



AMORIM

PRESS RELEASE

CORTICEIRA AMORIM posts profits of €11.60 million in the first half of 2010


HIGHLIGHTS

- Sales increased 9.2%, reaching €232 million
- All Business Units have registered growth in sales
- Current EBITDA topped €33.52 million
- Net debt fell to its lowest value since 1998

Mozelos (Portugal), 3rd August 2010 – CORTICEIRA AMORIM registered a major increase in its net profits for the first half of 2010: €11.60 million compared with the €-3.49 million registered for the same period in 2009. The three months from April to June contributed significantly to the profits for this half year. In fact, this second quarter of 2010 showed exponential growth in net profits, reaching €7.31 M.

The weak growth seen in the economy during the first six months of 2010 was inverted by the replacement of stocks by final customers. The Cork Stoppers Business Unit (BU) – the most important business unit of CORTICEIRA AMORIM – estimates that roughly half of the growth registered in the first half year was determined by the effect of this stock replacement.

In relation to this BU, special attention must be paid to a study released by ACNielsen, which shows the high value that consumers attribute to the use of cork stoppers *versus* the alternatives (plastic and aluminium). According to the study, carried out on the basis of retail sales information, wine brands that use cork stoppers have shown an 11.2% increase in sales volume while, conversely, the brands that choose alternative stoppers have registered a fall of 1.3%. It is also pointed out that the brands that use cork stoppers have a



very significant price advantage, which can be around USD1.68 per bottle, over those using alternative stoppers.

CORTICEIRA AMORIM with an EBITDA of €33.52 million

The effect from above mentioned stock replacement, the increase in the market share and the decrease in debt costs, due to debt continued reduction, had a major impact on the net profits for the shareholders of CORTICEIRA AMORIM. As a result, these reached €11.60 M for 1S10 and €7.31 M for 2Q10.

CORTICEIRA AMORIM's current EBITDA reached €33.52 million, which compares with the €14.65 M registered during the same period in 2009. The current EBIT also showed positive evolution, having increased to €22.21 M.

This extremely favourable evolution is largely due to the significant growth in sales, reaching €232.10 million. This figure is 9.2% above the €212.47 M registered in the first half of 2009.

The Cork Stoppers Business Unit played a very significant role in the positive evolution of CORTICEIRA AMORIM's sales, thus confirming the good record already seen in the first three months of 2010. Sales for the half year showed a growth of 11.5% which, as explained above, was greatly due to stock replacements by Company customers. The drastic cut in inventories which took place in 2009, in order to attenuate the effects of the crisis, made such a measure necessary. The end of the stock replacement effect and comparisons with the second half of 2009, where recovery, although fragile, was already being noted, will naturally affect the sales rate registered. The **Floor and Wall Coverings BU** maintained its growth focus, increasing its sales at the end of the half year, still based on sales of products manufactured by the BU, to the detriment of wooden flooring sales. When compared with the previous half year, total sales for this BU showed a growth of 6.1%, of note being the increase in sales of internally produced wall and floor covering, which stood at 19.1%. For the **Insulation Cork BU**, 2Q10 was better than 1Q10 both in terms of sales and in terms of profits. Accumulated sales for the half year increased 10.8%, driven by the positive trend of the demand for its prime product: expanded agglomerated cork. The **Composite Cork BU** maintained in 2Q10 the elevated growth it had shown in the first quarter. 1S10 sales exceeded objectives, showing a growth of 27.7% relative to the same period in 2009. Finally, sales by the **Raw Materials BU** were 11.4% higher than the first six months of 2009, with sales for CORTICEIRA AMORIM's value chain increasing 15.6%. It is of note with regard to the 2010 cork campaign that the BU covered raw material needs for the coming year at higher prices than those of the previous campaign.

The estimate for corporate tax reached €8 M. This sum represents an effective tax rate of 40%. The increase in the estimated rate is essentially due to two factors: the increase in the corporate tax rate introduced by the recent alterations arising from the government growth and stability plan, PEC (creating an additional tax of 2.5%), and the decision to assume as costs assets from deferred taxes.

CORTICEIRA AMORIM reduces debt to €119 million

CORTICEIRA AMORIM's continued debt reduction, a strategic target which was, once again, reached in the first half of 2010, with the net debt falling to its lowest level since 1998. Between the end of June 2008 and the end of June 2010, the net debt was reduced to less than half.

During these six months, Equity to Assets *ratio* registered another improvement from 44.2% to 44.9%.

The net debt fell 36% to €118.9 million, compared with the €185.6 M registered in the first half of 2009, resulting in a continuous reduction in CORTICEIRA AMORIM's debt costs.

Key indicators

	2Q10	2Q09	Variation	1S10	1S09	Variation
Sales	118,800	110,299	7.71%	232,080	212,473	9.23%
Current EBITDA	18,286	9,162	100%	33,519	14,649	129%
Current EBIT	12,526	3,682	240%	22,205	3,592	518%
Net profits (attributable to the shareholders)	7,314	1,109	560%	11,599	-3,486	N/A
Equity to Assets Ratio	-	-	-	44.90%	44.20%	0.77 pp.
Net debt	-	-	-	118,864	185,595	-35.96%



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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

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