



SONAE INDÚSTRIA

1st HALF 2013

RESULTS

31 July 2013

Maia, Portugal, 31 July 2013: Sonae Indústria reports unaudited Consolidated Results for the 1st half of 2013 (1H13), prepared in accordance with IFRS (International Financial Reporting Standards).

HIGHLIGHTS OF FINANCIAL PERFORMANCE:

- **Comparing 1H13 with 1H12*:**

- Turnover decreased by 7%, from 693 to 642 million Euros
- Recurrent EBITDA margin fell 1.5 pp reaching 6.6%
- Net Debt reduced by 12 million Euros
- Working Capital¹ improved by 20 million Euros
- Increased profitability in Rest of the World operations

- **Comparing 2Q13 with 1Q13:**

- Turnover increased by 2%, from 318 to 324 million Euros
- Recurrent EBITDA margin increased by 0.6 pp to 6.9%
- Net losses reduced by 14% to 13 million Euros
- Net Debt reduced by 11 million Euros to 684 million Euros

KEY FIGURES (Euro Millions)	1H12*	1H13	1H13 / 1H12*	2Q12*	1Q13	2Q13	2Q13 / 2Q12*	2Q13 / 1Q13
Consolidated Turnover	693	642	(7%)	341	318	324	(5%)	2%
EBITDA	53	35	(34%)	23	16	19	(18%)	17%
Recurrent EBITDA	56	42	(24%)	24	20	22	(8%)	11%
Recurrent EBITDA Margin %	8.1%	6.6%	-1.5	7.1%	6.3%	6.9%	-0.2 pp	0.6 pp
Net Profit/(Loss) attributable to Shareholders	(18)	(29)	(65%)	(14)	(16)	(13)	(6%)	14%
Net Debt	696	684	(2%)	696	695	684	(2%)	(2%)

* transferring UK values to “discontinued operations”, given the stoppage of production activity in the region during the 3Q12

¹ Working Capital = Inventories + Trade Debtors – Trade Creditors

CEO MESSAGE

“During the second quarter of 2013, we have continued to face adverse trading conditions in most of the regions where we have industrial presence. To mitigate these we continued to pursue the defined strategy of focusing in key markets, improving operational efficiencies and developing a competitive and integrated offer, with the on-going implementation of several strategic initiatives.

In terms of regional performance, an unfavourable trading environment continued to prevail in Europe during the 1H13, with the effects of the austerity measures implemented in most countries negatively impacting consumer demand and capital expenditure. Although our operational and financial performance, both in Southern and Northern Europe regions, has been below the levels achieved in the same period last year, it is important to highlight that we were able to improve performance in the 2Q13 versus the previous quarter.

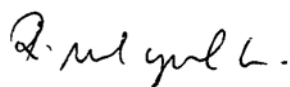
In what concerns South Africa, we observed a softer level of activity in this quarter with a particular impact on volumes. Despite this evolution in the 2Q13, we were still able to register growth in EBITDA generation in the first semester of 2013, when compared to the same period of last year.

North American operations continue to show improved profitability and cash flow generation, mainly driven by the positive developments in the American construction sector.

Regarding the consolidated financial performance, 1H13 Turnover decreased by 7%, when compared with the previous year, a direct consequence of the reduced industrial footprint, as evidenced by the closure of Knowsley and Solsona plants during 2012. Importantly, our overall capacity utilization indexes improved, despite the evident market pressure experienced in the European particleboard market. The continuous efforts placed in terms of fixed costs have allowed for further savings, with total fixed costs in the semester down, on a comparable basis, by 8 million Euros. Our operational profitability has thus shown some improvement in this second quarter, with a recurrent EBITDA of 22 million Euros (up by 11% against the 1Q13) generating an improved margin of 6.9%.

We continued to closely monitor our investments during this period, which, combined with a strong focus on inventory management, evidenced by a 20 million Euros y.o.y reduction in the level of working capital, contributed to an improved cash flow generation. This positive evolution has made possible a further reduction of our net debt level, which was down by 11 million Euros when compared to the end of 1Q13. In terms of debt, notwithstanding the difficult financial environment in Portugal, we remain confident that, as during the 1H13, we will be able to refinance upcoming debt maturities and continue in the path of deleveraging.

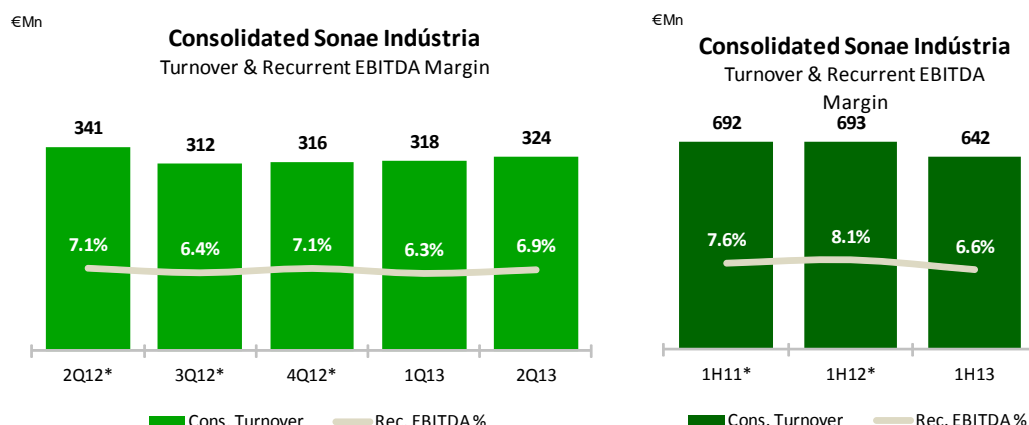
The tragic railroad accident occurred on July 6 at centre of Lac Mégantic, the town where our Canadian plant is located, has affected directly or indirectly all our employees there and disrupted for a few days our operations, due to restrictions on water supply. Our thoughts are with them all, their families and friends in these very sad moments.”



Rui Correia, CEO Sonae Indústria

1. CONSOLIDATED FINANCIAL REVIEW

1.1. TURNOVER & EBITDA

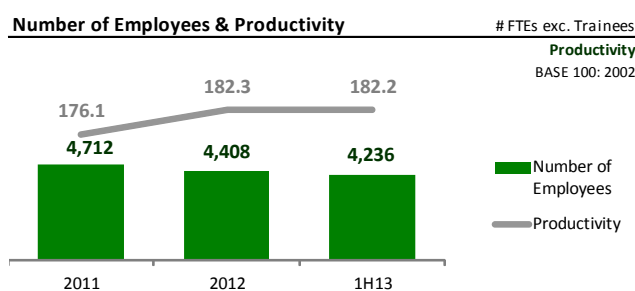


* transferring UK values to “discontinued operations”, given the stoppage of production activity in the region during the 3Q12

During the 1H13, consolidated turnover totalled 642 million Euros, 7% lower than the 1H12, mostly driven by the reduced industrial footprint and the prevailing lower demand in the European markets. Compared to the previous quarter, consolidated turnover increased by circa 2%, mainly thanks to the 15% q.o.q. increase in revenues generated by the Canadian operation. Recurrent EBITDA was 42 million Euros in the 1H13, which translated into a recurrent EBITDA margin of 6.6%, down by 1.5 pp versus last year. This deterioration in margin is mainly explained by the impacts of the adverse trading conditions in Europe, which was only partly compensated by an improved contribution from the operations in Canada.

Total fixed costs were reduced, on a comparable basis, i.e., without the contribution of the Knowsley plant closed last year, by approximately 6% in the period, representing savings of 8 million Euros when compared to the 1H12.

Total headcount has been reduced to 4,236 FTEs at the end of June 2013, mainly as a result of the plants closures completed in 2012: Knowsley, in the UK, and Solsona, in Spain.



The operational activity levels have also been adjusted to the lower market demand levels, by concentrating production in the most efficient sites, allowing for additional savings in the cost structure base and increases in the capacity utilization of the most efficient plants.

As a result of the above evolution, total EBITDA² in the 1H13 reached 35 million Euros, which includes the impact of approximately 7 million Euros of non recurrent costs, mainly related with redundancy costs of the Solsona plant, closed in December 2012. It is worth noting that these costs had no impact in terms of net profit in the 1H13 as their effect was off-set by the utilization of a specific provision previously booked in the 2012 accounts.

² EBITDA = EBIT + D&A + (Provisions and impairment losses - Impairment losses in trade receivables + Reversion of impairment losses in trade receivables)

1.2. PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT (Euro Millions)	1H12*	1H13	1H13 / 1H12*	2Q12*	1Q13	2Q13	2Q13 / 2Q12*	2Q13 / 1Q13
Consolidated Turnover	693	642	(7%)	341	318	324	(5%)	2%
Southern Europe	273	255	(7%)	132	126	130	(2%)	3%
Northern Europe	306	275	(10%)	143	137	138	(4%)	1%
Rest of the World	140	134	(4%)	74	66	68	(9%)	2%
Other Operational Income	15	14	(7%)	8	7	7	(8%)	3%
EBITDA	53	35	(34%)	23	16	19	(18%)	17%
Recurrent EBITDA	56	42	(24%)	24	20	22	(8%)	11%
Southern Europe	15	9	(38%)	5	4	5	3%	31%
Northern Europe	24	14	(42%)	10	6	8	(19%)	31%
Rest of the World	16	19	16%	9	10	9	(3%)	(10%)
Recurrent EBITDA Margin %	8.1%	6.6%	-1.5 pp	7.1%	6.3%	6.9%	-0.2 pp	0.6 pp
Depreciation and amortisation	(39)	(38)	3%	(20)	(19)	(19)	4%	1%
Provisions and Impairment Losses	(1)	7	-	(1)	3	4	-	(21%)
Operational Profit	15	6	(62%)	3	1	5	55%	-
Net Financial Charges	(26)	(30)	(18%)	(13)	(15)	(15)	(18%)	(2%)
o.w. Net Interest Charges	(14)	(18)	(26%)	(7)	(9)	(9)	(31%)	(8%)
o.w. Net Financial Discounts	(7)	(8)	(6%)	(4)	(4)	(4)	(6%)	(7%)
Profit before taxes continued operat. (EBT)	(11)	(25)		(10)	(14)	(11)	(13%)	17%
Taxes	(3)	(4)	(52%)	(2)	(2)	(2)	(10%)	1%
o.w. Current Tax	(3)	(3)	(21%)	(2)	(1)	(2)	10%	(57%)
Profit / (loss) from continued operations	(14)	(29)	-	(12)	(16)	(14)	-	15%
Profit / (loss) from discontinued operations	(4)	-	-	(2)	-	-	-	-
Minority Interests	(0.2)	(0.3)	(30%)	(0.2)	(0.2)	(0.1)	-	35%
Net Profit/(Loss) attributable to Shareholders	(18)	(29)	(65%)	(14)	(16)	(13)	-	14%

* transferring UK values to "discontinued operations", given the stoppage of production activity in the region during the 3Q12

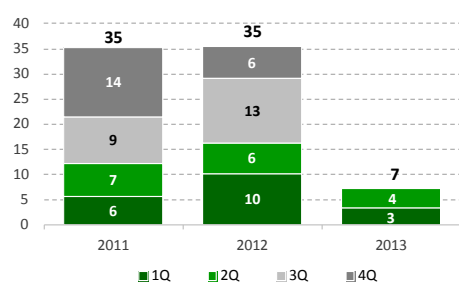
1H13 consolidated net losses attributable to Sonae Indústria's shareholders were 29 million Euros, a deterioration of 11 million Euros when compared with the 1H12. The main contributions to this evolution came from the lower EBITDA generation and from higher financial costs (4 million Euros above the 1H12), as determined by the increase in the average cost of debt. The average cost of debt stands slightly above 5.5%, up by almost 1.5 pp against June 2012, fully driven by the increase in spreads prevailing in Portugal and Spain, as Euribor rates remain at historically low levels.

When compared with the previous quarter, net losses were reduced in the 2Q13 by 3 million Euros, which is directly related with the improvements in the EBITDA performance.

1.3. CAPEX

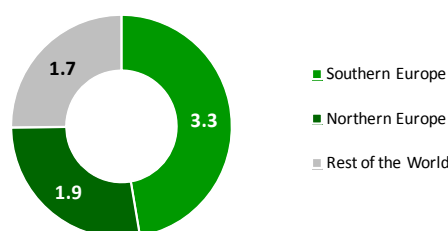
Additional Fixed Assets

Million Euros



1H 2013 Additional Fixed Assets by Region

Million Euros



Additions to Fixed Assets in 1H13 reached 7 million Euros (versus 16 million Euros during the same period in 2012) and were mostly related to investments in maintenance, Health & Safety and environmental improvements.

1.4. BALANCE SHEET & CAPITAL STRUCTURE

BALANCE SHEET (Euro Millions)	1H12	FY12	1Q13	1H13
Non Current Assets	1,049	936	921	888
Tangible Assets	903	806	792	764
Goodwill	93	92	92	90
Deferred Tax Assets	38	24	24	23
Other Non Current Assets	15	13	13	11
Current Assets	385	329	343	334
Inventories	138	130	131	128
Trade Debtors	198	141	174	170
Cash & Investments	16	23	11	13
Other Current Assets	32	34	27	23
Non-current assets held for sale	1	4	4	4
Total Assets	1,435	1,269	1,268	1,226
Shareholders' Funds	222	136	119	97
Minority Interests	0	-1	-1	-1
Shareholders' Funds + Minority Interests	222	135	118	96
Interest Bearing Debt	712	688	706	696
Short term	348	196	330	338
L-M term	364	492	377	358
Trade Creditors	194	178	176	176
Other Liabilities	306	268	268	258
Total Liabilities	1,213	1,134	1,150	1,131
Total Liabilities, Shareholders' Funds and Minority Interests	1,435	1,269	1,268	1,226
Net Debt	696	665	695	684
Net Debt to LTM** Recurrent EBITDA	6.3 x	6.7 x	8.0 x	8.0 x
Working Capital	142	93	129	122

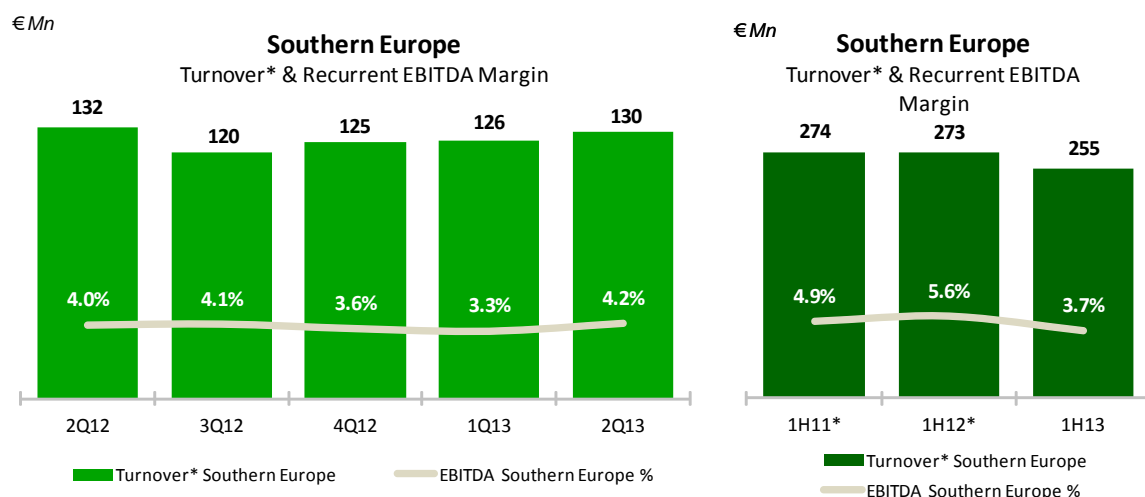
**LTM: last twelve months

When compared to the end of 1H12, consolidated Net Debt was down by 12 million Euros, mainly as a result of the rigorous management of working capital, which stood 20 million Euros below the level reached at the end of June 2012. Comparing to the 1Q13, Net Debt again decreased by 11 million Euros, a positive sign of the organic cash flow generation of the group. The main contributors to this decrease were the improvements delivered at the level of working capital (driven by the continuous focus in controlling inventories) and the tight control of capital expenditures. The level of the Net Debt to Recurrent EBITDA ratio remained stable at 8.0x, with the slightly reduced Recurrent EBITDA generation in the last 12 months being compensated by the lower Net Debt outstanding.

The total value of Shareholders' Funds has been again negatively impacted by the net losses registered in the 2Q13 but also by the accounting impact associated with the consolidation of the Canadian and South African businesses using the lower CAD and ZAR exchange rate, which translated into a negative combined effect of 9.8 million Euros.

2. GEOGRAPHICAL REVIEW OF OPERATIONS

2.1. Southern Europe



*Turnover includes intercompany group sales

Southern European countries continue to face significant macroeconomic challenges, which are clearly translating into low levels of consumer and business confidence. In what concerns the construction sector, new housing permits granted in Iberia, although improving in relation to recent past quarters, continued to show strong y.o.y. decreases (-23%³ in Portugal and -29%⁴ in Spain). In parallel, the rising level of unemployment, already at historical levels, constitutes one of the most difficult challenges for these economies and is severely constraining private consumption, particularly in terms of durable goods. Nevertheless, lower volumes in Southern Europe are being compensated, in part, by a higher export activity. As for France, the construction sector is showing some signs of recovery, although from relatively low levels, with new housing permits increasing by 9%⁵ against the same period in 2012.

Within the above explained context and comparing 1H13 performance with 1H12:

- **Turnover and sales volumes** reduced by circa 7%, with the negative contribution from the Iberian Peninsula (-15% y.o.y.), being partially offset by an improved performance in France (+11%). This improved performance in France was due not only to the fact that last year's sales were negatively affected by the accident occurred at the Linxe plant, but also to the additional particleboard volumes that have been reallocated from the Solsona plant;
- Average **selling prices** increased in the Iberian Peninsula, thanks to the increased weight of value added products, but were generally lower in France, partially affected by the reallocation of particleboard customers across of our plants;
- **Variable costs per m³** increased in Iberian Peninsula by 2.4%, mainly due to higher costs related to wood supply, combustibles and electricity. In terms of quarterly evolution, variable costs were down by 2.2% when compared to the 1Q13;

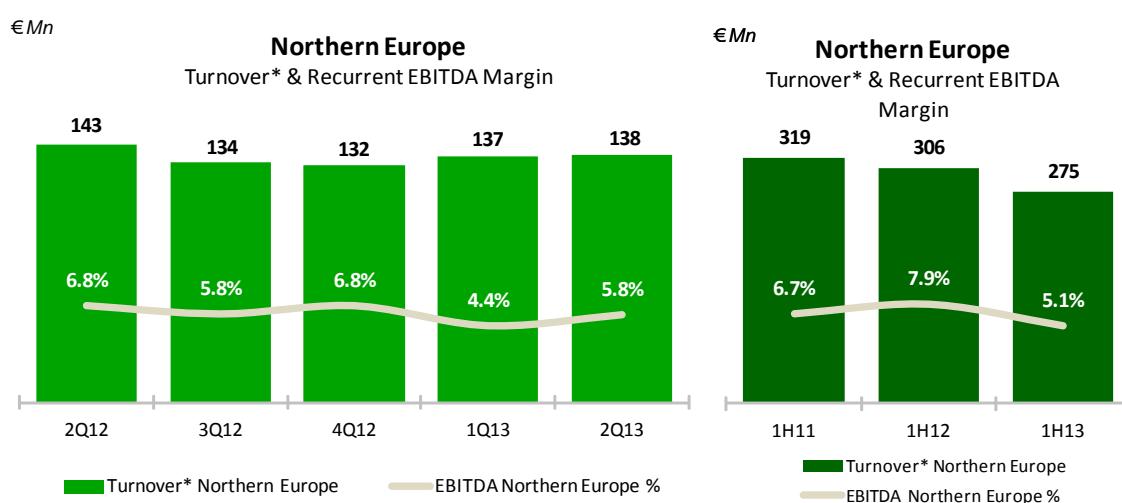
³ Source: *Instituto Nacional de Estatística*, July 2013 ("Nova habitação residencial", cumulative YTD evolution until May)

⁴ Source: *Ministerio de Fomento*, July 2013 (cumulative YTD evolution until April)

⁵ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, July 2013 (cumulative YTD evolution until May)

- Thanks to the group wide implementation of several initiatives aimed at closely monitoring and controlling overhead costs, the level of **fixed costs** in Southern Europe was down, on a like for like basis⁶, by circa 2.5 million Euros (4%) when compared to last year;
- The combination of the above factors led to a 1.9 pp reduction of the **recurrent EBITDA** margin, to 3.7% in the 1H13. Nevertheless, it is worth noting that Southern Europe recurrent EBITDA margin has increased in the last quarter to 4.2%, reflecting the improved performances achieved both in the Iberian Peninsula and in France.

2.2. Northern Europe



*Turnover includes intercompany group sales

New house construction permits in Germany were up by 8.4%⁷, showing that the market is continuing to recover from the historically low levels reached in 2009.

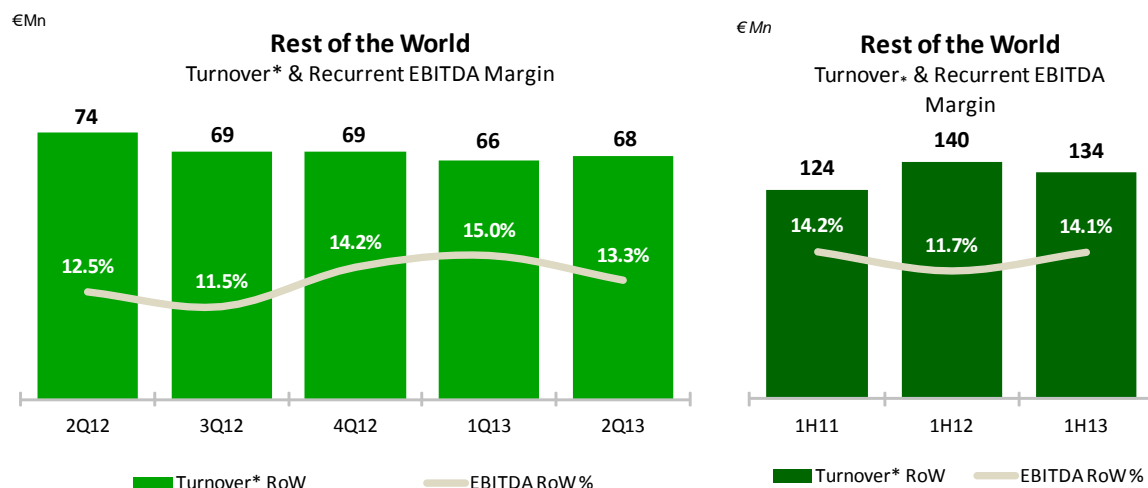
Comparing 1H13 performance with the same period in 2012, the key metrics of the Northern Europe region had the following evolution:

- **Volumes sold** decreased by circa 6%, exclusively as a result of negative evolution experienced in the particleboard market. To the contrary, OSB volumes were significantly up against last year, as a reflection of a strong market demand;
- The pressure felt in terms of combustibles costs and chemicals, in this case mostly related to a product mix effect, contributed to an average increase of 3% in unitary **variable costs**;
- **Fixed Costs** have also had a positive evolution, with additional savings of 1.6 million Euros (representing an improvement of 2.7% compared to the 1H12);
- **Recurrent EBITDA** margin decreased to 5.1%, driven mainly by the significantly lower particleboard volumes and prices. When compared to the previous quarter, the financial performance in the region has improved, with a recovery of 1.4 pp in the level of recurrent EBITDA margin, mainly due to an improved performance of the OSB business.

⁶ Like for like: excluding costs of Solsona Plant

⁷ Source: German Federal Statistics Office, July 2013 (cumulative YTD evolution until April 2013)

2.3. Rest of the World (Canada and South Africa)



*Turnover includes intercompany group sales

U.S. economic activity has shown important signs of recovery, with reflections in the increasing level of housing starts (up by 27%⁸ y.o.y.), while latest data shows that Canadian housing starts declined by 5%⁹. The evolution in Canada is slowly starting to stabilize and there are some expectations that the local economy could follow the pace of the US market recovery. In what concerns South Africa, residential building permits posted a significant y.o.y. increase of 25%¹⁰, accompanied by relatively better (although still recovering from negative levels) local contractors' confidence levels.

In terms of performance in the first 6 months of the year, the following operating and financial highlights should be noted:

- **Volumes sold** from plants located in the Rest of the World (RoW) segment decreased by 3% during the 1H13, when compared to last year, driven by negative evolution in South Africa, where the Panbult plant was stopped for maintenance works during June. This negative contribution was partially offset by the improved performance of the Lac Mégantic plant, in Canada;
- Total **Turnover** for the RoW also decreased by 4%, when compared to the 1H12, which partially resulted from negative exchange rate movements in the Canadian and South African currencies. Excluding this effect, turnover would have increased by 3%;
- Average **variable costs** per m³ remained approximately stable in North America, but some upward pressure was felt in South Africa in terms of wood and combustibles costs, in this case mainly driven by the devaluation of the ZAR.
- **Recurrent EBITDA** margin increased to 14%, from the relatively low level of 11.7% reached last year. The market growth in Canada and the higher overall selling prices, where the main contributors for this important recovery.

⁸ Source: RISI, July 2013 (cumulative YTD evolution until June 2013)

⁹ Source: Canada Mortgage and Housing Corporation, July 2013 (cumulative YTD evolution until May 2013)

¹⁰ Source: Statistics South Africa, July 2013 (cumulative YTD evolution until May 2013)

3. LOOKING FORWARD

In the third quarter of the year, as customary, the consolidated sales performance will be impacted by holiday period and the seasonal effect of the operational maintenance shutdowns of most of our plants in the northern hemisphere.

We will continue with the implementation of on-going initiatives to improve further our operating efficiencies, reduce fixed costs, concentrate production in our more efficient plants and explore the markets where we are most competitive, developing and expanding our sales of value added products.

We expect a relatively stable trading environment during 2H13 in most European markets, with the continuation of the general trends already experienced in the course of the current year. This stabilisation, although at relatively low levels, should allow us to continue to deliver a financial performance in line with the last few quarters.

Both Canada and South Africa are expected to continue to contribute positively to the evolution of our consolidated financial performance. In South Africa, the sales performance should improve versus the 2Q13, in line with the higher confidence levels shown by construction contractors in recent months, while Canada should continue to take advantage from the top quality of the local plant to explore the growing opportunities in the North American markets. The tragic railroad accident occurred recently at centre of Lac Mégantic has disrupted the delivery to customers that were being served by train. Although normal production at the plant restarted just 5 days after the accident, these events will imply some delivery delays and extra transportation costs in the coming months but we remain very confident in the capacity of our local management and in the ability of our workers to surpass this period of adversity.

The Board of Directors

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statement are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the wood based panels industry and economic conditions, and the effects of competition. Forward-looking statements may be identified by words such as "believes", "expects", "anticipates", "projects", "intends", "should", "seeks", "estimates", "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

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