

Press Release

Consolidated results for the nine months
ending 30 September 2006

3 November 2006



Modelo Continente SGPS, SA

Highlights

- **Turnover of 2,197 million Euro**
increase of 14% in Portugal, compared to the same period of 2005
- **Consolidated net profit of 91 million Euro**
equal to more than 4% of the turnover of the period

Note

On 13 December 2005, Modelo Continente, SGPS, S.A. disposed of its entire shareholding in the Brazilian company Sonae Distribuição Brasil, S.A., thus ceasing its retail activity in the country. As a result, it is not possible to directly compare the results for 2006 with those of the previous year.

Business Activity

The consolidated turnover of Modelo Continente for the first nine months of 2006 totalled 2,197 million Euro. In Portugal, where the company is now focusing its activity, **turnover grew by 14% compared to the same period of last year.** This positive trend was due to the following:

- A positive performance from the store network on a like for like basis;
- The high level of organic growth that the company has achieved over the last twelve months in which an extra 46 thousand m² of sales area were added;
- Acquisition of the Star Travel Agency¹.

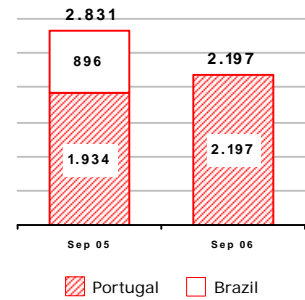
On a consolidated basis, the company's turnover fell by 22% compared to the first nine months of 2005. This fall is explained by the disposal of the retail activity in Brazil last December, which had contributed 896 million Euro to consolidated turnover in the same period of 2005.

In the first nine months of this year, consolidated operational cash flow totalled 158 million Euro. This amount, which refers solely to business activity in Portugal, increased 16% compared to the same period of 2005.

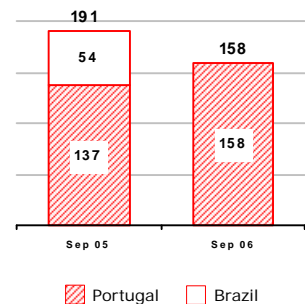
On a consolidated basis, operational cash flow fell by 33 million Euro, and is explained by the disposal of the company's Brazilian operation, which took place at the end of 2005. In addition, the operational cash flow of the Brazilian business benefited from a non recurring inflow of 29 million Euro in 2005, relating to the disposal of 10 stores located in São Paulo, Brazil in June 2005.

The consolidated net profit of Modelo Continente totalled 91 million Euro for the first nine months of the year, and benefited from a non recurring profit of 12 million Euro as a result of a positive adjustment at the beginning of this year to the price agreed for the sale of Sonae Distribuição Brasil, following the conclusion of the contractually agreed due diligence process. Excluding non recurring items for 2006 referred to above, and the non recurring profit of 29 million Euro in 2005 resulting from the sale of 10 stores in São Paulo, Brazil, **consolidated net profits showed a sharp increase of 43 million Euro.**

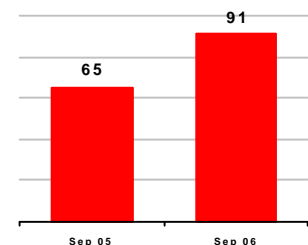
Turnover (M.€)



Operational cash-flow (M.€)



Consolidated net profit (M.€)



¹ Modelo Continente owns 90% of the share capital of this company since February 2006

Investment programme

Modelo Continente ended the third quarter of the year with 442 stores covering a total of 517 thousand m² of sales area.

These figures mean that the company is on track to achieve its organic growth objectives. In the first nine months of 2006, 47 new stores were opened with a sales area of more than 18 thousand m² of sales area, and 60 Star brand stores were acquired, thus adding around 3 thousand m² to the total sales area.

In the food retail sector, Modelo Continente put into effect its clearly stated intention of opening new regional retail stores, thus making its services available to an increasingly wider range of customers. In this respect, the opening of units in Fafe, Arroja, Lousada, Alhos Vedros and Trofa, totalling around 9 thousand m², should be noted.

In addition and with the goal of offering improved conditions for its customers and upgrading the services available, the company refurbished more than 13 currently existing stores.

In the non food sector, Modelo Continente kept to its commitment of increasing its number of stores, thus getting closer to a greater number of Portuguese people. As a result, the company opened 42 new stores in the first nine months of the year, equal to around 9 thousand m².

As mentioned in previous press releases, Modelo Continente continued to analyse and develop new areas of business that will enrich the portfolio of services available to its customers. To that end, the company launched two new formats this year – Worten Mobile and the Health Area – which aim to complement existing services.

The company's investment plan involves opening more than 25 thousand additional m² of sales area before the end of the current year, 14 thousand m² in food retail and 11 thousand m² in non food retail.

Loss of status as a public company

With Sonae SGPS, SA acquiring total control of Modelo Continente SGPS, SA under the regulations specified in paragraph 3 of Article 490 of the Commercial Companies' Code, Modelo Continente SGPS, SA lost its status as a public company (de-listing), and has thus been excluded from the Euronext stock exchange in Lisbon since 25 September 2006.

Matosinhos, 3 November 2006

The Board of Directors

Glossary

- Gross sales (gs): the value of all transactions at the check out counters of the company's stores added the sales to companies not included in the consolidation perimeter of Modelo Continente SGPS, S.A.
- Net sales (ns): the value of gross sales, less directly related taxes (e.g. VAT in Portugal)
- Turnover (t): the value of net sales and services rendered
- Operating cash-flow (EBITDA): operating results - amortizations 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 - financial results
- Investment: increase of gross tangible fixed assets
- Net debt: current borrowings + non current borrowings – cash and cash equivalents – current investments held for trading.

Consolidated Profit and Loss

Summary information

	30 September 06		30 September 06		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	2.197	100	2.831	100	-634	-22%
EBITDA	158	7,2	191	6,7	-33	-17%
Depreciation and amortization	-59	-2,7	-69	-2,4	10	-14%
Provisions and impairments			-9	-0,3	9	
EBIT	98	4,5	112	4,0	-14	-12%
Net financial expenses	-13	-0,6	-38	-1,4	25	-65%
Profits on Ordinary Activities	85	3,9	74	2,6	11	15%
Share of results of associated undertakings	0	0,0	2	0,1	-1	-75%
Investment income	14	0,6	0	0,0	14	-
Profit before tax	99	4,5	75	2,7	24	32%
Taxation	-8	-0,4	-10	-0,3	2	-16%
Net Profit for the Period	91	4,1	65	2,3	25	39%
Attributable to equity holders of MC	89	4,1	65	2,3	25	38%
Attributable to minority interests	2	0,1	1	0,0	1	74%

Key Operational Indicators

Summary information related to base formats in analysis

	unit	30 September 06	30 September 06	change	
				value	%
Turnover	M.€	2.197	2.831	-	-
Portugal	M.€	2.197	1.934	263	14%
Brazil	M.€	-	896	-	-
EBITDA	M.€	158	191	-	-
Portugal	M.€	158	137	21	16%
Brazil	M.€	-	54 ¹	-	-
EBITDA (% t)		7,2%	6,7%	0,5 p.p.	-
Portugal		7,2%	7,1%	0,1 p.p.	-
Brazil		-	6,0% ¹	-	-

¹ Benefited from a non recurring profit of 29 million Euro, resulting from the sale of 10 stores in São Paulo, Brazil.

Consolidated Balance Sheet

Summary Information

	September 06		December 05		change	
	M.€	%	M.€	%	M.€	%
Non-current assets	1.533	66%	1.355	54%	178	13%
Tangible and intangible assets	1.372	59%	1.221	49%	151	12%
Goodwill	61	3%	47	2%	14	30%
Investments	73	3%	62	2%	11	17%
Deferred tax assets	26	1%	24	1%	2	7%
Other non-current assets	2	0%	1	0%	1	120%
Current Assets	805	34%	1.142	46%	-336	-29%
Stocks	343	15%	325	13%	18	6%
Clients and other current assets	384	16%	242	10%	142	59%
Investments	12	1%	11	0%	1	14%
Cash and cash equivalents	65	3%	564	23%	-498	-88%
Total Assets	2.338	100%	2.496	100%	-158	-6%
Equity attributable to equity holders of MC	881	38%	847	34%	34	4%
Equity attributable to minority interests	10	0%	9	0%	2	20%
Total Equity	891	38%	855	34%	36	4%
Non-current liabilities	679	29%	685	27%	-6	-1%
Borrowings	602	26%	602	24%	0	0%
Other non-current liabilities	12	1%	18	1%	-5	-29%
Deferred tax liabilities	38	2%	37	2%	1	2%
Provisions	26	1%	28	1%	-2	-6%
Current Liabilities	768	33%	956	38%	-188	-20%
Borrowings	10	0%	168	7%	-159	-94%
Trade creditors and other current liabilities	758	32%	788	32%	-30	-4%
Provisions	0	0%			0	0%
Total liabilities	1.447	62%	1.641	66%	-194	-12%
Total equity and liabilities	2.338	100%	2.496	100%	-158	-6%

Store portfolio

30 September 2006

	Nr. of Stores						Sales Area ('000 m ²)					
	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	30 Sep 2006	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	30 Sep 2006
Portugal	335	47	0	60	0	442	495	18	0	3	0	517
Food formats	113	5	0	0	0	118	327	9	0	0	0	337
Continente	18	0	0	0	0	18	158	0	0	0	0	158
Modelo	70	5	0	0	0	75	149	9	0	0	0	158
Modelo Bonjour	25	0	0	0	0	25	20	0	0	0	0	20
Non food formats	222	42	0	60	0	324	168	9	0	3	0	181
Worten	74	9	0	0	0	83	55	4	0	0	0	59
Modalfa	58	6	0	0	0	64	28	3	0	0	0	31
SportZone	41	2	0	0	0	43	34	1	0	0	0	35
Vobis	21	0	0	0	0	21	9	0	0	0	0	9
MaxMat	20	0	0	0	0	20	37	0	0	0	0	37
Zippy	8	1	0	0	0	9	4	0	0	0	0	4
Star	0	1	0	60	0	61	0	1	0	3	0	4
Área Saúde	0	12	0	0	0	12	0	1	0	0	0	1
Worten Mobile	0	11	0	0	0	11	0	0	0	0	0	0



Modelo Continente SGPS, SA

CONTINENTE

Modelo

Modelo
Bonjour

worten

modaifa

SPORT ZONE

VOBIS

mMaxmat

ZIPPY
kidstore

star

área Saúde

worten
mobile

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Modelo Continente is in permanent contact with financial markets through its Investor Relations department, which will be pleased to answer any questions or provide information.

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In line with the recommendations of CMVM, an office has been set up specifically designed to support private investors.

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SONAE
DISTRIBUIÇÃO