

EARNINGS ANNOUNCEMENT



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CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2004

30 April 2004

- Turnover of 1,514 million euro.
- Operational Cash Flow of 138 million euro.
- Operational Profits of 37 million euro.
- Net Profit before Minority Interests of 23 million euro.

(Unaudited financial information for the quarters ending 31 March 2004 and 2003)

CHAIRMAN'S STATEMENT

“The first quarter of 2004 confirmed our expectations that profits would be much better than those of the first quarter of 2003, which was the case in particular for Sonae Indústria and Sonacom, which reported net profits, the latter for the first time.

We regret the predictable outcome of the Portucel reprivatisation process, in which the Portuguese Cabinet approved a strategy that was designed against Sonae by the Minister responsible. If Sonae had won the bid it would have had to launch a Public Offer, thus going against the Government's objectives, or it would have no effective say in the management of the company, even if it were the largest shareholder.

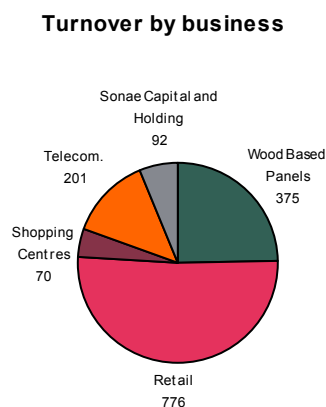
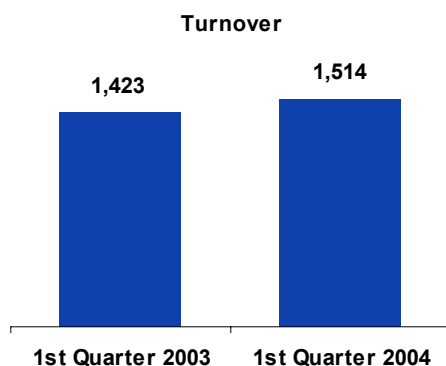
Our corporate governance model continues to evolve towards best international practice with the appointment of four new Non-Executive Directors of renowned professional competence and high personal standing, who are knowledgeable about the Group and the different business areas in which we are involved.

Despite the difficulties of the last few years, the Sonae Group is today much bigger and more global, where international expansion has contributed towards increasing our knowledge of several markets in three continents and a remarkable improvement in the negotiation and technical skills of our top managers.”

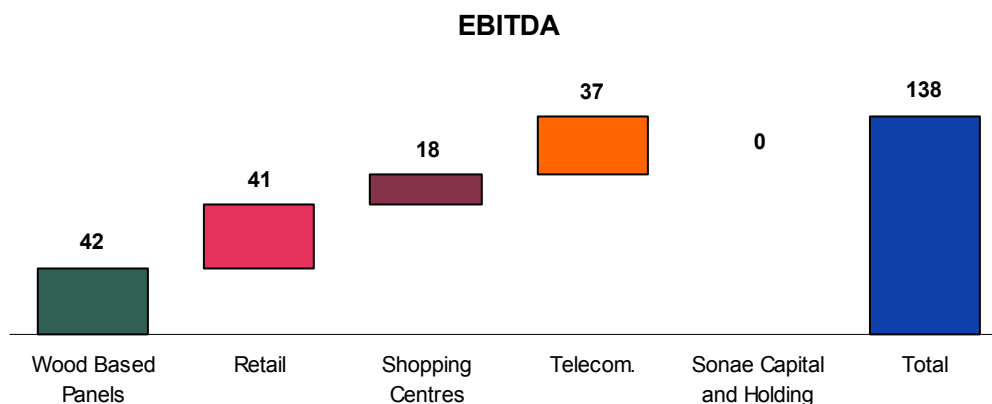
Belmiro de Azevedo

EARNINGS REVIEW

Consolidated turnover was 1,514 million euro for the first quarter of the year compared to 1,423 million euro in the same period last year. This growth occurred in all businesses, the exchange rate impact being negligible.



Consolidated operational cash flow (EBITDA) generated in the first three months of 2004 was 138 million euro, an increase of around 12.4% compared to the same period last year. The main contributors to this increase were the Telecommunications (+12.1 million euro) and Wood Based Panels (+2.7 million euro) businesses.



The **consolidated EBITDA margin** was 9.1% compared to 8.7% in the first quarter of 2003. This improvement was the result of stronger margins in the Telecommunications and Wood Based Panels businesses.

Consolidated operational profits (EBIT) were 37 million euro, almost double those of the first quarter of last year (19 million euro) due to improvement in operational cash flow and lower depreciation and provisions.

Consolidated net financial charges totalled 37.6 million euro, compared to 61.9 million euro in the same period last year. This significant improvement was due to the reduced average debt level with a resulting fall in interest payable and to exchange rate gains as opposed to exchange rate losses in the same period last year.

As a result of the overall improvement in the above results, the **consolidated profit/loss on ordinary activities** in this quarter were close to break-even, a substantial improvement compared to the 42.5 million euro loss in the first quarter of 2003.

Consolidated extraordinary profits in the quarter were 29.5 million euro compared to 89.6 million euro in the same quarter last year. It should be noted that in the first quarter of 2003, a capital gain of 78.8 million euro was made on the sale of 50% of the company owning the Vasco da Gama Shopping Centre to ING Retail Property Fund Ibérica.

Consolidated net profits before minority interests were 22.8 million euro (38 million euro in the same quarter of 2003) while consolidated profits after minority interests were 8.4 million euro (15 million euro in the same quarter of 2003).

FINANCIAL STRUCTURE

Consolidated net debt at the end of the quarter was 2,860 million euro, a fall of 740 million euro compared to the same quarter of 2003, continuing the trend begun in 2003.

The **ratio of operational cash flow (EBITDA) to interest charges** was 3.5, an increase on the figure of 2.8 for the same period last year. The **ratio of net debt to annualised operational cash flow (EBITDA)** was 4.3, compared to 5.7 in the same period last year. The improvement in both ratios confirms the continued strengthening of the financial capability of the Group.

OUTLOOK

The economic situation is still uncertain leading to downward revisions of growth forecasts, particularly in Europe and Portugal. However some market segments are showing positive signs.

Against this background, the Group's businesses will continue to focus on increasing efficiency in all areas that will enable them to cope more effectively with the economic situation.

Maia, 30 April 2004
The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

Values in million euro

	31.03.2004	31.03.2003
Turnover	1,514.0	1,423.1
Operational Cash Flow (EBITDA)	138.4	123.2
Operational Profit (EBIT)	36.8	19.3
Net Financial Charges	(37.6)	(61.9)
Profit on Ordinary Activities	(0.8)	(42.5)
Extraordinary Profits/(Losses)	29.5	89.6
Associated Companies	3.0	2.0
Profit/(Loss) before Taxation	31.7	49.1
Taxation	(8.9)	(11.1)
Profit/(Loss) before Minority Interests¹	22.8	38.0
Minority Interests	14.4	23.0
Profit/(Loss) for the period	8.4	15.0

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004

Values in million euro

	31.03.2004	31.03.2003
Fixed Assets ¹	5,072.3	5,240.7
Stocks	692.6	708.7
Debtors	912.2	1,033.5
Cash and Short Term Investments	390.1	385.1
Deferrals	536.1	562.5
Total Assets	7,603.3	7,930.5
Shareholders' Funds ¹	547.7	557.7
Minority Interests	751.8	863.3
Interest Bearing Debt: medium/long term	2,189.1	2,611.6
Other Creditor Balances: medium/long term	782.3	568.4
Interest Bearing Debt: short term	1,061.3	1,373.4
Other Creditor Balances: short term	1,326.2	1,216.9
Accruals	944.9	739.2
Total Liabilities	6,303.8	6,509.5
TOTAL SHAREHOLDERS' FUNDS, MINORITY INTERESTS AND LIABILITIES	7,603.3	7,930.5

¹ As in 2001, 2002 and 2003, goodwill was written off against reserves. If this write off had not taken place, intangible assets and shareholders' funds as at 31 March 2004 would have been higher by 746.4 million euro and amortisation for the quarter by 17.5 million euro.

REPRESENTATIVE FOR CAPITAL MARKET RELATIONS

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INVESTOR SUPPORT OFFICE

SONAE, SGPS, SA has an Investor Support Office at the disposal of shareholders and the investment community, which gives relevant information about the company as required by law. The manager of this office, who also is responsible for Investor Relations, is Dr. 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>
