Viscofan

Be More strategy 2012-2015



BE MORE: THE NEW STRATEGY TO TACKLE THE GROWTH OPPORTUNITY…





OUR VISION FOR THE FUTURE

- We want to be THE GLOBAL LEADER in the artificial casing market.
- This vision means…
- The global leader focuses its efforts to **create value to our shareholders in a sustainable way**.
- The global leader is a **benchmark in efficiency and productivity in all the artificial casing** technologies.
- The global leader is **the reference for our customers** for our good practises, quality and service.
- The global leader **attracts and keep talented people and develops their capacities**: A leader that build up a team that is committed with Group goals and vision, a team that foster innovation and best practises, a team that encompasses hard work and seamless collaboration between Group members.

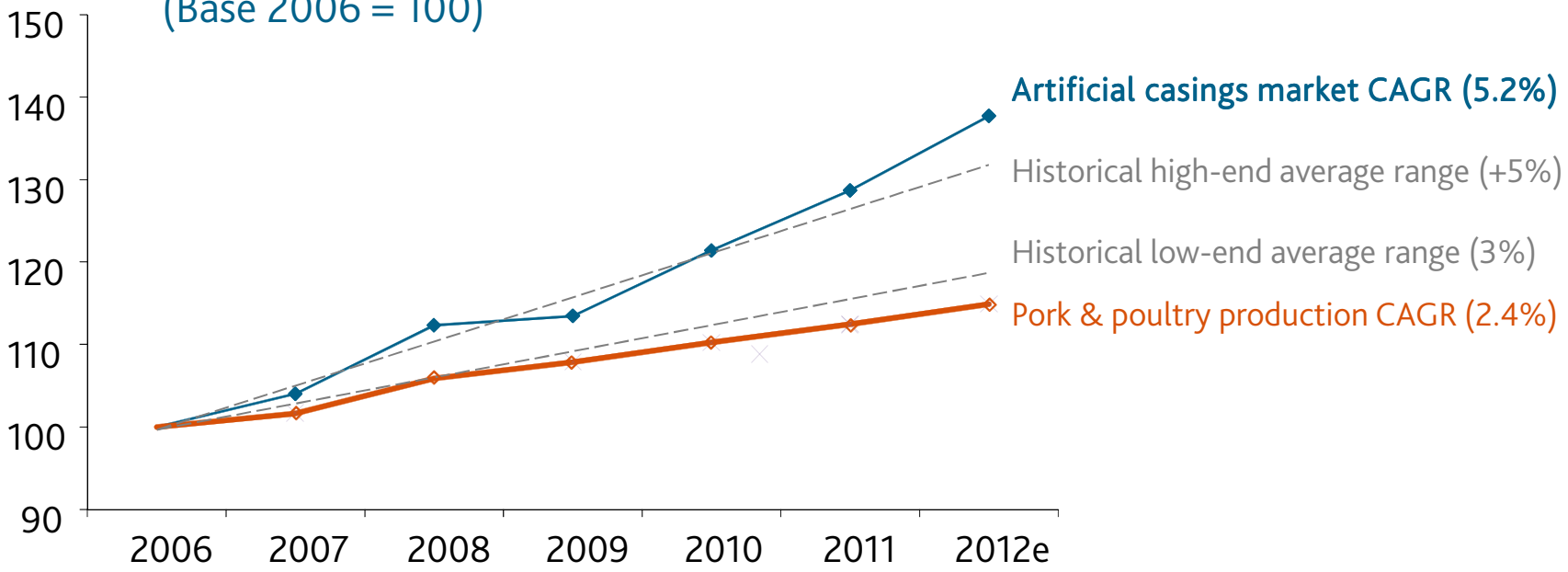

Be
MORE
Market growth
Optimization
Returns
Excellence

Market growth

THE GROWTH OPPORTUNITY

The market is consistently growing above the historical high-end range driven by growth in emerging countries… but also in developed ones.

Artificial casings market growth
(Base 2006 = 100)



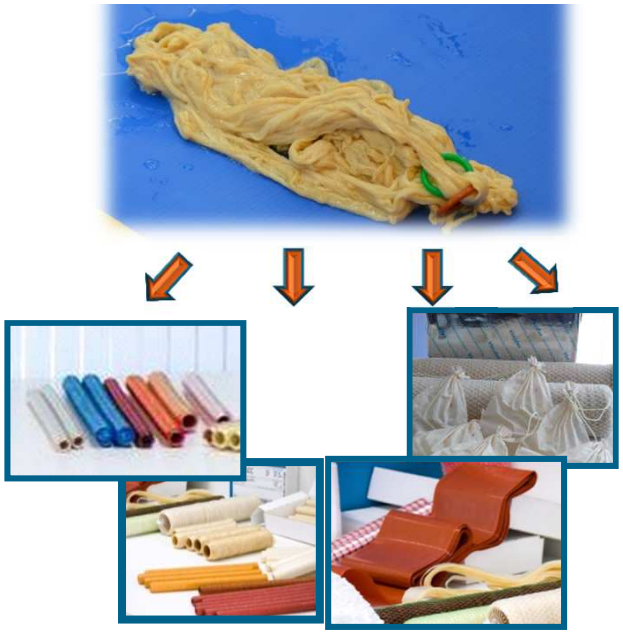
Market growth

DRIVERS FOR AN ACCELERATED GROWTH

Population growth & Feeding habits



New production technology



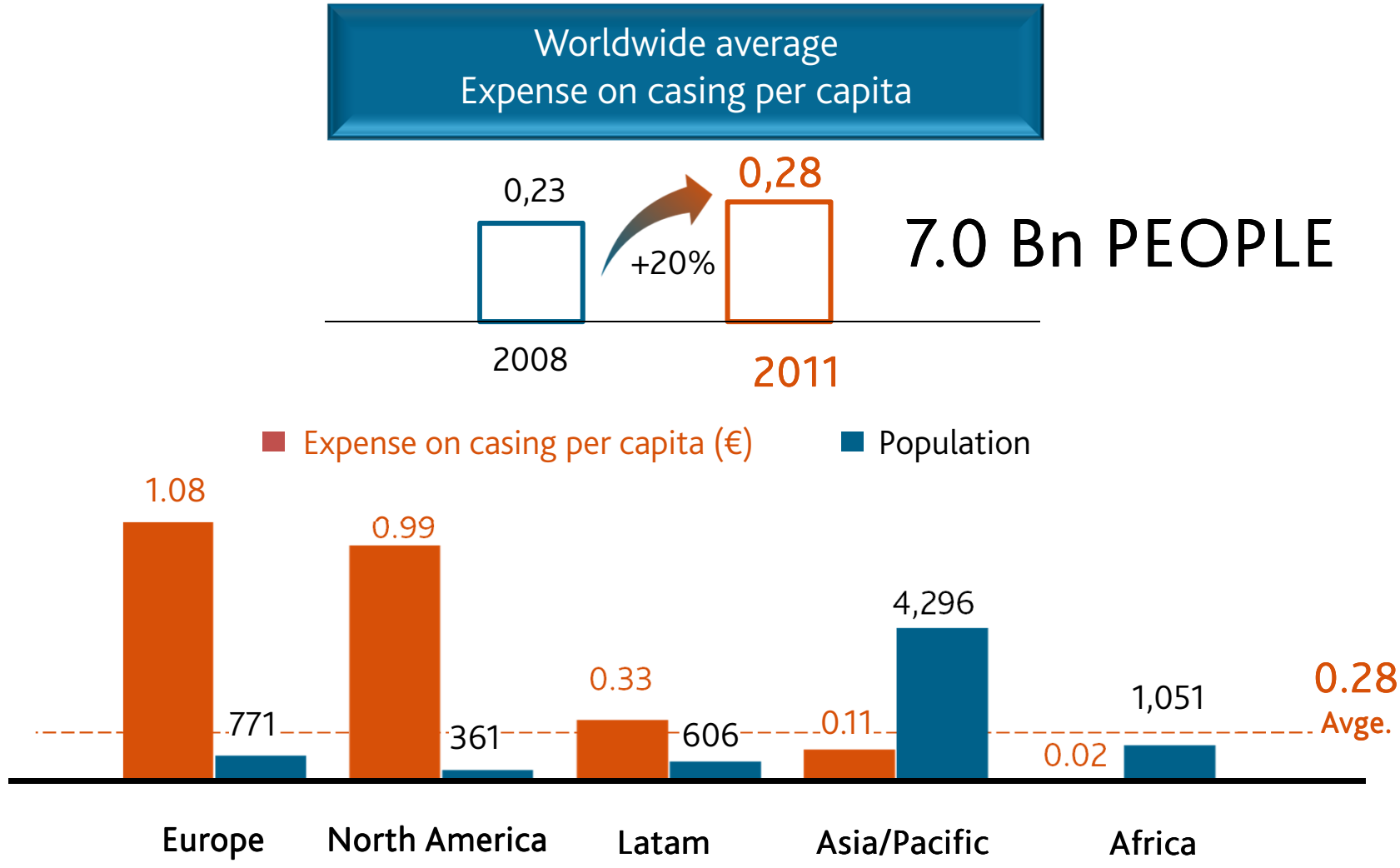
7 Bn people
(secular 1% growth)

Globalization
(Developing countries incorporate more meat in their diet, developed countries trends are related with GDP deceleration and fast food habits)

Meat industry is focusing on
productivity and cost control
in current environment…
…but also new products and
customization to increase market share and added value

Market growth

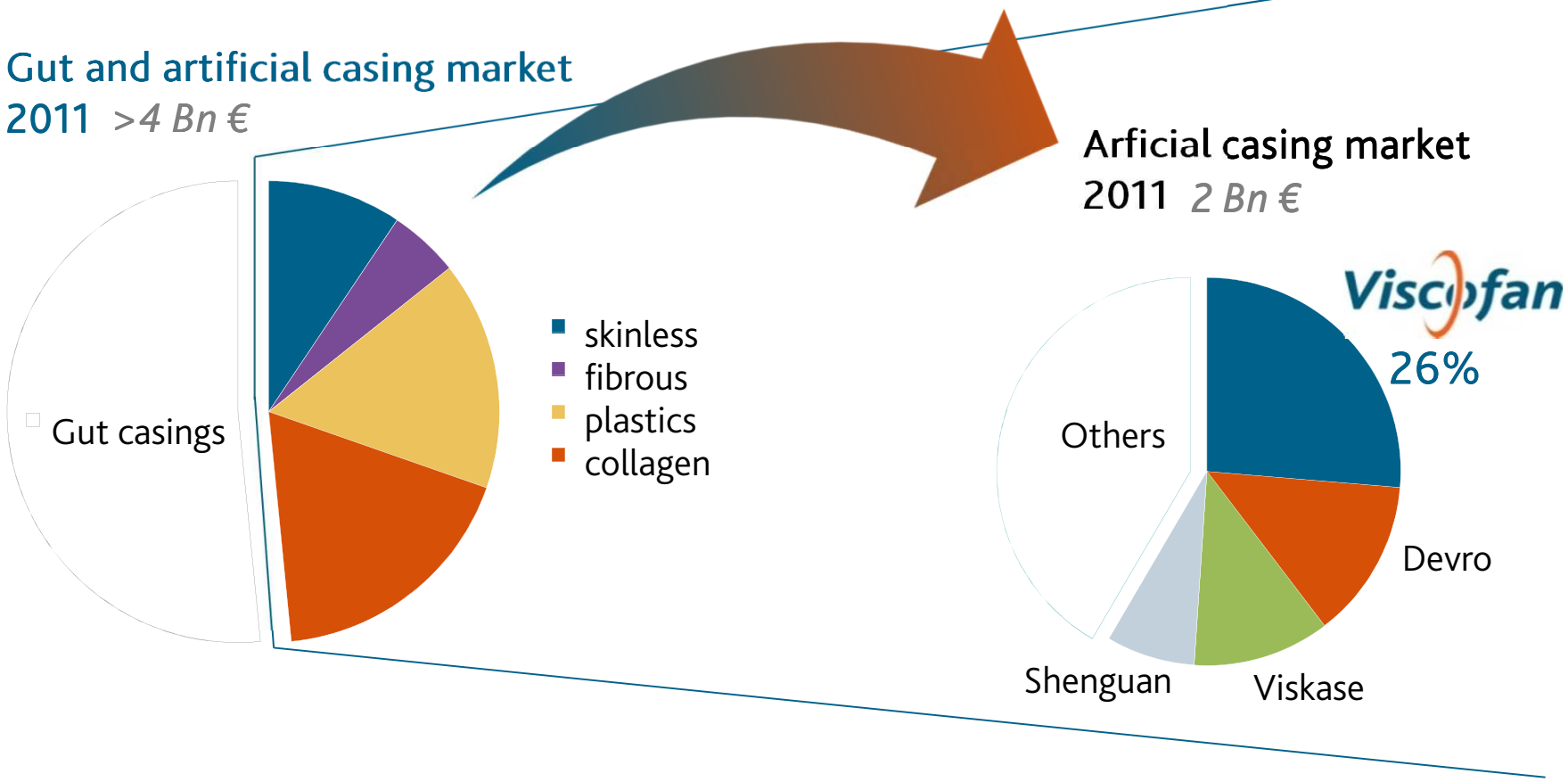
ALL REGIONS DELIVER GROWTH… BUT EMERGING AREAS ARE EVEN MORE DINAMYC



Market growth

GLOBAL LEADERSHIP IN A GLOBAL MARKET

A unique technology proposition has reinforced Viscofan's leadership in a very dynamic and demanding market… with clear growth potential



Market growth

THE WIDEST PORTFOLIO TO PROVIDE A UNIQUE SERVICE SOLUTION:

Leveraged on our technology to be "the casing company" for our customers:

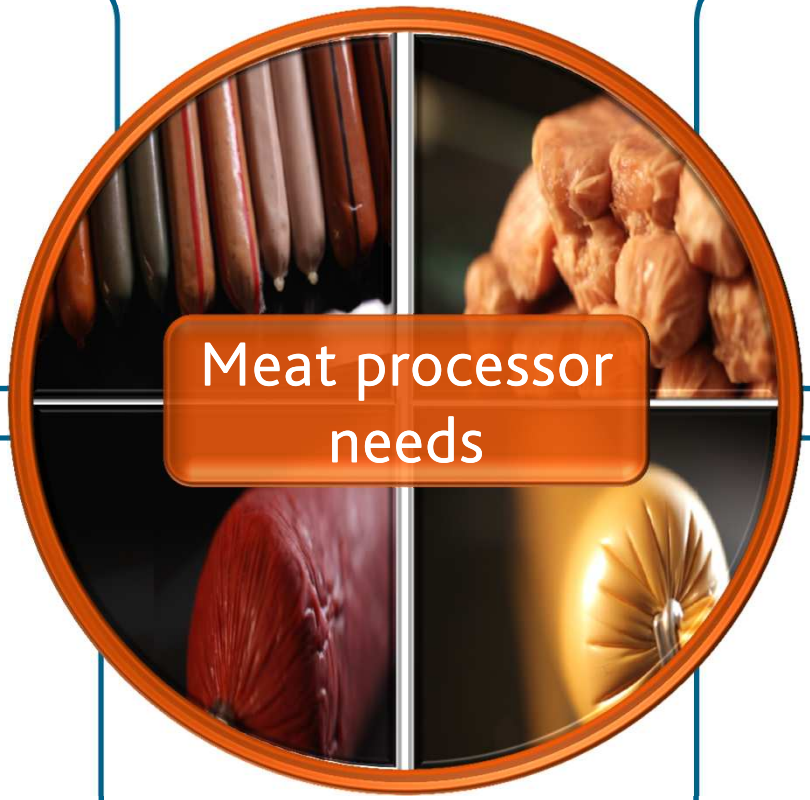
45% of total sales is for customers that buy the 4 technologies

Skinless

- Viscofan ✓
- Viskase
- Visko-Teepak

Collagen

- Viscofan ✓
- Devro
- Shenguan
- Fabios
- Nippi
- … others



Fibrous

- Viscofan ✓
- Kalle
- Visko-Teepak
- Viskase
- Case-tech
- …Others

Plastics

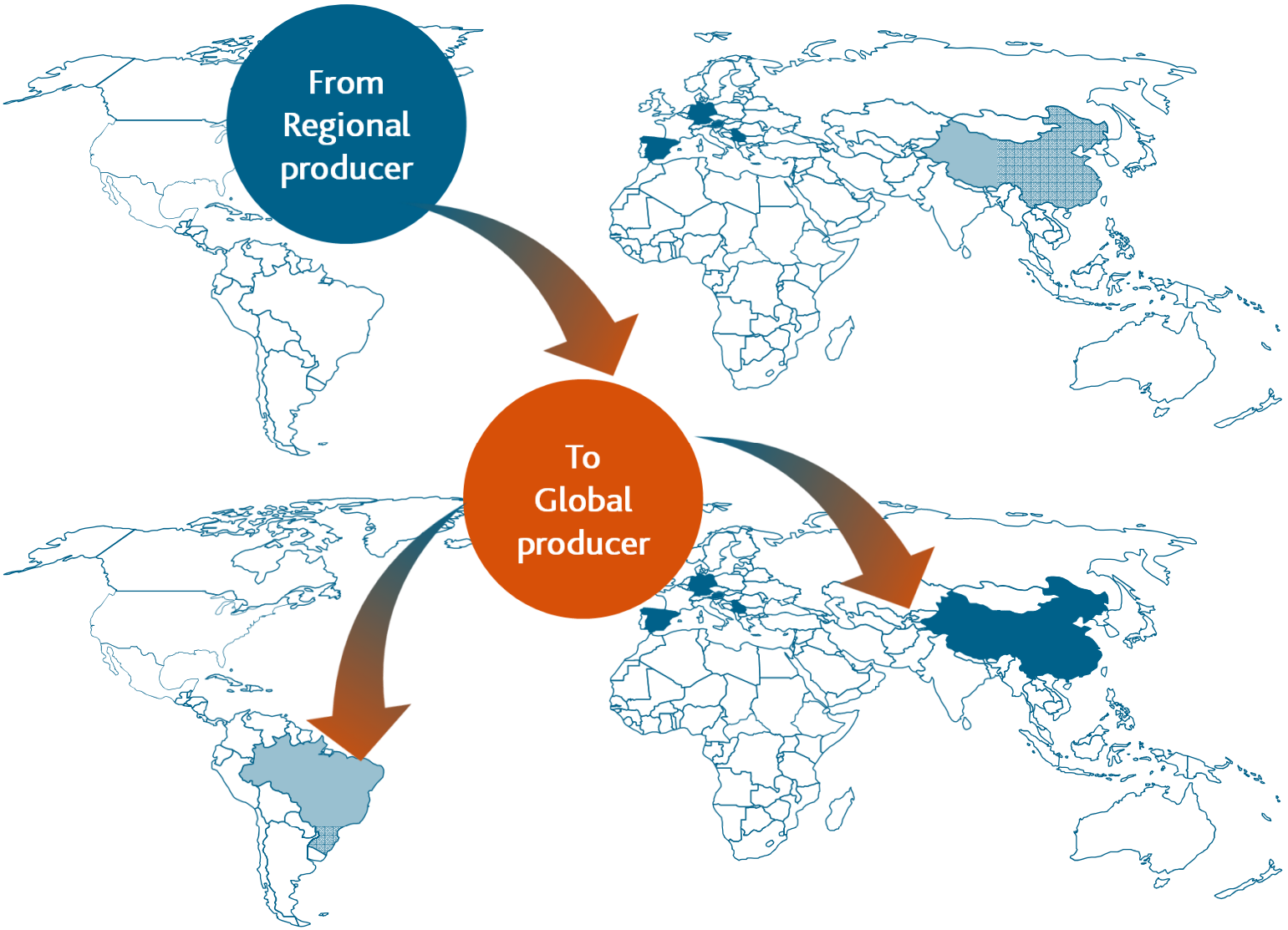
- Viscofan ✓
- Kalle
- Viskase
- Visko-Teepak
- … Others

Market growth

"BE MORE" MEANS BE GLOBAL IN THE COLLAGEN SEGMENT:

Year 2011

Year 2015

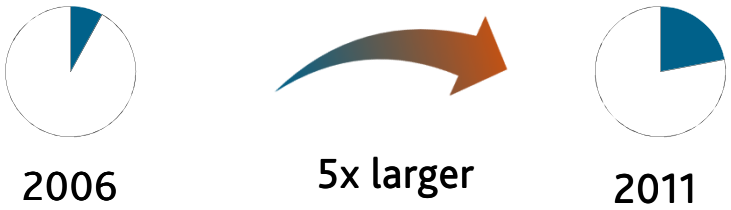


Market growth

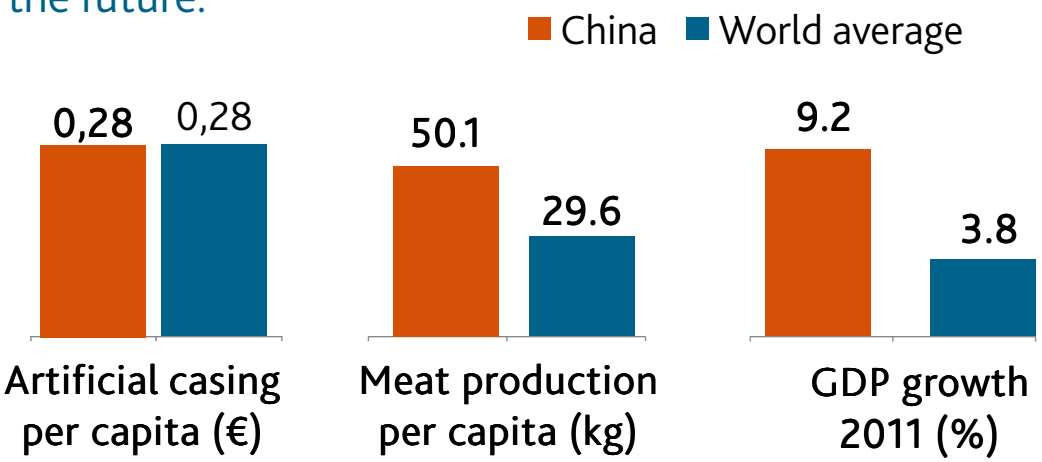
NEW EXTRUSION PLANT IN ASIA:

China is the largest market worldwide, and growing double-digit every year!!

Weight of China in worldwide collagen market:



A very significant growth… with strong prospects for the future:



Drivers for outstanding growth in China:

- ✓ Higher standards of living
- ✓ Migration from rural areas to urban areas
- ✓ Feeding habits incorporating global trends
- ✓ Meat industry developing very fast
  (top 5 customers account for more than 50% of the market)

Market growth

CHINA IS AT THE INITIAL PHASE OF INCORPORATING ARTIFICIAL CASING IN THEIR PRODUCTION PROCESS

Viscofan, as the worldwide leader will provide added-value proposition

Our aproach to the Chinesse market:

Distribution

Since 1992.
Commercial sales
No capex

Commercial office

Since 2006.
Better service and knowledge of the market
No capex

Converting plant

Since 2010.
Better time to market
Capex: €8MM

Collagen Extrusion plant

For 2013.
Full commitment with market development and customer service.
Capex €25 MM

Goals:

- Better **time to market, productivity and safety** for an industry with strong dynamics and high inflation rates
- **Premium quality** backed by leader expertise
- Casing solutions… **Meat processor are widening their portfolio** and Viscofan is the only one with all the artificial casing technologies.
- **Market share target**: 15% to 20%

Market growth

NEW COLLAGEN OPERATION IN LATAM:

Establishing converting capacity in Brazil as the largest market in Latam, improving time to market for the region and diversifying operational risk on collagen (concentrated in Europe)

Viscofan's aproach to the Latam market:

Distribution

Since 1990.
Commercial sales
No capex

Commercial office

Since 1991.
Better service and knowledge of the market. No capex

Converting plant

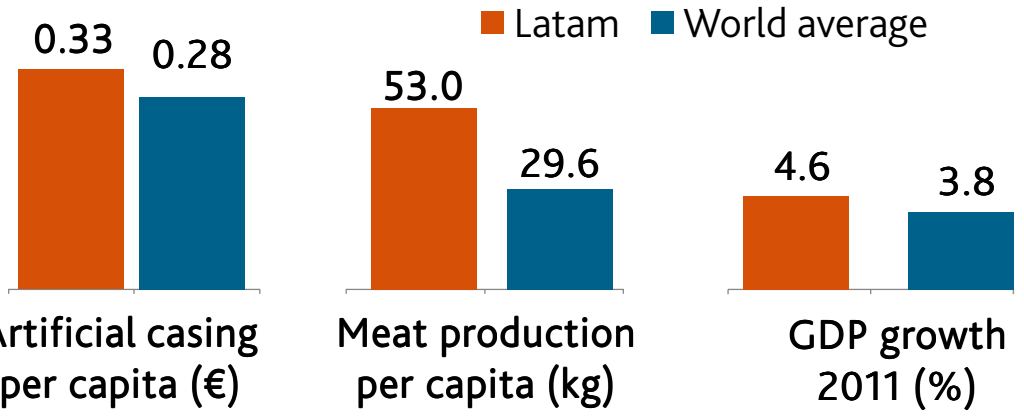
Since 2012.
Better time to market
Capex: €1MM

Collagen Extrusion plant

Analysing possibilities and rationale.
Investment expected during "Be MORE"

Latam is enjoying a high pace of growth due to industrialization and middle-class evolution.





M

Market growth

NEW RESOURCES FOR THE REST OF THE FAMILIES:

Viscofan is working internally to consolidate improvements and capacity to face the possibility of a strong growth in a massive market of thousand of million meters

Skinless casings:

The "common" way to taste a delicious sausage.



Drivers for growth:

- ✓ Cooked sausages for global population… (for many, the first step to animal protein).
- ✓ Cheap to buy for consumers and unbeatable performance to produce cooked sausages for meat processors.

Largest markets are populated areas: US, Brazil, Mexico…

… but penetration in emerging countries is about to come: China, South East of Asia or Africa…

M

Market growth

NEW RESOURCES FOR THE REST OF THE FAMILIES:

Fibrous and Plastics:

Strenghten the segments to improve service.



Growth focus:

Increase resources on R&D oriented to added-value segments:

- ✓Production focus: Upgrade technology
- ✓Market focus: To wide the portfolio

Consolidate capacity expansion in fibrous done in 2011

Increase capacity in plastics in 2012

A BALANCED PRODUCTION PORTFOLIO LED BY EXCELLENCE CENTRES AND VERY COMPETITIVE COST PLANTS

Production capacity by technology:



Skinless	Collagen	Plastics	Fibrous
✓	✓	✓	✓ *
✓ *	✓	—	—
	Extrusion capacity in 2013		
✓	—	✓ *	✓
✓	✓ *	✓	✓ *
	Extrusion capacity during Be MORE		

* Converting

Optimization

EXCELLENCE CENTRES GAINING COMPETITIVENESS THROUGH TECHNOLOGY AND COST CONTROL.

Viscofan is increasing capacity in countries with very competitive production costs.

Excellence centres

Consolidate investments made in late 2011 and technology upgrades.
Achieve new efficiency benchmarks

Upgrading technology and automation plans

Plans to improve automation in Czech Republic and in Brazil

Additional capacity in low cost countries

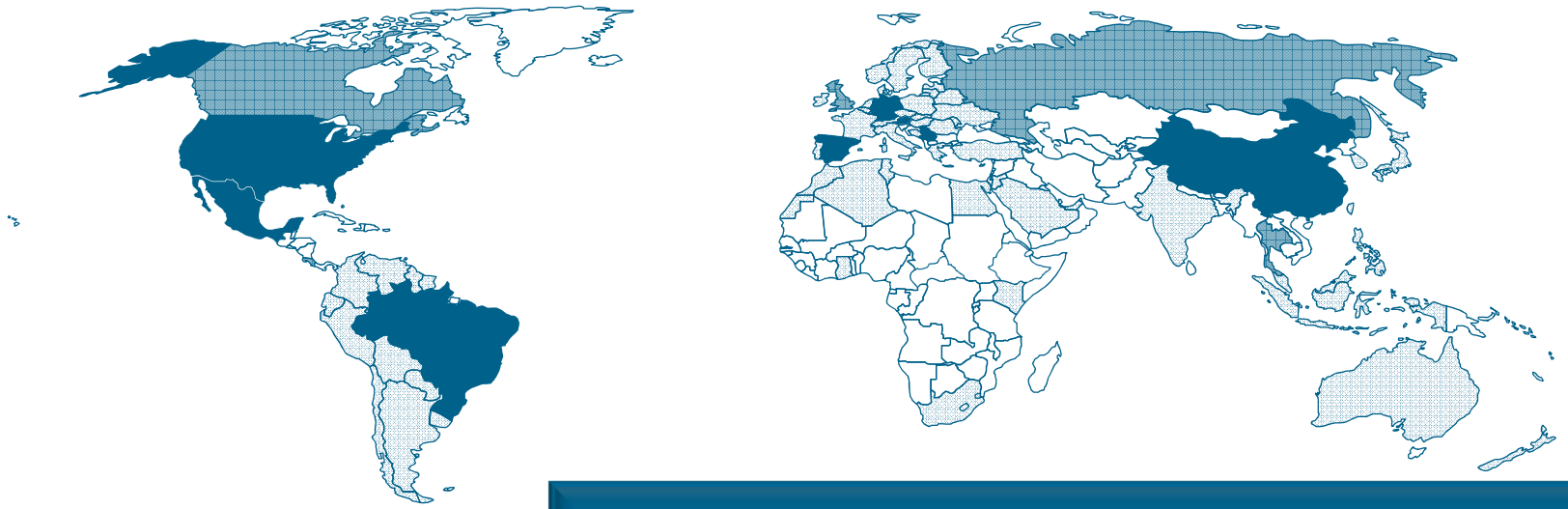
Investments in China, Brazil, Czech Republic and Serbia

Optimization

DEMANDING QUALITY AND SERVICE IN MORE THAN 100 COUNTRIES WORLDWIDE

A better management of supply chain to capture new synergies…

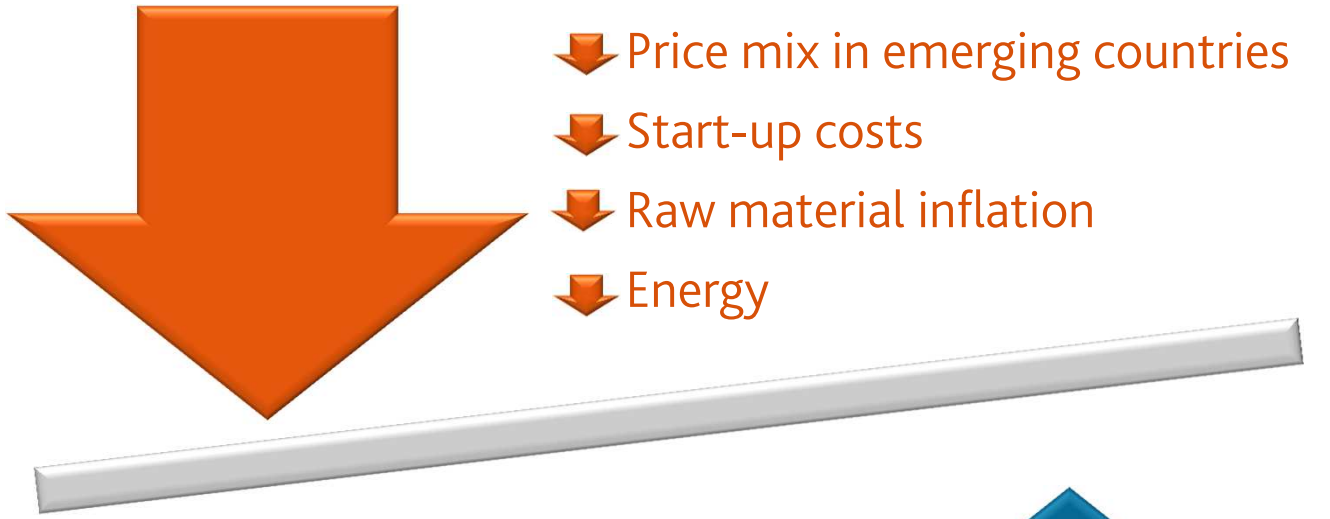
- Production footprint
- Commercial offices
- Commercial agents



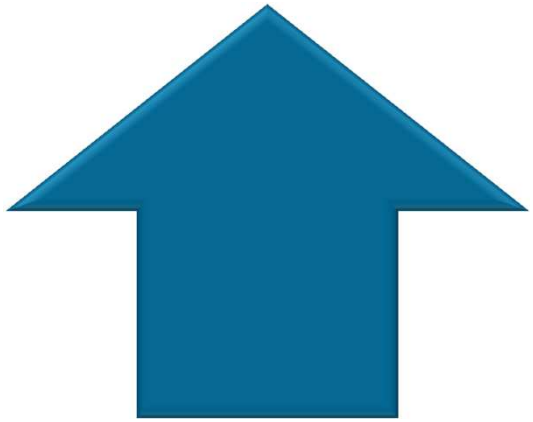
Growth will involve additional working capital efforts in the short term…
… but better service, time to market, and working capital efficiency in the long term.

Optimization

BALANCING EFFORTS TO OFFSET A VERY DEMANDING ENVIRONMENT.



- Price mix in emerging countries
- Start-up costs
- Raw material inflation
- Energy



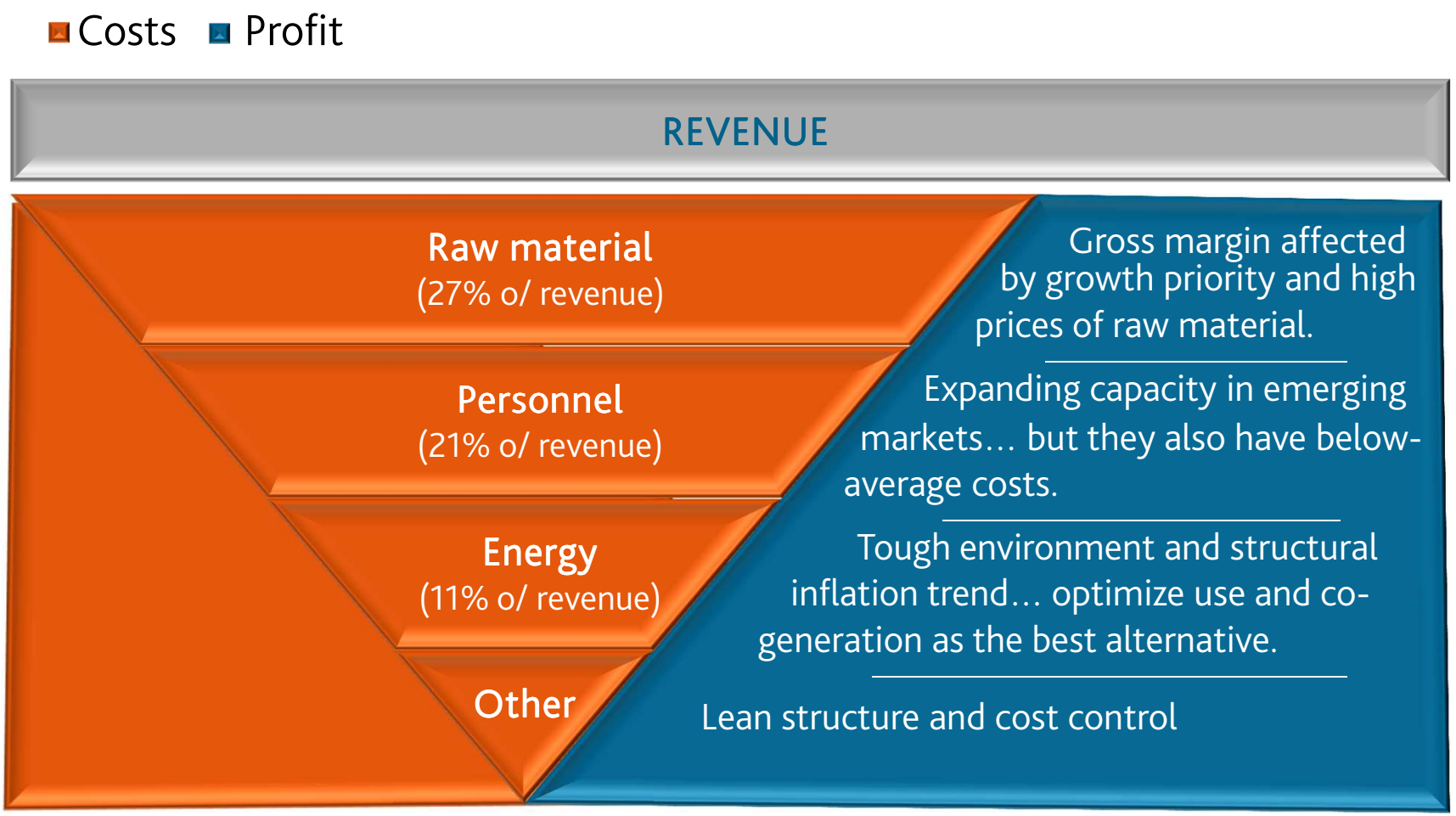
- Volume & Scale
- Technology upgrades
- Efficiency control
- Optimize investments on energy (new cogeneration engine in Spain)
- Strong balance sheet

R

Returns

FOCUS ON GROWTH, BUT KEEPING DISCIPLINE AS THE BEST GUARANTEE FOR SUSTAINABLE VALUE CREATION.

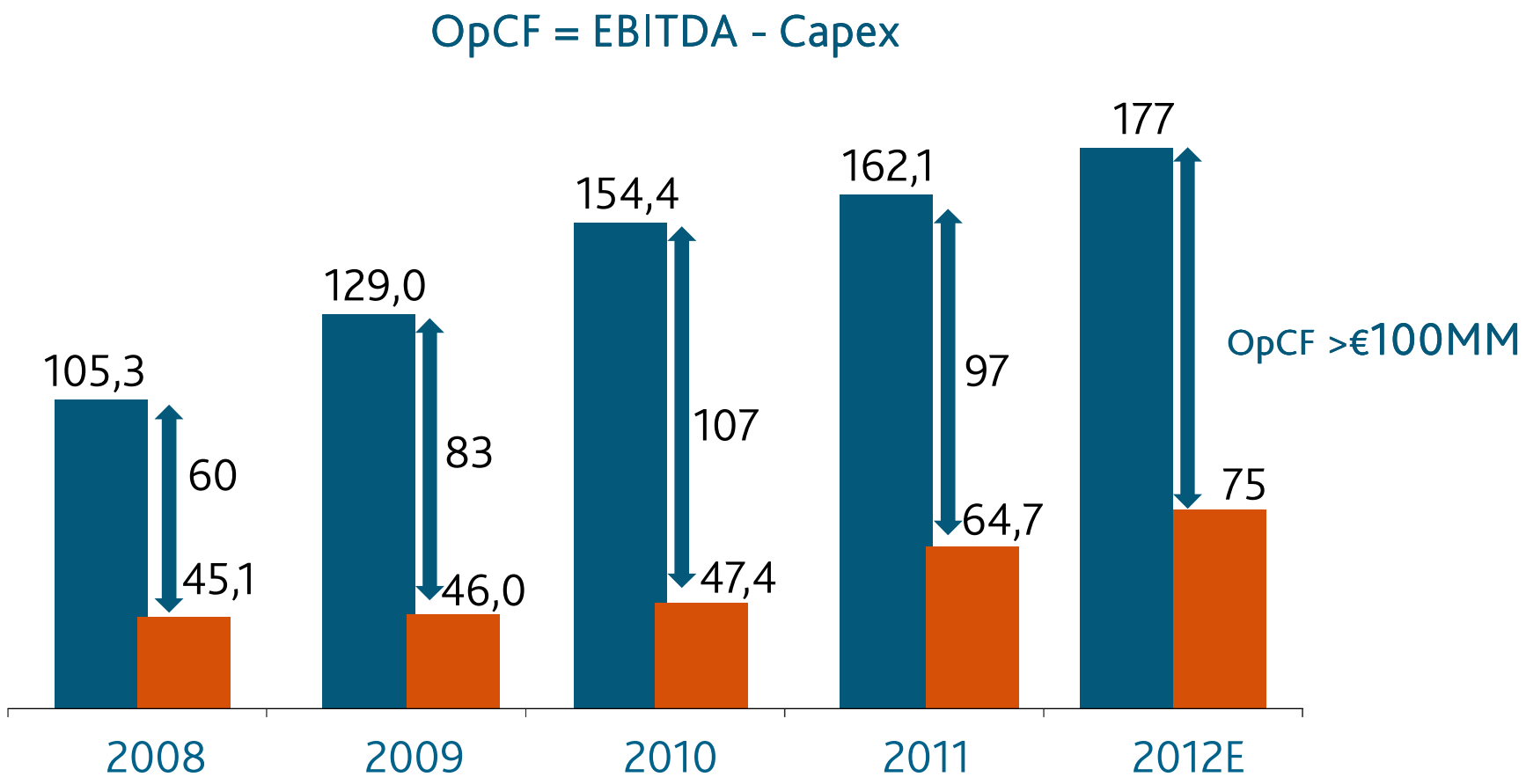
✓ *Growth opportunity: Top line will drive bottom line growth*



R

Returns

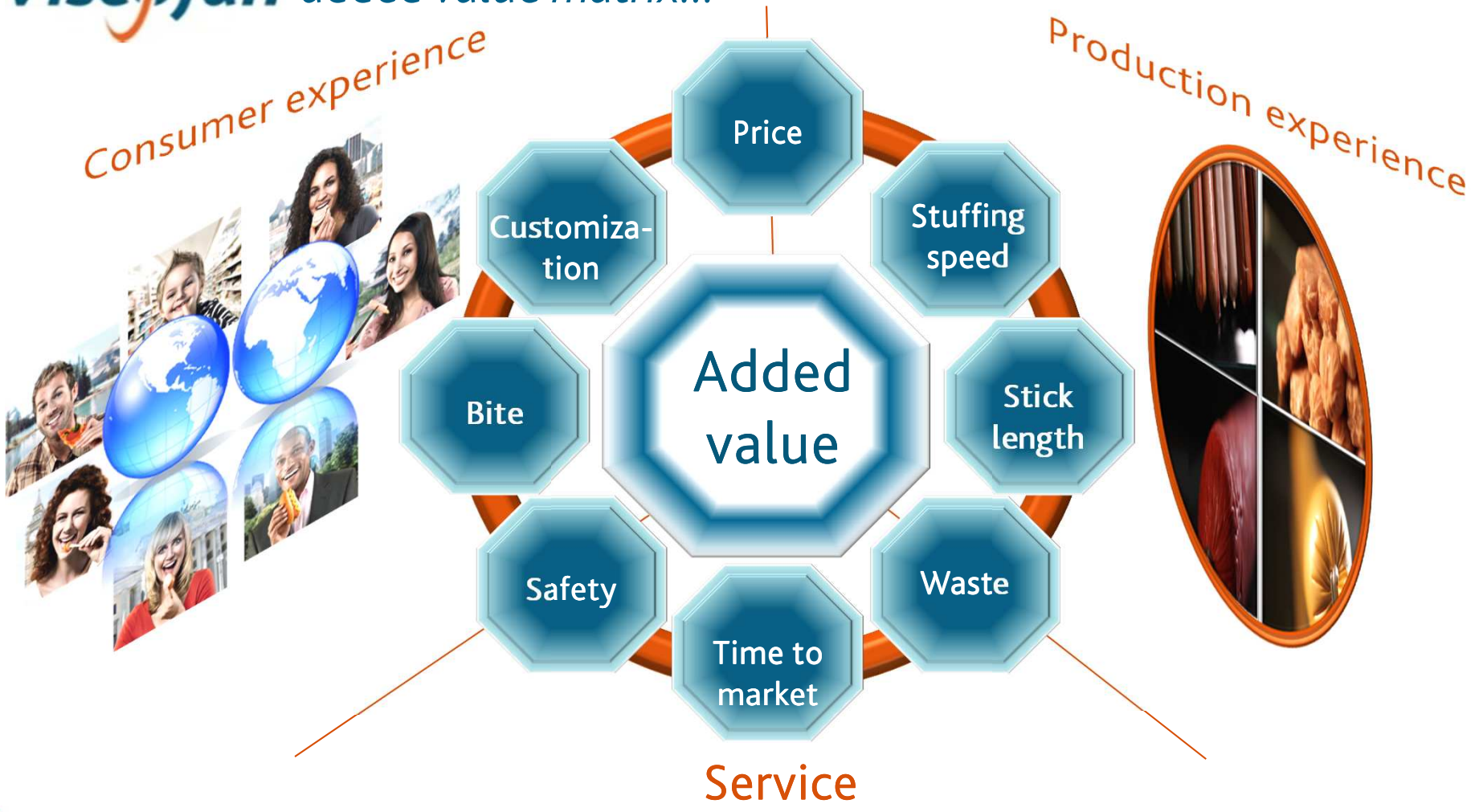
"BE MORE" WILL BE POSTING RETURNS "WELL ABOVE" COST OF CAPITAL… EVEN IN A PERIOD OF "ABOVE AVERAGE" EXPANSION.



Excellence

A VERY COMPLEX AND TECHNICAL SALE WHERE PURCHASE IS BASED ON PERFORMANCE METRICS *(that our customers track on daily bases).*

Viscofan *added value matrix…*



Excellence

COLLABORATIVE AND PROACTIVE R&D

External collaboration:

Gobierno de España · Ministerio de Industria, Turismo y Comercio

Unión Europea
Fondo Europeo de Desarrollo Regional

plan avanza2

Gobierno de España · Ministerio de Ciencia e Innovación

CDTI

Gobierno de Navarra



Internal triangular teams:



Specialists collaboration:

VISCOFAN BIO ENGINEERING
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cima
CENTRO DE INVESTIGACIÓN MÉDICA APLICADA
UNIVERSIDAD DE NAVARRA

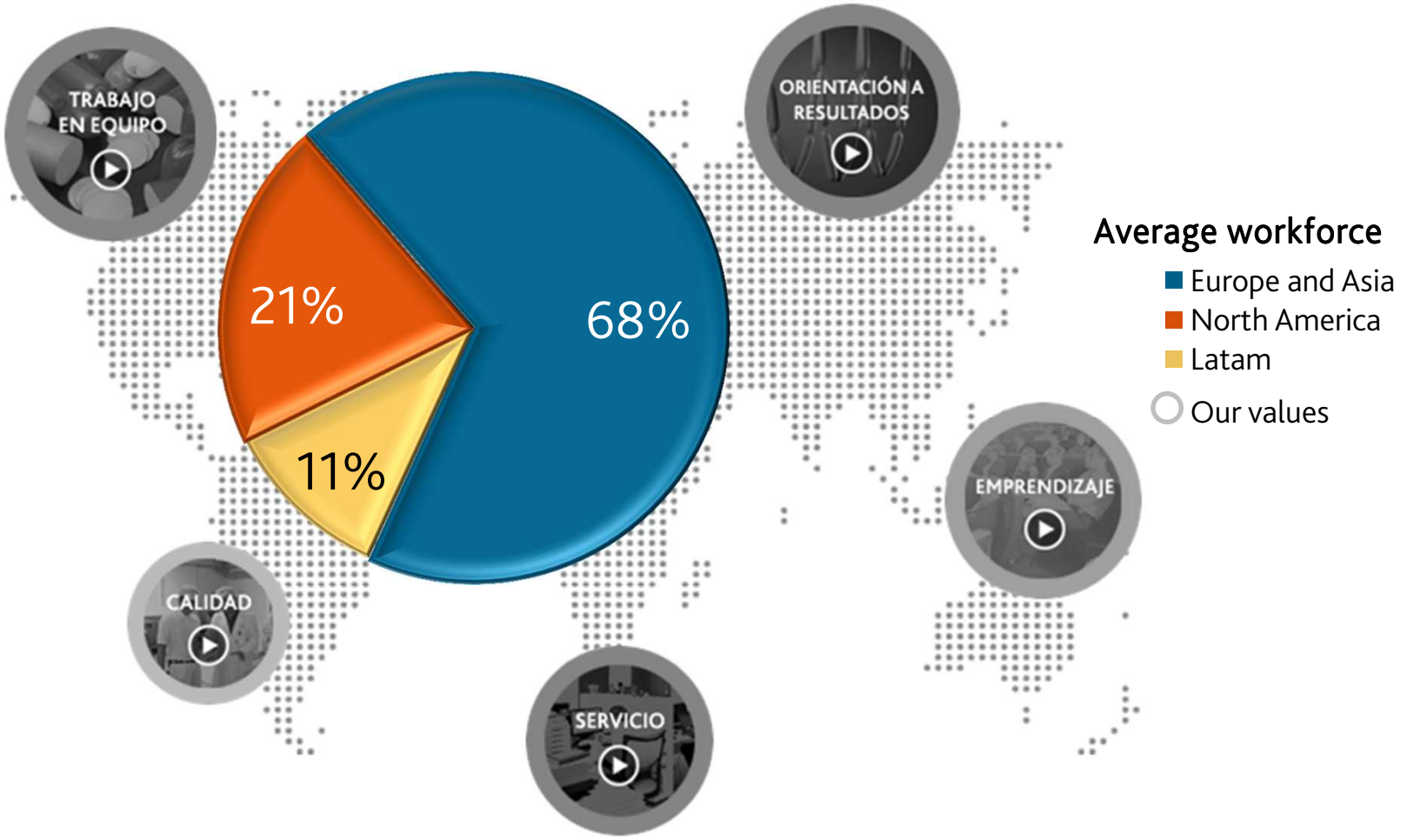
Eberhard-Karls-Universität UKT Universitätsklinikum Tübingen

UNIVERSITY OF SOUTH CAROLINA

FILK

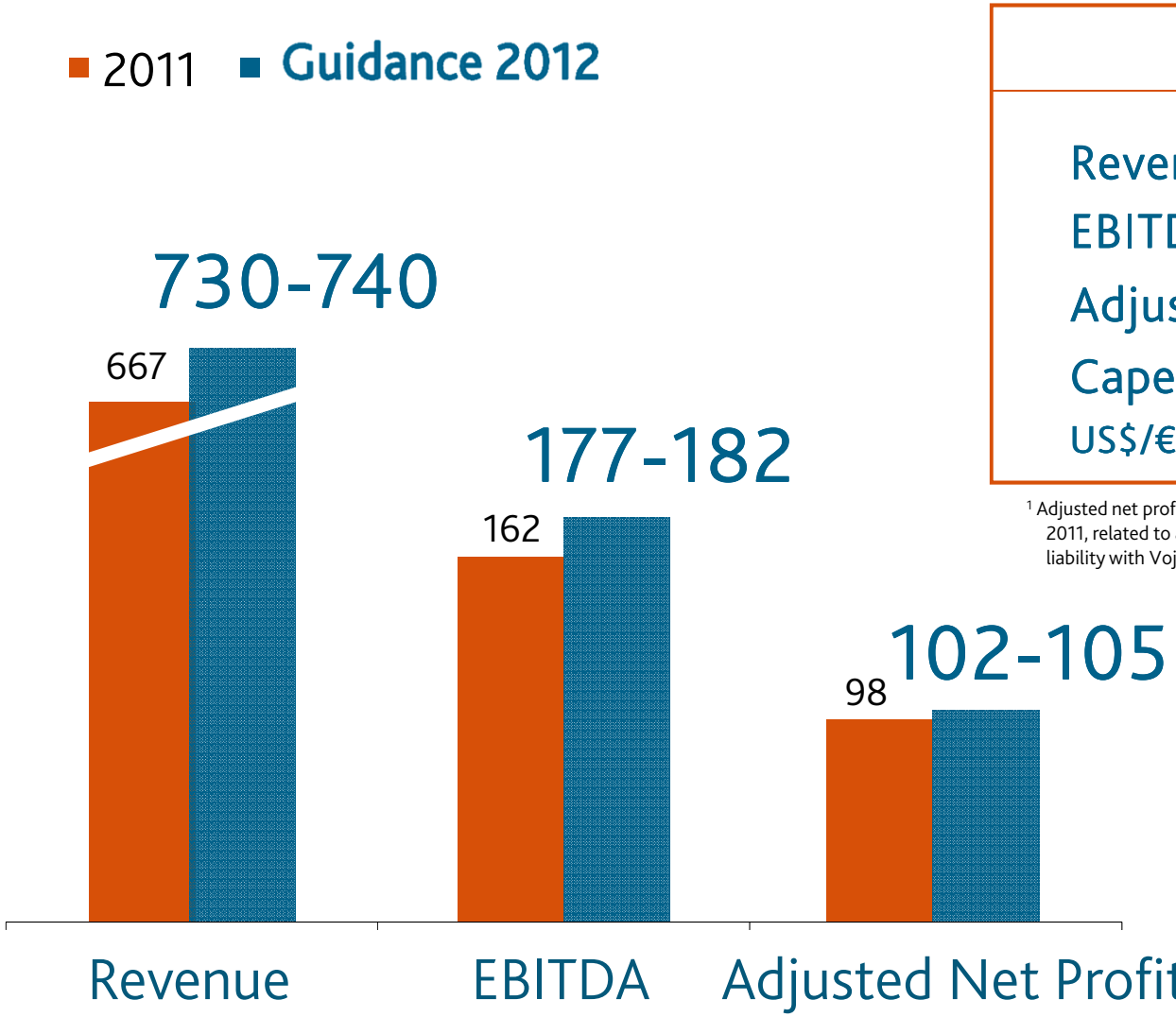
A COMMITTED TEAM FOR SUCCESS

4.082 PEOPLE WITH A STRONG PASSION TO OUTPERFORM!



Guidance 2012

Capex and "start-up" Opex to fuel top line growth



	% y-o-y.
Revenue	9%-11%
EBITDA	9%-12%
Adjusted net profit[1]	4%-7%
Capex	<€75MM
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.