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SONAE INDÚSTRIA, SGPS, SA

Registered Office: Lugar do Espido, Via Norte, Maia, Portugal
Registered at the Commercial Registry of Maia
Registry N° 506 035 034
Share Capital: € 700 000 000
Publicly Traded Company

Maia, Portugal, 13 May 2010: Sonae Indústria today reports its unaudited Consolidated Results for 1Q 2010 which are prepared in accordance with IFRS (International Financial Reporting Standards).

1Q10 Highlights

- Markets recovering albeit from a low level
- Production efficiency improved 17%, as a result of the restructuring program
- Prices following a positive trend
- Extreme winter conditions in Central Europe led to production problems and significantly higher variable costs
- Recurrent EBITDA recovered to 7 M Euro compared to 1Q09 (restated*)

Subsequent Highlights

- Lure plant sold (April)
- 150 M Euro of bond loans refinanced (May)
- Matrix organization adopted, creating two new functional roles (in the Executive Committee)
 - CM & SO - Chief Marketing and Sales Officer
 - CI & TO - Chief Industrial and Technology Officer

	<i>(euro millions)</i>				1Q'10 / Restated* 1Q'09	1Q'10 / 4Q'09
	1Q'09	Restated* 1Q'09	4Q'09	1Q'10		
Turnover	346	319	312	320	1%	3%
EBITDA	4	(2)	27	(6)	(272%)	(124%)
Recurrent EBITDA	6	0	16	7		(57%)
Recurrent EBITDA Margin %	1,7%	0,1%	5,1%	2,2%		
Net Profit/(Loss) attributable to Shareholders of Sonae Industria	(40)	(42)	(3)	(35)	17%	
Net Debt	917	908	757	811		

*Restated on a like-for-like basis, by excluding Brazil



Message from Carlos Bianchi de Aguiar, CEO

“In most of the regions where we operate we have witnessed higher demand which has created some opportunities for price increases. This is a further sign of the improving trend that started in 3Q09.

Unfortunately, operating conditions during 1Q10 were strongly impacted by a number of different factors. In January and February, our economic performance did not live up to our expectations, especially at plants located in Central Europe. These plants faced extreme weather conditions resulting in increases in the cost of energy, wood and logistics, well above what would normally be expected. Also in Iberia, the cost of wood had a significant negative impact on profitability during 1Q10. Fortunately, the situation in Central Europe has normalised and it is expected that the cost of wood will return to 4Q09 levels. In Iberia, we are planning to implement further price increases to offset the increases in variable costs.

As already announced, our Lure plant (in France) was sold in April to Swedspan, a subsidiary of INGKA Group (also IKEA's Group).

With the closure of the Duisburg plant, the industrial restructuring process has been finalised. Comparing 1Q10 with 1Q09, overall productivity grew by 17% and fixed costs were reduced by 5 million Euros (on a like-for-like basis).

Working capital increased during 1Q10, due to the increased volume growth in March and to the seasonality of receivables.

More recently in May, we refinanced bonds totalling 150 million Euros, in order to improve our debt repayment profile and to achieve a better fit to expected cash generation.

Having completed our restructuring process and, in order to put more emphasis on performance, capturing synergies and sharing of knowledge, we decided to adopt a matrix organisation by creating two new functional roles within the Executive Committee: CM & SO - Chief Marketing and Sales Officer and CI & TO - Chief Industrial and Technology Officer.

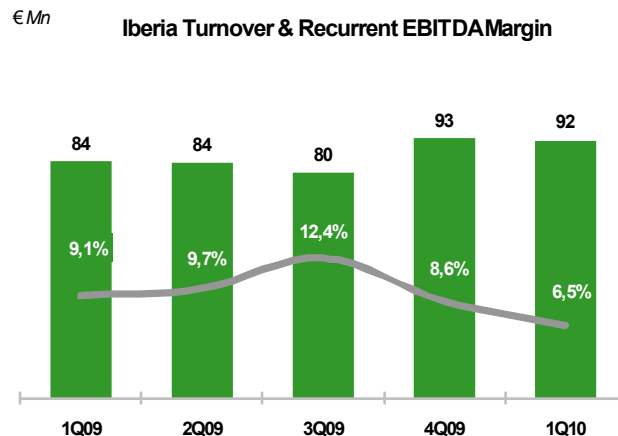
I am confident that we have been doing everything we can to be better positioned to make the most of the opportunities and challenges ahead. I am counting on our team as well as on our customers, shareholders, banks, suppliers and other stakeholders to help make Sonae Industria a leading company, which is both sustainable and value creating.”

Geographical Review of Operations Iberia

Spain continues to experience tough market conditions. New housing permits in January 2010 declined by 36%¹ when compared to the same month last year, but the quarter on quarter decline¹ has been decreasing.

In Iberia, 2010 started off at a slow pace and volumes sold decreased by 5% comparing 4Q09 to 1Q10.

¹ Source: *Ministerio de Fomento*, April 2010



On the cost side, as expected, raw material costs (particularly wood) increased during this quarter. This reflects the combined effect of stronger competition from biomass and pellets for wood resources particularly in Portugal as well as lower sawmill activity in the Iberia region. Moreover, bad weather conditions, forced us to use additional biomass and fuel in the production process, driving up energy costs.

Price increases we achieved were offset by a decline in volumes, so that turnover in Iberia remained relatively flat from 4Q09 to 1Q10. The recurrent EBITDA margin decreased from 9% to 7%, due to the sharp production cost increases.

Compared to 1Q09, Iberia recovered, with both volumes sold and Turnover increasing by 9%. Nevertheless, Recurrent EBITDA decreased by 22% to 6 million Euros due to the variable cost increases mentioned above.

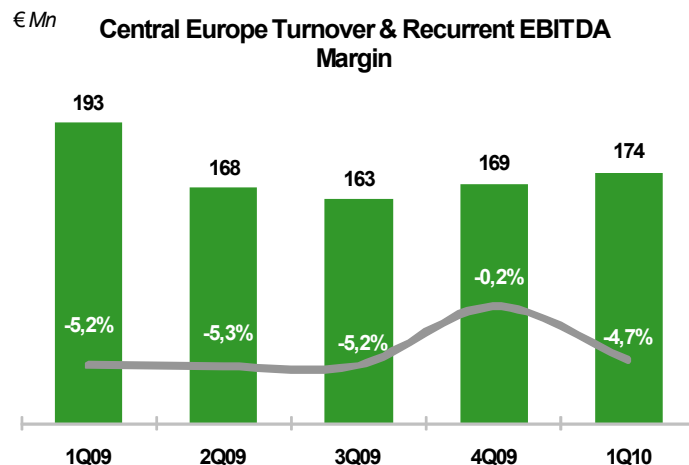
Central Europe (Germany, France and the UK)

Central Europe was also affected by a low level of industrial activity at the beginning of 2010, mainly as a result of severe adverse weather conditions.

In Germany, demand for wood based panel products remains weak, although there was a marginal recovery in recent quarters. New house construction permits in January 2010 were up 9%² year on year. This positive trend had been even more evident in the 21% increase posted from 4Q08 to 4Q09.

Despite these improved construction indicators and a stronger order book, our production was restricted by the effects of a prolonged spell of cold and snowy weather. From the middle of December until the end of February, production output remained below normal levels due to very low temperatures, frozen wood and exceptionally high snow falls. Additionally, wood availability was reduced due to lower sawmill activity together with the effect of the adverse weather conditions on transport services. These combined effects led to significantly higher wood and fuel costs. From 4Q09 to 1Q10, variable costs increased by 15% and volumes sold decreased by 11%. Despite the price increases achieved, lower production and consequent loss of volumes prevented us from being able to increase turnover.

² Source: German Federal Statistical Office, April 2010



Under our restructuring process, the Duisburg plant was closed on 31 January 2010. Additionally, a voluntary social plan for a further 57 employees at our Horn plant was agreed. Almost all affected employees moved to a “transfer company”³. The costs involved, which were in line with expectations, were booked as non-recurrent items, negatively impacting total EBITDA. The respective provisions were released and therefore there is no effect on EBIT.

In France, demand from the construction and furniture segments remains weak but there are some positive trends, as housing permits increased by 9%⁴ (4Q08 - 4Q09) and by 9%⁴ (YoY Jan - Feb.). The improved market helped us to increase volumes sold by 8% and capacity utilisation improved 9pp from 4Q09 to 1Q10. This higher level of activity combined with some price recovery, led to a Turnover increase of 15% from 4Q09 to 1Q10.

However, France was also negatively affected by adverse weather conditions which led to greater consumption of fuel and electricity in the production cycle as well as to higher wood transport and manufacturing costs. Additionally, a scarcity of wood led to sharp wood price increases. These combined effects resulted in a 12% increase in variable costs from 4Q09 to 1Q10 and consequently, a significant decline in recurrent EBITDA.

Comparing 1Q10 with 1Q09, volumes only fell by 3%, despite having 18% less installed capacity. However, lower prices led to a 10% decrease in Turnover.

In the 2Q10, our Lure plant was sold to Swedspan, a subsidiary of the INGKA Group.

In **the UK**, levels of demand are encouraging, the order book is very healthy and economic indicators suggest that construction activity will improve over the course of 2010. Despite this positive trend, sales volumes were restricted at the start of 2010 by extreme weather conditions with record low temperatures and heavy snowfall. Operational performance in 1Q10 was affected by these adverse conditions. Reduced output, restricted deliveries, together with a sharp increase in variable costs (10%, compared with 4Q09), negatively impacted Recurrent EBITDA. Nevertheless, profitability remained slightly above 1Q09.

Since the end of February productivity has increased significantly (March is 30% higher than Jan/Feb). Demand remains strong and prices are being increased to offset the variable cost increases. Timber supply was restricted during 1Q10, but this is expected to ease due to seasonality and increased activity in the construction sector. Increased competition for wood continues to impact on quality and availability of supply.

³ A ‘Transfer company’ is a company to which employees, whose employment contracts have ceased, are transferred on a temporary and transitional basis, with the aim of helping them to find a new job.

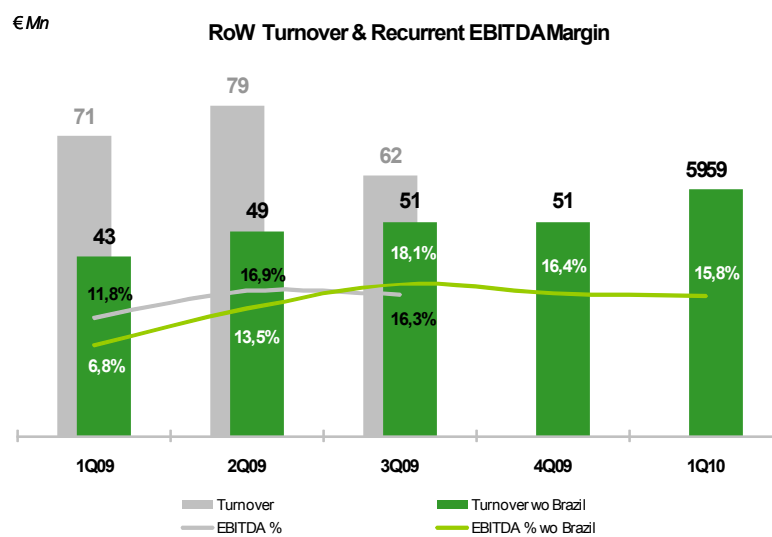
⁴ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, April 2010



For **Central Europe**, quarter on quarter Turnover increased by 3% to 174 million Euros, but this positive effect was more than offset by variable cost increases which reduced Recurrent EBITDA to a negative 8 million Euros. When comparing 1Q10 with 1Q09, in spite of closing 20% of our production capacity in this region, Turnover only decreased by 10% and Recurrent EBITDA even increased by 18%, proving the effectiveness of the restructuring process we have implemented.

Rest of the World (Canada and South Africa)

On 26 August 2009, we sold Tafisa Brasil. In order to facilitate like-for-like comparisons, the RoW figures in the chart below are shown both with and without the impact of the Brazilian operations.



Canada and South Africa have seen market recoveries and both posted good sets of results.

In **North America**, US housing starts increased by 12% (YoY Jan. – March)⁵ while Canadian housing starts were up by 47% (YoY Jan - March)⁶.

We continue to increase our customer base in this market. Our Canadian plant was running at full operation during 1Q10, due to a full order book and availability of wood fibre, representing a capacity utilization increase of 13pp when compared to 1Q09. Our Volumes sold increased by 26% compared to 1Q09, while the total industry shipment volume was up by only 3%⁷ during the same period. Turnover in 1Q10 (in local currency) increased by 13% when compared to 1Q09 and 12% compared to 4Q09. Some price increases took effect at the end of 1Q10, but the impact will only come in 2Q10.

The Recurrent EBITDA margin was 6pp higher when comparing 1Q10 to 1Q09, although when compared to 4Q09, variable cost increases eliminated any margin increase.

In **South Africa**, although technically out of recession following 4Q09 GDP numbers (+3.2% compared to 3Q09, the first positive quarter on quarter growth recorded in 2009⁸), macroeconomic conditions remained difficult in 1Q10. Residential building permits still posted a YoY decrease of

⁵ Source RISI, March 2010

⁶ Source: CMHC - Canada Mortgage and Housing Corporation, April 2010

⁷ Source: Composite Panel Association, March 2010

⁸ Source: Statistics South Africa February 2010



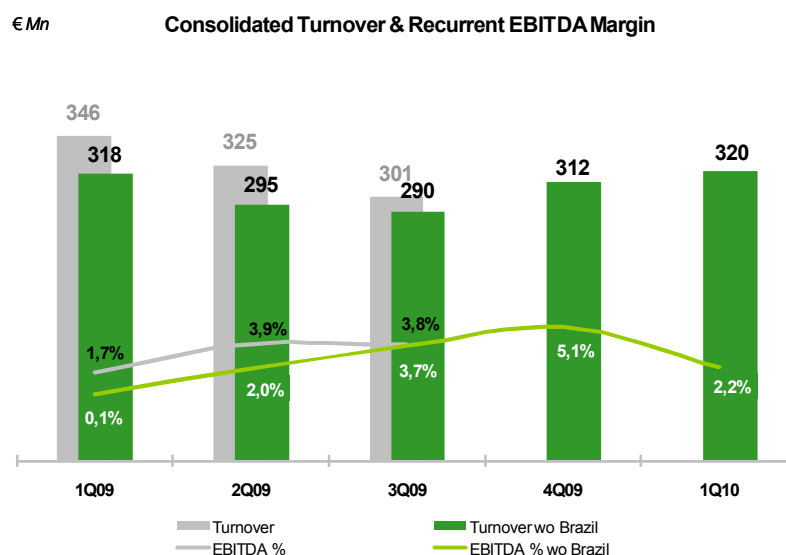
10%⁹ (Jan – Feb.). Nevertheless, both architect and building contractor confidence indicators have continued to improve, although only modestly¹⁰.

Volumes sold in 1Q10 were unchanged when compared to 4Q09, but higher when compared to 1Q09, in spite of the closing of our George plant in March 2009. Turnover and Recurrent EBITDA remained at similar levels over the last 3 quarters.

For the **Rest of the World** (excluding Brazil), 1Q10 Turnover increased by 15% on 4Q09, reaching 59 million Euros and Recurrent EBITDA increased by 10% to 9 million Euros. Compared to 1Q09, Turnover in this region increased by 37% and Recurrent EBITDA more than tripled.

Financial Review of 1Q10

In the chart below, consolidated figures are shown both with and without the impact of Brazilian operations to facilitate like-for-like comparisons.



Consolidated Turnover in 1Q10 totalled 320 million Euros, a 7% decrease compared to 1Q09, against a reduction of 20% in installed capacity. Excluding Brazil, Turnover, Volumes sold and average sales prices were at similar levels in 1Q10 and 1Q09.

Consolidated Recurrent EBITDA in 1Q10 was 7 million Euros, representing a margin on Turnover of 2.2% which compares with 1.7% in 1Q09. However, excluding Brazil, recurrent EBITDA increased from zero in 1Q09 to 7 million Euros in 1Q10.

Compared with 4Q09, 1Q10 Turnover increased by 3% and recurrent EBITDA fell from 16 to 7 million Euros. Price increases achieved, were more than offset by the sharp increase in variable costs, particularly wood.

Consolidated Total EBITDA in 1Q10 was a negative 6 million Euros, as a result of Non-recurrent restructuring costs in Germany and France totalling 13 million Euros, which were compensated by the release of provisions.

⁹ Source: Statistics South Africa April 2010

¹⁰ Source: Statistics South Africa March 2010



	<i>(euro millions)</i>				1Q'10 / Restated* 1Q'09	1Q'10 / 4Q'09
	1Q'09	Restated* 1Q'09	4Q'09	1Q'10		
Turnover	346	319	312	320	1%	3%
Other Operational Income	11	11	59	20	80%	(65%)
EBITDA	4	(2)	27	(6)		(124%)
Recurrent EBITDA	6	0	16	7		(57%)
Recurrent EBITDA Margin %	1,7%	0,1%	5,1%	2,2%		
Depreciation and amortisation	(31)	(29)	(27)	(29)	(1%)	(6%)
Provisions and Impairment Losses	(3)	(3)	(9)	(3)	(29%)	63%
Operational Profit	(25)	(28)	8	(24)	15%	
Net Financial Charges	(15)	(14)	(12)	(11)	23%	8%
o.w. Net Interest Charges	(10)	(10)	(6)	(5)	46%	4%
o.w. Net Financial Discounts	(3)	(3)	(4)	(3)	10%	25%
Profit before taxes (EBT)	(40)	(42)	(3)	(35)	18%	
Taxes	(0)	(0)	(0)	(0)	(188%)	(19%)
o.w. Current Tax	(0)	(0)	0	(0)	(7%)	(114%)
Net Profit/(Loss) attributable to Shareholders of Sonae Indústria	(40)	(42)	(3)	(35)	17%	

*Restated on a like-for-like basis, by excluding Brazil

Financial costs for 1Q10 are 4 million Euros below 1Q09, benefiting from lower interest rates and lower average debt levels.

1Q10 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was a negative 35 million Euros, an improvement of 5 million Euros compared with 1Q09.

	<i>(euro millions)</i>	
	2009	1Q'10
Non Current Assets	1.233	1.237
Tangible Assets	1.083	1.083
Goodwill	92	93
Deferred Tax	33	36
Other Non Current Assets	24	25
Current Assets	370	395
Inventories	134	141
Trade Debtors	163	204
Cash & Investments	34	19
Other Current Assets	38	31
Total Assets	1.602	1.632
Shareholders' Funds	353	329
Minority Interests	2	2
Shareholders' Funds + Minority Interests	355	331
Interest Bearing Debt	791	830
Short term	138	161
L-M term	654	668
Trade Creditors	155	161
Other Liabilities	302	311
Total Liabilities	1.248	1.301
Total Liabilities, Shareholders' Funds and Minority Interests	1.602	1.632

Additions to Fixed Assets in 1Q10 were 4 million Euros, mostly related to investments in essential maintenance, Health & Safety and Environmental improvements.

Working Capital increased by 35 million Euros during 1Q10 due to the normal seasonal effect on receivables and higher operational activity which led to an increase of about 7 million Euros in inventories.



We have refinanced 150 million Euros of bonds in May in order to increase our debt maturity and to adjust our debt repayment profile to expected cash flow generation.

Our debt has no consolidated financial covenants.

Looking Forward

We expect a continuing recovery in the wood based panels industry over the coming quarters both in terms of sales volumes and sales prices.

Variable costs are expected to level out, or even decline, as a result of the seasonality of wood prices.

Fixed costs should continue to decrease, due to the restructuring measures we have already implemented.

We will continue to optimize our operations to further improve our efficiency and productivity.

The Board of Directors