
Corticeira Amorim

Sales increase 13% to more than €830 million

Highlights:

- EBITDA totalled €134 million, an increase of 10%
- Net profit rose 16% to €75 million
- Net debt fell €63 million to €48 million
- Proposed distribution of a gross dividend of € 0.20 per share (€ 0.185 in 2021)

Performance and Consolidated Results

Corticeira Amorim's sales exceeded €800 million for the first time, reaching €837.8 million in 2021, an increase of 13.2% compared with 2020. All Business Units (BUs) recorded significant sales growth, with consolidated sales exceeding pre-pandemic (2019) levels by 7.3%. Sales were penalised in 2021 by an unfavourable evolution of exchange rates – excluding this impact, they would have increased 13.7%.

Consolidated EBITDA totalled €134.4 million, an increase of about 10% compared with the previous year, due mainly to higher levels of activity. Operating results, however, were heavily penalised by increased inflationary pressures, particularly in regard to non-cork raw materials, as well as transport and energy costs. The EBITDA-sales ratio was 16.0% (2020: 16.6%).

After results attributable to non-controlling interests, Corticeira Amorim's net income totalled €74.8 million, an increase of 16.2% compared with 2020.

At the end of 2021, net debt stood at €48.1 million (2020: €110.7 million), the lowest level since June 2017. This significant reduction mainly reflects a favourable evolution of cash flow generation and an exceptional reduction in working capital requirements (a decrease of €49.5 million). The value of net debt already included dividend payments (€35.9 million), the acquisition of a 50% stake in Cold River's Homestead (€15 million), which owns a part of the so-called Herdade de Rio Frio, and a 10% stake in Bourrassé (€5 million), as well as the investment in fixed assets (€44.0 million).

At the proposal of the Board of Directors, the General Shareholders' Meeting held on April 23, 2021 approved a change in the Group's corporate governance model, adopting the Anglo-Saxon approach as an embodiment of the best international practices, which included the enlargement of the Board of Directors, comprising four independent members (40% of its composition), the appointment of a lead independent director, and the creation (in addition to the Executive Committee, which now has four members) of specialised internal committees for matters of Risk, of ESG and of Appointments, Evaluation and Remunerations, each chaired by an independent director. This fully implemented structure, which has been in operation

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since the beginning of the second half of 2021, promotes agility, diversity and independence, both within the Board of Directors and in its interaction with other corporate bodies and committees.

Another noteworthy development was the consolidation of Corticeira Amorim's ESG strategy, including the definition of quantitative objectives for 2030, the strengthening of sustainable financing, which totalled €65 million at the end of 2021 (a Sustainability Linked Commercial Paper Programme in August and a Green Commercial Paper Programme in December), as well as the extension of product life-cycle assessments that already represented more than 60% of the Group's consolidated sales.

Corticeira Amorim also publicly reaffirmed its commitment to the application of ESG principles and best practices as well as the UN's Sustainable Development Goals by becoming a participant in the UN Global Compact, a voluntary UN initiative that brings together organisations whose strategies, activities and operations are aligned with universal principles of human rights, labour practices, environmental protection and anti-corruption.

Performance by Business Unit

Sales by the Cork Stoppers BU totalled €593.3 million (+12.5% compared with 2020), accounting for 70% of Corticeira Amorim's consolidated sales in 2021. Despite the unfavourable impact of US dollar depreciation, the BU benefited from strong growth in activity levels and an improvement in its product mix. The year was marked by sales growth in all cork stopper segments and in most wine markets. EBITDA totalled €101.2 million, an increase of 4.1% over the previous year. The sales and EBITDA of the Raw Materials and Cork Stoppers BU combined totalled €603.8 million (+12.1%) and €120.8 million (+6.0%) respectively. Their combined EBITDA-sales ratio was 20.0% (2020: 21.2%).

The Floor and Wall Coverings BU recorded sales growth of about 10% to €123.2 million, driven by increased sales of trading products, the Amorim WISE product range and recently launched products. In geographic terms, sales increased notably in Scandinavian and the US, while lockdowns at the beginning of the year penalised performance in Germany and Russia. The BU's EBITDA increased to €2.8 million.

Sales by the Composite Cork BU rose strongly in 2021, totalling €116.7 million (+22.6% y-o-y), benefiting from higher activity levels and modest price increases. The highest growth segments were those most penalised in 2020 by the temporary closure of some customers, especially Footwear, Flooring Distributors & Cork Specialists and Multi-purposes Seals & Gaskets. The BU's newly created joint ventures (Amorim Sports, Corkeen and Korco) as well as new products and applications continued to increase their contribution, with total sales of €6.4 million (2020: €2.5 million). EBITDA rose to €10.0 million, with an EBITDA-sales ratio of 8.6%. The depreciation of the US dollar, particularly in the first half of 2021, had a negative impact on performance - excluding this effect, sales would have increased 24.0% and the EBITDA-sales ratio to 9.4%.

The Insulation BU also performed strongly in 2021, with sales increasing 17.9% to €14.5 million (2020: €12.3 million) and a significant increase in EBITDA. This strong recovery in sales was driven by higher levels of activity and an improvement in the product mix, with the BU performing positively in most of its markets, particularly Portugal, France and Italy.

Dividend proposal

The Board of Directors will propose to the General Shareholders' Meeting to be held on April 28, the distribution of a dividend of € 0.20 per share (€ 0.185 in 2021).

Main indicators

		2020	2021	yoy	4Q20	4Q21	qoq
Sales		740,113	837,820	13.2%	168,693	200,688	19.0%
Gross Margin – Value		376,364	415,817	10.5%	85,599	99,821	16.6%
Gross Margin / Sales		50.9%	49.6%	-122.1 b.p.	50.7%	49.7%	-100.3 b.p.
Operating Costs - current		290,399	322,153	10.9%	67,386	85,426	26.8%
EBITDA - current		122,512	134,399	9.7%	27,626	24,087	-12.8%
EBITDA/Sales		16.6%	16.0%	-51.2 b.p.	16.4%	12.0%	-437.4 b.p.
EBIT - current		85,965	93,664	9.0%	18,213	14,395	-21.0%
Net Income	1)	64,326	74,755	16.2%	15,815	16,724	5.7%
Earnings per share		0.484	0.562	16.2%	0.119	0.126	5.7%
Net Bank Debt		110,717	48,072	-62,645	-	-	-
Net Bank Debt/EBITDA (x)	2)	0.90	0.36	-0.55 x	-	-	-
EBITDA/Net Interest (x)	3)	105.7	167.7	62.01 x	83.1	84.3	1.20 x

1) Net income includes non-recurring results. In 2021, non-recurring results reflect mainly a plant sale by Indústria Corchera and impairment losses on Goodwill. The effect of non-recurring items on net income is approximately -0.2 M€ (at current exchange rates)

2) Current EBITDA of the last four quarters

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

Mozelos, February 24, 2021