

Corticeira Amorim sales increase 6% to EUR 641 million

For additional information, contact:
Cristina Rios de Amorim
Investor relations Officer
Tel.: + 351 227 475 425
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
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 640 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 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:

- *EBITDA increased 22% to EUR 122 M*
- *Sale of US Floors generates net gain of EUR 30 M*
- *Net profit excluding sale of US Floors reaches EUR 73 M, up 32% on 2015*

Corticeira Amorim reached the year end activity with sales of EUR 641.4 M. Maintaining the pace recorded in the first nine months of the year, 2016 ended with 6.1% growth of sales compared to 2015, which makes 2016 the best year ever for this figure.

Sales in 2016, contrary to the previous year when the exchange rate effect was very favourable, were not materially impacted by exchange rates. The performance of the Cork Stoppers division (+ 7.6%) was again remarkable and strengthens the BU as the major driver of sales growth. Also noteworthy was the confirmation of the upturn of the Floor and Wall Coverings BU, which recorded sales growth of 6.6%.

Consolidated EBITDA reached EUR 122.3 M as a result of the combined effect of sales growth and the positive results in terms of gross margin and lower operating costs. This result represents 21.5% year-on-year growth.

The EBITDA/Sales ratio was 19.1%, compared to 16.7% achieved in 2015.

The financial function continued to benefit from the ongoing decrease in the value of interest-bearing debt (which ended the year at EUR 36 M, EUR 48 M down from the end of the previous year) and lower interest rates, driving a diminishing net expenditure on interest-bearing debt to EUR 1.6 M.

Net profit attributable to the shareholders of Corticeira Amorim in 2016 was EUR 102 M, which is its best ever figure (EUR 102.709 M in 2016 vs. EUR 55.012 M in 2015).

In consolidated terms, the sale of the stake in US Floors resulted in a gain, net of taxes, of approximately EUR 30 M.

The Board of Directors decided to propose to the General Meeting of Shareholders, to be held on 7 April 2017, the distribution of a gross dividend of EUR 0.18/share.

Activity by Business Unit

The activity of the **Raw Materials BU**, in line with the sales growth of other BUs, rose to EUR 148.6 M, equivalent to a year-on-year increase of 9.7%. 2016 was notable for a competitive cork procurement campaign, with a slight increase in cost. EBITDA reached EUR 18.3 M, growth of 7.9% from the previous year.

At the end of the year, in partnership with 10 forest producers, a micro-irrigation project was started, which encompasses an area of cork oak forest of about 500 hectares. This is the first stage of a forestry intervention project, led by Corticeira Amorim, which aims to substantially increase productivity of cork oak forests.

The **Cork Stoppers BU** recorded year-on-year sales growth of 7.6% in value (+EUR 29.9 M) in 2016. The BU registered record sales numbers of 4.4 billion units or, in other words, 20 million cork stoppers per day. An improvement in the sales mix was also registered (with the increased weight of natural stoppers and Neutrocork®) and the strengthening of positions in all business segments.

The production and sale of natural stoppers with NDtech® technology also began during 2016. The planned installed capacity was completed during the second half of the year, with 2017 expected to be the year this project achieves normal speed.

EBITDA increased 20.5% from 2015, to EUR 75.6 M, as a result of increased sales and gross margin, together with a slight increase in variable costs and fixed costs remaining stable.

Total sales of the **Floor and Wall Coverings BU** reached EUR 117.1 M. This represents positive growth of 6.6%, with special emphasis on manufactured products. The success of the Hydrocork® was decisive for this growth, together with a very positive performance by the new Authentica® collection. Although the Russian market registered a year of further decline, less pronounced than the previous year, growth in all other countries drove

the reversal of the trend of 2015. EBITDA was EUR 12.7 M, an increase of 55.8% on the level recorded in 2015.

Sales in the **Composite Cork BU** were practically the same as the previous year, reaching EUR 100.1 M. It should be noted that this BU performed exceptionally the previous year, when it recorded an 18.6% increase in sales. The increase in the priority segments was a constant feature, with the exception of the Furnishing area. This is a reflection of the extraordinary growth recorded the previous year.

EBITDA progressed positively, attaining EUR 17.0 M (EUR 14.6 M in 2015).

The **Insulation Cork BU** posted in 2016 a 13.9% year-on-year increase in sales.

EBITDA was EUR 2.2 M, which represents an increase of 73.8% from the previous year.

Key Consolidated Indicators

(in million euros)

	2016	2015	Variation	4Q16	4Q15	Variation
Sales	641,411	604,800	6.1%	150,554	141,911	6.1%
Gross Margin – Value	334,704	315,613	6.0%	78,529	73,274	7.2%
	1) 53.2%	50.7%	+ 2.5 p.p.	53.8%	50.4%	+ 3.4 p.p.
Operating Costs - current	2) 238,667	239,944	-0.5%	59,877	59,046	1.4%
EBITDA - current	122,347	100,720	21.5%	26,901	20,565	30.8%
EBITDA/Sales	19.1%	16.7%	+ 2.4 p.p.	17.9%	14.5%	+ 3.4 p.p.
EBIT - current	96,037	75,669	26.9%	18,652	14,229	31.1%
Non-current costs	3) 4,353	2,904	-	623	-3	-
Net Income	4) 102,703	55,012	86.7%	47,479	13,402	254.3%
Earnings per share	0.772	0.431	79.3%	0.357	0.101	254.3%
Net Bank Debt	35,889	83,896	-48,007	-	-	-
Net Bank Debt/EBITDA (x)	5) 0.29	0.83	-0.54 x	-	-	-
EBITDA/Net Interest (x)	6) 108.6	70.5	38.07 x	115.8	74.9	40.94 x
Equity/Net Assets	58.7%	53.1%	+ 5.7 p.p.	-	-	-

1) Related to Production

2) Including depreciation

3) 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)

4) Attributable to the equity holders

5) Current EBITDA of the last four quarters

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