

EARNINGS ANNOUNCEMENT



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CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2005

16 May 2005

- Turnover up 6%, to 1,564 M.€
- Operational Cash Flow (EBITDA) up 5%, to 181 M.€
- Operating Profits (EBIT) of 99 M.€, up 30% on the same period of 2004
- Net Profit of 134 M.€, compared to 17 M.€ in the first quarter of 2004

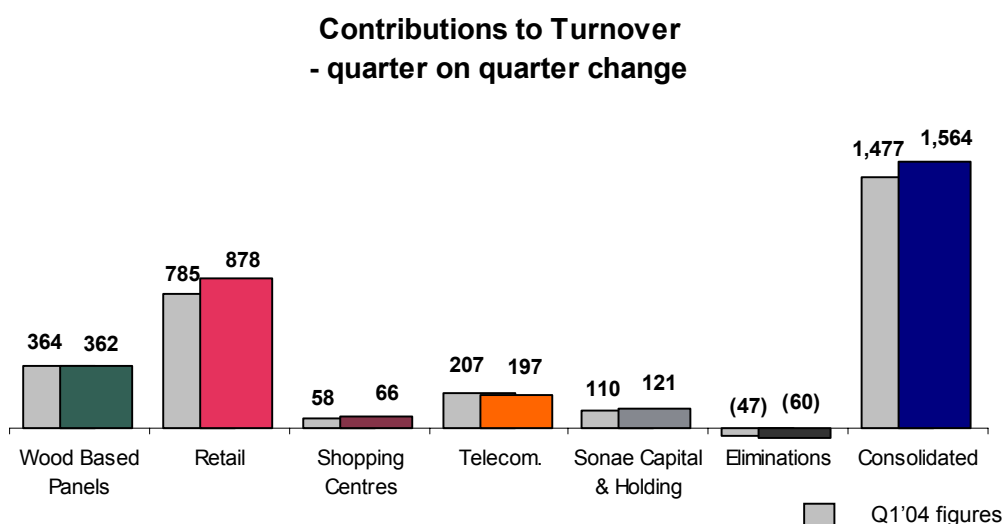
(Unaudited financial information for the quarters ending 31 March 2005 and 2004)

(As stated in our announcement dated 26 April 2005, and in accordance with the European Parliament and Council Regulation nr. 1606/2002, the Sonae Group presents its 2005 quarterly consolidated financial statements using International Financial Reporting Standards (IFRS) for the first time. In order that the quarterly results in 2005 are comparable with the same periods of 2004, the Sonae Group will show the 2004 figures restated in accordance with IFRS.)

EARNINGS REVIEW

Consolidated turnover for the quarter was 1,564 million euro, an increase of 6% compared to the 1,477 million euro achieved in the same period last year. In absolute terms, the Retail business posted the most significant increase, benefiting from a strong improvement in the contribution from Brazilian operations, whilst the contributions of the Wood Based Panels and Telecommunications businesses decreased slightly, compared to the same period last year. The Wood Based Panels contribution in 2004 included Gescartão, which was disposed of in the first quarter of 2005. On a like for like basis, the Wood Based Panels contribution increased 6%. For the Telecommunications business, lower mobile incoming traffic from fixed operators and lower mobile termination rates set by the regulator, explain the lower contribution to consolidated turnover.

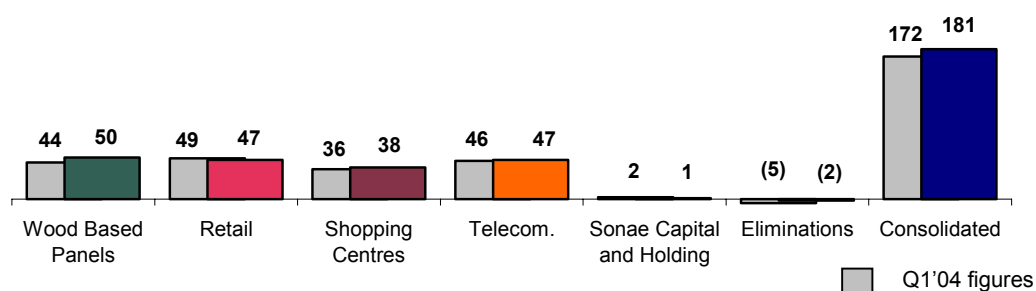
Values in million euro



Consolidated operational cash flow (EBITDA) generated in the first three months of 2005 was 181 million euro, an increase of around 5% compared to the same period last year. The Wood Based Panels business was the major contributor to EBITDA growth, reflecting the more favourable market conditions in the quarter and the effects of the cost optimisation measures put in place.

Values in million euro

Contributions to EBITDA

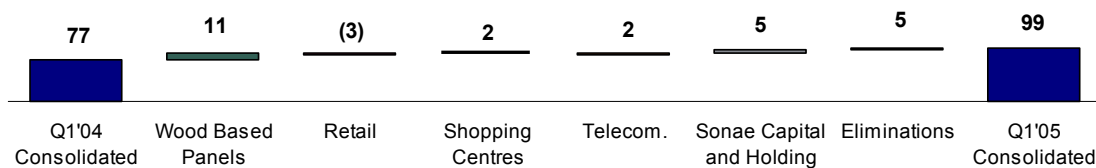


The **consolidated EBITDA margin** was 11.6%, in line with the margin for the first quarter of 2004.

Consolidated operating profit (EBIT) improved by 22 million euro to 99 million euro, from 77 million euro in the first quarter of 2004. The Wood Based Panels business was the main positive contributor to consolidated EBIT.

Values in million euro

Contributions to Operating Profit (EBIT) - quarter on quarter change



Consolidated net financial expenses totalled 43.3 million euro, compared to 54.6 million euro in the first quarter of 2004. This improvement was mainly due to a reduction in interest expenses, as a result of lower average debt levels (quarter on quarter), and to net exchange gains, compared to net exchange losses in the same period of last year.

Consolidated net profit for the period was 134 million euro, 117 million euro up on first quarter 2004. In addition to better operational and financial performance, the first quarter's profit includes around 90 million euro of investment income, most of which was the result of the sale of shareholdings in Imocapital/Gescartão and ba Vidro.

The **consolidated net profit attributable to equity holders of Sonae** for the quarter was 120 million euro (3 million euro in the same period in 2004). This significant increase is the result of the better operational performance in the businesses where Sonae owns a higher share, as well as of the higher proportion of investment income obtained in companies which are wholly owned by Sonae.

Values in million euro

**Net Profit for the period attributable to Equity Holders of Sonae
- quarter on quarter change**

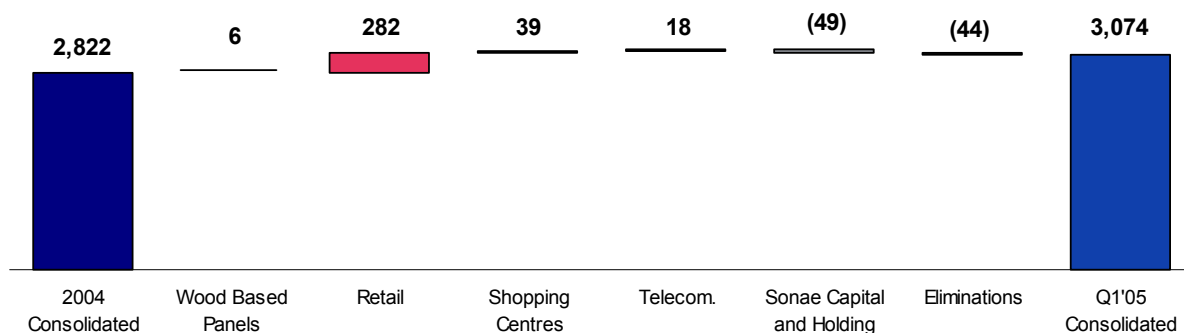


FINANCIAL STRUCTURE

Consolidated net debt¹ at the end of the quarter was 3,074 million euro, an increase of 252 million euro compared to the end of 2004 (decrease of 140 million euro compared to the end of the same quarter 2004). The increase in the contribution of the Retail Business results from business seasonality. At the Sonae Capital and Holding level, the decrease in the quarter is a result of the sale of 27.8% of ba Vidro.

Values in million euro

**Contributions to Net Debt¹
- change in the quarter**



¹ Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments

The **ratio of net debt to annualised operational cash flow (EBITDA)** was 3.2. **Annualised interest cover** was 5.6 for the quarter, up from 5.1 at 31 December 2004. This improvement results from the good performance in operational cash flow and the reduction in interest charges, driven by better financial conditions achieved due to renegotiation of some of the major loan contracts and by an increase in the proportion of debt issued directly in the capital markets.

OUTLOOK

The Wood Based Panels and Telecommunications businesses expect lower profitability levels in the following quarters, as a result of weaker market conditions.

The Retail and Shopping Centres businesses envisage continuing their investment plans, pursuing leadership positions in the markets where they operate.

Maia, 16 May 2005

The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTERS ENDED 31 MARCH 2005 AND 31 MARCH 2004

Values in million euro

	31.03.2005	31.03.2004
Turnover	1,564.1	1,477.2
Value created on Investment Properties	8.5	9.6
Other Operational Income	109.4	85.6
Total Operational Income	1,682.0	1,572.4
Cost of Goods Sold and Materials Consumed	(894.4)	(807.9)
Change in Stocks of Finished Goods and Work in Progress	(0.2)	(12.4)
External Supplies and Services	(363.3)	(345.1)
Staff Costs	(214.0)	(203.8)
Other Operational Expenses	(29.0)	(30.9)
Total Operational Expenses	(1,500.9)	(1,400.1)
Operational Cash Flow (EBITDA)	181.1	172.3
Depreciation and Amortisation	(81.2)	(86.3)
Provisions and Impairment Losses	(0.7)	(9.5)
Operating Profit (EBIT)	99.2	76.5
Net Financial Expenses	(43.3)	(54.6)
Share of Results of Associated Undertakings	1.3	3.0
Investment Income	89.8	11.1
Profit before Taxation	147.0	36.0
Taxation	(12.7)	(18.7)
Profit for the Period	134.3	17.3
Attributable to Equity Holders of Sonae	120.5	2.7
Attributable to Minority Interests	13.8	14.6

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2005 AND AS AT 31 DECEMBER 2004

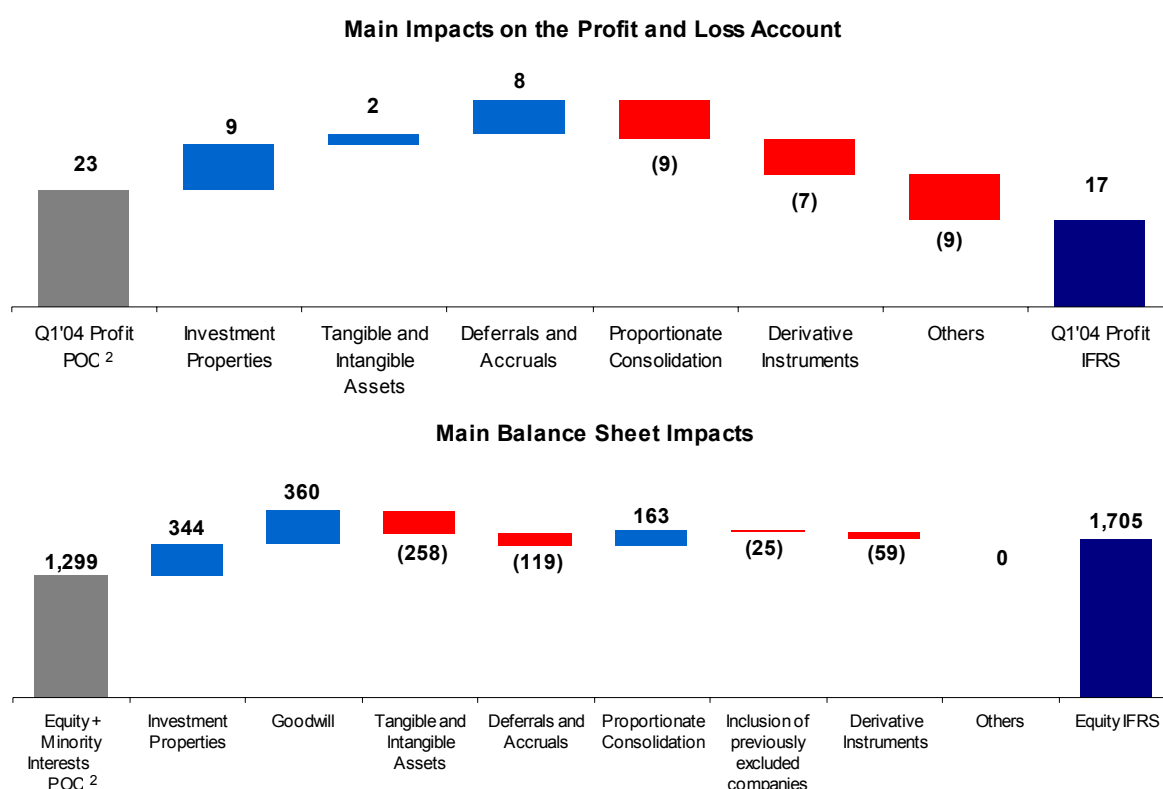
Values in million euro

	31.03.2005	31.12.2004
Investment Properties	2,252.9	2,204.8
Tangible Assets	3,057.2	3,117.4
Intangible Assets	329.0	335.3
Goodwill	475.2	453.2
Investments	95.8	106.2
Deferred Tax Assets	214.8	217.0
Other Non-Current Assets	99.6	111.5
Total Non-Current Assets	6,524.5	6,545.5
Stocks	670.4	673.8
Trade Debtors and Other Current Assets	952.2	802.5
Investments	85.5	89.6
Cash and Cash Equivalents	292.2	486.2
Total Current Assets	2,000.3	2,052.1
TOTAL ASSETS	8,524.8	8,597.6
Equity Attributable to Equity Holders of Sonae	1,221.7	1,104.9
Equity Attributable to Minority Interests	764.6	785.5
Total Equity	1,986.3	1,890.4
Borrowings	2,611.0	2,447.8
Deferred Tax Liabilities	384.6	388.1
Other Non-Current Liabilities	981.3	997.9
Total Non-Current Liabilities	3,976.9	3,833.8
Borrowings	841.0	949.7
Trade Creditors and Other Current Liabilities	1,707.4	1,909.8
Provisions	13.2	13.9
Total Current Liabilities	2,561.6	2,873.4
Total Liabilities	6,538.5	6,707.2
TOTAL EQUITY AND LIABILITIES	8,524.8	8,597.6

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Notwithstanding a more detailed analysis of the full consolidated financial statements including the valuation methods and accounting policies used that will be disclosed in the interim financial statements to be issued by the end of May, the main differences in the financial statements between IFRS and POC² in the first quarter of 2004, can be summarized as follows:

Values in million euro



The nature of these adjustments has already been explained in our press release dated 26 April 2005 and will be detailed further in the notes to the interim financial statements.

² POC = Portuguese Generally Accepted Accounting Principles

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INVESTOR RELATIONS OFFICE

SONAE, SGPS, SA has an **Investor Relations Office** available to shareholders and the investment community. The Investor Relations Officer is José Luís Amorim.

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INFORMATION AVAILABLE ON THE INTERNET

Investors can also find this press release and all publicly available information about the company at

<http://www.sonae.pt>
