

Press Release

Consolidated results for the six months
ended 30 June 2006
6 September 2006



Modelo Continente SGPS, SA

Highlights

- **Turnover of 1,360 million Euro**
growth of 12% in Portugal compared to the same period of 2005
- **Consolidated net profit of 44 million Euro**

Note

On 13 December 2005, Modelo Continente, SGPS, S.A. disposed of its entire shareholding in the Brazilian company Sonae Distribuição Brasil, S.A., thus ceasing its retail activity in the country. As a result, it is not possible to directly compare the results for 2006 with those of the previous year.

Business summary

The consolidated turnover of Modelo Continente for the first half of 2006 totalled 1,360 million Euro. In Portugal, where the company is now focusing its activity, **turnover grew by 12% compared to the same period of last year.** This positive trend was due to the following:

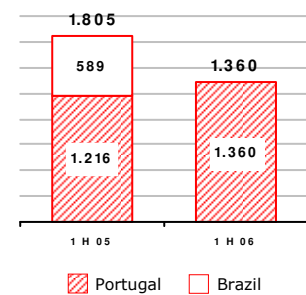
- A positive performance from the store network on a like for like basis;
- The organic growth that the company has achieved over the last twelve months – an additional 52 thousand m² of sales area (approximately 16 thousand m² in the first six months of 2006 and 36 thousand m² during the second half of 2005);
- Taking control of the Star Travel Agency¹, contributing positively towards broadening the offer made available to customers.

On a consolidated basis, the company's turnover fell by 25% compared to the first half of 2005. This fall is explained by the disposal of the retail activity in Brazil last December, which had contributed 589 million Euro to consolidated turnover in the same period of 2005.

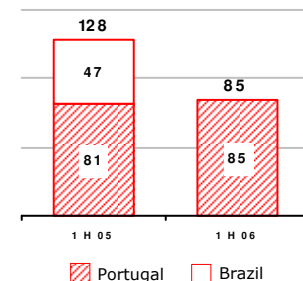
In the first six months of this year, consolidated operational cash flow totalled 85 million Euro. This value, which refers solely to business activity in Portugal, compares positively with the 81 million Euro which the company generated in 2005. On a consolidated basis, operational cash flow fell by 43 million Euro, and is explained by the disposal of the company's Brazilian operation, which took place at the end of 2005. In addition, the operational cash flow of the Brazilian business benefited from a non recurring inflow of 29 million Euro, relating to the disposal of 10 stores located in São Paulo, Brazil.

The company ended the first half of the year with a consolidated net profit of 44 million Euro. The figure for 2006 benefited from a non recurring profit of 12 million Euro as a result of a positive adjustment at the beginning of this year to the price agreed for the sale of Sonae Distribuição Brasil, following the conclusion of the contractually agreed due diligence process. Excluding non recurring items, consolidated net profits compare favourably with the first half of 2005, given that, as explained above, non recurring profits of 29 million Euro, resulting from the sale of 10 stores in São Paulo, Brazil, were included in the 2005 figures.

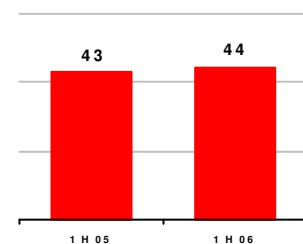
Turnover (M.€)



Operating cash flow (M.€)



Net profits (M.€)



¹ Modelo Continente owns 90% of the share capital of this company since February 2006

Financial structure

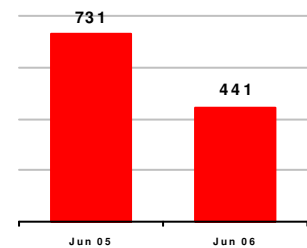
At the end of June 2006, the consolidated net debt of the company amounted to 441 million Euro, a reduction of around 290 million Euro compared to the same period of last year. Modelo Continente has thus reached a significantly lower debt level, strengthening the already high level of financial solidity that it has always had.

The fall in debt levels compared to the same period of 2005 is explained by the following factors:

- the financial inflow resulting from disposal of the retail operation in Brazil;
- the continued cash inflows from its business activity in Portugal;

the total of which exceeded the investments made over the last 12 months that amounted to over 480 million Euro.

Net debt (M.€)



Investment Programme

Modelo Continente continued its intensive plan of store openings and refurbishments during the first six months of 2006, while also preparing to continue the programme over the coming periods. The company thus ended the first half of 2006 with 430 stores covering an area of more than 510,000 m² of sales area.

In food retail, Modelo Continente strengthened its presence in the Portuguese market, opening 3 new stores, which added around 5,000 new m² to the sales area existing at the end of 2005. The company thus increased its market share in this sector, while covering new regional markets and providing its services to an increasingly wider range of customers.

In the non food sector, the company maintained its fast rate of opening of new stores, adding around 10,000 new m² among 92 units. In line with its defined commitments and growth strategy, it continued to study the development of new business areas that so far have taken form in the launch of Worten Mobile and the Área Saúde.

The pace of the opening new stores will remain high over the next few months, in line with organic growth goals previously defined.

The company's investment plan involves in 2006 the opening of 12 Modelo commercial centres, as well as the refurbishment of more than 30 existing stores. Turning to non food retail, Modelo Continente intends to broaden its store network, thus bringing all the brands involved closer to more Portuguese people.

Outlook

Over the next few months, Modelo Continente will focus its activity on two previously defined strategic goals: growth and improving the value proposal.

To continue its growth objectives, Modelo Continente will continue to invest in increasing its presence in the Portuguese market, giving priority to locations where the company does not yet have business activity or where its presence should be strengthened.

At the same time, the company will also focus on strengthening its value proposal. This will be achieved through constant innovation both in operational procedures and in customer relations, which, as in the past, have allowed the company increasing recognition by the public and to win an increasing number of customers.

Matosinhos, 6 September 2006

The Board of Directors

Glossary

- Gross sales (gs): the value of all transactions at the check out counters of the company's stores added the sales to companies not included in the consolidation perimeter of Modelo Continente SGPS, S.A.
- Net sales (ns): the value of gross sales, less directly related taxes (e.g. VAT in Portugal)
- Turnover (t): the value of net sales and services rendered
- Operating cash-flow (EBITDA): operating results - amortizations and depreciation - provisions - impairment losses + reversal of impairment losses
- Operating results (EBIT): consolidated net profit for the period - income tax + investment profit/losses + profits/losses of associated companies + financial results
- Investment: increase of gross fixed assets (tangible and intangible)
- Net debt: bank loans + bond + other loans + bank overdrafts + derivatives + financial leasing creditors - cash and cash equivalents - current investments under negotiation.

Consolidated Profit and Loss

Summary information

	1 st Half 2006		1 st Half 2005		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	1.360	100	1.805	100	-445	-25%
EBITDA	85	6,3	128	7,1	-43	-33%
Depreciation and amortization	-39	-2,9	-46	-2,5	7	-14%
Provisions and impairments		0,0	-7	-0,4	7	-94%
EBIT	46	3,3	75	4,2	-30	-39%
Net financial expenses	-9	-0,7	-26	-1,4	16	-64%
Profits on Ordinary Activities	36	2,7	50	2,7	-13	-27%
Share of results of associated undertakings		0,0	0	0,0		-
Investment income	12	0,9	-1	0,0	13	-
Profit before tax	49	3,6	49	2,7	-1	-2%
Taxation	-5	-0,4	-6	-0,3	1	-18%
Net Profit for the Period	44	3,2	43	2,4	0	1%
Attributable to equity holders of MC	43	3,1	43	2,4	0	-
Attributable to minority interests	1	0,1	0	0,0	0	89%

Key Operational Indicators

Summary information related to base formats in analysis

	unit	1 st Half 2006	1 st Half 2005	change	
				value	%
Turnover	M.€	1.360	1.805	-	-
Portugal	M.€	1.360	1.216	145	12%
Brazil	M.€	-	589	-	-
EBITDA	M.€	85	128	-	-
Portugal	M.€	85	81	4	4%
Brazil	M.€	0	47 ¹	-	-
EBITDA (% t)		6,3%	7,1%	-0,9 p.p.	-
Portugal		6,3%	6,7%	-0,5 p.p.	-
Brazil		-	8,0% ¹	-	-

¹ Benefited from a non recurring profit of 29 million Euro, resulting from the sale of 10 stores in São Paulo, Brazil.

Consolidated Balance Sheet

Summary Information

	June 06		December 05		change	
	M.€	%	M.€	%	M.€	%
Non-current assets	1.514	67%	1.355	54%	159	12%
Tangible and intangible assets	1.365	61%	1.221	49%	144	12%
Goodwill	64	3%	47	2%	17	36%
Investments	58	3%	62	2%	-4	-6%
Deferred tax assets	26	1%	24	1%	2	7%
Other non-current assets	1	0%	1	0%	0	-1%
Current Assets	736	33%	1.142	46%	-406	-36%
Stocks	345	15%	325	13%	20	6%
Clients and other current assets	142	6%	242	10%	-99	-41%
Investments	11	0%	11	0%	0	0%
Cash and cash equivalents	238	11%	564	23%	-326	-58%
Total Assets	2.250	100%	2.496	100%	-247	-10%
Equity attributable to equity holders of MC	835	37%	847	34%	-12	-1%
Equity attributable to minority interests	9	0%	9	0%	1	9%
Total Equity	844	38%	855	34%	-11	-1%
Non-current liabilities	679	30%	685	27%	-6	-1%
Borrowings	603	27%	602	24%	1	0%
Other non-current liabilities	12	1%	18	1%	-6	-33%
Deferred tax liabilities	38	2%	37	2%	0	1%
Provisions	26	1%	28	1%	-2	-6%
Current Liabilities	727	32%	956	38%	-229	-24%
Borrowings	76	3%	168	7%	-92	-55%
Trade creditors and other current liabilities	650	29%	788	32%	-137	-17%
Provisions	0	0%			0	
Total liabilities	1.406	62%	1.641	66%	-236	-14%
Total equity and liabilities	2.250	100%	2.496	100%	-247	-10%

Store portfolio

2nd quarter 2006

	Nr. of Stores						Sales Area ('000 sqm)					
	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	30 Jun 2006	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	30 Jun 2006
Portugal	335	35	0	60	0	430	495	12	0	3	0	511
Food formats	113	3	0	0	0	116	327	5	0	0	0	333
Continente	18	0	0	0	0	18	158	0	0	0	0	158
Modelo	70	3	0	0	0	73	149	5	0	0	0	154
Modelo Bonjour	25	0	0	0	0	25	20	0	0	0	0	20
Non food formats	222	32	0	60	0	314	168	6	0	3	0	178
Worten	74	6	0	0	0	80	55	2	0	0	0	58
Modalfa	58	4	0	0	0	62	28	2	0	0	0	30
SportZone	41	2	0	0	0	43	34	1	0	0	0	35
Vobis	21	0	0	0	0	21	9	0	0	0	0	9
MaxMat	20	0	0	0	0	20	37	0	0	0	0	37
Zippy	8	1	0	0	0	9	4	0	0	0	0	4
Star	0	1	0	60	0	61	0	1	0	3	0	4
Área Saúde	0	10	0	0	0	10	0	1	0	0	0	1
Worten Mobile	0	8	0	0	0	8	0	0	0	0	0	0



Modelo Continente SGPS, SA

CONTINENTE

Modelo

Modelo
Bonjour

worten

modalfa

SPORT
ZONE

VOBIS

mMaxmat

ZIPPY
kidstore

star

área Saúde

worten
mobile

"Sociedade aberta"

Head-Office: Rua João Mendonça, n.º 529

4464 - 501 Senhora da Hora

Share Capital: 1.100.000.000 Euros

Porto Commercial Registry and Fiscal Nr. 501 532 927

www.modelocontinente.pt

Modelo Continente is in permanent contact with financial markets through its Investor Relations department, which will be pleased to answer any questions or provide information.

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In line with the recommendations of CMVM, an office has been set up specifically designed to support private investors.

Investor Support Office

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**SONAE**
DISTRIBUIÇÃO