
Corticeira Amorim

Net profit increases 8% to €51 million

Highlights:

- Resilient sales total €539 million
- Sales by the Cork Stoppers BU increase 5.4% to €423 million
- EBITDA-sales ratio improves to 19.2%, reflecting a favourable evolution of the product mix and energy prices

Consolidated Performance and Results

Corticeira Amorim's sales reached €539.3 million in the first half of 2023, a slight decrease (-1.1%) compared with the same period of 2022. In contrast to the first quarter of the year, the evolution of exchange rates had an unfavourable impact on consolidated sales, particularly in the Cork Stoppers Business Unit (BU), which was the most affected by the depreciation of the US dollar. Excluding this effect, consolidated sales would have fallen 0.8 %

All the Group's BUs recorded positive sales performances except for the Composite Cork (-5.8%) and Floor & Wall Coverings (-35.9%) BUs. The robust sales growth of 5.4 % by the Cork Stoppers BU in the first six months of 2023 was of particular note, accounting for 77 % of consolidated sales.

Consolidated EBITDA totalled €103.8 million, an increase of 5.8% compared with the same period of 2022, mainly reflecting significant savings in terms of operating costs, particularly resulting from lower energy prices, which more than offset higher cork consumption prices and higher personnel costs. The EBITDA-sales ratio rose to 19.2 % (1H2022: 18.0%).

After results attributable to non-controlling interests, net income totalled €51.4 million at the end of the first half, an increase of 8.0% compared with the first six months of 2022.

At the end of June, net interest-bearing debt totalled €187 million, an increase of €58 million compared with the end of 2022 (€129 million). Increase in working capital needs (€79 million) and in investment in fixed assets (€46 million) as well as the payment of dividends (€27 million) contributed to the increase in this item.

Performance by Business Unit

Sales by the Cork Stoppers BU totalled €423.3 million (+5.4% compared with the same period of the previous year), benefiting mainly from an improved product mix and increased sales prices. All cork stopper segments registered an increase in sales, as did most categories of cork stoppers. EBITDA rose by 18.6% to €91.0million and the EBITDA-sales ratio to 21.5% (1H2022: 19.1%), reflecting a more favourable product mix, lower energy prices and higher grinding yields. The combined sales and EBITDA of the Raw Materials and Cork Stoppers BU totalled €430.6m and €96.6m, respectively; the combined

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EBITDA-sales ratio of the two BUs was 22.4% (1H2022: 21.3%).

The sales performance of the Floor and Wall Coverings BU continued to be conditioned by the adverse context affecting the construction sector, reflecting a strong slowdown in activity, particularly in the retail and residential segments. Sales totalled €49.6 million (-35.9% compared with the same period of the previous year) and EBITDA -€2.7 million (1H2022: €2.2m), evidence of the significant impact of the operational deleveraging on the BU's profitability.

Sales by the Composite Cork BU totalled €58.2 million (-5.8% compared with the same period of the previous year), penalised by lower activity levels, particularly in lower value-added segments, such as Distributors of Flooring & Related Products and Resilient & Engineered Flooring Manufacturers. Higher profitability segments recorded a highly favourable evolution, contributing to a significant improvement in the product mix. This improvement in the mix, as well as the reduction in energy prices, were decisive for the increase in the BU's EBITDA to €11.8 million (+20.9% compared with the same period of the previous year) and in the EBITDA-sales ratio to 20.3 % (1H2022: 15.8%).

The Insulation Cork BU recorded the most positive sales evolution over the first six months of 2023, which increased to €9.9 million (+23.4% compared with the same period of the previous year). This mainly reflected an improvement in the product mix and increased sales prices. EBITDA, however, fell to -€0.6 million (1H2022: €1.1 million), penalised by higher cork consumption prices, the only raw material this BU uses, and by higher operating costs.

Main Consolidated Indicators

	1H22	1H23	yoy	2Q22	2Q23	qoq	
Sales	545,523	539,269	-1.1%	281,978	279,382	-0.9%	
Gross Margin – Value	290,297	277,875	-4.3%	148,703	141,403	-4.9%	
Gross Margin / Sales	53.2%	51.5%	-1.7 p.p.	52.7%	50.6%	-2.1 p.p.	
Operating Costs - current	216,920	200,652	-7.5%	107,076	98,604	-7.9%	
EBITDA - current	98,081	103,774	5.8%	53,994	55,869	3.5%	
EBITDA/Sales	18.0%	19.2%	+1.3 p.p.	19.1%	20.0%	+0.8 p.p.	
EBIT - current	73,377	77,223	5.2%	41,628	42,799	2.8%	
Net Income	47,564	51,360	8.0%	27,460	27,588	0.5%	
Earnings per share	0.358	0.386	8.0%	0.206	0.207	0.5%	
Net Bank Debt	71,217	187,247	116,030	-	-	-	
Net Bank Debt/EBITDA (x)	1)	0.46	1.10	0.64 x	-	-	
EBITDA/Net Interest (x)	2)	237.0	73.0	-164.06 x	230.5	65.8	-164.69 x

1) Current EBITDA of the past four quarters.

2) Net interest includes interest from loans deducted of interest from deposits (excludes stamp tax and commissions).

Mozelos, August 2, 2023

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