

#41 APRIL '19

BARK TO BOTTLE

EXCELLENCE IS IN OUR NATURE



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CORK'S SUSTAINABILITY CREDENTIALS HIGHLIGHTED DURING 2019 PORTO SUMMIT

FORMER US VICE PRESIDENT AL GORE
ATTENDED THE 2019 CLIMATE CHANGE
LEADERSHIP PORTO SUMMIT

PORTUGAL

Cork's sustainability credentials highlighted during the Climate Change Leadership Conference – Solutions for the Wine Industry

Hundreds of wine industry experts attended the 2019 Climate Change Leadership Conference – Solutions for the Wine Industry, whose final day included the 2nd Porto Summit, with former US Vice President and Nobel Laureate, Al Gore, as keynote speaker.

Gore underlined the need to respond to the “global emergency” of climate change and said that watching news about massive wildfires in major wine-producing territories – such as Portugal and California – felt like ‘something out of the Book of Revelation’.

Climate change is one of the biggest challenges facing wine producers and a key concern for wine consumers.

During the 3-day event, held between March 5-7 in Porto, experts discussed how the wine industry can play a key role in conserving the planet's resources – including water, topsoil, forests, biodiversity and clean oceans.

The event was organized by the Fladgate Partnership, owner of Taylor's and Croft Port houses, and its sponsors included Corticeira Amorim.

Experts attending included Margareth Henriquez of Krug, Katie Jackson of Jackson Family Wines, Miguel Torres of Bodegas Torres, Gilles Descôtes of Bollinger and wine climatologist Greg Jones.

The Conference sessions identified numerous strategies implemented by wineries and vineyards to help increase sustainability and combat climate change, such as water-saving technologies, renewable energy initiatives, biodiversity programmes and California's first ‘Self Sustainable Winery’ at UC Davis.





CLIMATE CHANGE IS
ONE OF THE BIGGEST
CHALLENGES FACING WINE
PRODUCERS AND A KEY
CONCERN FOR WINE
CONSUMERS

The importance of cork

The importance of environmentally-friendly wine packaging was highlighted during the 2019 Porto Summit – focusing in particular on the advantages of glass bottles versus plastic containers, and cork stoppers versus artificial closures.

There are very good reasons why glass, cork and wine have been allies for centuries and issues of climate change and sustainability have brought this question into stark focus.

António Amorim, CEO of Corticeira Amorim, gave a presentation in which he explained how the cork stopper business plays a key role in boosting the overall sustainability of the wine industry.

He highlighted the cork industry's unbeatable sustainability credentials and its crucial environmental contribution and symbiotic link to the wine industry – given that cork stoppers continue to generate over 70% of the sector's value added.

He also revealed that over the next 10 years Corticeira Amorim will spearhead the planting of around 60,000 hectares of new cork forests, which is vital given cork forests' CO₂ retention capacity – in Portugal alone they are estimated to retain 14 million tons of CO₂ per year.

The 2.2 million hectares of cork forest in Western Europe are biodiversity hotspots that harbour an essential reservoir of animal and plant species and help reduce human desertification of rural zones.

Kim Carstensen, Director General of FSC International provided a presentation on labelling and packaging in which he explained how using FSC certified materials for wine can help reduce carbon emissions and create important social and environmental side benefits.

He identified the specific advantages of cork stoppers in this context and how the FSC's work addresses deforestation and forest degradation, and strengthens the contributions made by forests to sustainable development.

In this context, Amorim was the first cork producer to obtain FSC® chain of custody certificates in 2010 and was the first company in the world to obtain this certification in regard to packaging for the wine industry.

AMORIM WAS THE
FIRST CORK PRODUCER
TO OBTAIN FSC®
CHAIN CUSTODY
CERTIFICATES



The Porto Protocol

The Conference was a follow-up event to the 1st Porto Summit, held in June 2018, attended by former US president Barack Obama.

The Porto Protocol was launched during the 2018 Porto Summit and its Letter of Principles aims to foster sustainability.

It already has over 130 members, including Corticeira Amorim as a founding member and also one of its four mentor companies.

Other signatories include leading companies from the wine and cork sector, retailers such as Marks & Spencer, pharmaceutical companies such as Bial, car manufacturers such as Toyota, educational institutions such as the Universidade Católica Portuguesa and the University of Porto, and organisations such as Porto City Council and Turismo de Portugal.

The Porto Protocol's database of case-studies includes the Greencork cork waste management and recycling project - a joint initiative between Amorim and environmental organisation, Quercus.

As a mentor company of the Porto Protocol, Amorim pledges to foster its sustainability principles within its sphere of influence and value chain, while actively engaging with its suppliers to uphold these principles, and also striving to attract further signatories.

Because climate change and sustainability are top of the agenda.

USA

HELIX CHOSEN BY BRONCO'S THE GREAT AMERICAN WINE COMPANY

The ground-breaking Helix™ wine bottle and closure system – developed by Amorim and O-I – has been adopted by Bronco Wine Company's Great American Wine Company (GAWC) for its California wines.

Market data consistently confirms consumers' marked preference for natural cork stoppers, due to their superior sealing qualities and unbeatable sustainability credentials.

Consumers also value resealability and ease-of-use. This is where the twist-and-pop Helix™ comes into its own. It offers all the advantages of cork – including the hallmark “popping” sound when the cork is removed – but dispenses with the need for a corkscrew.

“The Helix Packaging concept is brilliant and paired with The Great American Wine Company brand should develop into a powerful programme for each of our companies,” enthused Fred Franzia, CEO founder of Bronco Wine Company.

“Knowing and understanding the importance of tradition, it just makes sense for the Great American Wine Company and Helix to be paired together,” added Franzia. “Made of natural and sustainable cork, Helix is the most innovative 21st century closure. It addresses our customer's need for convenience with the resealable, easy to twist-off cork, while preserving the elements synonymous with opening a wine bottle, like the premium feel and ‘pop’ the cork makes.”

The family-owned Bronco Wine Company founded in 1973, by Fred T., Joseph S. and John Franzia is fifth largest winery in the United States and the largest vineyard owner in the US. Its diverse family of brands is sold in over 90 countries worldwide.

In 2016 the Bronco Wine Company adopted Helix™ for its Red Truck® brand and has now extended its use of the solution with The Great American Wine Company.

Helix is consolidating its roll-out throughout the global wine market. Recent examples include wines sealed with this solution sold by the UK's oldest wine merchant, Berry Bros. & Rudd and by UK retail chain, the Co-op.

Market research indicates that Helix reinforces consumer interest in cork-sealed wines, in part because cork's pleasing ‘pop’ sound, is far more appealing than the metallic click of a screwcap, as confirmed by a 2017 Oxford University study.

Pedro Fernandes, GM of Napa-based Amorim Cork America, commented: “We are thrilled to be able to partner with Bronco and O-I to supply the US market with the innovative Helix, the only premium wine packaging solution delivering both convenience and sustainability”.

Santiago Castrillon, O-I General Manager, Americas North Wine & Spirits Business Unit, echoed this sentiment: “The spirit of the Great American Wine Company aligns fully with the innovation of Helix and beauty and purity of glass packaging. We are proud to partner with two great companies – Bronco and Amorim – on this excellent endeavour”.

Hailed as one of the greatest wine packaging innovations of the twenty-first century, Helix is already available across four continents, with more than two dozen brands using this pioneering product – in the UK, US, South Africa, France, Italy, Austria, Portugal and Spain.



USA

CORK-SEALED WINES HAVE 65% MARKET SHARE OF US PREMIUM WINES

CORK-SEALED WINES COMMAND A \$4 PRICE PREMIUM

Latest data from Nielsen Scanning Statistics confirms faster sales growth and rising dominance for cork-sealed brands, which now command a \$4 price premium.

Nielsen has been compiling data for the Top 100 Premium Brands in the US since 2010. Over this period cork-sealed wines in this category have recorded 65% growth in case sales, compared to a 20% drop for alternative closures. The market share of cork-sealed premium wines has risen by 37% contrasting with a 33% drop for wines sealed with artificial closures.

Cork-sealed wines already represent 65.9% of all case sales and 64.7% of sales turnover for the Top 100 Premium Brands. This proportion is forecast to continue to rise in the near future.

Cork-sealed wines command a \$4 price premium over wines sealed with artificial closures, strongly influenced by consumers' perception of cork as a mark of quality wine, superior sealing qualities and higher sustainability credentials.



© APCOR

Case sales by closure type

4 weeks ending	1/26/2019	2/6/2010	Change	%
Cork closures	960,391	581,655	378,736	65%
Alternatives	522,855	651,509	-128,654	-20%
Total Top 100	1,483,246	1,233,164	250,082	20%

4 weeks ending	1/26/2019	2/6/2010	Change	%
Cork closures	64.7%	47.2%	17.6%	37%
Alternatives	35.3%	52.8%	-17.6%	-33%

Pricing comparison	Cork Finish	Alternatives	Difference	%
Median price	\$ 14.32	\$ 10.35	\$ 3.97	38%

Source: Nielsen Scanning Statistics

CORTICEIRA AMORIM AWARDED THE INNOVATION & RESEARCH PRIZE IN REVISTA DE VINHOS' "BEST OF 2018"

Corticeira Amorim won the Innovation & Research prize in the Portuguese Food and Wine "Oscars" – the Revista de Vinhos magazine's "Os Melhores do Ano 2018" (Best of 2018) awards, held on 1 February in the Alfândega do Porto, with over 900 guests.

The 22nd edition had 100 nominees across 24 categories.

According to the organisers, the awards reflect the "work of total dedication, incessant pursuit of perfection, originality, leadership ability, expertise and industry recognition, and pay tribute to outstanding individuals, companies and products from the worlds of wine, gastronomy and tourism in 2018".

Other awards included a Career Tribute to Paul Symington (Symington Family Estates); Personality of the Year in Wine to João Roquette (Esporão), and the Wine Tourism award to the 17•56 Museum & Enoteca of the Real Companhia Velha.

Corticeira Amorim makes an unparalleled contribution to Research & Development and Innovation (R & D + I) across all its business units, well in excess of any other player in the cork industry.

The company annually invests €7.5 million in R&D + i, and also makes high investments in autonomous projects, using state-of-the-art technology and exclusive production processes.

The Group's pioneering R&D + i investments have underpinned its leadership of the sector and Corticeira Amorim now provides state-of-the-art solutions for the world's most demanding industries based on a 100% sustainable raw material.

In the Cork Stoppers BU, the R&D+I department has focused on the areas of product innovation, improved quality of cork stoppers and increased knowledge of the interaction between cork and wine.

Recent ground-breaking projects include the twist-to-open, Helix® system, and the revolutionary screening technology, NDtech, which offers the world's first natural cork with a non-detectable TCA guarantee*.

Amorim's research has improved our understanding of why wine ages better when sealed with cork stoppers – due to the oxygen and phenolic compounds existing within the stopper – and has thereby enabled the company to progressively consolidate the performance of its stoppers.

All these factors underpinned the decision by the Revista de Vinhos magazine to award Corticeira Amorim the Best Innovation & Research prize for 2018.

*releasable TCA content at or below the 0.5 ng/L quantification limit; analysis performed in accordance to ISO 20752.



INTERNATIONAL

AMORIM TOP SERIES UNVEILS INNOVATIVE CAPSULATED CORK STOPPERS

Amorim Top Series – a world-leading supplier of capsulated cork stoppers for the global spirits market – has recently unveiled innovative new stoppers and launched a new site (amorimtopseries.com) that offers enticing sensorial experiences.

To empower clients, the new site includes an Inspiration Box section – which in a few simple steps enables clients to “design” their own product and get an instant budget.

The bold innovative designs of the recently launched stoppers are tailored to current market trends in a rapidly evolving market, driven by a marked premiumization trend.

Spice Box incorporates an elegant transparent top with a swivel lid that can be used to store dried botanicals and spices, ideal for producing mouthwatering aromatic gins – a popular new trend, especially amongst Millennial drinkers.

The M.A.C. series – or Multi-Assembled Caps – is a customisable system of multi-components for Premium and Prestige stoppers, that enables clients to personalize their stoppers.

This customisable solution enables customers to become an integral part of the stopper design process.

Talisman is a capsulated stopper that incorporates a medallion on the top, which can be customised to include the client's brand, various colours and different materials, including metal medallions with gold and silver finishes. It is also possible to produce wooden medallions, and using laser printing create a leather or bone visual.

Fluid is a capsulated stopper whose overall appearance / texture / colour is based on a specially-designed resin, which can have different colours and visuals, for example natural visuals resembling stone and/or wood.

100% Natural Origin stoppers respond to the need to cater to increasingly eco-aware end consumers. They not only include natural cork but also a top covering made from new bio-based polymers that are exclusively derived from renewable and/or biodegradable sources.

These latest innovations complement previous innovations at Amorim Top Series – such as Whitetop® stoppers for white spirits, the Freedecor service – a revolutionary printing technology for capsulated stoppers and a new range of Pink stoppers launched in 2018.

Keeping one step ahead of market trends is vital to ATS' strategy and enables its clients to gain an edge over their competitors.



SPAIN

CORK IN THE SPOT LIGHT AT ARCO MADRID

The 2019 edition of Arco Madrid, one of the world's leading International Contemporary Art Fairs, put cork in the spotlight in its VIP Room.

Spanish artist, Lázaro Rosa Violán, developed the creative concept, in a project involving Corticeira Amorim and the prestigious magazine, AD.

Amorim provided Wicanders wall and flooring solutions, with multiple cork visuals, Cork Fabrics, Cork Wall, and technical advice.

The 1,200 m² VIP Room enabled artists, gallery owners, collectors and special guests to mingle, make contacts and schedule meetings.

The space also included a restaurant operated by Vilaplana, and overseen by Peruvian chef, Rafael Osterling.



USA

220-YEAR OLD PRISTINE CORK-SEALED MADEIRA WINES DISCOVERED IN LIBERTY HALL MUSEUM, NJ

A SELECTION FROM ONE OF THE BIGGEST EARLY COLLECTIONS OF MADEIRA WINE IN THE UNITED STATES, WAS SOLD AT CHRISTIE'S NEW YORK ON DECEMBER 7.

Further proof of cork's incredible sealing capacity was provided by the discovery of almost three cases of Madeira wine from 1796 and approximately 40 demijohns from the 1820s, which were sold at Christie's New York on December 7.

Madeira wine was the favourite of Founding Fathers such as James Madison and Thomas Jefferson.

The wines had been hidden behind an extra wall built in the basement of in the Liberty Hall Museum, at Kean University, New Jersey, probably erected during the Prohibition era. They were uncovered during restoration works conducted in 2015.

The contents had been preserved by the incredibly time-resistant cork seals.

The December 7 auction, which also included a collection of pre-prohibition whiskeys, included a selection of demijohns that were recorked in October 2018, in partnership with APCOR, the Portuguese Cork Association, and catalogued by Francisco Albuquerque, Winemaker for the Blandy's Madeira Wine Company, S.A., and Edwin Vos, Head of Wine at Christie's.

The lots include Lenox Madeira, imported by the Late Robert Lenox Esq. via Philadelphia in 1796, bottled in the Summer of 1798, Re-bottled in June 1888 (estimate: \$6,000-8,000 per bottle); Madeira 1846, Old Sercial in demijohn, recorked in 1871 and in October 2018 (estimate: \$35,000-55,000 per 5-gallon demijohn).

Much of the discovered Madeira is still labelled with handwritten tags and can be referenced in the thousands of Liberty Hall documents dating more than 200 years.

Edwin Vos, Head of Wine, Continental Europe, Christie's comments: "The journey from discovery to the uncorking, tasting, and cataloguing of these century-old vintages has presented a once-in-a-lifetime opportunity for our specialist team and an extremely rare buying opportunity for collectors."



Francisco Albuquerque, Winemaker for the Blandy's Madeira Wine Company, S.A., highlighted the longevity and quality of Madeira wine, preserved by their cork closures: "These vintages are approximately 200 years-old and yet they still retain the nuanced qualities and notes found only in Madeira coupled with the finish of time. This auction offers a remarkable opportunity to not only own a piece of history, but to experience it."

Joao Rui Ferreira, President of The Portuguese Cork Association added: "The relationship between wine and cork is one of the oldest and longest relationships in history, and this collection of Madeira dating back to the 18th and 19th century exemplifies this. No other material has the ability to preserve the contents for 200 plus years and have it be possible to enjoy today."

INTERNATIONAL

APCOR'S 2018/19 YEARBOOK HIGHLIGHTS THE CONTINUING STRONG EXPORT GROWTH OF CORK STOPPERS

NATURAL CORK STOPPERS ENJOY THE HIGHEST GROWTH RATES

The Portuguese cork association, APCOR has just published its 2018/19 Yearbook, packed with facts and figures about the cork sector.

The document highlights the sector's rising turnover, in which the main growth driver has been cork stoppers, with natural cork stoppers recording the strongest growth rate – 7.5% compound annual growth (CAGR) since 2012.

The Yearbook also underlines cork's unbeatable sustainability credentials, including the value of cork oak forests as a unique ecological system and the rigorous environmental controls applied throughout the cork value chain.

The cork industry is one of Portugal's most international sectors, exporting over 90% of its production. It passed the historic mark of €1 billion in exports in 2018.

To further consolidate this growth, APCOR foresees the need for “more and better cork, better cork oak forests, new management techniques, and a focus on new geographies for the development of the cork oak forest.”

The cork industry is a paradigm example of the interconnection between the circular economy and the bio-economy – two of the key elements of the European Commission's 2030 Industry Strategy.

Key statistics from the Yearbook include the following:

- Portugal has a 62.4% share of world cork exports, followed by Spain with 18.5% (2017 data).
- Total world exports of cork increased by 5.3% in 2017 and Portuguese exports rose by 7.1%.
- The volume of Portuguese cork production has been increasing since 2006.
- Portugal has 34% of the world's cork oak forests (736,000 hectares) and produces 49.6% of world cork production.
- 84% of Portuguese cork oak forests are located in the Alentejo region, in the South of Portugal.
- 75% of Portuguese cork companies are located in the municipality of Santa Maria da Feira, in the Aveiro region, in the North of Portugal.

The Yearbook highlighted the importance of the wine industry for the cork sector, which accounts for 72% of cork production (43.45% for natural cork stoppers and 28.61% for other types of cork stoppers), followed by the construction sector with 25%.

The value of Portuguese cork exports has increased by 41% since 2009, rising from €698.3 million in 2009 to €986.3 million in 2017.

Rising global demand for cork stoppers has been the key driver of this growth.

The value of exports of Portuguese cork stoppers increased by 25% between 2012 and 2017 – from €568.3 million to €710.7 million, equivalent to 4.6% CAGR.

The strongest growth has been recorded by natural cork stoppers that increased by 43% between 2012 and 2017 – from €298.7 million to €428.6 million, equivalent to 7.5% compound annual growth (CAGR).

Other segments of the cork industry have enjoyed more modest export growth.

Cork.

#



In 2018, Portuguese cork exports continued to rise and accrue value - with 6.5% growth in value and 3% growth in quantity in the first half of the year.

Cork is a major element of Portuguese exports to wine-producing countries, representing 20.5% of total Portuguese exports to Argentina, 20% to Chile, 14.4% to Australia, 6.7% to Mexico and 5.9% to the US.

The key export markets for Portuguese cork are the main wine-producing countries - France (18.9% of total cork exports - €186.3 million), US (17.1% - €168.7 million) Spain (13.2% - €130.5 million), Italy (10% - €99.1 million) and Germany (7.4% - €73.3 million).

The main importers of natural cork stoppers are France, € 107.7 million, followed by the USA, € 92.3 million. France also appears at the top in terms of consumption of sparkling stoppers, at €32.6 million, followed by Italy, at €31.8 million.

The future growth potential for cork stoppers continues to be positive due to upward growth of world wine sales, in particular in fast-growing markets such as China and the US.



SPARKLING

Emotions!

AMORIM CHAMPCORK