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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: € 700 000 000
Publicly Traded Company

Maia, Portugal, 19th February 2009: Sonae Indústria today reports its Audited Consolidated Results for FY 2008 which are prepared in accordance with IFRS (International Financial Reporting Standards).

Highlights of Financial Performance in FY 2008:

- Compared with FY 2007, Turnover decreased by 14% to 1,769 million euros;
- Total EBITDA totalled 139 million euros;
- Recurrent EBITDA amounted to 100 million euros, which includes the negative effect of an increase in chemicals costs of close to 55 million euros;
- Net Profit Attributable to Shareholders was a negative 108 million euros, which includes 43 million euros of impairments and provisions for business units with ongoing restructuring processes in Europe and South Africa.

	4Q'07	3Q'08	4Q'08	4Q'08 /		(euro millions)		
				4Q'07	3Q'08	2007	2008	% chg 08/07
Turnover	478	431	373	(22%)	(13%)	2,066	1,769	(14%)
EBITDA	96	17	(4)	(105%)	(126%)	335	139	(59%)
Recurrent EBITDA	62	19	2	(97%)	(90%)	302	100	(67%)
Recurrent EBITDA Margin %	13.0%	4.5%	0.5%			14.6%	5.7%	
Net Profit/(Loss) attributable to Shareholders of Sonae Indústria	15	(33)	(82)			79	(108)	
Net Debt	798	904	890			798	890	

Message from Carlos Bianchi de Aguiar, CEO

“After the very good results achieved in 2007, 2008 shows a significant decline in our performance. Two main factors are behind this decline - volumes and costs - which were partially offset by measures taken to reduce fixed costs and obtain efficiency gains. Our focus has been centred on cash-flow management and we have been successful in reducing working capital by € 65 million euros.

The worldwide fall in growth in 2008, which was particularly evident in the last part of the year, has significantly impacted the demand for wood based panels in almost all countries where we operate, due to the slowdown in the construction and furniture sectors.

As a result, our sale volumes declined and our turnover decreased by 14% to 1,769 million euros. In response to this retraction and in an effort to control our stock levels, we implemented several commercial downtimes at our plants during 2008. These included extended seasonal production stoppages over both the summer and Christmas periods.



However, these stoppages proved to be insufficient to prevent a structural excess capacity developing in the market. Consequently and as already announced in January, we have entered into negotiations with all parties involved to downsize our operations in Northern Ireland, France and South Africa. In line with the strategy we have been pursuing, these actions are intended to adapt supply to market demand. We regret that the current business environment has forced us to implement such measures and we remain fully committed to these markets.

On the cost side, we have faced a sharp increase in urea and methanol prices, the main chemicals used to produce the resins used in our production. This has had a negative impact of close to 55 million euros on our recurrent EBITDA during 2008.

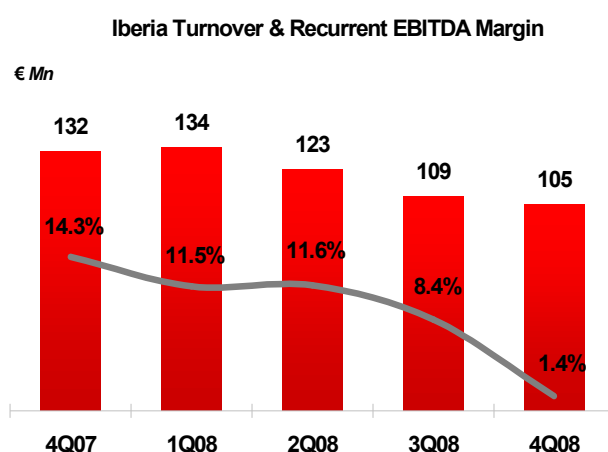
Our fixed costs have reduced by 21 million euros, due to our ongoing restructuring processes, despite the new particleboard production lines in Canada and South Africa and the new impregnation lines in Germany.

During 2008, our net debt increased by 92 million euros, largely explained by our dividend payment in May (€39 million) and by the acquisition of the Masisa stake in Tafisa Brasil, in July (€48 million).

I would like to thank our employees for their dedication, hard work and significant contributions amidst such difficult times and our shareholders and customers for their support and continuing confidence in our Group

2008 was tough, 2009 will not be easier, but we are confident and committed to implement all the necessary restructuring to get back to previous years profitability levels.”

Geographical Review of Operations Iberia



Spain has been enduring a sharp economic slowdown following the bursting of the real estate bubble. New housing permits declined by 60%¹ in 2008 when compared to 2007 and GDP growth

¹ Ministerio de Fomento, January 2009



should have dropped 3.7% in 2007 to 1.2%² in 2008. This situation has led to a 15% reduction in our sales volumes in Iberia in 2008 compared to 2007.

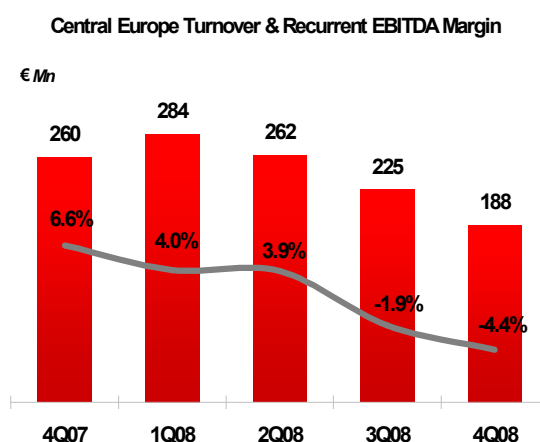
As previously reported and in line with our strategy of adapting production to customer demand, we have temporarily stopped our PB line in Valladolid. Including this measure, our capacity utilization in 4Q 2008 was only 63% which prevented us from diluting fixed costs adequately. Another factor which further reduced our margin was the increase in chemical costs (27% per m³ YOY).

When comparing 3Q 2008 with 4Q 2008, the contribution margin per m³ has increased but profitability declined sharply as we have implemented longer production stoppages in order to reduce stocks.

Iberian turnover in 2008 decreased by 16% compared to 2007 and recurrent EBITDA margin declined to 9%, 9 p.p. below the corresponding value for 2007.

Central Europe (Germany, France and the UK)

Central Europe has also suffered a slowdown in the construction and furniture industry which has negatively affected wood-based panels demand.



Our sales volumes in **Germany** decreased by 15% throughout 2008 when compared to 2007. This decline in demand combined with excess market capacity led to a downward price pressure throughout the year and forced us to implement longer production stoppages in the summer and Christmas periods.

Our MDF Line 1 (in Meppen, Germany) has been stopped indefinitely to concentrate production in order to better manage MDF capacity. In addition, the short working time (Kurzarbeit)³ has been initiated in Duisburg. Implementation of these processes further concentrates production in the most efficient lines and increases our capacity utilisation.

² IMF, January 2009

³ In this process, employees can receive up to 18 months between 60% and 67% of their net salary and the company receives this amount from the government and pays during that time only the social costs.



The ongoing restructuring process in Germany throughout 2008 has resulted in the lay-off of a further 222 employees resulting in a fixed costs decrease in FY 2008 (when compared with FY 2007) of 7% (10 million euros).

In addition to this, the plant restructuring process (those we latest acquired) in Germany continues unabated and will further reduce fixed costs in 2009.

In **France**, housing starts have declined by 16%⁴ (compared to 2007). Consequently, volumes sold declined by 25% (compared to 2007) and turnover decreased by 25%. With a view to managing our working capital, we have been reducing production which has affected capacity utilisation. This fell to 46% in 4Q 2008.

The structural excess capacity problem in the French market, as previously announced, forced us to consider the reorganisation of our operations in France and the closure of two plants.

In the **UK**, house prices are falling and construction statistics show a pronounced downturn with orders for new housing dropping by 37%⁵ % (YoY January – November). Our sales volumes decreased by 17% in 2008 (when compared to 2007) and 21% from 3Q 2008 to 4Q 2008. This was caused by weak demand resulting from the financial crisis which negatively affected credit availability in the country. This fall in demand combined with the need to control stocks led us to extend production stoppages. Consequently, our capacity utilisation declined to 49% in 4Q 2008.

In response to these difficulties, we decided to enter into consultations regarding the future of our operations at our plant in Coleraine, Northern Ireland.

These significant production stoppages in all **Central European** countries where we operate, prevented us from diluting fixed costs, particularly in 4Q 2008.

Additionally, this region was significantly affected by the urea price increase which led our chemical costs in this region to shoot up by 21% €/m³ from 2007 to 2008. Current demand levels have not permitted us to pass on these higher costs resulting in a strong deterioration in our contribution margin.

In Central Europe, when comparing 2007 to 2008, turnover decreased by 18% to 959 million euros and recurrent EBITDA fell (by 91%) to 9 million euros.

Rest of the World (Brazil, Canada and South Africa)

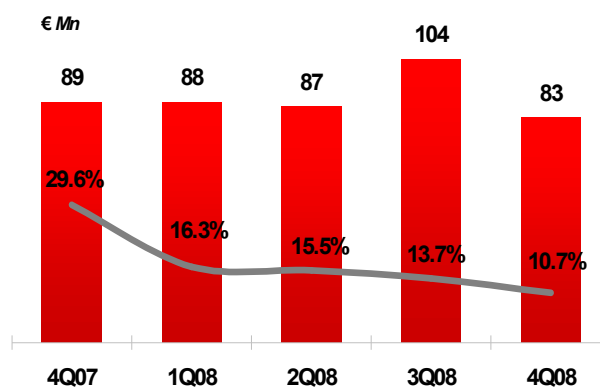
Our performance in Canada, Brazil, and South Africa reflects a combination of mixed market trends and specific impacts which make direct comparisons difficult.

⁴ Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Énergie, du Développement durable et de l'Aménagement du territoire)*, January 2009

⁵ Source : Office for National Statistics UK, January 2009



RoW Turnover & Recurrent EBITDA Margin



Brazil experienced a resilient market situation in 2008 on the back of the positive macroeconomic environment and higher than expected GDP growth rate (IMF forecasted 2008 GDP growth of 5.8%). However, the international financial situation had a negative impact in the last quarter of this year and the first signs can be noted as the availability of international credit has been reduced, resulting in a sharp devaluation of the BRL and a gradual decline in consumption.

Our value-added products strategy (Melamine Faced MDF and Melamine Faced Chipboard) is paying off and enabled us to offset part of the dramatic chemicals cost increase.

In 4Q 2008 our capacity utilisation was 90%. However, two competitors started producing MDF in the 3Q 2008. These new investments have increased MDF capacity in the market, although, at a slower than expected rate.

At the beginning of this year we ramped-up our reconstructed PB Line 2 in **Canada** and regained all the customers that we had before the fire in April 2006. Volumes sold increased by 70% when compared to 2007 despite the adverse market conditions brought on by the capital market crisis (according to the RISI, total US housing starts in 2008 dropped by 34%). Nevertheless, in 4Q 2008 we witnessed a decrease in demand which forced us to extend our seasonal stoppages. As a result, our EBITDA was negatively affected.

On the cost side, we faced continuing increases in wood and chemical costs in the first three quarters, which declined slightly in 4Q 2008.

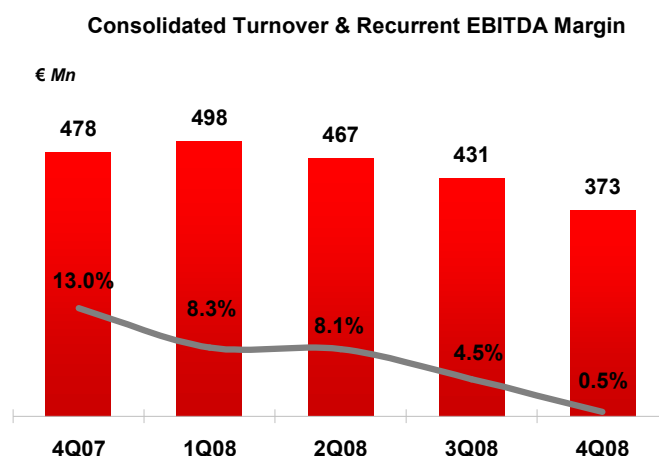
In **South Africa**, the macroeconomic environment continues to be positive although GDP growth was lower than expected. This resulted mainly from a combination of power cuts in the 1st half of 2008 and decreasing credit availability. The depreciation of the ZAR against the USD worsened the cost increase of imported raw-materials such as chemicals. These cost increases have been absorbed since the excess capacity did not permit us to pass them on. Despite the market slowdown in 2008 our sales volumes increased by 5% compared to 2007, due to the start of the new PB line in 3Q 2007 and the ramp-up of the new melamine line in 3Q 2008. Our turnover improved by 5% in local currency compared to 2007 but when converted to euros, decreased by



15%. Our recurrent EBITDA margin declined due to the negative effect arising from the wood and chemical cost increases.

Turnover in the **Rest of the World** totalled 362 million euros in 2008, 5% above that for 2007. Excluding the effect of the compensation for the fire at our Canadian plant which we received in 2007, recurrent EBITDA in 2008 would have decreased by 32% to 51 million euros. This was mainly driven by higher production costs, namely chemicals and the negative profitability in Canada in 1Q 2008 as a consequence of ramping-up line 2.

Financial Review of 2008



Consolidated Turnover in 2008 totalled 1,769 million euros, a decrease of 14% when compared to 2007. Consolidated Recurrent EBITDA was 100 million euros, representing a margin on Turnover of 6% and an absolute decrease of 67% compared to 2007.

						(euro millions)		
	4Q'07	3Q'08	4Q'08	4Q'08 / 4Q'07	4Q'08 / 3Q'08	2007	2008	%chg 08/07
Turnover	478	431	373	(22%)	(13%)	2,066	1,769	(14%)
Other Operational Income	79	13	25	(69%)	92%	129	114	(11%)
EBITDA	96	17	(4)	(105%)	(126%)	335	139	(59%)
Recurrent EBITDA	62	19	2	(97%)	(90%)	302	100	(67%)
Recurrent EBITDA Margin %	13.0%	4.5%	0.5%			14.6%	5.7%	
Depreciation and amortisation	(31)	(31)	(32)	4%	2%	(117)	(123)	5%
Provisions and Impairment Losses	(25)	(2)	(39)	56%		(33)	(56)	69%
Operational Profit	52	(12)	(69)			205	(23)	(111%)
Net Financial Charges	(20)	(19)	(21)	2%	9%	(81)	(78)	(3%)
o.w. Net Interest Charges	(7)	(12)	(12)	67%	4%	(44)	(48)	9%
o.w. Net Financial Discounts	(5)	(4)	(4)	(22%)	15%	(22)	(17)	(21%)
Profit before taxes (EBT)	32	(31)	(89)			125	(101)	(181%)
Taxes	(12)	(2)	7			(35)	(3)	
o.w. Current Tax	(5)	(2)	2			(19)	(3)	
Net Profit/(Loss) attributable to Shareholders of Sonae Indústria	15	(33)	(82)			79	(108)	

Total EBITDA decreased in FY 2008 by 59% to 139 million euros (compared to FY 2007).



In 4Q 2008, non-recurrent items totalled a negative 6 million euros as we incurred extraordinary lay-off costs.

In our Profit & Loss Account we have included provisions & impairments of about 43 million euros for business units with ongoing restructuring processes in Europe and South Africa and have not yet valued the alternative use of their land and buildings.

FY 2008 consolidated Net Results Attributable to Sonae Indústria Shareholders amounted to a negative 108 million euros, down from a positive 79 million euros in 2007.

	2007	2008
Non Current Assets	1,517	1,386
Tangible Assets	1,343	1,203
Goodwill	100	104
Deferred Tax	49	54
Other Non Current Assets	26	26
Current Assets	651	532
Inventories	258	193
Trade Debtors	260	200
Cash & Investments	66	66
Other Current Assets	67	74
Total Assets	2,168	1,918
Shareholders' Funds	595	397
Minority Interests	34	3
Shareholders' Funds + Minority Interests	629	400
Interest Bearing Debt	864	956
Short term	160	189
L-M term	704	767
Trade Creditors	226	166
Other Liabilities	449	396
Total Liabilities	1,539	1,518
Total Liabilities, Shareholders' Funds and Minority Interests	2,168	1,918

In FY 2008, additions to Fixed Assets totalled 110 million Euros of which: (i) 15 million euros relates to the line 2 project in Canada; (ii) 15 million euros to biomass energy projects in Darbo (France) and Oliveira do Hospital (Portugal); (iii) 14 million relates to the impregnation centre in Kaisersesch (Germany); (iv) 6 million euros to the new melamine line in South Africa; and (v) 60 million euros to essential maintenance investments and other industrial improvements.

In 2008, Net Debt increased by 92 million euros. This includes the dividends paid in May (€39 million) and the acquisition of the Masisa stake in Tafisa Brasil in July (€48 million). Close monitoring of our working capital resulted in an improvement of 65 million euros, mainly driven by a 65 million euros inventory decrease. Our receivables decreased by 60 million euros and our payables decreased by 60 million euros.

Our financial costs are lower than in 2007, benefiting from the 250 million euros debt refinanced at the beginning of 2008 and from lower pre-payment discounts granted.

As previously informed, our debt has no consolidated financial ratio covenants. At the end of the year the company had cash and immediately available facilities in excess of 100 million euros.



Looking Forward

We do not envisage a rebound in the construction and furniture sectors in the near and mid-term future. We are therefore adapting our structure to the market situation.

We expect to see a significant positive effect on our production costs following the worldwide fall in urea and methanol prices.

We will continue to pursue our restructuring program and efficiency improvement plan in all markets where we operate.

Working capital and investments will continue to be closely controlled to manage the level of our debt.

The Board of Directors
Maia, 19th February 2009