

Corticeira Amorim 1Q2018



In brief



António Rios de Amorim receives Entrepreneur of the Year (EY)...



... and Iberian Businessman of the Year (CCILE) awards



Corticeira Amorim in the TOP 10 of the most interesting companies to work in Portugal (2018 Randstad ranking)




Corticeira Amorim celebrates 30 years on the Portuguese Stock Exchange

In brief



TAP's new lounge with Wicanders' flooring. A project by Miguel Arruda.



 Silver A' Design Award Winner in Interior Space and Exhibition Design Category, 2017-2018



New cork objects presented during Milan Design Week by Gisela Simas

Amorim Revestimentos
receives TÜV PROFiCERT product certifications



In brief



Acquisition of ELFVERSON & Co AB



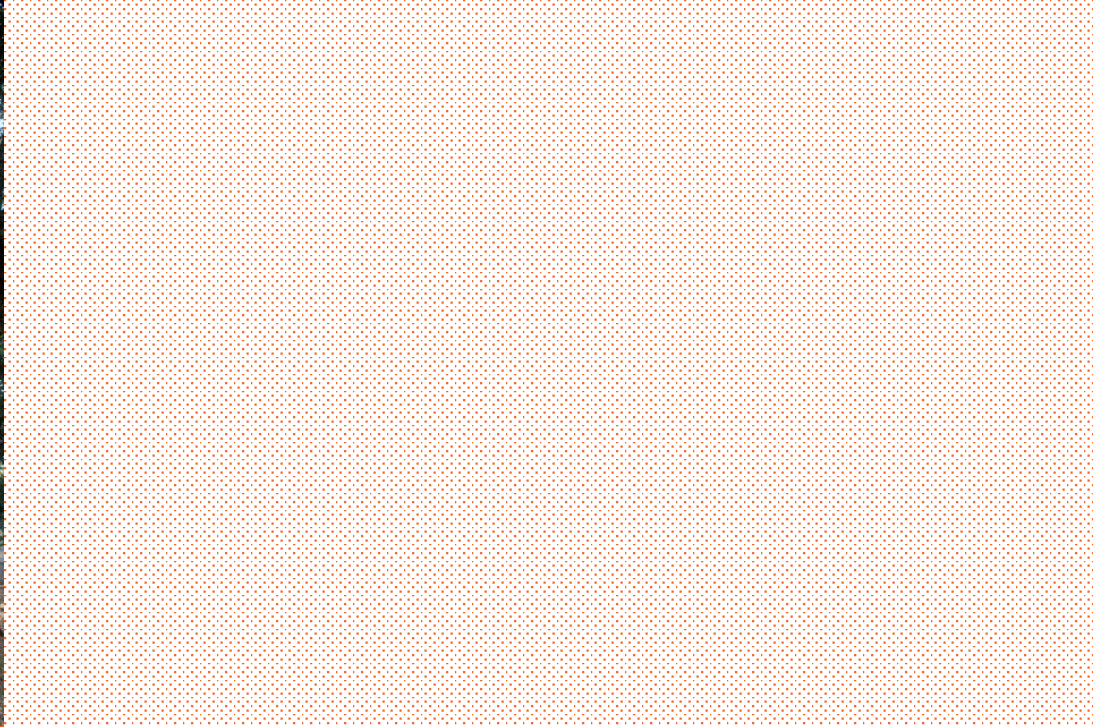
Cork in the Mars exploration project of the European Space Agency



Adegas 23 lined with expanded cork agglomerate. A project by Rua Studio

Campana Brothers develop cork-based project





Consolidated Results

Integral Verticalization

Corticeira Amorim, SGPS, S.A.

Raw Materials

Cork Stoppers

Floor and Wall Coverings

Composite Cork

Insulation Cork



Acquisitions



Bourrassé: July 2017

Acquisition of 60% for 29 M€; remaining 40% to be acquired subsequently until 2022

Family-owned, founded in 1900 by Mr. Bourrassé

Wide range of products including cork stoppers for wine, sparkling wine and spirits

More than 3,300 customers (direct and indirect)

Operates mainly in France, Spain, Italy and Chile

700 million cork stoppers produced in 2016

2016FY: turnover: 55 M€ | EBITDA: 8.8 M€

Employees: 470

Included in Corticeira Amorim's consolidated accounts from July 1, 2017

About BOURRASSÉ: www.bourrasse.com

Sodiliège: September 2017

Acquisition of 100% of the company and a commitment to acquire the facilities where it operates for a total of 3 M€

Producer and distributor of bartop closures for spirits such as cognac and Armagnac

Diverse portfolio of high quality bartop closures

Produces stoppers to customer specifications and makes bartops in different materials (metal, glass, wood, porcelain, plastic)

2016FY: turnover: 3.2 M€ | EBITDA: 0.135 M€

Employees: 12

Included in Corticeira Amorim's consolidated accounts from September 30, 2017

About SODILIÈGE: www.sodiliege.fr

Elfverson: January 2018

Acquisition of 70% for 5.5 M€

Buy option on the remaining 30% of capital; seller has a put option on the same remaining capital

Founded in 1870 and owned by Vätterledens Invest AB

Produces high quality wooden tops for bartop cork stoppers

Portfolio of premium products and outstanding customer base

2017FY: turnover: 4.9 M€ | EBITDA: 1 M€

Employees: 44

Included in Corticeira Amorim's consolidated accounts from January 1, 2018

About ELFVERSON: www.elfverson.se

Key Facts & Figures

Sales reached 185 M€ an increase of 14 M€ (+8.0%);
Excluding changes in the consolidation perimeter, consolidated sales fell by 1.6%;

The exchange rate effect had a negative impact of 5.6 M€ on sales (2017: -1.8 M€; 1Q17: +2.1 M€);

At constant exchange rates, Corticeira Amorim delivered a 1.7% increase in sales and a 17.2% increase in EBITDA;

Tough like-for-like comparisons: 1Q was the strongest in 2017, benefiting from a higher number of working days in Portugal (+2 days);

Sales performance for the different BUs:

- Raw Materials: +7.6%;
- Cork Stoppers: +14.1%; excluding acquisitions: -0.4%;
- Floor & Wall Coverings: -10.1%;
- Composite Cork: -5.6%;
- Insulation Cork: -4.1%

The Cork Stoppers BU was the main source of growth; sales increased in almost every business segment and country in the world;

NDtech® sales of 10 million stoppers; total production reached 11 million stoppers;



Key Facts & Figures

Hydrocork® sales reached 5.0 M€ (1Q17: 4.7 M€);

Authentica® sales reached 1.3 M€ (1Q17: 1.2 M€);

A weak USD particularly impacted the **Composite Cork BU**; at constant exchange rates, sales and the EBITDA margin were stable;

Impairments: almost nil, down from 2.3 M€ 1Q17;

EBITDA increased by 9.8% to 36.8 M€ (1Q17: 33.6 M€);

EBITDA/Sales 1Q18: 19.9% (1Q17: 19.5%);

EBITDA/Sales 1Q18 for Raw Materials + Cork Stoppers: 25.1% (1Q17: 24.8%);

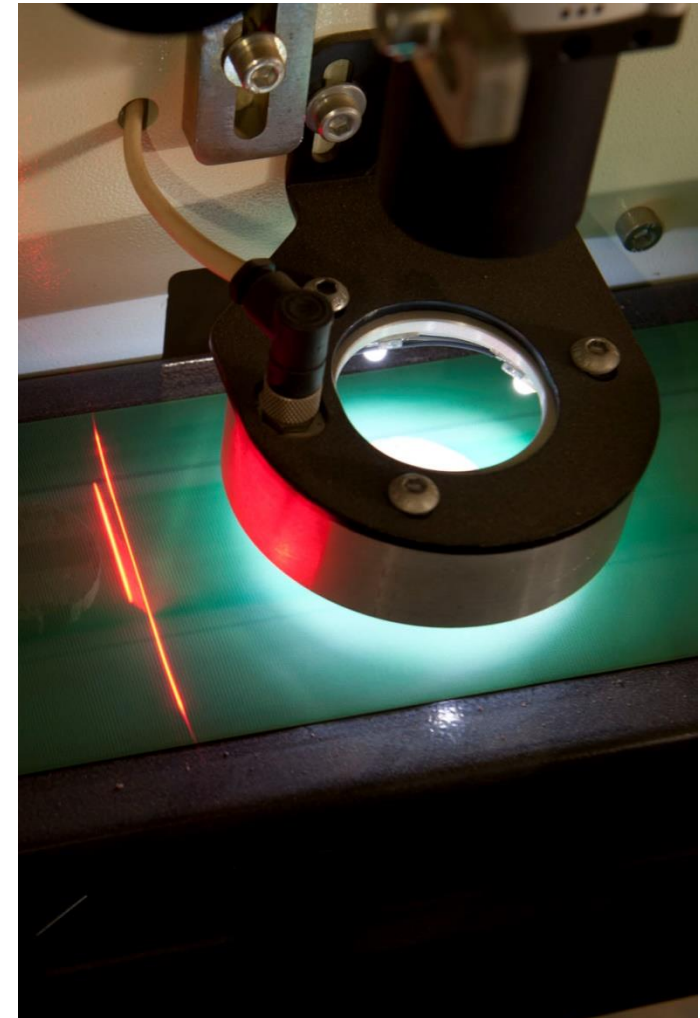
Net Income of 18.8 M€, an increase of 9.3% (1Q17: 17.2 M€);

Net debt reached 85.9 M€, a decrease of 6.9 M€ (2017FY: 92.8 M€);

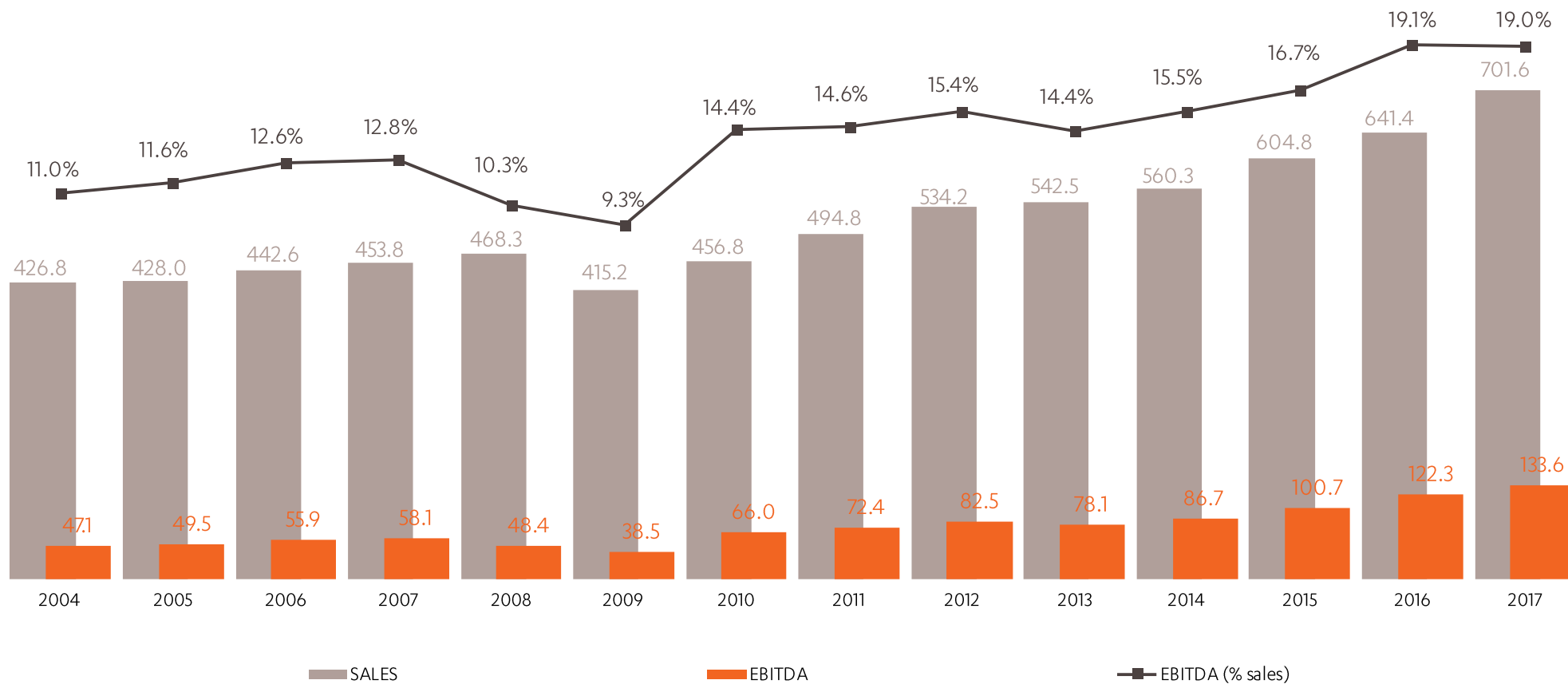
Renegotiation of Bourrassé's debt successfully completed;

Total Assets reached 887.0 M€ (2017FY: 869.4 M€); the main variation resulted from the consolidation of Elfverson, which generated goodwill of 4.6 M€;

The AGM approved the distribution of a **gross dividend of 0.185€ per share** (April 2018).



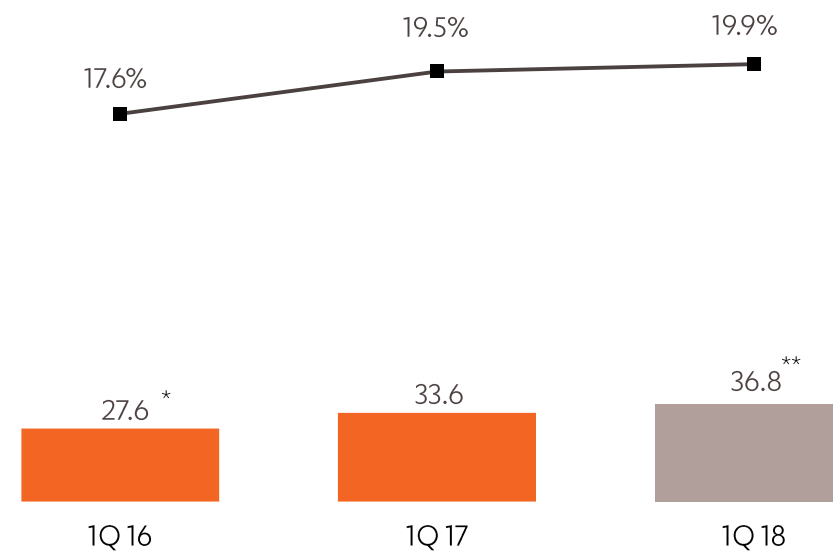
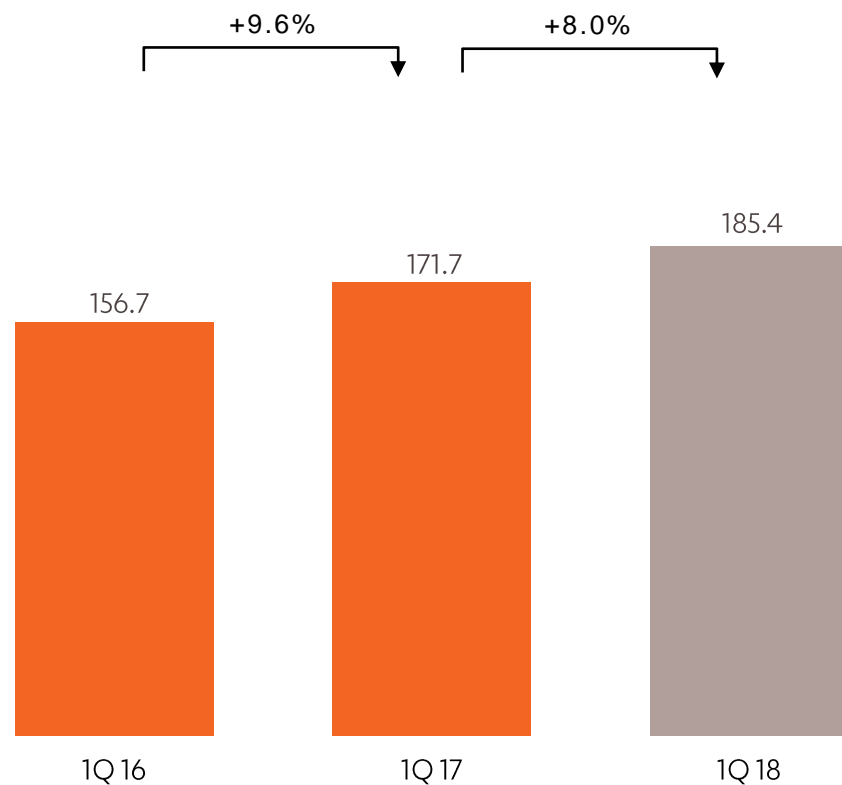
Sales & EBITDA



Sales | EBITDA

Sales ^{a)}

EBITDA



■ EBITDA

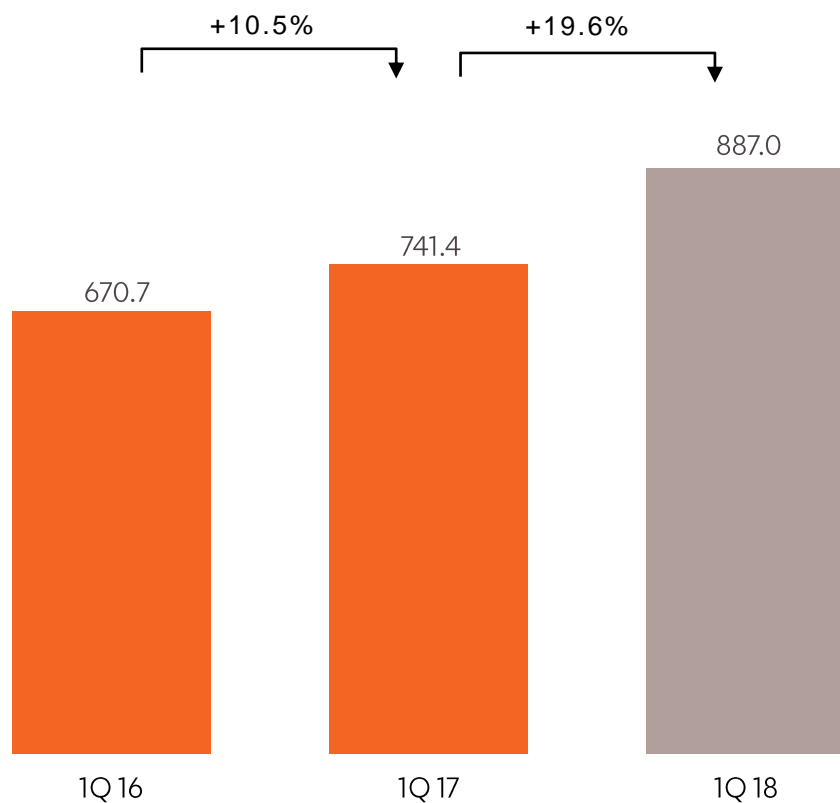
■ EBITDA (%sales)

a) Consolidated sales – excludes sales between Corticeira Amorim's Business Units. 1Q 18 figures include Bourrassé, Sodiliège and Elfverson. Values in million euros.

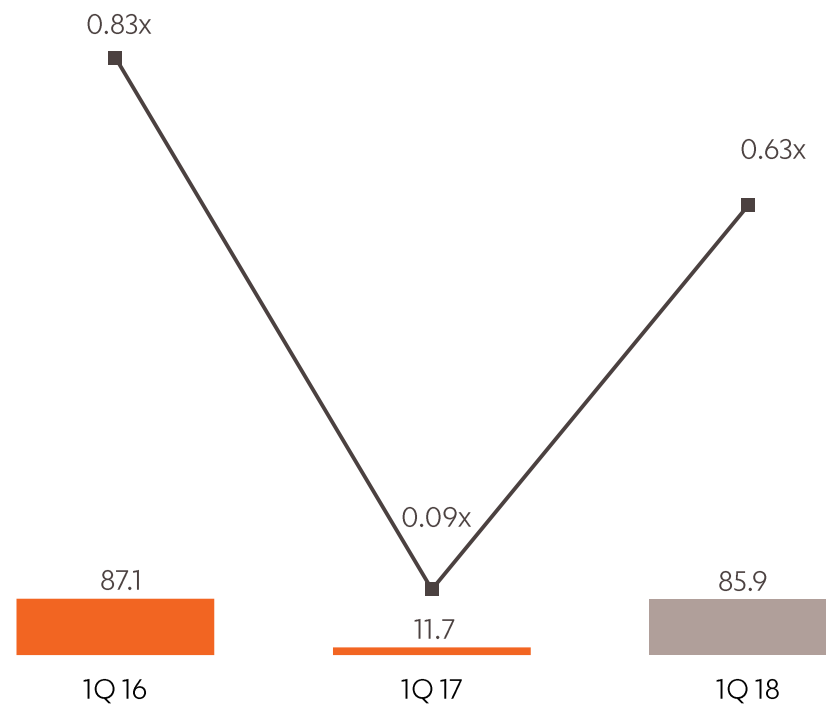
* excludes 1.7 M€: non-recurrent costs
** excludes 0.1 M€: non-recurrent costs

Assets | Net Debt

Assets



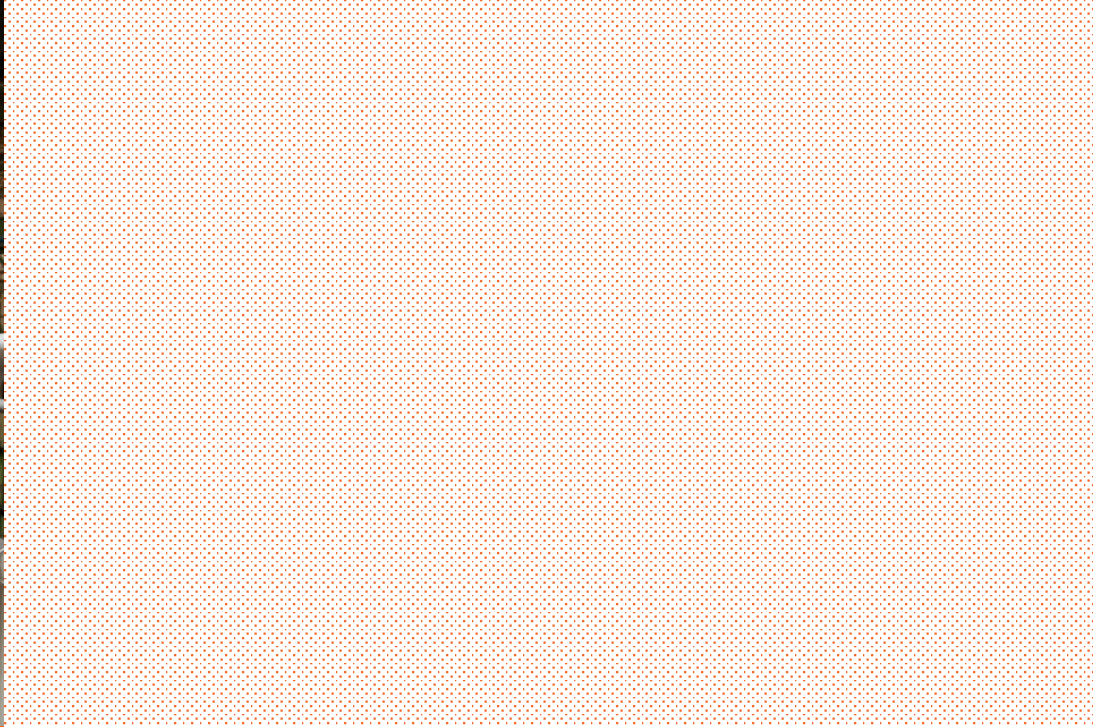
Net Debt



NET DEBT

NET DEBT / EBITDA *

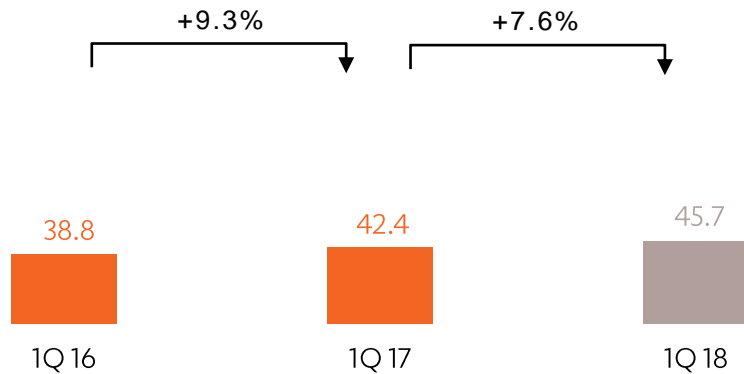
* Current EBITDA of the last four quarters



Business Units

Raw Materials

Sales



Sales increased by 7.6% to 45.7 M€

Robust profitability and activity growth;

Positive contribution from cork preparation, disc production and grinding;

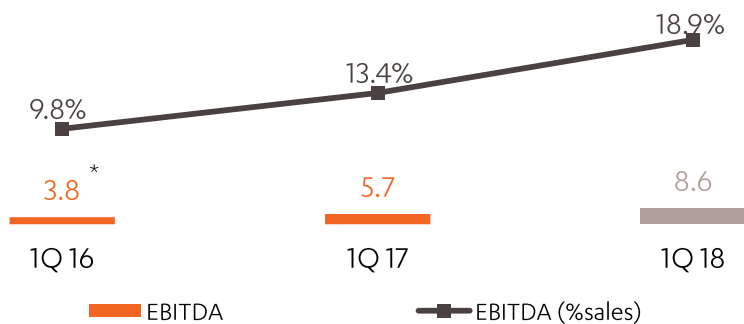
EBITDA increased to 8.6 M€ and the EBITDA margin expanded by 5.5 pp, positively impacted by the consumption of cork from the 2016/17 cork campaign, operational efficiency gains and strict cost control;

Profitability is expected to decelerate during into the year, reflecting the incorporation of cork at higher levels;

Cork purchasing campaign going as planned in terms of quantities; increase in prices pointing to 15%; inflationary pressure on other cork raw materials;

Ongoing projects to improve automation (selection and preparation) to improve quality and efficiency.

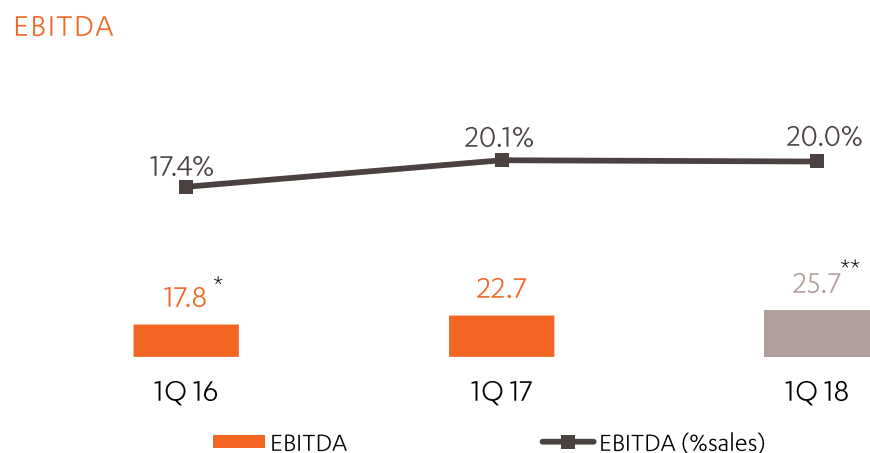
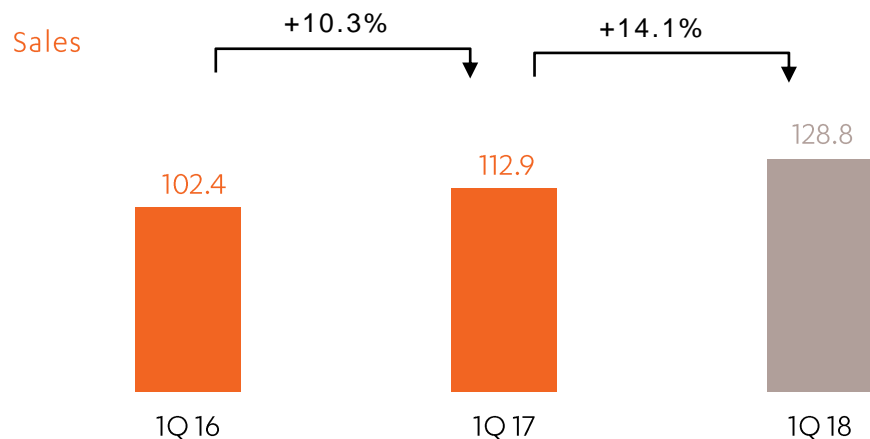
EBITDA



* excludes 0.1 M€: non-recurrent costs



Cork Stoppers



* excludes 1.6 M€: non-recurrent costs
 ** excludes 0.1 M€: non-recurrent costs

Sales increased by 14.1% to 128.8 M€

Sales growth reflecting the acquisitions of Bourrassé, Elfverson and Sodiliège;

Like-for-like sales growth stood at -0.4%, on tough comparisons, and negatively impacted by the depreciation of the USD;

At constant exchange rates and excluding changes in the consolidation perimeter, the Cork Stoppers BU delivered sales growth of 2.8%;

Growth in almost all segments: Neutrocork®, agglomerated cork stoppers and stoppers for the spirits segment recorded major sales growth;

Positive performance across the world (namely France, Italy and Spain), except in the USA (weak USD) and Argentina;

NDtech® sales of 10 million stoppers in 1Q18 (1Q17: 4 million; 4Q17: 8 million);

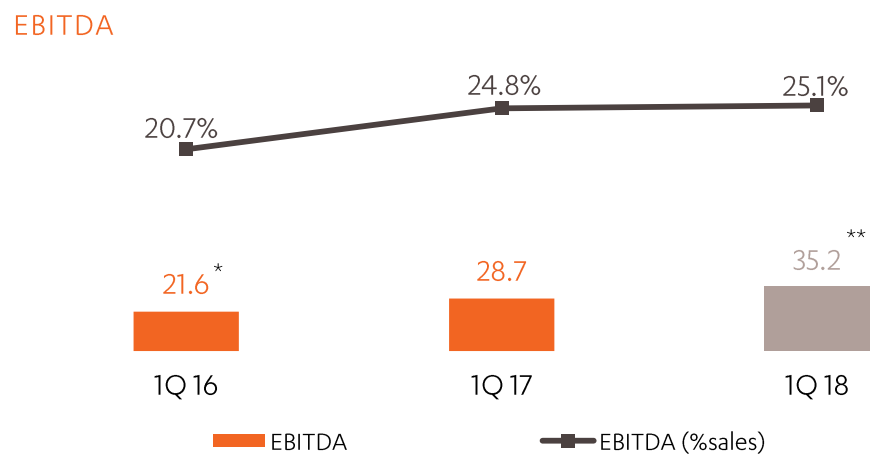
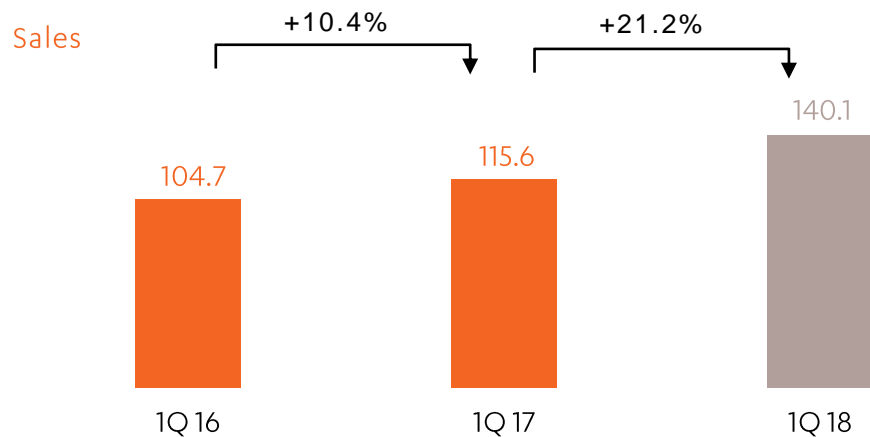
EBITDA of 25.7 M€ (+13.3%) on stable EBITDA margins as price increases, a better production mix and efficiency gains, offsetting higher raw material prices and Bourrassé's lower margins;

Integration of Bourrassé well in line with plan; sound operating performance in 1Q18;

Excluding changes in consolidation perimeter:

- Sales: 112.4 M€ (-0,4%);
- EBITDA: 22.8 M€ (+0,4%);
- EBITDA/Sales: 20.3%.

Raw Materials + Cork Stoppers



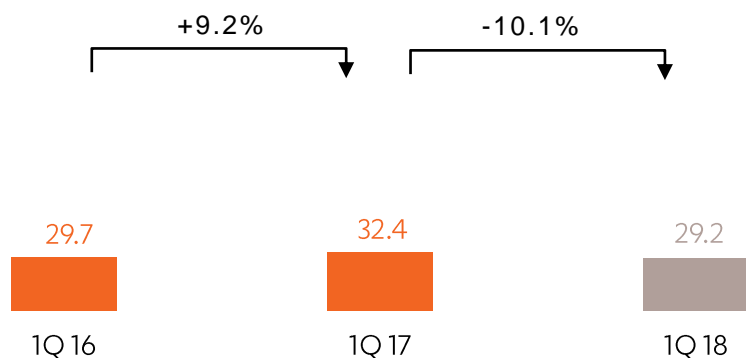
* excludes 1.6 M€: non-recurrent costs
 ** excludes 0.1 M€: non-recurrent costs

1Q18 figures include Bourrasé, Sodiliège and Elfverson.
 Values in million euros.



Floor & Wall Coverings

Sales



Sales decreased by 10.1% to 29.2 M€

Declining sales reflecting tough comparisons (1Q17: +9.2%) and poor sales momentum in Germany, the USA and Russia;

Hydrocork® (+7.7%) and Authentica® (+2.8%) posted positive performances, accounting for 22% of the BU's overall sales;

Robust sales growth in Scandinavia and Portugal;

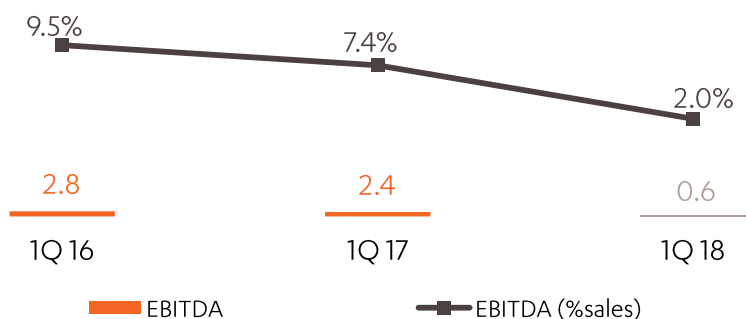
EBITDA stood at 0.6 M€ and the EBITDA margin decreased to 2.0%, due to:

- Declining activity levels;
- Higher raw material prices;
- Greater commercial costs;
- Impairments in Russia (379 K€) and Germany (99 K€);

Increased depreciation expenses related to the new press machine;

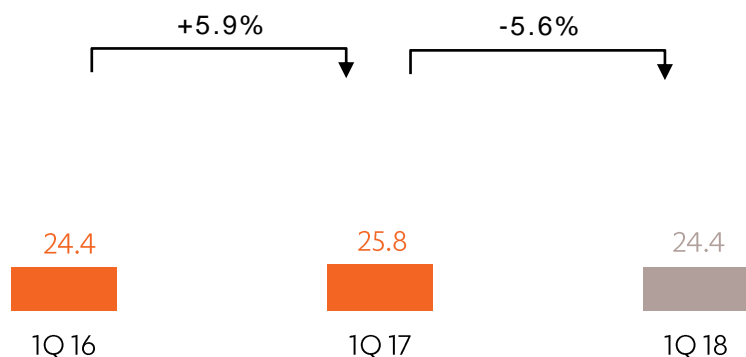
2018 expected to be a transitional year; new press machine expected to be fully operational in 2Q18; new digital printing and press machines will support the launch of innovative products by late 2018/early 2019.

EBITDA



Composite Cork

Sales



Sales decreased by 5.6% to 24.4 M€

Depreciation of the USD and stoppage to supply Hydrocork® inlays negatively impacted sales;

Price increases, volume growth and production mix improvements;

Composite Cork is the BU most exposed to changes in USD, as close to 40% of sales are to the USA;

Robust growth in EMEA (+5.5%), namely in the Retail and Industry segments; positive growth of the Construction segment in North America, despite an overall sales decrease in the region (-11.5%, but excluding FX: +2.2%);

Major sales changes in the following segments:

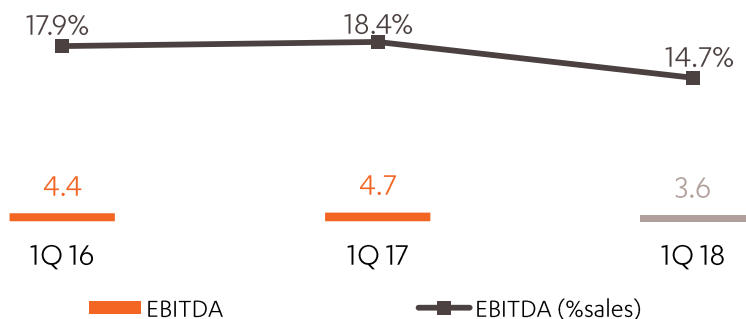
- Increases: Building Materials, Footwear;
- Declines: Flooring Manufacturers and Distributors, Panels & Composites;

EBITDA decreased to 3.6 M€ (-25%), impacted by FX, higher raw material prices (cork and non-cork) and other costs (reduction of grants received); lower operational costs and reduced impairment levels;

New i-Cork Factory well-on track to become an important innovation hub and learning center, for testing new technologies and support the development of a portfolio of new products, using alternative raw materials.

Ongoing focus on the circular economy, especially the reuse and recycling of sub-products.

EBITDA



Insulation Cork

Sales



Sales decreased by 4.1% to 2.7 M€

Activity growth impacted by a weaker USD and lower sales of granulated cork;

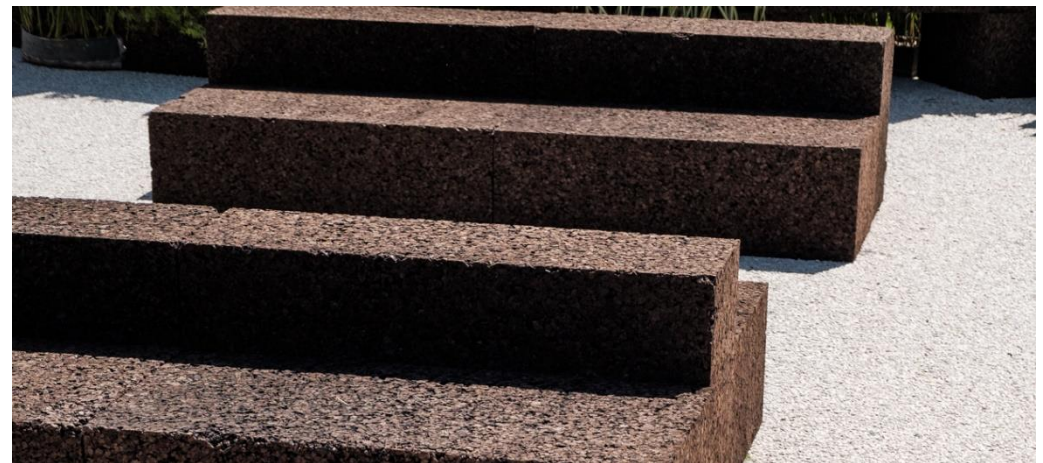
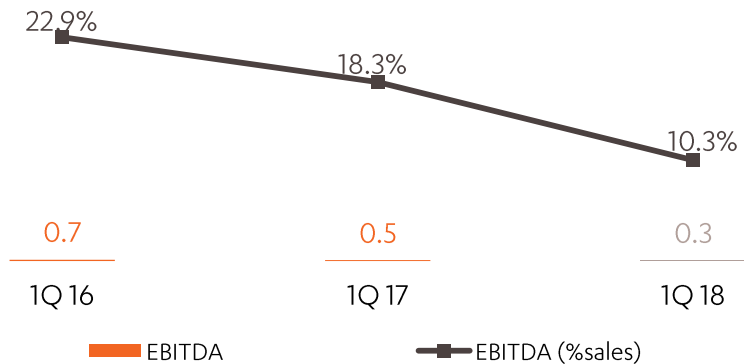
Good sales performance in Portugal and Italy;

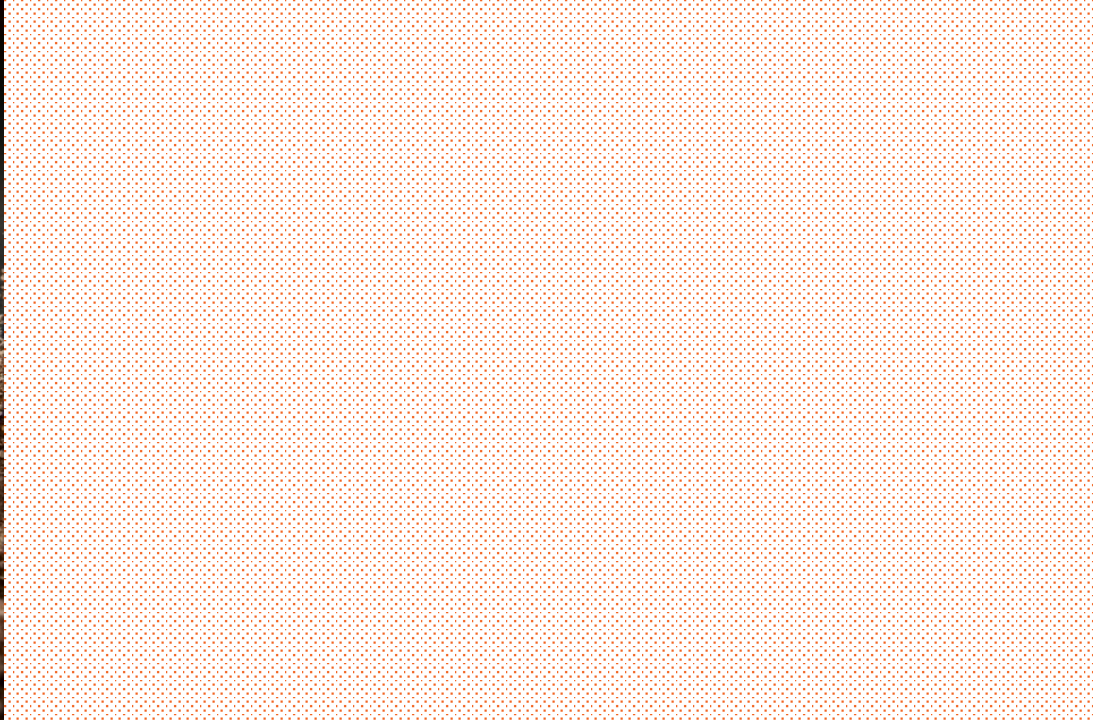
Underperformance in Asia, France and the Middle East;

EBITDA fell 46% to 0.3 M€, reflecting higher raw material prices, lower sales and worse product mix, despite the price increases and higher efficiency gains;

Being a 100% natural product, expanded insulation corkboard is highly sensitive to changes in the prices and yields of raw material lots.

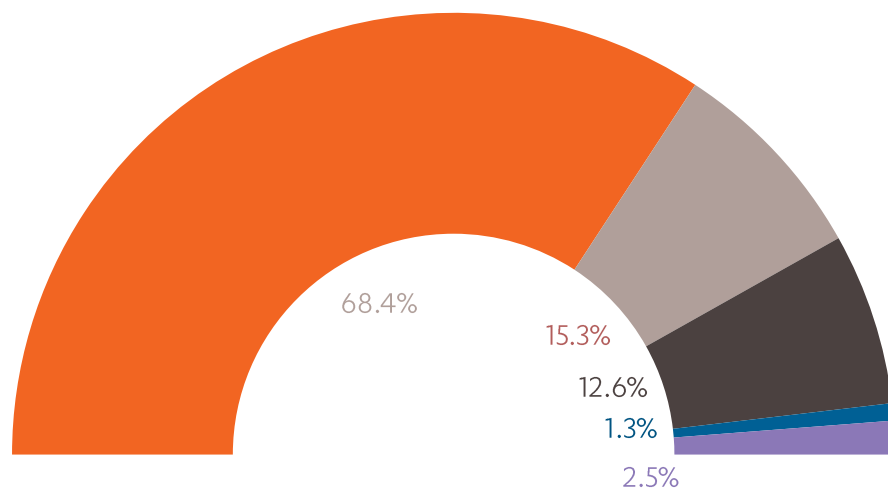
EBITDA





Key Financials

Sales by Business Unit

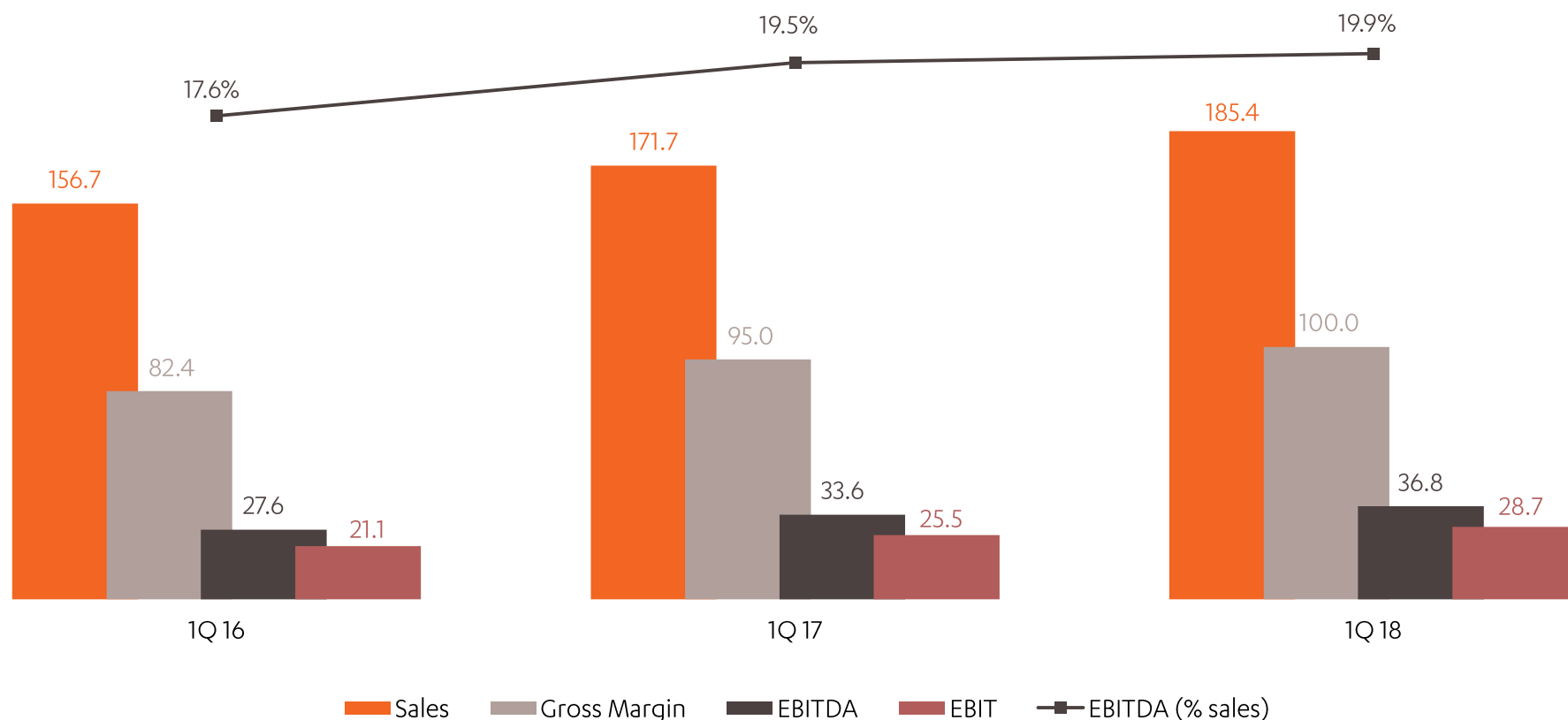


■ Cork Stoppers
 ■ Floor and Wall Coverings
 ■ Composite Cork
 ■ Insulation Cork
 ■ Raw Materials

	1Q 16	1Q 17	1Q 18
Cork Stoppers	64.5%	65.0%	68.4%
Floor and Wall Coverings	18.3%	18.4%	15.3%
Composite Cork	14.2%	13.6%	12.6%
Insulation Cork	1.4%	1.5%	1.3%
Raw Materials	1.5%	1.5%	2.5%
	100%	100%	100%

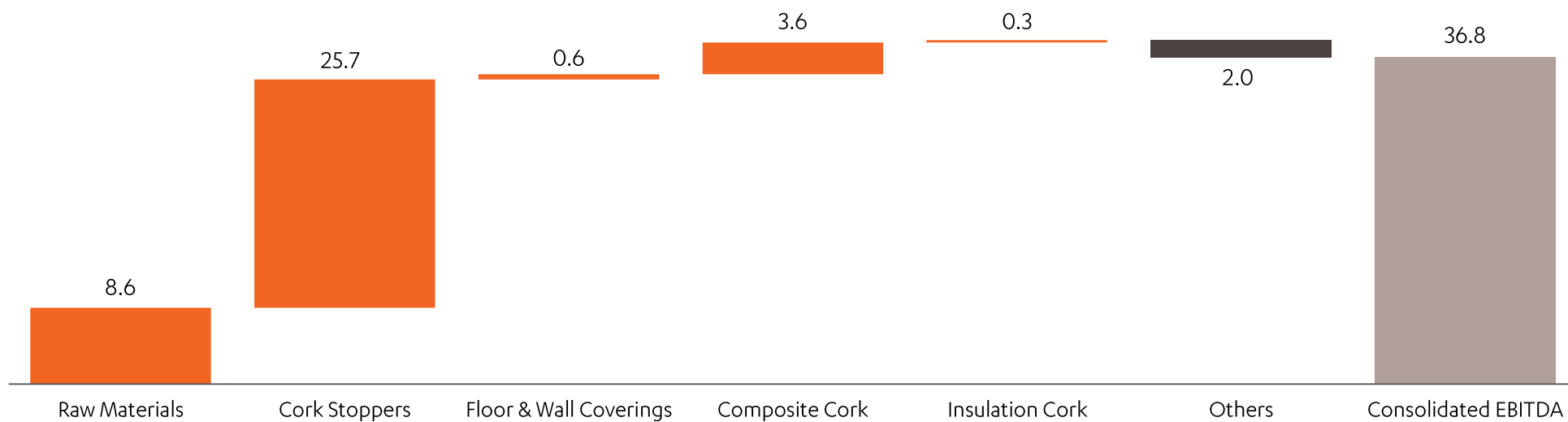


Sales | Gross Margin | EBITDA | EBIT



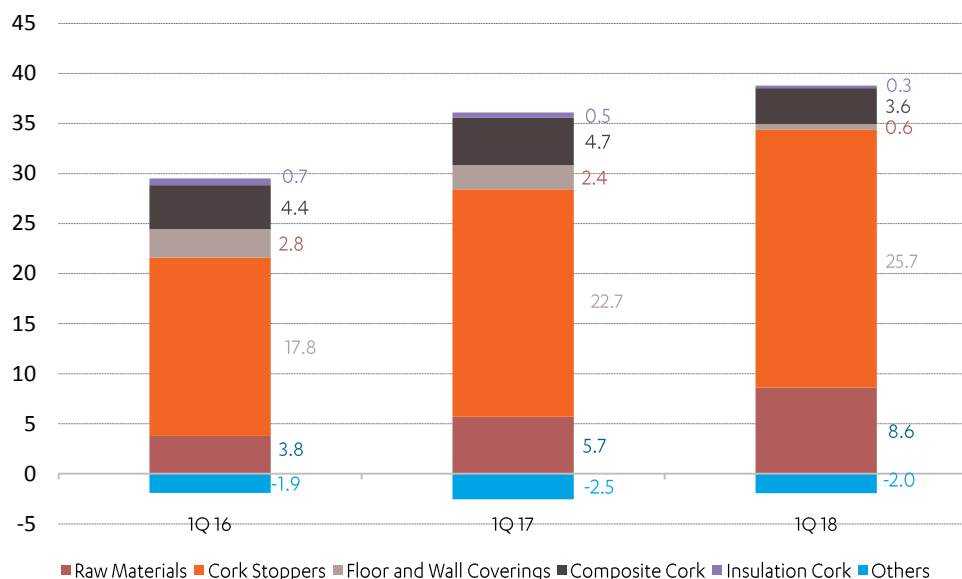
EBITDA by BU

EBITDA by BU



EBITDA by BU

EBITDA by BU (value)

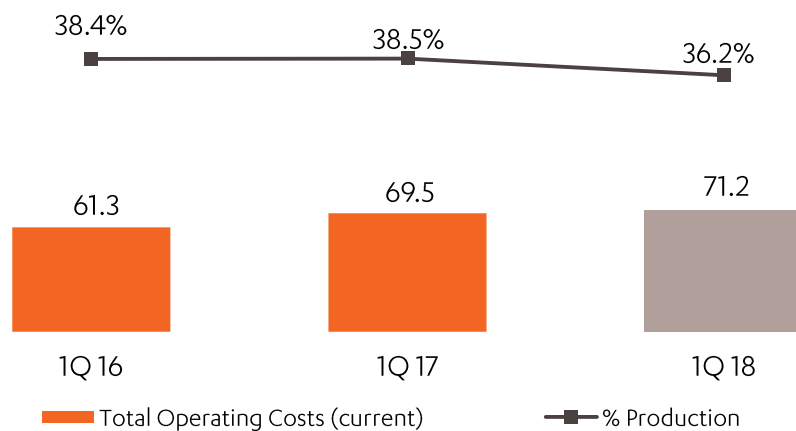


EBITDA/Sales (%)	1Q 16	1Q 17	1Q 18
Raw Materials + Cork Stoppers	20.7%	24.8%	25.1%
Floor and Wall Coverings	9.5%	7.4%	2.0%
Composite Cork	17.9%	18.4%	14.7%
Insulation Cork	22.9%	18.3%	10.3%
Consolidated	17.6%	19.5%	19.9%



Operating Figures

Operating costs

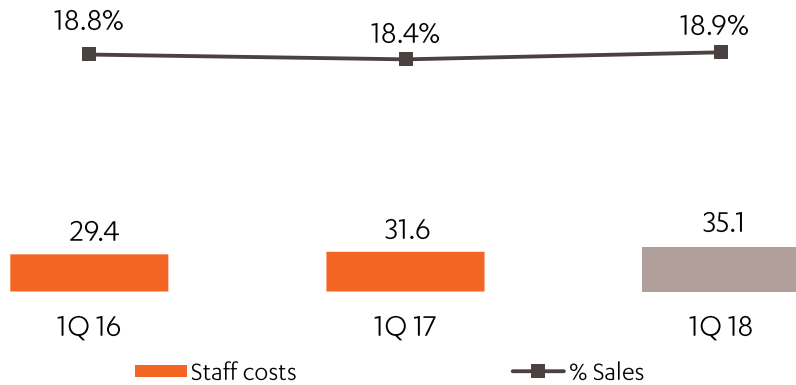


	1Q 16	1Q 17	1Q 18	yoy
External supplies	24.8	27.9	29.8	6.9%
Transports	5.4	5.5	6.4	15.6%
Energy	3.3	3.4	3.7	8.7%
Staff costs	29.4	31.6	35.1	11.1%
Depreciation	6.5	8.1	8.1	-0.1%
Impairments	-0.04	2.28	0.1	-97.4%
Others	0.6	-0.4	-1.9	437.5%
Total Operating Costs (current)	61.3	69.5	71.2	2.4%



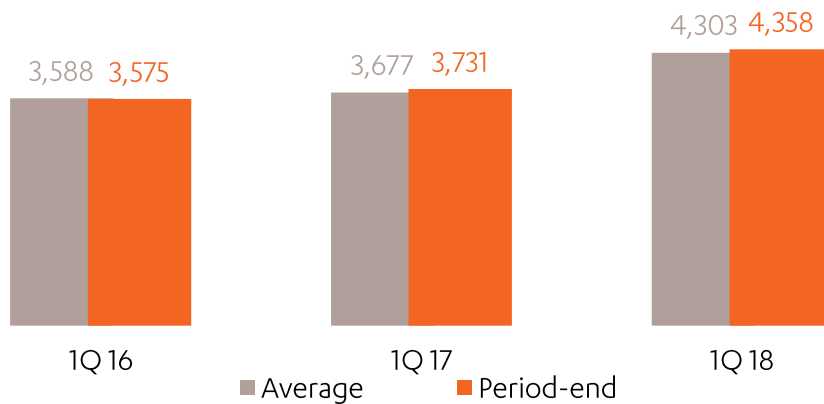
Staff

Value and % (sales)

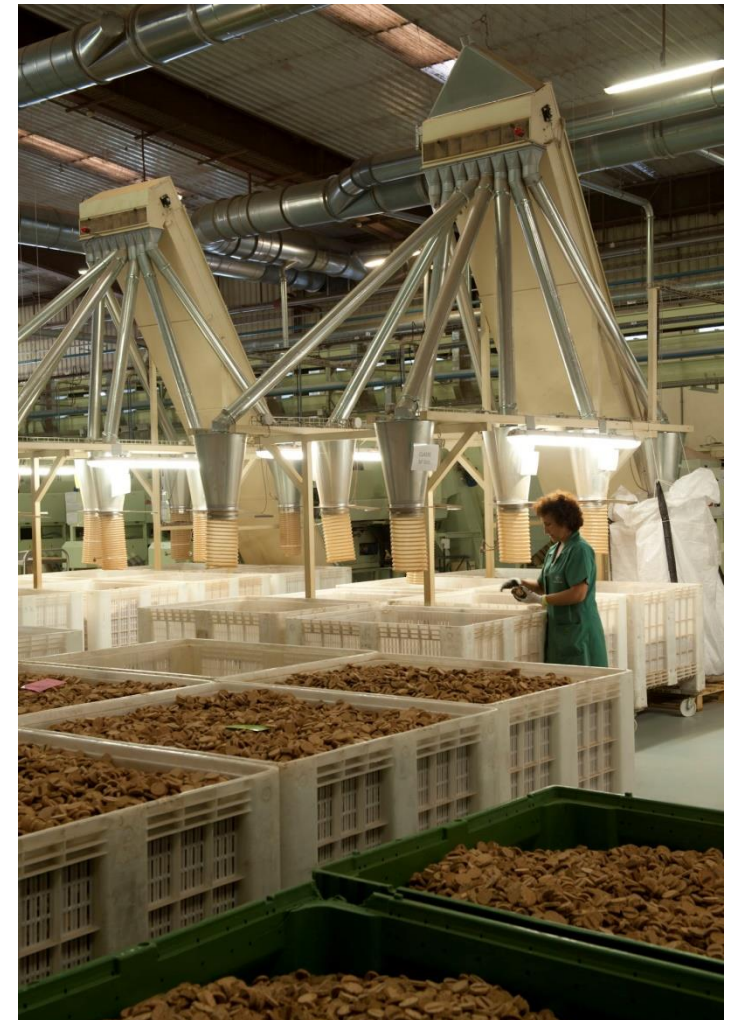


Values in million euros.

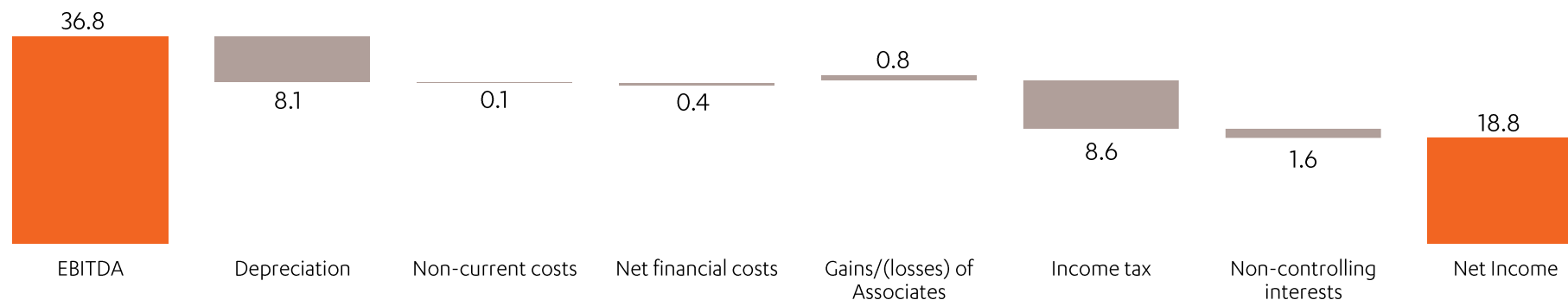
Number of employees



1Q18 figures include Bourrassé, Sodiliège and Elfverson.



Net Income



	1Q 16	1Q 17	1Q 18	yoy
EBITDA	27.6	33.6	36.8	9.8%
Depreciation	6.5	8.1	8.1	-0.1%
Net financial costs	0.5	0.2	0.4	83.6%
Non-current costs	1.7	-	0.14	-
Share of (loss)/profit of associates	0.1	-0.0	0.8	-
Profit before tax	19.1	25.2	29.1	15.2%
Income tax	4.7	7.1	8.6	20.5%
Non-controlling interest	0.4	0.9	1.6	85.9%
Net Income	13.9	17.2	18.8	9.3%

Key Consolidated Indicators



Sales up 8.0% to 185.4 M€;

EBITDA/Sales: 19.9%;

Non-recurrent costs related to transaction costs from acquiring Elfverson;

Net Income up by 9.3% to 18.8 M€;

Main applications of EBITDA (36.8 M€):

- 15.7 M€ Working Capital Needs;
- 8.7 M€ Capex;
- 6.9 M€ Net Debt Decrease;
- 5.5 M€ Acquisitions;

Capex expected to accelerate throughout the year and reach 50 M€ in 2018 (2017: 43.7 M€);

The AGM held on April 13 approved a dividend of 0.185€ per share, paid on April 30.

	1Q 16	1Q 17	1Q 18	yoy
Sales	156.7	171.7	185.4	8.0%
Gross Margin	82.4	95.0	100.0	5.2%
Gross Margin / Production	51.7%	52.6%	50.8%	-1.83 p.p.
Operating Costs (incl. depreciation)	61.3	69.5	71.2	2.4%
EBITDA	27.6	33.6	36.8	9.8%
EBITDA / Sales	17.6%	19.5%	19.9%	+ 0.33 p.p.
EBIT	21.1	25.5	28.7	12.9%
Non-recurrent costs	1.7	-	0.1	-
Net Income	13.9	17.2	18.8	9.3%
Earnings per share (€)	0.105	0.129	0.142	9.3%

EBITDA and EBIT do not include non-recurrent costs.

Debt | Ratios

	1Q 16	2016	1Q 17	2017	1Q 18
Net Debt	87.1	35.9	11.7	92.8	85.9
Net Assets	670.7	726.9	741.4	869.4	887.0
Equity and Minority interests	368.5	426.9	444.2	460.0	479.3
Net Debt / EBITDA *	0.83	0.29	0.09	0.69	0.63
EBITDA / Net Interest	82.3	108.6	238.0	135.9	128.2
Equity / Net Assets	55.0%	58.7%	59.9%	52.9%	54.0%
Gearing	23.6%	8.4%	2.6%	20.2%	17.9%
Net working capital (NWC) **	315.5	286.6	325.5	361.1	374.4
NWC** / Market capitalization	35.4%	25.4%	23.0%	26.4%	27.2%
NWC** / Sales x 360	181.2	160.9	160.1	179.5	182.0
Free cash flow (FCF)	6.3	86.9	17.2	34.0	9.7
Capex	5.8	33.6	5.7	43.7	8.7
Return on invested capital (ROIC)	14.2%	16.9%	16.5%	15.0%	14.7%
Average Cost of Debt	1.7%	1.80%	1.44%	1.67%	1.49%

* Current EBITDA of the last four quarters

** NWC calculation method was changed with impact on the other operating assets and liabilities. To allow comparability and analysis of NWC variation, comparative data was reexpressed

NWC = Inventories + Trade receivables + Other operating assets – Trade payables – Other operating liabilities

FCF = EBITDA – Non-current cash expenditures – Net financing expenses – Income tax – Capex – NWC variation

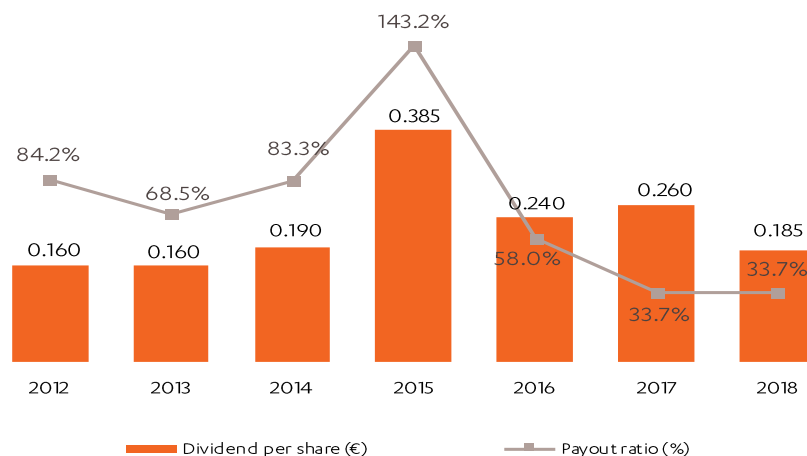
ROIC = Annualized NOPAT / Capital employed (average)

Balance Sheet



Assets				Liabilities & Equity			
	1Q 17	2017	1Q 18		1Q 17	2017	1Q 18
Goodwill	-	9.8	14.4	Share capital	133.0	133.0	133.0
Tangible assets	197.0	227.9	223.3	Reserves	277.3	224.4	296.0
Other non-current assets	31.9	36.4	42.1	Net income	17.2	73.0	18.8
Total non-current assets	228.9	274.2	279.8	Non-controlling interest	16.8	29.5	31.5
Inventories	262.4	359.1	352.9	Equity	444.2	460.0	479.3
Raw materials (cork)	122.0	205.7	198.7	Bank borrowings	37.8	48.1	40.7
Finished products and WIP	116.8	129.7	130.9	Provisions	31.0	41.3	41.9
Others	23.7	23.7	23.4	Other non-current liabilities	24.1	44.0	43.0
Trade receivables	161.4	167.6	179.7	Total non-current liabilities	92.9	133.4	125.6
Other current assets	88.6	68.5	74.6	Bank borrowings	28.2	61.7	63.7
Corporate Income Tax	2.5	13.3	11.9	Trade payables	107.5	157.1	144.8
Cash	54.2	17.0	18.5	Accrued costs	26.8	29.6	31.0
VAT receivable	19.2	21.4	21.4	State and social security - withholding/VAT/others	22.7	15.8	23.2
Others	12.7	16.8	22.7	Other current liabilities	19.1	11.9	19.2
Total current assets	512.5	595.2	607.2	Total current liabilities	204.3	276.1	282.1
Total Assets	741.4	869.4	887.0	Total Liabilities and Equity	741.4	869.4	887.0

Dividends



Attractive dividend payment:

2014: **23.9 M€**; 9.3% of dividend yield (15.1 M€+ 8.8 M€);
 2015: **50.2 M€**; 13.5% of dividend yield (17.6 M€+ 32.6 M€);
 2016: **31.9 M€**; 5.5% of dividend yield (21.3 M€+ 10.6 M€);
 2017: **34.6 M€**; 3.6% of dividend yield (23.9 M€+ 10.6 M€);
 1H18: **24.6 M€**; 1.7% of dividend yield (0.185 €/share).

		2012	2013	2014	2015	2016	2017	2018
Issued shares	Qt.	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000
Year-end close (N-1)	€	1.350	1.600	2.210	3.020	5.948	8.500	10.300
Earnings per share (N-1)	€	0.200	0.246	0.242	0.285	0.431	0.772	0.549
Payout	%	84.2%	68.5%	83.3%	143.2%	58.0%	33.7%	33.7%
Dividend per share	€	0.160	0.160	0.190	0.385	0.240	0.260	0.185
Dividend Yield	%	14.0%	11.3%	9.3%	13.5%	5.5%	3.6%	1.7%

Dividend of year N-1 is paid in year N
 Dividend yield = dividend per share/average share price (N-1)
 2015: dividend of 0.385€ per share includes an additional dividend of 0.195€ per share (Nov. 2015) as an application of gains accrued in the ABB of treasury stock (5.62%)

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Source: Euronext

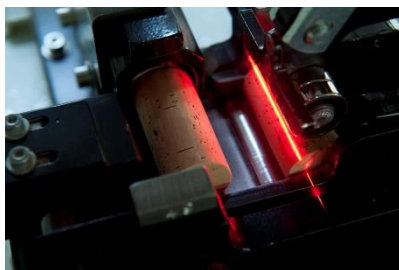
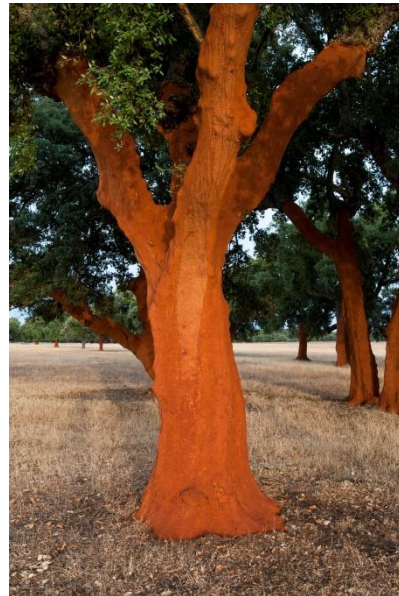
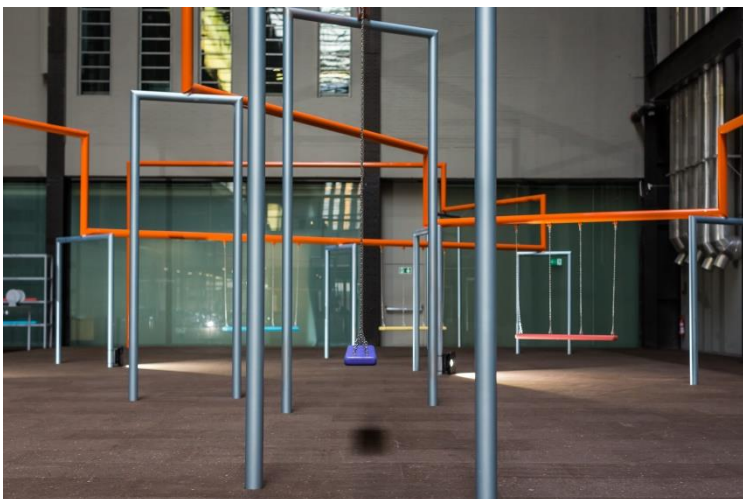


Source: Euronext

	2012	2013	2014	2015	2016	2017	1Q2018
Qt. of shares traded	2,856,436	2,184,858	3,481,685	12,693,424	10,801,324	19,290,907	6,339,991
Share price (€):							
Maximum	1.650	2.400	3.650	6.290	9.899	13.300	10.400
Average	1.420	2.040	2.850	4.340	7.303	11.067	10.291
Minimum	1.270	1.560	2.200	2.990	5.200	8.180	9.670
Period-end	1.600	2.210	3.020	5.948	8.500	10.300	10.400
Trading Frequency	85.2%	89.3%	96.1%	98.8%	100.0%	100.0%	100.0%
Stock market capitalisation at period-end (€)	212,800,000	293,930,000	401,660,000	791,084,000	1,130,500,000	1,369,900,000	1,383,200,000

Source: Euronext|Corticeira Amorim

Qt. of shares traded in 2015 includes the ABB of 7,399,262 shares (17-09-2015).



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