CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2004

10 September 2004

- Turnover up by 6.7%, to 3,108 million euro
- Operational Cash Flow up by 22.5%, to 332 million euro
- Operational Profits of 125 million euro, doubling 1H 2003 figures
- Net Profit before Minority Interests of 56 million euro, more than doubling 1H 2003 figures
- Net Debt reduced by 513 million euro to 2,818 million euro

CHAIRMAN'S STATEMENT

"Our first half figures confirmed increasing profitability and a stronger balance sheet position. I would like to emphasize the 22.5% growth achieved in operational cash flow and the significant increase in net profits, resulting from cost reductions across the Group, particularly noticeable at Sonae Indústria and Sonaecom, and from improvements in market conditions.

Although we continue to make significant investments, we managed to reduce debt considerably, based on sustainable cash-flow generation and sales of non-core assets (this trend will continue in the near future with the sale of Portucel, which will result in important capital gains). We aim to reduce debt further, extend debt maturities and improve terms and conditions of our financing.

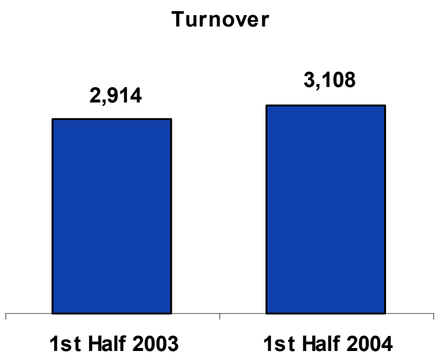
We are also focused on improving our Human Capital and to that end we have recently inaugurated the Sonae Learning Centre."

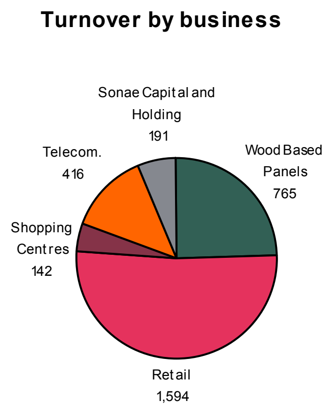
Belmiro de Azevedo

Chairman and CEO

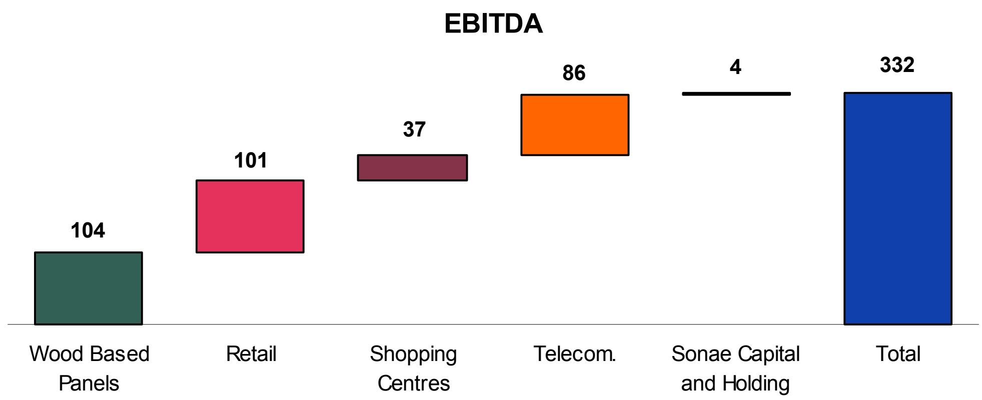
EARNINGS REVIEW

Consolidated turnover for the first half of the year was 3,108 million euro, compared to 2,914 million euro in the same period of last year, equal to an increase of 6.7%. This growth was achieved in almost all group businesses.





Consolidated operational cash flow (EBITDA) generated in the first six months of 2004 was 332 million euro, 22.5% up on the 271 million euro reported in the first half of last year. This growth was particularly noticeable in the Wood Based Panels and Telecommunications businesses.



The **consolidated EBITDA margin** was 10.7%, which compares with 9.3% in the first half of 2003. The improvement in EBITDA margin was the result of significantly increased contributions from Wood Based Panels and Telecommunications, which offset lower contributions from other businesses. Margins in the Wood Based Panels business improved in almost all markets. The Telecommunications business continued to show sustained improvement in profitability.

Consolidated operational profit in the period was 125 million euro, doubling that of the same period last year (62 million euro). This significant increase was due to improvement in operational cash flow, with amortisation and provisions remaining at similar levels.

Net financial charges reduced 30 million euros, from 116 million euro in the first six months of last year to 86 million euro this year. This was due to lower interest paid in Wood Based Panels, Retail and the Holding company.

Consolidated extraordinary profits for the six months totalled 33 million euro compared to 97 million in the same period of last year. Last year's extraordinary profits included three transactions that together resulted in capital gains of 96.7 million euro - sale of 50% of the company owning the Vasco da Gama Centre to ING Retail Property Fund Iberica, sale of all shares held in Banco BPI (4.31%) and sale of the 50% shareholding held in Crediuniverso, to Banco BPI.

The **consolidated net profit before minority interests** was 55.6 million euro compared to 22.8 million euro in the first half of 2003. The improvement is due to better operational profits, with lower levels of extraordinary gains compared to last year, reflecting the achievement of the operational improvement guidelines implemented by the businesses.

The **consolidated net profit after minority interests** for the period was 24.0 million euro compared to 2.7 million euro in the first half of 2003.

FINANCIAL STRUCTURE

Gross investment amounted to 286.6 million euro in the first half of 2004, which compares with 215.8 million euro in the same period of last year. **Net investment** was 220.8 million euro compared to 39 million euro in the same period of last year. Last year's figure included the sale of 50% of the company owning the Vasco da Gama Centre to ING Retail Property Fund Iberica and the disposal of shares held in Banco BPI.

Consolidated net debt, as at 30 June 2004, was 2,818 million euro, a fall of 513 million euro compared to the same period of last year. This significant reduction was the result of sustained internal cash flow generation and reduced levels of investment in the last six months of 2003.

The **ratio of operational cash flow (EBITDA) to interest charges** was 4, which compares with 2.8 in the first half of last year. This improvement was achieved due to a strong increase in operational cash flow and reduction in interest charges. As a result, the **ratio of net debt to annualised operational cash flow (EBITDA)** improved to 4 compared with 5.2 in the same period last year.

OUTLOOK

Our half year results confirm our expectations of an improvement of our profitability, particular in Wood Based Products and Telecommunications, and will allow us to anticipate the strengthening of the Group's financial structure. We will continue with our intention to extend debt maturities and improve terms and conditions of our financing.

Maia, 10 September 2004
The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2004

Values in million euro

	30.06.2004	30.06.2003
Turnover	**3,108.3**	**2,913.5**
Operational Cash Flow (EBITDA)	**331.8**	**270.9**
Operational Profit (EBIT)	124.7	61.8
Net Financial Charges	(85.8)	(116.3)
Profit on Ordinary Activities	**39.0**	**(54.5)**
Extraordinary Profits/(Losses)	32.5	97.5
Associated Companies	7.2	4.5
Profit/(Loss) before Taxation	**78.7**	**47.5**
Taxation	(23.1)	(24.7)
Profit/(Loss) before Minority Interests[1]	**55.6**	**22.8**
Minority Interests	(31.6)	(20.1)
Profit/(Loss) for the period	**24.0**	**2.7**

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2004

Values in million euro

	30.06.2004	30.06.2003
Fixed Assets[1]	5,074.2	5,176.5
Stocks	653.0	689.5
Debtors	843.4	885.8
Cash and Short Term Investments	386.7	482.8
Deferrals	513.7	551.1
Total Assets	**7,471.0**	**7,785.7**
Shareholders' Funds[1]	562.7	518.7
Minority Interests	718.5	760.1
Interest Bearing Debt: medium/long term	2,153.7	2,268.6
Other Creditor Balances: medium/long term	793.7	703.4
Interest Bearing Debt: short term	1,051.1	1,545.7
Other Creditor Balances: short term	1,221.5	1,226.0
Accruals	969.8	763.2
Total Liabilities	**6,189.8**	**6,506.9**
TOTAL SHAREHOLDERS' FUNDS, MINORITY INTERESTS AND LIABILITIES	**7,471.0**	**7,785.7**

[1] Since 2001, goodwill has been written off against reserves. If this write off had not taken place, intangible assets and shareholders' funds, as at 30 June 2004, would have been higher by 734.5 million euro and amortisation for the six months by 32.8 million euro.

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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