Viscofan
The casing company
40 YEARS

Results

January-December 2014



February 27th, 2015

Disclaimer

This document may include statements about intentions, expectations or forecasts of the Company additional to the mandatory financial reporting whose sole purpose is to provide information more accurately about the perspectives of future behaviours.

Such intentions, expectations or forecasts do not constitute any guaranties of compliance and involve risks, uncertainties and other relevant factors that could cause actual developments and results to differ materially from those states in such forward-looking statements.

This circumstance must be taken into account mainly for all persons or entities that may have to take decision, develop or spread opinions relative to values issued by the Company and particularly by analysts and investors that handle this document.

The financial statements contained in this document have been prepared under the "Normas Internacionales de Información Financiera" (NIIF). This financial statements has not been audited and consequently is susceptible to potential future modifications.

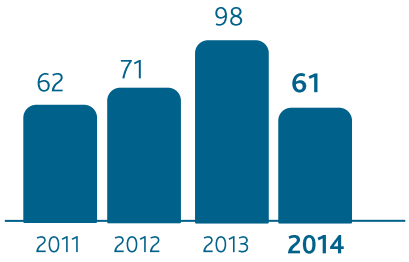
A strategy to capture a unique growth momentum.

2012-2014

M O R E

Assets

CAPEX casings MM€

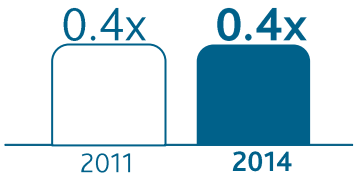


Global producer

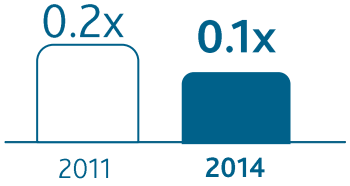


Sound balance sheet

Net bank debt/EBITDA

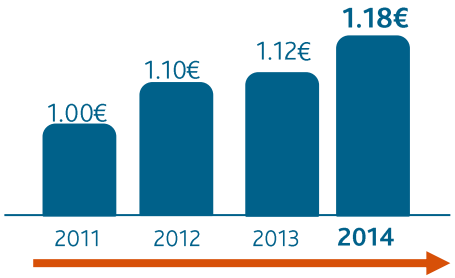


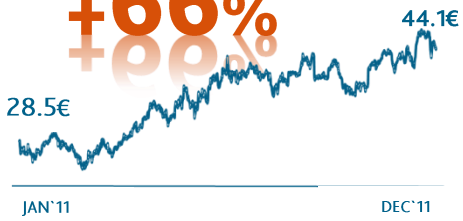
Pensions/EBITDA



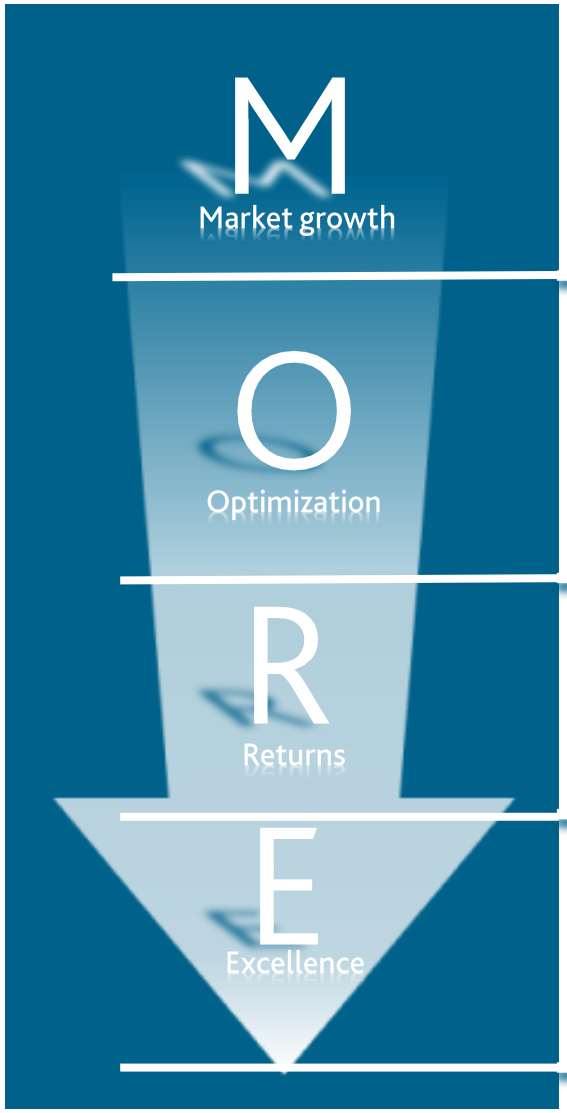
Value for shareholders

Dividend and price per share.





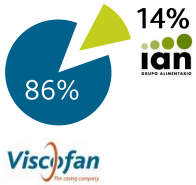
The high commercial and operational activity carried out in 2014 led to a historical record in Net Profit



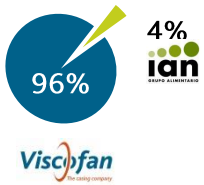
- M Opening of the collagen extrusion plant in Uruguay
- M Reinforced collagen global position
- M Plastics machinery in the Czech Republic and Brazil
- O Raw materials management: Waste reduction
- O Energy efficiency (Germany and Spain)
- O Lower CAPEX requirements
- O IAN as a discontinued operation
- R Higher dividends
- R €10MM savings in 2014 driven by improvements in centres of excellence
- E Net profit historical record
- E Environment, Health and Safety Policy (EHS)
- E New steps on Viscofan Bioengineering

Strategic re-organization of business portfolio

IAN Group figures:



Revenue`14 Pro-forma



EBITDA `14 Pro-forma

NIIF 5 Discontinnued operation

Net profit 2014

"Profit of discontinued operations"

2013 Like for like comparison

P&L re-expressed

Assets and liabilities 2014

"Held for sale"

Benefits

- **Management focus** on casings
- **EBITDA margin visibility**
- **ROCE improvement** (Better return for the consolidated group)

No agreement after expiration date

- November 2014

  Portobello Capital Gestión made an offer for 100% IAN shares
- 31st January 2015

  Expiration date extended
- 23rd February 2015

  Exclusivity period is over and there is no agreement on payment terms and warranties.

2014 results

Highlights 4Q14

Growth in **consolidated revenue** for the fourth quarter to €180.8 million, thanks to volume growth and the strength of the US$/€. +4.1% in 2014 to €687.1 million.

+12.5%

+2.2 p.p.

Improvement in the **EBITDA margin** for the quarter, which climbed to 27.2%. In 2014, the consolidated recurring[1] EBITDA margin grew 0.9 p.p. to reach 26.7%.

EBITDA for the quarter **rose** to €49.2MM, while cumulative EBITDA grew 8.7% to €185.4MM(+7.1% in recurring terms[1]).

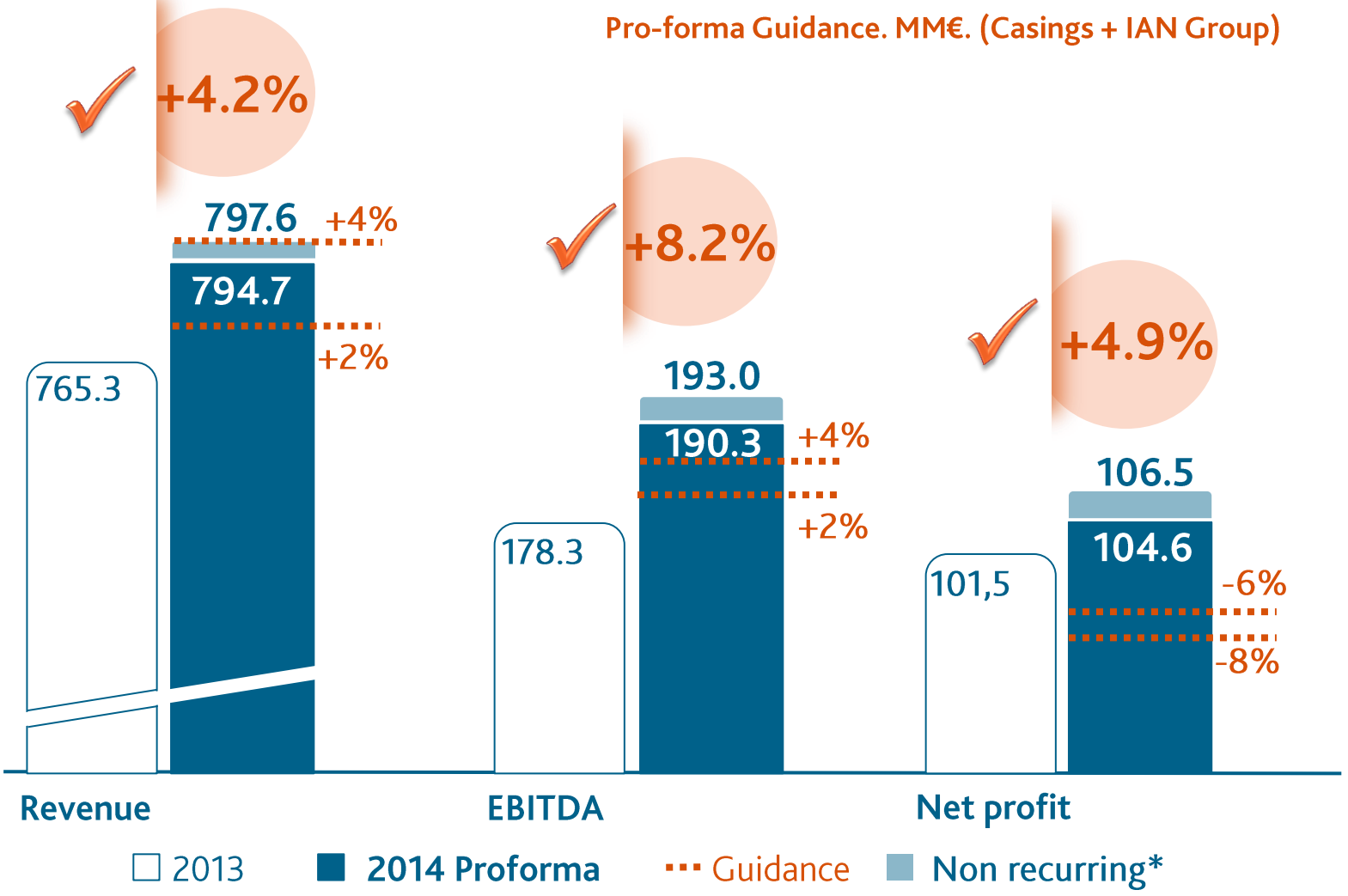
+22.6%

+17.3%

Net profit grew to €28.3MM driven up by operational resilience and better exchange rates evolution.

[1] The figures exclude non-recurring additional impact registered in 2014 in Revenue by €2.9MM and €2.7MM in EBITDA due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

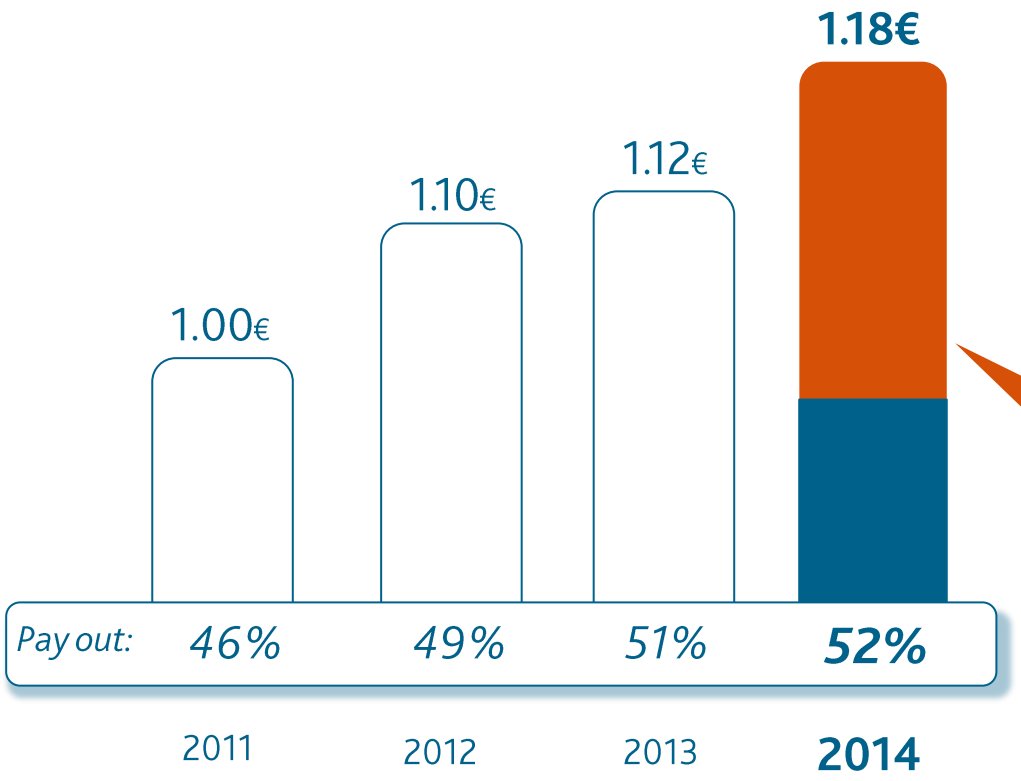
Guidance achieved thanks to operational strength…



[1] The figures exclude non-recurring additional impact registered in 2014 in Revenue by €2.9MM , €2.7MM in EBITDA and €1.9MM in Net profit due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

…with another year of higher return to shareholders

Dividend per share€



2011-2014

+18.0%

2013-2014

+5.4%

0.724€ final dividend (payment from 4th june 2015)

Strength in operations from top to bottom line…

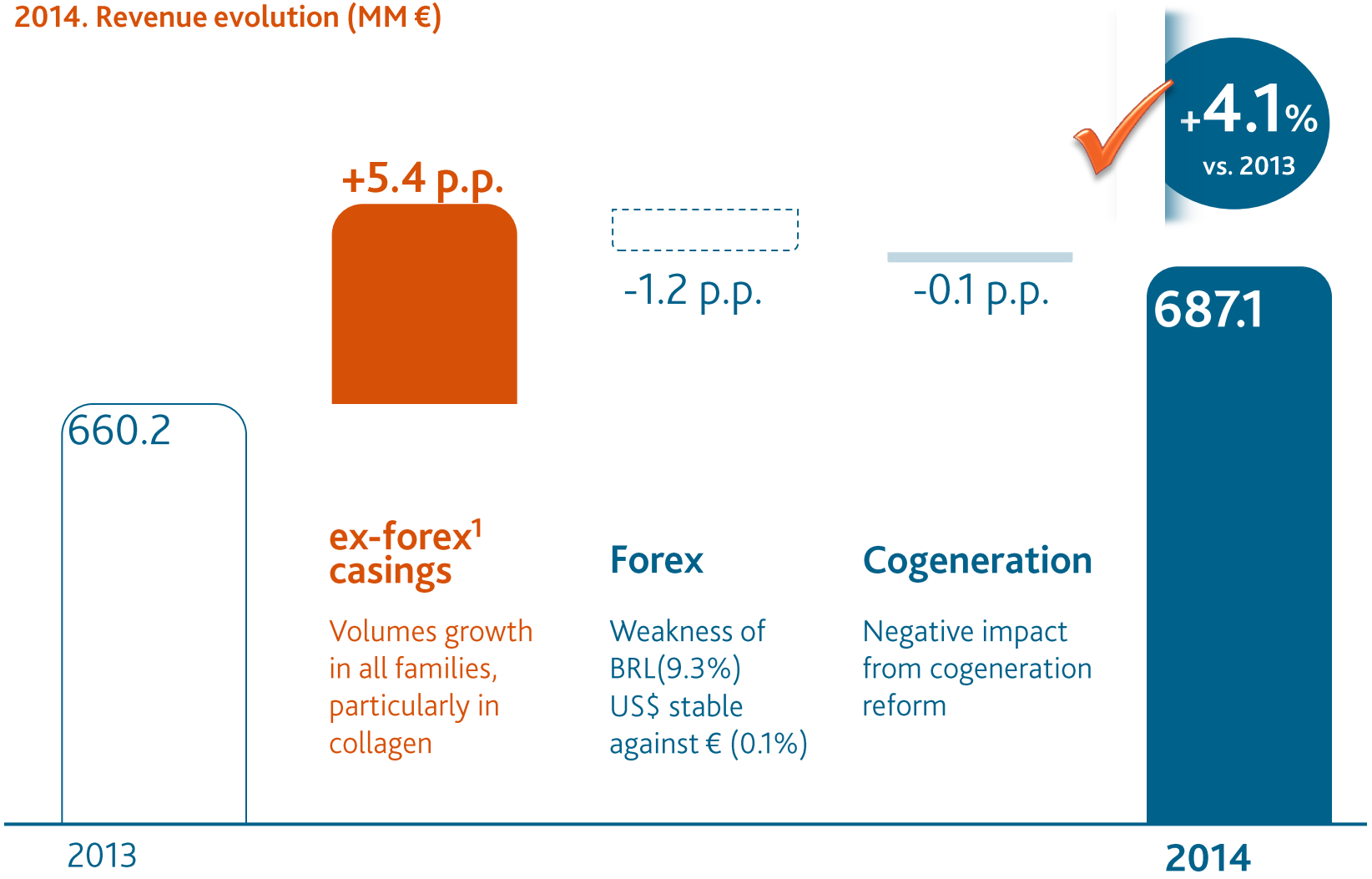
Selected financial data (MM €)

	2014	% y-o-y	% y-o-y LFL [1]	4Q14	% Var	% y-o-y LFL [1]
Revenues	687.1	+4.1%	**+4.8%** ✓	180.8	+12.5%	**+7.9%**
EBITDA	185.4	+8.7%	**+6.0%** ✓	49.2	+22.6%	**+7.8%**
EBITDA margin	*27.0%*	*+1.2 p.p.*	***+0.3 p.p.*** ✓	*27.2%*	*+2.2p.p.*	***+0.0 p.p.***
EBIT	136.3	+8.6% ✓		36.8	+28.2%	
Net profit Continued operation	103.6	+7.0% ✓		28.1	+23.7%	
Net profit	106.5	+4.9% ✓		28.3	+17.3%	

[1] The figures exclude the impact of the exchange rate variation and non-recurring additional impact registered in 2014 in Revenue by €2.9MM , €2.7MM in EBITDA and €1.9MM in Net profit due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

… to a ten years-in-a-row revenue growth…

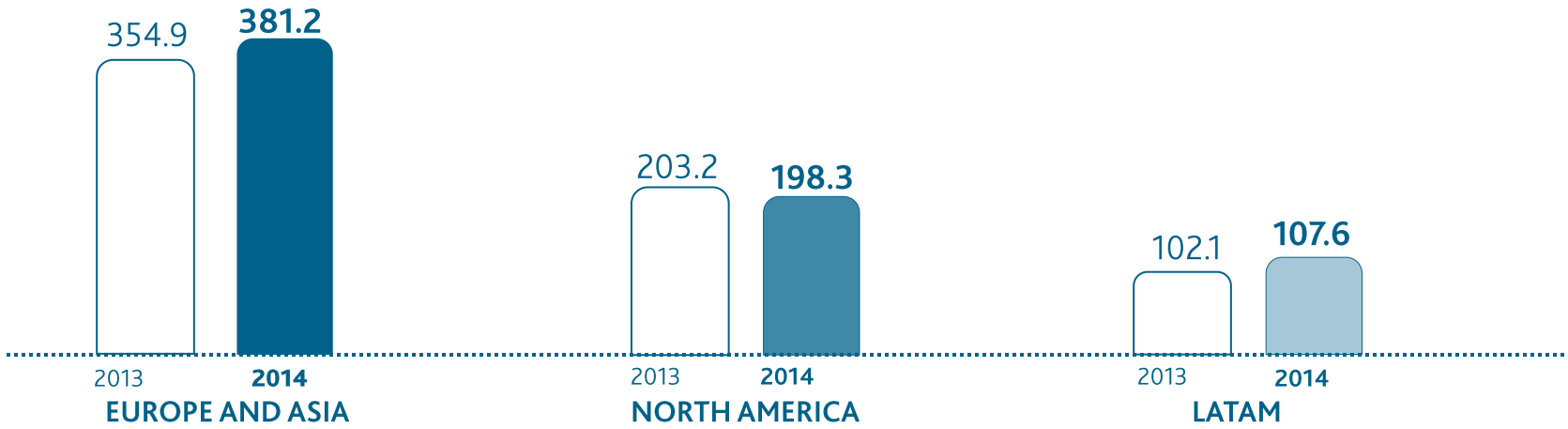
2014. Revenue evolution (MM €)

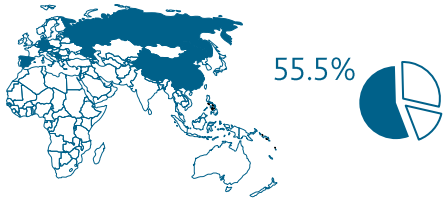


1 For comparative purposes, ex-forex growth includes the impact of the different exchange rates applied in the consolidation of the financial statements and the impact of the USD variation in business transactions.

…boosted by strong volumes in emerging areas, especially Asia and Latam…

Revenue breakdown by geographical areas[1] (MM €)





55.5%



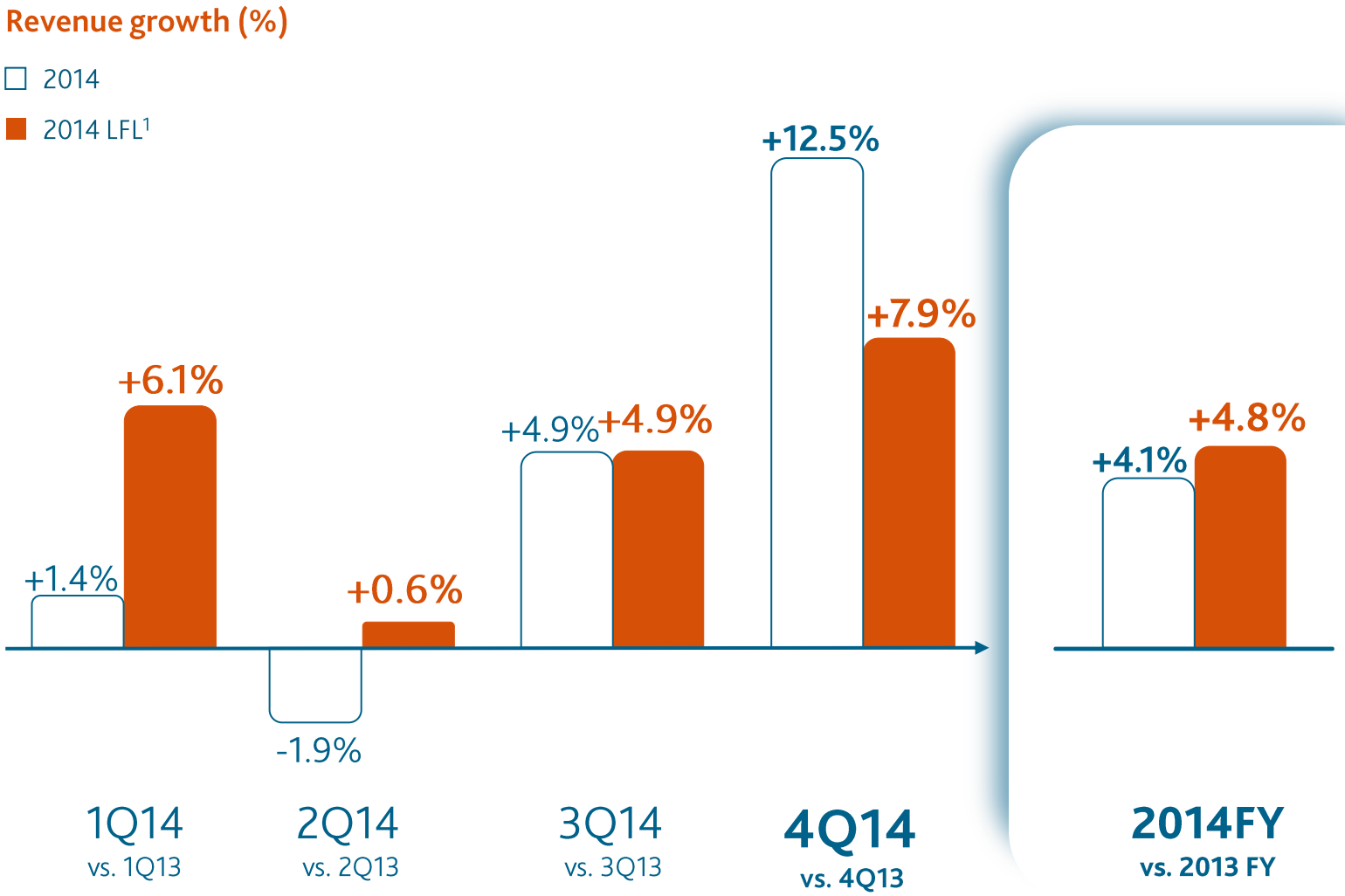
28.9%



15.6%

[1] Revenues per origin of sales

...with sound volume growth supporting organic revenue growth...

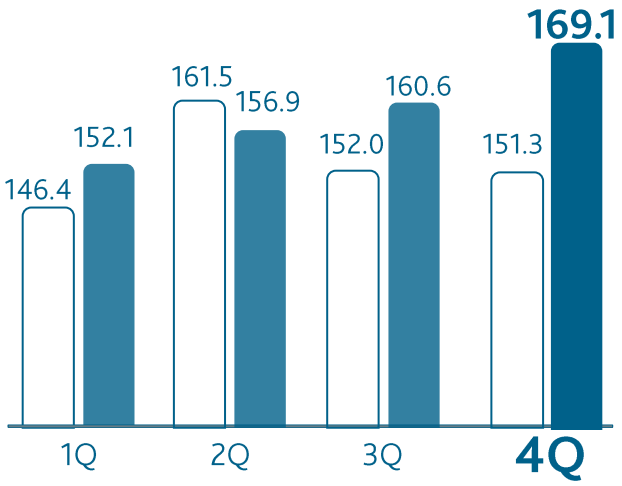


[1] The figures exclude the impact of the exchange rate variation and non-recurring additional impact registered in 2014 in Revenue by €2.9MM due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

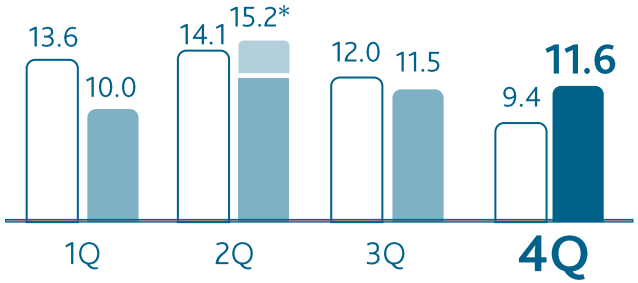
…double digit y-o-y growth in Q4 driven by growth in all technologies and US$ strength

□ 2013 ■ 2014

Sales of casings (MM €)

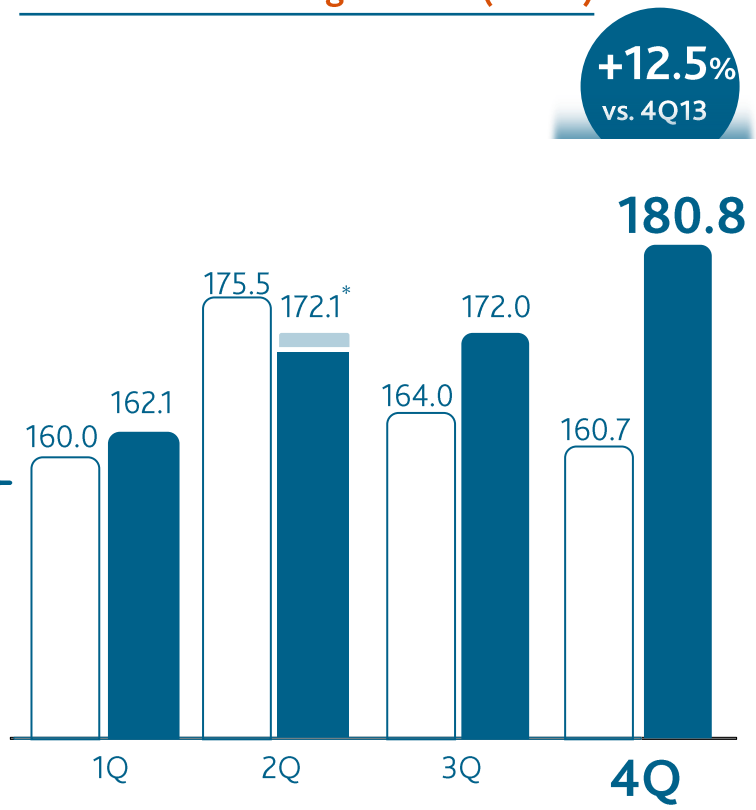


Cogeneration revenue (MM €)



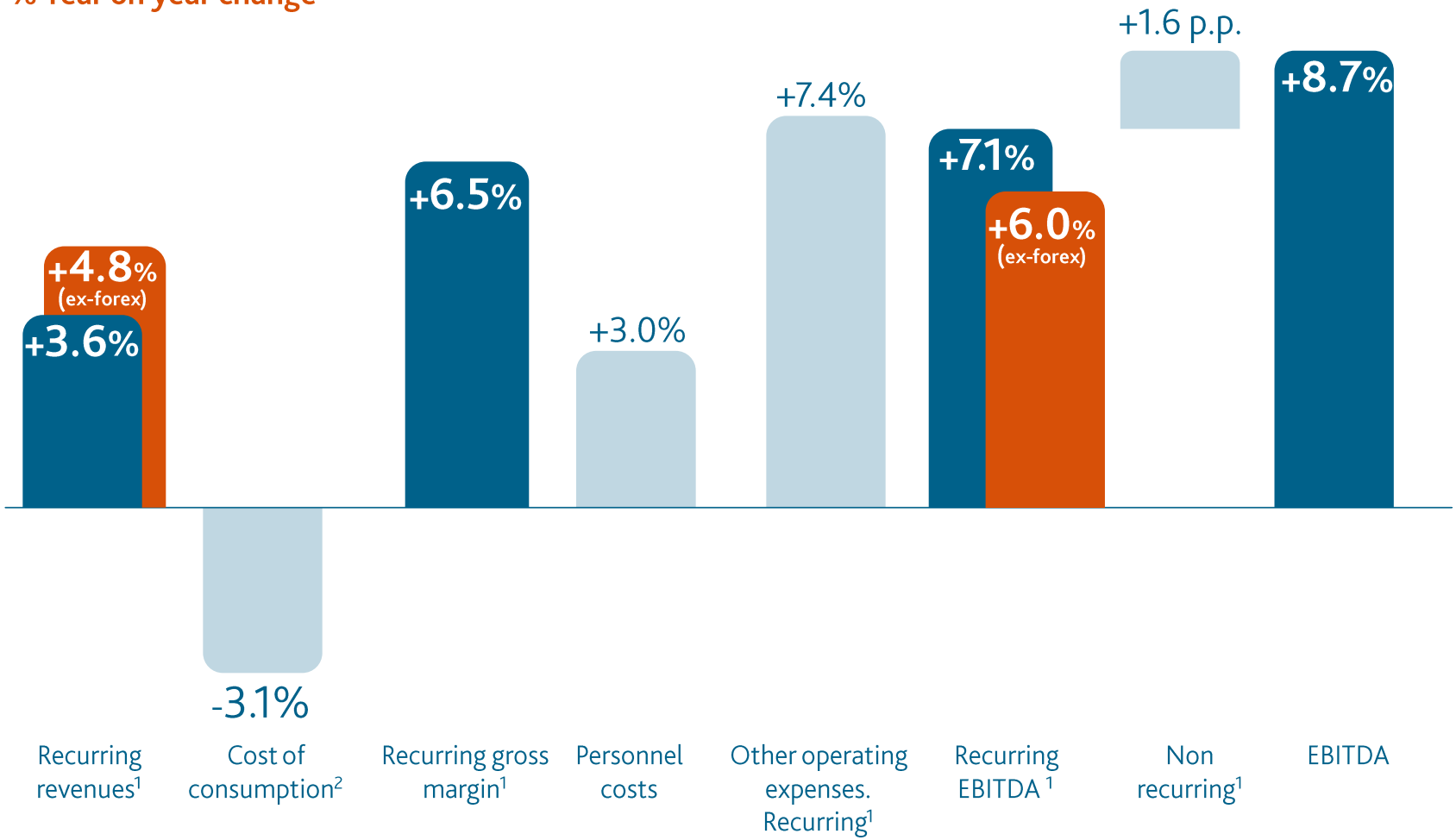
Changes in cogeneration remuneration

Total revenue casing division (MM €)



* The figures exclude non-recurring additional impact registered in 2014 in Revenue by €2.9MM due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

Increase in revenue together with lower costs of consumption boost EBITDA growth.

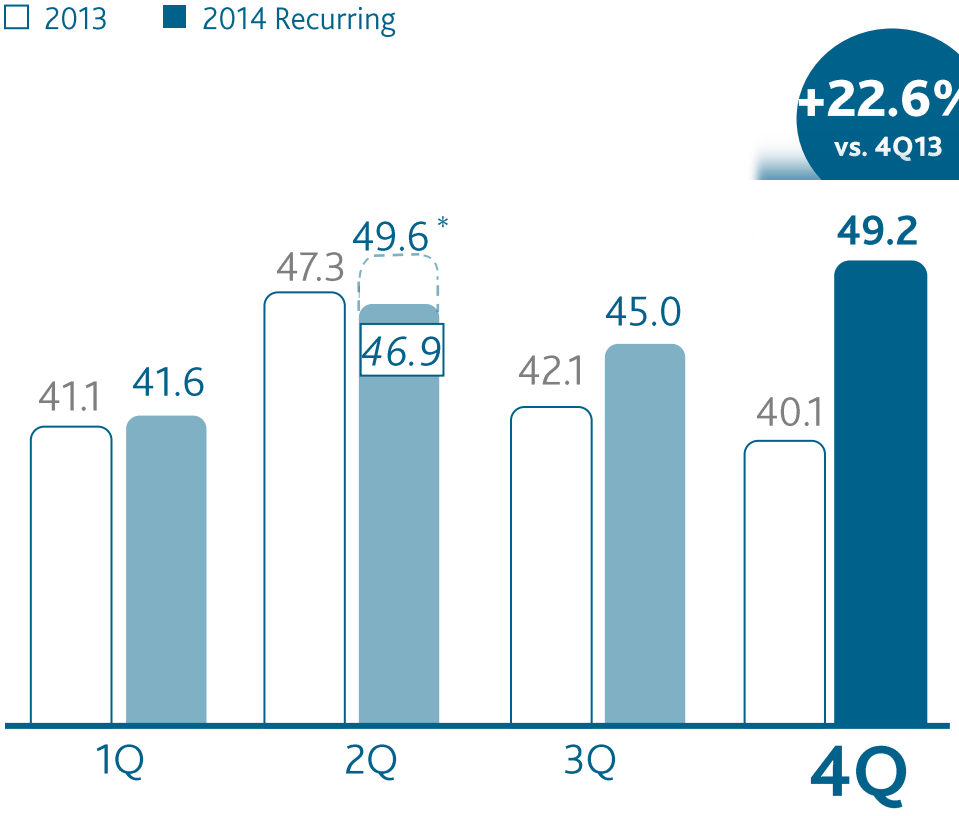


[1] The figures exclude non-recurring additional impact registered in 2014 in Revenue by €2.9MM and €2.7MM in EBITDA due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the secretary of State to the CNMC.

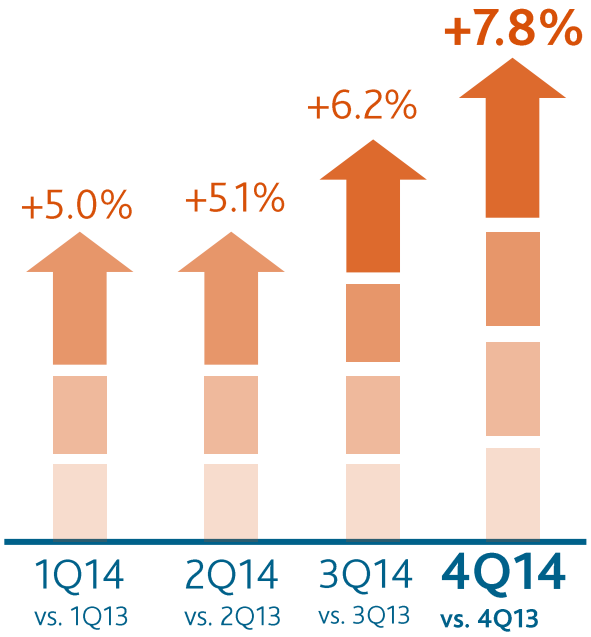
[2] Net purchases+/- changes in inventory

In the year marked by Optimization initiatives Viscofan Group posted positive organic EBITDA growth during all quarters…

EBITDA (MM €)



Recurring * EBITDA ex forex ** growth (%)

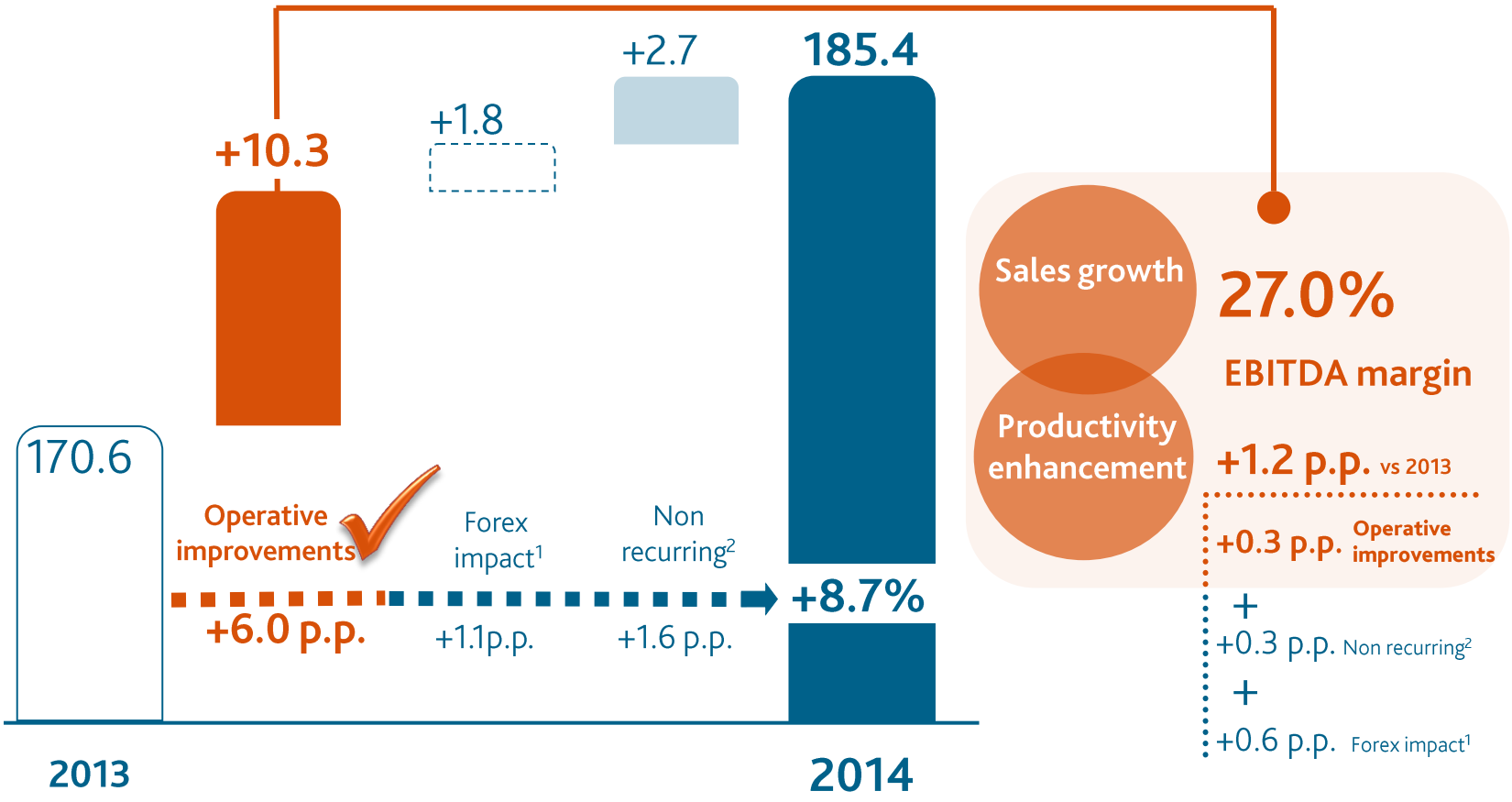


* The figures exclude the additional non-recurring impact of €2.9MM revenue and €2.7MM EBITDA registered in 2014 due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus provisioned in 2013 under the publication of the Order dispatched by the Secretary of State to the CNMC.

** For comparative purposes, ex-forex growth excludes the impact of the different exchange rates applied in the consolidation of the financial statements and the impact of the USD variation in business transactions.

…operational improvements, forex and a better than anticipated framework on co-generation…

Cumulative EBITDA (MM €)

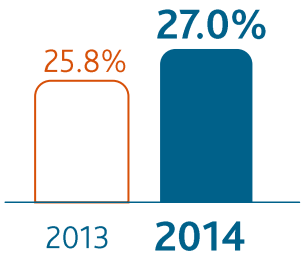


[1] It includes the impact of the exchange rate variation applied in the consolidation and the variation of the $U.S in business transactions.

[2] The figures include the additional non-recurring impact of €2.7MM EBITDA registered in 2014 due to the modification of payment parameters for cogeneration published in the Ministerial Order in July, 2014 versus accounted in 2013 under the publication of the Order dispatched by the Secretary of State to the CNMC .

… is transferred to operational profitability.

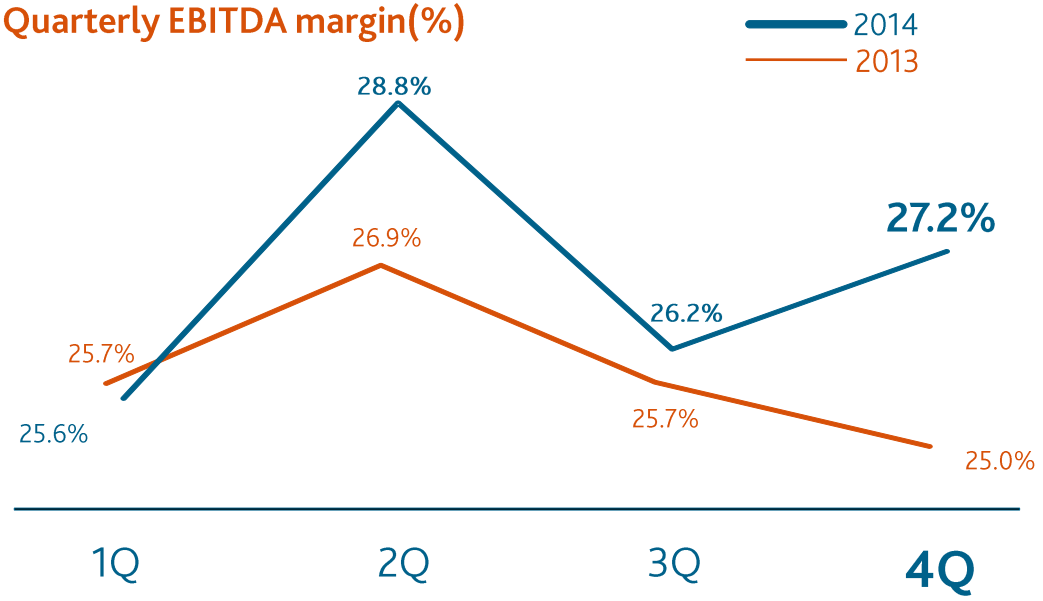
EBITDA margin(%)





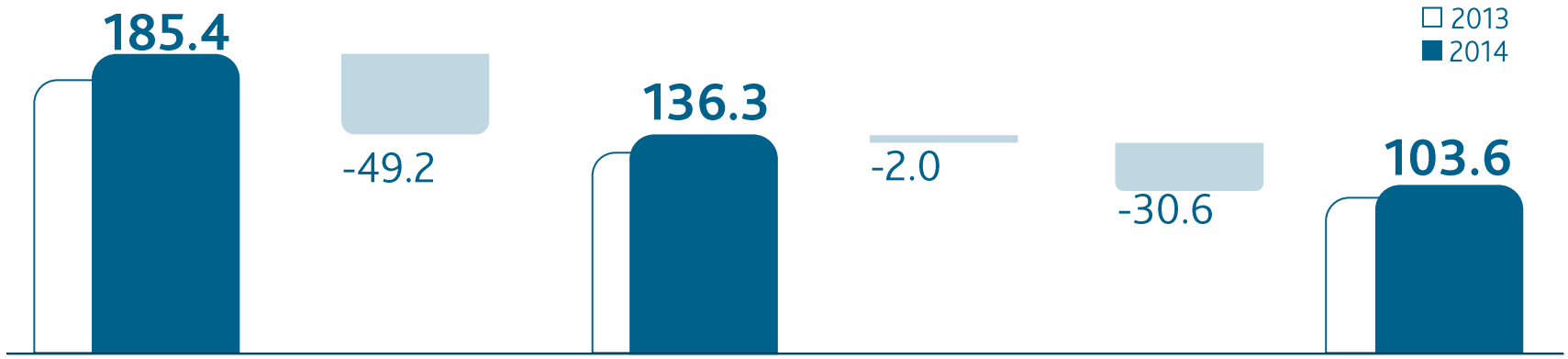
- ✓ **Improvement in gross margin**
  - Productive efficiencies
  - Procurement policy
- ✓ **Balanced human resources structure**
  - Productive efficiencies
  - Workforce closer to the market
- ✓ **Resources optimization**
  - Cogeneration turbine in Germany
  - Good developement of new facilities: China and Uruguay.

Quarterly EBITDA margin(%)



Net profit growth despite higher depreciation and tax burden…

EBITDA → Net profit, breakdown in MM€



	EBITDA	D&A	EBIT	Net financial results	Income corporate tax	Net profit from continued operations
% Change vs. 2013	**+8.7%**	+8.9%	**+8.6%**	-34.6%	+19.8%	**+7.0%**

Higher assets related to expansion

Suzhou, China



Pando, Uruguay

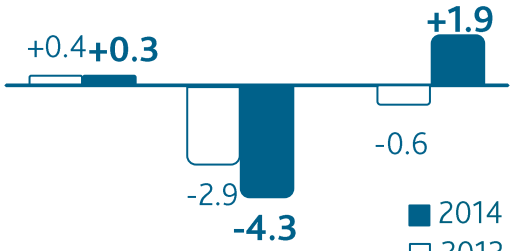


Capacity CAPEX MM€

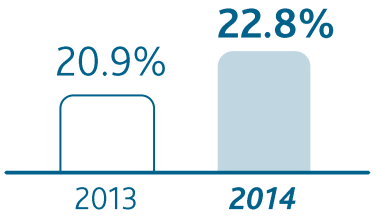
€50MM 2012-2014

€34MM 2012-2014

Net financial results(MM €)

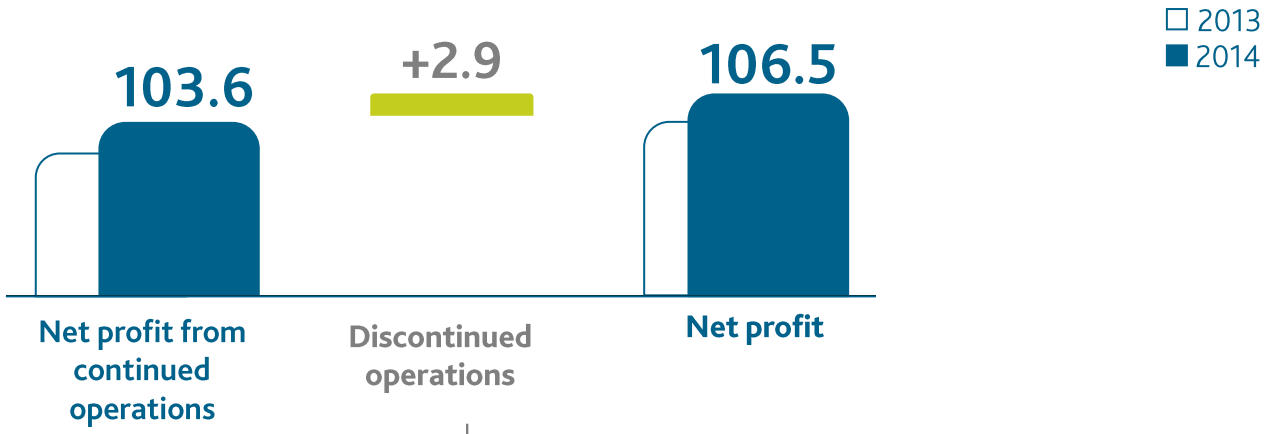


Effective tax rate. %



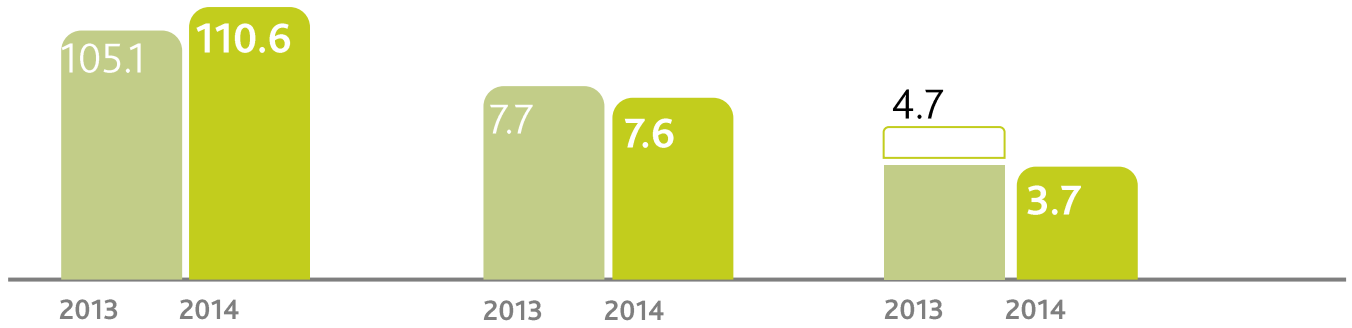
… reaching a new all time high Net Profit.

Net profit. MM€



IAN Group 2014FY Key financial data. MM€

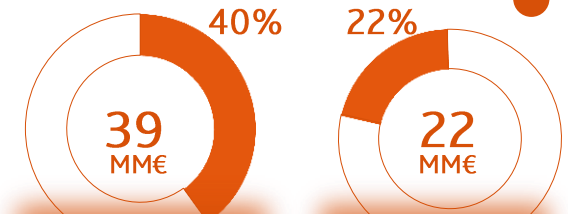
Revenue	EBITDA	Net profit
+5.2%	-1.1%	-20.8% and -1.8% recurring*



* In 2013, recurring net profit excludes the positive tax benefit of €0.9MM following the revaluation of the balance sheet approved in Spain in 2Q13

Lower investment requirements against a growth environment…

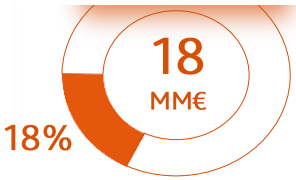
2013. Historical investment high



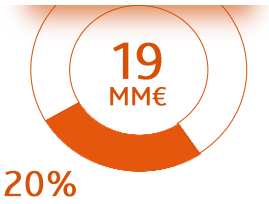
Capacity

Process upgrade

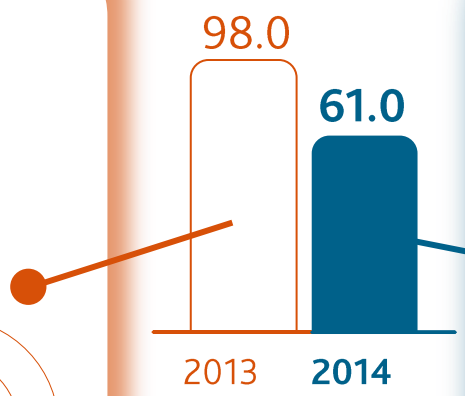
Energy & EHS



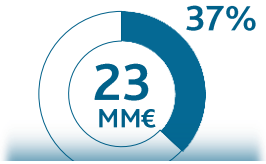
Rest



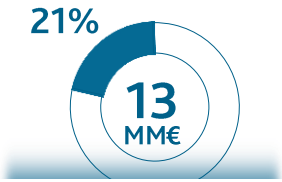
CAPEX. MM€



2014 … according to expected market growth

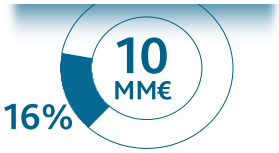


Capacity

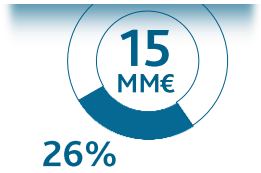


Process upgrade

Energy & EHS

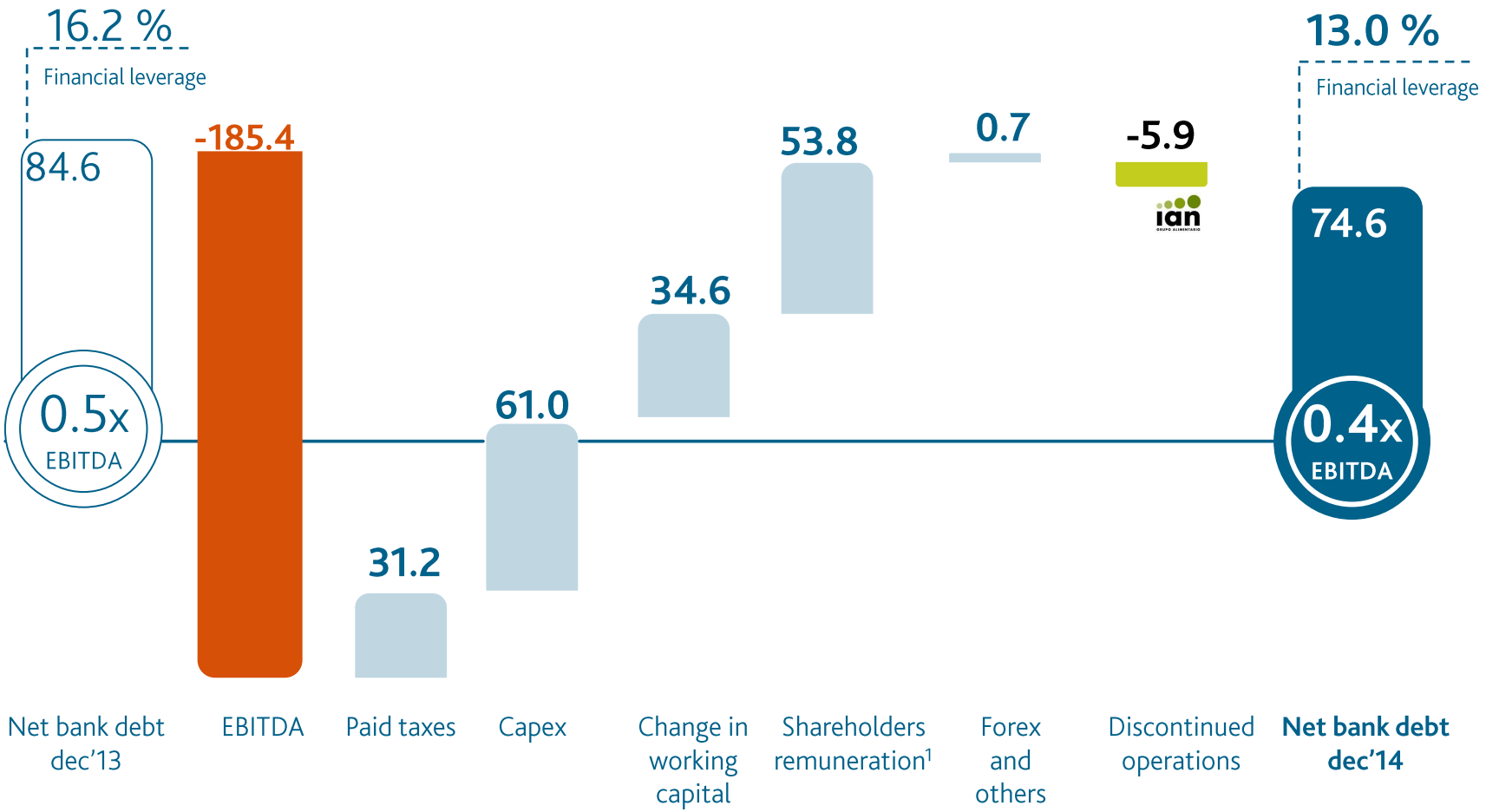


Rest



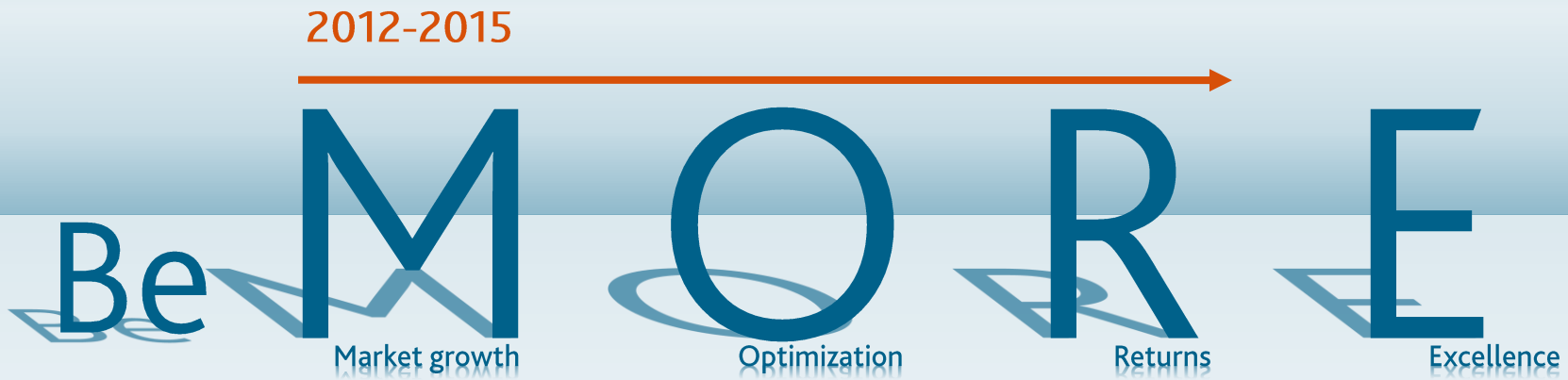
Operating cash flow strength: financing operations, increasing dividend while reducing net bank debt.

Net bank debt evolution (MM €)

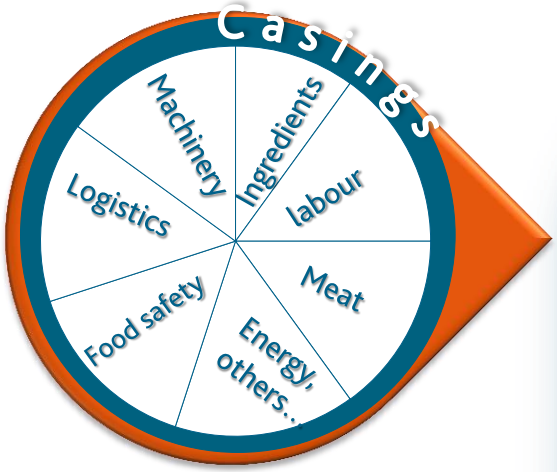


[1] Includes 0,704€ final dividend paid in June 2014, and 0.450€ interim dividend for 2014 paid in December 2014.

Outlook 2015



Casings market provides considerable added value to the meat processing industry…



Casings function and impact on cost structure

Meat processors

CUSTOMIZED CASINGS MARKET

€ 4.3Bn

Growth drivers

CUSTOMIZED CASINGS

- Cellulose
- Fibrous
- Plastic
- Collagen

GUT CASINGS

Population +1%

+

Feeding habits +2%

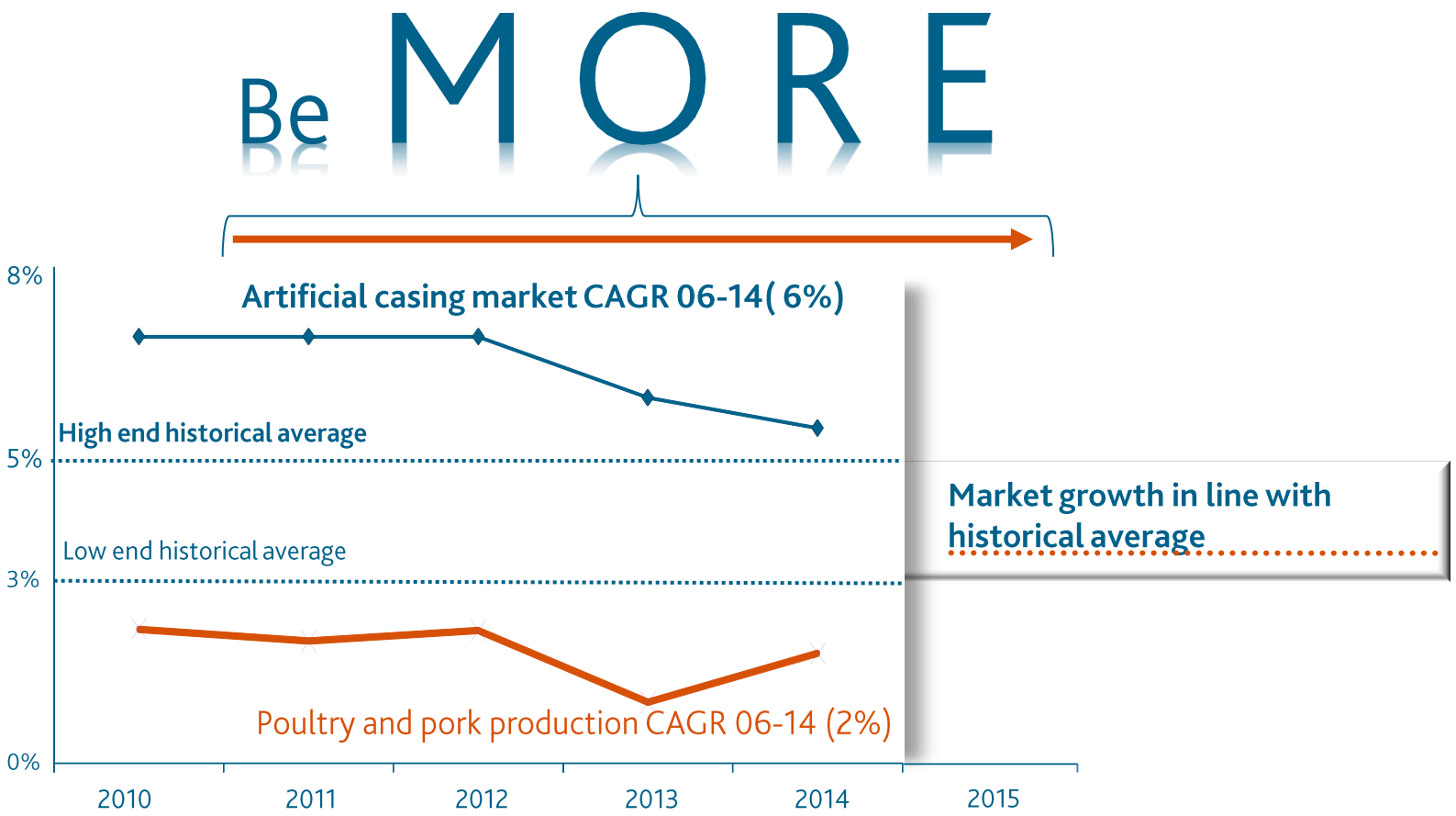
+

Technological development

Market growth

3%-5%

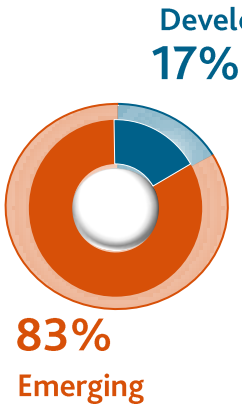
A new year of growth for the casings market although pointing to its historical average



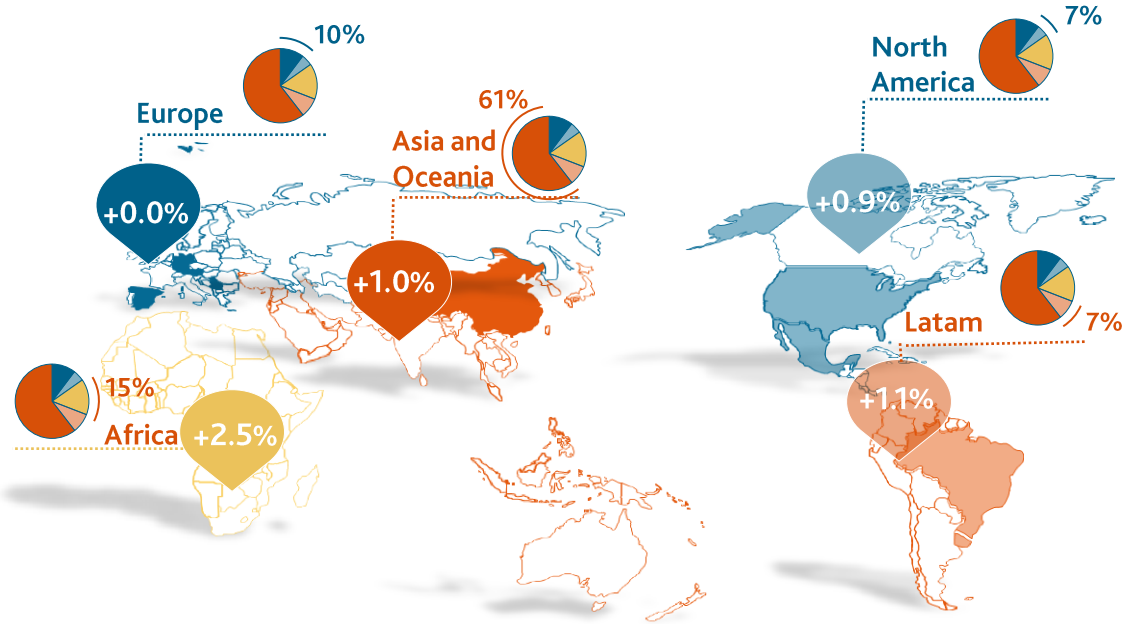
World population steadily grows 1% annually…

2014 Population. As % of total. *Source : FAO*





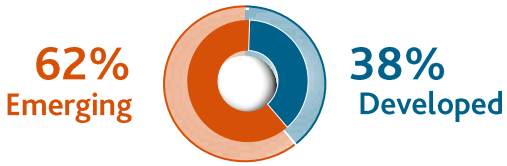
Population growth 2014 vs. 2013(%) *Source: FAO*



…and Viscofan benefits from its global footprint, especially in emerging areas.

Poultry and pork production grow 2% annually and Viscofan is the global leader with better exposure to key markets…

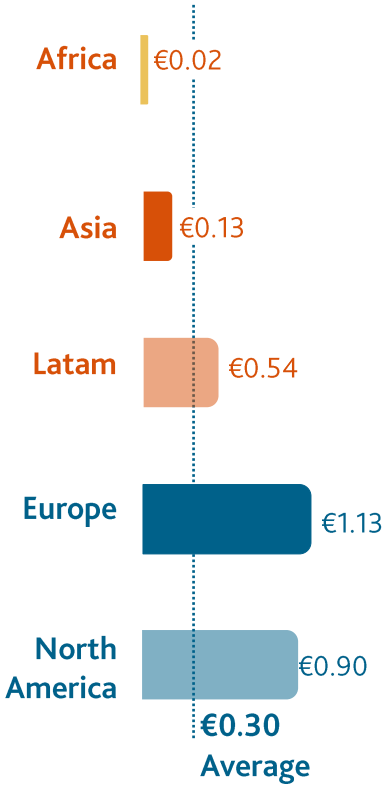
2014. % Poultry and pork production (Tm) *Source: FAO*



2014. % Expense on casings (€) *Source: Viscofan*



2014. Expense on casings per capita (€) *Source: Viscofan*



Production footprint and key markets

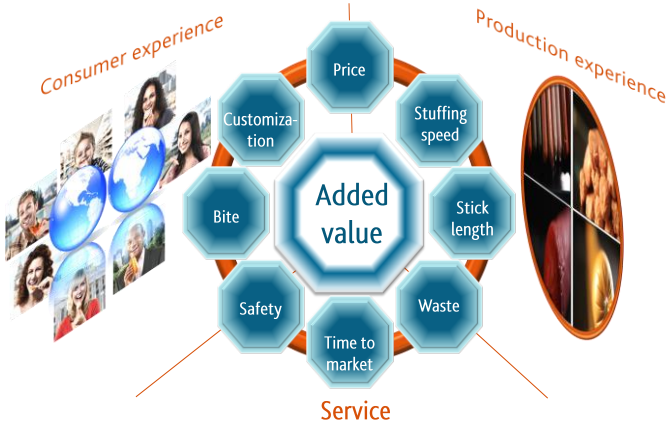




- Undeveloped market
- **China:** Largest collagen casings market worldwide
- **Brasil:** Largest Latin American casing market
- **UE:** Second largest casings market worldwide
- **USA:** Largest casings market worldwide

Solution for sophisticated meat proccesors

Added value to the market



Customization

10,000 References sold in 2014

50 % Sales in customers that buy 4 families

Comprehensive service

Cellulose



✓

Collagen



✓

Plastics



Improve positioning

Fibrous



Improve positioning

… Viscofan is the only one in the industry that combines all growth drivers with a global solution

Emerging areas on world

83% Population



62% Poultry and pork production

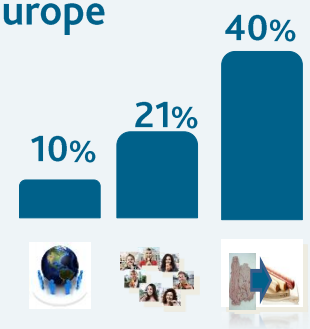


40% Expense on casings



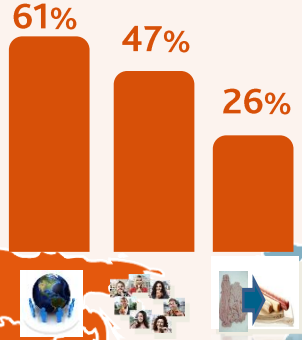
Data. As % of total

Europe



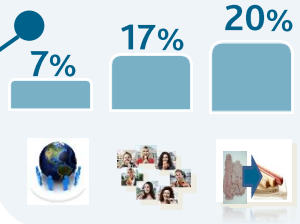
Data. As % of total

Asia and Oceania



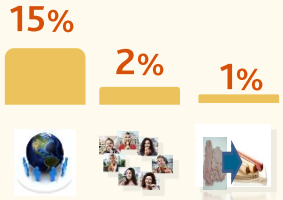
Data. As % of total

North America



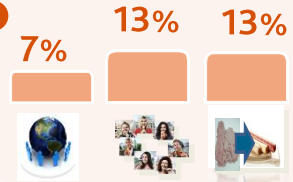
Data. As % of total

Africa



Data. As % of total

Latam



...and a unique technology positioning



€ 4.3Bn

CUSTOMIZED CASINGS

- Cellulose
- Fibrous
- Plastic

GUT CASINGS

- Collagen

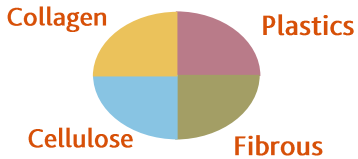
CUSTOMIZED CASINGS

- Devro
- Kalle
- Viskase
- Shenghuan
- Visko-Teepak
- Atlantis-Pak
- Nippi
- Casetech
- Fibran
- Fabios
- Nitta
- Others

Viscofan
The casing company

The only one with all technologies

Market share
15%



JBS Smithfield Sigma Nipponham Tyson KERRY DANISH CROWN Hormel Foods brf ConAgra Foods

Meat proccesors

Gut 50%

Capacity increase and operational improvement in plastics, a growing technology

2012-2014

Focus on technology



Brazil and Czech Republic

+ Production optimization
+Acquisition and development of technology
+ Workforce reinforcement

2015

Focus on the market



Mexico

+ New plastics production plant
+Improve the service in North American market

Plastic casings market

10% of casings market

Plastics





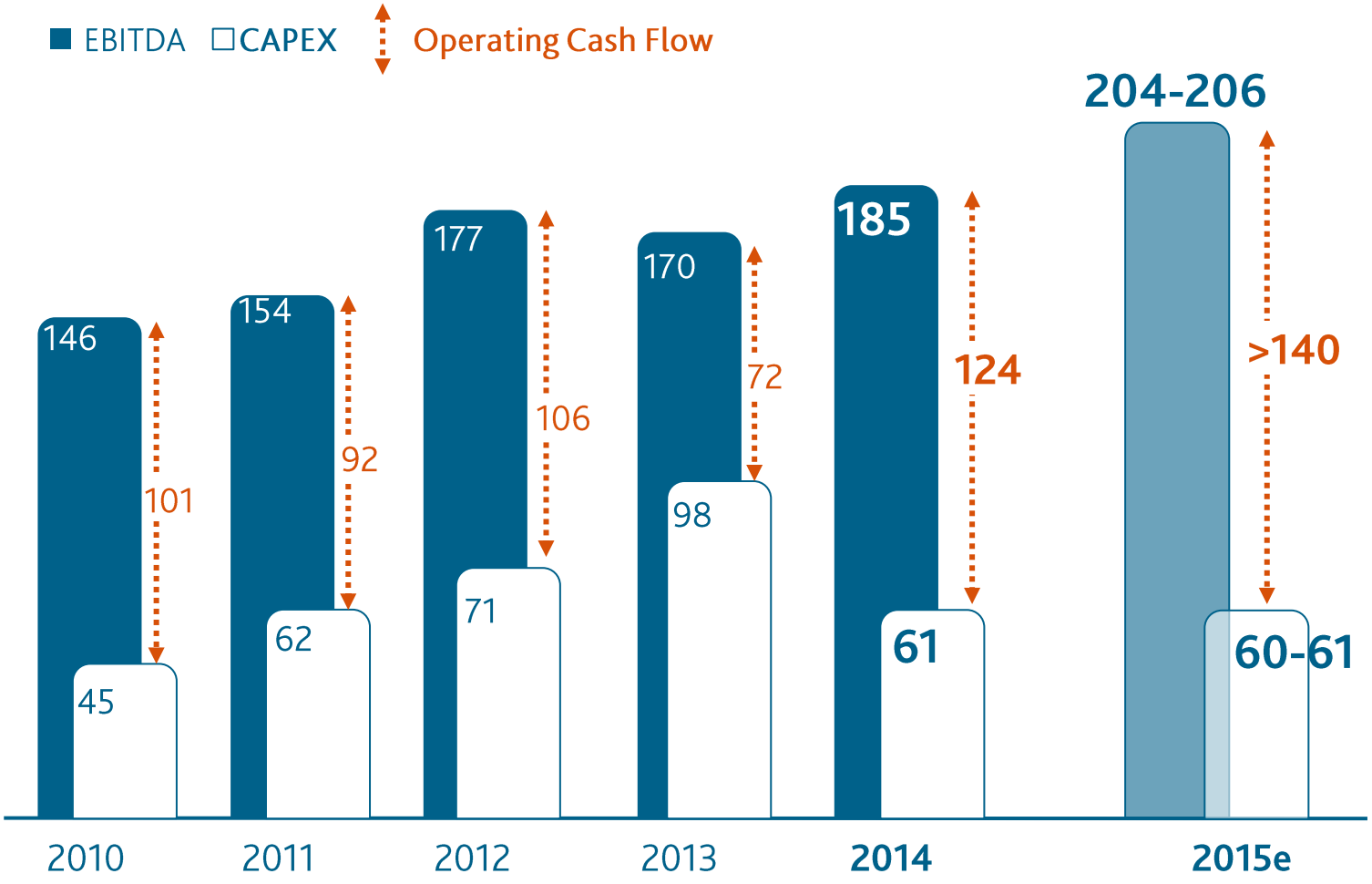
5% annual growth rate



Global market >400MM€

The strong investment carried out throughout last years has set the roots to favour operating cash flow growth

Casings. Operating Cash Flow= EBITDA – CAPEX. (MM €)

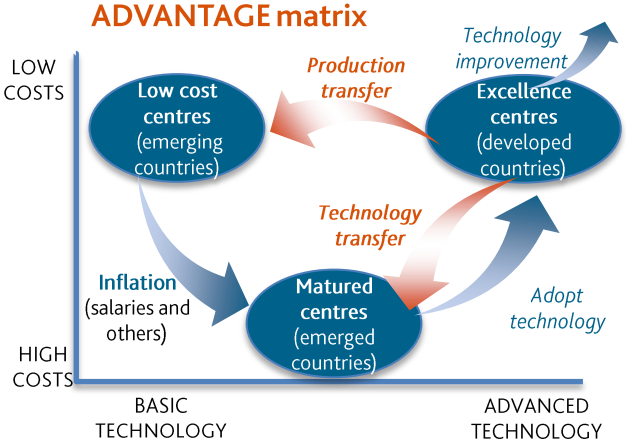


Projects aiming excellence

2012-2015

M O R E

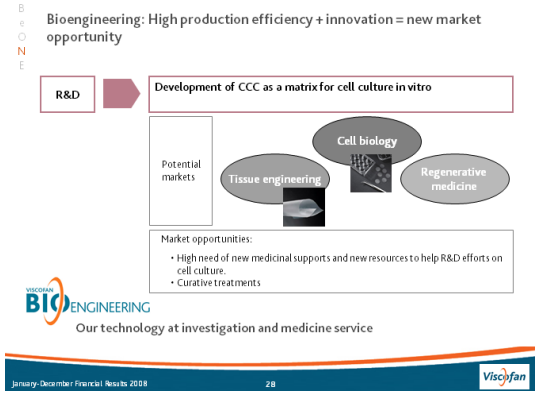
Viscofan Group COMPETITIVE ADVANTAGE matrix



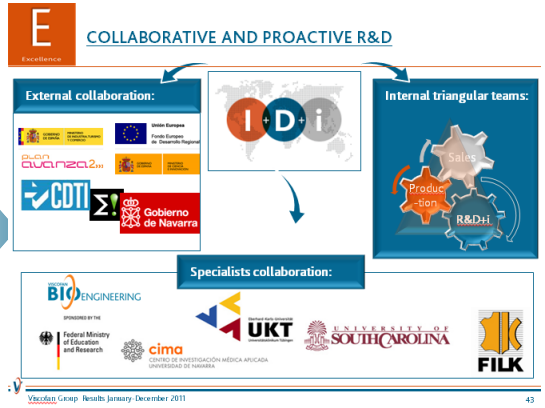
- **M** Production stability in the new collagen plant in Uruguay
- **M** Cellulose converting capacity in China for the Asian Market
- **M** High calibers (Deli Pack) cellulose in Spain
- **M** New plastic plant in Mexico
- **O** Production speed improvement in centres of excellence
- **O** Homologation of new suppliers (cellulose) and new materials (R&D)
- **O** Advanced converting production process in the Czech Republic and Brazil
- **O** Waste reduction in fibrous (USA)
- **O** Energy efficiency in the USA
- **E** Focus on quality and service improvement in the market
- **E** Plans to reinforce talent and the team
- **E** New policy on Environment, Health and Safety.

Exploring new ways to create value for our stakeholders backed by new steps in Biomedicine

2008 Results presentation:



2011 Results presentation:

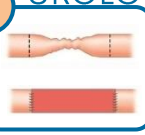


2014
Identified projects

1. CARDIOLOGY



2. UROLOGY



3. TISSUE



Viscofan´s Corporate Responsibility:

"If we can contribute to human being welfare and health with our know-how, is our corporate responsibility to support it"

VISCOFAN BIOENGINEERING

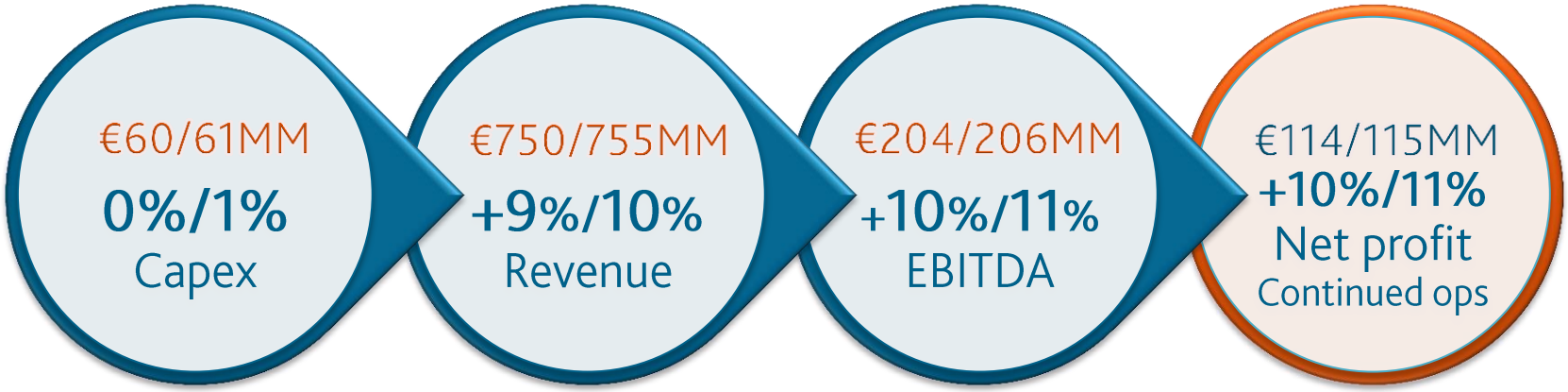
Plan 2015

Set up of a clean room in Weinheim (Germany) close to our production facility and equipped for clinical trials: **Capex €2MM**

European Commission

GUIDANCE 2015.(MM €)

US$/€: 1.20 BRL/€: 3.10



To wrap up

- ✓ Viscofan has successfully completed expected projects for 2014 and together with the consolidation of those performed in previous years have led to **enhance Group operational robustness.**

- ✓ This **strength** has driven Viscofan to post **outstanding results** that top all the main financial targets outlined in our guidance. On the basis of these results, the Board of Directors has agreed to propose a final **Dividend** of €0.724 per share, implying a total shareholder remuneration of €1.18: **an increase of 5.4% compared with 2013.**

- ✓ Viscofan **mantains a robust balance sheet** while having transformed the company throughout the last years. This is the best way to face the demanding challenges of this industry.

- ✓ In the last year of the Be MORE strategic plan Viscofan is going to perform **many initiatives** to strengthen its position and give an **overall value proposition** in a market with a very strong growth fundamentals.