Corticeira Amorim

Net profit increases 4% to €67 million

Highlights:

- Consolidated sales total €763 million
- Cork Stopper BU's sales increase (+1.7%) despite negative impact from exchange rates
- EBITDA margin improves to 18.3%
- Proposed distribution of €0.09 per share of distributable reserves to shareholders

Consolidated Performance and Results

In the first nine months of 2023, Corticeira Amorim's sales totalled €763.2 million, down 3.4% compared with the same period of the previous year. The main reason was a reduction in activity levels, particularly at the Floor and Wall Coverings Business Unit (BU), although product mix improvements and price increases partially offset this effect. Sales at the Cork Stoppers BU, which represented 78% of the Group's consolidated sales over this period, rose 1.7%.

Exchange rate had an unfavourable impact on consolidated sales, particularly at the Cork Stoppers BU. Excluding this effect, consolidated sales would have fallen 2.4% and sales at the Cork Stoppers BU would have increased 2.9% in the first nine months of 2023.

Consolidated EBITDA totalled €139.8 million, an increase of 6.6% compared with the first nine months of 2022, and the EBITDA margin rose to 18.3% (9M22: 16.6%). Operating results benefited from a more favourable product mix and significant savings in terms of operating costs, particularly from a reduction in energy and transport costs, despite an increase in the cork consumption price.

After results attributable to non-controlling interests, Corticeira Amorim ended the first nine months of 2023 with a net profit of €67.0 million, an increase of 4.4% compared with the same period of 2022.

At the end of September, net interest-bearing debt stood at €204.5 million, an increase of €75.5 million compared with the amount recorded at the end of 2022 (€129.0 million). This value reflects an increase in working capital needs (€95.8 million), dividend payments (€26.6 million) and increased investment in fixed assets (€65.0 million).

AMORIM

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Performance by Business Unit

Sales by the Cork Stoppers BU totalled €594.0 million (+1.7% compared with the same period of 2022), reflecting product mix improvements and price increases. In the first nine months of 2023, sales increased in all cork stopper segments, as well as in the most important markets. EBITDA rose to €121.8 million (+19.3% compared with the same period of the previous year) and the EBITDA margin increased to 20.5% (9M22: 17.5%), benefiting from a more favourable product mix, lower energy and transport costs and a higher grinding yield. The sales and EBITDA of the Raw Materials and Cork Stoppers BUs combined totalled €603.6 million (+1.7%) and €130.7 million (+11.1%) respectively. The EBITDA margin rose to 21.7% (9M22: 19.8%).

Sales by the Floor and Wall Coverings BU totalled €70.6 million, a contraction of 33.4% compared with the same period of 2022. This sharp slowdown in activity, due to a highly adverse environment, particularly in the retail and residential segments, impacted most markets and product lines. The BU's EBITDA fell to -€5.2 million (9M22: -€0.3 million), highlighting the negative impact of operational deleveraging.

The Composite Cork BU recorded sales of €86.8 million (-7.8% compared with the same period of 2022), mainly reflecting a reduction in volumes, particularly in lower value-added segments. Robust EBITDA growth was supported by a significant improvement in the product mix, with the Sports Surfaces, Power Industry and Aerospace segments registering the best performances, while the Distributors of Flooring & Related Products and Resilient & Engineered Flooring Manufacturers segments continued to be affected by the adverse climate in the sector. EBITDA stood at €17.6 million, and the EBITDA margin rose to 20.2% (9M22: 16.2%).

Sales by the Insulation BU continued to evolve positively (+19.4% compared with the same period of the previous year), driven by product mix improvements and increased prices. However, the increase in cork consumption prices, the only raw material used by this BU, and the reduction in activity levels penalised its operational results, with EBITDA totalling -€0.8 million (9M22: €1.0 million).

Dividend proposal

The Board of Directors decided to propose to the General Shareholders' Meeting, which is to be held on December 4, the partial distribution of distributable reserves in the amount of €0.09 per share.

Main Consolidated Indicators

		9M22	9M23	yoy	3Q22	3Q23	qoq
Sales		790,298	**763,219**	-3.4%	244,775	**223,951**	-8.5%
Gross Margin – Value		412,410	**392,560**	-4.8%	122,113	**114,685**	-6.1%
Gross Margin / Sales		52.2%	**51.4%**	-0.75 p.p.	49.9%	**51.2%**	+ 1.3 p.p.
Operating Costs - current		317,602	**290,835**	-8.4%	100,682	**90,183**	-10.4%
EBITDA - current		131,160	**139,785**	6.6%	33,079	**36,010**	8.9%
EBITDA/Sales		16.6%	**18.3%**	+ 1.7 p.p.	13.5%	**16.1%**	+ 2.6 p.p.
EBIT - current		94,808	**101,725**	7.3%	21,431	**24,502**	14.3%
Net Income		64,159	**67,011**	4.4%	16,595	**15,651**	-5.7%
Earnings per share		0.482	**0.504**	4.4%	0.125	**0.118**	-5.7%
Net Bank Debt		113,527	**204,473**	90,946	-	**-**	-
Net Bank Debt/EBITDA (x)	1)	0.73	**1.18**	0.45 x	-	**-**	-
EBITDA/Net Interest (x)	2)	189.4	**57.5**	-131.81 x	117.6	**35.8**	-81.83 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, November 2, 2023