

EARNINGS ANNOUNCEMENT



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2004 CONSOLIDATED RESULTS

10 March 2005

- Turnover up 6%, to 6,634 M.€
- Operational Cash Flow (EBITDA) up 22.3%, to 779 M.€
- Operational Profits of 355 M.€, up 75%
- Net Profit after Minority Interests of 192 M.€, compared to 114 M.€ in 2003
- Net Debt reduced by 71 M.€ to 2,503 M.€ (from 2,574 M.€ as at 31 December 2003), in spite of ...
- ... Gross investment of 741 M.€

CHAIRMAN'S STATEMENT

“Expectations for 2004 were confirmed with the excellent performance in all our businesses. It is fair to highlight the return to profits of Sonae Indústria, the continuing success of Modelo Continente and of the recently re-branded Sonae Sierra, and the first full year of net profits at Sonacom.

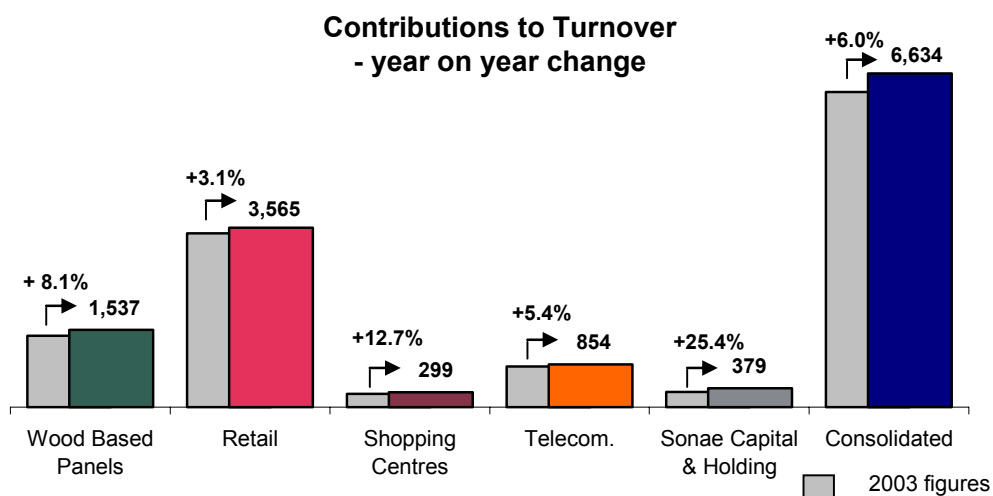
This improved operational performance coupled with the sale of non strategic assets contributed to a stronger Group balance sheet, a fact already recognized by our financial partners.

In 2005, we will start a new phase in which we will strengthen the management capabilities of our main businesses and rethink our strategic positioning. The first step in this direction is the announcement today of the decision to proceed immediately with the preparation of the spin-off of Sonae Indústria, creating an autonomous world player in Wood Based Panels.”

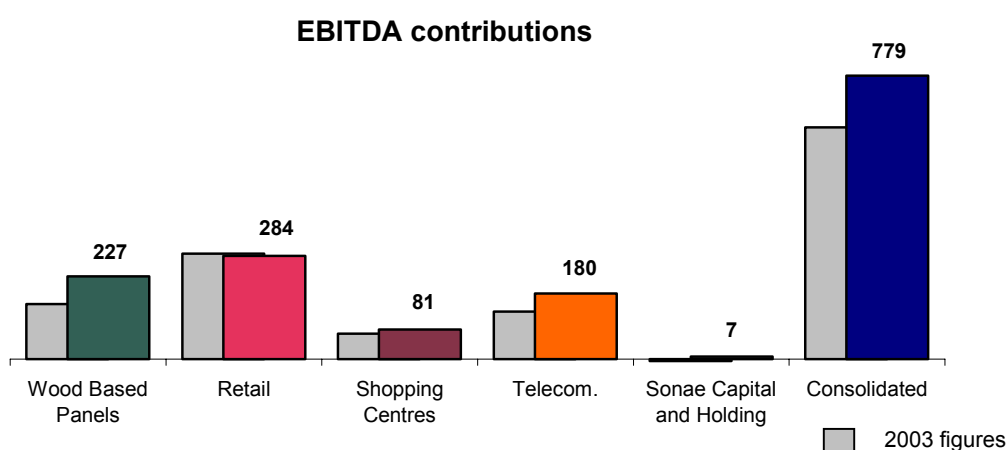
Belmiro de Azevedo
Chairman and CEO

EARNINGS REVIEW

Consolidated turnover for the year was 6,634 million euro, compared to 6,260 million euro last year, an increase of 6%. All businesses improved their contribution to turnover. In absolute terms the Wood Based Panels and Retail businesses posted the most significant increases. The Wood Based Panels business benefited from the general increase in demand and from improved average selling prices, whilst the Retail business benefited from a significantly higher contribution from the Brazilian operation.

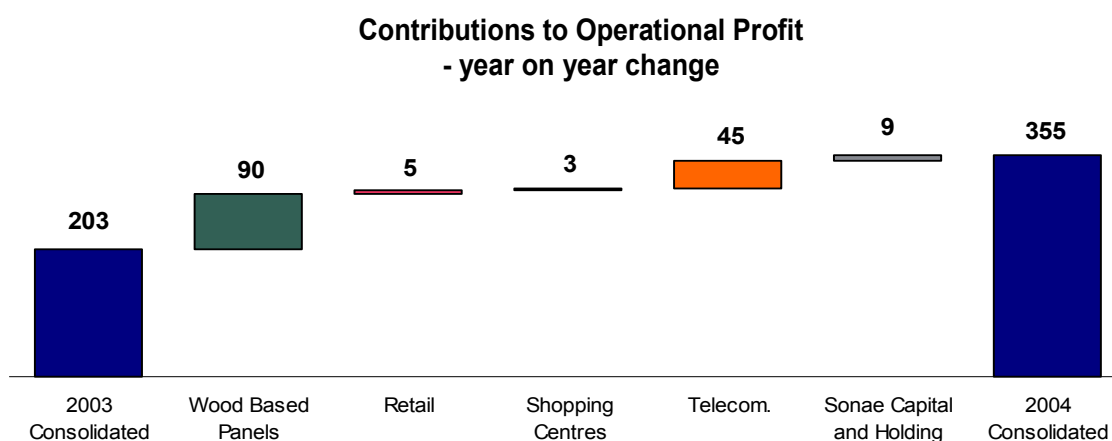


Consolidated operational cash flow (EBITDA) was 779 million euro in 2004, a strong increase of 22.3%, from 637 million euro last year. Almost all businesses increased their contribution to EBITDA. Growth was particularly noticeable in the Wood Based Panels and Telecommunications businesses. Wood Based Panels' operational performance has clearly improved due to the combined impact of higher volumes, better prices and cost optimisation measures. In Telecommunications, the significant EBITDA improvement was a result of increased service margin and continued focus on cost containment.



The **consolidated EBITDA margin** was 11.7% this year, equal to an increase of 1.57 percentage points over 2003. This improvement was the result of significantly increased contributions from Wood Based Panels and Telecommunications. Margins in the Wood Based Panels business improved in almost all markets. The Telecommunications business continued to show sustained improvement in profitability and mobile telecommunications experienced the highest EBITDA margin growth (around 6 percentage points).

Consolidated operational profit improved by 152 million euro, from 203 million euro last year to 355 million euro this year. The Wood Based Panels and Telecommunications businesses explain almost 90% of the improvement in operational profits, while the other businesses also achieved positive changes.

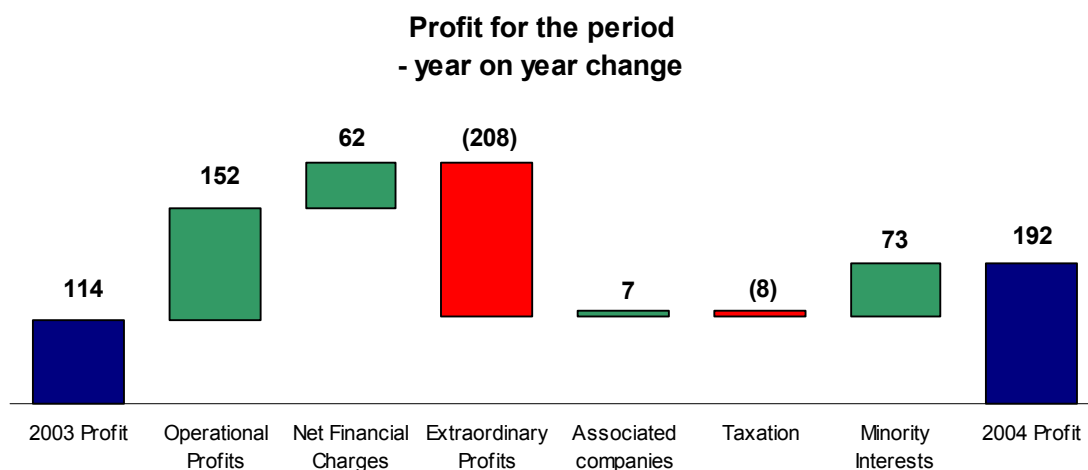


Consolidated net financial charges fell 27%, from 229 million euro in 2003 to 167 million euro this year. This improvement was due to the sustained reduction in debt levels achieved over the last two years, to better financial conditions achieved with the renegotiation of some of the major loan contracts and to an increase in the proportion of debt issued directly in the capital markets.

Consolidated extraordinary profits for 2004 totalled 122 million euro compared to 331 million euro in 2003. The main items this year were 105 million euro of capital gains on the sale of shareholdings in Portucel (75 million euro) and ba Vidro (18 million euro). Last year's extraordinary profits included capital gains totalling 404 million euro, of which the sale of 49.9% of the SIERRA Fund (281 million euro) was the most significant.

Consolidated profit before tax was 326 million euro, compared to 314 million euro in 2003. This year's profit includes a higher contribution from operations and a lower level of extraordinary gains, which were an important part of profits last year.

The **consolidated net profit before minority interests** for the year was 270 million euro (265 million euro in 2003), while the **consolidated net profit after minority interests** was 192 million euro, compared to 114 million euro in 2003. The increase in profits after minorities is the result of the better operational performance in those businesses where Sonae's share is higher, as well as of the higher proportion of capital gains obtained in companies which are fully owned by Sonae.

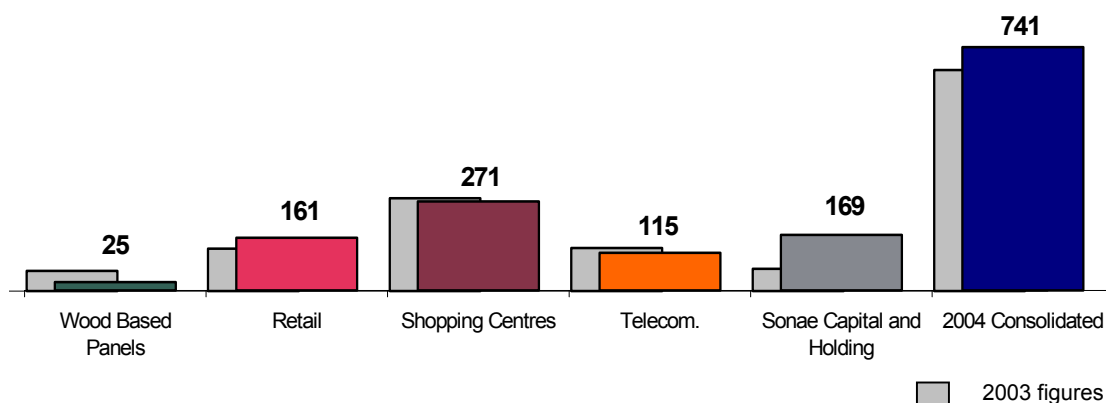


The Board of Directors proposed a gross dividend of 2 cents per share equal to a total dividend payment close to 37 million euro, as the Board of Directors intends to maintain the number of own shares held until dividend is paid.

FINANCIAL STRUCTURE

Consolidated gross investment for the year was 741 million euro, compared to 666 million euro in 2003. The main contributions came from the Shopping Centres (37%), Sonae Capital and Holding (23%), Retail (22%) and Telecommunications (16%) businesses. The 271 million euro contribution from the Shopping Centres business results from the opening of four new shopping centres in Spain and a new shopping centre and an expansion in Brazil, as well as the ongoing building work in shopping and leisure centres under development in Portugal, Spain, Italy, Germany and Greece. Included in the Sonae Capital and Holding contribution is the fair value attributed to the Continente brand (75 million euro), a component of the transaction in which Carrefour sold their minority holding in Modelo Continente, and investments made by the Gescartão Group. During 2004, the Retail business opened 22 new stores, totalling 22,000 square metres of sales area, of which 14,000 square metres are located in Brazil. The majority of investments made by the Telecommunications business during 2004 related to the network and to information systems, and also included the acquisition of KPNQwest Portugal.

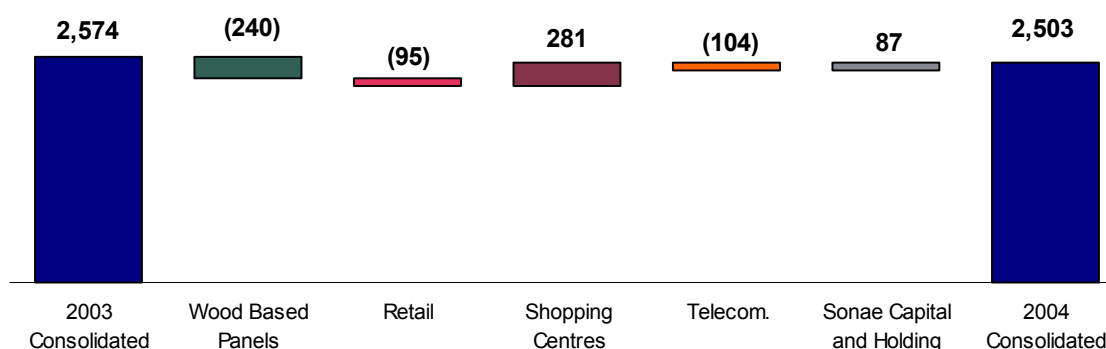
Gross Investment contributions



During 2004, the Group disposed of non-core assets, in particular the sale of the shareholdings in Portucel and ba Vidro, which were the major divestments in the year. As announced in September 2004, Sonae has sold the whole of its shareholding in Portucel for 298 million euro, after a long re-privatisation process from which Sonae was excluded in spite of having built up a significant position over time, aimed at controlling the company. The phased disposal of ba Vidro to a company controlled by its directors, for 164 million euro, was announced in December 2004, which recognises that this was not a core business for Sonae. As a result, **net investment** amounted to 389 million euro, compared to 223 million euro in 2003. Last year's figure was net of the sale of 49.9% of the SIERRA Fund.

Consolidated net debt at the end of year was 2,503 million euro, a fall of 71 million euro compared to the end of 2003 and of 213 million euro compared to the end of the third quarter. The increase in debt at the Sonae Capital and Holding level results from the purchase from Sonae Indústria of the Group's position in Imocapital and Gescartão. As announced in February 2005, the Group has agreed to sell the Imocapital/Gescartão shareholdings, which will generate a cash inflow of circa 98 million euro. Efforts made across all businesses to improve operational efficiency and profits, along with portfolio management measures implemented, were the drivers of the debt reduction pattern over recent years. At the same time, debt maturity was extended, with medium and long term debt over short term debt moving from 1.8x to 2.7x in 2004, and the proportion of debt issued directly in the capital markets by the Group increasing from 15% to 24% year on year.

Contributions to Net Debt - year on year change



Interest cover was 5.0 for 2004, up from 3.1 in 2003. This improvement results from the good performance in operational cash-flow and the reduction in interest charges, driven by the drop in debt in the last two years, by better financial conditions achieved due to the renegotiation of some of the major loan contracts and by an increase in the proportion of debt issued directly in the capital markets. These factors also impacted the **ratio of net debt to operational cash flow (EBITDA)**, which has improved from 4 to 3.2.

OUTLOOK

2005 will be a year in which the Group expects to continue to deliver operational improvements in all businesses. In the Portuguese market and in all businesses where the Sonae Group is leader, the focus will be on consolidating this position, driven by a significant increase in planned investment.

Growth in international markets will continue to be a priority, with special emphasis on investment in the Shopping Centres business in those European markets where Sonae Sierra operates.

Once the conditions already announced to the market have been met, the spin-off of Sonae Indústria will proceed to its final stage, thereby accomplishing one of the steps in the process of repositioning the Group in the equity markets.

Maia, 10 March 2005
The Board of Directors

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

Values in million euro

	31.12.2004	31.12.2003
Turnover	6,634.0	6,259.7
Operational Cash Flow (EBITDA)	778.7	636.5
Operational Profit (EBIT)	355.1	203.2
Net Financial Charges	(167.1)	(228.8)
Profit/(Loss) on Ordinary Activities	188.0	(25.6)
Extraordinary Profits	122.6	330.8
Associated Companies	15.8	8.4
Profit before Taxation	326.4	313.6
Taxation	(56.5)	(48.6)
Profit before Minority Interests¹	269.9	265.0
Minority Interests	(77.8)	(150.5)
Profit for the period	192.1	114.5

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

Values in million euro

	31.12.2004	31.12.2003
Fixed Assets ¹	5,048.0	5,037.9
Stocks	672.7	680.1
Debtors	829.5	783.0
Cash and Short Term Investments	523.1	651.6
Deferrals	482.0	522.1
Total Assets	7,555.3	7,674.7
Shareholders' Funds ¹	682.1	582.5
Minority Interests	527.8	749.7
Interest Bearing Debt: medium/long term	2,220.4	2,074.8
Other Creditor Balances: medium/long term	827.5	789.2
Interest Bearing Debt: short term	805.3	1,151.1
Other Creditor Balances: short term	1,541.4	1,420.5
Accruals	950.8	906.9
Total Liabilities	6,345.4	6,342.5
TOTAL SHAREHOLDERS' FUNDS, MINORITY INTERESTS AND LIABILITIES	7,555.3	7,674.7

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 31 December 2004, would have been higher by 780 million euro and amortisation for the year higher by 66 million euro.

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>
