SONAE INDÚSTRIA

2016
1st QUARTER RESULTS

4 May 2016

Maia, Portugal, 4 May 2016: Sonae Indústria reports unaudited Consolidated Results for the 1st quarter 2016 (1Q16) which are prepared in accordance with the IAS 34 – Interim Financial Reporting.

1Q16 HIGHLIGHTS

- **Recurrent EBITDA of 32 M€, up by 29% when compared to 1Q15, with continued improvement in Europe and North America's profitability levels**
- **Recurrent EBITDA margin of 12.3% (+2.8 pp vs. 1Q15), best quarterly margin since 2007, a reflection of a more efficient and profitable industrial footprint**
- **Growth in operational profitability evidenced in the last eight quarters, leading to the first positive quarterly net result since 2009**
- **Leverage[1] improved to 5.1x, the best level in the last eight years**

KEY FIGURES Million euros	1Q15	4Q15	1Q16	1Q16 / 1Q15	1Q16 / 4Q15
Consolidated turnover	**258**	**250**	**259**	**0%**	**4%**
EBITDA	21	19	30	43%	53%
Recurrent EBITDA	**25**	**26**	**32**	**29%**	**23%**
Recurrent EBITDA Margin %	**9.6%**	**10.4%**	**12.3%**	**2.8 pp**	**1.9 pp**
Consolidated net profit / (loss) for the period	(11)	(8)	3	**131%**	**141%**
Net debt	**597**	**570**	**578**	**(3%)**	**1%**

[1] Net Debt to LTM Recurrent EBITDA.

CEO MESSAGE

The first quarter of 2016, stands as a turning point in our company's performance.

Following the successful completion of the restructuring process and the improving operational performance that we have been delivering in the last eight quarters, we achieved a net profit of 3 million euros in the 1Q16. This is the first positive quarterly net results since 2009, when we sold our subsidiary in Brazil, and, excluding one off effects, since the first quarter of 2008. This is an achievement that rewards all our stakeholders for their continued support and trust in the company. Thank you to all!

During the first quarter of 2016, we maintained our full commitment to the execution of our defined strategic plan, aimed at positioning Sonae Indústria as a more profitable and sustainable company. We have also achieved important milestones in the process to complete the strategic partnership signed with Arauco last year, which involves our European and South African operations. In this respect, we have obtained clearance from both the European and the South African Competition Authorities, completed the majority of the required corporate reorganization needed to achieve the agreed business perimeter and have been working towards the fulfilment of the remaining agreed conditions, namely related with refinancing of the group's debt.

I would also like to highlight the on-going implementation of a fifth melamine surfacing line at our Lac-Mégantic plant in North America, which is expected to be concluded during the next quarter. This investment will allow us to become even more competitive and strengthen our position as a reference value added player in that market.

In terms of the commercial strategy, we have continued to implement additional steps to grow our position in the higher value product segments, increasing product differentiation and further aligning our products with market trends, thus bringing us closer to the customers' needs. We were present during this quarter in the largest Iberian wood and furniture fair, Fimma Maderalia in Valencia, where we promoted the technological and innovative features of our new Innovus® collection of decorative products.

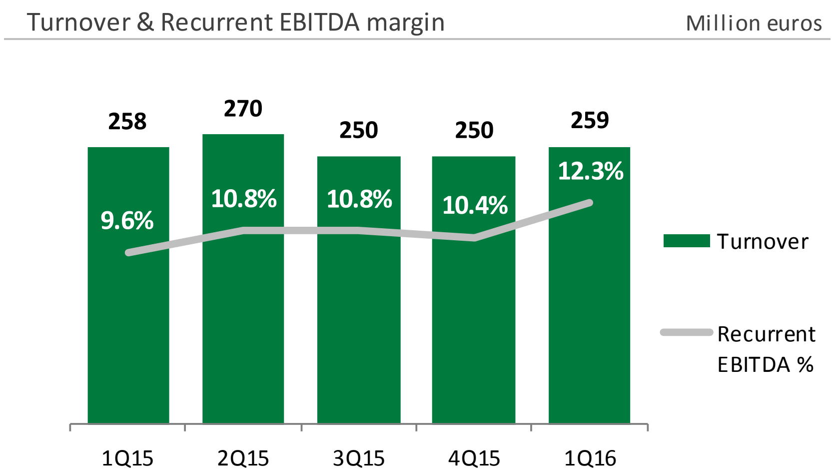
As regards our operational performance, I am pleased to report that we have now delivered eight consecutive quarters of Recurrent EBITDA growth, leading to a last twelve months Recurrent EBITDA of 114 million Euros. This improved performance was driven by better results in our European and North American operations, allowing us to reach a significantly improved Recurrent EBITDA margin of 12.3% for the quarter. This is an important achievement that gives us confidence that we are on the right path towards sustainable profitability and growth.

Following the completion of the rationalization of our industrial footprint in 2015, we are now a smaller but more efficient company, with a higher quality set of assets. We believe that the improved operating profitability and the positive net results registered during the first quarter of 2016, are the first clear signs of the merits of our strategic plan, which is anchored on three key strategic pillars: industrial efficiency, customer focus and orientation and continuous improvements of our internal processes.

Rui Correia
CEO Sonae Indústria

1. TURNOVER & RECURRENT EBITDA

1.1. SONAE INDÚSTRIA CONSOLIDATED



Sonae Indústria's **consolidated turnover** reached 259 million Euros for the quarter, an improvement of 3.7% vs. last quarter and 0.4% when compared to same period of 2015. These results were possible, in both cases, as a result of improved performance in total **sales volumes**, as the consolidated **average selling prices** were below the levels of both 1Q15 and 4Q15. When compared to 1Q15, sales volumes increased by 2.4%, mainly driven by higher sales of raw MDF and OSB products, whilst the average selling prices declined by 3.2%, with negative contributions from all the product categories. When compared to previous quarter, sales volumes improved by 3.8%, driven mainly, once again, by raw MDF and OSB products and the average selling prices were slightly below (-2.2%), with the main negative contributions coming from raw particleboard and OSB products. It is also worth highlighting the 1.4 p.p. increase, in 1Q16, when compared to 1Q15, in the share of melamine surfaced products in total sales.

Consolidated **average variable costs per m^3** registered a positive evolution during 1Q16, a reflection of a more efficient industrial footprint, with the exception of maintenance costs, that were slightly above the 1Q15 level, mostly impacted by the stoppage in White River plant (South Africa) for maintenance works. When compared to 4Q15, unitary variable costs also decreased, as the normal seasonal negative effect of higher wood and energy costs in the first quarter of the year was mitigated by internal efficiency gains and the benefits of a less severe winter in Europe.

On a comparable basis (not considering the contribution of the discontinued operations), total **fixed costs** were reduced by approximately one million Euros during 1Q16, when compared to the same period in 2015.

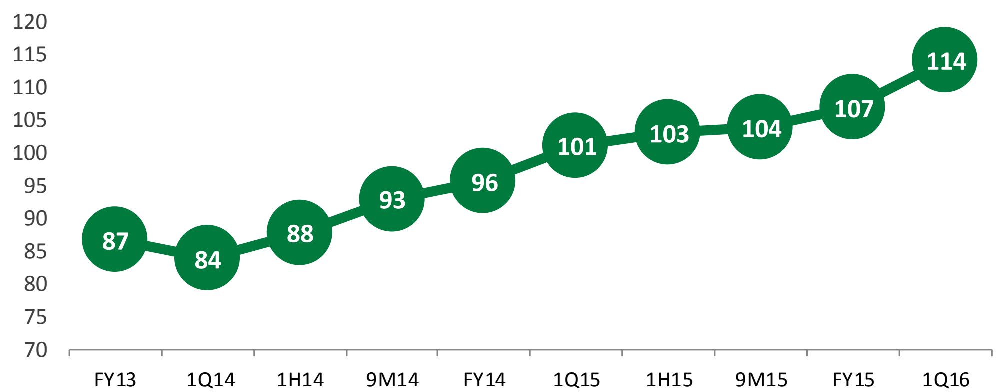
At the end of March 2016, total **headcount** was of 3,223 FTEs, a reduction of 22 FTEs when compared to the end of 2015.

The **average capacity utilization index** of Sonae Indústria's plants reached circa 80% in the 1Q16, an increase of 1.1 p.p., when compared to same period of last year, on a comparable basis, driven by improved performances in the European and North American operations. The average capacity utilization index of the South African plants decreased mainly as a result of the negative impacts from the stoppage of the White River plant for maintenance works.

The consolidated last twelve months **Recurrent EBITDA** for Sonae Indústria reached 114 million Euros, at the end of March 2016, with a recurrent EBITDA for the quarter of 32 million Euros, up by 7.2 million Euros (or +29%) vs. 1Q15 value. The **Recurrent EBITDA margin** in the first quarter of the year was of 12.3%, up by 2.8 and by 1.9 p.p., when compared to same period of last year and to the previous quarter, respectively.

Consolidated Sonae Indústria

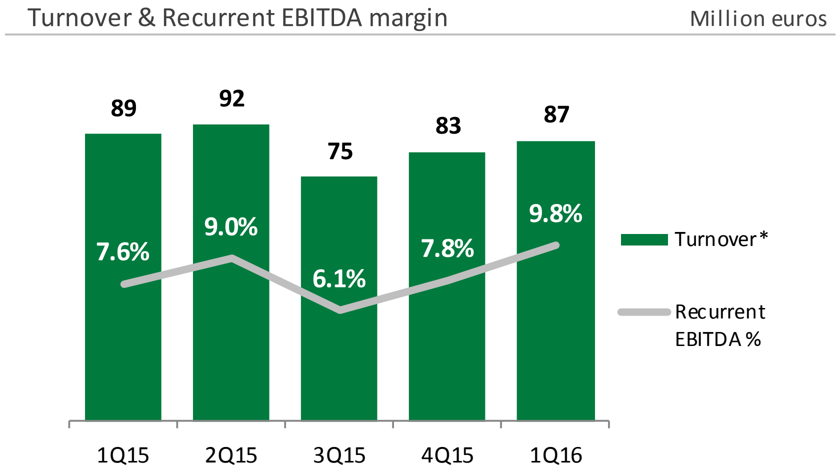
LTM Recurrent EBITDA (continuing operations) Million Euros



LTM: Last twelve months

Non-recurrent EBITDA items were circa -2.4 million Euros in the quarter, essentially related with redundancy costs (0.6 million Euros), costs associated with inactive sites (circa 0.9 million Euros) and other costs in a total amount of 0.7 million Euros (mainly legal), leading to a total **EBITDA** of 30 million Euros for the quarter, an increase of 9 million Euros, when compared to same period of 2015.

1.2. SOUTHERN EUROPE



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

The Southern European market experienced an overall improved performance during 1Q16 vs. 1Q15, albeit with different paths in Portugal and Spain, evidenced by the higher levels of consumer confidence y.o.y., which have been translating into improved demand in the local construction sectors. In Portugal, the new housing indicator showed a modest y.o.y. increase of 2%[2], while the underlying indicator for the Spanish construction market registered a y.o.y. increase of circa 40%[3], but coming from very low historical figures.

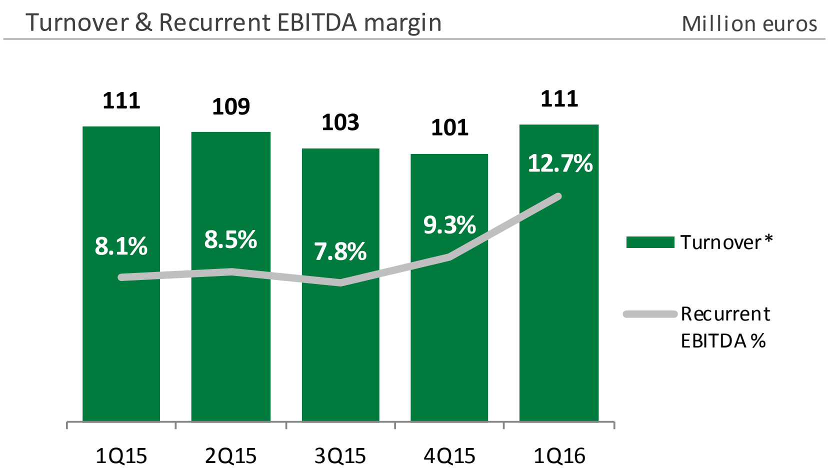
In terms of key financial performance for 1Q16, and when compared to 1Q15, the following items are worth highlighting for this region:

- **Turnover** reached 87 million euros, which represents a decrease of 2.1%, explained by the reduction in **sales volumes** generated in the Iberia Peninsula. Notwithstanding, it should be highlighted that sales volumes increased by 1.4% in 1Q16 vs. 4Q15;
- **Average selling prices** registered a slight decrease, impacted by the negative contributions from raw particleboard and MDF, which have more than offset the increases registered in the melamine surfaced products;
- Due to a smaller but more efficient industrial footprint, **average unitary variable costs (per m^3)** have been reduced, when compared to the same period last year, benefiting from a less severe winter in the Iberian Peninsula and efficiency gains obtained in the group's production processes, which were made possible by the investments carried out in the last years.

The combination of the above factors led to a **Recurrent EBITDA** margin of 9.8% in this region, an increase of 2.2 p.p., when compared to the same period of 2015. It should also be highlighted that the Recurrent EBITDA margin increased by 2 p.p. vs. 4Q15.

[2] Source: Instituto Nacional de Estatística, April 2016 ("Nova habitação residencial", cumulative 3 months evolution until February 2016).
[3] Source: Ministerio de Fomento, April 2016 (Total "New Housing", January 2016 vs. January 2015).

1.3. NORTHERN EUROPE



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

During 1Q16, the Northern European construction sector kept the growing trend started in the second half of 2015, as evidenced by the evolution of the new house construction permits, which grew by 28%[4] y.o.y.

Comparing 1Q16 performance with the same period in 2015, the key highlights of the Northern Europe region are the following:

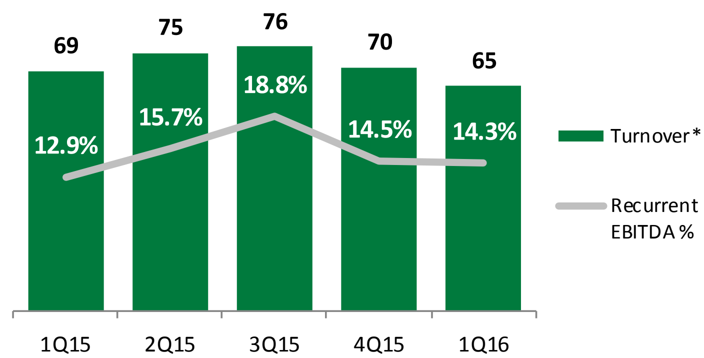
- **Turnover** increased by 0.6%, due to improved **sales volumes** of raw MDF and, even more relevant, by improved volumes of OSB products. In addition to the improved sales volumes, it must also be highlighted the increasing share of melamine surfaced products (+2.1p.p. y.o.y.) in the total product mix of this region, a reflection of the group's strategy to grow in the value added segments. When compared to previous quarter, sales volumes have increased in all product categories;
- **Average selling prices** registered a decrease in the quarter, with negative contributions from all the products categories, with the exception of the MDF melamine surfaced boards, that was kept relatively stable;
- **Average unitary variable costs (per m^3)** contributed positively to the operational profitability in the region, with important contribution from wood (related with a higher y.o.y. consumption of recycled wood, leveraging on the strategic investment in additional recycling equipment at Nettgau plant and with a milder winter). In addition, similar to what has occurred in Southern Europe, efficiency gains, resulting from improved processes and equipment investments, were registered in the quarter.

The combination of the above factors led to a **Recurrent EBITDA margin** for the 1Q16 of 12.7% in the Northern European region, a significant improvement when compared to both the same quarter of last year and to the previous quarter, +4.6 p.p. and +3.4 p.p., respectively. It is worth highlighting that this Recurrent EBITDA margin is the best quarterly result ever registered in the Northern European operations, a reflection of a more efficient industrial footprint.

[4]Source: German Federal Statistics Office, April 2016 ("Permits for new construction, dwelling", cumulative 3 months evolution until January 2016).

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 construction sector in the North American markets evidenced a mixed performance during 1Q16, in line with the different phases of the business cycle that the United States and Canada are facing. In the United States, where the economic growth is expected to continue at a moderate pace during 2016, the level of housing starts increased by 10%[5], when compared to 1Q15, whilst the Canadian economy, which is still trying to gain some momentum in terms of economic growth, showed a slight negative variation in the level of housing starts (-0.9%[6]), when compared to same period of 2015. In South Africa, the latest macroeconomic estimates point to a contraction for 2016, influencing the trading conditions and, ultimately, impacting the demand for wood based panels. As result, the level of residential building permits decreased by circa 1%[7] during 1Q16 vs. 1Q15.

In terms of performance in the 1Q16, and when compared to 1Q15, the following highlights should be noted for these regions:

- Consolidated **turnover** for the segment as a whole decreased by 6.3% in Euro terms, impacted by the weaker performance of the South African operations in terms of **sales volumes**. It should be noted that our White River plant in South Africa stopped for maintenance works. On the contrary, the sales volumes of the Canadian operation slightly improved, with a higher share of melamine products. The contribution to the consolidated turnover was also negatively impacted (circa 9.4 million Euros) by the exchange rates evolution, as both Canadian dollar and the South African rand depreciated y.o.y. versus the Euro;
- **Average selling prices** registered a positive evolution in both the Canadian and South African operations, naturally impacted by an improved sales mix. However, and due to exchange rates evolution, only the Canadian operation contributed positively to the consolidated average selling price;
- The **average unitary variable costs (per m^3)** decreased in Canada, with positive contribution of wood costs (higher availability of sawdust and chips), while an increase in all cost categories was experienced in the South African operations.

When compared to 1Q15, and led by the combination of the above factors, the segment's **Recurrent EBITDA margin** increased by 1.4 p.p., to 14.3% during the 1Q16.

[5] Source: United States Census Bureau, April 2016 ("New housing units", cumulative 3 months evolution until February 2016).
[6] Source: Canada Mortgage and Housing Corporation, April 2016 ("Building permits (units)", cumulative 3 months evolution until February 2016).
[7] Source: Statistics South Africa, April 2016 ("Building plans for residential buildings (number)", cumulative 3 months evolution until January 2016).

2. CONSOLIDATED FINANCIAL PERFORMANCE

2.1. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT Million euros	1Q15	4Q15	1Q16	1Q16 / 1Q15	1Q16 / 4Q15
Consolidated turnover	**258**	**250**	**259**	**0**	**4%**
Southern Europe*	89	83	87	(2%)	4%
Northern Europe*	111	101	111	1%	11%
Rest of the World*	69	70	65	(6%)	(8%)
Other operational income	7	6	5	(26%)	(16%)
EBITDA	**21**	**19**	**30**	**43%**	**53%**
Recurrent EBITDA	**25**	**26**	**32**	**29%**	**23%**
Southern Europe	7	7	8	25%	30%
Northern Europe	9	9	14	58%	52%
Rest of the World	9	10	9	3%	(9%)
Recurrent EBITDA Margin %	**9.6%**	**10.4%**	**12.3%**	**2.8 pp**	**1.9 pp**
Depreciation and amortisation	(16)	(15)	(15)	8%	4%
Provisions and impairment Losses	2	(1)	1	(54%)	-
Operational profit	**7**	**3**	**16**	**137%**	**-**
Net financial charges	(8)	(11)	(11)	(40%)	0%
o.w. Net interest charges	(6)	(7)	(8)	(36%)	(8%)
o.w. Net exchange differences	1	1	0	(93%)	(86%)
o.w. Net financial discounts	(3)	(4)	(3)	(3%)	21%
Share in results of Joint Ventures	(0)	(0)	0	111%	110%
Profit before taxes continuing operat. (EBT)	**(2)**	**(9)**	**4**	**-**	**149%**
Taxes	(1)	2	(1)	(38%)	-
o.w. Current tax	(1)	(2)	(2)	(40%)	3%
o.w. Deferred tax	0	4	1	44%	(83%)
Profit / (loss) from discontinued operations	(8)	(0)	0	100%	100%
Consolidated net profit / (loss) for the period	**(11)**	**(8)**	**3**	**131%**	**141%**
Net profit/(loss) attributable to Equity Holders	**(11)**	**(8)**	**3**	**131%**	**141%**

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

Sonae Indústria consolidated **EBITDA** for the quarter reached circa 30 million Euros, which represents an improvement of 8.9 million Euros (or +43%), when compared to 1Q15. This performance was driven by better results in Europe and North American operations. 1Q16 **Recurrent EBITDA margin** was of 12.3%, representing an increase of 2.8 p.p. vs. 1Q15 and of 1.9 p.p. when compared to the previous quarter.

Depreciation and amortization charges in the quarter were close to 15 million Euros, a reduction of 1.3 and 0.7 million Euros, when compared to 1Q15 and 4Q15, respectively. These reductions mainly explained by the impacts of the devaluations of both the Canadian dollar and the South African rand.

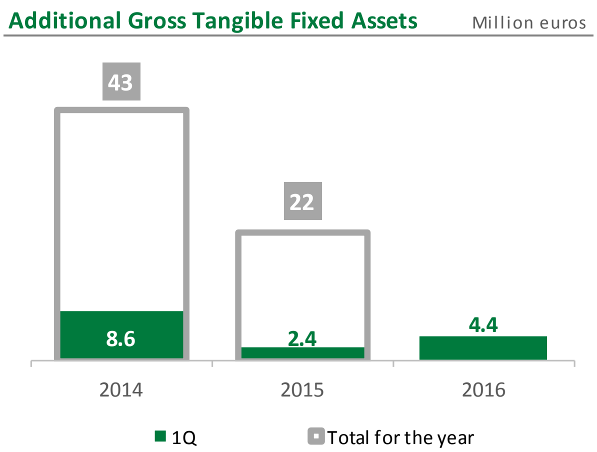
Provisions and impairment losses showed a release of provisions of 0.9 million Euros for the quarter (positively impacting the net results).

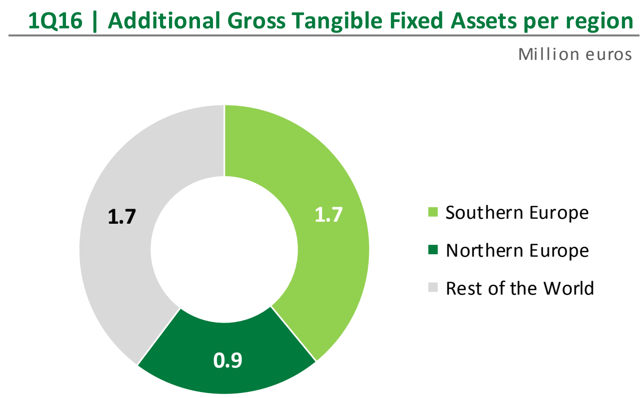
Net financial charges in 1Q16 were of 11.4 million Euros, in line with the value booked in the 4Q15, as the average cost of debt remained approximately stable (5.2% during the 1Q16). When compared to the same period of 2015, net financial charges increased by 3.3 million Euros, due to higher levels of net interest expenses, as the positive impact from interests charged to discontinued operations and to equity consolidated companies was much smaller. This item was also negatively impacted by the reduced positive contribution of the net exchange rate differences y.o.y.

Current tax charges for the quarter were of approximately 2 million euros, 0.5 million Euros above the 1Q15 value, mostly due to higher tax charges in Portugal and Canada. In addition, additional **deferred tax asset** were booked in the period, in the amount of 0.6 million euros, in relation to the North American operations.

As a result of the combination of the above items, Sonae Indústria achieved a positive **Net result** during 1Q16 of 3.2 million Euros, which contrasts with net losses registered in both the 1Q15 and the 4Q15. This is the best quarterly net result of the last seven years.

2.2. CAPEX





Additions to Gross Tangible Fixed Assets reached 4.4 million Euros, which compares with 2.4 million Euros during the same period of 2015. The majority of the investments were in maintenance and health & safety improvements, and were mostly executed in the European plants. In addition, it should be noted that part of the investment in 1Q16 (approximately 1 million Euros) was related with the on-going strategic investment in a 5th melamine surfacing line at the Lac-Mégantic plant (in Canada).

2.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1Q15	2015	1Q16
Non current assets	**821**	**758**	**761**
Tangible assets	692	629	622
Goodwill	83	81	81
Deferred tax asset	27	28	28
Other non current assets	19	20	30
Current assets	**282**	**243**	**251**
Inventories	106	98	99
Trade debtors	135	85	115
Cash and cash equivalents	9	29	16
Other current assets	32	31	21
Non-current assets classified as available for sale	**5**	**2**	**2**
Total assets	**1,108**	**1,003**	**1,013**
Shareholders' Funds	**105**	**58**	**63**
Equity Holders	105	58	63
Non-controlling interests	(0)	(0)	(0)
Liabilities	**996**	**945**	**950**
Interest bearing debt	606	599	595
Non current	465	71	385
Current	141	528	210
Trade creditors	160	139	145
Other liabilities	230	207	210
Liabilities directly associated with non-current assets classified as available for sale	**7**	**0**	**0**
Total Shareholders'Funds and liabilities	**1,108**	**1,003**	**1,013**
Net debt	**597**	**570**	**578**
Net debt to LTM recurrent EBITDA	**5.9 x**	**5.3 x**	**5.1 x**
Working Capital	**81**	**44**	**69**

LTM: last twelve months

Consolidated **Working Capital** reached 69 million Euros in 1Q16, up by 24 million Euros, when compared to the end of 2015, due to a significant increase in the trade debtors account, a normal seasonal effect, as a result of the higher levels of activity registered in the first months of the year. When compared to same period of 2015, working capital decreased by 12.3 million Euros, a reflection of the reduced industrial footprint of the company.

At the end of March 2016, **net debt** increased to 578 million Euros, up by 8.3 million Euros when compared to the end of 2015, driven by the working capital evolution. When compared to the end of the 1Q15, net debt was reduced in 18.6 million Euros. It should be highlighted that the reclassification, as at the end of 2015, of long-term bank facilities in the amount of 314 million Euros to current debt, in accordance with IFRS rules, was reversed in the 1Q16 as all the financial institutions involved have formally waived the non-fulfilment of the applicable 2015 financial covenant.

In terms of leverage, the improvement in the LTM Recurrent EBITDA more than compensated the slight increase in the value of Net Debt, resulting in a **Net Debt to Recurrent EBITDA ratio** for the quarter of 5.1x, the lowest value since September 2008. When compared to 1Q15, the leverage ratio also decreased by 0.8x.

Total **Shareholder's Funds**, at the end of March 2016, amounted to 63.3 million Euros, which represents an increase of 5.6 million Euros, when compared to the end of 2015. This evolution is explained by the positive net profit of the quarter (3.2 million Euros) and also by the exchange rate evolution of both CAD and ZAR during 2016, which positively impacted the revaluation reserve (circa 2 million euros).

3. LOOKING FORWARD

For the remainder of the year, we expect to complete all actions necessary for the execution of the strategic partnership with Arauco, namely the corporate reorganization and the debt refinancing, having already obtained clearance from both European Union and South Africa competition authorities.

During the second quarter of 2016, we also expect to complete the investment in the new melamine surfacing line at our Lac-Mégantic plant, which would allow the launch of new products in the market during the second half of the year.

In addition, we will pursue further opportunities of streamlining the costs of our inactive sites, seeking sale opportunities of the assets that are currently idle.

We will continue to execute the defined strategic plan, implementing initiatives to further improve our profitability, via an improved industrial efficiency, internal processes gains, and a strengthened market position.

The Board of Directors

GLOSSARY

Capacity Utilization Index	Finished-Available Production (m^3) / Installed production capacity (m^3); *raw boards only*
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); *management accounts concept*
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, *management accounts concept*
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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