Viscofan
The casing company

January –March Results
twenty 18



26 April 2018

Volume growth in a context of great weakness of commercial currencies against the Euro.

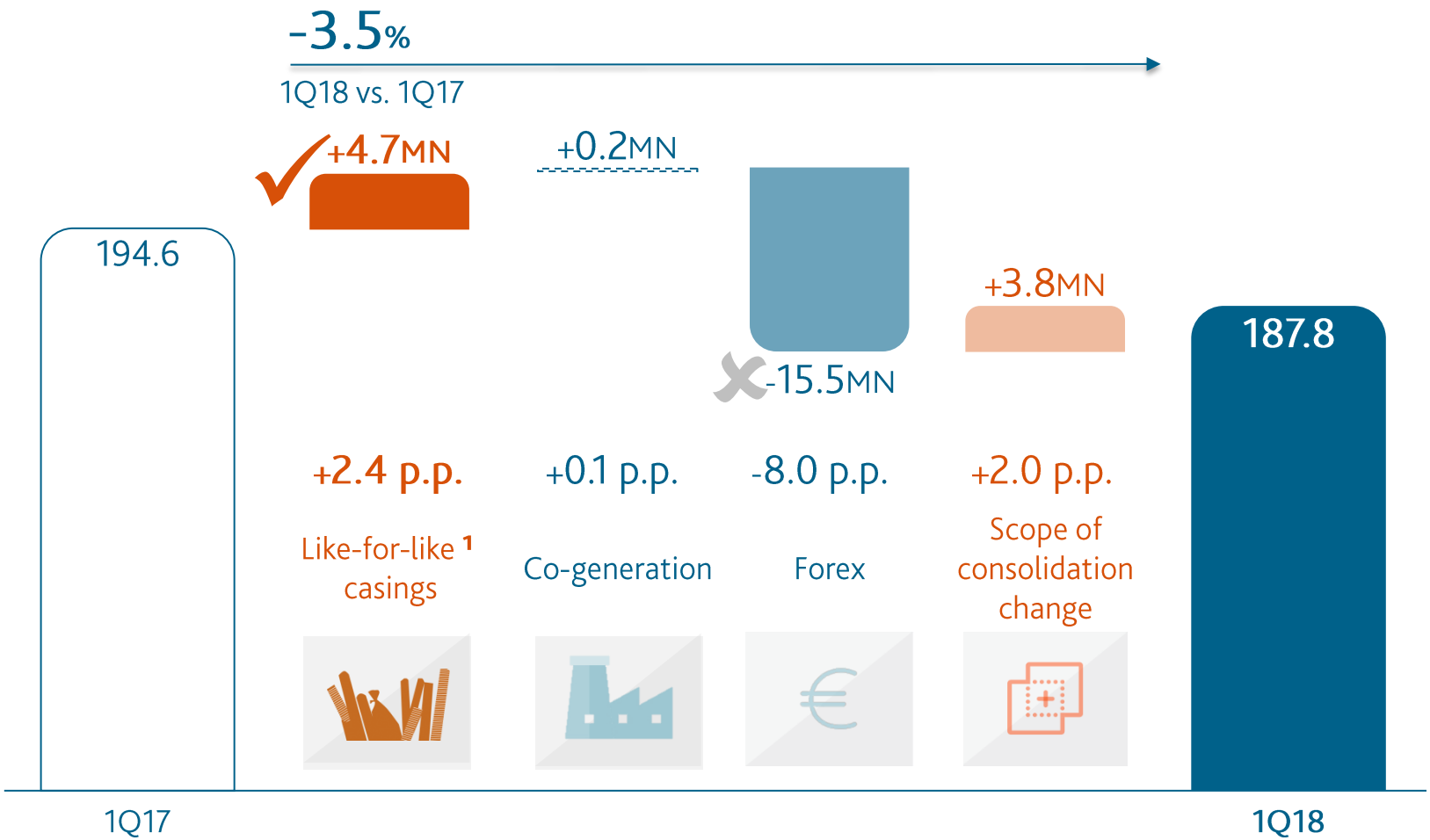
€ million	Jan-Mar 18	Jan-Mar 17	% y-o-y	% y-o-y Like-for-like [1]
Revenue	187.8	194.6	-3.5%	+2.5%
Recurring EBITDA[2]	46.3	54.6	-15.3%	+0.4%
Rec. EBITDA margin[2]	*24.6%*	*28.1%*	*-3.5 p.p.*	*-0.6 p.p.*
EBITDA	54.5	54.6	-0.2%	
EBITDA margin	*29.0%*	*28.1%*	*+0.9 p.p.*	
Operating profit	39.4	40.5	-2.7%	
Profit before taxes	37.3	40.0	-6.9%	
Net Profit	31.7	31.6	+0.2%	

[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 (Supralon and Transform Pack) and non-recurring impacts

[2] Recurring results: In 2018, the amount excludes the impact recorded in Other operating income of €8.5 million corresponding to the compensation received in 2018 for a dispute against Mivisa Envases S.A.U. due to patent infringement, netted at €0.3 million recorded in Other operating expenses related with this dispute and the acquisition of companies.

Volume growth in all technologies together with Supralon versus weak exchange rates…

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 (Supralon and Transform Pack) and non-recurring impacts.

…driven by Latam, Europe and Asia growth compared with the drop in cellulose in North America.

1Q18 GROUP

-3.5% vs. 1Q17

+2.5% Like-for-like[2]

REVENUE 1Q18. Breakdown by geographical area [1] (€ million)

EUROPE AND ASIA

57.6%



+6.0% vs. 1Q17

+5.5% Like-for-like[2]

NORTH AMERICA

28.0%



-14.7% vs. 1Q17

-2.8% Like-for-like[2]

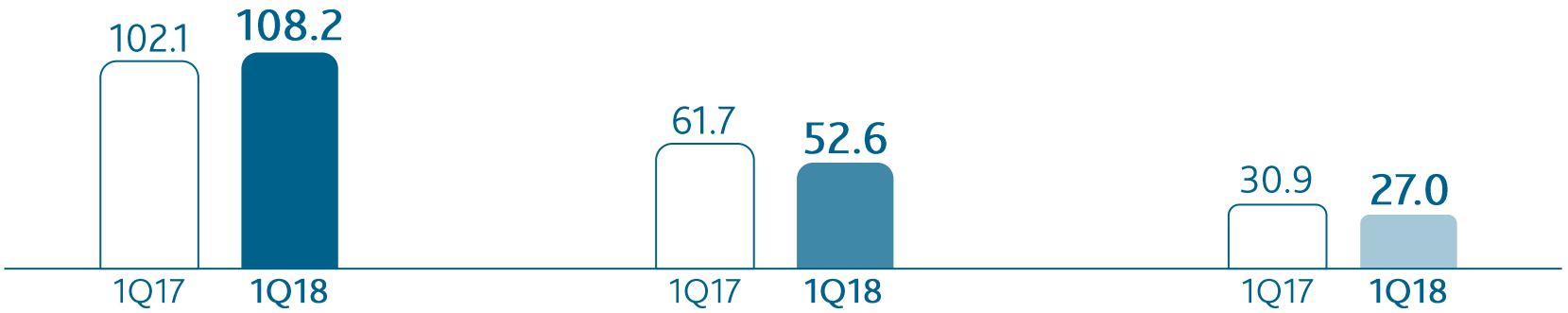
LATAM

14.4%



-12.6% vs. 1Q17

+2.9% Like-for-like[2]

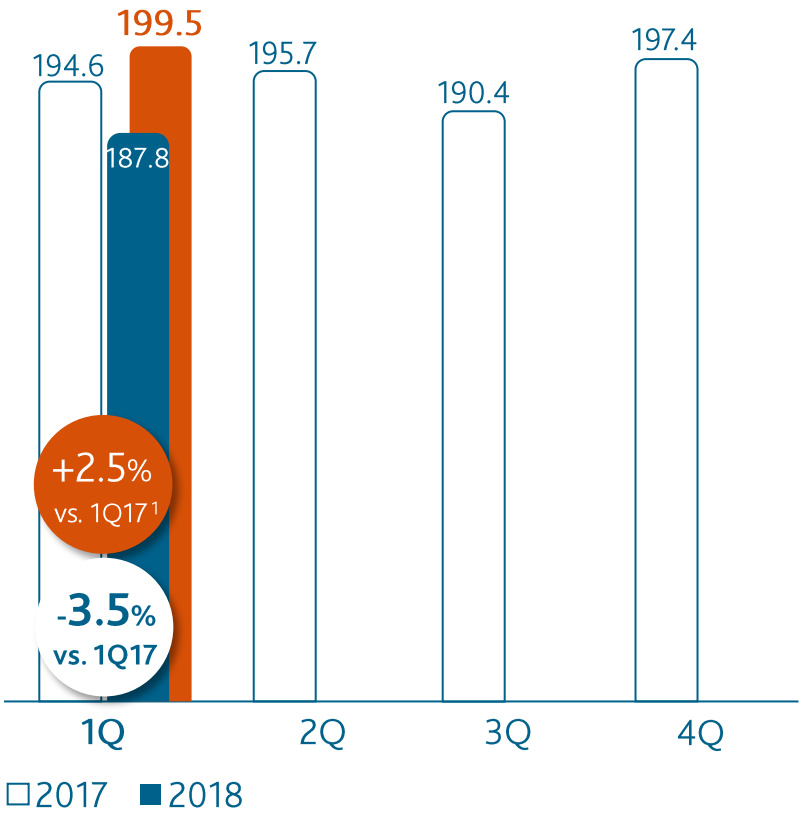


[1] Revenue per origin of sales.

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

Viscofan Group keeps on improving in like-for-like terms while strengthening its market position.

REVENUE. Viscofan Group (€ million)



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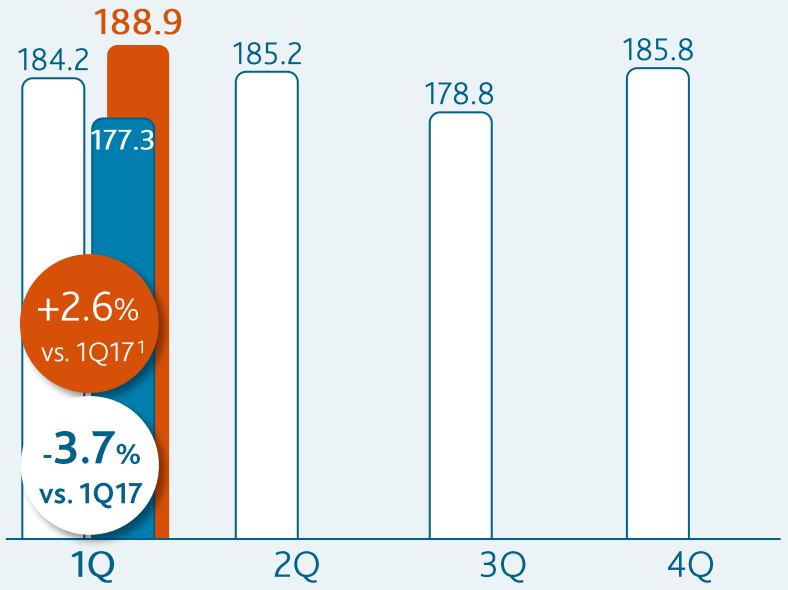
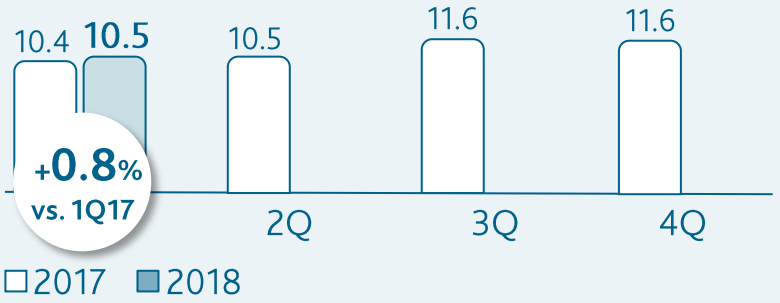
CASING SALES (€ million)

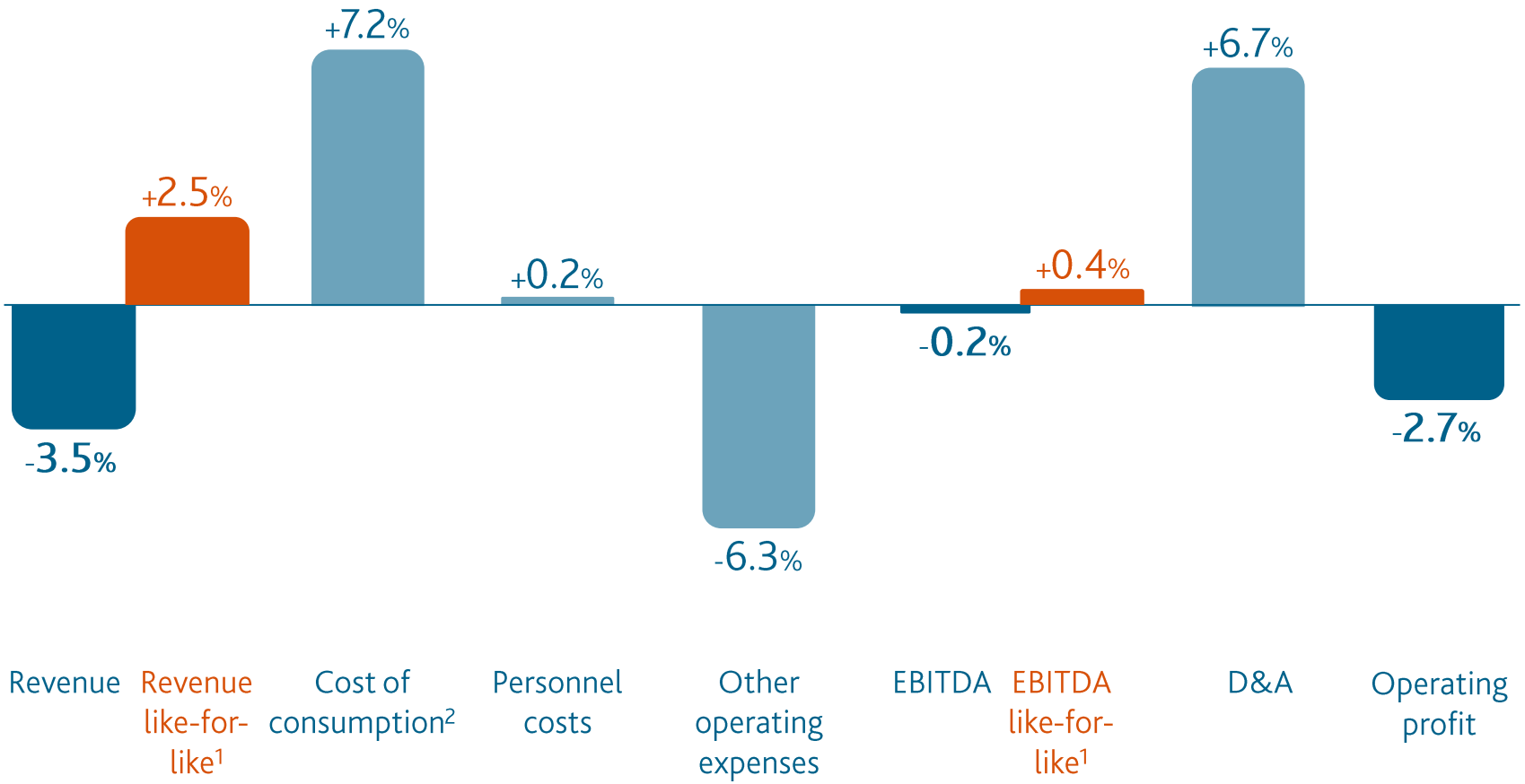


CO-GENERATION REVENUE (€ million)



Expected increase in selling prices for the year is justified by volume growth and an environment marked by inflation in raw materials costs.

P&L 1Q18. % year-on-year change

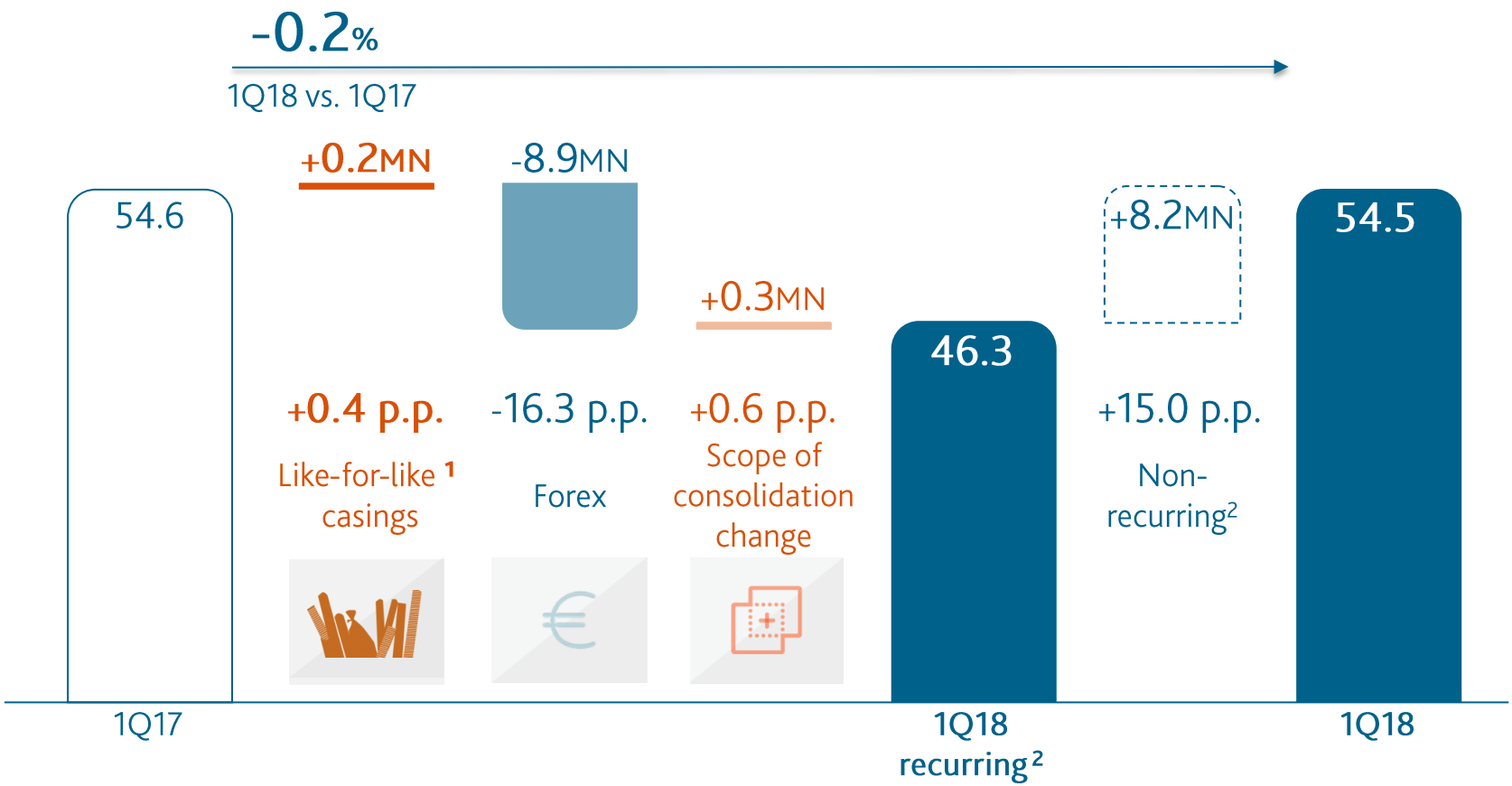


[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation (Supralon and Transform Pack) and non-recurring impacts.

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

Sound like-for-like EBITDA and reported EBITDA performance where forex erosion is offset by the lawsuit compensation.

EBITDA 1Q18. Growth contribution (€ million)



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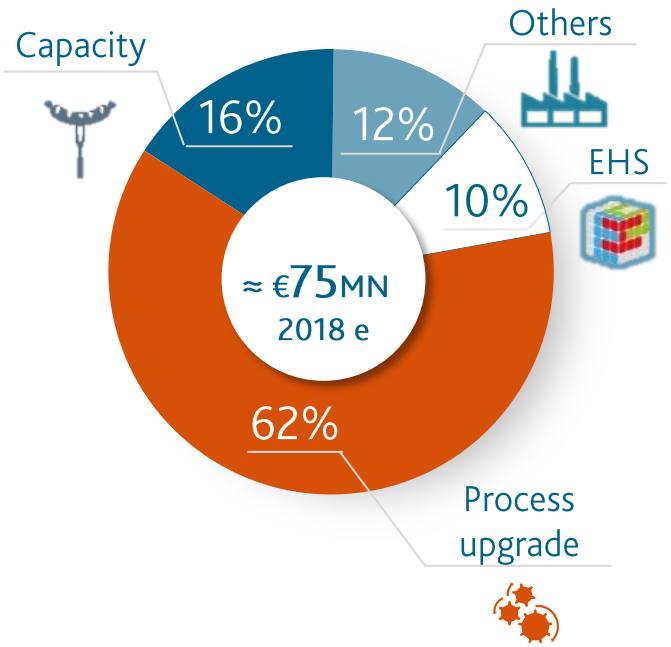
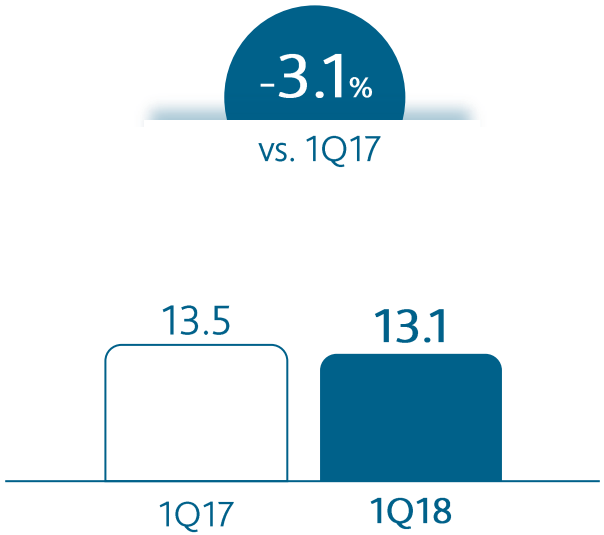
Strong cash flow to carry on our growth and transformation projects…

INVESTMENT PLAN 2018e. Breakdown

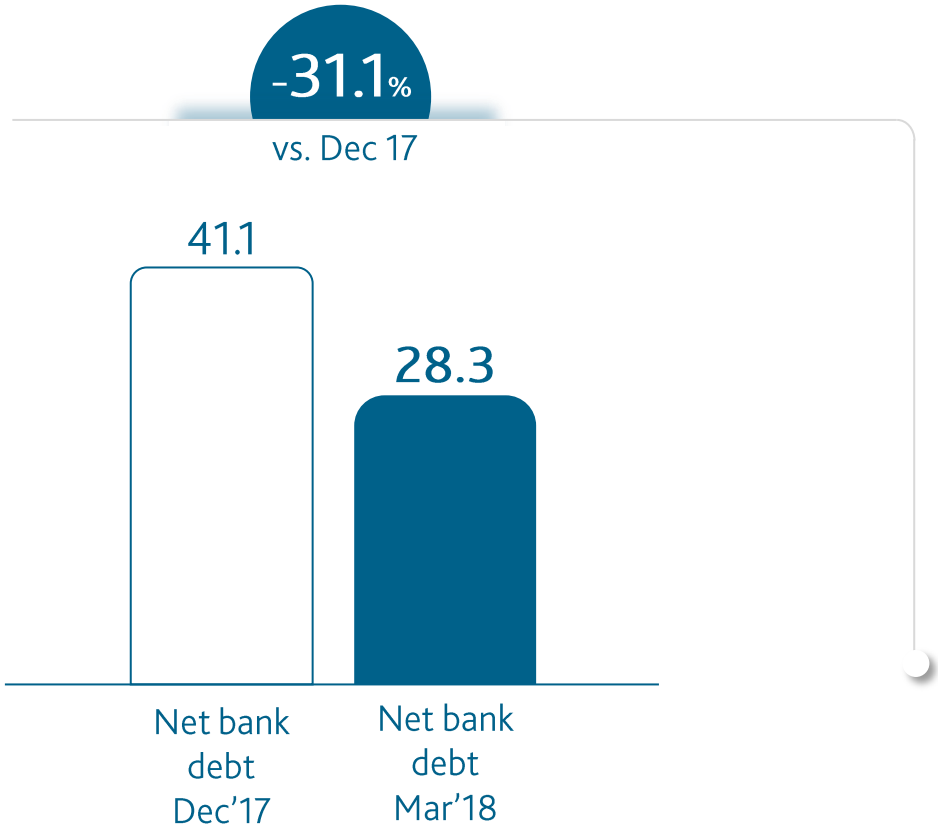


CAPEX 1Q18 (€ million)



.. while reducing Net Bank Debt.

NET BANK DEBT[1] (€ million)



- ✓ Operating Cash Flow strength
- ✓ Extraordinary dividend payment. €0.13 per share
- ✓ Capex 1Q18 = €13.1 million

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

To wrap-up

- ✓ Viscofan **continues to improve its leadership in the casings market** thanks to volume growth in all technologies and Supralon incorporation.
- ✓ Forex erode **revenue and EBITDA evolution by around 8p.p. y 16p.p.,** respectively.
- ✓ The **increase in selling prices announced to the market is based on growth environment and inflation** on raw materials.
- ✓ **Industrial production at the Cáseda new plant successfully started.** This plant features disruptive technology of viscose-based casings.
- ✓ Solid balance sheet to continue deploying the **technological transformation and growth strategy.**

Appendix. Alternative Performance Measures

The Alternative Performance Measures included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortisation, is calculated excluding depreciation and amortisation costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.
- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analysed to study the operating margin's development. However, it is not a defined indicator in IFRS and cost of consumption must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.
- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.
- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period, the effect of the change in the consolidation scope, and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.

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Such intentions, expectations or forecasts do not constitute any guaranties of compliance and involve risks, uncertainties and other relevant factors that could cause actual developments and results to differ materially from those states in such forward-looking statements.

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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