Earnings Announcement

SONAE DISTRIBUIÇÃO

Consolidated Results for the year ending 31 December 2007

Document disclosed on 5 March 2008

01 HIGHLIGHTS

Sonae Distribuição with profits of 169 million euro

+15%

growth in net profits per share

- **Turnover increases by 10% to 3,385 M€**
- **Operational cash flow totals 299 M€** (+18% compared to 2006)
- **Opening of 130 new stores** (+13% in sales area)
- **Conclusion of the acquisition of Carrefour (Portugal) hypermarkets on 31 December, 5 months after the signature of the agreement and notification to the Competition Authority**
- **Strengthening of the team with 6,500 new employees, thus consolidating Sonae Distribuição's active role and responsibility as the biggest private sector employer in Portugal**

"The excellent results achieved in 2007, with double digit growth in turnover and operational cash flow and the resulting general improvement in profitability indices strengthens our confidence in the exceptional capability of the company to deliver. The integration of the assets from Carrefour (Portugal), the opening of 4 Sportzone stores in the following months in the Spanish market and the launch of new retail concepts are just some of the projects that confirm our ability to ensure the growth of Sonae Distribuição and allow us to face the future with great optimism."

said Nuno Jordão, executive chairman of Sonae Distribuição.

02 THE YEAR'S BUSINESS ACTIVITY

Solid sales performance

Turnover increases by 10% to 3,385 M€

During 2007 the consolidated turnover of Sonae Distribuição amounted to 3,385 million Euro. This was equivalent to an increase of 10% over 2006, and was based on a highly positive performance of stores on a like for like basis (growth of 4%) as well as an important organic growth plan which involved 130 new stores (about 70,000 extra m^2).

Looking at the company's business portfolio in more detail, we can see that the food retail brands reached turnover of 2,368 million Euro, equal to an increase of 7%. This figure demonstrates the strength and popularity of the value proposal of these formats (which had an increase higher than 3% on a like for like basis), and benefited strongly from the success of the customer loyalty programme launched at the beginning of the year through the Continente Card and Modelo Card.

This new form of relationship with customers has resulted in a high level of involvement and commitment among Portuguese people (equal to 2.2 million cards[(1)] which are used for 80% of purchases), and has altered the benchmark for customer loyalty in the retail sector in Portugal and is also significant in this respect at an international level.

In addition to this programme, other initiatives were developed in the food segment, which sought to fine tune the value proposal offered and thus better meet the expectations of our customers. In this respect, a highlight was the implementation of the product offer segmentation project completed in the perishables area, and the creation of product ranges in line with the growing concerns relating to healthy food.

Also in food retail, the year was marked by the strong pace of store openings. In terms of organic growth, and during the 12 months of 2007, Sonae Distribuição opened 21 new food retail stores, equal to an increase of 23,000 m2 and +6% in sales area – exceeding the targets announced for the year. The company also continued to demonstrate its concern for the upgrade and refurbishment of its older assets to the modern and attractive standards for which it is recognised. It undertook 30 major refurbishments, and changed the brand names of two units of the Modelo chain to the Continente format. Also launched during the year was the "Outlet Continente", a store concept with a very specific role in the offer of opportunities.

[(1)] Corresponding to around 2.2 million customer families.

The non food retail formats of the company also performed well in the year with the 10 current formats seeing the worth of their value proposals confirmed independently of the different stages of maturity and development of each. In particular, these formats showed a very significant 16% growth in turnover to a total above 1,000 million Euro.

This fine performance, driven by strong growth on a like for like store basis (higher than 4%), was also due to the notable organic growth undertaken (+46.000 extra m2, or 24% more sales area for a total of 109 new stores). The achievement of this ambitious plan consolidated the clear leadership position of the main non food retail brands of Sonae Distribuição in the Portuguese market, and contributed decisively towards increasing the popularity and strengthening the potential of the most recent brands, namely Zippy and the Área Saúde.

Increase in operational cash flow

EBITDA totalled 299 M€, increasing 18%

In consolidated terms, and in relation to the 12 months of 2007, the company's operational cash flow reached 299 million Euro. This value represents an increase of 45 million Euro compared to 2006 or of a significant 18%, driven by the implementation of projects of operational efficiency improvement.

We would point out however that this growth was positively influenced by a non recurrent capital gain of 12 million Euro from the sale of the real estate assets of the Albufeira and Portimão[(1)] shopping galleries. If this transaction had not taken place, consolidated operational cash flow would have totalled 287 million Euro. This figure corresponds to a very positive increase of 13% compared to 2006, and to an increase of 0.3 p.p. in the company's operational profitability margin.

Improvement in productivity indices, which are the basis of the high levels of profitability achieved, has been a major area of focus in the continuing efforts to rationalise and modernise the company. In 2007, these efforts were reflected in the multiple projects undertaken across the company, among which should be especially highlighted the development of the programme of own brands, the broadened programme of stock management optimisation, and the significant strengthening of competencies in international procurement.

[(1)] This amount is considered in the analysis segment "Fixed Assets with income"

Another area seen as key by Sonae Distribuição to increase productivity and service quality concerns the investment made in the training of employees. In this area and during the year 2007, the company gave more than 1,300,000 hours of training, more than four times the number of hours in 2004. This investment gives the company, as the biggest private sector employer in Portugal, an unequalled role in terms of responsibility and involvement in professional training carried out in the country.

Focusing now in a little more detail on the performance shown by the different analysis segments of the company, we note that the contribution of the food retail brands to the consolidated operational cash flow of the company was 208 million Euro. This is equal to an increase of 8.8% in related turnover, and an increase of 0.2 p.p. compared to 2006.

In the non food retail brands, the year in question was also marked by important achievements with the contribution to the operational cash flow of the company reaching 71 million Euro. This amount corresponds to an increase of 33% compared to 2006. It undoubtedly reflects the strong popularity and growing maturity of the company's non food retail brands, factors which combined during the period to produce strong growth with an increase of around 0.9 p.p. in operating profits to sales which rose to 7.1%.

Increase in net profits

Net profits per share increase by 15%

Also in consolidated terms and for the same period, the company's net profits totalled 169 million Euro, 9 million Euro above the figure for the previous year – still considering the acquisition at the end of 2006 of 100 million own shares for the overall sum of 205 million Euro. The company's overall fine performance was reflected in an increase of 15% in net profits per share, once again confirming the progress made and the validity of the defined strategy.

03 MARKET BACKGROUND

Increase in supply once again greater than the growth of demand

The Portuguese retail market was marked in 2007 by the strong organic growth of the main operators and by processes of consolidation begun during the period.

In the year, the main formats which make up the food retail sector opened more than 200,000 new m^2 of sales area, equal to an increase of approximately 12% on the installed base. Non food retail also had significant development with the opening of various commercial centres across the country. Looking at the Portuguese market globally, it can be seen that the increase in supply[(1)] once again exceeded the nominal rate of increase in demand[(2)]. This trend is all the more significant when it is noted that the overall growth in sales area in the market, since the change in the sector regulatory framework took place in 2004, reached the impressive figure of 35%, equal to more than 500,000 m^2 of sales area.

04 INVESTMENT

Strong pace of investment

In 2007, Sonae Distribuição reached an all time high figure, investing an amount of 972 million Euro in organic growth and acquisitions.

In terms of organic growth and in the food retail sector, the company strengthened its presence in the Portuguese market, opening 21 new stores and converting the Ovar and São João da Madeira Modelo units into Continente units. Thus, the company added some 25,000 extra m^2 of sales area to its store network, equal to an increase of 7%. In the non food retail segment, the company continued its strong pace of opening new stores, inaugurating 46,000 new m^2 in 109 stores, with a particular highlight for the strong growth rate of the Health Area brand with 38 stores, and the Zippy brand, which made its presence felt in the main shopping centres in Portugal.

(1) Calculated as m^2 of sales area
(2) Measured by the sales of the main market operators

Efforts to modernise those stores already in operation were also not neglected, as has been the case in previous years. At the same time, efforts continued to develop business support infrastructures, with a special focus on logistics infrastructure.

At the end of year, Sonae Distribuição concluded its acquisition of the Carrefour (Portugal) operation, thus immediately adding an extra 95,000 m^2 of sales area in the country. This transaction strengthened Sonae Distribuição's leadership of the Portuguese food based retail market and at the same time allowed it to leverage the programme of organic growth of the company for the next few years by incorporating projects under development in the company acquired.

05 CAPITAL STRUCTURE

The correct capital structure

As at 31 December 2007, the consolidated net debt of Sonae Distribuição totalled 1,082 million Euro. This figure, which compares with 377 million Euro at the end of 2006, was directly impacted by the acquisition of Carrefour (Portugal) on the last day of 2007, and which involved an investment of 664 million euro totally financed by debt.

In spite of this increase, the company continues to have a perfectly appropriate capital structure in view of its strong cash flow generation capability. The average debt maturity of the company is higher than 5 years (1 year longer than 2006) while the ratio of average debt/EBITDA for the year was ~2x[(1)]. The interest cover[(2)] indicator was ~10x.

[(1)] This ratio increased at the end of the year to 3.6x (1.082/299). However, the ratio is not the most appropriate in this case since it includes the additional debt resulting from the Carrefour (Portugal) acquisition transaction but does not include any contribution to operational cash flow from the stores involved.
[(2)] Operational cash flow / net interest.

06 OUTLOOK

A company made for growth

The strategic path of Sonae Distribuição focuses on growth and strengthening the value proposal, and is based on continued investment in efficiency and innovation. This positioning, followed in a consistent manner by the company over more than twenty years of operation, has allowed strong growth rates to be combined with notable profitability indices, and will again be the basis of the company's performance over the future.

In this respect, the company will continue its strong pace of organic growth as a means of consolidating its leadership of the Portuguese market. During 2008, Sonae Distribuição expects to open around 60,000 new m^2, equal to an increase of around 10% in sales area compared to the average in 2007. Half of this investment will be in food based retail with the remaining 30.000 m^2 of sales area in the non food retail brands.

As a consequence of this strategic path, Sonae Distribuição has already integrated the operation of the twelve units previously run by the Carrefour brand, which represents an immediate increase of 85,000 m^2 of sales area in the food retail segment and 10.000 m^2 in the non food segment. This operation is being carried out respecting scrupulously the commitments made to the Competition Authority, and which ensured non-opposition to this concentration transaction.

Still on the subject of growth, the company will continue to be attentive to possible acquisition opportunities that may arise in the market and which will enable the competitive positions of the businesses to be improved, always with the goal of creating value for the company.

The year 2008 will also be marked by the entry of Sportzone into the Spanish market. The company plans to open 4 new units in the country, based on the solid progress of the brand in Portugal, in which it is the benchmark leader in its specific market segment. However, Sonae Distribuição believes the international expansion plan of Sportzone will not end-up in the Spanish market, as well as it still projects space to grow in this market with other formats.

With a view to driving productivity gains and thus operational profitability, the company will also implement in the short term a range of cutting edge projects in the areas of architectural logistics infrastructure, the stock management optimisation and store operation.

In 2008 and keeping its strong stamp of innovator, Sonae Distribuição will extend its activity to 2 new businesses: insurance broking (with “Seguros Continente”) and a new casual footwear brand.

At the same time, the company will continue to invest in building partnerships which aim at improving the value proposal offered to customers. In this respect, and already at the beginning of 2008, Sonae Distribuição ceased to GALP the operation of eight petrol stations acquired in the subject of the purchase of Carrefour (Portugal). This operation allowed both companies to strength even more their value proposals to clients, as well as the partnership which has been highly beneficent to consumers.

As has been the case to date, Sonae Distribuição will continue to focus on the sustained development of its business activities, scrupulously following the principles of social and corporate responsibility that it has defined. In respect of these guidelines, the company will proceed with this orientation ensuring the sustainability in the generation and sharing of wealth, a continuous policy of environmental protection and a unique involvement in several social initiatives, which “Missão Sorriso” and “Causa Maior” are just examples.

07 DIVIDEND DISTRIBUTION

At the Shareholders’ General Meeting, a dividend distribution of 85 million Euro will be proposed for those shares not directly or indirectly held by Sonae Distribuição, SGPS, S.A., which corresponds to a dividend pay-out ratio of approximately 50% of the consolidated net profits for the year.

Matosinhos, 5 March 2008
The Board of Directors

08 PROFIT AND LOSS

	31 Dec 2007		31 Dec 2006		change	
	M.€	% vn	M.€	% vn	M.€	Δ
Turnover	3,385	100	3,091	100	294	10%
EBITDA	**299**	**8.8**	**254**	**8.2**	**45**	**18%**
Amortization and depreciation	-87	-2.6	-80	-2.6	-7	8%
Provisions and impairments	-1	-0.0	2	0.1	-3	-164%
EBIT	**211**	**6.2**	**175**	**5.7**	**36**	**21%**
Net financial expenses	-35	-1.0	-19	-0.6	-16	87%
Profits on Ordinary Activities	**176**	**5.2**	**156**	**5.1**	**20**	**13%**
Share of results of associated undertakings and Investment income	0	0.0	14	0.4	-14	-103%
Profit before tax	**176**	**5.2**	**170**	**5.5**	**6**	**4%**
Taxation	-7	-0.2	-10	-0.3	3	-27%
Net Profit for the Period	**169**	**5.0**	**160**	**5.2**	**9**	**5%**
Attributable to equity holders of SD	167	4.9	158	5.1	9	6%
Attributable to minority interests	1	0.0	2	0.1	-1	-39%
Earnings per share	**0.17 €**	**-**	**0.15 €**	**-**	**0.02**	**15%**

	4th Q 2007		4th Q 2006		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	991	100	893	100	97	11%
EBITDA	**105**	**10.6**	**96**	**10.7**	**9**	**9%**
Amortization and depreciation	-23	-2.3	-21	-2.3	-2	8%
Provisions and impairments	-1	-0.1	2	0.2	-3	-157%
EBIT	**81**	**8.2**	**77**	**8.6**	**4**	**6%**
Net financial expenses	-9	-0.9	-5	-0.6	-4	68%
Profits on Ordinary Activities	**72**	**7.3**	**71**	**8.0**	**1**	**1%**
Share of results of associated undertakings and Investment income	0	0.0	0	-0.1	1	-131%
Profit before tax	**72**	**6.4**	**71**	**7.9**	**1**	**2%**
Taxation	-3	-0.3	-2	-0.2	-1	-97%
Net Profit for the Period	**69**	**7.0**	**69**	**7.8**	**0**	**0%**
Attributable to equity holders of SD	69	6.9	69	7.7	0	0%
Attributable to minority interests	0	0.0	1	0.1	0	-3%

09 BALANCE SHEET

	December 2007		December 2006		change	
	M.€	%	M.€	%	M.€	%
Non-current assets and assets held for sale	**2,413**	**76%**	**1,533**	**63%**	**910**	**59%**
Tangible and intangible assets	1,779	55%	1,395	57%	384	28%
Goodwill	564	17%	61	3%	503	-
Assets held for sale	6	0%	-	-	6	-
Investments	40	1%	52	2%	-12	-23%
Other non-current assets	24	1%	25	1%	-1	-4%
Current Assets	**812**	**25%**	**910**	**37%**	**-98**	**-11%**
Stocks	458	14%	341	14%	117	34%
Trade debtors and other current assets	229	7%	177	7%	52	29%
Investments, cash and cash equivalents	125	4%	393	16%	-268	-68%
Total Assets	**3,225**	**100%**	**2,443**	**100%**	**781**	**32%**
Equity attributable to equity holders of SD	839	26%	745	30%	94	13%
Equity attributable to minority interests	12	0%	11	0%	1	11%
Total Equity	**851**	**26%**	**756**	**31%**	**95**	**13%**
Non-current liabilities	**1,172**	**36%**	**673**	**28%**	**498**	**74%**
Borrowings and financial leasing creditors	1,107	34%	602	25%	505	84%
Borrowings from participating and/or participated companies	10	0%	10	0%	0	0%
Other non-current liabilities	55	2%	62	3%	-7	-11%
Current Liabilities	**1,202**	**37%**	**1,014**	**41%**	**188**	**19%**
Borrowings and financial leasing creditors	91	3%	168	7%	-77	-46%
Trade creditors and other current liabilities	1,111	34%	846	35%	265	31%
Total Liabilities	**2,373**	**74%**	**1,687**	**69%**	**686**	**41%**
Total Equity and Liabilities	**3,225**	**100%**	**2,443**	**100%**	**781**	**32%**

SONAE DISTRIBUIÇÃO

10 INFORMATION BY SEGMENTS

The contributions of the main segments identified in the years 2007 and 2006 can be analysed as follows:

2007	Turnover	Operating cash flow		EBIT	Net capital employed	ROCE
	M.€	M.€	% t	M.€	M.€	%
Food retail brands	2,368	208	8.8	145	787	18%
Non food retail brands	1,009	71	7.1	47	319	15%
Real estate assets with income	7	20		18	44	
Real estate assets without income		0		0	50	
Other		0		0	69	
Total segments / contributions	**3,385**	**299**	**8.8**	**211**	**1,269**	**17%**
Continente hypermarkets [ex-Carrefour]					664	
Consolidated	**3,385**	**299**	**8.8**	**211**	**1,933**	**s.s.**

2006	Turnover	Operating cash flow		EBIT	Net capital employed	ROCE
	M.€	M.€	% t	M.€	M.€	%
Food retail brands	2,209	188	8.5	133	727	18%
Non food retail brands	869	54	6.2	32	240	14%
Real estate assets with income	12	11		9	69	
Real estate assets without income		0		0	58	
Other		1		1	48	
Consolidated	**3,091**	**254**	**8.2**	**175**	**1,142**	**15%**

Notes

Food retail brands
includes the contribution of the business activity of the company related to food retail brands.

Non food retail brands
includes the contribution of the business activity of the company related to non food retail brands.

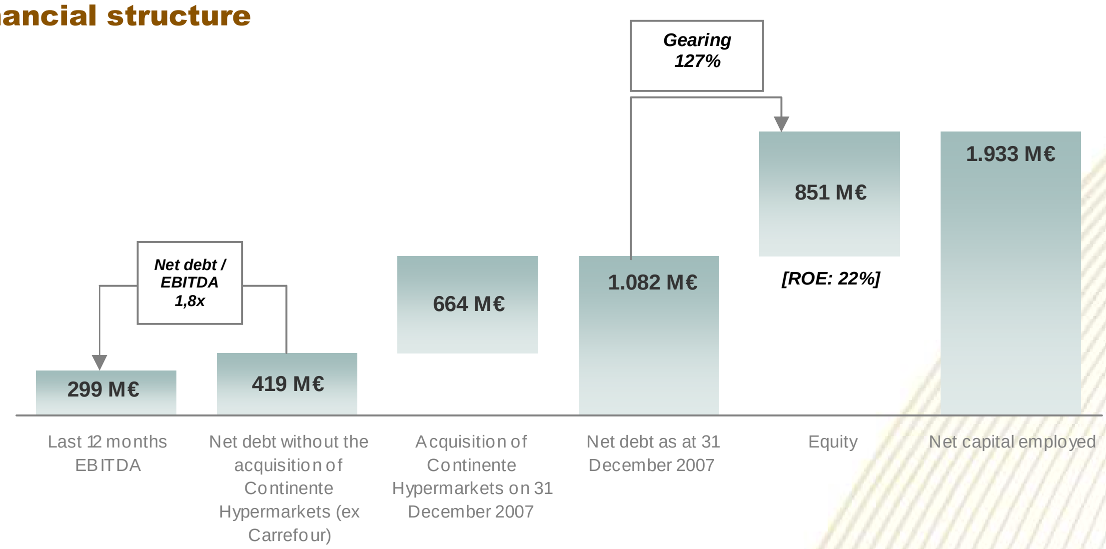
Real estate assets with income
includes the contribution of real estate assets managed by Sonae Distribuição, in particular shopping galleries annexed to Continente and Modelo units.

Real estate assets without income
includes the contribution of real estate assets which in most cases will serve to accommodate the organic growth of Sonae Distribuição.

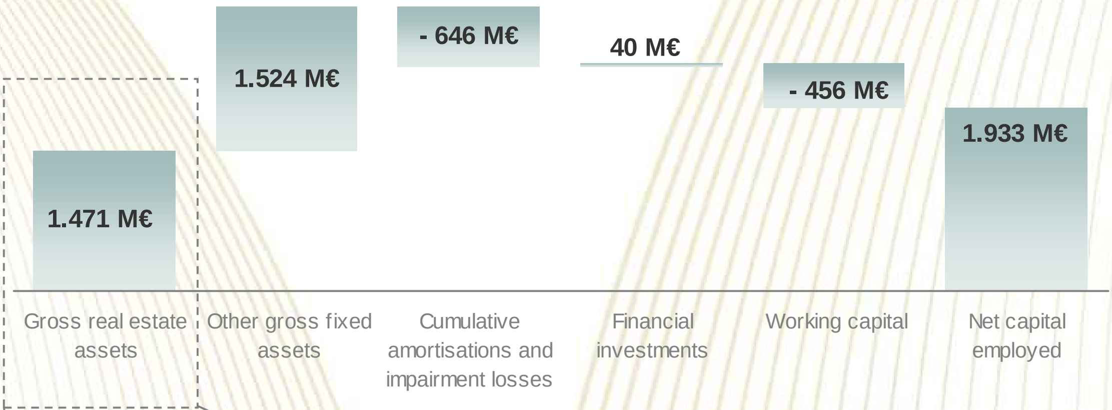
Other
figures that because of their nature cannot be allocated to any of the other segments, such as consolidation adjustments and financial investments, which for the final value of capital employed make up almost the entire total.

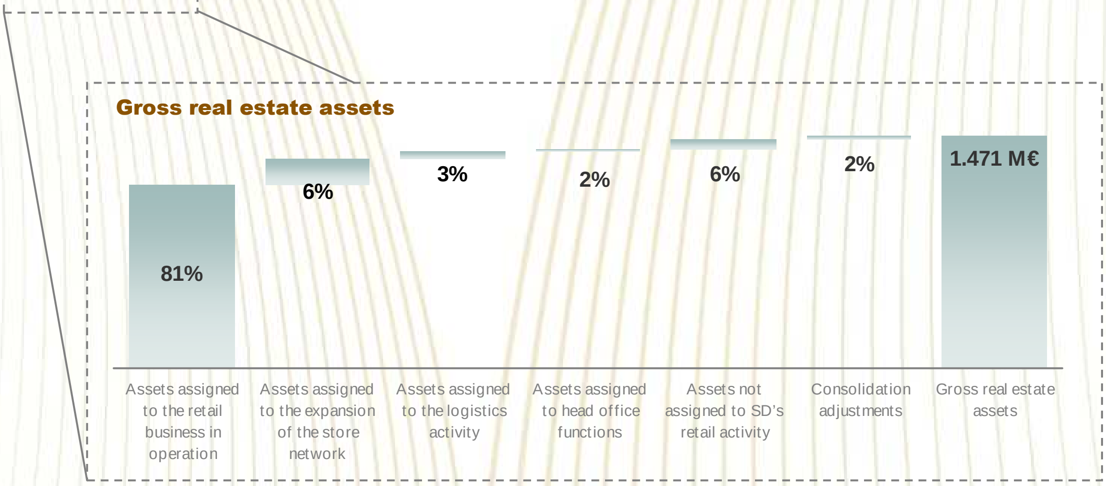
Continente hypermarkets [ex-Carrefour]
includes the net capital employed of the company which was subject to acquisition on 31 December 2007.

Financial structure



Capital employed





11 BUSINESS PORTFOLIO

	Nr. of Stores							Sales Area ('000 m^2)							
	31 Dec 2006	stores opened	change of banner	stores closed	sub-total	acquisi-tions to 31 Dec	31 Dec 2007	31 Dec 2006	stores opened	change of banner	stores closed	sub-total	acquisi-tions to 31 Dec	31 Dec 2007	% owned m^2 [1]
Portugal	**496**	**130**	**0**	**-6**	**620**	**26**	**646**	**545**	**68**	**3**	**-1**	**614**	**95**	**709**	**74%**
Food formats	**140**	**21**	**0**	**0**	**161**	**12**	**173**	**350**	**23**	**3**	**0**	**376**	**85**	**460**	**86%**
Continente	19	0	2	0	21	12	**33**	162	0	9	0	172	85	**257**	**86%**
Outlet	0	1	0	0	1	0	**1**	0	2	0	0	2	0	**2**	**0%**
Modelo	80	9	-2	0	87	0	**87**	167	18	-7	0	178	0	**178**	**90%**
Modelo Bonjour	25	2	0	0	27	0	**27**	20	2	0	0	22	0	**22**	**63%**
Cafeterias	16	9	0	0	25	0	**25**	1	1	0	0	2	0	**2**	**100%**
Non food formats	**356**	**109**	**0**	**-6**	**459**	**14**	**473**	**194**	**46**	**0**	**-1**	**239**	**10**	**249**	**52%**
Worten	87	14	0	-2	99	11	**110**	63	11	0	-0.5	74	10	**84**	**60%**
Modalfa	70	13	0	-2	81	0	**81**	34	6	0	-1	39	0	**39**	**90%**
Sportzone	48	9	0	0	57	0	**57**	38	6	0	0	44	0	**44**	**8%**
Vobis	21	0	0	0	21	0	**21**	9	0	0	0	9	0	**9**	**8%**
MaxMat	21	7	0	0	28	0	**28**	39	13	0	0	52	0	**52**	**64%**
Zippy	11	11	0	0	22	0	**22**	5	3	0	0	8	0	**8**	**4%**
Star	61	2	0	-2	61	0	**61**	4	0	0	-0.1	4	0	**4**	**4%**
Área Saúde	26	38	0	0	64	3	**67**	2	3	0	0	5	0	**5**	**81%**
Worten Mobile	11	12	0	0	23	0	**23**	0.4	0.3	0	0	0.7	0	**0.7**	**33%**
MaxGarden	0	3	0	0	3	0	**3**	0	4	0	0	4	0	**4**	**69%**

Note: sales area values rounded to thousand m^2.

(1) % of m^2 of sales area in locations in which the real estate was held as at 31 December 2007 by Sonae Distribuição and which support around 80% of annualised net sales of the company, already assuming the annualisation of the sales of Continente hypermarkets (ex-Carrefour) in 2007.

	Turnover (M€)			Average sales area ('000 m2)[1]	turnover / m² ('000 €)
	2006	2007	change	2007	2007
Portugal	**3,091**	**3,385**	**10%**	**571**	5.9
Food formats	**2,209**	**2,368**	**7%**	**359**	6.6
Continente	1,110	1,133	2%	**169**	6.7
Modelo	995	1,113	12%	**168**	6.6
Modelo Bonjour	101	116	15%	**20**	5.7
Cafetarias	3	6	110%	**1**	4.0
Non food formats	**869**	**1,009**	**16%**	**212**	4.8
Worten	396	461	16%	**67**	6.9
Modalfa	79	91	15%	**35**	2.6
Sportzone	125	143	14%	**41**	3.5
Vobis	65	64	-1%	**9**	6.9
MaxMat e MaxGarden	65	72	11%	**46**	1.6
Zippy	8	17	121%	**6**	2.6
Star	122	132	8%	**4**	34.7
Área Saúde	6	23	-	**4**	6.2
Worten Mobile	4	7	54%	**0.5**	12.8
Real estate services rendered	**12**	**7**	**s.s.**	**-**	-

Note: sales area values rounded to thousand m²
[1] Average sales area of the year

12 GLOSSARY

Turnover (t)
sales of articles + services rendered.

Operating cash-flow (EBITDA)
operating results - amortisations and depreciation - provisions - impairment losses - reversal of impairment losses.

Operating results (EBIT)
consolidated net profit for the period - income tax + investment profit/losses + profits/losses of associated companies - net financial expenses.

Profits on ordinary activities
operating results + net financial expenses.

Net investment
increase in gross fixed assets (tangible and intangible) + changes in perimeter (as a result of acquisitions and disposals) + disposals in gross fixed assets (tangible and intangible) + increases in goodwill. To calculate the investment in acquisitions (measured by changes occurred in consolidation perimeter) it was considered the net accumulated amortizations.

Net debt
current borrowings + non current borrowings + financial leasing creditors – cash and cash equivalents – other current investments under negotiation + borrowings from participating and/or participated companies.

Average debt
average of net debt at end of last four quarters.

Gross Fixed Assets allocated to real estate companies
goodwill net of impairment losses/gains (positive variances between the acquisition cost of investments in Group and associated companies, and the fair value of identifiable assets and liabilities of these companies at the date of their acquisition) + gross Fixed Assets owned by real estate companies of the Group (value of tangible and intangible assets booked at acquisition cost, or acquisition cost re-valued in accordance with generally accepted accounting principles in Portugal).

Working Capital
customer debts (receivables derived from sales in the normal course of the Group's business) – suppliers (sums to pay resulting from purchases in the normal course of the Group's business) + inventories (goods booked at acquisition cost, less quantity discounts and impairment losses) + other assets and liabilities (State and other public entities + associated companies + accruals and prepayments + deferred taxes + provisions for risks and charges + fixed asset suppliers + sundry debtors and creditors).

Gearing
ratio between net debt and the company's shareholders' funds.

Net Capital Employed
gross real estate assets [including Ex-Carrefour] + other gross real estate assets + amortisations and impairment losses + financial investments + working capital

ROCE ("Return On Capital Employed")
EBIT / Net Capital Employed.

ROE ("Return On Equity")
sum of net profits of the last four quarters / average of the equity at end of last four quarters.

Financial calendar for the year 2008

05 MARCH	Earnings Announcement 4th Quarter 2007
07 MAY	Earnings Announcement 1st Quarter 2008
06 AUGUST	Earnings Announcement 2nd Quarter 2008
05 NOVEMBER	Earnings Announcement 3rd Quarter 2008