January-June 2013 Results

31st July 2013



Disclaimer

This document may contain additional non-compulsory forward-looking statements on intentions or expectations of the Company as of the date of its publication whose only purpose is to provide further information on perspectives on future performance.

Such forward-looking statements do not constitute any guarantee of future performance and involve risks and uncertainties as well as other important factors that could cause actual developments or results to differ essentially from those expressed in our forward-looking statements.

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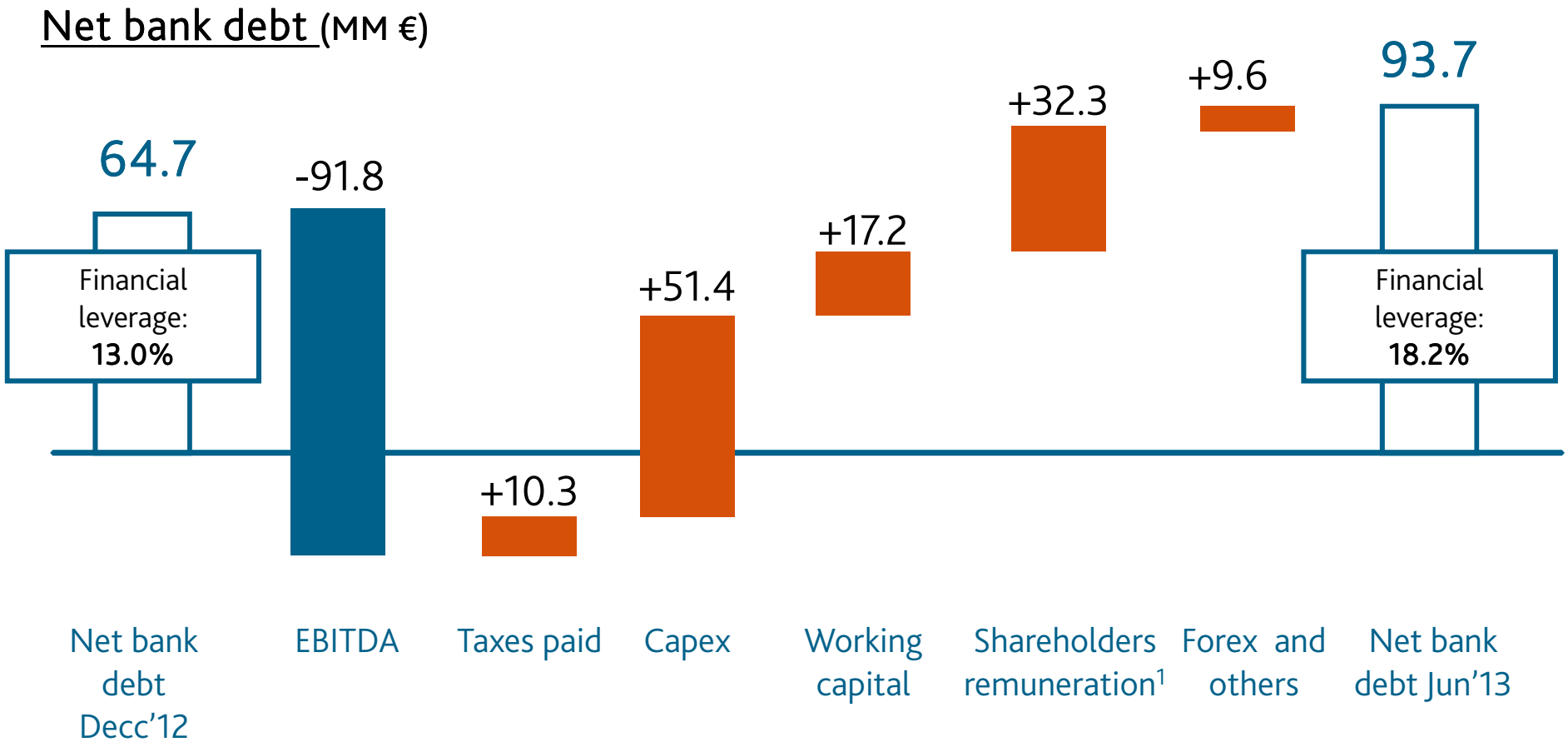
The financial information contained in this document has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited and, therefore, subject to potential future modifications.

Robust operational results backed by strong revenue:

MM €	2Q13	% y-o-y	*1H13*	*% y-o-y*	% y-o-y ex-forex[1]
Revenue	202.9	+5.1%	387.5	+4.5%	+6.3%
EBITDA	49.5	+2.6%	91.8	+0.8%	+3.8%
EBITDA margin	*24.4%*	*-0.6 p.p.*	*23.7%*	*-0.9 p.p.*	*-0.6 p.p.*
EBIT	37.4	+1.1%	67.8	-1.2%	
PBT	36.4	-1.2%	67.2	+1.3%	
Net profit	30.4	+7.8%	53.8	+4.5%	

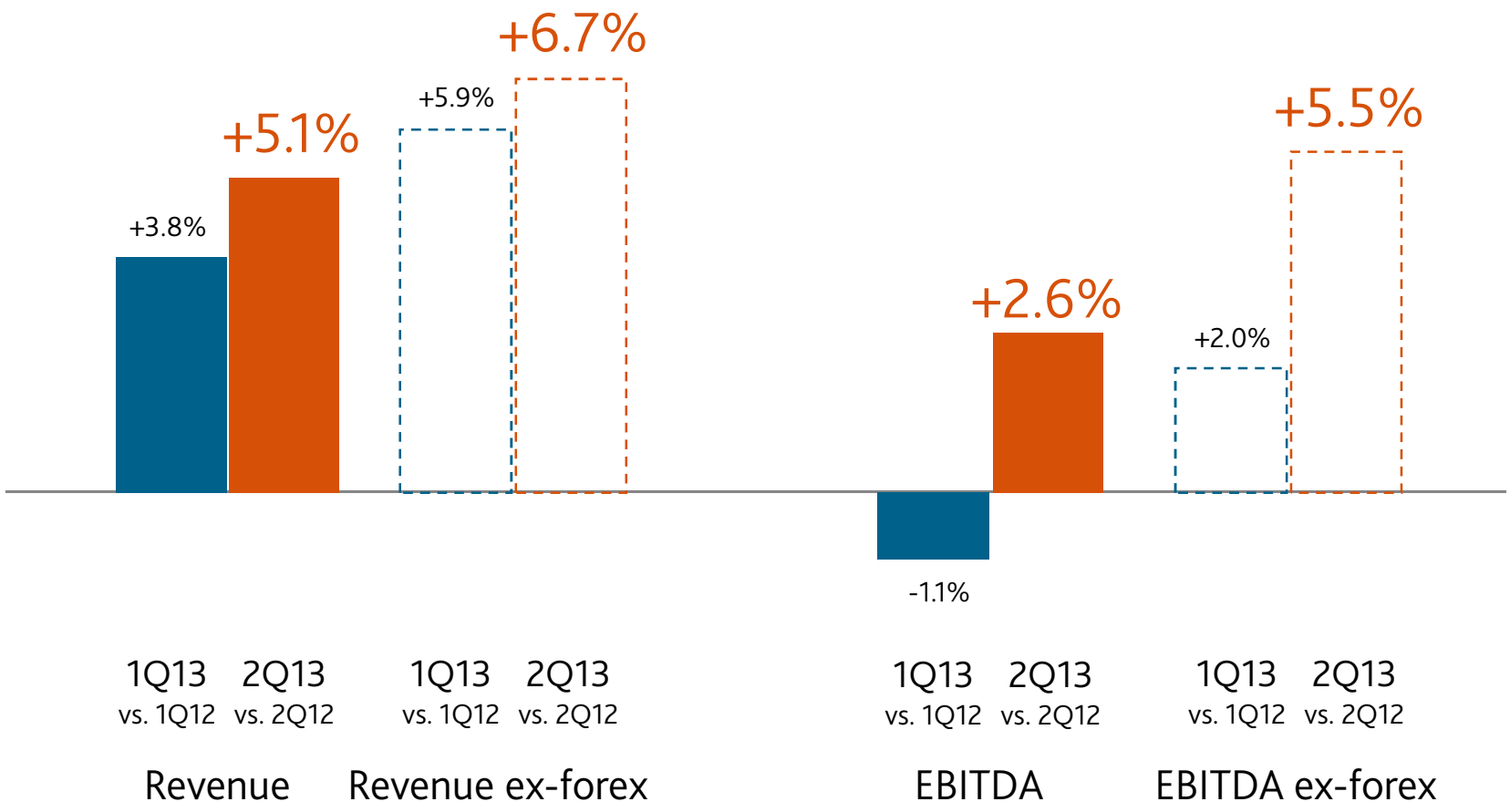
1 For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

Solid balance sheet and strong operations to finance expansion plan (both capex and working capital) and higher dividends.

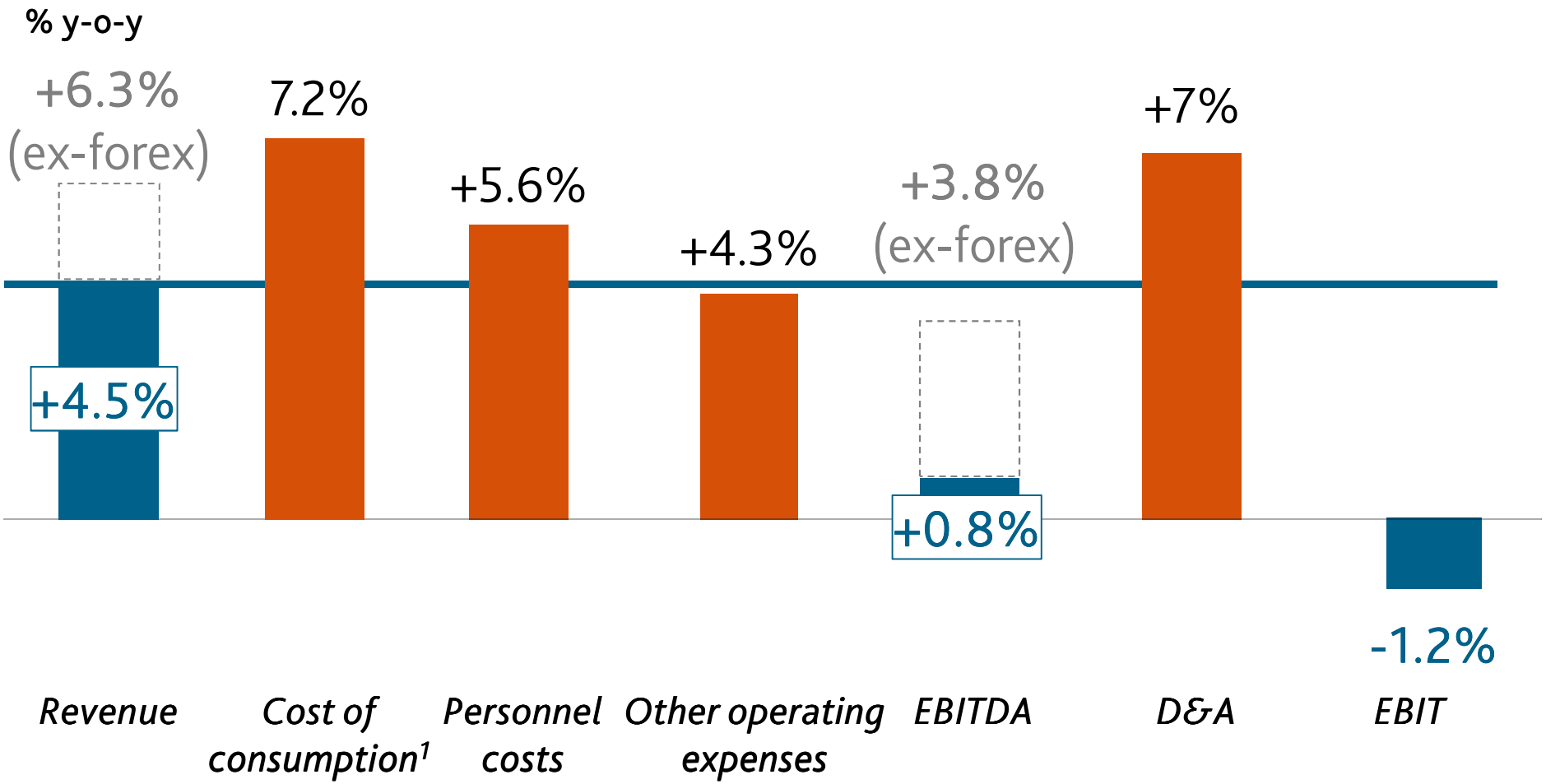


[1] Incluye 0.694€ de dividendo complementario de 2012 pagado en junio 2013.

Top line growth acceleration push EBITDA growth despite the weakness in some currencies

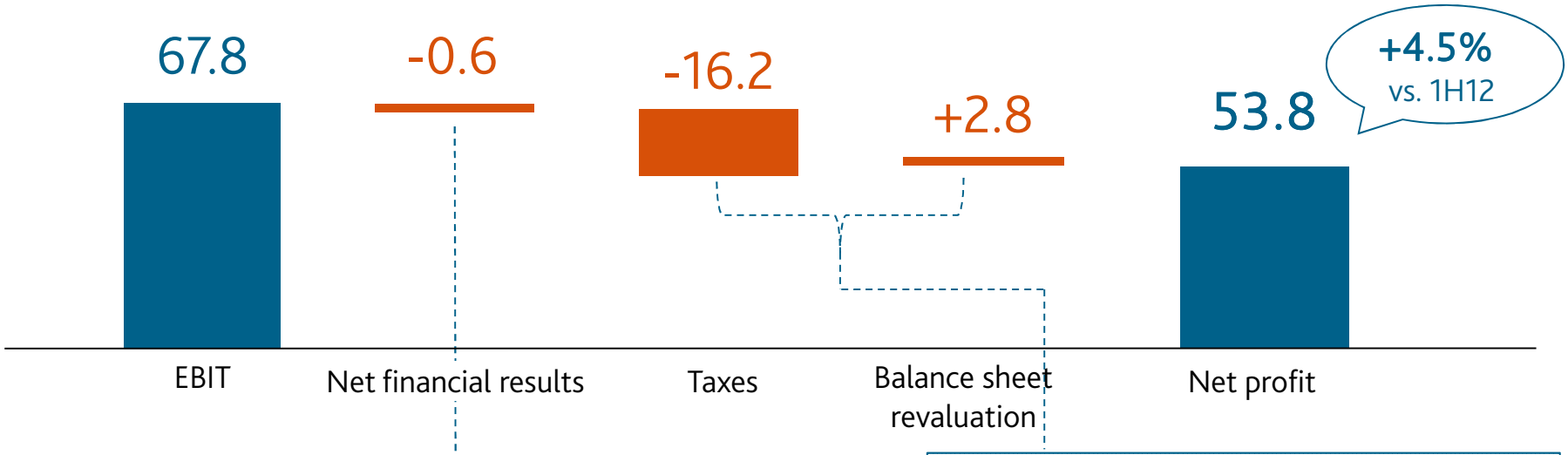


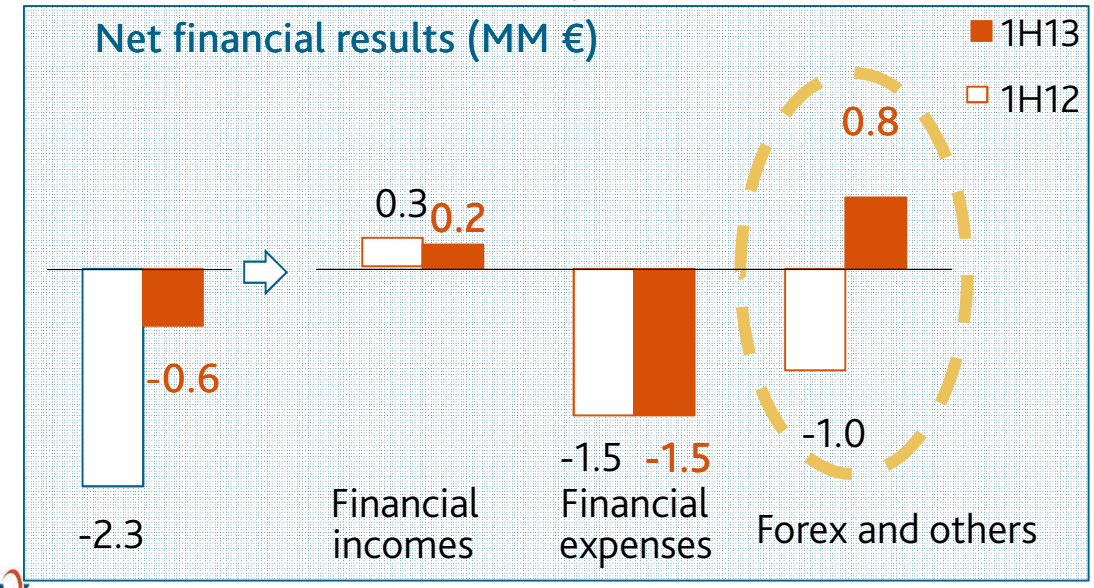
Top line and EBITDA growth against an adverse backdrop on raw material, energy and currency… and start-up cost in the new Chinese plant.

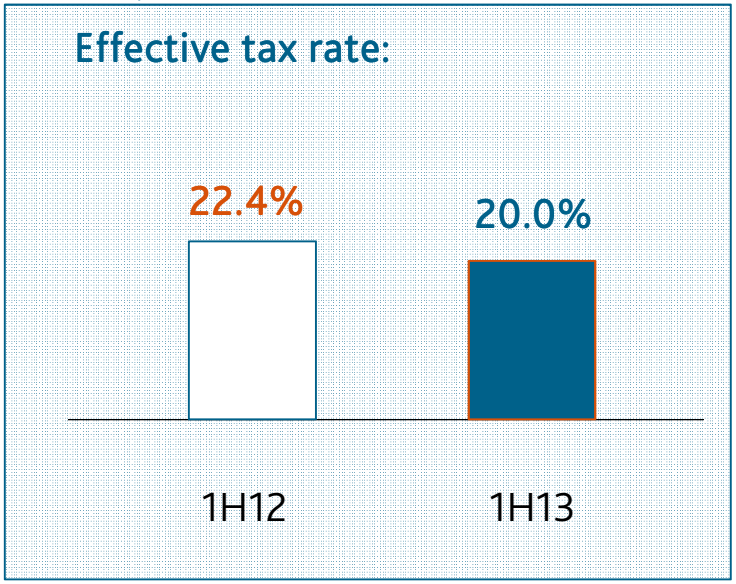


1 Net purchases +/- Change on inventories

Long term fiscal optimization due to a strong balance sheet.







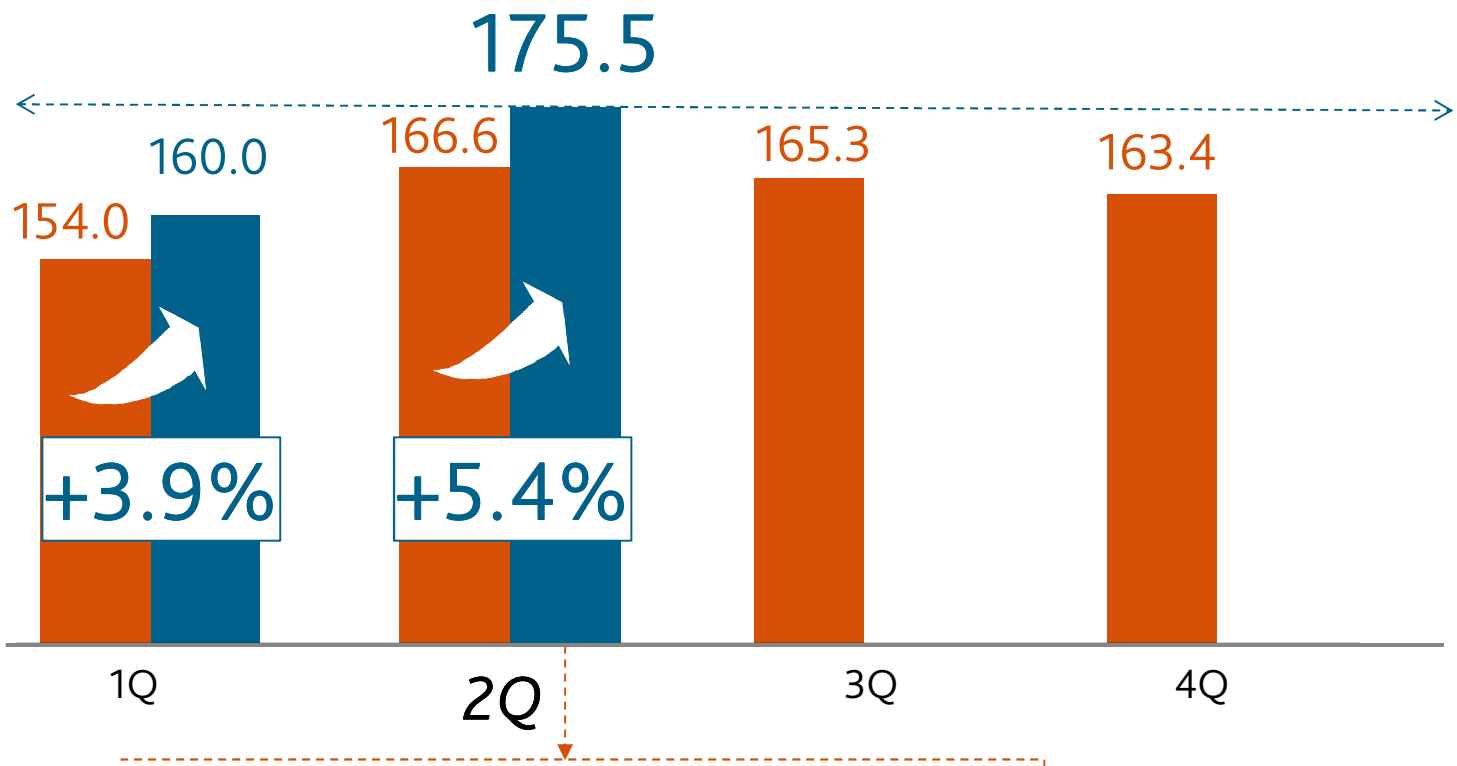
Casing business



CASINGS

New record figure on revenue boosted by higher volumes in all casing families… especially on collagen

Revenue (MM €)

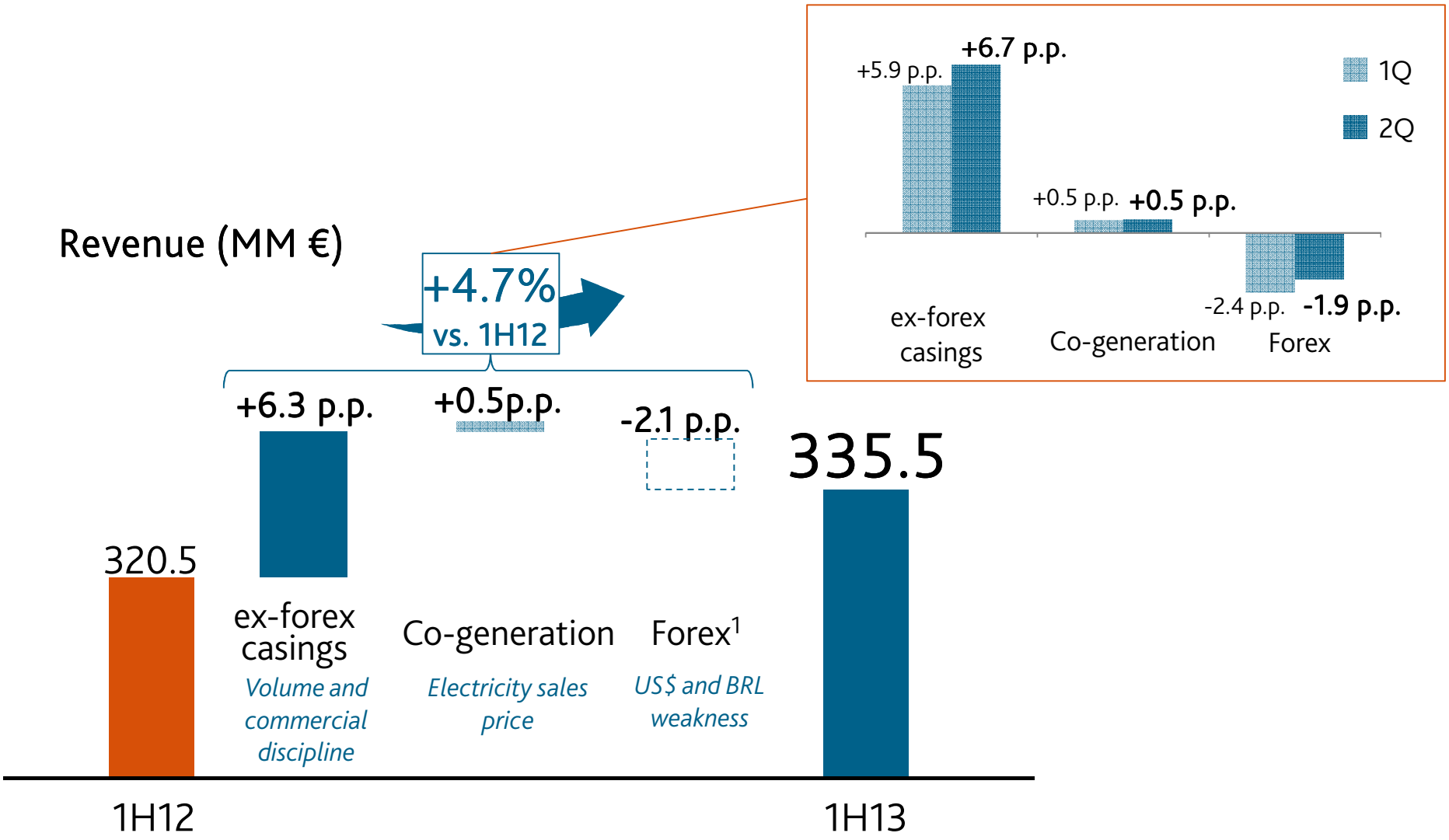


✓ *Casings sales* *+5.3% vs. 2Q12*

✓ *Co-generation* *+6.8% vs. 2Q12*

CASINGS

… with a sound organic growth offsetting Brazilian Real and US$ weakness…

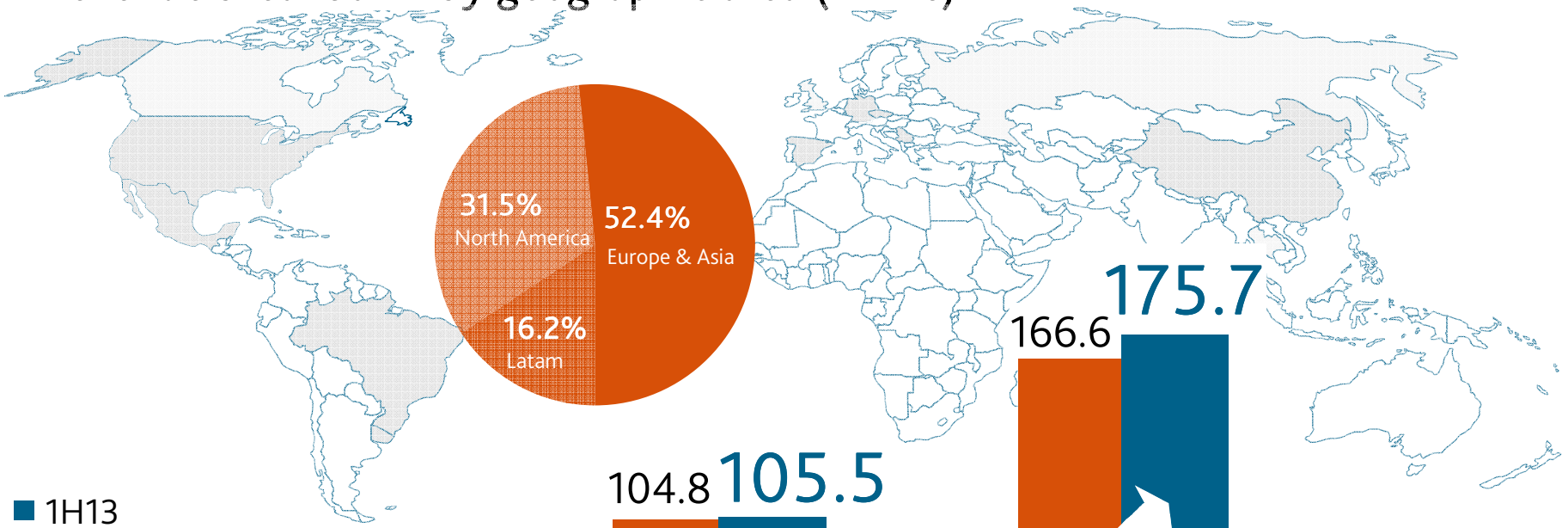


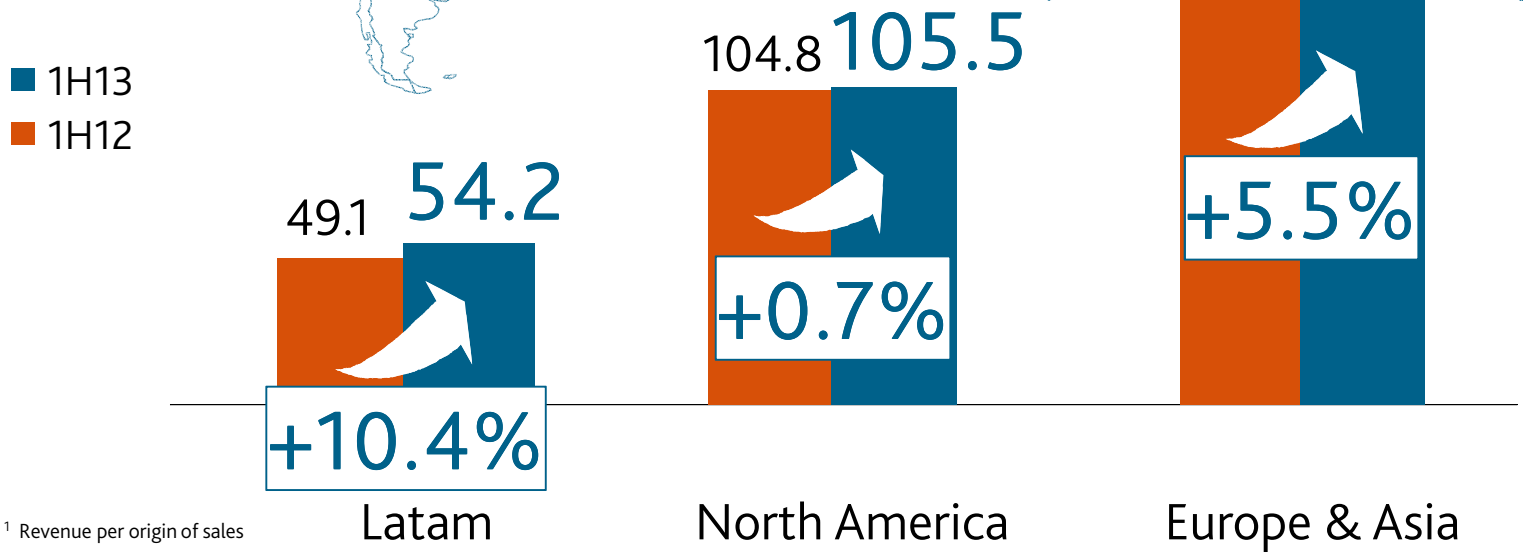
1 For comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions.

CASINGS

… delivering top line growth in all reporting areas… with a significant strength in the emerging areas[1].

Revenue breakdown by geographic area (MM €)

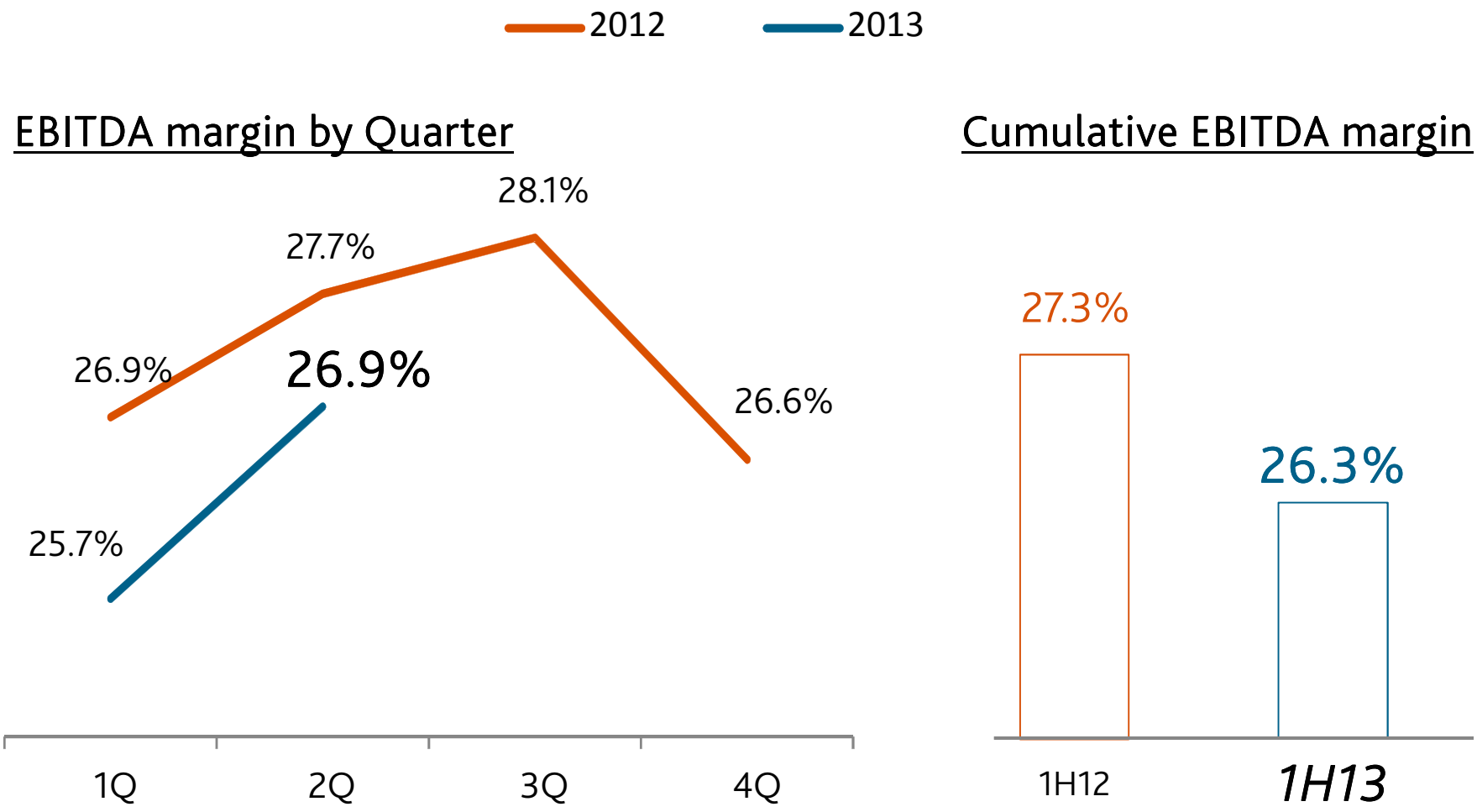




[1] Revenue per origin of sales

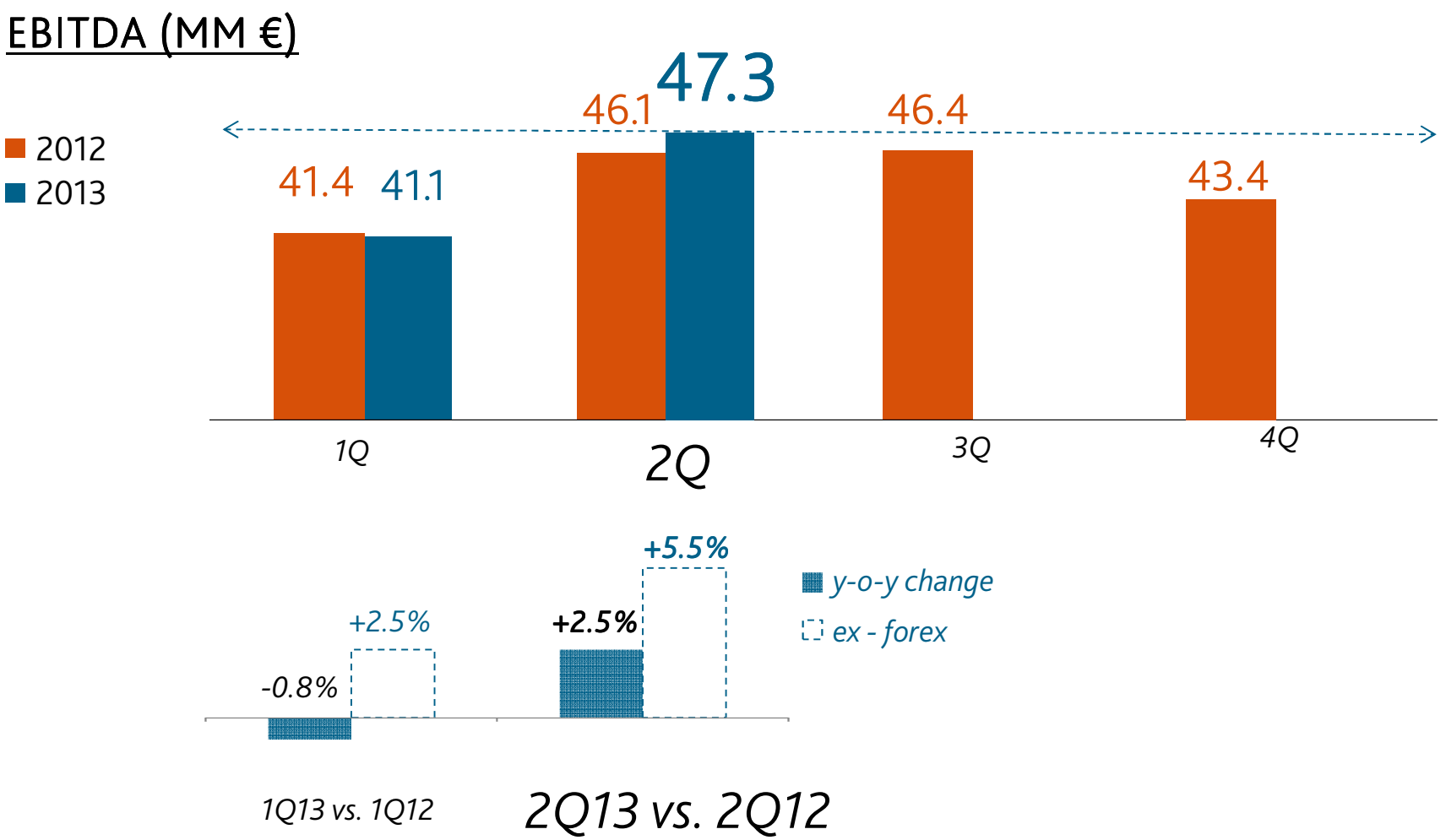
CASINGS

… Growth in a cost environment (start-up in China, split prices, new co-generation taxes) that erode margin evolution…



CASINGS

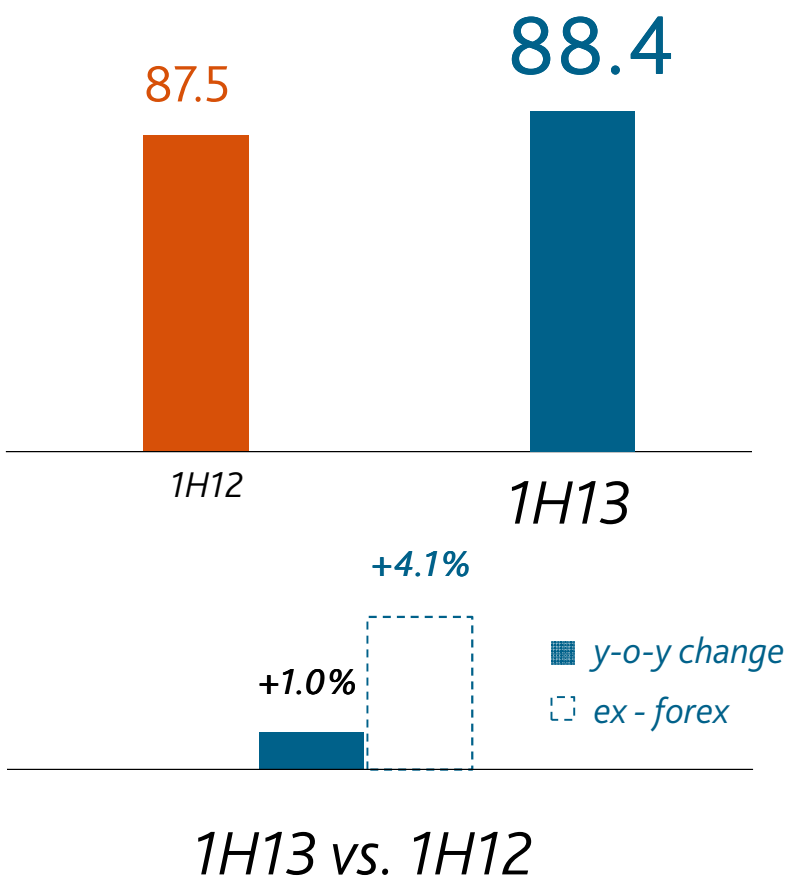
… but revenue strength offset cost pressure and places the EBITDA on the growth path again…



CASINGS

… providing a positive y-o-y growth for the cumulative period.

EBITDA (MM €)



1H13 vs. 1H12

EBITDA +1.0% against a backdrop:

Cost of consumption[1] +7.8%
(double digit price increase on collagen hides)

Personnel costs +5.6%
(deployment of personnel and hires)

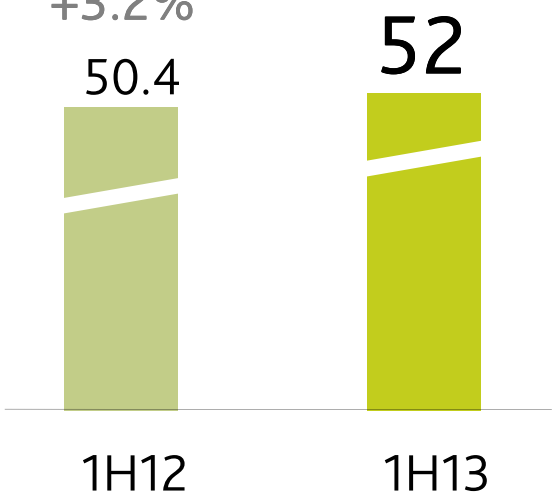
Energy supply costs: +2.1%
(€2.4MM new taxes on co-generation)

1 Net purchases +/- Change on inventories

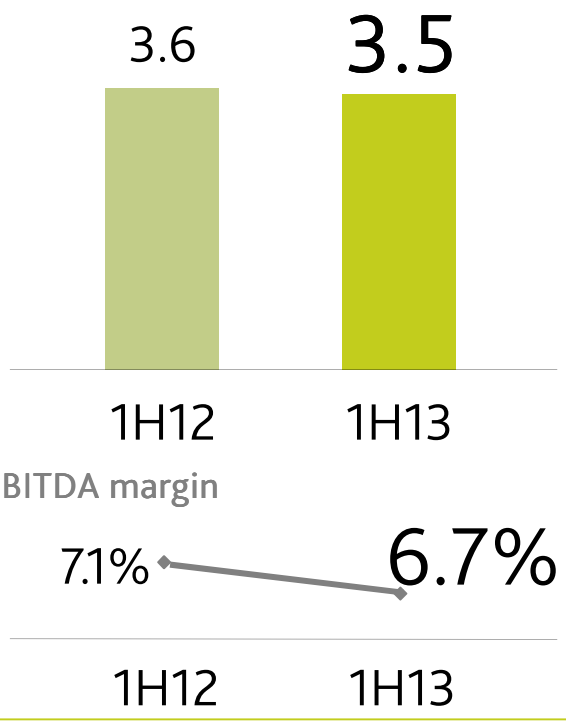


IAN Group increase sales again backed by Carretilla brand strength despite the adverse environment of economic crisis and lower household consumption in Spain.

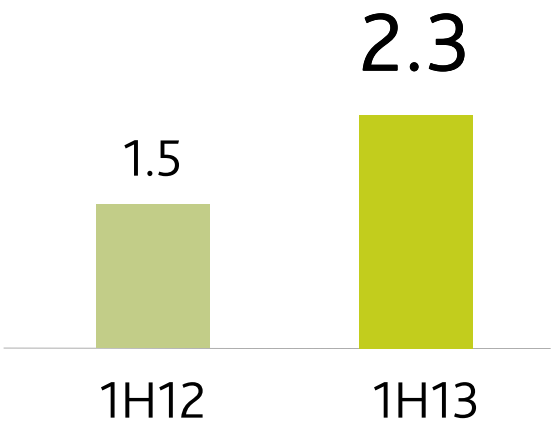
Revenue (MM €):
+3.2%



EBITDA (MM €):
-2.6%



Net profit (MM €):
57.9%



✓ Challenges 2H13

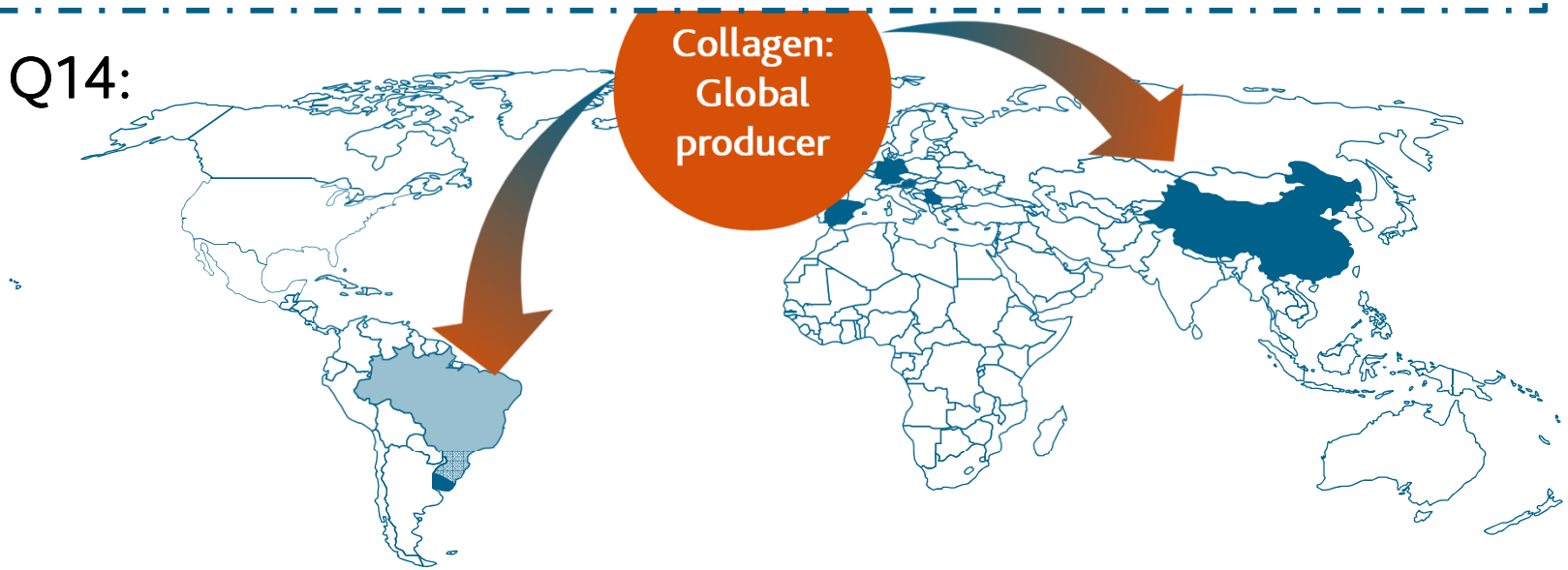
…Fulfil investment plan.

…impact (estimated) of the new regulatory reform on electricity in Spain.

...Fulfil investment plan (capex 50MM € in 2H13):

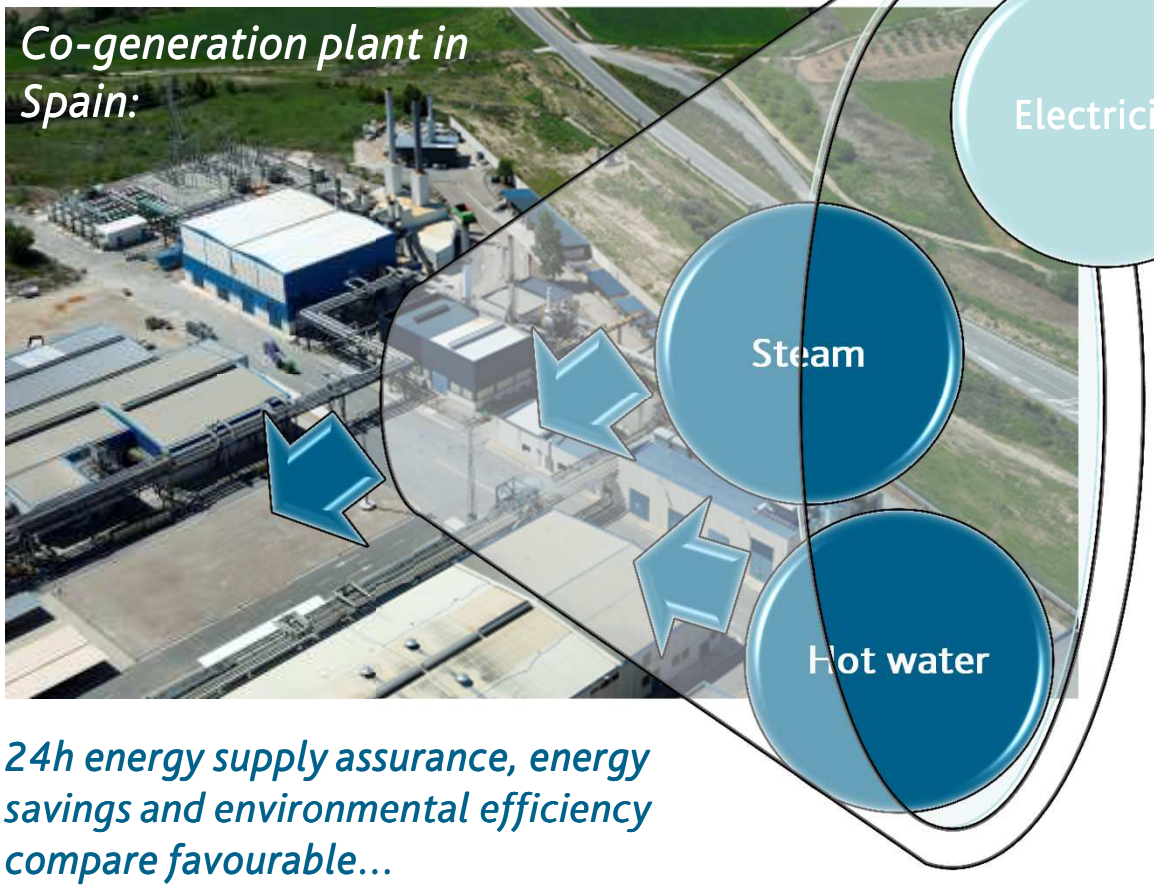
- Installing new equipment in China in 2H13
- Assembling equipment in Uruguay and start trial production (4Q13)
  (deployment personnel and hire new people)
- Maintenance stoppages in Europe during 3Q13 to install new production improvements
- Install boilers in Germany.

1Q14:



...impact (estimated) of the new regulatory reform on electricity in Spain.

Co-generation: a high efficiency model to optimize energy



Sale to the grid
(€22.2MM in 1H13)

RDL 09/2013
Spanish Government wants to reduce the deficit of the system

(Complete normative is still pending to quantify total impact)

In July 14th, 2013 the Government proposed to abolish the price bonuses for "reactive" and "efficiency" power. As a consequence since July 14th revenue, operating profits and net profit from cogeneration sales will be reduced.

24h energy supply assurance, energy savings and environmental efficiency compare favourable...

... against the other alternative: to burn gas on boilers

Updating targets according with he last available information: Operating results are in line with our goals with the exception of RDL 9/2013

	Guidance	Impact RDL 9/2013[1]	US$ & BRL forex	Operational improvements[2]	Updated Guidance
Revenue	800 - 805	-3	-5	+3	795-800
EBITDA	198 - 200	-3	-3	+1	193-195
Net profit	108- 109	-2	-2	+3	107-108
Capex	100	0	0	0	100
US$/€	1.30		1.31		
BRL/€	2.65		2.78		

1 RDL 9/2013 impact is an estimation accoriding with the last available information, considering that co-generation sales will not have supplements for efficiency an reactive.. Nevertheless, future regulatory development of this new rule can affect these estimates

2 Net profit includes €2.8 MM tax benefit as a consequence of balance sheet revaluation adopted in 2Q13.

To sum up

- Growth acceleration in an environment where **the market keeps its growth trend**, particularly in the emerging areas.
- Margin pressure due to raw material prices, cogeneration taxes and currency weakness (BRL & USA), against this backdrop Viscofan Group achieve **new historic highs in quarterly EBITDA and Net profit**.
- On track to fulfil the **investment plan for the year (€100MM)**, backed by volume growth, the correct progression on the start up projects and growth perspectives
- Operational results continue to hold good, nevertheless, a new guidance is provided to **update figures that include the expected impact from the new electricity reform** in Spain and the **weak BRL/€.**
- **Financial strength** has helped to optimize tax rate, to grow and improve shareholder remuneration, and also to keep the necessary flexibility to face the volatility of the environment, the expected inflation from input costs, and the growth opportunities that the artificial casings market provides.