Viscofan

January – March 2010 Results



April 22nd, 2010

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Main Highlights of January - March 2010 Results

- +30% year-on-year net profit growth to €19.0 million.
- +13% year-on-year consolidated EBITDA growth[1] to €36.3 million.
- +2.1 p.p. year-on-year growth in consolidated EBITDA margin, which stands at 24.6% with the casings division up 2.6 p.p and vegetable food up by 1.4 p.p
- +3% year-on-year growth in consolidated revenue to €147.3 million.
- -26.3% year-to-date decline in the Group's net debt[2] , to €66.7 million as a consequence of the solid generation of cash flow both in the casings and vegetable food divisions, driven by increased revenue and profitability in both business.

Highlights

- In December 2009, a gross interim dividend of €0.26 per share was distributed in respect of 2009 results, representing a 26.8% increase on the interim dividend distributed in January 2009 in respect of 2008 results.
- Changes in the Board of Directors and other administrative bodies as of 31 December 2009:
    - Following a sterling career at the Company's helm Jaime Echevarría Abona retired from the Company's Board of Directors and in consequence from his positions as Chairman of the Board, Chairman of the Executive Committee and Chairman of the Appointments and Remuneration Committee, to spend more time on personal projects.
    - Iñigo Solaun Garteiz-Goxeascoa retired from his position as Company Director.
    - Jaime Echevarría Abona was replaced as Chairman of the Board, Chairman of the Executive Committee and Chairman of the Appointments and Remuneration Committee by the Director José Domingo de Ampuero y Osma.
    - Nestor Basterra Larroudé was appointed First Vice-Chairman of the Board, and Agatha Echevarría Canales became a member of the Appointments and Remuneration Committee.
    - Ignacio Marco Gardoqui Ibáñez, a Company shareholder, was co-opted onto the Board to replace Jaime Echevarría Abona

[1] EBITDA = Earnings before Interest, Taxes, Depreciation, and Amortization
[2] Net financial debt = Long-term borrowings + Short-term borrowings – Cash and equivalents.

1Q10 Consolidated Group Results

Viscofan Group Profit and loss account ('000 €)

	Jan-Mar' 10	Jan-Mar' 09	*Change*
Revenues	**147,301**	**142,979**	**3.0%**
Other operating income	845	964	-12.3%
Self-constructed assets	609	55	1007.3%
Variation in stocks of finished products and work-in-progress	-10,268	2,420	c.s
Net purchases	-26,247	-41,025	-36.0%
Personnel expenses	-32,920	-32,916	0.0%
Other operating expenses	-43,210	-40,544	6.6%
Capital grants	171	221	-22.6%
Impairment and results coming from disposals of non-current assets	17	31	-45.2%
Other results	0	0	n.s.
EBITDA	**36,298**	**32,185**	**12.8%**
EBITDA margin	*24.6%*	*22.5%*	*2.1 p.p.*
Amortization and depreciation	-9,663	-9,052	6.7%
EBIT	**26,635**	**23,133**	**15.1%**
EBIT margin	*18.1%*	*16.2%*	*1.9 p.p.*
Financial incomes	174	140	24.3%
Financial expenditures	-1,004	-1,530	-34.4%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	-433	-1,734	-75.0%
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	**-1,263**	**-3,124**	**-59.6%**
Profit from associated companies	-26	0	n.s.
Profit before taxes	**25,346**	**20,009**	**26.7%**
Taxes	-6,358	-5,381	18.2%
Profit after taxes	**18,988**	**14,628**	**29.8%**
Minority interest	0	0	n.s.
NET PROFIT	**18,988**	**14,628**	**29.8%**

Viscofan Group 1Q10 revenue grew by 3% compared to the same period the previous year, rising to €147.3 million, with positive revenue growth in both the casings division (+1.6% compared to 1Q09) and the vegetable food division (+ 1.8% as against the 1Q09 figure)

The depreciation of the US$ against the € in the first quarter of 2010 compared to the corresponding period of the previous year (6.3%), has been offset by the appreciation of the Brazilian real (17.2%), the

increase in the sale of electricity in Spain deriving from cogeneration (+ 66.4% compared to 1Q09) and strong performance of the vegetable food division (up 11.8% compared to 1Q09)

Excluding the impact of exchange rates[3], year-to-date revenue by March increased by 2.7% compared to 1Q09.

Consumption costs[4] were reduced by 5.4% against the previous year, falling to €36.5 million, due mainly to a relaxation in the prices of the main raw materials used in the artificial casing production process (cellulose and collagen skins).

Personnel costs remained stable when set against the same period for 2009, standing at €32.9 million, thanks to a reduction in staffing levels which was implemented throughout last year, resulting in an average workforce for 1Q10 that is 4.0% less than in 1Q09.

The increase of 6.6% in Other Operating Costs to €43.2 million was due to higher energy costs (up 17.5% compared to 1Q09), mainly the result of the greater capacity of the cogeneration plant in Spain. Other Operating Costs excluding energy costs rose by just 0.1% when compared to 1Q09 figures.

EBITDA increased to €36.3 million, 12.8% up on 1Q09, thanks to the growth in revenue from the casings and vegetable food divisions, as well as the operating leverage derived from the reduction in consumption costs and stability in terms of personnel costs.

The EBITDA margin once again therefore shows a significant increase, with growth of 2.1 p.p. on the 2009 figure, reaching 24.6% on the strength of both the casings division and recovery of margin in the vegetable foods division.

EBIT increased by 15.1% to stand at over €26.6 million, representing 18.1% of revenue compared to 16.2% the previous year, thanks to the improved EBITDA margin which offset the slight increase in amortization (up by 6.8% against the 1Q09 figure) due to investor effort over recent years.

The improved operations achieved were reflected in the solid generation of cash flow both in the casings and vegetable food divisions, which allowed the groups net debt to be reduced by over €23.8 million with respect to the close of the 2009 financial year (-26.3%) to €66.7 million, equivalent to financial leverage[5] of 17.8% (26.2% as of December 2009).

This smaller net debt, allied with a more favourable trend as far as exchange-rate differences compared to 1Q09 are concerned have resulted in net financial losses of €1.3 million, 59.6% less than the net financial losses for the same period last year.

Year-to-date pre-tax profits exceeded €25.3 million, representing a 26.7% increase with respect to 1Q09. This increase in pre-tax profit, together with a 25.1% effective tax rate, was reflected in the bottom-line, which at €19.0 million represented a new quarterly record.

[3] Constant exchange rate growth: For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of accounts as well as the impact of US$ variation on trade transactions
[4] Consumption costs = change in inventories + net purchases
[5] Financial leverage = Net borrowings / Equity

1Q10 Results: Casings

In thousand €

	Jan-Mar' 10	Jan-Mar' 09	*Change*
Revenues	**124,997**	**123,028**	**1.6%**
EBITDA	**34,907**	**31,218**	**11.8%**
EBITDA margin	***27.9%***	***25.4%***	**2.6 p.p.**
EBIT	**25,772**	**22,695**	**13.6%**
Net profit	**18,414**	**14,416**	**27.7%**

Year-to-date revenue from the casings division grew by 1.6% to €125 million as of the end of March 2010. Excluding the sales of electricity in Spain, revenue dropped by 0.8% compared to 1Q09, still affected by the slow recovery of production volumes in emerging regions in Latin America and Asia.

Revenue by geographical area shows a growth of 9.6% in South America (driven by the revaluation of the Brazilian real), of 0.7% in Europe and a 0.4% drop in North America.

Sales of electricity in Spain climbed to €7.3 million, a 66.4% improvement on 1Q09, thanks to increased cogeneration capacity since July 2009, and greater performance as a result of greater motor efficiency.

After the strong upward pressure on the cost of the main raw materials that was seen in 2009, especially during the first six months of the year, the relaxation in the prices of cellulose and collagen skins allowed consumption costs to be reduced by 13.5% compared to 1Q09, to stand at €22.5 million.

The personnel expenses remained stable at €30.7 million, 0.2% down on 1Q09 on the back of a reduction in the average workforce (4.5% lower than 1Q09) that was implemented throughout 2009.

Increased energy costs (+17.9% against 1Q09) resulting from gas consumption associated with the greater capacity for cogeneration in Spain meant that Other Casing Operating Costs rose to €38.5 million compared to €36.2 million for 1Q09 (an increase of 6.4%).

The effort made over recent years which have focused on protection of value, through improvements which have been made to operations and commercial discipline support a further increase in EBITDA margin, which at 27.9% exceeded the 1Q09 EBITDA margin by 2.6 p.p..

Accordingly, year-to-date EBITDA recorded a new quarterly record, rising to €34.9 million, 11.8% up on 1Q09.

Amortization increased by 7.2% on the previous year to stand at €9.2 million, which alongside the growth in EBITDA resulted in an EBIT that was 13.6% up on 1Q09, rising to €25.8 million.

The increase in operating profit, driven by the decline in consumption costs and the positive effect of improved revenue, together with a reduction in financial expenses, were reflected in greater net profits, which were 27.7% up on 1Q09, exceeding €18.4 million.

1Q10 Results: IAN Group

In thousand €

	Jan-Mar' 10	Jan-Mar' 09	*Change*
Revenues	**22,304**	**19,951**	**11.8%**
EBITDA	**1,391**	**967**	**43.8%**
EBITDA margin	***6.2%***	***4.8%***	**1.4 p.p.**
EBIT	**863**	**438**	**97.0%**
Net profit	**574**	**212**	**170.8%**

Revenue from the vegetable food division were 11.8% up on 1Q09, rising to €22.3 million, thanks to strong growth of volumes in tomato business and in olive exports, both of which offset slower growth in asparagus volumes.

This increase in volumes was also reflected by greater consumption costs, which was 11.1% higher, rising to €14.1 million.

Accordingly, absorption of personnel costs (+3.7% compared to 1Q09) through greater sales volume resulted in an improved year-to-date EBITDA margin, up by 1.4 p.p to 6.2%, resulting in an EBITDA de €1.4 million, increasing 43.8% compared to the same period of the preceding year.

The increased operating profits, with EBIT growth of 97.0% to €0.9 million compared to 1Q09, along with reduced financial expenses as a consequence of reduced debt also in the vegetable food division, meant that net profits rose by 170.8% to reach €0.6 million.

APPENDIX
Consolidated balance sheets (´000€)

	Mar '10	Dec '09	*Change*
Intangible assets	14,363	14,342	0.1%
Goodwill	0	0	n.s.
Others intangible asset	14,363	14,342	0.1%
Tangible assets	290,706	289,105	0.6%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	1,381	1,333	3.6%
Non-current financial assets	507	507	0.0%
Deferred tax assets	7,006	8,051	-13.0%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	**313,963**	**313,338**	**0.2%**
Non-current assets held for sale	0	0	n.s.
Inventories	156,271	150,045	4.1%
Trade and other receivables	130,971	123,796	5.8%
Trade debtors	108,235	105,437	2.7%
Other debtors	22,287	18,215	22.4%
Current tax assets	449	144	211.8%
Other financial current assets	3,412	3,000	13.7%
Other current assets	667	47	1319.1%
Cash and cash equivalents	38,136	25,763	48.0%
CURRENT ASSETS	**329,457**	**302,651**	**8.9%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**643,420**	**615,989**	**4.5%**
Share capital	13,981	13,981	0.0%
Share issue premium	16,650	16,650	0.0%
Reserves	331,729	267,318	24.1%
Treasury shares	0	0	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Result of the period	18,988	64,259	-70.5%
Less: Interim dividend	-12,117	-12,117	0.0%
Other equity instruments	0	0	n.s.
SHAREHOLDER´S FUNDS	**369,231**	**350,091**	**5.5%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	1,319	788	67.4%
Currency translation differences	4,448	-5,673	c.s.
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**5,767**	**-4,885**	**c.s.**
SHAREHOLDERS' EQUITY	**374,998**	**345,206**	**8.6%**
Minority interest	0	0	n.s.
EQUITY	**374,998**	**345,206**	**8.6%**
Grants	2,821	2,998	-5.9%
Non-current provision	37,607	37,213	1.1%
Non-current financial liabilities	51,485	51,248	0.5%
Financial debt	46,121	46,241	-0.3%
Other financial liabilities	5,364	5,007	7.1%
Deferred tax liabilities	24,349	25,252	-3.6%
Other non-current liabilities	134	0	n.s.
NON-CURRENT LIABILITIES	**116,396**	**116,711**	**-0.3%**
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	8,638	7,855	10.0%
Current financial liabilities	62,945	73,484	-14.3%
Financial debt	58,695	70,042	-16.2%
Other financial liabilities	4,250	3,442	23.5%
Trade creditor and other payable accounts	79,982	72,733	10.0%
Trade creditors	45,543	48,162	-5.4%
Other creditors	31,742	24,031	32.1%
Current tax liabilities	2,697	540	399.4%
Other current liabilities	460	0	n.s.
CURRENT LIABILITIES	**152,025**	**154,072**	**-1.3%**
NET DEBT	**66,680**	**90,520**	**-26.3%**

Average exchange rates (Currency/€)

	1Q09	1Q09	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.384	1.302	6.3%
Canadian Dollar	1.441	1.621	-11.1%
Mexican Peso	17.689	18.716	-5.5%
Brazilian real	2.495	3.012	-17.2%
Czech crown	25.890	27.620	-6.3%
British Pound	0.887	0.909	-2.4%
Polish Zloty	3.992	4.483	-10.9%
Serbian Dinar	98.059	93.612	4.8%

For further information please contact to:

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