Viscofan
The casing company

January – September 2014 Results



28th October 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-September 2014 results

- +15.3% growth in net profit for the quarter to reach €27.2 million on the back of strong operating results and improved exchange rates.
- +0.7 p.p. improvement in the EBITDA margin[1] for the quarter, which climbed to 23.8%. For the first nine months of the year, the consolidated recurring[2] EBITDA margin grew 0.3 p.p. to reach 23.8%.
- +7.5% growth in quarterly EBITDA and +4.3% increase in accumulated EBITDA year on year, which stood at €142.0 million (+2.3% in recurrent terms[2]).
- +4.6% growth in consolidated revenue for the third quarter to top €200.1 million (+1.6% revenue growth for the year to date to €588.0 million), thanks to casings volume growth and good IAN Group performance.
- Net bank debt[3] amounted to €86.3 million at 30 September 2014, with financial leverage[4] shedding 1.3 p.p. with respect to December 2013 to fall to 14.9%. This is a slight increase in net bank debt of 2.0%.
- For José Domingo de Ampuero y Osma, Viscofan's Chairman, the results for the third quarter "reflect the improvement in our operations, illustrating not only the excellent showing from our new plants in China and Uruguay, but also the commitment of the entire human team to continuous improvement on a daily basis".

[1] EBITDA = Operating Profit (EBIT) + depreciation of property, plant and equipment and amortization 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.
[4] Financial leverage = Net bank debt/Equity.

Consolidated 9M14 Results

Viscofan Group 9M14 consolidated income statement ('000 €)

	Jan-Sep' 14	Jan-Sep' 13	Change	Recurring * Jan-Sep' 14	Recurring * Jan-Sep' 13	Recurring * Change	Recurring * ex-forex change
Revenue	588,046	578,777	1.6%	585,097	578,777	1.1%	3.7%
EBITDA	141,957	136,088	4.3%	139,214	136,088	2.3%	5.1%
EBITDA margin	*24.1%*	*23.5%*	0.6 p.p.	*23.8%*	*23.5%*	0.3 p.p.	0.3 p.p.
EBIT	102,959	99,835	3.1%	100,216	99,835	0.4%	
Net profit	78,188	77,415	1.0%	76,268	74,581	2.3%	

Viscofan Group 3Q14 consolidated income statement ('000 €)

	Jul-Sep' 14	Jul-Sep 13	Change	Recurring * Jul-Sep' 14	Recurring * Jul-Sep 13	Recurring * Change	Recurring * ex-forex change
Revenue	200,107	191,282	4.6%	200,107	191,282	4.6%	4.6%
EBITDA	47,570	44,265	7.5%	47,570	44,265	7.5%	6.6%
EBITDA margin	*23.8%*	*23.1%*	0.7 p.p.	*23.8%*	*23.1%*	0.7 p.p.	0.4 p.p.
EBIT	34,318	32,055	7.1%	34,318	32,055	7.1%	
Net profit	27,249	23,643	15.3%	27,249	23,643	15.3%	

* 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, like-for-like 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 3Q14 was up 4.6% on 3Q13 to climb past €200.1 million, backed by strong volumes in the casings division, whose revenues grew 4.9%, and the solid performance from vegetable food division, which reported a 3.1% increase in its quarterly sales.

Therefore, consolidated revenue for the first nine months of the year stood at €588.0 million (+1.6% year-on-year), with growth of 1.4% in revenue for the casings division and 3.2% for the vegetable food division.

Stripping out the impact of non-recurring[2] income and exchange rate[5] fluctuations, revenue witnessed 3.7% growth vs. 9M13.

For yet another quarter, costs of consumption[6] continued to fall, dropping to €65.1 million in 3Q14 (-4.8% vs. 3Q13), thus generating a 3.2 p.p. improvement in the gross margin[7] to 67.4% for 3Q14.

Cumulative costs of consumption were down 4.5% vs. 9M13 to €184.9 million. Accordingly, the gross margin increased to 68.6% vs. the 66.5% attained in the same period of 2013 (+2.1 p.p. vs. 9M13).

Average headcount stands at 4,873 employees (up 3.6% year-on-year) owing to the Group's international expansion articulated through the Be MORE strategic plan, which includes the start-up of two new collagen extrusion plants: the Chinese plant since 2013 and the Uruguay plant since the first quarter of 2014.

After the aforementioned workforce increase, personnel costs grew by 4.3% on 3Q13 to €40.5 million in 3Q14, and cumulative personnel costs up to September reached €120.0 million (+2.5% vs. 9M13).

[5] Constant exchange rate growth: For comparative purposes, growth stripping out 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 dollar fluctuations on trade transactions.
[6] Cost of consumption = Supplies +/- Change in inventories of finished and unfinished products.
[7] Gross margin = (Income – Cost of consumption)/Income.

Other operating expenses in 3Q14 rose 18.6% vs. 3Q13 to reach €48.5 million, largely due to the expenses reported in energy supplies, which grew 19.5% year-on-year. Other operating costs for the first nine months totalled €144.5 million, up 6.1% on 9M13, with energy supply costs rising 8.3% year-on-year.

Solid volume growth, lower costs of consumption and production improvements over the quarter triggered a 0.7 p.p. year-on-year gain in the Q3 EBITDA margin to 23.8%, bringing the Group's consolidated EBITDA to €47.6 million, up 7.5% on 3Q13.

In the same way, the consolidated EBITDA margin for the year to date improved 0.6p.p. vs. 9M13 to reach 24.1%, bringing EBITDA to €142.0 million, a 4.3% increase on the same figure for 9M13. This growth has continued to be undermined during the year by the weakness of the main commercial currencies, with both, the US$/€ and BRL/€ average exchange rates declining by 2.9% and 11.8% y-o-y respectively.

Stripping out the impact of foreign exchange differences[5], recurring[2] EBITDA was up 5.1% vs. 9M13.

Amortisation and depreciation was up €13.3 million in 3Q14 (+8.5% vs. 3Q13) and €39.0 million for 9M14 (+7.6% vs. 9M13). This increase is due to the expansion and upgrade of industrial facilities undertaken in recent years under the Be MORE strategic plan, especially in 2013 when investment at a record high was achieved. It is worth to highlight that this investment includes the start-up of new collagen extrusion plants in China (1Q13), and in Uruguay, where output began in the first quarter of 2014,

Despite the aforementioned greater cost of amortisation and depreciation, growth in sales and EBITDA was transferred to EBIT, which grew 7.1% in 3Q14 vs. 3Q13 to reach €34.3 million, and 3.1% for 9M14 vs. 9M13 to hit €103.0 million (+0.4% in recurring terms[2]).

Net finance loss for 9M14 amounted to €1.2 million, 59.6% lower than the losses reported in 9M13. This performance is due to recorded positive exchange differences (€2.0MM), compared with the €0.8 million negative exchange differences reported in 9M13.

Profit before tax at September 30 amounted to €101.8 million, while taxes totalled €23.6 million, reflecting an effective tax rate of 23.2%. The 3.1 p.p. increase on the tax rate for the same period of 2013 (20.1%) is due to the positive tax impact of the €2.8 million reported in 2013 as a result of the balance sheet revaluation carried out in Spain.

All in all, net profit for 3Q14 totalled €27.2 million, up 15.3% on the same period of 2013, bringing net profit for the year to date to €78.2 million (+1.0% vs. 9M13), and €76.3 million in recurring terms[2](2.3% vs. 9M13).

The powerful showing in terms of operating results has allowed the Group to keep up the investment pace established in the Be MORE strategic plan at €38.5 million, the aim being to continue bringing production capacity in line with growth observed in the market, while also improving and streamlining the production process. Key investments in this area include the start-up of a turbine in Germany to improve energy efficiency.

The investment carried out over the year, without forgetting the increase in the dividend paid in June 2014, drive net bank debt to reach €86.3 million, a 2.0% increase (€1.7 million) compared to December 13. Even so, financial leverage dropped from 16.2% in December 2013 to 14.9% in September 2014.

9M14 Results: Casings

Casings 9M14 income statement ('000€)

	Jan-Sep' 14	Jan-Sep' 13	Change	Recurring * Jan-Sep' 14	Recurring * Jan-Sep' 13	Recurring * Change	Recurring * ex-forex change
Revenue	506,287	499,543	1.4%	503,338	499,543	0.8%	3.8%
EBITDA	136,210	130,491	4.4%	133,468	130,491	2.3%	5.4%
EBITDA margin	*26.9%*	*26.1%*	0.8 p.p.	*26.5%*	*26.1%*	0.4 p.p.	0.4 p.p.
EBIT	99,482	96,811	2.8%	96,740	96,811	-0.1%	
Net profit	75,515	74,122	1.9%	73,595	72,193	1.9%	

Casings 3Q14 income statement ('000€)

	Jul-Sep' 14	Jul-Sep 13	Change	Recurring * Jul-Sep' 14	Recurring * Jul-Sep 13	Recurring * Change	Recurring * ex-forex change
Revenue	172,028	164,040	4.9%	172,028	164,040	4.9%	4.9%
EBITDA	45,019	42,131	6.9%	45,019	42,131	6.9%	6.2%
EBITDA margin	*26.2%*	*25.7%*	0.5 p.p.	*26.2%*	*25.7%*	0.5 p.p.	0.3 p.p.
EBIT	32,674	30,889	5.8%	32,674	30,889	5.8%	
Net profit	25,747	22,633	13.8%	25,747	22,633	13.8%	

* 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, like-for-like 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 has continued to show solid growth over 2014, buoyed by the replacement of natural gut and the active search by meat processors to make savings and production gains in the preparation of cold meats, especially in the emerging markets of Asia and Latin America. In contrast, Eastern Europe and North America, chiefly Ukraine and the United States, have reported more moderate performance.

It is precisely the Viscofan Group's positioning in regions offering the greatest growth potential, coupled with the production improvements implemented over the life of the Be MORE plan, that has allowed the division to report business growth across all casing families: cellulose, collagen, fibrous and plastics.

In 3Q14, sales in the casings division grew 4.9% vs. 3Q13 to reach €172.0 million. Of this amount, cogeneration revenues fell 4.9% to €11.5 million, while sales of casings grew 5.6% vs. 3Q13 to €160.6 million in line with volume growth.

Casings division revenue for the year up to September was up 1.4% on 9M13 to hit €506.3 million. Solid growth in business, particularly in emerging regions, has helped to offset the negative impact caused by the current weakness of the main commercial currencies, which has dragged back growth by €15.1 million, and energy regulation, which has led to a year-on-year drop in cogeneration revenues of €3.0 million.

Revenues of the casings division can be broken down as follows:

- Sales of casings grew by 2.1% vs. 9M13 to reach €469.6 million, and 5.4% stripping out the negative impact of exchange rates[5], (similar to volume growth) driven by positive performance in all families.
- Sales of cogeneration energy were down 7.6% on 9M13 to €36.7 million, owing to the negative effects of existing regulations governing cogeneration energy.

Revenue performance by geographic region was as follows[8]:

- In Europe and Asia, revenue grew by 6.4% vs. 9M13 to hit €280.0 million, driven by higher sales in Asia.
- In North America, revenue fell 6.2% vs. 9M13 to €147.1 million, mainly as a result of the US$ losing 2.9% against the euro and a weaker market caused by the effects of the PED virus on pig stocks.
- In Latin America, revenue remained stable at €79.3 million, marking a very slight drop of 0.4%. This performance is in fact extremely positive, seeing as though revenue for the region has been undermined by the 11.8% depreciation of the Brazilian real.

In a year of streamlining initiatives under the Be MORE plan, the production improvements introduced (which entailed greater efficiencies and less production waste), coupled with cost savings in raw materials, all helped bring about savings in costs of consumption and drive gross margin up to 70.8% in 3Q14 (+3.0 p.p. year-on-year) and to 72.8% in 9M14 (+2.2 p.p. vs. 9M13). Costs of consumption for 3Q14 dropped by 4.9% year on year to reach €50.3 million, and by 6.2% in 9M14 vs. 9M13 to reach €137.7 million.

It should be noted that seasonally, scheduled maintenance stoppages in the third quarter push up cost of consumption associated with productive waste caused when production was resumed. As a result, the gross margin is below the annual average for this quarter and also the plant incurres in additional costs.

The average headcount in the casings division stood at 4,093, 5.1% higher than in September 2013, mainly as a result of the increase in staff assigned to the new plants in Uruguay and China. Personnel costs grew 2.8% to €36.6 million in 3Q14 and 1.9% for the year to date to reach €109.5 million.

Other operating expenses rose 6.4% vs. 9M13 to reach €125.8 million, same trend than energy supply costs, which climbed 8.2% year-on-year. In quarterly terms, other operating expenses stood at €41.4 million (+20.7% on 3Q13), with energy supply costs up 19.2% on 3Q13.

Volume growth has been achieved together with an improvement in operating margins thanks to cost savings and production efficiencies, prompting an improvement in the EBITDA margin for both the year to date (+0.8 p.p.) and the third quarter (+0.5 p.p.), which stood at 26.9% and 26.2%, respectively.

Thus, EBITDA for 3Q14 grew 6.9% to €45.0 million, while EBITDA for the first nine months gained 4.4% to reach €136.2 million.

Stripping out the impact of currencies[5] and the non-recurring results[2] stemming from the regulatory changes in cogeneration in Spain, recurring EBITDA for the year to date was up by 5.4% vs. 9M13.

The increased value of property, plant and equipment related to the division's international expansion, as well as the updates made to existing industrial facilities, have pushed up depreciation costs, which amounted to €12.3 million in 3Q14 (+9.8% on 3Q13) and €36.7 million for 9M14 (+9.0% on 9M13). All in all, EBIT amounted €32.7 million in 3Q14 and €99.5 million for 9M14, up 5.8% and 2.8% respectively year-on-year.

As a result, net profit for the third quarter grew 13.8% with respect to 3Q13 to reach €25.8 million, with growth of 1.9% in 9M14 vs. 9M13 to reach €75.5 million (also posting +1.9% y-o-y in recurring terms[2]) despite the significant increase seen in the effective tax rate (23.4% vs. 21.2% in 9M13).

[8] Revenue by origin of sales

9M14 Results: IAN Group

IAN Group income statement ('000€)

	Jan-Sep' 14	Jan-Sep' 13	*Change*	Jul-Sep' 14	Jul-Sep 13	*Change*
Revenue	81,759	79,234	3.2%	28,079	27,242	3.1%
EBITDA	5,747	5,597	2.7%	2,551	2,134	19.5%
EBITDA margin	*7.0%*	*7.1%*	-0.1 p.p.	*9.1%*	*7.8%*	1.3 p.p.
EBIT	3,477	3,024	15.0%	1,644	1,166	41.0%
Net profit	2,673	3,293	-18.8%	1,502	1,010	48.7%
Recurring Net profit *	2,673	2,388	11.9%	1,502	1,010	48.7%

* 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.

The vegetable food division continues to show positive results in revenue due to the strength of the Carretilla brand (supported by leadership in the asparagus market and the success of ready-made meals) product range diversification and the search for new export markets.

Revenue in the third quarter climbed 3.1% to €28.1 million, contributing to nine-month growth of 3.2%, with revenue totalling €81.8 million.

The healthy showing in terms of revenue fed through to EBITDA, which for the year to date grew 2.7% year-on-year to €5.7 million, despite the higher raw material costs and the pressure exerted by distribution channels to lower prices. This put the EBITDA margin at 7.0%, just 0.1 p.p. lower than in 9M13.

Cumulative net profit in 9M14 amounted to €2.7 million, 18.8% lower year-on-year, chiefly 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 up 11.9% 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 9M14 Profit and loss account ('000 €)

				Recurring *		
	Jan-Sep' 14	Jan-Sep' 13	*Change*	Jan-Sep' 14	Jan-Sep' 13	*Change*
Revenues	**588,046**	**578,777**	**1.6%**	**585,097**	**578,777**	**1.1%**
Other operating income	2,684	3,182	-15.7%	2,684	3,182	-15.7%
Self-constructed assets	244	219	11.4%	244	219	11.4%
Variation in stocks of finished products and work-in-progress	18,568	10,932	69.8%	18,568	10,932	69.8%
Net purchases	-203,482	-204,610	-0.6%	-203,482	-204,610	-0.6%
Personnel expenses	-119,992	-117,021	2.5%	-119,992	-117,021	2.5%
Other operating expenses	-144,520	-136,179	6.1%	-144,314	-136,179	6.0%
Capital grants	426	552	-22.8%	426	552	-22.8%
Impairment and results coming from disposals of non-current assets	-17	236	c.s	-17	236	c.s
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**141,957**	**136,088**	**4.3%**	**139,214**	**136,088**	**2.3%**
EBITDA margin	*24.1%*	*23.5%*	*0.6 p.p.*	*23.8%*	*23.5%*	*0.3 p.p.*
Amortization and depreciation	-38,998	-36,253	7.6%	-38,998	-36,253	7.6%
EBIT	**102,959**	**99,835**	**3.1%**	**100,216**	**99,835**	**0.4%**
EBIT margin	*17.5%*	*17.2%*	*0.3 p.p.*	*17.1%*	*17.2%*	*-0.1 p.p.*
Financial incomes	362	360	0.6%	362	360	0.6%
Financial expenditures	-3,502	-2,470	41.8%	-3,502	-2,470	41.8%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	1,958	-815	c.s	1,958	-815	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	**-1,182**	**-2,925**	**-59.6%**	**-1,182**	**-2,925**	**-59.6%**
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	**101,777**	**96,910**	**5.0%**	**99,034**	**96,910**	**2.2%**
Taxes	-23,589	-19,495	21.0%	-22,766	-22,329	2.0%
Profit after taxes	**78,188**	**77,415**	**1.0%**	**76,268**	**74,581**	**2.3%**
Minority interest	0	0	n.s.	0	0	n.s.
Net profit	**78,188**	**77,415**	**1.0%**	**76,268**	**74,581**	**2.3%**

* 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, like-for-like profit excluded the positive tax benefit of €2.8 million following the revaluation of the balance sheet approved in Spain in 2Q13.

Viscofan Group 3Q14 Profit and loss account ('000 €)

	Jul-Sep' 14	Jul-Sep 13	Change	Recurring * Jul-Sep' 14	Recurring * Jul-Sep' 13	Recurring * Change
Revenues	**200,107**	**191,282**	**4.6%**	**200,107**	**191,282**	**4.6%**
Other operating income	1,358	762	78.2%	1,358	762	78.2%
Self-constructed assets	84	71	18.3%	84	71	18.3%
Variation in stocks of finished products and work-in-progress	11,165	-483	c.s	11,165	-483	c.s
Net purchases	-76,300	-67,903	12.4%	-76,300	-67,903	12.4%
Personnel expenses	-40,495	-38,810	4.3%	-40,495	-38,810	4.3%
Other operating expenses	-48,455	-40,869	18.6%	-48,455	-40,869	18.6%
Capital grants	139	185	-24.9%	139	185	-24.9%
Impairment and results coming from disposals of non-current assets	-33	30	c.s	-33	30	c.s
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**47,570**	**44,265**	**7.5%**	**47,570**	**44,265**	**7.5%**
EBITDA margin	*23.8%*	*23.1%*	*0.7 p.p.*	*23.8%*	*23.1%*	*0.7 p.p.*
Amortization and depreciation	-13,252	-12,210	8.5%	-13,252	-12,210	8.5%
EBIT	**34,318**	**32,055**	**7.1%**	**34,318**	**32,055**	**7.1%**
EBIT margin	*17.1%*	*16.8%*	*0.3 p.p.*	*17.1%*	*16.8%*	*0.3 p.p.*
Financial incomes	140	155	-9.7%	140	155	-9.7%
Financial expenditures	-1,290	-928	39.0%	-1,290	-928	39.0%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	1,913	-1,583	c.s	1,913	-1,583	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	**763**	**-2,356**	**c.s**	**763**	**-2,356**	**c.s**
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	**35,081**	**29,699**	**18.1%**	**35,081**	**29,699**	**18.1%**
Taxes	-7,832	-6,056	29.3%	-7,832	-6,056	29.3%
Profit after taxes	**27,249**	**23,643**	**15.3%**	**27,249**	**23,643**	**15.3%**
Minority interest	0	0	n.s.	0	0	n.s.
Net profit	**27,249**	**23,643**	**15.3%**	**27,249**	**23,643**	**15.3%**

* 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, like-for-like 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 €)

	Sep '14	Dec '13	Change
Intangible assets	13,653	16,022	-14.8%
Goodwill	0	0	n.s.
Others intangible asset	13,653	16,022	-14.8%
Tangible assets	388,485	380,607	2.1%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	925	780	18.6%
Deferred tax assets	14,950	14,554	2.7%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	**418,013**	**411,963**	**1.5%**
Non-current assets held for sale	0	0	n.s.
Inventories	228,874	202,989	12.8%
Trade and other receivables	182,533	150,398	21.4%
Trade debtors	146,109	123,640	18.2%
Other debtors	29,130	25,561	14.0%
Current tax assets	7,294	1,197	509.4%
Other financial current assets	1,212	5,937	-79.6%
Other current assets	7,720	2,649	191.4%
Cash and cash equivalents	26,009	16,739	55.4%
CURRENT ASSETS	**446,348**	**378,712**	**17.9%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**864,361**	**790,675**	**9.3%**
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	486,772	441,174	10.3%
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	78,188	101,520	-23.0%
Less: Interim dividend	0	-19,108	n.s.
Other equity instruments	0	0	n.s.
SHAREHOLDER'S FUNDS	**597,595**	**556,221**	**7.4%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	-390	217	c.s.
Currency translation differences	-19,754	-34,821	-43.3%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**-20,144**	**-34,604**	**-41.8%**
SHAREHOLDERS' EQUITY	**577,451**	**521,617**	**10.7%**
Minority interest	0	0	n.s.
EQUITY	**577,451**	**521,617**	**10.7%**
Grants	3,917	3,891	0.7%
Non-current provision	25,976	20,632	25.9%
Non-current financial liabilities	47,717	47,758	-0.1%
Financial debt	34,624	35,670	-2.9%
Other financial liabilities	13,093	12,088	8.3%
Deferred tax liabilities	20,947	22,549	-7.1%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	**98,557**	**94,830**	**3.9%**
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	5,099	5,475	-6.9%
Current financial liabilities	88,750	84,892	4.5%
Financial debt	77,645	65,656	18.3%
Other financial liabilities	11,105	19,236	-42.3%
Trade creditor and other payable accounts	92,436	83,279	11.0%
Trade creditors	62,932	61,367	2.6%
Other creditors	18,802	17,447	7.8%
Current tax liabilities	10,702	4,465	139.7%
Other current liabilities	2,068	582	255.3%
CURRENT LIABILITIES	**188,353**	**174,228**	**8.1%**
NET BANK DEBT	**86,260**	**84,587**	**2.0%**

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€)

	9M14	9M13	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.356	1.317	2.9%
Canadian Dollar	1.483	1.348	10.0%
Mexican Peso	17.780	16.705	6.4%
Brazilian real	3.104	2.776	11.8%
Czech crown	27.505	25.748	6.8%
British Pound	0.812	0.852	-4.7%
Serbian Dinar	116.229	112.684	3.1%
Chinesse yuan remminbi	8.333	8.187	1.8%
Uruguayan Peso	31.083	26.430	17.6%

End period (Currency/€)

	Sep14	Dec 13	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.258	1.379	-8.8%
Canadian Dollar	1.406	1.467	-4.2%
Mexican Peso	16.998	18.073	-6.0%
Brazilian real	3.084	3.231	-4.5%
Czech crown	27.500	27.427	0.3%
British Pound	0.777	0.834	-6.8%
Serbian Dinar	118.851	114.642	3.7%
Chinesse yuan remminbi	7.805	8.419	-7.3%
Uruguayan Peso	31.082	29.546	5.2%

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