SONAE INDÚSTRIA

2015 FULL YEAR RESULTS

18 February 2016

Maia, Portugal, 18 February 2016: Sonae Indústria reports audited Consolidated Results for the financial year ended 31 December 2015 (FY15) which are prepared in accordance with IFRS (International Financial Reporting Standards).

2015 HIGHLIGHTS:

- **Completion of the rationalization of our industrial footprint**
- **Announcement of a strategic partnership with Arauco for the European and South African markets**
- **Improved performance of all operations**
- **Improvement in profitability, with full year Recurrent EBITDA of 107M€ (+11M€ vs. 2014)**
- **2015 Recurrent EBITDA margin of 10.4%, up by 1 p.p. vs. 2014**
- **Net Losses from continuing operations reduced by 26M€ against 2014**
- **Net debt was of 570M€ at year end with an improved leverage[1] of 5.3x, the lowest level since 2008**

	KEY FIGURES Million euros	2014	2015	2015 / 2014	4Q14	3Q15	4Q15	4Q15 / 4Q14	4Q15 / 3Q15
Continuing Operations (a)	**Consolidated turnover**	**1,015**	**1,027**	**1.3%**	**241**	**250**	**250**	**4%**	**(0%)**
	EBITDA	90	92	3%	15	25	19	26%	(22%)
	Recurrent EBITDA	**96**	**107**	**12%**	**23**	**27**	**26**	**13%**	**(3%)**
	Recurrent EBITDA Margin %	**9.4%**	**10.4%**	**1.0 pp**	**9.6%**	**10.8%**	**10.4%**	**0.9 pp**	**-0.4 pp**
	Profit / (loss) from continuing operations	**(42)**	**(17)**	**61%**	**(17)**	**(7)**	**(7)**	**57%**	**12%**
	Consolidated net profit / (loss) for the period	(116)	(36)	69%	(68)	(8)	(8)	89%	8%
	Net debt	**564**	**570**	**1%**	**564**	**583**	**570**	**1%**	**(2%)**

(a) Note: At the end of 2014, Sonae Indústria classified as “discontinued operations” the results of the French industrial units Auxerre and Le Creusot (which were sold in April of 2014), Ussel (sold in March of 2015) and Linxe (sold in July 2015), of Pontecaldelas plant (in Spain, whose production activities were stopped during the 1st half of 2014), and of Betanzos (in Spain, sold in April 2015).

[1] Net Debt to LTM Recurrent EBITDA

CEO MESSAGE

During 2015 we progressed significantly towards our strategic objectives that will lead us to become a sustainably profitable company. Important milestones include the strategic partnership agreement signed with Arauco, involving our European and South African operations, and the successful completion of our plan to rationalize our industrial footprint, involving the sale of our plants in Ussel and Linxe, in France and Betanzos, in Spain, which were contributing negatively to our cash flow generation.

With the completion of the re-dimensioning of our industrial footprint, we could focus our key strengths and capabilities on further enhancing our market presence in higher value added segments and on optimizing our industrial and management processes through our continuous improvement programme. During the year, we implemented a number of initiatives aimed at aligning our products and service offering closer to customers' needs and market trends. We reinforced our decorative product portfolio with the launch of the Innovus® Coloured MDF collection, and, with the launch of our new melamine Innovus® 2015 collection. This collection includes a wider range of products and types of finishings, including the new Innovus® Essence range, produced at the Embossed in Register® surfacing line of Oliveira do Hospital, which provides to our melamine paper surfaced boards a look and feel of solid wood or painted veneered panels.

To support the development and improvement of our product offering, we also continued to invest in additional melamine surfacing capabilities. We started the project of investing in a fifth surfacing line, with deep embossing capabilities, at our Lac-Mégantic plant in North America. This investment is expected to further improve our product mix in the North American market, allowing for additional sales of melamine-faced boards including deep embossed surfaces, thus continuing to position our Canadian plant as a clear reference in that market.

Importantly, we have also delivered better operating results throughout the year, delivering another four consecutive quarters of improvements in consolidated Recurrent EBITDA for our Continuing Operations, reaching 107 million Euros in 2015 (up by 11 million Euros vs. 2014, on a comparable basis). Recurrent EBITDA margin reached 10.4%, up by 1 p.p. when compared to 2014, the best margin since 2007. Our Continuing Operations delivered a significant reduction in net losses for the year, bringing us closer to the objective of achieving positive net results for the company. In terms of leverage, due to the improved profitability of the business, we were able to achieve another reduction in the Net Debt to Recurrent EBITDA ratio, which improved to 5.3x at the end of 2015, once again the best result since 2008.

We have continued to develop and invest in sound Health & Safety practices, implementing new procedures to minimize accidents and incidents in our operations. During 2015, we have reduced the frequency of accidents, but unfortunately the level of severity has increased, which lead us to review our internal processes and implement additional actions and campaigns in all sites to reinforce the commitment to instil a safety culture in our company.

For 2016, we expect to complete successfully the implementation of our strategic partnership with Arauco and to progress steadily on the execution of initiatives to improve our customer focus, our industrial efficiency and our internal processes. In addition, we will complete the investment on our new melamine surfacing line in our North American plant during the first half of the year and get our new products into the market during the second half of the year.

I thank all our team members throughout the organization for their hard work and commitment to obtaining the company's achievements in 2015 and ask for their continued commitment for 2016, which together with the support of all our stakeholders has been fundamental for the improvements that we have achieved in terms of operational performance and financial structure.

Rui Correia

CEO Sonae Indústria

1. TURNOVER & RECURRENT EBITDA

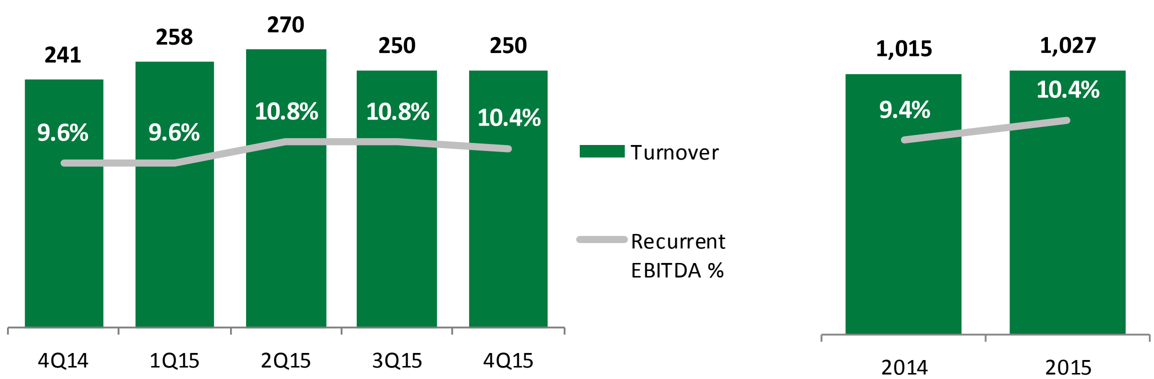
At the end of 2014, Sonae Indústria classified as "discontinued operations" the results of the French industrial units Auxerre and Le Creusot (which were sold in April of 2014), Ussel (sold in March of 2015) and Linxe (sold in July 2015), of Pontecaldelas plant, in Spain (whose production activities were stopped during the 1st half of 2014), and of Betanzos, in Spain, (sold in April 2015). The analysis presented in this chapter excludes the contribution of these operations classified as "discontinued operations".

1.1. SONAE INDÚSTRIA CONSOLIDATED

Consolidated Sonae Indústria

Turnover & Recurrent EBITDA margin

Million euros



Consolidated **turnover** for Sonae Indústria´s continuing operations reached 1,027 million Euros in 2015, representing an increase of 1.3% y.o.y., on a comparable basis. This top line performance was driven by improvements in the **average selling prices** that increased by 1.5% when compared to 2014, as the **sales volumes** were kept flat y.o.y.. The main contribution to the positive performance of average selling prices came from the improvements witnessed in sales mix, with a growing share of value added products, with different contributions per geography, which more than compensated the decreases felt in OSB prices. As such, it is worth highlighting that the share of surfaced melamine products in total sales volumes increased by 1 p.p., when compared to 2014. On a quarterly basis, consolidated turnover at the 4Q15 increased by 4%, when compared to same period of last year.

Consolidated **average unitary variable costs per m^3** evidenced a quarter on quarter reduction throughout 2015, translating into an overall improvement in the average unitary variable cost of the year of 0.7%, when compared to 2014. This reduction was achieved due to the positive contributions of chemicals (in this case mostly related with a decline in market prices, combined with efficiency improvements in some of the company's operations) and thermal energy costs, which more than compensated the negative contributions of the remaining variable cost categories.

Regarding **fixed costs**, and considering exclusively the contribution of the continuing operations, total fixed costs were reduced by circa 4.4 million Euros during 2015, when compared to the previous year. This improvement is also a reflection of the on-going streamlining of the support areas, adapting them to a reduced industrial footprint. At the end of 2015, Sonae Indústria's recurrent fixed costs represented circa 19% of the company's consolidated turnover (approximately the same level of 2014).

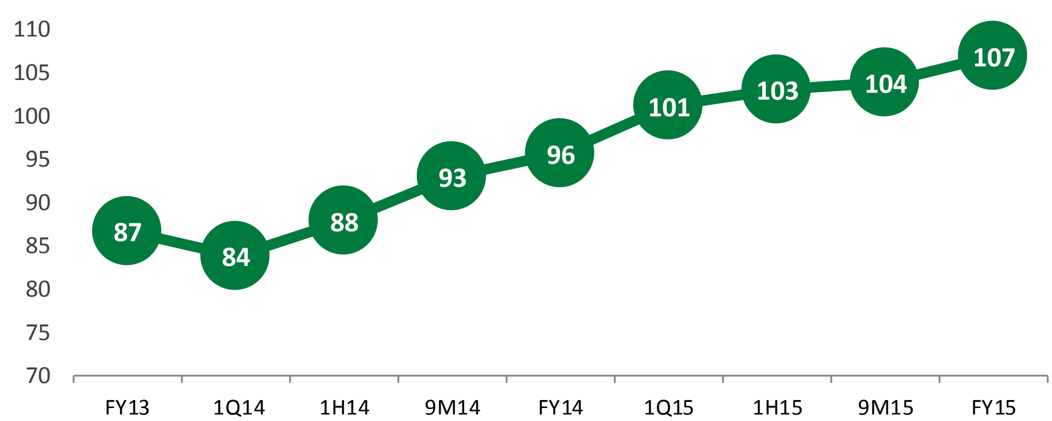
Total **headcount** (considering the contribution of all operations, including discontinued) was of 3,245 FTEs at the end of December 2015, a reduction of 351 FTEs when compared to the end of 2014. This reduction is mainly explained by the impact of: (i) reductions at the head office of the French operations and (ii) sale of plants, namely Ussel and Linxe[2], in France and Betanzos in Spain.

The **average capacity utilization index** of Sonae Indústria continuing operations for 2015 improved by 0.6 p.p. to 78.5%, when compared to 2014, mainly due to higher utilization levels of the MDF plants in all of Europe and of the particleboard lines in the Iberian Peninsula. It is also important to highlight that performance of this index in the 4Q15 increased by 1.9 p.p., when compared to the 4Q14, notwithstanding the seasonal maintenance shutdown occurred in line 2 of our North American plant (stopped in 4Q in 2015, instead of 3Q).

Sonae Indústria **Recurrent EBITDA** for full year 2015 reached 107 million Euros, representing an increase of 11 million Euros when compared to 2014, with an implicit **recurrent EBITDA margin** of 10.4% (1 p.p. above the value registered in 2014). Recurrent EBITDA margin in the fourth quarter of 2015 was 10.4%, up by 0.87 p.p. when compared to same period of last year. **Non-recurrent EBITDA** items were approximately 14.5 million Euros in the year, and were mainly related with redundancy costs (3.4 million Euros) and on-going costs associated with inactive sites and restructuring measures (10 million Euros). Total **EBITDA** reached 92 million Euros, up by 2.5 million Euros, when compared to 2014. Nevertheless, it must be noted that the 2014 result was positively impacted by a one-off event related with an insurance settlement in the UK, in the amount of 13.2 million Euros. Excluding the contribution of this item, the EBITDA would have presented a significant improvement, increasing by 21% or 16 million Euros, on a comparable basis.

Consolidated Sonae Indústria

LTM Recurrent EBITDA (continuing operations) Million Euros



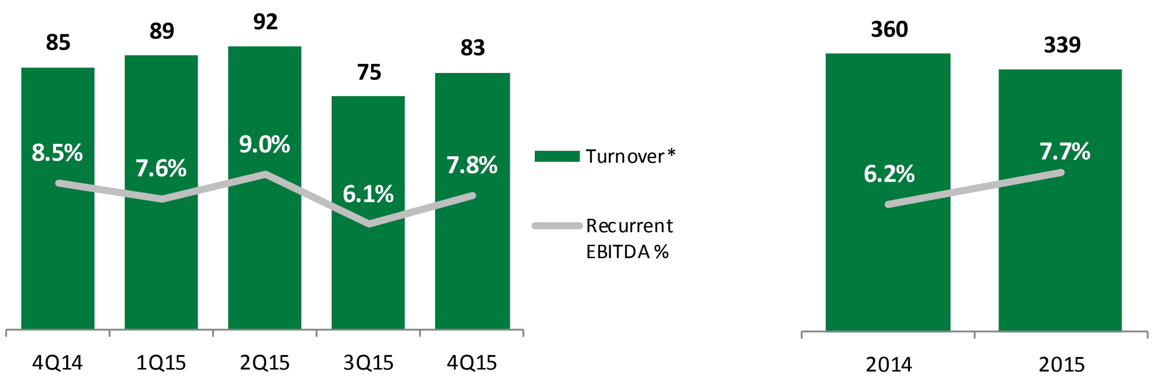
LTM: Last twelve months

[2] Linxe is the manufacturing plant of the sold subsidiary Darbo.

1.2. SOUTHERN EUROPE

Southern Europe performance analysis reflects the performance of the operations considered as "continued" in the Iberian Peninsula, together with the Western Europe and overseas export activities, thus excluding the former French operations and the Betanzos and Pontecaldelas plants.

Southern Europe
Turnover & Recurrent EBITDA margin — Million euros



*Turnover per region includes intercompany group sales (between regions)

In Southern Europe, the macroeconomic environment showed signs of improvement during 2015, namely in terms of economic growth, private consumption expenditure and easier access to credit, which has some positive influences over consumer decisions and the investment in durable goods, which translated into an increased demand in the Southern European construction sector. In Portugal, the new housing indicator experienced an increase of 15%[3] y.o.y., being the increase more material in Spain (+29%[4] vs. 2014).

Comparing the performance of 2015 with 2014, the following results should be highlighted for this region:

- **Turnover** decreased 5.6% and reached 339 million Euros in 2015, explained by the reduction in **sales volumes** generated in Iberia Peninsula. However, it should be noted that sales volumes increased in 4Q15, when compared to same quarter of the previous year, mostly driven by improved sales of MDF products and higher export volumes;
- **Average selling prices** improved slightly, when compared to last year performance, mostly driven by the particleboards category. Overall, average selling prices registered an increase of 1.7%, on average, during 2015;
- **Average unitary variable costs (per m^3)** were up by 0.7%, negatively impacted by the negative contributions of wood and maintenance costs, notwithstanding the decreases registered in the average variable costs of chemicals, thermal energy and electricity.

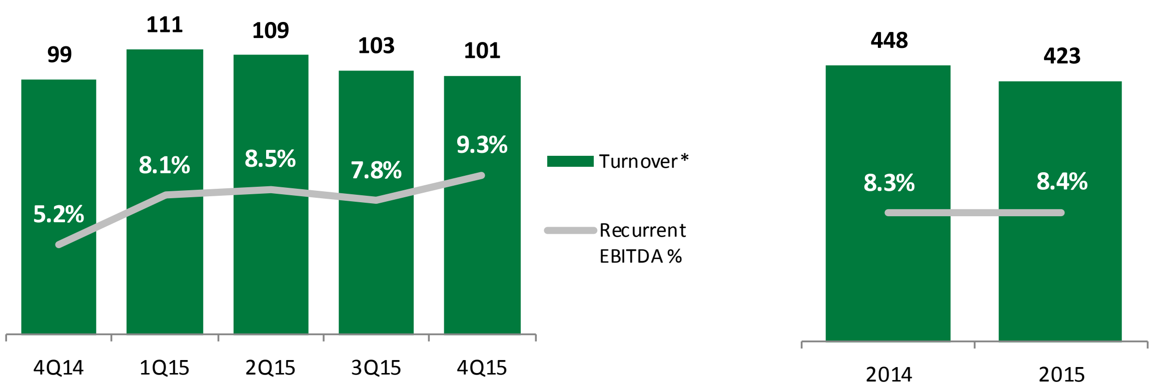
The combination of the above factors led to a **Recurrent EBITDA margin** of 7.7% in the Southern European region during 2015, up by 1.5. p.p. when compared to 2014. On a quarterly basis, it should be noted the increase of 1.7 p.p. in the Recurrent EBITDA margin of 4Q15 vs. the previous quarter.

[3] Source: Instituto Nacional de Estatística, January 2016 ("Nova habitação residencial", cumulative 10 months evolution until October 2015).
[4] Source: Ministerio de Fomento, January 2016 (Total "New Housing", cumulative 10 months evolution until October 2015).

1.3. NORTHERN EUROPE

Northern Europe

Turnover & Recurrent EBITDA margin Million euros



*Turnover per region includes intercompany group sales (between regions)

During 2015, the Northern European construction sector showed an overall improved performance, when compared to 2014, as indicated by the evolution of the new house construction permits in Germany, which have increased by 3%[5] y.o.y. It also should be noted that this positive outcome was achieved through the improved performance witnessed since June 2015, which has more than reversed the negative trends experienced in the first months of the year.

In terms of the financial performance in the year, and when compared to 2014, the following key items are worth highlighting for this region:

- **Turnover** decreased by 5.6%, driven by the combination of reduced **sales volumes** (-2.8%) and lower **average selling prices** (down by 3.7% y.o.y.), in this latter case, driven mostly by the performance of OSB products, impacted by new capacity and geo-political problems in Eastern Europe. The lower volumes sold in this region are explained by the decrease witnessed in raw particleboard products, as the remaining product categories either remained stable, for example, in the case of OSB, or improved, in the case of MDF, when compared to 2014;
- **Average unitary variable costs (per m^3)** benefited from reductions in average wood costs, partly determined by the higher consumption of recycled wood (made possible by the strategic investment in additional recycling equipment carried out in the Nettgau plant). This effect, together with the reduction of average chemicals and thermal energy costs, have more than offset the negative contributions of electricity and maintenance costs.

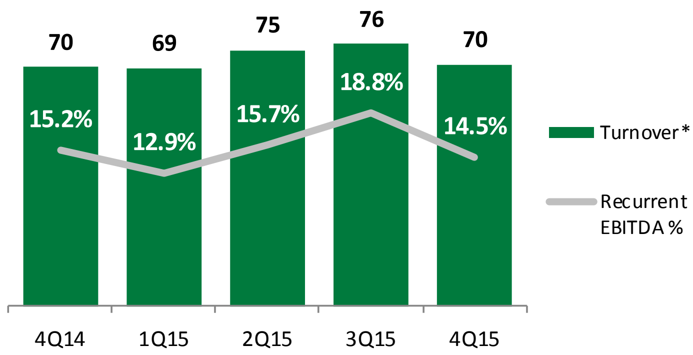
The combination of the above factors led to a **Recurrent EBITDA margin** of 8.4% in the Northern European region during 2015, up by 0.1. p.p., when compared to 2014. On a quarterly basis, the Recurrent EBITDA margin of 9.3% in 4Q15 was the best of the year, increasing by 1.5 p.p. and 4.1. p.p., when compared to previous quarter and same quarter last year, respectively.

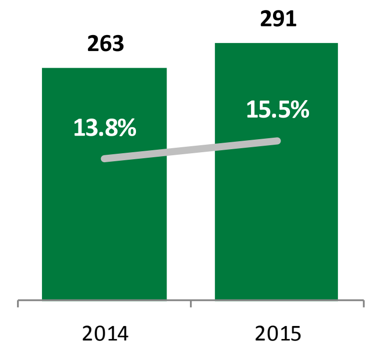
[5] Source: German Federal Statistics Office, January 2016 ("Permits for new construction, dwelling", cumulative 10 months evolution until October 2015).

1.4. REST OF THE WORLD (CANADA AND SOUTH AFRICA)

Rest of the World

Turnover & Recurrent EBITDA margin — Million euros





*Turnover per region includes intercompany group sales (between regions)

The North American construction markets' behaviour was aligned with the macroeconomic cycles in United States and in Canada, witnessing a mixed performance throughout 2015. The Canadian economy, experienced a material slowdown in terms of economic growth, when compared to recent years, which negatively impacted demand in the construction sector, leading to a lacklustre level of housing starts (+0.1%[6] vs. 2014). On the other hand, the United States economy had an overall positive performance during 2015, with additional levels of private investment stimulating the demand in the construction sector, as evidenced by the increase of 11%[7] in the level of housing starts, when compared to 2014. In South Africa and despite all the social and economic issues that affected consumer's decisions, the local construction sector evidenced a positive trend, with the level of residential buildings increasing by 5%[8] y.o.y.

Financial performance during 2015, and when compared to 2014, showed the following evolution in these regions:

- The overall consolidated **turnover** for the region as a whole increased by 10.6% in Euro terms, driven, once again, by the Canadian operations, which partially offset the negative impacts of the continuous quarter on quarter devaluation of both Canadian dollar and South Africa rand during 2015 (of circa 8.5 million euros). In terms of **sales volumes**, the operations presented different performances, with Canada delivering a slight increase, with improvements in all products, while South Africa was marginally down, due to lower raw board sales. However, the improved product mix achieved in South Africa during 2015, when compared to previous year, as evidenced by a higher mix of melamine surfaced products, should be noted;
- **Average selling prices** evolution were in line with sales volumes trends, increasing in Canada, despite the slight slowdown in the last quarter of the year, and registering a slight decrease in South Africa (-0.8% y.o.y.), impacted by the different product mix;

[6] Source: Canada Mortgage and Housing Corporation, January 2016 ("Building permits (units)", cumulative 11 months evolution until November 2015).
[7] Source: United States Census Bureau, January 2016 ("New housing units", cumulative 11 months evolution until November 2015).
[8] Source: Statistics South Africa, January 2016 ("Building plans for residential buildings (number)", cumulative 10 months evolution until October 2015).

- The **average unitary variable costs (per m^3),** were reduced by 2% in South Africa, with positive contributions from chemicals, thermal energy and maintenance costs, which have more than offset the higher wood and electricity costs. The Canadian operations experienced an increase in the unitary variable costs mostly explained by significant increases in wood, thermal energy and maintenance costs.

The combination of the above factors led to a **Recurrent EBITDA margin** of 15.5% for the entire region during 2015, up by 1.7. p.p., when compared to 2014. On a quarterly basis, the Recurrent EBITDA margin decreased 0.7 p.p., when compared to the same quarter last year, impacted by the maintenance stoppage of Lac Mégantic line 2 during 4Q15.

2. CONSOLIDATED FINANCIAL PERFORMANCE

2.1. CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT Million euros	2014	2015	2015 / 2014	4Q14	3Q15	4Q15	4Q15 / 4Q14	4Q15 / 3Q15
Consolidated turnover	**1,015**	**1,027**	**1.3%**	**241**	**250**	**250**	**4%**	**(0%)**
Southern Europe*	360	339	(6%)	85	75	83	(2%)	10%
Northern Europe*	448	423	(6%)	99	103	101	2%	(2%)
Rest of the World*	263	291	11%	70	76	70	1%	(8%)
Other operational income	40	25	(38%)	6	6	6	7%	12%
EBITDA	**90**	**92**	**3%**	**15**	**25**	**19**	**26%**	**(22%)**
Recurrent EBITDA	**96**	**107**	**12%**	**23**	**27**	**26**	**13%**	**(3%)**
Southern Europe	22	26	18%	7	5	7	(10%)	41%
Northern Europe	37	36	(5%)	5	8	9	80%	17%
Rest of the World	36	45	25%	11	14	10	(3%)	(29%)
Recurrent EBITDA Margin %	**9.4%**	**10.4%**	**1.0 pp**	**9.6%**	**10.8%**	**10.4%**	**0.9 pp**	**-0.4 pp**
Depreciation and amortisation	(64)	(63)	1%	(16)	(16)	(15)	4%	2%
Provisions and impairment Losses	(10)	(0)	96%	0	(2)	(1)	-	20%
Operational profit	**18**	**29**	**64%**	**0**	**8**	**3**	**575%**	**(64%)**
Net financial charges	(50)	(41)	18%	(11)	(12)	(11)	(1%)	1%
o.w. Net interest charges	(31)	(24)	20%	(6)	(6)	(7)	(25%)	(13%)
o.w. Net exchange differences	1	2	(73%)	(0)	(1)	1	-	-
o.w. Net financial discounts	(13)	(13)	3%	(4)	(3)	(4)	(4%)	(19%)
Share in results of Joint Ventures	(3)	(2)	50%	(1)	(1)	(0)	(68%)	(28%)
Profit before taxes continuing operat. (EBT)	**(35)**	**(13)**	**63%**	**(12)**	**(5)**	**(9)**	**26%**	**101%**
Taxes	(7)	(4)	47%	(5)	(2)	2	136%	183%
o.w. Current tax	(6)	(9)	(49%)	(2)	(3)	(2)	(9%)	44%
o.w. Deferred tax	(1)	5	-	(3)	1	4	-	-
Profit / (loss) from continuing operations	**(42)**	**(17)**	**61%**	**(17)**	**(7)**	**(7)**	**57%**	**12%**
Profit / (loss) from discontinued operations	(74)	(19)	74%	(51)	(2)	(0)	(99%)	79%
Consolidated net profit / (loss) for the period	**(116)**	**(36)**	**69%**	**(68)**	**(8)**	**(8)**	**89%**	**8%**
Losses (income) attrib. to non-controlling interests	(0)	(0)	100%	(0)	(0)	0	(137%)	-
Net profit/(loss) attributable to Equity Holders	**(116)**	**(36)**	**69%**	**(68)**	**(8)**	**(8)**	**89%**	**8%**

*Turnover per region includes intercompany group sales (between regions).

Consolidated **EBITDA** for 2015 was 92 million Euros, above the 2014 value by 3% (+2.5 million Euros). It should be highlighted that 2014 value was positively impacted by the receipt of an insurance settlement in the UK in the amount of 13.2 million Euros. If this one-off effect is excluded, Sonae Indústria's total EBITDA would have improved by 16 million Euros, year on year, on a comparable basis. 2015 **Recurrent EBITDA** was 107 million Euros, 11 million Euros (+12%) above the value registered in 2014, mainly due to the continued improved performance of the Southern Europe and Rest of the World operations. The group's consolidated performance was still negatively impacted by **non-recurrent costs**, totalling 15 million Euros in 2015, of which 10 million Euros associated with on-going cost with inactive sites and restructuring measures and 3.4 million Euros related with redundancy payments and circa 1 million Euros with a capital loss in the sale of a real estate asset in Portugal (vacant land).

The combination of the above factors led to a **Recurrent EBITDA margin** for 2015 of 10.4% (1 p.p. above the value registered in 2014). Total Recurrent EBITDA in the fourth quarter was of 26 million Euros (3 million Euros above the 4Q14) with a Recurrent EBITDA margin of 10.4%.

Depreciation and amortization charges for 2015, for continuing operations, were circa 63 million Euros, registering a slight reduction of 1% when compared to 2014. For the quarter, this item totalled 15 million Euros, also marginally down when compared to values booked in both 4Q14 and 3Q15, on a comparable basis.

Provisions and impairments losses booked in 2015, for continuing operations, totalled a net amount of 0.5 million Euros, mainly related with reversal of provisions for the Horn restructuring process (following the dismissal costs incurred during the year), which almost fully compensated the additional impairment losses and provisions booked in the period, mostly associated with costs of the restructuring measures in Germany.

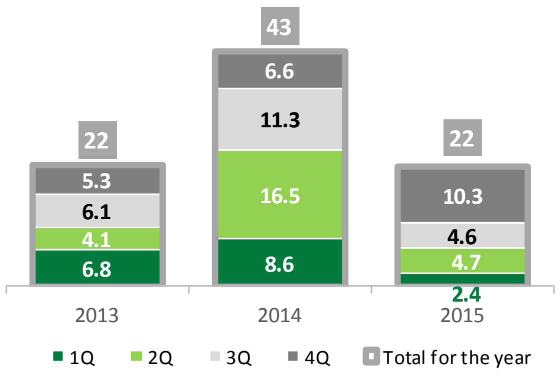
The value of **net financial charges** for the year was 41 million Euros, improving by 18% when compared with 2014. The main contribution to this reduction was the improvement in the group net interest charges, associated with reduction in the average cost of debt, to 5.3% (reduction of 0.8 p.p. when compared to the average cost of 2014). Net financial charges for 4Q15 were 11.5 million Euros, in line with values booked in both 3Q15 and in the same period of 2014.

Current tax charges booked during 2015 were of 9 million Euros, 3 million Euros above 2014 mostly due to higher tax charges in Canada and South Africa. The current tax charges booked in Canada and South Africa were offset by corresponding reversal of previous recognized **deferred tax liabilities**. Additionally, during 2015 additional **deferred tax assets** were booked, in the total amount of 4.3 million Euros for German operations. The corresponding net impact of the deferred tax movements was a positive impact of circa 5 million Euros in 2015 in the consolidated results.

The consolidated **Net loss** of the group for 2015 was of 36 million Euros, driven in large part by the impact of discontinued operations, with a loss of 19 million Euros. Nevertheless, due to the improved operational performance of the continuing operations and the significant reduction of the negative contribution from the discontinued operations, the consolidated net losses of the group were reduced by circa 69% (-80 million Euros), when compared to 2014. In the last quarter of 2015, the group booked a consolidated Net loss of 8 million Euros, in line with the previous quarter.

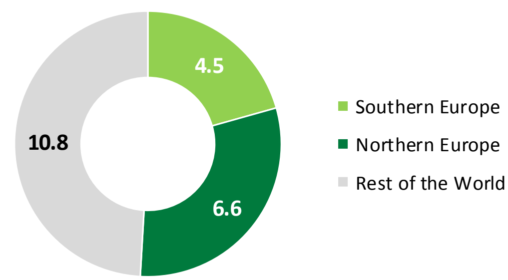
2.2. CAPEX

Additional Gross Tangible Fixed Assets Million euros



2015 | Additional Gross Tangible Fixed Assets

Million euros



Additions to Gross Tangible Fixed Assets reached 22 million Euros in 2015, which compares with 43 million Euros during 2014 and 22 million Euros in 2013. It should be noted that the 2014 capex included almost 23 million Euros related with the strategic investments completed during that year, in additional surfacing and recycling capacities.

The majority of 2015 investments were related with maintenance and health & safety improvements, being circa 7.7 million Euros related with the strategic investment implemented in Lac Megantic plant (in Canada) in the increase of capacity of melamine production.

2.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	2014	9M15	2015
Non current assets	**830**	**770**	**758**
Tangible assets	700	641	629
Goodwill	82	81	81
Deferred tax asset	28	27	28
Other non current assets	20	21	20
Current assets	**244**	**269**	**243**
Inventories	99	100	98
Trade debtors	99	117	85
Cash and cash equivalents	12	19	29
Other current assets	35	32	31
Non-current assets classified as available for sale	**12**	**0**	**2**
Total assets	**1,086**	**1,039**	**1,003**
Shareholders' Funds	**111**	**71**	**58**
Equity Holders	111	71	58
Non-controlling interests	(0)	(0)	(0)
Liabilities	**965**	**968**	**945**
Interest bearing debt	576	602	599
Non current	457	392	71
Current	119	210	528
Trade creditors	156	141	139
Other liabilities	233	225	207
Liabilities directly associated with non-current assets classified as available for sale	**10**	**0**	**0**
Total Shareholders'Funds and liabilities	**1,086**	**1,039**	**1,003**
Net debt	**564**	**583**	**570**
Net debt to LTM recurrent EBITDA	**5.9 x**	**5.6 x**	**5.3 x**
Working Capital	**41**	**76**	**44**

LTM: last twelve months

At the end of December 2015, the assets (equipment) of Souselas industrial plant, in Portugal, which is inactive, were classified as Non-current assets held for sale as they were available for immediate sale and it was estimated that a sale transaction would be completed in a twelvemonth period.

Sonae Indústria consolidated **working capital** was, at the end of 2015, 44 million Euros, slightly above the value at December 2014 (+ 3 million Euros), but presenting a significant reduction of 32 million Euros, when compared to September 2015. This decrease was a direct consequence of positive impact of improvements in the average collection period. **Net debt** decreased by 13 million Euros, to 570 million Euros, when compared to September 2015, but was slightly above the value registered at the end of December 2014 (+6 million Euros). It should be noted that, according to IFRS rules, given the non-fulfilment of a financial covenant at end of 2015, long-term debt facilities amounting to 314 million Euros were reclassified to current debt. Nevertheless, all the financing institutions involved have formally waived this non fulfilment of financial covenant, and as such, the repayment of such debt continues to be subject to the contractually defined maturity dates.

The combination of the improved level of LTM Recurrent EBITDA with the reduced level of Net Debt led to a reduction of the **Net Debt to Recurrent EBITDA ratio** to 5.3x, improving by 0.6x when compared to December 2014 and by 0.3x vs. September 2015. This is the lowest value since September 2008, clearly evidencing the deleveraging path that has been pursued in the last years.

Total **Shareholder's Funds** at the end of December 2015 were negatively impacted by the net losses registered during the year (-36 million Euros) and by the accounting impact associated with the consolidation of the Canadian and South Africa operations using lower exchange rates, resulting in a negative change of the revaluation reserve in the amount of 14.6 million Euros. Is also worth noting that the 13 million Euro reduction in Shareholder's Funds registered during the 4Q15 was also determined by the devaluations of the CAD and ZAR.

3. Proposed Allocation of Results

Sonae Indústria SGPS SA, as the holding company of the Group, on an individual accounts basis, generated a negative Net Result of 232,814,928.99 Euros for 2015.

The Board of Directors will propose at the Shareholders Annual General Meeting to transfer this negative Net Result to retained earnings.

4. Looking Forward

For 2016, and foreseen in the strategic partnership agreement signed with the Arauco group, we expect to successfully complete the tasks necessary to execute this transaction, namely (i) obtain the clearance of the competent competition authorities in the EU and South Africa; (ii) execute certain internal transactions to achieve the required business perimeter agreed with Arauco; and (iii) agree certain amendments to the existing debt facilities of Sonae Indústria group and raise new debt at the future Sonae Arauco perimeter, taking advantage of the resulting much improved financial situation.

In 2016, we will continue to implement our strategic plan, and to successfully implement initiatives to improve our industrial efficiency, our market positioning and internal processes, while investing in training and improvement of our people's capabilities.

We also expect to complete the investment in the new melamine surfacing line in our North American plant during the first half of the year, so our new products are available in the market during the second half of the year.

With the continuous support from our key stakeholders, we expect to be able to successfully complete the execution of the defined strategy and complete the aforementioned strategic partnership, reinforcing the company long term growth commitment and its competitive position in the wood based panels industry.

The Board of Directors

GLOSSARY

Capacity Utilization Index	Finished-Available Production (m^3) / Installed production capacity (m^3); *raw boards only*
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
MDF	Medium Density Fibreboard
Net Debt	Gross Debt - Cash and cash equivalents
Net Debt to LTM Rec. EBITDA	Net Debt / Last Twelve Months Recurrent EBITDA
OSB	Oriented Strand Board
Recurrent EBITDA	EBITDA excluding non-recurrent operational income / costs
Recurrent EBITDA margin	Recurrent EBITDA / Turnover
Turnover (regions)	Sales Finished Goods and merchandise + Services Rendered; excluding sales of other materials like for ex. wood by-products, *management accounts concept*
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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