



## **CORTICEIRA AMORIM 9M08 SALES UP 3,4%**

Mozelos, Portugal, 3<sup>rd</sup> of November 2008 – **CORTICEIRA AMORIM, SGPS [Euronext Lisbon: COR; ISIN: PTCOR0AE0006]**, the world's largest cork manufacturer, today announced consolidated results for the third quarter 2008 (3Q08) and cumulative year to date (YTD = 9M08). A brief summary of the consolidated and Business Units (BU) was also disclosed. Unless otherwise stated, all figures are in millions of Euros (M€). Variations are referred to comparisons with values of same period 2007.

### **HIGHLIGHTS**

A positive Q3 performance allowed for a recover from prior quarters in some CORTICEIRA AMORIM key performance indicators:

- Consolidated sales rose to 364,9 M€ (+3,4%), in spite of the export currency devaluation.
- Special note to Corkstoppers BU (+5,2%), Coverings (+5,8%) and Insulation (+13,6%). Corkstoppers and Covering reaped the benefits from Oller (since January) and Cortex (since July) entry in the Consolidation perimeter.
- EBITDA reached 43,2 M€ (-3,3% vs -4,9% in H1).
- Net profit was 10,462 M€, slowing down 29% from 9M07.
- Equity / Assets ratio reached 41,7%.

## **I – ACTIVITY AND RESULTS**

During Q3, Raw-materials BU practically completed its planned cork acquisition for later manufacturing. Average price acquisition both in Portuguese and Spanish markets, remained stable. As in previous quarters, a prudent policy regarding cork sales to outside customers was followed. EBIT reached 4,6 M€, same value as 9M07.

Corkstoppers BU showed a positive Q3 in terms of volume. All of its product families, but natural and Twin Top® corkstoppers, registered a sales growth. YTD sales rose 5,2% to 205,2 M€, driven by the newly consolidated Oller. Export currencies devaluation continued to hit Corkstoppers performance. Estimated drop in sales due to the said devaluation rose to 6,4 M€, meaning a 3,3% decrease in this performance indicator. EBIT was up 2,7%, registering 16,4 M€.

Corkflooring BU sales amounted to 104 M€, maintaining the 5,8% increase registered at the end of 1H08. EBIT posted 5,9 M€ (-22%). In general, the justifications for this drop are the same as those for the semester and, in general, are associated with the increase of woodfloorings (NCFC) in total sales of the BU.

The new Composite Cork BU had a favourable Q3, turning around the results disclosed at the end of H1. This was due, mainly, to a Q3 good sales register and to the usual decrease in fixed costs due to the two plants August planned shutdown. Sales fell short of 9M07 (-5,2% vs -9,5% in 1H08) totalling 59,8 M€. Reaching 1,1 M€, EBIT is close to 9M07 pro-forma (1,3 M€). As in Corkstoppers, this BU was deeply affected by the USD devaluation.

Insulation BU registered a good Q3. Sales soared to 7,4 M€ (+13,6% vs +8,5% in H1). EBIT was up 8,1% to 1,1 M€.

CORTICEIRA AMORIM consolidated sales for the first nine months totalled 365 M€ (+3,4%). Despite the economic slowdown and the export currencies devaluation, responsible for the estimated 10,5 M€ loss in sales (3% of total sales), Q3 performance allowed for a recovery in the first half indicators (sales and results). The increase in Gross Margin was not so sound due to the said devaluation and to the increase of non cork products (namely in Corkflooring BU) in total CORTICEIRA AMORIM sales.

Due to higher operating costs, mostly due to costs from newly consolidated companies, EBIT was 7,1% down (26,3 M€). EBITDA reached 43,2 M€ (-3,3%). Nevertheless, Q3 performance allowed for a recovery from H1 values (-9,7% for the EBIT and -4,9% for the EBITDA indicators).

Interest costs totalled 10,0 M€ (+20%). This increase was due, mainly, to an hike in interest rates, as average debt was not so different from 9M07, even taking in account the acquisitions and the effect of the newly consolidated companies.

After the register of the gain in Equity companies, earnings before tax reached 16,9 M€ (-17,7% vs -24,6% in 1H).

Income tax estimate was impacted unfavourably by a 1,6 M€ reversal of a tax benefit. This benefit was registered in prior years and it is related with capacity investments.

After estimated taxes and minority interests, 9M08 profit totalled 10,462 M€ (-29%).

## **II – CONSOLIDATED BALANCE SHEET**

Total Balance amounts to 598 M€, not very different from the end of H1. The only material variance in its lines refers to net interest bearing debt, which was reduced by some 8,5 M€ from December last year, and by 15,6 M€ from June 2008. Credit collection performance was the main explanation for this variation. Net interest bearing debt reached 223,3 M€ at the end of September 2008.

At 41,7% equity/assets ration maintaining a sound register as of that date.

## **III – ESTIMATES FOR 2008**

Actual financial conditions and uncertainties on how they will affect “real” economy, make it hard to forecast the evolution of any Global company, as CORTICEIRA AMORIM.

Amid the pessimistic view, two positive factors for CORTICEIRA AMORIM must be highlighted: the most recent and strong USD valuation and its sound Balance sheet. And on top of these two positive factors impacting its future, we can add the actual benefits arising from the restructuring that led to the new Composite Cork BU and the benefits from R&D activity.

All of this, together with a better management, will reinforce CORTICEIRA AMORIM ability to cope with the said financial crisis. Estimates for full 2008 are in tune with disclosed figures for 9M08, meaning a moderate decrease from 2007 results.

## VI.- KEY INDICATORS

### Non-Audited indicators as of September, 30

*(Thousand euros)*

	2Q08	2Q07	Variation	1H08	1H07	Variation	
Sales	116.818	110.629	+ 5,59%	364.942	352.858	+ 3,42%	
Gross Margin – Value	52.658	51.520	+ 2,21%	171.293	168.981	+ 1,37%	
%	1)	49,89	50,26	-0,37 p.p.	47,62	48,48	-0,86 p.p.
Operating Costs	2)	42.313	40.860	+ 3,56%	144.993	140.660	+ 3,08%
EBITDA		14.974	15.029	- 0,37%	43.151	44.645	- 3,35%
EBIT		10.345	10.660	- 2,95%	26.300	28.320	- 7,13%
Net Income		3.573	5.590	- 36,09%	10.462	14.735	- 29,00%
Earnings per share	3)	0,0274	0,0429	- 36,07%	0,0802	0,1130	- 28,98%
EBITDA/Net Interest (x)		4,25	4,76	- 0,51 X	4,30	5,33	- 1,03 X
Equity /Net Assets		-	-	-	41,68%	41,09%	+ 0,59 p.p.
Net Bank Debt		-	-	-	223.308	222.599	+ 0,32%

1) *Related to Production*

2) *Includes financial costs and revenues other than interest, and extraordinary items*

3) *Net Income / Average outstanding shares (euros/share)*

### Consolidated non-audited Balance Sheet

*(Thousand euros)*

	30.09.08	31.12.07	30.09.07
<b>Non-current assets</b>	217 821	214 171	201 130
<b>Current assets</b>			
<i>Inventories</i>	219 194	227 415	226 468
<i>Other current assets</i>	161 239	154 428	160 791
Total current assets	<b>380 433</b>	<b>381 843</b>	<b>387 259</b>
<b>Total Assets</b>	<b>598 254</b>	<b>596 014</b>	<b>588 389</b>
<b>Equity (M. I. included)</b>	<b>249 370</b>	<b>245 390</b>	<b>234 652</b>
<b>Non-current liabilities</b>			
<i>Bank borrowings</i>	121 674	162 994	164 283
<i>Other non-current liabilities</i>	19 517	16 550	11 821
Total non-current liabilities	<b>141 191</b>	<b>179 544</b>	<b>176 104</b>
<b>Current liabilities</b>			
<i>Bank borrowings</i>	106 903	75 180	64 623
<i>Other current liabilities</i>	100 790	95 901	113 010
Total current liabilities	<b>207 693</b>	<b>171 081</b>	<b>177 633</b>
<b>Total Liabilities and Equity</b>	<b>598 254</b>	<b>596 014</b>	<b>588 389</b>

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*About Corticeira Amorim SGPS:*

*While tracing its roots to the XIX Century, Corticeira Amorim SGPS has become the world's largest cork and cork-derived company in the world, generating over Euro 440 million in sales throughout 103 countries. Corticeira Amorim SGPS and its subsidiaries are an integral part of a conservationist effort to guarantee the survival of hundreds of thousand of cork trees throughout the Mediterranean Basin. We are proud of our contribution to the correct utilisation of these important forests that represents a key role in the CO<sub>2</sub> retention, contributing this way to preserve biodiversity and preventing desertification. We encourage you to learn more by visiting informative websites such as [corkfacts.com](http://corkfacts.com) or [www.apcor.pt](http://www.apcor.pt).*