Viscofan
The casing company

January – December 2021
Results

25 February 2022



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 information contained in this document in relation to the year 2021 and its comparison with the previous year has been prepared under the International Financial Reporting Standards (IFRS), the information of the annual accounts has been audited and it is available on the website of the company www.viscofan.com and on the CNMV website www.cnmv.es.

❶ MORE TO BE 2016-2021 strategy assessment

❷ 2021 results

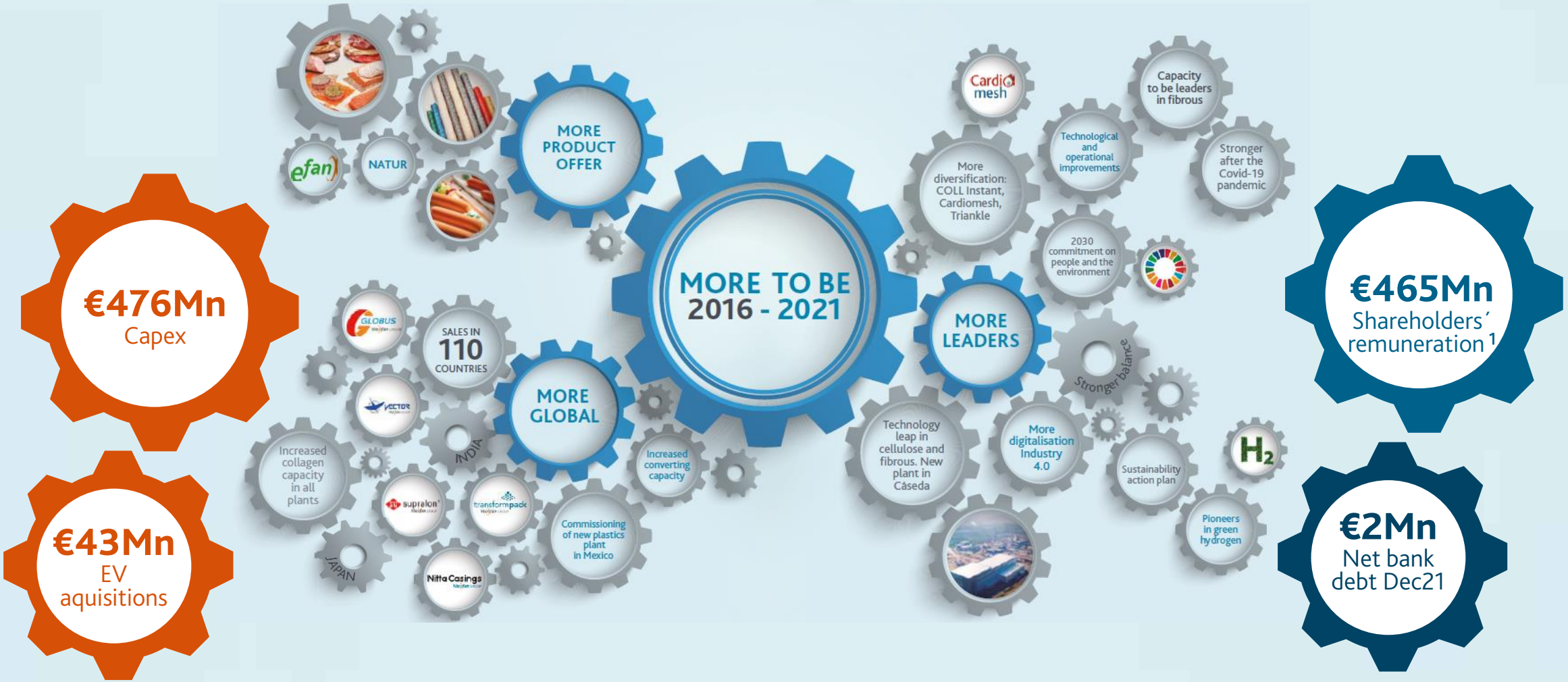
❸ Beyond 25 strategy

1 MORE TO BE 2016-2021 strategy assessment

2 2021 results

3 Beyond 25 strategy

MORE TO BE 2016-2021. Transformation period for the Viscofan Group with growth, investment, diversification and a solid balance sheet



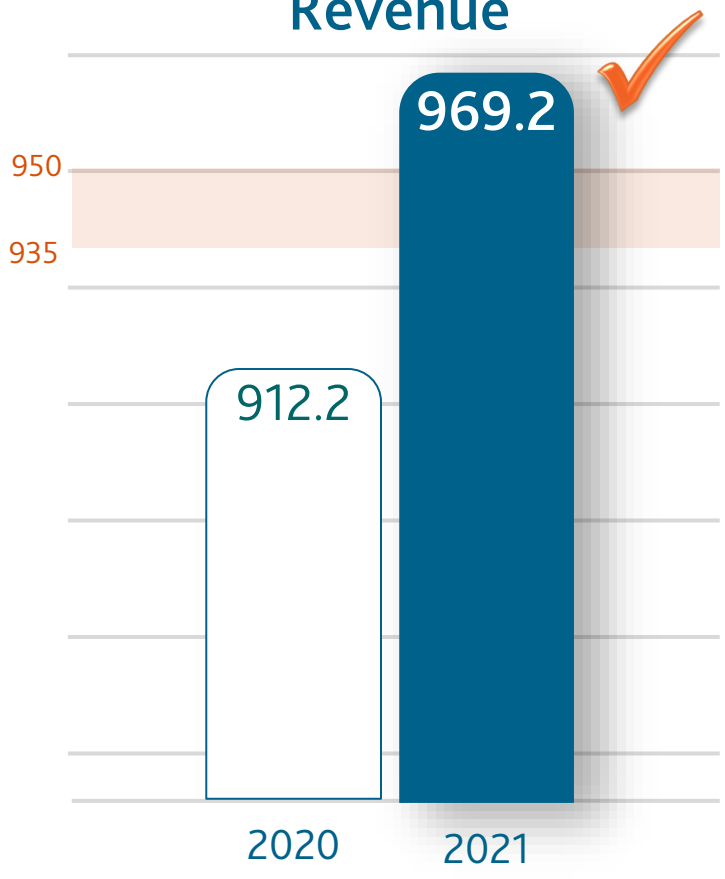
[1] Shareholders´remuneration: Dividend + AGM attendance premium + Redemption of treasury shares

MORE TO BE. The best results of our history outperforming the guidance for the year

Reported figures vs. Guidance

(€ million)

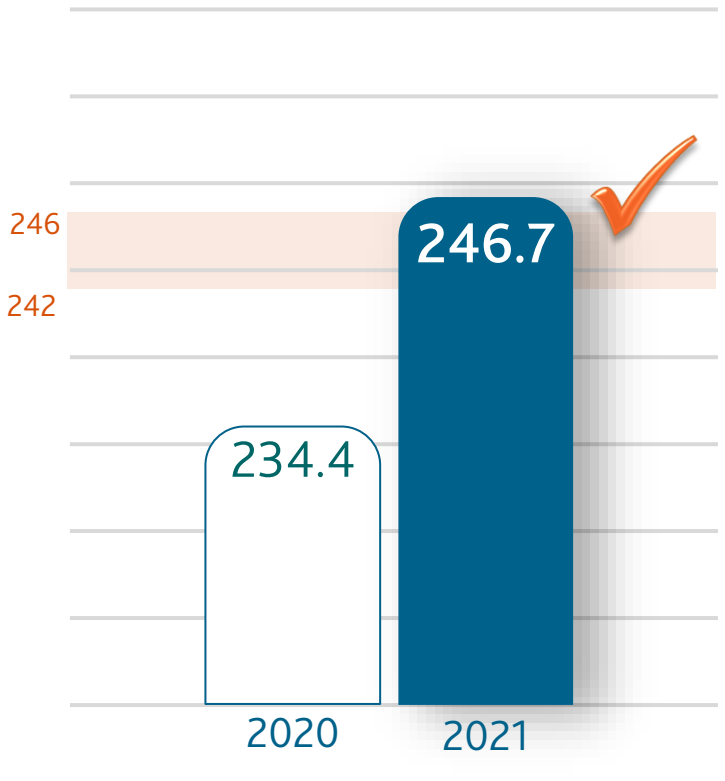
Revenue



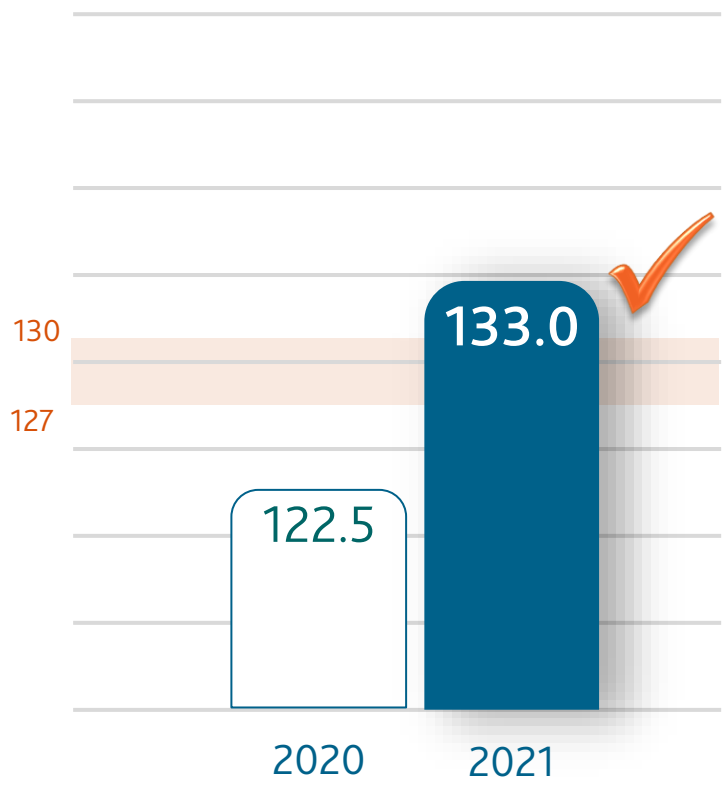
US$/€ = 1,18 vs. 1,20

BRL/€ = 6,38 vs. 6,25

EBITDA



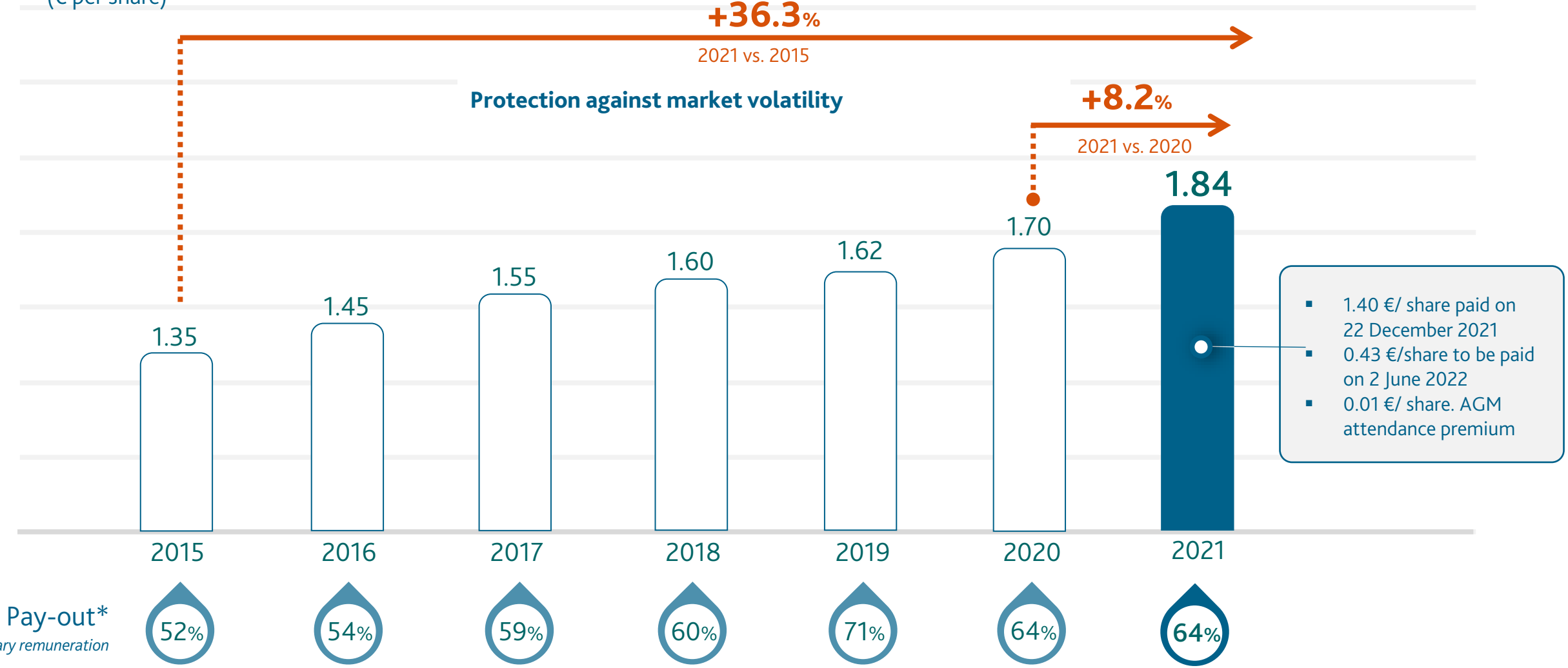
Net profit



MORE TO BE. Increasing shareholder remuneration

Ordinary remuneration

(€ per share)

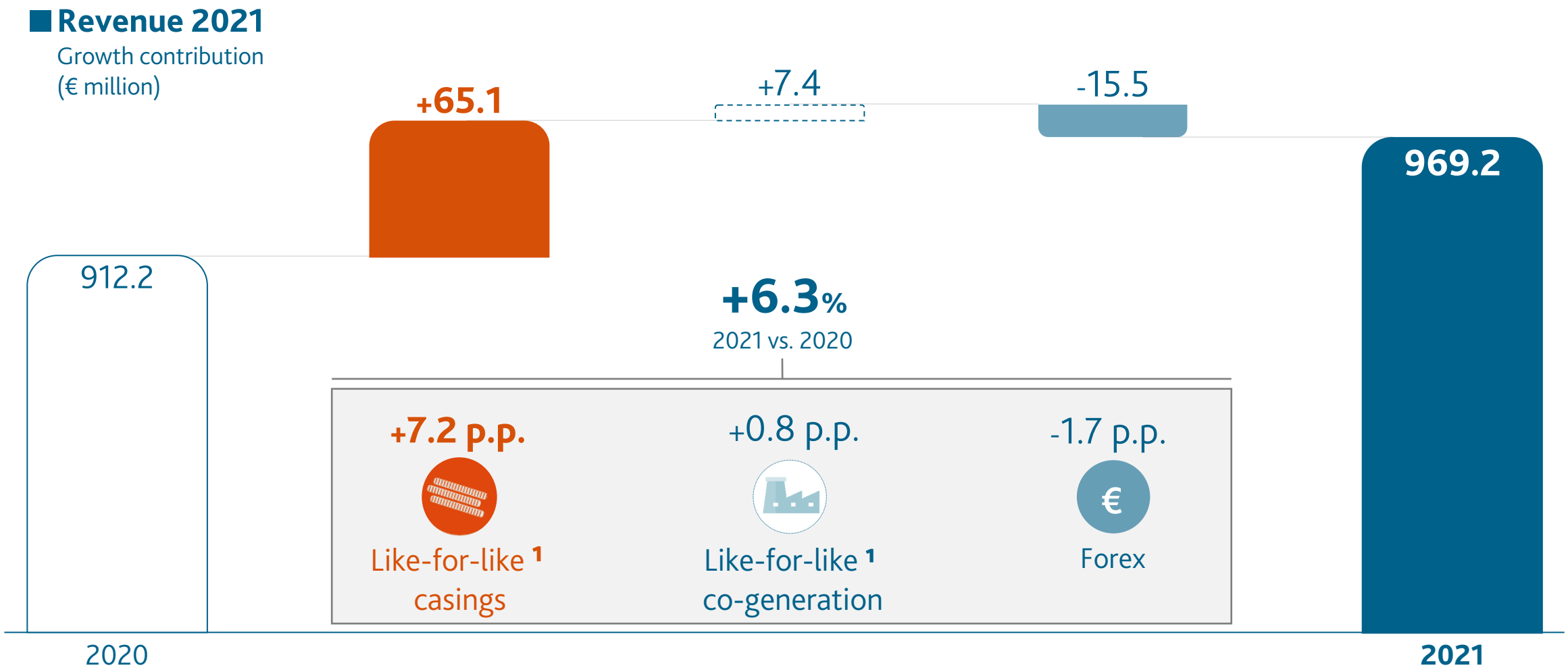


1 MORE TO BE 2016-2021 strategy assessment

2 2021 results

3 Beyond 25 strategy

Strong growth driven by volumen and price mix



[1] Like-for-like: Comparable growth excludes the impact of the variation of the different exchange rates in 2021.

Like-for-like growth in all reporting areas driven by the strength in China, Southeast Asia, and the recovery in Europe

2021 FY revenue

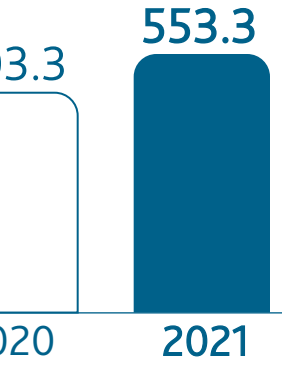
Breakdown by geographical area[1]
(€ million)

€969.2 Mn
VISCOFAN GROUP

+6.3% vs. 2020
+8.0% Like-for-like[2]

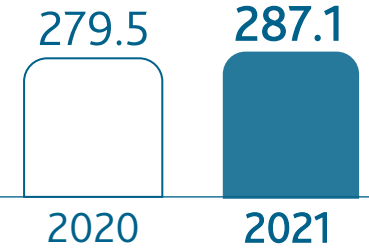
57.1%
EUROPE AND ASIA PACIFIC

+9.9% vs. 2020
+9.8% Like-for-like[2]



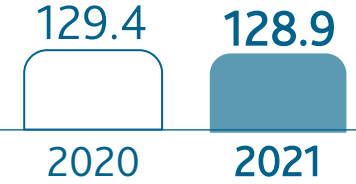
29.6%
NORTH AMERICA

+2.7% vs. 2020
+5.5% Like-for-like[2]



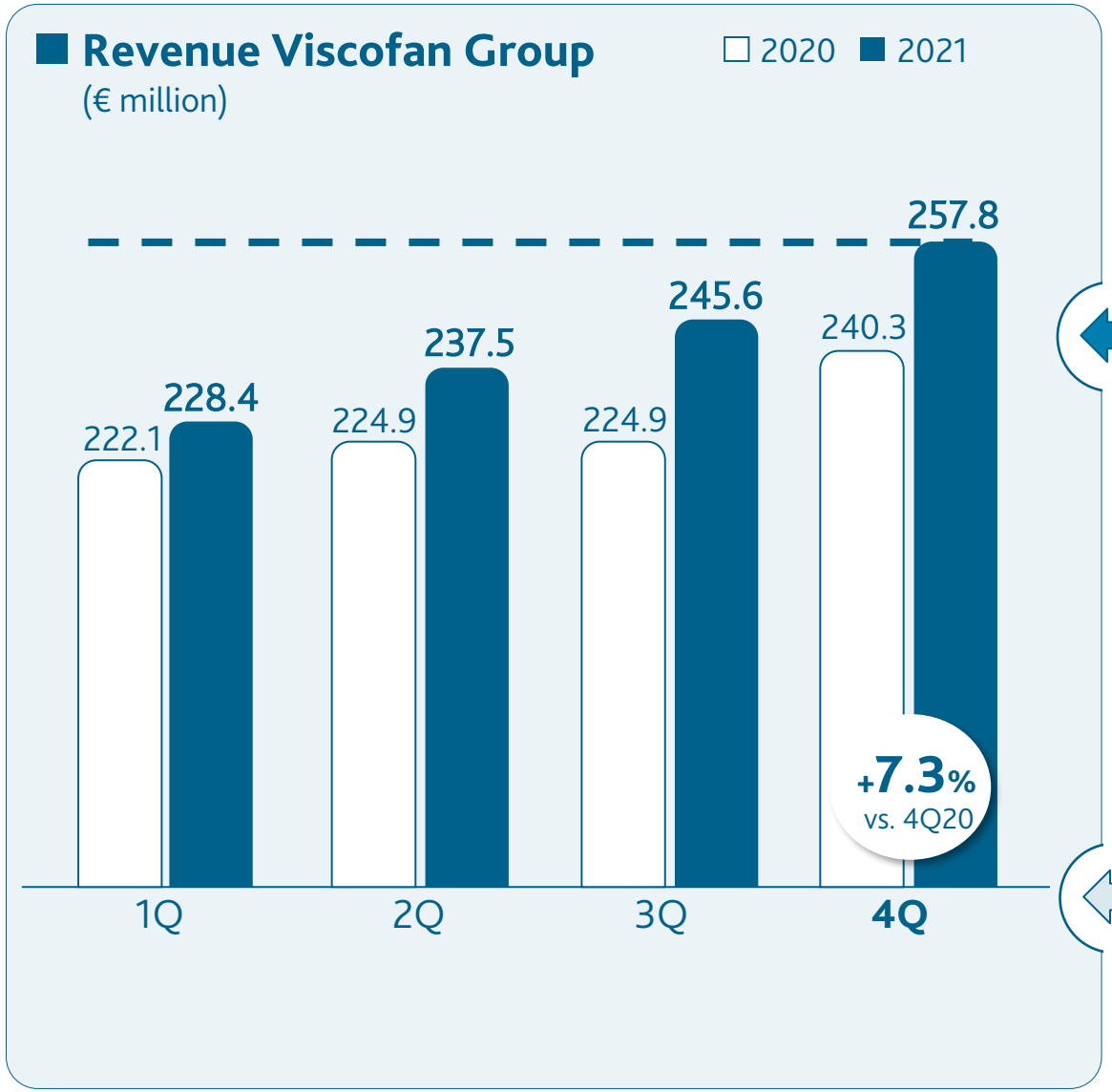
13.3%
SOUTH AMERICA

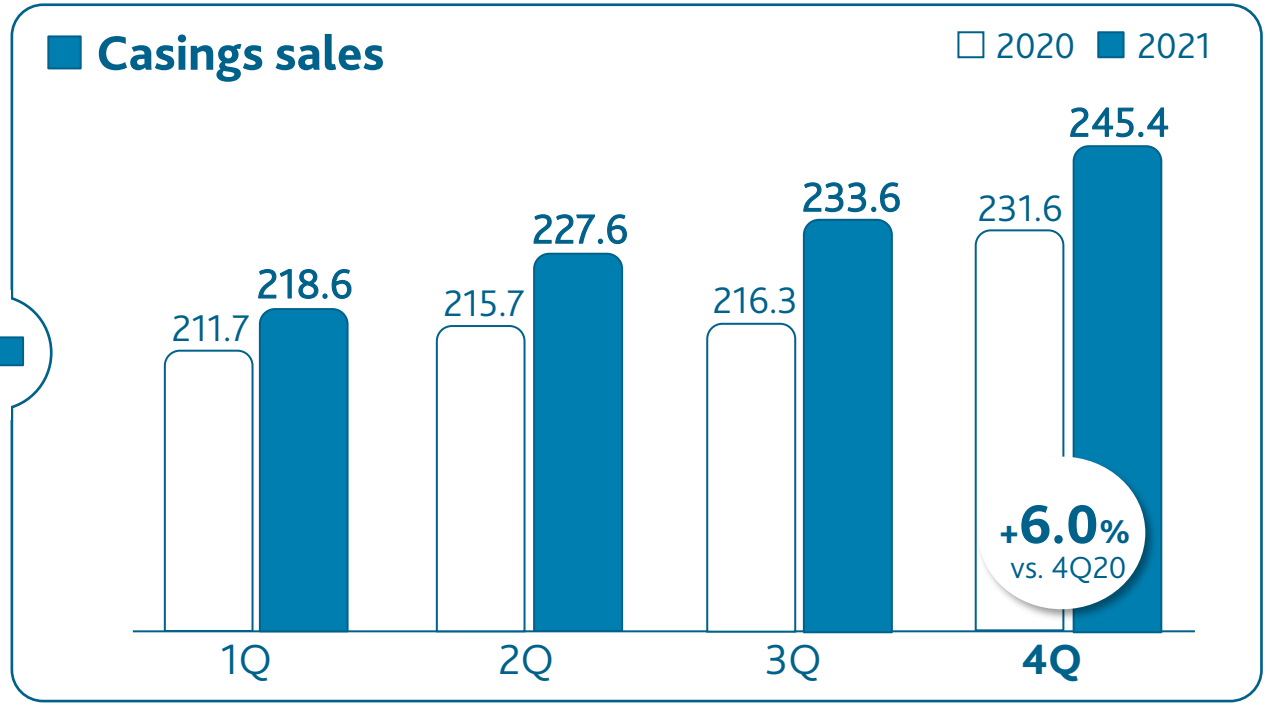
-0.4% vs. 2020
+6.2% Like-for-like[2]

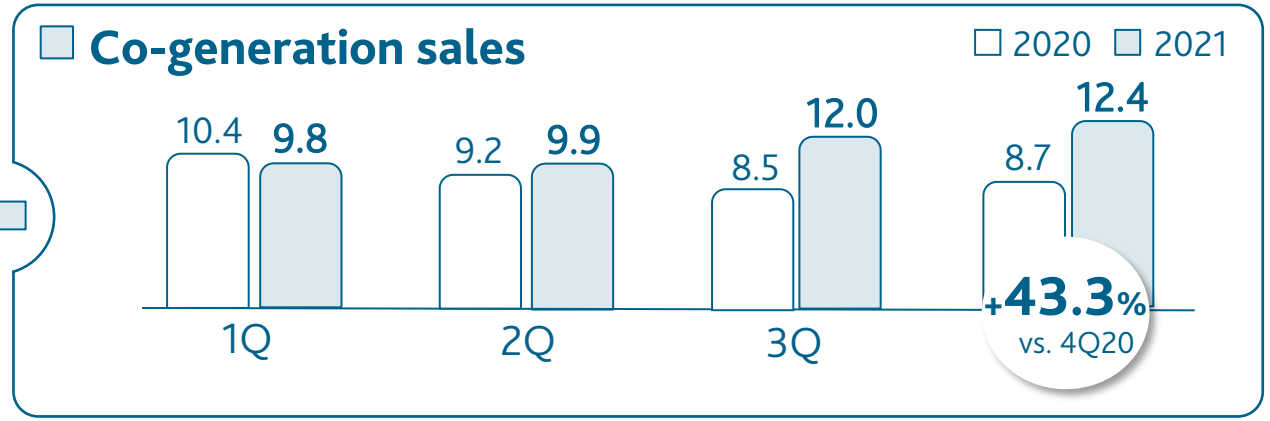


[1] Revenue per origin of sales.
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

New all-time high in quarterly revenue



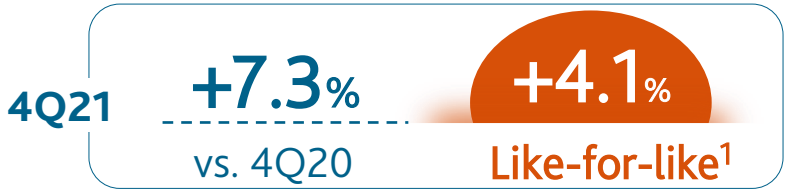


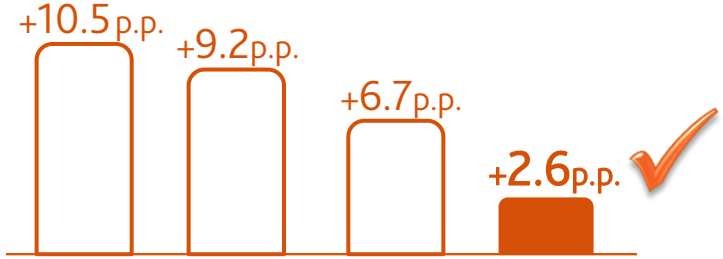


Sound volume evolution in 4Q21 together with higher price mix, the contribution of energy sales and forex, compared to the best quarter of 2020

Quarterly revenue

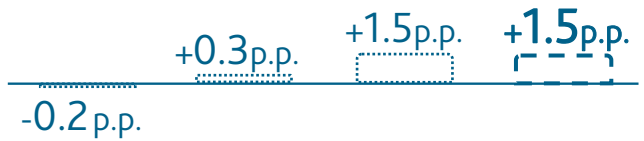
Growth contribution (p.p.)





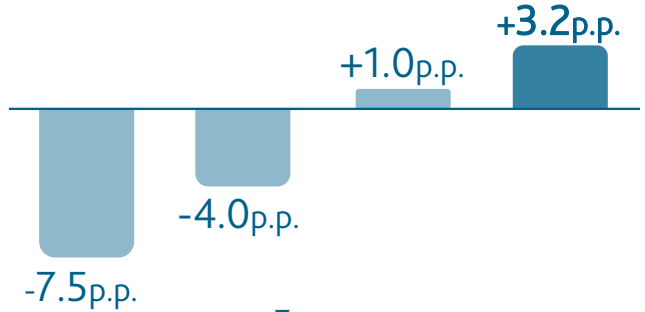
Like-for-like[1] casings

1Q 2Q 3Q 4Q



Like-for-like [1] co-generation

1Q 2Q 3Q 4Q



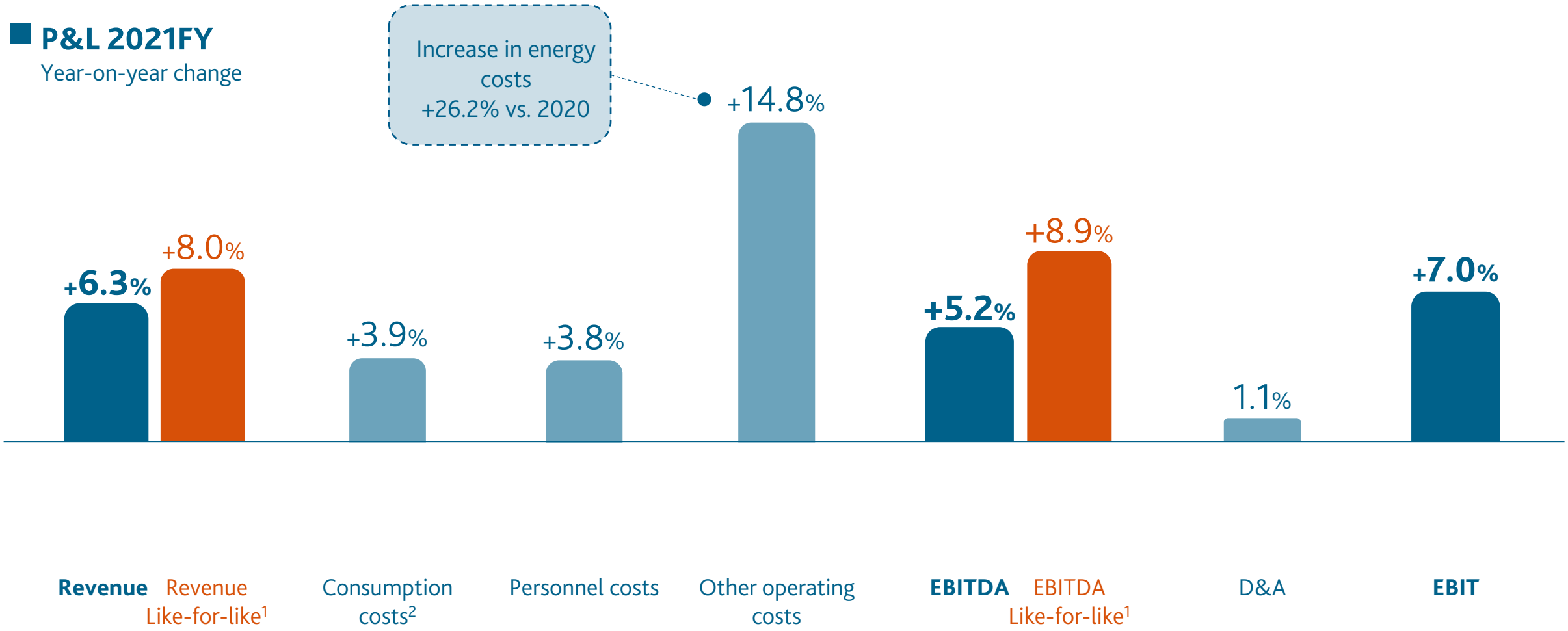
Forex

1Q 2Q 3Q 4Q

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

High inflation in energy costs is offset by the operating leverage of higher volumes, commercial discipline and production efficiencies …

P&L 2021FY
Year-on-year change

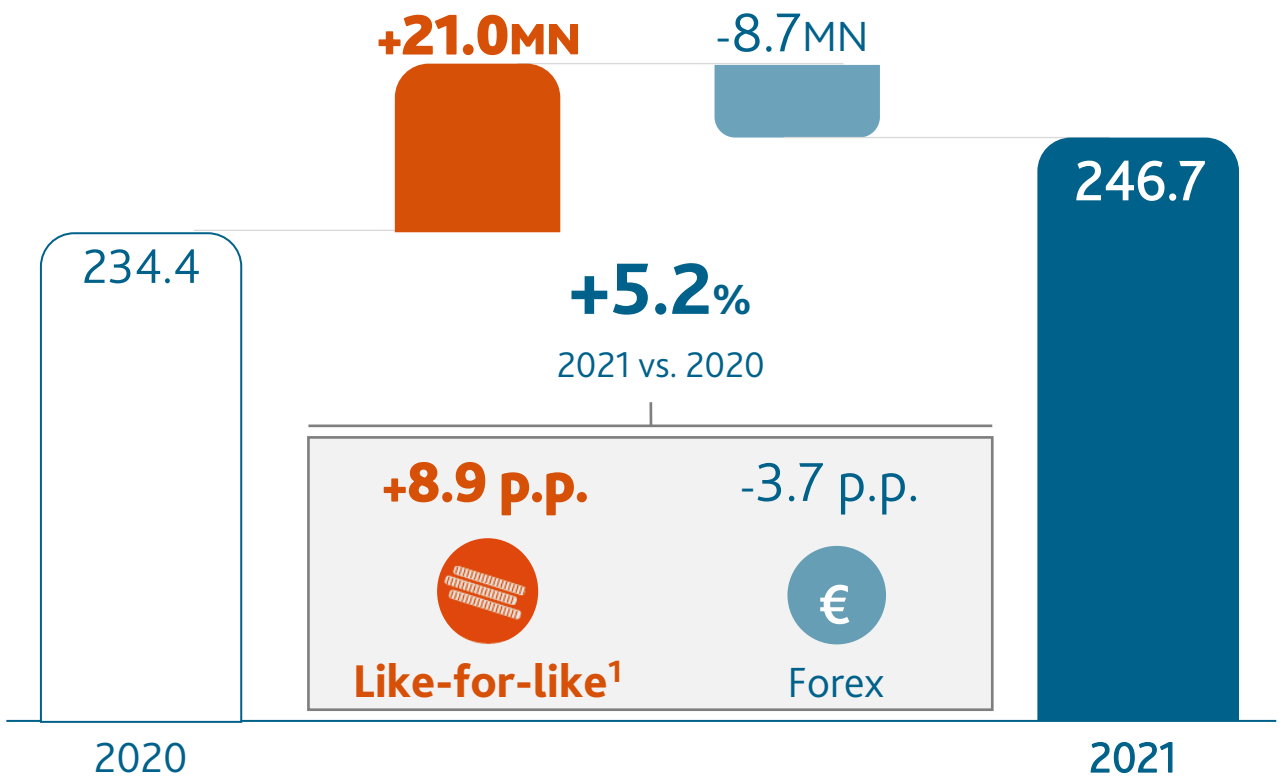


[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.
[2] Cost of consumption = Net purchases +/- Change in inventories of finished and unfinished products.

...leading to EBITDA growth and to a slight improve in like-for-like EBITDA margin of the year

EBITDA 2021

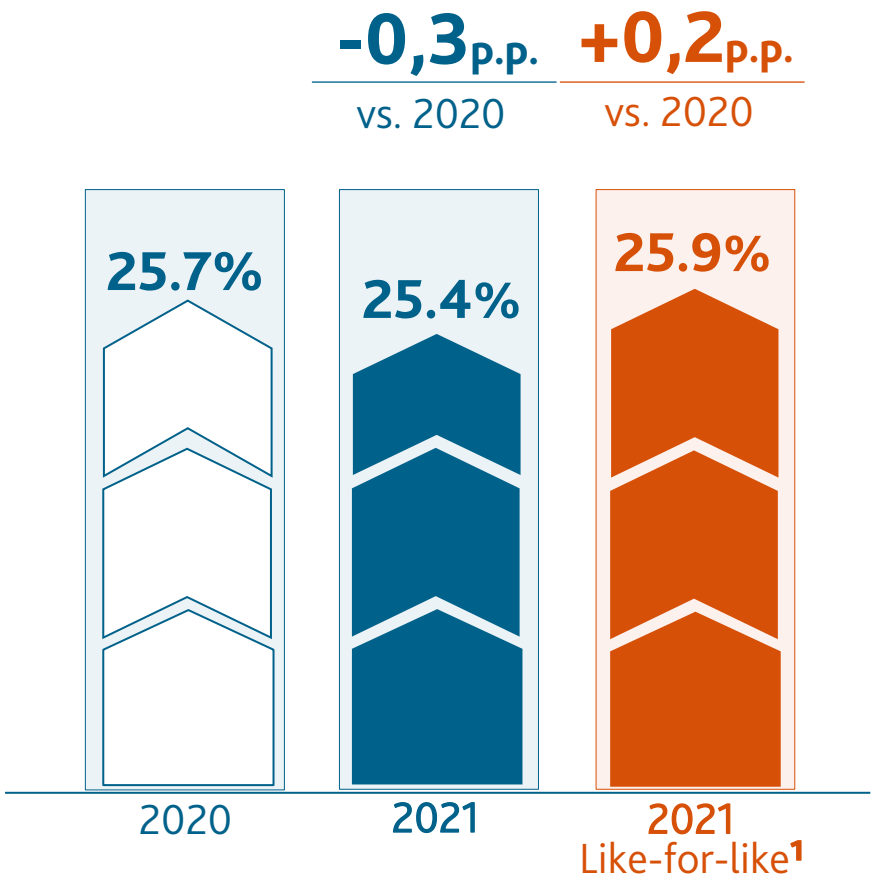
Growth contribution
(€ million and p.p.)



[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

EBITDA margin 2021

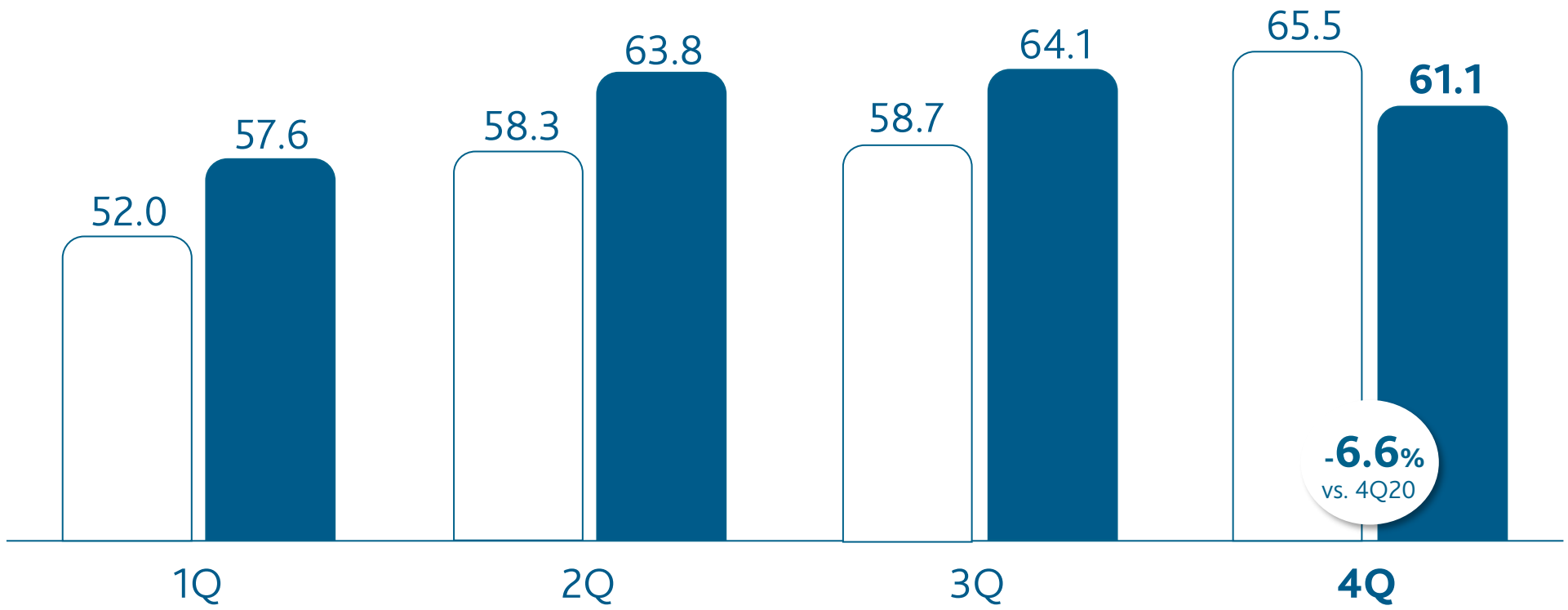
(in percentage)



4Q results are eroded by the sharp increase in energy and transportation costs

Quarterly EBITDA

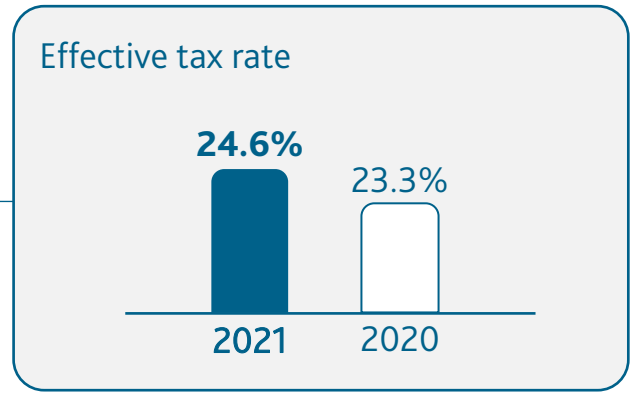
Reported (€ million)



All-time high in Net profit driven by operational and financial strength

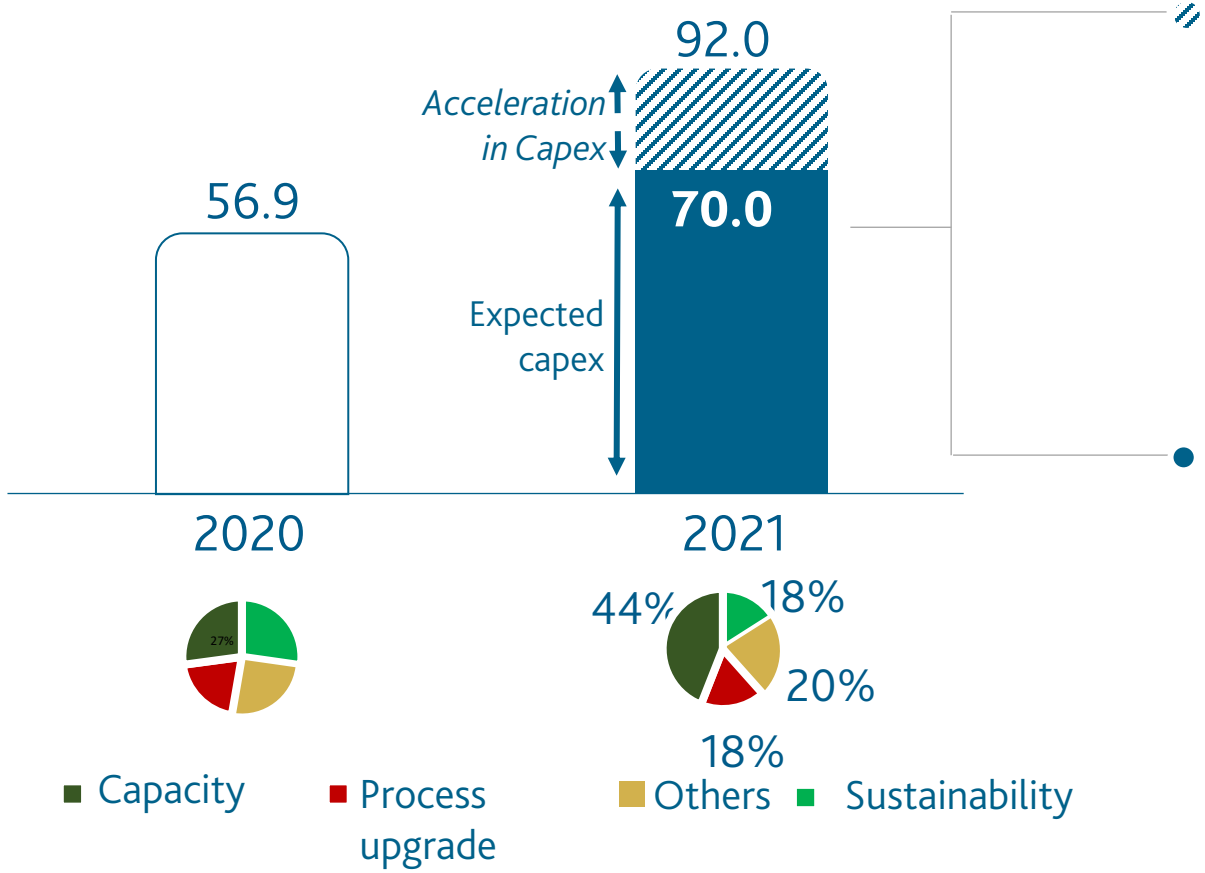
EBIT to NET PROFIT
Reported (€ million)

€ million	2021	2020	% y-o-y
EBIT	174.4	162.9	+7.0%
Financial result	+2.0	-3.3	c.s.
Tax	-43.4	-37.1	+16.9%
Net profit	133.0	122.5	+8.6%



Acceleration in investment projects in the last quarter to meet the increase in demand

CAPEX. Breakdown by type
(€ million)



Beyond25 advanced projects

- Collagen casings capacity increase in several plants
- Investment to improve the technology in Danville (EEUU)
- Hydrolyzates in Germany

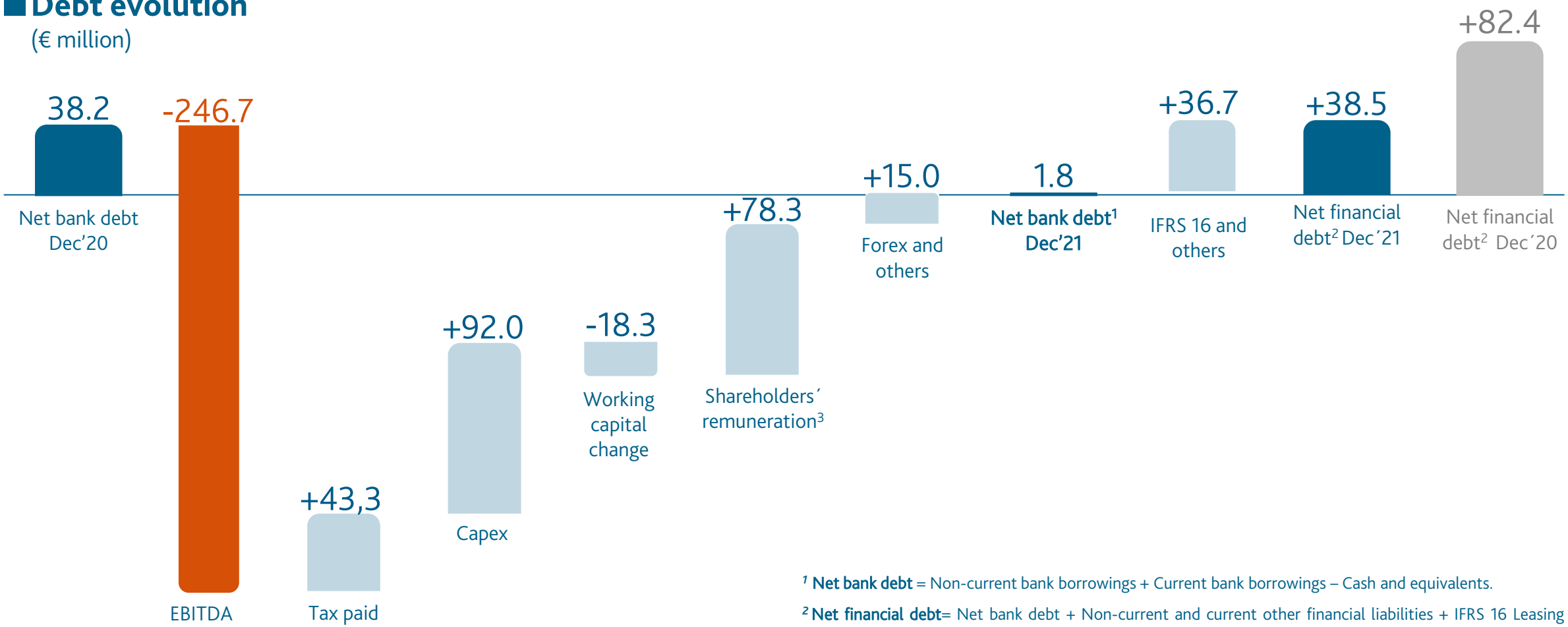
MORE TO BE 2021 projects

- Fibrous casings capacity increase in Cáseda
- Investment to improve the technology in New Jersey (EEUU)
- Converting capacity increase
- Investments in sustainability

Sound cash generation allows to speed up investment projects, increase shareholders´remuneration and to strengthen the balance sheet

Debt evolution

(€ 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 €0.29 per share of 2020 FY final dividend paid in June 2021 and €1.40 per share of 2021 FY interim dividend paid in December 2021

Guidance 2022

US$/€: 1.15

€ million	Amount	% y-o-y
Revenue	1,047-1,065	+8% / +10%
EBITDA	257-263	+4% / +6%
Net profit	139-144	+5% / +8%
Capex	≈100	

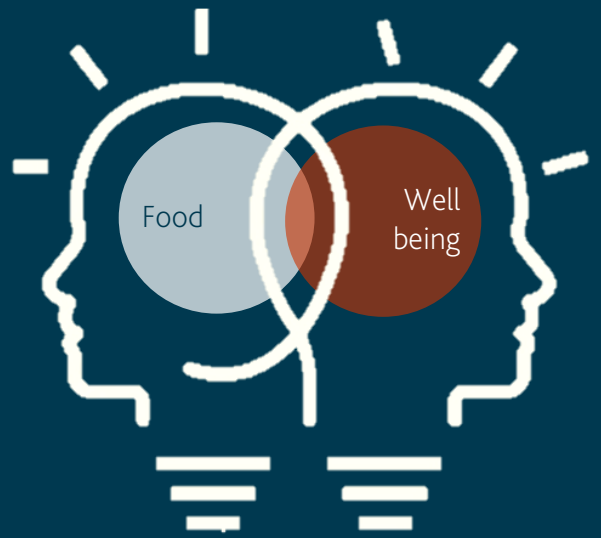

Beyond 25
Viscofan


Beyond25
New purpose
New “route to market”
Operational transformation
New organization
2025 targets

New purpose

New “route to market”

Operational transformation





Reshaping food and wellbeing.
For many, for long.

Reshaping food and wellbeing

Strategic implication



Our technology and our global presence allow us to be in a position to shape a better world. We contribute to improving **access to food** around the world, and we can also **help through nutrition and our knowledge the well-being of human being.**

Distinction **Traditional Business** (TB) and **New Business**(NB)

For many…

Strategic implication



If something characterizes us, it is that we have always wanted to be relevant, to generate an impact, that is why our scope of action is the world, **"for many"**, the more people can enjoy our products, services or solutions, the better for our purpose.

New geographic segmentation
(EMEA, APAC, NAM, SAM)

For long

Strategic implication



And of course, we generate an impact that remains, a project for the future, a project that intends to be forever, **"for long"**. It is an impact for everyone, for life, for the well-being of all. This is our sustainable proposal.

Sustainability as a transversal strategic pillar

Our strategic track record

New purpose

Be ONE

Be MORE

MORE TO BE

2006-2011

2012-2015

2016-2021

"A strategy to benefit from our economies of scale"

"A strategy to tackle the growth opportunity"

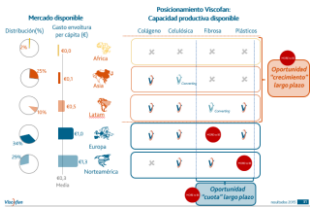
"A strategy to be the authentic global leader, the casing company"













Strategic pillar

Cost

Technology

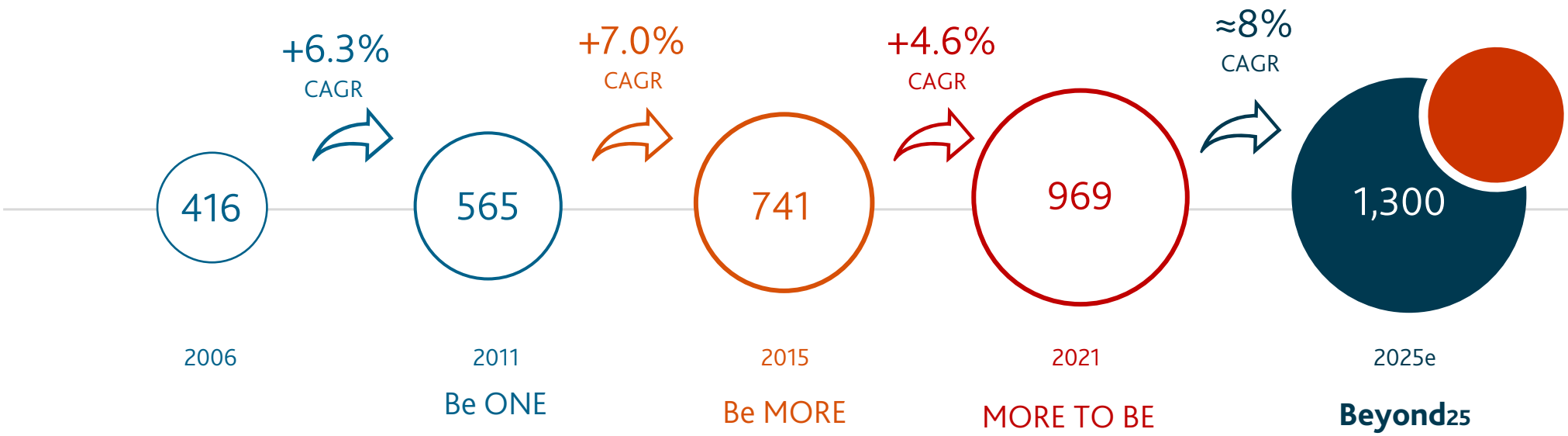
Service

New plan: Profitable growth

Sustainability as a strategic pillar

Viscofan Group revenue*

* Excludes revenue from divestments

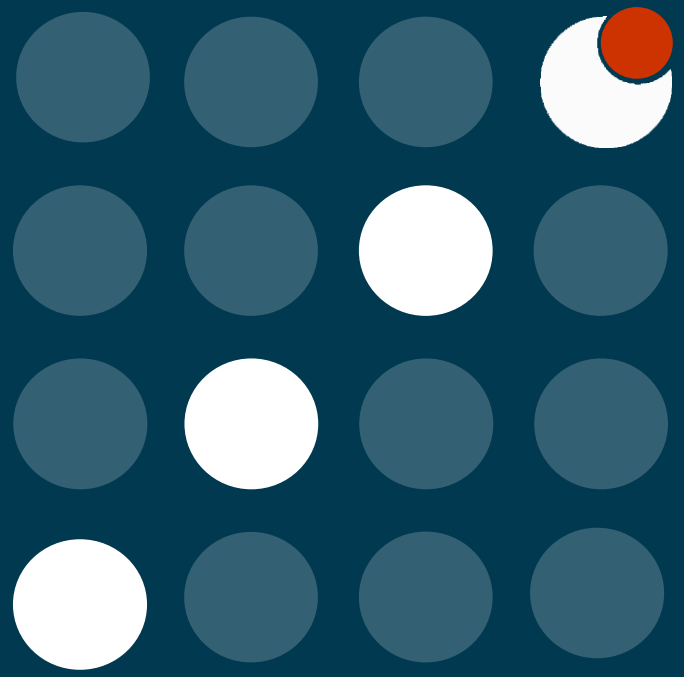


New purpose

New “route to market”

Operational transformation

New organization



Viscofan´s value proposal

Value chain



Food Ingredients & casings





Food company

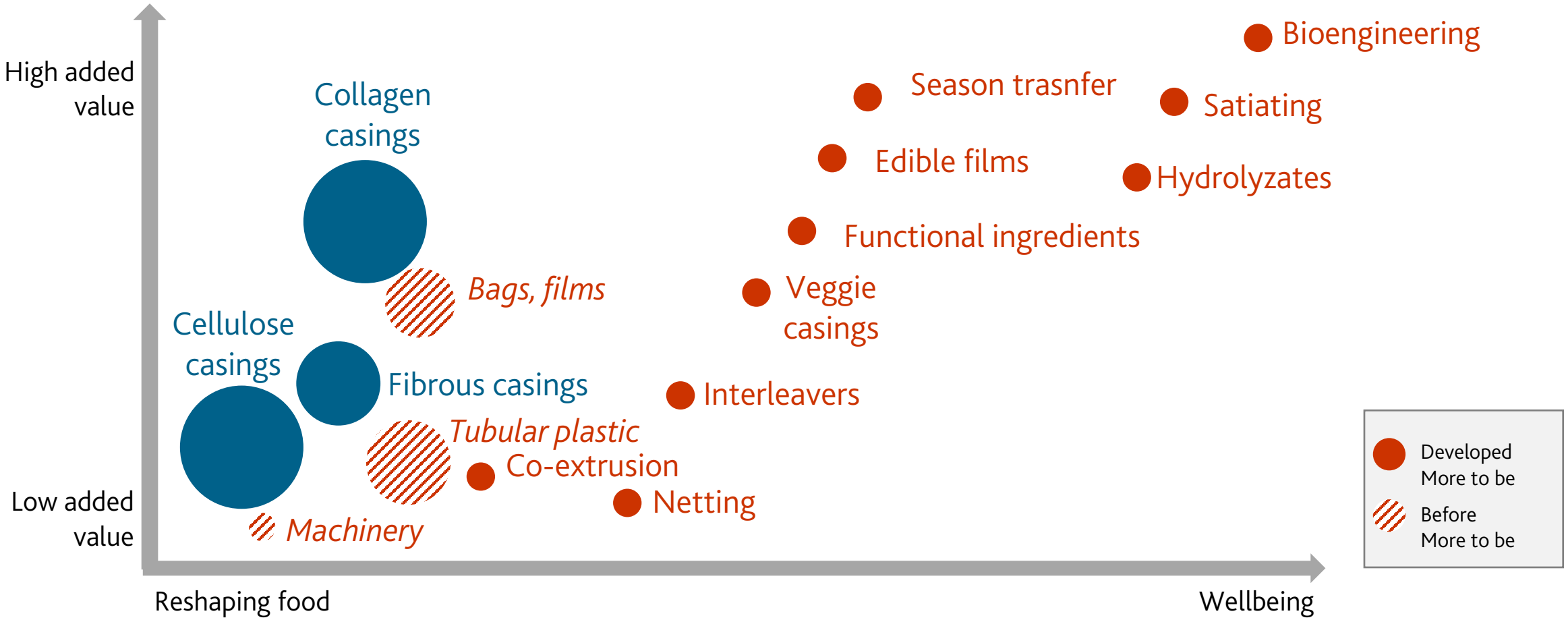


Retailer



Consumer

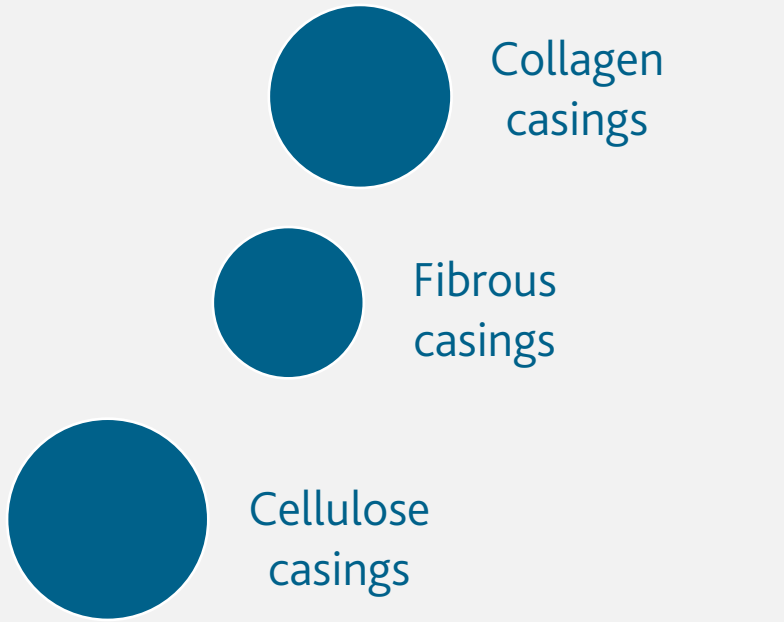
Positioning products in our purpose



New segmentation with two strategic approaches

⟵ Traditional Business (TB) ⟶

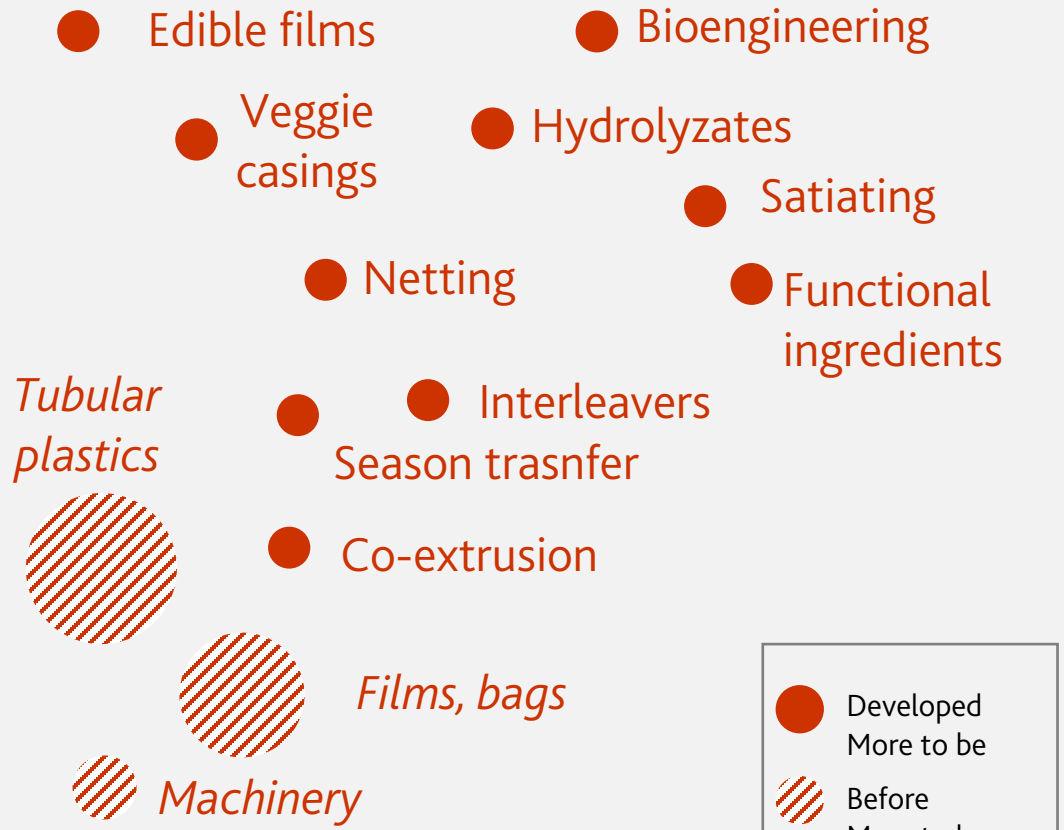
€809 Mn*



*Revenue 2021

⟵ New Business (NB) ⟶

€116 Mn*



New segmentation with two strategic approaches





Viscofan

Reshaping food and wellbeing.
For many, for long.

Route to market

TB. Strengthen leadership



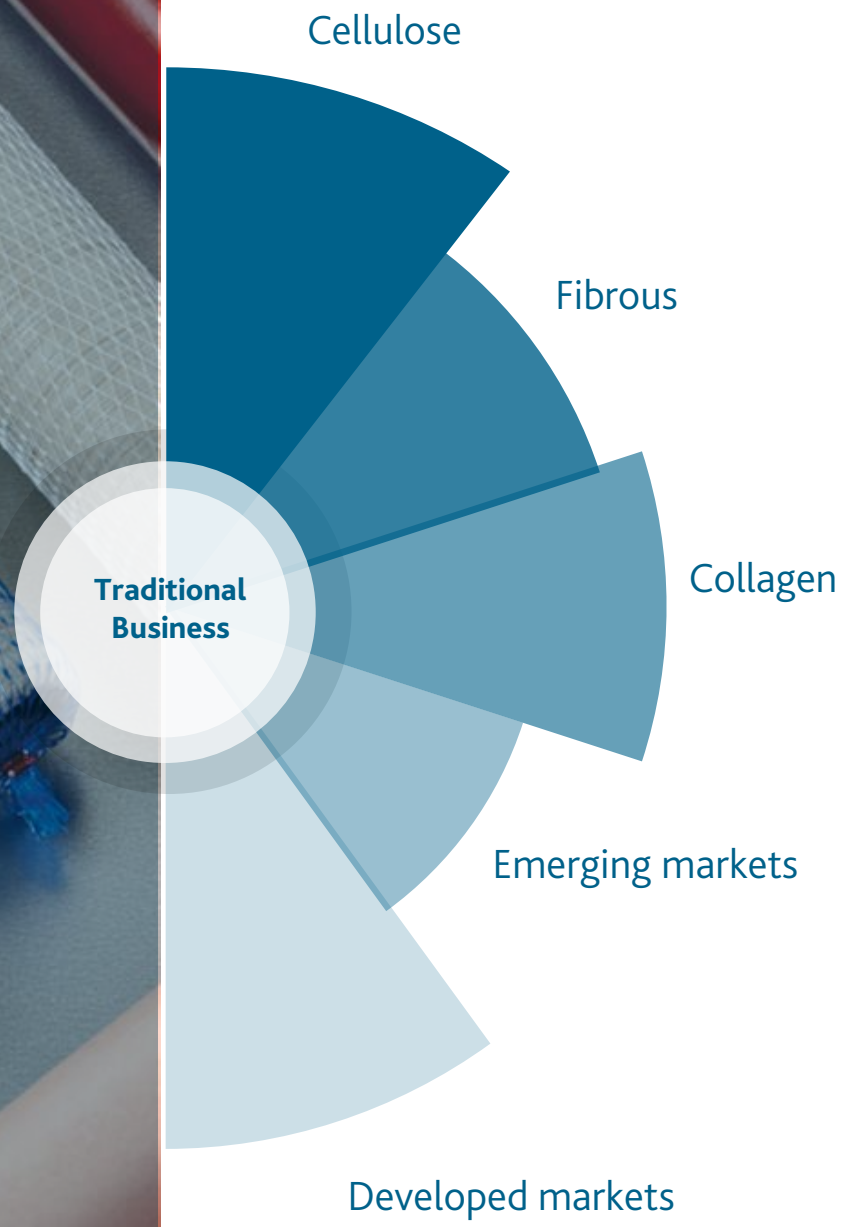


+5%/+7%

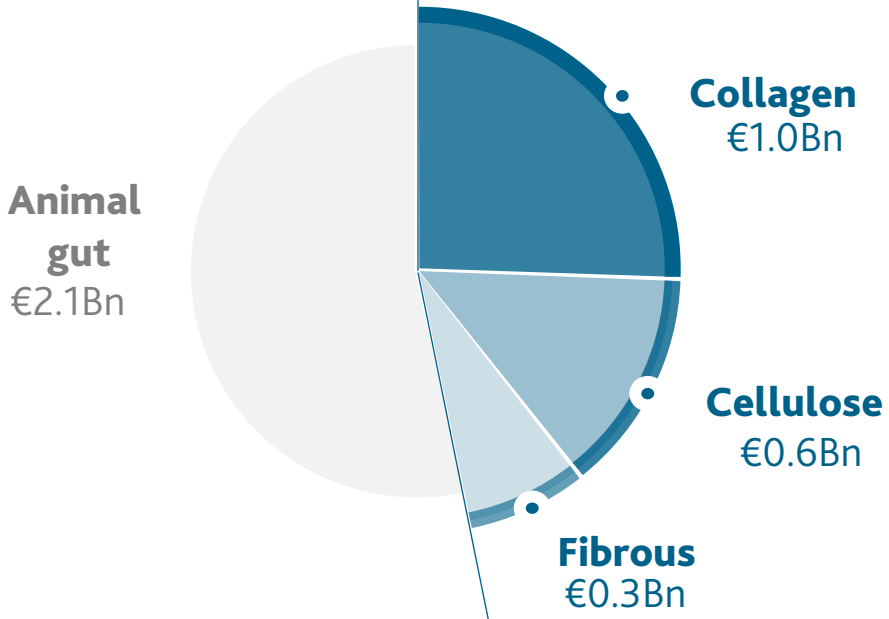
Viscofan´s expected growth
CAGRe 2022-2025

€4,000 million

Market size



A market with strong growth fundamentals



Casings anual growth rate. volume

+2%/+4%

POPULATION

Population growth
Urban population development



FEEDING HABITS

Higher protein consumption
More vegans and vegetarians
Convenience and variety
Healthy and sustainable food



FOOD INDUSTRY

Sophistication
Ensure the service
Circular economy
Productivity
Added value



Collagen

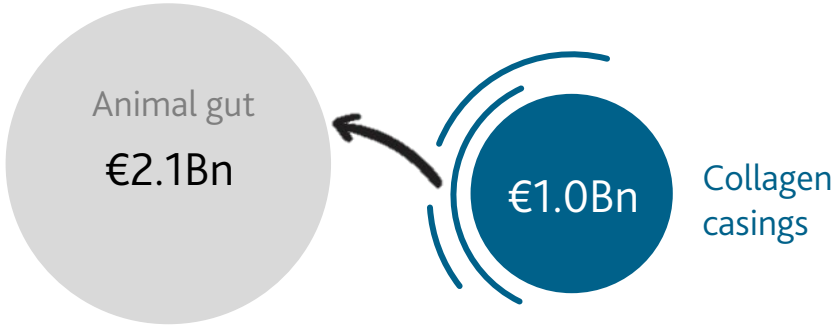
- ✓ R&D: Development of new products to replace animal gut

- ✓ Natur casing promotion in new markets
- ✓ Specific projects by geography

- ✓ New collagen extrusion and converting capacity to meet expected demand
- ✓ Investments in a technology with lower water intake requirements

Viscofan:
Tarjet in 2025
Replace 5%-7%
of the animal gut casings market

1. The global casing market is more than double that of collagen casings



2. Favourable context to help gut conversion



- Wage inflation. Automation search
- Supply chain disruptions. Ensure service

Fibrous

- ✓ Installed capacity to be the world's largest producer of fibrous
- ✓ Portfolio adaptation in Europe and in the US
- ✓ Spread growth to other emerging areas
- ✓ Evolution of the new technology

Viscofan: Target in 2025 Market leadership in this technology



Adapting portfolio

Sharing know-how



Cellulose



- ✓ Great opportunity to access protein in emerging markets
- ✓ Installed capacity for a fast response to growth
- ✓ Global footprint, proximity to the market
- ✓ Service and product improvement with the new technology in Danville
- ✓ Learning and improvement with the new technology in Cáseda

Viscofan: Target in 2025 Cellulose adoption in new markets

Combining sustainability and competitiveness

"Basic nutrition at very competitive cost in an inflation environment"

Consumer

Cellulose casing

Processor

"Vegetal and sustainable origin"

"Production savings and efficiency for the food producer"

"Recipe versatillity"

Asia

Growth driver



China

1,400 Mn population

0.2 € casing per capita

Number 2

Production presence

Actions:

- Help the market in its quest for productivity and automation
- Expansion of collagen capacity
- Development of new products
- Commercial push in cellulose casing

South East Asia

580 Mn population

0.2 € casing per capita

Number 1

Commercial presence

Actions:

- Prepared to supply market growth
- Increase presence and comercial push
- Product development

Asia

Growth driver



India. Develop the market

1,400 Mn population

0.0 € casing per capita

n.s.

Commercial presence

Actions:

- Develop the market
- Product launch (veggie and cellulose)
- Development of final product in customer´s facility
- Local team

Japón. Gain presence

125 Mn population

0.7 € casing per capita

n.s.

Commercial presence

Actions:

- Gain presence
- Commercial office since 2021
- Technical assistance support
- Development of new products

SAM

Focus on volume



South America

530 Mn population

0.4 € per capita

Number 1

Production presence

Actions:

- Supporting industry´s sophistication process with more producto portfolio
- Supporting our customers´productivity
- Growth potential in the region with the highest urban population density.

Developed markets

Focus on value proposal

North America



500 Mn population

1.1 € casings per capita

Number 1

Production presence

Actions:

- Supporting customer automation and sustainability challenges
- Push and development of snacking products
- Added value products

Europe

750 Mn population

0.8 € casing per capita

Number 1

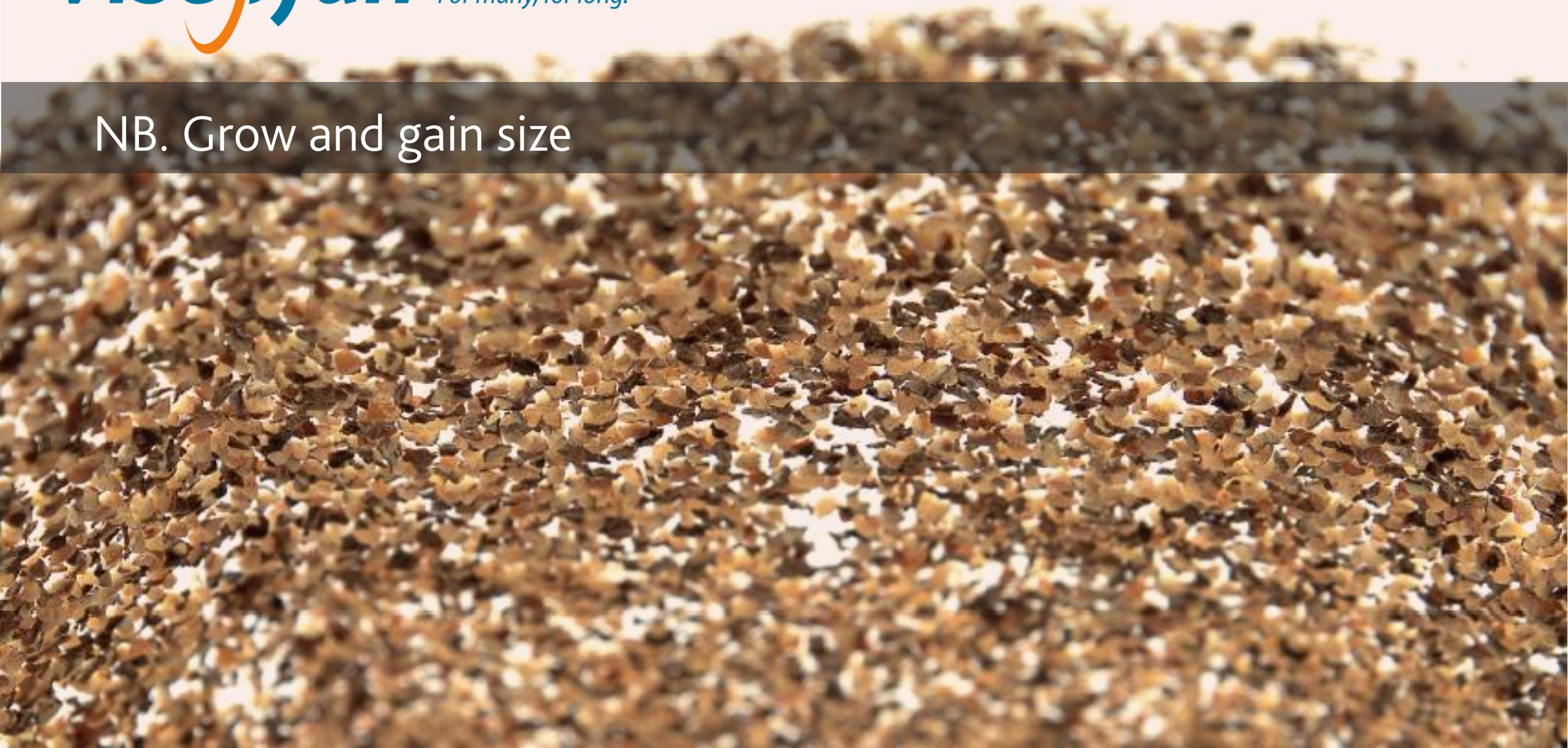
Production presence



Viscofan

Reshaping food and wellbeing.
For many, for long.

NB. Grow and gain size



NB. Grow and gain size

Approach to the use of collagen as an ingredient in different applications



Production process developed based on technological leadership in casings and acquisitions

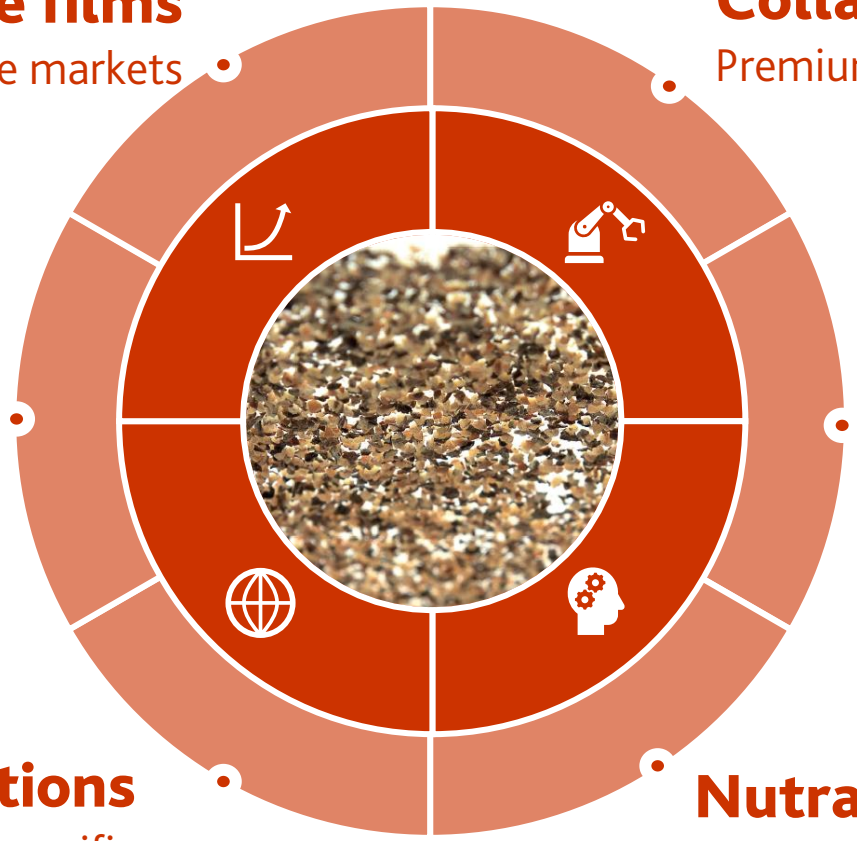
Promotion of the value proposition to customers with new solutions and value-added services

Committed team with extensive technological and commercial know-how

Cutting edge solutions

Edible films
Disruptive innovation to reach more markets

Collagen hydrolyzates
Premium product

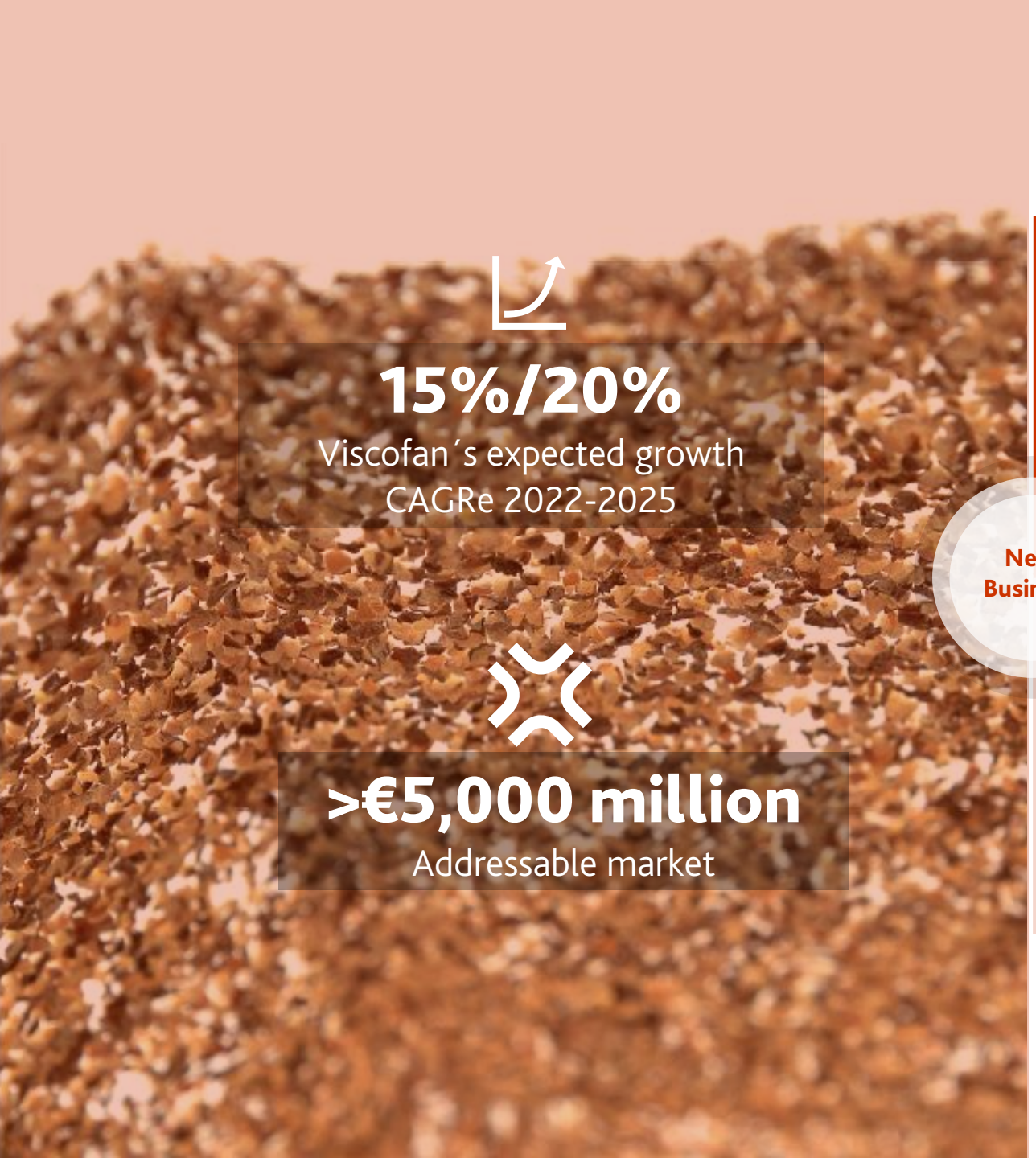


Ingredients transfer
Product to provide variety and help efficiency
Industrialized process

Veggie casing
The only company in the world with a tubular product

Applied solutions
Biodegradable plastics, machinery, specific developments

Nutra-pharma-bio
Leading important projects with possible long-term potential

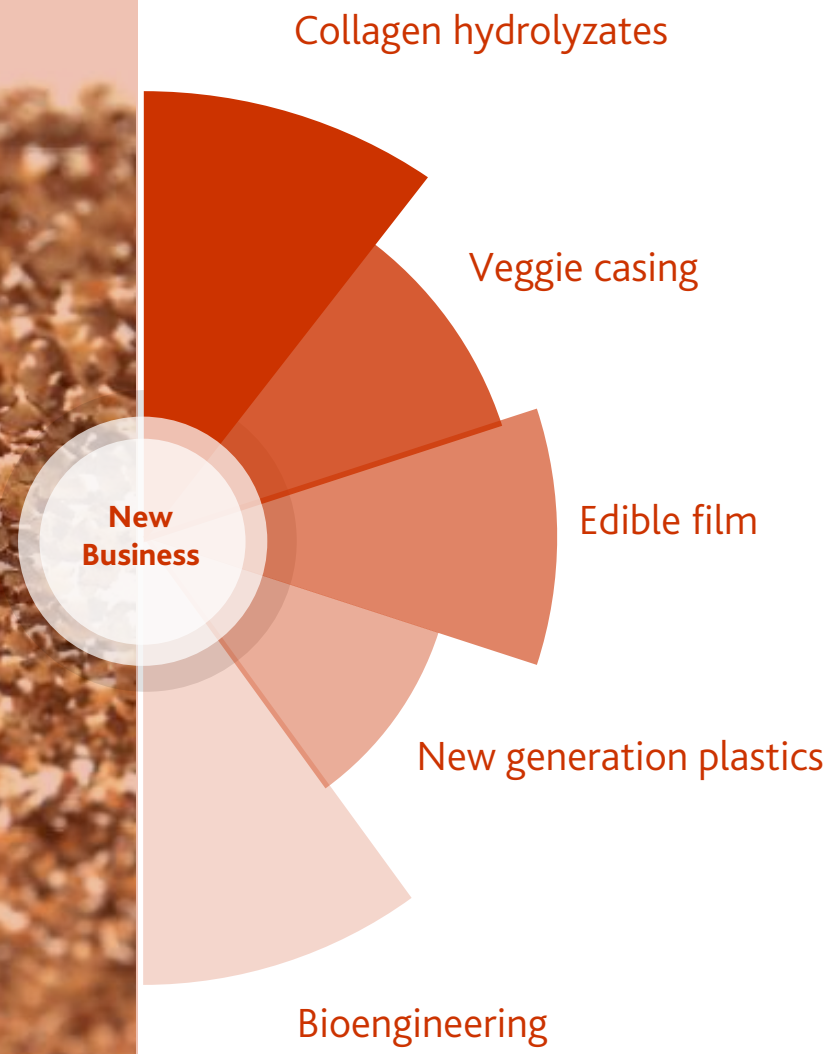


15%/20%

Viscofan´s expected growth
CAGRe 2022-2025

>€5,000 million

Addressable market



Collagen hydrolyzates

A Beyond25 growth opportunity

VISCOFAN COLLinstant®
PREMIUM COLLAGEN HYDROLYSATE

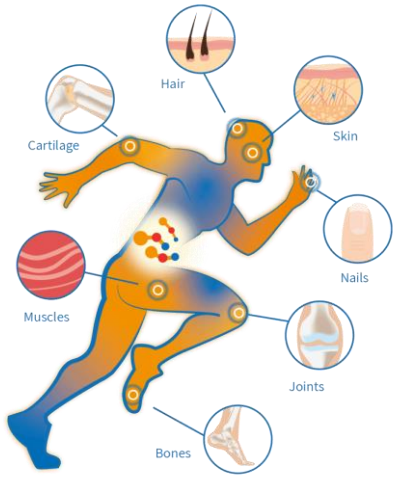
- ✓ Extensive know-how on collagen
- ✓ Premium product

- ✓ Products release and marketing
- ✓ Strengthening commercial team
- ✓ Partnership with distributors

- ✓ Increase capacity in Germany
- ✓ Production synergies with casings
- ✓ Suppliers diversification

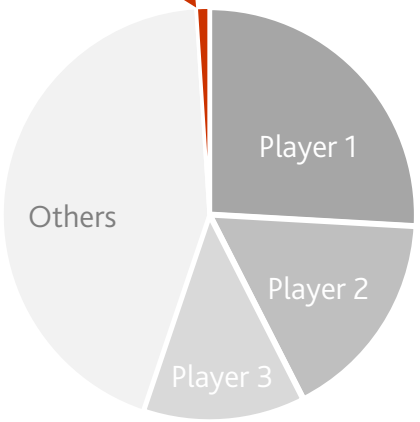
Viscofan: Target in 2025. Achieve 3% market share

1. Multiple applications in food and health



2. Market with growth potential

Viscofan **<1%.Current market share**



- ✓ Estimated value 1 bn €
- ✓ Yearly growth 10% CAGR
- ✓ Main markets: Europe and North America

Veggie casing

A Beyond25 growth opportunity

Veggie Casing

✓ 2019-2021. Launch period, promotion and customer tests

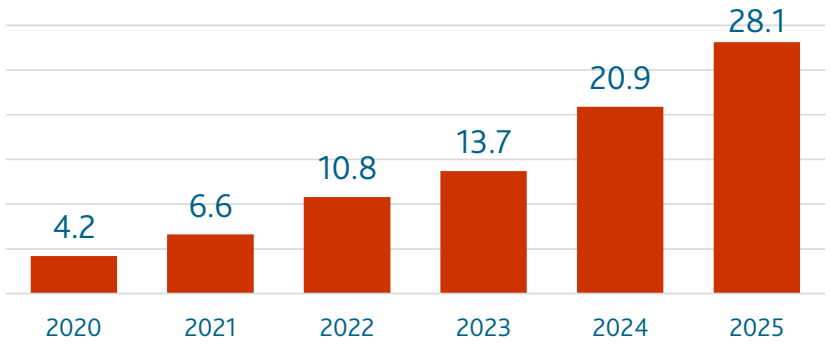
✓ Beyond. Set capacity in line with market growth
✓ Seeking to industralize and to achieve a more efficient production process

✓ Currently less than 1% of sales although in more than 20 countries.
✓ Beyond. Higher commercial expansion
✓ Plant-based products growth in Asia

Viscofan:
Target in 2025.
3% of Viscofan´s revenue

1. Rising consumption of plant-based meat products

Global retail Plant-based meat market. Bn US$



*Source: Bloomberg Intelligence

2. Convenience: Seeking more choices



- Vegan and vegetarian consumer looking for a greater variety of products
- **Sausage is a perfect product to satisfy this demand**
- Driver in India to develop the sausage industry

ediLEAF

A Beyond25 growth opportunity

Viscofan ediLEAF
EASY & QUICK FLAVOURING

Ingredient. Edible film

- **Development:** Product already developed and patented
- **Operations:** Planned investment in capacity and industrialization of the process
- **Commercial** launch in December 2021

Product lines

- Application of herbs and/or spices in meat or fish products.
- Transfer herbs and/or spices to dairy products, such as soft Feta-type cheeses.
- Marinate meats or add sauces to cooked products
- Sushi

ediLEAF application

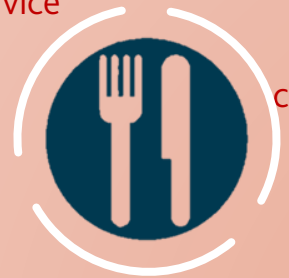




Ingredients to add flavor to food through an edible film, without wasting ingredients

Food service

Home consumption



Food companies

Plastics

A Beyond25 growth opportunity



Focus on circular economy

eFAN

Recycled or bio-based plastic casings helping customers with their sustainability challenges

Certified plants

Sustainable certification ISCC PLUS in our plastics production plants

Recycled raw materials

Assurance of recycled raw material, duplicated in 2022 vs. 2021 with 20,000 kgs

Focus on added value

Transfer casings

A cost-effective alternative to conventional smoking, frying or glazing of ham

Natural look

Range of special casings with an irregular shape, extraordinary flexibility...

Permeables

To absorb the taste and flavor of the smoke during the smoking process. Easy peeling

Bioengineering

Exploit our collagen know-how in the medical area



>85 YEARS of Experience with Collagen



Triankle

Leading the consortium



Collagen gel for medical applications

Sales in the US and Italy



Ardat

Contribute to the development of advanced therapies



GMP facility in Germany



Cardiomesh

Looking for patients

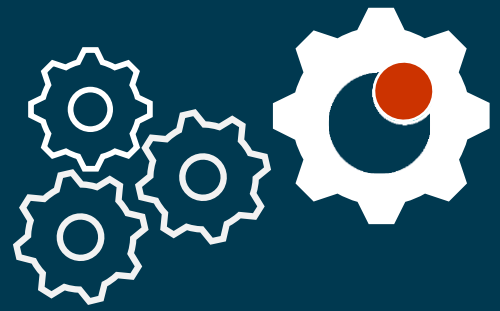
New purpose

New “route to market”

Operational transformation

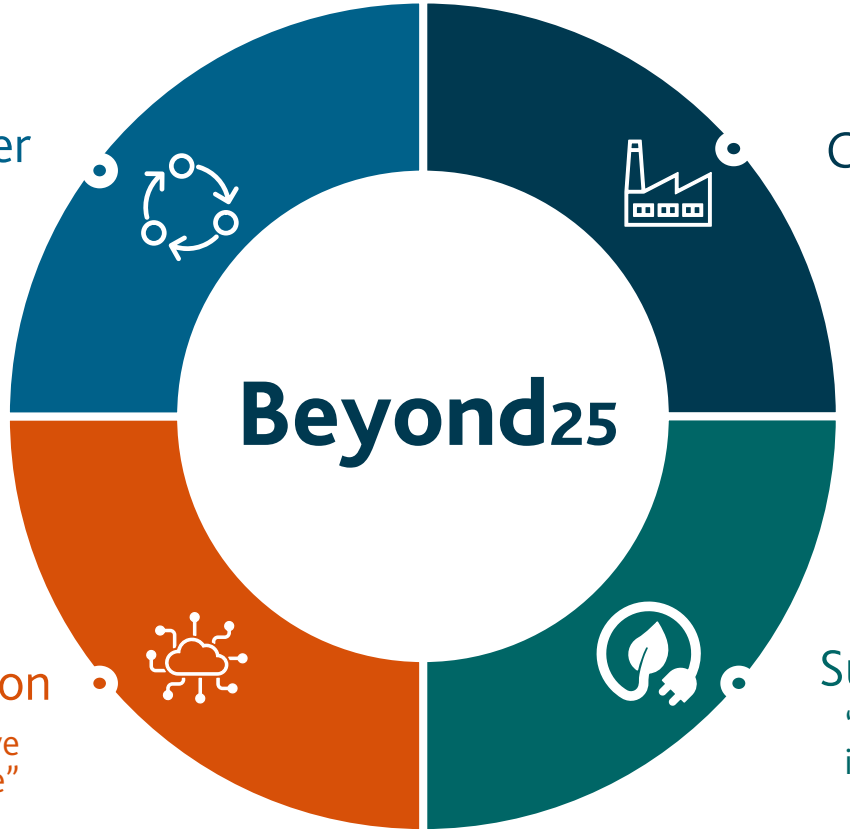
New organization

2025 targets



A lot of transformation projects

Capacity, efficiencies, digitalization y and sustainability as a basis



Technology transfer
"Driver to improve profitability"

Capacity and efficiencies
"Profitable growth"

Digitalization
"As a source of competitive advantage"

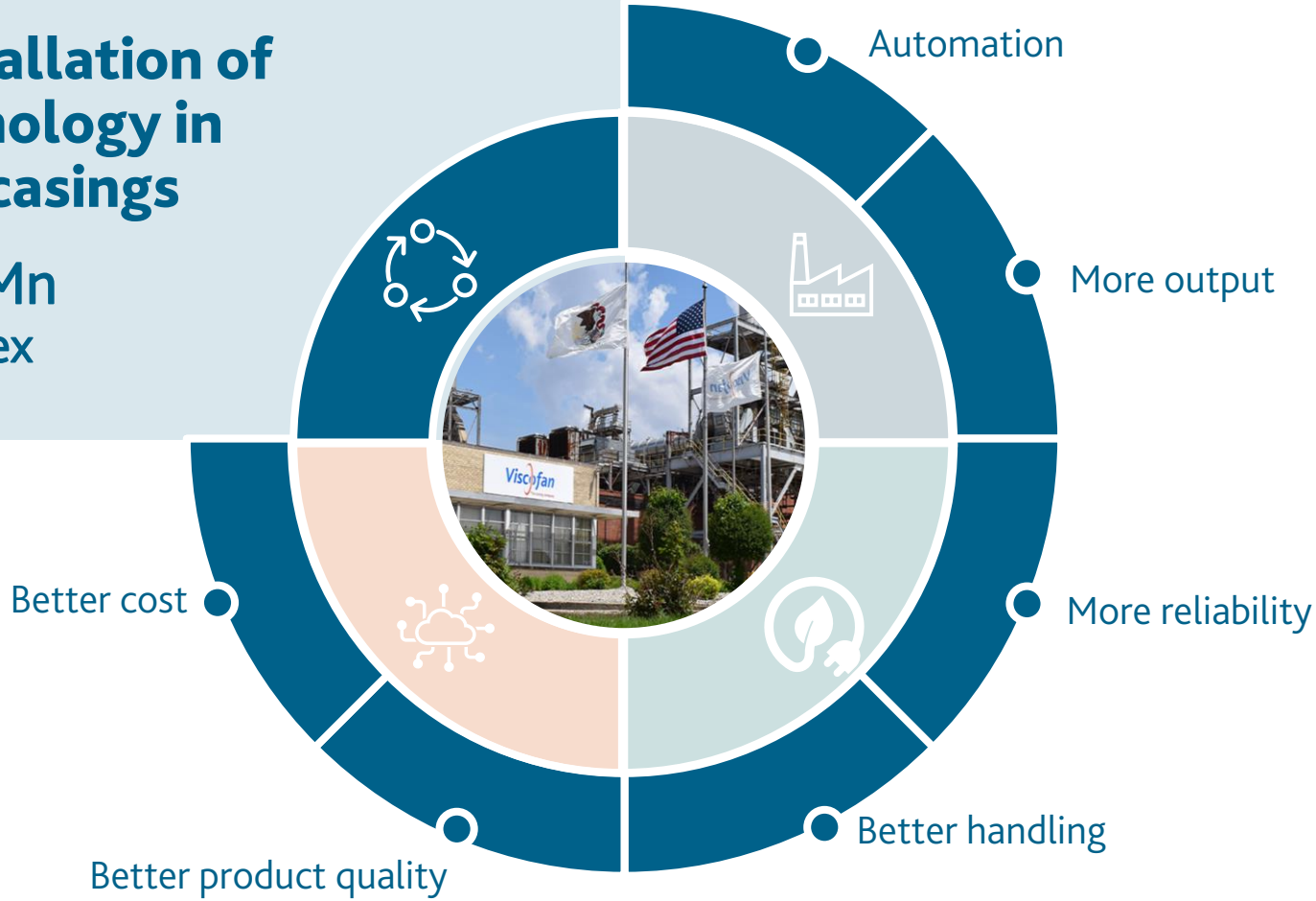
Sustainability
"Seeking to minimize the impact of our operations"

Technology transfer

Seeking to improve the profitability in North America

Danville. Installation of a new technology in cellulose casings

€25Mn
Capex



Capacity increase

To strengthen our leadership in collagen casings

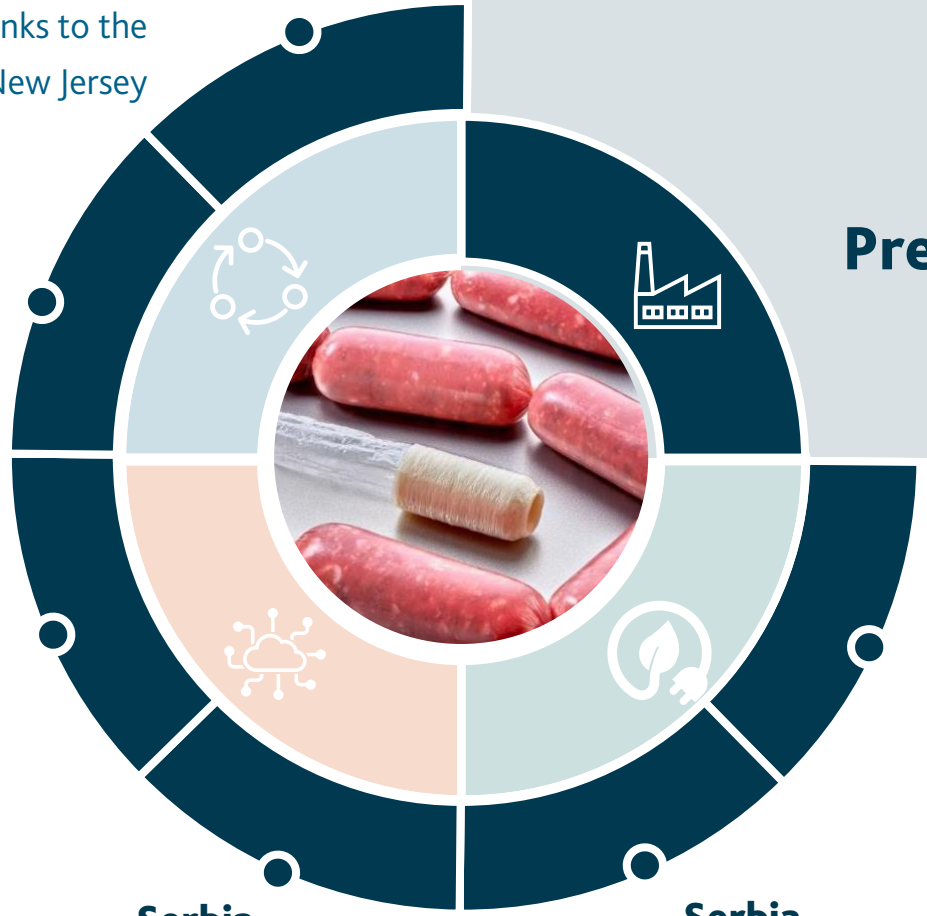
USA

Higher production output thanks to the technological update in New Jersey

China

Increase extrusion and converting capacity

Adapt supply chain



Germany

New capacity in Dry-tech with the most advanced technology of the Group

Collagen.
Prepared to capture 7% of animal gut market

Spain

Capacity expansion under a technology with less water requirement. Dry-tech

Serbia

Increase large caliber collagen capacity

Serbia

Increase edible collagen capacity

Efficiencies

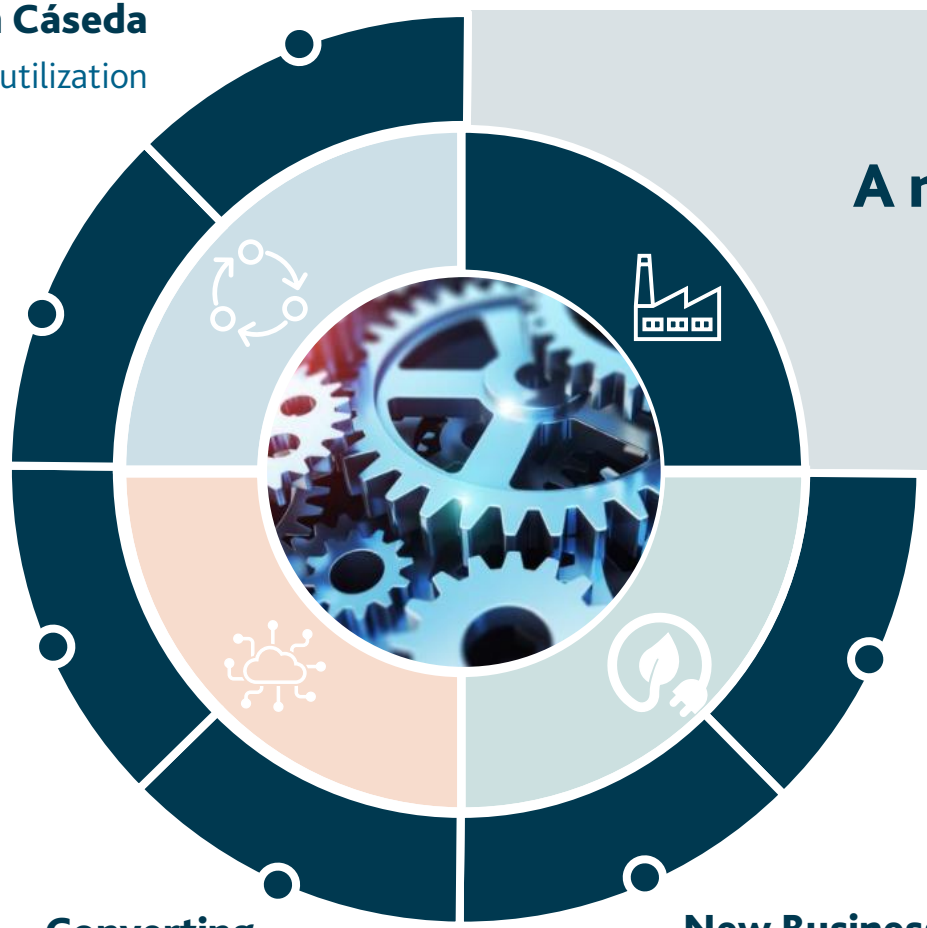
Improve our industrial base and our supply chain

Cellulose and fibrous technology in Cáseda
Technoloy evolution and capacity utilization

SAM
Maximize extrusion capacity

China
Adapt supply chain

Converting
Adequate to the new production levels



New Business
Indrustrialize operations

Suppliers diversification
Search for new sources and materials

A more solid production model to face any environment

Digitalization

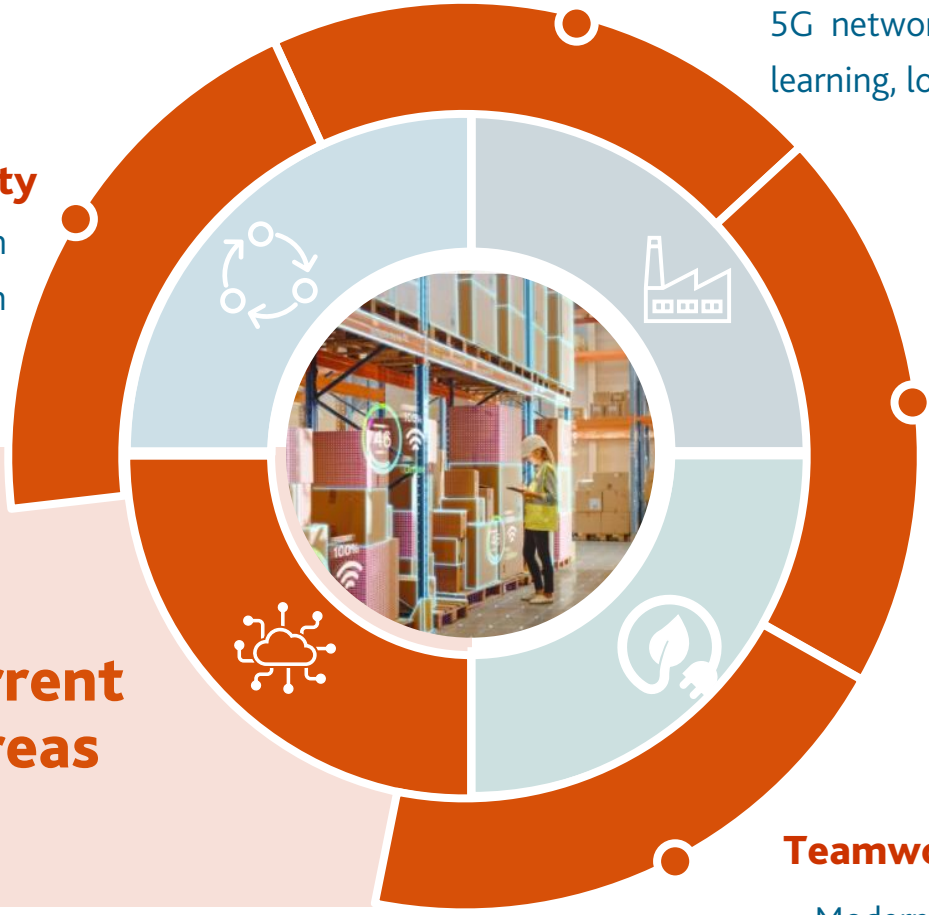
Source of competitive advantage

Industrial model

5G network installation in Cáseda, artificial vision, machine learning, lone worker safety, remote expert, big data

Efficiency and productivity

Simplicity, BBDD HR Global, automation (robotics), partners integration



Customer oriented

CRM, customer segmentation, data model, demand management, distributor portal

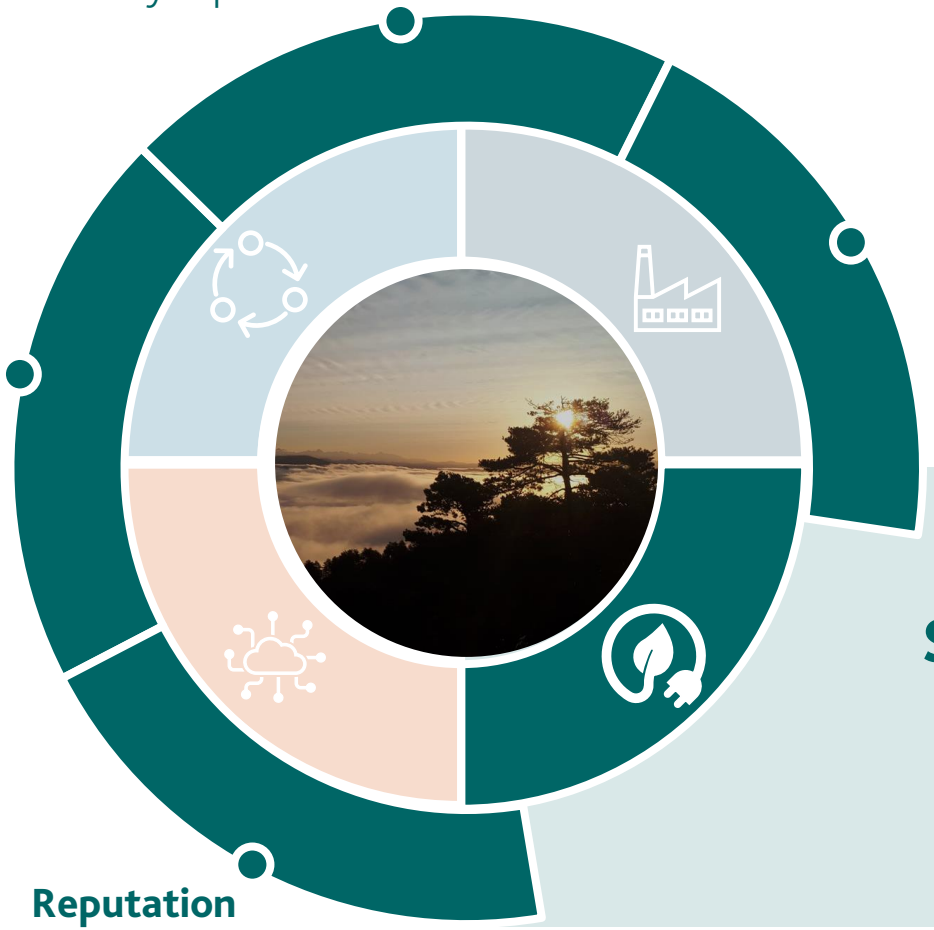
Digitalization.
Taking advantage of current advances in multiple areas

Teamwork

Modern Workplace, communication, collaboration, innovation, project management

Sustainability

Innovation for growth
Product, process and new business models meeting sustainibility requirements



Lead the industry in sustainability
More solid business model, mitigate risks and take advantage of opportunities from climate change, anticipate regulation

Partner of our customers in their sustainability challenges
Better perception and fit of our vision and products with the customers' vision of sustainability

Reputation
Meeting the expectations of our stakeholders. Attract, motivate and retain the best talent

Sustainability as a new pillar of our strategy

Sustainability

Viscofan. Contribution and priorities



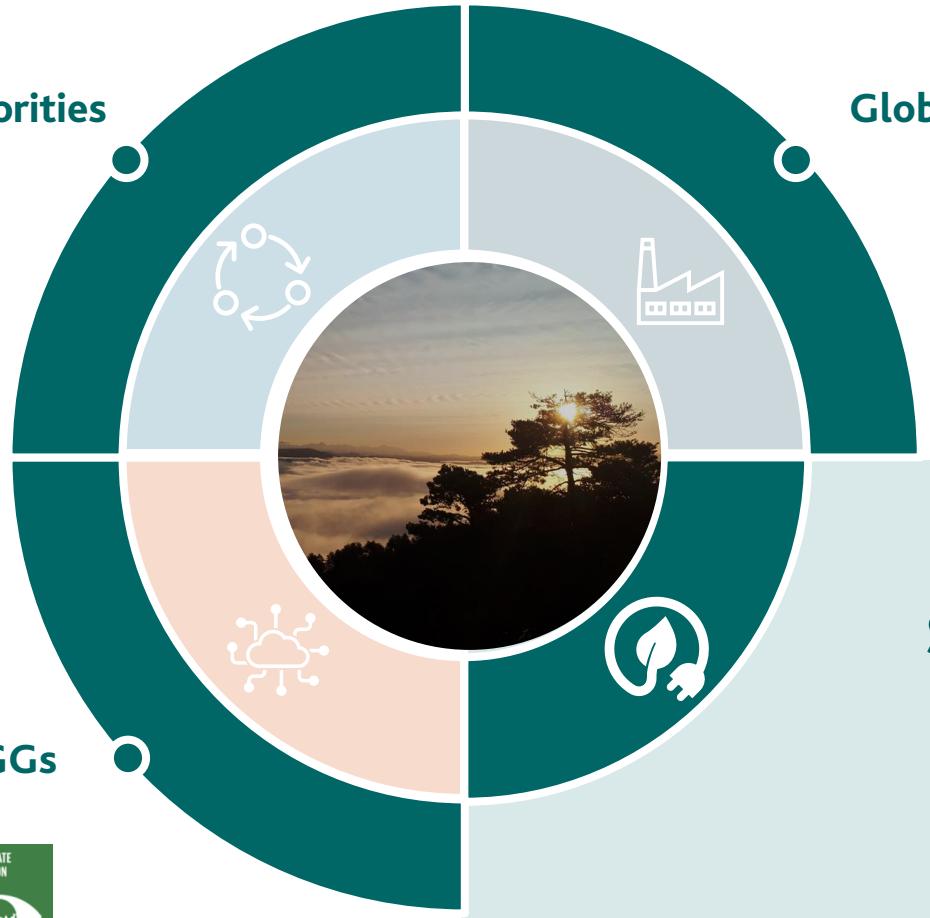
In process



In product



In people



Global challeges

To feed a growing population

Climate change

Human rights

Sustainability as a new pillar of our strategy

Viscofan. Prioritary SGGs

New



Sustainability

Water

Reduction of water withdrawal in m^3 over million of extruded meters

100 (2018) | 95 (2021) | 90 (2030) → -10%

Waste to landfill

Reduction of tonnes of waste sent to landfill over million of extruded meters

100 (2018) | 93 (2021) | 70 (2030) → -30%

Accident rate

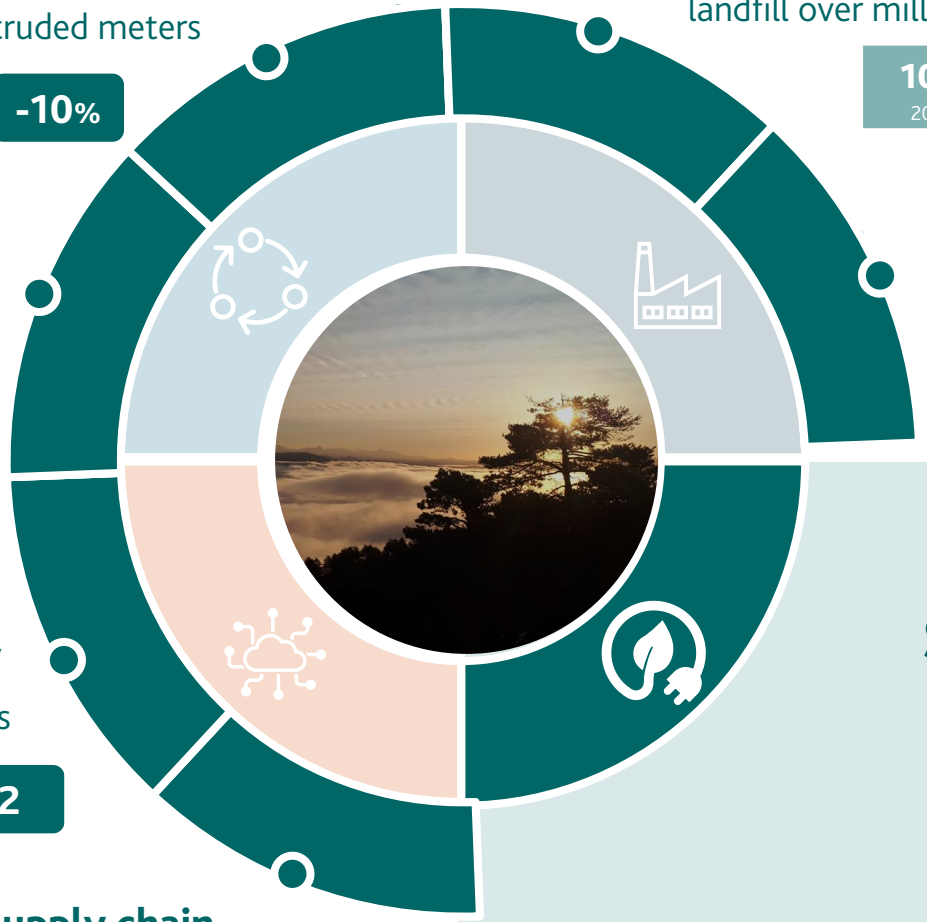
50% Accident reduction at work

0.38 (2018) | 0.29 (2021) | 0.19 (2030) → -50%

Climate change

Reduction of scope 1 and 2 CO_2 emissions over million extruded meters

100 (2018) | 84 (2021) | 70 (2030) → -30%



Diversity

30% Women in management positions

15.6% (2018) | 18.3% (2021) | 30.0% (2030) → x2

Supply chain

100%.Suppliers of main raw materials committed to the code of ethics

0% (2018) | 0% (2021) | 100% (2030) → 100%

Sustainability as a new pillar of our strategy

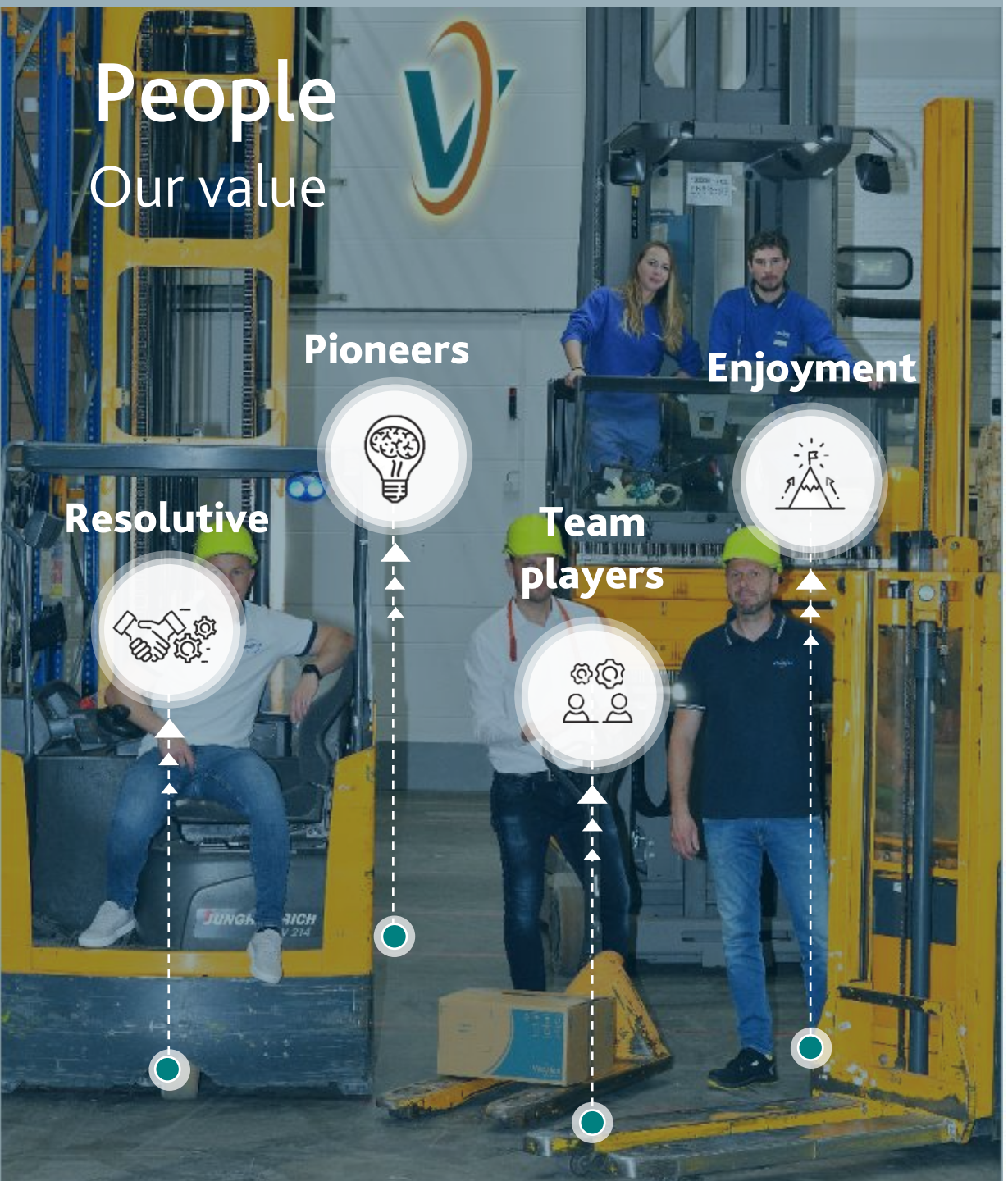
New “route to market”

Operational transformation

New organization

2025 targets





People

Our lines of action

New organization

- Diversity
- Health and safety
- Talent management
- Agility, transversal teams
- Motivation and commitment

Organized to achieve our targets

New organization



José Antonio Canales
CEO



Andrés Díaz
CEO EMEA

Spain
Germany
Czech Rep.
Serbia
Belgium
UK
France
Russia



Gabriel Larrea
CEO NAM

United States
Canada
Mexico
Costa Rica



Juan Negri
CEO APAC

China
Australia
Thailand
India
Japan



Luis Bertoli
CEO SAM

Brazil
Uruguay



Óscar Ponz
CEO New Business



Jesús Calavia
Chief Operations Officer



M. Carmen Peña
Chief Financial Officer



Iñaki Goñi
Chief Commercial Officer



José Ángel Arrarás
Chief R&D+Q Officer



Beatriz Sesma
Chief Human Resources Officer



José Antonio Cortajarena
Chief Legal Officer



Iñaki Recalde
Chief Diversification Officer



César Arraiza
Chief Strategy, Organization and Systems Officer



Armando Ares
Chief IR&Comm. Officer

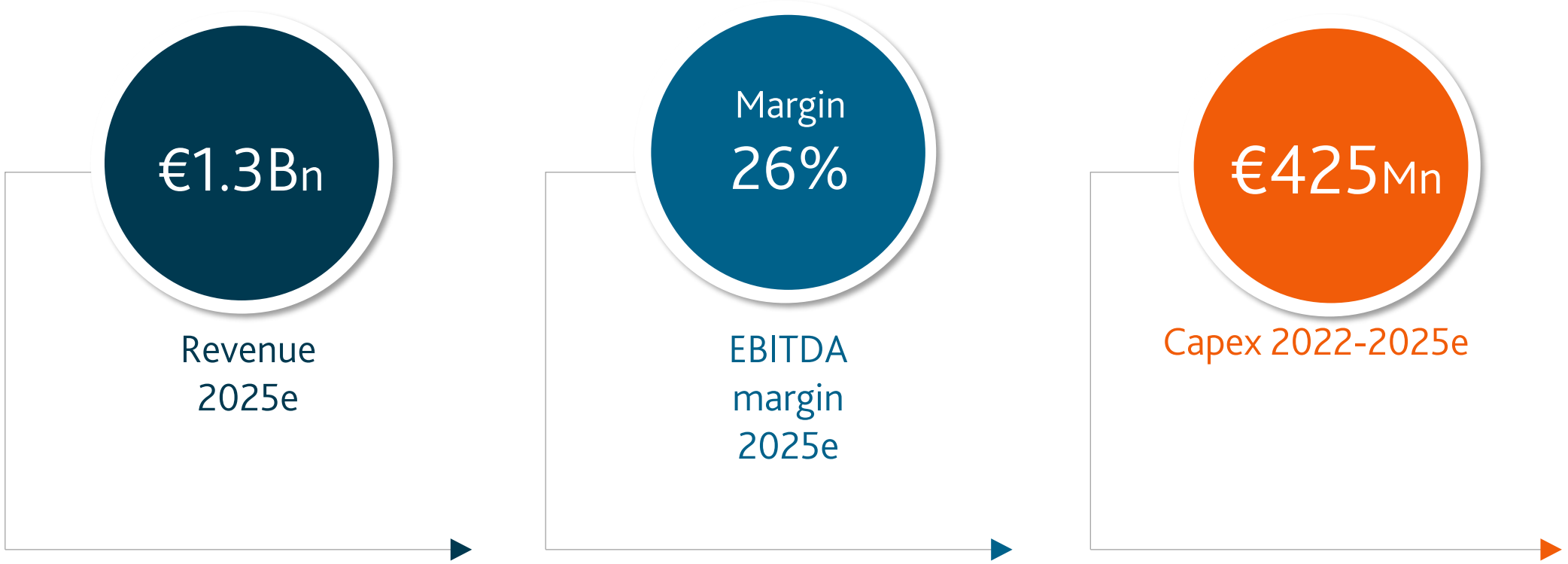
Operational transformation

New organization

2025 targets



A unique value proposal to achieve our Beyond25 ambition



US$/€: 1.15

To wrap up

- The MORE TO BE strategic plan has been completed in 2021 with **the best results in Viscofan´s history, exceeding our expected guidance for the year.**
- **Higher volumes, improvement in price mix, production efficiencies and cost control** counteract an adverse inflation environment.
- **Cash generation translates into a more robust balance sheet** while investment projects are anticipated to support expected and future growth.
- **Viscofan expects to growth in the main financial figures in 2022** driven by volume growth, sales price increase, operating leverage, efficiency improvements and cost control **that offset cost inflation**.
- Launch of the **Beyond25 Strategy Plan** with a new purpose and a new ambition **to achieve €1.3 Bn in revenue in 2025, with profitability,** seeking to strengthen our leadership in the Traditional Business, and to grow and gain size in the New Business.



Appendix. Main financial figures

€ million	2021	% y-o-y	*Like-for-like[1] % y-o-y*	4Q21	% y-o-y	*Like-for-like[1] % y-o-y*
Revenue	969.2	+6.3%	***+8.0%***	257.8	+7.3%	***+4.1%***
EBITDA	246.7	+5.2%	***+8.9%***	61.1	-6.6%	***-13.0%***
EBITDA margin	25.4%	-0.3 p.p.	***+0.2 p.p.***	23.7%	-3.5 p.p.	***-4.4 p.p.***
Operating profit	174.4	+7.0%		43.1	-10.5%	
Profit before taxes	176.4	+10.5%		45.1	+4.8%	
Taxes	-43.4	+16.9%		-11.9	+41.2%	
Net profit	133.0	+8.6%		33.2	-4.1%	

[1] Like-for-like: Comparable growth excludes the impact of the variation of the different exchange rates in 2021.

Appendix. Alternative Performance Measures

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

- The EBITDA, or operating profit before depreciation and amortization, is calculated excluding depreciation and amortization 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 analyzed 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.