

January - March 2008 Results

April, 28th, 2008

January-March 2008 results highlights

- Quarterly net profit grew 15.0% to €11.0 million.
- The casings EBITDA margin rose to 22.9%, with the consolidated EBITDA margin remaining stable at 20.2%.
- Consolidated revenue totalled €127.9 million, a 2.9% rise on 1Q07.
- Despite the sharp depreciation of the US$ against the €, and the rise in the price of raw materials, all major financial measures, i.e. revenues, EBITDA, EBIT and net profit, grew against 1Q07.

Significant events

- In January 2008, with a view to improved corporate streamlining, Viscofan de México S.R.L. de C.V. absorbed Teepak de México S.R.L. de C.V. and Teepak Holdings de México S.R.L. de C.V., Viscofan de México de Servicios S.R.L. de C.V. absorbed Teepak Servicios de México, S.R.L. de C.V., while in the United States, Viscofan USA, Inc. absorbed Teepak USA, LLC.
- 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 March 2008 the Company announced that it had acquired 473,827 treasury shares, or 1.002% of the share capital.
- In April 2008, Industrias Alimentarias de Navarra, S.A.U., wholly-owned by Viscofan, set up a Joint Venture: Lingbao Baolihao Food Industrial Co.,Ltd, with its registered office in Henan Province, China. This company has share capital of 17,800,000 RMB (approximately €1,620,000), 50% of which was contributed by Industrias Alimentarias de Navarra, S.A.U. The purpose of the new company is asparagus processing, which will help the IAN Group improve competitiveness in the sale of this product.
- In April 2008, the Board of Directors has proposed for the approval of the General Meeting of Shareholders the distribution of a €0.25 per share redemption premium. Added to the dividend per share and the Meeting attendance premium, this means €0.445 remuneration per share, or a 45.9% increase on the previous year.
- The Board of Directors has also proposed for the approval of the General Meeting of Shareholders the cancellation of 561,963 Viscofan S.A. treasury shares. Accordingly, the company will have returned €8.1 million to shareholders in this way.

1Q08 Consolidated Group Results

Viscofan Group Profit and loss account ('000 €)

	Jan-Mar' 08	Jan-Mar' 07	% Change
Revenues	**127,860**	**124,281**	**2.9%**
Other operating income	960	754	27.3%
Variation in stocks of finished products and work-in-progress	4,083	3,559	14.7%
Net purchases	-42,459	-36,799	15.4%
Personnel expenses	-32,637	-33,333	-2.1%
Other operating expenses	-32,023	-33,416	-4.2%
EBITDA	**25,784**	**25,046**	**2.9%**
Depreciation and amortisation	-9,022	-9,297	-3.0%
EBIT	**16,762**	**15,749**	**6.4%**
Financial result	-1,840	-2,111	-12.8%
Profit from associated companies	0	0	n.s.
Profit before taxes	**14,922**	**13,638**	**9.4%**
Income tax	-3,892	-4,050	-3.9%
Profit after taxes	**11,030**	**9,588**	**15.0%**
Minority interests	0	0	n.s.
Net profit	**11,030**	**9,588**	**15.0%**

Unaudited figures

The group's consolidated revenues in 1Q08 remained strong and increased by 2.9% against 1Q07 despite the sharp depreciation of the US$ against the € compared to the same period the previous year (14.4%).

The Group's consolidated net revenue at constant exchange rate[1] grew by 5.3%.

The increased cost of raw materials, both in casings and preserved vegetables, resulted in an increase in the consumption[2] of 15.5% on 1Q07.

Personnel costs fell by 2.1% to €32.6 million, thanks to the savings arising out of the y-o-y reduction of the closing workforce (-1.9% compared to 1Q07), as a consequence of the Group's restructuring plans.

Other operating costs were also cut by 4.2% to €32.0 million.

Revenue growth and cost control fed through to EBITDA, which totalled some €25.8 million, a 2.9% rise on 1Q07; thus, EBITDA margin remained at 20.2%, in line with the figure attained in 1Q07.

Consolidated EBITDA for 1Q08 at constant exchange rate[1] was up 2.5% on the previous year.

[1] For comparison purposes, constant exchange rates effect excludes the impact of the different exchange rates used in the consolidated accounts in 2008 and 2007.
[2] Consumption = variation in stock + net purchases

Depreciation and amortisation in the first quarter of the year totalled €9.0 million, a 3.0% decline from the depreciation and amortisation figure booked in 1Q07.

The increase in EBITDA and the decrease in depreciation and amortisation led to a 6.4% rise in quarterly EBIT over the previous year to €16.8 million.

The negative net financial result was 12.8% less than 1Q07, totalling -€1.8 million, mainly on the back of lower gross finance costs on smaller average net debt (-14.7% down on 1Q07), coupled with lower finance costs on debt denominated in US$ as a result of the Dollar depreciation.

Net financial debt at 31 March 2008 totalled €98.7 million, which means a rise of €4.0 million on 2007 year-end, primarily due to distribution of the dividend in January 2008, and a decline of €16.9 million compared to net financial debt in March 2007. Financial leverage[3] stood at 33.9%, 8.6 p.p. below March 2007.

Cumulative profit before tax totalled €14.9 million, a 9.4% rise on 1Q07, which, combined with a tax rate of 26.1%, amounts to net profit of €11.0 million, a 15.0% increase on 1Q07.

1Q08 Results: Casings

In thousand €

	Jan-Mar' 08	Jan-Mar' 07	% Change
Revenues	107,605	104,681	2.8%
EBITDA	24,667	23,601	4.5%
Margin EBITDA	*22.9%*	*22.5%*	0.4 p.p.
EBIT	16,190	14,852	9.0%
Net profit	10,360	9,191	12.7%

Unaudited figures

In the first quarter, the artificial casing market continued to grow solidly. Against this background, revenues from casings grew by 2.8%, to €107.6 million. Revenue grew by 5.6% at constant exchange rate[4].

Despite fewer working days in 1Q08 compared with 1Q07 due to Easter Holidays, the abovementioned strength of the demand and the price recovery policy, have enabled the Company to offset the sharp depreciation of the US$ against the € (14.4%).

The rise in the cost of raw materials pushed up the consumption[5] which was 20.1% higher than the previous year.

Notwithstanding that increase, reductions in other operating costs, both personnel costs, which fell by 3.2%, and other operating expenses (-4.3% vs. 1Q07), are reflected in the improved EBITDA margin, which rose by 0.4 p.p. to 22.9% in 1Q08.

As a result, EBITDA for the first quarter increased by 4.5% compared to 1Q07 to €24.7 million. EBITDA at constant exchange rate[4] was up 4.1% on 1Q07.

The increase in EBITDA and the 3.1% reduction in depreciation and amortisation were reflected in EBIT, which rose 9.0% to €16.2 million.

Net profit grew by 12.7% to €10.4 million compared to €9.2 million over the same period the previous year.

[3] Financial leverage = Net Debt / Equity
[4] See note 1
[5] See note 2

1Q08 Results: Preserved vegetables

In thousand €

	Jan-Mar' 08	Jan-Mar' 07	% Change
Revenues	20,255	19,600	3.3%
EBITDA	1,117	1,445	-22.7%
Margin EBITDA	*5.5%*	*7.4%*	-1.9 p.p.
EBIT	572	897	-36.2%
Net profit	670	397	68.8%

Unaudited figures

Revenues from the preserved vegetables division grew by 3.3%, driven by average price increases, mainly in white asparagus, making it possible to offset lower volume demand as a result of a fall off in consumption in Spain.

The increase in the cost of the raw material at source, mainly in the white asparagus, led to a 7.0% increase in the consumption[6], thus impairing the operational profitability of the IAN group.

The EBITDA margin, fell by 1.9 p.p. to 5.5%, bringing EBITDA to €1.1 million, against €1.4 million posted in 1Q07 (-22.7% vs. 1Q07).

Depreciation remained stable in comparison with 1Q07, although the fall in EBITDA fed through to EBIT for 1Q08, which declined by 36.2% against 1Q07 to €0.6 million.

The use of tax credits enabled the Company to post Net profit of €0.7 million, compared with the figure of €0.4 million achieved in 1Q07.

[6] See note 2

APPENDIX

Balance Sheets ('000 €)

	Mar '08	Dec '07	%Change
Tangible assets	275,382	279,017	-1.3%
Goodwill	0	0	n.s.
Other intangible assets	9,303	9,919	-6.2%
Non-Current Financial Assets	629	977	-35.6%
Investment in Associates accounted for using the equity method	0	0	n.s.
Deferred tax assets	8,820	9,717	-9.2%
Othen non-current assets	0	0	n.s.
NON CURRENT ASSETS	**294,134**	**299,630**	**-1.8%**
Stocks	138,672	143,013	-3.0%
Commercial debts and other receivables	109,299	104,817	4.3%
Other financial current assets	0	0	n.s.
Other current assets	1,185	1,213	-2.3%
Cash and cash equivalents	21,150	17,107	23.6%
CURRENT ASSETS	**270,306**	**266,150**	**1.6%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**564,440**	**565,780**	**-0.2%**
Share capital	14,189	14,189	0.0%
Other Reserves	44,846	45,125	-0.6%
Retained earnings	254,464	243,739	4.4%
Treasury stock	-7,190	-3,728	92.9%
Exchange rate differences	-6,111	-3,518	73.7%
Interim dividend	-8,909	0	n.s.
EQUITY	**291,289**	**295,807**	**-1.5%**
Minority interest	0	0	n.s.
NET EQUITY	**291,289**	**295,807**	**-1.5%**
Loans	44,567	40,344	10.5%
Financial liabilities	5,655	5,259	7.5%
Deferred income tax liabilities	24,836	28,333	-12.3%
Provisions	36,016	36,906	-2.4%
Other non-cureent liabilities	2,095	3,543	-40.9%
NON CURRENT LIABILITIES	**113,168**	**114,385**	**-1.1%**
Loans	75,279	71,442	5.4%
Trade creditors	77,111	80,645	-4.4%
Other financial liabilities	5,099	1,242	310.6%
Provisions	2,493	2,259	10.4%
Other current liabilities	0	0	n.s.
Liabilities linked to non-current assets held for sale	0	0	n.s.
CURRENT LIABILITIES	**159,983**	**155,588**	**2.8%**
NET DEBT	**98,695**	**94,679**	**4.2%**

Unaudited figures

Average exchange rates

	1Q08	1Q07	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.499	1.311	14.4%
Canadian Dollar	1.505	1.536	-2.0%
Mexican Peso	16.196	14.440	12.2%
Brazilian real	2.604	2.754	-5.4%
Czech crown	25.554	28.043	-8.9%
British Pound	0.758	0.671	13.0%
Polish Zloty	3.574	3.887	-8.0%
Serbian Dinar	82.159	78.764	4.3%

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