AMORIM

PRESS RELEASE

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First semester sales of Corticeira Amorim in excess of 330 million euros

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Public Company
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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

About CORTICEIRA AMORIM, SGPS, S.A.:
Corticeira Amorim traces its roots back to the 19th century and has become the world's largest cork processing company in the world, generating more than 600 million euros in sales throughout 103 countries. Corticeira Amorim and its subsidiaries are an integral part of a conservationist effort to guarantee the survival of hundreds of thousands of cork oak 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 CO_2 fixing, the preservation of biodiversity and the fight against desertification. We encourage you to learn more by visiting informative websites such as www.amorim.com or www.amorimcork.com

Highlights:

- *EBITDA increased 21%, exceeding 65 million euros*
- *Net income grew 34% to 35 million euros*
- *Positive performance of all Business Units, in particular the Cork Stoppers BU*

Mozelos, 3 August 2016 – Corticeira Amorim ended the first half of the year with a Net Income of 35 million euros, a 34% growth compared to the same period of the previous year. The favourable environment in Corticeira Amorim's main markets has played an important role for this result.

Half-yearly sales reached 334 million euros, an increase of 8% in relation to the first half of 2015. The contribution of the second quarter (+9.5%) was important for this result, when compared with the performance of the first three months of 2016 (+6.3%). This positive development was supported by the sales volume effect, observed in all Business Units (BU), and complemented by the mix effect, especially that observed in the Cork Stoppers BU. This half-year, and similarly to what happened in the first quarter, the exchange rate effect was not significant.

The favourable evolution of operating costs in the first six months of the year allowed EBITDA to increase 21.1%, up to 65.9 million euros, and the EBITDA/Sales ratio to reach 19.7%, posting a growth above two percentage points.

The finance function continues to benefit from the positive performance of two indicators: the low interest rate and the continued reduction in debt (EUR -11.8 M). The heading Interest and Other Financial Expenses reached 952 thousand euros in the period, compared with 1138 thousand euros in the first half of last year.

At the end of the half-year period, the consolidated balance sheet total amounted to 702 million euros, while the Equity-to-Assets Ratio was 52.5%, having increased 3.5 p.p. compared to the figure recorded one year ago.

Main Business Unit increased sales by more than 9%

The **Raw Materials Business Unit** registered a 7.8% increase in activity directed towards the Group companies, having followed the activity rise reported in the Cork Stoppers BU, its main client.

EBITDA registered 10.6 million euros, a slight decrease on the first half of 2015 (EUR 11.1 M). This change stems from the fact that this BU has absorbed the cork price increase from the 2014 campaign. The control of operating costs and the activity increase itself helped attenuate this effect.

Sales for the period of the **Cork Stoppers BU** reached 220.6 million euros, representing a 9.3% increase, driven by volume and also by the positive mix effect due to the increase in sales of natural corks - the product of greater value added. This growth was primarily achieved due to the positive evolution of the second quarter (+ 10.7%) which exceeded the first quarter performance (7.8%).

It is important to stress that this half year saw the beginning of sales of natural cork stoppers already processed with the NDTech technology, an important innovation that enables a significant improvement of quality control, as it introduces individual screening in the production lines of natural cork stoppers.

The activity increase coupled with the positive effect of sales and stable operating costs led to a 24% increase of EBITDA of this BU to 39.8 million euros.

In the first half of the year, the **Floor and Wall Coverings BU** attained sales of 61.1 million euros, an increase of 6.3% compared to the same period of the previous year. As regards this development, note should be taken to the performance of Hydrocork, a launch conducted only in 2015 but that already represents more than 10% of the BU's sales in this half year. The huge potential associated with this product and the continuous growth of its sales certainly mark a positive inflection in the activity of this Business Unit.

Although the percentage gross margin has declined due to the change in the sales mix, the activity increase and a slight reduction in operating costs enabled a rise in EBITDA, which grew from 5.4 million euros to 6.8 million euros in the first half of the year.

The **Composite Cork BU** recorded sales of 52.1 million euros, an increase of 6.2% obtained without the exchange rate effect. The three main business segments, Retail, Industry and Construction, recorded a positive development.

The improvement in the percentage gross margin, benefitting from the price decrease and better performance of some of the raw materials, the activity increase and stable operating costs led to an EBITDA of EUR 9.8 M. This amount is 48% higher than the value reached in the first half of 2015.

The **Insulation Cork BU** recorded the highest percentage growth of sales of all Business Units, up 29% to EUR 6.4 M.

The main factors that contributed to this performance were the sales of its main product, the expanded insulation corkboard, with a 10% increase in quantity, as well as rising sales of higher added value applications, such as MDFachada.

Despite the increase in activity, operating costs remained stable, thus delivering an 81% rise in EBITDA to EUR 1.5 M in the first six months of the year.

Key Indicators

		1H16	1H15	Variation	2Q16	2Q15	Variation
Sales		**333,958**	309,197	8.0%	**177,267**	161,846	9.5%
Gross Margin – Value		**176,276**	165,259	6.7%	**93,871**	86,083	9.0%
	1)	**52.4%**	50.2%	+ 2.2 p.p.	**50.6%**	50.6%	-0.01 p.p.
Operating Costs - current		**123,574**	124,938	-1.1%	**62,278**	63,356	-1.7%
EBITDA - current		**65,854**	54,379	21.1%	**38,257**	30,576	25.1%
EBITDA/Sales		**19.7%**	17.6%	+ 2.1 p.p.	**21.6%**	18.9%	+ 2.7 p.p.
EBIT - current		**52,703**	40,321	30.7%	**31,593**	22,727	39.0%
Non-current costs	2)	**3,730**	2,912	N/A	**2,050**	3	N/A
Net Income		**35,145**	26,222	34.0%	**21,231**	17,775	19.4%
Earnings per share		**0.264**	0.209	26.6%	**0.169**	0.142	19.4%
Net Bank Debt		**80,079**	91,865	- 11,786	**-**	-	-
Net Bank Debt/EBITDA (x)	3)	**0.71**	0.94	-0.23 x	**-**	-	-
EBITDA/Net Interest (x)	4)	**103.4**	73.4	30.04 x	**126.9**	100.0	26.95 x
Equity/Net Assets		**52.5%**	49.0%	+ 3.4 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) and write-off of Goodwill (2015)

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)