
Corticeira Amorim

Sales increase by 24%, surpassing €790 million

Highlights:

- Excluding changes in the consolidation perimeter, sales rise 10%
- Net profit grows to €64 million
- Net remunerated debt increases to €114 million
- Proposed distribution of €0.09 per share of distributable reserves to shareholders

Consolidated Performance and Results

Corticeira Amorim's sales totalled €790.3 million in the first nine months of 2022, an increase of 24.0% compared with the same period of the previous year. The consolidation from January 1 of the businesses of the SACI Group (SACI) had a significant impact on consolidated sales – excluding this effect, sales would have increased 10.3%.

All Business Units (BUs) recorded sales growth, mainly reflecting improved product mixes, price increases and higher activity levels, although signs of a slowdown became clear in relation to the level of growth recorded in the first half of the year. Sales also benefited from a positive exchange rate impact – excluding this effect, sales would have risen 21.9% in the first nine months of 2022.

Consolidated EBITDA totalled €131.2 million, an increase of 18.9% compared with the first nine months of 2021. Increases in the prices of electricity and some non-cork raw materials, as well as higher personnel costs, continued to pressure operating results, which were also negatively impacted in the third quarter by a lower operating leverage compared with the previous two quarters. The EBITDA-sales ratio was 16.6% (9M21: 17.3%).

After results attributable to non-controlling interests, Corticeira Amorim ended the first nine months of 2022 with a net profit of €64.2 million, an increase of 10.6% over the same period of 2021.

At the end of September 2022, net interest-bearing debt totalled €114 million, an increase of €65 million compared with the end of 2021. This reflects the acquisitions made during the period, namely the 50% stake in SACI (€49 million), the 50% stake in Cold River's Homestead, which owns a part of the Herdade do Rio Frio (€15 million) and the land pertaining to another part of the same property (€22 million). The total amount also includes increases in working capital needs (€45 million) and investment in fixed assets (€52 million), as well as dividend payments (€27 million).

AMORIM

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Share Capital: € 133 000 000,00
A company incorporated in Santa Maria da Feira – Portugal
Registration and Corporate Tax ID No. PT500077797

[instagram: amorimcork](https://www.instagram.com/amorimcork)

Performance by Business Unit

Sales by the Cork Stoppers BU totalled €584.2 million (+28.2% year-on-year) and accounted for 73% of Corticeira Amorim's total consolidated sales. In addition to the changes in the consolidation perimeter, sales growth was mainly driven by price increases and an improved product mix. Operating profit, however, was negatively impacted by increased electricity and personnel costs. EBITDA totalled €102.1 million (+21.2% year-on-year); the EBITDA-sales ratio was 17.5%. The combined sales of the Raw Materials and Cork Stoppers BUs totalled €593.7 million (+28.4%). Their combined EBITDA was €117.6 million (+20.4%) and their combined EBITDA-sales ratio 19.8%.

Sales by the Floor and Wall Coverings BU rose to €106.0 million (+14.2% y-o-y), helped by important contributions from trade product sales, the Amorim WISE product line and recently launched products. Sales rose in Scandinavia and Portugal, while Germany, the BU's main market, showed signs of a considerable slowdown from July onwards. Increased costs, namely for energy and non-cork raw materials, penalised operating profit.

The Composites Cork BU maintained a robust performance, with sales totalling €94.1 million (+8.2% y-o-y) and EBITDA rising to €15.2 million (9M21: €7.7 million). Although US dollar appreciation had a positive impact on sales, the determining factors for sales growth were an improved product mix and increased prices. Most of the BU's product segments recorded increased sales, especially Aerospace, Multi-purpose Seals & Gaskets and Mobility. Sales for the BU's new joint ventures, Amorim Sports, Corkeen and Korco, continued to grow, making an increasingly important contribution to total sales. The BU's EBITDA-sales ratio rose to 16.2%.

The Insulation BU lifted sales 12.2% to €11.9 million, reflecting growth in its most important markets, namely France and Italy. Higher cork consumption prices and operating costs penalised operating activities.

Dividend proposal

The Board of Directors has decided to propose to the General Shareholders' Meeting, to be held on December 5, the partial distribution of distributable reserves in the amount of €0.09 per share.

Main Consolidated Indicators

		9M21	9M22	yoy	3Q21	3Q22	qoq
Sales		637,132	790,298	24.0%	203,814	244,775	20.1%
Gross Margin – Value		315,996	412,410	30.5%	100,511	122,113	21.5%
Gross Margin / Sales		49.6%	52.2%	+ 2.6 p.p.	49.3%	49.9%	+ 0.6 p.p.
Operating Costs - current		236,727	317,602	34.2%	77,317	100,682	30.2%
EBITDA - current		110,312	131,160	18.9%	33,043	33,079	0.1%
EBITDA/Sales		17.3%	16.6%	-0.72 p.p.	16.2%	13.5%	-2.7 p.p.
EBIT - current		79,269	94,808	19.6%	23,194	21,431	-7.6%
Net Income	1)	58,031	64,159	10.6%	18,599	16,595	-10.8%
Earnings per share		0.436	0.482	10.6%	0.140	0.125	-10.8%
Net Bank Debt		29,875	113,527	83,652	-	-	-
Net Bank Debt/EBITDA (x)	2)	0.22	0.73	0.51 x	-	-	-
EBITDA/Net Interest (x)	3)	213.9	189.4	-24.56 x	231.9	117.6	-114.3 x

Excluding SACI Group

		9M21	9M22	yoy	3Q21	3Q22	qoq
Sales		637,132	702,677	10.3%	203,814	214,268	5.1%
Gross Margin – Value		315,996	370,881	17.4%	100,511	108,091	7.5%
Gross Margin / Sales		49.6%	52.8%	+ 3.2 p.p.	49.3%	50.4%	+ 1.1 p.p.
Operating Costs - current		236,727	288,796	22.0%	77,317	91,203	18.0%
EBITDA - current		110,312	114,871	4.1%	33,043	27,383	-17.1%
EBITDA/Sales		17.3%	16.3%	-0.97 p.p.	16.2%	12.8%	-3.43 p.p.
EBIT - current		79,269	82,085	3.6%	23,194	16,888	-27.2%
Net Income	1)	58,031	59,991	3.4%	18,599	15,014	-19.3%
Earnings per share		0.436	0.451	3.4%	0.140	0.113	-19.3%

1) Net income includes non-recurring results. In 9M22, non-recurring earnings result mainly from the sale of an investment property and from impairments (inventories and accounts receivable) reflecting a more prudent approach to exposures to Russia, Ukraine and Belarus.

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, November 7, 2022