Viscofan

Results January-December 2011



Disclaimer

This document may contain 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 Group Results: January - December 2011**
  - Consolidated Group
  - Casings
  - Vegetable food
- **Be MORE: 2012- 2015**
- **Guidance 2012**

✓ Viscofan Group Results: January - December 2011

- Consolidated Group
- Casings
- Vegetable Food

✗ Be MORE: 2012- 2015

✗ Guidance 2012

Growth in all main financial magnitudes…especially in 4Q11:

MM €	*2011*	*% y-o-y*	% y-o-y ex-forex[1]	4Q11	% y-o-y
Revenue	666.8	+5.2%	+6.8%	173.3	+8.5%
EBITDA	162.1	+5.2%	+10.5%	42.6	+17.0%
EBITDA margin	*24.3%*	*+0.0 p.p.*	*+0.9p.p.*	*24.6%*	*+1.8 p.p.*
EBIT	120.1	+8.8%		31.3	+39.0%
PBT	127.9	+21.0%		31.1	+31.3%
Neto Profit	101.2	+24.5%		26.4	+31.6%
Adjusted net profit[2]	*98.4*	*+21.0%*		*26.4*	*+31.6%*

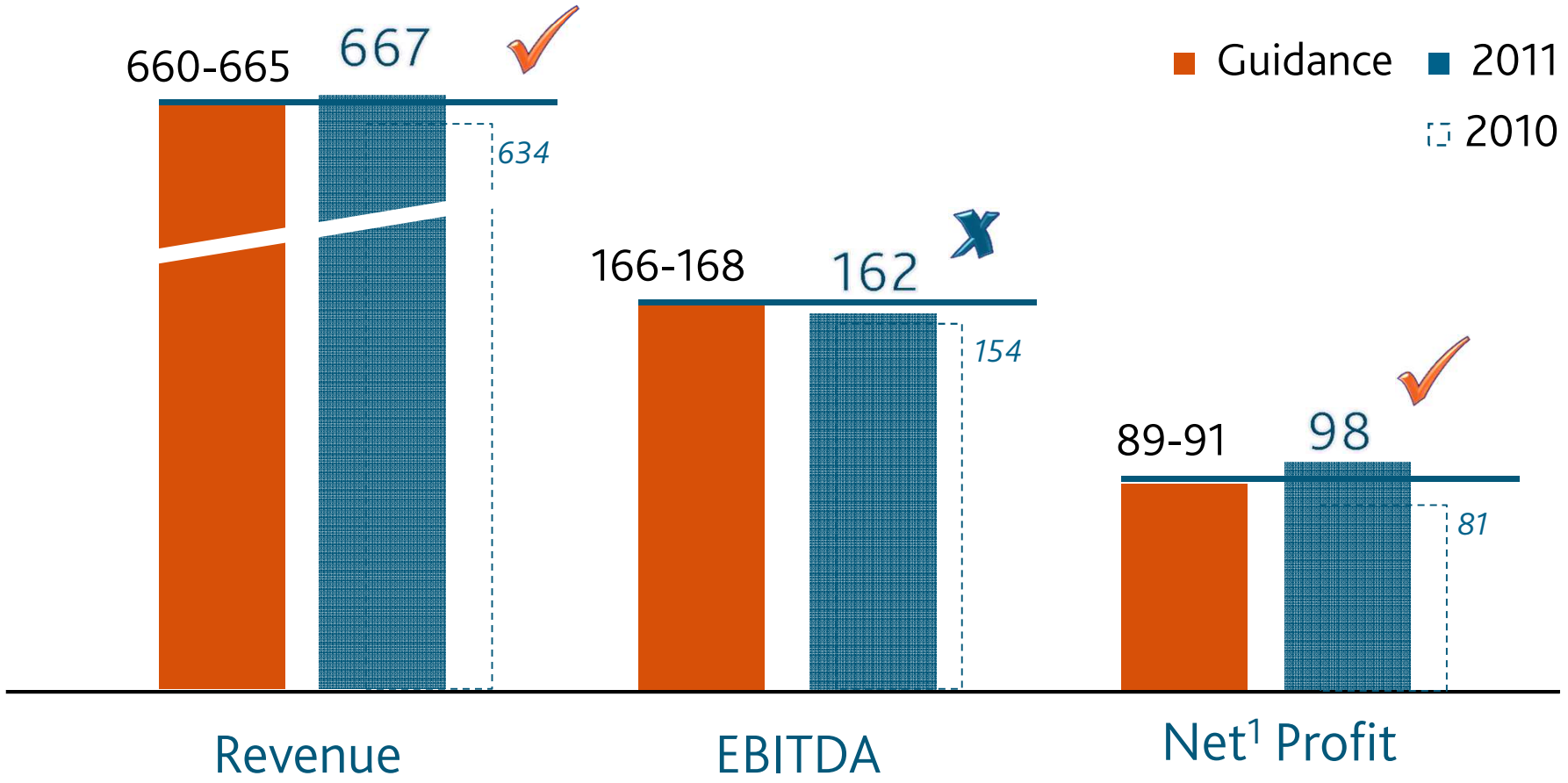
1 For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

2 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Main operational achievements: Stepping up growth plans

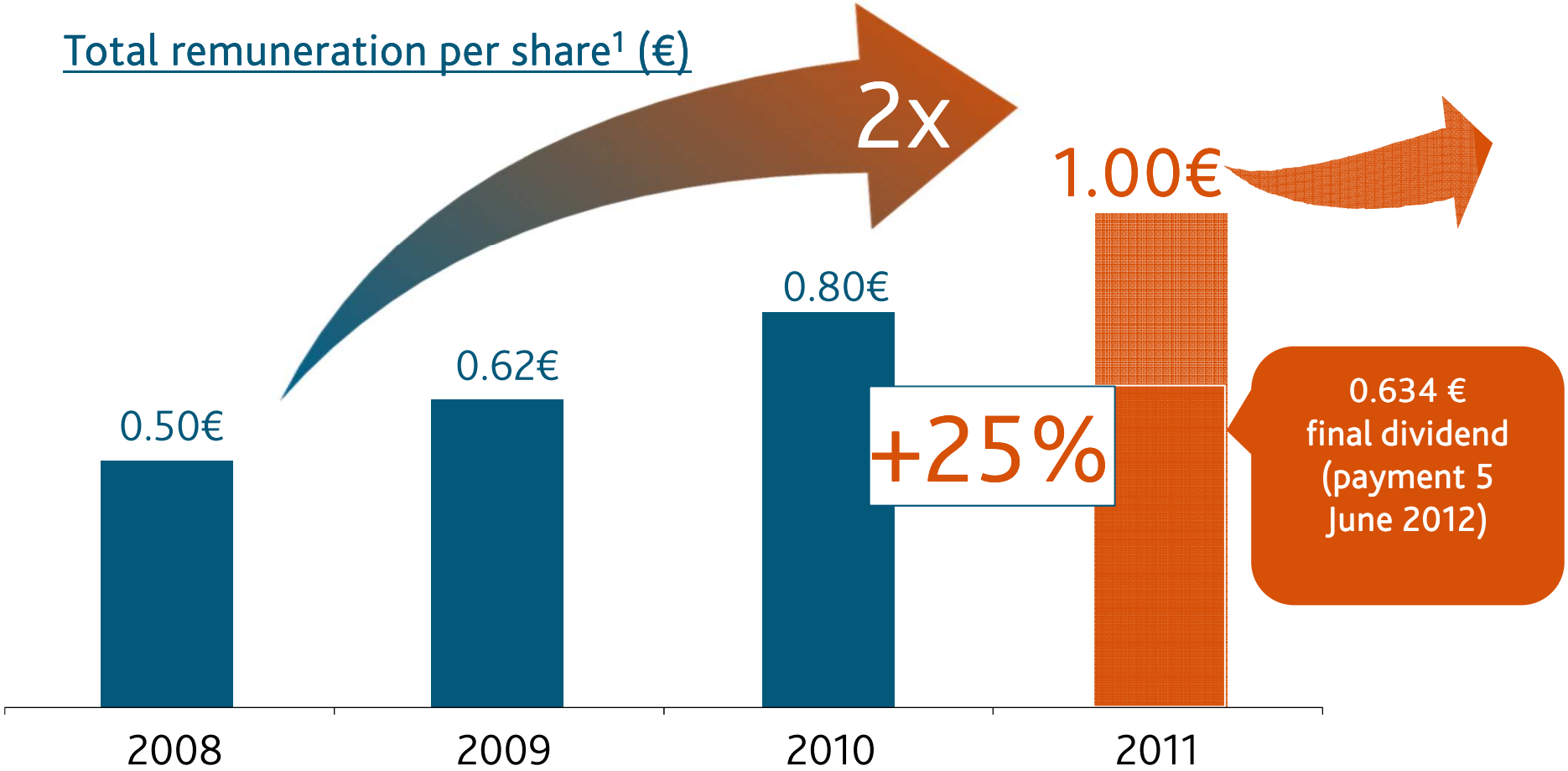
- *Increasing collagen production capacity in Spain* ✓
- *New "superfast" equipment in Germany* ✓
- *Transfer non edible collagen from Germany to Serbia* ✓
- *Increasing number of shifts in the new converting plant in China… preliminary works to build up an extrusion plant* ✓
- *Increasing fibrous capacity in USA* ✓
- *Complete the remaining 50% acquisition in Lingbao Baolihao in China (vegetable food)* ✓

More growth than expected… boosted by volume strength on emerging areas



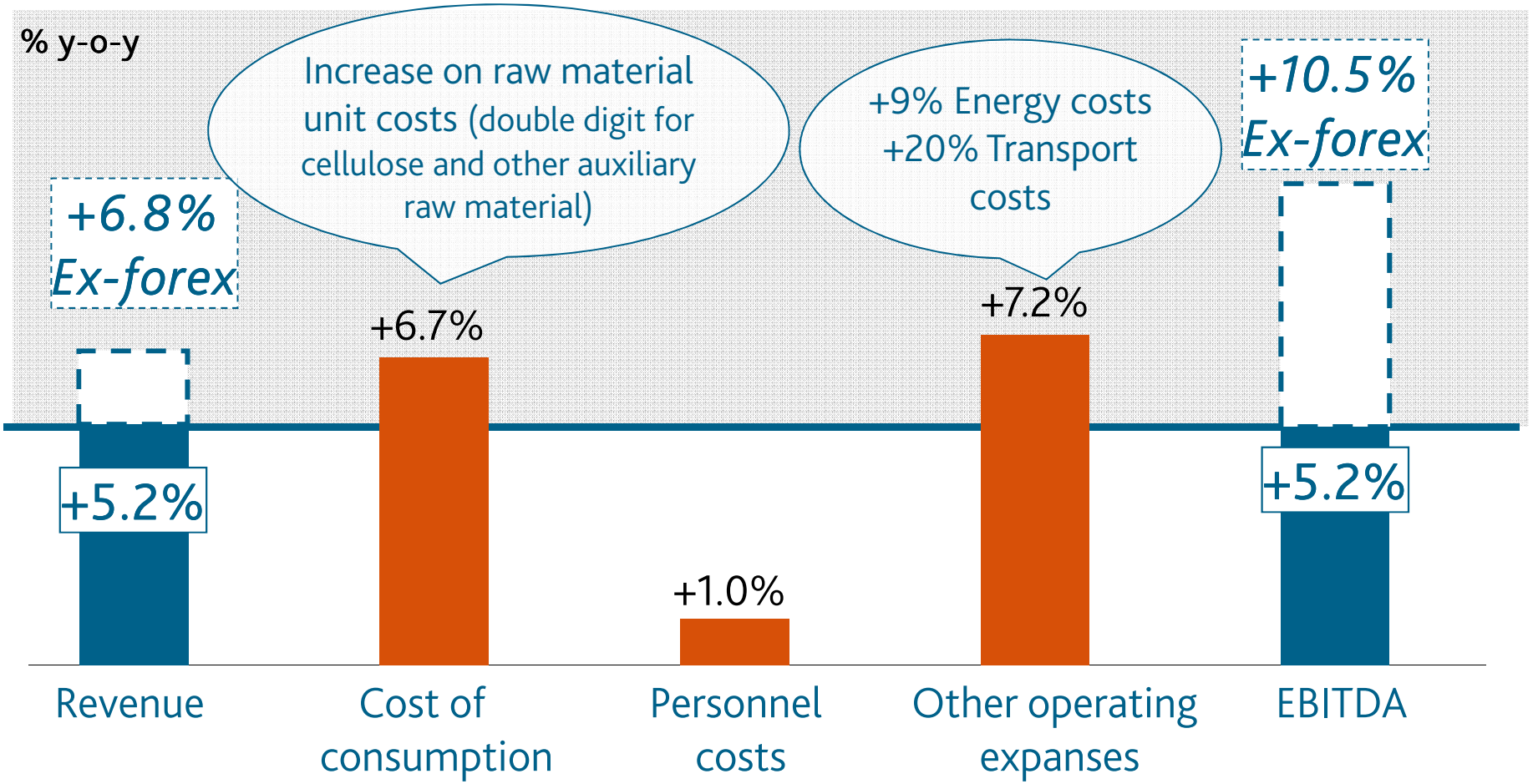
1 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Increasing shareholder remuneration in line with net profit performance… even in a period with capex expansion.

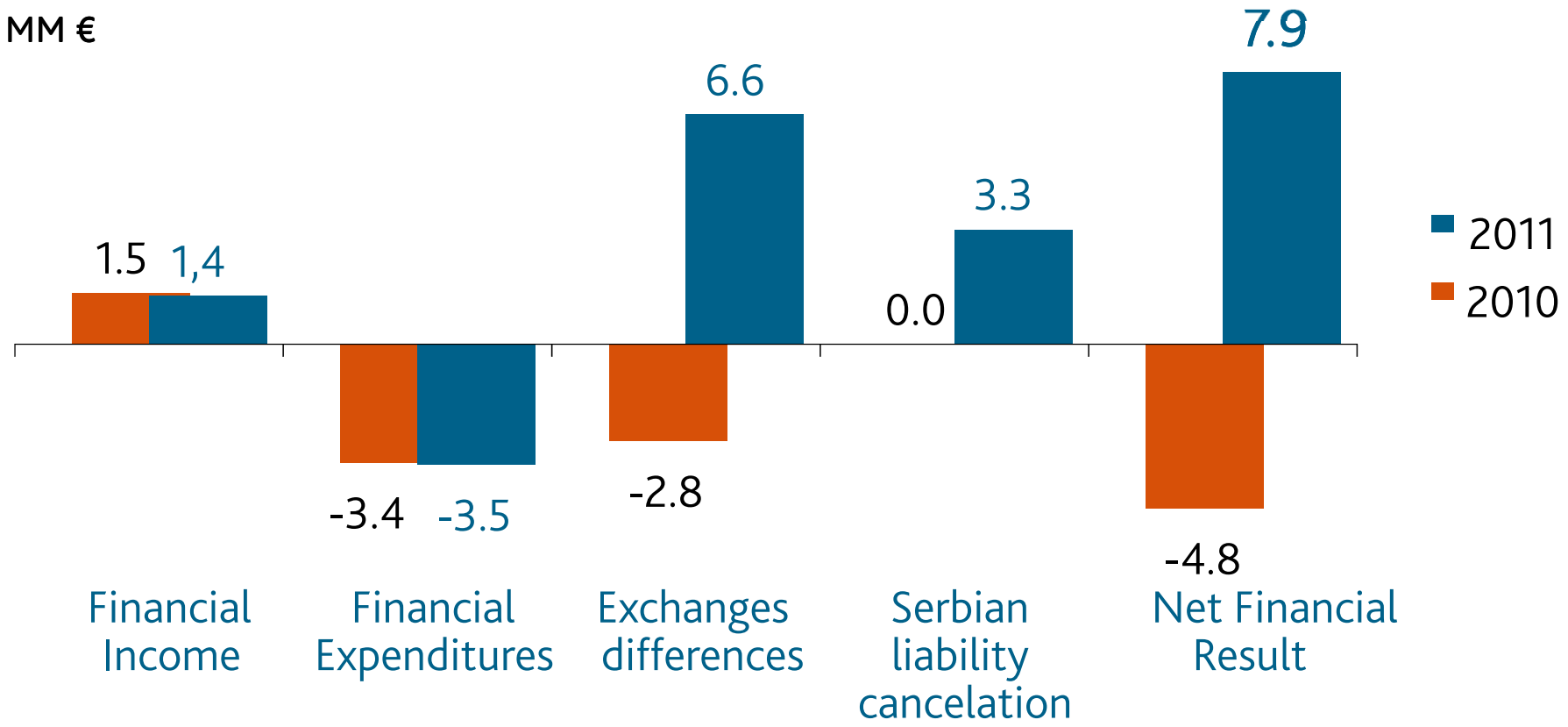


[1] The shareholder's remuneration per share includes interim dividend, proposal of final dividend, refund of issue premium, capital reimbursement, and the AGM attendance bonus .

Adverse environment in raw material and energy offset by operating gearing, cost control and production improvements.

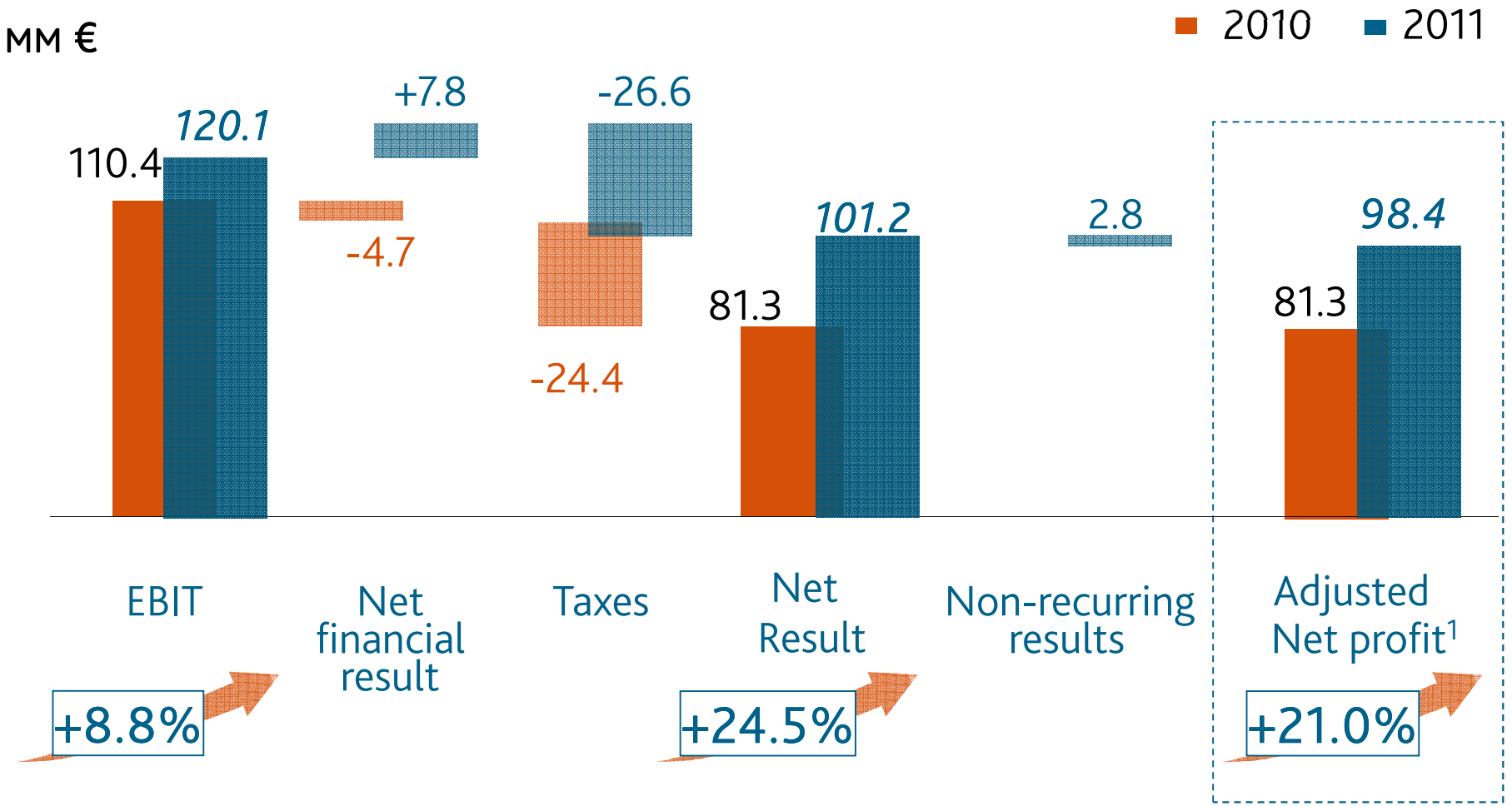


Weakness in the company's main trading currencies erode partially the EBITDA growth, but financial exchange differences contributes positively.



[1] As a consequence of an out-of-cpurt settlement, Koteks Viscofan d.o.o. has paid a total amount of €3.2MM to Vojvodjanska Banka a.d. in principal and interest, definitively cancelling the financial liability with this entity. The payment generated a non-recurring financial gain for the Viscofan Group of €3.3MM.

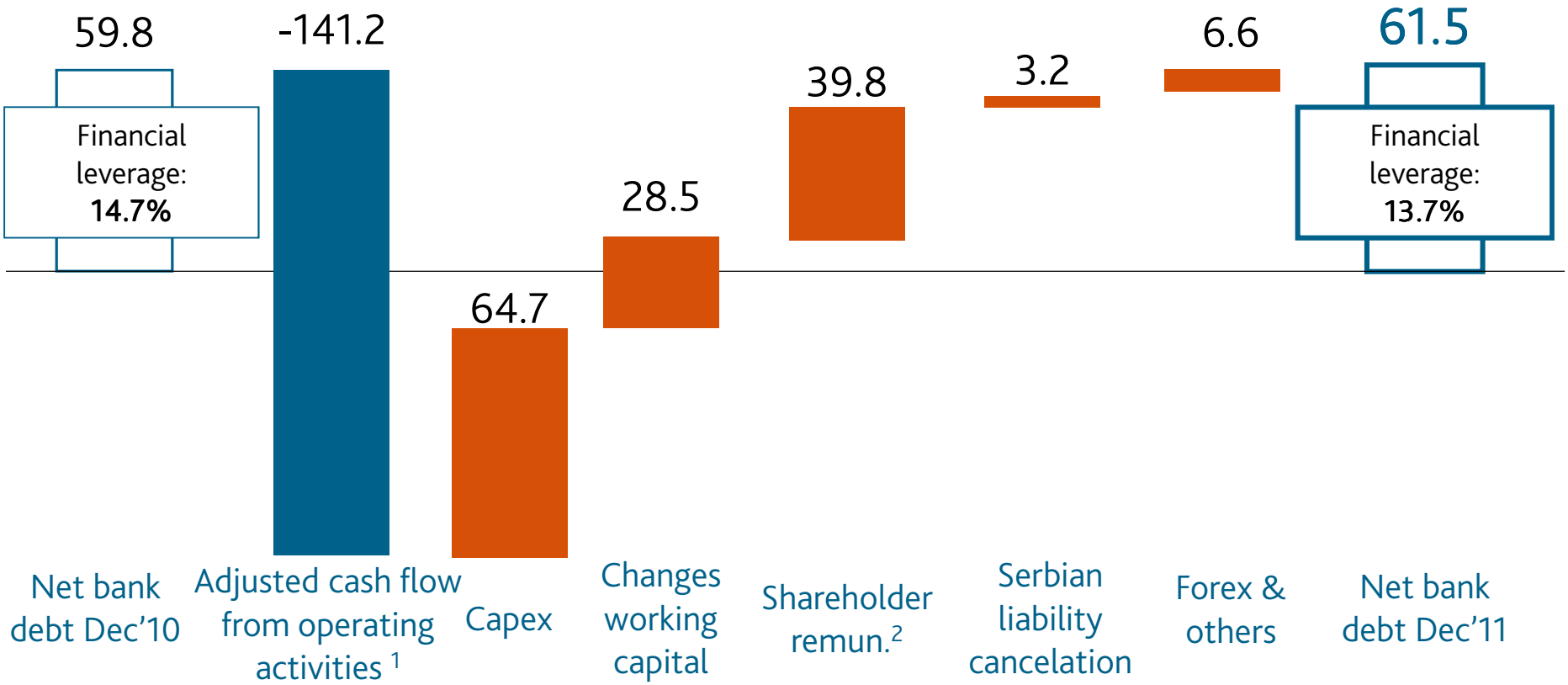
Net profit hit a new record high (even if non recurring results are excluded).



1 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Financial and operational strength allows a quick reaction to capture market growth while increasing shareholder's remuneration.

Net bank debt evolution (MM €)



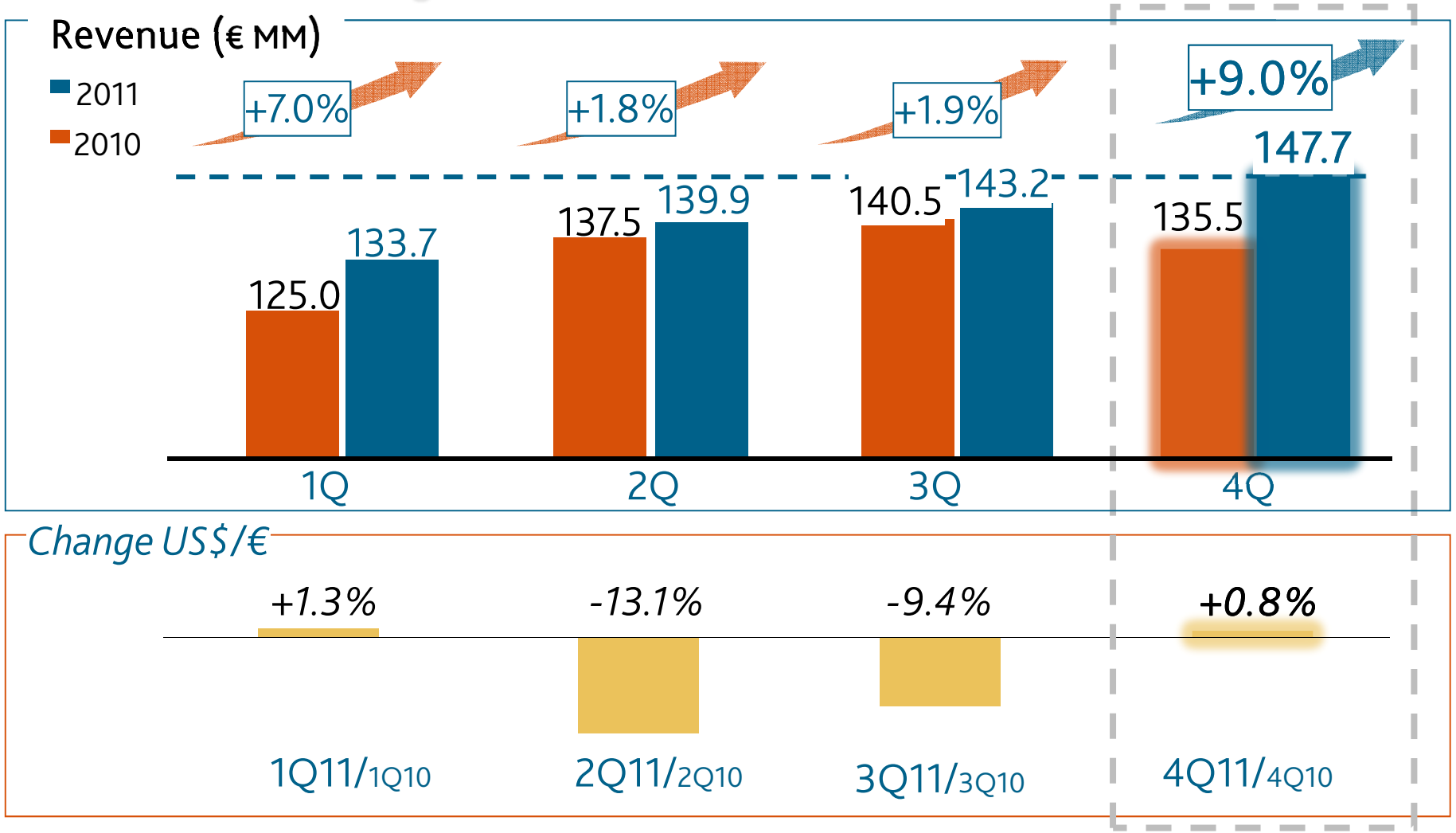
[1] Adjusted cash flow from operating activities = Cash fow from operating activities-changes on working capital

[2] Include 0.204€ final dividend paid in May, capital reimbursement 0.290€ returned in June and interim dividend for 2011 results 0.360€ paid in December

Casing business



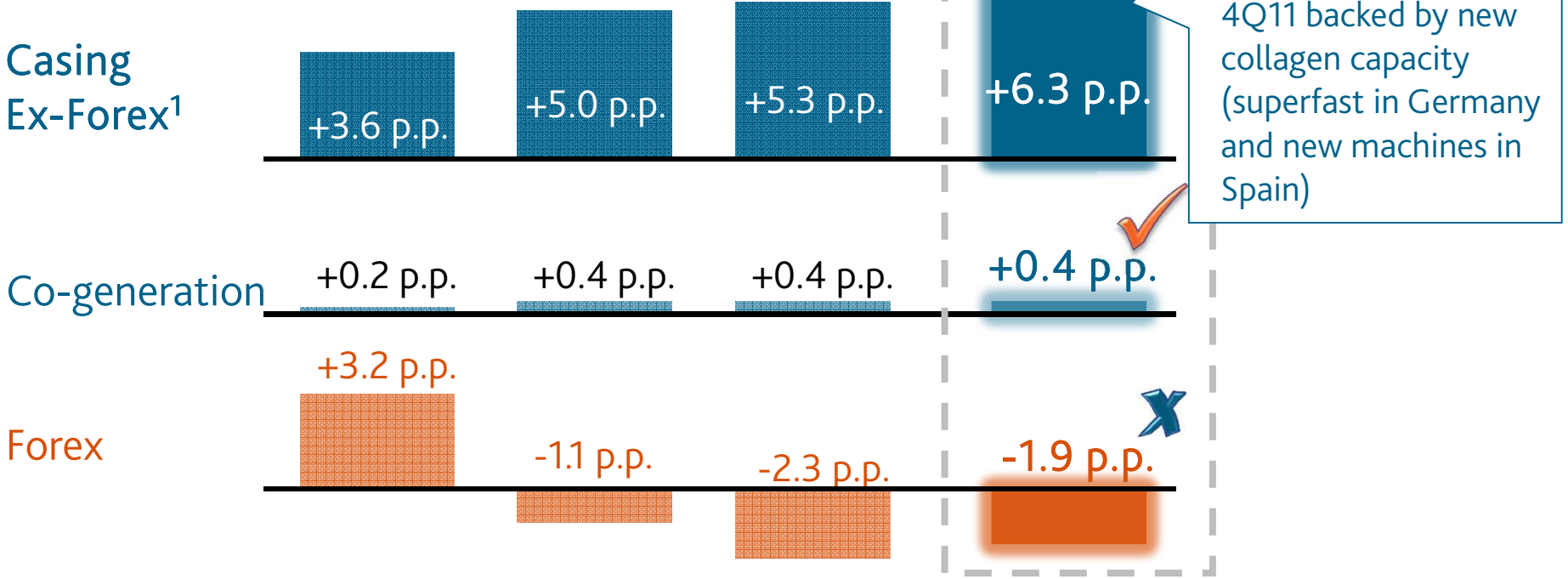
Faster Q4 growth on top line driven by volume strength and better currency.



Volume improvements as a trend during whole 2011… with a significant contribution from new capacity in Q4.

	1Q11/1Q10	1H11/1H10	9M11/9M10	2011/2010
Total	*+7.0%*	*+4.3%*	*+3.4%*	*+4.8%*

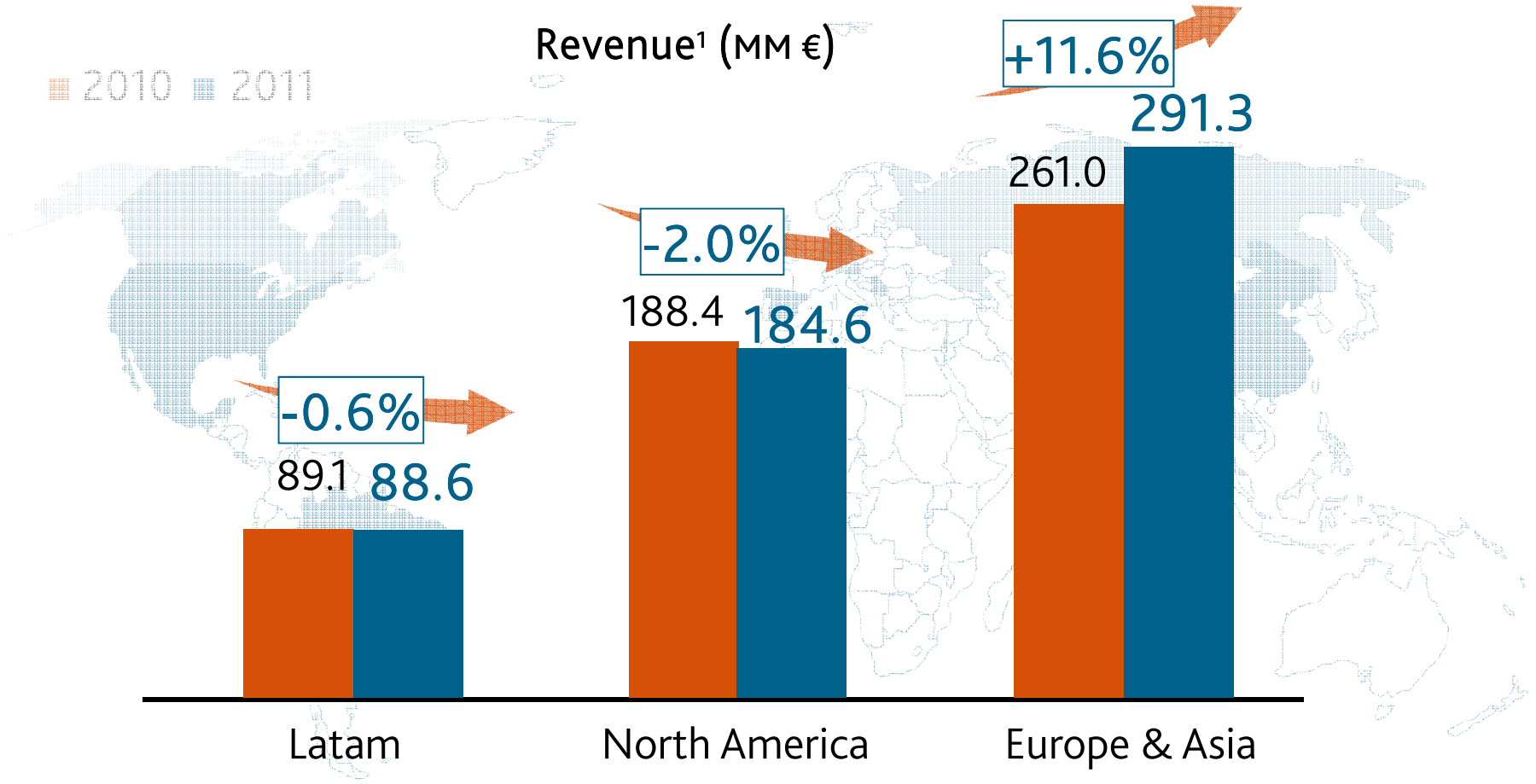
Growth contribution (p.p.)



Accelerating volume growth, especially in 4Q11 backed by new collagen capacity (superfast in Germany and new machines in Spain)

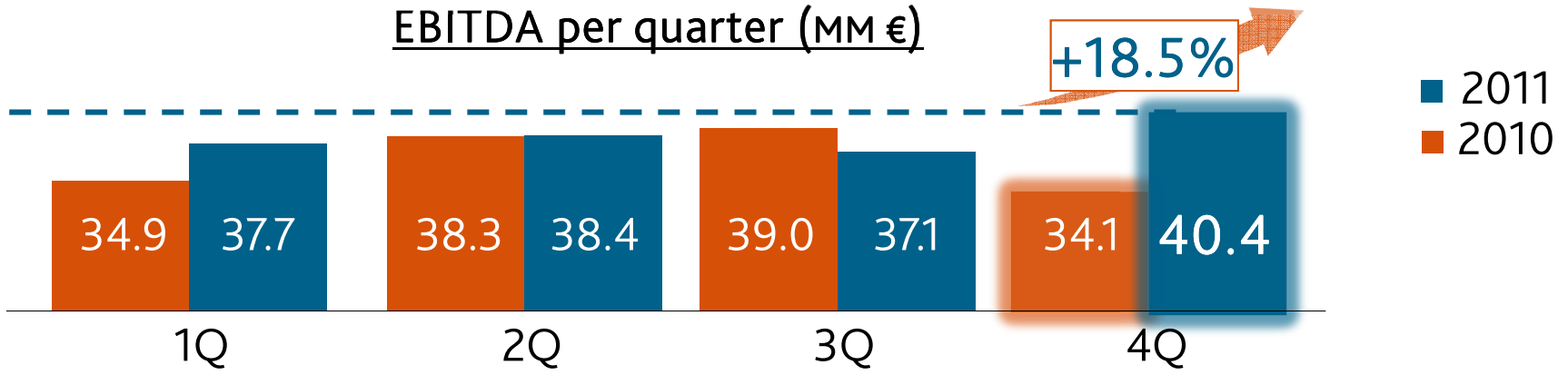
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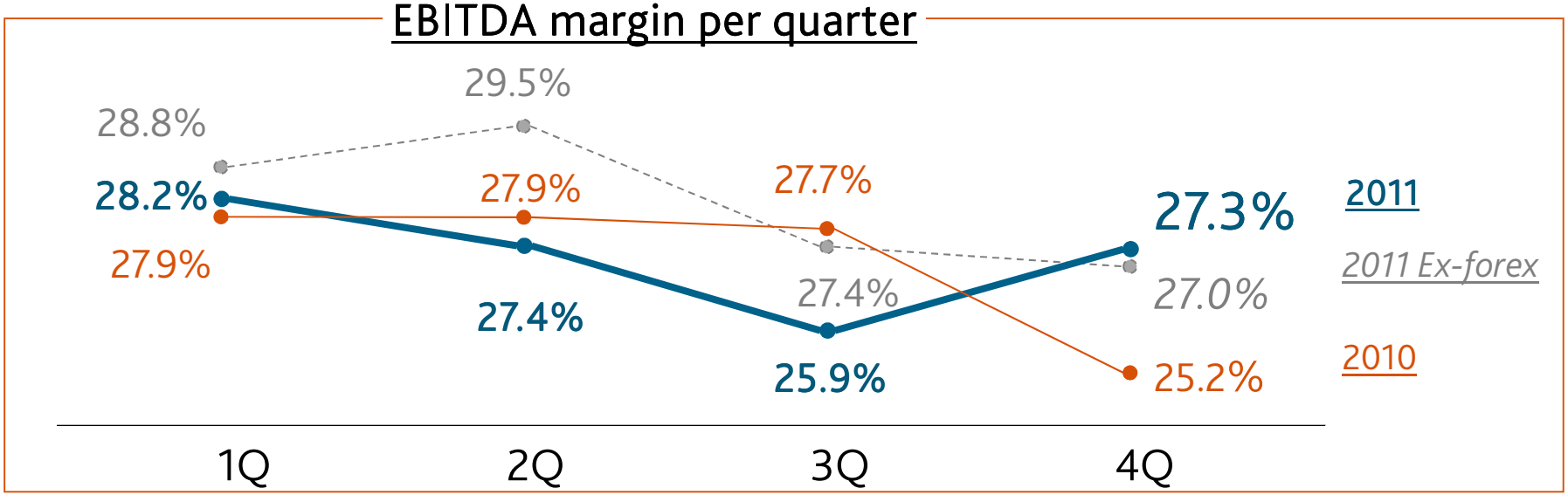
Volume growing in all reporting areas… revenue affected by currency and price mix.



[1] Revenue per origin of sales

New high record on Quarterly EBITDA, supported by growth and margin robustness…





[1] For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions

...despite the adverse environment in raw material prices (cellulose, caustic soda, glycerine, polyamide...), energy and currencies.

Lower gross margin + Improving productivity →

2011/2010

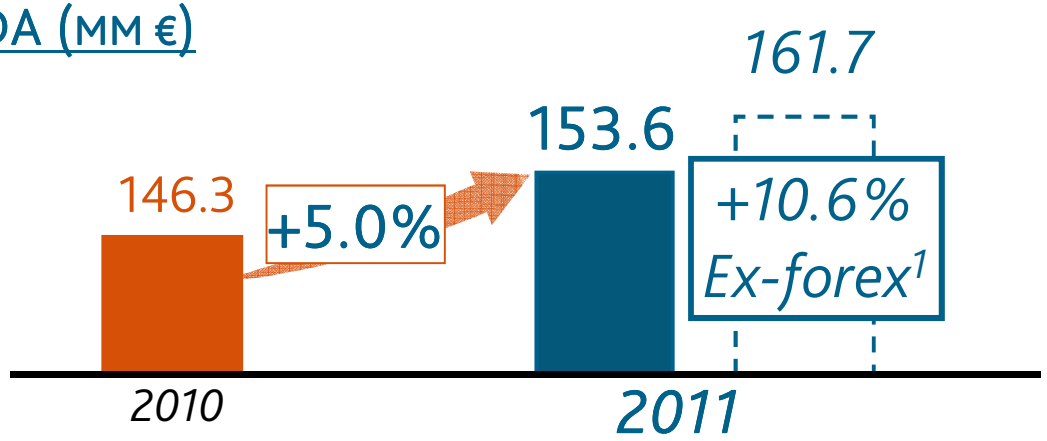
Cost of consumption: +6.3%
Personnel cost: +0.1%
Energy cost: +9.2%

Margen EBITDA 27.2%

Stability in en EBITDA Margin

EBITDA Margin ex forex[1] 2011: 28.2% (+1.0 p.p. vs. 2010)

EBITDA (MM €)



[1] For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions

Vegetable food

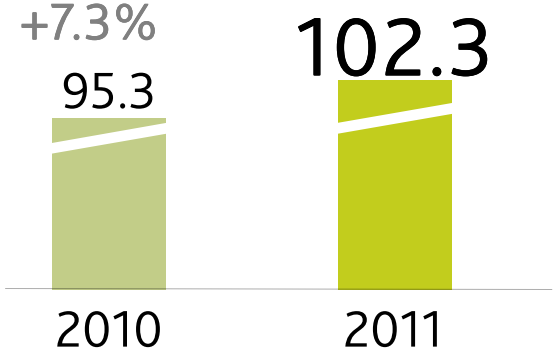




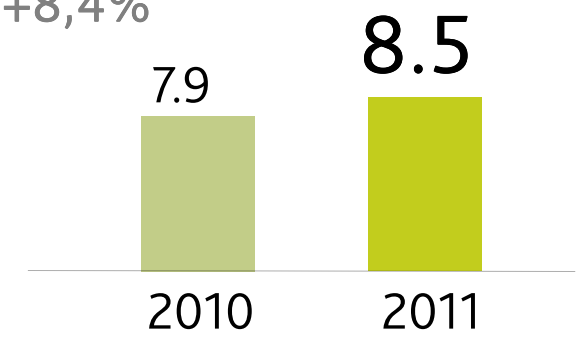


Pushing commercial activity. Market share and margin improvements thanks to Carretilla Brand and IAN Group leadership

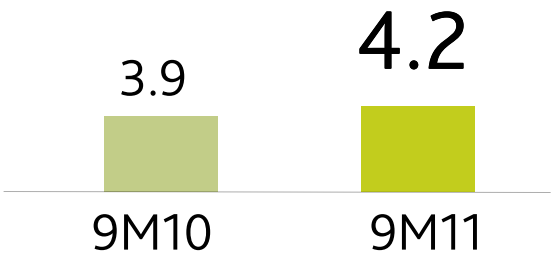
Revenue (MM €):
+7.3%



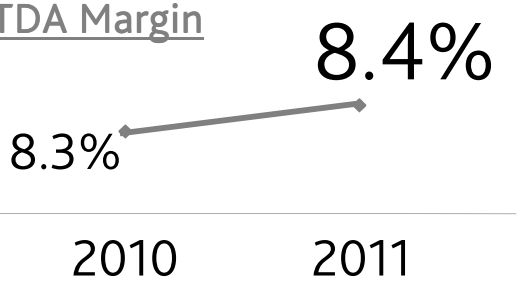
EBITDA (MM €):
+8,4%



Net profit (MM €):
+7,4%



EBITDA Margin



Volume growth (olives and tomato).

Ready meals: +40%



✓ Viscofan Group Results: January - December 2011

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✓ **Be MORE: 2012- 2015**

✗ Guidance 2012

BE MORE: THE NEW STRATEGY TO TACKLE THE GROWTH OPPORTUNITY…





OUR VISION FOR THE FUTURE

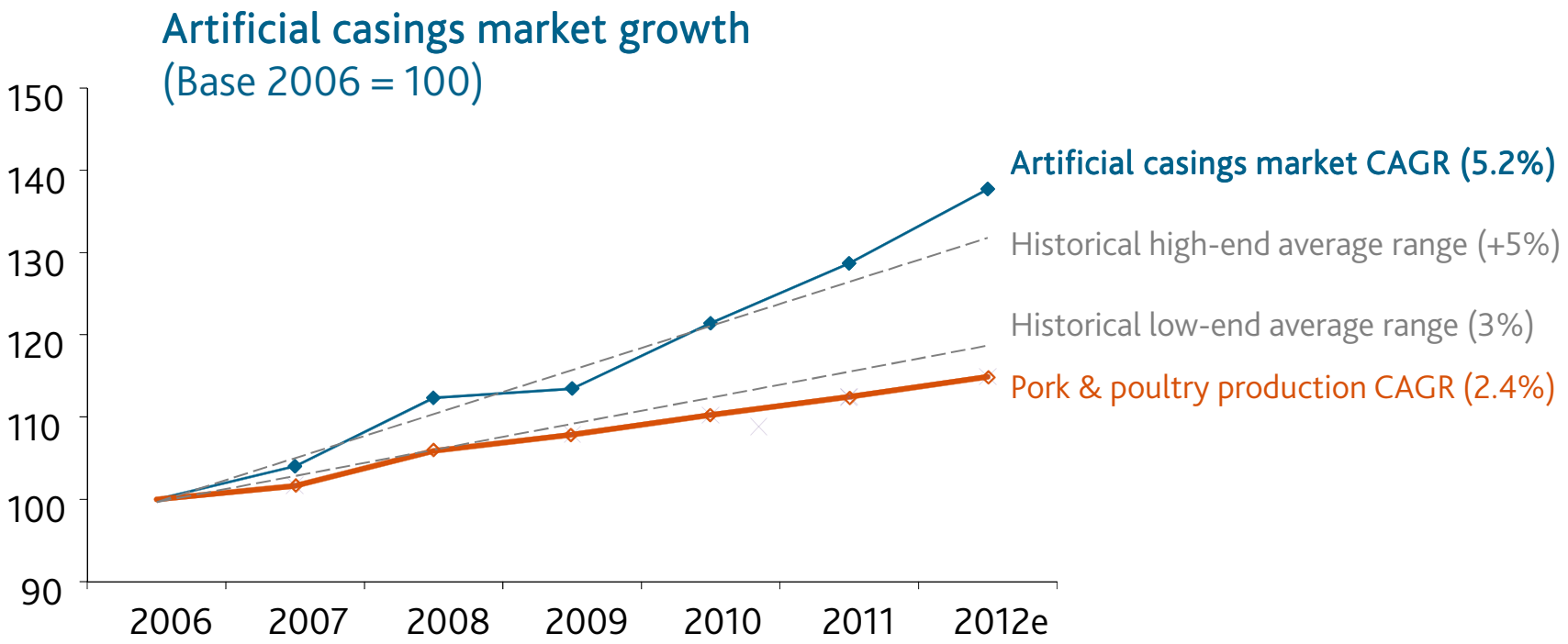
- We want to be THE GLOBAL LEADER in the artificial casing market.
- This vision means…
- The global leader focuses its efforts to **create value to our shareholders in a sustainable way**.
- The global leader is a **benchmark in efficiency and productivity in all the artificial casing** technologies.
- The global leader is **the reference for our customers** for our good practises, quality and service.
- The global leader **attracts and keep talented people and develops their capacities**: A leader that build up a team that is committed with Group goals and vision, a team that foster innovation and best practises, a team that encompasses hard work and seamless collaboration between Group members.


Be
MORE
Market growth
Optimization
Returns
Excellence

Market growth

THE GROWTH OPPORTUNITY

The market is consistently growing above the historical high-end range driven by growth in emerging countries… but also in developed ones.



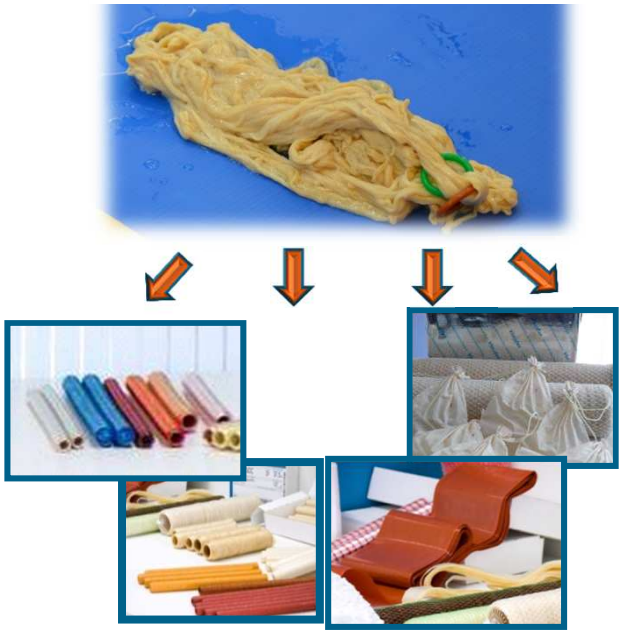
Market growth

DRIVERS FOR AN ACCELERATED GROWTH

Population growth & Feeding habits



New production technology



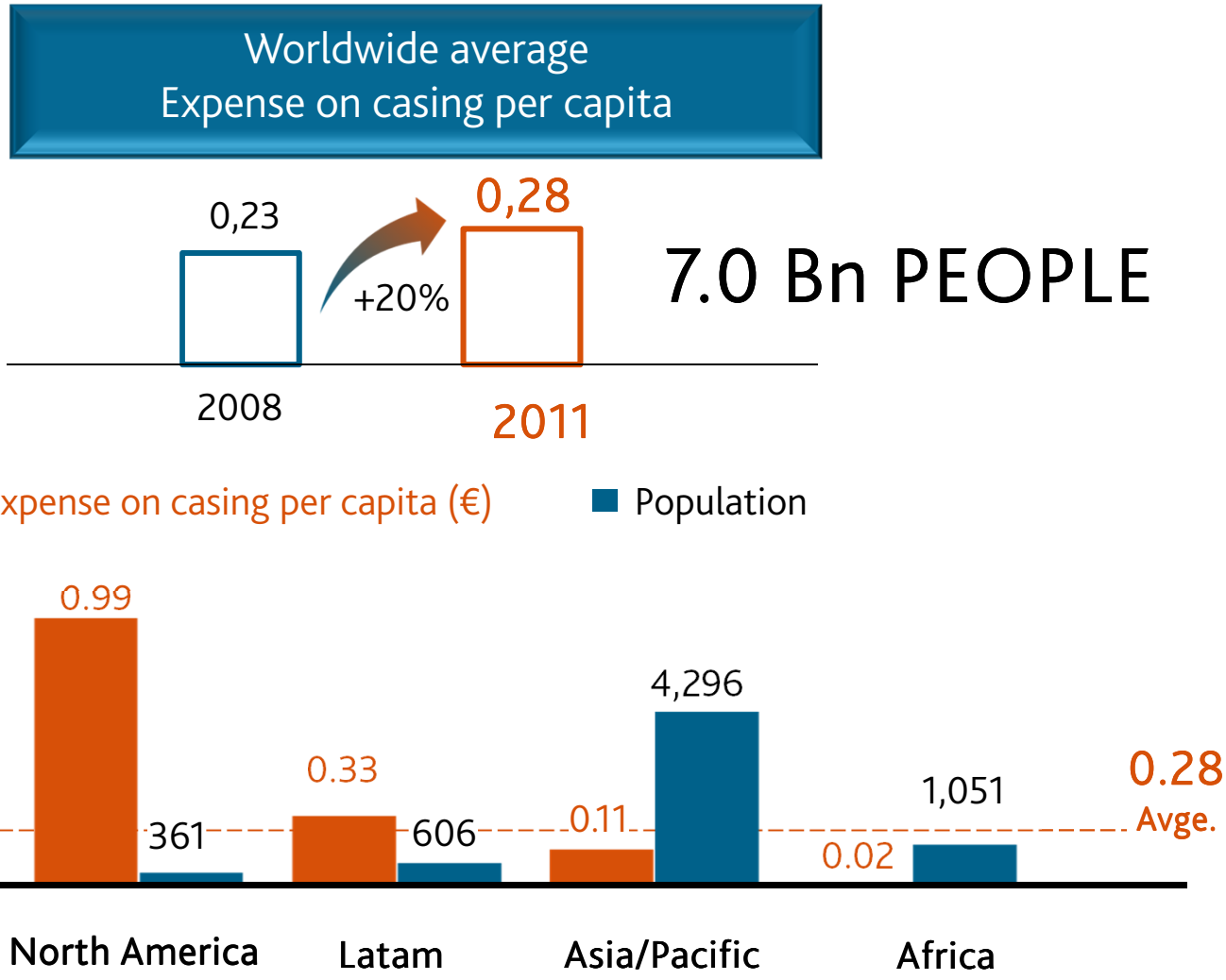
7 Bn people
(secular 1% growth)

Globalization
(Developing countries incorporate more meat in their diet, developed countries trends are related with GDP deceleration and fast food habits)

Meat industry is focusing on
productivity and cost control
in current environment…
…but also new products and
customization to increase market share and added value

Market growth

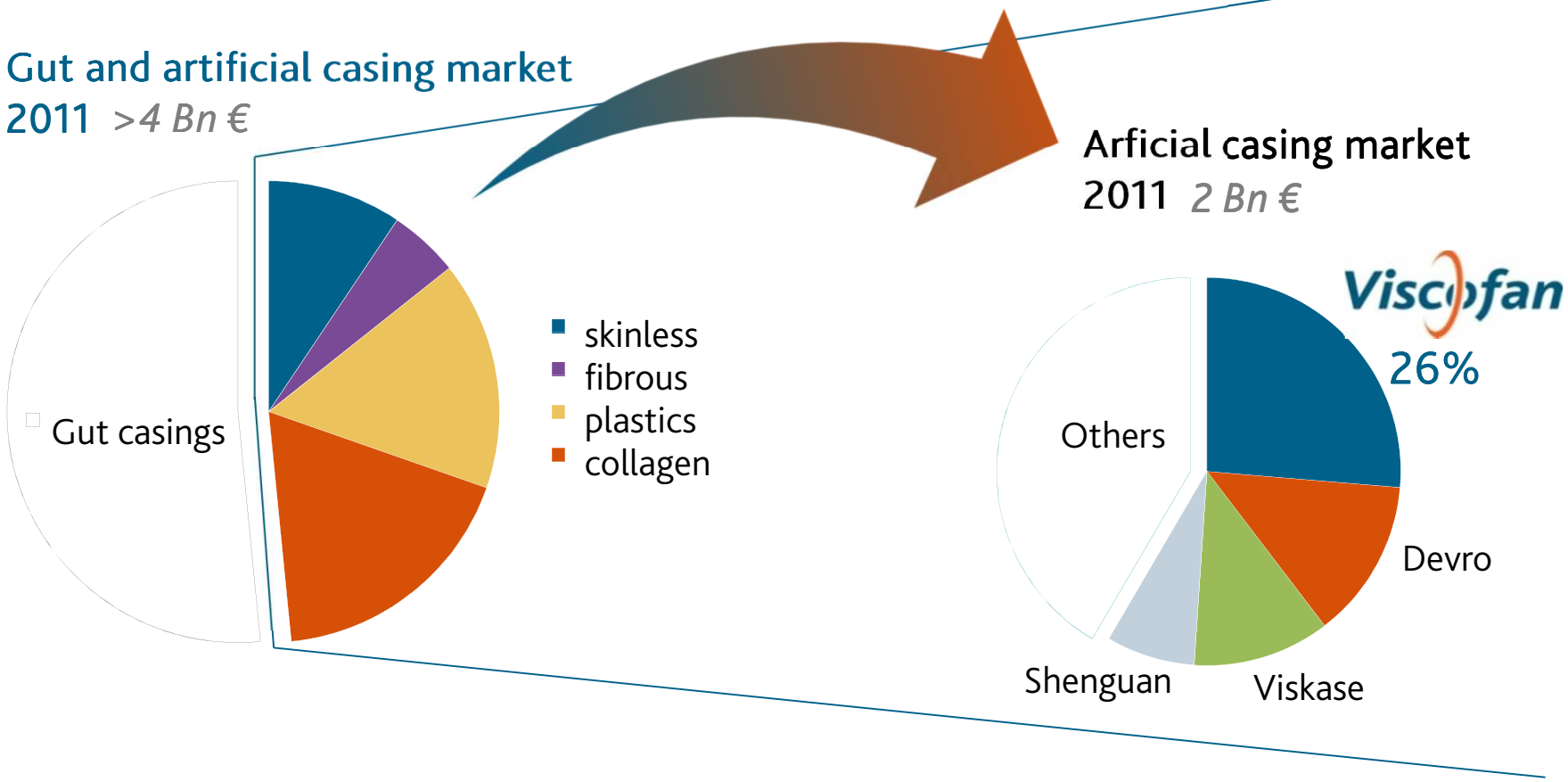
ALL REGIONS DELIVER GROWTH… BUT EMERGING AREAS ARE EVEN MORE DINAMYC



Market growth

GLOBAL LEADERSHIP IN A GLOBAL MARKET

A unique technology proposition has reinforced Viscofan's leadership in a very dynamic and demanding market… with clear growth potential



Market growth

THE WIDEST PORTFOLIO TO PROVIDE A UNIQUE SERVICE SOLUTION:

Leveraged on our technology to be "the casing company" for our customers:

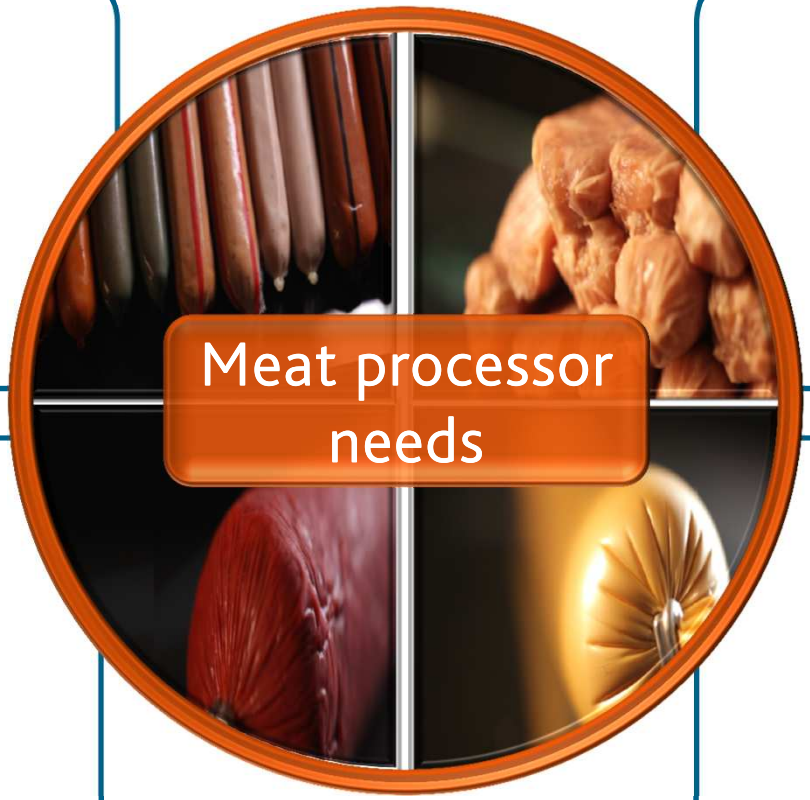
45% of total sales is for customers that buy the 4 technologies

Skinless

- Viscofan ✓
- Viskase
- Visko-Teepak

Collagen

- Viscofan ✓
- Devro
- Shenguan
- Fabios
- Nippi
- … others



Fibrous

- Viscofan ✓
- Kalle
- Visko-Teepak
- Viskase
- Case-tech
- …Others

Plastics

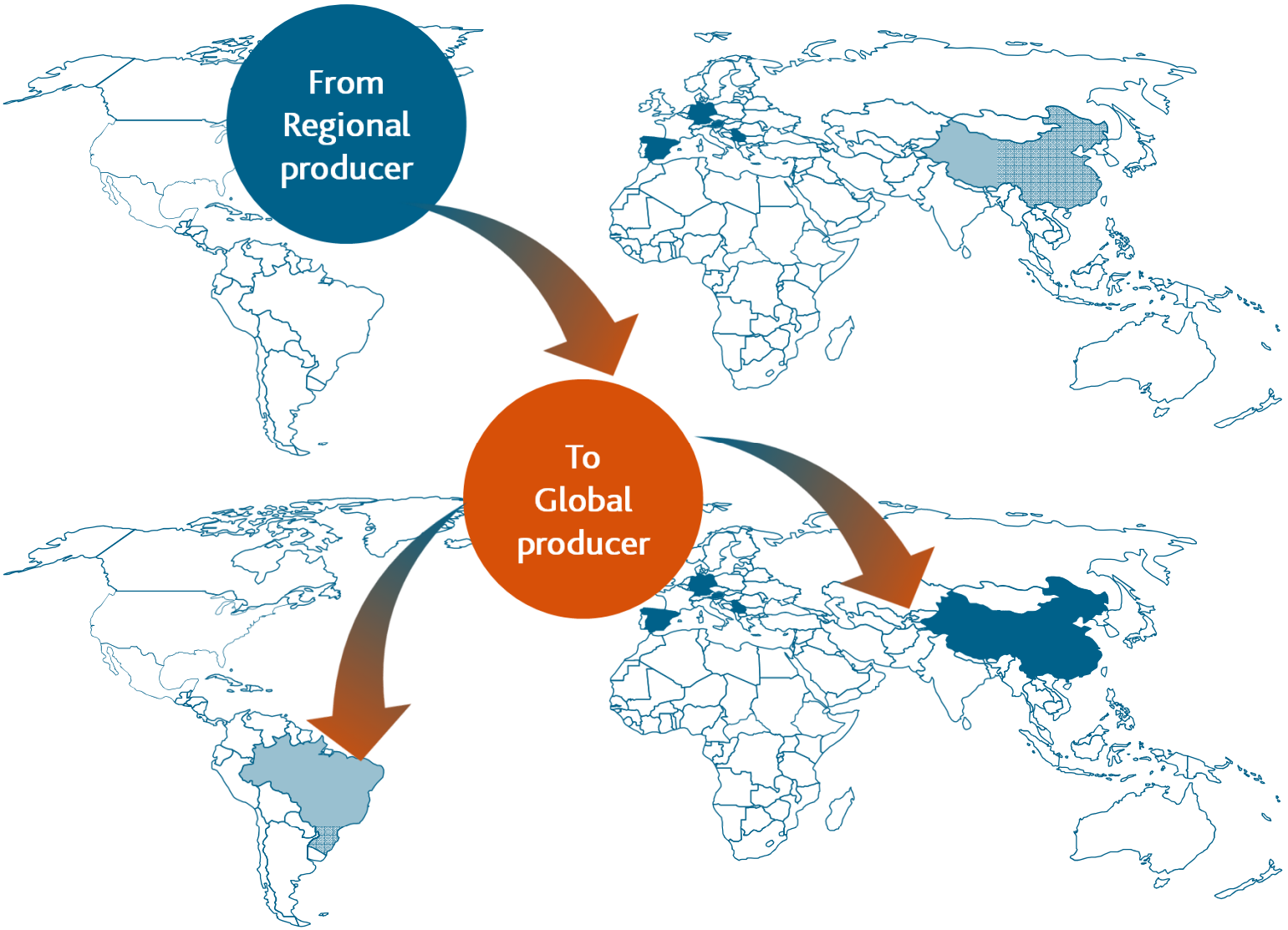
- Viscofan ✓
- Kalle
- Viskase
- Visko-Teepak
- … Others

Market growth

"BE MORE" MEANS BE GLOBAL IN THE COLLAGEN SEGMENT:

Year 2011

Year 2015

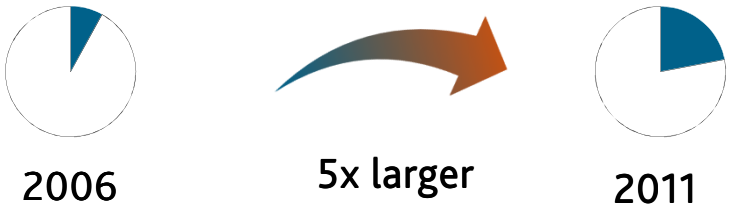


Market growth

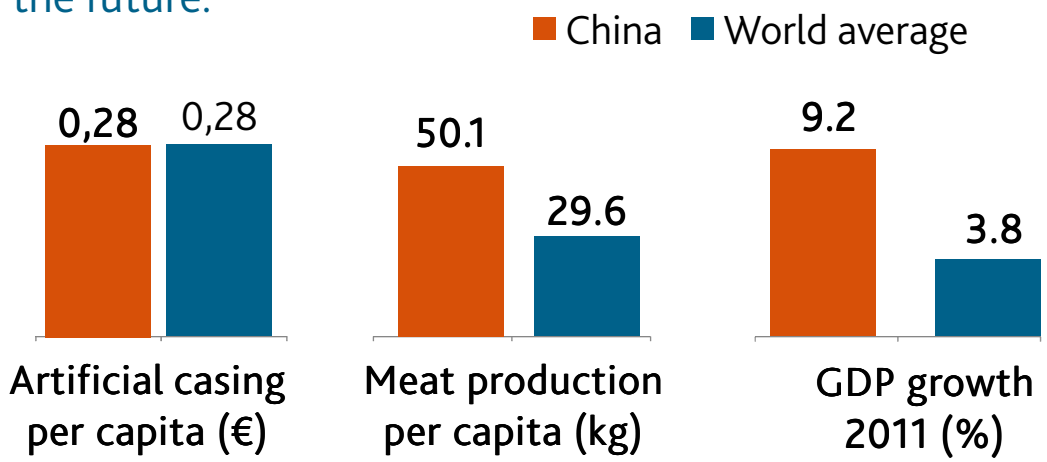
NEW EXTRUSION PLANT IN ASIA:

China is the largest market worldwide, and growing double-digit every year!!

Weight of China in worldwide collagen market:



A very significant growth… with strong prospects for the future:



Drivers for outstanding growth in China:

- ✓ Higher standards of living
- ✓ Migration from rural areas to urban areas
- ✓ Feeding habits incorporating global trends
- ✓ Meat industry developing very fast
  (top 5 customers account for more than 50% of the market)

Market growth

CHINA IS AT THE INITIAL PHASE OF INCORPORATING ARTIFICIAL CASING IN THEIR PRODUCTION PROCESS

Viscofan, as the worldwide leader will provide added-value proposition

Our aproach to the Chinesse market:

Distribution

Since 1992.
Commercial sales
No capex

Commercial office

Since 2006.
Better service and knowledge of the market
No capex

Converting plant

Since 2010.
Better time to market
Capex: €8MM

Collagen Extrusion plant

For 2013.
Full commitment with market development and customer service.
Capex €25 MM

Goals:

- Better **time to market, productivity and safety** for an industry with strong dynamics and high inflation rates
- **Premium quality** backed by leader expertise
- Casing solutions… **Meat processor are widening their portfolio** and Viscofan is the only one with all the artificial casing technologies.
- **Market share target**: 15% to 20%

M
Market growth

NEW COLLAGEN OPERATION IN LATAM:

Establishing converting capacity in Brazil as the largest market in Latam, improving time to market for the region and diversifying operational risk on collagen (concentrated in Europe)

Viscofan's aproach to the Latam market:

Distribution

Since 1990.
Commercial sales
No capex

Commercial office

Since 1991.
Better service and knowledge of the market. No capex

Converting plant

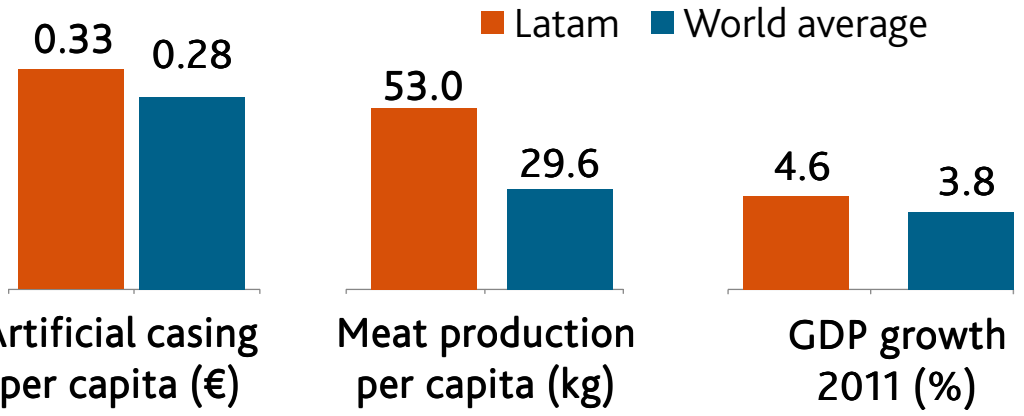
Since 2012.
Better time to market
Capex: €1MM

Collagen Extrusion plant

Analysing possibilities and rationale.
Investment expected during "Be MORE"

Latam is enjoying a high pace of growth due to industrialization and middle-class evolution.





M

Market growth

NEW RESOURCES FOR THE REST OF THE FAMILIES:

Viscofan is working internally to consolidate improvements and capacity to face the possibility of a strong growth in a massive market of thousand of million meters

Skinless casings:

The "common" way to taste a delicious sausage.



Drivers for growth:

- ✓ Cooked sausages for global population… (for many, the first step to animal protein).
- ✓ Cheap to buy for consumers and unbeatable performance to produce cooked sausages for meat processors.

Largest markets are populated areas: US, Brazil, Mexico…

… but penetration in emerging countries is about to come: China, South East of Asia or Africa…

Market growth

NEW RESOURCES FOR THE REST OF THE FAMILIES:

Fibrous and Plastics:

Strenghten the segments to improve service.



Growth focus:

Increase resources on R&D oriented to added-value segments:

- ✓Production focus: Upgrade technology
- ✓Market focus: To wide the portfolio

Consolidate capacity expansion in fibrous done in 2011

Increase capacity in plastics in 2012

A BALANCED PRODUCTION PORTFOLIO LED BY EXCELLENCE CENTRES AND VERY COMPETITIVE COST PLANTS

Production capacity by technology:



Skinless	Collagen	Plastics	Fibrous
✓	✓	✓	✓ *
✓ *	✓	—	—
	Extrusion capacity in 2013		
✓	—	✓ *	✓
✓	✓ *	✓	✓ *
	Extrusion capacity during Be MORE		

* Converting

Optimization

EXCELLENCE CENTRES GAINING COMPETITIVENESS THROUGH TECHNOLOGY AND COST CONTROL.

Viscofan is increasing capacity in countries with very competitive production costs.

Excellence centres

Consolidate investments made in late 2011 and technology upgrades.
Achieve new efficiency benchmarks

Upgrading technology and automation plans

Plans to improve automation in Czech Republic and in Brazil

Additional capacity in low cost countries

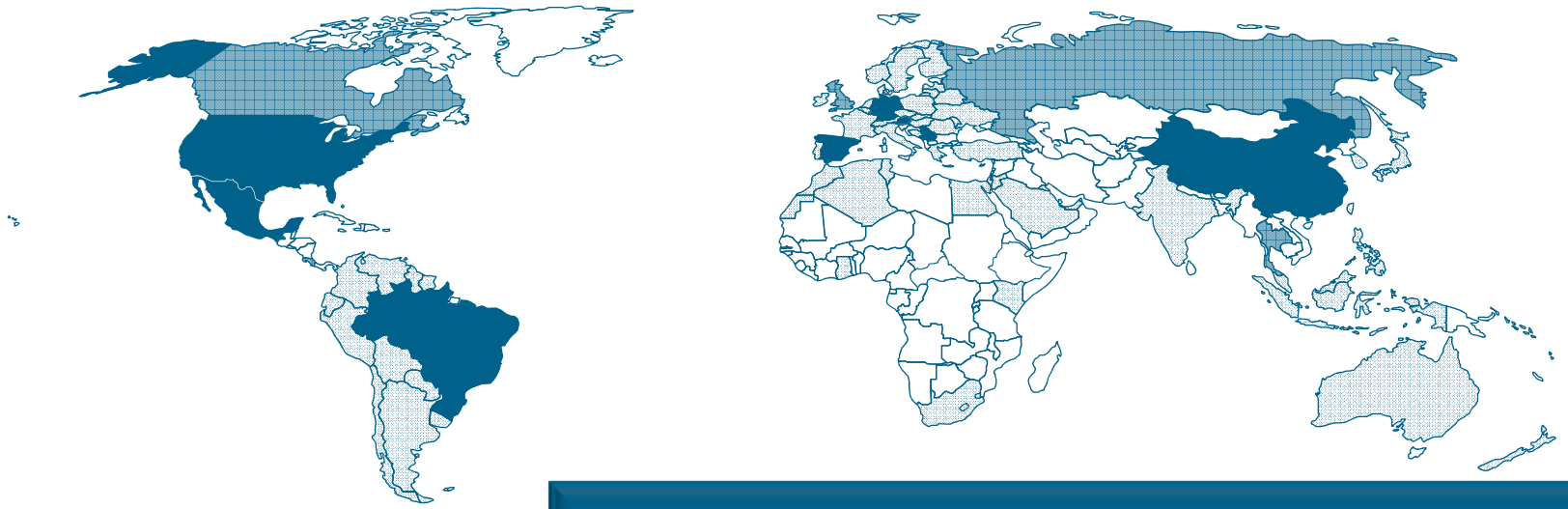
Investments in China, Brazil, Czech Republic and Serbia

Optimization

DEMANDING QUALITY AND SERVICE IN MORE THAN 100 COUNTRIES WORLDWIDE

A better management of supply chain to capture new synergies...

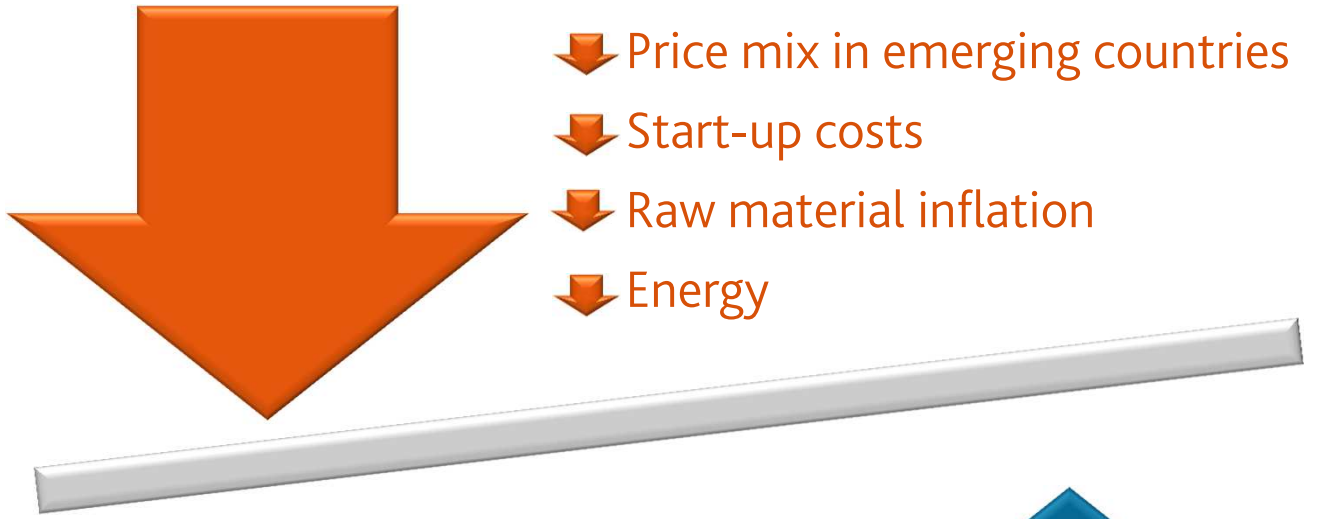
- Production footprint
- Commercial offices
- Commercial agents



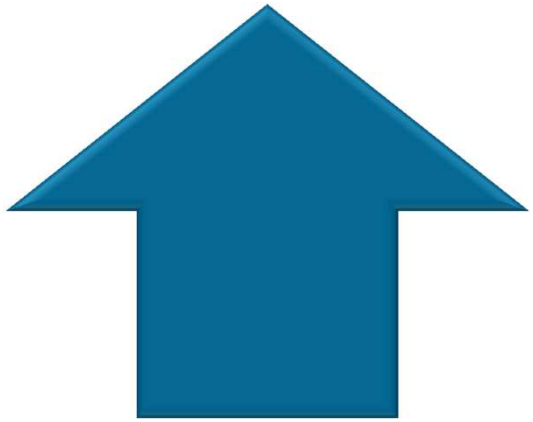
Growth will involve additional working capital efforts in the short term...
... but better service, time to market, and working capital efficiency in the long term.

Optimization

BALANCING EFFORTS TO OFFSET A VERY DEMANDING ENVIRONMENT.



- Price mix in emerging countries
- Start-up costs
- Raw material inflation
- Energy

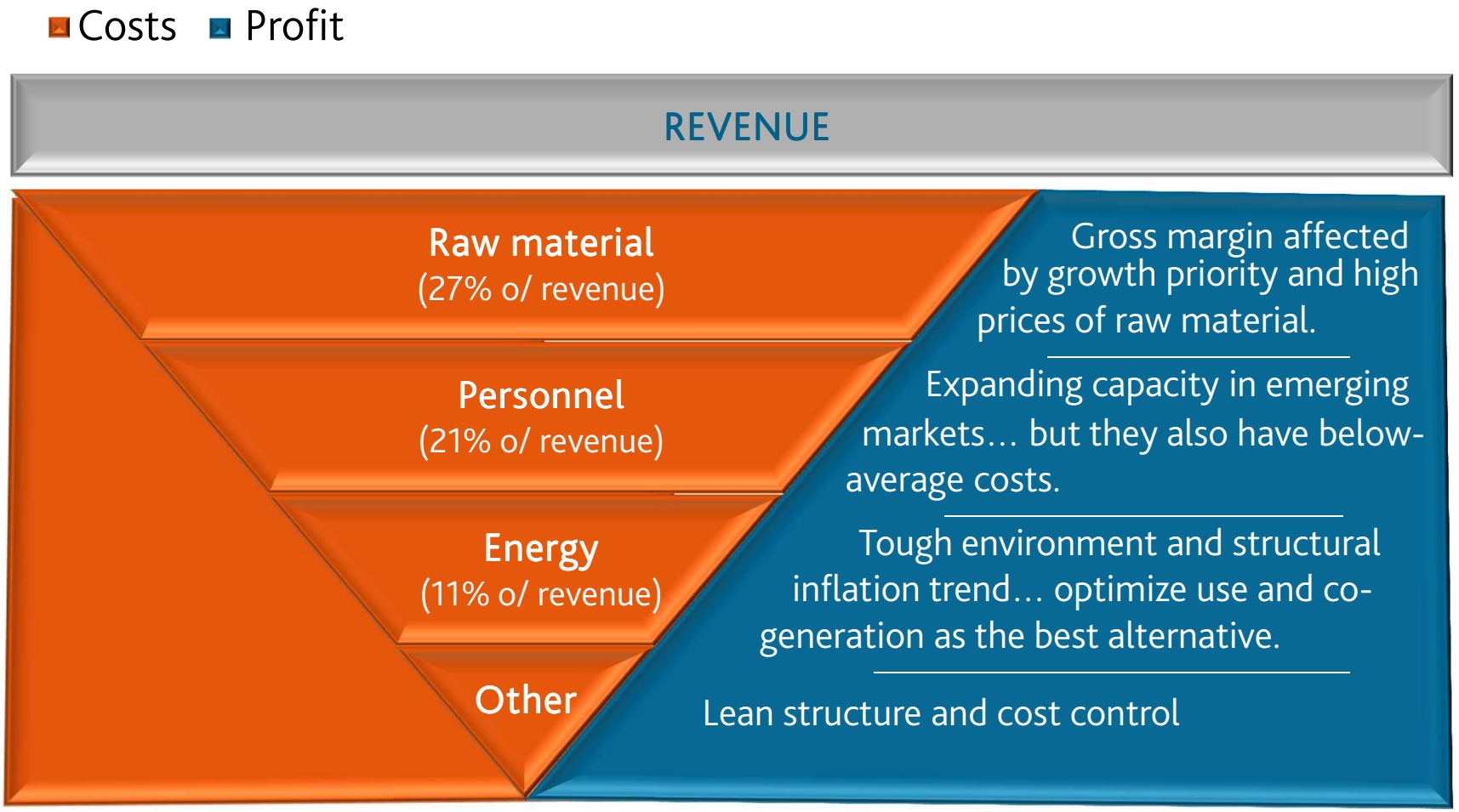


- Volume & Scale
- Technology upgrades
- Efficiency control
- Optimize investments on energy (new cogeneration engine in Spain)
- Strong balance sheet

R
Returns

FOCUS ON GROWTH, BUT KEEPING DISCIPLINE AS THE BEST GUARANTEE FOR SUSTAINABLE VALUE CREATION.

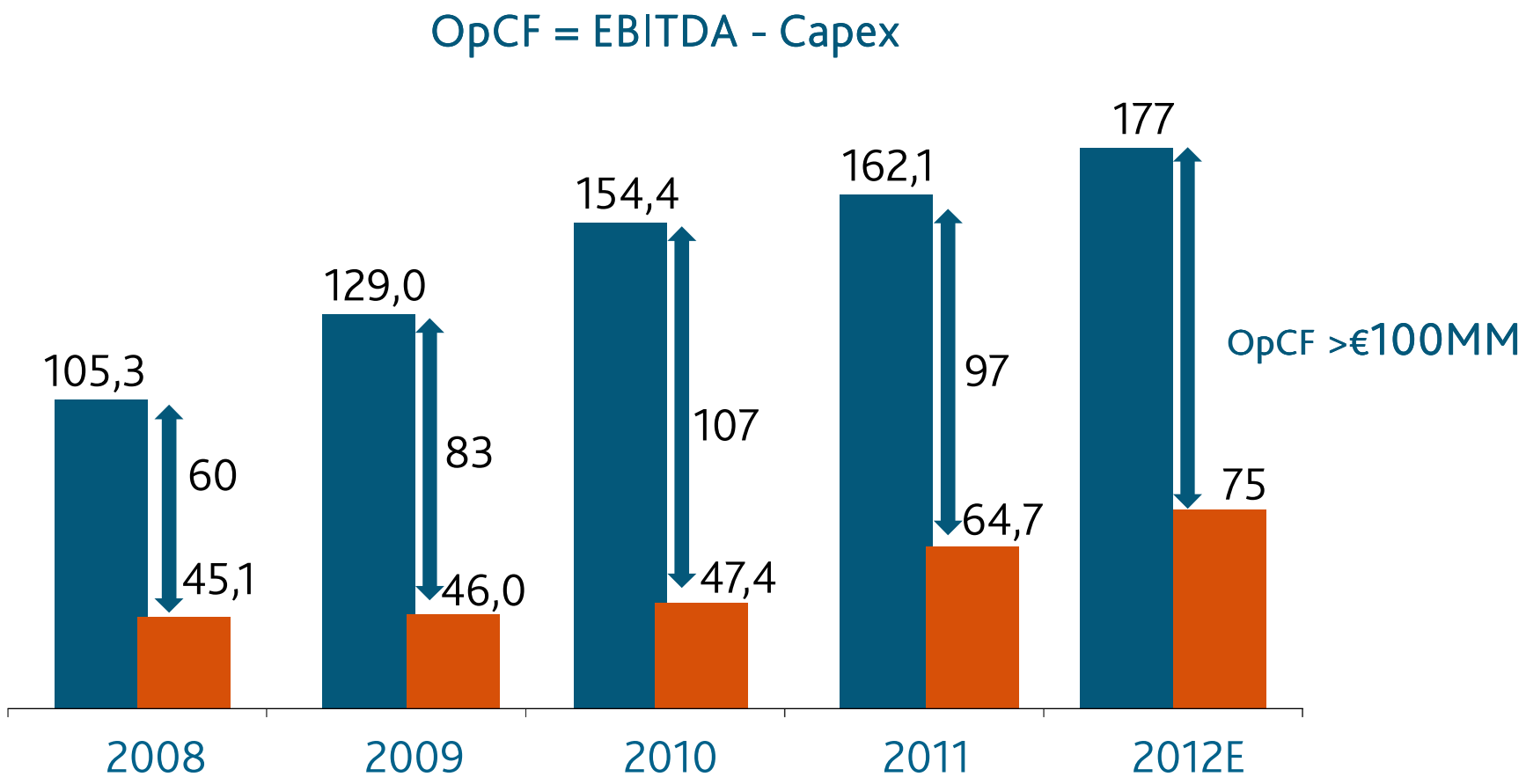
✓ *Growth opportunity: Top line will drive bottom line growth*



R

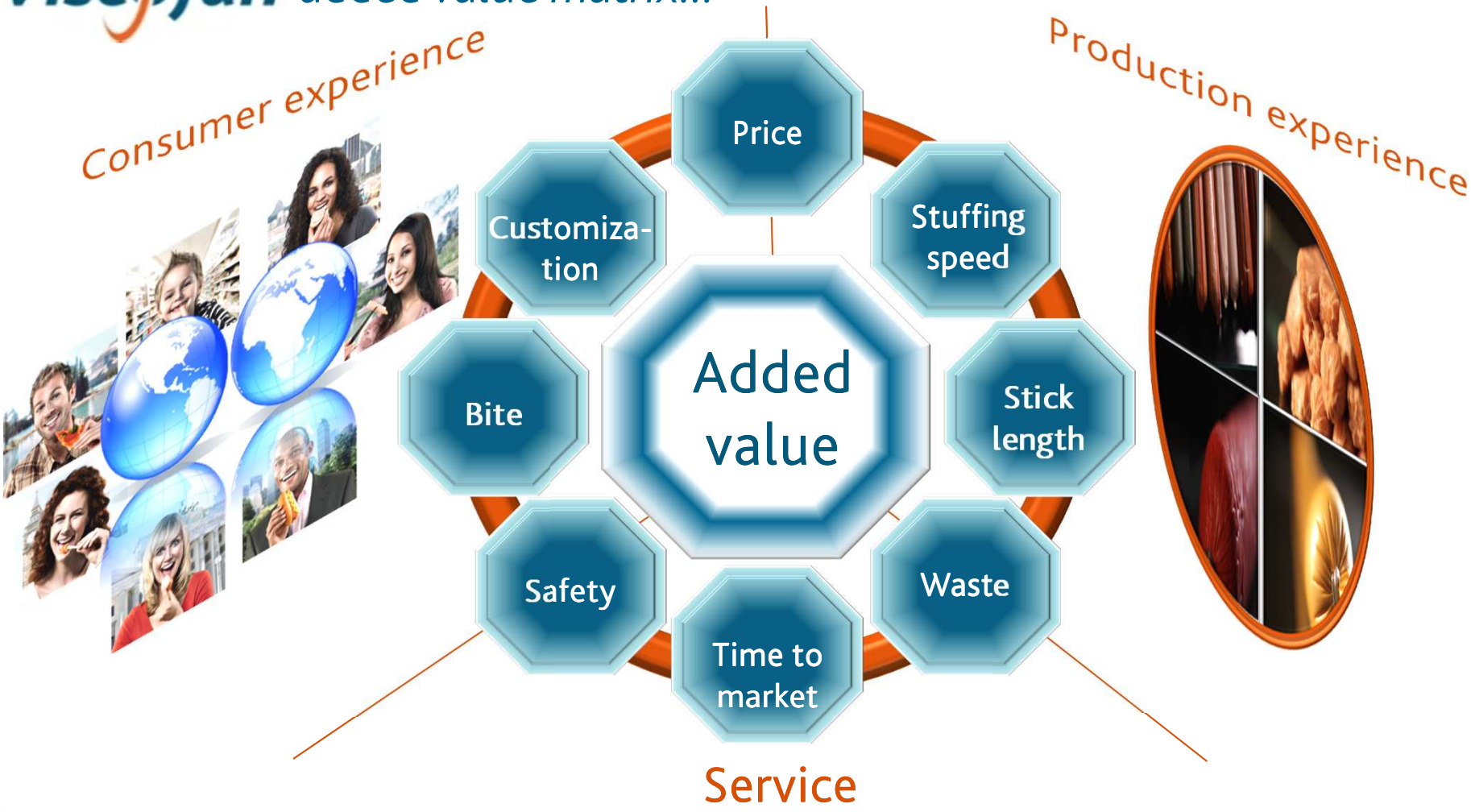
Returns

"BE MORE" WILL BE POSTING RETURNS "WELL ABOVE" COST OF CAPITAL… EVEN IN A PERIOD OF "ABOVE AVERAGE" EXPANSION.



A VERY COMPLEX AND TECHNICAL SALE WHERE PURCHASE IS BASED ON PERFORMANCE METRICS *(that our customers track on daily bases).*

Viscofan *added value matrix…*



COLLABORATIVE AND PROACTIVE R&D

External collaboration:

Gobierno de España · Ministerio de Industria, Turismo y Comercio

Unión Europea
Fondo Europeo de Desarrollo Regional

Plan Avanza 2

Gobierno de España · Ministerio de Ciencia e Innovación

CDTI

Gobierno de Navarra



Internal triangular teams:



Specialists collaboration:

Viscofan BIOENGINEERING
SPONSORED BY THE
Federal Ministry of Education and Research

cima
CENTRO DE INVESTIGACIÓN MÉDICA APLICADA
UNIVERSIDAD DE NAVARRA

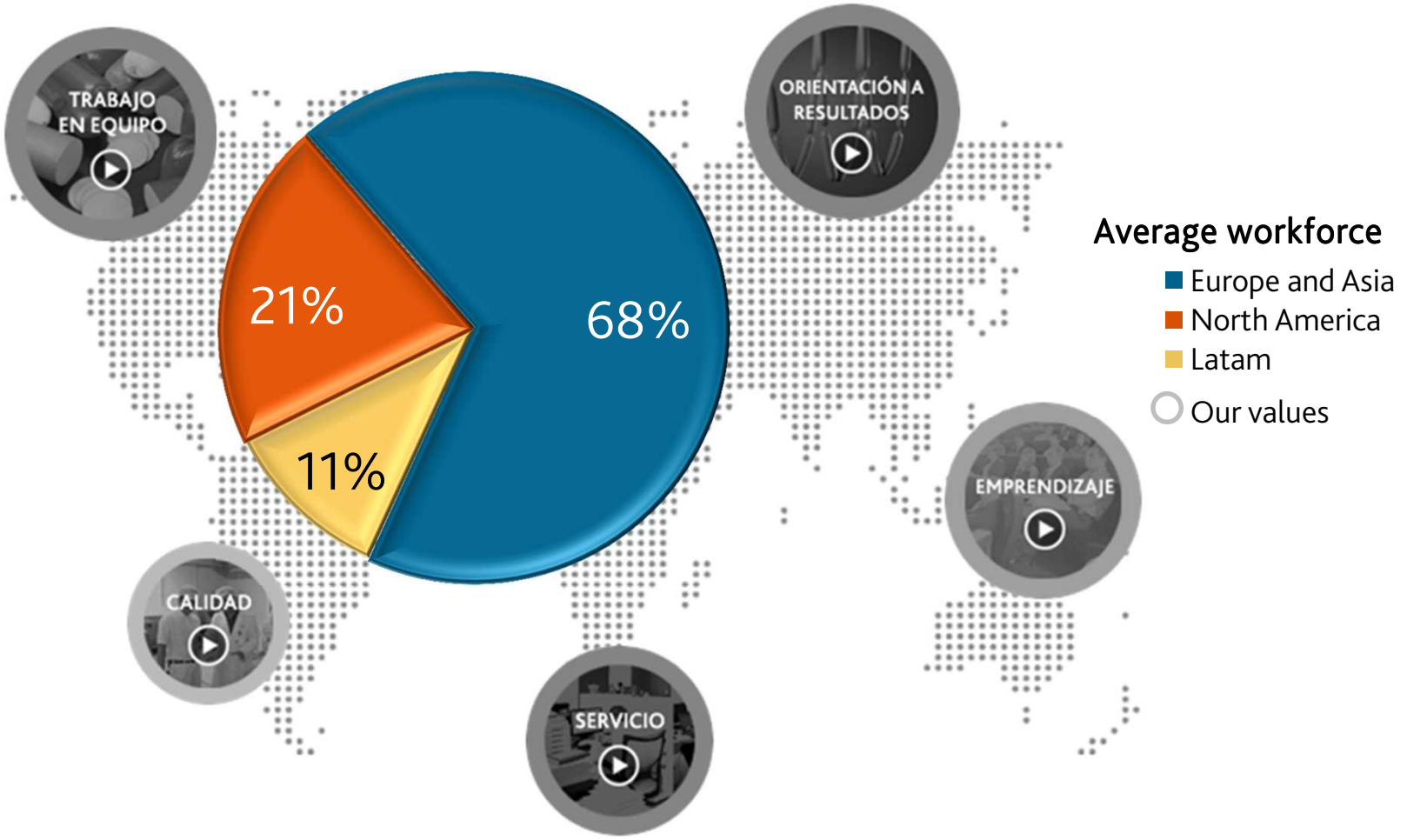
Eberhard-Karls-Universität
UKT
Universitätsklinikum Tübingen

UNIVERSITY OF SOUTH CAROLINA

FILK

A COMMITTED TEAM FOR SUCCESS

4.082 PEOPLE WITH A STRONG PASSION TO OUTPERFORM!



✓ Resultados Grupo Viscofan: Enero-Diciembre 2011

Grupo Consolidado

Envolturas

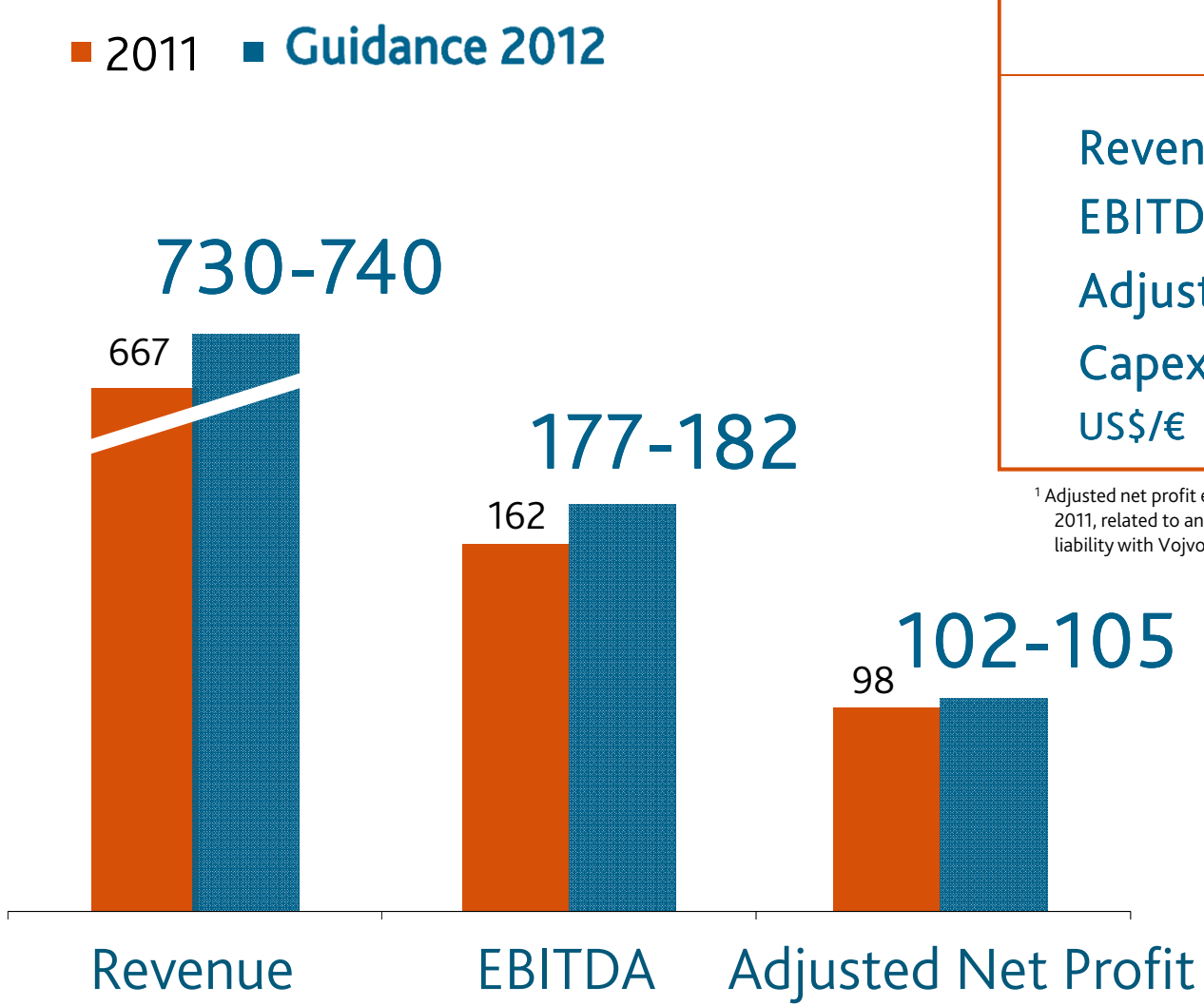
Alimentación vegetal

✓ Be MORE: 2012- 2015

✓ **Guidance 2012**

Guidance 2012

Capex and "start-up" Opex to fuel top line growth



	% y-o-y.
Revenue	9%-11%
EBITDA	9%-12%
Adjusted net profit[1]	4%-7%
Capex	<€75MM
US$/€	1.35

[1] Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

To sum-up

- **Improvements in all financial magnitudes** in a year when Viscofan has given a quick answer to market growth needs.
- *Be MORE*: A new strategy to capture the **unique growth opportunity** in this market, with special focus on collagen, but also in the rest of the families.
- **Outlook for 2012 mean another growth year** in main financial magnitudes: Revenue, EBITDA and net profit, driven by revenue growth in an environment of inflation costs.
- A group with a **clear leadership vision in this market. A group that brings together, growth, return, investments and shareholder remuneration** backed by a strong balance sheet.