Viscofan
The casing company

Results
January-June 2021

30 July 2021



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 behaviors.

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.

Highlights



Market

- The casing market maintains a positive growth rate in line with the long-term historical evolution of the sector.
- Strength in the growth of the Asian region and recovery in collagen casings in Europe.
- Volume growth that reinforces Viscofan's position as a leader in the sector.

Sustainability Action Plan (ESG)

- Decarbonization:
  New co-generation engine with green hydrogen capacity
- Circular economy:
  Launch of efan casings
  85% of revenue comes from natural, biodegradable or recycled material casings
- Sustainable financing:
  Pioneers in the sector with two new loans of €35 Mn that change part of traditional financing into sustainable financing

Growth in main financial figures

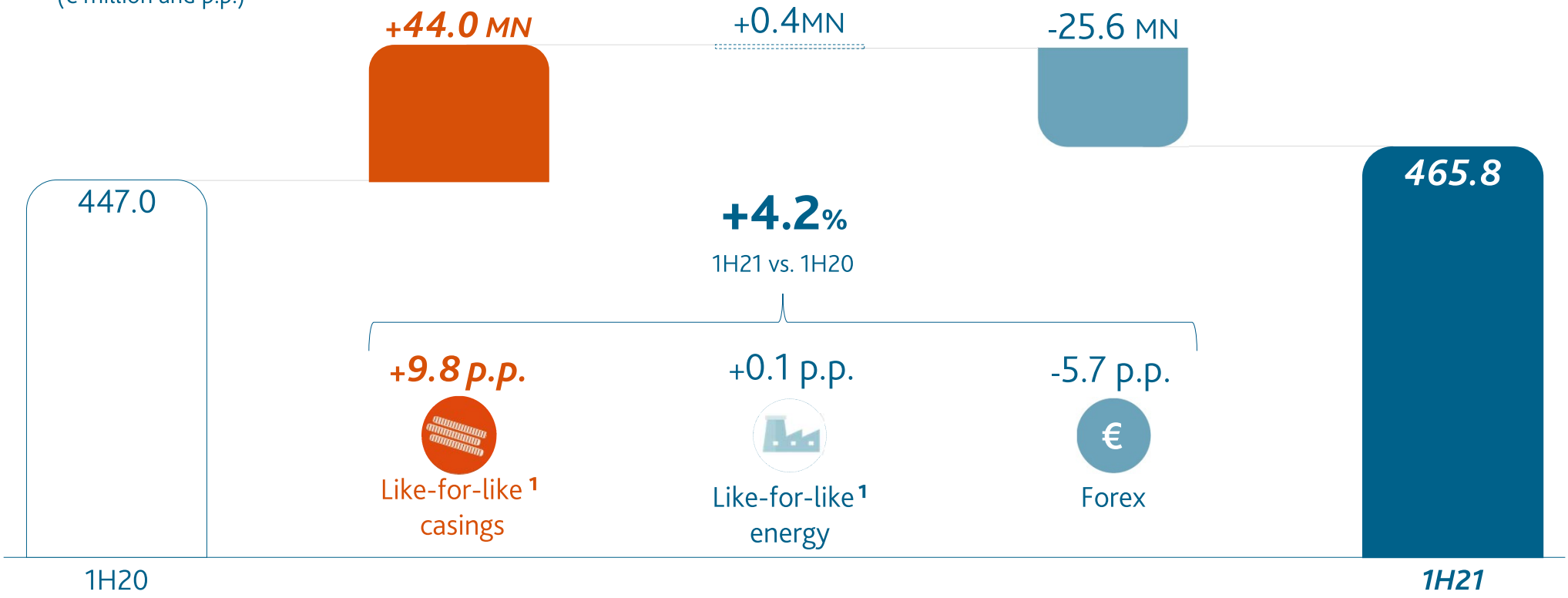
€ million	1H21	% y-o-y	*Like-for-like[1] % y-o-y*	2Q21	% y-o-y	*Like-for-like[1] % y-o-y*
Revenue	465.8	+4.2%	***+9.9%***	237.5	+5.6%	***+9.5%***
EBITDA	121.4	+10.1%	***+22.8%***	63.8	+9.5%	***+18.4%***
EBITDA margin	26.1%	+1.4 p.p.	***+2.9 p.p.***	26.9%	+1.0 p.p.	***+2.1 p.p.***
Operating profit	85.1	+15.6%		45.7	+13.4%	
Profit before taxes	84.0	+10.6%		43.7	+9.6%	
Taxes	-19.8	+6.6%		-9.8	-1.5%	
Net profit	64.1	+11.8%		33.9	+13.2%	

[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different Exchange rates in 2021. There are no non-recurring impacts in 1H21 nor 1H20.

Organic strength in volumes and price mix to offset adverse forex environment

Revenue 1H21

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

Like-for-like growth in all reporting areas

Revenue 1H21

Breakdown by geographical area[1]
(€ million)

€465.8 Mn
VISCOFAN GROUP

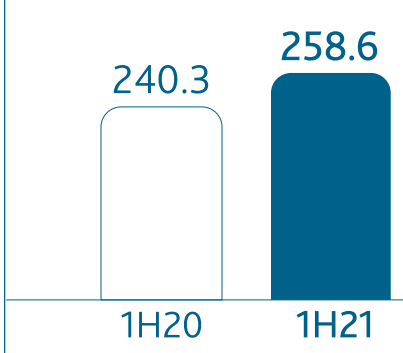
+4.2% vs. 1H20

+9.9% Like-for-like[2]

55.5%
EUROPE AND
ASIA PACIFIC

+7.6% vs. 1H20

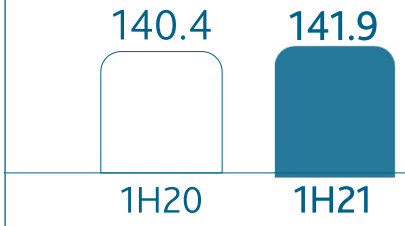
+9.1% Like-for-like[2]



30.5%
NORTH
AMERICA

+1.0% vs. 1H20

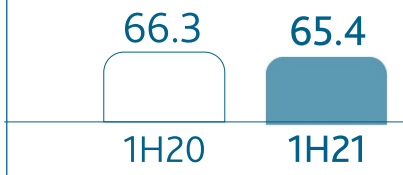
+9.2% Like-for-like[2]



14.0%
SOUTH
AMERICA

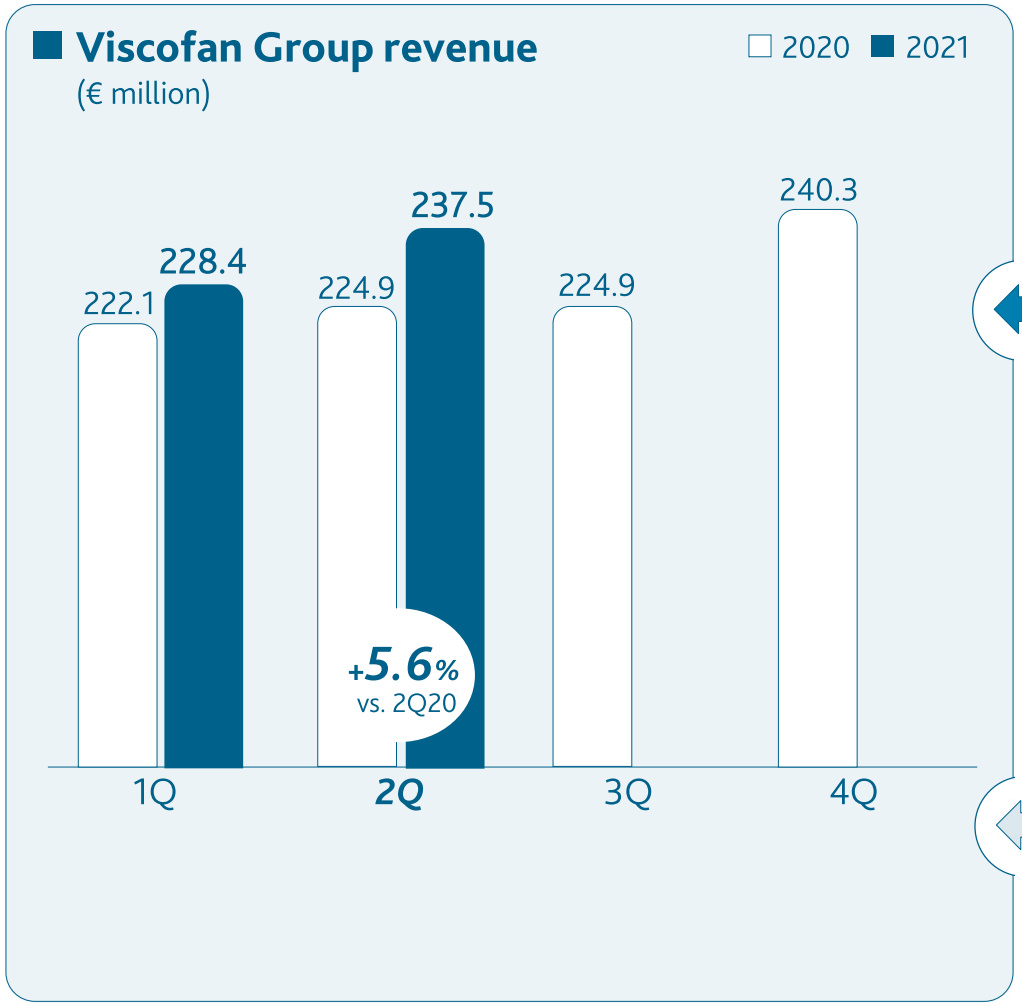
-1.3% vs. 1H20

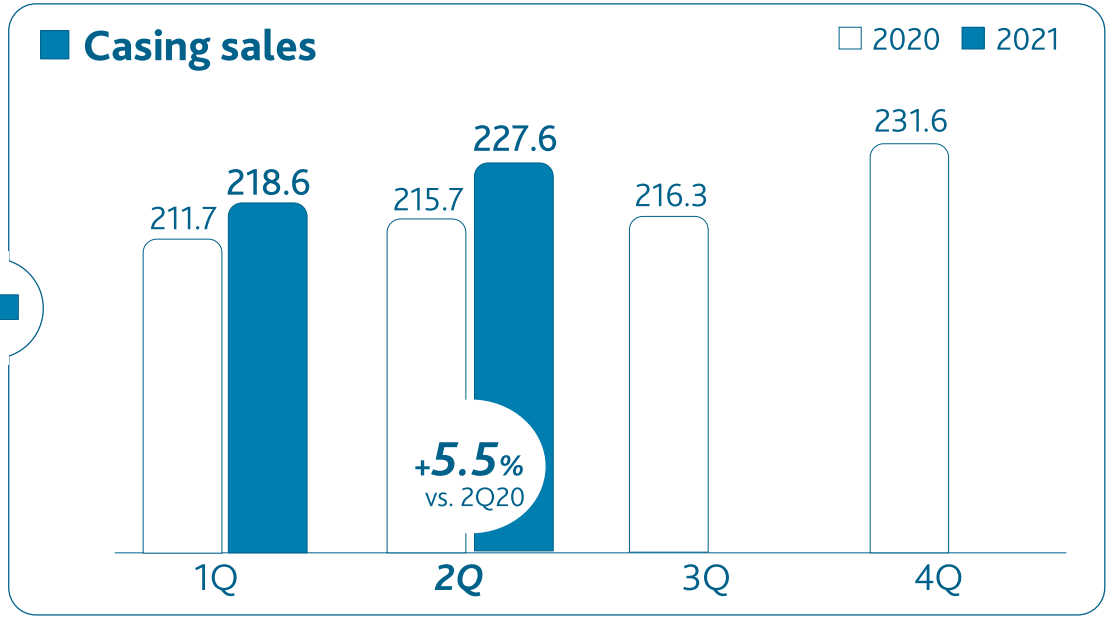
+14.6% Like-for-like[2]

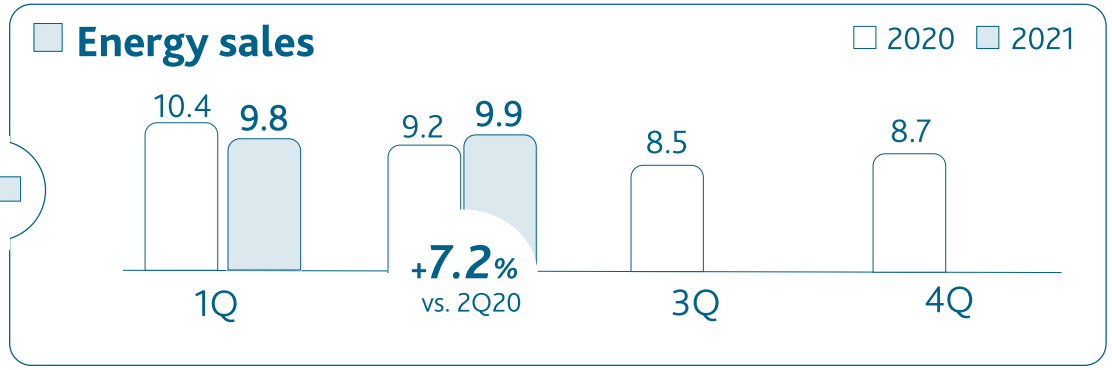


[1] Revenues per origin of sales.
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

Quarterly growth trend continues



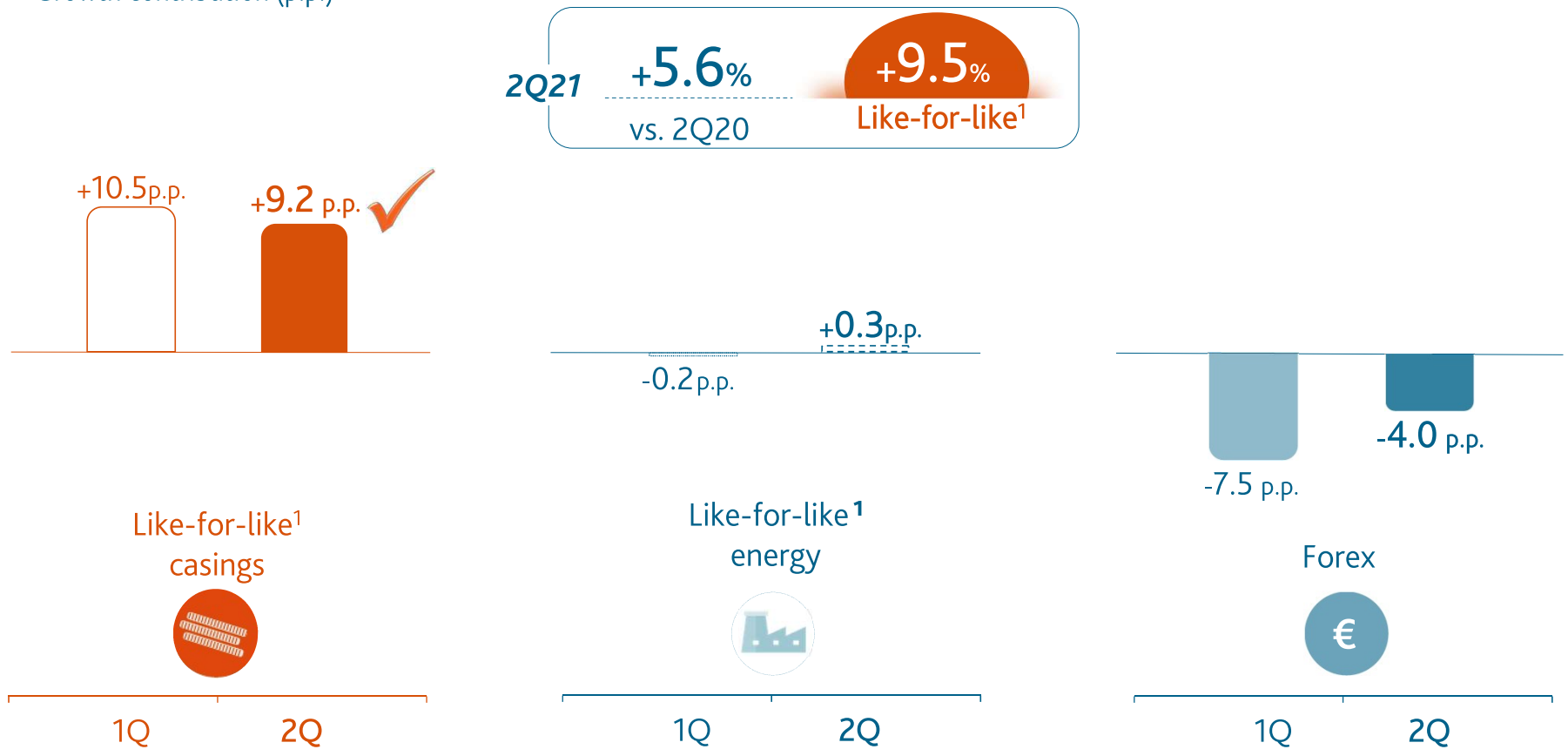




Casings´ sales strength in the second quarter, co-generation recovery and lower forex erosion

Quarterly revenue

Growth contribution (p.p.)

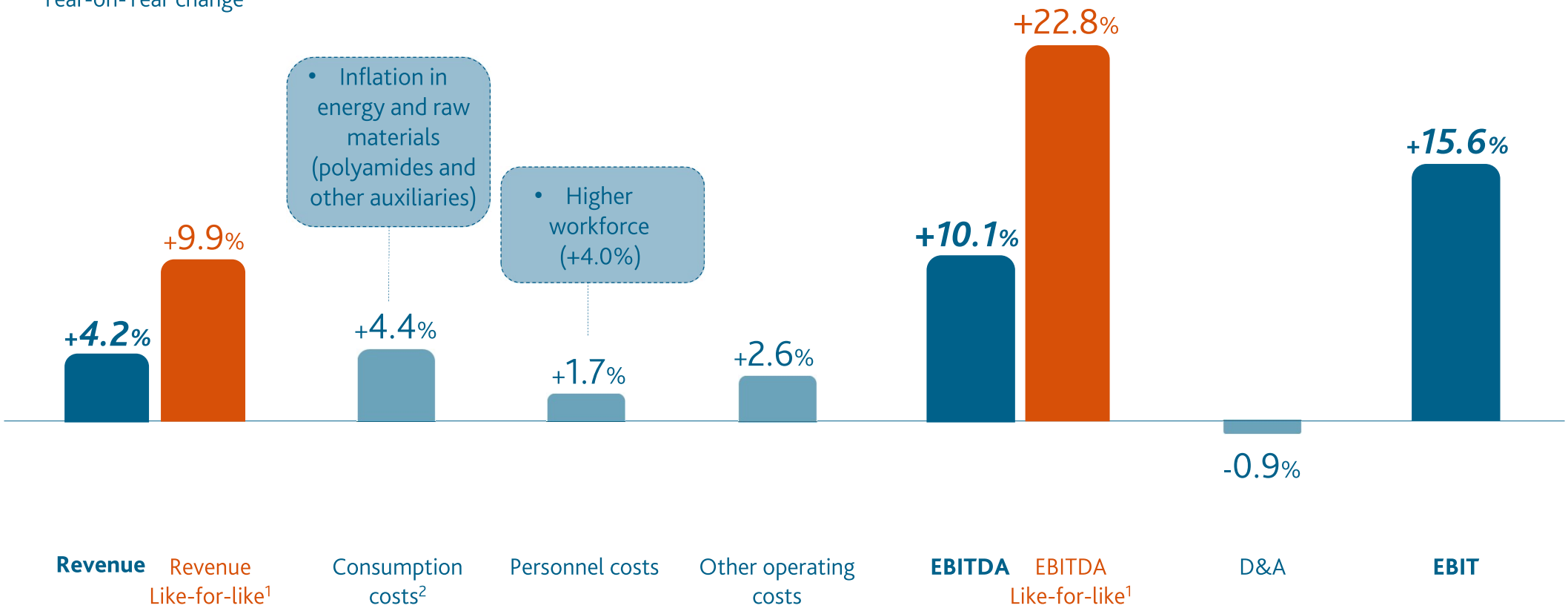


[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

Double-digit growth in EBITDA and EBIT driven by positive leverage from higher volumes, production efficiencies and lower D&A

P&L 1H21

Year-on-Year change



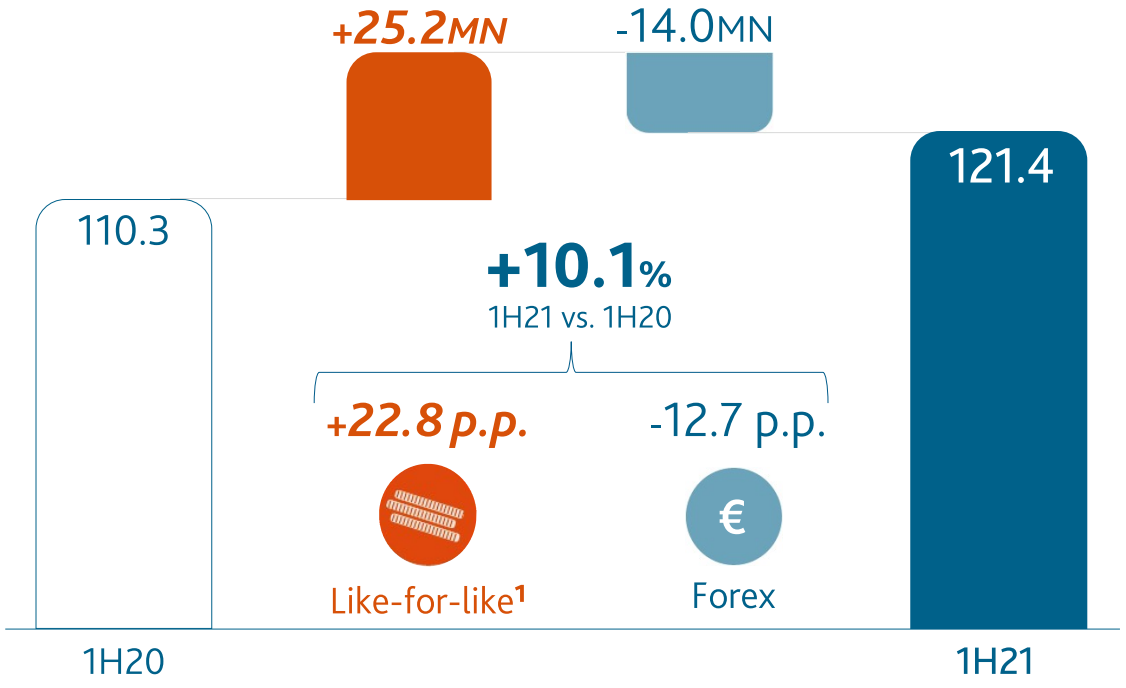
[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2021.

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

EBITDA growth in reported and like-for-like terms

EBITDA 1H21

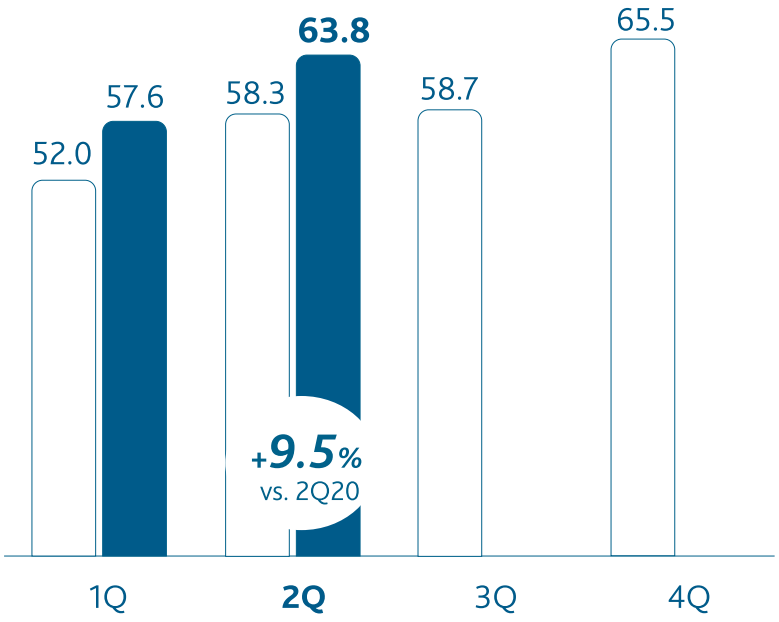
Growth contribution
(€ million and p.p.)



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

Quarterly EBITDA

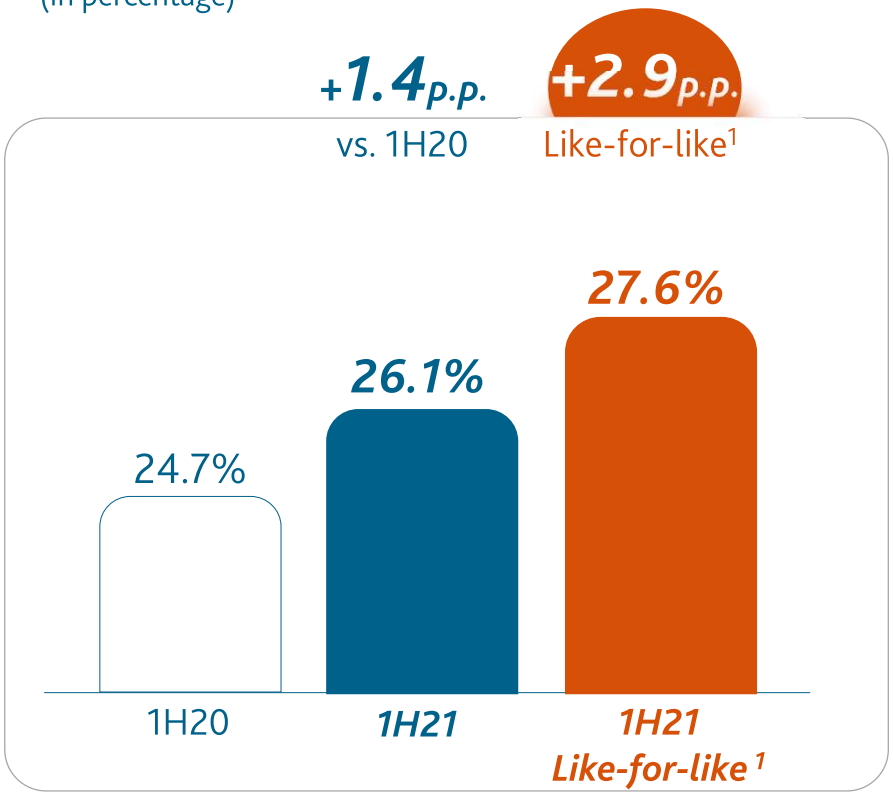
(€ million)

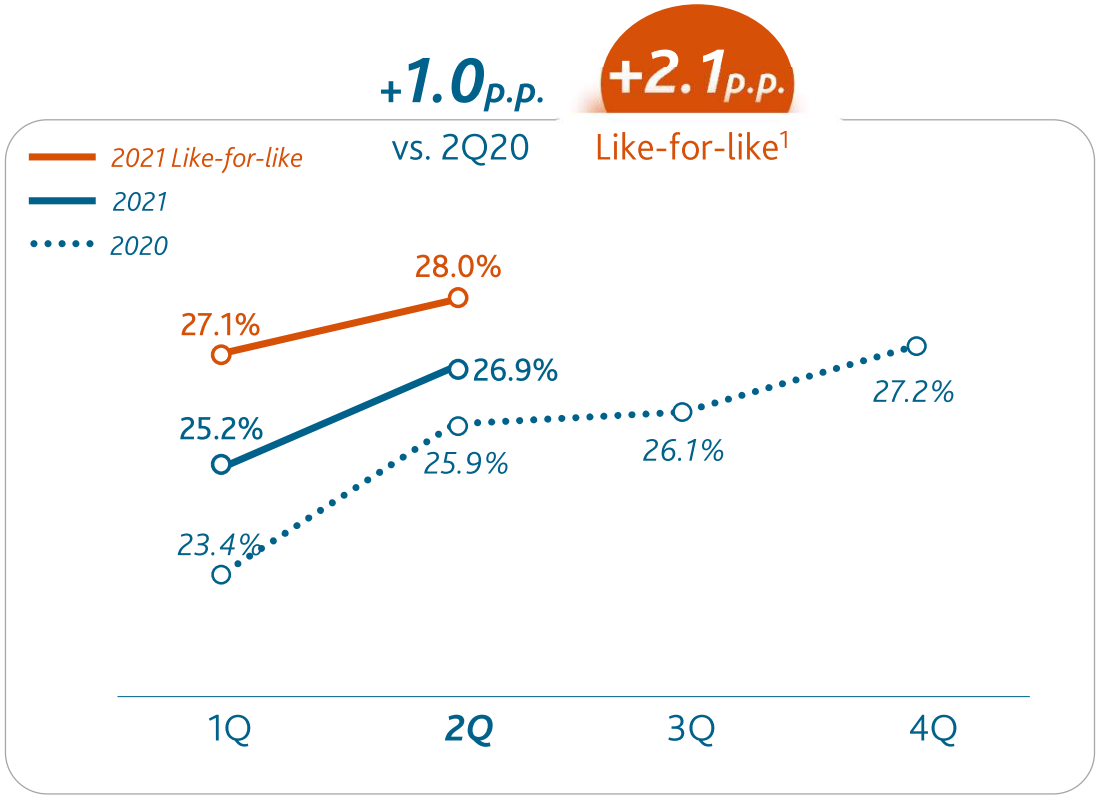


Improving the profitability of our operations

EBITDA margin

(In percentage)



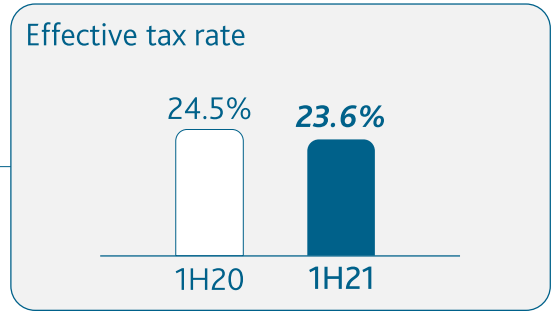


[1] Like-for-like: for comparative purposes, like-for-like growth excludes the impact of the different Exchange rates in 2021. There are no non-recurring impacts in 1H21 nor 1H20.

Double-digit growth in Net profit with higher negative exchange differences

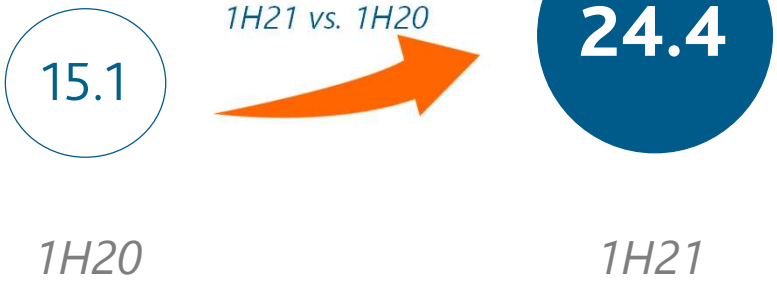
EBIT TO NET PROFIT REPORTED RESULTS (€ Million)

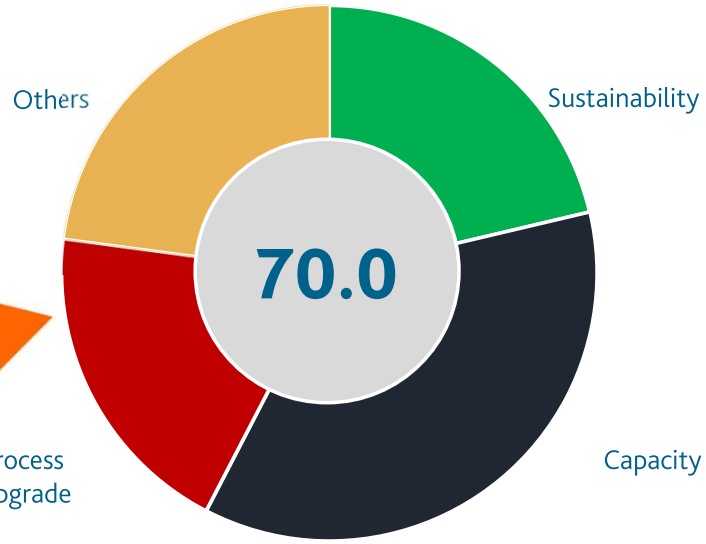
€ million	1H21	1H20	% y-o-y
Reported EBIT	85.1	73.6	+15.6%
Financial result	-1.1	+2.4	c.s.
Taxes	-19.8	-18.6	+6.6%
Net profit	64.1	57.3	+11.8%



Progressing in investment projects

CAPEX 1H
(€ million)







Fibrous capacity increase in Cáseda

***2H21** START-UP*



Collagen technology improvement in North America



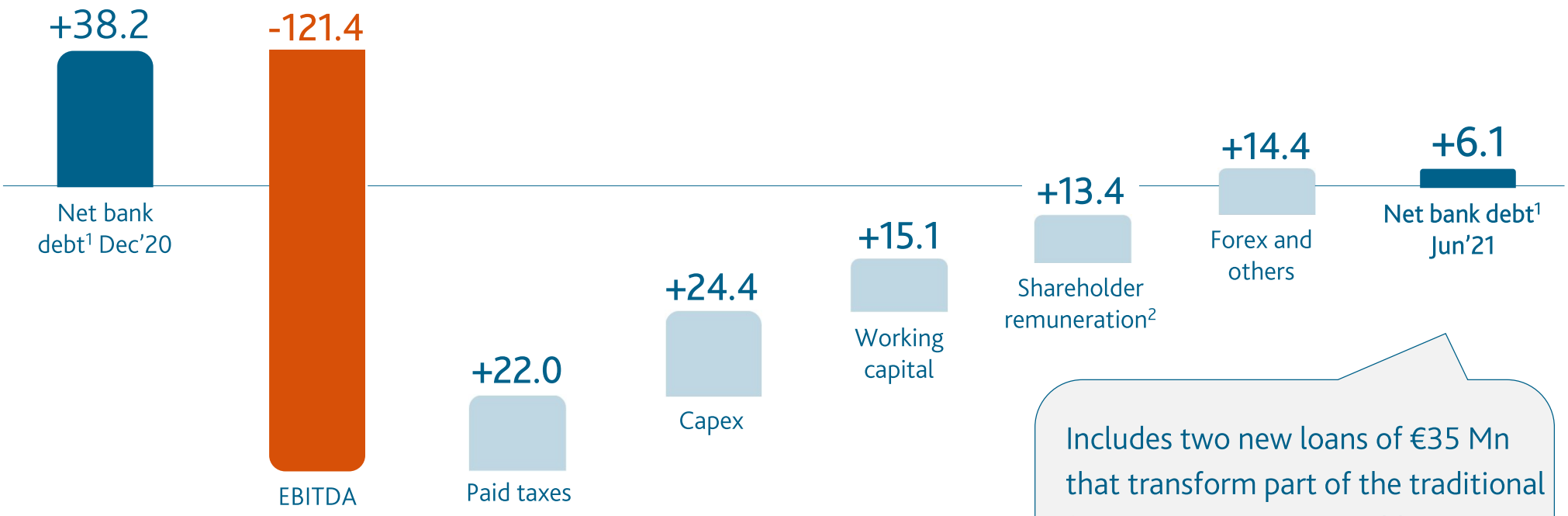
Collagen capacity increase in China



Co-generation engine with green hydrogen capacity

Strong cash generation by reducing indebtedness

NET BANK DEBT[1] Evolution (€ million)



Includes two new loans of €35 Mn that transform part of the traditional financing into a sustainable financing, which is supported by BBVA and Rabobank.

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

[2] Corresponds to the 2020 final dividend of €0.29 per share paid in June 2021.

To wrap-up

- Growth strength **driven by the Asian continent and based on a unique business model.**
- **Higher volumes, improvement in price mix, productive efficiencies and cost control** counteract an adverse foreign exchange and inflation environment.
- **Solid results with growth in the main financial figures** of the profit and loss account, placing us in a good position **to meet the objectives set for the year.**
- **Higher cash generation translates into a more solid balance sheet** while investment projects are being implemented in order to optimize growth opportunities, improve industrial assets and count with energy equipment with a lower carbon footprint.



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.