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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, 29 July 2010: Sonae Indústria reports Consolidated First Half Results for 2010 (1H10), which have been subject to a limited audit review and are prepared in accordance with IAS 34 – Interim Financial Reporting.

Highlights of Financial Performance:

- Comparing 2Q10 with 1Q10:
 - Turnover increased by 6%, despite the sale of the Lure plant
 - Prices continue to follow a positive trend
 - Recurrent EBITDA increased from 7 to 22 million Euros
 - Net Loss reduced to 6 million Euros (down on the 35 million Euros Net Loss in 1Q10)
 - Net Debt fell by 79 million Euros

- Comparing 1H10 with 1H09*:
 - Recurrent EBITDA increased from 6 to 29 million Euros
 - Net Loss reduced to 41 million Euros (down from 78 million Euros)
 - Net Debt fell by 149 million Euros

	<i>(euro millions)</i>			2Q10 / 2Q09*		<i>(euro millions)</i>		1H10 / 1H09*
	2Q09*	1Q10	2Q10		1Q10	1H09*	1H10	
Consolidated Turnover	297	320	339	14%	6%	615	659	7%
EBITDA	3	(6)	24			1	18	
Recurrent EBITDA	6	7	22	273%	218%	6	29	356%
Recurrent EBITDA Margin %	2,0%	2,2%	6,5%			1,0%	4,4%	
Net Profit/(Loss) attributable to Shareholders	(36)	(35)	(6)	83%	82%	(78)	(41)	47%
Consolidated Net Debt	881	811	732	(17%)	(10%)	881	732	(17%)

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



Message from Carlos Bianchi de Aguiar, CEO

“After a disappointing first quarter, we have been able to improve our performance in this quarter, generating additional contribution margin and keeping fixed costs under control.

Volumes sold during 2Q10 remained stable, and variable costs were flat compared with 1Q10, but 11% higher compared to 4Q09. Since 4Q09, wood cost per cubic meter increased by 15% and chemical costs per cubic meter were up by 10%.

Fixed costs in 1H10 are 9 million Euros below 1H09 and productivity grew by 20% (on a like-for-like basis), as a result of the restructuring measures we have implemented.

As already announced, our Lure plant (in France) was sold in April to Swedspan, a subsidiary of INGKA Group (which also owns IKEA's Group). Our decision to sell Lure is aligned with our strategy of strengthening our balance sheet and this transaction allowed us to cash-in 68 million Euros and thereby to decrease our Net Debt.

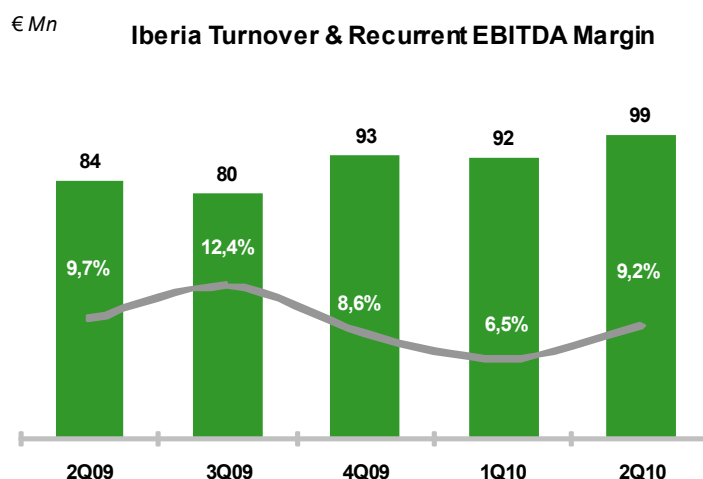
Our new matrix organisation, with two new functional roles within the Executive Committee: CM & SO¹ and CI & TO² is already in place and a number of new horizontal efficiency projects have been started from which we expect additional improvements in efficiency and savings in fixed costs.

We will continue to work hard to improve our profitability, seize opportunities and overcome the challenges ahead. I am counting on our team, as well as on our customers, shareholders, banks, suppliers and other stakeholders for their continued support to make Sonae Industria a sustainable and leading company.”

Geographical Review of Operations

Iberia

Iberia continues to experience tough market conditions. New housing permits are still far below last year (24%³ in Spain and 8%⁴ in Portugal, respectively) but the quarter on quarter rate of decline³, has been decreasing.



Comparing 2Q10 with 1Q10, volumes sold in Iberia increased by 7%, mainly as a result of low levels sold in January and February. This effect resulted in a quarter on quarter turnover increase of 8%.

¹ Chief Marketing and Sales Officer

² Chief Industrial and Technology Officer

³ Source: *Ministerio de Fomento*, July 2010 (for the period Jan. - Apr.)

⁴ Source: *Instituto Nacional de Estadística*, July 2010 (for the period Jan. - May)



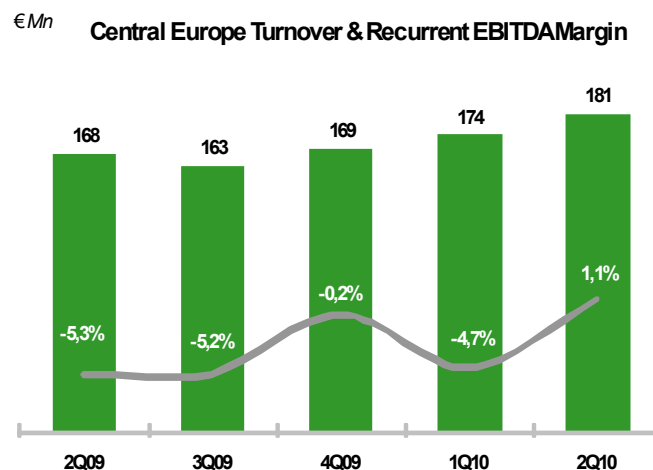
On the cost side, competition from biomass and pellets for wood resources, particularly in Portugal, continued to put pressure on wood prices. However, better weather conditions, compared to those experienced in 1Q10, led to lower energy consumption and higher efficiency, resulting in lower production costs.

Higher volumes sold, combined with lower production costs, resulted in a recurrent EBITDA margin recovery from 7% to 9%.

Comparing 2Q10 with 1Q10, Iberian volumes sold increased by 7%, turnover moved 8% up reaching 99 million Euros, and recurrent EBITDA recovered from 6 to 9 million Euros. Comparing 1H10 with 1H09, Iberian volumes sold increased 10% and turnover moved 13% up. Nevertheless, recurrent EBITDA margin decreased by 1pp, mainly caused by higher wood costs, compared to last year.

Central Europe (Germany, France and the UK)

In Central Europe demand for wood based panel products remained weak.



In **Germany**, new house construction permits (YoY Jan. – May) were up 6%⁵, indicating a slow recovery compared to last year. We have been witnessed a positive and sustainable market, particularly for OSB, not only in the local market but also for exports. The recovering market, combined with lower supply, allowed us to increase our contribution margins, particularly in cases where they had previously decreased the most. Additionally, the restructuring process we have implemented has reduced our fixed costs, which is positively impacting our recurrent EBITDA margin.

In **France**, demand from the construction and furniture segments remains weak, but there are some positive trends, as housing permits increased by 15%⁶ (YoY Jan - May). Nevertheless, the effect of selling the Lure plant in April, led to a sales volume decrease from 1Q10 to 2Q10. However, higher profitability due to better weather conditions (compared to 1Q10) and the consequent increase in capacity utilization, combined with lower fixed costs as a result of restructuring, led to recurrent EBITDA break-even in June.

⁵ Source: German Federal Statistical Office, July 2010

⁶ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, June 2010

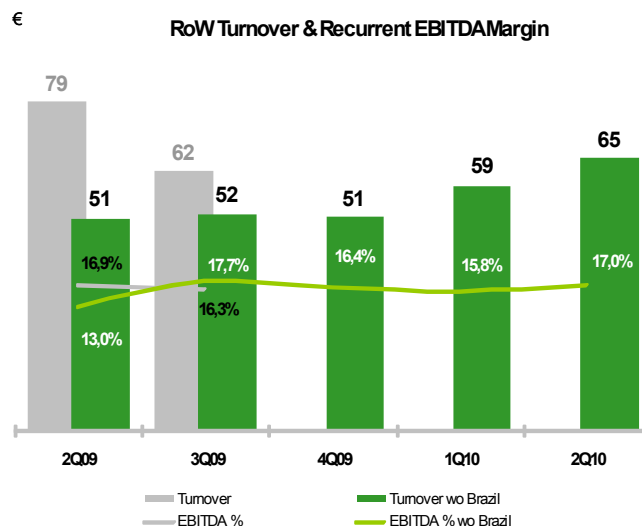


The **UK** grew during 2Q10 at the fastest pace seen over the last 4 years⁷. Additionally, better weather conditions allowed our logistical operations, as well as our production costs to normalise. Moreover, capacity utilization improved, which led to better fixed cost dilution and a consequent increase in margins, when compared to 1Q10. When compared 1H10 with 1H09 and despite the closure of PB plant in Coleraine in March 2009, turnover only decreased by 4% (in local currency) and EBITDA margin even increased 2pp.

In **Central Europe**, quarter on quarter, turnover increased by 4% to 181 million Euros, despite the sale of the Lure plant in April, and recurrent EBITDA recovered from 8 million Euros negative to 2 million Euros positive. When comparing 1H10 with 1H09, in spite of closing 18% of our production capacity in this region, turnover only decreased by 2% and recurrent EBITDA increased by 67%, or 3pp in terms of margin, which illustrates 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 comparative figures in the chart below are shown both with and without the impact of the Brazilian operations.



The Canadian market recovered and posted a good set of results, but in South Africa, during this quarter, volumes sold were negatively affected by business uncertainty caused by the World Cup.

In **North America**, US housing starts increased by 20% (YoY Jan. – May)⁸ while Canadian housing starts were up by 57% (YoY Jan - May)⁹, which is a sign of a market recovery, albeit from low levels. We also continue to increase our customer base, and the combination of these two effects resulted in volumes sold increasing by 7% from 1Q10 to 2Q10 and by 23% when comparing 1H10 with 1H09. Our Canadian plant continued to run at full operation during 2Q10, representing a further increase in capacity utilization of 9pp comparing 2Q10 to 1Q10 and of 16pp comparing 1H10 with 1H09. As a result, turnover in 2Q10 (in local currency) increased by 8% and recurrent EBITDA margin increased by 5pp compared to 1Q10. When converted to Euros turnover increased by 18%.

⁷ Source: Office for National Statistics, July 2010

⁸ Source RISI, June 2010

⁹ Source: CMHC - Canada Mortgage and Housing Corporation, July 2010

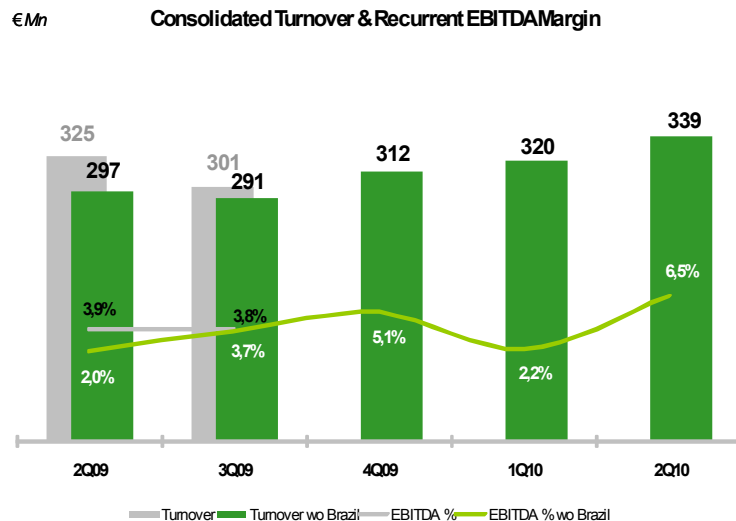


In **South Africa**, residential building permits still posted a YoY decrease of 3%¹⁰ (Jan – April). The World Cup, which was held in this country, has led to some business uncertainty, which apparently resulted in a weaker order intake during 2Q10. Our volumes sold decreased by 5%, compared to 1Q10 and prices were under pressure, which led to a turnover decrease of 7% (in local currency), although turnover remained flat when converted to Euros. The same effects also led to a recurrent EBITDA margin decrease of 4pp from 1Q10 to 2Q10. However, comparing 1H10 with 1H09, turnover (in local currency) was 15% higher and recurrent EBITDA margin increased by 8pp, largely due to 26% higher volumes sold.

For the **Rest of the World** (excluding Brazil), 2Q10 turnover increased by 11% on 1Q10, reaching 65 million Euros and recurrent EBITDA increased by 20% to 11 million Euros. Compared to 1H09, turnover, in 1H10 increased by 31% and recurrent EBITDA more than doubled.

Financial Review of 1H10

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



Consolidated turnover in 2Q10 totalled 339 million Euros, 6% higher than for 1Q10 and recurrent EBITDA was 22 million Euros, more than three times the value for 1Q10.

In 1H10 consolidated turnover totalled 659 million Euros, 7% higher than 1H09 (excluding Brazil), in spite of a reduction of 11% in installed capacity, and recurrent EBITDA increased to 29 million Euros which compares with 6 million Euros for 1H09.

1H10 was impacted by the appreciation of the CAD and ZAR against the Euro, resulting in an estimated positive effect of 21 million Euros on turnover and 3 million Euros on recurrent EBITDA. In 1H10, Total EBITDA was 18 million Euros, which includes charges for restructuring costs in Germany and France and a 7 million Euro gain from the sale of the Lure plant.

Net Interest Charges for 1H10 are 6 million Euros below 1H09, benefiting from both lower interest rates and lower average debt levels.

¹⁰ Source: Statistics South Africa June 2010



	(euro millions)			2Q10 /	2Q10 /	(euro millions)		% chg
	2Q'09*	1Q10	2Q10	2Q09*	1Q10	1H09*	1H10	1H10 / 1H09*
Consolidated Turnover	297	320	339	14%	6%	615	659	7%
Other Operational Income	13	20	25	86%	21%	23	45	92%
EBITDA	3	(6)	24			1	18	
Recurrent EBITDA	6	7	22	273%	218%	6	29	356%
Recurrent EBITDA Margin %	2,0%	2,2%	6,5%			1,0%	4,4%	
Depreciation and amortisation	(29)	(29)	(22)	24%	23%	(58)	(52)	11%
Provisions and Impairment Losses	(3)	(3)	(4)	(52%)	(36%)	(5)	(8)	(42%)
Operational Profit	(23)	(24)	7	132%	131%	(52)	(17)	68%
Net Financial Charges	(12)	(11)	(12)	6%	(9%)	(26)	(22)	15%
o.w. Net Interest Charges	(7)	(5)	(6)	18%	(11%)	(17)	(11)	34%
o.w. Net Financial Discounts	(3)	(3)	(4)	(13%)	(23%)	(6)	(6)	(1%)
Profit before taxes (EBT)	(36)	(35)	(4)	88%	87%	(78)	(39)	50%
Taxes	0	(0)	(2)			0	(2)	
o.w. Current Tax	0	(0)	(1)			0	(1)	
Net Profit/(Loss) attributable to Shareholders	(36)	(35)	(6)	83%	82%	(78)	(41)	47%

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

1H10 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was a negative 41 million Euros, an improvement of 37 million Euros compared with 1H09. In 2Q10, consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders was 6 million Euros negative, an improvement of 29 million Euros compared with 1Q10.

	(euro millions)	
	2009	1H'10
Non Current Assets	1.233	1.168
Tangible Assets	1.083	1.024
Goodwill	92	93
Deferred Tax	33	34
Other Non Current Assets	24	17
Current Assets	370	407
Inventories	134	144
Trade Debtors	163	202
Cash & Investments	34	20
Other Current Assets	38	40
Total Assets	1.602	1.576
Shareholders' Funds	353	333
Minority Interests	2	2
Shareholders' Funds + Minority Interests	355	335
Interest Bearing Debt	791	752
Short term	138	175
L-M term	654	578
Trade Creditors	155	167
Other Liabilities	302	321
Total Liabilities	1.248	1.240
Total Liabilities, Shareholders' Funds and Minority Interests	1.602	1.576

Additions to Fixed Assets in 1H10 were 8 million Euros, mostly related to investments in essential maintenance, Health & Safety and Environmental improvements.

During 2Q10, Working Capital improved by 4 million Euros, and Net Debt decreased by 79 million Euros, mainly due to the 68 million Euros cash received from the sale of the Lure plant.

Looking Forward

We expect 3Q10 volumes to be negatively impacted by the normal seasonal effect due to summer holidays.

We will continue to fight for a recovery in our contribution margin, which is still at a low level.

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

The Board of Directors