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# Corticeira Amorim

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## Sales increase 12% with all BUs showing robust growth

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### Highlights:

- EBITDA increases 16%, and EBITDA-sales ratio improves
- Net remunerated debt reduced by €81 million to €30 million
- Proposed distribution of distributable reserves to shareholders of €0.085 per share

### Consolidated Performance and Results

In the first nine months of 2021, Corticeira Amorim's sales totalled €637.1 million, an increase of 11.5% over the same period of 2020. While the beginning of the year was marked by the negative impact of the COVID-19 pandemic on global economies and consumption patterns, sales began evolving favourably in the second quarter, and this positive trend continued in the following months, resulting in sales growth at all Business Units (BUs). Activity returned to pre-pandemic levels, with consolidated sales surpassing those of the first nine months of 2019 by 5.7%.

The evolution of exchange rates had a negative impact on consolidated sales, particularly at the Cork Stopper and Composite Cork BUs. Excluding this impact, sales would have increased 12.7% in the first nine months of 2021.

Consolidated EBITDA totalled €110.3 million, up 16.3% compared with the first nine months, having mainly benefited from increased activity levels. However, inflationary pressures, particularly on non-cork raw material and transport costs, and an unexpectedly large increase in energy prices had a significant negative impact on operating results, which were also penalised by the above-mentioned exchange rate effect. In the first nine months of 2021, the EBITDA-sales ratio increased to 17.3% (9M20: 16.6%).

After earnings attributable to non-controlling interests, Corticeira Amorim ended the first nine months of 2021 with a net profit of €58.0 million, an increase of 19.6% compared with the same period of 2020.

At the end of September, net interest-bearing debt totalled €29.9 million, a decrease of €81 million from the end of 2020 (€110.7 million), benefiting from a very favourable evolution of cash flow generation and an exceptional reduction in working capital requirements (a decrease of €55 million). This figure also reflects dividend payments (€25 million), the acquisitions of a 50% stake in Cold River's Homestead (€15 million), which owns part of Herdade do Rio Frio and of a 10% stake in Bourrassé (€5 million), as well as increased investment in fixed assets (€27 million). It was the company's lowest level of net interest-bearing debt since June 2017.

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## Performance by Business Unit

Sales by the Cork Stopper BU, which represent about 70% of Corticeira Amorim's consolidated sales, totalled €455.6 million (+11.7% compared to the same period last year), reflecting strong growth in activity levels and an improved product mix. In the first nine months, all cork stopper segments recorded sales growth, as did most wine markets. EBITDA rose to €84.2 million (+7.5% compared to the same period last year), while the EBITDA-sales ratio increased to 18.5%. The Raw Materials and Cork Stopper BUs recorded sales and EBITDA of €462.5 million (+11.3%) and €97.7 million (+10.1%) respectively, and an EBITDA-sales ratio of 21.1%.

Sales by the Floor and Wall Coverings BU totalled €92.9 million, an increase of 7.7% compared with the first nine months of 2020. Sales of trading products, the Amorim WISE product range and recently launched products contributed most to this positive evolution. The BU's EBITDA rose to €4.3 million (9M20: €1.0 million), while the EBITDA-sales ratio increased to 4.6%.

The Composite Cork BU recorded solid sales growth in the first nine months of 2021. Sales increased 19.8% to €87.0 million, despite the negative impact of US dollar depreciation (excluding this impact, sales would have grown 22.5%). All segments registered growth, with Footwear, Flooring Distributors and Cork Specialists making the largest contributions. New products and applications as well as the BU's newly-created joint ventures (Amorim Sports and Corkeen) continued to show dynamism, jointly contributing sales of €12 million (14% of the BU's total sales). EBITDA totalled €7.7 million (9M20: €7.1 million) and the EBITDA-sales ratio was 8.9%.

Sales by the Insulation BU continued to grow strongly, driven by a robust recovery in activity levels and an improvement in the product mix. Sales in the first nine months totalled €10.7 million (+20.4% compared to the same period last year), showing growth in most of the markets where the BU operates, particularly Portugal, France, and Italy. The BU also recorded a substantial improvement in its operational activity, resulting in a significant expansion of its EBITDA-sales ratio to 19.7%.

## Dividend proposal

The Board of Directors decided to propose to the General Shareholders' Meeting, which is to be held on December 3, the partial distribution of free reserves in the amount of €0.085 per share.

## Main indicators

		9M20	9M21	yoy	3Q20	3Q21	qoq
Sales		571,421	<b>637,132</b>	11.5%	179,843	<b>203,814</b>	13.3%
Gross Margin – Value		290,765	<b>315,996</b>	8.7%	86,990	<b>100,511</b>	15.5%
Gross Margin / Production		51.4%	<b>51.1%</b>	-0.21 p.p.	52.8%	<b>50.4%</b>	-2.41 p.p.
Gross Margin / Sales		50.9%	<b>49.6%</b>	-1.29 p.p.	48.4%	<b>49.3%</b>	+ 0.9 p.p.
Operating Costs - current		223,013	<b>236,727</b>	6.1%	66,683	<b>77,317</b>	15.9%
EBITDA - current		94,886	<b>110,312</b>	16.3%	28,941	<b>33,043</b>	14.2%
EBITDA/Sales		16.6%	<b>17.3%</b>	+ 0.7 p.p.	16.1%	<b>16.2%</b>	+ 0.1 p.p.
EBIT - current		67,752	<b>79,269</b>	17.0%	20,307	<b>23,194</b>	14.2%
Net Income	1)	48,511	<b>58,031</b>	19.6%	14,239	<b>18,599</b>	30.6%
Earnings per share		0.365	<b>0.436</b>	19.6%	0.107	<b>0.140</b>	30.6%
Net Bank Debt		117,805	<b>29,875</b>	-87,930	-	-	-
Net Bank Debt/EBITDA (x)	2)	0.96	<b>0.22</b>	-0.74 x	-	-	-
EBITDA/Net Interest (x)	3)	114.8	<b>213.9</b>	99.14 x	137.5	<b>231.9</b>	94.38 x

1) Net income includes the effect of non-recurring results. In 2021, non-recurring results refer to the gain on the sale of a plant by Indústria Corchera and impairment losses on Goodwill. The effect of non-recurring items on net income is approximately 0.3 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, August 4, 2021**