
CONSOLIDATED RESULTS FOR THE YEAR 2006¹

20 March 2007

Another strong quarter in the year...

- Turnover of 1,227 M.€
- Operational Cash Flow (EBITDA) of 183 M.€
- Operational Profit of 114 M.€

...contributed to the strong set of results in 2006...

- Turnover up 6% to 4,384 M.€
- Operational Cash Flow (EBITDA) up 8% to 599 M.€
- Operational Profit up 7% to 357 M.€
- Net Profit up 28% to 339 M.€
- Net Debt of 2,063 M.€

¹ The consolidated financial statements as at 31 December 2006 were prepared under International Financial Reporting Standards (IAS/IFRS). 2006 figures are compared with 2005 pro-forma figures which take into account the following changes to the consolidation perimeter: spin-off of Sonae Indústria, sale of Brazilian retail operations and change of consolidation method of Sonae Sierra to proportionate.

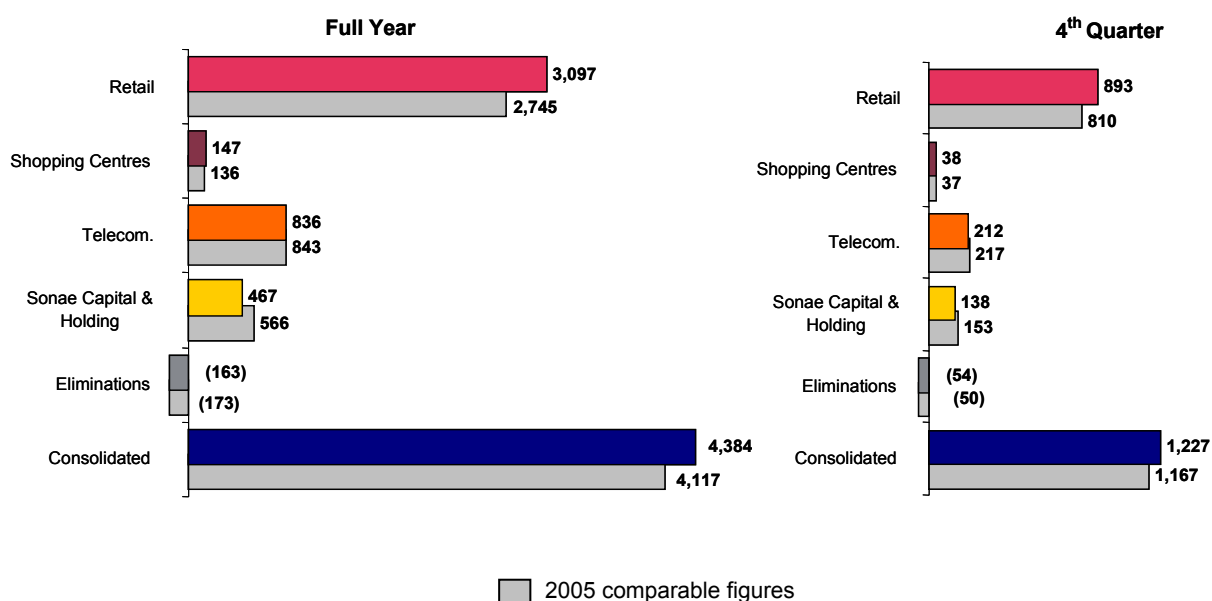
(Unless otherwise stated, the figures presented in this announcement relate to the year 2006 or the fourth quarter of 2006. The figures shown in brackets are the comparable² figures for the same period of the previous year.)

EARNINGS REVIEW

Consolidated turnover for the year grew 6%, up to 4,384 million euro (4,117 million euro). In the fourth quarter consolidated turnover totalled to 1,227 million euro (1,167 million euro), up 5%. The Retail business was the major contributor to both increases, through the positive performance of the like for like store portfolio, new store openings and the acquisition of control over Star. The Shopping Centres business increased its contribution for the year by 11 million euro, an increase of 8%, despite the sale of 50% of the Brazilian portfolio in October 2006. In the Telecommunications business, both yearly and quarterly contributions remained roughly in line with 2005 figures. The lower contributions from Sonae Capital and Holding, in both the year and the quarter, were due mainly to the sale of Star to the Retail business.

Values in million euro

Contributions to Consolidated Turnover

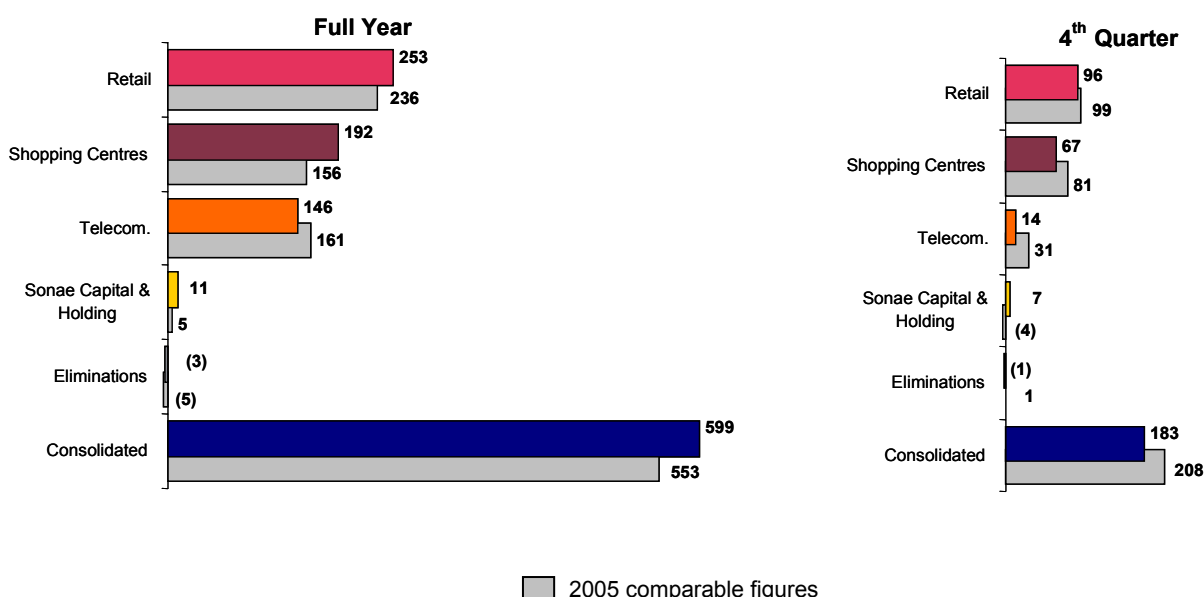


² The consolidated profit and loss accounts for the year 2006 and for the fourth quarter of 2006 are not directly comparable with the figures for the year 2005 and for the fourth quarter of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), 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 year was 599 million euro (553 million euro), generating a **consolidated EBITDA margin** of 13.7% (13.4%). The Shopping Centres business delivered most of the growth in consolidated EBITDA, with a contribution increase of around 36 million euro in 2006. Value created on investment properties was 130 million euro (98 million euro), up 32 million euro due to the general decrease in market yields, particularly in Portugal, and to the higher number of shopping centres in the company's portfolio. The Retail business strategy for growth delivered positive results in the year, with the respective contribution to consolidated EBITDA growing 17 million euro. The lower contribution of the Telecommunications business to consolidated EBITDA, 146 million euro (161 million euro) reflects the impact of the costs associated with the tender offer for Portugal Telecom, partially offset by improvements in business operations as a result of innovation and growth initiatives promoted and of strong investment in the direct access business. Consolidated EBITDA for the fourth quarter amounted to 183 million euro (208 million euro).

Values in million euro

Contributions to EBITDA



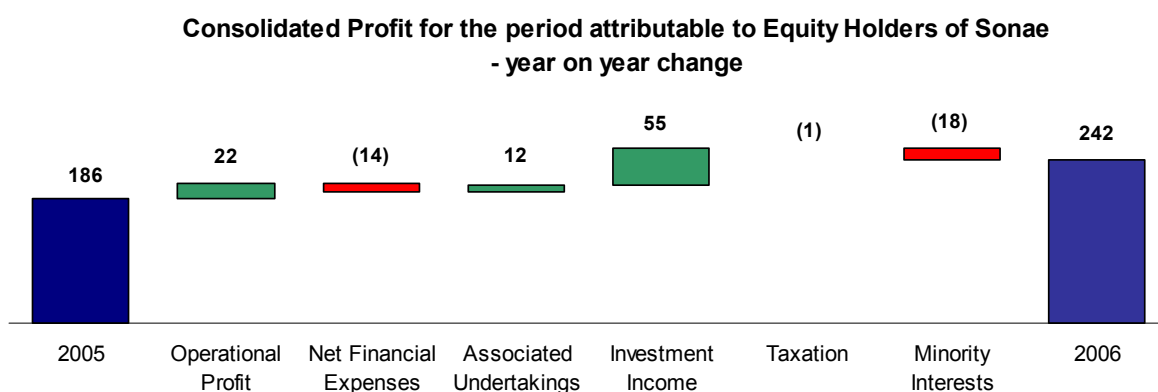
Consolidated operational profit (EBIT) grew 22 million euro in 2006, an increase of 7% to 357 million euro (335 million euro). Consolidated EBIT for the quarter was 114 million euro (148 million euro). The Shopping Centres business, through the value created on investment properties, was the major positive contributor to yearly growth.

Consolidated net financial expenses totalled 100 million euro (85 million euro) in the year, with 35 million euro (21 million euro) relating to the fourth quarter of 2006. These increases reflect a lower level of financial income, namely at Sonae Capital and Holding level, and the financial costs associated with the tender offer for Portugal Telecom. In spite of increases in interest rates, and excluding the impact of the tender offer, interest expenses remained at the same level due to better financial conditions negotiated on some of the major loan contracts.

Consolidated profit for the year rose by 74 million euro to 339 million euro (265 million euro), mostly due to improved operational performance and higher investment income. Contributing to the year's profit were 136 million euro of investment income (81 million euro), which include 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, the gain on the sale of Enabler, the impact of the roll-up into Sonaecom of the shareholdings held by Parpública and EDP in Optimus and the gain on the sale of 50% of Sonae Sierra Brazil. In 2005, investment income included gains on the sale of shareholdings in Gescartão and ba Vidro. In the fourth quarter of the year, consolidated profit amounted to 153 million euro (110 million euro), with the increase being mainly driven by higher investment income.

Consolidated net profit attributable to equity holders of Sonae improved 56 million euro in 2006 to 242 million euro (186 million euro), and increased 44 million euro in the last quarter of the year to 119 million euro (75 million euro).

Values in million euro



The Board of Directors proposes a gross dividend of 3 cents per share equal to a total dividend payment of around 56 million euro, as the Board of Directors intends to maintain the number of own shares held until dividend is paid.

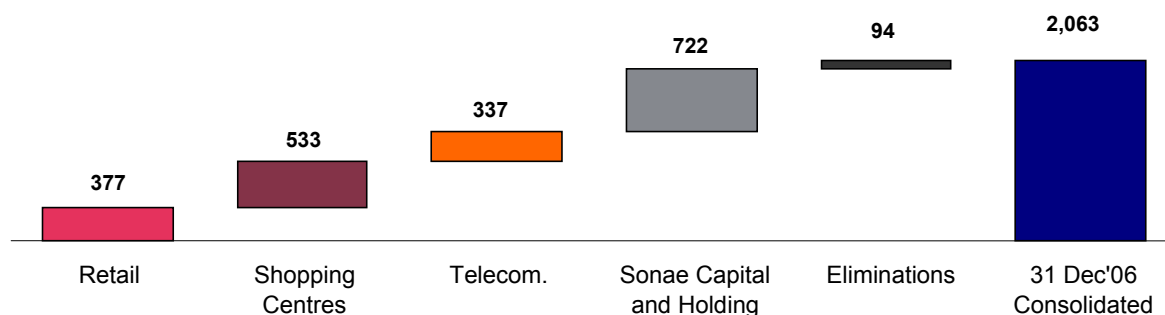
FINANCIAL STRUCTURE

Consolidated gross investment for the year was 661 million euro. The Retail business made up around 31% of this total, mainly due to the opening of 87 stores (11 food and 76 non-food), with sales area growing by around 10% to 543,000 m². Investment by the Shopping Centres business amounted to circa 220 million euro, of which 111 million euro contributed to consolidated investment. Most of the investment reflects the opening of Rio Sul shopping and leisure centre, in Portugal, the acquisition of a green-field site in Weiterstadt, Germany, and progress on the development of 8^a Avenida, in Portugal, Alexa, in Germany, El Rosal, in Spain, and Freccia Rossa, in Italy. In 2006, investment by the Telecommunications business was mainly associated with the acquisition of shares in Portugal Telecom and the deployment of the high speed mobile and wireline networks, representing circa 38% of consolidated investment. Investment in Sonae Capital and Holding amounted to around 91 million euro, most of which was associated with the development of the Tróia project, the opening of fitness centres and refurbishment of hotels.

Consolidated net debt³ as at 31 December 2006 amounted to 2,063 million euro, an increase of 443 million euro over the end of 2005, and a 113 million euro decrease compared to the end of the third quarter of the year. The decrease in the quarter is for the most part explained by stronger cash generation in the Retail business as a result of the Christmas season effect. Of the total consolidated net debt as at 31 December 2006, 533 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

Values in million Euro

Contributions to Consolidated Net Debt ³



The **ratio of consolidated net debt to consolidated operational cash flow (EBITDA) for the last 12 months** was 3.4, which compares with 2.9 as at 31 December 2005. **Annualised interest cover** was 6.1, above the 5.9 at the end of 2005.

OUTLOOK

The Retail business will continue to capitalize on its growth strategy, looking for new business formats and geographies, while continuously investing in efficiency gains, innovation and customer loyalty programs.

The Shopping Centres business plans to inaugurate 6 of the centres under development and will explore new business opportunities, keeping its focus on the increase in the underlying value of its assets.

Despite having failed the objective of controlling Portugal Telecom we believe to have contributed to a more competitive telecommunications market.

The Telecommunications business will look for disruptive growth opportunities. In existing businesses the focus will be on increasing market share, improving profitability and consolidating the direct access broadband service.

At Sonae SGPS we will strive to identify new business opportunities outside the scope of the main businesses.

Maia, 20 March 2007
The Board of Directors

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

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR 2006 AND 2005

Values in million Euro

	2006	2005 Pro-forma ⁶	2005
Turnover	4,383.8	4,116.9	6,392.5
Value created on Investment Properties	129.9	98.0	194.1
Other Operational Income	422.9	411.8	587.8
Total Operational Income	4,936.6	4,626.7	7,174.4
Cost of Goods Sold and Materials Consumed	(2,530.3)	(2,366.5)	(3,737.8)
Change in Stocks of Finished Goods and Work in Progress	11.0	1.2	4.8
External Supplies and Services	(1,146.6)	(1,077.2)	(1,519.6)
Staff Costs	(570.6)	(540.1)	(824.4)
Other Operational Expenses	(88.1)	(79.8)	(138.8)
Total Operational Expenses	(4,324.6)	(4,062.4)	(6,215.8)
Operational Cash Flow (EBITDA)⁷	599.1	553.3	947.8
Depreciation and Amortisation	(226.8)	(211.4)	(309.4)
Provisions and Impairment Losses	(28.0)	(17.9)	(31.1)
Operational Profit (EBIT)	357.2	335.0	618.1
Net Financial Expenses	(99.5)	(84.7)	(153.4)
Share of Results of Associated Undertakings	10.4	(1.7)	(1.1)
Investment Income	135.5	80.7	304.4
Profit before Taxation	403.6	329.3	768.0
Taxation	(64.9)	(63.9)	(119.8)
Profit for the Period	338.7	265.4	648.2
Attributable to Equity Holders of Sonae	241.8	186.5	512.8
Attributable to Minority Interests	96.9	78.9	135.4

⁶ 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.

⁷ Operational Cash Flow (EBITDA) = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses and Provisions (included in Other Operational Income and amounting to 12.9 M.€ in 2006 and 11.0 M.€ in 2005 pro-forma).

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE QUARTERS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

Values in million Euro

	Q4'06	Q4'05 Pro-forma ⁸	Q4'05
Turnover	1,226.7	1,166.7	1,449.7
Value created on Investment Properties	57.6	69.4	136.7
Other Operational Income	137.0	145.2	182.8
Total Operational Income	1,421.3	1,381.3	1,769.2
Cost of Goods Sold and Materials Consumed	(730.7)	(692.2)	(881.1)
Change in Stocks of Finished Goods and Work in Progress	1.0	0.1	-
External Supplies and Services	(319.4)	(295.7)	(333.7)
Staff Costs	(148.2)	(147.4)	(180.9)
Other Operational Expenses	(34.7)	(30.2)	(44.8)
Total Operational Expenses	(1,232.0)	(1,165.4)	(1,440.5)
Operational Cash Flow (EBITDA)⁹	183.0	208.1	323.9
Depreciation and Amortisation	(59.7)	(57.1)	(60.2)
Provisions and Impairment Losses	(15.3)	(10.8)	(9.5)
Operational Profit (EBIT)	114.3	148.1	259.0
Net Financial Expenses	(34.5)	(21.0)	(26.0)
Share of Results of Associated Undertakings	7.0	(3.4)	(3.2)
Investment Income	83.9	19.1	200.4
Profit before Taxation	170.7	142.8	430.2
Taxation	(17.6)	(32.6)	(56.5)
Profit for the Period	153.1	110.2	373.7
Attributable to Equity Holders of Sonae	119.1	75.1	319.0
Attributable to Minority Interests	34.0	35.1	54.7

⁸ 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.

⁹ Operational Cash Flow (EBITDA) = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses and Provisions (included in Other Operational Income and amounting to 6.3 M.€ in Q4'06 and 7.9 M.€ in Q4'05 pro-forma).

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

	Values in million Euro	
	31.12.2006	31.12.2005
Investment Properties	1,520.2	1,357.4
Tangible Assets	2,074.6	1,908.1
Intangible Assets	321.5	321.5
Goodwill	250.8	245.6
Investments	264.6	157.6
Deferred Tax Assets	102.8	108.5
Other Non-Current Assets	44.1	35.8
Total Non-Current Assets	4,578.6	4,134.5
Stocks	481.2	460.5
Trade Debtors and Other Current Assets	565.3	788.7
Investments	33.3	10.7
Cash and Cash Equivalents	662.5	912.3
Total Current Assets	1,742.3	2,172.2
TOTAL ASSETS	6,320.9	6,306.7
Equity Attributable to Equity Holders of Sonae	1,292.6	1,140.7
Equity Attributable to Minority Interests	402.1	394.7
Total Equity	1,694.7	1,535.4
Borrowings	2,142.7	1,848.6
Deferred Tax Liabilities	272.1	238.2
Other Non-Current Liabilities	168.7	640.9
Total Non-Current Liabilities	2,583.5	2,727.7
Borrowings	615.9	694.5
Trade Creditors and Other Current Liabilities	1,426.8	1,349.1
Total Current Liabilities	2,042.7	2,043.6
Total Liabilities	4,626.2	4,771.3
TOTAL EQUITY AND LIABILITIES	6,320.9	6,306.7

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INFORMATION AVAILABLE ON THE INTERNET

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