



9 MONTHS 2016 RESULTS

10 November 2016

Maia, Portugal, 10 November 2016: Sonae Indústria reports unaudited Consolidated Results for the first nine months of 2016 (9M16) which have been prepared in accordance with the IAS 34 – Interim Financial Reporting.

9M16 HIGHLIGHTS:

- **Continued improvement in profitability; Proportional Recurrent EBITDA¹ of 74M€, 21M€ higher than 9M15, on a like for like basis; 15.0% Proportional margin¹**
- **Proportional LTM Recurrent EBITDA¹ of 89M€ (+6.4M€ vs. June 2016)**
- **Positive net results for Continued Operations of 9.5M€**
- **Proportional Net Debt¹ reduced by 13.8M€ to 325M€, when compared to June 2016**
- **Proportional Leverage¹ 3.6x, an improvement of 0.5x vs. June 2016**
- **Loan to Value¹ of 41%, 6 p.p. lower than June 2016**

¹ See Glossary of Terms.

MESSAGE FROM THE CHAIRMAN

Our 3Q16 results represent the first full quarter performance under the new Sonae Indústria perimeter, after the conclusion of the partnership with Arauco.

I am pleased to be able to report that our 3Q16 results show a continued improvement with all three main business units performing better compared to last year. This positive evolution was mainly driven by improved results in North America and by the contribution from Sonae Arauco that has had another strong quarter. Our consolidated results in the quarter show strong YoY improvement with recurrent EBITDA up nearly 30% and a margin increase of 3.8pp to 20.9%.

Considering our 50% share of Sonae Arauco's figures, at the end of September 2016, the proportional last twelve months Recurrent EBITDA stood at 89 million Euros, representing a 13.7% margin. Proportional net debt reduced to 325 million Euros, implying a leverage ratio of 3.6x. These all show improvements on our corresponding 2Q16 numbers.

During the quarter, Tafisa Canada launched its new embossed and in-register Viva collection at the International Woodworking Fair in Atlanta with 10 colors and with two sided finishings on two panel sizes, a unique offering in the market. The collection was well received and we are encouraged by the response from the market.

Paulo Azevedo
Chairman Sonae Indústria

1. Sonae Indústria Results

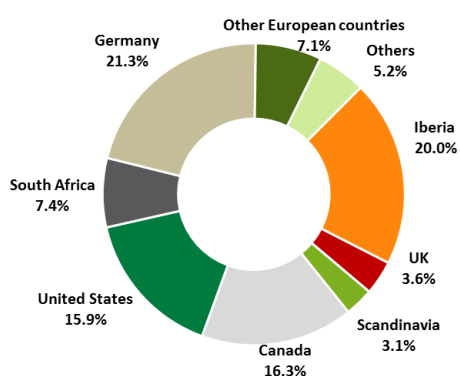
1.1. Proportional Results

Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is accounted by the Equity method since 1 June 2016, we are presenting **Proportional Turnover**, **Proportional Recurrent EBITDA**, **Proportional Recurrent EBITDA margin**, **Proportional Leverage** and **Loan to Value** indicators, given their greater relevance for the purpose of valuation and leverage analysis of Sonae Indústria today (see "Glossary of Terms" for definitions). Financial Indicators for 1H15 and 9M15 are not presented since comparable figures for the Balance Sheet and LTM indicators are not available for those periods.

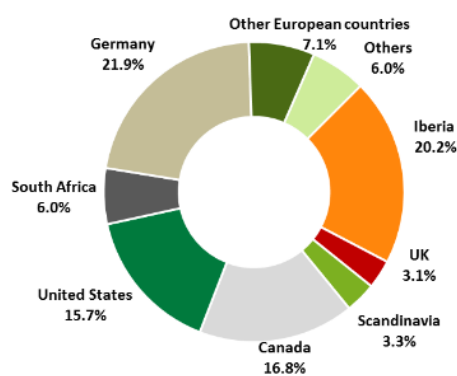
FINANCIAL INDICATORS	1H16	9M16
Proportional Turnover	332	490
Proportional Rec. EBITDA	49	74
Proportional Rec. EBITDA margin	14.7%	15.0%
Proportional LTM Turnover	647	649
Proportional LTM Rec. EBITDA	83	89
Proportional LTM Rec. EBITDA margin	12.8%	13.7%
LEVERAGE		
Proportional Net Debt	339	325
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	4.1 x	3.6 x
LOAN TO VALUE		
Net Debt of Sonae Indústria	222	217
Asset Value	472	524
LTV (Net Debt of Sonae Indústria / Asset Value)	47%	41%

During 3Q16, Sonae Indústria continued to achieve further deleveraging resulting from the higher level of Recurrent EBITDA on the one hand and cash flow generation on the other. At the end of September 2016, **Net Debt to LTM Recurrent EBITDA (proportional)** stood at 3.6x, which represents a reduction of 0.5x vs. June 2016. Also as a demonstration of the improved capital structure, **Loan to Value** reduced to 41% at the end of September 2016 (an improvement of 6 p.p. vs. June 2016).

PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M15

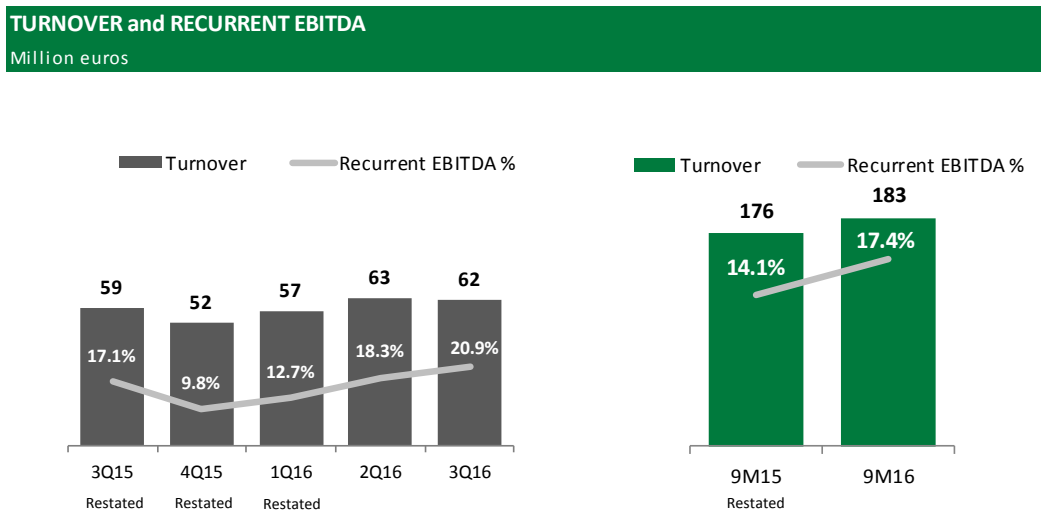


PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M16



1.2. Consolidated Results

SUMMARY OF 2016 NINE MONTHS RESULTS (See Explanatory Notes at the end of the document):



Consolidated turnover for the first nine months of the year reached circa 183 million Euros, up by 4% (or by 7 million Euros) when compared to the same period of 2015, on a comparable basis. This improvement is explained by the continued improvement in the results of our Canadian operation y.o.y., which is expected to benefit from the recent strategic investment in a fifth melamine surfacing line that will support a better product mix with a higher share of melamine faced products. The average selling prices also contributed to this positive performance, as they kept the positive trend vs. last year. As in 1H16, our Laminates plant in Portugal showed improvements in terms of sales volumes, which grew by circa 49% y.o.y.

Notwithstanding the positive performance when compared to last year results, the depreciation of the Canadian dollar vs. the EUR during 9M16 continues to negatively impact consolidated turnover. On a like for like basis, using exchange rates of 2015, consolidated turnover would have been circa 8.3 million Euros higher, representing an increase of 8.2%.

Proportional Turnover stood at 490 million Euros during 9M16, which compares with 484 million Euros in the same period of last year, representing an improvement of 1.3%. This result was mostly driven by better performance of Sonae Indústria consolidated operations, as Sonae Arauco turnover was kept relatively stable y.o.y..

Total **fixed costs** for the first nine months of the year, on a like for like basis, were kept relatively stable when compared to the same period in 2015 representing circa 16% of Turnover.

Total **headcount for Sonae Indústria**, at the end of September 2016 and considering fully owned businesses, was of 480 FTEs.

The **Recurrent EBITDA** for the first nine months of 2016 reached circa 32 million Euros, an increase of 7.1 million Euros (or up by 29%) when compared to same period of last year, with an implicit **Recurrent EBITDA margin** of 17.4% (+3.4 p.p. vs. 9M15), on a comparable basis. During 3Q16, Sonae Indústria booked a Recurrent EBITDA of 13 million Euros, circa 1.5 million Euros above last quarter and circa 2.9 million Euros above the same period of last year, with an underlying Recurrent EBITDA margin of 20.9%, an improvement of 2.7 p.p. vs. last quarter and of 3.8 p.p. vs. 3Q15, on a comparable basis. This positive performance has translated into

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a **LTM Recurrent EBITDA** of approximately 37 million Euros, at the end of September 2016. The **LTM Proportional Recurrent EBITDA** (i.e., including 50% of Sonae Arauco Recurrent EBITDA) was 89 million euros, 6 million Euros higher than June 2016 value.

CONSOLIDATED INCOME STATEMENT								
Million euros								
	9M15 Restated	9M16	9M16 / 9M15(R)	3Q15 Restated	2Q16	3Q16	3Q16 / 3Q15(R)	3Q16 / 2Q16
Turnover	175.5	182.6	4.0%	58.7	63.1	62.1	5.8%	(1.7%)
Other operational income	4.2	4.6	8.4%	1.7	2.2	1.0	(37.6%)	(53.4%)
EBITDA	23.8	31.9	33.7%	9.7	12.1	12.7	31.5%	5.0%
Non recurrent items	(0.9)	0.0	-	(0.4)	0.5	(0.3)	24.5%	-
Recurrent EBITDA	24.7	31.8	28.8%	10.1	11.5	13.0	29.2%	12.6%
Recurrent EBITDA Margin %	14.1%	17.4%	3.4 pp	17.1%	18.3%	20.9%	3.8 pp	2.7 pp
Proportional Recurrent EBITDA	52.7	73.6	39.6%	18.5	29.1	24.9	34.4%	(14.6%)
Proportional Recurrent EBITDA Margin %	10.9%	15.0%	4.1 pp	11.8%	17.0%	15.7%	3.9 pp	-1.4 pp
Depreciation and amortisation	(10.3)	(8.9)	13.9%	(3.3)	(3.0)	(3.0)	8.9%	(0.5%)
Provisions and impairment Losses	(0.1)	0.4	-	0.0	0.1	0.1	-	-
Operational profit (EBIT)	13.4	23.3	74.4%	6.3	9.1	9.8	54.7%	6.9%
Net financial charges	(1.0)	(13.3)	-	(1.1)	(7.0)	(3.5)	-	49.3%
o.w. Net interest charges	1.1	(10.6)	-	(0.3)	(5.9)	(2.5)	-	58.0%
o.w. Net exchange differences	(0.3)	(0.1)	-	(0.1)	0.0	(0.2)	-	-
o.w. Net financial discounts	(1.2)	(1.3)	(11.9%)	(0.4)	(0.5)	(0.5)	(19.7%)	(0.2%)
Gains and losses in Joint-Ventures	0.0	6.3	-	0.0	3.2	3.1	-	(4.1%)
Profit before taxes (EBT)	12.3	16.3	32.1%	5.2	5.4	9.3	78.2%	73.3%
Taxes	(3.8)	(6.8)	(78.4%)	(1.5)	(3.2)	(3.1)	-	3.3%
o.w. Current tax	(4.1)	(7.5)	-	(2.2)	(3.5)	(3.1)	(40.1%)	10.2%
o.w. Deferred tax	0.3	0.7	-	0.7	0.3	0.0	-	-
Profit/(loss) from continued operations	8.5	9.5	11.4%	3.7	2.1	6.2	66.6%	-
Profit/(loss) from discontinued operations	(36.7)	(30.7)	16.3%	(12.2)	(32.8)	0.0	-	-
Consolidated net profit/(loss) for the period	(28.2)	(21.3)	24.7%	(8.5)	(30.7)	6.2	-	-
Losses (income) attrib. to non-contro. interests	(0.0)	0.0	-	(0.0)	0.0	0.0	-	-
Net profit/(loss) attrib. to Equity Holders	(28.2)	(21.3)	24.6%	(8.5)	(30.7)	6.2	-	-

Consolidated **EBITDA** reached circa 32 million Euros, 8 million Euros higher than 9M15, on a comparable basis. In line with 1H16 results, the group's consolidated performance was marginally but positively impacted by **non-recurrent items** related with inactive sites during the first nine months of the year, explained the sale of Coleraine land (UK) in April 2016, which generated a gain of circa 0.8 million Euros, more than offsetting the on-going costs of inactive sites.

Proportional Recurrent EBITDA was 74 million Euros during 9M16, which represents an improvement of 40%, when compared to the same period of last year, on a comparable basis. For the quarter, the Proportional Recurrent EBITDA stood at 25 million Euros, a decrease of 15% vs. 2Q16, which is explained by the seasonal maintenance shutdowns that take place during the summer period at the Sonae Arauco Northern hemisphere plants. When compared to 3Q15, the Proportional Recurrent EBITDA improved by 34%, on a comparable basis.

Depreciation and amortization charges during 9M16 were reduced by 1.4 million Euros vs. same period of last year, which is mainly explained by the reduction in depreciation charges in our North American operation. On a quarterly basis, this item totalled 3 million Euros in the 3Q16, in line with the values booked for 2Q16 and 3Q15.

Provisions and impairment losses for the first nine months of 2016 totalled a net positive amount of circa 0.4 million Euros (positively impacting the consolidated results such as in the 1H16), corresponding to the release of provisions related to the legacy restructuring process in France.

Net financial charges during 9M16 were 13.3 million Euros, a significant increase when compared to the same period of last year on a comparable basis, explained by: (i) the recognition in 2Q16 of previously deferred upfront financing costs of 1.9 million Euros due to early repayment of loans as part of the refinancing process related to the execution of the Sonae Arauco partnership and, particularly, by: (ii) a 11.6 million Euros reduction vs. 9M15 in net interest income on loans to and from what were previously intra group companies, due to the fact that those loans (mostly loans from Sonae Indústria to Sonae Arauco companies) were fully repaid until May 2016. In the quarter and when compared with the previous year the referred reduction in net interest income on loans to and from related parties represents 4.3 million Euros which more than explains why Net Financial Charges increased by 2.4 million Euros when compared with 3Q15. When compared to the previous quarter, which included the one off recognition of deferred costs of 1.9 million Euros mentioned above, net financial charges improved by 3.4 million Euros, benefiting from lower net interest charges.

Gains and losses in Joint-Ventures, at the end of September 2016, amounted to circa 6.3 million Euros, corresponding to 50% of the consolidated net profit of Sonae Arauco since 1 June 2016.

Current tax charges booked for the first nine months of 2016 were circa 7.5 million Euros, an increase of 3.4 million Euros when compared to same period in 2015, on a comparable basis. The explanations for this is aligned with was explained in 1H16: (i) higher tax charges in Canada; and (ii) lower tax consolidation benefit in 2016 due to the deconsolidation of Sonae Arauco entities from the Portuguese tax consolidation perimeter during 9M16. On a quarterly basis, in 3Q16 an amount of 3.1 million Euros was booked, slightly below the value registered for 2Q16.

The combination of the above factors led to a consolidated positive **Net Result** for Continued Operations of 9.5 million Euros during the first nine months of the year, an improvement of 11% when compared to same period in 2015, on a comparable basis. For the quarter, the net profit of Continued operations increased by approximately 2.5 and 4 million Euros vs. 3Q15 and vs. 2Q16, respectively.

At the end of September 2016, the results of Discontinued Operations showed a Net loss of 31 million Euros, which is similar to the figure reported in 1H16 and explained by a positive net profit contribution of 5.9 million Euros from Sonae Arauco and by the accounting charge of 36.6 million euros registered in 1H16 resulting from the need to reclassify cumulative Translation Reserves related to Sonae Arauco companies from 'Other Comprehensive Income' to 'Other Reserves & Accumulated Earnings' due to partnership with Arauco and in accordance with IAS 21. This led to a Net Loss of 21.3 million Euros for the first nine months of the year, which represents an improvement of 25% vs. 9M15, on a comparable basis.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million euros

	2015	1H16	9M16
Non current assets	757.8	313.7	313.4
Tangible assets	628.8	152.0	147.5
Goodwill	80.9	0.3	0.3
Deferred tax asset	28.4	2.2	2.2
Other non current assets	19.8	159.1	163.3
Current assets	243.2	51.7	48.4
Inventories	98.0	17.6	17.9
Trade debtors	85.1	20.4	20.1
Cash and cash equivalents	28.9	6.6	3.9
Other current assets	31.2	7.0	6.4
Non-current assets classified as available for sale	1.5	1.5	1.5
Total assets	1,002.6	366.9	363.3
Shareholders' Funds	57.7	68.7	74.8
Equity Holders	57.8	68.7	74.8
Non-controlling interests	(0.1)	0.0	0.0
Liabilities	944.9	298.1	288.6
Interest bearing debt	599.1	228.5	221.3
Non current	71.5	224.0	218.4
Current	527.6	4.5	2.9
Trade creditors	138.6	29.8	26.2
Other liabilities	207.2	39.7	41.0
Liabilities directly associated with non-current assets classified as available for sale	0.0	0.0	0.0
Total Shareholders' Funds and liabilities	1,002.6	366.9	363.3
Net debt	570.1	222.0	217.4
Working Capital	44.5	8.2	11.9

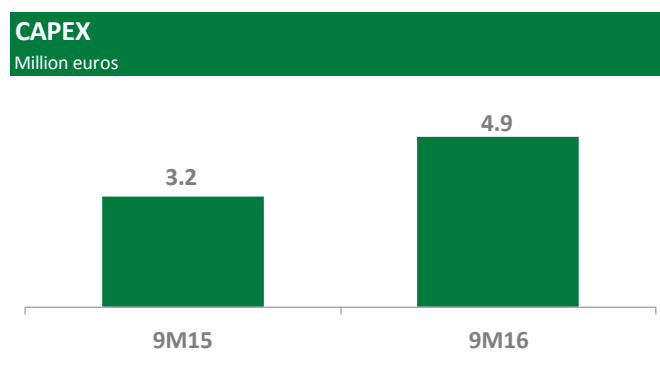
It should be noted that the Balance sheet as at 31 December 2015 includes all the companies in the consolidation perimeter of Sonae Indústria including those of Sonae Arauco, and therefore is not comparable to that shown as at 30 June 2016 and as at 30 September 2016.

Included in Tangible Assets under **Other Non-current assets**, is the investment in Joint-Ventures (50% of Sonae Arauco) in an amount of 156.1 million Euros stated at provisional accounting value at the end of September 2016 (including 50% of the net results of Sonae Arauco between June and September) and will be subject to correction in the year end 2016 accounts once a 'Fair Value' has been determined. When compared to 1H16, the value of the investment in Sonae Arauco increased by 4.4 million Euros mainly due to the contribution of Sonae Arauco Net Results.

Consolidated **Working Capital** reached circa 12 million Euros, an increase of 3.6 million Euros when compared to June 2016, which is explained by the reduction in trade creditors of our Canadian operation.

Net Debt stood at circa 217 million Euros at the end of September 2016, a decrease of 4.6 million Euros vs. June 2016 level.

Total **Shareholder's Funds** continued to improve, reaching circa 75 million Euros at the end of September 2016, 6 million Euros above June 2016 value. When compared to December 2015, total shareholder's funds increased by 17.1 million Euros.



Note: 2015 numbers exclude investments in French plants sold in 2015 (for comparability purposes); 2016 numbers exclude transfer of Real Estate from Sonae Arauco to Sonae Indústria perimeter in 2016 (within the corporate restructuring required for Sonae Arauco partnership).

Additions to Gross Tangible Assets reached 4.9 million Euros during 9M16, which compares with 3.2 million Euros during the same period in 2015, on a comparable basis. During this period, the majority of the investments were executed in our North American plant, being circa 2.7 million Euros related with the strategic investment in a 5th melamine surfacing line, already concluded.

2. Looking Forward

At Sonae Indústria, we will seek ways in which to grow our businesses. For Tafisa Canada, we will continue to seek to strengthen our product mix on the back of the new Embossed In Register Viva collection looking to consolidate our position in the Canadian market and to achieve a greater penetration of the US market for our MFC products. We will also seek growth opportunities for our Laminates & Components business with existing and new customers and to improve levels of profitability.

At Sonae Arauco we are fully committed to the development of the business. In this respect the company will make investments that look to achieve greater operational efficiency and productivity including the upgrade and modernization of the few remaining plants with daylight presses.

EXPLANATORY NOTES:

The completion of the 50/50 partnership with Arauco has led to a number of material accounting changes in Sonae Indústria's consolidated financial statements as summarized below.

- The Consolidated Income Statement (P&L) for 2016 shows all the companies included in the consolidation perimeter of Sonae Arauco also classified as Discontinued Operations until May 2016 and accounted by the Equity Method as of the 1 June 2016.

- The P&L for 2015 was restated to show as Discontinued Operations the results of all the companies included in the consolidation perimeter of Sonae Arauco. It should be noted that this is in addition to the results of the French industrial units Ussel (sold in March 2015) and Linxe (sold in July 2015), Pontecaldelas plant, in Spain, and Betanzos, in Spain (sold in April 2015) that had already been considered as Discontinued Operations in 2015.

- The balance sheet as at 31 December 2015 has not been restated. As from June 2016, the balance sheet represents the position of Sonae Indústria under the new perimeter with the 50% shareholding in Sonae Arauco equity accounted.

- The investment in Sonae Arauco (now equity accounted) has been booked provisionally at 147.3 million euros as at 31 May 2016, the completion date for the setting up of the partnership with Arauco. This is a provisional accounting value of Sonae Arauco resulting from its deconsolidation from Sonae Indústria's consolidated accounts. Within the framework of IAS 28 and IFRS 11, this is a provisional accounting value and will be subject to correction in the year end 2016 financial statements once a 'Fair Value' has been established for Sonae Arauco. This correction will necessarily have an effect on year end 2016 financial statements which, at this stage, is not possible to determine. Due to the positive results of Sonae Arauco since June, the investment in Sonae Arauco as at 30 September 2016 stood at 156.1 million euros.

- Additionally due to the setting up of the 50/50 partnership with Arauco and in accordance with IAS 21, the composition of Shareholders' Funds has been reclassified with the 'Translation Reserves' (cumulative exchange rate impacts on equity) related to Sonae Arauco companies having been moved from 'Other Comprehensive Income' to 'Other Reserves & Accumulated earnings'. Although this change is neutral on Shareholders' Funds, it has led to a corresponding accounting charge in the P&L for the amount of the reclassification (36.6 million Euros).

GLOSSARY OF TERMS

Asset Value	Asset Value is calculated as follows: $[6.8 \times \text{LTM Recurrent EBITDA of fully consolidated business (100\%)}] + [\text{market value of real estate properties owned 100\% by Sonae Indústria, according to external valuations}] + [50\% \times (6.8 \times \text{LTM Recurrent EBITDA of Sonae Arauco} - \text{Sonae Arauco Net Debt})]$
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
Loan to Value	Net Debt of Sonae Indústria / Asset value
LTM	Last Twelve Months
Net Debt	Gross Debt - Cash and cash equivalents
Proportional Leverage	Proportional Net Debt / Proportional LTM Recurrent EBITDA
Proportional LTM Turnover	LTM Turnover of the businesses fully consolidated (100%) by Sonae Indústria + 50% of the LTM Turnover of Sonae Arauco
Proportional LTM Rec. EBITDA	LTM Recurrent EBITDA of Sonae Indústria + 50% of LTM Recurrent EBITDA of Sonae Arauco
Proportional Recurrent EBITDA	Recurrent EBITDA of the businesses fully consolidated (100%) by Sonae Indústria + 50% of the Recurrent EBITDA of Sonae Arauco
Proportional Recurrent EBITDA margin	Proportional Recurrent EBITDA / Proportional Turnover
Proportional Net Debt	Net Debt of Sonae Indústria + 50% of Net Debt of Sonae Arauco
Recurrent EBITDA	Recurrent EBITDA of the businesses fully consolidated (100%) by Sonae Indústria, excluding non-recurrent operational income / costs
Recurrent EBITDA margin	Recurrent EBITDA / Turnover
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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