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# Corticeira Amorim

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## Sales increase 13%, excluding consolidation perimeter changes

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### Highlights:

- EBITDA-sales ratio rises to 18.0% despite inflationary pressures
- Net profit increases 14% to €45 million, in line with sales growth (excluding the SACI Group)
- The SACI Group contributes €57 million in sales and €3 million in net profit

### Consolidated Performance and Results

Corticeira Amorim's sales totalled €546 million in the first half of 2022, an increase of 25.9% compared with the same period of the previous year. The consolidation of the activities of the SACI Group's companies (SACI) from January 1 contributed significantly to the consolidated sales of Corticeira Amorim - excluding this effect, sales growth would have been 12.7%.

Despite some signs of deceleration in the second quarter, all Business Units (BUs) registered sales growth. This reflects improvements in the product mix, increased sales prices and volume growth. The evolution of exchange rates also had a positive impact on sales – excluding this effect, sales would have increased 24.2% (+11.0% excluding the changes in the consolidation perimeter).

Consolidated EBITDA rose to €98 million in the first six months of the year, up from €77 million in the same period of 2021. Excluding SACI's contribution, EBITDA increased 13.2%, in line with the evolution of sales. Although inflationary pressures, especially in regard to energy, raw materials and transport, continued to penalise results, higher activity levels and an improved product mix were decisive in protecting profitability. The EBITDA-sales ratio increased to 18.0% (1H2021: 17.8%).

After earnings attributed to non-controlling interests, net income totalled €48 million at the end of the first half, an increase of 20.6% over the same period of 2021. Excluding changes in the consolidation perimeter, net income increased 14.1%.

At the end of June, remunerated net debt totalled €71 million (12M21: €48 million). The first payment related to the acquisition of a 50% stake in SACI (€25 million) and the acquisition of the remaining 50% of Cold River's Homestead (€15 million), as well as higher working capital requirements (€41 million), increased investment in fixed assets (€34 million) and dividend payments (€27 million) contributed to the increase in remunerated net debt since the end of 2021.

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**Corticeira Amorim, SGPS, S.A.**

Edifício Amorim I  
Rua Comendador Américo  
Ferreira Amorim, 380  
4535-186 Mozelos, Portugal

[www.corticeiraamorim.com](http://www.corticeiraamorim.com)

IRO:

Ana Negrais de Matos, CFA  
T: + 351227475423  
F: + 351 227475407

[ana.matos@amorim.com](mailto:ana.matos@amorim.com)

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

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## Performance by Business Unit

Sales by the Cork Stoppers BU totalled €402 million, an increase of 29.0% compared with the first half of 2021 (+10.7% excluding changes in the consolidation perimeter). Growth resulted from higher levels of activity, an improved product mix, sales price increases introduced at the beginning of the year and the positive impact of exchange rates (excluding the exchange rate effect, sales would have increased 27.4%). All cork stopper segments recorded increased sales, as did most categories of cork stoppers – particularly Neutrocork stoppers, which continue to show strong growth. EBITDA totalled €77 million (+31.1% compared with the same period of 2021; +13.0% excluding the consolidation of SACI). The EBITDA-sales ratio increased to 19.1% (1H2021: 18.8%). The combined sales and EBITDA of the Raw Materials and Cork Stoppers BUs totalled €409 million and €87 million, respectively. The combined EBITDA-sales ratio of the two units was 21.3% (1H2021: 21.6%).

The Floor and Wall Coverings BU reported sales totalling €77 million (+21.7% compared with the same period of the previous year). Growth in the sales of trade and manufactured products was balanced, with highlights including Amorim WISE product line and recently launched products. EBITDA totalled €2 million. The EBITDA-sales ratio was 2.8%, penalised by the increased costs, namely of energy and of non-cork raw materials.

Sales by the Composite Cork BU totalled €62 million (+7.1% compared with the same period of 2021), reflecting growth in a large majority of the markets where it operates. The US is the BU's most important market and therefore sales benefitted from the appreciation of the US dollar - excluding this effect, sales would have increased 4.3%. Aerospace, Multi-purposes Seals & Gaskets and Mobility continued to outperform other segments, supporting a significant improvement in the product mix. The joint-ventures Amorim Sports, Corkeen and, more recently, Korco, continued to show considerable dynamism, remaining an important engine of growth. The BU's EBITDA rose to €10 million, while the EBITDA-sales ratio increased to 15.8% (1H2021: 9.0%).

The Insulation BU reversed its first-quarter contraction in sales, ending the first half with sales growth of 10.6%. Increased operating costs (mainly due to higher energy prices) and increased cork consumption costs penalised operating results. EBITDA totalled €1 million. The EBITDA-sales ratio was 13.6% (1H2021: 19.2%).

## Main Consolidated Indicators

		1H21	1H22	yoy	2Q21	2Q22	qoq
Sales		433,318	<b>545,523</b>	25.9%	233,730	<b>281,978</b>	20.6%
Gross Margin – Value		215,485	<b>290,297</b>	34.7%	115,666	<b>148,703</b>	28.6%
Gross Margin / Sales		49.7%	<b>53.2%</b>	+ 3.5 p.p.	49.5%	<b>52.7%</b>	+ 3.2 p.p.
Operating Costs - current		159,410	<b>216,920</b>	36.1%	81,537	<b>107,076</b>	31.3%
EBITDA - current		77,270	<b>98,081</b>	26.9%	45,146	<b>53,994</b>	19.6%
EBITDA/Sales		17.8%	<b>18.0%</b>	+ 0.2 p.p.	19.3%	<b>19.1%</b>	-0.1 p.p.
EBIT - current		56,075	<b>73,377</b>	30.9%	34,129	<b>41,628</b>	22.0%
Net Income	1)	39,432	<b>47,564</b>	20.6%	23,463	<b>27,460</b>	17.0%
Earnings per share		0.296	<b>0.358</b>	20.6%	0.176	<b>0.206</b>	17.0%
Net Bank Debt		53,243	<b>71,217</b>	17,974	-	-	-
Net Bank Debt/EBITDA (x)	2)	0.40	<b>0.46</b>	0.06 x	-	-	-
EBITDA/Net Interest (x)	3)	207.0	<b>237.0</b>	30.00 x	212.7	<b>230.5</b>	17.78 x

## Excluding SACI Group

		1H21	1H22 w/o SACI	yoy	2Q21	2Q22 w/o SACI	qoq
Sales		433,318	<b>488,409</b>	12.7%	233,730	<b>253,029</b>	8.3%
Gross Margin – Value		215,485	<b>262,790</b>	22.0%	115,666	<b>135,861</b>	17.5%
Gross Margin / Sales		49.7%	<b>53.8%</b>	+ 4.1 p.p.	49.5%	<b>53.7%</b>	+ 4.2 p.p.
Operating Costs - current		159,410	<b>197,593</b>	24.0%	81,537	<b>98,960</b>	21.4%
EBITDA - current		77,270	<b>87,488</b>	13.2%	45,146	<b>48,071</b>	6.5%
EBITDA/Sales		17.8%	<b>17.9%</b>	+ 0.1 p.p.	19.3%	<b>19.0%</b>	-0.3 p.p.
EBIT - current		56,075	<b>65,197</b>	16.3%	34,129	<b>36,901</b>	8.1%
Net Income	1)	39,432	<b>44,977</b>	14.1%	23,463	<b>27,628</b>	17.8%
Earnings per share		0.296	<b>0.338</b>	14.1%	0.176	<b>0.208</b>	17.8%

1) Net income includes non-recurring results. In 1Q22, non-recurring earnings result mainly 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, August 2, 2022

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