

Half-yearly sales of Corticeira Amorim surpass 300 million euros for the first time

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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

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 more than Euro half billion 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 and

www.amorimcork.com

Highlights

- *EBITDA reaches 54 million euros, which represents a 24.7% growth*
- *Profits in the first half of the year rise 42.4% to 26 million euros*

Mozelos, August 3, 2015 - Corticeira Amorim ended the first half of the year with a net income of €26.2M, a 42.4% growth compared to the same period of the previous year, benefiting from the reasonable pace of growth of the world economy.

Half-yearly sales surpassed 300 million euros for the first time, returning the figure of €309.2M, which is 7% up in relation to the €289M obtained in the first half of 2014. A combination of organic growth and a favourable exchange rate helped achieve these results. A noteworthy contribution came from the Cork Stopper and Composite Cork Business Units (BUs), which recorded a notable rise in sales.

Despite having recorded an increase in operating costs resulting from the business growth, EBITDA increased almost 25%, reaching €54.3M. In turn, EBIT was 29.5% up, totalling €40.3M.

On the other hand, Financial Costs continue to fall, having reached €1.2M in the 1st half of the year, which is more than one million euros down in comparison to the same period of the previous year. This reduction in financial costs is explained by the sharp fall in the interest rate, and the continued reduction in indebtedness.

The total of the Consolidated Balance Sheet as at the end of the first half year rose to €666M, while the Equity-to-Assets Ratio at the end of the first six months was 49%, having increased 1.5 p.p. compared to the figure recorded one year ago.

Cork Stopper Business Unit maintains dynamic growth

The Raw Materials Business Unit kept up a healthy level of business in the first quarter of the year, with sales totalling €72.8M (+5.1%) in the first six months of 2015. Given that in this Business Unit there are traditionally no material changes and figures as regards production variation, one can conclude that sales matched the business of its nearly-exclusive client (Cork Stopper BU).

Accumulated EBITDA reached €11.1M, which is 12.3% up in comparison with the 1st half of 2014 (Q1 2015: 14.9%).

This BU continued to carry out a broad set of initiatives and investments aimed at an operational improvement, which are expected to result in a significant return from the last quarter of 2015.

Sales of the **Cork Stopper Business Unit** amounted to €201.7M, which is 10.1% up in relation to the 1st half of 2014. The second quarter maintained the pace of the first three months of the year, while growth in the six months as a whole continued to benefit from the positive exchange rate effect, which accounts for around 5% of the rise. The remaining amount is practically, in its entirety, due to the volume effect.

EBITDA reached €32.2M, a rise of more than 30% compared to the same period in 2014. The exchange rate effect accounts for this variation to a large extent.

Half-yearly sales of the **Floor and Wall Coverings Business Unit** totalled €57.5M, a 7.7% drop over the same period of 2014. This variation, slightly down on the figure recorded in the quarter, is a consequence of difficulties faced since the summer of 2014 in two key markets: Russia and the United States. In the other markets sales remained stable.

Particularly noteworthy was the good performance of Hydrocork - an innovative solution that for the first time conciliates water resistance and a thinner cork flooring solution. The sales growth and the client portfolio make Hydrocork a key driver in the business evolution of this BU.

An EBITDA figure of €5.4M, a fall of €7.7M over the 1st half of 2014, was affected by a significant drop in business activities.

A good second quarter drove sales growth of the **Composite Cork Business Unit**. In reaching a total of €49M, sales grew 15.7%, an acceleration in relation to the 12.5% growth recorded in Q1 of 2015.

As this BU is more exposed to the USD exchange rate, a significant amount of this growth is related to the exchange rate effect. Nevertheless, even ignoring this benefit, the BU returned organic growth of more than 6%, justified almost exclusively by the volume effect.

EBITDA rose to €6.6M (+66.6%).

Sales of the **Insulation Cork BU** fell to €5M (-4.2%). However, in comparative terms, i.e. excluding the sale of the semi-processed product to other BUs in the 1st six months of 2014, sales increased 8.3%.

EBITDA fell to €0.8M (-14.6%), given the impact of registering client impairments.

Consolidated Key Indicators

	1H15	1H14	Variation	2Q15	2Q14	Variation
Sales	309,197	289,044	7.0%	161,846	150,448	7.6%
Gross Margin – Value	165,259	146,618	12.7%	86,083	76,118	13.1%
	1) 50.2%	50.2%	-0.07 p.p.	50.6%	51.9%	-1.34 p.p.
Operating Costs - current	124,938	115,486	8.2%	63,356	54,904	15.4%
EBITDA - current	54,379	43,613	24.7%	30,576	27,077	12.9%
EBITDA/Sales	17.6%	15.1%	+ 2.5 p.p.	18.9%	18.0%	+ 0.9 p.p.
EBIT - current	40,321	31,132	29.5%	22,727	21,214	7.1%
Non-current costs	2) 2,912	2,735	N/A	3	2,735	N/A
Net Income	26,222	18,419	42.4%	17,775	12,436	42.9%
Earnings per share	0.209	0.147	42.4%	0.142	0.099	42.9%
Net Bank Debt	91,865	106,313	- 14,448	-	-	-
Net Bank Debt/EBITDA (x)	3) 0.94	1.30	-0.35 x	-	-	-
EBITDA/Net Interest (x)	4) 73.4	27.6	45.84 x	100.0	33.3	66.68 x
Equity/Net Assets	49.0%	47.4%	+ 1.6 p.p.	-	-	-

1) Related to Production

2) Due to property investment impairment and to industrial restructuring expenses (1S14) and a Goowill impairment (1S15)

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)