



# CONSOLIDATED ANNUAL REPORT

## 2018

**SAG GEST – Soluções Automóvel Globais, SGPS, S.A.**  
**A listed Company**

Registered Share Capital: Eur 169,764,398

Single registration and tax identification number: 503219886

Registered at the Amadora Registrar of Companies under No. 503 219 886

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## I. MACROECONOMIC ENVIRONMENT

### 1. International Background

The world economy evolved favorably in 2018, with world GDP up 3.6% according to the ECB's December 2018 estimates.

In the Euro Zone, GDP grew 1.9%, although at a slower pace than in 2017 of 2.5%, a performance also seen in each of the four largest European economies.

In advanced economies, the United Kingdom went from 1.8% to 1.4%, in Japan from 1.9% to 0.9% and in Canada from 3.0% to 2.1%. The USA countered this trend, accelerating from 2.2% to 2.9%.

Among emerging countries, GDP improved in Russia (from 1.5% to 1.7%) and India (from 6.7% to 7.3%). Meanwhile, it decelerated in China (from 6.9% to 6.6%), in developing Europe (from 6.0% to 3.8%) and in Latin America and the Caribbean (from 1.3% to 1.1%). In the latter group of countries, Brazil registered a slight improvement, from 1.1% to 1.3%.

Table 1 – International Background – Main Indicators

	2017	2018 (E)
World GDP (% change)	3.6	3.6
Euro zone (% change)	2.5	1.9
World trade (% change)	5.2	4.7
External demand for Portugal (% change) <sup>1</sup>	4.6	3.4
Oil Price (brent, USD/barrel)	54.4	71.8
Inflation euro area (%)	1.5	1.7
USD/EUR exchange rate (annual average)	1.13	1.18
Short term interest rate (annual average, %) <sup>2</sup>	-0.3	-0.3
Interest rate implicit in public debt (%)	3.1	2.9

Source: Banco de Portugal, Dec 2018

<sup>1</sup> Calculated as the weighted average of the volume growth in goods and services imports from Portugal's main business partners. Each country/region is weighted according to their relevant share in Portugal's export market

<sup>2</sup> 3-month Euribor

Average inflation in the Euro Zone was 1.7% in 2018 (1.5% in 2017), with this acceleration being caused mainly by the prices of energy (particularly oil) and services.

Unemployment in the Euro Zone (EA19) decreased for the 5th consecutive year to 8.2% (9.1% in 2017), the lowest since 2008. In the EU-28, unemployment was 7.0% in 2018 (7.6% in 2017) (Eurostat data).

The Euro appreciated again in nominal and effective terms, up 2.4% in 2018, as well as in relation to the USD, from an annual average of 1.13 to 1.18, a trend that began in 2016.

Short-term interest rates remained negative (since May 2015), ending the years 2016 to 2018 at approximately -0.3%. Long term interest rates implicit in public debt decreased 0.2 pp to 2.9% at the end of 2018.

## 2. The Portuguese Economy

GDP grew in Portugal for the 5th consecutive year in 2018, with an average annual growth rate of 2.1%.

Private Consumption maintained the pace of growth seen in the previous year (2.3%), with this evolution being more pronounced in non-durable goods.

Public Consumption accelerated from 0.2% in 2017 to 0.7%

Investment (GFCF) slowed to 3.9% in 2018, as a result of a drop in public works compared to 2017.

*Table 2 – Portugal – Main Macroeconomic Indicators*

	2017	2018 (E)
<b>GDP (% change)</b>	<b>2.8</b>	<b>2.1</b>
Private consumption (% change)	2.3	2.3
Public consumption (% change)	0.2	0.7
Investment (GFCF) (% change)	9.2	3.9
Domestic demand (% change)	3.0	2.4
Exports (% change)	7.8	3.6
Imports (% change)	8.1	4.1
Inflation (HCPI) – average (% change)	1.6	1.4
Employment (% change)	3.3	2.2
Unemployment rate (% act. popul.)	8.9	7.0
Public deficit (% GDP)	-3.0	-0.7
Public debt (% GDP)	124.8	121.5

*Sources: European Commission, Feb. 2019 (public fin.); Banco de Portugal; Dec. 2018 (other)*

The joint Current and Capital Account balance surplus decreased to 1.3% GDP (1.4% in 2017), with improvements in the Services account (driven by Tourism) and Capital and deteriorating in the Goods account.

Despite the strong increase in VW Autoeuropa's exports (+163% in volume), the country's total exports registered a sharp deceleration, in line with the evolution of external demand, in a context of commercial tensions associated with the announcement of protectionist policies.

Average inflation fell slightly from 1.6% to 1.4%, with no change in import prices excluding energy, driven by the appreciation of the euro.

The unemployment rate has reinforced the downward trend recorded since 2013, to 7.0% of the labor force in 2018, the lowest figure since 2004.

In 2018 there was a further reduction in the public deficit to 0.7% of GDP and in the public debt to 121.5% of GDP (124.8% in 2017). This positive evolution contributed to an improvement in Portugal's rating, assigned by the various rating agencies.

## II. INDUSTRY BACKGROUND – THE AUTOMOTIVE MARKET

### 1. The Global Market

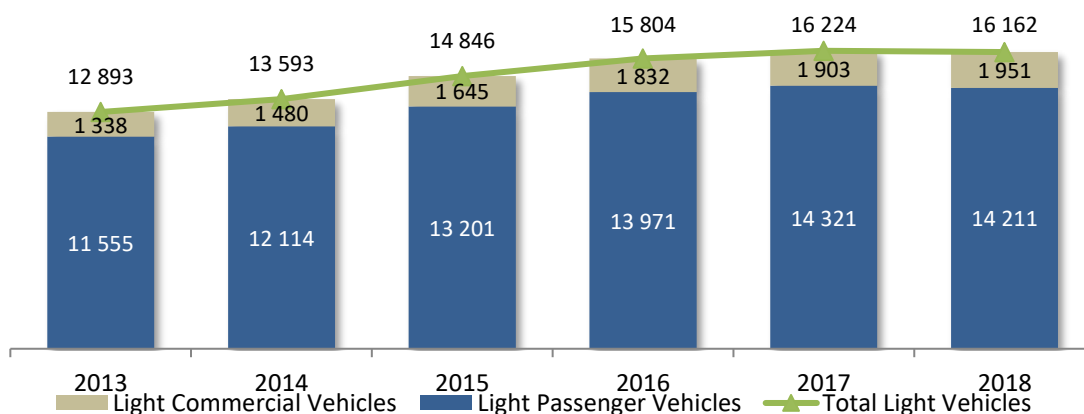
In 2018, the world market is expected to reach a new record volume of around 100 million vehicles, including passenger cars (75 million) and commercial vehicles (25 million), according to provisional IHS estimates.

China, the world's largest automobile market, once again reached a volume of over 28 million units, despite a decrease of around 3% in relation to 2017, of which almost 24 million were passenger cars (PC).

The USA recorded a slight increase (0.6%) in light vehicles volume following a 1.8% decline in 2017, preceded by 8 years of growth. The 17.34 million vehicles (-12.4%) comprised 11.98 light commercial vehicles (LCV) (+7.8%) and 5.36 million PC (-12.4%).

In Western Europe (EU-15+EFTA), after 4 consecutive years of volume growth, there was a slight fall (-0.4%), reaching 16.16 million light vehicles, with LCV continuing to rise (+2.5%), while PV fell 0.8% to 14.2 million vehicles.

*Chart 1 – Light Vehicle Market in Western Europe  
(EU-15 + EFTA) (in thousands)*



Source: ACEA

In Japan, the total volume (PC+CV) increased for the second consecutive year, up 0.7% to 5.27 million units following two years of decline.

The Volkswagen Group may again have been the world's largest manufacturer, with a volume of 10.834 million light vehicles and trucks, a 0.9% increase when compared with 2017. With positive contributions from Europe (+1.2%), the Americas (+3.3%) and Asia-Pacific (+0.9%). All the brands have grown, except Audi.

In Europe (EU-28+EFTA), the Volkswagen Group continued to lead the market, with a 23.9% market share, comfortably ahead of the most direct competitors. Likewise, Volkswagen leads against other Brands with an 11.2% share.



In the premium brands, Audi's share has decline due to significant production restrictions related to the new WLTP test cycle. Škoda increased its share in these 31 countries from de 4.5% to 4.7%.

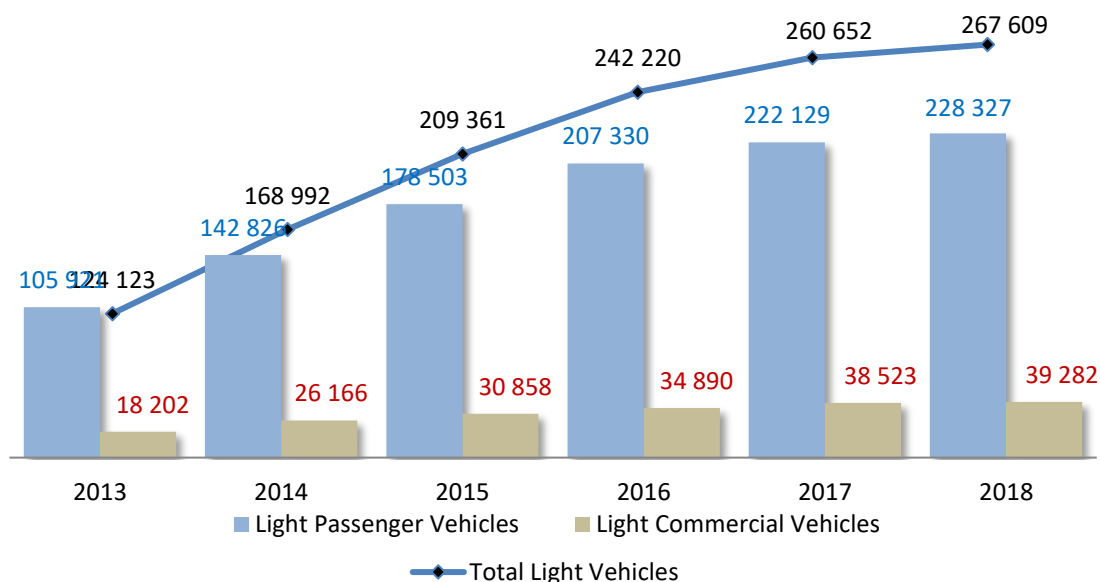
## 2. Portugal

PC and LCV volumes increased in 2018 for the 6th consecutive year, although the total volume is still lower than the 2010 volume. Light Vehicle (LV) market volume, which combines both those markets, was 267,609 units, a 2.7% increase when compared with 2017.

The light passenger vehicle (PC) market grew 2.8% to 228,327 units, while the light commercial vehicle market (LCV) increased 2.0%, to 39,282 units.

The LCV ABC market + Pickups (which excludes Passenger Derivatives and the A0 segment, composed of VW Caddy's smaller competitors) grew again by double digits (12.6%) to 38,507 units - including the passenger versions (M1). This reference is made for comparison purposes as ACAP has decided not to apply the new criterion referred to above to statistics prior to 2018.

*Chart 2 – Light Vehicle Market in Portugal  
(units)*



Source: ACAP

In the PC market, the most relevant factors which determined performance in 2018 were:

- New significant increase in used vehicle imports: sixth consecutive year of double-digit growth, which was 16.7% in 2018.
- New growth (4.6%) of deliveries to Rent-a-Car companies, another phenomenon exerting increased pressure on the used car market.

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- Aging of the vehicles in circulation due to the high level of used car imports, the lack of support for scrapping and the high level of indebtedness.
- Decrease in the share of diesel-powered PC's in the total market for the fifth consecutive year, to 53.2% of the total (60.9% in 2017), against gasoline and alternative energy powered cars.
- Volume doubled again in electric and hybrid plug-in cars – although still with a low volume.
- Continuing increase of the weight of SUV's in the total market, to 27.8%.
- The entry into force, on 1 September, of new rules in Europe for new registrations, related to the WLTP test cycle, providing levels of emissions and consumption of vehicles closer to reality, although carried out in the laboratory as the previous NEDC cycle. This led to significant delays in production and approval.
- Significant commercial aggressiveness, particularly among the premium Brands.

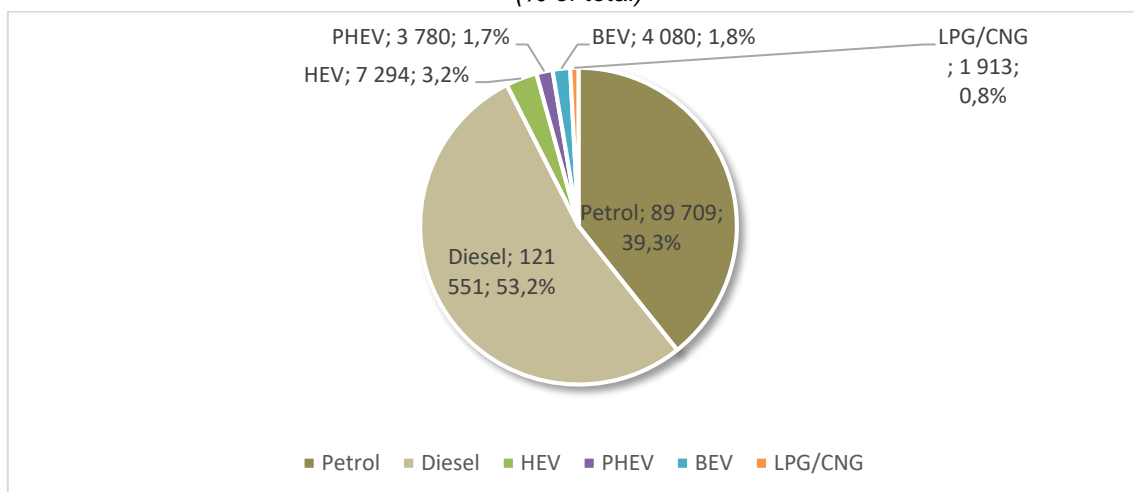
The volume of RAC grows for the seventh consecutive year, almost always above the change in the total market, representing in 2018, 24.3% of this market, almost double what it was ten years ago.

Most vehicles involved are subsequently repurchased and are then sold on the used vehicle market. Finally, the fact that in Portugal the market metric is the mere allocation of a registration plate, and not the registration in the name of Final Customer, combined with the commercial aggressiveness which exists in this market, has boosted a phenomenon that has existed for several years in most developed countries, known as "zero kilometers" or "self-registrations". These are vehicles that are registered but only sold to a final Customer after the date of the assignment of their registration plate.

These combined phenomena, particularly when looked at on a European-wide scale within the Single Market, have generated a significant increase in used car imports, with increasingly lower average ages.

The volume of these imports increased from 15,006 in 2012 to 77,241 in 2018, equivalent this year to more than a third (33.8%) of the new vehicle market.

**Chart 3 – PC by Engine Type in 2018**  
(% of total)

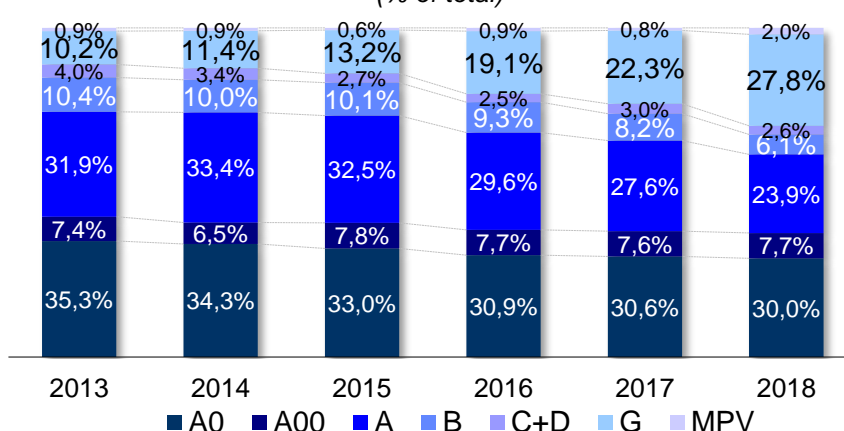


Source: ACAP

By engine type, hybrid (plug-in) and full electric PC's represented 3.4% of the automotive market (1.8% in 2017). The total share of passenger cars powered by alternative energies reached 7.5% (4.8% in 2017). BEV more than tripled their volume to 4,080 PC, with a 149% increase when compared with 2017. The 1.8% share of BEV was the 4th highest in the EU. Hybrid plug-ins (PHEV) grew 55% to 3,780 units. Gasoline powered vehicles increased again their share in the total, to 39.3% (34.3% in 2017).

Also in the PC market, the SUV segment continued to increase its weight from 22.3% in 2017 to 27.8% in 2018, to 4.0% in 2008, due to new extended supply and consumer appetite for this type of vehicle.

**Chart 4 – PC Segments 2013-2018**  
(% of total)



Source: ACAP / SIVA

For the fourth consecutive year, the weight of the 4 segments that make up the ABC+PU market increased to 89.7% (88.8% in 2017).

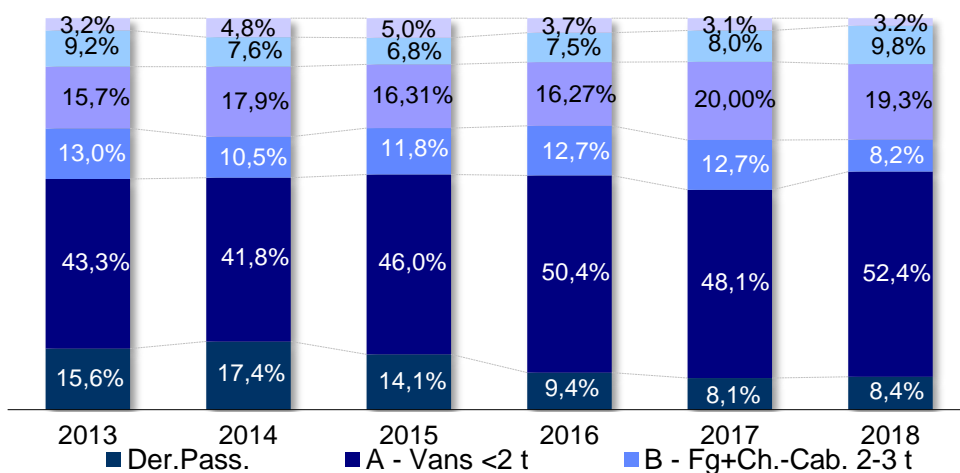
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Segment A (*Caddy*) went from 48.1% to 52.4%, B (*Transporter*) from 12.7% to 8.2% and C (*Crafter*) from 20.0% to 19.3%, while *Pick-ups* (PU) increased from 8.0% to 9.8%.

To complete the LCV market, the Passenger Derivatives segment also increased from 8.1% to 8.4%, and A0 (similar to *Caddy*, but smaller) decreased from 3.1% to only 1.9% in 2018.

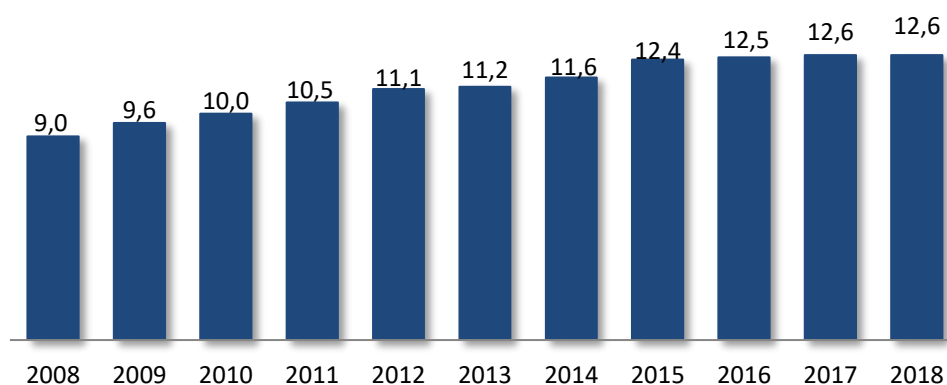
Chart 5 – LCV segments 2013-2018  
(% of total)



Source: ACAP / SIVA

According to ACAP's estimates, the Portuguese vehicle fleet reached 5,015 million PV and 1,120 million LCV. The average age, which has been growing continuously for 10 years, reached 12.6 years in PV and 13.8 years in LCV, impacted by the successive increases in imports of used vehicles and the absence of incentives for scrapping, despite the recent recovery in market volume.

Chart 6 – Average Age of PC Circulating in Portugal  
(years)



Source: ACAP

### III. ACTIVITIES REPORT

#### 1. Automotive Distribution – SIVA

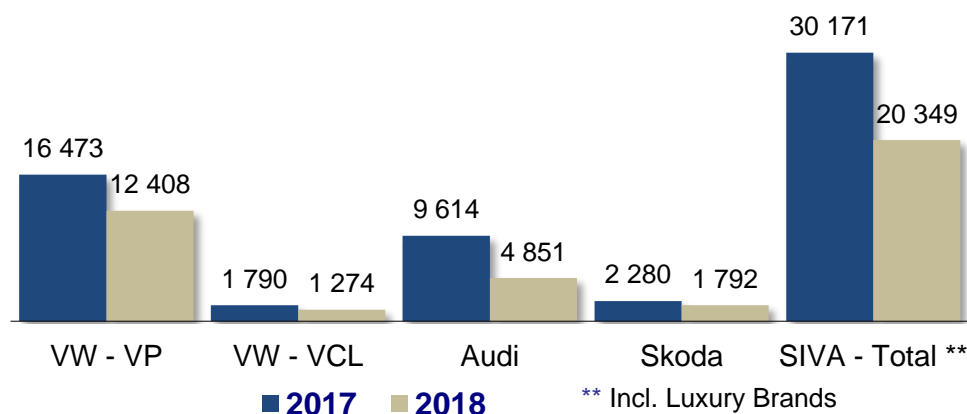
The volume of the Brands distributed by the SIVA Subsidiary in 2018 was 20,349 vehicles (30,171 in 2017), corresponding to an 8.4% market share in the Passenger Car (PC) market (12.8% in 2017) and 7.6% in the Light Vehicle market (PC + Light Commercial Vehicles – LCV) which compares with 11.6% market share in the previous year.

The volume of PC was 19,075 units and LCV was 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:

- 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.

Chart 7 – SIVA Total Volume, 2017-2018  
(units)



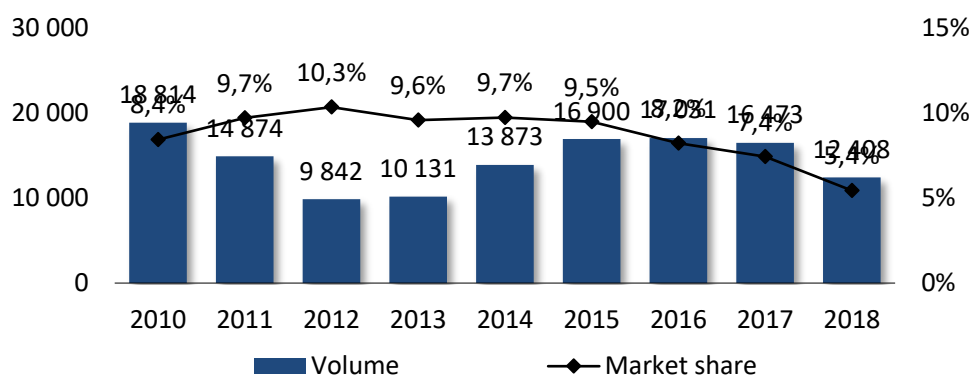
Source: ACAP

## Volkswagen - Light Passenger Vehicles

In 2018 Volkswagen achieved a sales volume of 12,408 vehicles, corresponding to a 5.4% share of PC market.

As already mentioned, the Brand took the decision to significantly reduce its presence in the Rent-a-Car channel, which is estimated to represent almost 25% of the PC market, as well as other less profitable channels.

*Chart 8 – Volkswagen – Light Passenger Cars  
(units and market shares)*



Source: ACAP

The Brand's volume in its Dealer Network accounted for 67% of the total volume of the Brand (59% in 2017).

In terms of models, the performance of the T-Roc models, the compact SUV manufactured by VW Autoeuropa, with 1,094 units and Arteon, the Brand's top-of-the-range model, with 341 units, was noteworthy, with significant increases in sales volume in relation to the previous year.

The best-selling models continued to be the Polo with 4,329 units and the Golf with 2,837 units, including 55 of the e-Golf.

The Sharan MPV, also produced at the Palmela plant, reached a 21.5% share in its segment, with 268 units sold.

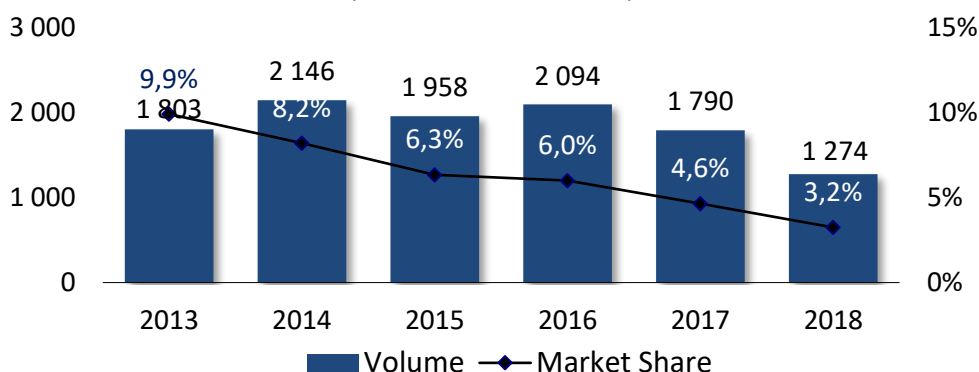
In 2018, the Brand continued to privatize the Dealer Network channel, with a view to improving its flexibility and adopting measures that provide an increasingly better service to the Customer.

## Volkswagen – Commercial Vehicles

In the Light Commercial Vehicle (LCV) market, Volkswagen – Commercial Vehicles, according to official ACAP statistics, recorded 1,274 units in 2018 and a market share of 3.2%.

However, according to the ACAP's vehicle classification criteria in force until 2017, the volume of vehicles registered by VW LCV was 1,772 vehicles, i.e., including vehicles with M1 approval (passenger vehicles). This volume corresponded to a share of the ABC+Pickups market of 4.6% (5.1% in 2017).

Chart 9 – Volkswagen – Commercial Vehicles  
(units and market share)



Source: ACAP, Note: in 2018 excludes M1 approved vehicles, accounted for as VW PC

The sales volume of the Crafter and Amarok models continued to grow – and in general the Brand's positive performance should be highlighted, in a year marked by the absence of new launches, lower production availability of the Amarok model and the passenger versions of the Transporter range, as well as the delay in launching the rear-wheel drive versions of the Crafter model.

Even so, the Brand registered a growth in sales volume in relation to the previous year, highlighting the increase in the sales volume of the Volkswagen Commercial Vehicle Dealer Network, which reached 8.5%.

In 2018, the Brand delivered several hundred vehicles to key strategic clients in various business sectors, such as municipalities or distribution and maintenance services, not only among long-time Customers but also new Customers.

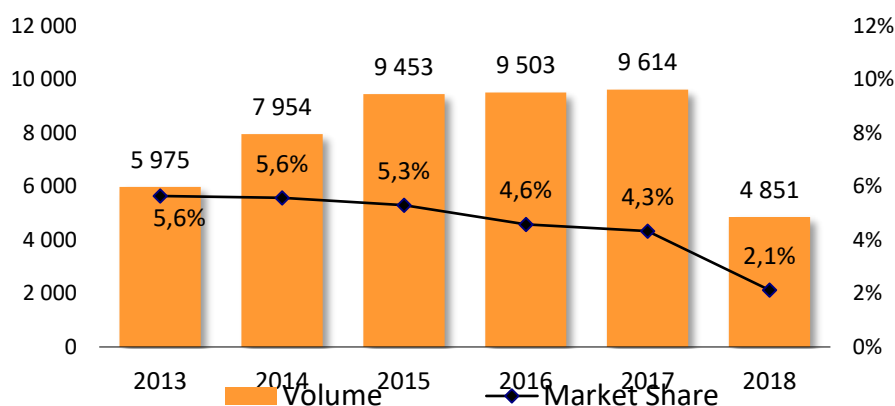
The Brand renewed its support to the Maritime Search and Rescue Institute for 2018-2019, therefore completing nine consecutive years of support to this social responsibility activity, the "Sea Watch" project under the slogan "Together we save lives". This partnership materialized in the delivery of 28 Volkswagen Amarok pickups to ISN, thus contributing to increase the safety of Portuguese beaches during the bathing season.

## Audi

The Audi Brand recorded a volume of 4,851 units in 2018, (9,614 units in 2017) with a 2.1% market share.

This reduction in volume results essentially from three factors previously mentioned, a significant decrease in volume in the RAC channel, elimination of Self-Registrations and the WLTP effect.

*Chart 10 – Audi  
(units and market share)*



Source: ACAP

It should be noted that the brand continued to renew its range of products, particularly in high-end segments, with the launch of the new A6, A7 and A8, complemented by the introduction of the brand's new top-of-the-range in the SUV segment, the Q8.

This product offensive will continue in 2019, with the launches of new A1 and Q3.

Also noteworthy for 2019 was the start the brand's move into electric vehicles, with the launch of two new 100% electric models (the e-tron and the e-tron sportback), as well as the launch of hybrid plug-in versions of several existing models (A3, A6, A7, A8, Q5 and Q7).

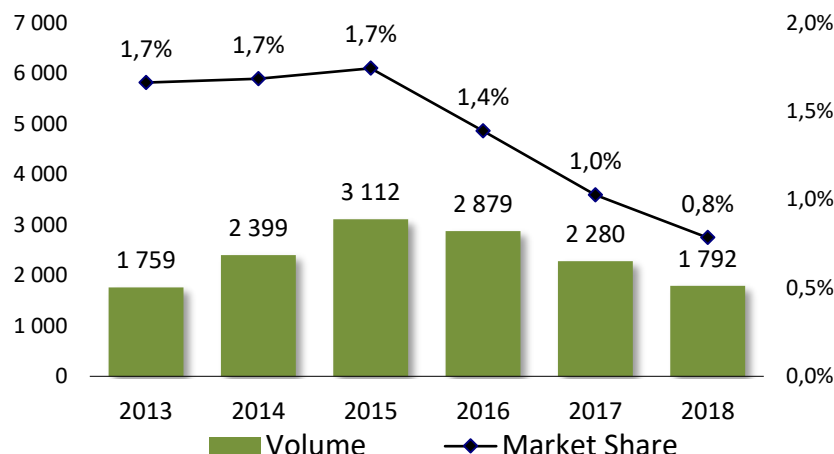
### Škoda

In 2018, the Škoda brand reached a volume of 1,792 units sold, corresponding to a market share of 0.8%.

The restructuring of the ŠKODA Dealer Network was successfully completed at the end of 2017, thus continuing the strategy designed by the Brand. The renewed corporate image is fully aligned with the launch of the largest product offensive in the Brand's history – and this will involve not only the renewal of all of its models, but also the entry into market segments where it has never had a presence.



Chart 11 – Škoda  
(units and market share)



Source: ACAP

On the other hand, intensive work remains in progress to restore the Brand's image and enduring values. In this sense, a strategic decision was taken to gradually reduce sales to the RAC channel to completely residual levels, with the brand's focus in 2018 totally directed towards sales to individuals.

The most important event in 2018 was the launch of the ŠKODA Karoq, which immediately reinforced the high level of success of recent initiatives in the SUV space by the Brand, whose pioneering model was the ŠKODA Kodiaq, launched about a year earlier.

### Luxury Brands - Bentley and Lamborghini

In 2018, the Luxury Brands recorded the highest sales volume ever: 17 Bentley (10 in 2017) and 7 Lamborghini (4 in 2017). After-sales activity also showed a positive evolution in comparison to 2017.

### Spare Parts and Accessories

In 2018, the sale of Parts and Accessories reached the value of Eur 64.1 million, registering a decrease of 2.2% in relation to 2017, despite the decrease in the stock of vehicles, above 5%.

During 2018, several actions, some of which had been started in 2017, continued to be implemented and had a significant impact on the results achieved:

- Fostering domestic campaigns and local marketing activities
- Reinforcement of promotion and advertising of the Accessories line
- Price repositioning of the more competitive spare parts
- Increasing usage of the online parts platform – “Partslink24”
- Improvements in stock management
- Increased number of Authorized Workshops benefiting from same-day deliveries

## After Sales Service

The After Sales activity in the networks of Authorized Workshops presented a change in the number of hours sold of approximately -7% in relation to 2017, primarily due to the reduction in the stock of Brands represented by SIVA with age up to 15 years, which was 5%, but essentially due to the significant reduction in services under warranty, which represented approximately 70% of the total change, causing the activity for end customers to have declined significantly less than that witnessed in the stock of vehicles, which represents another year with a positive performance in customer loyalty to Authorized Workshops.

This performance was possible due to the development, systematization and fulfillment of a set of programs and specific actions, which allowed to continue to increase the loyalty of Customers to the Network of Authorized Workshops.

The year 2018 was marked by the conclusion of the implementation of the solutions made available by Volkswagen AG for servicing the EA189 engines, always in close cooperation with the relevant National Authorities. Several thousands of vehicles were successfully upgraded, in an action which always sought to ensure convenience to our Clients. At the end of the year, the completion rate of such upgrade in Portugal was close to 98%.

## Digital Strategy and CRM

In 2018, SIVA maintained its focus on increasing the efficiency and effectiveness of investments in Digital Marketing campaigns made throughout the year by Brands, significantly increasing the reach of publications, conversion rates and the number of leads (potential new business) generated.

The same happened in social networks, with the creation of a dynamic of interaction based on content aligned with the communication hubs of the Brands and integrated with the digital marketing investment strategy, which allowed us to maintain our presence in atop rankings at the national level.

In 2018 we continued to invest in and develop the "SIVA Sales Program (SSP)", adding features that enable the sales teams of the Dealer Network of our Brands to present solutions and proposals to their Customers quickly and efficiently.

The year 2018 was also marked by the entry into force of the General Data Protection Regulation (GDPR). In this context, SIVA, as Customer Relations Manager, has made efforts to adapt its processes and procedures in order to ensure compliance with the requirements of this regulation and ensure the continuity of its personal data processing activities, particularly in terms of marketing and communication of products and services and the provision of assistance services to Customers.

## 2. Automotive Retail – Soauto

SAG Gest's presence in the area of Automotive Retail is carried out through the following Dealers:

- Soauto SA, a 100% owned Subsidiary with establishments in:
  - Lisbon – Expo: Volkswagen and Audi Dealer and Authorized Workshop (PC and CV)
  - Lisbon – Laranjeiras: Volkswagen and Škoda Dealer and Authorized Workshop

- Carnaxide: Volkswagen Dealer and Authorized Workshop
- Paço de Arcos: Audi Dealer and Authorized Workshop
- Barreiro: Volkswagen Dealer and Authorized Workshop
- Rolporto SA, a wholly-owned Subsidiary with a Volkswagen Dealership and an Authorized Workshop, in Porto
- Rolvia SA, a 60% owned Subsidiary, with an Audi Dealership and an Authorized Workshop, in Leça da Palmeira
- Loures Automóveis, a 70% owned Subsidiary, with a Volkswagen, Audi and Škoda Dealership and Authorized Workshop in Loures
- Autolombos, a 40% owned Affiliate, with Volkswagen and Audi Authorized Workshop in Carcavelos

In terms of commercial organization, the SAG Gest's activities in the Automotive Retail area the Soauto name for the Authorized Volkswagen Brand Dealers and Authorized Workshops (PC and LCV), the Expocar name for the activities associated with the Audi Brand, and the designation Carlar for the operations of the Škoda Brand.

The Automotive Retail activities, whose operating areas are located exclusively in Greater Lisbon and Greater Porto, represent about 25% of the sales volume the SIVA Subsidiary to the Brands' Dealer Networks.

In 2018, SAG Gest's Automotive Retail area sold 3,831 new vehicles of the Volkswagen - Passenger Cars, Volkswagen - Commercial Vehicles, Audi and Škoda brands, which represented a reduction of 13.4% in relation to the 4,424 vehicles sold in 2017. In the area of used vehicles, 2,058 units were sold, which represented an increase of 5.7% compared to the 1,947 vehicles sold during 2017.

In the workshop activity, the volume of hours sold increased 1.1% when compared to 2017 and was 181,482 hours (183,445 hours in 2017).

The Soauto organization contribution to Consolidated Turnover was Eur 127.6 million, a slight 4.6% decrease when compared to Eur 133.8 million in 2017.

#### IV. NON- FINANCIAL ACTIVITIES REPORT

##### Mission, Vision and Values

Our Mission and Vision:

### Missão

Fornecer soluções de **Mobilidade Individual** adequadas, através de **Marcas Fortes**, garantindo a **Satisfação dos Clientes** e a **Criação de Valor** para acionistas, colaboradores e parceiros.

### Visão

Ser a **referência** na oferta de **Produtos** e soluções de **Mobilidade Individual**, excedendo as expectativas dos nossos **Clientes**, com uma **equipa coesa, eficiente e inovadora**.

The 5 Values are:

### Valores



### Equipa que cresce com mérito.

Desenvolvemos e **premiamos** os nossos Colaboradores com base no seu **desempenho individual e coletivo**.

### Valores



### Orgulho pelo resultado.

Partilhamos os nossos **objetivos**, estamos determinados em atingi-los e **celebramos o seu sucesso**.

### Valores



### Paixão pelo Cliente.

Construímos relações duradouras baseadas na **confiança**, na **satisfação** e na **antecipação das necessidades dos nossos Clientes**.



The value **Ethics and Transparency** goes far beyond mere compliance with rules, laws and regulations, establishing a business conduct guided by honesty, good conduct and responsible citizenship with each of the "stakeholders" of SAG Gest's Subsidiaries and Affiliates.

#### **Anti-corruption and bribery policy**

The profile of companies and their image are increasingly interconnected not only with economic and financial performance, but also with the framework of values, principles and rules of conduct adopted. Ethical commitment and social responsibility emerge as a way of responding to the demands for greater transparency and more information, formulated both by stakeholders and by the communities in which companies operate.

The Affiliates and Subsidiaries of SAG Gest, the members of their Corporate Bodies and Employees shall not, directly or indirectly, accept or resort to payments or favors as a means of obtaining illegitimate, illegal or unjustified advantages or take any actions that may be understood as seeking to obtain such advantages.

#### **Code of Conduct**

SAG Gest recognizes that, to ensure its continued growth and success, it is crucial to increase the trust of its Shareholders, Employees, Customers, Suppliers and of the other Entities with which it has business relations, as well as the trust of the Communities where it conducts business. With this in mind, SAG Gest has established a Code of Conduct whose main objectives are:

- I. To list behaviors and attitudes in line with the principles and values defined for SAG Gest and its Affiliates and Subsidiaries, that need to be recognized by its Shareholders, Employees, Customers, Partners and the Society in general;
- II. Ensure adherence to the stated values
- III. Promote relations of trust among the interested parties

The Code of Conduct defines the following items:

- I. Responsibilities
- II. Use of Corporate resources
- III. Confidentiality and professional secrecy
- IV. Conflicts of interest
- V. Use of privileged information
- VI. Information and publicity
- VII. Integrity and gifts
- VIII. Legal compliance
- IX. Patronage and social responsibility
- X. Political independence
- XI. Relations with regulatory entities

SAG Gest's Code of Conduct is regularly reviewed and updated, and is available at [www.sag.pt](http://www.sag.pt).

Every year, Members of the Corporate Bodies and the Employees of SAG Gest and its Affiliates and Subsidiaries are requested to restate, in writing, their compliance with the rules of conduct established in the Code of Conduct. Likewise, and also every year, the rules regarding gifts are restated to Clients and Suppliers.

#### **Know Your Customer / Know Your Supplier**

SAG Gest and its Affiliates and Subsidiaries fulfill the national and international compliance rules in the course of their activities, following procedures and mechanisms required to (i) train, (ii) observe, (iii) analyze and (iv) communicate, if necessary, the behavior of Entities and individuals with which it does business.

#### **Policy on reporting of irregularities (Whistleblowing)**

SAG Gest has established a policy for reporting irregular practices allegedly verified, as a means for early detection of eventual irregular practices. This will contribute to the prevention of the occurrence of damaging and harmful situations both for SAG Gest and its Affiliates and Subsidiaries, as well as for its Employees and Shareholders.

In implementing this policy, it is possible to report alleged irregularities or practices that do not comply with SAG Gest's Code of Conduct, or with the principles defined therein, without any fear of reprisals. This reporting can be made to the direct or indirect supervisor or, if confidentiality is required, via email to [comunicacao.irregularidades@sag.pt](mailto:comunicacao.irregularidades@sag.pt) or by means of a letter addressed to the Audit Committee stating "Comunicação Irregularidades [Estritamente Confidencial]" Estrada de Alfragide, nº 67, 2614-519 Amadora.

The means available and the whistleblowing policy can be consulted in greater detail at [www.sag.pt](http://www.sag.pt).



## Environmental Policies

SAG Gest and its Affiliates and Subsidiaries operate their business model in compliance with environmental policies, developing all efforts to ensure that their business activities contribute to social and environmental well-being.

In the two main areas of business (Automotive Distribution and Automotive Retail), the procedures for the collection, processing and recycling of various potentially polluting materials are defined and certified by Independent Entities. Potentially polluting materials include:

- I. Oils
- II. Paper
- III. Paint waste
- IV. Ferrous and non-ferrous metals
- V. Tires
- VI. Plastic

By adopting these processes, SAG Gest and its Affiliates and Subsidiaries ensure an efficient waste management resulting from the various vehicle repair and maintenance operations.

## Social and Employee Policies

SAG Gest and its Affiliates and Subsidiaries develop and promote social policies involving its Employees, and commit to fulfill and respect fundamental rights at work.

The Human Resources management model has social dialogue, the right to information and consultation, training, respect for employee rights, gender equality, non-discrimination and tolerance and respect as its fundamental pillars.

## Eco – organizational climate survey



Organizational Climate Surveys have been performed annually since 2012. Since 2017, the "Great Place to Work® Institute Portugal (GPTW)" has contributed to the Organizational Climate Survey and a questionnaire was used combining the usual ECO questions and the questions that are part of the GPTW Model. In 2018 our survey included only the questions that are part of the GPTW questionnaire, allowing us to compare the results with the previous year.

## Internal Mobility

Professionals who develop and grow internally are valued. The Internal Recruitment Program enables all job vacancies to be made available via the Company's communication media, with the

exception of confidential job openings and promotions in the worker's own area. Employees can also stay up-to-date in respect of new job vacancies in the internal newsletter RH Comunica.

### Internal Communication (IC)

IC helps Employees to be fully aligned with the Corporate Mission, Vision and Values, and is a tool that helps build up the business and improve the work environment. For this reason, IC is a priority in the Human Resources area.

Because we believe Happy Employees make Happy Companies, and because we consider that it is crucial to have moments of entertainment in-house, we carry out several events including the Christmas Party and Circus for Employees and Families, celebration of employee birthday of the month (apart from giving a day off on the employee's birthday), SAG Babies, etc.



With the objective of providing an internal digital platform for sharing and cooperation among all Employees, we have our new page on WORKPLACE. In this interactive portal, which works as an internal social medium and is available to all Employees, news, photos, videos and information about the daily activity of the various Company areas are published. It is also possible to use this platform to establish direct contacts between Employees via the Online Chat and to watch live events such as meetings where results are presented.



### Staff Meeting

The Staff Meeting takes place twice a year and, apart from Directors, gathers Managers and all top management. Apart from clarifying targets, challenges and results, the aim is also to improve the Employees' and Teams' day-to-day life.



### **“Juntos Resultamos” (Together We Make it Work)**

“Juntos Resultamos” is a quarterly meeting with all Company Employees in Azambuja, which can be watched live by all of the Employees of SAG Gest and Related Parties. This way, all Employees can be reached.



This Meeting presents the general goals and challenges of the company and each of the operational areas, as well as the results and measures to improve them.

At the end of the Meeting, all Employees can raise questions, both face-to-face and on-line, to any of the Managers attending the meeting.

### **“RH Comunica”**

“RH Comunica” is an Internal Communication tool via email, and is one of the main methods used to communicate with Employees.

The various content of “RH Comunica” includes Culture & Values, Compensation & Benefits, Internal Mobility, Events, Well-Being, Offers & Partnerships, Onboarding, Performance Evaluation and Training.

### **#RHSobreRodas and SAG Global**

The main focus of “#RHSobreRodas”, the regular digital newsletter, are People, and themes such as Admissions, Internal Mobility, Culture & Values, Future Events, etc. are discussed.

### **SAG4US**

SAG4US is the Corporate Intranet, which offers information that is divided by areas such as Corporate (Information about the Companies, History, Organization Charts, contacts, etc.), Employees (Birthdays, Protocols, Rules and Procedures, Onboarding, Training, etc.), Brands (information on the various Brands and Products), Communication (SAG Global, ExcluSiva, etc.).

### **Employee Connect**

We have created another Communication Channel – EMPLOYEE CONNECT SIVA – where Employees can post 4 types of information: Praise, Suggestion, Complaint and Others.

The sender has the possibility of identifying or not identifying himself or herself. If answers are not identified, they are sent to senders and they will be able to answer if the clarification is sufficient or not.

If senders are not identified, they should write down a code that will be presented at the end and they will have to check the page on the following days to verify their answer since we have no way to notify you directly.

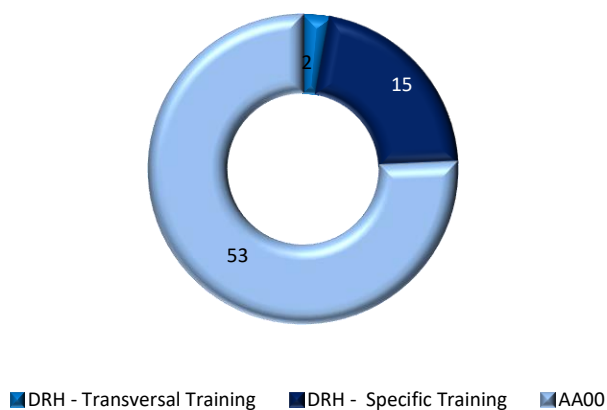
Responses are published on the Intranet (if authorized to do so) on a monthly basis.



## Training

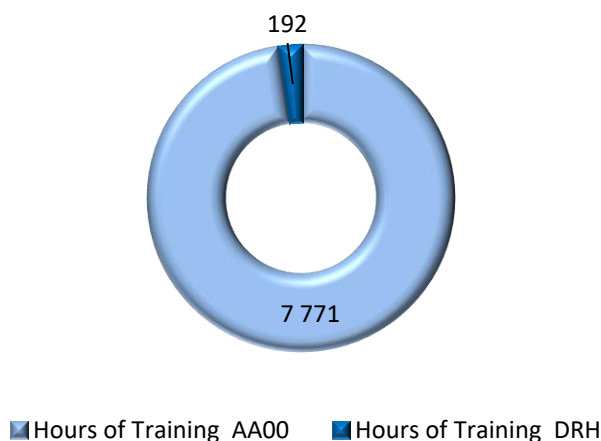
In accordance with the strategy focused on the development of skills and training of Employees, the Training Plan for 2018 was outlined, which, as a result of the training needs identified with the area managers, aims to add value to the human capital of SAG Gest and its Affiliates and Subsidiaries.

Chart 12 – Number of Training Activities



Total training hours in 2018 were 7,963 hours.

Chart 13 – Training Hours



### Gender Equality

SAG Gest and its Affiliates and Subsidiaries actively promote the development of its human resources, regardless of gender. All opportunities for career advancing, selection and recruitment of new resources, as well as the remuneration system ensure respect for gender equality.

### Non-discrimination

SAG Gest and its Affiliates and Subsidiaries develop and actively promote the development of their human resources, regardless of race, religion or citizenship, according to the principles and rules defined in the Code of Conduct.

### Tolerance and Respect

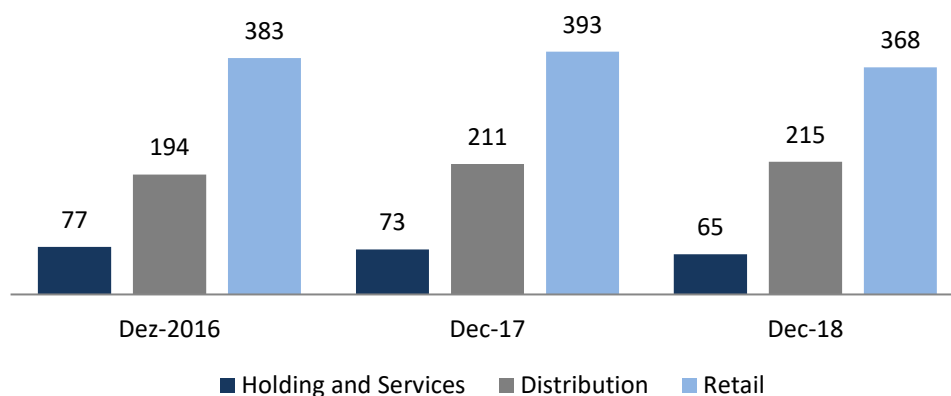
SAG Gest and its Affiliates and Subsidiaries guide their behavior and attitudes according to principles of mutual tolerance, respecting cultural, socio-economic and geographic contexts in their scope of action, as well as promoting and taking part in the traditions and cultures of local Communities.

## V. HUMAN RESOURCES

### Employees

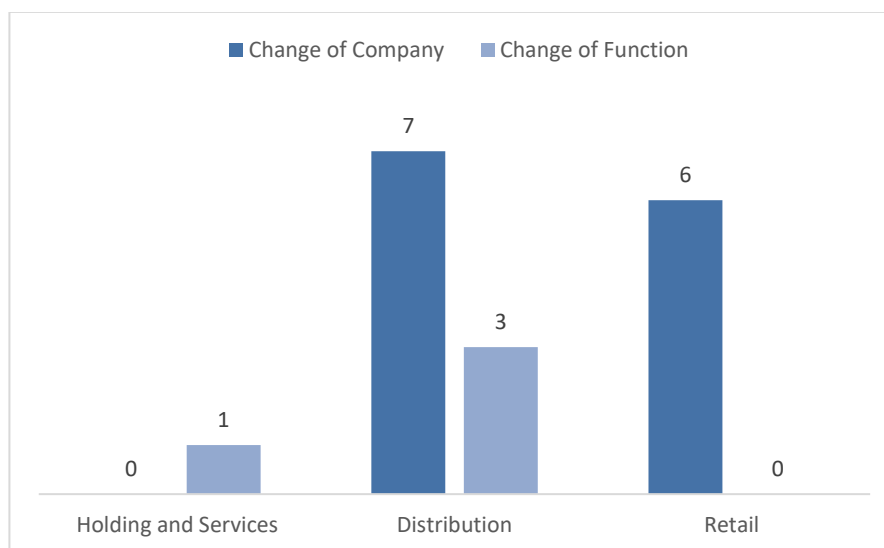
At the end of 2018, SAG and its Affiliates and Subsidiaries had 648 Employees, a 4.3% decrease when compared with the 677 Employees as at 31 December 2017.

*Chart 14 – Number of Employees by Business Area*



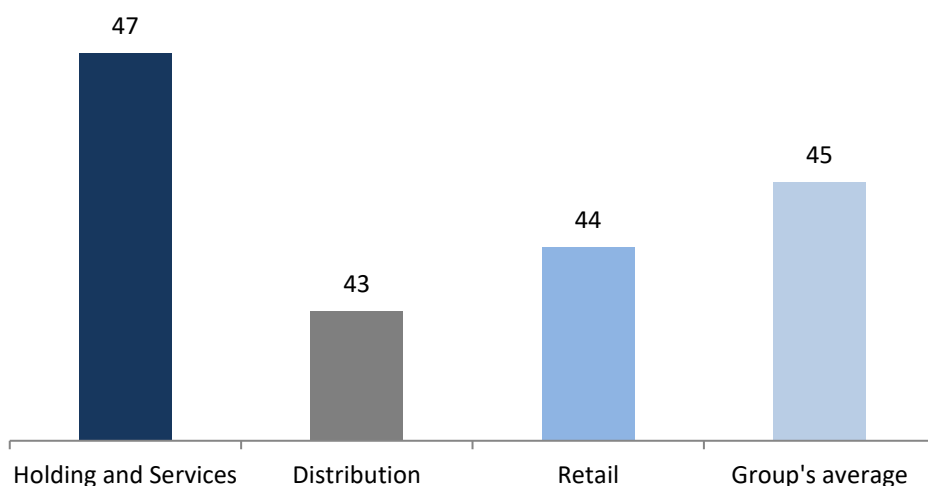
The Internal Mobility policy continues to be a reality within the Group, with the objective of providing Employees with new professional challenges and continuing upgrading of their careers. In 2018, 22 Employees moved to new functions within the organization and/or moved to other Companies.

*Chart 15 – Internal Mobility*



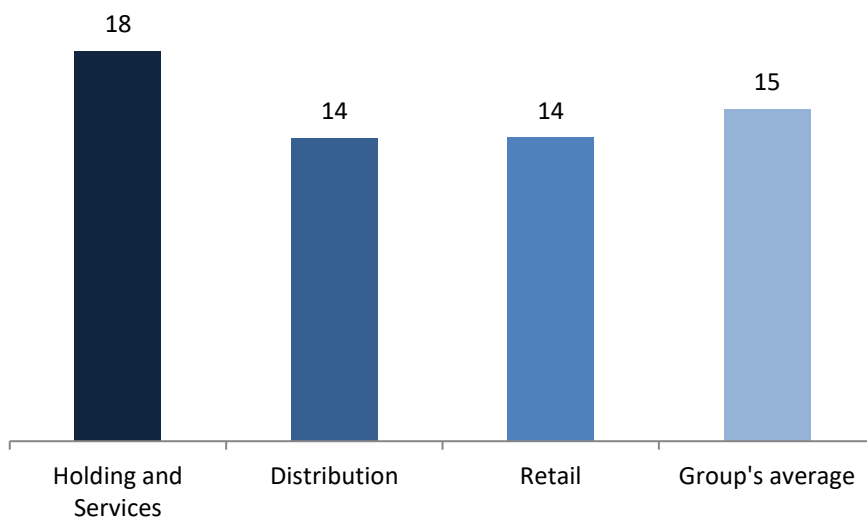
The average Employee age remained at 45 years old.

*Chart 16 – Average Age by Business Area*



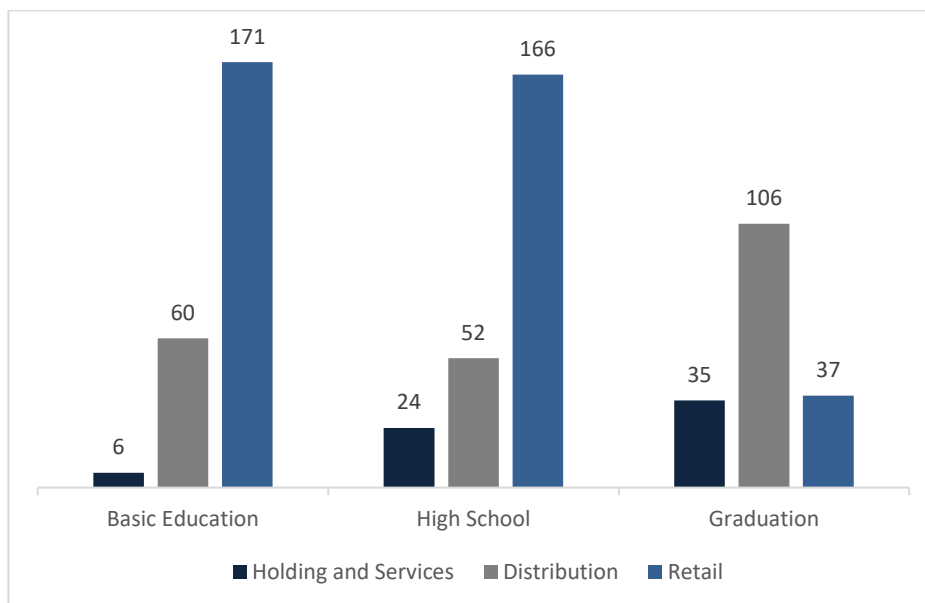
In average terms, seniority has increased from 14 to 15 years.

*Chart 17 – Seniority by Business Area*



Approximately 27% of the Employees have university level qualifications. In the Automotive Retail area, the majority of Employees have a Primary Education (46%).

*Chart 18 – Academic Qualifications by Business Area*



## VI. ECONOMIC AND FINANCIAL REVIEW

*Explanation Note: Due to the restructuring process that occur during 2018, which culminated in the agreement established mention on point VII B - AUTOMOTIVE MARKET AND GROUP ACTIVITIES OUTLOOK, 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 the comparative has been restated in Statement of Profit and Loss and other Comprehensive Income. 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 Profit and Loss and other Comprehensive Income and Balance Sheet the amounts of 2018 on a comparable basis (2018 recurrent). The tables of this section are expressed in thousands of Euros. Percentages were calculated using the amounts expressed in Euro.*

### A. Results

Consolidated Turnover, in a comparable basis, in 2018 was Eur 535.1 million, a decrease of approximately 13.7% when compared with 2017 (Eur 619.7 million).

The Automotive Distribution area recorded a 15.5% decrease in the Consolidated Sales Volume (which excludes transactions with other Entities included in the consolidation perimeter of SAG Gest, namely the sales to Soauto Dealers), having essentially maintained its weight in Consolidated Turnover (76.5% in 2018, 78.2% in 2017).

Consolidated Effective Margin, in a comparable basis, recorded a decreased when compared to 2017 and represented 8.6% of the 2017 Consolidated Turnover (8.9% in 2017). In absolute terms, the Consolidated Effective Margin was reduced by approximately Eur 8.6 million.

This reduction in the Consolidated Effective Margin for 2018 was largely due to the result of accelerated sales of used car stock and Self-Registration, which were mainly concentrated in the first quarter of 2018, and to the non-recurrent event of impairment losses of Eur 151.9 million with related parties.

Commercial costs, which are associated with the promotional activity developed by the Brands marketed by SIVA Subsidiary, registered a reduction of around Eur 4.5 million in relation to the previous year, as a result of the sharp drop in production, mainly in the second half of the year, caused by the new vehicle approval process (WLTP).

Consequently, total Consolidated Operating Expenses decreased Eur 5.2 million in 2018 when compared to 2017, increasing their weight slightly in terms of the Consolidated Turnover from 8.4% to 8.8%.

Based on combination of the reduction in the value of Consolidated Effective Margin and the evolution of Consolidated Operating Expenses, in a comparable basis, the Consolidated EBITDA was Eur negative 0.7 million, very influence by 1<sup>st</sup> Quarter loss of Eur 3.6 million.

It should be noted that the abovementioned accelerated sales operations carried out mainly in the first quarter resulted in a negative EBITDA in that period of Eur 3.6 million, translating into a profit during the three subsequent quarters of Eur 2.9 million, higher than the result obtained in the entire year of 2017.

Table 3 - Income Statement - EBITDA

Consolidated Income Statement (000)	12 months ended December 31						% Chg
	2018	2018 Without Discontinued Operations	Non Recurrent	2018 Recurrent	2017 Adjusted	2017 Published	
Sales		523,887		523,887		608,523	-13.9%
Services Rendered		11,206		11,206	96	11,185	0.2%
<b>Turnover</b>		<b>535,093</b>		<b>535,093</b>	<b>535,093</b>	<b>619,707</b>	<b>-13.7%</b>
<b>Gross Margin</b>		<b>48,049</b>		<b>48,049</b>	<b>96</b>	<b>57,398</b>	<b>-16.3%</b>
<b>% of Turnover</b>		<b>9.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>9.3%</b>	<b>0.0%</b>
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	(141,313)	(151,967)	151,967				
Impairment losses in Inventories		(2,807)		(2,807)		(7,138)	60.7%
<b>Contribution Margin</b>	<b>(141,571)</b>	<b>(105,712)</b>	<b>151,967</b>	<b>46,255</b>	<b>277</b>	<b>54,892</b>	<b>-15.7%</b>
<b>% of Turnover</b>		<b>-19.8%</b>	<b>0.0%</b>	<b>8.6%</b>	<b>0.0%</b>	<b>8.9%</b>	<b>0.0%</b>
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%
<b>Sub Total Variable Expenses</b>	<b>(53)</b>	<b>(11,459)</b>		<b>(11,459)</b>	<b>(72)</b>	<b>(15,038)</b>	<b>23.8%</b>
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%
<b>Sub Total Overheads</b>	<b>(2,483)</b>	<b>(35,497)</b>		<b>(35,497)</b>	<b>(3,716)</b>	<b>(37,166)</b>	<b>4.5%</b>
<b>Operating Expenses</b>	<b>(2,536)</b>	<b>(46,956)</b>		<b>(46,956)</b>	<b>(3,788)</b>	<b>(52,204)</b>	<b>10.1%</b>
<b>% of Turnover</b>		<b>-8.8%</b>	<b>0.0%</b>	<b>-8.8%</b>	<b>0.0%</b>	<b>-8.4%</b>	<b>0.0%</b>
<b>EBITDA</b>	<b>(144,107)</b>	<b>(152,668)</b>	<b>151,967</b>	<b>(701)</b>	<b>(3,511)</b>	<b>2,688</b>	<b>-126.1%</b>
<b>% of Turnover</b>		<b>-28.5%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.0%</b>

2018 Consolidated EBIT, in a comparable basis, was negative Eur 2.8 million, representing a reduction in relation to the Eur 0.3 million recorded in 2017.

The Consolidated Net Income for 2018 represented a cost of Eur 16.3 million, an increase of 1.3% (Eur 0.2 million) from the value of Eur 16.1 million recognized in 2017.

The cost incurred with the bank guarantees provided in favor of third parties – with special weight of the guarantees provided on behalf of the SIVA Subsidiary in favor of the Manufacturers of vehicles of the Brands that this Subsidiary represents, decreased compared to 2017 due to a reduction in the amount of bank guarantees used throughout 2018. Conversely, the cost associated with interest increased this year due to the postponement of the deadline for payment to the Plant.

Consolidated Earnings before Taxes (EBT) for 2018, in a comparable basis, was a loss of Eur 157.7 million (Eur 15.7 million in 2017), Eur 19.0 million if excluded the non-recurrent events.

The Consolidated Net Income attributable to SAG Gest represented a loss of Eur 186.8 million, loss of Eur 13.8 in 2017 which compare with Eur 19.1 million.



Table 4 – Income Statement - Net Income

Consolidated Income Statement (000)	12 months ended December 31						
	2018	2018 Without Discontinued Operations	Non Recurrent	2018 Recurrent	2017 Adjusted	2017 Published	% Chg
<b>EBITDA</b>	<b>(144,107)</b>	<b>(152,668)</b>	<b>151,967</b>	<b>(701)</b>	<b>(3,511)</b>	<b>2,688</b>	<b>-126.1%</b>
<b>% of Turnover</b>		<b>-28.5%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.0%</b>
Fixed Assets Impairment	(1,123)	(9,914)	9,914				
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%
<b>EBIT</b>	<b>(145,613)</b>	<b>(164,637)</b>	<b>161,881</b>	<b>(2,756)</b>	<b>(3,876)</b>	<b>319</b>	<b>-964.0%</b>
<b>% of Turnover</b>		<b>-30.8%</b>	<b>0.0%</b>	<b>-0.5%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.0%</b>
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%
<b>Net Financial Income / (Expenses)</b>	<b>(1,424)</b>	<b>(16,259)</b>		<b>(16,259)</b>	<b>(1,507)</b>	<b>(16,054)</b>	<b>-1.3%</b>
<b>EBT</b>	<b>(147,037)</b>	<b>(180,896)</b>	<b>161,881</b>	<b>(19,015)</b>	<b>(5,383)</b>	<b>(15,735)</b>	<b>-20.8%</b>
<b>% of Turnover</b>		<b>-33.8%</b>	<b>0.0%</b>	<b>-3.6%</b>	<b>0.0%</b>	<b>-2.5%</b>	<b>0.0%</b>
Income Tax	(7,666)	(5,932)	5,895	(36)	747	2,098	-101.7%
<b>Net Profit</b>	<b>(154,703)</b>	<b>(186,828)</b>	<b>167,776</b>	<b>(19,051)</b>	<b>(4,636)</b>	<b>(13,637)</b>	<b>-39.7%</b>
Non-Controlling Interests	(17)	(17)		(17)	(141)	(141)	112.0%
<b>Net Profit Attributable to SAG Gest's Shareholders</b>	<b>(154,719)</b>	<b>(186,845)</b>	<b>167,776</b>	<b>(19,068)</b>	<b>(4,777)</b>	<b>(13,778)</b>	<b>-38.4%</b>
<b>% of Turnover</b>	<b>0.0%</b>	<b>-34.9%</b>		<b>-3.6%</b>	<b>0.0%</b>	<b>-2.2%</b>	<b>0.0%</b>
Profit/Loss of Discontinued Operations	(32,125)				(9,001)		
<b>Net Profit Attributable to SAG Gest's Shareholders</b>	<b>(186,845)</b>	<b>(186,845)</b>	<b>167,776</b>	<b>(19,068)</b>	<b>(13,778)</b>	<b>(13,778)</b>	<b>-38.4%</b>

## B. Financial Structure

SAG Gest's consolidated net debt at the end of 2018 shows an increase of Eur 4.0 million compared to 31 December 2017 (3.2%), with a total value of Eur 129.1 million. The maintenance of indebtedness at a level similar to that observed at the end of 2017, is the result of an operation in which a significant part of the working capital needs was met through an optimization of stock levels, as mentioned above.

Current Assets on 31 December 2018 were approximately Eur 51.2 million lower than Current Liabilities on same date. This recurring situation is characteristic of the core activities of SAG Gest, where the turnover of the main components of Current Assets (Inventory and Accounts Receivable) is significantly higher than the turnover of the main component of Current Liabilities (Accounts Payable), due to the commercial agreements that are in force with the plants.

Consolidated Equity at the end of 2018 was negative Eur 179.1 million, a decrease of Eur 176.6 million when compared to the end of 2017 (Eur 7.5 million). This reduction corresponds essentially to the results attributable to SAG Gest for the year 2018.

## C. Financial Ratios

The evolution of the major financial ratios was as follows:

*Table 5 – Financial Ratios*

	2018	2017
Net Profit / Total Assets - (%)	-60.6%	-2.5%
Net Profit / Equity - (%)	92.3%	-183.1%
EBITDA / Net Financial (times)	-8.99	0.17
Net Debt / EBITDA (times)	-0.90	46.56
Net Debt / Equity (%)	-72.1%	1680.2%
Net Debt / Total Assets (%)	47.3%	22.8%
Bank Debt - Medium and Long Term / Total Bank Debt (%)	73.4%	33.2%
Equity / Total Assests (%)	-65.7%	1.4%

Financial ratios show in 2018 a deterioration when compared with the previous year, in both the profitability ratios and the financial structure ratios. This is due, on the one hand, to accelerated sales activities for disposal of the abovementioned stocks and, on the other, to increased working capital requirements which impacted the financial structure.

The calculation of the above financial ratios was performed using the amounts detailed in Table 6.

*Table 6 – Bases for the Calculation of Financial Ratios*

	2018	2017
EBITDA	(144,107)	2,688
Financial Expenses	(18,692)	(17,538)
Financial Income	2,668	1,471
Net Financial (Expenses) / Income	(16,024)	(16,067)
Net Profit of Ordinary Activities	(165,356)	(13,637)
Equity	(179,106)	7,450
Total Liabilities	451,870	542,679
Bank Debt - Short Term	38,998	88,667
Bank Debt - Medium and Long Term	107,680	44,098
Total Bank Debt	146,678	132,765
Cash and Cash Equivalents	(17,540)	(7,593)
Net Debt	129,138	125,172
Total Assests	272,764	550,129

The definitions used in the calculation of the above items are as follows:

- EBITDA = Turnover – Cost of Goods Sold – Operating Costs + Other Operating Income – Other Operating Expenses
- Net Interest = Net Financial Income / (Expenses) (as disclosed in Table 4 – Income Statement - Net Income/ (Expenses)) which includes: Interest Paid – Interest Received +

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Other Financial Charges, including Bank Guarantees expenses, dividends received, fair value adjustments and capital gains

- Total Bank Debt = Bank Debt – Current + Bank Debt – Non-Current
- Net Debt = Total Bank Debt – Cash and Cash Equivalents

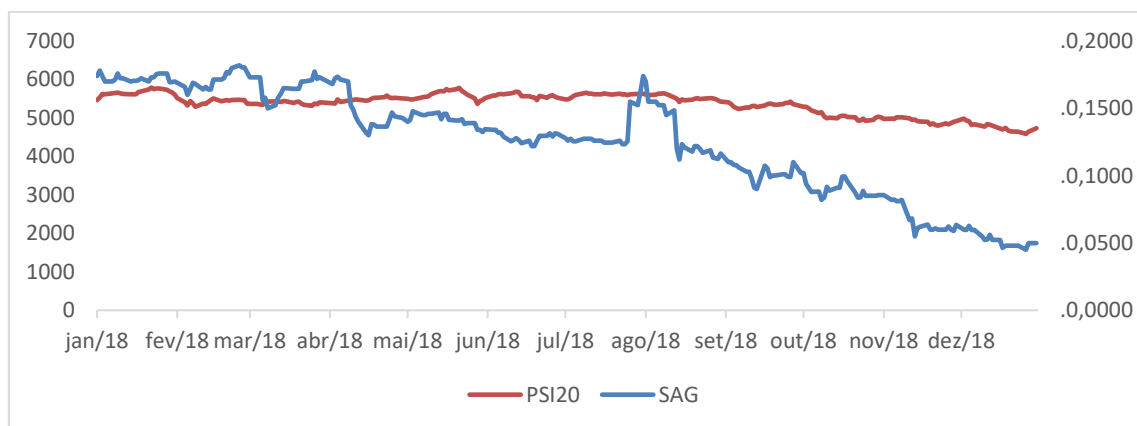
#### D. Shareholder Profitability and Dividends

Net Profit or Loss for 2018 as reported in the Separate Accounts of SAG Gest was negative, as was Consolidated Net Income for the same year. Therefore, the Board of Directors will not propose any distribution of dividends in respect of the year 2018.

#### E. Share Price Behavior in the Stock Market

SAG Gest's stock price ended 2018 at Eur 0.05, which represented a 67.5% decline when compared to the stock price on 31 December 2017 (Eur 0.154). SAG Gest stock was traded at the maximum price of Eur 0.1820 in February 2018.

Chart 19 – Share price



## VII. RISK MANAGEMENT

SAG Gest's Risk Management Policy aims to ensure an accurate identification of risks involved in the business conducted by its Subsidiaries and Affiliates, as well as to adopt and implement the measures required to minimize the negative impacts that adverse developments of the factors inherent to those risks may cause on its consolidated financial structure and sustainability.

The identification of the risks to which SAG Gest's materially relevant Subsidiaries are exposed has allowed the identification of the following major risks:

#### Reliance on Suppliers

The business of the SIVA Subsidiary is based on Distribution Agreements entered into with the Volkswagen Group for an undetermined period of time, subject to the relevant EU Regulations, which have been in force for more than 30 years. However, maintenance of these Agreements

naturally depends on its full compliance and on factors that include the continuation of Volkswagen Group's distribution policies, as well as the performance of the represented Brands in the Portuguese market.

#### Automobile Risk – Residual Values

The characteristic of business in the Rent-a-Car segment, which implies repurchase as used vehicles of cars initially supplied (Buy-Back clauses), exposes the SIVA Subsidiary to risks resulting from changes in the market value of semi-new and used cars.

To minimize the potential negative impacts resulting from this type of risk, the SIVA Subsidiary has implemented mechanisms to monitor permanently developments in the market value of the semi-new and used cars included in its balance sheet (vehicles billed to Entities operating in the Rent-a-Car segment that the Subsidiary has pledged to repurchase).

The market value of these vehicles is determined on the basis of forecasts of the "forward" value provided by Eurotax (an international entity that regularly publishes the spot and forward market prices of vehicles by make, model, version and year of manufacture, as well as the actual sale price of these vehicles at present ("spot"). These forecasts for each model (where the forward price for the estimated date of return of the vehicles is considered, plus the estimated period for completing the sale) also take into account the estimated weight of each future sales channel.

#### Financial Risks

The main financial risks identified are the equity risk, the liquidity risk, the interest rate exposure risk and the credit risk.

Equity risk management is aimed at ensuring that Consolidated Equity reaches levels adequate to maintain the balanced structure of the consolidated financial position.

In its current situation, SAG Gest, in order to ensure the sustainable exercise of the activity of its Subsidiaries, needs to restructure its capital base and its financial liabilities so that there is an appropriate combination between Equity and Loans and Financing, which allow the profitable exercise of their operational activity without liquidity constraints, thus ensuring their continuity.

The execution of the agreement signed between SAG Gest, the Banks and Porsche Holdings will allow SAG Gest to have a capital structure adequate to the development the activities that remain in its sphere.

Management of the liquidity risk involves the dynamic monitoring and measurement of this type of risk in order to ensure the fulfillment of all short- and medium-term financial liabilities (cash outflows) of SAG Gest and its Subsidiaries towards the Entities that do business with them.

The liquidity risk of the SAG Group and its subsidiaries is managed and monitored on a daily basis by the Group's Treasury Department, through cash flow projection maps, which consider all the liabilities assumed with the respective maturity dates.

Depending on the information resulting from the daily update of the cash flow statements, decisions are made on purchases and investments to be made and contacts are established with financial institutions to adjust the maturities of the respective loans.

The situation of financial constraint that has increased since the last quarter of 2017 results from the combination of a number of factors, one of the most relevant of which is the commitment to carry out the purchase volumes represented by the various brands, which has been at a level higher than the absorption capacity of the market and which has led to an increase in stocks of "self-registrations" and used vehicles from the RAC business. In addition, at the end of 2017 Audi reduced the payment period for sales to SIVA from 90 to 60 days.

This pressure on SIVA's "Working Capital", and in view of the unavailability of additional financial means, are the justification for carrying a set of transactions in the first quarter of 2018 with a negative margin explained above, in order to ensure the immediate generation of funds necessary to meet commitments that cannot be postponed and to continue to make purchases of vehicles ordered and with end customers.

Simultaneously and for the sustainability of the operation, with the various brands of the VW Group, reductions were negotiated during 2018 in the volume of orders compared to the initially projected levels for 2018 and the respective purchase plans were adjusted for each brand and respective channels. It was also requested that the Brands process/pay their commercial assistance within a shorter duration than normally imposed.

These measures, together with the elimination of "Self-registrations" and the reduction in sales volume to the RAC segment, enabled the pressure on Working Capital to be reduced over the second half of 2018.

Interest rate risk management aims to ensure the assessment and dynamic management of this risk through the definition of exposure limits of SAG Gest's Consolidated Statement of the Financial Position and of the Consolidated Statement of Profit and Loss and Other Comprehensive Income to interest rate changes. The control policy that has been adopted aims at selecting suitable strategies for each business area in order to ensure that this risk factor does not negatively affect the relevant operational capacity. On the other hand, exposure to interest rate risk is further monitored through simulation of adverse scenarios having some degree of probability and which could negatively affect SAG Gest's consolidated results.

In what relates to credit risk management, the development of the Customer portfolio and each business unit's exposure are monitored on a monthly basis. SAG Gest adopted in 2001 a Credit Risk Manual establishing policies, criteria and procedures to be adopted in the credit control area. The Credit Risk Manual is regularly updated and includes criteria to be used in determining a credit rating.

#### Operational Risk

Operational risk management is based on the assignment of functional responsibilities and formal definition of internal control procedures, at the business area level.

## VIII. OUTLOOK FOR 2019

### A. MACROECONOMIC OUTLOOK

#### 1. International Background

In 2019 world GDP growth is expected to decelerate slightly to 3.3%, according to ECB forecasts, or 3.5% according to the IMF.

The pace of economic growth in the Euro Zone is expected to slow down from 1.9% to between 1.7%, with the majority of the countries (with few exceptions, such as France) contributing towards that. The US should also decelerate from 2.9% to 2.5%, as should Russia from 1.7% to 1.6%. China is expected to slow down from 6.6% to 6.2%.

On the other hand, Japan is expected to grow (from 0.9% to 1.1%), as should Brazil, which is expected to improve again to a GDP growth of 2.5% (after 1.1% in 2017 and 1.3% in 2018).

World trade is expected to slow down from 4.7% to 3.7%, given the uncertainty about the future environment, increased protectionism, US-China tensions, and the likely UK exit from the EU. Brent oil prices are expected to decline but remain above 2017 levels.

*Table 7 – International Economy – Main Indicators 2017 – 2019*

	2017	2018 (E)	2019 (P)
World GDP (% change)	3.6	3.6	3.3
Euro zone (% change)	2.5	1.9	1.7
World trade (% change)	5.2	4.7	3.7
External demand for Portugal (% change) <sup>1</sup>	4.6	3.4	3.6
Oil Price (brent, USD/barrel)	54.4	71.8	67.5
Inflation euro area (%)	1.5	1.7	1.4
USD/EUR exchange rate (annual average)	1.13	1.18	1.14
Short term interest rate (annual average, %) <sup>2</sup>	-0.3	-0.3	-0.3
Interest rate implicit in public debt (%)	3.1	2.9	2.8

Source: Banco de Portugal, Dec 2018

<sup>1</sup> Calculated as the weighted average of the volume growth in goods and services imports from Portugal's main business partners. Each country/region is weighted according to their relevant share in Portugal's export market

<sup>2</sup> 3-month Euribor

External demand for Portugal is expected to recover slightly to a level in line with the evolution of world trade.

Euro Zone inflation is expected to fall 1.4%, partly due to favorable energy price developments. The exchange rate of the Euro against the US Dollar is expected to depreciate by 0.7% in the annual average for 2019. Interest rates are expected to remain at historically very low levels (negative in the short term), at least until the end of 2019.

#### 2. The Portuguese Economy

GDP should continue to decelerate to 1.8% in 2019 in Portugal, maintaining the moderate recovery trend of recent years and continuing to grow above the Euro Zone average.

*Table 8 – Portugal – Main Macroeconomic Indicators 2017-2019*

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	2017	2018 (E)	2019 (P)
<b>GDP (% change)</b>	<b>2.8</b>	<b>2.1</b>	<b>1.8</b>
Private consumption (% change)	2.3	2.3	2.0
Public consumption (% change)	0.2	0.7	0.1
Investment (GFCF) (% change)	9.2	3.9	6.6
Domestic demand (% change)	3.0	2.4	2.4
Exports (% change)	7.8	3.6	3.7
Imports (% change)	8.1	4.1	4.7
Inflation (HCPI) – average (% change)	1.6	1.4	1.4
Employment (% change)	3.3	2.2	1.2
Unemployment rate (% act. popul.)	8.9	7.0	6.2
Public deficit (% GDP)	-3.0	-0.7	-0.6
Public debt (% GDP)	124.8	121.5	119.2

Sources: Ministry of Finance, Oct 2017 (public finance); Banco de Portugal, Dec 2017 (other)

As in previous years, the Portuguese economy continues to rely significantly on the purchase of public debt by the ECB and on rating agencies, which upgraded the country's rating in the recent past.

Contributions from domestic demand to GDP growth are expected to remain at 1.2% and above contributions from net exports (0.7%).

Investment (GFCF) will benefit from large infrastructure projects, in a context of maintaining favorable financing conditions. It will again be the most dynamic component of GDP. Still, investment is expected to remain well below pre-crisis levels.

Private consumption is expected to slow to 2.0%, albeit growing above overall economic activity, with a slight improvement in real disposable income, influenced by moderate wage growth and continued recovery in the labor market, although still heavily affected by high household indebtedness.

Exports of goods and services, mainly driven by business at VW Autoeuropa and tourism, are expected to record an improved pace than external demand, providing new market share gains.

Inflation is expected to remain at the 2018 level, influenced by the moderate evolution of the energy component and remaining at levels close to the average of the Euro Zone.

The situation in the labor market is expected to continue to improve, and new job growth is expected, albeit at a slower pace, as well as a continuation of the downward trend in the unemployment rate, to less than 6% of the working population, the level achieved in 2003.

Public accounts will have to continue to improve in order to fulfill commitments made to EU bodies and to decrease public debt interest, both in what relates to the interest rates paid and, above all, the amounts to repay.



## B. AUTOMOTIVE MARKET AND GROUP ACTIVITIES OUTLOOK

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.

The agreement established between SAG Gest, Porsche Holdings (VW Group entity) with its seat in Salzburg, Banco Comercial Português, S.A., Banco BPI, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A. whereby SAG has agreed to, directly and indirectly, sell and PHS has agreed to buy the following group companies:

- a. AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.;
- b. Globalrent – Sociedade Portuguesa de Rent-A-Car, Unipessoal, Lda.;
- c. SIVA Serviços – Assessoria Financeira e Administrativa, S.A.;
- d. SIVA – Sociedade Importadora de Veículos Automóveis, S.A.;
- e. Soauto SGPS, S.A.

Upon completion the transaction SAG will hold all UP's of fund IMOCAR and a participation representing 40% of the share capital of Autolombos – Sociedade de Automóveis, Lda. The restructuring process of transactions with Porsche Holdings, will give to SAG a adequate equity structure that will allow development sustainable and solids businesses.



## IX. RESULTS' APPLICATION

In 2018, the SAG Group reported a Consolidated Net loss of Eur (000) 186,827.7 and a Net Result in the Separate Accounts of Eur (000) 177,130.9, that will be propose for application on Retain on Earnings.

## X. MANDATORY MENTIONS

- a) In accordance with Article 21 of Decree-Law 411/91 and Article 2 of Decree-Law 534/80, it is hereby confirmed that the Companies included in consolidation have fully complied with their obligations towards Social Security, and that they do not have any overdue debt to the Public Sector.
- b) No other subsequent events have taken place after reporting date that may significantly impact the Financial Statements or requiring disclosure, except for the matters disclosed on Point 7. of the Management Report and Note 2.6 - Management Judgments, in the Notes to the Consolidated Financial Statements.
- c) During the financial year ended on 31 December 2018, there were no purchases or sales of treasury stock.
- d) During the financial year ended on 31 December 2018, no transactions were made between the Companies included in consolidation and Members of its Board of Directors.

## XI. FINAL NOTE

In compliance with the legal and statutory provisions, the Board of Directors submits to the Shareholders' approval the Annual Consolidated Report and Financial Statements for the year 2018, in the firm belief that, to the best of its knowledge, the information contained therein was prepared in compliance with the applicable accounting standards and provides an accurate and adequate image of the assets and liabilities, financial situation and results of SAG Gest and of the Companies included in consolidation, and that the Management Report accurately reflects the development of the activities, the performance and the position of SAG Gest and of the Companies included in consolidation and contains a description of the main risks and uncertainties that confront them.

Alfragide, 8 May 2019

## THE BOARD OF DIRECTORS

**João Manuel de Quevedo Pereira Coutinho**

**Esmeralda da Silva Santos Dourado**

**Pedro Roque de Pinho de Almeida**

# CONSOLIDATED FINANCIAL STATEMENTS 2018

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(Values in Eur 000)

	Notes	Twelve Months Ended 31 December			Three Months Ended 31 December		
		2018	2017 Adjusted	2017 Published	2018	2017 Adjusted	2017 Published
<b>Revenue</b>							
Sales	5	-	-	608,522.9	-	-	141,947.9
Services Rendered	5	-	95.6	11,184.6	-	95.6	3,061.9
<b>Turnover</b>	5	-	<b>95.6</b>	<b>619,707.5</b>	-	<b>95.6</b>	<b>145,009.8</b>
Cost of Goods Sold	5	-	-	(562,310.0)	-	-	(133,231.1)
<b>Gross Margin</b>		-	<b>95.6</b>	<b>57,397.5</b>	-	<b>95.6</b>	<b>11,778.7</b>
Other Operating Income	6	8,083.0	367.7	24,046.7	7,963.5	109.7	3,264.6
Other Operating Expenses	7	(8,340.7)	(177.1)	(19,375.8)	(8,171.2)	(37.8)	(4,657.8)
Impairment Losses in Accounts Receivable	24	-	(8.9)	(38.5)	-	(1.6)	(29.3)
Impairment Losses in intercompany loans	15	(141,313.4)	-	-	(141,313.4)	-	-
Impairment Losses in Inventories	23	-	-	(7,137.8)	-	-	(4,280.2)
<b>Contribution Margin</b>		<b>(141,571.2)</b>	<b>277.4</b>	<b>54,892.1</b>	<b>(141,521.1)</b>	<b>165.9</b>	<b>6,076.0</b>
<b>Variable Expenses</b>							
SG&A - Commercial Expenses	8	(30.0)	(35.0)	(12,486.4)	(3.7)	(10.3)	(3,860.8)
SG&A - Car Expenses	9	(23.3)	(37.0)	(2,551.5)	(5.5)	(9.2)	(991.1)
<b>Sub-Total - Variable Expenses</b>		<b>(53.3)</b>	<b>(72.0)</b>	<b>(15,038.0)</b>	<b>(9.2)</b>	<b>(19.4)</b>	<b>(4,851.9)</b>
<b>Variable Margin</b>		<b>(141,624.4)</b>	<b>205.4</b>	<b>39,854.2</b>	<b>(141,530.4)</b>	<b>146.4</b>	<b>1,224.1</b>
<b>Overheads</b>							
SG&A - Non-Variable Expenses	10	(1,267.7)	(2,195.7)	(14,569.6)	(934.8)	(550.9)	(3,878.6)
Payroll Expenses	11	(1,215.0)	(1,520.6)	(22,596.4)	(201.0)	(371.3)	(6,023.1)
<b>Sub-Total - Overheads</b>		<b>(2,482.7)</b>	<b>(3,716.3)</b>	<b>(37,166.0)</b>	<b>(1,135.7)</b>	<b>(922.2)</b>	<b>(9,901.7)</b>
<b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>		<b>(144,107.1)</b>	<b>(3,511.0)</b>	<b>2,688.2</b>	<b>(142,666.1)</b>	<b>(775.8)</b>	<b>(8,677.6)</b>
Fixed Assets Impairment	18	(1,123.3)	-	(1,123.3)	(1,123.3)	-	-
Depreciation and Amortization	18 e 20	(353.4)	(354.8)	(2,359.2)	(88.4)	(88.9)	(561.4)
Gains and (Losses) in the Sale of Tangible Fixed Assets	12	(28.9)	(10.0)	(10.0)	(6.6)	(15.6)	(15.6)
<b>Earnings Before Interest and Tax (EBIT)</b>		<b>(145,612.7)</b>	<b>(3,875.7)</b>	<b>(804.3)</b>	<b>(143,884.4)</b>	<b>(880.2)</b>	<b>(9,254.6)</b>
Financial Expenses	13	(4,120.9)	(2,919.9)	(17,537.5)	(2,025.8)	(762.2)	(4,281.0)
Financial Income	14	2,932.1	1,399.9	1,470.3	1,871.3	335.7	326.5
Gain / (Losses) from Associated Companies - Equity Method	15	(260.6)	(3.5)	(3.5)	(260.6)	(9.9)	(9.9)
Fair Value Adjustments	22	25.2	16.4	16.4	25.2	.4	.4
<b>Earnings Before Taxes (EBT)</b>		<b>(147,036.9)</b>	<b>(5,383.0)</b>	<b>(16,858.6)</b>	<b>(144,274.3)</b>	<b>(1,316.2)</b>	<b>(13,218.6)</b>
Corporate Income Tax	16	(7,665.7)	746.7	2,097.9	(7,652.9)	1,119.2	3,227.0
<b>Net Profit / (Loss) before Discontinued Operations</b>		<b>(154,702.7)</b>	<b>(4,636.2)</b>	<b>(14,760.7)</b>	<b>(151,927.2)</b>	<b>(197.0)</b>	<b>(9,991.6)</b>
Profit/Loss of Discontinued Operations	5	(32,125.1)	(9,001.2)	-	(22,545.7)	(9,794.6)	-
<b>Net Profit / (Loss)</b>		<b>(186,827.7)</b>	<b>(13,637.4)</b>	<b>(14,760.7)</b>	<b>(174,472.9)</b>	<b>(9,991.6)</b>	<b>(9,991.6)</b>
<b>Attributable to:</b>							
Shareholders of SAG GEST SGPS, SA	17	(186,844.5)	(13,777.9)	(13,777.9)	(174,472.9)	(9,991.6)	(10,011.5)
Non-Controlling Interests	32	16.8	140.5	140.5	-	-	19.8
		<b>(186,827.7)</b>	<b>(13,637.4)</b>	<b>(13,637.4)</b>	<b>(174,472.9)</b>	<b>(9,991.6)</b>	<b>(9,991.6)</b>
<b>Earnings per share:</b>							
Basic, for Net Profit / (Loss) after Tax before Discontinued operations (Eur)	17	(1.0112)	(0.0303)	(0.0891)	(0.9930) -	(0.0013)	(0.0653)
Basic, for Net Profit / (Loss) after Tax (Eur)	17	(1.2211)	(0.0891)	(0.0891)	(1.1404)	(0.0653)	(0.0654)

Notes are an integral part of the Consolidated Financial Statements above mentioned.

Chartered Accountant

The Board of Directors

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CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION			
		(Values in Eur 000)	
	Notes	December 2018	December 2017
<b>Non-Current Assets</b>			
Tangible Fixed Assets	18	44,001.1	65,370.8
Intangible Assets - Goodwill	19	-	10,653.2
Intangible Assets - Other	20	-	362.4
Investments in Associates - Equity Method Consolidation	21	10.9	-
Accounts Receivable - Related Parties	25 e 36	-	139,580.8
Investment Properties	22	470.5	1,039.0
Deferred Income Tax Assets	16	419.3	7,089.6
<b>Total - Non-Current Assets</b>		<b>44,901.8</b>	<b>224,095.8</b>
<b>Current Assets</b>			
Inventories	23	-	216,796.7
Accounts Receivable - Trade Customers	24	188.7	28,574.1
Accounts Receivable - Related Parties	25 e 36	1,881.1	864.2
Accounts Receivable - Other	26	36.2	6,055.2
Prepaid Expenses	27	5.8	1,944.5
Accrued Income	28	-	34,199.9
Current Income Tax Receivable	16	4,655.3	8,379.3
Taxes - Other Than Income Tax	29	278.3	21,625.9
Term Deposits	30	2,146.0	3,196.0
Cash and Cash Equivalents	30	1,254.2	4,396.9
<b>Total - Current Assets</b>		<b>10,445.5</b>	<b>326,032.7</b>
<b>Non-Current Assets Held For Sale</b>	4	<b>217,416.8</b>	<b>-</b>
<b>Total Assets</b>		<b>272,764.0</b>	<b>550,128.5</b>
<b>Equity</b>			
Registered Share Capital	14 e 31	169,764.4	169,764.4
Treasury Stock - Par Value	14 e 31	(16,771.0)	(16,771.0)
Treasury Stock - Share Premium	31	(16,367.8)	(16,367.8)
Share Premium	31	149,664.3	149,664.3
Supplementary Capital Payments	31	135,171.9	135,171.9
Reserves:		-	-
Legal Reserve	31	15,172.5	15,077.1
Other Reserves	31	-	8,132.1
Retained Earnings	2,4 e 31	(430,403.6)	(424,933.8)
First Consolidation Adjustment	2,4 e 32	(268,649.7)	(268,649.7)
Retained Earnings	32	(161,753.9)	(156,284.1)
Net Profit / (Loss)	17	(186,844.5)	(13,777.9)
<b>Sub Total</b>		<b>(180,613.8)</b>	<b>5,959.3</b>
Non-Controlling Interests	32	1,507.6	1,490.8
<b>Total Equity</b>		<b>(179,106.2)</b>	<b>7,450.0</b>
<b>Non-Current Liabilities</b>			
Bank Loans	33	38,997.6	44,097.6
Deferred Income Tax Liabilities	16	3,076.5	3,913.1
<b>Total - Non-Current Liabilities</b>		<b>42,074.1</b>	<b>48,010.7</b>
<b>Current Liabilities</b>			
Bank Loans	33	33,319.7	88,667.1
Accounts Payable - Trade Suppliers	34	26,681.5	283,752.1
Accounts Payable - Other	35	40.2	11,512.7
Accounts Payable - Related Parties	36	32.8	-
Accrued Expenses	37	538.4	23,274.5
Deferred Income	38	-	38,079.8
Current Income Tax Payable	16	772.1	502.2
Taxes - Other Than Income Tax	29	220.7	48,879.5
<b>Total - Current Liabilities</b>		<b>61,605.4</b>	<b>494,667.8</b>
<b>Liabilities associated to Assets Held for Sale</b>	4	<b>348,190.8</b>	<b>-</b>
<b>Total Liabilities</b>		<b>451,870.3</b>	<b>542,678.5</b>
<b>Total Equity and Liabilities</b>		<b>272,764.0</b>	<b>550,128.5</b>

Notes are an integral part of the Consolidated Financial Statements above mentioned.

Chartered Accountant

The Board of Directors

**SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company**

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CONSOLIDATED STATEMENT OF CASH FLOWS			
		(Values in Eur 000)	
	Note	December 2018	December 2017
<b>Net Profit / (Loss)</b>		<b>(186,827.7)</b>	<b>(13,637.4)</b>
<b>Non-Cash Items</b>			
Depreciation & Amortization	12, 18 and 20	353.4	2,369.2
Impairment Losses in Accounts Receivables	24	-	38.5
Impairment Losses in Inventories	23	-	7,137.8
Income Taxes	16	7,665.7	(2,097.9)
Provisions	15	142,400.6	-
Loans - Amortized Cost recognition	33	1,574.7	480,147
<b>Sub Total - Non-Cash Items</b>		<b>151,994.4</b>	<b>7,927.7</b>
<b>Non-cash items of Discontinued Operations</b>		<b>23,670.0</b>	
<b>Net Profit / (Loss) without Non-Cash Items</b>		<b>(11,163.3)</b>	<b>(5,709.7)</b>
Corporate Income Taxes Paid		(856.2)	(748.8)
Corporate Income Taxes Paid of Discontinued Operations		1,320.1	
<b>Cash Profit / (Loss)</b>		<b>(10,699.3)</b>	<b>(6,458.5)</b>
<b>Changes in Net Working Capital</b>			
Trade Customers		(170.5)	11,828.8
Utilization of Impairment Losses in Accounts Receivable		-	(59.0)
Accounts Payable - Trade Suppliers		179.9	(470.6)
Inventories		-	(32,303.2)
Accruals & Prepaids		(116.7)	12,081,573
Other Debtors / Creditors		(1.9)	(3,862.1)
Taxes - Other Than Income Taxes		13,993.5	(5,989.3)
<b>Sub Total - Changes in Net Working Capital</b>		<b>13,884.3</b>	<b>(18,773.7)</b>
<b>Net Working Capital of Discontinued Operations</b>		<b>2,323.1</b>	
<b>Cash Generated</b>		<b>5,508.0</b>	<b>(25,232.2)</b>
<b>Intercompany</b>			
Intercompany Loans		(2,786.4)	(1,281.8)
<b>Sub Total Intercompany Loans</b>		<b>(2,786.4)</b>	<b>(1,281.8)</b>
<b>Intercompany Loans of Discontinued Operations</b>		<b>(2,527.0)</b>	
<b>Purchase/Sale of Assets</b>			
Acquisitions/Disposals - Tangible Fixed Assets		(1,305.3)	(1,937.8)
Amortization, Depreciation and Adjustment utilization		(13.9)	(744.1)
Financial Assets Acquisitions		557.7	(12.5)
Term Deposits		-	-
<b>Sub Total - Acquisitions/Disposals of Assets</b>		<b>(761.5)</b>	<b>(2,694.4)</b>
<b>Asset's Acquisitions/Disposals of Discontinued Operations</b>		<b>(9,385.4)</b>	
<b>Financing Activities</b>			
Bank Loans	33	1,164.4	24,946,753
<b>Sub Total Financing Activities</b>		<b>1,164.4</b>	<b>24,946.8</b>
<b>Financing Activities of Discontinued Operations</b>		<b>10,009.3</b>	
<b>Total Funds Flow</b>		<b>1,221.4</b>	<b>(4,261.6)</b>
Cash & Cash Equivalents - Opening Balance	30	4,396.9	8,658.5
Cash & Cash Equivalents - Closing Balance	30	5,618.3	4,396.9
<b>Changes in Cash &amp; Cash Equivalents</b>		<b>1,221.4</b>	<b>(4,261.6)</b>

Notes are an integral part of the Consolidated Financial Statements above mentioned.

Chartered Accountant

The Board of Directors

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### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Registered Share Capital	Treasury Stock (Par Value)	Treasury Stock (Share Premium)	Share Premium	Supplementary Capital Payments	Legal Reserves	Other Reserves	Retained Earnings	Net Profit / (Loss)	Total	Non-Controlling Interests	Total Equity
Notes	31	31	31	31	31	31	31	2.4 and 30	17		32	
<b>As at 1 January 2018</b>												
Opening Balance	169,764.4	(16,771.0)	(16,367.8)	149,664.3	135,171.9	15,077.1	8,132.1	(424,933.8)	(13,777.9)	5,959.3	1,490.8	7,450.0
<b>Net Profit / (Loss)</b>	-	-	-	-	-	-	-	-	(154,719.5)	(154,719.5)	16.8	(154,702.7)
<b>Net Profit / (Loss) of Discontinued Operations</b>	-	-	-	-	-	-	-	-	(32,125.1)	(32,125.1)	-	(32,125.1)
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	(186,844.5)	(186,844.5)	16.8	(186,827.7)
Allocation on Prior Year's Net Profit / (Loss)	-	-	-	-	-	95.4	-	(13,873.3)	13,777.9	-	-	-
Refund of Supplementary Capital Payments	-	-	-	-	-	-	-	271.5	-	271.5	-	271.5
Transfer between equity accounts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance as at 30 September 2018</b>	<b>169,764.4</b>	<b>(16,771.0)</b>	<b>(16,367.8)</b>	<b>149,664.3</b>	<b>135,171.9</b>	<b>15,172.5</b>	<b>8,132.1</b>	<b>(438,535.7)</b>	<b>(186,844.5)</b>	<b>(180,613.8)</b>	<b>1,507.6</b>	<b>(179,106.2)</b>

	Registered Share Capital	Treasury Stock (Par Value)	Treasury Stock (Share Premium)	Share Premium	Supplementary Capital Payments	Legal Reserves	Other Reserves	Retained Earnings	Net Profit / (Loss)	Total	Non-Controlling Interests	Total Equity
<b>As at 1 January 2017</b>												
Reported Opening Balance	169,764.4	(16,771.0)	(16,367.8)	149,664.3	135,171.9	14,916.1	8,132.1	(423,927.2)	(1,158.0)	19,424.8	1,662.6	21,087.4
<b>Net Profit / (Loss)</b>	-	-	-	-	-	-	-	-	(4,776.8)	(4,776.8)	140.5	(4,636.2)
<b>Net Profit / (Loss) of Discontinued Operations</b>	-	-	-	-	-	-	-	-	(9,001.2)	(9,001.2)	-	(9,001.2)
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	(13,777.9)	(13,777.9)	140.5	(13,637.4)
Allocation on Prior Year's Net Profit / (Loss)	-	-	-	-	-	161.0	-	(1,319.0)	1,158.0	-	-	-
Refund of Supplementary Capital Payments	-	-	-	-	-	-	-	312.4	-	312.4	(312.4)	-
<b>Closing Balance as at 31 December 2017</b>	<b>169,764.4</b>	<b>(16,771.0)</b>	<b>(16,367.8)</b>	<b>149,664.3</b>	<b>135,171.9</b>	<b>15,077.1</b>	<b>8,132.1</b>	<b>(424,933.8)</b>	<b>(13,777.9)</b>	<b>5,959.3</b>	<b>1,490.8</b>	<b>7,450.0</b>

Notes are an integral part of the Consolidated Financial Statements above mentioned.

Chartered Accountant

The Board of Directors

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# NOTES TO 2018 CONSOLIDATED FINANCIAL STATEMENTS

**SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company**

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

### 1. GENERAL INFORMATION ABOUT ACTIVITY

The corporate purpose of SAG Gest, which has its registered office at Estrada de Alfragide nº 67, in Alfragide, Amadora, Portugal, is the management of shareholdings.

SAG Gest Shares have been listed on NYSE Euronext Lisbon since June 1998, and the last holder is João Pereira Coutinho with a 80.08% of qualified shareholding position of share capital.

The Consolidated Financial Statements of SAG Gest - Soluções Automóvel Globais SGPS, SA (referred to simply as SAG Gest), as at 31 December 2018, were approved and authorized for disclosure by the Board of Directors on 8 May 2019.

In the opinion of the Board of Directors, the Consolidated Financial Statements of SAG Gest as at 31 December 2018 reflect truly and fairly the consolidated operations as well as the consolidated financial position and consolidated cash flows of SAG Gest and of the Entities included in consolidation.

Shareholders have the capacity to modify the Consolidated Financial Statements as at 31 December 2018, after the Board of Directors' approval for release.

The Financial Statements are consolidated in Portugal.

SAG Gest's consolidation perimeter is composed of Entities operating in different business areas, which include:

- distribution and retail of the Volkswagen, Volkswagen – Commercial Vehicles, Škoda, Audi, Bentley and Lamborghini Brands
- distribution and retail of motor vehicle parts and accessories
- provision of after-sales services (repair and maintenance) of motor vehicles
- sales of used vehicles of multiple brands
- preparation of new vehicles and body repair
- automotive training to Dealer Networks' employees of Volkswagen – Commercial Vehicles, Škoda and Audi
- provision of Rent-a-Car services

### 2. SUMMARY OF MAIN ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

These financial statements were prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"), issued and in force or issued and adopted in advance on 1 January 2018. They correspond to International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), or by the former Standing Interpretations Committee ("SIC"), in force on the date of preparation of the financial statements.

In the preparation of financial statements, SAG Gest followed the historical cost convention, modified, when applicable, by the fair value measurements of financial assets at fair value through profit and loss.

The preparation of financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted

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by SAG Gest, with significant impact on the carrying amount of assets and liabilities, as well as on income and expenses for the period.

Although these estimates are based on Management's best experience and its best expectations regarding current and future events and actions, the current and future results may differ from these estimates. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are presented in Note 2.6 – Management Judgments and Note 2.7 – Significant Estimates.

The Consolidated Financial Statements of SAG Gest, as well as the Financial Statements of the Entities included in the current consolidation perimeter of SAG Gest (as disclosed in Note 3 – Consolidated Entities) relate to the twelve months ended 31 December 2018 and were prepared using accounting policies that are consistent among them.

All of the amounts set forth in the Notes where a separate currency unit is not indicated are expressed in thousands of euros - Eur (000).

## **2.2 Compliance Statement**

In the opinion of the Board of Directors, SAG Gest financial statements as of December 31, 2018 reflect fairly and appropriately the Group operations, as well as its financial position and cash flows, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, in force on 1 January 2018.

## **2.3 Changes in Accounting Policies**

### **2.3.1 New Standards, changes and Interpretations applicable to the year beginning 1 January 2018**

The European Union (EU) has endorsed the issues, revisions, changes and improvements to the Standards and Interpretations, as indicated in the following table, to become effective from 1 January 2018.

New amendments applicable to the financial year started on or after 1 January 2018		
Standard	Amendment	Mandatory for financial years beginning on or after
IFRS 15 - Revenue from contracts with customers	Recognition to the revenue related to the delivery of assets and provision of services through the application of milestones	January 1, 2018
Amendment IFRS 15 - Revenue from contracts with customers	Determined contractual obligations, moment when the revenue of an intellectual property licence is recognised, revised indicators for classifying the main relation v. agent and new foreseen regimes that will simplify this transition	January 1, 2018
IFRS 9 - Financial instruments	New standard for accounting treatment of financial instruments	January 1, 2018
IFRS 4 - Insurance Contracts (application of IFRS 4 with IFRS 9)	Temporary exemption of the application of IFRS 9 for insurers for the years beginning before January 1, 2021. Specific regime for the assets under IFRS 4 that qualify as financial assets at fair value via the results in IFRS 9 and as financial assets at amortized cost in IAS 39, being allowed to classify the measurement difference in the Other Comprehensive Income	January 1, 2018
IFRS 2 - Share based payments	Accountability of payment transactions based on fully paid shares and recognised changes in a share-based payment plan, which also change its classification (from cash-settled to equity-settled). Requirements for a share-based payment plan to be treated as fully equity-settled whenever the Employer is required to hold back a tax sum from the employee to be paid to the Tax Authorities	January 1, 2018
IAS 40 - Investment property	Clarification that evidence of change of use is required to effect the transfer of assets to the category of investment property	January 1, 2018
Improvements to standards 2014-2016	Several clarifications: IFRS 1, IFRS 12 e IAS 28	January 1, 2018
IFRIC 22 - Foreign currency transactions and advance consideration	Exchange rate to be applied when consideration is received or paid in advance	January 1, 2018

SAG Gest analyzed the possible effects that the issues, revisions, amendments and improvements to the above-mentioned Standards and Interpretations may have on its Consolidated Financial Statements, concluding that there are no significant impacts arising from these changes

For the first time, the new IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments were adopted and there was no restatement of the comparative Consolidated Financial Statements. As required by IAS 1 - Presentation of Financial Statements, the nature and effects of these changes are as disclosed in Note 2.3.1.1 – Accounting policies for the adoption of IFRS 9 – Financial Instruments and Note 2.3.1.2 – Accounting policies for the adoption of IFRS 15 – Revenue from Contracts with Customers. As far as other standards are concerned, SAG Gest concluded that there are no significant impacts arising from these changes in the Consolidated Financial Statements.

### 2.3.1.1 Application of IFRS 9 – Financial Instruments

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement and encompasses five aspects: i) Recognition ii) Classification and measurement iii) Impairment iv) Hedge Accounting and v) Derecognition.

SAG Gest analyzed the changes arising from the adoption of IFRS 9 in its financial assets and liabilities in order to identify and assess the qualitative and quantitative impacts from adopting the standard.

This standard was adopted on the date of its mandatory application, with effect from 1 January 2018, without restatement of comparative information, or any impact recognized in Retained Earnings on that date.

With the adoption of IFRS 9, SAG Gest assessed which business models applied to its financial assets and the characteristics of the contractual cash flows at the date of initial application of IFRS 9 (1 January 2018) and identified changes in the measurement associated with the classification of its financial instruments for the new categories of IFRS 9. Regarding Debtors and Other Assets – Customers, two different business models were identified:

i) financial assets held exclusively for the receipt of contractual cash flows and the cash flows received consist only of capital and interest and are therefore measured at amortized cost.

ii) Other financial assets such as debt instruments in which the business model is to hold to sell and are therefore measured at fair value through profit or loss.

Thus, the financial instruments were classified as follows in the categories established in IFRS 9:

	Fair value through results	Amortized cost	Discontinued Operations
<b>Financial assets Current</b>			
Debtors and Other Assets - Customers	6,230.9	-	-
Debtors and Other Assets - Customers	-	15,037.6	21,079.8
Debtors and Other Assets - Related Entities	-	4,477.9	2,596.9
Debtors and Other Assets - Others	-	4,336.9	4,300.7
Income Accruals	-	23,029.5	23,029.5
Time Deposits	-	11,921.5	9,775.5
Cash and cash equivalents	-	5,618.3	4,364.1
<b>Total</b>	<b>6,230.9</b>	<b>64,421.7</b>	<b>65,146.5</b>

The reclassification of some assets to fair value did not generate significant adjustments. There were also no changes in value for the remaining assets, as the application of the new classification criteria of IFRS 9 did not change the model for measuring assets before impairment losses, and the amortized cost continued to be applied.

#### Impairment of financial assets

The application of IFRS 9 requires the determination of impairment losses based on the estimated credit losses model, rather than the assessment made on the basis of the losses incurred in accordance with IAS 39.

SAG Gest holds four types of financial assets subject to the new credit loss model established by IFRS 9:

Debtors and Other Assets – Customers

Debtors and Other Assets – Related Entities

Debtors and Other Assets – Other

Accrued income

Term Deposits

Cash and Cash Equivalents

SAG Gest has revised its methodology for calculating and recognizing impairment losses, so that it is consistent with the principles of IFRS 9 for each of its classes of financial assets.

#### a) Customers, Other and Accrued Income

With respect to "Customers", "Other" and "Accrued Income", the simplified approach of IFRS 9 is applied, according to which the estimated impairment losses are recognized from the initial recognition of the balances and for the period of their maturity, considering a matrix of historical default rates for the maturity of the balances, adjusted to the prospective estimates.

#### b) Loans to related entities

Loans to related entities were considered so that impairment losses are determined by assessing estimated losses for the next 12 months, in accordance with the general model of estimated impairment losses.

The analysis performed concluded that there is no impact on retained earnings caused by the adoption of the impairment model of IFRS 9 at 1 January 2018 and therefore no adjustment was made to retained earnings resulting from the adoption of this standard.

### **2.3.1.2 Application of IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 replaces IAS 11 - Construction contracts, IAS 18 - Revenue and related interpretations, the focus is control. It applies to all revenue resulting from customer contracts, with the exception of contracts covered by other standards. This standard establishes a five-step model for the recognition of revenue from these contracts and provides that this recognition is made at the amount that the entity expects to receive from the customer in exchange for the goods sold or services rendered.

This standard was adopted with effect from 1 January 2018 using the modified retrospective method, so that comparative information is maintained at the date of application in accordance with IAS 11 and IAS 18, with the cumulative effect of the adoption of the standard being recognized in Retained Earnings.

The adoption did not result in any effect on Retained Earnings at that date.

In accordance with this method, IFRS 15 was applied only to contracts in force on the date of adoption of the standard.

SAG Gest has analyzed the scope of the contracts with customers, the main ones being as follows:

- Sale of purchased vehicles
- Buy Back Vehicles
- Provision of repair services
- Sale of parts and accessories

All transactions correspond to separate and independent performance obligations, and each sale/installment involves only one performance obligation. The definition of prices does not include a financial component or a monetary consideration. The definition of prices with regard to the sale of vehicles essentially involves payments which are variable, but which do not require uncertainties over a long period of time or susceptibility to uncontrollable factors.

After analyzing them, SAG Gest concluded that there are no impacts either in terms of reclassifications or adjustments arising from the adoption of IFRS 15.

### **2.3.2 New Standards or Interpretations applicable to the year beginning 1 January 2019**

The European Union (EU) has endorsed the issues, revisions, changes and improvements to the Standards and Interpretations, as indicated in the following table, to become effective from 1 January 2019.

New amendments applicable to the financial year started on or after 1 January 2019, endorsed by the European Union (EU)		
Standard	Amendment	Mandatory for financial years beginning on or after
IFRS 16 - Leases	New lease definition. New accounting of lease contracts for lessees. There are no changes to the accounting of leases by tenants	January 1, 2019
IFRS 9 - Financial instruments	New standard for accounting treatment of financial instruments	January 1, 2019
IFRIC 23 - Uncertainty over income tax treatment	Clarification regarding the application of the principles of recognition and measurement of IAS 12 when there is uncertainty about the tax treatment of a transaction, in respect of income tax	January 1, 2019

IFRS 16 was published in January 2016 and replaces IAS 17 – Leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC-15 – Operating leases – Incentives and SIC-27 – Assessing the substance of transactions involving the legal form of a lease. IFRS 16 sets out the principles for recognizing, measuring, presenting and disclosing leases and requires lessees to account for all leases in accordance with a single balance sheet model similar to the accounting for finance leases set out in IAS 17. The standard includes two exceptions to recognition for lessees - leases of 'low value' assets (e.g. computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of the lease, the lessee will recognize an obligation to make the lease payments (i.e., the lease liability) and an asset representing the right to use the asset during the term of the lease (i.e., a right-of-use asset). Lessees will have to recognize separately the expenses related to interest on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also have to remeasure the lease liability on the occurrence of certain events (for example, a change in the lease term, a change in future lease payments that result from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Accounting by the lessor in accordance with IFRS 16 remains substantially unchanged from current practice under IAS 17. Lessors will continue to classify all leases using the same classification principles as IAS 17 and to distinguish between two types of lease: operating and financial.

### Transition to IFRS 16

SAG Gest don't adopt ahead IFRS 16. Regarding application as lessee, SAG Gest plans adopt IFRS 16 using the modified retrospective method on transition for application as a lessee and, therefore, to maintain the comparison at the date of application in accordance with IAS 17 and IFRIC 4. The practical expedient of considering operating leases identified under IAS 17 and IFRIC 4 in the transition will also be applied.

During 2018, an estimate of the impact of IFRS 16 was made and at the reporting date, the Group estimated the lease commitments under IFRS 16 as the amount reported in the following tables:

Estimated impact on the statement of financial position (increase/(decrease)) as at 01 January 2019:

	Discontinued Operations	
<b>ASSETS</b>		
Tangible Fixed Assets (assets of rights of use )	16 489,7	15 982,8
	<b>16 489,7</b>	<b>15 982,8</b>
<b>EQUITY</b>		
Lease liability	16 489,7	15 982,8
	<b>16 489,7</b>	<b>15 982,8</b>

The Group uses in the estimate the practical expedient allowed by the chosen adoption method and excludes in the transition the initial direct costs of the measurement of the right-of-use asset. The average incremental interest rate used in the estimate is 3%.

Estimated impact on the income statement and other comprehensive income (increase/(decrease)) in 2019:

	Discontinued Operations	
Depreciation expenses	3 775,4	3 690,9
Operating results	<b>3 775,4</b>	<b>3 690,9</b>
Financing costs	722,4	708,5
Net Profit / (Loss)	<b>4 497,8</b>	<b>4 399,4</b>
Recognition under IAS 17	4 025,3	3 933,1
Estimated impact IFRS 16 - 2019	472,5	466,3

Due to the adoption of IFRS 16, the Group's operating profit will improve, while its financing costs will increase. Because of changes in the recognition of lease expenses that were previously classified as operating leases in accordance with IAS 17, a negative impact of the implementation on profit or loss is expected in the first year of implementation.

The Group will use the exceptions applicable to the standard for lease contracts whose lease term ends during the 12 months following the date of initial application, and for lease contracts whose underlying asset is "low value". Therefore, it will recognize the payments related to these leases as expenses in the income statement over the term of the lease.

In addition to the changes mentioned above, SAG Gest concluded that there are no other significant impacts on its Consolidated Financial Statements arising from the other standards.

### 2.3.3 New Standards and Interpretations issued, not yet endorsed by the European Union

The table below indicates the new Standards and Interpretations, amendments and revisions issued by the IASB that are not yet endorsed by the European Union (EU) and whose adoption in the EU is not yet mandatory.

New amendments applicable to the financial year started on or after 1 January 2019, but not yet endorsed by the European Union (EU)		
Standard	Amendment	Mandatory for financial years beginning on or after
IAS 19 - Employee Benefits	Obligations to use updated assumptions to calculate the remaining liabilities, with impact on the income statement, except for the reduction of any excess within the scope of the	January 1, 2019
IAS 28 - Investments in Associates	Clarification of long-term investments in associates and joint ventures that are not being measured using the equity method	January 1, 2019
IFRS 3 - Concentration of business activities	Change of business definition	January 1, 2019
IAS 1 - Presentation of the financial statements; IAS 8 - Accounting policies, changes in accounting estimates and errors	Updating the material definition	January 1, 2019
Improvements to standards 2015-2017	Several clarifications: IAS 23, IAS 12 IFRS 3 and IFRS 11	January 1, 2019
Contralural structure - Changes in reference to other IFRS	Amendment to some IFRSs regarding cross-references and clarifications on the application of new definitions of assets / liabilities and expenses / income	January 1, 2020.
IFRS 17 - Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics	January 1, 2021.

SAG Gest analyzed the possible effects that the issues, revisions, amendments and improvements to the above-mentioned Standards and Interpretations may have on its Consolidated Financial Statements, concluding that there are no significant impacts arising from these changes

## 2.4 Basis of Consolidation

### Full Consolidation Method

- a) The Consolidated Financial Statements include the Financial Statements of SAG Gest and of Subsidiaries in which SAG Gest directly or indirectly holds a majority interest or over which SAG Gest exercises management control.

Entities controlled by SAG Gest (the Parent Company) are included in consolidation.

Control exists when SAG Gest is exposed or has the right to variable returns arising from its involvement in an Entity and has the capacity to influence such returns through its power over the Entity.

Specifically, SAG Gest controls an Entity if and only if SAG Gest has:

- Power over the Entity, or rather, holds existing rights that give it the capacity to direct the relevant activities of the Entity
- Exposure or right to variable returns arising from its involvement with the Entity
- The capacity to use its power over the Entity to influence such returns

Generally, it is assumed that a majority of voting rights results in control. In order to support this assumption, and when SAG Gest does not have a majority of voting rights or similar rights in an Entity, SAG Gest considers all relevant facts and circumstances in assessing whether it has power over an Entity, including:

- The existence or otherwise of contractual agreements with other holders of voting rights in the Entity



- Rights that result from other contractual agreements
- The voting rights and potential voting rights of SAG Gest

SAG Gest reassesses whether or not an Entity is controlled when facts and circumstances indicate that changes have occurred in one or more of the three control elements.

The Financial Statements of these Entities were consolidated using the Full Consolidation Method.

- b) Subsidiaries are consolidated using the Full Consolidation Method, from date when SAG Gest obtains control until date when control is lost. The Financial Statements of these Subsidiaries are prepared with reference to the same accounting period as the Financial Statements of SAG Gest, and are prepared applying accounting principles that are consistent between them.
- c) The change in the percentage of interest in these Subsidiaries, without loss of control, is recorded as an equity transaction, in accordance with IFRS 10 – Consolidated Financial Statements.

#### Consolidation using the Equity Method

- d) Autolombos, an Entity where SAG Gest currently exercises significant influence, was consolidated using the Equity Method.

#### Non-Controlling Interests

- e) The amount representing interests held by third parties is reported as Non-Controlling Interests in the Consolidated Statement of the Financial Position as well as in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.
- f) Losses are attributed to Non-Controlling Interests even where the amount of Non-Controlling Interests becomes negative.
- g) Non-Controlling Interests represent the interests of unrelated third parties in the Rolvia and Loures Automóveis Subsidiaries.
- h) Non-Controlling Interests are valued in the proportion of identifiable net assets acquired.
- i) Transactions with Non-Controlling Interests that do not result in loss of control are recognized as equity transactions (transactions with owners, in their capacity as owners). The difference between the Fair Value of any amount paid and the corresponding portion of the book value of the acquired Net Assets of the Entity is recognized in Equity. Gains and losses on sales to Non-Controlling Interests also are recognized in Equity.

#### Effects of changes in control

- j) When SAG Gest ceases to have control or a significant influence over an Entity, any residual interest in the Equity of the Entity is revalued at its market value. Any such changes are recognized in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Fair Value is the initial book value for the purposes of the subsequent accounting treatment of this interest as a Financial Asset.
- k) Whenever SAG Gest loses control over an Entity as a consequence of a transaction the following procedures are adopted:
  - All Assets (including Goodwill) and Liabilities related to such Entity are derecognized
  - The value of any Non-Controlling Interests is derecognized
  - Any Cumulative Translation Adjustment related to such Entity that is included in Equity is reclassified to profit or loss for the year
  - The Fair Value of any consideration received is recognized
  - The Fair Value of the retained interest is recognized



- Any remaining differences are recognized in profit or loss for the year in which the transaction occurs
- Any other items related to the Entity that have affected Comprehensive Income are reclassified against the profit or loss for the year

#### Consolidation process

- l) Balances and transactions (with the corresponding income and expenses) between Entities included in consolidation were eliminated in the consolidation process.
- m) Dividends distributed between the Entities included in consolidation are eliminated in the proportion of control attributable to SAG Gest.

#### Business acquisitions and Goodwill

- n) Effective 1 January 2004, SAG Gest applied IFRS 3 – Business Combinations and no longer recognized the amortization of Goodwill as of such date. Goodwill is subject to impairment tests on an annual basis and whenever necessary.

As at 31 December 2018, the total impairment of Goodwill was recognized in the Consolidated Statement of Financial Position as the recoverability of the respective amount as disclosed in Note 19 – Intangible Assets – "Goodwill" is considered uncertain.

- o) As of 1 January 2009, SAG Gest adopted IFRS 3 (revised). Business acquisitions are recognized using the purchase method, with cost being determined by the aggregate of (i) Fair Value on acquisition date, (ii) consideration paid and (iii) the value of any Non-Controlling Interests in the acquired Entity.
- p) When business acquisitions are implemented in stages, the Fair Value on date of each purchase of interests previously acquired is revalued at its Fair Value on date of each subsequent purchase, with the corresponding gains or losses being recognized in the profit or loss for the year.

Any contingent consideration is valued at its Fair Value on purchase date. Any subsequent change in this fair value that is considered as an asset or liability will be recognized in accordance with IFRS 9 - Financial Instruments in the Income Statement and Other Consolidated Comprehensive Income. If this contingency is considered as Equity, it should not be revalued until it is established as a component of Equity.

- q) The differences between the book value of Financial Investments and the acquisition values of Entities included in consolidation are reported as follows:
  - Where the acquisition value exceeds the value of the acquired Equity, any differences are recognized as Goodwill, under Intangible Assets
  - Where the acquisition value is lower than the value of the acquired Equity, any differences affect the profit or loss for the year in which the acquisition occurs

#### First consolidation adjustments

- r) The differences determined on date of first consolidation, in 1998, regardless of their positive or negative nature, were recognized directly against Consolidated Equity and are included in Retained Earnings, as disclosed in Note 31 – Equity Instruments. These differences were calculated as follows:

Company	Purchase Price	Equity Appropriated By SAG Gest		First Consolidation Adjustments
		%	Value	
SIVA - Sociedade de Importação de Veículos Automóveis, S.A.	301,468.5	100%	35,560.0	265,908.4
Soauto - Comércio de Automóveis, S.A.	6,443.0	100%	3,847.0	2,596.0
ROLPORTO - Comércio e Indústria de Automóveis, S.A.	1,240.0	95%	1,289.5	(49.6)
LGA - Logística Automóvel, S.A.	1,097.4	100%	1,384.3	(286.9)
Autoimpor - Sociedade Importadora de Automóveis, S.A.	249.4	100%	(232.3)	481.7
	<b>310,498.2</b>		<b>41,848.6</b>	<b>268,649.7</b>

## 2.5 Main Accounting Policies

The accounting policies adopted as the basis in the preparation of the Consolidated Financial Statements are as described below.

These Policies were consistently applied to the years presented, except when result of the adoption of IFRS 9 and IFRS 15.

### 2.5.1 Income Recognition (Notes 5 and 38)

#### 2.5.1.1 Revenue

##### a) Revenue from Contracts with Customers

##### Account Policy adopted since 1 January 2018

Revenue corresponds to the fair value of the amount received or receivable from transactions carried out with customers in the normal course of the entity business. Revenue is recorded net of any taxes, trade discounts and financial discounts granted.

In determining the amount of revenue, the entity assesses for each transaction the performance obligations it assumes towards customers, the price of the transaction to be allocated to each performance obligation identified in the transaction and the existence of variable price conditions that may give rise to future adjustments to the amount of revenue recorded, and for which the entity makes its best estimate.

Revenue is recognized when control over the product or service is transferred to the customer, i.e., the moment from which the customer becomes able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

Given the nature of the product or service that is associated with the performance obligations assumed, the transfer of control occurs mostly on a specific date.

The revenue recognition policy for the main activities conducted is as follows:

##### - Revenue sale of products (vehicles and parts)

In the case of vehicles and parts, the recognition of revenue is recorded with the transfer of control of the asset promised to customers by the amount of the consideration that expects to receive in exchange for that asset. These transfers relate to SIVA subsidiary ordinary activities.

##### - Buy Back Vehicles

In transactions where SIVA assumes commitments to repurchase vehicles (transactions with "Buy-Back" clauses), the principles set out in IFRS 15 – Revenue are applied, and the revenue corresponding to the amount of the consideration is not recognized, since it is considered that there was no transfer of control of the asset. The margin resulting from the provision of service is recorded on a linear accrual basis during the period in which the commitment is maintained (the holding period).

– Revenue from the provision of repair services

Revenue is recorded in the income statement when control over the service is transferred to the customer, i.e., the moment from which the customer becomes able to manage the use of the service and obtain all the remaining economic benefits associated with it.

Account Policy adopted until 31 December 2017

Revenue from the activity was recognized when the significant risks and benefits resulting from the ownership of the asset were fully transferred to the Buyer, when they could be reliably measured and when it was probable that economic benefits would flow to the Entity. Revenue was recognized net of any taxes and discounts of a commercial nature. Business Income included only the gross inflows from economic benefits received and to be received by SAG Gest and by Entities included in the consolidation, on their own account. Amounts collected on behalf of third parties, such as taxes, including Vehicle Tax (*Imposto Sobre Veículos – ISV*), are not economic benefits flowing to SAG Gest or to the Entities included in consolidation and do not result in Equity increases, and, therefore, are excluded from Business Income.

i. Deferred Income – Billed Not Shipped

In the case of vehicles, the recognition of Business Income usually coincides with the transfer of ownership of the vehicle, which in most cases occurs at the time of issuance of the corresponding sales invoice. Where delivery of vehicles invoiced only occurs after issuance of the invoice, the corresponding Business Income will only be recognized upon delivery of the vehicle to the Buyer. The amount of such Business Income is recognized as Deferred Income during the period between date of issuance of the invoice and the vehicle's delivery date, as described in Note 37 – Deferred Income.

ii. Buyback Transactions

The principles set forth in IAS 18 – Revenue are applied to transactions where the Selling Entity or another Entity included in consolidation undertakes, at the time of issuance of the sale invoice, to repurchase the same vehicles (transactions with Buyback clauses). The amounts invoiced or any other expenses or income associated with this type of transactions are not recognized as income when issued, and are recognized on a straight-line basis during the period in which these commitments are maintained, which generally corresponds to the period of time between date of issuance of the sales invoice and the date when the vehicle is re-purchased (the holding period). The amount already recognized, through this accrual method, up to 31 December 2018 is stated in Note 6 – Other Operating Income.

**b) Interest**

Interest Income is accrued so as to be recognized during the period to which they relate, regardless of whether or not the respective supporting document has been issued.

**c) Dividends**

This Income is recognized when, in substance, the reporting entity is required to declare Dividends.

**2.5.1.2 Accrual of Income and Expenses**

Income and Expenses are recognized during the period to which they refer, regardless of their payment or receipt, according to the accrual basis accounting principle. The differences between the amounts received and paid and the corresponding Income and Expenses are recognized as Assets or Liabilities, if they qualify as such.

## 2.5.2 Income Tax (Note 16)

Income Tax for the period includes Current Income Tax and Deferred Income Tax. Income Tax is recognized in the Consolidated Statement of Profit and Loss and Other Comprehensive Income, except when it relates to items that are directly recognized in Equity. The amount of Current Income Tax Payable is determined based on Earnings Before Tax, adjusted according to tax rules in force.

SAG Gest adopts the procedure of recognizing Deferred Income Taxes in accordance with IAS 12 – Income Tax, as a way to adequately recognize the tax effects of its operations and to exclude distortions caused by tax criteria that contradict the economic effects of certain transactions.

Deferred Income Tax represents the Income Tax amount of temporary differences between the book value of Assets and Liabilities reported and the corresponding value for tax purposes.

Deferred Income Tax Assets are recognized in relation to deductible tax losses whenever there is reasonable certainty that future profits will be generated that will allow for the total utilization of such deductible tax losses. Deferred Income Tax Assets are reviewed annually and reduced whenever it is no longer probable that the corresponding tax losses will be used.

Deferred Income Tax Liabilities are recognized in respect of all taxable temporary differences, except those related to: i) the initial recognition of Goodwill; or ii) the initial recognition of Assets and Liabilities that do not result from a business combination and that, as of the date of the transaction, do not affect the accounting result or taxable income. However, taxable temporary differences related to Investments in Subsidiaries should not be recognized to the extent that: i) SAG Gest is able to control the period of reversal of the temporary difference; and ii) it is likely that the temporary difference will not be reversed in the near future.

The amount of Deferred Income Taxes is determined by applying the tax rates (and laws) in force, or substantially in force, on reporting date and that are expected to be applicable in the period of realization of the Deferred Income Tax Asset or settlement of the Deferred Income Tax Liability. In accordance with the regulations in force in Portugal, the base rate of Corporate Income Tax (*IRC – Imposto sobre o Rendimento de Pessoas Coletivas*) is 21%. Where an Entity does not report tax losses, Municipal Surtax (*Derrama*), at the rate of 1.5%, is added to the basic Corporate Income Tax (*IRC*) rate. The tax rate thus determined (22.5%, where there are no tax losses, or 21% where the Entity reports a negative taxable income) is applied to the amount of temporary differences that generated Deferred Income Tax Assets or Liabilities.

Changes during the year, the estimate between the Income Tax for the year and Current Income Tax and the breakdown of Deferred Income Tax balances are disclosed in Note 15 – Income Tax.

## 2.5.3 Tangible Fixed Assets (Note 18)

Tangible Fixed Assets are recognized at acquisition cost, which includes costs associated with the respective acquisition, less the corresponding accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on acquisition cost using the straight-line method, except in the case mentioned below, in order to fully depreciate the assets until the end of their estimated useful life, and the annual depreciation rates stated in the following table are applied.

%			
Buildings and Other Constructions		2.00	
Basic Equipment	25.00	to	31.25
Transport Equipment	14.28	to	25.00
Tools	20.00	to	33.33
Office Equipment	12.50	to	33.33
Other Fixed Assets	20.00	to	33.33

In the Globalrent Subsidiary, depreciation of the vehicles assigned to the Rent-a-Car activity (short-term rental of vehicles without driver), which are recognized as Basic Equipment, is determined in order to reflect, using the straight-line method, the estimated loss that will occur in the value of the vehicle during the period of its intended use.

Repair and maintenance of equipment expenses are recognized in the year in which they occur.

## 2.5.4 Intangible Assets (Notes 19 and 20)

### a) Goodwill

Positive consolidation differences (Goodwill) represent the excess between the acquisition cost and the Fair Value of identifiable acquired Assets and Liabilities (ii) on date of acquisition or (ii) on date of a change in control that requires a change of the consolidation method. Goodwill is allocated to Cash Generating Units for the performance of impairment tests. Goodwill is not amortized and its amount is reduced by any impairment losses, determined annually on reporting date or whenever there are indications of any loss of value. Any loss of value (impairment) is recognized in the profit or loss for the period and cannot be reversed subsequently.

Gains or losses arising from the sale of an Entity / Cash Generating Unit are calculated with the inclusion of respective Goodwill.

When a business reorganization occurs involving a change in the composition of the Cash Generating Units to which Goodwill has been allocated, the allocation of Goodwill to the new Cash Generating Units is reviewed. The reallocation is performed considering the relative value of the new Cash Generating Units resulting from such reorganization.

### b) Store Key-money

Key-money expenses are recognized during the term of the respective rental agreement. Store Key-money is amortized over a period of five years.

For the purposes of performing impairment tests, Store Key-money is allocated to the Cash Generating Units with which they are associated.

### c) Other Intangible Assets

Other Intangible Assets are valued at their acquisition cost. Amortization is calculated monthly on a straight-line basis, using rates that allow the complete amortization of such assets until the end of their useful life. Software is amortized at a rate of 33.33%.

## 2.5.5 Investments in Associates (Note 21)

Associates are Entities where SAG Gest exercises a significant influence, generally associated with a holding of between 20% and 50% of voting rights but does not have control.

Investments of SAG Gest in associates are recognized using the Equity Method. In accordance with this method, Investments are recognized at the respective Equity Method, adjusted according to the percentage held by SAG Gest in any subsequent changes that occur in the equity of such Entities. Where signs of impairment are detected, Investments in Associates are subject to impairment tests.

The profit or loss for the year reflects the appropriation by SAG Gest of the operating results of Associates in the proportion of its holdings. Where the share of losses attributable to the Entities included in consolidation is equivalent to or exceeds the value of the financial interest in Associates, additional losses are recognized if SAG Gest and/or any of the other Entities included in consolidation have assumed obligations towards third parties.

Dividends recognized in the year are deducted from the amount of Investments in Associates.

Where SAG Gest loses significant influence in an Associated Entity, the value of Investments in Associates retained is recognized at Fair Value (with impact on the profit or loss for the year).

Unrealized gains and losses in transactions between SAG Gest and/or any other Entity included in consolidation and Associates are eliminated in the proportion of the interest held in Associates. Unrealized losses also are eliminated unless the transaction provides additional evidence that the transferred Asset is in an impairment situation.

The accounting policies of Associates are modified as required to ensure that the accounting policies adopted by SAG Gest and its Affiliates and Subsidiaries are consistently applied.

## 2.5.6 Investment Properties (Note 22)

Investment Properties refer to real estate and land held for income and/or capital appreciation, or both, and not for use during the ordinary course of business (exploration, services rendered or sales).

Investment Properties are recognized at Fair Value, determined in accordance with Note 2.5.8 – Determination of Fair Value, reflecting market conditions prevailing at the end of the period. The differences determined in the valuations are recognized in the year in which they occur as Changes Gains or Losses in Investment Properties in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Expenses incurred (maintenance, repairs, insurance and property taxes) and income and rents connected with Investment Properties are recognized in the Consolidated Statement of Income and Other Comprehensive Income for the year to which they refer.

## 2.5.7 Inventories and Impairment Losses on Inventories (Note 23)

Inventories are valued at the lower of purchase price or net realizable value. The net realizable value corresponds to the expected selling price, less costs to sell.

The purchase price amount is determined as follows:

- **New Vehicles** – are valued at cost or net realizable value, if this is less than the acquisition value. Cost of inventories includes all purchase costs, conversion costs, and other costs incurred to place inventories in their current location and condition. The costs of purchasing inventories include the purchase price, import duties and other taxes (other than those subsequently recoverable from tax entities by the entity) and transportation, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining purchase costs.
- **Used Vehicles** – when vehicles recognized in Inventory result from trade-in transactions, they are valued at purchase price, which is determined in the valuation conducted at the time of the trade-



in. The amount is adjusted whenever signs of impairment are identified in relation to the net realizable value of such vehicles

- Buyback Vehicles – even the agreements have 12 months duration the amount of the recognized cost corresponds to the agreed re-purchase price agreed for the time of re-purchase, net of impairment losses, if any
- Parts and other goods – valued at purchase price and other expenses incurred until the respective entry into the warehouse. Trade discounts, rebates and other similar items are deducted in determining purchase costs. Outgoing items are valued at the average cost

The value of any Impairment Losses in Inventories of Parts is determined based on the turnover of stocks, by type of material, calculated on the basis of the activity recorded during the previous 24 months. This criterion is applied consistently.

### 2.5.8 Determination of Fair Value

Some policies and disclosures adopted by SAG Gest require the determination of the Fair Value of Financial and Non-Financial Assets and Liabilities.

Fair Value represents to the amount that would be received for the sale of an Asset or paid for the transfer of a Liability in a regular arm's length transaction between market participants on valuation date.

To determine the Fair Value of an Asset or Liability, SAG Gest uses observable market data, whenever available. Fair Value is classified as follows at various hierarchical levels based on information (inputs) used in valuation techniques:

- Level 1: quoted, unadjusted prices in active markets for identical Assets and Liabilities
- Level 2: Inputs that are observable, directly or indirectly, for the Assets or Liabilities
- Level 3: Inputs based on unobservable data

Fair Value is not determined based on active market quotes, but using valuation models whose main inputs are not observable in the market. Investment Properties are included in this level and are valued by independent external experts.

### 2.5.9 Financial Assets (other than Financial Investments)

#### Accounting policy adopted as of January 1, 2018:

##### Recognition

Purchases and sales of investments in financial assets are recorded at the date of the transaction, that is, on the date SAG GEST undertakes to buy or sell the asset.

##### Classification

The classification of financial assets depends on the business model followed by SAG GEST in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

Changes to the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

(i) Financial assets at amortized cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows;

Included in this category are the following items: Debtors and Other Assets Clients, Debtors and Other Assets Related Entities, Debtors and Other Assets Others, Income Accruals, Time Deposits and Cash and Cash Equivalents.

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);

a. In the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or on time of its own sale;

b. In the case of equity instruments, this category includes the percentage of interest held in entities over which SAG GEST does not exercise control, joint control or significant influence, and which SAG GEST irrevocably chose on the date of recognition initial designate at fair value through other comprehensive income;

(iii) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments which were not designated at fair value through other comprehensive income.

This category includes the following items: Debtors and Other Assets Clients (Factoring).

At 31 December 2018, the classification of SAG GEST Financial Assets by category is shown in Note 23.

At December 31, 2018, SAG GEST holds debt instruments, which are classified as financial assets at amortized cost and financial assets at fair value through profit or loss.

#### Measurement

SAG GEST initially measures financial assets at fair value, plus transaction costs directly attributable to the acquisition of financial assets, for financial assets that are not measured at fair value through profit or loss. The transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest earned on assets at amortized cost" in financial income.

Financial assets at fair value through other comprehensive income, which are debt instruments, are subsequently measured at fair value through fair value changes recognized as a contra entry to other comprehensive income, except for variations related to the recognition of impairment, interest income and gains / (losses) due to foreign exchange differences, which are recognized in income for the year. Financial assets at fair value through other comprehensive income are subject to impairment.

Financial assets at fair value through other comprehensive income that are equity instruments are measured at fair value on the date of initial registration and subsequently, and the fair value changes are recorded directly in the other comprehensive income, in the equity, future reclassification even after derecognition of the investment. Dividends obtained from these investments are recognized as gains, in results for the year, on the date they are attributed.

#### Impairment losses

SAG GEST assesses in a forward-looking manner the estimated credit loss associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income.

The applied impairment methodology takes into account the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

With regard to receivables from Debtors and Other Assets - Clients, Debtors and Other Assets - Related Entities, Debtors and Other Assets - Other and Income accruals, SAG GEST applies the simplified



approach allowed by IFRS 9, according to which the estimated credit losses are recognized from the initial recognition of the balances receivable and for the entire period up to their maturity, considering a matrix of historical default rates for the maturity of the balances receivable.

Regarding the balances receivable from related entities, which are not considered as part of the financial investment in these entities, the credit impairment is assessed according to the following criteria: i) if the balance receivable is immediately due; ii) if the balance receivable is low risk; or (iii) if it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then SAG GEST only evaluates the probability of a maturing in the next 12 months.

For all other situations and nature of amounts receivable, SAG GEST applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there has been no increase in credit risk, SAG GEST calculates an impairment corresponding to the amount expected to be expected within 12 months. If there has been an increase in credit risk, SAG GEST calculates an impairment corresponding to the amount equivalent to the expected loss for all contractual flows until maturity of the asset.

SAG GEST estimates prospectively the estimated credit losses associated with assets at amortized cost. The methodology of impairment applied depends on whether or not there has been a significant increase in credit risk.

#### Derecognition of financial assets

SAG GEST derecognises financial assets when and only when contractual rights to cash flows have expired or have been transferred and the Entity has substantially transferred all the risks and rewards of ownership of the asset.

### Accounting policies adopted up to December 31, 2017:

#### Classification

Financial Assets not included under "Cash and cash equivalents" can be classified as:

- a) Loans and receivables - includes non-derivative financial assets with fixed or determinable payments not quoted in an active market;
- b) held-to-maturity investments - include non-derivative financial assets with fixed or determinable payments and fixed maturities, which the entity has the intention and ability to maintain to maturity;
- a) Financial assets at fair value through profit or loss - include non-derivative financial assets held for trading in respect of short-term investments and assets at fair value through profit or loss on the date of initial recognition;
- d) Available-for-sale financial assets - include non-derivative financial assets that are designated as available-for-sale at the time of their initial recognition or do not fall into the above categories. They are recognized as non-current assets, except if they are intended to be disposed of within 12 months of the reporting date.

As of December 31, 2017, SAG GEST only held financial assets classified as loans and accounts receivable and as cash and cash equivalents. Loans and receivables are presented under Debtors and Other Assets Clients, Debtors and Other Assets Related Entities and Debtors and Other Assets Others.

#### Impairment

SAG GEST assesses at each financial reporting date the existence of impairment indicators for financial assets that are not measured at fair value through profit or loss. If there is objective evidence of

impairment, SAG GEST recognizes an impairment loss in the income statement and other comprehensive income under the caption Impairment of Debtors and Other Assets.

#### Derecognition

SAG GEST deregistered financial assets when and only when the contractual rights to the cash flows have expired or have been transferred and the Entity has substantially transferred all the risks and rewards of ownership of the asset.

### **2.5.10 Cash and Cash Equivalents (Note 30)**

This item includes Cash and Current Deposits with a maturity of three months or less, readily convertible to known values of money that are not subject to a significant risk of change in value.

### **2.5.11 Equity Instruments (Note 31)**

Equity Instruments are classified according to their contractual substance, regardless of their legal form. Equity Instruments issued by Entities included in consolidation are recognized at the amount received, net of expenses incurred with issuance thereof.

- Treasury Stock acquired is valued at purchase price and recognized as a reduction of Equity. When these Shares are sold, the amount received, less any direct transaction costs and the respective tax, is recognized directly in Equity.

Holders of Common Shares are entitled to receive dividends as resolved by the Shareholders Meeting and are entitled to one vote for each Share held. There are no Preferred Shares. Rights related to Treasury Stock held in the portfolio of SAG Gest and its Affiliates and Subsidiaries are suspended until such Shares are placed in the market again.

The value of Treasury Stock in the portfolio is presented as Treasury Stock until the date when such Shares are cancelled, re-issued or sold. When Treasury Stock Shares are subsequently sold or re-issued, the amount received is included again in Equity attributable to Shareholders.

- Dividends payable are recognized as a liability in the Consolidated Financial Statements for the year in which Shareholders approve the distribution thereof, until respective payment is made.

### **2.5.12 Financial Liabilities**

#### Accounting policy adopted from 1 January 2018

Financial liabilities are classified into two categories:

- a) Financial liabilities at fair value through profit or loss; and
- b) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes the liabilities shown under the headings "Loans" and "Creditors and other liabilities". These liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate. As of 31, December 2018, the group just recognize liabilities if they are classified as amortized cost.

#### **i) Loans (Note 33)**

Loans obtained are initially recognized at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost and the difference between the nominal value and the initial

fair value is recognized in the statement of income and other comprehensive income over the period of the loan, using the effective interest rate method.

Loans obtained are classified under current liabilities, unless the Entity has an unconditional right to defer payment of liabilities for at least 12 months after the date of the financial report, in which case they are classified as non-current liabilities.

These items generally include balances of suppliers of goods and services that the Company acquired in the normal course of its activity. The corresponding items are classified as current liabilities if the payment is due within 12 months or less, otherwise, the accounts of "Suppliers" are classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. Subsequent to their initial recognition, the liabilities presented under "Suppliers" are measured at amortized cost using the effective interest rate method.

## **ii) Creditors and Other Liabilities (Note 34 and 35)**

These items generally include balances of suppliers of goods and services that the Company acquired in the normal course of its activity. The corresponding items are classified as current liabilities if the payment is due within 12 months or less, otherwise, the accounts of "Suppliers" are classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. Subsequent to their initial recognition, the liabilities presented under "Suppliers" are measured at amortized cost using the effective interest rate method.

As at 31 December 2018, SAG Gest has only recognized liabilities classified as "Financial liabilities at amortized cost".

### Accounting policies adopted until 31 December 2017

Financial liabilities are classified into two categories:

- c) Financial liabilities at fair value through profit or loss; and
- d) Other financial liabilities.

The category "Other financial liabilities" includes the liabilities presented in the captions "Borrowings" and "Creditors and other liabilities". These liabilities are initially recognized at fair value and are subsequently measured at amortized cost in accordance with the effective interest rate.

Financial liabilities are derecognized when the underlying obligations are extinguished by payment, are canceled or expire.

As at 31 December 2017, SAG Gest has only recognized liabilities classified as "Other financial liabilities".

## **2.5.13 Contingent Assets and Liabilities (Note 42)**

Contingent Assets are not recognized in the Consolidated Financial Statements and are only disclosed when a future economic benefit is likely to exist.

Contingent Liabilities are not recognized in the Consolidated Financial Statements and are disclosed in the Notes to the Consolidated Financial Statements, unless the possibility of an outflow of funds is remote, where they are not disclosed.

#### **2.5.14 Subsequent Events (Note 43)**

Events that occur after reporting date that provide additional information in respect of the conditions that existed on reporting date are reflected in the Consolidated Financial Statements.

Events occurring after reporting date that provide information in respect of the conditions that occur after reporting date are disclosed in the Notes to the Consolidated Financial Statements, if material.

#### **2.5.15 Impairment of Assets**

##### **2.5.15.1 Impairment of Non-Financial Assets**

At 31 December 2017, SAG Gest assessed the existence of signs that its Tangible Fixed Assets and Intangible Assets may be in an impairment situation. Whenever such signs exist, or when IFRS require the performance of impairment tests, SAG Gest estimated the recoverable amount of the Asset, which corresponds to the realizable value of the Asset, net of any costs to sell, or the value in use thereof, whichever is higher. If an impairment situation occurs, the value of the Asset is reduced in order to reflect its recoverable value.

When impairment losses have been recognized, Non-Financial Assets, with the exception of Goodwill, were assessed at each reporting date to evaluate the possible reversal of recognized impairment losses.

When an impairment loss or the reversal thereof was recognized, the depreciation/amortization of such Assets was recalculated prospectively according to the Asset's recoverable amount, as adjusted by the recognized impairment.

After 1 January 2018, IFRS 9 - Financial Instruments establishes a new impairment model based on "expected losses" that replaces the previous model based on "incurred losses", established in IAS 39. Therefore, SAG Gest recognizes impairment losses before there is objective evidence of loss of value resulting from a past event. IFRS 9 determines the recognition of impairment losses in financial instruments held for measurement at amortized cost or at fair value through other comprehensive income, such as debtors and other assets, cash and cash equivalents, among others

##### **2.5.15.2 Impairment of Financial Assets**

Until 31 December 2017, Impairment losses in Customer and other Debtors and Other Assets were recognized whenever there is objective evidence that the amounts are not recoverable in accordance with the initial terms of the transaction. The identified impairment losses were recognized in the Consolidated Statement of Profit and Loss and Other Comprehensive Income as Impairment Losses in Accounts Receivable, and are subsequently reversed through profit and loss, where the impairment signs decrease or are no longer verified.

After 1 January 2018, IFRS 9 - Financial Instruments establishes a new impairment model based on "expected losses" that replaces the previous model based on "incurred losses", established in IAS 39 – Financial Instruments: Recognition and valuation in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Therefore, SAG Gest recognizes impairment losses before there is objective evidence of loss of value resulting from a past event.

#### **2.5.16 Operating and Financial Leases**

Leases where a significant part of the risks and benefits of ownership of the leased asset is held by the Lessor are classified as Operating Leases. Payments performed under Operating Leases are recognized in the income statement using the straight-line method during the lease term, net of any incentives received from the Lessor.

Tangible Fixed Assets acquired under Financial Leases or other contractual instruments, which, in substance, represent financial leases, are recognized as financial leases, in accordance with IAS 17 – Leases.

Accordingly, the value of Tangible Fixed Assets acquired, less respective accumulated depreciation, on one hand, and, on the other hand, the value of outstanding debt, are recognized at their Amortized Cost, calculated using the Effective Interest Rate Method. Interest included in the rental amounts and depreciation are recognized as expenses in the year to which they relate.

Assets leased to third parties under Operating Leases are recognized as Tangible Fixed Assets in the Consolidated Statement of the Financial Position. These items are depreciated over their estimated useful life. Rental income (net of any incentives granted to the Lessee) is recognized on a straight-line basis during the lease term.

## 2.5.17 Foreign Currency denominated Transactions and Balances

### a) Functional currency

The functional and presentation currency of the Consolidated Financial Statements of SAG Gest, as well as its Subsidiaries, Affiliates and Associates, is the Euro.

### b) Recognition of foreign currency denominated transactions

Transactions denominated in a foreign currency (outside the Euro zone) are recognized using the exchange rate prevailing on transaction date in the conversion into Euros. Amounts receivable and payable denominated in foreign currency are expressed in Euros using the exchange rates prevailing on reporting date.

### c) Foreign Currency denominated Non-monetary Assets and Liabilities

Non-monetary Assets and Liabilities denominated in a foreign currency and recognized at Fair Value are converted into the functional currency of each Subsidiary or Affiliate using the exchange rate prevailing on date when the respective Fair Value is determined. Subsequently and on each reporting date, such values are converted into the functional currency of SAG Gest, using the exchange rate prevailing on reporting date.

### d) Exchange differences

All exchange differences determined as a result of these procedures are recognized as Income or Expenses for the year.

Exchange differences calculated on the balances between Entities included in consolidation are recognized as income or expense for the period in the Consolidated Financial Statements, except where such balances are considered as part of the net investment in a foreign Subsidiary. In this case, said exchange differences are recognized against Equity.

## 2.5.18 Earnings per Share

The Consolidated Statement of Profit and Loss and Other Comprehensive Income discloses Basic Net Earnings per Share and Diluted Net Earnings per Share from continuing operations, and, if applicable, from discontinued operations.

Basic Earnings per Share is calculated by dividing (i) the profit and loss for the period attributable to the holders of SAG Gest Common Shares (ii) by the weighted average number of Common Shares outstanding during the period.

For the purposes of calculating Diluted Earnings per Share, the profit and loss for the period attributable to holders of SAG Gest Common Shares is adjusted (i) for preferred dividends, (ii) for differences

resulting from the cancellation of Preferred Shares and (iii) for other similar effects. The weighted average number of Shares outstanding must be adjusted due to events other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding without the corresponding change in resources, so as to reflect the effects of all potential dilutive Common Shares.

Dilution is a reduction in Earnings per Share resulting from the assumption (i) that convertible instruments are converted, (ii) that stock options or premiums are exercised or (iii) that Common Shares are issued when certain conditions are met.

When Basic Earnings per Share and Diluted Earnings per Share are equal, the respective values are disclosed in a single line of the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

### 2.5.19 Operating Segments

The Operating Segments are reported consistently with the internal reporting that is produced and made available to Management, namely to the Board of Directors. Based on this report, Management evaluates the performance of each Segment and allocates available resources.

### 2.5.20 Non-Current Assets (or disposal groups) Held for Sale ( Note 4)

Non-Current Assets Held for Sale are recognized as such where their carrying amount is expected to Non-current Assets (or disposal groups) are classified as Non-Current Assets Held for Sale when their book value is mainly recovered through a sale transaction, or through a distribution to Shareholders, instead of their continued use in activities.

Non-current Assets Held for Sale may refer to a Separate Asset (e.g. Tangible Assets, or Investment in a Subsidiary, with loss of control), or to a disposal group that includes Assets and Liabilities (e.g. business for sale).

For a Non-Current Asset or disposal group to be classified as held for sale, it must be in an immediate sale condition and the transaction is highly probable. The sale transaction is considered probable when the Management agrees to proceed with the sale, defining an appropriate price range and actively seeking a possible buyer, so that the sale operation can be completed within a period of 12 months.

Non-current Assets Held for Sale are valued at the lower of book value and fair value less costs to sell, as of the date they are classified as held for sale. Assets with defined useful lives are no longer depreciated / amortized from the date they are classified as held for sale, until the date the sale transaction occurs, or the transaction is no longer probable.

When, due to changes in circumstances, Non-Current Assets and / or disposal groups no longer meet the conditions to be classified as held for sale, they will be reclassified in accordance with the underlying nature of the Assets and will be valued at the lower of (i) the book value before they were classified as held for sale, adjusted for any depreciation / amortization expenses, or revaluation amounts that would have been recognized had these Assets not been classified as held for sale, and (ii) recoverable amounts of the items on the date they are reclassified according to their underlying nature. These adjustments will be recognized in the results for the year.

Regarding the classification of financial investments as held for sale, in relation to subsidiaries and joint ventures measured by the equity method, these are measured at the lower of book value and fair value less costs to sell, ceasing the application of the equity method.

In the case of financial investments in subsidiaries or joint ventures measured under the equity method, the cessation of the classification as held for sale implies the restatement of the equity method.



## 2.6 Management Judgments

In preparing the Consolidated Financial Statements in accordance with IFRS, the Board of Directors uses estimates and assumptions that affect the application of policies and the reported amounts. Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations in respect of future events considered probable due to circumstances upon which estimates are based or resulting from information or experience acquired. The most significant judgments reflected in the Consolidated Financial Statements are as follows:

### a) Going Concern

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. Nevertheless, as of December 31, 2018, the Company has negative equity.

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. The Board of Directors' belie that the suspensive conditions to the agreement, as described below, will not occur.

The agreement established between SAG Gest, Porsche Holdings (VW Group entity) with its seat in Salzburg, Banco Comercial Português, S.A., Banco BPI, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A. whereby SAG has agreed to, directly and indirectly, sell and PHS has agreed to buy the following group companies:

- a. AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.;
- b. Globalrent – Sociedade Portuguesa de Rent-A-Car, Unipessoal, Lda.;
- c. SIVA Serviços – Assessoria Financeira e Administrativa, S.A.;
- d. SIVA – Sociedade de Importação de Veículos Automóveis, S.A.;
- e. Soauto SGPS, S.A.

As part of this agreement with PHS, and in order to permit its successful completion and as a condition of such sale, (i) the Banks have agreed to support that both SAG and SIVA present separate special judicial reorganization procedures (Processos Especiais de Revitalização – "PER") and (ii) Volkswagen Finance Belgium, S.A., Audi Aktiengesellschaft, Skoda Auto A.S. and Volkswagen Aktiengesellschaft have also agreed to extend limited financial support to the Companies, subject to the successful completion of the Transaction (as defined below).

The completion of the Transaction occurs after:

#### **SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company**

Head Office: Estrada de Alfragide, nº 67 Amadora  
Registered Share Capital: Eur 169,764,398.00  
Registered in the Amadora Companies Registration Office  
Single Tax Identification and Registration Number 503 219 886  
Office: Alfrapark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2  
2614-519 Amadora  
Tel: 21 359 66 64  
Fax: 21 359 66 74

- a) The unconditional clearance of the Transaction by the European Commission and, if applicable, further competent competition authorities;
- b) The successful and final completion of the public offer preliminary announced today for the acquisition of all the shares issued by SAG (the “Public Offer”) not held by the offeror and by certain parties deemed to be acting in concert with the offeror (“Parties in Concert”) pursuant to any of the situations set forth in article 20 of the Securities Code (*Código dos Valores Mobiliários*) (“Securities Code”), as detailed in the preliminary public announcement released today, and as a result of which the offeror and the Parties in Concert together hold at least ninety per cent of the shares and voting rights in SAG. The Public Offer allows all minority shareholders willing to disinvest due to relevant changes in SAG’s investment portfolio upon completion of the Transaction to tender their shares and exit the company;
- c) The loss of SAG’s publicly traded status after successful completion of the Public Offer, pursuant to article 27.1 a) of the Securities Code since all conditions set forth thereon are met;
- d) After the loss of publicly, if applicable the launching and completion of the squeeze-out procedure of article 490 of the Portuguese Companies Code (*Código das Sociedades Comerciais*) covering all shares of SAG not held by SGC – SGPS, S.A. and its controlled subsidiaries.
- e) The sale by SAG Gest to SIVA of the shareholdings representing the total share capital of SIVA Serviços, Globalrent and AA00;
- f) The successful, final and non-appealable completion of the SAG PER (as defined and better described below);
- g) The successful, final and non-appealable completion of the SIVA PER (as defined and better described below);
- h) The final and definitive register of the successive mergers of Autoimpor into LGA and of LGA into SAG;

The Transaction is still further subject to other conditions more directly related to be business of the Transaction Perimeter until closing. In the agreement scope, SAG Gest compromises no due car business for two years, except for Autolombos activity.

Given the debt structure of the companies within the Transaction Perimeter the purchase price has been set at EUR 1. The counterpart may be subject to additional adjustments under the terms agreed in the transaction documents, which will take the form of additional debt forgiveness under the SIVA PER.

In accordance with the extrajudicial restructuring agreement (“acordo extrajudicial de recuperação”) within the SAG PER:

- a) the subordinated credits of SIVA and other group companies, in the total amount of Eur 235.1, shall be fully written down;
- b) the credits of the Banks over SAG shall be written down in the amount of Eur 15.9;
- c) the remaining credits of the Banks over SAG shall be repaid in accordance with the extrajudicial restructuring plan, subject to return to better fortune or additional written down provisions, depending on the economic and financial performance of SAG;
- d) upon completion of the Transaction, the business of SAG shall consist of the administration and management of IMOCAR investments.

In accordance with the extrajudicial restructuring agreement (“acordo extrajudicial de recuperação”) within the SIVA PER:

- a) the Banks have ensured until 31 December 2019 that bank guarantees for the import of vehicles and vehicle parts by SIVA remain valid;
- b) the credits of the Banks over SIVA shall be partially written down in the amount required to ensure that SIVA’s shareholders equity is not negative, such amount being determined on the closing date of the Transaction, but with a minimum amount of Eur 100 million;

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- c) the amount of the remaining credits of Banks on SIVA after transfer, part will be reimbursed due to the non-verification of certain contingencies under the CCV of SIVA and Soauto SGPS, SA, the remainder reimbursed by SIVA on the close Transaction date.

It is expected that the Transaction will be completed by no later than 30 September 2019.

Upon completion of (i) the mergers of Autoimpor and LGA into SAG, (ii) the Transaction and (iii) the SAG PER, SAG will hold (i) participations representing 40 (forty) percent of the share capital of Autolombos – Sociedade de Automóveis, Lda., (ii) shares representing 100 (one hundred) per cent of the share capital of SIVA Defleet – Comércio de Automóveis, S.A., and (iii) all the participation units in IMOCAR – Fundo de Investimento Imobiliário Fechado (“IMOCAR Units”), a close-end real estate fund, managed by NORFIN – Sociedade Gestora de Fundos de Investimento Imobiliários, S.A. in which all Participation Shares will remain committed to the Banks in guarantee of repayment of capital, and payment of interest, costs and expenses related to SAG's Banks debts, after final approval of the SAG PER and conclusion of the Transaction.

For the disclosed above, the Company's Financial Statements were prepared in accordance with the continuity principle.

#### **b) Deferred Income Tax Estimate**

Deferred income tax amounts are calculated using the liability method on reporting date, based on the temporary differences between the book values of the assets and liabilities recognized in the Consolidated Financial Statements and their respective tax bases.

Deferred income tax assets are recognized whenever it is likely that future taxable profits will be generated, and the temporary differences can be utilized. Therefore, changes in tax regulations or their interpretation by the competent authorities may have an impact on the value of Deferred Tax, as well as the performance of Entities included in consolidation.

Deferred Tax amounts are calculated using the tax rate expected to be in force in the year which temporary differences are reversed.

#### **c) Intangible Assets Valuation and Useful Life**

SAG Gest used various assumptions in estimating future cash flows from Intangible Assets acquired as part of Entity acquisition processes, including estimates of future revenues, discount rates and the useful life of such assets.

## **2.7 Significant Estimates**

### **a) Impairment of Financial Assets**

After 1 January 2018, the determination of impairment on financial assets involves significant estimates. In calculating this estimate, Management assesses, among other factors, the duration and extent of the circumstances under which the recoverable amount of these assets may be less than their carrying amount. The balances of Accounts Receivable - Related Parties and Accounts Receivable - Other are evaluated for factors such as the history of default, current market conditions, and also prospective information estimated by reference to the end of each reporting period, as the most critical evaluation elements for the purposes of analysis of estimated credit losses.

Until 31 December 2017, impairment losses on trade receivables and other debtors and other assets were recognized whenever there is objective evidence that the amounts were not recoverable according to the initial terms of the transaction. Impairment losses identified were recognized in the Statement of Profit and Loss and Other Comprehensive Income, in Impairment Losses - Related Parties, which are subsequently reversed through profit or loss if the impairment indicators decrease or cease to exist.

#### **b) Goodwill Impairment Analysis**

Goodwill was tested annually up to 31 December 2018, and whenever possible circumstances indicate that its book value could be impaired. The recoverable values of the Cash Generating Units were determined based on the value-in-use methodology. The use of this method requires the estimate of future cash flows from the operations of each Cash Generating Unit and the selection of an appropriate discount rate.

Considering the disclosure in Note 2.6.a) - Going Concern, in the opinion of the Board of Directors, as at 31 December 2018, it is not expected that the amounts of "Goodwill" previously recorded will be recoverable. As such, impairments were recorded for the full amount of Goodwill.

#### **c) Recognition of Provisions**

SAG Gest is a party to various judicial proceedings in progress. Based on the opinion of its Lawyers, SAG Gest makes a judgment to determine whether a Provision should be recognized in respect of contingencies associated with said judicial proceedings.

#### **d) Recognition of Inventory Impairments**

Impairment Losses in Inventories estimated amount is calculated on each reporting date considering the expected sales value of the vehicles and parts in Inventory, based on the best Management knowledge, at the Financial Statements approval date, the events and ongoing transactions, as well the experience of past and / or current events.

In order to determine the expected sales value of the used vehicles in Inventories, SAG Gest estimates the devaluation of the market value, as of the reporting date, taking into account each vehicle's characteristics, the estimated future channel mix, historical information, sales budget, and information provided by independent automotive experts recognized in the market.

The determination of expected sale value of used vehicles that, on reporting date, are still in the possession of the Entities to which they were invoiced, in the context of Buy-Back transactions, the current repurchase price is estimated taken into account the devaluation of the vehicle until the date of repurchase obligation (the holding period).

For determination of the expected Parts and Accessories sales value, the Entity determines the turnover of those Inventories by type of material, based on the movements registered during the last 24 months.

#### **e) Determination of the market value of Investment Properties**

Investment Properties are composed of land and buildings and are recognized at the Fair Value, as determined by specialized and independent entities with recognized professional qualifications and experience in the valuation of assets of this nature.

#### **f) Estimated Commercial Support Payable and Receivable**

The estimated amount of commercial support receivable by the SIVA Subsidiary is calculated on each reporting date, based on the results of negotiations and agreements with the Brands in respect of each economic year.

The estimated amount of commercial support payable by the SIVA Subsidiary is calculated, on each reporting date, for the vehicles sold by that Subsidiary up to that date, considering the type of each final Customer (sales channel), based on the agreements and rules established annually by the SIVA Subsidiary, for each represented Brand.

#### **g) Valuation and useful life of tangible fixed assets**

The determination of the useful lives of the assets is based on management estimates. The determination of the existence of impairment losses of these tangible fixed assets involves the use of estimates. The recoverable amount of these assets is usually determined using discounted cash flow models. The identification of impairment indicators, as well as estimates of future cash flows of the

assets, require a significant judgment by the Management regarding the validation of impairment indicators, expected cash flows, applicable discount rates, estimated useful lives and values.

## **2.8 Financial risk management policies**

### **2.8.1 Financial risk factors**

SAG Gest's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: credit risk, liquidity risk and cash flow risk associated with interest rates, mid others.

SAG Gest's risk management is controlled by the financial department in accordance with policies approved by Management. Management defines the principles for risk management as a whole and policies covering specific areas such as interest rate risk, credit risk as well as liquidity risk.

#### **i. Credit risk**

SAG Gest's credit risk is mainly due to: (i) the risk of recovery of the monetary assets entrusted to the custody of third parties; and (ii) the risk of recovery of the claims of entities outside SAG Gest. Credit risk is assessed at the initial time and over time in order to monitor its evolution.

A significant part of the amounts receivable from customers is dispersed by a large number of entities, a factor that contributes to the reduction of credit concentration risk. As a general rule, SAG Gest's customers do not have an assigned credit rating.

The credit risk is monitored by the financial department of SAG Gest, supervised by the Board of Directors, based on: i) the debtors' corporate nature; ii) in the type of transactions originating from the balances receivable; iii) the experience of past transactions; iv) in the credit limits established for each client; and v) through the use of SAG Gest specialized in credit risk analysis.

As of 1 January, 2018, SAG Gest applies the following credit risk models:

SAG Gest considers the probability of default on the initial recognition of the asset and depending on the occurrence of significant increases in credit risk continuously in each reporting period. In order to assess whether there was a significant increase in credit risk, SAG Gest compares the default risk by reference to the reporting date, with the default risk measured by reference to the initial recognition date.

It is considered that there is a default when the counterparty does not comply with the contractual payments up to the due date of the invoices. When financial assets are derecognised, SAG Gest continues to take steps to recover the amounts owed. In cases of success with the recovery of amounts, such amounts are recognized in the results of the year.

Financial assets are derecognised when there is no real expectation of recovery.

#### ***Impairment of financial assets***

##### **a) Debtors and Other Assets**

SAG Gest applies the simplified approach to calculating and recording the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all balances of "Debtors and Other Assets". In order to measure the estimated credit losses, the balances of "Debtors and Other Assets" were aggregated based on shared credit risk characteristics, as well as on the days of arrears.

The gross accounting value of balances of "Debtors and Other Assets" reflects SAG Gest's maximum credit risk relative to these items.

Until December 31, 2017, the impairment of the balances of "Debtors and Other Assets" were evaluated according to the model of credit losses incurred.

Impairment losses on these balances were recognized as impairment losses. SAG Gest considered that there was evidence of impairment if any of the following indicators were verified:

- Significant financial difficulties for the debtor;
- Likelihood of the debtor becoming insolvent or financially reorganized; and
- Failure or late payment (more than 30 days after the due date).

#### b) Loans to related entities

In 2018, "Loans to related entities" balances are considered to have high credit risk as they present a significant impairment risk and the related party does not have the capacity to meet its contractual cash flow liabilities in the short term. For this reason, in the year ended December 31, 2018, significant impairment losses were recorded in related parties. This situation arises from the deterioration of the financial situation of the SAG Group, as mentioned in note 2.5.

The gross accounting value of the items classified as "Loans granted to related entities" reflects the maximum credit risk of SAG Gest.

#### c) Cash equivalents and Time Deposits

The gross accounting value of the amounts considered to be cash equivalents relates only to bank deposits and reflects SAG Gest's maximum credit risk in relation to these assets.

At December 31, 2018, the credit quality of the financial institutions debiting the balances considered as cash equivalents was as follows:

	31/12/2018	Discontinued	31/12/2018 Total	31/12/2017
<b>Bank Deposits</b>				
A2				
Banco Popular	0,0	172,4	172,4	9,6
A3				
Deutsch	0,0	0,0	0,0	1,3
B3				
Montepio	1 088,2	297,0	1 385,2	673,0
BA2				
Banco do Brasil	0,0	5 548,9	5 548,9	1 001,8
BAA2				
BPI	1,5	4,4	6,0	8,6
CGD	1,9	3 954,5	3 956,4	17,5
BAA3				
Millenium BCP	2 210,5	4 148,3	6 358,8	5 806,5
Santander	96,9	0,0	96,9	62,4
CAA2				
Novo Banco	1,1	13,9	15,0	10,6
Outros sem rating				
BIC	0,0	0,0	0,0	0,0
Popular	0,0	0,0	0,0	0,0
BPN	0,0	0,3	0,3	0,5
Deutsch	0,0	0,0	0,0	0,0
CCAM	0,0	0,0	0,0	1,2
<b>Bank Deposits</b>	<b>3 400,2</b>	<b>14 139,6</b>	<b>17 539,8</b>	<b>7 592,9</b>

#### Interest Rate Risk – Variable Interest Rate Liabilities

Despite the fact that the Euribor interest rate, plus a risk spread, is applicable in all of the debt contracted by the Entities included in consolidation, on 31 December 2018 there are no Financial Instruments to hedge the risk of interest rate changes. The decision to enter into operations to hedge against the risk of interest rate change is taken on a case-by-case basis and depends on the expected market interest rate trends and liquidity risk associated with hedging instruments, which justifies the absence of hedging instruments as of this date.

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## i. Sensitivity Analysis

To assess the impact on SAG Gest's Earnings before tax of changes in the Euribor rates, a change of 1bp in Euribor rates was considered for the purposes of performing a sensitivity analysis. For simplification purposes, it is considered that the one-month Euribor rate and the six-month Euribor rate vary in the same proportion, which is justified by the high degree of correlation between the two variables

Bank Loans	Indexing	Nominal Value	Rate fluctuation		
			+ 1 bp		-1 bp
			Euribor < 0%	Euribor > 0%	
SIVA - Overdraft 1	6 month Euribor	38,200.0	0.0	4.0	0.0
SIVA - Overdraft 2	6 month Euribor	14,523.8	0.0	1.5	0.0
SIVA - Overdraft 3	6 month Euribor	20,000.0	0.0	2.1	0.0
SAG - Overdraft 1	6 month Euribor	14,650.0	0.0	1.5	0.0
SAG - Overdraft 2	6 month Euribor	7,600.0	0.0	0.8	0.0
SAG - Overdraft 3	6 month Euribor	675.0	0.0	0.1	0.0
SAG - Bank Loan 1	6 month Euribor	31,200.0	0.0	3.2	0.0
SAG - Bank Loan 2	6 month Euribor	17,997.6	0.0	1.9	0.0
<b>Total impact on Earnings Before Tax</b>			-	<b>7.5</b>	-

Rates in force as at 31 December 2018: 6 month Euribor 0.000%

Changes in the Euribor Interest Rates, which currently are negative, will only impact SAG Gest's results if they reach positive values.

## Liquidity Risk

This risk may occur if financing sources (cash and cash equivalents, cash flows from operations, proceeds from divestments, credit lines, Shareholder inflows) do not meet existing needs in order to ensure compliance with obligations arising from operating and financing activities, investments and debt repayment.

	2018	2019	2020	2021	2022	Total
Loans	87 888,9	19 791,0	5 100,0	5 100,0	28 797,6	146 677,6
Reclassification for Assets held for sale	74 360,2					74 360,2
Total	13 528,7	19 791,0	5 100,0	5 100,0	28 797,6	72 317,3

## i. Contracted Lines of Credit

On 31 December 2018, the amount of contracted lines of credit was entirely used.

## ii. Contractual Obligations (Covenants) Related to Loans

Contractual obligations related to loans are disclosed in Note 33 c) – Bank Loans – Contractual Obligations.

### 3. CONSOLIDATED ENTITIES

The Subsidiaries and Associates included in the Consolidated Financial Statements and their main financial indicators on 31 December 2018, are as follows:

#### (1) Entities included in consolidation using the Full Consolidation Method

Company	Head Office	Turnover	Total Assets	Shareholder Equity	Net Result	% in Equity	
						Dez-18	Dec-17
AA00 - Sociedade de Formação Profissional e Consultoria Técnica, S.A.	Amadora	1,802.3	282.3	(319.2)	(984.0)	100%	100%
Autoimpor - Sociedade Importadora de Automóveis, S.A.	Amadora	-	11,630.1	(491,313.5)	(267,428.6)	100%	100%
Fundo de Investimento Imobiliário Fechado - Imocar	Lisbon	-	58,821.4	57,682.6	(5,576.1)	100%	100%
GlobalRent - Sociedade Portuguesa de Rent-a-Car, Lda.	Amadora	58,815.1	6,916.6	1,528.4	412.1	100%	100%
LGA - Logística Automóvel, S.A.	Azambuja	8,843.1	1,788.3	(549,760.6)	(275,764.3)	100%	100%
Loures Automóveis - Comércio de Automóveis, S.A.	Loures	27,038.6	9,440.5	2,893.8	(778.3)	78.17%	78.17%
ROLPORTO - Comércio e Indústria de Automóveis, S.A.	Porto	19,697.1	6,947.8	1,963.3	(1,640.7)	100%	100%
ROLVIA - Sociedade de Automóveis, S.A.	Porto	11,934.9	3,175.2	1,002.1	(754.3)	60%	60%
SIVA - Sociedade de Importação de Veículos Automóveis, S.A.	Azambuja	492,465.3	206,696.4	(174,867.3)	(248,390.6)	100%	100%
Siva Delfleet - Comércio Automóveis, S.A.	Azambuja	-	111.0	95.2	45.9	100%	100%
SIVA Serviços - Assessoria Financeira e Administrativa, S.A.	Amadora	6,667.8	4,118.2	1,810.6	(808.6)	100%	100%
SOAUTO - Comércio de Automóveis, S.A.	Lisboa	77,376.8	22,854.5	5,469.5	(5,168.5)	100%	100%
SOAUTO, SGPS, S.A.	Amadora	-	9,821.4	9,785.1	(7,416.0)	100%	100%

#### (2) Entities included in consolidation using the Equity Method

Company	Head Office	Turnover	Total Assets	Shareholder Equity	Net Result	% in Equity	
						Dez-18	Dec-17
Autolombos - Sociedade de Automóveis, Lda.	Oeiras	7,513.3	3,261.4	27.1	27.5	40%	40%

### 4. DISCONTINUED OPERATIONS

The agreement established between SAG Gest, Porsche Holdings (PHS) with its seat in Salzburg, , Banco Comercial Português, S.A., Banco BPI, S.A., Caixa Geral de Depósitos, S.A. and Novo Banco, S.A. whereby SAG has agreed to, directly and indirectly, sell and PHS has agreed to buy the following group companies:

- AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.;
- Globalrent – Sociedade Portuguesa de Rent-A-Car, Unipessoal, Lda.;
- SIVA Serviços – Assessoria Financeira e Administrativa, S.A.;
- SIVA – Sociedade de Informação de Veículos Automóveis;
- Soauto SGPS, S.A.

Following this agreement and IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations as of December 31, 2018 were met, these amounts were reclassified to non-current assets held for sale, as well as the associated liabilities. The net results associated with the above-mentioned companies were also reclassified, in this case to Net Income from Discontinued Operations. The details of these amounts are as follows:

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Soluções Automóvel Globais

	Twelve Months Ended 31 December		Three Months Ended 31 December	
	2018	2017	2018	2017
<b>Revenue</b>				
Sales	523 887,4	608 522,9	85 509,9	141 947,9
Services Rendered	11 205,8	11 088,9	2 588,2	2 966,3
<b>Turnover</b>	<b>535 093,3</b>	<b>619 611,8</b>	<b>88 098,1</b>	<b>144 914,2</b>
Cost of Goods Sold	(487 043,9)	(562 310,0)	(77 322,5)	(133 231,1)
<b>Gross Margin</b>	<b>48 049,4</b>	<b>57 301,9</b>	<b>10 775,6</b>	<b>11 683,1</b>
Other Operating Income	17 782,9	23 679,0	5 523,7	3 154,9
Other Operating Expenses	(16 522,6)	(19 198,7)	(4 976,5)	(4 620,0)
Impairment Losses in Accounts Receivable	9,9	(29,6)	5,1	(27,7)
Impairment Losses in Related Parties	(10 653,2)	-	-	-
Impairment Losses in Inventories	(2 807,3)	(7 137,8)	(271,7)	(4 280,2)
<b>Contribution Margin</b>	<b>35 859,1</b>	<b>54 614,8</b>	<b>11 056,2</b>	<b>5 910,2</b>
<b>Variable Expenses</b>				
SG&A - Commercial Expenses	(7 957,4)	(12 451,4)	(1 883,3)	(3 850,5)
SG&A - Car Expenses	(3 448,6)	(2 514,6)	(519,8)	(981,9)
<b>Sub-Total - Variable Expenses</b>	<b>(11 406,0)</b>	<b>(14 966,0)</b>	<b>(2 403,1)</b>	<b>(4 832,4)</b>
<b>Variable Margin</b>	<b>24 453,1</b>	<b>39 648,8</b>	<b>8 653,1</b>	<b>1 077,7</b>
<b>Overheads</b>				
SG&A - Non-Variable Expenses	(11 132,6)	(12 373,8)	(2 116,6)	(3 327,7)
Payroll Expenses	(21 881,5)	(21 075,8)	(5 413,6)	(5 651,8)
<b>Sub-Total - Overheads</b>	<b>(33 014,0)</b>	<b>(33 449,6)</b>	<b>(7 530,2)</b>	<b>(8 979,6)</b>
<b>Operational Result (EBITDA) of Discontinued Operations</b>	<b>(8 561,0)</b>	<b>6 199,2</b>	<b>1 123,0</b>	<b>(7 901,9)</b>
Fixed Assets Impairment	(8 791,0)	-	(8 791,0)	-
Depreciation and Amortization	(1 672,3)	(2 004,4)	(396,8)	(472,5)
<b>Earnings Before Interest and Tax (EBIT) of Discontinued Operations</b>	<b>(19 024,3)</b>	<b>4 194,7</b>	<b>(8 064,9)</b>	<b>(8 374,4)</b>
Financial Expenses	(14 570,8)	(14 617,5)	(3 927,1)	(3 518,9)
Financial Income	(263,9)	70,5	(231,1)	(9,2)
Gain / (Losses) from Associated Companies	-	-	(16,5)	-
Fair Value Adjustments	-	-	(22,2)	-
<b>Earnings Before Taxes (EBT) of Discontinued Operations</b>	<b>(33 859,0)</b>	<b>(10 352,4)</b>	<b>(12 261,8)</b>	<b>(11 902,5)</b>
Corporate Income Tax	1 733,9	1 351,2	369,3	2 107,8
<b>Net Profit / (Loss) of Discontinued Operations</b>	<b>(32 125,1) -</b>	<b>(9 001,2)</b>	<b>(11 892,5)</b>	<b>(9 794,6)</b>

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Dec-18	
<b>Non-Current Assets</b>	
Tangible Fixed Assets	11 520,1
Activos Intangíveis - "Goodwill"	-
Intangible Assets - Other	222,1
Deferred Income Tax Assets	1 880,7
<b>Total - Non-Current Assets</b>	<b>13 622,9</b>
<b>Current Assets</b>	
Inventories	129 321,6
Accounts Receivable - Trade Customers	21 079,8
Accounts Receivable - Related Parties	2 596,9
Accounts Receivable - Other	4 300,7
Prepaid Expenses	3 074,4
Accrued Income	23 029,5
Current Income Tax Receivable	4 028,0
Taxes - Other Than Income Tax	2 223,4
Term Deposits	9 775,5
Cash and Cash Equivalents	4 364,1
<b>Total - Current Assets</b>	<b>203 793,9</b>
<b>Total Assets Held for Sale</b>	<b>217 416,8</b>
<b>Non-Current Liabilities</b>	
Bank Loans	1 583,8
<b>Total - Non-Current Liabilities</b>	<b>1 583,8</b>
<b>Current Liabilities</b>	
Bank Loans	74 360,2
Accounts Payable - Trade Suppliers	212 260,4
Accounts Payable - Other	9 632,9
Accrued Expenses	19 375,7
Deferred Income	10 619,9
Current Income Tax Payable	893,2
Taxes - Other Than Income Tax	19 464,7
<b>Total - Current Liabilities</b>	<b>346 607,0</b>
<b>Total Liabilities associated to Assets Held for Sale</b>	<b>348 190,8</b>

## 5. REPORTING BY OPERATING SEGMENTS

Financial information in respect of Operating Segments is regularly and periodically reported to the Board of Directors (the main decision-making body). Based on this report, the Board of Directors assesses the performance of each Segment and allocates available resources. The Board of Directors performs such performance assessment based upon the Operating Profit or Loss and the contribution by each Segment to the Consolidated Operating Profit or Loss. This valuation excludes unusual operating results.

The Board of Directors monitors performance according to the various activities conducted. From this perspective, the Operating Segments are the Automotive Distribution and the Automotive Retail Segments.

The aggregation was conducted taking into account the similarities of the respective economic activities, in particular the nature of products and services marketed, the type of Customers and the distribution methods and provision of services. The Operating Segments considered are as follows:

- The Distribution Segment, which includes:
  - i. distribution in Portugal of the Volkswagen, Volkswagen – Commercial Vehicles, Škoda and Audi Brands
  - ii. wholesale trade of parts and accessories

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- iii. preparation of new vehicles (pre-delivery inspections)
- iv. technical training and consulting
- The Retail segment, includes the retail activities in Portugal, in respect of new vehicles of the Volkswagen, Volkswagen – Commercial Vehicles, Škoda, Audi, Bentley and Lamborghini Brands, the sale of semi-new and used vehicles of various brands, the marketing of parts and accessories and the provision of vehicle maintenance and repair services, as Authorized Workshops of the Volkswagen, Volkswagen – Commercial Vehicles, Škoda and Audi Brands. This segment also includes the results of the Autolombos Affiliate, which is included in the Consolidated Financial Statements using the Equity Method;
- Other Operations include
  - i. the activities of SAG Gest as the Parent Company
  - ii. the activities of the shared services unit (SIVA Serviços)

The Operating Profit and Loss (EBIT) of the Cash Generating Units is monitored separately with the objective of deciding in respect of the allocation of resources and the assessment of their performance. The performance of each Segment is assessed based on the Operating Profit and Loss (EBIT) and its contribution to the Consolidated Operating Profit and Loss (EBIT Consolidated).

Financing and taxes are centrally managed and are not allocated to Operating Segments.

The transfer prices applied in transactions between the Operating Segments are performed on an arm's length basis in a manner identical to transactions with unrelated third parties acting in good faith.



Soluções Automóvel Globais

## Operating Segments

The following table shows the Profit and Loss as well the Assets and Liabilities on 31 December 2018 and on 31 December 2017 for the Operating Segments where SAG Gest and its Affiliates and Subsidiaries carry out their activities:

BUSINESS SEGMENT REPORTING	Distribution		Retail		Other Activities		Intra-Group Transactions		Total		Discontinued Operations		Consolidated	
	Dez-18	Dez-17	Dez-18	Dez-17	Dez-18	Dez-17	Dez-18	Dez-17	Dez-18	Dez-17	Dez-18	Dez-17	Dez-18	Dez-17
<b>Revenue</b>														
Sales	549 866,5	642 009,2	127 710,7	135 969,8	-	8 018			677 577,2	785 997,3	0,0	0,0	0,0	0,0
Services	12 059,2	12 963,6	8 336,6	8 129,7	6 667,8	1 268,5			27 063,6	22 361,8	0,0	0,0	0,0	0,0
Intra-Group Sales	(152 597,6)	(170 359,0)	(11 438,7)	(10 274,4)	(5 511,3)	(8 018,3)			(169 547,6)	(188 651,7)	0,0	0,0	0,0	0,0
<b>Segment Revenue</b>	<b>409 328,1</b>	<b>484 613,8</b>	<b>124 608,6</b>	<b>133 825,2</b>	<b>1 156,5</b>	<b>1 268,5</b>	-	-	<b>535 093,3</b>	<b>619 707,4</b>	<b>(535 093,3)</b>	<b>(619 707,4)</b>	<b>0,0</b>	<b>0,0</b>
<b>Result</b>														
Impairments in Accounts Receivable	3	(17,1)	6,4	(21,4)	-	-			9,9	(38,5)	9,9	(29,6)	0,0	(8,9)
Impairments in Inventories	(2 689,8)	(6 956,9)	(117,5)	(180,9)	-	-			(2 807,3)	(7 137,8)	(2 807,3)	(7 137,8)	(141 313,4)	0,0
Provisions	(9 914,3)	-	-	-	0	-			-	-	(1 672,3)	-	-	-
Depreciation and Amortization	(1 471,8)	(1 231,1)	(367,5)	(823,3)	(186,4)	(304,8)			(2 025,7)	(2 359,2)	(8 791,0)	(2 004,4)	0,0	0,0
Impairments	0,0	0,0	0,0	0,0	0,0	0,0			0,0	0,0	0,0	0,0	0,0	0,0
<b>Segment Profit (EBIT)</b>	<b>(11 513,2)</b>	<b>3 318,0</b>	<b>1 066,9</b>	<b>1 686,0</b>	<b>(154 190,8)</b>	<b>(4 685,0)</b>	-	-	<b>(164 637,0)</b>	<b>319,0</b>	<b>(19 024,3)</b>	<b>4 194,7</b>	<b>(145 612,7)</b>	<b>(3 875,7)</b>
Non Allocated Costs	-	-	-	-	-	-			-	-	-	-	-	-
<b>Operating Profit</b>	<b>(11 513,2)</b>	<b>3 318,0</b>	<b>1 066,9</b>	<b>1 686,0</b>	<b>(154 190,8)</b>	<b>(4 685,0)</b>	-	-	<b>(164 637,0)</b>	<b>319,0</b>	<b>(19 024,3)</b>	<b>4 194,7</b>	<b>(145 612,7)</b>	<b>(3 875,7)</b>
Financial (Expenses) / Income	(6 544,6)	(6 356,9)	(534,4)	(842,8)	(8 944,5)	(8 851,1)			(16 023,5)	(16 050,8)	(14 834,7)	(14 547,1)	(1 188,8)	(1 503,7)
Income From Associated Companies - Equity Method	(271)	-	11	-	0,0	(3,5)			(260,6)	(3,5)	0,0	0,0	(260,6)	(3,5)
Current Income From Non-Current Assets Held For Sale	25,2	-	-	-	-	-			25,2	-	-	-	25,2	-
<b>Net Profit Before Taxes and Non-Controlling Interests</b>	<b>(18 304,0)</b>	<b>(3 038,9)</b>	<b>543,3</b>	<b>843,2</b>	<b>(163 135,2)</b>	<b>(13 539,6)</b>	-	-	<b>(180 895,9)</b>	<b>(15 735,3)</b>	<b>(33 859,0)</b>	<b>(10 352,4)</b>	<b>(147 036,9)</b>	<b>(5 383,0)</b>
Income Taxes	1 255,3	282,5	(74,2)	(287,4)	(7 112,9)	2 102,9			(5 931,8)	2 097,9	1 733,9	1 351,2	(7 665,7)	746,7
Non-Controlling Interests	-	-	16,8	140,5	-	-			16,8	140,5	0,0	0,0	0,0	0,0
<b>Net Profit / (Loss) attributable to SAG GEST</b>	<b>(17 048,7)</b>	<b>(2 756,3)</b>	<b>452,3</b>	<b>415,2</b>	<b>(170 248,1)</b>	<b>(11 436,8)</b>	<b>0,0</b>	<b>0,0</b>	<b>(186 844,5)</b>	<b>(13 777,9)</b>	<b>(32 125,1)</b>	<b>(9 001,2)</b>	<b>(154 702,7)</b>	<b>(4 636,2)</b>
<b>OTHER INFORMATION</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>	<b>Dez-18</b>	<b>Dez-17</b>
Segment Assets	673 720,4	915 262,0	78 761,5	85 642,2	858 818,5	992 508,5	(1 338 536,3)	(1 443 284,2)	272 764,0	550 128,5	217 416,8	0,0	55 347,2	550 128,5
<b>Total Consolidated Assets</b>	<b>673 720,4</b>	<b>915 262,0</b>	<b>78 761,5</b>	<b>85 642,2</b>	<b>858 818,5</b>	<b>992 508,5</b>	<b>(1 338 536,3)</b>	<b>(1 443 284,2)</b>	<b>272 764,0</b>	<b>550 128,5</b>	<b>217 416,8</b>	<b>0,0</b>	<b>55 347,2</b>	<b>550 128,5</b>
Segments Liabilities	418 711,2	643 986,8	30 366,9	37 445,2	686 214,9	658 527,7	(683 422,7)	(797 281,3)	451 870,3	542 678,4	348 190,8	0,0	103 679,5	542 678,4
<b>Total Consolidated Liabilities</b>	<b>418 711,2</b>	<b>643 986,8</b>	<b>30 366,9</b>	<b>37 445,2</b>	<b>686 214,9</b>	<b>658 527,7</b>	<b>(683 422,7)</b>	<b>(797 281,3)</b>	<b>451 870,3</b>	<b>542 678,4</b>	<b>348 190,8</b>	<b>0,0</b>	<b>103 679,5</b>	<b>542 678,4</b>
Capital Expenditure	7 657,6	5 852,8	236,2	147,7	28,5	138,0			7 922,3	6 138,5	0,0	0,0	7 922,3	6 138,5

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## 6. OTHER OPERATING INCOME

Other Operating Income is as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Gains in group companies and associates	7,918.4	-	7,918.4	-
Vehicles Legalization - Expenses Recovered	2,743.2	3,244.1	552.9	634.7
Accrued Income - "Buy-Back" Operations *	2,651.4	2,456.3	1,471.5	(1,322.7)
Vehicles Preparation - Expenses Recovered	2,633.6	4,045.3	510.4	855.6
Warranty Extensions	2,007.5	4,087.9	850.3	716.6
Transportation - Expenses Recovered	2,005.6	2,565.6	434.7	544.1
Vehicle Taxes - Expenses Recovered	1,788.9	2,692.9	271.7	617.0
Commissions Earned	1,319.4	1,512.6	501.0	478.1
Mobility Program - Expenses Recovered	574.1	657.8	144.9	148.8
Quality Tools	528.0	529.3	418.2	105.9
Maintenance Agreement	436.5	196.4	287.8	75.5
Rappel - Oils and Lubricants	254.2	376.0	23.2	57.3
Other Expenses Recovered	254.3	233.0	49.4	56.3
Buildings Rental	129.2	190.1	33.8	48.0
Data Processing Fees	90.3	210.0	90.3	103.3
Signposting and Dealerships Furniture	55.8	53.1	41.4	(41.5)
Rappel - Parts and Accessories	22.6	418.7	(87.4)	339.3
Other Operating Income	452.9	577.5	(25.5)	(151.8)
<b>Total Other Operating Income</b>	<b>25,865.8</b>	<b>24,046.7</b>	<b>13,487.2</b>	<b>3,264.6</b>
Result of Discontinued Operations	17,782.9	23,679.0	5,523.7	3,154.9
<b>Total Other Operating Income</b>	<b>8,083.0</b>	<b>367.7</b>	<b>7,963.5</b>	<b>109.7</b>

\* According to Note 2.5.1.1 a) ii. – Business Income – Buyback transactions.

The detail of the operations in continuation is presented below:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Gains in group companies and associates	7,918.4	-	7,918.4	-
Other Expenses Recovered	-	2.6	-	0.1
Other Operating Income	164.6	365.1	45.1	109.6
<b>Total Other Operating Income</b>	<b>8,083.0</b>	<b>367.7</b>	<b>7,963.5</b>	<b>109.7</b>

The change in the value of Warranty Extensions is due to the fact that SIVA Subsidiary, which until 2017 provided guarantee extension services only as an intermediary, directly assumed control of the management and provision of this type of service for the Volkswagen and Škoda brands in 2018.

Until 2017, as an intermediary in this type of activity, the Subsidiary recognized the income invoiced to Customers, and, in the same period, the respective cost invoiced by the Service Provider.

With the change in this commercial practice, the income relating to this type of services is no longer recognized in its entirety at the time of the provision of the service, and only the value of the margin appropriated by the Subsidiary is recognized. The remaining amount is deferred and recognized only after the end of the guarantee period and all the costs incurred in providing the services are known.

The amount presented in 2018 in gains in group companies reflects the income, recorded by SAG Gest, inherent to the recording of the debt of SGC. It is noted that this caption is associated with continuing operations.

## 7. OTHER OPERATING LOSSES

Other Operating Losses are reported in the table below.

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Losses in group companies	7,917.2	-	7,917.2	-
Vehicle Taxes	3,801.7	4,872.4	481.7	1,091.9
Vehicles Legalization Expenses	2,429.5	2,463.2	528.9	563.9
Transportation Expenses	1,831.0	2,299.1	432.0	529.5
Margin "Buy - back"	1,817.5	-	1,817.5	-
Subcontracts	1,803.7	1,684.6	493.0	353.0
Warranty Extensions	1,069.8	3,869.1	153.5	918.9
Training	696.7	593.8	152.8	265.7
Mobility Program Expenses	426.0	533.6	87.0	146.3
Fuel	329.3	309.5	72.7	77.4
Car Washing	327.2	199.5	84.3	172.6
Consumables	269.5	227.4	82.9	71.3
Replacement Vehicle	202.1	364.4	48.2	84.6
Vehicle Maintenance Contracts	213.1	141.5	103.4	49.3
Delivery Services	178.5	213.5	(15.1)	11.4
Indirect Taxes	169.8	119.0	73.4	26.6
Fines and Penalties	94.6	19.5	1.6	10.8
Signposting and Dealerships Furniture	86.1	133.0	46.8	26.0
Technical Assistance	65.5	69.9	(19.5)	(3.2)
Levies	34.0	33.9	6.9	6.9
Other Operating Expenses	1,100.7	1,228.9	598.2	254.9
<b>Total Other Operating Expenses</b>	<b>24,863.3</b>	<b>19,375.8</b>	<b>13,147.7</b>	<b>4,657.8</b>
Result of Discontinued Operations	(16,522.6)	(19,198.7)	(4,976.5)	(4,620.0)
<b>Total Other Operating Expenses</b>	<b>8,340.7</b>	<b>177.1</b>	<b>8,171.2</b>	<b>37.8</b>

The detail of the operations in continuation is presented below:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Losses in group companies	7,917.2	-	7,917.2	-
Indirect Taxes	147.9	104.9	72.2	24.3
Levies	2.0	2.0	0.5	0.5
Other Operating Expenses	273.6	70.2	181.3	13.0
<b>Total Other Operating Expenses</b>	<b>8,340.7</b>	<b>177.1</b>	<b>8,171.2</b>	<b>37.8</b>

The change in Warranty Extensions is a consequence of the change in the nature of the commercial activity described in Note 5 – Other Operating Income.

The value presented in 2018 in losses in group companies reflects the impairment of Volpe's debt, recorded in SAG Overseas, inherent to its liquidation. SAG Gest, in turn, recorded an income inherent to the recording of the debt of SGC, thus not having an impact on the Consolidated Financial Statements. It is noted that this caption is associated with continuing operations.

## 8. SALES, GENERAL AND ADMINISTRATIVE EXPENSES – COMMERCIAL EXPENSES

Sales, General and Administrative Expenses – Commercial Expenses are as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Advertising	7,935.8	12,422.3	1,882.0	3,845.5
Patronage	45.6	58.5	3.7	13.3
Other Commercial Expenses	6.0	5.6	1.4	2.0
<b>SG&amp;A- Commercial Expenses</b>	<b>7,987.4</b>	<b>12,486.4</b>	<b>1,887.1</b>	<b>3,860.8</b>
Result of Discontinued Operations	(7,957.4)	(12,451.4)	(1,883.3)	(3,850.5)
<b>SG&amp;A- Commercial Expenses</b>	<b>30.0</b>	<b>35.0</b>	<b>3.7</b>	<b>10.3</b>

## 9. SALES, GENERAL AND ADMINISTRATIVE EXPENSES – CAR EXPENSES

Sales, General and Administrative Expenses – Car Expenses are as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Vehicles Rental Expenses	2,048.7	1,222.1	173.0	593.6
Fuel	661.5	611.2	171.6	159.5
Vehicles Insurance Expenses	471.3	452.8	85.2	146.4
Vehicles Maintenance Expenses	51.1	62.3	25.4	24.0
Freight and Carriage	6.3	7.3	1.1	2.1
Other Car Expenses	232.9	195.9	69.0	65.6
<b>SG&amp;A- Car Expenses</b>	<b>3,471.9</b>	<b>2,551.5</b>	<b>525.3</b>	<b>991.1</b>
Result of Discontinued Operations	(3,448.6)	(2,514.6)	(519.8)	(981.9)
<b>SG&amp;A- Car Expenses</b>	<b>23.3</b>	<b>37.0</b>	<b>5.5</b>	<b>9.2</b>

## 10. SALES, GENERAL AND ADMINISTRATIVE EXPENSES – OVERHEADS

Sales, General and Administrative Expenses – Overheads are as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Rents and Rentals	2,588.1	2,527.4	629.1	630.9
IT Specialized Services	1,593.1	1,866.2	424.5	409.7
Miscellaneous Fees	1,360.4	705.5	517.7	202.4
Repairs & Maintenance	1,082.4	1,100.2	338.9	306.0
Consulting Fees	846.6	1,759.2	107.1	719.2
Other Specialized Services	640.3	581.0	52.4	17.0
Cleaning, Hygiene and Comfort	614.0	581.7	165.1	148.5
Electricity	559.5	597.2	133.7	148.6
Travelling Expenses	510.1	504.9	114.0	136.6
Surveillance and Security	382.1	374.0	95.5	93.1
Other Insurance	275.7	327.9	65.5	103.4
Audit Fees	253.5	206.3	55.3	42.9
Management Fee - Imocar Investment Fund	235.6	227.8	57.0	59.1
Telecommunications	218.7	257.3	45.3	47.2
Mail	165.4	199.6	23.5	95.6
Tools and Utensils	139.8	194.7	36.4	74.1
Data-processing Services	143.8	188.0	50.4	83.0
Other Fluids	112.1	76.2	25.5	17.2
Legal Advisors Fees	111.1	119.7	(56.9)	9.5
Translations	98.8	106.5	45.9	10.5
Water	95.8	82.8	29.2	14.7
Office Supplies	86.3	125.8	21.7	32.2
Staff Transportation	76.1	75.5	19.2	18.3
Litigation and Notaries	70.9	24.4	14.5	3.4
Other Commissions	35.6	36.8	12.8	28.4
Books	12.1	9.3	5.5	2.4
Newspapers and Magazines	8.3	12.5	1.4	3.0
Management Fees	-	1,597.2	-	397.2
Other Non-Variable Expenses	84.4	103.8	21.3	24.6
<b>SG&amp;A- Non-Variable Expenses</b>	<b>12,400.3</b>	<b>14,569.6</b>	<b>3,051.3</b>	<b>3,878.6</b>
Result of Discontinued Operations	(11,132.6)	(12,373.8)	(2,116.6)	(3,327.7)
<b>SG&amp;A- Non-Variable Expenses</b>	<b>1,267.7</b>	<b>2,195.7</b>	<b>934.8</b>	<b>550.9</b>



## 11. PAYROLL EXPENSES

Payroll Expenses are as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Corporate Bodies - Fixed Remuneration	1 355,1	1 801,6	260,7	516,4
Employees - Fixed Remuneration	14 293,4	13 925,6	3 526,3	3 736,2
Social Security Contributions	3 858,1	3 879,0	860,9	1 055,3
Employee Bonuses and Variable Remuneration	1 805,4	1 803,5	135,7	148,0
Restructuring and Reorganization Expenses	955,8	349,3	630,0	269,3
Workmen Compensation	379,2	359,5	80,8	125,0
Canteen Expenses	145,6	168,8	42,2	47,5
Other Employee Benefits	79,7	18,2	19,9	16,9
Trainees	46,4	91,0	(9,0)	20,7
Other Payroll Costs	177,8	199,8	67,1	87,9
<b>Total Payroll Expenses</b>	<b>23 096,4</b>	<b>22 596,4</b>	<b>5 614,6</b>	<b>6 023,1</b>
Result of Discontinued Operations	(21 881,5)	(21 075,8)	(5 413,6)	(5 651,8)
<b>Total Payroll Expenses</b>	<b>1 215,0</b>	<b>1 520,6</b>	<b>201,0</b>	<b>371,3</b>

The number of Employees of SAG Gest and its Subsidiaries on 31 December 2018 and 31 December 2017, as well the average number of Employees during the twelve months then ended is disclosed in the following table.

	Period of 12 months ended on December 31			
	End of Period		Average	
	2018	2017	2018	2017
Number of Employees	648	677	668	677

## 12. GAINS AND LOSSES ON SALES OF TANGIBLE FIXED ASSETS

Gains and Losses on Sales of Tangible Fixed Assets are as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Gains and (Losses) from Tangible Fixed Assets sales	(28.9)	(10.0)	(6.6)	(15.6)
<b>Total</b>	<b>(28.9)</b>	<b>(10.0)</b>	<b>(6.6)</b>	<b>(15.6)</b>

The amounts disclosed represent the net value of gains or losses realized on sales of these Assets.

### 13. FINANCIAL EXPENSES

Financial Expenses are disclosed in the following table.

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Interest Paid	11,707.6	9,127.3	4,349.9	2,401.0
Bank Guarantees Expenses	6,763.5	8,184.7	1,528.8	1,815.3
Bank Charges	217.9	224.0	74.1	91.4
Foreign Exchange Losses	2.7	1.5	-	0.0
Financing Charges	0.0	0.0	0.0	(26.8)
<b>Total Financial Expenses</b>	<b>18,691.7</b>	<b>17,537.5</b>	<b>5,953.0</b>	<b>4,281.0</b>
Result of Discontinued Operations	(14,570.8)	(14,617.5)	(3,927.1)	(3,518.9)
<b>Total Financial Expenses</b>	<b>4,120.9</b>	<b>2,919.9</b>	<b>2,025.8</b>	<b>762.2</b>

The detail of the operations in continuation is presented below:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Interest Paid	4,065.8	2,866.4	2,025.8	760.4
Bank Guarantees Expenses	31.3	28.8	-	-
Bank Charges	23.3	24.6	-	-
Foreign Exchange Losses	0.6	0.0	-	-
Financing Charges	0.0	0.0	0.0	1.8
<b>Total Financial Expenses</b>	<b>4,120.9</b>	<b>2,919.9</b>	<b>2,025.8</b>	<b>762.2</b>

As disclosed in Note 41 – Commitments and Contingencies, SAG Gest and/or Entities included in consolidation requested that various Financial Institutions issue Bank Guarantees on their behalf for the benefit of third parties (including Suppliers). The amount of these Bank Guarantees on 31 December 2018 was Eur (000) 166,182.9 (Eur (000) 174,060.8 on 31 December 2017).

### 14. FINANCIAL GAINS

Financial Gains are presented as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Interest Received	1,328.2	1,361.4	336.3	322.0
Derecognition of the amortised cost of the debt Volpe	1,305.2	-	1,305.2	-
Favourable Exchange Differences	0.1	2.6	0.0	-
Compensatory Interests	-	101.7	-	0.0
Other Financial Income	34.6	4.6	(1.3)	4.6
<b>Total Financial Income</b>	<b>2,668.1</b>	<b>1,470.3</b>	<b>1,640.2</b>	<b>326.5</b>
Result of Discontinued Operations	(263.9)	70.5	(231.1)	(9.2)
<b>Total Financial Income</b>	<b>2,932.1</b>	<b>1,399.9</b>	<b>1,871.3</b>	<b>335.7</b>

The detail of the operations in continuation is presented below:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Interest Received	1,321.9	1,290.9	297.0	331.2
Derecognition of the amortised cost of the debt Volpe	1,305.2	-	1,305.2	-
Favourable Exchange Differences	0.1	2.6	0.0	-
Compensatory Interests	-	101.7	-	0.0
Other Financial Income	304.9	4.6	269.1	4.6
<b>Total Financial Income</b>	<b>2,932.1</b>	<b>1,399.9</b>	<b>1,871.3</b>	<b>335.7</b>

## 15. GAINS AND LOSSES – RELATED PARTIES

Gains and Losses – Related Parties represents the appropriation by SAG Gest of the Net Income reported during the period by the Autolombos Affiliate, which is consolidated using the Equity Method.

As at 31 December, the breakdown of this heading is as follows:

	Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	2018	2017	2018	2017
Application of MEP - Autolombos	10.9	(3.5)	10.9	(9.9)
Liquidation SAG Overseas (October 2018)	(271.5)	-	(271.5)	-
<b>Income / (Loss) from Associated Companies</b>	<b>(260.6)</b>	<b>(3.5)</b>	<b>(260.6)</b>	<b>(9.9)</b>

The amount presented inherent to the liquidation of the entity SAG Overseas, refers to the loss calculated with the liquidation of this entity that occurred in October 2018.

	Período de 12 meses findo em 31 de Dezembro		Período de 3 meses findo em 31 de Dezembro	
	2018	2017	2018	2017
Perdas por Imparidade - Dívida SGC	(141 313,4)	-	(141 313,4)	-
Perda por Imparidade - Goodwill	(10 653,2)	-	(10 653,2)	-
<b>Total Imparidades Empresas do Grupo</b>	<b>(151 966,6)</b>	<b>-</b>	<b>(151 966,6)</b>	<b>-</b>
Result of Discontinued Operations	10 653,2	-	10 653,2	-
<b>Total Imparidades Empresas do Grupo</b>	<b>(141 313,4)</b>	<b>-</b>	<b>(141 313,4)</b>	<b>-</b>

Impairment losses recorded reflect the derecognition of goodwill determined on the date of first consolidation, as described in Note 2.5.4 - a) Goodwill and the recording of the impairment of the related party's SGC's debt, as it is not expected to be received on that date.

		Reported Net Result			
		Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	Participation %	2018	2017	2018	2017
Autolombos - Sociedade de Automóveis, Lda.	40,00%	27,4	(8,9)	(14,2)	(24,6)
		Appropriated Net Result			
		Period of 12 months ended on December 31		Period of 3 months ended on December 31	
	Participation %	2018	2017	2018	2017
Autolombos - Sociedade de Automóveis, Lda.	40,00%	10,9	(3,5)	(5,7)	(9,9)
<b>Sub-Total Appropriated Net Income</b>		<b>10,9</b>	<b>(3,5)</b>	<b>(5,7)</b>	<b>(9,9)</b>
<b>Income / (Loss) from Associated Companies</b>		<b>10,9</b>	<b>(3,5)</b>	<b>(5,7)</b>	<b>(9,9)</b>

## 16. INCOME TAX

### a) Changes in tax regulations

#### i. Special Regime for Taxation of Groups of Entities (RETGS – Regime Especial de Tributação de Grupos de Sociedades)

Law 2/2014, dated 16 January 2014, amended, among others, Article 69 of the Corporate Income Tax (IRC) Code, which defines the terms and conditions for adoption of the RETGS regime. These changes were effective 1 January 2014.

Paragraph 2 of said Article 69 provides that in order for an Entity to be considered as a controlled Entity, for the purposes of applying the RETGS regime, the percentage that a Shareholder holds directly or indirectly in such Entity is 75% (previously 90%), provided that such holding confers at least 50% of voting rights. If this condition is verified, the Entity shall be included in the RETGS perimeter of its Shareholder Entity.

As a result of this change and pursuant to the requirements of Article 69 of the Corporate Income Tax (IRC) Code, SAG Gest, effective 1 January 2014, had a new Parent Entity for tax purposes, the SGC – SGPS Shareholder, its majority Shareholder, and, consequently, was included in the RETGS perimeter of the said Entity.

Additionally, and also as a result of the aforementioned changes, the other Entities previously included in SAG Gest's RETGS perimeter, where the SGC – SGPS Shareholder directly and indirectly holds an interest of more than 75%, became included in the RETGS perimeter of the latter Entity, effective 1 January 2014.

The Parent Entity reported the decision to apply this regime to the Tax Authorities on 25 March 2014. The Tax Authorities confirmed this change on 2 March 2015.

Also on 25 March 2014, pursuant to the provisions of Paragraphs 3 and 4 of Article 71 of the Corporate Income Tax (IRC) Code, the SGC – SGPS Shareholder applied for maintenance of tax losses related to previous financial years, determined under SAG Gest's RETGS, as well as for the maintenance of the individual tax losses of Entities that were part of the previous RETGS led by the SGC – SGPS Shareholder.

The Tax Authorities confirmed on 23 January 2018 that said Tax Losses were deductible as requested.

SAG Gest has recognized in its Financial Statements, as of 30 September 2018, the corresponding amount of Deferred Income Tax Assets.

## ii. Deductibility of financial expenses

With the introduction of a new tax regime limiting the deductibility of financial expenses, the tax deductibility of these expenses is determined in accordance with the following procedures.

- a) Financial expenses, as adjusted in accordance with the definitions provided for in such regime, are only deductible up to the greater of the following limits:
  - i. Eur (000) 1,000.0
  - ii. 30% of net profit or loss before depreciation / amortization, net financing expenses and taxes, as adjusted for tax purposes (Tax EBITDA).
- b) When the RETGS is applied, the Parent Entity may choose to calculate deductible financial expenses on a consolidated or individual basis (Entity by Entity).

As the Parent Entity of the RETGS that includes SAG Gest and its Subsidiaries and Affiliates, the SGC – SGPS Shareholder elected to calculate the value of deductible financial expenses on a consolidated basis. This option was reported to the Tax Authorities on 31 March 2016 and is applicable during a three-year period, between 1 January 2016 and 31 December 2018.

Therefore, the calculation of deductible financial expenses corresponds to the sum of relevant financial results incurred by the Entities included in the RETGS perimeter, with a deduction limit corresponding to the greater value between (i) Eur (000) 1,000.0 and (ii) 30% of Tax EBITDA, as calculated on a consolidated basis.

## b) Revisions to tax returns

In accordance with current legislation, Portuguese tax returns are subject to review and correction by the Tax Authorities during a period of four years (five years for Social Security). Accordingly, tax returns of the Entities included in consolidation for the years 2015 to 2018 may be subject to revision, although SAG Gest does not believe that any corrections resulting from the review by the Tax Authorities of those tax returns will significantly impact the Consolidated Financial Statements as at 31 December 2018.

When tax losses have been declared, or if audits, claims or challenges are under way, this term is extended or suspended, depending on the circumstances.

The tax returns of the Entities included in consolidation may be corrected where the respective Additional Corporate Income Tax (IRC) Assessment Notice has been challenged in court proceedings, as disclosed in Note 41 – Commitments and Contingencies.

## c) Current Income Tax Calculation

Current Income Tax represents the liability for the payment of Income Tax that must be settled in respect of the current fiscal year and corresponds, in the RETGS regime, to the sum of Income Tax calculated in respect of each of the Entities included in consolidation, as determined in their respective annual tax returns.

Income Tax rates applicable in Portugal in 2018 are as follows:

- i. Basic Corporate Income Tax (IRC) rate: 21% of taxable income
- ii. Municipal Surtax (*Derrama Municipal*): 1.5% of the positive taxable income determined, on an individual basis, by each entity included in the consolidation that conduct its activities in Portugal
- iii. State Surtax (*Derrama Municipal*): is charged on the positive taxable income, determined on an individual basis for each of the Entities included in consolidation that conducts its activities in Portugal, with the following tax rates applicable:
  - a. 3% of positive taxable income between Eur (000) 1,500.0 and Eur (000) 7,500.0
  - b. 5% of positive taxable income between Eur (000) 7,500.0 and Eur (000) 35,000.0

- c. 9% of positive taxable income exceeding Eur (000) 35,000.0

**d) Reconciliations: Accounting Result and Taxable Income, Effective Tax Rate and Statutory Tax Rate**

Reconciliations between (i) the accounting result and taxable income and (ii) the tax rates applied to the accounting result (Effective Tax Rate) and the statutory tax rates applied (after tax corrections to the accounting results) during the financial years ended 30 September 2018 and 2017 are stated in the following tables:

Period of 12 months ended December 31					
	2018				
	Accounting	Tax	#Dif*	Deferred Income Tax	
				Debit / (Credit)	
				Assets	Liabilities
<b>A - Earnings Before Tax</b>		<b>(170 981,6)</b>			
B - Temporary Differences between Tax and Reporting Basis					
Elimination of Intra-Group Margins	-	174,7	(174,7)	(39,3)	
Recognition/ (Reversal) Non Deductible Provisions	-	(2 357,5)	2 357,5	530,4	
Utilization of Tax Losses Carried Forward	-	-	-	-	
Non Deductible Accrued Expenses	-	63,4	(63,4)		(14,3)
Revaluations	-	24,9	(24,9)		(5,6)
Imocar Investment Fund Earnings	-	(3 459,0)	3 459,0		778,3
Others	-	353,5	(353,5)	(44,2)	
<b>Total Temporary Differences</b>	-	<b>(5 200,0)</b>	<b>5 200,0</b>	<b>446,9</b>	<b>758,4</b>
C - Permanent Differences between Tax and Reporting Basis					
Non Deductible Financial Expenses	9 476,9	9 476,9	-		
Income From Associated Companies - Equity Method	(10,9)	(10,9)	-		
Income -SAG OVERSEAS	271,4	271,4	-		
Non Deductible Depreciations	246,4	246,4	-		
Tax Benefits	(128,4)	(128,4)	-		
Fines, Penalties and Compensatory Interests	103,1	103,1	-		
Donations	030,0	030,0	-		
Capital Gains / (Losses)	(18,0)	(18,0)	-		
Impairment Losses	151 966,6	151 966,6	-		
Others	6 778,9	6 778,9	-		
<b>Total Permanent Differences</b>	<b>168 716,1</b>	<b>168 716,1</b>	<b>-</b>		
<b>D - Taxable Income (D = A + B + C)</b>	<b>(2 265,5)</b>	<b>(7 465,5)</b>	<b>5 200,0</b>	<b>446,9</b>	<b>758,4</b>
D - 1 - Taxable Income - Foreign Operations	-	-	-		
D - 2 - Taxable Income - Portugal	(1 912,0)	(7 112,0)			
D - 3 - Taxable Income - Portugal - Items Subject to Special Income Tax Rates	(353,5)	(353,5)			
D-2 Corporate Income Tax (Portugal)	(401,5)	(1 523,6)			
Corporate Income Tax Rate (Portugal)	21,0%	21,0%			
D-3 Items Subject to Special Income Tax Rates	(44,2)	(44,2)			
Tax Rate - Items Subject to Special Income Tax Rates	12,5%	12,5%			
1 - Municipal Tax	250,5	167,2			
Municipal Tax Rate (Portugal)	1,5%	1,5%			
Municipal Tax - Taxable Income (Note 1)	16 702,7	11 149,2			
2 - Income Tax Surtax - Applied to Taxable Income in Excess of 1,500,000 €	99,1	99,1			
Income State Tax Surtax (Portugal)	3,0%	3,0%			
Income Tax Surtax - Taxable Income (Note 2)	3 302,6	3 302,6			
<b>4 - Total Calculated Tax - (4 = D2 + D3 + 1 + 2)</b>	<b>(96,1)</b>	<b>(1 301,5)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Average Statutory Income Tax Rate (Portugal)	4,2%	17,4%			
<b>1 - Taxable Income subject to Foreign Income Tax Rates</b>	<b>-</b>	<b>-</b>			
<b>2 - Income Tax Related to Foreign Taxable Income</b>	<b>-</b>	<b>-</b>			
Average Foreign Income Tax Rate	12,5%	12,5%			
<b>3 - Taxable Income subject to Income Tax in Portugal (D - 2)</b>	<b>(1 912,0)</b>	<b>(7 112,0)</b>			
<b>4 - Taxable Income subject to Income Tax in Portugal - Items Subject to Special Inco</b>	<b>(353,5)</b>	<b>(353,5)</b>			
<b>5 - Income Tax Rate related to Taxable Income in Portugal (4)</b>	<b>(96,1)</b>	<b>(1 301,5)</b>			
Statutory Income Tax Rate - Portugal	4,2%	17,4%			
<b>6. Taxable Income (6= 1+3+4 = D)</b>	<b>(2 265,5)</b>	<b>(7 465,5)</b>	<b>5 200,0</b>		
<b>CORPORATE INCOME TAX - CALCULATION</b>					
Total Income Tax (2 + D-5)	(96,1)	(1 301,5)			
Income Tax on Items Subject to Special Income Tax Rates	81,4	81,4			
Adjustments to Prior Years Income Tax Estimates	59,8	59,8			
<b>Current Income Tax</b>	<b>45,1</b>	<b>(1 160,2)</b>			
Deferred Taxes - Tax Losses expiry Write-off	1,9	1,9		1,9	
Deferred Income Tax Assets - Financial Investment losses prior year	(1,9)	(1,9)		(1,9)	
Deferred Income Tax Assets - (Increase) / Decrease	5 886,7	6 333,6		6 333,6	
Deferred Income Tax Liabilities - Increase / (Decrease)	-	758,4			758,4
<b>Deferred Income Tax</b>	<b>5 886,7</b>	<b>7 092,0</b>		<b>6 333,6</b>	<b>758,4</b>
<b>7 - Income Tax Continued Operations</b>	<b>5 931,8</b>	<b>5 931,8</b>		<b>6 333,6</b>	<b>758,4</b>
<b>8 - Tax Estimates on Discontinued Operations</b>	<b>1 733,9</b>	<b>1 733,9</b>			
<b>9- Income Tax Discontinued Operations</b>	<b>7 665,7</b>	<b>7 665,7</b>			
Average Income Tax Rate - (7 + 8) : D	-338,4%	-102,7%		1417,1%	100,0%
Effective Income Tax Rate - (7 + 8) : A	-4,5%	-4,5%		-3,7%	-0,4%

Note 1: The Municipal Surtax (Derrama Municipal) is calculated as reported in Note 16 c). During the twelve months ended 31 December 2018, SAG Gest and the subsidiaries SIVA Serviços, LGA, AA00, Siva Defleet, Globalrent, Rolporto, Rolvia and Soauto SGPS reported positive taxable income.

Note 2: The Deferred Income Tax Assets item includes the amount of Eur (000) 5,895 inherent to the IDA write-off related to tax losses of SAG Gest.

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Period of 12 months ended December 31					
2017					
	Accounting	Tax	#Di*	Deferred Income Tax Debit / (Credit)	
				Assets	Liabilities
<b>A - Earnings Before Tax</b>		<b>(15 735,3)</b>			
B - Temporary Differences between Tax and Reporting Basis					
Elimination of Intra-Group Margins	-	126,2	(126,2)	(28,4)	
Recognition/ (Reversal) Non Deductible Provisions	-	(442,6)	442,6	99,6	
Non Deductible Accrued Expenses	-	58,6	(58,6)		(13,2)
Revaluations	-	165,4	(165,4)		(37,2)
Imocar Investment Fund Earnings	-	(4 005,9)	4 005,9		901,3
Others	-	353,5	(353,5)	(44,2)	
<b>Total Temporary Differences</b>	-	<b>(3 744,7)</b>	<b>3 744,7</b>	<b>27,0</b>	<b>850,9</b>
C - Permanent Differences between Tax and Reporting Basis					
Non Deductible Financial Expenses	8 631,0	8 631,0	-		
Income From Associated Companies - Equity Method	3,5	3,5	-		
Income From Participation Units - Imocar Real Estate Fund	-	-	-		
Non Deductible Depreciations	474,5	474,5	-		
Tax Benefits	(123,8)	(123,8)	-		
Fines, Penalties and Compensatory Interests	19,5	19,5	-		
Donations	19,1	19,1	-		
Capital Gains / (Losses)	(22,5)	(22,5)	-		
Impairment Losses	-	-	-		
Others	211,6	211,6	-		
<b>Total Permanent Differences</b>	<b>9 212,9</b>	<b>9 212,9</b>	<b>-</b>		
<b>D - Taxable Income (D = A + B + C)</b>	<b>(6 522,4)</b>	<b>(10 267,1)</b>	<b>3 744,7</b>	<b>27,0</b>	<b>850,9</b>
D - 1 - Taxable Income - Foreign Operations	-	-	-		
D - 2 - Taxable Income - Portugal	(6 168,9)	(9 913,6)			
D - 3 - Taxable Income - Portugal - Items Subject to Special Income Tax Rates	(353,5)	(353,5)			
D-2 Corporate Income Tax (Portugal)	(1 295,5)	(2 111,9)			
Corporate Income Tax Rate (Portugal)	21,0%	21,0%			
D-3 Items Subject to Special Income Tax Rates	(44,2)	(44,2)			
Tax Rate - Items Subject to Special Income Tax Rates	12,5%	12,5%			
1 - Municipal Tax	146,3	84,9			
Municipal Tax Rate (Portugal)	1,5%	1,5%			
Municipal Tax - Taxable Income (Note 1)	9 756,3	5 656,0			
2 - Income Tax Surtax - Applied to Taxable Income in Excess of 1,500,000 €	10,2	10,2			
Income State Tax Surtax (Portugal)	3,0%	3,0%			
Income Tax Surtax - Taxable Income (Note 2)	340,1	340,1			
<b>4 - Total Calculated Tax - (4 = D2 + D3 + 1 + 2)</b>	<b>(1 183,1)</b>	<b>(2 061,0)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Average Statutory Income Tax Rate (Portugal)	18,1%	20,1%			
<b>1 - Taxable Income subject to Foreign Income Tax Rates</b>	<b>-</b>	<b>-</b>			
<b>2 - Income Tax Related to Foreign Taxable Income</b>	<b>-</b>	<b>-</b>			
Average Foreign Income Tax Rate	12,5%	12,5%			
<b>3 - Taxable Income subject to Income Tax in Portugal (D - 2)</b>	<b>(6 168,9)</b>	<b>(9 913,6)</b>			
<b>4 - Taxable Income subject to Income Tax in Portugal - Items Subject to Special Income Tax Rates (D - 3)</b>	<b>(353,5)</b>	<b>(353,5)</b>			
<b>5 - Income Tax Rate related to Taxable Income in Portugal (4)</b>	<b>(1 183,1)</b>	<b>(2 061,0)</b>			
Statutory Income Tax Rate - Portugal	18,1%	20,1%			
<b>6. Taxable Income (6= 1+3+4 = D)</b>	<b>(6 522,4)</b>	<b>(10 267,1)</b>	<b>3 744,7</b>		
<b>CORPORATE INCOME TAX - CALCULATION</b>					
Total Income Tax (2 + D-5)	(1 183,1)	(2 061,0)			
Income Tax on Items Subject to Special Income Tax Rates	50,9	50,9			
Adjustments to Prior Years Income Tax Estimates	(878,6)	(878,6)			
<b>Current Income Tax</b>	<b>(2 010,8)</b>	<b>(2 888,7)</b>			
Deferred Taxes - Tax Losses expiry Write-off	3 782,6	3 782,6		3 782,6	
Deferred Income Tax Assets - Financial Investment losses prior year	(3 869,7)	(3 869,7)		(3 869,7)	
Deferred Income Tax Assets - (Increase) / Decrease		27,0		27,0	
Deferred Income Tax Liabilities - Increase / (Decrease)		850,9			850,9
<b>Deferred Income Tax</b>	<b>(87,1)</b>	<b>790,8</b>		<b>(60,1)</b>	<b>850,9</b>
<b>7 - Income Tax Continued Operations</b>	<b>(3 449,1)</b>	<b>(3 449,1)</b>		<b>(60,1)</b>	<b>850,9</b>
<b>8 - Income Tax Discontinued Operations</b>	<b>1 351,2</b>	<b>1 351,2</b>			
<b>9 - Income Tax Discontinued Operations</b>	<b>(2 097,9)</b>	<b>(2 097,9)</b>			
Average Income Tax Rate - (7 + 8) : D	32,17%	20,43%		-222,7%	100,0%
Effective Income Tax Rate - (7 + 8) : A	13,33%	13,33%		0,4%	-5,4%

Note 1: The Municipal Surtax (Derrama Municipal) is calculated as reported in Note 15 c). During the twelve months ended 31 December 2017, the subsidiaries SIVA Serviços, LGA, AA00, Globalrent, Loures Automóveis, Rolporto and Rolvia reported positive taxable income.

Note 2: The State Surtax (Derrama Estadual) is calculated as reported in Note 15 c). During the twelve months ended 31 December 2017, the LGA Subsidiary reported positive taxable income in excess of Eur (000) 1,500.0.

Note 3: In 2016 the liquidation of the Novinela Subsidiary generated tax losses of approximately Eur (000) 21.300. Since the recoverability of this amount was under analysis, no Deferred Income Tax Assets were recognized. Upon conclusion of said analysis, a claim in respect of such tax losses will be filed. In 2017, Deferred Income Tax Assets were recognized, in the amount of Eur (000) 3,869.7.

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Note 4: The amount disclosed as Current Income Tax – Prior Years (Eur (000) 878.6) is mainly related to the tax loss incurred in the liquidation of the Frotarent Subsidiary (Eur (000) 985.4). Tax Estimates of 2016 did not include this amount since it was not yet concluded. The 2016 Income Tax return included this tax loss. The remaining amount refers to a number of small adjustments to the estimates of the previous year, including deductible net financial expenses, depreciation and car expenses, etc.

Income Tax was calculated using tax rates in force, or substantially in force, on reporting date, in each country where taxable income is generated, according to respective tax regulations.

#### e) Deferred Income Tax

The Deferred Income Tax balances are as indicated in the following table, which also identifies the differences between tax and reporting basis of the corresponding Assets and/or Liabilities:

	Temporary Differences between Income Tax and Book Values as at 1 January 2018	Deferred Income Tax				Temporary Differences between Income Tax and Book Values as at 30 December 2018
		Balance as at 1 January 2018	Impact on Results of the year	Balance Sheet Reclassifications	Balance as at 31 December 2018	
<b><u>Deferred Income Tax Assets</u></b>						
Provisions	7,402.6	1,665.6	(530.4)	-	1,135.2	5,045.2
Margins in Inventories	3,425.8	763.7	39.3	-	803.0	3,600.5
Tax Losses Carried Forward	20,665.1	4,339.7	(5,886.7)	1,555.3	8.3	39.5
Other Consolidation Adjustments	50.0	11.2	-	(11.2)	-	-
Others	2,418.2	309.3	44.2	-	353.5	2,771.8
<b>Total Deferred Income Tax Assets</b>	<b>33,961.7</b>	<b>7,089.6</b>	<b>(6,333.6)</b>	<b>1,544.0</b>	<b>2,300.0</b>	<b>11,457.0</b>
<b><u>Deferred Income Tax Liabilities</u></b>						
Azambuja - 2002 Fixed Assets Revaluation	13,039.9	1,524.2	(5.6)	-	1,518.6	13,039.9
Amortized Cost	568.7	128.0	(14.3)	(11.2)	102.5	455.3
Real Estate Fund Imocar - Change in regulation	10,048.4	2,260.9	778.3	-	3,039.2	13,507.4
<b>Total Deferred Income Tax Liabilities</b>	<b>23,657.0</b>	<b>3,913.1</b>	<b>758.4</b>	<b>(11.2)</b>	<b>4,660.2</b>	<b>27,002.6</b>
Reclassification of Liabilities associated to Assets held for sale					1,583.8	
<b>Total Deferred Income Tax Liabilities</b>					<b>3,076.5</b>	

#### f) Deferred Income Tax Assets relating to Tax Losses Carried Forward

The amount of Tax Losses carried forward that may be utilized in the future, and the amount of the corresponding Deferred Income Tax Assets, by year of origin and expiration date, are detailed in the following table.

Origin Year	Tax Losses	IRC	
		Value	Expiry
2018	39.5	8.3	2023
<b>Total</b>	<b>39.5</b>	<b>8.3</b>	

The Board of Directors expects that positive taxable income will be generated in the future, allowing for the utilization of the amount of tax losses carried forward.

#### g) Current Income Tax

Current Income Tax receivable is as follows:

Corporate Income Tax	Dez-18	Dec-17
Corporate Income Tax - Disputed Amounts	3,973.8	3,973.8
Advance Corporate Income Tax Payments	1,734.9	1,755.5
Corporate Income Tax Receivable FY 2018	2,869.2	-
Corporate Income Tax Receivable FY 2017 - Estimated	-	2,512.3
Income Tax Surtax	104.6	129.9
Other	1.0	7.8
<b>Total Corporate Income Tax Receivable</b>	<b>8,683.4</b>	<b>8,379.3</b>
Reclassification of Liabilities associated to Assets held for sale	4,028.0	0.0
<b>Total Corporate Income Tax Receivable</b>	<b>4,655.3</b>	<b>8,379.3</b>

i. *Corporate Income Tax (IRC) – Disputed Amounts*

The amount of Eur (000) 3,973.8 represents the payment of Corporate Income Tax (IRC) related to several previous periods, as a result of additional income tax assessments issued by the Portuguese Tax Authorities, which are pending judicial challenge, as disclosed in Note 41 – Commitments and Contingencies. This payment was made in accordance with the terms and conditions set forth in Decree-Law 151-A/2013.

The payment eliminated the contingency resulting from any arrears interest, penalties and costs incurred as of the date of such payment, which were as follows:

- compensatory interest of Eur (000) 508.5
- interest on arrears of Eur (000) 820.2
- costs of Eur (000) 45.9

These amounts would represent an additional contingency if this payment had not been made.

This payment also allowed for the cancellation of Bank Guarantees in the amount of Eur (000) 6,327.2, provided within the scope of the respective challenge proceedings.

ii. *Detail of Income Tax receivable (IRC, Advanced Income Tax Payments, Surtaxes [Derramas]) by tax year*

The amounts of Corporate Income Tax (IRC) – Disputed Amounts, Advanced Income Tax Payments and Surtaxes (*Derramas*) are disclosed, by year, in the following table.

Year	Corporate Income Tax Disputed Amounts	Advance Corporate Income Tax Payments	Income Tax Surtax
1999	888.0	-	-
2001	633.6	-	-
2002	552.0	-	-
2003	430.9	-	-
2004	367.7	-	-
2007	-	696.7	-
2008	211.5	464.6	85.1
2009	-	238.2	19.4
2010	890.0	-	-
2014	-	21.7	-
2015	-	50.3	-
2016	-	44.7	-
2017	-	97.7	-
2018	-	121.0	-
<b>Total</b>	<b>3,973.8</b>	<b>1,734.9</b>	<b>104.6</b>

On 29 August 2012, 14 August 2013 and 25 July 2014, SAG Gest submitted refund requests in respect of the refund of Advanced Income Tax Payments (*PEC – Pagamento Especial por Conta*) performed

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in relation to the 2007, 2008 and 2009 tax years, respectively, due to the fact that taxable income for those years did not allow for the recovery of those amounts in the 2007 to 2013 tax returns. The Tax Authorities denied these refund requests. SAG Gest appealed against this decision.

iii. *Estimated Corporate Income Tax (IRC) Receivable – 2018*

As of 30 September 2018, the amount of Eur (000) 2,869.2, related to the estimated income tax receivable of 2018, corresponds to the sum of the individual tax estimates of the Entities included in the consolidation perimeter that recognized a tax credit (IRC receivable).

## h) Current Income Tax

Current Income Tax Payable is as follows:

Corporate Income Tax	Dez-18	Dec-17
<b>Portugal</b>		
Estimated Corporate Income Tax Payable - 2018	1,665.2	-
Estimated Corporate Income Tax Payable - 2017	-	502.2
<b>Sub-Total Corporate Income Tax - Portugal</b>	<b>1,665.2</b>	<b>502.2</b>
<b>Total Corporate Income Tax Payable</b>	<b>1,665.2</b>	<b>502.2</b>
Reclassification of Liabilities associated to Assets held for sale	893.2	0.0
<b>Total Corporate Income Tax Payable</b>	<b>772.1</b>	<b>502.2</b>

## 17. EARNINGS PER SHARE

On 31 December 2018, the Entities included in consolidation jointly held 16,771,015 Treasury Stock (Shares representing the Registered Share Capital of SAG Gest). During the twelve months ended 31 December 2018, there were no transactions (purchases or sales) involving Treasury Stock, and the number of Treasury Stock held on 31 December 2018 did not change.

The nominal value of SAG Gest Shares is Eur 1 each.

<u>Earnings Per Share</u>	Period of 12 months ended on December 31			Period of 3 months ended on December 31		
	2018	2017 Adjusted	2017 Published	2018	2017 Adjusted	2017 Published
Net Profit / (Loss) After Tax - Before Discontinued Operations	(154 702,7)	(4 636,2)	(13 637,4)	(151 927,2)	(197,0)	(9 991,6)
Net Profit / (Loss) After Tax	(186 827,7)	(13 637,4)	(13 637,4)	(174 472,9)	(9 991,6)	(9 991,6)
<b>Net Profit / (Loss) After Non-Controlling Interests</b>	<b>(186 844,5)</b>	<b>(13 777,9)</b>	<b>(13 777,9)</b>	<b>(174 472,9)</b>	<b>(9 991,6)</b>	<b>(9 991,6)</b>
Number of Issued Shares	169 764 398	169 764 398	169 764 398	169 764 398	169 764 398	169 764 398
Number of Shares in Treasury Stock	(16 771 015)	(16 771 015)	(16 771 015)	(16 771 015)	(16 771 015)	(16 771 015)
Weighted Average Number of Shares Outstanding	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>
Weighted Average Number of Shares Outstanding	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>	<b>152 993 383</b>
<b>Earnings per Shares Before Discontinued Operations (Eur)</b>	<b>(1,0112)</b>	<b>(0,0303)</b>	<b>(0,0891)</b>	<b>(0,9930)</b>	<b>(0,0013)</b>	<b>(0,0653)</b>
<b>Earnings per Shares (Eur)</b>	<b>(1,2211)</b>	<b>(0,0891)</b>	<b>(0,0891)</b>	<b>(1,1404)</b>	<b>(0,0653)</b>	<b>(0,0653)</b>



Soluções Automóvel Globais

## 18. TANGIBLE FIXED ASSETS

Activity in Tangible Fixed Assets during the six months ended 31 December 2018 was as follows:

	2018								TOTAL
	Land	Buildings	Basic Equipment	Transport Equipment	Tools and utensils	Office Equipment	Other Tangible Assets	Fixed Assets in Progress	
<b>Opening Balance- 1 January 2018 (Net Tangible Fixed Assets)</b>	<b>19 048,4</b>	<b>41 123,5</b>	<b>3 115,3</b>	<b>51,5</b>	<b>165,1</b>	<b>371,9</b>	<b>319,3</b>	<b>1 175,9</b>	<b>65 370,8</b>
Additions	-	19,4	6 771,6	44,4	58,1	53,3	13,6	962,0	7 922,3
Retirements-At Cost	-	(281,0)	(6 261,5)	(456,3)	-	(109,7)	(9,5)	(37,0)	(7 155,0)
Retirements of Accumulated Depreciation	-	49,2	584,2	430,1	-	108,6	9,5	-	1 181,5
Transfers	-	103,9	-	-	-	-	-	(103,9)	-
Impairments	-	(9 913,8)	-	-	-	-	-	-	(9 913,8)
Current Year's Depreciation Charge Against P&L From Continued Operations	-	(912,6)	(745,2)	(19,1)	(64,6)	(66,7)	(76,4)	-	(1 884,6)
<b>Closing Balance - 31 December 2018 (Net Tangible Fixed Assets)</b>	<b>19 048,4</b>	<b>30 188,5</b>	<b>3 464,3</b>	<b>50,6</b>	<b>158,6</b>	<b>357,4</b>	<b>256,4</b>	<b>1 996,9</b>	<b>55 521,2</b>
<b><u>Tangible Fixed Assets - Balance Detail - 31 December 2018</u></b>									
<b><u>As at 1 January 2018</u></b>									
At Cost	19 048,4	53 938,1	33 479,9	1 431,1	4 435,3	11 131,4	14 383,0	1 175,9	139 023,2
Accumulated Depreciation	-	(12 814,6)	(30 364,6)	(1 379,6)	(4 270,2)	(10 759,5)	(14 063,8)	-	(73 652,3)
<b>Tangible Fixed Assets - Net</b>	<b>19 048,4</b>	<b>41 123,5</b>	<b>3 115,3</b>	<b>51,5</b>	<b>165,1</b>	<b>371,9</b>	<b>319,3</b>	<b>1 175,9</b>	<b>65 370,8</b>
<b><u>As at 31 December 2018</u></b>									
At Cost	19 048,4	53 780,4	33 990,0	1 019,2	4 493,4	11 075,1	14 387,1	1 996,9	139 790,5
Accumulated Depreciation	-	(23 591,8)	(30 525,7)	(968,6)	(4 334,8)	(10 717,6)	(14 130,7)	-	(84 269,3)
<b>Tangible Fixed Assets - Net</b>	<b>19 048,4</b>	<b>30 188,5</b>	<b>3 464,3</b>	<b>50,6</b>	<b>158,6</b>	<b>357,4</b>	<b>256,4</b>	<b>1 996,9</b>	<b>55 521,2</b>
Reclassification Assets held for sale	(239,2)	(6 337,3)	(3 464,3)	(50,6)	(144,0)	(357,4)	(212,0)	(715,2)	(11 520,1)
<b>Tangible Fixed Assets - Net</b>	<b>18 809,2</b>	<b>23 851,3</b>	<b>-</b>	<b>-</b>	<b>14,6</b>	<b>-</b>	<b>44,4</b>	<b>1 281,7</b>	<b>44 001,1</b>

The impairment amount is related to the building on Avenida Marechal Gomes da Costa to the building in Vila Nova da Rainha. This impairment was booked regarding assessment and sell price established by “Contrato de Promessa Compra e Venda” agreement in force at the report date.

On 31 December 2018, there are no more signs of impairment affecting the carrying amount of Tangible Fixed Assets.

### SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora  
Registered Share Capital: Eur 169,764,398.00  
Registered in the Amadora Companies Registration Office  
Single Tax Identification and Registration Number 503 219 886  
Office: Alfragide – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2  
2614-519 Amadora  
Tel: 21 359 66 64  
Fax: 21 359 66 74



Soluções Automóvel Globais

Activity in Tangible Fixed Assets during the six months ended 31 December 2017 was as follows:

	2017								
	Land	Buildings	Basic Equipment	Transport Equipment	Tools and utensils	Office Equipment	Other Tangible Assets	Fixed Assets in Progress	TOTAL
<b>Opening Balance- 1 January 2017 (Net Tangible Fixed Assets)</b>	<b>19,050.8</b>	<b>42,059.3</b>	<b>1,235.5</b>	<b>42.4</b>	<b>172.6</b>	<b>351.3</b>	<b>381.1</b>	<b>1,080.2</b>	<b>64,373.3</b>
Additions	-	9.1	5,779.5	28.7	51.1	140.3	31.3	98.6	<b>6,138.6</b>
Retirements-At Cost	-	-	(3,708.3)	(58.1)	-	(277.6)	-	(0.8)	<b>(4,044.7)</b>
Retirements of Accumulated Depreciation	-	-	246.9	55.2	-	276.0	-	-	<b>578.1</b>
Transfers	(2.4)	2.4	2.1	-	-	-	-	<b>(0.0)</b>	-
Current Year's Depreciation Charge Against P&L From Continued Operations	-	(947.3)	(440.5)	(16.7)	(58.6)	(118.1)	(93.2)	-	<b>(1,674.4)</b>
<b>Closing Balance - 31 December 2017 (Net Tangible Fixed Assets)</b>	<b>19,048.4</b>	<b>41,123.5</b>	<b>3,115.3</b>	<b>51.5</b>	<b>165.1</b>	<b>371.9</b>	<b>319.3</b>	<b>1,175.9</b>	<b>65,370.9</b>
<b><u>Tangible Fixed Assets - Balance Detail - 31 December 2016</u></b>									
<b><u>As at 1 January 2017</u></b>									
At Cost	19,050.8	53,926.6	31,406.6	1,460.5	4,384.2	11,268.7	14,351.7	1,080.2	<b>136,929.4</b>
Accumulated Depreciation	-	(11,867.3)	(30,171.1)	(1,418.1)	(4,211.6)	(10,917.4)	(13,970.6)	-	<b>(72,556.1)</b>
<b>Tangible Fixed Assets - Net</b>	<b>19,050.8</b>	<b>42,059.3</b>	<b>1,235.5</b>	<b>42.4</b>	<b>172.6</b>	<b>351.3</b>	<b>381.1</b>	<b>1,080.2</b>	<b>64,373.3</b>
<b><u>As at 31 December 2017</u></b>									
At Cost	19,048.4	53,938.1	33,479.9	1,431.1	4,435.3	11,131.4	14,383.0	1,175.9	<b>139,023.2</b>
Accumulated Depreciation	-	(12,814.6)	(30,364.6)	(1,379.6)	(4,270.2)	(10,759.5)	(14,063.8)	-	<b>(73,652.4)</b>
<b>Tangible Fixed Assets - Net</b>	<b>19,048.4</b>	<b>41,123.5</b>	<b>3,115.3</b>	<b>51.5</b>	<b>165.1</b>	<b>371.9</b>	<b>319.3</b>	<b>1,175.9</b>	<b>65,370.8</b>

**SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company**

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## 19. INTANGIBLE ASSETS - GOODWILL

In December 2017, SAG Gest performed valuations using the Discounted Cash Flows (DCF) method, which supported the recoverability of the carrying amount of Goodwill recognized in the Consolidated Statement of the Financial Position.

In the opinion of the Board of Directors, as at 31 December 2018, it is not expected that the amounts of "Goodwill" previously recorded will be recoverable. As such, impairments were recorded for the full amount of Goodwill, as shown in the table.

Goodwill as at 31 December 2018 is made up as follows:

Company	Business Segments	Purchase Price	Net Fair Value of the Assets / Liabilities Acquired	Goodwill		
				Goodwill	Impairment Losses Recognized	Net Book Value December 31, 2018
<b>Full Consolidation</b>						
Globalrent	Distribution	2 992,8	(1 966,4)	4 959,1	4 959,1	-
Soauto Comércio de Automóveis	Retail	4 271,8	586,7	3 685,1	3 685,1	-
Loures Automóveis	Retail	3 207,8	1 299,0	1 908,8	1 908,8	-
Rolporto	Retail	3 073,1	1 004,2	2 069,0	2 069,0	-
Soauto, SGPS	Retail	2 303,9	1 119,5	1 184,4	1 184,4	-
Rolvía	Retail	337,0	330,0	7,0	7,0	-
<b>Total</b>		<b>16 186,4</b>	<b>2 373,0</b>	<b>13 813,4</b>	<b>13 813,4</b>	<b>-</b>
Reclassification to Assets held for sale		(16 186,4)	(2 373,0)	(13 813,4)	(13 813,4)	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 20. INTANGIBLE ASSETS - OTHER

Changes in Intangible Assets during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 are disclosed in the tables below.

	2018					TOTAL
	Software	Start-Up Expenses	Research & Development Expenses	Patents & Trademarks	Key Money on Transfer of Leaseholds	
Opening Balance- 1 January 2018 (Intangible Assets - Net)	320.0	-	-	-	42.4	362.4
Additions	43.7	-	-	-	-	43.7
Transfers	-	-	-	-	(42.4)	(42.4)
Retirements - At Cost	-	-	-	-	-	-
Retirements of Depreciation	-	-	-	-	-	-
Impairment (Note 12)	-	-	-	-	-	-
Depreciation Charged Against P&L	(141.6)	-	-	-	-	(141.6)
Closing Balance - 31 December 2018 (Intangible Assets - Net)	222.1	-	-	-	-	222.1

### Intangible Assets - Balance Detail - 31 December 2018

<b>As at 1 January 2018</b>						
At Cost	6,655.5	85.9	406.6	2.5	1,670.6	8,821.1
Accumulated Depreciation	(6,335.5)	(85.9)	(406.6)	(2.5)	(1,628.1)	(8,458.7)
<b>Intangible Assets - Net</b>	<b>320.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42.4</b>	<b>362.4</b>
<b>As at 31 December 2018</b>						
At Cost	6,699.3	85.9	406.6	2.5	1,628.1	8,822.4
Accumulated Depreciation	(6,477.2)	(85.9)	(406.6)	(2.5)	(1,628.1)	(8,600.3)
<b>Intangible Assets - Net</b>	<b>222.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222.1</b>
Reclassification Assets held for sale	(222.1)	-	-	-	-	(222.1)
<b>Intangible Assets - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	2017					TOTAL
	Software	Start-Up Expenses	Research & Development Expenses	Patents & Trademarks	Key Money on Transfer of Leaseholds	
Opening Balance- 1 January 2017 (Intangible Assets - Net)	529.9	-	-	-	517.4	1,047.3
Depreciation Charged Against P&L	(209.9)	-	-	-	(474.9)	(684.9)
Closing Balance - 31 December 2017 (Intangible Assets - Net)	320.0	-	-	-	42.4	362.4

### Intangible Assets - Balance Detail - 31 December 2017

<b>As at 1 January 2017</b>						
At Cost	6,655.5	85.9	406.6	2.5	1,670.6	8,821.2
Accumulated Depreciation	(6,125.6)	(85.9)	(406.6)	(2.5)	(1,153.2)	(7,773.8)
<b>Intangible Assets - Net</b>	<b>529.9</b>	<b>-</b>	<b>-</b>	<b>.0</b>	<b>517.4</b>	<b>1,047.3</b>
<b>As at 31 December 2017</b>						
At Cost	6,655.5	85.9	406.6	2.5	1,670.6	8,821.1
Accumulated Depreciation	(6,335.5)	(85.9)	(406.6)	(2.5)	(1,628.1)	(8,458.7)
<b>Intangible Assets - Net</b>	<b>320.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42.4</b>	<b>362.4</b>

In accordance with the 2013 Urban Lease Legal regime (*Regime de Arrendamento Urbano*), lease agreements in respect of the properties used in the operational activities have a five-year term, after which the lease agreement may be terminated.

As a result of this change, the amount of Store Key Money was being amortized over a period of five years.

## 21. INVESTMENTS IN ASSOCIATES

Investments in Associates are as follows:

	Dez-18			
	At Cost	Recognized Net Results	Impairment	Net Amount
Autolombos - Sociedade de Automóveis, Lda.	243.5	(35.2)	(197.4)	10.9
				<b>10.9</b>

	Dec-17			
	At Cost	Recognized Net Results	Impairment	Net Amount
Autolombos - Sociedade de Automóveis, Lda.	243.5	(46.1)	(197.4)	-
				<b>-</b>

Changes during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 are as follows:

	Autolombos - Sociedade de Automóveis, Lda.	
	Dez-18	Dec-17
<b>Opening Balance</b>	<b>0.0</b>	<b>3.5</b>
Current Year's Subsidiary Net Result	27.5	(9.2)
% Share	40%	40%
Subsidiary Net Result - Equity Method Appropriation	11.0	(3.7)
Adjustment	(0.1)	0.1
<b>Closing Balance</b>	<b>10.9</b>	<b>-</b>

The changes represent the appropriation by SAG Gest of its share in the changes in the Net Assets of the Autolombos Affiliate, which is included in the Consolidated Financial Statements through the Equity Method, as reported in Note 14 – Gains and Losses – Related Parties.

## 22. INVESTMENT PROPERTIES

Changes in Investment Properties during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 are disclosed in the tables below.

	Building at Pedro Álvares Cabral - artº. 844 A	Building at Porto - artº. 11275	Dez-18 Building at Conde Almoester - artº. 1151 A	Building at Amadora - artº 1358	TOTAL
Opening Balance- 1 January 2018	424.0	247.8	217.0	150.3	1,039.0
Fair Value Adjustments	-	(4.3)	9.9	-	5.7
Property Sale	424.0	-	-	150.3	574.2
Closing Balance - 31 December 2018	-	243.6	226.9	-	470.5

	Building at Pedro Álvares Cabral - artº. 844 A	Building at Porto - artº. 11275	Dec-17 Building at Conde Almoester - artº. 1151 A	Building at Amadora - artº 1358	TOTAL
Opening Balance- 1 January 2017	416.5	241.0	219.0	146.5	1,023.0
Fair Value Adjustments	7.5	6.8	(2.0)	3.8	16.0
Closing Balance - 31 December 2017	424.0	247.8	217.0	150.3	1,039.0

The amount recognized as Investment Properties refers to two properties owned by the Imocar Real Estate Investment Fund that are currently not used by the Entities included in consolidation in the course of their operating activities.

These properties are recognized at Fair Value and were valued using the Income Method, using current rents for the two leased properties. A five-year period was considered after which sale of the properties was assumed, taking into account their characteristics, the market situation and the location thereof.

In accordance with IFRS 13 – Fair Value Measurement, the hierarchical level of Fair Value is Level 3, because the supporting valuations were performed using unobservable data, i.e., they are not prices prevailing in active and non-active markets.

In September 2018, said Properties were valued by independent experts, with these valuations resulting in the recognition of an increase in their respective Fair Value of Eur (000) 5.7.

The remaining change in the value of the Investment Properties compared to 31 December 2017 is due to the sale of the property located at Avenida Pedro Álvares Cabral (Art. 844 A), in Lisbon, and the Amadora property (Art. 1358), in January and February 2018, for the value of Eur (000) 450 and Eur (000) 140, respectively. These transactions resulted in the recognition of gains of Eur (000) 15.8.

Income from rental properties during the twelve months ended 31 December 2018 was Eur (000) 129.2, which is recognized as Other Operating Income, and costs incurred with the same Properties (Eur (000) 0.4) were recognized as Other Operating Income.

The table below discloses the detail of future rental benefits, taking into account the amounts agreed upon in the contracts in force on 31 December 2018.

The lease agreements for the Properties have terms of between 10 and 29 months.

	Number of Rental Contracts in Force	Rental Income
2019	2	26.6
2020	1	17.5
2021	1	2.9
Total		47.0

## 23. INVENTORIES

Inventories are as follows:

	Dez-18						
	New Vehicles	Used Vehicles	Rent-a-car buy-back Vehicles	Spare Parts & Accessories	Work in Progress	Other Stock	Total
At Cost	51,553.7	30,861.4	41,217.8	7,164.4	329.2	3.4	131,129.8
Impairments	-	(646.4)	(602.2)	(559.6)	-	-	(1,808.2)
<b>Total</b>	<b>51,553.7</b>	<b>30,214.9</b>	<b>40,615.7</b>	<b>6,604.8</b>	<b>329.2</b>	<b>3.4</b>	<b>129,321.6</b>
Reclassification of Assets not held for sale	(51,553.7)	(30,214.9)	(40,615.7)	(6,604.8)	(329.2)	(3.4)	(129,321.6)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Dec-17						
	New Vehicles	Used Vehicles	Rent-a-car buy-back Vehicles	Spare Parts & Accessories	Work in Progress	Other Stock	Total
At Cost	100,025.0	29,132.6	84,690.6	8,226.8	349.9	1.8	222,426.7
Impairments	-	(1,044.8)	(2,468.5)	(2,116.6)	-	-	(5,630.0)
<b>Total</b>	<b>100,025.0</b>	<b>28,087.8</b>	<b>82,222.0</b>	<b>6,110.2</b>	<b>349.9</b>	<b>1.8</b>	<b>216,796.7</b>
Reclassification of Assets not held for sale	-	-	-	-	-	-	-
<b>Total</b>	<b>100,025.0</b>	<b>28,087.8</b>	<b>82,222.0</b>	<b>6,110.2</b>	<b>349.9</b>	<b>1.8</b>	<b>216,796.7</b>

The table above indicates the various types of Inventories, which are as follows:

- **New Vehicles:** vehicles directly purchased from the Manufacturers of the Brands represented by the SIVA Subsidiary
- **Used Vehicles:** used vehicles that are immediately available for sale
- **Rent-a-Car – Buy Back Vehicles:** vehicles invoiced to Customers (usually Rent-a-Car Entities) that are in the possession of such Entities but for which there is a repurchase undertaking at a future date. These vehicles will become available for sale after the end of the holding period defined in each contract
  - a) Inventories of Buy Back vehicles represent vehicles billed to Customers (usually Rent-a-Car Entities) under Contracts that include clauses establishing the liability of SAG Gest or of Entities included in consolidation in respect of the repurchase of the invoiced vehicles at the end of the period of use that has been agreed (the holding period). In accordance with IFRS 15 – Revenue from Clients Agreements, invoices issued under such terms are not recognized as income at the time of issuance and the cost of sales of such vehicles is also not recognized, and therefore such vehicles remain included in Inventories as Rent-a-Car – Buy Back vehicles.
  - b) The amount of Impairment Losses in Inventories of used vehicles represents the difference between the purchase price of vehicles in Inventories and their respective market value on reporting date.
  - c) The amount of Impairment Losses in Inventories of Rent-a-Car – Buy Back vehicles represents the difference between (i) the purchase price of such vehicles as defined in the Buy-Back agreements, and (ii) the estimated market value of same vehicles on the date where the vehicles become available for sale. The amount of this difference is recognized during the duration of their respective holding period so that, on repurchase date, the book value of each car corresponds to its market value on that date.  
  
The amount of Impairment Losses in Inventories is determinate according to the procedure disclosed in Note 2.7 – Significant Estimates.
  - d) The amount of Impairment Losses in Inventories of Parts is determined as disclosed in Note 2.5.7 – Inventories and Impairment Losses in Inventories (Main Accounting Policies), representing the purchase price of obsolete and slow-turnover (exceeding 24 months) Parts and Accessories.

Changes during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 in Impairment Losses in Inventories is disclosed in the following table.

	Used Vehicles		Rent-a-car buy-back Vehicles		Spare Parts & Accessories		Total	
	Dez-18	Dec-17	Dez-18	Dec-17	Dez-18	Dec-17	Dez-18	Dec-17
Opening Balance	(1,044.8)	(1,114.6)	(2,468.5)	(2,876.6)	(2,116.6)	(1,982.0)	(5,630.0)	(5,973.2)
<b>P&amp;L</b>								
Charges/(Cancellation)	(1,364.8)	(1,283.4)	(5,638.3)	(142.5)	(134.6)	(2,807.2)	(2,807.3)	(7,137.7)
Reversals	1,779.8	1,434.6	3,149.8	6,046.4	1,699.5	-	6,629.1	7,480.9
<b>Total P&amp;L</b>	<b>398.4</b>	<b>69.8</b>	<b>1,866.4</b>	<b>408.1</b>	<b>1,557.0</b>	<b>(134.6)</b>	<b>3,821.8</b>	<b>343.2</b>
<b>Closing Balance</b>	<b>(646.4)</b>	<b>(1,044.8)</b>	<b>(602.2)</b>	<b>(2,468.5)</b>	<b>(559.6)</b>	<b>(2,116.6)</b>	<b>(1,808.2)</b>	<b>(5,630.0)</b>
Reclassification of Assets not held for sale	646.4	-	602.2	-	559.6	-	1,808.2	-
<b>Closing Balance</b>	<b>-</b>	<b>(1,044.8)</b>	<b>-</b>	<b>(2,468.5)</b>	<b>-</b>	<b>(2,116.6)</b>	<b>-</b>	<b>(5,630.0)</b>

## 24. DEBTORS AND OTHER ASSETS - CUSTOMERS

Accounts Receivable from Trade Customers are as follows:

Trade Customers	Dez-18	Dec-17
Trade Customers - Current Account	21,284.2	28,563.1
Bad & Doubtful Accounts Receivable	3,523.5	3,595.7
Trade Customers' Impairment	(3,539.3)	(3,584.7)
<b>Total Trade Customers</b>	<b>21,268.5</b>	<b>28,574.1</b>
Reclassification of Assets Held for Sale	21,079.8	-
<b>Total Trade Customers</b>	<b>188.7</b>	<b>28,574.1</b>

Debtors and Other Assets - Customers derived from the operating activity of the Entities included in consolidation, adjusted according to the policy disclosed in Notes 2.5.15.2 – Impairment of Financial Assets and 2.7 b) – Recognition of Provisions and Impairment Losses.

As at 31 December 2018 and 31 December 2017, the detail of Debtors and Other Assets - Customers, according to their seniority, is disclosed in the following table.

	Dez-18	Dec-17
<b>Non-Overdue</b>	<b>16,345.9</b>	<b>20,917.3</b>
0-10 days	2,056.0	3,913.7
10-30 days	607.6	1,762.6
30-60 days	644.0	1,648.5
60-90 days	287.3	174.9
90-120 days	485.8	139.9
+120 days	857.6	6.2
<b>Total Overdue</b>	<b>4,938.3</b>	<b>7,645.8</b>
<b>Sub-Total Trade Customers - Current Account</b>	<b>21,284.2</b>	<b>28,563.1</b>
<b>Total Overdue with Impairment</b>	<b>3,523.5</b>	<b>3,595.7</b>
<b>Trade Customers' Impairment</b>	<b>(3,539.3)</b>	<b>(3,584.7)</b>
<b>Total</b>	<b>21,268.5</b>	<b>28,574.1</b>

The majority of the overdue receivables in the table above result from the sale of vehicles in the Automotive Retail activities where sales terms are cash on delivery. Approximately 54% of the total amount is overdue for less than 30 days and around 42% of these amounts were overdue for 10 or less days (69% on 31 December 2017). On the reporting date, the majority of these amounts is settled, and therefore the above overdue amounts show no signs of impairment.

Customers in the Dealer Networks of the SIVA Subsidiary delivered to it, in accordance with the respective Concession or Authorized Workshop Agreements, bank guarantees issued by unrelated third parties, in favor of said Subsidiary, for the total amount of Eur (000) 35,972.8. In accordance with the agreements between the SIVA Subsidiary and the Portuguese Branch of Volkswagen Bank AG, the original documents of such bank guarantees are held by this Financial Institution.

The changes in Impairment Losses on Accounts Receivable from Customers during the twelve months ended on 31 December 2018 and the twelve months ended on 31 December 2017 are reported in the following table.

	Trade Customers' Impairment losses	
	Dez-18	Dec-17
<b>Opening Balance</b>	(3,584.7)	(3,702.1)
<b>P&amp;L</b>		
(Charges)/Cancellation	9.9	(38.5)
<b>Total P&amp;L</b>	<b>9.9</b>	<b>(38.5)</b>
Reversals	35.5	59.0
Transfers (1)	-	97.0
<b>Closing Balance</b>	<b>(3,539.3)</b>	<b>(3,584.7)</b>

(1)

The amount of Eur (000) 97.0 reported as Transfers in 2017 represents the reclassification to Impairment Losses in Other Debtors, corresponding to an amount included, on 31 December 2016, in the balance of Impairment Losses – Clients.

## 25. DEBTORS AND OTHER ASSETS – RELATED PARTIES

Accounts Receivable from Related Entities are as follows:

Related parties	Dez-18	Dec-17
Shareholders - Financial Operations	-	139,580.8
<b>Total Related Companies Non-Current Assets</b>	<b>-</b>	<b>139,580.8</b>
Shareholders - Income tax	1,159.7	454.3
Other	2,596	-
Advance	721.3	-
Associated Companies - Financial Operations	.8	408.5
Other		1.5
<b>Total Related Companies Current Assets</b>	<b>4,477.9</b>	<b>864.2</b>
Reclassification of Assets Held for Sale	2,596.9	
<b>Total Related Companies Current Assets</b>	<b>1,881.1</b>	<b>864.2</b>

The nature of the above balances with Related Parties (Shareholders, Related Entities, Affiliates, Subsidiaries and Associates) is disclosed in Note 36 – Related Party Disclosures.

## 26. DEBTORS AND OTHER ASSETS – OTHER

Debtors and Other Assets – Other Debtors are disclosed in the following table.

Other Debtors	Dez-18	Dec-17
Other Debtors	5,032.0	7,173.7
Volkswagen AG	1,201.4	778.9
Other Debtors' Impairment	(1,896.5)	(1,897.4)
<b>Total Other Debtors</b>	<b>4,336.9</b>	<b>6,055.2</b>
Reclassification of Assets Held for Sale	4,300.7	
<b>Total Other Debtors</b>	<b>36.2</b>	<b>6,055.2</b>

Impairment in Accounts Receivable – Other Debtors during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 had the following changes, which are disclosed in the following table.

	Other Debtors' Impairment	
	Dez-18	Dec-17
<b>Opening Balance</b>	<b>(1,897.4)</b>	<b>(1,800.4)</b>
<b>P&amp;L</b>		
(Charges) / Cancellation	0.9	-
<b>Total P&amp;L</b>	<b>0.9</b>	<b>-</b>
Transfers (1)	-	(97.0)
<b>Closing Balance</b>	<b>(1,896.5)</b>	<b>(1,897.4)</b>

- 1) The amount of Eur (000) 97.0 reported as Transfers in 2017 represents the reclassification in 2017 to Impairment Losses in Accounts Receivable – Other, corresponding to an amount included, on 31 December 2016, in the balance of Impairment Losses in Accounts Receivable.

## 27. PREPAID EXPENSES

Prepaid Expenses are as follows:

Prepaid Expenses	Dez-18	Dec-17
Buy-Back Deferred Income	1,484.6	-
Bank Guarantees Charges	1,250.7	1,236.6
Insurance	118.0	62.9
Used Vehicles - Deferred Expenses	77.2	4.5
Rents	48.1	114.6
New Vehicle - Miscellaneous Expenses	47.9	213.9
Signposting and Dealerships Furniture	-	223.4
Other Prepaid Expenses	53.7	88.6
<b>Total Prepaid Expenses</b>	<b>3,080.2</b>	<b>1,944.5</b>
Reclassificação de Activos detidos para venda	3,074.4	
<b>Total Prepaid Expenses</b>	<b>5.8</b>	<b>1,944.5</b>



## 28. ACCRUED INCOME

Accrued Income are as follows:

Accrued Income	Dez-18	Dec-17
Volkswagen AG Credits	21,046.1	28,388.0
Car Tax Refunds Receivable	914.1	3,815.5
Rappel	424.4	1,226.1
Guarantees	170.7	308.7
Work in Progress	95.7	106.2
Quality Tools	60.0	-
Insurance Co-payment	15.0	171.0
Other Accrued Income	303.5	184.4
<b>Total Accrued Income</b>	<b>23,029.5</b>	<b>34,199.9</b>
Reclassification of Assets Held for Sale	23,029.5	
<b>Total Accrued Income</b>	<b>-</b>	<b>34,199.9</b>

Volkswagen AG credits represent commercial support amounts receivable and are fully recognized in profit and loss, according to the operating cycle of the Entity to which they relate.

The amount of Car Tax (*ISV – Imposto Sobre Veículos*) receivable is usually received within 60 to 90 days.

## 29. TAX – OTHER THAN INCOME TAX

Other Taxes Receivable are disclosed in the table below.

Taxes - Other Than Income Tax - Receivable	Dez-18	Dec-17
Value Added Tax	1,575.8	20,697.0
Other Taxes	925.8	928.9
<b>Total</b>	<b>2,501.6</b>	<b>21,625.9</b>
Reclassification of Assets Held for Sale	2,223.4	
<b>Total</b>	<b>278.3</b>	<b>21,625.9</b>

Other Taxes Payable are as follows:

Taxes - Other Than Income Tax - Payable	Dez-18	Dec-17
Value Added Tax	14,174.9	39,114.9
Car Taxes ("ISV")	4,391.7	8,549.4
Other Taxes	1,118.8	1,215.2
<b>Total</b>	<b>19,685.4</b>	<b>48,879.5</b>
Reclassification to Liabilities associated to Assets held for sale	19,464.7	
<b>Total</b>	<b>220.7</b>	<b>48,879.5</b>

### 30. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

Cash and Cash Equivalents and Term Deposits are disclosed in the table below.

	Dez-18	Dec-17
Term Deposits	11 921,5	3 196,0
<b>Total Term Deposits</b>	<b>11 921,5</b>	<b>3 196,0</b>
Reclassification of Assets Held for Sale	9 775,5	-
<b>Total Term Deposits</b>	<b>2 146,0</b>	<b>3 196,0</b>
<b>Detail of Cash and Cash Equivalents</b>		
Demand Deposits	5 589,0	4 367,7
Cash	29,3	29,2
<b>Total Cash and Cash Equivalents</b>	<b>5 618,3</b>	<b>4 396,9</b>
Reclassification of Assets Held for Sale	4 364,1	-
<b>Total Cash and Cash Equivalents</b>	<b>1 254,2</b>	<b>4 396,9</b>

The amounts of Cash and Cash Equivalents only include amounts that can be realized within a period of less than three months from the reporting date, which are not subject to significant changes in value.

### 31. EQUITY INSTRUMENTS

On 31 December 2018, Registered Share Capital was represented by 169,764,398 Ordinary Shares with a nominal value of Eur 1 each and was paid up in full.

The Controlling Shareholder of SAG Gest is SGC – SGPS, SA, whose activity is the management of shareholdings. The registered office of SGC – SGPS, SA is in Estrada de Alfragide, nº 67, in Alfragide, Amadora. SGC – SGPS holds a direct interest representing 69.13% of the Registered Share Capital of SAG Gest and an indirect interest of 10.24%, corresponding, respectively, to 69.13% and 10.24% of the voting rights.

Registered Share Capital	Dez-18	Dec-17
<b>Autorized</b>		
Ordinary Shares at Eur 1	169,764,398	169,764,398
<b>Total</b>	<b>169,764,398</b>	<b>169,764,398</b>

#### a) Treasury Stock

Treasury Stock Shares are held by SAG Gest, which, on 31 December 2018 and 31 December 2017, had a portfolio of 16,760,815 Shares, and by the Rolporto and Loures Automóveis Subsidiaries, which, on same dates, each held 5,100 Shares of SAG Gest. SAG Gest fulfills the criteria for acquisition of Treasury Stock as set forth in Article 317 of the Portuguese Companies Act.

On 31 December 2018, SAG Gest and its Affiliates and Subsidiaries jointly held a total of 16,771,015 registered Common Shares (Treasury Stock). SAG Gest and its Affiliates and Subsidiaries paid Eur (000) 16,367.8 in premiums to acquire these Shares (with an average unit value of Eur 0.98 per Share). In 2018, there was no change in Treasury Stock Shares, with the value of Eur (000) 33,138.8 maintained on 31 December 2018 corresponding to the total respective nominal value and premium paid.

## b) Share Premiums

Share Premiums are recognized when the issue price of the Shares exceeds their nominal value. The costs of issuing new Shares are recognized directly under this item, net of tax. In 2018, there were no changes in the amount of Share Premiums, with Eur (000) 149,664.3 of Issue Premiums recognized in respect of Common Shares issued with a unit premium of Eur 0.88.

## c) Other Equity Items

Other Equity Items on 31 December 2018 and 31 December 2017 are disclosed in the following table.

	Supplementary Capital Payments	Legal Reserves	Other Reserves	TOTAL
Balance as at 1 January 2018	135,171.9	15,077.1	8,132.1	158,381.1
Allocation of Prior Year's Net Profit	-	95.4	-	95.4
Cumulative Translation Adjustment - Current year	-	-	(8,132.1)	(8,132.1)
At 31 December 2018	135,171.9	15,172.5	-	150,344.4

	Supplementary Capital Payments	Legal Reserves	Other Reserves	TOTAL
Balance as at 1 January 2017	135,171.9	14,916.1	8,132.1	158,220.1
Transfer to Retained Earnings Brought Forward	-	161.0	-	161.0
At 31 December 2017	135,171.9	15,077.1	8,132.1	158,381.1

### i. Supplementary Capital Payments

On 12 August 2013, the Principal SA Shareholder performed Supplementary Capital Payments, paid in cash, for the amount of Eur (000) 55,000.0. Partial reimbursements of Eur (000) 1,072.1 and Eur (000) 156.0 were performed on 14 January 2014 and 15 January 2015 in the amount of, respectively.

On 21 December 2015, the Principal SA Shareholder performed Supplementary Capital Payments, paid in cash, for the amount of Eur (000) 81,400.0. This operation was part of the transactions performed in December 2015 in order to rebalance the financial structure of SAG Gest and to implement the conditions required to ensure the sustainability of the consolidated profit and loss account.

Therefore, on 31 December 2018, the Principal SA Shareholder had Supplementary Capital Payments in SAG Gest of Eur (000) 135,171.9

The Principal SA Shareholder obtained the funds required to perform these transactions from the main Portuguese Financial Institutions.

The amount above was fully used by SAG Gest to partially reimburse Bank loans granted by the same Financial Institutions, which was negotiated in 2010 and in August 2013 and formalized in the Framework Agreement, as revised in December 2015. The main features of this Agreement are disclosed in more detail in Note 33 – Bank Loans.

### ii. Legal Reserve

In accordance with current regulations, the Entities included in consolidation are required to transfer to Legal Reserve not less than five percent of annual net profit until such Reserve reaches 20% of their Registered Share Capital.

Legal Reserve may not be distributed to Shareholders but can be used for:

- Loss Coverage
- Increasing in Registered Share Capital

The Separate Financial Statements of SAG Gest for the year ended 31 December 2018 showed a net loss of Eur (000) 177,130.9.

#### d) Retained Earnings

Retained Earnings are as follows:

Retained Earnings	Dez-18	Dec-17
First Consolidation Adjustments	(268,649.7)	(268,649.7)
Retained Earnings	(161,753.9)	(156,284.1)
<b>Total Retained Earnings</b>	<b>(430,403.6)</b>	<b>(424,933.8)</b>

Retained Earnings include First Consolidation Adjustments recognized directly against Equity on date of first consolidation, performed in 1998, in the amount of Eur (000) 268,649.7. This amount represents the difference between (i) the book value on date of first consolidation of the Entities acquired that remain within the current perimeter of consolidation of SAG Gest and (ii) their respective acquisition price and was calculated as disclosed in Note 2.4 r) – Basis of Consolidation – First Consolidation Adjustments.

### 32. NON-CONTROLLING INTERESTS

Non-Controlling Interests represent of unrelated third parties' interests in the respective Rolvia (40% of Capital and voting rights) and Loures Automóveis (21.83% of Capital and voting rights) Affiliates.

The Net Profit or Loss and the amounts attributed to Non-Controlling Interests in said Subsidiaries are as follows:

	% Non-Controlling Interests	Dez-18	Dec-17
<b>Reported Net Result:</b>			
Rolvia		57.5	294.5
Loures Automóveis		(28.4)	104.3
<b>Assigned to Non-Controlling Interests:</b>			
Rolvia	40.00%	23.0	117.8
Loures Automóveis	21.83%	(6.2)	22.8
<b>Net profit assigned to Non-Controlling Interests</b>		<b>16.8</b>	<b>140.5</b>

Changes during the twelve months ended 31 December 2018 and the twelve months ended 31 December 2017 were as follows:

	Dez-18	Dec-17
<b>Opening Balance</b>	<b>1,490.8</b>	<b>1,662.6</b>
Net profit assigned to Non-Controlling Interests	16.8	140.5
Acquisition to Non-Controlling Interest		
Reclassification	-	(45.5)
Update of the percentage held by Non-Controlling Interests	-	(266.9)
<b>Closing Balance</b>	<b>1,507.6</b>	<b>1,490.8</b>

### 33. LOANS

Bank Loans on 31 December 2018 and on 31 December 2017 are disclosed in the following table.

	Dec-18			Dec-17
	Interest Rate %	Maturity	Amount	Amount
<b>Current (Short Term)</b>				
SIVA - Overdraft 1	3,60%	Dec-18	38 951,5	38 233,1
SIVA - Overdraft 2	3,60%	May-18	14 867,4	0,0
SIVA - Overdraft 3	3,60%	Jun-18	20 541,3	0,0
SAG - Overdraft 1	3,60%	Rev. Quarterly basis	14 691,0	14 671,7
SAG - Overdraft 2	3,60%	Dec-18	7 663,1	7 674,1
SAG - Overdraft 3	3,60%	Dec-18	676,9	676,9
SAG - Bank Loan 1	3,60%	Until Dec-19	3 492,2	1 496,3
SAG - Bank Loan 2	3,19%	Until Dec-19	6 796,4	2 536,3
Loans repaid during 2018			0,0	23 378,7
<b>Sub-Total Current</b>			<b>107 680,0</b>	<b>88 667,1</b>
<b>Non-current (Medium and Long Term)</b>				
SAG - Bank Loan 3	3,60%	Until Dec-22	28 200,0	29 700,0
SAG - Bank Loan 3	3,19%	Until Nov-22	10 797,6	14 397,6
<b>Sub-Total Non-current</b>			<b>38 997,6</b>	<b>44 097,6</b>
<b>TOTAL</b>			<b>146 677,6</b>	<b>132 764,7</b>
Reclassification to Liabilities associated with Assets held for sale			74 360,2	
<b>TOTAL</b>			<b>72 317,3</b>	<b>132 764,7</b>

As at 31 December 2018 there were financing contracts contracted by SAG Gest and SIVA Subsidiary whose repayment terms had been exceeded:

- Eur 38.2MM contracted by the SIVA Subsidiary in December 2015 and maturing on 22 December 2018;
- Eur 17.5MM contracted by the SIVA Subsidiary on 30 January 2018 and maturing on 10 May 2018;
- Eur 20.0MM contracted by the SIVA Subsidiary in December 2018 and maturing on 23 June 2018;
- Eur 7.6MM contracted by SAG Gest in October 2018 and maturing on 22 December 2018;
- Eur 0.7MM contracted by SAG Gest in May 2009 and maturing on 22 December 2018;
- Eur 1.5MM contracted by SAG Gest in May 2011 and with an installment of principal maturing on 26 December 2018;
- Eur 3.6MM contracted by SAG Gest in December 2015 and with an installment of principal maturing on 22 December 2018.

SAG Gest requested the Financial Institutions in due time to extend / renew the operations. As a result of the discussions with the Financial Institutions, it was possible to reach an understanding later than December 31, 2018, and the maturity date of the operations in question was extended until April 30, 2019.

Under the out-of-court arrangement with the banks under the framework agreement, outstanding amounts (principal and interest) as at 30 April 2019 are not due until the date of conclusion of the agreement signed with Porsche Holdings. Only after the completion of the operation will the amounts to be forgiven will be determined.

The main features of the above Bank Loans on 31 December 2018 are disclosed below. The repricing periods correspond to the Euribor rates applied to each Loan.

Transaction Identification	Form	Borrower	Maximum Nominal Amount (Values in Eur 000)	Book Value (Values in Eur 000)	Date of Contract	Maturity	Reimbursement	Remuneration	Guarantees
SIVA - Overdraft 1	Pledged Current Account	SIVA Subsidiary	38,200.0	38,951.5	Dec-15	Dez-2018	Bullet	Monthly; Variable interest rate, indexed to Euribor 6 months	Guarantee by SAG Gest and by the SGC – SGPS Shareholder
SIVA - Overdraft 2	Pledged Current Account	SIVA Subsidiary	14,523.8	14,867.4	Jan-2018	May-2018	Bullet, early amortisation by the commercial support amounts received from Volkswagen AG and selling vehicles that was part of stock from SIVA Defleet at 31 December 2017	At maturity; Variable interest rate, indexed to Euribor 6 months	Guarantee by SAG Gest and by the SGC – SGPS Shareholder Pledge of 50,000 Units representing the Registered Share Capital SIVA Defleet SA. Pledge of Demand Deposits where SIVA Subsidiary may receive the Volkswagen AG commercial support.
SIVA - Overdraft 3	Pledged Current Account	SIVA Subsidiary	20,000.0	20,541.3	Mar-18	Jun-18	Bullet	At maturity; Variable interest rate, indexed to Euribor 6 months	Guarantee by SAG Gest and by the SGC – SGPS Shareholder Pledge of 50,000 Units representing the Registered Share Capital SIVA Defleet SA.
SAG - Overdraft 1	Pledged Current Account	SAG GEST	14,650.0	14,691.0	Out-2008	Quarterly, automatically renewed unless terminated	Bullet	Monthly; Variable interest rate, indexed to Euribor 6 months	No guarantees
SAG - Overdraft 2	Pledged Current Account	SAG GEST	7,600.0	7,663.1	Out-2008	Dez-2018	Bullet	Quarterly; Variable interest rate, indexed to Euribor 6 months	No guarantees
SAG - Overdraft 3	Pledged Current Account	SAG GEST	675.0	676.9	Mai-2009	Dez-2018	Bullet	Quarterly; Variable interest rate, indexed to Euribor 6 months	No guarantees
SAG - Bank Loan 1	Loan	SAG GEST	31,200.0	31,692.2	Mai-2011	Dez-2022	4 annual instalments of Eur (000) 1,500.0 and a final instalment of Eur (000) 25,200.0	Semi-annually; Variable interest rate, indexed to Euribor 6 months	Pledge of 10,299,470 Units representing the Registered Share Capital of the Imocar Real Estate Investment Fund A) First pledge, in favour of Financial Institutions, on the following shares: i. 64,494 Shares representing 77% of the Share Capital of the Loures Automóveis Subsidiary ii. Shares representing the total Share Capital of the Rolporto Subsidiary iii) 30,000 Ações representativas de 60% do Capital Social da Subsidiária Rolvia iv. 5,000,000 Shares representing the total Share Capital of the SIVA Subsidiary v. 50,000 Shares representing the total Share Capital of the Soauto SGPS Subsidiary vi. 444,504 Shares representing the total Share Capital of the Soauto Comércio Subsidiary vii. Share with nominal value of Eur (000) 100.0 representing 40% of the share capital of the Autolombos Affiliate B) Second pledge of 10,299,470 Units representing the Registered Share Capital of the Imocar Real Estate Investment Fund C) Guarantee by the SGC – SGPS Shareholder
SAG - Bank Loan 2	Loan	SAG GEST	17,997.6	17,594.0	Dez-2015	Nov-2022	8 six-monthly instalments of Eur (000) 1,800.0 each and one final instalment of Eur (000) 1,797.6	Semi-annually; Variable interest rate, indexed to Euribor 6 months	

The amounts due and not paid until 31 December 2018 in each of the loans are as follows:

Transaction Identification	Nominal Value	Reclassificação para Passivos assoc. a Activos detidos para venda		Total	
		Capital (Values in Eur 000)	Interests (+Stamp Duty) (Values in Eur 000)	Capital (Values in Eur 000)	Interests (+Stamp Duty) (Values in Eur 000)
SIVA - Conta Corrente 1	38 200,0	38 200,0	718,4	38 200,0	718,4
SIVA - Conta Corrente 2	14 523,8	14 523,8	-	14 523,8	-
SIVA - Conta Corrente 3	20 000,0	20 000,0	157,7	20 000,0	157,7
SAG - Conta Corrente 2	7 600,0	7 600,0	-	-	7 600,0
SAG - Conta Corrente 3	675,0	675,0	-	-	675,0
SAG - Empréstimo Bancário 1	31 200,0	1 500,0	494,8	-	1 500,0
SAG - Empréstimo Bancário 2	17 997,6	3 600,0	285,4	-	3 600,0
<b>Total</b>	<b>130 196,4</b>	<b>86 098,8</b>	<b>1 656,4</b>	<b>72 723,8</b>	<b>876,1</b>

## a) Bank Loans – Recognition and Valuation

In accordance with IFRS 9 and IAS 39 – Financial Instruments: Recognition and Valuation, the reported amounts of Bank Loans are recognized at their Amortized Cost, and financial charges are calculated using the Effective Interest Rate Method.

The adoption of this method implies that Bank Loans are recognized at amounts that differ from their respective nominal amount.

The difference between the amounts of Bank Loans recognized in the Consolidated Balance Sheet and the respective nominal amount on 31 December 2018 and on 31 December 2017 is disclosed in the following tables.

Dec-18							
	Book Value	Nominal Value	Dif	Accrued or Prepaid Costs			
				Interests	Comissions	Stamp Duty	Total
Current Loans							
Bank Loans	107 680,0	105 848,8	1 831,2	2 872,8	(1 052,0)	10,4	1 831,2
Reclass. for Liabilities assoc. Assets held for sale	74 360,2	72 723,8	1 636,5	1 540,8	0,0	95,6	1 636,5
Sub-Total Current Loans	33 319,7	33 125,0	194,7	1 332,0	(1 052,0)	(85,3)	194,7
Non-current Loans							
Bank Loans	38 997,6	38 997,6	0,0	0,0	0,0	0,0	0,0
Sub-Total Non-current Loans	38 997,6	38 997,6	0,0	0,0	0,0	0,0	0,0
Total	72 317,3	72 122,6	194,7	1 332,0	(1 052,0)	(85,3)	194,7

Dec-17							
	Book Value	Nominal Value	Dif	Accrued or Prepaid Costs			
				Interests	Comissions	Stamp Duty	Total
Current Loans							
Bank Loans	88 667,1	89 575,0	(907,9)	532,7	(1 331,4)	(109,2)	(907,9)
Sub-Total Current Loans	88 667,1	89 575,0	(907,9)	532,7	(1 331,4)	(109,2)	(907,9)
Non-current Loans							
Bank Loans	44 097,6	44 097,6	0,0	0,0	0,0	0,0	0,0
Sub-Total Non-current Loans	44 097,6	44 097,6	0,0	0,0	0,0	0,0	0,0
Total	132 764,7	133 672,6	(907,9)	532,7	(1 331,4)	(109,2)	(907,9)

Comments:

Positive Amounts: Accrued Interest/Fees/Stamp Duty

Negative Amounts: Interest/Fees/Stamp Duty paid in advance



Changes in Bank Loans in 2018 and 2017 are disclosed in the following table:

	2018	2017	Reclass. for Liabilities assoc. Assets held for sale	Total
<b>Opening Balance- 1 January 2018</b>	<b>132 764,7</b>	<b>107 337,8</b>	<b>61 611,8</b>	<b>71 152,9</b>
Receive Loans	68 400,0	33 375,0	68 400,0	-
Reimbursement Loans	57 226,2	8 428,2	57 226,2	-
<b>Loans Flow</b>	<b>11 173,8</b>	<b>24 946,8</b>	<b>11 173,8</b>	<b>-</b>
Charge Payments/ to Pay / Amortized Cost Adjustment Variation	2 739,1	480,1	1 574,7	1 164,4
<b>Loans Variation</b>	<b>2 739,1</b>	<b>480,1</b>	<b>1 574,7</b>	<b>1 164,4</b>
<b>Closing Balance - 31 December 2018</b>	<b>146 677,6</b>	<b>132 764,7</b>	<b>74 360,2</b>	<b>72 317,3</b>

## b) Contractual Maturities

Contractual maturities of consolidated Bank Debt on 31 December 2018 are as follows:

	2018	2019	2020	2021	2022	Total
Loans	87,888.9	19,791.0	5,100.0	5,100.0	28,797.6	146,677.6

## c) Contractual Obligations (Covenants)

Additional contractual commitments, including the following, were assumed in respect of some of the debt indicated above:

### 1. Financial Covenants

#### Consolidated Financial Statements

- Dividend Distribution

Until the end of 2021, SAG Gest is obliged to distribute dividends of at least 50% of the amount of the consolidated net profit for the year, provided that, according to its Consolidated Financial Statements, the Equity to Total Assets ratio is at least 7.5%;

From 2022 onwards, SAG Gest is obliged to distribute dividends of at least 60% of the consolidated net profit for the year, provided that the value of its Consolidated Equity remains positive.

- Reimbursement of Supplementary Capital Payments

Until the end of 2019, SAG Gest is obliged to reimburse Supplementary Capital Payments performed by the Principal SA Shareholder up to an amount that allows, in accordance with its Consolidated Financial Statements, the Equity to Total Assets ratio to be equal to or greater than 7.5%, after this repayment.

After 2020, where the Net Debt to EBITDA ratio is lower than 2.5 times, SAG Gest is obliged to reimburse Supplementary Capital Payments performed by the Principal SA Shareholder, corresponding to an amount which ensures that (a) the Net Debt to EBITDA ratio does not exceed 2.5 times (b) and that the value of its Consolidated Equity is positive.

- Debt Limits

SAG Gest cannot contract additional bank debt in excess of Eur (000) 85,000.0.

- SAG Gest Financial Operations with the SGC – SGPS Shareholder

The balance of financial operations performed by SAG Gest with the SGC – SGPS Shareholder shall evolve as follows:

**SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company**

Head Office: Estrada de Alfragide, nº 67 Amadora  
Registered Share Capital: Eur 169,764,398.00  
Registered in the Amadora Companies Registration Office  
Single Tax Identification and Registration Number 503 219 886  
Office: Alfrapark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2  
2614-519 Amadora  
Tel: 21 359 66 64  
Fax: 21 359 66 74

- i. From 2019 and until the end of 2021, the balance of financial operations may only be increased by the amount of capitalized interest and must be reduced by the amount of dividends distributed by SAG Gest that is received by the SGC – SGPS and SGC Investimentos Shareholders, less a maximum annual amount of Eur (000) 2,500.0;
- ii. From 2022 onwards, said balance may only be increased by the amount of capitalized interest and must be reduced by the amount of dividends distributed by SAG Gest that is received by the SGC – SGPS and SGC Investimentos Shareholders, less an annual maximum value of Eur (000) 1,500.0;
- iii. From same date, and provided that the Supplementary Capital Payments performed by the Principal SA Shareholder are fully reimbursed, reimbursement of the balance of financial operations may also be reduced by the amounts required to finance the difference between (a) the amount obtained by the Principal SA Shareholder from the sale of its equity interest in the Unidas S/A Affiliate, and (b) the outstanding amount of the loan obtained by the Principal SA Shareholder to finance the acquisition of the Shares of the Unidas S/A Affiliate, for the amount of Eur (000) 100,500.0.

#### Separate Financial Statements of the SIVA Subsidiary

- Bank Debt shall not increase by more than Eur (000) 70,000.0.

As disclosed above, these commitments are suspended as a result of the signing of the Extrajudicial Settlement Agreement of SAG Gest.

## **2. Ownership**

The SGC – SGPS Shareholder must hold at least 50.1% of Registered Share Capital and voting rights of SAG Gest

Dr. João Manuel de Quevedo Pereira Coutinho must hold a 99.8% interest in the Registered Share Capital and voting rights of the SGC – SGPS Shareholder.

## **3. Other**

Maintenance of Import Contracts for the Brands Volkswagen, Audi and Škoda by the SIVA Subsidiary.

Negative Pledge – impossibility of selling or encumbering assets without the prior agreement of the Financial Institutions

Cross Default – any default by SAG Gest in any of the financing agreements implies default in all other financing agreements

Impossibility of performing Merger or Spin-Off operations without the prior consent by the Financial Institutions.

### 34. CREDITORS AND OTHER LIABILITIES – SUPPLIERS

As at 31 December 2018 and 31 December 2017, the balances of Suppliers are as follows:

Suppliers	Dez-18	Dec-17
Suppliers - Operational Activity	197,724.2	199,061.5
Suppliers - Vehicles under Buy-Back agreements	41,217.8	84,690.6
<b>Total Suppliers</b>	<b>238,941.9</b>	<b>283,752.1</b>
Reclassification to Liabilities associated with Assets held for sale	212,260.4	
<b>Total Suppliers</b>	<b>26,681.5</b>	<b>283,752.1</b>

### 35. CREDITORS AND OTHER LIABILITIES – OTHER

As at 31 December 2018 and 31 December 2017, the balances of Creditors and Other Liabilities - Other are as follows:

Accounts Payable - Other	Dez-18	Dec-17
Dealer's Bonus and Support	4,640.9	5,948.0
Warranty Extensions	2,330.8	3,522.5
Lending Contract	2,095.4	1,570.7
Advances from Clients	250.0	290.8
Others	356.0	180.6
<b>Accounts Payable - Other</b>	<b>9,673.1</b>	<b>11,512.7</b>
Reclassification to Liabilities associated with Assets held for sale	9,632.9	
<b>Accounts Payable - Other</b>	<b>40.2</b>	<b>11,512.7</b>

### 36. RELATED PARTY DISCLOSURES

For the purposes of the presentation of the SAG Gest's Consolidated Financial Statements, Related Parties are all Entities among which exists control capacity (i.e., they are exposed or entitled to variable income between them and have the capacity to influence such income), or the capacity to exercise a significant influence in financial and operational decision-making, as well as Shareholders and Corporate Bodies Members of those Entities.

In addition to the balances and transactions with the Entities included in consolidation, as disclosed in Note 3 – Consolidated Entities, which were eliminated in the process of preparing SAG Gest's Consolidated Financial Statements, there are other balances and transactions with Related Parties, as disclosed in the following table.

RELATED PARTY NON-CURRENT BALANCES				
Entity	Entity Nature	Transaction Nature	Dec-18	Dec-17
SGC – SGPS, SA	Shareholder	Treasury Operations	141 313,4	139 580,8
SGC – SGPS, SA	Shareholder	Impairities	(141 313,4)	-
<b>Total Non-Current Balances</b>			<b>0,0</b>	<b>139 580,8</b>

RELATED PARTY CURRENT BALANCES				
Entity	Entity Nature	Transaction Nature	Dec-18	Dec-17
SGC - SGPS, S.A.	Shareholder	Corporate Income Tax	1 159,7	454,3
Autolombos, Lda.	Affiliate	Treasury Operations	,8	408,5
Autolombos, Lda.	Affiliate	Treasury Operations - Interests	0,0	1,5
Autolombos, Lda.	Affiliate	Shared Services	2 571,7	-
Principal, S.A.	Related Party	Services Rendered	721,3	-
Vinair	Related Party	Shared Services	17,2	-
SGC - SGPS, S.A.	Related Party	Shared Services	4,0	-
Alfraparque - Sociedade Mobiliária, SA	Related Party	Shared Services	3,2	-
<b>Total Current Balances - Assets</b>			<b>4 477,9</b>	<b>864,2</b>
Reclassification for Assets Held for Sale			2 596,9	-
<b>Total Current Balances - Assets</b>			<b>1 881,1</b>	<b>864,2</b>
Autolombos, Lda.	Affiliate	Corporate Income Tax	32,8	-
<b>Total Current Balances - Liabilities</b>			<b>32,8</b>	<b>-</b>

Effective 31 December 2013, the balances of the SGC – SGPS Shareholder were recognized at their Amortized Cost as Non-Current Assets.

As 31 December, 18 an impairment of all amount was booked.

TRANSACTIONS WITH RELATED PARTIES				
Entity	Entity Natures	Transaction Nature	Period of 12 Months Ended on December 31	
			2018	2017
Principal, S.A.	Related Party	Services Rendered	-	(1 597,2)
SGC – S.G.P.S., S.A.	Shareholder	Accrued Interest Income	955,5	1 290,0
Autolombos, Lda.	Affiliate	Accrued Interest Income	(0,2)	25,6
Autolombos, Lda.	Affiliate	Shared Services	25,1	26,8
Autolombos, Lda.	Affiliate	Services Purchased	1 333,0	1 217,7
Autolombos, Lda.	Affiliate	Services Rendered	(8 335,8)	(5 789,4)
Alfraparque - Sociedade Imobiliária, SA	Related Party	Shared Services	11,8	5,1
Alfraparque - Sociedade Imobiliária, SA	Related Party	Services Rendered	(175,3)	(270,7)

Transactions related to accrued interest (income) refer to interest associated with the financial investments indicated above, which are calculated using interest rates and other conditions equivalent to those in force in the market for similar transactions between unrelated parties acting in good faith.

### 37. ACCRUED EXPENSES

Accrued Expenses are disclosed in the following table.

Accrued Expenses	Dez-18	Dec-17
Dealer's Support	10,357.2	10,926.3
Payroll Expenses	2,513.1	2,705.8
Dealer's Bonus	1,412.5	4,296.2
Interest Factory VW Belgium	912.2	-
Registers and Legalization	618.8	451.4
Vehicles Taxes	418.2	371.2
Dealers – Reimbursement of Warranty Expenses	412.8	1,347.2
Maintenance Contracts	384.3	439.9
Used Vehicles Accrued Expenses	384.1	580.7
Advertising	378.0	353.3
Indemnities	354.4	-
Consulting	304.5	253.8
Bonus	215.7	253.3
Facilities Rents	130.9	-
Freight	122.5	98.6
Subcontracts	108.1	93.1
Auditing and Consulting	98.1	93.2
Cars Preparation	84.3	95.5
Training	83.6	217.7
Insurance	51.8	76.8
Repairs & Maintenance	24.0	143.8
Real Estate Municipal Tax	2.0	39.0
Other Accrued Expenses	542.7	437.7
<b>Total Accrued Expenses</b>	<b>19,914.1</b>	<b>23,274.5</b>
Reclassification to Liabilities associated with Assets held for sale	19,375.7	
<b>Total Accrued Expenses</b>	<b>538.4</b>	<b>23,274.5</b>

### 38. DEFERRED INCOME

Deferred Income is as follows:

Deferred Income	Dez-18	Dec-17
Vehicles – Billed Not Shipped *	7,515.5	35,170.8
Warranty Extensions	2,332.4	-
Buy-Back Deferred Income **	207.6	2,190.1
Work in Progress	161.8	282.7
Mobility Service	153.8	239.6
Vehicle Commercial Incentives in Inventory	145.7	148.0
Parts	54.8	-
Maintenance contracts	-	2.2
Other Deferred Income	48.3	46.2
<b>Total Deferred Income</b>	<b>10,619.9</b>	<b>38,079.8</b>
Reclassification to Liabilities associated with Assets held for sale	10,619.9	
<b>Total Deferred Income</b>	<b>-</b>	<b>38,079.8</b>

\* As disclosed in Note 2.5.1.1 a) i – Deferred Income – Billed Not Shipped.

\*\* As disclosed in Note 2.5.1.1 a) ii. – Deferred Income – Buy Back Transactions.

The value of Undelivered Invoiced Vehicles represents the amount of vehicles already invoiced to Customers, but not yet delivered. For this reason, this invoicing value is not included in the Income from Activities

The value under the heading of Warranty Extensions reflects the income to be recognized as inherent to the services of extension of guarantees for vehicles sold that the SIVA Subsidiary began to provide, in accordance with Note 5 - Other Operating Income.

### 39. RENTALS AND OPERATING LEASES

#### Rentals and Leases as Lessee

In the development of its regular activities, SAG Gest assumed liabilities connected with the lease of real estate and the operating lease of vehicles.

The table below disclose future liabilities in respect of rental payments, considering the values agreed upon in the contracts in force on 31 December 2018.

The duration of real estate lease agreements ranges from 1 to 36 months, and the duration of operating lease agreements for vehicles ranges from 1 to 43 months.

Year	Property Rentals		Vehicle Rentals	
	Number of Contracts	Amounts Payable	Number of Contracts	Amounts Payable
2019	11	2,139.4	37	450.1
2020	2	204.6	66	133.3
2021	1	200.1	5	55.3
2022	1	50.0	6	21.8
<b>Total</b>		<b>2,594.1</b>		<b>660.5</b>

### 40. FINANCIAL ASSETS AND LIABILITIES

On 31 December 2018 and on 31 December 2017, as defined by IAS 39 – Financial Instruments: Recognition and Valuation, the book value of each category of Financial Assets and Liabilities was recognized as disclosed in the following table.

	Notes	Assets / Liabilities amortized Cost	Assets / Liabilities Fair value by results	Total
<b>Non-Current Assets Recognized at Amortized Cost</b>				
Accounts Receivable - Related Parties	25 e 36	,0	-	,0
<b>Current Assets</b>				
Accounts Receivable - Trade Customers	24	188,7	-	188,7
Accounts Receivable - Related Parties	25 e 36	1 881,1	-	1 881,1
Accounts Receivable - Other	26	36,2	-	36,2
Term Deposits	30	2 146,0	-	2 146,0
Cash and Cash Equivalents	30	1 254,2	-	1 254,2
<b>Sub-total Current Assets</b>		<b>5 506,1</b>	-	<b>5 506,1</b>
		<b>5 506,1</b>	-	<b>5 506,1</b>
<b>Non-Current Liabilities Recognized at Amortized Cost</b>				
Bank Loans	33	38 997,6	-	38 997,6
<b>Current Liabilities</b>				
Bank Loans	33	33 319,7	-	33 319,7
Accounts Payable - Trade Suppliers	34	26 681,5	-	26 681,5
Accounts Payable - Other	35	40,2	-	40,2
<b>Sub-total Current Liabilities</b>		<b>60 041,4</b>	-	<b>60 041,4</b>
<b>Total</b>		<b>99 039,0</b>	-	<b>99 039,0</b>

31 de Dezembro de 2017	Notes	Loans and Other Receivables	Other Financial Liabilities	Total
<b>Non-Current Assets Recognized at Amortized Cost</b>				
Accounts Receivable - Related Parties	25 e 36	139 580,8	-	139 580,8
<b>Current Assets</b>				
Accounts Receivable - Trade Customers	24	28 574,1	-	28 574,1
Accounts Receivable - Related Parties	25 e 36	864,2	-	864,2
Accounts Receivable - Other	26	6 055,2	-	6 055,2
Term Deposits	30	3 196,0	-	3 196,0
Cash and Cash Equivalents	30	4 396,9	-	4 396,9
<b>Sub-total Current Assets</b>		<b>43 086,4</b>	-	<b>43 086,4</b>
		<b>43 086,4</b>	-	<b>43 086,4</b>
<b>Non-Current Liabilities Recognized at Amortized Cost</b>				
Bank Loans	33	-	44 097,6	44 097,6
<b>Current Liabilities</b>				
Bank Loans	33	-	88 667,1	88 667,1
Accounts Payable - Trade Suppliers	34	-	283 752,1	283 752,1
Accounts Payable - Other	35	-	11 512,7	11 512,7
<b>Sub-total Current Liabilities</b>		-	<b>383 931,9</b>	<b>383 931,9</b>
<b>Total</b>		-	<b>428 029,5</b>	<b>428 029,5</b>

#### SAG GEST – Soluções Automóvel Globais, SGPS, S.A. – Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora  
Registered Share Capital: Eur 169,764,398.00  
Registered in the Amadora Companies Registration Office  
Single Tax Identification and Registration Number 503 219 886  
Office: Alfrapark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2  
2614-519 Amadora  
Tel: 21 359 66 64  
Fax: 21 359 66 74

## 41. COMMITMENTS AND CONTINGENCIES

### a) Guarantees

- b) On 31 December 2018, there are bank guarantees provided by unrelated third parties in favor of Entities included in consolidation, for the total amount of Eur (000) 35,972.8 (Eur (000) 36,117.2 as at 31 December 2017), as stated in the following table.

Entities	Dec-18	Dec-17
Dealers	35,422.8	35,567.2
Used Vehicles	400.0	400.0
Others	150.0	150.0
<b>Total</b>	<b>35,972.8</b>	<b>36,117.2</b>

- i. The liability of Entities included in consolidation in respect of bank guarantees provided, at their request, by unrelated third parties, was Eur (000) 166,820.9 on 31 December 2018 (Eur (000) 174,060.8 on 31 December 2017), as stated in the following table.

Entities	Dec-18	Dec-17
VW / Audi	135 956,7	144 180,7
Alfândega	15 100,0	15 100,0
Skoda	5 500,0	5 500,0
VW Bank Portugal	7 000,0	7 000,0
Atlantsider	1 000,0	1 000,0
Bentley	307,7	307,7
Ministério da Administração Interna	221,0	0,0
Lamborghini	163,5	163,5
Estado Maior do Exército	134,4	15,3
Guarda Nacional Republicana	130,4	130,4
Soc. C. Obras Gerais	121,3	121,3
Autoridade Tributária e Aduaneira	103,3	103,3
Polícia de Segurança Pública	83,9	83,9
Polícia Judiciária	60,6	60,6
Seat	50,0	50,0
Tribunal do Trabalho de Lisboa	43,3	43,3
INEM	38,3	38,3
Câmara Municipal Lisboa	43,2	41,2
Câmara Municipal de Sintra	26,2	26,2
REN	22,3	13,3
Juiz 1ª Secção Lisboa	22,0	22,0
SEF	15,2	15,2
EDP	4,7	12,5
Dir Geral do Patrim. Gov. Regional	9,3	9,3
Município de Ourém	6,7	6,7
CTT	6,4	6,4
Município de Almada	6,1	6,1
Petrogal	3,7	3,7
Vimágua	2,8	0,0
<b>Total</b>	<b>166 182,9</b>	<b>174 060,8</b>

- ii. As disclosed in Note 33 – Loans and Note 36 - Related Party Disclosures, the SGC – SGPS Shareholder provides guarantees in respect of bank loans contracted by SAG Gest or its Subsidiaries for a total amount of Eur (000) 90,721.4.
- iii. As disclosed in Note 33 – Bank Loans, as guarantee for the full payment of the liabilities associated with Loans with a nominal value of Eur (000) 31,200.0 and Eur (000) 17,997.6, the first and second pledge were established, respectively, over all of the Units representing the Capital of the Imocar Real Estate Investment Fund.



- iv. Also, as disclosed in Note 33 – Bank Loans, the first pledge was established over the following securities to ensure full payment of liabilities associated with the Loan of Eur (000) 17,997.6:
- 64,494 Shares representing 77% of the Share Capital of the Loures Automóveis Subsidiary
  - 1,100,000 shares representing the total share capital of the Rolporto Subsidiary
  - 30,000 Shares representing 60% of the Share Capital of the Rolvia Subsidiary
  - 5,000,000 Shares representing the total Share Capital of the SIVA Subsidiary
  - 50,000 Shares representing the total Share Capital of the Soauto SGPS Subsidiary
  - 444,504 Shares representing the total Share Capital of the Soauto SA Subsidiary
  - Shares representing 40% of the share capital of the Autolombos Affiliate
- v. Also, as disclosed in Note 33 – Bank Loans, to guarantee full payment of the liabilities relating to the Current Account of Eur (000) 17,500.0, a first pledge was established over 50,000 shares representing the entire Share Capital of SIVA Defleet, SA and over the balance of the SIVA Bank Account where amounts for Incentives to the import business awarded by the Manufacturers sold by SIVA are received. The SIVA Subsidiary has furthermore committed to performing early repayment of the loans for the amounts received as incentives from VW AG and for amounts arising from sales of vehicles which are part of the inventory of SIVA Defleet, S.A.
- vi. Also, as disclosed in Note 33 – Bank Loans, to guarantee full payment of the liabilities relating to the Current Account of Eur (000) 20,000.0, a first pledge was established over 50,000 shares representing the entire Share Capital of the Subsidiary SIVA Defleet, SA.
- vii. Sag Gest and the SIVA Subsidiary have a set of Term Deposits totaling Eur (000) 11,871.5, which are pledged to meet certain liabilities contracted by the SIVA Subsidiary:

Maturity	Liability Guaranteed	Value of Deposit	Reclass. for Liabilities assoc. Assets held for sale	Total
Jun-2019	Bank Guarantee to Skoda	5 500,0	5 500,0	-
Jun-2019	Financing Agreements and Bank Guarantee to VW and Audi	6 096,0	6 096,0	-
Without a fixed term	Bank Guarantee to Ministério da Administração Interna	134,4	134,4	-
Without a fixed term	Bank Guarantee to Ministério da Administração Interna	119,2	119,2	-
Without a fixed term	Bank Guarantee to Estado Maior do Exército	10,1	10,1	-
Without a fixed term	Bank Guarantee to REN Portgás Distribuição	9,0	9,0	-
Without a fixed term	Bank Guarantee to Vimágua	2,8	2,8	-
		11 871,5	11 871,5	-

### c) Contingencies

- i. The Portuguese Tax Authorities issued additional assessment notices to SAG Gest and other Entities included in consolidation in respect of Corporate Income Tax and Surtax (Derrama) for the years 1999 to 2010, in the amount of Eur (000) 4,166.0, as follows:

Corporate Income Tax and Surtax			
31 December 2018		31 December 2017	
Year	Disputed Amounts	Year	Disputed Amounts
1999	888.0	1999	888.0
2001	633.6	2001	633.6
2002	552.0	2002	552.0
2003	430.9	2003	430.9
2004	367.7	2004	367.7
2008	384.3	2008	384.3
2009	19.4	2009	19.4
2010	890.0	2010	890.0
2011	-	2011	25.4
<b>Total</b>	<b>4,166.0</b>	<b>Total</b>	<b>4,191.3</b>

The applicable Entities disagree with the basis for the issuance of these additional assessment notices and the corrections to Taxable Income, and have initiated legal proceedings, within the legal terms, in relation to each assessment notice. The above amounts are not referred to as costs in the Consolidated Financial Statements as of 31 December 2018.

As disclosed in Note 16 – Income Tax, and in accordance with the exceptional debt settlement regime approved on 31 October 2013, SAG Gest paid the amounts of the ongoing legal proceedings, releasing the Bank Guarantees presented within the scope of such proceedings, in the amount of Eur (000) 6,327.2. However, the relevant Entities have not changed their views in respect of the additional assessments, and therefore the legal proceedings remain on their normal course.

During the twelve months ended 31 December 2018, a decision favorable to SAG Gest was rendered in relation to the lawsuit concerning the year 2011, and the previously claimed amount of Eur (000) 25.4 was reimbursed.

The basis used by the Portuguese Tax Authorities for the issuance of the above additional assessment notices related to the years 1997 to 2007 are substantially and materially identical to those used in the previous additional assessment notice in respect of the years 1997 and 1998, and the opinion of Management also is additionally supported by the final court ruling issued in favor of SAG Gest, on 9 March 2010 by the Southern Central Administrative Court in respect of the challenge to the additional assessment for the years 1997 and 1998.

The Board of Directors opinion, based on opinions issued by its Lawyers, the likelihood of a successful outcome in the above challenges is high, and therefore no provisions have been recognized in respect of these issues.

- ii. SAG Gest submitted refund requests related to Advanced Corporate Income Tax (*IRC*) Payments of Eur (000) 1,399.5 performed in 2007, 2008 and 2009 which were not utilized due to the fact that taxable income in respect of the years 2007 to 2014 was not sufficient. The detail of such Advanced Income Tax Payments is disclosed in the following table:

Year	Amount	Submission Date
2007	696.7	29 August 2012
2008	464.6	14 August 2013
2009	238.2	25 July 2014
<b>Total</b>	<b>1,399.5</b>	

The Tax Authorities rejected such PEC refund requests. SAG Gest does not agree with the basis provided for such rejections, and therefore filed appeals whose decisions are pending.

In the opinion of the Board of Directors, supported by opinions issued by its Lawyers, the likelihood of a successful outcome in such appeals is high, and therefore no impairment was recognized in respect of such amounts.

- iii. The Portuguese Tax Authorities issued in 2014 a high number of additional assessment notices to the SIVA Subsidiary for the payment of Road Tax. The SIVA Subsidiary disagrees with the basis for the issuance of said notices and has initiated several judicial review proceedings.

Two of these proceedings are currently under way, one involving 200 additional assessment notices for the payment of tax of Eur (000) 36.3 and another involving 332 additional assessment notices of Eur (000) 62.1.

The Board of Directors' opinion is that the SIVA Subsidiary has a high probability of success, based on previous proceedings, which are in every aspect similar to the current ones, that had a favorable outcome for the SIVA Subsidiary.

- iv. The Portuguese Tax Authorities issued in 2017 an additional tax assessment notice to the SIVA Subsidiary in respect of the 2014 Stamp Tax to the SIVA Subsidiary for Eur (000) 919.3. The SIVA Subsidiary disagreed with the basis for the issuance of said notice and has initiated legal proceedings, after making the payment of the tax claimed by the Tax Authorities.
- v. Following the agreements executed at the time of the capital increase of the Unidas S/A Affiliate, that was subscribed in full by three Brazilian Investment Funds on 13 July 2011, SAG Gest assumed liability in respect of existing contingencies originated before to the date of such operation, which may include tax proceedings still in progress, as stated below:

- a. On 21 May 2009, the Brazilian Federal Revenue Service issued a notice of infringement to the Unidas S/A Affiliate in respect of Corporate Income Tax and Social Contribution on Net Profits (*Contribuição Social Sobre o Lucro Líquido*) mainly related to the tax deductibility of goodwill amortization during the years 2004 and 2007. The total adjusted amount of this contingency is R\$ (000) 55,999 on 31 December 2018 (R\$ (000) 54,401 on 31 December 2017).
- b. On 11 December 2014, the Brazilian Federal Revenue Department issued a notice of infringement to the Unidas S/A Affiliate in respect of Corporate Income Tax and Social Contribution on Net Profits, mainly related to deductibility of the amortization of goodwill and expenses from swap contracts in 2009, for a total adjusted amount of R\$ (000) 33,384 on 31 December 2018 (R\$ (000) 32,147 on 31 December 2017).

Unidas S/A disagreed with the basis for issuance of said infraction notices, filed administrative challenges within the applicable legal deadlines in relation to both of the aforementioned notices, which are awaiting trial.

However, in the opinion of such Affiliate's, supported by opinions issued by its Legal Advisers, the risks of loss are only classified as possible in the final instance of said proceedings. As such, no provision was recognized in respect of this risk in the year ended 30 September 2018 or in the twelve months ended 31 December 2017. On the date of issuance of the Affiliate Unidas S/A's Financial Statements and the preparation of SAG Gest's Consolidated Financial Statements, the mentioned legal proceedings were pending. SAG Gest Board of Directors has been monitoring the progress of these proceedings.

SAG Gest sold its entire interest in Unidas S/A to the Principal SA Shareholder in December 2015. The respective Share Purchase Agreement provides that SAG Gest remains responsible for the above contingencies.

In December 2016, the above-mentioned Brazilian Investment Funds transferred a portion of their holding, representing 20% of the Share Capital of the Unidas S/A Affiliate, to Enterprise Holdings International, consequently transferring the same proportion of their rights to seek compensation from SAG Gest in relation to these contingencies.

In December 2017, Brazilian Investment Funds renounced their rights against SAG GEST, related with contingencies originated by the facts occurred before 2011. These renounces become irrevocable in 9 March 2018.

Consequently, SAG Gest only remains contractually responsible in respect of contingencies originated by facts that occurred before 2011 that were transferred to Enterprise Holdings International on December 2016. This entity holds an indirect participation of Unidas S/A of approximately 11%.

- vi. Awaits a decision of the Arbitral Tribunal in Brazil, a case requested by the selling entity of Unidas Rent-a-Car to SAG Gest in 2001, regarding access to funds deposited in escrow account, constituted within the scope of the mentioned acquisition. Although we consider that a favorable decision of the Arbitral Tribunal is expected, even if the claim is upheld, it will not have an impact on SAG's financial position, since the case in dispute refers to the decision on who reverts the escrow account balances.

## 42. SUBSEQUENT EVENTS

On February 28, 2019, the subsidiary Rolporto acquired all the shares held by the minority shareholder in its subsidiary Rolvia, S.A., representing 40% of the share capital of this subsidiary, became the total shareholder of the entity. All of the shares were acquired for a value of Eur 570.0 thousand, which includes Euros 200.0 thousand of supplementary payments. The shares were acquired, free of any encumbrances, charges and other liabilities, free of any limitations and with all the inherent rights therein.

On March 28, the subsidiary SOAUTO SGPS acquired all the shares held by the minority shareholders in its subsidiary Loures Automóveis, S.A., representing 20.01% of the share capital of the Company, and now holds the total capital of the Company. All shares were acquired for Eur 240,0 thousand. The shares were acquired, free of any encumbrances, charges and other liabilities, free of any limitations and with all the inherent rights therein.

On April 22, 2019, SAG Gest acquired SIVA Defleet Shares from SIVA, representing 100% of the Company's share capital, for a value of Eur 49 thousand. The Shares were acquired, free of any onus, charges and other liabilities, free of any limitations and with all the inherent rights therein.

On April 22, 2019, SAG Gest acquired the shares of Sociedade Autolombos, representing 40% of the Equity of the Company, to Soauto, S.A. All shares were acquired for a value of Eur 10,857.20 thousand. The Shares were acquired, free of any onus, charges and other liabilities, free of any limitations and with all the inherent rights therein.

Considering the strategy to rationalize the current structure of SAG Gest, a corporate and economic group in which the subsidiary LGA is inserted, the conclusion of the Sale Agreement was approved unanimously, with the intervention of SAG Gest - Soluções Automóvel Globais, SGPS, SA of LGA's sole shareholder, through which LGA passes to SIVA the establishment consisting of a workshop for the preparation of new motor vehicles and maintenance and repair of used motor vehicles, contracts, elements, rights (including intellectual property, trademarks, names and emblems), assets and liabilities referring to them. This operation was carried out on April 15, 2019.

The agreement between SAG Gest, Porsche Holdings (Company belonging to the VW Group) based in Salzburg, Banco Comercial Português, SA, Banco BPI, SA, Caixa Geral de Depósitos, SA and Novo Banco, SA, which intends to divest PHS of SAG's automobile business, as reported in section 2.6 a), was signed on April 30, 2019.

Under the aforementioned agreement, SAG Gest will also sell all its shares in the subsidiaries Siva Serviços and AA00 to the subsidiary SIVA and the subsidiary Autoimpor will sell all its shares in the subsidiary Globalrent to SIVA.

It was also resolved unanimously to approve the merger of the entity with Autoimpor (Incorporated Company), which is a merger by incorporation, provided for in article 97, paragraph 4, letter a), of the Companies Code Through the global transfer of the assets of the Incorporated Company to the Company. The merger will eliminate activities of a purely bureaucratic and administrative nature, related to the formal requirements of the existence of two legally distinct societies.

With the conclusion of (i) the mergers of the subsidiary Autoimpor into the subsidiary LGA and the merger into SAG Gest, (ii) the Transaction and (iii) the SAG and SIVA PERs, SAG will hold (i) participations representing 40 (forty) percent of the share capital of Autolombos – Sociedade de Automóveis, Lda., (ii) shares representing 100 (one hundred) percent of the share capital of SIVA Defleet - Comércio de Automóveis, SA, and (iii) the totality of the units ("IMOCAR Units"), a closed real estate fund managed by NORFIN - Sociedad Gestora de Fondos de Inversiones Inmobiliarias, SA, in which all Participation Shares will remain committed to the Banks in guarantee of repayment of capital, and payment of interest, costs and expenses related to SAG's Banks debts, after final approval of the SAG PER and conclusion of the Transaction.

Also, under the agreement with Porsche Holdings and the Banks, was submitted on April 30 judicial settlement, an out-of-court settlement agreement with banks and other credit in a special recovery process. In addition, the Board of Directors decided that SAG Gest and the other companies within its economic perimeter, to adhere to the out-of-court agreement recovery of the IAMC, for the remission of its credits. That was submitted on the same date.

On April 30, 2019, a Promissory Purchase and Sale Agreement was signed for a property located in the Avenida Marechal Gomes da Costa (Lighthouse) through which IMOCAR - Fundo de Investimento Real Estate Closed will sell said property to an entity to be designated by Porsche Holdings, resulting in a loss in the amount of Eur. 8, 791, which was recognized in the financial statements financial statements as at 31 December 2018.

Without prejudice to the mention above, there were no other subsequent events to the reporting date that may have a significant impact or require disclosure in the Consolidated Financial Statements of SAG Gest referred to 31 December 2018.

# STATUTORY AUDIT REPORT CONSOLIDATED FINANCIAL STATEMENTS 2018





## ***Statutory Audit Report and Auditors' Report***

***(Free translation from the original in Portuguese)***

### ***Report on the audit of the consolidated financial statements***

#### ***Opinion***

We have audited the accompanying consolidated financial statements of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2018 (which shows total assets of thousand Euro 272.764,0 and total negative shareholders' equity of thousand Euro 179.106,2 including a net loss of thousand Euro 186.844.5), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Material uncertainty relating to going concern***

As mentioned in note 2.5 a) of the notes to the consolidated financial statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA, although the Group presents, as at December 31, 2018 negative shareholders' equity, the consolidated financial statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA, as at December 31, 2018, were prepared on a going concern basis, due to the agreement signed between SAG Gest, Porsche Holdings GmbH and the financial institutions involved in the financing and guarantees of the SAG Group, which provides for the sale to Porsche Holdings GmbH of the car business of the SAG Group and because it is management conviction that all

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the suspensive conditions of the agreement and described in the referred note will not occur. As at the date of this report, the transaction is not complete and if any of the suspensive conditions occurs it is not possible to assess its impact on the Group's consolidated financial statements and the ability of the Group to continue the activity in the future.

Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material uncertainty relating to going concern” section we have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Key Audit Matter</b>	<b>Summary of the Audit Approach</b>
<p><b><i>Valuation of inventories of used vehicles and vehicles delivered to third parties with buyback agreement recognised as Non-current assets held for sale</i></b></p> <p><i>Disclosures related to Non-current assets held for sale and inventories presented in notes 2, 4 and 23 of the notes to the consolidated financial statements</i></p> <p>As a consequence of the agreement signed on April 30, 2019 between SAG Gest, Porsche Holdings GmbH and the financial institutions involved in the financing and guaranteees of the SAG Group, as referred to in section “Material uncertainty relating to going concern”, the SAG Group presents in its consolidated financial statements Non-current assets held for sale amounting to thousand Euro 217.416,8.</p> <p>Non-current assets held for sale, as at December 31, 2018, includes inventories of used vehicles in the amount of thousand Euro 30.214,9 and vehicles delivered to third parties with buyback agreement amounting to thousand Euro 40.615,6.</p> <p>The referred inventories are valued at the lower of purchase price or net realizable value. Impairment losses in Inventories are recognized</p>	<p>The audit procedures we have developed included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Analysis of the controls established by the Company to monitor the ageing of used vehicles and vehicles delivered to third parties with a buyback agreement and their valuation;</li> <li>- Carrying out test of details, by sample, on the valuation of used vehicles and vehicles delivered to third parties with buyback agreements registered in inventories as of December 31, 2018;</li> <li>- Analysis of the assumptions used by the Group to determine market value and approved by Management, which include (i) comparison with the market benchmark and (ii) considerations of the historical commercial information of the sale of used vehicles and vehicles delivered to third parties with buyback agreement;</li> <li>- Analytical review procedures, namely comparison with previous years of margins on</li> </ul>

<b>Key Audit Matter</b>	<b>Summary of the Audit Approach</b>
<p>when the net realizable value is lower than the acquisition cost.</p> <p>The net realizable value is determined based on the market price of used vehicles, which shows some volatility, which consequently gives rise to some uncertainty in the calculation of their realizable value.</p> <p>For these types of inventories, the adjustments recognized in the consolidated financial statements to cover the risk of devaluation amounted to thousand Euro 1.248,6, as at December 31, 2018.</p> <p>In view of the audit materiality and the high level of judgment associated with the assumptions underlying the market value analysis, this issue was a relevant matter for the purposes of our audit.</p>	<p>sales of used vehicles and vehicles delivered to third parties with buyback agreements; and</p> <p>- Review of the adequacy of the presentation on the consolidated statement of financial position and the disclosures made, taking into consideration the accounting standards.</p>
<p><b><i>Calculation of the estimated commercial incentives obtained and granted recognised in Current result from discontinued operations</i></b></p>	
<p><i>Disclosures related to discontinued operations and incentives obtained and granted, presented as Current result from discontinued operations, included in notes 2, 4 and 5 of the notes to the consolidated financial statements</i></p> <p>As a consequence of the agreement signed on April 30, 2019 between SAG Gest, Porsche Holdings GmbH and the financial institutions involved in the financing and guarantees of the SAG Group, as referred to in section “Material uncertainty relating to going concern”, the SAG Group presents in its consolidated statement of income and other comprehensive income in the heading Current result from discontinued operations an amount of thousand Euro 32.125,1, which includes the headings Cost of sales and Sales, in which the commercial incentives obtained and granted are recognized respectively.</p>	<p>The audit procedures we have developed included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Identification, assessment and testing of the key controls identified in the purchasing and sales business processes;</li> <li>- Test of details, by sample, on the incentives obtained and granted, namely through the analysis and validation of the support information prepared by the Group services;</li> <li>- Confirmation of balances with the entities that grant and that were granted commercial incentives;</li> <li>- Analytical review procedures on purchasing and sales accounts (analysis of the main deviations from prior year and budget and explanation of that deviations); and</li> </ul>

<b><i>Key Audit Matter</i></b>	<b><i>Summary of the Audit Approach</i></b>
<p>The commercial incentives obtained and granted in connection with the purchase and sale of new vehicles by SAG Group represent significant amounts in the consolidated financial statements. The incentives granted amounted to approximately thousand Euro 45.446,9 in 2018, and the value of incentives obtained in the same period amounted to approximately thousand Euro 29.928,3.</p> <p>Due to the materiality of the amounts involved and taking into consideration that the calculation of the estimated commercial incentives obtained and granted is a process that is not fully automated and covers several types of commercial support (volume bonuses, performance bonuses, courtesy bonuses, fleet support, etc.), which are calculated in very different ways and involving in some cases estimates, this matter was considered material for the purposes of our audit.</p>	<p>- Review of the adequacy of the presentation on the consolidated statement of income and other comprehensive income.</p>

### ***Responsibilities of management and supervisory board for the consolidated financial statements***

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;



- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law, and verifying that the non-financial statement was presented.

## ***Report on other legal and regulatory requirements***

### ***Director's report***

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

### ***Non-financial statement set forth in article No. 508-G of the Portuguese Company Law***

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity included in its Director's report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

### ***Corporate governance report***

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

### ***Additional information required in article No. 10 of the Regulation (EU) 537/2014***

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. in the Shareholders' General Meeting of May 27, 2016 for the period from 2016 to 2017, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of May 30, 2018 for the period of 2018.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of May 10, 2019.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.
- e) As disclosed in the Corporate governance report, we inform that, besides the audit services, the following additional services, permitted by law and regulation in force, were provided by us to the Group:
  - certification of the list of motor vehicles owned by SIVA Defleet - Comércio de Automóveis, SA, as of December 31, 2017 and January 31, 2018;
  - verification of the list of amounts received in February, March and April of 2018, relating to motor vehicles sold, prepared by GlobalRent - Sociedade Portuguesa de Rent-a-Car, Unipessoal, Lda. for the purpose of confirming the amount of monthly receipts;
  - verification of the list of amounts received in February, March, April, May and June of 2018, relating to motor vehicles sold, prepared by SIVA - Sociedade de Importação de Veículos Automóveis, SA for the purpose of confirming the amount of monthly receipts;
  - verification of the list of motor vehicles, as at May 15, 2018 and July 2, 2018, of SIVA - Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet - Comércio Automóveis, SA, prepared by SIVA, SA, for the purpose of confirming the value of inventories of motor vehicles; and

- validation of the list prepared by SIVA - Sociedade de Importação de Veículos Automóveis, SA with the total amounts of commercial incentives and guarantees received between December 27, 2017 and June 30, 2018, of SIVA, SA for the purpose of confirming the amounts of commercial incentives and guarantees received in that period.

May 10, 2019

PricewaterhouseCoopers & Associados  
- Sociedade de Revisores Oficiais de Contas, Lda.  
represented by:

José Miguel Dantas Maio Marques, R.O.C.

# **REPORT AND OPINION OF THE AUDIT COMMITTEE CONSOLIDATED ACCOUNTS 2018**



**Report and Statement of the Audit Board  
on the documents for consolidated accounts reports**

In accordance with the law, the memorandum of association and the mandate assigned to us, we hereby present our report on our auditing activity, as well as our opinion in respect of the Management Report and Consolidated Financial Statements submitted by the Board of Directors of SAG GEST - Soluções Automóvel Globais, SGPS, SA, a listed company (the Company), in respect of the financial year ended 31 December 2018.

**1. Report**

- 1.1. We regularly monitored the Company's activity throughout the year to the extent that we deemed adequate. We had contacts with the Board and other responsible staff of the Company, who were always available to provide all the required explanations in respect of the Company and its Affiliates.
- 1.2. In performing its duties, the Audit Committee also had contacts with the Statutory Auditor and External Auditor PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., in order to discuss relevant audit matters, namely the adequacy of the internal control and risk management system, as well as to take note of the relevant findings, in addition to assessing the independence of the said entity.
- 1.3. We monitored the process involving the preparation of regular financial information subject to disclosure in accordance with regulatory terms, and to that end we held meetings and had contacts which we consider adequate, namely with the Board of Directors and, in particular, with the director responsible for the financial area, with whom we had regular contacts.
- 1.4. We conducted the tests that we considered appropriate and adequate, and no situation was brought to our knowledge that could be in breach of the applicable by-laws and regulations.
- 1.5. We reviewed the Legal Certification of the Accounts and the Audit Report prepared by PricewaterhouseCoopers & Associates – Sociedade de Revisores Oficiais de Contas, Lda., which have our approval, and we have taken note of the Additional Audit Report to the Auditing Body provided for in Clause 24. of Decree-Law 148/2015, September 9<sup>th</sup>, issued by said Auditing Company about the auditing that was performed.
- 1.6. The Consolidated Financial Statements which include the Income Statement and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of the Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements provide, in our opinion, a good understanding of the financial situation and results of the different Companies included in the consolidation.
- 1.7. The accounting principles and policies and the valuation criteria that were adopted are adequate and comply with the International Financial Reporting Standards (IFRS), as adopted by the European Union.
- 1.8. The Management Report is sufficiently clear about the development of the businesses and the situation of the Entities included in the consolidation, and provides evidence about the most significant aspects of the relevant activity and prospects, in the context of the current overall conditions.

## 2. Opinion

In view of the above, and considering the information received from the Board of Directors as well as the conclusions contained in the Legal Certification of the Consolidated Accounts and the Audit Report, and the Additional Report to the Audit Body, our opinion is that the Management Report and the Consolidated Financial Statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA for the period ended on 31 December 2018.

## 3. Compliance Statement

As provided for by law, we hereby agree with the Consolidated Management Report and the Consolidated Annual Accounts and confirm that, to the best of our knowledge, the Consolidated Management Report, the Consolidated Annual Accounts and the Statutory and Auditor Report thereon and the other reporting documents that are legally required were prepared in accordance with the applicable accounting standards and provide an accurate and adequate image of the assets and liabilities, financial situation and earnings of the Company and of the Entities included in the consolidation, and that the information provided on the Consolidated Management Report accurately describes the development of business operations, the performance and the position of the Company and of the Entities included in the consolidation and contains a description of the main risks and uncertainties facing them.

Alfragide, 13 May 2019

## The Audit Board

João José Martins da Fonseca George (Chairman)

Duarte Manuel Palma Leal Garcia (Voting Member)

Martinho Lobo de Almeida Melo de Castro (Voting Member)