
Corticeira Amorim

Sales exceed €1 billion for the first time

Highlights:

- SACI Group contributes €117 million in sales
- EBITDA-sales ratio stable at 16.1%, despite negative impact of energy and raw material prices
- Net profit increases 32% to €98 million
- Proposal to distribute gross dividend of €0.20 per share

Consolidated Performance and Results

Corticeira Amorim's sales totalled €1,021 million (m) in 2022, an increase of 21.9% over the previous year. Consolidation of the activities of the SACI Group (SACI) companies from 1 January together with solid organic growth (+7.9%) contributed significantly to this growth.

Despite the slowdown registered throughout the year, all Business Units (BUs) recorded sales growth, reflecting an improvement in the product mix, higher prices and increased levels of activity. Foreign exchange trends also had a positive impact – excluding this effect, sales would have increased 19.9% (+5.9% excluding the SACI consolidation).

Consolidated EBITDA rose to €164.0m in 2022, up from €134.4m in 2021, while the EBITDA-sales ratio was 16.1% (FY2021: 16.0%). Inflationary pressures continued to penalise results, particularly a significant increase in the cost of energy and some raw materials, as well as higher staff costs. In this regard, efforts to improve the product mix and adjust sales prices proved decisive for protecting profitability in 2022.

After results attributable to non-controlling interests, Corticeira Amorim ended 2022 with a net profit of €98.4m, an increase of 31.6% over the previous year (+25.3% excluding the consolidation of SACI).

At the end of December, net interest-bearing debt totalled €129m (12M21: €48m), reflecting the acquisitions made in 2022, namely the 50% stake in SACI (€49m), a 50% stake in Cold River's Homestead, owner of a part of the Herdade do Rio Frio estate (€15m), and another area of Herdade do Rio Frio (€22m). Increased investments in fixed assets (€77m) and working capital requirements (€48m), as well as dividend payments (€39m), also contributed to the increase in net debt in 2022. A notable increase in sustainable financing was also made, which totalled €86m at the end of 2022 (two new Green Commercial Paper Issuance Programs in December).

AMORIM

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Performance by Business Unit

Sales by the Cork Stoppers BU sales totalled €754.0m, an increase of 27.1% compared with 2021 (+7.3% excluding changes in the consolidation perimeter). This BU particularly benefited from an improvement in the product mix and from sales price increases implemented at the beginning of the year, as well as from the favourable impact of currency appreciation (excluding this effect, sales would have increased 25.1%). Sales rose across all segments and in most stopper categories, especially Neutrocork stoppers, which continue to attract strong demand. EBITDA totalled €126.3m (+24.8% compared with the previous year), while the EBITDA-sales ratio was 16.7% (FY2021: 17.1%). The combined sales and EBITDA of the Raw Materials and Cork Stoppers BUs totalled €768.4m (+27.3%) and €144.7m (+19.7%) respectively. Their combined EBITDA-sales ratio was 18.8% (FY2021: 20.0%).

Sales by Floor and Wall Coverings BU increased 7.1% to €132.0m, reflecting improvements in the product mix, with a particularly favourable evolution of recently launched products, and price increases. In geographical terms, sales grew in Scandinavia and Portugal, while sales volumes in Germany followed a downward trend from July onwards. The EBITDA-sales ratio was penalised by increases in raw material prices and operating costs, namely energy, transport and marketing.

Sales by the Composite Cork BU rose to €124.6m (+ 6.7% on the previous year), reflecting a positive evolution of the product mix. Sales also benefited from a favourable evolution of the US dollar exchange rate - excluding this effect, sales would have increased by 3.4% - and from higher sales prices. Most segments performed positively, particularly Aerospace, Heavy Construction, Multi-purpose Seals & Gaskets and the Power Industry. Amorim Sports, Corkeen and Korko, the BU's most recent joint-venture, continued to be important growth drivers. The EBITDA-sales ratio rose to 17.4% (FY2021: 8.6%).

Sales by the Insulation BU totalled €16.0m (+ 9.8% compared with the previous year), despite lower levels of activity resulting from scheduled stoppages at its two industrial units. Operating profit was negatively impacted by an increase in cork consumption prices and operating costs. The EBITDA-sales ratio fell to 5.5%.

Dividend proposal

The Board of Directors has decided to propose the distribution of a gross dividend of €0.20 per share at the General Shareholders Meeting to be held on April 28.

Main Consolidated Indicators

		2021	2022	yoy	4Q21	4Q22	qoq
Sales		837,820	1,021,391	21.9%	200,688	231,093	15.2%
Gross Margin – Value		415,817	523,766	26.0%	99,821	111,356	11.6%
Gross Margin / Sales		49.6%	51.3%	+165 b.p.	49.7%	48.2%	-155 b.p.
Operating Costs - current		322,153	408,451	26.8%	85,426	90,849	6.3%
EBITDA - current		134,399	163,954	22.0%	24,087	32,794	36.1%
EBITDA/Sales		16.0%	16.1%	+1 b.p.	12.0%	14.2%	+219 b.p.
EBIT - current		93,664	115,315	23.1%	14,395	20,507	42.5%
Net Income	1)	74,755	98,394	31.6%	16,724	34,235	104.7%
Earnings per share		0.562	0.740	31.6%	0.126	0.257	104.7%
Net Bank Debt		48,072	128,988	80,915	-	-	-
Net Bank Debt/EBITDA (x)	2)	0.36	0.79	0.43 x	-	-	-
EBITDA/Net Interest (x)	3)	167.7	148.6	-19.09 x	84.3	79.9	-4.43 x

Excluding SACI Group

		2021	2022	yoy	4Q21	4Q22	qoq
Sales		837,820	903,903	7.9%	200,688	201,226	0.3%
Gross Margin – Value		415,817	467,989	12.5%	99,821	97,108	-2.7%
Gross Margin / Sales		49.6%	51.8%	+214 b.p.	49.7%	48.3%	-148 b.p.
Operating Costs - current		322,153	368,975	14.5%	85,426	80,179	-6.1%
EBITDA - current		134,399	141,885	5.6%	24,087	27,014	12.2%
EBITDA/Sales		16.0%	15.7%	-34 b.p.	12.0%	13.4%	+142 b.p.
EBIT - current		93,664	99,014	5.7%	14,395	16,929	17.6%
Net Income	1)	74,755	93,550	25.1%	16,724	33,559	100.7%
Earnings per share		0.562	0.703	25.1%	0.126	0.252	100.7%

1) Net income includes non-recurring results. In 2022, non-recurring earnings mainly included the sale of an investment property, impairments (inventories and accounts receivable) reflecting a more prudent approach to exposures to Russia, Ukraine and Belarus, and restructuring costs.

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, February 23, 2023