Viscofan Group

Results Presentation

First Half 2005

July 2005

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Content

- **Highligths**
- **Second Quarter 2005 Results**
- **First Half 2005 Results**
- **Results Analysis**
- **Balance Sheet and Debt Analysis**
- **2005 Guidance Update**

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Highligths

- **Second Quarter Results are significantly better than the corresponding to 2Q04, as it was anticipated in the First Quarter Release. We confirm improvements in volume and profitability, although we have negative impacts due to the expenses and overlaps of the ongoing transfer projects.**
- **The Casings business growth in volume continues in main families. Price situation is generally more stable, depending on products and markets. The strength of the Euro vs. US$ (+4,6% versus 2Q04) provokes the erosion of our income denominated in Euro corresponding to a significant part of our sales.**
- **The Vegetables business presents a good operational performance in its traditional lines (with a substantial improvement versus the same period of last year), but suffers the negative impact of the advertising expenses for the new refrigerated products, mainly accounted for in the second quarter. The positive effects of the re-structuring projects developed last year and of the new developments will be shown in the second part of the year.**

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Highligths (II)

- **Group Sales are 4,4% higher quarterly-wise and 1,4% higher in the first half, reaching 176,8 MM EUR. Casing sales are 3,8% and 0,6% higher. In vegetables sales are 6,7% and 4,6% higher than 2Q05´s and 1H05´s.**
- **EBITDA Margin in 2Q05 (17,0%) is higher than 2Q04´s (16,2%). This improvement is mainly due to casings (20,1% in 2Q05 vs 18,8% in 2Q04). Accumulated figure for the Group is 15,2% (versus 17,1% in 1H04), strongly influenced by 1Q05.**
- **In absolute value, EBITDA is 9,4% higher than 2Q04´s and 9,7% lower compared to the first half of 2004.**
- **Financial Result improves 89% in the second quarter and 76% in the first six months. Profit Before Taxes is 46,6% higher compared to 2Q04´s and 11% lower than 1H04´s.**
- **Quarterly Net Profit is 21,5% higher than 2Q04, and 19,9% lower in accumulated figures till June.**

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Highligths (III)

- **Net Debt has decreased 0,5 MM EUR in this quarter, being the ending level 80,84 MM EUR. Leverage is 31,6% after dedicating 3,77 MM EUR to dividends and 3,10 MM EUR to the purchase of own shares (0,8% of the equity) in order to cancel them (authorisation was given during the Shareholders Meeting in June).**
- **The parent Company has successfully presented a Take Over Bid over the 100% of the shares of Koteksproduct A.D., Serbian company dedicated to the production of large calibre Collagen with markets in Eastern Europe. Acceptance level after the ordinary period was 94,58% and 95,91% after the required extension period (the goal is to reach 100% in the future, if possible). Viscofan will subscribe a capital increase dedicated to improve processes and equipment and to enlarge the potential output.**
- **The outlook for the full Fiscal Year is to continue with the progressive improvement, based on the development of the ongoing projects and on a better currency environment. With today´s information, the Group expects to achieve the figures presented in the Base Scenario in February.**

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Second Quarter Results (*)

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	95,24	4,4%	75,67	3,8%	19,57	6,7%
EBITDA	16,17	9,4%	15,24	11,5%	0,93	-16,7%
EBIT	8,37	15,2%	8,11	19,6%	0,26	-46,7%
Financial Result	-0,18	-89,5%	0,08	-106,1%	-0,26	-31,4%
PBT	8,19	46,6%	8,19	49,6%	0,00	-97,2%
Taxes	-0,08	-93,4%	-0,05	-96,0%	-0,03	-1239%
Net Profit	8,27	21,5%	8,24	23,0%	0,04	-68,4%

(*) 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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First Half Results (*)

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	176,83	1,4%	141,30	0,6%	35,53	4,6%
EBITDA	26,87	-9,7%	24,90	-10,5%	1,97	2,4%
EBIT	11,65	-21,7%	10,91	-22,7%	0,74	-2,8%
Financial Result	-0,59	-76,0%	-0,11	-93,6%	-0,47	-26,8%
PBT	11,06	-11,0%	10,79	-12,4%	0,27	126%
Taxes	1,71	124,3%	1,66	118,3%	0,05	1775%
Net Profit	9,35	-19,9%	9,13	-21,0%	0,22	87%

(*) 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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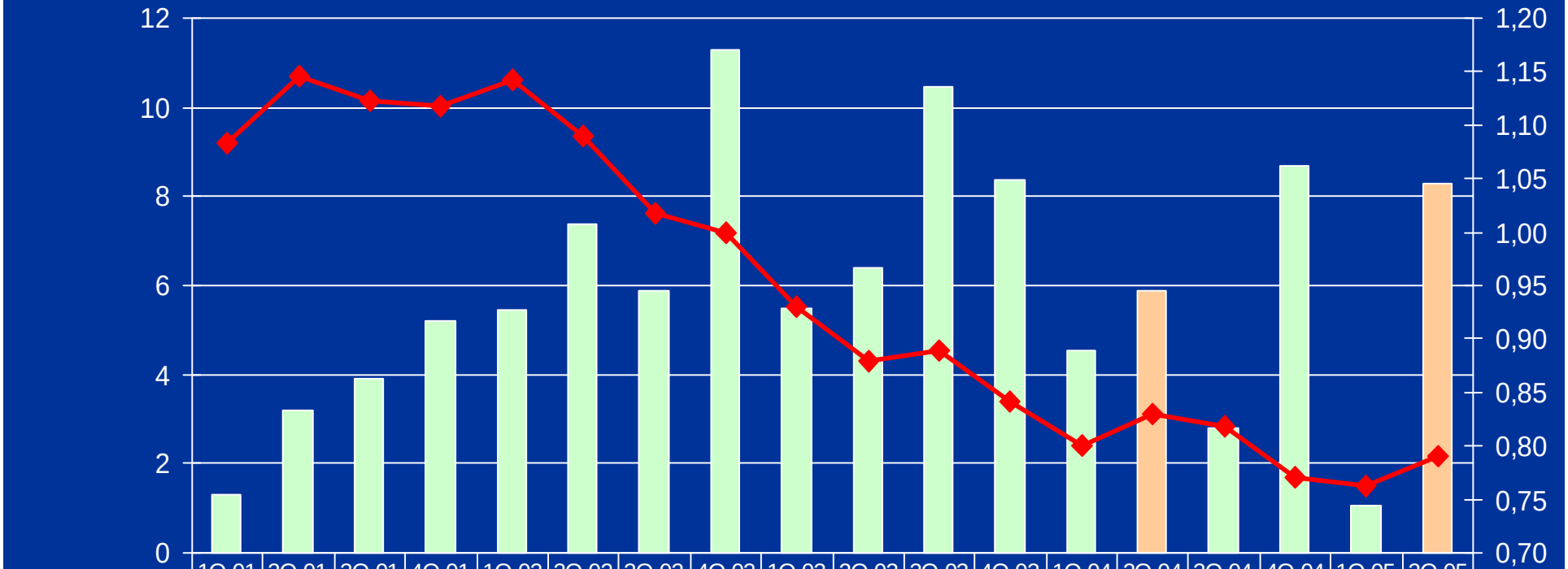
Currency Environment : **During the second quarter, the Euro has stopped its revaluation trend against the US$. Nevertheless, in comparative terms, average values are 4,6% and 4,7% higher than the corresponding ones of 2Q04 and 1H04.**

QUARTERLY NET PROFIT AND AVERAGE EUR/US$ RATE (*)



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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	8,27
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	0,79

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Results Analysis

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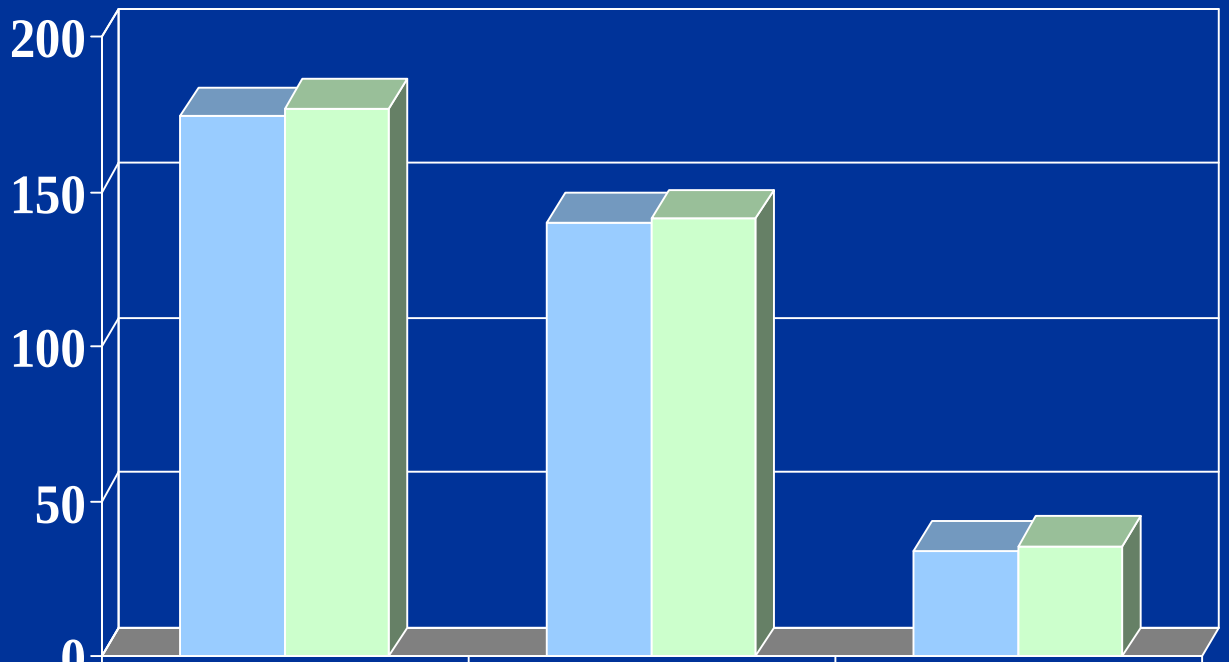
SALES: **Group sales are 176,8 MM EUR, 1,4% higher than 1H04´s. Casing sales are 0,6% higher (141,3 MM EUR), and vegetables are 4,6% higher than 1H04´s (35,5 MM EUR).**

Million Euro

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETAB.
1H 04	174,4	140,4	34,0
1H 05	176,8	141,3	35,5

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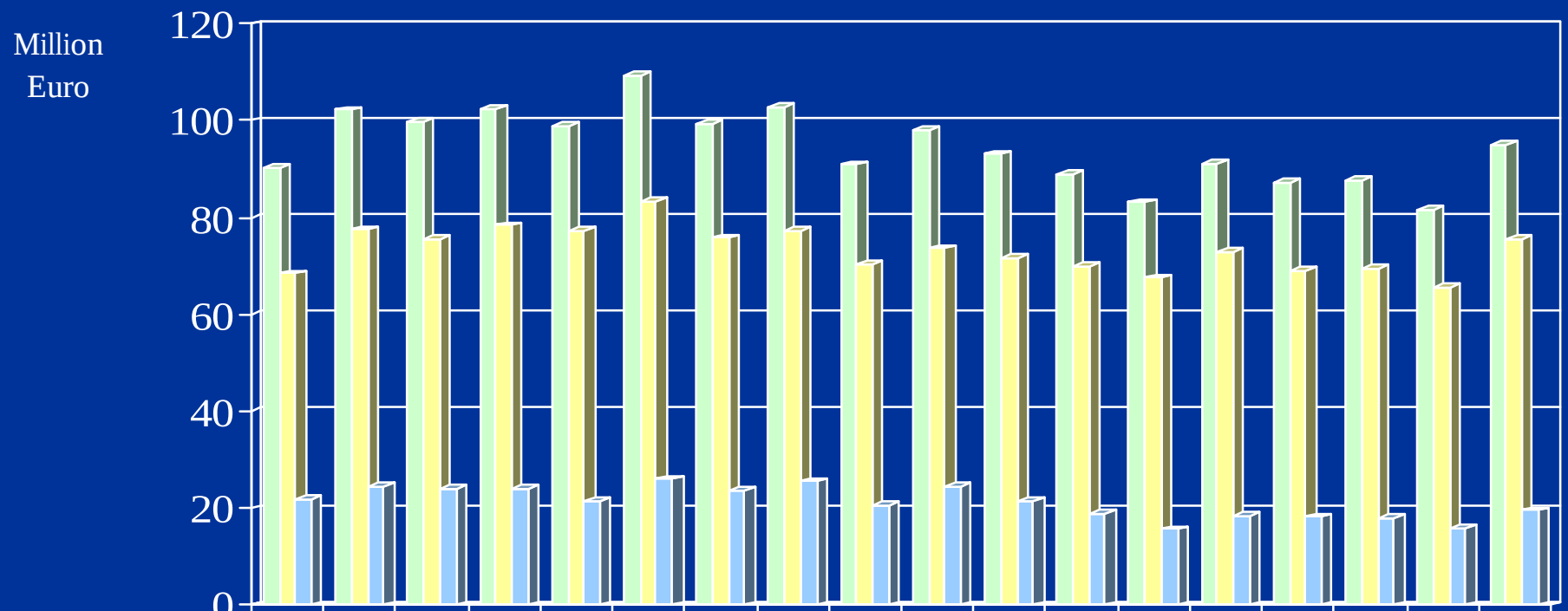
QUARTERLY SALES EVOLUTION (*)



	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	2Q 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	95,2
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	69,1	69,5	65,6	75,7
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	19,5

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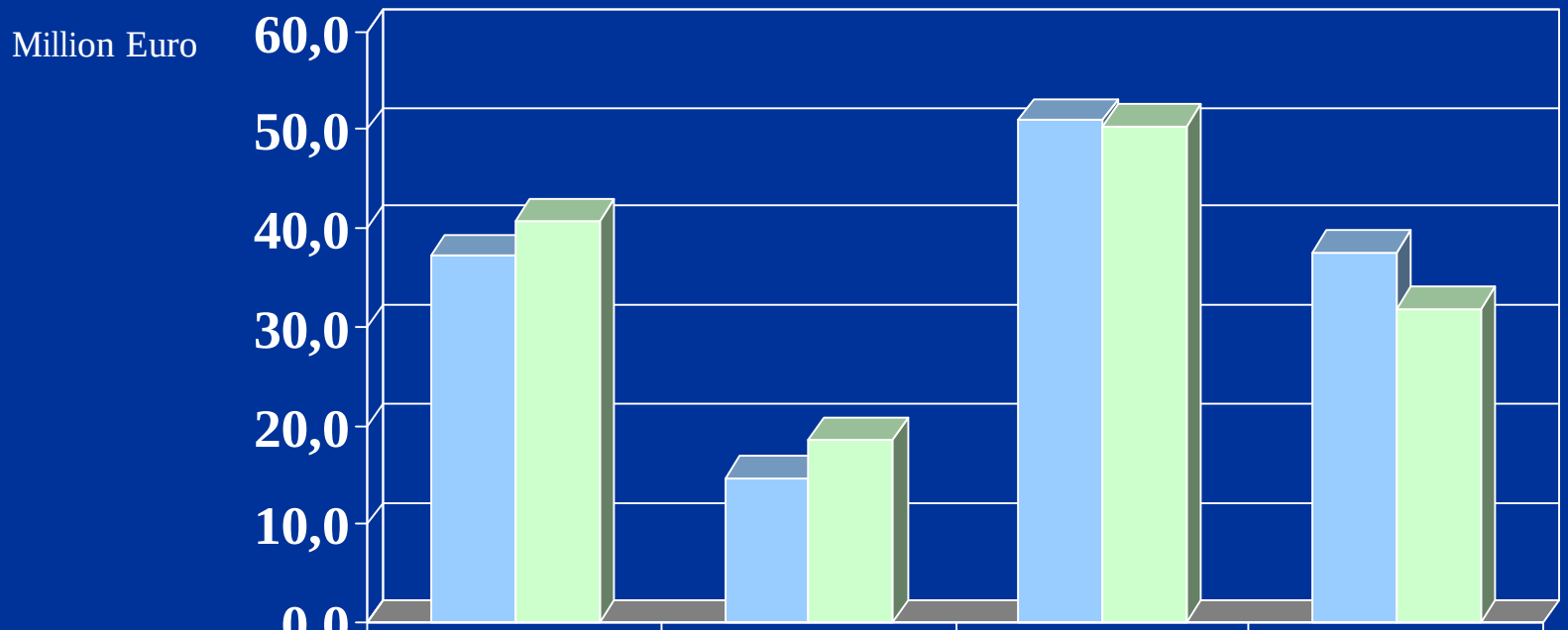
SALES BY AREA(*): **Northamerica and Southamerica show sales growth, partially affected by the production transfer to Mexico and Brazil. Sales originated in Europe are lower, as a mixed result of those transfers and the currency effect over exports in US$.**

ACCUMULATED FIGURES



	Northamerica	Latam	Central Europe	Western Europe
1H 04	37,2	14,7	50,9	37,6
1H 05	40,7	18,6	50,3	31,8

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

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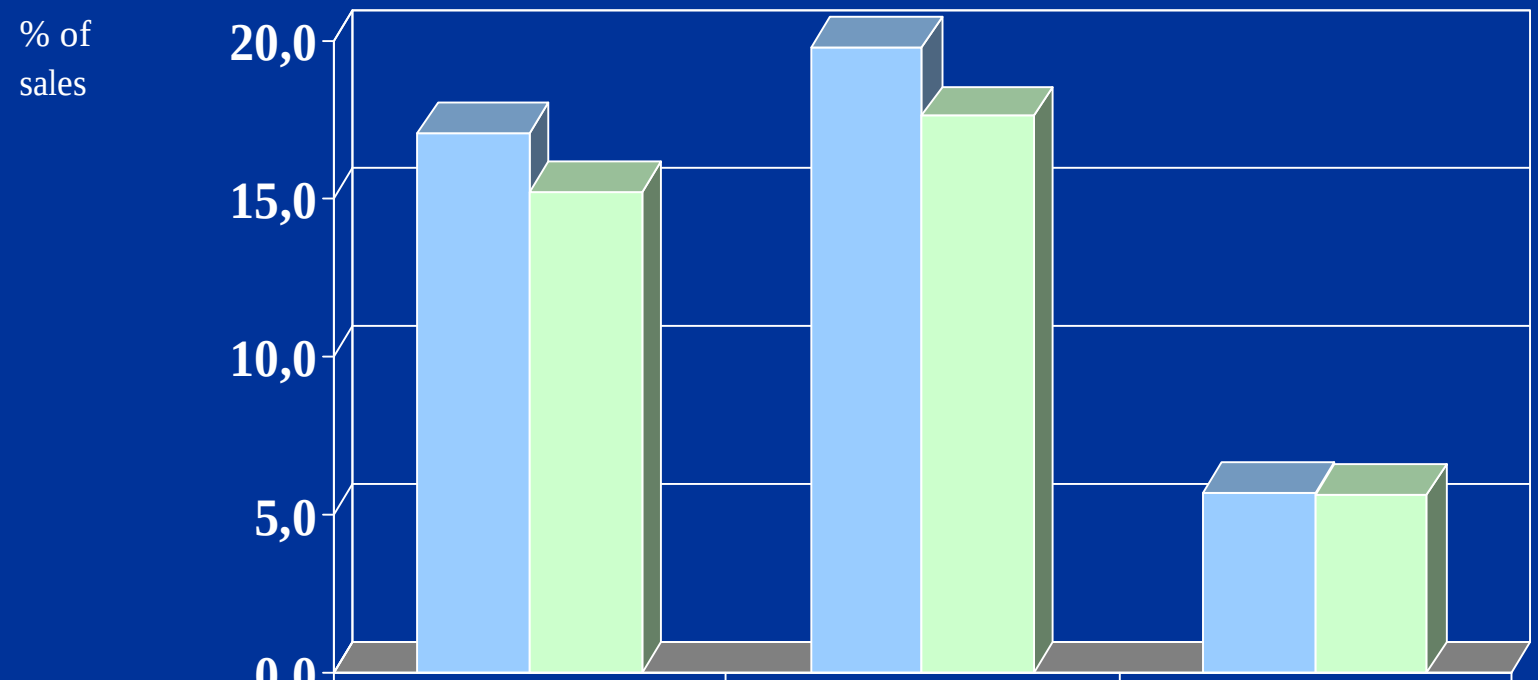
% EBITDA MARGIN (*): : 1H05´s (15,2%) is lower than 1H04´s (17,1%). This is a consequence of the first quarter figures, given that second quarter figures are better than the corresponding ones of 2004, especially in the casings business.

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETABLES
1H 04	17,1	19,8	5,7
1H 05	15,2	17,6	5,6

(*) 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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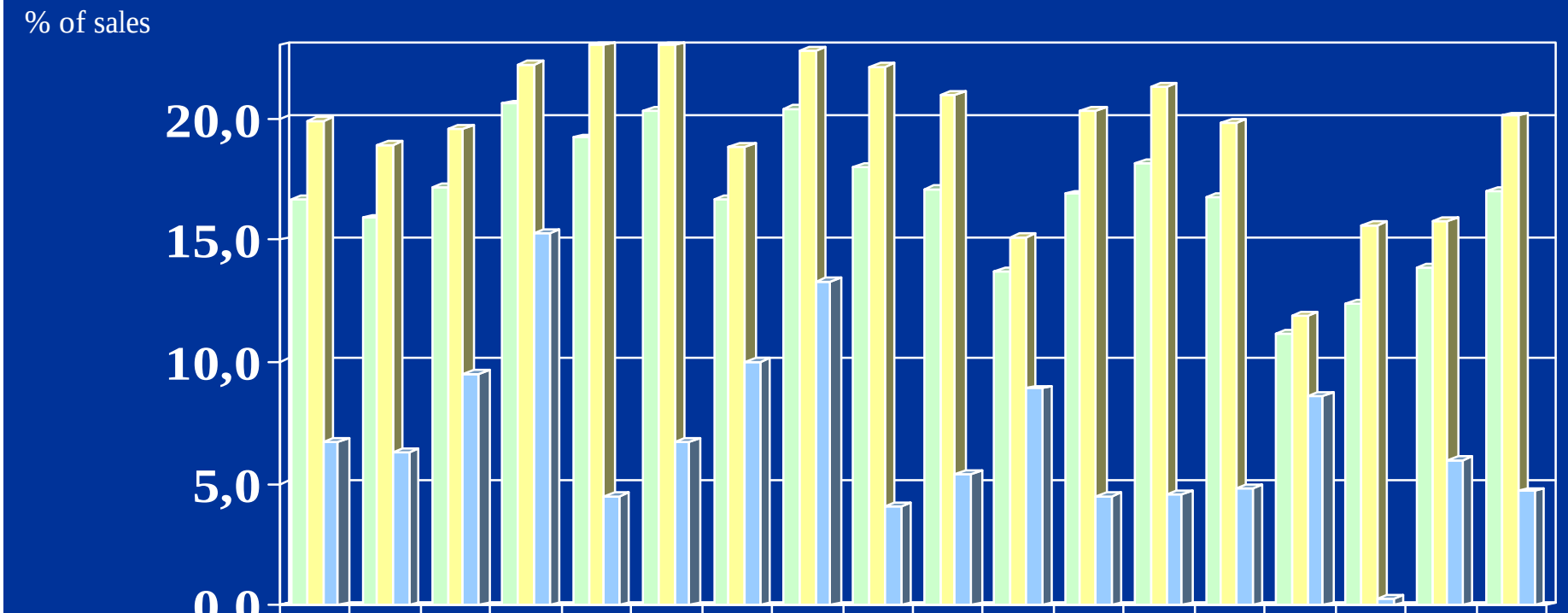
% QUARTERLY EBITDA MARGIN EVOLUTION (*)



	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	2Q 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	17,0
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	20,1
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	4,7

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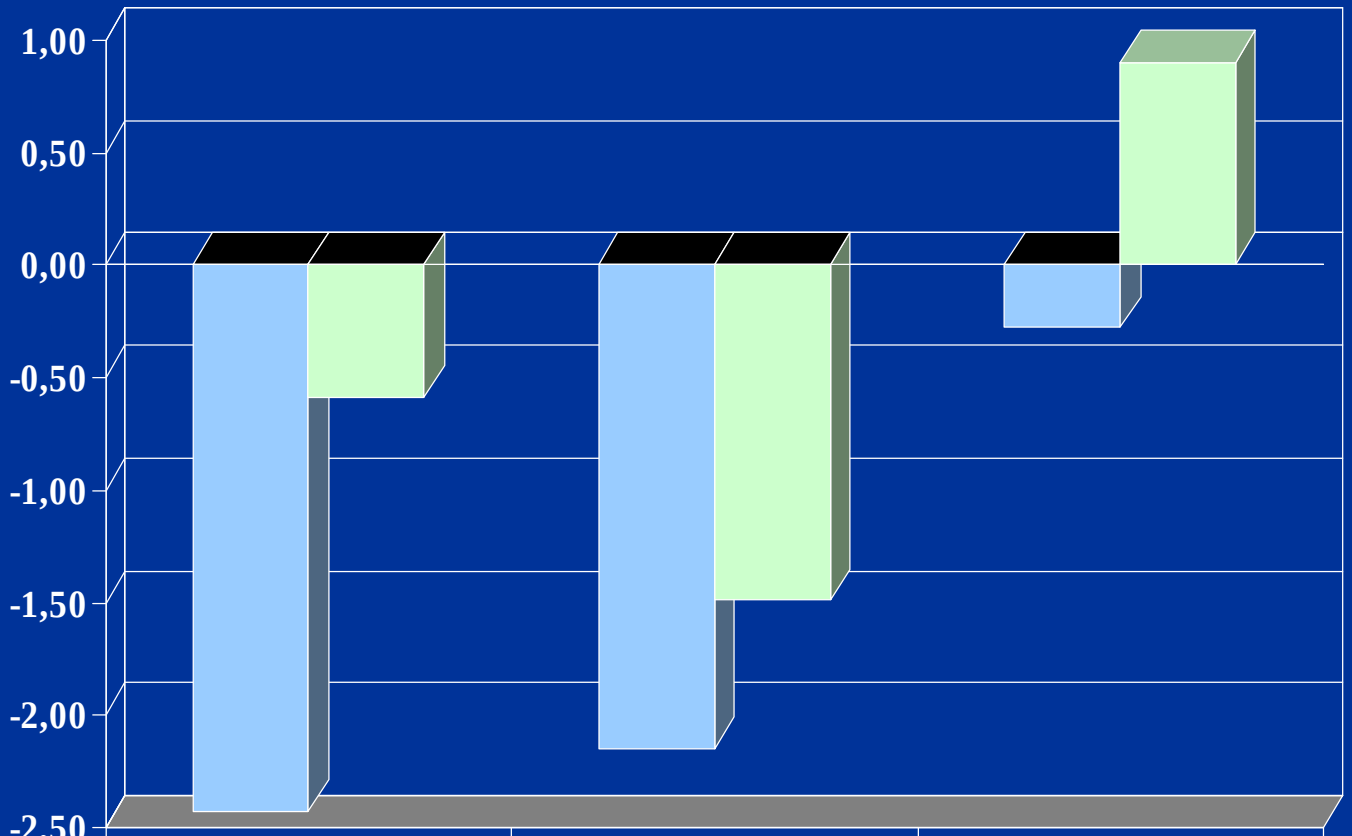
FINANCIAL RESULT: Lower net financial expenses (-30%) and positive forex allow the accumulated financial result to improve by 76%.

Million Euro

ACCUMULATED FIGURES



	Financ.Result	Net Fin.Expen.	Forex
1H 04	-2,43	-2,15	-0,28
1H 05	-0,59	-1,49	0,90

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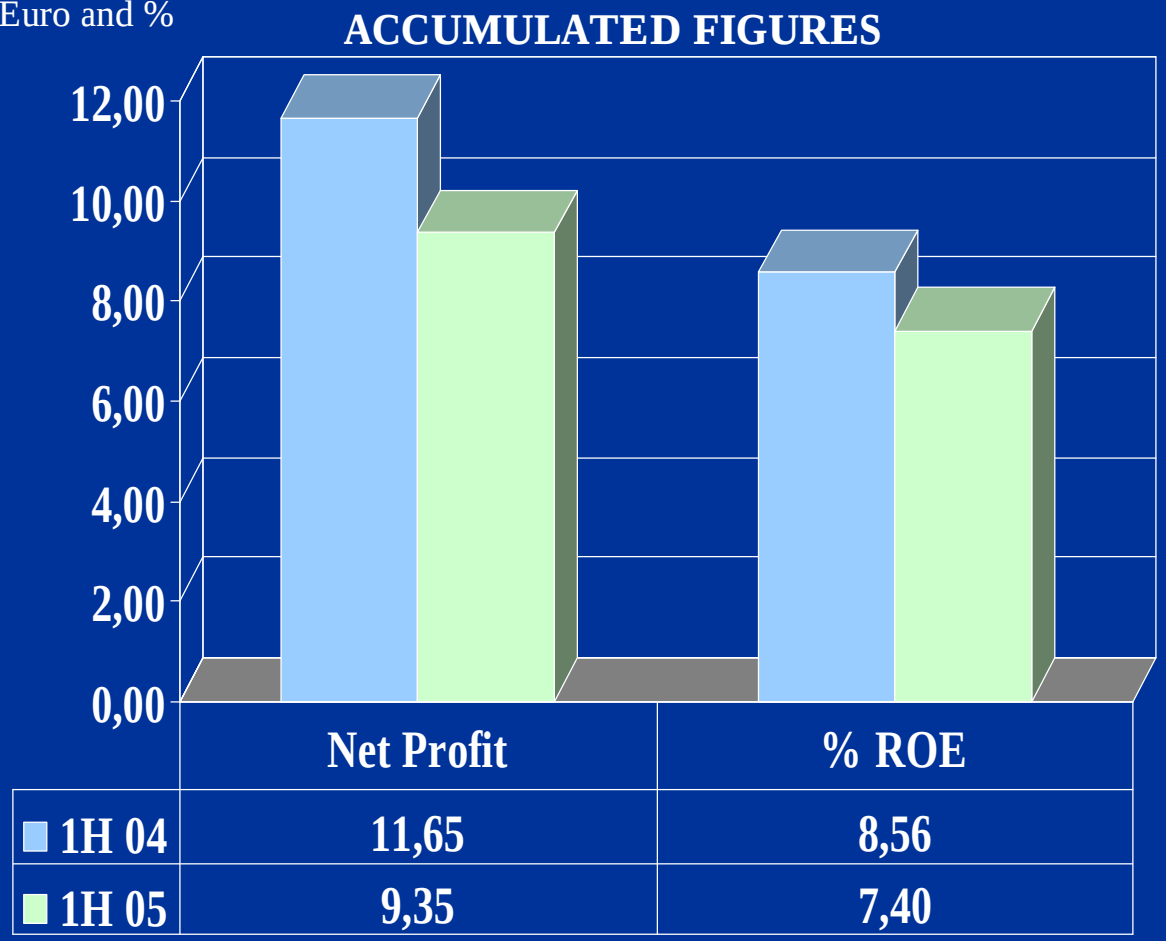
NET PROFIT AND ROE (*): **Net Profit is 19,9% lower than 1H04´s. This decrease is partially caused by the results obtained during 1Q05. Second quarter shows a 21% growth in Net Profit. Annualised ROE is 7,40%**

Million Euro and %



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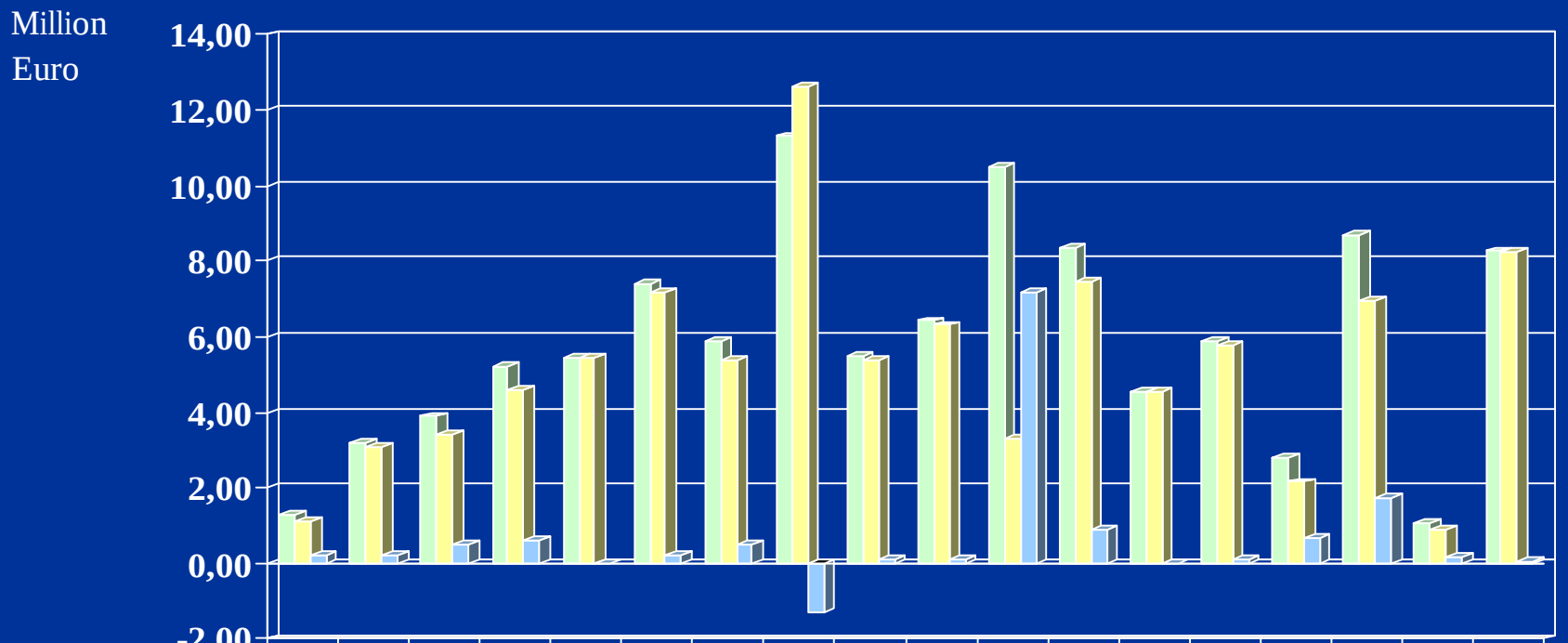
QUARTERLY NET PROFIT EVOLUTION (*)



	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	2Q 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	8,27
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	8,23
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	0,04

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Balance Sheet and Debt Analysis

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Balance Sheet (*): **Financial leverage decreases to 31,6% from 33% at the end of 1Q05. The Group used 3,77 MM EUR to pay dividend and 3,10 MM EUR to the purchase of own shares in order to cancel them as it was approved in the Shareholders Meeting.**

Million Euro	*GROUP*		*CASINGS*		*VEGETABLES*	
	jun-05	*mar-05*	*jun-05*	*mar-05*	*jun-05*	*mar-05*
Non current assets	247,5	237,6	217,6	208,7	29,9	28,8
Inventories	106,1	103,7	82,6	77,9	23,5	25,8
Debtors	92,4	79,1	64,0	57,3	28,4	21,8
Other assets	0,0	0,0	0,0	0,0	0,0	0,0
EMPLOYED CAPITAL	*445,9*	*420,4*	*364,2*	*344,0*	*81,8*	*76,4*
Equity	257,7	244,4	221,1	208,1	36,6	36,3
Provisions	37,2	35,6	37,2	35,6	0,0	0,0
Trade and other creditors	55,2	46,0	39,4	34,0	15,8	12,0
Other current liabilities	15,0	13,0	14,5	12,6	0,6	0,4
Net debt	80,8	81,3	52,0	53,7	28,8	27,6
INVESTED CAPITAL	*445,9*	*420,4*	*364,2*	*344,0*	*81,8*	*76,4*

(*) 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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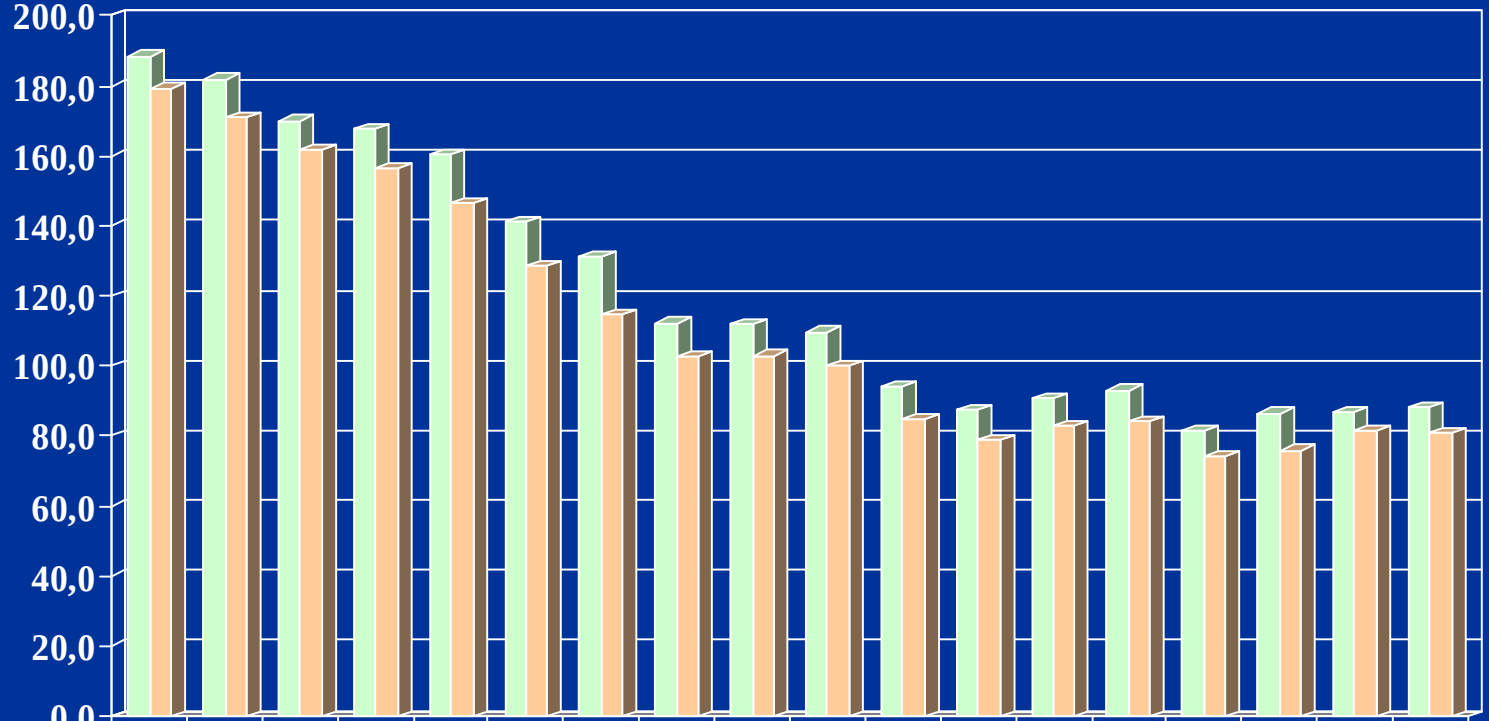
Net Debt has increased 0,5 MM EUR in the quarter, being the ending level 80,8 MM EUR.

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	2Q 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	88,1
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	80,8

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COMMENTS ON 2005 FORECASTS

(based on the guidance released at the beginning of 2005)

	BASE Mill. Euros	BEST Mill. Euros	WORST Mill. Euros
Sales	364,24	371,35	357,47
EBITDA	59,60	64,47	55,06
EBIT	27,95	32,86	23,38
Ordinary Profit	25,00	29,90	20,50
PBT	24,60	29,50	20,10
Net Profit	18,69	22,51	15,11
Capex	24,00	24,00	24,00
Net Debt	57,0	53,2	60,6
% Gearing	22%	20%	24%
% ROE	7,3%	8,8%	6,0%

- **With today´s available information, the Group considers valid the base scenario released in February, as guidance for the foreseeable net profit for 2005.**

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