

2020

1st HALF RESULTS

TOGETHER CREATING
THE FUTURE

30 July 2020

Maia, Portugal, 30 July 2020: Sonae Indústria reports unaudited Consolidated Results for the 1st half 2020 (1H20) which are prepared in accordance with the IAS 34 – Interim Financial Reporting.

1H20 HIGHLIGHTS¹

Financial:

- 1H20 results materially affected by the impacts of the Covid-19 crisis particularly in the months of April and May.

Statutory Results:

- LTM Recurrent EBITDA of 23.8M€, with 11.4% margin;
- 2Q20 Recurrent EBITDA of 5.0M€, with 12.3% margin despite Covid-19 effects;
- Net Results in 1H20 of -7.2M€.

Proportional Results:

- LTM Proportional Recurrent EBITDA of 52.0M€, with 9.6% margin;
- Proportional Senior Net Debt at 314M€;
- Proportional Senior Leverage of 6.0x.

Operational:

- North America: Successful conclusion of a complete refurbishment of one of our two particleboard production lines in Lac Mégantic;
- Sonae Arauco: Completion of the investment in a new continuous particleboard press at our Beeskow plant in Germany with production of the first boards in July.

¹ See Glossary of Terms (page 13).

MESSAGE FROM THE CHAIRMAN

Sonae Indústria's first half 2020 results have been significantly affected by the impacts of the Covid-19 pandemic with activity levels being particularly hit in the last weeks of March and during the months of April and May. In June we have seen a significant recovery in activity levels across all our businesses as the economies were reopened and customer demand increased. This is clearly encouraging although it is, at this stage, still very hard to foresee how the rest of the year will play out for our main customer segments.

Importantly I would like to report that the number of confirmed Covid-19 cases within our people is still quite low with 17 confirmed cases until today (of which 15 already recovered) and the work done by our teams in the implementation of precautionary health and safety measures at all our offices and industrial sites since the beginning of the health crisis was clearly important.

The impacts of the pandemic on our activity levels in 1H20 measured by Proportional Turnover, implied a 21% decrease versus the levels generated in 1H19. LTM Proportional Recurrent EBITDA reached circa 52.0 million euros and the Proportional Senior Debt stood at 314 million euros at the end of June. Sonae Arauco results were particularly affected by the pandemic and its Recurrent EBITDA decreased considerably in the second quarter. In contrast, in the second quarter our fully owned businesses were able to fundamentally sustain the Recurrent EBITDA level registered in the previous quarter.

The profound and wide ranging effects of the Covid-19 pandemic on activity levels and on profitability, was the main reason for Sonae Indústria registering a net loss of 7.2 million euros in the first six months.

The reduction in turnover levels at Sonae Indústria and Sonae Arauco has been the single most significant effect of the pandemic. The extraordinary measures imposed by the governments to contain the propagation of Covid-19 and to prevent even worse sanitary consequences, caused a sudden contraction of economic activity in the second quarter in most geographies where we operate. As a result, demand from our customers reduced significantly and our sales volumes were severely impacted as a consequence. In some cases our production facilities were temporarily closed either due to lockdown restrictions or to reduced order levels. The impacts on sales volumes were particularly significant in the months of April and May and particularly in the countries where more severe lockdown measures were implemented.

Our management teams have put into place wide ranging measures to offset the negative impacts from the much lower sales levels but given the rigid nature of some costs in our business sector, profitability was still materially affected, particularly in April and May. With the gradual reversal of the pandemic containment measures, demand and sales volumes picked up in June partially reversing the previously mentioned negative effects.

The most severe impacts have occurred in South Africa and Iberia.

At Sonae Arauco in South Africa and Spain the main impacts were due to the strict and prolonged lockdown measures imposed by the respective governments, but also by the strong economic contraction in Portugal partially explained by the collapse of its important tourism sector. As a result, sales volumes and Recurrent EBITDA in these regions were particularly depressed in April and May despite the measures taken at all levels to mitigate the negative impacts of the crisis. In Germany and in Northern Europe in general the activity slowdown was less severe and our operations were able to partially contain the effects in Recurrent EBITDA levels. As a result, in the second quarter of 2020 Sonae Arauco suffered a material reduction in its profitability and we are currently forecasting a slow recovery to the expected levels of profitability.

Notwithstanding the material impacts of the pandemic on our activity, we have continued with the implementation of three strategic investment projects which we had started before the crisis and which we believe are important for the future development of our businesses.

In Canada, in the second quarter of 2020 we successfully concluded a complete refurbishment of one of our two particleboard production lines, a project of significant complexity that is already allowing us to improve our offer and service level by producing first quality products with increased capacity and reliability.

Also in Canada our team made significant progress in the strategic investment in the new High Gloss and Perfect Matt lacquering plant in Lac Mégantic. We expect to conclude the investment in the 4Q20 further reinforcing our market leading decorative solutions offer to our customers in North America.

At Sonae Arauco I would like to highlight that already in July we have produced the first boards from our new particleboard continuous press in Beeskow with state of the art technology. With this investment Sonae Arauco replaces the last multiday light presses in its industrial portfolio, an important step in our goal of improving the competitive position and sustainability of Sonae Arauco business.

As a means of managing the effects of the Covid-19 crisis we are in close communication with our Banks to ensure sufficient liquidity over a 12 month horizon. We expect to keep complying with financial covenants in Canada and at Sonae Arauco, liquidity remains at an adequate level for our base scenarios. In relation to Sonae Indústria corporate debt in Europe, we are seeking to obtain required covenant waivers and to secure liquidity from banks and bondholders necessary due to the impacts of Covid-19 crisis on our results and cash flows principally resulting from restrictions on dividends from Canada and Sonae Arauco until such time as their ratios recover to levels that will permit distributions.

As for the outlook for Sonae Indústria in 2H 2020, this will be largely conditioned by the evolution of the pandemic and of its impacts on the economies and on customer demand for our products. Despite the recent improvement in activity levels there is still very high uncertainty as it is not possible to foresee how the health crisis will unfold over the next quarters and the social, political and economic challenges lying ahead are still very significant.

Our teams will keep working hard to mitigate the negative impacts of this crisis and to prepare the businesses for the future.

Paulo Azevedo

Chairman, Sonae Indústria

1. SONAE INDÚSTRIA RESULTS

1.1 PROPORTIONAL RESULTS

SUMMARY OF 1H20 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 Proportional Indicators which consider the full results of our wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

PROPORTIONAL FINANCIAL INDICATORS

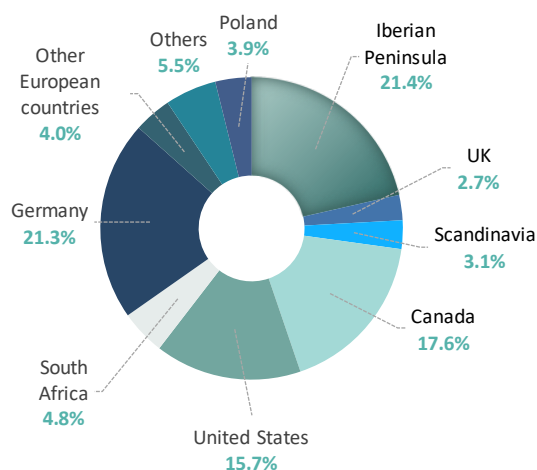
	1H19	1H20
Proportional Turnover	316	249
Proportional Rec. EBITDA	36	24
Proportional Rec. EBITDA margin	11.4%	9.7%
	LTM 1H19	LTM 1H20
Proportional LTM Turnover	611	539
Proportional LTM Rec. EBITDA	67	52
Proportional LTM Rec. EBITDA margin	11.0%	9.6%
LEVERAGE		
Proportional Senior Net Debt (excluding Subordinated Bonds)	325	314
Proportional Senior Leverage (Senior Net Debt / LTM Rec. EBITDA)	4.8 x	6.0 x
Proportional Total Net Debt	325	364
Proportional Total Leverage (Total Net Debt / LTM Rec. EBITDA)	4.8 x	7.0 x

Proportional Turnover in 1H20 was significantly affected by the Covid-19 pandemic, particularly in 2Q20, reaching a reduction of circa 66.9 million euros in the first half of the year when compared to 1H19. This evolution was mainly driven by a lower contribution from Sonae Arauco (-45.4 million euros), affected specially by a reduction in total sales volumes in all regions, but also from Sonae Indústria (-21.5 million euros), essentially due to our North American business with lower sales volumes.

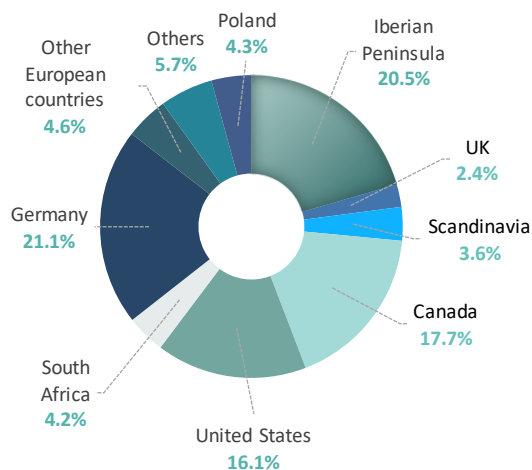
Proportional Recurrent EBITDA in 1H20 reached 24.1 million euros, circa 11.9 million euros lower than in 1H19, driven by a lower contribution from Sonae Arauco (-9.1 million euros) and our fully owned businesses (-2.7 million euros), both materially affected by the Covid-19 pandemic, particularly due to its effects in turnover levels with subsequent impacts on profitability.

In the first half of the year, **Senior Net Debt to Recurrent EBITDA (proportional)** stood at 6.0x, which compares with 4.8x in 1H19. Proportional Senior Net Debt excludes Subordinated Bonds (50 million euros issued during 4Q19).

PROPORTIONAL TURNOVER BY DESTINATION MARKET 1H19



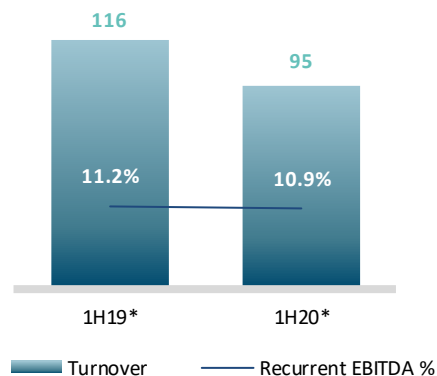
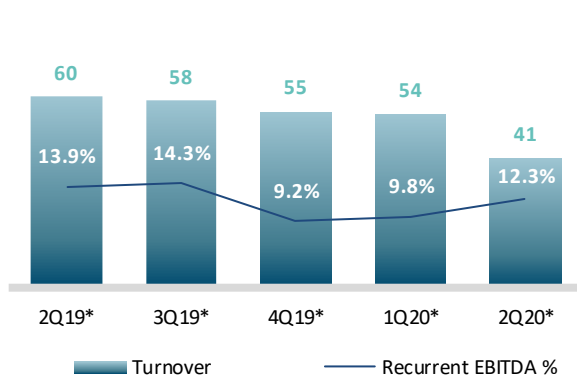
PROPORTIONAL TURNOVER BY DESTINATION MARKET 1H20



1.2 CONSOLIDATED RESULTS

SUMMARY OF 1H20 RESULTS

TURNOVER and RECURRENT EBITDA MILLION EUROS



* Quarterly and half information unaudited.

Consolidated Turnover for the first half of the year reached 94.9 million euros, a reduction of 18.4% vs. same period of last year (-21.5 million euros), driven essentially by our North American business with lower sales volumes. The evolution of the consolidated turnover was clearly impacted by the Covid-19 outbreak, with significant negative impacts in April (-44% vs. April 2019) and May (-34% vs. May 2019) but with a material recovery in June although still below the previous year level (-16% vs. June 2019). For the quarter, Consolidated turnover reached 40.6 million euros, which represents a decrease of circa 13.7 million and 19.0 million euros when compared 1Q20 and 2Q19, respectively, driven by the effects of the pandemic in both North American and Laminates & Componentes businesses.

Variable costs per cubic meter decreased both in local currency and in euros, when compared to the first half of 2019, due to a decrease in chemical, thermal energy and maintenance costs. For the quarter, variable costs per cubic meter also decreased when compared to 2Q19 and 1Q20.

Recurrent EBITDA for the first half of the year reached 10.3 million euros, a reduction of 2.7 million euros vs. the same period of last year, mainly explained by the already mentioned decrease in consolidated turnover, which is only partially offset by a reduction in variable and fixed costs. On a quarterly basis, Recurrent EBITDA for the 2Q20 stood at circa 5.0 million euros, a reduction of 3.3 million euros and 0.4 million euros, when compared to 2Q19 and 1Q20, respectively. The 2Q20 Recurrent EBITDA margin reached circa 12.3%, down by 1.6 p.p. vs. 2Q19, but up by 2.4 p.p. vs. 1Q20.

Consolidated **EBITDA** reached circa 10.3 million euros in the first half of the year, a reduction of 2.3 million euros vs. the same period of last year. On a quarterly basis, Consolidated EBITDA for the 2Q20 stood at 4.9 million euros, a reduction of circa 3.0 million euros and 0.4 million euros, when compared to 2Q19 and 1Q20, respectively. The evolution in Consolidated EBITDA is explained by the aforementioned performance of Recurrent EBITDA.

CONSOLIDATED INCOME STATEMENT

MILLION EUROS

	1H19	1H20	1H20/ 1H19	2Q19	1Q20	2Q20	2Q20/ 2Q19	2Q20/ 1Q20
	Unaudited	Unaudited		Unaudited	Unaudited	Unaudited		
Turnover	116.4	94.9	(18.4%)	59.6	54.3	40.6	(31.8%)	(25.2%)
Other operational income	2.0	4.8	145.4%	1.1	2.0	2.8	-	38.0%
EBITDA	12.5	10.3	(18.0%)	7.9	5.3	4.9	(37.6%)	(7.2%)
Non recurrent items	(0.5)	(0.1)	88.4%	(0.3)	(0.0)	(0.0)	86.5%	-
Recurrent EBITDA	13.1	10.3	(20.9%)	8.3	5.3	5.0	(39.7%)	(6.6%)
Recurrent EBITDA Margin %	11.2%	10.9%	-0.3 pp	13.9%	9.8%	12.3%	-1.6 pp	2.4 pp
Depreciation and amortisation	(7.9)	(7.9)	(0.5%)	(4.0)	(4.0)	(3.9)	1.5%	2.8%
Provisions and impairment Losses	0.0	(0.6)	-	0.0	0.0	(0.6)	-	-
Operational profit (EBIT)	4.7	1.7	(62.7%)	4.0	1.3	0.4	(89.3%)	(67.7%)
Net financial charges	(5.7)	(5.7)	0.4%	(2.9)	(3.2)	(2.5)	12.0%	20.7%
o.w. Net interest and other charges	(4.9)	(5.0)	(1.5%)	(2.5)	(2.6)	(2.4)	4.3%	9.2%
o.w. Net exchange differences	0.0	(0.1)	-	0.1	(0.2)	0.1	36.9%	137.1%
o.w. Net financial discounts	(0.8)	(0.6)	29.2%	(0.4)	(0.3)	(0.2)	48.1%	33.0%
Gains and losses in Joint-Ventures - Net Results	5.3	(2.8)	-	1.9	0.6	(3.4)	-	-
Gains and losses in Joint-Ventures - Other	0.0	(0.1)	-	0.0	(0.1)	(0.0)	-	45.3%
Profit before taxes (EBT)	4.2	(6.8)	-	3.0	(1.3)	(5.5)	-	-
Taxes	(1.9)	(0.4)	78.8%	(1.8)	0.1	(0.5)	74.0%	-
o.w. Current tax	(2.3)	(1.5)	35.4%	(1.8)	0.1	(1.6)	14.6%	-
o.w. Deferred tax	0.4	1.1	147.7%	0.0	0.0	1.1	-	-
Consolidated net profit/(loss) for the period	2.4	(7.2)	-	1.2	(1.2)	(6.0)	-	-

Total **fixed costs** represented circa 17.7% of turnover for 1H20, an increase of 0.7 p.p. vs. 1H19, due to the reduction of Turnover as Fixed Costs in 1H20 were circa 15% lower than in the same period of last year. It should be noted that the fixed costs in 2Q20 already include the positive impacts of layoff and short work schemes implemented aiming to partially offset the material reduction of turnover due to the Covid-19 pandemic.

The **number of employees** of Sonae Indústria was 503 FTE's, at the end of June 2020, excluding Sonae Arauco and trainees, which compares with 513 and 503 FTE's at the end of March 2020 and June 2019, respectively.

Depreciation and amortization charges during 1H20 were 7.9 million euros, in line with the values booked for 1H19. For the quarter, the depreciation charges reached 3.9 million euros, a reduction of circa 0.1 million euros when compared to 2Q19 and 1Q20.

Provisions and impairment losses during 1H20 represent a charge of 0.6 million euros. Given the consistently negative results (EBITDA and Net Results) and negative free cash of our Components business over many years, and as no ways have been found for this business to generate positive results and cash flows, it was decided to

close this operation. As a result, a circa 0.4 million euros provision related to severance costs and a circa 0.2 million euros (full) impairment loss of the goodwill related with the financial investment in Movelpartes (company that owns the Components business) were booked in 2Q20.

Net financial charges during 1H20 were 5.7 million euros, in line with the values booked for 1H19. In the quarter net financial charges reached 2.5 million euros, a reduction of 0.3 million euros vs. 2Q19, mainly explained by a reduction of 0.2 million euros in net financial discounts due to lower activity levels and of 0.1 million euros in net interest and other charges. When compared to the previous quarter net financial charges decreased by circa 0.7 million euros, due to improvements in net exchange differences, net interest and other charges and net financial discounts.

Gains and losses in Joint-Ventures – Net Results refers to 50% of the net results of Sonae Arauco in the period. For the first half of the year, this were negative of circa 2.8 million euros, which compares with positive Gains and losses in Joint-Ventures – Net Results of 5.3 million euros in 1H19. The evolution of Sonae Arauco net results when compared to the same period of the previous year is essentially explained by 9.1 million euros lower Recurrent EBITDA (considering the 50% contribution) significantly affected by the Covid-19 pandemic. On a quarterly basis, Gains and Losses in Joint-Ventures – Net Results were negative of circa 3.4 million euros, which compares with a positive value of 1.9 million euros and 0.6 million euros in 2Q19 and 1Q20, respectively.

Current tax charges were circa 1.5 million euros for the first half of the year, a decrease of 0.8 million euros when compared to 1H19, related to our North American business. **Deferred tax charges** in 1H20 improved by circa 0.7 million euros when compared with 1H19, mainly explained by our North American business.

Net results in 1H20 were negative of 7.2 million euros, which compares with positive net results of circa 2.4 million euros in 1H19. For the quarter, the net results were negative of circa 6.0 million euros, a decrease of 7.2 million euros and 4.8 million euros vs. the 2Q19 and 1Q20, respectively. The evolution of the net results in 1H20, when compared to 1H19, and in the quarter, when compared to 2Q19 and 1Q20, is essentially explained by the aforementioned reduction in Recurrent EBITDA and in Gains and losses in Joint-Ventures - Net Results.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MILLION EUROS

	1H19	1Q20	1H20
	Unaudited	Unaudited	Unaudited
Non current assets	361.9	357.2	363.2
Tangible assets	143.7	144.4	154.0
Investments in joint ventures	212.0	205.1	201.9
Deferred tax asset	0.0	0.0	0.0
Other non current assets	6.2	7.8	7.3
Current assets	55.8	46.0	45.0
Inventories	20.0	20.6	20.1
Trade debtors	18.7	15.3	14.1
Cash and cash equivalents	3.2	3.7	4.7
Other current assets	14.0	6.4	6.2
Non-current assets classified as available for sale	0.0	0.1	0.1
Total assets	417.7	403.4	408.3
Shareholders' Funds	141.1	117.1	112.4
Equity holders	141.1	117.1	112.4
Non-controlling interests	0.0	0.0	0.0
Liabilities	276.6	286.3	295.9
Subordinated bonds loan	0.0	49.9	49.9
Senior interest bearing debt	213.7	166.8	171.0
Non current	157.9	159.7	162.0
Current	55.8	7.1	9.0
Trade creditors	25.9	20.1	20.8
Other liabilities	37.1	49.4	54.2
Liabilities directly associated with non-current assets classified as available for sale	0.0	0.0	0.0
Total Shareholders' Funds and liabilities	417.7	403.4	408.3
Senior Net Debt	210.5	163.1	166.3
Total Net Debt	210.5	213.0	216.3
Working Capital	12.7	15.7	13.4

Tangible assets of 154.0 million euros at the end of June 2020, an increase of circa 9.7 million euros vs. March 2020, mainly due to our North American business, including the effect of the refurbishment of one of the two particleboard production lines and of the ongoing investment in a new High Gloss and Perfect Matt lacquering plant in Lac Mégantic.

Investments in Joint-Ventures (50% shareholding in Sonae Arauco) reached circa 201.9 million euros, which represents a reduction of circa 3.3 million euros when compared to the book value of this investment at the end of 1Q20, essentially due to the effect of our share of Sonae Arauco's negative results of circa 3.4 million euros.

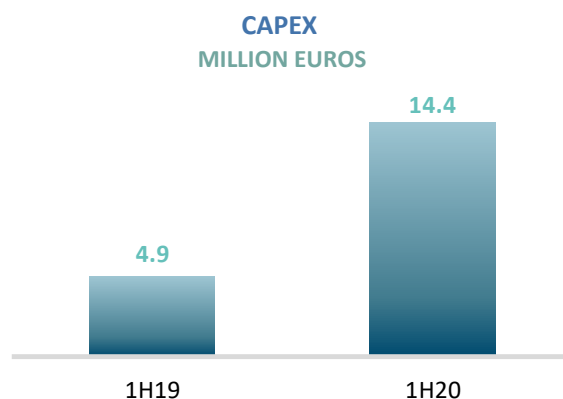
Consolidated **Working Capital** reached 13.4 million euros, a decrease of 2.3 million euros when compared to March 2020, explained by the decrease in trade debtors and inventories and the increase in trade creditors.

Senior Net Debt stood at 166.3 million euros at the end of June 2020, representing an increase of circa 3.3 million euros vs. March 2020. Note: Senior Net Debt does not include the Subordinated Bonds² issued during 4Q19 which are however included in Total Net Debt.

Total Shareholders' Funds, at the end of June 2020, totaled circa 112.4 million euros, which represents a decrease of 4.7 million euros when compared to March 2020, mainly explained by the negative impact from the net results

² Subordinated Bonds of 50 million euros (with book value, including amortised cost effect, of 49.9 million euros).

in the quarter, which more than offset the positive impacts from the exchange rate evolution of the Canadian Dollar vs. the Euro and of the South African Rand of 1.1 million euros and circa 0.2 million euros, respectively.



Additions to Gross Tangible Fixed Assets reached circa 14.4 million euros in the first half of the year, essentially explained by investments in our North American business (circa 14.2 million euros), including the ongoing investment in a new High Gloss and Perfect Matt lacquering plant in Lac Mégantic and the complete refurbishment of a particleboard production line.

2. COVID-19

PEOPLE

As previously reported the health and safety of our people is a foremost concern and accordingly, since March, Sonae Indústria has implemented important measures to protect the health of our people at the workplace (plants and offices) under the context of the Covid-19 pandemic.

To date, the number of confirmed cases of Covid-19 within our workers since the beginning of the pandemic is very limited with a total of 17 confirmed cases (including Sonae Arauco) of which 15 already recovered. According to the investigations done we believe that the contaminations did not occur in our sites, which gives us comfort that the protection measures that have been implemented were effective. We will continue to focus on the health and safety of our people as the end of the sanitary crisis cannot be predicted, making individual and collective responsibility remain fundamental to contain the pandemic.

ACTIVITY AND RESULTS

Since the second half of March and particularly in the second quarter of 2020 Sonae Indústria results were significantly affected by the Covid-19 outbreak and by the related extraordinary containment measures imposed by the authorities in the several regions where Sonae Indústria conducts business (namely Europe, North America and South Africa).

It is important to note that during the second quarter the negative impacts on results were materially different month to month, with April being a very difficult month, followed by a small recovery in May and a strong improvement in June.

The intensity of the negative impacts of the pandemic in Sonae Indústria results differed by business and by region but there was a common denominator in its main driver which was the significant decrease in turnover levels.

The extraordinarily abrupt reduction in economic activity in most geographies where Sonae Indústria operates due to the pandemic (including Covid-19 related lockdown restrictions since late March and until May in general) caused a material reduction in demand from our customers which reduced significantly their orders severely impacting our sales volumes as a consequence. In some cases our production facilities were temporarily closed

either due to lockdown restrictions or to reduced order levels as previously reported (“Sonae Indústria Earnings Announcement 1st Quarter 2020 Results”, specific section on Covid-19).

TURNOVER (as % of previous year)	April 2020/ April 2019	May 2020/ May 2019	June 2020/ June 2019
Sonae Indústria (fully owned businesses)	56%	66%	84%
Tafisa Canada	57%	63%	84%
Laminates and Components	52%	100%	92%
Sonae Arauco	55%	53%	85%

The impacts on sales volumes were particularly significant in the months of April and May and especially in the countries where more severe lockdown measures were implemented and where the impacts in economic activity were stronger such as in the case of Spain, South Africa and Portugal (with Sonae Arauco being present in all these geographies and accordingly being particularly affected).

With the gradual easing of the pandemic containment measures and despite the still depressed overall economic activity in all regions, demand and sales volumes picked up materially in June and there was a material improvement in the turnover levels of our two main businesses which allowed results to be closer to normalised values in this month (June Proportional Recurrent EBITDA reached 5.9 million euros i.e. circa 66% of the second quarter Proportional Recurrent EBITDA).

The reduction in turnover levels caused a material negative impact in the profitability of Sonae Indústria businesses given that some of the important items in its cost structure are either fixed, such as depreciation (material in a highly capital intensive industry), or at least not susceptible of being fully adjusted downwards when activity reduces, particularly in short periods of time such as some personnel and overhead expenses.

Until now other potential Covid-19 related concerns, such as disruptions on the supply of materials and services, shortages on workforce availability due to health and safety issues and problems with credit management and collection of trade receivables, did not have significant negative impacts in our operational performance and results. Although the pandemic also affected Sonae Indústria in these areas the impacts on the results have until now been limited and much smaller than the above described impacts on sales volumes. However it should be noted that the situation may change during the forthcoming months. As an example reductions in credit insurance coverage as a result of the pandemic have occurred but until now in general these have not translated into additional reductions of sales volumes (beyond those driven by the crisis itself) but as the sales volumes started to recover the new lower credit insurance limits may not be sufficient to cover in full all potential sales.

In order to offset as much as possible the negative effects of the pandemic, management teams have put into place important actions at different levels of all businesses including adjusting production levels (according to demand), costs (optimizing fixed costs) and investment plans in order to protect liquidity and safeguard the future. Whenever possible and adequate we also used the governments support measures that were created to partially offset the negative effects of the pandemic in the businesses.

Regarding the effects of Covid-19 on liquidity and financing, it should be noted that considering the refinancings concluded between December 2019 and March 2020, Sonae Indústria scheduled debt repayments in the second half of 2020 were reduced to approx. 6 million euros. Taking into consideration the significant impacts of Covid-19 on our businesses, close communication is being kept with bank creditors in different regions in order to seek their support as we go through the crisis and until now this has been achieved when needed. As at today financial covenants in existing financial agreements were either satisfied or remedied.

Available liquidity, calculated as the undrawn committed facilities plus cash and cash equivalents, at Sonae Indústria at the end of June 2020 totaled 55.5 million euros, of which 23.2 million euros in Canada.

OUTLOOK

Due to the extreme uncertainty, not only in respect of pandemic's intensity and duration but also on its impact in the economy, on demand for our products and on our operations, Sonae Indústria is unable to estimate future impacts on the company's results with any accuracy or assurance. The situation has been highly dynamic in the past months making any forecasting exercise to be very complex and speculative.

Notwithstanding the previous note, we acknowledge that the effects of the pandemic can still be significant over the next quarters particularly in the event of further significant virus outbreaks and of new lockdowns being imposed (until a solution for the health crisis is available) or simply because the economies fail to recover significantly and swiftly from the adverse economic consequences already caused by the pandemic namely on employment, available income and consumer and investor confidence levels, all with impact on the demand for durable goods which are important drivers of market demand for our products.

Despite the uncertainties created by Covid-19 crisis, the decisive measures already taken by management; the government support measures; and the recently gradual recovery experienced by our businesses particularly in turnover levels, set out a framework for Sonae Indústria to overcome the extreme challenges raised by the pandemic provided that corporate debt holders are supportive of measures necessary to achieve this.

GLOSSARY OF TERMS

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 + Subordinated bonds + Other bonds + Obligations under finance leases + other loans + Loans from related parties
LTM	Last Twelve Months
Proportional Senior Leverage (unaudited)	Proportional Senior Net Debt / Proportional LTM Recurrent EBITDA
Proportional Senior Net Debt (unaudited)	Proportional Senior Net Debt considers the full contribution of the Senior Net Debt of the wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco Net Debt
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.
Recurrent EBITDA	EBITDA excluding non-recurrent operational income / costs
Recurrent EBITDA margin	Recurrent EBITDA / Turnover
Senior Net Debt	Total Gross Debt - Subordinated Bonds - Cash and cash equivalents
Total Net Debt	Total Gross Debt - Cash and cash equivalents
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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