Results and outlook

2023

Viscofan

Reshaping food and wellbeing.
For many, for long.



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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 has been prepared under the International Financial Reporting Standards (IFRS).

This document is a free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Index

2023 assessment

2023 financial results

2024 Outlook and Beyond25 update

Index

2023 assessment



2023 assessment

Commercial discipline and cost austerity to protect value

Start-up of technology upgrade in the USA

Construction plan of a converting in Thailand according to plan

Energy diversification roadmap in Caseda and decarbonization

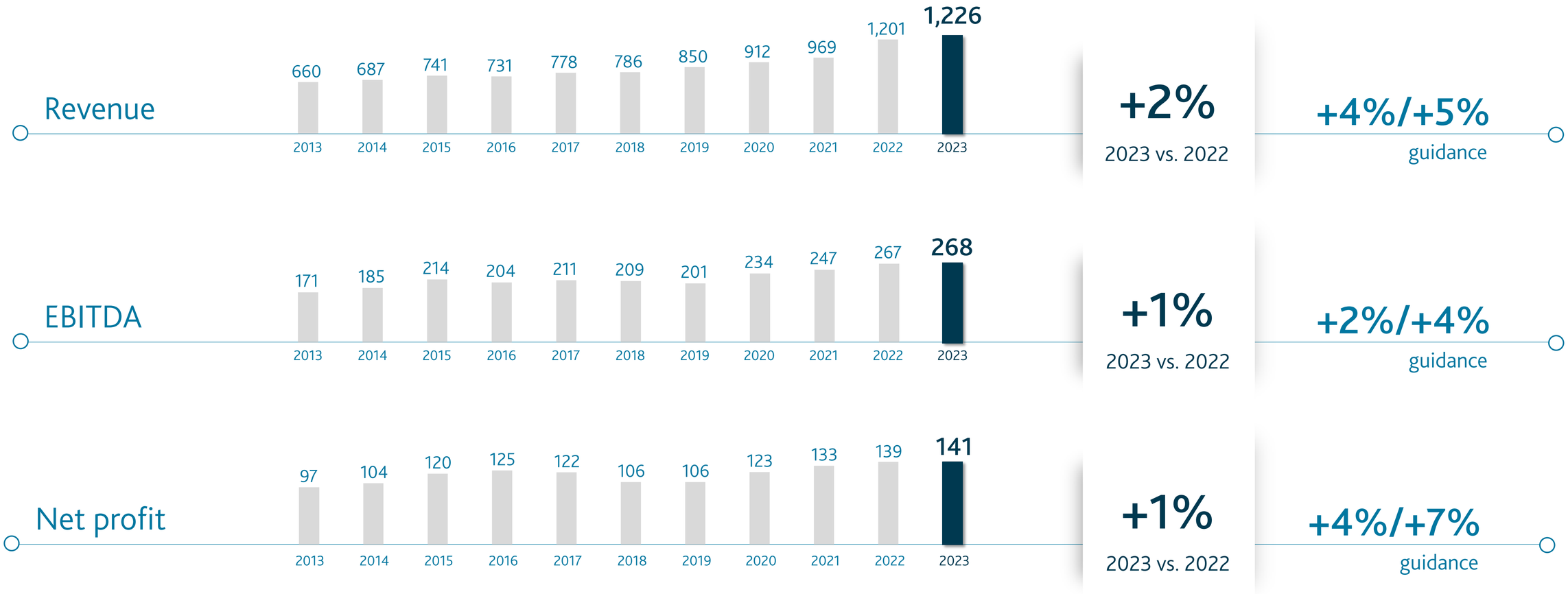
Production relocation of ingredients transfer products to Mexico

Sustainability indicators outperforming or in line with the 2030 targets path
Change in the chairmanship model



All-time high in key figures

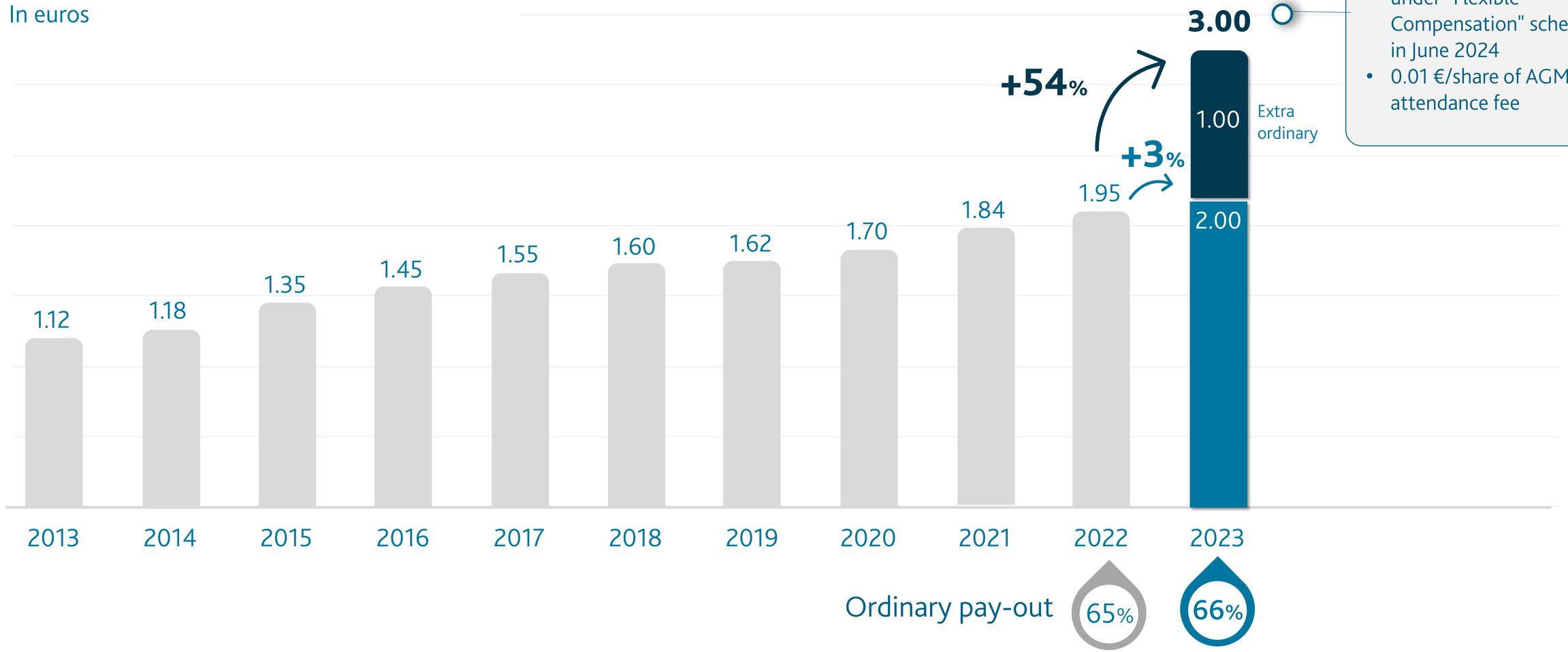
Reported
€ million



Increasing shareholder remuneration

Remuneration per share

In euros



- 1.40 €/share paid on December 20th 2023
- 1.59 €/share to be paid under "Flexible Compensation" scheme in June 2024
- 0.01 €/share of AGM attendance fee

Index

2023 financial results

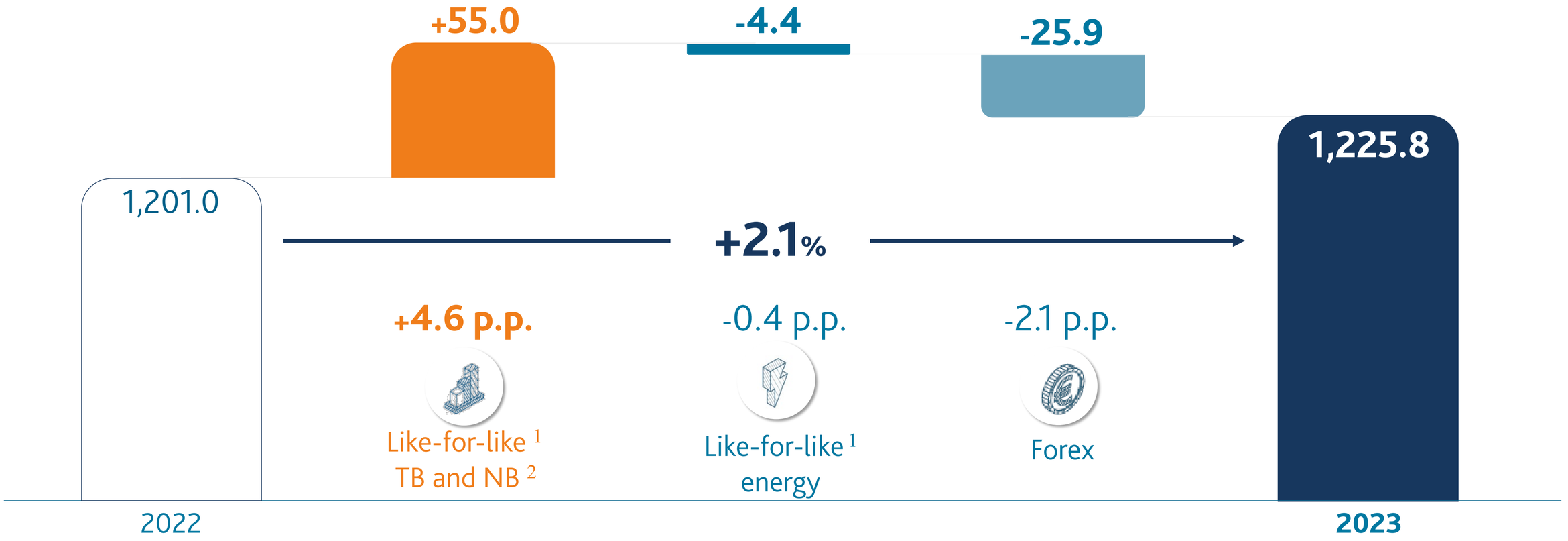


Revenue driven by price mix

Against declining volumes, co-generation remuneration and fx

2023FY revenue

€ million



[1] Like-for: For comparative purposes, like-for-like growth excludes the impact of the different Exchange rates in 2023.

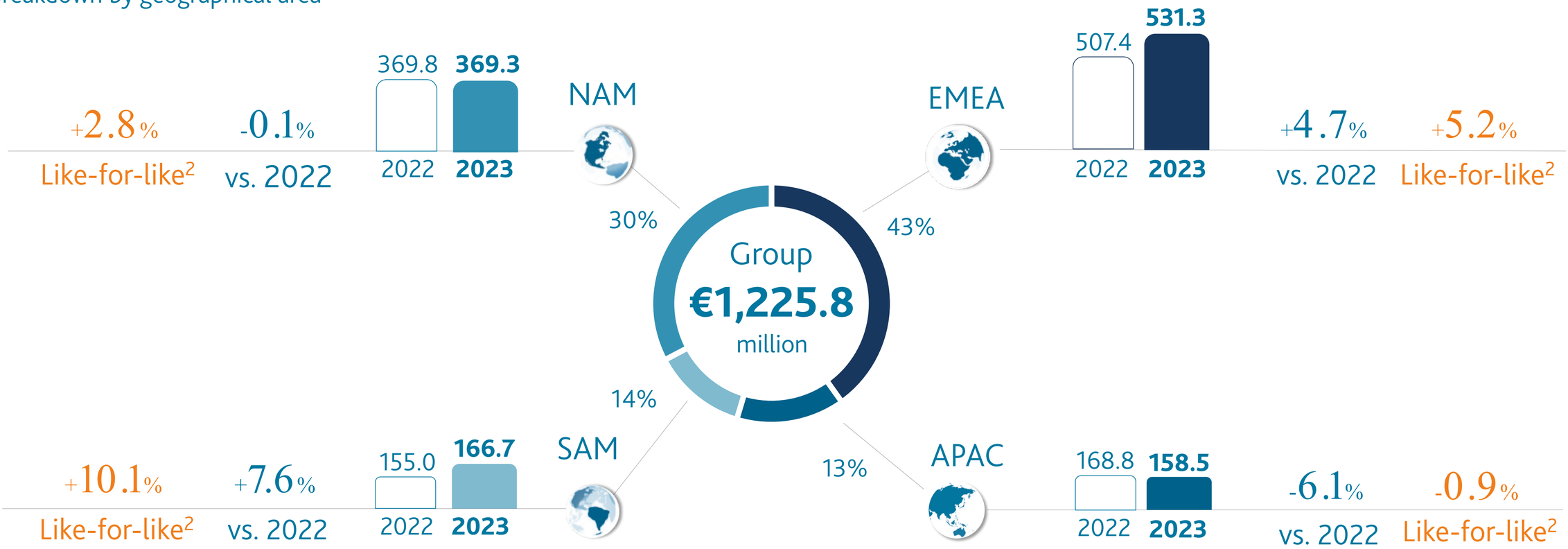
[2] TB: Traditional Business, NB: New Business.

Global adjustment in market volumes

Better relative evolution in EMEA and SAM

2023FY revenue

Breakdown by geographical area[1]



[1] Revenue per origin of sales: EMEA (European companies), North America NAM (Canada, Costa Rica, Mexico, and US), APAC (Australia, China, Japan, New Zealand, and Thailand), and South America SAM (Brazil and Uruguay)..

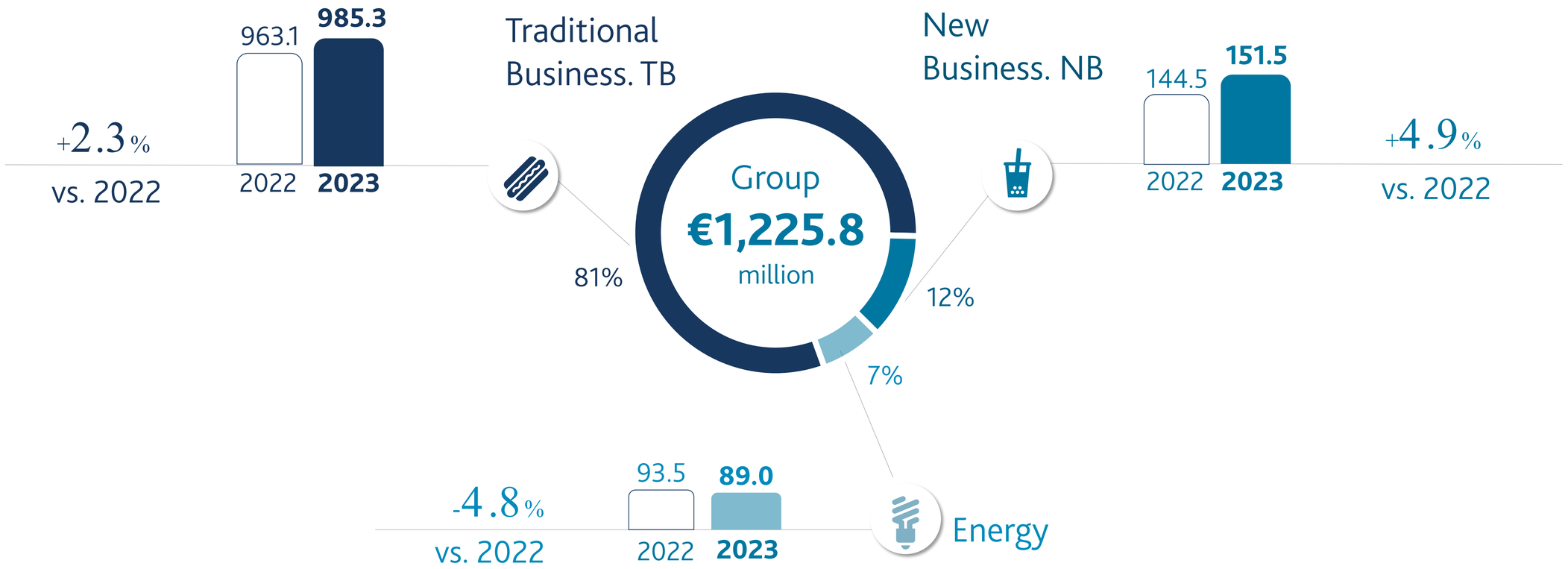
[2] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2023.

Positive contribution from core business

In contrast to the decline in sales of electricity from co-generation

2023FY revenue

Breakdown by business division

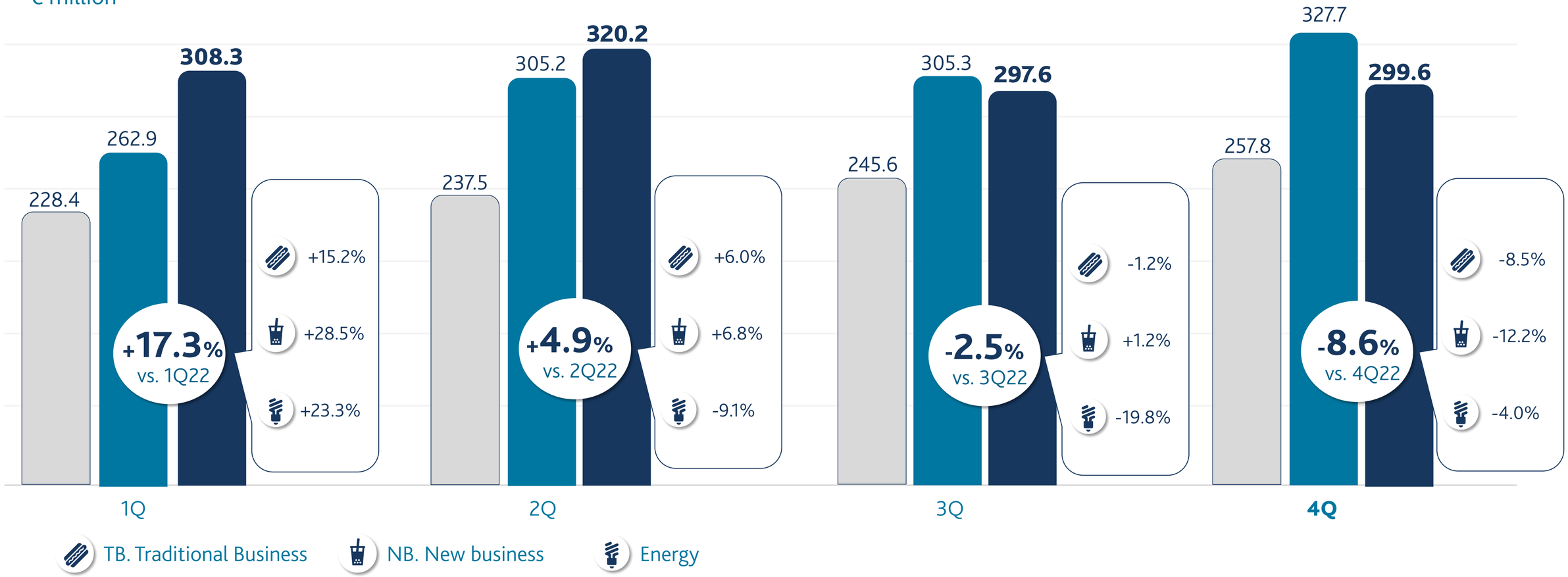


Demanding quarterly comparison

Market conditions are affecting tactical purchasing decisions in the quarter

Group revenue. Quarterly

€ million

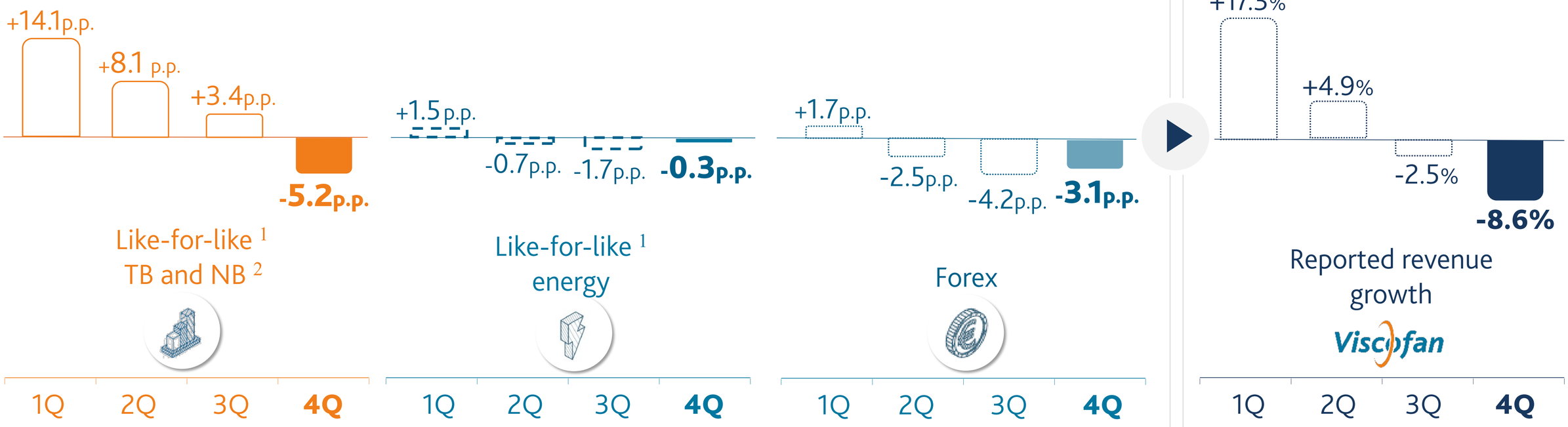


Weak quarterly performance on volume

Declining volumes in emerging markets and NAM along with declines in energy and forex

Quarterly revenue

Growth contribution (p.p.)



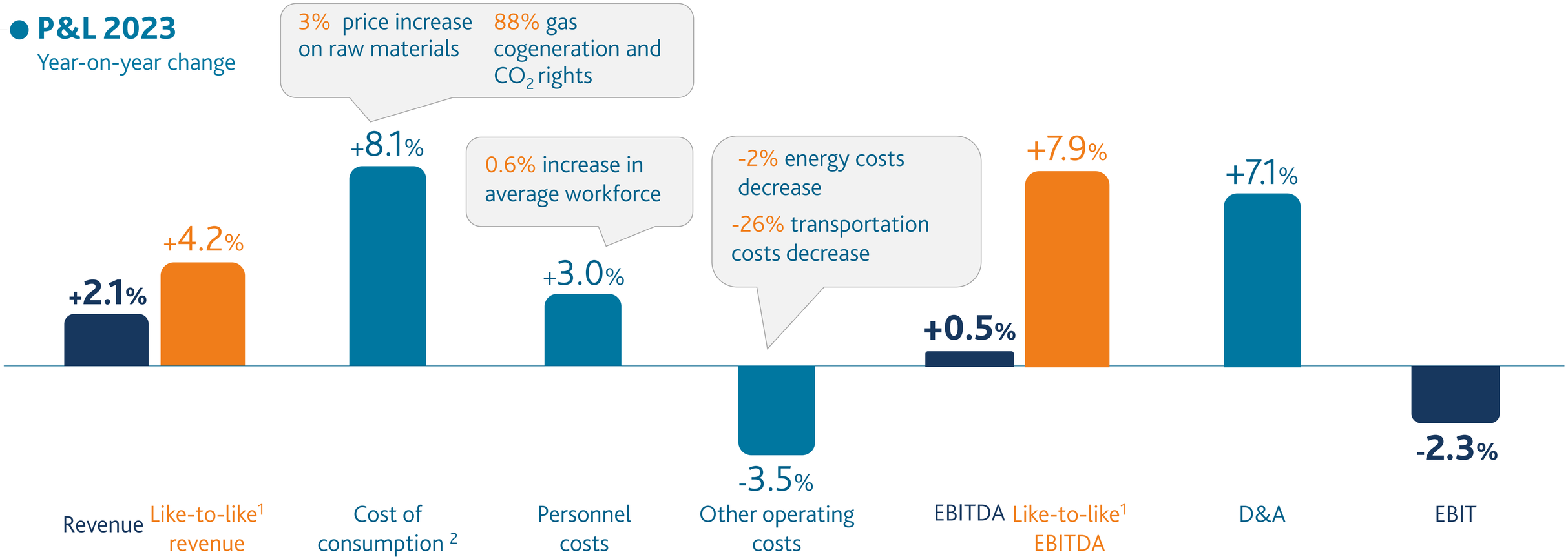
[1] Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates in 2023.

[2] TB: Traditional Business, NB: New Business.

Commercial and operational discipline

Improved pricing, efficiencies and cost savings offsetting energy costs in Spain and forex

P&L 2023
Year-on-year change



[1] Like-for-like: Excludes the variation of the different exchange rates in 2023, and the non-recurring expense in operating profit of €1.9 million in 3Q23 due to electrical outages caused by the supply company that led to production stoppages at the Danville plant (US).

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

Reorientation to margin protection

Organic margin improvement to offset currency and market weakness

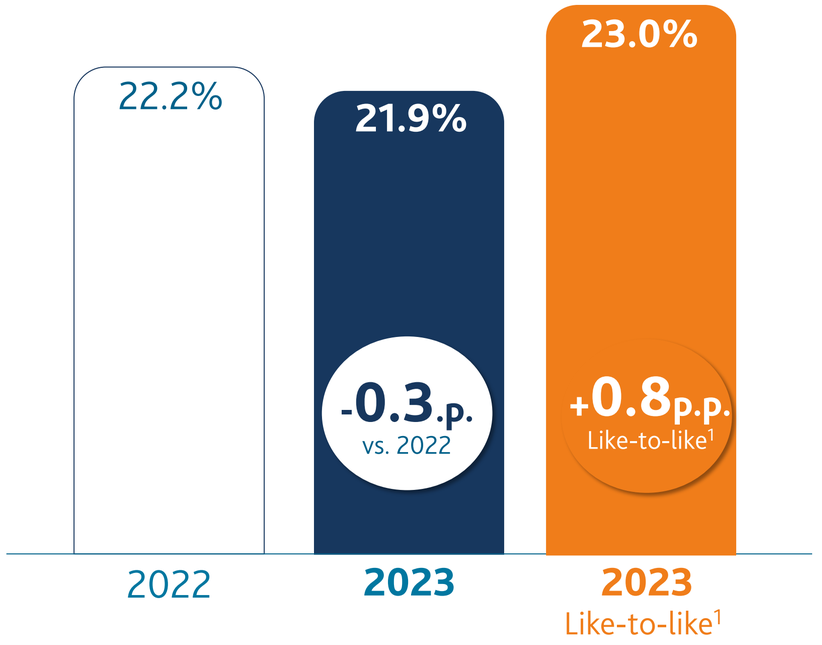
EBITDA 2023

Bridge like-for-like and forex



2023 EBITDA margin

In percentage



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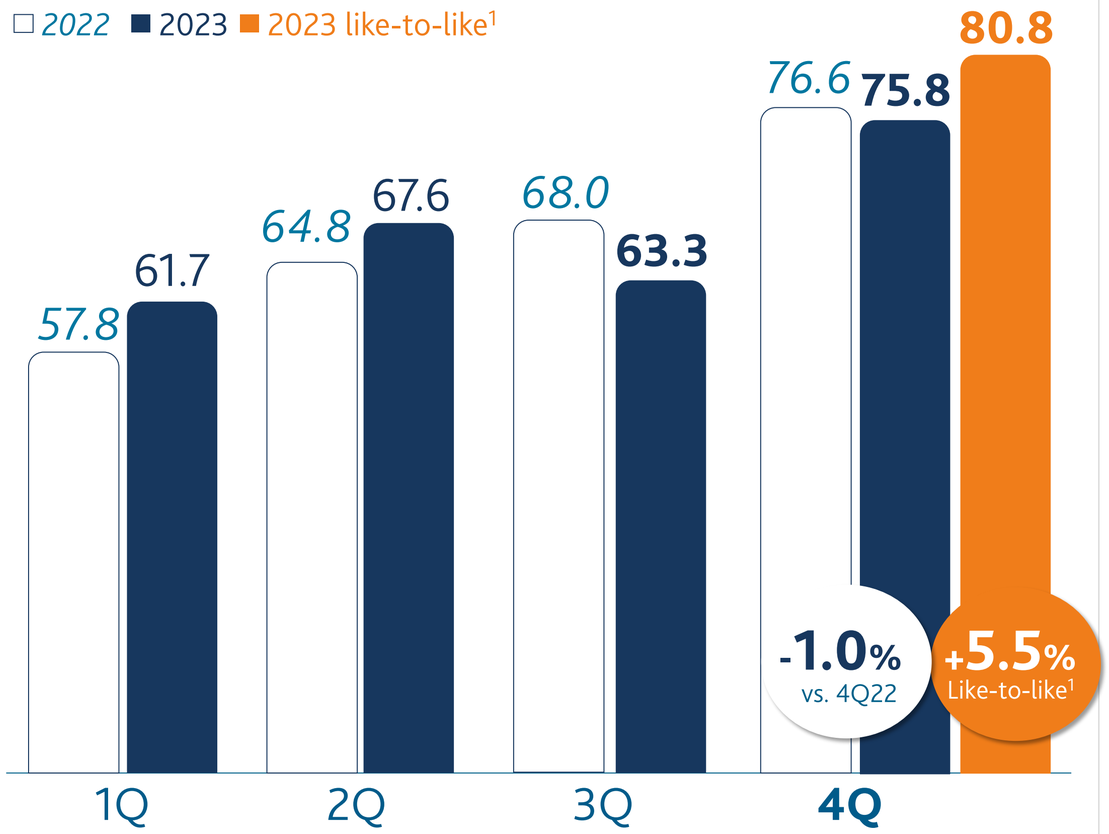
Strong quarterly margin recovery

Helped by reduced input pricing pressure and quarterly cost control plan

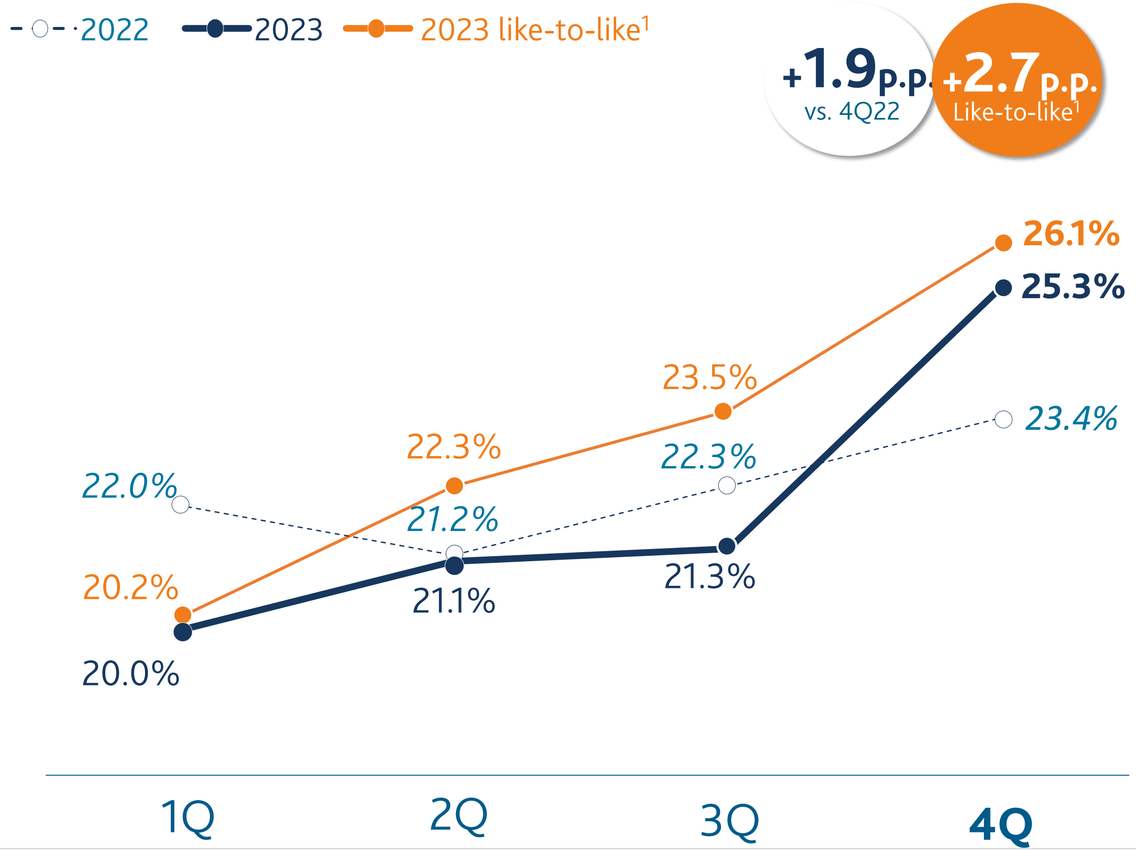
Reported Quarterly EBITDA

€ million



Quarterly EBITDA margin

In percentage



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All-time high in net profit

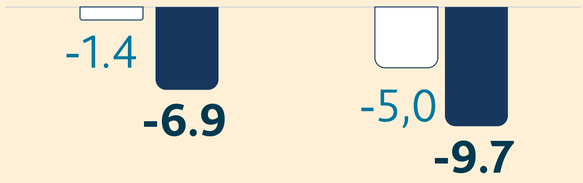
Negative exchange rate differences and lower tax rate

FY EBIT to NET PROFIT

€ million

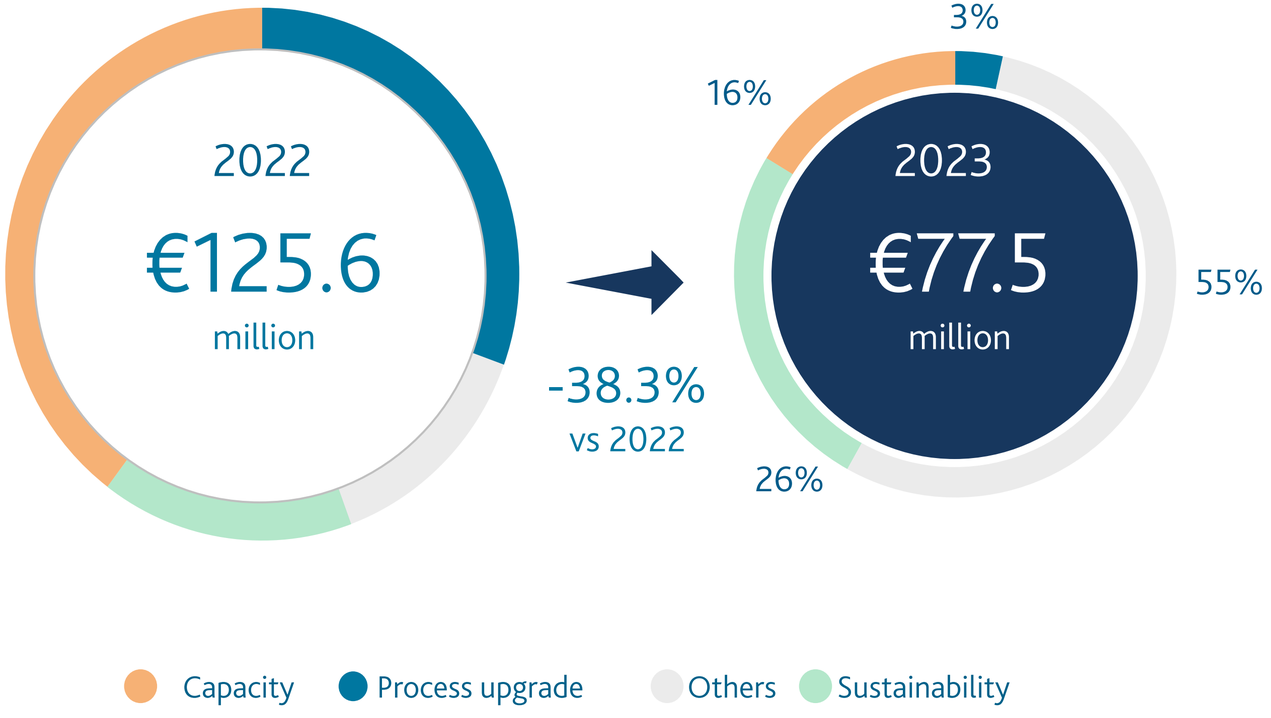
€ million	**2023**	2022	% y-o-y
EBIT	184.7	**189.0**	-2.3%
Financial result	-15.8	**-5.2**	+201.3%
Tax	-27.9	**-44.4**	-37.0%
Net profit	141.0	**139.4**	+1.1%

Main components of financial result



Lower investment requirements

Capex
€ million



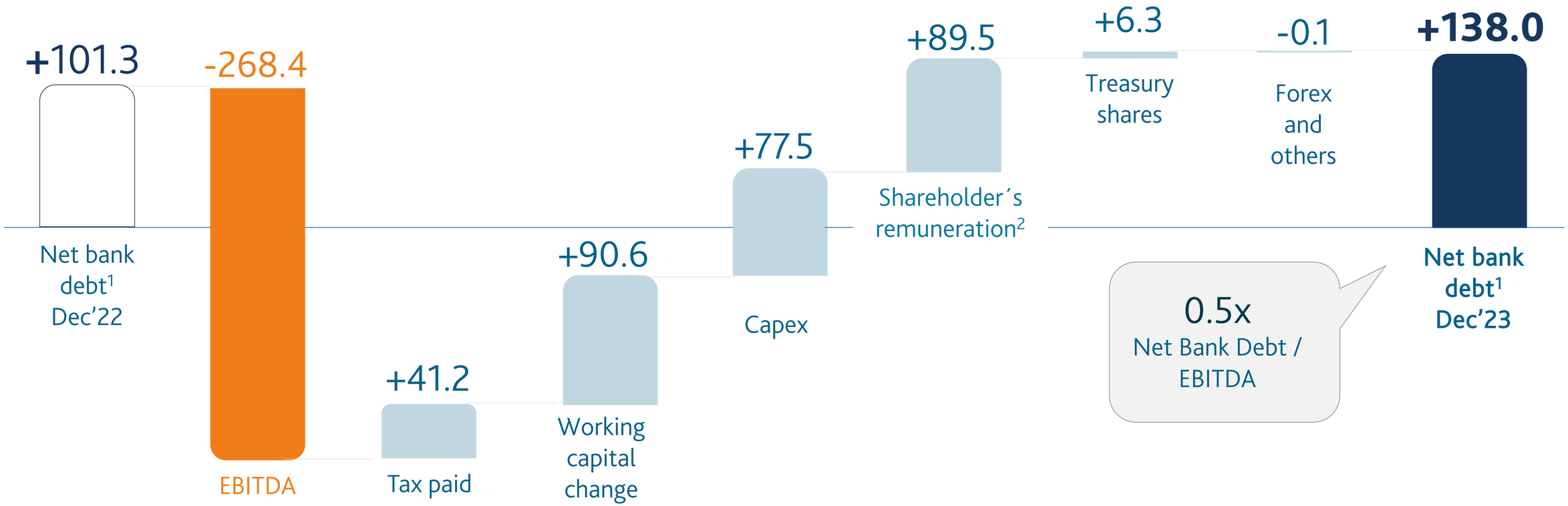
- Progress on construction of a new converting plant in Thailand
- Investments in the converting production stage in the Czech Republic
- Recurring maintenance investments
- Electric boilers in Cáseda

Maintaining a sound balance sheet

Including an increasing shareholder remuneration

Net Bank Debt[1] evolution

€ million



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

[2] Corresponds to the final dividend for fiscal 2022 of €0.54 per share paid in June 2023 and the interim dividend for fiscal 2023 of €1.40 per share paid in December 2023.

Index

2024 outlook and Beyond25 update



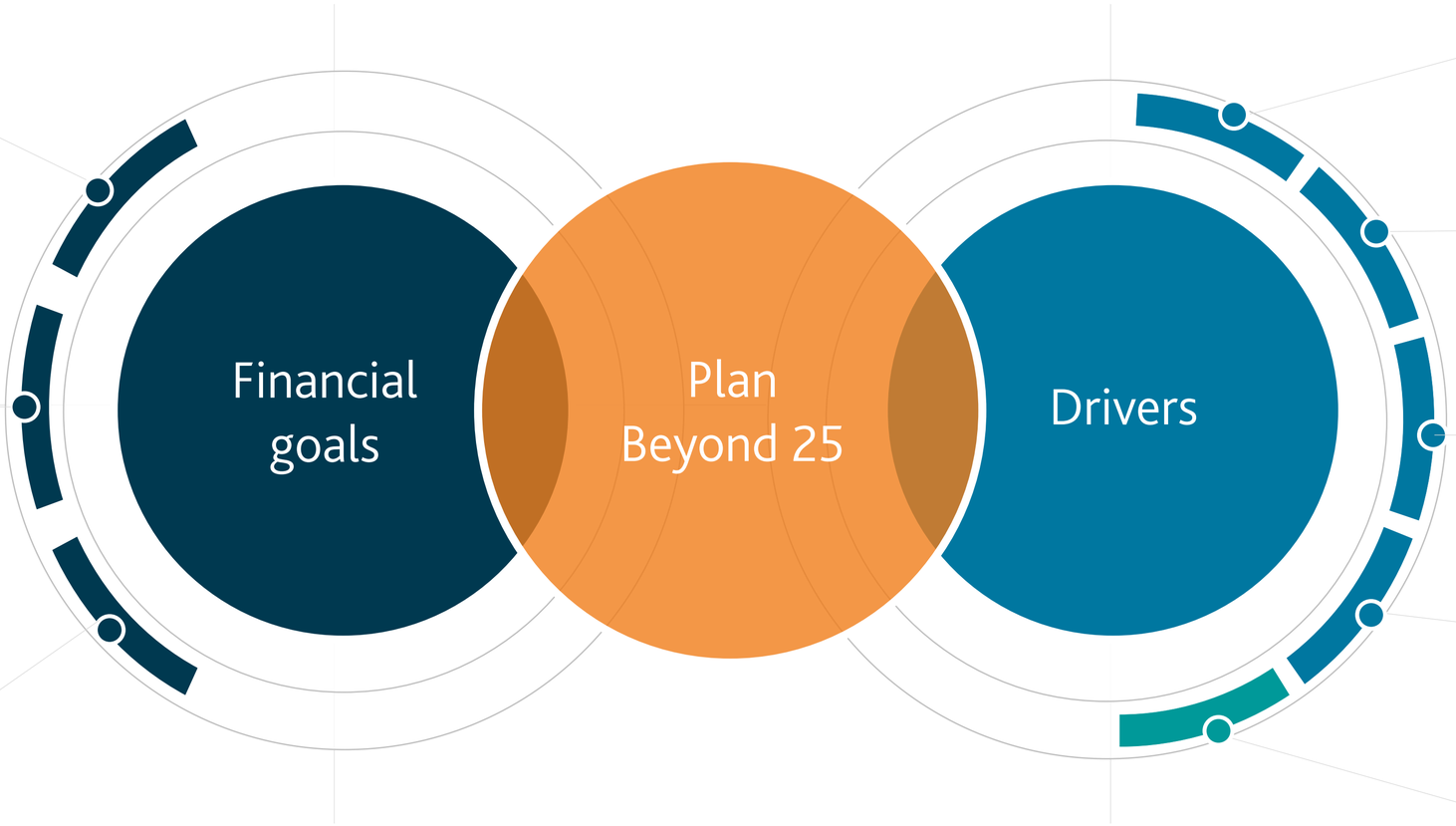
Beyond25 Goals

Vision one year ago

1.30-1.45 Bn €
Revenue

25%
EBITDA margin

425 Mn €
Capex



- Growth in the casing market
- Diversification development
- Technology improvements and capacity
- Focus on profitability and cash generation
- Sustainability as a strategic pillar

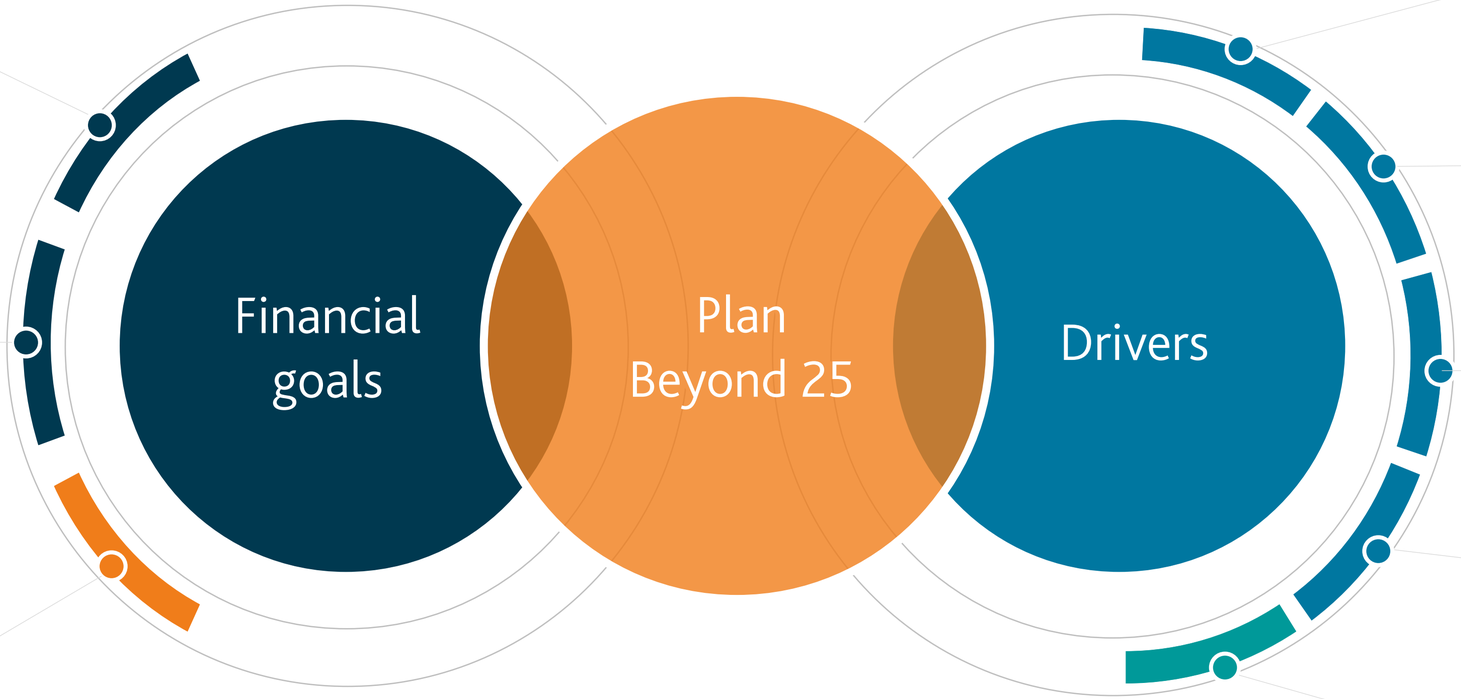
Beyond25 Goals

Current vision

1.30-1.45 Bn €
Revenue

25%
EBITDA margin

350 Mn €
Capex



- Growth in the casing market ✓
- Diversification development =
- Technology improvements and capacity ↑↑
- Focus on profitability and cash generation ↑↑
- Sustainability as a strategic pillar ↑↑

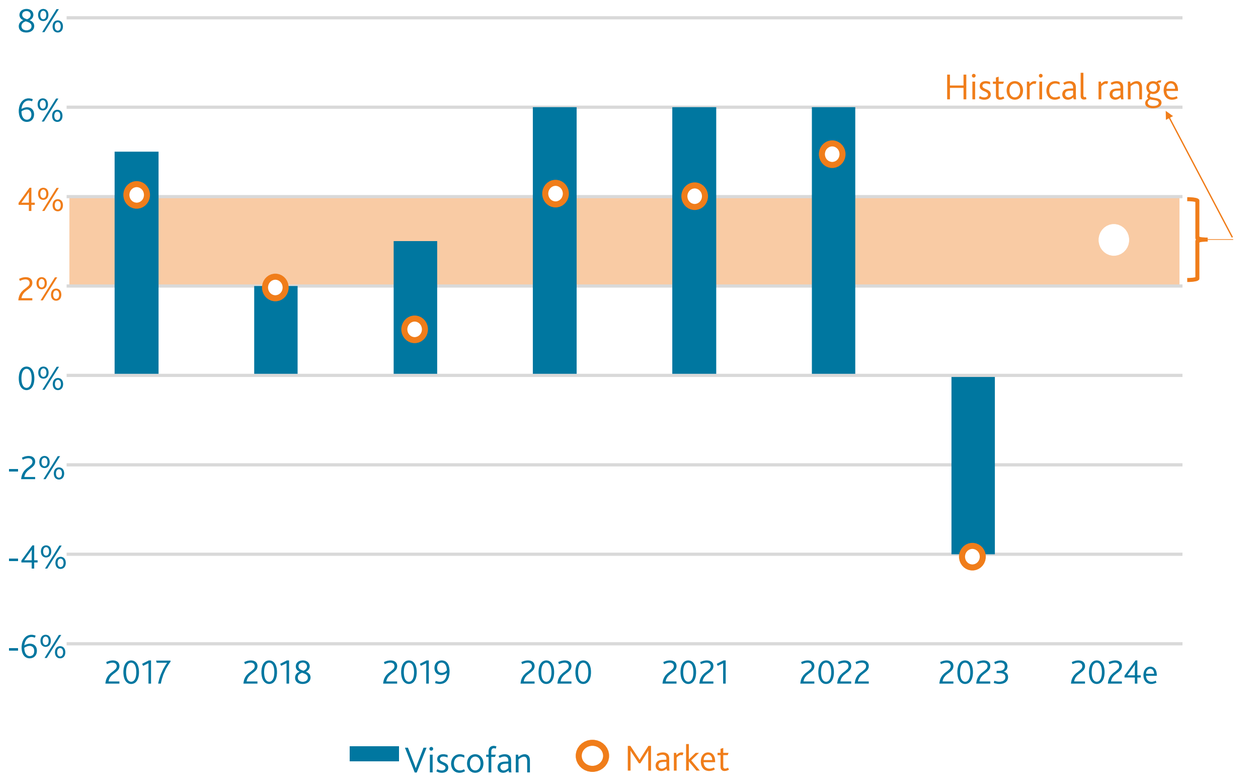
Growth in the casing market

We expect to return to historical average growth in 2024



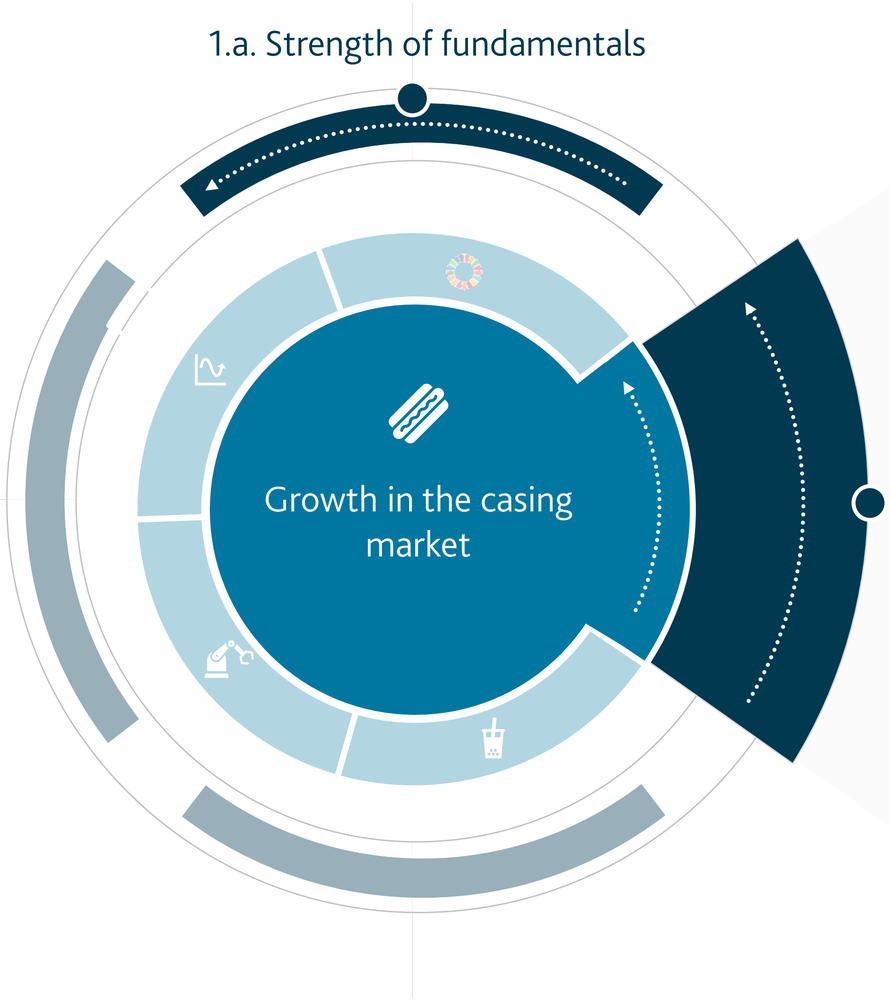
1.a. Strength of growth fundamentals

% y-o-y casing volumes



Growth in the casing market

Opportunity to replace gut casings



1.b. Opportunity of replacement of gut casings

Industrial base and product

Viscofan is ready

China Crispy sausage

UK Breakfast sausage

Brazil Linguica calabresa

Successful replacement cases

Solid replacement drivers

Based on quality and cost savings

Large potential

5%-7% gut market

Animal gut €2.1Bn

€1.0Bn

Collagen casings

Growth in the casing market

Commercial reinforcement in strategic markets

1.b. Opportunity of replacement of animal casings



1.c. Commercial reinforcement in strategic markets

Group Reinforcement of commercial proposal	**Japan** Sales office Local technical assistance team	**Philippines** Commercial office Manager with experience in the market
Thailand The new converting plant will improve service to Southeast Asia	**India** Commercial team reinforcement Boosting developments	**Italy** Opening of a commercial office to increase our share of the market

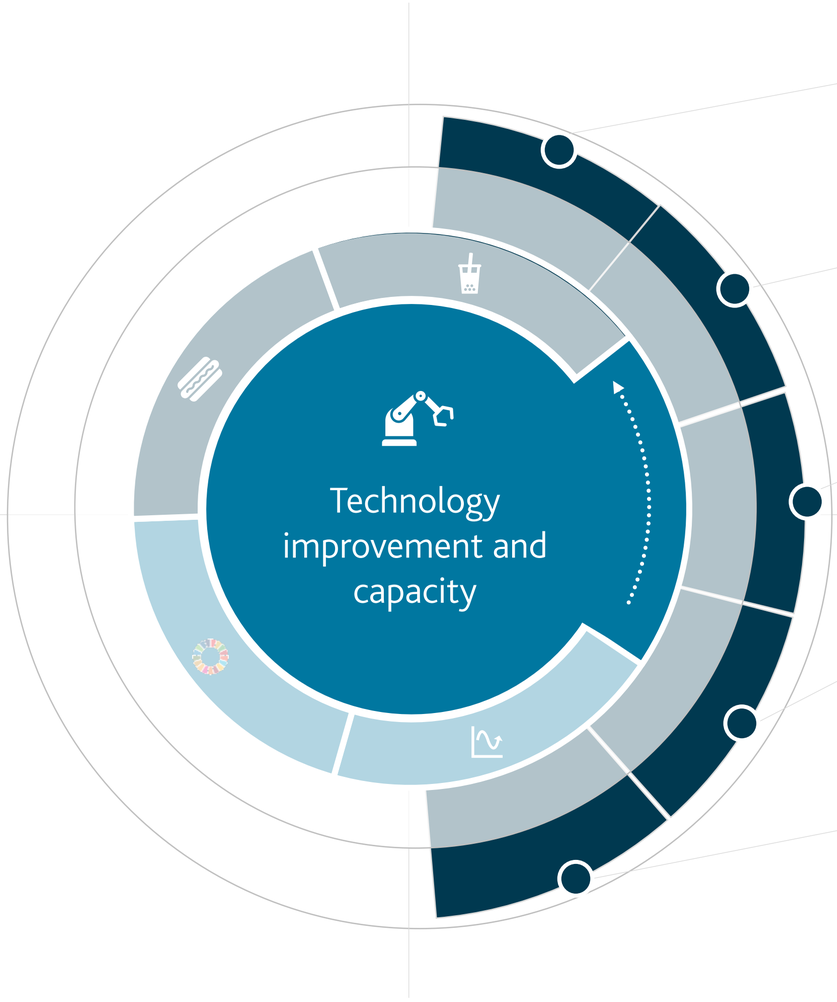
Push in New Business

Progressing in the learning curve



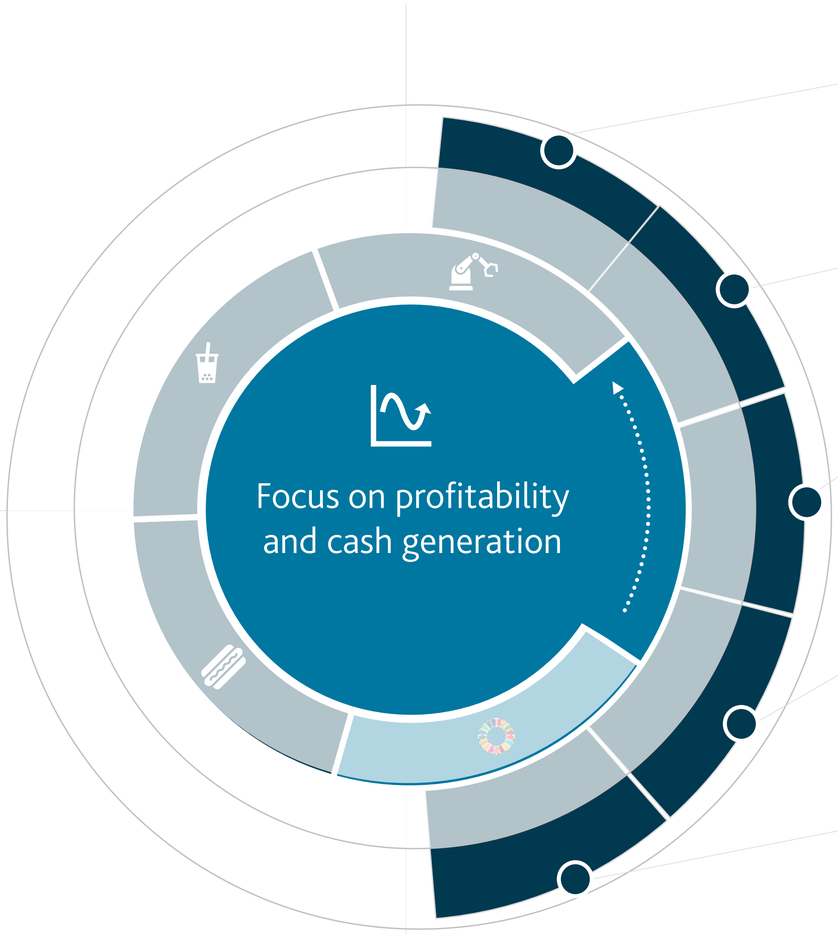
- Industrialization of transfer of spices
- Added value plastics drive
- Reinforcement in bags through new products
- Improved commercial activity in hydrolyzed products
- Exploring inorganic opportunities

Technology improvement and capacity



- Construction of a converting plant in Thailand
- Reinforcement of production of specialties in Mexico (increase output by 50%)
- Technologic change to Dry-tech in Uruguay
- Complete learning curve for the new technology in the US. 2024, 100% of expected savings
- Digitalization, Artificial Intelligence

Focus on profitability and cash generation



- Production optimization and automation: Personnel optimization
- Commercial discipline
- Homologation of raw materials with new suppliers
- Working Capital reduction of 2 p.p. on revenue
- Matching investments to capacity requirements

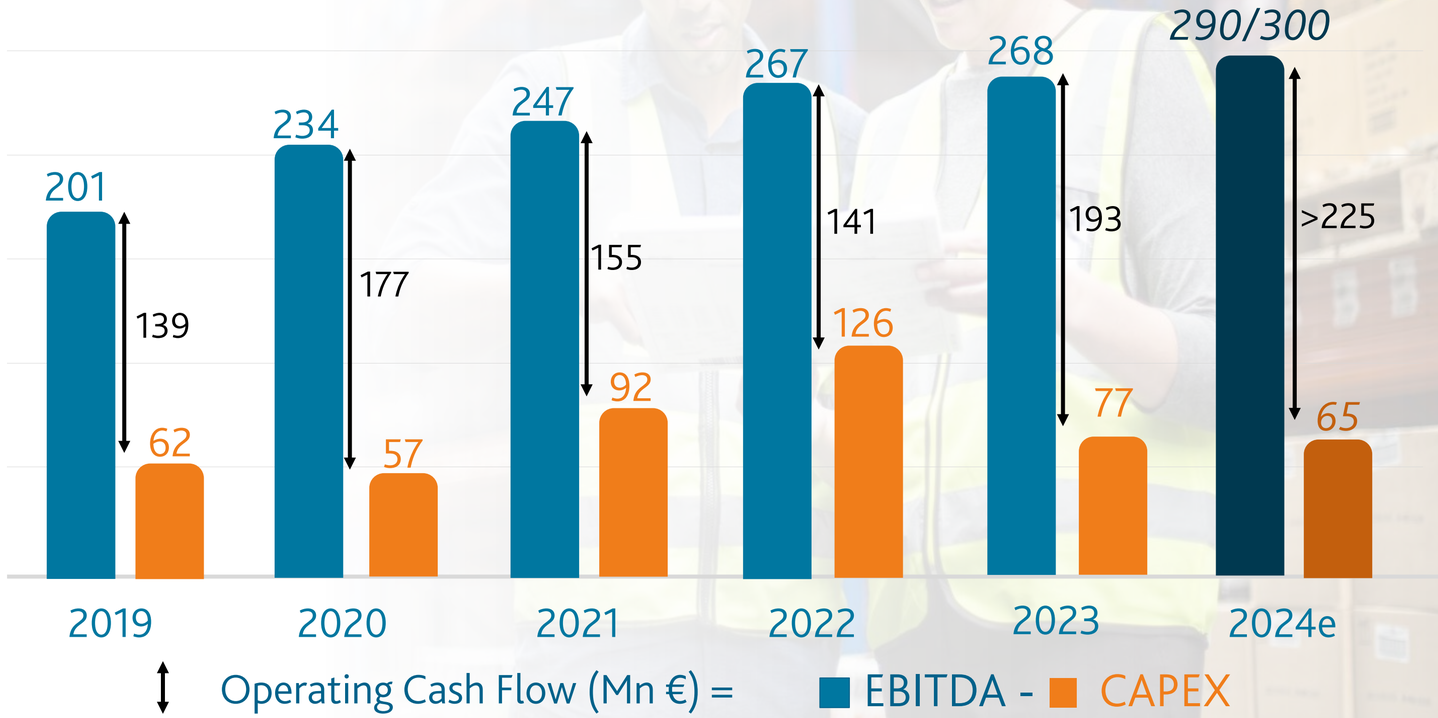
Focus on profitability and cash generation

2024e: Strong expected increase in cash generation



Operating cash flow expansion

€ million



Sustainability as a strategic pillar

Multiple projects and decarbonization drive Cáseda



- Installation of electric boilers for renewable energy supply purposes
- Physical photovoltaic PPA project 2024-2025
- Biomass installation and commissioning
- Green hydrogen and biofuels
- Sulfites and waste valorization: Viscose

Sustainability as a strategic pillar

Exceeding or in line with 2030 goals

Climate change

Reduction of CO2 emissions in tons / million meters extruded

2018	2023	2030	
100	70	70	-30%

Water

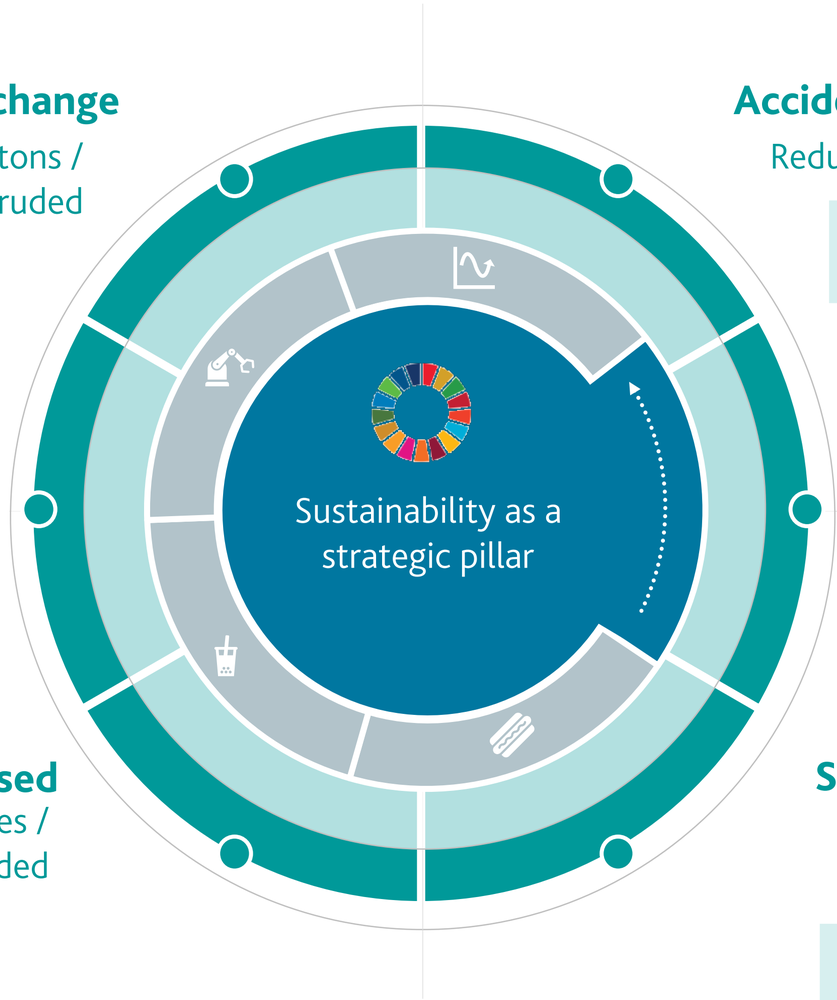
Reduction of water withdrawal in m3 / million extruded meters

2018	2023	2030	
100	86	90	-10%

Waste disposed

Reduction of disposed waste in tonnes / million meters extruded

2018	2023	2030	
100	80	70	-30%



Accidents

Reduction of severity index

2018	2023	2030	
0.52	0.18	0.26	-50%

Diversity

30% Women in management positions

2018	2023	2030	
15.6%	22.4%	30%	x2

Supply chain

100% Main raw material suppliers committed to code of ethics

2018	2023	2030	
0%	45%	100%	100%

Guidance 2024

US$/€: 1.07

€ million	Figure	% y-o-y
Revenue	1,260-1,290	+3% / +5%
EBITDA	290-300	+8% / +12%
Net profit	156-164	+10% / +15%
Capex	≈65	

To wrap-up

1. All-time high results even in a context of declining volumes and market adjustment

2. Operational strength and cash flow generation that allows for the distribution of an extraordinary dividend under the flexible compensation plan

3. Expected growth in key financial indicators in 2024 driven by market normalization and focus on profitability

4. The objectives set out in the Beyond25 strategic plan are maintained, while the investment requirements to achieve them are reduced.

Appendix. 4Q23 P&L

€ million	4Q23	4Q22	% y-o-y	Like-for-like[1] % y-o-y
Revenue	**299.6**	327.7	**-8.6%**	**-5.5%**
EBITDA	**75.8**	76.6	**-1.0%**	**+5.5%**
EBITDA margin	**25.3%**	23.4%	**+1.9p.p.**	**+2.7p.p.**
Operating margin	**54.2**	56.2	**-3.6%**	
Profit before taxes	**46.4**	45.5	**+1.9%**	
Taxes	**-6.2**	-11.1	**-44.4%**	
Net profit	**40.2**	34.3	**+17.0%**	

[1] Like-for-like: Excludes the variation of the different exchange rates in 2023, and the non-recurring expense in operating profit of €1.9 million in 3Q23 due to electrical outages caused by the supply company that led to production stoppages at the Danville plant (US).

Appendix. 2023FY P&L

€ million	2023	2022	% y-o-y	Like-for-like[1] % y-o-y
Revenue	**1,225.8**	1,201.0	**+2.1%**	**+4.2%**
EBITDA	**268.4**	267.2	**+0.5%**	**-7.9%**
EBITDA margin	**21.9%**	22.2%	**-0.3p.p.**	**+0.8p.p.**
Operating margin	**184.7**	189.0	**-2.3%**	
Profit before taxes	**168.9**	183.8	**-8.1%**	
Taxes	**-27.9**	-44.4	**-37.0%**	
Net profit	**141.0**	139.4	**+1.1%**	

[1] Like-for-like: Excludes the variation of the different exchange rates in 2023, and the non-recurring expense in operating profit of €1.9 million in 3Q23 due to electrical outages caused by the supply company that led to production stoppages at the Danville plant (US).

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 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.