

**TOGETHER
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THE FUTURE**



**FIRST HALF
2019
RESULTS**

29 July 2019

Maia, Portugal, 29 July 2019: Sonae Indústria reports unaudited Consolidated Results for the 1st half 2019 (1H19) which are prepared in accordance with the IAS 34 – Interim Financial Reporting. Proportional Indicators are unaudited.

1H19 HIGHLIGHTS

- Positive Net Results¹ of 1.2M€ in 2Q19 reaching 2.4M€ in 1H19
- Recurrent EBITDA^{1,2} of 8.3M€ in the quarter, with 13.9% margin^{1,2}, up by 3.5M€ and 5.5. p.p. when compared with 1Q19 although 1H19 Recurrent EBITDA below same period of last year
- LTM Recurrent EBITDA^{1,2} of 25.6M€, with 11.4% margin^{1,2}
- LTM Proportional Recurrent EBITDA^{1,2} of 67.3M€, with 11.0% margin^{1,2}
- Proportional Net Debt^{1,2} at 325M€, with Proportional Leverage^{1,2} of 4.8x

¹ Figures after 4Q18 include the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in Sonae Indústria results section (page 4).

² See Glossary of Terms.

MESSAGE FROM THE CHAIRMAN

I am pleased to inform that Sonae Indústria generated positive net results of circa 1.2 million euros in the second quarter of 2019, bringing the net profit in the first half of 2019 to circa 2.4 million euros.

Considering our 50% share of Sonae Arauco's figures, LTM Proportional Recurrent EBITDA³ reached circa 67.3 million euros and the leverage ratio³ was of 4.8x. Compared to December 2018 LTM Proportional Recurrent EBITDA was down c. 6 million euros.

In the quarter, our fully owned businesses showed a material improvement in Recurrent EBITDA results when compared with the previous two quarters.

This improvement in EBITDA results was driven by our North American business that, after the negative effects from the November fire and from the extreme weather experienced in 1Q19, was able to stabilize production and to increase both sales volumes and margins. It is also worth mentioning that, in the quarter, we kept growing the sales of our high end decorative offer, including EIR and matching Surforma® Laminates, contributing to one of the highest quarterly Turnover levels in our North American business. Importantly, in anticipation of the increased installed capacity the North American market will experience over the next 2 years, we are working hard on various fronts to extend our lead and further grow the distinctiveness of our innovative decorative solutions to industrial and trade customers.

At our Laminates & Components business, Turnover evolved positively versus last year with this year benefiting from a steady sales ramp up of Surforma® Laminates in the North American market. As previously reported we are pursuing and implementing a value added decorative products strategy in the European and North American markets and believe that the ongoing actions will provide us the base to recover the desired profitability for this business. As an additional measure to achieve this, we have announced our intention to close all the remaining industrial activities at our Horn site in Germany by the end of 2020 and, accordingly, we will seek an adequate solution for this large industrial site.

Sonae Arauco net results in the quarter were positive but we have again experienced challenging conditions, particularly with ongoing competitive tensions in Iberia and a difficult business background in South Africa. On a positive stance, I would like to highlight the successful presence of Sonae Arauco at the Interzum fair in Germany, where we witnessed an encouraging reception from our customers to our recently launched new Innovus decorative collection including matching Surforma® Laminates and were awarded a "High Product Quality" distinction, a demonstration of our continued innovation efforts aimed at bringing added value to our customers.

Paulo Azevedo

Chairman, Sonae Indústria

³ Figures after 4Q18 include the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in Sonae Indústria results section (page 4).

1. SONAE INDÚSTRIA RESULTS

Note IFRS 16: The mandatory adoption of the IFRS 16 from the beginning of 2019 financial year affects the comparability of Sonae Indústria's results in 2019 with previous years. This new accounting standard on leases implies that lease contracts (except short term and low value leases) previously classified as operational leases, are now recognized in the balance sheet as an asset with a corresponding liability equal to the present value of the lease payments (under financial liabilities). This new treatment also affects the consolidated income statement, with corresponding rental or lease charges being replaced by the recognition of depreciation charges and interest expenses.

1.1 PROPORTIONAL RESULTS (UNAUDITED)

SUMMARY OF 1H19 RESULTS

Due to the fact that one of Sonae Indústria's main assets (its 50% shareholding in Sonae Arauco) is accounted by the Equity method, this section 1.1. provides unaudited Proportional Indicators which consider the full results of our wholly owned businesses and the proportional consolidation of the 50% contribution from Sonae Arauco.

FINANCIAL INDICATORS (UNAUDITED)

	1H18	1H19 ⁴
Proportional Turnover	317	316
Proportional Rec. EBITDA	42	36
Proportional Rec. EBITDA margin	13.3%	11.4%
	LTM 1H18	LTM 1H19 ⁴
Proportional LTM Turnover	617	611
Proportional LTM Rec. EBITDA	83	67
Proportional LTM Rec. EBITDA margin	13.5%	11.0%
LEVERAGE		
Proportional Net Debt	313	325
Proportional Leverage (Net Debt / LTM Rec. EBITDA)	3.8 x	4.8 x

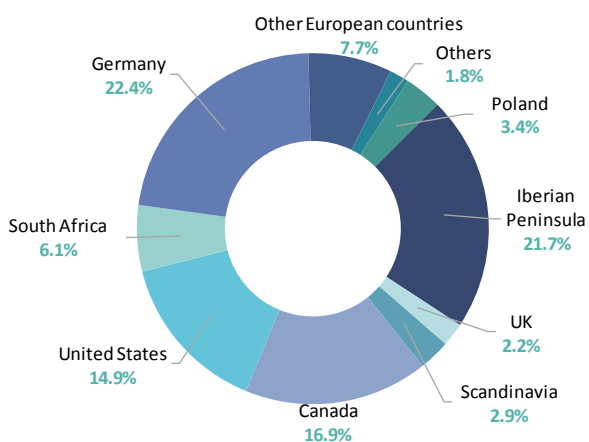
Proportional Turnover in 1H19 was circa 1.1 million euros lower than in the same period of last year. This evolution was driven by a lower contribution from Sonae Arauco (-5.6 million euros) affected by a reduction in sales volumes, which more than offset the positive contribution of our fully owned businesses (+4.5 million euros) due to a favourable exchange rate effect (circa 2.7 million euros) resulting from the appreciation of the Canadian dollar vs. the EUR and to an increase in average selling prices y.o.y. of the North American business.

Proportional Recurrent EBITDA in 1H19 reached circa 36.0 million euros (including a positive effect from the adoption of the IFRS 16 of 2.0 million euros), circa 6.3 million euros lower than in 1H18 driven by a lower contribution from both fully owned businesses and by Sonae Arauco.

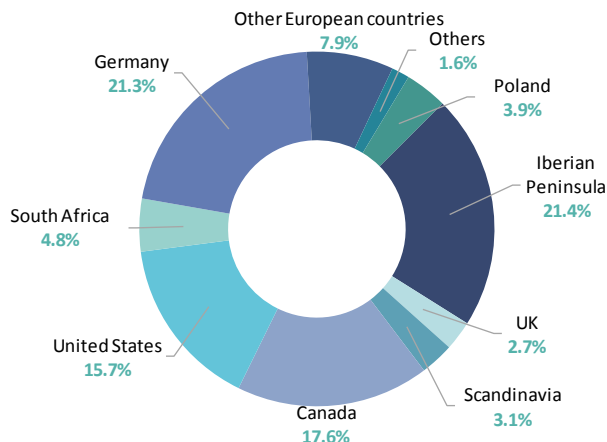
In the first half of the year, **Net Debt to Recurrent EBITDA (proportional)** stood at 4.8x (including IFRS 16 effects), which represents an increase of circa 1.1x vs. 1H18.

⁴ Figures after 4Q18 include the effects from the adoption of the IFRS 16, effective from 1 January 2019. See note related with the adoption of IFRS 16 in Sonae Indústria results section (page 4).

PROPORTIONAL TURNOVER BY DESTINATION MARKET
1H18



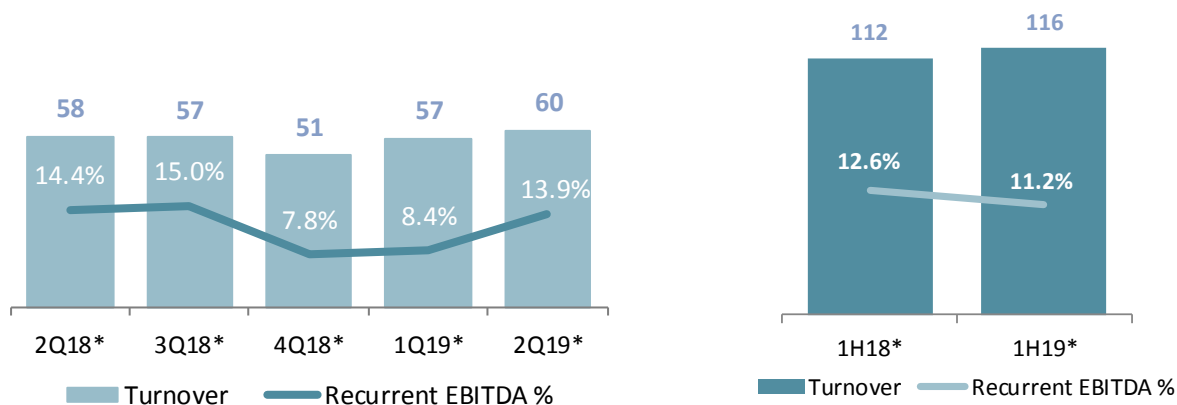
PROPORTIONAL TURNOVER BY DESTINATION MARKET
1H19



1.2 CONSOLIDATED RESULTS

SUMMARY OF 1H19 RESULTS

TURNOVER and RECURRENT EBITDA
MILLION EUROS



*Quarterly and half-year information unaudited.

Consolidated Turnover for the first half of the year reached circa 116.4 million euros, an improvement of circa 4.1% vs. same period of last year (+4.5 million euros), driven by circa 2.7 million euros favourable exchange rate effect resulting from the appreciation of the Canadian dollar vs. the EUR, but also by an increase in **average selling prices** y.o.y. in our North American business, which registered the highest ever quarterly Turnover in local currency. For the quarter, Consolidated turnover reached 59.6 million euros, which represents an increase of 2.8 million when compared to the previous quarter, driven by our North American business, with higher **sales volumes** and average selling prices.

Variable costs per cubic meter in local currency increased, when compared to the first half of 2018, with an increase in most input costs and particularly maintenance costs. For the quarter, variable costs per cubic meter

increased when compared to 2Q18, also driven by an increase in most input costs and particularly maintenance costs, but decreased when compared to the previous quarter, with a reduction in most input costs and particularly thermal energy (1Q19 had been affected by the extreme cold weather in Canada).

Recurrent EBITDA for the first half of the year reached circa 13.1 million euros (including a positive effect from the adoption of the IFRS 16 of circa 1.1 million euros), a reduction of 1.0 million euros vs. 1H18, mainly explained by the increase in variable costs as referred above. On a quarterly basis, Recurrent EBITDA for the 2Q19 stood at circa 8.3 million euros, with Recurrent EBITDA margin of circa 13.9%, an increase of circa 3.5 million euros and 5.5 p.p., respectively, when compared to 1Q19.

Consolidated **EBITDA** reached 12.5 million euros in the first half of the year, a reduction of 1.3 million euros vs. the same period of last year. On a quarterly basis, Consolidated EBITDA for the 2Q19 stood at 7.9 million euros, an increase of 3.3 million euros vs. 1Q19. The evolution in Consolidated EBITDA is explained by the aforementioned performance of Recurrent EBITDA.

CONSOLIDATED INCOME STATEMENT
MILLION EUROS

	1H18	1H19	1H19 /	2Q18	1Q19	2Q19	2Q19 /	2Q19 /
	Unaudited	Unaudited	1H18	Unaudited	Unaudited	Unaudited	2Q18	1Q19
Turnover	111.8	116.4	4.1%	57.5	56.8	59.6	3.6%	5.0%
Other operational income	2.0	2.0	(0.9%)	1.1	0.9	1.1	(1.1%)	24.7%
EBITDA	13.9	12.5	(9.6%)	8.1	4.6	7.9	(2.2%)	72.3%
Non recurrent items	(0.2)	(0.5)	(125.5%)	(0.2)	(0.2)	(0.3)	(102.4%)	(90.5%)
Recurrent EBITDA	14.1	13.1	(7.3%)	8.3	4.8	8.3	(0.1%)	73.0%
Recurrent EBITDA Margin %	12.6%	11.2%	-1.4 pp	14.4%	8.4%	13.9%	-0.5 pp	5.5 pp
Depreciation and amortisation	(6.3)	(7.9)	(24.8%)	(3.2)	(3.9)	(4.0)	(24.5%)	(1.1%)
Provisions and impairment Losses	(0.1)	0.0	129.4%	(0.1)	0.0	0.0	100.0%	(100.0%)
Operational profit (EBIT)	7.5	4.7	(37.6%)	4.9	0.7	4.0	(18.5%)	-
Net financial charges	(5.7)	(5.7)	(1.2%)	(2.9)	(2.9)	(2.9)	(0.5%)	(0.2%)
o.w. Net interest charges	(4.0)	(4.1)	(2.0%)	(2.0)	(2.0)	(2.1)	(2.5%)	(1.5%)
o.w. Net exchange differences	(0.0)	0.0	112.4%	(0.0)	(0.1)	0.1	-	-
o.w. Net financial discounts	(0.8)	(0.8)	(1.5%)	(0.4)	(0.4)	(0.4)	(5.3%)	(20.9%)
Gains and losses in Joint-Ventures - Net Results	18.8	5.3	(71.6%)	14.1	3.4	1.9	(86.3%)	(43.3%)
Gains and losses in Joint-Ventures - Other	0.0	0.0	-	0.0	0.0	0.0	-	-
Profit before taxes (EBT)	20.6	4.2	(79.4%)	16.1	1.2	3.0	(81.2%)	145.4%
Taxes	(1.6)	(1.9)	(12.9%)	(0.9)	(0.0)	(1.8)	(94.9%)	-
o.w. Current tax	(3.0)	(2.3)	22.3%	(1.9)	(0.5)	(1.8)	3.4%	-
o.w. Deferred tax	1.3	0.4	(66.5%)	1.0	0.4	0.0	(99.4%)	(98.7%)
Consolidated net profit/(loss) for the period	18.9	2.4	(87.4%)	15.1	1.2	1.2	(92.1%)	(0.7%)

Total **fixed costs** represented circa 17.0% of turnover for 1H19 and for 2Q19, in line with the values booked for 1H18 and 2Q18, respectively. It should be noted that 1H19 includes lower lease rents as a result of the adoption of IFRS 16. When compared to the previous quarter, total fixed costs as a percentage of turnover increased circa 0.2 p.p., driven by an increase in fixed costs.

Total headcount of Sonae Indústria was 503 FTE's, at the end of June 2019, excluding Sonae Arauco, which compares with 499 and 493 FTE's at the end of March 2019 and June 2018, respectively.

Depreciation and amortization charges during 1H19 were circa 7.9 million euros, which represents an increase of circa 1.6 million euros vs. 1H18, mainly due to the impact of 1.0 million euros from the adoption of the IRFS 16. For the quarter, the depreciation charges reached circa 4.0 million euros, in line with the values booked for 1Q19, but an increase of circa 0.8 million euros vs. 2Q18, mainly due to the impact of circa 0.5 million euros of the adoption of the IRFS 16.

Net financial charges during 1H19 were 5.7 million euros, in line with the values booked for 1H18. In the quarter net financial charges reached circa 2.9 million euros, in line with the values booked for 2Q18 and 1Q19. 1H19 figures include a marginally negative effect from the adoption of the IFRS 16 (0.1 million euros).

Gains and losses in Joint-Ventures – Net Results refers to 50% of the net results of Sonae Arauco in the period. For the first half of the year, this amounted to 5.3 million euros, a reduction of 13.4 million euros when compared to 1H18, which included significant insurance income recognition related to the fires that affected two Sonae Arauco plants in Portugal in October 2017. In addition, Sonae Arauco's underlying EBITDA was lower than in the 1H18, due to more challenging business conditions. On a quarterly basis, Gains and Losses in Joint-Ventures reached 1.9 million euros, after the recognition of a provision of 2.0 million euros (considering the 50% contribution) following our announcement to cease activities at Horn site (Germany) and of a positive effect on taxes of circa 2 million euros (considering the 50% contribution) related with the accounting recognition of investment tax incentives.

Current tax charges were circa 2.3 million euros for the first half of the year, a decrease of circa 0.7 million euros when compared to 1H18, mainly driven by lower tax charges in Canada. On a quarterly basis, current tax charges reduced by circa 0.1 million euros vs. 2Q18 and increased by circa 1.4 million euros when compared to the previous quarter, the latter related to our North American business.

Net results were positive of circa 2.4 million euros for 1H19, a reduction of 16.5 million euros when compared to 1H18, mainly explained by the aforementioned reduction in Gains and losses in Joint-Ventures – Net Results. For the quarter, the net result reached circa 1.2 million euros, a decrease of 13.9 million euros vs. the 2Q18 which was marked by very strong net results of our Joint Venture as previously referred, and in line with the values booked for 1Q19.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MILLION EUROS

	1H18	1Q19	1H19
	Unaudited	Unaudited	Unaudited
Non current assets	363.5	368.2	361.9
Tangible assets	139.1	145.7	143.7
Investments in joint ventures	215.8	216.2	212.0
Deferred tax asset	2.1	0.0	0.0
Other non current assets	6.4	6.3	6.2
Current assets	50.0	45.8	55.8
Inventories	17.2	18.1	20.0
Trade debtors	16.8	19.4	18.7
Cash and cash equivalents	2.9	2.2	3.2
Other current assets	13.1	6.2	14.0
Non-current assets classified as available for sale	0.0	0.0	0.0
Total assets	413.5	414.0	417.7
Shareholders' Funds	140.6	139.7	141.1
Equity holders	140.6	139.7	141.1
Non-controlling interests	0.0	0.0	0.0
Liabilities	272.9	274.2	276.6
Interest bearing debt	210.6	214.1	213.7
Non current	197.8	193.8	157.9
Current	12.8	20.3	55.8
Trade creditors	24.9	24.2	25.9
Other liabilities	37.4	36.0	37.1
Liabilities directly associated with non-current assets classified as available for sale	0.0	0.0	0.0
Total Shareholders' Funds and liabilities	413.5	414.0	417.7

Tangible assets reached 143.7 million euros at the end of June 2019, an increase of 4.6 million euros vs. June 2018, mainly due to the impact of the adoption of the IFRS 16 of 5.7 million euros. In 2Q19 Tangible assets reduced by 2.0 million euros when compared to 1Q19, including the effect of the sale of real estate of an inactive site for an amount of circa 1.1 million euros.

Investments in Joint-Ventures (50% shareholding in Sonae Arauco) reached 212.0 million euros, which represents a reduction of circa 4.2 million euros when compared to the book value of this investment at the end of 1Q19, mostly due to the impact of the amount of dividends to be paid by Sonae Arauco to Sonae Indústria booked in 2Q19 and to be settled in 3Q19 in an amount of circa 6.0 million euros (which justify the increase in Current assets) and despite the positive impact of our share of Sonae Arauco's results in the quarter of 1.9 million euros.

Total **Shareholders' Funds**, at the end of June 2019, totaled circa 141.1 million euros, which represents an increase of 1.3 million euros when compared to March 2019, mainly explained by the positive impact from the net results in the quarter.

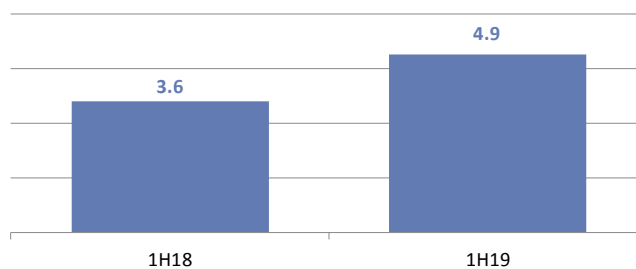
NET DEBT and WORKING CAPITAL
MILLION EUROS

	Excluding IFRS 16 effects			Including IFRS 16 effects	
	1H18 Unaudited	1Q19 Unaudited	1H19 Unaudited	1Q19 Unaudited	1H19 Unaudited
Net Debt	207.7	205.6	204.7	211.9	210.5
Working Capital	9.1	13.2	12.7	13.2	12.7

Consolidated **Working Capital** reached 12.7 million euros, a decrease of 0.5 million euros when compared to March 2019, explained by the increase in trade creditors and the decrease in trade debtors, which more than offset the increase in inventories.

Net Debt, stood at 204.7 million euros at the end of June 2019 (excluding IFRS 16 effects), a decrease of circa 0.9 million euros vs. March 2019 and of 3.0 million euros vs. June 2018. Considering capitalized operating leases (as per IFRS 16) Net Debt would be of circa 210.5 million euros at the end of June 2019.

CAPEX
MILLION EUROS



Additions to Gross Tangible Fixed Assets reached 4.9 million euros in the first half of the year, essentially investments in our North American business (4.5 million euros).

GLOSSARY OF TERMS

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
LTM	Last Twelve Months
Net Debt	Gross Debt - Cash and cash equivalents
Proportional: Turnover, Recurrent EBITDA (unaudited)	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)	Proportional Net Debt / Proportional LTM Recurrent EBITDA
Proportional Net Debt (unaudited)	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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