

Press Release

Consolidated results for the quarter
ending 31 March 2006

4 May 2006



Modelo Continente SGPS, SA

Highlights

- **Turnover of 646 million Euro**
growth of 9% in Portugal compared to the same period of last year
- **Consolidated net profits of 21 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

Modelo Continente ended the first quarter of 2006 with consolidated turnover of 646 million Euro. In Portugal, where the company has now focused its activity, this figure represents a significant increase of 9%.

The main factors contributing towards this positive trend were as follows:

- the opening of new stores over the last 12 months;
- the acquisition of control of the Star¹ travel agency, which has strengthened Modelo Continente's business portfolio in non food retail.

On the other hand, the company's turnover was negatively impacted by the calendar effect of the Easter festival, which this year took place after the close of the quarter, and which last year fell during the month of March.

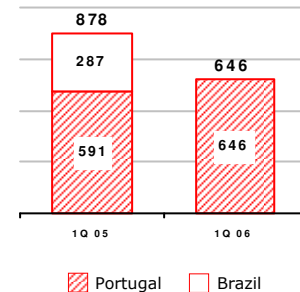
In consolidated terms, the company's turnover fell by 26% compared to the figure of the first quarter 2005. This is explained by the disposal last December of the retail activity in Brazil, which contributed 287 million Euro to turnover last year.

In the first three months of the year, Modelo Continente's consolidated operational cash flow was 35 million Euro. This amount was the same as that recorded in Portugal last year during the same period, and compares unfavourably with last year due to the calendar impact mentioned above.

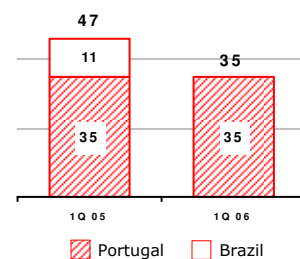
In consolidated terms, operational cash flow fell by 12 million Euro compared to the first quarter of 2005, explained by the disposal of company's Brazilian operation that took place at the end of last year.

Consolidated net profits for the period were 21 million Euro, compared to 10 million Euro in the first quarter of 2005. This figure benefited from an additional inflow of 13 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 to Wal-Mart, following the conclusion of the contractual due diligence process.

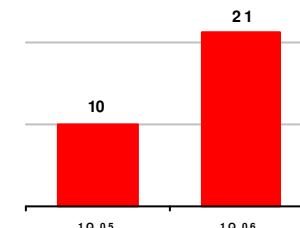
Turnover (M.€)



Operating cash flow (M.€)

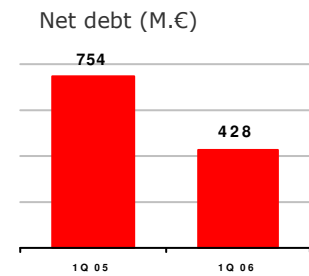


Net profits (M.€)



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

Net debt reached significantly low levels, totalling 428 million Euro at the end March 2006. This figure also benefited from the inflow referred to above relating to the disposal of the retail activity in Brazil, thus strengthening further the already healthy financial position of the company.



Investment programme

In Portugal, Modelo Continente's objectives are focused on consolidating its market share in food retail through coverage of regional markets with growth potential. To that end, the company continued to follow its strategy of rapid opening of new stores and refurbishment of existing ones, maintaining for this high levels of investment. Thus, the investment plan for the company in 2006 includes the opening of 12 Modelo units, as well as the refurbishment of more than 30 existing stores, of which 2 Modelo units were opened to date.

In non food retail, Modelo Continente intends to continue increasing its network of stores operating in the Portuguese market, increasingly extending its range of products and services. With that aim in mind, during the first quarter of 2006, the company officially opened six new stores and added to its portfolio the Star brand, offering a range of integrated travel and tourism services. Meanwhile, the company will further analyze in depth possible opportunities of broadening the current business activities to new geographies, as well as developing new business areas.

Matosinhos, 4 May 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 tangible fixed assets
- 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 Quarter 2006		1 st Quarter 2005		change	
	M.€	% t	M.€	% t	M.€	Δ
Turnover	646	100	878	100	-232	-26%
EBITDA	35	5,4	47	5,3	-12	-25%
Depreciation and amortization	-19	-3,0	-22	-2,5	3	-13%
Provisions and impairments		0,0	-1	0,1	-1	-87%
EBIT	15	2,4	25	2,9	-10	-39%
Net financial expenses	-4	-0,6	-13	-1,5	9	-68%
Profits on Ordinary Activities	11	1,7	12	1,4	-1	-7%
Share of results of associated undertakings		0,0		0,0		-
Investment income	13	1,9	0	0,0	13	-
Profit before tax	24	3,7	12	1,4	12	97%
Taxation	-3	-0,4	-2	-0,2	-1	45%
Net Profit for the Period	21	3,2	10	1,1	11	107%
Attributable to equity holders of MC	21	3,2	10	1,1	11	110%
Attributable to minority interests	0	0,0	0	0,0		-

Key Operational Indicators

Summary information related to base formats in analysis

	unit	1 st Quarter 2006	1 st Quarter 2005	change	
				value	%
Turnover	M.€	646	878	-	-
Portugal	M.€	646	591	55	9%
Brazil	M.€	-	287	-	-
EBITDA	M.€	35	47	-	-
Portugal	M.€	35	35	0	0%
Brazil	M.€	0	11	-	-
EBITDA (% t)		5,4%	5,3%	0,1 p.p.	-
Portugal		5,4%	6,0%	-0,6 p.p.	-
Brazil		-	4,0%	-	-

Consolidated Balance Sheet

Summary Information

	March 06		December 05		change	
	M.€	%	M.€	M.€	%	M.€
Non-current assets	1.408	65%	1.355	54%	53	4%
Tangible and intangible assets	1.249	57%	1.221	49%	28	2%
Goodwill	63	3%	47	2%	16	34%
Investments	69	3%	62	2%	7	11%
Deferred tax assets	26	1%	24	1%	2	9%
Other non-current assets	1	0%	1	0%	0	4%
Current Assets	770	35%	1.142	46%	-371	-33%
Stocks	342	16%	325	13%	17	5%
Clients and other current assets	242	11%	242	10%	0	0%
Investments	11	0%	11	0%		-1%
Cash and cash equivalents	175	8%	564	23%	-388	-69%
Total Assets	2.178	100%	2.496	100%	-318	-13%
Equity attributable to equity holders of MC	810	37%	847	34%	-36	-4%
Equity attributable to minority interests	9	0%	9	0%	0	3%
Total Equity	819	38%	855	34%	-36	-4%
Non-current liabilities	683	31%	685	27%	-2	0%
Borrowings	604	28%	602	24%	1	0%
Other non-current liabilities	14	1%	18	1%	-4	-22%
Deferred tax liabilities	38	2%	37	2%	1	2%
Provisions	28	1%	28	1%	0	0%
Current Liabilities	676	31%	956	38%	-280	-29%
Borrowings	11	0%	168	7%	-158	-94%
Trade creditors and other current liabilities	665	31%	788	32%	-123	-16%
Provisions	0	0%			0	
Total liabilities	1.359	62%	1.641	66%	-282	-17%
Total equity and liabilities	2.178	100%	2.496	100%	-318	-13%

Store portfolio

1st quarter 2006

	Nr. of Stores						Sales Area ('000 sqm)					
	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	31 Mar 2006	31 Dec 2005	stores opened	change of banner	aquisitions	stores closed	31 Mar 2006
Portugal	335	7	0	60	0	402	495	4	0	3	0	502
Food formats	113	1	0	0	0	114	327	2	0	0	0	329
Continente	18	0	0	0	0	18	158	0	0	0	0	158
Modelo	70	1	0	0	0	71	149	2	0	0	0	151
Modelo Bonjour	25	0	0	0	0	25	20	0	0	0	0	20
Non food formats	222	6	0	60	0	288	168	2	0	3	0	173
Worten	74	2	0	0	0	76	55	1	0	0	0	56
Modalfa	58	2	0	0	0	60	28	1	0	0	0	29
SportZone	41	1	0	0	0	42	34	0	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	0	0	60	0	60	0	0	0	3	0	3



Modelo Continente SGPS, SA

CONTINENTE

Modelo

Modelo
Bonjour

worten

MODALFA

SPORT
ZONE

VOBIS

mMaxmat

ZIPPY
kidstore

star

"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 Nr. 38 045

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.

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**SONAE**
DISTRIBUIÇÃO