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SONAE INDÚSTRIA, SGPS, SA
Publicly Traded Company
Head-office: Lugar do Espido, Via Norte, Maia
Share Capital: € 700 000 000
Registered at Maia Commercial Registering Office under no. 57 048
VAT no. 506 035 034

Sonae Indústria today reports unaudited Consolidated Results for the First Quarter 2006

All financial statements are prepared in accordance with IFRS (International Financial Reporting Standards).

Sonae Indústria's performance in 1Q06 was in line with our expectations, driven by healthy sales performance in all geographical regions however marred by the impact of higher input costs, driven primarily by the increase in oil prices. In comparison with 1Q05, in 1Q06:

- Turnover grew by 10% to 398 million euros,
- Recurrent EBITDA(1) fell by 6% to 43 million euros;
- Net Results after Minority Interests reduced to 2 million euros from 15 million euros.

(1) In 1Q05, Sonae Indústria recorded 13,7 million euros of non-recurrent items related mainly with the sale of shares in Tafisa and Gescartão, compared with 3,2 million in 1Q06.

	(euro millions)					
	FY 2005	1Q'05	4Q'05	1Q'06	% chg 1Q06/1Q05	% chg 1Q06/4Q05
Turnover	1.465	362	377	398	10%	6%
EBITDA	208	60	44	46	(22%)	6%
EBITDA Margin %	14,2%	16,5%	11,6%	11,6%		
Recurrent EBITDA	183	46	42	43	(6%)	4%
Net Profit after Minority Interest	36	15	2	2	(86%)	1%
Net Debt	632	724	632	658		

Message from CEO:

"Our sales performance in 1Q06 was strong, markets were favourable and our factories increased their volumes sold by 6% overall to 1.8 million m3. A global increase in average prices was recorded, however this was driven in large part by currency valuations. Consolidated Turnover grew by 10% to 398 million euros when compared with 1Q05.

As anticipated in our previous earnings announcement, oil prices continued to place significant pressure on our main input costs and the increase in average sales prices together with the effort to improve efficiency were not sufficient to offset the increase in costs, thereby leading to a reduction in EBITDA.

During 1Q06, we announced an agreement to acquire the assets of the Hornitex Group in Germany: approval of the transaction is still pending from the European competition authorities which we expect to be forthcoming mid 2006. We believe that the operational benefits from the integration of these assets, will be an important driver of improved efficiency and profitability for our Central European operations.

In March we acquired the remaining minority shareholdings at Glunz AG representing 0,9% of this subsidiaries' share capital, for a total consideration of 2,2 million euros, and the shares were delisted from Frankfurt Stock Exchange in April.

Regrettably on 17 April, at our Canadian, Lac Megantic plant a fire broke out in its second PB production line, "Line 2". Fortunately, none of our employees were seriously injured. However, "Line 2" did suffer extensive damage, the full extent and cause of which are still being evaluated by a team of experts. Although both lines came to a standstill, Line 1 is expected to be up and running again during May. As regards Line 2, a preliminary assessment indicates that it could be more than 10 months before full capacity is restored. From an economic perspective, although the plant is insured for risks to both assets and normal business continuity, Sonae Indústria's commitment to service its existing customer base will lead to the need to acquire panels in the market and to import from other Group plants, thereby increasing transportation costs.

A final note on Sonae Indústria's newfound status with the equity markets: since the completion of the demerger process from Sonae SGPS on 20 January 2006, shares in our company have been the object of significant investor interest, both domestic and international and our market capitalization has increased to over 1.1 billion euros. I would therefore like to thank our shareholders for their continued confidence in our business strategy and operational performance and ultimately for their confidence in our management team".

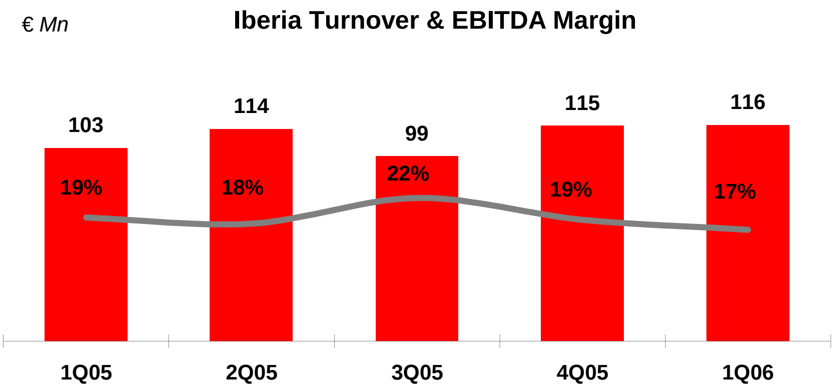
Carlos Bianchi de Aguiar

Operational review

II.3.1. Iberia

Driven by a strategic focus on sustaining market share and profitability, Turnover grew in 1Q06 by 12% to 116 million euros, in comparison with 1Q05. Both volume sales and average prices posted growth of close to 5%.The construction sector in Spain continues to show healthy performance whereas in Portugal it remains sluggish. We are seeing encouraging indications as regards Portugal's furniture industry as it seems that opportunities to export into Eastern European countries are developing.

Costs increased on the back of continued pressure from high oil prices, affecting mainly chemical product and fuel costs and additionally electricity costs in particular in the case of MDF production. This pressure is not likely to ease in the coming months.



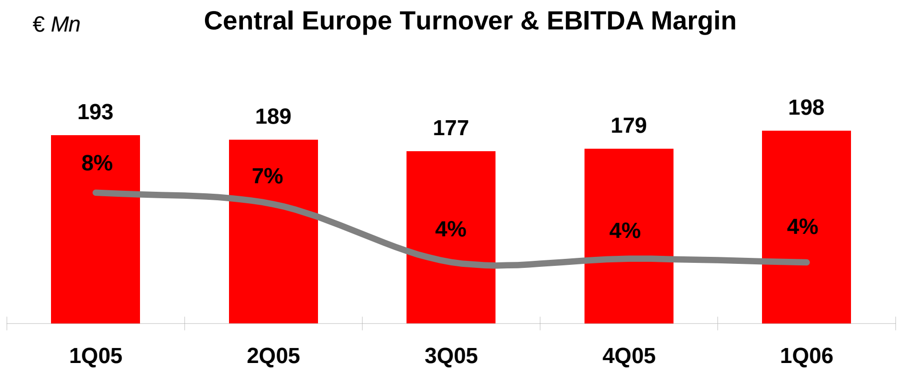
EBITDA in 1Q06 was 20 million euros, up 8% from 1Q05, of which 3,2 million euros were non-recurrent items (8 million euros in 1Q05). Recurrent EBITDA therefore increased by 40% to more than 16 million euros.

II.3.2. Central Europe - Germany, France and UK

Volume sales in Central Europe grew by 6% in 1Q06, led by healthy domestic demand, primarily in Germany and continued strength in export markets. The German construction sector is revealing signs of increased stability and the furniture industry is being stimulated by increased exports. Average prices recovered in 1Q06 in comparison with 4Q05 in Germany and France across most product groups, with the exception of OSB and flooring in France. Average prices in the UK came-off from previous levels as a result of an increase of the proportion of rawboard in the sales mix. Consequently, Consolidated Turnover for Central Europe in 1Q06 grew by 2% to 198 million euros.

Capacity utilization was high at 90% in 1Q06, compared with 88% in 1Q05. Measures taken in 2005 to improve industrial productivity, particularly in the UK and France, have started to take effect, translating into less stoppages and generally lower maintenance costs.

Costs increased as a result of pressure from rising oil prices, the main impact being felt in terms of chemical, fuel, electricity and transport costs. Fixed costs in this region were stable to marginally lower than in 1Q05.



The increase in Turnover was not sufficient to counter the increase in variable costs, mainly due to a time-lag in the increase of average prices, thereby resulting in a decline in EBITDA to 7 million euros. As a percentage of Turnover EBITDA in 1Q06 represented 4%.

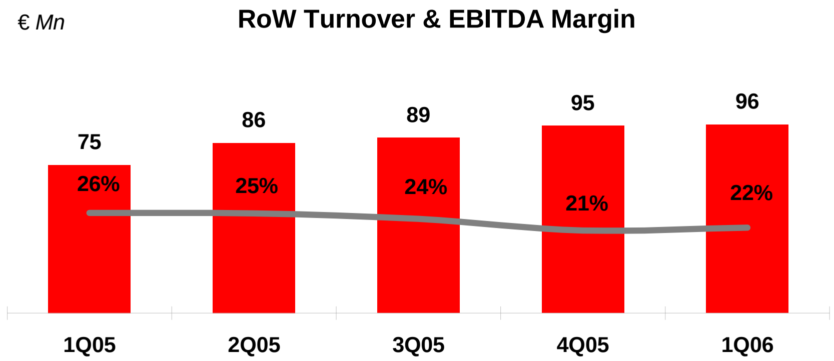
Construction works at the Eiweiler plant related with the joint venture between Sonae Indústria and Tarkett, are going according to plan and the new flooring operation is expected to start production in 4Q06.

II.3.3 Rest of the World - Canada, Brazil and South Africa

Market performance in these geographies was strong. Demand from US ready-to-assemble furniture manufacturers continued to support sales of wood-based panels in Canada; Brazilian domestic demand was up by 15% in 1Q06, a seasonally good quarter, in comparison with 1Q05, being relatively stronger in MDF based products; however the Brazilian export sector was negatively impacted by the strength of the Real. South African panel demand was strong, boosted by the vibrant macro economic environment, namely the combination of relatively low interest rates, positive business confidence and strong consumer demand.

Volume sales posted a total increase of 8%, albeit posting higher growth in Canada and Brazil. Average price increases were possible across most product categories and geographies, with the exception of Brazil, where average prices declined. As in the case of Iberia and Central Europe, input costs came under pressure from high oil prices, affecting primarily chemical, electricity and transport costs. Wood prices also came under pressure in Canada and South Africa, an increase that was led by a shortage of log supply to sawmills and a reduction of harvest rights from public land in the case of Canada.

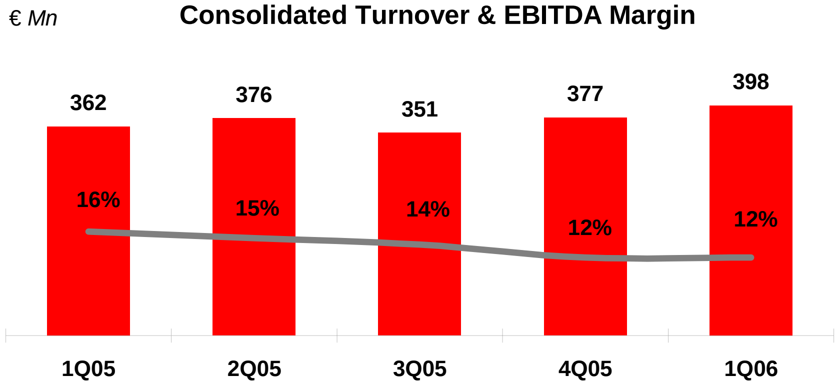
Consolidated Turnover for the region grew by 27% to 96 million euros and EBITDA was 21 million euros, representing an increase of 8% led to a large extent by the valuation the local currencies between 1Q05 and 1Q06.



As regards the expansion project at the South African White River plant, entailing the construction of a new particleboard line, all major contracts have been awarded and civil excavation works will start in 2Q06. The new production line is expected to be up and running by 2Q07.

Financial Review of 1Q06

Consolidated Turnover in 1Q06 was 398 million euros, representing an increase of 10% in comparison with 1Q05 and of 6% when compared with 4Q05, the strongest growth coming from Iberia and the Rest of the World (12 million euros and 20 million euros respectively).



Costs were negatively impacted by the continued pressure from high oil prices, which drove significant increases in a number of Sonae Indústria's main input costs, namely chemicals (+12%), electricity (+38%) and fuel (+34%).

Consolidated EBITDA in 1Q06 was 46 million euros which compares with EBITDA of 60 million euros in 1Q05, however in 1Q06 non-recurrent item were 3.2 million euros compared with 13.7 million euros in 1Q05. Therefore, underlying EBITDA in 1Q06 fell by 6% to 43 million euros. The decline in recurrent EBITDA is explained by the aforementioned increase in input costs and, although average sales prices increased across most of Sonae Indústria's markets, implementation of price increases was challenging, in particular in Central Europe, and only came into effect towards the end of the quarter.

Net Financial Charges in 1Q06 were 15 million euros, representing a deterioration of 3 million euros against 1Q05 which was largely due to net foreign exchange losses, mostly ZAR and GBP related, in 1Q06 when compared with 1Q05.

Net Results attributable to Sonae Indústria Shareholders in 1Q06 were 2.2 million euros, down from 15 million euros in 1Q05, a decline explained by the lower level of non-recurrent items (lower by 10 million euros), a decline in underlying EBITDA (3 million euros) and increased net financial charges due to foreign exchange losses (3 million euros).

CAPEX in 1Q06 was 19 million euros, of which approximately 12 million euros were invested at our Eiweiler plant on behalf of our joint venture with Tarkett (still pending approval from the European Competition authorities). Working Capital was 277 million euros which compares with 262 million euros at the end of 1Q05 and 226 million euros at the end of 2005.

Net Debt at the end of 1Q06 stood at 658 million euros compared with 632 million euros at the end of 2005 implying an Equity ratio of 29% and a Net Gearing ratio of 124%, compared with 29% and 119% respectively at the end of 2005. Gross Debt increased from 751 million euros to 804 million euros and available liquidity increased to 145 million euros. The change in Net Debt is almost exclusively due to the need to finance the normal seasonal 1Q increase in Working Capital.

Outlook

We are confident that volume sales will remain strong during the coming months. The trend in oil prices remains a concern that needs to be closely monitored and efforts will continue to achieve further efficiency gains to offset increases in raw material costs as much as possible. The situation of our Canadian plant is a concern in that the damaged line is likely to take at least 10 months to be operational again. Our strength as a leading multiregional manufacturer of wood based panels, with a global presence, will help us to minimize the commercial impacts of the accident. However, an increase in transportation costs should be expected, due to the need to supply our existing North American customers from other Sonae Indústria plants.

Maia, 4rd of May 2006

On behalf of the Board of Directors

	(euro millions)					
					% chg	
	FY 2005	1Q'05	4Q'05	1Q'06	1Q06/1Q05	1Q06/4Q05
Turnover	**1.465**	**362**	**377**	**398**	10%	6%
Other Operational Income	64	24	19	12	(52%)	(40%)
EBITDA	**208**	**60**	**44**	**46**	(22%)	6%
EBITDA Margin %	14%	16%	12%	12%		
Recurrent EBITDA	183	46	42	43	(6%)	4%
Operational Profit	**108**	**35**	**21**	**21**	(39%)	0%
Net Financial Charges	(44)	(12)	(13)	(15)	25%	16%
Profit before taxes (EBT)	**64**	**22**	**7**	**5**	(75%)	(27%)
Taxes	(28)	(6)	(6)	(4)	(40%)	(39%)
Net Profit after minority interests	**36**	**15**	**2**	**2**	(86%)	1%

	2005	1Q'06	% chg 1Q'06 / 2005
Non Current Assets	**1.241,6**	**1.233,3**	**(1%)**
Tangible Assets	1.128,0	1.118,9	(1%)
Goodwill	44,5	45,7	3%
Deferred Tax	52,7	52,7	0%
Other Non Current Assets	16,5	16,0	(3%)
Current Assets	**560,9**	**621,8**	**11%**
Inventories	164,0	161,4	(2%)
Trade Debtors	239,9	271,8	13%
Cash & Equivalents	116,8	141,6	21%
Other Current Assets	40,2	47,0	17%
Total Assets	**1.802,5**	**1.855,1**	**3%**
Shareholders' Funds	483,5	485,9	0%
Minority Interests	45,0	43,5	(3%)
Shareholders' Funds + Minority Interests	**528,5**	**529,3**	**0%**
Interest Bearing Debt	751,4	804,0	7%
Short term	84,6	87,8	4%
L-M term	666,8	716,1	7%
Trade Creditors	183,4	180,5	(2%)
Other Liabilities	339,2	341,3	1%
Total Liabilities	**1.274,1**	**1.325,8**	**4%**
Total Liabilities, Shareholders' Funds and Minority Interests	**1.802,5**	**1.855,1**	**3%**