

Corticeira Amorim 1Q2017



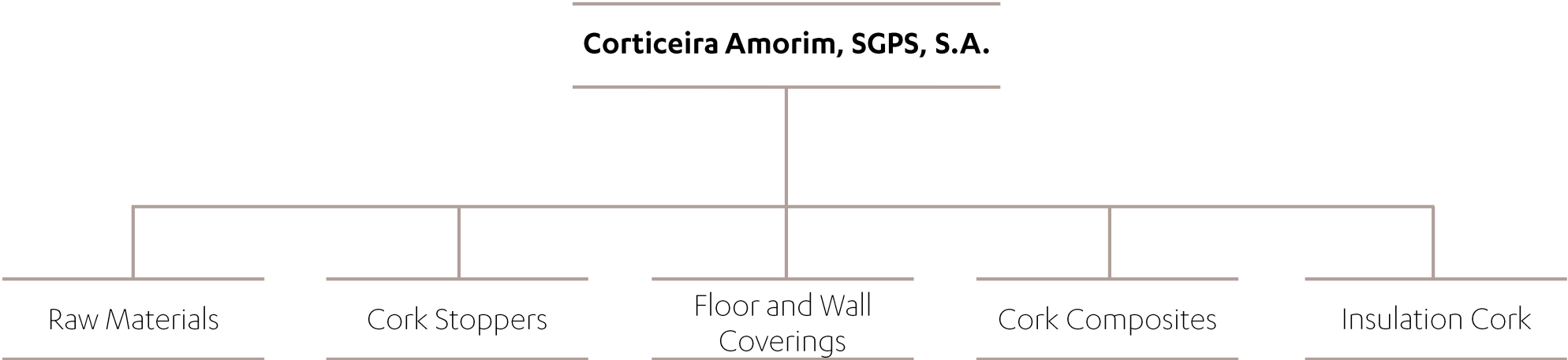


Consolidated Results

Integral Verticalization



Corticeira Amorim, SGPS, S.A.



Key Facts & Figures

Sales reached 172 million euros (M€) an increase of 15 M€ (+ 9.6%);

Sales growth at all major BUs:

- Cork Stoppers (+ 10.3%);
- Floor & Wall Coverings (+ 9.2%);
- Cork Composites (+ 5.9%);

Sales growth mainly reflected the volume effect (70%);

The exchange rate effect had a positive impact of 2,1 M€ on sales;

1Q2017 benefited from **higher number of working days in Portugal (+2 days)**;

Consolidated sales for April 2017 negatively affected by less four working days (Portugal);

Every cork stopper segment (wine, sparkling and spirits) registered strong sales growth (above 9%);

NDtech® with sales of 4 million stoppers in the quarter;

Hydrocork® sales (4.7 M€) continue to grow;

Increased impairments (2.3 M€) caused by:

- The reassessment of intangible assets from development projects;
- The recoverable amount from an industrial site that will be relocated;



Key Facts & Figures

EBITDA increased by 21.6% (33.6 M€ vs. 27.6 M€);

EBITDA/Sales 1Q17: 19.5% (1Q16: 17.6% | 2016FY: 19.1%):

- Increased sales with a more favorable mix;
- Gains on gross margin;

Financial operations continue to benefit from lower net debt and lower interest rates;

Net debt decreased by 24 M€ from the end of 2016, to 12 M€;

Net Income of 17.2 M€ (+23.7%);

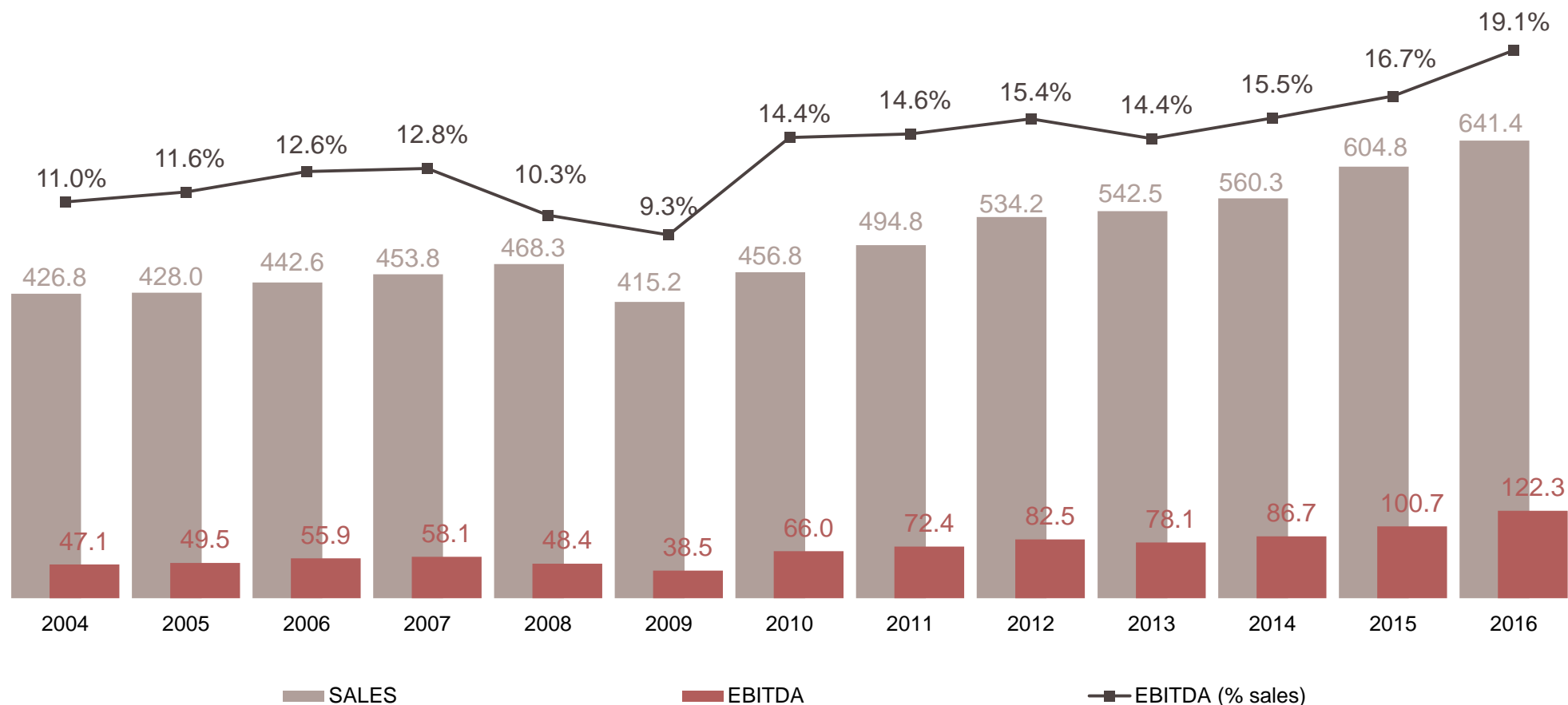
Total Assets reached 741.4 M€ (2016FY: 726.9 M€);

Dividends distributed in 2017: € 0.18 per share (April);

- Total cash out of 23.9 M€.



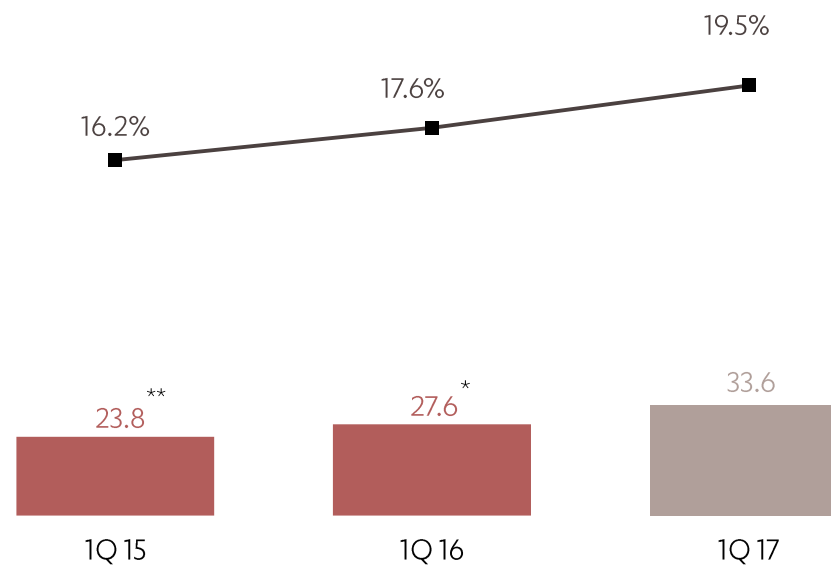
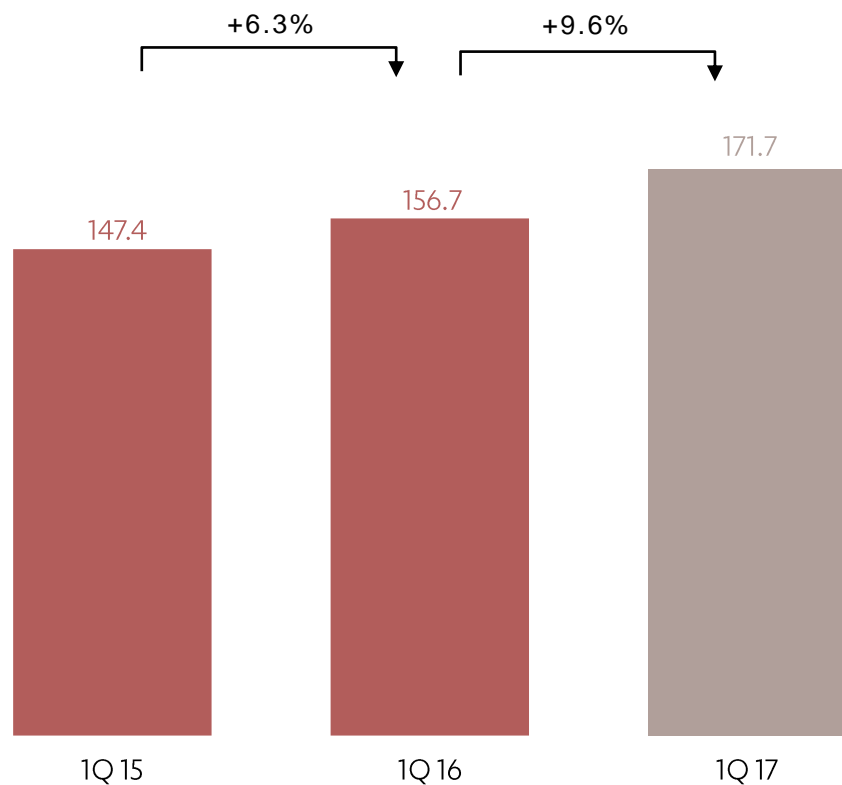
Sales & EBITDA



Sales | EBITDA

Sales (a)

EBITDA



■ EBITDA

■ EBITDA (%sales)

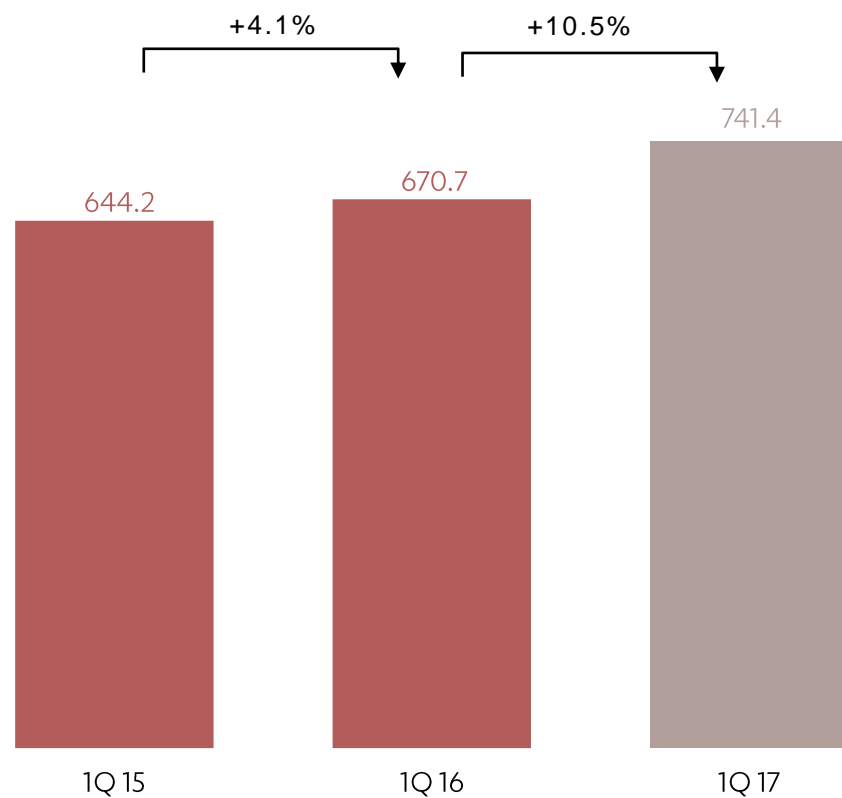
* excludes 1.7 M€: non-recurrent costs
** excludes 2.9 M€: Goodwill impairment

Values in million euros.

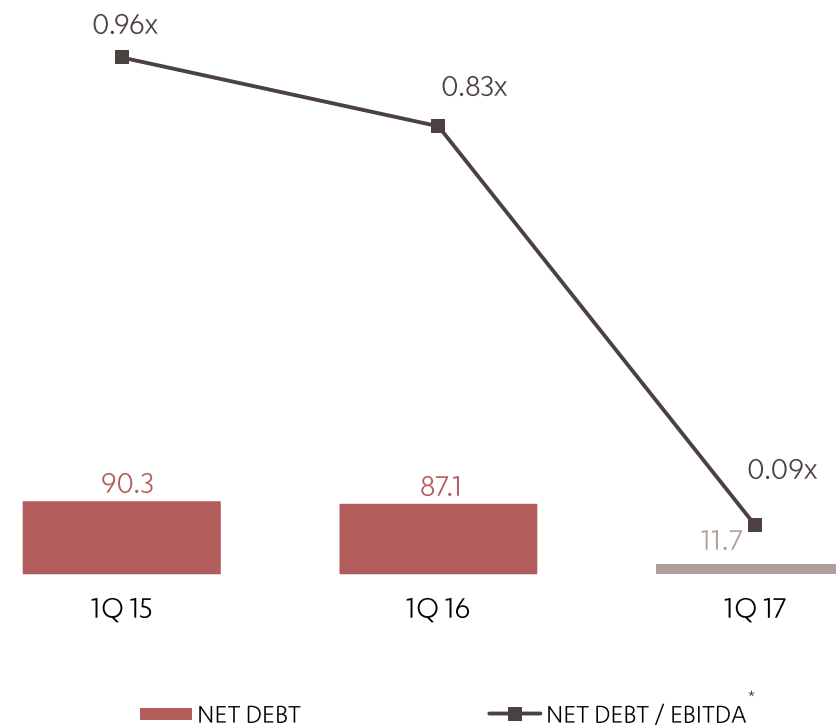
(a) Consolidated sales – excludes sales between Corticeira Amorim's Business Units.

Assets | Net Debt

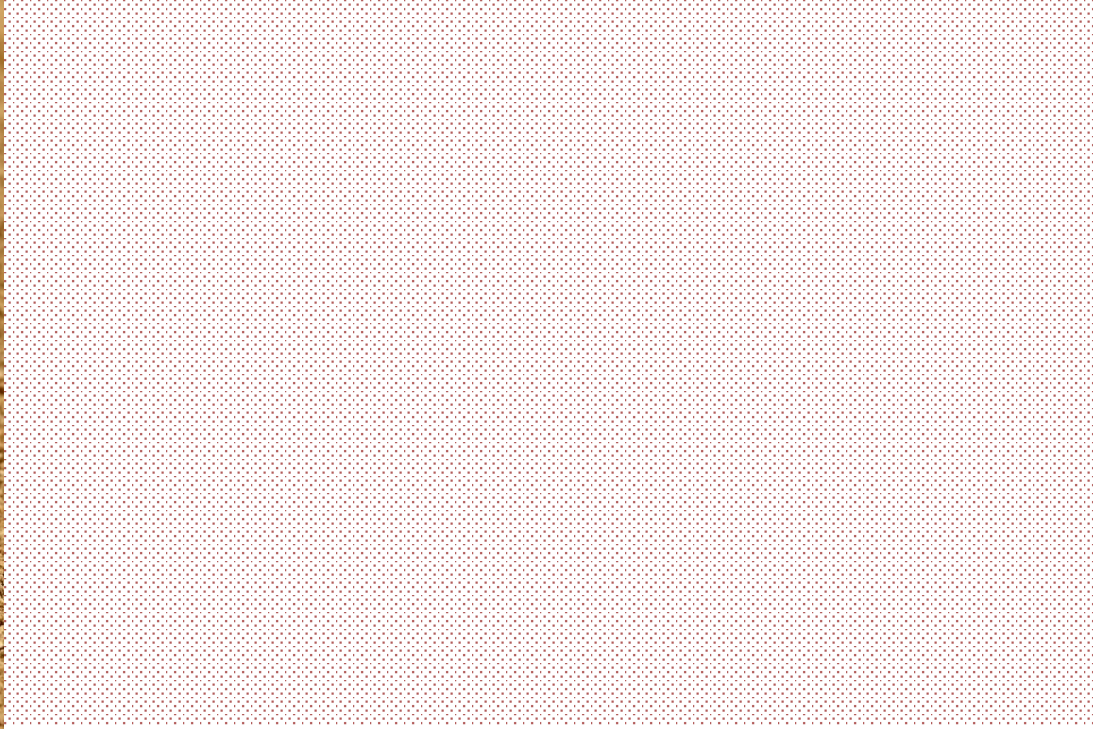
Assets



Net Debt



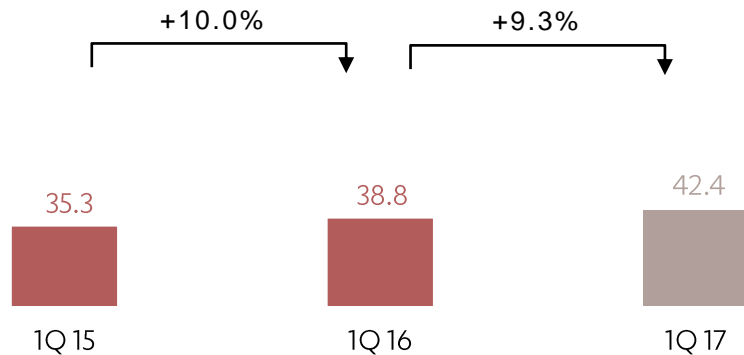
* Current EBITDA of the last four quarters



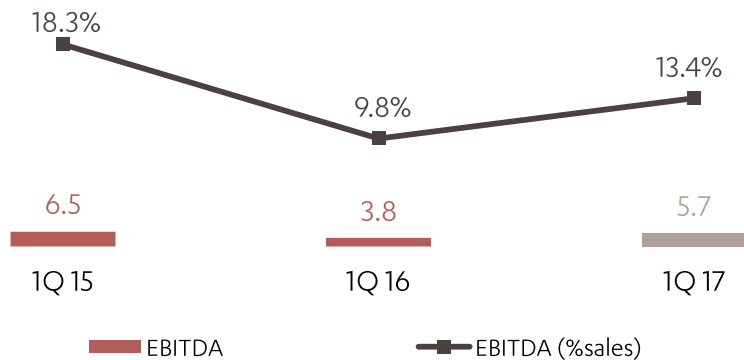
Business Units

Raw Materials

Sales



EBITDA



Sales increased by 9.3%, to 42.4 M€

Keeping pace with activity growth in the other BUs;

EBITDA reached 5.7 M€, an increase on 1Q16 (3.8 M€):

- Increased business activity;
- Better margins in cork preparation;
- Reduction in operating costs;

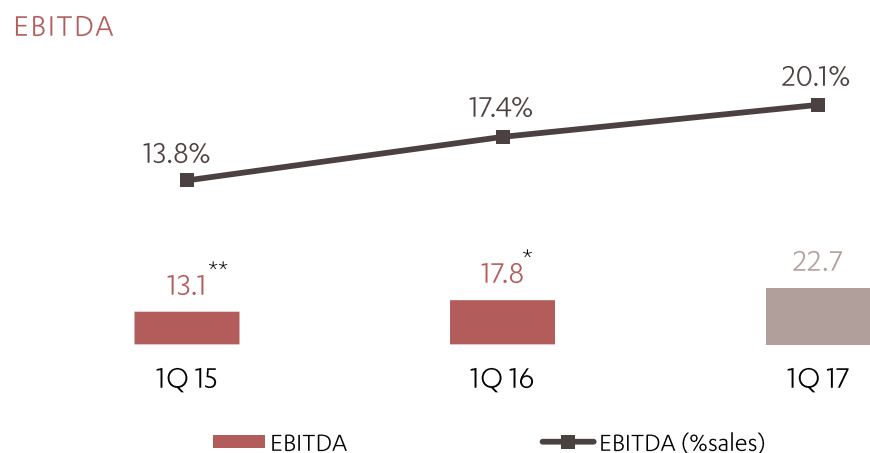
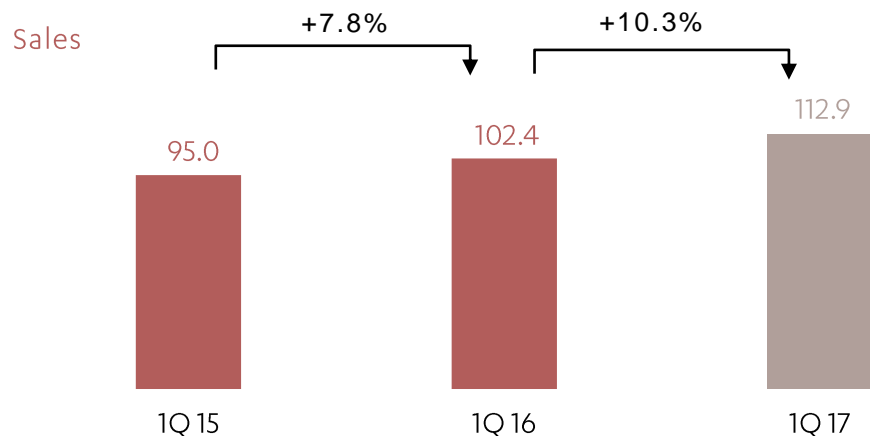
Cork purchasing campaign held as planned;

Ongoing projects to improve internal processes (Kaizen) and automation (selection, tracing) to improve quality and efficiency;

Research into shortening the first cork extraction cycle continues; the next step: enlarge partnerships with forest owners.



Cork Stoppers



* excludes 1.6 M€: non-recurrent costs

** excludes 2.9 M€: Goodwill impairment

Sales increased by 10.3% to 112,9 M€

Growth was balanced between products and markets;

Every segment (wine, sparkling and spirits) registered growth above 9%;

Good performance in natural cork stoppers, champagne and Neutrocork®;

NDtech® with sales of 4 million stoppers in the quarter;

Strong performance in traditional markets (France, Italy and Spain) and the US:

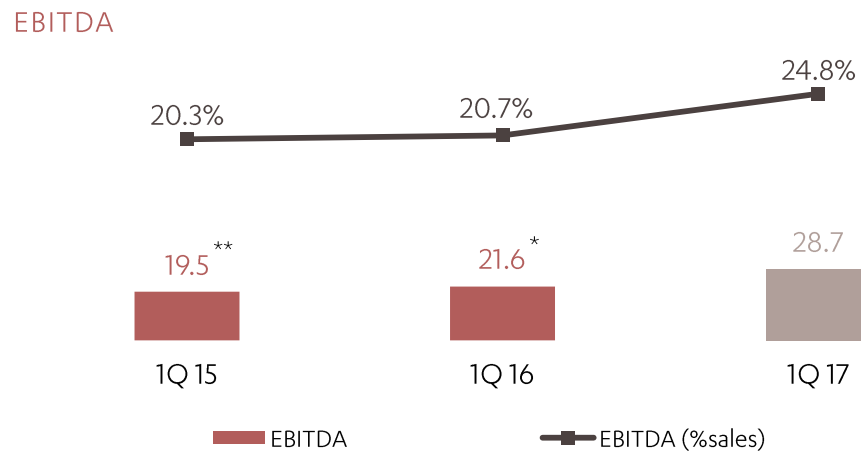
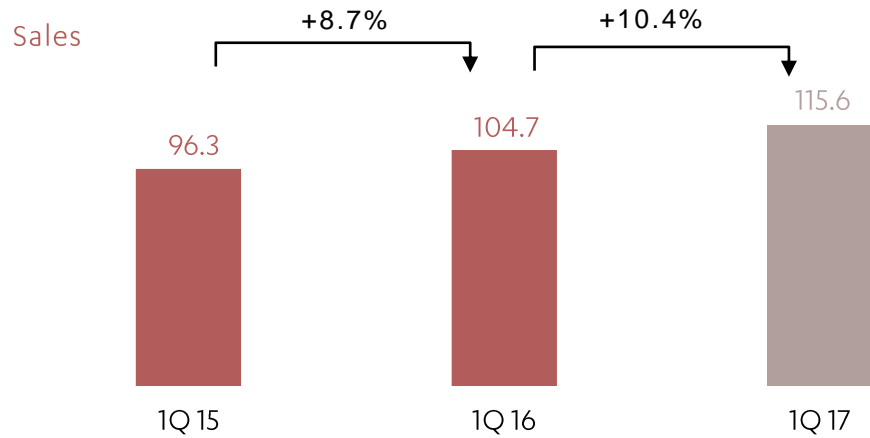
- Premium market expansion;
- Growth in large customers;

Robust EBITDA growth (+27%) and EBITDA/Sales (+2.7 pp):

- Increased business activity;
- Better sales mix ;
- Several ongoing projects to improve operating activity.



Raw Materials + Cork Stoppers

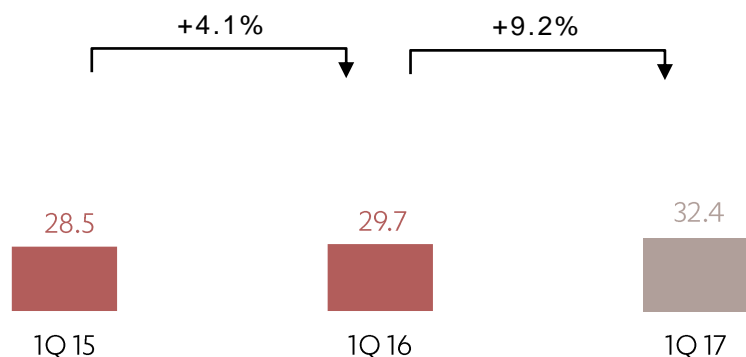


* excludes 1.7 M€: non-recurrent costs
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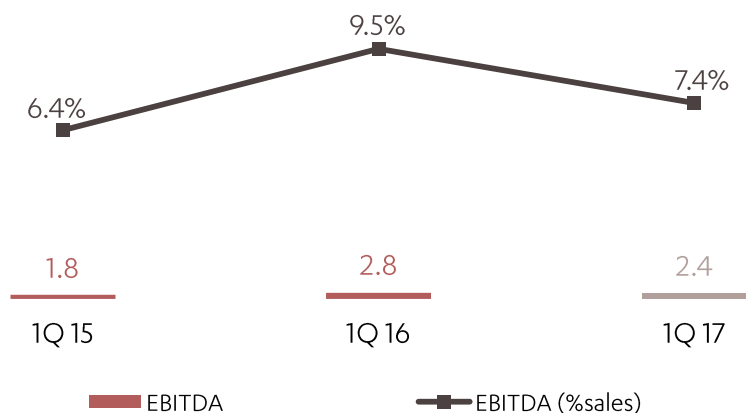


Floor & Wall Coverings

Sales



EBITDA



Sales increased by 9.2% to 32.4 M€

The BU succeeded in maintaining its positive sales trend;

Increased Hydrocork® sales (+1.1 M€, + 31.6%) with a growing weight in the BU's total sales;

Significant Authentica® sales growth (+1.2 M€);

Market trends:

- Significant commercial effort to increase sales globally;
- Sales to Russia at the same level as last year (1,2 M€);

EBITDA decreased to 2.4 M€ (-14.5%) due to increased commercial costs:

- Enlargement of commercial teams in target markets, considering the future production capacity increase;
- Establishment of the UK operation;
- Marketing costs at Amorim Flooring North America;

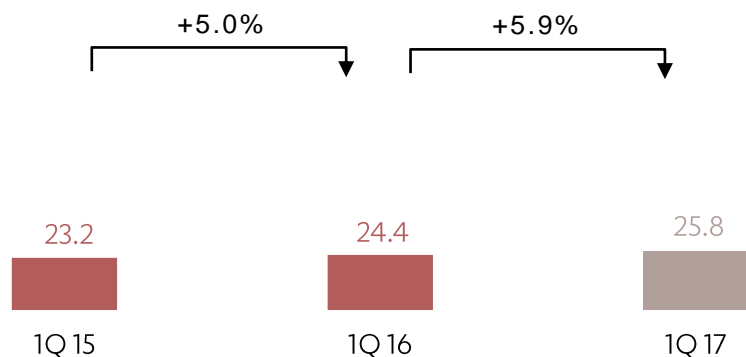
Plans to increase the BU's profitability:

- Assessment and analysis of efficiency measures: reviewing processes, reengineering and reorganization;
- Profitability increase on sales units;
- Sales increase related to commercial presence reinforcement.



Cork Composites

Sales



Sales increased by 5.9% to 25.8 M€

Major contributions to the increase:

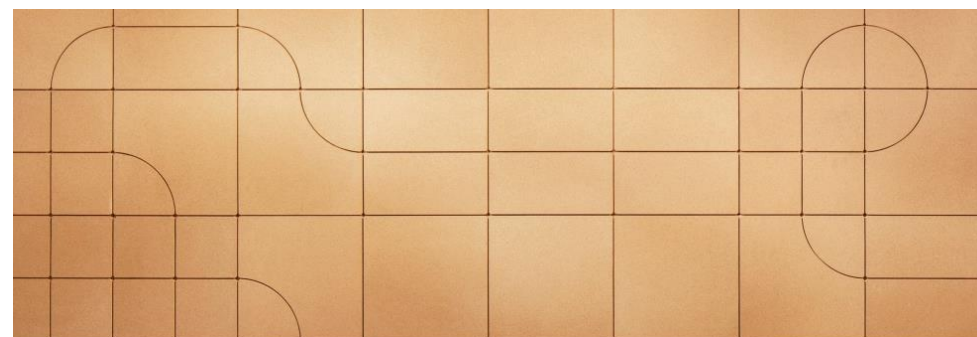
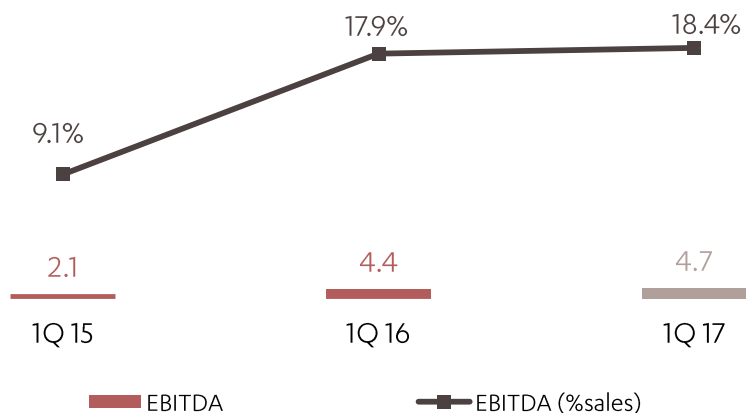
- *Resilient & Engineered Flooring Factories and Construction* segments;
- The supply of Hydrocork inlays for the of Floor and Wall coverings BU;
- Other major contributors: *Seals & Gaskets* and *Footwear*;

Furnishing sales decreased, a consequence of the extraordinary growth observed in the previous year; ongoing new projects with significant players;

Significant growth in sales to China (+0.5 M€);

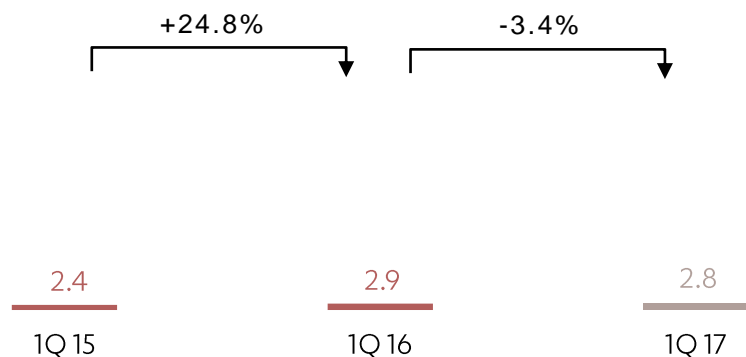
EBITDA for the quarter reached 4.7 M€, an increase of 8.3%, reflecting improvements in the gross margin and in the industrial margin.

EBITDA



Insulation Cork

Sales



Sales decreased by 3.4% to 2.8 M€

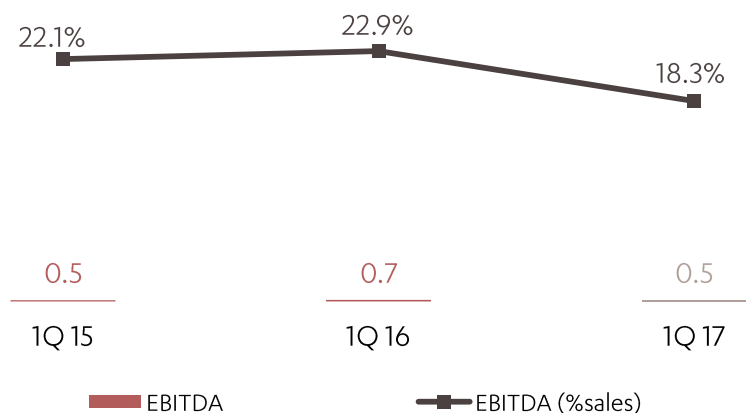
Excluding the effect of granulated cork sales to the Cork Composites BU, sales increased by 296 thousand euros, +12%;

No supplies of granulated cork to the Cork Composites BU;

Increase in specialty sales, mainly MDFachada® and re-granulated cork for football stadiums;

EBITDA reached 0.5 M€ (-22.7%): a lower gross margin due to a higher average price of specific raw materials manufactured explains the variation.

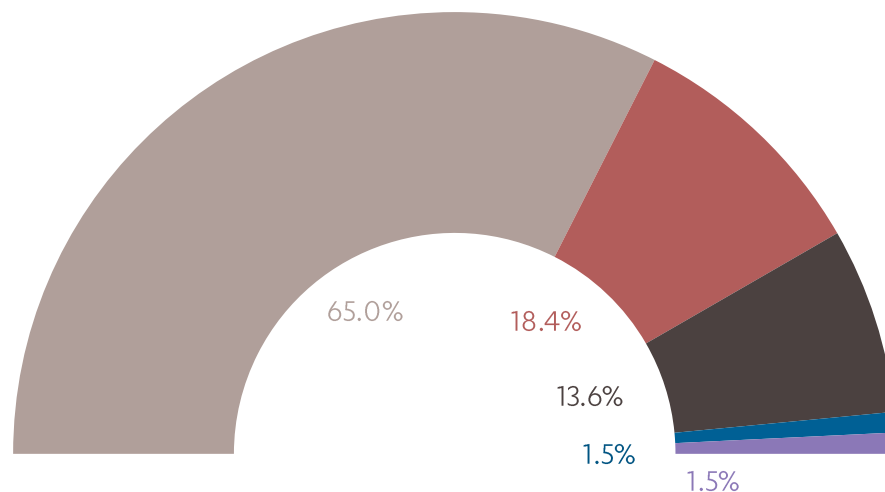
EBITDA





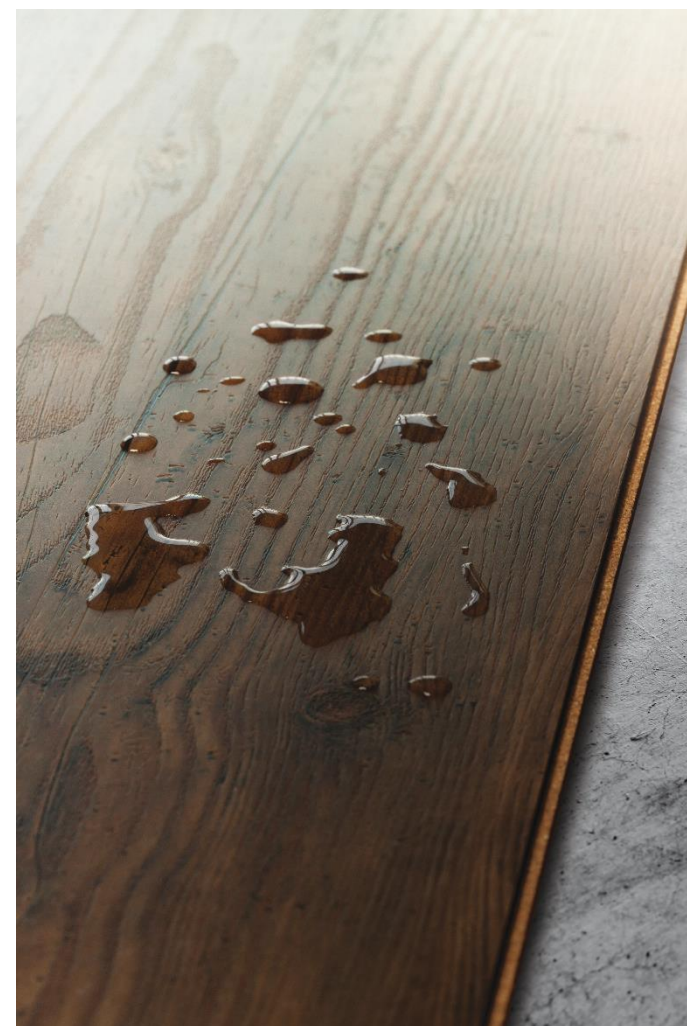
Key Financials

Sales by Business Unit

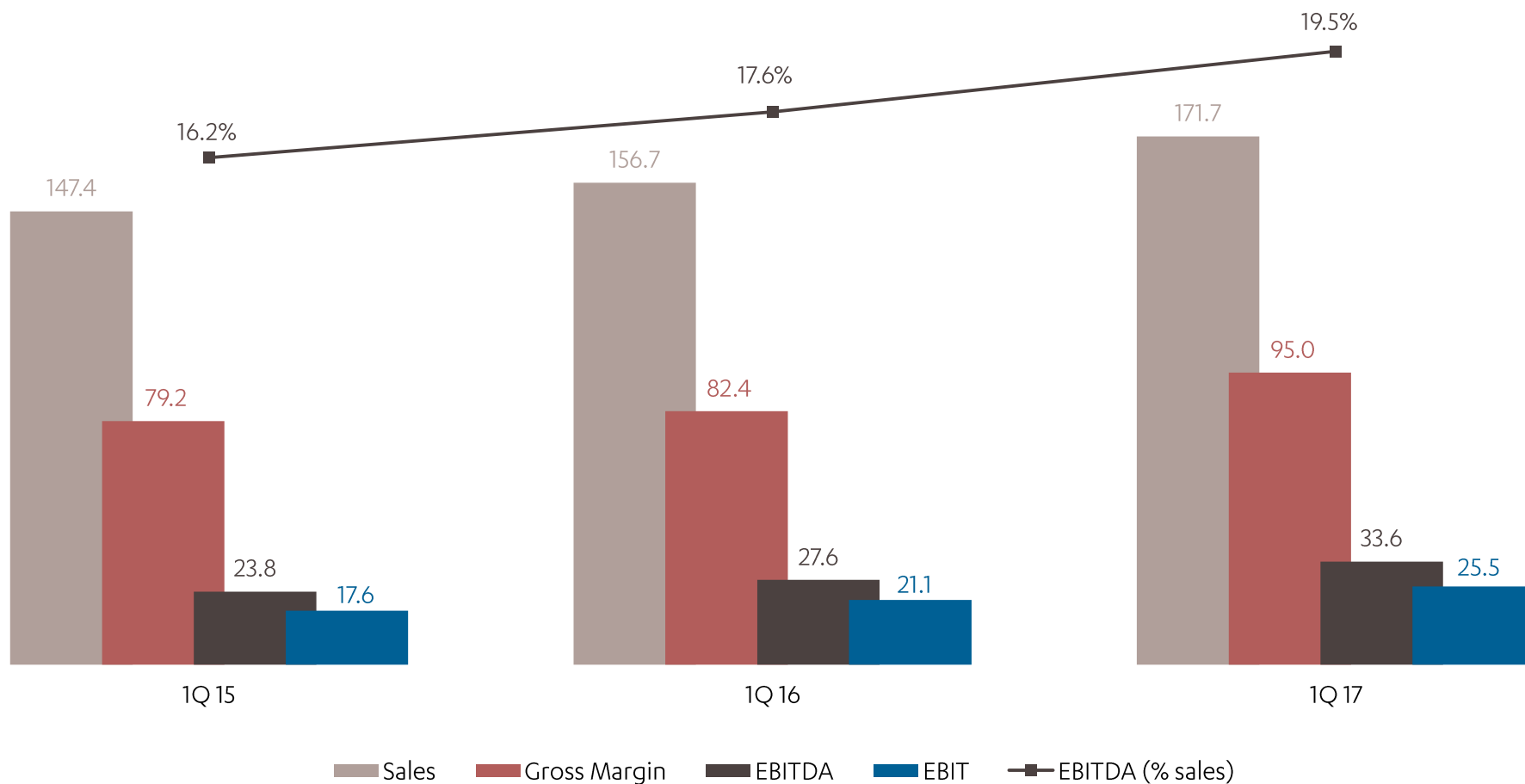


■ Cork Stoppers ■ Floor and Wall Coverings ■ Cork Composites ■ Insulation Cork ■ Raw Materials

	1Q 15	1Q 16	1Q 17
Cork Stoppers	63.6%	64.5%	65.0%
Floor and Wall Coverings	19.0%	18.3%	18.4%
Cork Composites	15.1%	14.2%	13.6%
Insulation Cork	1.4%	1.4%	1.5%
Raw Materials	0.9%	1.5%	1.5%
	100%	100%	100%

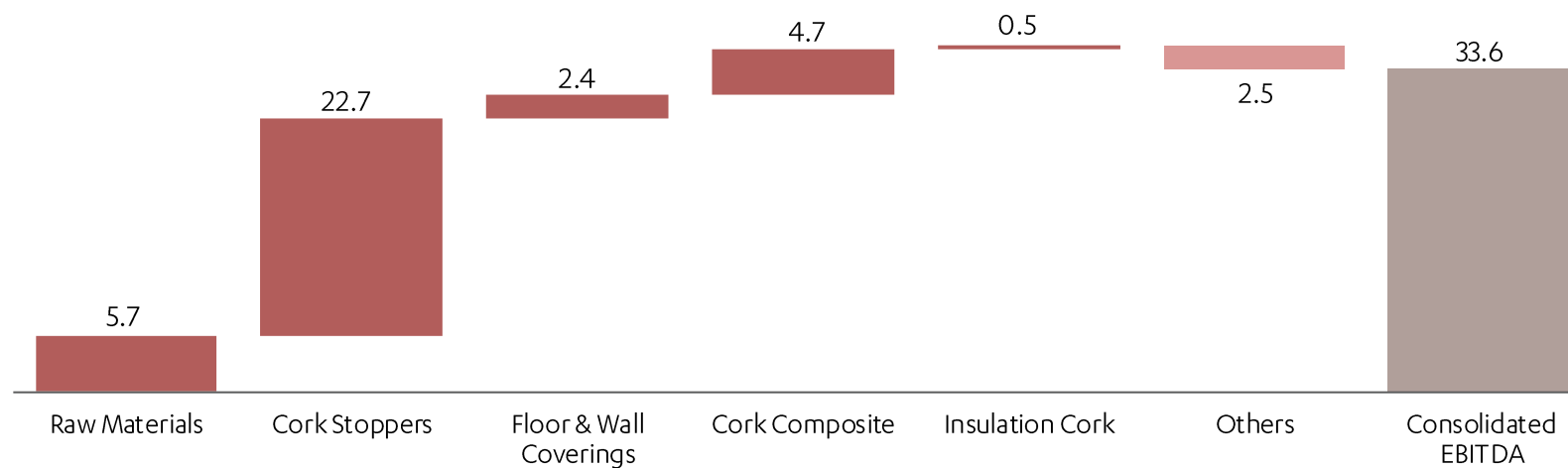


Sales | Gross Margin | EBITDA | EBIT



EBITDA by BU

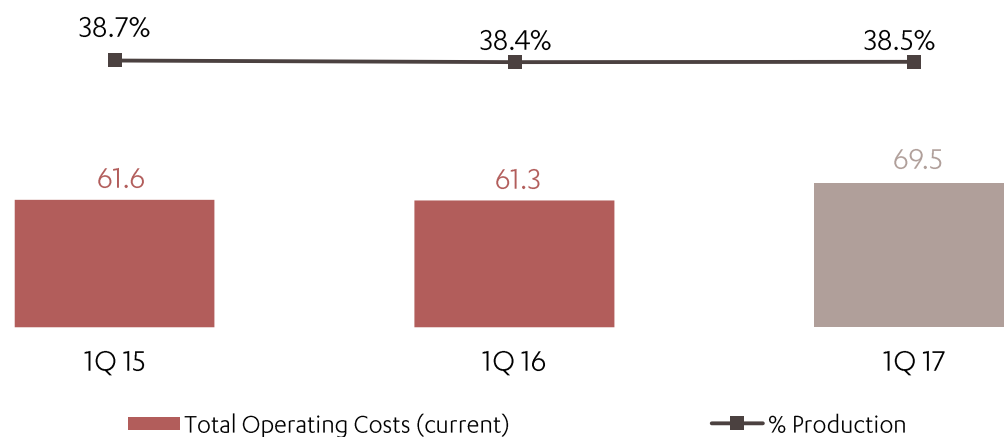
EBITDA by BU (value)



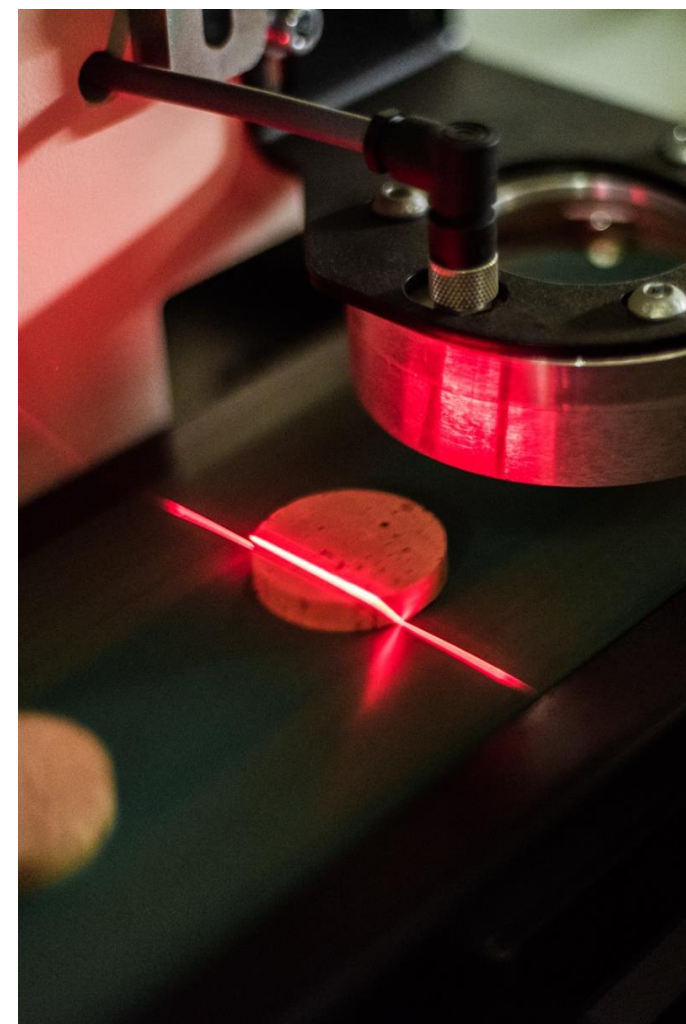
EBITDA/Sales (%)	1Q 15	1Q 16	1Q 17
Raw Materials + Cork Stoppers	20.3%	20.7%	24.8%
Floor and Wall Coverings	6.4%	9.5%	7.4%
Cork Composite	9.1%	17.9%	18.4%
Insulation Cork	22.1%	22.9%	18.3%
Consolidated	16.2%	17.6%	19.5%

Operating Figures

Operating costs

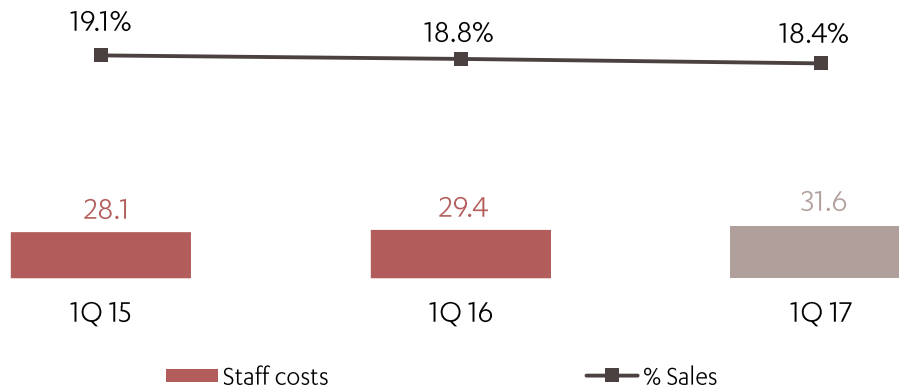


	1Q 15	1Q 16	1Q 17	yoy
External supplies	24.4	24.8	27.9	12.4%
Transports	5.2	5.4	5.5	2.4%
Energy	3.1	3.3	3.4	3.8%
Staff costs	28.1	29.4	31.6	7.4%
Depreciation	6.2	6.5	8.1	24.8%
Impairments	0.6	-0.04	2.3	-
Others	2.2	0.6	-0.4	-
Total Operating Costs (current)	61.6	61.3	69.5	13.4%



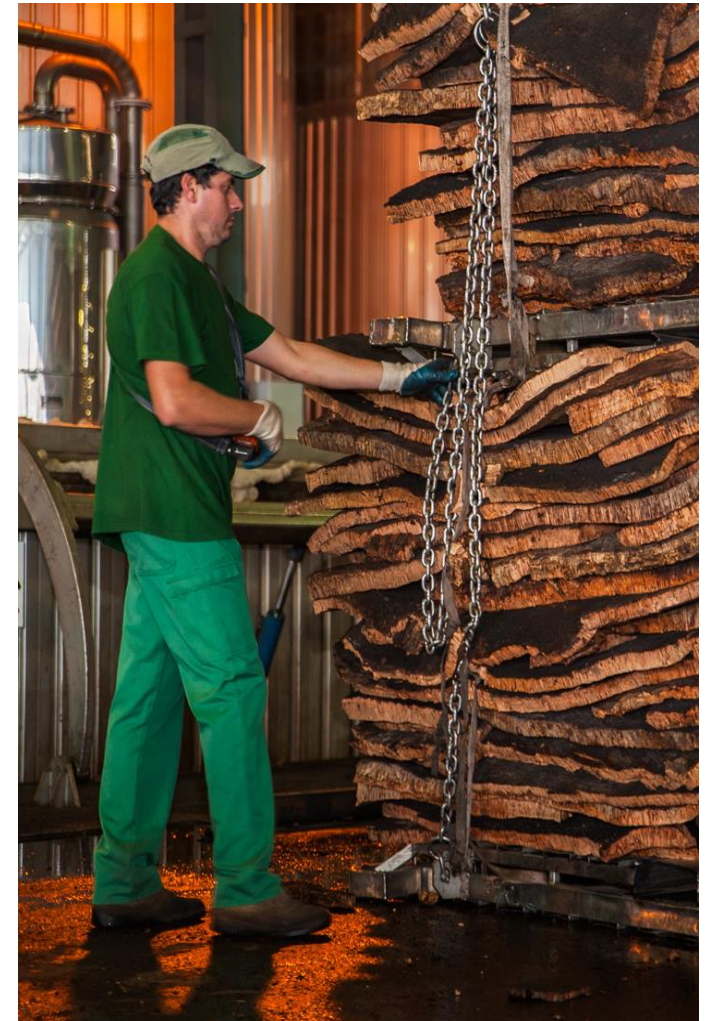
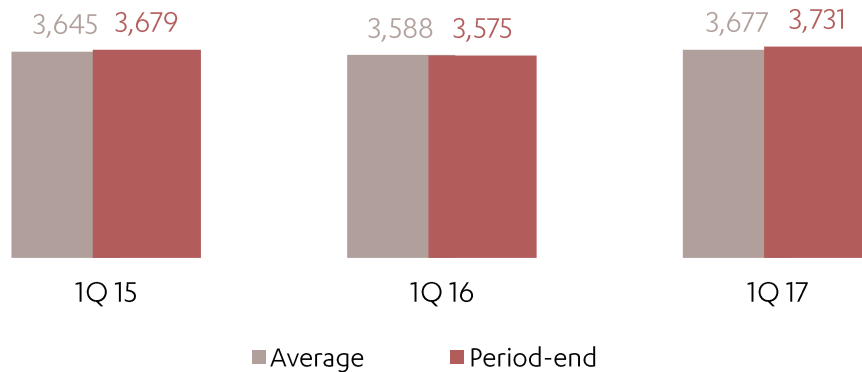
Staff

Value and % (sales)

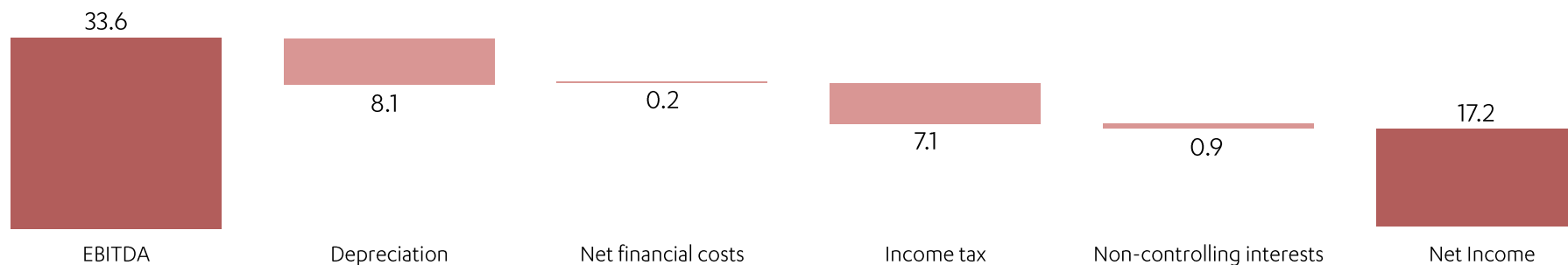


Values in million euros.

Number of employees



Net Income



	1Q 15	1Q 16	1Q 17	yoY
EBITDA	23.8	27.6	33.6	21.6%
Depreciation	6.2	6.5	8.1	24.8%
Net financial costs	0.6	0.5	0.2	-58.1%
Non-current costs	2.9	1.7	0.0	-
Share of (loss)/profit of associates	0.4	0.1	-0.02	-
Profit before tax	14.4	19.1	25.2	32.4%
Income tax	5.8	4.7	7.1	50.5%
Non-controlling interest	0.2	0.4	0.9	119.9%
Net Income	8.4	13.9	17.2	23.7%

Key Consolidated Indicators

Sales up 9.6% to 171.7 M€;

Cork Stoppers and Floor and Wall Coverings had a major impact on growth;

Sales growth mainly due to the volume effect; the exchange rate accounted for 2.1 M€;

EBITDA/Sales: 19.5%;

Net income up by 23.7% to 17.2 M€;

Main applications of EBITDA + government grants (8 M€):

- 5.7 M€ Capex
- 13.7 M€ Working Capital Needs
- 24.2 M€ Net Debt Reduction
- 2.2 M€ Other

The AGM held on April 7 approved a dividend of 0.18€ per share, paid on April 26.

	1Q 15	1Q 16	1Q 17	yoY
Sales	147.4	156.7	171.7	9.6%
Gross Margin	79.2	82.4	95.0	15.3%
Gross Margin / Production	49.7%	51.7%	52.6%	+ 0.9 p.p.
Operating Costs	61.6	61.3	69.5	13.4%
EBITDA	23.8	27.6	33.6	21.6%
EBITDA / Sales	16.2%	17.6%	19.5%	+ 1.9 p.p.
EBIT	17.6	21.1	25.5	20.6%
Non-recurrent costs	2.9	1.7	0.0	-
Net Income	8.4	13.9	17.2	23.7%
Earnings per share (€)	0.067	0.105	0.129	23.7%

Debt | Ratios

	1Q 15	2015	1Q 16	2016	1Q 17
Net Debt	90.3	83.9	87.1	35.9	11.7
Net Assets	644.2	667.2	670.7	726.9	741.4
Equity and Minority interests	328.0	354.1	368.5	426.9	444.2
Net Debt / EBITDA *	0.96	0.83	0.83	0.29	0.09
EBITDA / Net Interest	54.7	70.5	82.3	108.6	238.0
Equity / Net Assets	50.9%	53.1%	55.0%	58.7%	59.9%
Gearing	27.5%	23.7%	23.6%	8.4%	2.6%
Net working capital (NWC)	296.2	296.8	315.5	315.7	325.5
NWC / Market capitalization	55.0%	37.3%	35.4%	27.9%	23.0%
NWC / Sales x 360	180.9	176.7	181.2	177.2	160.1
Free cash flow (FCF)	-4.0	22.1	6.3	86.9	17.2
Capex	3.6	31.4	5.8	33.6	5.7
Return on invested capital (ROIC)	12.8%	14.3%	14.2%	16.9%	16.5%
Average Cost of Debt	2.7%	2.1%	1.7%	1.8%	1.4%

* Current EBITDA of the last four quarters

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 16	2016	1Q 17		1Q 16	2016	1Q 17
Total non-current assets	225.4	231.7	228.9	Equity	368.5	426.9	444.2
Inventories	257.2	268.7	262.4	Bank borrowings	41.6	38.6	37.8
Raw materials (cork)	119.9	149.2	122.0	Provisions	32.8	30.7	31.0
Finished products and WIP	126.5	109.1	116.8	Other non-current liabilities	17.5	16.9	24.1
Others	10.8	10.3	23.7	Total non-current liabilities	91.9	86.2	92.9
Trade receivables	147.7	141.9	161.4	Bank borrowings	54.2	48.4	28.2
Other current assets	40.3	84.6	88.6	Trade payables	98.6	110.0	107.5
Corporate Income Tax	2.5	4.2	2.5	Accrued costs	22.9	23.4	26.8
Cash	8.6	51.1	54.2	State and social security - withholding/VAT/others	20.0	16.0	22.7
VAT receivable	18.4	19.9	19.2	Other current liabilities	14.5	16.0	19.1
Others	10.9	9.3	12.7	Total current liabilities	210.2	213.8	204.3
Total current assets	445.2	495.2	512.5	Total Liabilities and Equity	670.6	726.9	741.4
Total Assets	670.7	726.9	741.4				



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