Viscofan Group

Results Presentation

First Half 2004

July 2004

Index

- **Highligths**
- **Second Quarter and First Half Results**
- **Results Analysis**
- **Balance Sheet, Cash Flow and Debt Analysis**
- **Comments on 2004 Forecasts**

Highligths

- **The casings business shows a nice growth in volume (above 5% in main families) and an uneven performance of prices (in local currency) depending on products and geographical areas.**

- **Group Sales are 91,2 MM EUR in this quarter, and 174,3 MM in 1H03, 7,1% and 7,8% lower than the corresponding periods of 2003. Taking out the currencies effect and with the same Group perimeter (taking out the effect of the disposal of the jam business), sales would have been 1,3% higher than 1H03´s, with an estimated 2,2% increase in casings and a 1,5% decrease in vegetables.**

- **EBITDA Margin in First Half is similar to 1H03´s (17,5%), partially affected by the lower relative weight of the vegetables business. This figure is achieved in despite of the AGM attendance bonus, the performance of currencies and prices and the start-up expenses of the Mexico and Brazil projects.**

- **In absolute value, EBITDA is 8,6% lower than 2Q03´s and 8,2% lower than 1H03´s due to above mentioned reasons.**

Highligths (II)

- **Lower net financial expenses (-11%) and lower negative forex (-40%) allow the accumulated financial result to improve by 15%.**
- **Ordinary Profit is 15% lower than 1H03´s. Lower positive extraordinary results and the low tax rate (13% due to the effect of financial provisions in the mother company, mainly due to the Brazilian real evolution) place the accumulated Net Profit in 10,43 MM EUR, 12,3% lower than 1H03´s. Quarterly wise, the decrease is 8,5%.**
- **Net Debt has increased 1,2 MM EUR in the last quarter, due to payments related to main investment projects, ending the quarter in 84,07 MM EUR. In the last twelve months the Group has decreased this figure by 16 MM EUR, placing the leverage in 34%.**
- **The announced schedule for the starting-up of the new units (Mexico by mid of the year, and Brazil in 4Q04) remains valid.**
- **With today´s available information, the Group considers valid the base scenario released in February, as guidance for the foreseeable net profit for 2004.**

Second Quarter Results

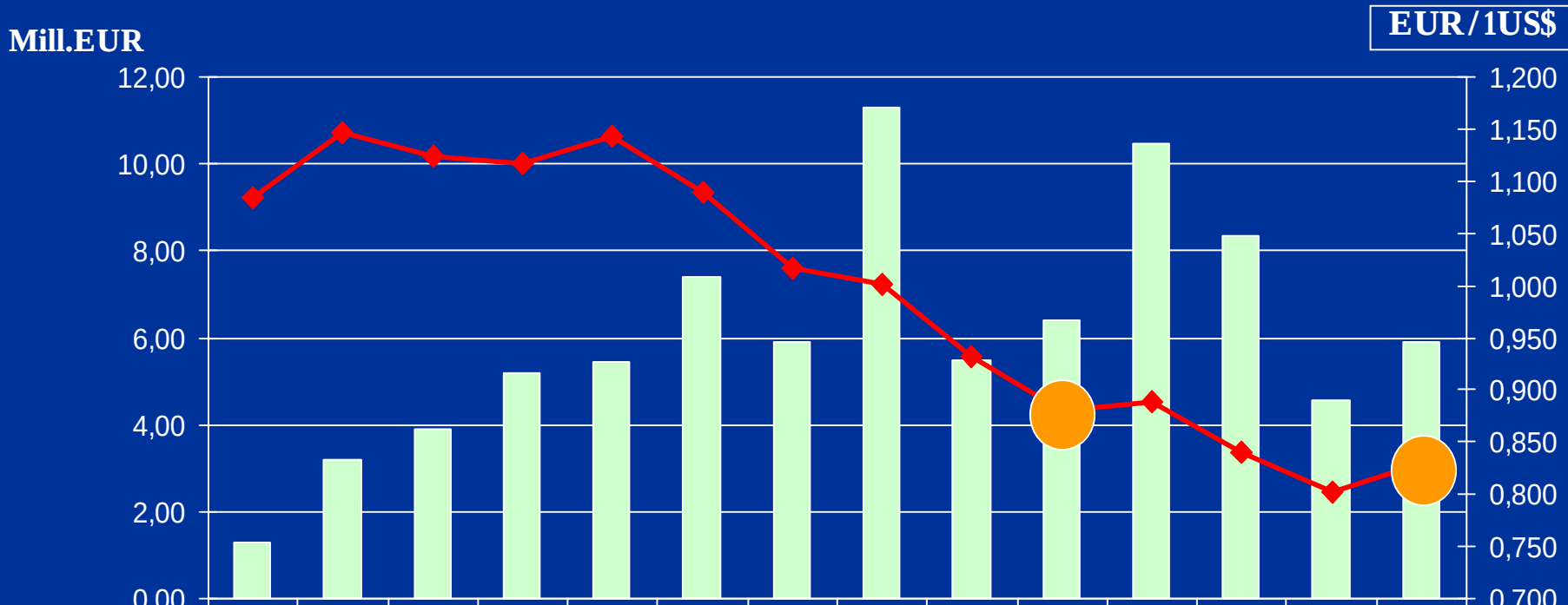
Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	91,207	-7,1%	72,875	-1,0%	18,332	-25,2%
EBITDA	15,316	-8,6%	14,420	-6,5%	0,896	-33,0%
EBIT	6,852	-24,4%	6,506	-19,7%	0,346	-64,1%
Negative Fin.Result	-1,532	17,3%	-1,176	58,7%	-0,357	-37,0%
Ordinary Profit	5,320	-31,4%	5,330	-27,6%	-0,010	-102,6%
Extraord. Results	0,150	-206,6%	0,034	-276,8%	0,116	195,4%
PBT	5,470	-28,2%	5,365	-26,9%	0,106	-61,7%
Taxes	-0,409	-134,3%	-0,409	-139,8%	0,000	-100,0%
Net Profit	5,880	-8,5%	5,774	-8,5%	0,106	-4,5%

First Half Results

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	174,36	-7,8%	140,41	-2,5%	33,95	-25,0%
EBITDA	30,44	-8,2%	28,83	-7,0%	1,61	-26,2%
EBIT	14,08	-15,5%	13,55	-11,5%	0,54	-60,6%
Negative Fin.Result	-2,37	-15,4%	-1,74	4,9%	-0,63	-45,0%
Ordinary Profit	11,71	-15,5%	11,80	-13,5%	-0,09	-141,2%
Extraord. Results	0,29	-51,3%	0,09	-76,7%	0,20	-6,2%
PBT	12,01	-17,0%	11,89	-15,2%	0,11	-74,4%
Taxes	1,58	-38,7%	1,58	-32,9%	0,00	-100,0%
Net Profit	10,43	-12,3%	10,32	-11,7%	0,11	-48,2%

Currency Environment : **Euro remained very strong versus the rest of the currencies in which the Group trades, especially versus the US$ (average 1H04 value is 11% higher compared to 1H03, in despite of the smooth correction in 2Q04). The Company has been able to compensate partially that effect.**

QUARTERLY NET PROFIT AND AVERAGE EUR/US$ RATE



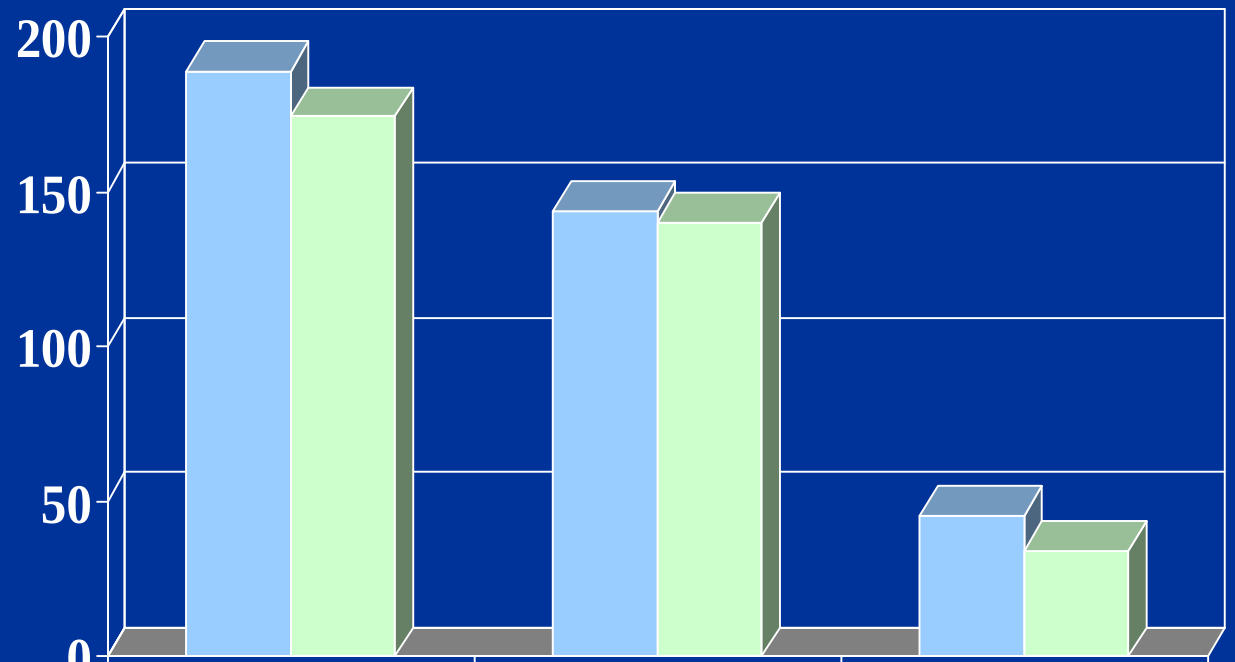
	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04	2Q 04
QTRL.PR	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,30	5,50	6,40	10,48	8,35	4,55	5,88
EUR/1US$	1,084	1,146	1,123	1,117	1,142	1,089	1,017	1,000	0,931	0,880	0,889	0,841	0,801	0,830

Results Analysis

SALES: **Group Sales are 174,4 MM EUR, 7,8% lower than 1H03´s. Casing sales are 2,5% lower and vegetables are 25% lower, due to the disposal of the tinned fruits business.**

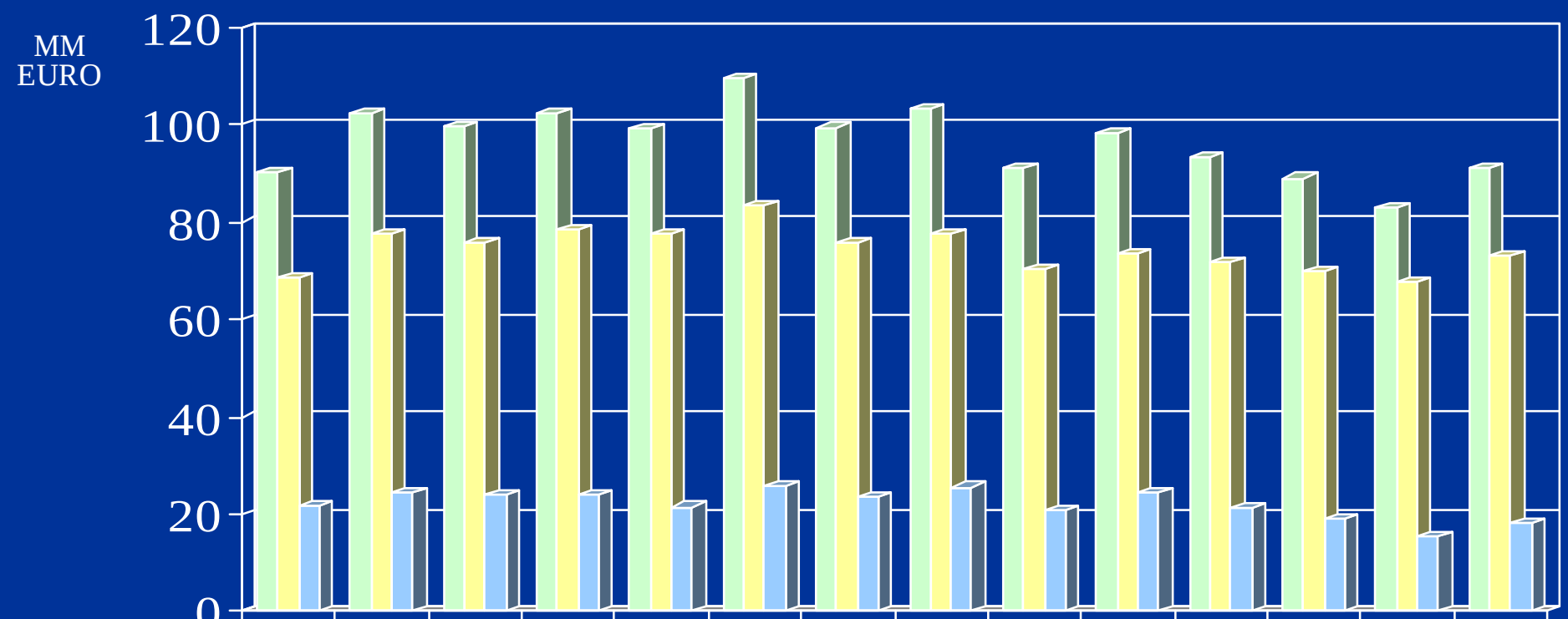
MM EURO

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETAB.
1H 03	189,2	143,9	45,3
1H 04	174,4	140,4	34,0

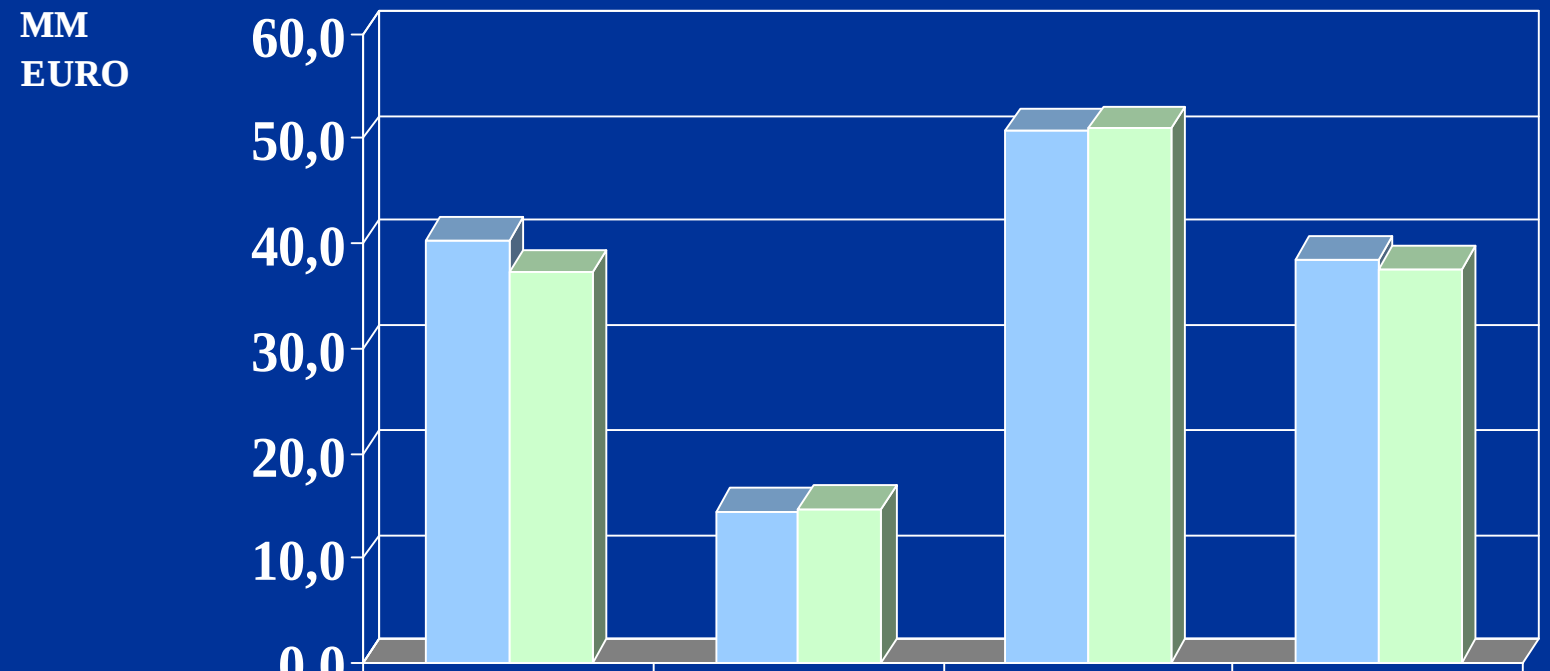
QUARTERLY SALES EVOLUTION



	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	2Q 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	91,2
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	72,9
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	18,3

SALES BY AREA(*): **US$ related subsidiaries suffer with sharp intensity the impact of currencies when converting sales to Eur. Southamerica was able to compensate this negative effect (and the one coming from the real depreciation), showing a 1,6% growth in Euros.**

ACCUMULATED FIGURES

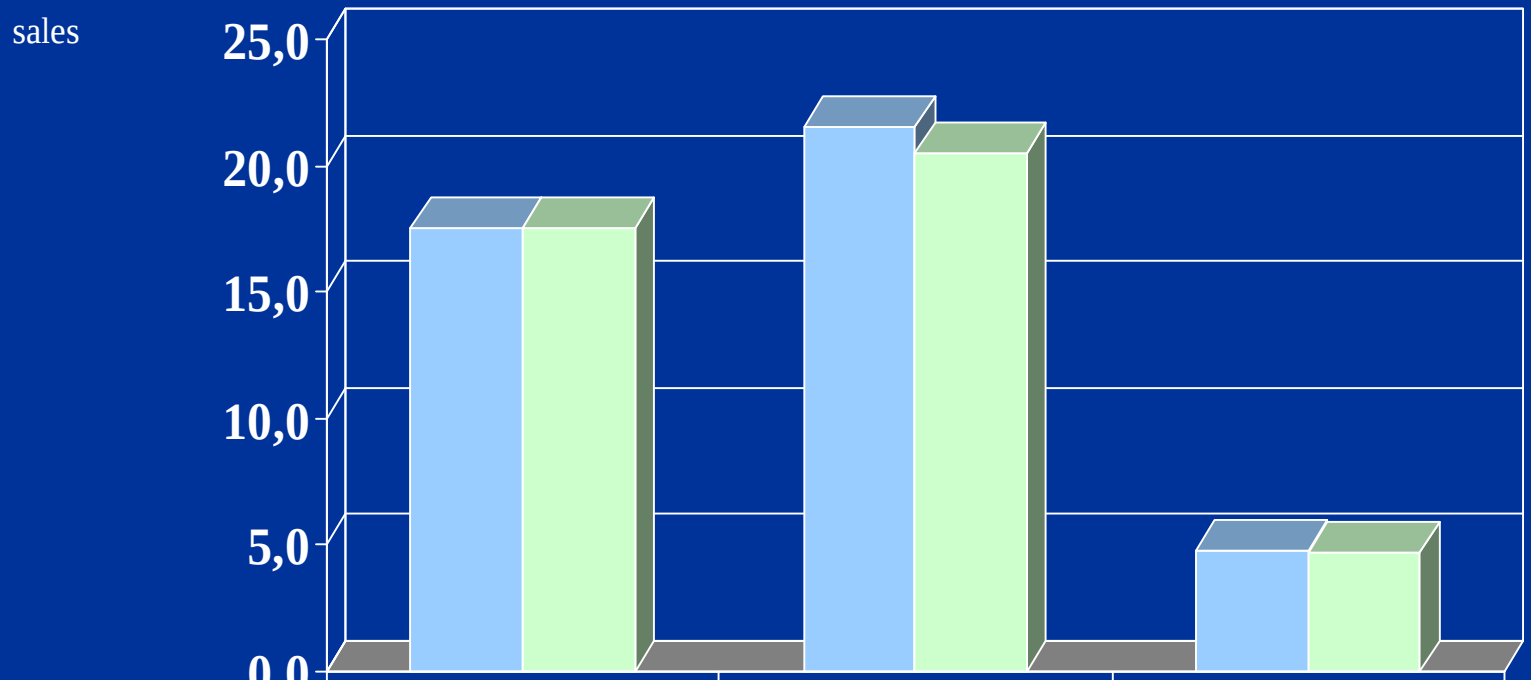


	Northamerica	Southamerica	Central Europe	Western Europe
1H 03	40,3	14,5	50,7	38,4
1H 04	37,2	14,7	50,9	37,6

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

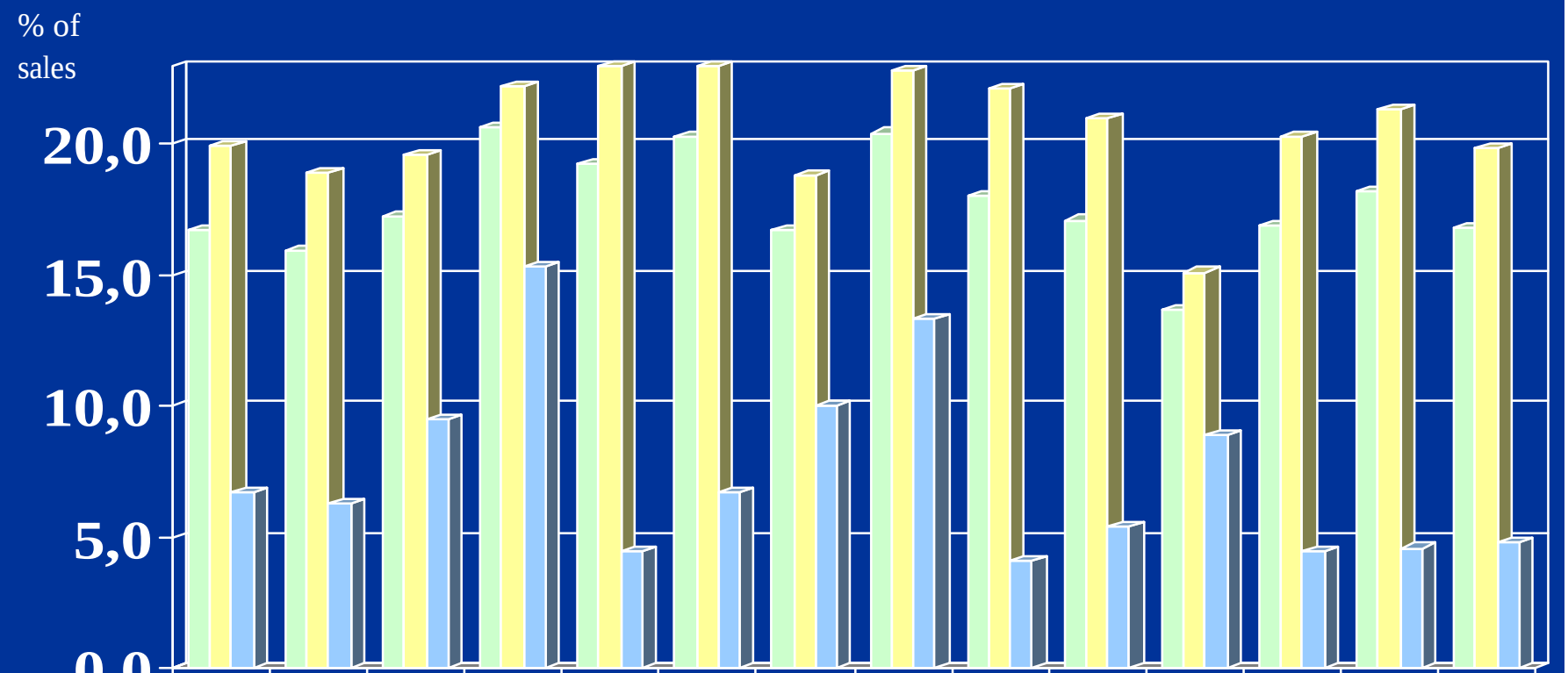
EBITDA margin is similar to 1H03´s (17,5%), partially affected by the lower relative weight of the vegetables business. This figure is achieved in despite of the AGM attendance bonus, the performance of currencies and prices and the start-up expenses of the Mexico and Brazil projects.

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETAB.
1H 03	17,5	21,5	4,8
1H 04	17,5	20,5	4,7

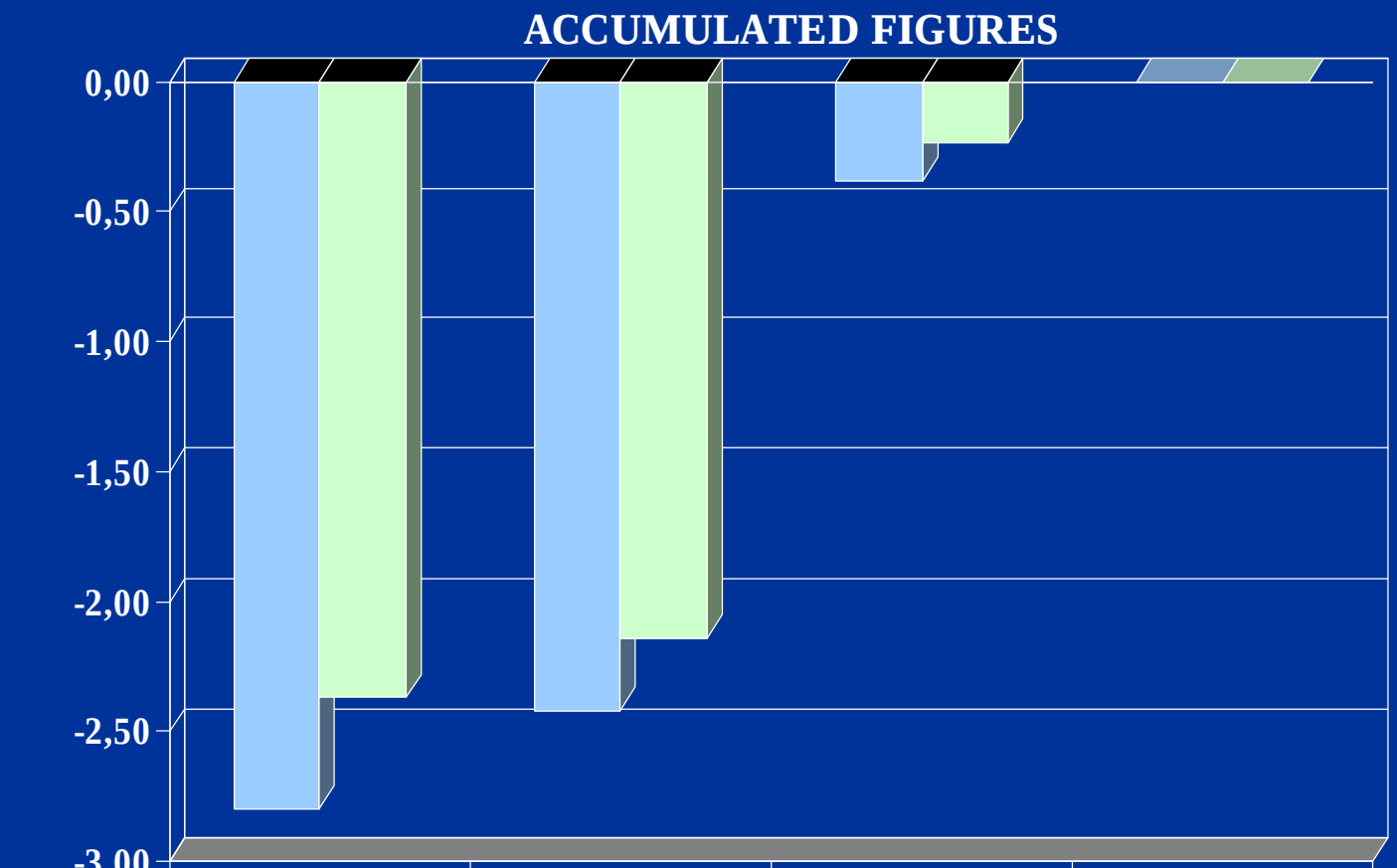
% QUARTERLY EBITDA MARGIN EVOLUTION



	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	2Q 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	16,8
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	19,8
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	4,8

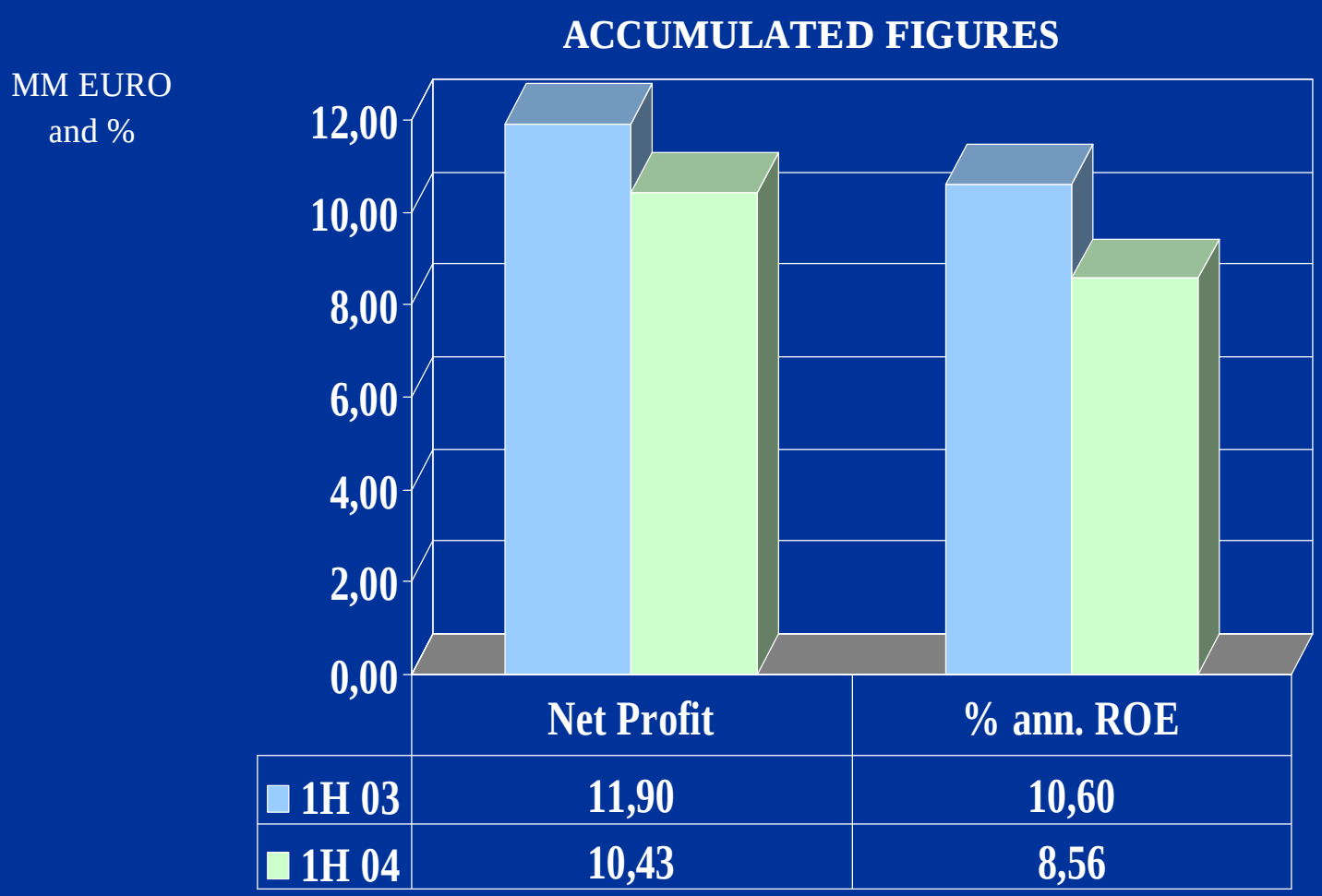
FINANCIAL RESULT: Lower net financial expenses (-11%) and lower negative forex (-40%) allow the accumulated financial result to improve by 15%.

MM EURO

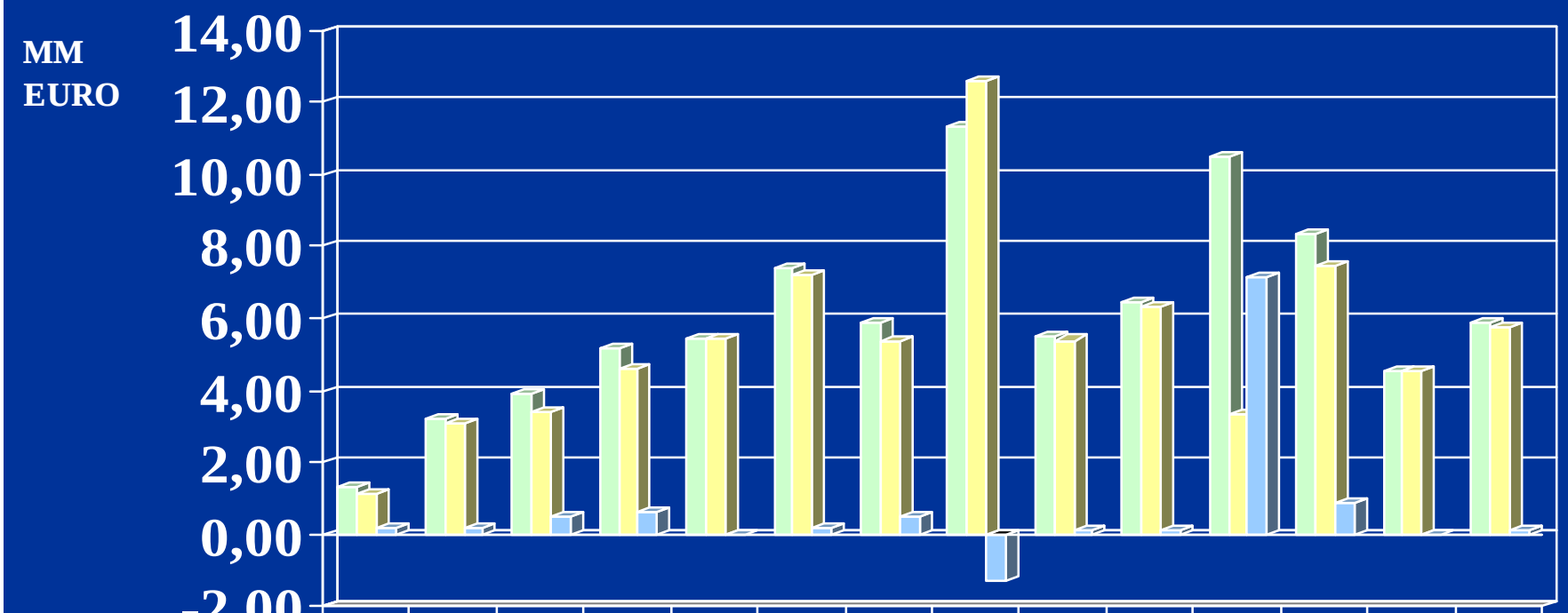


	Financ.Result	Net Fin.Expen.	Forex	GW Amort.
1H 03	-2,80	-2,42	-0,38	0,00
1H 04	-2,37	-2,14	-0,23	0,00

NET PROFIT AND ROE: **Accumulated Net Profit is 12,3% lower than 2003´s (8,5% lower quarterly wise). Tax rate is 13% (affected by the financial provisions of the mother company due to the Brazilian real). The annualised ROE is 8,56%.**



QUARTERLY NET PROFIT EVOLUTION



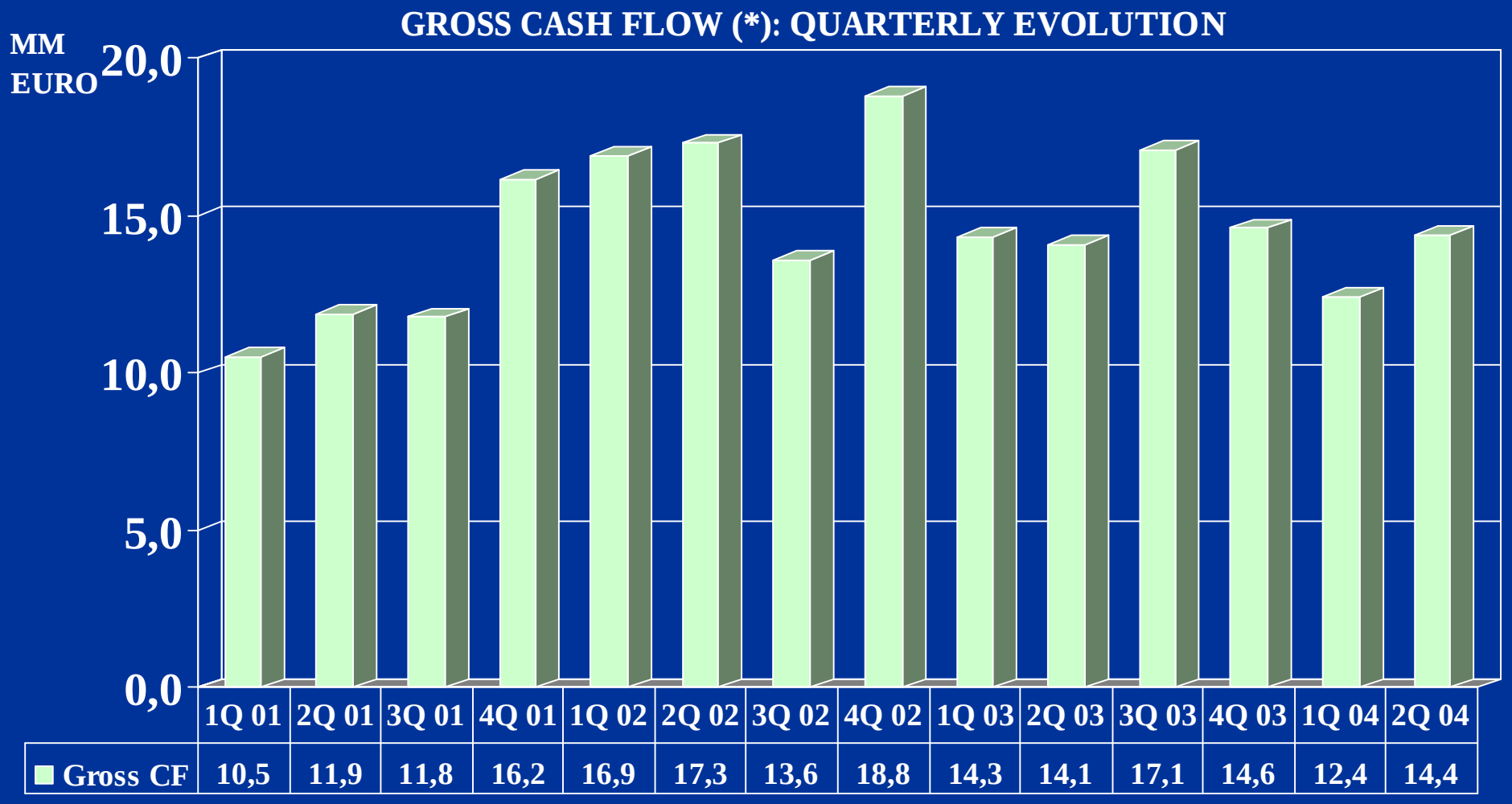
	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04	2Q 04
GROUP	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,3	5,50	6,42	10,4	8,35	4,55	5,88
CASINGS	1,10	3,10	3,40	4,59	5,43	7,20	5,38	12,6	5,40	6,31	3,32	7,48	4,54	5,77
VEGETAB.	0,20	0,20	0,50	0,60	0,00	0,20	0,52	-1,30	0,10	0,11	7,16	0,88	0,01	0,11

Balance Sheet, Cash Flow and Debt Analysis

Balance Sheet: Leverage remains at 34%. Working capital is 2% higher due to the increase of 3,6% in casings and the 1,9% decrease in vegetables.

MM Euro	GROUP			CASINGS			VEGETABLES		
	06/04	03/04	12/03	06/04	03/04	12/03	06/04	03/04	12/03
Goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Intangible Assets	8,5	6,9	5,7	5,8	4,8	4,0	2,7	2,1	1,7
Tangible Assets	219,5	216,1	213,4	199,5	197,2	195,2	20,0	18,9	18,2
Financial Assets	0,9	1,0	1,0	0,9	1,0	1,0	0,0	0,0	0,0
Working Capital	139,8	137,2	132,0	95,0	91,7	84,5	44,7	45,6	47,5
NET ASSETS	368,7	361,2	352,0	301,3	294,7	284,7	67,4	66,6	67,4
Equity	246,5	242,3	240,4	212,7	208,5	206,3	33,8	33,7	34,0
Minorites	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	23,7	23,5	23,3	23,2	23,0	22,8	0,5	0,5	0,5
Net Debt	84,1	82,9	78,8	53,9	53,5	48,1	30,2	29,3	30,7
Others	14,4	12,6	9,6	11,5	9,6	7,5	2,9	3,0	2,1
NET LIABILITIES	368,7	361,2	352,0	301,3	294,7	284,7	67,4	66,6	67,4

CASH FLOW GENERATION: 2Q 04´s gross cash flow is 14,4 MM Euro, 2% higher than 2Q03´s.

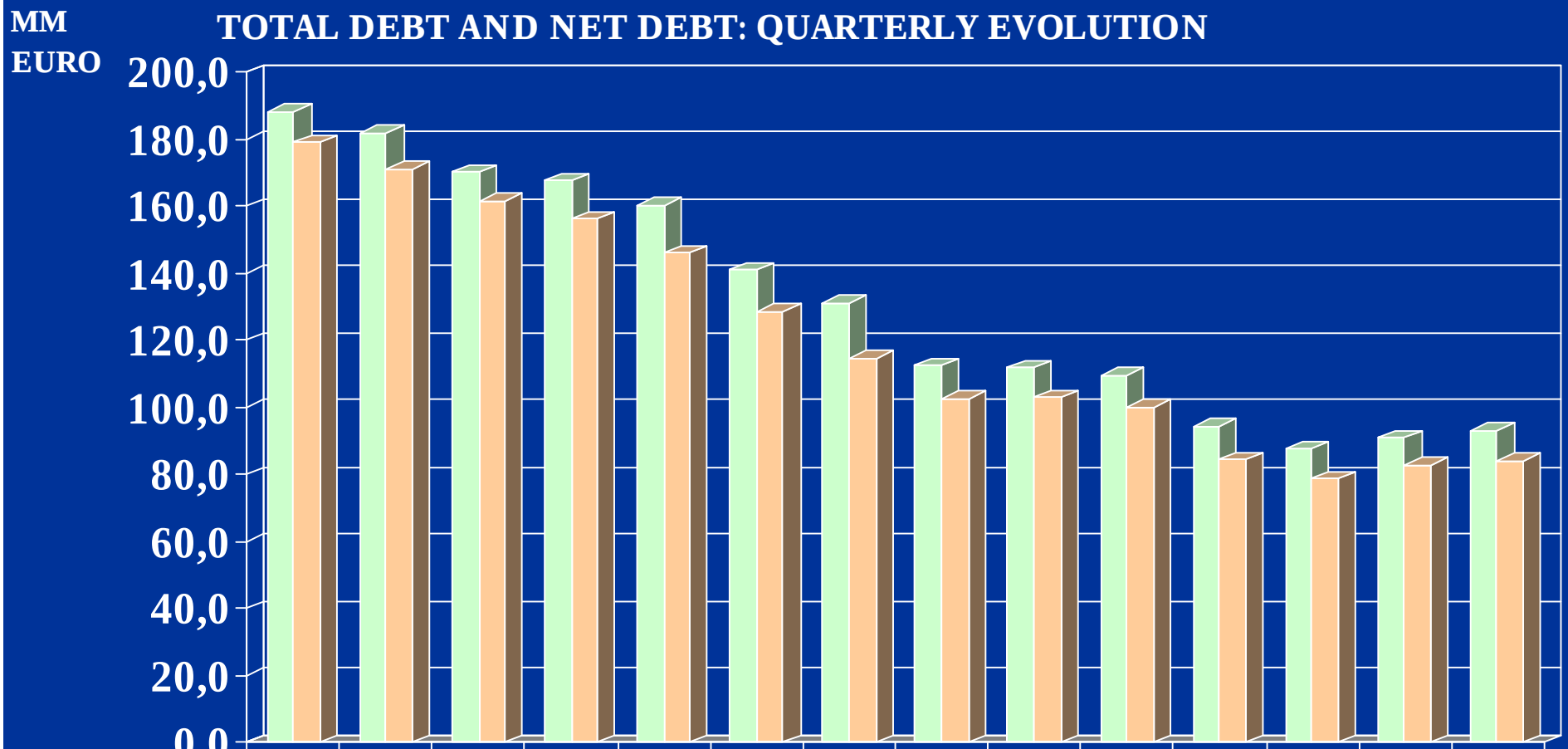


	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04	2Q 04
Gross CF	10,5	11,9	11,8	16,2	16,9	17,3	13,6	18,8	14,3	14,1	17,1	14,6	12,4	14,4

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

DEBT EVOLUTION: **Net Debt has increased 1,2 MM EUR in the last quarter, due to payments related to main investment projects, ending the quarter in 84,07 MM EUR. In the last twelve months the Group has decreased this figure by 16 MM EUR.**

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	2Q 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	93,0
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	84,1

Comments on 2004 Forecasts

COMMENTS ON 2004 FORECASTS

(based on the guidance released at the beginning of 2004)

	BASE CASE		BEST CASE		WORST CASE	
	Mill. Euro	% VAR 04/03	Mill. Euro	% VAR 04/03	Mill. Euro	% VAR 04/03
Sales	374,43	0,8%	381,28	2,7%	368,03	-0,9%
EBITDA	63,93	4,8%	67,11	10,0%	60,94	-0,1%
EBIT	31,00	-2,1%	33,99	7,4%	28,17	-11,0%
Ordinary Profit	25,72	-0,6%	28,69	10,8%	22,92	-11,4%
PBT	25,65	-25,1%	28,63	-16,4%	22,84	-33,3%
Net Profit	19,97	-35,0%	22,76	-25,9%	17,32	-43,6%
Net Debt	73,6	-5,17	70,8	-7,96	76,3	-2,50
% Fin.Gearing.	29%		28%		31%	
% ROE	8,1%		9,2%		7,1%	

- **With today´s available information, the Group considers valid the base scenario released in February, as guidance for the foreseeable net profit for 2004.**

Presentation available at

www.viscofan.com