Viscofan Group

Results Presentation

First Quarter 2004

May 2004

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Highligths

- **The casings business shows a smooth growth in volume (higher in collagen) and an uneven performance of prices (in local currency) depending on products and geographical areas.**

- **Group Sales are 83,1 MM EUR, 8,7% lower than 1Q03´s. The main reasons behind are the strong revaluation of the Euro vs the US dollar (15,9% quarter vs. quarter) and the disposal of the tinned fruits business. Taking out the currencies effect and with the same Group perimeter, sales would have been 2,7% higher than 1Q03´s, with an estimated 3% increase in casings and a 1,5% increase in vegetables.**

- **EBITDA Margin improves from 18,0% in 1Q03 to 18,2% in 1Q04. In absolute value, EBITDA is 7,8% lower than 1Q03´s. Taking out the currencies effect, EBITDA would have been 11,1% higher than 1Q03´s.**

Highligths (II)

- **Lower net financial expenses (-23%) and positive forex (80.000 EUR) allow the financial result to improve by 43%.**

- **Ordinary Profit is 4,6% higher than 1Q03´s. Lower positive extraordinaries and the high tax rate (30%, due to the positive effect of financial provisions in the mother company) place the Net Profit in 4,55 MM EUR, 16,9% lower than 1Q03´s.**

- **Net Debt has increased by 4 MM EUR in the last quarter, due to dividends payment, ending the quarter in 82,85 MM EUR. In the last twelve months the Group has decreased this figure by 20 MM EUR, placing the leverage in 34%.**

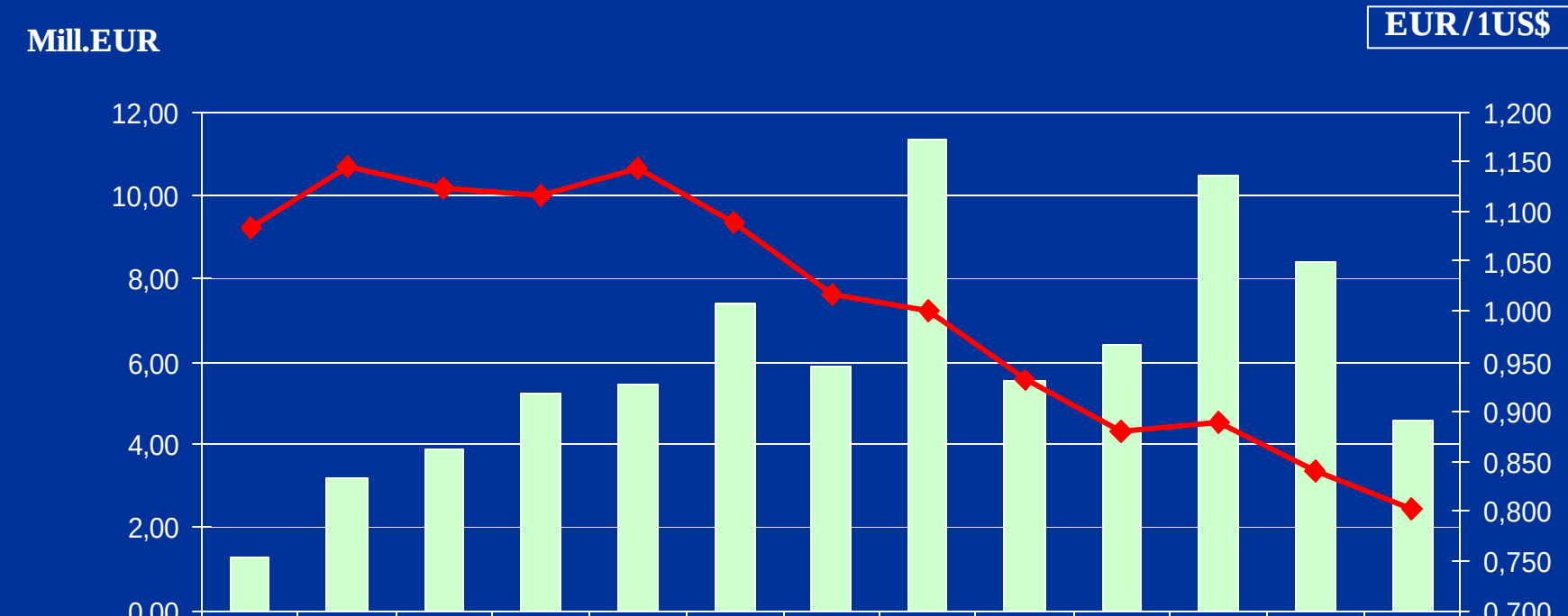
- **The Group continued the policy of trying to match the production structure and the revenue breakdown by currencies. The announced schedule for the starting-up of the new units (Mexico by mid of the year, and Brazil in 4Q04) remains valid.**

First Quarter Results

Mill.Euro	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	**83,153**	**-8,7%**	**67,535**	**-3,9%**	**15,618**	**-24,7%**
EBITDA	15,119	-7,8%	14,387	-7,4%	0,732	-15,8%
EBIT	**7,232**	**-4,9%**	**7,042**	**-2,3%**	**0,190**	**-52,0%**
Negative Financial R.	-0,838	-43,9%	-0,568	-38,4%	-0,271	-52,8%
Ordinary profit	**6,394**	**4,6%**	**6,474**	**3,0%**	**-0,081**	**54,7%**
Extraordinaries	0,142	-80,9%	0,055	-86,3%	0,087	-74,4%
PBT	**6,536**	**-4,6%**	**6,530**	**-2,4%**	**0,006**	**-96,2%**
Taxes	1,985	44,2%	1,985	50,1%	0,000	-100,0%
Net Profit	**4,551**	**-16,9%**	**4,544**	**-15,4%**	**0,006**	**-94,2%**

Currency Environment : **Euro remained very strong versus the US$ (average 1Q04 value is 16% higher compared to 1Q03). The Company has been able to compensate partially that effect.**

QUARTERLY NET PROFIT AND AVERAGE EUR/US$ RATE



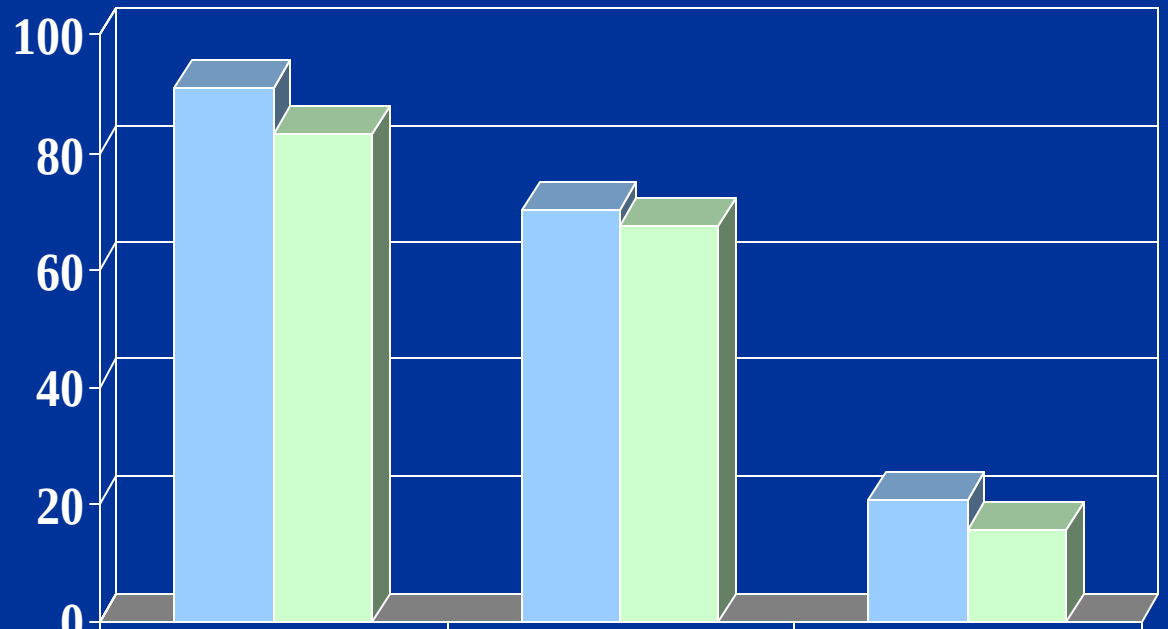
	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
QTRL.PR	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,30	5,50	6,40	10,48	8,35	4,55
EUR/1US$	1,084	1,146	1,123	1,117	1,142	1,089	1,017	1,000	0,931	0,880	0,889	0,841	0,801

Results Analysis

<u>SALES:</u> Group Sales are 83,1 MM EUR, 8,7% lower than 1Q03´s. Casing sales are 3,9% lower and vegetables are more than 24% lower, due to the sale of the tinned fruits business.

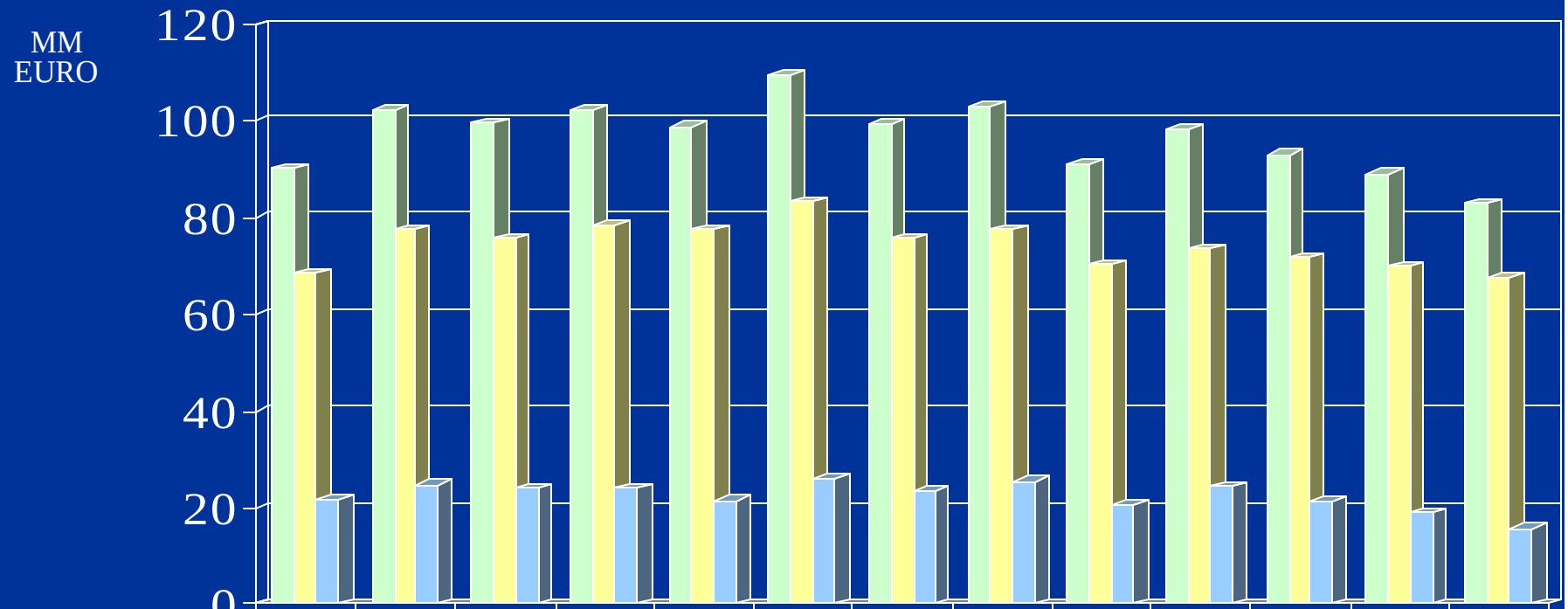
MM EURO

ACCUMULATED FIGURES



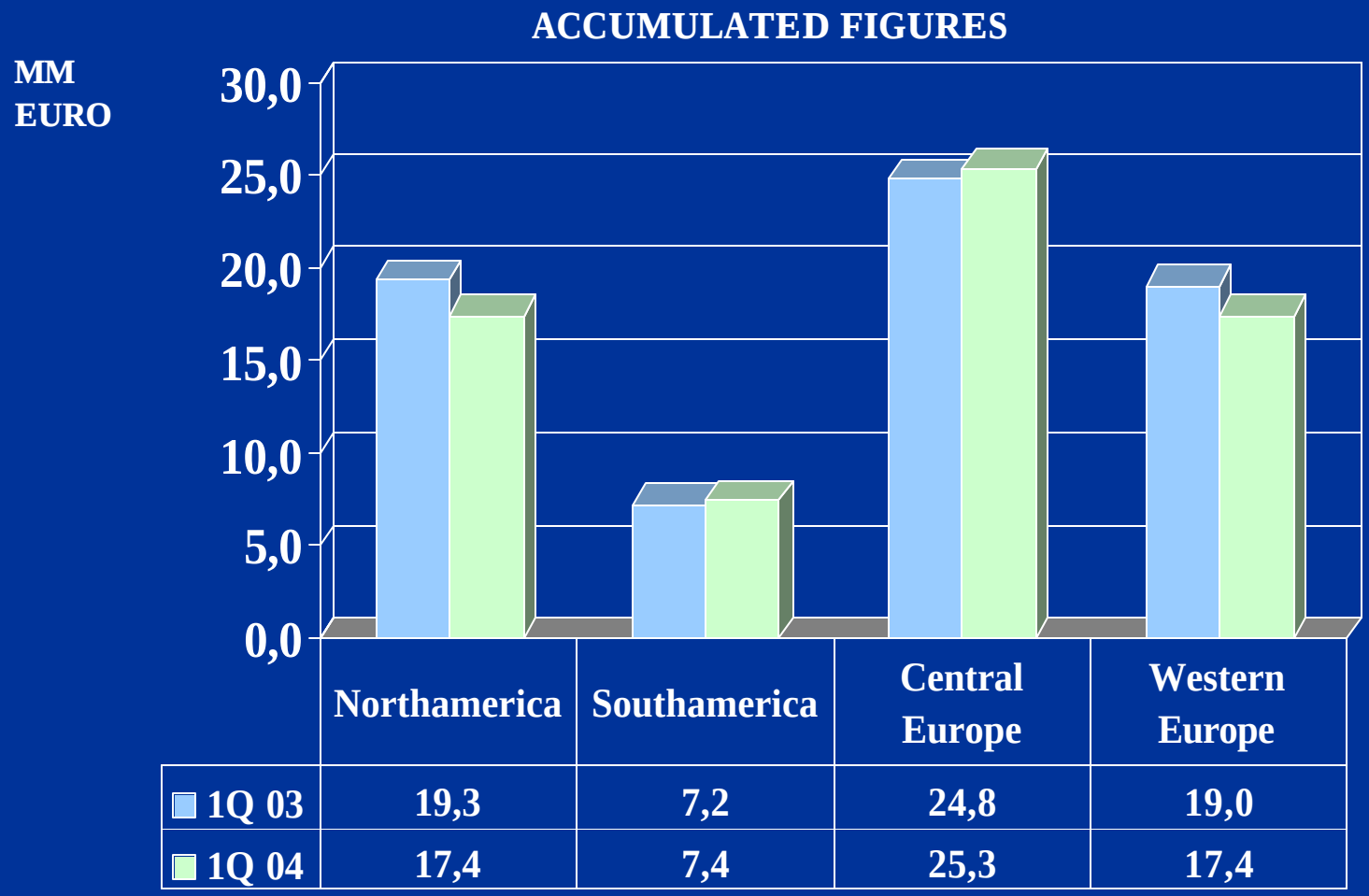
	GROUP	CASINGS	VEGETAB.
1Q 03	91,0	70,3	20,7
1Q 04	83,2	67,5	15,6

QUARTERLY SALES EVOLUTION



	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
GROUP	90,2	102,2	99,7	102,4	99,0	109,4	99,4	103,0	91,0	98,1	93,1	89,0	83,1
CASINGS	68,4	77,6	75,7	78,4	77,4	83,4	75,8	77,4	70,3	73,6	71,7	70,0	67,5
VEGETAB.	21,8	24,6	24,1	24,0	21,5	26,0	23,6	25,6	20,7	24,5	21,4	19,0	15,6

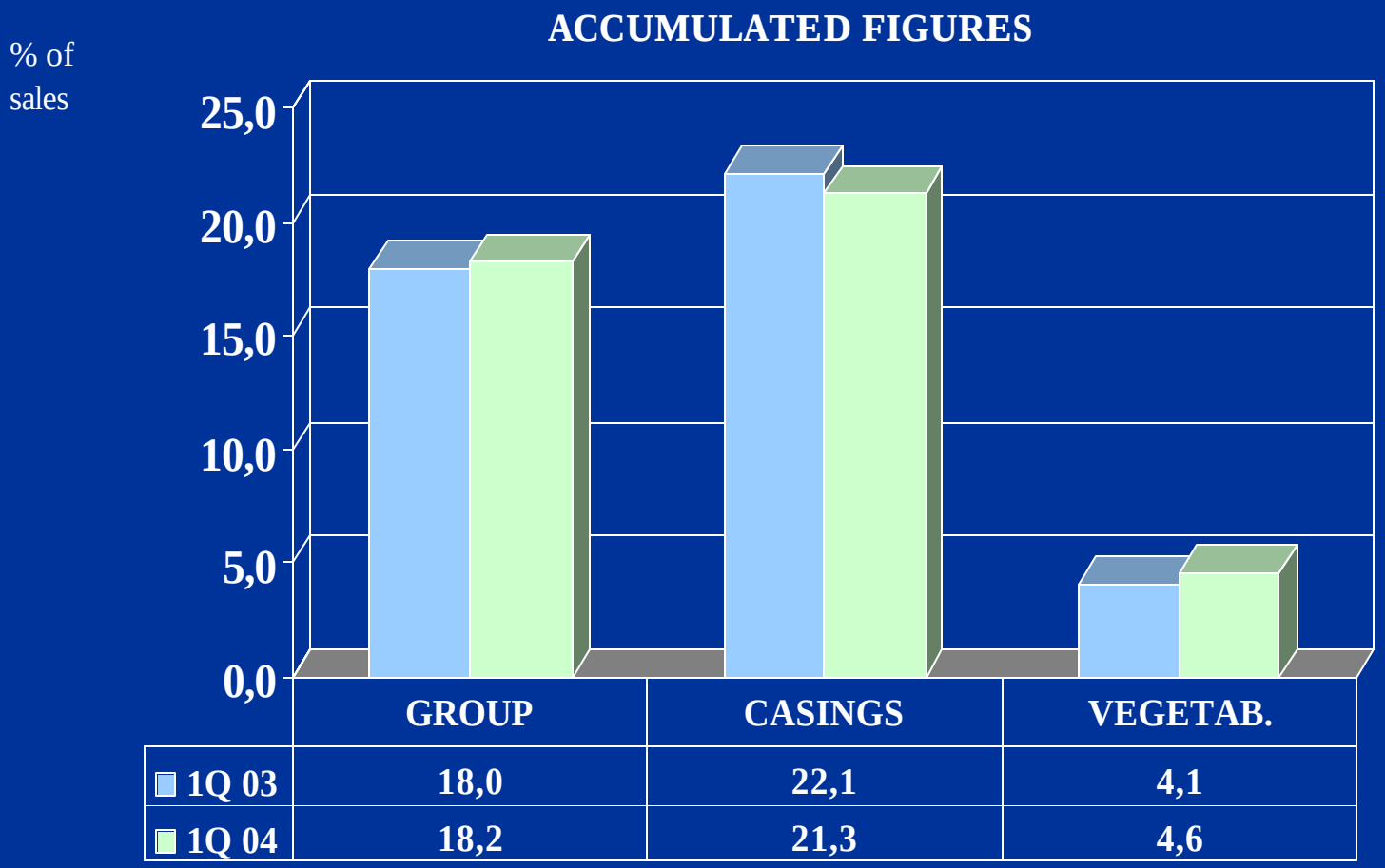
SALES BY AREA(*): **US$ related subsidiaries suffer with sharp intensity the impact of currencies when converting their sales to EUR. Southamerica has been able to compensate this negative effect, showing a 3% growth in Euros.**



	Northamerica	Southamerica	Central Europe	Western Europe
1Q 03	19,3	7,2	24,8	19,0
1Q 04	17,4	7,4	25,3	17,4

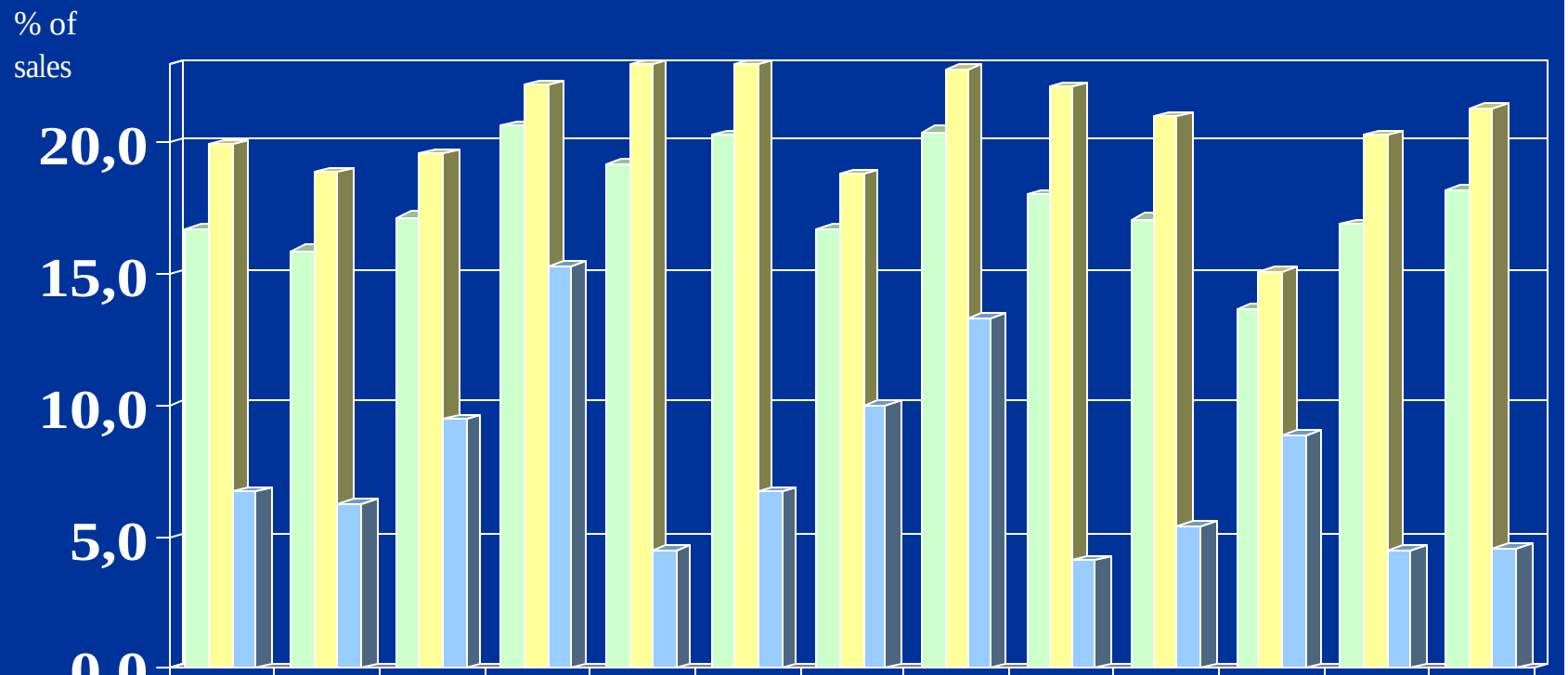
(*) Casing´s figures. Breakdown by origin of the sales.

EBITDA margin goes from 18,0% in 1Q03 to 18,2% in 1Q04. Part of this improvement is due to the lower relative weight of the vegetables business, after the sale of the tinned fruit business in 2003.



	GROUP	CASINGS	VEGETAB.
1Q 03	18,0	22,1	4,1
1Q 04	18,2	21,3	4,6

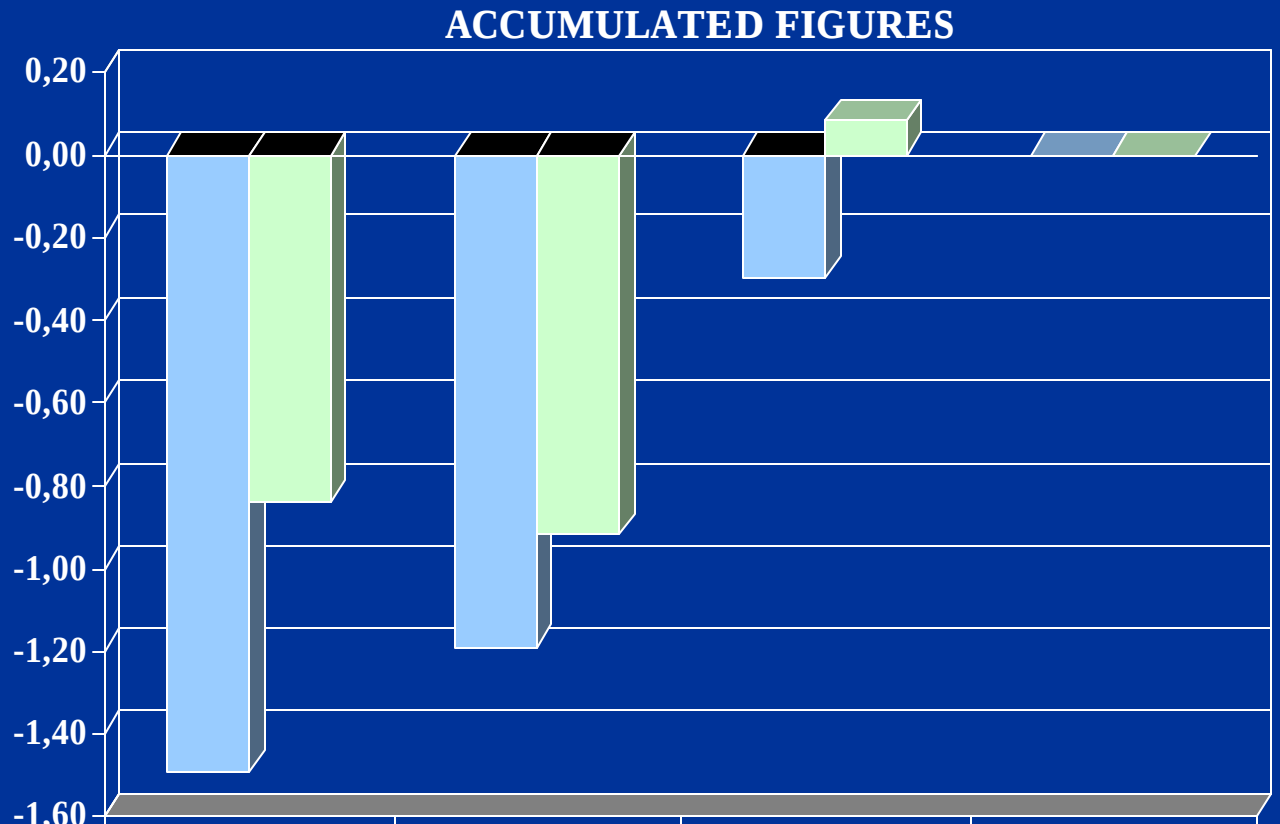
% QUARTERLY EBITDA MARGIN EVOLUTION



	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
GROUP	16,7	15,9	17,2	20,6	19,2	20,3	16,7	20,4	18,0	17,1	13,7	16,9	18,2
CASINGS	19,9	18,9	19,6	22,2	23,3	24,6	18,8	22,8	22,1	21,0	15,1	20,3	21,3
VEGETAB.	6,7	6,3	9,5	15,3	4,5	6,7	10,0	13,3	4,1	5,4	8,9	4,5	4,6

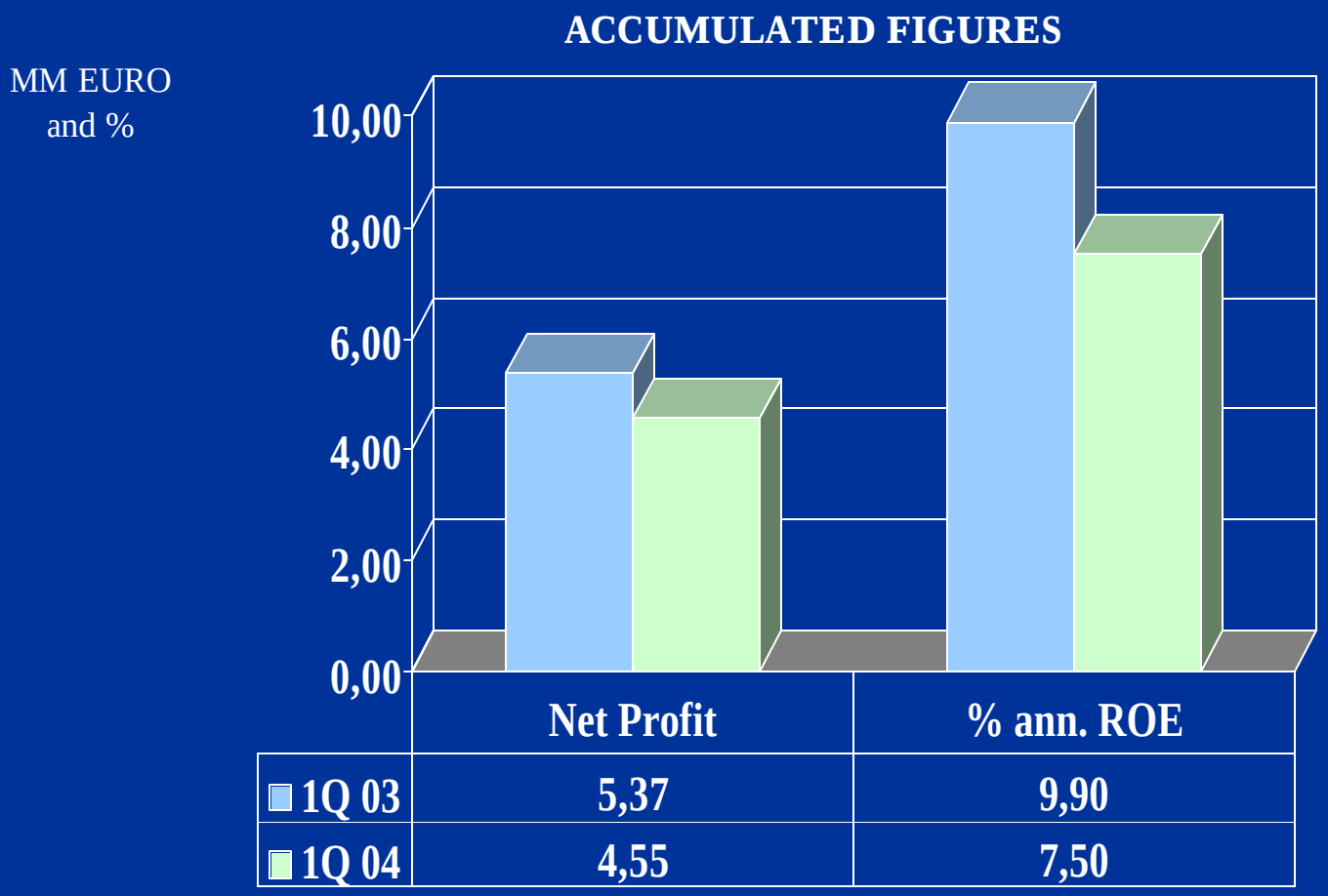
FINANCIAL RESULT: Lower net financial expenses (-23%) and positive forex (80.000 EUR) allow the financial result to improve by 43%.

MM EURO

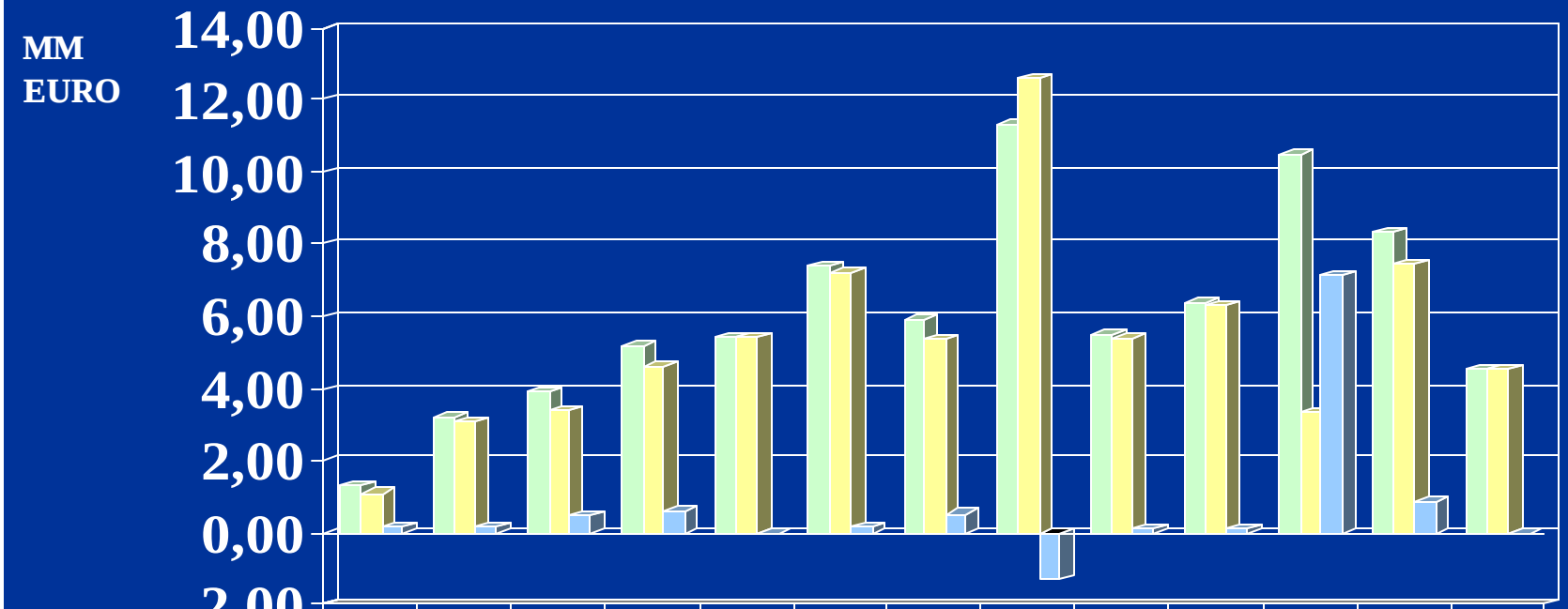


	Financ.Result	Net Fin.Expen.	Forex	GW Amort.
1Q 03	-1,49	-1,19	-0,30	0,00
1Q 04	-0,84	-0,92	0,08	0,00

NET PROFIT AND ROE: Net Profit is 4,55 MM EUR, 16,9% lower than 1Q03´s. Tax rate is above 30% (it is expected to come down during the rest of the year). The annualised ROE is 7,5%.



QUARTERLY NET PROFIT EVOLUTION



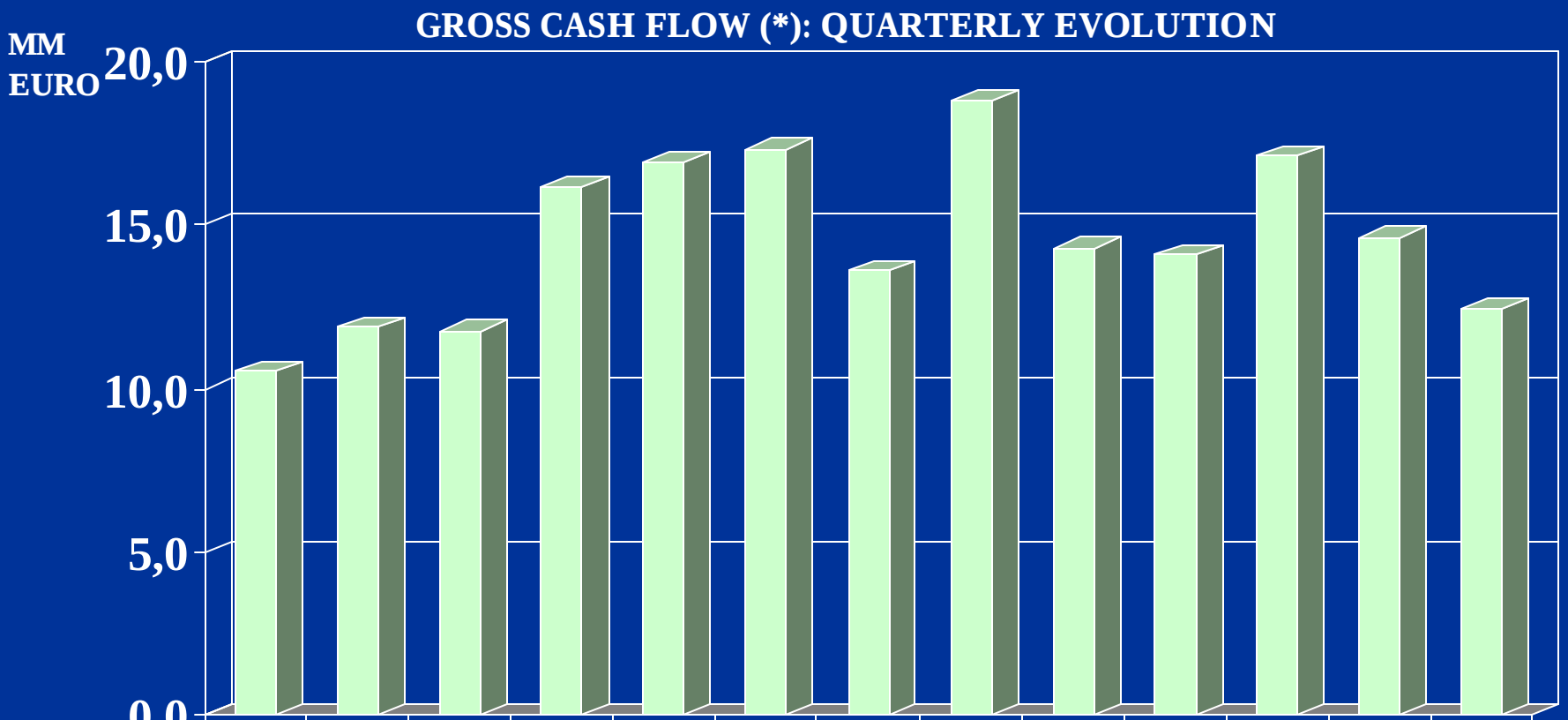
	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
GROUP	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,30	5,50	6,40	10,48	8,35	4,55
CASINGS	1,10	3,10	3,40	4,59	5,43	7,20	5,38	12,60	5,40	6,30	3,32	7,48	4,54
VEGETAB.	0,20	0,20	0,50	0,60	0,00	0,20	0,52	-1,30	0,10	0,10	7,16	0,88	0,01

Balance Sheet, Cash Flow and Debt Analysis

Balance Sheet: Leverage is 34%, slightly higher than 4Q03´s. Working capital is 4% higher due to the casing business.

MM Euro	GROUP			CASINGS			VEGETABLES		
	03/04	12/03	09/03	03/04	12/03	09/03	03/04	12/03	09/03
Goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Intangible Assets	6,9	5,7	7,4	4,8	4,0	5,3	2,1	1,7	2,2
Tangible Assets	216,1	213,4	216,7	197,2	195,2	198,8	18,9	18,2	17,9
Financial Assets	1,0	1,0	1,0	1,0	1,0	1,0	0,0	0,0	0,0
Working Capital	137,2	132,0	132,7	91,7	84,5	83,9	45,6	47,5	48,9
NET ASSETS	361,2	352,0	357,9	294,7	284,7	288,9	66,6	67,4	68,9
Equity	242,3	240,4	235,2	208,5	206,3	202,4	33,7	34,0	32,8
Minorites	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	23,5	23,3	24,3	23,0	22,8	22,0	0,5	0,5	2,3
Net Debt	82,9	78,8	84,6	53,5	48,1	52,5	29,3	30,7	32,1
Others	12,6	9,6	13,8	9,6	7,5	12,1	3,0	2,1	1,7
NET LIABILITIES	361,2	352,0	357,9	294,7	284,7	288,9	66,6	67,4	68,9

CASH FLOW GENERATION: 1Q 04´s gross cash flow is 12,4 MM Euro, 13% lower than 1Q03´s.

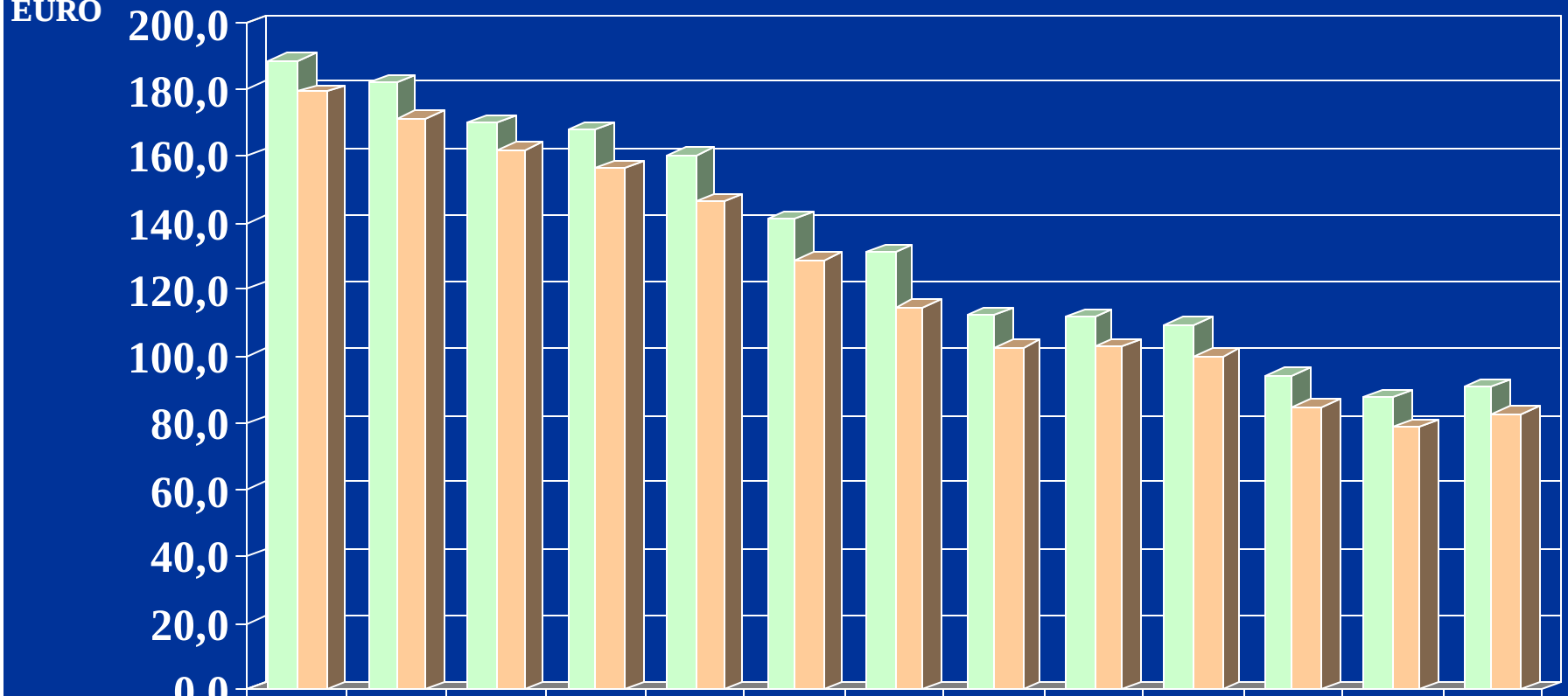


	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
Gross CF	10,5	11,9	11,8	16,2	16,9	17,3	13,6	18,8	14,3	14,1	17,1	14,6	12,4

(*) Gross Cash Flow: Net Profit + Depreciation + Provisions

DEBT EVOLUTION: **Net debt increased in 4 MM EUR during the last quarter till 82,85 MM EUR, due to the dividend payment. In the last 12 months it has decreased more than 20 MM Euro.**

TOTAL DEBT AND NET DEBT: QUARTERLY EVOLUTION



	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04
Total Debt	188,4	182,0	170,1	167,8	160,4	141,1	131,2	112,4	111,9	109,5	94,2	87,5	90,8
Net Debt	179,3	171,1	161,7	156,3	146,3	128,6	114,7	102,6	102,9	100,0	84,6	78,8	82,9

Presentation available at

www.viscofan.com