

Viscofan
The casing company

Annual Results
Twenty 17

1st March 2018



Main highlights 2017

Financial Results 2017

Outlook 2018

Main highlights 2017

Intense operational activity

- New plant in Cáseda (Spain)
- Increase collagen capacity in Novi Sad (Serbia)
- Increase collagen capacity in Suzhou (China)
- New cleanroom for medical production in Weinheim (Germany)
- New hydrolysed collagen plant in Weinheim (Germany)
- Environmental and Safety improvements (60% obtained certifications)
- Supralon acquisition in Europe (Germany, France)



Main highlights 2017

Reinforcing our positioning

✓ Wide portfolio






USA


MEXICO


SPAIN

GERMANY


BELGIUM

FRANCE

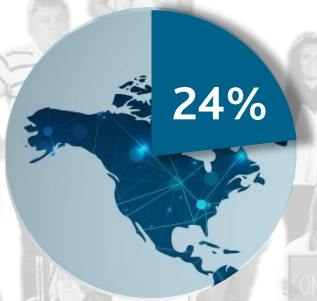

CZECH REP.


BRAZIL

Main highlights 2017

Commitment to talent and innovation

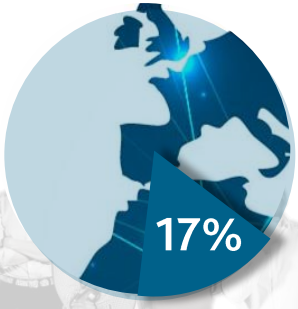
NORTHAMERICA



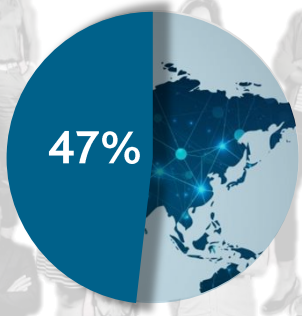
LATAM



SPAIN



EUROPE & ASIA



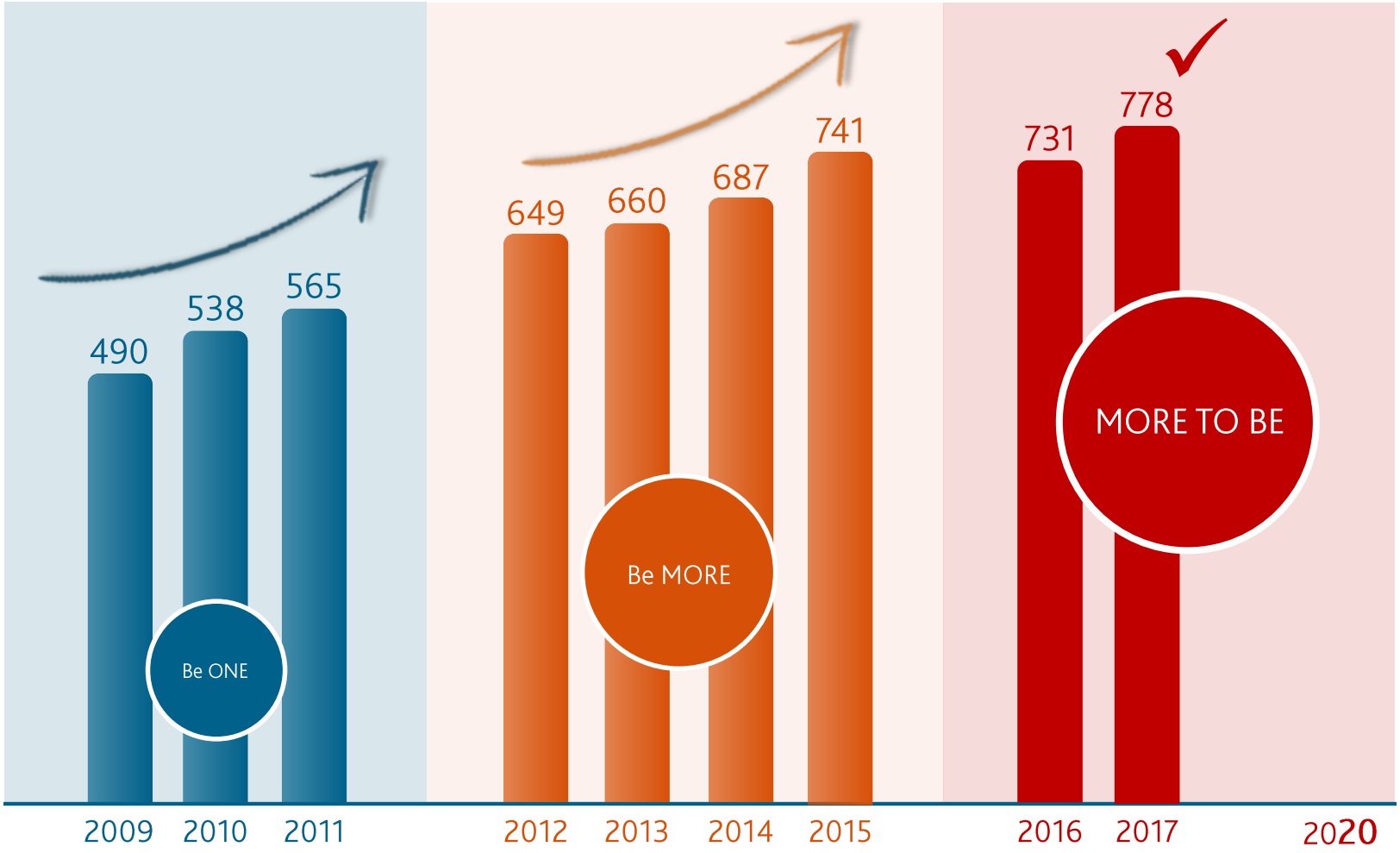
4,554

AVERAGE WORKFORCE 2017

Main highlights 2017

New record high in revenue

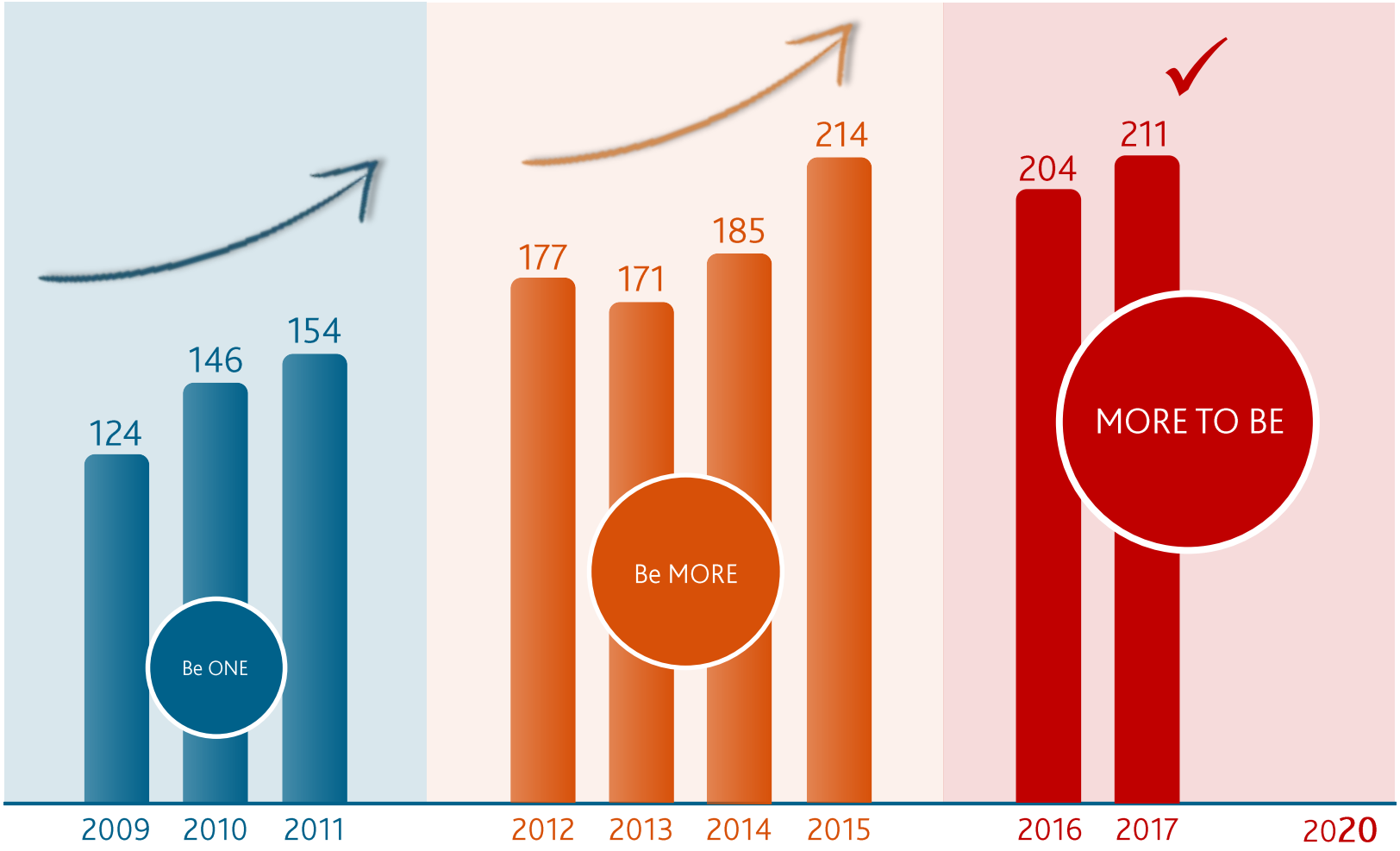
REVENUE casings (€ million)



Main highlights 2017

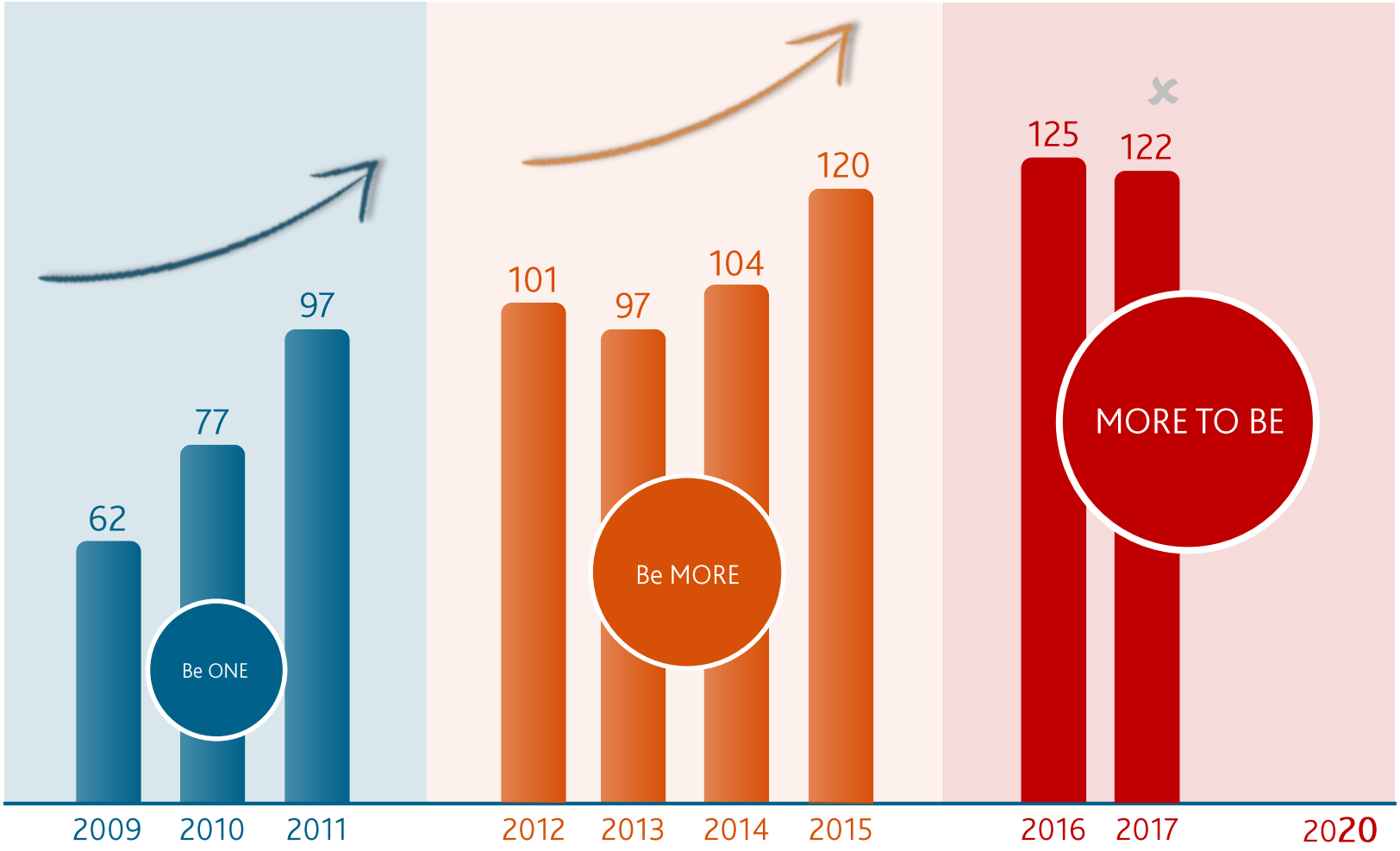
Improving EBITDA

EBITDA casings (€ million)



Facing and adverse forex environment

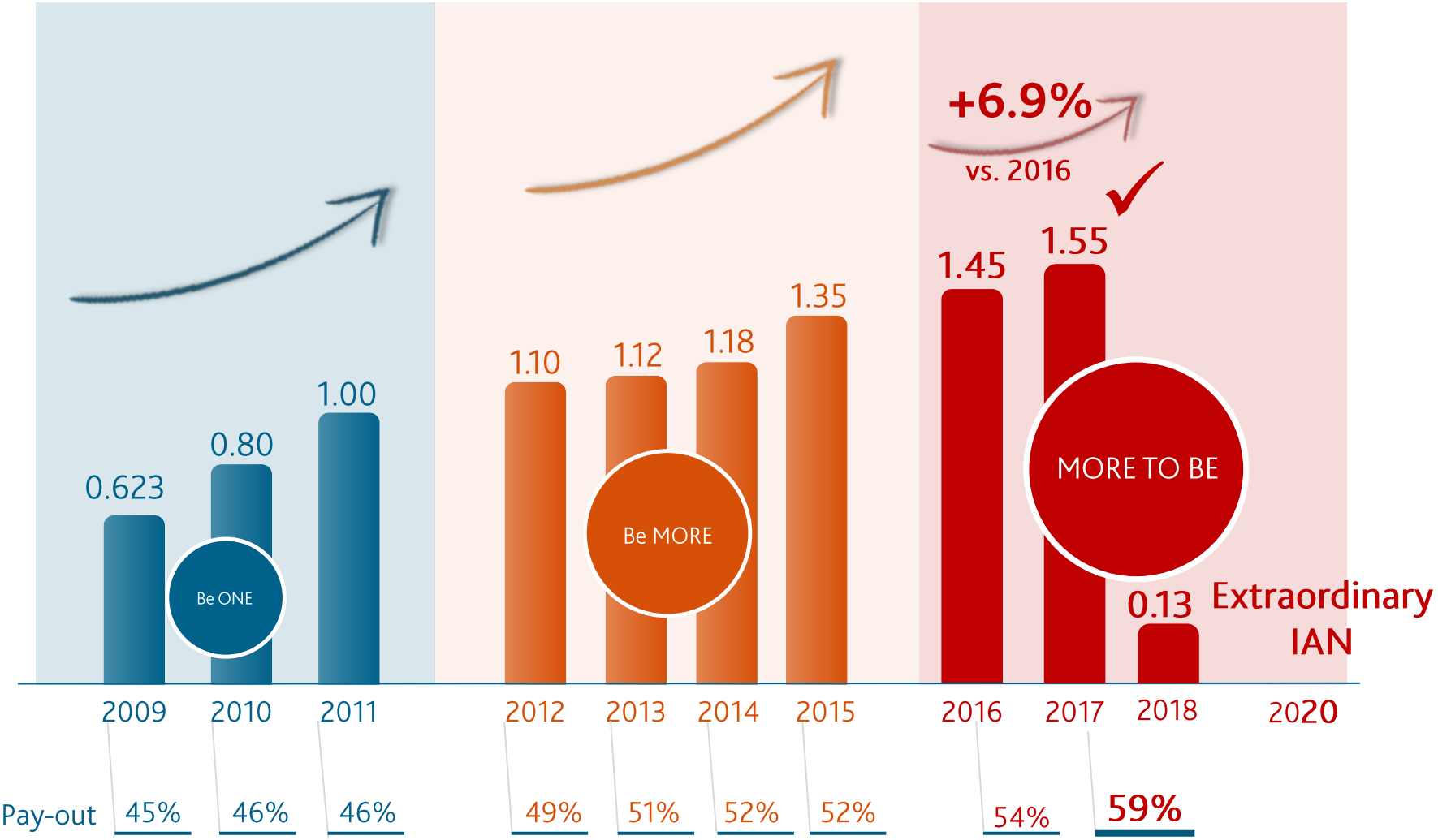
NET PROFIT casings (€ million)



Main highlights 2017

Increasing shareholder remuneration

SHAREHOLDER REMUNERATION (€ per share)





2017 Financial Results

2017 Financial Results

Like-for-like growth above our expectations against a worse than expected forex environment…

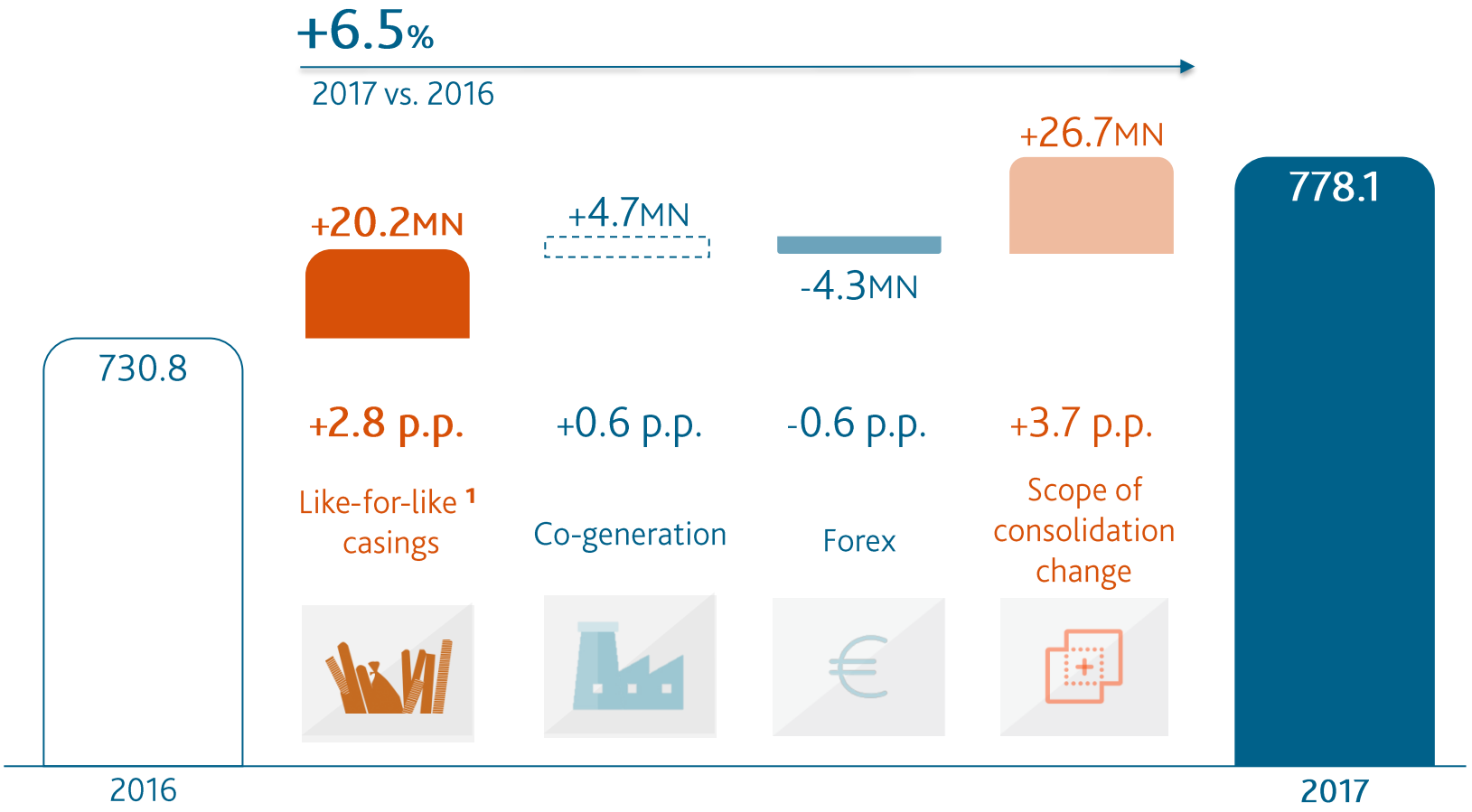
€ million	2017	% y-o-y	% y-o-.y Like-for-like [1]	4Q17	% y-o-y	% y-o-.y Like-for-like [1]
Revenue	778.1	+6.5%	+3.4%	197.4	+2.0%	+4.0%
Recurring EBITDA[2]	206.8	+2.8%	+2.9%	47.9	-7.3%	-0.2%
Rec. EBITDA margin[2]	*26.6%*	*-0.9p.p.*	*-0.1 p.p.*	*24.3%*	*-2.4p.p.*	*-1.0 p.p.*
EBITDA	211.2	+3.5%		46.4	-16.0%	
EBITDA margin	*27.1%*	*-0.8 p.p.*		*23.5%*	*-5.1p.p.*	
EBIT	154.9	+0.3%		32.1	-23.7%	
Net Profit	122.0	-2.4%		29.8	-19.2%	

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts

[2] Recurring results: a) In 2017 the figure excludes the positive impact of €4.5 million from the net impact of compensation for the fire in Germany following the deduction of non-recurring stock, clearance and cleaning costs; and the management costs associated with the acquisition of the Supralon companies in Europe, inter alia. b) In 2016 the figure excludes €2.9 million associated with the acquisition of the Vector companies in the US and Europe.

...driven by sales volume growth in all technologies, and Vector contribution.

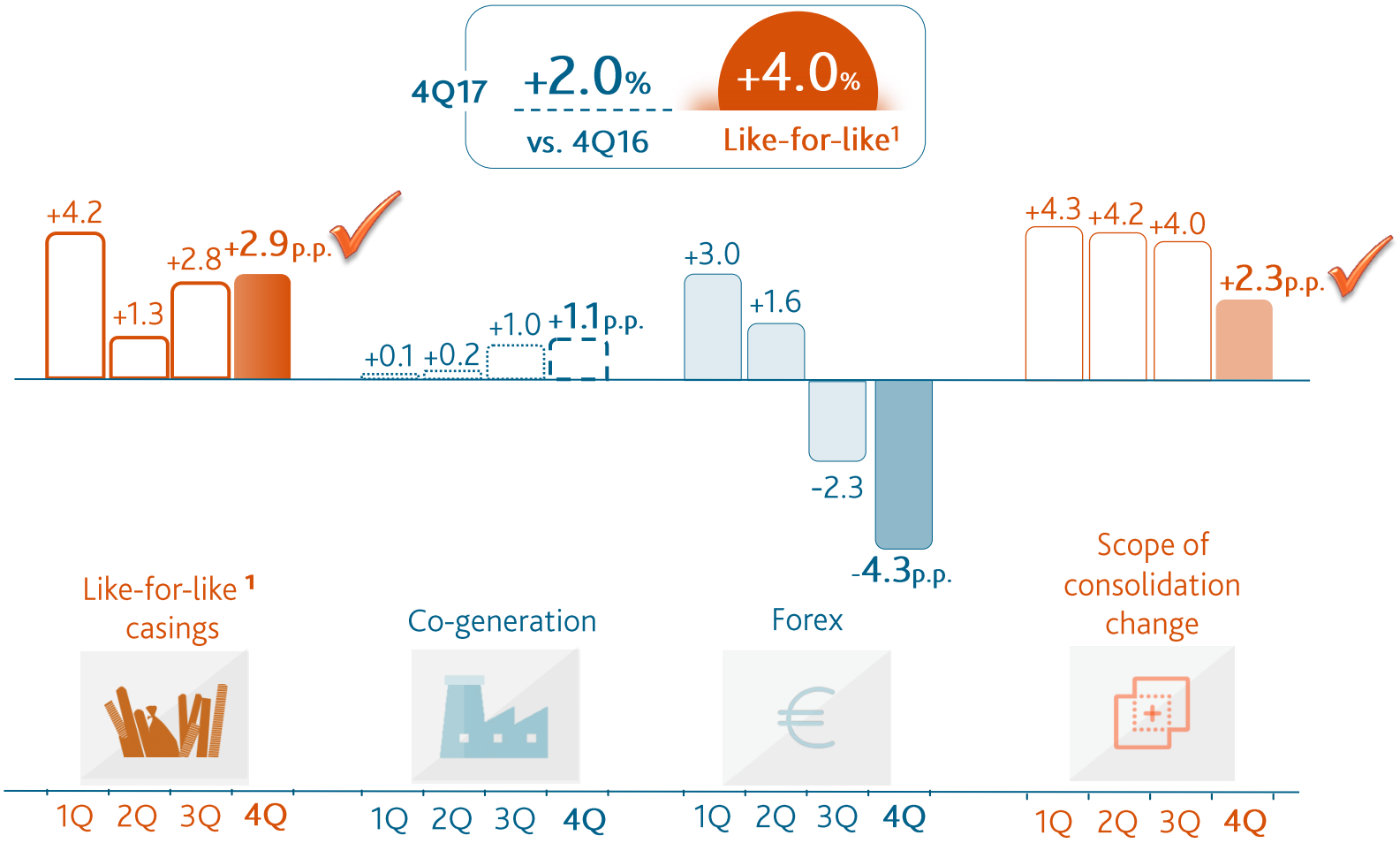
REVENUE. Growth contribution (€ million)



[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts

Sound like-for-like evolution is completely eroded by forex…

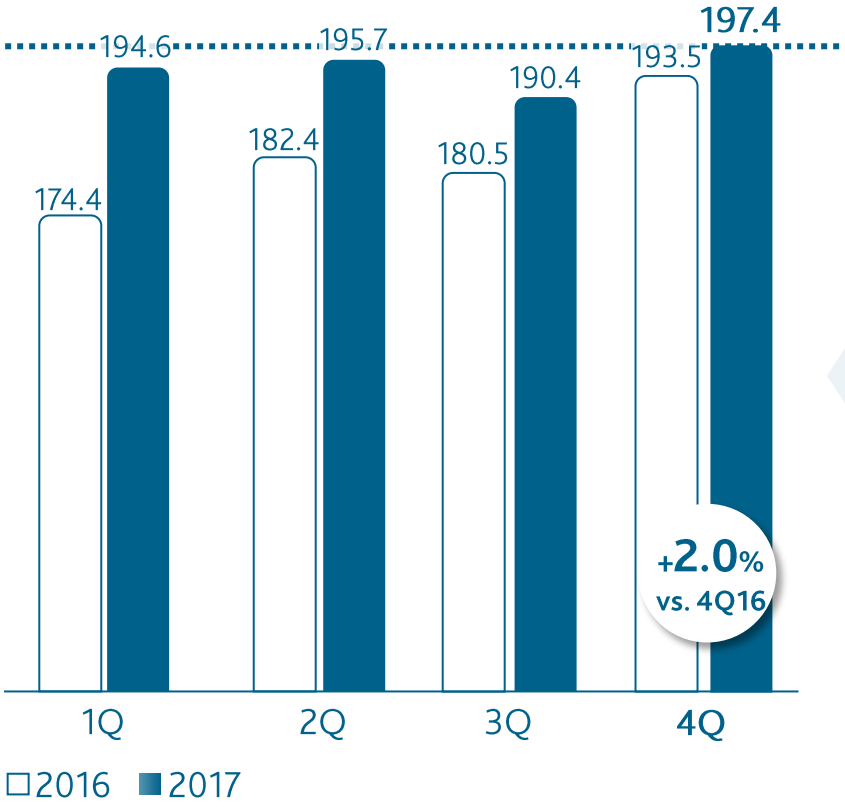
REVENUE. Quarterly growth contribution (p.p.)



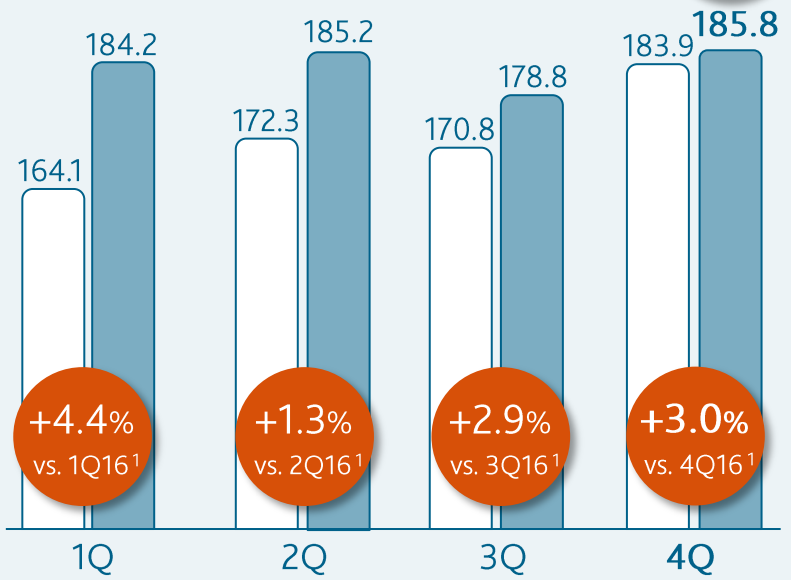
[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts

...setting a new record high in quarterly revenue

REVENUE. Viscofan Group (€ million)

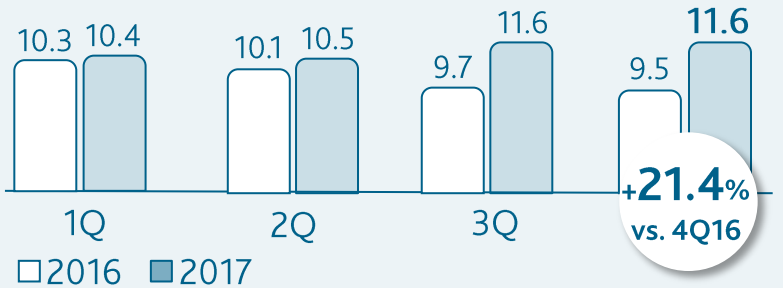


CASING SALES (€ million)



1 Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and the change in the scope of consolidation.

CO-GENERATION REVENUE (€ million)



Latam, Europe and Asia lead growth and offset North American weakness.

2017 GROUP

+6.5% vs. 2016

+3.4% Like-for-like[2]

REVENUE 2017. Breakdown by geographical area [1] (€ million)

EUROPE AND ASIA

55.8%



+5.6% vs. 2016

+3.9% Like-for-like[2]

NORTH AMERICA

29.3%



+4.9% vs. 2016

-0.4% Like-for-like[2]

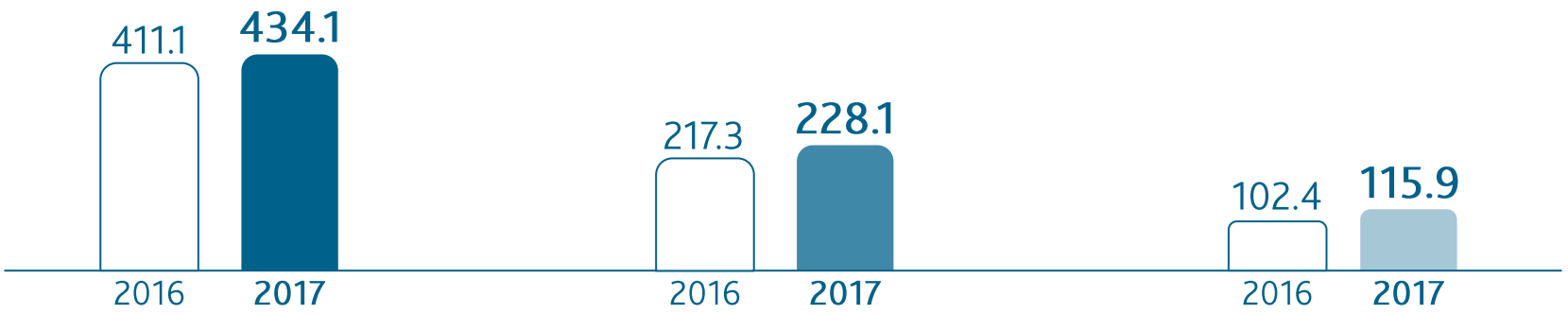
LATAM

14.9%



+13.2% vs. 2016

+9.6% Like-for-like[2]



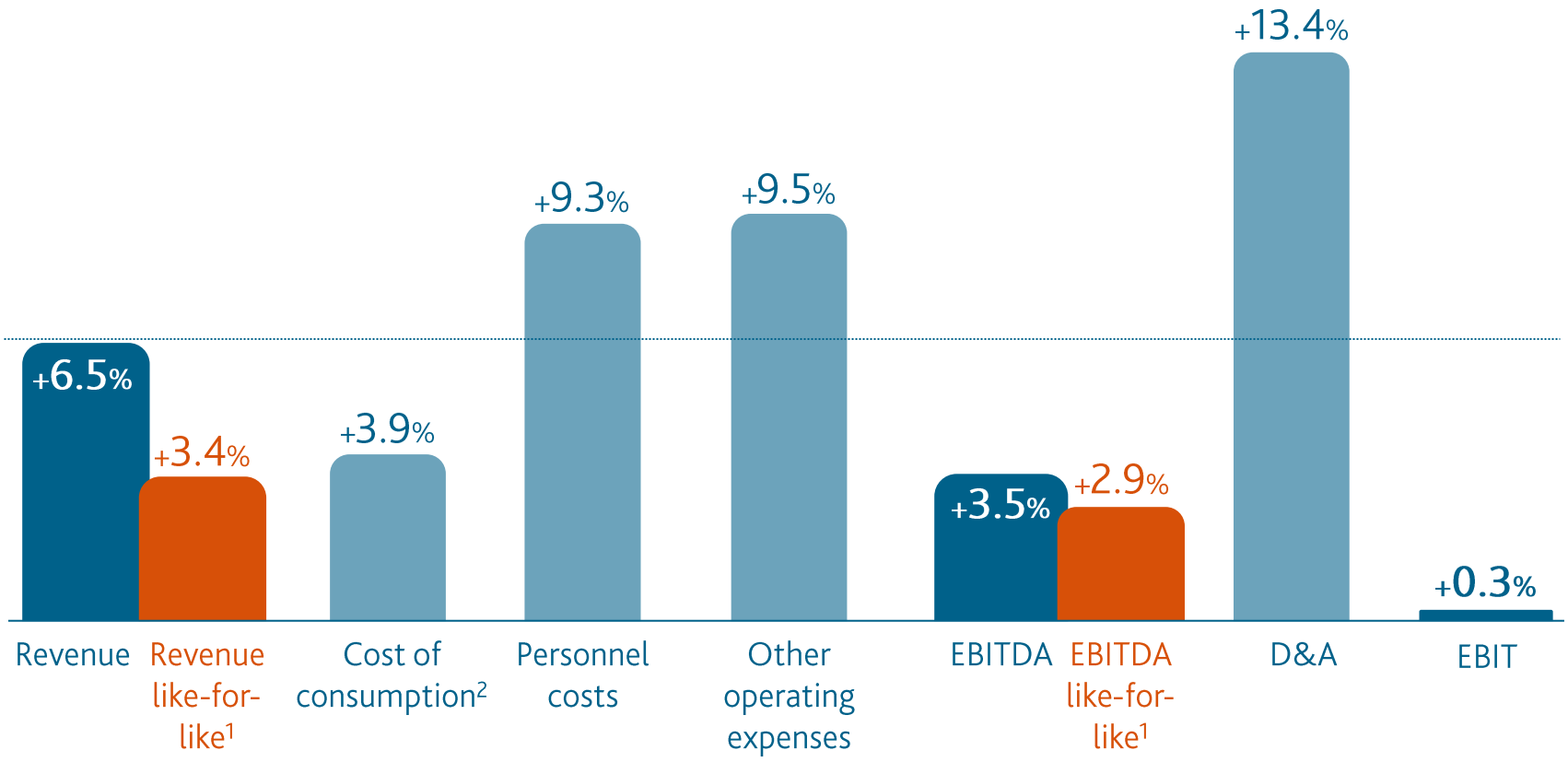
[1] Revenue per origin of sales.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and the change in the scope of consolidation.

2017 Financial Results

Revenue growth and gross margin improvement are transferred to EBITDA in a year marked by high operational activity related with MORE TO BE strategic plan.

P&L 2017. % year-on-year change

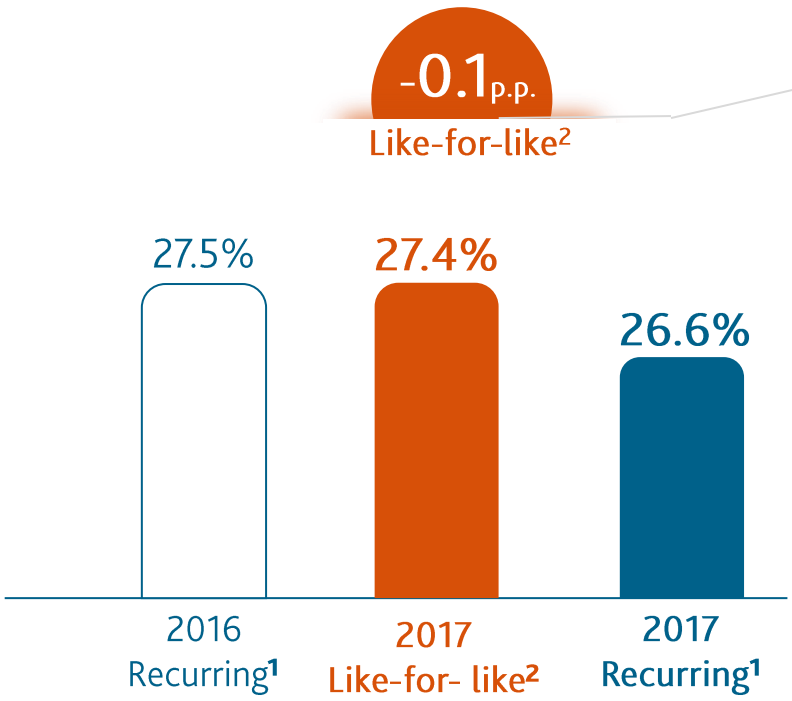


[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts.

[2] Cost of consumption = Supplies +/- Change in inventories of finished and unfinished products.

Sound EBITDA margin in a context of high operational activity.

EBITDA MARGIN full year



Higher personnel costs related with increased workforce

4,554. 2017 average workforce

+4.4% vs. 2016

Start-up costs due to the new plant in Cáseda

€2 million

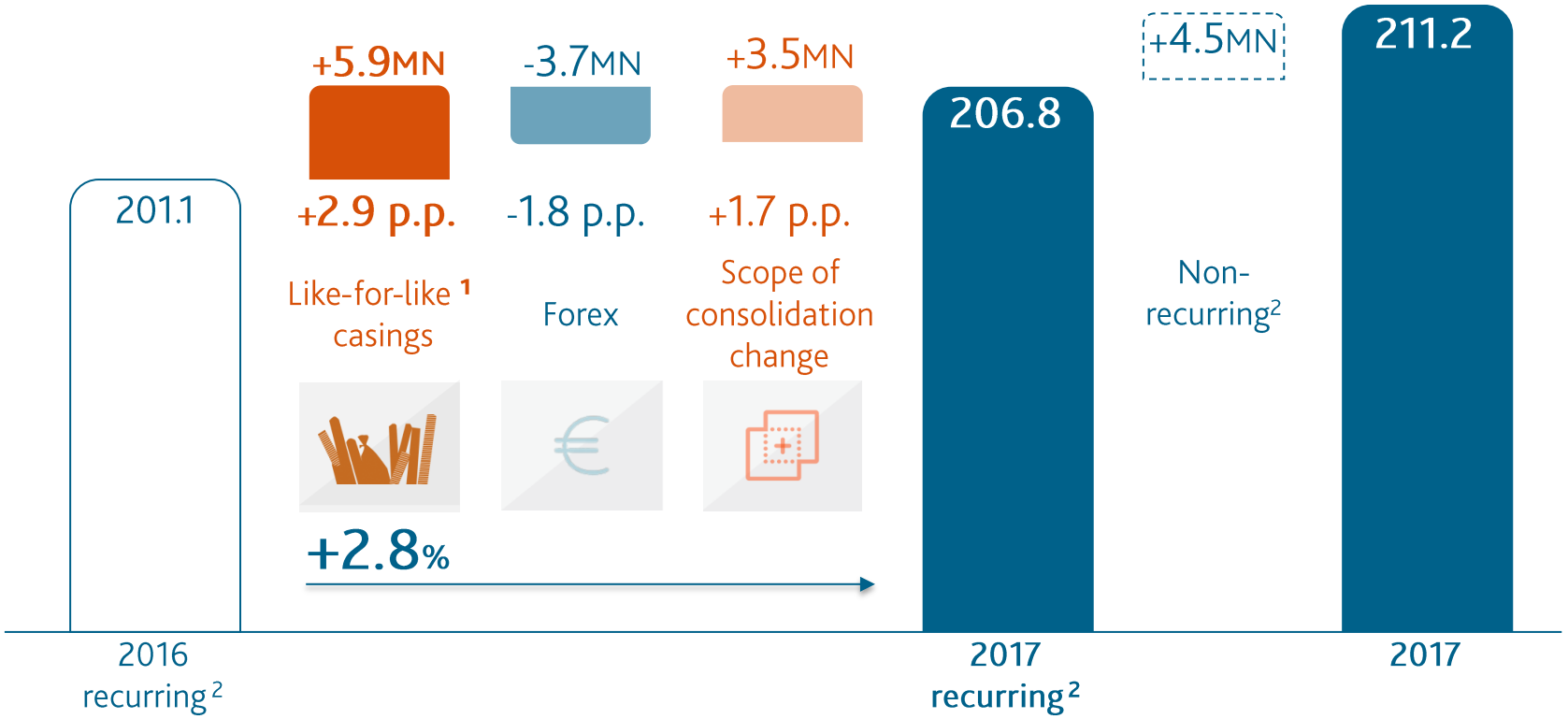
Reported margin is eroded by forex, specially in Q4.

[1] Recurring results: a) In 2017 the figure excludes the positive impact of €4.5 million from the net impact of compensation for the fire in Germany following the deduction of non-recurring stock, clearance and cleaning costs; and the management costs associated with the acquisition of the Supralon companies in Europe, inter alia. b) In 2016 the figure excludes €2.9 million associated with the acquisition of the Vector companies in the US and Europe.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts.

EBITDA growth driven by operational strength and Vector contribution.

EBITDA 2017. Growth contribution (€ million)



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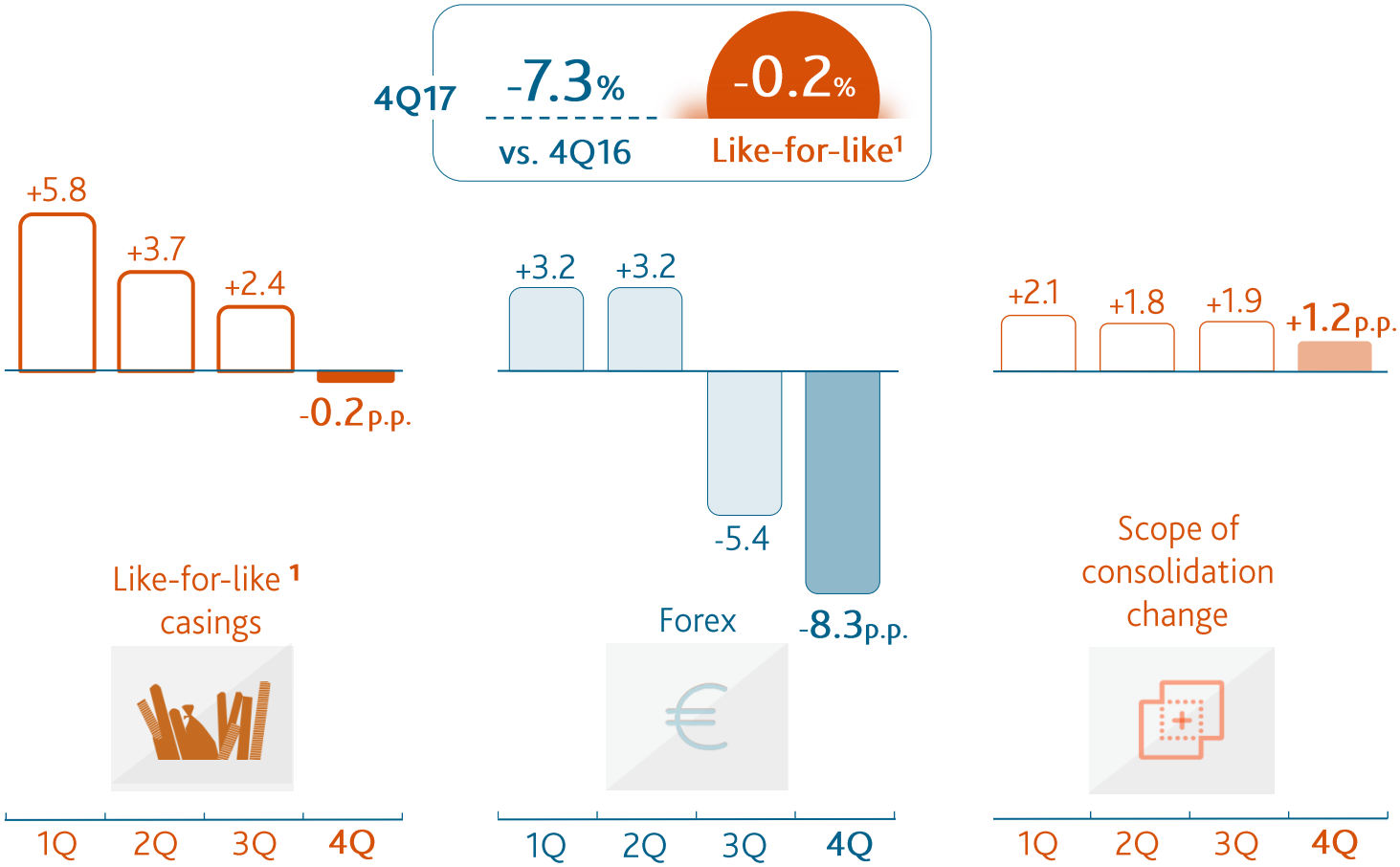
EBITDA for the quarter is impacted by Cáseda plant start-up, cost of consumption and forex weakness.

RECURRING EBITDA. Quarterly growth contribution (p.p.)



[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts.

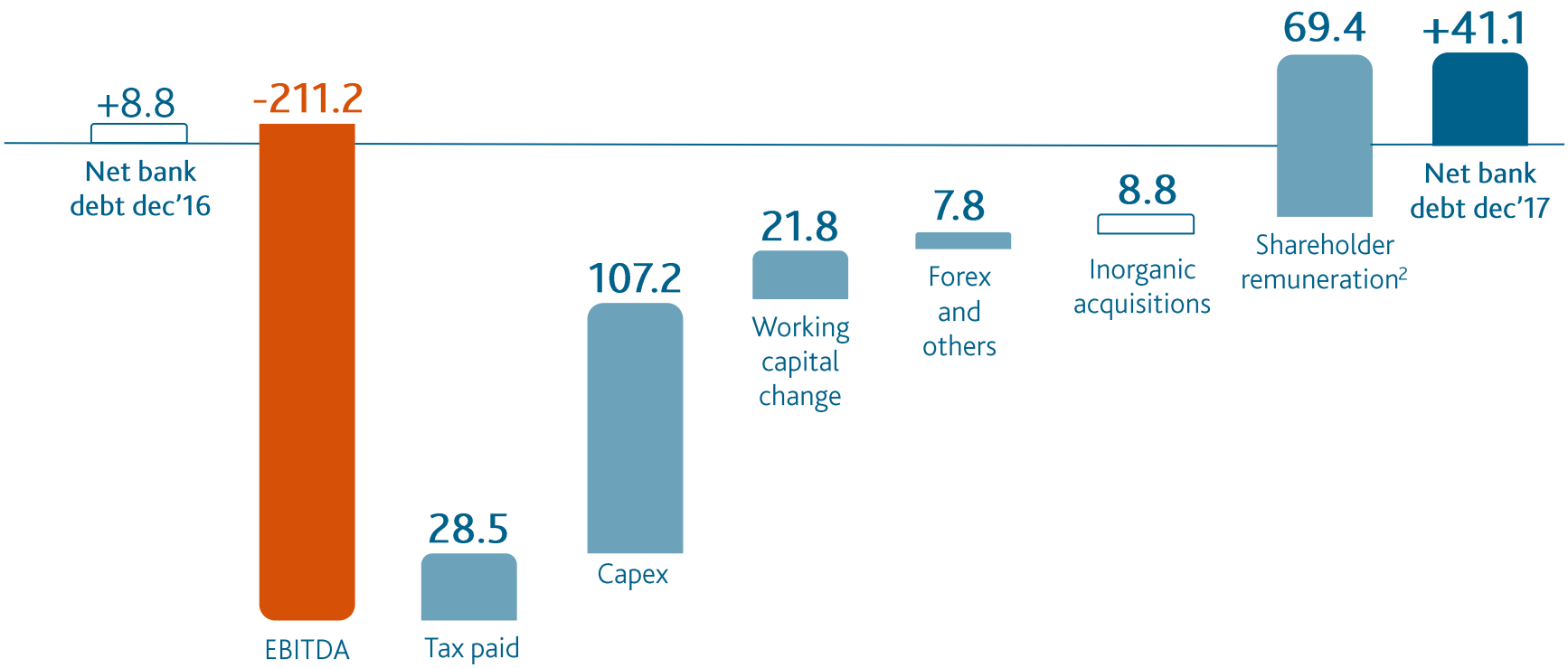
Better operating result and tax rate, albeit not sufficient to offset exchange differences impact.

2017. EBIT to Net Profit (€ million)

€ Million	2017	2016	% y-o-y
EBIT	154.9	154.4	+0.3%
+ *Financial income*	*+0.3*	*+0.4*	
- *Financial expenses*	*-1.8*	*-1.8*	
+ / - *Exchange differences and others*	*-7.9*	*+2.3*	
- *Taxes*	*-23.3*	*-30.2*	
(Tax rate)	*(16.1%)*	*(19.5%)*	
Net profit	122.0	125.0	-2.4%

Solid operating cash flow to finance investments and acquisitions while increasing dividends.

NET BANK DEBT[1] 2016 to 2017 (€ million)

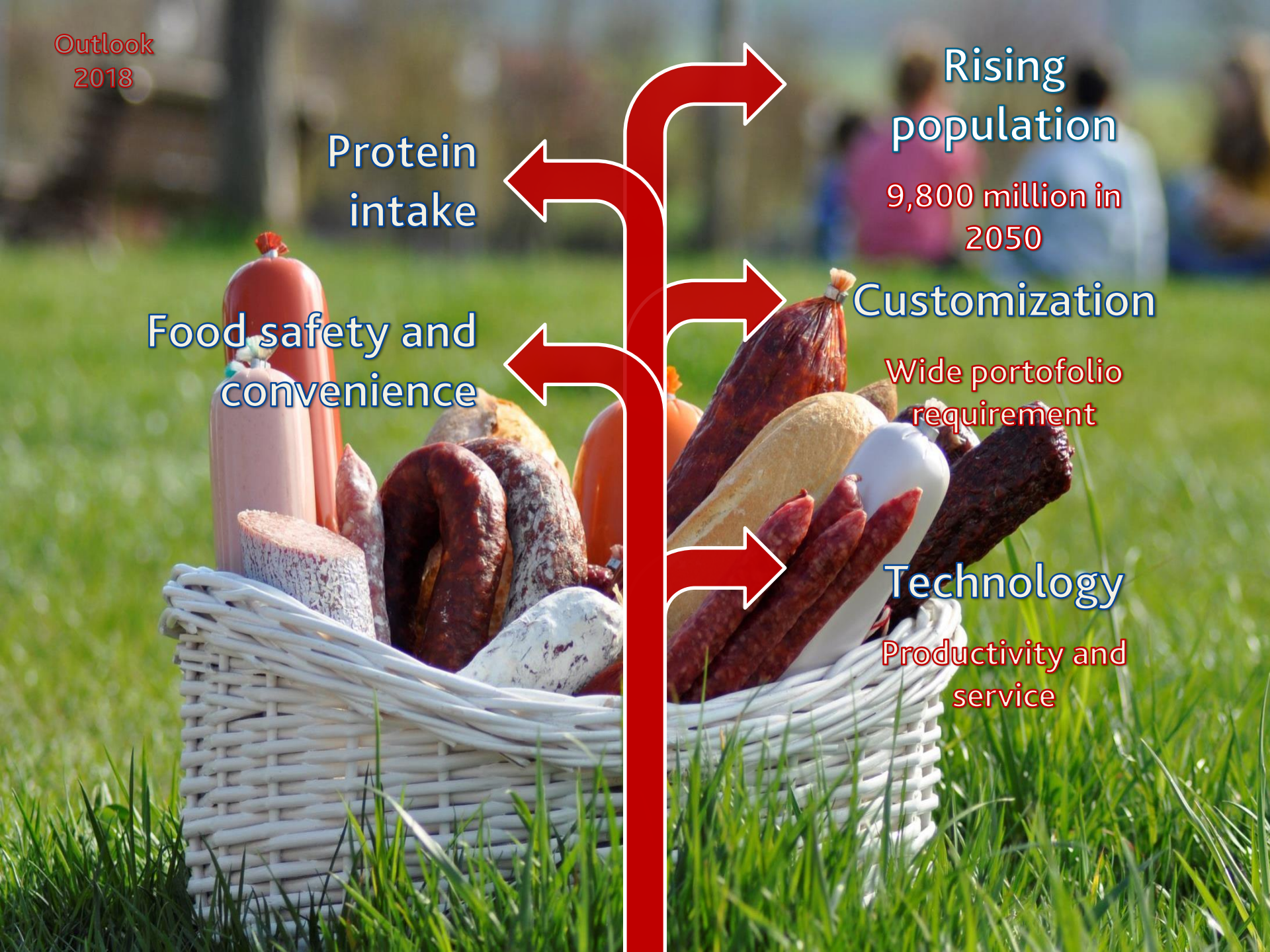


[1] Net bank debt = Non-current bank borrowings + Current bank borrowings – Cash and equivalents.

[2] Includes 0.87€ 2016 FY final dividend paid in June 2017, and 0.62€ interim dividend for 2017 FY paid in December 2017.



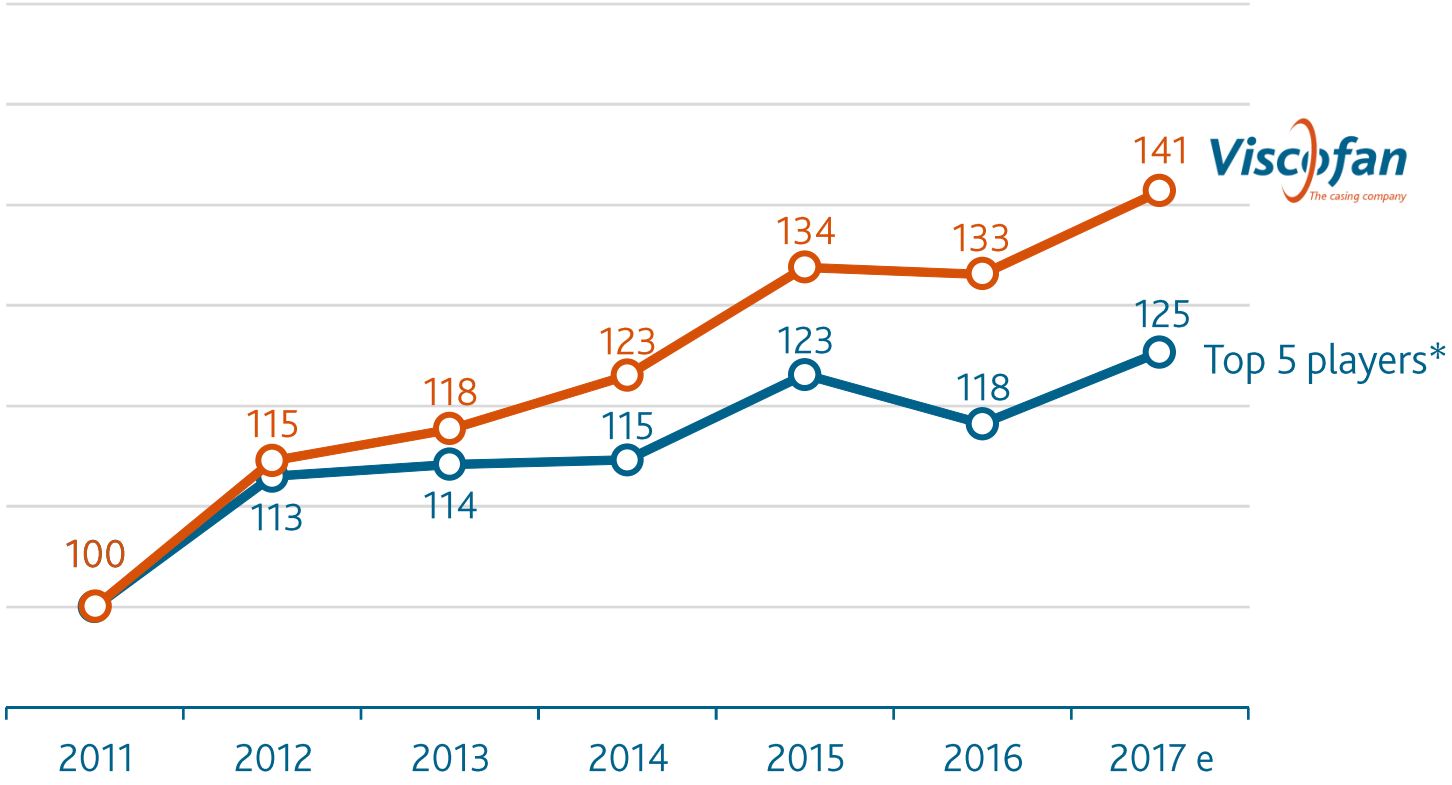
Outlook 2018


Outlook
2018
Rising
population
9,800 million in
2050
Protein
intake
Customization
Wide portofolio
requirement
Food safety and
convenience
Technology
Productivity and
service

Outlook 2018

In 2017 casings market resumed its growth path, and this trend is expected to continue in 2018…

REVENUE EVOLUTION. Base 100 year 2011. Top 5 players (€ million)



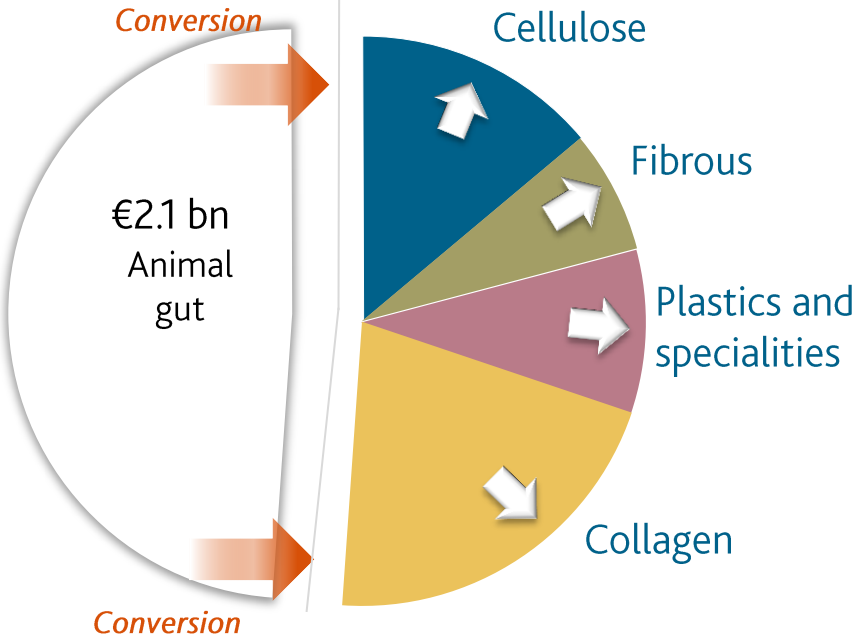
*Source: Casings sales obtained from Annual Reports and websites of the following players: Viscofan, Devro, Viskase, Shenguan, Kalle. 2017 FY has been estimated from the quarterly reports.

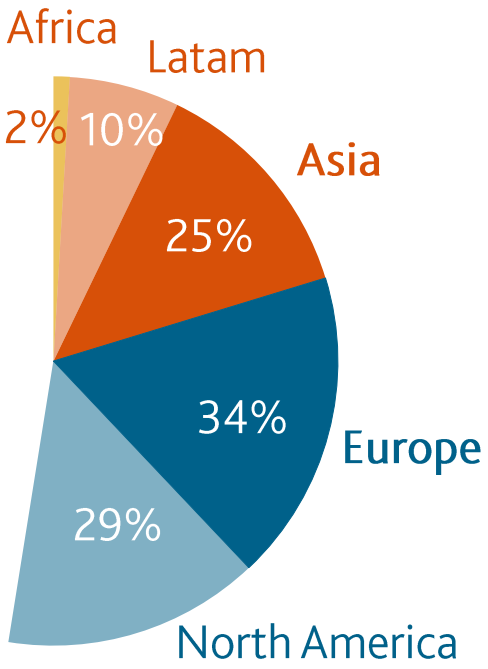
Outlook 2018

… supported by strong growth drivers…

CUSTOMIZED CASINGS MARKET

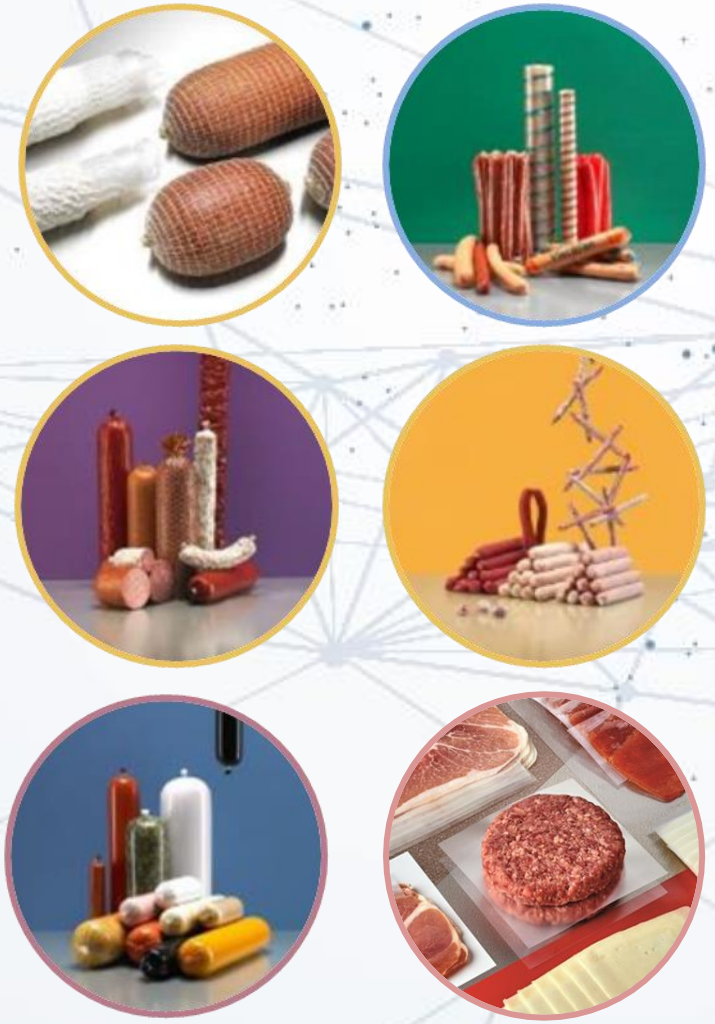
€2.3 bn





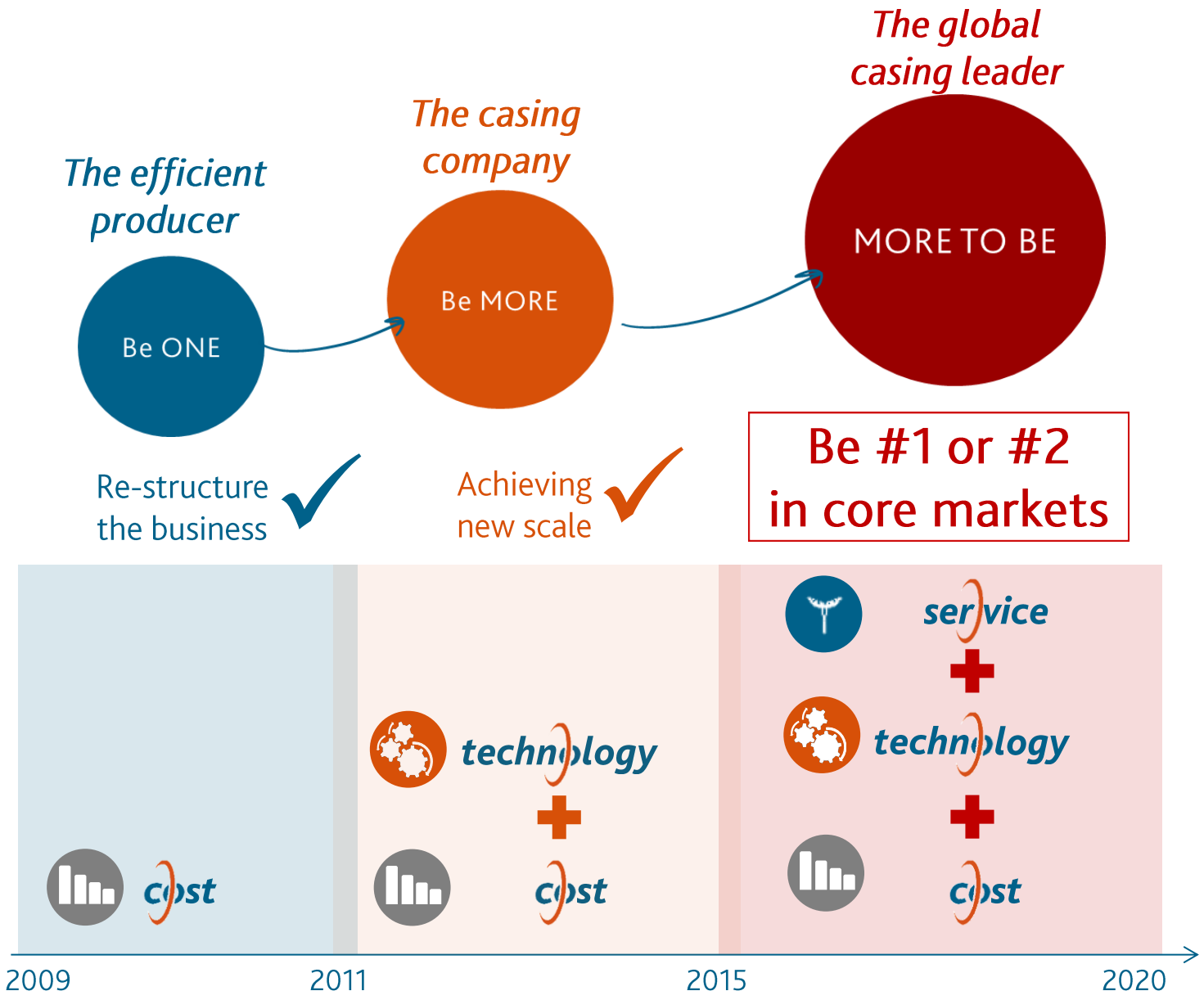
Outlook 2018

Viscofan is the only company in the industry that can take advantage of all growth opportunities in all regions and in all technologies





Our strategy is moving forward…



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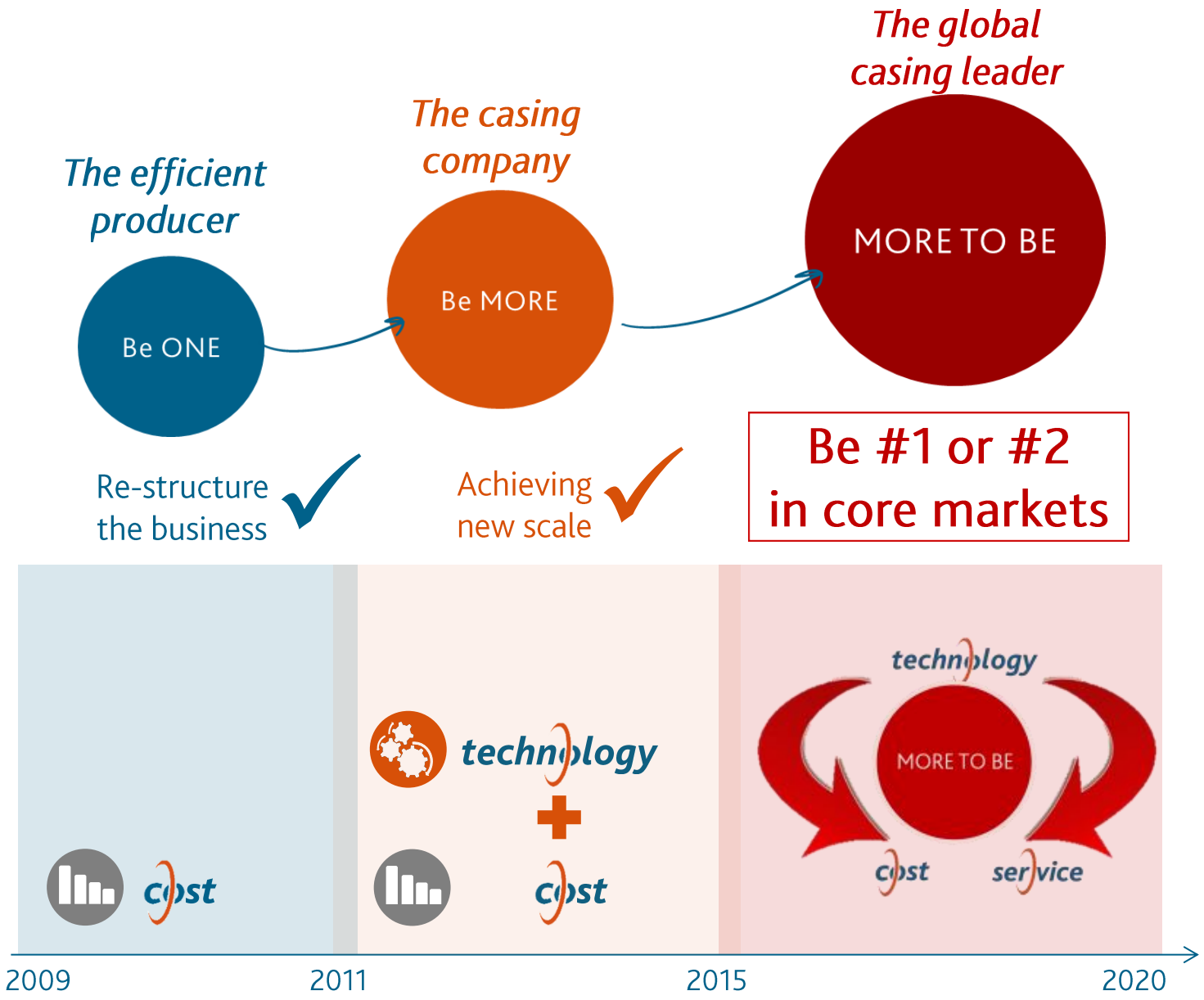
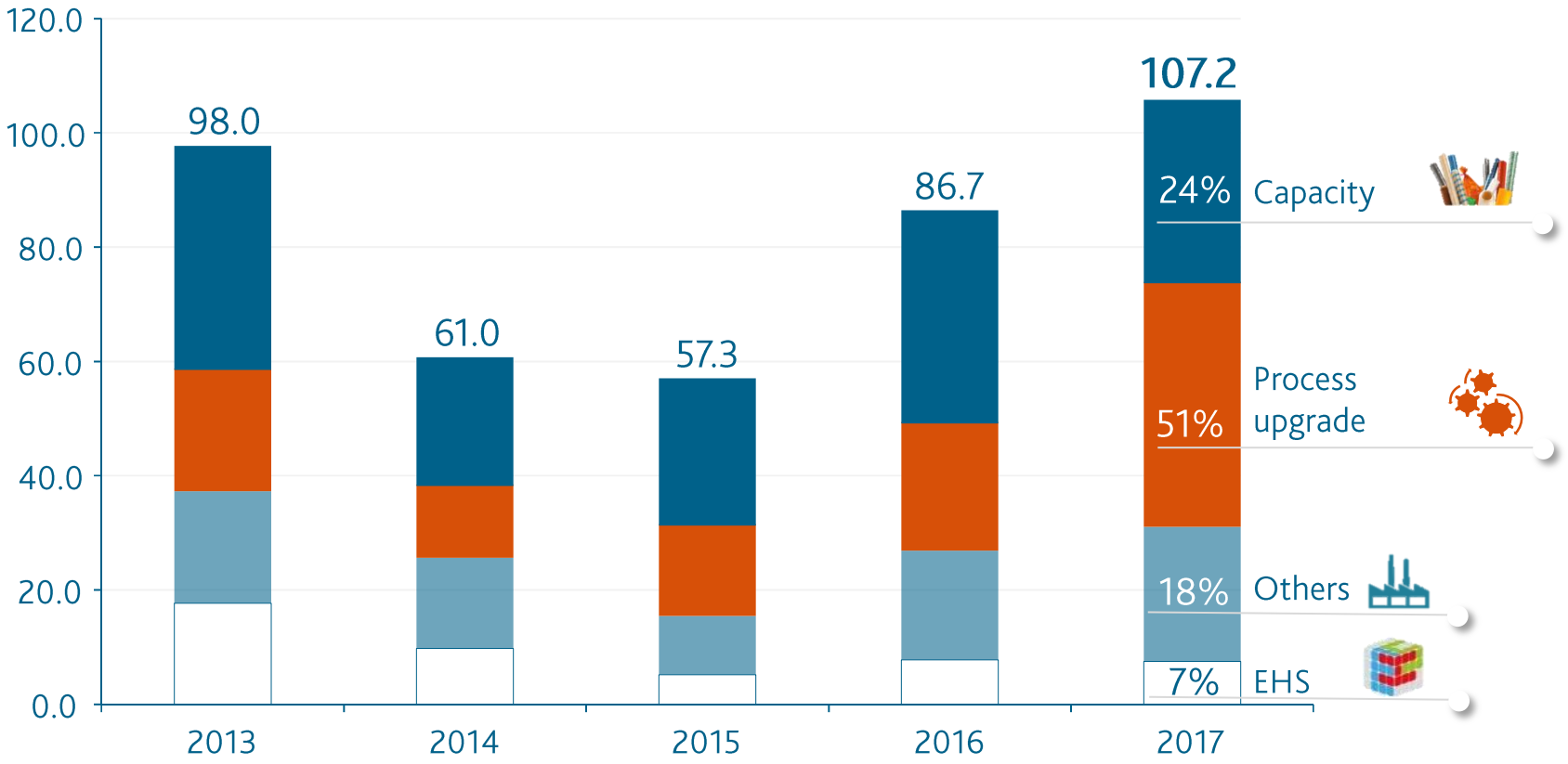


Outlook 2018

A year marked with intense operational activity, growth, competition … and investments in new technology

CAPEX. Period 2013-2017 (€ million)



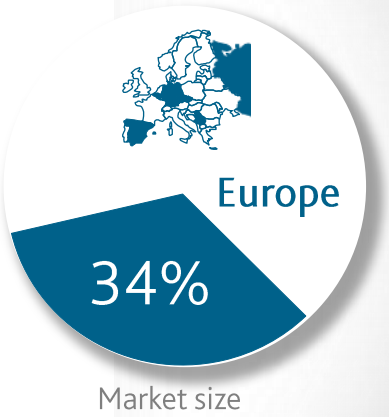
Outlook 2018

Europe

R&D in the four technologies as competitive advantage spearhead

service

- Greenfield fibrous plant in Cáseda (Spain) MORE to BE
- Nanopack acquisition MORE to BE
- Support centre for new products. "specialities"



technology

- Adding fibrous technology to an excellence center MORE to BE
- Upgrade plastics technology VECTOR Packaging supralon Viscofan GROUP Projects MORE TO BE 2018
- Upgrade technology for large collagen caliber Projects MORE TO BE 2018
- Upgrade cellulose technology Projects MORE TO BE 2018

cost

- Higher production capacity in Serbia MORE to BE Projects MORE TO BE 2018
- Improve productivity in Spain, Germany and the Czech Republic MORE to BE
- Energy efficiency. Development of safer production technologies MORE to BE
- Get the certificate ISO 14.001 of environmental management in all plants Projects MORE TO BE 2018

Outlook 2018 North America

Focus on added value improvement



Market size

service

- Plastics in Mexico, VECTOR Packaging incorporation — MORE to BE ✓
- Improve facilities reliability — Projects MORE TO BE 2018
- Fibrous. Free capacity for the local market — MORE to BE ✓

technology

- New products: BTC plastics, specialities — transformpack — Projects MORE TO BE 2018
- Upgrade fibrous technology — MORE to BE ✓ — Projects MORE TO BE 2018

cost

- Union agreement — MORE to BE ✓
- Cruise speed in the new plastics plant in Mexico — MORE to BE ✓
- Change in energy model — MORE to BE ✓
- Get the certificate ISO 14.001 of environmental management in all plants — Projects MORE TO BE 2018

Outlook 2018 Latam

Leaders and committed with an area of outstanding market dynamism



Market size

service

- Product development. New concepts to replace animal gut — Projects MORE TO BE 2018
- Stability in Brazilian plants — MORE to BE

technology

- New extrusion machinery in collagen — MORE to BE
- Converting technology — MORE to BE

cost

- Higher capacity in Uruguay — MORE to BE
- Uruguay plant consolidation — MORE to BE
- Efficiency in resources usage (water) — MORE to BE
- Get the certificate ISO 14.001 of environmental management in all plants — Projects MORE TO BE 2018

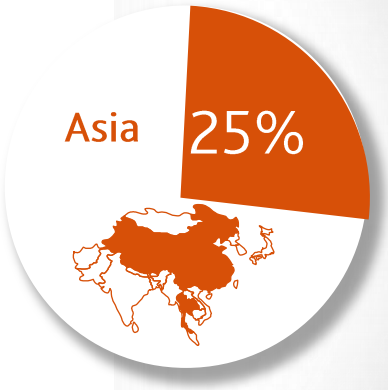
Outlook 2018

Asia

Wider offer and better service in the fastest growing region

service

- Asian self-sufficiency
- Availability, quality and sophistication in our offer
- Be the benchmark in the market
- Push cellulose sales



Market size

technology

- Consolidate operations
- Production flexibility

cost

- Raw Materials. New suppliers
- Operating leverage

Projects MORE TO BE 2018

- Change in the energy model (co-generation)
- Get the certificate ISO 14.001 of environmental management in all plants

Outlook 2018

NEW CASINGS CONCEPTS

VISION:

INCREASE REVENUE STREAM COMING FROM ADDED VALUE PRODUCTS

TRANSFORM PACK

- SEASONING CASINGS/INGREDIENTS
- SEASONING BAGS/INGREDIENTS

SANIC/NANOPACK

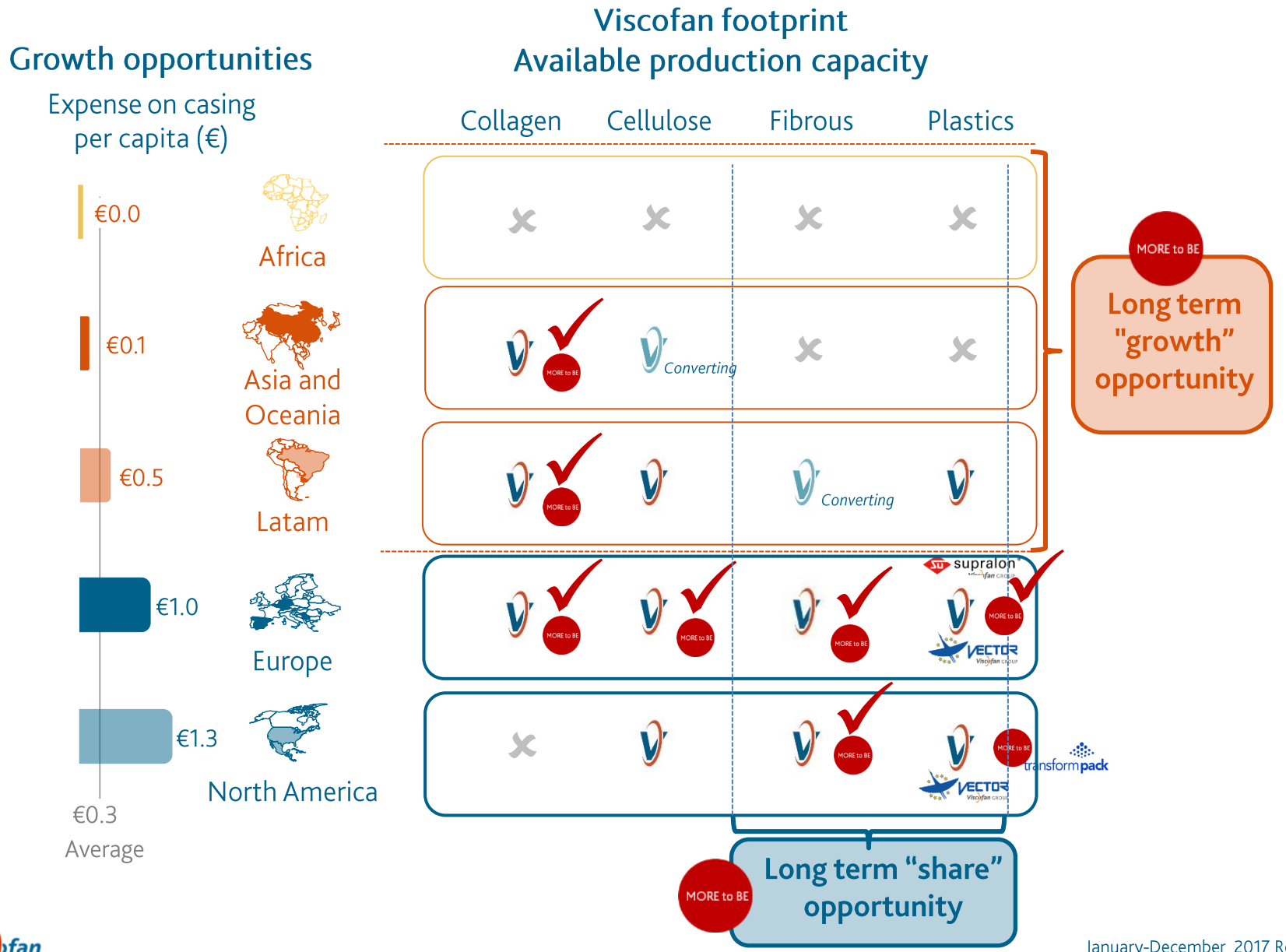






Outlook 2018

Viscofan is the company with better exposure to organic growth opportunities…



Outlook 2018

A project with own entity and promising perspectives

VISCOFAN BIO ENGINEERING

Cardio mesh

+ Collagen membrane CCC with stem cells isolated from adipose tissue for the treatment of patients with heart failure.

+ Advance to clinical studies.



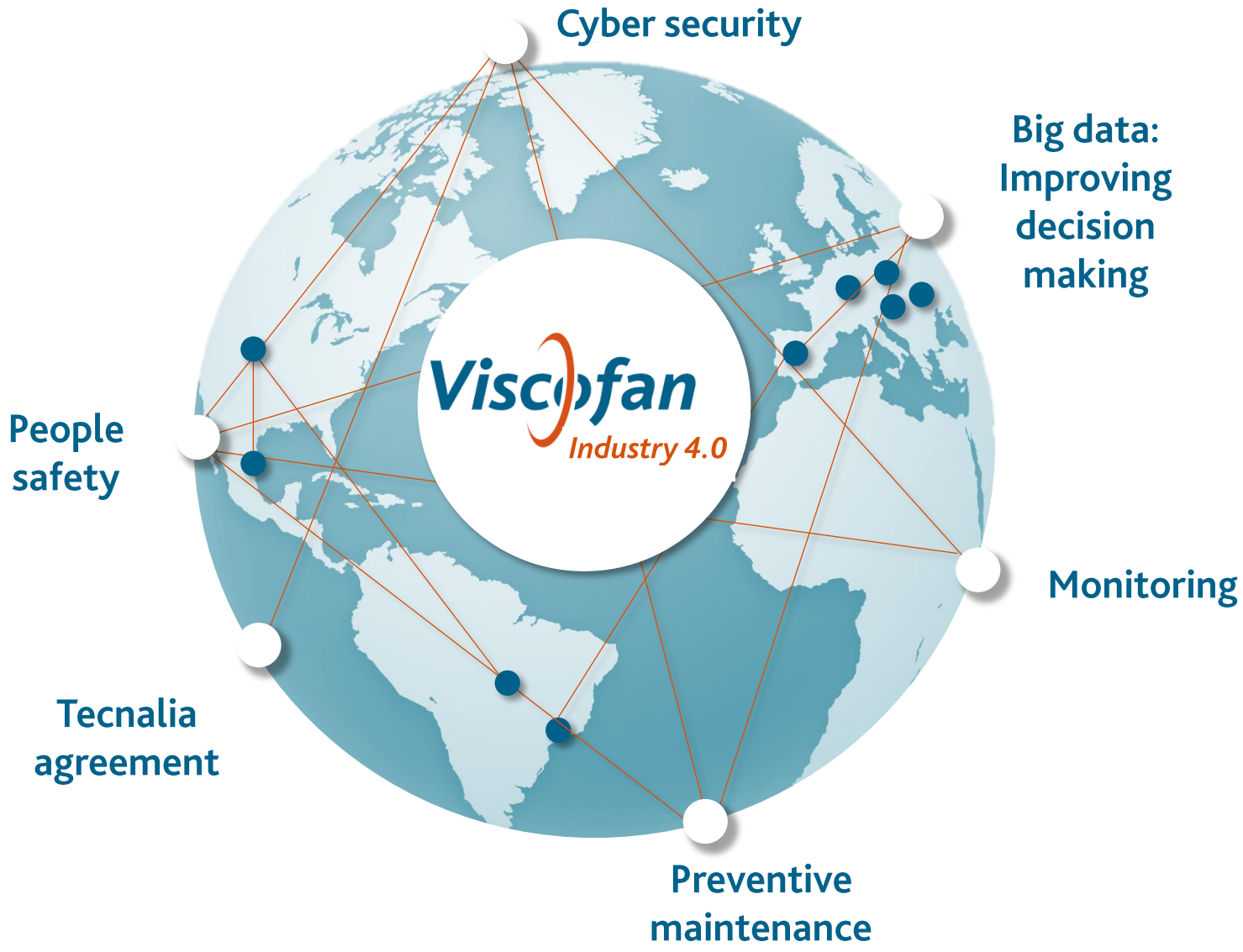
+ May 2017: New cleanroom facility for the production of collagen medical devices.

VISCOFAN COLLinstant PREMIUM COLLAGEN HYDROLYSATE

+ November 2017: New hydrolysed collagen plant .

+ Component of nutritional supplements to improve the skin health, bones and joints.

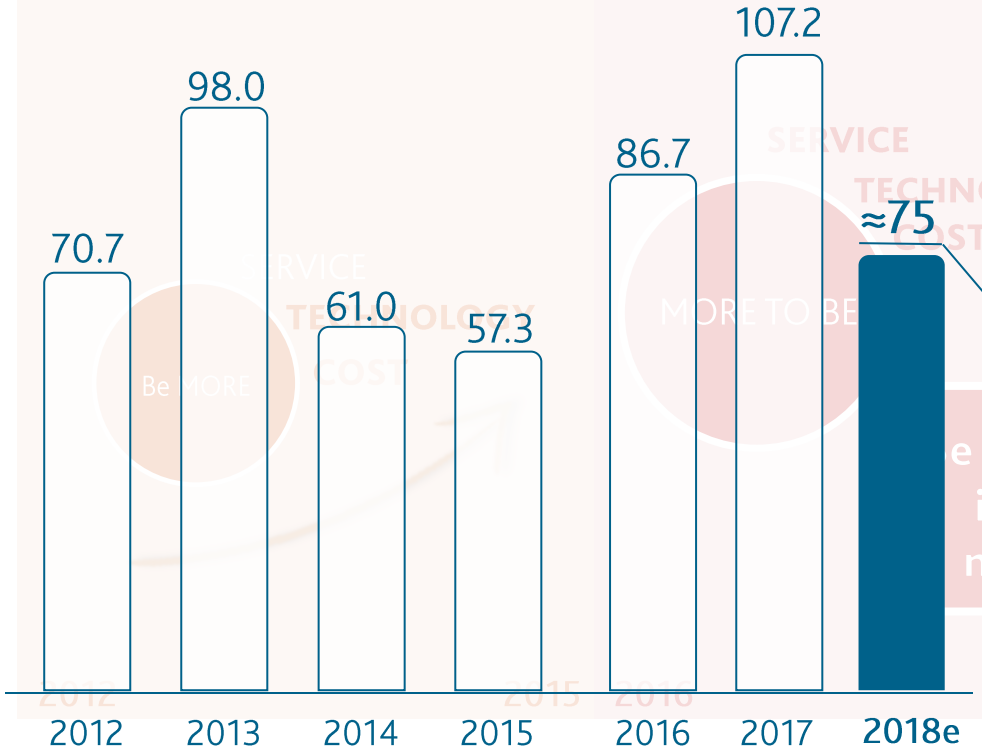
Seizing Industry 4.0 opportunities

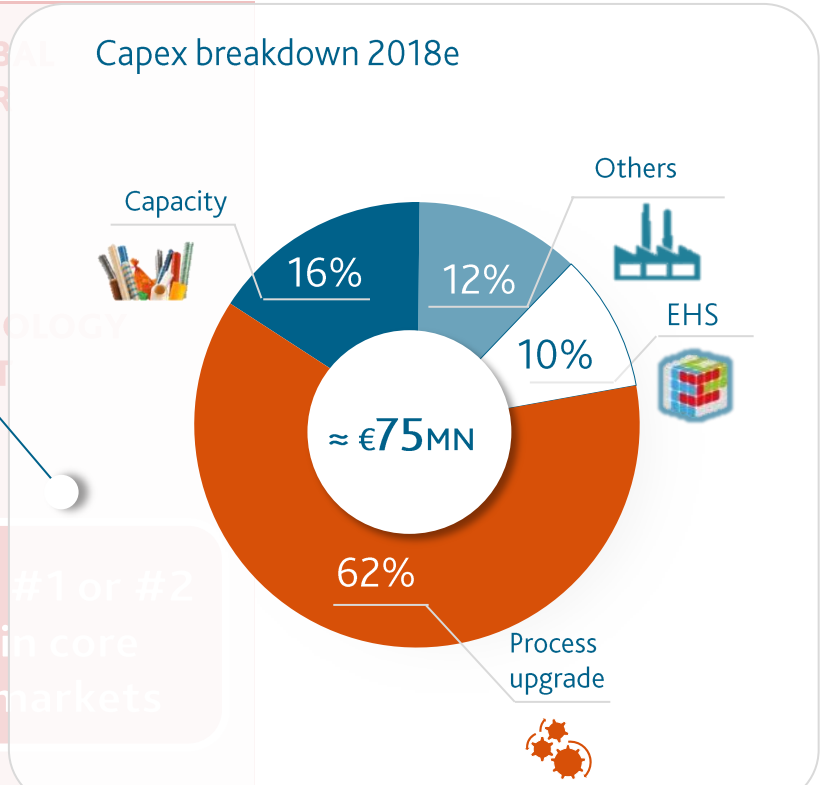


Outlook 2018

...backed with the best balance sheet position to face them without compromising our risk profile...

CAPEX. Period 2012-2018e (€ million)





Outlook 2018

MORE TO BE. 2018 CHALLENGES



Forex environment



Volume growth and prices increase



Sales and new investments at the new Cáseda plant



Inflation in production inputs(raw materials, energy…)



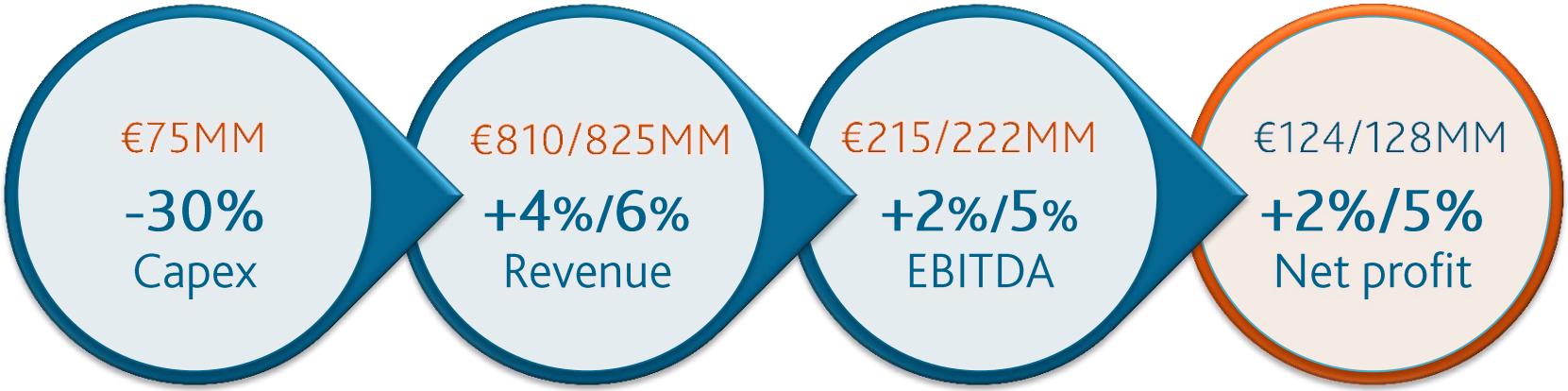
Integration of new companies



Bioengineering

GUIDANCE 2018 (€ million)

US$/€: 1.25



To wrap-up

- ✓ Sound revenue growth driven by higher casings volumes in all families, but partially eroded by forex evolution in the second half of the year.
- ✓ New growth and leadership projects require to **strengthen our team.**
- ✓ Construction of the new plant in Spain is completed. This plant features cutting-edge technology for the production of viscose-based casings, requiring new investments in 2018.
- ✓ Supralon acquisition to move a step closer to global plastic casings leadership, and Transform Pack acquisition aiming to develop higher added value casings.
- ✓ For another year yet, shareholder remineration increase to 1.55€ per share, plus 0.13€ extraordinary dividend coming from IAN´s litigation gain.
- ✓ **Market growth prospects remain solid in the medium and long term,** within this environment **Viscofan expects growth in revenue, EBITDA and Net profit**. We will make investments to reinforce our leadership and take advantage of the growth opportunity that our market offers.

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This circumstance must be taken into account mainly for all persons or entities that may have to take decision, develop or spread opinions relative to values issued by the Company and particularly by analysts and investors that handle this document.

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