CONSOLIDATED RESULTS FOR THE YEAR 2005[1]

09 March 2006

- Turnover of 6,392 M.€
- Operational Cash Flow (EBITDA) of 948 M.€
- Net Profit for the year of 648 M.€
- Gross Investment of 880 M.€

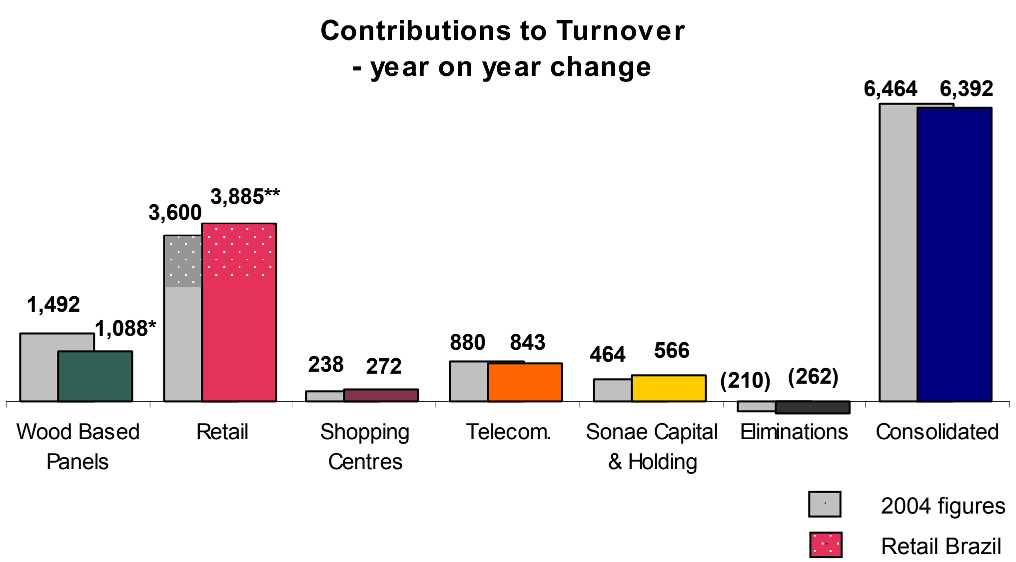
[1] **Prepared under International Financial Reporting Standards (IAS/IFRS) and subject to a full audit as required by the CMVM (Stock Exchange Regulator) for annual financial statements.**

(Unless otherwise stated, the figures presented in this announcement relate to the year 2005. The figures shown in brackets are the comparable figures for the previous year.)

EARNINGS REVIEW[2]

On a like for like basis[3], **consolidated turnover** grew 4%. However, the 2005 profit and loss account shows 6,392 million euro (6,464 million euro), a fall of 1%. The nine month contribution of the Wood Based Panels business, compared to the 12 month contribution in the previous year, explains most of the fall. In absolute terms, the Retail business and Sonae Capital and Holding businesses posted the major contribution increases during the year, growing 285 million euro and 102 million euro, respectively. In the retail business in Portugal, non-food formats experienced the highest growth, benefiting from the aggressive expansion underway, while, despite increasing competitive pressures, food formats experienced a 3% growth rate. Although they contributed only eleven months to consolidated turnover, Brazilian retail operations increased their contribution by around 16%. The Sonae Capital and Holding contribution increase was mostly due to significant growth in the activity of the construction and engineering unit. The contribution from the Telecommunications business decreased around 37 million euro, mainly due to declining Optimus' operator revenues and to a decrease in Público's associated product sales.

Values in million euro



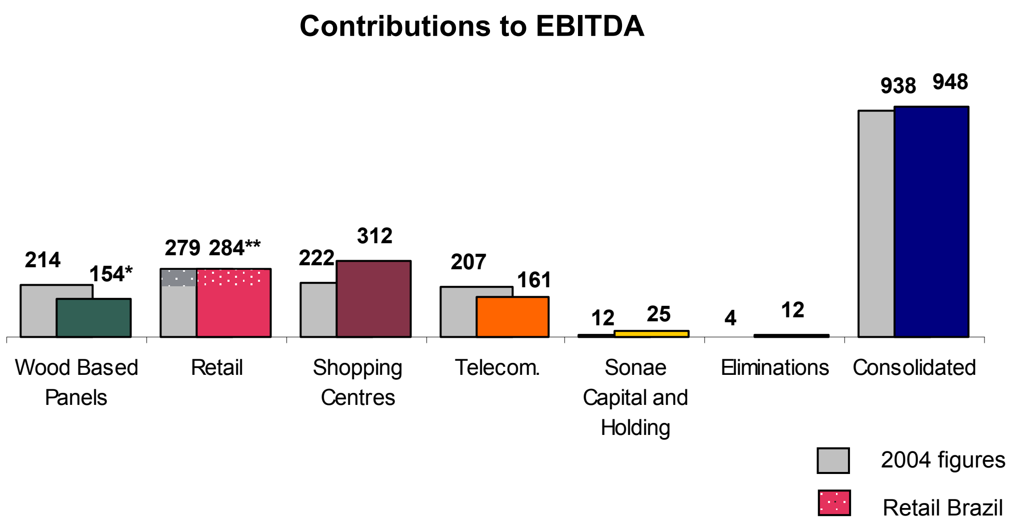
* 9 months
** 11 months

[2] The consolidated profit and loss account for 2005 is not directly comparable with the figures for 2004, because of the spin-off of the Wood Based Panels business and the sale of the Retail operations in Brazil. As a result of the spin-off, with accounting effects from 1 October 2005, the Wood Based Panels business contribution to 2005 consolidated earnings only reflects the activity of the first nine months of 2005. Regarding Retail operations in Brazil, consolidated earnings include the contribution of the first eleven months of 2005.

[3] Excluding the contributions of the Wood Based Panels business and of the Retail business operations in Brazil, in both 2005 and 2004.

On a comparable basis, **consolidated operational cash flow (EBITDA)** posted a 10% increase, generating a **consolidated EBITDA margin** of 17.7% (16.6%). Total operations generated a consolidated EBITDA of 948 million euro, a 10 million euro increase over the previous year. The consolidated EBITDA margin was 14.8%, 0.3 p.p. above that of the previous year. On a like for like basis, the Shopping Centres business and Sonae Capital and Holding were positive contributors to growth in consolidated EBITDA (90 million euro and 13 million euro increases, respectively). The general decrease in yields in both Portugal and Spain and the higher number of shopping centres in the portfolio explain the significantly higher value created on investment properties in 2005, an 83 million euro increase to 194 million euro (111 million euro). The Telecommunications business contribution decreased 46 million euro, reflecting costs associated with the growth strategy implemented in 2005, phased cuts in mobile termination rates and more aggressive competition.

Values in million euro



* 9 months
** 11 months

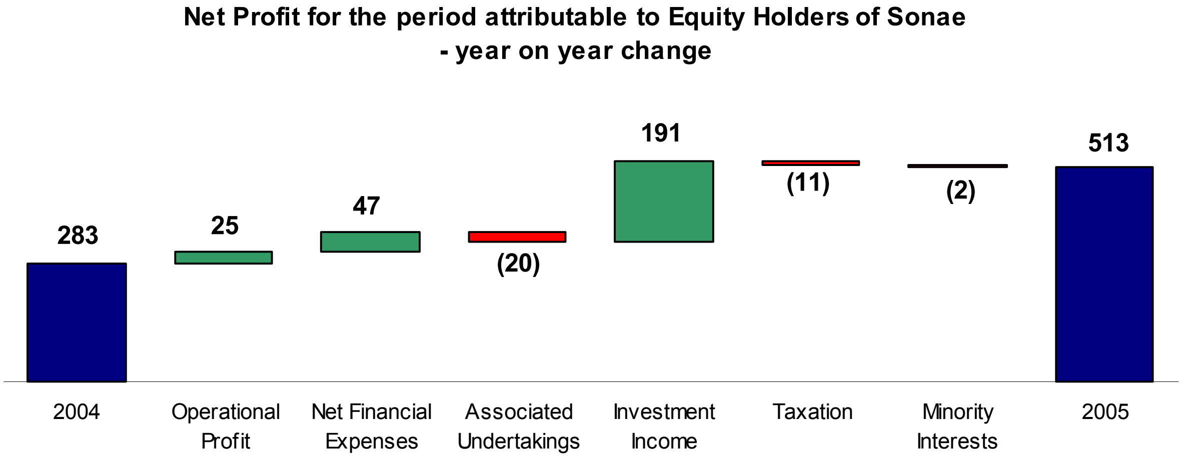
On a like for like basis, **consolidated operational profit (EBIT)** grew 13% to 521 million euro. The value shown in the consolidated profit and loss account was 618 million euro (593 million euro). Contributions from each business followed the same pattern as that shown in the consolidated operational cash flow (EBITDA). The Shopping Centres business, through the value created on investment properties, was the major positive contributor to this growth.

Consolidated net financial expenses decreased 47 million euro to 153 million euro (on a like for like basis consolidated net financial expenses remained in line with the previous year's figure at 104 million euro), reflecting the nine months contribution of the Wood Based Panels business and the eleven months contribution from the Brazilian Retail operations, as opposed to full year contributions in 2004.

Consolidated net profit for the year rose by 232 million euro to 648 million euro (on a like for like basis, net profit increased 53 million euro to 439 million euro). Included in this profit are 304 million euro (113 million euro) of investment income, which reflects the sale of shareholdings in Imocapital/Gescartão and ba Vidro, the sale to Grosvenor of 17.04% of Sonae Sierra's share capital and the sale of the Brazilian retail operation to Wal-Mart. In 2004, investment income included gains on the sale of shareholdings in Portucel and ba Vidro.

Thus, the **consolidated net profit attributable to equity holders of Sonae** grew 229 million euro to 513 million euro (an 18% increase on a like for like basis), reflecting the higher proportion of investment income being generated in companies that are fully owned by Sonae.

Values in million euro



The Board of Directors propose a gross dividend of 2.5 cents per share equal to a total dividend payment of almost 47 million euro, as the Board of Directors intends to maintain the number of own shares held until dividend is paid.

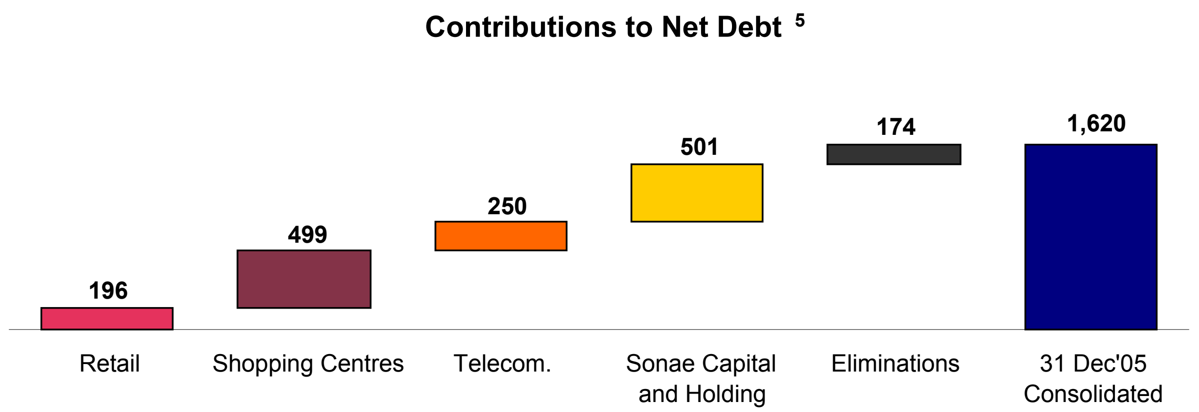
FINANCIAL STRUCTURE[4]

Consolidated gross investment for the year was 880 million euro. Retail, Shopping Centres and Telecommunications make up around 90% of this total. During 2005, Retail opened 55 new stores and refurbished over 30 stores, adding more than 62,000 m^2 of sales area (an increase of 14%), including three new Continente hypermarkets. In addition, assets held by Real Estate investment funds totalling 175 million euro were acquired. The Shopping Centres business invested around 300 million euro with the opening of LoureShopping and SerraShopping, in Portugal, of Plaza Éboli, in Spain, and of Mediterranean Cosmos, in Greece, as well as the acquisition of Valecenter, in Italy, and progress on Plaza Mayor Shopping, in Spain, and Alexa, in Germany. Telecommunications invested around 120 million euro in the deployment of the UMTS network and of the wireline next generation network (to support broadband), in the development of the Triple Play offer and in information technology and systems.

[4] Following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra, the method of consolidating the Shopping Centres business changed from full to proportionate consolidation, thus contributing only 50% to the consolidated balance sheet of the Sonae Group as at 31 December 2005.

Consolidated net debt[5] as at 31 December 2005 amounted to 1,620 million euro, compared to 1,913 million euro as at 31 December 2004 (excluding discontinued operations and including the Shopping Centres business using the proportionate method[6]). This significant reduction is for the most part explained by the cash inflow associated with the sale of the retail operation in Brazil. Of the total consolidated net debt as at 31 December 2005, 499 million euro are attributable to the Shopping Centres business and are fully and exclusively guaranteed by its assets.

Values in million euro



The **ratio of net debt to annualised operational cash flow (EBITDA)** was 1.7 (2.2 on a like for like basis). **Interest cover** was 6.1, up from 5.1 at the end of 2004. This increase is mostly due to the reduction in interest expenses, resulting from the better financial conditions arising from the renegotiation of some of the major loan contracts and from the higher proportion of debt issued directly in capital markets.

OUTLOOK

The Retail business will strengthen its competitive position both by accelerating investment plans and by increasing productivity gains resulting from operational efficiency programmes. At the same time it will look at new geographies and new businesses.

The Shopping Centres business will continue to improve the performance of existing assets, develop new assets, particularly outside Portugal, and look for assets to acquire that have value creation potential.

Telecommunications will have a challenging year, both in existing and new businesses, as well as with the bid to control Portugal Telecom. Profitability will continue to be affected by cuts in rates and increasing operating and marketing costs, associated with the launch of new products.

Overall, operational profitability should be maintained at similar levels and the Group will continue the search for new value enhancing opportunities in existing businesses as well as in new ones.

Maia, 09 March 2006
The Board of Directors

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[5] Net Debt = Non-Current Borrowings + Current Borrowings – Cash and Cash Equivalents – Current Investments.
[6] Consolidated net debt, disclosed in the Balance Sheet as at 31 December 2004, was 2,822 million euro.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR 2005 AND 2004[7]

Values in million euro

	4Q'05	4Q'04	2005	2004
Turnover	1,449.7	1,759.4	6,392.5	6,464.3
Value created on Investment Properties	136.7	50.6	194.1	111.5
Other Operational Income	182.8	149.1	587.8	444.6
Total Operational Income	**1,769.2**	**1,959.1**	**7,174.4**	**7,020.4**
Cost of Goods Sold and Materials Consumed	(881.1)	(1,047.1)	(3,737.8)	(3,644.1)
Change in Stocks of Finished Goods and Work in Progress	-	11.6	4.8	(8.2)
External Supplies and Services	(333.7)	(381.4)	(1,519.6)	(1,471.0)
Staff Costs	(180.9)	(219.3)	(824.4)	(818.7)
Other Operational Expenses	(44.8)	(48.9)	(138.8)	(140.1)
Total Operational Expenses	**(1,440.5)**	**(1,685.1)**	**(6,215.8)**	**(6,082.1)**
Operational Cash Flow (EBITDA)[8]	**323.9**	**277.8**	**947.8**	**938.3**
Depreciation and Amortisation	(60.2)	(86.9)	(309.4)	(326.6)
Provisions and Impairment Losses	(9.5)	9.4	(31.1)	(18.3)
Operational Profit (EBIT)	**259.0**	**196.5**	**618.1**	**593.4**
Net Financial Expenses	(26.0)	(32.9)	(153.4)	(200.6)
Share of Results of Associated Undertakings	(3.2)	8.9	(1.1)	18.8
Investment Income	200.4	21.1	304.4	113.0
Profit before Taxation	**430.2**	**193.6**	**768.0**	**524.6**
Taxation	(56.5)	(38.4)	(119.8)	(108.7)
Profit for the Period	**373.7**	**155.2**	**648.2**	**415.9**
Attributable to Equity Holders of Sonae	319.0	112.8	512.8	283.5
Attributable to Minority Interests	54.7	42.4	135.4	132.4

[7] Including 9 months in 2005 and 12 months in 2004 of Wood Based Panels and 11 months in 2005 and 12 months in 2004 of Brazilian Retail operations.

[8] 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 4.8 M.€ in 4Q'05 and 10.8 M.€ in 2005).

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2005 AND 2004

Values in million euro

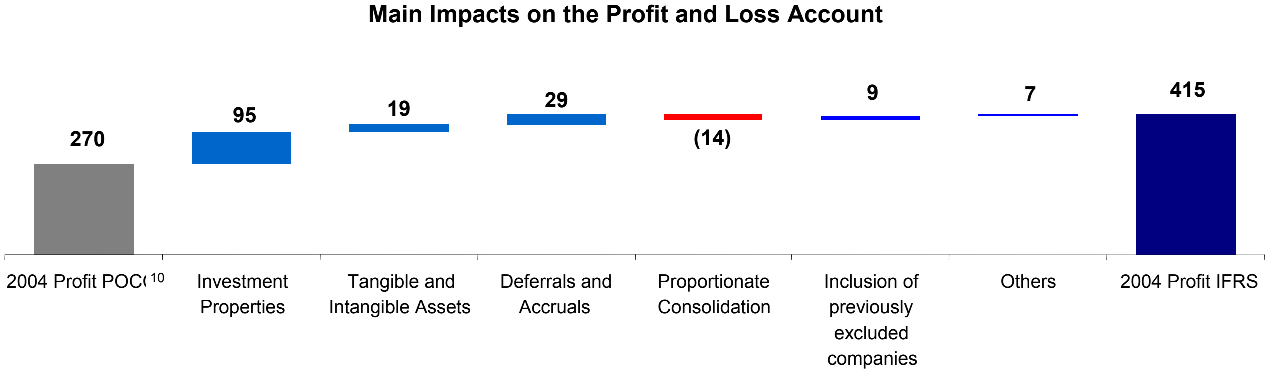
	31.12.2005[9]	31.12.2004
Investment Properties	1,357.4	2,204.8
Tangible Assets	1,908.1	3,117.4
Intangible Assets	321.5	335.3
Goodwill	245.6	453.2
Investments	157.6	106.2
Deferred Tax Assets	108.5	217.0
Other Non-Current Assets	35.8	111.6
Total Non-Current Assets	**4,134.5**	**6,545.5**
Stocks	460.5	673.8
Trade Debtors and Other Current Assets	788.7	802.5
Investments	10.7	89.6
Cash and Cash Equivalents	912.3	486.2
Total Current Assets	**2,172.2**	**2,052.1**
TOTAL ASSETS	**6,306.7**	**8,597.6**
Equity Attributable to Equity Holders of Sonae	1,140.7	1,104.9
Equity Attributable to Minority Interests	394.7	785.5
Total Equity	**1,535.4**	**1,890.4**
Borrowings	1,848.6	2,447.8
Deferred Tax Liabilities	238.2	388.1
Other Non-Current Liabilities	640.9	997.9
Total Non-Current Liabilities	**2,727.7**	**3,833.8**
Borrowings	694.5	949.7
Trade Creditors and Other Current Liabilities	1,346.8	1,909.8
Provisions	2.3	13.9
Total Current Liabilities	**2,043.6**	**2,873.4**
Total Liabilities	**4,771.3**	**6,707.2**
TOTAL EQUITY AND LIABILITIES	**6,306.7**	**8,597.6**

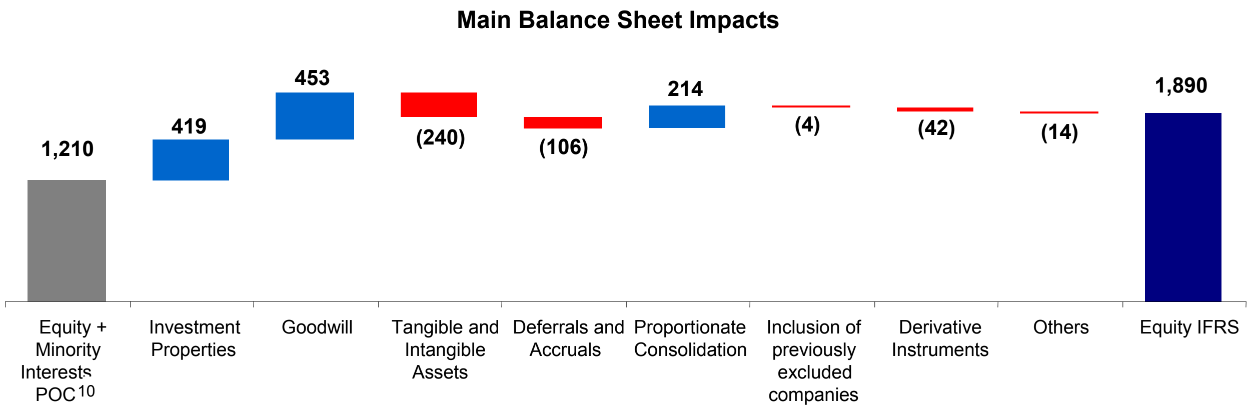
[9] Following the sale to Grosvenor, on 29 December 2005, of 17.04% of the share capital of Sonae Sierra, the method of consolidating the Shopping Centres business changed from full to proportionate consolidation, thus contributing only 50% to the consolidated balance sheet of the Sonae Group as at 31 December 2005.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Notwithstanding a more detailed analysis of the full consolidated financial statements that will be disclosed in the annual financial statements to be issued by the end of March, the main differences in the financial statements between IFRS and POC[10] in 2004, can be summarised as follows:

Values in million euro





The nature of these adjustments has already been explained in our press release dated 26 April 2005 and will be detailed further in the notes to the financial statements.

[10] POC = Portuguese Generally Accepted Accounting Principles.

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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