

Viscofan
The casing company

Annual results
January– December 2019

February 28, 2020

1 MORE TO BE Progress

2 2019 Results

3 Initiatives and 2020 outlook

1 MORE TO BE Progress

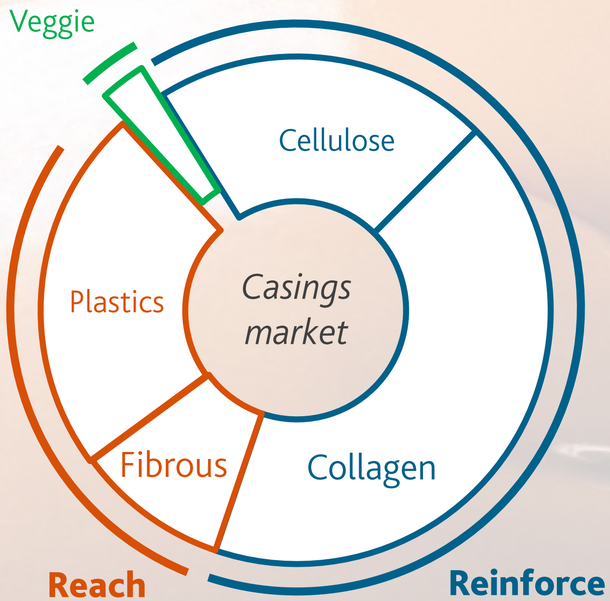
2 2019 Results

3 Initiatives and 2020 outlook

A transformation to change the industry of casings

MORE TO BE

Vision: The Casing Company



Reach leadesrship in Plastics and Fibrous

Reinforce leadership in Cellulose and Collagen

Leadership in the three key strategic axis



2019 Landmarks

- Turnover record
- Growth above the market
- Exploring new opportunities
- Acquisition of Nitta Casings

Viscofan

MORE TO BE 2019. Progression

MORE TO BE



- Sustainability Action Plan

Service

- Largest commercial launch of new products: Natur, Veggie, Marathon, among others…

Technology

- Completion of the project of a new cellulose technology
- Development of a new veggie technology

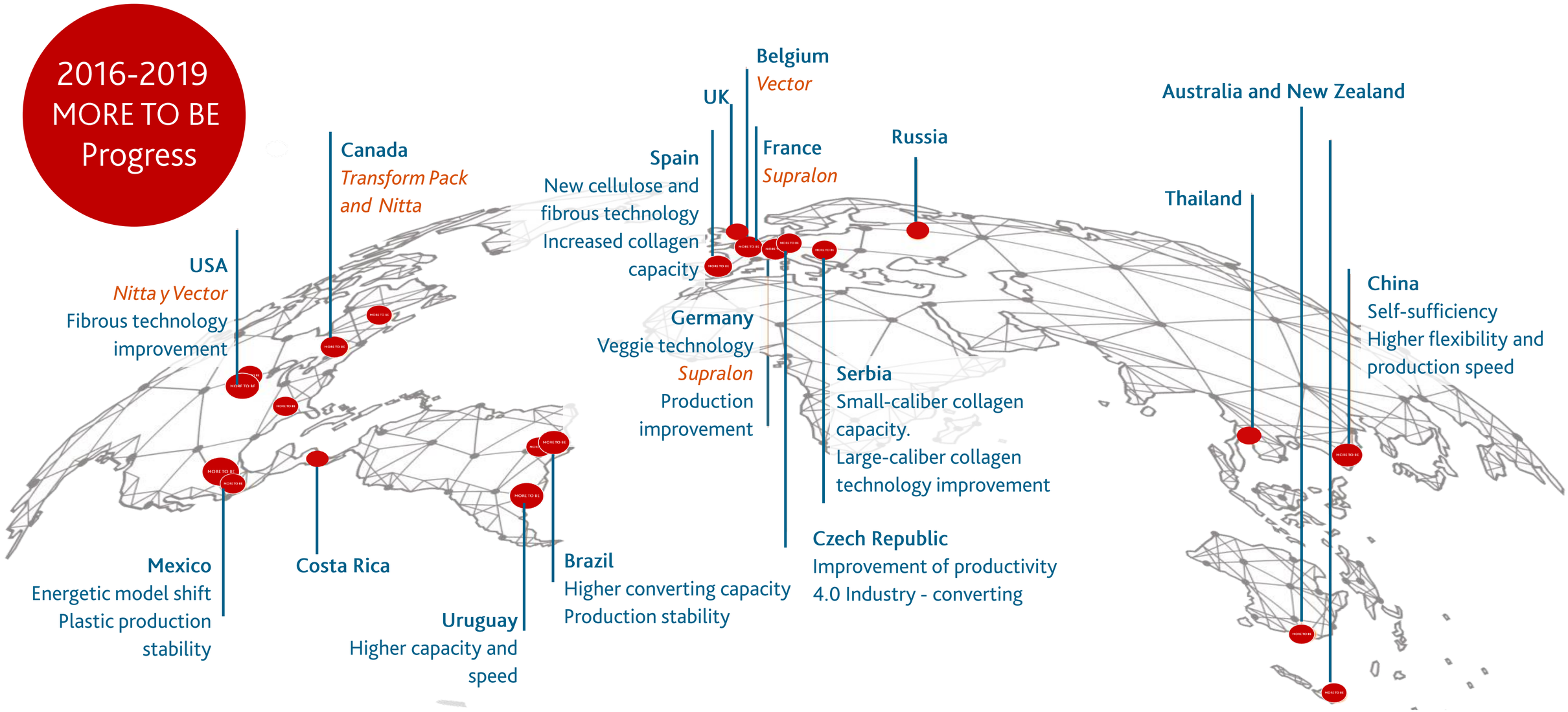
Cost

- Higher productive speed
- Employee productivity

Diversification

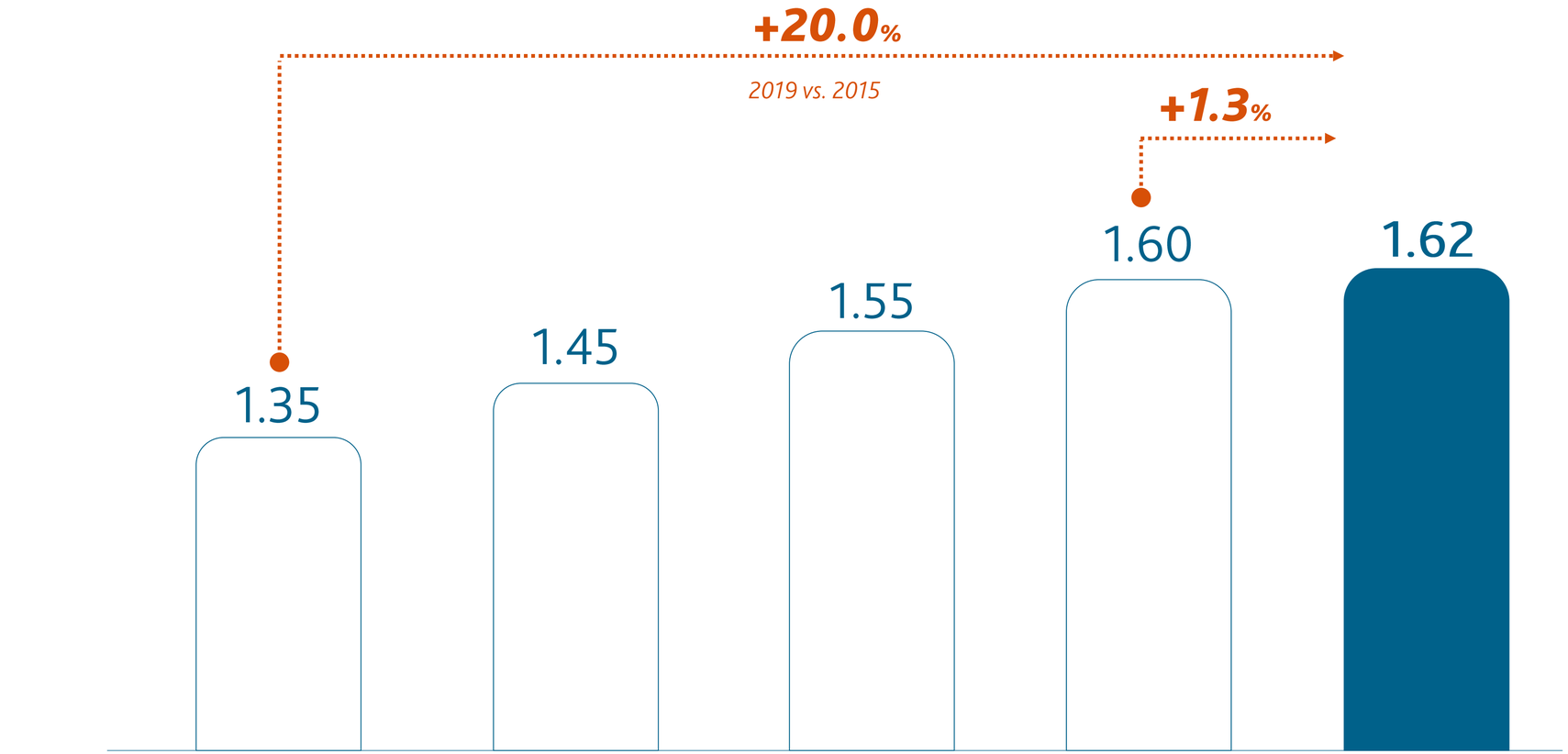
- Cardiomesh. First implant in a human being
- Commercialization of collagen hydrolysates

MORE TO BE 2016-2019. A renewed industrial park, more efficient and global.



MORE TO BE. Increasing shareholder remuneration

ORDINARY DIVIDEND(€ per share)



+€5.3 Millon cancellation of treasury shares in 2019

+ €0.13 Extraordinary dividend

1 MORE TO BE Progress

2 2019 Results

3 Initiatives and 2020 outlook

2019
Main financial figures

€ million	Recurring [1] 2019	% y-o-y	% y-o-y Like-for-like[2]	Guidance
Revenue	849.7	+8.1%	+5.9%	✓ Outperformance
EBITDA	198.0	+4.4%	+0.5%	✓ In line
EBITDA margin	23.3%	-0.8 p.p.	-1.2 p.p.	
Operating profit	127.4	+0.1 %		
Profit before taxes	127.2	-0.9 %		
Taxes	-25.7	+29.6 %		
Net Profit	101.5	-6.4%		✓ In line

[1] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

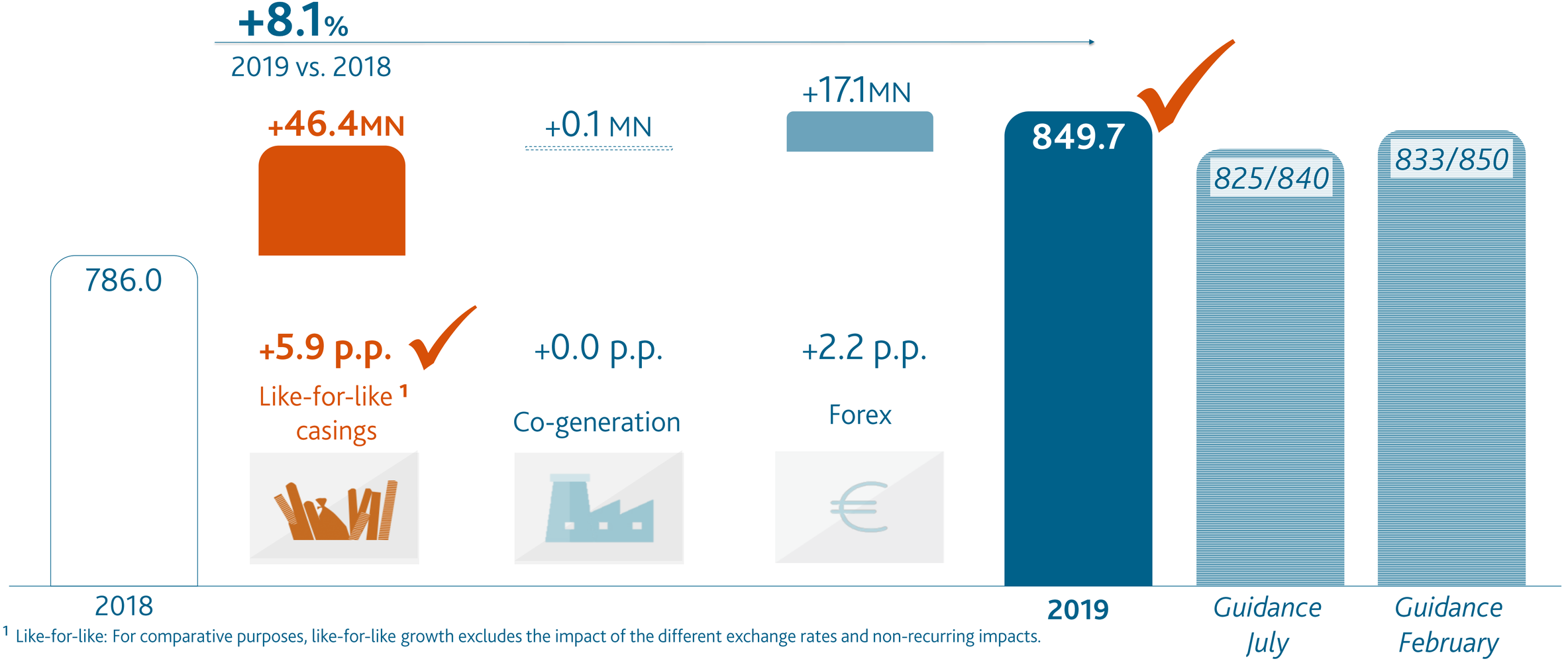
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Non-recurring impacts

Million €	2019	2018
Business combination *net of relate expenses*	**+€8.7Mn** *Nitta Casings*	+€3.7Mn *Globus*
Goodwill impairment	**-€3.5Mn**	—
Strike in the USA	**-€2.3Mn**	—
Mivisa claim	—	+€15.4Mn
EBITDA contribution	**+€2.9Mn**	+€19.1Mn
Net Profit contribution	**+€4.1Mn**	+€15.3Mn

New all-time in revenue driven by volume growth in all technologies, price/mix improvement, Globus and forex strength.

REVENUE 2019. Growth contribution (€ million)



[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Growth in all reporting areas combining volumes and price/mix growth.

REVENUE 2019. Breakdown by geographical area [1] (€ million)

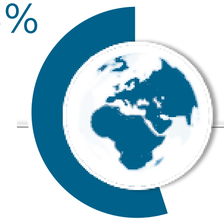
GROUP

+8.1% vs. 2018

+5.9% Like-for-like[2]

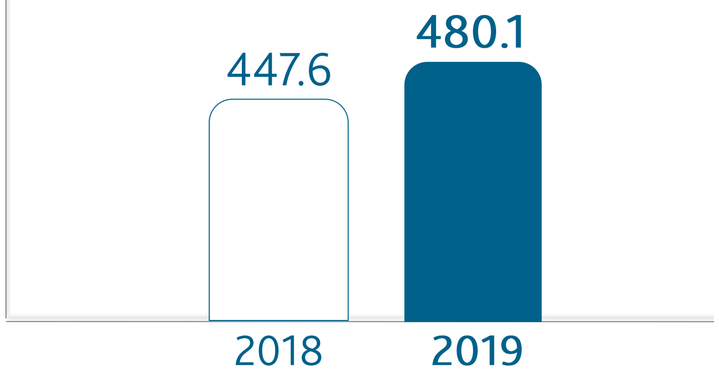
EUROPE AND ASIA PACIFIC

56.5%



+7.3% vs. 2018

+6.3% Like-for-like[2]



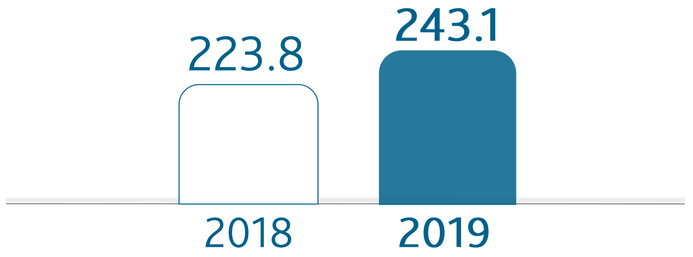
NORTH AMERICA

28.6%



+8.6% vs. 2018

+3.2% Like-for-like[2]



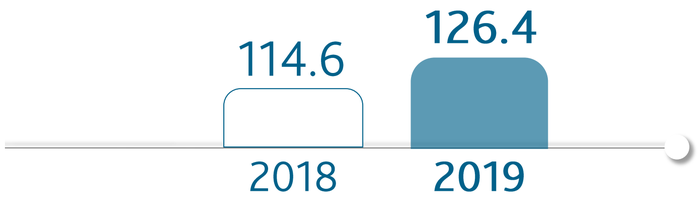
LATAM

14.9%



+10.3% vs. 2018

+9.7% Like-for-like[2]

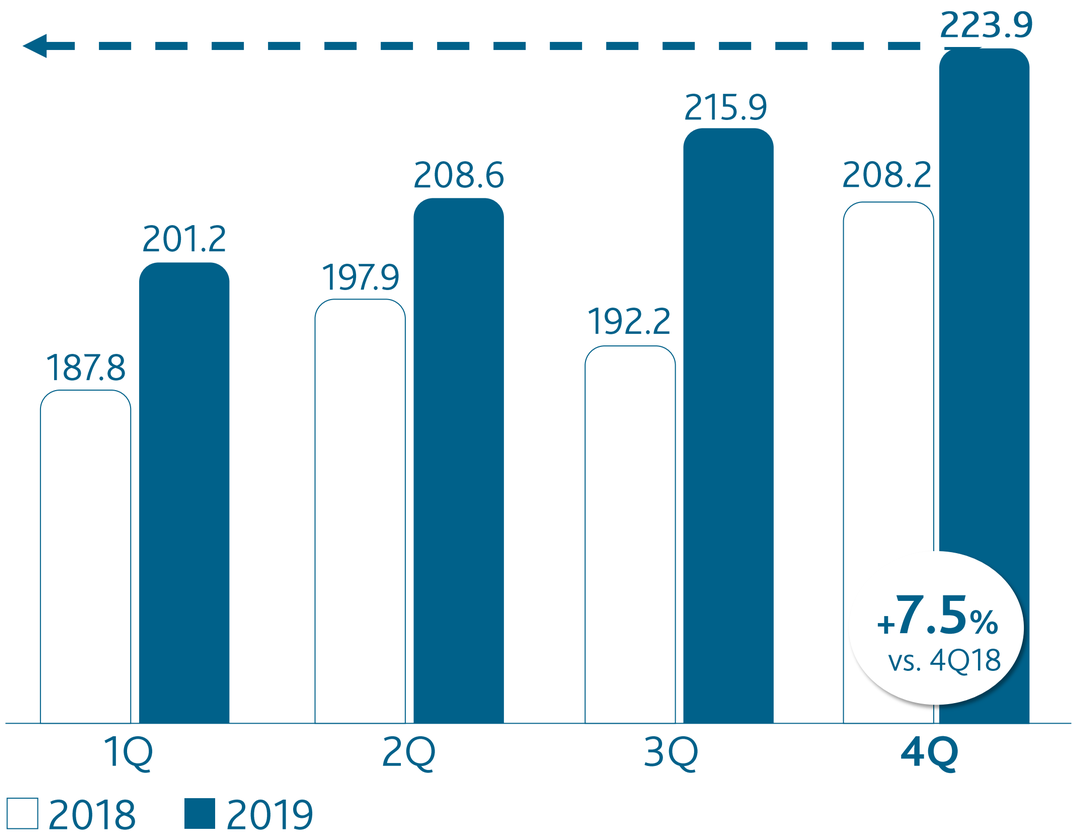


[1] Revenue per origin of sales.

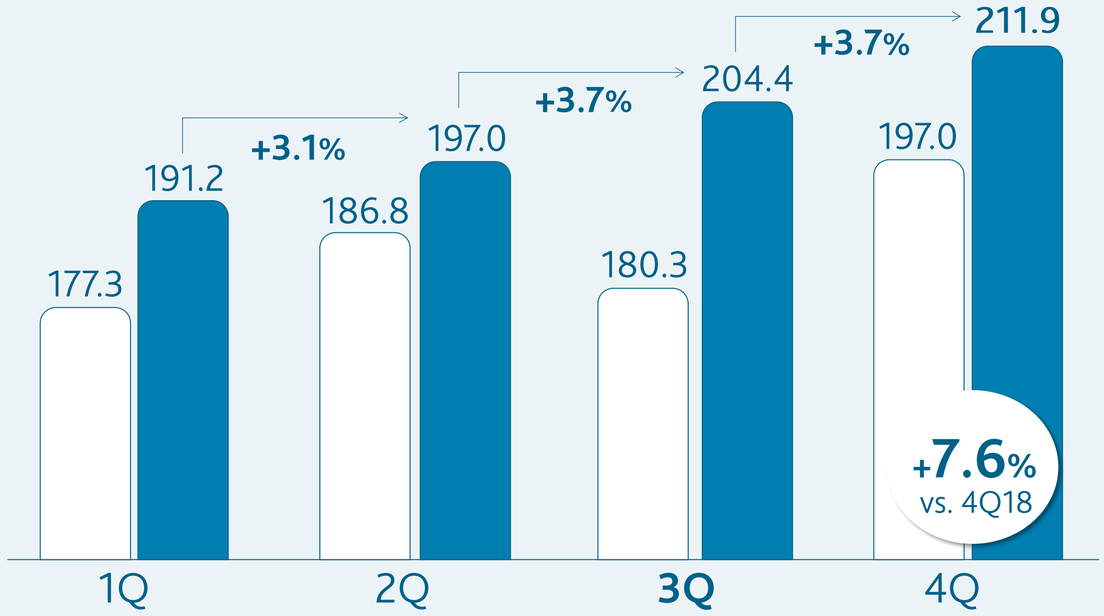
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Speeding up revenue in the second half of the year…

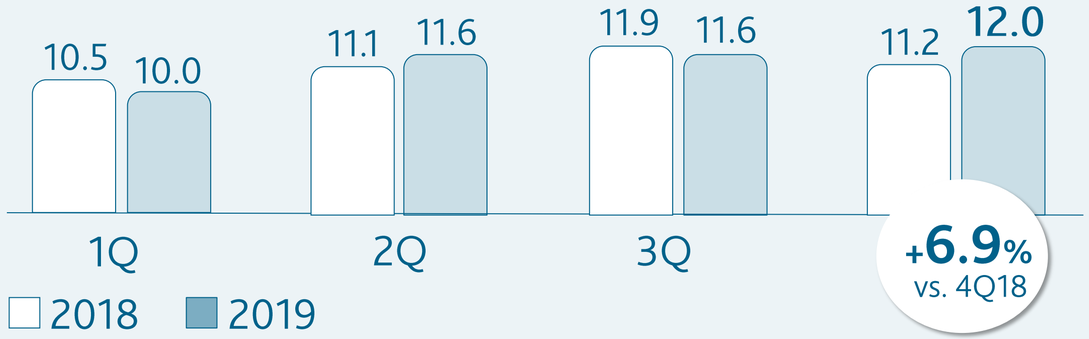
REVENUE. Viscofan Group (€ million)



CASING SALES (€ million)



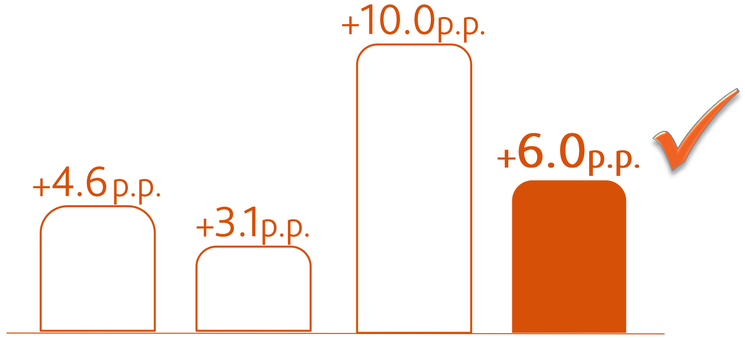
CO-GENERATION REVENUE (€ million)



…driven by higher volume and price.

REVENUE. Quarterly growth contribution

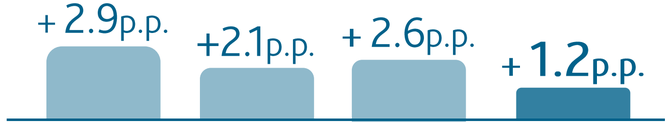
4Q19 **+7.5%** vs. 4Q18 | **+6.3%** Like-for-like[1]



Like-for-like[1] casings



Co-generation

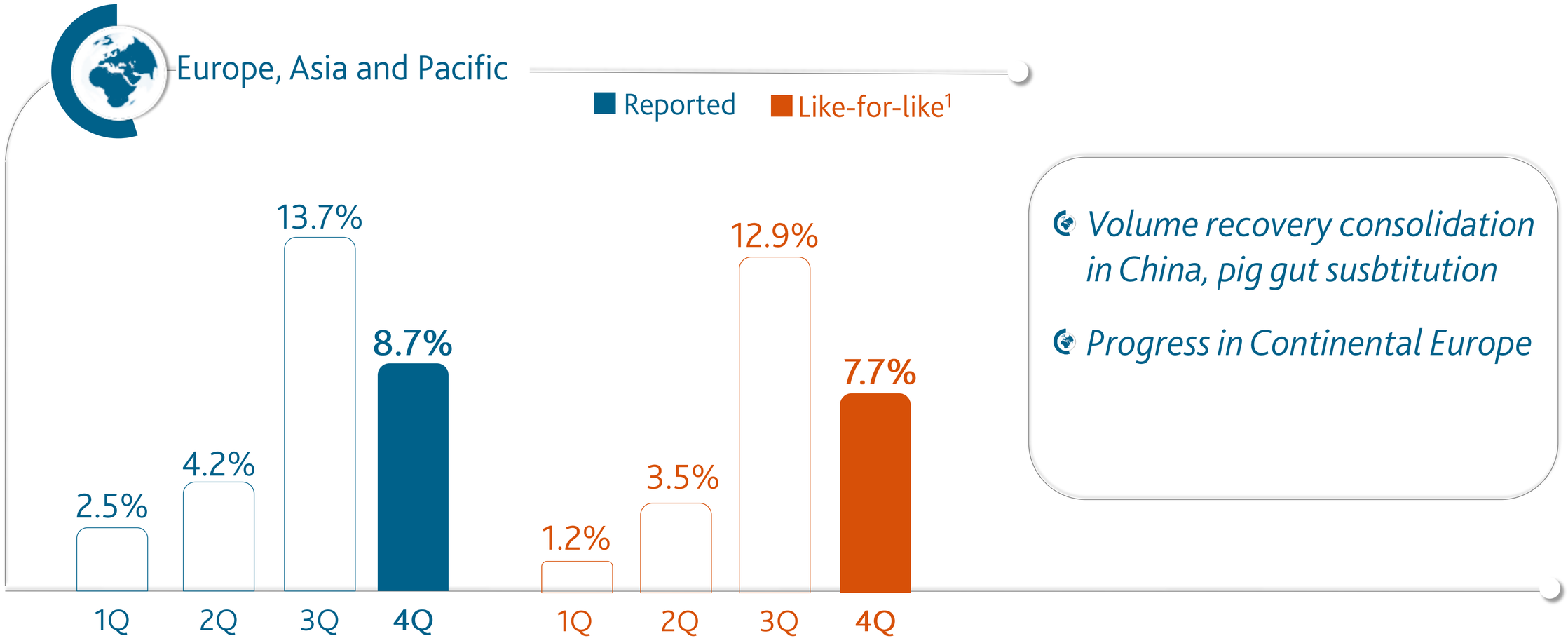


Forex

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Growing in Europe and Asia

REVENUE. Quarterly change

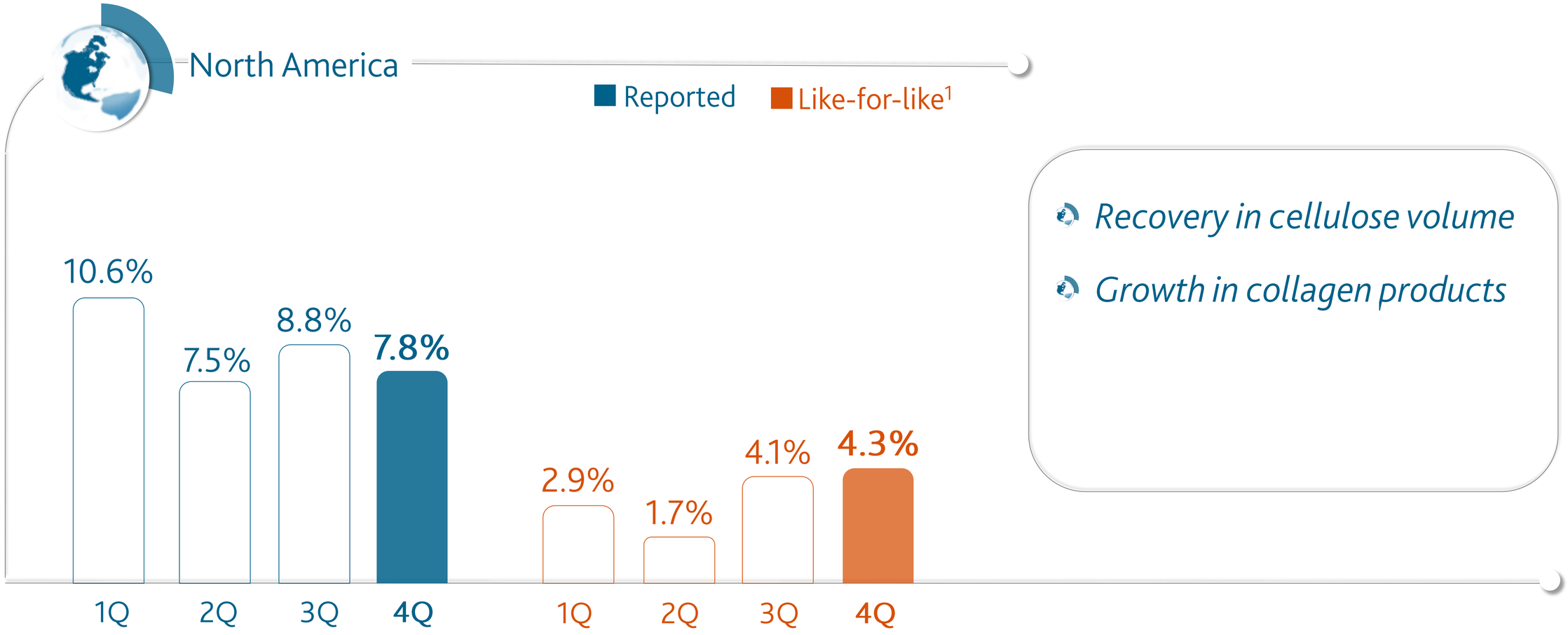


- *Volume recovery consolidation in China, pig gut susbtitution*
- *Progress in Continental Europe*

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Growing in North America

REVENUE. Quarterly change

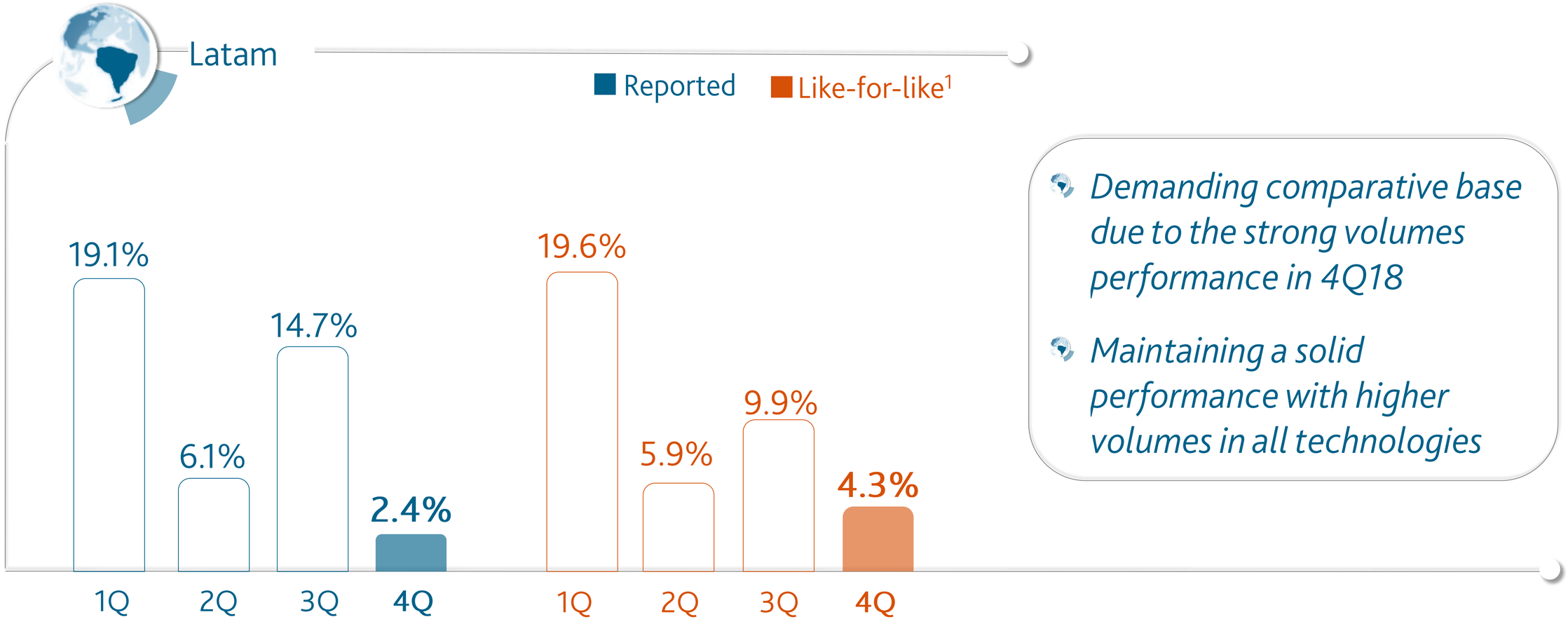


- *Recovery in cellulose volume*
- *Growth in collagen products*

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Growing in Latam

REVENUE. Quarterly change

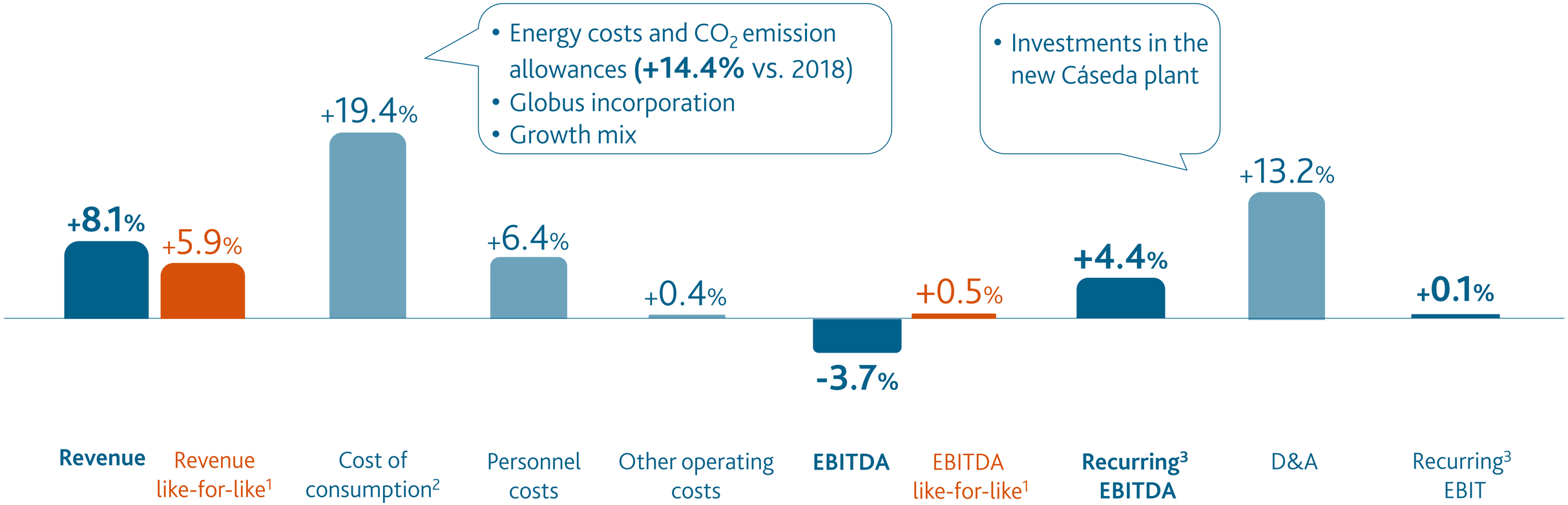


- *Demanding comparative base due to the strong volumes performance in 4Q18*
- *Maintaining a solid performance with higher volumes in all technologies*

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Revenue growth offsets higher energy costs and wage inflation.

P&L 2019. % year-on-year change



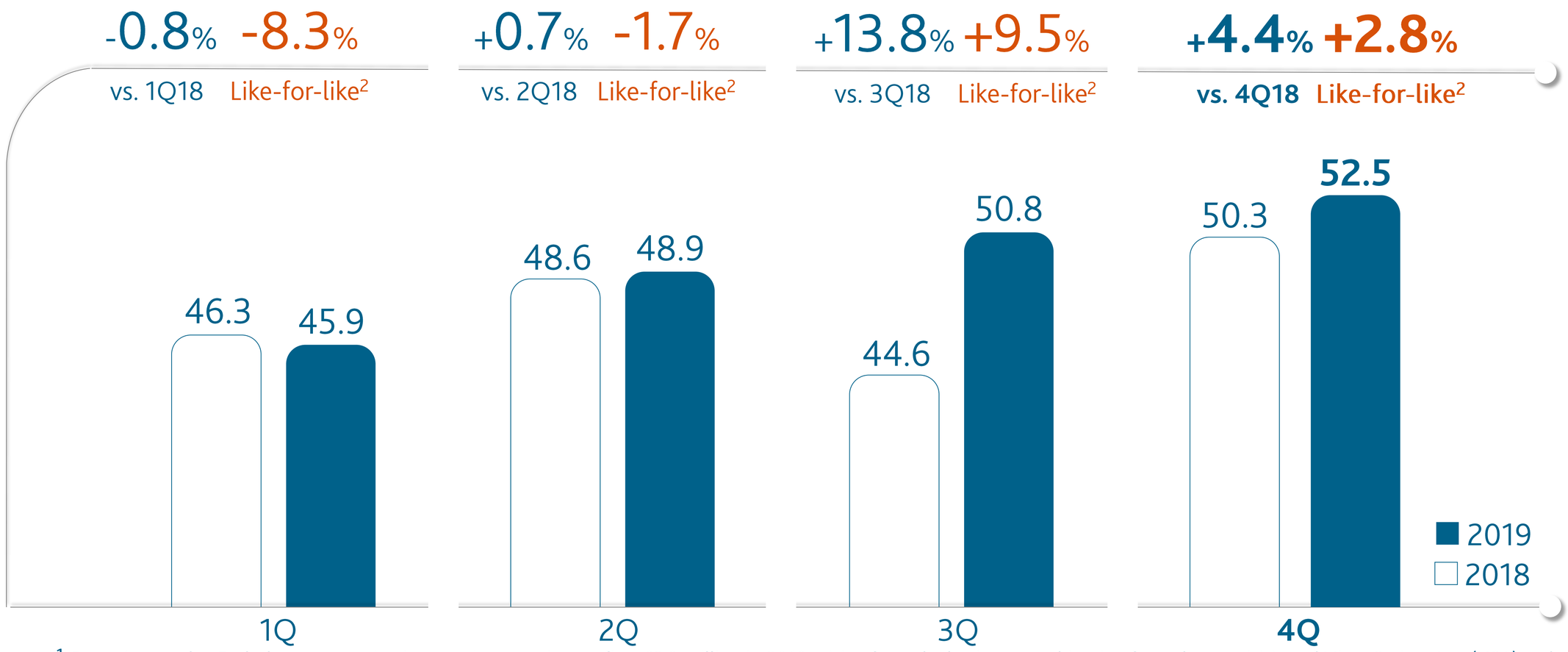
[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2019 and non-recurring impacts.

[2] Cost of consumption = Net purchases +/- Change in inventories of finished and unfinished products.

[3] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

Recovering profitability in the second half of the year…

Quarterly recurring[1] EBITDA. (€ million)

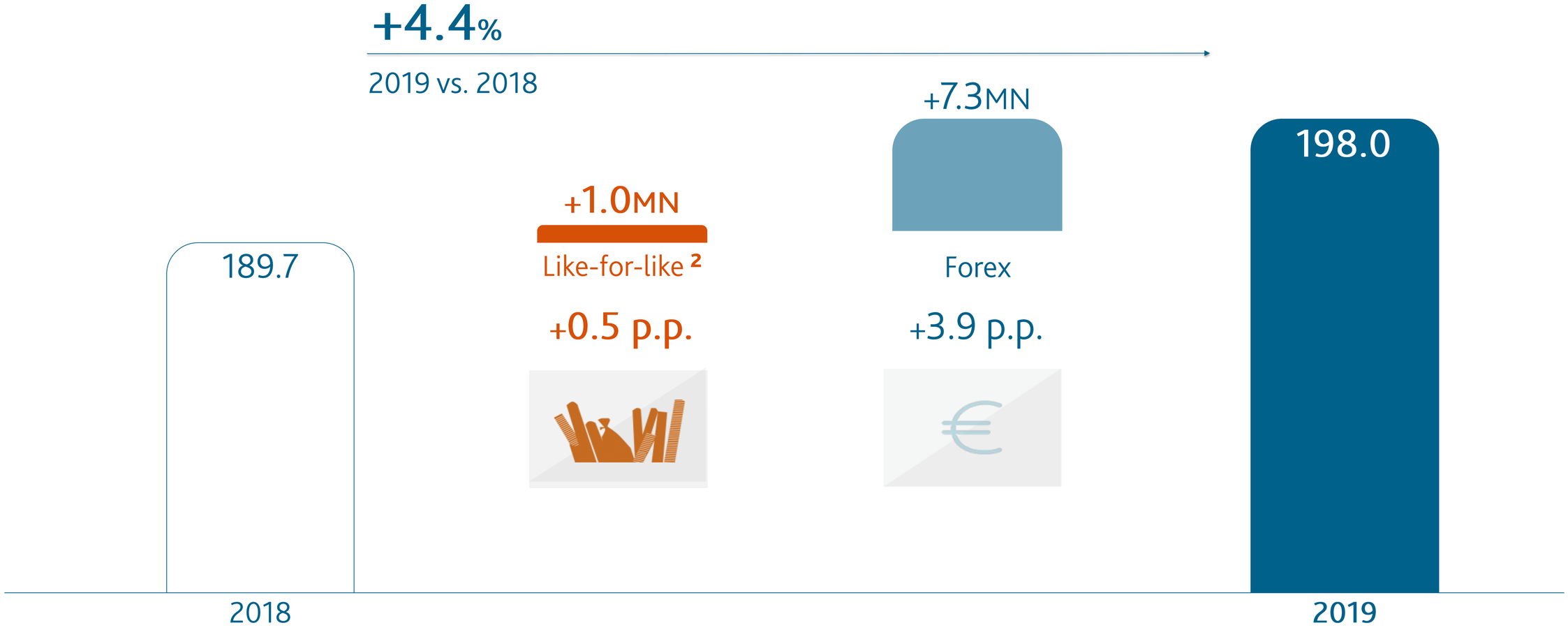


[1] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2019 and non-recurring impacts.

… offsetting a lower growth in the first half of the year.

Recurring[1] EBITDA 2019. y-o-y growth contribution (€ million)

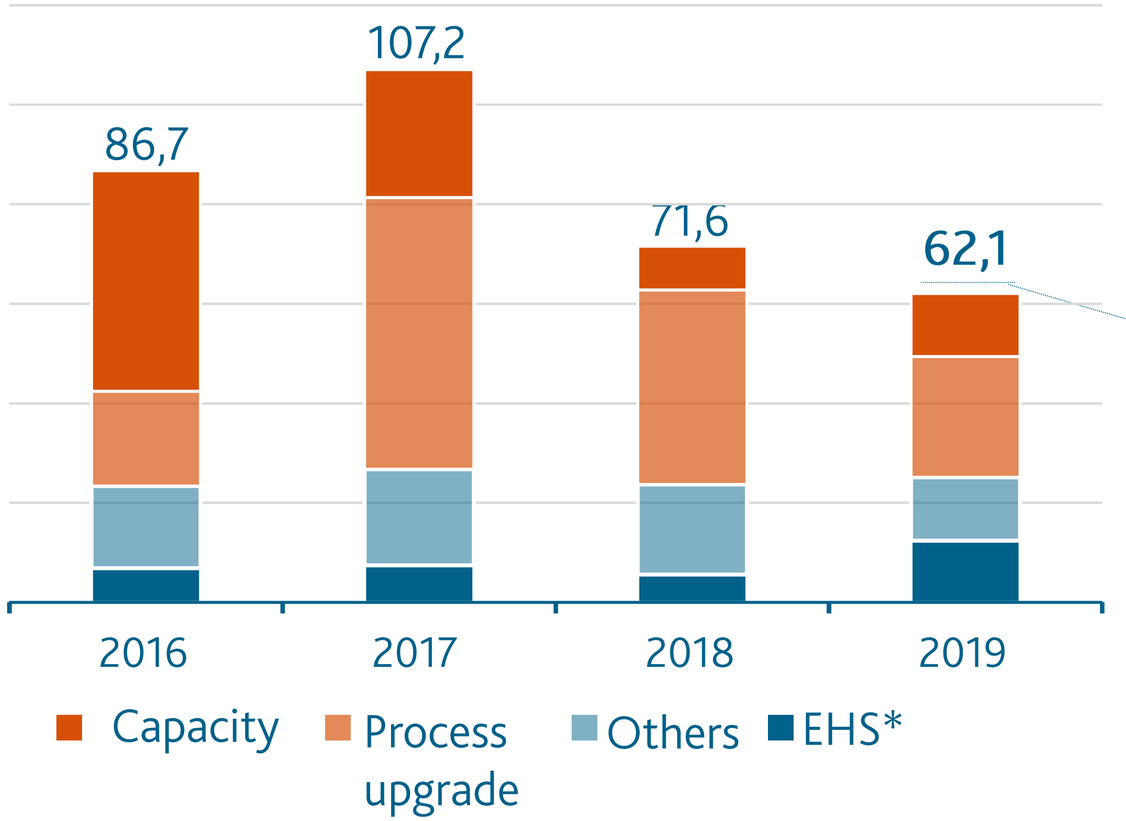


[1] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc, the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2019 and non-recurring impacts.

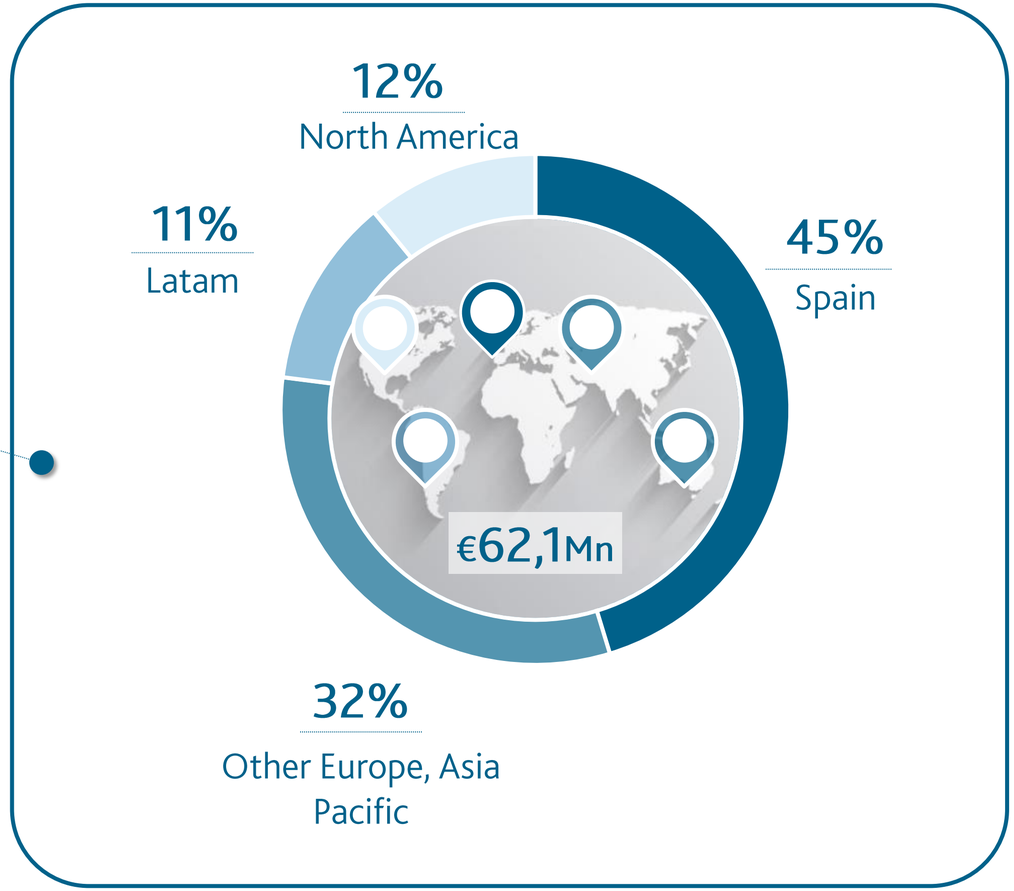
The main transformation projects are on track

CAPEX 2016-2019. Breakdown by type (€ million)



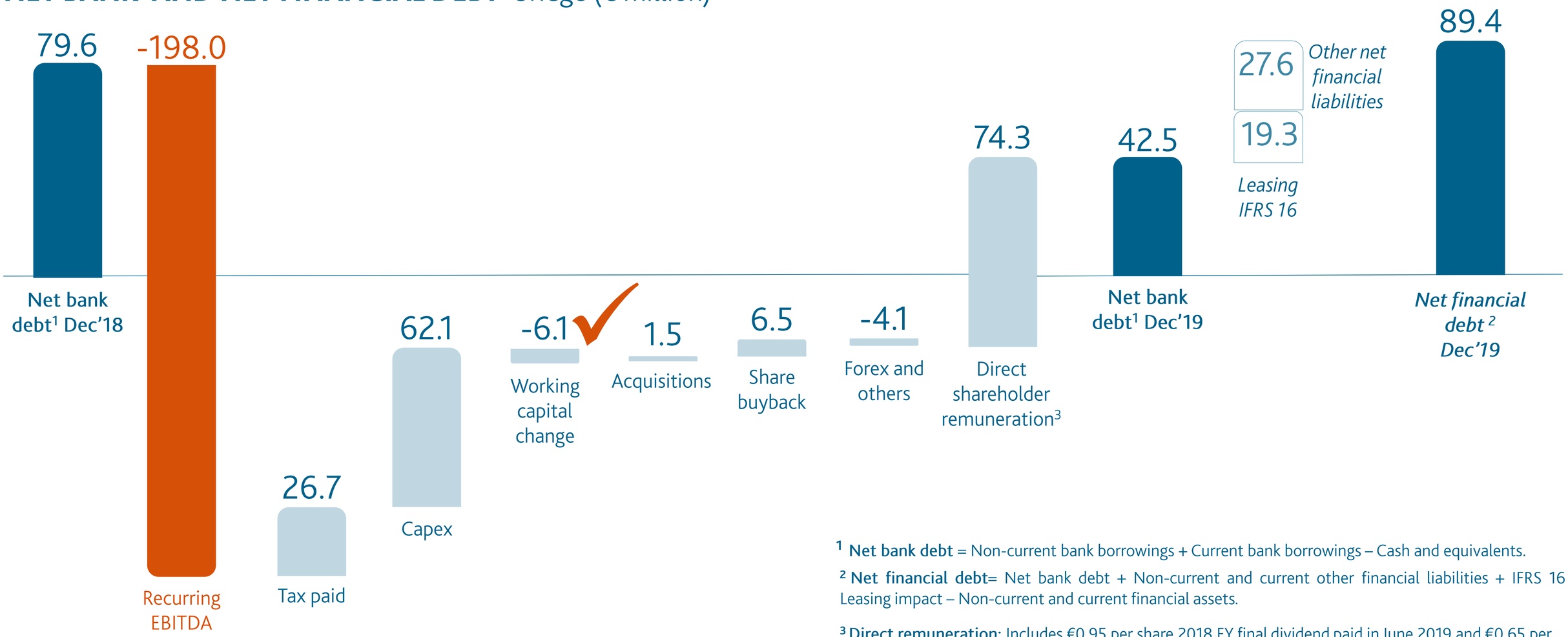
*Environment, Health and Safety

CAPEX 2019. Breakdown by region (€ million)



Results strength, lower capex needs and the reduction in working capital lead to lower indebteness.

NET BANK[1] **AND NET FINANCIAL DEBT**[2] bridge (€ million)



[1] **Net bank debt** = Non-current bank borrowings + Current bank borrowings – Cash and equivalents.

[2] **Net financial debt**= Net bank debt + Non-current and current other financial liabilities + IFRS 16 Leasing impact – Non-current and current financial assets.

[3] **Direct remuneration:** Includes €0.95 per share 2018 FY final dividend paid in June 2019 and €0.65 per share 2019 FY interim dividend paid in December 2019

1 MORE TO BE Progress

2 2019 Results

3 Initiatives and 2020 outlook

Nitta Casings acquisition drives up our positioning and leadership in collagen casings.



Completing our footprint

Collagen casings, coextrusion and biomaterials

Acquisition EV: €12.8 Mn

2020e figures: Revenue €33 Mn, EBITDA €1 Mn, Capex €6 Mn

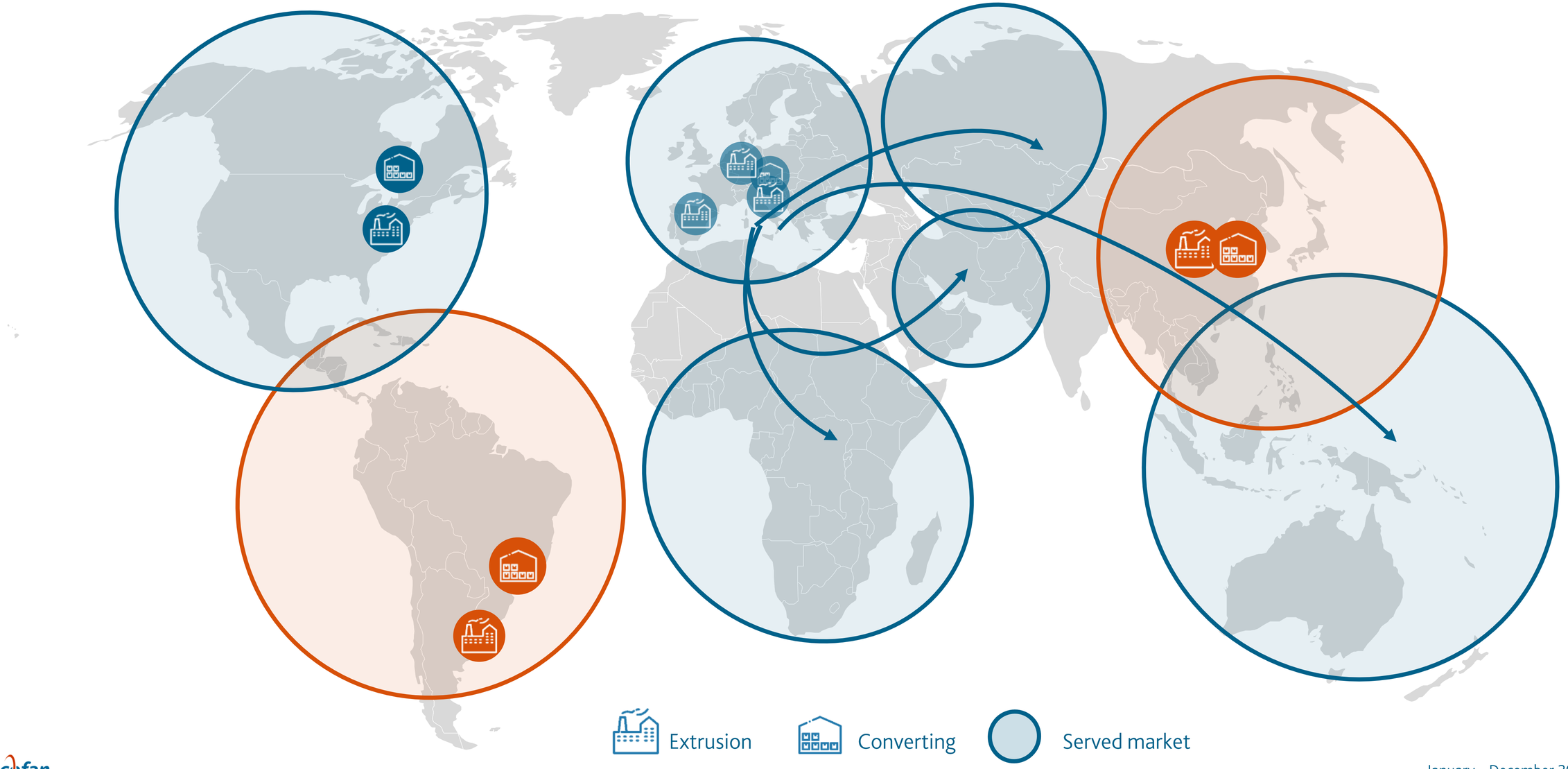
Collagen casings leadership in the US

Viscofan + Nitta Casings

€3/4 Mn savings goal in 2021

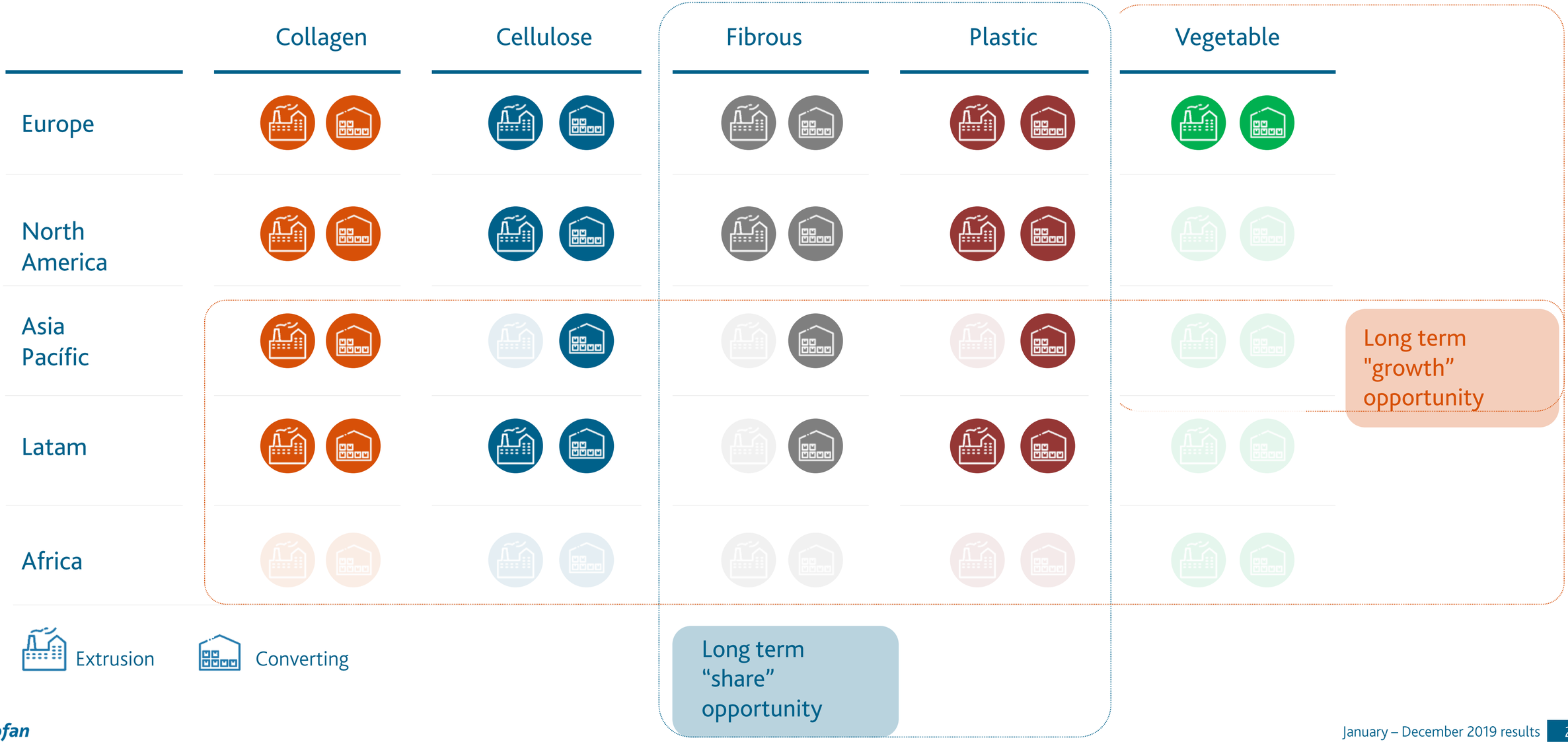
Higher sproduction speed, lower waste, savings in Raw Materials and Other Operating expenses

All markets benefit from a local service thanks to our global presence in collagen casings



We have built the most comprehensive commercial and productive footprint of the market.

VISCOFAN´S FOOTPRINT. Available capacity



Emerging areas. Focused on organic growth

Higher animal protein consumption

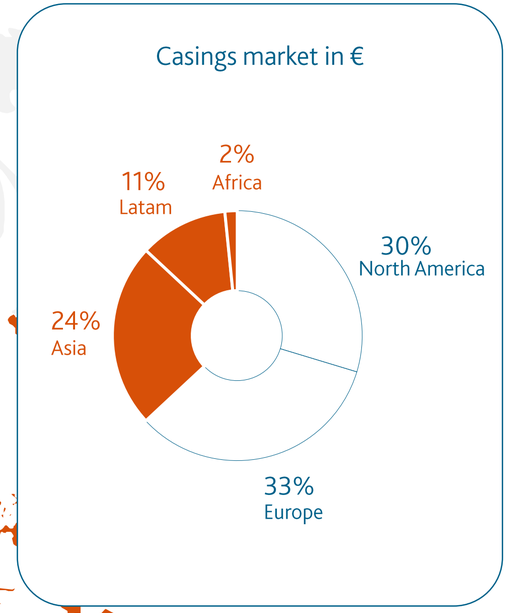
FAO: Annual estimated growth at 1/2% in 2020-2025

Searchig for a larger product offer

Feeding habits globalization

Searching for industralization

Uncertainty and inflation in animal gut supply



Emerging areas. Focused on organic growth

Viscofan´s approach

Higher animal protein consumption
FAO: Annual estimated growth at 1/2% in 2020-2025

Global footprint
Facilities and broad commercial experience in Asia and Latam

Searchig for a larger product offer
Feeding habits globalization

The only one with the main technologies
The largest product portfolio in the industry, more than 13,000 sold references in 2019

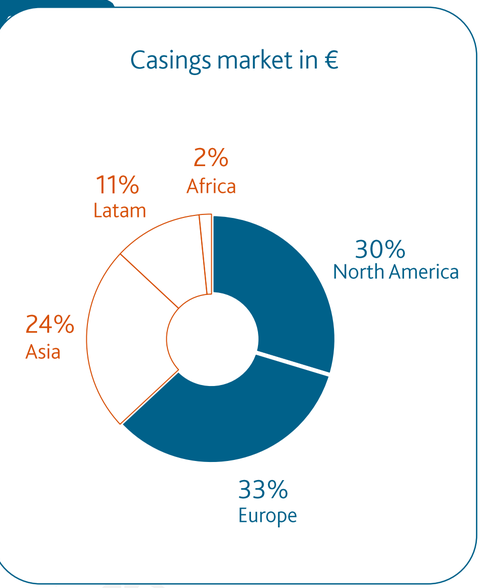
Searching for industralization
Uncertainty and inflation in animal gut supply

Suitable product to replace pig gut
Natur casing launched in May 2019.

Developed areas. Focused on high value addedproducts









Consumer looking for “convenience”

Higher variety, flavours, food safety, health,…



Searching high added value products

to save on costs, production stages and to offer a wider product portfolio.



Higher vegetable protein

More vegetarian, vegan and flexitarian

Developed areas. Focused on high added value products

Viscofan´s approach

Consumer looking for “convenience”
Higher variety, flavours, food safey, health,…

More casings variety
Eg) New casings transfering flavours, aromas, colours, …

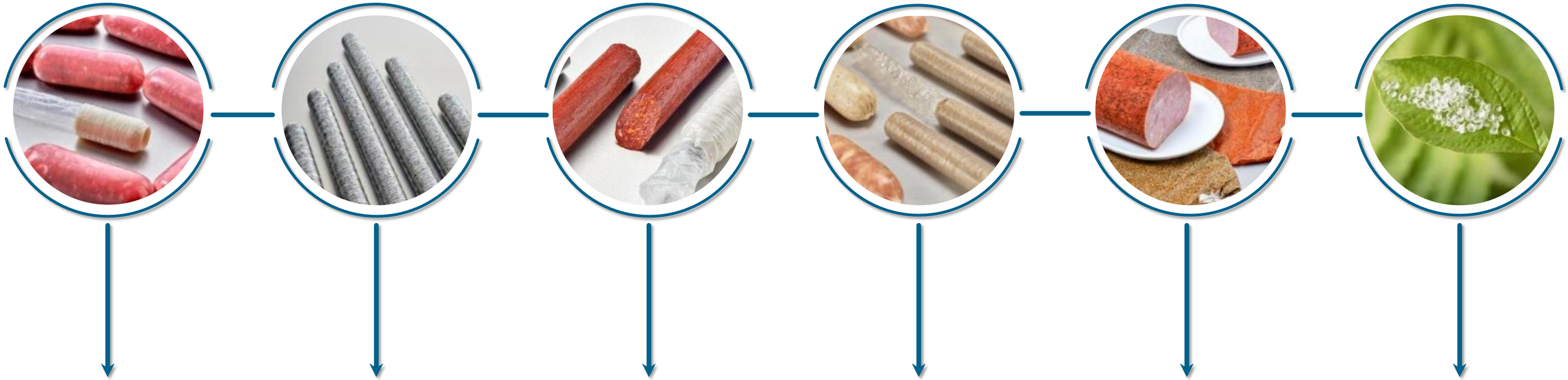
Searching high added value products
to save on costs, production stages and to offer a wider product portfolio.

The only one with the main technologies
The largest product portfolio in the industry, more than 13,000 sold references in 2019

Higher vegetable protein
More vegetarian, vegan and flexitarian

New *Veggie* technology
Sales growth and great acceptance in the market

Diversification and new products



Natur

Collagen casings with extra glossy appearance and superior productivity.

Marathon

Take production yields to the next level with extra-long sticks

Titanium fibrous

The next generation of fibrous casing

Veggie

A natural, edible choice

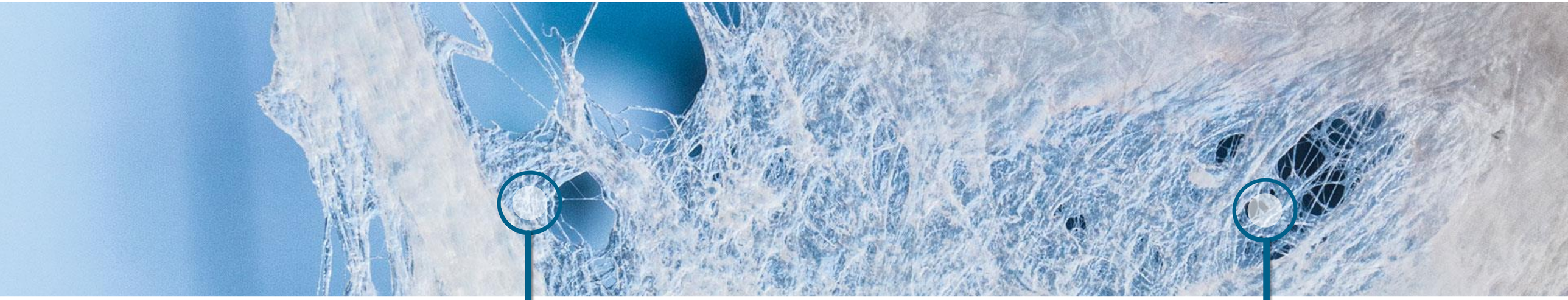
Functional solutions

Casings adding new colour, flavour, and species in food

Sustainable plastics

Casings with reduced thickness and development of a natural-based casing

Expanding borders with new uses of collagen

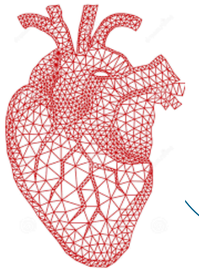


VISCOFAN COLLinstant®
PREMIUM COLLAGEN HYDROLYSATE



- ✓Soluble Collagen Hydrolysate. Nutritional supplement to improve the health of the skin, bones or joints
- ✓Collagen hydrolysate plant installed in Weinheim
- ✓Commercial drive through distributors.

Cardio mesh



- ✓Device safety test phase
- ✓A sample of 10 patients with myocardial insufficiency

Cáseda. The best technology in the industry in cellulose and fibrous has become a reality



Cellulose. Producing 50% of the Group total capacity

Year-on-year savings of €10 million + Improvements in the learning curve

Fibrous. Looking for leadership…

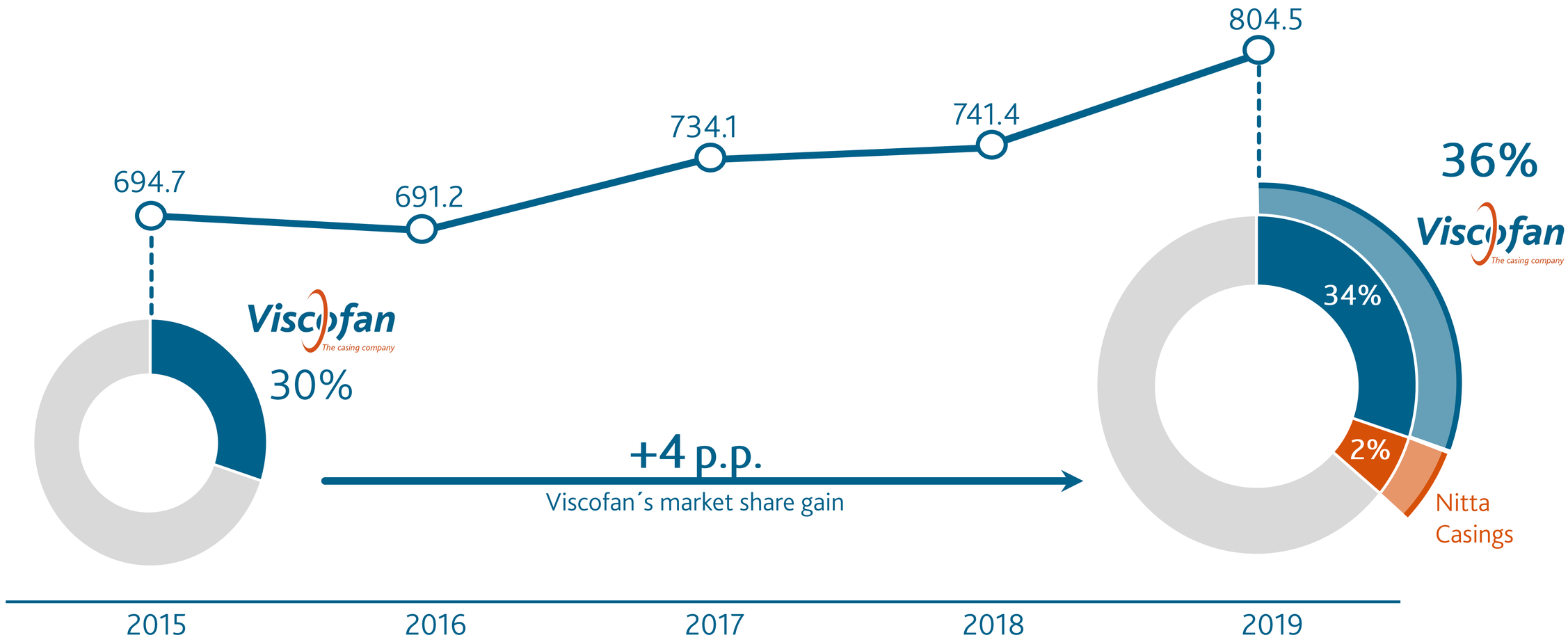
…in a market worth €300 Mn with a better product, technology and time-to-market to the European customers

€86 million investment

Carried out in the period 2016-2019

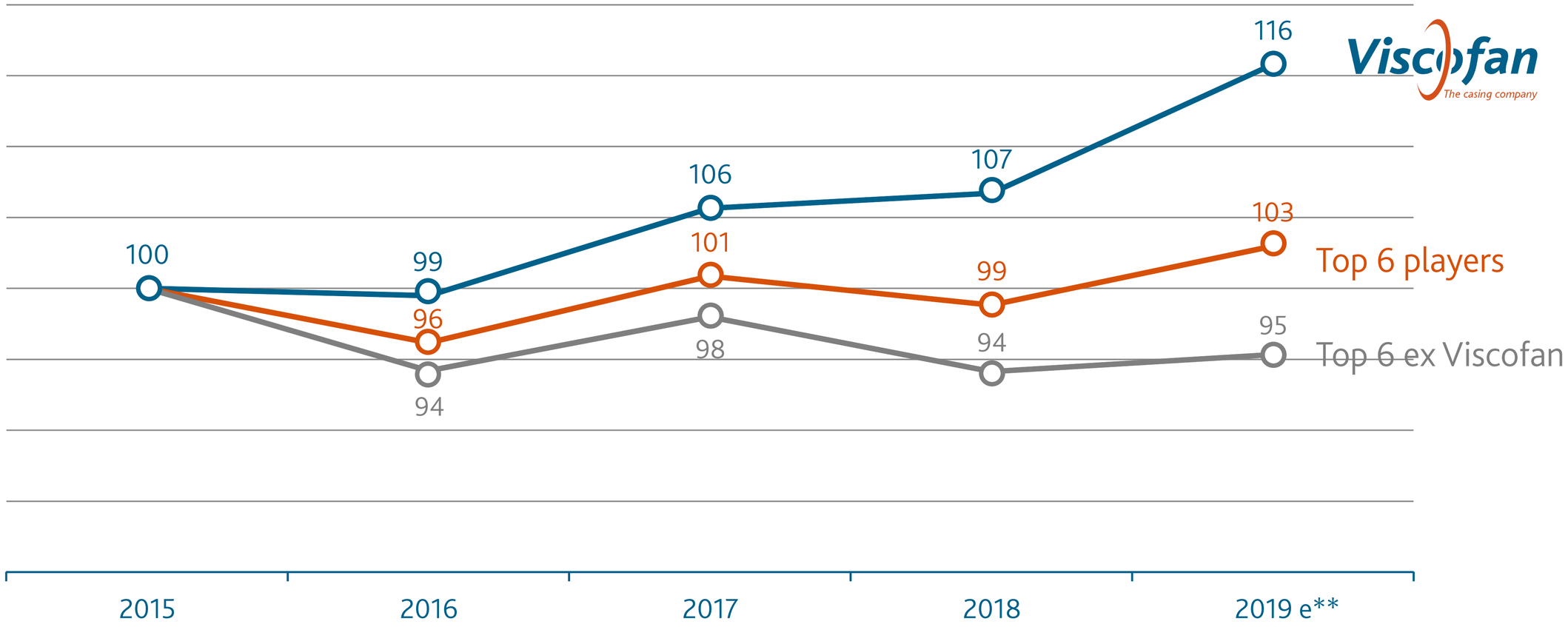
A stronger leader…

CASINGS REVENUE AND MARKET SHARE (€ million)



…in a growing market.

CASINGS PLAYERS* REVENUE (Base 100 year 2015)

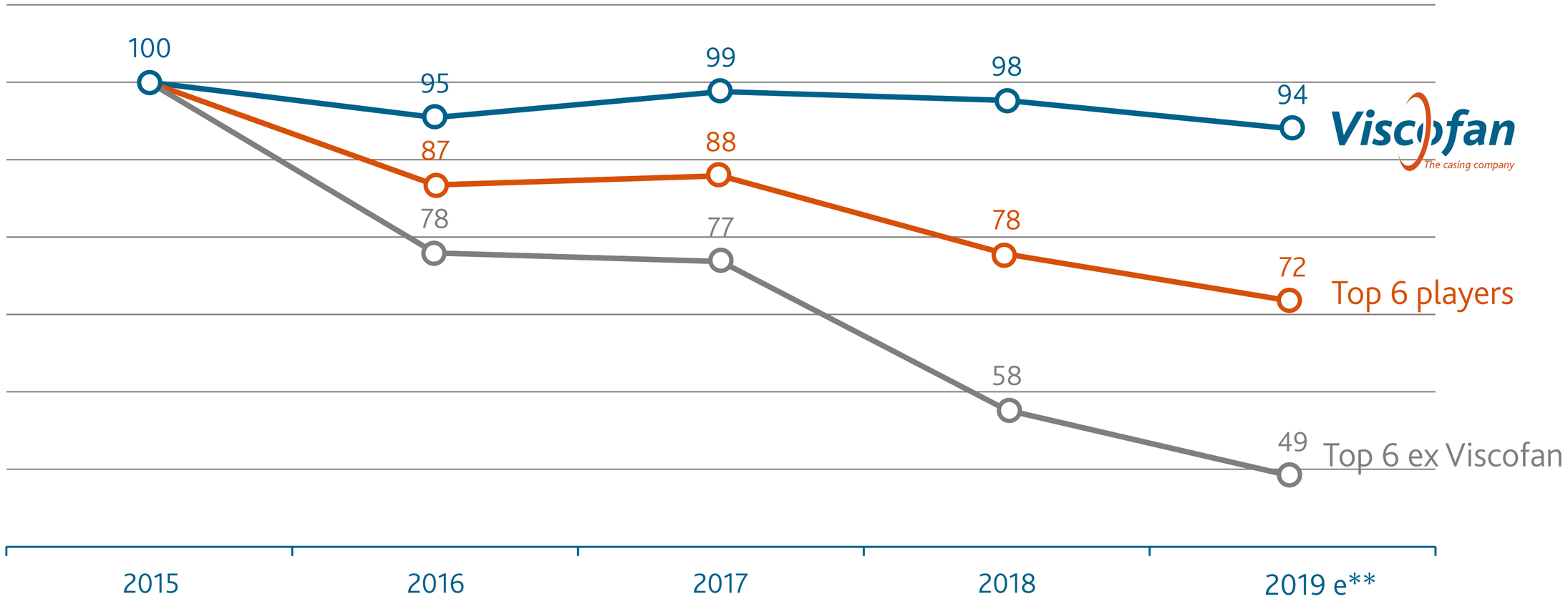


* Includes Viscofan, Viskase, Devro, Kalle, Visko Teepak and Shenguan

** Results release and internal estimates

Improving leadership also in EBITDA within and adverse environment.

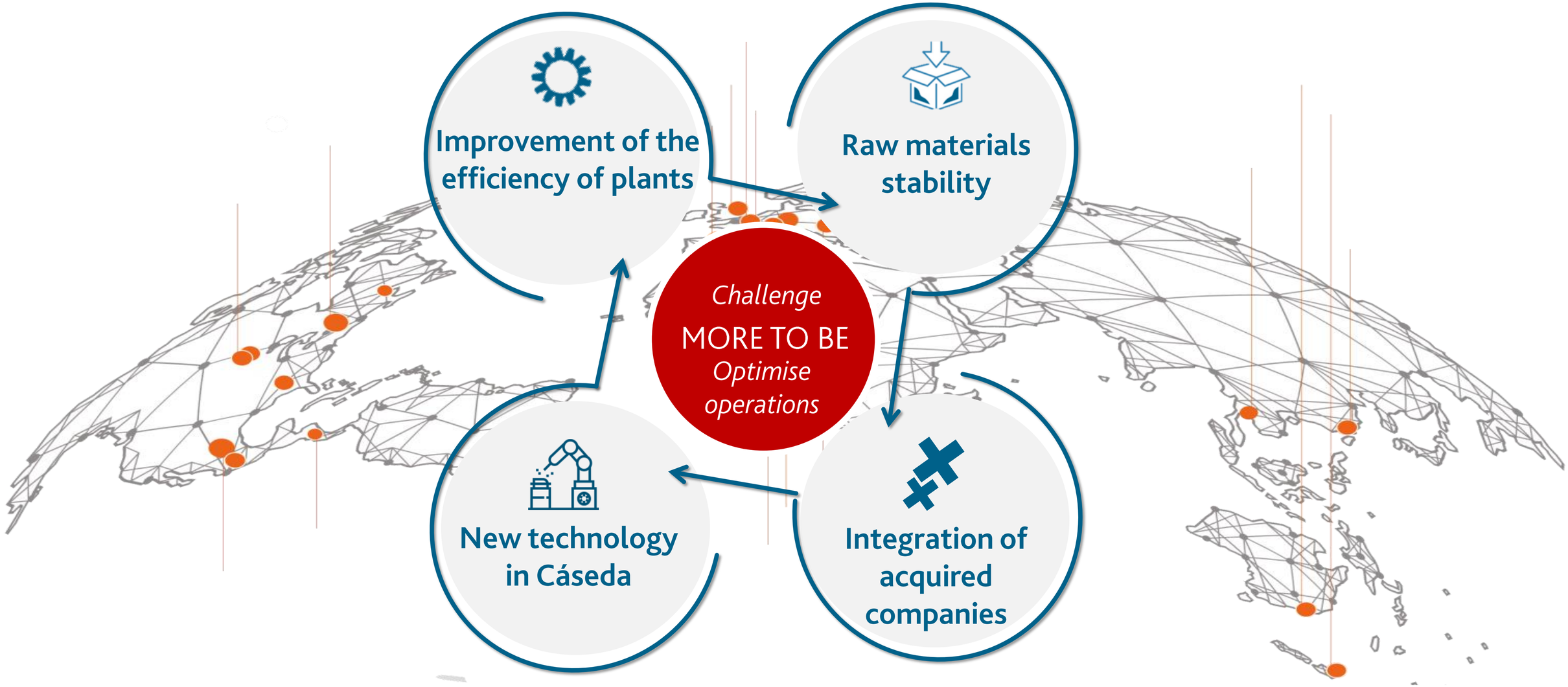
CASINGS PLAYERS* EBITDA (Base 100 year 2015)



* Includes Viscofan, Viskase, Devro, Kalle, Visko Teepak and Shenguan

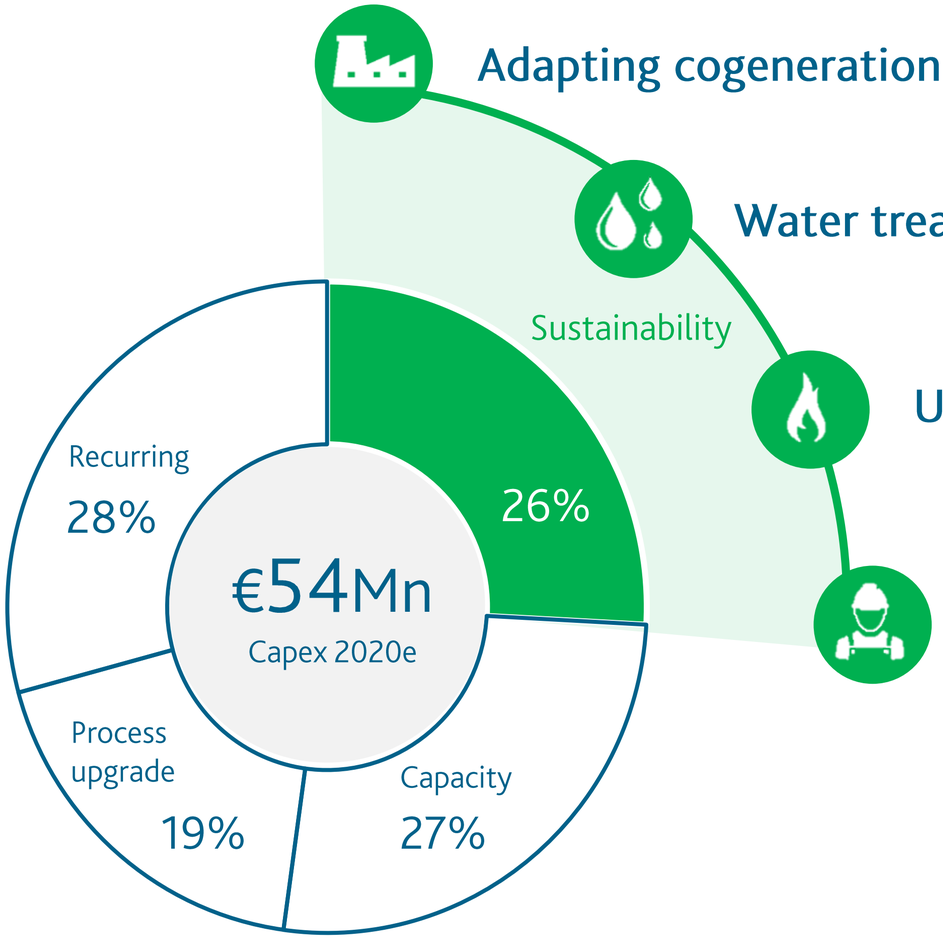
** Results release and internal estimates

Challenge 2020. Optimise our operations and improve our margins



Optimising our operations

CAPEX BREAKDOWN 2020e (€ million)



Adapting cogeneration engines for hydrogen fuel

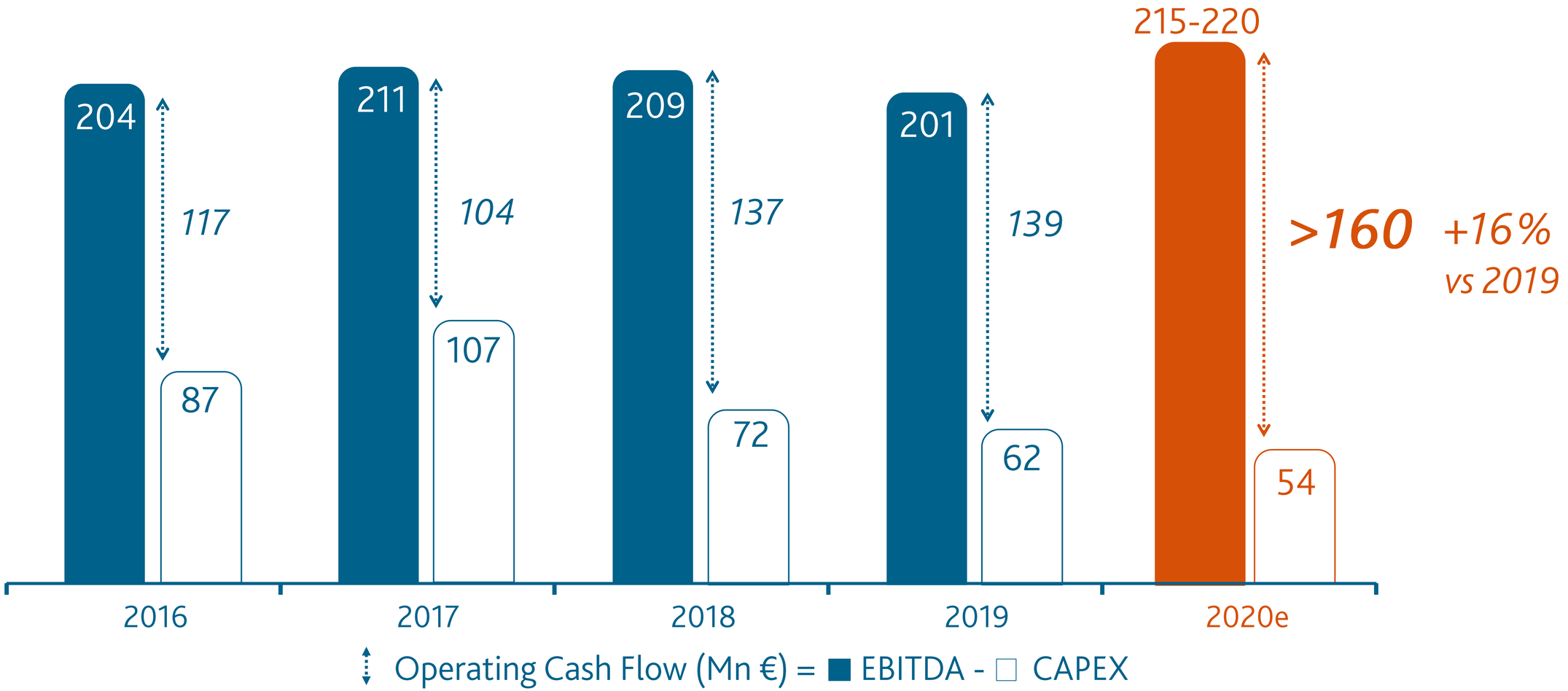
Water treatment plant expansion in Cáseda

Use of non-fossil gases

Safety and ergonomics projects

A year characterized by cash flow expansion.

OPERATING CASH FLOW (€ Million)



Guidance 2020

US$/€: 1.13

Million €	Traditional Viscofan	Nitta Casings	Viscofan Group
Revenue	870-888 (+2%/4%)	33	903-921 (+6%/8%)
EBITDA	214-219 (+6%/9%)	1	215-220 (+7%/9%)
Net Profit	113-116 (+7%/10%)	-1	112-115 (+6%/9%)
Capex	48 (-23%)	6	54 (-13%)

Conclusions

- **New all-time high in annual revenue** led by the exceptional performance in the second half of the year that allow us to keep **gaining market share.**
- We have carried out a **transformation** that puts us in a unique position for the future of the Group at the same time as we continue taking advantage of **growth opportunities** in the casing market and other business.



- **The acquisition of Nitta Casings reinforces our leadership in collagen casings** and completes our productive portfolio in North America.
- **Robust finantial position and shareholder remuneration**

- A unique position in the industry that makes us await **revenue, EBITDA and net result growth for 2020, together with a lower need for investment**.

Appendix. 4Q19. Main financial figures

(€ million)	Recurring [1] 4Q19	Recurring [1] % y-o-y	% y-o-y Like-for-like [2]	*Reported 4Q19*	*Reported % y-o-y*
Revenue	223.9	+7.5%	+6.3%	*223.9*	*+7.5%*
EBITDA	52.5	+4.4%	+2.8%	*57.7*	*+5.3%*
EBITDA margin	23.5%	-0.7p.p.	-0.8p.p.	*25.8%*	*-0.5p.p.*
Operating profit	35.3	+3.1%		*40.5*	*+4.5%*
Net profit	27.1	-10.3%		*32.9*	*-6.0%*

[1] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Appendix. 2019. Main financial figures

(€ million)	Recurring [1] 2019	Recurring [1] % y-o-y	% y-o-y Like-for-like [2]	*Reported 2019*	*Reported % y-o-y*
Revenue	849.7	+8.1%	+5.9%	*849.7*	*+8.1%*
EBITDA	198.0	+4.4%	+0.5%	*201.0*	*-3.7%*
EBITDA margin	23.3%	-0.8p.p.	-1.2p.p.	*23.7%*	*-2.9p.p.*
Operating profit	127.4	+0.1%		*130.3*	*-11.0%*
Net profit	101.5	-6.4%		*105.6*	*-14.7%*

[1] Recurring results. Exclude non-recurring impacts in operating profit, +€2.9 million in 2019 arising from the business combination from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018 +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates and non-recurring impacts.

Appendix. Alternative Performance Measures

The Alternative Performance Measures included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortisation, is calculated excluding depreciation and amortisation costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.

- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analysed to study the operating margin's development. However, it is not a defined indicator in IFRS and cost of consumption must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.

- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.

- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.

Appendix. Disclaimer

This document may include statements about intentions, expectations or forecasts of the Company additional to the mandatory financial reporting whose sole purpose is to provide information more accurately about the perspectives of future behaviours.

Such intentions, expectations or forecasts do not constitute any guaranties of compliance and involve risks, uncertainties and other relevant factors that could cause actual developments and results to differ materially from those states in such forward-looking statements.

This circumstance must be taken into account mainly for all persons or entities that may have to take decision, develop or spread opinions relative to values issued by the Company and particularly by analysts and investors that handle this document.

The financial statements contained in this document have been prepared under International Financial Reporting Standards (IFRS). This financial statements has not been audited and consequently is susceptible to potential future modifications.