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2019 1st QUARTER RESULTS

8 May 2019

SONAE INDUSTRIA

Maia, Portugal, 8 May 2019: Sonae Indústria reports unaudited Consolidated Results for the 1st quarter 2019 (1Q19) which are prepared in accordance with the IAS 34 – Interim Financial Reporting. Proportional Indicators are unaudited.

1Q19 HIGHLIGHTS

- Positive Net Results in the quarter of 1.2M€
- LTM Recurrent EBITDA[1,2] of 25.1M€, with 11.3% margin[1,2]
- LTM Proportional Recurrent EBITDA[1,2] of 70.7M€, with 11.4% margin[1,2]
- Proportional Net Debt[1,2] at 317M€
- Proportional Leverage[1,2] of 4.5x

[1] See Glossary of Terms.

[2] For comparability purposes, figures excluding the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in consolidated results section (page 5).

MESSAGE FROM THE CHAIRMAN

Following the difficulties faced during 4Q18, and despite not fully recovering momentum at our fully owned businesses, during the first quarter of 2019 we were able to improve Recurrent EBITDA and revert to positive net results reaching a profit of circa 1.2 million euros, after a net loss in 4Q18 due to a number of one off adjustments particularly in the Sonae Arauco accounts.

Considering our 50% share of Sonae Arauco's figures, LTM Proportional Recurrent EBITDA[3] reached 71 million euros and the leverage ratio[3] was of 4.5x.

However, notwithstanding the net profit achieved in the quarter, we continued to face challenges particularly in our fully owned businesses.

In our North American business, despite an improvement in Recurrent EBITDA when compared with 4Q18, we were still affected by high variable costs, particularly due to materially higher input wood prices, high thermal energy costs and still high maintenance costs in all cases negatively affected by extremely cold weather in January and February, a factor which also limited production efficiency and availability. On the other hand, although sales volumes in the quarter were still conditioned by the lower than desired production and inventory levels, it should be noted that volumes have increased when compared with 4Q18 with further room for improvement as the negative effects of the extreme weather and November fire are dissipated. On a more positive note, our North American business continued to improve its sales mix in alignment with our strategic guidelines, with decorative products steadily increasing their weight particularly with our high end EIR decorative offer, today complemented with our matching Surforma® Laminates produced in Portugal.

Profitability at our Laminates & Components business continued to suffer from shortfall of sales volumes notwithstanding the fact that Turnover was higher than last year. However, on a positive note, good progress is being made on the development of the strategic project between our Laminates and North America businesses with the sales ramp up evolving favorably. This strategic project, together with several actions currently under implementation at commercial and operational levels should provide us the base to begin recovering the desired profitability for this business.

Results at Sonae Arauco improved during the quarter generating a better Recurrent EBITDA when compared with the two previous quarters, despite enduring competitive tensions in Iberia and sluggish market demand in South Africa. Sonae Arauco made a positive contribution to Sonae Indústria's net results in the quarter, after the negative one off effects in 4Q18. In terms of commercial initiatives, I would like to highlight that in April we launched our new Innovus decorative collection including matching laminates. The 2019 Innovus collection, which will be presented at Interzum (Cologne, Germany) in May, includes the introduction of a significant number of new textures and colours and a simplified and improved service proposition further strengthening our decorative solutions offer.

Paulo Azevedo

Chairman, Sonae Indústria

[3] Figures without the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in consolidated results section (page 5).

1. SONAE INDÚSTRIA RESULTS

1.1 PROPORTIONAL RESULTS (UNAUDITED)

SUMMARY OF 1Q19 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, this section 1.1. provides unaudited Proportional Indicators, which consider the full results of our wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

For comparative purposes, Proportional Results section (1.1) excludes effects from the adoption of the IFRS 16 in 2019 (meaning all indicators for 1Q19 are like for like those presented for 1Q18).

FINANCIAL INDICATORS
(UNAUDITED)

	1Q18	1Q19 [4]
Proportional Turnover	153	159
Proportional Rec. EBITDA	19	16
Proportional Rec. EBITDA margin	12.3%	10.0%
	LTM 1Q18	LTM 1Q19 [4]
Proportional LTM Turnover	619	619
Proportional LTM Rec. EBITDA	85	71
Proportional LTM Rec. EBITDA margin	13.7%	11.4%
LEVERAGE		
Proportional Net Debt	320	317
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	**3.8 x**	**4.5 x**
LOAN TO VALUE		
Net Debt of Sonae Indústria	209	206
Asset Value [5]	473	430
LTV (Net Debt of Sonae Indústria / Asset Value)	**44%**	**48%**

Proportional Turnover in 1Q19 was circa 6.5 million euros higher than in the same period of last year. This evolution was driven by an higher contribution from our fully owned businesses (circa 2.5 million euros), due to a favourable exchange rate effect (of circa 1.5 million euros) resulting from the appreciation of the Canadian dollar vs. the EUR and to an increase in average selling prices y.o.y. of the North American business, and by a circa 4.0 million euros improvement in Sonae Arauco contribution due to higher sales volumes.

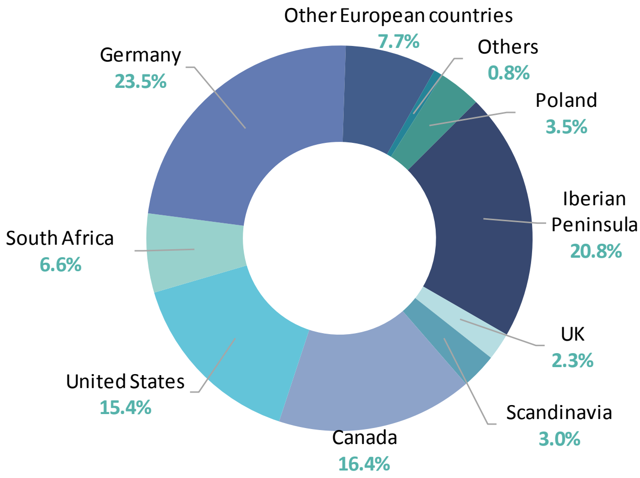
[4] Figures (including 1Q19) without the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in consolidated results section (page 5).

[5] Calculated as described in the Glossary of Terms. This compares with a Consensus 'Asset Value' of EUR 443M based on the average of the sum of the parts valuation (as at year-end 2019) of Sonae Indústria assets carried out by two independent equity research houses.

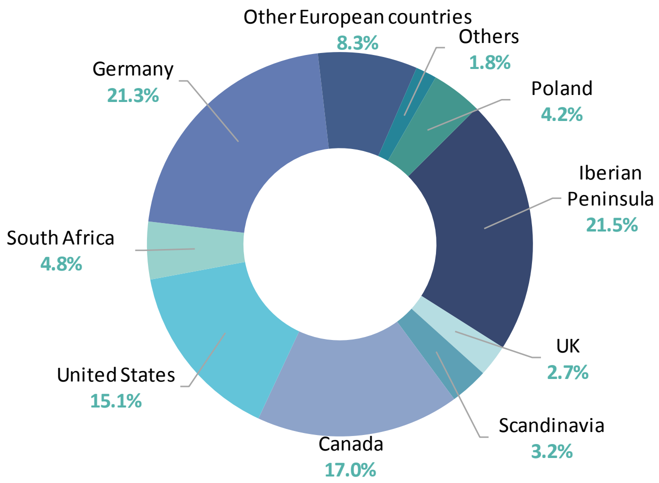
Proportional Recurrent EBITDA in 1Q19 (excluding IFRS 16 effects) reached circa 15.9 milion euros, circa 2.9 million euros lower than in 1Q18 driven by a lower contribution from both fully owned businesses and by Sonae Arauco, but higher than 4Q18 by circa 2.1 million euros.

In the first quarter of the year, **Net Debt to Recurrent EBITDA (proportional)** stood at circa 4.5x (excluding IFRS 16 effects), which represents an increase of 0.7x *vs*. 1Q18. During 1Q19 Sonae Arauco received the full amount of insurance compensation outstanding at the end of 2018 (circa 32 million euros). **Loan to Value** also increased when compared to 1Q18, reaching circa 48% (excluding IFRS 16 effects) at the end of 1Q19.

PROPORTIONAL TURNOVER BY DESTINATION MARKET
1Q18



PROPORTIONAL TURNOVER BY DESTINATION MARKET
1Q19

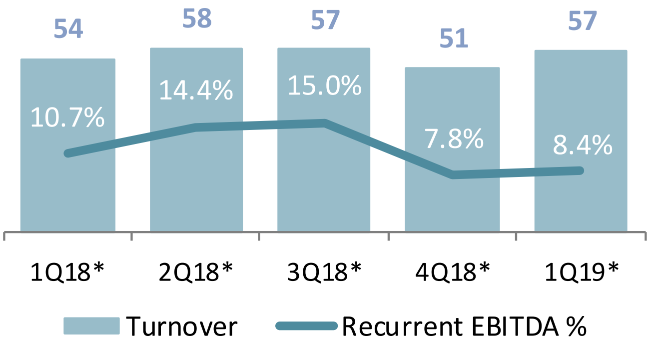


1.2 CONSOLIDATED RESULTS

Note IFRS 16: The mandatory adoption of the IFRS 16 from the beginning of 2019 financial year, affects the comparability of Sonae Indústria's results in 2019 with previous years. This new accounting standard on leases implies that lease contracts (except short term and low value leases) previously classified as operational leases, are now recognized in the balance sheet as an asset with a corresponding liability equal to the present value of the lease payments (under financial liabilities). This new treatment also affects the consolidated income statement, with corresponding rental or lease charges being replaced by the recognition of depreciation charges and interest expense.

SUMMARY OF 1Q19 RESULTS

TURNOVER and RECURRENT EBITDA
MILLION EUROS



*Quarterly information unaudited.

Consolidated Turnover for the first quarter of the year reached circa 56.8 million euros, an improvement of 4.5% vs. same period of last year (circa +2.5 million euros), driven by circa 1.5 million euros favourable exchange rate effect resulting from the appreciation of the Canadian dollar vs. the EUR but also by an increase in **average selling prices** y.o.y. in our North American business. When compared to the previous quarter, consolidated turnover increased by circa 5.5 million euros driven by our North American business, with higher **sales volumes** and average selling prices, but also by our Laminates & Components business.

Variable costs per cubic meter in local currency increased, when compared to the same period of last year, with an increase in most input costs. When compared to 4Q18, variable costs per cubic meter also increased, mainly driven by higher costs of wood (affected by higher transportation costs).

Recurrent EBITDA for the first quarter of the year reached circa 4.8 million euros (including a positive effect from the adoption of the IFRS 16 of 0.6 million euros), a reduction of 1.0 million euros euros vs. 1Q18. The lower Recurrent EBITDA, despite the increase in turnover as aforementioned, when compared to the previous year, is mainly explained by an increase in operational costs, particularly in variable costs as explained above. When compared to 4Q18 Recurrent EBITDA increased circa 0.8 million euros. The 1Q19 **Recurrent EBITDA margin** reached 8.4%, down by circa 2.3 p.p. vs. 1Q18, but up by 0.6 p.p. vs. 4Q18.

Consolidated **EBITDA** for the quarter reached 4.6 million euros, a reduction of 1.1 million euros vs. the same period of last year, mainly due to the aforementioned evolution in Recurrent EBITDA, and a reduction of 2.5 million euros vs. the previous quarter, noting that 4Q18 benefited from a capital gain of circa 3.2 million euros as a result of the sale of Solsona inactive site real estate.

CONSOLIDATED INCOME STATEMENT
MILLION EUROS

	1Q18 Unaudited	4Q18 Unaudited	1Q19 Unaudited	1Q19 / 1Q18	1Q19 / 4Q18
Turnover	**54.3**	**51.3**	**56.8**	**4.5%**	**10.6%**
Other operational income	0.9	5.1	0.9	(0.6%)	(82.8%)
EBITDA	5.7	7.1	4.6	(19.9%)	(35.6%)
Non recurrent items	(0.1)	3.1	(0.2)	-	(105.8%)
Recurrent EBITDA	**5.8**	**4.0**	**4.8**	**(17.7%)**	**19.5%**
Recurrent EBITDA Margin %	10.7%	7.8%	8.4%	-2.3 pp	0.6 pp
Depreciation and amortisation	(3.1)	(3.5)	(3.9)	(25.1%)	(13.3%)
Provisions and impairment Losses	0.0	0.2	0.0	-	(90.2%)
Operational profit (EBIT)	**2.6**	**3.9**	**0.7**	**(73.2%)**	**(81.8%)**
Net financial charges	(2.8)	(3.0)	(2.9)	(2.0%)	5.2%
o.w. Net interest charges	(2.0)	(2.1)	(2.0)	(1.6%)	5.0%
o.w. Net exchange differences	(0.0)	(0.0)	(0.1)	-	-
o.w. Net financial discounts	(0.4)	(0.4)	(0.4)	2.8%	13.2%
Gains and losses in Joint-Ventures - Net Results	4.7	(9.5)	3.4	(27.7%)	135.6%
Gains and losses in Joint-Ventures - Other	0.0	0.5	0.0	-	(100.0%)
Profit before taxes (EBT)	**4.5**	**(8.2)**	**1.2**	**(72.7%)**	**115.0%**
Taxes	(0.7)	(3.4)	(0.0)	95.6%	99.1%
o.w. Current tax	(1.1)	(1.1)	(0.5)	56.1%	56.9%
o.w. Deferred tax	0.4	(2.3)	0.4	23.0%	119.0%
Consolidated net profit/(loss) for the period	**3.8**	**(11.6)**	**1.2**	**(68.5%)**	**110.4%**

Total **fixed costs** for the first quarter of the year represented circa 16.9% of turnover, in line with the values booked for 1Q18 and a decrease of 2.0 p.p. *vs*. 4Q18, driven by both an increase in turnover and a reduction in fixed costs (which includes lower lease rents as a result of the adoption of IFRS 16).

Total headcount of Sonae Indústria was 499 FTE's, at the end of March 2019, excluding Sonae Arauco, which compares with 495 and 485 FTE's at the end of December 2018 and March 2018, respectively.

Depreciation and amortization charges in 1Q19 were 3.9 million euros, which represents an increase of circa 0.8 million euros and 0.5 million euros vs. 1Q18 and 4Q18, respectively, mainly due to the impact of circa 0.5 million euros of the adoption of the IRFS 16.

Net financial charges during 1Q19 were circa 2.9 million euros, an increase of circa 0.1 million euros when compared to 1Q18 and a reduction of circa 0.2 million euros vs. 4Q18. 1Q19 figures include a marginally negative effect due to the adoption of the IFRS 16 (circa 0.1 million euros).

Gains and losses in Joint-Ventures – Net Results refers to 50% of the net results of Sonae Arauco in the period. For the first quarter of the year, this amounted to circa 3.4 million euros, a reduction of 1.3 million euros when compared to 1Q18, despite the increase in turnover. It should be noted that 1Q18 included higher insurance income recognition related to the fires that affected two Sonae Arauco plants in Portugal in October 2017. When compared to 4Q18, Gains and losses in Joint-Ventures – Net Results increased 12.9 million euros, noting that 4Q18 included (considering the 50% contribution) one off negative effects (namely full impairment of the accounting values of its investment (including a loan) in the joint venture LaminatePark (circa 8 million euros) and impairment of the accounting value of tangible assets (circa 3.5 million euros)).

Current tax charges were circa 0.5 million euros for the first quarter of the year, a decrease of 0.6 million euros when compared to 1Q18, mainly driven by lower tax charges in Canada.

Net results in 1Q19 were positive of circa 1.2 million euros, a reduction of 2.6 million euros when compared to 1Q18, mainly explained by the aforementioned reduction in EBITDA and in Gains and losses in Joint-Ventures – Net Results. Net Results have improved materially when compared to 4Q18, mainly due Gains and losses in Joint-Ventures – Net Results which were affected by a number of negative non recurrent items in 4Q18.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MILLION EUROS

	1Q18 Unaudited	2018	1Q19 Unaudited
Non current assets	**357.1**	**354.5**	**368.2**
Tangible assets	138.5	135.7	145.7
Investments in joint ventures	210.7	212.5	216.2
Deferred tax asset	1.5	0.0	0.0
Other non current assets	6.5	6.3	6.3
Current assets	**40.2**	**47.4**	**45.8**
Inventories	16.7	18.2	18.1
Trade debtors	16.2	12.3	19.4
Cash and cash equivalents	1.8	10.6	2.2
Other current assets	5.5	6.2	6.2
Non-current assets classified as available for sale	**0.0**	**0.0**	**0.0**
Total assets	**397.4**	**401.8**	**414.0**
Shareholders' Funds	**126.4**	**135.5**	**139.7**
Equity holders	126.4	135.5	139.7
Non-controlling interests	0.0	0.0	0.0
Liabilities	**271.0**	**266.3**	**274.2**
Interest bearing debt	210.4	206.5	214.1
Non current	195.8	188.6	193.8
Current	14.6	17.9	20.3
Trade creditors	22.5	21.6	24.2
Other liabilities	38.1	38.3	36.0
Liabilities directly associated with non-current assets classified as available for sale	**0.0**	**0.0**	**0.0**
Total Shareholders' Funds and liabilities	**397.4**	**401.8**	**414.0**

Tangible assets reached 145.7 million euros at the end of March 2019, an increase of 10.0 million euros vs. December 2018, mainly due to the impact of the adoption of the IFRS 16 of 6.2 million euros.

Investments in Joint-Ventures (50% shareholding in Sonae Arauco) reached circa 216.2 million euros, which is 3.7 million euros higher than the book value of this investment at the end of 2018, due to our share of Sonae Arauco's results of circa 3.4 million euros and the impact of the favorable exchange rate evolution of the South African Rand in the quarter of 0.3 million euros.

Total **Shareholders' Funds,** at the end of March 2019, totaled 139.7 million euros, which represents an increase of 4.2 million euros when compared to December 2018, explained by the positive impacts from the exchange rate evolution of the Canadian Dollar vs. the Euro of 2.7 million euros, the net results in the quarter and from the exchange rate evolution of the South African Rand of 0.3 million euros.

NET DEBT and WORKING CAPITAL
MILLION EUROS

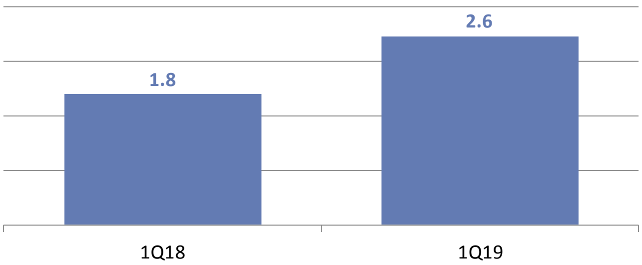
	1Q18 Unaudited	2018	1Q19 (A) Unaudited
Net Debt	208.6	195.8	205.6
Working Capital	10.4	9.0	13.2

(A) For comparability purposes, 1Q19 Net Debt figure excludes the effects from the adoption of the IFRS 16.

Consolidated **Working Capital** reached 13.2 million euros, an increase of circa 4.3 million euros when compared to December 2018, explained by the seasonal increase in trade debtors, which more than offset the increase in trade creditors.

Net Debt, stood at 205.6 million euros at the end of March 2019 (excluding IFRS 16 effects), representing an increase of circa 9.8 million euros vs. 2018, but a decrease of 3.0 million euros vs. March 2018. Considering capitalized operating leases (as per IFRS 16) Net Debt would be of 211.9 million euros at the end of March 2019.

CAPEX
MILLION EUROS



Additions to Gross Tangible Fixed Assets reached circa 2.6 million euros in the first quarter of the year, essentially investments in our North American business (circa 2.4 million euros).

GLOSSARY OF TERMS

Asset Value	Asset Value is calculated as follows: [6.5 x two year moving average of Recurrent EBITDA of fully consolidated business (100%)] + [market value of inactive sites real estate properties owned 100% by Sonae Indústria] + [50% x (6.5 x two year moving average of Recurrent EBITDA of Sonae Arauco – 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); *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
Loan to Value	Net Debt of Sonae Indústria / Asset value
LTM	Last Twelve Months
Net Debt	Gross Debt - Cash and cash equivalents
Proportional: Turnover, Recurrent EBITDA (unaudited)	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.
Proportional Leverage (unaudited)	Proportional Net Debt / Proportional LTM Recurrent EBITDA
Proportional Net Debt (unaudited)	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.
Recurrent EBITDA	EBITDA 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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