
Corticeira Amorim

Net profit increases 18%

Highlights:

- Sales total €260 million
- Improved profitability supported by favourable sales mix and costs
- Gross dividend of €0.20 per share to be paid on May 15

Performance and Consolidated Results

Corticeira Amorim's consolidated sales totalled €259.9 million in the first quarter of 2023, a decrease of 1.4% compared with the same period of 2022. A drop in sales by the Floor and Wall Coverings Business Unit (BU) was instrumental in the evolution of consolidated sales, while it should be noted the sales growth of 5.9% by the Cork Stoppers BU. Globally, the first quarter of 2022 was the strongest of that year in terms of sales growth, thereby conditioning the comparison with the same period of 2023.

Consolidated EBITDA rose to €47.9m in the first three months of 2023, up from €44.1m in the same period of the previous year. Despite the negative impact of higher cork consumption prices and increased personnel costs, significant savings were made in operating costs during this period due to lower energy and transport prices. The EBITDA-sales ratio rose to 18.4% (1Q2022: 16.7%).

After results attributable to non-controlling interests, net income totalled €23.8m in the first quarter, an increase of 18.2% compared with the same period of 2022.

At the end of March, net interest-bearing debt totalled to €166m (12M22: €129m). Increases in working capital needs (€59 million) and fixed-asset investment (€20 million) contributed to the growth in net interest-bearing debt since the end of 2022.

Performance by Business Unit

Sales by the Cork Stoppers BU totalled €204.9m, a robust increase of 5.9% compared with the first quarter of 2022. All segments registered a positive evolution in sales, as well as most cork stoppers categories. EBITDA rose by 25.3% to €41.4m, while the EBITDA-sales ratio increased to 20.2% (1Q2022: 17.1%), reflecting improvements in the product mix and lower energy prices. The combined sales and EBITDA of the Raw Materials and Cork Stoppers BUs totalled €207.7m and €45.7m respectively. The combined EBITDA-sales ratio of the two BUs was 22.0% (1Q2022: 20.1%).

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Sales by the Floor and Wall Coverings BU totalled €25.8m (-32.8% year-on-year), reflecting a decrease in activity due to the adverse climate in the markets where the BU operates, in line with the global deceleration trend of activity in the sector, particularly in the retail/residential segment. Despite having benefited from lower energy and transport costs, profitability in the first three months of the year was penalised by the impact of operational deleveraging, resulting in an EBITDA of -€1.2 million (1Q2022: €0.9 million).

The Composite Cork BU recorded sales of €27.3m (-6.3% year-on-year). Although sales benefited from an improved product mix, increased sales prices and the appreciation of the US dollar, the fall in sales volumes, particularly in lower value-added segments, resulted in a drop in sales compared with first three months of 2022. The best performing segments were Power Industry, Rail and Sports Surfaces, while Distributors of Flooring & Related Products, Resilient & Engineered Flooring Manufacturers and Cork Specialists saw the largest drops in sales. The BU's EBITDA totalled €4.5m (+14.6% year-on-year), while its EBITDA-sales ratio rose to 16.6% (1Q2022: 13.5%), mainly due to the previously mentioned improvement in product mix as well as the impact of lower energy prices and a more favourable US dollar exchange rate.

The Insulation BU's positive sales performance, which totalled € 4.3 million (+25.7% year-on-year), was mainly due to an improved product mix and sales price increases. Increases in the price of cork, the only raw material used by this BU, together with higher operating costs were the main causes of the reduction in EBITDA in the first quarter of 2023 to -€0.3 million (1Q2022: €0.8 million).

Main Consolidated Indicators

	1Q22	1Q23	qoq
Sales	263,545	259,887	-1.4%
Gross Margin – Value	141,594	136,472	-3.6%
Gross Margin / Sales	53.7%	52.5%	-1.21 p.p.
Operating Costs - current	109,844	102,048	-7.0%
EBITDA - current	44,087	47,905	8.7%
EBITDA/Sales	16.7%	18.4%	+1.7 p.p.
EBIT - current	31,749	34,424	8.4%
Net Income	20,104	23,772	18.2%
Earnings per share	0.151	0.179	18.2%
Net Bank Debt	45,950	165,979	120,029
Net Bank Debt/EBITDA (x) 1)	0.31	0.99	0.85 x
EBITDA/Net Interest (x) 2)	243.2	83.6	-159.61 x

1) Current EBITDA of the last four quarters.

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

Mozelos, May 8, 2023