Viscofan Group

Results Presentation

Third Quarter 2004

November 2004

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Highligths

- **The casings business growth in volume continues being above 5% in main families with an uneven performance of prices (in local currency) depending on products and geographical areas.**
- **Group Sales are 87,3 MM EUR in this quarter, and 261,6 MM in 9M04, 6,3% and 7,3% lower than the corresponding periods of 2003. Taking out the currencies effect and with the same Group perimeter (taking out the effect of the disposal of the jam business), sales would have been 0,3% higher than 9M03´s, with an estimated 1,5% increase in casings and a 3,7% decrease in vegetables.**
- **EBITDA Margin in 9M04 is lower than 9M03´s (15,4% vs 16,3%), affected by the performance of currencies and prices and the start-up expenses of the Mexico and Brazil projects, still with low revenue contribution.**
- **In absolute value, EBITDA is 23,6% lower than 3Q03´s and 12,5% lower than 9M03´s due to above mentioned reasons.**

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Highligths (II)

- **Lower net financial expenses (-11%) and positive forex allow the accumulated financial result to improve by 26%.**

- **Ordinary Profit is 25% lower than 9M03´s. Accumulated Net Profit is 13,25 MM EUR, 40,8% lower than 9M03´s. This drop is 13,84% if we exclude the capital gains of the sale of the jam business in 2003.**

- **Net Debt has decreased 10 MM EUR in the last quarter, in despite of the cancellation of the treasury stock (around 3 MM EUR). The ending level of the quarter is 74,1 MM EUR, minimum amount of last years. In the last twelve months the Group has decreased this figure by 10,5 MM EUR, placing the leverage in 30,5%.**

- **Brazil and Mexico´s projects are developing according to schedule and budget, and are expected to have a significant contribution in sales and profits from 4Q04 onwards.**

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Third Quarter Results

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	87,271	-6,3%	69,054	-3,7%	18,217	-14,9%
EBITDA	9,757	-23,6%	8,189	-24,5%	1,568	-18,1%
EBIT	3,038	-50,7%	2,340	-53,1%	0,698	-40,2%
Negat.Financ.Result	-0,724	-47,1%	-0,444	-36,7%	-0,280	-58,0%
Ordinary Profit	2,313	-51,7%	1,896	-55,8%	0,418	-16,3%
Extraord. Results	0,229 (*)	-96,9%	-0,024	-241,8%	0,253	-96,6%
PBT	2,543	-79,2%	1,872	-56,5%	0,671	-91,5%
Taxes	-0,279	-116,0%	-0,289	-129,2%	0,010	-98,7%
Net Profit	2,821	-73,1%	2,160	-34,9%	0,661	-90,8%

(*) In 2003 this line included 8 MM Eur of capital gains due to the sale of the jam business (7 MM net, due to the re-structuring costs of the asparragus business).

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Nine Months Results

Mill. Euros	GROUP	% VAR	CASINGS	% VAR	VEGETABLES	% VAR
Sales	261,63	-7,3%	209,46	-2,9%	52,17	-21,7%
EBITDA	40,19	-12,5%	37,02	-11,5%	3,18	-22,4%
EBIT	17,12	-25,0%	15,89	-21,7%	1,23	-51,1%
Negat.Financ.Results	-3,10	-25,8%	-2,19	-7,4%	-0,91	-49,8%
Ordinary Profit	14,03	-24,8%	13,70	-23,6%	0,33	-54,6%
Extraord.Results	0,52 (*)	-93,5%	0,07	-83,7%	0,46	-94,0%
PBT	14,55	-45,5%	13,77	-24,9%	0,78	-90,6%
Taxes	1,30	-69,9%	1,29	-61,4%	0,01	-99,0%
Net Profit	13,25	-40,8%	12,48	-16,8%	0,77	-89,5%

(*) In 2003 this line included 8 MM Eur of capital gains due to the sale of the jam business (7 MM net, due to the re-structuring costs of the asparragus business).

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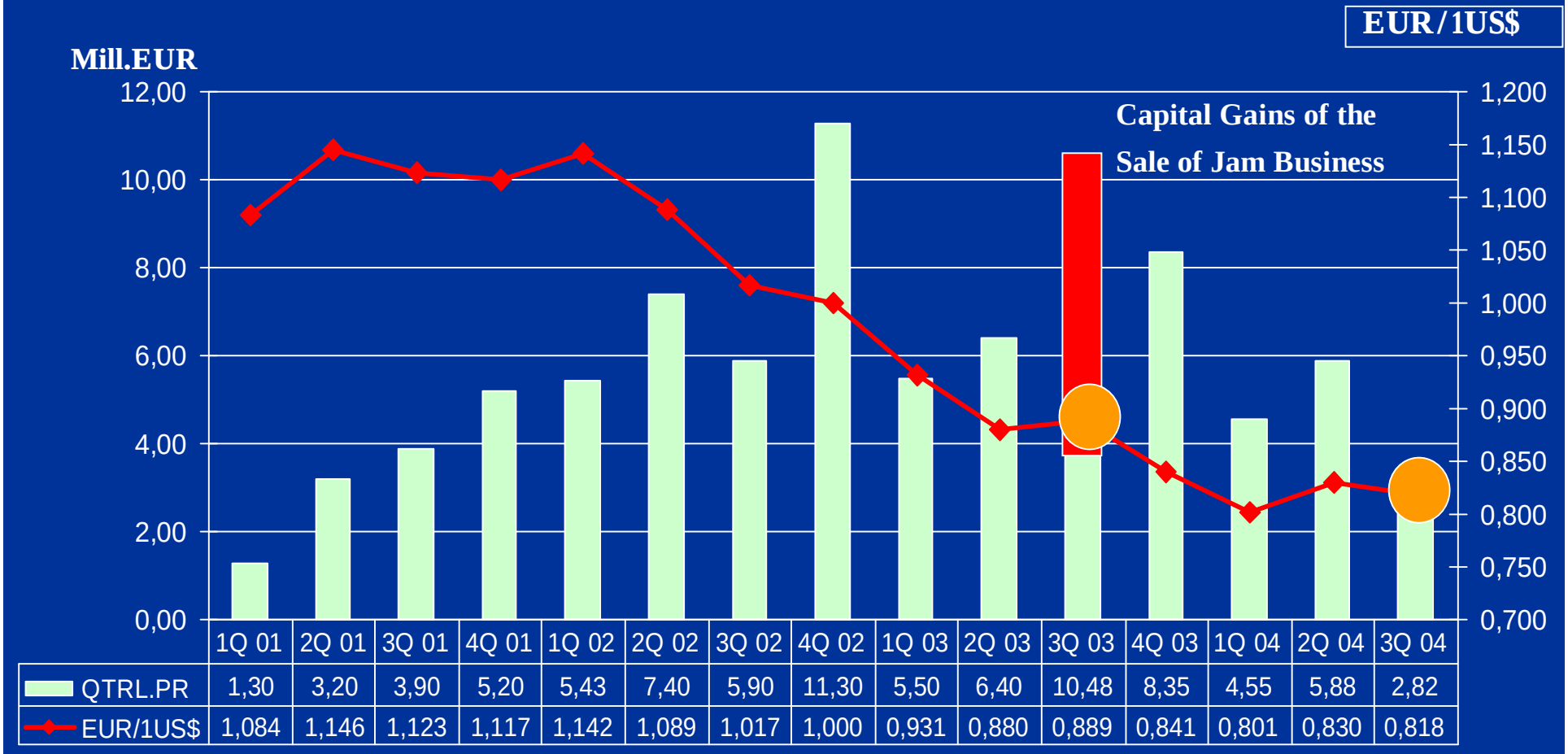
Currency Environment : **Euro was again very strong versus the rest of the currencies in which the Group trades, especially versus the US$ (average 3Q04 value is 8,7% higher compared to 3Q03, and 9M04´s value is 10,3% higher than 9M03´s). The Company has been able to compensate partially that effect.**

QUARTERLY NET PROFIT AND AVERAGE EUR/US$ RATE



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QTRL.PR	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,30	5,50	6,40	10,48	8,35	4,55	5,88	2,82
EUR/1US$	1,084	1,146	1,123	1,117	1,142	1,089	1,017	1,000	0,931	0,880	0,889	0,841	0,801	0,830	0,818

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Currencies and Sale of Jam Business Effects: **In order to make the analysis of the impact of both effects on results easier, the following information is presented, based on the hypothesis shown below.**

ACTUAL 9M 03	Mill. Euros	ACTUAL 9M 04 (A)	% VAR vs 9M03	(A)+CURRENC. EFFECT 9M 04 (B)	% VAR vs 9M03	(B)+SAME PERIMETER 9M 04 (C)	% VAR vs 9M03
282,33	Sales	261,63	-7,3%	271,55	-3,8%	283,07	0,3%
45,93	EBITDA	40,19	-12,5%	46,11	0,4%	46,49	1,2%
18,66	Ordinary Profit	14,03	-24,8%	19,14	2,6%	19,19	2,8%
15,38	Net Profit without Capital Gains of Sale of Jam Bus.	13,25	-13,8%	18,36	19,4%	18,41	19,7%
22,38	Net Profit	13,25	-40,8%	18,36	-18,0%	18,41	-17,7%

COLUMN (A): **Actual Accumulated Results as of September 2004**

COLUMN (B): **Column(A) + Additional figures if average currencies exchange rates of Jan-Sept 2004 were the same of Jan-Sept 2003**

COLUMN (C): **Column (B) + Additional figures corresponding to the ones of the Jam Business included in 2003 until its sale in July**

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Results Analysis

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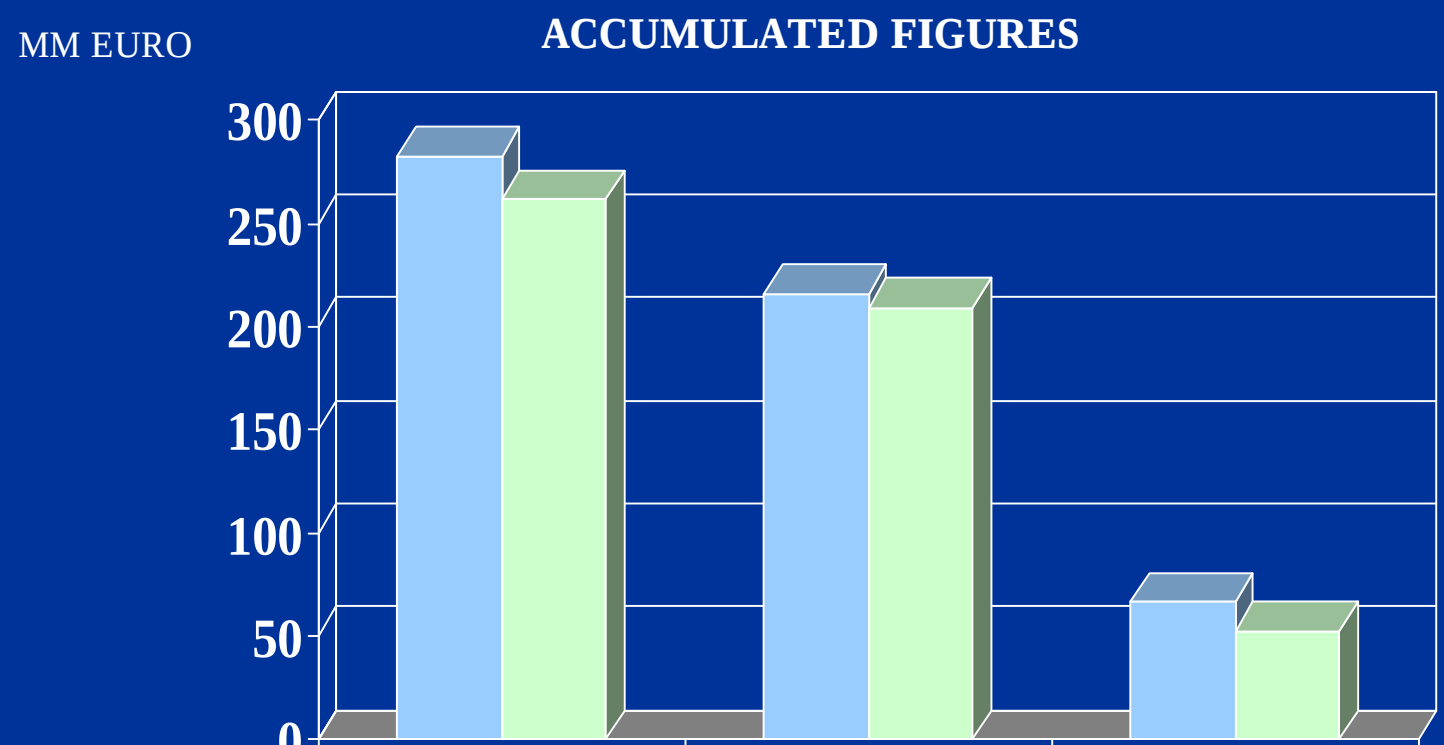
SALES: **Accumulated Group sales are 261,63 MM EUR, 7,3% lower than 9M03´s. Casing sales are 2,9% lower, and vegetables are 22% lower, mainly due to the comparative effect of the disposal of the jam business in July 2003.**



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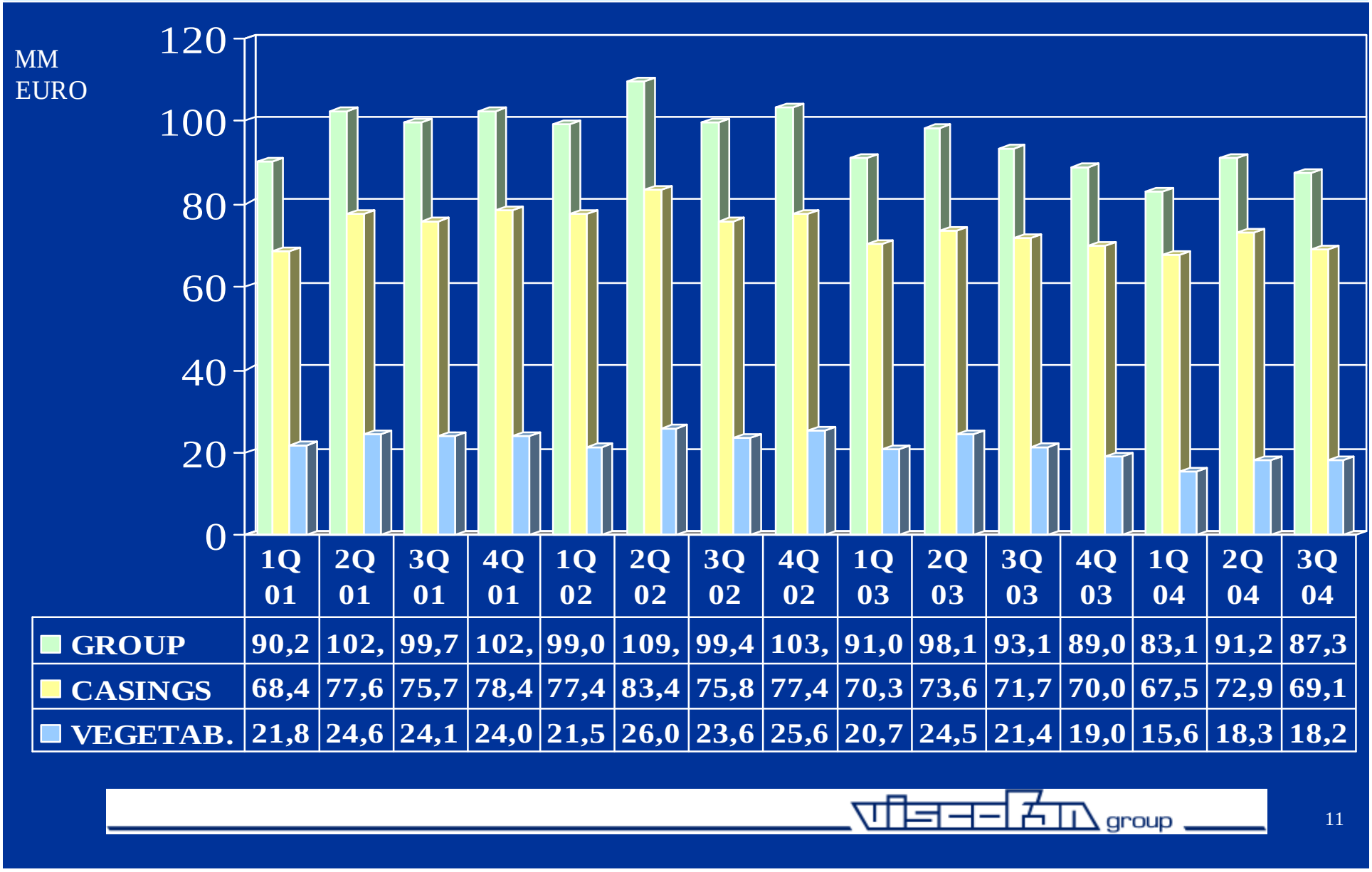
QUARTERLY SALES EVOLUTION



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GROUP	90,2	102,	99,7	102,	99,0	109,	99,4	103,	91,0	98,1	93,1	89,0	83,1	91,2	87,3
CASINGS	68,4	77,6	75,7	78,4	77,4	83,4	75,8	77,4	70,3	73,6	71,7	70,0	67,5	72,9	69,1
VEGETAB.	21,8	24,6	24,1	24,0	21,5	26,0	23,6	25,6	20,7	24,5	21,4	19,0	15,6	18,3	18,2

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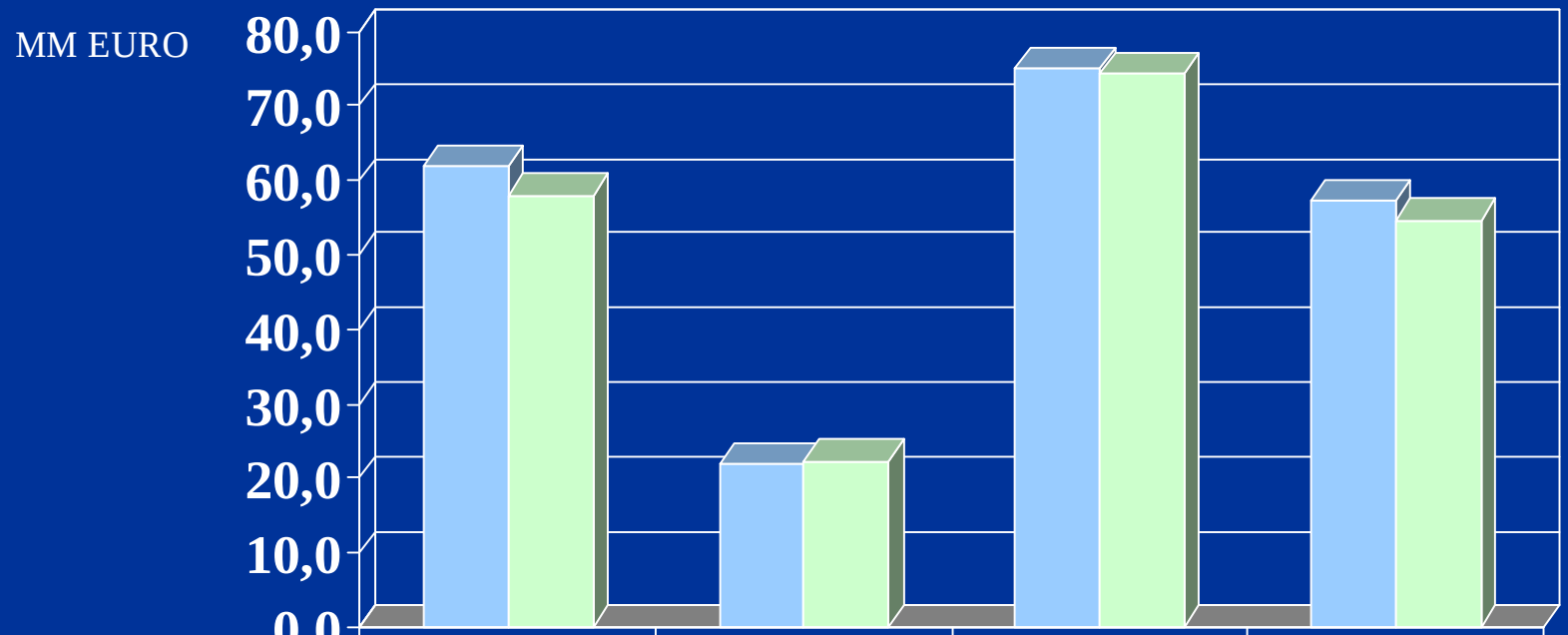
SALES BY AREA(*): **Northamerica and Europe partially compensate the negative effect of the dollar with increasing volume. Southamerica shows a 2,7% growth in Euros due to stronger demand and market share gains.**

ACCUMULATED FIGURES



	Northamerica	Southamerica	Central Europe	Western Europe
9M 03	61,8	21,8	74,9	57,2
9M 04	58,0	22,4	74,3	54,7

(*) Casing´s figures. Breakdown by origin of the sales.

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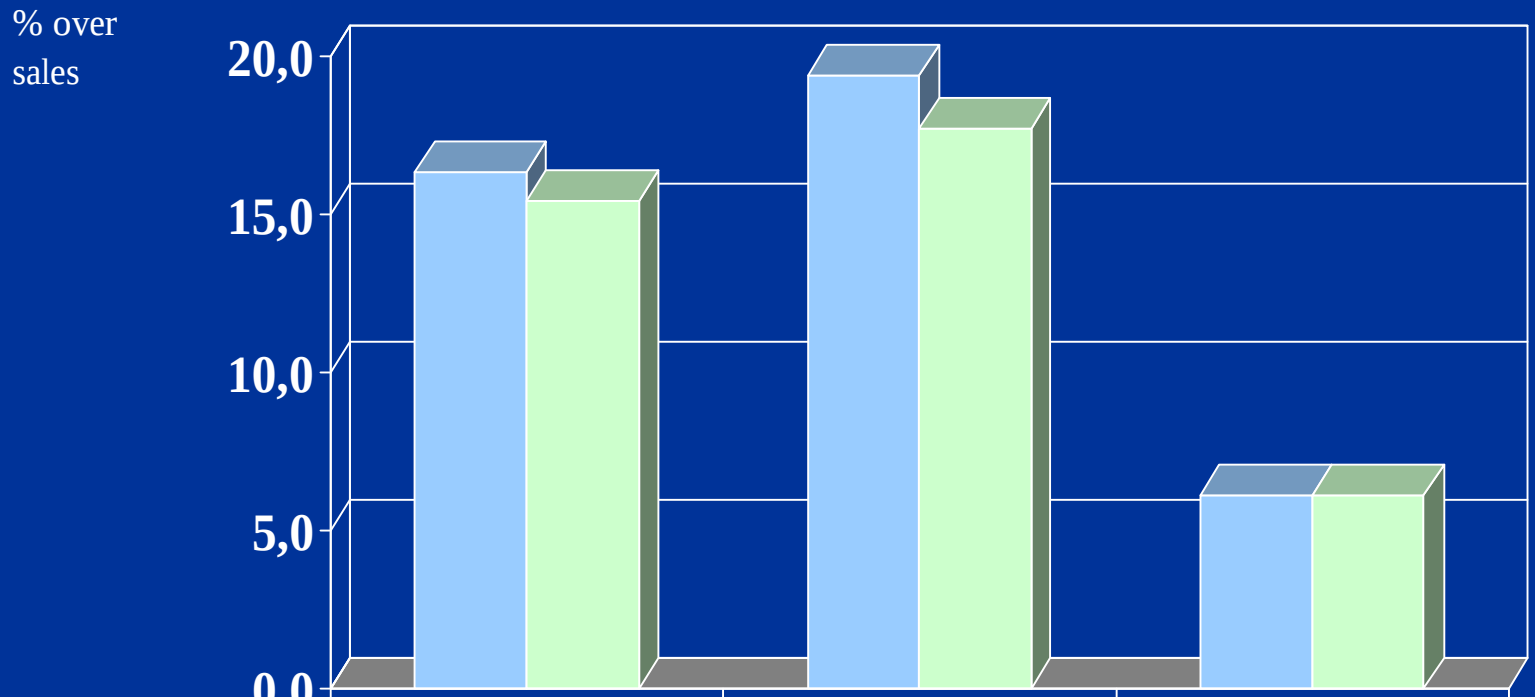
EBITDA Margin in 9M04 is lower than 9M03´s (15,4% vs 16,3%), affected by the performance of currencies and prices and the start-up expenses of the Mexico and Brazil projects, still with low revenue contribution.

ACCUMULATED FIGURES



	GROUP	CASINGS	VEGETAB.
9M 03	16,3	19,4	6,1
9M 04	15,4	17,7	6,1

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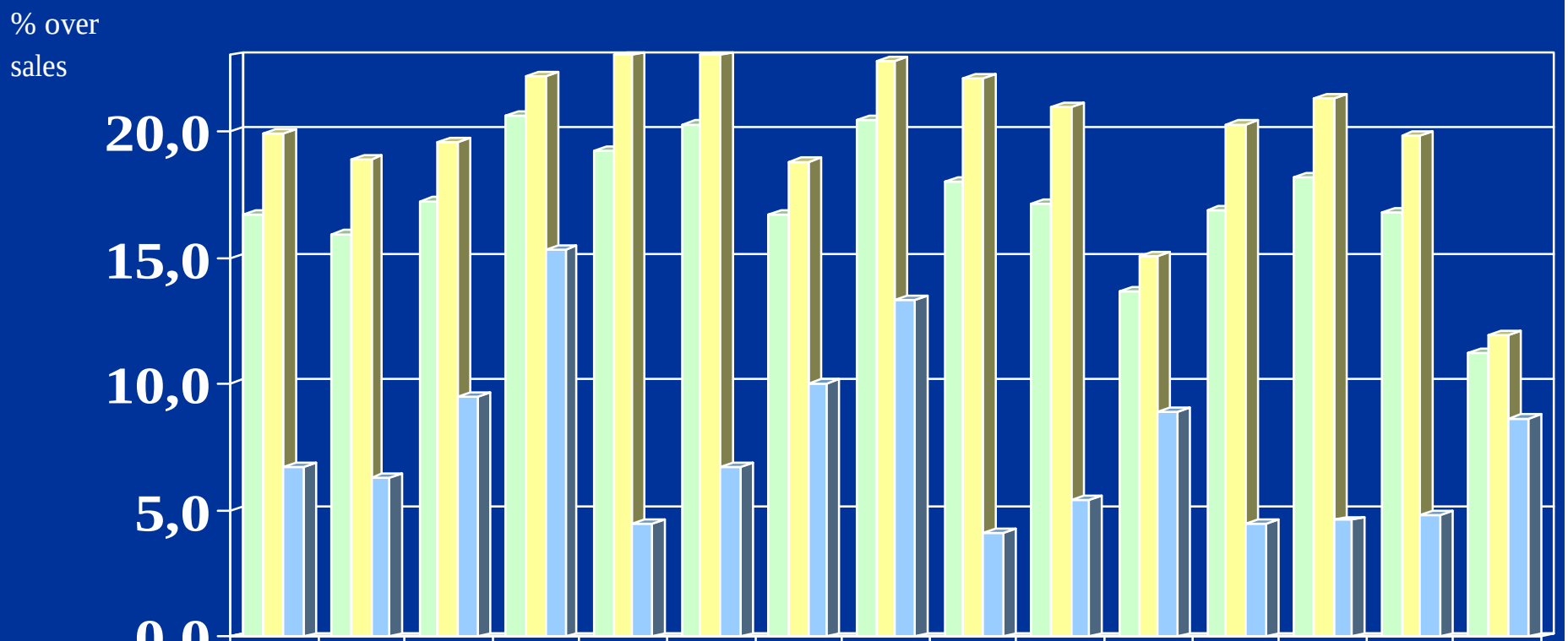
% QUARTERLY EBITDA MARGIN EVOLUTION



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GROUP	16,7	15,9	17,2	20,6	19,2	20,3	16,7	20,4	18,0	17,1	13,7	16,9	18,2	16,8	11,2
CASINGS	19,9	18,9	19,6	22,2	23,3	24,6	18,8	22,8	22,1	21,0	15,1	20,3	21,3	19,8	11,9
VEGETAB.	6,7	6,3	9,5	15,3	4,5	6,7	10,0	13,3	4,1	5,4	8,9	4,5	4,6	4,8	8,6

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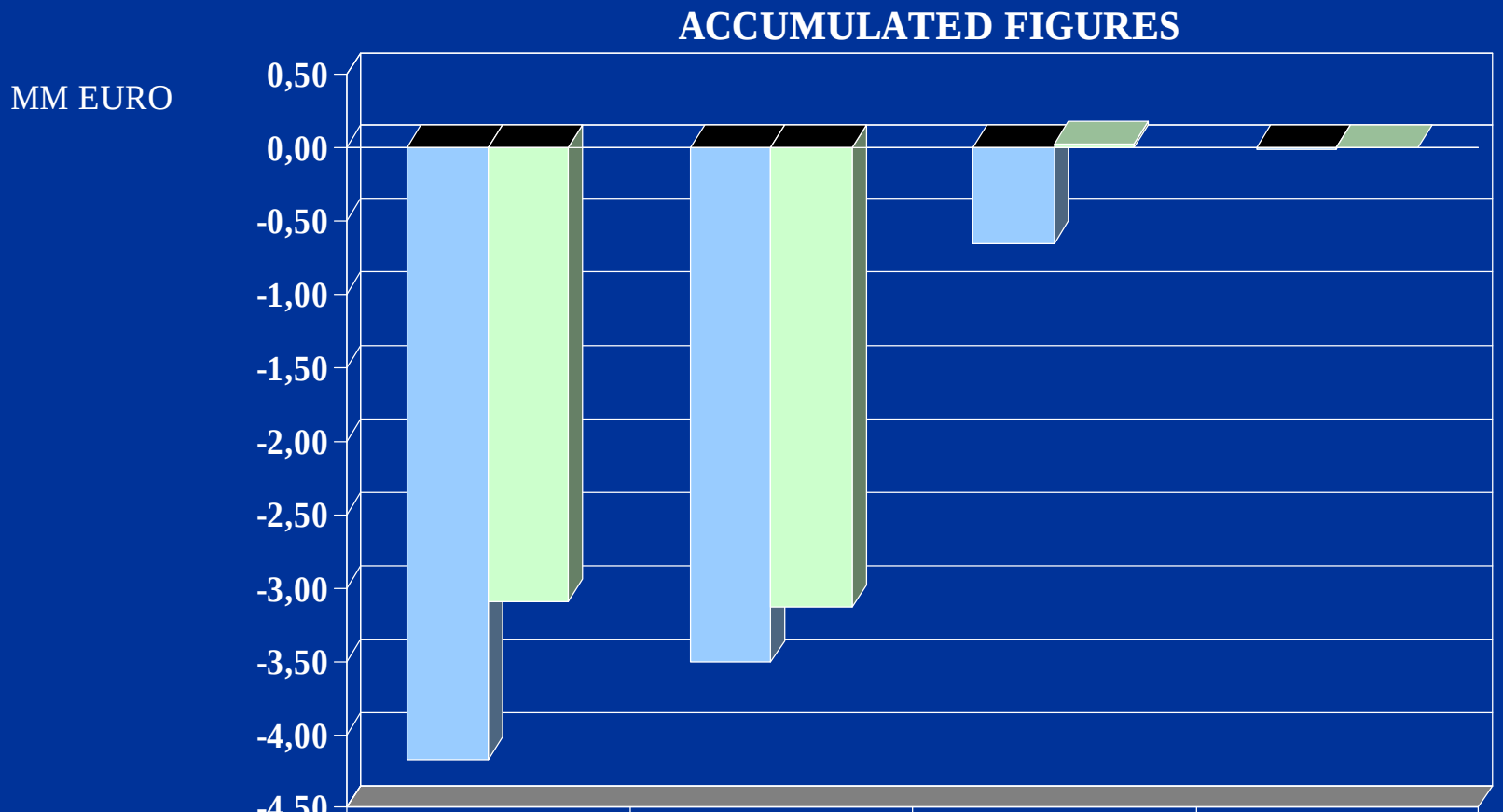
FINANCIAL RESULT: Lower net financial expenses (-11%) and positive forex allow the accumulated financial result to improve by 26%.



	Financ.Result	Net Fin.Expen.	Forex	GW Amort.
9M 03	-4,17	-3,51	-0,65	-0,01
9M 04	-3,10	-3,13	0,03	0,00

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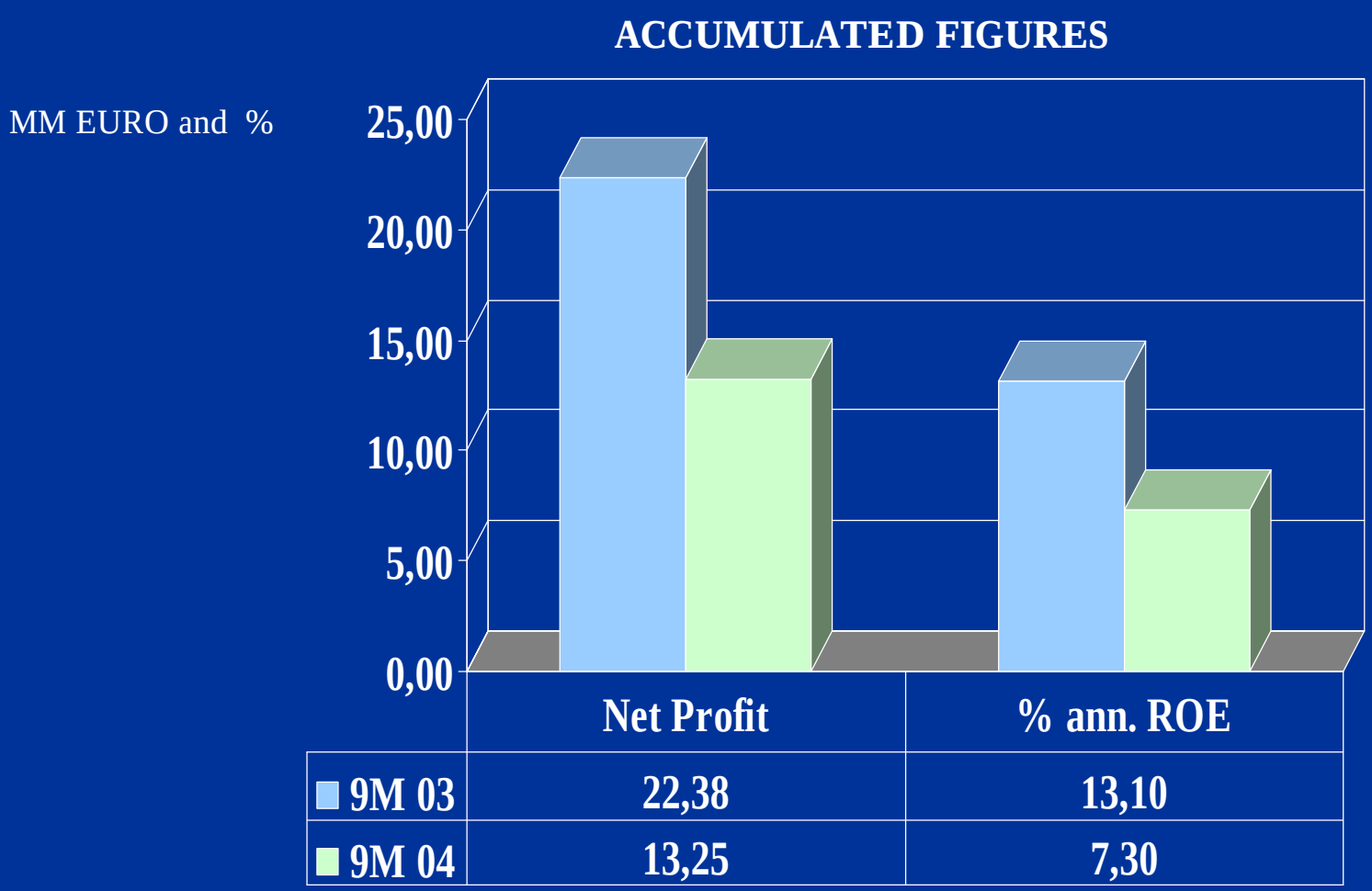
NET PROFIT AND ROE: Accumulated Net Profit is 40,8% lower than 2003´s (This drop is 13,84% if we exclude the capital gains of the sale of the jam business in 2003). The annualised ROE is 7,3%.



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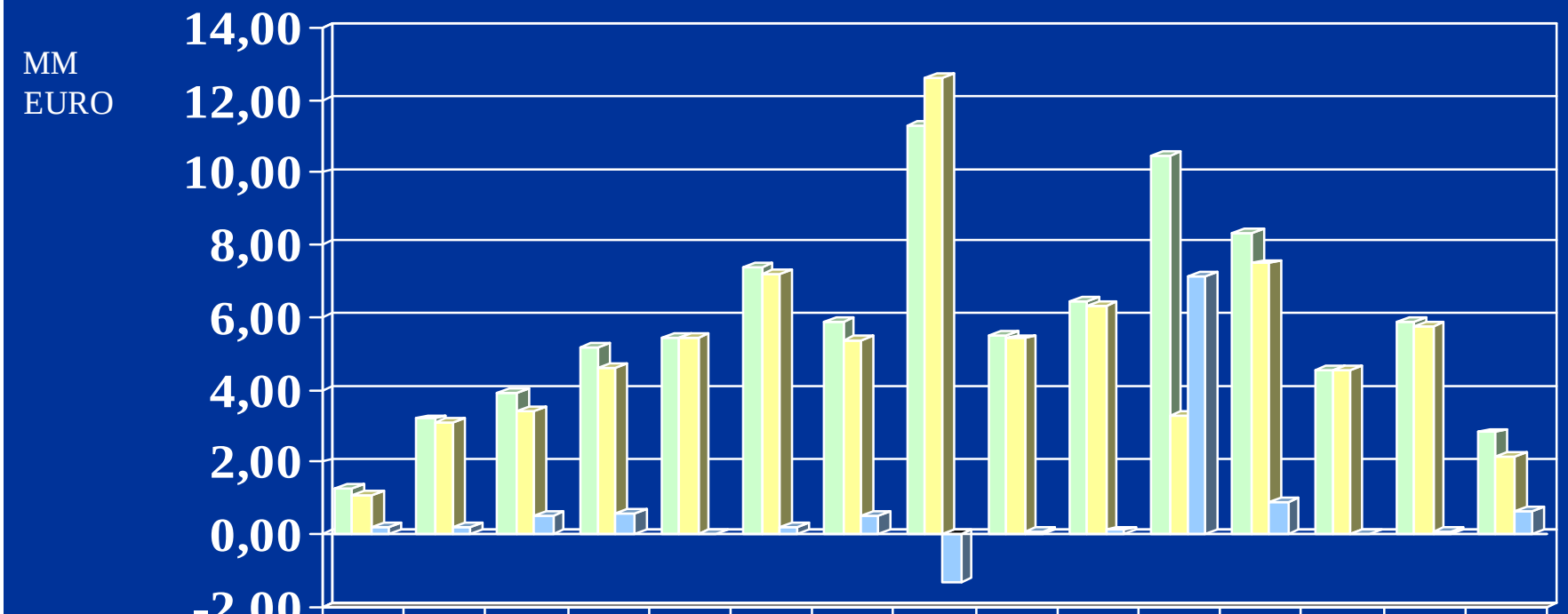
QUARTERLY NET PROFIT EVOLUTION



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GROUP	1,30	3,20	3,90	5,20	5,43	7,40	5,90	11,3	5,50	6,42	10,4	8,35	4,55	5,88	2,82
CASINGS	1,10	3,10	3,40	4,59	5,43	7,20	5,38	12,6	5,40	6,31	3,32	7,48	4,54	5,77	2,16
VEGETAB.	0,20	0,20	0,50	0,60	0,00	0,20	0,52	-1,30	0,10	0,11	7,16	0,88	0,01	0,11	0,66

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Balance Sheet, Cash Flow and Debt Analysis

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Balance Sheet: Leverage goes down to 30,5%. Working capital is 10,5% lower than the previous quarter due to the decrease of 5,1% in casings and of 21,9% in vegetables.

MM Euro	GROUP			CASINGS			VEGETABLES		
	09/04	06/04	03/04	09/04	06/04	03/04	09/04	03/04	12/03
Goodwill	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Intangible Assets	7,0	8,5	6,9	5,1	5,8	4,8	1,9	2,7	2,1
Tangible Assets	222,5	219,5	216,1	200,8	199,5	197,2	21,7	20,0	18,9
Financial Assets	0,9	0,9	1,0	0,9	0,9	1,0	0,0	0,0	0,0
Working Capital	125,1	139,8	137,2	90,1	95,0	91,7	34,9	44,7	45,6
NET ASSETS	355,5	368,7	361,2	297,0	301,3	294,7	58,5	67,4	66,6
Equity	243,0	246,5	242,3	208,6	212,7	208,5	34,4	33,8	33,7
Minorites	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Provisions	24,0	23,7	23,5	23,5	23,2	23,0	0,5	0,5	0,5
Net Debt	74,1	84,1	82,9	53,3	53,9	53,5	20,8	30,2	29,3
Others	14,4	14,4	12,6	11,7	11,5	9,6	2,8	2,9	3,0
NET LIABILITIES	355,5	368,7	361,2	297,0	301,3	294,7	58,5	67,4	66,6

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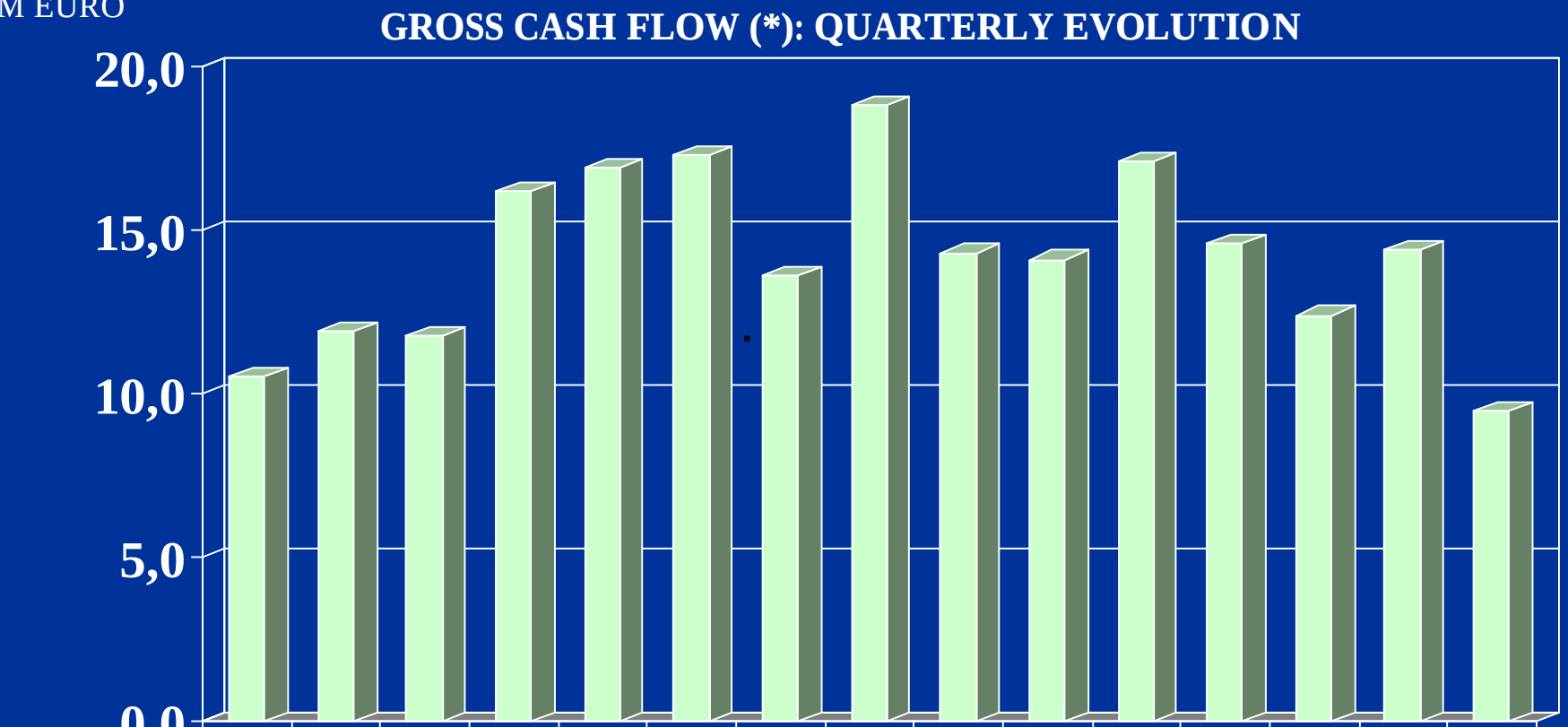
CASH FLOW GENERATION: 3Q 04´s gross cash flow is 9,5 MM Euro, 44% lower than 3Q03´s.

MM EURO



	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04
Gross CF	10,5	11,9	11,8	16,2	16,9	17,3	13,6	18,8	14,3	14,1	17,1	14,6	12,4	14,4	9,5

(*) Gross Cash Flow: Net Profit + Depreciation + Provisions

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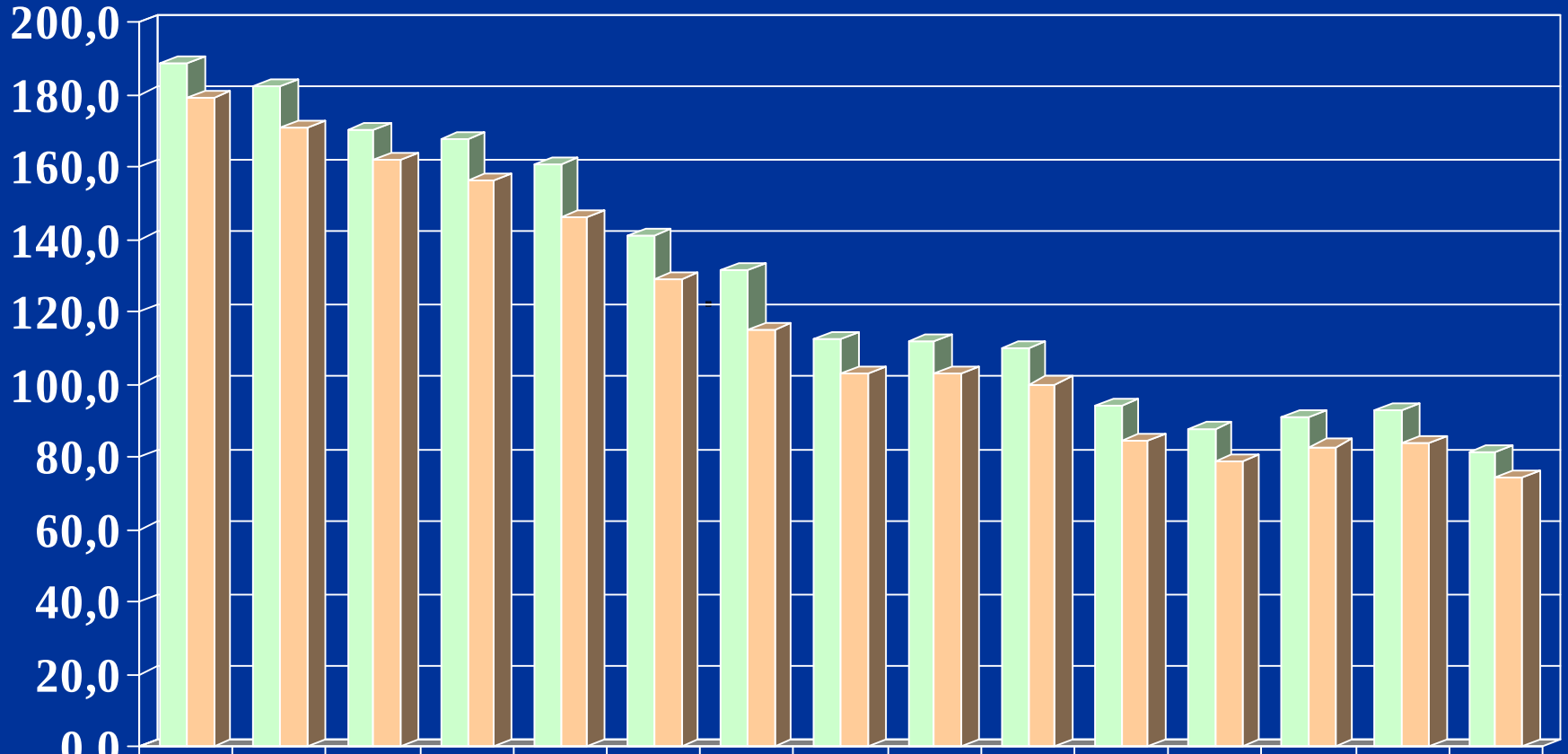
<u>DEBT EVOLUTION:</u> Net Debt has decreased 10 MM EUR in the last quarter, placing the ending level of the quarter in 74,1 MM EUR, minimum amount of last years. In the last twelve months the Group has decreased this figure by 10,5 MM EUR.

MM EURO

TOTAL DEBT AND NET DEBT: QUARTERLY EVOLUTION



	1Q 01	2Q 01	3Q 01	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03	4Q 03	1Q 04	2Q 04	3Q 04
Total Debt	188,4	182,0	170,1	167,8	160,4	141,1	131,2	112,4	111,9	109,5	94,2	87,5	90,8	93,0	81,5
Net Debt	179,3	171,1	161,7	156,3	146,3	128,6	114,7	102,6	102,9	100,0	84,6	78,8	82,9	84,1	74,1

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Events Subsequent to the End of the Period

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EVENTS SUBSEQUENT TO THE END OF THE PERIOD

- **The Board of Directors has approved the transfer of the extrusion and converting activities of Plastics from Germany to Czech Republic and Brazil, and a re-structuring plan for the remaining activities of the German company.**
- **The main goal of both projects is to improve the profitability of the affected activities. Costs of compensations and assets adaptation to its new useful life are estimated in 11 MM EUR . These costs will be booked in accordance with the IAS so that part of them will affect last quarter of the present year and the rest will be affecting during next two years. Necessary investments will be around 6 MM EUR (from January 2005 onwards) . Annual savings (when both projects are completed) are estimated to be around 6,5 MM EUR.**
- **As a result of the implementation of the new International Accounting Standards (IAS), the Group will have to book a positive tax adjustment of around 6 MM EUR in 4Q04. No other significant effect is estimated due to this fact.**
- **With today´s available information, and without considering the final effect of the above mentioned issues, the Group considers valid the base scenario released in February, as guidance for the foreseeable net profit for 2004.**

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