

Net income as of September reaches EUR 55 M

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Corticeira Amorim, SGPS, S.A.

Public Company

Edifício Amorim I

Rua de Meladas, n.º 380

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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 600 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:

- Sales registered remarkable growth of 6%
- EBITDA rose 19% to EUR 95.5 M
- Net income reached EUR 55 M, an increase of 33% compared to the same period of the previous year, equivalent to the result of the entire 2015 financial year
- Proposal for the distribution of reserves to shareholders in the amount of EUR 0.08 per share

Corticeira Amorim closed the first nine months of the year with sales of EUR 491 M, representing an increase of 6% compared to the same period last year. Net income reached EUR 55.224 M, a rise of 32.7% versus the first nine months of 2015 (EUR 41.61 M).

The exchange rate did not have a material impact on sales recorded in this 2016 period, contrary to the same period of 2015 in which the currency exchange rate effect was quite favourable.

Accumulated EBITDA reached EUR 95.5 M as a result of the combined effect of sales growth, the good gross margin and lower operating costs. This result for EBITDA represents a remarkable growth on the EUR 80.2 M figure recorded in the same period last year.

The EBITDA/Sales ratio for the first nine months reached 19.4%, a favourable evolution from 17.3% registered in the same period of 2015.

The finance function continues to benefit from the ongoing fall in value of interest-bearing debt and lower interest rates. Net expenditure with interest-bearing debt at the end of this third quarter dropped to EUR 1.3 M (9M15: EUR 1.7 M).

As informed on the 20th October 2016, Corticeira Amorim announced the sale of its shareholding in the associate US Floors, Inc. It is estimated that the transaction will be carried out in the fourth quarter of this year. The impact of that sale on the consolidated accounts of Corticeira Amorim has not yet been ascertained.

Main Business Unit exceeds 320 million euros in sales

The Raw Materials Business Unit continued the growth trend, recording a sales increase of around 9%. Accumulated EBITDA to September 2016 reached EUR 13.9 M, a positive YoY change of 3.3%.

The objectives set for this BU were fully attained at the end of the quarter, on completion of the 2016 cork procurement campaign.

Sales of the **Cork Stoppers BU** reached EUR 324 M, which is equivalent to growth of 7.4% compared with the same period of the previous year.

The reason for the increase in sales continues to be half due to the volume effect, and the remaining from the mix effect, especially in terms of natural cork stoppers, the highest value added product of this BU. The positive effect from this development was further complemented by the first transactions of stoppers with NDtech technology in the third quarter.

EBITDA reached an accumulated value of EUR 58.6 M, representing 18.1% of sales at the end of the nine months. It is noteworthy that the consolidated EBITDA/Sales ratio of the Raw Materials and Cork Stoppers BU together was 21.7%.

The **Floor & Wall Coverings BU** continued during this period the growth trend registered in previous quarters. The BU's sales of EUR 89.8 M (+6.4%) continued to benefit from the good performance of the Hydrocork® range. The impact of the new Authentica® line also deserves to be mentioned, which - making use of the solid vinyl layer unnecessary, and increasing the cork inlay thickness - differentiates itself from the other solutions of this vinyl visual design segment as a more environmentally friendly option.

The increase in activity and the reduction of operating costs allowed accumulated EBITDA to reach EUR 9.3 M (+ 29.9%).

The **Composite Cork BU** recorded accumulated sales of EUR 77 M (+2.4%), at the end of September. The fall in the pace of growth in the third quarter is mainly due to exceptional sales recorded in the third quarter of 2015 (where growth was 27%). The three main business areas (Retail, Construction and Industry) recorded significant growth, though at a slower pace.

The improvement in the percentage gross margin benefitted from the lower prices of some raw materials, from the increased business activity and from reduced industrial costs, which raised EBITDA to EUR 14.8 M, an increase of 29% over the same period of 2015.

The **Insulation Cork BU** achieved accumulated sales of EUR 9 M, an increase of 18.8% in comparison with the first nine months of 2015. This

increase was mainly generated by the expanded cork agglomerate and the MDFaade solutions.

EBITDA reached EUR 2 M, a rise of 61% compared to the same period of the previous year.

Distribution of free reserves in the amount of EUR 0.08 per share

The solid growth of activity and the results of recent financial years, as well as the prospects for the current year, have allowed Corticeira Amorim to generate increasing cash flows and to subsequently strengthen its equity-to-total assets ratio. It is therefore possible to distribute reserves to shareholders and maintain an efficient capital structure for Corticeira Amorim. Hence, the Board of Directors proposes to convene the General Meeting of Shareholders to propose the distribution of free reserves equivalent to the gross amount of EUR 0.08 per share, to be distributed to shareholders in proportion to their shareholdings.

This dividend adds to EUR 0.16 per share paid in the first half of the year.

Preparation and disclosure of Quarterly Information

As provided for in paragraph 2 of Article 246-A of the Portuguese Securities' Code, Corticeira Amorim, SGPS, S.A. informs of its decision to continue to prepare and disclose consolidated quarterly financial information, in terms identical to current practices of the Company.

Consolidated Indicators

	9M16	9M15	Variation	3Q16	3Q15	Variation
Sales	490,857	462,889	6.0%	156,900	153,692	2.1%
Gross Margin – Value	256,175	242,339	5.7%	79,899	77,080	3.7%
1) 53.0%		50.7%	+ 2.3 p.p.	54.4%	52.0%	+ 2.4 p.p.
Operating Costs - current	178,790	180,899	-1.2%	55,217	55,961	-1.3%
EBITDA - current	95,446	80,155	19.1%	29,592	25,777	14.8%
EBITDA/Sales	19.4%	17.3%	+ 2.1 p.p.	18.9%	16.8%	+ 2.1 p.p.
EBIT - current	77,385	61,440	26.0%	24,682	21,120	16.9%
Non-current costs	2) 3,730	2,907	N/A	0	-5	N/A
Net Income	55,224	41,610	32.7%	20,078	15,388	30.5%
Earnings per share	0.415	0.330	25.9%	0.151	0.122	23.8%
Net Bank Debt	3) 64,255	86,277	-22,022	-	-	-
Net Bank Debt/EBITDA (x)	4) 0.55	0.86	-0.31 x	-	-	-
EBITDA/Net Interest (x)	5) 105.6	69.5	36.12 x	46.5	62.5	-16.05 x
Equity/Net Assets	53.4%	52.1%	+ 1.4 p.p.	-	-	-

1) Related to Production

2) Figures refer to the provision for labour 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)

3) 9M15: Excluding the value of the dividend proposal of the Board of Directors to the GSM amounting to 32.6 M € to be paid in November

4) Current EBITDA of the last four quarters

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