Viscofan
The casing company

January - March 2014 Results

07th May 2014



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HIGHLIGHTS 1Q14

+2% Growth in turnover

Consolidated revenue increased to €187.4MM backed by casings volumes and vegetable division.

Consolidated EBITDA rises to €43.0MM, with a slight improvement in EBITDA margin (+0.1 p.p.) despite the negative impact of energy regulation, forex and the start-up of the Uruguay plant.

+2% In quarterly EBITDA growth

-4% Decrease in Net Profit

Net profit stands at €22.4MM, down 4% as compared with the previous year, but grows 5.8% stripping out cogeneration regulation in Spain.

Operating cash flow strength and lower investment requirements have led to a 3% decrease in net bank debt, which totalled €81,9MM versus €84.6MM in December of 2013.

€12.0MM Of CAPEX in 1Q14 versus €20.4MM in 1Q13.

Quarterly revenue and EBITDA growth despite the adverse backdrop continues…

MM €	1Q14	1Q13	% Change
Revenue	187.4	184.6	+1.5%
EBITDA	43.0	42.4	+1.6%
EBITDA margin	*23.0%*	*22.9%*	*+0.1 p.p.*
EBIT	30.2	30.4	-0.6%
PBT	29.5	30.8	-4.0%
Net Profit	22.4	23.4	-4.3%
	Mar' 14	*Dec' 13*	
Net debt	81.9	84.6	-3.2%
Capex	12.0	20.4	-41.0%

… however, internal operating has recorded excellent results in terms of organic growth and improvement in margins…

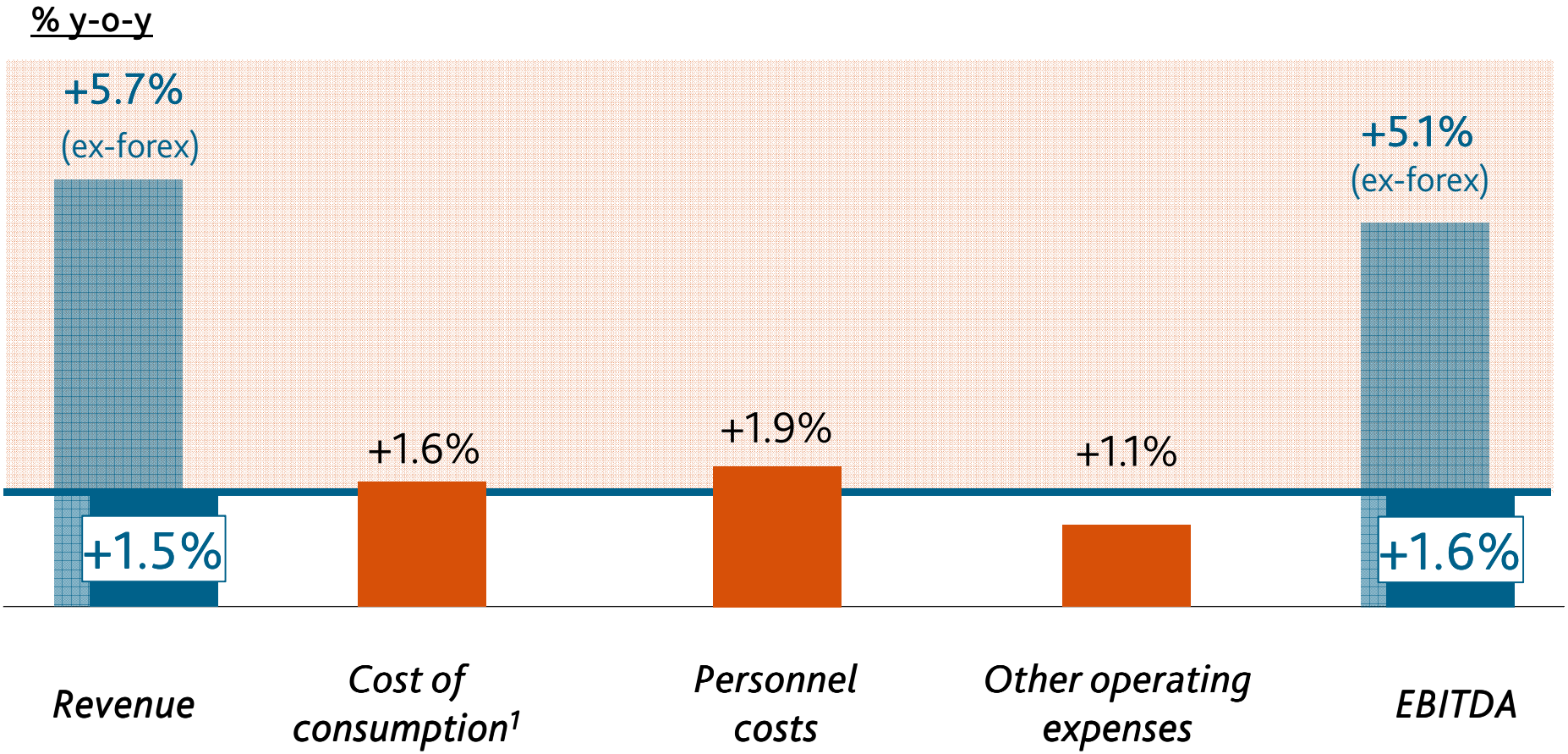
	1Q13	1Q14	Forex [1]	Cogeneration regulation[2]	Like-for-like 1Q14 [3]	Like-for-like %Change
Revenue	184.6	187.4	-7.6	-3.6	198.7	+7.6%
EBITDA	42.4	43.0	-1.5	-3.4	47.9	+13.1%
EBITDA margin	*22.9%*	*23.0%*	*+0.1 p.p.*	*-1.3 p.p.*	*24.1%*	*+1.2 p.p.*

[1] For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

[2] Impact as result of the implementation in Spain of RD 9/2013 which came into force in July 2013 and reduces the effective price per MW produced in 1Q14.

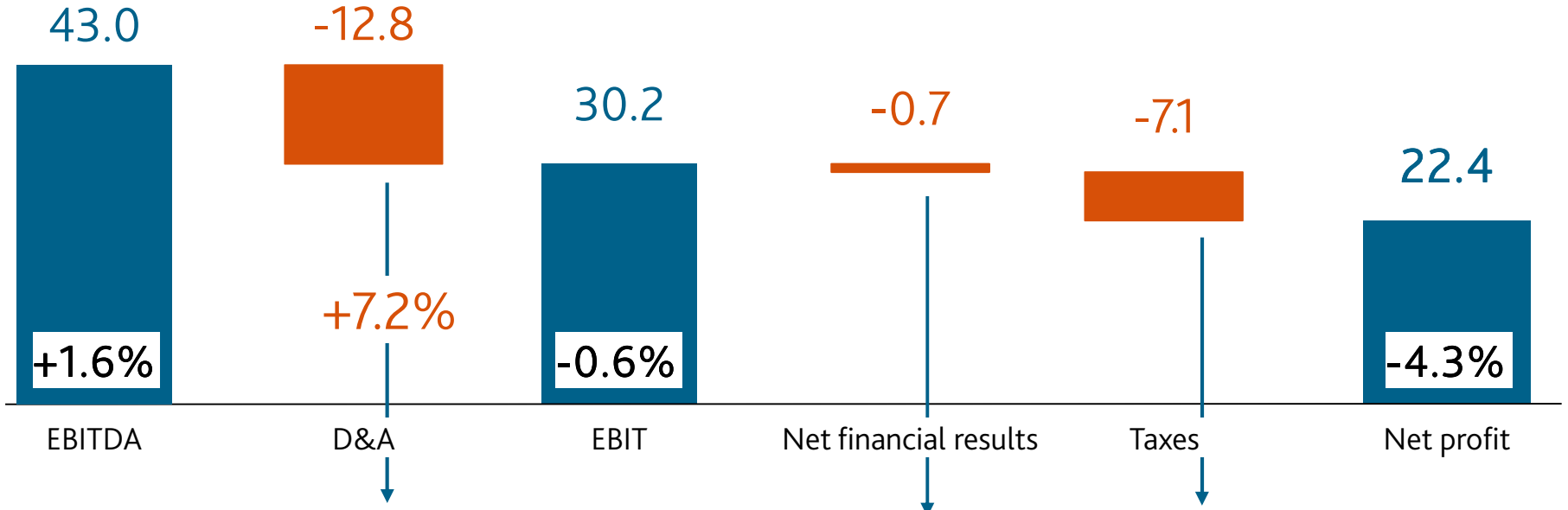
[3] The like-for-like growth excludes the impact in Spain of RD 9/2013 which reduces the effective price per MW produced and the impact of different exchange rates used in consolidation.

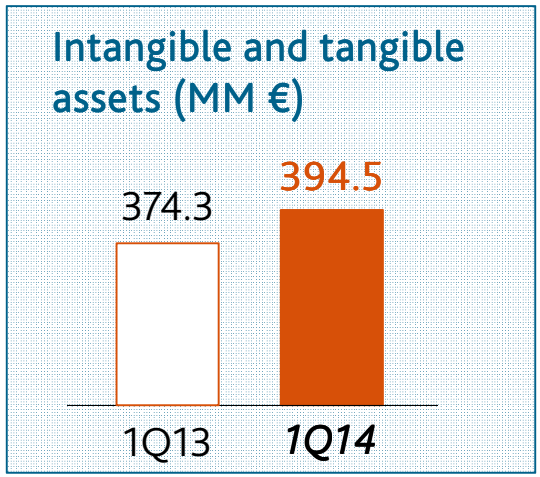
Revenue and EBITDA growth, productivity improvement in a backdrop of pressure on margins due to energy regulation, increase in energy supply expenses and the start-up of Uruguay.

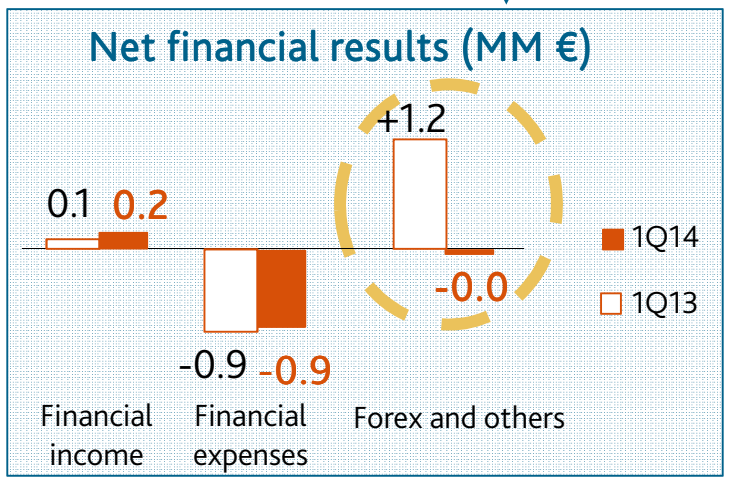


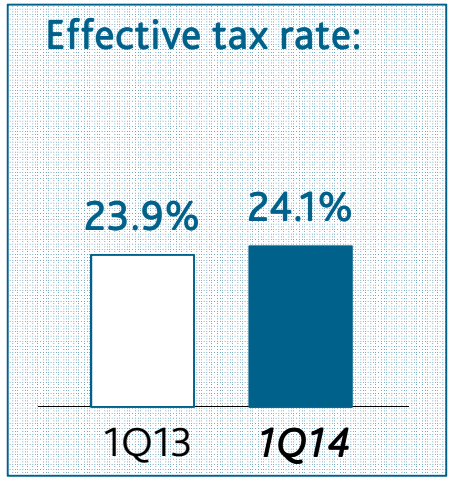
[1] Net purchases +/- Change on inventories

Lower positive exchange differences and higher amortization associated with a strong investment effort in 2013 cause a decrease in net profit.









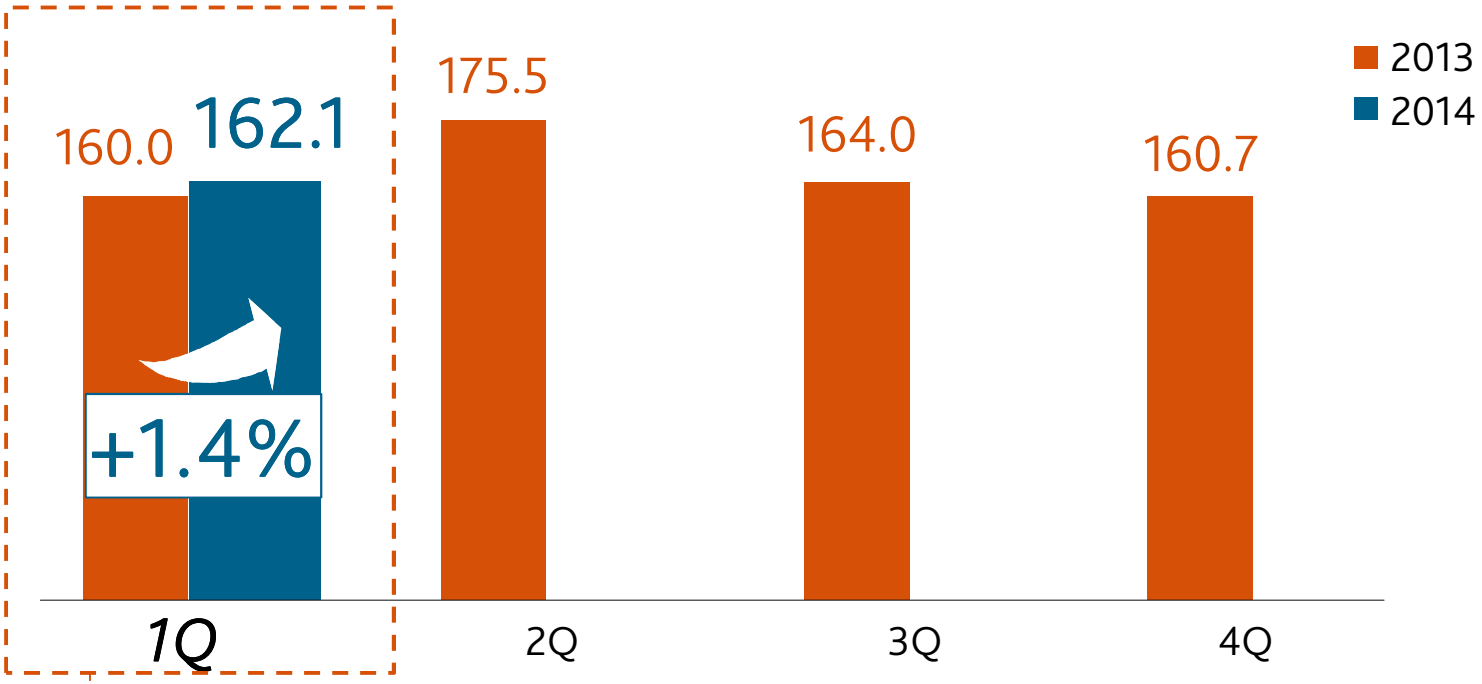
Casings division



CASINGS

Year on year revenue growth boosted by casings sales…

Revenue evolution (MM €)

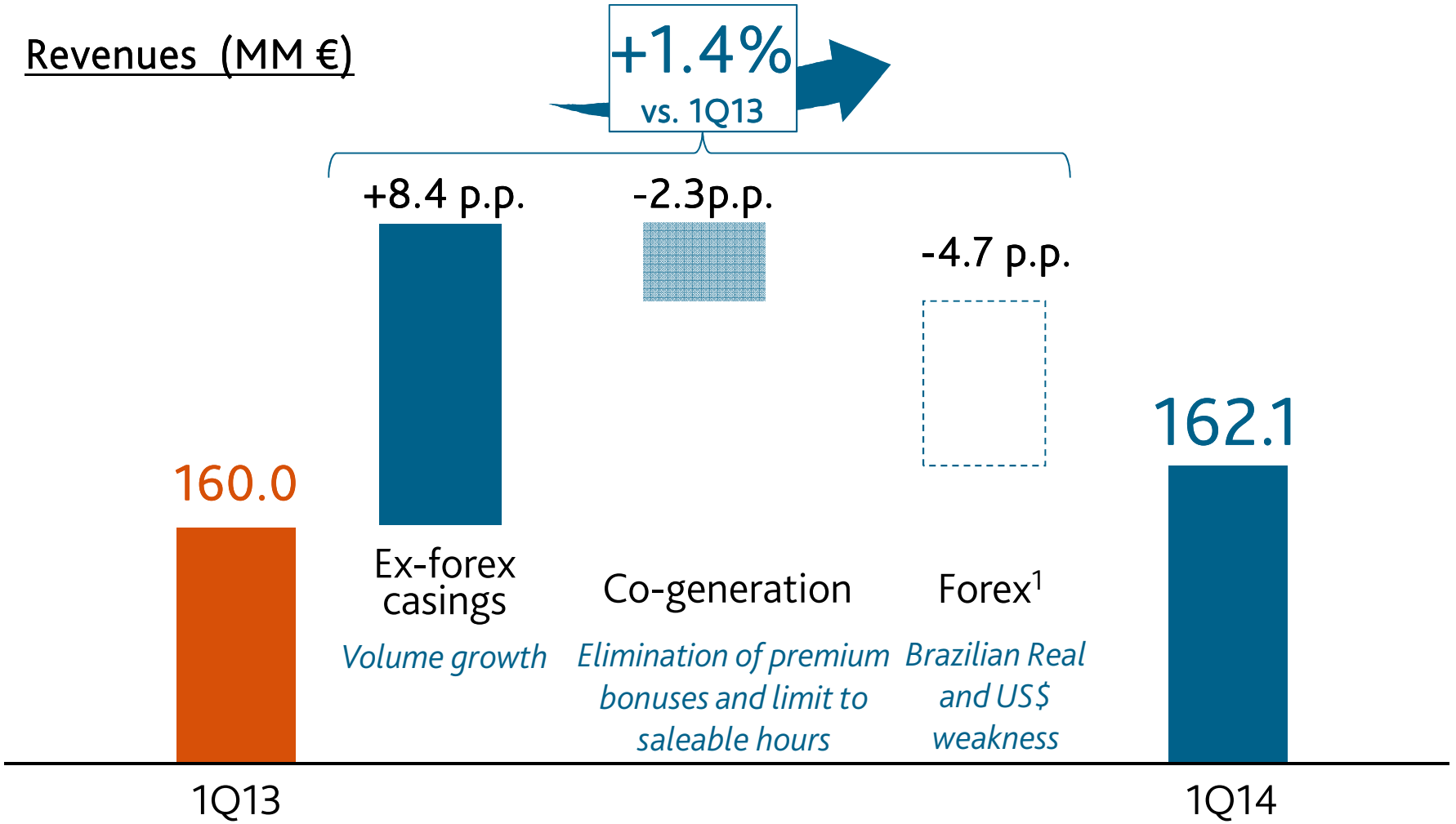


Casings sales
+3.9% vs. 1Q13

Cogeneration sales
-26.6% vs. 1Q13

CASINGS

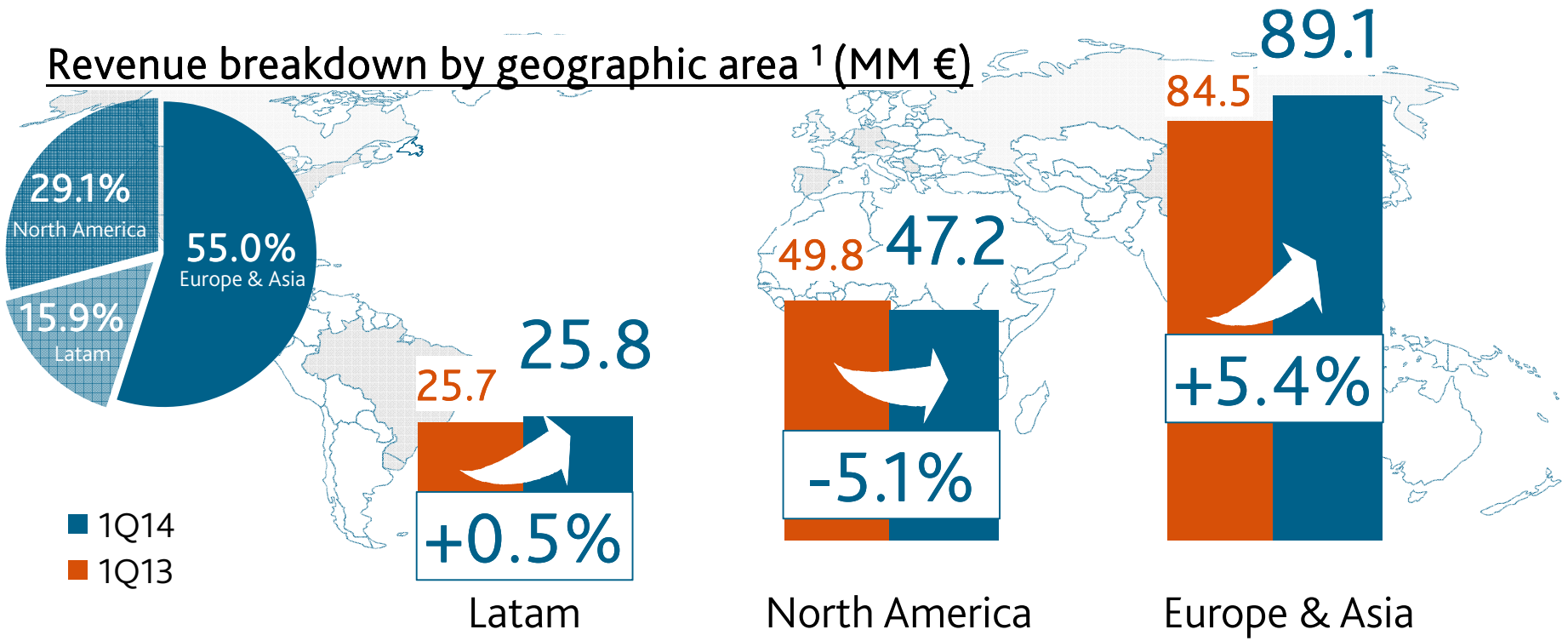
… offsetting the 7 p.p. growth erosion, caused by cogeneration regulation, and Brazilian Real and US$ weakness against the €…



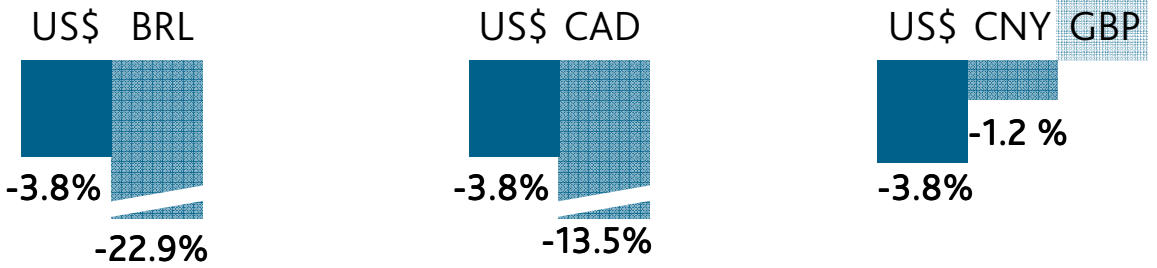
[1] For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

… thanks to volume growth, against an environment where almost all trade currencies have depreciated against the €…

Revenue breakdown by geographic area [1] (MM €)



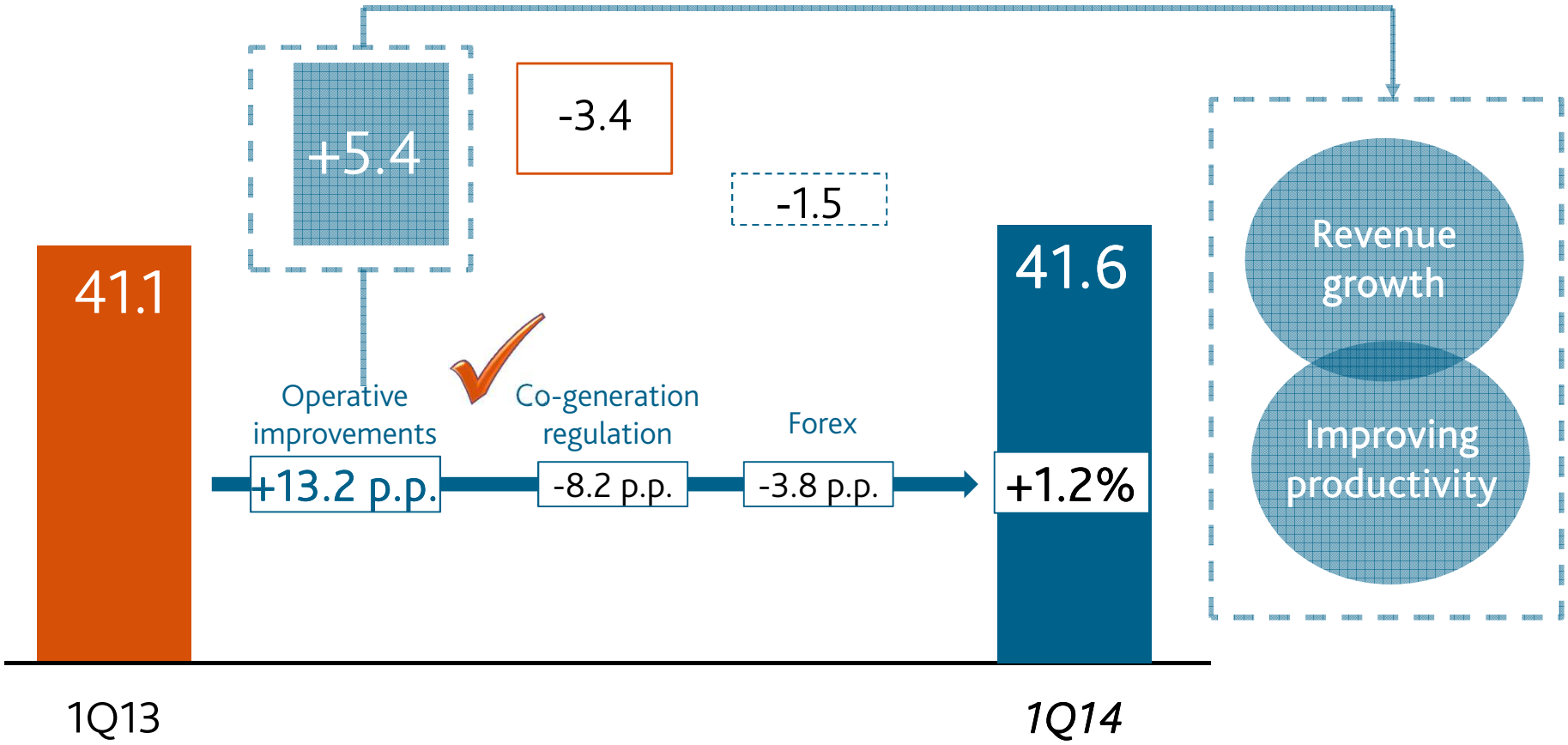
Depreciation vs. €
(main trade currencies)



[1] Revenue per origin of sales.

… and nevertheless, casings division robustness and operative enhancement offset external factors, and achieve growth in EBITDA,…

Cumulative EBITDA (MM €)



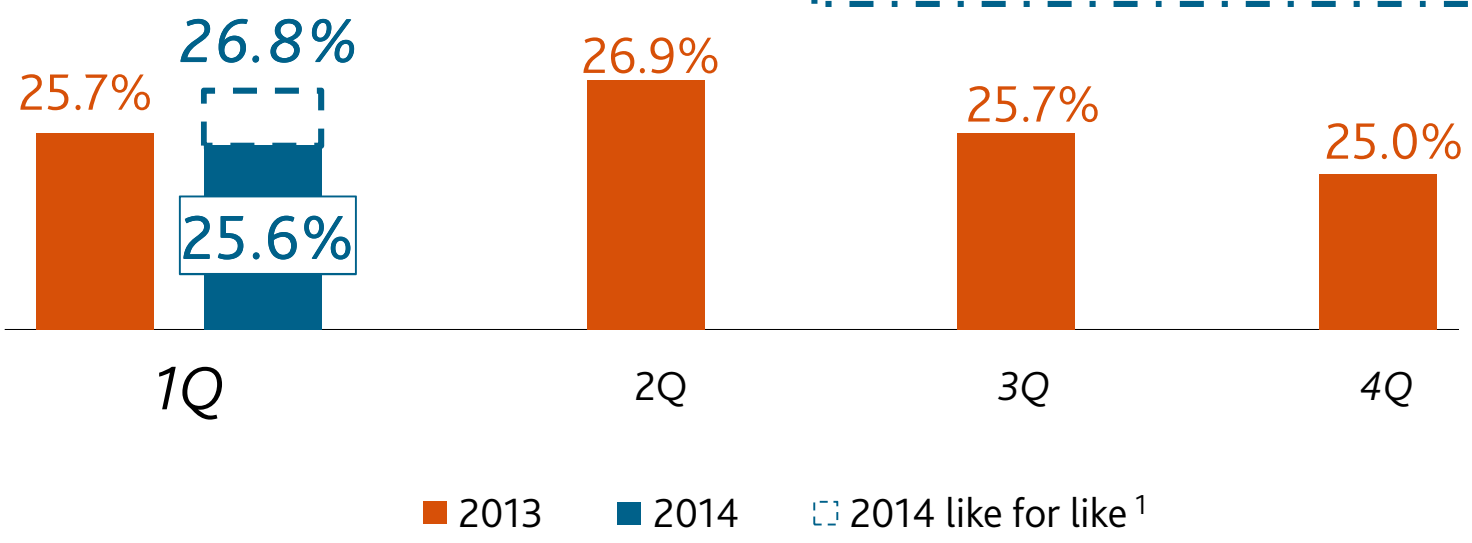
CASINGS

… against a backdrop (start-up in Uruguay, energy price and lower cogeneration effective price) that erodes margin evolution.

Gross margin[2] -0.1 p.p.

Average workforce: +3.6%.

Energy costs: +3.1%



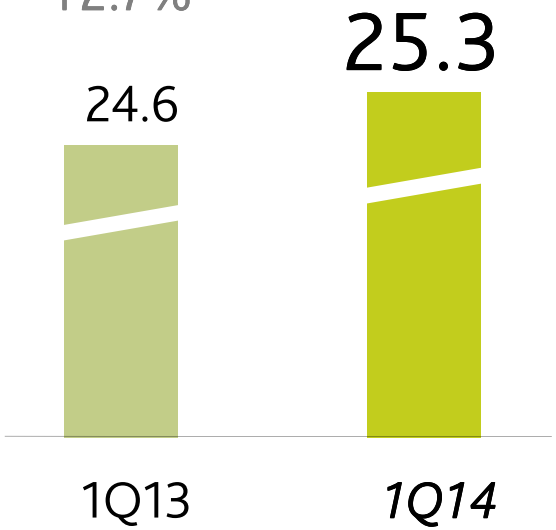
[1] The like-for-like growth excludes the impact in Spain of RD 9/2013 which reduces the effective price per MW produced and the impact of different exchange rates used in consolidation.

[2] Gross margin= (Revenue – Cost of consumption)/Revenue

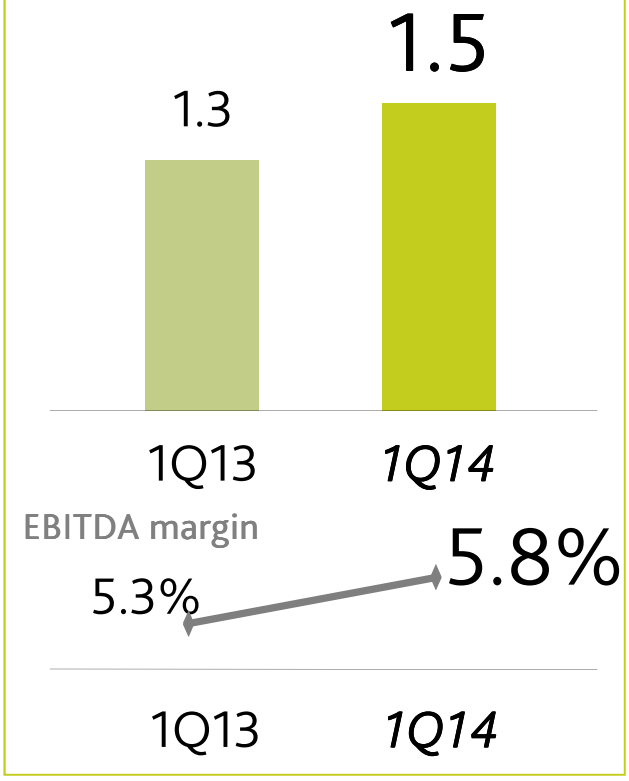


Positive performance driven by Carretilla brand strength an diversification strategy.

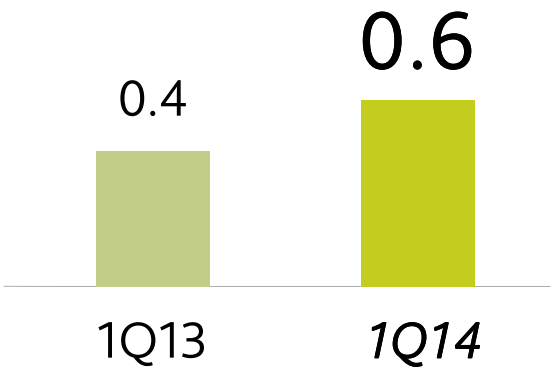
Revenue (MM €):
+2.7%



EBITDA (MM €):
+13.0%



Net profit (MM €):
+37.8%



To Wrap Up

- **Market keeps its growth trend** in first quarter of 2014 led by growth in emerging areas and the collagen segment.
- **Viscofan positioning and productivity enhancement** made in recent years allowed to capture this growth, although main currencies weakness against the € and the impact of new cogeneration regulation in Spain erode this growth.
- **The installation of the new collagen extrusion plant in Uruguay has been completed** starting production for the Latin American market in 1Q14.
- Operating leverage coming from new volumes and operative improvements lead to **year on year EBITDA growth** despite the adverse backdrop and the costs linked with the start-up of the new plant in Uruguay.
- Viscofan Group continues **strenghtening the balance sheet** thanks to **its cash flow robustness** and **lower investment requirements**, growing and improving shareholders remuneration, and also maintaning the required flexibility to deal with the volatility of the environment.