

Corticeira Amorim posts sales of EUR 133.5 million

HIGHLIGHTS

- Net profit totaled EUR 5.3 million
- 1Q13 sales: EUR 133.5 million
- Despite degradation of the economic environment, sales increase by 1.7%
- Exchange rate volatility impacts on 1Q13 net profit

Mozelos, May 3, 2013 – Sales of Corticeira Amorim for the quarter ended March 31, 2013 totalled EUR 133.5 million, an 1.7% increase compared to the same period a year ago. This behaviour reflects, however, the inclusion of the Trefinos group's assets and liabilities in the consolidated balance sheet, an inclusion which had a positive impact of approx. EUR 6 million on sales, i.e., a contribution of 4.5% to this growth. On a comparable basis, sales show a slight decline.

In line with what was forecasted at the end of last year, the business of CORTICEIRA AMORIM was hit by the international economic environment, particularly with regard to Europe. The European market – that makes up 60% of Corticeira Amorim's sales – has eventually affected not only sales of the Company but also its net profit, which declined 8.1% to EUR 5.29 million.

International markets affect performance of Business Units (BU)

Sales of the **Raw Materials BU** decreased approx. 14% due to a lower supply of manufactured cork to the Cork Stoppers BU. However, this decrease in sales did not prevent the Raw Materials BU from increasing its turnover performance. Improved gross margin percentages offset that drop in sales.

An improved operating expense performance – as a result of an increased industrial automation - has even allowed EBITDA to exceed the amount recorded in 1Q12 (1Q13: € 5.4 M vs. 1Q12: € 4.6 M).


Sales of the **Cork Stoppers BU** totalled € 81.6 M in 1Q13, a 6.7% increase compared to 1Q12. The inclusion of Trefinos' assets and liabilities in the consolidated balance sheet is also taken into consideration in that figure. On a comparable basis, however, sales in 1Q13 dip slightly compared with a year ago (-1%). Despite a continuing growth consumption of wine worldwide, the major bottling markets are contracting because of constraints on availability of wine.

The decrease in sales of natural cork stoppers and Twin Top© stoppers was not fully offset by increased sales of other kinds of cork stoppers, such as champagne and Neutrocork stoppers. At the end of 1Q13, EBITDA was € 8.5 M which compares unfavourably with € 9.6 M for the same period in 2012.

In 1Q13, the net sales of the **Floor and Wall Coverings BU** totalled € 30.8 M, a 7.4% decline y-o-y. This decrease in sales was due to both the fall in orders for cork manufactured products (-3.5%) and wood-o-cork products (-33%). The maintenance of the sales growth rate of VinylComfort products is worth a special mention.

The investment made by the Company to introduce cork flooring products to markets not used to these products, begins to bear fruit and the sales of new cork flooring collections - especially Artcomfort – are on the increase. The decline in EBITDA in 1Q13 to € 2.6 M is almost entirely justified by the decrease in sales (1Q12: € 3.4 M).

The **Cork Composites BU's** YTD sales of goods and sales to the construction industry offset the decrease in sales to the industrial sector and the flooring market. Sales in 1Q13 increased compared to the same period a year ago (€ 23.1 M: +2.5%). However, if the sales of manufactured cork products to end customers outside the group were taken into consideration, then there would be a 4% decrease in sales. As a result of exchange rate volatility, this BU's EBITDA decreased to € 1.4 M compared to € 1.9 M a year ago.



The sales of the **Insulation Cork BU** in the first quarter 2013 were affected by the postponement of several construction projects. Sales of insulation corkboard - the most important product manufactured by this BU - fell by 11.9%. Portugal and France showed declines in sales, while Italy has managed to maintain its performance almost unchanged. Sales of cork products to non-traditional markets are growing quite satisfactory.

The EBITDA was heavily affected by the drop in sales and the increase in cork raw material prices and its value for 1Q13 was zero (1Q12: € 0.6 M).

CORTICEIRA AMORIM's EBITDA for 1Q13 was EUR 16.2 million and net profit totalled 5.3 million

The EBITDA in 1Q13 was € 16.2 M, a 13.7% decrease compared to 1Q12. In comparison to the same period a year ago, the EBITDA to sales ratio fell by 12.1% due, essentially, to exchange rate volatilities and also the inclusion of Trefinos group's business in the consolidated balance sheet.

As far as operating expenses is concerned, the amount of € 50.2 M is about € 1 M higher than a year ago. It should be noted, however, that the inclusion of Trefinos' business in the consolidated balance sheet has contributed with approx. € 2.9 M to this increase and, therefore, on a comparable basis there was a decrease of about € 2 M.

There was a decline in the gross margin percentage, which stood at 48.5% in 1Q13 (1Q12: 49.5%). This decrease is not unrelated to the rise in price of raw cork waste as well as the impact of exchange rate volatility.

The financial activity for the period ended 31 March 2013 proved to be more favourable than that for the same period a year ago as a result of adjustment programmes that provided more favourable banking conditions.

After estimating the tax on an income of € 3.6 M, net profit was € 5.3 M in 1Q13, down 8.1% from the comparable period a year ago.

Key indicators

		1Q13	1Q12	Variation
Sales		133,557	131,276	1.7%
Gross Margin – Value		66,410	67,856	-2.1%
	1)	48.5%	49.5%	-1.04 p.p.
Operating Costs - current		56,063	54,647	2.59%
EBITDA - current		16,168	18,728	-13.7%
EBITDA/Sales		12.1%	14.3%	-2.16 p.p.
EBIT - current		10,347	13,208	-21.7%
Non-current costs	2)	0	1,843	N/A
Net Income		5,294	5,761	-8.11%
Earnings per share		0.042	0.046	-8.11%
Net Bank Debt		116,736	114,237	2,499
Net Bank Debt/EBITDA (x)	4)	1.46	1.54	-0.08 x
EBITDA/Net Interest (x)	3)	16.5	16.3	0.22 x
Equity/Net Assets		46.5%	46.5%	+ 0.01 p.p.

1) Related to Production

2) Argentinian TVA receivables impairment (1Q12)

3) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions)

4) Current EBITDA of the last four quarters



To contact additional information:

Cristina Amorim

Investor Relations

Tel: + 351 22 747 5400

E-mail: corticeira.amorim@amorim.com

www.corticeiraamorim.com

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 more than Euro half billion 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.amorimcork.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