

SONAE INDÚSTRIA

9 MONTHS 2015 RESULTS



11 November 2015

Maia, Portugal, 11 November 2015: Sonae Indústria reports unaudited Consolidated Results for the first nine months of 2015 (9M15) which are prepared in accordance with the IAS 34 – Interim Financial Reporting.

HIGHLIGHTS:

- Consolidated 3Q15 turnover improved by 2%, to 250M€, when compared to the same quarter of 2014
- Continued improvement in profitability, with 3Q15 Recurrent EBITDA of 27 M€, corresponding to a 10.8% margin
- LTM¹ Recurrent EBITDA of 104M€ (+11M€ vs. 3Q14)
- Net debt reduced by 23M€ to 583M€, when compared to June 2015
- Leverage² stood at 5.6x, the lowest level since 2008

KEY FIGURES		9M14 R		9M15 / 9M14 R	3Q14 R			3Q15 / 3Q14 R	3Q15 / 2Q15
Million euros									
Continued Operations (a)	Consolidated turnover	774	778	0.5%	245	270	250	2%	(7%)
	EBITDA	75	73	(2%)	35	28	25	(29%)	(10%)
	Recurrent EBITDA	73	81	11%	26	29	27	3%	(8%)
	Recurrent EBITDA Margin %	9.4%	10.4%	1.0 pp	10.7%	10.8%	10.8%	0.1 pp	0.0 pp
	Profit / (loss) from continued operations	(25)	(9)	63%	(4)	0	(7)	(51%)	-
	Consolidated net profit / (loss) for the period	(47)	(28)	40%	(9)	(9)	(8)	10%	8%
	Net debt	689	583	(15%)	689	606	583	(15%)	(4%)

(a) Note: At the end of 2014, Sonae Indústria classified as “discontinued operations” the results of the French industrial units Auxerre and Le Creusot (which were sold in April of 2014), Ussel (sold in March of 2015) and Linxe (sold in July 2015), of Pontecaldelas plant (in Spain, whose production activities were stopped during the 1st half of 2014), and of Betanzos (in Spain, sold in April 2015). As such, the Consolidated Income Statement for the period ended 30 September 2014 was restated (9M14 R).

¹ Last twelve months

² Net Debt to LTM Recurrent EBITDA

CEO MESSAGE

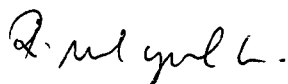
With the completion of the restructuring of our industrial footprint in the beginning of July, we can now focus our core strengths and key capabilities on further implementing and developing our operational strategic initiatives.

In this respect, at the beginning of October, we launched our new Innovus® 2015 collection. This decorative collection includes more products, with an additional offer of finishings and a larger selection of special products, under a single brand, Innovus®. This is an important step in the consolidation of our product offer under one stronger brand, better positioning our product portfolio in the markets where we operate. We are working in other marketing and commercial initiatives that, over time, will allow us to continue to grow, particularly in value added products and thus improve our profitability.

It is important to highlight that the growth of our decorative sales, under the brand Innovus®, was also made possible by the investments carried out during 2014 that reinforced our melamine surfacing capabilities. We will seek to further develop these capabilities in all markets where we are present and have recently initiated the deployment of a significant investment in a fifth surfacing line, with deep embossing capabilities, at our North American operations. This investment should allow us to further improve our product mix, with additional sales of melamine-faced boards, in a region where our share of melamine products is already an important reference for the group. Additionally we are carrying out other investments to improve the variable cost structure of the raw boards' production, to continuously optimize the efficiency of our raw materials consumptions.

In operational terms, and notwithstanding the impacts of the operational maintenance shutdowns of our European plants, the performance of our continued operations during this quarter continued to improve. We have thus been able to deliver the sixth consecutive quarter of improvement in the last twelve month recurrent EBITDA, now reaching 104 million Euros, up by 11 million Euros when compared to the same period of 2014. The improved performance was mainly driven by the results of our North America operations, which allowed the group to maintain the recurrent EBITDA margin of 10.8% during this third quarter. As regards our financial structure, the reduction of our consolidated Net Debt to 583 million Euros should be highlighted. This has led to a reduction of the Net Debt to Recurrent EBITDA ratio to 5.6x, the lowest value since September 2008. Furthermore, we have successfully completed the negotiations for the refinancing of the remaining 2015 debt maturities.

We are now focused on continuously improving the performance of our existing industrial footprint, with the objective of becoming the preferred supplier of our target customers, based on a competitive offer of products and an improvement of the service levels. For this, I continue to count on all our teams and expect the same level of commitment evidenced in the last years.



Rui Correia
CEO Sonae Indústria

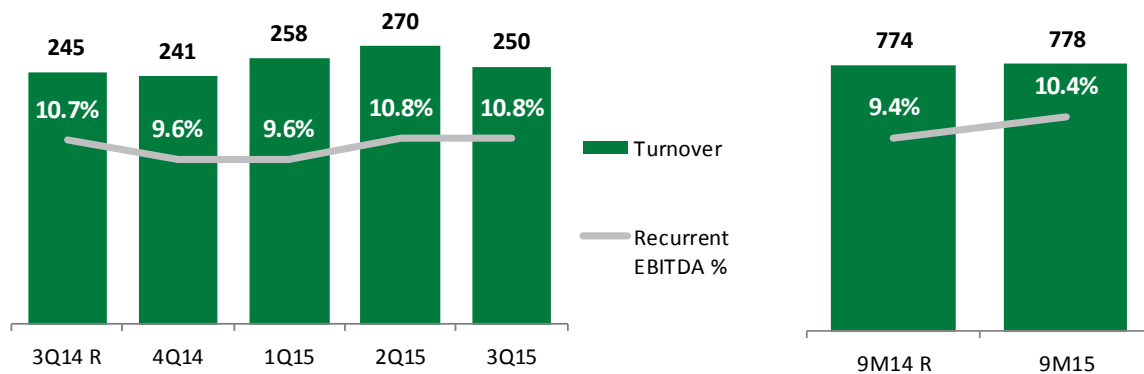
1. TURNOVER & RECURRENT EBITDA

At the end of 2014, Sonae Indústria classified as “discontinued operations” the results of the French industrial units Auxerre and Le Creusot (which were sold in April of 2014), Ussel (sold in March of 2015) and Linxe (sold in July 2015), of Pontecaldelas plant (in Spain, whose production activities were stopped during the 1st half of 2014), and of Betanzos (in Spain, sold in April 2015). The analysis presented in this chapter excludes the contribution of these operations classified as “discontinued operations”.

1.1. SONAE INDÚSTRIA CONSOLIDATED

Turnover & Recurrent EBITDA margin

Million euros



Overall consolidated **turnover** for continued operations during 9M15 reached 778 million Euros, which represents a slight increase of 0.5% vs. 9M14. The increase in consolidated turnover is explained by the improved **average selling prices** (average growth of 2.3% in 9M15 vs. 9M14), as **volumes sold** remained relatively stable (-0.9% vs. 9M14). In the quarter, consolidated turnover was up by 2%, when compared to same period of 2014, due to higher activity levels in the North America operations. When compared to the previous quarter, consolidated turnover reduced by 7%, naturally impacted by the normal summer maintenance shutdowns of the European plants.

Consolidated **average variable costs per m³** continued to evidence the improving trend started in the first quarter of the year, decreasing 0.4% during 9M15, when compared to the same period of 2014. This evolution is explained by reductions in the average cost of chemicals, thermal energy and maintenance costs, which more than compensated the negative contributions of higher wood and electricity costs. Average variable costs in 3Q15 were slightly above the value registered during 3Q14 (up by circa 0.7%). Nevertheless, it is important to note that, with the exception of chemicals and maintenance, all variable cost categories decreased against the previous quarter. These evolutions allowed for an overall reduction of the group average unitary variable costs of 1.7%.

Regarding fixed costs, and considering exclusively the contribution of the continued operations, total **fixed costs** were reduced by circa 4 million Euros during 9M15, when compared to same period last year.

Total **headcount** (considering the contribution of all operations) was of 3,254 FTEs as at the end of September 2015, a reduction of 141 FTEs when compared to the end of June 2015. This reduction is mainly explained by the impact of the sale of the former subsidiary Darbo, in France.

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9 MONTHS 2015 RESULTS

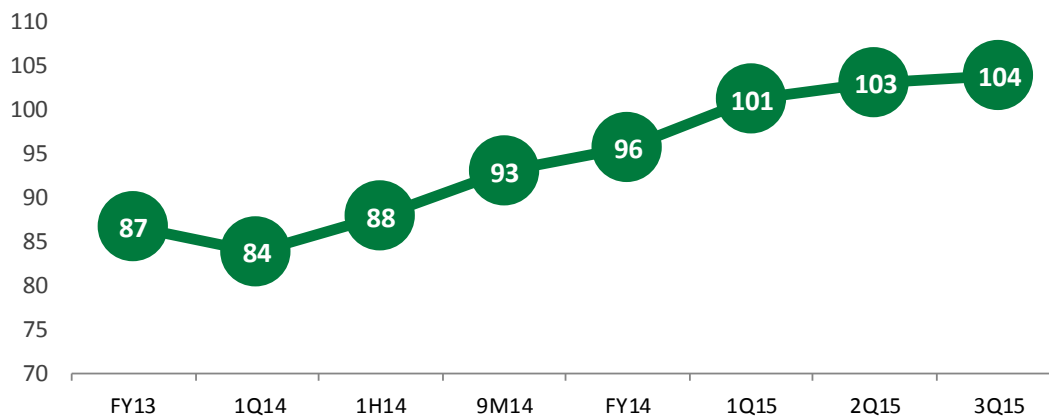
The **average capacity utilization index** of continued operations decreased 5.2 p.p. during 3Q15, when compared to the previous quarter of the year, which is explained by the seasonal maintenance shutdowns that take place during the summer period. Importantly, the average capacity utilization during 3Q15 was 2.1 p.p. above the level registered in the 3Q14, due to contribution of the North American plant. The average capacity utilization index for the 9M15 reached 79%, slightly up by 0.3% when compared to 9M14.

The **Recurrent EBITDA** for the first nine months of 2015 reached 81 million Euros, an increase of 8 million Euros when compared to the same period of 2014, with an implicit recurrent EBITDA margin of 10.4% (+1.0 p.p. vs 9M14). During 3Q15 the company booked a recurrent EBITDA of 27 million Euros, slightly below the value registered in 2Q15 (-2 million Euros), which is explained by the reduced levels of activity. Notwithstanding, it should be noted that the recurrent EBITDA for 3Q15 was 1 million Euros above the value registered in 3Q14. **Recurrent EBITDA margin** in the third quarter of 2015 was 10.8%, exactly the same value registered in 2Q15 but up by 0.1 p.p. when compared to same period of last year. **Last twelve months Recurrent EBITDA** maintained the growing trend started in the 2Q14, reaching 104 million Euros at the end of September 2015.

Consolidated Sonae Indústria

LTM Recurrent EBITDA (continued operations)

Million Euros



LTM: Last twelve months

Non-recurrent EBITDA items were circa -2.2 million Euros in 3Q15, and were essentially related with redundancy costs (0.4 million Euros) and costs related with inactive sites (1.7 million Euros).

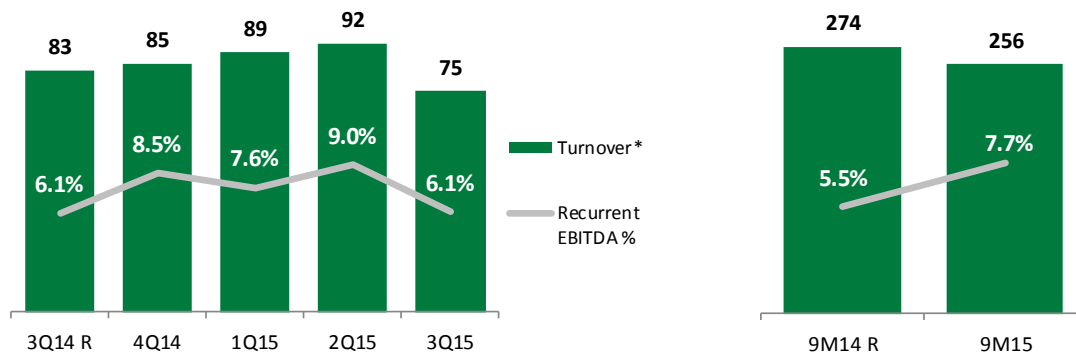
Total **EBITDA** reached 25 million Euros during 3Q15, which represents a decrease of 29% when compared to 3Q14. Nevertheless, it must be noted that the 3Q14 result was positively impacted by a one-off event related with an insurance settlement in the UK, in the amount of 13.2 million Euros. Excluding the contribution of this item, both quarter and YTD EBITDA figures present significant improvements, with the 9M15 EBITDA (73 million Euros) increasing by 19% or 12 million Euros, on a comparable basis.

1.2. SOUTHERN EUROPE

Southern Europe performance analysis reflects the performance of the operations considered as “continued” in the Iberian Peninsula, together with the Western Europe and overseas export activities, thus excluding the former French operations and the Betanzos and Pontecaldelas plants.

Turnover & Recurrent EBITDA margin

Million euros



*Turnover per region includes intercompany group sales (between regions)

During 9M15, the Southern European construction sector continued to show an improved performance, when compared to the same period of 2014, possibly correlated with some positive macroeconomic prospects, namely the higher levels of private consumption, in both Portugal and Spain. In Portugal, the new housing indicator shows an important 16%³ y.o.y. increase, while in Spain the growth was even more material (28%⁴ y.o.y. increase).

Comparing the performance of 9M15 with the same period in 2014, the following results should be highlighted for this region:

- **Turnover** decreased 7%, reaching 256 million Euros for the period, due to a reduction in **sales volumes** generated in Iberian Peninsula, driven by lower sales of raw particleboard and MDF. It should also be noted that the decrease in turnover in 3Q15, and when compared to 2Q15, was impacted by the maintenance shutdowns conducted at the industrial plants of this region;
- **Average selling prices** continued to evidence the positive trend started in 1Q15, registering a growth of 2.7% on an YTD basis, and of 0.9% when compared to previous quarter, driven by improvements of particleboard products;
- **Average unitary variable costs (per m³)** were up by 1.1% y.o.y., as the positive contributions of thermal energy, electricity and maintenance costs, were more than compensated the negative contributions of wood and chemical costs.

Notwithstanding the seasonal reduction of recurrent EBITDA during 3Q15 when compared to 2Q15, due to reduced levels of activity, the **Recurrent EBITDA** for 9M15 reached 20 million Euros (up by 5 million Euros vs. 9M14), with an implicit **recurrent EBITDA margin** of 7.7% (+2.2 p.p. vs. 9M14).

³ Source: Instituto Nacional de Estatística, October 2015 (“Nova habitação residencial”, cumulative 8 months evolution until August 2015)

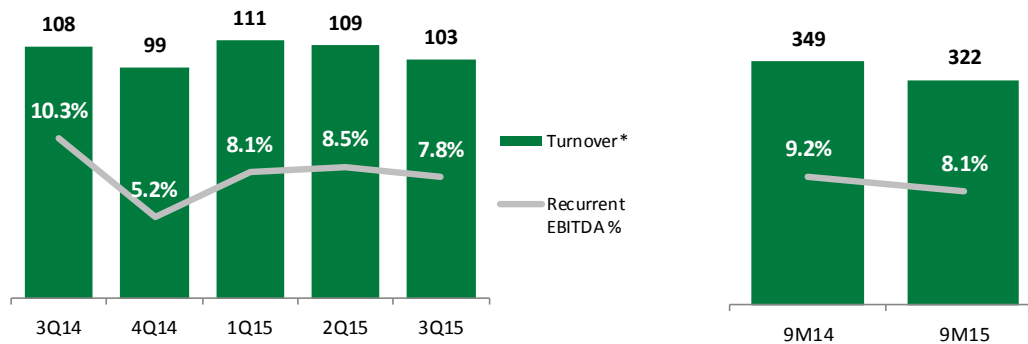
⁴ Source: Ministério de Fomento, October 2015 (Total “New Housing”, cumulative 7 months evolution until July 2015)

1.3. NORTHERN EUROPE

Northern Europe

Turnover & Recurrent EBITDA margin

Million euros



*Turnover per region includes intercompany group sales (between regions)

During the third quarter of 2015, the Northern European market started to show an improved performance in the construction sector. The construction sector performance in Germany, assessed by the indicator “new house construction permits”, registered an increase of circa 2%⁵, y.o.y., which is explained by the 5% growth registered in July and August 2015, when compared to same period of 2014.

The highlights of the 9M15 performance in Northern Europe, when compared to the 9M14, are summarized below:

- **Turnover** for this region decreased by 8%, driven by a combination of lower **sales volumes** (down by 3.4% y.o.y.), mostly explained by the reduction in raw particleboard and OSB volumes, and lower **average selling prices** (down by 1.4% y.o.y.), driven by the negative contribution of OSB products, notwithstanding the better performance of MDF products. On a quarterly basis, and when compared to the 3Q14, turnover decreased 5% during 3Q15, mostly as a result of reduction of the average selling prices of raw particleboard and OSB products. Performance in 3Q15, compared to 2Q15, was impacted by the normal maintenance shutdown works carried out at the European plants.
- **Average unitary variable costs (per m³)** registered a reduction of 5.5%, when compared to the same period in 2014, explained by the decrease in all cost categories. Average cost of wood was positively impacted by the higher levels of consumption of recycled wood, following last year investment in additional recycling equipment in Nettgau. On a quarterly basis, and when compared to 2Q15, average unitary variable costs reduced slightly by 0.2%, which is mainly explained by lower wood costs.

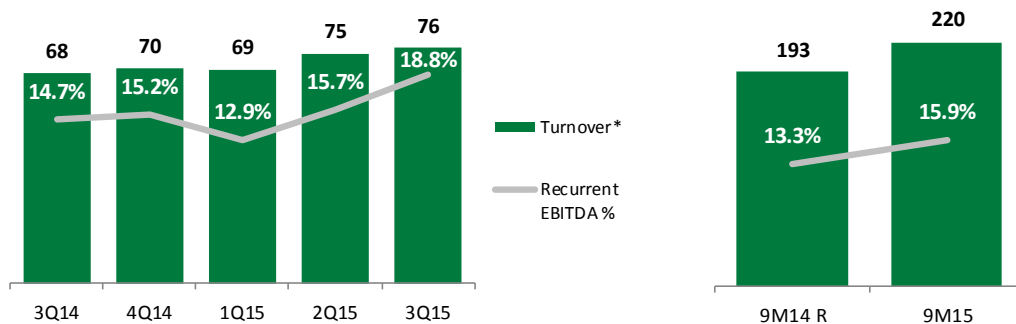
The combination of the above factors led to a **Recurrent EBITDA margin** of 8.1% during 9M15, 1.1 p.p. below the value registered in 9M14, which is mostly explained, as previously indicated, by a lower contribution from the OSB segment. On a quarterly basis, the recurrent EBITDA margin decreased 0.7 p.p. in 3Q15 vs. 2Q15.

⁵ Source: German Federal Statistics Office, October 2015 (“Permits for new construction, dwelling”, cumulative 8 months evolution until August 2015)

1.4. REST OF THE WORLD (CANADA AND SOUTH AFRICA)

Turnover & Recurrent EBITDA margin

Million euros



*Turnover per region includes intercompany group sales (between regions)

The North America construction sector shows an overall improved performance during 9M15, when compared with the same period of 2014. The level of housing starts increased 12%⁶ y.o.y. in the United States and 1.4%⁷ y.o.y. in Canada. In South Africa, the construction sector showed signs of recovery, with the level of residential building permits increasing by 7%⁸ y.o.y., mostly due to the significant growth of 19% in August 2015 vs August 2014.

In terms of performance in the 9M15, and when compared to 9M14, the following highlights should be noted for these regions:

- The overall consolidated **turnover** of the segment kept the positive trend exhibited since the start of the year, increasing 14% in Euro terms. This result is mainly explained by the improved performance of the Canadian operation, registering an increase of 2.3% in sales volumes y.o.y. Opposite to the North America performance, the South African operations exhibited a decrease of 2.3% in sales volumes, mostly as a result of reduction in terms of raw particleboard products;
- Regarding the **average selling prices**, the Canadian operation continued the positive evolution started in the 1Q15, registering an increase of 8.1% y.o.y. The average selling prices of South African operations registered a slight decrease (by 0.9%), which is explained by the different product mix;
- **Average unitary variable costs (per m³)** increased y.o.y. in Canada and decreased 2.2% y.o.y. in South Africa, when compared to same period of 2014. The higher costs of wood and maintenance expenditure, explains the increase witnessed in Canada. In South Africa, despite the increase of wood, thermal energy and electricity costs, the reduction in the remaining variable costs categories led to a reduction in the unitary variable costs, when compared to 9M14.

The combination of the above factors led to the continuous growth of **recurrent EBITDA margin**, which reached 15.9% during 9M15, up by 2.6 p.p. when compared to 9M14. On a quarterly basis, the recurrent EBITDA margin increased 3.1 p.p. and 4.1 p.p. during 3Q15, when compared to 2Q15 and 3Q14, respectively. It is important to highlight that the recurrent EBITDA margin of 18.8% for 3Q15 is the best since 2010.

⁶ Source: United States Census Bureau, October 2015 ("New housing units", cumulative 8 months evolution until August 2015).

⁷ Source: Canada Mortgage and Housing Corporation, October 2015 ("Building permits (units)", cumulative 8 months evolution until August 2015).

⁸ Source: Statistics South Africa, October 2015 ("Building plans for residential buildings (number)", cumulative 8 months evolution until August 2015).

2. CONSOLIDATED FINANCIAL PERFORMANCE

2.1. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT							
Million euros	9M14 R	9M15	9M15 / 9M14 R	3Q14 R	2Q15	3Q15	3Q15 / 3Q14 R
Consolidated turnover	774	778	0%	245	270	250	2%
Southern Europe*	274	256	(7%)	83	92	75	(9%)
Northern Europe*	349	322	(8%)	108	109	103	(5%)
Rest of the World*	193	220	14%	68	75	76	12%
Other operational income	34	18	(46%)	18	6	6	(70%)
EBITDA	75	73	(2%)	35	28	25	(29%)
Recurrent EBITDA	73	81	11%	26	29	27	3%
Southern Europe	15	20	32%	5	8	5	(7%)
Northern Europe	32	26	(18%)	11	9	8	(28%)
Rest of the World	26	35	36%	10	12	14	43%
Recurrent EBITDA Margin %	9.4%	10.4%	1.0 pp	10.7%	10.8%	10.8%	0.1 pp
Depreciation and amortisation	(48)	(48)	0%	(16)	(16)	(16)	2%
Provisions and impairment Losses	(11)	1	-	(9)	0	(2)	(82%)
Operational profit	17	26	52%	11	12	8	(30%)
Net financial charges	(38)	(29)	23%	(13)	(10)	(12)	11%
o.w. Net interest charges	(25)	(17)	30%	(9)	(6)	(6)	31%
o.w. Net exchange differences	1	1	30%	1	1	(1)	-
o.w. Net financial discounts	(10)	(9)	5%	(3)	(3)	(3)	(0%)
Share in results of Joint Ventures	(2)	(1)	39%	(1)	(0)	(1)	(37%)
Profit before taxes continued operat. (EBT)	(23)	(4)	83%	(3)	2	(5)	(54%)
Taxes	(2)	(5)	(139%)	(1)	(2)	(2)	(46%)
o.w. Current tax	(4)	(7)	(66%)	(2)	(2)	(3)	(120%)
o.w. Deferred tax	2	1	24%	0	(0)	1	-
Profit / (loss) from continued operations	(25)	(9)	63%	(4)	0	(7)	(51%)
Profit / (loss) from discontinued operations	(22)	(19)	14%	(5)	(9)	(2)	(63%)
Consolidated net profit / (loss) for the period	(47)	(28)	40%	(9)	(9)	(8)	10%
Losses (income) attrib. to non-controlling interests	(0)	(0)	39%	0	(0)	(0)	(102%)
Net profit/(loss) attributable to Equity Holders	(47)	(28)	40%	(10)	(9)	(8)	13%

*Turnover per region includes intercompany group sales (between regions).

Consolidated **EBITDA** for the first nine months of 2015 was of 73 million Euros, slightly below the 9M14 value. It should be highlighted that 9M14 value was positively impacted by the receipt of an insurance settlement in the UK in the amount of 13.2 million Euros. If this one-off effect is excluded, Sonae Indústria's total EBITDA would have improved by 12 million Euros, year on year, on a comparable basis. Total **Recurrent EBITDA** of 9M15 was of 81 million Euros, 8 million Euros (+11%) above same period of 2014, due to continued better performance of Southern Europe and Rest of the World operations. The group's consolidated performance was still negatively impacted by **non-recurrent costs**, totalling 7.7 million Euros in the first nine months of 2015, of which 3.2 million Euros associated with on-going cost with inactive sites, 3.2 million Euros related with redundancy payments and circa 1 million Euros with a capital loss in the sale of a real estate asset in Portugal (vacant land).

The combination of the above factors led to a **Recurrent EBITDA margin** for 9M15 of 10.4% (1 p.p. above the value registered in 9M14). Total Recurrent EBITDA in the third quarter was of 27 million Euros (1 million Euros above the value of 3Q14) with a stable Recurrent EBITDA margin of 10.8%.

Depreciation and amortization charges for the 9M15, for continued operations, were circa 48 million Euros, a stable value when compared to 9M14. For the quarter, this item totalled 16 million Euros, in line with the values booked in both 3Q14 and 2Q15, on a comparable basis.

Provisions and impairments losses booked in the first nine months of 2015, for continued operations, totalled a net amount of -0.8 million Euros (impacting positively the net result), mainly related with reversal of provisions previously booked during 2014 for the Horn restructuring process (following the dismissal costs incurred during the 9M15), which has more than compensated the additional impairment losses booked in the period.

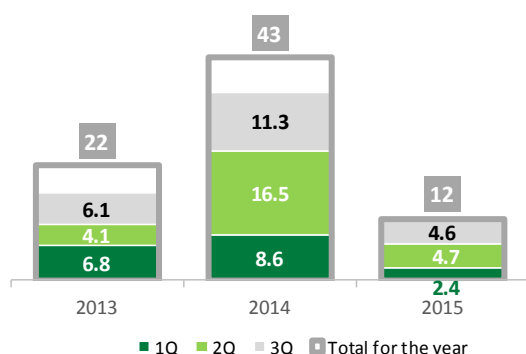
The value of **net financial charges** for the first nine months of the year was 29 million Euros, improving by 23% when compared with 9M14, on a comparable basis. The improvement in the group net interest charges is also the outcome of the 0.9 p.p. reduction in the average cost of debt, to 5.2% during the first nine months of 2015. Net financial charges for 3Q15 were 11.6 million Euros, 2.1 million Euros above the value of 2Q15, but 1.4 million Euros below the value registered for the same period of 2014 (-22%). When compared to 2Q15, the increase in the quarter was due to the negative contribution of the net exchange rate differences in the amount of 1.1 million Euros (a deterioration of 1.7 million Euros when compared to the value booked in the previous quarter).

Current tax charges booked for the first nine months of 2015 were of 7 million Euros, 3 million Euros above 9M14 mostly due to higher tax charges in Canada. In the 3Q15 an amount of 3.3 million Euros was booked, 1.1 million Euros above the amount registered in the 2Q15, due to higher tax charges in the operations in Portugal, Canada and South Africa.

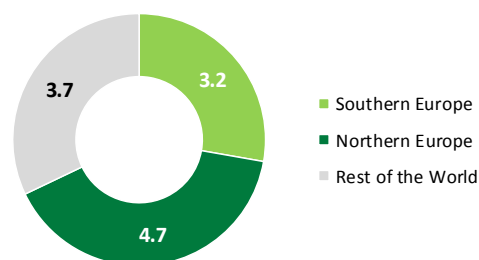
At the end of September 2015, the consolidated **Net loss** of the group was of 28 million Euros, driven in large part by the impact of discontinued operations, with a loss of 19 million Euros. Nevertheless, due to the improved operational performance of the continued operations, the consolidated net losses of the group for the first nine months of the year were reduced by 40% (-19 million Euros), when compared to same period of 2014. In the third quarter of 2015, the group booked a consolidated Net loss of 7 million Euros, implying an increase of 3 million Euros when compared to 3Q14.

2.2. CAPEX

Additional Gross Tangible Fixed Assets Million euros



9M15 | Additional Gross Tangible Fixed Assets Million euros



Additions to Gross Tangible Fixed Assets reached 4.6 million Euros in the 3Q15, which compares with 11.3 million Euros during the same period in 2014 (which were mostly related with the strategic investments completed during that year). The majority of 3Q15 investments were related with maintenance works carried out during the normal summer shutdown period of the European operations.

2.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Million euros	9M14	2014	1H15	9M15
Non current assets	913	830	802	770
Tangible assets	781	700	670	641
Goodwill	82	82	82	81
Deferred tax asset	33	28	27	27
Other non current assets	17	20	23	21
Current assets	315	244	283	269
Inventories	111	99	99	100
Trade debtors	135	99	135	117
Cash and cash equivalents	25	12	12	19
Other current assets	44	35	39	32
Non-current assets held for sale	0	12	4	0
Total assets	1,229	1,086	1,089	1,039
Shareholders' Funds	81	111	90	71
Equity Holders	82	111	91	71
Non-controlling interests	(0)	(0)	(0)	(0)
Liabilities	1,147	965	988	968
Interest bearing debt	698	576	618	602
Non current	221	457	456	392
Current	476	119	162	210
Trade creditors	154	156	142	141
Other liabilities	296	233	228	225
Liabilities directly associated with non-current assets held for sale	0	10	11	0
Total Shareholders' Funds and liabilities	1,229	1,086	1,089	1,039
Net debt	689	564	606	583
Net debt to LTM recurrent EBITDA	7.4 x	5.9 x	5.9 x	5.6 x
Working Capital	93	41	91	76

LTM: last twelve months

Working Capital as defined by the company: Inventories + Trade Debtors – Trade Creditors

At the end of September 2015, Sonae Indústria consolidated **working capital** was of 76 million Euros, a reduction of 15 million Euros, when compared to June 2015. The customary reduced level of activity registered in the 3Q15, as a result of the seasonal maintenance shutdown works at the European plants, led to a significant decrease in the value of the Trade Debtors (down by 18 million Euros when compared to June 2015).

Net debt decreased by 23 million Euros, to 583 million Euros, when compared to June 2015, and is 106 million Euros below the value registered at the end of September 2014, mostly as a result of the proceeds from the 2014 share capital increase.

The combination of the improved level of LTM Recurrent EBITDA with the reduced level of Net Debt led to a reduction of the **Net Debt to Recurrent EBITDA ratio** to 5.6x, improving by 0.3x when compared to both December 2014 and June 2015. It should be highlighted that this ratio registered at the end of

September 2015 the lowest value since September 2008, evidencing the deleveraging path that has been pursued in the last years.

Total **Shareholder's Funds** at the end of September 2015 were negatively impacted by the net losses registered during the first nine months of the year (-28 million Euros) and by the accounting impact associated with the consolidation of the Canadian and South Africa operations using lower exchange rates, resulting in a negative change of the revaluation reserve in the amount of 10 million Euros. Is also worth noting that the 19 million Euro reduction in Shareholder's Funds registered during the 3Q15 was mostly determined by the devaluations of the CAD and ZAR (negative impact over revaluations reserves of 11 million Euros).

3. LOOKING FORWARD

In the last quarter of 2015, we will carry on with the continued implementation of our strategic plan, which is now focused towards achieving both operational excellence and a higher customer orientation, aimed at creating more value for our customers.

Notwithstanding the customary expected pressure in the wood and thermal energy costs, associated with the beginning of the winter period in the Northern Hemisphere operations, and barring a significant change in competitive dynamics, we expect to be able to continue to deliver an improved level of operational profitability at our core plants, for the remainder of the year.

The Board of Directors

GLOSSARY

Capacity Utilization Index	Finished-Available Production (m ³) / Installed production capacity (m ³); <i>raw boards only</i>
CAPEX	Investment in Tangible Fixed Assets
EBITDA	Earnings Before Interests and Taxes + Depreciations and Amortizations + (Provisions and impairment losses - Impairment losses in trade receivables + Reversion of impairment losses in trade receivables)
FTEs	Full Time Equivalent; the equivalent of one person working full time, according to the working schedule of each country where Sonae Indústria has operations
Fixed Costs	Overheads + Personnel costs (internal and external); <i>management accounts concept</i>
Gross Debt	Bank loans + Debentures + Obligations under finance leases + other loans + Loans from related parties
Headcount	Total number of internal FTEs, excluding trainees
MDF	Medium Density Fibreboard
Net Debt	Gross Debt - Cash and cash equivalents
Net Debt to LTM Rec. EBITDA	Net Debt / Last Twelve Months Recurrent EBITDA
OSB	Oriented Strand Board
Recurrent EBITDA	EBITDA excluding non-recurrent operational income / costs
Recurrent EBITDA margin	Recurrent EBITDA / Turnover
Turnover (regions)	Sales Finished Goods and merchandise + Services Rendered; excluding sales of other materials like for ex. wood by-products, <i>management accounts concept</i>
Working Capital	Inventories + Trade Debtors – Trade Creditors

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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