Viscofan

ANNUAL GENERAL SHAREHOLDERS MEETING 2012



Pamplona
23th May

Aviso legal

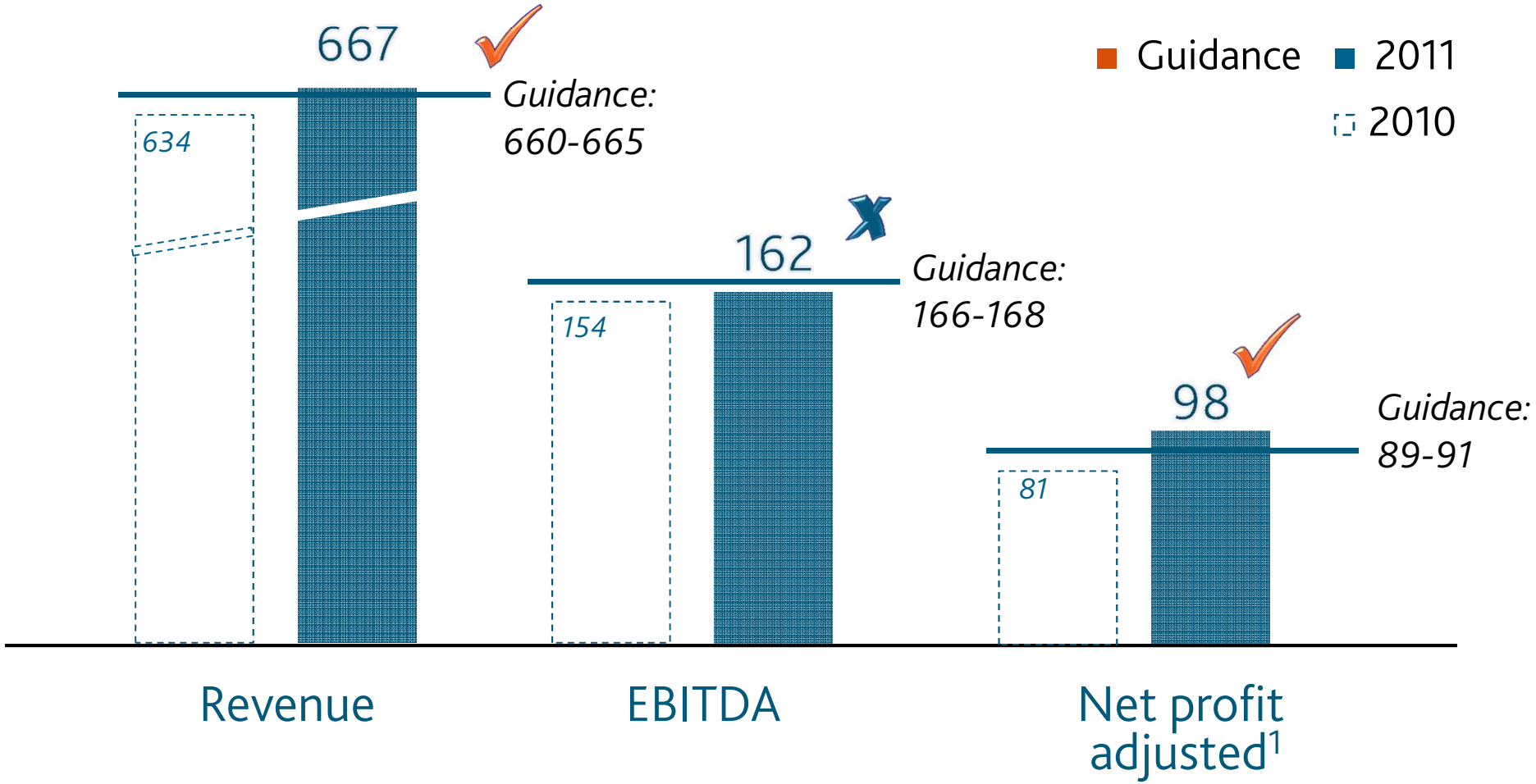
El presente documento puede contener manifestaciones de futuro sobre intenciones, expectativas o previsiones de la Compañía a la fecha de realización del mismo adicionales a la información financiera obligatoria cuyo único propósito es proporcionar información más detallada sobre perspectivas de comportamiento futuro.

Dichas intenciones, expectativas o previsiones no constituyen garantías de cumplimiento e implican riesgos, incertidumbres así como otros factores de relevancia que podrían determinar que los desarrollos y resultados concretos difieran sustancialmente de los expuestos en estas intenciones, expectativas o previsiones.

Esta circunstancia debe ser tenida en cuenta principalmente por todas aquellas personas o entidades que puedan tener que adoptar decisiones o elaborar o difundir opiniones relativas a valores emitidos por la Compañía y, en particular, por los analistas e inversores que manejen el presente documento.

La información financiera contenida en este documento ha sido elaborada bajo las Normas Internacionales de Información Financiera (NIIF). Esta información financiera no ha sido auditada y, en consecuencia, es susceptible de potenciales futuras modificaciones.

Capturing more growth than expected…
Boosted by volume strength in emerging areas



1 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Main operational achievements: Acceleration in growth plans

- *Increase collagen production capacity in Spain* ✓
- *Install new "superfast" lines for collagen in Germany* ✓
- *Transfer non-edible collagen from Germany to Serbia* ✓
- *Increasing the number of shifts for shirring in the new converting plant in China… initial works to establish a new extrusion plant in this country* ✓
- *Increase fibrous production capacity in USA* ✓
- *Acquiere remaining 50% business in Lingbao Baolihao in China (vegetable food)* ✓

Growth in all main financial magnitudes…

MM €	2011	% y-o-y	% y-o-y ex-forex[1]
Revenue	666.8	+5.2%	+6.8%
EBITDA	162.1	+5.2%	+10.5%
EBITDA margin	*24.3%*	*+0.0 p.p.*	*+0.9p.p.*
EBIT	120.1	+8.8%	
PBT	127.9	+21.0%	
Net profit	101.2	+24.5%	
Adjusted net profit[2]	*98.4*	*+21.0%*	

1 For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

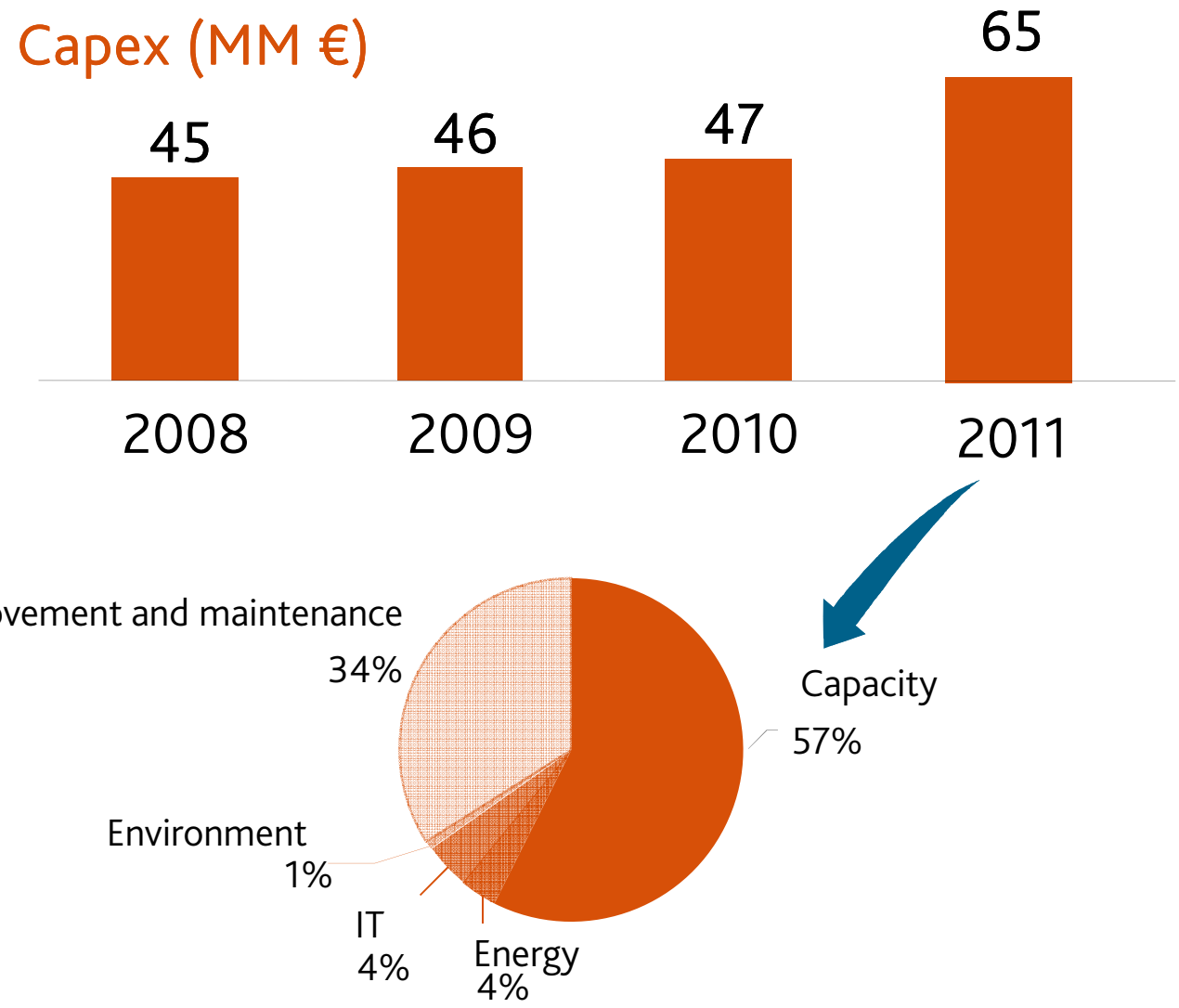
2 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Growth maximizing the use of resources

MM €	2011	2010	% Var.
Non current assets	351.8	334.4	+5.2%
Inventory	175.1	159.3	+9.9%
Trade receivables and others	141.5	129.3	+9.4%
Other current assets	14.4	8.8	+63.6%
Cash and cash equivalents	14.7	57.3	-74.3%
Current assets	345.7	354.7	-2.6%
Equity	449.4	406.4	+17.7%
Financial debt	16.7	32.9	-49.4%
Other non current liabilities	67.0	68.4	-2.0%
Non current liabilities	83.7	101.3	-17.4%
Financial debt	59.6	84.2	-29.3%
Trade creditor and other payable accounts	89.5	80.9	+10.6%
Other current liabilities	15.1	16.4	-7.9%
Current liabilities	164.2	181.5	-9.5%

Total assets and liabilities:
€697.3MM
+1.2% vs. 2010

New capacity to give a solution for market growth and get ready for Be MORE plan

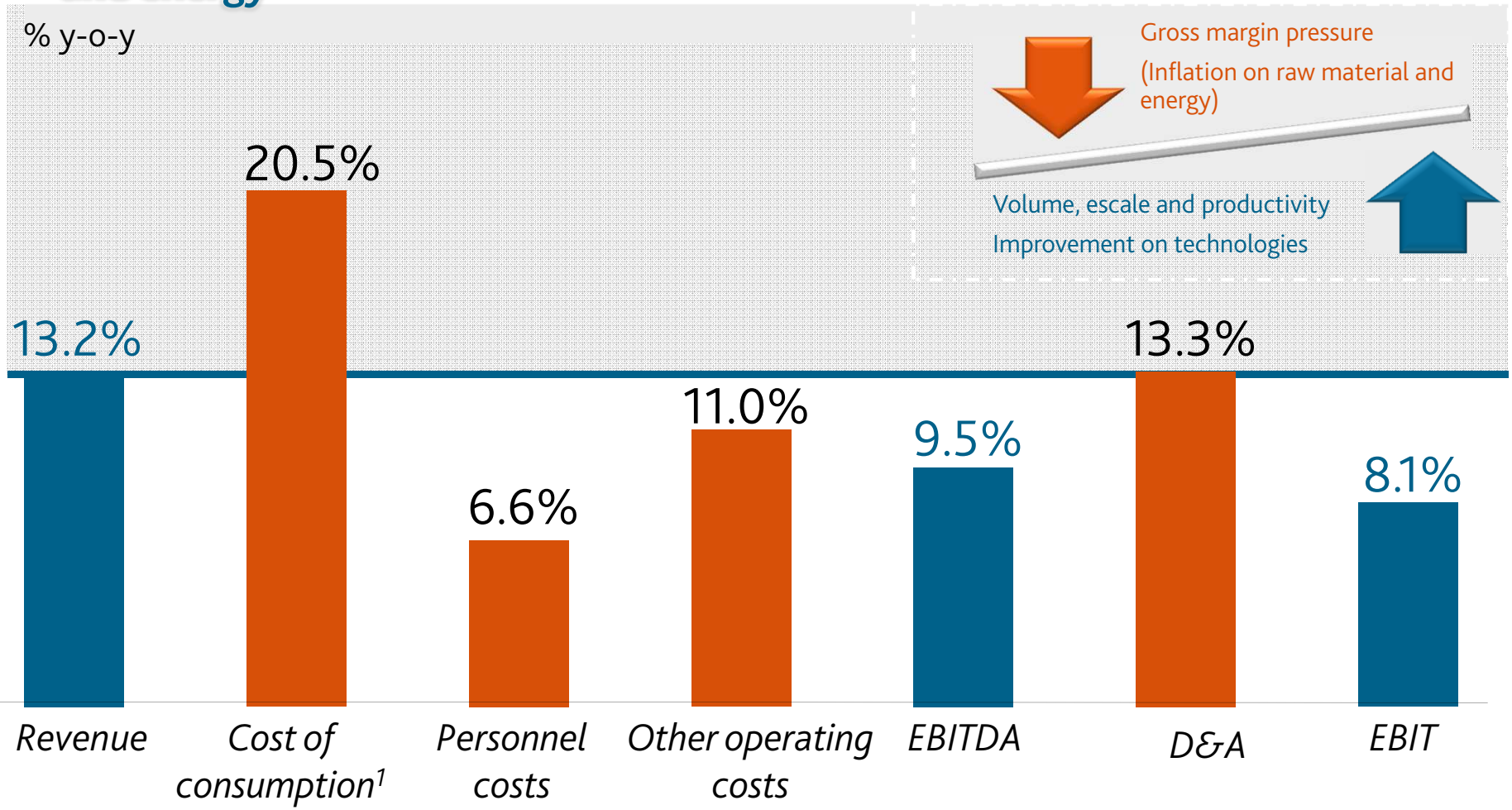


Growth in main financial magnitudes boosted by top line performance

MM €	1Q12	1Q11	% y-o-y	% y-o-y ex-forex[1]
Revenue	177.9	157.2	+13.2%	+11.9%
EBITDA	42.8	39.1	+9.5%	+5.1%
EBITDA margin	*24.1%*	*24.9%*	*-0.8 p.p.*	
EBIT	31.6	29.2	+8.1%	
PBT	29.4	29.0	+1.5%	
Net profit	23.3	21.9	+6.4%	

1 For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

Strong volume and operating leverage to offset higher prices in raw material and energy

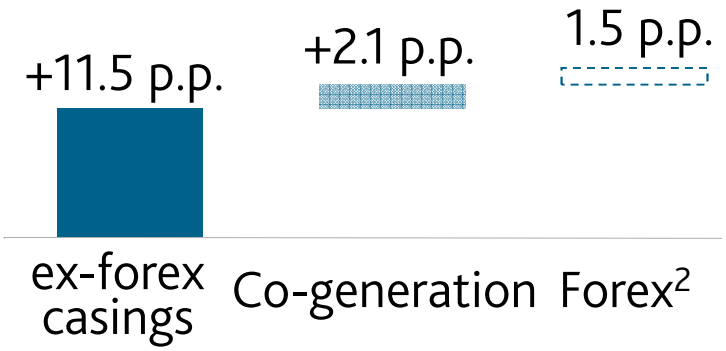


1 Since 2012, the net purchases figure has included energy consumption associated with electricity production from the cogeneration plants in Spain and Mexico, formerly recorded under Other operating expenses. The impact of this reclassification in 1Q11 is €7.2 million of higher costs of consumption and a lower figure in Other operating expenses

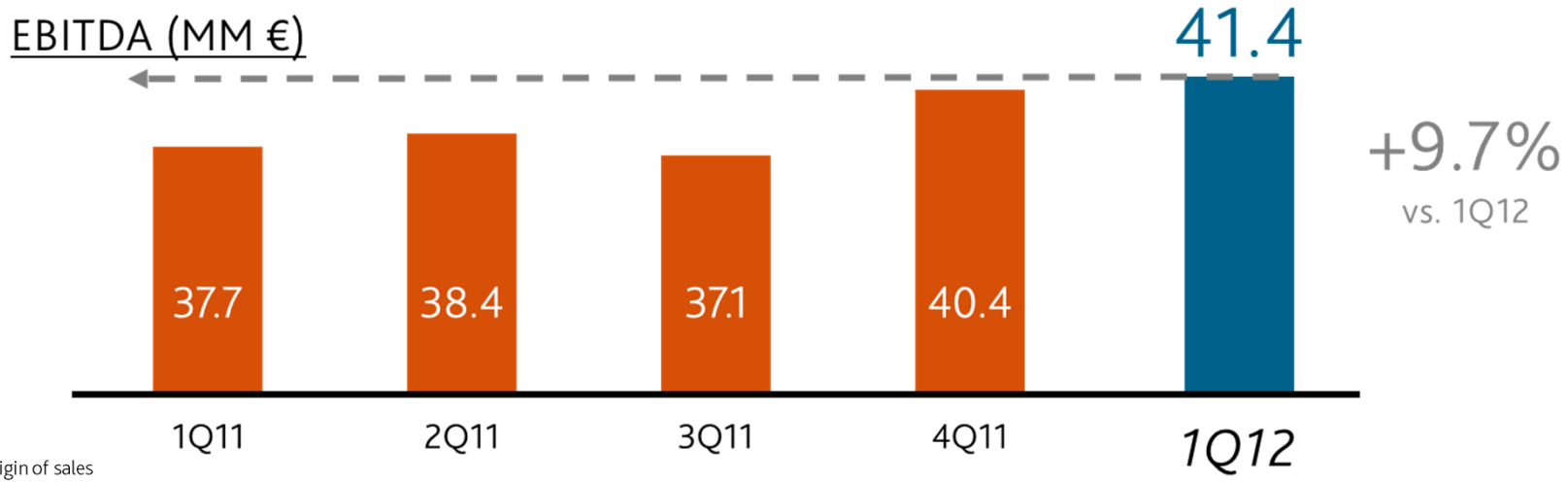
Growth on volumes in all families and in all reporting regions

Revenue (MM €)

154.0 (+15.1% vs. 1Q11)



Europe & Asia (€79MM)	+17.7%
North America (€51MM)	+14.5%
Latam (€24MM)	+8.8%



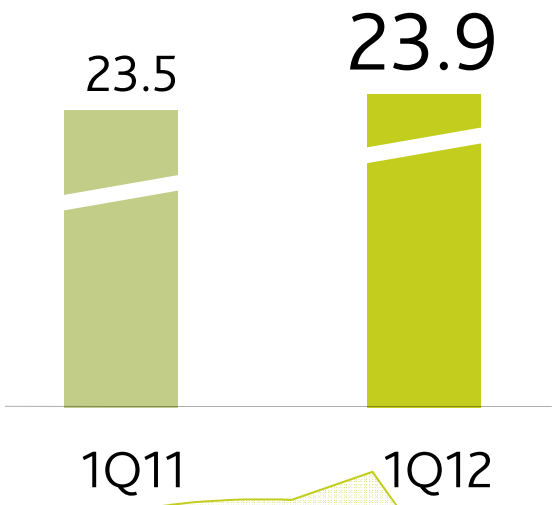
[1] Revenue by origin of sales

[2] For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.



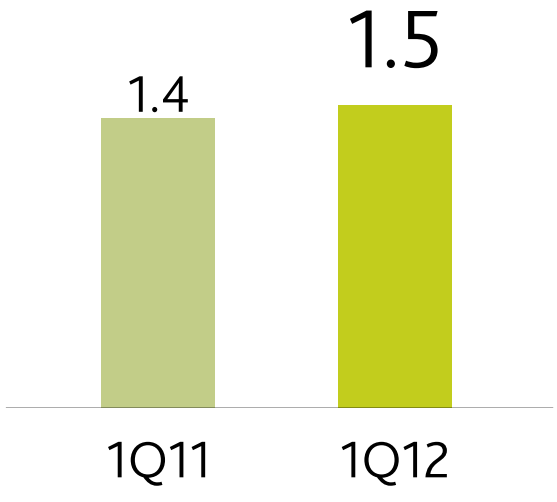
Sound results and IAN Group leadership: improving revenue and EBITDA in an environment of weak consumption in Spain and higher raw material prices.

Revenue (MM €):
+2.0%

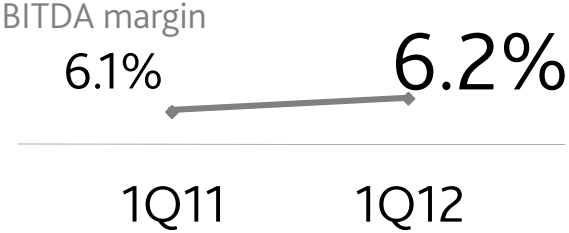


… Ready meals +28%…
… sound tomato market share.

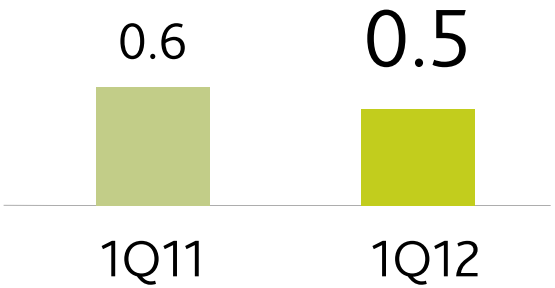
EBITDA (MM €):
+3.4%



EBITDA margin



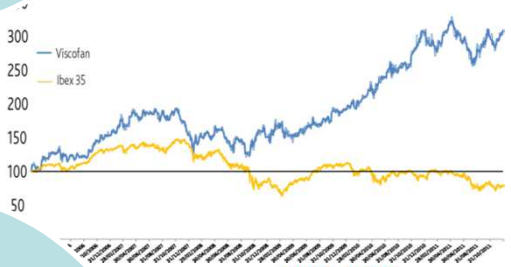
Net profit (MM €):
-18.7%



An international leader



Access to capital



Continuous progress

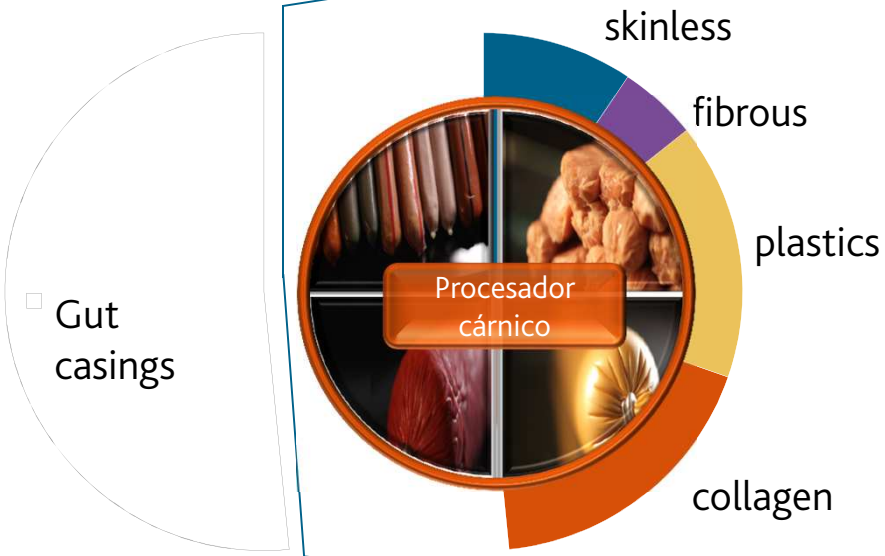


An international leader

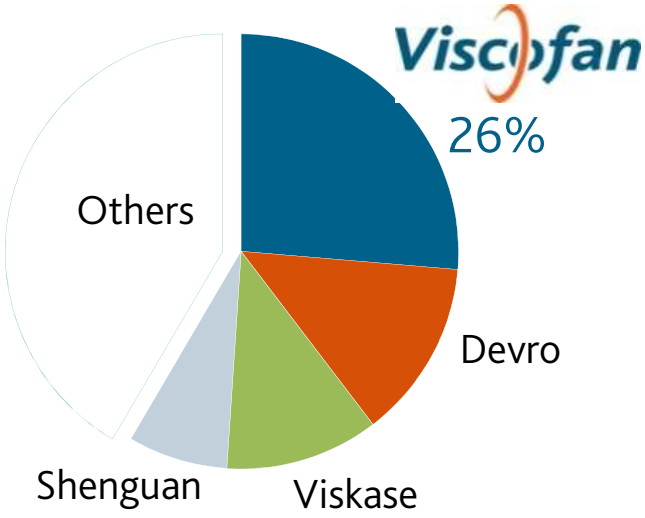


Only one with propietary technology for all artificial casing families

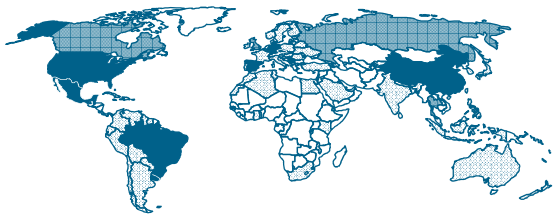
Casing market
2011 *>4,000 MM €*

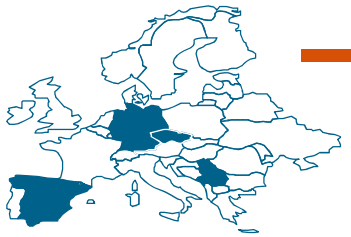


Artificial casings market
2011 *2,000 MM €*



An international leader











Production capacity by technology:

17 facilities in 9 countries of 4 continents

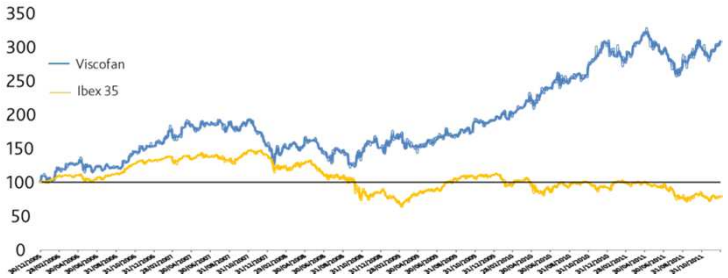
	Skinless	Collagen	Plastics	Fibrous	IAN
	✓	✓	✓	✓ *	✓
	✓ *	✓	—	—	✓
	✓	—	✓ *	✓	—
	✓	✓	✓	✓ *	—

Extrusion capacity in 2013

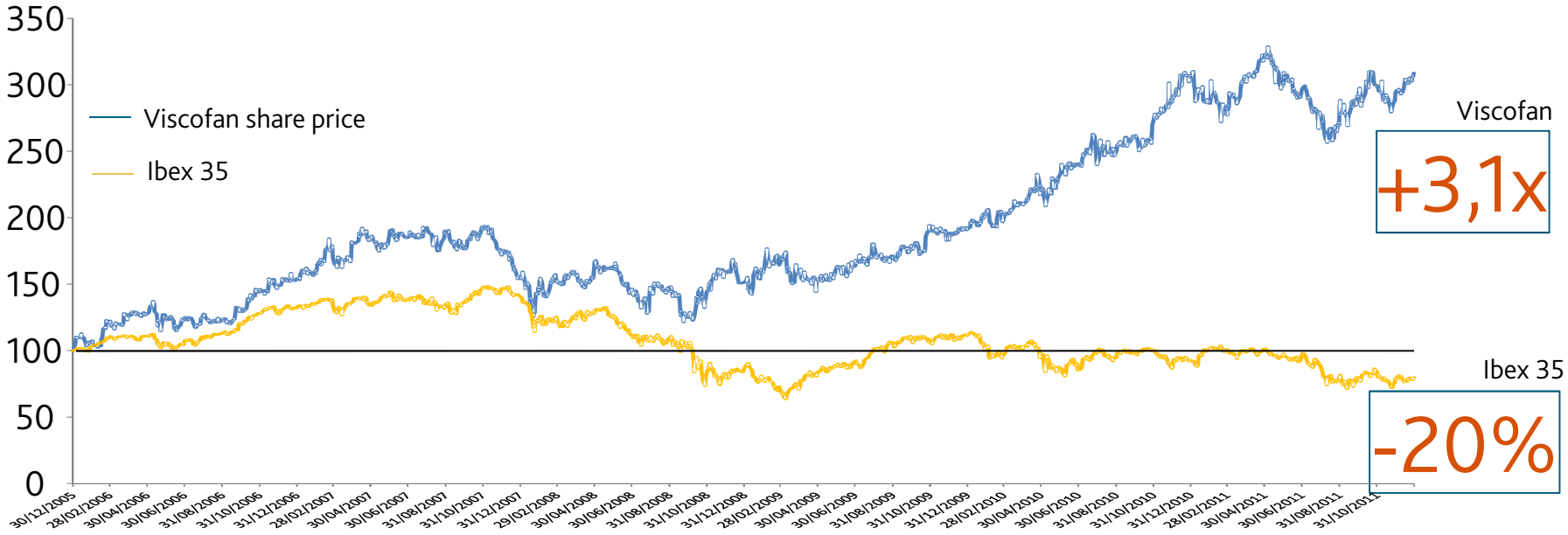
Extrusion capacity in 2014

* Converting

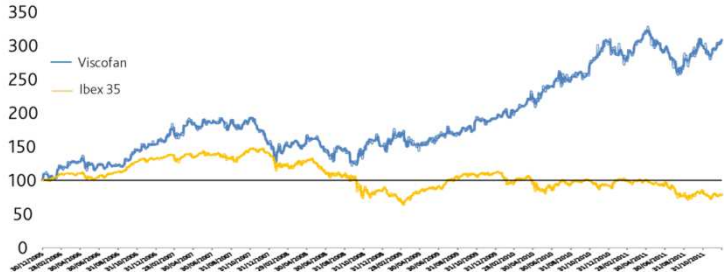
Access to capital



Share price has tripled since 2006 and doubled in Be ONE period (2008-2011) despite tough environment… and the evolution year to date is +14% growth vs. a decline of 24% in Ibex

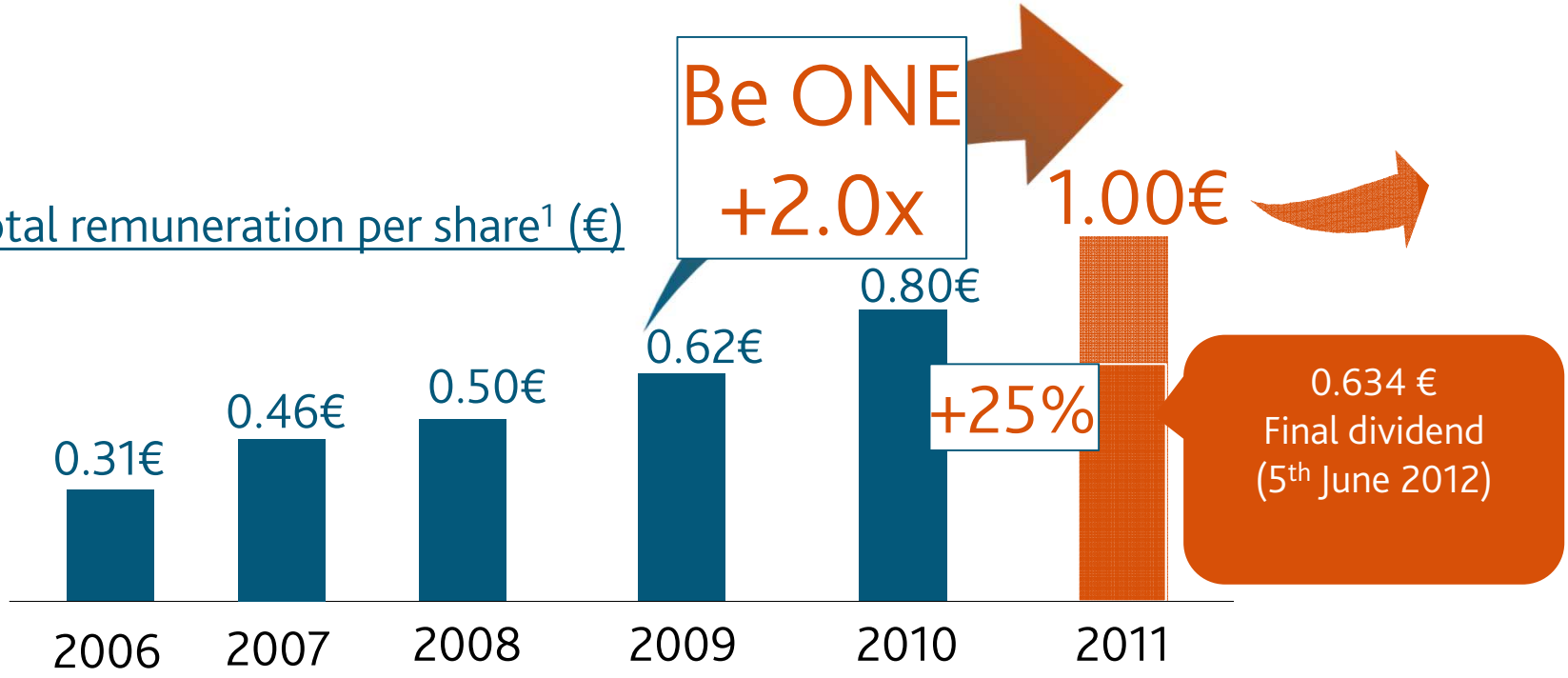


Access to capital



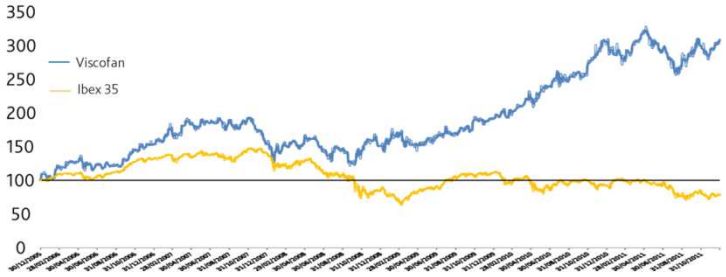
But we have also increase progressively the dividend every year based on business performance and future plans, without putting on risk the flexibility needed to keep creating value for current shareholders and those to come…

Total remuneration per share[1] (€)



[1] Remuneration per share includes interrim dividend, final dividend, return of issue premium, capital reimbursement and AGM attendance bonus.

Access to capital



A market that shares balance sheet robustness to face new growth opportunities and the flexibility to offset market dynamism.

Price share growth with higher returns on dividends, expansion plans and strong balance sheet

	2006	2007	2008	2009	2010	2011
Pay-out	46.4%	45.5%	45.4%	45.2%	45.8%	46.0%
yield (closing price)	2.1%	3.1%	3.6%	3.5%	2.8%	3.5%

Net Debt Viscofan MM €	111,806	94,679	122,424	90,520	59,818	61,469

Net Debt / EBITDA

Viscofan	1.3	1.0	1.2	0.7	0.4	0.4
Devro	1.0	1.0	0.7	0.2	0.2	0.4
Shenguan (net cash)	-0.3	0.4	-0.2	-2.3	-1.0	-0.3

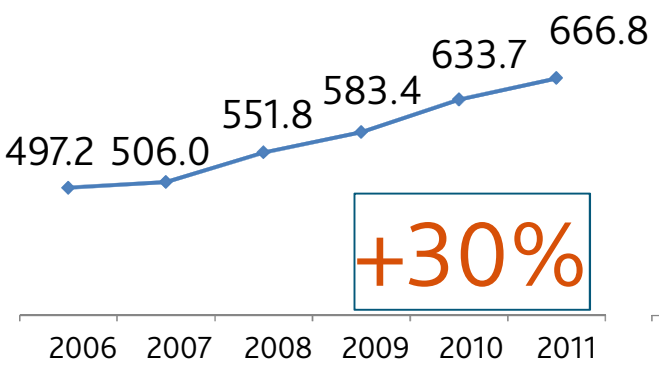
Continuous progress



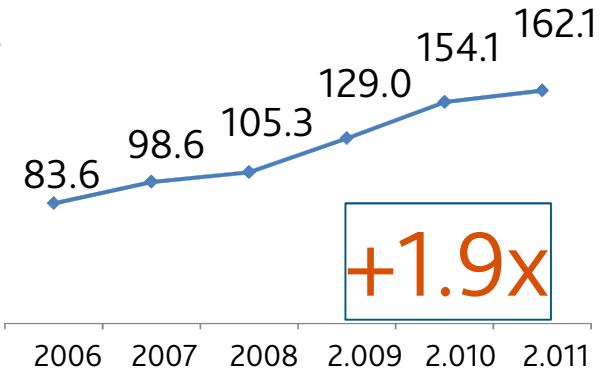
Share price backed by business performance in the long term…

Viscofan, main financial maginitudes (MM €)

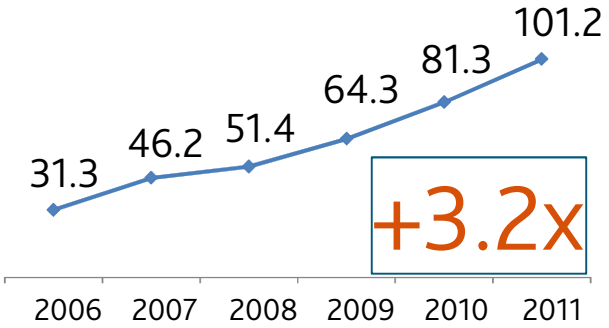
Revenue



EBITDA



Net profit



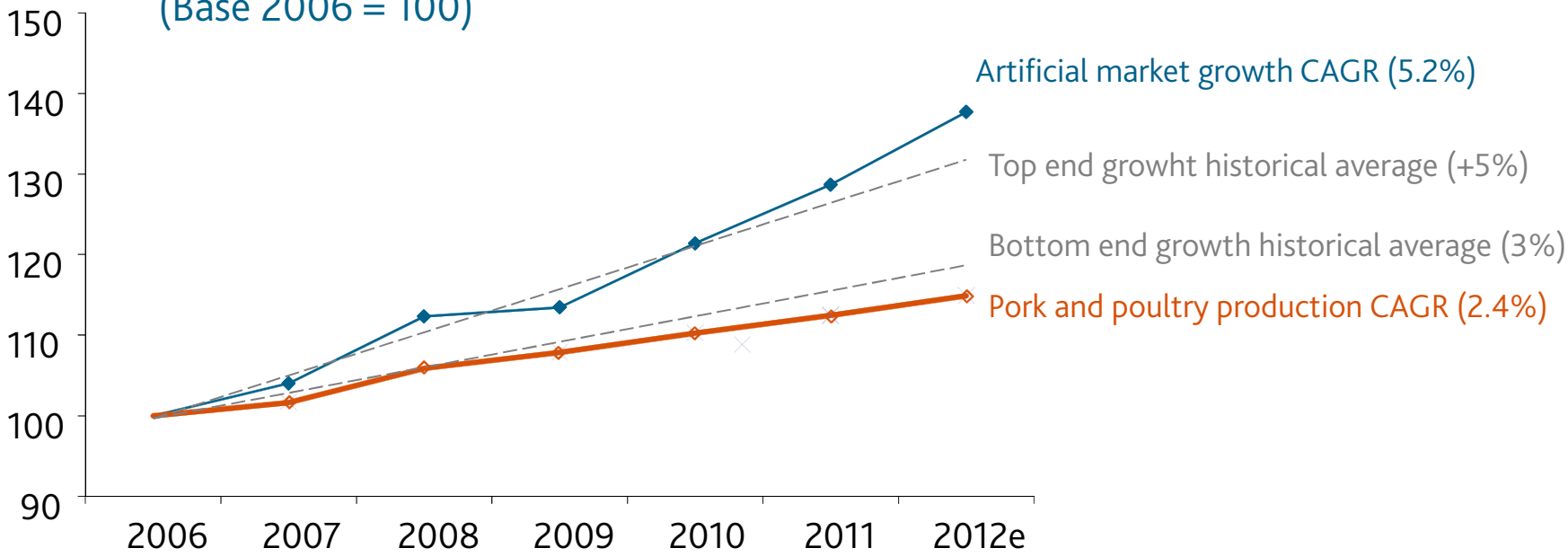
Continuous progress



GROWTH OPPORTUNITTY

Market is sustaniable growing above top end range driven by emerging countries growth… and also in developed ones.

Artificial casing market growth
(Base 2006 = 100)



Continuous progress

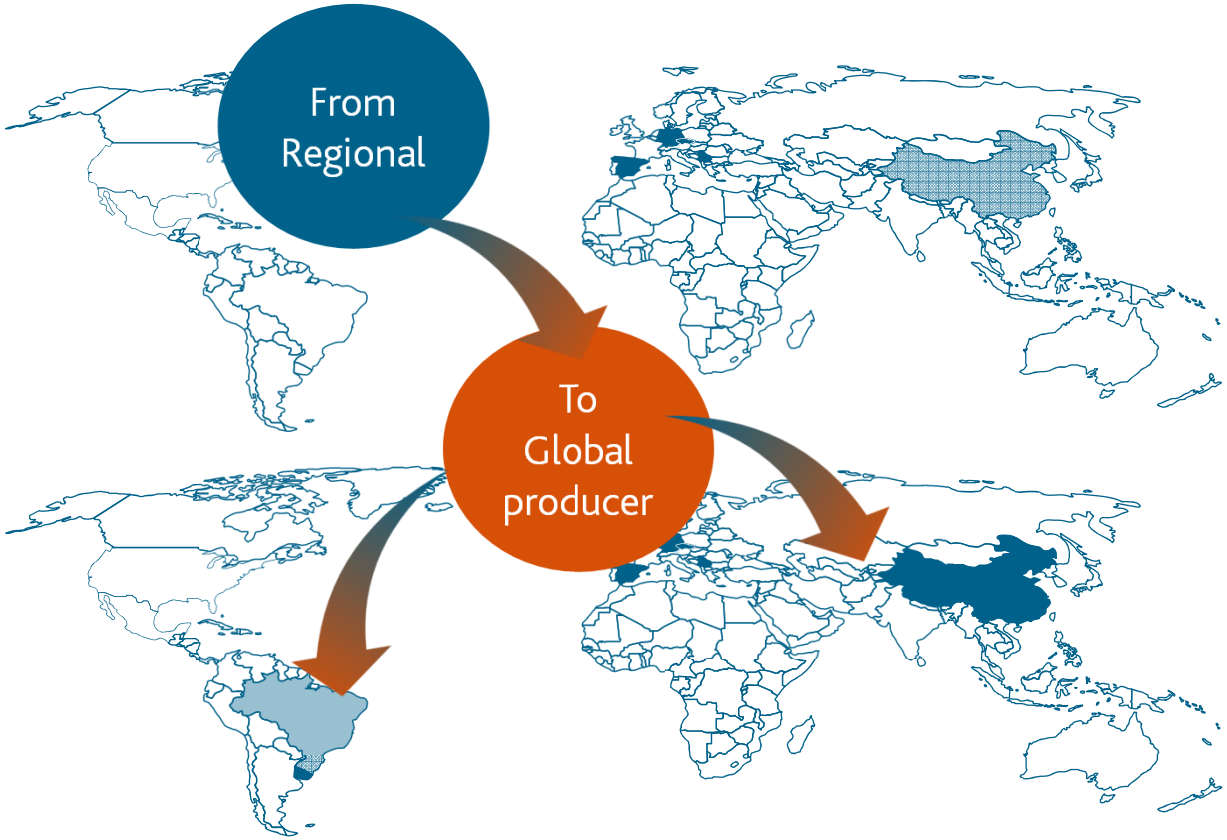


COLLAGEN GLOBAL PRODUCER

25 MM € investment in new plant in China
25 MM € investment in new plant in Uruguay
1 MM € investment in collagen converting in Brazil

Year 2011

Year 2015

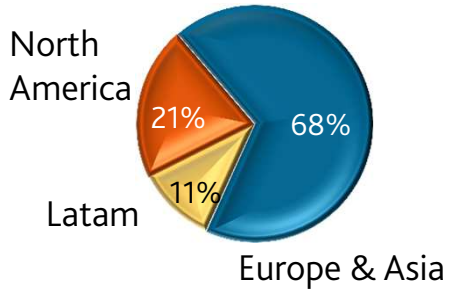


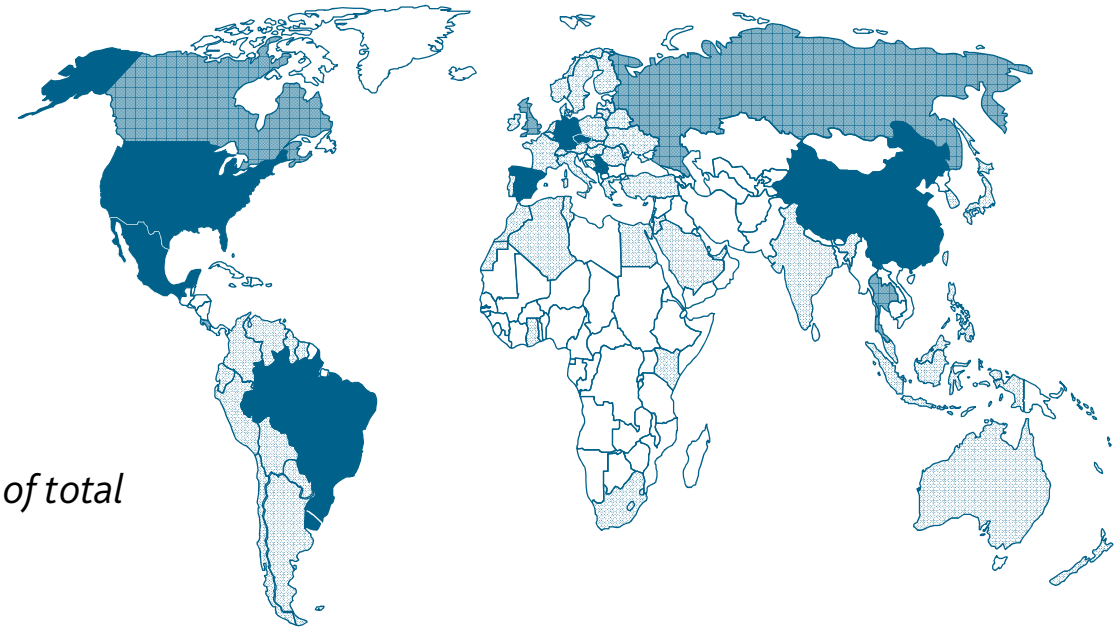
Continuous progress



A GLOBAL LEADER IN ALL CASING FAMILIES AS KEY COMPETITIVE ADVANTAGE

+ 4,000 people are the team of Viscofan





- Facilities: 17 in 9 countries
- Commercial offices: 13 countries
- Product distribution: + 100 countries

(Casing sales in Spain are less than 3% of total casing sales)

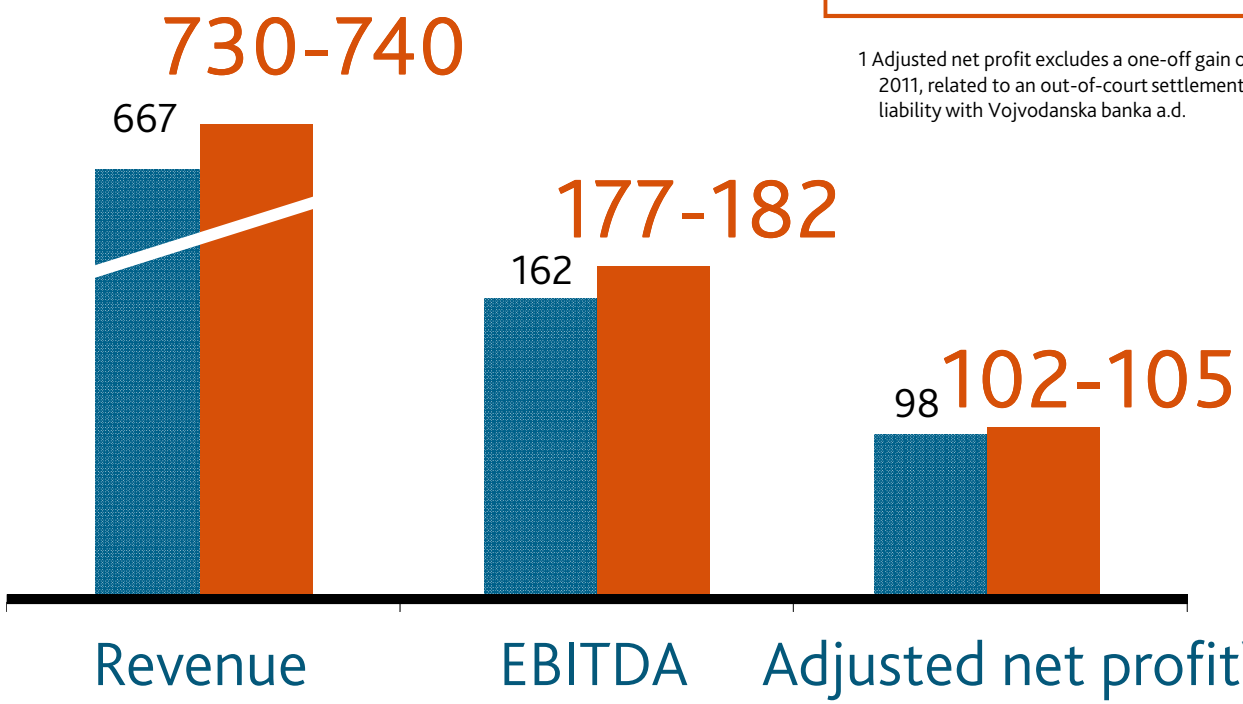
Continuous progress



■ 2011 ■ Guidance 2012

	% y-o-y.
Revenue	9%-11%
EBITDA	9%-12%
Adjusted net profit[1]	4%-7%
US$/€	1.35

1 Adjusted net profit excludes a one-off gain of €2.843 thousands, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.



To sum-up

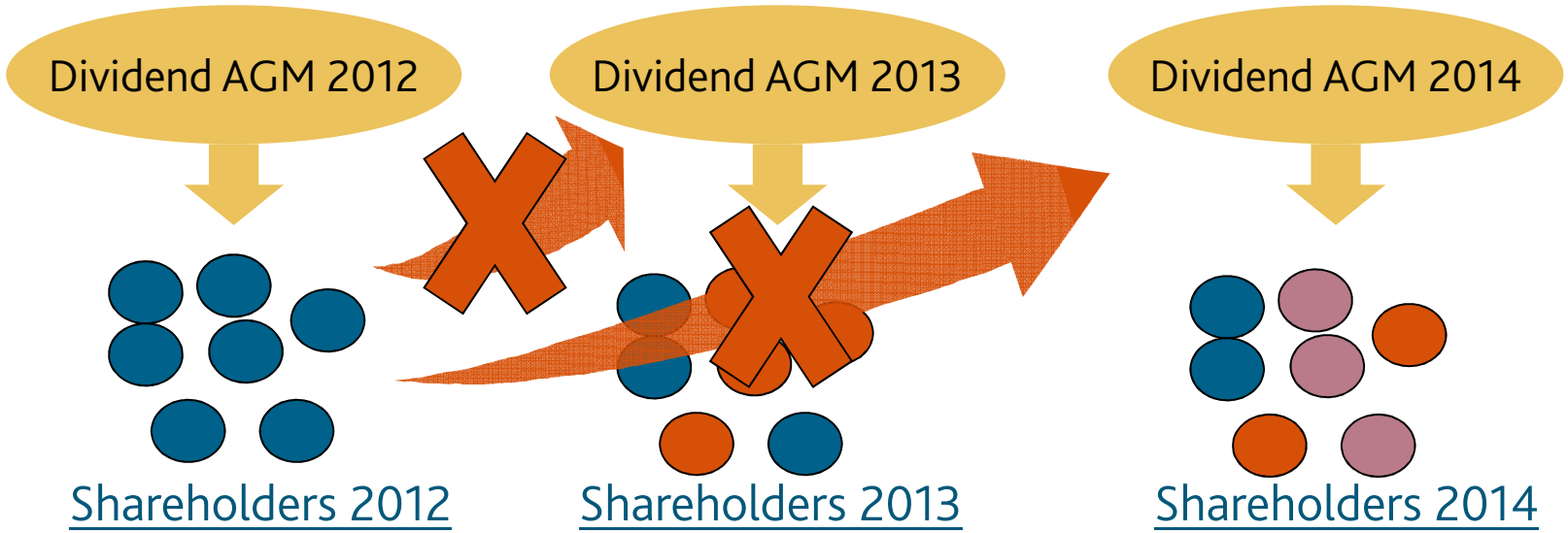
- **Improvements in all financial magnitudes** in a year when Viscofan has given a quick answer to market growth needs.
- *Be MORE*: A new strategy to capture the **unique growth opportunity** in this market, with special focus on collagen, but also in the rest of the families.
- **Outlook for 2012 mean another growth year** in main financial magnitudes: Revenue, EBITDA and net profit, driven by revenue growth in an environment of inflation costs.
- A group with a **clear leadership vision in this market. A group that brings together, growth, return, investments and shareholder remuneration** backed by a strong balance sheet.

7. Progressive dividend policy

1- Governance for Owners is seeking commitments on dividend distribution in 2013 and 2014 (55% and 65% de pay-out respectively) that just can be approved by the shareholders that will be present or represent in the Annual Shareholder Meetings that will approve the annual accounts for those years.

Board of Directors recommend to vote against this proposal made by Governance for Owners:

- The potential approval of a progressive dividend in this AGM **is not binding** onshareholders present or represented at the AGM for fiscal year 2013 and 2014.

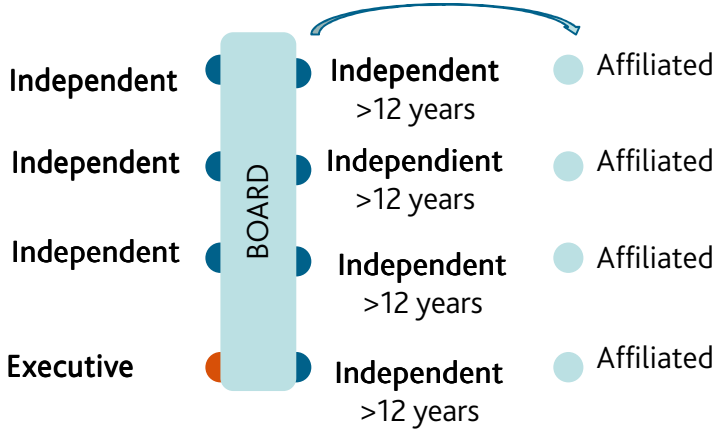


8. Adoption of Recommendation 29 of Unified Corporate Governance Code

Governance for Owners is seeking to weaken the Board by demanding the removal of half of its members and two thirds of the Executive Committee before June 2013, even if this is prior to the end of their tenure, ignoring the fact that these directors have been a cornerstone of Viscofan's excellent results.

a) Board of directors proposal

End of tenure reclassify as:

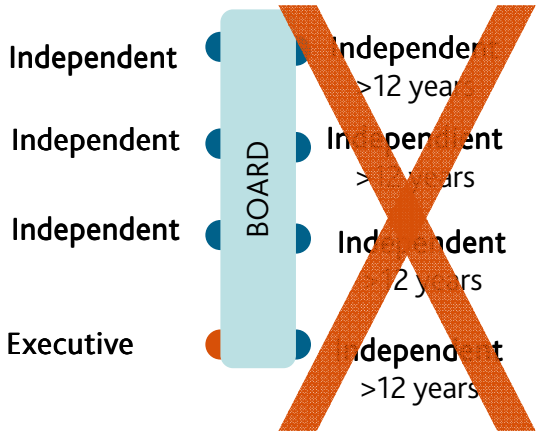


Consequence:

- ✓ No directos will be consider independents after 12 years
- ✓ AGM 2014: Commitment to have a predominance of independence on the Board of Directors

b) Governance for Owners proposal

Reemplazar en 1 año:



Consequence:

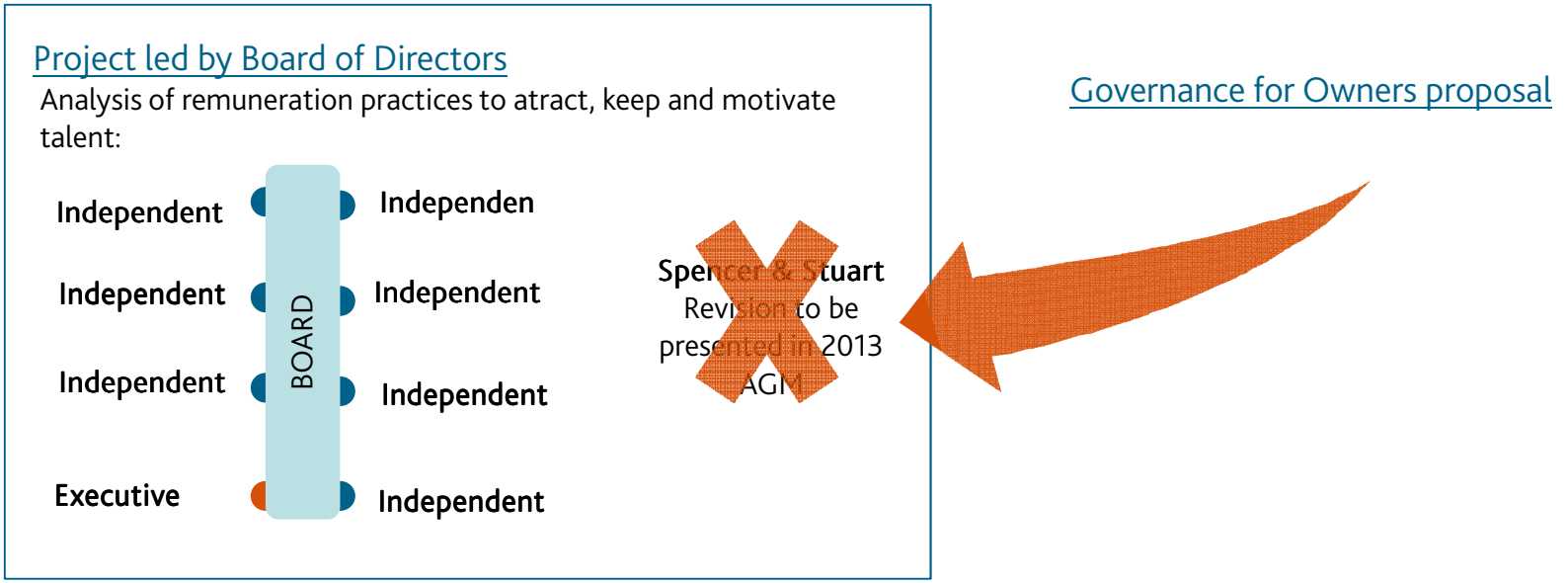
- x: Strong weakness of the governing body in a key strategic period *(Be MORE)*
- x: Lost of know-how, experience, leadership and talent

9. Adoption and application of Recomendation 36 of the Unified Code of Corporate Governance and amendment of art. 27 By-laws

✓ BOARD REMUNERATION CUMPLIES IN FULL WITH SPANISH AND EUROPEAN LEGISLATION, IT IS TRANPARENT, APPLIED SINCE 1990 AND RATIFIED IN BY-LAWS IN 2011

2011 BOARD REMUNERATION: 2.3MM € (-0.7%) while Net profit for the consolidated group grew by 25% y-o-y.

Governance for Owners is seeking cancel or anticipate the conclusions of the independent expert (Spencer Stuart) which has been previously commisiioned by the Board of Directors, results of that analisys will be reported to AGM in 2013 as previously announced in the Annual remuneration report that is publicly available for all shareholders.



10. The stipulation that proprietary directorships be unremunerated and the related modification to article 27 of the Bylaws

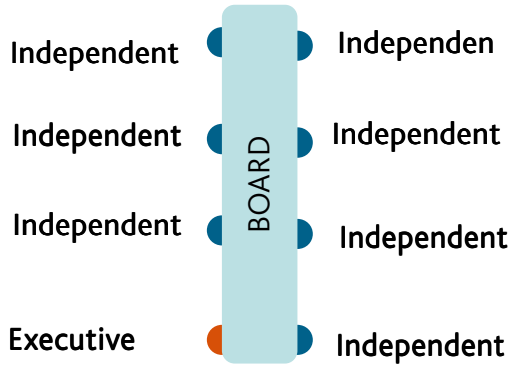
✓ BOARD REMUNERATION CUMPLIES IN FULL WITH SPANISH AND EUROPEAN LEGISLATION, IT IS TRANPARENT, APPLIED SINCE 1990 AND RATIFIED IN BY-LAWS IN 2011

2011 BOARD REMUNERATION: 2.3MM € (-0.7%) while Net profit for the consolidated group grew by 25% y-o-y.

Governance for Owners is confusing the most basic differences between the function of a proprietary director and the rights of shareholders. Director remuneration is necessary to ensure the professionalism, independence, loyalty and dedication that such a position requires,. The shareholder's proposal is not based on any of the recommendations in the Unified Good Governance Code, or by any Spanish or European legislation.

Project led by Board of Directors

Analysis of remuneration practices to atract, keep and motivate talent:



Spencer & Stuart
Revision to be presented in 2013 AGM

Governance for Owners proposal

11. The modification of the remuneration scheme for executive directors and resulting modification to article 27 of the Bylaws.

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