
AMORIM

Corticeira Amorim 1Q2023

In brief



Corticeira Amorim signs the Forest 2030 Commitment

Joining forces with 24 other organizations, entities and companies, Corticeira Amorim is committed to protect the Portuguese forest and its ecosystems

Representing 36% of Portugal natural territory, *Montado*, the Portuguese cork oak forest, is a key element in the development of an innovative and promising bio-economy and a crucial contribution to climate regulation.

In brief



Value & Sustainability Annual Team Meeting 2023

A very special day for Corticeira Amorim, with more than 300 attendees

António Rios Amorim, CEO, presented the results of 2022, discussed the outlook for 2023, and handed out some special annual awards.

José Manuel Durão Barroso, former President of the European Commission and former Prime Minister of Portugal, addressed the “Geopolitics of our World”, a meaningful insight over national and international challenges ahead.

In brief



Cork Infills have negative carbon balance

Study reveals that Amorim Sports' Cork Infills contribute to climate regulation

The range of Nature infills have a negative carbon balance of -72.5kg CO₂e/kg.

Produced with cork, these components, used in artificial sports pitches, also improve players' comfort and safety, stabilize the surface temperature and increase the longevity of the sports systems where they are incorporated.

In brief



Korko's cork toy collection has a negative carbon balance

Amorim Cork Composites and Hape Holding AG, the world's leading producer of wooden toys, joined expertise to explore the global market for cork-based toys.

A life cycle assessment conducted by Itecons – the Institute of Research and Technological Development for Construction, Energy, Environment and Sustainability - showed that the three available sets of "Building Blocks" have a negative carbon balance. The sets with 20, 40 and 60 pieces have a carbon balance of -19.88 kg CO₂e, -39.75 kg CO₂e and -59.59 kg CO₂e, respectively.

In brief



The Thick Skin – a partnership with Parsons School of Design

Parsons School is one of the world's most prestigious design schools

The cooperation agreement allows students from the New York design college to learn more about the benefits, qualities and characteristics of cork, as a material of choice in the design and development of their creative proposals in the fields of industrial design, architecture, arts and interior design, and related activities.

In brief



“Cork. Naturally Durable”

An Amorim Cork Composite’s campaign, highlighting the sustainability features of cork underlayments

Comparative tests with foam products of the same category prove that cork underlayments offer greater durability and higher performance over time. Two comparative tests* revealed that cork underlayments are the best option to guarantee the floor’s durability and performance over a long period of time.

* Comparing cork underlayments and 100% foam-based underlayments, to assess the overall durability of each solution (Dynamic Load Tests and Compressive Creep Tests)

In brief



Suber Design wins C-IDEA Golden Award 2022

**SUBER Design collection,
launched by Amorim Cork Italia,
provides a new line of
contemporary furniture and
objects made from recycled cork**

The C-IDEA Design Award is one of the most prestigious Design awards in Australia and aims to recognize outstanding design with social value, excavate more farsighted, and responsible excellent design forces to help the development of the design industry.

In brief



Embrace Equality

On International Women's Day, Corticeira Amorim launched a gender equality campaign

This campaign engaged all workers, with the hashtag #embraceequity, for a future with equal opportunities.

At Corticeira Amorim, gender equality is seen as a matter of human rights and social justice. Embracing equality is a daily mission that can only be achieved with the efforts of everyone in the team.

In brief



Pact for “More and Better Jobs for Young People”

Corticeira Amorim, together with 49 other Portuguese companies, signed this Pact, proposed by Fundação José Neves

In line with Corticeira Amorim’s understanding that investing in Portuguese youth means investing in the future, the company commits to increase, by 2026, the hiring of young people, as well as the retention and the compensation of youth qualified employment.

In brief



The role of cork in the perception of wine

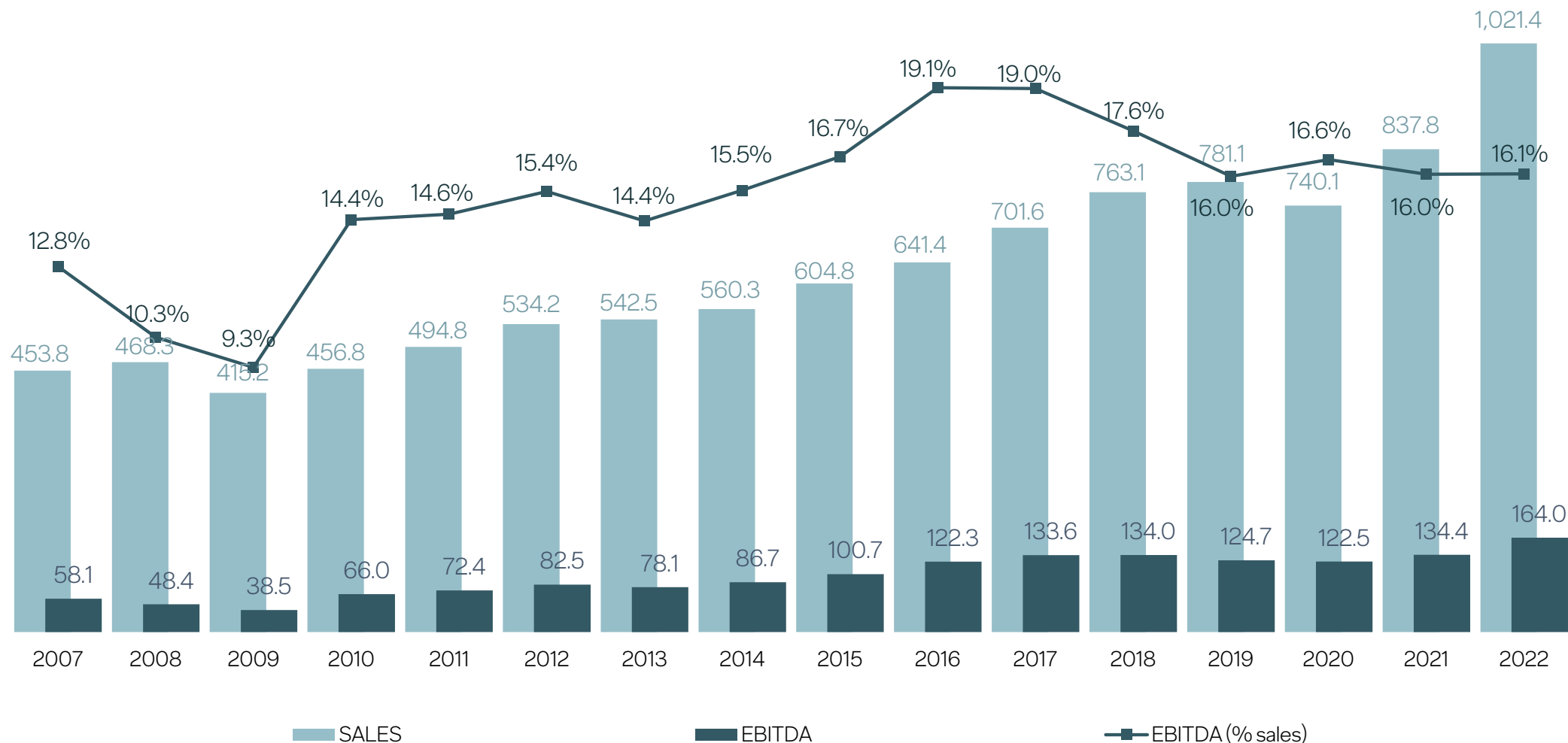
The most recent study of neuromarketing promoted by APCOR and by Assoimballaggi-Federlegno/Arredo launched the question: “Are our brains programmed to prefer cork stoppers?”

This study revealed surprising data, namely the fact that sealed wines with cork generate in consumers 238% higher emotional activation than artificial sealants. One reaction based on the senses of smell, taste, sight and even sound: the sound of opening a bottle with a cork stopper generates a rational response 39% more stronger than opening a bottle with screw cap.

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Consolidated Results

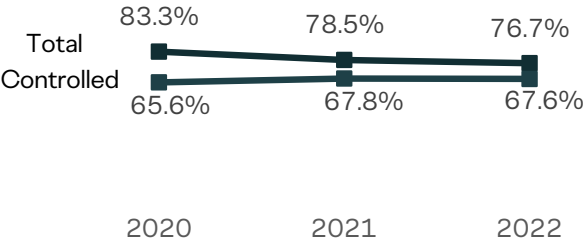
Sales & EBITDA



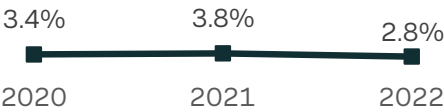
Values in million euros.

ESG Performance

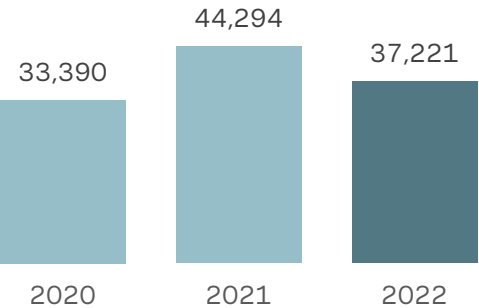
Renewable energy (%)



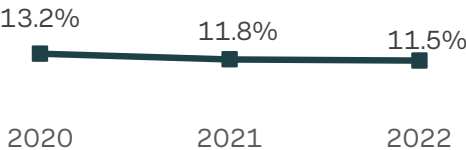
Energy efficiency (%)



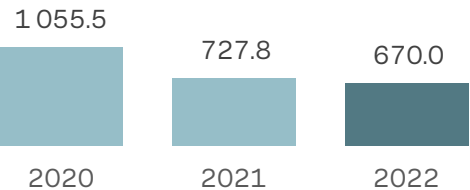
Emissions - scope 1 + 2 (tCO2e)



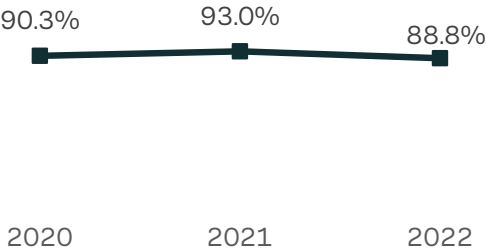
Virgin non-renewable materials (%)



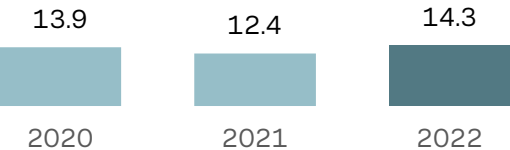
Water consumption intensity (m3 / M€ sales)



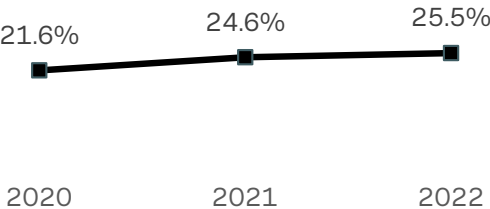
Waste recovery rate non-cork (%)



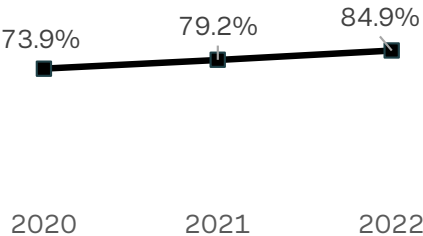
Lost time injury frequency rate



Women in management positions (%)



Workers accessing training (%)



Highlights

Slight sales decline to 260 M€ (-1.4%)

EBITDA margin increases to 18.4%,
benefiting from a better product mix and cost
tailwinds, particularly from energy and transport
prices

Net Profit grow 18%, totalling 24 M€

**Distribution of a dividend of €0.20 per
share,** to be paid on May 15



Key Figures

Sales decreased 1.4% to 259.9 M€:

- Raw Materials: +20.7%,
- Cork Stoppers: +5.9%,
- Floor & Wall Coverings: -32.8%,
- Composite Cork: -6.3%,
- Insulation: +25.7%;

Positive FX impact:

- total impact of 0.7 M€ (1Q22: 2.5 M€);

EBITDA/Sales: 18.4% (1Q22: 16.7%);

EBITDA increased to 47.9 M€ (+8.7%):

- Product mix improvements and cost savings, mostly due to lower energy prices and transport costs, were the main drivers of increased profitability;
- Negative impacts from higher cork consumption prices and increased staff costs;

Raw Materials + Cork Stoppers accounted for 79% of sales (1Q22: 74%)

- Sales: +5.0%;
- EBITDA/Sales: 22.0% (1Q22: 20.1%).



Key Figures

Net income rose 18.2% to 23.8 M€ (1Q22: 20.1 M€);

Net debt increased to 166.0 M€ (FY22: 129.0 M€):

- Higher NWC needs (59.3 M€),
- Capex (20.3 M€);

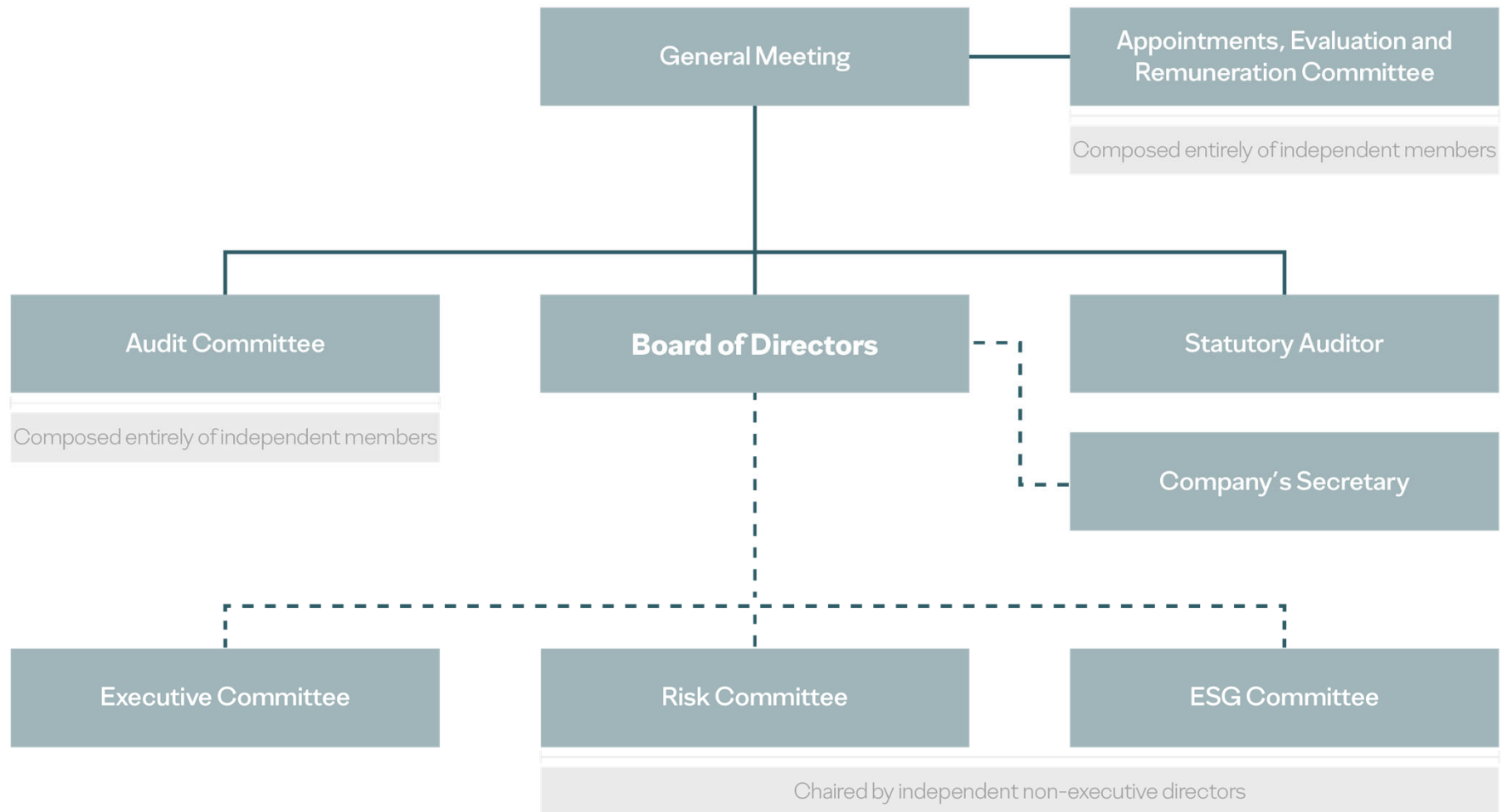
Dividends: the General Shareholders Meeting (April 28) approved the distribution of a **gross dividend of € 0.20 per share** (to be paid on May 15);

Governance: new Appointments, Evaluation and Remuneration Committee for the current term of office of the governing bodies, composed entirely of independent members and elected by the General Meeting; important step towards increasing shareholders' participation in important issues.



Balanced and Agile Governance Model

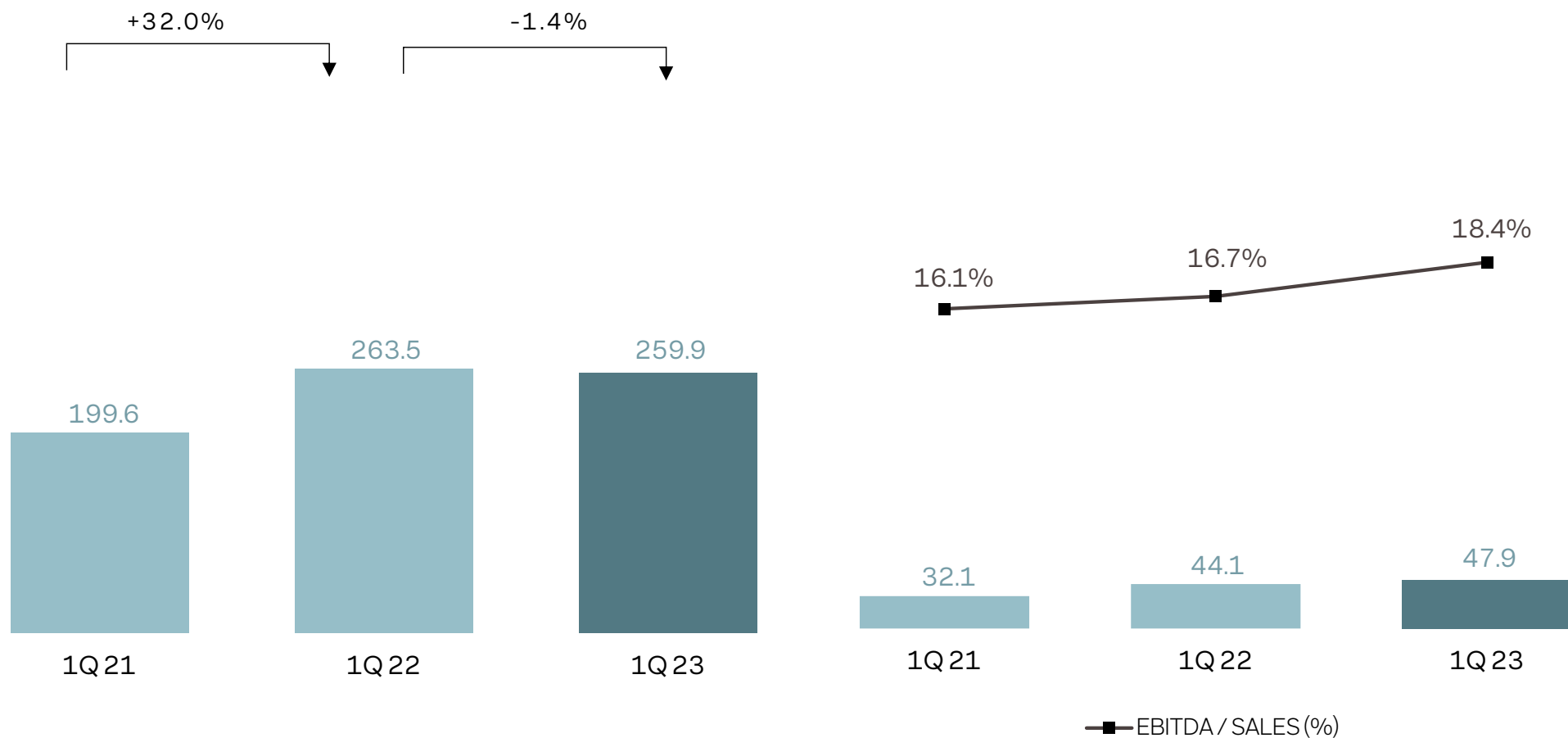
Anglo-Saxon Model



— Elected by the shareholders' General Meeting
- - Designated by the Board of Directors

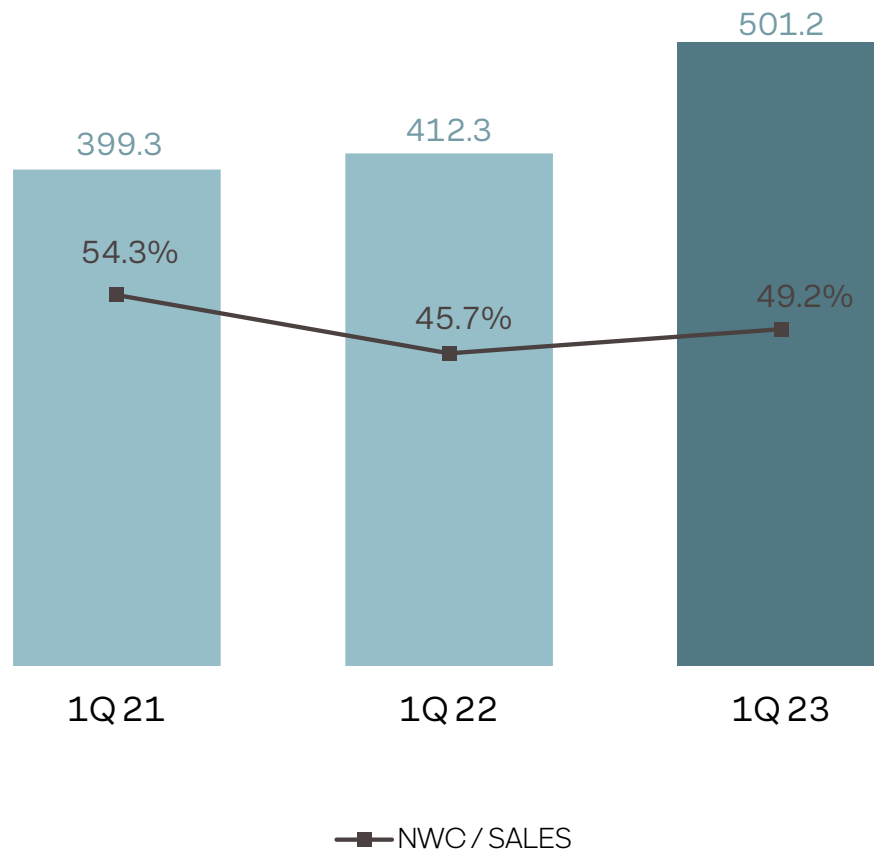
Sales

EBITDA

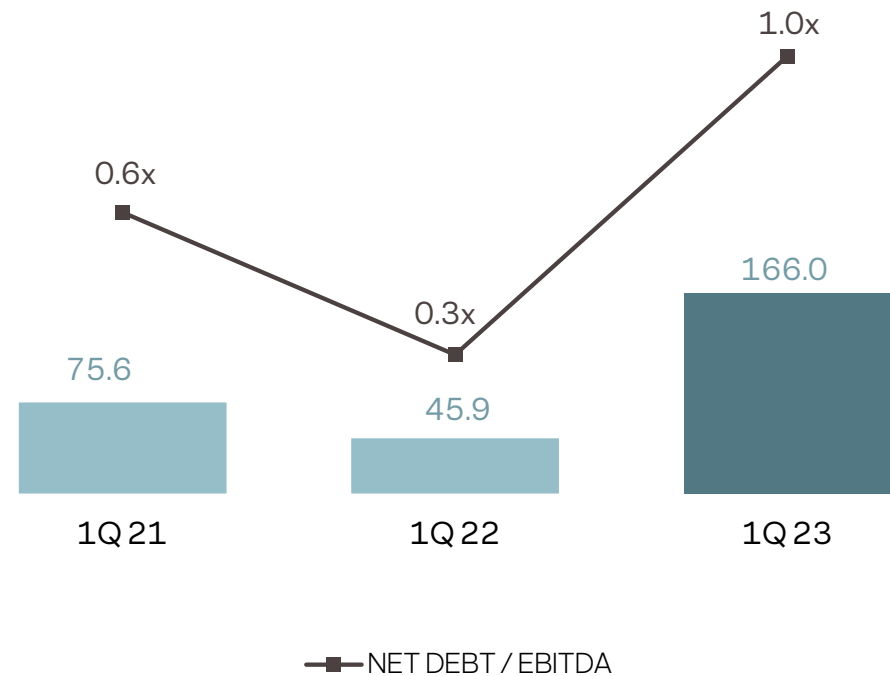


Values in million euros.

Net Working Capital



Net Debt



Values in million euros.

Current EBITDA of the last four quarters

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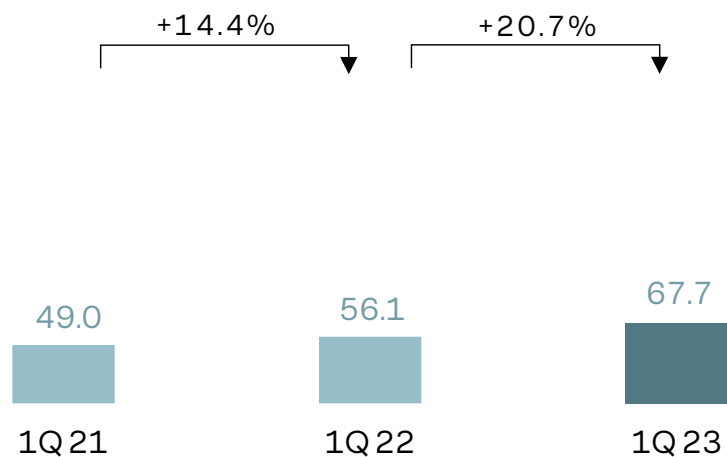
Business Units

Vertical Integration



Raw Materials

Sales



Sales increased 20.7% to 67.7 M€

Sales performance reflect the other BUs' activity levels; an improved mix and higher cork prices were the most important contributors to sales growth;

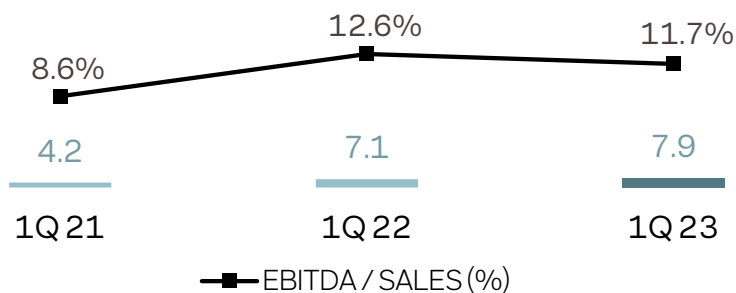
Higher cork consumption prices pressured EBITDA margins, despite the positive impact of:

- Better cork yields,
- An improved sales mix (cork preparation and disc production),
- Lower operational costs (particularly, electricity and transport costs);

Increasing efficiency remains a key issue; special focus on testing a new technology to produce discs and the roll-out of new machines to harvest cork;

In 2023, investments will be made in Herdade de Rio Frio and Herdade da Baliza, specifically in new plantations and in increasing tree density in some areas, in part by using new forestry models.

EBITDA



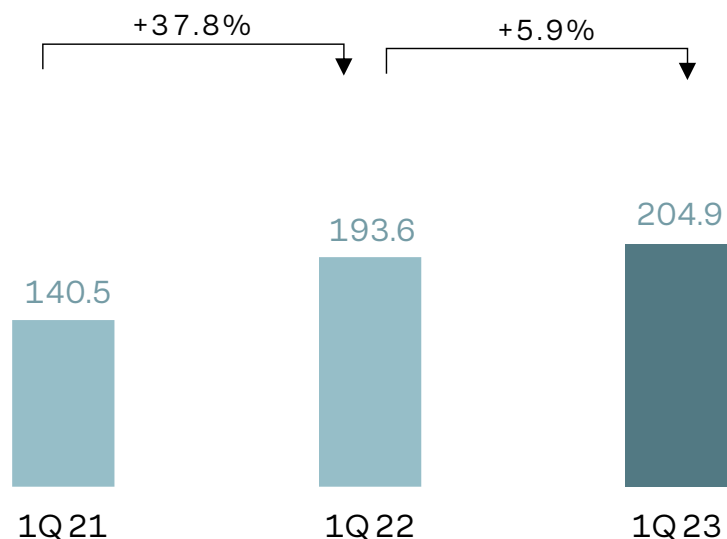
values in million euros.

■ EBITDA / SALES (%)



Cork Stoppers

Sales



Sales increased 5.9% to 204.9 M€

Sound sales growth on subdued volumes, driven by a better product mix, price increases and marginally benefiting from favourable FX;

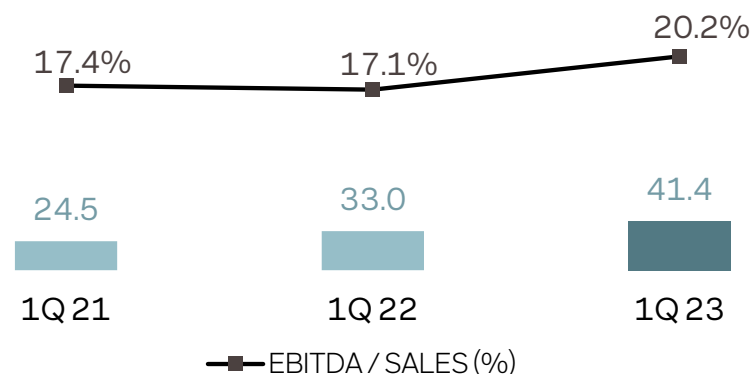
Sales growth in all wine segments and for most categories of cork stoppers; Neutrocork continued to outpace the growth of other still wine stopper categories with double-digit sales growth;

On a geographic base, the US market showed strong sales growth, as expected, following a weak performance in 2022, penalised by the bottling of high-end wines that were impacted by the 2020 wildfires;

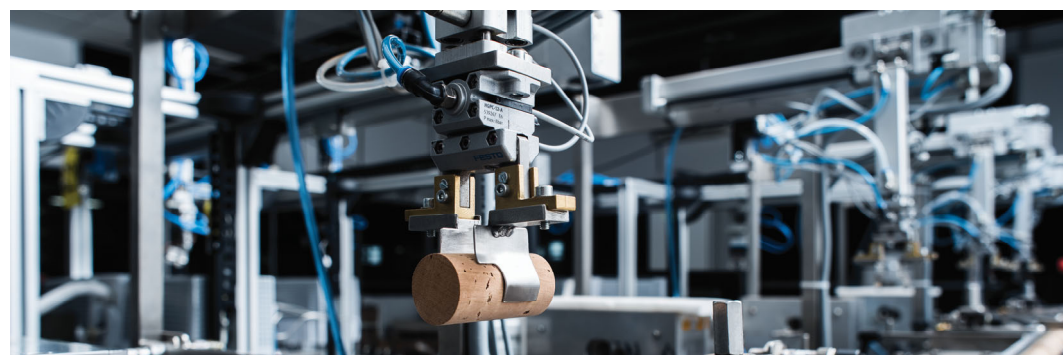
Although penalised by higher cork prices, EBITDA margins evolved positively, mostly reflecting:

- An improved product mix,
- Price increases,
- Lower energy prices,
- Better grinding yields,
- Favourable FX.

EBITDA

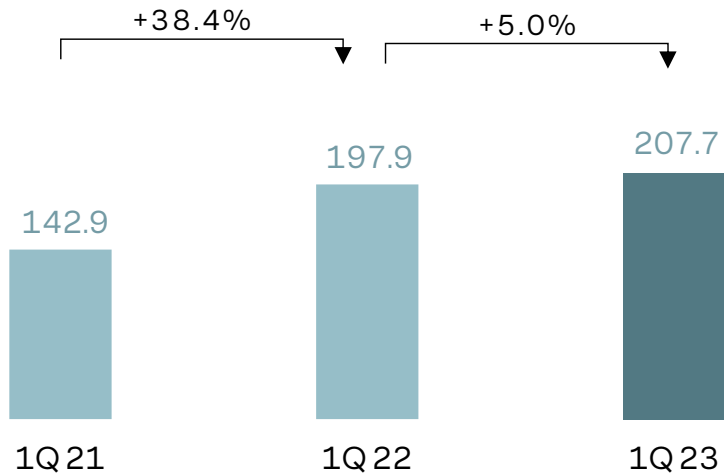


Values in million euros.

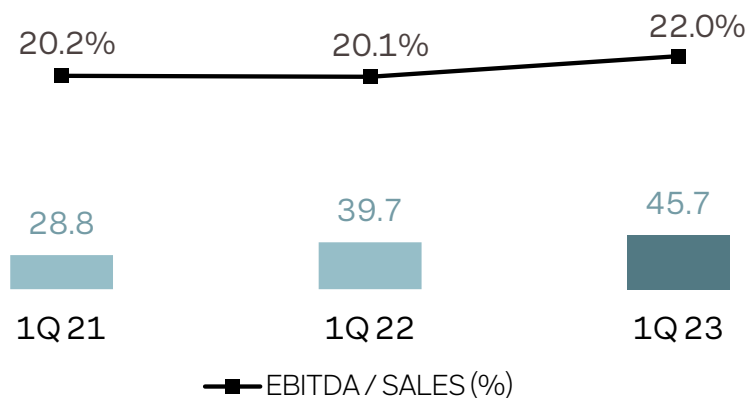


Raw Materials + Cork Stoppers

Sales



EBITDA

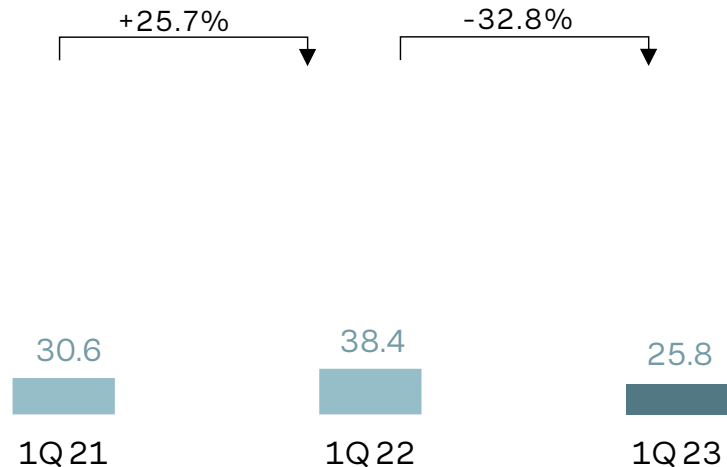


Values in million euros.



Floor & Wall Coverings

Sales



Sales decreased 32.8% to 25.8 M€

Sales declined on lower volumes, despite the implementation of price increases; sales of manufactured products unperformed that of trade products;

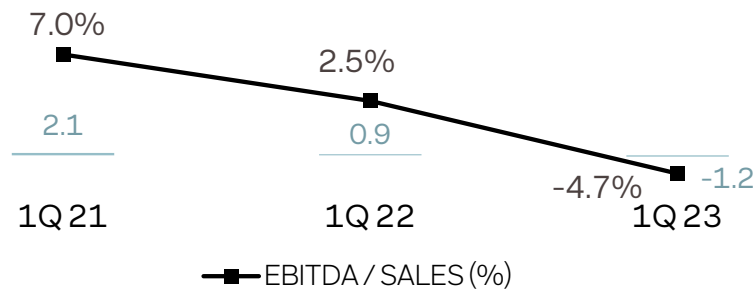
Sales pressure affected most products and regions; Central Europe was particularly impacted, as Germany, the BU's most important market, showed no sign of a reversal in the negative sales trend that began in the summer of 2022;

Operating deleverage resulting from lower activity levels was the major driver of a deterioration in the EBITDA margin, even though it benefited from:

- Lower energy prices,
- Declining transport and marketing costs;

The investment in a new Digital Printer in 2023 will support the rebuild of its portfolio, with more sustainable and value-added products, and will lay the foundation for a steady recovery of profitability going forward.

EBITDA

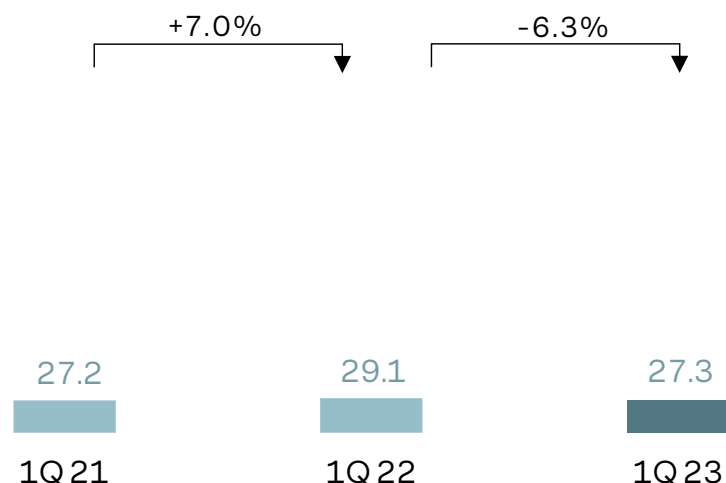


Values in million euros.



Composite Cork

Sales



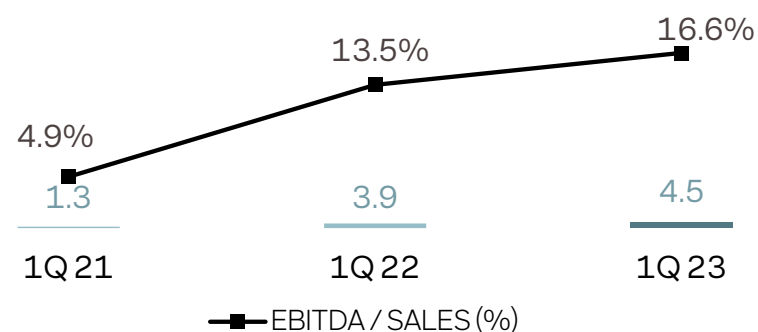
Sales decreased 6.3% to 27.3 M€

Lower activity levels were the major driver of sales performance, as these more than offset mix improvements, price increases and the positive impact of a stronger USD (at constant exchange rates, like-for-like sales: -7.2%);

The most profitable segments outperformed those with lower margins; major sales increases in Power Industry, Rail and Sports Surfaces; major sales declines in Distributors of Flooring & Related Products, Resilient & Engineered Flooring Manufacturers and Cork Specialists;

Positive contribution from existing partnerships, whose sales increased to 1.5 M€ (1Q22: 1.1M€);

EBITDA



Higher cork prices and lower volumes had a negative impact on EBITDA margins, but these have improved significantly reflecting:

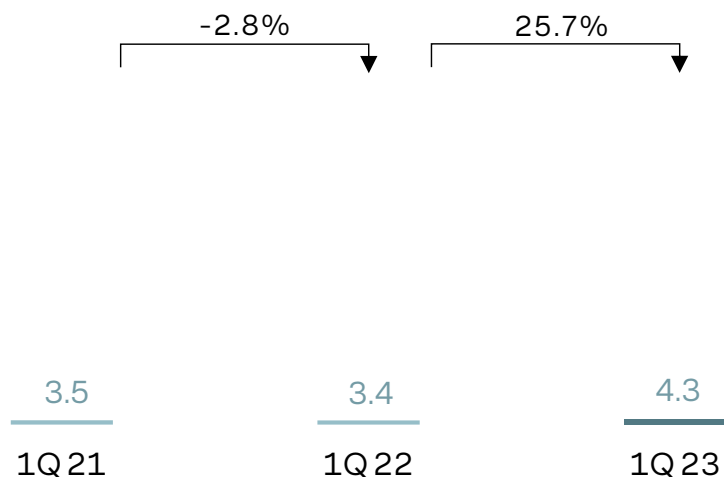
- A better product mix,
- Lower energy prices,
- Favourable FX (EBITDA margins of 14.6% at constant exchange rates).



Values in million euros.

Insulation Cork

Sales



Sales increased 25.7% to 4.3 M€

Strong sales growth, reflecting higher sales prices and a better product mix, which more than offset a decline sales volume;

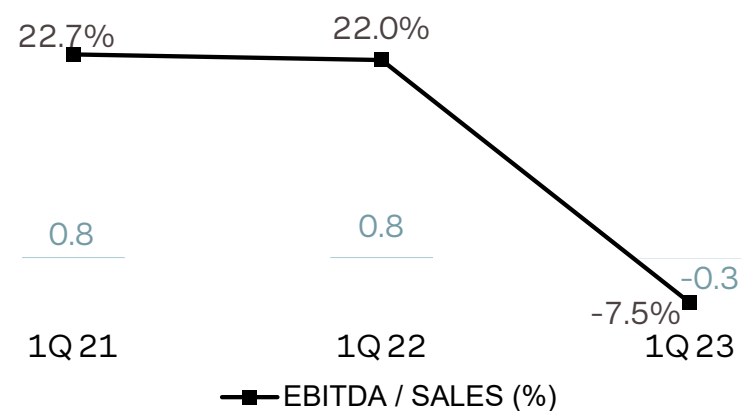
Expanded insulation corkboard is highly sensitive to cork prices, as it uses only cork as a raw material in its manufacture; as a consequence of this, the current context of high cork prices had a significant impact on the BU's profitability;

EBITDA margins were further penalised by higher operating costs, even though energy prices and grinding yields were supportive;

Anticipated volume declines and high cork consumption prices are likely to continue keeping margins under pressure;

Being a 100% natural product and offering technical performance with virtually unlimited durability, expanded insulation corkboard is especially designed to meet sustainability requirements.

EBITDA



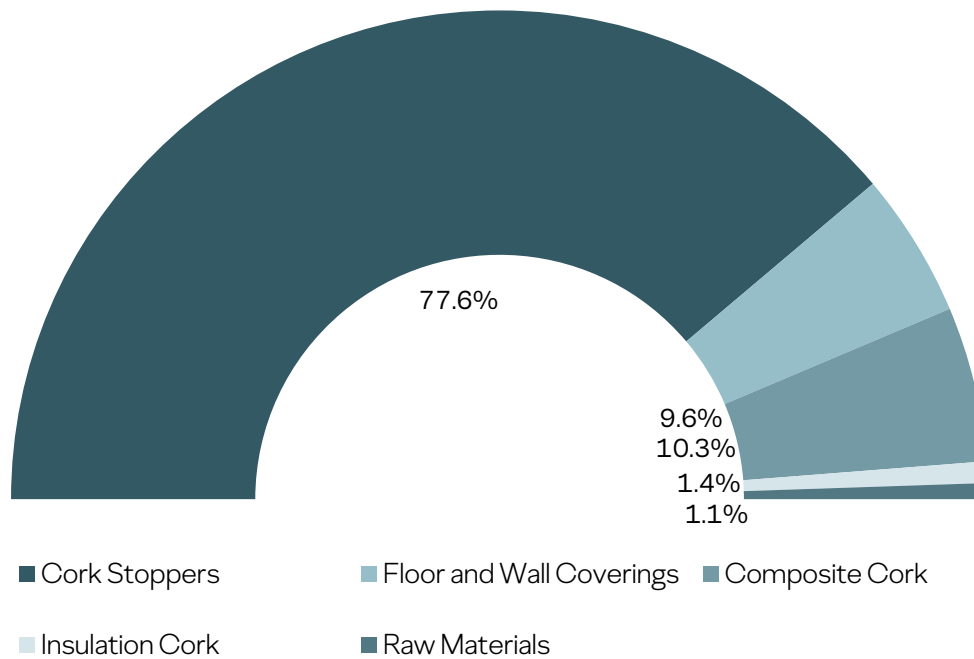
Values in million euros.



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Key Financials

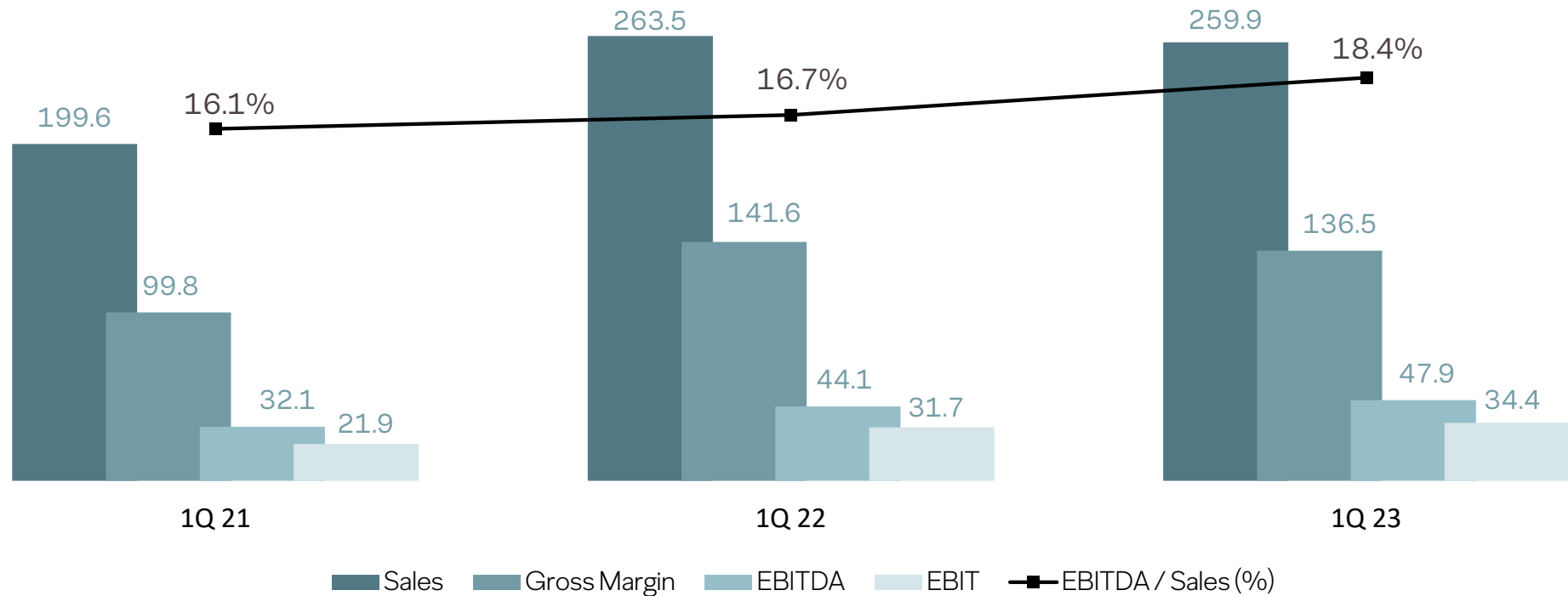
Sales by Business Unit



	1Q 21	1Q 22	1Q 23
Raw Materials + Cork Stoppers	70.6%	73.9%	78.7%
Floor and Wall Coverings	14.6%	14.0%	9.6%
Composite Cork	13.3%	10.9%	10.3%
Insulation Cork	1.5%	1.1%	1.4%
	100%	100%	100%

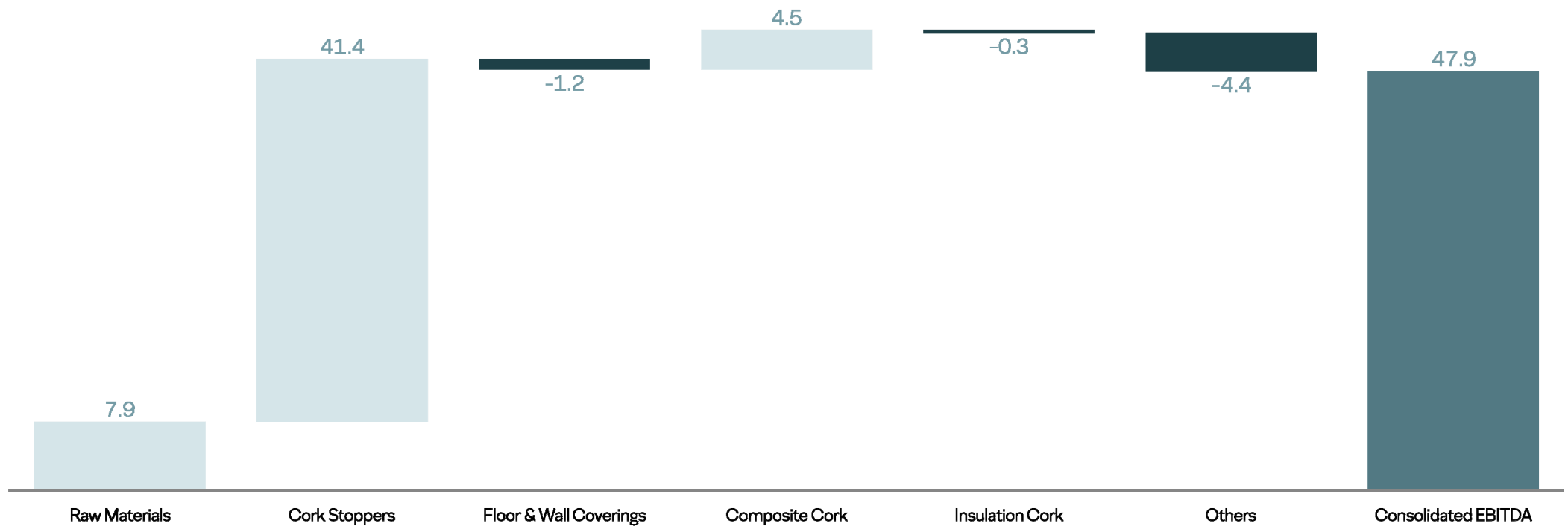


Sales | Gross Margin | EBITDA | EBIT



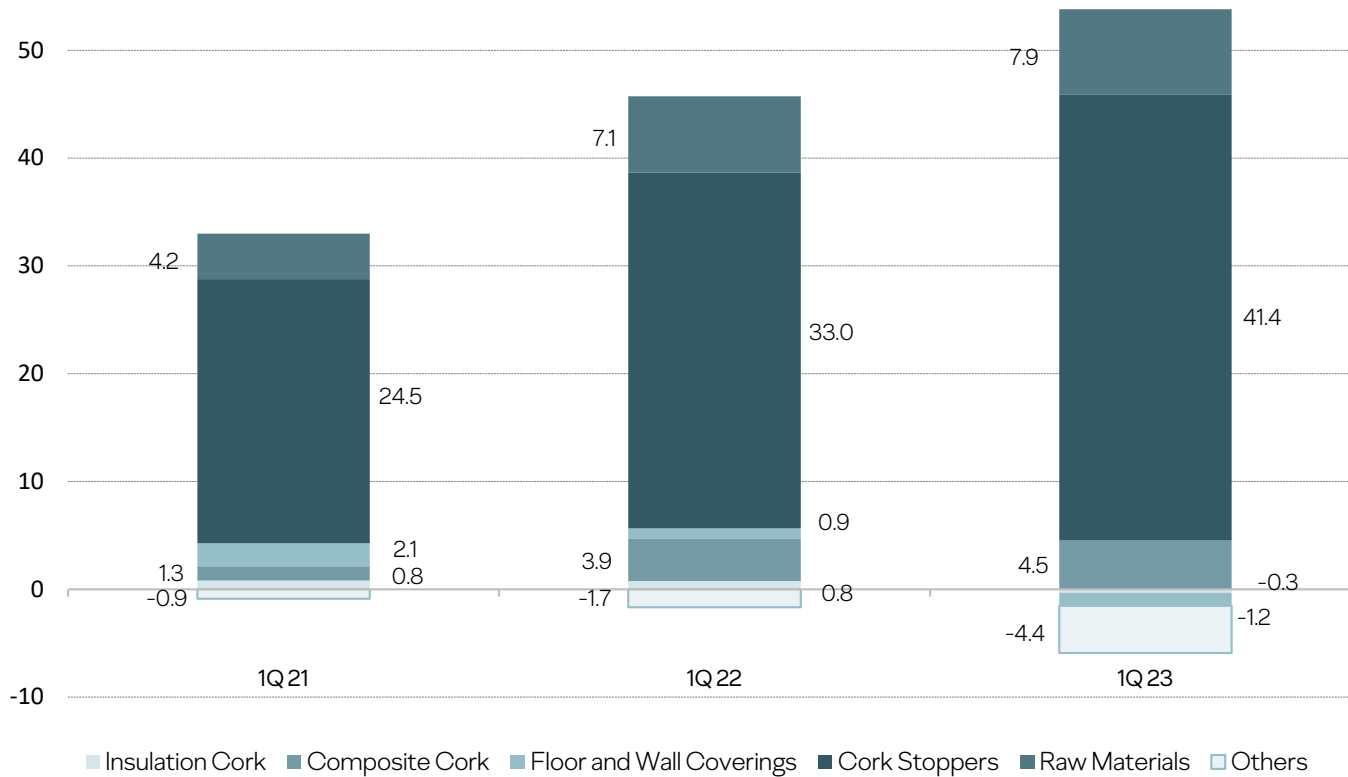
Values in million euros.

EBITDA by BU



Values in million euros.

EBITDA by BU



Values in million euros.

EBITDA/Sales (%)	1Q 21	1Q 22	1Q 23
Raw Materials + Cork Stoppers	20.2%	20.1%	22.0%
Floor and Wall Coverings	7.0%	2.5%	-4.7%
Composite Cork	4.9%	13.5%	16.6%
Insulation Cork	22.7%	22.0%	-7.5%
Consolidated	16.1%	16.7%	18.4%



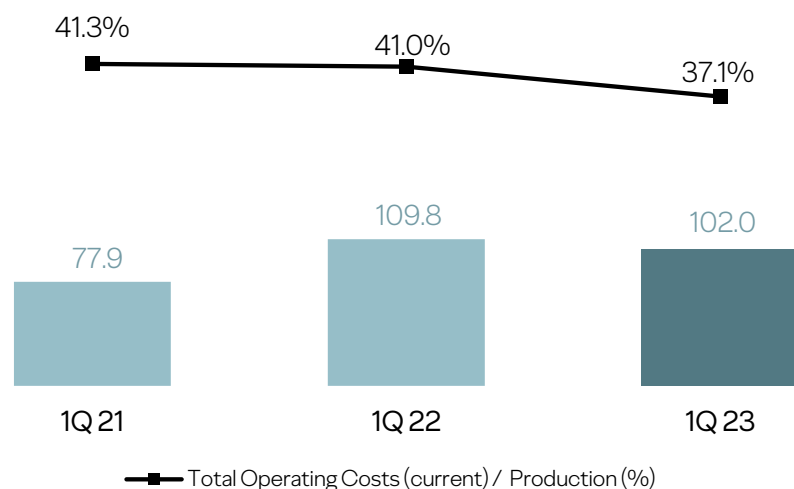
Key P&L Figures

	1Q 21	1Q 22	1Q 23	yoy
Sales	199.6	263.5	259.9	-1.4%
Gross Margin	99.8	141.6	136.5	-3.6%
Operating Costs (incl. depreciation)	77.9	109.8	102.0	-7.0%
EBITDA	32.1	44.1	47.9	8.7%
Depreciation	10.2	12.3	13.5	9.3%
EBIT	21.9	31.7	34.4	8.5%
Non-recurrent results	-	3.0	-	-
Net financial costs	0.5	0.6	1.0	72.1%
Share of (loss)/profit of associates	0.7	1.3	1.6	26.0%
Profit before tax	22.2	29.5	35.1	19.0%
Income tax	5.1	6.3	8.2	30.3%
Non-controlling interest	1.1	3.0	3.1	1.0%
Net Income	16.0	20.1	23.8	18.2%
	1Q 21	1Q 22	1Q 23	yoy
Gross Margin/ Sales	50.0%	53.7%	52.5%	-121 b.p.
EBITDA / Sales	16.1%	16.7%	18.4%	+171 b.p.
Earnings per share (€)	0.120	0.151	0.179	18.2%

Values in million euros.

Operating Figures

Operating costs



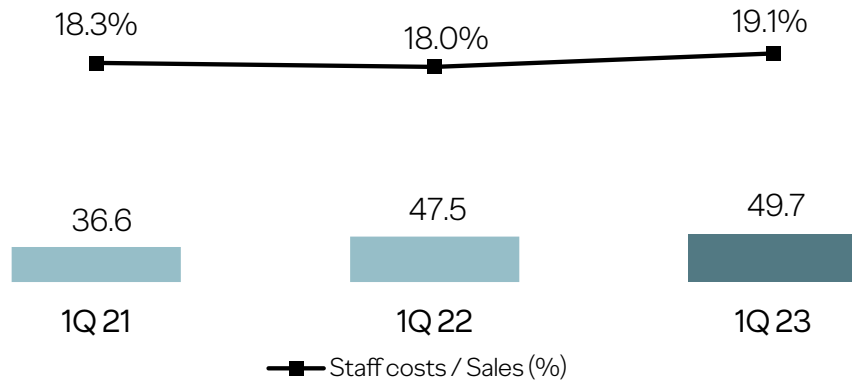
	1Q 21	1Q 22	1Q 23	yoy
External supplies	31.3	49.7	40.5	-18.5%
Transports	7.3	10.1	8.6	-15.0%
Energy	3.9	12.3	4.1	-66.6%
Staff costs	36.6	47.5	49.7	4.7%
Depreciation	10.2	12.3	13.5	9.3%
Impairments	-0.6	-0.2	0.5	n.m
Others	0.4	0.6	-2.2	n.m
Total Operating Costs (current)	77.9	109.8	102.0	-7.0%

Values in million euros.



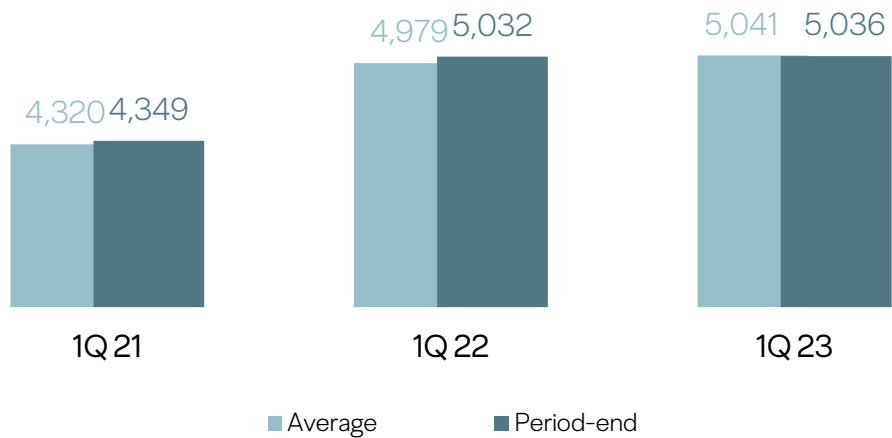
Staff

Staff costs

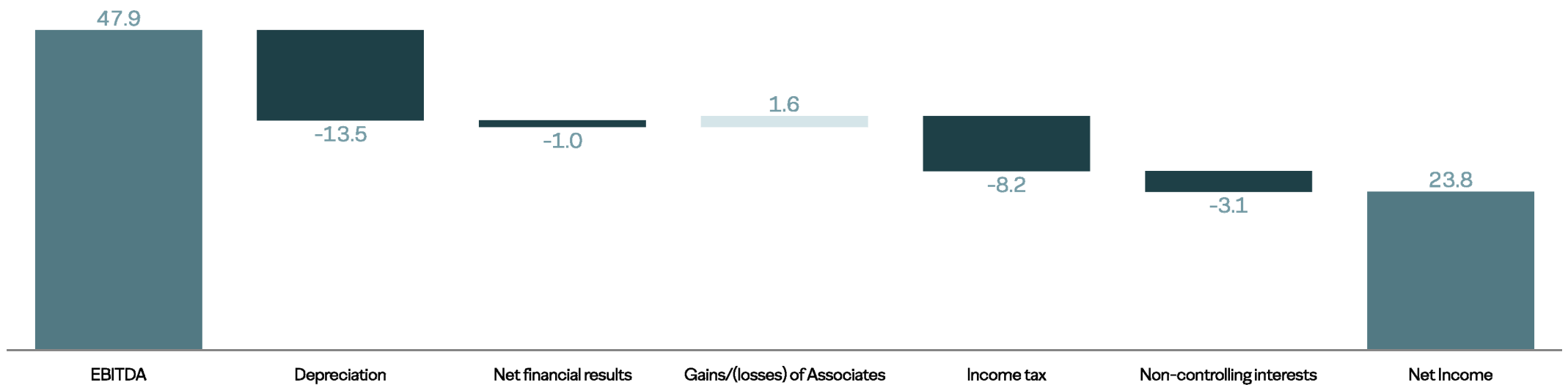


Values in million euros.

Number of workers



Net Income



Values in million euros.

Financial Position

	December 31, 2020 *	March 31, 2021	December 31, 2021 *	March 31, 2022	December 31, 2022 *	March 31, 2023
Net Goodwill	13.7	13.7	9.8	21.1	18.9	18.9
Net Fixed Assets / Intangible Assets / Right of use / Biological assets	304.1	299.3	307.5	336.2	420.1	426.8
Net Working Capital **	407.7	399.3	358.3	412.3	441.8	501.2
Other ***	31.0	33.2	61.2	40.7	46.2	48.3
Invested Capital	756.6	745.4	736.9	810.3	926.9	995.3
Net Debt	110.7	75.6	48.1	45.9	129.0	166.0
Share Capital	133.0	133.0	133.0	133.0	133.0	133.0
Reserves and Retained Earnings	416.7	434.0	462.9	485.2	532.6	556.9
Non Controlling Interests	26.9	28.2	27.3	75.2	79.3	82.7
Agreement to acquire non-controlling interests	10.0	10.0	5.0	5.0	-	-
Taxes and Deferred Taxes *****	33.7	36.9	33.3	37.7	25.1	29.0
Provisions	4.5	5.2	5.5	5.9	6.6	7.6
Grants ****	21.0	22.5	21.7	22.3	21.3	20.1
Equity and other sources	645.9	669.8	688.8	764.3	797.9	829.3

* Final figures according to the approved accounts.

** Inventories + accounts receivables - accounts payables + other operating assets/(liabilities).

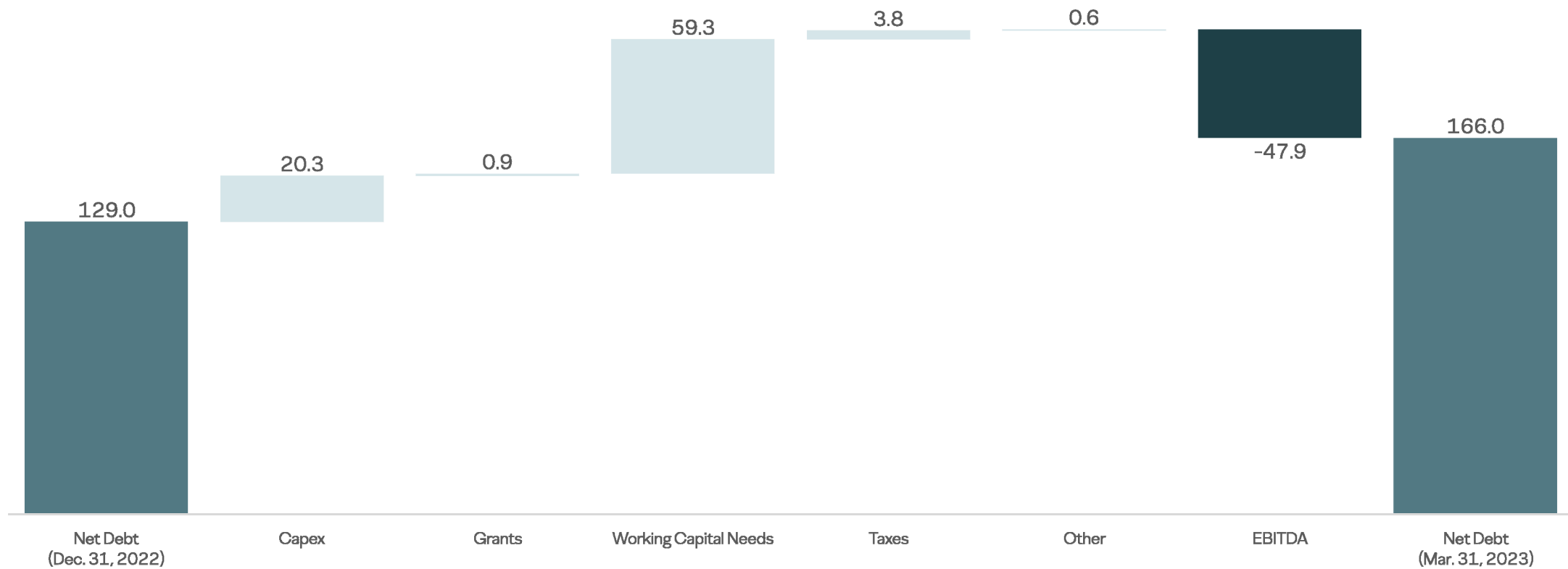
*** Investment property + Investments in associates + Other non-operating assets/(liabilities).

**** Non interest bearing grants (reimbursable and non-reimbursable).

***** Includes Corporate Income Tax provision, according to IFRIC 23.

Values in million euros.

Net Debt



Values in million euros.

Ratios

	1Q 21	2021	1Q 22	2022	1Q 23
Net Debt / EBITDA *	0.64	0.36	0.31	0.79	0.99
EBITDA / Net Interest	199.4	167.7	243.2	148.6	83.6
Gearing	2.6%	7.7%	6.6%	17.3%	21.5%
NWC / Market capitalization	29.7%	26.4%	30.8%	38.1%	37.7%
NWC / Sales x 360 *	195.3	154.0	164.6	109.3	177.3
Free cash flow (FCF)	32.5	119.5	18.8	-139.6	-34.5
Capex	6.4	44.0	13.7	76.7	20.3
Return on invested capital (ROIC) pre-tax	11.7%	12.7%	15.7%	12.4%	14.3%
Return on invested capital (ROIC)	9.0%	10.2%	12.6%	11.8%	10.9%
Average Cost of Debt	0.8%	0.9%	0.9%	1.2%	1.6%

* Current sales and EBITDA of the last four quarters.

FCF = EBITDA – Net financing expenses – Income tax – Capex – NWC variation.

ROIC = Annualized NOPAT / Capital employed (average).

Values in million euros.

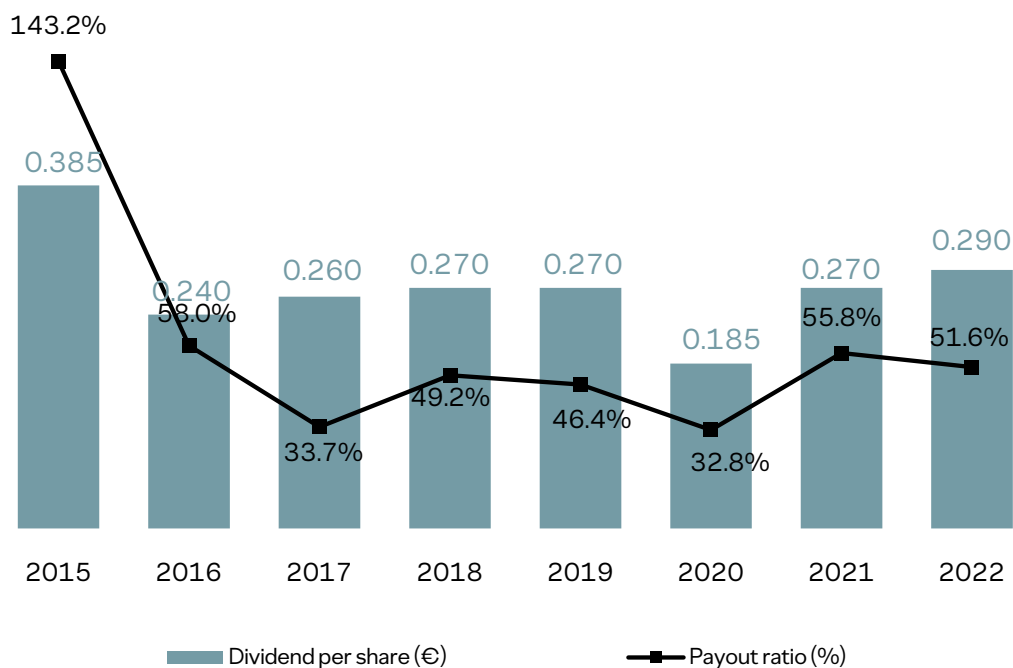


Dividends

Steadily growing Dividend Payment

In 2022, a total of **38.6 M€** was paid out in dividends (2021: 35.9 M€).

The Shareholders General Meeting held on April 28 approved the distribution of a gross dividend of **€ 0.20 per share** (to be paid on May 15).



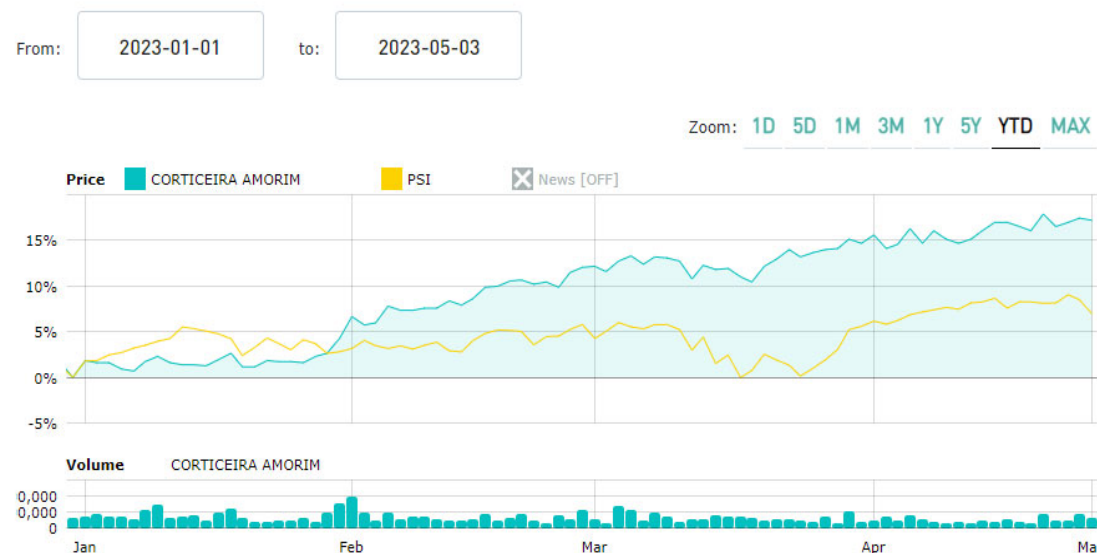
		2015	2016	2017	2018	2019	2020	2021	2022
Issued shares	Qt.	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000	133,000,000
Year-end close (N-1)	€	3.020	5.948	8.500	10.300	9.000	11.300	11.600	11.280
Earnings per share (N-1)	€	0.285	0.431	0.772	0.549	0.582	0.564	0.484	0.562
Payout	%	143.2%	58.0%	33.7%	49.2%	46.4%	32.8%	55.8%	51.6%
Dividend per share	€	0.385	0.240	0.260	0.270	0.270	0.185	0.270	0.290
Total dividend	M€	50.2	31.9	34.6	35.9	35.9	24.6	35.9	38.6
Dividend Yield	%	13.5%	5.5%	3.6%	2.4%	2.5%	1.8%	2.5%	2.9%

Dividend of year N-1 is payed in year N.

Dividend yield = dividend per share/average share price (N-1).

2015: dividend of 0.385€ per share includes an additional dividend of 0.195€ per share (Nov. 2015) as an application of gains accrued in the ABB of treasury stock (5.62%).

Stock Market



	2017	2018	2019	2020	2021	2022	1Q23
Qt. of shares traded	19,290,907	14,884,641	9,481,944	13,353,226	12,489,555	19,946,784	4,306,848
Share price (€):							
Maximum	13.300	12.000	11.520	11.780	12.700	11.360	10.060
Average	11.067	10.604	10.062	9.990	10.992	9.864	9.394
Minimum	8.180	8.370	8.710	7.480	9.860	8.500	8.740
Period-end	10.300	9.000	11.300	11.600	11.280	8.720	10.000
Trading Frequency	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Stock market capitalisation at period-end (M€)	1,370	1,197	1,503	1,543	1,500	1,160	1,330

Source: Euronext | Corticeira Amorim

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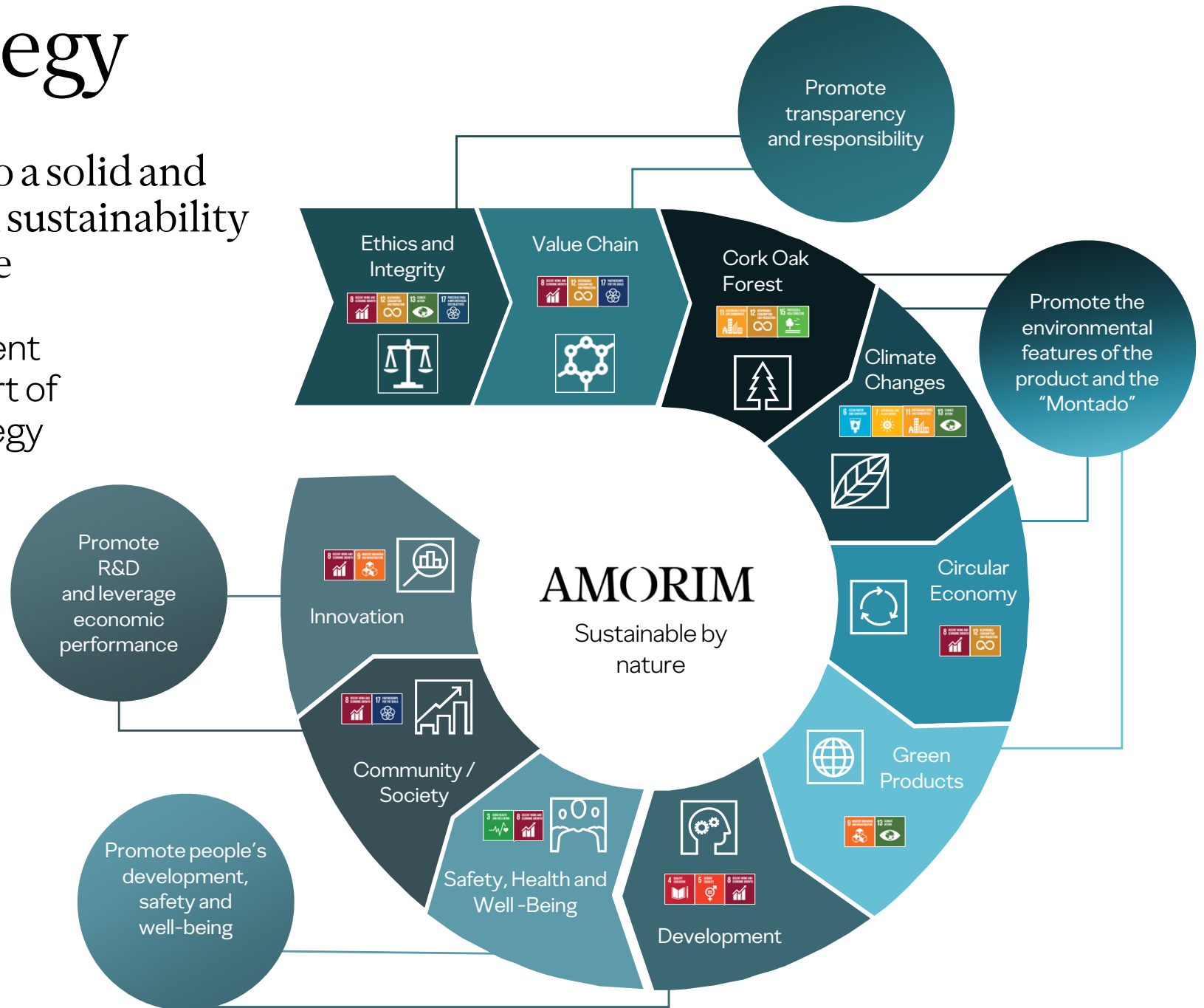
Sustainable by nature

ESG Strategy

We are committed to a solid and dynamic future with sustainability as the main reference

Sustainable Development Goals are an integral part of our Sustainability Strategy

Our strategy is aligned with **12 Sustainable Development Goals**



ESG Strategy Goals



Ethics and Integrity

Act in an appropriate and ethical way, with transparency and responsibility, stimulating competitiveness and the creation of long-term value



Circular Economy

Apply the principles of circular economy through the reduction of waste, extend the life of materials and regeneration of natural systems



Safety, Health and Well-Being

Ensure the safety, health and physical and psychological well-being of all, and promote appropriate work environments



Value Chain

Reinforce responsible production and consumption, preferably selecting suppliers that adopt good ESG practices



Green Products

Maintain a proactive role in developing the already vast scope of application of cork, sustained by the innate properties of the material



Community / Society

Boost economic growth in a sustainable and inclusive manner, ensuring efficient production and decent work for all



Cork Oak Forest

Preserve the cork oak forest and ecosystem services by increasing knowledge, mobilizing resources and proposing initiatives



Development

Promote personal and professional development for all



Innovation

Support and promote research, development and innovation and foster sustainable solutions



Climate Change

Reduce the environmental impact of operations by adopting renewable, affordable and efficient solutions

ESG Targets: 2030

(Portuguese operations)

4 QUALITY EDUCATION



100%

workers with training

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Zero

impact in packaging

5 GENDER EQUALITY



Zero

discrimination

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



100%

waste recovery rate

7 AFFORDABLE AND CLEAN ENERGY



100%

controlled renewable electrical energy

13 CLIMATE ACTION



Zero

carbon footprint (scopes 1 and 2)

8 DECENT WORK AND ECONOMIC GROWTH



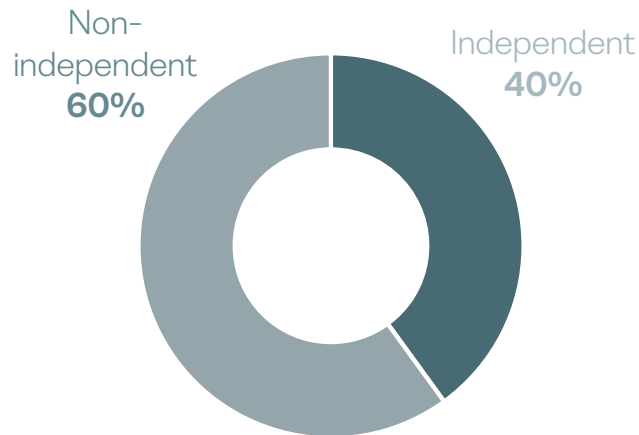
Zero

recordable work-related injuries

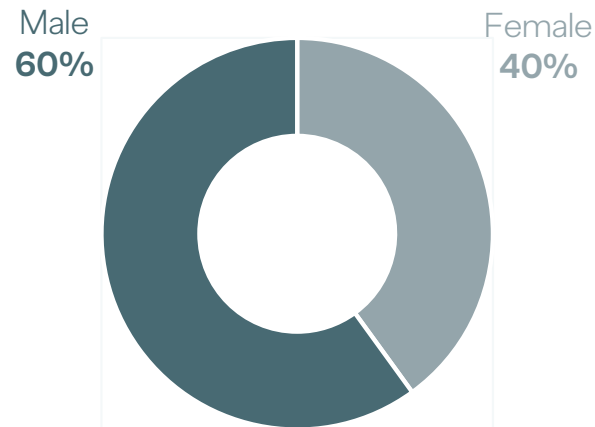


Balanced and Agile Governance Model

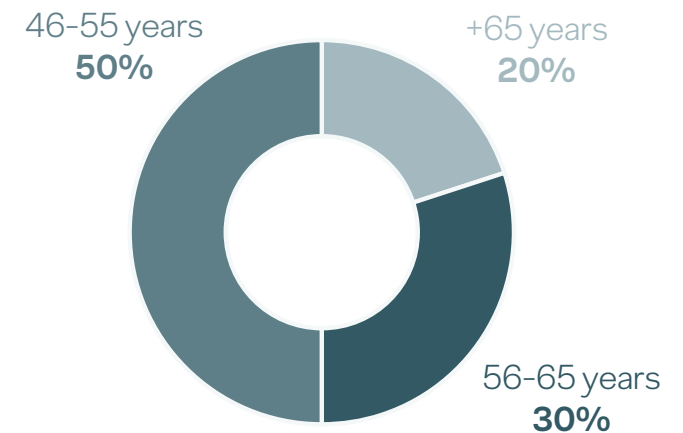
Board Composition



Including an Independent Lead Director



25% of women at the Executive Committee



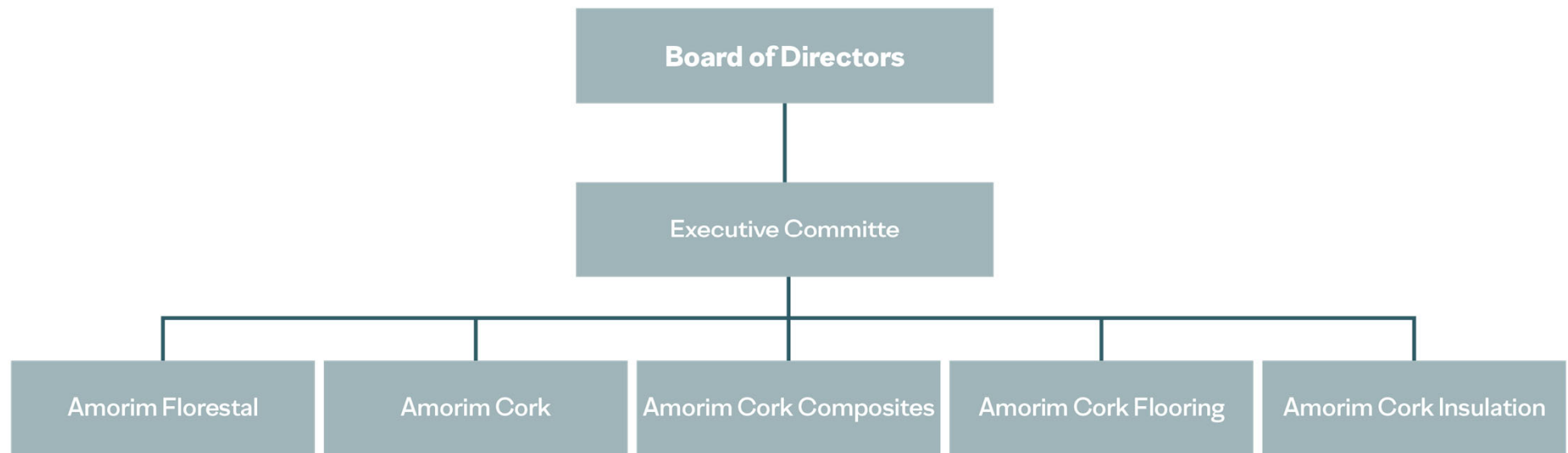
Combining vision, experience and challenging approaches

Integrated Management Model

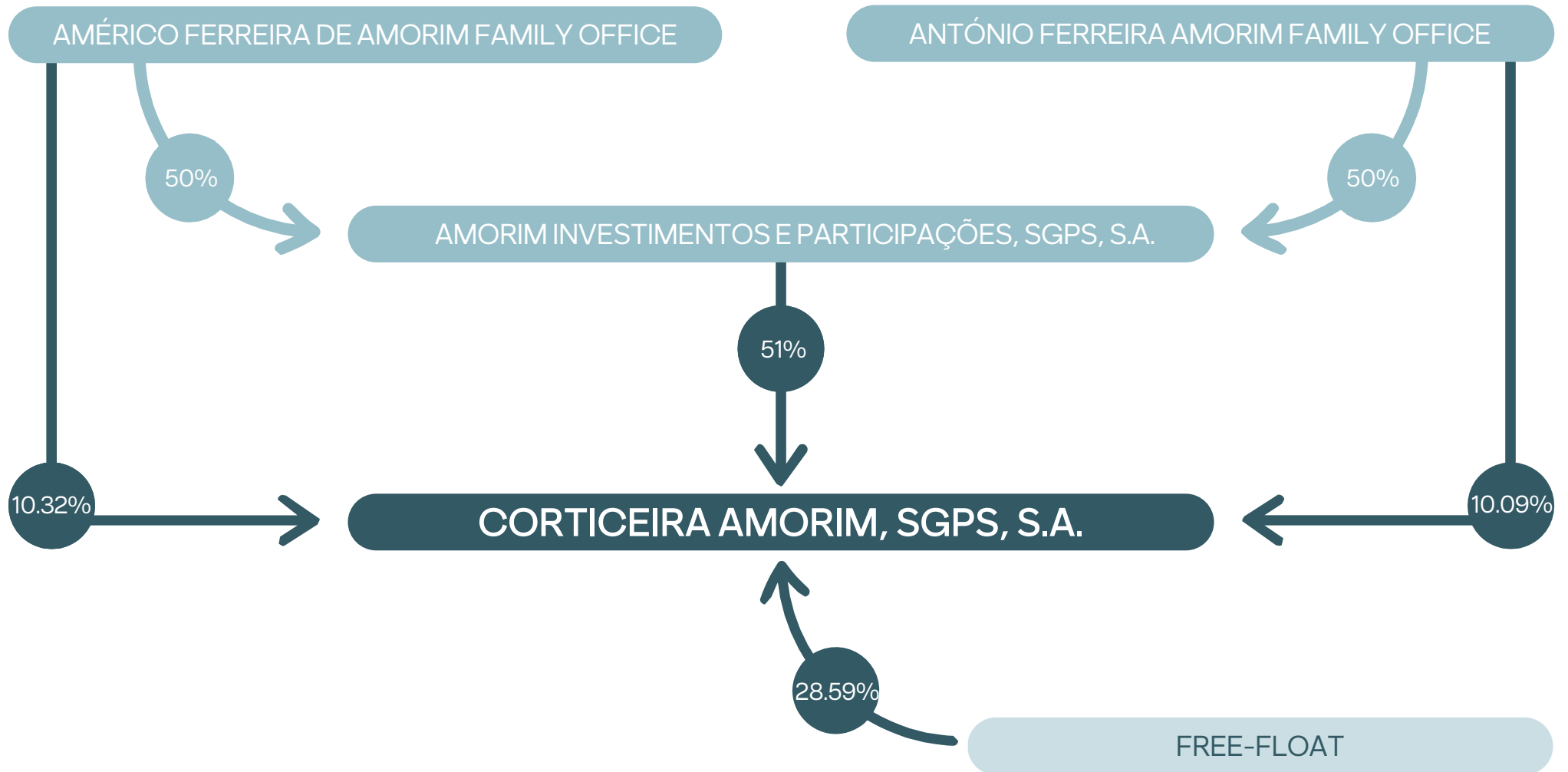
A strategic-operational holding concept that promotes sound corporate frameworks and policies across all Business Units (BUs)

Board of Directors of Corticeira Amorim responsible for approving strategic initiatives and goals for each BU in close cooperation with the respective Executive Management

Separate Board of Directors, composed of executive and non-executive members, responsible for deciding on all relevant matters for each BU Unit



Shareholder Structure



Held directly and indirectly.

Free-float includes 3,045,823 shares (2.29%) held by fund managed by Santander Asset Management, SA, SGILC (June 2019)

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