9 MONTHS 2017 RESULTS

16 November 2017

SONAE INDUSTRIA

Maia, Portugal, 16 November 2017: Sonae Indústria reports unaudited Consolidated Results for the first nine months of 2017 (9M17) which are prepared in accordance with the IAS 34 – Interim Financial Reporting. Proportional Indicators are *pro forma* and unaudited.

9M17 HIGHLIGHTS

- **Proportional Recurrent EBITDA[1] of 69.6M€**
- **LTM Proportional Recurrent EBITDA[1] of 86.5M€ with 13.5% margin**
- **9M17 Net Results of 20.9M€ and fifth consecutive quarter with Positive Net Results**
- **Proportional Net Debt down 14M€ vs 9M16 and Leverage[1] stable at 3.6x**

[1] See Glossary of Terms.

MESSAGE FROM THE CHAIRMAN

In 3Q17 Sonae Indústria delivered its fifth consecutive quarter of positive Net Results with both our fully owned businesses and Sonae Arauco delivering positive contributions to our results.

Consolidated Recurrent EBITDA margin was 17.7%, similar to that achieved in the previous quarter and driven by the performance of our North American business. Including our 50% shareholding in Sonae Arauco, our Proportional Recurrent EBITDA margin reached 14.1% during 3Q17. However, our results in the quarter were negatively affected by higher chemical costs compared to last year. This increase in chemical costs has not been fully absorbed by the market nor by improvements in production efficiency or product sales mix.

Our Balance Sheet continued to strengthen during this quarter with Net Debt decreasing by 3M€ and Shareholders' Funds benefiting once more from the generation of positive results.

In the beginning of 4Q17, we concluded the investment in a new edging line for our Components business in Portugal. The new line should be fully operational before the end of 2017. This investment will allow us to significantly improve our productivity and competitiveness in this business and will enable us to provide better quality products and service to both existing and new customers.

Regrettably, I also have to report that Sonae Arauco's two panel plants in Portugal were materially damaged as a consequence of the severe forest fires in mid October. Although it is estimated that it should take four months for those plants to be fully working again, some operations will be restarted gradually, including the melamine lines at Oliveira do Hospital, and we are attending to our customers' needs by sourcing boards from other plants. Notwithstanding these fires, there will be no disruption to the execution of our investment in a new continuous press at our Mangualde plant.

I would like to thank our employees at Oliveira do Hospital and Mangualde for their dedication and commitment to the company under extreme circumstances. Without their unbelievable courage and decisive actions, damages would have been much more extensive.

Paulo Azevedo
Chairman Sonae Indústria

1. Sonae Indústria Results

1.1. Proportional Results (unaudited, *pro forma*)

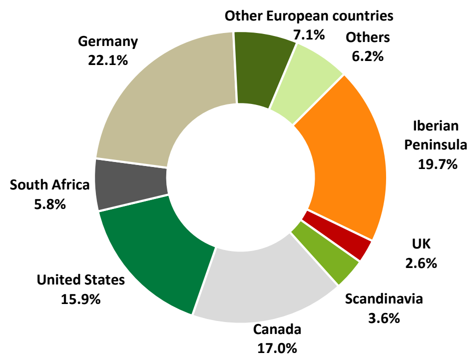
SUMMARY OF 9M17 RESULTS (See also Explanatory Notes at the end of the document)

Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is accounted by the Equity method since 1 June 2016, we are presenting in section 1.1. unaudited *pro forma* **Proportional Indicators**, to help improve the understanding of size of the business, valuation and financial leverage of Sonae Indústria. These Proportional Indicators consider the full results of the wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

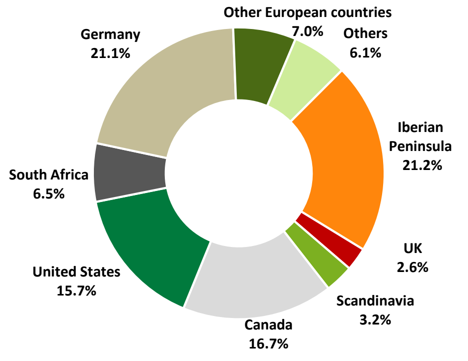
FINANCIAL INDICATORS (unaudited and *pro forma*)	9M16	9M17
Proportional Turnover	490	486
Proportional Rec. EBITDA	74	70
Proportional Rec. EBITDA margin	15.0%	14.3%
Proportional LTM Turnover	649	642
Proportional LTM Rec. EBITDA	89	87
Proportional LTM Rec. EBITDA margin	13.7%	13.5%
LEVERAGE		
Proportional Net Debt	325	311
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	**3.6 x**	**3.6 x**
LOAN TO VALUE		
Net Debt of Sonae Indústria	217	210
Asset Value	524	497
LTV (Net Debt of Sonae Indústria / Asset Value)	**41%**	**42%**

For the first nine months of the year, **Net Debt to Recurrent EBITDA (proportional)** stood at 3.6x, in line with the value booked for September 2016. Despite the reduction in Net Debt, **Loan to Value** is up by 0.8 p.p. *vs.* 9M16.

PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M16



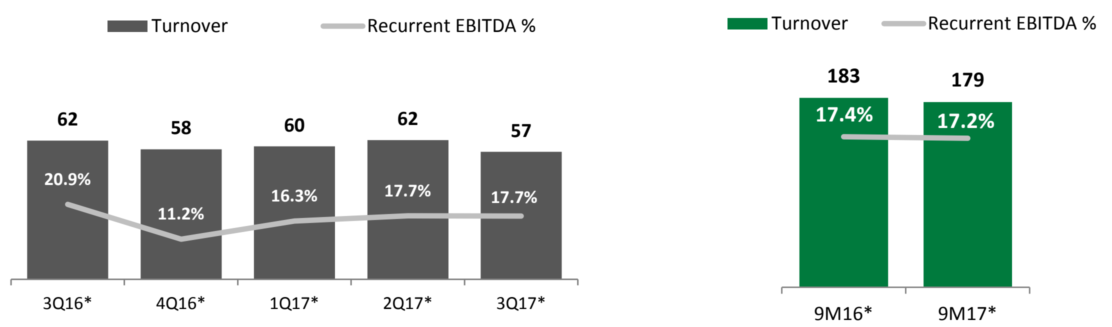
PROPORTIONAL TURNOVER BY DESTINATION MARKET – 9M17



1.2. Consolidated Results

SUMMARY OF 9M17 RESULTS (See Explanatory Notes at the end of the document)

TURNOVER and RECURRENT EBITDA
Million euros



*Quarterly and year to date information unaudited.

Consolidated Turnover for the first nine months of the year reached 178.8 million euros, a reduction of 2.1% *vs.* 9M16 (-3.9 million euros) driven by lower sales to the Nordic markets by our Laminates & Components business and lower **sales volumes** to the Canadian market by our North American business which more than offset the increase in **average selling prices** in that market when compared to last year and the appreciation of the Canadian dollar *vs.* the EUR during 2017. On a quarterly basis, consolidated turnover stood at 57.0 million euros, representing a decrease of 5.1 million euros *vs.* same period of last year which was marked by very strong **sales volumes** in our North American business, with the **average selling prices** in this region kept stable y.o.y..

Variable costs per cubic meter increased in 9M17 and in 3Q17 when compared to the same periods of the previous year, mainly driven by the higher input costs of chemicals. However when compared with 2Q17, variable costs per cubic meter have decreased due essentially to the lower chemicals costs in this quarter.

Recurrent EBITDA for the first nine months of the year reached 30.8 million euros, a reduction of 1.0 million euros (-3.1%) *vs.* 9M16 with an underlying **Recurrent EBITDA margin** of 17.2%, down by 0.2 p.p. *vs.* 9M16, driven by a lower contribution from the North American business, negatively affected by the higher chemical costs and lower production volumes. Recurrent EBITDA for 3Q17 stood at 10.1 million euros, a decrease of 2.9 million euros when compared to 3Q16 and generating a Recurrent EBITDA margin of 17.7%, down by 3.3 p.p. *vs.* last year. This result was driven mainly by our North American business that during 3Q16 achieved a record Recurrent EBITDA level and during which chemical costs were significantly lower than in 3Q17.

The evolution of consolidated **EBITDA** for the first nine months of the year is similar to the one registered in Recurrent EBITDA and thus mostly explained by the performance of our North American business.

CONSOLIDATED INCOME STATEMENT Million euros	9M16 Unaudited	9M17 Unaudited	9M17 / 9M16	3Q16 Unaudited	2Q17 Unaudited	3Q17 Unaudited	3Q17 / 3Q16	3Q17 / 2Q17
Turnover	**182.6**	**178.8**	**(2.1%)**	**62.1**	**62.3**	**57.0**	**(8.2%)**	**(8.5%)**
Other operational income	4.6	3.9	(15.8%)	1.0	1.7	1.1	1.4%	(39.0%)
EBITDA	31.9	30.6	(3.8%)	12.7	10.9	10.0	(21.3%)	(8.7%)
Non recurrent items	0.0	(0.2)	-	(0.3)	(0.1)	(0.1)	70.0%	17.4%
Recurrent EBITDA	**31.8**	**30.8**	**(3.1%)**	**13.0**	**11.0**	**10.1**	**(22.4%)**	**(8.8%)**
Recurrent EBITDA Margin %	17.4%	17.2%	-0.2 pp	20.9%	17.7%	17.7%	-3.3 pp	-0.1 pp
Depreciation and amortisation	(8.9)	(9.3)	(4.5%)	(3.0)	(3.1)	(3.1)	(0.7%)	(0.5%)
Provisions and impairment Losses	0.4	(0.1)	(121.7%)	0.1	0.0	0.0	(98.1%)	-
Operational profit (EBIT)	**23.3**	**21.3**	**(8.6%)**	**9.8**	**7.9**	**6.9**	**(29.2%)**	**(12.2%)**
Net financial charges	(13.3)	(8.7)	34.6%	(3.5)	(3.4)	(2.6)	26.6%	22.8%
o.w. Net interest charges	(10.6)	(6.1)	42.2%	(2.5)	(2.0)	(2.0)	19.6%	2.4%
o.w. Net exchange differences	(0.1)	(0.6)	-	(0.2)	(0.6)	0.2	-	124.2%
o.w. Net financial discounts	(1.3)	(1.3)	(0.3%)	(0.5)	(0.5)	(0.4)	8.9%	10.3%
Gains and losses in Joint-Ventures	6.3	13.7	118.4%	3.1	5.1	4.4	43.6%	(13.0%)
Profit before taxes (EBT)	**16.3**	**26.3**	**61.2%**	**9.3**	**9.6**	**8.7**	**(6.1%)**	**(9.0%)**
Taxes	(6.8)	(5.4)	21.2%	(3.1)	(1.9)	(1.9)	39.9%	4.0%
o.w. Current tax	(7.5)	(6.1)	18.5%	(3.1)	(2.3)	(2.2)	31.4%	6.0%
o.w. Deferred tax	0.7	0.7	8.8%	0.0	0.3	0.3	-	(17.1%)
Profit/(loss) from continued operations	**9.5**	**20.9**	**120.6%**	**6.2**	**7.6**	**6.9**	**10.8%**	**(10.2%)**
Profit/(loss) from discontinued operations	(30.7)	0.0	100.0%	0.0	0.0	0.0	-	-
Consolidated net profit/(loss) for the period	**(21.3)**	**20.9**	**-**	**6.2**	**7.6**	**6.9**	**10.8%**	**(10.2%)**
Losses (income) attrib. to non-contro. interests	0.0	0.0	-	0.0	0.0	0.0	-	-
Net profit/(loss) attrib. to Equity Holders	**(21.3)**	**20.9**	**-**	**6.2**	**7.6**	**6.9**	**10.8%**	**(10.2%)**

Total **fixed costs** for the first nine months of the year represented 15.8% of turnover, an increase of 0.2 p.p. when compared to 9M16 due to the reduction of Turnover as Fixed Costs are lower than in the same period of last year.

Total **headcount for Sonae Indústria**, at the end of September 2017, was 483 FTE's excluding Sonae Arauco, which compares with 484 FTE's at the end of June and 480 FTE's in September 2016.

Depreciation and amortization charges during 9M17 were 9.3 million euros, which represents an increase of 4.5% when compared to 9M16, explained by the higher depreciation charges in our North American operation, which in 9M17 take into account for the full period the investment in the new melamine surfacing line completed in 2Q16. For the quarter, the depreciations charges reached 3.1 million euros, in line with the values booked for 3Q16 and 2Q17.

Provisions and impairment losses for the 9M17 represent a charge of 0.1 million euros, circa 0.5 million euros higher *vs.* 9M16 when a gain of 0.4 million was registered due to the release of provisions for the legacy restructuring process in France.

Net financial charges during 9M17 were 8.7 million Euros, circa 4.6 million euros lower *vs.* 9M16. This is essentially explained by a decrease of 4.5 million euros in Net Interest Charges resulting from the reduction of net debt and the cost of debt and also by the fact that 9M16 figures included the recognition of previously deferred upfront financing costs of 1.9 million Euros as a result of the early repayment of loans carried out within the setting up of the Sonae Arauco partnership. Compared with the previous quarter net financial charges decreased by 0.8M, which is mostly justified by the one off effect for foreign exchange differences, and derivatives booked in 2Q17.

Gains and losses in Joint-Ventures, amounted to 13.7 million euros, corresponding to 50% of the consolidated net profit of Sonae Arauco for the first nine months of the year. On a quarterly basis, Gains and Losses in Joint-

Ventures reached 4.4 million euros, up by 1.3 million euros when compared to 3Q16, positively impacted by an energy tax refund in Germany booked in the quarter, and down by 0.7 million euros when compared to 2Q17 impacted by the seasonal maintenance shutdowns that take place during summer period at the Sonae Arauco Northern hemisphere plants.

Current tax charges were 6.1 million euros for the first nine months of the year, a decrease of 1.4 million euros when compared to 9M16, mainly driven by lower tax charges in Canada. On a quarterly basis, current tax charges improved 1.0 million euros and 0.1 million euros when compared to 3Q16 and 2Q17, respectively, mostly due to lower tax charges in Canada.

Net results for 9M17 were positive 20.9 million euros, an improvement of 42.2 million euros when compared to same period of last year. It should be noted that, as then reported, the results of Discontinued Operations in 2Q16 included a one off accounting charge of 36.6 million euros related with accounting effects from the loss of control of Sonae Arauco. For the quarter, the net result reached 6.9 million euros, an improvement of 0.7 million euros *vs.* 3Q16.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Million euros	2016	1H17 Unaudited	9M17 Unaudited
Non current assets	**352.8**	**347.7**	**352.4**
Tangible assets	148.1	140.3	142.5
Investments in joint ventures	195.9	198.6	201.3
Deferred tax asset	1.4	1.4	1.4
Other non current assets	7.4	7.4	7.2
Current assets	**44.7**	**51.2**	**45.7**
Inventories	18.1	16.1	17.2
Trade debtors	15.2	18.9	19.0
Cash and cash equivalents	4.8	3.1	2.8
Other current assets	6.6	13.1	6.7
Non-current assets classified as available for sale	**1.5**	**1.5**	**1.5**
Total assets	**399.0**	**400.5**	**399.7**
Shareholders' Funds	**110.3**	**120.3**	**125.9**
Equity Holders	110.3	120.3	125.9
Non-controlling interests	0.0	0.0	0.0
Liabilities	**288.7**	**280.2**	**273.8**
Interest bearing debt	218.3	215.9	212.8
Non current	216.0	204.6	204.0
Current	2.3	11.3	8.7
Trade creditors	23.1	25.0	22.0
Other liabilities	47.3	39.3	39.0
Liabilities directly associated with non-current assets classified as available for sale	**0.0**	**0.0**	**0.0**
Total Shareholders'Funds and liabilities	**399.0**	**400.5**	**399.7**
Net debt	**213.5**	**212.8**	**209.9**
Working Capital	**10.3**	**10.0**	**14.2**

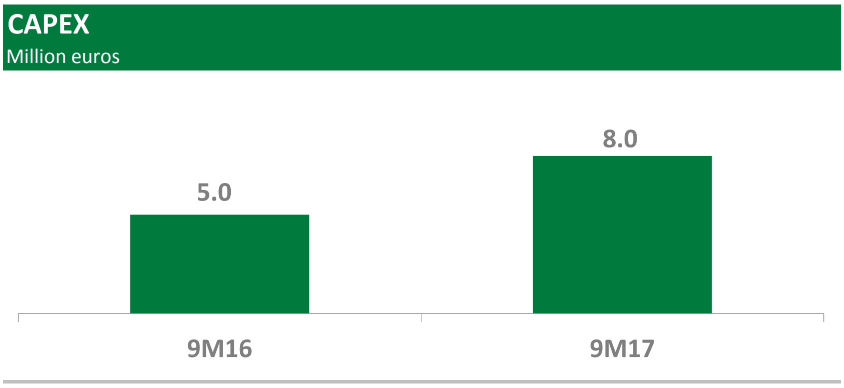
Investments in Joint-Ventures (50% of Sonae Arauco) reached 201.3 million euros, which is circa 2.7 million euros higher than the book value of this investment at the end of 1H17 mostly due to the positive results of Sonae Arauco although affected by a negative impact in Sonae Arauco revaluation reserves of circa 1.7 million euros *vs.* 1H17 due to the unfavorable exchange rate evolution of the South African Rand in the quarter.

Consolidated **Working Capital** reached 14.2 million euros, an increase of 4.2 million euros when compared to June 2017, due to a decrease in trade creditors balances, combined with an increase in inventories, in both cases in our North American operation.

Net Debt stood at 209.9 million euros, at the end of September 2017, which represents a decrease of 2.9 million euros when compared to the end of 1H17, benefiting from the dividend received from Sonae Arauco. When compared to the end of 2016, Net Debt also decreased, in this case by 3.6 million euros.

Total **Shareholders' Funds continued to strengthen** and, at the end of September 2017, amounted to 125.9 million euros, which represents an increase of 5.6 million euros when compared to June 2017, mostly due to the positive net results of the quarter and due to the impacts of movements in the Canadian Dollar and South

African Rand exchange rates. It should also be highlighted that, when compared to year end 2016, total Shareholders' Funds increased by 15.6 million euros.



Additions to Gross Tangible Fixed Assets reached 8.0 million euros during the first nine months of the year, 3.0 million euros higher *vs.* 9M16, on a like for like basis. The figure for 9M17 includes not only the investments executed in our North American plant but also the investment in the new edging line for our Components plant in Portugal due to be completed in 4Q17.

2. Subsequent Events

On 15 October, severe forest fires affected significantly two industrial units of Sonae Arauco in Portugal: Oliveira do Hospital and Mangualde. As a result, both plants remain stopped. Subject to the completion of the full evaluation of the damages and recovery plan, it is estimated that it will take approximately 4 months for both plants to be fully operational again. Within this period, operations will be restarted gradually with some activities starting earlier including the melamine lines at Oliveira do Hospital.

Sonae Arauco has insurance coverage in respect of both industrial plants and is working with the insurance companies to assess and prepare the claims for property damage and the resulting business interruption.

EXPLANATORY NOTES:

The completion of the 50/50 partnership with Arauco in the end of May 2016 has led to a number of material accounting changes in Sonae Indústria's financial statements and on the financial information reported by Sonae Indústria as summarized below.

1. Income Statement (P&L) and Statement of Financial Position (Balance Sheet)

The P&L shows all the companies included in the consolidation perimeter of Sonae Arauco classified as Discontinued Operations from January until May 2016 and accounted by the Equity Method as of the 1 June 2016.

As from June 2016, the balance sheet represents the position of Sonae Indústria under the current perimeter with the 50% shareholding in Sonae Arauco equity accounted.

2. Unaudited *Pro forma* Proportional Indicators

In order to provide a more comprehensive view of Sonae Indústria underlying business, *pro forma* Proportional Indicators are also presented.

Proportional Indicators consider the full contribution of the wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

Proportional Indicators are *pro forma* because they consider the changes in the consolidation perimeter that occurred in 2016 reported to the 1st of January 2015 and the proportional consolidation of Sonae Arauco companies since then not since 31 of May 2016 when the partnership was setup.

GLOSSARY OF TERMS

Asset Value	Asset Value is calculated as follows: [6.8 x LTM Recurrent EBITDA of fully consolidated business (100%)] + [market value of inactive sites real estate properties owned 100% by Sonae Indústria, according to external valuations] + [50% x (6.8 x LTM 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, *pro forma*)	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, *pro forma*)	Proportional Net Debt / Proportional LTM Recurrent EBITDA
Proportional Net Debt (unaudited, *pro forma*)	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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