
CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2006¹

07 September 2006

- A strong second quarter...
 - Turnover increasing 8% to 1,039 M.€
 - Operational cash flow (EBITDA) of 180 M.€, up 31%

- ...lead to an improved first half...
 - Turnover of 1,999 M.€, up 7%
 - EBITDA of 278 M.€, up 16%
 - Operational profit (EBIT) of 164 M.€, up 24%
 - Profit for the period of 141 M.€

¹ Consolidated financial statements as at 30 June 2006 were prepared under International Financial Reporting Standards (IAS/IFRS) and were subject to a limited review by external auditors as required by CMVM (Portuguese Stock Exchange Regulator). 2006 figures are compared with 2005 pro-forma figures which consider the following changes to the consolidation perimeter: spin-off of Sonae Indústria, sale of Brazilian retail operations, sale of Imocapital/Gescartão and change of consolidation method of Sonae Sierra to proportionate.

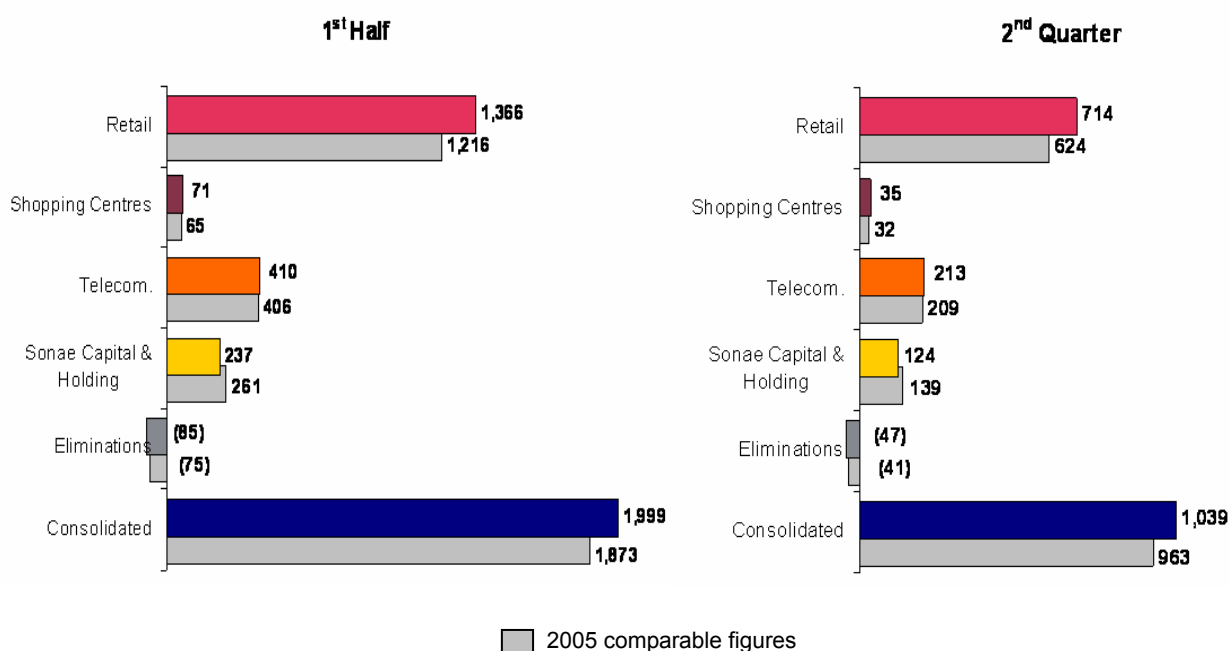
(Unless otherwise stated, the figures presented in this announcement relate to the first half or the second quarter of 2006. The figures shown in brackets are the comparable² figures for the same period of the previous year.)

EARNINGS REVIEW

Consolidated turnover for the half year amounted to 1,999 million euro (1,873 million euro), a 7% increase driven by: (i) like for like growth and new openings in the Retail business; (ii) higher number of centres in the Shopping Centres business asset portfolio; and (iii) positive impact of new services and products in the Telecommunications business, despite the reduction in mobile termination rates set by the regulator. In the second quarter, consolidated turnover rose 8% to 1,039 million euro (963 million euro), mostly due to the increased contribution of the Retail business. The opening of several stores in the last 12 months, the acquisition of control over Star and the Easter season contributed to this growth. The quarterly contributions of the Shopping Centres and Telecommunications businesses remained roughly in line with the previous year figures. The lower contributions from Sonae Capital and Holding, in both the half year and the quarter, resulted from the sale of the travel agency format to the Retail business in the first quarter of 2006.

Values in million euro

Contributions to Consolidated Turnover

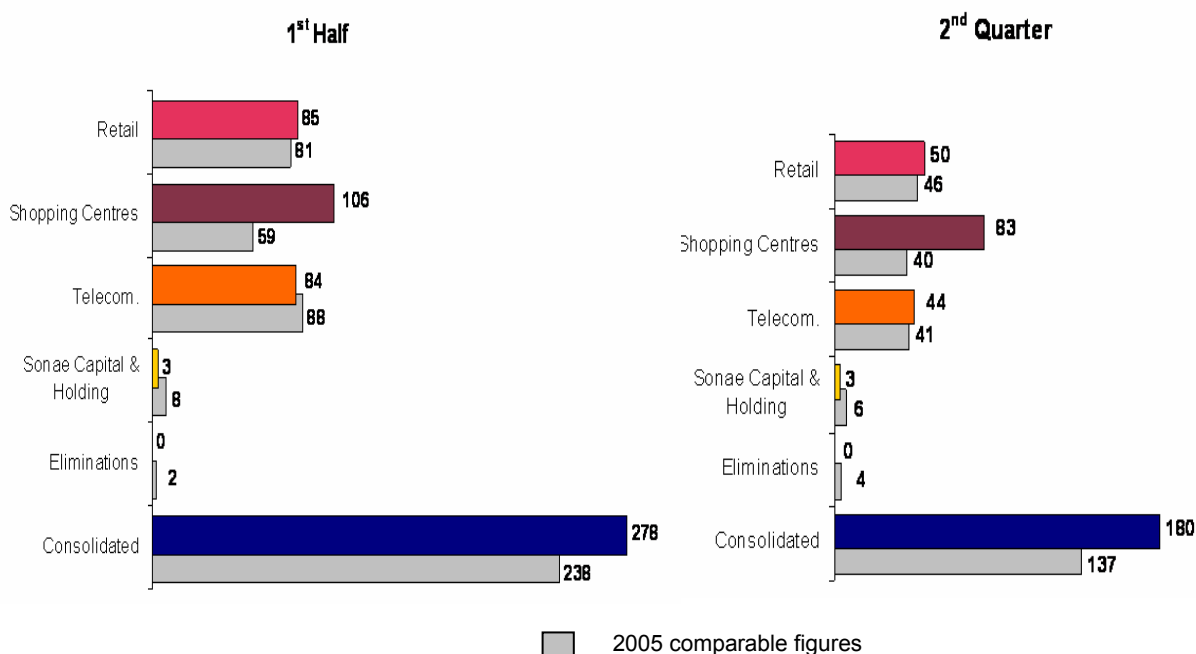


² The consolidated profit and loss accounts for the first half and second quarter of 2006 are not directly comparable with the figures for the first half and second quarter of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate (following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005. 2006 actual figures are compared with 2005 pro-forma figures, which take account of these changes in the consolidation perimeter.

Consolidated operational cash flow (EBITDA) for the half year was 278 million euro (238 million euro), corresponding to a **consolidated EBITDA margin** of 13.9% (12.7%). The Shopping Centres business delivered most of the growth, through the increase in the valuation of investment properties, both due to the higher number of shopping centres under operation and to lower yields in Portugal and Spain. Consolidated EBITDA for the quarter was 180 million euro (137 million euro), posting a 31% increase, generating an EBITDA margin of 17.3% (14.3%). The operational improvement achieved by the Telecommunications business in the second quarter of 2006, mostly at Optimus and Sonaecom Fixed, partially offset the lower contribution arising in the first quarter of the year. The Retail business achieved a slight increase in its contribution to consolidated EBITDA, both in the half year and in the quarter, reflecting the strategy outlined by the company, based on aggressive growth and value creation.

Values in million euro

Contributions to EBITDA



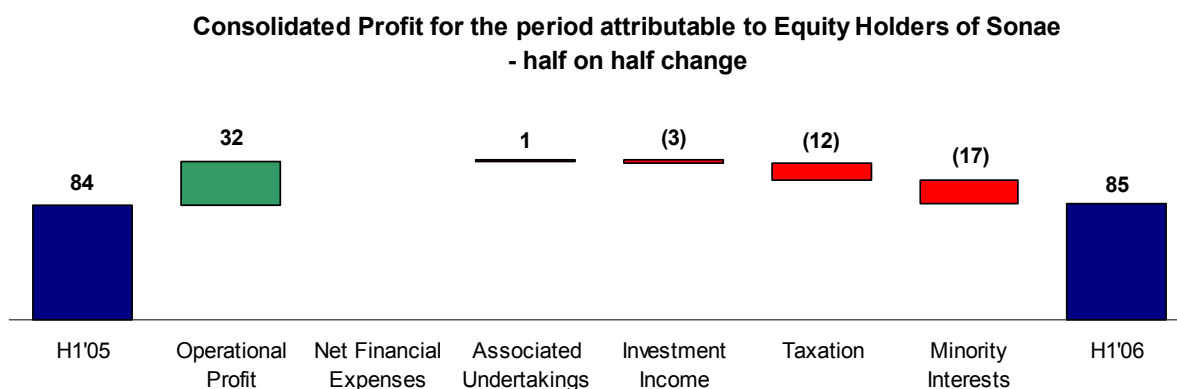
Consolidated operational profit (EBIT) improved 31 million euro in the half year, amounting to 164 million euro (133 million euro). Consolidated EBIT for the second quarter was 122 million euro (82 million euro). In both periods, the Shopping Centres business, through the impact of the value created on investment properties, was by far the largest contributor to consolidated EBIT.

Half year **consolidated net financial expenses** totalled 41.2 million euro remaining broadly in line with last year's first half figure (40.8 million euro), and decreasing slightly in the second quarter to 20.6 million euro (21.9 million euro), mainly due to a decrease in interest expenses, reflecting the better financial conditions negotiated on some of the major loan contracts.

Consolidated profit for the half year was 141 million euro (123 million euro), with the impact of better operational performance being partially offset by lower investment income. Investment income in the half year was 49 million euro and included the gain on the sale of an additional 3.92% shareholding in ba Vidro, the price adjustment on the sale of the Brazilian retail operations to Wal-Mart and the gain on the sale of Enabler. In the first half of 2005, investment income totalled 52 million euro, most of which resulted from the gain on the sale of a 27.8% shareholding in ba Vidro. In the second quarter, consolidated profit amounted to 106 million euro (44 million euro), with the increase being mainly driven by the significant improvement in operational performance as well as by 30 million euro of investment income, most of which was derived from the above mentioned gain on the sale of Enabler.

The **consolidated net profit attributable to equity holders of Sonae** for the half year remained in line with the same period of the previous year, at 85 million euro (84 million euro), and increased around 46 million euro in the second quarter to 60 million euro (14 million euro), due to better operational performance and to higher investment income.

Values in million euro

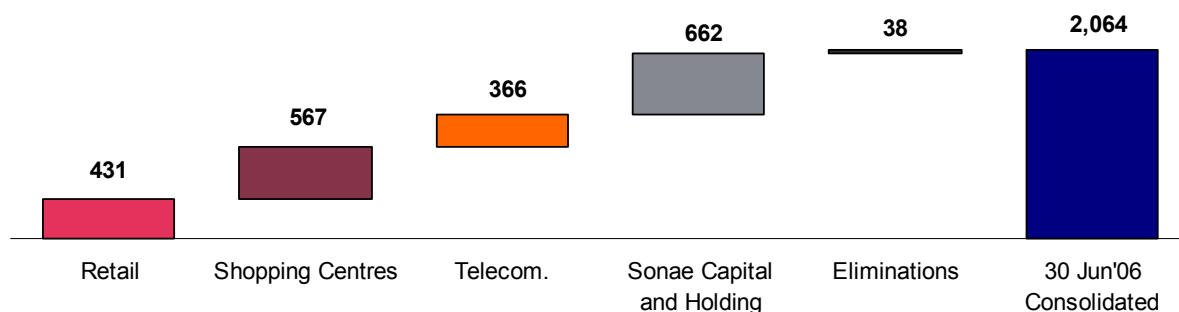


FINANCIAL STRUCTURE

Consolidated net debt³ as at 30 June 2006 amounted to 2,064 million euro, an increase of 444 million euro and 380 million euro compared to the end of 2005 and the end of the first quarter of the year, respectively. These increases reflect the seasonality of most consumer businesses and also the acquisition, during the second quarter of the year, of around 13% of the share capital of Modelo Continente in a partial execution of the Call Option contract signed with Banco Santander and its affiliated companies. Consolidated net debt reduced 1,266 million euro compared to the end of the first half of 2005 (3,330 million euro) when changes to the consolidation perimeter had not yet been implemented. Of the total consolidated net debt as at 30 June 2006, 567 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

³ Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.

Contributions to Consolidated Net Debt⁴



⁴ Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.

The **ratio of consolidated net debt to consolidated operational cash flow (EBITDA) for the last 12 months** was 3.3, which compares with 3.4 as at 30 June 2005, 1.7 as at 31 December 2005 and 2.9 as at 31 March 2006. **Annualised interest cover** was 6.9 (6.0), up from 6.1 at the end of 2005. This increase reflects not only the operational improvements achieved but also the reduction in interest expenses, mainly driven by better financial conditions negotiated on some of the major loan contracts.

OUTLOOK

The Retail business will continue its focus on organic growth, investing in locations where the company is not yet present and in new formats, at the same time as it invests further in innovation aiming at increasing customer satisfaction.

The Shopping Centres business will maintain its steady growth strategy which will entail looking at new investment opportunities, now also in some Eastern European markets.

Telecommunications will maintain its focus on innovating and promoting 3G services and fixed-mobile substitution whilst growing direct access broadband service, as well as improving efficiency gains and reducing activation costs.

Sonae is confident that its offer for the acquisition of Portugal Telecom will succeed.

Maia, 07 September 2006
The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE HALF-YEARS ENDED 30 JUNE 2006 AND 30 JUNE 2005

Values in million euro

	H1'06	H1'05 Pro-forma ⁵	H1'05
Turnover	1,999.1	1,872.7	3,205.3
Value created on Investment Properties	71.4	29.1	58.2
Other Operational Income	187.0	177.6	274.7
Total Operational Income	2,257.5	2,079.4	3,538.2
Cost of Goods Sold and Materials Consumed	(1,129.7)	(1,051.4)	(1,840.5)
Change in Stocks of Finished Goods and Work in Progress	6.2	(1.2)	6.7
External Supplies and Services	(533.1)	(493.1)	(761.1)
Staff Costs	(285.4)	(257.5)	(424.4)
Other Operational Expenses	(35.4)	(35.0)	(67.5)
Total Operational Expenses	(1,977.4)	(1,838.2)	(3,086.8)
Operational Cash Flow (EBITDA)⁶	277.5	238.2	447.5
Depreciation and Amortisation	(110.3)	(104.2)	(166.6)
Provisions and Impairment Losses	(5.6)	(4.5)	(16.9)
Operational Profit (EBIT)	164.2	132.5	267.9
Net Financial Expenses	(41.2)	(40.8)	(84.4)
Share of Results of Associated Undertakings	2.4	1.1	1.2
Investment Income	49.3	52.4	94.8
Profit before Taxation	174.7	145.2	279.5
Taxation	(33.9)	(22.4)	(51.2)
Profit for the Period	140.8	122.8	228.3
Attributable to Equity Holders of Sonae	85.1	84.3	164.7
Attributable to Minority Interests	55.7	38.5	63.6

⁵ Excluding the contributions of the Wood Based Panels business and of the Retail business operations in Brazil, the investment income generated on the sale of the shareholding in Imocapital/Gescartão, and considering the change in the method of consolidating the Shopping Centres business from full to proportionate.

⁶ 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 2.6 M.€ in H1'06 and 3.0 M.€ in H1'05 pro-forma).

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE QUARTERS ENDED 30 JUNE 2006 AND 30 JUNE 2005

Values in million euro

	Q2'06	Q2'05 Pro-forma ⁷	Q2'05
Turnover	1,038.8	963.3	1,641.2
Value created on Investment Properties	66.0	24.8	49.7
Other Operational Income	101.0	94.6	165.4
Total Operational Income	1,205.8	1,082.7	1,856.3
Cost of Goods Sold and Materials Consumed	(585.5)	(540.3)	(946.1)
Change in Stocks of Finished Goods and Work in Progress	1.9	0.8	6.8
External Supplies and Services	(278.0)	(260.1)	(397.8)
Staff Costs	(142.4)	(125.3)	(210.4)
Other Operational Expenses	(20.1)	(18.0)	(38.5)
Total Operational Expenses	(1,024.1)	(942.9)	(1,586.0)
Operational Cash Flow (EBITDA)⁸	179.9	137.4	266.3
Depreciation and Amortisation	(56.0)	(53.2)	(85.4)
Provisions and Impairment Losses	(4.0)	(4.8)	(16.2)
Operational Profit (EBIT)	121.7	81.8	168.7
Net Financial Expenses	(20.6)	(21.9)	(41.2)
Share of Results of Associated Undertakings	1.8	(0.2)	(0.1)
Investment Income	29.8	1.5	5.0
Profit before Taxation	132.7	61.2	132.4
Taxation	(26.9)	(17.1)	(38.5)
Profit for the Period	105.8	44.1	93.9
Attributable to Equity Holders of Sonae	60.4	13.9	44.2
Attributable to Minority Interests	45.4	30.2	49.7

⁷ Excluding the contributions of the Wood Based Panels business and of the Retail business operations in Brazil, and considering the change in the method of consolidating the Shopping Centres business from full to proportionate.

⁸ 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 1.8 M.€ in Q2'06 and 2.4 M.€ in Q2'05 pro-forma).

CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2006 AND AS AT 31 DECEMBER 2005

	Values in million euro	
	30.06.2006	31.12.2005
Investment Properties	1,486.7	1,357.4
Tangible Assets	1,974.0	1,908.1
Intangible Assets	319.1	321.5
Goodwill	243.4	245.6
Investments	265.0	157.6
Deferred Tax Assets	111.6	108.5
Other Non-Current Assets	36.3	35.8
Total Non-Current Assets	4,436.1	4,134.5
Stocks	489.4	460.5
Trade Debtors and Other Current Assets	597.2	788.7
Investments	10.6	10.7
Cash and Cash Equivalents	558.8	912.3
Total Current Assets	1,656.0	2,172.2
TOTAL ASSETS	6,092.1	6,306.7
Equity Attributable to Equity Holders of Sonae	1,179.8	1,140.7
Equity Attributable to Minority Interests	445.8	394.7
Total Equity	1,625.7	1,535.4
Borrowings	2,086.6	1,848.6
Deferred Tax Liabilities	264.9	238.2
Other Non-Current Liabilities	373.5	640.9
Total Non-Current Liabilities	2,725.0	2,727.7
Borrowings	546.9	694.5
Trade Creditors and Other Current Liabilities	1,192.2	1,346.8
Provisions	2.3	2.3
Total Current Liabilities	1,741.4	2,043.6
Total Liabilities	4,466.4	4,771.3
TOTAL EQUITY AND LIABILITIES	6,092.1	6,306.7

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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>
