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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, 24 February 2010:** Sonae Indústria today reports audited Consolidated Results for FY 2009 which are prepared in accordance with IFRS (International Financial Reporting Standards).

***Highlights of Financial Performance in FY09:***

- Net losses reduced by 46% from 108 million Euros in FY08 to 59 million Euros in FY09;
- Net Debt decreased by 133 million Euros to 757 million Euros during 2009;

***Highlights of Quarter on Quarter Financial Performance:***

- Comparing 4Q09 with 3Q09 (excluding Brazil):
  - Sales volumes increased by 6%;
  - Recurrent EBITDA margin improved from 3.8% to 5.1% of Turnover.

	4Q'08	3Q'09	4Q'09	4Q'09 / 4Q'08	4Q'09 / 3Q'09	(euro millions)		
						2008	2009	% chg 09/08
Turnover	373	301	312	(17%)	4%	1.769	1.283	(27%)
EBITDA	(4)	64	27	701%	(59%)	139	104	(25%)
Recurrent EBITDA	2	12	16	729%	38%	100	46	(54%)
Recurrent EBITDA Margin %	0,5%	3,8%	5,1%			5,7%	3,6%	
Net Profit/(Loss) attributable to Shareholders of Sonae Industria	(82)	18	(3)	96%	(117%)	(108)	(59)	46%
Net Debt	890	770	757			890	757	(15%)



## **Message from Carlos Bianchi de Aguiar, CEO**

“The last two years have proven to be very challenging for our Company. The international financial crisis had a very significant impact on our business, forcing us to adapt our supply to reduced market demand. Our strategy was to close production lines that were old and small scale and concentrate production in the more efficient production lines. Our restructuring process was finalized with the closure of Duisburg in January 2010 and resulted in a total reduction in our production capacity of almost 1,500,000 m<sup>3</sup> (excluding the 640,000 m<sup>3</sup> reduction that resulted from the sale of Tafisa Brasil). Additionally, we have been implementing further measures in all countries, where we operate, to increase efficiency and improve productivity.

These measures resulted in a decrease of 51 million Euros in our fixed costs when comparing 2009 to 2008. We expect a further reduction in 2010, as some of these measures have not yet fully impacted our cost structure.

During 2009, Net Debt decreased by 133 million Euros despite the poor operating results. A reduction in Working Capital of 101 million Euros, together with the cash generated from the sale of Tafisa Brasil and a reduction in capital expenditure have all contributed to this reduction.

As reported on 3 February 2010, we have received an offer for the acquisition of our plant in Lure (France). In the event of sale, we estimate that the transaction would have a positive impact on the consolidated shareholders' funds.

The macroeconomic situation in all of our markets has been recovering. According to the latest forecasts issued by the OECD in November 2009, trends (when compared to previous forecasts) are more positive in almost all countries. Our sales volumes have been increasing after bottoming out in 2Q09. This positive trend is expected to continue. Additionally, from the middle of 4Q09 we achieved price increases particularly in Germany and France where price falls had been the most significant and where we had closed the most production capacity.

I am very grateful to all those who have continued to support us amidst the challenges posed over such a difficult period. Restructuring is always very difficult when it involves job cuts, but this was the only way in which we could be fully prepared for the next cycle.”

## **Geographical Review of Operations**

### **Iberia**

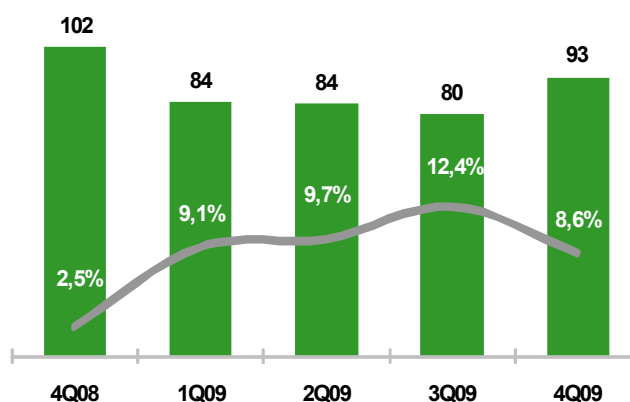
Spain continues to experience tough market conditions. New housing permits declined by 59%<sup>1</sup> (YoY Jan - Nov). Nevertheless, turnover in 4Q09 reached its highest quarterly value during 2009. When comparing the 4Q09 to 3Q09, volumes sold increased by 13% and, for the first time in 2009, prices recovered slightly.

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<sup>1</sup> Source: *Ministerio de Fomento*, February 2010



€ Mn **Iberia Turnover & Recurrent EBITDA Margin**



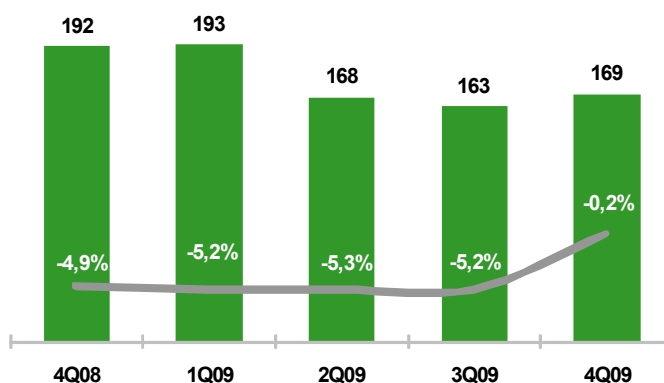
Despite the sales volume and price increases achieved in 4Q09 (compared to 3Q09), which led to an increase of 13 million Euros in Turnover, recurrent EBITDA margin fell to 9% mainly due to wood price increases.

Although, Iberian turnover in FY09 decreased by 25% (compared with FY08) to 341 million Euros, recurrent EBITDA margin increased slightly from 9.6% to 9.9%, as a result of the cost saving measures that we implemented in this region.

### **Central Europe (Germany, France and the UK)**

Central Europe has also been affected by a low level of activity in the construction and furniture industries, which has restricted demand for wood based panels.

€ Mn **Central Europe Turnover & Recurrent EBITDA Margin**



**In Germany**, demand for wood based panel products is still weak, compared to last year, but has been recovering in recent quarters. Permits for new building construction decreased by 11%<sup>2</sup> until

<sup>2</sup> Source: German Federal Statistical Office January 2010



June 2009 (YoY Jan - Jun), but recovered by 10.6% in the second half of the year (YoY July – Nov).

Our volumes sold in 4Q09 compared to 3Q09 increased slightly, despite stopping 350,000 m<sup>3</sup> PB production in this country, as we succeeded in transferring most of the orders from the Kaisersesch plant to our other plants. This effect, combined with a recovery in demand, led to price increases, particularly in those cases where prices had decreased the most.

Additionally, due to the restructuring measures we have implemented, we managed to achieve a positive recurrent EBITDA in 4Q09, despite higher variable costs, particularly for wood.

**In France**, demand from the construction and furniture segments remains depressed. Housing permits declined by 10%<sup>3</sup> (YoY Jan - Dec) and our volumes sold in FY09 decreased by 32% compared to FY08, as a result of the capacity closures we implemented in this country. This volume decrease, combined with weak prices, led to a Turnover decrease in FY09 of 42%, compared to FY08.

Despite the negative Recurrent EBITDA posted during FY09, an improvement in 2010 is expected, due to the ongoing effects of the cost saving measures implemented during 2009.

**In the UK**, demand levels are still low in most sectors, although some signs of market improvement are visible. Value of new housing orders against the previous year had fallen by 17%<sup>4</sup> (YoY Jan - Dec) but a gradual improvement of 16% was seen in the second half (YoY July-Dec) and house prices have also been increasing.

Nevertheless, 4Q09 Turnover and Recurrent EBITDA were negatively affected by seasonality, which resulted in lower volumes sold and higher wood costs.

Our UK strategy, focused on selling value-added products, continues to prove successful as our sales mix is improving.

**In Central Europe**, Recurrent EBITDA losses reduced significantly in 4Q09 to close to 350 thousand Euros from 9 million in 3Q09. Turnover increased by 6 million Euros despite the stoppage of the Kaisersesch plant in 4Q09.

When comparing FY08 to FY09, turnover decreased by 29% to 694 million Euros and recurrent EBITDA fell from 6 million Euros to a negative 28 million Euros.

### **Rest of the World (Canada and South Africa)**

In order to facilitate like with like comparison, we have disclosed the RoW figures both with and without the impact of the Brazilian operations in the chart below.

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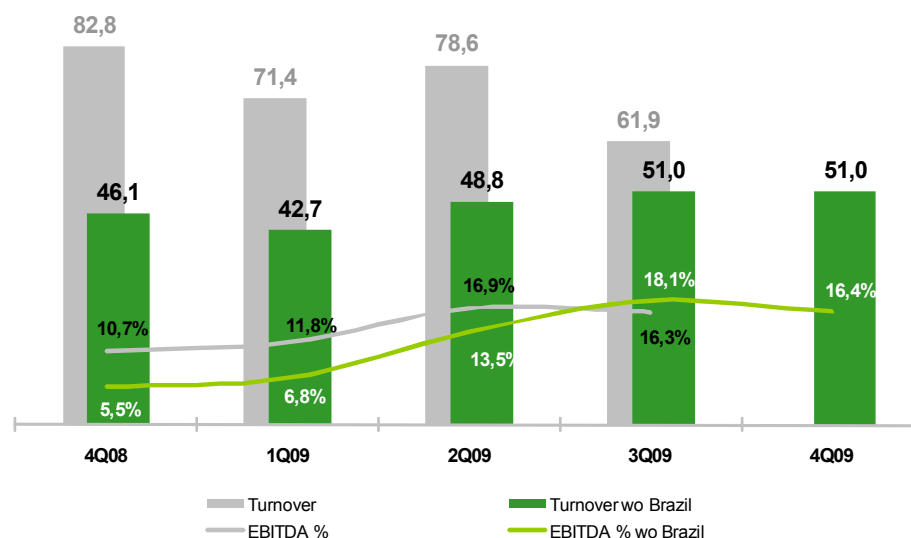
<sup>3</sup> Source: *Service économie statistiques et prospective (Ministère de l'Écologie, de l'Energie, du Développement durable et de l'Aménagement du territoire)*, January 2010

<sup>4</sup> Source: Office for National Statistics UK, February 2010



€ Mn

### RoW Turnover & Recurrent EBITDA Margin



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

In **North America**, US housing starts declined by 39% (YoY Jan – Dec)<sup>5</sup>, while Canadian housing starts decreased by 20% (YoY Jan – Dec)<sup>6</sup>. As a consequence, many plants are suffering from weak demand, resulting in low capacity utilization rates. Despite the tough market situation, we continue to consolidate our customer and market position. 4Q was the best quarter in terms of volumes sold in 2009, despite the usual negative seasonal effect.

In **South Africa**, the macroeconomic environment has been stable in 4Q09 although the fourth quarter is weak in terms of seasonality. As a result, our volumes sold decreased slightly compared to 3Q09, which led to decreases in Turnover and Recurrent EBITDA. Additionally, wood costs increased as did electricity, both negatively affecting our EBITDA margin.

In the **Rest of the World** (excluding Brazil), Turnover was flat at 51 million Euros in 4Q09 compared with 3Q09 and Recurrent EBITDA declined by 1 million Euros to 8 million Euros. Turnover in this region amounted to 263 million Euros in FY09, 27% below that in FY08, but recurrent EBITDA, as a percentage of Turnover, increased to 15%. Excluding Brazilian operations, the recurrent EBITDA margin increased from 7% in FY08 to 14% in FY09.

### Financial Review of FY09

In the chart below, consolidated figures are shown both with and without the impact of Brazilian operations to facilitate like for like comparisons.

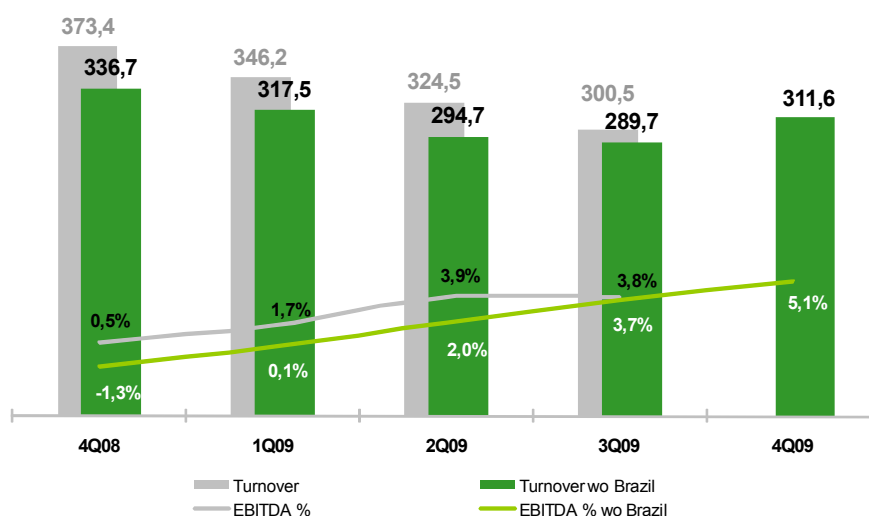
<sup>5</sup> Source RISI, January 2010

<sup>6</sup> Source: CMHC - Canada Mortgage and Housing Corporation, February 2010



€ Mn

### Consolidated Turnover & Recurrent EBITDA Margin



Consolidated Turnover in FY09 amounted to 1 283 million Euros, a decrease of 27% compared to FY08. Consolidated Recurrent EBITDA was 46 million Euros, representing a margin on Turnover of 4% which compares with 6% in FY08. In FY09, our volumes sold declined by 17% to 5.8 million m<sup>3</sup> and our average sales price fell by 29 Euros per m<sup>3</sup>, more than offsetting the reduction in variable costs of 24 € per m<sup>3</sup>.

	4Q'08	3Q'09	4Q'09	4Q'09 / 4Q'08	4Q'09 / 3Q'09	(euro millions)		
						2008	2009	% chg 09/08
<b>Turnover</b>	<b>373</b>	<b>301</b>	<b>312</b>	(17%)	4%	<b>1.769</b>	<b>1.283</b>	(27%)
Other Operational Income	25	78	59	139%	(25%)	114	162	41%
<b>EBITDA</b>	<b>(4)</b>	<b>64</b>	<b>27</b>	701%	(59%)	<b>139</b>	<b>104</b>	(25%)
Recurrent EBITDA	2	12	16	729%	38%	100	46	(54%)
Recurrent EBITDA Margin %	0,5%	3,8%	5,1%			5,7%	3,6%	
Depreciation and amortisation	(32)	(31)	(27)	13%	11%	(123)	(121)	1%
Provisions and Impairment Losses	(39)	(15)	(9)	77%	43%	(56)	(31)	45%
<b>Operational Profit</b>	<b>(69)</b>	<b>34</b>	<b>8</b>	112%	(75%)	<b>(23)</b>	<b>(2)</b>	92%
Net Financial Charges	(21)	(13)	(12)	44%	14%	(78)	(54)	31%
o.w. Net Interest Charges	(12)	(6)	(6)	54%	10%	(48)	(30)	37%
o.w. Net Financial Discounts	(4)	(3)	(4)	9%	(35%)	(17)	(13)	22%
<b>Profit/(Loss) before taxes (EBT)</b>	<b>(89)</b>	<b>21</b>	<b>(3)</b>	96%	(115%)	<b>(101)</b>	<b>(56)</b>	45%
Taxes	7	(2)	(0)	(106%)	81%	(3)	(4)	(26%)
o.w. Current Tax	2	(0)	0	(81%)	404%	(3)	(1)	53%
<b>Net Profit/(Loss) attributable to Shareholders of Sonae Indústria</b>	<b>(82)</b>	<b>18</b>	<b>(3)</b>	96%	(117%)	<b>(108)</b>	<b>(59)</b>	46%

On 26<sup>th</sup> August 2009, we sold Tafisa Brasil for a total Enterprise Value of 159 million Euros which implied an EV/LTM EBITDA multiple of 7.8x<sup>7</sup> and led to a reduction in Net Debt of approximately 135 million Euros. The total positive impact on Sonae Indústria's consolidated Shareholders Funds amounted to approximately 73 million Euros, including a capital gain of close to 84 million Euros.

Consolidated Total EBITDA in FY09 amounted to 104 million Euros. Non-recurrent items of 58 million Euros include the capital gain resulting from the sale of Tafisa Brasil and restructuring costs of approximately 31 million Euros.

<sup>7</sup> For consistency purposes the ICMS (*Imposto sobre a circulação de mercadorias e serviços* - Tax on circulation of goods and services) non-current liability of 60 million Euros is included in the calculation of the multiple.



Our financial costs for FY09 have fallen by 24 million Euros compared to FY08, benefiting from lower interest rates and lower financial discounts.

FY09 consolidated Net Profit/(Loss) Attributable to Sonae Indústria Shareholders amounted to a negative 59 million Euros, an improvement of 49 million Euros compared with FY08.

	(euro millions)	
	2008	2009
<b>Non Current Assets</b>	<b>1.386</b>	<b>1.233</b>
Tangible Assets	1.203	1.083
Goodwill	104	92
Deferred Tax	54	33
Other Non Current Assets	26	24
<b>Current Assets</b>	<b>532</b>	<b>370</b>
Inventories	193	134
Trade Debtors	200	163
Cash & Investments	66	34
Other Current Assets	74	38
<b>Total Assets</b>	<b>1.918</b>	<b>1.602</b>
Shareholders' Funds	397	353
Minority Interests	3	2
<b>Shareholders' Funds + Minority Interests</b>	<b>400</b>	<b>355</b>
Interest Bearing Debt	956	791
Short term	189	138
L-M term	767	654
Trade Creditors	166	155
Other Liabilities	396	302
<b>Total Liabilities</b>	<b>1.518</b>	<b>1.248</b>
<b>Total Liabilities, Shareholders' Funds and Minority Interests</b>	<b>1.918</b>	<b>1.602</b>

In FY09, additions to Fixed Assets totalled 28 million Euros, mostly related to essential investments in maintenance, Health & Safety and Environmental improvements.

Working Capital decreased by 101 million Euros during 2009. We succeeded in reducing our Inventories by 59 million euros and Receivables by 56 million euros. This positive effect combined with the sale of Tafisa Brasil led to a decrease in Net Debt of 133 million euros.

As already reported, our debt has no consolidated financial covenants.

## Looking Forward

We expect a continuing recovery in the wood based panels industry over the coming quarters both in terms of sales volumes and sales prices. Increased activity is also expected to create pressure on raw material prices.

Fixed costs should continue to decline due to the restructuring measures we have already implemented.

We will continue to optimize our operations to further improve our efficiency and productivity.

The Board of Directors