SONAE

SONAE SGPS
FIRST QUARTER RESULTS 2008
JANUARY - MARCH

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Notes:

(1) The consolidated financial information contained in this report is unaudited and based on financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union;

(2) In order to facilitate comparison of quarterly results against the previous year, the 1Q07 comparative figures have been restated ($1Q07^{R}$) to exclude the following: (i) Sonae Capital's contribution to the Sonae SGPS consolidated accounts during the 1Q07, given the conclusion of the Sonae Capital demerger and consequent exclusion from the Sonae SGPS consolidation perimeter; from October 2007; and (ii) Plysorol's contribution to the Sonae SGPS consolidated accounts during 1Q07, given its phased sale and exclusion from the Sonae SGPS consolidation perimeter from June 2007;

(3) Sonae SGPS's sub-holding's financial figures, as reported in section 2 - Consolidated results, are reported on the basis of their contribution to the consolidated accounts;

(4) Sonae SGPS's sub-holding's financial figures, as reported in section 3 – Business analysis, are reported on a stand-alone basis.

Message from Paulo Azevedo, CEO of Sonae SGPS

Our commitment to increase organic growth rate and the acquisitions carried out in 2007 has enabled us to achieve a year-on-year turnover increase of 26%. All our units contributed to this acceleration of growth, of which more than 9% was achieved through organic growth. EBITDA increased by 9% and, excluding non-recurrent transactions, that include value created on investment properties and real estate capital gains at Sonae Distribuição, EBITDA would have grown by a strong 12%, despite the additional costs resulting from the integration of companies acquired in 2007, strong competitive pressures on both the Retail and Telecommunications markets and the scenario of continuous cost increases in our raw materials.

In the Retail business, we continued to strengthen our leadership in the Portuguese retail market, with turnover up by 28% and EBITDA, excluding non-recurrent real estate transactions, increasing by 17.8%. It is worth mentioning that, despite the launch of the loyalty card in January 2007 and the significant impact on sales in that quarter, we were able to deliver further for growth on a like-for-like basis from our existing food retail stores (+1%). The integration of the retail operation acquired is taking place according to plan, with no sales losses in this initial period and with the successful replacement of the IT systems and rebranding in just 48 hours. Efforts have been made to solve all inventory problems and performance and synergy projects have been implemented. Non–food sales grew by 24%, with an underlying 6% like-for-like growth. After the end of 1Q08 and in accordance to plan, Sonae Distribuição successfully opened its first SportZone store in Spain, in Madrid, with very encouraging indicators regarding the format acceptance. Over and above the focus on the integration process, Sonae Distribuição continued the investment in the opening of new stores, in line with the targets disclosed of adding more than 60,000 new m2 before the end of 2008 and reaching 1,000,000 m2 of sales area in 2010.

In the Shopping Centre business, the quarter saw strong financial results, with EBITDA increasing by 31%, reflecting the extended portfolio of assets under management and the improving performance of the Services division. Net Profit increased by 34% compared to 1Q07. Importantly, operating priorities were focused on the launch of the Sierra Portugal Fund, with Sonae Sierra selling in this first closing a position of 40% of the fund. The sale of Sierra Portugal Fund, valued at fair value as at 31 December 2007, gives us confidence in the quality of Sonae Sierra's portfolio of assets and its relative immunity from the recent real estate market turmoil resulting from the subprime crisis.

In the Telecommunications business, we continued to achieve positive operational results at both our Mobile and Wireline divisions, with significant growth in mobile active customers, up by 8%, and a significant increase in our wireline direct accesses, up by 27% on a like-for-like basis, the latter posting growth of nearly 68% to 521 thousand accesses when including the acquisitions completed in 2007. Total mobile active customers reached 2.3 million and total wireline accesses amounted to 775 thousand. Our financial results were also positive and in line with expectations, with customer revenues growing by 11% on a like-for-like basis and EBITDA matching last year's results in absolute terms. This was an encouraging performance given the very tough competitive market environment, with all the players launching very aggressive offers and promotions. During the quarter, in order to enhance its competitive position, Sonaecom announced the implementation of a fibre deployment, a 3 year investment plan totalling 240 million euros, which is expected to cover 25% of the Portuguese population.

With the performance we have posted in this quarter and despite the clear slowdown of consumer confidence in Portugal and Spain, I feel confident we will deliver on our commitment to profitable growth and meet our bold objective of maintaining retailing margins for the full year.

1. Key figures

During 1Q08, Sonae SGPS focused on delivering organic growth at all its businesses: the Retail business continued posting positive like-for-like growth of revenues, the Shopping Centre business continued to develop its project pipeline and the Telecommunications business was able to accelerate growth and strengthen market share.

Million euros

CONSOLIDATED HIGHLIGHTS	1Q07	1Q07 (R)	1Q08	y.o.y	4Q07	q.o.q
Turnover	1.042,7	956,6	1.204,2	25,9%	1.284,0	-6,2%
Value created on investment properties (1)	2,9	2,9	0,0	-100,0%	29,8	-100,0%
Operating expenses	1.044,5	936,4	1.193,9	27,5%	1.218,2	-2,0%
EBITDA	107,6	101,7	110,3	8,5%	197,7	-44,2%
EBITDA margin (%) (2)	10,3%	10,6%	9,2%	-1,5pp	15,4%	-6,2pp
EBIT	43,9	40,5	42,7	5,5%	137,4	-68,9%
Net income - group share (3)	14,7	10,8	12,1	12,3%	113,4	-89,3%
CAPEX (4)	139,5	123,6	133,6	8,1%	865,8	-84,6%
CAPEX as a % of Turnover	13,4%	12,9%	11,1%	-1,8pp	67,4%	-56,3pp
EBITDA minus CAPEX	-31,9	-21,9	-23,4	-6,7%	-668,1	96,5%
Net debt	2.232,6	2.106,6	3.013,2	35,0%	2.621,0	15,0%
Net debt/EBITDA (last 12 months)	3,7 x	-	4,3 x	-	3,7 x	0,5x
EBITDA/interest expenses (5)	3,1 x	2,9 x	2,6 x	-0,5x	4,8 x	2,2x
Total employees	28.415	-	33.904	19,3%	34.628	-2,1%
Corporate center	54	-	47	-13,0%	46	2,2%

(1) Increase in the valuation of the shopping centres proportionally consolidated (50%); (2) EBITDA margin = EBITDA / Turnover; (3) Net income attributable to Sonae shareholders; (4) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions;(5) Interest cover; (R) Restated to exclude Sonae Capital and Plysorol contribution in 1Q07.

- Consolidated turnover grew significantly by 25.9% to 1,204.2 million euros in 1Q08, compared to 956.6 million euros in 1Q07(R). The Retail business delivered most of the growth in turnover, with an increase in contribution of 201 million euros in 1Q08, mainly explained by its strong expansion plan and the integration of the retail operation acquired, completed by the end of 2007, and notwithstanding positive effect of the launch of the loyalty card in January 2007.

- EBITDA increased by 8.5% to 110.3 million euros in 1Q08, driven primarily by a 26.9% higher contribution to EBITDA from the Shopping Centres business, explained by the increase in the number of shopping centres in operation.

- Net income group share for the quarter amounted to 12.1 million euros, an improvement of 12.3% over 1Q07(R), mostly due to the improved operational performance.

- CAPEX increased by 10 million euros in 1Q08 to 133.6 million euros, compared to 1Q07(R), mainly as a result of the acceleration of investment in the network at the Telecommunications business, and by the opening of 10 new stores by the Retail business, which increased its sales area by 5,000 m2 in 1Q08

- Consolidated Net Debt amounted to 3,013.2 million euros, an increase of 392.2 million euros over year end 2007, mainly due to an increase in the contribution to consolidated net debt at the Retail business, reflecting the Capex programme and the seasonal increase in working capital in the quarter, following the Christmas period.

2. Consolidated results

2.1. Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	1Q07	1Q07(R)	1Q08	y.o.y	4Q07	q.o.q
Turnover	**1.042,7**	**956,6**	**1.204,2**	**25,9%**	**1.284,0**	**-6,2%**
Retail	722,6	723,1	924,3	27,8%	988,6	-6,5%
Shopping centres (1)	33,8	34,1	42,3	24,2%	41,6	1,7%
Telecommunications	196,3	196,7	233,1	18,5%	243,5	-4,3%
Services	86,2	0,0	0,00	-	-0,1	100,0%
Holding & others	3,9	2,8	4,5	62,7%	10,4	-56,5%
Value created on investment properties (2)	**2,9**	**2,9**	**0,0**	**-100,0%**	**29,8**	**-100,0%**
Other revenues	107,0	78,8	100,3	27,3%	103,0	-2,6%
Operating costs	**1.044,5**	**936,4**	**1.193,9**	**27,5%**	**1.218,2**	**-2,0%**
COGS	610,8	580,1	750,6	29,4%	761,9	-1,5%
Personnel costs	148,6	125,2	150,2	20,0%	138,5	8,4%
General & administrative expenses	275,3	213,7	272,3	27,4%	291,9	-6,7%
Other operating costs	9,8	17,4	20,8	19,7%	25,9	-19,6%
EBITDA excl. value created on investment properties	104,8	98,8	110,3	11,6%	167,9	-34,3%
EBITDA	**107,6**	**101,7**	**110,3**	**8,5%**	**197,7**	**-44,2%**
EBITDA margin (%) (3)	10,3%	10,6%	9,2%	-1,5pp	20,0%	-10,8pp
Retail	45,7	45,7	48,8	6,9%	105,3	-53,6%
Shopping centres (1)	17,6	17,6	22,3	26,9%	51,1	-56,3%
Telecommunications	39,4	39,4	35,4	-10,1%	42,7	-17,2%
Services	6,4	0,0	0,0	-	0,0	-
Holding & others	-1,4	-1,0	3,7	-	-1,4	-
Provisions and impairment losses	3,9	3,6	4,3	19,2%	-0,1	-
Depreciation & amortization	60,3	57,9	63,7	10,0%	61,4	3,7%
EBIT	**43,9**	**40,5**	**42,7**	**5,5%**	**137,4**	**-68,9%**
Net financial results	**-27,7**	**-25,0**	**-39,2**	**-57,0%**	**-28,9**	**-35,7%**
Financial income	12,6	13,4	10,6	-20,8%	17,3	-38,4%
Financial expenses	40,3	38,4	49,9	29,8%	46,2	8,0%
Share of results of associated undertakings	0,3	0,0	1,6	-	2,5	-36,4%
Investment income (4)	6,8	2,0	6,0	193,8%	6,7	-10,9%
EBT	**23,3**	**17,5**	**11,0**	**-36,9%**	**117,7**	**-90,6%**
Taxes	7,2	6,1	0,5	-92,6%	-21,8	-
Net income	16,0	11,4	10,6	-7,0%	139,5	-92,4%
Net income - group share (5)	**14,7**	**10,8**	**12,1**	**12,3%**	**113,4**	**-89,3%**
Attributable to minority interests	1,4	0,6	-1,6	-	26,1	-

(1) Shopping centres are proportionally consolidated (50%); (2) Increase in the valuation of the shopping centres proportionally consolidated (50%); (3) EBITDA margin = EBITDA / Turnover; (4) Capital gains (losses) with financial investments plus dividends received; (5) Net income attributable to Sonae shareholders; (R) Restated to exclude Sonae Capital and Plysorol contribution in 1Q07.

Turnover

Consolidated turnover increased by 25.9% in 1Q08 compared to 1Q07(R), amounting to 1,204.2 million euros, driven by turnover growth across all the business units:

(i) 27.8% higher contribution from Retail, totalling 201 million euros, mainly reflecting the aggressive pace of organic growth, with the opening of an additional 168 thousand m2 in the last 12 months, the impact of the retail stores acquired, and the good like-for-like performance achieved, with the quarter benefiting from Easter and an additional calendar day, notwithstanding the significant positive impact on sales of the loyalty card launch during the 1Q07;

(ii) 18.5% increase from Telecommunications, totalling 36.4 million euros, mainly driven by strong customer revenue growth both in the Wireline (84.9%) and Mobile areas (8.4%), and despite the decrease of roaming-in tariffs and the current tougher competitive environment;

(iii) 24.2% higher contribution from Shopping Centres, totalling 8.2 million euros, primarily due to a 28% increase in rental income, reflecting new shopping centres opened and acquired, the increase in ownership of several shopping centres in Brazil and Portugal and the improved like-for-like performance of shopping centres, with like-for-like rental growth of 3% for the whole portfolio; services business posted a 25.6% increase in turnover, derived from increased portfolio of assets and higher letting services income (+56%) related with shopping centres to be opened during the 2Q08, namely Freccia Rossa, in Italy.

EBITDA

Total EBITDA amounted to 110.3 million euros in 1Q08, 8.5% above that in 1Q07(R), mainly driven by the strong operational results from the Shopping Centre business reflecting the increased portfolio of assets owned and rental performance. Excluding non-recurrent capital gains y.o.y, EBITDA would have amounted to 101.3 million euros, 11.8% above that in 1Q07(R).

The breakdown of EBITDA performance in 1Q08 by business was as follows:

(i) The Shopping Centre business increased its contribution to EBITDA by 4.7 million euros to 22.3 million euros compared to 1Q07(R), as a result of the extension of the portfolio of assets in operation, and also the higher activity of the Development division, with 4 more projects under development comprising an additional 280.7 thousand m2; despite not having benefited from value created on investment properties compared to a 2.9 million euros of positive impact in 1Q07(R);
(ii) The Retail business increased its contribution to EBITDA by 6.9% to 48.8 million euros in 1Q08, reflecting the strong expansion plan combined with a focus on productivity enhancing programmes, and the integration of the newly acquired stores, which is taking place according to plan. On a recurrent basis and excluding the real estate capital gains impacting y.o.y figures, the Retail contribution to EBITDA would have grown by 6.1 million euros, up by 18.1% over 1Q07(R);
(iii) The Telecommunications business contribution to the consolidated EBITDA decreased slightly when compared to 1Q07(R), a positive performance given the current competitive market environment, with increased commercial aggressiveness by all players, and given the costs of integration of the companies acquired during 2007. This performance was achieved on the back of strong operational results at the Wireline division.

The EBITDA margin reached 9.2% in 1Q08, 1.4pp less than in 1Q07(R), primarily explained by: (i) the impact on margin of the 8 petrol stations, acquired as part of the purchase of the retail operation in 2007, still pending the Portuguese Competition Authority's non-opposition to them being operated by Galp Energia; (ii) the non-recurrent capital gains impacting EBITDA y.o.y; (iii) the costs of integration of the stores acquired by the Retail business; and (iv) the increased commercial and marketing activities in the Telecommunications business that reflect the push for organic growth of this business unit. Excluding the contribution from petrol stations and non-recurrent capital gains, EBITDA margin would have decreased by 1.2pp, from 9.5% in 1Q07(R) to 8.3% in 1Q08.

Net financial results
Net Financial results deteriorated by 57.0% to a negative 39.2 million euros in 1Q08 compared to a negative 25 million euros in 1Q07(R), mainly reflecting: (i) a 29.8% increase in financial expenses, explained by the Group's higher average net debt in 1Q08; (ii) an increase in the average cost of debt, with the 3 and 6 month daily average Euribor rates increasing by 0.7pp and 0.5pp, respectively compared to 1Q07; and (iii) a 21% decrease in interest income, from 13.4 million euros to 10.6 million euros. The Group's higher average net debt in 1Q08, when compared to 1Q07(R), is primarily explained by the financing requirements of the retail acquisition and development plans from the Shopping Centre unit.

Investment income
Investment income totalled 6 million euros in 1Q08, 4 million euros higher than 1Q07(R), including gains related to the launch of Sierra Portugal Fund on 27 March 2008, Sonae Sierra's second investment fund comprising 8 Portuguese shopping centres and 3 projects under development, and the corresponding sale at market value of a 40% shareholding to reference investors. This income is primarily explained by the write-off of deferred tax liabilities related to unrealised gains on investment properties, accounted for in the balance sheet under the IAS rules.

Net income Group share
Consolidated net income group share in 1Q08 increased by 12.3% to 12.1 million euros, compared to 10.8 in 1Q07(R), mostly due to sales growth and improved operational profit. This performance was achieved notwithstanding the 57% higher net financial charges incurred in the quarter and the 10% higher depreciation & amortization charges, the later driven by the increased asset base resulting from store network expansion at Retail and the extension of the mobile and wireline network at Telecommunications.

Taxes for 1Q08 showed a charge of 0.5 million, compared to 6.1 million euros in 1Q07(R), and comprised a current tax charge of 5.4 million euros and movements in deferred taxes that generated a benefit of 4.9 million euros. The latter was driven by the recognition of additional deferred tax assets at Sonae Distribuição and Sonaecom amounting to 6.1 million euros, which more than offset the deferred tax liabilities booked at Sonae Sierra.

2.2. Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	1Q07	1Q07 (R)	1Q08	y.o.y	4Q07	q.o.q
Total Net Assets	**6.236,3**	**5.561,4**	**7.023,0**	**26,3%**	**7.026,2**	**0,0%**
Non Current Assets	4.526,6	4.054,2	5.676,6	40,0%	5.600,8	1,4%
Tangible and Intangible Assets	2.381,7	2.052,4	2.529,1	23,2%	2.501,9	1,1%
Goodwill	261,4	215,6	733,8	-	740,9	-1,0%
Investment properties (1)	1.567,6	1.569,3	2.083,4	32,8%	2.062,1	1,0%
Other investment	166,8	70,4	109,5	55,5%	85,6	27,9%
Deferred Tax Assets	103,3	98,1	143,6	46,4%	135,6	5,9%
Others	45,7	48,4	77,1	59,4%	74,6	3,3%
Current Assets	1.709,8	1.507,1	1.346,4	-10,7%	1.425,3	-5,5%
Stocks	529,2	393,4	506,5	28,8%	481,9	5,1%
Trade Debtors	250,8	172,2	219,2	27,3%	229,1	-4,3%
Liquidity (2)	535,5	518,7	181,3	-65,1%	346,5	-47,7%
Others	394,4	422,8	439,4	3,9%	367,9	19,4%
Total equity	**1.672,7**	**1.334,4**	**1.600,3**	**19,9%**	**1.618,0**	**-1,1%**
Group Share	1.268,9	929,8	1.140,3	22,6%	1.169,7	-2,5%
Minority Interests	403,8	404,6	460,1	13,7%	448,3	2,6%
Total Liabilities	**4.563,6**	**4.226,9**	**5.422,7**	**28,3%**	**5.408,2**	**0,3%**
Non Current Liabilities	2.589,0	2.436,5	3.564,3	46,3%	3.584,3	-0,6%
Bank Loans	1.040,1	951,8	1.227,6	29,0%	1.059,7	15,8%
Other Loans (3)	1.112,6	1.099,6	1.670,4	51,9%	1.769,4	-5,6%
Deferred Tax Liabilities	275,0	269,6	335,1	24,3%	334,2	0,3%
Provisions	59,0	43,3	107,6	148,3%	108,0	-0,3%
Others	102,4	72,1	223,5	-	313,0	-28,6%
Current Liabilities	1.974,6	1.790,4	1.858,4	3,8%	1.823,8	1,9%
Bank Loans	507,2	492,5	188,5	-61,7%	129,2	45,9%
Other Loans (3)	108,2	81,3	108,0	32,8%	9,1	-
Trade Creditors	739,5	657,4	892,6	35,8%	988,8	-9,7%
Others	619,7	559,2	669,4	19,7%	696,7	-3,9%

(1) Invesment properties = value of shopping centres owned by Sonae Sierra; (2) Liquidity includes cash & equivalents and current investments; (3) Other loans include bonds, leasing, derivatives and shareholder loans; (R) Restated to exclude Sonae Capital and Plysorol contribution in 1Q07.

Gross tangible and intangible assets totalled 4,181.2 million euros at the end of 1Q08, compared to 4,102 million euros at end 2007 and cumulative depreciation and amortization totalled 1,651.7 million euros, compared to 1,600 million euros at end 2007. Liquidity decreased by 165.2 million euros to 181.3 million euros in 1Q08, compared to end 2007, including the acquisition of approximately 7 million Sonaecom shares during the quarter, the use of cash applications to repay commercial paper at Sonaecom, and the mark-to-market of the Cash Settled Equity Swap, signed in November 2007, covering a total of 132.8 million Sonae SGPS shares. Total investment properties reached a similar value to that at the end of 2007, comprising a 21.3 million euros investment on projects under development, and reflecting no new shopping centres, opened or acquired in the quarter, as well as no revaluations of owned real estate, the latter because the independent entity, Cushman & Wakefield, only prepares updates of mark-to-market values on a half yearly basis. Trade creditors reached 892.6 million euros, a reduction of 96.2 million euros compared to end 2007, mainly driven by the Retail business, as a result of payments to suppliers after the strong Christmas season.

Total equity decreased by 17.7 million euros in 1Q08 to 1,600.3 million euros, when compared to year end 2007, mainly reflecting 60 million of dividends paid relating to the year ending 31 December 2007, notwithstanding the 10.6 million euros of results achieved in the quarter.

Capex

Capex increased by 8.1% to 133.6 million euros in 1Q08, compared to 1Q07(R), equal to 11.1% of turnover.

Million euros

CAPEX	1Q07	1Q07(R)	1Q08	y.o.y	4Q07	q.o.q
Total CAPEX (1)	**139,5**	**123,6**	**133,6**	**8,1%**	**865,8**	**-84,6%**
Retail	36,9	43,0	54,1	25,9%	658,0	-91,8%
Shopping Centres (2)	41,1	41,1	28,8	-29,8%	114,9	-74,9%
Telecommunications	38,6	38,6	35,4	-8,3%	90,8	-61,1%
Services	22,9	0,0	0,0	-	1,9	-
Holding & others	0,0	0,9	15,3	-	0,2	-
CAPEX as a % of turnover	13,4%	12,9%	11,1%	-1,8pp	67,4%	-56,3pp
EBITDA minus CAPEX	-31,9	-21,9	-23,4	-6,7%	-668,1	96,5%

(1) Capex includes gross investments in tangible, intangible, investment properties and investments in acquisitions; (2) shopping centres are proportionally consolidated (50%); (R) Restated to exclude Sonae Capital and Plysorol contribution in 1Q07.

Retail Capex, responsible for 40.5% of the consolidated investment as at 1Q08, was directed towards the company's strong expansion plan, with the opening of 10 new stores during 1Q08 with a total of 5,000 m2, the preparation work for future openings, the refurbishment of the current store network and the upgrading of the logistic warehouse units. Shopping Centres contribution to consolidated Capex amounted to 28.8 million euros, 29.8% below the 1Q07(R) contribution, reflecting progress in the development pipeline of 14 projects under development, with an estimated investment of 1,900 million euros and scheduled to open by the end of 2011. The contribution to consolidated Capex from the Telecommunications business amounted to 35.4 million euros, a decrease of 8.3% compared to 1Q07(R), reflecting investments at the Mobile division geared to accelerate the extension of coverage and capacity of its 2G/3G network to improve quality of service and consolidate the leading position in the mobile broadband market. Capex at the holding reached 15 million euros when compared to 1 million euros at 1Q07(R), mainly comprising the acquisition of approximately 7 million Sonaecom shares in the quarter.

Capital structure

Million euros

CAPITAL STRUCTURE	1Q07	1Q07(R)	1Q08	y.o.y	4Q07	q.o.q
Gross debt (1)	2.768,0	2.625,2	3.194,5	21,7%	2.967,4	7,7%
Net debt (2)	**2.232,6**	**2.106,6**	**3.013,2**	**43,0%**	**2.621,0**	**15,0%**
Retail	541,1	541,1	1.265,7	133,9%	1.072,4	18,0%
Shopping Centres (3)	542,9	542,9	887,3	63,4%	839,5	5,7%
Telecommunications	276,1	276,1	340,3	23,2%	307,4	10,7%
Services	124,4	0,0	0,0	-	0,0	-
Holding & others	748,0	746,4	520,0	-30,3%	401,7	29,5%
Net debt/EBITDA (last 12 months)	3,7 x	-	4,3 x	-	3,7 x	0,5x
EBITDA/interest expenses (4)	3,1 x	2,9 x	2,6 x	-0,4x	4,8 x	-2,2x
Debt/(Debt+Total equity) (5)	62,3%	66,3%	66,6%	0,3pp	64,7%	1,9pp

(1) Gross debt = non current borrowings + current borrowings; (2) Net debt = gross debt - liquidity; (3) shopping centres are proportionally consolidated (50%); (4) Interest cover; (5) Net Gearing; (R) Restated to exclude Sonae Capital and Plysorol contribution in 1Q07.

Consolidated net debt at the end of 1Q08 stood at 3,013.2 million euros, an increase of 392.2 million euros over year end 2007, reflecting: (i) a 193.3 million euros increase in the contribution to consolidated net debt from the Retail business, in 1Q08, explained by a new debt contracted to the funding of the seasonal increase in working capital in the quarter, the strong programme of organic growth and store refurbishment; (ii) a 47.8 million euros increase in the contribution to consolidated net debt from the Shopping Centre business, related with financing needs for the on-going development pipeline; and (iii) a 32.9 million euros increase in the contribution from the Telecommunications business, mainly reflecting its FCF evolution in the quarter. Total gross debt as at end 1Q08 attributable to the Shopping Centres business is fully and exclusively guaranteed by the assets of each project.

At the end of 1Q08, net debt to EBITDA (last 12 months) reached 4.3x, a deterioration of 0.5x when compared to 3.7x at end 2007, mainly reflecting the Capex and working capital requirements in the quarter, and despite the higher EBITDA (last 12 months) at the end of 1Q08. Interest cover deteriorated to 2.6x, from 2.9x at end of 1Q07(R), due to the higher interest cost in the quarter, as a result of increased market interest index rates and higher average net debt levels y.o.y. It should be noted that EBITDA (last 12 months) only includes one quarter's contribution from the retail operation we acquired, while Net Debt over the period reflects the full payment of the acquisition price of 664 million euros, which was paid on 31 December 2007. The ratio of consolidated debt to total equity was 66.6%, 1.9pp above year end 2007.

3. Business analysis – main highlights

3.1. Retail

During 1Q08, Sonae Distribuição focused its activity on the integration of the acquired retail stores, in order to rapidly achieve expected benefits related to fixed costs dilution and commercial and marketing synergies, and on further expanding its sales network, by continuing to invest in strengthening its leadership position in the Portuguese market.

OPERATING REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Sales growth (%)	12,3%	27,7%	15,4pp	11,0%	-16,8pp
Food	12,2%	23,1%	10,9pp	-	-pp
Non-Food	13,6%	24,0%	10,4pp	-	-pp
LFL sales growth (%)	6,9%	2,7%	-4,2pp	-	-pp
Food	8,3%	1,5%	-6,8pp	-	-pp
Non-Food	3,4%	6,0%	2,6pp	-	-pp
Number of stores (EOP)	490	655	33,7%	646	1,4%
Food	124	173	39,5%	173	0,0%
Non-Food	366	482	31,7%	473	1,9%
Sales area ('000 m2)	546	714	30,8%	709	0,7%
Food	349	460	31,8%	460	0,0%
Non-Food	197	254	28,9%	249	2,0%
% Sales area owned (%)	-	74,8%	-	74,0%	0,8pp
Food	-	86,8%	-	86,0%	0,8pp
Non-Food	-	53,3%	-	52,0%	1,3pp
Total employees (1)	25.672	30.973,0	20,6%	31.714	-2,3%

(1) Includes integration of Carrefour employees as at 31 December 2007.

Sales

Food retail registered a solid 23.1% sales growth in 1Q08, compared to 1Q07, with an underlying 1% like-for-like growth, despite greater competitive pressure and a more challenging macroeconomic environment, and notwithstanding the significant sales benefit obtained in 1Q07 from effects of the launch of the loyalty card. This performance in sales was mainly explained by: (i) the accelerated expansion plan in progress, with the opening of 21 new food retail stores in the last 12 months; (ii) the integration of the 12 retail stores acquired, although no major refurbishment investments have yet been concluded; and (iii) the impact of an early Easter and an additional calendar day.

Non-food retail sales increased by 24% in 1Q08 over 1Q07, with an underlying 6% like-for-like growth. This increase was primarily the result of: (i) expansion of the store network, with the opening of 108 new non-food retail stores, equal to approximately 47 thousand m2 of additional sales area, in the last 12 months; (ii) integration of the heavy bazaar from the stores acquired; and (iii) increased consumer awareness and improved operational performance of the non-food formats.

Stores network

Sonae Distribuição ended 1Q08 with 655 stores and twelve brands[1], amounting to a total of 714 thousand m2 of sales area, 31% above the 546 thousand m2 sales area at end 1Q07. Total sales area owned reached 535 thousand m2 at end 1Q08, representing approximately 75% of the stores network sales area and responsible for approximately 80% of the 1Q08 annualized sales[2]. When compared to the previous quarter, the company continued with its strong pace of organic growth in non-food based retail, with the opening of 10 new stores, amounting to a total of 5 thousand m2 sales area. To the non-food store portfolio, Sonae Distribuição added the opening of 1 Worten, 1 Sportzone, 2 Maxmat&Maxgarden, 1 Zippy, 4 Área Saúde and 1 Worten Mobile, thereby strengthening its presence in the Portuguese market.

[1] Modelo Bonjour is classified as Modelo since January 2008.
[2] Already assumes annualized sales of the retail stores acquired.

Million euros

FINANCIAL REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**725,5**	**926,5**	**27,7%**	**990,7**	**-6,5%**
Food	524,9	646,1	23,1%	-	-
Non-Food	198,8	246,6	24,0%	-	-
Others & eliminations (1)	1,8	33,9	-	-	-
EBITDA	**45,8**	**48,8**	**6,6%**	**104,5**	**-53,3%**
EBITDA margin (%) (2)	6,3%	5,3%	-1pp	10,6%	-50,3%
Food	26,1	30,0	14,9%	-	-
Non-Food	7,0	7,5	7,1%	-	-
Others & eliminations (1)	12,7	11,3	-10,7%	-	-
EBIT	24,9	21,9	-12,2%	80,8	-72,9%
Net financial results	7,9	14,6	85,0%	-8,8	-
Net income - group share (3)	**14,7**	**9,2**	**-37,0%**	**68,9**	**-86,6%**
Gross debt	755,9	1.404,0	85,7%	1.207,4	16,3%
Net debt	551,1	1.275,7	131,5%	1.082,4	17,9%
Net debt/EBITDA (last 12 months)	2,1 x	4,2 x	2,1x	1,8 x	-2,4x
EBITDA/interest expenses (4)	8,2 x	3,2 x	-5x	-	-x
Debt/(Debt+Total equity) (5)	52,1%	64,5%	12,4pp	56,0%	8,5pp
CAPEX (6)	16,0	56,1	-	839,9	-93,3%
EBITDA minus CAPEX	29,8	-7,3	-	-735,4	99,0%
Free Cash Flow	-	-	-	-	-

(1) Includes petrol stations and real estate rents received from galleries; (2) EBITDA margin = EBITDA / Turnover; (3) Net income attributable to Sonae Distribuição shareholders; (4) Interest cover; (5) Net gearing; Includes debt impact from the Carrefour acquisition completed in 31 December 2007; (6) Includes acquisition of Carrefour.

Turnover

Turnover increased by a significant 27.7% to 926.5 million euros, compared to 725.5 million euros in 1Q07, mainly due to the expanded store network in the quarter, driven by the ongoing investment in organic growth, the inclusion of the 12 retail stores acquired in 2007 and the impact of an early Easter and an additional calendar day in February 2008. This positive performance was achieved notwithstanding the impact of the loyalty card launched in January 2007, which boosted sales registered in 1Q07, a more challenging economic outlook and a market with increased competeviness.

In 1Q08, Turnover included the revenue generated by the 8 Petrol Stations acquired as part of the purchase of a retail company in 2007. On February 2008, we announced their operational transfer to GALP, which is still pending Competition authority approval.

EBITDA

EBITDA in 1Q08 reached 48.8 million euros, up by 6.6% when compared to 46 million euros in 1Q07, reflecting the company's ongoing focus on containing costs and achieving productivity gains in operations. Food retail EBITDA has increased 14.9% over 1Q07 and Non-food retail reached an EBITDA of 7.5 million euros, up 7.1% over 1Q07. 2 extraordinary impacts affected both 1Q08 and 1Q07 results: (i) a 9 million euros capital gain in 1Q08, related to the sale of a Brazilian site in Florianópolis; and (ii) a 12 million euros capital gain in 1Q07, generated by the sale of the real estate assets of the Albufeira and Portimão Shopping galleries in February 2007. Excluding the impact of these non-recurrent capital gains, EBITDA would have risen by an impressive 17.8%, from 33.8 million euros in 1Q07, to 39.8 million euros in 1Q08.

EBITDA generated a margin of 5.3%, 1.1pp down on the 6.3% margin in 1Q07, mainly due to: (i) the impact on margin of the Petrol Stations acquired as part of the purchase of a retail company in 2007; and (ii) the non-recurrent capital gains impacting EBITDA trends. Food retail EBITDA margin reached 4.64% in 1Q08, compared to 4.97% in 1Q07, and non-food retail margin amounted to 3.04%, compared to 3.52% in 1Q07, with performance primarily explained by: (i) the expected costs of the integration of the retail operation; and (ii) an extended new store network, opened during the last 2 years, with a performance still below that expected on a on-going basis.

3.2. Shopping centres

Sonae Sierra increased profitability in 1Q08, achieving a good set of results underpinned by the significant portfolio of assets under management, reflecting its international foothold expansion strategy. Also worthy of note is the activity of the Developments unit, with an increased pipeline of projects under development.

OPERATING REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Real estate open market value (million euros) (1)	4.792,7	6.112,0	27,5%	6.153,5	-0,7%
Real estate NAV (million euros) (2)	1.481,5	1.668,4	12,6%	1.713,2	-2,6%
Investments	841,3	1.072,2	27,4%	1.114,4	-3,8%
Brazil	139,8	193,1	38,2%	201,3	-4,1%
Others (3)	500,3	403,2	-19,4%	398,0	1,3%
NAV per share (euros)	45,6	51,3	12,6%	52,7	-2,6%
Openings & acquisitions (EOP)	0,0	0,0	-	8,0	-100%
Shopping centres owned/co-owned (EOP)	40,0	47,0	17,5%	47,0	0,0%
GLA owned/co-owned in operating centres (thousand m2) (4)	1.653,9	1.855,4	12,2%	1.855,4	0,0%
Occupancy rate of GLA owned (%)	95,6%	95,5%	-0,1pp	95,5%	0pp
Projects under development (EOP) (5)	10,0	14,0	40,0%	12,0	16,7%
Projects in planning stage (EOP) (6)	7,0	15,0	114,3%	15,0	0,0%
GLA under development (thousand m2) (4)	338,6	619,3	82,9%	473,8	30,7%
Shopping centres managed (EOP)	59,0	63,0	6,8%	63,0	0,0%
GLA under management (thousand m2) (4)	2.001,3	2.183,1	9,1%	2.183,1	0,0%
Total employees	734	823	12,1%	789	4,3%

(1) Open market value = fair value of real estate in operation (100%), provided by an independent entity; equivalent to assets under management; (2) Net asset value = Open market value minus net debt minus minorities plus deferred tax liabilities; (3) Others = Projects under development + Cash; (4) Gross Lettable area; (5) Projects in planning and construction; (6) Projects committed but not fully licensed.

New projects, openings, acquisitions and disposals

As at the end of 1Q08, Sonae Sierra owned or co-owned 47 shopping centres, an increase of 17.5% compared to end 1Q07, with more than 1.85 million GLA, as compared to 1.66 million GLA in 1Q07. The number of shopping centres under management increased by 6.8% to 63, at the end of 1Q08, reflecting the significant increase in activity in this area during the last 12 months. In 1Q08, the company did not open or acquire any shopping centres.

The company ended the quarter with 29 new projects in the pipeline, of which 14 under development and scheduled to open by 2011, and the remaining still uncommitted. Total projects under development amounted to an estimated investment of 1,900 million euros and a total Gross Lettable Area of 619.3 thousand m2, with the following breakdown: 27.1% Romania, 17.7% Italy, 12.8% Brazil, 10.3% Spain, 9.8% Greece, 9% Germany and 3.3% Portugal. In 1Q08, Sonae Sierra stepped up efforts in the development of the 4 Shopping Centres estimated to be opened during 2008, of which 1 is in Spain, 2 in Italy and 1 in Greece. After the quarter end, Sonae Sierra successfully opened one of these projects in Italy: Freccia Rossa.

Importantly, Sonae Sierra launched the Sierra Portugal Fund, a fund comprising a portfolio of Portuguese shopping centres, for which Sonae Sierra accumulates the role of investor, asset and property manager. The fund was seeded with eight shopping centres and also benefits from a pipeline of three projects currently being developed in Portugal, with a total equity of 300 million euros. In this initial closing, Sonae Sierra kept a shareholding position of 60%, with the remaining 40% being acquired by three reference investors, namely a Finnish pension fund, a Finnish mutual pension insurance company and 2 real estate funds both managed by Schroeder Investment Management. Further closings are planned for 2008, through which Sonae Sierra intends to reduce its holding.

Investment Property portfolio value

The fair value of the real estate in operation is provided by an independent entity, Cushman & Wakefield, only twice a year – at the half year and year end. At end 1Q08, the open market value of 100% of Sonae Sierra’s real estate properties decreased by 42 million to 6,112 million euros when compared to the latest valuation of 6,154 million euros as at end 2007, exclusively due to adverse foreign exchange effect from the depreciation of the Brazilian currency in the quarter. When compared to 1Q07, Sonae Sierra’s open market value increased by 28% in 1Q08, of which the percentage controlled by Sonae Sierra represented 3.8 million euros compared to 2.8 million euros in 1Q07. On a like-for-like basis, open market value increased by 10%, from 2.8 million euros in 1Q07 to 3.1 million euros in 1Q08.

The NAV at end of 1Q08 of the properties attributable to Sonae Sierra improved by 13% to 1,668 million euros, corresponding to a value per share of 51.2 euros, compared to a value per share of 45.6 euros in 1Q07. This was mainly due to the compression of yields in the real estate market. When compared to end 2007, NAV deteriorated by 45 million euros, mainly reflecting the higher dividends paid of 49.7 million euros, 20 million euros more than the amount distributed in 1Q08, and the depreciation of the Brazilian currency, impacting negatively the NAV by 11 million euros.

Million euros

FINANCIAL REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**63,3**	**79,7**	**26,0%**	**82,1**	**-2,9%**
Services Business	**13,1**	**16,4**	**25,3%**	**19,1**	**-13,8%**
Asset management	5,0	6,1	21,7%	7,4	-17,9%
Developments	2,5	3,7	44,7%	4,5	-18,8%
Property management	5,6	6,6	19,7%	7,1	-6,4%
Investments	47,4	61,0	28,6%	60,3	1,2%
Others & eliminations	2,7	2,3	-16,3%	2,7	-15,9%
EBITDA excluding value created on investment properties	**36,3**	**47,6**	**31,2%**	**44,6**	**6,8%**
EBITDA margin (%) (1)	57,3%	59,7%	2,4pp	54,3%	5,4pp
Services EBITDA margin (%)	13,5%	17,8%	4,3pp	65,8%	-48pp
Services Business	**8,5**	**14,2**	**66,6%**	**54,0**	**-73,7%**
Asset management	2,4	3,5	45,8%	3,6	-3,8%
Developments (2)	4,9	8,6	76,0%	48,0	-82,1%
Property management	1,3	2,2	69,4%	2,5	-11,9%
Investments	35,8	45,8	27,7%	44,2	3,6%
Others & eliminations	-8,1	-12,3	-52,9%	-53,6	77,0%
EBIT	35,9	47,2	31,5%	44,0	7,1%
Net financial results	-8,5	-26,5	-	-16,7	-59,0%
Gains realized on investments (3)	0,0	10,9	-	12,5	-13,2%
Value created on investment properties (4)	0,2	-1,2	-	73,1	-
Net income - group share (5)	**14,0**	**18,7**	**33,6%**	**76,1**	**-75,5%**
Gross debt	1.319,9	1.831,7	38,8%	1.750,5	4,6%
Net debt	1.030,9	1.790,7	73,7%	1.701,7	5,2%
Loan to value (6)	30,5%	38,9%	8,4pp	38,3%	0,6pp
Net debt/EBITDA (last 12 months)	7,1 x	9,4 x	-2,3x	10,9 x	-1,5x
EBITDA/interest expenses (7)	2,3 x	1,5 x	0,8x	1,8 x	-0,3x
Debt/(Debt+Total equity) (8)	46,0%	50,2%	4,2pp	49,5%	0,7pp
CAPEX	47,3	54,4	15,1%	-	-

(1) EBITDA margin = EBITDA / Turnover; (2) EBITDA Developments = EBITDA plus value created in projects; (3) Capital gains (losses) with shopping centres disposals; (4) Increase in the valuation of the shopping centres; (5) Net income attributable to Sonae Sierra shareholders; (6) Loan to value = Net debt / (Total assets - liquidity); (7) EBITDA/interest expenses; (8) Net gearing.

Turnover

Turnover increased by 26% to 79.7 million euros, compared to 63.3 million euros in 1Q07. Services business income amounted to 16.5 million euros, up 25.6% when compared to 13.1 million euros in 1Q07, with main contributions coming from: (i) 21.7% increase in Asset Management income, mainly driven by the increased value of assets under management; (ii) 19.7% increase in Property Management income, explained by the growth of properties under management and a higher letting services income; and (iii) 46.4% higher operating income at Developments, with the increase of the number and dimension of the projects in the pipeline, leading to higher project development fees and increased value created in projects. Sierra Investments turnover increased by 28.6% to 61 million euros, explained by a 28% increase in rental income to 56 million euros, mainly achieved through a combination of acquisitions, increases in ownership share of several shopping centres in Portugal and organic growth of the existing portfolio; on a like-for-like basis, rental income increased 3% compared to 1Q07.

EBITDA

Sonae Sierra's EBITDA, excluding value created on investment properties reached 47.6 million euros in 1Q08, an increase of 31.2% over 1Q07. EBITDA of the various Services was 14.2 million euros, up 5.7 million euros compared to 1Q07, reflecting: (i) a 45.8% increase from Asset Management, generating an EBITDA of 3.5 million euros, a higher growth rate than that of turnover, reflecting the scale benefits from Sonae Sierra's portfolio expansion and productivity gains; (ii) a 76% growth from Developments, compared to 1Q07, with EBITDA totalling 8.6 million euros explained by the increased number of projects under development; and (iii) an EBITDA of 2.2 million euros at the Property Management division, 69.5% above 1Q07, with the more dynamic letting activity and the larger portfolio under management offsetting the increase in headcount necessary in this area to cope with the significant present and future increases in management services. The Investments EBITDA was 45.8 million euros, up 10 million euros compared to 1Q07, driven mainly by the acquisition of new shopping centres and the organic growth of the portfolio of assets owned.

Gains realized on investments

The income from gains realized on investment properties was 10.9 million, related with the 40% sale of the Sierra Portugal Fund, net of set-up costs, reflecting the write back of deferred tax liabilities related to unrealised gains on investment properties, that had been accounted for in the balance sheet under the IAS rules.

3.3. Telecommunications

During 1Q08, Sonaecom continued to deliver growth in customers and customer revenues, on the back of the increased marketing and commercial activity in the quarter, with an EBITDA result matching last year's result in absolute terms.

OPERATING REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Mobile					
Customers (EOP) ('000)	2.629,2	2.926,9	11,3%	2.893,5	1,2%
ARPU (euros) (1)	17,7	17,0	-4,2%	18,1	-6,2%
Wireline					
Total accesses (EOP) (2)	393.483	775.163	97,0%	815.623	-5,0%
Direct accesses (EOP)	309.461	520.649	68,2%	510.673	2,0%
Average revenue per access - retail (3)	23,4	21,1	-2,3pp	20,8	0,3pp
Media					
Average paid circulation (4)	41.031	43.530	6,1%	39.606	9,9%
Market share of advertising (%) (5)	14,2%	12,3%	-1,9pp	14,1%	-1,8pp
SSI					
IT service revenues / employee ('000 euros) (6)	27,3	28,2	3,5%	27,3	3,5%
Total employees	1.847	1.943	5,2%	1.961	-0,9%

(1) Average revenues per user; (2) Accesses according to "revenue generator unit" criteria; (3) excluding Mass Calling services' revenues; (4) Estimated value, updated in the following quarter; (5) 1Q08= February YTD; (6) Excluding employees dedicated to equipment sales.

Customer base

Sonaecom's mobile customer base increased by 11.3% to 2,927 million customers, compared to 2,629 million customers at end of 1Q07, with net additions of 33 thousand in the quarter, up by 22% compared to 1Q07, reflecting further progress in Sonaecom's growth strategy, including its planned investments in supporting the Optimus' brand, in improving distribution capacity, and in the development of its fixed-mobile convergent product "Optimus Home" and wireless broadband service "Kanguru".

Mobile customers generated an ARPU of 17.0 euros, down from an ARPU of 17.7 euros in 1Q07, of which 13.2 euros related to customer monthly bill and 3.8 euros related to operator revenues, which compares to 13.5 euros and 4.2 euros respectively in 1Q07. This decrease in ARPU is mainly explained by: (i) the decrease of 9.1% in operator revenues ARPU, due to reductions in roaming-in tariffs; (ii) the decrease of 2.2% in customer monthly bill, due to higher price pressure on voice tariffs, mainly in the SME and Corporate segments, and (iii) to the increased weight of Sonaecom's fixed-mobile convergent product, "Optimus Home", which was not fully offset by increased minutes of use in the period. By end 1Q08, data revenues represented 20.6% of service revenues, 4.6pp higher than in 1Q07, as the result the success of Sonaecom's wireless broadband solutions and related promotional campaigns to increase usage.

Sonaecom's wireline accesses reached 775.2 thousand at end 1Q08, an increase of 97% compared to 1Q07. On a like-for-like basis, total accesses increased 14.2%, excluding the impact of ONI's residential and SoHo customer base and Tele2 Portugal customers. Total direct accesses represented 67.2% of Sonaecom's wireline customer base in 1Q08, compared to 78.6% in 1Q07, reflecting the higher indirect customer base resulting from the acquisition of Tele2. Direct net additions in 1Q08 were, approximately, 10 thousand accesses, a decrease from the 28 thousand accesses in 1Q07, as a result of the lower rate of expansion of the ULL addressable market, the increased competitive pressures in the market and the growing use of mobile broadband services.

Million euros

FINANCIAL REVIEW	1Q07	1Q08	y.o.y	4Q07	q.o.q
Turnover	**198,9**	**237,7**	**19,5%**	**248,4**	**-4,3%**
Mobile	142,8	151,6	6,2%	164,4	-7,8%
Wireline	54,0	75,2	39,2%	77,8	-3,4%
Media	7,2	7,8	8,8%	9,5	-18,2%
SSI	15,0	27,1	80,8%	26,1	3,6%
Others & eliminations	-20,0	-23,9	-19,7%	-29,5	18,8%
Other revenues	1,3	1,5	15,1%	2,2	-30,1%
EBITDA (1)	**34,0**	**34,1**	**0,2%**	**41,4**	**-17,8%**
EBITDA margin (%) (2)	17,1%	14,3%	-2,8pp	16,7%	-2,3pp
Mobile	35,0	33,1	-5,2%	35,5	-6,7%
Wireline	0,2	2,5	-	5,4	-53,4%
Media	-1,2	-1,2	1,6%	0,2	-
SSI	1,2	0,9	-27,4%	0,4	134,0%
Others & eliminations	-1,2	-1,3	-5,1%	-0,1	-
EBIT	-2,6	-3,2	-21,1%	2,9	-
Net financial results	-4,1	-4,2	-0,4%	-3,8	-8,1%
Net income - group share (3)	**-6,0**	**-5,5**	**8,0%**	**33,8**	**-**
Gross debt	465,6	349,3	-25,0%	393,7	-11,3%
Net debt	276,1	343,7	24,5%	309,8	10,9%
Net debt/EBITDA (last 12 months)	1,5 x	2,1 x	0,6x	1,9 x	0,2x
EBITDA/interest expenses (4)	2,9 x	7,6 x	4,7x	9,9 x	-2,2x
Debt/(Debt+Total equity) (5)	34,4%	27,2%	-7,1pp	29,6%	-2,4pp
CAPEX	29,6	35,4	19,3%	76,5	-53,8%
Operating CAPEX (6)	28,7	32,7	13,8%	52,3	-37,5%
EBITDA minus CAPEX	4,3	-1,3	-	-35,1	96,3%
Free Cash Flow	63,2	-32,7	-	3,9	-

(1) EBITDA includes provisions and impairment losses; (2) EBITDA margin = EBITDA / Turnover; (3) Net income after minority interests; (4) Interest cover; (5) Net gearing; (6) Operating CAPEX excludes financial investments, provisions for sites dismantling and other non operational investments.

Turnover

Sonaecom turnover increased by 19.5% in 1Q08 to 237.7 million euros compared to 1Q07, notwithstanding the significant competitive pressures in the Portuguese telecoms market, with the main players very active in all key segments of the market. The main contributions to this performance came from: (i) 38.8% higher service revenues from the Wireline business, mainly due to the significant increase in customer revenues, up by 84.9%, driven by the growth in both direct access revenues, up 60.7% on 1Q07, and indirect access revenues, up 9.8 million euros; (ii) 6.7% increase in Mobile's service revenues, the highest year on year increase of the last 3 years, with the 8.4% growth of customer revenues more than offsetting the negative impact of lower roaming-in tariffs; (iii) 44.9% higher service revenues from SSI, driven by the good performance of all its businesses; and (iv) notwithstanding the 2.0% decrease in Media's service revenues, driven primarily by lower advertising revenues.

Excluding the contributions from the businesses acquired during 2007[3], Sonaecom's turnover would have grown by 9.7%, compared to 1Q07, reflecting the increase in service revenues by 7.8% and customer revenues by 11.2%.

EBITDA

EBITDA reached 34.1 million euros in 1Q08, generating a margin of 14.3%, compared to an EBITDA of 34.0 million euros and a margin of 17.1% in 1Q07. This performance was mainly driven by strong operational results at the Wireline division, which were almost fully off-set by the increased marketing & sales costs at the Mobile division and the integration costs related with acquisitions. The Mobile business generated EBITDA of 33.1 million euros, compared to 35 million euros in 1Q07, mainly driven by the rebranding operation and increased commercial activity in the quarter, combined with the negative impact from lower roaming-in tariffs. The Wireline business generated an EBITDA of 2.5 million euros compared to 0.2 million euros in 1Q07, reflecting the scale benefits of an higher direct access customer base, achieved via organic growth, which is generating an increasingly positive contribution to profitability since 2H06. EBITDA at SSI decreased from 1.2 million in 1Q07 to 0.9 million in 1Q08, with higher service revenues in all its businesses not compensating the costs of integration and the improving but still negative contributions in 1Q08 from the companies acquired by WeDo. Público's EBITDA was a negative 1.2 million euros, a slight improvement when compared to 1Q07, with improved performance in product sales, up by 17.7% over 1Q07, almost fully off-set by the negative performance in advertising revenues and the growth in marketing & sales costs.

[3] In 2007, Sonaecom acquired ONI residential and SOHO customers, Tele2 Portugal, Cape Technologies, Praesidium and Tecnológica.

4. Quarterly corporate developments

Sonae SGPS

- Following the completion of the demerger of Sonae Capital from Sonae, with the attribution of 0.125 of a share of the new company for each Sonae share, a rights trading period was available to Sonae shareholders from 9 January 2008 to 15 January 2008, inclusive, and over-the-counter continued up to 18 January 2008, inclusive. The listing on Euronext Lisbon of the new shares took place on 28 January 2008.

- On 3 March 2008, Luiz Filipe Lampreia, a member of the Sonae Board, resigned as a Director of the Company, effective from 30 April 2008.

Retail

- On 2 January 2008, the acquired retail stores were successfully integrated, including IT systems, Human Resources and rebranding. The twelve units were closed for only 2 days, and have delivered very promising sales figures in 1Q08.

- On 14 February 2008, Sonae Distribuição announced that it has reached an agreement with Galp Energia for the operation of eight petrol stations located next to Continente hypermarkets. These filling stations were acquired by Sonae Distribuição as part of the purchase of the retail operation concluded at end December 2007, and will be integrated into the programme of joint promotional actions, allowing customers of both companies to take advantage of discounts on purchases in Galp stations and in Continente and Modelo hypermarkets.

The following events, which took place after 31 March 2008 but before the approval of the quarterly accounts by the Board, should be noted:

- On 23 April 2008, Sonae Distribuição successfully opened its first SportZone store in Spain, in the new Isla Azul shopping centre at Carabanchel, Madrid, with a space area of 2,000 m2 and 55 employees. This opening falls within the company's goal of internationalizing its sportswear chain. 3 Sportzone stores will be opened in Spain before the end of 2008 and between 20 and 25 stores until 2010. The estimated investment is approximately 8 million euros in 2008.

Shopping centres

- On 6 March 2008, Sonae Sierra announced the development of its 11th shopping centre in Brazil, in Londrina, through a partnership with a local associate company, Marco Zero. The project is due to be inaugurated in March 2010 with an estimated investment of approximately 135 million reais (53 million euros).

- On 27 March 2008, Sonae Sierra launched its second shopping centre investment fund – the Sierra Portugal Fund (SPF) – with a total equity of 300 million euros. Three reference investors have joined Sonae Sierra in the initial closing of the fund with combined commitments of 120 million euros. Further closings are planned later in 2008. The SPF is seeded with eight Portuguese shopping centres, representing a total market value of over 425 million euros and also benefits from a pipeline of three projects currently being developed in Portugal. Their market value, after completion, is estimated to be 235 million euros.

The following events, which took place after 31 March 2008 but before the approval of the quarterly accounts by the Board, should be noted:

- On 2 April 2008, Sonae Sierra and Caelum Development, a specialist retail developer in Eastern Europe, have established a 50:50 Joint Venture for the development of Parklake Plaza, one of Europe's biggest shopping centres, located in Bucharest, Romania, with an estimated total gross investment of 591 million euros, which is scheduled to open in April 2011.

- On 21 April 2008, Sonae Sierra inaugurated “Freccia Rossa" shopping and leisure centre in Brescia, Italy, a 144 million euros investment with 119 shops on 29,700 m2 GLA.

Telecommunications

- On 21 February 2008, Sonaecom announced its 3-year investment plan totalling 240 million euros for the deployment of fibre, which will allow coverage of over 1 million homes and approximately 25% of the Portuguese population. As part of this plan, Sonaecom proposed to give access to its fibre network to all interested national operators, aligning with regulatory recommendations and best practice in Europe.

5. Additional information

5.1. Corporate centre net costs

Million euros

HOLDING NET COSTS	1Q07	1Q08	y.o.y	4Q07	q.o.q
Operating income	**0,6**	**0,8**	**28,8%**	**1,3**	**-36,4%**
Turnover	0,4	0,8	124,9%	1,2	-34,6%
Other revenues	0,3	0,0	-96,6%	0,0	-81,0%
Operating costs	**2,3**	**2,4**	**8,1%**	**3,6**	**-32,6%**
Staff	1,4	1,3	-7,9%	2,5	-46,1%
External Supply and Services	0,6	1,0	53,3%	1,1	-10,0%
Other Operating Costs	0,2	0,1	-22,7%	0,1	92,8%
EBITDA	**-1,6**	**-1,6**	**-0,3%**	**-2,4**	**30,5%**

5.2. Net debt at the holding level

Million euros

HOLDING NET DEBT	1Q07	1Q08	y.o.y	4Q07	q.o.q
Inflows	**759,0**	**520,0**	**-31,5%**	**412,3**	**26,1%**
Bank debt	757,1	533,5	-29,5%	514,0	3,8%
Cash and equivalentes	-4,2	-13,5	-	-101,7	86,7%
Intercompany short term loans obtained	6,1	0,0	-	0,0	-100,0%
Retail	0,0	0,0	-	0,0	-
Shopping Centres	0,0	0,0	-	0,0	-
Telecoms	0,2	0,0	-	0,0	-
Services	5,9	0,0	-100,0%	0,0	-
Others	0,0	0,0	-	0,0	-100,0%
Outflows	**-104,6**	**-7,6**	**92,7%**	**-1,9**	**-**
Intercompany short term loans granted	0,0	0,0	-	0,0	-
Retail	0,0	0,0	-	0,0	-
Shopping Centres	0,0	0,0	-	0,0	-
Telecoms	0,0	0,0	-	0,0	-
Services	-103,3	0,0	100,0%	0,0	-
Others	-1,4	-7,6	-	-1,9	-
Total holding net debt	**654,4**	**512,4**	**-21,7%**	**410,4**	**24,9%**

5.3. Insurance brokerage business main financial figures

Million euros

INSURANCE BROKERAGE BUSINESS (1)	1Q08
Operating income	**4.28**
Turnover	4.22
Other revenues	0.05
Operating costs	**3.96**
Staff	1.20
External Supply and Services	2.42
Other Operating Costs	0.35
EBITDA	**0.32**
EBIT	**0.24**
Net financial results	-0.61
Share of results of associated undertakings	1.24
Investment income (2)	0.00
EBT	**0.87**

(1) Includes MDS, an insurance brokerage firm (100% owned), and Sonae RE, a reinsurance brokerage firm (100% owned); (2) Capital gains (losses) with financial

SAFE HARBOUR

Report available in Sonae SGPS's institutional website
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Sonae SGPS is listed on the Euronext Stock Exchange. Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

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