

EARNINGS ANNOUNCEMENT



Page 1 / 9

CONSOLIDATED RESULTS FOR THE FIRST SIX MONTHS OF 2005¹

09 September 2005

(Unless otherwise stated, the figures presented in this announcement relate to the first half of 2005. The figures shown in brackets are the comparable figures for the same period of the previous year.)

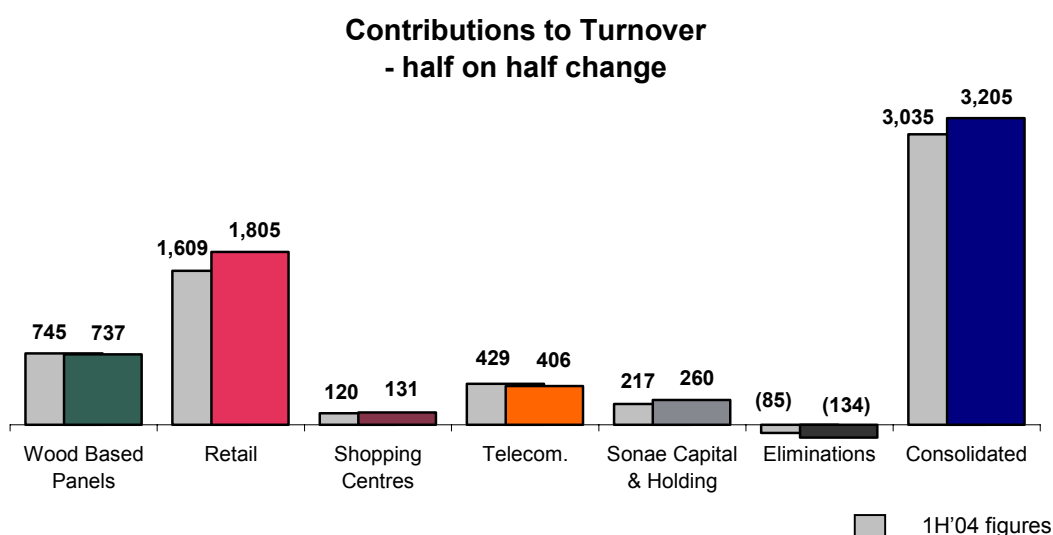
- Turnover up 6%, to 3,205 M.€
- Operational Cash Flow (EBITDA) up 9%, to 448 M.€
- Operational Profits (EBIT) of 268 M.€, up 13%
- Net Profit attributable to equity holders of Sonae of 165 M.€ (49 M.€)
- Net Debt of 3,330 M.€ (3,111 M.€)

¹ Prepared under International Financial Reporting Standards (IAS/IFRS) and subject to a limited review by external auditors as required by CMVM (Stock Exchange Regulator) for half year financial statements.

EARNINGS REVIEW

Consolidated turnover increased 6% to 3,205 million euro (3,035 million euro). In absolute terms, the contribution of the Retail business posted the most significant increase, benefiting from double digit growth in the sales of Brazilian operations and non-food formats in Portugal, whereas the contributions from the Wood Based Panels and Telecommunications businesses decreased slightly. On a like for like basis, excluding Gescartão (which was disposed of in the first quarter of 2005), the contribution from Wood Based Panels improved 5%. As for the Telecommunications business the decrease in operator revenues, following the reduction of mobile incoming traffic from fixed operators and lower mobile termination rates set by the regulator, was the main driver for the lower contribution to consolidated turnover. At constant exchange rates, turnover was 3,142 million euro, an increase of 3.5%.

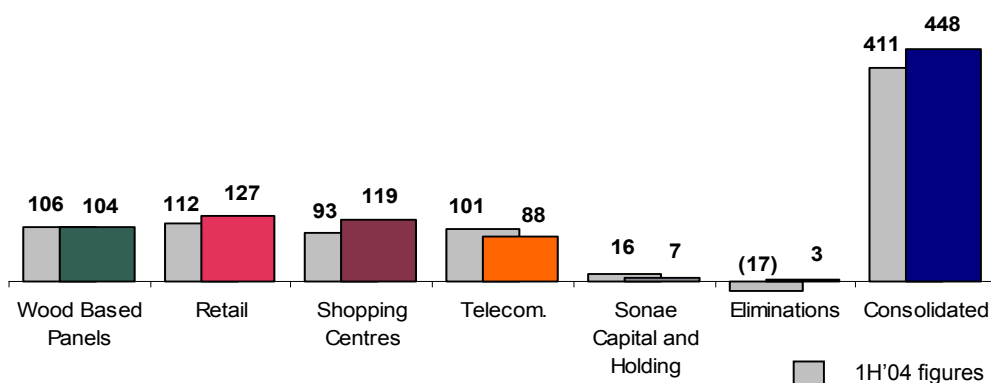
Values in million euro



Consolidated operational cash flow (EBITDA) was 448 million euro (411 million euro), an increase of 9%. The Retail and Shopping Centres businesses were the major contributors to EBITDA growth. The Retail business contribution includes gains of 29 million euro on the sale, in June of 2005, of 10 stores in the metropolitan area of São Paulo. The Shopping Centres contribution was positively impacted by the increase in the valuation of investment properties, due to lower yields in Portugal and Spain, and by the increase in rental income, as a result of the increase in the number of shopping centres under operation in Spain and Brazil, of the renegotiation of tenant contracts in Portugal and of a higher occupancy rate in some of the Brazilian centres. As for the Wood Based Panels business, on a like for like basis, contribution to consolidated EBITDA increased 5%. The **consolidated EBITDA margin** was 14.0% (13.5%). At constant exchange rates, operational cash flow (EBITDA) was 442 million euro, an increase of 7.6%.

Values in million euro

Contributions to EBITDA



Consolidated operational profit (EBIT) improved by 32 million euro to 268 million euro (236 million euro). The Shopping Centres business was the main positive contributor to consolidated EBIT.

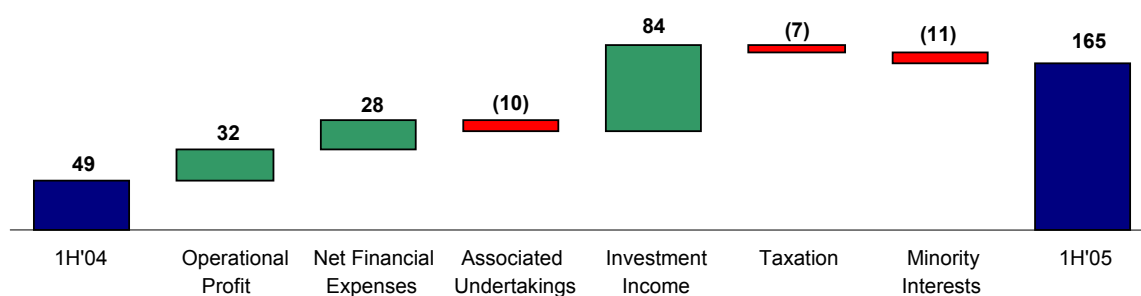
Consolidated net financial expenses fell 25% to 84 million euro (113 million euro). This improvement was for the most part due to a reduction in interest expenses, as a result of lower average debt levels and cost of debt, and to higher net exchange gains (largely associated with the appreciation of the Brazilian Real against the Euro).

Consolidated net profit for the period was 228 million euro, up 127 million euro. In addition to considerable improvements in both operational and financial performance, the profit for the first half of 2005 includes 95 million euro of investment income, of which around 80 million euro relate to the sale of shareholdings in Imocapital/Gescartão and ba Vidro.

The **consolidated net profit attributable to equity holders of Sonae** was 165 million euro (49 million euro). The growth is mainly explained by the higher investment income generated in companies that are fully owned by Sonae.

Values in million euro

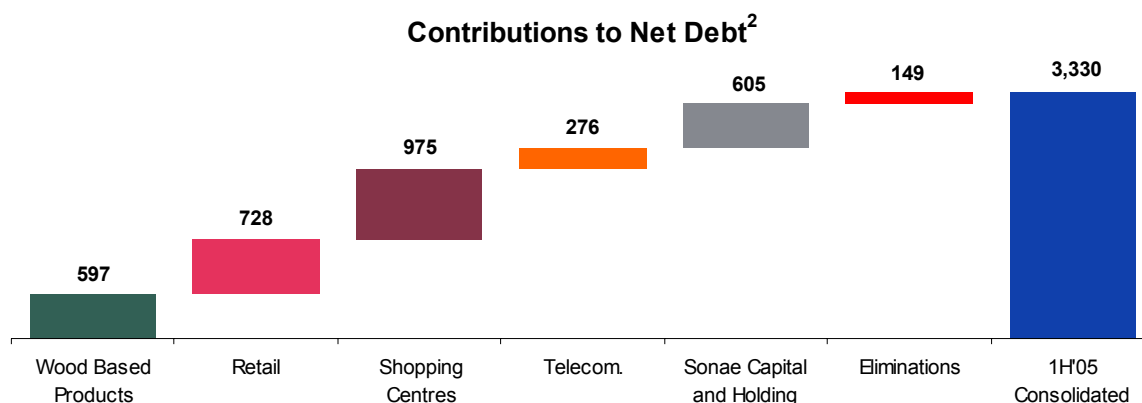
Net Profit for the period attributable to Equity Holders of Sonae - half on half change



FINANCIAL STRUCTURE

Consolidated net debt² at the end of the second quarter of 2005 reflects, as usual, the seasonality of most consumer businesses, and was 3,330 million euro, an increase of 508 million euro and 256 million euro compared to the end of 2004 and the end of the first quarter of the year, respectively. Compared to the end of the year 2004, the Wood Based Panels business increased its contribution as a consequence of a lower usage of securitization of receivables and factoring and of increased levels of business activity in the period. In Retail, the contribution rose due to the business seasonality effect. The increase in Shopping Centres contribution reflects, among other factors, the ongoing development projects and the acquisition of the Eroski stakes in four Spanish shopping centres. At the Sonae Capital and Holding level, the decrease during the period was the result of the sale of the shareholdings in ba Vidro and Imocapital/Gescartão.

Values in million euro



² 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 3.4. **Annualised interest cover** was 6.0, up from 5.1 at the end of 2004. This increase reflects improvements at the operational cash flow level and a reduction in interest expenses, mainly 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 capital markets.

OUTLOOK

Wood Based Panels anticipate lower profitability in the second half of the year, as a result of continued downward pressure on OSB and MDF prices coupled with the impact of higher oil prices and the normal reduction of activity due to summer vacations.

Retail will focus on organic growth to be achieved with its investment plans, particularly in Portugal.

Shopping Centres will continue to look for new investment opportunities whilst maintaining the pace of development of projects already announced.

The Telecommunications business decided to invest for growth and to develop new market opportunities in order to achieve sustainable growth and enhance future earnings, although this will negatively impact short term profitability.

All in all the second half of the year should not be significantly different from the trend in operational results seen in the first half. Preparations for the spin-off of Sonae Indústria are continuing as scheduled and we expect it to be completed up to the end of the year.

Maia, 09 September 2005

The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE PERIODS ENDED 30 JUNE 2005 AND 30 JUNE 2004

Values in million euro

	2Q'05	2Q'04	1H'05	1H'04
Turnover	1,641.2	1,557.6	3,205.3	3,034.8
Value created on Investment Properties	49.7	36.3	58.2	45.9
Other Operational Income	165.4	112.0	274.8	197.6
Total Operational Income	1,856.3	1,705.9	3,538.3	3,278.3
Cost of Goods Sold and Materials Consumed	(946.2)	(854.9)	(1,840.6)	(1,662.8)
Change in Stocks of Finished Goods and Work in Progress	6.9	(6.1)	6.7	(18.5)
External Supplies and Services	(397.8)	(365.9)	(761.1)	(711.0)
Staff Costs	(210.4)	(204.8)	(424.4)	(408.6)
Other Operational Expenses	(38.5)	(31.9)	(67.5)	(62.8)
Total Operational Expenses	(1,586.0)	(1,463.6)	(3,086.9)	(2,863.7)
Operational Cash Flow (EBITDA) ³	266.4	238.2	447.5	410.5
Depreciation and Amortisation	(85.4)	(72.7)	(166.6)	(159.0)
Provisions and Impairment Losses	(16.2)	(9.8)	(16.9)	(19.3)
Operational Profit (EBIT)	168.7	159.8	267.9	236.3
Net Financial Expenses	(41.1)	(58.3)	(84.4)	(112.9)
Share of Results of Associated Undertakings	(0.1)	8.1	1.2	11.1
Investment Income	5.0	(0.6)	94.8	10.5
Profit before Taxation	132.5	109.0	279.5	145.0
Taxation	(38.5)	(25.2)	(51.2)	(43.9)
Profit for the Period	94.0	83.8	228.3	101.1
Attributable to Equity Holders of Sonae	44.2	45.9	164.7	48.6
Attributable to Minority Interests	49.8	37.9	63.6	52.5

³ Operational Cash Flow (EBITDA) = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses (included in Other Operational Income and amounting to 3.9 M.€ in the first half of the year).

CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005 AND AS AT 31 DECEMBER 2004

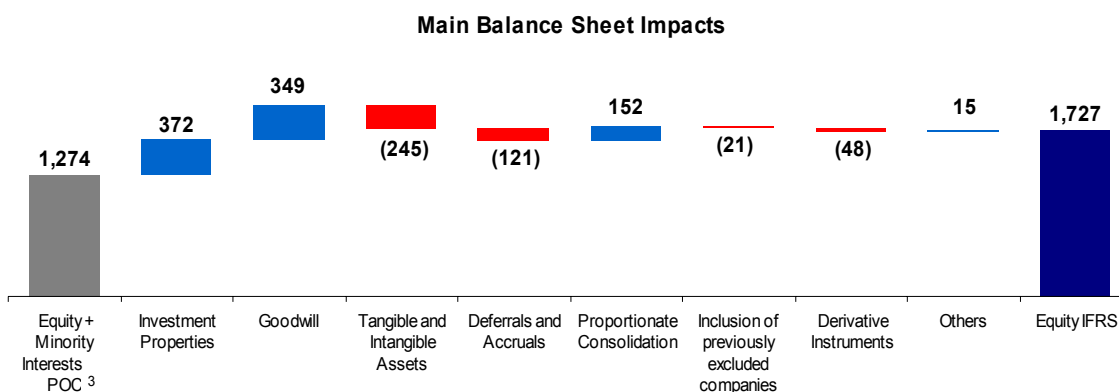
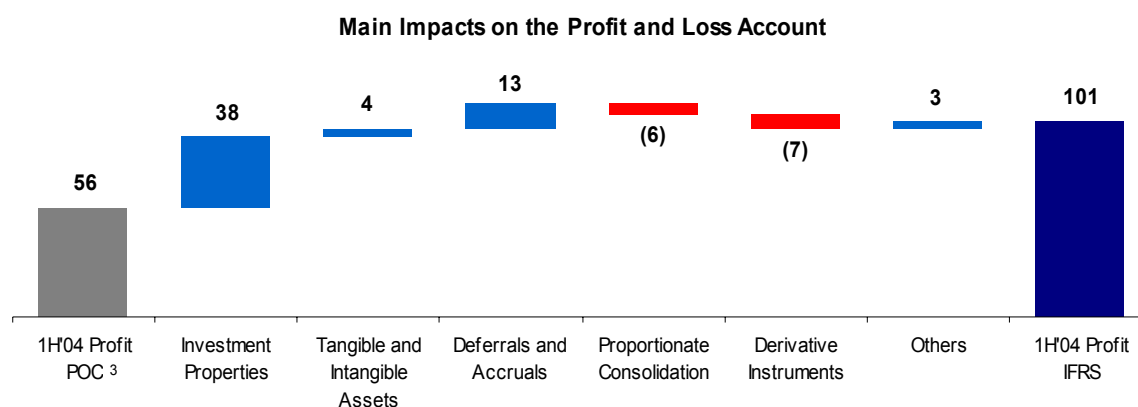
Values in million euro

	30.06.2005	31.12.2004
Investment Properties	2,491.8	2,204.8
Tangible Assets	3,087.8	3,117.4
Intangible Assets	341.5	335.3
Goodwill	552.8	453.2
Investments	96.9	106.2
Deferred Tax Assets	223.1	217.0
Other Non-Current Assets	115.5	111.5
Total Non-Current Assets	6,909.4	6,545.5
Stocks	725.7	673.8
Trade Debtors and Other Current Assets	824.2	802.5
Investments	70.6	89.6
Cash and Cash Equivalents	298.7	486.2
Total Current Assets	1,919.2	2,052.1
TOTAL ASSETS	8,828.6	8,597.6
Equity Attributable to Equity Holders of Sonae	1,407.0	1,104.9
Equity Attributable to Minority Interests	787.1	785.5
Total Equity	2,194.1	1,890.4
Borrowings	2,898.9	2,447.8
Deferred Tax Liabilities	435.7	388.1
Other Non-Current Liabilities	849.0	997.9
Total Non-Current Liabilities	4,183.6	3,833.8
Borrowings	800.0	949.7
Trade Creditors and Other Current Liabilities	1,633.7	1,909.8
Provisions	17.2	13.9
Total Current Liabilities	2,450.9	2,873.4
Total Liabilities	6,634.5	6,707.2
TOTAL EQUITY AND LIABILITIES	8,828.6	8,597.6

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Notwithstanding a more detailed analysis of the full consolidated financial statements that will be disclosed in the interim financial statements to be issued by the end of September, the main differences in the financial statements between IFRS and POC³ in the first half 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.

³ POC = Portuguese Generally Accepted Accounting Principles

REPRESENTATIVE FOR CAPITAL MARKET RELATIONS

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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>
