



## **FAVOURABLE 4Q FUELS HIGHER 2005 SALES AND PROFITS**

Mozelos, Portugal, 10<sup>th</sup> of March 2006 – **Corticeira Amorim, SGPS, S.A.** [Euronext Lisbon: **COR**; ISIN: **PTCOR0AE0006**], the world's largest cork manufacturer, today announced consolidated results for the fourth quarter (4Q05) and for twelve months 2005 (12M05). Unless otherwise stated, all figures are in millions of Euros (M€). Variations are referred to comparisons with values of same period 2004.

### **HIGHLIGHTS**

- 4Q05 Sales up 6,2%, with cork stoppers up 18%.
- 12M05 sales increased 0,3%, reaching 428,0M€, reversing negative deviations of previous Quarters.
- CORTICEIRA AMORIM posted a 12M05 EBITDA of 49,5M€, gaining 5,2% fuelled by a strong 4Q05 (+42%).
- Net Profit for 12M05 reached 15,7M€, an increase of +3,9%.
- Equity to Asset ratio at 40% at year end.
- Board of CORTICEIRA AMORIM proposes a dividend of 0,05€ per share, a 43% increase.

## **I.- CONSOLIDATED ACTIVITY**

When compared to 2004, 2H05 registered a quite satisfactory activity, fully recovering from 1H05.

Sales for the year increased 0,3% to 428M€, slightly above 426,8M€ registered in the previous year, but comparing positively from a -3,1% first half shortfall.

Representing about 50% of total turnover, recovery was especially strong in the cork stoppers Business Unit (BU), bringing consolidated sales to a full-year positive figures. Higher volume, market share gains, namely in the Northern Hemisphere and a USD not hurting sales like in 1H04, are the key reasons behind a good second half for this BU. Sales for the year increased 4,1% to 239,7 M€. The impact of the newly-acquired Equipar Unit in consolidated sales was immaterial due to the fact that the main priority was fully integration of its activity in the value chain of the BU.

Flooring Sales reached 113M€, a 2,5% gain from 2004 figures. Noteworthy the performance of non-cork flooring and as well as cork flooring sales in the US and Russian markets; German and Benelux still represent around 50% of total flooring market for CORTICEIRA AMORIM.

Cork Composition BU sales were negatively impacted by a decline in the industrial segment. This was, however, partially compensated by an increase in sales to the value chain of CORTICEIRA AMORIM. As a result sales declined 10% to 58,8M€.

Sales for the Corkrubber BU were negatively affected by a higher than expected decrease in the US automotive gasket market. Higher sales, namely in the acoustic and industrial segments, more than offset this fall. Sales totalled 27,4M€, slightly above 2004 (+0,6%).

Insulation BU sales augmented 13,6% to 7,5M€, driven by a 25% increase in Black Agglomerate, its most important product.

Raw-Material BU sales to other BU's represented 85% of its total sales. During 2005, the strategy was to move away from external clients, which led, in turn, to a negative impact of 3,7M€ in consolidated sales.

Consolidated Gross Margin improved from 47,7% to 49,1%. Higher Gross margins, both in Raw-Materials and Corkstoppers Business Units were due to lower prices in the 2004 cork acquisition campaign. Gross Margins in the Flooring and Corkrubber Business Units suffered from a less than favourable mix of products sold.

Operating Costs in line with the sales trend, representing a 0,8% increase to 180,9 M€. A special note to the 5,0M€ negative impact in staff costs due to charges related with on-going restructuring, a 2,7M€ increase when compared to 2004.

Fixed Assets depreciation increased by approximately 0,9M€. Due to a sharp increase in fuel prices and high demand for all kinds of transportation services, CORTICEIRA AMORIM export driven activity costs were adversely affected during 2005. On the positive side, the current year allowed for higher gains derived from the sale of non-operating assets.

EBIT reached 26,8M€, 6,2% higher than 2004. EBITDA totalled 49,5M€ up 5,2%. Variations in interest rates and bank debt equalized each other. Interest costs levelled at 7,4M€.

Profit before tax posted a 8,4% increase, reaching 19,4M€.

When compared to last year net profit increased 3,9% to 15,747M€, despite higher tax burden and minority interests.

## **II.- CONSOLIDATED BALANCE SHEET**

Total Assets stood at 550M€, about 17M€ higher than end 2004; This was mainly due to a 13M€ increase in the customer line, which in turn, was caused by worsening collection conditions, as well as higher sales for the 4Q05 versus 4Q04, about 6M€. The integration of Equipar Unit explains the rest of the variance.

Remaining assets lines suffered no significant changes.

Bank debt restructuring is the main line to be explained on the liabilities side. Two medium term bank loans were negotiated with new and better conditions, allowing for an improvement in the short term / long term ratio. In the end, this ratio improved from 35% to 54%. Gross bank debt stood at 227M€. The expected debt reduction did not materialize due to the following factors:

- Bank debt coming from Equipar
- Distribution of dividends
- Capex
- Unlike 2004, the maintenance of the working capital levels

No major variation in other liabilities lines. Total liabilities of 330M€, remained at the same level of last year.

Minority Interest were impacted by the entrance of Equipar in the balance sheet, in addition to the usual minority interests in the results of non fully-owned subsidiaries.

Total Equity reached 220,2M€, and was affected by the profit of the year, in addition to the distribution of dividends and the said increase in Minority Interests.

Equity to Assets ratio increased to 40%, underlying the financial strength of CORTICEIRA AMORIM balance sheet.

## CORTICEIRA AMORIM SGPS, SA

### Audited Indicators as of December, 31

*(Thousand euros)*

	4T05	4T04	Variation	12M05	12M04	Variation
Sales	99 822	93 995	+ 6,20%	428 010	426 809	+ 0,28%
Gross Margin – Value	48 914	49 764	- 1,71%	207 749	204 763	+ 1,46%
%	1) 49,42	50,05	-0,63 p.p.	49,09	47,69	+1,40 p.p.
Operating Costs	2) 42 539	46 027	- 7,58%	180 937	179 511	+ 0,79%
EBITDA	12 240	8 645	+ 41,58%	49 510	47 069	+ 5,19%
EBIT	6 375	3 737	+ 70,59%	26 812	25 252	+ 6,18%
Net Income	4 406	3 345	+ 31,72%	15 747	15 160	+ 3,87%
Earnings per share	3) 0,0338	0,0256	+ 32,03%	0,1207	0,1161	+ 3,96%
EBITDA/Net Interest (x)	6,49	5,82	+ 0,67 X	6,66	6,21	+ 0,45 X
Equity /Net Assets	-	-	-	40,04%	38,24%	+1,8 p.p.
Net Bank Debt	-	-	-	218 683	219 530	- 0,39%

*Related to Production*

- 1) *Gross Margin / Production*
- 2) *Includes financial costs and revenues other than interest, and extraordinary items(POC)*
- 3) *Net Income / Average outstanding shares (euros/share)*

## CORTICEIRA AMORIM SGPS, SA

### Consolidated audited Balance Sheet as of December, 31 (IFRS)

*(Thousand euros)*

	31.12.05	31.12.04
<b>Non-current assets</b>	200 934	203 311
<b>Current assets</b>		
<i>Inventories</i>	205 346	204 045
<i>Other current assets</i>	143 619	125 780
Total current assets	<b>348 965</b>	<b>329 825</b>
<b>Total Assets</b>	<b>549 899</b>	<b>533 136</b>
<b>Equity (M. I. included)</b>	<b>220 183</b>	<b>203 855</b>
<b>Non-current liabilities</b>		
<i>Bank borrowings</i>	122 324	81 595
<i>Other non-current liabilities</i>	15 102	21 622
Total non-current liabilities	<b>137 426</b>	<b>103 217</b>
<b>Current liabilities</b>		
<i>Bank borrowings</i>	105 024	146 241
<i>Other current liabilities</i>	87 266	79 823
Total current liabilities	<b>192 290</b>	<b>226 064</b>
<b>Total Liabilities and Equity</b>	<b>549 899</b>	<b>533 136</b>

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*About Corticeira Amorim SGPS:*

*While tracing its roots to the XIX Century, Corticeira Amorim SGPS has become the world's largest cork and cork-derived company in the world, generating over Euro 420 million in sales throughout 103 countries. Corticeira Amorim SGPS and its subsidiaries are an integral part of a conservationist effort to guarantee the survival of hundreds of thousand of cork trees throughout the Mediterranean Basin. We are proud of our contribution to the correct utilisation of these important forests that are home to several endangered species throughout the region. We encourage you to learn more by visiting informative websites such as [www.amorimcork.com](http://www.amorimcork.com) or [corkfacts.com](http://corkfacts.com).*