Viscofan Group

Results Presentation

First Quarter 2005

May 2005

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Highligths

- **The Casings business growth in volume and market share continues in main families. Price pressures also continue the trend shown in 4Q04 (increased by the currencies effect), compensating negatively the growth in market share. For the future, the Group intends to give priority to sales profitability, assuming that the volume growth could be lower.**
- **Group Sales are 81,58 MM EUR in this quarter, 1,9% lower than the same period of 2004. Casing sales are 2,8% lower (65,62 MM EUR) and vegetables sales are 2,2% higher (15,95 MM EUR).**
- **EBITDA Margin in 1Q05 (13,9%) is substantially lower than 1Q04´s (18,3%), affected by the price erosion, some increases in raw material prices and certain overlaps, expenses and inefficiencies coming from the production transfers, especially from Germany to Czech Republic.**
- **In absolute value, EBITDA is 25,6% lower than 1Q04´s due to above mentioned reasons.**

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Highligths (II)

- **The Vegetables business starts to show the results of its re-structuring process, and presents growth both in sales (2,2%) and in EBITDA (32,3%). The new product line (refrigerated vegetable-based food) develops according to plan, with a positive answer from the targeted markets.**

- **Lower net financial expenses (-20%) and increasing positive forex (117%) allow the financial result to improve by 46%.**

- **Profit Before Taxes is 58% lower than 1Q04´s. In despite of this decrease, taxes (1,79 MM EUR) are not as lower compared to 1Q04´s (1,98 MM EUR), because in that period certain tax credits where not in the books because they were booked in the last quarter of 2004. Additionally, the reversion of financial provisions in Viscofan S.A. (offset in the consolidated figures), contributes to bring the consolidated tax rate to 62%.**

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Highligths (III)

- **Net Debt has increased 5,46 MM EUR in the quarter, being the ending level 81,32 MM EUR. This increase would have been 2,81 MM EUR if former accounting standards would have been used (deducting own treasury stock in the calculation of net debt). As previously announced, the Group has continued buying own shares in order to cancel them (authorisation will be asked during the next Shareholders Meeting in June).**

- **As it was released in March, Viscofan has agreed with the controlling shareholders of Tripasin (Swedish casing producer) the purchase of its casing business. The effects of this consolidation deal will be shown starting from the last quarter of 2005.**

- **The outlook for the next quarters is a progressive improvement, although the results will not show the complete effects of the ongoing re-structuring projects until they are finished (2006). Demand in main families indicates that there is room for additional growth, without the price sacrifices of 1Q05.**

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First Quarter Results (*)

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	81,585	-1,9%	65,629	-2,8%	15,956	2,2%
EBITDA	11,317	-25,6%	10,362	-28,5%	0,955	32,3%
EBIT	3,125	-58,2%	2,760	-62,1%	0,365	92,0%
Financial Result	-0,410	-46,6%	-0,194	-60,9%	-0,215	-20,4%
PBT	2,872	-58,1%	2,603	-61,9%	0,269	4302%
Taxes	1,795	-9,6%	1,710	-13,8%	0,085	-
Net Profit	1,077	-77,8%	0,893	-81,6%	0,184	2917%

(*) These figures have been prepared according to IAS. In order to allow easier comparative analysis, 2004 first quarter figures have been re-stated under the same standards.

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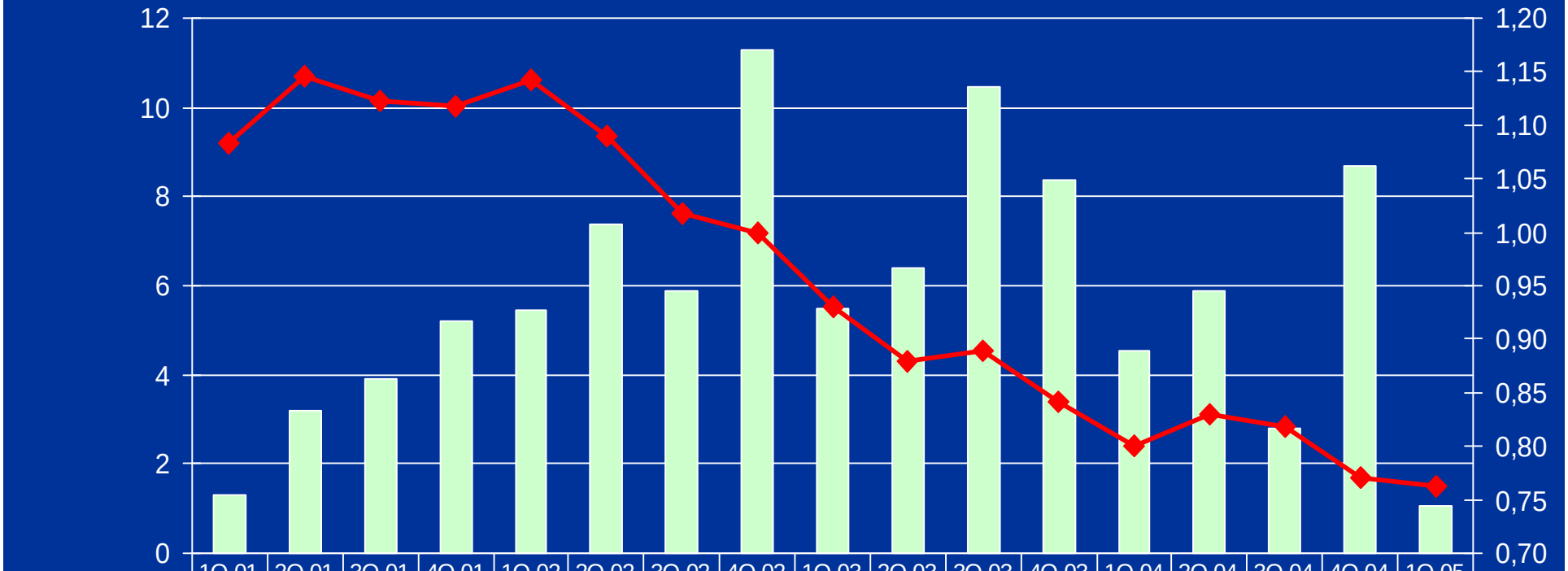
Currency Environment : **Euro increased again versus the US$, although with lower intensity (average 1Q05 value is 4% higher compared to 1Q04).**

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	3Q 04	4Q 04	1Q 05
QTRL.PR	1,3	3,2	3,9	5,2	5,43	7,4	5,9	11,3	5,5	6,4	10,48	8,35	4,55	5,88	2,82	8,69	1,08
EUR/1US$	1,08	1,15	1,12	1,12	1,14	1,09	1,02	1,00	0,93	0,88	0,89	0,84	0,80	0,83	0,82	0,77	0,76

(*) 2005 figures have been calculated according to IAS. Former quarters are calculated under valid rules in respective periods.

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Results Analysis

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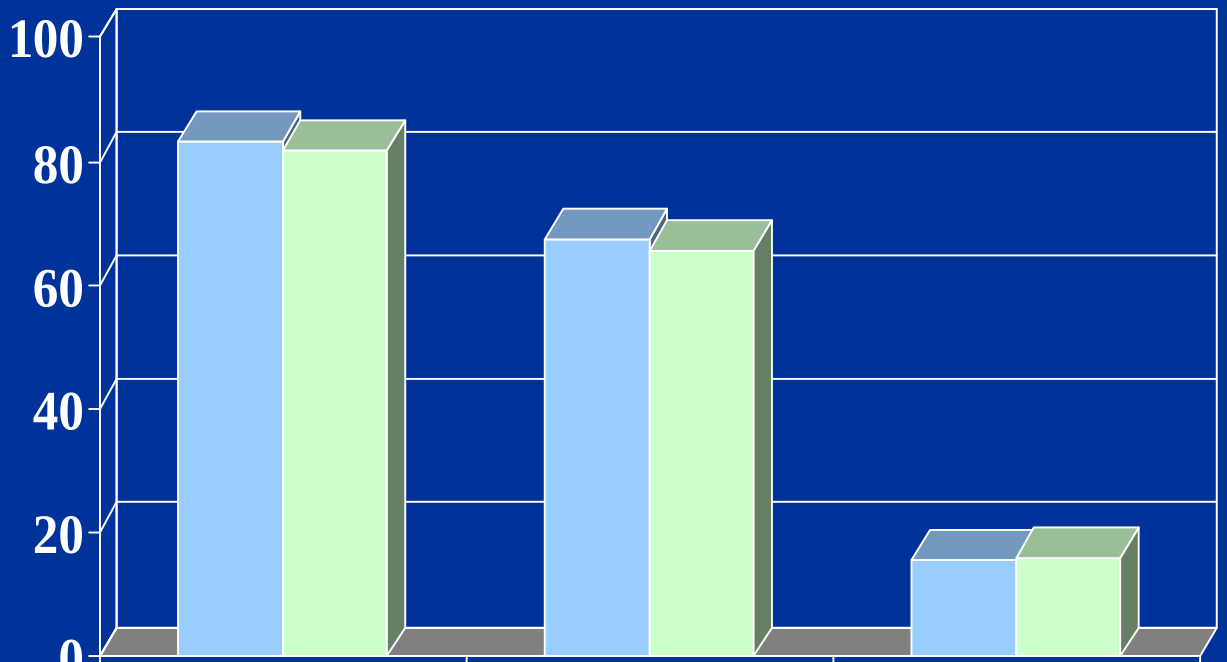
SALES: **Group sales are 81,58 MM EUR, 1,9% lower than 1Q04´s. Casing sales are 2,8% lower (65,62 MM EUR), and vegetables are 2,2% higher (15,95 MM EUR).**

Million Euro

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETAB.
1Q 04	83,2	67,5	15,6
1Q 05	81,6	65,6	16,0

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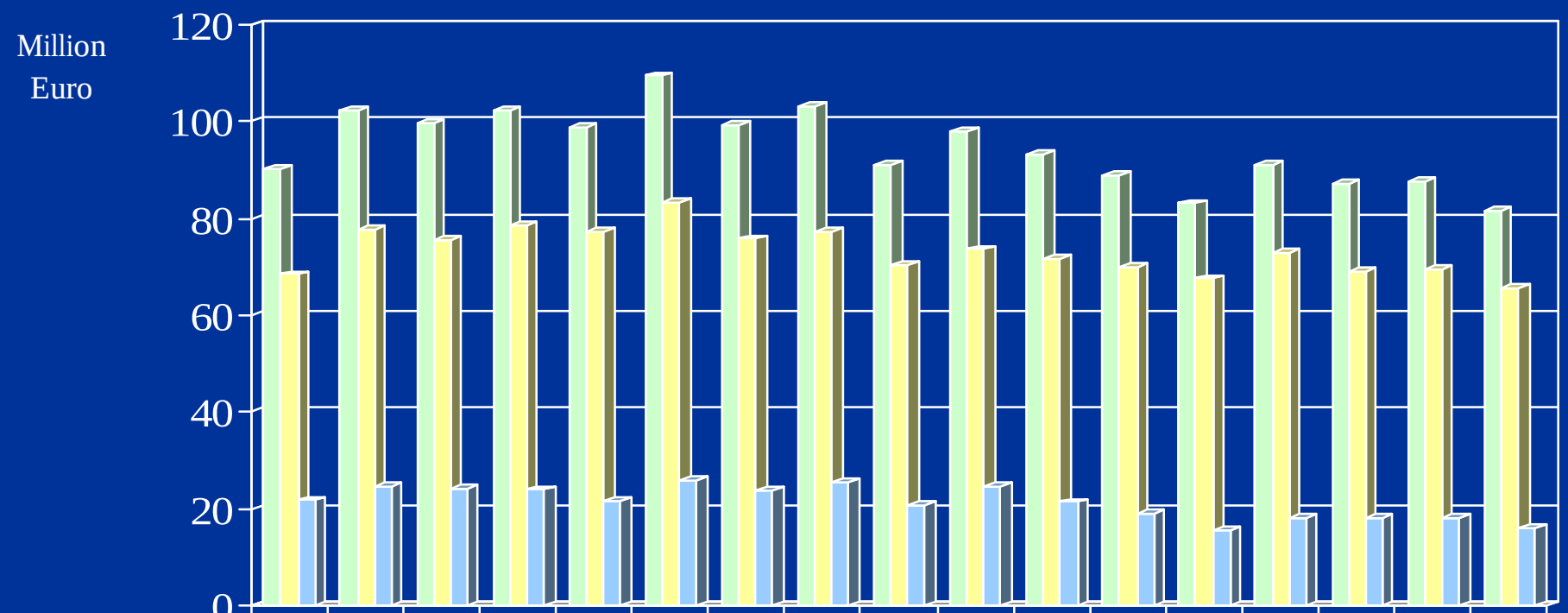
QUARTERLY SALES EVOLUTION (*)



	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	3Q 04	4Q 04	1Q 05
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	87,3	87,6	81,6
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	69,1	69,5	65,6
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	18,2	18,1	16,0

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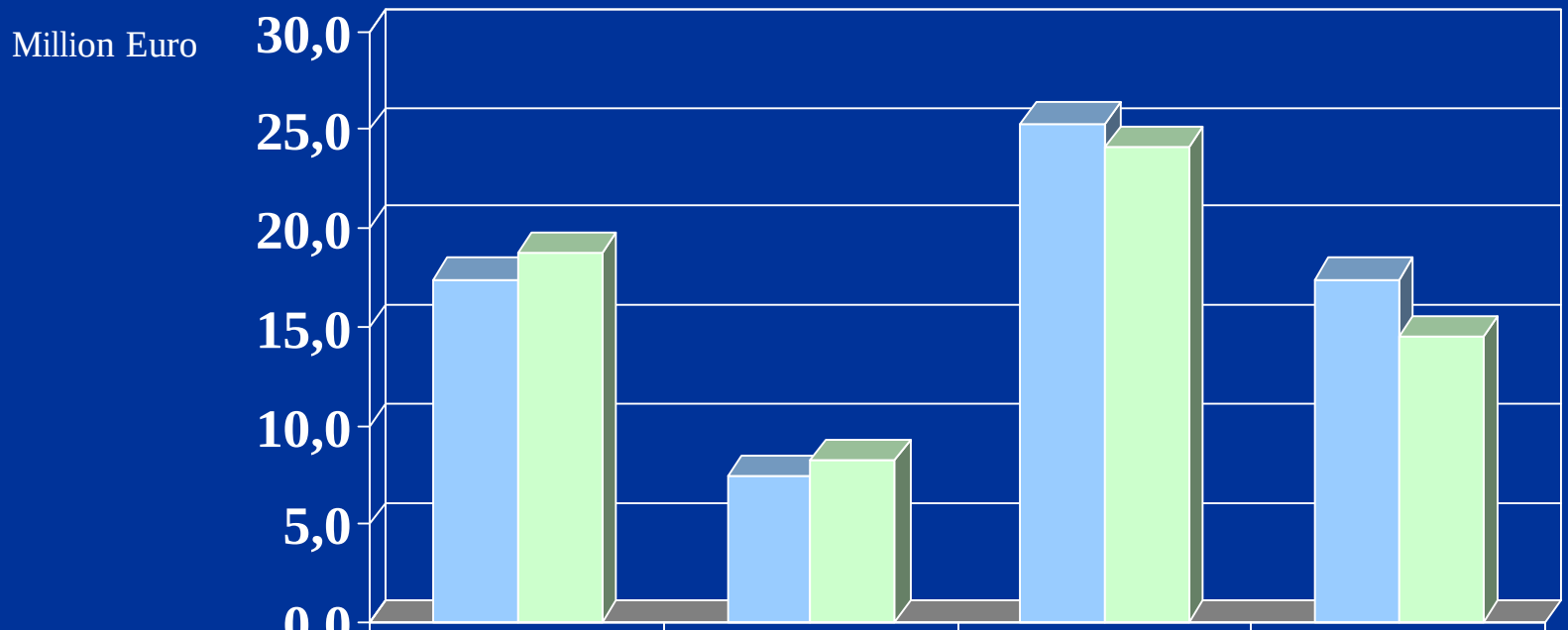
SALES BY AREA(*): **Northamerica and Southamerica show sales growth, partially affected by the production transfer to Mexico and Brazil. Sales originated in Europe are lower, as a mixed result of those transfers and the currency effect over exports in US$.**

ACCUMULATED FIGURES



	Northamerica	Latam	Central Europe	Western Europe
1Q 04	17,4	7,4	25,3	17,4
1Q 05	18,7	8,2	24,1	14,5

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

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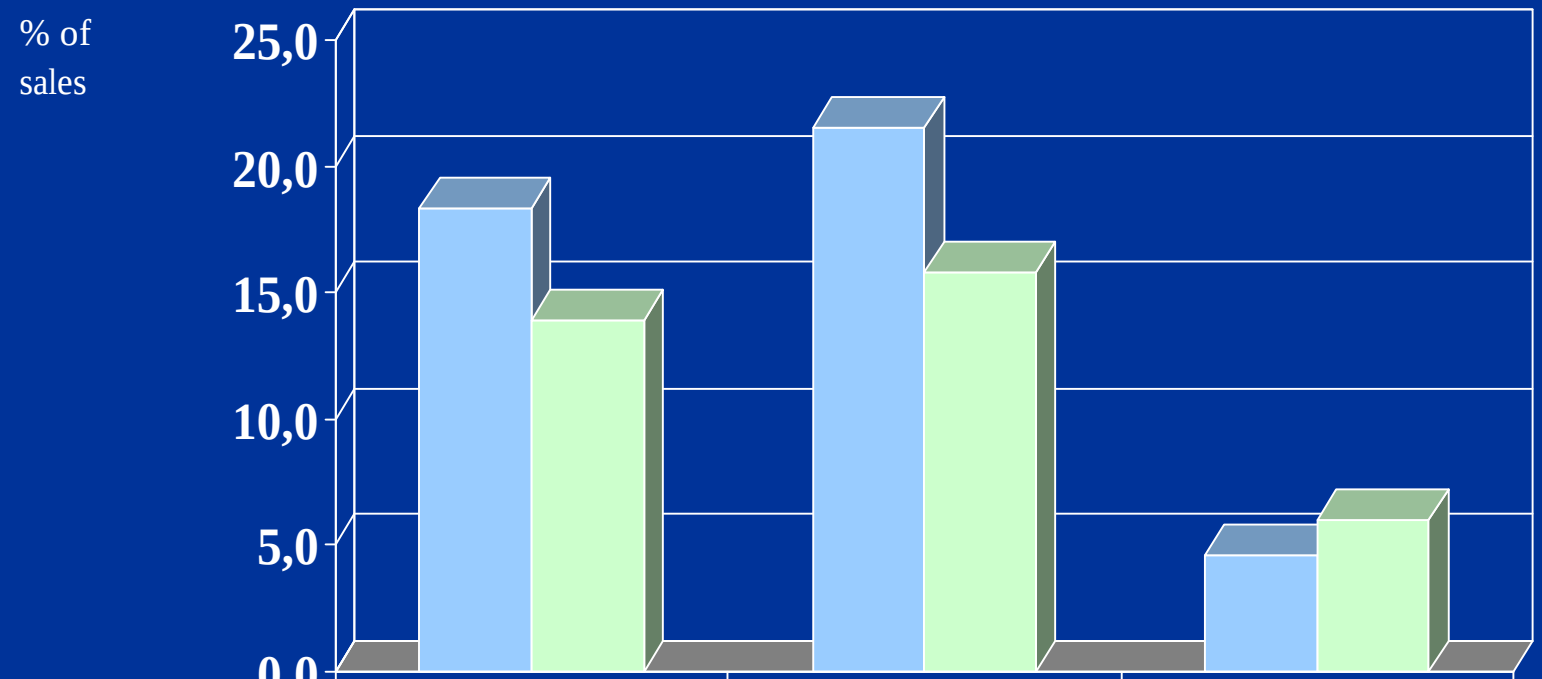
% EBITDA MARGIN (*): : 1Q05´s (13,9%) is substantially lower than 1Q04´s (18,3%), affected by the price erosion, some increases in raw material prices and certain overlaps, expenses and inefficiencies coming from the production transfers, especially from Germany to Czech Republic.

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETABLES
1Q 04	18,3	21,5	4,6
1Q 05	13,9	15,8	6,0

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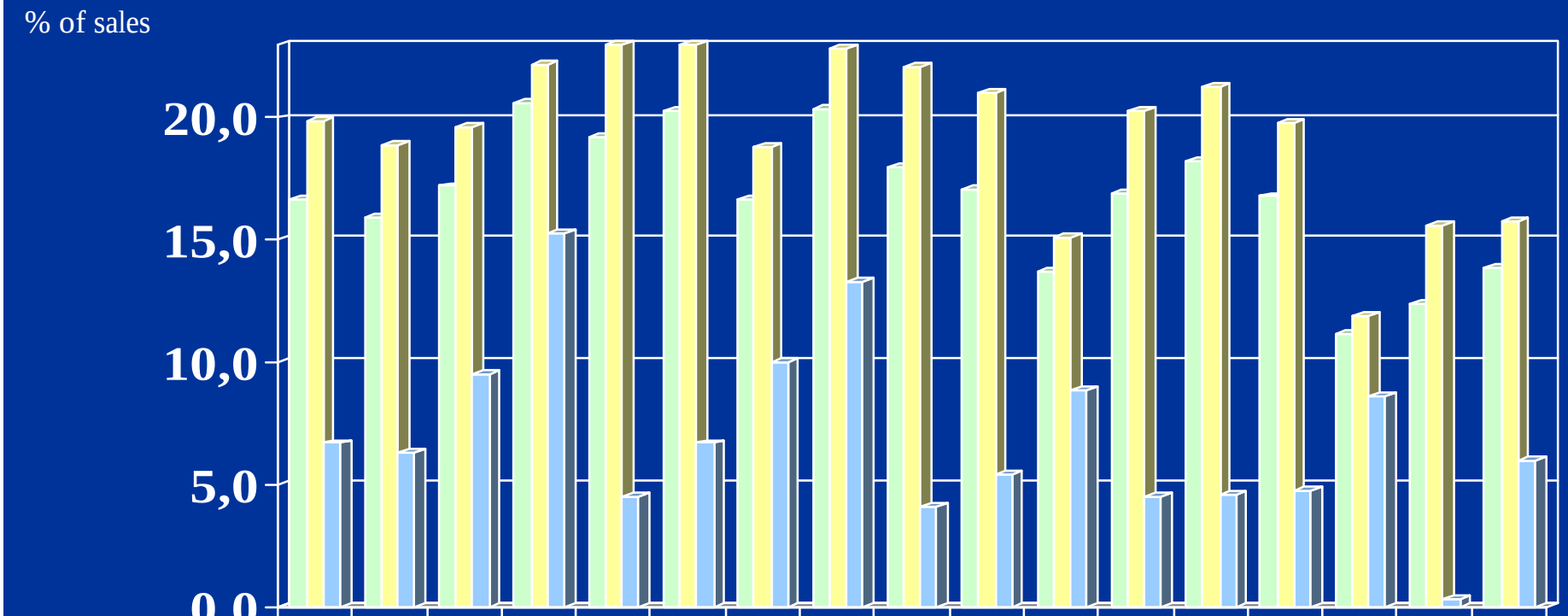
% QUARTERLY EBITDA MARGIN EVOLUTION (*)



	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	3Q 04	4Q 04	1Q 05
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	11,2	12,4	13,9
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	11,9	15,6	15,8
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	8,6	0,3	6,0

(*) 2005 figures have been calculated according to IAS. Former quarters are calculated under valid rules in respective periods.

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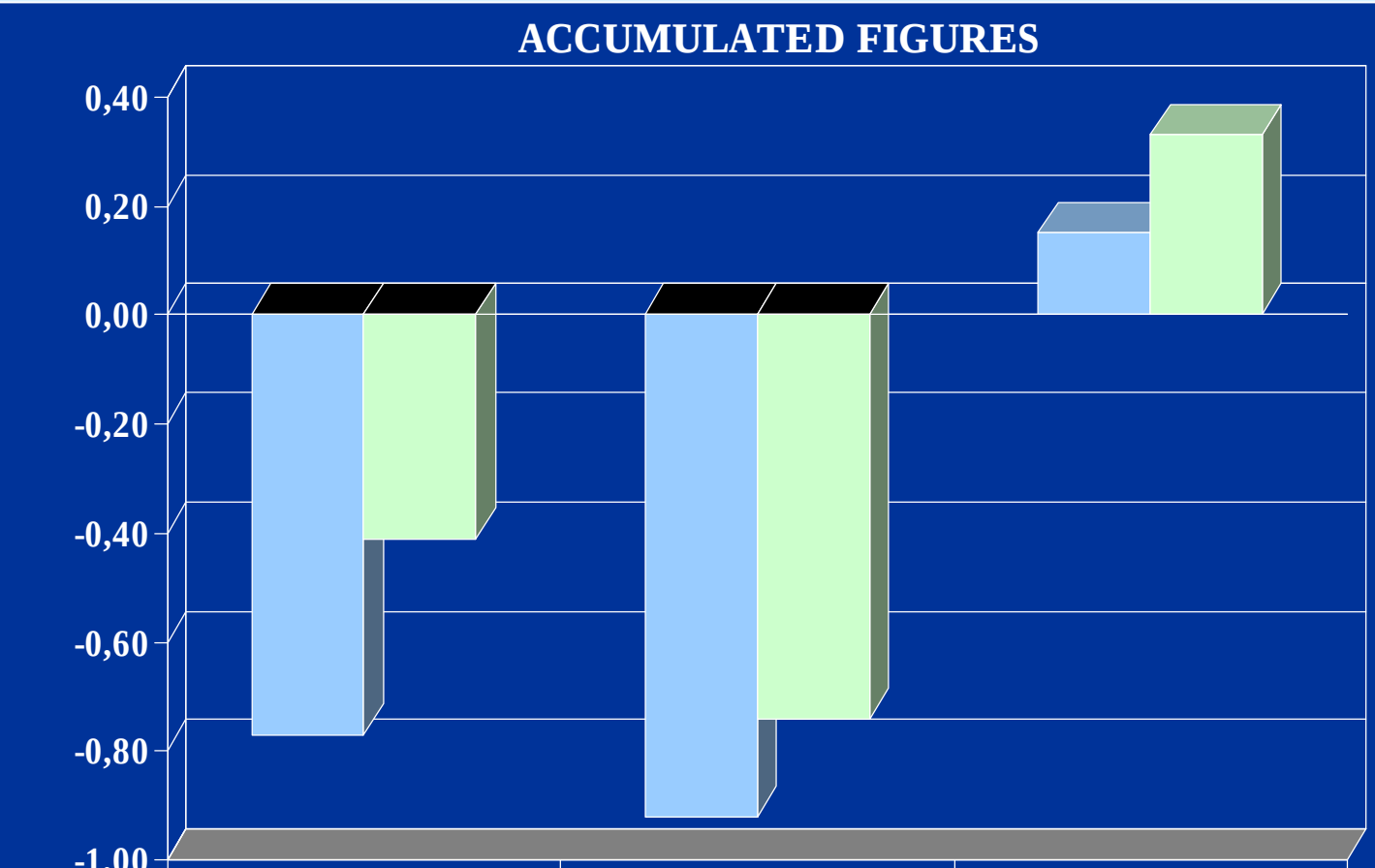
FINANCIAL RESULT: Lower net financial expenses (-20%) and increasing positive forex (117%) allow the accumulated financial result to improve by 46%.

Million Euro



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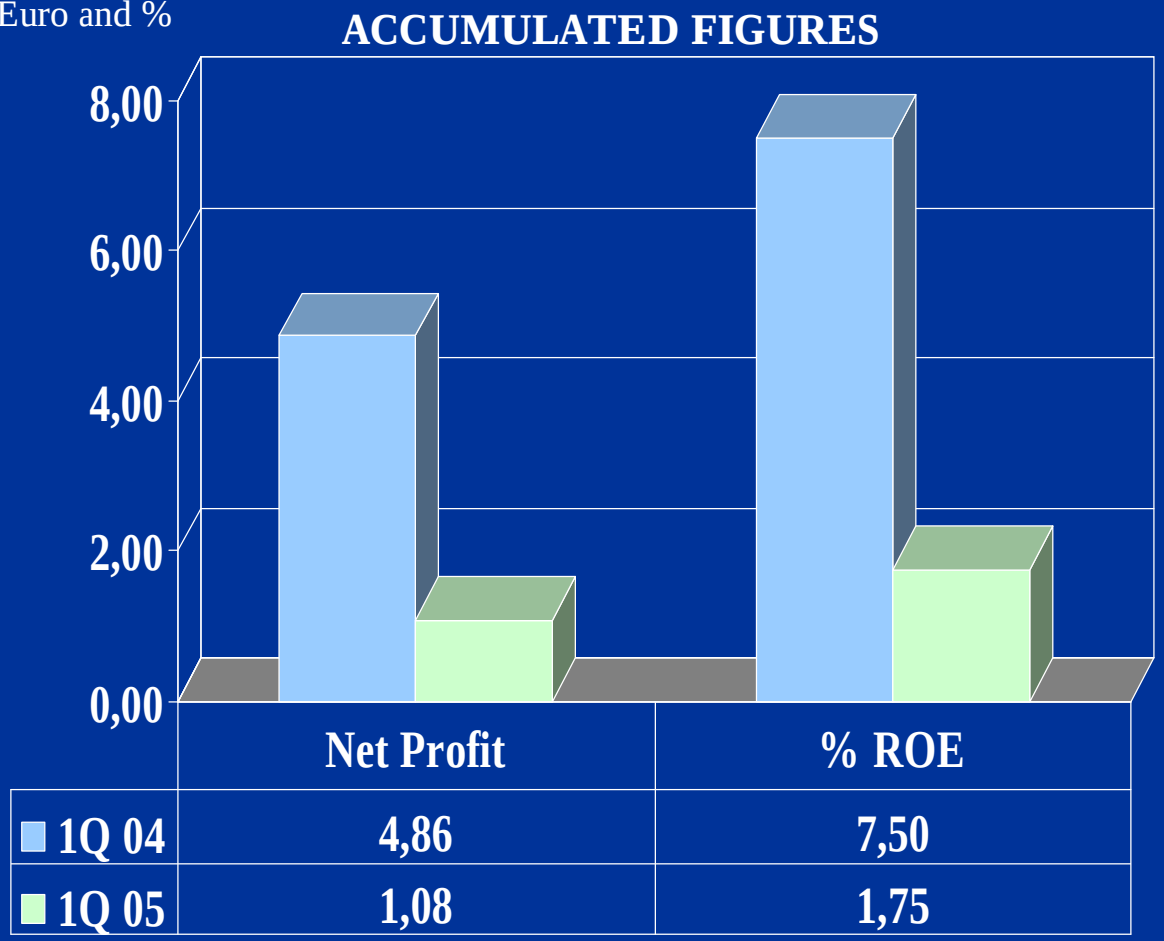
NET PROFIT AND ROE (*): **Net Profit is 77,8% lower than 1Q04´s. This decrease is partially caused by the high consolidated tax rate (62%), due to the comparative lack of tax credits (versus 1Q 04) and by the reversion of financial provisions by Viscofan S.A. (Offset in consolidated figures). Annualised ROE is 1,75%**

Million Euro and %



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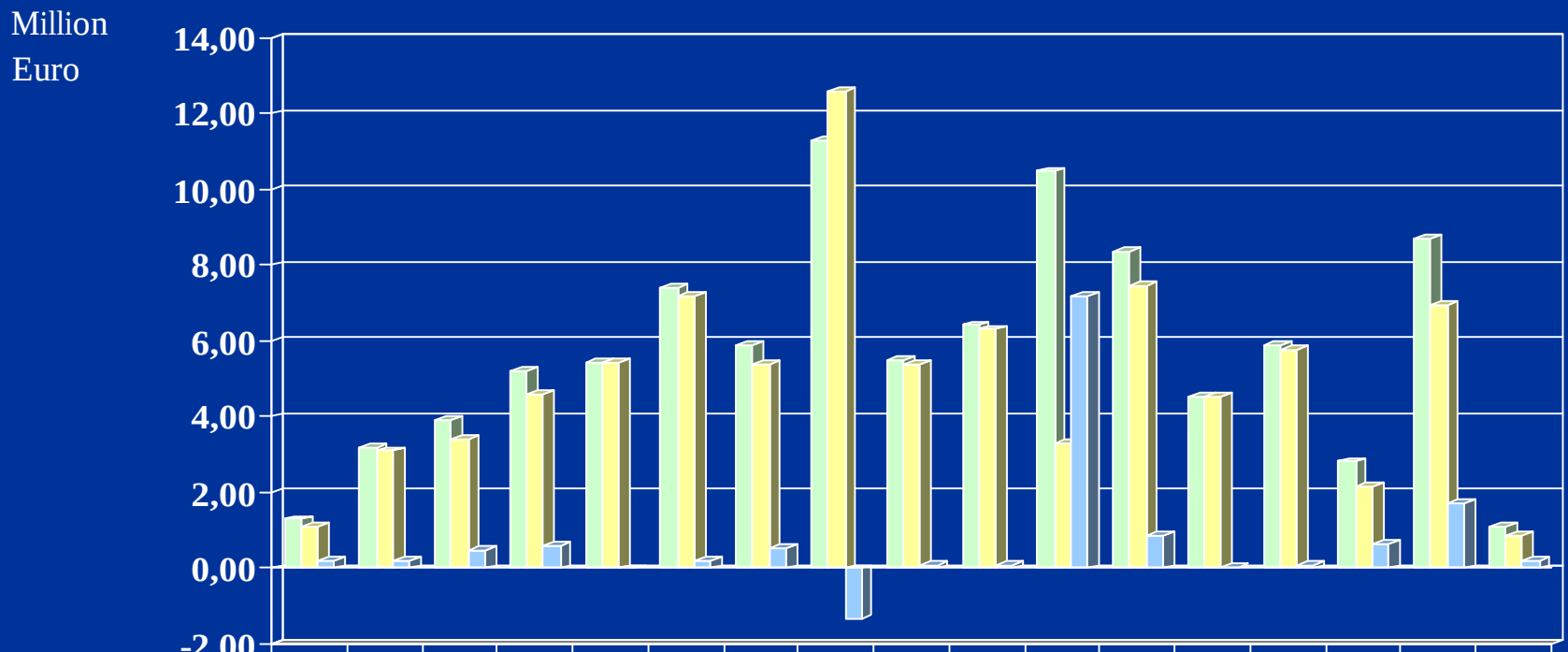
QUARTERLY NET PROFIT EVOLUTION (*)



	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	3Q 04	4Q 04	1Q 05
GROUP	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,30	5,50	6,42	10,48	8,35	4,55	5,88	2,82	8,69	1,08
CASINGS	1,10	3,10	3,40	4,59	5,43	7,20	5,38	12,60	5,40	6,31	3,32	7,48	4,54	5,77	2,16	6,95	0,89
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	0,66	1,74	0,18

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Balance Sheet and Debt Analysis

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Balance Sheet (*): **Financial leverage increases to 33% from 30,5% at the end of 2004. The Group used 3,77 MM EUR to pay dividend and 2,65 MM EUR to the purchase of own shares in order to cancel them after the next Shareholders Meeting. Net working capital increases by 5%**

Million Euro	*GROUP*		*CASINGS*		*VEGETABLES*	
	mar-05	*dic-04*	*mar-05*	*dic-04*	*mar-05*	*dic-04*
Non current assets	237,6	239,2	208,7	210,9	28,8	28,3
Inventories	103,7	105,2	77,9	74,9	25,8	30,3
Debtors	79,1	77,8	57,3	54,1	21,8	23,8
Other assets	0,0	0,0	0,0	0,0	0,0	0,0
EMPLOYED CAPITAL	*420,4*	*422,2*	*344,0*	*339,8*	*76,4*	*82,4*
Equity	244,4	246,8	208,1	210,7	36,3	36,1
Provisions	35,6	35,5	35,6	35,5	0,0	0,0
Trade and other creditors	46,0	52,6	34,0	34,5	12,0	18,1
Other current liabilities	13,0	11,4	12,6	11,0	0,4	0,4
Net debt	81,3	75,9	53,7	48,1	27,6	27,8
INVESTED CAPITAL	*420,4*	*422,2*	*344,0*	*339,8*	*76,4*	*82,4*

(*) These figures have been prepared according to IAS. In order to allow easier comparative analysis, 2004 figures have been re-stated under the same standards.

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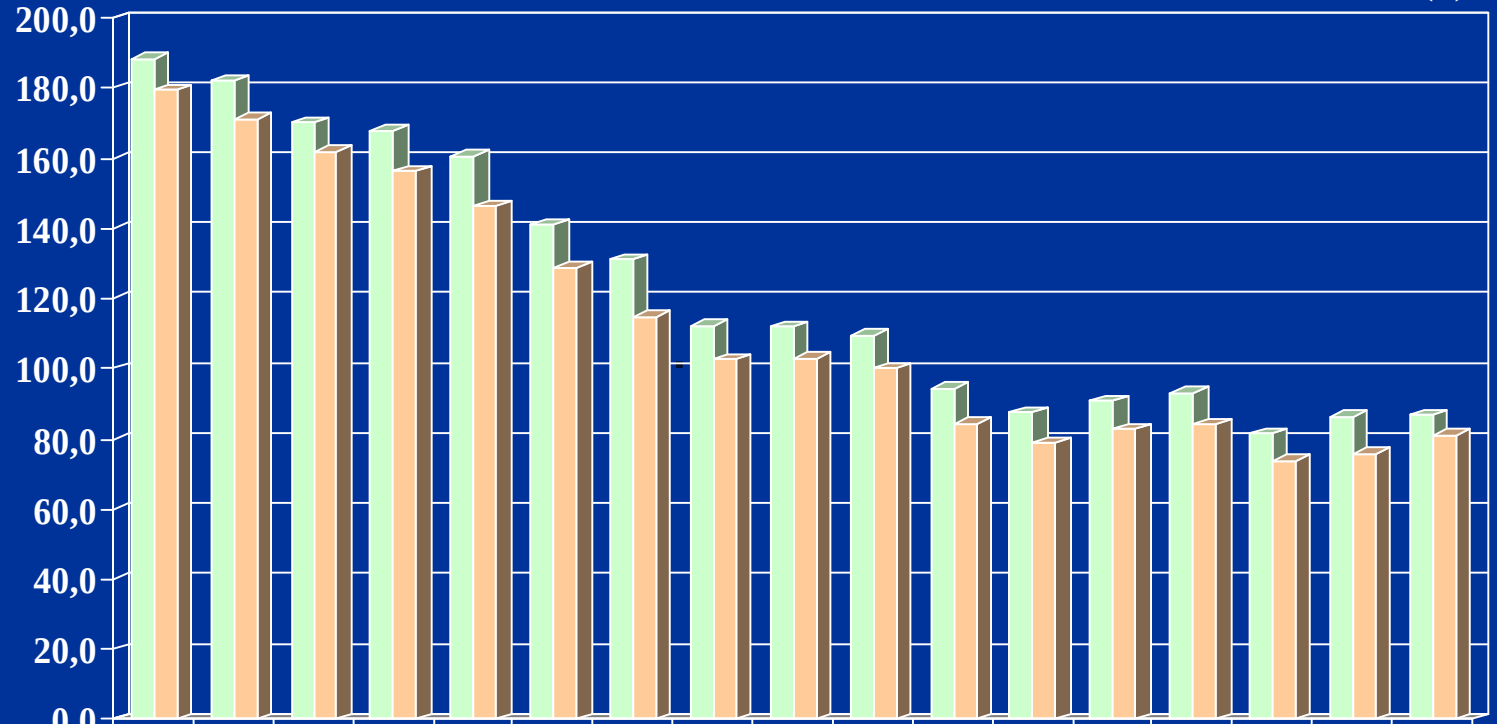
Net Debt has increased 5,46 MM EUR in the quarter, being the ending level 81,32 MM EUR. This increase would have been 2,81 MM EUR using former accounting standards (deducting own treasury stock in the calculation of net debt).

Million 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	2Q 04	3Q 04	4Q 04	1Q 05
Total Debt	188,4	182,0	170,1	167,8	160,4	141,1	131,2	112,4	112	109,5	94,2	87,5	90,8	93,0	81,5	86,3	86,8
Net Debt	179,3	171,1	161,7	156,3	146,3	128,6	114,7	102,6	103	100,0	84,6	78,8	82,9	84,1	74,1	75,7	81,3

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