



AMORIM

Press Release

Corticeira Amorim
1H2017

Corticeira Amorim's sales increased by 6.2% in the first half of 2017, reaching €355M



Highlights:

- *EBITDA exceeds €70 M - representing 7.2% growth*
- *Six-monthly profits rose by 7.4% to 37.7M€*

Corticeira Amorim ended the first half of 2017 with a net result of €37.7 million - 7.4% higher than the result recorded in the first half of 2016 (€35.1M).

This positive result was underpinned by an increase in sales, which rose to €354.8M - 6.2% higher than the first half of 2016 (€334M). Comparative sales growth was higher in the first quarter than in the second quarter of 2017, (9.6% growth in the first quarter, versus 3.3% growth in the second quarter). This had already been forecast and is primarily due to the differential in the number of working days in the respective periods.

The contribution to the growth of consolidated sales was primarily due to sales growth in the Cork Stoppers BU (+ 8.6%), above all the volume effect, accompanied by a favourable exchange rate impact of approximately €3.8M.

EBITDA rose to €70.6M - 7.2% higher than the amount recorded in the first half of 2016. This performance improved the EBITDA to sales ratio, which increased from 19.7% to 19.9%.

Financial operations continued to benefit from lower interest rates and reduced indebtedness. At the end of the first half of the year, net interest-bearing debt was €11M, compared to €36 million at the end of 2016.

The financial autonomy ratio was 57%.

Performance by Business Unit



With 3.8% growth, the **Raw Materials Business Unit** grew in line with Corticeira Amorim's overall increase in business activity, in line with the positive evolution recorded in the Cork Stoppers BU, its main client.

EBITDA was €10.5M, equivalent to the amount recorded in the first half of 2016 (€10.6M). Despite the unfavourable impact of higher cork prices in the 2015 cork harvesting campaign, with this cork used during the period under review, this factor was attenuated by control of operating costs and increased business activity.

Implementation of the 2017 cork harvesting campaign took place as scheduled, and objectives were met in terms of the quantity acquired, with a higher average purchase price.

Sales of the **Cork Stoppers BU** were €239.5M, an increase of more than 8% in the three segments in which the BU operates: still wines, sparkling wines and spirits. This evolution is determined primarily by growth of sales volume, and further reinforced by the positive effect of the sales mix obtained in natural cork stoppers.

Accumulated sales of NDtech® stoppers were 14 million units, higher than the level recorded in the first quarter of 2017 (4 million).

The increase in business activity, coupled with the positive sales mix effect, resulted in an increase of around 25% in the EBITDA of this BU (€49.9 M).

The **Floor & Walls Coverings BU** recorded sales growth of 1.9%, with sales of €62.3M. Sales growth of manufactured products was decisive for this result, in particular sales of the new Hydrocork® and Authentica® collections.

Notwithstanding this positive evolution, the EBITDA of the Floor & Walls Coverings BU decreased to €4.3 million, as a result of expansion of the sales team in key markets. It is expected that this development will support investments underway, that will reinforce the business unit's production capacity.

The **Composite Cork BU** recorded sales of €51.9M - broadly equivalent to sales in the first half of 2016 (€52.1). This increase was partly driven by higher sales for the "Resilient & Engineered Flooring Factories" and "Construction" segments and reinforced supply of inlay for Hydrocork®. Various initiatives are underway to correct the segments "Furnishing" and "Sport Surfaces", which recorded a fall in sales compared to the first half of 2016.

Sales of the **Insulation Cork BU** were €5.6M, a decrease of 13.2% compared to the first half of 2016, although sales to end customers only fell by about 1%.

EBITDA fell by 29.3%, standing at €1.1M. This was partly the result of the increase in the average price of the consumption of raw materials.

Payment of dividends

On April 7, the Shareholders' General Meeting approved a gross dividend of €0.18 per share, payable on April 26, and a total of €23.9M was disbursed to shareholders.



Subsequent facts

On 19 July 2017, Corticeira Amorim, via its subsidiary Amorim & Irmãos, SGPS, S.A signed an agreement to acquire S.A.S. Ets Christian Bourrassé (France). The company is the sole shareholder of Socori - Sociedade de Cortiças de Riomeão, S.A. (Portugal) and Corpack Bourrassé S.A. (Chile). Under the terms of the aforementioned agreement, Amorim & Irmãos, SGPS, S.A. initially acquired 60% of the share capital for €29M. The remaining 40% will be acquired up until 2022, at a price that will take as a reference the amount paid for the initial 60%, and will depend on the evolution of Bourrassé's performance over this period.

Key Indicators

	1H2017	1H2016	yoy	2Q2017	2Q2016	yoy
Sales	354,762	333,958	6.2%	183,053	177,267	3.3%
Gross Margin – Value	192,121	176,276	9.0%	97,135	93,871	3.5%
	1)					
	53.3%	52.4%	+ 0.9 p.p.	54.0%	50.6%	+ 3.5 p.p.
Operating Costs - current	137,289	123,574	11.1%	67,762	62,278	8.8%
EBITDA - current	70,622	65,854	7.2%	37,064	38,257	-3.1%
EBITDA/Sales	19.9%	19.7%	+ 0.2 p.p.	20.2%	21.6%	-1.33 p.p.
EBIT - current	54,832	52,703	4.0%	29,373	31,593	-7.0%
Non-current costs	2)					
	0	3,730	N/A	0	2,050	N/A
Net Income	37,757	35,145	7.4%	20,543	21,231	-3.2%
Earnings per share	0.284	0.264	7.4%	0.164	0.169	-3.2%
Net Bank Debt	11,105	80,079	-68,974	-	-	-
Net Bank Debt/EBITDA (x)	3)					
	0.09	0.71	-0.63 x	-	-	-
EBITDA/Net Interest (x)	4)					
	230.3	103.4	126.83 x	223.7	126.9	96.78 x
Equity/Net Assets	56.5%	52.5%	+ 4.1 p.p.	-	-	-

1) Related to Production

2) Figures refer to the provision for labor and customs litigation in Amorim Argentina, deferred costs concerning business started in the previous year and adjustments related to non-controlling interests (2016)

3) Current EBITDA of the last four quarters

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



About Corticeira Amorim SGPS, S.A.:

Tracing its roots back to the 19th century, Amorim has become the world's largest cork and cork-derived company in the world, generating more than Euro 640 billion in sales to more than 100 countries through a network of dozens of fully owned subsidiaries.

With a multi-million Euro R&D investment per year, Amorim has applied its specialist knowledge to this centuries-old traditional culture, developing a vast portfolio of 100% sustainable products that are used by blue-chip clients in industries as diverse and demanding as wines & spirits, aerospace, automotive, construction, sports, interior and fashion design.

Amorim's responsible approach to raw materials and sustainable production illustrates the remarkable interdependence between industry and a vital ecosystem - one of the world's most balanced examples of social, economic and environmental development.



AMORIM

Corticeira Amorim, SGPS, S.A.
Sociedade Aberta
Edifício Amorim I
Rua de Meladas, n.º 380
4536-902 Mozelos VFR
Portugal

For additional information:
Cristina Amorim
Investor Relations
phone: + 351 22 747 54 25
Corticeira.amorim@amorim.com

corticeira.amorim@amorim.com
www.corticeiraamorim.com
Instagram: [@Amorimcork](https://www.instagram.com/Amorimcork)

Share Capital: EUR 133 000 000,00
A company incorporated in Santa Maria da Feira
Registration and Corporate Tax ID No:
PT 500 077 797