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# Corticeira Amorim

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## Consolidated profit increases 15%, activity above pre-pandemic period

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### Highlights:

- Sales increase 11%, in spite of the unfavourable exchange rate effect
- Return to pre-pandemic activity levels, surpassing the sales performance of the first half of 2019 (+5%)
- EBITDA increases 17%, with a significant improvement in the EBITDA-sales ratio
- Net profit grows to €39 million
- Reduction of net debt to €53 million

### Consolidated Performance and Results

Corticeira Amorim's sales totalled €433.3 million in the first half of 2021, an increase of 10.7% compared with the same period of 2020. All Business Units (BU) recorded robust growth and ended the period with higher sales levels than in the first half of 2020. The growth reflects the more favourable context in terms of economic activity and consumption following the negative impact of lockdown measures implemented by different countries in an effort to contain the spread of COVID-19.

Consolidated sales continued to reflect the negative impact of exchange rates – excluding this effect, sales would have increased 12.5% in the first six months of 2021. Cork Stoppers and Composite Cork were the BUs most affected by the depreciation of the US dollar.

Consolidated EBITDA totalled €77.3 M€, a 17.2% increase compared with the first half of 2020 and a larger increase than that of sales (+10.7%). This strong performance mainly reflects higher activity levels and cork consumption prices, despite the fact that operating results were penalised by the aforementioned unfavourable exchange rate effect, a significant increase in the price of some non-cork raw materials and higher transport costs. The EBITDA-sales ratio rose to 17.8% (1H20: 16.8%).

The second quarter of 2021 made a decisive contribution to this strong performance, offsetting a lower level of activity in the first three months. EBITDA increased 49.6% in the second quarter, surpassing sales growth (24.4%) and contributing to the increase of the EBITDA-sales ratio to 19.3% (+3.2 p.p. compared with 2Q20).

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**AMORIM**

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After earnings attributable to non-controlling interests, Corticeira Amorim ended the first half with a net profit of €39.4 million, an increase of 15.1% compared with the same period of 2020.

At the end of June, net debt totalled €53 million, a reduction of €57 million compared with the end of 2020. This figure already reflects dividend payments (€25 million) and the acquisition of a 50% stake in Cold River's Homestead, a company that owns part of the Herdade do Rio Frio estate (€15 million). It also includes increased investment in fixed assets (€15 million), strong cash-flow generation and the evolution of working capital needs (a decrease of €38 million). The level of net debt was the lowest since June 2017.

The robustness of Corticeira Amorim's balance sheet, combined with the support of financial institutions, ensures an adequate and balanced capital structure.

## **Performance by Business Unit**

Sales by the Cork Stoppers BU totalled €311.3 million (+11.3% y-o-y), accounting for 70% of Corticeira Amorim's consolidated sales. Despite the unfavourable impact of US dollar depreciation (excluding this effect, the increase in sales would have been 13.0%), the BU benefited from a strong recovery in sales volumes in the second quarter. This was the most important driver of the increase in sales, with second-quarter sales expanding 26.7% (28.5% excluding exchange rate effect). The first half of 2021 was marked by sales growth in all cork stopper segments and in most wine markets, particularly in Europe. EBITDA totalled €58.5 million (+7.7% y-o-y) and the EBITDA-sales ratio was 18.8%. The combined sales and EBITDA of the Raw Materials and Cork Stoppers BUs totalled €316.0 million (+10.8%) and €68.2 million (+8.2%) respectively. Their combined EBITDA-sales ratio was 21.6%.

The Floor and Wall Coverings BU increased sales by 7.7% to €63.5 million, benefiting from higher levels of activity. Sales of trading products, the Amorim WISE product line and recently launched products continued to register a very positive performance. The BU's EBITDA increased to €4.0 million (1H20: €1.0 million), contributing to a significant increase in the EBITDA-sales ratio.

Sales by the Composite Cork BU totalled €57.7 million (+14.9% y-o-y), reflecting growth in most of the segments in which it operates, particularly Footwear, Cork Specialists and Heavy Construction (these segments were penalised in 2020 by the temporary closure of some customers). New products and applications continued to perform strongly, as did Amorim Sports and Corkeen (newly created joint ventures). US dollar depreciation penalised sales in the first half of 2021 – excluding this effect, sales would have increased 18.8%. The Composite Cork BU's EBITDA increased to €5.2 million (1H20: €4.1 million) and its EBITDA-sales ratio improved to 9.0%.

Continuing the strong growth registered at the beginning of 2021, sales by the Insulation BU totalled €7.2 million (+20.6% y-o-y), driven by a recovery of activity in its most important markets, namely France, Portugal and Italy. The BU recorded a substantial improvement in operating activity, with its EBITDA-sales ratio increasing to 19.2%.

## Main indicators

	1H20	1H21	yoy	2Q20	2Q21	qoq
Sales	391,577	433,318	10.7%	187,916	233,730	24.4%
Gross Margin – Value	203,775	215,485	5.7%	98,112	115,666	17.9%
Gross Margin / Production	50.8%	51.5%	+ 0.7 p.p.	51.7%	50.3%	-1.4 p.p.
Gross Margin / Sales	52.0%	49.7%	-2.3 p.p.	52.2%	49.5%	-2.7 p.p.
Operating Costs - current	156,330	159,410	2.0%	77,238	81,537	5.6%
EBITDA - current	65,945	77,270	17.2%	30,177	45,146	49.6%
EBITDA/Sales	16.8%	17.8%	+ 1.0 p.p.	16.1%	19.3%	+ 3.2 p.p.
EBIT - current	47,445	56,075	18.2%	20,874	34,129	63.5%
Non-current results	1) -1,652	-	n.m.	- 1,652	-	n.m.
Net Income	34,272	39,432	15.1%	14,396	23,463	63.0%
Earnings per share	0.258	0.296	15.1%	0.108	0.176	63.0%
Net Bank Debt	115,625	53,243	- 62,382	-	-	-
Net Bank Debt/EBITDA (x)	2) 0.94	0.40	-0.55 x	-	-	-
EBITDA/Net Interest (x)	3) 107.0	207.0	100.01 x	103.9	212.7	108.77 x

1) Figures refer to restructuring costs

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, August 3, 2021**