

## **CORTICEIRA AMORIM POSTED A € 5.7 MILLION PROFIT IN Q3 2009**

### **HIGHLIGHTS:**

- Accumulated net consolidated profit for the nine-month period ending September 30, 2009: € 2,249 million;
- Net debt decreased to its lowest level since 1997;
- Equity to total asset ratio: 44.5 per cent.

**Mozelos, 4<sup>th</sup> November 2009** – CORTICEIRA AMORIM reported a net profit increase in the 3<sup>rd</sup> quarter of 2009 (Q3 2009), the third consecutive quarter of profitability.

CORTICEIRA AMORIM's business continued, although, to be adversely affected by the uncertainty facing the world economy and its economic players.

CORTICEIRA AMORIM announced a 60.5 per cent net profit increase to € 5.7 million in Q3 2009 compared to € 3.6 million in Q3 2008. CORTICEIRA AMORIM's EBITDA was € 13.2 million, a value slightly lower than that recorded in Q3 2008.

Sales reached € 103.3 million which, despite translating into an 11.6 per cent decrease, represents an improvement in business levels when compared to prior quarters.

CORTICEIRA AMORIM's net profit increase was based on better levels on improved operational efficiencies, which, combined with a decrease in financial costs, has clearly offset the negative impact triggered by the global crisis.

## **CORTICEIRA AMORIM has reduced net debt by more than € 68 million**

Despite an adverse international economic environment CORTICEIRA AMORIM has successfully pursued its strategy of debt reduction and this has had a positive impact upon its net profit as a result of a decrease in its financial costs.

Net debt fell by 30.7 per cent to € 154.7 million in Q3 2009. As a result of a € 68.6 million decrease, net debt reached its lowest value since 1997 and equity to total assets ratio increased by 44.5 per cent.

## **OPERATIONAL PERFORMANCE**


The Raw Material Business Unit (BU) showed positive results in Q3 2009 (EBIT: € 0.6 million) and reversed the negative trend of the first two quarters of 2009. One of the main reasons for this improvement was a higher cork manufacturing yield. As a matter of fact, the batches of cork processed in Q3 2009 yielded a higher return than those processed during the first half of 2009.

Attention shall also be drawn to the fact that the season for buying raw cork ended in Q3 2009 and CORTICEIRA AMORIM managed to ensure its raw cork requirements for the 2010. The average purchase price for raw cork leads us to be confident in the overall performance of this BU in the next financial year.

The Cork Stoppers BU continued to outperform the other business units of CORTICEIRA AMORIM. Although sales in Q3 2009 were lower than a year ago (- 6.1 per cent), an improved operational efficiency and the gross margin effect had a positive impact on the results achieved. EBIT rose 41 per cent in Q3 2009 to € 7.7 million. Accumulated EBIT until September 30, 2009 fell just short of the value of the first nine months of 2008.

Sales to the French market declined by approximately 10 per cent, a less significant decrease than the one recorded by the local wine sector as a whole. Sales volumes to the US market - the second most important market for CORTICEIRA AMORIM – remained stable but its value decreased slightly by 3 per cent, as a result of a less favourable sales mix.

The Floor and Wall Coverings BU's EBIT improved significantly in Q3 2009 (€ -0.4 million). This value compares favourably with the values of € -2.2 million in Q1 2009 and € -1.7 million in Q2 2009. Accumulated EBIT reached thus € -4.3 million. EBIT improvement in Q3 2009 was essentially triggered by a more favourable mix of sales and a decrease in operating costs.



Despite a significant drop in sales (-21 per cent) in Q3 2009, this decrease was almost entirely justified by a sharp fall in sales (-78 per cent) of non-cork flooring products. In fact, as far as cork floor and wall coverings are concerned – the highest value-added product manufactured by this BU – sales in Q3 2009 reached almost the same level as in Q3 2008.

As far as markets are concerned, the most significant declines were observed in Eastern European countries and Nordic countries. Sales of wood products to these markets have traditionally a much greater importance than to other markets. Some € 13 million out of a global drop in sales of € 20 million are the result of a decrease in sales to the two above regions.

The Composite Cork BU is improving both in terms of sales volume and revenue. Although accumulated sales diminished -19.7 per cent, there is an improvement in comparison to the 20.6 per cent decline registered in the first half of 2009 and the 24.9 per cent drop in Q1 2009.

In addition to the beneficial effect of the above mentioned improvement in sales, curtailing operating costs in Q2 2009 and Q3 2009 had also a positive impact upon EBIT (€ -4.1 million in Q1 2009, € +0.3 million in Q2 2009 and € +2.0 million in Q3 2009). Comparing EBIT in Q3 2008 with EBIT in Q3 2009, the latter already shows an improvement, having registered an increase from € 1.5 million in Q3 2008 to € 2.0 million in Q3 2009.

As with the other Business Units, the US market was also one of the least affected by the world crisis, with sales to this market decreasing by 9.3 per cent. On the other hand, the Russian market, in particular, and the Eastern European markets in general, were among the most negatively affected markets (-51 per cent).

Improved levels of operational efficiency and a higher gross margin percentage impacted positively upon the Q3 2009 revenues of the Insulation Cork BU. In the first nine months of 2009, this BU's EBIT came up to the same level of that recorded in the first nine months of 2008 (€ 1.1 million), despite accumulated sales for the period January-September 2009 reaching a value 11.5 per cent below than the one recorded in the same period in 2008.

## Key Indicators

	3Q09	3Q08	Increase/ Decrease	9M09	9M08	Increase/ Decrease
<b>Sales</b>	103,307	116,818	-11.57%	315,780	364,942	-13.47%
<b>Current EBITDA</b>	13,167	14,974	-12.07%	27,817	43,151	-35.54%
<b>Current EBIT</b>	9,102	10,345	-12.02%	12,695	26,300	-51.73%
<b>Net profit/loss</b> (to be distributed to shareholders)	5,735	3,573	+60.51%	2,249	10,462	-78.50%
<b>Equity to total assets ratio</b>	-	-	-	44.48%	41.68%	+ 3.00 p.p.
<b>Net debt</b>	-	-	-	154,714	223,308	-30.72%

*(thousand 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 450 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 are home to several endangered species throughout the region. We encourage you to learn more by visiting informative websites such as [www.amorimcork.com](http://www.amorimcork.com) and [www.corkfacts.com](http://www.corkfacts.com)

## CORTICEIRA AMORIM, SGPS, S.A.

Public company  
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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

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