Highlights of January-September 2007 results

- Net profit amounted to €31.7 million, 49.7% up on that achieved over the first nine months of 2006 and exceeding the net profit for the full-year, both in casings and canned vegetables.
- Recurrent consolidated EBITDA rose 47.6% to €74.7 million, with significant improvement both in casings and canned vegetables, helped by cost reductions in both businesses.
- Recurrent EBITDA margin up 6.0 percentage points to 19.6%, keeping the EBITDA margin in the casings business above 20% for the fourth quarter running.
- Consolidated revenue amounted to €380.4 million, up 2.8% on the previous year.
- Despite a higher than expected fall in the USD/EUR exchange rate, the company is reiterating its 2007 targets announced in 1H07 results.

Change in scope of consolidation

- The Group included the same companies in the scope of consolidation in 2007 and 2006.

Key events

- In January 2007, Viscofan's Board of Directors adopted the distribution of an interim dividend from 2006's results, in a gross amount of €0.14 per share. This represented a 79.5% increase compared with the interim dividend from 2005's results, distributed last year. The abovementioned dividend was paid on 30 January 2007.
- The General Meeting of Shareholders of 18 June 2007 adopted the distribution of a €0.16 per share redemption premium. Added to the dividend per share and the Meeting attendance premium, this gives €0.305 remuneration per share, or a 58.0% increase on the previous year.
- On 1 October 2007, the share capital reduction resulting from the cancellation of 662,964 Viscofan S.A. treasury shares was registered with the Registro Mercantil (Trade Registry), thereby reducing the Company's share capital by €198,889.20. The share capital now stands at €14,189,052.60, comprised of 47,296,842 shares. The company has accordingly returned over €8.0 million to shareholders in this manner.

Consolidated Group Results for the first nine months of 2007

Viscofan Group Profit and loss account ('000 €)

	Jan-Sep' 07	Jan-Sep' 06	% Change	Jul-Sep' 07	Jul-Sep' 06	% Change
Revenues	**380,354**	**370,084**	**2.8%**	**125,606**	**123,754**	**1.5%**
Other operating income	2,874	2,435	18.0%	1,082	782	38.4%
Variation in stocks of finished products and work-in-progress	6,425	-4,358	c.s	657	-4,031	c.s
Net purchases	-116,252	-112,770	3.1%	-39,839	-37,260	6.9%
Personnel expenses	-98,172	-94,509	3.9%	-32,348	-34,528	-6.3%
Other operating expenses	-100,544	-100,614	-0.1%	-32,184	-31,541	2.0%
EBITDA	**74,685**	**60,268**	**23.9%**	**22,974**	**17,176**	**33.8%**
Depreciation and amortisation	-28,192	-24,315	15.9%	-9,549	-8,375	14.0%
EBIT	**46,493**	**35,953**	**29.3%**	**13,425**	**8,801**	**52.5%**
Gain (Loss) after impairment test	0	0	n.s.	0	0	n.s.
EBIT adjusted by impairment test	**46,493**	**35,953**	**29.3%**	**13,425**	**8,801**	**52.5%**
Financial result	-4,579	-5,885	-22.2%	-1,213	-1,585	-23.5%
Profit before taxes	**41,914**	**30,068**	**39.4%**	**12,212**	**7,216**	**69.2%**
Income tax	-10,179	-8,871	14.7%	-3,066	-1,292	137.3%
Profit after taxes	**31,735**	**21,197**	**49.7%**	**9,146**	**5,924**	**54.4%**
Minority interests	0	0	n.s.	0	0	n.s.
Net profit	**31,735**	**21,197**	**49.7%**	**9,146**	**5,924**	**54.4%**

Unaudited figures

Against a macroeconomic background that saw a sharp average accumulated fall in the value of the US dollar versus the euro (8.0% compared to the first nine months of 2006), consolidated revenues over the first nine months of 2007 amounted to €380.4 million, 2.8% up on that achieved over the same period the previous year. Excluding the impact of the exchange rates used in consolidation, the Group's consolidated net revenue would have grown by 5.0%.

Despite the aforesaid fall in exchange rates, in 3Q07, both the casings and canned vegetables businesses continued to post positive net revenue growth of +0.9% and +4.4%, respectively.

For the Viscofan Group, the third quarter sees greater seasonal consumption[1] as a result of production stoppages of the casing machinery for maintenance, and the commencement of the tomato season for the canned vegetables business.

Against this background, consumption[1] levels for yet another quarter were below those achieved over the same period the previous year, at €39.2 million in 3Q07 (-5.1% on 3Q06) and €109.8 million in cumulative terms (-6.2% compared to the first nine months of 2006).

Viscofan Group personnel costs amounted to €98.2 million, up 3.9% on the first nine months of 2006 mainly due to the lower personnel costs recorded in 1Q06 as a result of the clearing of post-retirement benefits at Teepak North America. Excluding non recurrent results[2], accumulated personnel costs to September 2007 fell 5.8% on the same period the previous year (€98.2million compared to €104.2million over the first nine months of 2006). In 3Q07, personnel costs amounted to €32.3 million, down 6.3% on those recorded in 3Q06, and in line with those recorded in 2Q07.

[1] Consumption = Variation in stocks + Net purchases

[2] +€9.7 million resulting from the clearance of post-retirement benefits at Teepak USA together with restructuring costs recorded over the first nine months of 2006.

The containment in costs brought cumulative total consolidated operating costs over the first nine months of 2007 in line with those achieved over the same period the previous year, despite greater commercial activity.

Cumulative EBITDA to September 2007 rose 23.9% on the previous year, to €74.7 million, and €23.0 million in 3Q07 (+33.8% compared to 3Q06). At constant exchange rates for consolidation purposes, cumulative EBITDA rose 25.5%.

Nevertheless, excluding non recurrent results of €9.7 million, EBITDA over the first nine months of 2007 rose 47.6% on the previous year.

The solid performance throughout the year of the EBITDA margin as a result of the aforesaid reduction in costs should be noted, enabling the margin to rise 3.4 percentage points on that achieved over the first nine months of 2006 to close to 19.6%. The strong quarterly performance was reflected in an EBITDA margin in 3Q07 of 18.3%, which contrasted with the 13.9% achieved in 3Q06, an improvement of 4.4percentage points, despite the seasonal nature of the period due to lower production activity as a consequence of maintenance stoppages.

Cumulative depreciation amounted to €28.2 million, up 15.9% on that recognised over the same period the previous year, as a result of the depreciation in Teepak's assets revalued at 2006 year-end. Excluding this impact, depreciation was in line with that recorded over the first nine months of 2006.

EBIT continued to grow at a faster pace and over the first nine months of 2007 amounted to €46.5 million, up 29.3% on the previous year, and 76.9% excluding non recurrent results. In quarterly terms, EBIT grew by 52.5% to €13.4 million, compared to the €8.8 million achieved in 3Q06.

The robust operating cash flow enabled the Viscofan Group to reduce consolidated net debt during this quarter by €22 million to €93.9million, some 16% lower than in December 2006.

The Group's financial leverage stayed under control, amounting to some 33.0% over the first nine months of 2007 compared to 43.8% over the same period of 2006.

The negative net financial results were 22.2% down on the previous year, to -€4.6 million, mainly on the back of the sharp fall in expenses owing to net exchange differences and the lower finance expenses resulting from smaller average net debt, combined with the weakening of the US dollar.

Pre-tax earnings rose 39.4% to €41.9 million over the first nine months of 2007, while in 3Q07 it amounted to €12.2 million (+69.2% compared to 3Q06).

In cumulative terms, consolidated tax rose 14.7% to €10.2million, with a tax rate of 24.3%, considerably down on the 29.5% rate achieved over the first nine months of 2006, positively affected by the use of tax credits mainly arising in North America.

For yet another quarter, Viscofan's operational strength, combined with a sound financial base, boosted the Company's accumulated earnings to September 2007 to €31.7 million, up 49.7%, an organic growth that just in nine months exceeds the earnings generated over full-year 2006. In 3Q07, earnings rose 54.4% on 3Q06 and exceeded €9.1 million.

The cumulative recurring earnings to September exceeded those generated over the first nine months of 2006 by 97.7%.

Results over the first nine months of 2007: Casings

Figures in € thousands

	Jan-Sep' 07	Jan-Sep' 06	% Change	Jul-Sep' 07	Jul-Sep' 06	% Change
Revenues	315,420	310,195	1.7%	103,430	102,504	0.9%
EBITDA	69,504	56,251	23.6%	21,011	15,419	36.3%
Margin EBITDA	*22.0%*	*18.1%*	3.9 p.p.	*20.3%*	*15.0%*	5.3 p.p.
EBIT	43,513	34,010	27.9%	12,409	7,982	55.5%
Net profit	30,343	20,259	49.8%	8,681	5,318	63.2%

Unaudited figures

Cumulative net revenue exceeded €315.4 million, up 1.7% on the first nine months of 2006. The sharp fall of the US dollar against the euro continued to slow revenue growth, offset by a better average price both for cellulose and collagen. Excluding the impact of the foreign exchange rates used in consolidation, net revenue rose 4.4% on the first nine months of 2006.

In 3Q07, net revenue was slightly higher (0.9%) than that achieved in 3Q06.

From a production perspective, the third quarter saw significant maintenance activities at the Group's main production plants, resulting in reduced efficiency associated with the production ramp-up processes.

Against this background, the lower cost of quarterly consumption[2] should be noted, down 9.4% on 3Q06 as a result of a shorter average production stoppage compared to the previous year, and to efficiency improvements, both in cellulose production in the Teepak plants (USA and Mexico), and in plastics production in the Czech Republic and Brazil.

In cumulative terms, consumption[2] fell by 12.3% compared to the first nine months of 2006, to €71.6 million, despite the continued increase in the volume of metres sold in the main business lines.

The ongoing productivity improvements, as a result of greater process automation, and improvements in production efficiency allowed greater labour optimisation, with staff in the casings business falling by 93 to 3.858 during 2007.

As a result, quarterly personnel costs fell by 7.6% on 3Q06, to €29.6 million. In cumulative terms, personnel costs rose slightly, by 3.5%, primarily as a result of the clearing in 2006 of post-retirement benefits at Teepak North America. Excluding these non recurrent results, personnel costs fell by 6.8%.

Measures designed to rationalise operating costs (which have already resulted in savings in consumption and a reduction in personnel costs), combined with incentives to boost revenue with a clear focus on value, enabled cumulative EBITDA of €69.5 million to be achieved to September, up 23.6% on that achieved over the first nine months of 2006 and 25.3% at constant exchange rates for consolidation purposes. As a result, the EBITDA margin over the first nine months of 2007 exceeded 22.0% (+3.9 percentage points on the same period in 2006).

Excluding the non recurrent results over the first nine months of 2006 (+€9.7 million), EBITDA in the casings business rose 49.4% over the first nine months of 2007 compared to the same period in 2006, and the recurring EBITDA margin rose 7.0 percentage points on the same period the previous year.

The quarterly EBITDA margin amounted to 20.3% compared to 15.0% in 3Q06, pushing the EBITDA margin over 20% for the fourth quarter running. It should be noted that, for the purposes of comparison, in 3Q06 plastics production had been moved to the Czech Republic and Brazil, with more competitive production costs than production in Germany during the first half of 2006.

[2] See note 1

As a result of these improvements, quarterly EBITDA exceeded €21.0 million, a 36.3% improvement on 3Q06.

EBITDA growth was reflected in EBIT, which amounted to €43.5 million, up 27.9% on that achieved over the first nine months of 2006, and 79.2% excluding non recurrent results. In quarterly terms, EBIT amounted to €12.4 million (+55.5% compared to 3Q06).

Net profit in the casings business amounted to €30.3 million, (up 49.8% on the first nine months of 2006) and €8.7 million for the quarter (+63.2% compared to 3Q06). Excluding non recurrent results, net profit was double that achieved over the first nine months of 2006.

Results over the first nine months of 2007: Canned vegetables

Figures in € thousands

	Jan-Sep' 07	Jan-Sep' 06	% Change	Jul-Sep' 07	Jul-Sep' 06	% Change
Revenues	64,934	59,889	8.4%	22,176	21,250	4.4%
EBITDA	5,181	4,017	29.0%	1,963	1,757	11.7%
Margin EBITDA	*8.0%*	*6.7%*	1.3 p.p.	*8.9%*	*8.3%*	0.6 p.p.
EBIT	2,980	1,943	53.4%	1,016	819	24.1%
Net profit	1,392	938	48.4%	465	606	-23.3%

Unaudited figures

The canned vegetables business continued its strong year-on-year growth (+8.4% on the first nine months of 2006), driven by sales of asparagus and, to a lesser extent, olives.

Nevertheless, there continues to be a shortage of asparagus on the market, and the need to pass on the increase in the cost of raw materials in the sales price caused a certain slowdown in revenues in the asparagus market in 3Q07, as indicated in the 1H07 results.

Against this background, the Carretilla brand retained its clear market leadership, particularly in revenue terms, with a 19.9% share compared to 6.5% for its nearest rival.

August saw the commencement of the tomato season in Spain, which will end in October, with a seasonal increase in staff numbers. Consequently, compared to Q207, IAN increased its staff by 72 to 332, 22 less than in September 2006.

The cost-cutting efforts and the sales drive on Carretilla branded products with greater added value resulted in higher margins, which continued to improve on previous quarters, achieving a cumulative EBITDA margin of 8.0% to September 2007 (+1.3 percentage points compared to the same period in 2006), and 8.9% in 3Q07 (+0.6 percentage points on 3Q06).

Cumulative EBITDA over the first nine months of 2007 amounted to €5.2 million (+29.0% compared to the same period in 2006), while growth in quarterly EBITDA was also double digit (+11.7% compared to 3Q06), amounting to €2.0 million in 3Q07.

The improvement in operating profitability was also reflected in EBIT, which, at €3.0 million, was up 53.4% on the first nine months of 2006 (+24.1% in 3Q07 compared to 3Q06).

Earnings amounted to €1.4 million (+48.4% compared to the first nine months of 2006), also exceeding in nine months the net profit generated by the canned vegetables division during full-year 2006.

Appendix

Balance Sheets ('000 €)

	Sep '07	Dec '06	%Change
Tangible assets	276,108	285,990	-3.5%
Goodwill	0	0	n.s.
Other intangible assets	9,278	11,373	-18.4%
Non-Current Financial Assets	180	1,587	-88.7%
Investment in Associates accounted for using the equity method	0	0	n.s.
Deferred tax assets	9,212	13,696	-32.7%
Othen non-current assets	1,115	0	n.s.
NON CURRENT ASSETS	**295,893**	**312,646**	**-5.4%**
Stocks	132,296	132,968	-0.5%
Commercial debts and other receivables	109,626	101,109	8.4%
Other financial current assets	4,865	152	3100.7%
Assets corresponding to tax on current earning	452	0	n.s.
Other current assets	1,163	0	n.s.
Cash and cash equivalents	9,713	12,233	-20.6%
Non current assets held for sale	0	0	n.s.
CURRENT ASSETS	**258,115**	**246,462**	**4.7%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**554,008**	**559,108**	**-0.9%**
Share capital	14,189	14,388	-1.4%
Other Reserves	45,124	52,686	-14.4%
Retained earnings	230,893	208,354	10.8%
Own shares	-1,498	-3,004	-50.1%
Exchange rate differences	-3,885	-4,293	-9.5%
Interim dividend	0	0	n.s.
EQUITY	**284,823**	**268,131**	**6.2%**
Minority interest	0	0	n.s.
NET EQUITY	**284,823**	**268,131**	**6.2%**
Loans	56,434	61,165	-7.7%
Financial liabilities	6,419	5,501	16.7%
Deferred income tax liabilities	28,432	34,783	-18.3%
Provisions	38,580	41,951	-8.0%
Other non-cureent liabilities	3,646	3,064	19.0%
NON CURRENT LIABILITIES	**133,511**	**146,464**	**-8.8%**
Loans	52,069	63,026	-17.4%
Trade creditors	70,466	71,682	-1.7%
Other financial liabilities	0	1,342	n.s.
Provisions	9,662	6,676	44.7%
Income tax for current liabilities	3,265	1,787	82.7%
Other current liabilities	212	0	n.s.
Liabilities linked to non-current assets held for sale	0	0	n.s.
CURRENT LIABILITIES	**135,674**	**144,513**	**-6.1%**
NET DEBT	**93,925**	**111,806**	**-16.0%**

Unaudited figures

Average exchange rates

	9M06	9M07	% Change
Euro	1,000	1,000	0,0%
US Dollar	1,244	1,344	8,0%
Canadian Dollar	1,412	1,485	5,2%
Mexican Peso	13,575	14,724	8,5%
Brazilian real	2,718	2,686	-1,2%
Czech crown	28,422	28,085	-1,2%
British Pound	0,683	0,677	-0,9%
Polish Zloty	3,911	3,866	-1,2%
Serbian Dinar	85,723	79,950	-6,7%

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