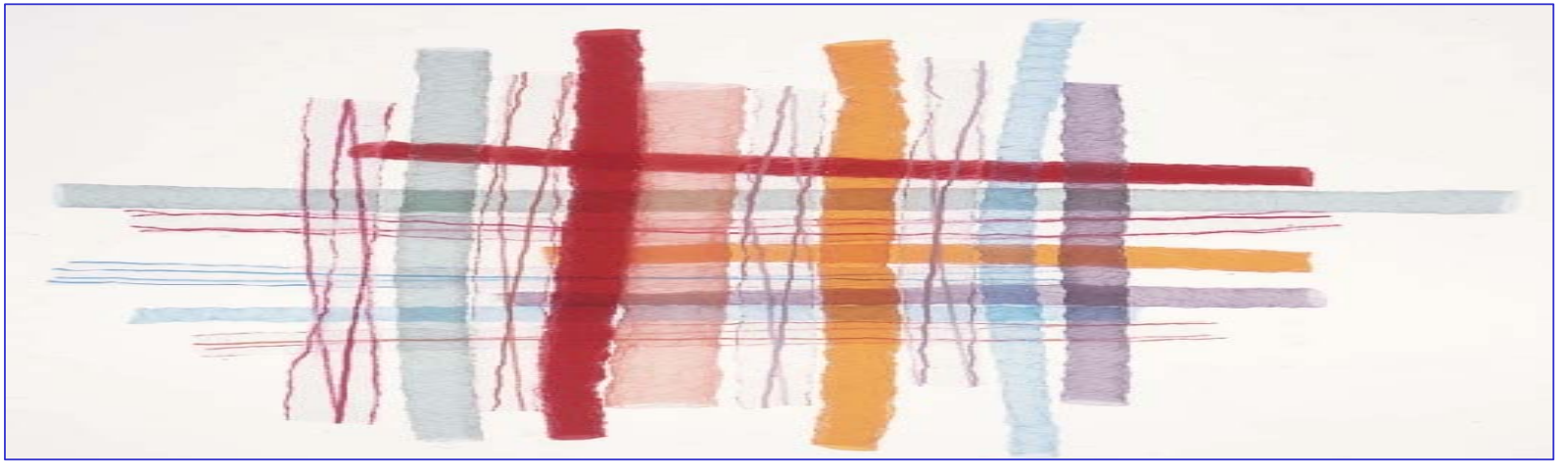
Results

January-December 2006



28th February, 2007

Disclaimer

This document contains additional non-compulsory forward-looking statements on intentions or expectations of the Company as of the date of its publication whose only purpose is to provide further information on perspectives on future performance.

Such forward-looking statements do not constitute any guarantee of future performance and involve risks and uncertainties as well as other important factors that could cause actual developments or results to differ essentially from those expressed in our forward-looking statements.

Analysts and investors in particular as well as any other persons or entities who must take decisions or give advise on investments in the Company should not place undue reliance on those forward-looking statements.

The financial information contained in this document has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited and, therefore, subject to potential future modifications.

Viscofan: Results highlights – 2006 year.

- **Best Net profit ever: €31.3MM**
- **Acceleration in organic growth, both meat casing and canned vegetables.**
- **Strong improvement in EBITDA margin (+1,5 p.p.) in a year of integration of the new assets acquired in 2005 and 2006, and despite strong increase in cost of energy.**
- **45.6% y-o-y EBITDA growth and 74.4% in EBIT.**
- **Fulfilling the main financial targets revised upwards in 9M06.**
- **Sound cash flow and healthy financial situation.**

Consolidated results

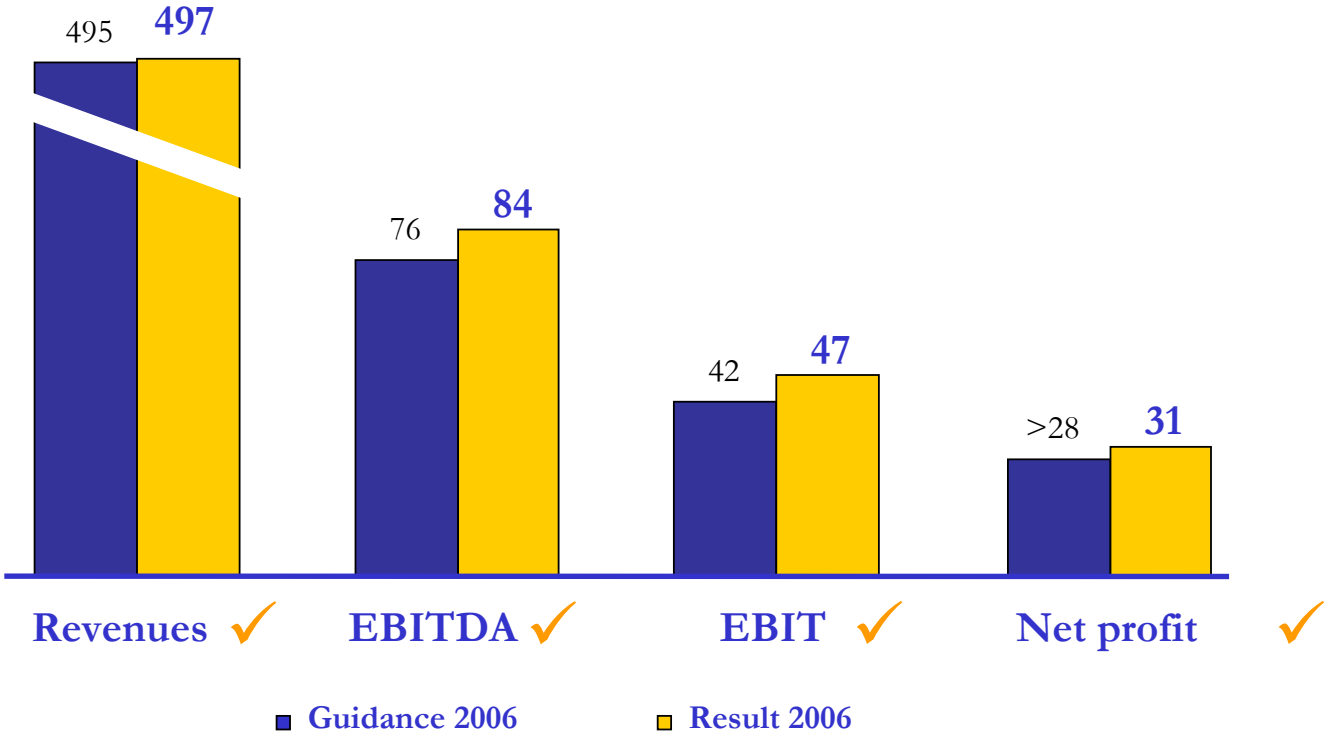
Sound growth in a year for integration

MM €	4Q06	% y-o-y	2006	% y-o-y	organic[1] % y-o-y
Revenues	127.1	26.8%	497.2	32.7%	+13.1%
EBITDA	23.3	35.4%	83.6	45.6%	+25.2%
EBITDA margin	*18.4%*	*+1.2 p.p.*	*16.8%*	*+1.5 p.p.*	*+1.6 p.p.*
EBIT	10.6	7.4%	46.6	74.4%	
Ajusted[2] EBIT	17.9	81.3%	53.9	101.8%	
Net profit	10.1	45.5%	31.3	58.9%	+16.2%

[1] Organic growth compares like-for like consolidation perimeter

[2] As a consequence of the valuation of the companies acquired by Viscofan compared with its purchase price the Group have recorded a non recurrent positive result of €13,5MM.

2006, results that have surpassed the expectatives

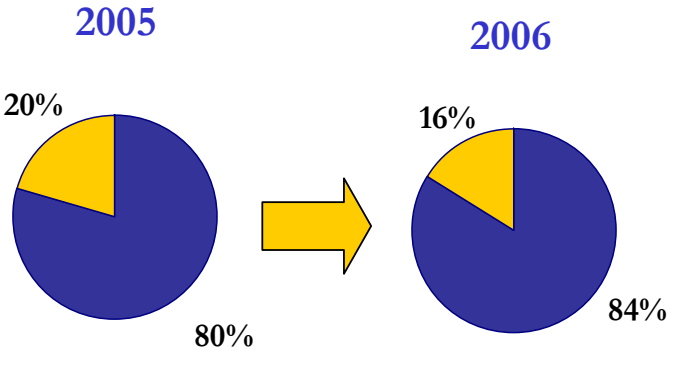


Capex: €32MM

Consolidated results

Improvement in revenues, both business and geographic areas…

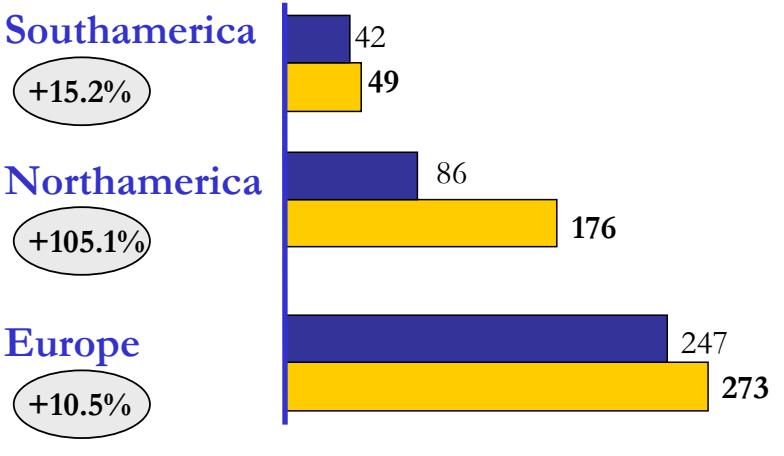
Revenues



- Casings: **+38.9% vs. 2005 (+14.3% organic[1])**
- Canned vegetable: **+8.0% vs. 2005**

[1]Organic growth compares like-for like consolidation perimeter

Revenues[2] (MM €)

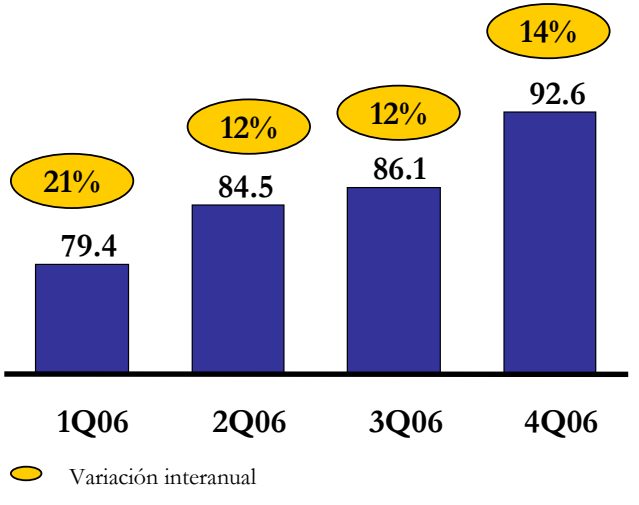


[2] Revenues per origin of sales

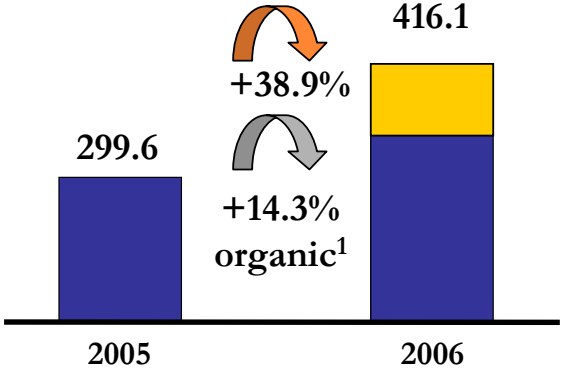
Meat casing business 2006

Double digit growth sustained during all 2006

Organic revenues[1] (MM €)



Revenues (MM €)

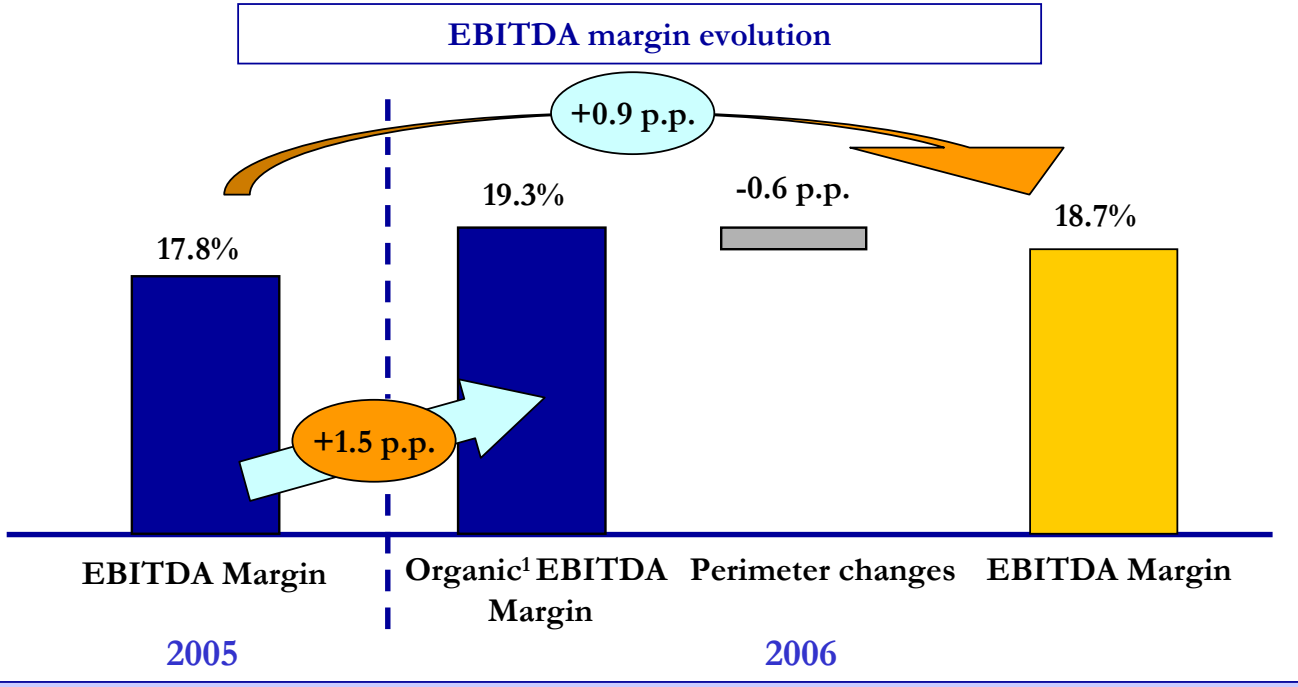


Accelerating quarterly year-on-year growth, showing demand strength and recovering in prices

[1]Organic growth compares like-for-like consolidation perimeter

Meat casing business 2006

Higher size with better margins…



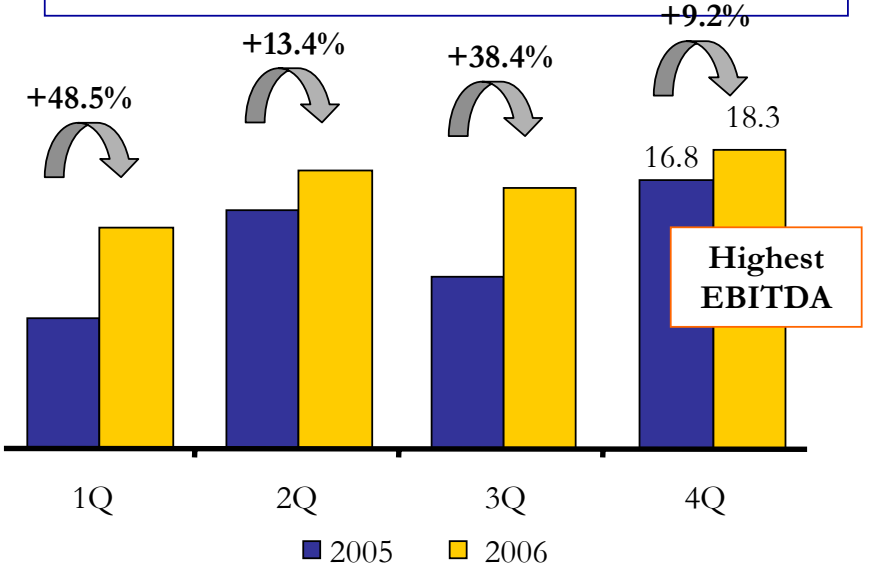
Encompassing integration efforts and improvements in production efficiencies in all the facilities of the Group.

[1]Organic growth compares like-for like consolidation perimeter

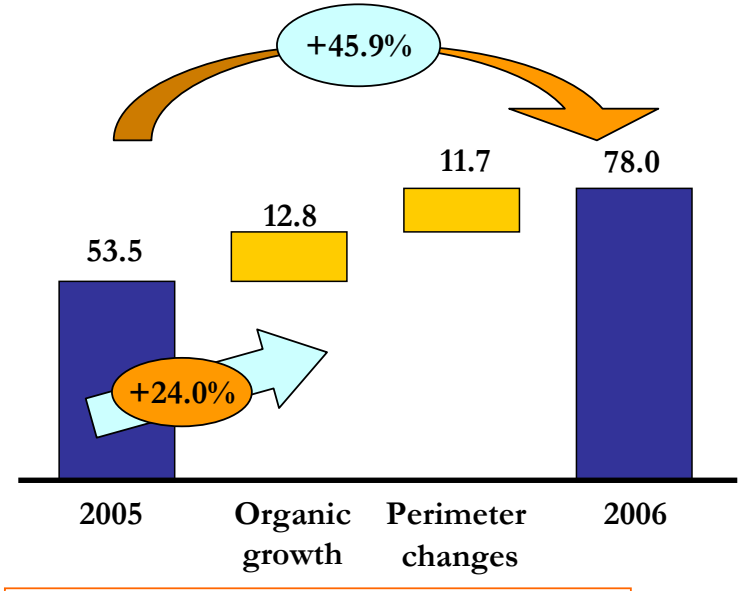
Meat casing business 2006

…showing an outstanding EBITDA growth.

Organic[1] EBITDA Evolution



Accumulated EBITDA (MM€)



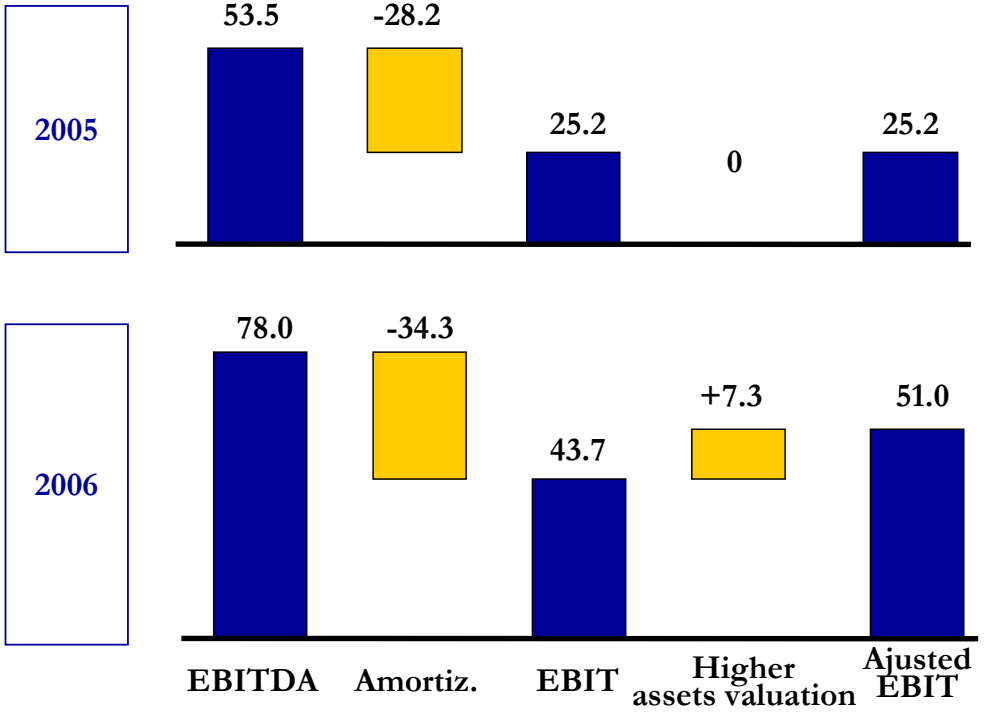
Non recurrent results: +€5.2MM

Leveraging better revenues and cost control

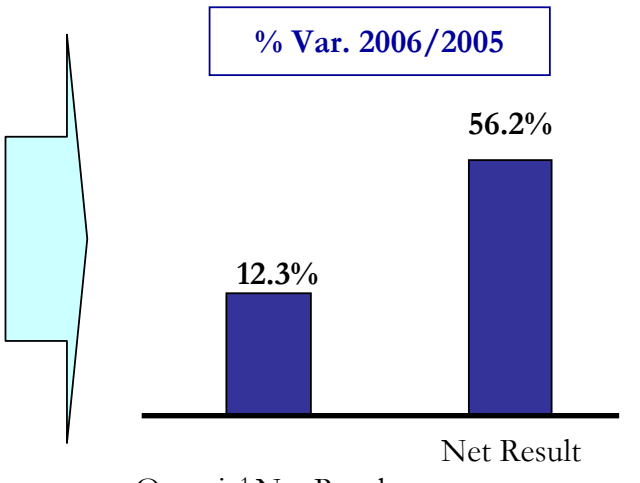
[1]Organic growth compares like-for-like consolidation perimeter

Meat casing business 2006

Strong EBIT and Net profit growth



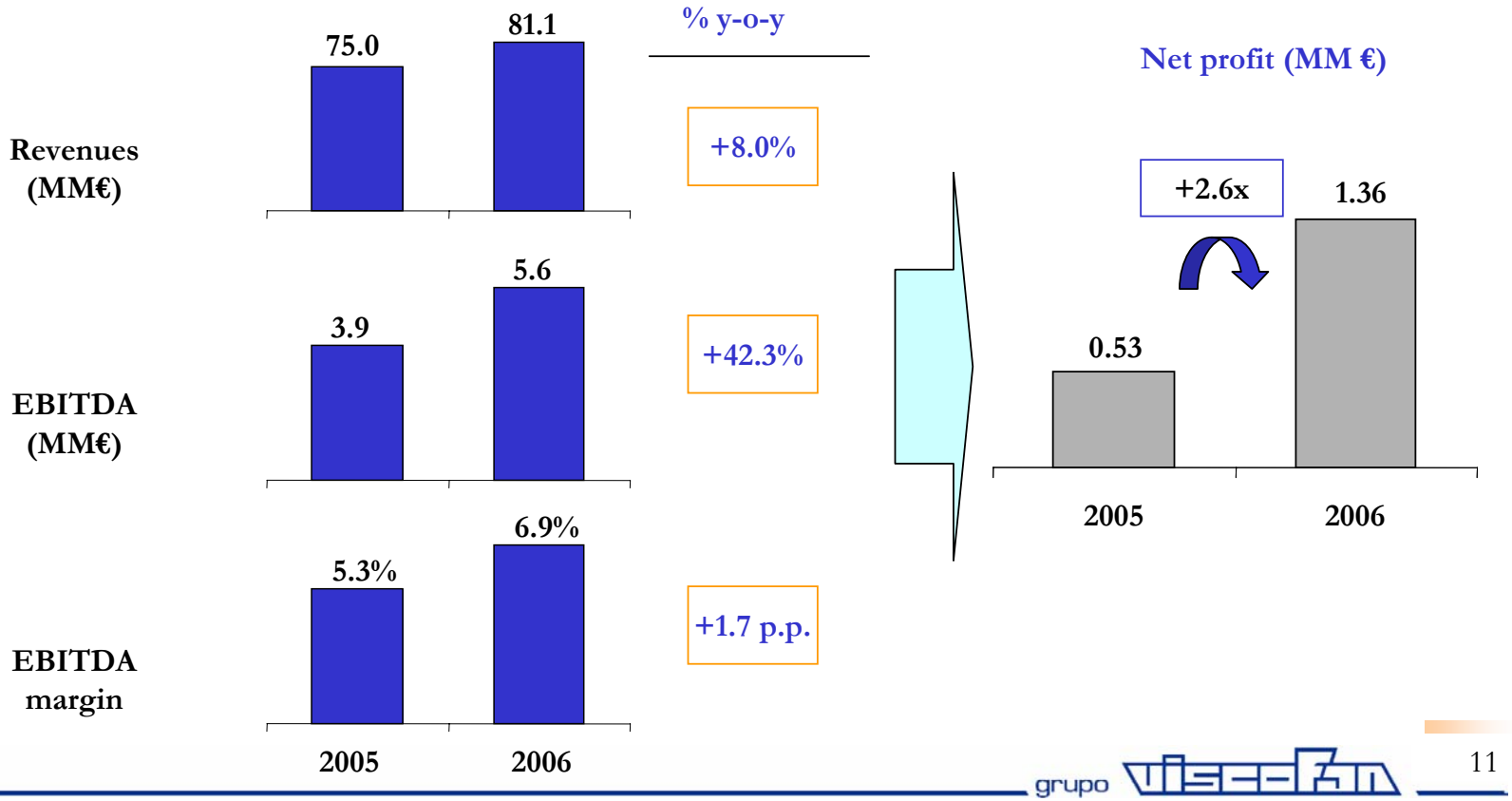
% Var.	+45.9%	+21.6%	+73.1%	n.s.	+102.1%



[1]Organic growth compares like-for-like consolidation perimeter

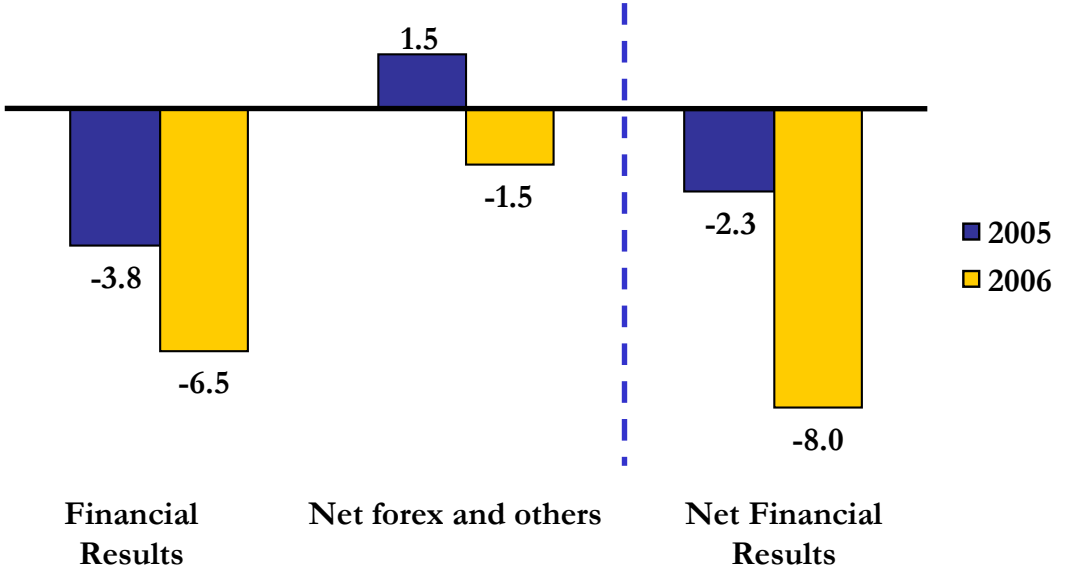
Canned vegetables 2006 results

Accelerating growth and recovering margins



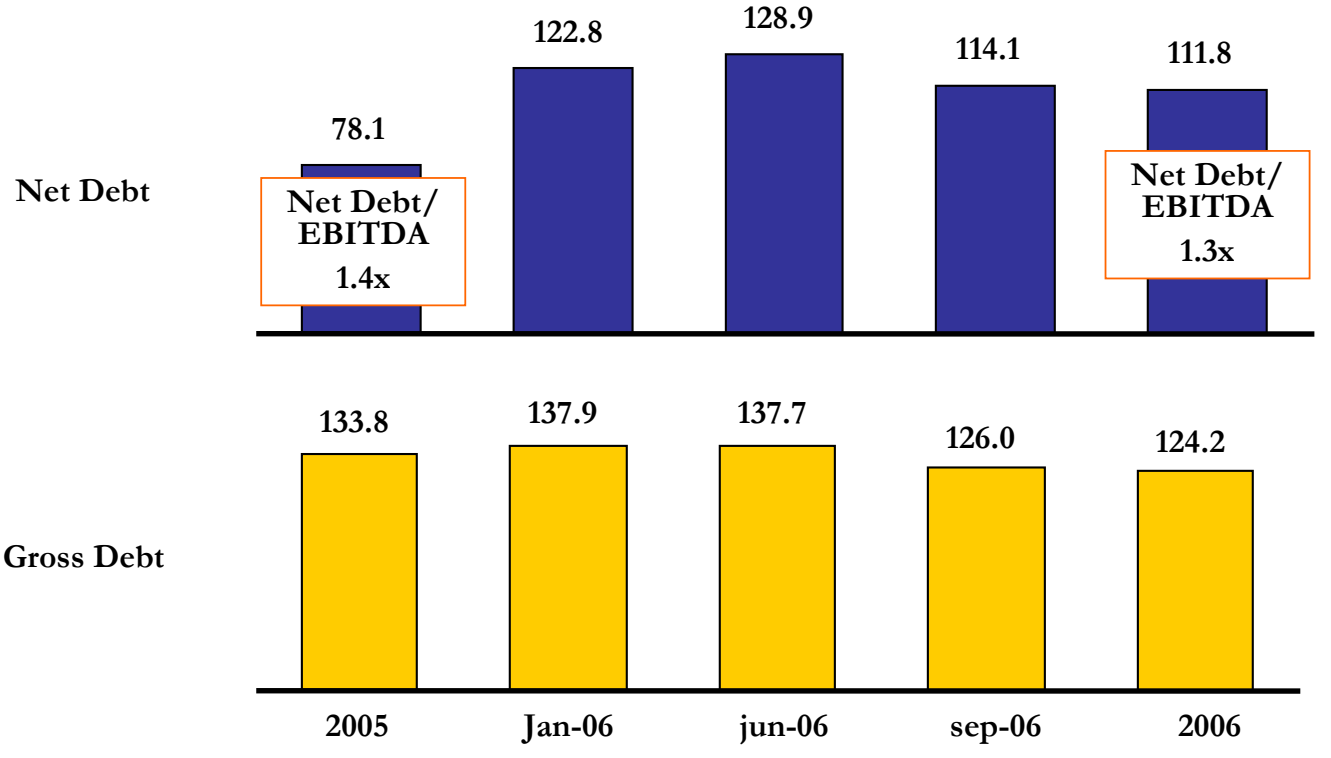
Viscofan Group: Financial Result

Financial results breakdown



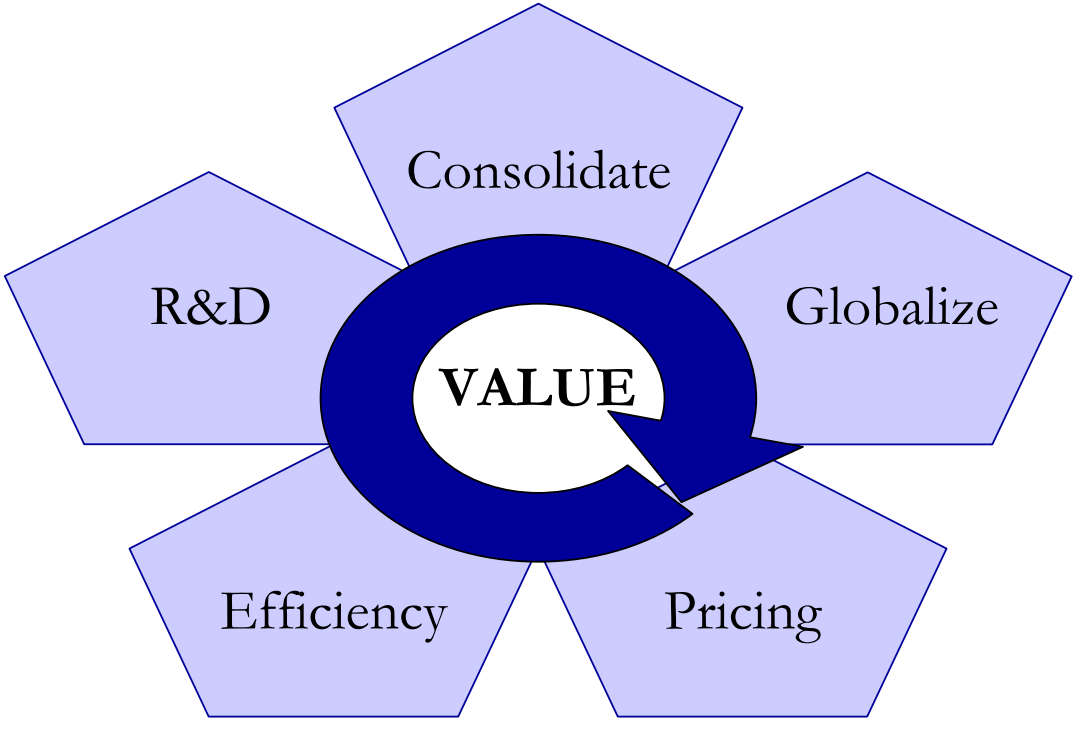
Higher losses in financial results due to higher debt and a worse performance of the forex rate US$ vs. €.

Financial Debt MM €



Sound financial situation despite higher net debt due to Teepak acquisition in January 2006. Financial leverage 41.7%

Viscofan: Setting the guidelines to create a sustained value



"Higher value through improvement in profitability and cash flows optimization"

Consolidate

Viscofan has maintained its leadership in the meat casing industry…

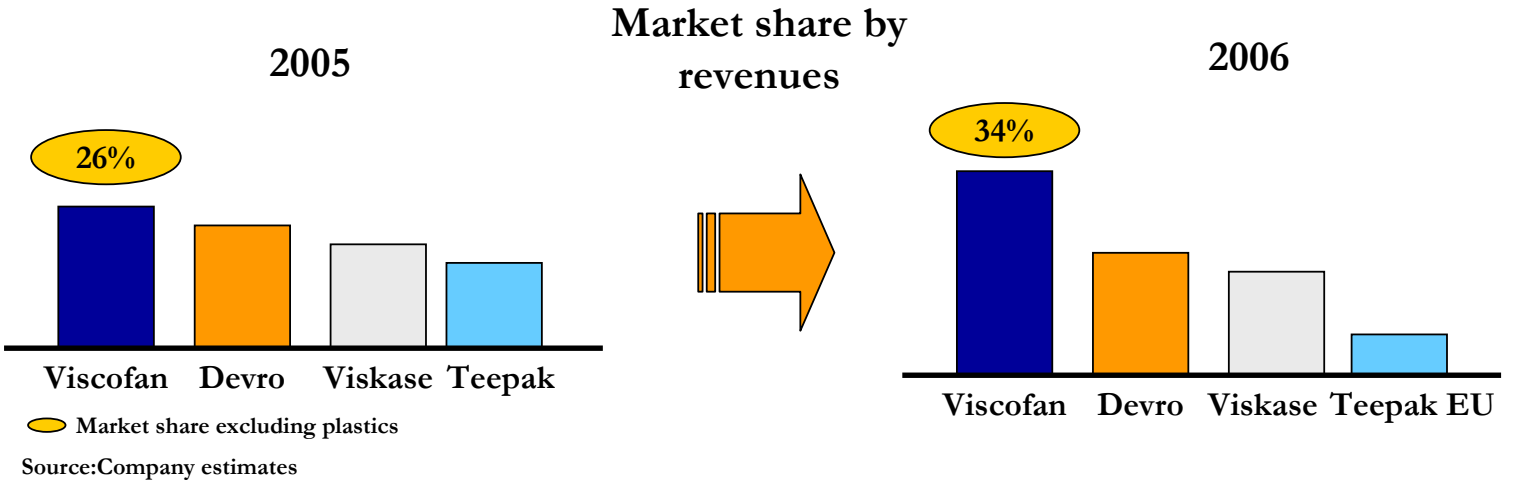
	1975	1990	2000	2006
# Skinless	5th	3rd	2nd	1º
# Collagen	No presence	2nd	2nd	2º
Footprint[1]	España	Spain Germany EEUU&Canada	Europe: Spain, Germany, & Czech Rep. EEUU&Canada Latam: Brazil&Mexico	Europe: Spain, Germany, Czech Rep.,& Serbia EEUU&Canada Latam: Brazil&Mexico

…leading the artificial meat casing industry by revenues, EBITDA and customers

[1] Footprint represented by countries with manufacture plants

Consolidate

Teepak acquisition: A wise move that have changed the market landscape...



Source:Company estimates

Consolidation of the market and clear leadership	VS.	Price deterioration
Higher scale and synergies	VS.	Increase in direct costs
Stronger presence in USA, Mexico & Canada Logistic benefits	VS.	Unclear global scale

Consolidate

…widening Viscofan range of products…

	Skinless	Collagen	Fibrous	Plastic
Viscofan	✓	✓	✓	✓
Devro	X	✓	X	✓
Viskase	✓	X	✓	✓
Visko[1]	✓	X	✓	✓
Kalle	X	X	✓	✓
Nippi	X	✓	X	X
Nitta	X	✓	X	X
Case-Tech	X	X	✓	✓
Fibran	X	✓	X	X
Fabios	X	✓	X	X
Belkozin	X	✓	X	X
Wuzhouv	X	✓	X	X

Unique player that produces all meat casing products

… and consolidating Viscofan as a global leader.

[1] VT Holding acquired Teepak UE on January 23rd, 2007

Consolidate

Milestones in the integration of Koteks (Serbia)

	Status
▪ Transfer the machinery from Tripasin.	✓
▪ 2x the output at the end of the process.	*Dec'07*
▪ Improve Koteks´old product quality.	✓
▪ Achieve ISO 9001 v. 2000.	*Dec'07*
▪ Fulfill regular veterinary-sanitary conditions for export of the casing for susages made out of animal´s origin raw material.	✓

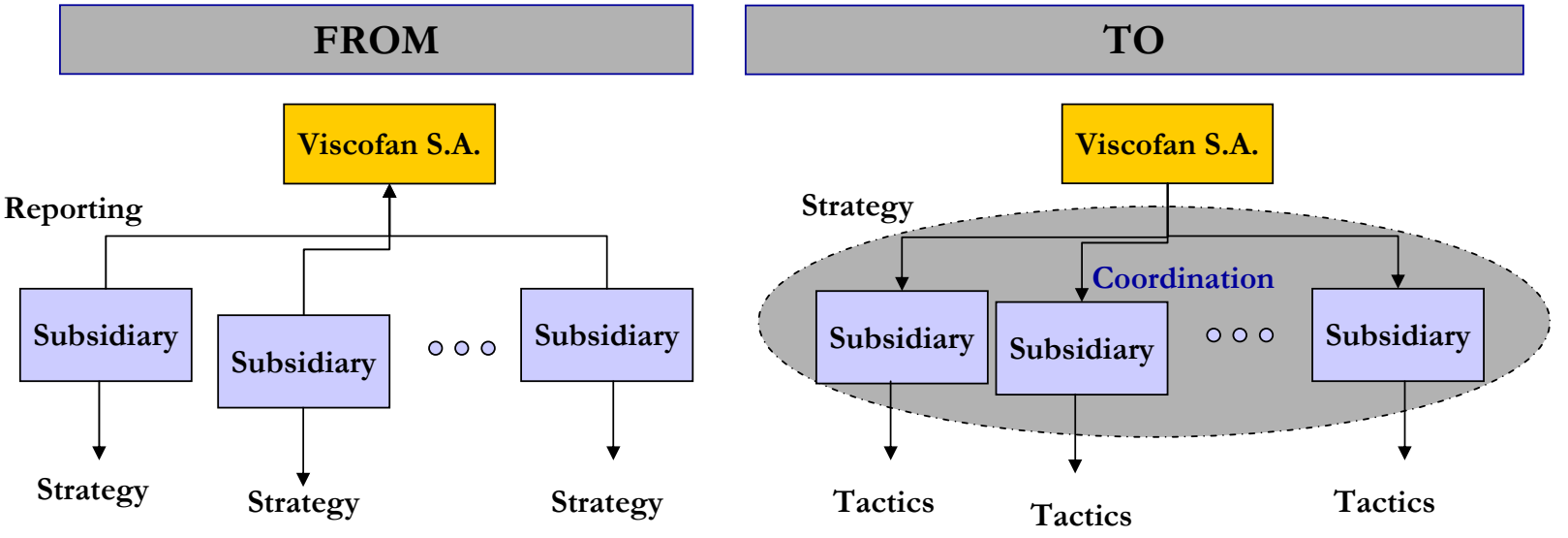
Consolidate

Milestones in the integration of Teepak

	Status
▪ Transfer the production from North Kansas city (Teepak) to Montgomery (Viscofan USA), closing the former manufacture centre.	✓
▪ Agreement with Danville Union (Teepak), reducing long term liabilities for post retirement benefits, increases in annual wage of 0.25 US$ per hour until 2010 and flexibility for and additional 30% of reduction in personnel if needed.	✓
▪ Continuing the restructuring process, looking forward a higher productivity and quality.	*2007*
▪ Integration of Viscofan and Teepak distribution sales network.	✓
▪ Product homogenization between Viscofan Group's companies.	*2007*

Globalize

Take advanteage of our global scale.

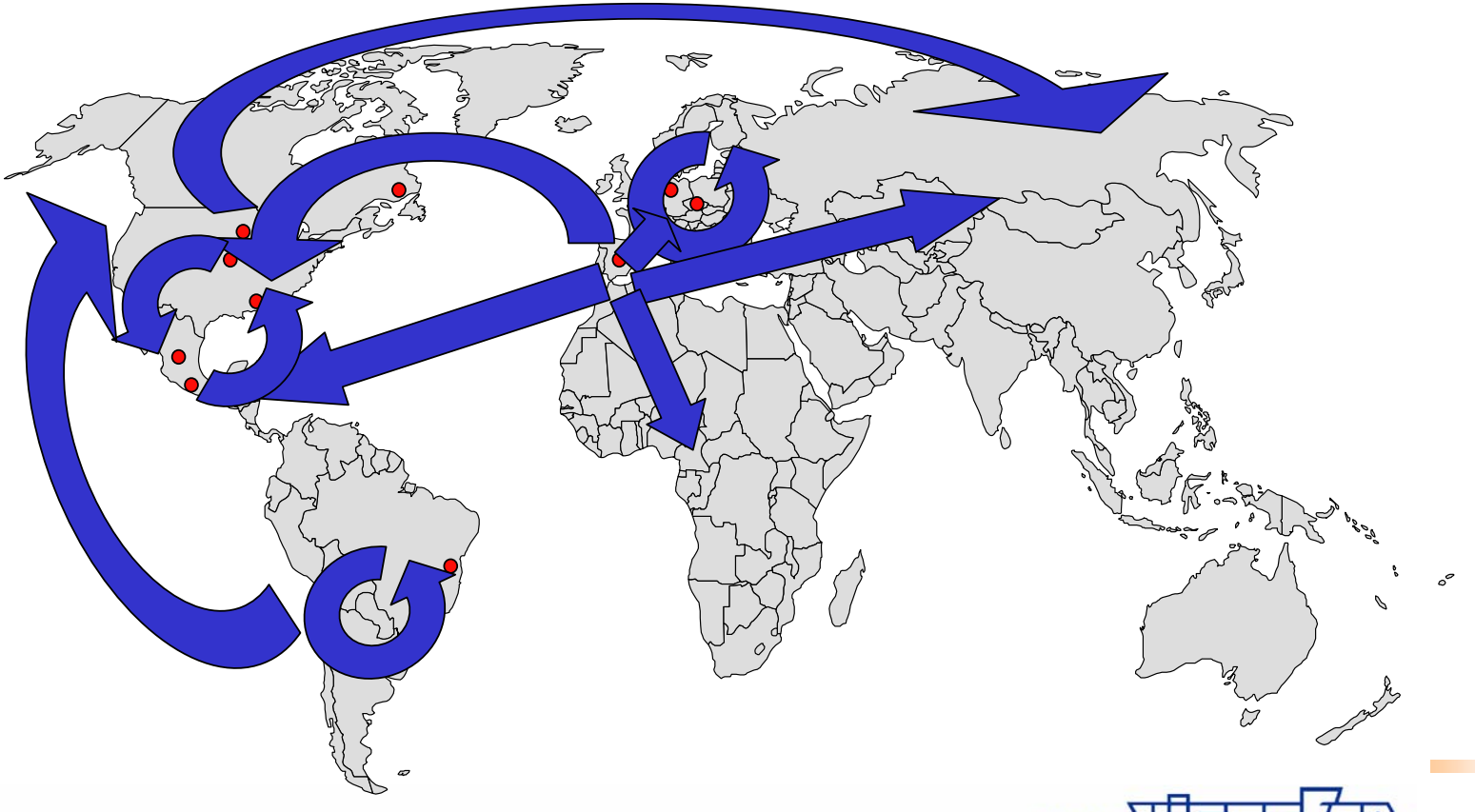


- Encompas Global solutions for Global customers and Local answers for Local needs

Globalize

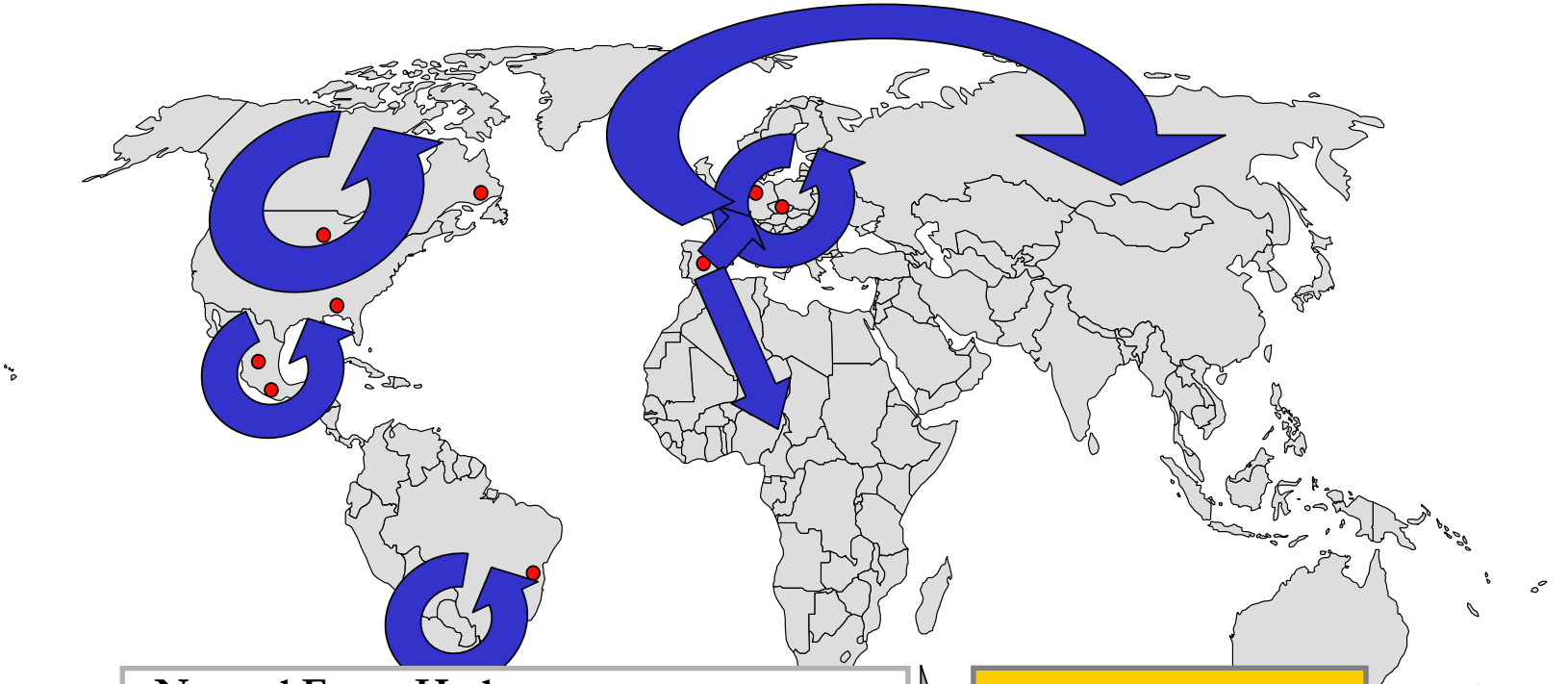
Skinless: From a high exposure to currency fluctuations….

Commercial transactions



Globalize

…to a natural currency hedge.



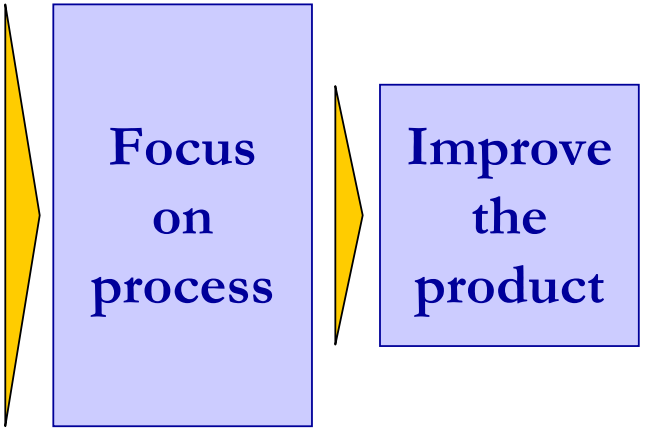
-Natural Forex Hedge
-Reduce transport and management cost
-Reduce customs taxes

€2,5MM annual recurrent synergies

Globalize

Skinless production reallocation: steps to follow

- Adapt Teepak production to Viscofan standards.
- Achieve complete interchangeability through a total homogenization in the products.
- Introduce production extruded in Danville to traditional Viscofan USA customers



Pricing

Starting point: The lowest price in the history.

- Skinless prices had come down by 40% in last 10 years.
- No leadership in the industry lead to a market share focus by volume.
- Leadership based on products and regions.

Price deterioration + Market share by volume + No clear global scale

+

Increase in raw material prices and other direct costs

→ Low profitability industry

Pricing

Change in trend: Recovering prices

- The industry needs solid competitors with enough profitability to create value and reinvest in the industry.
- Focus should be on quality and service.

Profitability in the Industry → Reliable suppliers

- Viscofan has increases skinless prices by 5% during 2006 and claims to recover more rational level for meat casing prices.
- Viscofan has encompassed rises in prices and higher volumes.

Efficiency

Implement the best practices

Production

- Cáseda (Spain) is leader by production efficiency.
- New acquisitions have efficiency ratio significantly below Cáseda best practice.
- Actions to improve quality ratio and efficiency between Viscofan's facilities:
  - Moving Viscofan personnel to the new facilities acquired, transmission of the know-how
  - Establishing control in the process to improve production stability.
  - Proactive maintenance: Adjustments and improvements in machinery to increase efficiency

-Optimize and maximize the output from our manufactures

Efficiency

Implement the best practices

Sales

- Commercial team oriented by region vs. by product.
- Commercial team divided in 8 regions that report directly to the commercial manager:
  - Improve communication flow and decisions speed
  - Closer control, and best service
- Relocation of Sales, Technical service and Customer service by regions in order to increase the coordination and the efficiency.
- To take advantage of global prosence, both in sales force and production.

-Strengthen customer relationship with a high-quality product and service, through coordination and proximity.

Efficiency

A more competitive and productive structure

Teepak

- Reduce post retirement employees benefits liability, with a net impact in EBITDA of €11.7MM.
- Cost per hour, US$ 0.25 increase per annum, until 2010.
- Reducing workforce from 1,000 to 800. 25% reductions in workforce if needed.

Spain

- New labour agreement signed

Koteks

- Elimination of non-core activities.
- Reduce workforce from 540 in 2005 to 263 employees

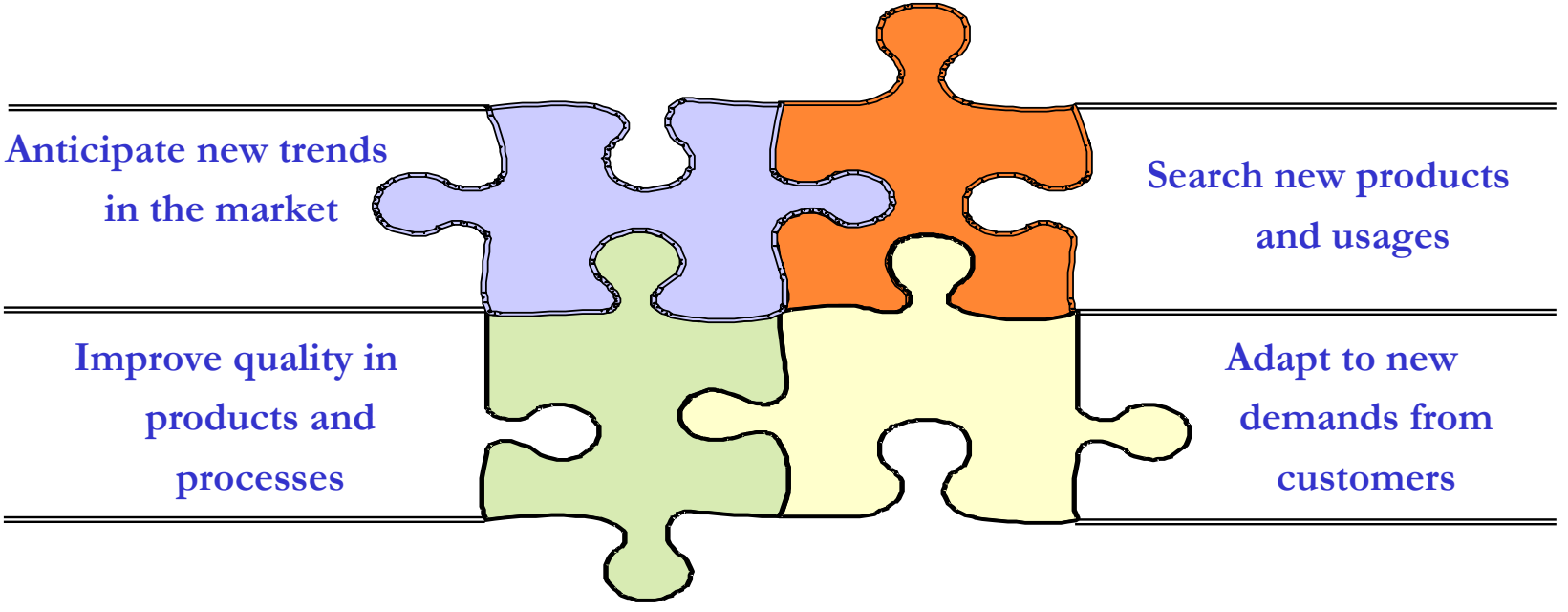
Germany

- Translation of plastics to Czech Republic and Brazil.
- New labour agreement: more hours working, lower premiums and salaries.

Reduce workforce in 2006: 413 employees → **Annual recurrent savings €6MM**

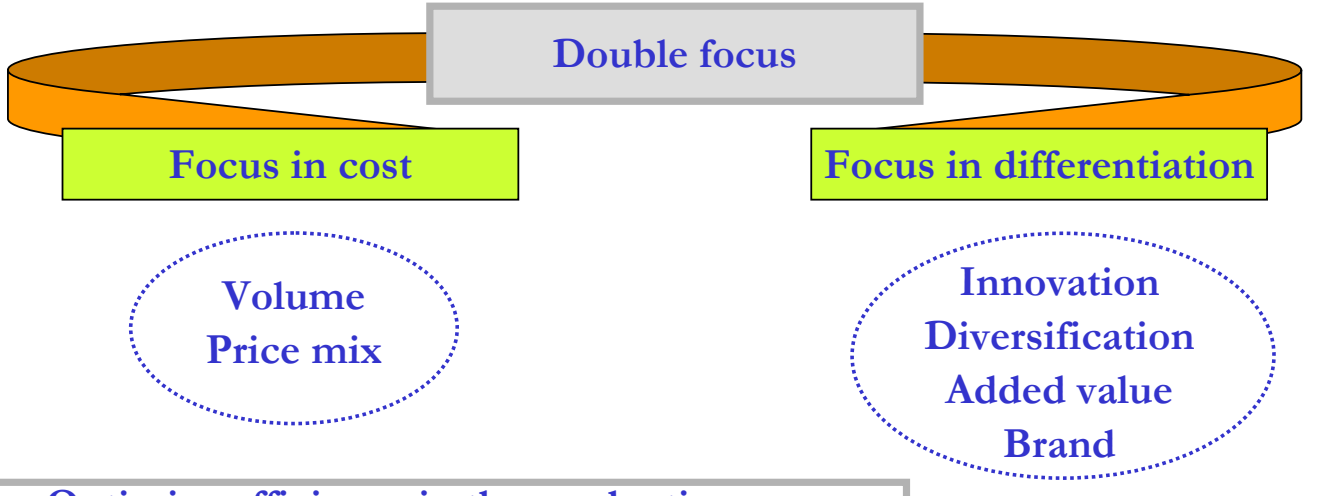
R&D

Enhance R&D



IAN, setting the bases for a solid performance

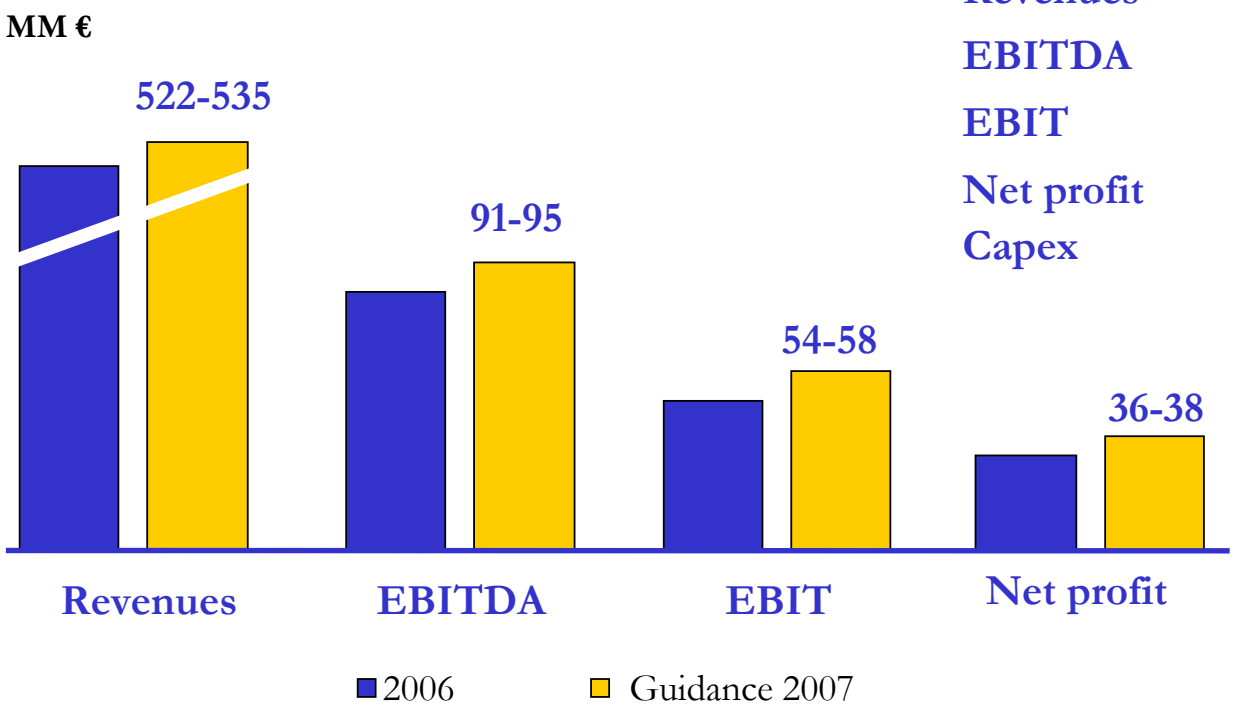
- Strong competition in canned vegetables market, dominated by distribution channel companies.



- Optimize efficiency in the production process
- Assure pay back < 1 year in capex

Guidance 2007: Consolidation of the growth and strong improvement in profitability

	% Var.
Revenues	5%-8%
EBITDA	9%-14%
EBIT	16%-24%
Net profit	15%-21%
Capex	<€36MM



To sum up

- First mover in the consolidation of the market strengthen Viscofan's leader profile.
- Solid 2006 results, price recovery and new efficiency initiatives start to pay off..
- 2007 challenges: Consolidate and restructurate to adapt the Group to its new dimension.
- A clear focus: Sustained growth in profitability and value.

Appendix

Viscofan Group Income statement (Data in thousand €)

	Jan-Dec' 06	Jan-Dec' 05	% Change	Oct-Dec' 06	Oct-Dec' 05	% Change
Revenues	**497,160**	**374,692**	**32.7%**	**127,076**	**100,243**	**26.8%**
Other operating income	3,596	5,794	-37.9%	1,161	4,404	-73.6%
Variation in stocks of finished products and work-in-progress	-3,744	4,900	c.s	614	1,526	-59.8%
Net purchases	-149,398	-131,132	13.9%	-36,628	-34,826	5.2%
Personnel expenses	-128,223	-104,703	22.5%	-33,714	-28,487	18.3%
Other operating expenses	-135,781	-92,142	47.4%	-35,167	-25,623	37.2%
EBITDA	**83,610**	**57,409**	**45.6%**	**23,342**	**17,237**	**35.4%**
Depreciation and amortisation	-37,022	-30,703	20.6%	-12,707	-7,338	73.2%
EBIT	**46,588**	**26,706**	**74.4%**	**10,635**	**9,899**	**7.4%**
Gain (Loss) after impairment test	7,311	0	n.s.	7,311	0	n.s.
EBIT adjusted after impairment test	**53,899**	**26,706**	**101.8%**	**17.946**	**9,899**	**81.3%**
Financial result	-8,019	-2,335	243.4%	-2,134	-1,243	71.7%
Profit before taxes	**45,880**	**24,371**	**88.3%**	**15,812**	**8,656**	**82.7%**
Income tax	-14,580	-4,676	211.8%	-5,709	-1,721	231.7%
Profit after taxes	**31,300**	**19,695**	**58.9%**	**10,103**	**6,935**	**45.7%**
Minority interests	0	0	n.s.	0	10	n.s.
Net profit	**31,300**	**19,695**	**58.9%**	**10,103**	**6,945**	**45.5%**

Appendix

Meat casing income statement ('000€)

	Jan-Dec' 06	Jan-Dec' 05	% Change	Oct-Dec' 06	Oct-Dec' 05	% Change
Revenues	416,109	299,643	38.9%	105,914	81,284	30.3%
EBITDA	77,995	53,463	45.9%	21,744	16,751	29.8%
Margin EBITDA	*18.7%*	*17.8%*	0.9 p.p.	*20.5%*	*20.6%*	-0.1 p.p.
EBIT	43,651	25,222	73.1%	9,641	9,732	-0.9%
EBIT adjusted after impairment test	50,962	25,222	102.1%	16,952	9,732	74.2%
NET PROFIT	29,938	19,168	56.2%	9,679	6,788	42.6%

Tinned vegetables income statment ('000€)

	Jan-Dec' 06	Jan-Dec' 05	% Change	Oct-Dec' 06	Oct-Dec' 05	% Change
Revenues	81,051	75,049	8.0%	21,162	18,959	11.6%
EBITDA	5,615	3,946	42.3%	1,598	486	228.8%
Margin EBITDA	*6.9%*	*5.3%*	1.7 p.p.	*7.6%*	*2.6%*	5.0 p.p.
EBIT	2,937	1,484	97.9%	994	167	495.2%
EBIT adjusted after impairment test	2,937	1,484	97.9%	994	167	495.2%
NET PROFIT	1,362	527	158.4%	424	157	170.1%