## Highlights of January-December 2007 Results

- Viscofan achieves new Net profit record, with €46.2 million profit for the period, 47.5% up on that achieved over 2006.
- Recurrent consolidated EBITDA grows by 27.3% to €99.8 million thanks to contributions from casings and preserved vegetables, both containing cost despite the inflationary context.
- Recurrent EBITDA margin expands by 4.0 percentage points to 19.7% (20% in Q407).
- Casing EBITDA margin stands above 20% for fifth quarter running.
- Consolidated revenues amounts to €506.0 million, up 1.8% on 2006.
- Group meets July's upgrade guidance for major full-year 2007 financial targets regarding EBITDA, EBIT and above estimated Net profit for the period, despite worse than expected depreciation in USD/EUR exchange rate.

## Change in Scope of Consolidation

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

## Key events

- 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 gave €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 filed with the Trade Registry. Thereby reducing Company share capital by €198,889.20, to the current €14,189,052.60, comprised of 47,296,842 shares. Accordingly, the company has returned over €8.0 million to shareholders in this way.
- In January 2008, Viscofan's Board of Directors adopted the distribution of an interim dividend from 2007's results, in a gross amount of €0.19 per share. This represented a 35.7% increase compared with the interim dividend from 2006's results, distributed last year. The abovementioned dividend was paid on 21 January 2008.
- In January 2008, a sentence from the High Court of Justice in Navarra established the compensation receivable by the former Managing Director of Viscofan S.A. in €1,596,297.12, an amount that is completely provisioned already in 2007 accounts.
- Also in January 2008, in the aim of greater corporate simplification, Viscofan de México S.R.L. de C.V. absorbed Teepak Holdings de México, S.R.L. de C.V. and Teepak México S.R.L. de C.V., while in the US, Viscofan USA, Inc. absorbed Teepak USA, LLC.

## Consolidated Group Results for 2007

### Viscofan Group Profit and loss account ('000 €)

| | Jan-Dec' 07 | Jan-Dec' 06 | % Change | Oct-Dec 07 | Oct-Dec' 06 | % Change |
|---|---|---|---|---|---|---|
| **Revenues** | **506,024** | **497,160** | **1.8%** | **125,670** | **127,076** | **-1.1%** |
| Other operating income | 4,888 | 3,596 | 35.9% | 2,014 | 1,161 | 73.5% |
| Variation in stocks of finished products and work-in-progress | 6,346 | -3,744 | c.s | -79 | 614 | c.s |
| Net purchases | -154,296 | -149,398 | 3.3% | -38,044 | -36,628 | 3.9% |
| Personnel expenses | -130,093 | -128,223 | 1.5% | -31,921 | -33,714 | -5.3% |
| Other operating expenses | -134,317 | -135,781 | -1.1% | -33,773 | -35,167 | -4.0% |
| **EBITDA** | **98,552** | **83,610** | **17.9%** | **23,867** | **23,342** | **2.3%** |
| Depreciation and amortisation | -38,076 | -37,022 | 2.8% | -9,884 | -12,707 | -22.2% |
| **EBIT** | **60,476** | **46,588** | **29.8%** | **13,983** | **10,635** | **31.5%** |
| Gain (Loss) after impairment test | 0 | 7,311 | n.s. | 0 | 7,311 | n.s. |
| **EBIT adjusted by impairment test** | **60,476** | **53,899** | **12.2%** | **13,983** | **17,946** | **-22.1%** |
| Financial result | -5,325 | -8,019 | -33.6% | -746 | -2,134 | -65.0% |
| **Profit before taxes** | **55,151** | **45,880** | **20.2%** | **13,237** | **15,812** | **-16.3%** |
| Income tax | -8,973 | -14,580 | -38.5% | 1,206 | -5,709 | c.s |
| **Profit after taxes** | **46,178** | **31,300** | **47.5%** | **14,443** | **10,103** | **43.0%** |
| Minority interests | 0 | 0 | n.s. | 0 | 0 | n.s. |
| **Net profit** | **46,178** | **31,300** | **47.5%** | **14,443** | **10,103** | **43.0%** |

Audited figures

The Group's consolidated revenues exceeded €500 million for the first time in its history, equalling €506 million (up 1.8% on 2006).

Worthy of note is the large growth at the canned vegetables division, with revenue advancing by 8.5% on the previous year. This is in addition to casings, where year-on-year sales growth was able to curb the effect of the US dollar's considerable depreciation against the euro in the year (9.1% vs. 2006), particularly in the fourth quarter when the dollar reached record lows against the euro.

At constant exchange rate[1], the Group's consolidated revenue would have grown by 3.9%.

In 2007, the Viscofan Group reached a new record in production, while being able to reduce the consumption[2] against the previous year thanks to production efficiency improvements and savings from the new scale obtained with the most recent acquisitions in 2006. Accordingly, at €148.0 million, the consumption[2] declined by 3.4% year-on-year.

The personnel expenses were €130.1 million, up 1.5% on the previous year. Excluding 2006's and 2007's non-recurrent items relating to staff restructuring indemnities and the effect of cancelling post-retirement benefits in the US, the employee benefits expense declined by €6.9 million, or 5.1%, against 2006.

It is worth highlighting that the last quarter of the year saw €1.2 million in non-recurrent items relating to staff restructuring, broken down into larger non-recurrent personnel indemnities in Germany, Serbia and Spain (-€2.1 million) and lower personnel expenses in the US (+€0.8 million), due to the cancellation of

[1] For comparison purposes, constant exchange rates effect excludes the impact of the different exchange rates used in the consolidated accounts in 2007 and 2006.
[2] Consumption = variation in stock + net purchases

certain post-retirement benefit commitments. The Q407 personnel expenses equalled €31.9 million, or a 5.3% reduction on the same period in 2006.

In 2007, the process of consolidating assets acquired in 2006 continued, which together with the pursuit of process automation, productivity and efficiency enabled the workforce to be reduced by 83 people, or 2% of the Group's staff overall.

There was also a tight control on other operating expenses, which decreased by 1.1% year-on-year, to €134.3million.

Cumulative EBITDA in 2007 grew by 17.9% on the previous year to €98.6 million, driven by solid revenues and the firm cost controls resulting from efficiency improvements. At constant exchange rate[3], 2007's EBITDA increased by 18.9% year-on-year.

Excluding non-recurrent items, cumulative EBITDA was €99.8 million, having expanded by 27.3% year-on-year, in line with the upgraded guidance announced in July 2007.

In 4Q07, consolidated EBITDA totalled €23.9 million (+2.3% compared with Q406).

The EBITDA margin widened for the fourth consecutive year to 19.5% (+2.7 p.p. vs. 2006). This benefited from Ebitda margin improvements in both casings (+3.1 p.p. against 2006) and canned vegetables (+1.2 p.p. on 2006). The Q407 Ebitda margin was 19.0%, which was slightly above that obtained in Q406 (+0.6 p.p.) even after the US dollar's larger depreciation against the euro in Q407.

The year's cumulative depreciation and amortisation was €38.1 million, against €37.0 million the previous year, having edged up by just 2.8% thanks to the recent years' moderation in investment. Capex for 2007 was €34.5 million, or 1.8% in relation to that of 2006 and still below the cumulative depreciation and amortisation.

EBITDA growth fed through into the EBIT line, which surged by 29.8% in 2007 to €60.5 million (+31.5% between Q406 and Q407). Excluding non-recurrent items, furthermore, EBIT was more than €61.7 million (+49.2% in comparison with 2006's recurrent EBIT).

The negative net financial result was 33.6% less than the previous year, totalling -€5.3 million. This was mainly on the back of a sharp fall in expenses owing to net exchange differences and the lower gross finance cost from smaller average net debt, and as a consequence of lower finance cost due to the positive effect of the US dollar's depreciation in the debt that is denominated in this currency.

Net debt on 31 December 2007 totalled €94.7 million, having decreased by €17.1 million in the year to reach gearing of 32.0%, or 9.7 p.p. less than the previous year-end, even after the strong increase in shareholder remuneration implemented in 2007.

Cumulative pre-tax earnings rose by 20.2% year-on-year to €55.2 million, even after taking into account the positive result of €7.3 million accounted in 2006 as a consequence of the difference arised between the value of the assets acquired to Teepak in North America and its cost of acquisition.

In Q407, the tax rates in various countries where Group subsidiaries operate were reduced. The new rates resulted in reductions to deferred taxes leading to a lower income tax. The decreased tax charge, together with use of the tax credit in North America from the acquisition of Teepak USA, considerably decreased the Group's tax rate, to a cumulative total of 16.3% for the year, against 2006's 31.8% and September 2007's cumulative 24.3%.

The year's excellent operating results together with smaller tax charges were reflected in new record profits for Viscofan of €46.2 million, or a 47.5% improvement on 2006. Excluding non recurrent items, Net

[3] See note 1

profit was €44.1 million (+70.5% against 2006), so comfortably beating July's upwardly revised financial target.

## 2007 Results: Casings

In thousand €

| | Jan-Dec' 07 | Jan-Dec' 06 | % Change | Oct-Dec 07 | Oct-Dec' 06 | % Change |
|---|---|---|---|---|---|---|
| Revenues | 418,065 | 416,109 | 0.5% | 102,645 | 105,914 | -3.1% |
| EBITDA | 91,391 | 77,995 | 17.2% | 21,887 | 21,744 | 0.7% |
| *Margin EBITDA* | *21.9%* | *18.7%* | 3.1 p.p. | *21.3%* | *20.5%* | 0.8 p.p. |
| EBIT | 56,257 | 43,651 | 28.9% | 12,744 | 9,641 | 32.2% |
| EBIT adjusted by impairment test | 0 | 50,962 | n.s. | 0 | 16,952 | n.s. |
| Net profit | 43,695 | 29,938 | 46.0% | 13,352 | 9,679 | 37.9% |

Audited figures

In 2007, the artificial casing market continued to expand steadily, supported by an increasing global demand, especially from emerging economies. Accordingly, artificial casing keeps taking share against natural gut in Asia, Eastern Europe and Latin America, regions where the Viscofan Group continues to enjoy a solid presence.

In this setting, the Company remains leader in the artificial casing market with a clear focus on value, continuing its policy of recovering average prices in both cellulose and collagen. This partly compensated the US dollar's sharp depreciation against the euro and larger raw material and energy prices.

Revenues were 0.5% more than the previous year, at €418.1 million, or 3.0% more at constant exchange rate[4]. In Q407, revenue was 3.1% less than the previous year, at €102.6 million, affected by the US dollar's significant depreciation against the euro in the quarter, and lower collagen sales in China due to the commercial aggressiveness in this market.

Regarding revenues by geographic area[5], it is worth noting:

- Revenues in Europe and Asia of €201.1 million, having expanded by 4.9% on the previous year.
- €157.6 million in sales from North America, or 10.3% less than in 2006, due in particular to the large depreciation of the US dollar against the euro and the transfer of some sales volumes to the Group's other geographical areas as a consequence of the regional distribution structure introduced by Viscofan in 2007.
- In Latin America, revenues came to more than €59.4 million, some 21.9% more than 2006's €48.7 million.

Increased commercial activity in 2007 has been supported by greater production, which fuelled historical output records at various production centres. Despite this higher production activity and higher raw material prices, the Viscofan Group again improved its overall production efficiency, enabling a consumption[6] of €95.4 million, or a 9.0% decline on the previous year.

Higher production activity leaded to achieve a consumption level of €23.8 million in Q407, or +2.9% against Q406's €23.2 million. This was due to the last quarter of the year's price increases in certain raw materials, mainly glycerine.

[4] See note 1
[5] Revenues per origin of sales
[6] See note 2

The increased integration of Teepak into the Viscofan Group combined with efficiency and automation improvements enabled the restructuring process being implemented by the Group to continue. In this context the net departure of 84 employees was agreed, mainly in the US, Germany, Mexico and the Czech Republic.

In cumulative terms the personnel expenses equalled €120.9 million, or barely 1.0% more than 2006's figure. This was influenced by 2006's recognition of smaller non-recurrent personnel expenses for the cancellation of post-retirement benefits at Teepak and 2007's greater non-recurrent expenses for indemnities of €2.1 million in Germany, Serbia and Spain. In addition, Q407 saw the cancellation of certain post-retirement benefits in the US with an €0.8 million positive impact. Excluding these non-recurrent items, the cumulative employee benefits expense would have decreased by 6.1% year-on-year.

From the quarterly perspective, Q407's €29.6 million personnel expenses represented a 6.2% decline on the same period the previous year, but being stable compared with 3Q07.

Meanwhile, the cost-control policy fed through into a 2.1% year-on-year reduction in other operating expenses, despite the greater expenses incurred in the further integration and upgrade of the Viscofan Group's IT systems.

The solidity of revenues and a firm grip on operating expenses were reflected in the casing business's record Ebitda, having increased by 17.2% against 2006, to €91.4 million. On a comparable basis, cumulative recurrent Ebitda expanded by 27.7% year-on-year, to €92.6 million. At constant exchange rate[7], EBITDA improved by 18.3% against 2006.

In Q407, Ebitda equalled €21.9 million, practically in line with Q406's €21.7 million.

Accordingly, Q407's Ebitda margin was for yet another quarter in excess of 20%, at 21.3%. This enabled 2007's cumulative Ebitda margin to reach 21.9%, or 3.1 p.p. more than 2006's figure and far ahead of recent years' levels.

Depreciation and amortisation equalled €35.1 million, or 2.3% more than 2006's €34.3 million, due to a satisfactory combination of maintenance and investments carried out in recent years, allowing Viscofan to continue improving production capacity while reducing long-term investment requirements.

Cumulative EBIT of €56.3 million was 28.9% more than in 2006 (+32.2% in Q407 vs. Q406), benefiting from improved operating results and stability in depreciation and amortisation.

The income tax in the casing business benefited from tax rate reductions in the countries where most tax is paid (mainly in Germany) and the use of Teepak USA's tax credit.

Thanks to the business's operating strength and smaller income tax, net profit for the period reached a new record of €43.7 million, some 46.0% more than in 2006. For the last quarter, meanwhile, net profit for the period was more than €13.4 million (+37.9% compared with Q406). Recurrent net profit for the period equalled €41.9 million (+72.6% vs. 2006), way ahead of levels recorded throughout the Viscofan Group's 32-year history.

[7] See note 1

## 2007 Results: Preserved Vegetables

In thousand €

| | Jan-Dec' 07 | Jan-Dec' 06 | % Change | Oct-Dec 07 | Oct-Dec' 06 | % Change |
|---|---|---|---|---|---|---|
| **Revenues** | **87,959** | **81,051** | **8.5%** | **23,025** | **21,162** | **8.8%** |
| **EBITDA** | **7,161** | **5,615** | **27.5%** | **1,980** | **1,598** | **23.9%** |
| ***Margin EBITDA*** | ***8.1%*** | ***6.9%*** | **1.2 p.p.** | ***8.6%*** | ***7.6%*** | **1.0 p.p.** |
| **EBIT** | **4,219** | **2,937** | **43.6%** | **1,239** | **994** | **24.6%** |
| **Net profit** | **2,483** | **1,362** | **82.3%** | **1,091** | **424** | **157.3%** |

Audited figures

Revenue growth of 8.5% in the canned vegetable business comfortably outperformed levels in the market overall, to reach €88.0 million. The solid year-on-year growth was thanks to increased sales of asparagus and, to a lesser extent, olive exports.

The IAN group's asparagus market leadership, supported by that of the Carretilla brand, is reflected in a market share 4.4 times above that of its closest competitor. Of particular importance was healthy asparagus sales performance in the Christmas period, enabling 8.8% revenue growth in Q407 against the same period in 2006, to more than €23.0 million.

2007 was marked by a shortage of white asparagus worldwide, feeding through into a sharp increase in raw material costs that was more acute in the second half-year and, however, that was passed on in sale prices.

As a consequence of to the Company's strategy, the diversification policy continued in 2007, seeing the launch of new value-added products under the Carretilla brand that should help boost the operating margin in the medium term.

Revenue strength combined with the cost controls implemented, despite increased raw material costs, fed through into large improvements in full-year cumulative Ebitda, which at €7.2 million was 27.5% more than 2006's figure.

On a quarterly basis, Ebitda equalled €2.0 million, or a 23.9% increase on the same period the previous year.

This Ebitda growth resulted in a 1.2 p.p. expansion in the cumulative Ebitda margin to 8.1%. For the last quarter, the Christmas period's healthy results boosted the Ebitda margin by 1.0 p.p. compared with Q406.

Despite the increase in depreciation and amortisation (+9.9% against 2006), the expansion in Ebitda left a 43.6% year-on-year increase on the EBIT line, to €4.2 million. For the final quarter, growth over Q406's figure was 24.6%, to €1.2 million.

In all, EBIT growth, smaller finance costs and a reduction in Spain's tax rate all fed through into net profit for the period that was almost double (+82.3%) 2006's figure.

# APPENDIX

## Balance Sheets ('000 €)

| | Dec '07 | Dec '06 | %Change |
|---|---|---|---|
| Tangible assets | 279,017 | 285,990 | -2.4% |
| Goodwill | 0 | 0 | n.s. |
| Other intangible assets | 9,919 | 11,373 | -12.8% |
| Non-Current Financial Assets | 977 | 1,587 | -38.4% |
| Investment in Associates accounted for using the equity method | 0 | 0 | n.s. |
| Deferred tax assets | 9,717 | 13,696 | -29.1% |
| Othen non-current assets | 0 | 0 | n.s. |
| **NON CURRENT ASSETS** | **299,630** | **312,646** | **-4.2%** |
| Stocks | 143,013 | 132,968 | 7.6% |
| Commercial debts and other receivables | 104,817 | 101,109 | 3.7% |
| Other financial current assets | 0 | 152 | n.s. |
| Assets corresponding to tax on current earning | 0 | 0 | n.s. |
| Other current assets | 1,213 | 0 | n.s. |
| Cash and cash equivalents | 17,107 | 12,233 | 39.8% |
| Non current assets held for sale | 0 | 0 | n.s. |
| **CURRENT ASSETS** | **266,150** | **246,462** | **8.0%** |
| **TOTAL ASSETS= EQUITY AND LIABILITIES** | **565,780** | **559,108** | **1.2%** |
| Share capital | 14,189 | 14,388 | -1.4% |
| Other Reserves | 45,125 | 52,687 | -14.4% |
| Retained earnings | 243,739 | 208,353 | 17.0% |
| Own shares | -3,728 | -3,004 | 24.1% |
| Exchange rate differences | -3,518 | -4,293 | -18.1% |
| Interim dividend | 0 | 0 | n.s. |
| **EQUITY** | **295,807** | **268,131** | **10.3%** |
| Minority interest | 0 | 0 | n.s. |
| **NET EQUITY** | **295,807** | **268,131** | **10.3%** |
| Loans | 40,344 | 61,165 | -34.0% |
| Financial liabilities | 5,259 | 5,501 | -4.4% |
| Deferred income tax liabilities | 28,333 | 34,783 | -18.5% |
| Provisions | 36,906 | 41,951 | -12.0% |
| Other non-cureent liabilities | 3,543 | 2,868 | 23.5% |
| **NON CURRENT LIABILITIES** | **114,385** | **146,268** | **-21.8%** |
| Loans | 71,442 | 63,026 | 13.4% |
| Trade creditors | 44,494 | 44,281 | 0.5% |
| Other financial liabilities | 1,242 | 1,342 | -7.5% |
| Provisions | 2,259 | 6,676 | -66.2% |
| Income tax for current liabilities | 4,411 | 1,787 | 146.8% |
| Other current liabilities | 31,740 | 27,597 | 15.0% |
| Liabilities linked to non-current assets held for sale | 0 | 0 | n.s. |
| **CURRENT LIABILITIES** | **155,588** | **144,709** | **7.5%** |
| **NET DEBT** | **94,679** | **111,806** | **-15.3%** |

Audited figures

## Average exchange rates

| | 2007 | 2006 | % Change |
|---|---|---|---|
| Euro | 1.000 | 1.000 | 0.0% |
| US Dollar | 1.370 | 1.256 | 9.1% |
| Canadian Dollar | 1.469 | 1.426 | 3.0% |
| Mexican Peso | 14.972 | 13.693 | 9.3% |
| Brazilian real | 2.661 | 2.733 | -2.6% |
| Czech crown | 27.764 | 28.324 | -2.0% |
| British Pound | 0.685 | 0.680 | 0.6% |
| Polish Zloty | 3.814 | 3.895 | -2.1% |
| Serbian Dinar | 79.665 | 84.179 | -5.4% |

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