



AMORIM

Press Release

Corticeira Amorim
1Q2017

Quarterly profits rise by 23.7% to € 17.2 million



Highlights:

- *Sales increased by 9.6% in the first quarter of 2017, exceeding €170 M*
- *EBITDA is €33.6 M, representing 22% growth*

Corticeira Amorim ended the first quarter of 2017 with a net result of €17.2 million - 23.7% higher than the result recorded in the first quarter of 2016.

This positive result was underpinned by a significant increase in sales - €171.7M - which was 9.6% higher than sales recorded the first quarter of 2016 (€156.7 M). One of the factors underlying this increase was the fact that there were two more working days in the first quarter of 2017 compared to the same period in 2016 (in Portugal). By contrast, in April there were at least four fewer working days in Portugal in 2017 compared to 2016.

All Business Units (BU) recorded growth of sales to end customers. This growth was primarily due to higher quantities sold, and a positive exchange rate effect of around €2.1 million. The Cork Stoppers BU and Floor & Wall Coverings BU performed particularly well, with quarterly sales growth in excess of 10% and 9%, respectively.

EBITDA increased by 21.6% compared to the first quarter of 2016. This performance improved the EBITDA to sales ratio, which increased from 17.6% to 19.5%, which is higher than the ratio obtained overall in the 2016 financial year (19.1%). This growth is primarily based on increased sales and gains in the gross margin.

Impairments also increased, due to revaluation of the recoverable value of amounts capitalized in development projects and analysis of the recoverable value of an industrial site that is to be relocated.

Financial operations continued to benefit from lower interest rates and reduced indebtedness. At the end of the quarter, net interest-bearing debt was €12 million, compared to €36 million at the end of 2016.

The financial autonomy ratio was 60%.



Sales of the Cork Stoppers Business Unit exceeded 112 million euros

The **Raw Materials Business Unit** grew in line with the company's overall increase in business activity (+ 9.3%), in line with the positive evolution recorded in the Cork Stoppers BU, its main customer.

EBITDA was €5.7m, higher than the first quarter of 2016 (1Q16: €3.8M). This variation is the result by the increase in the percentual gross margin, which resulted from the performance of several batches of cork with a higher price / quality ratio. Control of operating costs and increased business activity further amplified this effect.

Sales of the **Cork Stoppers BU** were €112.9 M, an increase of more than 9% in the three segments in which the BU operates: still wines, sparkling wines and spirits. This evolution is determined primarily by sales volume, and further reinforced by the positive effect of the sales mix obtained in natural cork stoppers.

The increase in business activity, coupled with the positive sales mix effect, resulted in an increase of around 27% in the EBITDA of this BU (€22.7 M).

The **Floor & Walls Coverings BU** recorded remarkable sales growth (+ 9.2%) with sales of €32.4 M. 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 €2.4 million (-14.5%), as a result of expansion of the sales team to support the ongoing investment that will reinforce the business unit's production capacity.

The **Composite Cork BU** recorded sales of €25.8 M, an increase of 5.9% compared to the first quarter of 2016. This increase was partly driven by higher sales for the "Resilient & Engineered Flooring Factories" and "Construction" segments and reinforced supply of inlay for Hydrocork®.

EBITDA for the quarter was €4.7 M, an increase of 8.3%, due to a higher gross margin and industrial margin.

Sales of the **Insulation Cork BU** were €2.8 M, a decrease of 3.4% compared to the first quarter of 2016. However, if we solely consider sales to end customers, sales from this business unit would have increased by about 12%.

EBITDA fell by 22.7%, standing at €0.5 M. This was partly the result of the increase in the average price of the consumption of raw materials.

Key Indicators



		1Q17	1Q16	Yoy
Sales		171 709	156 691	9.6%
Gross Margin - Value		94 986	82 406	15.3%
	1)	52.6%	51.7%	+ 0.9 p.p.
Operating Costs - current		69 527	61 296	13.4%
EBITDA - current		33 558	27 597	21.6%
EBITDA/Sales		19.5%	17.6%	+ 1.9 p.p.
EBIT - current		25 459	21 110	20.6%
Non-current costs	2)	0	1 680	-
Net Income		17 213	13 913	23.7%
Earnings per share		0.129	0.105	23.7%
Net Bank Debt		11 712	87 123	-75 411
Net Bank Debt/EBITDA (x)	3)	0.09	0.83	-0.74 x
EBITDA/Net Interest (x)	4)	238.0	82.3	155.67 x
Equity/Net Assets		59.9%	55.0%	+ 5.0 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.



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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 Rios de 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)

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