January – June 2014 Results



30th July 2014

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

Interim management report

Main highlights of the January-June 2014 results

- Consolidated revenue stable at €387.9 million, underpinned by the 5.4% increase in casings volumes and the vegetable foods division, offsetting the weakness in the company's main trading currencies against the euro.

- +2.8% year-on-year rise in consolidated EBITDA[1] to €94.4 million, with a 0.6 p.p. improvement in the EBITDA margin to 24.3%.

- -5.3% year-on-year decline in net profit to €50.9 million, down 3.8% excluding non-recurring gains[2].

- In June 2014, the Ministerial Order modifying the remuneration parameters for cogeneration facilities was published. This OM reduces the negative impact of RD 9/2013 booked in 2013, resulting in a non-recurring impact of €2.9 million on revenue and of €2.7 million on EBITDA, booked in 2014.

- Net bank debt[3] stands at €95.1 million at the end of June 2014, up 12.4% compared with December 2013 due to the payment of the final dividend in June and greater working capital requirements associated with increased sales in the second quarter.

- According to José Domingo de Ampuero y Osma, the Chairman of Viscofan: "Against a backdrop of currency volatility and uncertainty in certain markets, the casings business keeps showing robust growth. In this context, the optimisation measures introduced have allowed us to capture growth in the market and improve margins".

[1] EBITDA = Operating profit (EBIT) + depreciation of property, plant and equipment and amortisation of intangible assets.
[2] These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.
[3] Net bank debt = long and short financial debt - cash and cash equivalents

Consolidated 1H14 Results

Viscofan Group 1H14 consolidated income statement ('000 €)

	Jan-Jun' 14	Jan-Jun' 13	Change	Recurring * Jan-Jun' 14	Recurring * Jan-Jun' 13	Recurring * Change	Recurring * ex-forex change
Revenue	387,939	387,495	0.1%	384,990	387,495	-0.6%	3.2%
EBITDA	94,386	91,824	2.8%	91,643	91,824	-0.2%	4.4%
EBITDA margin	*24.3%*	*23.7%*	0.6 p.p.	*23.8%*	*23.7%*	0.1 p.p.	0.3 p.p.
EBIT	68,639	67,781	1.3%	65,896	67,781	-2.8%	
Net profit	50,938	53,772	-5.3%	49,018	50,938	-3.8%	

Viscofan Group 2Q14 consolidated income statement ('000 €)

	Apr-Jun' 14	Apr-Jun 13	Change	Recurring * Apr-Jun' 14	Recurring * Apr-Jun 13	Recurring * Change	Recurring * ex-forex change
Revenue	200,506	202,898	-1.2%	197,557	202,898	-2.6%	1.0%
EBITDA	51,350	49,463	3.8%	48,607	49,463	-1.7%	4.4%
EBITDA margin	*25.6%*	*24.4%*	1.2 p.p.	*24.6%*	*24.4%*	0.2 p.p.	0.3 p.p.
EBIT	38,400	37,361	2.8%	35,657	37,361	-4.6%	
Net profit	28,523	30,358	-6.0%	26,603	27,524	-3.3%	

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Consolidated revenue in 1H14 amounted to €387.9 million, up 0.1% year-on-year.

This is largely due to the improvement in volume sales, in both the casings and vegetable foods division. However, the weakness of the Group's main trading currencies against the euro, particularly the US dollar (4.4%) and the Brazilian real (18.8%) significantly eroded this growth.

Ministerial Order IET/1045/2014 of 16 June, approving the remuneration parameters for standard facilities, applicable to certain electricity production facilities based on renewable energy, cogeneration and waste, was published on 20 June 2014. This Ministerial Order is the latest regulatory implementation approving the criteria and parameters covering remuneration from investment and remuneration from the operation of such facilities which leads to reasonable returns on these projects pursuant to RD 9/2013 published on 14 July 2013.

This Ministerial Order includes amendments made to the initial draft which had been used to book in 2013 the impact of that regulation on cogeneration activity at production facilities in Cáseda. Taking into account these amendments, in the second quarter of 2014 the company booked additional non-recurring revenue of €2.9 million and €2.7 million on EBITDA. This corresponds to the difference between the remuneration estimated in 2013 for cogeneration pursuant to the Order approving the remuneration parameters for standard facilities, applicable to certain cogeneration facilities, submitted to the CNMC by the Secretary of State for Energy, and the definitive remuneration approved pursuant to that Ministerial Order.

Stripping out the impact of this non-recurring revenue [2], consolidated growth fell 0.6% year-on-year and grew 3.2% excluding the exchange rate effect.

Volume sales in the casings and vegetable foods divisions continued their upward trend in the second quarter. However, the depreciation in the company's main currencies against the euro prevented this improvement from impacting in full quarterly revenue, which came to €200.5 million (-1.2% vs. 2Q13).

Revenue in the casings division was down 1.9% year-on-year while the vegetable foods division saw a 3.7% increase compared to the same period in 2013.

Against a backdrop of increased production activity, the 4.4% decline in costs of consumption[4] to €119.8 million in the first half is significant. Costs of consumption in 2Q14 contribute to this performance showing 9.8% decline to €59.9MM.

Consequently, recurring gross margin[5] was 68.9% in 1H14 and 69.7% in 2Q14, improving 1.2 p.p. and 2.4 p.p., respectively.

Viscofan's average headcount at 30 June was 4,935, 2.2% higher than in June 2013, due to the Group's international expansion. This year-on-year increase was largely because of the opening of facilities in China in 2013 and in Uruguay in the first quarter of 2014, while the workforce in the vegetable foods division was down 8.3% due to the need for fewer personnel during the asparagus season following the improvements introduced. Against this backdrop, personnel expenses in 2Q14 amounted to €40.4 million, up 1.4% vs. 2Q13, while costs for the first half amounted to €79.5 million (+1.6% vs. 1H13).

Other operating expenses rose by 0.5% vs. 2Q13 to €49.4 million, while energy supply costs advanced 4.1% compared to 2Q13. Other operating costs for the first half totalled €96.1 million, up 0.8%, with energy supply costs rising 3.6% year-on-year.

EBITDA in 1H14 amounted to €94.4 million (+2.8% year-on-year), while the figure for the second quarter was €51.4 million (+3.8% year-on-year) against a backdrop of higher volume sales, strict cost control, particularly with regard to costs of consumption, and the amendment of remuneration parameters for cogeneration. Recurring EBITDA was €91.6 million, 0.2% down on the figure for the first half of 2013.

Stripping out the impact of foreign exchange differences, like-for-like 1H14 EBITDA was up 4.4% year on year.

The improvement in the gross margin, helped widen the EBITDA margin to 24.3% (+0.6 p.p. vs. 1H13) and to 23.8% in recurring terms (+0.1 p.p. vs. 1H13). This was driven by the increase in the recurring margin in 2Q14 to 24.6%, a 0.2 p.p. year-on-year increase on the strongest margin obtained in 2013, which was just reached in the second quarter.

Depreciation and amortisation charges amounted to €12.9 million in 2Q14 (+7.0% vs. 2Q13) and €25.7 million in 1H14 (+7.1% vs. 1H13). This increase is due to the expansion and upgrade of industrial facilities undertaken in recent years under the Be MORE strategic plan. This includes the commissioning of new collagen extrusion plants in China since 1Q13 and in Uruguay where output began in the first quarter of 2014, putting 2013 investment at a record high.

As a result, EBIT in the quarter stood at €38.4 million, up 2.8% compared to 2Q13, and at €68.6 million in 1H14, a 1.3% improvement year-on-year.

Net bank debt stands at €95.1 million, up 12.4% from December 2013, leaving financial leverage[6] of the Viscofan Group at 17.6% compared to 16.2% in December 2013. This is largely due to the payment of the final dividend in June of €0.704 per share, giving a total payment of €32.8 million, and greater working capital requirements associated with increased sales in the second quarter.

During the first six months of the year capital expediture amounted to €25.5 million, compared to €51.4 million in the first half of 2013 due to investment in new capacity in China and Uruguay. The Group plans to step up the pace of investment in the second half of 2014, including, inter alia, energy efficiency investment in Germany.

[4] Cost of consumption = Supplies +/- Change in inventories of finished and unfinished products.
[5] Gross margin = (Income – Cost of consumption)/Income.
[6] Financial leverage = Net bank debt/Equity.

Net finance losses in 1H14 stood at €1.9 million compared with losses of €0.6 million in 1H13, due to the impact of positive exchange rate differences which totalled €0.8 million in 1H13 vs. practically zero in 1H14.

Profit before tax in 1H14 amounted to €66.7 million, while taxes totalled €15.8 million, leaving an effective tax rate of 23.6%. This rate is 3.6 p.p. higher than in the first half of 2013, mainly due to the one-off impact of the revaluation of the balance sheet carried out in 2013 which enabled the Group to reduce 1H13 corporate income tax by €2.8 million.

Accordingly, quarterly net profit stood at €28.5 million, 6.0% down on the previous year, putting net profit for the first half of 2014 at €50.9 million (-5.3% vs. 1H13), and €49.0 million in recurring terms (-3.8% vs. 1H13).

1H14 results: Casings

Casings 1H14 income statement ('000€)

				Recurring *			
	Jan-Jun' 14	Jan-Jun' 13	*Change*	Jan-Jun' 14	Jan-Jun' 13	*Change*	*ex-forex change*
Revenue	334,259	335,503	-0.4%	331,310	335,503	-1.2%	3.2%
EBITDA	91,190	88,361	3.2%	88,448	88,361	0.1%	5.0%
EBITDA margin	*27.3%*	*26.3%*	1.0 p.p.	*26.7%*	*26.3%*	0.4 p.p.	0.5 p.p.
EBIT	66,806	65,923	1.3%	64,064	65,923	-2.8%	
Net profit	49,767	51,489	-3.3%	47,847	49,560	-3.5%	

Casings 2Q14 income statement ('000€)

				Recurring *			
	Apr-Jun' 14	Apr-Jun 13	*Change*	Apr-Jun' 14	Apr-Jun 13	*Change*	*ex-forex change*
Revenue	172,135	175,541	-1.9%	169,186	175,541	-3.6%	0.6%
EBITDA	49,624	47,301	4.9%	46,882	47,301	-0.9%	5.1%
EBITDA margin	*28.8%*	*26.9%*	1.9 p.p.	*27.7%*	*26.9%*	0.8 p.p.	1.2 p.p.
EBIT	37,386	36,053	3.7%	34,644	36,053	-3.9%	
Net profit	27,902	28,474	-2.0%	25,982	26,545	-2.1%	

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €1.9 million following the revaluation of the balance sheet approved in Spain in 2Q13.

The artificial casings market continued to show robust growth in the first half of 2014, driven by industrialisation and an improvement in eating habits in emerging markets and by the active search for savings and enhanced productivity in the production of cold meats, particularly collagen technology, which with higher growth rate continues to replace the use of natural intestines in collagen casings.

This growth in emerging markets is in contrast to more moderate growth in developed markets in Europe and North America where lower pig stocks and higher prices caused by the PEDV virus are affecting processed meat volumes.

Against this backdrop, the Viscofan Group's presence in growth areas as well as production improvements carried out in recent years, have helped boost sales volume, both year-on-year (on the back of an noteworthy strong first quarter), and in the second quarter, where the comparison is more demanding given strong sales growth in 2Q13.

Thus, cumulative revenue amounted to €334.3 million, down 0.4% on the figure reported in 1H13 due to the depreciation of the company's main trading currencies, which reduced revenue by €15.0 million, as well as new energy regulation which drove down year-on-year cogeneration revenue.

Stripping out casings and cogeneration sales, the picture is very different:

- Casings sales rose by 0.4% in 1H14 to €309.0 million, equivalent to a growth rate of 5.3% excluding the exchange rate effect, driven by the 5.4% rise in volumes.
- Energy sales shrank 8.8% in 1H14 to €25.2 million. Ministerial Order IET/1045/2014 defining the remuneration parameters for standard facilities, was published in June 2014. This meant the company booked additional non-recurring revenue of €2.9 million in the first half. Stripping out this impact, energy sales were down 19.4% vs. 1H13.

Quarterly sales in the casings division totalled €172.1 million (-1.9% vs. 2Q13). Casing sales contracted 2.8% vs. 2Q13, while cogeneration revenue was up 8.5% due to the impact of the abovementioned regulation in Spain.

In the first half of 2014, strong casing division volumes helped practically offset all the negative effects of the tough operating environment, characterised by weakness of trade currencies, which caused cumulative revenue to decline €15.0 million. Stripping out the impact of non-recurring revenue and the exchange rate effect, revenue in the casings division rose 3.2% vs. 1H13.

Sales breakdown by geographic region was as follows[7]:

- In Europe and Asia, revenue grew by 5.4% vs. 1H13 to €185.3 million, driven by higher sales in Asia.
- In North America, revenue fell 8.2% to €96.9 million compared to 1H13, mainly as a result of the US dollar 4.4% depreciation against the euro and a weaker market.
- In Latin America, revenue contracted 3.9% year-on-year to €52.1 million, caused by Brazilian real depreciation (18.8%), which erodes the growth in this area.

Costs of consumption in the second quarter stood at €43.3 million, down 14.5% year-on-year, while for the first half this was €87.4 million, a year-on-year decline of 7.0%. In a year marked by the Optimisation initiatives of the Be M**O**RE plan, the production improvements made, which entailed greater efficiencies and less production waste, as well as cost savings in raw materials, helped bring about the abovementioned savings in costs of consumption and drive the recurring gross margin up to 73.6% in 1H14 (1.6 p.p. wider year-on-year) and to 74.4% in 2Q14 (+3.3 p.p. vs. 2Q13).

The average headcount in the casings division stood at 4,063 in June 2014, up 4.7% on the previous year, due to the hiring of staff for the new factory in Uruguay in 1Q14 and the gradual incorporation of personnel at the plant in China following its opening in 1Q13. Improvements in productivity and competitiveness allowed for an increase in production volumes with personnel expenses in 1H14 of €72.9 million, up 1.5% year-on-year.

Personnel expenses rose 1.3% year-on-year in the second quarter of 2014 to €36.7 million.

The optimisation measures, which include production improvements and cost control, are also reflected in other operating expenses which advanced 0.3% year-on-year in the quarter to €43.1 million. This is a very positive figure considering the 4.3% increase in energy supply costs as well as costs related to the learning curve at the new factory in Uruguay.

Other operating expenses for the first half totalled €84.4 million, up 0.5% vs. 1H13, with energy supply costs rising 3.7% year-on-year.

[7] Revenue by origin of sales

The strength of sales volumes, combined with the Optimisation initiatives, drove a significant improvement in EBITDA in the first half, growing 3.2% to €91.2 million.

Stripping out the impact of the Ministerial Order on 2013 revenue, recurring EBITDA stands at €88.4 million, up 0.1% vs.1H13, driving a 0.4 p.p improvement in the EBITDA margin to 26.7%. Stripping out the impact of foreign exchange differences, 1H14 EBITDA was up 5.0% year on year.

Quarterly EBITDA totalled €49.6 million, up 4.9% vs. 2Q13 bringing the EBITDA margin to 28.8% (1.9 p.p. higher year-on-year). This is a 0.8 p.p. improvement on the quarterly recurring EBITDA margin which stood at 27.7%, up on the figure of 25.6% posted in 1Q14.

The increased value of property, plant and equipment related to the division's international expansion with two new production plants in China and Uruguay, as well as upgrades to existing industrial facilities, caused depreciation and amortisation charges to increase to €12.2 million (+8.8% vs. 2Q13) and to €24.4 million in 1H14 (+8.7% vs. 1H13), leaving quarterly EBIT at €37.4 million (+3.7% vs. 2Q13) and €66.8 million for the first half (+1.3% vs. 1H13).

First-half net profit totalled €49.8 million (-3.3% vs. 1H13 and -3.5% on a recurring basis) with the second quarter contributing €27.9 million (-2.0% vs. 2Q13; -2.1% in recurring terms).

1H14 results: IAN Group

IAN Group income statement ('000€)

	Jan-Jun' 14	Jan-Jun' 13	*Change*	Apr-Jun' 14	Apr-Jun 13	*Change*
Revenue	**53,680**	**51,992**	**3.2%**	**28,371**	**27,357**	**3.7%**
EBITDA	**3,196**	**3,463**	**-7.7%**	**1,726**	**2,162**	**-20.2%**
EBITDA margin	***6.0%***	***6.7%***	**-0.7 p.p.**	***6.1%***	***7.9%***	**-1.8 p.p.**
EBIT	**1,833**	**1,858**	**-1.3%**	**1,014**	**1,308**	**-22.5%**
Net profit	**1,171**	**2,283**	**-48.7%**	**621**	**1,884**	**-67.0%**
Recurring Net profit *	**1,171**	**1,378**	**-15.0%**	**621**	**979**	**-36.6%**

* In 2013, recurring profit excluded the positive tax benefit of €0.9 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Once again, the strength of the Carretilla brand, thanks to its positioning in the Spanish market and sales of ready meals, along with higher exports, helped the division post strong revenue.

Revenue in the second quarter rose 3.7% to €28.4 million, contributing to first half growth of 3.2%, with revenue totalling €53.7 million.

This growth did not feed through to EBITDA, which contracted 7.7% in 1H14 to €3.2 million due to higher raw material costs and pressure exerted by distribution channels to reduce prices. This put the EBITDA margin at 6.0%, 0.7 p.p. lower than in 1H13.

Cumulative net profit in 1H14 amounted to €1.2 million, 48.7% lower year-on-year, largely due to the fact that in 2013 the division booked a tax benefit of €0.9 million due to the asset revaluation carried out in Spain. Stripping out this impact, net profit at IAN was down 15% year-on-year.

APPENDICES

Significant events

- Ministerial Order IET/1045/2014 of 16 June, approving the remuneration parameters for standard facilities, applicable to certain electricity production facilities based on renewable energy, cogeneration and waste, came into effect in June 2014. The Group has therefore recalculated the impairment for cogeneration remuneration in Spain.

  This is €2.9 million lower than the amount booked for revenue in 2013, and €2.7 million lower than the impact booked for EBITDA, based on the proposal included in the Ministerial Order which the Secretary of State for Energy submitted to the Comisión Nacional de los Mercados y la Competencia (the National Markets and Competition Commission) in January 2014 and which the Viscofan Group included in Note 29. Events after the balance sheet date of the notes to the annual consolidated financial statements.

- Moreover, in April 2014, the following resolutions, among others, were adopted at the General Shareholders' Meeting:

  - The meeting approved the Balance Sheet, Income Statement, Statement of Changes in Shareholder Equity and Cash Flow Statement of the year, the Proposed Distribution of Results, including distribution of an additional dividend of 0.704 euros per share, the Explanatory Report, the Management Report, including the Annual Corporate Governance Report and Management of Viscofan, S.A., as well as the Balance Sheet, Income Statement, Consolidated Cash Flow Statement and Consolidated Change in Shareholder Equity Statement, the Explanatory Report, the Consolidated Management Report, and Management of the Business group for which said company is the parent company, all for the year ended 31 December 2013.

  - The meeting resolved to appoint Ernst & Young, S.L. as auditors to review the financial statements of Viscofan, S.A. and the consolidated annual accounts of the business group of which Viscofan is the parent, for the fiscal year closing on 31 December 2014.

  - The meeting resolved to reduce the duration of Board member posts from 6 to 4 years with the subsequent amendment of article 27 of the Company Bylaws.

  - The meeting resolved to include the Coordinator Director post in the Company Bylaws with the subsequent amendment of article 27 of the Company Bylaws and addition of article 27 quater.

  - The meeting resolved to include assessment of the Board of Directors and its Committees in the Company Bylaws with the subsequent amendment of Company Bylaws to include article 27 quinquies.

  - The meeting resolved to include requirements corresponding to the status of Directors in the Audit Committee with the subsequent amendment of article 30 of the Company Bylaws.

  - The meeting resolved to include the Appointments and Remuneration Committee in the Company Bylaws with the subsequent amendment of article 30 of the Company Bylaws.

  - The meeting resolved the re-election of Ms. Agatha Echevarría Canales as Director with Other External status.

  - The meeting resolved the re-election of Mr. Néstor Basterra Larroudé as Director with Other External status.

- The meeting resolved appointment of Mr. Jaime Real de Asúa y Arteche as Independent Director.

- The meeting resolved appointment of Mr. José Antonio Canales García as Executive Director.

Viscofan Group 1H14 Profit and loss account ('000 €)

	Jan-Jun' 14	Jan-Jun' 13	Change	Recurring * Jan-Jun' 14	Recurring * Jan-Jun' 13	Recurring * Change
Revenues	**387,939**	**387,495**	**0.1%**	**384,990**	**387,495**	**-0.6%**
Other operating income	1,326	2,421	-45.2%	1,326	2,421	-45.2%
Self-constructed assets	160	147	8.8%	160	147	8.8%
Variation in stocks of finished products and work-in-progress	7,403	11,415	-35.1%	7,403	11,415	-35.1%
Net purchases	-127,182	-136,707	-7.0%	-127,182	-136,707	-7.0%
Personnel expenses	-79,497	-78,211	1.6%	-79,497	-78,211	1.6%
Other operating expenses	-96,066	-95,309	0.8%	-95,860	-95,309	0.6%
Capital grants	287	367	-21.8%	287	367	-21.8%
Impairment and results coming from disposals of non-current assets	16	206	-92.2%	16	206	-92.2%
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**94,386**	**91,824**	**2.8%**	**91,643**	**91,824**	**-0.2%**
EBITDA margin	*24.3%*	*23.7%*	*0.6 p.p.*	*23.8%*	*23.7%*	*0.1 p.p.*
Amortization and depreciation	-25,747	-24,043	7.1%	-25,747	-24,043	7.1%
EBIT	**68,639**	**67,781**	**1.3%**	**65,896**	**67,781**	**-2.8%**
EBIT margin	*17.7%*	*17.5%*	*0.2 p.p.*	*17.1%*	*17.5%*	*-0.4 p.p.*
Financial incomes	222	205	8.3%	222	205	8.3%
Financial expenditures	-2,212	-1,542	43.5%	-2,212	-1,542	43.5%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	47	768	-93.9%	47	768	-93.9%
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	**-1,943**	**-569**	**241.5%**	**-1,943**	**-569**	**241.5%**
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	**66,696**	**67,212**	**-0.8%**	**63,953**	**67,212**	**-4.8%**
Taxes	-15,758	-13,440	17.2%	-14,935	-16,274	-8.2%
Profit after taxes	**50,938**	**53,772**	**-5.3%**	**49,018**	**50,938**	**-3.8%**
Minority interest	0	0	n.s.	0	0	n.s.
Net profit	**50,938**	**53,772**	**-5.3%**	**49,018**	**50,938**	**-3.8%**

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Viscofan Group 2Q14 Profit and loss account ('000 €)

				Recurring *		
	Apr-Jun' 14	Apr-Jun 13	*Change*	Apr-Jun' 14	Apr-Jun 13	*Change*
Revenues	**200,506**	**202,898**	**-1.2%**	**197,557**	**202,898**	**-2.6%**
Other operating income	384	1,526	-74.8%	384	1,526	-74.8%
Self-constructed assets	73	85	-14.1%	73	85	-14.1%
Variation in stocks of finished products and work-in-progress	4,761	5,897	-19.3%	4,761	5,897	-19.3%
Net purchases	-64,673	-72,293	-10.5%	-64,673	-72,293	-10.5%
Personnel expenses	-40,443	-39,879	1.4%	-40,443	-39,879	1.4%
Other operating expenses	-49,393	-49,158	0.5%	-49,187	-49,158	0.1%
Capital grants	133	183	-27.3%	133	183	-27.3%
Impairment and results coming from disposals of non-current assets	2	204	-99.0%	2	204	-99.0%
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**51,350**	**49,463**	**3.8%**	**48,607**	**49,463**	**-1.7%**
EBITDA margin	*25.6%*	*24.4%*	*1.2 p.p.*	*24.6%*	*24.4%*	*0.2 p.p.*
Amortization and depreciation	-12,950	-12,102	7.0%	-12,950	-12,102	7.0%
EBIT	**38,400**	**37,361**	**2.8%**	**35,657**	**37,361**	**-4.6%**
EBIT margin	*19.2%*	*18.4%*	*0.8 p.p.*	*18.0%*	*18.4%*	*-0.4 p.p.*
Financial incomes	41	140	-70.7%	41	140	-70.7%
Financial expenditures	-1,354	-605	123.8%	-1,354	-605	123.8%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	72	-450	c.s	72	-450	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	**-1,241**	**-915**	**35.6%**	**-1,241**	**-915**	**35.6%**
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	**37,159**	**36,446**	**2.0%**	**34,416**	**36,446**	**-5.6%**
Taxes	-8,636	-6,088	41.9%	-7,813	-8,922	-12.4%
Profit after taxes	**28,523**	**30,358**	**-6.0%**	**26,603**	**27,524**	**-3.3%**
Minority interest	0	0	n.s.	0	0	n.s.
Net profit	**28,523**	**30,358**	**-6.0%**	**26,603**	**27,524**	**-3.3%**

* These figures exclude the non-recurring additional impact booked in 2014 on revenue, EBITDA, EBIT and net profit of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State. In 2013, recurring net profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Consolidated balance sheets ('000 €)

	Jun '14	Dec '13	Change
Intangible assets	13,642	16,022	-14.9%
Goodwill	0	0	n.s.
Others intangible asset	13,642	16,022	-14.9%
Tangible assets	382,062	380,607	0.4%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	913	780	17.1%
Deferred tax assets	14,127	14,554	-2.9%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	**410,744**	**411,963**	**-0.3%**
Non-current assets held for sale	0	0	n.s.
Inventories	214,722	202,989	5.8%
Trade and other receivables	179,970	150,398	19.7%
Trade debtors	145,013	123,640	17.3%
Other debtors	27,555	25,561	7.8%
Current tax assets	7,402	1,197	518.4%
Other financial current assets	931	5,937	-84.3%
Other current assets	6,767	2,649	155.5%
Cash and cash equivalents	22,596	16,739	35.0%
CURRENT ASSETS	**424,986**	**378,712**	**12.2%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**835,730**	**790,675**	**5.7%**
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	487,509	441,174	10.5%
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	50,938	101,520	-49.8%
Less: Interim dividend	0	-19,108	n.s.
Other equity instruments	0	0	n.s.
SHAREHOLDER'S FUNDS	**571,082**	**556,221**	**2.7%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	146	217	-32.7%
Currency translation differences	-30,279	-34,821	-13.0%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**-30,133**	**-34,604**	-12.9%
SHAREHOLDERS' EQUITY	**540,949**	**521,617**	**3.7%**
Minority interest	0	0	n.s.
EQUITY	**540,949**	**521,617**	**3.7%**
Grants	3,874	3,891	-0.4%
Non-current provision	25,559	20,632	23.9%
Non-current financial liabilities	47,118	47,758	-1.3%
Financial debt	34,485	35,670	-3.3%
Other financial liabilities	12,633	12,088	4.5%
Deferred tax liabilities	20,651	22,549	-8.4%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	**97,202**	**94,830**	**2.5%**
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	6,394	5,475	16.8%
Current financial liabilities	92,902	84,892	9.4%
Financial debt	83,180	65,656	26.7%
Other financial liabilities	9,722	19,236	-49.5%
Trade creditor and other payable accounts	97,739	83,279	17.4%
Trade creditors	58,492	61,367	-4.7%
Other creditors	24,796	17,447	42.1%
Current tax liabilities	14,451	4,465	223.7%
Other current liabilities	544	582	-6.5%
CURRENT LIABILITIES	**197,579**	**174,228**	**13.4%**
NET BANK DEBT	**95,069**	**84,587**	**12.4%**

Cash flow statments ('000 €)

	Jan-Jun' 14	Jan-Jun' 13	Change
Cash flows from operating activities	**51,432**	**61,424**	**-16.3%**
Profit for the year before tax	**66,696**	**67,212**	**-0.8%**
Adjustments in results	**28,754**	**25,430**	**13.1%**
Amortisation and depreciation	25,747	24,043	7.1%
Others adjustments in results(net)	3,007	1,387	116.8%
Changes in working capital	**-35,968**	**-17,152**	**109.7%**
Other cash flows from operating activities	**-8,050**	**-14,066**	**-42.8%**
Interest paid	0	0	n.s.
Dividend paid and other payments from others equity instruments	0	0	n.s.
Dividends received	0	0	n.s.
Interests received	0	0	n.s.
Proceeds/ (payments) from income tax	-7,474	-10,337	-27.7%
Proceeds/(payments) from operating activities	-576	-3,729	-84.6%
Cash flows from investing activities	**-21,365**	**-56,558**	**-62.2%**
Investment payments	**-27,047**	**-57,980**	**-53.4%**
Group companies, associated & business units	0	0	n.s.
Acquisition of property, plant and equipment and intangible assets	-26,908	-52,968	-49.2%
Other financial assets	-139	-5,012	-97.2%
Other assets	0	0	n.s.
Cash from disposals	**5,460**	**1,156**	**372.3%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	456	581	-21.5%
Other financial assets	5,004	575	770.3%
Other assets	0	0	n.s.
Other cash flows from investing activities	**222**	**266**	**-16.5%**
Dividends received	0	0	n.s.
Interest received	222	266	-16.5%
Proceeds/(Payments) from others investings activities.	0	0	n.s.
Cash flows from financing activities	**-24,281**	**-25,371**	**-4.3%**
Proceeds and payments from equity instruments	**0**	**0**	**n.s.**
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	0	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	**16,350**	**9,294**	**75.9%**
Proceeds from issue of financial liabilities instruments	60,042	68,512	-12.4%
Refund, cancellation and payments	-43,692	-59,218	-26.2%
Dividends paid and others payments from others equities instruments	**-32,809**	**-32,343**	**1.4%**
Others cash flows from financing activities	**-7,822**	**-2,322**	**236.9%**
Interest paid	-1,865	-1,135	64.3%
Others proceeds /(payments) from financing activities	-5,957	-1,187	401.9%
Effect of foreign exchange rate changes on collections and payments	**71**	**806**	**-91.2%**
Net increase (decrease) in cash and cash equivalents	**5,857**	**-19,699**	**c.s.**
Cash and cash equivalents at the begining of the period	**16,739**	**44,863**	**-62.7%**
Cash and cash equivalent at the end of the period	**22,596**	**25,164**	**-10.2%**

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€)

	1H14	1H13	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.371	1.313	4.4%
Canadian Dollar	1.503	1.334	12.7%
Mexican Peso	17.977	16.502	8.9%
Brazilian real	3.148	2.649	18.8%
Czech crown	27.444	25.697	6.8%
British Pound	0.821	0.851	-3.5%
Serbian Dinar	115.652	111.929	3.3%
Chinesse yuan remminbi	8.416	8.196	2.7%
Uruguayan Peso	30.933	25.278	22.4%

End period (Currency/€)

	Jun14	Dec 13	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.366	1.379	-1.0%
Canadian Dollar	1.459	1.467	-0.6%
Mexican Peso	17.712	18.073	-2.0%
Brazilian real	3.008	3.231	-6.9%
Czech crown	27.453	27.427	0.1%
British Pound	0.802	0.834	-3.9%
Serbian Dinar	115.785	114.642	1.0%
Chinesse yuan remminbi	8.395	8.419	-0.3%
Uruguayan Peso	31.316	29.546	6.0%

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