

The background is a complex geometric composition. It features several overlapping shapes: a large white triangle in the top-left, a dark purple triangle in the bottom-left, a large red triangle in the bottom-right, and a dark grey/black triangle in the center. The top and right portions of the image are filled with a light brown wood grain texture, while the central dark triangle contains a black and white marble pattern.

2017 FULL YEAR RESULTS

5 April 2018



Maia, Portugal, 5 April 2018: Sonae Indústria reports audited Consolidated Results for the year ended 31 December 2017 (FY17) which are prepared in accordance with IFRS (International Financial Reporting Standards). Proportional Indicators are *pro forma* and unaudited.

2017 FULL YEAR HIGHLIGHTS

- **Consolidation of the strategic partnership at Sonae Arauco**
- **Solid performance of both Sonae Arauco and our North American business**
- **Proportional Recurrent EBITDA¹ of 88.5M€, circa 1.4M€ lower than in 2016 but circa 2.0M€ higher than LTM September 2017**
- **14.0% Proportional Recurrent EBITDA margin¹**
- **Net Results positive for the second consecutive year reaching circa 15.3M€ in 2017, circa 4.3M€ (+39%) higher than 2016**
- **Proportional Net Debt¹ down by circa 11M€ vs. 2016**
- **Proportional Leverage¹ of 3.4x, an improvement of circa 0.1x vs. 2016**

¹ See Glossary of Terms.

MESSAGE FROM THE CHAIRMAN

This has been another year of positive performance from our main businesses but sadly, also one in which we experienced two significant events that left sorrow in our hearts and minds; the passing away of Belmiro de Azevedo, my father and the leader and founder of Sonae Indústria; and the unfortunate tragedy in our two plants in Portugal due to the forest fires.

During 2017, Sonae Indústria consolidated and embraced its new dual corporate purpose: management of the strategic partnership at Sonae Arauco and management of its fully owned businesses, North America and Laminates & Components.

Benefiting from an overall stronger economic background and resulting improved demand conditions, results were positive in both our main businesses and enabled Sonae Indústria to deliver a positive Net Result for the second consecutive year, improving on its 2016 consolidated performance. Considering our 50% share of Sonae Arauco's results, Proportional Recurrent EBITDA reached circa 89 million Euros with a 14.0% margin. Proportional Net Debt stood at 301 million Euros, with a proportional leverage ratio of 3.4x.

I would also like to highlight the improvement in Sonae Indústria's capital structure, during 2017, supported by both a reduction of Net Debt and a reinforcement of Shareholders' Funds driven by the improved net results.

Our North American business delivered another solid performance in 2017, despite lower production volumes and higher input costs particularly chemical costs. Our EIR VIVA collection, launched in the second half of 2016, has proved very successful in the market during 2017 and is another demonstration of our strong positioning in decorative solutions for our customers. We continued to invest in our plant in North America, in 2017, in order to guarantee its long term sustainability and will continue to pursue opportunities to grow our business in this region namely by further enhancing our product offering to meet our customers' requirements.

The performance of our Laminates and Components business was affected, during the second half of 2017, by lower sales volumes in our core Laminates business particularly from the Nordic region. Actions have been put in place since then to recover those volumes and improve the profitability of the Laminates business. As for the Components business, the new edging line was fully operational in 4Q17 and, as reported, will allow us to significantly improve our industrial competitiveness and customer offering.

At Sonae Arauco we delivered a sound set of results and made progress in improving the sustainability of our business, namely through the reinforcement of our customer focus and service quality, and on upgrading our industrial assets.

During 2017, Sonae Arauco strengthened its market positioning with a higher focus on product differentiation and customer value. Two new MFC finishes, Fusion and Stucco, were launched in our Innovus decorative product collection. We have also carried out the rebranding of Sonae Arauco combining all previous corporate brands into a single company identity to reflect its mission, vision, strategy and desired market positioning.

The execution of Sonae Arauco's multi-year industrial investment plan also progressed, in 2017, and will proceed in 2018. The plan is focused on providing better products to our customers, capturing market opportunities namely in the higher value added segments, and on improving the competitiveness of our industrial assets.

Now turning to the sad and unfortunate events of last year.

The year was marked by the passing away of Belmiro de Azevedo, Sonae Indústria's leader for 50 years. He had a unique entrepreneurial spirit and vision and leadership style that made him stand out in the wood based panels business, building on a strong management and human resource model, on innovation and on a strong set of deeply imbedded values. We will miss him dearly and will do our best to honour his legacy.

The forest fires in October 2017 severely affected our plants in Mangualde and Oliveira do Hospital and the personal lives of some of our employees. In this respect, and as a result of the strong commitment from our teams and of the support from our stakeholders, in April both sites will be operational again, with improved industrial assets and production processes. Once again I would like to thank our employees at Oliveira do Hospital and Mangualde for their courage and dedication to the company under the extreme circumstances experienced during the fires.

Lastly, I want to express my appreciation to our employees, management teams and Statutory Boards for their contribution over the past year towards making Sonae Indústria a more sustainable and profitable company for all its stakeholders.

Paulo Azevedo
Chairman Sonae Indústria

1. Sonae Indústria Results

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

SUMMARY OF 2017 RESULTS (See also Explanatory Notes at the end of the document)

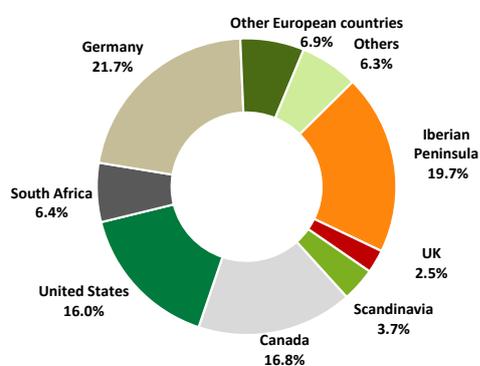
Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is accounted by the Equity method since 1 June 2016, we present in this section 1.1. unaudited *pro forma* **Proportional Indicators**, to help improve the understanding of size of the business, valuation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

FINANCIAL INDICATORS (unaudited and <i>pro forma</i>)		
	2016	2017
Proportional Turnover	639	630
Proportional Rec. EBITDA	90	89
Proportional Rec. EBITDA margin	14.1%	14.0%
LEVERAGE		
Proportional Net Debt	312	301
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	3.5 x	3.4 x
LOAN TO VALUE		
Net Debt of Sonae Indústria	214	209
Asset Value ²	500	496
LTV (Net Debt of Sonae Indústria / Asset Value)	43%	42%

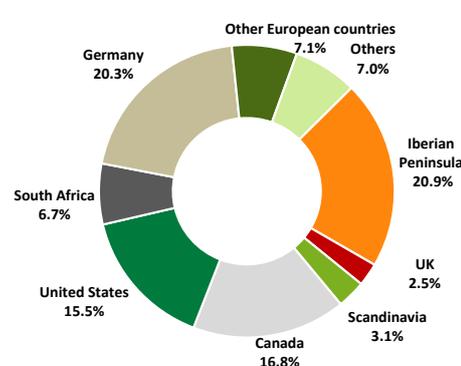
² Calculated as described in the Glossary of Terms. This compares with a Consensus 'Asset Value' of EUR 522M based on the average of the sum of the parts valuation (as at year-end 2018) of Sonae Indústria assets carried out by two independent equity research houses.

In 2017, **Net Debt to Recurrent EBITDA (proportional)** stood at 3.4x, which represents an improvement of circa 0.1x vs. 2016, driven by lower Net Debt. **Loan to Value** also improved when compared to 2016, decreasing to 42% at the end of 2017.

PROPORTIONAL TURNOVER BY DESTINATION MARKET – 2016



PROPORTIONAL TURNOVER BY DESTINATION MARKET – 2017

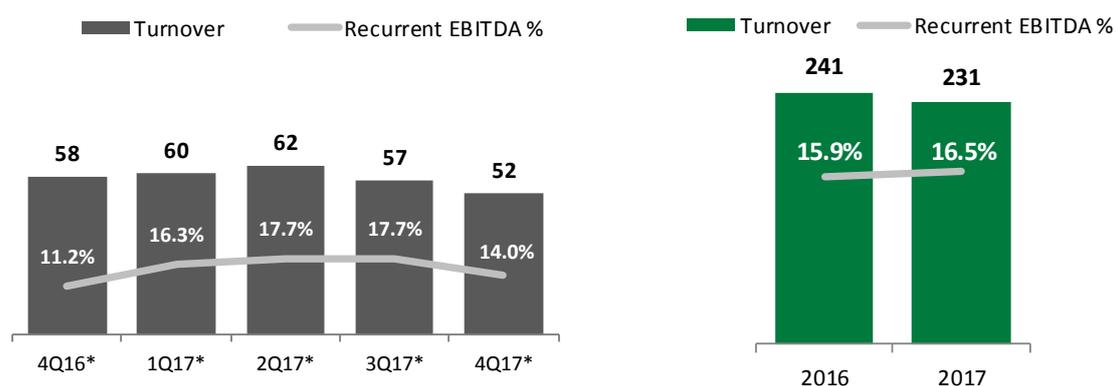


1.2. Consolidated Results

SUMMARY OF 2017 RESULTS (See Explanatory Notes at the end of the document)

TURNOVER and RECURRENT EBITDA

Million euros



*Quarterly information unaudited.

Consolidated Turnover reached circa 231.0 million euros in 2017, a reduction of circa 9.9 million euros (-4.1%) vs. 2016. The reduction in consolidated turnover was primarily driven by lower **sales volumes** in our North American business, which more than offset the increase in **average selling prices** in the Canadian market, but also by lower sales to the Nordic markets by our Laminates & Components business in the second half of the year.

Variable costs per cubic meter increased, when compared with the previous year by circa 2.8%, mainly driven by the higher input costs of chemicals. In the fourth quarter, variable costs per cubic meter decreased when compared with 4Q16, noting that the latter was affected by high maintenance costs.

Recurrent EBITDA in 2017 reached 38.1 million euros, marginally below 2016 (circa -0.3 million euros or -0.7%), driven by a lower contribution from the North American business, affected by the higher chemical costs and lower sales volumes. However, the 2017 **Recurrent EBITDA margin** reached 16.5%, up by circa 0.6 p.p. vs. 2016.

Consolidated **EBITDA** in 2017 reached 39.3 million euros, 1.1 million euros higher than last year, benefiting from positive non recurrent items in 2017. Consolidated EBITDA, in 4Q17, stood at circa 8.7 million euros, an increase of circa 2.3 million euros vs. 4Q16, due to the already mentioned increase in Recurrent EBITDA combined with positive non recurrent items this year.

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CONSOLIDATED INCOME STATEMENT

Million euros

	2016	2017	2017 / 2016	4Q16 Unaudited	3Q17 Unaudited	4Q17 Unaudited	4Q17 / 4Q16	4Q17 / 3Q17
Turnover	240.9	231.0	(4.1%)	58.2	57.0	52.2	(10.4%)	(8.4%)
Other operational income	5.8	7.1	22.6%	1.2	1.1	3.2	-	-
EBITDA	38.3	39.3	2.8%	6.4	10.0	8.7	35.5%	(13.0%)
Non recurrent items	(0.1)	1.2	-	(0.1)	(0.1)	1.4	-	-
Recurrent EBITDA	38.4	38.1	(0.7%)	6.5	10.1	7.3	11.3%	(27.8%)
Recurrent EBITDA Margin %	15.9%	16.5%	0.6 pp	11.2%	17.7%	14.0%	2.7 pp	-3.7 pp
Depreciation and amortisation	(12.1)	(12.6)	(4.1%)	(3.2)	(3.1)	(3.3)	(3.0%)	(6.3%)
Provisions and impairment Losses	(3.6)	(3.8)	(6.0%)	(4.0)	0.0	(3.8)	4.4%	-
Operational profit (EBIT)	22.6	23.0	1.5%	(0.7)	6.9	1.6	-	(76.1%)
Net financial charges	(16.5)	(11.6)	29.7%	(3.2)	(2.6)	(2.9)	9.2%	(12.7%)
o.w. Net interest charges	(13.1)	(8.2)	37.7%	(2.5)	(2.0)	(2.0)	18.8%	(3.2%)
o.w. Net exchange differences	(0.1)	(0.7)	-	0.1	0.2	(0.1)	-	-
o.w. Net financial discounts	(1.8)	(1.7)	2.0%	(0.5)	(0.4)	(0.4)	8.6%	(0.2%)
Gains and losses in Joint-Ventures - Net Results	5.5	12.8	132.5%	(0.7)	4.4	(0.8)	(13.4%)	-
Gains and losses in Joint-Ventures - Other	0.0	(2.5)	-	0.0	0.0	(2.5)	-	-
Profit before taxes (EBT)	11.6	21.7	86.6%	(4.7)	8.7	(4.6)	2.0%	-
Taxes	(8.6)	(6.5)	24.6%	(1.7)	(1.9)	(1.1)	38.1%	42.2%
o.w. Current tax	(8.9)	(7.1)	20.2%	(1.4)	(2.2)	(1.0)	28.8%	52.7%
o.w. Deferred tax	0.3	0.7	88.7%	(0.3)	0.3	(0.1)	80.7%	(121.0%)
Profit/(loss) from continued operations	3.1	15.3	-	(6.4)	6.9	(5.6)	(11.8%)	-
Profit/(loss) from discontinued operations	7.9	0.0	(100.0%)	38.7	0.0	0.0	(100.0%)	-
Consolidated net profit/(loss) for the period	11.0	15.3	38.7%	32.3	6.9	(5.6)	(117.5%)	-

Total **fixed costs** in 2017 represented circa 16.5% of turnover, a reduction of 0.4 p.p. when compared to 2016, despite the reduction in turnover, benefiting from one-off adjustments to accruals, which were negative in 4Q16 and positive in 1Q17.

Total **headcount of Sonae Indústria**, at the end of December 2017, was 486 FTE's excluding Sonae Arauco, which compares with 485 FTE's at the end of December 2016.

Depreciation and amortization charges in 2017 were circa 12.6 million euros, which represents an increase of 4.1% when compared to 2016, mainly explained by the higher depreciation charges in our North American operation, which in 2017 take into account for the full period the investment in the new melamine surfacing line completed in 2Q16.

Provisions and impairment losses in 2017 represent a charge of circa 3.8 million euros, 0.2 million higher than in 2016. Provisions and Impairment Losses of circa 3.8 million euros were booked in 4Q17, which include the recognition of circa 3.3 million euros (net) provisions mainly related to the legacy of claims under competition law in Germany.

Net financial charges in 2017 were 11.6 million euros, circa 4.9 million euros lower than 2016. This is essentially explained by a decrease of circa 5.0 million euros in Net Interest Charges resulting from the reduction of net debt and the cost of debt and also by the fact that 2016 figures included the recognition of previously deferred upfront financing costs of 1.9 million Euros.

Gains and losses in Joint-Ventures – Net Results refers to 50% of the net results of Sonae Arauco in the period (equity method accounting). This amounted to 12.8 million euros, in 2017, and compares with 5.5 million euros registered in 2016, which only considered the last seven months of that year (the period after the completion of Sonae Arauco partnership).

Gains and losses in Joint-Ventures – Other amounted to circa -2.5 million euros in 2017. It should be noted that, pursuant to the agreement with Arauco, some Sonae Arauco's expenses and contingent liabilities are the responsibility of Sonae Indústria and, accordingly, Sonae Indústria compensates Sonae Arauco for these expenses via cash contributions to Sonae Arauco for the full amounts paid or incurred. Since 50% of these

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expenses are already reflected in Sonae Indústria's income statement through the net results of Sonae Arauco, the remaining 50% are reflected through Gains and Losses in Joint-Ventures – Other. In 2016, there were no amounts booked under this item.

Current tax charges were 7.1 million euros in 2017, a decrease of circa 1.8 million euros when compared to 2016, mainly driven by lower tax charges in Canada.

Net results for 2017 were positive of circa 15.3 million euros, an improvement of circa 4.3 million euros when compared to the 11.0 million euros registered in 2016. It should be noted that 2016 results from discontinued operations included circa 2.1 million positive one off accounting effects related with the closing of the Sonae Arauco partnership as then reported. The improvement in net results, when compared to 2016, is explained mostly by the lower Net Financial Charges previously referred to and also to the lower taxes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million euros

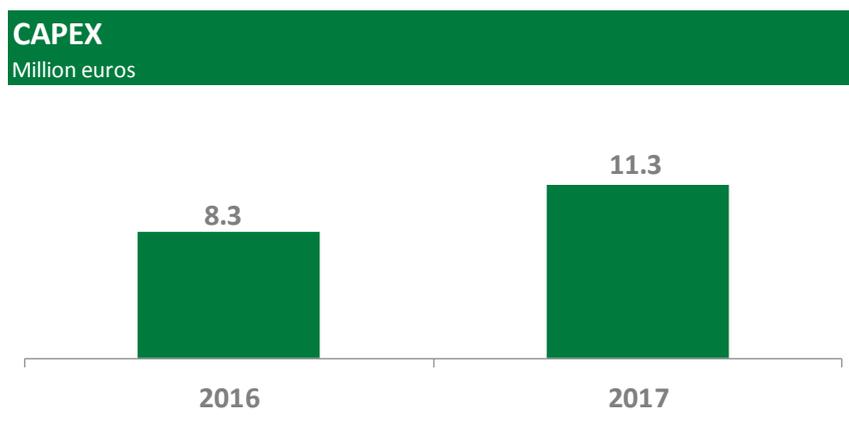
	2016	9M17 Unaudited	2017
Non current assets	352.8	352.4	360.2
Tangible assets	148.1	142.5	146.2
Investments in joint ventures	195.9	201.3	205.6
Deferred tax asset	1.4	1.4	1.5
Other non current assets	7.4	7.2	6.9
Current assets	44.7	45.7	40.9
Inventories	18.1	17.2	17.0
Trade debtors	15.2	19.0	13.6
Cash and cash equivalents	4.8	2.8	4.1
Other current assets	6.6	6.7	6.2
Non-current assets classified as available for sale	1.5	1.5	0.0
Total assets	399.0	399.7	401.0
Shareholders' Funds	110.3	125.9	126.1
Equity Holders	110.3	125.9	126.1
Non-controlling interests	0.0	0.0	0.0
Liabilities	288.7	273.8	274.9
Interest bearing debt	218.3	212.8	212.7
Non current	216.0	204.0	198.5
Current	2.3	8.7	14.2
Trade creditors	23.1	22.0	19.6
Other liabilities	47.3	39.0	42.5
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	399.7	401.0
Net debt	213.5	209.9	208.7
Working Capital	10.3	14.2	11.0

Investments in Joint-Ventures (50% shareholding in Sonae Arauco) reached 205.6 million euros, which is 9.7 million euros higher than the book value of this investment at the end of 2016. The main increases, in 2017, are 12.8 million euros of our share of Sonae Arauco's results less circa 5.7 million euros of dividends paid plus 50% of the amount of cash contributions made by Sonae Indústria to Sonae Arauco (referred to under Gains and losses in Joint-Ventures – Other).

Consolidated **Working Capital** reached circa 11.0 million euros, a decrease of 3.2 million Euros when compared to September 2017, explained by the reduction in trade debtors and inventories, which more than offset the decrease in trade creditors.

Net Debt stood at circa 208.7 million euros at the end of December 2017, representing a decrease of circa 1.3 million euros vs. September 2017 and of circa 4.9 million euros when compared to the end of 2016.

Total **Shareholders' Funds**, at the end of December 2017, totaled 126.1 million euros, which represents an increase of circa 15.8 million euros when compared to 2016, mostly explained by the positive net results in the year.



Additions to Gross Tangible Fixed Assets reached 11.3 million euros, in 2017, circa 3.1 million euros higher when compared to 2016, on a like for like basis. The figure for 2017 includes the investments made in our North American plant and also the investment in the new edging line for our Components plant in Portugal concluded in 4Q17.

2. Subsequent Events

From the three raw boards presses that were stopped as a result of the forest fires which affected Sonae Arauco plants in Portugal in October 2017, Mangualde MDF line 1 and line 2 resumed production in January and March, respectively, while the Oliveira do Hospital PB line is expected to resume production in early April. The timeline for execution of the investment in the new MDF line at Mangualde has not been affected by the forest fires disruption and the new line is expected to be operational by the end of 3Q18.

3. Outlook for 2018

During 2018, we expect the general macroeconomic environment in Europe and in North America to remain robust, supporting demand for our products. On the supply side, we should see some new capacity coming on stream in both Eastern Europe and North America.

In North America, we will continue to pursue opportunities to grow our business, namely by further enhancing our product offering, improving quality and service levels and strengthening our decorative solutions with the planned launch of new melamine colours and finishings during 2018.

In our Laminates business, we will focus on increasing sales volumes and improving profitability levels. We will also seek to enhance the partnership with Sonae Arauco for the provision of matching laminates for its decorative offering and will look for opportunities to sell laminates into North American market. As for the Components business, we will leverage on the new edging and drilling line to improve significantly our industrial competitiveness and customer offering and increase sales volumes.

At Sonae Arauco, we expect to continue to increase the levels of operating profitability, thanks to a combination of an expected continued healthy demand for our products in Europe with the benefits of our recent investments in capacity debottlenecking and productivity enhancement. In South Africa, the

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macroeconomic situation is expected to remain challenging which, as in 2017, should continue to impact the profitability levels in the region. After the completion of the on-going recovery plans, we expect to be able to fully restart production at our Portuguese plants during the first half of 2018.

Focus will continue on the monetization of real estate and equipment related with our inactive sites and efforts to further reduce the running costs of these sites will also continue.

With the continuous support from our key stakeholders, we expect to be able to reinforce the company's long term growth commitment and its competitive position in the wood based panels industry.

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 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 1st of January 2015 and the proportional consolidation of Sonae Arauco companies since then and not since 31 of May 2016 when the partnership was setup.

GLOSSARY OF TERMS

Asset Value	Asset Value is calculated as follows: [6.5 x LTM Recurrent EBITDA of fully consolidated business (100%)] + [market value of inactive sites real estate properties owned 100% by Sonae Indústria] + [50% x (6.5 x 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); <i>management accounts concept</i>
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

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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 statements 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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