



Soluções Automóvel Globais

ANNUAL REPORT SEPARATE ACCOUNTS 2018

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora

Registered Share Capital: Eur 169,764,398.00

Registered at the Amadora Registrar of Companies

Single registration and tax identification 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

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A listed Company

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Single registration and tax identification number: 503 219 886
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Head Office: Estrada de Alfragide, nº. 67 – 2614-519 Amadora

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MANAGEMENT REPORT SEPARATE ACCOUNTS 2018

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SAG GEST – SOLUÇÕES AUTOMÓVEL GLOBAIS, SGPS, S.A.

A Listed Company

MANAGEMENT REPORT

FINANCIAL YEAR 2018

In accordance with the applicable regulations and the Company's By-Laws, we hereby present to the Shareholders the Management Report, the Separate Financial Statements and the Notes to the Separate Financial Statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA for the year ended 31 December 2018.

The information contained in these documents relates to the separate activities of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. (abbreviated to SAG Gest). The information on the consolidated activity of SAG Gest is presented separately.

1. REPORT ON THE ACTIVITY DEVELOPED

Automotive Distribution

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

The PC volume was 19,075 units and the LCV volume was 1,274 units, corresponding to a 3.2% share 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 across all Brands represented by the SIVA Subsidiary is mainly due to three factors:

- Strong reduction in volume of the Rent-a-Car business due to the reduced margin of this channel and the risk level 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 availability in the stock 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.

Automotive Retail

The Automotive Retail activities, whose operating area is located exclusively in Greater Lisbon and Greater Porto, represent about 25% of the sales volume of 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).

Economic and Financial Analysis

In 2018, the following aspects should be highlighted:

- SAG Gest's net debt at the end of 2018 (Eur 70.1 million), which represents an increase of Eur 1.1 million compared to Eur 69.0 million on 31 December 2017.
- A provision for impairment with a related party was recorded in the amount of Eur 141.3 million.
- As a result, Equity as of 31 December 2018 was Eur -176.4 million.
- And SAG Gest had a Net Loss of 177.1 million.

2. RISK MANAGEMENT

SAG Gest's Risk Management Policy aims to ensure an accurate identification of risks involved in the businesses 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 factors inherent to those risks may cause on the Group's financial structure and sustainability.

The identification of the materially more important risks to which the SAG Gest Subsidiaries are exposed enabled us to identify the following main ones:

Reliance on Suppliers

The activities of the SIVA Subsidiary are based on Distribution Agreements established with the Volkswagen Group for an undetermined period, subject to the relevant EU Regulations, which have been maintained in force for more than 30 years. However, maintenance of these Agreements depends on certain factors that include the continuation of the 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 potential negative impacts resulting from this type of risk, the SIVA Subsidiary has implemented mechanisms to monitor permanently the market value of semi-new and used cars market included in its Balance Sheet (vehicles billed to Entities operating in the Rent-a-Car segment, which 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 capital risk, the liquidity risk, the interest rate exposure risk and the credit risk

The management of capital risk has the aim of ensuring that Equity will reach the appropriate levels to ensure a balanced structure of the 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 management of the liquidity risk involves the dynamic monitoring and evaluation of this type of risk in order to ensure the fulfillment of all short and medium-term financial responsibilities (cash outflows) by Entities held by SAG Gest towards Entities doing 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.

Given this pressure on SIVA's Working Capital and the unavailability of additional financial means, there is a justification for carrying out a set of transactions in the first quarter of 2018 with a negative margin as 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 and setting of exposure limits of SAG Gest's Statement of the Financial Position and 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 its 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 results.

In what relates to credit risk management, the development of the Client 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 a business area level.

3. ACTIVITY PERFORMED BY THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

Non-Executive Directors are kept informed in due time in respect of all relevant resolutions by the Executive Directors responsible for day-to-day management, and therefore permanently monitor the Company's activities.

This knowledge, as well as their professional qualifications, enables them to have an active influence at the Board of Directors, both in the supervision of management's activity, as well as in cooperating with management in pursuing the Company's interests.

Therefore, they provide full support and advice to the Executive Directors, namely in what relates to strategy, target achievement and compliance with applicable regulations.

Non-Executive Directors assess the Company's monthly accounts and query the reasons behind any positive or negative variances, and monitor developments in debt and compliance with the related agreements.

As part of their duties, Non-Executive Directors monitor and assess all matters of corporate governance, sustainability and internal codes and regulations, and address possible situations of conflict of interest in respect of the Company's relationship with its Shareholders.

Non-Executive Directors do not meet autonomously but, outside the meetings of the Board of Directors, they maintain informal contacts in respect of the business and in respect of operations with a significant economic or strategic value, implicitly assessing and evaluating the performance of their colleagues who perform executive functions.

4. OUTLOOK FOR 2019

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.

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.

5. TREASURY STOCK INFORMATION (ARTICLES 66 AND 324 OF COMMERCIAL LEGISLATION (“Código das Sociedades Comerciais”))

On 31 December 2017, the Company directly owned 16,760,815 Treasury Stock (SAG Gest Shares), with the nominal value of Eur 1 each, and controlled indirectly a further 5,100 Shares held by the Rolporto Subsidiary, as well as 5,100 Shares held by the Loures Automóveis Subsidiary, all with a nominal value of Eur 1 each.

During the year 2018, SAG Gest did not purchase or sell any SAG Gest Shares and, therefore, on 31 December 2018, the Company directly owned 16,760,815 Treasury Stock (SAG Shares), with the nominal value of Eur 1 each, and controlled indirectly a further 5,100 Shares held by the Rolporto Subsidiary, as well as 5,100 Shares held by the Loures Automóveis Affiliate, all with a nominal value of Eur 1 each.

The portfolio of SAG Shares held directly and indirectly as Treasury Stock held represented 9.879% of the total Shares representing the Company's Registered Share Capital on 31 December 2018, with an average unit purchase price of Eur 1.9760.

6. PROPOSAL FOR PROFIT APPROPRIATION

The Net Profit (loss) for 2018 was Eur (000) 177,130.9, which is proposed to be fully applied to Retained Earnings

7. COMPULSORY STATEMENTS

- 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 Company has its situation perfectly regularized regarding Social Security, and there are also no outstanding debts to the Public Sector.

- b) Subsequent events are disclosed in note 26 - Subsequent Events and note 2.5 - Management Judgments of the Annex to the Financial Statements.
- c) There were no acquisitions or disposals of SAG Gest Shares during the year ended 31 December 2018.
- d) During the year ended 31 December 2018, there were no transactions between the Company and the Members of its Board of Directors.

8. FINAL NOTE

In compliance with the legal and statutory provisions, the Board of Directors submits to the Shareholders for their review and approval the Management Report, the Separate Financial Statements and the Notes to the Separate Financial Statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA for the financial year ended 31 December 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 Company's assets and liabilities, separate financial situation and results, and that the Management Report accurately reflects the development of the business, the performance and the position of the Company and contains a description of the main risks and uncertainties that confront it.

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

SHARE OWNERSHIP MEMBERS OF CORPORATE BODIES SEPARATE ACCOUNTS 2018

Attachment

(Article 447, Number 5 of the Portuguese Company's Act)

SHAREHOLDING POSITION HELD BY MEMBERS OF CORPORATES BODIES

Shareholders	Entities	Number of Shares on 31 December 2018	Number of Shares on 31 December 2017	Transactions during 20187			
				Acquisitions	Disposals	Transaction Date	Unit Average Price
Board of Directors							
João Manuel de Quevedo Pereira Coutinho (1) (2)	SAG Gest	3,915	3,915				
	SGC - SGPS, SA (7)	26,496,000	26,496,000				
Carlos Alexandre Antão Valente Coutinho (3)	SAG Gest		11,484				
Fernando Jorge Cardoso Monteiro (3)	SAG Gest		11,658				
Luís Miguel Dias da Silva Santos (4) (5) (6)	SGC - SGPS, SA (7)		1,000				
Spouses							
Ana Paula da Silva Nunes Valente Coutinho (3)	SAG Gest		100				

(1) João Manuel de Quevedo Pereira Coutinho is Controlling Shareholder and Director of SGC - SGPS, SA, an Entity holding 117,357,371 SAG Gest Shares

(2) João Manuel de Quevedo Pereira Coutinho is Controlling Shareholder and Director of Principal - Gestão de Activos e Consultoria Administrativa e Financeira, SA, na Entity holding 1,200,005 SAG Gest Shares

(3) Carlos Alexandre Antão Valente Coutinho e Fernando Jorge Cardoso Monteiro terminated their functions as Directors of SAG Gest on 30-05-2018 (mandate period 2014-2017)

(4) Luís Miguel Dias da Silva Santos was on 31-12-2017 Director of SGC - SGPS, SA, an Entity holding 117,357,371 SAG Gest Shares, resignating to his functions on 30-04-2018

(5) Luís Miguel Dias da Silva Santos was Director of Principal - Gestão de Activos e Consultoria Administrativa e Financeira, SA, an Entity holding 1,200,005 SAG Gest Shares, until 30-04-2018

(6) Luis Miguel Dias da Silva Santos resigned to his functions as Director of SAG Gest on 30-04-2018

(7) Presently named IAMC - INVESTMENT AND ASSETS MANAGEMENT CONSULTING, LDA

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QUALIFIED OWNERSHIP POSITIONS SEPARATE ACCOUNTS 2018

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QUALIFIED SHAREHOLDING POSITIONS
31 DECEMBER 2018

Shareholder SGC Investimentos - Sociedade Gestora de Participações Sociais, SA (a)	Number of Shares	% Voting Rights
Directly	17,391,110	10.24%
Total Attributable	17,391,110	10.24%

(a) Wholly-owned by IAMC - INVESTMENT AND ASSETS MANAGEMENT CONSULTING, LDA (ex SGC - SGPS SA)

Shareholder IAMC - INVESTMENT AND ASSETS MANAGEMENT CONSULTING, LDA (Ex SGC - SGPS SA) (b)	Number of Shares	% Voting Rights
Directly	117,356,371	69.13%
Through SGC Investimentos - Sociedade Gestora de Participações Sociais, SA	17,391,110	10.24%
Total Attributable	134,747,481	79.37%

(b) Direct and indirectly owned in 100% by Mr. João Manuel de Quevedo Pereira Coutinho

Shareholder João Manuel de Quevedo Pereira Coutinho	Number of Shares	% Voting Rights
Directly	3,915	0.00%
Through IAMC, Lda, where he is a Director and the Controlling Shareholder	117,356,371	69.13%
Through SGC Investimentos - Sociedade Gestora de Participações Sociais, SA, where he is a Director and the Controlling Shareholder	17,391,110	10.24%
Through Principal - Gestão de Activos e Consultoria Administrativa e Financeira, SA, where he is a Director and the Controlling Shareholder	1,200,005	0.71%
Total Attributable	135,951,401	80.08%

SEPARATE FINANCIAL STATEMENTS 2018

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STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(Values in Eur 000)

		Twelve Months Period ended 31 December		
	Notes	2018	2017 Adjusted	2017 Reported
Revenue				
Services Rendered	4	0.0	1,987.9	1,987.9
Turnover		0.0	1,987.9	1,987.9
Gross Margin		0.0	1,987.9	1,987.9
Other Operating Income	5	7,918.4	2.6	2.6
Other Operating Expenses	5	(211.6)	(50.1)	(50.1)
Impairment Losses - Related Parties	14	(141,313.4)	0.0	0.0
Contribution Margin		(133,606.6)	1,940.4	1,940.4
Variable Expenses				
SG&A - Car Expenses	6	(23.3)	(95.0)	(95.0)
Sub-Total - Variable Expenses		(23.3)	(95.0)	(95.0)
Variable Margin		(133,629.9)	1,845.4	1,845.4
Overheads				
SG&A - Non-Variable Expenses	6	(992.1)	(1,810.8)	(1,810.8)
Payroll Expenses	7	(1,291.9)	(1,716.5)	(1,716.5)
Sub-Total - Overheads		(2,284.0)	(3,527.4)	(3,527.4)
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)		(135,913.9)	(1,682.0)	(1,682.0)
Depreciation and Amortization	12	(0.0)	(0.0)	(0.0)
Gains / (Losses) in the Sale of Tangible Fixed Assets	8	0.2	0.0	0.0
Gains / (Losses) on Investments - Equity Method	13	(6,990.8)	3,652.3	0.0
Earnings Before Interest and Tax (EBIT)		(142,904.6)	1,970.4	(1,682.0)
Financial Expenses	9	(13,497.2)	(12,102.8)	(12,102.8)
Financial Income	9	15,441.7	15,343.2	15,343.2
Earnings Before Taxes (EBT)		(140,960.1)	5,210.8	1,558.5
Corporate Income Tax	10	(7,122.2)	349.7	349.7
Result from Continuing Operations		(148,082.3)	5,560.6	1,908.2
Result from Discontinued Operations	3	(29,048.7)	(18,301.0)	0.0
Net Profit / (Loss)		(177,130.9)	(12,740.4)	1,908.2
Other Items of Comprehensive Income		0.0	0.0	0.0
Total Comprehensive Income		(177,130.9)	(12,740.4)	1,908.2
Basic, for Net Profit / (Loss) after Tax (Eur)	11	(1.1577)	(0.0810)	.0125

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

Chartered Accountant

The Board of Directors Board of Directors

STATEMENT OF THE FINANCIAL POSITION

(Values in Eur 000)

		December 2018	December 2017 Adjusted	December 2017 Reported
	Notes			
<u>Non-Current Assets</u>				
Tangible Fixed Assets	12	0.2	0.2	0.2
Accounts Receivable - Related Parties	14	0.0	132,971.2	189,971.2
Financial Investments in Subsidiaries	13	52,364.0	62,638.8	146,542.9
Deferred Income Tax Assets	10	0.0	4,340.2	4,340.2
Total - Non-Current Assets		52,364.2	199,950.3	340,854.4
<u>Current Assets</u>				
Accounts Receivable - Related Parties	14	1,881.1	103,881.5	320,877.8
Accounts Receivable - Other	14	36.2	524.1	524.1
Prepaid Expenses	14	18.6	14.9	14.9
Accrued Income	14	200.6	297.0	297.0
Current Income Tax Receivable	15	3,694.4	5,405.0	5,405.0
Taxes - Other Than Income Tax	15	2.3	(0.0)	(0.0)
Term Deposits	16	2,146.0	2,146.0	2,146.0
Cash and Cash Equivalents	16	54.7	36.5	36.5
Total - Current Assets		8,033.8	112,305.0	329,301.3
Non-Current Assets Held For Sale	3	86,192.3	0.0	0.0
Total Assets		146,590.3	312,255.3	670,155.6
<u>Equity</u>				
Registered Share Capital	17	169,764.4	169,764.4	169,764.4
Treasury Stock - Par Value	17	(16,760.8)	(16,760.8)	(16,760.8)
Treasury Stock - Share Premium	17	(16,348.9)	(16,348.9)	(16,348.9)
Share Premium	17	149,664.3	149,664.3	149,664.3
Supplementary Capital Payments	17	135,171.9	135,171.9	135,171.9
Reserves:				
Legal Reserve	17	15,172.5	15,077.1	15,077.1
Retained Earnings:				
Retained Earnings	17	(435,894.4)	(423,058.6)	(79,806.9)
Net Profit / (Loss) For The Year		(177,130.9)	(12,740.4)	1,908.2
Total Equity		(176,362.0)	769.0	358,669.3
<u>Non-Current Liabilities</u>				
Bank Loans	18	38,997.6	44,097.6	44,097.6
Total - Non-Current Liabilities		38,997.6	44,097.6	44,097.6
<u>Current Liabilities</u>				
Bank Loans	18	33,319.7	27,055.3	27,055.3
Accounts Payable - Trade Suppliers	19	238.8	58.8	58.8
Accounts Payable - Other	19	0.1	0.1	0.1
Accounts Payable - Related Parties	19	595.3	239,808.4	239,808.4
Accrued Expenses	19	317.3	343.5	343.5
Taxes - Other Than Income Tax	20	55.5	122.7	122.7
Total - Current Liabilities		34,526.8	267,388.7	267,388.7
Liabilities related with Non-Current Assets Held For Sale	3	249,427.9	0.0	0.0
Total Liabilities		322,952.3	311,486.4	311,486.4
Total Equity and Liabilities		146,590.3	312,255.3	670,155.6

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

Chartered Accountant

The Board of Directors

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STATEMENT OF CASH FLOWS

(Values in Eur 000)

	Note	December 2018	December 2017 Adjusted	December 2017 Reported
Net Profit / (Loss)		(177,130.9)	(12,740.4)	1,908.2
Non-Cash Items				
Depreciation & Amortization	12	(0.1)	0.0	0.0
Impairment Losses in Accounts Receivables	13	141,313.4	0.0	0.0
Provisions	19	0.0	18,959.8	0.0
Adjustments on Investments - Equity Method	13	6,990.8	(4,311.2)	0.0
Loans - Amortized Cost Recognition	18	1,164.4	0.0	0.0
Income Taxes	10	7,122.2	(349.7)	(349.7)
Sub Total - Non-Cash Items		156,590.6	14,298.9	(349.7)
Net Profit / (Loss) without Non-Cash Items		(20,540.3)	1,558.5	1,558.5
Corporate Income Taxes Paid		(1,071.4)	555.8	555.8
Cash Profit / (Loss)		(21,611.7)	2,114.3	2,114.3
Changes in Net Working Capital				
Accounts Payable - Trade Suppliers		180.1	24.1	24.1
Accruals & Prepaids		66.6	18.2	18.2
Other Debtors / Creditors		487.8	(474.6)	(474.6)
Taxes - Other Than Income Taxes		(69.4)	(1.8)	(1.8)
Sub Total - Changes in Net Working Capital		665.0	(434.1)	(434.1)
Operating flows from discontinued operations	3	29,048.7	0.0	0.0
Cash Generated		8,102.0	1,680.2	1,680.2
Intercompany				
Intercompany Loans		(8,083.9)	(12,164.4)	(12,164.4)
Sub Total Intercompany		(8,083.9)	(12,164.4)	(12,164.4)
Acquisitions/Disposals of Assets				
Fixed Assets Acquisitions		14.1	0.0	0.0
Cummulative Depreciation of Assets Diposed Off		(13.9)	0.0	0.0
Sub Total - Acquisitions/Disposals of Assets		0.2	0.0	0.0
Financing Activities				
Bank Loans		0.0	10,373.9	10,373.9
Sub Total Financing Activities		0.0	10,373.9	10,373.9
Total Funds Flow		18.2	(110.3)	(110.3)
Changes in Cash & Cash Equivalents				
Cash & Cash Equivalents - Opening Balance	16	36.5	146.8	146.8
Cash & Cash Equivalents - Closing Balance	16	54.7	36.5	36.5
Changes in Cash & Cash Equivalents		18.2	(110.3)	(110.3)

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

Chartered Accountant

The Board of Directors Board of Directors

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora
Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification 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

STATEMENT OF CHANGES IN EQUITY

(Eur (000))

Notes	Registered Share Capital	Treasury Stock (Par Value)	Treasury Stock (Share Premium)	Share Premium	Supplementary Capital Payments	Legal Reserves	Retained Earnings Brought Forward	Net Profit / (Loss) For the Year	Total Shareholders Equity
	17	17	17	17	17	17		16	
As at 1 January 2018									
Opening Balance	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(423,058.6)	(12,740.4)	769.0
Net Profit / (Loss) For the Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(177,130.9)	(177,130.9)
Total Comprehensive Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(177,130.9)	(177,130.9)
Allocation on Prior Year's Net Profit / (Loss)	0.0	0.0	0.0	0.0	0.0	95.4	(12,835.8)	12,740.4	0.0
Closing Balance as at 30 June 2018	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,172.5	(435,894.4)	(177,130.9)	(176,362.0)
	Registered Share Capital	Treasury Stock (Par Value)	Treasury Stock (Share Premium)	Share Premium	Supplementary Capital Payments	Legal Reserves	Retained Earnings Brought Forward	Net Profit / (Loss) For the Year	Total Shareholders Equity
As at 1 January 2017 Adjusted									
Reported Opening Balance	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	14,916.1	(426,117.5)	3,219.9	13,509.3
Net Profit / (Loss) For the Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(12,740.4)	(12,740.4)
Total Comprehensive Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(12,740.4)	(12,740.4)
Allocation on Prior Year's Net Profit / (Loss)	0.0	0.0	0.0	0.0	0.0	161.0	3,058.9	(3,219.9)	0.0
Closing Balance as at 31 December 2017 Adjusted	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(423,058.6)	(12,740.4)	769.0
	Registered Share Capital	Treasury Stock (Par Value)	Treasury Stock (Share Premium)	Share Premium	Supplementary Capital Payments	Legal Reserves	Retained Earnings Brought Forward	Net Profit / (Loss) For the Year	Total Shareholders Equity
As at 1 January 2017 Reported									
Reported Opening Balance	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	14,916.1	(82,865.8)	3,219.9	356,761.0
Net Profit / (Loss) For the Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,908.2	1,908.2
Total Comprehensive Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,908.2	1,908.2
Allocation on Prior Year's Net Profit / (Loss)	0.0	0.0	0.0	0.0	0.0	161.0	3,058.9	(3,219.9)	0.0
Closing Balance as at 31 December 2017 Reported	169,764.4	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(79,806.9)	1,908.2	358,669.3

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

Chartered Accountant

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS 2018

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

1. GENERAL INFORMATION IN RESPECT OF THE COMPANY'S ACTIVITY

The Separate Financial Statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA as at 31 December 2018 were approved at a meeting of the Board of Directors held on 8 May 2019.

The Shareholders have the capacity to amend the Separate Financial Statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA after their approval by the Board of Directors.

Following the restructuring of SAG Group, at the beginning of 2018, and with the objective of allowing the continuity of its operations, the Board of Directors of SAG Gest began to develop, together with the brands represented by the subsidiary SIVA, a plan to reposition its business in order to reverse the situation and ensure the sustainability of the entire Group and consequently its access to the sources of funding necessary for its activity. As such, the 2018 financial statements of SAG Gest and its subsidiaries and affiliates were prepared based on the principle of continuity of operations, as the Board of Directors believed that the negotiations would be concluded successfully.

In addition, and in response to the Group's current situation, Management has been conducting the day-to-day management with regard to its operations in a judicious manner, focused on its cash flows, having adjusted the purchasing plans with the various brands of the VW Group, reducing the volume of orders and requesting the reduction of the receivable deadlines for commercial supports of the Brands.

Despite the complexity of the negotiation process with the different stakeholders, which include the brands represented by the subsidiary SIVA, the financial institutions that participate in the financing and guarantees that the SAG Group holds, and entities of the VW Group, it was possible to conclude an agreement which will ensure the continuity of operations.

In the agreement settled between SAG Gest, Porsche Holding (a company belonging to the VW Group) and the financial institutions participating in the financing and guarantees of the SAG Group, SIVA will be wholly owned by Porsche Holding. This process should be concluded during the course of 2019.

As a result, SAG Gest reclassified the Investments in Subsidiaries to non-current assets held for sale and associated liabilities, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. This reclassification takes effect as of December 31, 2018, since, on this date, all the requirements of the standard have been met.

The main activity of SAG Gest – Soluções Automóvel Globais, SGPS, SA (hereinafter "SAG Gest" or "Company") is the management of investments in other Companies, as an indirect form of conducting economical activities, and its head office is at Estrada de Alfragide, 67, Alfragide, Amadora, Portugal.

2. SUMMARY OF THE MAIN ACCOUNTING POLICIES

2.1. Bases for 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 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 - Significant Estimates.

2.1.1. New Standards and Interpretations applicable to the financial year started on 1 January 2018

Effective 1 January 2018, the European Union (EU) endorsed the following issues, revisions, amendments and improvements to the Standards and Interpretations:

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 Separate Financial Statements. In relation to IFRS 9 and 15, see disclosures in note 2.3 Adoption of IFRS 9 and IFRS 15. Regarding the other standards, SAG Gest concluded that there are no significant impacts resulting from these changes in the financial statements of SAG Gest.

2.1.2. New Standards and Interpretations applicable to financial years starting after 1 January 2019

The European Union (EU) endorsed the following issues, revisions, amendments and improvements to the Standards and Interpretations, issued by IASB but not yet mandatory for the current financial year.

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

During 2018, the entity estimated the impact of IFRS 16. At the reporting date, the entity had no lease commitments as a lessee.

2.1.3. New Standards and Interpretations already issued, but not yet endorsed by the European Union (EU)

The new Standards and Interpretations, revisions and amendments, recently issued by IASB, not yet endorsed by European Union, whose adoption is not yet mandatory in the European Union (EU) are those disclosed in the following table:

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
Contralateral 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 does not expect that issues, revisions, changes and improvements to the Standards and Interpretations will cause material impact to its Separate Financial Statements.

2.1.4. Change in accounting policy in the measurement of investments in subsidiaries

In 2018, Management decided to change the accounting policy it followed in the valuation of its investments in subsidiaries and associates (acquisition cost) to the equity method, having restated the comparative values of 2017, as described below:

(Values in Eur 000)				
Account	Note	December 2017 Reported	Adjustment	December 2017 Adjusted
STATEMENT OF THE FINANCIAL POSITION				
Financial Investments in Subsidiaries	13	146,542.9	(83,904.0)	62,638.8
Accounts Receivable - Related Parties (non current)	14	189,971.2	(57,000.0)	132,971.2
Accounts Receivable - Related Parties (current)	14	320,877.8	(216,996.3)	103,881.5
Retained Earnings Brought Forward	17	79,806.9	343,251.7	423,058.6
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME				
Gains / (Losses) on Investments - Equity Method	13	0.0	4,311.2	4,311.2
Impairment - Related Parties	13	0.0	(18,959.8)	(18,959.8)

With the introduction of the Equity Method in the accounts of 2018, a Provision for Other Risks and Charges would have to be recorded in order to record the commitments that the Subsidiaries of SAG Gest may not meet in view of their financial and equity situation.

Since one of the main creditors of these entities is SAG Gest, an impairment was recorded in the balances receivable from these subsidiaries, instead of a provision.

2.2. Compliance Statement

In the opinion of the Board of Directors, the Separate Financial Statements of SAG Gest as at 31 December 2018 reflect, in a true and appropriate manner, the operations of the Company, as well as its financial position and cash flows, in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union, in force on January 1, 2018.

Standards that are not disclosed are not applicable.

2.3. Adoption of IFRS 9 and IFRS 15

2.3.1. Adoption of IFRS 9 – Financial Instruments

SAG Gest adopted IFRS 9 on its mandatory application date and did not restate the comparative information, as required by the standard. SAG Gest analysed 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.

IFRS 9 incorporates five distinct aspects: recognition, classification and measurement of financial instruments, impairment of financial instruments, hedge accounting and derecognition.

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).

The business model applicable to all financial assets held by SAG Gest consists of holding them exclusively for the receipt of contractual cash flows and the cash flows received consist only of principal and interest.

The financial assets included in the following items, which in 2017 were classified in the category of Customers and accounts receivable of IAS 39, are classified in 2018 as financial assets measured at amortized cost.

	Note	Amortized Cost
Financial assets		
Current		
Accounts Receivable - Related Parties	14	1,881.1
Accounts Receivable - Other	14	36.2
Accrued Income	14	200.6
Term Deposits	16	2,146.0
Cash and Cash Equivalents	16	54.7
Total		4,318.6

The reclassification of these assets had no impact on equity as at 1 January 2018, since 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 continues 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 valuation on the basis of the losses incurred in accordance with IAS 39.

SAG Gest holds five types of financial assets subject to the new credit loss model under IFRS 9:

Debtors and Other Assets – Related Parties

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, Others and Accrued Income

With respect to Customers, Others and Accrued Income, SAG Gest applies the simplified approach of IFRS 9, 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 by SAG Gest 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 SAG Gest did not make any adjustment to retained earnings arising from the adoption of this standard.

2.3.2. Adoption of IFRS 15 - Revenue from contracts with customers

With its focus on control, IFRS 15 replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and Related Interpretations. 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.

In accordance with the transitional provisions of IFRS 15, SAG Gest has opted for retrospective application with adjustment to retained earnings on the date of initial adoption (1 January 2018), and the comparative amounts were not restated. SAG Gest has elected to apply the transitional provisions of IFRS 15 for contract modifications only to those modifications that occurred on or after 1 January 2018.

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

Services rendered

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.

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.

2.4. Main Accounting Policies

The accounting policies adopted in the preparation of the separated financial statements are described below. These policies were consistently applied to the years presented, except for those policies resulting from the adoption of IFRS 9 and IFRS 15.

2.4.1. Tangible Fixed Assets

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

Depreciation is calculated on a monthly basis, using the straight-line method, so that the value of Tangible Fixed Assets is depreciated by the end of their estimated useful life. Annual depreciation rates are disclosed in the following table.

	%		
Buildings and Other Constructions	2.00		
Basic Equipment	25.00	to	31.25
Office Equipment	12.50	to	25.00
Other Tangible Assets	20.00	to	33.33

2.4.2. Investments in Subsidiaries

For the purposes of presenting the Separate Financial Statements, all Entities over which the Company has control are considered as Subsidiaries. The Company controls an Entity when it is exposed to, or has rights to, variable income arising from its involvement with the Entity and has the ability to influence that income through its power over the Entity.

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

The profit or loss for the year reflects the appropriation by SAG Gest of the operating results of Subsidiaries 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 investment in Subsidiaries, additional losses are recognized.

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

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

Unrealized gains and losses on transactions of SAG Gest with the Subsidiaries are eliminated in proportion to the interest held in the Subsidiaries. Unrealized losses are also eliminated, unless the transaction provides additional evidence of an impairment over the transferred Asset.

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

2.4.3. Financial Assets

Accounting policy adopted as from 1 January 2018:

Recognition

Purchases and sales of investments in financial assets are recorded on the date of the transaction, i.e., the date on which 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 changes in fair value) and the contractual terms of 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 that can never be reclassified to another category.

Financial assets may be classified into 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 management is the receipt of contractual cash flows;

This category includes the following items: Debtors and Other Assets – Related Parties, Debtors and Other Assets – Other, Accrued Income, Term 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 management is that of receiving the contractual cash flows or selling them on an ad hoc basis;

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 opted, on the date of initial recognition, to designate as 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.

As at 31 December 2018, SAG Gest holds debt instruments, which are classified as financial assets at amortized cost.

As of December 31, 2018, the classification of SAG Gest Financial Assets by category is described in Note 2.3.1 - Adoption of IFRS 9 - Financial Instruments.

Basis of measurement

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

Financial assets at the amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income from 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 equity instruments, are measured at fair value on the date of initial recognition and subsequently, with changes in fair value being recorded directly in other comprehensive income, in equity, with no future reclassification taking place even after the derecognition of the investment. Dividends obtained from these investments are recognized as gains in the income statement on the date they are attributed.

Impairment losses

In a forward-looking manner, SAG Gest assesses the estimated credit losses 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 consideration the credit risk profile of debtors, with different approaches being applied depending on their respective nature.

With regard to receivables under the headings Debtors and Other Assets – Related Parties, Debtors and Other Assets – Other and Accrued Income, SAG Gest applies the simplified approach allowed by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of receivables and for the entire period until maturity, considering a matrix of historical default rates for the maturity of receivables.

With regard to receivables from related parties that are not considered part of the financial investment in these entities, the credit impairment is assessed considering the following criteria: (i) whether the balance receivable is immediately payable ("on demand"); (ii) whether the balance receivable is low risk; or (iii) whether it has a maturity of less than 12 months.

In cases where the amount receivable is immediately payable and the related entity has the capacity to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable is not immediately due, the related entity's credit risk is assessed and if the related entity's credit risk is "low" or if the term is less than 12 months, then SAG Gest only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and types of receivables, SAG Gest applies the general approach of the impairment model, assessing at each reporting date whether there has been a significant increase in credit risk since the date of initial recognition of the asset. If there has been no increase in credit risk, SAG Gest calculates

an impairment corresponding to the amount equivalent to the expected losses within 12 months. If there has been no increase in credit risk, SAG Gest calculates an impairment corresponding to the amount equivalent to the expected losses for all contractual flows until the maturity of the asset.

In a forward-looking manner, SAG Gest assesses the estimated credit losses associated with the assets at amortized cost. The impairment methodology applied depends on whether or not there has been a significant increase in credit risk.

Derecognition of financial assets

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

Accounting policies adopted until 31 December 2017:

Classification

Financial assets that are not included under "Cash and cash equivalents" can be classified as:

- a) Loans and receivables – include non-derivative financial assets with fixed or determinable payments that are 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 hold to maturity;
- c) 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 at the date of initial recognition;
- d) Financial assets available for sale – include non-derivative financial assets that are designated as available for sale at the time of their initial recognition or that do not fall into the categories referred to above. They are recognized as non-current assets unless there is an intention to sell within 12 months of the reporting date.

As at 31 December 2017, SAG Gest only held financial assets classified as Loans and accounts receivable and as Cash and cash equivalents. Loans and Accounts Receivable are presented under Debtors and Other Assets – Related Parties, Debtors and Other Assets – Other and Accrued Income.

Impairment

At each financial reporting date, SAG Gest assesses the existence of indicators of loss of value 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 under "Impairment losses on financial assets".

Derecognition

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

2.4.4. Income Tax

The Income Tax for the period includes Current and Deferred Taxes. Income taxes are recognized in the Separate Statement of Profit and Loss, except when they are related to items that are recognized directly in Shareholders' Equity. The amount of Current Tax payable is determined based on the Earnings Before Taxes, adjusted in accordance with the tax rules in force.

SAG Gest recognizes Deferred Taxes, in accordance with IAS 12 - Income Taxes, as a way to adequately specialize the tax effects of its operations, and to exclude distortions related to fiscal criteria that are contrary to economic effects of certain transactions.

Deferred Tax Assets are recognized whenever there is reasonable certainty that future profits will be generated against which the assets may be used. Deferred Tax Assets are reviewed annually and reduced whenever they are no longer likely to be used.

The value of Deferred Taxes is determined by applying the tax rates (and laws) enacted or substantially decreed at the reporting date, which are expected to be applicable in the period of realization of the Deferred Tax Asset or the settlement of the Deferred Tax Liability. In accordance with the legislation in force, the Corporate Income Tax rate of 21% and, in situations not related to tax losses, Municipal Tax at the rate of 1.5% of the value of the temporary differences that gave rise to Deferred Tax Assets or Liabilities were assumed.

The movement occurred during the year, the reconciliation between the Income Tax of the year and the Current Tax and the breakdown of the Deferred Tax balances are shown in Note 10 – Income Tax.

2.4.5. Debtors and Other Assets

These captions include mainly customer balances resulting from services provided within the scope of SAG Gest's activity and other balances related to operating activities. Balances are classified as current assets when collection is estimated within a period of 12 months. Balances are classified as non-current if the estimated collection occurs more than 12 months after the reporting date.

Accounting policies adopted as from 1 January 2018

Debtors and other assets are initially recognized at fair value and subsequently measured at amortized cost, less impairment adjustments. Impairment losses on Debtors and Other Assets are recorded in accordance with the principles described in Note 2.6 a) – Impairment of Financial Assets. Impairment losses are recorded in the statement of profit and loss and other comprehensive income under "Impairment of financial assets", being subsequently reversed through profit and loss.

Accounting policies adopted until 31 December 2017

The financial assets presented under Debtors and Other Assets are measured, when initially recognized, at their fair value and subsequently at their amortized cost, in accordance with the effective interest rate method, less any impairment losses. When there is evidence that they are impaired, the corresponding adjustment is recorded in the income statement. The recognized adjustment is measured as the difference between the value at which the accounts receivable are recognized and the present value of the discounted cash flows at the effective interest rate determined at the time of initial recognition.

2.4.6. Cash and Cash Equivalents

Amounts under Cash and Cash Equivalents include cash on hand, bank deposits, term deposits and other cash investments which mature in less than three months and are subject to insignificant risk of change in value.

Bank overdrafts are presented in the statement of financial position, in current liabilities, under the heading Bank Loans, and are considered in the preparation of the cash flow statement as cash and cash equivalents.

2.4.7. Share capital

Ordinary shares are classified in equity. Costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, from the amount resulting from the issue.

2.4.8. Financial Liabilities

Accounting policy adopted as from 1 January 2018:

Financial liabilities are classified into two categories:

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

The category Financial liabilities at amortized cost includes the liabilities presented under Creditors and

other liabilities, Accrued expenses and Bank loans. 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 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:

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

The category Other financial liabilities includes the liabilities presented under Creditors and other liabilities, Accrued expenses and Bank loans. These liabilities are classified as 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, canceled or expire.

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

2.4.9. Bank Loans

Loans 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 Company 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.

2.4.10. Creditors and Other Liabilities

These items generally include balances of suppliers of goods and services that SAG Gest acquired in the normal course of its activity. The items that compose it 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.

2.4.11. Contingent Assets and Liabilities

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

Contingent Liabilities are not recognized in the Separate Financial Statements, and are disclosed in these Notes, unless the possibility of an outflow of funds is remote, in which case they are not disclosed.

2.4.12. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) resulting from past actions, that is likely to result in a future outflow of economic resources in connection with such obligation, and the latter can be measured reliably.

Provisions correspond to the present value of the estimated disbursements to settle the obligation and are reviewed, at the date of each financial report, and adjusted to reflect the best estimate at that date.

2.4.13. Income Recognition

2.4.13.1. Revenue

Accounting policy adopted as from 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 SAG Gest's activity. Revenue is recorded net of any taxes, trade discounts and financial discounts granted.

In determining the amount of revenue, SAG Gest 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 SAG Gest makes its best estimate.

Revenue is recorded in the statement of profit and loss and other comprehensive income 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, SAG Gest considers that the transfer of control occurs mostly on a specific date.

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

– Revenue from services rendered

Revenue is recorded in the statement of profit and loss and other comprehensive income 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.

– Interest revenue

Revenue is recorded in the statement of profit and loss and other comprehensive income when the liability is known, i.e., at the time the customer becomes able to manage the use of the service and obtain all the remaining economic benefits associated with it.

Accounting policies adopted until 31 December 2017

Until 31 December 2017, business income 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 commercial discounts. Thus, business income included only the gross inflows of economic benefits received and receivable by SAG Gest and by the Entities included in the scope of consolidation, on their own account. Amounts collected on behalf of third parties, such as taxes, namely Vehicle Tax (ISV), are not economic benefits that flow to SAG Gest, and do not result in increases in Equity, and are therefore excluded from Business Income.

2.4.13.2. Accrual of Activity Income

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

2.4.13.3. Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are signs of impairment affecting its Property, Plant and Equipment and Intangible Assets. Whenever these indications are identified, or when IFRS require impairment tests, the Company estimates the recoverable amount of the asset in question, which corresponds to the higher of (i) its fair value less any costs to sell or (ii) its value in use. In the event of an impairment situation, the value of the Asset is reduced in order to reflect its recoverable value.

2.4.14. Foreign Currency Denominated Transactions and Balances

The functional currency used in the preparation of SAG Gest's Separate Financial Statements is the Euro.

Transactions denominated in a foreign currency (outside the Eurozone) are converted into Euros using the exchange rate prevailing on the date of the transaction. Accounts Receivable and Accounts Payable

denominated in a foreign currency are converted into Euros using the exchange rates prevailing on the reporting date.

All exchange rate differences are recognized as income or expense during the period in which they occur.

2.4.15. Non-Current Assets (or disposal groups) Held for Sale

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 in full).

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.

2.4.16. Subsequent Events

Events taking place after the reporting date that provide additional information on the conditions existing on the date of the Separate Statement of the Financial Position are reflected in the Separate Financial Statements.

Events taking place after the reporting date that provide additional information on the conditions existing after the date of the Statement of the Financial Position are disclosed in the Notes to the Separate Financial Statements, if material.

2.5. Management Judgments

In the preparation of the Separate 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 consistently evaluated and are based on the experience of past events and other factors, including expectations regarding future events considered to be likely in view of the circumstances on which the estimates were based or are the result of an acquired information or experience. The more significant accounting estimates contained in the Separate Financial Statements are as follows:

a) Continuity of Operations

As disclosed in the financial statements for the year ended 31 December 2017, despite the restructuring process concluded by SAG Gest in December 2015 with its main banks having allowed it to rebalance its consolidated financial structure and created conditions for the continuity of the operations of SAG Gest and its subsidiaries and affiliates (together the "SAG Group"), at the end of 2017, with the deterioration of business conditions, the SAG Group's financial situation worsened, thus increasing risk with respect to the Group's liquidity and its operational and financial profitability.

Following the events described above, at the beginning of 2018, and with the objective of allowing the continuity of the SAG Group's operations, the Board of Directors of SAG Gest began to develop, together with the brands represented by the subsidiary SIVA, a plan to reposition its business in order to reverse the situation and ensure the sustainability of the entire Group and consequently its access to the sources of funding necessary for its activity. As such, the 2017 financial statements of SAG Gest and its subsidiaries and affiliates were prepared based on the principle of continuity of operations, as the Board of Directors believed that the negotiations would be concluded successfully.

In addition, and in response to the Group's current situation, Management has been conducting the day-to-day management with regard to its operations in a judicious manner, focused on its cash flows, having adjusted the purchasing plans with the various brands of the VW Group, reducing the volume of orders and requesting the reduction of the receivable deadlines for 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.

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 negotiation and of the 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:

- 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;
- 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 traded status, the launching and completion of the procedure of article 490 of the Commercial Companies Code (*Código das Sociedades Comerciais*) aiming the acquisition of all shares of SAG not held by IAMC Lda. 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 judicial approval *res judicata*, of the SAG PER (as defined and better described below);
- g) The judicial approval *res judicata* 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;
- 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 into LGA and of 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 Separated Financial Statements were prepared in accordance with the continuity principle.

b) Recognition of deferred tax assets

Deferred taxes assets are recognized only when there is a strong assurance that there will be future taxable income available for the use of temporary differences, or when there are deferred tax liabilities whose reversal is expected to occur in the same period in which the deferred tax assets are reversed. The valuation of deferred tax assets is carried out by management at the end of each year, taking into account expected future performance.

2.6. Significant Estimates

The most significant accounting estimates reflected in the Separated Financial Statements are as follows:

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) Recognition of Provisions and Adjustments

SAG Gest is currently party to various legal cases. Based upon the opinion of its Legal Advisors, SAG Gest assesses whether a Provision should be recognized in respect of contingencies relating to said cases.

Adjustments for Accounts Receivable are calculated based primarily on the aging of the Receivables, the Clients' profile risk and their financial condition. Estimates related to Adjustments for Accounts Receivable differ from business to business.

2.7. Financial risk management policies

2.7.1. 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 interest rate cash flow risk, among 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

The credit risk of SAG Gest results essentially from: i) the risk of recovery of the monetary assets delivered to the custody of third parties, and ii) the risk of recovery of the credits of entities outside SAG Gest. Credit risk is assessed at the initial time and over time in order to monitor its evolution.

Credit risk is monitored by the financial department of SAG Gest, supervised by the Board of Directors, based on: i) the corporate nature of the debtors; ii) the type of transactions originating the balances receivable; iii) the experience of transactions carried out in the past; iv) the credit limits established for each customer and also v) the use of companies specializing in credit risk analysis.

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

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Single registration and tax identification number 503 219 886
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Tel: 21 359 66 64/
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SAG Gest considers the probability of default with 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.

Default is deemed to exist when the counterparty does not comply with the contractual payments by the due date of the invoices. When financial assets are derecognized, SAG Gest continues to take measures to recover the amounts due. When amounts can be recovered successfully, they are recognized in the income statement for the year.

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

Impairment of financial assets

a) Accounts Receivable - Other

SAG Gest applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of impairments for estimated losses for all balances of Accounts Receivable - Other. In order to measure the estimated credit losses, the balances of Accounts Receivable - Other were aggregated based on the shared credit risk characteristics, as well as on days of delay.

The gross carrying amount of the balances of Accounts Receivable - Other reflects the maximum credit risk of SAG Gest in relation to these items.

Until 31 December 2017, the impairments of the balances of Accounts Receivable - Other were evaluated according to the model of incurred credit losses.

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

- Significant financial difficulties for the debtor;
- Probability of the debtor going into insolvency of financial reorganization; and
- Failure or delay of payment (more than 30 days after the due date).

b) Accounts Receivable - Related Parties

In 2018 it is considered that the balances of Accounts Receivable - Related Parties have high credit risk, as they present significant risk of impairment and the related party does not have the capacity to meet its contractual cash flow responsibilities in the short term. For this reason, in the year ended 31 December 2018, significant impairment losses were recorded for related parties. This situation arises from the deterioration of the SAG Group's financial situation, as mentioned in Note 2.5.

The gross carrying amount of items classified as Accounts Receivable - Related Parties reflects the maximum credit risk of SAG Gest.

c) Cash equivalents and Term deposits

The gross carrying amount of items considered as Cash equivalents relates only to bank deposits and reflects the maximum credit risk of SAG Gest for those assets.

As at 31 December 2018, the credit quality of the financial institutions that are the debtors of the balances considered cash equivalents was as follows:

	<u>31-dec-2018</u>	<u>31-dec-2017</u>
Bank Deposits		
A2		
Banco Popular	0.0	4.2
A3		
Deutsch	0.0	0.6
BAA2		
BPI	1.5	0.9
CGD	1.9	9.9
BAA3		
Millenium BCP	50.2	22.2
Santander		
CAA2		
Novo Banco	1.1	(2.6)
Others, without rating		
CCAM	0.0	1.2
Bank deposits (cash and cash equivalents)	<u>54.7</u>	<u>36.5</u>

Source: Moody's, 15-04-2019

ii. Liquidity risk

Liquidity risk is managed and monitored on a daily basis by the Treasury Department, through cash flow projection statements, which take into account 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.

SAG Gest therefore manages liquidity risk by contracting and maintaining credit lines and financing facilities with a firm underwriting commitment with national financial institutions of high credit quality, as well as maintaining bank deposits, which allow immediate access to funds in accordance with the needs resulting from the cash flow statements.

31/12/2018	<1 year	1-5 years	>5 years
Bank Loans	33,319.7	38,997.6	0.0
Bank Overdrafts	0.0	0.0	0.0
Shareholders Loans	0.0	0.0	0.0
Other Loans	33,319.7	38,997.6	0.0
Accounts Payable - Trade Suppliers	238.8	0.0	0.0
Accounts Payable - Other	0.1	0.0	0.0
Accounts Payable - Related Entities	595.3	0.0	0.0

31/12/2017	<1 year	1-5 years	>5 years
Bank Loans	27,055.3	44,097.6	0.0
Bank Overdrafts	0.0	0.0	0.0
Shareholders Loans	0.0	0.0	0.0
Other Loans	27,055.3	44,097.6	0.0
Accounts Payable - Trade Suppliers	58.8	0.0	0.0
Accounts Payable - Other	0.1	0.0	0.0
Accounts Payable - Related Entities	239,808.4	0.0	0.0

iii. Interest rate risk

The risk associated with the fluctuation of interest rates has an impact on the servicing of bank debt contracted and the financing obtained from SAG Gest entities.

Although all finance engaged by SAG Gest is remunerated based on the Euribor interest rate to which a risk spread is added, on 31 December 2018 no Financial Instruments were engaged to cover the risk of exchange rate changes, due to the low level of current market interest rates, the expectations of their evolution and also taking into consideration the repayment term of the operations in force.

In order to assess the effect that the variation of Euribor rates has on the pre-tax result of SAG Gest, for sensitivity analysis purposes, the 1bp variation in Euribor rates was considered. For purposes of simplicity, it is considered that the one-month Euribor and six-month Euribor vary in the same proportion, which is justified by the high degree of correlation between the two variables.

Sensitivity Analysis - Impact of variations on Euribor Rates

Bank Loans	Indexer	Par Value	Rate Variation		
			+ 1 bp		-1 bp
			Euribor < 0%	Euribor > 0%	
SAG - Current Account 1	Euribor 6 Months	14,650.0	0	1,524	0
SAG - Current Account 2	Euribor 6 Months	7,600.0	0	790	0
SAG - Current Account 3	Euribor 6 Months	675.0	0	70	0
SAG - Bank Loan 1	Euribor 6 Months	31,200.0	0	3,245	0
SAG - Bank Loan 2	Euribor 6 Months	17,997.6	0	1,872	0
Impact on Earnings Before Taxes		72,122.6	0	7,501	0

Rates in force as at 31 December 2018: Euribor 6 Months -0.237%

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Because the Euribor six-month rate is negative, a decrease in that rate has no impact on the final interest rate applicable to loans. An increase in the Euribor only has an impact on the final rate when it increases to positive values.

3. NON-CURRENT ASSETS HELD FOR SALE

Following the events mentioned in Note 2.5 a) - Continuity of Operations, SAG Gest considered its Financial Investments in Subsidiaries as Non-current assets held for sale, as reported in the following table:

(Values in Eur 000)		
Accounts	Notes	2018
STATEMENT OF THE FINANCIAL POSITION		
Non-Current Assets Held For Sale		
Financial Investments in Subsidiaries	13	3,940.2
Accounts Receivable - Related Parties	14	82,252.1
		86,192.3
Liabilities related with Assets Held For Sale		
Accounts Payable - Related Parties	19	249,427.9
		249,427.9

(Values in Eur 000)			
Accounts	Notes	2018	2017 Adjusted
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Result from Discontinued Operations			
Gains / (Losses) on Investments - Equity Method	13	656.2	658.8
Impairment - Related Parties (i)		(29,704.9)	(18,959.8)
		(29,048.7)	(18,301.0)

(i) The amount recorded in Impairment - Related Parties results from the introduction of the Equity Method in the accounts for 2018, as explained in Note 2.1.4.

4. SERVICES RENDERED

Services Rendered are as follows:

<u>Services Rendered</u>	<u>2018</u>	<u>2017</u>
Legal, Financial and Tax Consulting	0.0	1,892.3
Others	0.0	95.6
Total	0.0	1,987.9

In 2018, SAG Gest did not issue consulting debts to Group companies.

5. OTHER OPERATING INCOME AND EXPENSES

Other Operating Income and Expenses are as follows:

<u>Other Operating Income / Expenses</u>		
	2018	2017
Other Operating Income		
Gains in Group Companies	7,918.4	0.0
Tax Refunds	0.0	2.5
Volume Bonus Received	0.0	0.1
Total	7,918.4	2.6
Other Operating Expenses		
	2018	2017
Other Operating Expenses	166.2	11.4
Donations	30.0	35.0
Indirect Taxes	13.5	1.2
Subscriptions	2.0	2.0
Fines and Penalties	0.0	0.5
Total	211.6	50.1

The value presented in 2018 in gains in group companies reflects the impairment of Volpe's debt, recorded in SAG Overseas, inherent to its liquidation, for which, SAG Gest, in turn, recorded a profit inherent in the registration of IAMC's debt.

6. THIRD PARTY SUPPLIES AND SERVICES

Third Party Supplies and Services are as follows:

<u>Sales, General and Administrative Expenses - Vehicle Expenses</u>		
	2018	2017
Fuel	21.2	24.5
Vehicles Maintenance Expenses	1.8	2.0
Parking and Tolls	0.2	9.7
Vehicles Insurance Expenses	0.0	0.8
Vehicles Rental Expenses	0.0	58.0
Total	23.3	95.0

<u>Sales, General and Administrative Expenses - Overheads</u>		
	2018	2017
Miscellaneous Fees	670.0	1.3
Other Outside Services Fees	185.9	1,710.6
Other Overheads expenses	55.4	23.5
Audit Fees	33.5	34.4
Travelling Expenses	16.8	15.3
Other Insurance	15.0	13.0
Telecommunications	7.2	10.6
Power	4.7	0.0
Consulting Services	2.5	0.0
Rents and Rentals	1.0	1.0
Office Supplies	0.2	0.8
Repairs & Maintenance	0.0	0.4
Total	992.1	1,810.8

Other Outside Services Fees 2017 represents the costs incurred by SAG Gest in the context of the agreements entered into with its main Shareholders and the Banks that subscribed to the SAG Framework Agreement. These agreements set forth the terms and conditions for the extension of the debt maturities of SAG Gest's debt and for the reinforcement of its Consolidated Equity. Such agreements also foresee that the Principal SA Shareholder is to continue providing a diversified set of recurrent services, namely in the areas of administration and management, strategic and financial consulting, as well as the maintenance and management of the relationship with the Banks that subscribed to the SAG Framework Agreement.

These services were extremely relevant to SAG Gest and its Subsidiaries in the management and maintenance of their financial and commercial positions, as well as in the maintenance and development of businesses associated with the activities carried out by the SIVA Subsidiary in the import and distribution in Portugal of motor vehicles of the Volkswagen Group Brands.

In relation to Miscellaneous Fees, in 2018, SAG Gest incurred costs associated with the restructuring process of the Group.

7. PAYROLL EXPENSES

Payroll Expenses are as follows:

<u>Payroll Expenses</u>	<u>2018</u>	<u>2017</u>
Corporate Bodies Remunerations	666.1	990.8
Severance Pay	234.5	0.0
Social Security Contributions	191.0	309.6
Other Payroll Expenses	43.7	42.5
Christmas Allowance - Corporate Bodies	30.3	30.3
Holiday Allowance - Corporate Bodies	30.3	30.3
Christmas Allowance	23.5	64.7
Holiday Allowance	21.2	53.4
Salaries	18.1	158.7
Health Insurance	8.4	9.1
Food Allowance	7.9	14.5
Regular Bonuses	7.5	0.0
Work Accident Insurance	6.2	6.3
Exemption from working times	1.6	3.9
Life insurance	1.6	2.5
External Supplementary training	0.1	0.1
Total	1,291.9	1,716.5

The number of Employees on 31 December 2018 was 3 (11 on 31 December 2017).

During the year 2018, the average number of Employees was 6 (11 in 2017).

8. GAINS AND LOSSES ON SALE OF TANGIBLE FIXED ASSETS

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

Gains and Losses on Sale of Fixed Assets

	2018	2017
Gains on Sale of Fixed Assets	.2	.0
Losses on Sale of Fixed Assets	.0	.0
Total	.2	.0

9. FINANCIAL INCOME AND EXPENSES

Financial Income and Expenses are as follows:

Financial Income / Expenses

	2018	2017
Financial Expenses		
Interest Paid - Related Parties (Note 21)	10,683.6	9,189.3
Interest Paid - Bank Loans	2,759.3	2,860.3
Bank charges	31.3	28.8
Bank Services	22.6	24.3
Unfavourable Exchange Differences	0.4	0.0
Total	13,497.2	12,102.8
Financial Income		
Interest Received - Related Parties (Note 21)	15,395.6	15,241.5
Other Financial Income	39.1	101.7
Compensatory Interest Received	7.1	0.0
Total	15,441.7	15,343.2

10. INCOME TAX

a) Changes to tax legislation

With the entry into force of Law 2/2014, dated 16 January, Article 69, among others, of the Corporate Income Tax Code was amended to define changes to the terms and conditions of the Special Regime for Taxation of Groups of Companies ("RETGS"). These changes became effective on 1 January 2014.

Paragraph 2 of the said Article 69 establishes that, in order to be considered a controlled Entity, for the purposes of implementation of the "RETGS", the percentage held directly or indirectly in that Entity is 75% (previously 90%), on the condition that such holding provides at least 50% of the voting rights. If this condition is met, the Entity will be included in the perimeter of application of the RETGS led by its Shareholding Entity.

As a consequence of this amendment, and since the remaining requirements set forth in Article 69 of the Corporate Income Tax Code were fulfilled, SAG Gest has, as from 1 January 2014, a new parent Entity for tax purposes, IAMC Lda, its majority Shareholder, and is now part of this Entity's "RETGS" perimeter.

In addition, and also as a result of the aforementioned changes, the remaining Entities previously included in the perimeter of the RETGS led by SAG Gest, directly and indirectly owned by the IAMC Lda. Shareholder in more than 75%, became part of the RETGS perimeter of the latter Entity, with effect from 1 January 2014.

The decision to continue applying this regime was communicated to the Tax Authorities by the dominant Entity on 25 March 2014. The Tax Authorities confirmed this change on 2 March 2015.

On the same date, pursuant to Paragraphs 3 and 4 of Article 71 of the Portuguese Corporate Income Tax Code, an application was filed requesting the maintenance of tax losses related to prior years, calculated under the RETGS led by SAG Gest, as well as the maintenance of the shares of the individual tax losses of the Entities that comprised the previous RETGS led by the Shareholder IAMC Lda.

In 2018, the Tax Authorities granted the request expressed in this application, such that the use of deductible tax losses within the scope of the current RETGS perimeter was considered in accordance with the request made.

b) Revisions of tax returns

In accordance with the legislation in force, Portuguese tax returns are subject to review and correction by the Tax Authorities during a period of four years (five years for Social Security), except when there have been tax losses, or inspections, claims or challenges are underway, in which cases, depending on the circumstances, the terms are extended or suspended.

Accordingly, SAG Gest's tax returns for the years 2015 to 2018 may still be subject to revision, although SAG Gest considers that any corrections resulting from revisions by the Tax Authorities to those tax returns will not have a significant effect on the Separate Financial Statements as of 31 December 2018.

c) Calculation of Current Income Tax

The rates of Corporate Income Tax applicable in Portugal in the year 2018 are as follows:

- i. Basic Corporate Income Tax rate ("*IRC*"): 21% on taxable income;
- ii. Municipal Surtax ("*Derrama Municipal*"): 1.5% on the positive taxable income, calculated on an individual basis, for each of the Entities included in the consolidation that carry out their activities in Portugal
- iii. State Surtax ("*Derrama Estadual*"): is charged on the positive taxable income calculated on an individual basis for each of the Entities included in the consolidation that carry out their activities in Portugal, with the following tax rates being applicable:
 - a. 3% on the positive taxable income between Eur (000) 1,500.0 and Eur (000) 7,500.0
 - b. 5% on the positive taxable income between Eur (000) 7,500.0 and Eur (000) 35,000.0
 - c. 7% on the positive taxable income that exceeds Eur (000) 35,000.0

d) Breakdown of Corporate Income Tax for the Fiscal Year

The main components of the Income Tax for the years ended 31 December 2018 and 2017 are as follows:

<u>Corporate Income Tax for the Fiscal Year</u>	<u>2018</u>	<u>2017</u>
Corporate Income Tax for the Fiscal Year		
Current income tax	(1,771.7)	(355.2)
Tax regarding Non-Deductible Financial Expenses	545.0	694.8
(Over)/Under estimate for income tax of the previous year	0.0	(77.5)
Deferred taxes - Assets	(5,895.4)	87.6
Corporate Income Tax reported in the Statement of Comprehensive Income	<u>(7,122.2)</u>	<u>349.7</u>

The amounts of Current Income Tax are the amounts resulting from the application of the above-mentioned Regime at the financial year-end. Upon payment of Corporate Income Tax, during the subsequent fiscal year, this balance is transferred to Related Parties as a payable/receivable balance with the IAMC Lda. Shareholder, in accordance with internal rules established for Entities included in the "RETGS" that the company is part of (which is led since 2014 by IAMC Lda, an Entity that holds a stake in Shareholder SAG Gest which requires adoption of the "RETGS").

The amount of Tax regarding Non-Deductible Financial Expenses shows a positive balance which was due to the fact that the Entity leading the RETGS which includes SAG Gest (the IAMC Lda. Shareholder) opted to calculate the amount of Non-Deductible Financial Costs in a consolidated manner, instead of calculating this on an individual basis. As a result of this option, the amount for the calculated Non-Deductible Financial Expenses on a consolidated basis is less than that resulting from calculating this on an individual basis, with the corresponding benefit falling to SAG Gest (with regard to its Subsidiaries and Affiliates which are included in the RETGS led by the IAMC Lda. Shareholder), since in the individual Financial Statements of these Subsidiaries and Affiliates the amount for the Non-Deductible Financial Expenses is calculated on an individual basis.

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

The conciliations between (i) the accounting result and the taxable income, and (ii) the tax rates applied to the accounting result and the statutory tax rates applied (after accounting corrections) in the years ended December 31, 2017 and 2016 are reported in the following tables:

	Period of 12 months ended December 31				
	2018				
	Books	Tax (Current income tax)	Differences	Deferred Income Tax Debit / (Credit) of Results	
				Assets	Liabilities
A - Earnings Before Tax	(170,008.8)				
B - Temporary Differences between Tax and Reporting Basis					
Others	0.0	0.0	0.0	0.0	
Total Temporary Differences	0.0	0.0	0.0	0.0	.0
C - Permanent Differences between Tax and Reporting Basis					
Deductibility of Certain Financial Costs (tax impact RETGS)	(2,595.0)	(2,595.0)			
Fines, Penalties and Compensatory Interests		0.0			
Donations	30.0	30.0			
Others	23.5	23.5			
Total Permanent Differences	174,811.3	174,811.3	-		
D - Taxable Income (D = A + B + C)	4,802.6	4,802.6	.0		
D - 2 - Taxable Income - Portugal	4,802.6	4,802.6	-		
D-1 Corporate Income Tax (Portugal)	1,008.5	1,008.5			
Corporate Income Tax Rate (Portugal)	21.0%	21.0%			
D-2 Tax on Items Subject to a Different Tax Rate	-	-			
Rate - Items subject to a different rate	12.5%	12.5%			
2 - Municipal Tax	111.0	111.0			
Municipal Tax Rate (Portugal)	1.5%	1.5%			
3 - Income Tax Surtax - Applied to Taxable Income in Excess of 1,500,000 €	99,077	99,077			
Income State Tax Surtax (Portugal)	3.0%	3.0%			
4 - Income Tax Surtax - Applied to Taxable Income in Excess of 7,500,000 €	-	-			
Income State Tax Surtax (Portugal)	5.0%	5.0%			
D-5 - Total Calculated Tax - (5 = 1 + 2 + 3 + 4)	1,218.6	1,218.6			
Average Statutory Income Tax Rate (Portugal)	25.4%	25.4%			
3 - Taxable Income subject to Income Tax in Portugal (D - 2)	4,802.6	4,802.6			
4 - Taxable Income subject to Income Tax in Portugal - Items Subject to Special Income Tax Rates (D - 3)	0.0	0.0			
5 - Income Tax Rate related to Taxable Income in Portugal (5)	1,218.6	1,218.6			
Statutory Income Tax Rate - Portugal	25.4%	25.4%			
6. Taxable Income (5= 1+3+4 = D)	4,802.6	4,802.6			
CORPORATE INCOME TAX - CALCULATION					
Total Income Tax (2 + D-5)	1,218.6	1,218.6			
Income Tax on Items Subject to Special Income Tax Rates	8.1	8.1			
Adjustments to Prior Years Income Tax Estimates	0.0	0.0			
Current Income Tax	1,226.7	1,226.7			
Deferred Taxes - Reversal for the Expiry of Tax Losses					
Deferred Taxes - (Increase) / Decrease	5,895.4	5,895.4		0.0	
Deferred Taxes - Increase / (Decrease)	0.0	0.0		0.0	
Deferred Income Tax	5,895.4	5,895.4		0.0	-
7 - Income Tax Continued Operations	7,122.2	7,122.2			
8 - Income Tax Discontinued Operations	-	-			
Average Income Tax Rate = (7) : D	148.30%	148.30%			
Effective Income Tax Rate = (7) : A	-4.19%	-4.19%			

	Period of 12 months ended December 31				
	2017 Reported				
	Books	Tax (Current income tax)	Differences	Deferred Income Tax Debit / (Credit) of Results	
				Assets	Liabilities
A - Earnings Before Tax	1,558.5				
B - Temporary Differences between Tax and Reporting Basis					
Others			0.0	0.0	
Total Temporary Differences	0.0	0.0	0.0	0.0	-
C - Permanent Differences between Tax and Reporting Basis					
Deductibility of Certain Financial Costs (tax impact RETGS)	(3,308.6)	(3,308.6)			
Fines, Penalties and Compensatory Interests	0.5	0.5			
Donations	19.1	19.1			
Others	0.4	0.4			
Total Permanent Differences	(3,288.6)	(3,288.6)	-		
D - Taxable Income (D = A + B + C)	(1,730.1)	(1,730.1)	0		
D - 2 - Taxable Income - Portugal	(1,730.1)	(1,730.1)			
D-1 Corporate Income Tax (Portugal)	(363.3)	(363.3)			
Corporate Income Tax Rate (Portugal)	21.0%	21.0%			
D-2 Tax on Items Subject to a Different Tax Rate	-	-			
Rate - Items subject to a different rate	12.5%	12.5%			
2 - Municipal Tax	23.7	23.7			
Municipal Tax Rate (Portugal)	1.5%	1.5%			
3 - Income Tax Surtax - Applied to Taxable Income in Excess of 1,500,000 €	-	-			
Income State Tax Surtax (Portugal)	3.0%	3.0%			
4 - Income Tax Surtax - Applied to Taxable Income in Excess of 7,500,000 €	-	-			
Income State Tax Surtax (Portugal)	5.0%	5.0%			
D-5 - Total Calculated Tax - (5 = 1 + 2 + 3 + 4)	(339.7)	(339.7)			
Average Statutory Income Tax Rate (Portugal)	19.6%	19.6%			
3 - Taxable Income subject to Income Tax in Portugal (D - 2)	(1,730.1)	(1,730.1)			
4 - Taxable Income subject to Income Tax in Portugal - Items Subject to Special Income Tax Rates (D - 3)	0.0	0.0			
5 - Income Tax Rate related to Taxable Income in Portugal (5)	(339.7)	(339.7)			
Statutory Income Tax Rate - Portugal	19.6%	19.6%			
6. Taxable Income (5= 1+3+4 = D)	(1,730.1)	(1,730.1)			
CORPORATE INCOME TAX - CALCULATION					
Total Income Tax (2 + D-5)	(339.7)	(339.7)			
Income Tax on Items Subject to Special Income Tax Rates	0.0	0.0			
Adjustments to Prior Years Income Tax Estimates	77.5	77.5			
Current Income Tax	(262.2)	(262.2)			
Deferred Taxes - Reversal for the Expiry of Tax Losses	3,782.1	3,782.1			
Deferred Taxes - (Increase) / Decrease	(3,869.7)	(3,869.7)			
Deferred Taxes - Increase / (Decrease)	0.0	0.0			
Deferred Income Tax	(87.6)	(87.6)		0.0	-
7 - Income Tax Continued Operations	(349.7)	(349.7)		0.0	-
8 - Income Tax Descontinued Operations	-	-			
Average Income Tax Rate = (7) : D	20.21%	20.21%			
Effective Income Tax Rate = (7) : A	-22.44%	-22.44%			

f) Changes in Deferred Taxes

Changes in Deferred Tax accounts during the years 2018 and 2017 are as follows.

Deferred Income Tax - 2018					
ASSETS	Opening Balance 01/01/2018	Increases	Reductions	Transfers	Closing Balance 31/12/2018
Taxes Losses Carried Forward	4,340.2	0.0	(5,895.4)	1,555.3	0.0
TOTAL	4,340.2	0.0	(5,895.4)	1,555.3	0.0
Deferred Income Tax - 2017					
ASSETS	Opening Balance 01/01/2017	Increases	Reductions	Transfers	Closing Balance 31/12/2017
Adjustments for Accounts Receivable	0.0	0.0	0.0	0.0	0.0
Taxes Losses Carried Forward	3,782.1	0.0	(3,782.1)	470.4	8,034.7
TOTAL	3,782.1	0.0	(3,782.1)	470.4	470.4

The variation in Deferred Taxes for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Transfer - Utilization of Tax Losses Carried Forward	1,555.3	470.4
Reduction - Cancellation of Tax Losses Carried Forward	0.0	(3,782.1)
Increase in Tax Losses Carried Forward	(5,895.4)	3,869.7
Reduction - Adjustments	0.0	0.0
	(4,340.2)	558.0

The value of Deferred Tax Assets (DTA) related to Deductible Tax Losses carried forward, by year of origin and expiry, is detailed in the following table. Management expects that taxable income will be generated in the future, which will enable the utilization of accumulated tax losses, such that the entire Deferred Tax Assets item was written off.

Year of Origin	Tax Losses Carried Forward	IRC				
		Initial DTA Value	DTA Increase	DTA Cancellation	DTA For Use	Expiry
2016	20,665.1	4,340.2	.0	4,340.2	.0	2028
2017	7,406.1	.0	1,555.3	1,555.3	.0	2022
Total	28,071.2	4,340.2	1,555.3	5,895.4	.0	

11. EARNINGS PER SHARE

The Earnings per Share in the years 2018 and 2017 are as follows:

<u>Earnings Per Share</u>	2018	2017 Adjusted	2017 Reported
Net Profit / (Loss) After Tax After Non-Controlling Interests	(177,130.9)	(12,386.9)	1,908.2
Number of Outstanding Shares	169,764.4	169,764.4	169,764.4
Number of Shares in Treasury Stock	(16,760.8)	(16,760.8)	(16,760.8)
Basic Weighted Average Number of Shares Outstanding	153,003.6	153,003.6	153,003.6
Basic Earnings per Shares	(0.0012)	(0.0001)	0.0000
Diluted Weighted Average Number of Shares Outstanding	153,003.6	153,003.6	153,003.6
Diluted Earnings per Shares	(1.158)	(0.081)	0.012

12. TANGIBLE FIXED ASSETS

Changes in Tangible Fixed Assets during 2018 and 2017 were as follows:

<u>Tangible Fixed Assets - 31 December 2018</u>	Buildings	Plant and Machinery	Tools and Equipments	Office Equipment	Other Tangibles Assets	TOTAL
Opening Balance - 1 January 2018 (Net Fixed Assets)	0.2	0.0	0.0	0.0	(0.0)	0.2
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Retirements-At Cost	0.0	0.0	0.0	(9.9)	(4.2)	(14.1)
Retirements of Depreciation	0.0	0.0	0.0	9.9	4.2	14.1
Current Year's Depreciation Charge Against P&L From Continued Operations	(0.0)	0.0	0.0	0.0	0.0	(0.0)
Closing Balance - 31 December 2018 (Net Fixed Assets)	0.2	0.0	0.0	0.0	(0.0)	0.2

<u>Tangible Fixed Assets - Balance Detail - 31 December 2018</u>	Buildings	Plant and Machinery	Tools and Equipments	Office Equipment	Other Tangibles Assets	TOTAL
As at 1 January 2018						
At Cost	425.6	36.3	1.0	227.8	76.1	766.9
Accumulated Depreciation	(425.4)	(36.3)	(1.0)	(227.8)	(76.1)	(766.7)
Fixed Assets - Net	0.2	0.0	0.0	0.0	(0.0)	0.2
As at 31 December 2018						
At Cost	425.6	36.3	1.0	217.9	72.0	752.8
Accumulated Depreciation	(425.4)	(36.3)	(1.0)	(217.9)	(72.0)	(752.6)
Fixed Assets - Net	0.2	0.0	0.0	0.0	(0.0)	0.2

<u>Tangible Fixed Assets - 31 December 2017</u>	Buildings	Plant and Machinery	Tools and Equipments	Office Equipment	Other Tangibles Assets	TOTAL
Opening Balance - 1 January 2017 (Net Fixed Assets)	0.2	0.0	0.0	0.0	(0.0)	0.2
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Current Year's Depreciation Charge Against P&L From Continued Operations	(0.0)	0.0	0.0	(0.0)	0.0	(0.0)
Closing Balance - 31 December 2017 (Net Fixed Assets)	0.2	0.0	0.0	0.0	(0.0)	0.2

<u>Tangible Fixed Assets - Balance Detail - 31 December 2017</u>	Buildings	Plant and Machinery	Tools and Equipments	Office Equipment	Other Tangibles Assets	TOTAL
As at 1 January 2017						
At Cost	425.6	36.3	1.0	227.8	76.1	766.9
Accumulated Depreciation	(425.4)	(36.3)	(1.0)	(227.8)	(76.1)	(766.7)
Fixed Assets - Net	0.2	0.0	0.0	0.0	(0.0)	0.2
As at 31 December 2017						
At Cost	425.6	36.3	1.0	227.8	76.1	766.9
Accumulated Depreciation	(425.4)	(36.3)	(1.0)	(227.8)	(76.1)	(766.7)
Fixed Assets - Net	0.2	0.0	0.0	0.0	(0.0)	0.2

13. FINANCIAL INVESTMENTS IN SUBSIDIARIES

Beginning in 2018, SAG Gest opted to apply the Equity Method in the subsequent measurement of its financial investments in subsidiaries, and therefore rescheduled the comparison.

Financial Investments on 31 December 2018 and 2017 and the main financial indicators of the Subsidiary and Affiliate Entities are reported in the following table

Entity	2018				Main Business Place
	Book Value	Equity	Net Profit / (Loss)	% Ownership	
AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.	1,136.4	(319.2)	(984.0)	100.00%	Portugal
LGA – Logística Automóvel, S.A.	0.0	(549,760.6)	(275,764.3)	100.00%	Portugal
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	2,803.9	1,810.6	(808.6)	100.00%	Portugal
IMOCAR - Fundo de Investimento Imobiliário Fechado	52,364.0	57,682.6	(5,576.1)	100.00%	Portugal
	56,304.2				
Reclassification of non-current assets held for sale	(3,940.2)				
Total Financial Investment	52,364.0				

Entity	2017 Adjusted				Main Business Place
	Book Value	Equity	Net Profit / (Loss)	% Ownership	
AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.	664.8	664.8	360.1	100.00%	Portugal
LGA – Logística Automóvel, S.A.	0.0	(273,996.3)	(18,959.8)	100.00%	Portugal
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	2,619.2	2,619.2	298.7	100.00%	Portugal
IMOCAR - Fundo de Investimento Imobiliário Fechado	59,354.8	63,258.7	4,071.4	100.00%	Portugal
	62,638.8				

Entity	2017 Reported				Main Business Place
	Book Value	Equity	Net Profit / (Loss)	% Ownership	
AA00 – Sociedade de Formação Profissional e Consultoria Técnica, S.A.	50.0	664.8	360.1	100.00%	Portugal
LGA – Logística Automóvel, S.A.	86,097.4	5,809.9	634.1	100.00%	Portugal
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	4,115.5	2,619.2	298.7	100.00%	Portugal
IMOCAR - Fundo de Investimento Imobiliário Fechado	56,280.0	63,258.7	4,071.4	100.00%	Portugal
	146,542.9				

During 2018 and 2017, changes in Financial Investments in Subsidiaries are reported in the following table:

Entity	Opening Balance 1 January 2018		Increase / Decrease			Balance as at 31 December 2018
	Capital	Equity Method (Retained Earnings)	Increase	Decrease	Equity Method (Appropriation of Result)	
AA00 – Soc. de Formação Profissional e Consultoria Técnica, S.A.	50.0	614.8	0.0	0.0	471.6	1,136.4
LGA – Logística Automóvel, S.A.	86,097.4	(86,097.4)	0.0	0.0	0.0	0.0
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	4,115.5	(1,496.3)	0.0	0.0	184.7	2,803.9
IMOCAR - Fundo de Investimento Imobiliário Fechado	56,280.0	3,074.8	0.0	0.0	(6,990.8)	52,364.0
	146,542.9	(83,904.0)	0.0	0.0	(6,334.6)	56,304.2
Reclassification of non-current assets held for sale						(3,940.2)
Reclassification of Income from Discontinued Operations					(656.2)	
Total Financial Investments					(6,990.8)	52,364.0

Entity	Opening Balance 1 January 2017 Adjusted		Increase / Decrease			Balance as at 31 December 2017 Adjusted
	Capital	Equity Method (Retained Earnings)	Increase	Decrease	Equity Method (Appropriation of Result)	
AA00 – Soc. de Formação Profissional e Consultoria Técnica, S.A.	50.0	254.7	0.0	0.0	360.1	664.8
LGA – Logística Automóvel, S.A.	86,097.4	(86,097.4)	0.0	0.0	0.0	0.0
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	4,115.5	(1,795.0)	0.0	0.0	298.7	2,619.2
IMOCAR - Fundo de Investimento Imobiliário Fechado	56,280.0	(577.5)	0.0	0.0	3,652.3	59,354.8
	146,542.9	(88,215.2)	0.0	0.0	4,311.2	62,638.8
Reclassification of Income from Discontinued Operations					(658.8)	0.0
Total Financial Investments					3,652.3	62,638.8

Entity	Opening Balance 1 January 2017 Reported		Increase / Decrease			Balance as at 31 December 2017 Reported
	Capital	Equity Method (Retained Earnings)	Increase	Decrease	Equity Method (Appropriation of Result)	
AA00 – Soc. de Formação Profissional e Consultoria Técnica, S.A.	50.0	0.0	0.0	0.0	0.0	50.0
LGA – Logística Automóvel, S.A.	86,097.4	0.0	0.0	0.0	0.0	86,097.4
SIVA SERVIÇOS – Assessoria Financeira e Administrativa, S.A.	4,115.5	0.0	0.0	0.0	0.0	4,115.5
IMOCAR - Fundo de Investimento Imobiliário Fechado	56,280.0	0.0	0.0	0.0	0.0	56,280.0
	146,542.9	0.0	0.0	0.0	0.0	146,542.9

14. DEBTORS AND OTHER ASSETS

The item Debtors and Other Assets is as follows:

Accounts Receivable - Current	31-Dec-18	31-Dec-17 Adjusted	31-Dec-17 Reported
Other Debtors			
Advance Payments to Suppliers	0.0	487.9	487.9
Other Debtors	36.2	36.2	36.2
Sub-Total Other Debtors	36.2	524.1	524.1
Accrued Income			
Other Accrued Income	162.8	162.8	162.8
Interest - Group companies	37.8	134.2	134.2
Sub-Total Accrued Income	200.6	297.0	297.0
Deferred Expenses			
Bank Comissions	5.8	8.2	8.2
Insurance	5.0	4.4	4.4
Other Deferred Expenses	7.8	2.2	2.2
Sub-Total Deferred Expenses	18.6	14.9	14.9
Related Parties			
Shareholders - Treasury Operations	326,976.1	313,593.6	313,593.6
Subsidiaries - Other	1,159.7	2,972.7	2,972.7
Current Account	721.3	2,445.0	2,445.0
Interest Received	1,977.1	1,866.5	1,866.5
Subsidiaries - Treasury Operations	(246,701.2)	(216,996.3)	0.0
Sub-Total Related Parties	84,133.1	103,881.5	320,877.8
Reclassification to non-current assets held for sale	(82,252.1)	0.0	0.0
Sub-Total Related Parties	1,881.1	103,881.5	320,877.8
Total Accounts Receivable - Current	2,136.5	104,717.5	321,713.8

Other Related Parties - Non-Current Assets	31-Dec-18	31-Dec-17 Adjusted	31-Dec-17 Reported
Shareholders - Short Term Treasury Operations	198,313.4	189,971.2	189,971.2
Affiliates - Treasury Operations	(198,313.4)	(57,000.0)	0.0
Total Accounts Receivable - Non-current assets	(0.0)	132,971.2	189,971.2

The amount of Eur (000) 198,313.4 reported in the previous table corresponds to the following balances:

- Shareholder loans in the amount of Eur (000) 57,000.0 undertaken in the LGA Subsidiary, subject to the terms and conditions set forth in a Shareholder Loan ("Suprimentos") Agreement entered into in 2016, for a term exceeding one year.
- Financial investments to the amount of Eur (000) 134,702.6 carried out in the IAMC Lda. Shareholder, the reimbursement of which is defined in the SAG Gest Framework Agreement, as reported in Note 18 c) 1 – Bank Loans – Covenants – Financial Covenants – SAG Gest Financial Operations in the IAMC Lda. Shareholder.

The terms and conditions practiced in transactions with Related Parties are described in Note 21 - Related Party Disclosures.

Activity in Adjustments for Debtors and Other Client Assets in 2018 and 2017 was as follows:

Related Parties (Current)			
	2018	2017 Adjusted	2017 Reported
As at 1 January	216,996.3	198,036.5	0.0
P&L			
Charges	29,704.9	18,959.8	0.0
Cancellation	0.0	0.0	0.0
Total P&L	29,704.9	18,959.8	0.0
Reversal	0.0	0.0	0.0
As at 31 December	246,701.2	216,996.3	0.0
Reclassification Non-current assets held for sale	(246,701.2)	0.0	0
Total Provisions	0.0	216,996.3	0.0
Related Parties (Non Current)			
	2018	2017 Adjusted	2017 Reported
As at 1 January	57,000.0	57,000.0	0.0
P&L			
Charges	141,313.4	0.0	0.0
Cancellation	0.0	0.0	0.0
Total P&L	141,313.4	0.0	0.0
Reversal	0.0	0.0	0.0
As at 31 December	198,313.4	57,000.0	0.0

The impairment recorded in 2018 is related to the debt of the related entity IAMC Lda, as it is not expected to be received to date.

As disclosed on Notes 18 – Bank Loans and 21 – Related Party Disclosures, the IAMC Lda. Shareholder intervenes as guarantor in bank loans borrowed by SAG Gest which, on 31 December 2018, were recognized for the amount of Eur (000) 17,594.0 (in 2017: Eur (000) 16,933.9).

15. INCOME TAX AND OTHER TAXES – RECEIVABLE

The balance of Income Tax is as follows:

<u>Current Income Tax</u>	31-Dec-18	31-Dec-17 Adjusted	31-Dec-17 Reported
IRC - Contested Values	3,395.2	3,395.2	0.0
Special Advance Tax Payments	1,410.9	1,466.6	67.1
Tax Benefits (GFL)	545.0	694.8	694.8
Municipal Tax	104.6	129.9	129.9
Additional Advance Tax Payments	10.5	73.7	73.7
Advance Tax Payments	0.0	0.0	0.0
Withholding Tax	0.0	0.0	0.0
Corporate Income Tax Provision	(1,771.7)	(355.2)	(355.2)
Total Corporate Income Tax Receivable	3,694.4	5,405.0	610.4

i. IRC – Disputed amounts

The amount of Eur (000) 3,395.2 represents the payment of Corporate Income Tax related to several previous periods resulting from additional tax assessments issued by the Portuguese Tax Authorities. These additional tax assessments are being legally disputed and are disclosed in Note 24 – Commitments and Contingencies. This payment was made in accordance with the terms and conditions set forth in Decree-Law 151-A/2013, and resulted in the cancellation of compensatory interest of Eur (000) 508.5, of late payment interest of Eur (000) 820.2, and of other charges in the amount of Eur (000) 45.9 (amounts which would represent additional contingencies had this payment not been made). Such payment also allowed for the cancellation of Bank Guarantees of Eur (000) 6,327.2 that had been delivered in the context of the corresponding legal proceeds.

ii. Additional Advanced Tax Payment

The Additional Payment on Account (Eur (000) 10.5) represents the payment for 2018, determined in accordance with applicable regulations.

The above figures referring to corporate income tax (IRC), by year of origin, are disclosed in the following table.

	IRC - Contested Values Impugnados	Additional Advance Tax Payments	Special Advance Tax Payments	Municipal Tax	Corporate Income Tax Provision	Tax Benefits (GFL)
1999	309.4	0.0	0.0	0.0	0.0	0.0
2001	633.6	0.0	0.0	0.0	0.0	0.0
2002	552.0	0.0	0.0	0.0	0.0	0.0
2003	430.9	0.0	0.0	0.0	0.0	0.0
2004	367.7	0.0	0.0	0.0	0.0	0.0
2007	0.0	0.0	696.7	0.0	0.0	0.0
2008	211.5	0.0	455.8	85.1	0.0	0.0
2009	0.0	0.0	206.3	19.4	0.0	0.0
2010	890.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	40.7	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0	0.0	0.0
2017	0.0	0.0	0.0	0.0	0.0	0.0
2018	0.0	10.5	11.4	0.0	(1,771.7)	545.0
Total	3,395.2	10.5	1,410.9	104.6	(1,771.7)	545.0
						3,694.4

Refund requests were submitted to the Tax Authorities in respect of Special Advanced Payments (PEC) performed in the years 2007, 2008 and 2009, because there was not enough taxable income allowing the deduction of such amounts in the tax submissions for the years from 2007 to 2014. The Tax Authorities rejected these requests for Refund of PEC, and SAG Gest, as it disagreed with the grounds presented for this rejection, submitted an appeal against this decision, as described in Note 24 - Commitments and Contingencies

The balance of Other Taxes is as follows:

<u>Taxes - Other Than Income Tax</u>	<u>31-Dec-18</u>	<u>31-Dec-17 Adjusted</u>	<u>31-Dec-17 Reported</u>
Value Added Tax	2.3	0.0	0.0
Total Taxes - Other Than Income Tax	2.3	0.0	0.0

16. CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents balances shown in the Statement of the Financial Position include values with maturities of three months or less which are not subject to significant changes in value. With reference to the Statement of Cash Flows, for the purpose of determining and discriminating the amounts included in Cash and Cash Equivalents, only those amounts that are realized in a period of less than three months, counted from the reporting date, are included.

<u>Detail of Cash and Cash Equivalents</u>	<u>31-Dec-2018</u>	<u>31-Dec-2017</u>
Treasury Operations	2,146.0	2,146.0
Bank Deposits	54.7	36.5
Cash	0.0	0.0
Sub-total - Cash and Cash Equivalents	54.7	36.5
Total Cash and Cash Equivalents - Statement of the Financial Position	2,200.7	2,182.5

Term Deposits, amounting to Eur (000) 2,146.0, were not considered in Cash and Cash Equivalents because their characteristics did not meet the requirements established for Cash and Cash Equivalents.

On 31 December 2018, the Entity did not have available financing lines for future uses, as also occurred at 31 December 2017.

17. SHARE CAPITAL AND RESERVES

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 fully paid up. Shares of SAG Gest are listed on Euronext NYSE Lisboa.

SAG Gest's controlling Shareholder is IAMC Lda, a holding company with headquarters in Estrada de Alfragide, 67 – Alfragide, Amadora. IAMC Lda. owns a 69.13% direct stake in SAG Gest and, indirectly, a 10.24% stake, representing, respectively, 69.13% and 10.24% of voting rights.

Treasury Stock owned by SAG Gest represented on 31 December 2018 16,760,815 SAG Gest Shares, representing 9.9% of its Registered Share Capital. The Entity meets the criteria for purchase of treasury stock, as provided in Article 317 in the Portuguese Company's Act (*"Código das Sociedades Comerciais"*). During the course of 2017, there was no change in the number and value of Treasury Stock

In this financial year there were no changes in the Company's Registered Share Capital

	<u>31-Dez-2018</u>	<u>31-Dez-2017</u>
Registered Share Capital	169,764.4	169,764.4

On 21 December 2015, the Principal SA Shareholder (an Entity wholly owned by SAG Gest's ultimate beneficial owner) increased SAG Gest's Equity by performing Supplementary Capital Payments of Eur (000) 81,400.0 paid in cash.

The funds required for this transaction were borrowed by the Principal SA Shareholder from major Portuguese Financial Institutions.

SAG Gest used all of this amount to partially reimburse loans borrowed from the same Financial Institutions which were negotiated in December 2010 and August 2013 and formalized in the Framework Agreement, which was revised in December 2015. The terms and conditions of this Agreement are disclosed in greater detail in Note 17 – Bank Loans.

Changes in Share Capital and Reserves in financial years 2018 and 2017 are disclosed in the following table.

2018	Treasury Stock - Par Value	Treasury Stock - Share Premium	Share Premium	Supplementary Capital Payments	Legal Reserve	Retained Earnings Brought Forward	TOTAL
As at 1 January 2018	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(423,058.6)	(156,255.0)
Allocation of Prior Year's Net Profit/(Loss)	0.0	0.0	0.0	0.0	95.4	(12,835.8)	(12,740.4)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 December 2018	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,172.5	(435,894.4)	(168,995.4)

2017 Adjusted	Treasury Stock - Par Value	Treasury Stock - Share Premium	Share Premium	Supplementary Capital Payments	Legal Reserve	Retained Earnings Brought Forward	TOTAL
As at 1 January 2017	(16,760.8)	(16,348.9)	149,664.3	135,171.9	14,916.1	(426,117.5)	(159,474.9)
Allocation of Prior Year's Net Profit/(Loss)	0.0	0.0	0.0	0.0	161.0	3,058.9	3,219.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 December 2017	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(423,058.6)	(156,255.0)

2017 Reported	Treasury Stock - Par Value	Treasury Stock - Share Premium	Share Premium	Supplementary Capital Payments	Legal Reserve	Retained Earnings Brought Forward	TOTAL
As at 1 January 2017	(16,760.8)	(16,348.9)	149,664.3	135,171.9	14,916.1	(82,865.8)	183,776.7
Allocation of Prior Year's Net Profit/(Loss)	0.0	0.0	0.0	0.0	161.0	3,058.9	3,219.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 December 2017	(16,760.8)	(16,348.9)	149,664.3	135,171.9	15,077.1	(79,806.9)	186,996.6

Due to the restatement made, as disclosed in Note 2.1.4, the Net Negative Result of 2017 restated, in the amount of Eur 12,482.3, was fully transferred to Retained Earnings in 2018.

According to the General Meeting of April 30, 2018, it was decided that the Net Profit for 2017 in the amount of Eur 1,908.2 was fully applied to Retained Earnings.

18. BANK LOANS

Bank Loans as at 31 December 2018 and 31 December 2017 was as follows:

	31-Dec-2018			31-Dec-2017
	Rate (%)	Maturity	Value	Value
Current (Short Term)				
Overdraft (1)	3.60%	Rev. Trim.	14,691,039	14,671,708
Overdraft (2)	3.60%	Dec-18	7,663,126	7,674,091
Overdraft (3)	3.60%	Dec-18	676,939	676,939
Bank Loan (1)	3.60%	Until Dec-19	3,492,199	1,496,293
Bank Loan (2)	3.19%	Until Dec-19	6,796,419	2,536,267
Sub-Total Current			33,319,721	27,055,297
Non-current (Medium and Long Term)				
Bank Loan (1)	3.60%	Until Dec-22	28,200,000	29,700,000
Bank Loan (2)	3.19%	Until Dec-22	10,797,622	14,397,622
Sub-Total Non-current			38,997,622	44,097,622
TOTAL			72,317,343	71,152,919

As at 31 December 2018 some of the financing contracts assumed by SAG Gest had reached the respective principal repayment date - Current Account 2 for the nominal value of Eur (000) 7,600.0, Current Account 3 for the nominal value of Eur (000) 675.0, Bank Loan 1 for the nominal value of Eur (000) 1,500.0 for an annual installment of principal and Bank Loan 2 for the nominal value of Eur (000) 3,600.0 for two semi-annual installments of principal.

SAG requested the extension / renewal of operations in a timely manner. As a result of the discussions with the Financial Institutions, it was possible to reach an understanding subsequent to 31 December 2018, and the maturity date of the operations in question was extended to 30 April 2019.

Under the restructuring Agreement (PER Process) with the banks, the outstanding balances (principal and interest) as of 30 April 2019 are not due until the date of conclusion of the agreement signed with Porsche Holdings. The amounts subject to write-offs will only be determined after the completion of the operation.

The main features of the above Loans as at 31 December 2018, are disclosed below. The repricing periods applicable to these Loans correspond to the applicable Euribor rate tenures.

Transaction Identification	Form	Maximum Nominal Amount (Values in Eur 000)	Book Value (Values in Eur 000)	Date of Contract	Maturity	Reimbursement	Remuneration	Guarantees
Overdraft 1	Pledged Current Account	14,650.0	14,691.0	Oct-2008	Trimestral, com renovação automática, salvo denúncia	Bullet	Monthly; Variable interest rate, indexed to Euribor 6 months	No guarantees
Overdraft 2	Pledged Current Account	7,600.0	7,663.1	Oct-2008	Dec-2018	Bullet	Quarterly; Variable interest rate, indexed to Euribor 6 months	No guarantees
Overdraft 3	Pledged Current Account	675.0	676.9	May-2009	Dec-2018	Bullet	Quarterly; Variable interest rate, indexed to Euribor 6 months	No guarantees
Bank Loan 1	Loan	31,200.0	31,692.2	May-2011	Dec-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
Bank Loan 2	Loan	17,997.6	17,594.0	Dec-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	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 Acções 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

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

Transaction Identification	Maximum Nominal Amount (Values in Eur 000)	Capital (Eur 000)	Interest (+ stamp tax) (Eur 000)
Overdraft 2	7,600.0	7,600.0	0.0
Overdraft 3	675.0	675.0	0.0
Bank Loan 1	31,200.0	1,500.0	494.8
Bank Loan 2	17,997.6	3,600.0	285.4
Total	57,472.6	13,375.0	780.3

a) Bank Loans – Recognition and Measurement

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora
Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification number 503 219 886
Office: Alfragipark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2
2614-519 Amadora
Tel: 21 359 66 64/
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In accordance with IFRS 9 – Financial Instruments and IAS 39 – Financial Instruments: Recognition and Measurement, for the years 2018 and 2017 respectively, the amounts reported as Bank Loans are recognized at their Amortized Cost, and the related financial expenses are recognized in accordance with the Effective interest rate method.

Adoption of this method results in debt being recognized for amounts that may differ from its nominal value.

The difference between the amounts for which current Bank Loans is recognized in the Statement of the Financial Position and its nominal value on 31 December 2018 and on 31 December 2017 is as follows.

31-Dec-2018

	Book Value	Nominal Value	Dif	Accrued or Prepaid Costs			
				Interest	Comissions	Stamp Duty	Total
Current Loans							
Bank 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
Portugal - Total	72,317.3	72,122.6	194.7	1,332.0	(1,052.0)	(85.3)	194.7

31-Dec-2017

	Book Value	Nominal Value	Dif	Accrued or Prepaid Costs			
				Interest	Comissions	Stamp Duty	Total
Current Loans							
Bank Loans	27,055.3	28,025.0	(969.7)	463.8	(1,326.4)	(107.1)	(969.7)
Non-current Loans							
Bank Loans	44,097.6	44,097.6	0.0	0.0	0.0	0.0	0.0
Portugal - Total	71,152.9	72,122.6	(969.7)	463.8	(1,326.4)	(107.1)	(969.7)

Comments:

Positive Amounts: Accrued Interest/Fees/Stamp Duty

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

The changes in financing liabilities are as follows:

	2018	2017
Beginning Balance - 01 January	71,152.9	60,779.0
New Loans	0.0	15,025.0
Loans Reimbursement	0.0	5,100.0
Total Loans Cash Flow	0.0	9,925.0
Loans Adjustments	1,164.4	448.9
Total Loans Variation Balance	1,164.4	448.9
Ending Balance - 31 December	72,317.3	71,152.9

b) Contractual Maturities

The contractual maturities of Bank Loans as at 31 December 2018 are as follows:

	2018	2019	2020	2021	2022	Total
Loans	13,528.7	19,791.0	5,100.0	5,100.0	28,797.6	72,317.3

c) Covenants

Additional contractual obligations have been agreed in respect to certain of the above liabilities, which, as of 31 December 2018, include the following:

Financial Covenants

SAG Gest's Financial Statements

- Dividend Distribution

Until the end of 2021, SAG Gest undertakes to declare dividends of at least 50% of the consolidated net result of the year provided that, in accordance with its Consolidated Financial Statements, the Equity / Total Asset ratio is at least 7.5%;

From 2022 onwards, SAG Gest undertakes to declare dividends of at least 60% of the consolidated net result of the year, provided that its Consolidated Net Equity remains positive.

- Reimbursement of Supplementary Capital Payments

Until the end of 2019, SAG Gest undertakes to reimburse the Supplementary Capital Payments performed by the Principal SA Shareholder up to an amount which, according to its Consolidated Financial Statements, enables the Equity / Total Asset ratio to be equal to or higher than 7.5%, after such reimbursement;

From 2020 onwards, should the Net Debt / EBITDA ratio be less than 2.5 X, SAG Gest is obliged to reimburse the Supplementary Capital Payments made by Principal SA Shareholder for an amount which enables (a) the Net Debt / EBITDA ratio not to be higher than 2.5 X and (b) the value of its Consolidated Net Equity is positive.

- Debt Limitation

SAG Gest shall not borrow additional financing exceeding Eur (000) 85,000.0.

- Treasury investments by SAG Gest in the IAMC Lda. Shareholder.

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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The balance of the treasury investments by SAG Gest in the IAMC Lda. Shareholder shall evolve as follows:

- i. Until the end of 2018, the balance of treasury investments shall only increase by (a) the amount of accrued interest and (b) additional treasury investments of up to the maximum annual amount of Eur (000) 2,500.0, and shall decrease by the amount of dividends paid by SAG Gest and received by the IAMC Lda. and SGC Investimentos Shareholders;
- ii. From 2019 onwards, and until the end of 2021, the balance of treasury investments shall only increase by the amount of accrued interest and shall decrease by the amount of dividends paid by SAG Gest and received by the IAMC Lda. and SGC Investimentos Shareholders, less a maximum annual amount of Eur (000) 2,500.0;
- iii. From 2022 onwards, the amount of the treasury investments will only increase by the amount of accrued interest and shall decrease by the amount of dividends paid by SAG Gest and received by the IAMC Lda. and SGC Investimentos Shareholders, less a maximum annual amount of Eur (000) 1,500.0;
- iv. After the same date, and provided that the Supplementary Capital Payments performed by the Principal SA Shareholder have been fully reimbursed, reimbursement of the balance of treasury investments may be further reduced by the amounts required to finance the amount of the difference between (a) the proceeds received by the Principal SA Shareholder in respect of the sale of its investment in the Unidas S/A Affiliate, and (b) the outstanding amount of the loan borrowed by the Principal SA Shareholder to fund the acquisition of the shares of Unidas SA Affiliate, in the amount of Eur(000) 100,500.0.

As mentioned above, these commitments are suspended as a result of the signing of the Extrajudicial Recovery Agreement of SAG Gest.

1. Ownership

Ownership by the IAMC Lda. Shareholder of, at least, 50.1% of the Registered Share Capital and voting rights of SAG Gest.

Maintenance, by Dr. João Manuel de Quevedo Pereira Coutinho, of the 99.8% stake in the Share Capital and voting rights of the IAMC Lda. Shareholder.

2. Other

Maintenance of Import Agreements for the Volkswagen, Audi and Škoda Brands by the SIVA Subsidiary.

Negative Pledge – inability to sell or encumber assets without prior consent from the creditor Financial Institutions

Cross Default – any default situation by SAG Gest in any of its financial agreements represents an event of default in all its remaining financial agreements.

Inability to Merge or Divide without prior consent from creditor Financial Institutions.

19. CREDITORS AND OTHER LIABILITIES

Accounts Payable are as follows:

<u>Accounts Payable</u>	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Current Accounts Payable		
Trade Suppliers		
Trade Suppliers	238.8	58.8
Sub-Total Suppliers (Current Accounts Payable)	238.8	58.8
Other Creditors		
Other Creditors	0.1	0.1
Sub-Total Other Creditors	0.1	0.1
Related Parties		
Shareholders - Short-Term Treasury Operations	248,773.4	239,033.0
Interest	808.2	748.5
Current Account	441.6	26.9
Sub-Total Related Parties	250,023.2	239,808.4
Reclassification of Liabilities associated with Assets held for sale	(249,427.9)	0.0
Sub-Total Related Parties	595.3	239,808.4
Accrued Expenses		
Lawyers	175.0	0.0
Wages and salaries	108.8	231.3
Interest	25.0	95.3
Auditing	8.4	16.8
Other Accrued Expenses	0.2	0.1
Sub-Total Accrued Expenses	317.3	343.5
Total Current Accounts Payable	1,151.6	240,210.8

Terms and conditions applied to Related Party transactions are disclosed in Note 21 – Related Party Disclosures.

20. INCOME TAX AND OTHER TAXES

The creditor balances of Income Tax and Other Taxes payable are as follows:

<u>Taxes - Other Than Income Tax</u>	<u>31-Dec-18</u>	<u>31-Dec-17</u>
Withholding Tax	30.4	49.9
Social Security Contributions	25.1	44.5
Value Added Tax	0.0	28.2
Total Taxes - Other Than Income Tax	55.5	122.7

21. RELATED PARTY DISCLOSURES

For the purpose of presenting the Separate Financial Statements, all Entities between which there is the ability to control (that is, that are exposed, or entitled to variable income and have the capacity to influence such income between themselves), or to have a significant influence on financial and operational decision-making shall be deemed as Related Parties.

The remuneration and benefits of the Statutory Bodies are disclosed in the Corporate Governance Report.

Balances and transactions with Related Parties are indicated in the following table.

2018															
Related Parties	STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME				STATEMENT OF THE FINANCIAL POSITION										
	Sevices Rendered	Financial Income	Services Purchased	Finacial Expenses	Shareholders - Assets	Shareholders - Interest receivable	Accrued Income	Imparities Related Parties	Trade Customers	Other Debtors	Trade Suppliers	Other Creditors	Accrued Expenses	Shareholders - Liabilities	Shareholders - Interest Payable
AA00 - Sociedade de Formação Profissional e Consultoria Técnica, S.A.	0.0	0.0	0.0	47.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1,451.0	4.6
Autoimpor, S.A.	0.0	12,266.6	0.0	0.0	326,976.1	1,063.7	32.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Globalrent - Sociedade Portuguesa de Rent-a-car, Lda.	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
LGA - Logística Automóvel, S.A.	0.0	1,807.8	0.0	2.5	57,000.0	913.4	4.9	0.0	0.0	0.0	0.0	0.0	0.1	585.4	0.0
Loures Automóveis, S.A.	0.0	8.3	0.0	14.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	745.0	3.0
Rolporto - Comércio e Indústria de Automóveis, S.A.	0.0	0.0	0.0	60.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1,675.0	5.8
Rolma - Sociedade de Automóveis, S.A.	0.0	0.0	0.0	23.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	810.0	1.8
SIVA - Sociedade de Importação de Veículos Automóveis, S.A.	0.0	0.0	0.0	9,035.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	23.9	237,677.0	776.0
SIVA Serviços, S.A.	0.0	0.0	78.7	62.6	0.0	0.0	0.0	0.0	0.0	0.0	430.6	0.0	0.1	990.0	3.2
SOAUTO - Comércio de Automóveis S.A.	0.0	0.0	0.0	130.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	4,840.0	13.7
Total	0.0	14,083.1	78.7	9,377.1	383,976.1	1,977.1	37.8	0.0	0.0	0.0	431.7	0.0	25.0	248,773.4	808.2
IAMC Lda	0.0	1,312.4	0.0	1,306.5	141,313.4	0.0	0.0	(141,313.4)	0.0	1,159.7	0.0	0.0	0.0	0.0	0.0
Alfraparque	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0
Principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	721.3	0.0	0.0	0.0	0.0	0.0	0.0

2017															
Related Parties	STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME				STATEMENT OF THE FINANCIAL POSITION										
	Sevices Rendered	Financial Income	Services Purchased	Financial Expenses	Shareholders - Assets	Shareholders - Interest receivable	Accrued Income	Imparities Related Parties	Trade Customers	Other Debtors	Trade Suppliers	Other Creditors	Accrued Expenses	Shareholders - Liabilities	Shareholders - Interest Payable
AA00 - Sociedade de Formação Profissional e Consultoria Técnica, S.A.	86.2	0.0	0.0	28.6	0.0	0.0	0.0	0.0	106.1	0.0	0.0	0.0	0.4	1,206.0	3.5
Autolombos - Sociedade de Automóveis, Lda	0.0	12,126.7	0.0	0.0	312,668.6	970.4	101.1	0.0	0.0	2,270.1	0.0	0.0	0.0	0.0	0.0
Ecometais	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Frotarent - Aluguer de Automóveis, Lda.	160.5	1.6	57.8	0.0	0.0	0.6	0.0	0.0	197.4	0.0	6.7	0.0	0.0	0.0	0.0
Globalrent - Sociedade Portuguesa de Rent-a-car, Lda.	536.6	1,820.7	0.2	7.8	57,000.0	895.0	32.8	0.0	660.1	248.3	0.0	0.0	18.4	1,337.0	0.0
IMOCAR	65.0	1.0	0.0	17.1	925.0	0.4	0.3	0.0	79.9	0.0	0.0	0.0	0.0	0.0	0.0
Inovision - Tecnologias de Informação, S.A.	89.2	0.0	0.0	19.3	0.0	0.0	0.0	0.0	109.8	0.0	0.0	0.0	0.4	1,140.0	4.1
LGA - Logística Automóvel, S.A.	(113.4)	1.5	0.0	8.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	515.0	2.2
Rolporto - Comércio e Indústria de Automóveis, S.A.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Rolma - Sociedade de Automóveis, S.A.	899.6	0.0	0.0	8,986.4	0.0	0.0	0.0	0.0	1,106.5	0.0	0.1	0.0	74.6	230,695.0	722.0
SAG Gest. SGPS	0.0	0.0	197.8	40.2	0.0	0.0	0.0	0.0	0.0	0.0	20.1	0.0	0.0	115.0	1.4
SIVA Serviços, S.A.	150.6	0.0	0.1	81.1	0.0	0.0	0.0	0.0	185.3	0.0	0.0	0.0	1.3	4,025.0	15.3
Total	1,874.4	13,951.5	256.6	9,189.3	370,593.6	1,866.5	134.2	0.0	2,545.0	2,518.4	26.9	0.0	95.3	239,033.0	748.5
IAMC Lda	0.0	1,290.0	0.0	0.0	132,971.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal	0.0	0.0	1,597.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Terms and conditions applicable to transactions performed with Related Parties are the same as those applied to transactions with unrelated third parties, which are identical to normal market practices.

No guarantees were provided in respect of the disclosed balances.

As reported on Note 18 – Bank Loans, the Shareholder IAMC Lda. acts as guarantor in bank loans borrowed by SAG Gest, which at 31 December 2018 were recognized in the amount of Eur (000) 17,594.0. The conditions applicable to the balances with the Shareholder IAMC Lda. are disclosed in Note 18 c) – Banks Loans – Covenants.

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora
Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification number 503 219 886
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22. FINANCIAL ASSETS AND LIABILITIES

On 31 December 2018 and 31 December 2017, as defined by IAS 39 – Financial Instruments: Recognition and Measurement, the book value of each of the categories of Financial Assets and Liabilities was as follows:

31 December 2018	Notes	Assets / liabilities at amortized cost	Assets / liabilities at fair value through profit and loss	Total
Financial Assets				
Accounts Receivable - Related Parties	14	1,881.1	0.0	1,881.1
Accounts Receivable - Other	14	36.2	0.0	36.2
Accrued Income	14	200.6	0.0	200.6
Term Deposits	16	2,146.0	0.0	2,146.0
Cash and Cash Equivalents	16	54.7	0.0	54.7
		4,318.6	0.0	4,318.6
Financial Liabilities				
Bank Loans	18	0.0	72,317.3	72,317.3
Accounts Payable - Trade Suppliers	19	0.0	238.8	238.8
Accounts Payable - Other	19	0.0	0.1	0.1
Accounts Payable - Related Parties	19	0.0	595.3	595.3
Accrued Expenses	19	0.0	317.3	317.3
		0.0	73,468.9	73,468.9
31 December 2017	Notes	Loans and other accounts receivable	Other financial liabilities	Total
Financial Assets				
Accounts Receivable - Related Parties	14	320,877.8	0.0	320,877.8
Accounts Receivable - Related Parties non Current	14	189,971.2	0.0	189,971.2
Accounts Receivable - Other	14	524.1	0.0	524.1
Accrued Income	14	297.0	0.0	297.0
Term Deposits	16	2,146.0	0.0	2,146.0
Cash and Cash Equivalents	16	36.5	0.0	36.5
		513,852.5	0.0	513,852.5
Financial Liabilities				
Bank Loans	18	0.0	71,152.9	71,152.9
Accounts Payable - Trade Suppliers	19	0.0	58.8	58.8
Accounts Payable - Other	19	0.0	0.1	0.1
Accounts Payable - Related Parties	19	0.0	239,808.4	239,808.4
Accrued Expenses	19	0.0	343.5	343.5
		0.0	311,363.7	311,363.7

The amount of each of the categories of Discontinued Financial Assets and Liabilities is as follows:

31 December 2018	Assets / liabilities at amortized cost	Assets / liabilities at fair value through profit and loss	Total
Financial Assets			
Accounts Receivable - Related Parties	82,252.1	0.0	82,252.1
	82,252.1	0.0	82,252.1
Financial Liabilities			
Accounts Payable - Related Parties	0.0	249,427.9	249,427.9
	0.0	249,427.9	249,427.9

23. COMMITMENTS AND CONTINGENCIES

a) Guarantees

- i. SAG Gest's liability in respect of bank guarantees, provided at its request, for the benefit of third parties was Eur (000) 1,026.2, on 31 December 2018 (Eur (000) 1,026.2 at 31 December 2017) as shown below.

Beneficiary	2018	2017
Câmara Municipal de Sintra	26.2	26.2
Atlantsider	1,000.0	1,000.0
	1,026.2	1,026.2

- ii. As disclosed in Notes 18 – Bank Loans and 21 – Related Party Disclosures, the IAMC Lda. Shareholder intervenes as guarantor in bank loans borrowed by SAG Gest which total Eur (000) 17,997.6.
- iii. SAG Gest intervenes as guarantor in Credit Agreements contracted by the SIVA Subsidiary in the total amount of Eur (000) 72,723.7.
- iv. As disclosed in Note 18 - Bank Loans, to guarantee full payment of the liabilities relating to the Loans of Eur (000) 31,200.0 and Eur (000) 17,997.6, first and second pledges respectively were made on all Participation Units representing the Share Capital of Imocar – Real Estate Investment Fund.
- v. Also as disclosed in Note 18 – Bank Loans, to guarantee full payment of the liabilities relating to the Loan of Eur (000) 17,997.6, a first pledge was made on the following securities:
- 64,494 shares, representing 77% of the Registered Share Capital of the Loures Automóveis Subsidiary
 - 1,100,000 shares, representing the entire Registered Share Capital of the Rolporto Subsidiary
 - 30,000 shares, representing 60% of the Registered Share Capital of the Rolvia Subsidiary
 - 5,000,000 shares, representing the entire Registered Share Capital of the SIVA Subsidiary
 - 50,000 shares, representing the entire Registered Share Capital of the Soauto SGPS Subsidiary
 - 444,504 shares, representing the entire Registered Share Capital of the Soauto SA Subsidiary
 - Quota with a nominal value of Eur 100,0 representing 40% of the Registered Share Capital of the Autolombos Affiliate.

- vi. SAG has a Term Deposit of Eur (000) 2,146.0 that is pledged to a Financial Institution to cover the liabilities of the SIVA Subsidiary in relation to Financing Obtained and Bank Guarantees provided in favor of VW AG and Audi AG.

b) Contingencies

- i. The Portuguese Tax Authorities issued additional Corporate Income Tax assessment notes to SAG Gest and other Entities included in the “RETGS”, in respect of Corporate Income Tax and Corporate Income Tax Surtax (“*Derrama*”) for the years 1999 to 2011, for a total 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
Total	4,166.0	Total	4,191.3

Since the relevant Entities disagree with the basis for the issuance of the said additional liquidation notes and reports correcting Taxable Income, they have initiated, within the applicable legal deadlines, legal proceedings against each one of the said notes. For this reason, these contingencies have not been reflected in the Financial Statements as at 31 December 2017.

As disclosed in Note 15 – Income Tax and Other Taxes, and under the special debt settlement regime approved on 31 October 2013, SAG Gest paid the amounts due in respect of the ongoing legal proceedings, and released the Bank Guarantees previously presented in the context of the proceedings, in the amount of Eur (000) 6,327.2. However, the Entities involved maintained their disagreement in respect of the additional tax payments, and therefore the legal proceedings are following their normal course.

During the twelve-month period ended 31 December 2017, no decisions were issued on the above-mentioned proceedings, with the amount remaining unchanged.

Since the basis used by the Portuguese Tax Authorities in issuing said additional Corporate Income Tax assessment notes for the tax years 1999 – 2007 is considerably and materially similar to the one used in a previous assessment note in respect of tax years 1997 and 1998, the Board’s opinion was further supported by the un-appealed decision issued on 09 March 2010 by the Central Administrative Court which was favorable to SAG Gest, in respect of the cancellation of the tax adjustment request for the tax years 1997 and 1998.

In the opinion of the Board of Directors, based on opinions issued by Legal Advisors, there is a good chance that the above legal proceedings will be successful, and therefore no provision has been recognized in respect of this issue.

- ii. As mentioned in Note 15 – Income Tax and Other Taxes, SAG Gest submitted refund requests for reimbursement of Special Advanced Company Income Tax Payments (PEC) carried out in the years 2007, 2008 and 2009, because there was not enough taxable income to allow for the deduction of such amounts in the tax declarations for the years from 2007 to 2014, a total amount of Eur (000) 1,399.5. The detail is as follows:

Year	Amount	Submission Date
2007	696.7	29 August 2012
2008	464.6	14 August 2013
2009	238.2	25 July 2014
Total	1,399.5	

The Tax Authorities rejected these requests for Refund of PEC. SAG Gest, as it disagreed with the grounds presented for this rejection, filed an appeal against this decision.

During the twelve-month period ended 31 December 2018, no decisions were taken on the abovementioned cases, the amount remaining unchanged.

In the opinion of the Board of Directors, based on opinions issued by Legal Advisors, there is a good chance that the above legal proceedings will be successful, and therefore no impairment has been recorded in respect of these amounts.

- iii. Following the agreements entered into when the capital increase operation took place regarding the then Unidas S/A Affiliate, underwritten in full by three Brazilian Investment Funds, on 13 July, 2011, SAG Gest assumed responsibility for existing and previous contingencies on the date of that operation, which would include tax proceedings still under way, as follows:
- On 21 May, 2009, the Brazilian Federal Revenue Service issued infraction notices to the Unidas S/A Affiliate regarding the collection of debts relating to Income Tax on Legal Persons (IRPJ) and Social Contribution On Net Income (CSSLL) regarding, mainly, the deductibility of the amortization of goodwill in the years between 2004 and 2007, at a total updated value of \$R (000) 75,826 on 31 December, 2017 (\$R (000) 68,971 on 31 December 2016).
 - On 11 December, 2014, the Brazilian Federal Revenue Service issued infraction notices to the Unidas S/A Affiliate regarding the collection of debts relating to Income Tax on Legal Persons (IRPJ) and Social Contribution On Net Income (CSSLL) regarding, mainly, the deductibility of the amortization of goodwill and expenses for swap contracts referring to the 2009 financial year, at an updated value of \$R (000) 35,910 on 31 December, 2017 (\$R (000) 32,664 on 31 December 2016).

Since Unidas S/A disagreed with the basis for the issuing of the aforementioned notices, it initiated administrative proceedings within the applicable legal deadlines, appealing against each of these, and is awaiting judgment.

However, in the opinion of the Unidas S/A Board of Administration, based on opinions issued by its Legal Advisers, these are now only categorized as possible loss risks, in the final appeal of the aforementioned proceedings, and as such no provision for this risk has been made in the financial year ending on 31 December, 2017 nor in the twelve-month period ending on 31 December, 2016. On the date of the issuing of Unidas S/A Financial Statements and the preparation of the Consolidated Financial Statements for SAG Gest, the aforementioned administrative proceedings were under way, and their progress has been monitored by the SAG Gest Board of Administration.

In December 2015, SAG Gest transferred its complete shareholding which it held in Unidas S/A to the Principal SA Shareholder. The respective Share Sale and Purchase Agreement establishes that SAG Gest maintains liability for the aforementioned contingencies.

In December 2016 the Brazilian Investment Funds mentioned above transferred a portion of their shareholding, representing 20% of the Share Capital of the Unidas S/A Affiliate, to Enterprise Holdings International, having as a consequence granted to that Entity the same proportion of any rights of return over SAG Gest with regard to these contingencies.

In December 2017, the aforementioned Brazilian Investment Funds and Unidas S/A waived their rights of return over SAG Gest with regard to the contingencies arising from the facts which occurred on a date prior to 2011. These waivers became irrevocable on 9 March 2018.

As a consequence, the liabilities assumed by SAG Gest with regard to contingencies generated by facts which occurred on a date prior to 2011 are the only ones which remain contractually in force and, as was mentioned above, in December 2016 these were transferred to Enterprise Holdings International. This Entity currently holds an indirect shareholding of approximately 11% in Unidas S/A.

- iv. A decision is yet to be known of an Arbitrage Court in Brazil, on a process requested by the selling entity of Unidas Rent-a-Car to SAG Gest in 2001, regarding access to funds deposited in an Escrow account, opened within the scope of the mentioned acquisition. Although we consider that a favorable decision for SAG Gest is expected to materialize, even if the claim is upheld, it will not have an impact on SAG's Equity, since the case in dispute refers to the decision to which entity the Escrow Account balance should revert..

24. ADDITIONAL LEGAL REQUIRED INFORMATION

Pursuant to Article 66-A of the Portuguese Company's Act (*"Código das Sociedades Comerciais"*), it is hereby informed that:

- Besides the transactions described in the Notes herein, as well as in the Management Report, there are no other relevant transactions that are not reflected on the Statement of the Separate Financial Position or described in the Notes herein;
- The total fees paid to the External Auditor and to the Certified Public Accountant during the 2018 financial year was Eur 33,500 (in 2017: Eur 33,500), in respect of the provision of Statutory Audit Services.

25. SUBSEQUENT EVENTS

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 49,000. 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. The Shares were acquired free of any onus, charges and other liabilities, free of any limitations and with all the inherent rights therein.

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 is aimed at the disposal of SAG's automotive business to PHS, as reported in section 2.6 b) Going Concern, was signed on April 30, 2019.

Under the aforementioned agreement, SAG Gest will sell all its shares in Siva Serviços and AA00 to SIVA.

Also under the agreement with Porsche Holdings and the Banks, on 30 April it was submitted to a Court ratification of an Extrajudicial Restructuring Agreement with banks and other creditors, under a special recovery program. In addition, the Board of Directors decided that SAG Gest and the other companies within its consolidated perimeter would adhere to the IAMC's Extrajudicial Restructuring Agreement, submitted on the same date, to waive its credits.

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 Separated Financial Statements of SAG Gest referred to 31 December 2018.

CORPORATE GOVERNANCE REPORT 2018

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora
Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification number 503 219 886
Office: Alfrapark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2
2614-519 Amadora
Tel: 21 359 66 64/
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Warning notice

- Unless otherwise stated or where the result is different from the context, information is provided with reference to the last day of the financial year that the report covers;
- All references to Articles where the relevant legal diploma is not indicated shall be construed as references to the Securities Code.

PART I – MANDATORY INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital structure

- Capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties attached to same and capital percentage represented by each class (Article 245-A/1/a).**

The Share Capital is one hundred and sixty nine million seven hundred and sixty four thousand three hundred and ninety eight Euros, it is fully paid up and divided into one hundred and sixty nine million seven hundred and sixty four thousand three hundred and ninety eight ordinary nominative book-entry shares with a nominal value of one euro each. All the shares are admitted to trading on the Eurolist by NYSE Euronext Lisbon.

Dr. João Pereira Coutinho is the last holder of a qualified stake of 80.08% of the share capital as described in point 7. below, with 10.04% of the share capital distributed among other shareholders (free float) and 9.88% in a treasury stock portfolio.

- Restrictions on transfer of shares, such as clauses on consent for disposal, or limitations on ownership of shares (Article 245-A/1/b)).**

There are no statutory clauses regarding restrictions to the transferability of shares, such as clauses of consent regarding the selling of shares, nor limitations to ownership of shares.

- Number of treasury stock, corresponding percentage in the share capital and percentage of voting rights attributable to treasury stock (Article 245-A/1/a)).**

On 31 December 2018, the Company directly owned 16,760,815 treasury stock, with the nominal value of EUR 1 each, and also controlled indirectly a further 5,100 shares held by Affiliate Rolporto, as well as 5,100 shares held by affiliate Loures Automóveis, all with a nominal value of EUR 1 each.

The portfolio of treasury stock held directly and indirectly corresponded to 9.88% of the share capital and voting rights.

- Important agreements which the Company is party to and that come into force, are amend or terminated in cases such as a change in company control after a takeover bid, as well as the related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and except when the Company is specifically obliged to disclose said information by virtue of other legal requirements (Article 245-A/1/j)).**

On 31 December 2018, there were loans engaged in the amount of Eur 122.596,392, which can be deemed due by the relevant creditors with the consequent obligation of early repayment of the used funds, should there be any change in the Company's shareholding control which is understood to mean (i) holding, directly or indirectly, stakes (holdings or stock) representing more than 50% (fifty per cent) of the controlled entity's share capital or a majority of the voting rights of the controlled entity, or (ii) the right to elect or appoint the majority of the members of the executive/administration body of the controlled entity, or (iii) any other manner of exercising a dominant influence by one entity over another, or in the event of Dr. João Manuel de Quevedo Pereira Coutinho no longer holding, directly or indirectly, a holding representing 99.8% in the share capital of SGC SGPS, SA.

No other significant agreement exists of which the Company is party to and that will come into force, be altered or cease should there be changes in the control of the Company.

5. **System which the renewal or revoking of defensive measures is subject to, particularly those providing for the limitation of the number of votes that can be held or exercised by a single shareholder, individually or jointly with other shareholders.**

There are no provisions to prevent the success of takeover bids, nor any defensive measures, statutory or otherwise, the effect of which is the limitation of the number of votes that can be held or exercised by one single shareholder, individually or jointly with other shareholders, in the event of change in the control or in the composition of the management body.

6. **Shareholder agreements that the Company may be aware of and that may restrict the transfer of securities or voting rights (Article 245-A/1/g).**

The Company is not aware of any shareholders agreement.

II.Shareholdings and Bonds held

7. **Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245-A/1/c & /d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.**

Shareholder SGC Investimentos – Sociedade Gestora Participações Sociais, SA (a)	No. of shares	% of registered capital entitled to vote
Directly	17.391.110	10,24%
Total attributable	17.391.110	10,24%

(a) Fully owned (100%) by SGC – SGPS, SA. (presently named IAMC – Investment and Assets Management Consulting, Lda.)

Shareholder SGC - SGPS, SA (presently named IAMC – Investment and Assets Management Consulting, Lda) (b)	No. of shares	% of registered capital entitled to vote
Directly	117.356.371	69,13%
Through SGC Investimentos – Sociedade Gestora de Participações Sociais, SA	17.391.110	10,24%
Total attributable	134.747.481	79,37%

(b) 100% held, directly and indirectly, by Dr. João Manuel de Quevedo Pereira Coutinho

Shareholder João Manuel de Quevedo Pereira Coutinho	No. of shares	% of registered capital entitled to vote
Directly	3.915	0,00%
Through SGC - SGPS, SA, (presently named IAMC – Investment and Assets Management Consulting, Lda) of which he is a director and controlling shareholder	117.356.371	69,13%
Through SGC Investimentos – Sociedade Gestora Participações Sociais, SA, of which he is a director and controlling shareholder	17.391.110	10,24%

Through Principal – Gestão de Activos e Consultoria Administrativa e Financeira, SA, of which he is a director and controlling shareholder	1.200.005	0,71%
Total attributable	135.951.401	80,08%

8. List of the number of shares and bonds held by members of the management and supervisory boards.

Attachment
(Article 447, Number 5 of the Portuguese Company's Act)

SHAREHOLDING POSITION HELD BY MEMBERS OF CORPORATES BODIES

Shareholders	Entities	Number of Shares on 31 December 2018	Number of Shares on 31 December 2017	Transactions during 20187			
				Acquisitions	Disposals	Transaction Date	Unit Average Price
Board of Directors							
João Manuel de Quevedo Pereira Coutinho (1) (2)	SAG Gest	3.915	3.915				
	SGC - SGPS, SA	26.496.000	26.496.000				
Carlos Alexandre Antão Valente Coutinho (3)	SAG Gest		11.484				
Fernando Jorge Cardoso Monteiro (3)	SAG Gest		11.658				
Luís Miguel Dias da Silva Santos (4) (5) (6)	SGC - SGPS, SA		1.000				
Spouses							
Ana Paula da Silva Nunes Valente Coutinho (3)	SAG Gest		100				

(1) João Manuel de Quevedo Pereira Coutinho is Controlling Shareholder and Director of SGC - SGPS, SA, an Entity holding 117,357,371 SAG Gest Shares

(2) João Manuel de Quevedo Pereira Coutinho is Controlling Shareholder and Director of Principal - Gestão de Activos e Consultoria Administrativa e Financeira, SA, na Entity holding 1,200,005 SAG Gest Shares

(3) Carlos Alexandre Antão Valente Coutinho e Fernando Jorge Cardoso Monteiro terminated their functions as Directors of SAG Gest on 30-05-2018 (mandate period 2014-2017)

(4) Luís Miguel Dias da Silva Santos was on 31-12-2017 Director of SGC - SGPS, SA, an Entity holding 117,357,371 SAG Gest Shares, resignating to his functions on 30-04-2018

(5) Luís Miguel Dias da Silva Santos was Director of Principal - Gestão de Activos e Consultoria Administrativa e Financeira, SA, an Entity holding 1,200,005 SAG Gest Shares, until 30-04-2018

(6) Luis Miguel Dias da Silva Santos resigned to his functions as Director of SAG Gest on 30-04-2018

9. Special powers of the managing body, especially as regards resolutions on the capital increase (Article 245-A/1/i)), including as regards such deliberations, the date the powers were assigned, term during which said powers may be exercised, the upper ceiling for the capital increase, the amount already issued pursuant to the assignment of powers and mode of implementing the powers assigned.

The Board of Directors has no statutory powers to deliberate on Capital increases, the latter being exclusively decided by the General Meeting.

10. Information on any significant business relationships between the holders of qualifying holdings and the company.

The Company or any of its affiliates do not significant business relations with holders of qualifying holdings or entities related to the latter under Article 20 of the Securities Code, with the exception of some transactions of no financial significance for any of the parties involved, that are part of the current business activities of such entities. These transactions are duly disclosed in Notes 27 and 38 of the Consolidated Financial Statements.

These transactions are duly disclosed in Note 36 (Related Party Disclosures) in the Notes to the Consolidated Financial Statements.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Board of the General Meeting

11. Name and position of the members of the Board of the General Meeting and respective term of office.

The Board of the General Meeting comprises a Chairman and the Company Secretary, as established on Article 12 of the By-laws.

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora

Registered Share Capital: Eur 169,764,398.00

Registered at the Amadora Registrar of Companies

Single registration and tax identification number 503 219 886

Office: Alfragipark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2

2614-519 Amadora

Tel: 21 359 66 64/

Fax: 21 359 66 74

The current composition of the Board of the General Meeting elected for the 2018-2021 term is the following:

- Chairman - Dr. Nuno de Menezes Rodrigues Pena
 - o *Date of first appointment* – 30 May 2018.
- Company Secretary: Dr.^a. Maria do Carmo Gomes Teixeira
 - o *Date of first appointment* – April 2000.

b) Exercising the right to vote
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- 12. Any restrictions on the right to vote, such as limitations to voting rights depending on the number or percentage of shares held, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f)).**

There are no rules on the By-laws establishing restrictions on the right to vote, such as limitations to voting rights depending on the number or percentage of shares held, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities.

Indeed, any shareholder holding at least one share is entitled to take part in the General Meeting. Each share corresponds to one vote, provided the shareholder advises the Chairman of the Board of the Meeting and the relevant financial intermediary of his/her intention to vote, until 00h00 of the fifth trading day before the General Meeting takes place (this date will be announced in any case in the call to the meeting). The shareholder may do so by email.

Shareholders can be represented at the Meeting and, to do so, they shall send the required representation documents to the Chairman of the General Meeting as established in the relevant call to the General Meeting.

A Shareholder can appoint different representatives regarding the shares held in different securities accounts, without prejudice to the voting unit or to a different vote allowed to Shareholders in a professional capacity.

Shareholders can vote by post as indicated in the call to the meeting on all matters submitted to the General Meeting. The Company provides the form of the ballot paper by post on its website at the same time as the announcement of the General Meeting.

- 13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.**

In accordance with Article 14 of the By-laws of SAG Gest, each share corresponds to a vote, and there are no limitations on the By-laws to the maximum percentage of the voting rights that can be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.

- 14. Details of shareholders' resolutions that, as required by the By-laws, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.**

SAG Gest's By-laws provide specific requirements as regards constitutive / deliberative *quora* for the following situations:

- Article 16 of the By-Laws establishes a constitutive quorum which is larger than the one required by law, i.e., after the first call, the General Meeting shall only function when Shareholders holding shares representing fifty per cent of the Share Capital are present or represented, regardless of the matters included in the agenda.
- Article 17 of the By-laws determines the need of a quorum of two thirds of the votes corresponding to the share capital for the approval of deliberations by the General Meeting regarding Share Capital increases, changes in the By-laws and dissolution.

II. MANAGEMENT AND SUPERVISION

(Board of Directors, Executive Board and the General and Supervisory Board)

a) Composition

15. Details of the corporate governance model adopted.

The governance model adopted by SAG Gest is normally called “the Latin model” of governance, reason why the corporate bodies are the General Meeting, the Board of Directors, the Supervisory Board and the Statutory Auditor.

16. By-law rules on the procedural and material requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, as applicable. (Article 245-A/1/h).

Members of the Board of Directors can be Shareholders or not and are elected by the General Meeting.

One of the Directors can be elected separately as per the terms of points 1 to 5 of Article 392 of the Commercial Companies Act.

In the event of an impediment or definitive absence of any of its Members, the Board of Directors shall choose, within sixty days, to either call a new General Meeting for the election of the missing Member or co-opt a new one. The co-opting shall be subject to confirmation in the subsequent annual General Meeting.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, as applicable, with details of the minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member in accordance with the By-laws.

In accordance with the By-laws, the Board of Directors comprises a Chairman and two to eight voting members elected by the General Meeting. The term of the members of the Board of Directors is four years, and members can be re-elected once or various times.

In the current term (2018-2021), the Board of Directors comprises a Chairman and two voting members.

João Manuel de Quevedo Pereira Coutinho (Chairman)

- *Date of first appointment*

19 March 1998.

- *Date term ends*

31 December 2021.

Esmeralda da Silva Santos Dourado

- *Date of first appointment*

15 December 1999.

- *Date term ends*

31 December 2021.

Pedro Roque de Pinho de Almeida

- *Date of first appointment*

31 March 2006.

- *Date term ends*

31 December 2021.

18. Distinction between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board.

Board of Directors

Chairman

João Manuel de Quevedo Pereira Coutinho (Executive Member)

Voting Members

Esmeralda da Silva Santos Dourado (non-executive, non-independent member)

Pedro Roque de Pinho de Almeida (executive member – Managing Director)

19. Professional qualifications and, as applicable, other relevant curricular information on each member of the Board of Directors, the General and Supervisory Board and the Executive Board.

João Manuel de Quevedo Pereira Coutinho

- *Professional qualifications*

Degree in Business Organization and Management.

- *Professional activities conducted in the last 5 years*

Business activity and administration and management of various Subsidiaries and Affiliates of SAG Gest and of the SGC – SGPS Shareholders.

Esmeralda da Silva Santos Dourado

- *Professional qualifications*

Degree in Industrial Chemistry Engineering.

- *Professional activities conducted in the last 5 years*

Administration and management of various Subsidiaries and Affiliates of SAG Gest and of other Entities not related to SAG Gest.

Administration and management of various Subsidiaries and Affiliates of SAG Gest and of another Entity not related to SAG Gest.

Pedro Roque de Pinho de Almeida

- *Professional qualifications*

Degree in Mechanical Engineering. MBA in Marketing.

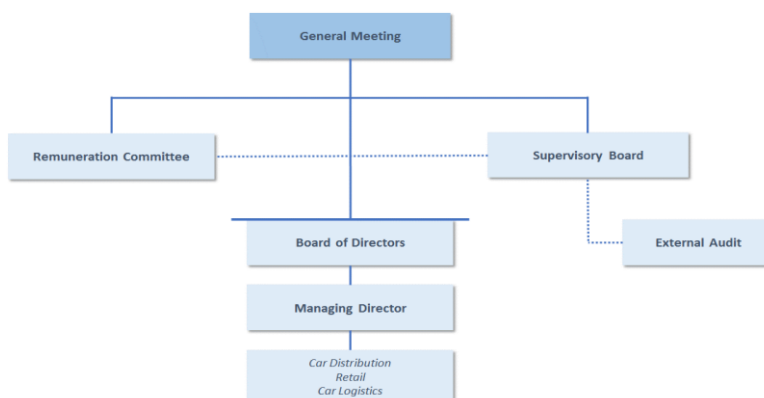
- *Professional activities conducted in the last 5 years*

Administration and management of various Subsidiaries and Affiliates of SAG Gest.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, as applicable, with shareholders with assignable qualifying holdings greater than 2% of the voting rights.

Apart from professional relations resulting from the performance of the duties of each member of corporate bodies as reported in Appendix I, there are no significant commercial relations with shareholders having qualifying holdings of more than 2%.

21. Organizational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.



The current Board of Directors comprises the Chairman of the Board and two Members, among which one Non-Executive Directors with no executive functions who monitor, supervise and assess the activity of the Directors who have day-to-day management functions.

The Board of Directors is focused on the definition and revision of the strategy and policy regarding management, monitoring and control of the Group's performance, ensuring that the interests of Shareholders, Clients and Employees are protected, including among others, the following tasks, (i) approval of the Group's Strategic Plan, which includes the main guidelines for the development of the business in the various areas and quantification of growth and global profitability targets by business areas, as well as the main activities to be conducted in order to achieve the said targets; (ii) approval of operation and corporate investment plans for the Company and its Affiliates, as well as of the financial plan duly validated by the Executive Committee, (iii) monthly monitoring of the Group's financial performance, (iv) follow-up of ongoing projects and (v) approval of the acquisition or divestment from actual or financial non-operational assets.

The Board of Directors is required to have an ordinary meeting at least once every two months and whenever it is required to deliberate on a specific matter.

Bearing in mind the current positioning of the Group's activities which, in Portugal, are focused on the Automotive Distribution, Retail and Logistics areas, a corporate governance model was adopted to be in force during the term of the Board of Directors elected by the General Meeting for the 2018-2021 4-year period, under which a Managing Director was appointed who have day-to-day managerial powers, to the areas of Automotive Distribution, Retail and Logistics as described in the organizational chart.

b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed.

The Board has adopted internal rules that can be viewed on SAG Gest's site – www.sag.pt.

23. Number of meetings held and attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, as applicable.

During 2017, the Board of Directors convened a total of 21 times for ordinary and extraordinary meetings.

The table below shows the attendance of each member of the Board of Directors:

NAME	Attendance
DR. JOÃO PEREIRA COUTINHO	100%
DR. CARLOS COUTINHO (1)	82,35%
ENG ^a . ESMERALDA DOURADO	94,12%
DR. FERNANDO MONTEIRO (1)	100%
DR. JOSÉ VOZONE (1)	100,00%
DR. LUIS SILVA SANTOS (2)	76,47%
ENG. PEDRO ALMEIDA	100,00%

(1) Termination of duties by term of office, at 30.05.2018
(2) Resignement on 31.03.2018

24. Indication of the Corporate Boards responsible for assessing the performance of Executive Members.

Evaluation of the performance of Executive Directors is conducted by the Director Performance Evaluation Committee.

25. Pre-established criteria for assessing the performance of executive directors

Criteria adopted to evaluate the performance of Executive Director(s) are general criteria and are described in the remunerations policy approved by the General Assembly, and there are no pre-determined criteria on this matter.

26. Availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, as applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

The functions carried out by the Members of the Board of Directors in other Companies are reported in Appendix I to this Report.

Each member of the Board of Directors has adequately shown as regards his/her functions, availability to perform the same, and attended regularly the meetings of the relevant body and took part in the proceedings, as shown by attendance of the meetings of the Board of Directors.

Managing Directors perform their business with maximum availability to fulfill their function and pursue Company and Group interests.

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, as applicable, and place where the rules on the functioning thereof are available.

There is an internal committee to assess the company's structure and governance, the Structural and Corporate Governance Assessment Committee. Such committee was composed during 2018 by three members, Non-executive Director, Eng^a. Esmeralda da Silva Santos Dourado, Eng. Pedro Roque de Pinho de Almeida, and Company Secretary, Dr. Maria do Carmo Teixeira.

This committee has adopted internal rules that can be viewed on SAG Gest's site – www.sag.pt.

28. Composition of the Executive Board and/or details of the Managing Director(s), as applicable.

The appointed Managing Directors is as follows:

- Eng^o. Pedro Roque de Pinho de Almeida

29. Description of the powers of each of the committees established and summary of activities undertaken in exercising said powers.

The Corporate Governance and Structure Assessment Committee is responsible for ensuring that the Group complies with legal, regulatory and other regulations as regards corporate governance and monitoring of the adequacy of the model and governance rules adopted by the Group; for monitoring the preparation of the Management Report and giving an opinion on chapters pertaining to corporate governance; for monitoring compliance with the Code of Conduct and proposing measures that it considers to be adequate to ongoing updating and renewal, and for controlling effective compliance by all Grupo SAG Companies; for proposing to the Board of Directors initiatives and proposals that it deems adequate for the achievement of its targets.

III. SUPERVISION

(Supervisory Board, the Audit Committee or the General and Supervisory Board)

a) Composition

30. Details of the Supervisory Body corresponding to the model adopted.

SAG Gest's supervising body is the Supervisory Board.

Reviewing of the Company's accounts shall be done by an Auditor or an Auditing Firm to be appointed each year by the General Meeting following a proposal by the Supervisory Board.

31. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, as applicable, with details of the minimum and maximum number of members established in the By-laws, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member and reference to the section of the report where said information is already included pursuant to paragraph 17.

The Supervisory Board comprises three permanent members and an alternate member, elected by the General Meeting. The term of the members of the Supervisory Board is four years, and members can be re-elected once or various times.

Chairman **João José Martins da Fonseca George**

- *Date of first appointment*
31 March 2007.
- *Date term ends*
31 December 2018.

Voting

Members **Duarte Manuel da Palma Leal Garcia**

- *Date of first appointment*
31 March 2007.
- *Date term ends*
31 December 2018.

Martinho Lobo de Almeida Melo de Castro

- *Date of first appointment*
31 March 2007.
- *Date term ends*
31 December 2018.

Alternate

Member **António Marques**

○ *Date of first appointment*

31 March 2007

○ *Date term ends*

31 December 2018

32. Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, as applicable, which are considered to be independent pursuant to Article 414/5 CSC and reference to the section of the report where said information already appears pursuant to paragraph 18.

Chairman João José Martins da Fonseca George (a)

Voting Members Duarte Manuel Palma Leal Garcia (a)

Martinho Lobo de Almeida Melo de Castro (a)

(a) Fulfills the independence criterion provided for in para. 5 of Article 414 of the Commercial Companies Act (CSC).

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, as applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 19.

João José Martins da Fonseca George

- *Professional qualifications*
Degree in Management
- *Professional activities conducted in the last 5 years*
Administration and management of various Entities.

Duarte Manuel da Palma Leal Garcia

- *Professional qualifications*
Mechanical Engineering at IST (not completed).
- *Professional activities conducted in the last 5 years*
Administration and management of various Entities.

Martinho Lobo de Almeida Melo de Castro

- *Professional qualifications*
Degree in Management
- *Professional activities conducted in the last 5 years*
Administration and management of various Entities.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 22.

The Supervisory Board has adopted internal rules that can be viewed on SAG Gest's site – www.sag.pt.

35. Number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 23.

During 2018, the Supervisory Board met ten times, with 100% attendance of its members in the meetings held.

36. **Availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, as applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26.**

In 2018, members of the Supervisory Board showed total availability as required for the performance of their duties.

The functions carried out by the Members of the Supervisory Board in other Companies are reported in Appendix II to this Report. Members of the Supervisory Board do not have other functions in Group Companies.

c) Powers and duties

37. **Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.**

In accordance with Article 420, 2d) of the Company Code and Article 77, para. 10 of Law 140/2015 dated 7 September, the possibility of hiring services other than auditing, either domestically or abroad, by the External Auditor or entities that are part of the same network, is subject to prior permission being granted by the Supervisory Board.

The Audit Board assesses possible restrictions as defined in Article 77, para. 8 of Law 140/2015, dated 7 September and, in particular, the risk of self-review due to the auditor's involvement in the preparation of accounting records or financial statements of the audited entity, as well as the risk as regards independence of the statutory auditor.

During the financial year 2018, the Audit Board authorized the provision of services by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. to Affiliate SIVA – Sociedade de Importação de Veículos Automóveis, S.A. (“SIVA S.A.”) relating to:

- a) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 December 2017;
- b) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 January 2018;
- c) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- d) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- e) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- f) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in

30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

g) Checking of received values list concerning sold vehicles prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

h) Checking of received values list concerning sold vehicles prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

i) Checking of sold vehicles list of SIVA – Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet – Comércio de Automóveis, S.A. prepared by SIVA, SA in order to confirm the vehicles inventory value the context of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

j) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA;

k) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda.;

l) List validation prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA with the total received amount of factory sales support and warranties, according to the SIVA, SA. account bank statement nr. 45513545377 of Banco Millennium BCP, between 27 December 2017 and 30 June 2018 in order to confirm near the banking syndicate, constituted by Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, of the the total received amount of factory sales support and warranties in that period;

m) Checking of the listing of motor vehicles on the date of 2 July 2018 of SIVA - Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet - Comércio de Automóveis, SA, prepared by SIVA, SA, for the purposes of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

38. Other duties of the supervisory body and, as appropriate, the Financial Matters Committee.

Without prejudice to other competences assigned to it by the law, in accordance to the internal rules of the Supervisory Board it shall:

- Supervise the management of the company;
- Ensure compliance with legislation and the memorandum of association;
- Check that ledgers, accounts records and supporting documents are in order;
- Verify, whenever it deems such action convenient and by the means it considers appropriate, the extension of the cash flow and inventories of any kind of goods or values belonging to the company or received by the company as security, deposit or otherwise;
- Verify the accuracy of financial statements;
- Verify whether accounting policies and value metrical criteria adopted by the Company lead to a correct evaluation of its assets and results;
- Draw up an annual report on the supervising activity mentioning possible constraints, and issue an opinion on the annual report, accounts and proposals presented by management;

- Convene the General Meeting should the Chairman of the General Meeting fail to do so;
- Supervise the effectiveness of the risk management system, the internal control system and the internal audit system, if these exist;
- Receive any communication of irregularities from shareholders, company employees or others;
- Contract the services of experts to assist one or more of its members in performing their functions. The hiring and remuneration of experts must consider the importance of the matters committed to their attention and the economic situation of the company;
- Supervising the process of preparing and disclosing financial information;
- Propose the appointment of the statutory auditor to the general meeting;
- Supervise the audit of the company's financial statements;
- Supervise the independence of the statutory auditor, in particular regarding the provision of additional services;
- Propose the appointment of the external auditor, its remuneration, ensure that adequate conditions for the performance of the relevant services are provided, and be the first recipient of the reports;
- Annually evaluate the external auditor and propose its removal from office to the General Meeting whenever just cause exists;
- Give prior opinion on significant business transactions conducted on the one hand by holders of Qualifying Stakes or entities in any relation with them as per Article 20 of the Securities Code and, on the other, by the Company or any other company in a dominant or group relationship;
- Supervise the independence of the statutory auditor, in particular regarding the provision of additional services;
- Comply with all other duties established in law or in the memorandum of association.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents same.

The Statutory Auditor is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (Audit Firm no. 183), registered under no. 20161485 at CMVM (Portuguese Securities Commission), represented by its auditor partner Dr. José Miguel Dantas Maio Marques (CPA no.1271).

40. Number of years that the statutory auditor consecutively carries out duties with the company and/or group.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. has provided external auditing services to SAG GEST since 2016.

41. Description of other services provided by the statutory auditor to the company.

In the 2018 Financial Year, the CPA provided other services to the Company other than the statutory audit, namely the provision of services to Affiliate SIVA – Sociedade de Importação de Veículos Automóveis, S.A. ("SIVA, S.A.") relating to:

- a) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 December 2017;
- b) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 January 2018;
- c) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in

order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

- d) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- e) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- f) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- g) Checking of received values list concerning sold vehicles prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- h) Checking of received values list concerning sold vehicles prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- i) Checking of sold vehicles list of SIVA – Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet – Comércio de Automóveis, S.A. prepared by SIVA, SA in order to confirm the vehicles inventory value the context of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- j) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA;
- k) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda.;
- l) List validation prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA with the total received amount of factory sales support and warranties, according to the SIVA, SA. account bank statement nr. 45513545377 of Banco Millennium BCP, between 27 December 2017 and 30 June 2018 in order to confirm near the banking syndicate, constituted by Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, of the the total received amount of factory sales support and warranties in that period;

- m) Checking of the listing of motor vehicles on the date of 2 July 2018 of SIVA - Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet - Comércio de Automóveis, SA, prepared by SIVA, SA, for the purposes of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

V. EXTERNAL AUDITOR

- 42. Details of the external auditor appointed in accordance with Article 8 and the chartered public accountant partner that represents same in carrying out these duties, and the respective registration number at the CMVM.**

The Statutory Auditor is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (Audit Firm no. 183), registered under no. 20161485 at CMVM (Portuguese Securities Commission), represented by its auditor partner Dr. José Miguel Dantas Maio Marques (CPA no.1271).

- 43. Number of years that the external auditor and respective partner that represents same in carrying out these duties have consecutively carried out duties with the company and/or group.**

Ernst & Young Audit & Associados - SROC, SA provides external auditing services to SAG GEST under one-year service contracts since 1998, and in 2009 a new partner was appointed who is responsible for the legal certification of SAG Gest's accounts.

Pricewaterhouse Coopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. and the relevant auditor partner who represents it have performed duties since 2016.

- 44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.**

Following changes introduced by Law no. 140/2015, dated 7 September, and since Ernst & Young Audit & Associados - SROC, SA already provided auditing services to SAG GEST since 1998, although the Partner in charge of the legal review of SAG Gest's accounts was replaced during that period, a consultation was made for the selection of a new audit firm, and it was decided at the General Shareholders meeting on 27 May 2016 to appoint Pricewaterhouse Coopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. to provide auditing services in the 2016 and 2017 fiscal years, hereafter reconducted in the exercise of 2018.

- 45. Details of the Board responsible for assessing the external auditor and frequency according to which the said assessment is carried out.**

The External Auditor is assessed annually by the Supervisory Board.

- 46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and indication of the internal procedures for approving the recruitment of such services and statement on the reasons for said recruitment.**

In the 2018 Fiscal Year, the CPA provided other services to the Company other than the statutory audit, namely the provision of services to Affiliate companies relating to.:

- a) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 December 2017;
- b) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 January 2018;
- c) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

- d) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- e) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- f) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- g) Checking of received values list concerning sold vehicles prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- h) Checking of received values list concerning sold vehicles prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- i) Checking of sold vehicles list of SIVA – Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet – Comércio de Automóveis, S.A. prepared by SIVA, SA in order to confirm the vehicles inventory value the context of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- j) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA;
- k) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda.;
- l) List validation prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA with the total received amount of factory sales support and warranties, according to the SIVA, SA. account bank statement nr. 45513545377 of Banco Millennium BCP, between 27 December 2017 and 30 June 2018 in order to confirm near the banking syndicate, constituted by Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, of the the total received amount of factory sales support and warranties in that period;
- m) Checking of the listing of motor vehicles on the date of 2 July 2018 of SIVA - Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet - Comércio de Automóveis, SA, prepared by SIVA, SA, for the purposes of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

The contracting of the above mentioned services was approved by the Audit Board, through the emission of a favorable opinion, considering that the services to be provided mainly consist in the review of information prepared by the internal services of SIVA, SA, not involving the direct or indirect provision of non-prohibited services as defined in para.8, article 77 of the Law nr. 140/2015, of 7 September, and

that the said provisions of services did not adversely affect the independence of the audit services provided or to be provided by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. to SAG Gest – Soluções Automóvel Globais, SGPS, S.A. and to SIVA, S.A., SIVA DEFLEET – Comércio de Automóveis, SA and Globalrent – Sociedade Portuguesa de Rent – a Car, Unipessoal, Lda. bearing in mind the regulatory provisions in force.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May):

Description	By the Company		By entities that are part of the group		Total	
	Amount in Euros	% of the total	Amount in Euros	% of the total	Amount in Euros	% of the total
Amount for the statutory auditing services	33.500	100%	156.000	77%	189.500	81%
Amount for audit reliability services	0	0	45.800	23%	45.800	19%
Amount for tax consulting services	0	0	0	0	0	0
Amount for other non-statutory auditing services	0	0	0	0	0	0
Total	33.500	100%	201.800	100%	235.300	100%

I. By-laws

48. Rules applying to the amendment of the company's by-laws (Article 245-A/1/h).

Deliberations involving amendments to the Company by-laws, including Capital Increases, require a two third majority of votes corresponding to the Share Capital.

II. Reporting irregularities

49. Means of reporting and policy on the reporting of irregularities in the company.

In line with CMVM's Recommendations, SAG GEST has established a policy for divulging irregular practices allegedly occurred within the Group as a means for early detection of eventual irregular practices, which will contribute to the prevention of the occurrence of damaging and harmful situations both for the Group and its Employees, as well as for the Shareholders.

Under this policy, Employees are given the possibility to report any knowledge about the practice of irregularities to their direct managers or hierarchical superiors who, in turn, must report them at once to the Supervisory Body, or through a specific address or e-mail for reception of reports about irregularities, in case the same are to be kept confidential, although identification of the informer is required for accountability purposes. SAG GEST's Supervisory Body is responsible for receiving the disclosures that have been made and for monitoring the practical application of the irregularity disclosure policy, ensuring the vigilance and control function for a thorough establishment of the alleged reported irregularities.

Once a report on an irregularity has been received, Grupo SAG's Structure Evaluation and Corporate Governance Committee will investigate and issue an opinion which will then be sent to SAG GEST's Supervisory Board and to the Board of Directors of the Affiliate where the irregularity took place, for adequate action. The ensuing decision will be announced simultaneously to SAG GEST's Supervisory Body and to Grupo SAG's Structure Evaluation and Corporate Governance Committee.

III. Internal control and risk management

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

Head Office: Estrada de Alfragide, nº 67 Amadora
Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification number 503 219 886
Office: Alfragipark – Estrada de Alfragide, nº 67, Edifício SGC – Piso 2
2614-519 Amadora
Tel: 21 359 66 64/
Fax: 21 359 66 74

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Company's management and supervisory bodies attribute great importance to the internal control and risk management systems impacting Group company activities, bearing in mind the nature of the business conducted by the same and the complexity of related risks.

SAG GEST's Board of Directors is responsible for setting goals in terms of risk-taking and also for implementing and monitoring an adequate internal control and risk management process and for ensuring its effectiveness. To that effect, functional and technological conditions have been promoted to enable an adequate control of the business risks, namely through the preparation and publishing of standards defining internal control procedures to be adopted by all Group Companies when conducting transactions of operational nature which, apart from ensuring adequate safeguarding of the Group's assets also establish the requirement to obtain the necessary prior authorization and approval from the appropriate hierarchical and functional levels. These procedures are periodically issued and updated in writing.

In addition, about risk management, the Group published and regularly updates Manuals establishing principles and procedures to be adopted in respect of the main risks linked to the Group's business activity, of which the Credit Risk Manual is an example.

The external auditor verifies the effectiveness and the functioning of internal control mechanisms under its legal certification of the accounts and reports any significant flaws to the Supervisory Board.

51. Details, albeit by inclusion in the organizational chart, of hierarchical and/or functional dependency relationships vis-à-vis other boards or committees of the company.

Within its supervisory competences, the Supervisory Board has access to report prepared as regards identification, potential conflicts of interest and detection of potential irregularities.

52. Existence of other functional areas responsible for risk control.

The Financial Area is responsible to the Board of Directors and Supervisory Board for the implementation of the internal control and financial risk management procedures (liquidity risks, credit risks, exchange rate exposures risks), and the monitoring of the operational risks is the responsibility of the functional areas.

53. Identification and description of the main types of risks (economic, financial and legal) to which the Company is exposed during the course of its business activities.

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. As we have been stating throughout 2018, negotiations have been maintained with potential investors, with various entities of the VW Group and with Financial Institutions, with the aim of seeking a solution for the structure of capital and financial liabilities on solid and lasting foundations.

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.

Legal Risks

Legal risk is managed by the legal counsel of the Company and of each of the Group's business area reporting to Management and carrying out their work in such a way as to ensure the protection of the Company's interests as well as its Stakeholders', in compliance with their legal obligations.

Legal and tax consultancy is further ensured, both on the national and international level, by external experts selected among reputable companies and in accordance with criteria of competence, ethics and experience.

During the financial year 2018, without prejudice of the contingencies reported in the Note 42. (Commitments and Contingencies) of the Notes to the Consolidated Financial Statements of 2018, no relevant legal risks were identified.

54. Description of the procedure for risk identification, assessment, monitoring, control and management.

SAG GEST's Board of Directors is responsible for implementing and monitoring an adequate internal control and risk management process and for ensuring its effectiveness. With that in mind, the functional and technological conditions required for adequate control of the business have been promoted.

The Supervisory Board has promoted the assessment of the Company's internal control and risk management systems and reviewed possible adjustments of the same to the Company's needs.

55. Description of the internal control and risk management systems within the company, namely as regards the financial information disclosure system (Article 245-A/1/m)).

SAG GEST has implemented internal control and risk management systems enabling the prevention and detection of relevant risks to which SAG Gest's business is exposed and which are based on structural units that are responsible for the monitoring and control of those same risks.

Therefore, the ALCO Committee (Assets and Liabilities Committee), whose attributions include monitoring and controlling liquidity risks, exchange risks, interest rate variation exposure risks and credit risk, is responsible for the definition and control of policies on the management of financial risk factors which could cause a decrease in the Company's equity.

As concerns disclosure of financial information, the Company pursues frequent communication with all the relevant stakeholders in accordance with principles of accuracy, reliability and transparency.

Financial information is published every quarter, and usually comprises:

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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Registered Share Capital: Eur 169,764,398.00
Registered at the Amadora Registrar of Companies
Single registration and tax identification 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

- Financial Statements (Statement of the Financial Position, Profit and Loss Account and Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and relevant Notes), with comments on the progress of business during the relevant period, with reference to the three and nine month periods ended, respectively, on 31 March and 30 September of each year.
- Financial Statements (Consolidated and Separate Statement of the Financial Position, Profit and Loss Account and Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and relevant Notes), with the Management Reports on the progress of business during the relevant period, with reference to the six and twelve month periods ended, respectively, on 30 June and 31 December of each year.

To that effect:

1. Financial information is prepared in strict compliance with the generally accepted accounting principles as defined in the International Financial Reporting Standards (IAS / IFRS) adopted by the European Union.
2. Prior to its disclosure, the financial information as at reporting date is checked for its accuracy, correction and compliance with principles indicated in 1. above. This inspection is conducted effectively by the competent Supervisory Bodies – the Supervisory Board and, when required to do so (namely as regards the annual reporting), the Auditing Company (External Auditor).
3. The Board of Directors formally approves the information to be disclosed.
4. Public disclosure of the financial information is made in full compliance with all the applicable legal and regulatory norms, by the following order:
 - a. CMVM's Information Disclosure System (www.cmvm.pt)
 - b. Company's corporate website (www.sag.pt)
 - c. Thomson Reuters information dissemination system
 - d. Media, Analysts and other corporate Business Partners

IV. Investor relations

56. Department responsible for investor relations, composition, functions, information made available by said department and contact details.

The Company has an Investor Relations Office which is coordinated by the Investor Relations Representative and which includes the Company Secretary and an administrative assistant. The Investor Support Office centralizes all questions asked by Shareholders and market agents, ensuring the divulgation of information to Shareholders and to the market in general under equal terms, and liaising with the Regulatory Authority.

Hence, all information regarding the operational and financial performance of Group Affiliates is provided to the investor community through the Investor Relations Office.

Likewise, all Company corporate communication with the media is made through the Investor Relations Office.

Contacts: Telephone +351 21 359 66 64

Fax +351 21 359 66 74

E-mail investor.relations@sag.pt

57. Investor Relations Officer

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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 Single registration and tax identification 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

Investor Relations Officer – Dr. João Pedro Saraiva

- 58. Details on the extent and deadline for replying to requests for information received throughout the year or pending from preceding years.**

As regards questions presented to the Investor Relations Officer, both by email or by phone, the Investor Relations Office had in 2018 five requests for information.

At the end of 2018, there were no pending information requests.

The Company maintains updated records of all requests for information, as well as of their processing.

V. Website

- 59. Address(es).**

A web page is available in Portuguese and English containing information on the Company. It can be accessed via the following address: www.sag.pt

- 60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.**

In the Company's website, under the "About SAG" tab, the tab "Legal Statement" provides information about the Company, as well as about the public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code.

- 61. Place where the by-laws and regulations on the functioning of the bodies and/or committees are.**

In the Company's website, under the "About SAG" tab, the tab "Corporate Governance" contains information about the by-laws and regulations on the functioning of Company bodies and/or committees.

- 62. Place where information is available on the names of corporate board members, the Investor Relations Officer, the Investor Support Office or comparable structure, respective functions and contact details.**

In the Company's website, under the "About SAG" tab, the tab "Corporate Bodies" provides information about the names of corporate body members and the Investor Relations Officer, and the tab "Investor Support Bureau" contains information on the Investor Support Bureau, respective functions and contact details.

- 63. Place where documents relating to financial accounts reporting are available, which should be accessible for at least five years, as well as the half-yearly calendar on company events that is published at the beginning of each six month period, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.**

In the Company's website, under the "Investor" tab, the tab "Financial Reports" provides documents on accounts reporting. These remain available for five years. Still within the «Investor» tab, there is a tab called «Events Calendar» with information pertaining to the half-yearly calendar of company events.

- 64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.**

In the Company's website, under the "Investor" tab, the tab "Financial General Meeting" contains the call to the general meeting, together with all the related prior and subsequent information.

- 65. Existence of a historical record on the Company's website containing the resolutions passed at the company's General Meetings, Share Capital and voting results referring to the previous three years.**

In the Company's website, under the "Investor" tab, the tab "General Meeting" contains the historical record of deliberations made at the Company's general meetings, as well as information on the share capital represented and voting results, at least for the previous three years.

D. REMUNERATIONS

I. Power to determine

- 66. Details of the powers to determine the remuneration of corporate boards, members of the executive committee or board delegates and directors of the company.**

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According to the By-laws, the remuneration of members of the corporate boards will be determined by a Remuneration Committee.

II. Remuneration committee

67. **Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.**

The current Salaries Committee which was elected by the General Meeting for the 2015-2018 four-year period, comprises the following members:

- Dr. Lopo Roque de Pinho Cancellia de Abreu
- Dr. Luis de Magalhães Reynolds de Abreu Coutinho
- Dr. João Francisco de Freitas Cruz Caldeira

All the members of this Committee consider themselves independent. Neither the Members of this Committee, nor their spouses, relatives up to three times removed, inclusively, hold positions in the Management Boards of SAG GEST or its Affiliates.

No consultancy company was hired to provide support to the Remuneration Committee.

68. **Knowledge and experience of members of the Remuneration Committee in remuneration policy matters.**

Members of the Salaries Committee are highly experienced individuals in corporate life and practice, and have exercised the duties assigned to them by the General Assembly with all competence shown, not only by the trust given by the Shareholders and, in particular, by the Shareholders of reference, but also by the respect and full compliance of their decisions by Corporate Body members.

Well integrated in the community and having a good relationship with major competitors and stakeholders, they have tried to adjust salaries, in their annual and multi-annual perspective, to the actual situation of the Company and of the relevant industry, naturally influenced by the general state of our Country's economy.

The Chairman of the Salaries Committee, Dr. Lopo Roque de Pinho Cancellia de Abreu, who was also Chairman of the Shareholders Meeting, until 30th May 2018, has an in-depth knowledge about the framework and reality in which the Company and Grupo SAG operate, and has a good relationship with shareholders of reference, which enables him to discuss with them all matters relating to the salary system and policies. His legal background and practice for over 40 years as partner of a law firm provide him with a professional qualification which is considered to be adequate.

Dr. Luís de Magalhães Reynolds de Abreu Coutinho has also practiced law for over 30 years, and has acquired vast experience in corporate and labor areas, and has been part of cross-functional teams, which also give him adequate professional competence to intervene in this subject of remuneration policy.

Due to his curriculum and professional experience, Dr. João Francisco de Freitas Cruz Caldeira, who has practiced law for over 25 years and is a member of corporate bodies of various (not listed) companies has significant experience in corporate practice, namely in the EU, and also has knowledge and experience in the remuneration policy area which give him adequate competence.

III. Remuneration structure

69. **Description of the remuneration policy of the Board of Directors and of the Supervisory Board, as provided for in Article 2 of Law 28/2009 of 19 June.**

Below is a transcript of the Remuneration Policy of the Board of Directors and of the Supervisory Board referred to in Article 2 of Law no. 28/2009 of 19 June, as issued by the Remuneration Committee and approved by the General Meeting on 30 May 2018:

“The Remuneration Committee was appointed by the general meeting of Shareholders of 29 May 2015. Is composed of three independent members in respect of members of the boards of administration and supervision of the company and is assigned the function of fixing their remunerations.

In compliance with the legal and regulatory provisions regarding remuneration policy of the governing bodies, convinced of the benefits of transparency in the setting of the remuneration of the members of these bodies, the Commission understands determine, in terms set out below, the general policy to be followed as regards the remuneration of the governing bodies, which will be submitted to the approval of the general meeting of Shareholders –

A. - BOARD OF DIRECTORS

I.- Remuneration of directors with executive functions comprises (i) a fixed component that is payable fourteen times a year and is defined as a function of the nature of duties performed and of the levels of responsibility of each of the members, of the knowledge and experience gained in performing such duties, as well as of analyses of external competitiveness, where the general domestic market is the market of reference; (ii) a variable component paid on the year following the year that it concerns, up to a maximum of six fixed components, supported by criteria of individual, corporate and Group performance; at the end of the mandate, there can be a reinforcement of the variable component, up to a maximum of eight fixed components, provided the objectives of the mandate have been fulfilled and there has been an increase in the Company's value during the period of the mandate.

The fixed component has a maximum amount corresponding, for each position, to the average remunerations paid, in the previous year, within the group of listed companies trading at Euronext Lisbon.

The attribution of the variable component is conditioned to developments in the Group's economic and financial performance and to performance criteria based on clearly defined objectives in line with priority areas of activity for each company / business, as well as on competences in line with the Group's values and management criteria.

Payment of the remuneration to directors, both in the fixed and variable components, can be allocated between the Company and affiliated companies, or entirely supported by the latter.

Directors shall not enter into any agreements, either with the Company, or with third parties, the effect of which is to mitigate the risk associated with the variability of the remuneration determined for them by the Company.

II.- Non-executive directors shall receive a fixed and regular remuneration, payable fourteen times a year, and no variable remuneration component shall be attributed to them.

III.- There is no express or proposed agreement with each of the directors regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members. However, payment for dismissal or agreed termination of service cannot exceed the amount of the remunerations that would likely be payable until the end of the period of the mandate for which the director was elected, except in the case where a director's work contract is suspended under the applicable legal terms, in which situation the amount resulting from the application of the relevant legal mechanisms will be paid.

B. - AUDIT BOARD

Members of the Audit Board receive a fixed retribution paid as an attendance ticket, for each Audit Board meeting attended.

C. - STATUTORY AUDITOR

The Statutory Auditor shall be remunerated in accordance with the accounts review agreement. The relevant remuneration shall be in line with market practices.

D. - BOARD OF THE GENERAL MEETING

The Chairman of the Shareholders Meeting receives a fixed retribution paid as an attendance ticket, for each Shareholders Meeting he chairs”.

70. Information on the way the remuneration is structured so as to allow aligning the interests of the Members of the Board of Directors with the long-term interests of the Company, as well as on how it is based on the performance assessment and how it discourages excessive risk taking.

Although no formal mechanism exists for the alignment of the interests of Members of the Board of Directors with the Company's long-term interests, namely through the deferment of the variable remuneration, the Salaries Committee tries to structure the remuneration of Board Members in such a way as to ensure a medium to long-term alignment with the Company's interests.

- 71. Reference, where applicable, to the existence of a variable remuneration component and information on any impact of the performance appraisal on this component.**

Remuneration of Directors with executive functions can include a variable component payable on the year following the year that it concerns, based on individual, company and Group performance criteria. At the end of the term, there can be a strengthening of the variable component, provided the targets for the mandate have been fulfilled and the Company's value has increased during the same mandate.

The attribution of the variable component is also conditioned to developments in the Group's economic and financial performance and to performance criteria based on clearly defined objectives in line with priority areas of activity for each Company / business, as well as on competences in line with the Group's values and management criteria.

- 72. Deferred payment of the remuneration's variable component and relevant deferral period.**

There is no deferment in the payment of the variable component of the remuneration.

- 73. Criteria on which the allocation of shares as variable remuneration is based, as well as on maintenance, by Executive Directors, of Company shares they have had access to, on the possible conclusion of an agreement involving those shares, namely hedging or risk transfer contracts, limits on the same and their relation vis-à-vis the amount of the total annual remuneration.**

The Company does not have any current or planned remuneration measure providing for the attribution of shares and/or any other share-based incentive system.

- 74. Criteria on which the allocation of options as variable remuneration is based, and indication of its deferral period and price for exercising of options.**

The Company does not have any current or planned remuneration measure providing for the attribution of shares and/or any other share-based incentive system.

- 75. Main parameters and basic aspects of any annual bonus scheme and any other non-financial benefits**

Apart from the possibility of attributing the variable remuneration component paid in the year following the year it concerns, as indicated in 71. above, the Company has not implemented any other scheme for assigning annual bonuses or any other non-financial benefits.

- 76. Main characteristics of the supplementary pension or early retirement schemes set up for Executive Directors and date of approval of the same in a general assembly, in individual terms.**

The Company has not implemented any supplementary pension or early retirement schemes for Directors.

IV. Remuneration disclosure

- 77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.**

TOTAL COMPENSATION PAID BY SAG GEST - TWELVE MONTHS ENDED 31 DECEMBER						
NAME	RESPONSIBILITIES	2018			2017	% Change
		FIXED COMPENSATION	VARIABLE COMPENSATION / INDEMNITIES	TOTAL COMPENSATION	TOTAL COMPENSATION	
<u>BOARD OF DIRECTORS</u>						
<u>EXECUTIVE DIRECTORS</u>						
João Manuel Quevedo Pereira Coutinho	Chairperson of the Board of Directors	494.760,00	0,00	494.760,00	494.760,00	0,0%
Fernando Jorge Cardoso Monteiro (1)	Executive Director	0,00	0,00	0,00	0,00	0,0%
José Maria Cabral Vozzone (1)	Executive Director	31.453,93	0,00	31.453,93	49.826,00	-36,9%
Pedro Roque de Pinho de Almeida	Executive Director	50.400,00	0,00	50.400,00	50.400,00	0,0%
SUB-TOTAL - EXECUTIVE DIRECTORS		576.613,93	0,00	576.613,93	594.986,00	-3,1%
<u>NON-EXECUTIVE DIRECTORS</u>						
Esmeralda da Silva Santos Dourado	Non-Executive Director	70.000,00	0,00	70.000,00	70.000,00	0,0%
Carlos Alexandre Antão Valente Coutinho (1)	Non-Executive Director	0,00	0,00	0,00	0,00	0,0%
Luís Miguel Dias da Silva Santos (2)	Non-Executive Director	57.500,00	0,00	57.500,00	165.854,16	-65,3%
Rui Eduardo Ferreira Rodrigues Pena (3)	Non-Executive Director	22.524,37	0,00	22.524,37	140.000,00	-83,9%
SUB-TOTAL - NON-EXECUTIVE DIRECTORS		150.024,37	0,00	150.024,37	375.854,16	-60,1%
TOTAL - BOARD OF DIRECTORS (BD)		726.638,30	0,00	726.638,30	970.840,16	-25,2%

(1) Assignment of functions by end of mandate 30.05.2018

(2) Disclaimer on 31.03.2018

(3) Assignment of functions – decease on 08.01.2018

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to joint control.

TOTAL COMPENSATION - TWELVE MONTHS ENDED 31 DECEMBER						
NAME	RESPONSIBILITIES	2018			2017	% Change
		FIXED COMPENSATION	VARIABLE COMPENSATION / INDEMNITIES	TOTAL COMPENSATION	TOTAL COMPENSATION	
<u>BOARD OF DIRECTORS</u>						
<u>EXECUTIVE DIRECTORS</u>						
João Manuel Quevedo Pereira Coutinho	Chairperson of the Board of Directors	0,00	0,00	0,00	0,00	0,0%
Fernando Jorge Cardoso Monteiro (1)	Executive Director	191.001,46	0,00	191.001,46	291.711,28	-34,5%
José Maria Cabral Vozzone (1)	Executive Director	57.205,00	0,00	57.205,00	160.174,00	-64,3%
Pedro Roque de Pinho de Almeida	Executive Director	299.600,08	0,00	299.600,08	729.195,19	-58,9%
SUB-TOTAL - EXECUTIVE DIRECTORS		547.806,54	0,00	547.806,54	1.181.080,47	-53,6%
<u>NON-EXECUTIVE DIRECTORS</u>						
Esmeralda da Silva Santos Dourado	Non-Executive Director	0,00	0,00	0,00	0,00	0,0%
Carlos Alexandre Antão Valente Coutinho (1)	Non-Executive Director	47.438,35	0,00	47.438,35	70.000,00	-32,2%
Luís Miguel Dias da Silva Santos (2)	Non-Executive Director	15.381,25	0,00	15.381,25	37.450,00	-58,9%
Rui Eduardo Ferreira Rodrigues Pena (3)	Non-Executive Director	0,00	0,00	0,00	0,00	0,0%
SUB-TOTAL - NON-EXECUTIVE DIRECTORS		62.819,60	0,00	62.819,60	107.450,00	-41,5%
TOTAL - BOARD OF DIRECTORS (BD)		610.626,14	0,00	610.626,14	1.288.530,47	-52,6%

(1) Assignment of functions by end of mandate 30.05.2018

(2) Disclaimer on 31.03.2018

(3) Assignment of functions – decease on 08.01.2018

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

No remunerations were paid to Executive Directors in 2018 as a share in profits, and a premium was paid by Unidas SA related entity to Eng. Pedro de Almeida, as indicated in 78. above, for his very relevant performance which deserved specific recognition of such entity, in which the shareholder Principal, SA owns a minority shareholding.

80. Compensation paid or owed to former executive directors in relation to termination of their functions during the financial year.

No compensation was paid or is owed to former executive directors in relation to early contract termination during 2018 financial year.

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81. Details of the annual remuneration paid, jointly and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

TOTAL COMPENSATION - TWELVE MONTHS ENDED 31 DECEMBER						
NAME	RESPONSIBILITIES	2018			2017	% Change
		FIXED COMPENSATION	VARIABLE COMPENSATION / INDEMNITIES	TOTAL COMPENSATION	TOTAL COMPENSATION	
AUDIT BOARD						
João José Martins da Fonseca George	Chairperson of the Audit Board	10.000,00	0,00	10.000,00	7.000,00	42,9%
Duarte Manuel Palma Leal Garcia	Member of the Audit Board	10.000,00	0,00	10.000,00	7.000,00	42,9%
Martinho Lobo de Almeida Melo de Castro	Member of the Audit Board	10.000,00	0,00	10.000,00	6.000,00	66,7%
TOTAL - AUDIT BOARD (AB)		30.000,00	0,00	30.000,00	20.000,00	50,0%

82. Details of the remuneration of the Chairman of the Board of the General Meeting in reporting year.

The Chairman of the Board of the General Meeting receives a fixed retribution paid as an attendance ticket in the amount of Eur 1,750.00 for each General Meeting session he chairs. In 2018, just one General Meeting was held, for which he was paid a total of Eur 1,750.00.

V. Agreements with remuneration implications

83. Contractual limitations provided for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

No limits are established by contract for compensation payable for undue dismissal of Executive Directors other than the limits provided for by law.

According to the corporate bodies remuneration policy issued by the Remuneration Committee and approved by the General Meeting of 30 May 2018, payment for dismissal or agreed termination of service as a director cannot exceed the amount of the remunerations that would likely be payable until the end of the period of the mandate for which the director was elected, except in the case where a director's work contract is suspended under the applicable legal terms, in which situation the amount resulting from the application of the relevant legal mechanisms will be paid.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a change in control (Article 245-A/1/I).

There are no agreements between the company and the board of directors and managers, within the meaning of Article 248-B/3 of the Securities Code, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

VI. Share distribution and/or stock option plans

85. Details of the plan and relevant beneficiaries.

The Company does not have any current or planned remuneration measure providing for the attribution of shares and/or any other share-based incentive system.

86. Details of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, period during which the options may be exercised, characteristics of the shares or options to be allocated, existence of incentives to purchase and/or exercise options).

Not applicable.

87. Stock option rights assigned for acquisition of stocks ('stock options') benefitting company workers.

Not applicable.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

Not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (For said purpose, reference is made to the concept resulting from IAS 24.)

The Board of Directors submits to prior assessment of the Supervisory Board transactions of economically significant relevance involving Shareholders holding Qualifying Holdings or entities or people having any type of relationship in accordance with Article 20 of the Securities Code, or any transactions which could be considered as diverging from the normal market conditions for similar operations or liable to create potential situations of conflict of interest.

The Supervisory Board analyses and evaluates transactions submitted to its assessment, based on information provided to it, and may request additional information or studies, and checks compliance with applicable rules as regards conflict of interest, and that operations are conducted according to normal market conditions for similar operations and ensuring preservation of the Company's interests.

90. Details of transactions that were subject to control in the referred year.

During 2018, no related party transaction was subject to prior assessment by the Audit Board.

91. Description of the procedures and criteria applicable to the Supervisory Body for the purposes of the preliminary assessment of the business deals to be carried out between the Company and holders of Qualifying Holdings or entities having any type of relationship with the former, in accordance with in Article 20 of the Securities Code.

The intervention of the Supervisory Board for the purpose of making a preliminary assessment of business deals to be done between the Company and holders of a Qualified Holding or entities having any type of relationship with the former, in accordance with in Article 20 of the Securities Code is regulated by a set of objective and transparent rules aiming to identify, prevent and address relevant corporate conflicts of interest, which were duly established and approved by the Supervisory Board.

Firstly, deals with between the Company with Shareholders holding Qualified Holdings or with entities or people with which same are linked in accordance with Article 20 of the Securities Code, shall be carried out in normal market conditions.

Secondly, deals of particular relevance in economic terms with Shareholders holding Qualified Holdings or with entities or people having any type of relationship in accordance with Article 20 of the Securities Code shall be subject to a preliminary opinion from the Supervisory Board, where deals involving a minimum amount of EUR 1,000,000 (one million) shall be considered of significant relevance.

Finally, situations liable to harm SAG GEST's corporate interests involving legal dealings between SAG Gest (even if through the intermediation of Companies in a Group relationship or having a controlling interest with SAG Gest, hereafter Controlled Companies) and, directly or through intermediaries, any Member of the Board of Directors, Members of other Corporate Bodies and Shareholders of SAG GEST and of their Controlled Companies.

For the Supervisory Board to be able to assess business deals, the following information shall be provided to the same:

- a. Brief description of the operations and obligations taken on by the parties;
- b. Identification of the parameters to assess the conduction of similar operations in normal market conditions;
- c. Measures adopted to prevent or address potential conflicts of interest.

Should the Supervisory Board's assessment point to the existence of a conflict of interest that needs to be addressed, measures need to be taken that are adequate to address them or to manage the situation in a manner compatible with SAG Gest's corporate interest.

II. Data on business deals

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

Information on transactions with related parties is provided in Note 36 (Related Party Disclosures) of the Notes to the 2018 Consolidated Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. Details of the adopted Corporate Governance Code

SAG decided to adopt the recommendations contained in the Corporate Governance Code of the Portuguese Institute of Corporate Governance (CGS IPCG) which entered into force on 1 January 2018, continuing to draw up the Corporate Governance code report in accordance with the Annex To the regulation of CMVM no 4/2013 of 1 January 2014 and the circular issued by the same Commission on 11 January 2019.

It is hereby advised that the full text of the said (CGS IPCG) is available on Portuguese Institute of Corporate Governance's website and on link <https://cgov.pt/>.

2. Analysis of compliance with the Corporate Governance Code implemented

Pursuant to Article 245-A/1(o), the table below indicates the Recommendations that have been included in the said CGS IPCG, including, as regards each Recommendation, information enabling the verification of compliance with the recommendation or referring to the part of the report where the issue is discussed in detail, grounds for any non-compliance or partial compliance thereof, details of any alternative mechanism adopted by the company for the purpose of pursuing the same objective of the recommendation are indicated.

COMPLIANCE STATEMENT			
Recommendation	Status on adoption of the Recommendation	Remarks	Description in the Report
I. GENERAL PROVISIONS			
I.1. Company's relationship with investors and disclosure			
I.1.1. The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Adopted		Points 56, 58 and 59
I.2. Diversity in the composition and functioning of the company's governing bodies			
I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Adopted		Point 19 and Annex I
I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulation –			

namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.	Adopted		Points 22 and 34
I.2.3. The internal regulations of the governing bodies – the managing body, the supervisory body and their respective committees – should be disclosed, in full, on the company's website.	Adopted		Points 22 and 34
I.2.4. The composition, the number of annual meeting of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Adopted		www.sag.pt
I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	Adopted		Point 49
I.3. Relationships between the company bodies			
I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, call for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Adopted		The Chairman of the Board sends the calls to meetings and the minutes of all the Board meetings to the members of the Supervisory Board.
I.3.2. Each of the company's boards committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Adopted		Points 22, 34 and 61
I.4. Conflicts of interest			
I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that			

could constitute or give rise to a conflict between their interests and the company's interest.	Adopted	The company adopts a "Framework Treatment of Conflicts of Interest", which was duly approved by the supervisory board	
I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request	Adopted	The company adopts a "Framework Treatment of Conflicts of Interest", which was duly approved by the supervisory board	Point 89
I.5. Related party transactions			
I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transaction that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require and additional favourable report of the supervisory body.	Adopted	The company adopts a "Framework Treatment of Conflicts of Interest", which was duly approved by the supervisory board	Point 89
I.5.2. The managing body should report the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.	Adopted	The supervisory board is aware of all the minutes of the meetings of the Board of Directors	
II. SHAREHOLDERS AND GENERAL MEETINGS			
II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Adopted		Point 13
II.2. The Company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Not Adopted	Article 16 of the By-laws provides for a larger quorum than provided by law. The Company considers that adoption of this recommendation would not be adjusted in view of the reduced dispersion of the Company's capital among a small number of Shareholders. In fact, considering that the Shareholders of reference control 78.70% of the Registered Share Capital, it would not make sense to hold a general meeting without their presence. Article 17 further requires a resolution-fixing quorum higher than the one provided for by law, thus establishing the need for a	Point 14

		<p>quorum of two thirds corresponding to the share capital required for the approval of resolutions by the general meeting on capital increases, changes to the by-laws and dissolution.</p> <p>Considering once again the shareholder structure of the Company and bearing in mind the matter under review which is subject to deliberation, one understands the option made by the Shareholders as to the need to obtain significant support from the shareholders in the General Meeting.</p>	
<p>II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.</p>	Partially adopted	<p>Voting by post is also provided for in the company-bylaws and the electronic voting is not allowed.</p> <p>Given the number of Shareholders, and their representatives, attending the General Meetings, and the fact that votes by correspondence have never been received, the Company considers that it does not make any sense in practical and economic terms to implement an electronic voting system.</p> <p>The company considers that the voting by post and the possibility of being represented are means sufficient to ensure compliance with the objectives of this Recommendation, with the aim of encouraging shareholder participation.</p>	
<p>II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.</p>	Not Adopted	<p>The electronic voting is not allowed by the Company-Bylaws.</p> <p>Given the number of Shareholders, and their representatives, attending the General Meetings, and the fact that votes by correspondence have never been received, the Company considers that it does not make any sense in practical and economic terms to implement an electronic voting system.</p> <p>The company considers that the voting by post and the possibility of being represented are means sufficient to ensure compliance with the objectives of this Recommendation, with the aim of encouraging shareholder participation.</p>	
<p>II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually</p>			

or in coordination with other shareholders, should equally provide that, at least 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.	Not Applicable		
II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Not adopted	<p>The company does not adopt unilaterally measures which impair any of the restrictions as set in this Recommendation.</p> <p>According to market practice, some contractual financing instruments entered into by the Company and Company's Affiliates include "ownership" clauses, which provide for early maturity upon decision of the lenders, in case of the change of the equity control.</p>	Point 4
III. NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION			
III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1..	Not adopted	The current structure of the Company's Board of Directors does not include any Independent Member.	
III.2. The number of non-executive members in the managing body, as well as the number of the supervisory body and the number of members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	Adopted	The Company considers that the current structure of its Board of Directors is adequate bearing in mind the current shareholder structure and that the existing corporate organization mechanisms and strict compliance of the Company's various obligations as a listed company to which it is subject fulfil the underlying objectives of this recommendation.	
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Not adopted	<p>In the current structure of the Company's Board of Directors there's only one Non-executive Director.</p> <p>The Company considers that the current structure of its Board of Directors is adequate bearing in mind the current shareholder structure and that the existing corporate organization mechanisms and strict</p>	

		compliance of the Company's various obligations as a listed company to which it is subject fulfil the underlying objectives of this recommendation.	
<p>III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <p>i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;</p> <p>ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</p> <p>iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director manager or officer of the legal person;</p> <p>iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</p> <p>v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or</p> <p>vi. having been a qualified holder or representative of a shareholder of qualifying holding.</p>	Not adopted	The Company considers that the current structure of its Board of Directors is adequate bearing in mind the current shareholder structure and that the existing corporate organization mechanisms and strict compliance of the Company's various obligations as a listed company to which it is subject fulfil the underlying objectives of this recommendation.	
<p>III.5. The provisions of (i) recommendation III.4. does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).</p>	Not adopted	See note on III.4	
<p>III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their</p>	Adopted		Point 21

amount or risk, as well as in the assessment of the accomplishment of these actions.			
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Not applicable due to the corporate governance model adopted by the Company.		
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Adopted		Point 54
III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and, appointments.	Partially adopted	The current structure of the Company includes a Remuneration Committee (elected by the General Assembly), a Corporate Governance Committee and a Performance Evaluation Committee. As referred to in V. 4 There is no Nominating Committee.	
III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	Partially adopted	Despite the absence of an organic internal audit structure at present, there are still procedures for conducting audits to assess compliance with the TUV rules and the distribution contracts of the vehicles brands represented by the affiliate SIVA S.A.	
III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	Adopted		Point 38
III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliances services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Partially adopted	Although the supervisory body does not comment on the work plans and the resources allocated to internal control services, it is however the addressee of the report and reports carried out when matters relating to the provision of accounts are concerned, the identification or resolution of conflicts of interest and the detection of potential irregularities.	Point 38
IV. EXECUTIVE MANAGEMENT			

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	Not adopted	The Rules of procedure of the Board of Directors have no specific prediction about the regime of executive operations and the exercise by these executive functions in entities outside the group. The Board of directors did not consider it relevant to promote this adaptation, taking into account the current context experienced by the SAG group.	.
IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organization and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Adopted		Point 21
IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	Adopted		Point 50
IV.4. The supervisory board should be internally organized, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Adopted		Points 38 and 50
V. EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT			
V.1. Annual evaluation of performance			
V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegate directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Partially adopted	Although the board of Directors does not perform a formal annual assessment of its performance, there is a performance assessment system for the group's governing boards, which also applies to the Delegated Administrator.	.
V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Adopted	The supervisory board will carry out the evaluation at the report.	
V.2. Remuneration			

V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.	Adopted		Point 67
V.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	Adopted		Point 69
<p>V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following:</p> <p>i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;</p> <p>ii. remunerations from companies that belong to the same group as the company;</p> <p>iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;</p> <p>iv. information on the possibility to request the reimbursement of variable remuneration;</p> <p>v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subjected to derogation;</p> <p>vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.</p>	Partially adopted	<p>It is the Company's opinion that, given the current structure of its Share Capital and the recent results achieved by the Group, the Remuneration Policy adopted in the General Assembly held on 30 May 2018 is adequate.</p> <p>Criteria for the establishment of the remuneration to be paid to Corporate Bodies, in particular, to members of the Board of Directors, are those established in the Statement of Remuneration Policy approved by the Shareholders General Assembly on 30 May 2018. Within the fixed remuneration, the level of responsibility taken on in the definition of functions to be performed and the analysis of external competition (market criteria) are taken into consideration.</p> <p>In the context of the variable component, progress in the Group's economic and financial performance, as well as criteria related to individual performance and specific to each Director.</p> <p>There are no maximum numerical thresholds to remuneration, without prejudice to thresholds that result from the Remuneration Policy approved at the General Shareholders Assembly of 30 May 2018, namely:</p> <p>(i) As regards the fixed component:</p> <p><i>"has a maximum amount corresponding, for each position, to the average</i></p>	

		<p>remunerations paid, in the previous year, within the group of listed companies trading at Euronext Lisbon.</p> <p>(i) As regards the variable component:</p> <p>"a variable component paid on the year following the year that it concerns, up to a maximum of six fixed remuneration components, supported by criteria of individual, corporate and Group performance; there can be an increase of the variable component at the end of the mandate up to a maximum of eight fixed remuneration components, provided the objectives of the mandate have been fulfilled and the Company's value has increased during the period of the mandate.</p>	
V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	Not applicable		
V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Adopted	The President of the remuneration committee is <u>simultaneously</u> the Chairman of the General Shareholders Assembly, and was present at the General Assembly held on 30 March 2018, where the remuneration policy was discussed and approved.	
V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Not adopted	During 2018, no consulting firm was contracted to support the remuneration committee, although there is no rule to prevent <u>the</u> remuneration committee from freely hiring necessary consultancy services for the exercise of their duties. Indeed, it has been considered that members of the remuneration committee have the appropriate curriculum and professional experience.	
V.3. Director remuneration			
V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the	Partially adopted	Concerning the variable component are considered the evolution of the group's <u>economic</u>	

company, and not stimulating the assumption of excessive risks.		<p>and financial performance, as well as criteria related to individual and specific performance of each Director.</p> <p>There are no numerical limits for remuneration, without prejudice to the limits resulting from the principles outlined in the said remuneration policy adopted at the General Assembly of 30 May 2018, namely the component Variable:</p> <p>"A variable component paid in the year following that to which it relates, up to a maximum of six fixed components, supported by individual, business and group performance criteria; At the end of the mandate there is a reinforcement of the variable component, up to a maximum of eight fixed components, provided that the objectives of the mandate have been fulfilled and the company's value has been increased over the period of the mandate."</p>	
V3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Not adopted	The Company considers that, given the current structure of its Registered Share Capital and recent results achieved by the Group, as well as the evolution of the economic sector in which it operates, the remuneration policy for Board Members is adequate as per the terms indicated on this Corporate Governance Report, and was indeed discussed and approved by the General Assembly on 30 May 2018.	
V3.3. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Not applicable	There are no plans involving share distribution or stock options.	
V3.4. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Adopted		Point 69
V3.5. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	Adopted		Point 69

V.4. Appointments			
V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae on the duties to be carried out.	Adopted		Point 19 Annex I
V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Not applicable		
V.4.3. This nomination committee includes a majority of non-executive, independent members.	Not applicable		
V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection process that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Not applicable		
VI. RISK MANAGEMENT			
VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	Adopted		Points 21 and 53
VI.2. Based on its risk policy, the company should establish a systems of risk management, identifying (i) the main risk it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	Adopted		Point 53
VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	Adopted		Point 53
VII. FINANCIAL STATEMENTS AND ACCOUNTING			
VII.1. Financial information			
VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including	Adopted		Points 34 and 38

suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.			
VII.2. Statutory audit of accounts and supervision			
<p>VII.2.1. Through the use of internal regulations, the supervisory body should define:</p> <p>i. the criteria and the process of selection of the statutory auditor;</p> <p>ii. the methodology of communication between the company and the statutory auditor;</p> <p>iii. the monitoring procedures destined to ensure the independence of the statutory auditor;</p> <p>iv. the services, besides those of accounting, which may not be provided by the statutory auditor.</p>	Adopted	<p>Considering that the company being qualified as an entity of public interest is obliged to observe law 148/2015, of 9 September, which approved the legal regime of Audit Supervision, and which came to establish in point (f) of paragraph 3 of article 3 that "(...) The supervisory body of public-interest entities is subject to the following duties (...) to select the statutory auditors or audit firms to propose to the General Shareholders Assembly for election and to recommend justifiably the Preference for one of them in accordance with article 16 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014. In addition, the provision of separate audit services can only be provided by the statutory auditor, upon prior opinion of the Supervisory Board.</p>	Point 38
<p>VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.</p>	Adopted		Point 38
<p>VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.</p>	Adopted		Point 38
<p>VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.</p>	Partially adopted	<p>The Company considers that these functions are broadly framed in the context of the review of accounts carried out in relation to the financial statements referred to on 31 December. However, although the External Auditor checks the effectiveness and functioning of the internal control mechanisms and reports any deficiencies to the Supervisory Body, it does not carry out a concrete verification of the application of the remuneration policy of the social Bodies assessed and approved at</p>	Point 47

		the General Shareholders Assembly.	
VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	Adopted	During the exercise of FY 2018, the relevant information concerning irregularities detected in the exercise of the functions of the Audit company was timely and timely, provided and addressed to the Supervisory Board.	

3. Other information

The Company shall provide any additional details or information that are not considered above and are relevant to understanding the corporate governance model and practices adopted.

The Company does not have any additional details or information that are relevant to understanding the corporate governance model and practices adopted.

APPENDIX I TO THE REPORT ON CORPORATE GOVERNANCE

Positions held by the Members of SAG GEST – Soluções Automóvel Globais, SGPS, SA's Board of Directors as at 31 December 2018

Dr. João Manuel de Quevedo Pereira Coutinho

Other positions held in Grupo SAG Entities

- Chairperson of the Board:
SIVA – Sociedade de Importação de Veículos Automóveis, SA
LGA – Logística Automóvel, SA

Other positions held in in Related Entities

- Chairperson of the Board:
SGC - SGPS, SA
SGC Investimentos – Sociedade Gestora de Participações Sociais, SA
Principal – Gestão de Activos e Consultoria Administrativa e Financeira, SA
SGC Comunicações Terrestres, SA
ENR Energia, SA

Other positions held

- Chairperson of the Board:
Agrobari, SA
GI – Gasification International, SA

Eng^a. Esmeralda da Silva Santos Dourado

Other positions held

- Chairperson of the Board:
ESD Consulting, SA
- Member of the Board:
BCP Capital – Sociedade de Capital de Risco, SA
S2IS – Serviços e Investimento Imobiliários, SGPS, SA
Brasilimo – Investimentos Imobiliários no Brasil, SGPS, SA
TAP Air Portugal
Imocrafe – Companhia de Construção e Administração, SA
- Chairperson of the Restructuring Committee:
- Plataforma de Negociação de Créditos Bancários PNCB ACE

- Chairperson of the Supervisory Board:
 - Fundação Luso-Brasileira
 - Casa do Povo de Alvaiázere
 - Santa Casa da Misericórdia de Alvaiázere
 - Member of the Supervisory Board:
 - Mystic Invest
- Member of the General Council:
 - Associação Missão Crescimento
 - IPCG – Instituto Português de Corporate Governance
 - Universidade de Coimbra
 - FAE – Fórum de Administradores de Empresas

Eng.º Pedro Roque de Pinho de Almeida

Other positions held in Group SAG Entities

- Chairperson of the Board:
 - AA00 – Soc. de Formação Profissional e Consultoria Técnica, SA
 - Rolporto – Comércio e Indústria de Automóveis, SA
 - Soauto - SGPS, SA
 - Soauto – Comércio de Automóveis, SA
 - Autoimpor – Sociedade Importadora de Automóveis, SA
 - SIVA DEFLEET – Comércio de Automóveis, SA
 - Siva Serviços – Assessoria Financeira e Administrativa, SA
- Member of the Board:
 - LGA – Logística Automóvel, SA
 - SIVA – Sociedade de Importação de Veículos Automóveis, SA
- Manager:
 - Globalrent – Sociedade Portuguesa de Rent a Car, Lda.

Other positions held in Related Entities

- Managing Director:
 - Unidas, SA (Brasil)

APPENDIX II TO THE REPORT ON CORPORATE GOVERNANCE

Positions held by the Members of SAG GEST – SAG GEST – Soluções Automóvel Globais, SGPS, SA's Supervisory Board as at 31 December 2018

Dr. João José Martins da Fonseca George

Other positions held

- Sole Director
Minitel, SA
Minitel DI – Distribuição Informática, SA
- Managing Partner
Micro Edição – Sistemas de Edição Electrónica, Lda.
Vida Portátil, Lda.
- Chairman of the General Shareholder Meeting
Multiple Zones Portugal, SA
Exibite—Componentes para Computadores, SA

Duarte Manuel da Palma Leal Garcia

Other positions held

- Voting member of the Board of Directors
LUZ.ON - Energia Solar, SA
NEWATT - Solar Energy, SA
- Managing Partner
Garlea - Sociedade Imobiliária, Lda.
ISDC, Lda.

Dr. Martinho Lobo de Almeida Melo de Castro

Other positions held

- Director:
Sociedade Agrícola de Vale do Guiso
Sociedade Agrícola da Herdade dos Medos
Sociedade José Lobo de Almeida Melo de Castro Herdeiros

STATUTORY AND AUDITOR REPORT SEPARATE FINANCIAL STATEMENTS 2018



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. (the Entity), which comprise the statement of financial position as at December 31, 2018 (which shows total assets of thousand Euro 146,590.3 and total shareholders' equity of thousand Euro 176,362.0 including a net profit of thousand Euro 177,130.9), the statement of income and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of SAG Gest – Soluções Automóvel Globais, SGPS, S.A. as at December 31, 2018, and its financial performance and its 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 financial statements" section below. In accordance with the law we are independent of the Entity 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 separate financial statements of SAG Gest – Soluções Automóvel Globais, SGPS, SA, although the Entity presents, as at December 31, 2018 negative shareholders' equity, the separate 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 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

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to assess its impact on the Entity's separate financial statements and the ability of the Entity 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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.

Key Audit Matter	Summary of the Audit Approach
Financial investments valuation	
<p><i>Disclosures related to Financial investments and Non-current assets held for sale presented in notes 2, 3 and 13 of the notes to the financial statements</i></p> <p>On December 31, 2018, SAG Gest - Soluções Automóvel Globais, SGPS, SA holds financial interests in subsidiaries and associated companies, presented in the statement of financial position for the amount of thousand Euro 52.364,0, to which is added thousand Euro 3,940.2 presented as Non-current assets held for sale. These participations are measured based on the equity method and should be subject to impairment tests whenever there are indications or changes in circumstances that indicate that the amount recognized in the financial statements may not be recoverable. For this purpose, the recoverable value is determined by its value in use, according to the discounted cash flow method.</p> <p>The calculation of the recoverable value (use value: discounted future cash flows) requires the use of estimates and assumptions by management that depend on economic and market forecasts, particularly with regard to future cash flows, growth rates and discount rates to be used.</p>	<p>The audit procedures we have developed included, among others:</p> <ul style="list-style-type: none"> - assessment of the existence of evidence of impairment in financial investments; and - obtaining and analyzing impairment tests of financial investments, in the applicable cases, which are based on discounted cash flow models and involved the following procedures: <ul style="list-style-type: none"> • appreciation of the adequacy of the model and the reasonableness of projections of future cash flows, comparing with historical performance; • assessment of the adequacy of the discount rate used; • analysis of the estimates and judgments assumed by Management, underlying the relevant assumptions that support the model; • analysis of the adequacy of the model calculations. - we have also analyzed the adequacy of the disclosures presented in note 13 to the financial statements, taking into account the requirements of the applicable accounting standards.

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
<p>The relevance of this matter in our audit results from the fact that the value of this item is significant in the context of the Entity's financial statements, the complexity of the impairment measurement model and the high level of judgment inherent to the assumptions used in the calculations.</p>	

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity 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 Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) 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;
- g) 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 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
- h) 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 financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

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 financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

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 financial statements. Based on the work performed, we have not identified any material misstatement in the 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 Entity'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 Entity 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 SEPARATE FINANCIAL STATEMENTS 2018

**Report and Statement of the Audit Board
on the documents for separate account reporting**

In accordance with the law, the memorandum of association and the mandate assigned to us, we present our report on the Auditing Activity conducted, as well as our opinion about the Management Report and Separate Financial Statements presented by the Board of Directors of SAG GEST - Soluções Automóvel Globais, SGPS, SA, a listed company (the Company), concerning the financial year ending on 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, which allowed us to accompany the company's budget and risk management. We had timely knowledge of the convocations and all the minutes of the board of Directors.
- 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. All checks that were considered due and adequate were conducted, and no situation was brought to our knowledge that could be in breach of the applicable by-laws and legal precepts.
- 1.5. During the activity were delivered favourable opinions concerning the appreciation of "Provision of Services Proposals" issued by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., to the affiliates companies SIVA – Sociedade de Importação de Veículos Automóveis, S.A., to Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. and to SIVA Defleet – Comércio de Automóveis, S.A., concerning to:
 - a) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 December 2017;
 - b) Certification of vehicles list held by SIVA Defleet – Comércio de Automóveis, S.A for the period ended on 31 January 2018;
 - c) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
 - d) Checking of received values list, between 1 and 28 February 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial

Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

- e) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- f) Checking of received values list, between 1 and 31 March 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- g) Checking of received values list concerning sold vehicles prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- h) Checking of received values list concerning sold vehicles prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda. in order to confirm the monthly receipts value in the context of the opening contract of credit in current account concluded in 30 January 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- i) Checking of sold vehicles list of SIVA – Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet – Comércio de Automóveis, S.A. prepared by SIVA, SA in order to confirm the vehicles inventory value the context of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;
- j) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA;
- k) Checking of received values list, between 1 and 30 April 2018 concerning sold vehicles and prepared by Globalrent – Sociedade Portuguesa de Rent a Car, Unipessoal, Lda.;
- l) List validation prepared by SIVA – Sociedade de Importação de Veículos Automóveis, SA with the total received amount of factory sales support and warranties, according to the SIVA, SA. account bank statement nr. 45513545377 of Banco Millennium BCP, between 27 December 2017 and 30 June 2018 in order to confirm near the banking syndicate, constituted by Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, of the the total received amount of factory sales support and warranties in that period;
- m) Checking of the listing of motor vehicles on the date of 2 July 2018 of SIVA - Sociedade de Importação de Veículos Automóveis, SA and SIVA Defleet - Comércio de Automóveis, SA, prepared by SIVA, SA, for the purposes of the opening contract of credit in current account concluded in 23 March 2018 between SIVA, SA, Banco Comercial Português, SA, Novo Banco, SA, Caixa Geral de Depósitos, SA, SAG Gest – Soluções Automóvel Globais, SA and SGC – SGPS, SA;

SAG GEST – Soluções Automóvel Globais, SGPS, SA – A Listed Company

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 Registered at the Amadora Registrar of Companies
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Having been deliberate that the above mentioned Provision of Services do not undermined the independence of the auditing services provided or to provide by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. to SAG Gest – Soluções Automóvel Globais, SGPS, SA and SIVA, SA, having as reference the legislation in force.

- 1.6. During the year, no notice was received on matters involving the communication of irregularities.
- 1.7. 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 9th, issued by said Auditing Company about the auditing that was performed.
- 1.8. The Separate Financial Statements which include the Income Statement and the Statement of Comprehensive Income, the Statement of the Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the Notes to the Financial Statements provide, in our opinion, a good understanding of the financial situation and results of the Company.
- 1.9. The adopted accounting policies and valuation criteria are adequate and comply with the accounting principles that are generally accepted, as provided in the International Standards of Financial Reporting (IAS/IFRS) adopted by the European Union.
- 1.10. The Board of Directors' Report explains the direction of the policy adopted by the Company during the financial year, as well as the outlook for the 2018 financial year.
- 1.11. We confirm that the Corporate Governance Report includes the elements mentioned in Article 245-A of the Securities Act.
- 1.12. We reviewed the rationale behind the Proposal for Profit Appropriation presented by the Board of Directors, which we considered adequate.

2. Opinion

In view of the above, and considering the information received from the Board of Directors and the conclusions contained in the Legal Certification of Accounts and the Additional Report to the Audit Body, our opinion is that the following are in a position to be approved:

- 2.6. The Management Report and the Separate Financial Statements for the period ending 31 December 2018.
- 2.7. The Proposal for Profit Appropriation.

3. Compliance Statement

As provided for by the law, we confirm our agreement with the Management Report and with the Separate Financial Statements and that, to the best of our knowledge:

- (i) the information provided in the Management Report gives an accurate description of the development of business operations, the performance and position of the Company and contains a description of the main risks and uncertainties facing them;
- (ii) the information provided in the Separate Financial Statements as well as in the relevant attachments was prepared in compliance with the applicable accounting standards and gives an accurate and adequate image of the Company's assets and liabilities, financial situation and results.

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)