

SAG GEST – Soluções Automóvel Globais, SGPS, SA

Listed Company

Estrada de Alfragide, nº 67, Amadora
Registered Share Capital: 169,764,398 euros
Registered at the Amadora Registrar of Companies
under the single registration and taxpayer no. 503 219 886

ANNOUNCEMENT

Consolidated Results 2018

(Unaudited)

- **Consolidated Turnover in 2018 decreased 13.7% to Eur 535.1 million (Eur 619.7 million in 2017).**
- **SIVA's total new cars volume (20,349 units) decreased 32.6% in 2018, corresponding to a market share of 8.4% in the Passenger Cars (PV) market (12.8% in 2017) and 7.6% in the Light Vehicles market (VP + Light Commercial Vehicles - VCL), which compares with the market share of 11.6% of the previous year.**
- **Consolidated EBITDA in a recurrent basis was negative Eur 0.7 million, significantly influenced by result of 1st quarter that was negative in Eur 3,6 million.**
- **The 1st quarter result was negative, essentially due to (i) punctual sales operations of used and self-registration cars with direct impact on the deterioration of the margins, with goal of rapid reduction on inventories of this type of cars (ii) decrease in New Car sales that was owed (a) to the reduction of volumes in the RAC channel, and (b) reduction on self-registration cars.**

- **In 2018 Eur 152 million of impairment was registered. The non-cash event had a significant impact on SAG Gest Consolidated Net Profit and Equity.**
- **Consolidated Net Profit and Equity was therefore negative Eur 176.9 million and Eur 169.2 million, respectively.**
- **Consolidated Net Debt at the end of December 2018 was Eur 129.1 million, an increase of Eur 4.0 million compared to the end of 2017.**
- **As a result of the negotiation process with stakeholders, including the brands represented by subsidiary SIVA, financial institutions that participate in financing and guarantees that the SAG Group has and VW Group entities, it was possible to establish an agreement that will guarantee the operations continuity.**
- **In the agreement between SAG Gest, Porsche Holdings and the financial institutions participating in SAG Group's financing and guarantees, the Distribution and Automotive Retail business will be sold by SAG to Porsche Holdings, this process should be end during 2019.**
- **This operation will enable the possibility to adjust the capital structure of the company that ensures the ability to carry out its activity on a sustainable basis.**

1. OPERATIONAL PERFORMANCE

1.1 Automotive Distribution – SIVA

- The sale volume of the Brands distributed by the SIVA Subsidiary in 2018 was 20,349 vehicles (30,171 in 2017), corresponding to an 8.4% market share in the Passenger Car (PC) market (12.8% in 2017) and 7.6% in the Light Vehicle market (PC + Light Commercial Vehicles – LCV) which compares with 11.6% market share in the previous year.
- The volume of PC was 19,075 units and LCV were 1,274 units, corresponding to a share of 3.2% in the LCV market. Considering the goods and passenger versions of the VW LCV brand vehicles (Caddy, Transporter, Crafter and Amarok), the annual volume was 1,772 units, reaching a share of 4.6% in the ABC+PU market, which accounted for 38,507 vehicles (LCV excluding passenger derivatives and A0).
- This volume reduction, cutting across all Brands represented by the SIVA Subsidiary, is essentially due to three factors:

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- Strong reduction in the volume of the Rent-a-Car business due to the reduced margin of this channel and the high risk involved (Buy Backs).
- Elimination of the self-registration volume (vehicles registered for sale in subsequent periods), due to the high level of discounts that this type of sale involves.
- Lack of stock availability of numerous models of all makes, resulting from production delays due to the new vehicle approval process (WLTP) in Europe, with significant impact on our sales from August 2018.

1.2 Automotive Retail

- The number of new cars of the Volkswagen, Audi, Škoda and Volkswagen - Commercial Vehicles sold by the Soauto Concessions (Soauto SA, Loures Automóveis, Rolporto and Rolvia) in 2018 was 3,831 units, representing a decrease of 13, 4% in relation to the same period of the previous year
- Soauto's contribution to Consolidated Turnover was EUR 127.6 million, a slight decrease of 4.6% compared to EUR 133.8 million in 2017.

2. ECONOMIC AND FINANCIAL RESULTS

Explanation Note: Due to the adoption of Equity Method in the financial statements and the restructuring process that occur during 2018, which culminated in the agreement established, the 2018 Financial Statements are disclosed in way that assets involved in the transaction are classified as assets / liabilities held for sale. In accordance with the respective IFRS 5 and IAS 27 the comparative has been restated. The change resulting from restructuring implied the registration of impairments with related parties that significantly change the comparison with the 2017 financial year. We disclosed the Consolidated Statement of Income and Balance Sheet the amounts of 2018 on a comparable basis (2018 recurrent).

- The Consolidated Turnover for 2018, in comparable basis, was Eur 535.1 million, representing a reduction of around 13.7% compared to the value of 2017 (Eur 619.7 million).
- The Consolidated Contribution Margin, in comparable basis, decreased compared to 2017, corresponding to 8.6% of Consolidated Turnover (8.9% in 2017). In absolute terms, the Consolidated Contribution Margin decreased by approximately EUR 8.6 million.
- This reduction of the Consolidated Contribution Margin of 2018 results to a large extent from the result generated in one-off accelerated sales operations for the disposal of used-car stock and self-registration, which focused primarily on the first quarter of 2018.
- Consolidated EBITDA, in comparable basis, was negative Eur 0.7 million, with significant influence of 1st Quarter where was reported a loss of Eur 3.6 million.
- The 1st quarter result was negative, essentially due to (i) punctual sales operations of used and self-registration cars with direct impact on the deterioration of the margins, with goal of rapid reduction on

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inventories of this type of cars (ii) decrease in New Car sales that was owed (a) to the reduction of volumes in the RAC channel, and (b) reduction on self-registration cars.

- Consolidated financial cost at the end of 2018, Eur 16.3 million, slightly down of 1.3% on the figure for the same period in 2017.
- Consolidated Net Income was negative at Eur 177.0 million. In a comparable basis loss Eur 19.1 million (Eur - 13.8 million in the same period of 2017).
- Consolidated Net Debt at December 31, 2018 was Eur 129.1 million, an increase of approximately Eur 4.0 million compared to the value of Eur 125.2 million at December 31, 2018.

3. MAIN PERSPECTIVES

- As disclosed in the Financial Statements for the year ended December 31, 2017, although the restructuring process concluded by SAG Gest in December 2015 with banks allowed it to rebalance of consolidated financial structure and created conditions to continuity of Sag Gest and its subsidiaries (together the "SAG Group") operations, at the end of 2017, with the deterioration of the business conditions, the SAG Group's financial situation deteriorated, thus worsening the liquidity risk of Group and its operational and financial profitability.
- As a result of the aforementioned events, in the beginning of 2018, and in order to allow the SAG Group to continue operating, SAG Gest's Board of Directors began to develop, together with the Brands represented by the subsidiary SIVA, a repositioning of its business in order to reverse the situation and guarantee the sustainability of the entire Group and consequently its access to the sources of financing necessary for its activity, so that the 2017 Financial Statements of SAG Gest and its subsidiaries were prepared on the basis of the principle of continuity of operations, as it was the Board's belief that the negotiations would be successfully concluded.
- In addition, and in response to the Group's situation, management has been conducting a daily base management of operational activity, focused on cash flows, and has adjusted purchasing plans with VW Group, reducing the volume of orders and requested the reduction of the timing of the commercial support of the Brands.
- Despite the complexity of the negotiation process with the various stakeholders, including the brands represented by SIVA, the Financial Institutions participating in the financing and guarantees that the SAG Group has and the entities of the VW Group, it was possible to establish agreements that guarantee continuity of operations.
- In the agreement between SAG Gest, Porsche Holdings (Company belonging to the VW Group) and the Financial Institutions participating in SAG Group's financing and guarantees, SIVA will be wholly owned by Porsche Holdings, this process should be end during 2019.
- This operation will enable the possibility to adjust the capital structure of the company that ensures the ability to carry out its activity on a sustainable basis

Alfragide, 30 de Abril de 2019

João Pedro Saraiva

SAG GEST – Soluções Automóvel Globais, SGPS, SA – Sociedade Aberta

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Soluções Automóvel Globais

Representative for Market Relations

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CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Thousands of Euros) (Unaudited)

		12 months ended December 31					
Consolidated Income Statement (000)	2018	2018 Without Discontinued Operations	Non Recurrent	2018 Current	2017 Adjusted	2017 Published	% Chg
Sales		523,887		523,887		608,523	-13.9%
Services Rendered		11,206		11,206	96	11,185	0.2%
Turnover		535,093		535,093	535,093	619,707	-13.7%
Gross Margin		48,049		48,049	96	57,398	-16.3%
% of Turnover	0.0%	9.0%	0.0%	0.0%	0.0%	9.3%	0.0%
Other Operating Income	8,083	25,866		25,866	368	24,047	7.6%
Other Operating Expense	(8,341)	(23,704)		(23,704)	(177)	(18,307)	-29.5%
Taxes - Other Than Income Taxes		(1,160)		(1,160)		(1,069)	-8.5%
Impairment losses in Accounts Receivable		10		10	(9)	(39)	125.8%
Impairment losses in group companies	(151,967)	(151,967)	151,967				
Impairment losses in Inventories		(2,807)		(2,807)		(7,138)	60.7%
Contribution Margin	(152,224)	(105,712)	151,967	46,255	277	54,892	-15.7%
% of Turnover	0.0%	-19.8%	0.0%	8.6%	0.0%	8.9%	0.0%
Outside Services & Supplies - Commercial Expenses	(30)	(7,987)		(7,987)	(35)	(12,486)	36.0%
Outside Services & Supplies - Car Expenses	(23)	(3,472)		(3,472)	(37)	(2,552)	-36.1%
Sub Total Variable Expenses	(53)	(11,459)		(11,459)	(72)	(15,038)	23.8%
Outside Services & Supplies - Non Variable Expenses	(1,268)	(12,400)		(12,400)	(2,196)	(14,570)	14.9%
Payroll Expenses	(1,215)	(23,096)		(23,096)	(1,521)	(22,596)	-2.2%
Sub Total Overheads	(2,483)	(35,497)		(35,497)	(3,716)	(37,166)	4.5%
Operating Expenses	(2,536)	(46,956)		(46,956)	(3,788)	(52,204)	10.1%
% of Turnover	0.0%	-8.8%	0.0%	-8.8%	0.0%	-8.4%	0.0%
EBITDA	(154,760)	(152,668)	151,967	(701)	(3,511)	2,688	-126.1%
% of Turnover	0.0%	-28.5%	0.0%	-0.1%	0.0%	0.4%	0.0%
Depreciation and Amortization	(353)	(2,026)		(2,026)	(355)	(2,359)	14.1%
Gain/Losses on the disposal of Fixed Assets	(29)	(29)		(29)	(10)	(10)	-189.6%
EBIT	(155,143)	(154,723)	151,967	(2,756)	(3,876)	319	-964.0%
% of Turnover	0.0%	-28.9%	0.0%	-0.5%	0.0%	0.1%	0.0%
Income from Associated Companies - Equity Method	(235)	(235)		(235)	13	13	-1934.8%
Net Interest	(773)	(10,379)		(10,379)	(730)	(7,766)	-33.7%
Other Financial Expenses	(416)	(5,644)		(5,644)	(790)	(8,301)	32.0%
Net Financial Income / (Expenses)	(1,424)	(16,259)		(16,259)	(1,507)	(16,054)	-1.3%
EBT	(156,567)	(170,982)	151,967	(19,015)	(5,383)	(15,735)	-20.8%
% of Turnover	0.0%	-32.0%	0.0%	-3.6%	0.0%	-2.5%	0.0%
Income Tax	(7,666)	(5,932)	5,895	(36)	747	2,098	-101.7%
Net Profit	(164,233)	(176,913)	157,862	(19,051)	(4,636)	(13,637)	-39.7%
Non-Controlling Interests	(17)	(17)		(17)	(141)	(141)	112.0%
Net Profit Attributable to SAG Gest's Shareholders	(164,249)	(176,930)	157,862	(19,068)	(4,777)	(13,778)	-38.4%
% of Turnover	0.0%	-33.1%		-3.6%	0.0%	-2.2%	0.0%
Profit/Loss of Discontinued Operations	(12,681)				(9,001)		
Net Profit Attributable to SAG Gest's Shareholders	(176,930)	(176,930)	157,862	(19,068)	(13,778)	(13,778)	-38.4%

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CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION
(Thousands of Euros)
(Unaudited)

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION EUR (000)	Dec-18	Dec-17
Other Fixed Assests	29,558	77,425
Investments in Associates - Equity Method Consolidation	11	()
Accounts Receivable - Related Parties		139,581
Deferred Tax Assets	419	7,090
Non-Current Assets	29,988	224,096
Inventories		216,797
Accounts Receivable	2,112	71,638
Current Income Tax Receivable	4,655	8,379
Tax Receivable - Other Than Income Tax	278	21,626
Cash and Banks	3,400	7,593
Current Assets	10,446	326,033
Non-Current Assets Held For Sale	242,245	
TOTAL ASSETS	282,678	550,129
Registered Share Capital, Equity Reserves, Non-Controlling Interests	302,970	310,990
Supplementary Capital Payments	135,172	135,172
Retained Earnings	(430,404)	(424,934)
Net Profit	(176,930)	(13,778)
TOTAL SHAREHOLDERS EQUITY	(169,192)	7,450
Bank Loan - Medium and Long Term	38,998	44,098
Deferred Tax Liabilities	3,076	3,913
Non-Current Liabilities	42,074	48,011
Bank Loan - Short Term	33,320	88,667
Accounts Payable	27,293	356,619
Current Income Tax Payable	772	502
Tax Payable - Other Than Income Tax	221	48,879
Non-Current Liabilities	61,605	494,668
Liabilities associated to Assets Held for Sale	348,191	
TOTAL LIABILITIES	451,870	542,678
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	282,678	550,129

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