Viscofan
The casing company
40 YEARS

January – December 2014 Results



26th February 2015

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Management report

Key conclusions on the January-December 2014 results[1]

- Growth of 17.3% in net profit for the quarter and of 4.9% in the year to reach €106.5 million, a new record for the Viscofan Group.
- +2.2 p.p. improvement in the EBITDA margin[2] for the quarter, which climbed to 27.2%. In 2014, the consolidated recurring EBITDA margin[3] grew 0.9 p.p. to reach 26.7%.
- +22.6% growth in quarterly EBITDA and a +8.7% increase in accumulated EBITDA year on year, which stood at 185.4 million (+7.1% in recurring terms[3]).
- +12.5% growth in consolidated revenue for the fourth quarter to €180.8 million (+4.1% in 2014 to €687.1 million), thanks to volume growth and the strength of the US dollar against the euro.
- As a consequence of the negotiation process with Portobello Capital Gestión, S.G.E.C.R., S.A to acquire 100% of the IAN Group, this division has been reported as a discontinued operation in accordance with the relevant International Financial Reporting Standard[1]. On February 23rd, 2015 Viscofan informed to C.N.M.V (Spanish Securities Market Commission) the end of the exclusivity period for this acquisition without having reached an agreement with enough warranties.
- Net bank debt was down 11.8%[4] to €74.6 million at the end of December 2014.
- According to José Domingo de Ampuero y Osma, Viscofan's Chairman: "Despite the widespread uncertainty at the start of 2014, it is a pleasure to present a set of full-year results that further enhance Viscofan's status as the sector leader, having topped all the main financial targets outlined in our guidance for revenue, EBITDA and net profit. On the basis of these results, the Board of Directors has agreed to propose to the General Shareholders' Meeting a final dividend of €0.724 per share, implying total shareholder remuneration of €1.18 an increase of 5.4% compared with 2013."

[1] In accordance with International Financial Reporting Standard IFRS 5, net profit for the IAN Group for 2014 and 2013 has been booked under the "Profit of discontinued operations" heading of the consolidated income statement. The IAN Group's assets and liabilities at the end of December 2014 have been classified as "Held for sale" on the Viscofan Group's consolidated balance sheet.

[2] EBITDA = Operating Profit (EBIT) + depreciation of property, plant and equipment and amortization of intangible assets.

[3] These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

[4] Net bank debt = long and short bank financial debt - cash and cash equivalents.

2014 performance

The Viscofan Group is executing the Be MORE 2012-2015 strategic plan, which is designed to respond to the acceleration in the casings market, especially in the first half of the period, which saw an expansion in the Viscofan Group's geographic presence and production capacity.

During the first phase in 2012-2013, spearheaded by M (market) initiatives, there was significant investment in capacity, in particular in the new collagen extrusion plants in China and Uruguay. In the 2014-2015 period there is a greater emphasis on O (Optimisation) initiatives with a view to enhancing efficiency, quality and service and helping to consolidate and stabilise new facilities.

In 2014 the casings market again posted robust growth of an estimated 5-6%, outstripping the growth rate for global GDP. Once again the main drivers were the emerging markets of Asia and Latin America, with stable growth in Western Europe. This offset more sluggish performances in North America, where the PED virus took a toll on pig stocks, and in Eastern Europe, which was affected by the region's political instability.

This dynamism was reflected in Viscofan's performance in 2014, with a high level of commercial and operational activity. Viscofan has strengthened its leadership position as the "The casing company", improving its competitive position across all casing families. Growth in revenues and volumes was achieved in tandem with significant progress in the improvement of the Group's industrial assets thanks to the start-up of the collagen extrusion plant in Uruguay and consolidation of production at the Suzhou plant, which came on stream in the first quarter of 2013. In addition, O (Optimisation) initiatives under the Be MORE strategic plan were implemented over the course of the year. Thanks to these initiatives, the Group's plants achieved savings of around €10 million in the year, spearheaded by the improvements at the centres of excellence in Spain and Germany.

This double improvement (commercial and operational) was significantly offset in the first half of 2014 by the weakness of the leading currencies against the euro. However, this trend reversed in the second half, enabling the Group to achieve significant growth from revenue through to net profit, and to exceed the full-year guidance targets for revenue, EBITDA and net profit.

Offer to acquire IAN Group

In November 2014 the Board of Directors accepted an offer made by Portobello Capital Gestión, S.G.E.C.R., S.A. to acquire 100% of the issued capital of IAN S.A.U. and subsidiaries, Lingbao Baolihao Food Industrial Co. Ltd. and IAN Perú, S.A. The purchase price was worth €55.5 million for 100% of the Equity. Finally, on February 23rd, 2015 the Group informed to C.N.M.V (Spanish Securities Market Commission) the end of the exclusivity period agreed with Portobello Capital Gestión, S.G.E.C.R., S.A. without having reached an agreement with enough warranties in accordance with the acceptance letter. This does not preclude that new offers may arise in the future that allow IAN Group integration in a new valuable project based on IAN leadership in Spain and its Carretilla brand.

The operation is part of Viscofan´s strategy to focus its management in the casing business, an industry in which is the world leader and has strong growth prospects in the short and medium term.

Thus, the IAN Group was considered a non-current asset held for sale, and the consolidated accounts for 2014 and their comparison with 2013 have been drawn up in accordance with International Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations" for the vegetable foods division.

2014 results:

Viscofan Group 2014FY consolidated income statement ('000 €)

				Recurring *			
	Jan-Dec 14	Jan-Dec' 13	*Change*	Jan-Dec 14	Jan-Dec' 13	*Change*	*ex-forex change*
Revenue	**687,063**	**660,201**	**4.1%**	**684,114**	**660,201**	**3.6%**	**4.8%**
EBITDA	**185,423**	**170,637**	**8.7%**	**182,681**	**170,637**	**7.1%**	**6.0%**
EBITDA margin	***27.0%***	***25.8%***	**1.2 p.p.**	***26.7%***	***25.8%***	**0.9 p.p.**	**0.3 p.p.**
EBIT	**136,260**	**125,495**	**8.6%**	**133,518**	**125,495**	**6.4%**	
Net profit from continuing operations	**103,629**	**96,846**	**7.0%**	**101,709**	**94,917**	**7.2%**	
Net profit from discontinued operations	2,823	4,674	-39.6%	2,823	3,769	-25.1%	
Net attributable profit	**106,452**	**101,520**	**4.9%**	**104,532**	**98,686**	**5.9%**	

Viscofan Group 4Q14 consolidated income statement ('000 €)

				Recurring *			
	Oct-Dec' 14	Oct-Dec 13	*Change*	Oct-Dec' 14	Oct-Dec 13	*Change*	*ex-forex change*
Revenue	**180,776**	**160,658**	**12.5%**	**180,776**	**160,658**	**12.5%**	**7.9%**
EBITDA	**49,215**	**40,145**	**22.6%**	**49,215**	**40,145**	**22.6%**	**7.8%**
EBITDA margin	***27.2%***	***25.0%***	**2.2 p.p.**	***27.2%***	***25.0%***	**2.2 p.p.**	**0.0 p.p.**
EBIT	**36,780**	**28,684**	**28.2%**	**36,780**	**28,684**	**28.2%**	
Net profit from continuing operations	**28,117**	**22,723**	**23.7%**	**28,117**	**22,723**	**23.7%**	
Net profit from discontinued operations	150	1,382	-89.1%	150	1,382	-89.1%	
Net attributable profit	**28,267**	**24,105**	**17.3%**	**28,267**	**24,105**	**17.3%**	

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, like-for-like profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Revenue in 2014 stood at 687.1 million, up 4.1% year-on-year, driven by Viscofan's strong volume growth for the casings division, with co-generation revenues down year-on-year. Excluding the non-recurring impact[3] of co-generation and exchange rate fluctuations[5], revenue advanced 4.8%, the tenth consecutive year of growth.

Throughout the year Viscofan captured growth in the market, especially in the second half, when this growth was accompanied by more favourable exchange rates. As a result, net turnover in 4Q14 rose 12.5% year-on-year to €180.8 million.

Excluding the impact of exchange rate fluctuations[5], consolidated revenue in 4Q14 increased by 7.9% compared with 4Q13.

In year-on-year terms, the breakdown of revenues by geographic region[6] is as follows:

- In Europe and Asia, revenue grew by 7.4% year-on-year in 2014 to €381.2 million, mainly driven by higher sales in Asia, and account for 55.5% of consolidated revenue.

[5] Constant exchange rate growth: For comparative purposes, growth stripping out 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 dollar fluctuations on trade transactions.
[6] Revenue by origin of sales.

- In North America revenue stood at €198.3 million, accounting for 28.9% of the consolidated figure. Revenue fell 2.4% vs. 2013, partly due to the negative impact on the market of the PED virus and increased commercial activity.
- In Latin America, which accounts for 15.6% of the total, revenue grew 5.3% year-on-year to €107.6 million. This is a very good performance bearing in mind the impact of the 9.3% fall of the Brazilian real against the euro.

By category of revenue, casing sales advanced 4.5% to €638.7 million, driven by higher sales volumes in all casings families: cellulose, fibrous, and, in particular, collagen and plastics, while co-generation revenue, in contrast, declined by 1.6% in 2014 to €48.3 million.

The organic growth in casing sales volumes was maintained throughout 2014. However, there was an especially marked rise in the final quarter due to the rally of the commercial currencies against the euro and the changes in the remuneration of co-generation reflected in the final quarter of 2013. As a result, casing sales grew 11.8% in 4Q14 vs. 4Q13 while co-generation sales increased 23.8% in the same period.

Operating costs

From an operational standpoint, 2014 was marked by the start-up of the new collagen extrusion plant in Uruguay and the Optimisation initiatives under the Be MORE plan, which were rolled out across the Group's production facilities and yielded savings of around €10 million in the year.

The production improvements achieved included efficiency gains and a reduction in production waste, along with cost savings in raw materials. Especially noteworthy are supply cost savings, especially on cow hides, which had posted double-digit increases in previous years. These savings were achieved thanks to the drive to diversify supply sources in tandem with intense R&D in recent years.

This cost reduction, along with commercial discipline, meant revenue growth in the quarter was accompanied by an improvement in the gross margin[7] of +2.0 p.p. in the year vs 2013 to reach 72.2% and of 1.8p.p. vs. 4Q13 to reach 70.7%.

The strength of volume growth, along with the appreciation of the US$ against the euro in the final quarter, resulted in an 6.2% increase in costs of consumption[8] in 4Q14 vs. 4Q13 to €53.0 million, contrasting the 3.1% decline in costs of consumption in 2014 vs. 2013 to €190.7 million.

In 2014, the average headcount for continuing operations[9] again grew, rising 2.8% compared with December 2013 to 4,067 mainly as a result of the expansion of production into new geographic regions and the hiring of additional personnel to enhance service levels, thereby cementing our global leadership. Personnel costs grew 6.1% to reach €37.5 million in 4Q14 and by 3.0% to €147.0 million in the full year as a result of this increase in human capital.

In cumulative terms, other operating expenses rose 7.6% to €168.6 million, mainly as a result of the increase in energy supply costs, which were up 8.8% year-on-year. In 4Q14 other operating expenses amounted to €42.8 million, up 11.2% vs. 4Q13, due to the 10.6% rise in energy supply costs.

Operating profit

The strong volume growth was accompanied by production efficiencies and cost savings, resulting in an +1.2 p.p. improvement in the 2014 EBITDA margin vs. 2013 to 27.0%. This improvement was even more striking in the fourth quarter (+2.2 p.p. vs. 4Q13) to 27.2%.

[7] Gross margin = (Income – Cost of consumption)/Income.
[8] Cost of consumption = Supplies +/- Change in inventories of finished and unfinished products.
[9] The average number of employees in 2014 and 2013 excludes the average headcount of discontinued operations in the vegetable foods division.

EBITDA grew by 8.7% year-on-year in 2014 to €185.4 million and by 22.6% in 4Q14 vs. 4Q13 to €49.2 million.

Excluding the impact of non-recurring results stemming from the regulatory changes[3] in co-generation in Spain and the effect of currency fluctuations[5], EBITDA grew by 6.0% in 2014 vs. 2013 and by 7.8% in 4Q14 vs. 4Q13.

The international expansion of the Viscofan Group, with two new production plants in China and Uruguay, as well as the improvements to existing industrial facilities, have pushed up depreciation costs, which amounted to €49.2 million for 2014 (+8.9% vs. 2013) and to €12.4 million for 4Q14 (+8.5% vs. 4Q13)

Despite the increased depreciation costs, the above-mentioned improvement in operational profitability led to the 8.6% year-on-year increase in Operating Income (EBIT) in 2014 to €136.3 million and a 28.2% rise over 4Q13 to €36.8 million.

Financial result

Net finance loss for 2014 amounted to €2.0 million, 34.6% lower than the losses reported in 2013. This performance is due to recorded positive exchange differences (€1.9 million), compared with the €0.6 million negative exchange differences reported in 2013

Income Corporate tax

Profit before tax stood at €134.2 million in 2014 while corporate income tax totalled €30.6 million, up 19.8% year-on-year, reflecting an effective tax rate of 22.8%. The 1.9 p.p. increase in the tax rate compared with the same period of 2013 (+20.9%) is due to the positive tax impact of the €1.9 million reported in 2013 as a result of the balance sheet revaluation carried out at Viscofan S.A. in Spain.

The difference between the theoretical tax rate for 2014 (30.0%) and the effective tax rate (22.8%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in each of the countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances or tax credits associated with previous years' losses by various Group subsidiaries.

Net profit

The net profit of continuing operations reached a new record of €103.6 million in 2014, up 7.0% year-on-year, thanks to the robust growth of the casings business from the top line revenue. In the fourth quarter, in addition to the strong operating performance, Viscofan benefited from the appreciation of the main commercial currencies and the positive comparison between the co-generation revenue provision booked in 4Q13 following the publication of the regulatory proposal of Royal Decree-Law 9/2013 approved by Ministerial Order IET/1045/2014. As a result, net profit in 4Q14 grew by 23.7% vs. 4Q13 to reach €28.1 million.

Including the profit of discontinued operations[1] (IAN Group), the Viscofan Group's attributable net profit amounted to €106.5 million in 2014 (+4.9% vs. 2013).

Intangible and tangible assets

A total of €61.0 million was invested in the casings business in 2014 compared with €98.0 million in 2013. Note that in 2013 investment hit a new record high mainly as a result of the construction of the new collagen extrusion plant in Uruguay, which came on stream in the first quarter of 2014, and due to the installation of new capacity in China.

Following the hefty investment in the first phase of the Be MORE strategic plan, investment requirements are smaller in absolute terms in the 2014-2105 period though capacity increases are planned in line with the forecast growth requirements in the market. There will also be investment in process improvements and energy optimisation. The breakdown for investment in 2014 is as follows:

- 37% of investment was in capacity and machinery.
- 21% of investment was in process improvements.
- 16% of investment was in energy equipment, notably the acquisition of a co-generation turbine in Germany, and in plant safety, hygiene and environmental improvements.
- Ordinary investments accounted for the remaining 26%.

Financial liabilites

The geographic expansion and growth of the Viscofan Group in 2014 required significant investment in fixed assets and working capital. However, operating cash flow generation (€118.3 million) in the year covered outlays related to this expansion strategy and the 4.5% dividend increase following the increased payout[10] approved in 2014.

As a result, net bank debt stood at €74.6 million, leaving financial leverage [11] at 13.0% at the end of December 2014 compared with 16.2% in December 2013.

Discontinued operations. 2014 results IAN Group:

IAN Group income statement ('000€)

	Jan-Dec 14	Jan-Dec' 13	*Change*	Oct-Dec' 14	Oct-Dec 13	*Change*
Revenue	**110,566**	**105,136**	**5.2%**	**28,807**	**25,902**	**11.2%**
EBITDA	**7,573**	**7,679**	**-1.4%**	**1,826**	**2,082**	**-12.3%**
EBITDA margin	***6.8%***	***7.3%***	**-0.5 p.p.**	***6.3%***	***8.0%***	**-1.7 p.p.**
EBIT	**4,722**	**4,446**	**6.2%**	**1,245**	**1,422**	**-12.4%**
Net profit	**3,703**	**4,675**	**-20.8%**	**1,030**	**1,382**	**-25.5%**
Recurring Net profit *	**3,703**	**3,770**	**-1.8%**	**1,030**	**1,382**	**-25.5%**

* In 2013, recurring profit excluded the positive tax benefit of €0.9 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Net revenue in the fourth quarter climbed 11.2% to €28.8 million, contributing to full-year growth of 5.2%, with revenue totalling €110.6 million.

The strong revenue performance is not fully reflected in EBITDA due to the higher cost of raw materials, in particular of asparagus, and the pressure from distribution channels to cut prices. As a result, EBITDA fell 1.4% year-on-year to €7.6 million, resulting in an EBITDA margin of 6.8%, down 0.5 p.p. year-on-year.

Full-year net profit stood at €3.7 million, down 1.8% year-on-year in recurring terms. Note that in 2013 the division reported a tax benefit of €0.9 million due to the asset revaluation carried out in Spain. Reported net profit in 2014 was down 20.8% year-on-year due to the tax optimisation in 2013.

[10] Pay-out: Dividends per share / Earnings per share.
[11] Financial leverage = Net bank debt/Equity.

Dividends

At its meeting on 26 February, based on the strength of the balance sheet, the operational gains achieved, the net profit secured and growth forecast for the coming years, the Board of Directors agreed to propose to the General Shareholders' Meeting an increase of 5.4% in total shareholder remuneration to €1.18 per share vs. €1.12 in 2013. This is a new record for shareholder remuneration consisting of:

- An interim dividend of €0.450 per share paid on 29 December 2014.
- A proposed final dividend of €0.724 per share for approval at the General Shareholders' Meeting and payable on 4 June 2015.
- A bonus of €0.006 per share for attending the General Shareholders' Meeting.

APPENDICES

Significant events

- On February 26, 2015 the Board of Directors agreed to propose a final dividend of 0.724 per share to the General Shareholders´ Meeting for payment from June 4, 2015. This brings total shareholder remuneration to a total of 1.18 euros per share, including the interim dividend of 0.450 euros per share paid on December 29, 2014, the aforesaid final dividend of 0.724 euros per share and the per diem of 0.006 euros per share for attending the General Shareholders´ Meeting. This proposal is 5.4 % higher than the total remuneration of 1.12 euros per share approved the previous year.

- On February 23rd, 2015 the Group informed to C.N.M.V (Spanish Securities Market Commission) the end of the exclusivity period agreed with Portobello Capital Gestión, S.G.E.C.R., S.A. without having reached an agreement with enough warranties in accordance with the acceptance letter of the offer made by Portobello Capital Gestión, S.G.E.C.R., S.A. to acquire 100% of the issued capital of IAN S.A.U. and subsidiaries, Lingbao Baolihao Food Industrial Co. Ltd. and IAN Perú, S.A.for an amount of €55.5MM for 100% of the Equity.

- Ministerial Order IET/1045/2014 of 16 June, approving the remuneration parameters for standard facilities, applicable to certain electricity production facilities based on renewable energy, cogeneration and waste, came into effect in June 2014. The Group has therefore recalculated the impairment for cogeneration remuneration in Spain.

  This is €2.9 million lower than the amount booked for revenue in 2013, and €2.7 million lower than the impact booked for EBITDA, based on the proposal included in the Ministerial Order which the Secretary of State for Energy submitted to the Comisión Nacional de los Mercados y la Competencia (the National Markets and Competition Commission) in January 2014 and which the Viscofan Group included in Note 29. Events after the balance sheet date of the notes to the annual consolidated financial statements.

- Moreover, in April 2014, the following resolutions, among others, were adopted at the General Shareholders' Meeting:

  - The meeting approved the Balance Sheet, Income Statement, Statement of Changes in Shareholder Equity and Cash Flow Statement of the year, the Proposed Distribution of Results, including distribution of an additional dividend of 0.704 euros per share, the Explanatory Report, the Management Report, including the Annual Corporate Governance Report and Management of Viscofan, S.A., as well as the Balance Sheet, Income Statement, Consolidated Cash Flow Statement and Consolidated Change in Shareholder Equity Statement, the Explanatory Report, the Consolidated Management Report, and Management of the Business group for which said company is the parent company, all for the year ended 31 December 2013.

  - The meeting resolved to appoint Ernst & Young, S.L. as auditors to review the financial statements of Viscofan, S.A. and the consolidated annual accounts of the business group of which Viscofan is the parent, for the fiscal year closing on 31 December 2014.

  - The meeting resolved to reduce the duration of Board member posts from 6 to 4 years with the subsequent amendment of article 27 of the Company Bylaws.

- The meeting resolved to include the Coordinator Director post in the Company Bylaws with the subsequent amendment of article 27 ter of the Company Bylaws and addition of article 27 quater.

- The meeting resolved to include assessment of the Board of Directors and its Committees in the Company Bylaws with the subsequent amendment of Company Bylaws to include article 27 quinquies.

- The meeting resolved to include requirements corresponding to the status of Directors in the Audit Committee with the subsequent amendment of article 30 of the Company Bylaws.

- The meeting resolved to include the Appointments and Remuneration Committee in the Company Bylaws with the subsequent amendment of article 30 of the Company Bylaws.

- The meeting resolved the re-election of Ms. Agatha Echevarría Canales as Director with Other External status.

- The meeting resolved the re-election of Mr. Néstor Basterra Larroudé as Director with Other External status.

- The meeting resolved appointment of Mr. Jaime Real de Asúa y Arteche as Independent Director.

- The meeting resolved appointment of Mr. José Antonio Canales García as Executive Director.

Viscofan Group 2014FY Profit and loss account ('000 €)

	Jan-Dec 14	Jan-Dec' 13	Change	Recurring * Jan-Dec 14	Recurring * Jan-Dec' 13	Recurring * Change
Revenues	**687,063**	**660,201**	**4.1%**	**684,114**	**660,201**	**3.6%**
Other operating income	4,343	5,388	-19.4%	4,343	5,388	-19.4%
Self-constructed assets	332	955	-65.2%	332	955	-65.2%
Variation in stocks of finished products and work-in-progress	10,273	7,985	28.7%	10,273	7,985	28.7%
Net purchases	-201,021	-204,784	-1.8%	-201,021	-204,784	-1.8%
Personnel expenses	-147,031	-142,782	3.0%	-147,031	-142,782	3.0%
Other operating expenses	-168,570	-156,727	7.6%	-168,364	-156,727	7.4%
Capital grants	403	559	-27.9%	403	559	-27.9%
Impairment and results coming from disposals of non-current assets	-369	-158	133.5%	-369	-158	133.5%
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**185,423**	**170,637**	**8.7%**	**182,680**	**170,637**	**7.1%**
EBITDA margin	*27.0%*	*25.8%*	*1.2 p.p.*	*26.7%*	*25.8%*	*0.9 p.p.*
Amortization and depreciation	-49,163	-45,142	8.9%	-49,163	-45,142	8.9%
EBIT	**136,260**	**125,495**	**8.6%**	**133,517**	**125,495**	**6.4%**
EBIT margin	*19.8%*	*19.0%*	*0.8 p.p.*	*19.5%*	*19.0%*	*0.5 p.p.*
Financial incomes	322	443	-27.3%	322	443	-27.3%
Financial expenditures	-4,257	-2,906	46.5%	-4,257	-2,906	46.5%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	1,916	-623	c.s	1,916	-623	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	**-2,019**	**-3,086**	**-34.6%**	**-2,019**	**-3,086**	**-34.6%**
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	**134,241**	**122,409**	**9.7%**	**131,498**	**122,409**	**7.4%**
Taxes	-30,612	-25,563	19.8%	-29,789	-27,492	8.4%
Profit after taxes from continued operations	**103,629**	**96,846**	**7.0%**	**101,709**	**94,917**	**7.2%**
Profit after taxes from interrupted operations	2,823	4,674	-39.6%	2,823	3,769	-25.1%
Net profit	**106,452**	**101,520**	**4.9%**	**104,532**	**98,686**	**5.9%**

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, like-for-like profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Viscofan Group 4Q14 Profit and loss account ('000 €)

	Oct-Dec' 14	Oct-Dec 13	*Change*
Revenues	**180,776**	**160,658**	**12.5%**
Other operating income	1,946	2,382	-18.3%
Self-constructed assets	88	736	-88.0%
Variation in stocks of finished products and work-in-progress	-4,579	748	c.s
Net purchases	-48,456	-50,681	-4.4%
Personnel expenses	-37,543	-35,371	6.1%
Other operating expenses	-42,777	-38,469	11.2%
Capital grants	106	306	-65.4%
Impairment and results coming from disposals of non-current assets	-346	-164	111.0%
Other results	0	0	n.s.
EBITDA	**49,215**	**40,145**	**22.6%**
EBITDA margin	*27.2%*	*25.0%*	*2.2 p.p.*
Amortization and depreciation	-12,435	-11,461	8.5%
EBIT	**36,780**	**28,684**	**28.2%**
EBIT margin	*20.3%*	*17.9%*	*2.4 p.p.*
Financial incomes	-35	93	c.s
Financial expenditures	-1,180	-565	108.8%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	142	134	6.0%
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	**-1,073**	**-338**	**217.5%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**35,707**	**28,346**	**26.0%**
Taxes	-7,590	-5,623	35.0%
Profit after taxes from continued operations	**28,117**	**22,723**	**23.7%**
Profit after taxes from interrupted operations	150	1,382	-89.1%
Net profit	**28,267**	**24,105**	**17.3%**

Consolidated balance sheets ('000 €)

	Dec '14	Dec '13	Change
Intangible assets	13,550	16,022	-15.4%
Goodwill	0	0	n.s.
Others intangible asset	13,550	16,022	-15.4%
Tangible assets	380,963	380,607	0.1%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	619	780	-20.6%
Deferred tax assets	18,046	14,554	24.0%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	**413,178**	**411,963**	**0.3%**
Non-current assets held for sale	90,113	0	n.s.
Inventories	189,085	202,989	-6.8%
Trade and other receivables	155,397	150,399	3.3%
Trade debtors	124,745	123,640	0.9%
Other debtors	25,394	25,562	-0.7%
Current tax assets	5,258	1,197	339.3%
Other financial current assets	1,019	5,936	-82.8%
Other current assets	2,506	2,649	-5.4%
Cash and cash equivalents	25,601	16,739	52.9%
CURRENT ASSETS	**463,721**	**378,712**	**22.4%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**876,899**	**790,675**	**10.9%**
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	483,283	441,174	9.5%
Treasury shares	0	0	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Result of the period	106,452	101,520	4.9%
Less: Interim dividend	-20,972	-19,108	9.8%
Other equity instruments	0	0	n.s.
SHAREHOLDER'S FUNDS	**601,398**	**556,221**	**8.1%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	-4,913	217	c.s.
Currency translation differences	-20,618	-34,821	-40.8%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**-25,531**	**-34,604**	-26.2%
SHAREHOLDERS' EQUITY	**575,867**	**521,617**	**10.4%**
Minority interest	0	0	n.s.
EQUITY	**575,867**	**521,617**	**10.4%**
Grants	2,280	3,891	-41.4%
Non-current provision	30,888	20,632	49.7%
Non-current financial liabilities	45,231	47,758	-5.3%
Financial debt	33,154	35,670	-7.1%
Other financial liabilities	12,077	12,088	-0.1%
Deferred tax liabilities	21,467	22,549	-4.8%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	**99,866**	**94,830**	**5.3%**
Liabilities linked to non-current assets held for sale	34,814	0	n.s.
Current provisions	4,976	5,475	-9.1%
Current financial liabilities	85,039	84,892	0.2%
Financial debt	67,059	65,656	2.1%
Other financial liabilities	17,980	19,236	-6.5%
Trade creditor and other payable accounts	75,818	83,279	-9.0%
Trade creditors	48,101	61,367	-21.6%
Other creditors	18,253	17,447	4.6%
Current tax liabilities	9,464	4,465	112.0%
Other current liabilities	519	582	-10.8%
CURRENT LIABILITIES	**201,166**	**174,228**	**15.5%**
NET BANK DEBT	**74,612**	**84,587**	**-11.8%**

Cash flow statments ('000 €)

	Jan-Dec' 14	Jan-Dec' 13	Change
Cash flows from operating activities	**118,315**	**123,739**	**18.8%**
Profit for the year before tax	**134,241**	**122,409**	**-4.8%**
Adjustments in results	**53,427**	**50,985**	**4.3%**
Amortisation and depreciation	49,163	45,142	7.5%
Others adjustments in results(net)	4,264	5,843	-17.2%
Changes in working capital	**-34,557**	**-7,760**	**-66.4%**
Other cash flows from operating activities	**-34,796**	**-41,895**	**14.0%**
Interest paid	0	0	n.s.
Dividend paid and other payments from others equity instruments	0	0	n.s.
Dividends received	0	0	n.s.
Interests received	0	0	n.s.
Proceeds/ (payments) from income tax	-31,290	-35,053	18.6%
Proceeds/(payments) from operating activities	-3,506	-6,842	-3.7%
Cash flows from investing activities	**-55,889**	**-96,290**	**72.9%**
Investment payments	**-60,074**	**-97,373**	**47.4%**
Group companies, associated & business units	0	0	n.s.
Acquisition of property, plant and equipment and intangible assets	-60,074	-92,942	41.2%
Other financial assets	0	-4,431	491.7%
Other assets	0	0	n.s.
Cash from disposals	**4,405**	**867**	**-79.5%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	505	867	404.0%
Other financial assets	3,900	0	-91.6%
Other assets	0	0	n.s.
Other cash flows from investing activities	**-220**	**216**	**-33.9%**
Dividends received	0	0	n.s.
Interest received	331	489	-33.9%
Proceeds/(Payments) from interrupted operations	-551	-273	n.s.
Cash flows from financing activities	**-51,244**	**-58,567**	**225.3%**
Proceeds and payments from equity instruments	**0**	**0**	**n.s.**
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	0	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	**5,278**	**-10,069**	**c.s.**
Proceeds from issue of financial liabilities instruments	58,562	71,888	51.5%
Refund, cancellation and payments	-53,284	-81,957	348.9%
Dividends paid and others payments from others equities instruments	**-53,781**	**-51,450**	**6.8%**
Others cash flows from financing activities	**-2,741**	**2,952**	**c.s.**
Interest paid	-3,544	-2,156	-33.6%
Others proceeds /(payments) from financing activities	803	5,108	478.6%
Effect of foreign exchange rate changes on collections and payments	**-2,320**	**2,994**	**c.s.**
Net increase (decrease) in cash and cash equivalents	**8,862**	**-28,124**	**c.s.**
Cash and cash equivalents at the begining of the period	**16,739**	**44,863**	**204.2%**
Cash and cash equivalent at the end of the period	**25,601**	**16,739**	**-62.7%**

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€) **End year (Currency/€)**

	2014	2013	% Change	dec 14	dec 13	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.329	1.328	0.1%	1.214	1.379	-12.0%
Canadian Dollar	1.467	1.368	7.2%	1.406	1.467	-4.1%
Mexican Peso	17.664	16.962	4.1%	17.868	18.073	-1.1%
Brazilian real	3.122	2.857	9.3%	3.225	3.231	-0.2%
Czech crown	27.537	25.987	6.0%	27.735	27.427	1.1%
British Pound	0.806	0.849	-5.0%	0.779	0.834	-6.6%
Serbian Dinar	117.243	113.094	3.7%	120.958	114.642	5.5%
Chinesse yuan remminbi	8.157	8.225	-0.8%	7.456	8.419	-11.4%
Uruguayan Peso	30.850	27.121	13.8%	29.586	29.546	0.1%

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