

## **CORTICEIRA AMORIM reports sales of EUR 275 million in the first half of the year**

### **HIGHLIGHTS**

- Sales up 8% in comparison with the first half of 2011;
- Net profits reaches EUR 17.7 million;
- Positive performance of the two largest Business Units.

**Mozelos, August 03, 2012** – CORTICEIRA AMORIM posted its highest half-yearly turnover ever in the first six months of 2012: EUR275 million, 8% up when compared to the same period in 2011.

On what concerns the second quarter of 2012, the tenth quarter in a row with increased revenues, consolidated sales reached EUR143.7. This represents a 7% increase when compared to the second quarter of 2012.

Despite the global economic climate and throughout this first semester, CORTICEIRA AMORIM secured a positive sales and profit growth rate. Its two main Business Units, Cork Stoppers and Floor and Wall Coverings played a major role in this performance.

The growth in sales continues to be a direct result of higher volumes sold and the price effect achieved through some increases in prices, as well as the exchange rate effect, particularly the appreciation of the USD.

The record sales allowed CORTICEIRA AMORIM to substantially improve other indicators: Current EBITDA rose 12.7% to EUR44.8 million and the Net Profit attributable to shareholders increased 28.2% to EUR17.7 million.



## Business Units achieved higher sales

The **Raw Materials Business Unit (BU)** showed a 16.5% increase in turnover, while sales to the internal value chain went up approximately 14%. This increase was due to the processing of cork raw material acquired in 2011. This quantity was higher than in the year before and there was also greater integration into CORTICEIRA AMORIM's own productive cycle.

Current EDITDA reached EUR 6.3 million, less than half the amount observed in the first half of 2011 (EUR14.3 million). This was mainly due to an increase in production costs, particularly the cost of raw cork bought in 2011.

The **Cork Stoppers BU** saw total sales increase 6.6% to EUR 162.5 million. Apart from the exchange rate effect, the improvement was mainly a result of higher volumes sold, with 78 million more corks being sold than in the same period last year.

The expansion of the wine market, especially in high-growth markets such as the USA and China, continued to have a positive effect on the activity of this BU. Global leadership in the industry, in terms of service and the quality and range of our products, explains a large part of the growth registered since the beginning of 2009. Finally, as regards this half-year there was also the positive effect of the exchange rate, particularly against the US dollar.

At the end of the first semester of 2012, the Cork Stoppers BU showed a current EDITDA of EUR 25.8 million, a significant 33% increase when compared to the first semester of 2011.

The **Floor and Wall Coverings BU** maintained the first quarter growth rate throughout the second quarter. Sales reached EUR68.1 million at the end of the first half-year period, 13.7% up on the same period in 2011.

Total sales of products manufactured by the BU were over EUR55 million, a 12% increase. The perimeter effect caused by the consolidation of Timbermam, from the second half of 2011, should be taken into consideration. This effect more than justifies the positive variation registered in the sales of traded products. The BU's EBITDA achieved EUR8.4 million, more than doubling the EUR3.6 million shown in the first half of 2011.

In the **Composite Cork BU**, sales went up 3% overall, but there was actually a 6% growth when only sales to outside CORTICEIRA AMORIM's internal value chain are considered.



Every market segment of this BU demonstrated some growth, except for a drop in sales to CORTICEIRA AMORIM's Floor and Wall Coverings BU, determined by a strategic option. In what concerns the sealing segment, sales for this period remained flat.

Unlike what we saw in the two main BUs, Cork Stoppers and Floor and Wall Coverings, the main driving force behind the growth in sales was not the quantity effect. In this BU, growth was the result of the dual effect of exchange rates and prices. EBITDA, nonetheless, managed to climb 5% to EUR 4.7 million.

The **Insulation Cork BU** generated higher activity and profits in the second quarter of the year. At EUR 4.7 million, sales for the period remained basically flat when compared to the first semester of 2011. Higher sales prices of the main product, expanded cork agglomerate, compensated for the drop in the volumes sold.

EBITDA reached EUR 1.1 million, roughly the same as in the first half of 2011.

## **CORTICEIRA AMORIM posted a net profit of EUR 17.7 million**

As mentioned earlier, CORTICEIRA AMORIM sales continued to show healthy growth in the first two quarters of 2012. At EUR 275 million, sales were EUR 20 million up on the first half of 2011, an 8% jump. Increased sales of floor and wall coverings (LVT and Cork Style in Germany, North America and Eastern Europe) and cork stoppers (Natural and Neutrocork in the US, France and Argentina) were behind this increase.

There was also a noticeable positive impact from the exchange rate, particularly the USD. This exchange rate effect is estimated to be a little bit over EUR 5 million. The admission of Timbermam into the consolidation perimeter caused an estimated EUR 3 million effect on the accounts.

Increased operating costs (+1.4%) were significantly lower than the increase in production (+8.6%). The 5.4% rise in personnel costs is partly justified by the increase in the number of workers (+2.3%) and Timbermam being included in the consolidation perimeter (+1%).

Current EBITDA rose to EUR 44.8 million, a 12.7% increase in comparison with the first half of 2011. The EBITDA/Sales ratio reached 16.3% during the first semester of 2012 and 18.1% when only the second quarter of 2012 is taken into account.

The net profit for the period attributable to CORTICEIRA AMORIM shareholders was EUR 17.716 million. This amount is 28.2% more than the EUR 13.814 million in the first half of 2011.

The Balance Sheet total at the end of June was EUR 640 million, approximately EUR 35 million higher than at the end of 2011 and EUR 72 million higher than in the first half of 2011. This increase was mainly due to the impact of the customers item (EUR 23 million) and stocks (EUR 35 million) from December and June 2011, respectively. This increase in the balance sheet, that was seen in 2011 and the first half of 2012, is due to a rise in sales and production and higher purchases.

### Key Indicators

	1H12	1H11	Change
Sales	274,996	254,678	8%
Current EBITDA	44,765	39,732	12.7%
Current EBIT	33,914	28,448	19.2%
Net profit (attributable to shareholders)	17,716	13,814	28.2%
Equity / Total assets	45.7%	47.5%	-1.77 pp

Audited figures in 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 EUR 495 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 proper use of this important forest, which plays a fundamental role in CO2 fixing, preservation of biodiversity and the fight against desertification. We encourage you to learn more by visiting informative website such as [www.amorim.com](http://www.amorim.com) our [www.corkfacts.com](http://www.corkfacts.com)

## **CORTICEIRA AMORIM, SGPS, S.A.**

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