Corticeira Amorim 1H2018

AMORIM

August 1, 2018

In brief

António Rios de Amorim receives the EY Entrepreneur of the Year Award (PT)

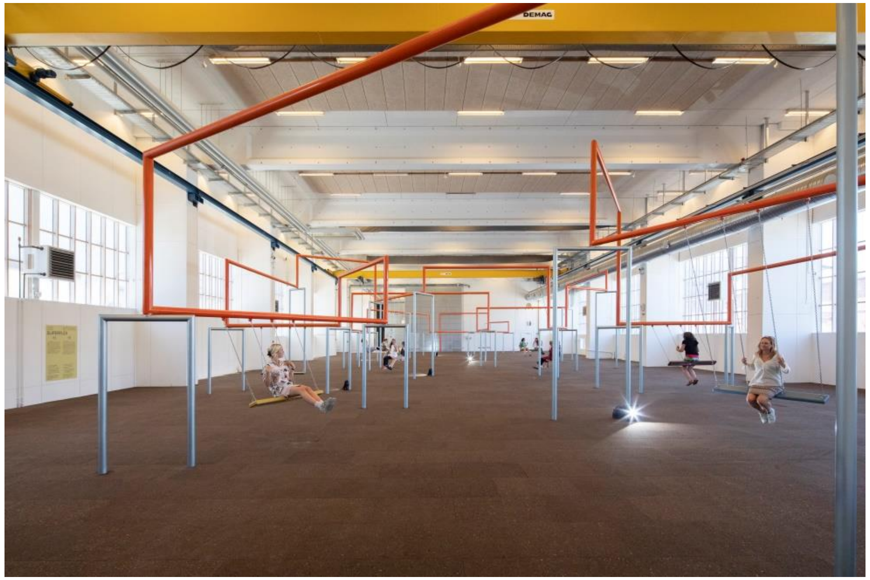
Acquisition of ELFVERSON & Co AB

Corticeira Amorim celebrates 30 years on the Portuguese Stock Exchange

The Cork Book wins an award at the European Design Awards

In brief

Campana Brothers develop cork-based furniture



One, two, three Swing! exhibition by Superflex presented in the reopening of the Copenhagen Contemporary Art Center and Bonn Bundeskunsthalle

TAP's new lounge with Wicanders' flooring. A project by Miguel Arruda, winner of a A' Design Award

Cork in the Mars exploration project of the European Space Agency

In brief

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Corticeira Amorim is a Porto Protocol partner, a business and institutional movement aiming at tackling climate changes

the porto protocol

Cork used as the main material in the Euro village space and in CCB's initiative "A square in the summer"

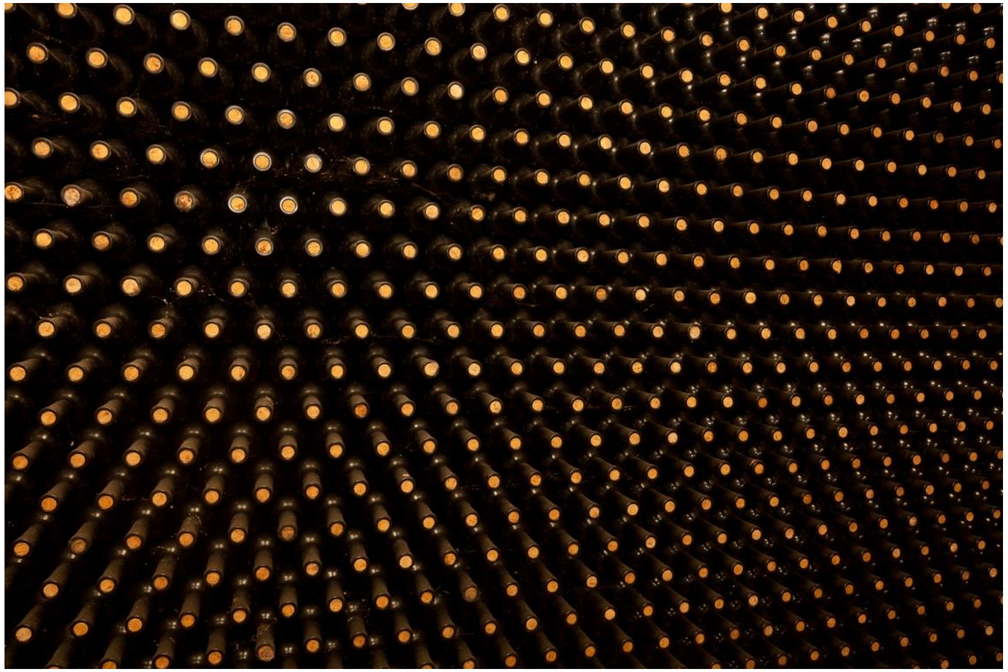
Garrett McNamara designs a new collection for the cork flipflops brand, ASPORTUGUESAS

In brief

Berry Bros. & Rudd introduces UK to Helix, an unexpected twist on wine packaging

95% of the wines tasted in the Concours Mondial de Bruxelles were closed with a cork stopper

Concours Mondial Bruxelles



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Consolidated Results

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Integral Verticalization

Corticeira Amorim, SGPS, S.A.

Raw Materials	Cork Stoppers	Floor and Wall Coverings	Composite Cork	Insulation Cork
				

Key Facts & Figures

Sales totalled 399.9 M€ an increase of 45.1 M€ (+12.7%);

At constant exchange rates, Corticeira Amorim delivered 15.6% sales growth;

The exchange rate effect had a negative impact of 10.2 M€ on sales (1H17: +3.8 M€);

Excluding changes in consolidation perimeter, sales increased 2.7%;

Sales performance by BU:

- Raw Materials: +15.2%;
- Cork Stoppers: +18.0%;
- Floor & Wall Coverings: -7.9%;
- Composite Cork: -1.2%;
- Insulation: +8.3%

The Cork Stoppers BU was the main source of growth; volumes increased in all business segments and in the world's largest wine markets;

NDtech® sales totalled 25 million stoppers (1H17: 14 million);

Hydrocork® sales increased to 10.3 M€ (1H17: 9.7 M€);

Authentica® sales rose to 4.3 M€ (1H17: 3.0 M€);

The **Composite Cork BU** continued to be impacted by adverse FX rates; at constant exchange rates, sales were up 3.3% and margins stood at 13.1%;

Key Facts & Figures

EBITDA increased 9.6% to 77.4 M€ (1H17: 70.6 M€);

At constant exchange rates, EBITDA increased 21.4%;

EBITDA/Sales: 19.4% (1H17: 19.9%);

EBITDA/Sales for Raw Materials + Cork Stoppers: 24.5% (1H17: 24.8%):

Net debt totalled 102.1 M€ (FY17: 92.8 M€), mainly due to higher Capex (23.4 M€) and dividend payments (24.6 M€);

Non-recurrent results totalled 0.7 M€; a reversion of a provision for legal proceedings (labour and customs issues) in Argentina and restructuring costs (Floor & Wall Coverings BU) were the major items affecting this line;

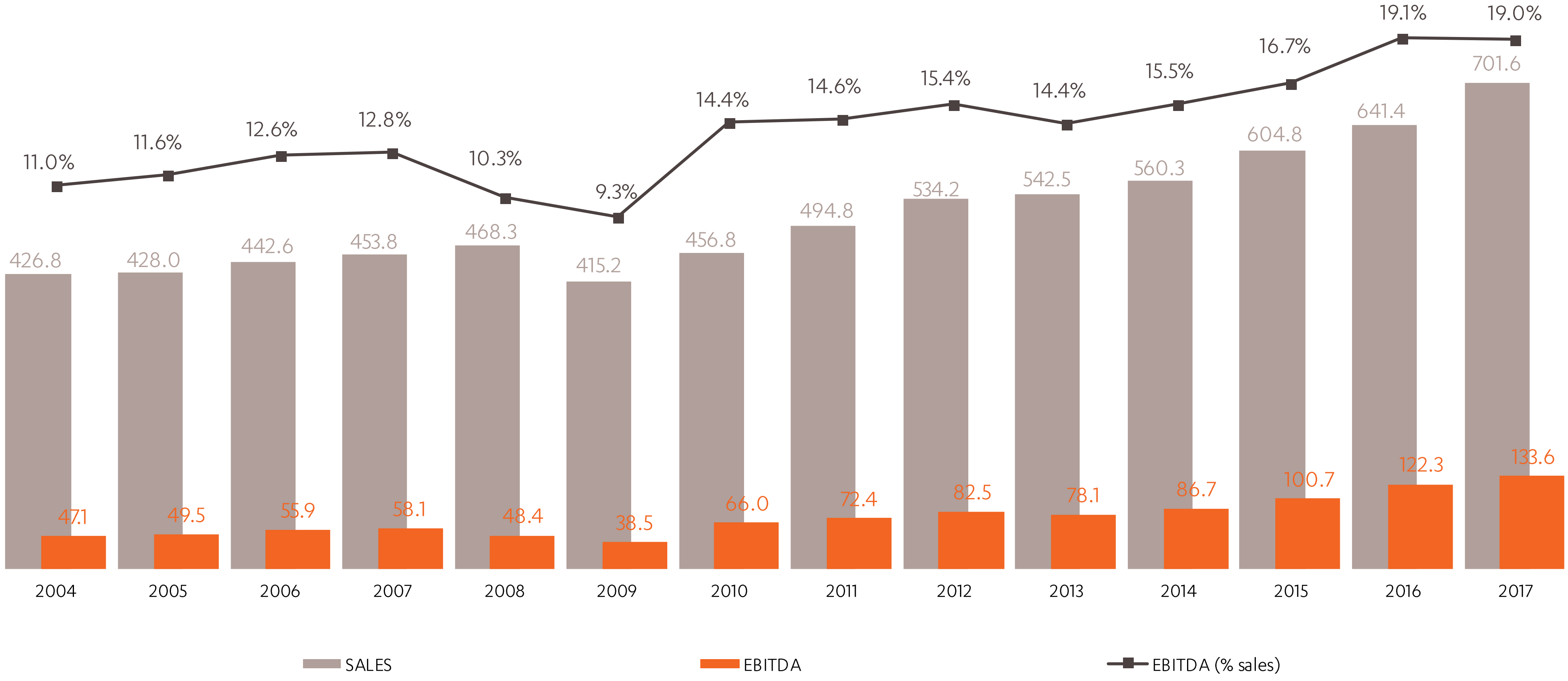
Net Income rose to 41.2 M€, an increase of 9.2% (1H17: 37.8 M€);

Total Assets totalled 931.9 M€;

Elfverson: acquisition of 70% of the company for the amount of **5.5 M€** (January 2018);

- Producer of high quality wooden tops for bartop cork stoppers
- Portfolio of premium products and outstanding customer base
- Included in Corticeira Amorim's consolidated accounts – BS and P&L – from January 1, 2018
- Consolidation method: integral.

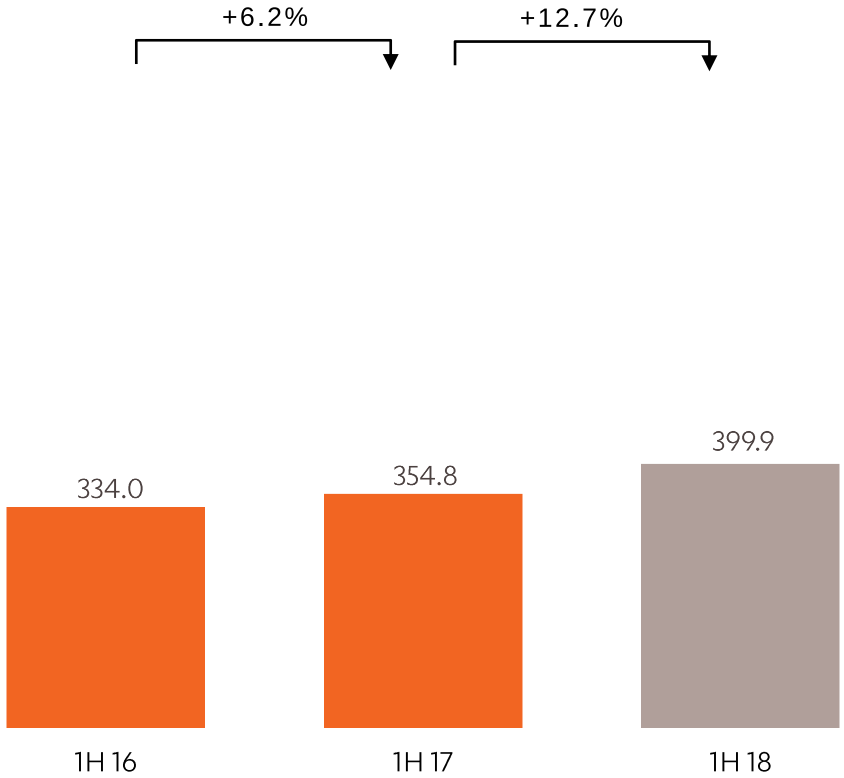
Sales & EBITDA



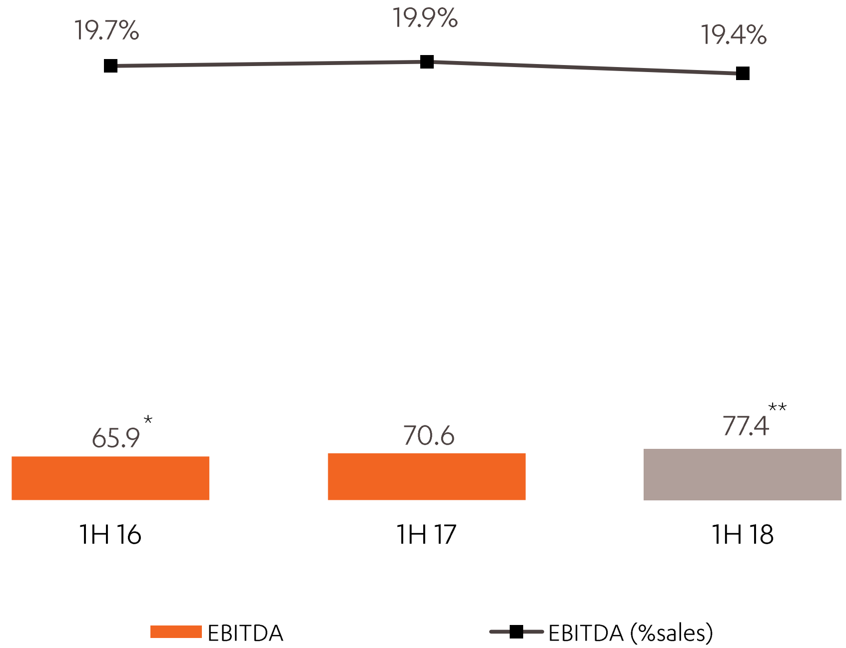
Consolidated sales – excludes sales between Corticeira Amorim's Business Units.
Values in million euros.

Sales | EBITDA

Sales a)



EBITDA



* excludes 3.7 M€: non-recurrent costs
** excludes 0.7 M€: non-recurrent gains

a) Consolidated sales – excludes sales between Corticeira Amorim's Business Units.
1H 18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Assets | Net Debt

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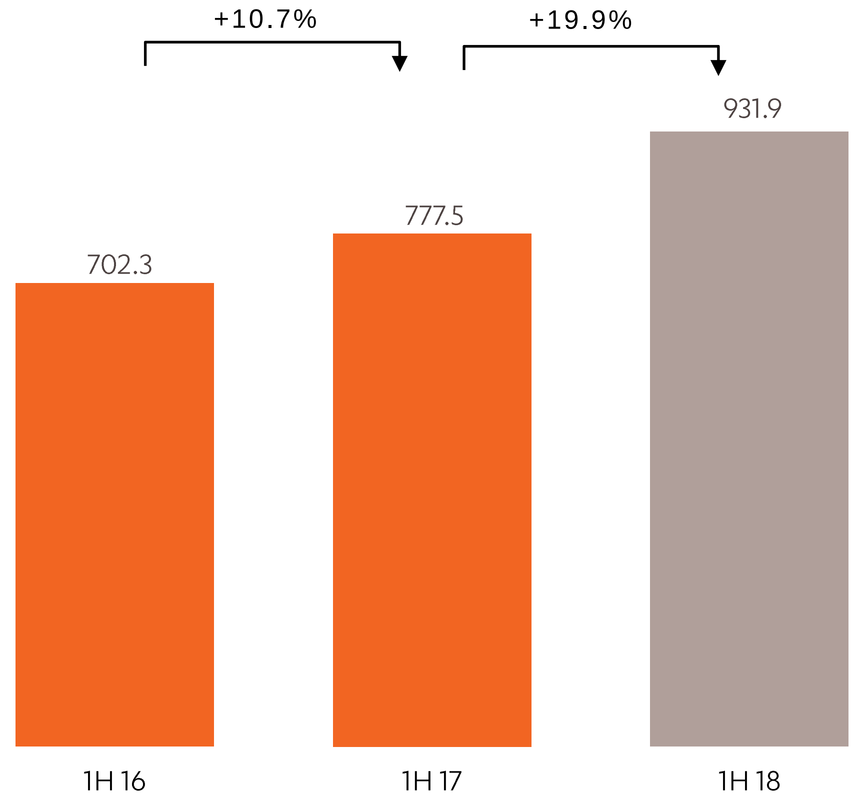
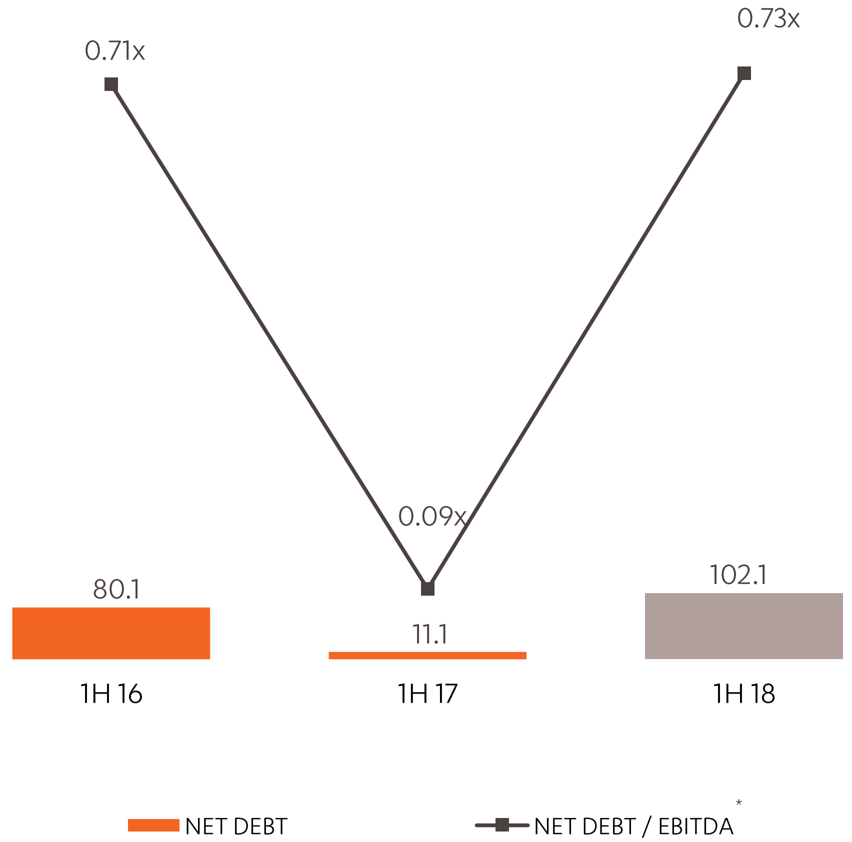
Assets

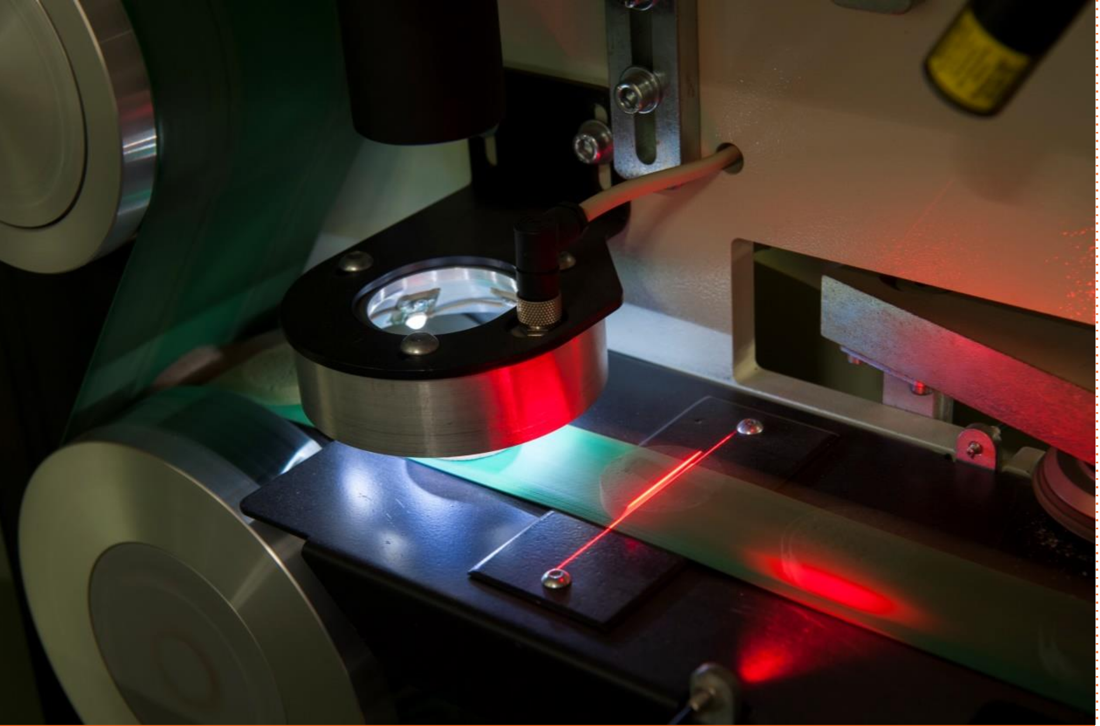


Net Debt



* Current EBITDA of the last four quarters

1H18 figures include Bourrassé, Sodiliège and Elfverson.
1H17 figures according to statutory financial statements.
Values in million euros.



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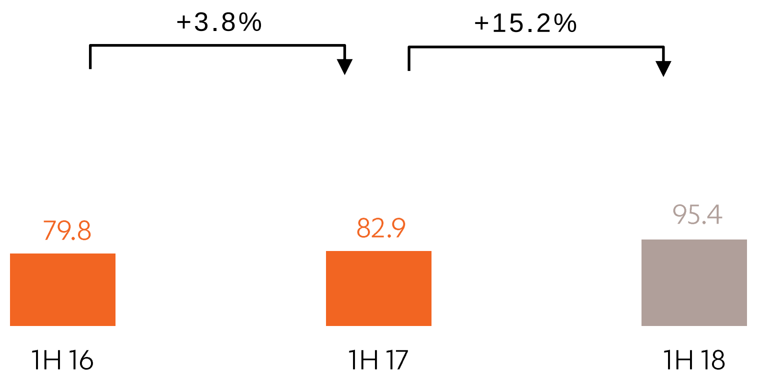
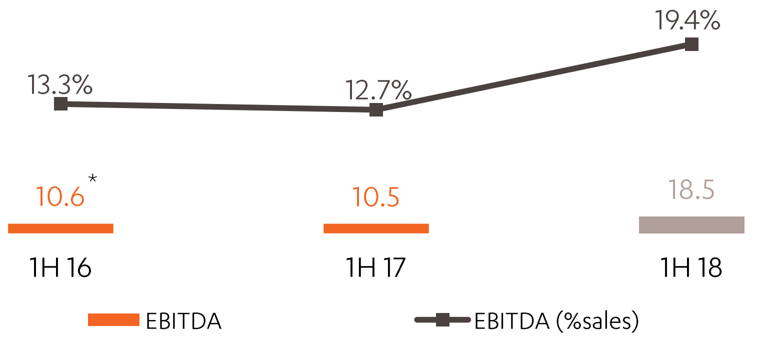
Business Units

Raw Materials

Sales



EBITDA



Sales increased by 15.2% to 95.4 M€

Sound business growth, mostly reflecting the performance of the Cork Stoppers BU;

EBITDA totalled 18.5 M€ and EBITDA margin increased to 19.4%, on higher sales, strict cost control, efficiency gains and incorporation of cork purchased in 2016/17;

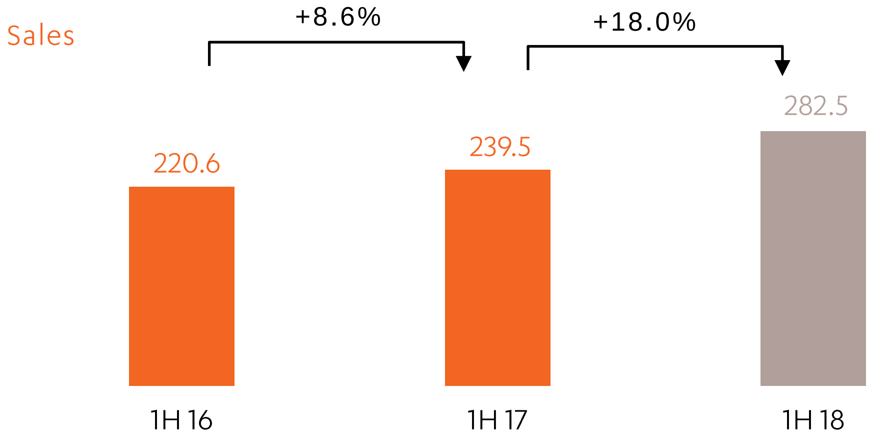
Profitability expected to slowdown through the year, reflecting the consumption of raw materials purchased at higher prices;

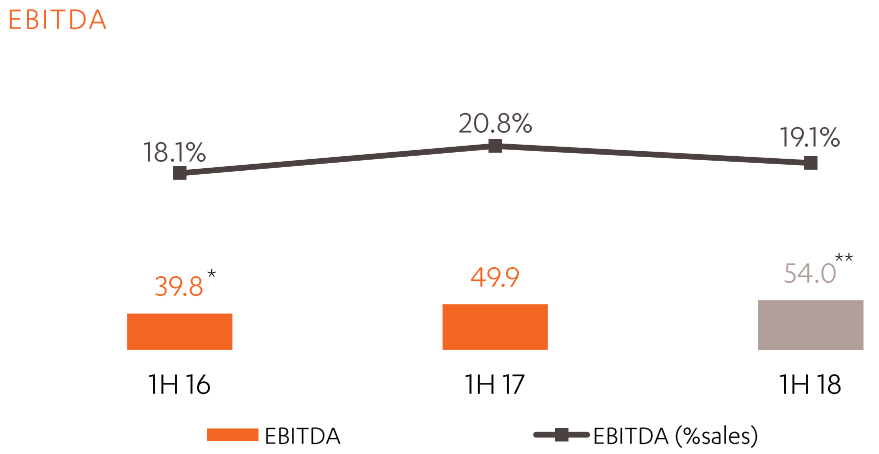
2018 cork campaign concluded; no major surprises in terms of quantities and prices (+17%); pricing pressure on other cork raw materials continued;

First phase of SAP successfully concluded; implementation of projects to promote automation and efficiency progressing according to plan.

Values in million euros.

Cork Stoppers





* excludes 3.7 M€: non-recurrent costs
** excludes 1.5 M€: non-recurrent gains

Sales increased by 18.0% to 282.5 M€

Acquisitions driving top-line growth;

Like-for-like sales growth of 3.1%, negatively impacted by the depreciation of the USD (at constant exchange rates, like-for-like sales growth of 5.9%);

At constant exchange rates, sales increased 20.8%;

Balanced growth across the different business segments: spirits (+14%), still wines (+4%) and sparkling wines (+3%);

Sound performance across the world, particularly in the traditional markets (France, Italy and Spain); lower performance in the US (on a weak USD) and Argentina;

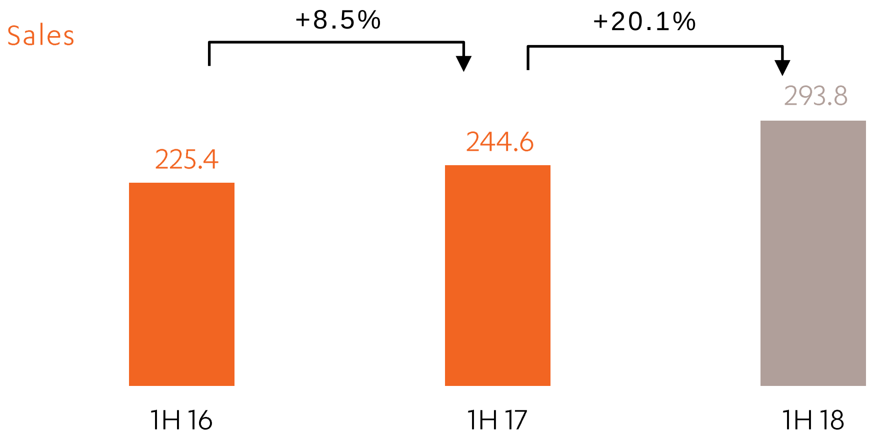
NDtech® sales of 25 million stoppers (1Q18: 10 million);

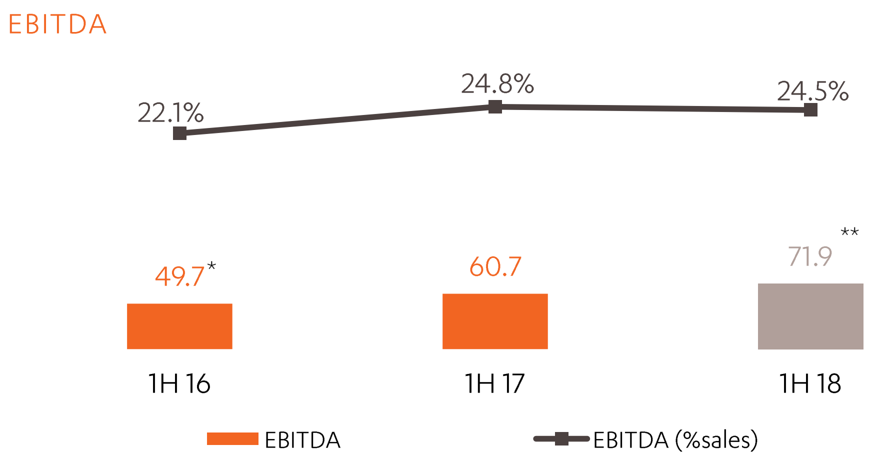
EBITDA increased to 54.0 M€ (+8.2%) reflecting the recent acquisitions as well as higher prices and product mix improvements, despite increasing raw material prices (expected to continue during the rest of the year);

Excluding acquisitions:
- Sales: 246.8 M€ (+3.1%);
- EBITDA: 45.8 M€ (-8.3%).

1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Raw Materials + Cork Stoppers



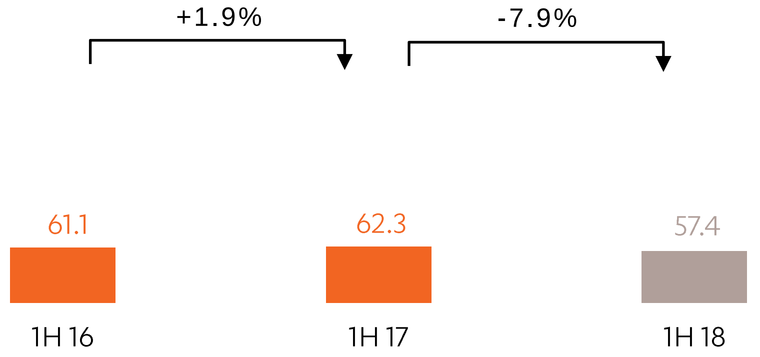


* excludes 3.7 M€: non-recurrent costs
** excludes 1.5 M€: non-recurrent gains

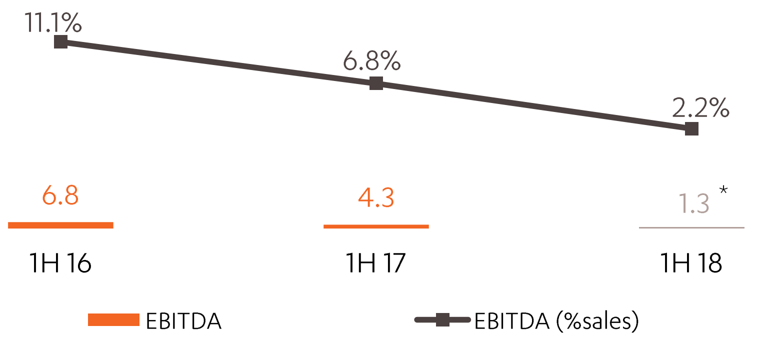
1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Floor & Wall Coverings

Sales



EBITDA



* excludes 0.9 M€: non-recurrent costs

Values in million euros.

Sales decreased by 7.9% to 57.4 M€

Activity growth remained under pressure, due to reduced sales in the US, Germany and Russia; Scandinavia and Portugal posted sound sales growth in the first six months;

Sales of Hydrocork® and Authentica® continued to outperform (+14.7% combined sales growth), increasing their weight in the overall portfolio; Hydrocork® was the second best selling product;

EBITDA fell to 1.3 M€ on the back of declining sales, higher impairments (858 K€), raw material pricing pressure (cork and HDF) and increased costs (sales force); encouraging signals from efficiency-oriented projects (Recork);

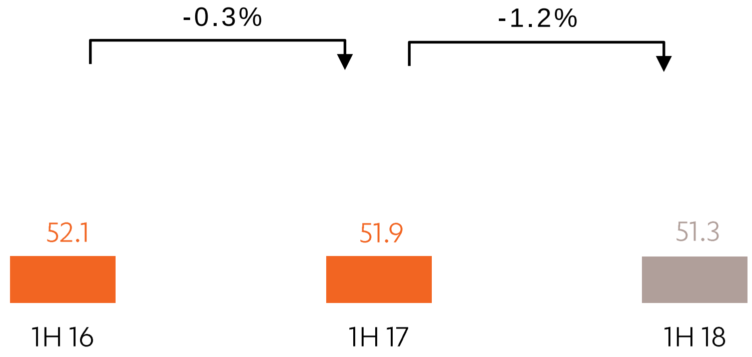
Non-recurrent costs of 850 K€ reflecting implementation of new restructuring measures;

Purchase of the remaining stake (49%) in Timberman Denmark for 2.4 M€;

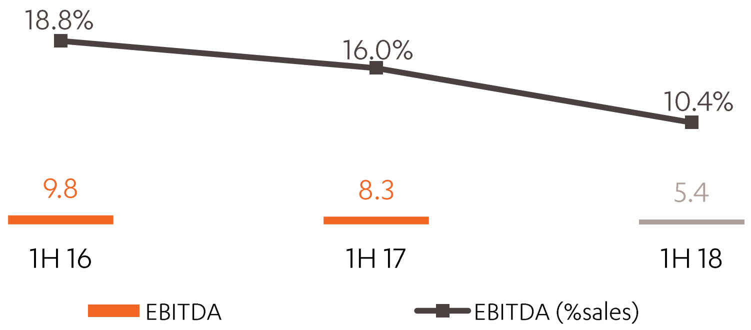
Restoring profitability and preparing the way for a sustainable growth are the key focus for this BU; the launch of a new generation of products well on track and expected by late 2018/early 2019.

Composite Cork

Sales



EBITDA



Sales decreased by 1.2% to 51.3 M€

At constant exchange rates, the Composite Cork BU delivered sales growth of 3.3%, reflecting price increases, volume growth and product mix improvements;

Sales decrease also reflect the decision to stop supplying Hydrocork® inlays (following the investment in the new press at the Wall & Floor Coverings BU);

Significant sales growth to EMEA (in all business clusters), but lower sales in Asia (Flooring Manufacturers); at constant exchange rates, sales increased 4.9% in North America, driven by construction and industrial clusters (but FX brought overall sales down by 6.1%);

Major sales changes:

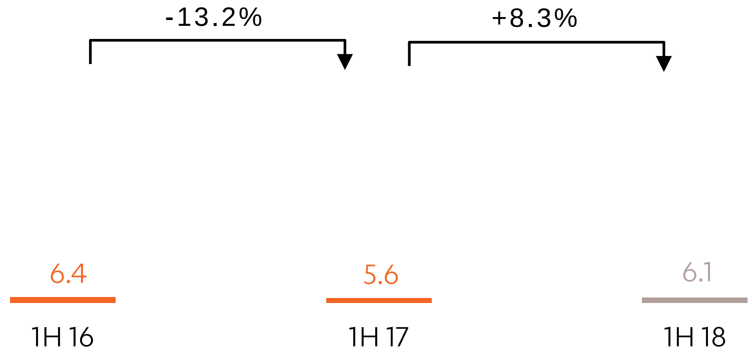
- Increases: Footwear, Sports Surfaces;
- Decreases: Panels & Composites, Flooring Distributors;

EBITDA totalled 5.4 M€ and EBITDA margin decreased to 10.4%, negatively impacted by the USD, higher raw material costs (cork and non-cork) and lower grinding yields, despite price increases and a more favorable product mix.

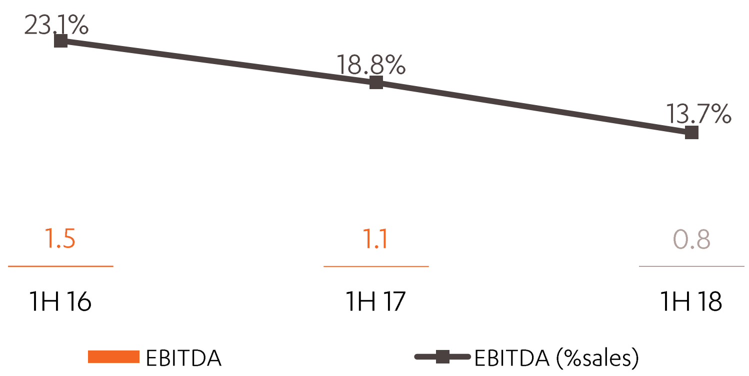
Values in million euros.

Insulation Cork

Sales



EBITDA



Sales increased by 8.3% to 6.1 M€

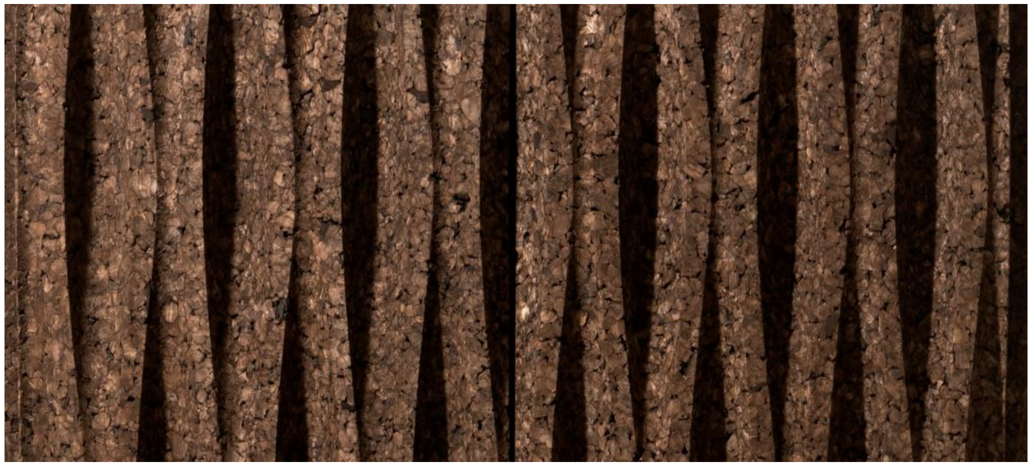
The depreciation of the USD continued negatively to impact the BU's activity;

Price increases and higher activity levels supported sales growth in the first six months;

Major sales decrease in Asia and the Middle East, while Europe showed positive sales growth;

EBITDA stood at 0.8 M€ (-21%), despite increased sales:

- Consumption of more expensive raw materials;
- Higher costs;
- Increased impairments;
- Less favorable product mix.



Values in million euros.

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Key Financials

Sales by Business Unit

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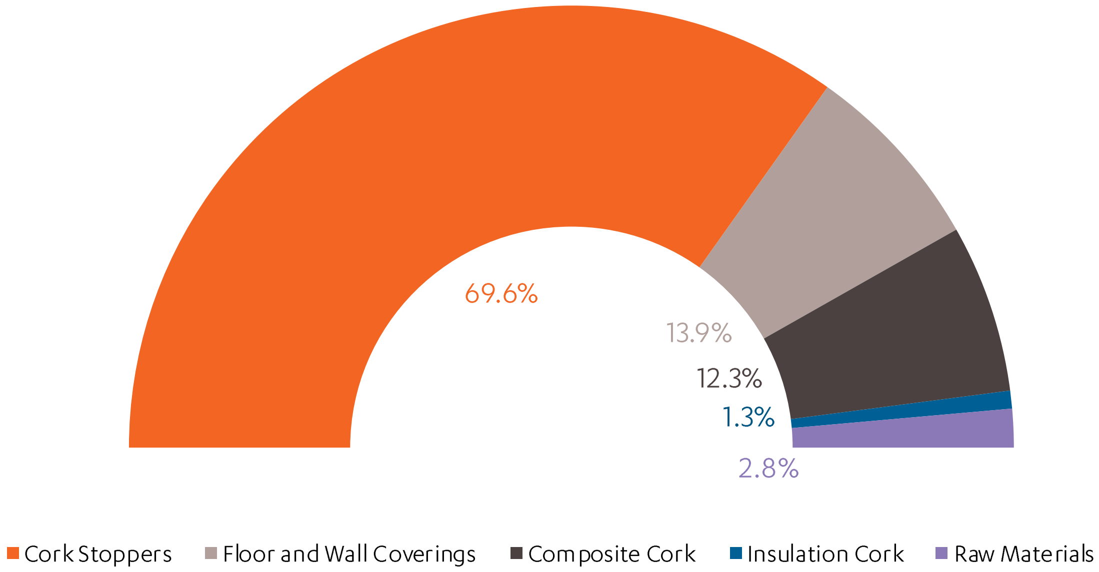
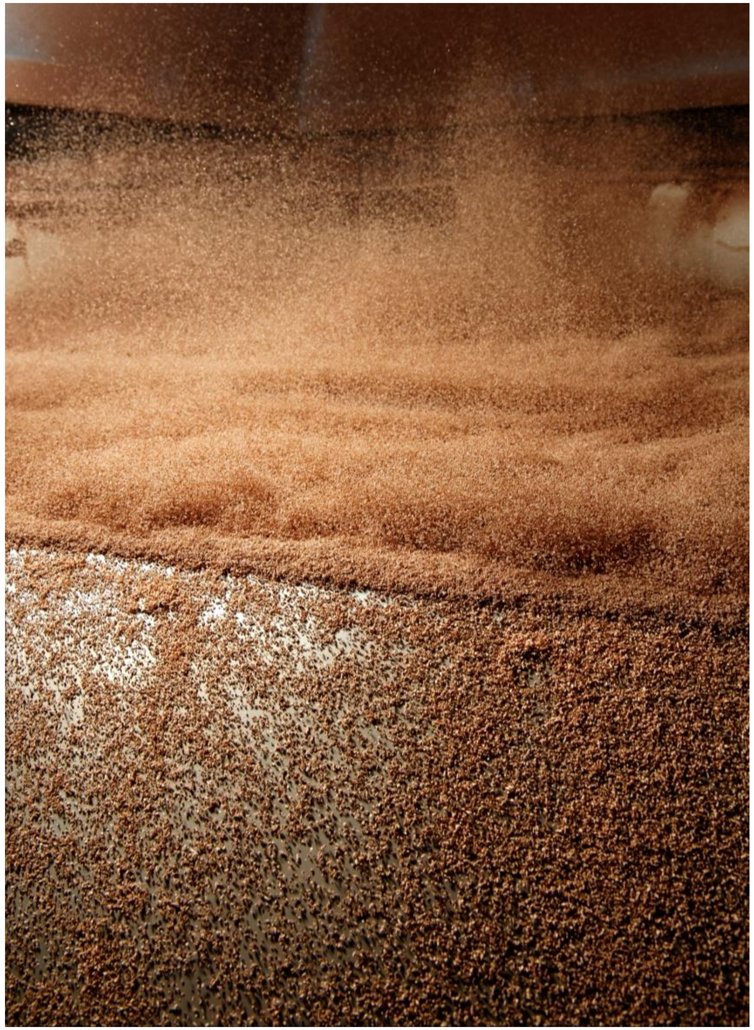


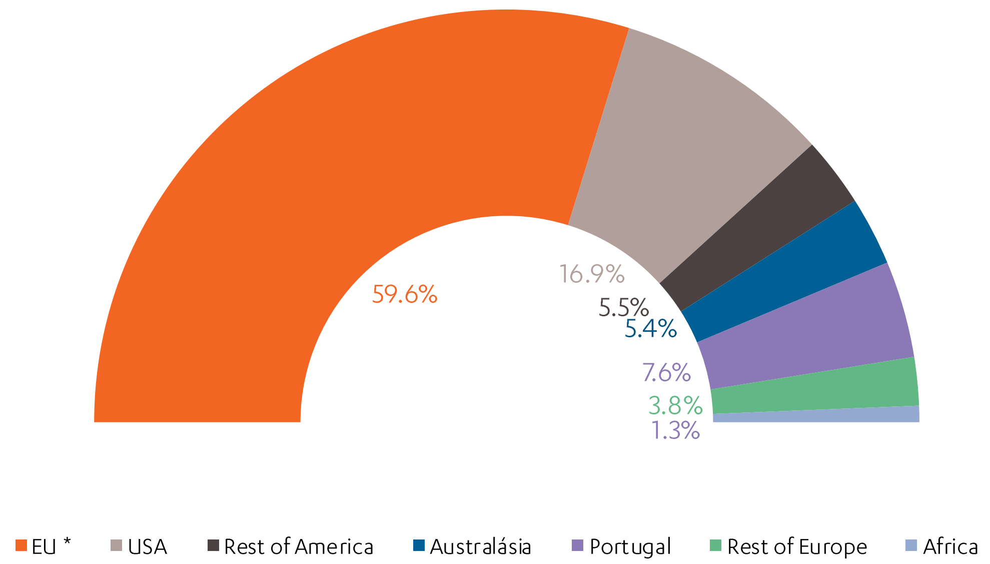
	1H 16	1H 17	1H 18
Cork Stoppers	65.1%	66.8%	**69.6%**
Floor and Wall Coverings	17.8%	17.1%	**13.9%**
Composite Cork	14.2%	13.2%	**12.3%**
Insulation Cork	1.5%	1.4%	**1.3%**
Raw Materials	1.4%	1.4%	**2.8%**
	100%	100%	100%

1H18 figures include Bourrassé, Sodiliège and Elfverson.

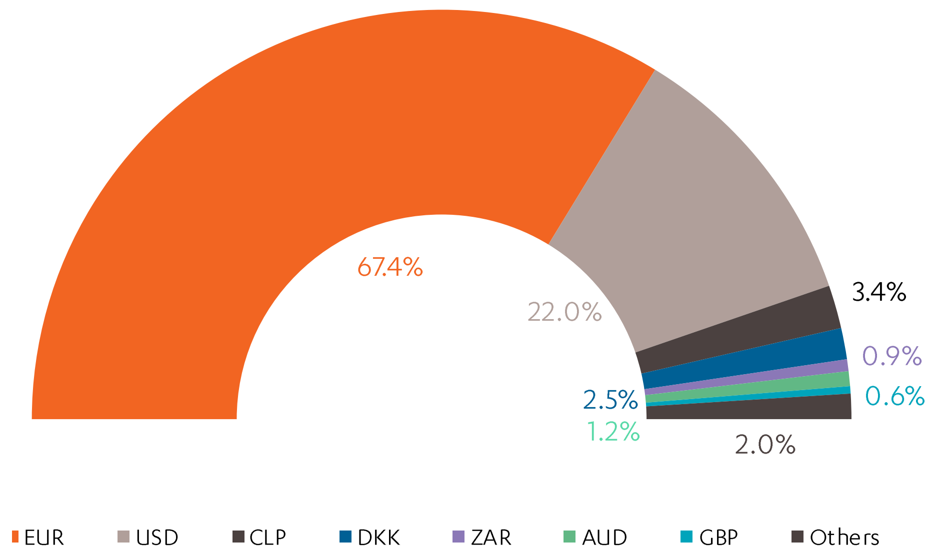


Sales to more than 100 countries

Sales by geographic areas

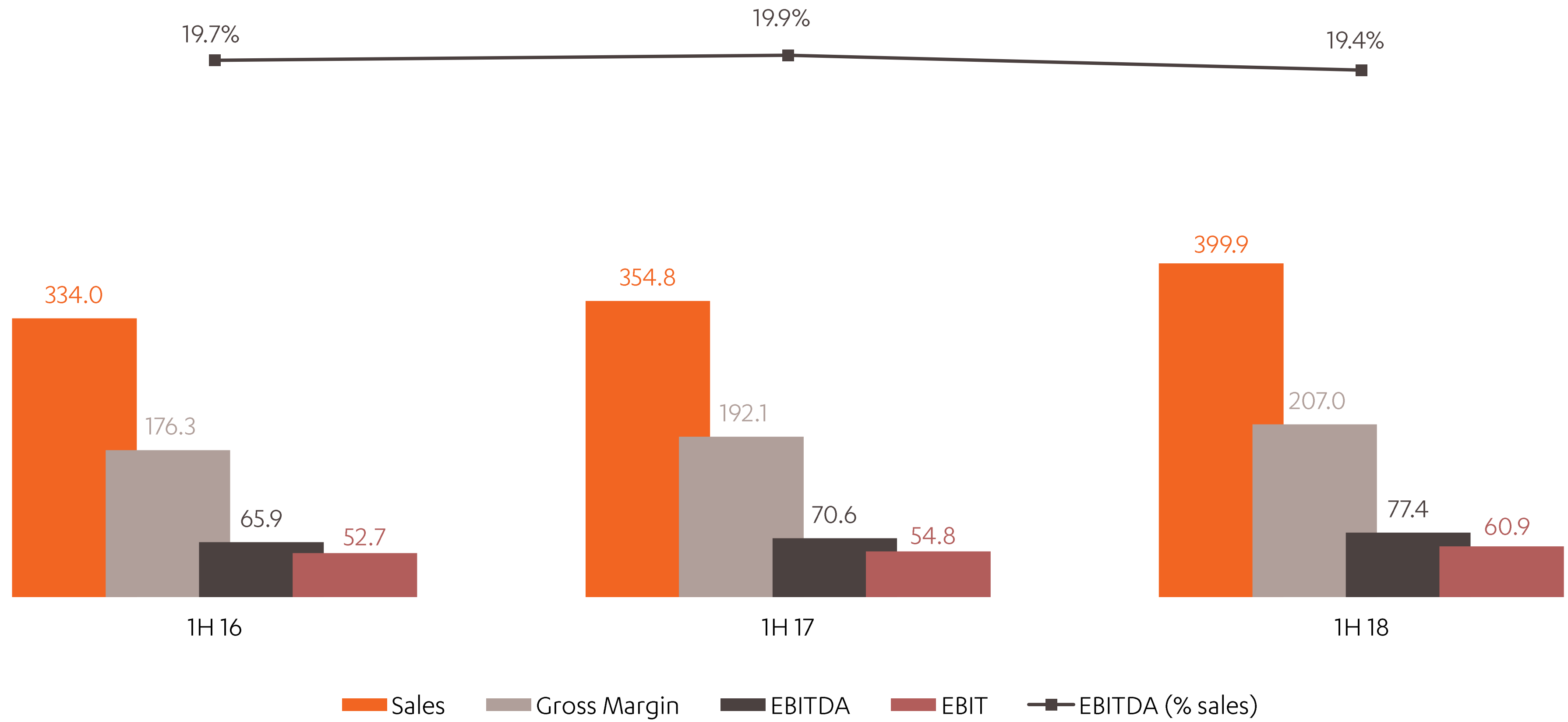


Sales by currency



1H18 figures include Bourrassé, Sodiliège and Elfverson.

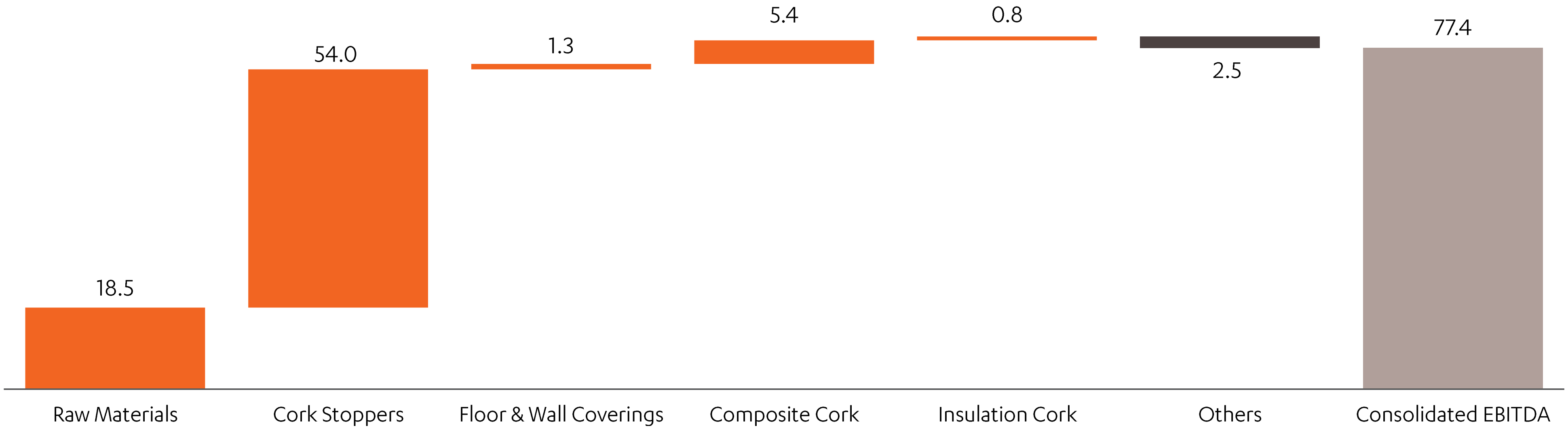
Sales | Gross Margin | EBITDA | EBIT



1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

EBITDA by BU

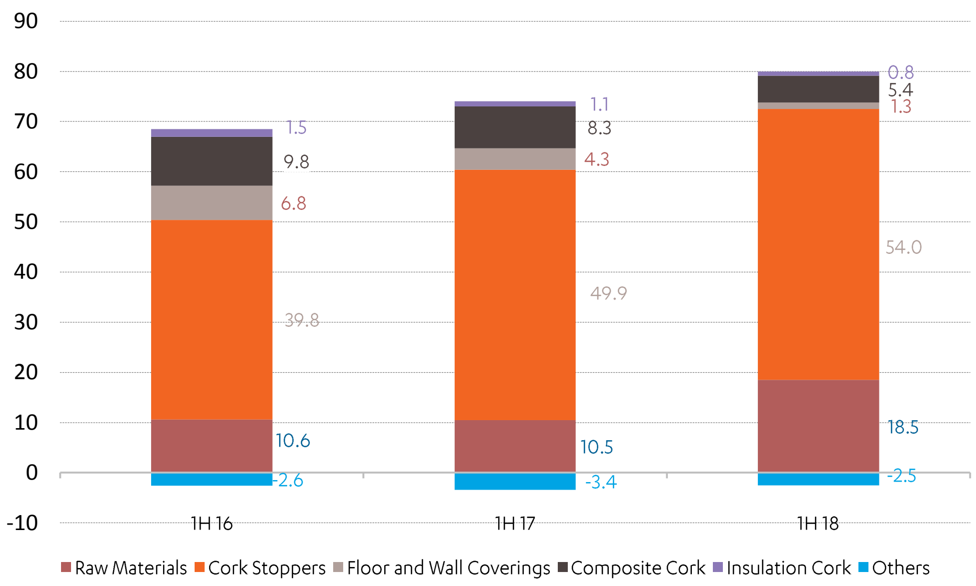
EBITDA by BU



1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

EBITDA by BU

EBITDA by BU (value)

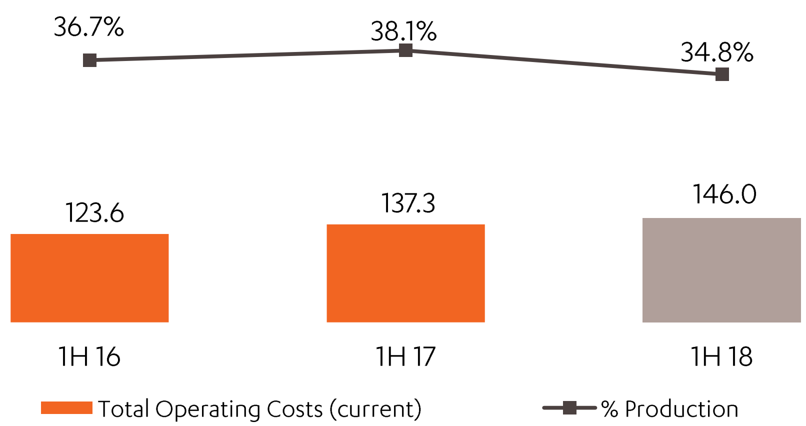


EBITDA/Sales (%)	1H 16	1H 17	1H 18
Raw Materials + Cork Stoppers	22.1%	24.8%	**24.5%**
Floor and Wall Coverings	11.1%	6.8%	**2.2%**
Composite Cork	18.8%	16.0%	**10.4%**
Insulation Cork	23.1%	18.8%	**13.7%**
Consolidated	19.7%	19.9%	**19.4%**

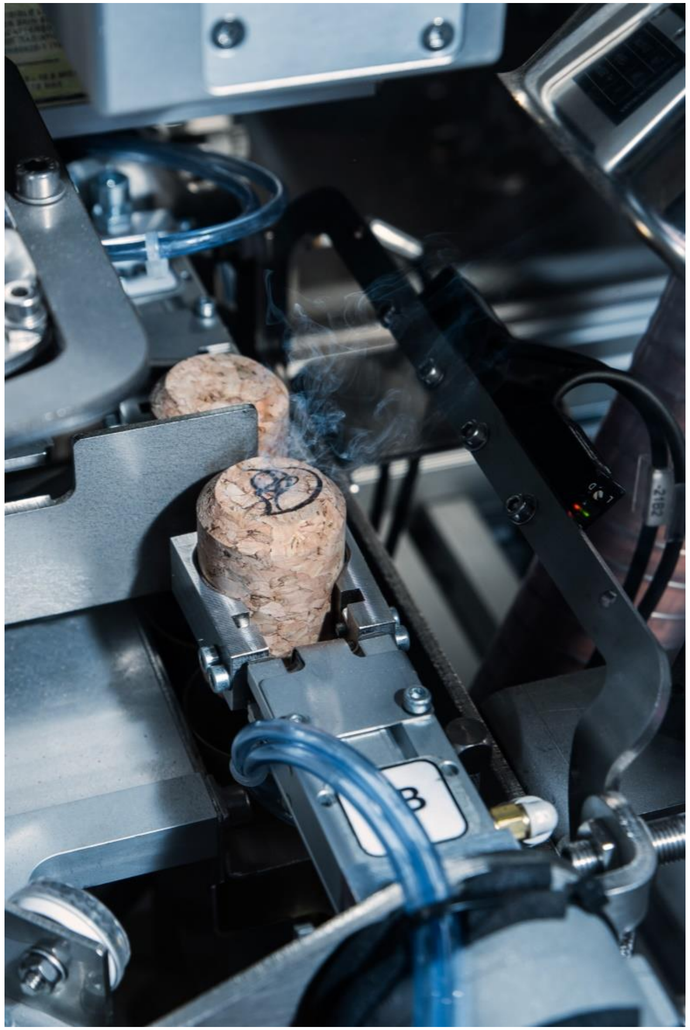
1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Operating Figures

Operating costs



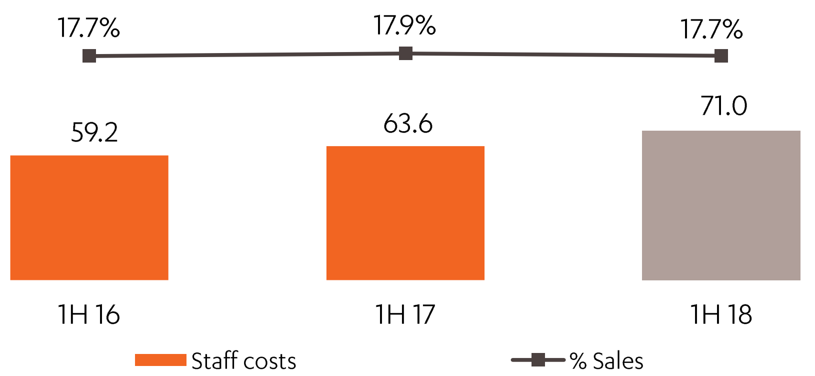
	1H 16	1H 17	1H 18	yoy
External supplies	52.1	56.0	**61.2**	9.2%
Transports	11.4	11.7	**12.9**	9.7%
Energy	6.6	6.6	**7.5**	13.2%
Staff costs	59.2	63.6	**71.0**	11.5%
Depreciation	13.2	15.8	**16.5**	4.4%
Impairments	1.0	2.5	**0.3**	-85.9%
Others	-1.9	-0.6	**-2.9**	390.8%
Total Operating Costs (current)	123.6	137.3	**146.0**	6.4%



1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

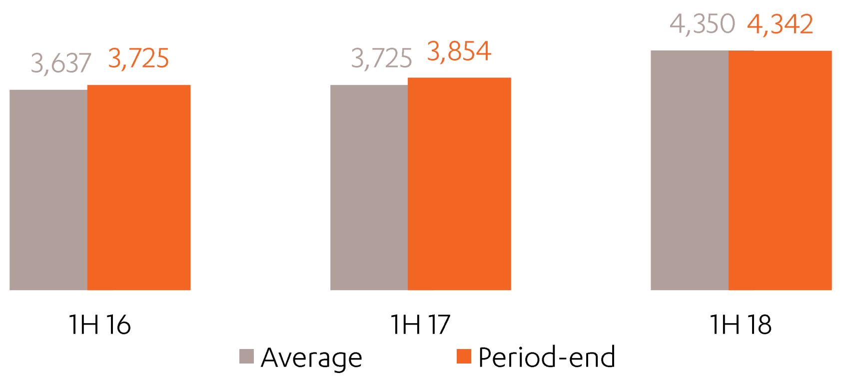
Staff

Value and % (sales)



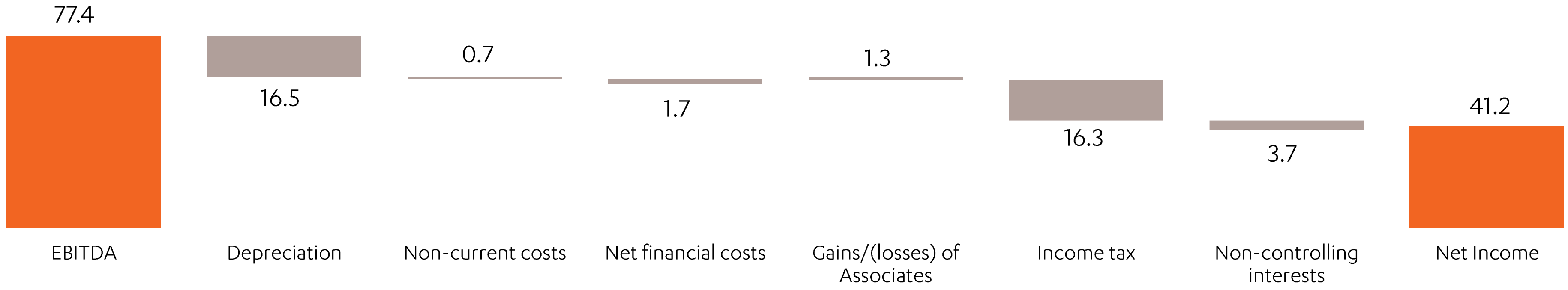
Values in million euros.

Number of employees



1H18 figures include Bourrassé, Sodiliège and Elfverson.

Net Income



	1H 16	1H 17	1H 18	yoy
EBITDA	65.9	70.6	**77.4**	9.6%
Depreciation	13.2	15.8	**16.5**	4.4%
Net financial costs	1.0	0.4	**1.7**	289.7%
Non-current costs	3.7	-	**-0.7**	-
Share of (loss)/profit of associates	0.9	0.8	**1.3**	62.5%
Profit before tax	49.0	55.2	**61.3**	10.9%
Income tax	13.1	15.9	**16.3**	2.7%
Non-controlling interest	0.7	1.6	**3.7**	135.7%
Net Income	35.1	37.8	**41.2**	9.2%

1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Key Consolidated Indicators

Sales up 12.7% to 399.9 M€;

EBITDA/Sales: 19.4%;

Non-recurrent results related to reversal of provisions for labour and customs litigation in Amorim Argentina and the booking of additional restructuring provisions at the Floor & Wall Coverings BU;

Net Income up by 9.2% to 41.2 M€;

Main applications of EBITDA (77.4 M€), Net Debt increase (9.3M€) and Grants (1.1 M€):

30.9 M€ Working Capital Needs;
23.4 M€ Capex;
7.9 M€ Acquisitions;
24.6 M€ Dividends Paid;
1.0 M€ Other

Capex expected to grow through the year and total 50 M€ in 2018;

The AGM held on April 13 approved a dividend of 0.185€ per share, paid on April 30.

	1H 16	1H 17	1H 18	yoy
Sales	334.0	354.8	**399.9**	12.7%
Gross Margin	176.3	192.1	**207.0**	7.7%
Gross Margin / Prodution	52.4%	53.3%	**49.3%**	-4.1 p.p.
Operating Costs (incl. depreciation)	123.6	137.3	**146.0**	6.4%
EBITDA	65.9	70.6	**77.4**	9.6%
EBITDA / Sales	19.7%	19.9%	**19.4%**	-0.5 p.p.
EBIT	52.7	54.8	**60.9**	11.1%
Non-recurrent costs	3.7	-	**-0.7**	-
Net Income	35.1	37.8	**41.2**	9.2%
Earnings per share (€)	0.264	0.284	**0.310**	9.2%

EBITDA and EBIT do not include non-recurrent costs.

1H18 figures include Bourrassé, Sodiliège and Elfverson.
Values in million euros.

Debt | Ratios

	1H 16	2016	1H 17	2017	1H 18
Net Debt	80.1	35.9	11.1	92.8	**102.1**
Net Assets	702.3	726.9	777.5	869.4	**931.9**
Equity and Minority interests	368.4	426.9	439.9	460.0	**475.0**
Net Debt / EBITDA *	0.71	0.29	0.09	0.69	**0.73**
EBITDA / Net Interest	103.4	108.6	230.3	135.9	**136.6**
Equity / Net Assets	52.5%	58.7%	56.6%	52.9%	**51.0%**
Gearing	21.7%	8.4%	2.5%	20.2%	**21.5%**
Net working capital (NWC) **	296.9	286.6	299.5	361.1	**388.9**
NWC** / Market capitalization	31.0%	25.4%	17.5%	26.4%	**26.1%**
NWC** / Sales x 360	160.0	160.9	152.0	179.5	**189.0**
Free cash flow (FCF)	27.8	86.9	40.3	34.0	**25.3**
Capex	13.9	33.6	14.3	43.7	**23.4**
Return on invested capital (ROIC)	17.7%	16.9%	17.9%	15.0%	**15.3%**
Average Cost of Debt	1.70%	1.80%	1.64%	1.67%	**1.40%**

* Current EBITDA of the last four quarters
** NWC calculation method was changed with impact on the other operating assets and liabilities. To allow comparability and analysis of NWC variation, comparative data was reexpressed
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)

2017 figures include Bourrassé and Sodiliège; 1H18 figures include Bourrassé, Sodiliège and Elfverson.
1H17 and 2017 figures according to statutory financial statements.
Values in million euros.

Balance Sheet

AMORIM

Assets

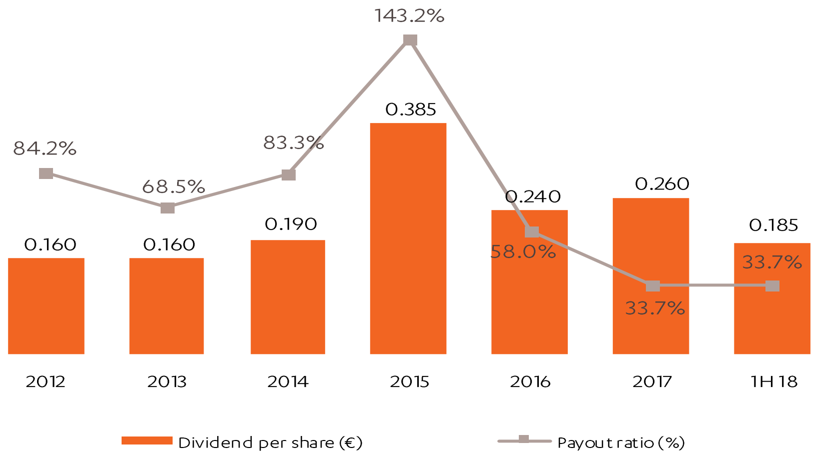
	1H 17	2017	1H 18
Goodwill	-	9.8	14.0
Tangible assets	194.5	227.9	235.6
Other non-current assets	32.4	36.4	35.0
Total non-current assets	**226.9**	**274.2**	**284.6**
Inventories	281.2	359.1	356.7
Raw materials	142.0	205.7	189.7
Finished products and WIP	113.6	129.7	147.2
Others	25.5	23.7	19.8
Trade receivables	173.0	167.6	202.8
Other current assets	96.4	68.5	87.8
Corporate Income Tax	2.4	13.3	14.2
Cash	61.4	17.0	22.5
VAT receivable	20.6	21.4	20.5
Others	11.9	16.8	30.7
Total current assets	**550.5**	**595.2**	**647.3**
Total Assets	**777.5**	**869.4**	**931.9**

Liabilities & Equity

	1H 17	2017	1H 18
Share capital	133.0	133.0	133.0
Reserves	252.5	224.4	268.6
Net income	37.8	73.0	41.2
Non-controlling interest	16.6	29.5	32.2
Equity	**439.9**	**460.0**	**475.0**
Bank borrowings	37.7	48.1	40.9
Provisions	29.9	41.3	38.8
Other non-current liabilities	23.5	44.0	44.5
Total non-current liabilities	**91.1**	**133.4**	**124.2**
Bank borrowings	34.8	61.7	83.7
Trade payables	138.4	157.1	160.6
Accrued costs	31.5	29.6	34.7
State and social security - withholding/VAT/others	29.1	15.8	33.5
Other current liabilities	12.7	11.9	20.2
Total current liabilities	**246.5**	**276.1**	**332.6**
Total Liabilities and Equity	**777.5**	**869.4**	**931.9**

2017 figures include Bourrassé and Sodiliège; 1H18 figures include Bourrassé, Sodiliège and Elfverson.
1H17 and 2017 figures according to statutory financial statements.
Values in million euros.

Dividends



Attractive dividend payment:

2014**: 23.9 M€**; 9.3% of dividend yield (15.1 M€+ 8.8 M€);

2015: **50.2 M€**; 13.5% of dividend yield (17.6 M€ + 32.6 M€);

2016: **31.9 M€**; 5.5% of dividend yield (21.3 M€ + 10.6 M€);

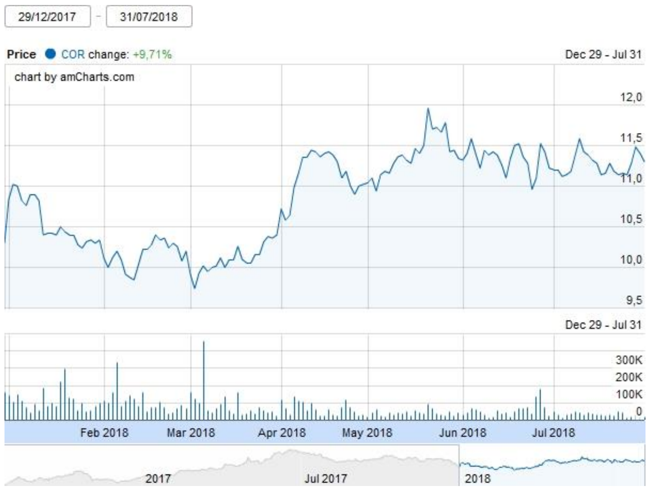
2017: **34.6 M€**; 3.6% of dividend yield (23.9 M€ + 10.6 M€);

1H18: **24.6 M€**; 1.7% of dividend yield (0.185 €/share).

		2012	2013	2014	2015	2016	2017	1H 18
Issued shares	Qt.	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000
Year-end close (N-1)	€	1.350	1.600	2.210	3.020	5.948	8.500	10.300
Earnings per share (N-1)	€	0.200	0.246	0.242	0.285	0.431	0.772	0.549
Payout	**%**	**84.2%**	**68.5%**	**83.3%**	**143.2%**	**58.0%**	**33.7%**	**33.7%**
Dividend per share	€	0.160	0.160	0.190	0.385	0.240	0.260	0.185
Dividend Yield	**%**	**14.0%**	**11.3%**	**9.3%**	**13.5%**	**5.5%**	**3.6%**	**1.7%**

Dividend of year N-1 is payed in year N
Dividend yield = dividend per share/average share price (N-1)
2015: dividend of 0.385€ per share includes an additional dividend of 0.195€ per share (Nov. 2015) as an application of gains accrued in the ABB of treasury stock (5.62%)

Stock Market|CORA.LS



Source: Euronext

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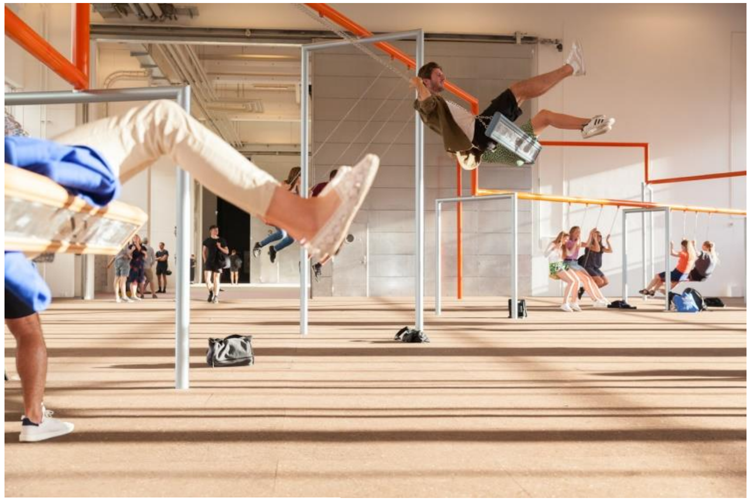
	2012	2013	2014	2015	2016	2017	1H 18
Qt. of shares traded	2,856,436	2,184,858	3,481,685	12,693,424	10,801,324	19,290,907	9,618,484
Share price (€):							
Maximum	1.650	2.400	3.650	6.290	9.899	13.300	12.000
Average	1.420	2.040	2.850	4.340	7.303	11.067	10.783
Minimum	1.270	1.560	2.200	2.990	5.200	8.180	9.670
Period-end	1.600	2.210	3.020	5.948	8.500	10.300	11.220
Trading Frequency	85.2%	89.3%	96.1%	98.8%	100.0%	100.0%	100.0%
Stock market capitalisation at period-end (€)	**212,800,000**	**293,930,000**	**401,660,000**	**791,084,000**	**1,130,500,000**	**1,369,900,000**	**1,492,260,000**

Source: Euronext|Corticeira Amorim

Qt. of shares traded in 2015 includes the ABB of 7,399,262 shares (17-09-2015).



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