



**SONAE INDÚSTRIA, SGPS, SA**

Registered Office: Lugar do Espido, Via Norte, Maia, Portugal

Registered at the Commercial Registry of Maia

Registry and Tax Identification No. 506 035 034

Share Capital: € 253 319 797.26

Publicly Traded Company

**ACTIVITY REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**JANUARY – MARCH 2018**

**ACCORDING TO THE INTERNATIONAL ACCOUNTING STANDARD 34 – INTERIM  
FINANCIAL REPORT**



## **ACTIVITY REPORT**

## MESSAGE FROM THE CHAIRMAN

During the first quarter of 2018 Sonae Indústria once again generated positive net results that stood at 3.8 million Euros in the quarter.

Considering our 50% share of Sonae Arauco's figures, LTM Proportional Recurrent EBITDA reached 85 million Euros and the leverage ratio was of 3.8x.

Recurrent EBITDA of our fully owned businesses was negatively affected by the results from our North American business that were impacted by the depreciation of the Canadian dollar against the Euro and by increased input costs of wood and energy, the latter as a result of the severely cold weather experienced in the region where Sonae Indústria operates. Despite this, it should be noted that sales volumes and turnover in local currency at our North American business were higher than last year and, although the EBITDA margin in the quarter was lower compared to historical levels, we expect to see some margin recovery in the next quarters and particularly during 2H18.

Sonae Arauco delivered another strong set of results in the quarter and generated a higher recurrent EBITDA when compared to the same period of last year, notwithstanding a prudent approach in 1Q18 to the recognition of insurance income related to business interruption. In Portugal, I am pleased to be able to say that our two plants that were badly hit by the forest fires in October 2017 are now fully operational and, additionally, that the investment in new thin MDF line at Mangualde remains on schedule.

With both Net Debt and Shareholders' Funds kept at levels similar to those at YE17, Sonae Indústria's capital structure remained stable in this quarter.

Finally, I would like to highlight the external recognition obtained by Tafisa Canada which won the Safety Innovation Award for 2017 granted by the Composite Panels Association (North America). I want to take this opportunity to congratulate Tafisa Canada team for the project developed which reflects Sonae Indústria's commitment to continuous improvement on health and safety at work.

Paulo Azevedo  
*Chairman Sonae Indústria*

# 1. Sonae Indústria Results

## 1.1. Proportional Results (unaudited)

### SUMMARY OF 1Q18 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 June 2016, this section 1.1. presents unaudited **Proportional Indicators**, to help improve the understanding of size of the business, valuation and financial leverage of Sonae Indústria. These Proportional Indicators consider the full results of our wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

FINANCIAL INDICATORS (unaudited)	1Q17	1Q18
Proportional Turnover	164	153
Proportional Rec. EBITDA	22	19
Proportional Rec. EBITDA margin	13.6%	12.3%
Proportional LTM Turnover	645	619
Proportional LTM Rec. EBITDA	93	85
Proportional LTM Rec. EBITDA margin	14.4%	13.7%
<b>LEVERAGE</b>		
Proportional Net Debt	325	320
<b>Proportional Leverage (Net Debt / LTM Rec. EBITDA)</b>	<b>3.5 x</b>	<b>3.8 x</b>
<b>LOAN TO VALUE</b>		
Net Debt of Sonae Indústria	220	209
Asset Value <sup>2</sup>	510	454
<b>LTV (Net Debt of Sonae Indústria / Asset Value)</b>	<b>43%</b>	<b>46%</b>

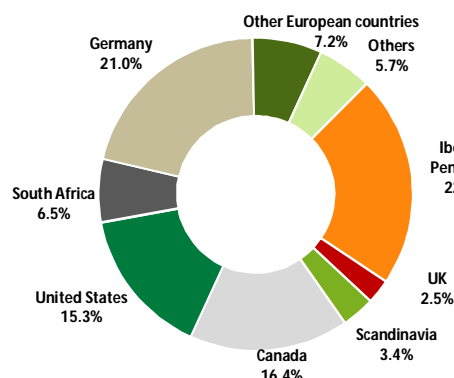
<sup>2</sup> Calculated as described in the Glossary of Terms. This compares with a Consensus 'Asset Value' of EUR 522M based on the average of the sum of the parts valuation (as at year-end 2018) of Sonae Indústria assets carried out by two independent equity research houses.

**Proportional Turnover** in 1Q18 was 11.2 million euros lower than in 1Q17. This evolution was driven by a lower contribution from fully owned businesses primarily due to unfavourable exchange rate movements, and by a lower contribution by Sonae Arauco that decreased by circa 6 million euros. The latter was affected by the fact that the two Sonae Arauco plants in Portugal that had been hit by the forest fires in October 2017 gradually resumed production in the first four months of the current year (and the insurance income related with business interruption is not included under Turnover items).

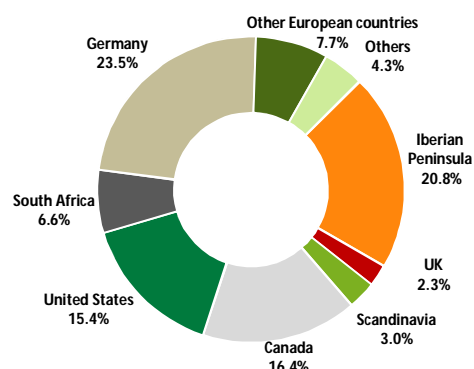
**Proportional Recurrent EBITDA** in 1Q18 was 3.5 million euros lower than in 1Q17. This evolution was driven by a lower contribution from fully owned businesses, down 3.9 million euros despite the higher contribution by Sonae Arauco whose recurrent EBITDA contribution increased by circa 0.4 million euros when compared to 1Q17.

For the first quarter of the year, **Net Debt to Recurrent EBITDA (proportional)** stood at 3.8x, which represents an increase of 0.2x vs. 1Q17, despite the lower Net Debt. **Loan to Value** also increased when compared to 1Q17, reaching circa 46% at the end of 1Q18.

PROPORTIONAL TURNOVER BY DESTINATION MARKET – 1Q17



PROPORTIONAL TURNOVER BY DESTINATION MARKET – 1Q18

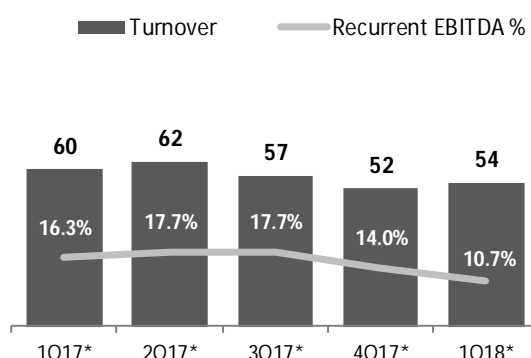


## 1.2. Consolidated Results

### SUMMARY OF 1Q18 RESULTS

#### TURNOVER and RECURRENT EBITDA

Million euros



\*Quarterly information unaudited.

**Consolidated Turnover** for the first quarter of the year reached 54.3 million euros, a reduction of circa 5.2 million euros vs. same period of last year. The reduction in Consolidated Turnover when compared to 1Q17 was essentially driven by a 5.0 million euros unfavourable exchange rate effect resulting from the depreciation of the Canadian dollar vs. the EUR. When compared to the previous quarter, consolidated turnover increased by 2.1 million euros driven by higher **sales volumes** in both our North American and Laminates & Components businesses.

**Variable costs per cubic meter** in local currency increased, when compared to the same period of last year and to the previous quarter, mainly driven by higher input costs of wood and higher thermal energy costs due to the extreme cold weather in Canada. Input chemicals costs also increased when compared to 4Q17.

**Recurrent EBITDA** for the first quarter of the year reached 5.8 million euros, a reduction of 3.9 million euros and circa 1.5 million euros vs. 1Q17 and 4Q17, respectively. The lower Recurrent EBITDA when compared to 1Q17 is mainly explained by the already mentioned reduction in Turnover, which was only partially offset by the 2.1 million euros reduction on variable costs (which benefited from the Canadian dollar depreciation since local currency costs increased as previously explained), and by a circa 0.4 million euros increase in fixed costs (it should be noted that 1Q17 included a positive one off effect on fixed costs of circa 1.5 million euros). The 1Q18 **Recurrent EBITDA margin** reached circa 10.7%, down by 5.6 p.p. and by circa 3.3 p.p. vs. 1Q17 and 4Q17, respectively.

Consolidated **EBITDA** for the quarter reached 5.7 million euros, a reduction of circa 4.0 million euros vs. the same period of last year, due to the aforementioned evolution in Recurrent EBITDA, and a reduction of 2.9 million euros vs. the previous quarter, noting that 4Q17 benefited from positive non recurrent items of 1.4 million euros.

<b>CONSOLIDATED INCOME STATEMENT</b>					
Million euros					
	1Q17 Unaudited	4Q17 Unaudited	1Q18 Unaudited	1Q18 / 1Q17	1Q18 / 4Q17
<b>Turnover</b>	<b>59.5</b>	<b>52.2</b>	<b>54.3</b>	<b>(8.8%)</b>	<b>4.1%</b>
Other operational income	1.1	3.2	0.9	(17.2%)	(72.4%)
EBITDA	9.7	8.7	5.7	(40.8%)	(33.9%)
Non recurrent items	(0.0)	1.4	(0.1)	-	(104.5%)
<b>Recurrent EBITDA</b>	<b>9.7</b>	<b>7.3</b>	<b>5.8</b>	<b>(40.2%)</b>	<b>(20.2%)</b>
Recurrent EBITDA Margin %	16.3%	14.0%	10.7%	-5.6 pp	-3.3 pp
Depreciation and amortisation	(3.2)	(3.3)	(3.1)	1.4%	4.1%
Provisions and impairment Losses	0.0	(3.8)	0.0	-	100.0%
<b>Operational profit (EBIT)</b>	<b>6.5</b>	<b>1.6</b>	<b>2.6</b>	<b>(60.0%)</b>	<b>58.6%</b>
Net financial charges	(2.8)	(2.9)	(2.8)	(2.2%)	3.5%
o.w. Net interest charges	(2.1)	(2.0)	(2.0)	6.0%	2.9%
o.w. Net exchange differences	(0.1)	(0.1)	(0.0)	92.9%	93.3%
o.w. Net financial discounts	(0.4)	(0.4)	(0.4)	9.6%	10.1%
Gains and losses in Joint-Ventures - Net Results	4.2	(0.8)	4.7	11.9%	-
Gains and losses in Joint-Ventures - Other	0.0	(2.5)	0.0	-	100.0%
<b>Profit before taxes (EBT)</b>	<b>8.0</b>	<b>(4.6)</b>	<b>4.5</b>	<b>(43.6%)</b>	<b>-</b>
Taxes	(1.6)	(1.1)	(0.7)	54.7%	34.5%
o.w. Current tax	(1.6)	(1.0)	(1.1)	35.6%	(4.1%)
o.w. Deferred tax	0.1	(0.1)	0.4	-	-
<b>Consolidated net profit/(loss) for the period</b>	<b>6.4</b>	<b>(5.6)</b>	<b>3.8</b>	<b>(40.8%)</b>	<b>-</b>

Total **fixed costs** for the first quarter of the year represented 16.8% of turnover, an increase of circa 2.1 p.p. when compared to the same period of last year, noting that 1Q17 benefited from positive one-off adjustments to accruals of circa 1.5 million euros (excluding this effect fixed costs would represent 17.3% of turnover in 1Q17). When compared to 4Q17, total fixed costs as a percentage of turnover improved 2.1 p.p. driven by both an increase in turnover and a reduction in fixed costs.

Total **headcount of Sonae Indústria**, at the end of March 2018, was 485 FTE's excluding Sonae Arauco, which compares with 488 FTE's at the end of March 2017.

**Depreciation and amortization charges** in 1Q18 were 3.1 million euros, in line with the values booked for 1Q17 and 4Q17.

**Net financial charges** in 1Q18 were 2.8 million euros, in line with the values booked for 1Q17 and 4Q17.

**Gains and losses in Joint-Ventures – Net Results** refers to 50% of the net results of Sonae Arauco in the period (equity method accounting). For the first quarter of the year, this amounted to 4.7 million euros, up by 0.5 million euros when compared to 1Q17. It should be noted that, despite lower turnover, Sonae Arauco Recurrent EBITDA increased by circa 0.8 million euros (circa 0.4 million euros for Sonae Indústria 50% stake) when compared to 1Q17.

**Current tax charges** were circa 1.1 million euros for the first quarter of the year, a decrease of circa 0.6 million euros when compared to 1Q17, mainly driven by lower tax charges in Canada, and in line with the value booked for 4Q17.

**Net results** for 1Q18 were positive of 3.8 million euros, down by 2.6 million euros when compared to 1Q17, explained by the reduction in EBITDA of fully owned businesses. Net Results have improved materially when compared to 4Q17 which had been affected by a number of negative non recurrent items.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Million euros

	1Q17 Unaudited	2017	1Q18 Unaudited
<b>Non current assets</b>	<b>355.7</b>	<b>360.2</b>	<b>357.1</b>
Tangible assets	146.5	146.5	138.5
Investments in joint ventures	200.5	205.6	210.7
Deferred tax asset	1.4	1.5	1.5
Other non current assets	7.3	6.6	6.5
<b>Current assets</b>	<b>46.6</b>	<b>40.9</b>	<b>40.2</b>
Inventories	18.4	17.0	16.7
Trade debtors	19.1	13.6	16.2
Cash and cash equivalents	2.7	4.1	1.8
Other current assets	6.5	6.2	5.5
<b>Non-current assets classified as available for sale</b>	<b>1.5</b>	<b>0.0</b>	<b>0.0</b>
<b>Total assets</b>	<b>403.8</b>	<b>401.0</b>	<b>397.4</b>
<b>Shareholders' Funds</b>	<b>116.7</b>	<b>126.1</b>	<b>126.4</b>
Equity Holders	116.7	126.1	126.4
Non-controlling interests	0.0	0.0	0.0
<b>Liabilities</b>	<b>287.1</b>	<b>274.9</b>	<b>271.0</b>
Interest bearing debt	222.7	212.7	210.4
Non current	217.3	198.5	195.8
Current	5.4	14.2	14.6
Trade creditors	24.2	19.6	22.5
Other liabilities	40.2	42.5	38.1
<b>Liabilities directly associated with non-current assets classified as available for sale</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Shareholders' Funds and liabilities</b>	<b>403.8</b>	<b>401.0</b>	<b>397.4</b>
<b>Net debt</b>	<b>220.0</b>	<b>208.7</b>	<b>208.6</b>
<b>Working Capital</b>	<b>13.3</b>	<b>11.0</b>	<b>10.4</b>

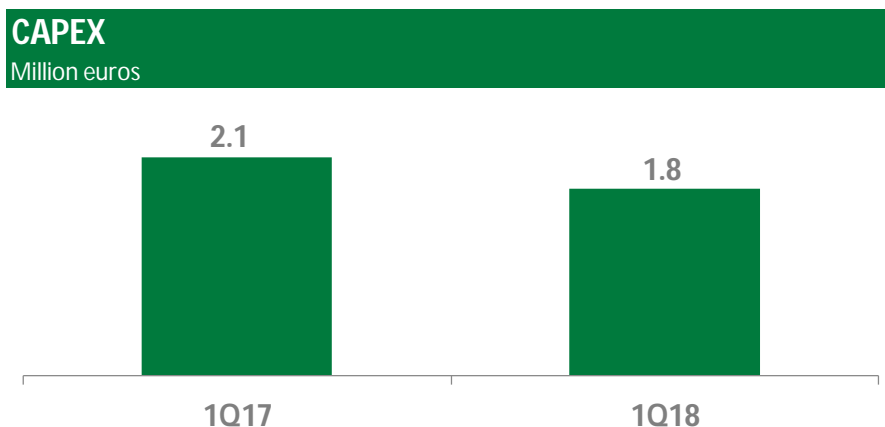
**Investments in Joint-Ventures** (50% shareholding in Sonae Arauco) reached circa 210.7 million euros, which is circa 5.1 million euros higher than the book value of this investment at the end of 2017, mostly due to our share of Sonae Arauco's results of 4.7 million euros and the impact of the favourable exchange rate evolution of the South African Rand in the quarter of circa 0.4 million euros.

Consolidated **Working Capital** reached 10.4 million euros, a decrease of 0.5 million euros when compared to December 2017, mainly explained by a decrease in inventories in our North American business, as the increase in trade creditors was essentially compensated by the seasonal increase in trade debtors.

**Net Debt** stood at circa 208.6 million euros at the end of March 2018, in line with the value booked for 2017 and representing a decrease of circa 11.4 million euros vs. March 2017.



Total **Shareholders' Funds**, at the end of March 2018, totaled circa 126.4 million euros, which represents an increase of circa 0.3 million euros when compared to December 2017, explained by the positive impacts from net results in the quarter and the favourable exchange rate evolution of the South African Rand of circa 0.4 million euros, which more than offset the negative impact of the exchange rate evolution of the Canadian dollar vs. the EUR of 3.9 million euros.



Additions to Gross Tangible Fixed Assets reached 1.8 million euros in the first quarter of the year, 0.3 million euros lower when compared to 1Q17 that included amounts related with the investment in the new edging line for our Components plant in Portugal which was concluded in 4Q17.

9<sup>th</sup> May 2018

The Board of Directors

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Paulo Azevedo

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Carlos Moreira da Silva

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Albrecht Ehlers

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José Romão de Sousa

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Javier Vega

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Christopher Lawrie

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Louis Brassard

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Berta Cunha

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Isabel Barros

## GLOSSARY OF TERMS

<b>Asset Value</b>	Asset Value is calculated as follows: $[6.5 \times \text{LTM Recurrent EBITDA of fully consolidated business (100\%)}] + [\text{market value of inactive sites real estate properties owned 100\% by Sonae Indústria}] + [50\% \times (6.5 \times \text{LTM Recurrent EBITDA of Sonae Arauco} - \text{Sonae Arauco Net Debt})]$
<b>CAPEX</b>	Investment in Tangible Fixed Assets
<b>EBITDA</b>	Earnings Before Interests and Taxes + Depreciations and Amortizations + (Provisions and impairment losses - Impairment losses in trade receivables + Reversion of impairment losses in trade receivables)
<b>FTEs</b>	Full Time Equivalent; the equivalent of one person working full time, according to the working schedule of each country where Sonae Indústria has operations
<b>Fixed Costs</b>	Overheads + Personnel costs (internal and external); <i>management accounts concept</i>
<b>Gross Debt</b>	Bank loans + Debentures + Obligations under finance leases + other loans + Loans from related parties
<b>Headcount</b>	Total number of internal FTEs, excluding trainees
<b>Loan to Value</b>	Net Debt of Sonae Indústria / Asset value
<b>LTM</b>	Last Twelve Months
<b>Net Debt</b>	Gross Debt - Cash and cash equivalents
<b>Proportional: Turnover, Recurrent EBITDA (unaudited)</b>	Proportional Turnover and Proportional Recurrent EBITDA consider, in what regards to Turnover and Recurrent EBITDA, the full contribution of the wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.
<b>Proportional Leverage (unaudited)</b>	Proportional Net Debt / Proportional LTM Recurrent EBITDA
<b>Proportional Net Debt (unaudited)</b>	Proportional Net Debt considers the full contribution of the Net Debt of the wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.
<b>Recurrent EBITDA</b>	EBITDA excluding non-recurrent operational income / costs
<b>Recurrent EBITDA margin</b>	Recurrent EBITDA / Turnover
<b>Working Capital</b>	Inventories + Trade Debtors – Trade Creditors



## **Consolidated Financial Statements**

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018 AND 31 DECEMBER 2017

(Amounts expressed in Euros)

ASSETS	Notes	31.03.2018 Unaudited	31.12.2017
<b>NON-CURRENT ASSETS:</b>			
Tangible fixed assets	6	138 476 570	146 469 904
Goodwill		347 082	347 082
Intangible assets		96 015	142 979
Investment properties		5 938 318	6 001 043
Investment in joint ventures	4, 5	210 686 850	205 616 464
Other investments	5	131 394	130 487
Deferred tax asset		1 458 833	1 462 160
Total non-current assets		<u>357 135 062</u>	<u>360 170 119</u>
<b>CURRENT ASSETS:</b>			
Inventories		16 718 553	16 998 114
Trade debtors		16 241 562	13 591 178
Other current debtors		442 121	285 410
Current tax asset		2 360 190	1 677 850
Other taxes and contributions		1 741 476	2 096 256
Other current assets		990 223	2 128 573
Cash and cash equivalents	7	1 753 011	4 084 771
Total current assets		<u>40 247 136</u>	<u>40 862 152</u>
<b>TOTAL ASSETS</b>		<u><b>397 382 198</b></u>	<u><b>401 032 271</b></u>
<b>SHAREHOLDERS' FUNDS AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share capital		253 319 797	253 319 797
Other reserves and accumulated earnings		(178 641 652)	(182 494 467)
Accumulated other comprehensive income	8	51 697 582	55 287 278
Total shareholders' funds attributable to equity holders of Sonae Indústria		<u>126 375 727</u>	<u>126 112 608</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><b>126 375 727</b></u>	<u><b>126 112 608</b></u>
<b>LIABILITIES:</b>			
<b>NON-CURRENT LIABILITIES:</b>			
Bank loans - net of current portion	9	194 923 798	197 650 071
Finance lease creditors - net of current portion	9	871 727	898 793
Post-retirement liabilities		962 252	962 252
Other non-current liabilities		1 703 920	2 122 999
Deferred tax liability		19 147 329	20 568 786
Provisions		1 983 940	1 983 940
Total non-current liabilities		<u>219 592 966</u>	<u>224 186 841</u>
<b>CURRENT LIABILITIES:</b>			
Current portion of non-current bank loans	9	11 712 913	11 949 858
Current bank loans	9	2 396 309	1 750 000
Current portion of non-current finance lease creditors	9	484 649	500 227
Trade creditors		22 522 209	19 626 920
Current tax liability		90 214	53 391
Other taxes and contributions		511 755	734 383
Other current liabilities	10	10 419 738	12 842 324
Provisions		3 275 718	3 275 719
Total current liabilities		<u>51 413 505</u>	<u>50 732 822</u>
<b>TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES</b>		<u><b>397 382 198</b></u>	<u><b>401 032 271</b></u>

The notes are an integral part of the consolidated financial statements

The Board of Directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED INCOME STATEMENT

FOR THE PERIODS ENDED 31 MARCH 2018 AND 31 MARCH 2017

(Amounts expressed in Euros)

	Notes	31.03.2018 Unaudited	31.03.2017 Unaudited
Sales	13	53 949 375	59 202 625
Services rendered	13	357 393	312 951
Other income and gains	11, 13	881 718	1 064 961
Cost of sales	13	(30 394 133)	(31 726 715)
Increase / (decrease) in production	13	( 415 536)	( 465 076)
External supplies and services	13	(11 655 266)	(12 473 925)
Staff expenses	13	(6 198 688)	(5 273 656)
Depreciation and amortisation		(3 129 925)	(3 173 057)
Provisions and impairment losses (increase / reduction)	13	( 1 678)	( 87 722)
Other expenses and losses	12, 13	( 777 121)	( 845 082)
Operating profit / (loss)	13	2 616 139	6 535 304
Financial income	14	214 204	336 537
Financial expenses	14	(3 029 032)	(3 091 685)
Gains and losses in joint ventures	4	4 703 794	4 201 972
Net profit/(loss) before taxation		4 505 105	7 982 128
Taxation	15	( 707 617)	(1 562 060)
Consolidated net profit / (loss) for the period		<u>3 797 488</u>	<u>6 420 068</u>
Attributable to:			
Equity holders of Sonae Industria		<u>3 797 488</u>	<u>6 420 068</u>
Consolidated net profit/(loss) per share			
Basic		<u>0.0836</u>	<u>0.0006</u>
Diluted		<u>0.0836</u>	<u>0.0006</u>

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 MARCH 2018 AND 31 MARCH 2017

(Amounts expressed in Euros)

	Notes	31.03.2018 Unaudited	31.03.2017 Unaudited
<b>Consolidated net profit / (loss) for the period (a)</b>		<b>3 797 488</b>	<b>6 420 068</b>
<b>Consolidated other comprehensive income</b>			
<b>Items that may be subsequently transferred to profit or loss</b>			
Change in currency translation reserve	8	(3 901 010)	( 478 600)
Group share of other comprehensive income of joint ventures	8	362 169	482 503
<b>Consolidated other comprehensive income for the period, net of tax (b)</b>		<b>(3 538 841)</b>	<b>3 903</b>
<b>Total consolidated comprehensive income for the period (a) + (b)</b>		<b>258 647</b>	<b>6 423 971</b>
<b>Total consolidated comprehensive income attributable to:</b>			
Equity holders of Sonae Industria		258 647	6 423 971
		<u>258 647</u>	<u>6 423 971</u>

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS AT 31 MARCH 2018 AND 31 MARCH 2017

(Amounts expressed in Euros)

	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Total shareholders' funds
Notes				8		
<b>Balance as at 1 January 2018</b>	253 319 797		(182 494 467)	55 287 278	126 112 608	126 112 608
Total consolidated comprehensive income for the period						
Consolidated net profit/(loss) for the period			3 797 488		3 797 488	3 797 488
Consolidated other comprehensive income for the period				(3 538 841)	(3 538 841)	(3 538 841)
Total			3 797 488	(3 538 841)	258 647	258 647
Others			55 327	( 50 855)	4 472	4 472
<b>Balance as at 31 March 2018 - Unaudited</b>	<u>253 319 797</u>		<u>(178 641 652)</u>	<u>51 697 582</u>	<u>126 375 727</u>	<u>126 375 727</u>
	Share capital	Legal reserve	Other Reserves and accumulated earnings	Accumulated other comprehensive income	Total shareholders' funds attributable to the equity holders of Sonae Indústria	Total shareholders' funds
Notes				8		
<b>Balance as at 1 January 2017</b>	812 107 574	3 131 757	(759 319 894)	54 418 718	110 338 155	110 338 155
Total consolidated comprehensive income for the period						
Consolidated net profit/(loss) for the period			6 420 068		6 420 068	6 420 068
Consolidated other comprehensive income for the period				3 903	3 903	3 903
Total			6 420 068	3 903	6 423 971	6 423 971
Others			( 43 339)		( 43 339)	( 43 339)
<b>Balance as at 31 March 2017 - Unaudited</b>	<u>812 107 574</u>	<u>3 131 757</u>	<u>(752 943 165)</u>	<u>54 422 621</u>	<u>116 718 787</u>	<u>116 718 787</u>

The notes are an integral part of the consolidated financial statements

The board of directors

SONAE INDÚSTRIA, S.G.P.S., S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED 31 MARCH 2018 AND 31 MARCH 2017

(Amounts expressed in Euros)

	<u>Notes</u>	31.03.2018 <u>Unaudited</u>	31.03.2017 <u>Unaudited</u>
<b><u>OPERATING ACTIVITIES</u></b>			
Receipts from trade debtors		48 818 306	52 651 541
Payments to trade creditors		38 394 430	42 719 704
Payments to staff		5 472 393	5 949 451
Net cash flow from operations		4 951 483	3 982 386
Payment / (receipt) of corporate income tax		1 756 396	4 643 985
Other receipts / (payments) relating to operating activities		242 250	( 627 226)
Net cash flow from operating activities (1)		<u>3 437 337</u>	<u>(1 288 825)</u>
<b><u>INVESTMENT ACTIVITIES</u></b>			
Cash receipts arising from:			
Tangible fixed assets and intangible assets		303 494	46 593
		<u>303 494</u>	<u>46 593</u>
Cash Payments arising from:			
Investments		908	
Tangible fixed assets and intangible assets		3 119 188	3 177 674
Investment properties			935
		<u>3 120 096</u>	<u>3 178 609</u>
Net cash used in investment activities (2)		<u>(2 816 602)</u>	<u>(3 132 016)</u>
<b><u>FINANCING ACTIVITIES</u></b>			
Cash receipts arising from:			
Interest and similar income		3 577	26 735
Loans obtained		363 106 048	253 700 000
		<u>363 109 625</u>	<u>253 726 735</u>
Cash Payments arising from:			
Interest and similar charges		2 153 673	2 089 257
Loans obtained		363 892 833	249 885 464
Finance leases - repayment of principal		26 613	11 013
		<u>366 073 119</u>	<u>251 985 734</u>
Net cash used in financing activities (3)		<u>(2 963 494)</u>	<u>1 741 001</u>
Net increase/(decrease) in cash and cash equivalents resulting from cash flows (4) = (1) + (2) + (3)		<u>(2 342 759)</u>	<u>(2 679 840)</u>
Cash and cash equivalents at the beginning of the period (a)	7	4 084 771	4 795 077
Cash and cash equivalents at the end of the period (b)	7	<u>1 606 702</u>	<u>2 054 872</u>
Net increase/(decrease) in cash and cash equivalents (b) - (a)		(2 478 069)	(2 740 205)
Effect of foreign exchange rate in cash and cash equivalents (c)		( 135 310)	( 60 365)
Net increase/(decrease) in cash and cash equivalents resulting from cash flows (b) - (a) - (c)		<u>(2 342 759)</u>	<u>(2 679 840)</u>

The notes are an integral part of the consolidated financial statements

The board of directors



SONAE INDÚSTRIA SGPS, S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

(Amounts expressed in euros)

1. INTRODUCTION

SONAE INDÚSTRIA, SGPS, SA has its head-office at Lugar do Espido, Via Norte, 4470-177 Maia, Portugal.

The shares of the company are listed on Euronext Lisbon.

Consolidated financial statements for the period ended 31 March 2018 and 31 March 2017 were not subject to a limited revision carried out by the company's statutory external auditor.

2. ACCOUNTING POLICIES

This set of consolidated financial statement has been prepared on the basis of the accounting policies that were disclosed on the notes to the consolidated financial statements for fiscal year 2017.

2.1. Basis of Preparation

These consolidated financial statements were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

As such, they do not include all the information which should be included in annual consolidated financial statements and should therefore be read in connection with the financial statements for fiscal year 2017.

## 2.2. Changes to accounting standards

These consolidated financial statements were prepared on the basis of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with Interpretations issued by the IFRS Interpretations Committee (IFRS IC), effective from 1 January 2018 and endorsed by the European Union.

2.2.1. In the period ended 31 March 2018, the following standards and interpretations, which had been endorsed by the European Union, became effective:

**IFRS 2** (amendment), Classification and measurement of share-based payment transactions (effective for annual periods beginning on or after 1 January 2018). This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications to a share-based payment plan that change the classification an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority;

**IFRS 4** (amendment), Insurance contracts (Applying IFRS 4 with IFRS 9) (effective for annual periods beginning on or after 1 January 2018). This amendment allows companies that issue insurance contracts the option to recognise in Other Comprehensive Income, rather than Profit or Loss the volatility that could rise when IFRS 9 is applied before the new insurance contract standard is issued. Additionally, it is given an optional temporary exemption from applying IFRS 9 until 2021, to the companies whose activities are predominantly connected with insurance, not being applicable at consolidated level;

**IFRS 9** (new), Financial instruments (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the guidance in IAS 39, regarding: (i) the classification and measurement of financial assets and liabilities; (ii) the recognition of credit impairment (through the expected credit losses model); and (iii) the hedge accounting requirements and recognition;

**IFRS 15** (new), Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018). This new standard applies only to contracts with customers to provide goods or services and requires an entity to recognise revenue when the contractual obligation to deliver the goods or services is satisfied and by the amount that reflects the consideration the entity is expected to be entitled to, following a five step approach.

**IFRS 15** (amendment) Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018). This amendment refers to additional guidance for determining the performance obligations in a contract, the timing of revenue recognition from a license of intellectual property, the review of the indicators for principal versus agent classification, and to new practical expedients to simplify transition;

**IAS 40** (amendment), Transfers of Investment property (effective for annual periods beginning on or after 1 January 2018). This amendment clarifies when assets are transferred to, or from investment properties, the evidence of the change in use is required. A change of management intention in isolation is not enough to support a transfer;

**Annual Improvement 2014 - 2016**, (generally effective for annual periods beginning on or after 1 January 2017). The 2014-2016 annual improvements impacts: IFRS 1, IFRS 12 and IAS 28;

**IFRIC 22** (new), Foreign currency transactions and advance consideration (effective for annual periods beginning on or after 1 January 2018). An Interpretation to IAS 21 'The effects of changes in foreign exchange rates' it refers to the determination of the "date of transaction" when an entity either pays or receives consideration in advance for foreign currency

denominated contracts". The date of transaction determines the exchange rate used to translate the foreign currency transactions.

2.2.2. At 31 March 2018, the following standards and interpretations had been issued by IASB and had been endorsed by the European Union, but had not been applied as they only become effective in later periods:

**IFRS 9** (amendment), Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss;

**IFRS 16** (new), Leases (effective for annual periods beginning on or after 1 January 2019). This new standard replaces the IAS 17 with a significant impact on the accounting by lessees that are now required to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset".

The Company does not estimate any significant effect to arise from the application of these standards.

2.2.3. At 31 March 2018, the following standards, effective 1 January 2018 or later, had been issued by IASB but still had not been endorsed by the European Union:

**IFRS 17** (new), Insurance contracts (effective for annual periods beginning 1 January 2021). This standard is still subject to endorsement by the European Union. This standard will revoke IFRS 4 – Insurance contracts and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or

"premium allocation approach". The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application;

**IAS 28** (amendment), Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019). This amendment is still subject to endorsement by the European Union. The amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investments in associates and joint ventures), that are not being measured through the equity method, are to be measured in accordance with IFRS 9, being subject to impairment expected credit loss model prior to any impairment test of the investment as a whole;

**Annual Improvement 2015 – 2017**, (effective for annual periods beginning on or after 1 January 2019). These improvements are still subject to endorsement by the European Union. The 2015-2017 annual improvements affects: IAS 23, IAS 12, IFRS 3 and IFRS 11;

**IFRIC 23** (new), Uncertainty over Income Tax Treatments (effective for annual periods beginning 1 January 2019). This interpretation is still subject to endorsement by the European Union. This is an interpretation of IAS 12 - Income tax referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of an income tax treatment by the tax authorities. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12 rather than IAS 37 - Provisions, contingent liabilities and contingent assets, based on the expected value or the most probable value. The application of IFRIC 23 may be retrospective or retrospective modified.

The Company does not estimate any significant effect to arise from the application of these standards.

### 2.3. Translation of financial statements of foreign companies

Exchange rates used for translating into euros the financial statements of subsidiaries whose functional currency is not the euro are listed below:

	31.03.2018		31.12.2017		31.03.2017	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Great Britain Pound	0.8749	0.8832	0.8872	0.8761	0.8555	0.8600
South African Rand	14.6220	14.7059	14.8060	14.9993	14.2410	14.0746
Canadian Dollar	1.5895	1.5538	1.5039	1.4631	1.4265	1.4099
American Dollar	1.2321	1.2291	1.1993	1.1272	1.0691	1.0647

Source: Bloomberg

### 3. COMPANIES INCLUDED IN CONSOLIDATION PERIMETER

Group companies included in the consolidated financial statements, their head offices and percentage of capital held by the Group as at 31 March 2018, 31 December 2017 and 31 March 2017 are as follows:

COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD						TERM S FOR INCLUSION
		31.03.2018		31.12.2017		31.03.2017		
		Direct	Total	Direct	Total	Direct	Total	
Frases e Frações - Imobiliária e Serviços, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Glunz UK Holdings, Ltd.	Liverpool (United Kingdom)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Glunz UKA GmbH	Meppen (Germany)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Isoroy, SAS	La Garenne-Colombes (France)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Maiequipa - Gestão Florestal, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Mégantic B.V.	Amsterdam (The Netherlands)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Movelpartes - Comp. para a Indústria do Mobiliário, SA	Paredes (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Novodecor (Pty) Ltd	Woodmead (South Africa)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Parcelas e Narrativas - Imobiliária, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Poliface North America	Lac Mégantic (Canada)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Sonae Indústria - Management Services, S. A.	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Sonae Indústria - Soc. Gestora de Participações Sociais, SA	Maia (Portugal)	Parent	Parent	Parent	Parent	Parent	Parent	Parent
Sonae Indústria de Revestimentos, SA	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Spanboard Products Ltd	Belfast (United Kingdom)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Tafisa Canadá Inc	Lac Mégantic (Canada)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)
Tafisa France S.A.S.	La Garenne-Colombes (France)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	a)

a) Majority of voting rights;

#### 4. JOINT VENTURES

Joint ventures, their head offices, percentage of share capital held on 31 March 2018, 31 December 2017 and 31 March 2017 are as follows:

	COMPANY	HEAD OFFICE	PERCENTAGE OF CAPITAL HELD						TERMS FOR INCLUSION
			31.03.2018		31.12.2017		31.03.2017		
			Direct	Total	Direct	Total	Direct	Total	
	Sonae Arauco, SA	Madrid (Spain)	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	
	Agepan Eiweiler Management, GmbH	Eiweiler (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Agloma Inmobiliaria y Servicios, S. L.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Agloma Investimentos, SGPS, S. A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Aserraderos de Cuellar, S.A.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Beeskow GmbH	Meppen (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Ecociclo, Energia e Ambiente, S. A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Euroresinas - Industrias Quimicas, S.A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	GHP Glunz Holzwerkstoffproduktions GmbH	Meppen (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Deutschland GmbH	Meppen (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
1)	Glunz Service GmbH	Meppen (Germany)	-	-	-	-	100.00%	50.00%	a)
	Impaper Europe GmbH	Meppen (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Imoplamaç – Gestão de Imóveis, S. A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Laminate Park GmbH & Co. KG	Eiweiler (Germany)	50.00%	25.00%	50.00%	25.00%	50.00%	25.00%	b)
1)	OSB Deutschland	Meppen (Germany)	-	-	-	-	100.00%	50.00%	a)
	Racionalización y Manufacturas Forestales, S.A.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
2)	Sociedade de Iniciativa e Aproveit. Florestais – Energia, S.A.	Mangualde (Portugal)	-	-	-	-	100.00%	50.00%	a)
	Somit – Imobiliária, S.A.	Mangualde (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco France	La Garenne-Colombes (France)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Portugal, SA	Mangualde (Portugal)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco South Africa (Pty) Ltd	Woodmead (South Africa)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Netherlands B. V.	Woerden (The Netherlands)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco (UK), Ltd.	Liverpool (United Kingdom)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Espana - Soluciones de Madera, S. L	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Taiber. Tableros de Fibras Ibéricas, S.L	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
3)	Tafisa U.K, Ltd.	Liverpool (United Kingdom)	-	-	-	-	100.00%	50.00%	a)
	Taiber, Tableros Aglomerados Ibéricos, S.L	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Sonae Arauco Suisse SA	Tavannes (Switzerland)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Tecnologias del Medio Ambiente, S.A.	Barcelona (Spain)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)
	Tecmasa. Reciclados de Andalucía, S. L.	Madrid (Spain)	50.00%	25.00%	50.00%	25.00%	50.00%	25.00%	b)
	Tool, GmbH	Meppen (Germany)	100.00%	50.00%	100.00%	50.00%	100.00%	50.00%	a)

- a) Company included in the consolidation perimeter of Sonae Arauco, S. A.;
- b) Company whose investment is measured using equity method in the consolidated financial statement of Sonae Arauco, S. A..

- 1) Company merged with Sonae Arauco Deutschland GmbH
- 2) Company sold 12 October 2017
- 3) Company liquidated 22 June 2017

Net assets and net profit/loss for these jointly-controlled companies, whose share was recognized on these consolidated financial statements using equity method, are detailed as follows:

Sonae Arauco - Consolidated		
	31.03.2018	31.12.2017
	Unaudited	
Non-current assets	506 266 525	486 460 459
Current assets (without cash and cash equivalents)	218 400 992	203 319 660
Cash and cash equivalents	19 498 123	26 708 564
Non-current financial liabilities	192 431 340	181 836 027
Other non-current liabilities	81 019 222	82 277 751
Current financial liabilities	49 198 503	29 796 341
Other current liabilities	162 094 129	173 296 890

Sonae Arauco - Consolidated		
	31.03.2018	31.03.2017
	Unaudited	Unaudited
Operating revenues	216 584 512	218 820 736
Operating expenses	(191 896 386)	(192 984 469)
Depreciation and amortization	(10 579 228)	(10 696 931)
Interest income	289 569	218 711
Interest expense	(1 616 054)	(2 287 694)
Taxation	( 745 682)	(2 103 155)
Net profit/(loss) from continuing operations	9 407 588	8 403 944
Adjustments to the Group's accounting policies		
<b>Group's share on net profit/(loss)</b>	<b>4 703 794</b>	<b>4 201 972</b>
Other comprehensive income	724 337	965 005
<b>Group's share on other comprehensive Income</b>	<b>362 169</b>	<b>482 503</b>

In October 2017, industrial plants of Mangualde and Oliveira do Hospital, which are controlled by Sonae Arauco, S. A., a company 50%-owned by Sonae Indústria, SGPS, S. A., were hit by wild fires that affected central Portugal. As a consequence, the wood yards, the exposed equipment within the wood yards and the electrical and cabling systems were significantly damaged, forcing these plants to stop operating.

In the first quarter of 2018, Mangualde industrial plant resumed its normal activity after MDF lines 1 and 2 resumed production. In April 2018, the particle board line at Oliveira do Hospital plant resumed production.

Both plants are subject to an insurance policy that will indemnify them for property damage and business interruption losses.



In the period ended 31 March 2018, the results of Sonae Arauco Group, whose 50%-share was recognized under Gains and losses in joint ventures, on the Consolidated Income Statement, using the equity method, included the following effects:

- Insurance compensation gain relating to business interruption losses, which were estimated to amount to EUR 10 405 860;
- Insurance compensation gain relating to losses in inventories and other losses, amounting to EUR 570 068.

## 5. INVESTMENTS

At 31 March 2018 and 31 December 2017, details of Investments, on the Consolidated Statement of Financial position, are as follows:

	31.03.2018	31.12.2017
Investment in joint ventures		
Opening balance	205 616 464	195 908 535
Effect of equity method	5 070 386	15 369 886
Dividends		(5 661 957)
Closing balance	<u>210 686 850</u>	<u>205 616 464</u>
	31.03.2018	31.12.2017
Other investments		
Opening balance	134 476	134 810
Acquisition	907	2 076
Disposal		( 2 410)
Closing balance	<u>135 383</u>	<u>134 476</u>
Accumulated impairment losses	<u>3 989</u>	<u>3 989</u>
Net other investments	<u>131 394</u>	<u>130 487</u>

## 6. TANGIBLE FIXED ASSETS

At 31 March 2018 and 31 December 2017, movements in tangible assets, accumulated depreciation and impairment losses were as follows:

	31.03.2018						31.12.2017	
	Land and Buildings	Plant and Machinery	Vehicles	Tools	Fixtures and Fittings	Other Tangible Fixed Assets	Tangible Fixed Assets under construction	Total tangible fixed assets
Gross cost:								
Opening balance	97 133 999	262 567 210	2 581 162	96 237	3 478 555	214 703	7 907 292	374 111 199
Capital expenditure							1 838 881	11 235 343
Disposals		( 490 926)			( 6 693)			(3 658 476)
Revaluation					28 444		(3 286 577)	9 532 969
Transfers and reclassifications	( 10 886)	3 258 133						1 574 040
Exchange rate effect	(3 890 845)	(12 956 849)	( 120 695)		( 102 446)	22	( 299 525)	(18 815 917)
Closing balance	93 232 268	252 377 568	2 460 467	96 237	3 397 860	214 725	6 160 071	373 979 158
Accumulated depreciation and impairment losses:								
Opening balance	38 343 362	183 688 922	1 893 568	94 601	3 282 682	206 119	227 509 254	226 045 505
Depreciations for the period	595 482	2 367 303	44 740	164	17 401	855	3 025 945	12 086 686
Impairment losses for the period - through P/L								1 509 634
Disposals		( 418 890)			( 6 693)		( 425 583)	(3 524 854)
Reversion of impairment losses for the period								(1 019 430)
Revaluation								3 736 123
Transfers and reclassifications								68 267
Exchange rate effect	(1 536 714)	(8 933 058)	( 85 117)		( 92 111)	10	(10 646 990)	(11 392 677)
Closing balance	37 402 130	176 704 277	1 853 191	94 765	3 201 279	206 984	219 462 626	227 509 254
Carrying amount	55 830 138	75 673 291	607 276	1 472	196 581	7 741	6 160 071	146 469 904

At the closing date of these consolidated financial statements, mortgaged net tangible fixed assets amounted to EUR 120 777 028 (EUR 128 604 501 at 31 December 2017), as collateral for loans amounting to EUR 33 569 984 (EUR 37 380 912 at 31 December 2017).

## 7. CASH AND CASH EQUIVALENTS

At 31 March 2018 and 31 December 2017, detail of Cash and Cash Equivalents, on the Consolidated Statement of Financial Position, was as follows:

	31.03.2018	31.12.2017
Cash at Hand	6 485	6 556
Bank Deposits and Other Treasury Applications	1 746 526	4 078 215
Cash and Cash Equivalents on the Consolidated Statement of Financial Position	1 753 011	4 084 771
Bank Overdrafts	146 309	
Cash and Cash Equivalents on the Consolidated Statement of Cash Flows	1 606 702	4 084 771

## 8. OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income on the Consolidated Statement of Financial Position, is detailed as follows:

	<b>Atributable to the parent's shareholders</b>					
	Currency translation	Revaluation Reserve	Remeasurements on defined benefit plans	Share of Other Comprehensive Income of Joint Ventures		Income tax related to components of other comprehensive income
				Which may be subsequently transferred to profit or loss	Which may not be subsequently transferred to profit or loss	
<b>Balance as at 1 January 2018</b>	6 873 920	12 164 031	( 86 071)	3 850 335	35 054 610	(2 569 547)
Consolidated other comprehensive income for the period	(3 901 010)			362 169		
Others				( 50 855)		
<b>Balance as at 31 March 2018</b>	<u>2 972 910</u>	<u>12 164 031</u>	<u>( 86 071)</u>	<u>4 161 649</u>	<u>35 054 610</u>	<u>(2 569 547)</u>

	<b>Accumulated other comprehensive income Atributable to the parent's shareholders</b>					
	Currency translation	Revaluation Reserve	Remeasurements on defined benefit plans	Share of Other Comprehensive Income of Joint Ventures		Income tax related to components of other comprehensive income
				Which may be subsequently transferred to profit or loss	Which may not be subsequently transferred to profit or loss	
<b>Balance as at 1 January 2017</b>	11 114 057	6 367 184	( 192 092)	4 468 623	33 694 328	(1 033 382)
Consolidated other comprehensive income for the period	( 478 600)			482 503		
<b>Balance as at 31 March 2017</b>	<u>10 635 457</u>	<u>6 367 184</u>	<u>( 192 092)</u>	<u>4 951 126</u>	<u>33 694 328</u>	<u>(1 033 382)</u>

## 9. LOANS

As at 31 March 2018 and 31 December 2017, Sonae Indústria had the following outstanding loans:

	<b>31.03.2018</b>				<b>31.12.2017</b>			
	Amortised cost		Nominal value		Amortised cost		Nominal value	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Current portion of non-current bank loans	11 712 913		11 712 913		11 949 858		11 949 858	
Bank loans	2 396 309	194 923 798	2 396 309	196 156 814	1 750 000	197 650 071	1 750 000	199 012 843
Obligations under finance leases	484 649	871 727	484 649	871 727	500 227	898 793	500 227	898 793
<b>Gross debt</b>	<u>14 593 871</u>	<u>195 795 525</u>	<u>14 593 871</u>	<u>197 028 541</u>	<u>14 200 085</u>	<u>198 548 864</u>	<u>14 200 085</u>	<u>199 911 636</u>

At 31 March 2018, loans can be detailed as follows:

Company(ies)	Loan	Contract date	Maturity (with reference to 31.03.2018)	Currency	Outstanding principal at 31.03.2018 (EUR)	Outstanding principal at 31.12.2017 (EUR)
Tafisa Canada Inc.	Bank loan (Revolving)	July 2011	to be repaid from March 2017 to May 2021	CAD	29 569 984	33 380 912
Sonae Indústria, SGPS, S.A.	Commercial paper programme	June 2013	June 2018 Note: programme without subscription guarantee	EUR	2 250 000	1 750 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	July 2014	to be repaid from July 2018 to January 2020	EUR	7 500 000	7 500 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	May 2016	to be repaid from May 2019 to May 2021	EUR	146 000 000	143 500 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	July 2016	July 2019	EUR	4 000 000	4 000 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	July 2016	to be repaid from July 2017 to July 2018	EUR	500 000	1 000 000
Sonae Indústria, SGPS, S.A.	Commercial paper programme	December 2016	to be repaid from June 2018 to December 2019	EUR	14 900 000	16 000 000
Sonae - Indústria de Revestimentos, S. A.	Bank loan	September 2017	to be repaid from March 2019 to September 2022	EUR	4 000 000	4 000 000
Others				EUR	1 546 052	1 581 789
<b>Total</b>				<b>EUR</b>	<b>210 266 036</b>	<b>212 712 701</b>

All these loans are subject to variable interest rates.

Figures detailed on the previous table correspond to the nominal value of bank loans disclosed on this note.

At 31 March 2018, in addition to mortgaged tangible fixed assets referred to on note 6, there were other assets amounting to EUR 26 708 280 (EUR 26 613 983 at 31 December 2017) which were pledged as collateral for the Group's liabilities. These assets consisted mostly of inventories and accounts receivable.

## 10. OTHER CURRENT LIABILITIES

At 31 March 2018 and 31 December 2017, Other current liabilities on the Consolidated Statement of Financial Position were composed of:

	31.03.2018	31.12.2017
Derivatives	90 604	71 838
Tangible fixed assets suppliers	765 206	2 155 951
Other creditors	753 992	496 357
Financial instruments	1 609 802	2 724 146
Other creditors	474 411	488 389
Accrued expenses:		
Insurances		14 105
Personnel expenses	5 128 435	4 318 109
Accrued financial expenses	989 479	1 049 512
Rebates	1 141 727	3 305 322
External supplies and services	286 735	346 339
Other accrued expenses	469 004	268 090
Deferred income:		
Investment subventions	165 209	173 377
Other deferred income	154 936	154 935
Liabilities out of scope of IAS 39	8 809 936	10 118 178
Total	10 419 738	12 842 324

## 11. OTHER INCOME AND GAINS

Details of Other income and gains on the Consolidated Income Statement for the periods ended 31 March 2018 and 31 March 2017 are as follows:

	31.03.2018	31.03.2017
Gains on disp. and write off of invest. prop., tang. and intang. assets	57 413	46 116
Supplementary revenue	264 139	578 831
Investment subventions	41 552	40 268
Positive exchange gains	379 335	287 820
Adjustment to fair value of financial instruments at fair value through profit or loss	39 295	89 434
Others	99 984	22 492
	881 718	1 064 961

## 12. OTHER EXPENSES AND LOSSES

Details of Other expenses and losses on the Consolidated Income Statement for the periods ended 31 March 2018 and 31 March 2017 are as follows:

	31.03.2018	31.03.2017
Taxes	313 508	343 429
Losses on disp. and write off of invest. prop., tang. and intang. assets	66 971	4 319
Negative exchange gains	279 244	235 107
Adjustment to fair value of financial instruments at fair value through profit or loss	48 485	179 412
Others	68 913	82 815
	<u>777 121</u>	<u>845 082</u>

## 13. RECURRING AND NON-RECURRING ITEMS

Recurring operating items on the Consolidated Income Statement are detailed as follows:

	31.03.2018 Recurring	31.03.2017 Recurring
Sales	53 949 375	59 202 625
Services rendered	357 393	312 951
Other income and gains	824 305	954 381
Cost of sales	(30 394 133)	(31 726 715)
Increase / (decrease) in production	(415 536)	( 465 076)
External supplies and services	(11 601 226)	(12 364 820)
Staff expenses	(6 198 678)	(5 273 320)
Impairment losses in trade debtors - (increase)/reduction	( 1 678)	(87 722)
Other expenses and losses	<u>( 710 151)</u>	<u>( 839 714)</u>
Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	<u>5 809 671</u>	<u>9 712 590</u>
Non-Recurring operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	<u>(63 608)</u>	<u>(4 229)</u>
Total operating profit/(loss) before amortization, depreciation, provisions and impairment losses (except trade debtors)	<u>5 746 063</u>	<u>9 708 361</u>

#### 14. FINANCIAL RESULTS

Financial results for the periods ended 31 March 2018 and 31 March 2017 were as follows:

	31.03.2018	31.03.2017
<b>Financial income:</b>		
Interest income		
related to bank loans	2 195	2 476
Gains in currency translation		
related to loans	352	61 394
related to cash and cash equivalents	181 768	95 291
	<u>182 120</u>	<u>156 685</u>
Cash discounts obtained	28 439	6 721
Other finance gains	1 450	170 655
	<u>214 204</u>	<u>336 537</u>
<b>Financial expenses:</b>		
Interest expenses		
related to bank loans and overdrafts	(1 975 026)	(2 087 240)
related to finance leases	(16 338)	(20 104)
others	(1 490)	(12 710)
	<u>(1 992 854)</u>	<u>(2 120 054)</u>
Losses in currency translation		
related to loans	(7 465)	(76 478)
related to cash and cash equivalents	( 180 806)	( 167 162)
	<u>( 188 271)</u>	<u>( 243 640)</u>
Cash discounts granted	( 408 709)	( 427 343)
Other finance losses	( 439 198)	( 300 648)
	<u>(3 029 032)</u>	<u>(3 091 685)</u>
<b>Finance profit / (loss)</b>	<u><u>(2 814 828)</u></u>	<u><u>(2 755 148)</u></u>

#### 15. TAXES

Corporate income tax accounted for in the periods ended 31 March 2018 and 31 March 2017 is detailed as follows:

	31.03.2018	31.03.2017
Current tax	1 060 850	1 646 683
Deferred tax	<u>(353 233)</u>	<u>(84 623)</u>
	<u><u>707 617</u></u>	<u><u>1 562 060</u></u>

#### 16. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors and authorized for issuance 9 May 2018.