

Corticeira Amorim closes quarter with sales of 430 million euros

For additional information, contact:
Cristina Rios de Amorim
Tel.: + 351 22 747 54 25

corticeira.amorim@amorim.com
www.corticeiraamorim.com

Corticeira Amorim, SGPS, S.A.
Public Company
Edifício Amorim I
Rua de Meladas, n.º 380
4536-902 Mozelos VFR
Portugal

Share Capital: EUR 133 000 000,00
A company incorporated in
Santa Maria da Feira - Portugal
Registration and Corporate Tax ID No: PT
500 077 797

About CORTICEIRA AMORIM, SGPS, S.A.:
While tracing its roots back to the 19th century, Corticeira Amorim and has become the world's largest cork processing company in the world, generating more than 500 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 millions 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 CO₂ 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:

- Sales increase 2.5% to 430 million euros
- Net Profit increases 15.5% to 29 million euros
- Proposed distribution of reserves to shareholders in the amount of € 0.07 per share

Mozelos, 3rd November 2014 – Corticeira Amorim closed the activity of the first nine months of the year with sales of 429.7 million euros, representing an increase of 2.5% compared to the same period last year. In consolidated terms and taking only the third quarter of the year into account, sales achieved 140.6 million euros, with growth largely driven by the performance of the Cork Stoppers Business Unit.

The increase in sales and gains in operating efficiency led to a current EBITDA growth of 11.8%, reaching 66.1 million euros. The EBITDA/Sales ratio considerably improved, from 14.1% to 15.4%.

Net profit of the first nine months of 2014 exceeded 29 million euros, an increase of 15.5% compared with 25.1 million euros in the same period the previous year. These results include 10.6 million euros which refer to profit obtained in the third quarter (versus 8.58 million euros in the same period last year).

The activity increase, which takes into account the heading Inventory Changes, was of around 6%. Despite this increase, it was possible to reduce operating costs by more than 3 million euros.

EBIT reached 49.4 million euros, a significant rise of 14.4% on 2013. The finance function improved once again, with net expenses of 3.2 million euros, which represents an improvement of 0.8 million euros against the first nine months of activity of the previous year.

The Equity to Assets Ratio was 48.3%, compared to 46.8% in the same period last year.

As in the first half of the year, Corticeira Amorim's activity and results up to September were affected by the devaluation of its main export currencies, with an unfavourable impact of 5.9 M€ on sales and 4.7 M€ on results.

Cork Stoppers boost Corticeira Amorim sales

Throughout the third quarter, the **Raw Materials Business Unit (BU)** maintained the same pace of activity seen in the first six months of 2014. Sales, motivated by internal needs, reached 98.5 million euros, corresponding to an increase of 21% compared with the same period last year.

Percentage gross margin decreased, largely as a result of low margin raw cork sales. Despite the increase in processed product sales, Augusta Cork's entry into the BU's scope adversely affected EBITDA, which thus decreased by around 6% to 11.7 M€.

The **Cork Stoppers Business Unit** enjoyed an increase in sales in the third quarter which was higher than that recorded in the first two quarters of the year. An increase of 15 million (+5.8%) in BU sales saw figures soar to 275.8 million euros.

A better sales mix allowed for a higher overall average price, offsetting the exchange rate effect. Thus, the rise in sales is mainly based on the volume effect (+115 million stoppers).

Noteworthy growth was recorded for all product families. Neutrocork®, Twin Top®, Champagne, Capsulated and Natural cork stoppers all presented increases of from 2% to 44% in sales.

Percentage gross margin remained consistent with the figures of the previous periods. As a result, value in absolute terms increased by 8 million euros, essentially due to the growth in sales.

With relatively stable operating costs, the BU presented an EBITDA of 38.2 M€, a significant change compared to the nine months of 2013 (+21%).

In the third quarter, the **Floor and Wall Coverings Business Unit** was hit by a drop in cork product sales. This was largely the result of the political and economic situation in Eastern Europe and less focus on cork product sales by the subsidiary US Floors.

Sales reached 88.8 million euros, a decrease of 4.9% compared to the same period in 2013. Cork products decreased by 7%, while wood product sales, after several successive drops, increased by 7%.

Important reorganisation measures continue to be implemented by this BU, aimed at greater efficiency in operations. The reduction in operating costs more than compensated the decrease in activity, allowing the improvement of its

EBITDA to continue, which reached 12.1 million euros, an increase of 12% on the same period the previous year.

In the **Composite Cork Business Unit**, sales to foreign markets rose by 1.5 million euros, representing an increase of 2.5%. This BU also suffered the effects of a weaker USD, with an estimated unfavourable impact on sales of 0.7 million.

The industry segment continues to perform well (+10%) as a result of the increase in vibration, friction and footwear products. This growth was partially offset by the decreases seen in the two other major segments (Construction and Sealing).

All minor segments registered a positive trend, namely Flooring, with the performance of Amorim Sports Floors in particular. Transportation was another segment worthy of note, driven by the growth of several rail transport partnerships.

EBITDA also recorded an upward trend (+30%), reaching 6.8 million euros, comparing favourably with the first nine months of 2013 (5.2 million euros).

The **Insulation Cork Business Unit** has managed to maintain the recovery of its sales over the last few quarters.

Sales of expanded cork boards, the BU's main product, continued to increase both in volume and price, with particular reference to the performance of the markets of Asia and the Middle East.

EBITDA followed the growth of activity, reaching 1.3 million euros, an increase of 37% against 2013.

Distribution of free reserves to shareholders in the amount of € 0.07 per share

A solid growth in business and profitability over the past few years, and the good prospects for the current financial year, have enabled Corticeira Amorim to generate increasing cash flows and, as a result, strengthen its equity to total assets ratio. It has thus become possible to make a distribution of free reserves amongst the Company's shareholders without jeopardizing the maintenance of an efficient capital structure of the Corticeira Amorim Group.

Therefore, the Board of Directors has decided to convene an Extraordinary General Meeting for passing a resolution for the distribution of free reserves to shareholders in the sum of € 0.07 (gross amount) per share, payable within a maximum of 20 days after the date of the approval of the resolution, to be distributed amongst Corticeira Amorim's shareholders in proportion to their ownership of shares.

Consolidated Key Indicators

	9M14	9M13	Variation	3Q14	3Q13	Variation
Sales	429.685	419.141	2,5%	140.641	137.472	2,3%
Gross Margin – Value	213.126	209.718	1,6%	66.508	66.862	-0,5%
	1) 49,5%	51,7%	-2,14 p.p.	48,1%	52,3%	-4,21 p.p.
Operating Costs - current	163.729	166.540	-1,69%	48.243	51.985	-7,20%
EBITDA - current	66.083	59.099	11,8%	22.470	19.110	17,6%
EBITDA/Sales	15,4%	14,1%	+ 1,3 p.p.	16,0%	13,9%	+ 2,1 p.p.
EBIT - current	49.397	43.178	14,4%	18.265	14.878	22,8%
Non-current costs	2) 3.514	0	N/A	779	0	N/A
Net Income	29.034	25.135	15,51%	10.614	8.588	23,59%
Earnings per share	0,230	0,199	15,51%	0,084	0,068	23,59%
Net Bank Debt	94.753	105.421	-10.668	-	-	-
Net Bank Debt/EBITDA (x)	4) 1,14	1,30	-0,16 x	-	-	-
EBITDA/Net Interest (x)	3) 29,1	19,7	9,37 x	32,5	19,1	13,38 x
Equity/Net Assets	48,3%	46,8%	+ 1,55 p.p.	-	-	-

1) Related to Production

2) Due to property investment impairment and to industrial restructuring expenses

3) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions)

4) Current EBITDA of the last four quarters