weighted along with the DCF valuation to arrive at a final price estimation.

POLAND | with a commanding revenue share of 70.7%, Poland stands as JMT's largest market segment. The company continues to place significant emphasis on this segment, aiming to maintain its position as the leader in Poland's retail market.

PORTUGAL | Portugal holds a special significance for JMT as the birthplace and ongoing operational base of the company. However, the Portuguese market has not been the primary focus for JMT's future growth. Even **the CEO of the company**, Pedro Soares dos Santos, has publicly **expressed a pessimistic outlook on the long-term prospects of the Portuguese economy**. This sentiment may help explain the comparatively **slower growth** of JMT's brands, Pingo Doce and Recheio, in Portugal **when compared to their counterparts** in Poland and Colombia.

COLOMBIA | Ara, despite currently holding a 7% revenue share, **may erroneously not be considered a leading contender for the title of value champion for JMT**. However, it is precisely in this market that the company has implemented and is expected to further pursue an extensive and assertive investment strategy in the years ahead.

STORES AND EXPANSIONISM

In 2022, Ara saw an impressive expansion with the opening of 275 new stores and the closure of only 1 store. Pingo Doce opened 10 new stores but closed 3, while Recheio opened just 1 new store. Biedronka, on the other hand, opened 157 new stores and closed 12, and Hebe opened 30 new stores while closing 6. Overall, JMT opened a total of 472 new stores and closed 22 stores during the year.

Ara experienced remarkable growth, representing 58.3% of all stores opened by JMT in 2022, with a growth rate of 33.5% compared to the total number of stores in 2021. Biedronka, contributing 33.3% of all new stores, recorded a growth rate of 4.5% compared to the previous year. This means that **Ara and Biedronka together accounted for 91.6% of the new stores opened by JMT in 2022**. Pingo Doce, Hebe, and Recheio made up the remaining 8.4%.

These numbers highlight the company's confidence in Ara and Biedronka as the key drivers of future value.

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

Jerónimo Martins operates in different countries where risks are different, especially considering the Ukrainian-Russian conflict that started in February 2022, bordering Poland, from where the majority of JMT's current revenues currently come from. Therefore, **a WACC weighted by revenues from each segment is justified**, so to capture the different Equity Risk Premiums Jerónimo Martins is exposed to.

COST OF DEBT | I estimated the cost of debt via a **synthetic rating**, which involves determining the creditworthiness of a company by analyzing its financial performance over a period.

Table 3 - Interest Coverage Ratios and Ratings: High Market Cap Firms

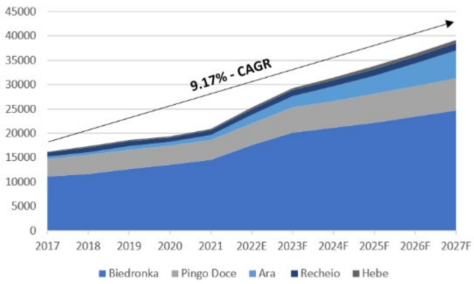
Interest Coverage Ratio	Rating	Spread
> 8.5	AAA	0.75%
6.5-8.5	AA	1.00%
5.5 �6.5	A+	1.50%
4.25- 5.5	A	1.80%
3- 4.25	A-	2.00%
2.5-3	BBB	2.25%
2- 2.5	BB	3.50%
1.75-2	B+	4.75%
1.5-1.75	B	6.50%
1.25-1.5	B-	8.00%
0.8-1.25	CCC	10.00%
0.65-0.8	CC	11.50%
0.2-0.65	C	12.70%
<0.2	D	14.00%

Source: Professor Damodaran's Website

The first step is to estimate the interest coverage ratio of the company in 2023. The interest coverage ratio is a measure of a company's ability to cover its interest expenses with its earnings before interest and taxes (EBIT). By averaging this ratio over a period, I can assess the company's historical ability to meet its interest obligations. The next step is to determine the corresponding credit rating based on the **interest coverage ratio (5.32)**. Damodaran's website provides a comprehensive table that links various financial ratios to corresponding credit ratings. By referring to this table (Table 3), the estimated average interest coverage ratio is matched to a specific credit rating, in this case, **"A"**, with an associated **default spread of 1.8%.** The default spread is added to the risk-free rate (German 10Y T-Bill) to calculate the pre-tax cost of debt. Finally, the effect of taxes is factored in to calculate the after-tax cost of debt. By incorporating the tax rate and adjusting the pre-tax cost of debt, I arrive at **an after-tax cost of debt of 3.20%.**

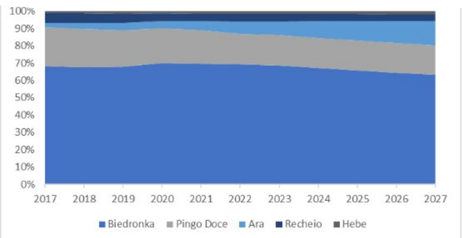
COST OF EQUITY | Estimated using the CAPM model. The current value of German 10Y Treasury Bills (2.51%) is used as a proxy for the risk-free rate. The equity risk premium (ERP) was extracted from Damodaran's most recent sources (Portugal: 6.63%; Poland: 7.53%, Colombia: 10.64%). For the last component, the unleveraged betas of the main industry in each country were taken from Damodaran's website (European Markets: Biedronka, Pingo Doce, Recheio are assigned to Retail, HEBE to Beauty Industry; Latin American Markets: Ara is assigned to Retail) and applied them to the company's leverage and effective tax rate. After calculating the cost of equity for each brand/segment, I calculated the average cost of equity weighted by the revenue from each segment (2023 revenues, in this case). This resulted in a **cost of equity of 8.79% (for 2023).**

Figure 21 - Revenue CAGR by brand over a 10Y period



Source: Company Data and Own Estimates

Figure 22 - Brand Weight on Revenues (2017-2027)



Source: Company Data and Own Estimates

	Pingo Doce Recheio	Biedronka & Hebe		Ara	
After Tax Cost of Debt					**3,20%**
% Revenues	20,11%	70,59%	1,39%	7,92%	100,00%
		Retail	**Beauty**		**Tax**
Risk Free Rate	2,51%	2,51%		2,51%	25,77%
Beta Unlevered	0,39	0,39	0,4	0,56	
Beta Levered	0,79	0,79	0,81	1,13	
Equity Risk Premium	6,63%	7,53%		10,64%	
Cost of Equity	7,74%	8,45%	8,60%	14,55%	**8,79%**
Equity/Total Assets					**0,72**
Debt/Equity					**1,38**
Debt/Total Assets					**0,28**
WACC					**7,20%**

Table 4 - 2023 WACC estimation *Source: Damodaran's Data and Own Estimates*

With a Debt/Assets ratio of 28% and an Equity/Assets ratio of 72%, the **2023 WACC** is equal to 7.20%.

	2023	2024	2025	2026	2027
Year	1	2	3	4	5
Total Revenues (M€)	27921	29942	32173	34624	37246
%Pingo Doce + Recheio	20,11%	19,91%	19,65%	19,35%	19,05%
%Biedronka	70,59%	69,04%	67,60%	66,28%	65,03%
%Hebe	1,39%	1,43%	1,47%	1,48%	1,49%
%Ara	7,92%	9,62%	11,29%	12,89%	14,43%
Total	100%	100%	100%	100%	100%
Cost of Debt	3,20%	3,20%	3,20%	3,20%	3,20%
Cost of Equity	8,79%	8,89%	9,00%	9,10%	9,19%
WACC	7,20%	7,27%	7,35%	7,42%	7,49%

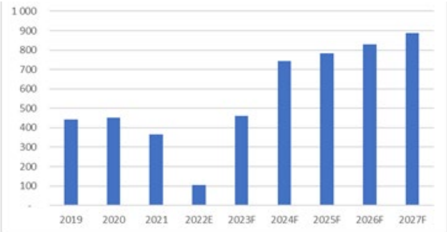
Table 5 - WACC (2023-2027)

Source: Own Estimates

According to Figure 21 and 22, revenue growth varies significantly across different brands. Notably, the Colombian brand, which exhibits the highest growth rate. Consequently, it is reasonable to adjust the Cost of Equity of each segment relative to its revenue contribution to the whole, as outlined in the aforementioned methodology. Based on the estimations, as Ara begins to grow at a much faster pace revenue-wise, the Weighted Average Cost of Capital (WACC) experiences a notable increase. This increase is primarily attributed to the higher risk associated with the Colombian market, which Ara operates in, culminating in a steadily increasing WACC from 2023-2027.

DISCOUNTED CASH-FLOWS VALUATION (DCF)

Figure 23 – FCFF 2019-2027



Source: Company Data and Own Estimates

FREE CASH FLOW TO THE FIRM (FCFF) | Starting from the operating profit (EBIT), which is the gross profit (sales - COGS) minus SGA costs, the tax effect is subtracted to get the after-tax operating profit, then adding depreciation and amortization, and finally subtracting the change in working capital and capital expenditures (CAPEX).

TERMINAL VALUE | For this valuation, the terminal value is assumed to be the present value of future cash flows after 2027. This value was determined using the FCFF value for 2028, which is the FCFF value for 2027 multiplied by a growth factor. Then a Gordon Growth Model is used, where the 2028 FCFF is divided by the cost of capital minus the growth rate, which estimates the terminal value and simulates the future real growth of the business.

GROWTH RATE | The terminal **growth rate** used for the terminal value is calculated using an **average of the GDP of each country in which JMT operates, weighted by revenue**. For each country, I use the forecasts for real GDP growth (International Monetary Fund, IMF) for 2027 and beyond (Portugal: 1.9%; Poland: 3.1%; Colombia: 3.3%). The weighted average (based on 2027 revenues) growth rate expected for JMT in the long term is **2.90%**.

Table 6 - Enterprise Value and DCF Valuation estimates

DCF Valuation (70%)	24,58 €
Relative Valuation (30%)	21,51 €
Final Valuation	23,66 €
upside/downside	3,67%
Current Price	22,82 €

Source: Company Data and Own Estimates

	2023	2024	2025	2026	2027	
Year	1	2	3	4	5	Terminal value
FCFF (in millions)	460	744	785	830	887	19889
WACC	7,20%	7,27%	7,35%	7,42%	7,49%	7,49%
terminal growth rate (g)						2,90%

Table 7 - Terminal Value Estimation

ONE- AND TWO-WAY SENSITIVITY ANALYSIS AND SCENARIO ANALYSIS

In this section, the impact of slight variations in some of the key metrics of our valuation on the stock price is observed. Revenue, Terminal Growth, WACC, and EBIT Margin are defined as the most important variables in the grocery retail environment, given the critical importance of inflation and economic outlook in the coming years.

	Terminal Growth						
WACC	2,65%	2,71%	2,78%	**2,90%**	3,02%	3,14%	3,26%
6,42%	29,27 €	29,78 €	30,32 €	**31,27 €**	32,28 €	33,41 €	34,68 €
6,76%	27,07 €	27,50 €	27,96 €	**28,75 €**	29,60 €	30,53 €	31,57 €
7,11%	25,12 €	25,48 €	25,87 €	**26,54 €**	27,25 €	28,03 €	28,89 €
7,49%	**23,37 €**	**23,68 €**	**24,01 €**	**24,58 €**	**25,18 €**	**25,83 €**	**26,55 €**
7,86%	21,87 €	22,14 €	22,43 €	**22,91 €**	23,43 €	23,98 €	24,60 €
8,26%	20,52 €	20,75 €	21,00 €	**21,42 €**	21,86 €	22,34 €	22,86 €
8,67%	19,28 €	19,49 €	19,70 €	**20,06 €**	20,44 €	20,86 €	21,31 €

Figure 24 - Sensitivity Analysis, WACC and Terminal Growth

Ceteris paribus, the impact of WACC and Terminal Growth ranges from €19.28/share in a bearish scenario to € 34.68/share in a bullish scenario.

Gross Profit						
20,06%	20,58%	21,11%	**21,65%**	22,19%	22,74%	23,31%
12,74 €	17,07 €	21,51 €	24,58 €	30,62 €	35,29 €	40,07 €

EBIT Margin						
2,92%	3,24%	3,60%	**4,00%**	4,40%	4,84%	5,32%
16,94 €	19,67 €	22,70 €	24,58 €	29,43 €	33,14 €	37,21 €

Figure 25 - Sensitivity Analysis - Margins

Above (figure 25), I performed a sensitivity analysis for Gross Profit and EBIT Margin, where different percentages and corresponding euro values are provided. A sensitivity analysis helps assess how changes in specific variables affect the overall outcome or result. It is evident that **profitability and margins play a huge role in this valuation**, as an EBIT margin drop to 2.92% could potentially equate to a downside of over 30% from my estimations. Profitability is key in this industry, and JMT must focus on increasing its operational efficiency for value.

Figure 26 - Bearish Scenario

Bear Case Scenario	
WACC	8,50%
Terminal Growth Rate	2,50%
Revenue Growth Rate	.-30% of base growth
Gross Profit	21,11%
Price per share	16,20 €

Source: Own Estimates

Figure 27 - Bullish Scenario

Bull Case Scenario	
WACC	6,80%
Terminal Growth Rate	3,30%
Revenue Growth	.+30% of base growth
Gross Profit	22,19%
Price per share	41,29 €

Source: Own Estimates

Figure 28 - Base Scenario

Base Case Scenario	
WACC	7,49%
Terminal Growth Rate	2,90%
Revenue Growth	Base
Gross Profit	21,65%
Price per share	24,58 €

Source: Own Estimates

Biedronka Trimestral Revenue Growth Rate						
0,26%	0,37%	0,53%	**0,75%**	0,98%	1,27%	1,65%
24,09 €	24,20 €	24,36 €	24,58 €	24,80 €	25,08 €	25,47 €

Pingo Doce Trimestral Revenue Growth Rate						
0,19%	0,27%	0,39%	**0,55%**	0,72%	0,93%	1,21%
24,28 €	24,34 €	24,44 €	24,58 €	24,72 €	24,90 €	25,15 €

Recheio Trimestral Revenue Growth Rate						
0,39%	0,56%	0,80%	**1,14%**	1,48%	1,93%	2,50%
24,42 €	24,46 €	24,50 €	24,58 €	24,65 €	24,76 €	24,89 €

Ara Trimestral Revenue Growth Rate						
0,69%	0,98%	1,41%	**2,01%**	2,61%	3,40%	4,42%
24,31 €	24,36 €	24,45 €	24,58 €	24,73 €	24,95 €	25,31 €

Hebe Trimestral Revenue Growth Rate						
0,36%	0,52%	0,74%	**1,06%**	1,38%	1,79%	2,33%
24,52 €	24,53 €	24,55 €	24,58 €	24,60 €	24,64 €	24,70 €

Consolidated Trimestral Revenue Growth Rate						
Bear 3	Bear 2	Bear 1	**Base**	Bull 1	Bull 2	Bull 3
23,32 €	23,59 €	24,00 €	24,58 €	25,19 €	26,02 €	27,19 €

Figure 29 - Trimestral Revenue Growth Rates per brand (each step constitutes a 30% increase or decrease from the baseline growth rate)

The sensitivity analysis on trimestral revenue growth (Figure 29) reveals that **Biedronka is the primary value driver of the company**. This finding is not surprising, considering the significant contribution of Biedronka to JMT's overall business. Investors should pay close attention to the potential value generated by Biedronka, given its dominant position within the company. Additionally, Ara, the fastest growing brand within JMT, has shown a remarkable revenue growth rate, and this trend is expected to continue. As a result, the potential value associated with **Ara is expected to be highly regarded by investors. The accelerated rhythm of Ara's revenue growth is a key ingredient in its contribution to JMT's overall value.** On the other hand, the impact of Hebe and Recheio on Jerónimo Martins' value is relatively low. Hebe's influence is almost negligible, indicating that it has a minimal impact on the company's valuation.

Moreover, the scenario analysis on the left (figure 26, 27 and 28) demonstrates the impact of various variables on the discounted cash flow (DCF) valuation. The bear scenario aims to estimate the company's value under a recessionary environment and worse than par financial performance, while the bullish scenario represents a very optimistic outlook based on very favorable macroeconomic conditions and strong financial performance.

Metrics	EV/Sales	EV/EBITDA	P/E	P/Sales	P/BV
Carrefour SA	0,3	7,7	9,68	0,17	1,1
TESCO PLC	0,5	8	26,38	0,3	1,5
Sainsbury	0,4	7,9	30,56	0,21	0,8
Exito	0,4	6,1	68,02	0,3	0,7
Sonae	0,5	7,6	6,56	0,23	0,7
Metro	1,1	13,1	20,4	0,9	2,6
EuroCash	0,2	8,4	36,23	0,08	3,6
X5 Retail	0,4	5,3	5,5	0,1	1,9
Ahold Delhaize	0,5	8,1	11,8	0,34	2
Casino	0,5	6,2	-2	0,02	0,2
Dino Polska	1,63	22,22	22,53	1,96	7,54
Magnit	0,5	5,8	7,9	0,2	2,1
Industry Average	0,58	8,87	22,53	0,44	2,19
Price Target	23,33 €	26,16 €	20,81 €	17,59 €	9,01 €
Analysis	Slightly Undervalued	Undervalued	Slightly Overvalued	Overvalued	Overvalued

Table 8 - Relative Valuation *Sources: Yahoo Finance (Prices) and Latest Company Annual Reports (Financials)*

Figure 30 - Peer Companies used in Relative Valuation

Peer Companies	Country
Carrefour	France
TESCO PLC	UK
Sainsbury	UK
Exito	Colombia
SONAE	Portugal
Metro	Asia
EuroCash	Poland
X5 Retail	Russia
Ahold Delhaize	BE-NL
Casino	France
Magnit	Russia
Dino Polska	Poland

Table 9 - Jerónimo Martins DCF price target, Relative Valuation price target and Current Price

DCF Valuation (70%)	24,58 €
Relative Valuation (30%)	21,51 €
Final Valuation	23,66 €
upside/downside	3,67%
Current Price	22,82 €

Source: DCF and Relative Valuation Own Estimates

The peer companies for Jerónimo Martins were chosen based on specific criteria such as market size, geographic presence, and market segments. (Figure 30)

EV/SALES (Enterprise Value to Sales): Jerónimo Martins has a higher **EV/Sales ratio of 0.66** compared to the industry average of 0.58, with a price target of **23.33€/share**. This could indicate high growth expectations or market confidence in the company's ability to generate future sales, it is important to note however that Sales ratios (including Price/Sales) overlook profitability and margins.

EV/EBITDA (Enterprise Value to Earnings before Interest, Taxes, Depreciation, and Amortization): targets **26.16€/share**, implying that the company's operating profitability is considered less valuable than the market average by the market.

P/E (Price to Earnings): Jerónimo Martins has a **P/E ratio of 24.71**, exceeding the industry average of 22.53 (comparables with negative P/E ratios were ignored), with a price target of **20.81€/share**, meaning that investors are willing to pay a premium for each unit of earnings, possibly due to anticipated future growth prospects or optimistic market sentiment.

P/SALES (Price to Sales): The **P/Sales ratio is 0.57**, while the industry average stands at 0.44, with a price target of **17.59€/share**. It suggests that the market perceives the company's sales performance as superior or expects robust revenue growth in the future.

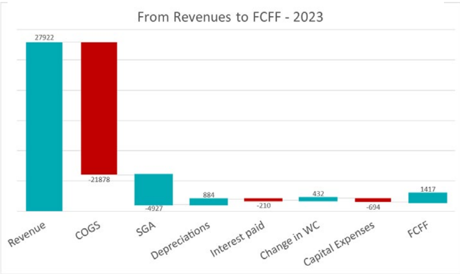
P/BV (Price to Book Value): Jerónimo Martins has a **P/BV ratio of 5.55**, significantly higher than the industry average of 2.19, with a price target of **9.01€/share**. This could be an indication of market expectations for future growth, strong brand value, or efficient asset utilization, it is important to note that price to book value overlooks the intangible assets of the company, especially brand value and its overall impact on growth.

The relative valuation reaches an industry **average price valuation of 21.51€**/share, this is calculated via the different ratios mentioned above, where enterprise value multiples are given more weight (60% total weight) when compared to price multiples (40% total weight), this is because enterprise value multiples take into account Jerónimo Martins total value, including debt and cash holdings, which retail companies tend to have a lot of, so enterprise value multiples may be more appropriate for the sake of this valuation. By combining the DCF Valuation (this valuation places a greater emphasis on the more developed DCF valuation, so I weighted it by 70% of the total final valuation) and the Relative Valuation (30% weight), culminating in a final valuation of **23.66€/share**, with a 3.67% upside potential.

Key Financials	2019	2020	2021	2022E	2023F	2024F	2025F	2026F	2027F	CAGR
Revenue	18 638	19 293	20 889	25 385	27 921	29 942	32 173	34 624	37 246	8%
EBIT	706	639	806	1 071	1 117	1 198	1 287	1 385	1 490	9%
Net Income After Taxes	421	323	484	607	673	723	778	841	909	9%
Change in WC	220	246	375	535	525	307	339	372	398	7%
Capex Payment	- 577	- 510	- 604	- 938	- 694	- 721	- 748	- 772	- 795	4%
FCFF	442	452	364	105	460	744	785	830	887	8%
FCFE	339	301	250	- 83	304	578	608	643	690	8%
Profitability Ratios										
Gross Profit margin	21,9%	21,9%	21,5%	21,0%	21,6%	21,6%	21,6%	21,6%	21,6%	0%
Net Profit margin	2,3%	1,7%	2,3%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%	1%
ROA	5,1%	3,4%	4,9%	5,5%	5,4%	5,3%	5,4%	5,4%	5,5%	1%
ROE	19,8%	14,4%	20,2%	23,7%	25,4%	25,8%	26,2%	26,5%	26,7%	3%
Solvency Ratios										
Debt/Equity	1,40	1,24	1,12	1,22	1,38	1,39	1,38	1,36	1,34	0%
Financial Leverage ratio	3,87	4,28	4,13	4,34	4,71	4,85	4,87	4,88	4,86	3%
Interest coverage ratio	4,50	3,55	5,23	6,08	5,32	5,34	5,40	5,50	5,61	2%
Liquidity Ratios										
Current ratio	0,48	0,52	0,59	0,60	0,66	0,69	0,71	0,75	0,78	5%
Cash ratio	0,18	0,22	0,28	0,27	0,36	0,39	0,42	0,45	0,48	11%
Inventory turnover	14,49	14,97	15,75	15,29	15,92	16,24	16,56	16,87	17,19	2%
Receivables turnover	43,29	47,17	47,91	47,36	47,67	47,77	47,86	47,96	48,05	1%
Payables turnover	3,65	3,61	3,67	3,76	3,77	3,81	3,85	3,89	3,93	1%

Table 10 - Key Financials *Source: Own Estimates*

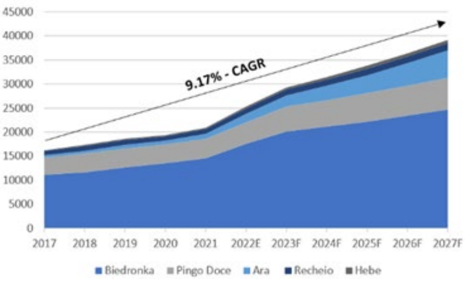
Figure 31 - Waterfall from revenues to FCFF



Source: Own Estimates

KEY FINANCIALS | the clearest indicator of a company's performance is its **revenue** (revenue assumptions explained in Appendix 10a and Appendix 11). Over the projected period, there is a consistent upward trend in revenue (Figure 32), driven by the expansion of new stores and improved performance per store. However, **in the case of Biedronka, the growth forecast for FY2023-FY2025 has been adjusted to account for the influence of migrant waves resulting from political and economic instability in the region**. It is expected that these refugees will eventually return, leading to a decrease in overall demand. The revenue figures mentioned here are nominal values, already considering the effects of inflation. JMT representatives have indicated that future inflation will be partially passed on to consumers, suggesting that it won't have a complete impact on profit margins. A detailed explanation of the estimation process can be found in the appendix (Appendix 10).

Figure 32 - Revenue CAGR by brand over a 10Y period

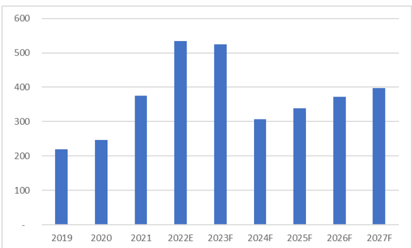


Source: Own Estimates

The operating profit of the group, along with other performance indicators, demonstrate significant growth in the short term, with comparable forecasts for 2023 as in 2022, and above-average growth for the subsequent four years. The appendix provides a more comprehensive description of the assumptions underlying the individual components that contribute to the earnings before interest and taxes (EBIT).

The ultimate measure of annual performance, net income, exhibits slightly higher growth compared to EBIT. This can be attributed to a robust financial position resulting from strategic debt issuance and effective management of the capital structure. The appendix (Appendix 10) offers a more detailed breakdown of the assumptions utilized to estimate the individual components of net income.

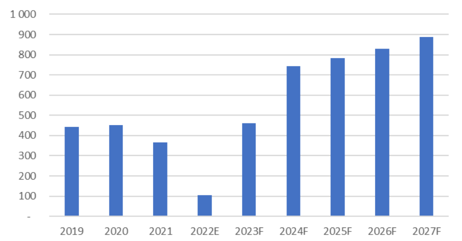
Figure 33 - Changes in Working Capital Needs from 2019 to 2027



Source: Own Estimates

Change in Working Capital | working capital needs remain high throughout 2023, reflecting high levels of investment, and the lower values in 2024YF onward reflect the expected slowdown in growth and consolidation in line with future investment plans and capital requirements (Figure 33).

Figure 34 - FCFF from 2019 to 2027



Source: Own Estimates

FCFF | Cash flow attributable to all investors in the Company, both bondholders and shareholders (FCFF) is expected to increase in subsequent years (Figure 34).

FCFE | Cash Flow Attributable to Equity Holders Only (FCFE), which uses a similar methodology to FCFF, is also expected to grow, albeit at a slightly slower pace than the latter, possibly due to poor market conditions in the future. In the medium to long term, however, shareholders are expected to outperform bondholders in terms of growth in attributable cash flow.

Figure 35 - Profitability ratios

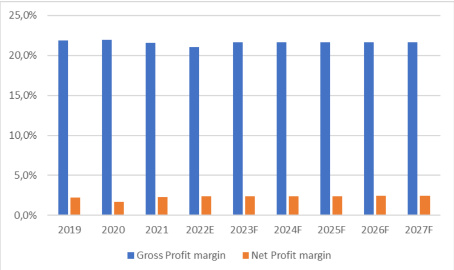
Source: Own Estimates

PROFITABILITY | A crucial assumption in this analysis of JMT is the company's ability to **sustain its gross profit and net profit margins** in the foreseeable future (Figure 35 and 36). Additionally, a slight improvement in net profit can be anticipated due to economies of scale when considering selling, general, and administrative expenses (SG&A), especially, as JMT sets up their own supply chains in Colombia, which should improve operational efficiency. Like revenue, there is no anticipation of inflation-related fluctuations affecting this important metric in the long term.

ROA | A stable return is anticipated in the near future, with a potential standard error attributed to macroeconomic uncertainties. On one hand, the industries in which JMT typically operates demonstrate lower volatility compared to the overall market, suggesting that it may be a relatively safer investment during bearish market conditions. However, the company's aggressive investment strategy could potentially be misaligned with market expectations, leading to a less favorable reception by investors. (Figure 35)

ROE | the return on equity (ROE) is expected to show a positive trend, consistent with the arguments presented for the return on assets (ROA). As a result of several years of robust investments, returns are anticipated to increase accordingly. Furthermore, given that investors tend to favor countercyclical investments during bearish market conditions, JMT could potentially offer an outstanding investment opportunity. (Figure 35)

Figure 36 - Gross Profit margin and Net profit margin from 2019 to 2027

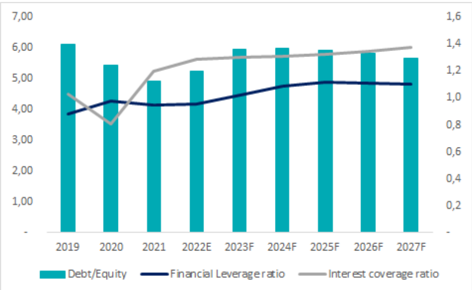


Source: Own Estimates

SOLVENCY| the D/E ratio measures the proportion of a company's financing that comes from debt compared to equity. An increase in the D/E ratio from 1.2 to 1.3 indicates that **JMT is taking on more financial debt as it expands its business**, particularly through its Biedronka and Ara brands. This suggests that JMT is relying more on borrowed funds to finance its growth. (Figure 37)

The interest coverage ratio reflects a company's ability to pay interest expenses on its outstanding debt. An increase in the interest coverage ratio from 5.63 (2021Y) to 6.02 (2022Y) indicates that JMT's earnings before interest and taxes (EBIT) are expected to slightly improve over the forecast period. This suggests that **JMT will have a better ability to cover its interest payments with its operating profits**. This improvement can be attributed to solid growth in equity and a stable level of debt.

Figure 37 - Solvency ratios

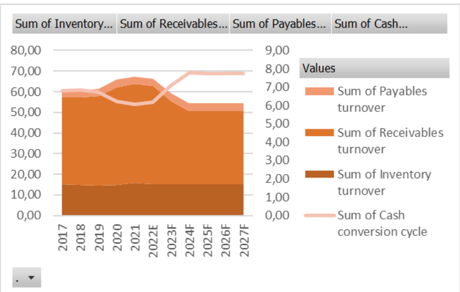


Source: Own Estimates

DIVIDEND POLICY | JMT's dividend pay-out policy provides for an ideal dividend pay-out ratio of 40% to 50% of net income. The Group has historically distributed profits every year, but recently the company has experienced a lot of excess cash, which has favoured the decision to pay extraordinary dividends to shareholders. **In 2022, the pay-out ratio exceeded 95.5%, which undermines valuation methods such as the Dividend Discount Model**. A constant dividend pay-out ratio of 45% was assumed for the forecast period.

LIQUIDITY | Jerónimo Martins' liquidity is expected to continue to improve, primarily due to increasing cash over the forecast period generated by solid operating cash flow. Due to the nature of the retail industry, current liabilities are expected to exceed current assets, with high payables leading to lower receivables and inventories leading to a negative NWC. The cash ratio is expected to increase from 0.27 in 2022YE to 0.48 in 2027YE, **supporting liquidity improvement over the forecast period**.

Figure 38 - Activity ratios



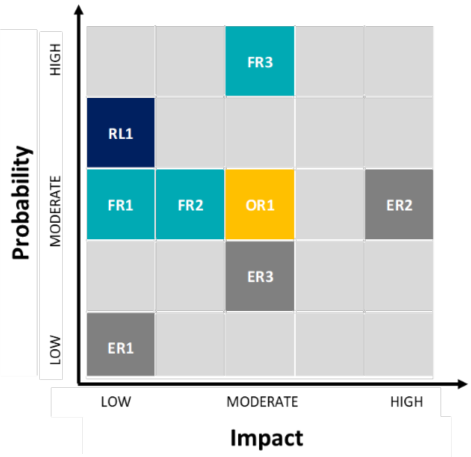
Source: Own Estimates

ACTIVITY RATIOS | Inventory Turnover: The stability of this ratio indicates a reliable ability to manage fluctuations in demand and forecast future cash flows. With a ratio of 15.29, it implies that JM's inventories are held for an average of 24 days. (Figure 38)

Receivables Turnover: This ratio has exhibited an upward trend in recent years, and we anticipate it to continue in the coming years due to the impact of the Covid-19 pandemic and the overheated economy. This trend also reflects the current recessionary environment. Notably, this ratio stands out as a distinguishing factor for JMT in terms of its business operations. (Figure 38)

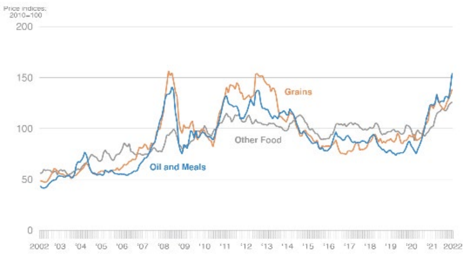
Payables Turnover: Although this metric appears relatively low, it suggests that JM enjoys favorable credit terms with its suppliers. With a ratio of 3.76, it indicates that JMT takes approximately 90 days to pay its creditors and suppliers. (Figure 38)

Figure 39 - Risk Matrix



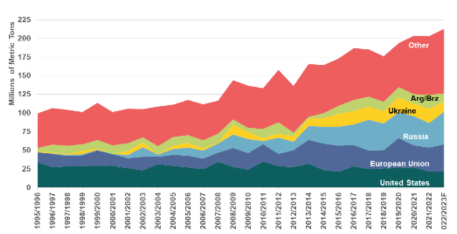
Source: Own Estimates

Figure 40 - Agricultural Commodity Prices Evolution



Source: World Bank

Figure 41 - World Wheat Exports by country and Marketing Year (1995-2022)



Source: USDA Foreign Agricultural Service

OPERATIONAL RISKS | OR

SUPPLY CHAIN | OR1

PROBABILITY: **MODERATE** | IMPACT: **MODERATE**

The year 2020 was one of supply chain disruptions for many companies, including JMT, as the pandemic had a significant impact on transportation, logistics, and the availability of goods and services. Like the ongoing conflict in Ukraine, the shock to the country's agricultural production significantly disrupted global supply chains.
Colombia's domestic supply chain was also disrupted by strikes and social protests in 2021. These incidents highlight the importance of maintaining the Group's operations with a **strong and diverse supply chain**. The company's farms, currently located in Portugal, provide a fantastic opportunity to mitigate the impact of the disruptions by ensuring consistent production and customer supply.

ECONOMIC RISKS | ER

INNOVATION & COMPETITION (ER1)

PROBABILITY: **LOW** | IMPACT: **LOW**

In recent years, e-commerce has experienced significant growth in importance due to the convenience and flexibility it offers to both businesses and consumers. The ability to shop online at any time, from anywhere, has revolutionized the retail industry. This trend has been further accelerated by the COVID-19 pandemic, which has led to the closure of many physical stores and an increased reliance on online shopping for safety reasons.

The **impact of the pandemic on the retail industry** has been particularly pronounced in the grocery sector. As people sought to minimize their exposure to crowded places, **online grocery shopping became a preferred option for many consumers**. This surge in demand for e-commerce in the grocery sector presented an opportunity for retailers like JMT to adapt and innovate.

Recognizing this shift, **JMT launched the Biek (Figure 40) delivery service** as a response to the new business model. This delivery service allows customers to conveniently order groceries online and have them delivered to their doorstep. By introducing this service, JMT aims to meet the evolving needs of consumers and tap into the growing e-commerce market.

GEOPOLITICAL RISK (ER2)

PROBABILITY: **MODERATE** | IMPACT: **HIGH**:

The Ukraine war had far-reaching consequences on global food prices, particularly for grains like wheat and corn. Ukraine is one of the largest grain exporters globally, and the conflict disrupted its agricultural production (Figure 40 and 41). This disruption led to a decrease in grain supplies, causing an increase in global food prices. The scarcity of Ukrainian grains had a direct impact on retailers and consumers worldwide, including JMT.

Furthermore, the imposition of sanctions against Russia, another major grain exporter (Figure 41), compounded the situation. These sanctions affected the costs and supply chains of many retailers, including JMT. The restricted trade and increased transportation costs due to the sanctions further contributed to the rise in food prices. Retailers had to navigate these challenges and adjust their pricing strategies to maintain profitability while keeping prices affordable for consumers.

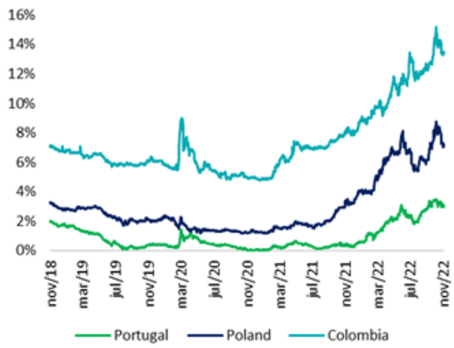
Another aspect affected by the Ukraine war is the potential return of Ukrainian refugees who sought refuge in Poland. Biedronka, being a prominent retailer in Poland, has likely experienced increased sales from Ukrainian families residing in the country. However, with the expected resolution of the conflict, it is anticipated that these families may choose to return to their home country. This could impact Biedronka's revenues, as the demand from this customer segment might decrease once they repatriate.

TAXATION RISK (ER3)

PROBABILITY: **MODERATE** | IMPACT: **MODERATE**

Jerónimo Martins currently operates in three countries: Portugal, Poland, and Colombia, and plans to expand into other markets, so the company is exposed to various tax laws. An increase in tax rates will naturally lead to a decrease in profits. Under the European regulation adopted in October 2022, the Portuguese government imposes an extraordinary tax of 33% on companies in the energy sector and food distribution that report profits in 2022 that are 20% higher than the average of net profits for the last four years, which includes JMT. In Poland, a tax targeting large retailers with price advantages was recently introduced and amounts to 1.4% of sales.

Figure 42 - 10Y Treasury Bonds by country



Source: Refinitiv Eikon

FINANCIAL RISKS | FR

INTEREST RATE RISK (FR1)

PROBABILITY: **MODERATE** | IMPACT: **LOW**

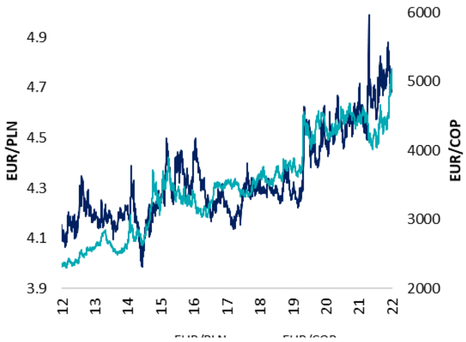
Market risk affects the valuation of JMT as an asset because it changes the discount rate that investors use to value their investments, as higher interest rates require investors to earn more return on their invested capital. Since **most of JMT's debt is fixed rate**, we can classify this risk as low probability. Cash flow risk is the risk that changes in interest rates can affect a company's cash flow and have a significant impact on a company's profitability and therefore its ability to raise capital and meet its financial obligations. To mitigate this risk, companies may use financial instruments such as swaps and futures to hedge against interest rate changes and macroeconomic fluctuations. The Group issues its debt instruments in the currency in which it intends to invest the money and uses various derivatives to protect its financial position. We can consider this risk as moderate but with low impact.

FOREIGN EXCHANGE RISK (FR2)

PROBABILITY: **MODERATE** | IMPACT: **MODERATE**

Jerónimo Martins is exposed to foreign exchange risk because it operates in three countries with three different currencies: the euro, the Złoty and the Colombian peso. **Most of JMT's revenues are generated in Złoty**, which means that fluctuations in the EUR/PLN currency pair are significant for the company. Moreover, the rapid growth of the business in Colombia means that the EUR/COL currency pair will become increasingly important over time. **Historically, the trend has not been favorable for JMT, which consolidates its accounts in euros, which typically follow an appreciation trend against the Colombian peso and Polish Złoty.** As the company plans aggressive expansion strategies in both Colombia and Poland, which will be relatively larger than JMT's operations in Portugal, this risk is expected to increase.

Figure 43 - Exchange rate evolution



Source: Refinitiv Eikon

INFLATION RISK (FR3)

PROBABILITY: **HIGH** | IMPACT: **MODERATE**

For a company that is heavily dependent on energy prices, inflation can have a significant impact on production costs, especially transportation costs. Another large part of the cost that is affected by inflation is the cost of labor (wages) and the investment in building new stores, which also reflects the impact of wages and commodity prices. To mitigate the impact of inflation in its business, **JMT intends to pass some of it on to the end consumer through price increases**. Although retail is a sector that suffers heavily from inflation, I believe that the impact of inflation risks is only moderate, even if the probability is high, due to its economies of scale and stable relationships with suppliers.

REGULATORY AND LEGAL RISKS | RL

REGULATORY AND LEGAL RISK (RL1)

PROBABILITY: **MODERATE** | IMPACT: **LOW**

The introduction of the Law on Prohibition of Sunday trading by the Polish government in 2018 had a significant impact on the retail industry in the country. This legislation mandated the **closure of large retailers, including popular chains like Biedronka and Hebe, on Sundays**. As a result, these retailers had to adjust their operations and adapt to the new regulations. In both Poland and other countries, antitrust authorities play a crucial role in monitoring and regulating the retail industry. Their presence ensures fair competition and prevents monopolistic practices that could harm consumers or smaller businesses. These authorities closely scrutinize the operations of companies like JMT, putting pressure on them to comply with the regulations and maintain a competitive market environment. One characteristic of the retail industry, not only in Poland but globally, is the high employee turnover rate.

BOARD OF DIRECTORS								
	Name	Nationality	Position	Age	Appointed to the Board	Shares (as of 31.12.21)	Total Remuneration (euros in 2021)	Relevant Experience/Positions
	Pedro Soares dos Santos[3]	Portuguese	• CEO • Board Chairman	62	December 2013	274,805	10,776,000	
	Andrzej Szlęzak	Polish	• Non-Executive Director	67	April 2013	-	83,000	• Deputy Chairman, Arbitration Board of the Arbitration Court, Polish Chamber of Commerce
	António Viana-Baptista	Portuguese	• Non-Executive Director	64	April 2010	-	80,000	• Non-Executive Director, Semapa SGPS S.A., Atento S.A. and Azora Capital SL • Director, Alter Venture Partners G.P., SARL
	Artur Stefan Kirsten	German	• Non-Executive Director	61	April 2015	-	80,000	• Board Chairman, Adler Group • Co-founder, MONARCH
	Clara Christina Streit	American/German	• Non-Executive Director • Chairwoman of the Audit Committee	53	April 2015	800	80,000	• Board Member, Vontobel Holding AG • Member of the Supervisory Board, Deutsche Börse AG and Vonovia SE
	Elizabeth Ann Bastoni	American	• Non-Executive Independent Director • Member of the Audit Committee	56	April 2019	-	90,000	• President, Bastoni Consulting Group LLC • Director, Société BIC • Chairwoman of the Board of Directors, Limeade Inc.
	Francisco Seixas da Costa	Portuguese	• Non-Executive Independent Director	74	April 2013	-	80,000	• Chairman of the Advisory Council, Kearney • Member of the Board of Directors, Mota-Engil S.A. • Chairman of the Fiscal Council, Tabaqueira, S.A.
	José Soares dos Santos[1]	Portuguese	• Non-Executive Director	60	April 2004	20,509	-	• Chairman, Unilever Fima and Gallo Worldwide
	María Ángela Holguín Cuellar	Colombian	• Non-Executive Independent Director	58	April 2019	-	80,000	• Former Minister of Foreign Affairs of the Colombian Government
	Natalia Anna Olynec[2]	American/Canadian	• Non-Executive Independent Director	-	April 2022	-	-	• Head of Sustainability, IMD Business School
	Sérgio Tavares Rebelo	Portuguese	• Non-Executive Independent Director • Member of the Audit Committee	62	April 2013	-	120,000	• Member of the Supervisory Board, Warta – Retail & Services Investments B.V. and New World Investments B.V.

1 - Waived remuneration
2 - Recently appointed member
3 - Variable remuneration adjusted retroactively

Appendix 1 - Board of Directors of Jerónimo Martins SGPS SA

Shareholder Structure			
Shareholder	Shares (in millions)	Total Position (%)	Country
Sociedade Francisco Manuel dos Santos SGPS, SA.	353.26	56.14%	Portugal
Comgest S.A.	12.98	2.06%	France
BlackRock Institutional Trust Company, N.A.	12.95	2.06%	United States
Wellington Management Company, LLP	12.59	2.00%	United States
T. Rowe Price International (UK) Ltd.	11.76	1.87%	United Kingdom
AllianceBernstein L.P.	10.18	1.62%	United States
JPMorgan Asset Management U.K. Limited	8.74	1.39%	United Kingdom
Norges Bank Investment Management (NBIM)	8.39	1.33%	Norway
The Vanguard Group, Inc.	7.71	1.22%	United States
JP Morgan Asset Management	5.41	0.86%	United States
Remaining Shares	184.46	29.45%	-
Total Shares Outstanding	628.43	100.00%	

Appendix 2 - Main shareholders of Jerónimo Martins SGPS SA

ESG Pillar Breakdown Peer Analysis													
Company	ESG Score		ESG Controversies Score		ESG Combined Score		Environmental Score		Social Score		Governance Score		
Industry Best*	86	A	100	A+	84	A	92	A+	95	A+	90	A	
Tesco	86	A	18	D+	52	B-	74	B+	90	A	88	A	
Jerónimo Martins	**85**	**A**	**29**	**C-**	**57**	**B-**	**90**	**A**	**93**	**A+**	**69**	**B+**	
Carrefour	81	A-	28	C-	55	B-	91	A	86	A	66	B	
Casino Guichard-Perrachon	81	A-	38	C	60	B	82	A-	92	A+	64	B	
Sonae	77	A-	72	B+	74	B+	78	A-	69	B+	88	A	
Exito	76	A-	72	B+	74	B+	69	B+	71	B+	89	A	
Industry Mean*	52	B-	88	A	49	C+	44	C+	53	B-	55	B-	

* Food Retail & Distribution (455 Constituents)

Appendix 3 - ESG Pillar breakdown peer analysis sorted by highest ESG score.

ESG Pillar Breakdown					
Pillar	Category	FY2020	FY2019	Y/Y Change	Score Weight
Summary	ESG Score	85.04	79.40	5.64	100.0%
Env.	Resource Use	98.60	99.40	(0.80)	7.9%
Env.	Emissions	89.25	91.38	(2.13)	10.8%
Env.	Env. Innovation	77.87	78.85	(0.98)	4.9%
Social	Workforce	95.86	87.84	8.02	12.3%
Social	Human Rights	92.17	93.75	(1.58)	9.8%
Social	Community	85.34	72.52	12.82	9.8%
Social	Product Responsibility	95.42	91.41	4.01	15.1%
Gov.	Management	65.63	50.00	15.63	19.6%
Gov.	Shareholders	71.88	66.67	5.21	5.9%
Gov.	CSR Strategy	80.00	82.14	(2.14)	3.9%

Appendix 4 - ESG Pillar breakdown

Sustainalytics ESG Risk Rating Peer Analysis		
Company	ESG Risk Rating	Rank within Industry
Jerónimo Martins	14.5 Low Risk	7th
Carrefour	22.9 Medium Risk	78th
Tesco	21.3 Medium Risk	57th
Casino Guichard-Perrachon	21.7 Medium Risk	66th
Exito	-	-
Sonae	20.6 Medium Risk	49th

Appendix 5 - ESG risk rating peer analysis

Income Statement (in Millions €)	2022	2023F	2024F	2025F	2026F	2027F	Assumptions
Revenues	25 385	27 921	29 942	32 173	34 624	37 246	a)
Cost of sales	- 19 890	- 21 877	- 23 460	- 25 208	- 27 129	- 29 183	b)
Gross profit	**5 495**	**6 044**	**6 481**	**6 964**	**7 495**	**8 062**	
Gross Profit Margin (%)	21,6%	21,6%	21,6%	21,6%	21,6%	21,6%	
Distribution costs	- 4 011	- 4 412	- 4 732	- 5 084	- 5 472	- 5 886	c)
Administrative costs	- 429	- 472	- 506	- 544	- 585	- 629	c)
Other operating profits/losses	- 39	- 43	- 46	- 50	- 53	- 57	d)
SGA	- 4 479	- 4 927	- 5 284	- 5 677	- 6 110	- 6 572	
Operating profit	**1 016**	**1 117**	**1 198**	**1 287**	**1 385**	**1 490**	
Operating Profit Margin (%)	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	
Net financial costs	- 176	- 210	- 224	- 238	- 252	- 265	e)
Gains (losses) in joint ventures and associates	-	-	-	-	-	-	Equal to 2022HY value
Gains (losses) in other investments	-	-	-	-	-	-	Equal to 2022HY value
Profit before taxes	**839**	**907**	**974**	**1 049**	**1 133**	**1 225**	
Income tax	- 216	- 234	- 251	- 270	- 292	- 316	f)
Profit before non-controlling interests	**623**	**673**	**723**	**778**	**841**	**909**	
Attributable to:							
Non-controlling interests	43	47	50	54	58	63	g)
Jerónimo Martins Shareholders	**580**	**626**	**672**	**724**	**783**	**846**	
Basic and diluted earnings per share - euros	1	1	1	1	1	1	

Appendix 6 - Income Statement

From Revenues to FCFF (in Millions €)	2022	2023F	2024F	2025F	2026F	2027F	CAGR
Revenue	25 385	27 921	29 942	32 173	34 624	37 246	8,00%
COGS	- 19 890	- 21 877	- 23 460	- 25 208	- 27 129	- 29 183	8,03%
Gross Profit	**5 495**	**6 044**	**6 481**	**6 964**	**7 495**	**8 062**	**7,87%**
SGA	- 4 479	- 4 927	- 5 284	- 5 677	- 6 110	- 6 572	7,71%
Operating Profit	**1 016**	**1 117**	**1 198**	**1 287**	**1 385**	**1 490**	**8,65%**
Other income/expenses	- 393	- 444	- 475	- 509	- 544	- 581	8,24%
Net Income	**623**	**673**	**723**	**778**	**841**	**909**	**8,93%**
FCFF	**105**	**460**	**744**	**785**	**830**	**887**	**7,56%**

Appendix 7 - Financials from Revenues to FCFF

Balance Sheet (in Millions €)	2022	2023F	2024F	2025F	2026F	2027F	CAGR	Assumptions
Tangible assets	4 340	4 688	5 018	5 329	5 616	5 890	4%	h)
Intangible assets	755	755	755	755	755	755	-1%	Equal to 2022HY value
Investment property	9	9	9	9	9	9	0%	Equal to 2022HY value
Right-of-use assets	2 526	2 526	2 526	2 526	2 526	2 526	1%	Equal to 2022HY value
Biological assets	6	7	8	9	10	11	16%	d)
Investments in joint ventures and associates	16	16	16	16	16	16	14%	Equal to 2022HY value
Other financial investments	17	17	17	17	17	17	37%	Equal to 2022HY value
Trade debtors, accrued income and deferred costs	58	58	58	58	58	58	-4%	Equal to 2022HY value
Deferred tax assets	201	201	201	201	201	201	4%	Equal to 2022HY value
Total Non-Current Assets	**7 928**	**8 277**	**8 608**	**8 920**	**9 209**	**9 483**	**3%**	
Inventories	1 493	1 489	1 596	1 715	1 846	1 986	7%	i)
Biological assets	12	9	10	10	11	12	8%	d)
Income tax receivable	35	35	35	35	35	35	14%	Equal to 2022HY value
Trade debtors, accrued income and deferred costs	593	652	699	752	809	870	8%	i)
Derivative financial instruments	2	2	2	2	2	2		Equal to 2022HY value
Cash and cash equivalents	1 781	2 674	3 068	3 533	4 072	4 674	20%	
Total Current Assets	**3 916**	**4 861**	**5 411**	**6 047**	**6 775**	**7 579**	**14%**	
Total Assets	**11 844**	**13 138**	**14 019**	**14 967**	**15 983**	**17 062**	**6%**	
Share capital	629	629	629	629	629	629	0%	Equal to 2022HY value
Share premium	22	22	22	22	22	22	0%	Equal to 2022HY value
Own shares	- 6	- 6	- 6	- 6	- 6	- 6	0%	Equal to 2022HY value
Other reserves	- 183	- 203	- 218	- 235	- 254	- 274	17%	g)
Retained earnings	1 869	2 021	2 198	2 402	2 635	2 896	8%	j)
Non-controlling interests	254	254	254	254	254	254	0%	Equal to 2022HY value
Total Shareholders' Equity	**2 585**	**2 717**	**2 879**	**3 067**	**3 280**	**3 520**	**5%**	
Borrowings	238	379	402	428	458	492	5%	k)
Lease liabilities	2 248	2 428	2 599	2 760	2 909	3 051	5%	h)
Trade creditors, accrued costs and deferred income	4	4	4	4	4	4	17%	Equal to 2022HY value
Employee benefits	69	69	69	69	69	69	0%	Equal to 2022HY value
Provisions for risks anc contingencies	82	82	82	82	82	82	13%	Equal to 2022HY value
Deferred tax liabilities	90	90	90	90	90	90	3%	Equal to 2022HY value
Total Non-Current Liabilities	**2 731**	**3 053**	**3 246**	**3 433**	**3 612**	**3 787**	**5%**	
Borrowings	232	465	492	521	551	583	4%	l)
Lease liabilities	430	464	497	528	556	584	5%	h)
Trade creditors, accrued costs and deferred income	5 799	6 378	6 840	7 350	7 910	8 508	8%	i)
Derivative financial instruments	9	2	2	2	2	2	-4%	Equal to 2022HY value
Income tax payable	55	57	62	66	71	77	4%	m)
Total Current Liabilities	**6 525**	**7 368**	**7 893**	**8 467**	**9 091**	**9 754**	**8%**	
Total Liabilities	**9 256**	**10 421**	**11 139**	**11 900**	**12 703**	**13 541**	**7%**	
Total Shareholders' Equity and Liabilities	**11 841**	**13 138**	**14 019**	**14 967**	**15 983**	**17 062**	**6%**	

Appendix 8 - Balance Sheet

Cashflows (in Millions €)	2022	2023F	2024F	2025F	2026F	2027F	CAGR	Assumptions
Cash generated from operations	2 303	2 492	2 388	2 542	2 702	2 861	6%	
Income taxes paid	-208	-234	-251	-270	-292	-316	8%	From Income Statement
Cash flow from operating activities	2 095	2 258	2 138	2 271	2 410	2 546	6%	
Disposals of tangible and intangible assets	57	62	66	70	74	77	50%	h)
Disposals of other financial investments and investment propert	-	-	-	-	-	-		Equal to 2022HY value
Interest received	14	1	1	1	1	1	-14%	Equal to 2022HY value
Dividends received	-	-	-	-	-	-		Equal to 2022HY value
Acquisition of tangible and intangible assets	-887	-958	-1 026	-1 089	-1 148	-1 204	9%	h)
Acquisition of other financial investments and investment prope	-17	-	-	-	-	-		Equal to 2022HY value
Acquisition of businesses, net of cash acquired	-4	-4	-4	-4	-4	-4	8%	Equal to 2022HY value
Collateral deposits associated to financial debt	11	-	-	-	-	-		Equal to 2022HY value
Cash flow from investment activities	-826	-900	-963	-1 022	-1 077	-1 129	8%	
Loans interest paid	-30	-30	-30	-30	-30	-30	-1%	Equal to 2022HY value
Leases interest paid	-140	-140	-140	-140	-140	-140	1%	Equal to 2022HY value
Net change in loans	52	301	590	253	247	238	10%	From Income Statement
Leases paid	-321	-347	-371	-394	-415	-436	6%	h)
Dividends paid	-511	-282	-303	-326	-352	-381	6%	n)
Cash flow from financing activities	-950	-498	-254	-637	-691	-749	4%	
Cash and cash equivalents at the beginning of the year	1 494	1 781	2 609	3 496	4 076	4 685	27%	
Net changes in cash and cash equivalents	320	861	921	612	642	668	7%	
Effect of currency translation differences	-33	-33	-33	-33	-33	-33		Equal to 2022HY value
Cash and cash equivalents at the end of December	1 781	2 609	3 496	4 076	4 685	5 320	21%	

Appendix 9 - Cash Flow Statement

Appendix 10: Assumptions for Financials

a) The revenue forecast was conducted quarterly per brand (Biedronka, Pingo Doce, Recheio, Ara and Hebe). This involved segmenting JMT and estimating revenue separately. The forecast assumed a like-for-like growth in sales, considering a constant number of stores. This growth was based on the historical average growth in revenue per store, adjusted for inflation. Additionally, the forecast accounted for the revenue generated by new stores opened and renovations in each quarter. For Biedronka, a discount was applied to the growth forecast for FY2023-FY2025 due to the impact of migrant waves resulting from political and economic distress in the region.
b) Revenue growth was projected by assuming a constant Gross Profit margin.
c) Marketing expenses were determined as a fixed percentage of Gross Profit, using the values reported in the 2022 financial report.
d) Cost of Goods Sold was estimated to grow at the historical average rate observed between Y2017-Y2021.
e) Interest expenses were projected to grow in line with the total Debt, considering both loans and leases.
f) A fixed effective tax rate of 25.77%, based on the Y2022 rate, was applied.
g) Net Income was projected to grow over time.
h) The number of new store openings drove the growth in certain expenses.
i) Inventory levels were projected to grow based on the inventory turnover ratio, while Trade Debtors, Accrued Income, and deferred costs were estimated using the Receivables turnover ratio. Similarly, Trade Creditors, Accrued Costs, and Deferred Income were projected based on the Payables turnover ratio.
j) The forecasted Net Income for the present year was derived by adding last year's value, deducting dividends paid, and subtracting 0.2M EUR for each new store/renovation. The impact of store renovations was estimated as one-third of a new store opening, equivalent to 67K EUR. The remaining funding for expansion came from Capex.
k) Dividends were maintained as a fixed percentage of Total Shareholder's Equity.
l) Dividends were also kept as a fixed percentage of EBITDA.
m) Operating Profit was projected to grow over time.
n) A fixed payout ratio of 45% was applied to determine dividend payments.

Biedronka:

New Stores (LFL)		100,66%	100,44%	102,54%	100,07%	100,25%	100,64%	101,75%	100,07%	100,00%	100,00%	100,00%	103,72%	100,70%	100,53%	102,23%	100,48%	100,77%	100,63%	102,39%	100,34%	100,66%	100,65%	102,75%	0,96%
	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	Geometric	
Net Sales per store	0,928	1,013	1,016	1,053	1,034	1,002	1,007	1,055	0,998	1,091	1,093	1,166	1,084	1,113	1,107	1,142	1,082	1,140	1,150	1,204	1,178	1,354	1,343	average	Coefficient
		109,21%	100,28%	103,58%	98,25%	96,92%	100,49%	104,71%	94,64%	109,32%	100,16%	106,72%	92,91%	102,72%	99,47%	103,09%	94,82%	105,27%	100,89%	104,70%	97,90%	114,93%	99,15%	1,69%	
With stores 1Q17	0,928	1,020	1,028	1,091	1,073	1,043	1,054	1,123	1,064	1,163	1,165	1,243	1,198	1,239	1,239	1,306	1,244	1,320	1,340	1,437	1,411	1,633	1,629		
		109,93%	100,72%	106,22%	98,32%	97,16%	101,13%	106,55%	94,70%	109,32%	100,16%	106,72%	96,37%	103,43%	100,00%	105,39%	95,28%	106,08%	101,53%	107,21%	98,24%	115,69%	99,80%	2,59%	6
With stores 1Q18				1,053	1,035	1,006	1,017	1,084	1,026	1,122	1,124	1,199	1,156	1,195	1,195	1,260	1,200	1,273	1,293	1,386	1,361	1,575	1,572		
						97,16%	101,13%	106,55%	94,70%	109,32%	100,16%	106,72%	96,37%	103,43%	100,00%	105,39%	95,28%	106,08%	101,53%	107,21%	98,24%	115,69%	99,80%	2,35%	5
With stores 1Q19								1,055	0,999	1,092	1,094	1,167	1,125	1,163	1,163	1,226	1,168	1,239	1,258	1,349	1,325	1,533	1,530		
									94,70%	109,32%	100,16%	106,72%	96,37%	103,43%	100,00%	105,39%	95,28%	106,08%	101,53%	107,21%	98,24%	115,69%	99,80%	2,51%	4
With stores 1Q20													1,084	1,121	1,121	1,181	1,126	1,194	1,212	1,300	1,277	1,477	1,474		
														103,43%	100,00%	105,39%	95,28%	106,08%	101,53%	107,21%	98,24%	115,69%	99,80%	3,12%	3
With stores 1Q21																	1,082	1,148	1,166	1,250	1,228	1,420	1,418		
																		106,08%	101,53%	107,21%	98,24%	115,69%	99,80%	4,60%	2
With stores 1Q22																					1,178	1,363	1,361		
																						115,69%	99,80%	7,45%	1
																									21

Pingo Doce:

New Stores					101,69%	101,92%	102,63%	102,86%	102,84%	102,12%	100,93%	100,46%	101,84%	102,30%	103,69%	104,38%	102,94%	102,70%	101,78%	102,65%	102,42%	102,41%	102,40%		0,59%
	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	Geometric	
Net Sales per store	1,983	2,194	2,277	2,321	2,090	2,202	2,351	2,329	2,085	2,276	2,348	2,380	2,118	2,032	2,236	2,263	2,042	2,178	2,258	2,344	2,114	2,360	2,507	average	Coeficiente Majoração
		110,65%	103,76%	101,96%	90,03%	105,37%	106,76%	99,04%	89,55%	109,17%	103,14%	101,37%	88,97%	95,93%	110,04%	101,21%	90,24%	106,65%	103,67%	103,83%	90,17%	111,64%	106,26%	1,07%	
	1,983	2,205	2,299	2,349	2,125	2,255	2,436	2,424	2,181	2,381	2,455	2,489	2,255	2,173	2,424	2,470	2,239	2,393	2,492	2,627	2,373	2,655	2,834		
With stores 1Q17		111,18%	104,26%	102,20%	90,46%	106,12%	108,01%	99,51%	89,96%	109,17%	103,14%	101,37%	90,61%	96,37%	111,53%	101,89%	90,63%	106,89%	104,13%	105,42%	90,37%	111,88%	106,72%	1,64%	6
				2,321	2,100	2,229	2,407	2,395	2,155	2,352	2,426	2,460	2,229	2,148	2,395	2,440	2,212	2,364	2,462	2,595	2,345	2,624	2,800		
With stores 1Q18						106,12%	108,01%	99,51%	89,96%	109,17%	103,14%	101,37%	90,61%	96,37%	111,53%	101,89%	90,63%	106,89%	104,13%	105,42%	90,37%	111,88%	106,72%	1,61%	5
								2,329	2,095	2,287	2,359	2,391	2,167	2,088	2,329	2,373	2,150	2,299	2,394	2,523	2,280	2,551	2,722		
With stores 4Q18									89,96%	109,17%	103,14%	101,37%	90,61%	96,37%	111,53%	101,89%	90,63%	106,89%	104,13%	105,42%	90,37%	111,88%	106,72%	1,05%	4
													2,118	2,041	2,276	2,319	2,102	2,247	2,339	2,466	2,229	2,493	2,661		
With stores 1Q20														96,37%	111,53%	101,89%	90,63%	106,89%	104,13%	105,42%	90,37%	111,88%	106,72%	2,31%	3
																	2,042	2,182	2,273	2,396	2,165	2,422	2,585		
With stores 1Q21																		106,89%	104,13%	105,42%	90,37%	111,88%	106,72%	4,01%	2
																					2,114	2,365	2,524		
With stores 1Q22																						111,88%	106,72%	9,27%	1
																									21

Recheio:

New Stores					102,38%	102,38%	102,38%	102,38%	97,67%	97,67%	97,67%	97,67%	100,00%	100,00%	100,00%	102,38%	102,38%	102,38%	102,38%	100,00%	100,00%	100,00%	100,00%		0,12%
	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	Geometric	
Net Sales per store	4,786	5,738	6,452	5,452	4,884	5,767	6,535	5,605	5,095	6,024	6,929	5,952	5,095	4,405	5,714	4,837	4,023	5,209	6,093	5,744	5,302	6,628	7,837	average	Coefficient
		119,90%	112,45%	84,50%	89,57%	118,10%	113,31%	85,77%	90,91%	118,22%	115,02%	85,91%	85,60%	86,45%	129,73%	84,65%	83,17%	129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	2,27%	
With stores 1Q17	0,484	0,581	0,653	0,552	0,506	0,598	0,677	0,581	0,516	0,610	0,701	0,602	0,516	0,446	0,578	0,501	0,417	0,540	0,631	0,595	0,549	0,687	0,812		
		119,90%	112,45%	84,50%	91,70%	118,10%	113,31%	85,77%	88,80%	118,22%	115,02%	85,91%	85,60%	86,45%	129,73%	86,67%	83,17%	129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	2,38%	6
With stores 1Q18				0,545	0,500	0,590	0,669	0,574	0,510	0,602	0,693	0,595	0,510	0,440	0,571	0,495	0,412	0,533	0,624	0,588	0,543	0,679	0,802		
						118,10%	113,31%	85,77%	88,80%	118,22%	115,02%	85,91%	85,60%	86,45%	129,73%	86,67%	83,17%	129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	2,66%	5
With stores 4Q18								0,558	0,495	0,586	0,674	0,579	0,495	0,428	0,556	0,481	0,400	0,519	0,606	0,572	0,528	0,660	0,780		
									88,80%	118,22%	115,02%	85,91%	85,60%	86,45%	129,73%	86,67%	83,17%	129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	2,26%	4
With stores 1Q20													0,484	0,419	0,543	0,471	0,391	0,507	0,593	0,559	0,516	0,645	0,762		
														86,45%	129,73%	86,67%	83,17%	129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	4,65%	3
With stores 1Q21																	0,380	0,492	0,576	0,543	0,501	0,626	0,741		
																		129,48%	116,96%	94,27%	92,31%	125,00%	118,25%	11,75%	2
With stores 1Q22																					0,489	0,612	0,723		
																						125,00%	118,25%	21,58%	1
																									21

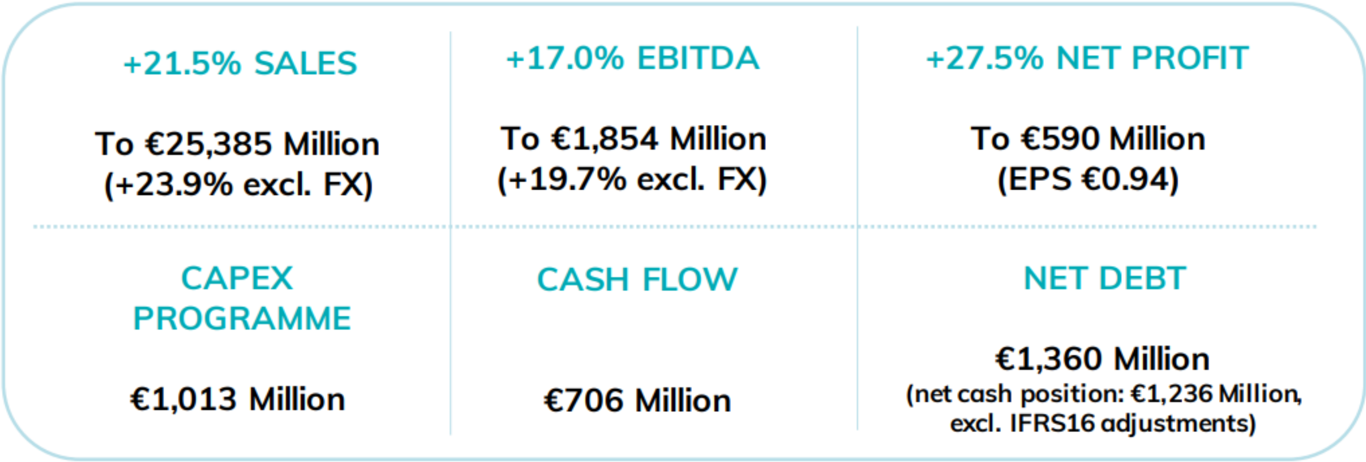
Ara:

New Stores					169,67%	163,20%	152,24%	136,76%	130,68%	126,88%	121,68%	115,79%	116,08%	113,29%	110,90%	107,63%	109,71%	111,57%	113,42%	123,53%	120,75%	124,29%	124,35%	133,46%	5,98%
	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	Geometric	
Net Sales per store	0,357	0,364	0,333	0,301	0,324	0,339	0,328	0,301	0,312	0,336	0,353	0,364	0,374	0,298	0,300	0,360	0,344	0,337	0,391	0,420	0,459	0,505	0,517	average	Coefficient
		102,17%	91,50%	90,23%	107,61%	104,86%	96,76%	91,58%	103,87%	107,47%	105,13%	103,03%	102,91%	79,62%	100,53%	120,35%	95,42%	97,87%	116,04%	107,52%	109,31%	110,02%	102,27%	1,70%	
With stores 1Q17	0,357	0,402	0,426	0,480	0,549	0,611	0,639	0,656	0,693	0,766	0,836	0,918	0,963	0,770	0,787	0,980	0,971	0,971	1,164	1,410	1,566	1,811	1,914		
		112,64%	106,12%	112,50%	114,53%	111,19%	104,70%	102,56%	105,63%	110,65%	109,09%	109,80%	104,91%	80,00%	102,13%	124,48%	99,16%	100,00%	119,83%	121,13%	111,05%	115,71%	105,66%	7,94%	6
With stores 1Q18				0,301	0,344	0,383	0,401	0,411	0,434	0,481	0,524	0,576	0,604	0,483	0,494	0,614	0,609	0,609	0,730	0,884	0,982	1,136	1,201		
						111,19%	104,70%	102,56%	105,63%	110,65%	109,09%	109,80%	104,91%	80,00%	102,13%	124,48%	99,16%	100,00%	119,83%	121,13%	111,05%	115,71%	105,66%	7,18%	5
With stores 4Q18								0,301	0,318	0,352	0,383	0,421	0,442	0,353	0,361	0,449	0,445	0,445	0,534	0,647	0,718	0,831	0,878		
									105,63%	110,65%	109,09%	109,80%	104,91%	80,00%	102,13%	124,48%	99,16%	100,00%	119,83%	121,13%	111,05%	115,71%	105,66%	7,40%	4
With stores 1Q20													0,374	0,299	0,306	0,381	0,377	0,377	0,452	0,548	0,608	0,704	0,744		
														80,00%	102,13%	124,48%	99,16%	100,00%	119,83%	121,13%	111,05%	115,71%	105,66%	7,11%	3
With stores 1Q21																	0,344	0,344	0,412	0,499	0,554	0,642	0,678		
																		100,00%	119,83%	121,13%	111,05%	115,71%	105,66%	11,97%	2
With stores 1Q22																					0,459	0,531	0,561		
																						115,71%	105,66%	10,57%	1
																									21

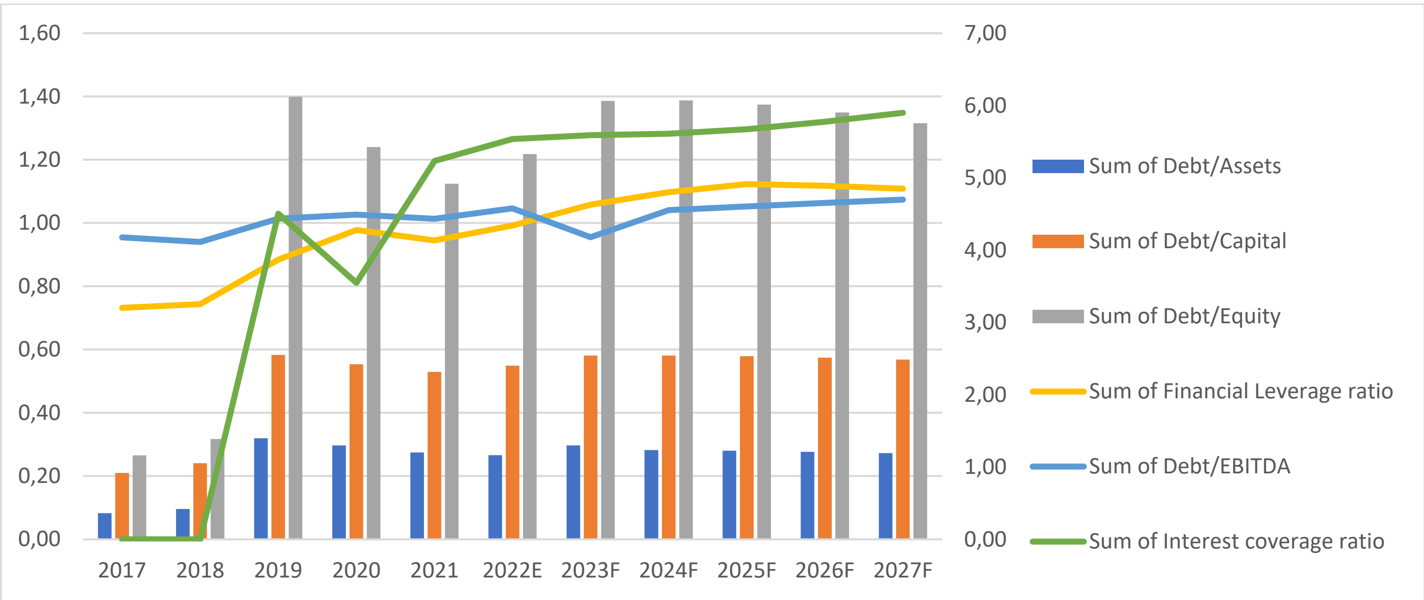
Hebe:

New Stores					120,13%	125,00%	124,70%	126,37%	124,61%	123,50%	123,19%	118,70%	118,07%	114,98%	100,39%	97,44%	95,37%	96,13%	110,94%	109,40%	108,96%	108,42%	105,63%		3,19%
	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022	Geometric	
Net Sales per store	0,226	0,244	0,247	0,280	0,246	0,235	0,242	0,274	0,235	0,247	0,247	0,289	0,228	0,180	0,254	0,244	0,213	0,242	0,250	0,289	0,247	0,307	0,297	average	Coefficient
		107,66%	101,33%	113,45%	87,81%	95,50%	102,79%	113,40%	85,90%	104,96%	100,04%	117,13%	78,71%	78,85%	141,39%	96,24%	87,04%	113,67%	103,41%	115,46%	85,42%	124,68%	96,50%	1,24%	
With stores 1Q17	0,226	0,245	0,258	0,321	0,296	0,296	0,314	0,396	0,352	0,384	0,396	0,497	0,403	0,321	0,409	0,409	0,358	0,415	0,447	0,528	0,453	0,572	0,560		
		108,33%	105,13%	124,39%	92,16%	100,00%	106,38%	126,00%	88,89%	108,93%	103,28%	125,40%	81,01%	79,69%	127,45%	100,00%	87,69%	115,79%	107,58%	118,31%	85,71%	126,39%	97,80%	4,20%	6
With stores 1Q18				0,280	0,258	0,258	0,275	0,346	0,308	0,335	0,346	0,434	0,352	0,280	0,357	0,357	0,313	0,363	0,390	0,462	0,396	0,500	0,489		
						100,00%	106,38%	126,00%	88,89%	108,93%	103,28%	125,40%	81,01%	79,69%	127,45%	100,00%	87,69%	115,79%	107,58%	118,31%	85,71%	126,39%	97,80%	3,61%	5
With stores 4Q18								0,274	0,243	0,265	0,274	0,343	0,278	0,222	0,283	0,283	0,248	0,287	0,309	0,365	0,313	0,396	0,387		
									88,89%	108,93%	103,28%	125,40%	81,01%	79,69%	127,45%	100,00%	87,69%	115,79%	107,58%	118,31%	85,71%	126,39%	97,80%	2,33%	4
With stores 1Q20													0,228	0,181	0,231	0,231	0,203	0,235	0,253	0,299	0,256	0,324	0,317		
														79,69%	127,45%	100,00%	87,69%	115,79%	107,58%	118,31%	85,71%	126,39%	97,80%	3,35%	3
With stores 1Q21																	0,213	0,246	0,265	0,313	0,269	0,340	0,332		
																		115,79%	107,58%	118,31%	85,71%	126,39%	97,80%	7,71%	2
With stores 1Q22																					0,247	0,312	0,305		
																						126,39%	97,80%	11,18%	1
																									21

Appendix 11 – Revenue growth like for like assumptions to achieve the quarterly revenue growth rate per stores per brand (new stores historical growth rate in deep blue cell at the top right corner, the revenue per store growth rate is in the penultimate column, in green and bold, then a Coefficient is applied to give more weight to past years, under the assumption that 2022 was an exceptional year in terms of revenue growth per *store due to inflation, so less weight is given to 2022, this methodology attempts to capture the long term revenue growth rate per store, while also attempting to capture recent performance boosts from 2020 onward).*



Appendix 12 - 2022 group performance.



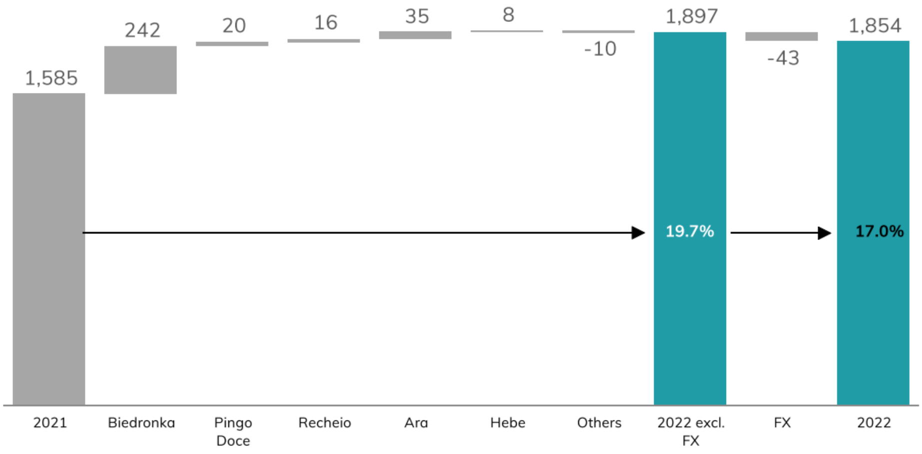
Appendix 13 - Solvency Ratios Evolution

The 2017 and 2018 disparities are explained by the drastic IFRS changes from 2019 onwards.

		2017	2018	2019	2020	2021	2022	2023F	2024F	2025F	2026F	2027F
Activity ratios	Inventory turnover	15,22	14,98	14,49	14,97	15,75	15,29	14,68	15,21	15,22	15,24	15,23
	Receivables turnover	41,95	42,08	43,29	47,17	47,91	47,36	39,62	35,39	35,43	35,46	35,45
	Payables turnover	3,50	3,64	3,65	3,61	3,67	3,76	3,84	3,83	3,65	3,65	3,65
	Cash conversion cycle	6,80	6,83	6,74	6,24	6,08	6,20	7,23	7,80	7,77	7,76	7,76
	Total assets turnover	2,53	2,65	2,27	2,01	2,11	2,29	2,31	2,29	2,25	2,27	2,28
Liquidity ratios	Current ratio	0,49	0,48	0,49	0,52	0,59	0,60	0,62	0,68	0,71	0,74	0,77
	Quick ratio	0,27	0,23	0,27	0,30	0,37	0,36	0,39	0,47	0,49	0,53	0,56
	Cash ratio	0,17	0,13	0,18	0,22	0,28	0,27	0,26	0,35	0,38	0,41	0,44
Solvency (Debt) ratios	Debt/Assets	0,08	0,10	0,32	0,30	0,27	0,27	0,30	0,29	0,29	0,28	0,28
	Debt/Capital	0,21	0,24	0,58	0,55	0,53	0,55	0,58	0,58	0,58	0,58	0,57
	Debt/Equity	0,27	0,32	1,40	1,24	1,12	1,22	1,38	1,39	1,38	1,36	1,34
	Financial Leverage ratio	3,20	3,25	3,87	4,28	4,13	4,34	4,56	4,68	4,81	4,81	4,80
	Debt/EBITDA	4,18	4,11	4,44	4,49	4,43	4,42	4,15	4,52	4,57	4,62	4,67
	Interest coverage ratio			4,50	3,55	5,23	6,08	5,32	5,34	5,40	5,50	5,61
Profitability ratios	Gross Profit margin	21,2%	21,7%	21,9%	21,9%	21,5%	21,0%	21,6%	21,6%	21,6%	21,6%	21,6%
	Operating Profit margin	3,5%	3,4%	3,8%	3,3%	3,9%	4,2%	4,0%	4,0%	4,0%	4,0%	4,0%
	Pretax margin	3,5%	3,2%	2,9%	2,4%	3,1%	3,2%	3,2%	3,3%	3,3%	3,3%	3,3%
	Net Profit margin	2,5%	2,5%	2,3%	1,7%	2,3%	2,4%	2,4%	2,4%	2,4%	2,4%	2,4%
	Operating ROA	9,0%	9,0%	8,6%	6,7%	8,1%	9,6%	9,2%	9,1%	9,0%	9,1%	9,1%
	ROA	6,4%	6,6%	5,1%	3,4%	4,9%	5,5%	5,6%	5,5%	5,4%	5,5%	5,6%
	ROE	20,5%	21,4%	19,8%	14,4%	20,2%	23,7%	25,4%	25,8%	26,2%	26,5%	26,7%

Appendix 14 - Ratio Analysis

Contribution to Consolidated EBITDA Growth (€ Million)



Appendix 15 - 2022 store openings and remodellings

	Portugal Retail		Portugal Cash & Carry		Poland Retail		Colombia Retail		Others, eliminations and adjustments		Total JM Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales and services	**5,038**	4,462	**1,158**	907	**17,582**	14,542	**1,768**	1,102	**(161)**	(124)	**25,385**	20,889
Inter-segments	539	416	7	5	-	-	-	-	(545)	(421)	-	-
External customers	4,499	4,046	1,151	902	17,582	14,542	1,768	1,102	384	297	25,385	20,889
Operational cash flow (EBITDA)	**265**	244	**59**	43	**1,540**	1,339	**60**	26	**(69)**	(67)	**1,854**	1,585
Depreciations and amortisations	(160)	(152)	(21)	(19)	(492)	(476)	(61)	(51)	(48)	(47)	(782)	(745)
Earnings before interest and taxes (EBIT)	**104**	93	**38**	23	**1,048**	863	**(1)**	(26)	**(117)**	(113)	**1,071**	840
Other operating profits/losses											(95)	(34)
Financial results and gains in investments											**(162)**	(154)
Income tax											(207)	(168)
Non-controlling interests											(17)	(21)
Net result attributable to JM											**590**	463
Total assets	**2,486**	2,243	**510**	457	**7,060**	6,137	**1,047**	856	**743**	676	**11,845**	10,368
Total liabilities	**1,969**	1,726	**491**	448	**5,800**	4,965	**1,026**	830	**(26)**	(132)	**9,260**	7,836
Investments in tangible and intangible assets	**198**	102	**48**	21	**465**	428	**156**	81	**39**	32	**905**	664

Appendix 16 - Detailed information by operating segments as of December 2022 and 2021

Sell	Underperform	Hold	Outperform	Buy
<-10%	-10% < x < -5%	-5% < x < 5%	5% < x < 10%	> 10%

Appendix 17 - Investment Recommendation Table Thresholds

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