

EARNINGS ANNOUNCEMENT



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CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2006¹

11 May 2006

- Turnover of 960 M.€
- Operational Cash Flow (EBITDA) of 98 M.€
- Operational Profit (EBIT) of 43 M.€
- Profit for the period of 35 M.€
- Net Debt of 1,684 M.€ as at 31 March 2006

(Note: These financial figures do not include Sonae Indústria, which was spun-off in 2005.)

¹ Unaudited financial information for the quarters ending 31 March 2006 and 2005, prepared under International Financial Reporting Standards (IAS/IFRS).

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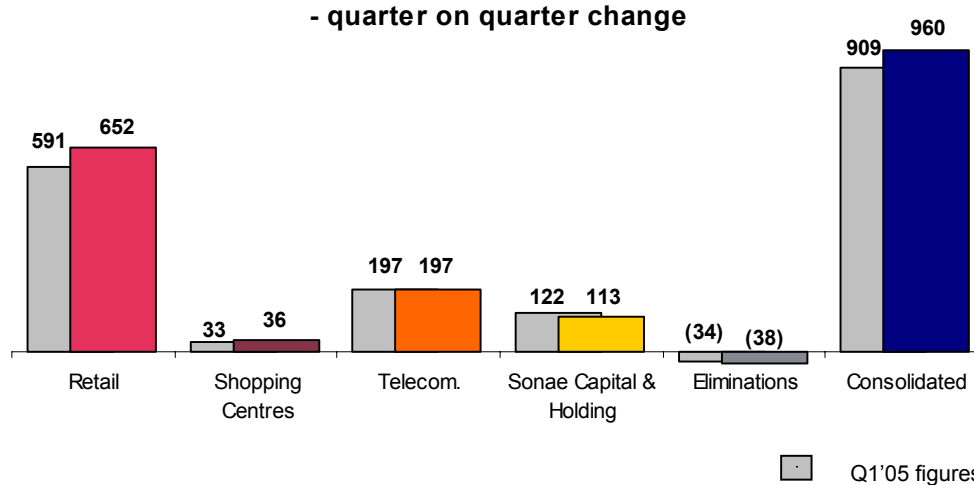
(Unless otherwise stated, the figures presented in this announcement relate to the first quarter of 2006. The figures shown in brackets are the comparable² figures for the previous year.)

EARNINGS REVIEW

Consolidated turnover for the quarter was 960 million euro (909 million euro), an increase of 6%. In absolute terms, the Retail business was the major contributor to this growth, followed by the Shopping Centres business. All other businesses maintained or slightly reduced their contributions to consolidated turnover. The contribution of the Retail business grew 9%, a significant increase, especially in view of the fact that Easter this year did not contribute to the quarter's turnover, and was the result of the opening of several stores in the last 12 months and the acquisition of control over Star, the travel agency format. The slight increase in the contribution of the Shopping Centres business, around 3 million euro, reflects the higher number of shopping centres in the company's asset portfolio. Despite the impact of decreasing mobile termination rates and the continuing fall in incoming traffic from fixed operators, the contribution of the Telecommunications business remained in line with that of the first quarter of 2005.

Values in million euro

Contributions to Consolidated Turnover - quarter on quarter change

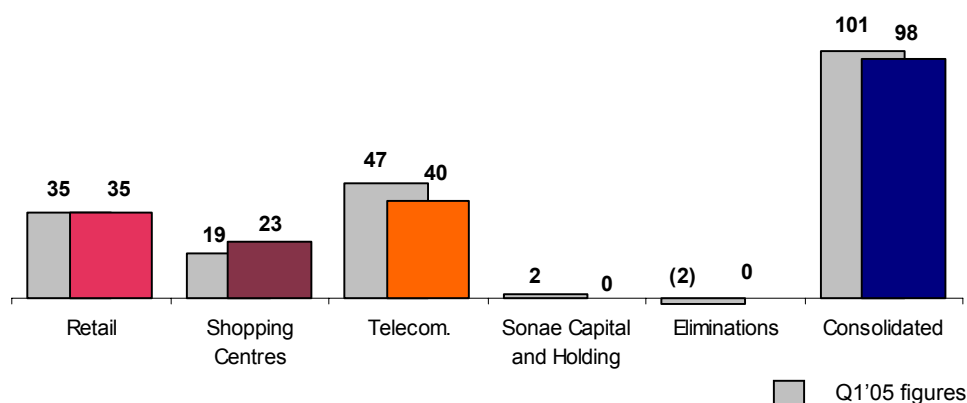


² The consolidated profit and loss account for the first quarter of 2006 is not directly comparable with the figures for the first quarter of 2005, because of: the spin-off of the Wood Based Panels business (with accounting effects from 1 October 2005), the sale of the Retail operations in Brazil (with accounting effects from 1 December 2005), the change in the method of consolidation of the Shopping Centres business from full to proportionate consolidation (following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra) and the sale of the shareholding in Imocapital/Gescartão in the first quarter of 2005. 2006 actual figures are compared with 2005 pro forma figures, which take account of these changes in the consolidation perimeter.

Consolidated operational cash flow (EBITDA) decreased 3%, totalling 98 million euro (101 million euro). The corresponding **consolidated EBITDA margin** was 10.1% (11.1%). The Shopping Centres business was the only positive contributor to the consolidated EBITDA quarter on quarter trend. Again, this increase was mainly due to additions to the portfolio of shopping centres, arising both from the three centres opened in the last quarter of 2005 and from acquisitions during the second and fourth quarters of 2005 (in Italy and Brazil, respectively). The Retail business contribution was maintained at the same level in spite of the Easter timing effect. As for the Telecommunications business, the lower contribution was mainly driven by stronger investment in customer acquisition and other costs associated with the aggressive push to expand direct access broadband services, a decrease in turnover at Público and to lower service revenues at the S&SI business unit.

Values in million euro

Contributions to Consolidated EBITDA



Consolidated operational profit (EBIT) decreased 16% to 43 million euro (51 million euro), reflecting increased depreciation arising from strong investments in the last 12 months.

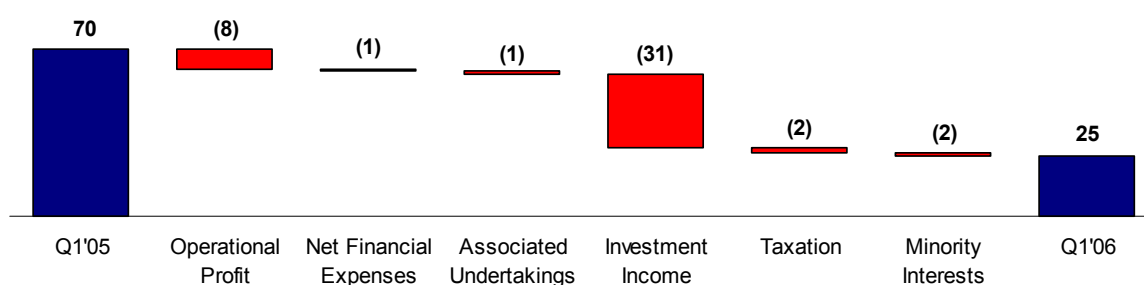
Consolidated net financial expenses increased slightly to 20.5 million euro (19 million euro), due to a decrease in the level of interest income. Interest expenses have actually decreased by close to 3 million euro, quarter on quarter, reflecting better financial conditions resulting from the renegotiation of major loans.

Consolidated profit for the quarter was 35 million euro (79 million euro). Most of this decrease is explained by the investment income caption. In the first quarter of 2006, investment income totalled 19.4 million euro, corresponding to the gain on the sale of an additional 3.92% shareholding in ba Vidro and the price adjustment on the sale of the Brazilian retail operation to Wal-Mart, resulting from the completion of the due diligence process, whereas in the first quarter of 2005 investment income totalled 50.9 million euro, most of which resulted from the gain on the sale of a 27.8% shareholding in ba Vidro.

This largely explains the **consolidated profit attributable to equity holders of Sonae** which decreased 45 million euro to 25 million euro (70 million euro).

Values in million euro

**Consolidated Profit for the period attributable to Equity Holders of Sonae
 - quarter on quarter change**

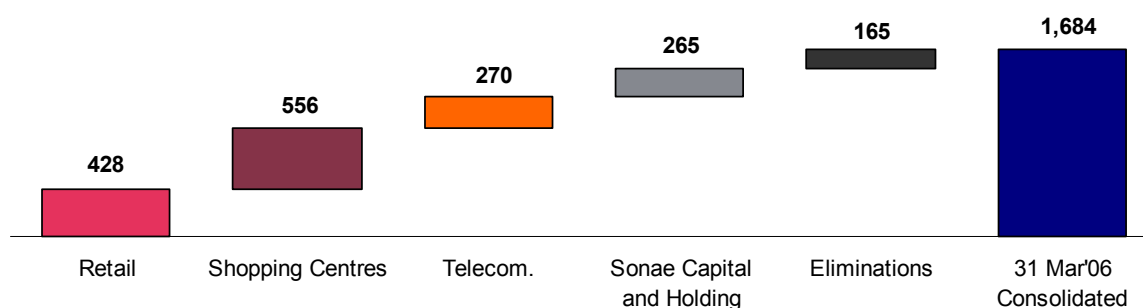


FINANCIAL STRUCTURE

Consolidated net debt³ as at 31 March 2006 amounted to 1,684 million euro, a significant reduction from the 3,074 million euro disclosed as at 31 March 2005, resulting from cash flow generated from operations and significant changes in the Group's portfolio, which occurred during 2005. When compared to 1,620 million euro as at 31 December 2005, consolidated net debt³ increased 64 million euro, because of the normal seasonal increase in the contribution of the Retail business which was partially offset by the proceeds of the sale to Grosvenor of 17.04% of Sonae Sierra's share capital. Of the total consolidated net debt as at 31 March 2006, 556 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its own assets.

Values in million euro

Contributions to Consolidated Net Debt³



³ Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.

The **ratio of consolidated net debt to annualised consolidated operational cash flow (EBITDA)** was 2.9, which compares with 1.7 as at 31 December 2005. **Annualised interest cover** was 6.5 (5.7), up from 6.1 at the end of 2005. This increase was mostly due to a reduction in interest expenses resulting from the better financial conditions negotiated on some of the major loan contracts.

A total dividend of 46.7 million euro was approved at the Annual General Meeting of Shareholders held on 6 April 2006. Together with the attribution of Sonae Indústria's shares, this represents over 1,000 million euro of value made available to Sonae's shareholders. Notwithstanding, the Sonae share price recovered significantly to 1.35 euro as at 31 March 2006.

OUTLOOK

The Retail business will pursue its investment plans in order to consolidate its market share, whilst studying, in non food retail, the possibility of entering new geographies and launching new formats.

The Shopping Centres business will maintain its strategy of improving existing assets, developing assets already identified and finding new opportunities to enhance its portfolio.

Telecommunications will continue to build on its established growth strategy, based on promoting enhanced mobile 3G services as well as fixed line direct broadband access, which will include IPTV.

Sonae believes that Sonaecom's offer for the acquisition of Portugal Telecom reflects a full and fair valuation for Portugal Telecom's shareholders and incorporates a significant premium to comparable transactions, and is confident that the offer will be successful.

Maia, 11 May 2006
The Board of Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE QUARTERS ENDED 31 MARCH 2006 AND 31 MARCH 2005

Values in million euro

	31.03.2006	31.03.2005 Proforma ⁴	31.03.2005
Turnover	960.3	909.3	1,564.1
Value created on Investment Properties	5.4	4.3	8.5
Other Operational Income	85.9	83.0	109.4
Total Operational Income	1,051.6	996.6	1,682.0
Cost of Goods Sold and Materials Consumed	(544.2)	(511.0)	(894.4)
Change in Stocks of Finished Goods and Work in Progress	4.3	(2.0)	(0.2)
External Supplies and Services	(255.1)	(233.0)	(363.3)
Staff Costs	(143.0)	(132.3)	(214.0)
Other Operational Expenses	(15.3)	(16.9)	(29.0)
Total Operational Expenses	(953.3)	(895.2)	(1,500.9)
Operational Cash Flow (EBITDA)⁵	97.5	100.8	181.1
Depreciation and Amortisation	(54.3)	(51.0)	(81.2)
Provisions and Impairment Losses	(1.5)	0.3	(0.7)
Operational Profit (EBIT)	42.5	50.7	99.2
Net Financial Expenses	(20.5)	(19.0)	(43.3)
Share of Results of Associated Undertakings	0.6	1.4	1.3
Investment Income	19.4	50.9	89.8
Profit before Taxation	42.0	84.0	147.0
Taxation	(7.1)	(5.3)	(12.7)
Profit for the Period	34.9	78.7	134.3
Attributable to Equity Holders of Sonae	24.7	70.4	120.5
Attributable to Minority Interests	10.2	8.3	13.8

⁴ Excluding the contributions of the Wood Based Panels business and of the Retail business operations in Brazil, the investment income generated on the sale of the shareholding in Imocapital/Gescartão, and considering the change in the method of consolidating the Shopping Centres business from full to proportionate consolidation.

⁵ Operational Cash Flow (EBITDA) = Operational Profit (EBIT) + Depreciation and Amortisation + Provisions and Impairment Losses – Reversal of Impairment Losses (included in Other Operational Income and amounting to 0.9 M.€ in 1Q'06 and 0.6 M.€ in 1Q'05).

CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2006 AND AS AT 31 DECEMBER 2005

Values in million euro

	31.03.2006	31.12.2005
Investment Properties	1,401.5	1,357.4
Tangible Assets	1,940.8	1,908.1
Intangible Assets	319.6	321.5
Goodwill	245.5	245.6
Investments	176.6	157.6
Deferred Tax Assets	111.6	108.5
Other Non-Current Assets	32.4	35.8
Total Non-Current Assets	4,228.0	4,134.5
Stocks	486.8	460.5
Trade Debtors and Other Current Assets	584.1	788.7
Investments	13.0	10.7
Cash and Cash Equivalents	426.8	912.3
Total Current Assets	1,510.7	2,172.2
TOTAL ASSETS	5,738.7	6,306.7
Equity Attributable to Equity Holders of Sonae	1,117.2	1,140.7
Equity Attributable to Minority Interests	408.5	394.7
Total Equity	1,525.7	1,535.4
Borrowings	1,894.7	1,848.6
Deferred Tax Liabilities	242.7	238.2
Other Non-Current Liabilities	642.7	640.9
Total Non-Current Liabilities	2,780.1	2,727.7
Borrowings	229.3	694.5
Trade Creditors and Other Current Liabilities	1,201.2	1,346.8
Provisions	2.4	2.3
Total Current Liabilities	1,432.9	2,043.6
Total Liabilities	4,213.0	4,771.3
TOTAL EQUITY AND LIABILITIES	5,738.7	6,306.7

REPRESENTATIVE FOR CAPITAL MARKET RELATIONS

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INVESTOR RELATIONS OFFICE

SONAE, SGPS, SA has an **Investor Relations Office** available to shareholders and the investment community. The Investor Relations Officer is José Luís Amorim.

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INFORMATION AVAILABLE ON THE INTERNET

Investors can also find this press release and all publicly available information about the company at

<http://www.sonae.pt>
