Viscofan
The casing company

Results
January-March 2020

24 April 2020



COVID-19. Maintaining an essential business

Commitment to the health of our employees:
Sanitation measures, social distance, mandatory use of masks, higher cleaning and disinfection works, teleworking and increased communication.

Commitment to our customers:
All our facilities keep producing, thus ensuring a worldwide supply to all our customers. Global geographic and product offer.

Commitment to global basic food:
Casings are an essential ingredient for the food industry to produce sausages, frozen meats and other foods.

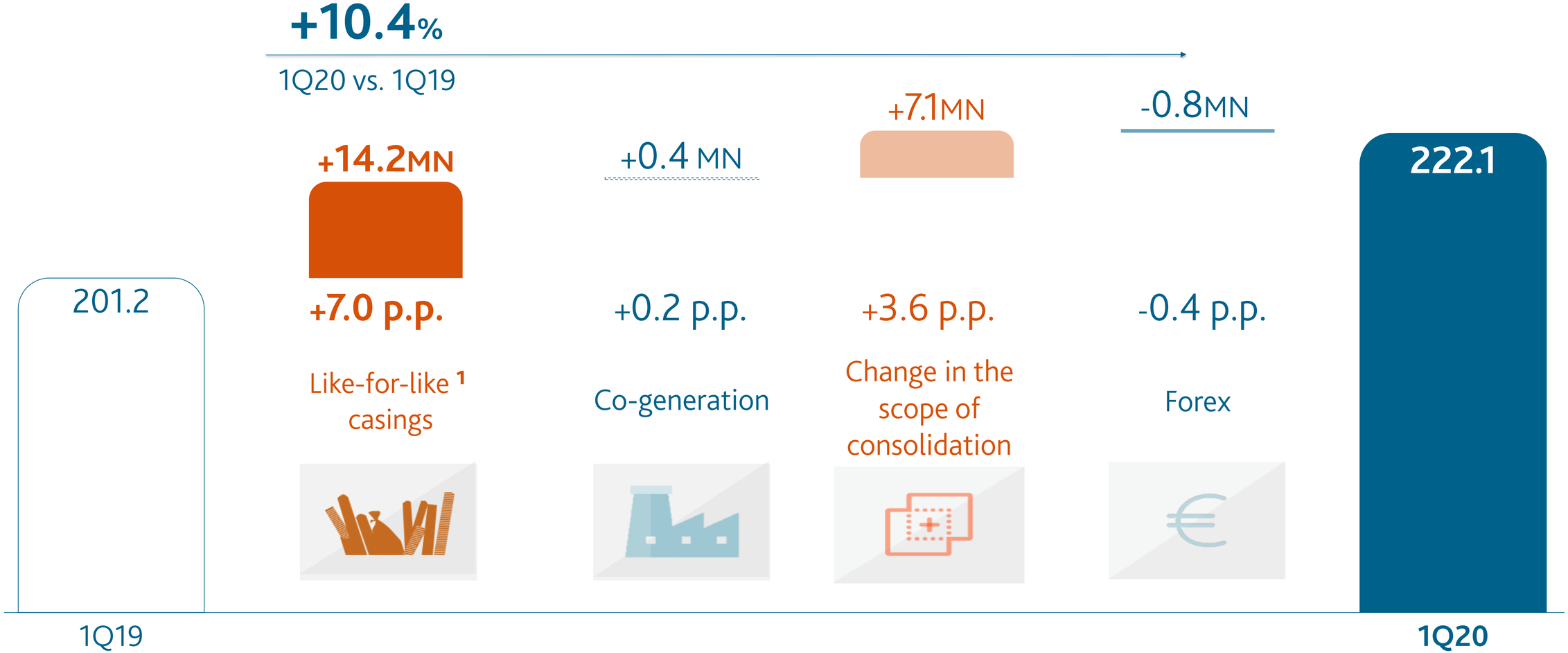
1Q20
Main financial figures.

€ million	1Q20	1Q19	% y-o-y	% y-o-y Like-for-like [1]
Revenue	**222.1**	201.2	**+10.4%**	**+7.2%**
EBITDA	**52.0**	45.9	**+13.3%**	**+12.2%**
EBITDA margin	**23.4%**	22.8%	**+0.6.p.p.**	**+1.0 p.p.**
Operating profit	**33.3**	28.1	**+18.7%**	
Profit before taxes	**36.0**	28.6	**+25.9%**	
Taxes	**-8.7**	-5.9	**+47.8%**	
Net profit	**27.4**	22.8	**+20.3%**	

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

Higher revenue driven by volume growth, Nitta contribution and price/mix improvement.

REVENUE 1Q20. Growth contribution (€ million)



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

Growth in all reporting areas.

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

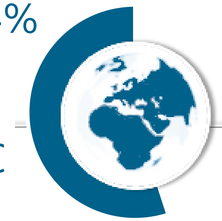
GROUP

+10.4% vs. 1Q19

+7.2% Like-for-like[2]

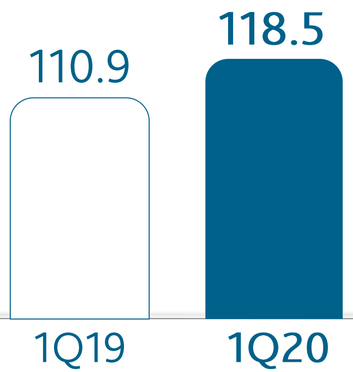
EUROPE AND ASICA PACIFIC

53.4%



+6.9% vs. 1Q19

+6.6% Like-for-like[2]



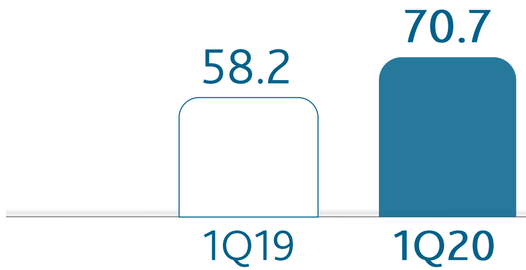
NORTH AMERICA

31.8%



+21.6% vs. 1Q19

+6.3% Like-for-like[2]



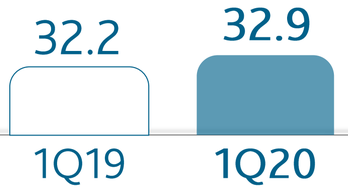
LATAM

14.8%



+2.2% vs. 1Q19

+11.1% Like-for-like[2]

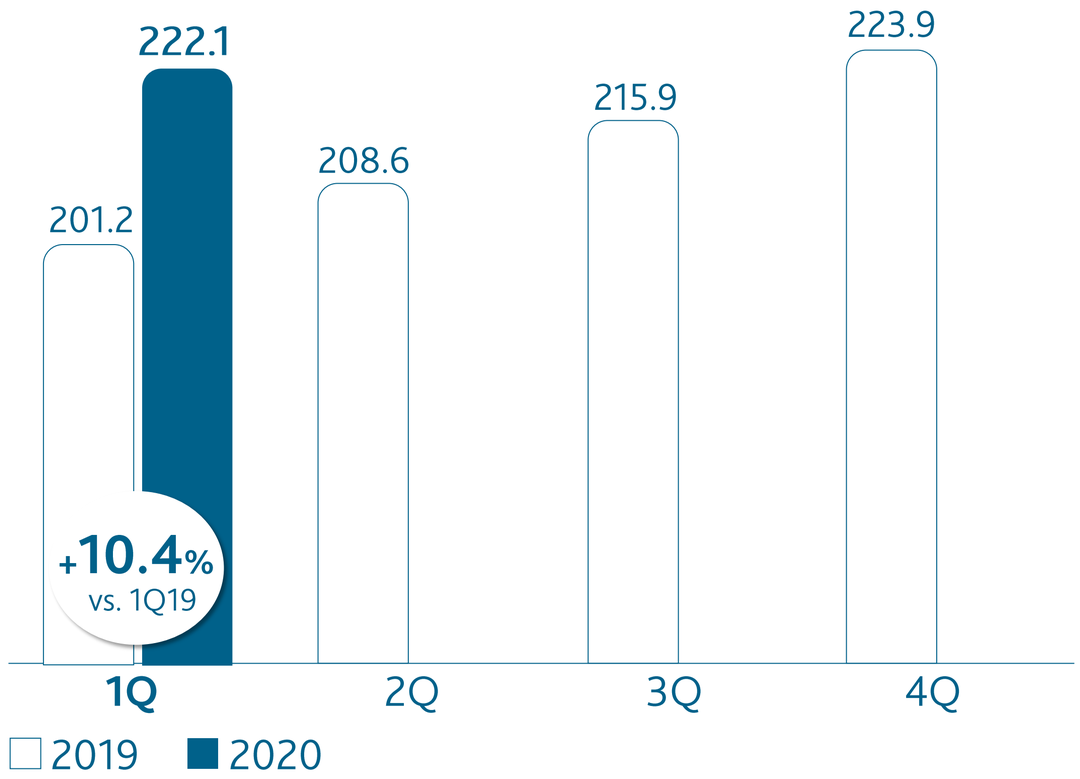


[1] Revenue per origin of sales.

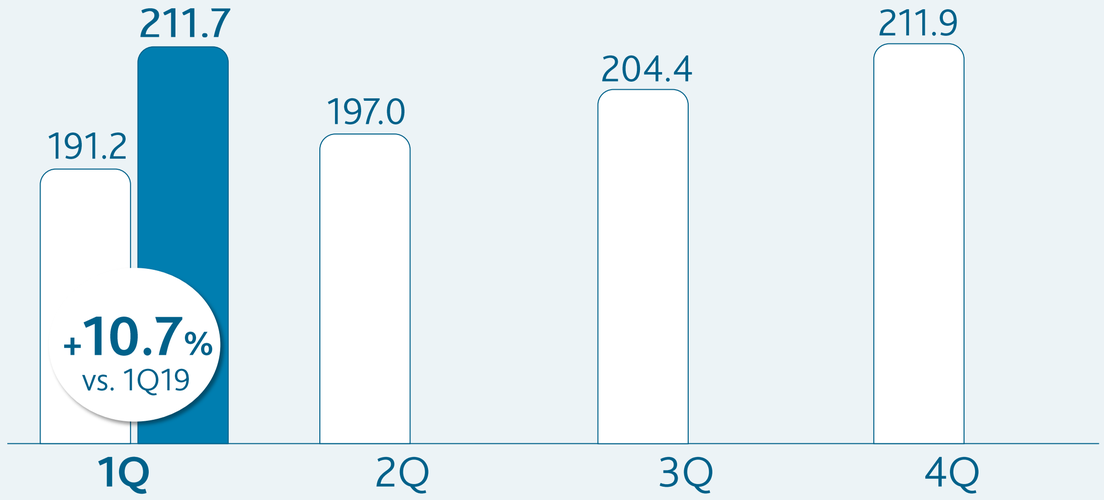
[2] Like-for-like: Excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts.

Casings sales continue to grow for yet another quarter.

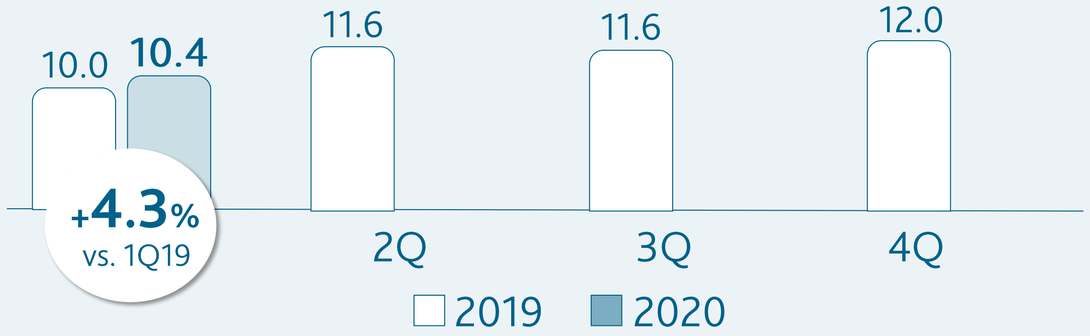
REVENUE. Viscofan Group (€ million)



CASINGS SALES (€ million)

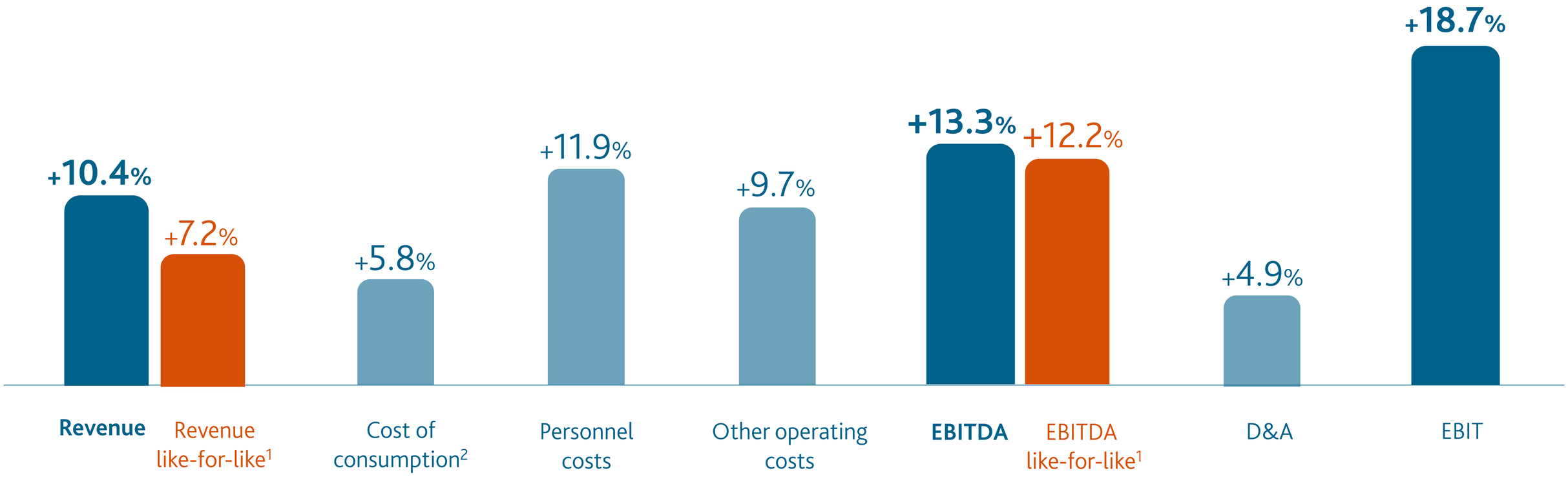


CO-GENERATION REVENUE (€ million)



Higher revenues and the technology improvement drive up EBITDA.

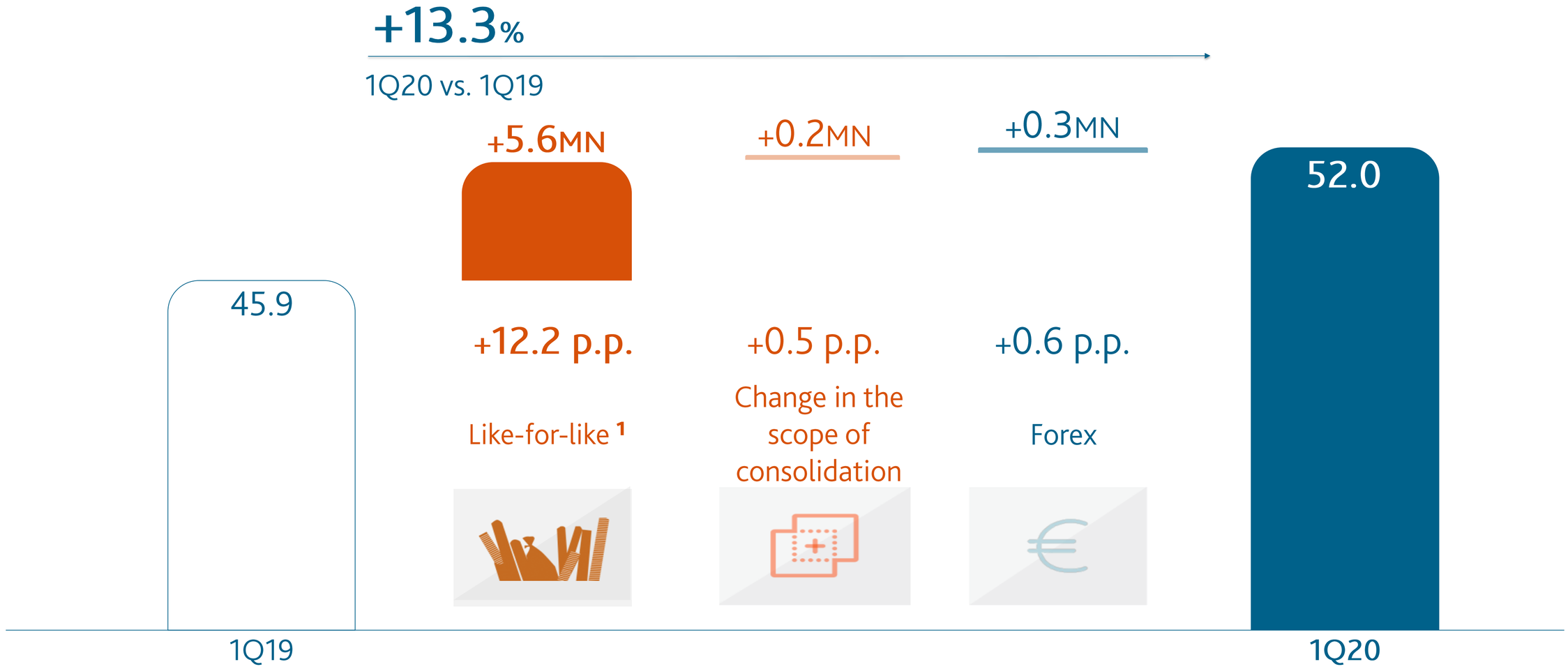
P&L 1Q20. Year-on-year change



[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring impacts.
[2] Cost of consumption = Net purchases +/- Change in inventories of finished and unfinished products.

EBITDA growth led by like-for-like improvement.

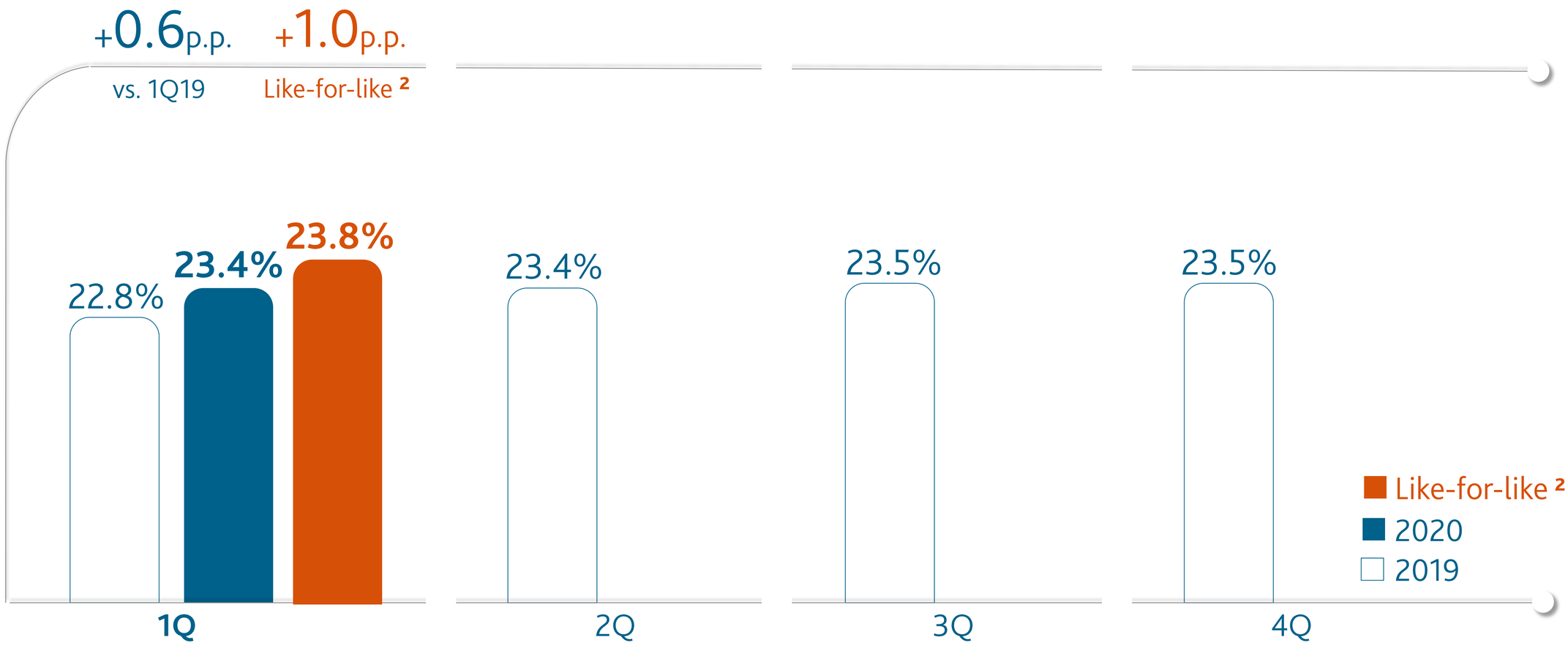
EBITDA. Growth contribution (€ million)



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

Improving the profitability of our operations.

RECURRING[1] EBITDA MARGIN (In %)

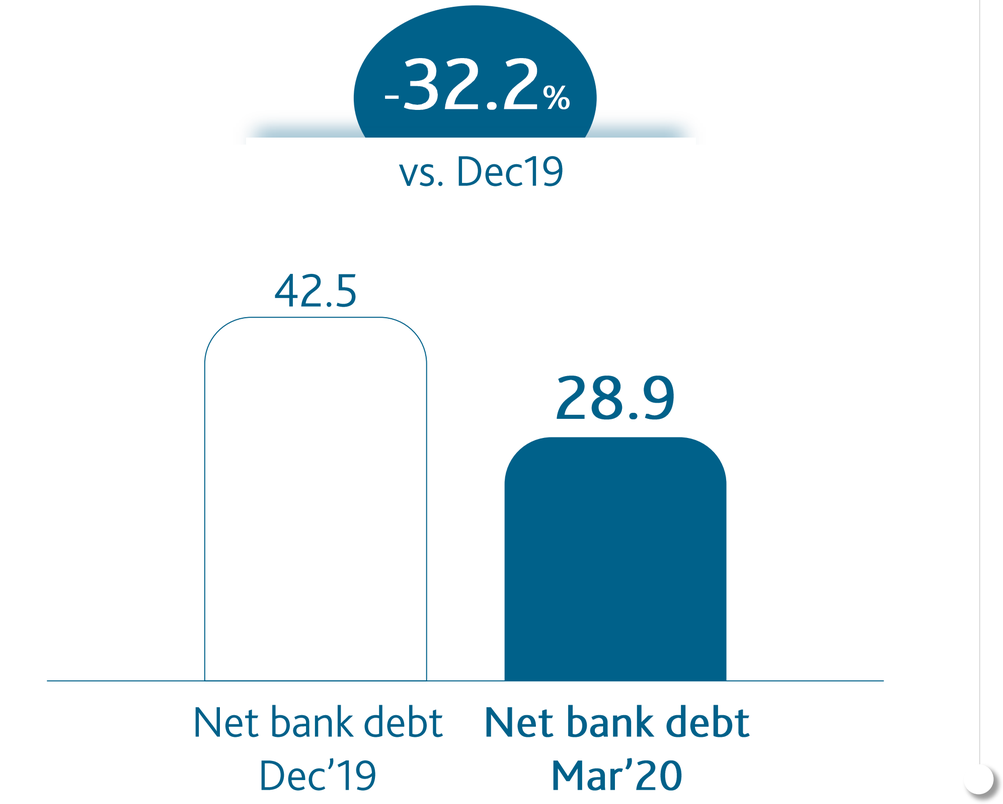


[1] Recurring results. Exclude in 2019 non-recurring impacts in operating profit of +€2.9 million arising from the business combination from the acquisition of Nitta Casings Inc. (US) and Nitta Casings Canada Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. (in 4Q19), and the impact of the strike in the U.S. (in 2Q19 and 3Q19).

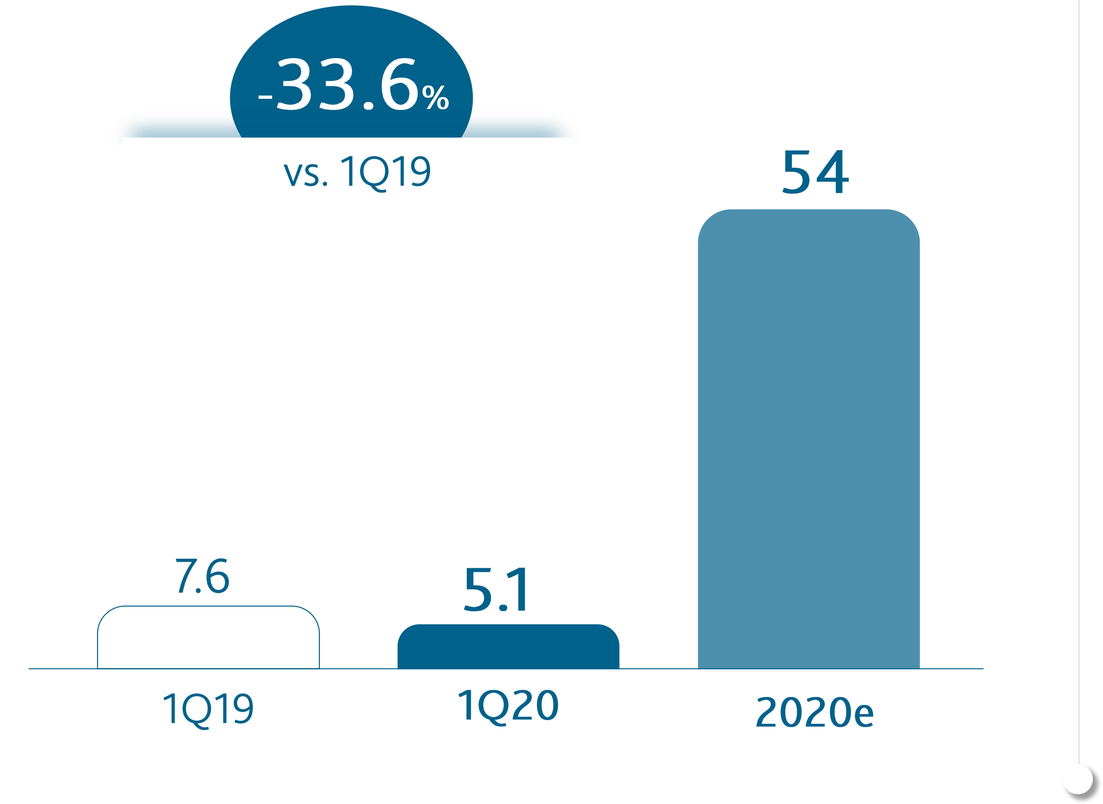
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates , the change in the scope of consolidation and non-recurring impacts.

Debt reduction and lower capex needs.

NET BANK DEBT[1] (€ million)



CAPEX 1Q20 (€ million)



[1] Non-current bank borrowings + Current bank borrowings – Cash and equivalents.

To wrap-up

- Covid-19: The commitment of the more than 4,900 people who make up Viscofan, our solid production model, our global footprint and product portfolio allow us to **maintain an essential activity** such as the production of casings for the food industry.
- **Growth in the main quarterly financial figures** of the profit and loss account.
- **A stronger balance sheet** thanks to increased cash generation once the transformation projects have already been implemented.
- 1Q20 results **in line with the growth prospects for the full year** announced in February.



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.