Viscofan Group

2002 Results

February, 2003

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Viscofan Group 2002 Results: Highlights

- **Group sales increased 4,1% in despite of US$ weakness against Euro (-5,4% vs.2001) and price pressures.**
- **Improvement of EBITDA margin, going from 17,6% in 2001 to 19,2% in 2002.**
- **Lower net financial expenses and forex, improving by 34% financial result.**
- **Net Profit is 30,1 MM EUR, increasing 121% versus 2001. Improvement was progressive, being every quarter better than the same of the previous year.**
- **Net Debt was reduced in more than 53 MM EUR and net working capital was reduced in more than 33 MM EUR.**

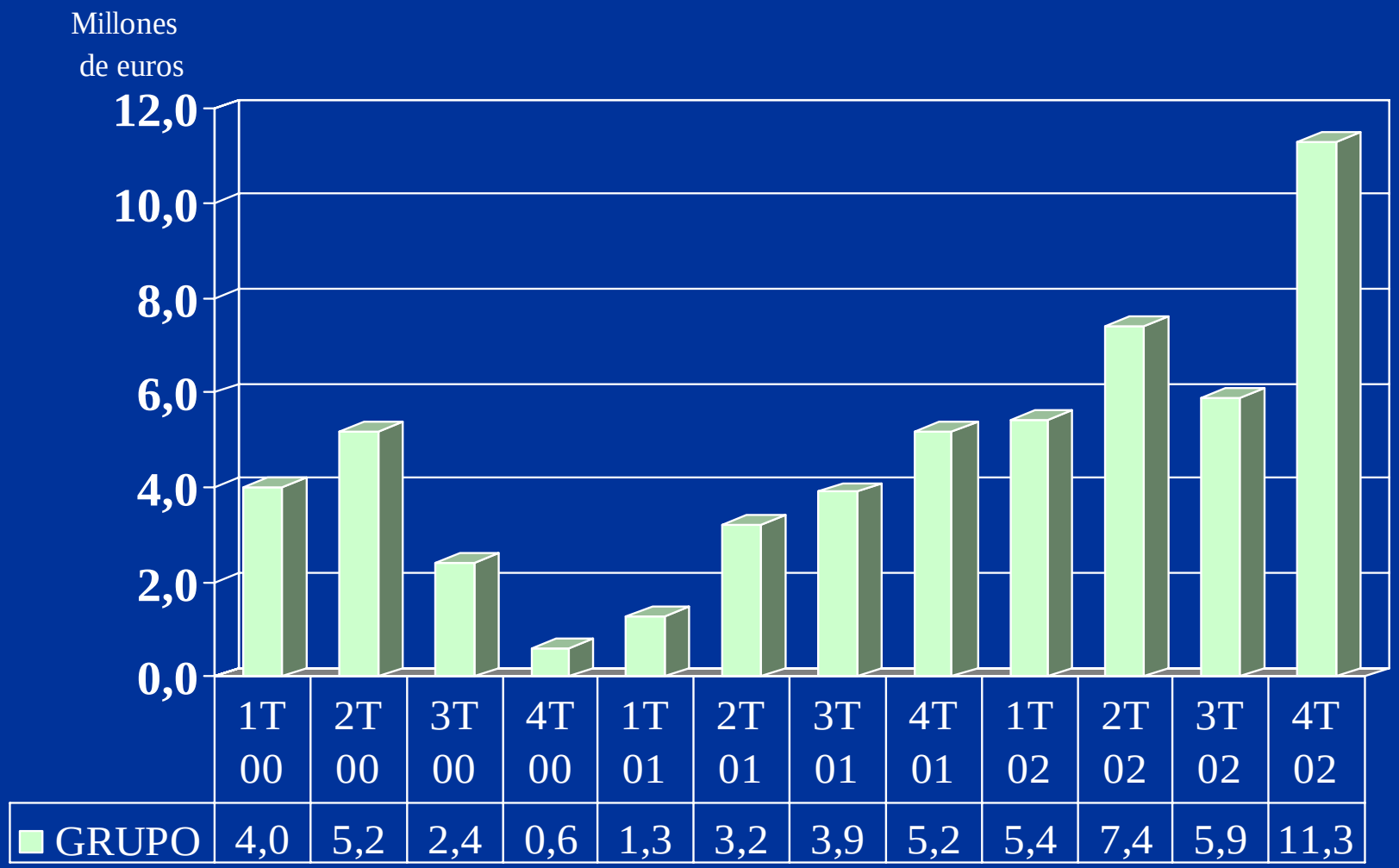
2002 Full Year Results

	GROUP	% VAR 02/01	CASINGS	% VAR 02/01	VEGETABLES	% VAR 02/01
Sales	**410,77**	**4,1%**	**313,94**	**4,6%**	**96,82**	**2,4%**
EBITDA	78,94	13,9%	70,46	16,4%	8,48	-3,6%
EBIT	**42,44**	**30,5%**	**37,48**	**33,3%**	**4,96**	**13,1%**
Neg.Financ.Res.	-10,53	-33,8%	-7,47	-40,4%	-3,06	-9,1%
Ordinary Profit	**31,91**	**92,2%**	**30,01**	**92,5%**	**1,89**	**87,2%**
Extraordinaries	1,16	235,2%	2,91	271,1%	-1,74	-307,9%
PBT	**33,07**	**110,1%**	**32,92**	**137,0%**	**0,15**	**-92,0%**
Taxes	2,97	37,8%	2,29	39,7%	0,68	32,0%
Attrib.Net Profit	**30,10**	**121,5%**	**30,63**	**150,0%**	**-0,53**	**-139,7%**

2002 Fourth Quarter Results: A very good quarter, well above the average "cruise speed" of the Group.

Mill. Euros	GROUP	%VAR 4T02/4T01	CASINGS	%VAR 4T02/4T01	VEGETABLES	%VAR 4T02/4T01
Sales	**103,00**	**0,5%**	**77,36**	**-1,4%**	**25,64**	**6,8%**
EBITDA	21,05	0,6%	17,64	1,2%	3,41	-2,1%
EBIT	**13,50**	**35,9%**	**11,59**	**31,5%**	**1,91**	**69,9%**
Neg.Financ.Res.	-1,99	1,4%	-1,14	15,4%	-0,85	-12,9%
Ordinary Profit	**11,51**	**44,4%**	**10,45**	**33,6%**	**1,06**	**598,4%**
Extraordinaries	-0,05	97,2%	1,97	181,5%	-2,02	-462,6%
PBT	**11,46**	**87,5%**	**12,42**	**130,0%**	**-0,96**	**-235,2%**
Taxes	0,15	-83,9%	-0,18	-124,5%	0,33	95,2%
Attrib.Net Profit	**11,31**	**117,5%**	**12,60**	**170,5%**	**-1,29**	**-337,9%**

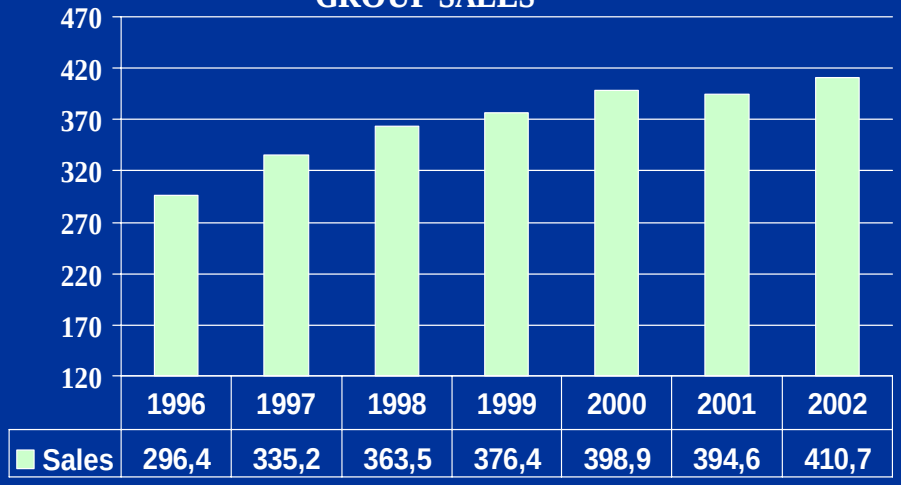
Consolidated Net Profit: Quarterly Evolution



	1T 00	2T 00	3T 00	4T 00	1T 01	2T 01	3T 01	4T 01	1T 02	2T 02	3T 02	4T 02
GRUPO	4,0	5,2	2,4	0,6	1,3	3,2	3,9	5,2	5,4	7,4	5,9	11,3

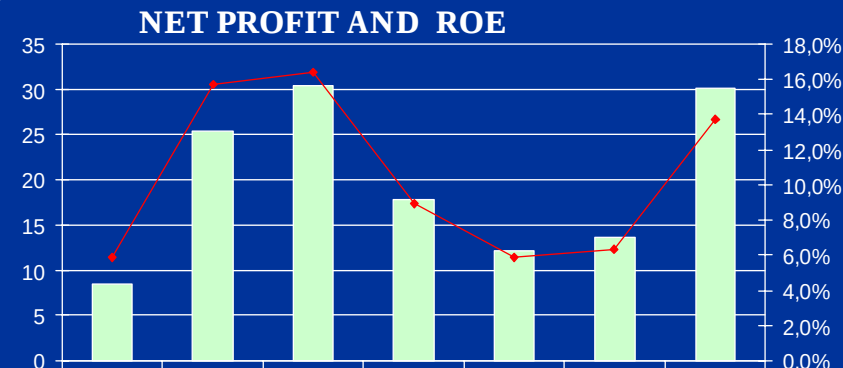
2002 Results: Growth and Profitability

Mn. Eur



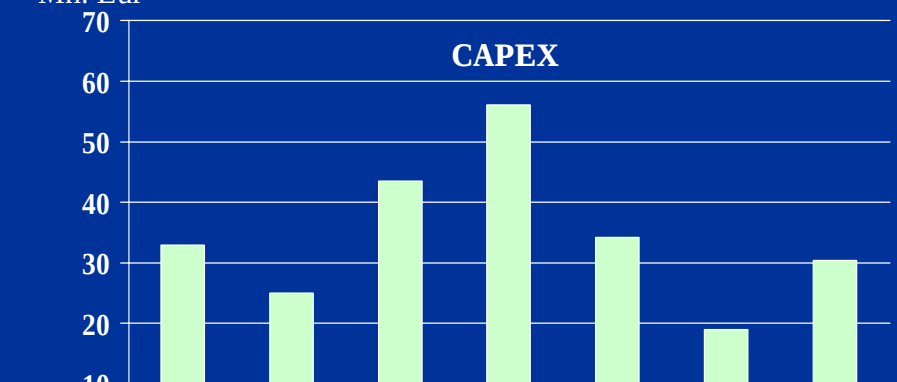
	1996	1997	1998	1999	2000	2001	2002
Sales	296,4	335,2	363,5	376,4	398,9	394,6	410,7

Mn. Eur



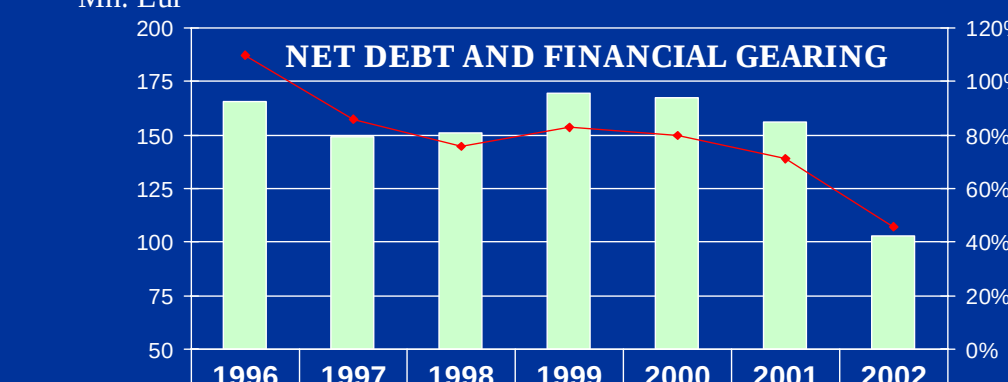
	1996	1997	1998	1999	2000	2001	2002
Net Profit	8,4	25,3	30,4	17,8	12,2	13,6	30,1
ROE	5,9%	15,7%	16,4%	8,9%	5,9%	6,3%	13,7%

Mn. Eur



	1996	1997	1998	1999	2000	2001	2002
Capex	32,9	24,9	43,5	56,1	34,1	19,0	30,5

Mn. Eur

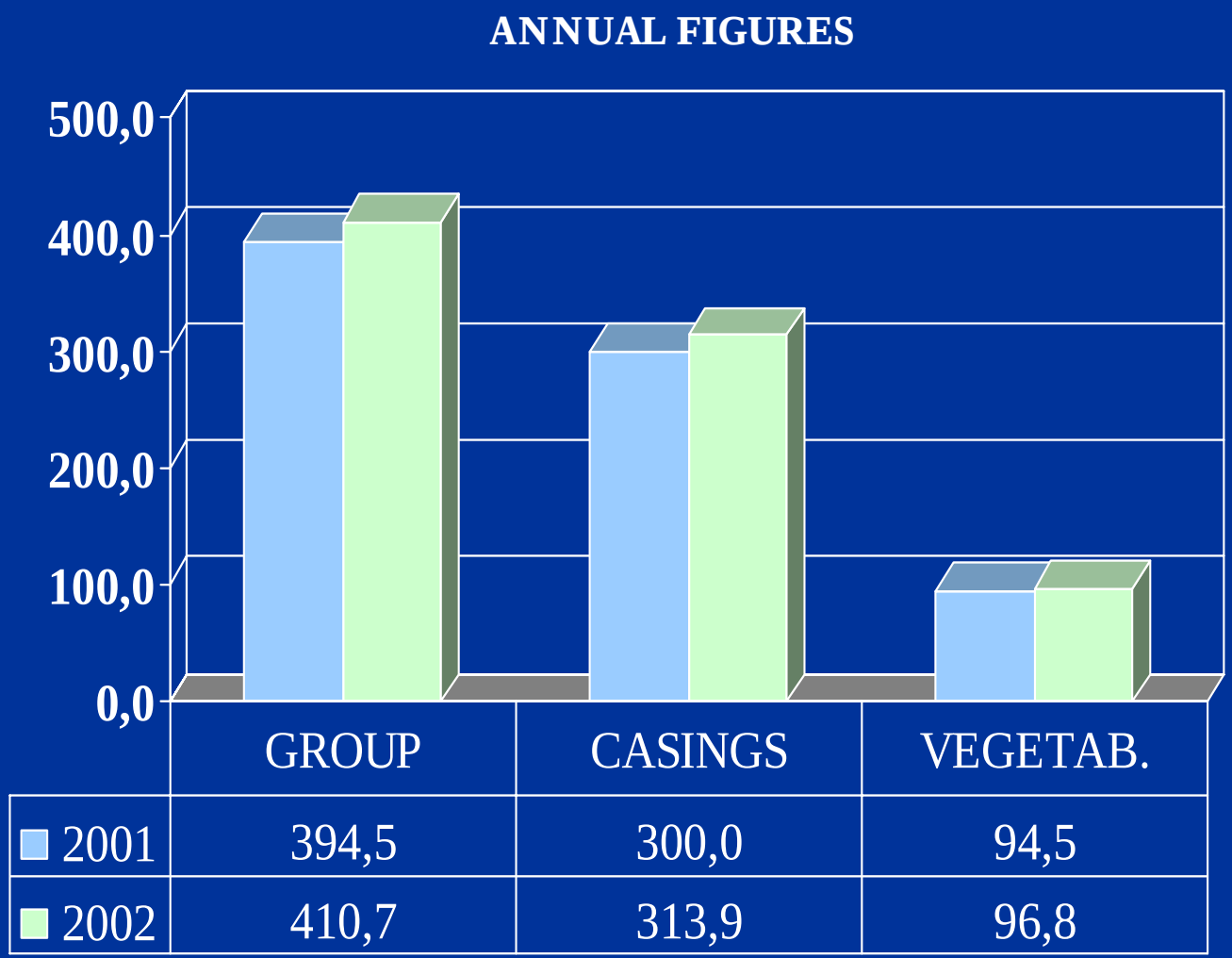


	1996	1997	1998	1999	2000	2001	2002
Net Debt	165,5	149,4	150,9	169,8	167,9	156,3	102,6
ND/EQT.	110%	86%	76%	83%	80%	71%	46%

Results Analysis

ANNUAL SALES: Increase of 4,1%, with casings growing by 4,6% and vegetables by 2,4%.

MM EUR



QUARTERLY SALES: Increased by 0,5% vs. 4Q01, in despite of the currency performance (US$/EUR -11,6% vs 4T01) .

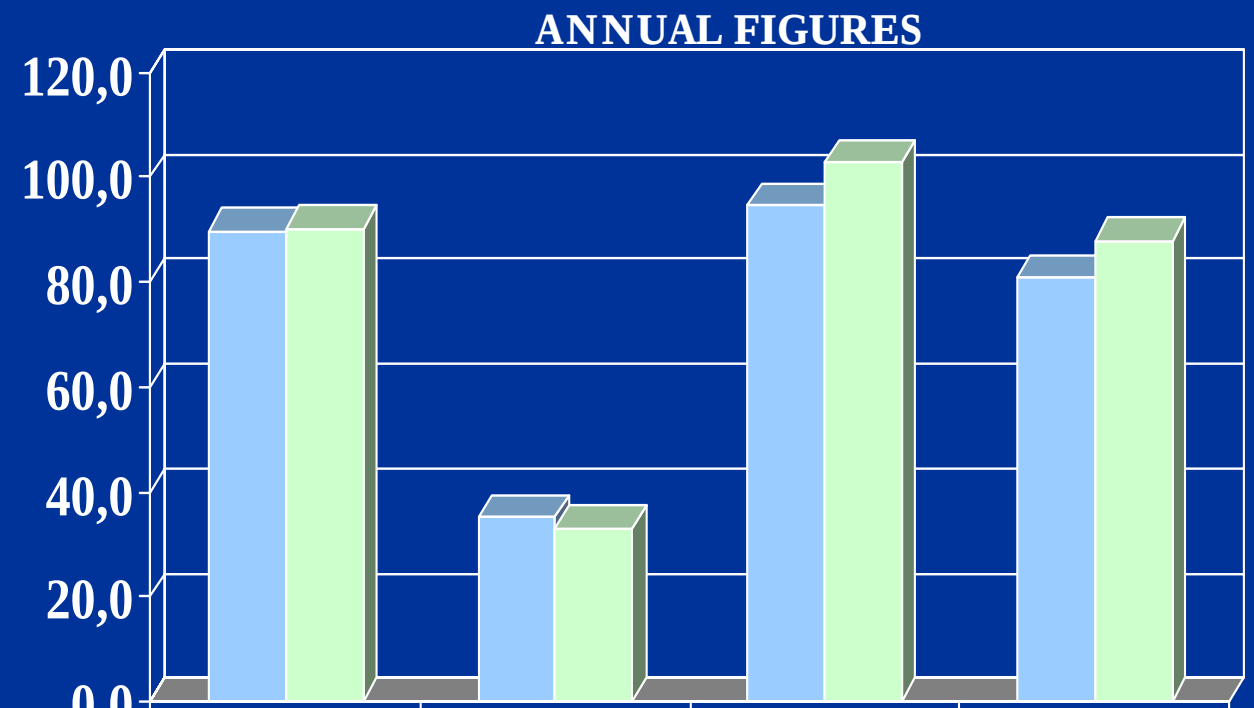
MM EUR



	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
GROUP	93,5	104,7	98,7	102,1	90,2	102,2	99,7	102,4	99,0	109,4	99,4	103,0
CASINGS	73,3	80,2	74,8	76,2	68,4	77,6	75,7	78,4	77,4	83,4	75,8	77,4
VEGETABLES	20,1	24,4	23,9	25,9	21,8	24,6	24,1	24,0	21,5	26,0	23,6	25,6

ANNUAL SALES BY AREA(*): General improvement, specially in Europe, with a 8% growth. Brazil suffers from the Real weakness.

MM EUR

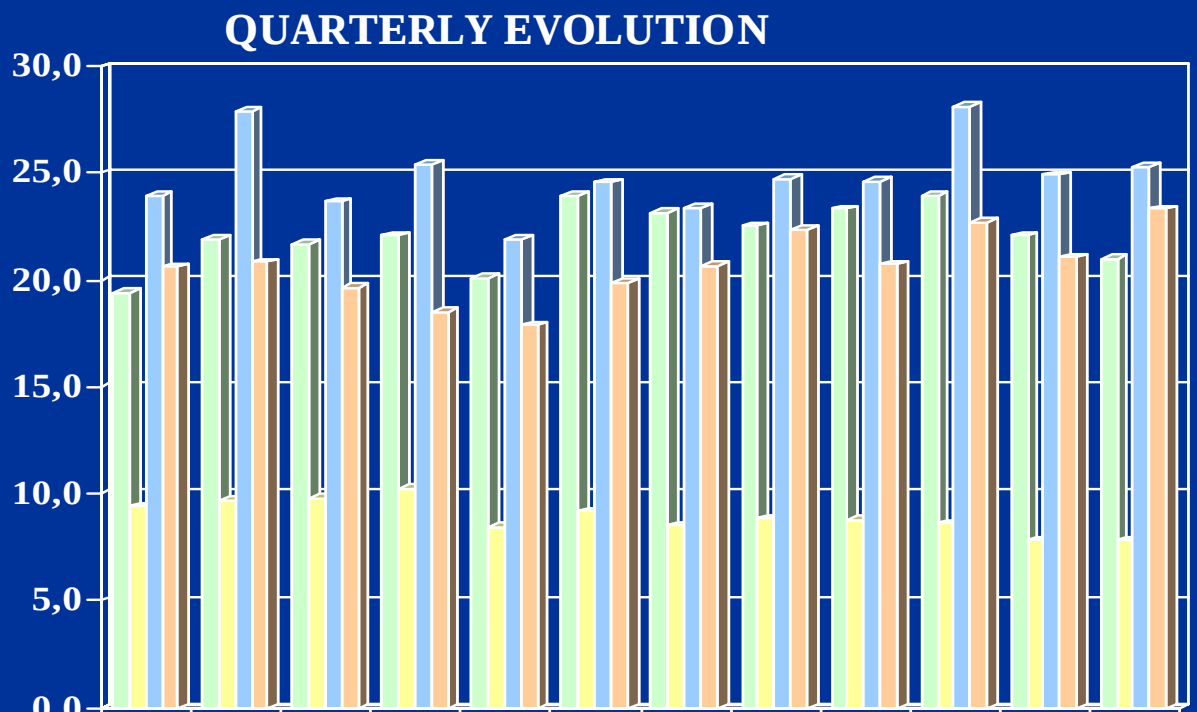


	Northamerica	Southamerica	Central Europe	Western Europe
2001	89,7	35,0	94,6	80,8
2002	90,2	33,0	102,8	87,9

(*) Casing´s figures

QUARTERLY SALES BY AREA(*: General growth in local currency during 4Q 02. The conversion into EUR shows the currency adverse environment.

MM EUR



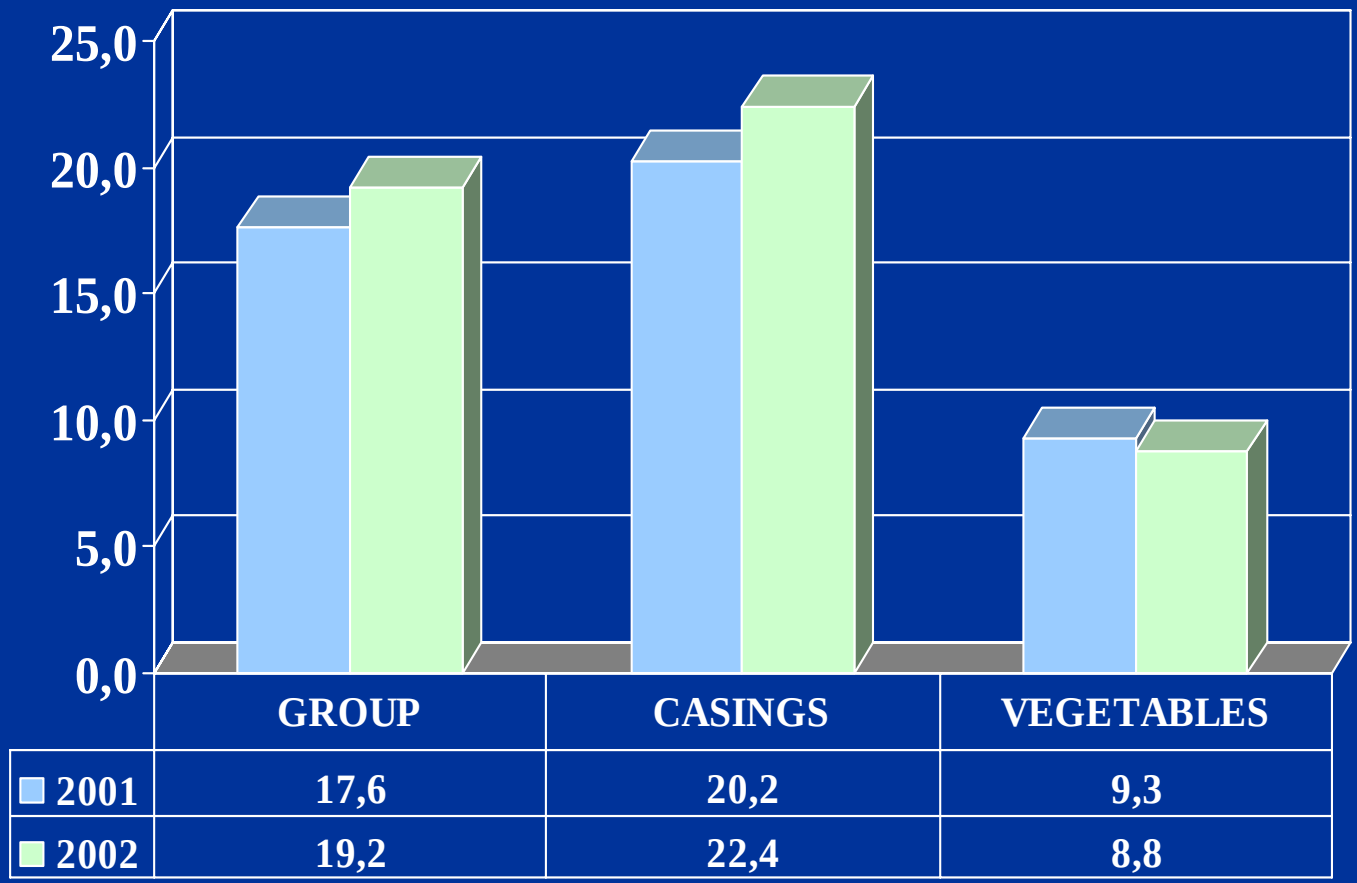
	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
Northamerica	19,4	21,9	21,7	22,1	20,1	23,9	23,1	22,5	23,3	23,9	22,0	21,0
Southamerica	9,4	9,7	9,8	10,2	8,5	9,2	8,5	8,9	8,8	8,6	7,9	7,8
Central Europe	23,9	27,9	23,7	25,4	21,9	24,6	23,4	24,7	24,6	28,1	24,9	25,3
Western Europe	20,6	20,8	19,7	18,5	17,9	19,9	20,7	22,3	20,7	22,7	21,0	23,3

(*) Casing´s figures

<u>% ANNUAL EBITDA MARGIN:</u> Increased by 1,6%, due to the margin improvement in casings.

% of sales

ANNUAL FIGURES

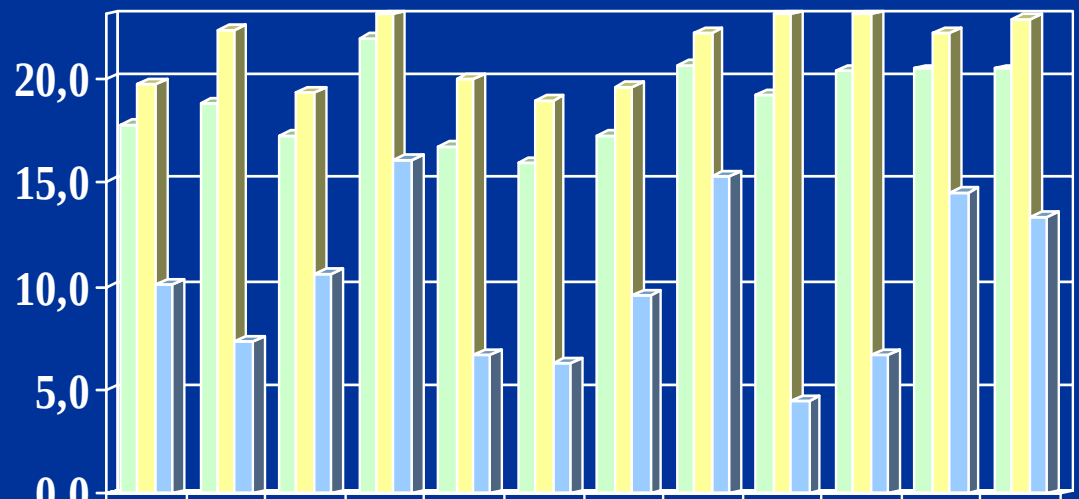


	GROUP	CASINGS	VEGETABLES
2001	17,6	20,2	9,3
2002	19,2	22,4	8,8

% QUARTERLY EBITDA MARGIN: Casings margin is 0,6 points higher than 3Q 02 and 4Q 01.

% of sales

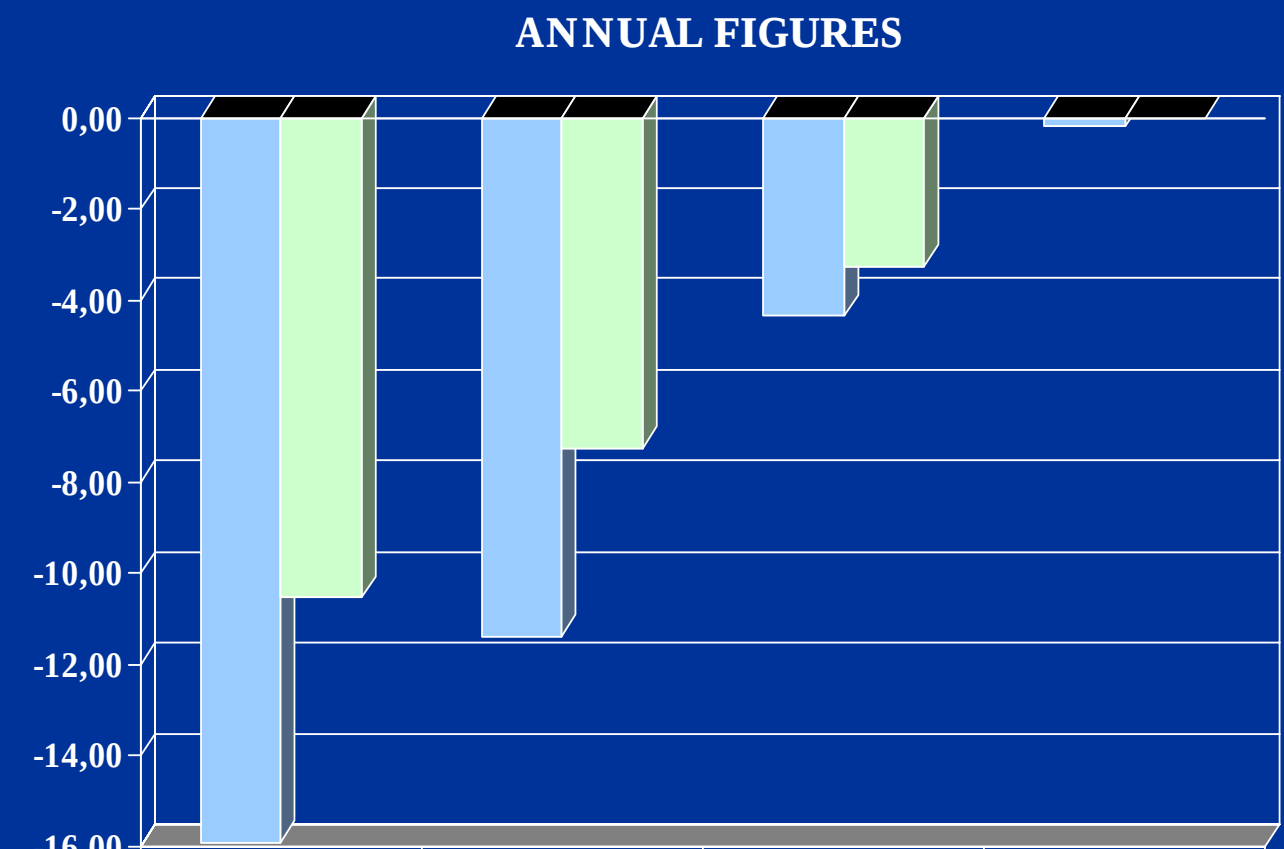
QUARTERLY EVOLUTION



	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
GROUP	17,7	18,8	17,2	21,9	16,7	15,9	17,2	20,6	19,2	20,3	20,4	20,4
CASINGS	19,7	22,3	19,3	23,8	19,9	18,9	19,6	22,2	23,3	24,6	22,2	22,8
VEGETABLES	10,1	7,4	10,6	16,1	6,7	6,3	9,5	15,3	4,5	6,7	14,5	13,3

ANNUAL FINANCIAL RESULT: Improvement by 34%, specially due to the reduction in net financial expenses (-37%)

MM EUR

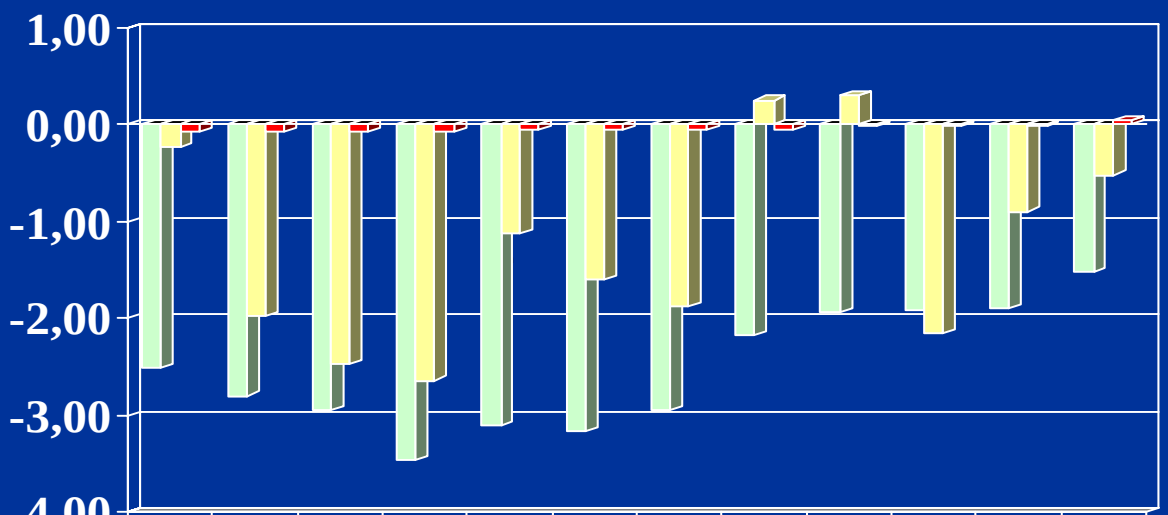


	Financ.Result	Net Fin.Expen.	Forex	GW Amort.
2001	-15,92	-11,38	-4,35	-0,19
2002	-10,53	-7,26	-3,26	-0,01

QUARTERLY FINANCIAL RESULT: Net financial expenses are 30% lower than 4Q01.

MM EUR

QUARTERLY EVOLUTION

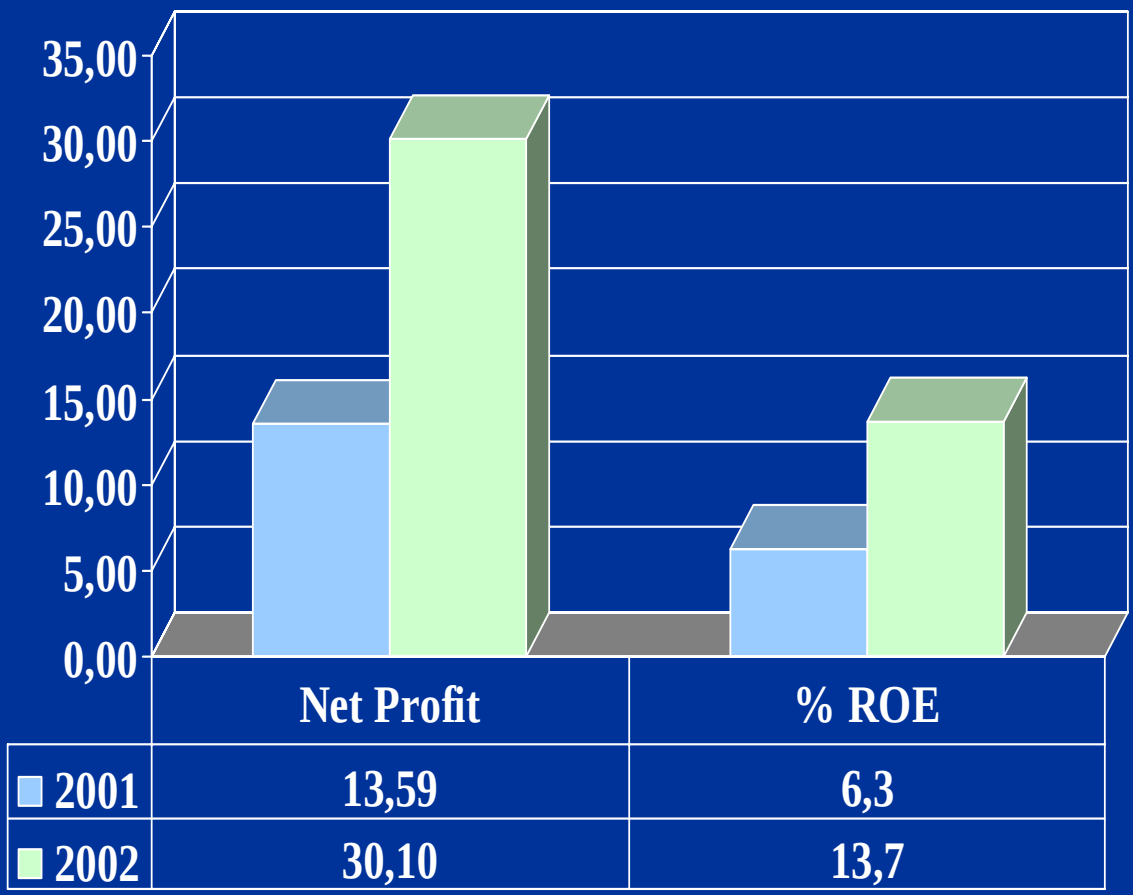


	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
Net Fin.Expen.	-2,51	-2,80	-2,94	-3,46	-3,10	-3,16	-2,95	-2,17	-1,93	-1,92	-1,89	-1,52
Forex	-0,23	-1,97	-2,47	-2,64	-1,12	-1,60	-1,87	0,25	0,31	-2,15	-0,90	-0,52
GW Amort.	-0,08	-0,08	-0,08	-0,08	-0,05	-0,05	-0,05	-0,05	-0,02	-0,02	-0,02	0,05

ANNUAL NET PROFIT AND ROE: 2002 figures are more than double than 2001´s.

MM EUR and %

ANNUAL FIGURES

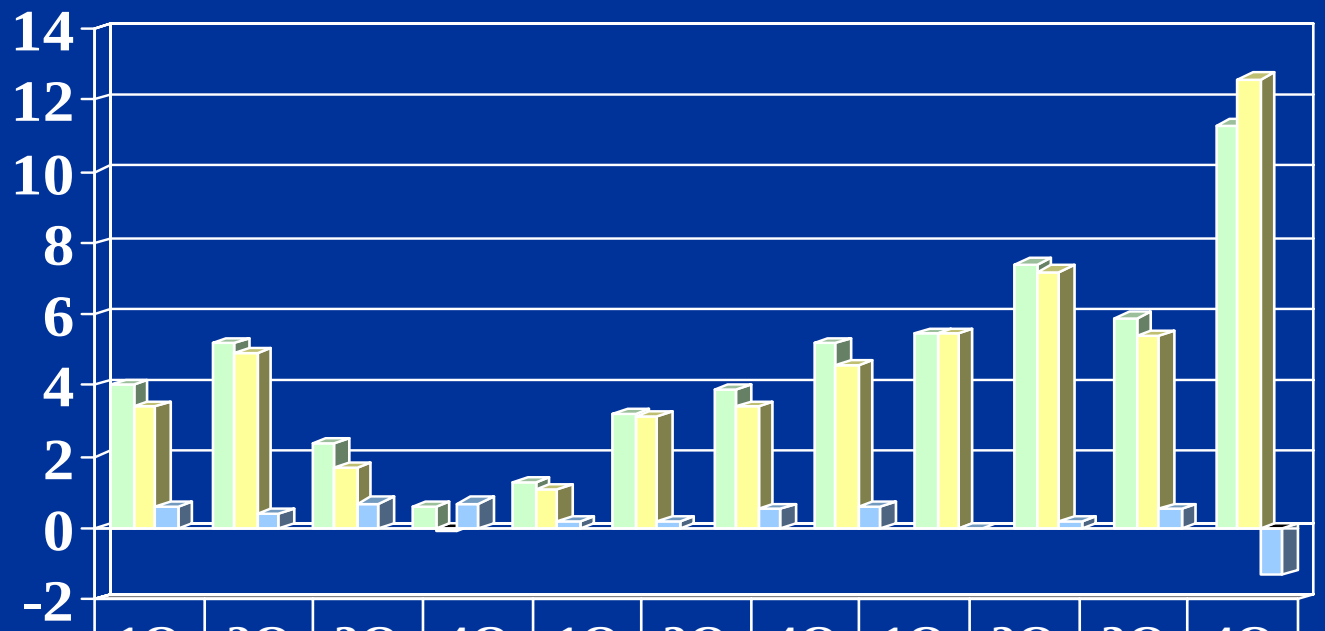


	Net Profit	% ROE
2001	13,59	6,3
2002	30,10	13,7

QUARTERLY NET PROFIT: 4Q 02´s net profit is the highest of the company´s history.

MM EUR

QUARTERLY EVOLUTION



	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
GROUP	4	5,2	2,4	0,6	1,3	3,2	5,2	5,4	7,4	5,9	11,3
CASINGS	3,4	4,9	1,7	-0,1	1,1	3,1	4,6	5,4	7,2	5,4	12,6
VEGETABLES	0,6	0,4	0,7	0,7	0,2	0,2	0,6	0,0	0,2	0,5	-1,3

VEGETABLES DIVISION: Extraordinary negative charge due to the Re-structuring Plan implemented.

	Mill. Euros	% VAR 02/01
Sales	96,82	2,4%
EBITDA	8,47	-3,6%
EBIT	4,95	13,1%
Ordinary Profit	1,89	87,2%
Extraordinaries	-1,74	
Net Profit	-0,51	

ACTIONS:

- Re-structuring of commercial and production activities.
- Re-location of some production activities.

EXPECTED RETURNS:

- Sales growth
- Operating profitability increase

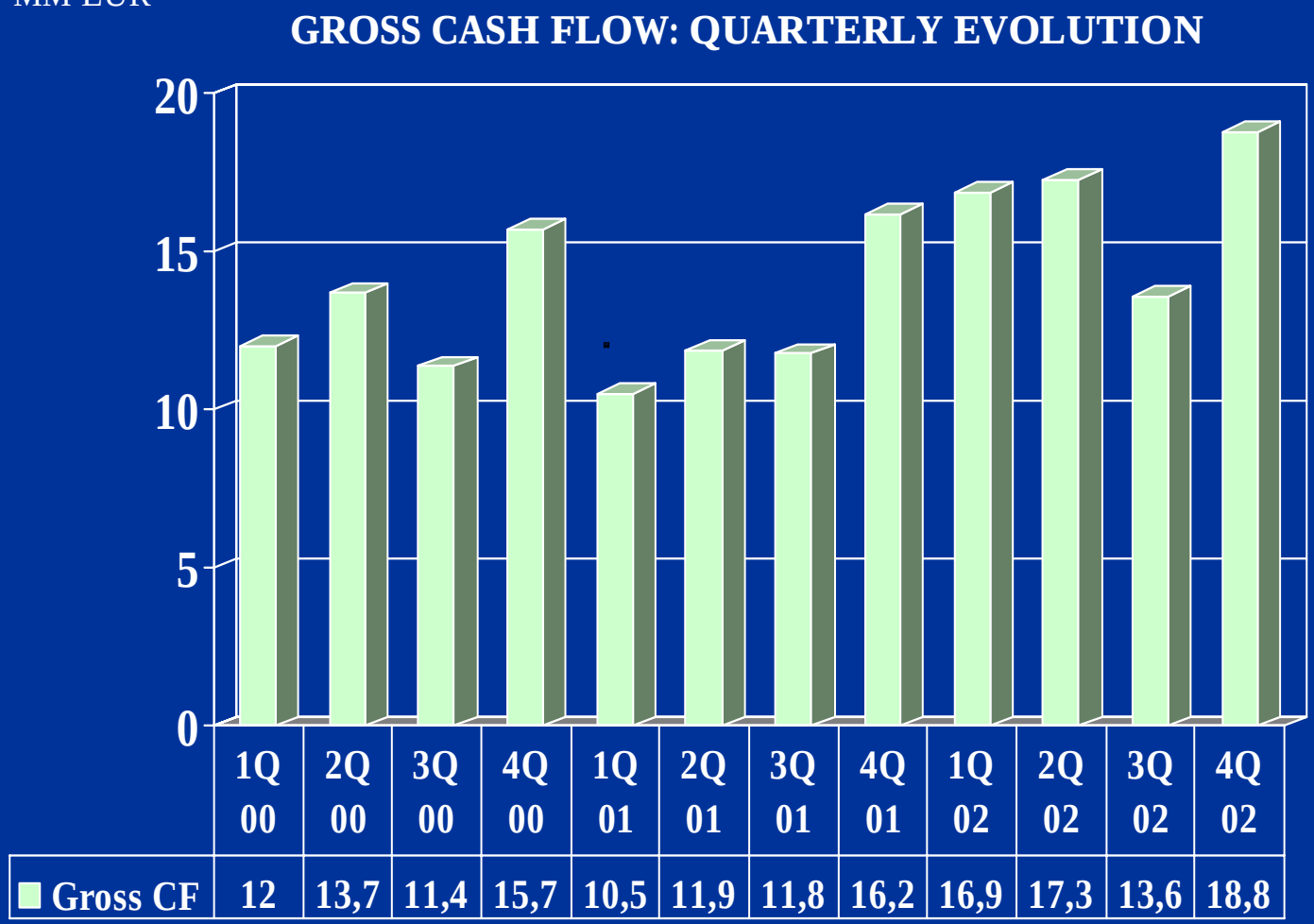
Financial Position

BALANCE SHEET: Continued the balance sheet strengthening, lowering gearing to 46%

MM Euro	GROUP			CASINGS			VEGETABLES		
	12/02	9/02	12/01	12/02	9/02	12/01	12/02	9/02	12/01
Goodwill	0,0	0,2	0,2	0,0	0,2	0,2	0,0	0,0	0,0
Intangible Assets	6,8	7,2	7,2	4,5	4,8	4,9	2,3	2,4	2,3
Tangible Assets	219,0	215,8	237,6	198,2	196,4	218,6	20,8	19,4	19,0
Financial Assets	0,9	0,9	1,0	0,9	0,9	1,0	0,0	0,0	0,0
Working Capital	128,0	137,2	161,9	84,1	92,0	108,6	43,9	45,2	53,3
NET ASSETS	354,7	361,3	408,0	287,6	294,4	333,3	67,1	66,9	74,7
Equity	220,3	210,3	219,8	194,6	183,6	192,8	25,6	26,7	27,0
Minorites	0,0	0,0	0,1	0,0	0,0	0,1	0,0	0,0	0,0
Provisions	22,9	23,5	22,3	22,0	23,5	22,3	0,9	0,0	0,0
Net Debt	102,6	114,7	156,3	63,9	75,9	110,0	38,7	38,8	46,3
Others	6,9	12,8	9,4	7,1	11,4	8,1	1,8	1,4	1,3
NET LIABILITIES	355,5	361,3	408,0	287,6	294,4	333,3	67,1	66,9	74,7

CASH FLOW GENERATION: The Group generated more than 66 MM EUR, 32% higher than 2001.

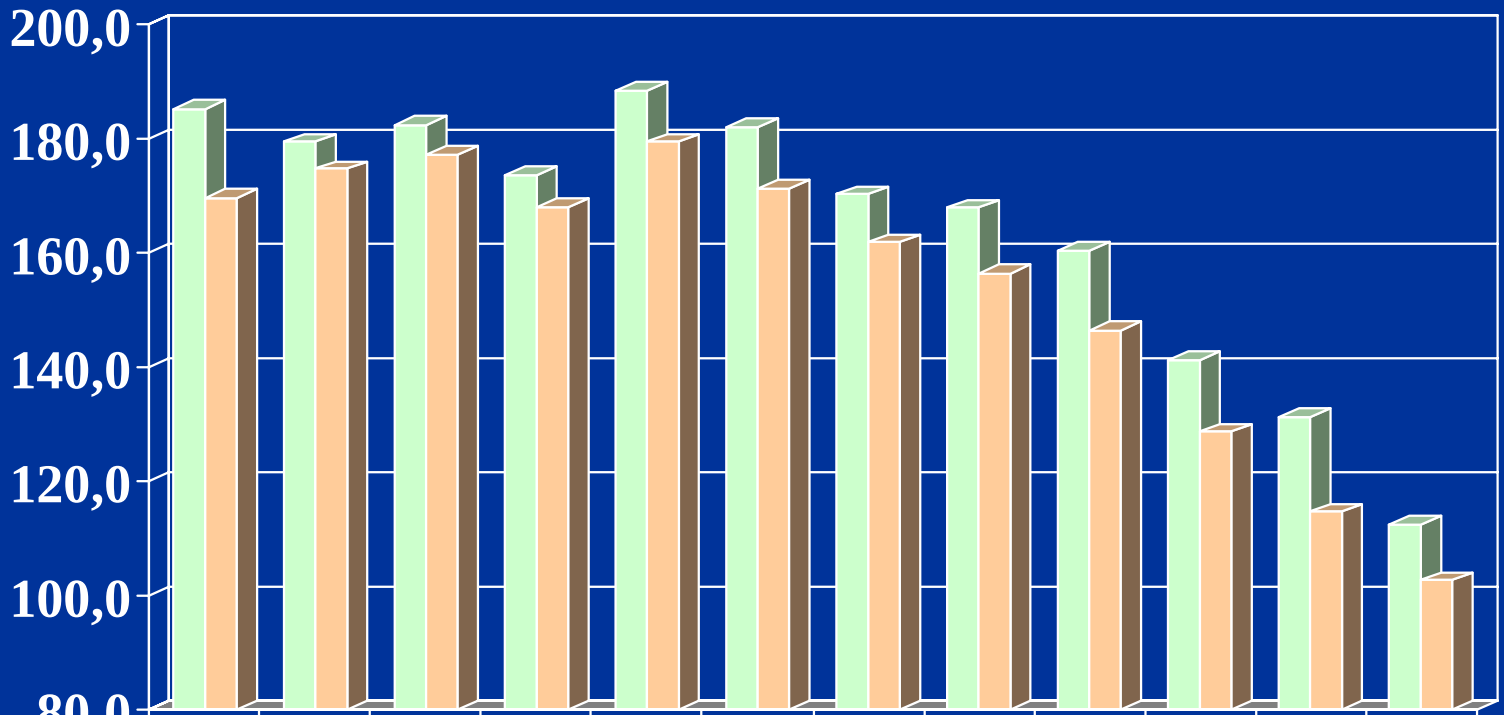
MM EUR



DEBT EVOLUTION: Net debt was reduced in more than 53 MM EUR in the last 12 months.

MM EUR

TOTAL DEBT AND NET DEBT: QUARTERLY EVOLUTION



	1Q 00	2Q 00	3Q 00	4Q 00	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02
Total Debt	185,2	179,3	182,3	173,6	188,4	182,0	170,1	167,8	160,4	141,1	131,2	112,4
Net Debt	169,6	174,6	177,1	167,9	179,3	171,1	161,7	156,3	146,3	128,6	114,7	102,6

2003 Outlook

EXPECTED EVOLUTION OF THE CASINGS INDUSTRY:

Stability will continue, on the back of the lack of external factors.

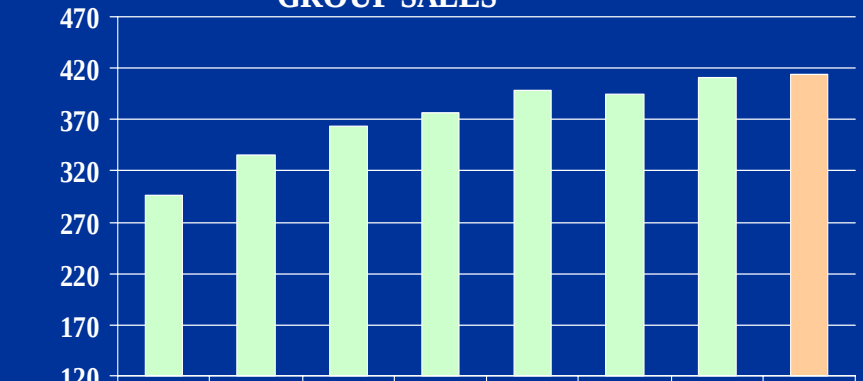


2003 FORECASTS: US$ evolution as the key issue. Foreseeable scenarios.

	BASE CASE		BEST CASE		WORST CASE	
	Mill Euros	% VAR 03/02	Mill Euros	% VAR 03/02	Mill Euros	% VAR 03/02
Sales	414,1	0,8%	418,5	1,9%	411,7	0,2%
EBITDA	71,7	-9,2%	74,8	-5,2%	70,7	-10,5%
EBIT	40,2	-5,3%	43,3	2,0%	39,1	-7,8%
Ordinary Profit	34,1	6,8%	37,2	16,7%	33,0	3,5%
Extraordinaries	-1,0	-189,0%	-1,0	-189,0%	-1,0	-189,0%
PBT	33,1	0,0%	36,2	9,5%	32,0	-3,3%
Taxes	6,9	131,7%	7,5	153,2%	6,85	131,1%
Attr.Net Profit	26,2	-13,0%	28,7	-4,7%	25,1	-16,5%
ROE	11,4%		12,5%		11,0%	
Capex	30,0	-1,6%	30,0	-1,6%	30,0	-1,6%
% Gearing	35,5%		35,0%		35,8%	

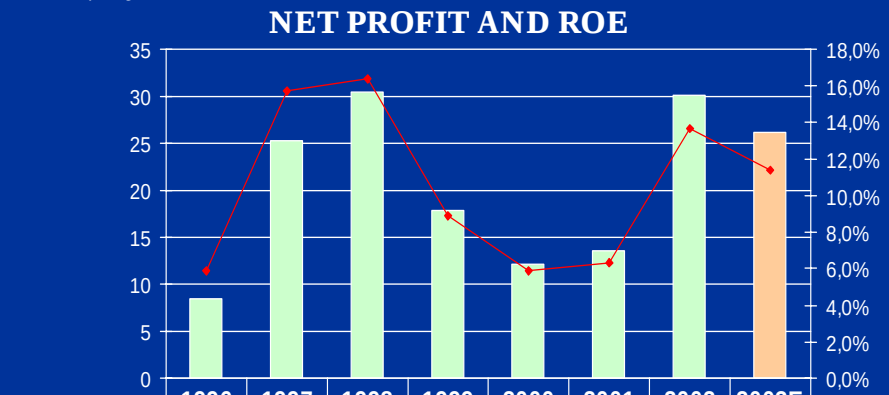
2003 GOALS: Consolidation of current levels, given the current currencies scenario.

Mn. Eur



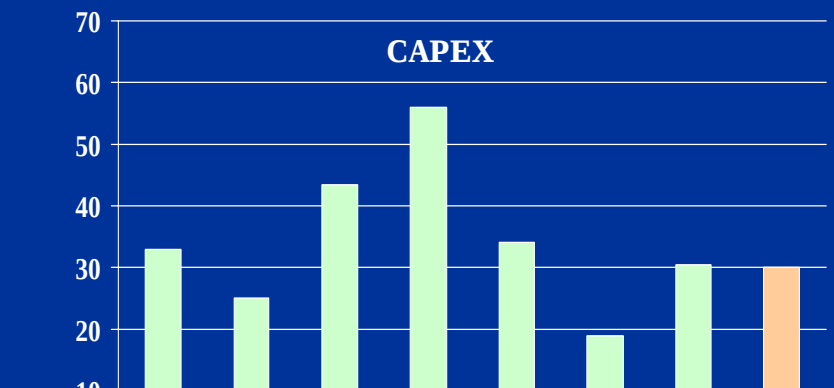
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Mn. Eur



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ROE	5,9%	15,7%	16,4%	8,9%	5,9%	6,3%	13,7%	11,4%

Mn. Eur



	1996	1997	1998	1999	2000	2001	2002	2003E
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Mn. Eur



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ND/EQT	110%	86%	76%	83%	80%	71%	46%	35%

2002-2003 STRATEGY: Smooth sales growth and profitability increase.

GOALS	ACTIONS
Smooth Sales Growth	• Increase of market share (in value) in key areas • Quality, technical service and reliability as key drivers • Larger product portfolio through R+D, to ensure growth
Improve Operating Efficiency	• Capacity increases via improvements and small investments • Continuous improvement of efficiency in all production facilities • Re-location of production activities in most efficient places
Improve Balance Sheet Management	• Keep working capital ratios as they are • Continue with the minimisation of forex policy. • Use of debt in subsidiaries to balance currency exposure
Increase Returns on Capital	• Price policies based on profitability more than in volume • Capex at current levels, with high goals of return. • Debt reduction (lower than in 2002) and lower financial expenses

THANK YOU

Presentation available at

www.viscofan.com