AMORIM

PRESS RELEASE

Mozelos, 1 August 2014

Corticeira Amorim profits rise 11.3% to EUR 18.4 million in first half of 2014

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Corticeira Amorim, SGPS, S.A.
Public company
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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

- *Sales increase of 2.6% to EUR 289 million*
- *EBITDA grows to EUR 43.6 million – an increase of 9.1%*
- *EBIT swells 10% to EUR 31.3 million*
- *Industrial premises move from Corroios to Mozelos*

Mozelos, 1 August 2014 – Corticeira Amorim closed the first half of the year with net profits of EUR 18.419 million, an 11.3% increase on the same period of 2013, having benefited from a climate of greater confidence in the economy.

Sales rose to EUR 289 million, up 2.6% on the EUR 281.7 million reported for the first half of 2013. With the exception of the Floor and Wall Coverings BU, all Business Units enjoyed an increase in their product sales.

This increase in sales, a steady gross margin percentage (rising by EUR 4 million in absolute terms) and the curbing of operating costs (which remained at practically the same value as in the same period in 2013) paved the conditions for a growth of 9.1% in EBITDA, which rose to EUR 43.6 million (EUR 40 million in 1H13), accounting for 15.1% of sales. Moreover, current EBIT reached EUR 31.1 million, up 10% on the first half of 2013.

Lower levels of debt and falling interest rates also contributed to an improved net financial profit.

Total consolidated assets for the half-year period showed a total of EUR 643 million, up on the same period in 2013. This was due to the value of the current assets.

At the end of the first half of the year, the equity to assets ratio amounted to 47.4%, the same percentage as the one registered one year earlier.

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As in the first quarter, Corticeira Amorim's business activity and profits were affected by the devaluation of its main export currencies (USD, CLP, ZAR, AUD). This had a negative impact of EUR 5.2 million on sales and EUR 4.1 million on profits.

Increased sales driven by the Cork Stoppers Business Unit

Throughout the second quarter of 2014, the **Raw Materials Business Unit (BU)** maintained the same fast pace of activity as in the first three months of the year. Sales reached EUR 69.3 m (+22%). However, sales of raw (untreated) cork to other business units accounted for EUR 3.2 m of these sales (1H13: EUR 1.2 m).

The increase in the sales of the Raw Materials Business Unit can also be explained by the sale of stocks to other business units, being then added to their inventories.

Gross margin percentage decreased largely due to said sales of raw cork, which has a low profit margin. Otherwise, the gross margin percentage would be fairly similar to the one registered in the 1H13.

EBITDA rose by 1.8% to EUR 9.8 million.

The cork extraction campaign is proceeding normally and the BU has almost met the targets set at the beginning of the campaign.

The **Cork Stoppers Business Unit** enjoyed increased sales in the second quarter (2Q), maintaining the rhythm of the first three months of the year. An increase of almost EUR 9 million in BU sales (+5%) saw sales figures hit EUR 183.2 million. Also as in 1Q, sales were negatively affected by the continued devaluation of the Unit's main export currencies.

A better sales mix allowed for a higher overall price, practically offsetting the exchange rate effect. Thus, the rise in sales is explained basically by the volume effect (+ 68 million stoppers).

By product family, and in spite of a certain downturn in Acquamark® stoppers, all registered noteworthy growth. Neutrocork®, Twin Top®, Champagne, Capsulated and Natural Cork stoppers all logged increases of 2% to 20% in sales. Twin Top® and Capsulated Stoppers performed particularly well.

The gross margin percentage remained in line with recent periods. Consequently, in absolute terms, it grew by EUR 3.5 million, thanks to the increase in sales.

With relatively stable operating costs, the BU registered EBITDA of EUR 24.7 million, a significant increase over the first half of 2013 (+15%).

In the second quarter, the **Floor and Wall Coverings Business Unit** was hit by a fall in sales of cork coverings (-5%). This was somewhat offset by a rise of 9% in sales of wood.

Total sales amounted to EUR 62.3 million, down 2.5% from the first half of 2013.

As is happening throughout the company, this BU is also implementing major reorganisation measures, driving at increasing efficiency in its operations. Reduced operating costs have more than compensated for the reduction in business activity, allowing for ongoing improvements in the BU's EBITDA, which rose to EUR 7.7 million, up 2% on the same period in 2013.

The **Composite Cork Business Unit** had sales of EUR 42.4 million, down on the EUR 47.5 million of 1H13. This drop is essentially due to falling sales (EUR -5.9 m).

In terms of export sales, sales to the market of processed products increased by EUR 40.7 million, or 2.3%. This BU also suffered the effects of the weaker US dollar.

EBITDA reached EUR 4.0 m, an improvement over the figure for 1H13 (EUR 2.7 m).

Also concerning this BU, the rubber cork production line currently located in Corroios is to move to the plant located in Mozelos. Corticeira Amorim is investing heavily in new technology with a view to re-launching its rubber cork business. With this development the company expects to take advantage of the greater proximity of raw materials, which will contribute to making the business more competitive.

The **Insulation Cork Unit** has recovered its sales over recent quarters. Sales amounted to EUR 5.2 million, 25% up on the same period in 2013.

Sales of expanded insulation corkboard, the BU’s main product, continued to grow both in volume and in price.

This increased business activity was reflected in the unit's EBITDA of almost one million euro, an increase of 50% on 1H13.

Consolidated Indicators

		1H14	1H13	Variation	2Q14	2Q13	Variation
Sales		289.044	281.669	2,6%	150.448	148.112	1,6%
Gross Margin – Value		146.618	142.856	2,6%	76.118	76.446	-0,4%
	1)	50,2%	51,4%	-1,15 p.p.	51,9%	54,1%	-2,24 p.p.
Operating Costs - current		115.486	114.555	0,81%	54.904	58.492	-6,13%
EBITDA - current		43.613	39.989	9,1%	27.077	23.821	13,7%
EBITDA/Sales		15,1%	14,2%	+ 0,9 p.p.	18,0%	16,1%	+ 1,9 p.p.
EBIT - current		31.132	28.300	10,0%	21.214	17.953	18,2%
Non-current costs	2)	2.735	0	N/A	2.735	0	N/A
Net Income		18.419	16.546	11,32%	12.436	11.251	10,54%
Earnings per share		0,147	0,132	11,32%	0,099	0,090	10,54%
Net Bank Debt		106.313	115.608	- 9.295	-	-	-
Net Bank Debt/EBITDA (x)	3)	1,30	1,49	-0,19 x	-	-	-
EBITDA/Net Interest (x)	4)	27,6	20,0	7,58 x	33,3	23,3	10,01 x
Equity/Net Assets		47,4%	47,4%	+0,1 p.p.	-	-	-

1) Related to production value
2) Due to property investment impairment and to industrial restructuring expenses
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)