

CORTICEIRA AMORIM maintains sales growth

HIGHLIGHTS

- CORTICEIRA AMORIM posts net profit of 17.7 million euros for the three-quarter period ended September 30, 2010
- Current EBITDA grows to 52.1 million euros
- Sales are recovering – increasing 11.5% in Q3 -, but are still below pre-crisis levels
- For the 9th quarter in a row, Net Debt decreased: -28% when compared to September 2009

Mozelos (Portugal), 5th November 2010 – CORTICEIRA AMORIM reported a net profit of 17.726 million euros for the first nine months of 2010, compared to € 2.249 million for the same period of 2009, thus confirming a strategy aimed at reducing net debt. This has contributed to a decrease in interest expense and an improvement in financial ratios.

During the third quarter of the current year, CORTICEIRA AMORIM's consolidated business activity was positively impacted by strong growth in sales from its core business unit - the Cork Stoppers BU - that posted a quarterly rise in sales of 19% and thus greatly influenced all performance indicators of CORTICEIRA AMORIM.

The aggressive promotions launched by some large bottling customers in the second half of the year have allowed sales to continue to grow strong reaching levels that were not originally expected. Cork Stoppers BU has also capitalized on the weaknesses of its competitors due to their deteriorated service quality and this has even contributed to an increased pace of sales of this BU. Ultimately, our management teams motivation and morale have enabled to take full advantage of the current situation in this business segment of CORTICEIRA AMORIM.



CORTICEIRA AMORIM: EBITDA reaches 52.07 million euros

A 10% sales growth to 347.27 million euros and a residual growth rate of 3.4% in operating expenses resulted in a significant improvement in EBITDA and EBIT indicators, which reached € 52.1 M and € 36.8 M, respectively, in the first nine months of 2010.

CORTICEIRA AMORIM's final results were naturally impacted by operating activities figures. Net profit attributable to CORTICEIRA AMORIM's shareholders amounted to € 17.726 M in the three-quarter period ended September 30, 2010.


In 2010, sales of all Business Units outperformed sales in 2009; worth of mention are the significant sales growth in the Cork Stoppers BU and the Composite Cork BU (13% and 20%, respectively). As far as the other BUs is concerned, the Floor & Wall Coverings BU recorded a sales growth of 2%, the Raw Materials BU posted a sales increase of 9% and the sales of the Insulation Cork BU rose 11%.

The sales growth in the **Raw Materials BU** was accompanied by an increase in the business activity of CORTICEIRA AMORIM - in particular in the Cork Stoppers BU -, which is the main destination of the sales of this BU. The 2010 cork harvest was almost completed during 3Q10 and, therefore, CORTICEIRA AMORIM's requirements for cork for the whole year of 2011 - both in terms of quantity and quality - have been met. The average purchase price of cork both in Portugal and Spain has been higher than in the previous year. Cork purchased during the 2008 harvest was no longer manufactured from 2Q10 and this led to an improvement in Gross Margin. EBIT growth was the result of the increase in business activity added to a retrenchment of operating costs.

As far as the **Cork Stoppers BU** is concerned, sales of all types of cork stoppers were higher - both in terms of quantity and value - than in the same period of 2009. In line with what has occurred in the past two quarters, Natural Cork Stoppers sales increased by almost 9% reflecting a rise in quantity. Cork stoppers sales to all major cork purchasing markets - with the exception of South Africa - recorded an increase. Sales performance is the main reason for the increase in EBIT.

The activity of the **Floor & Wall Coverings BU** in 3Q10 was similar to the one of the same period in 2009. There was a continued growth in sales of products manufactured by this BU, with the sales increasing about 12% (€ 7 M). The positive sales performance of Corkstyle and LVT product ranges are worthy of special mention. This BU reached a current EBIT of € 1.9 M (9M09: € -4.3 M).

The **Composite Cork BU** continued to recover to a level of activity comparable with the



one prevailing before the crisis. This recovery is particularly clear in sales to the markets (+23%). Except for the Home & Office product range, all the other cork products - including products designed for the construction industry – recorded sales growth, which was due chiefly to an increase in the quantity of products sold (about 90%). The positive effects of currency appreciation represent about 10% of the sales growth of this BU, whose current EBIT amounted to € 3.4 M (9M09: € 1.0 M).

During 3Q10, the **Insulation Cork BU** maintained its sales growth of 11% recorded in the first half of the financial year. This growth can be mainly attributed to an increase in the sales of insulation corkboard, the product *par excellence* manufactured by this BU. About one third of this growth is due to the price effect and about two thirds can be attributable to the quantity effect.

As far as non-current expenses are concerned, during the quarter under review it was decided that a goodwill impairment relating to both Amorim Benelux and Amorim Cork South Africa subsidiaries should be recorded. The recent trend of results and, particularly, the market changes that have affected the business activity of these two subsidiaries led to a write-off of that asset. The cost of this move amounted to € 3.2 M.

CORTICEIRA AMORIM's debt reduced by 27 million euros

The most important thing to mention about the Balance Sheet is that Net Debt continued to decrease in 3Q10. In cumulative terms and in respect of the three-quarter period ended September 30, 2010, CORTICEIRA AMORIM's net debt fell by some € 27 M from € 138 M to € 111 M.

The equity to total assets ratio was 48%.

Key indicators

	3Q10	3Q09	Variation	9M10	9M09	Variation
Sales	115,188	103,307	11.50%	347,268	315,780	9.97%
Current EBITDA	18,550	13,167	41%	52,069	27,817	87%
Current EBIT	14,626	9,102	61%	36,831	12,695	190%
Net profit/loss (attributable to shareholders)	6,127	5,735	7%	17,726	2,249	N/A
Equity to total assets ratio	-	-	-	48.0%	44.5%	+ 3.5 p.p.
Net Debt	-	-	-	111,320	154,714	-28.05%

(All amounts in thousands of Euros)



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About CORTICEIRA AMORIM, SGPS, S.A.:

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 415 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 thousands of cork trees throughout the Mediterranean Basin. We are proud of our contribution to the correct utilisation of these important forests that are home to several endangered species throughout the region. We encourage you to learn more by visiting informative websites such as www.amorim.com and www.corkfacts.com

CORTICEIRA AMORIM, SGPS, S.A.

Public company

Edifício Amorim I

Rua de Meladas, n.º 380

4536-902 MOZELOS VFR

PORTUGAL

Share capital: € 133,000,000,00

A company incorporated in Santa Maria da Feira - Portugal

Registration number and corporation tax ID number: PT 500 077 797

AMORIM