AMORIM

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

Share Capital: € 133,000,000.00
A company incorporated in Santa Maria da Feira - Portugal
Registration and Corporate Tax ID nº:
PT 500 077 797
www.corticeiraamorim.com

Investor Relations Officer:
Ana Negrais de Matos, CFA
tel: + 351 227 475 423
fax: + 351 227 475 407
ana.matos@corticeira.amorim.com

Acquisitions drive sales

Highlights:

- *Sales increase 8%, surpassing €185 million*
- *US dollar depreciation impacts negatively on business*
- *EBITDA increases 10% to €36.8 million*
- *Net profit rises 9.3% to €18.8 million*

First-quarter sales rose 8% on the same period of 2017 to €185.4 million. The change in the consolidation perimeter contributed to this increase (due mainly to the integration of the operations of Bourrassé and Elfverson) in spite of the negative impact of US dollar depreciation on the group's sales. Excluding these two factors, sales would have increased 1.7%.

As a result of the increase in business activity, Corticeira Amorim ended the first quarter with a net profit of €18.8 million, an increase of 9.3% compared with the same period of 2017. It should be noted that the first quarter of 2017 was the strongest in terms of sales, having been the quarter of that year with the most working days.

Sales growth by Business Unit (BU) was not uniform. The Cork Stopper BU recorded sales of 14.1%. Excluding the impact of the change in the consolidation perimeter and the exchange rate effect, the BU's sales would have increased 2.8%. Sales by the Raw Materials BU grew 7.6%. Sales by the other BUs decreased.

EBITDA evolved favourably, reaching €36.8 million, an increase of 9.8% compared with the first quarter of 2017. This performance resulted in an improvement in the EBITDA-sales ratio, which increased from 19.5% to 19.9%. In a context of greater pressure on the gross margin, growth mainly resulted from an increase in operating efficiency, rigorous cost control and a reduction in impairments.

At the end of the first quarter of 2018, net debt was €85.9 million, compared with €11.7 million at the end of the first quarter of 2017 and €92.8 million at the end of 2017. Despite lower interest rates, the financial function registered a slight increase, due to an increase in average indebtedness, mainly due to the recent acquisitions of Bourassé, Sodiliège and Elfverson.

The financial autonomy ratio was 54% (1Q17: 59.9%).

AMORIM

Performance by Business Unit

The **Raw Materials BU** recorded sales of €45.7 million, an increase of about 7.6%.

EBITDA reached €8.6 million, up 51% on the same period of the previous year (1Q17: €5.7 million). The growth reflected the increase in the gross margin resulting from the positive contributions of industrial cork preparation operations as well as disc and granulate production. Both the consumption of raw materials (cork) acquired in the 2016/2017 purchasing campaign and improved operating efficiency contributed to the increase.

Sales by the **Cork Stopper BU** totalled €128.8 million, an increase of 14.1%. Sales increased in almost all business segments and countries in the world. In comparable terms (excluding the change in the consolidation perimeter), sales fell 0.4%, a decrease influenced by the exchange rate factor. Excluding these effects, sales would have increased 2.8%.

The BU's profitability remained at a same level of the same period of 2017. EBITDA increased by 13.3%, reflecting the incorporation of Bourrassé, which still has lower EBITDA margins than those of the Cork Stopper BU.

Sales by the **Floor and Wall Coverings BU** fell (-10.1%) to €29.2 million, reflecting lower sale performances in some regions (Germany, the US and Russia). It should also be noted the particularly robust performance in the first three months of 2017 (the best quarter of that year).

The BU's EBITDA decreased to €0.6 million. The expectation is that 2018 will be a transitional year, with the new press machine expected to become fully operational in the first half, supporting the launch of new products by the end of 2018 / early 2019.

The **Composite Cork BU** recorded sales of €24.4 million, a decrease of 5.6% compared to the first quarter of 2017. Excluding the exchange rate effect, however, sales were at the same level as the previous year. Terminating the supply of inlays to the Floor and Wall Coverings BU also impacted negatively on the BU's sales, despite increases in the sales volumes of the BU's other products and an improved sales mix.

EBITDA for the quarter was €3.6 million, due mainly to high raw material prices and unfavorable exchange rates. Excluding the exchange rate effect, the BU's EBITDA-sales ratio would have remained at the same level as in the previous year.

Sales by the **Insulation Cork BU** totalled €2.7 million, a decrease of 4.1% on the same period of 2017. EBITDA reached €0.3 million.

Indicators

		1Q17	1Q18	yoy
Sales		171,709	**185,360**	8.0%
Gross Margin – Value		94,986	**99,954**	5.2%
	1)	52.6%	**50.8%**	-1.83 p.p.
Operating Costs - current		69,527	**71,206**	2.4%
EBITDA - current		33,558	**36,841**	9.8%
EBITDA/Sales		19.5%	**19.9%**	+ 0.33 p.p.
EBIT - current		25,459	**28,748**	12.9%
Non-current costs	2)	-	**139**	-
Net Income		17,213	**18,820**	9.3%
Earnings per share		0.129	**0.142**	9.3%
Net Bank Debt		11,712	**85,923**	74,211
Net Bank Debt/EBITDA (x)	3)	0.09	**0.63**	0.54 x
EBITDA/Net Interest (x)	4)	238.0	**128.2**	-109.81 x
Equity/Net Assets		59.9%	**54.0%**	-5.88 p.p.

1) Related to Production
2) Figures refer to transaction costs of Elfverson
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)