
Corticeira Amorim

Sales fall 2%, penalised by exchange rates and unfavorable global climate

Highlights:

- Sales stable when negative impact of exchange rate depreciation is excluded
- Comparison with first quarter of 2020, which was unaffected by COVID-19
- Reduction in operating costs despite significant increase in transport costs
- Profitability of Amorim Cork Flooring improved after recovery initiated in 2020
- Net debt fell by €35 million to €76 million

Sales

Corticeira Amorim's sales totalled €199.6 million in the first three months of 2021, a reduction of 2.0% compared with the same period of 2020. Business Units (BU) activity continued to be affected by the confinement measures imposed by different countries to contain the spread of the coronavirus pandemic, which had profound consequences for economies and consumption patterns worldwide. Exchange rate developments also had an unfavorable impact - excluding this effect, sales would have been in line with those of the previous year.

All the Group's BUs registered a drop in sales, except for the Composite Cork (+9.5%) and Insulation (+17.5%) BUs. Comparisons with the same period of the previous year have to take into account the first quarter of 2020 was the only quarter of that year in which sales increased and which was not affected by the COVID-19 pandemic.

Sales by the Cork Stoppers BU, which represented about 70% of Corticeira Amorim's consolidated sales, totalled €140.5 million (-3.0% compared with the same period of 2020). This reflects a reduction in sales volumes and product mix changes resulting from an overall reduction in and changing patterns of wine consumption. The evolution of exchange rates also had an unfavorable impact on sales, particularly the depreciation of the dollar - excluding this effect, the sales of this BU would have fallen only 1.5%. Sales decreased in the main wine markets, although sales to some markets increased in volume, namely France. Despite strong growth in the cork stoppers for spirits segment, sales of stoppers in the sparkling wines and spirits segments fell 6%. In an unfavorable global climate, the robust growth of NDtech and Neutrocork stopper sales merit highlighting.

AMORIM

Corticeira Amorim, SGPS, S.A.
Edifício Amorim I
Rua Comendador Américo Ferreira
Amorim, 380
4535-186 Mozelos, Portugal

IRO:
Ana Negrais de Matos, CFA
T: + 351227475423
F: + 351227475407

Sociedade Aberta
Capital Social: €133 000 000,00
Pessoa Coletiva e Matricula:
PT500077797
C.R.C. de Santa Maria da Feira – Portugal

www.corticeiraamorim.com

ana.matos@amorim.com

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

Sales by the Floor and Wall Coverings BU totalled €30.6 million (-3.1% compared with the same period of 2020), penalised by the temporary closure of some customers (specifically in Germany). Despite the fact that sales of manufactured products contracted more than sales of trading products, sales of the Amorim WISE product range and of recently launched products (including a water-resistant low-cost product) continued to grow. In geographic terms, the Scandinavian and US markets evolved positively, while Germany, Russia and Benelux were the markets most penalised.

Sales by the Composite Cork BU increased 9.5% to €27.2 million. Most markets evolved positively, driven mainly by recoveries in segments that were heavily penalised in 2020 and a return to normal operations after the disruption caused by SAP implementation. The BU's recently created joint ventures (Amorim Sports and Corkeen), and new products and applications continued to show great dynamism, jointly contributed with sales of more than €3 million. The BU's sales were also strongly penalised by the depreciation of the dollar - excluding this effect, sales would have increased 13.2%.

Sales by the Insulation BU increased 17.5% to €3.5 million, benefiting from a recovery in its most important markets, specifically France, Portugal and Italy. Dollar depreciation also impacted unfavorably on the sales of this BU - excluding this effect, sales would have increased 18.6%.

Performance

Consolidated EBITDA totalled €32.1 million, a decrease of 10.2% compared to the first quarter of 2020. The positive impact of the lower cork consumption prices was more than offset by unfavorable exchange rates, lower cork yields, a reduction in activity levels and a less favorable product mix. Increases in the prices of some non-cork raw materials and a significant increase in transport costs also made an impact. In addition, the first three months of 2020 were the most profitable quarter of that year and the only one in which sales increased, significantly affecting comparisons with the same period of 2021. The EBITDA-sales ratio reached 16.1% (1Q20: 17.6%).

The combined EBITDA of the Raw Materials and Cork Stoppers BUs totalled €28.8 million, having been negatively impacted by increases in the prices of non-cork raw materials and transportation costs, as well as by lower grinding yields. The combined EBITDA-sales ratio of the two BUs was 20.2% (1Q20: 23.2%).

The Floor and Wall Coverings BU recorded an EBITDA of €2.1 million (1Q20: €1.3 million). Continued restructuring and a further reduction in the break-even level made a decisive contribution to this outcome - operating costs decreased overall, despite a significant increase in transport costs. Profitability also benefited from a reduction in cork consumption prices and a more favorable evolution of exchange rates. The EBITDA-sales ratio increased to 7.0% (1Q20: 4.1%).

The Composite Cork BU posted an EBITDA of €1.3 million (1Q20: €2.1 million) and its EBITDA-sales ratio decreased to 4.9% (8.3% in the same period of 2020). Dollar depreciation was the main cause of the deterioration in the EBITDA-sales ratio (excluding this effect, the ratio would have been in line with that of the same period of 2020), which was further penalised by a less favorable product mix, increased non-cork raw material cost and higher operating costs (notably transport costs).

The Insulation BU posted a strongly positive performance, increasing EBTDA to €0.8 million (1Q20: €0.2 million) and strengthening its EBITDA-sales ratio to 22.7% (1Q20: 5.2%). This improvement was mainly due to the BU's robust sales growth and a reduction in cork consumption prices.

After earnings attributable to non-controlling interests, Corticeira Amorim posted a first-quarter net profit of €16.0 million, a reduction of 19.7% compared with the first quarter of 2020.

At the end of March, net interest-bearing debt had decreased €35 million to €75.6 million (12M20: €110.7 million), benefiting from a favorable evolution in working capital needs (€8.4 million) and lower levels of investment in fixed assets (€6.4 million).

Corticeira Amorim's robust balance sheet coupled with the support of financial institutions guarantee an adequate and balanced capital structure.

Dividends

The General Shareholders' Meeting held on April 23, 2021 approved the distribution of a gross dividend of €0.185 per share to be paid on May 17.

Main indicators

		1Q20	1Q21	qoq
Sales		203,661	199,588	-2.0%
Gross Margin – Value		105,663	99,819	-5.5%
Gross Margin / Production		49.9%	53.0%	+ 3.0 p.p.
Gross Margin / Sales		51.9%	50.0%	-1.9 p.p.
Operating Costs - current		79,091	77,873	-1.5%
EBITDA - current		35,768	32,124	-10.2%
EBITDA/Sales		17.6%	16.1%	-1.47 p.p.
EBIT - current		26,571	21,946	-17.4%
Net Income		19,876	15,969	-19.7%
Earnings per share		0.149	0.120	-19.7%
Net Bank Debt		152,322	75,595	-76,727
Net Bank Debt/EBITDA (x)	1)	1.21	0.64	-0.58 x
EBITDA/Net Interest (x)	2)	109.8	199.5	89.78 x

1) Considering current EBITDA for the past four quarters

2) Net interest includes the amount of interest incurred on loans deducted from interest on investments (excludes stamp duty and commissions).

Mozelos, Portugal, May 6, 2021