

## **CORTICEIRA AMORIM net profit reaches €5.1 million**

### **HIGHLIGHTS:**

- CORTICEIRA AMORIM's consolidated sales for 1Q11 reached €120 million;
- Net income increased 20 per cent over first quarter of 2010;
- Current EBITDA reached €17.1 million.


**Mozelos, May 9, 2011** - CORTICEIRA AMORIM recorded its fifth consecutive quarter of consolidated sales growth. Consolidated sales for 1Q11 reached €120.4 million, exceeding by 6.3 per cent the Company's consolidated income in the first quarter of 2010.

Although the negative effects of the 2008/2009 recession were felt internationally, they seem to be actually vanishing in CORTICEIRA AMORIM's most important export markets. However, given the high growth rates recorded by the Company over the four successive quarters of 2010, it is expected that growth rates in 2011 will slow slightly.

Sales growth drove an improvement in EBITDA and in net profit attributable to shareholders, which grew to €5.1 million.

### **Cork Stopper Business Unit records growth in almost all its major markets**

Cork Stoppers BU sales reached € 71.4 million, an increase of 8.5 per cent compared to 1Q10. The sales of this BU account now for 58 per cent of consolidated sales to end customers, an increase of about one percentage point over the same period in 2010. Sales of all types of cork stoppers grew both in quantity and value once again. As far as markets is concerned, growth was also widespread, with one or two exceptions.



The Floor and Wall Coverings BU recorded a 1.7 per cent decrease in sales driven by a sharp drop in sales of non-cork floor and wall coverings (-20 per cent). Sales of cork floor and wall coverings - the prime product manufactured by this BU - showed an increase of 4.6 per cent.

The Composite Cork BU showed the highest increase in sales (+16.6 per cent). All major product families recorded significant sales increases ranging from 6.4 per cent in products for the construction industry to 21 per cent in sealing products (rubber cork products). The U.S. market - this BU's most important export market - has also maintained in 1Q11 its good level of performance as recorded in the 2010 financial year.

The Insulation Cork BU showed also a remarkable sales growth (7.6 per cent). The sales of insulation corkboard - the prime product manufactured by this BU - showed a sales growth of +12 per cent, almost entirely justified by an increase in quantity. Worthy of mention is this BU's performance in the Middle East market (+76 per cent), making it the third most important export market of this BU, not far behind its major markets (France and Italy).

With about 96 per cent of its sales volume directed to CORTICEIRA AMORIM's value chain, the Raw Materials BU was in line with the growth of the Group's productive activity, with about 20 per cent increase in sales.

## **CORTICEIRA AMORIM increases current EBITDA by 12 per cent**

The substantial sales growth in almost all CORTICEIRA AMORIM's business units contributed to benefit other key operating indicators.

The 9.2 per cent growth in operating expenses, excluding depreciation, was offset by an 11.6 per cent increase in production, which was adversely affected by increases in transport and power costs. As far as promotional costs is concerned, CORTICEIRA AMORIM's sharing of expenses related to InterCORK - the largest international communications campaign to promote cork ever undertaken - is worthy of mention.

Current EBITDA reached €17.1 million, a 12.1 per cent increase over the first quarter of 2010. EBITDA to sales ratio rose to 14.2 per cent, showing an improvement compared to the ratio of 1Q10 (13.4 per cent). EBIT reached €11.6 million (+19.4 per cent).

Net profit attributable to CORTICEIRA AMORIM's shareholders was €5.154 million, a 20.3 per cent increase compared to €4.285 million in 1Q10.

The consolidated balance sheet totaled €598 million at the end of 1Q11, an increase of €36 million compared to the end of 2010. This improvement may be explained by a growth in sales over 4Q10 and its impact on trade receivables (+€14 million) as well as an increase in cash and cash equivalents (€24 million).

In terms of Liabilities, it should be emphasized that net debt at the end of the quarter was similar to that of end 2010, i.e. some € 102 million.

## MAIN FIGURES

	1Q11	1Q10	Increase
<b>Sales</b>	120,416	113,280	6.3%
<b>Current EBITDA</b>	17,079	15,233	12.1%
<b>Current EBIT</b>	11,557	9,679	19.4%
<b>Net profit/loss (attributable to shareholders)</b>	5,123	4,285	20.3%
<b>Net Debt</b>	102,509	127,283	24,774

Non audited figures (in thousands 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](http://www.amorim.com) and [www.corkfacts.com](http://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



**AMORIM**

**CORTICEIRA AMORIM, S.G.P.S., S.A.**

**Consolidated results**

**First Quarter 2011**

# Summary

## Consolidated results

- Highlights
- Consolidated key indicators

## Raw Materials

- Key indicators
- Highlights

## Cork Stoppers

- Key indicators
- Highlights

## Floor & Wall Coverings

- Key indicators
- Highlights

## Cork Composites

- Key indicators
- Highlights

## Insulation Cork

- Key indicators
- Highlights

## Appendices

- Consolidated indicators

# Consolidated results

- Highlights
- Consolidated key indicators

Unit: thousands of euros



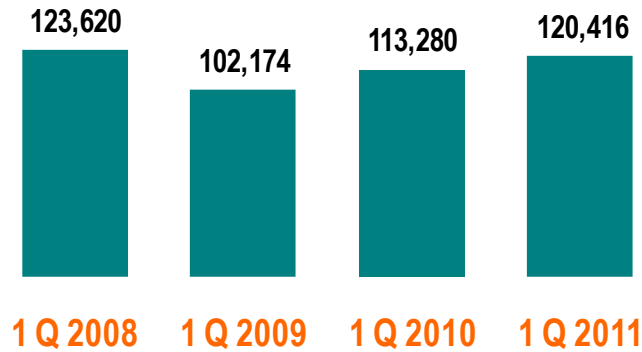
# Highlights

- ❑ Consolidated 1Q11 sales totaled 120.4 million euros (M€), up 6.3% from same quarter 2010;
- ❑ Production increased by 11.6%;
- ❑ All BU's with higher sales (Cork Flooring BU only in its core product);
- ❑ Current EBITDA (17.1 M€) and current EBIT (11.6 M€) growing in line with activity registering a 12.1% and 19.4% increase;
- ❑ EBITDA / Sales reached 14.2% (1Q10 = 13.4%) in line with full year 2010 (14.4%);
- ❑ Net profit reached 5.153 M€ (+20.3%);
- ❑ Net debt (102.5 M€) in line Dec. 2010, but 25 M€ lower than March 2010.



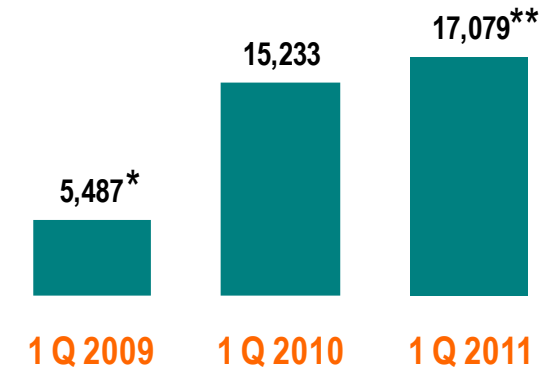
# Consolidated key indicators

## Sales



Non-cork coverings sales variation 1Q11 vs 1Q08 = -4,560K€

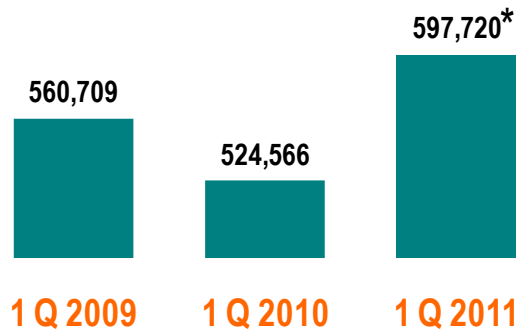
## EBITDA



\* Excludes restructuring costs (3,845 K€)

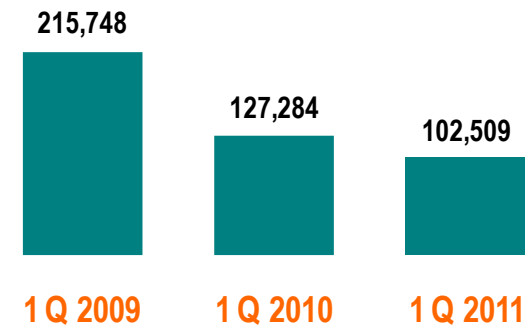
\*\* Excludes Goodwill impairment (1,827 K€)

## Total Assets



\* Includes 48,000 K€ of time deposits

## Net debt





# Highlights and key indicators by Business Unit

Unit: thousands of euros

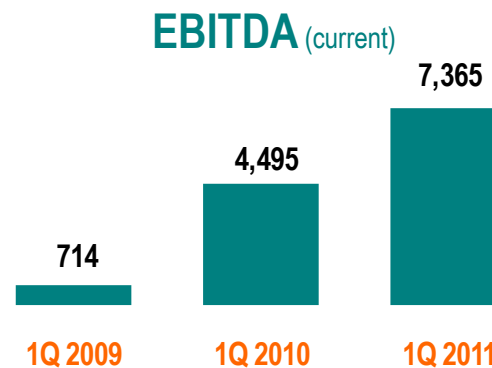
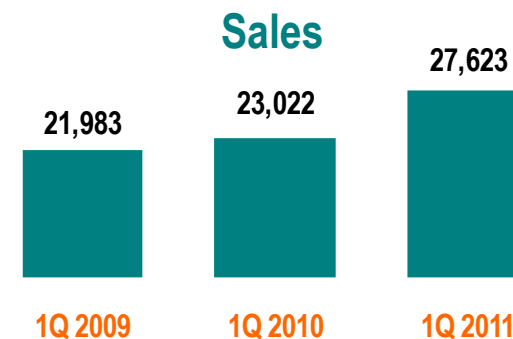


# Highlights and key indicators

## Raw Materials

### Industrial activity

- Sales to the value chain of the group were in line with the corkstoppers activity increase (+21.8%);
- All Units (Portugal, Spain, Morocco and Tunisia) with higher activity;
- North Africa Units surpassed any possible difficulties that could arise from the social upheaval occurred during the first few months of 2011;
- Raw material quality vs price relation allowed for a strong increase in EBITDA (+64%)





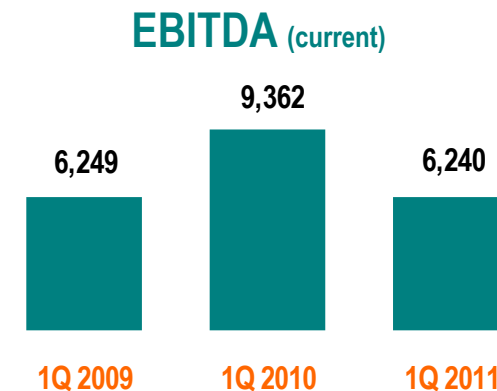
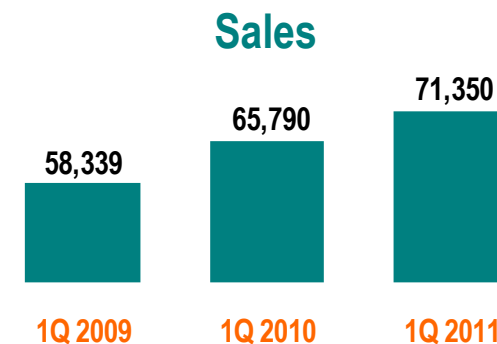
# Highlights and key indicators

## Cork Stoppers

### □ Sales – 8.5% increase in 1Q11

- All corkstoppers families registered an increase both in volume and in value;
- Special note to champagne corkstoppers (+24%), with all markets showing remarkable increases. Neutrocork® (+28%) and agglomerate (+43%);
- Natural and TwinTop® maintained the growing trend;
- As in 2010, 1Q11 increase was based mainly in volume;
- Sales jumped more than 90 million units. Cumulative above 800 million units;
- Growth was felt all across the markets.

- USD weakness (25% devaluation since mid 2010) puts pressure in margins and EBITDA;
- EBITDA reached 6.2 M€ (-33%)



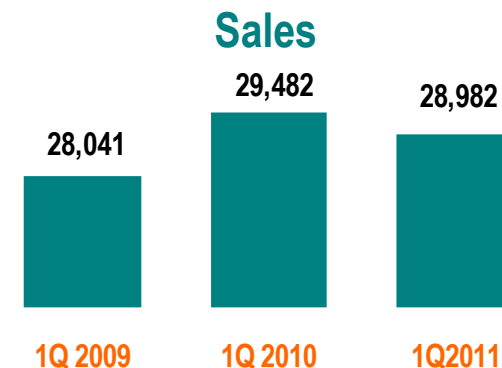


# Highlights and key indicators

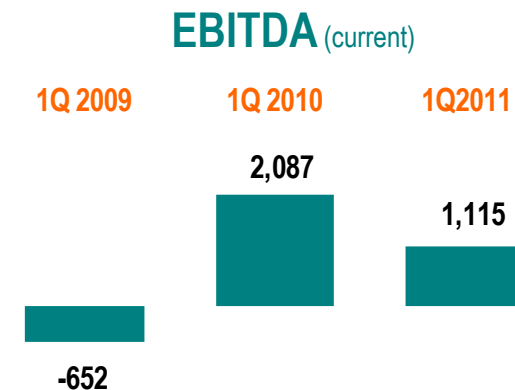
## Floor & Wall Coverings

### □ Sales – 1.7% decrease

- Special note to sales of own products (4.6%);
- Wood flooring sales reduced by 20% with margins under pressure (USD);
- Flat sales in the main market (Germany);
- Sales on the rise in the Spanish, Italian and far east markets (China, Japan and Korea);
- North American market hit by the end of construction incentives;
- Special note to LVT sales



- Operating costs hit by the new 2012 collection, cork campaign and power bill costs;
- EBITDA decreased to 1.1 M€.



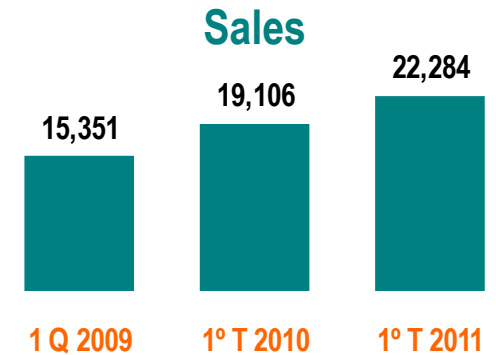


# Highlights and key indicators

## Cork Composites

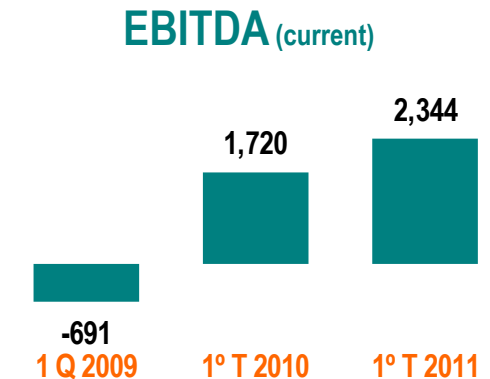
### ☐ Sales – 16.6% increase

- Except for Home&Office, all product families registered higher sales;
- Construction (+6.4%), industry (+8.4%), flooring (+20.9%), sealing (+20.8%);
- In spite of the USD devaluation, the main market (USA) continued its growth trend;
- Volume was responsible for three quarters of the sales increase.



- EBITDA reached 2.3 M€ (+36.3%)

- Higher raw material prices and USA devaluation impacted margins and EBITDA.



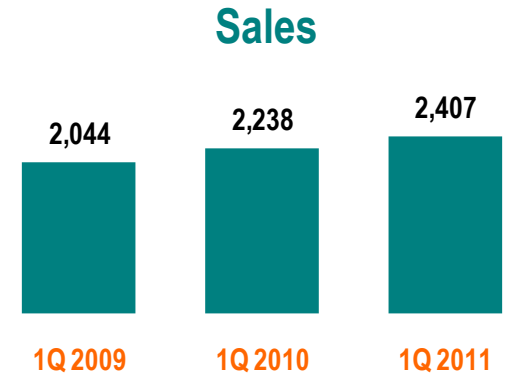


# Highlights and key indicators

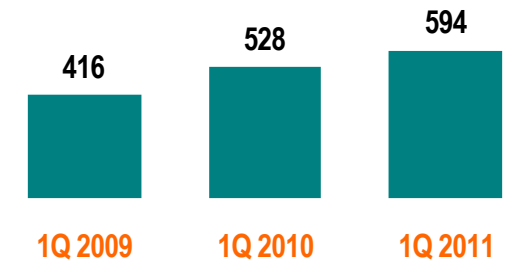
## Insulation Cork

### □ Sales – 7.6% increase

- Growth driven by expanded cork agglomerate (12%), mainly volume;
- Rebound of Middle East market (+76%) makes it the third most important market (behind France and Italy).
- EBITDA amounted to 0.6 M€ (+12.4%)
- EBITDA / sales ratio reached 25%



**EBITDA** (current)



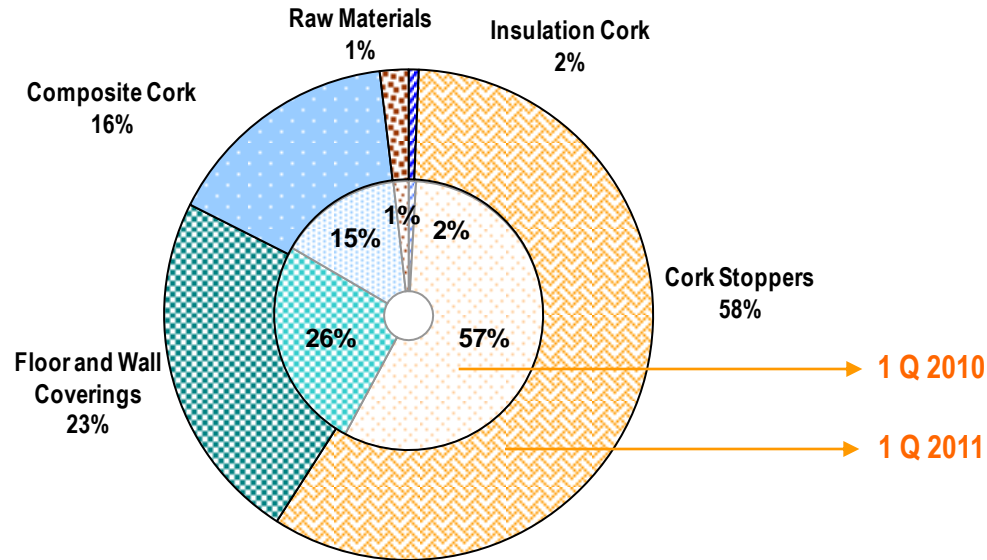
# Appendices

- Consolidated indicators

Unit: thousands of euros



# Breakdown Sales by Business Unit

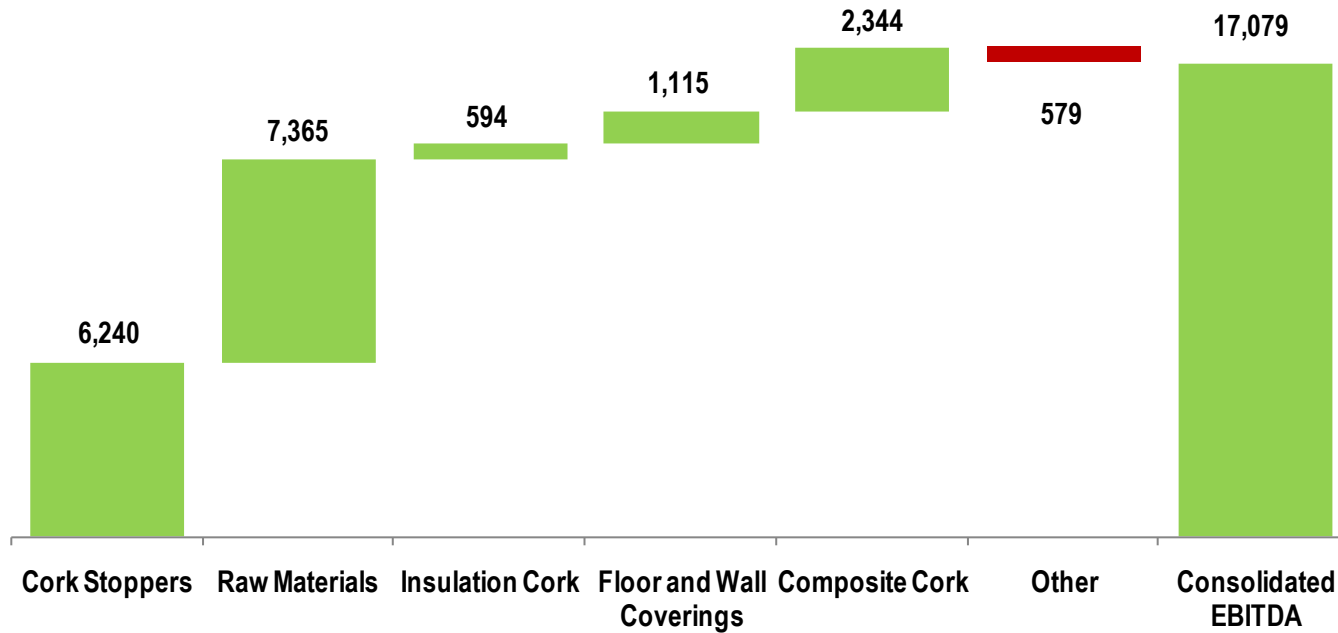


	1 Q 2009	1 Q 2010	1 Q 2011
<b>Raw Materials</b> (final customers)	2%	1%	1%
<b>Cork Stoppers</b>	56%	57%	58%
<b>Floor and Wall Coverings</b>	27%	26%	23%
<b>Composite Cork</b>	13%	15%	16%
<b>Insulation Cork</b>	2%	2%	2%



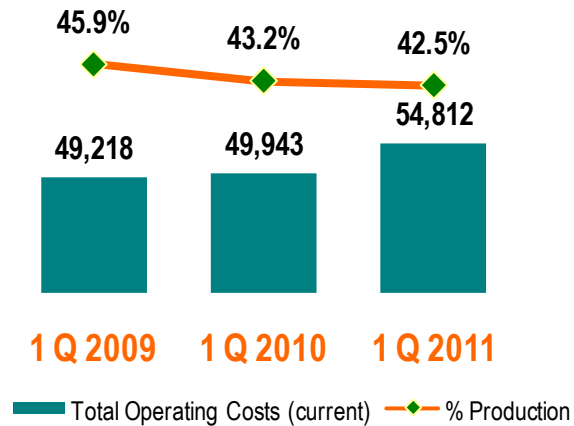
# Breakdown EBITDA by Business Unit

## Current EBITDA



# Operating Costs Breakdown

## Value and % (Production):



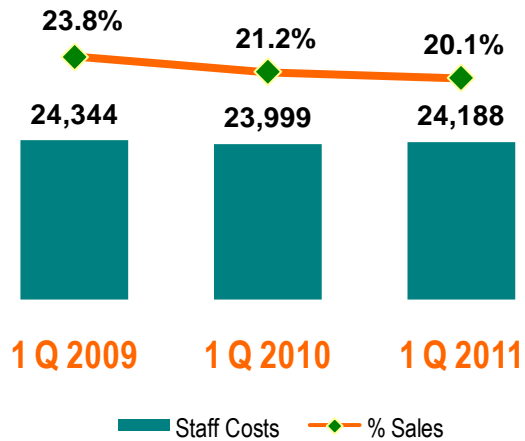
	1 Q 2009	1 Q 2010	1 Q 2011
External supplies	19,179	19,282	22,800
Staff costs	24,344	23,999	24,188
Depreciation	5,577	5,554	5,522
Provisions	1,221	1,294	474
Other operating expenses and gains	1,102	186	-1,828
<b>Total Operating Costs (current)</b>	<b>49,218</b>	<b>49,943</b>	<b>54,812</b>
<b>% Production</b>	<b>45.9%</b>	<b>43.2%</b>	<b>42.5%</b>



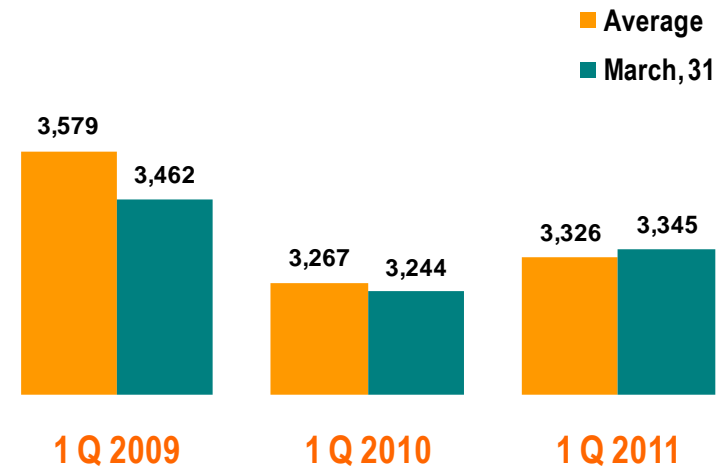
# Staff Costs

\* Excluding charges with reorganization

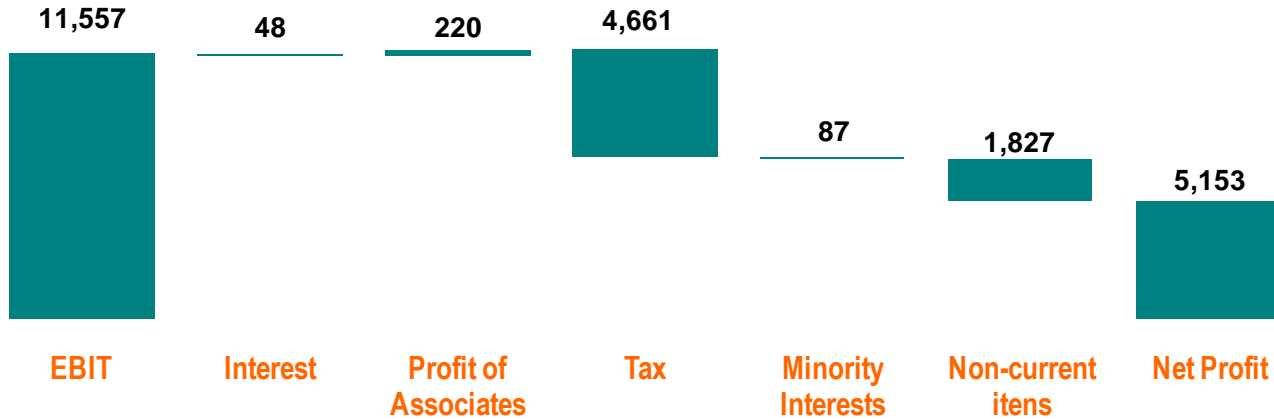
## Value and % (sales):



## Number of employees:



# Net Profit

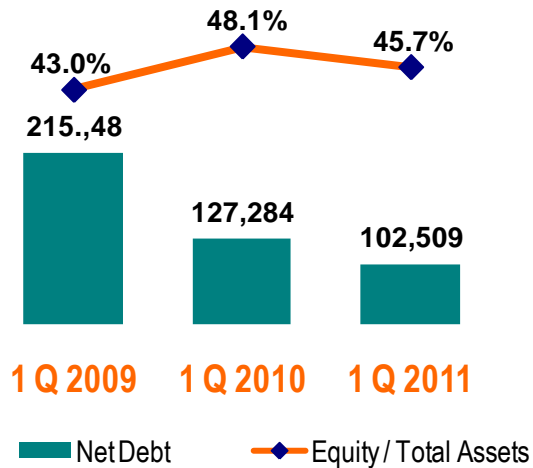


	1 Q 2009	1 Q 2010	1 Q 2011
EBIT current	-90	9,679	11,557
Net financial costs	2,429	1,282**	48*
Non-current costs	3,845	0	1,827
Gains/(loss) of associates	308	137	220
EBT	-6,056	8,534	9,901
Tax	-1,626	3,866	4,661
Non-controlling interests	164	383	87
Net Profit	-4,595	4,285	5,153

\* includes 799 of swap gain

\*\* includes 484 of swap loss

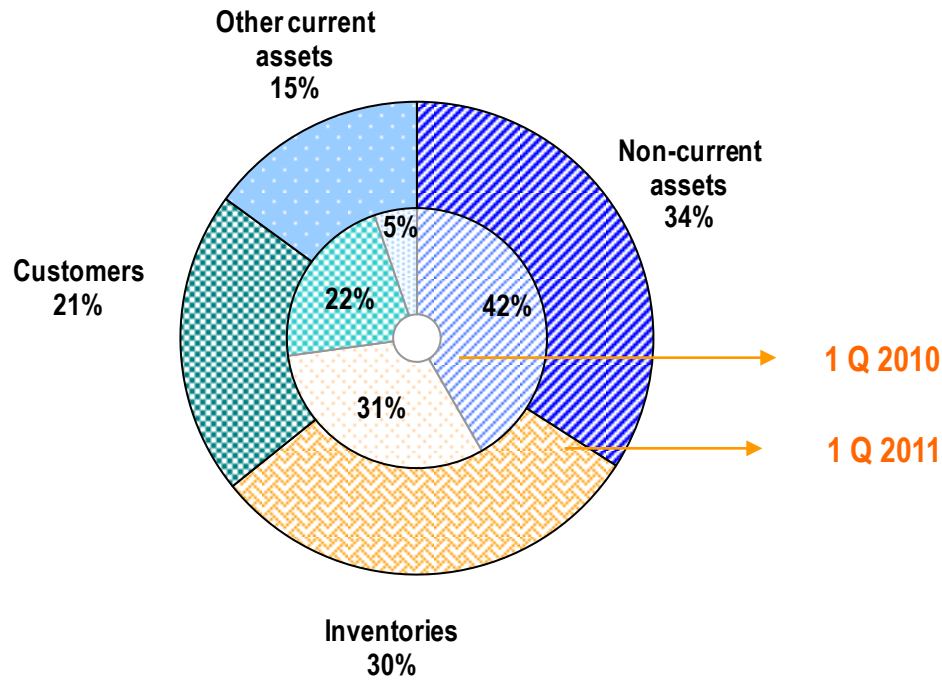
## Net debt and Equity/ Total Assets:



	1 Q 2009	1 Q 2010	1 Q 2011
<b>Net Debt</b>	215,748	127,284	102,509
<b>Equity</b>	241,233	252,399	273,089
<b>EBITDA / Interest</b>	2.5	22.0	34.7
<b>Equity / Total Assets</b>	43.0%	48.1%	45.7%
<b>Gearing</b> (Net debt / Equity)	89.4%	50.4%	37.5%

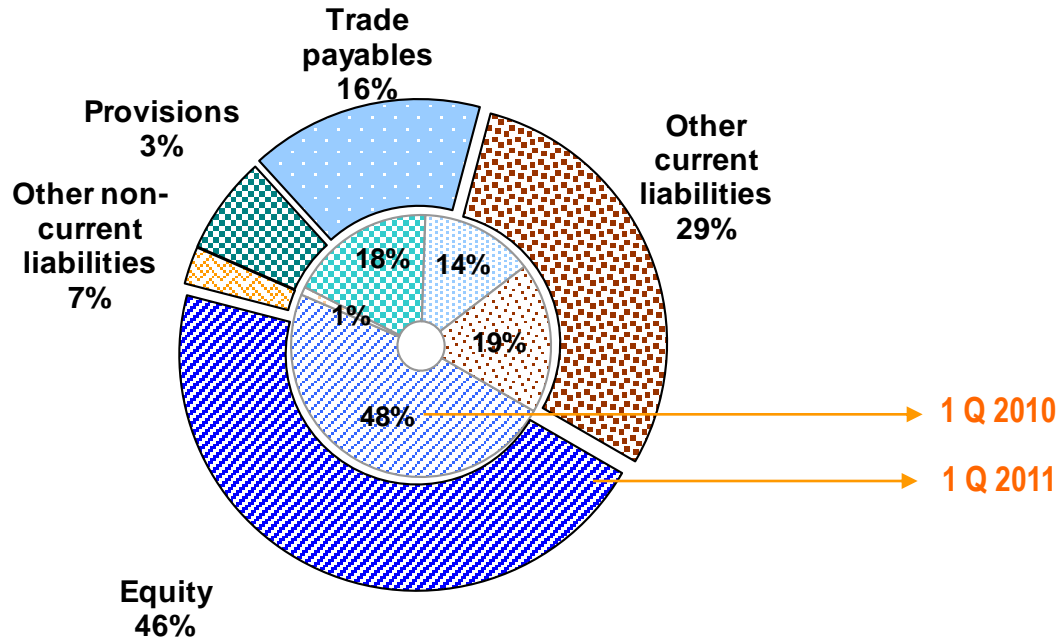
*Net interest includes interest from loans less interest from deposits (excludes stamp tax and commissions)*

# Total Assets



	1Q09	1Q10	1Q11
Non-current assets	226,150	218,696	203,624
Inventories	192,151	163,364	180,287
Customers	103,913	114,778	124,307
Other current assets	38,495	27,728	89,502
<b>Total Assets</b>	<b>560,709</b>	<b>524,566</b>	<b>597,720</b>
Capex	4,980	3,834	6,837

# Equity and Liabilities



	1Q09	1Q10	1Q11
Equity	241,007	252,399	273,089
Provisions	4,631	5,311	15,228
Other non-current liabilities	126,433	94,784	39,959
Trade payables	28,110	73,695	94,922
Other current liabilities	160,528	98,377	174,522
<b>Total Liabilities</b>	<b>319,702</b>	<b>272,167</b>	<b>324,631</b>





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