



# VI Iberian Small and Mid Caps Conference Cascais

**BPI**

September, 2009

# Disclaimer

This document contains 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.

**X Viscofan at a glance**

**X Viscofan's Group Results: January-June 2009**

**Consolidated Results**

**Casings**

**Vegetable food**

**X 2009-2011 Strategy**

**X Outlook 2009**

# Viscofan at a glance


The **leading casing** company...

... **3,933** employees at June 2009...

... Revenues 2008 **€552MM** (+9.0% y-o-y)...

... EBITDA 2008 **€105MM** (+6.9% y-o-y)

... Net profit 2008 **€51MM** (+11.3% y-o-y)

**Businesses:** Casings 83%  Vegetables 17%



*Skinless, Collagen, Fibrous, Plastic... and Electricity*

Worldwide leader

Revenues 2008: **€459MM** (+9.7% y-o-y)

EBITDA 2008: **€99MM** (+8.6% y-o-y)

EBITDA margin 2008: **21.6%**

11 Manufacturing sites

14 Commercial offices



*Asparagus, Tomato, Olives, Ready meals, others...*

Leader in Spain



Revenues 2008: **€93MM** (+6.0% y-o-y)

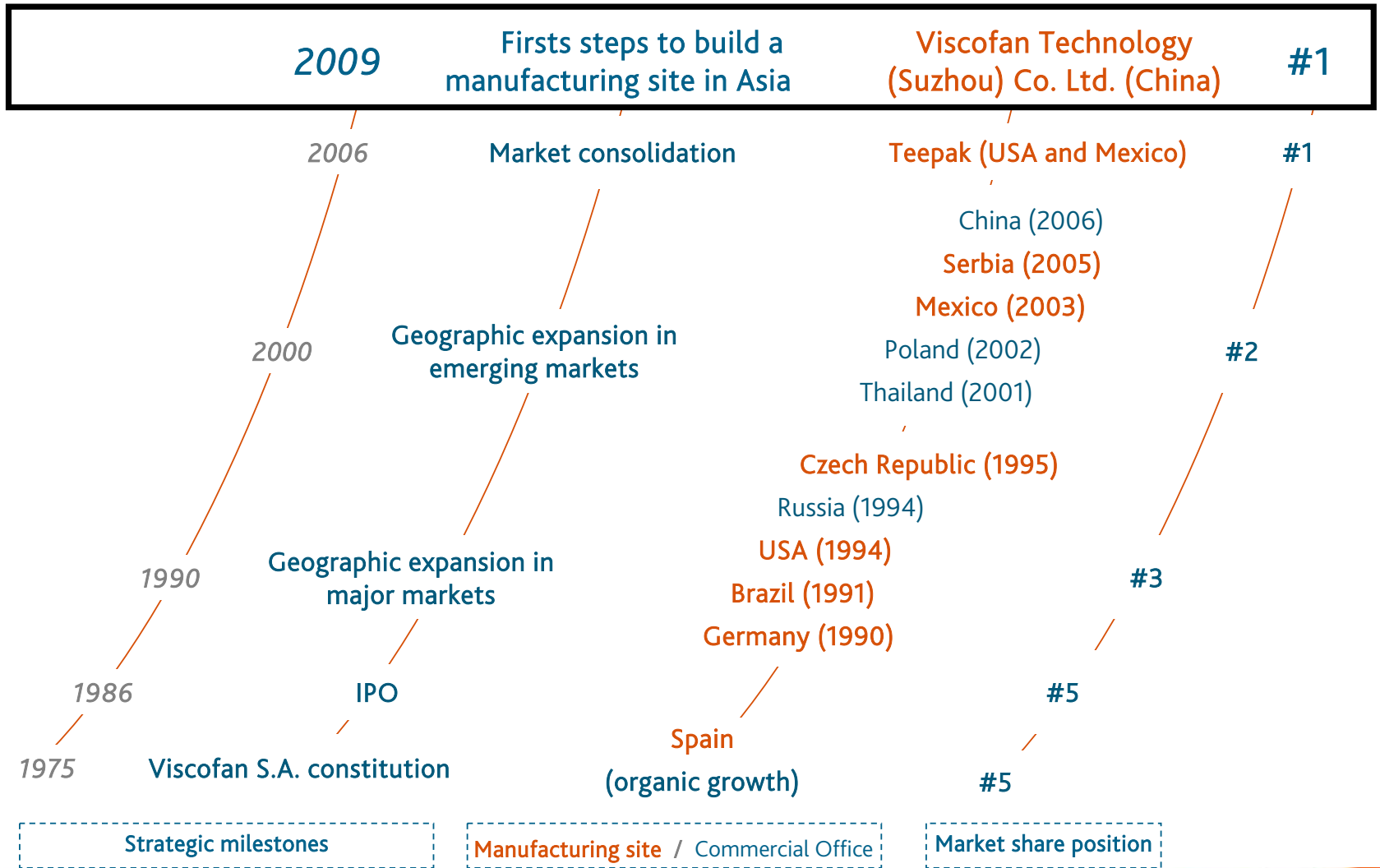
EBITDA 2008: **€6MM** (-14.9% y-o-y)

EBITDA margin 2008: **6.5%**

3 Manufacturing sites

1 Commercial office

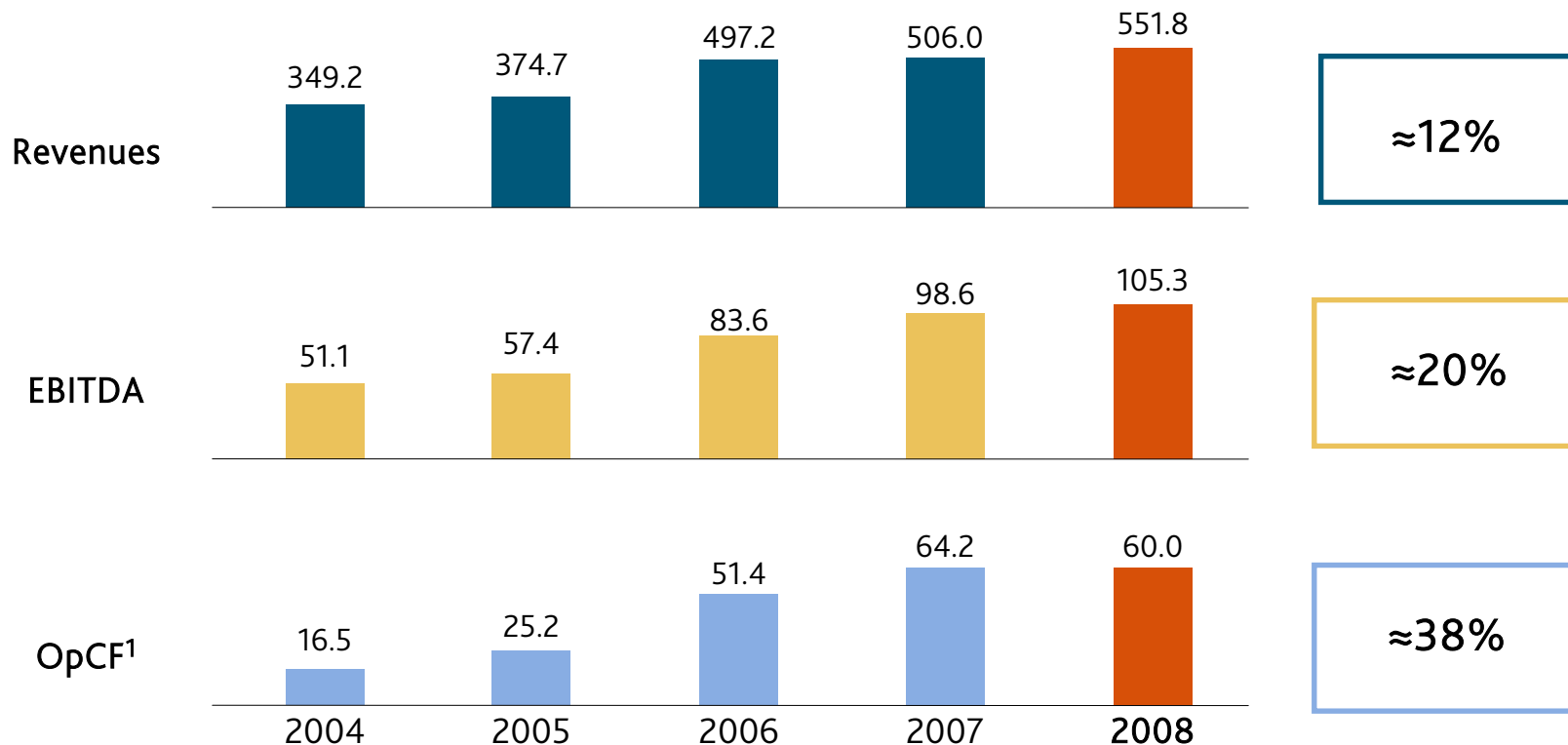
# A business model that encompasses growth...



## ... and value

Data in million of euros

CAGR 04-08E



<sup>1</sup> OpCF = EBITDA - Capex  
Viscofan Group (Consolidated numbers)



Viscofan at a glance



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2009-2011 Strategy



Outlook 2009

## Highlights 1H09 Results: Good momentum despite tough environment

- +25% Net profit 1H09 vs. 1H08 up to €31.1MM.
- +26% consolidated EBITDA 1H09 vs. 1H08 up to €65.2MM.
- +3.1 p.p. consolidated EBITDA margin up to 22.4%.
- 25.9% quarterly EBITDA margin in the casing business (+4.6 p.p.)
- Strong consolidated Revenues, +8% vs. 1H08 in an environment of global economic recession.
- Decline in the results of the vegetable foods business (IAN Group) affected by the economic crisis in Spain and market competition.
- A solid balance sheet, is maintained, reducing leverage in an environment of tough credit conditions.

# Consolidated Results

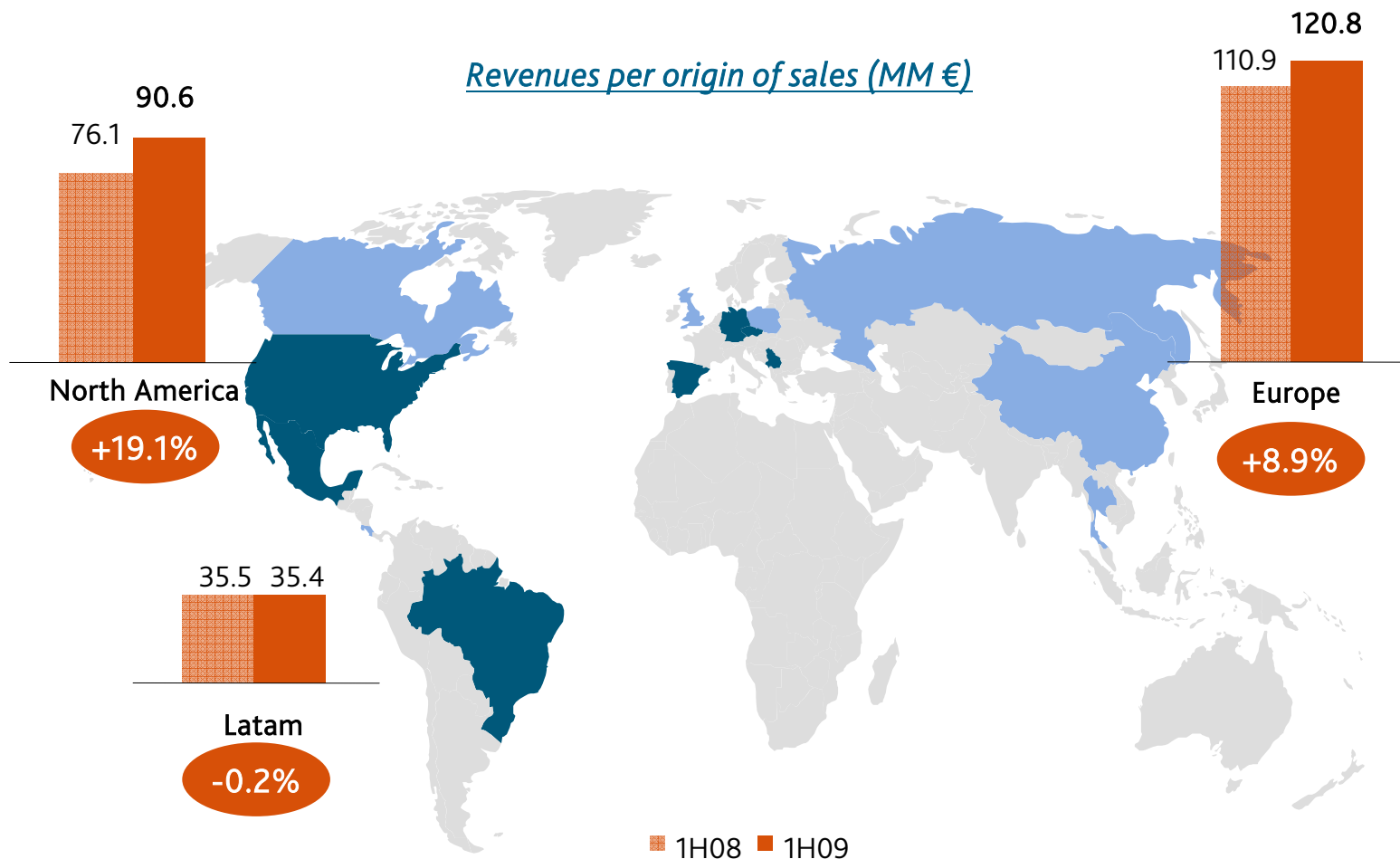
Significant y-o-y margin improvement.

MM €	2Q09	% y-o-y change	1H09	% y-o-y change	% change ex-forex <sup>1</sup>
Revenues	148.0	+5.4%	291.0	+8.5%	+5.2%
EBITDA	33.0	+27.3%	65.2	+26.1%	+12.7%
<i>EBITDA Margin</i>	22.3%	+3.8 p.p.	22.4%	+3.1 p.p.	
EBIT	23.7	+42.3%	46.9	+40.1%	
PBT	22.6	+42.6%	42.6	+38.5%	
Net Profit	16.5	+19.4%	31.1	+25.3%	

<sup>1</sup> For comparison purposes, ex-forex growth excludes the impact of the different exchange rates used in the consolidated accounts and the USD impact in commercial transactions.

# Casings

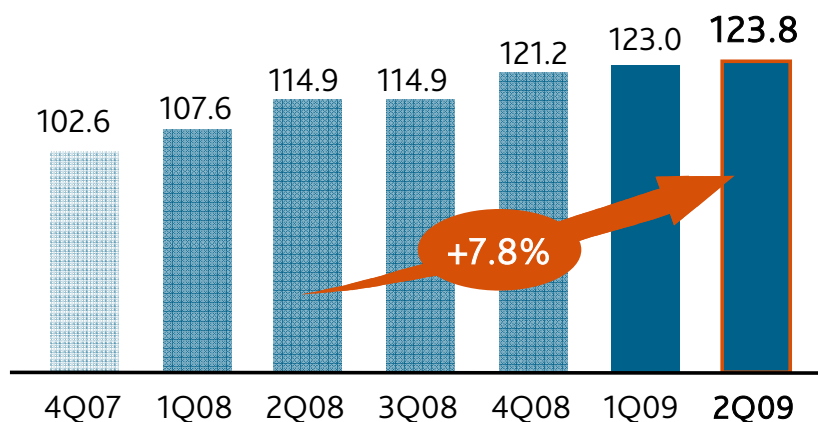
Geographic diversification provide a higher exposition to growing markets...



# Casings

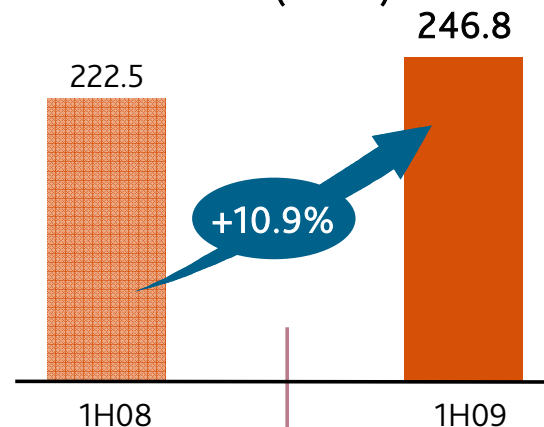
... with a focus on value that leads to a strong revenue growth in an environment of economic recession...

Quarterly revenues evolution (MM €)

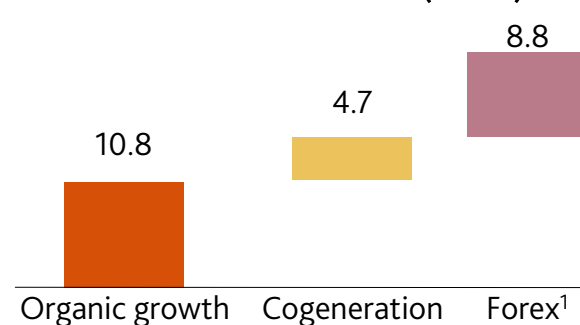


Sixth quarter on a row of quarterly improvements on revenues

Revenues (MM €)



Growth contribution (MM €)

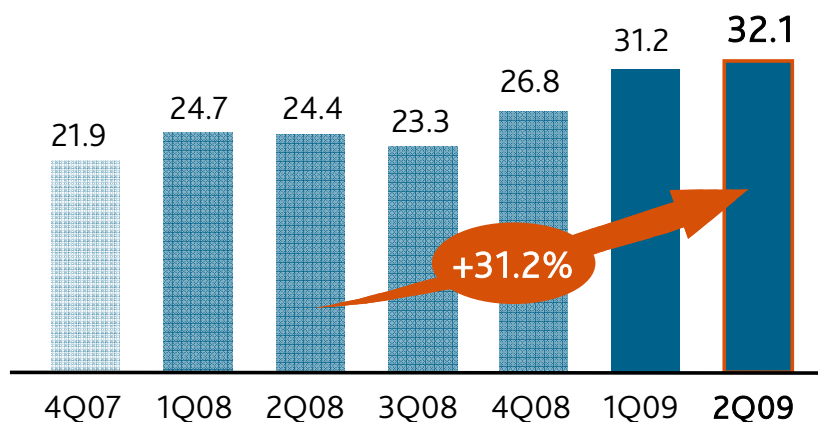


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# Casings

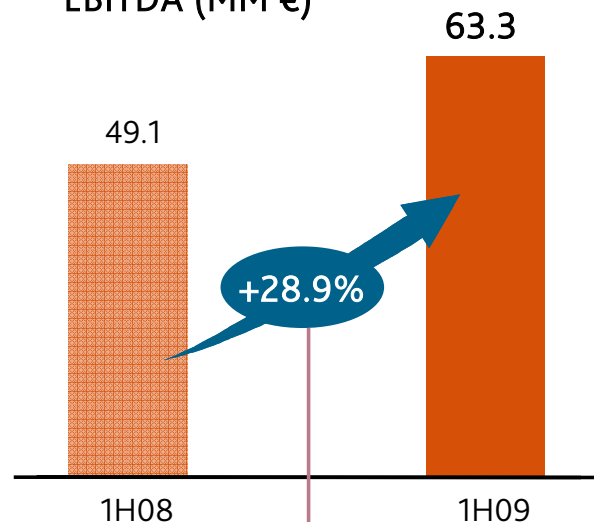
## Outstanding EBITDA growth...

Quarterly EBITDA growth (MM €)



New quarterly  
high record on  
EBITDA

EBITDA (MM €)



Better average price

Lower workforce and personnel expenses  
contention

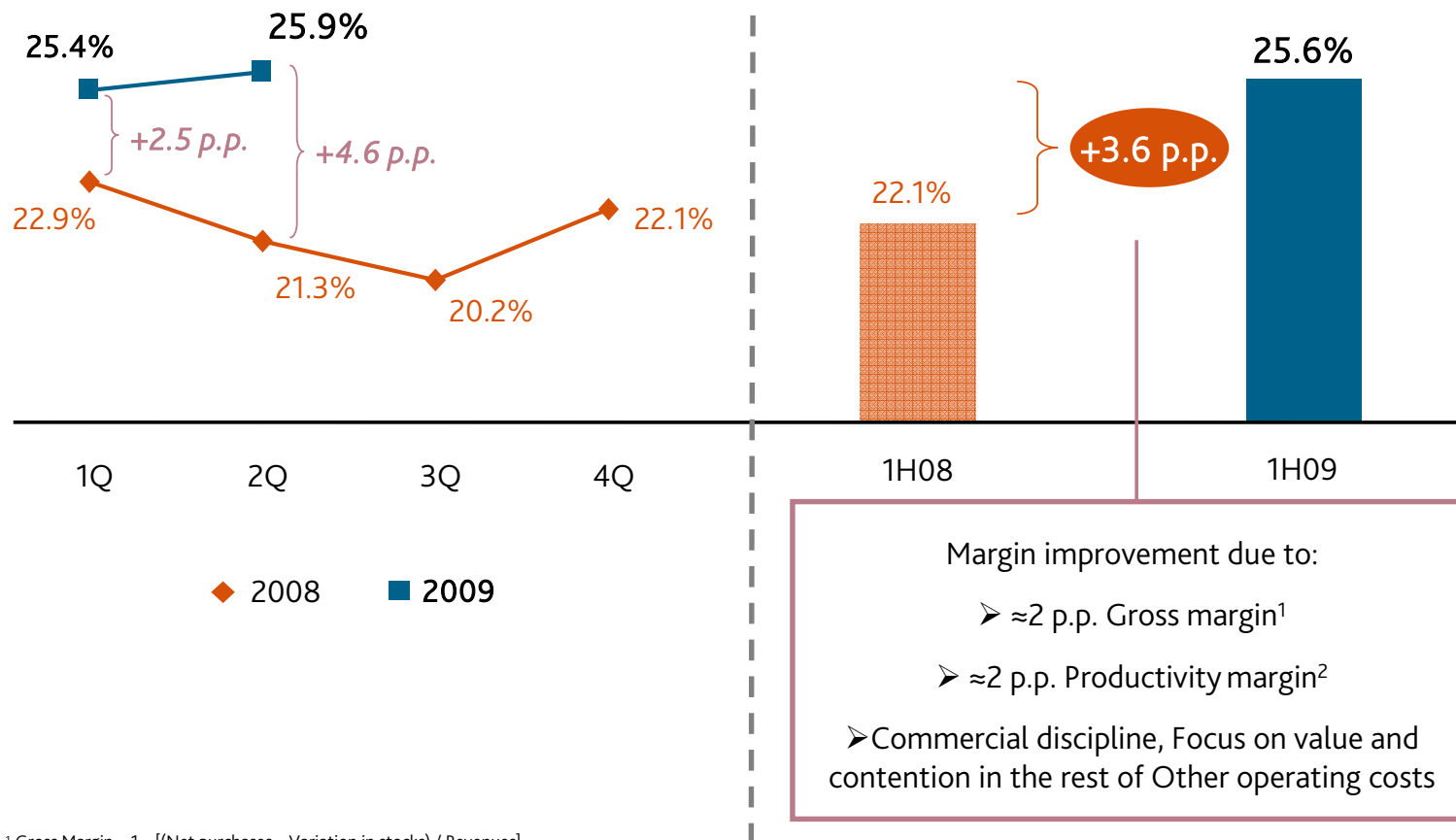
Austerity in general cost & lower unitary gas  
cost

US\$ appreciation vs. €

# Casings

... Boosted by the acceleration in margin improvements

EBITDA margin evolution



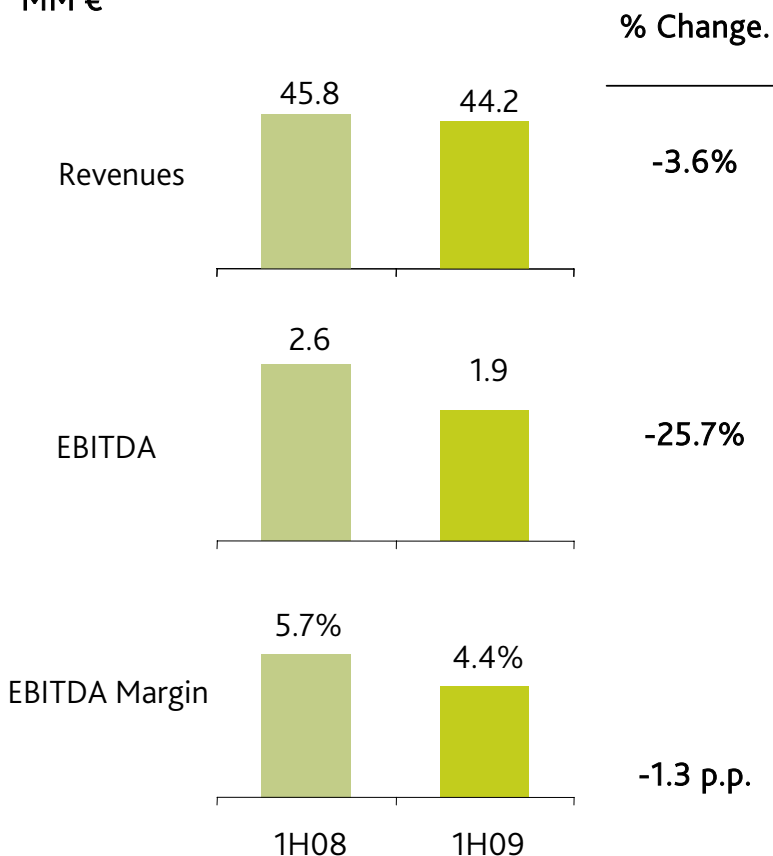
<sup>1</sup> Gross Margin =  $1 - \frac{(\text{Net purchases} - \text{Variation in stocks})}{\text{Revenues}}$ .

<sup>2</sup> Productivity Margin =  $1 - \frac{(\text{Personnel expenses})}{\text{Revenues}}$

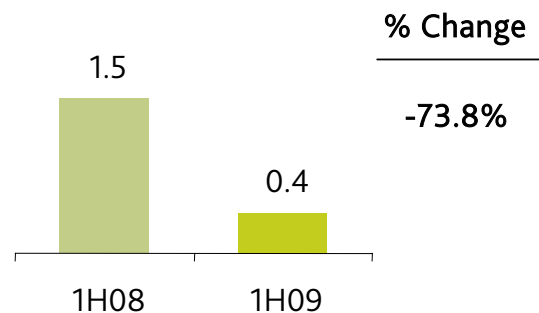
## Vegetable foods

Specially adverse market conditions due to consumption contraction and market competitions.

MM €



Net profit<sup>1</sup>



<sup>1</sup> y-o-y Net profit comparison is affected by tax credit accounted in 2008

✓ Viscofan at a glance

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Consolidated Results

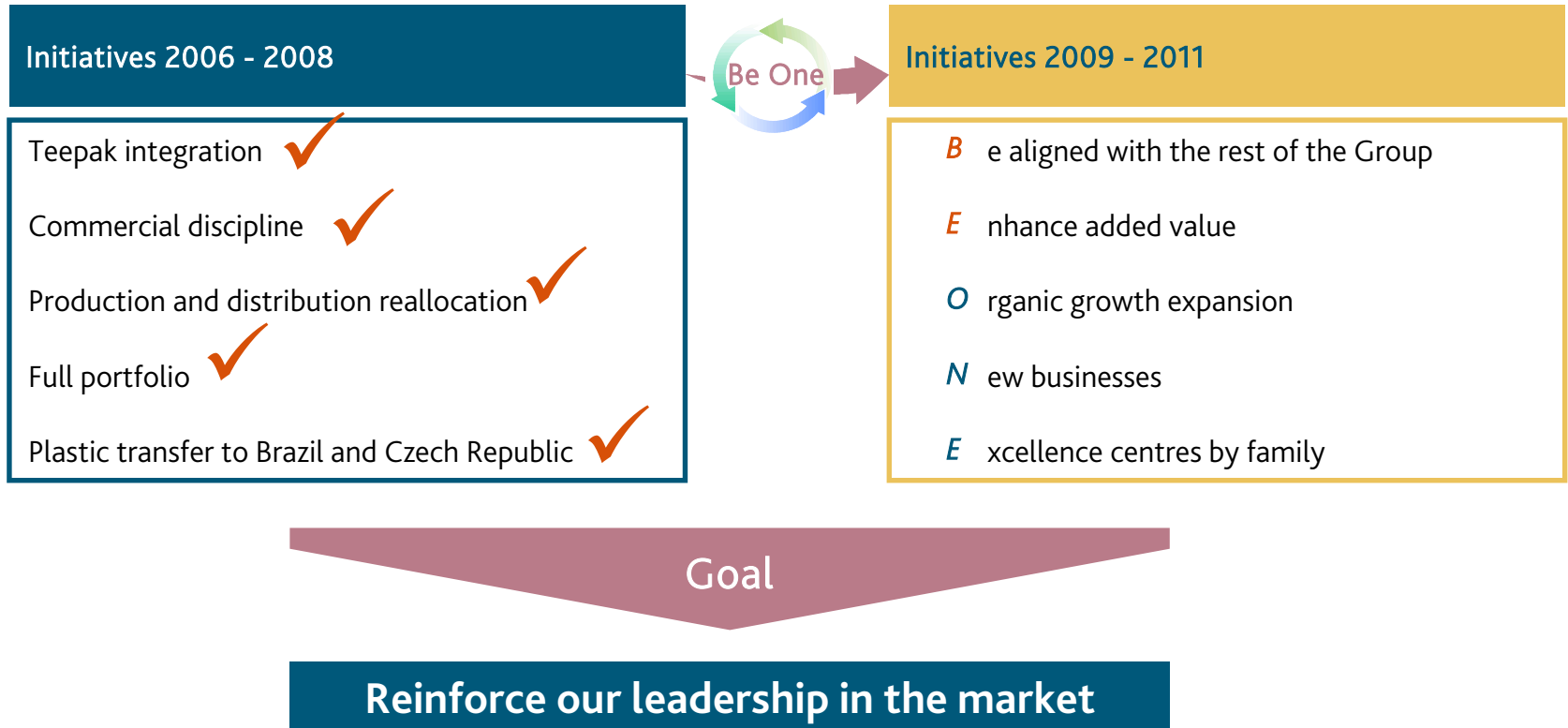
Casings

Vegetable food

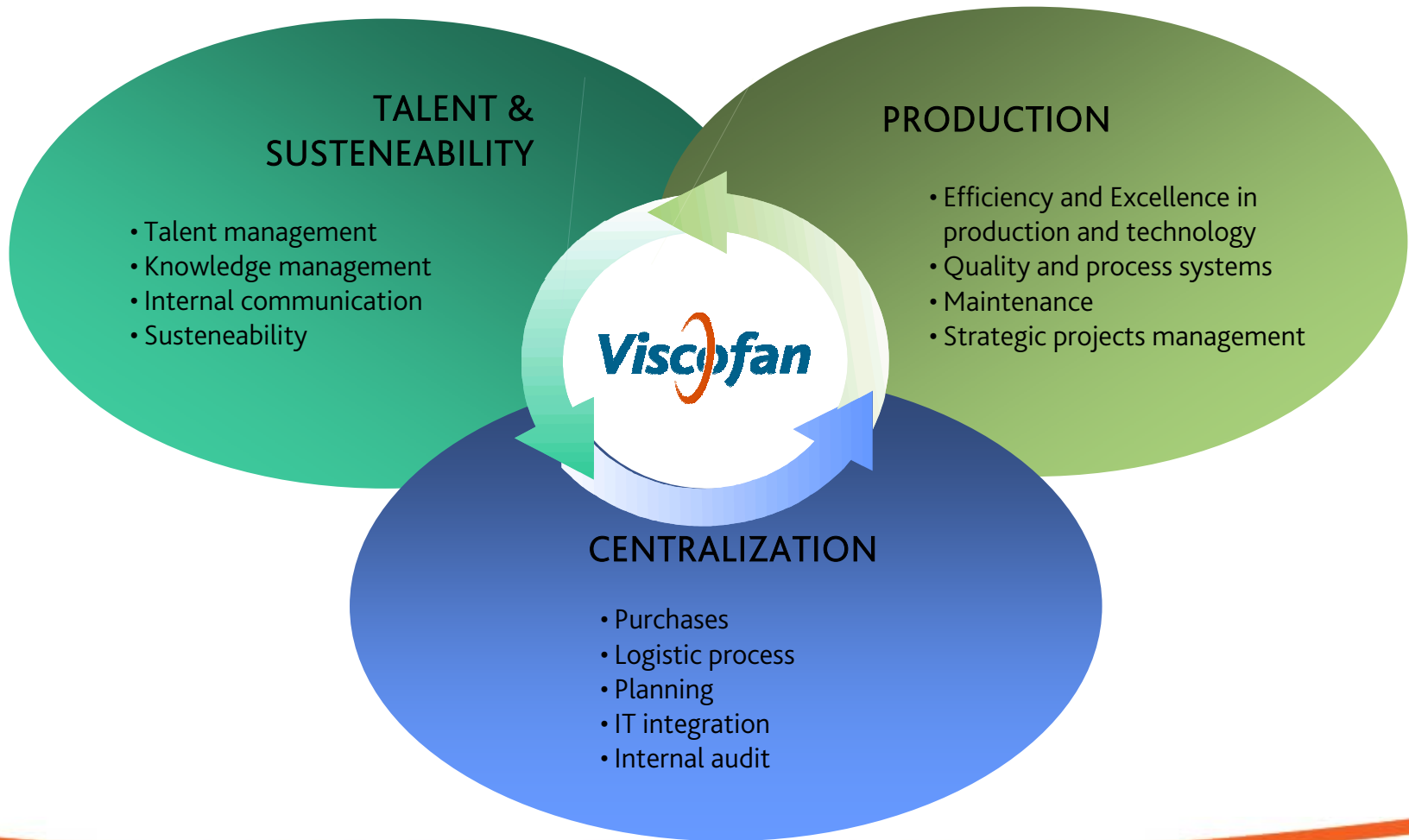
✓ 2009-2011 Strategy

✗ Outlook 2009

# Be ONE: A strategy to boost our economies of scale



## Be aligned means to strength our processes



# Enhanced added value means to provide value propositions to market needs

## Customer focus

Reduce cost of production

Improve "Time to Market"

Wide product portfolio

## Viscofan contribution

Improve our product quality with a clear focus on attributes that make easier the production process of our customers





Project teams devoted to shorter lead times.

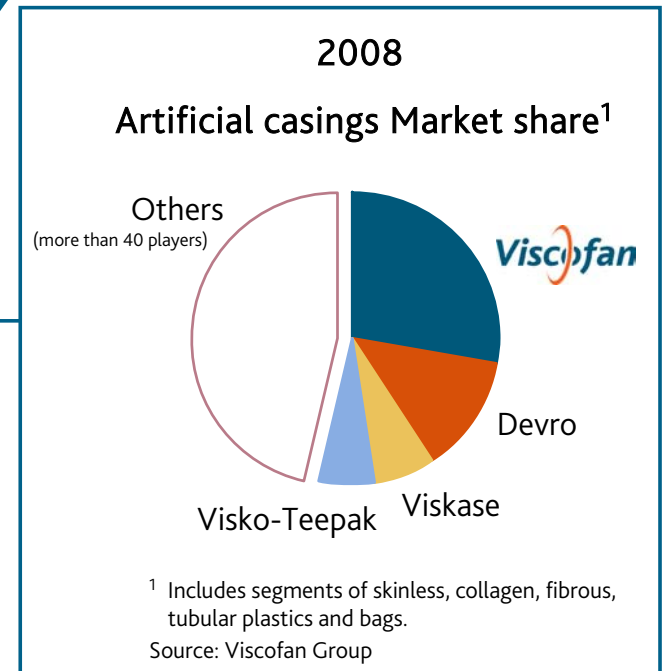
New developments to substitute gut casing

Commercial discipline + Innovation

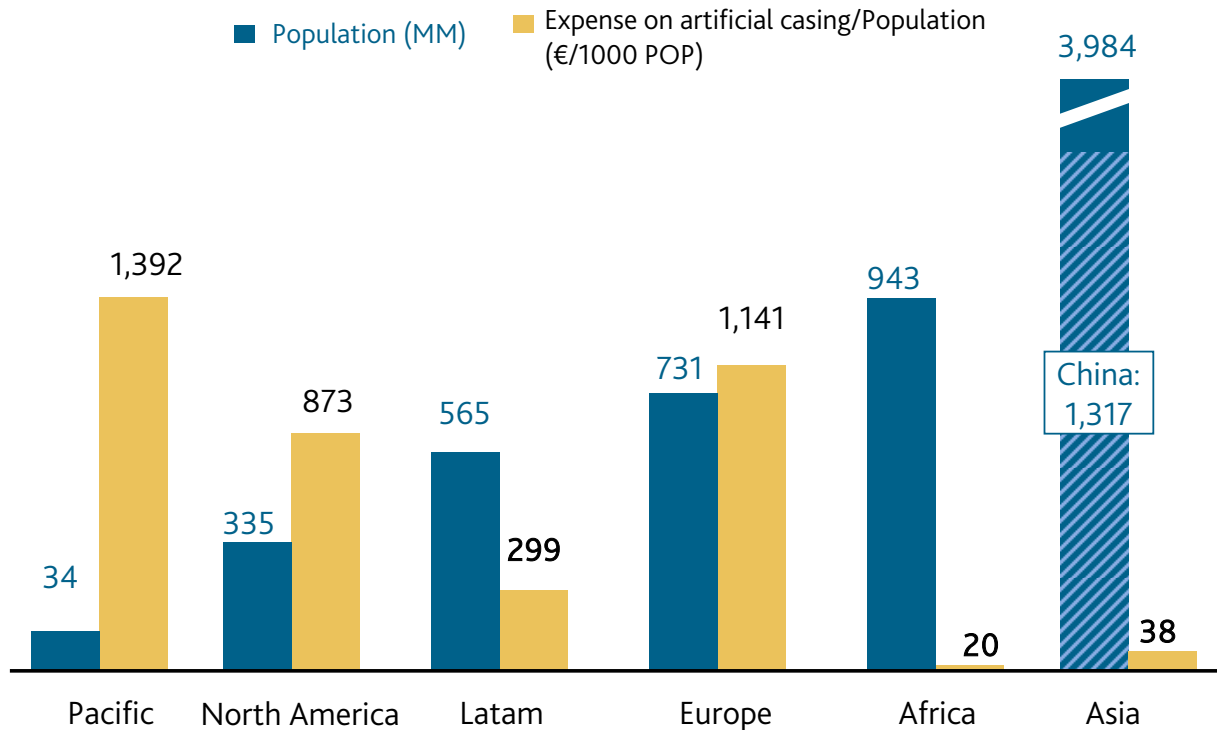
Create value for the industry

## ... backed by a unique full range of casing solutions

Applications →		   			
		Skinless	Collagen	Fibrous	Plastics
Players	Viscofan	✓ #1	✓ #2	✓ #4	✓
	Devro	—	✓	—	✓
	Viskase	✓	—	✓	✓
	Visko-Teepak	✓	—	✓	✓
	Kalle	—	—	✓	✓
	Fabios	—	✓	—	—
	Nippi	—	✓	—	—
	Fibran	—	✓	—	—
	Case-Tech	—	—	✓	✓
	Nitta	—	✓	—	—
	Belkozin	—	✓	—	—
	Wuzhou	—	✓	—	—



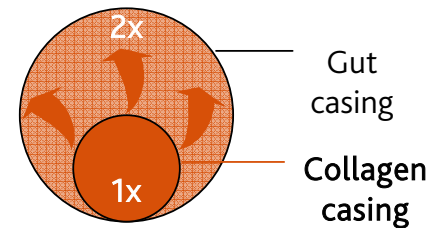
# Good perspectives of growth in new areas



Source: Population and vital statistic report (United Nations) and Internal estimates

The highest growth can be found in the areas with low expense on artificial casing per capita... areas with a high volume of population.

## Casings Market size



Collagen casing keep taking share from gut casings.

# Viscofan will capture Asian growth thanks to a new converting plant in China...



## China

Projected 2009 GDP growth: **+7.5%**

POP: **1,317 MM**

World biggest meat producer country

Viscofan's subsidiary:

*Viscofan Technology (Suzhou) Co. Ltd.*

*Location:* Suzhou, ≈80 km from Shanghai.

*Investment:* **€7.5MM** in 2009-2010

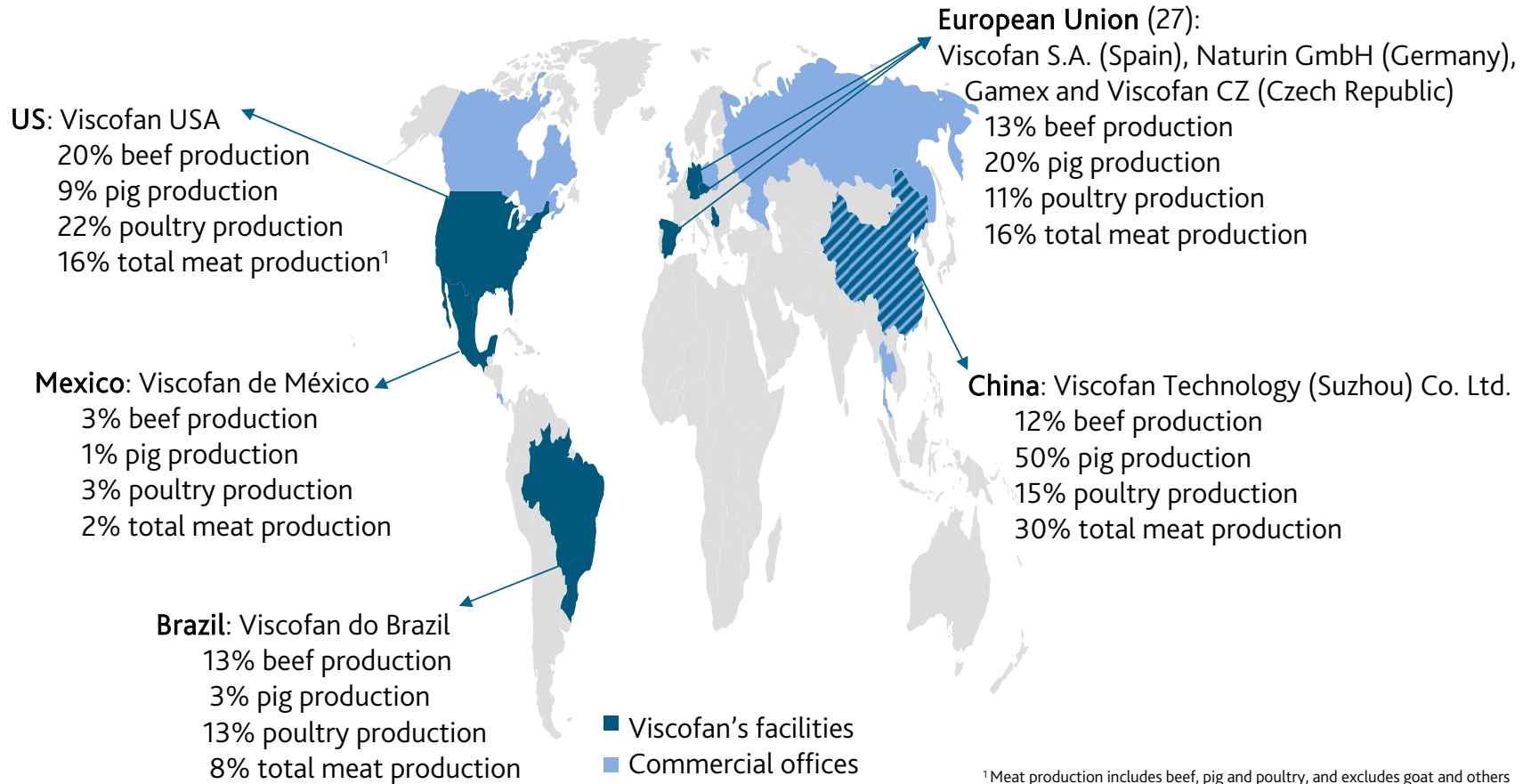
*Start of operations:* **2011**

## Goals:

- ✓ Close relationship with our customers
- ✓ Adapt capacity to Asia needs
- ✓ Quality control and technology protection
- ✓ Facilitate the migration from gut casing
- ✓ New production plant in a non € area
- ✓ Reinforce Viscofan's leadership with an increased market share in Asia/Pacific, where **China is called to be the largest collagen and skinless market in the world**

# Viscofan reinforces its leadership with casing production footprint in the biggest meat markets of the world...

## % of country meat production over world meat production



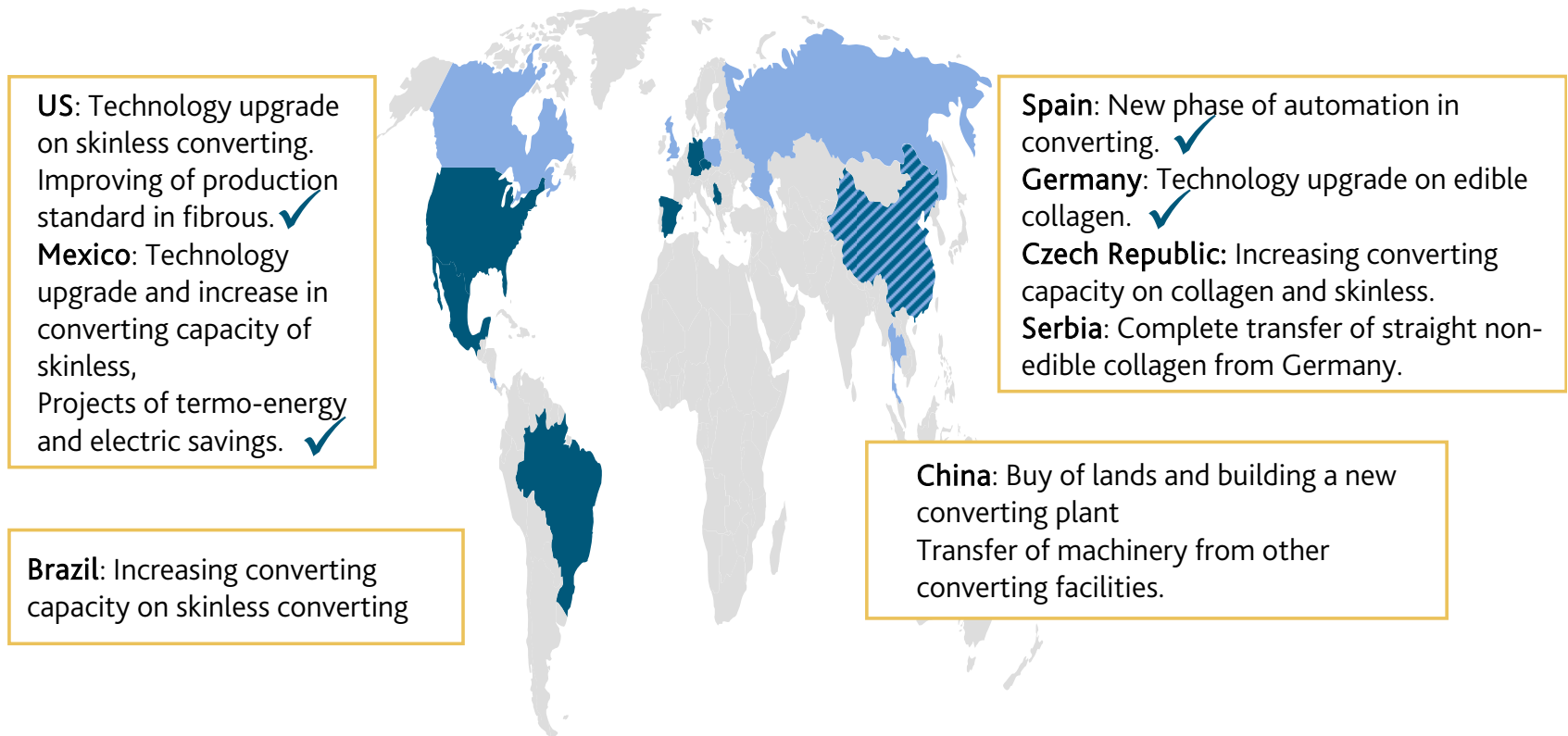
<sup>1</sup> Meat production includes beef, pig and poultry, and excludes goat and others

Source: FAO Statistical yearbook 2007-2008

... with a business model to spread our unique economies of scale

Centre of excellence by family product in the edge of technology, productivity, quality, innovation... to distribute the know-how, upgrades and improvements to the rest of the Group:

*Spain for Skinless, Germany for Collagen, US for Fibrous and Czech Republic for plastics*



Goal: Capture growth and margins

## New businesses: Searching additional sources of revenues



### Energy

Take advantage of the thermo-energetic intensity of our production process to generate electricity for third parties.



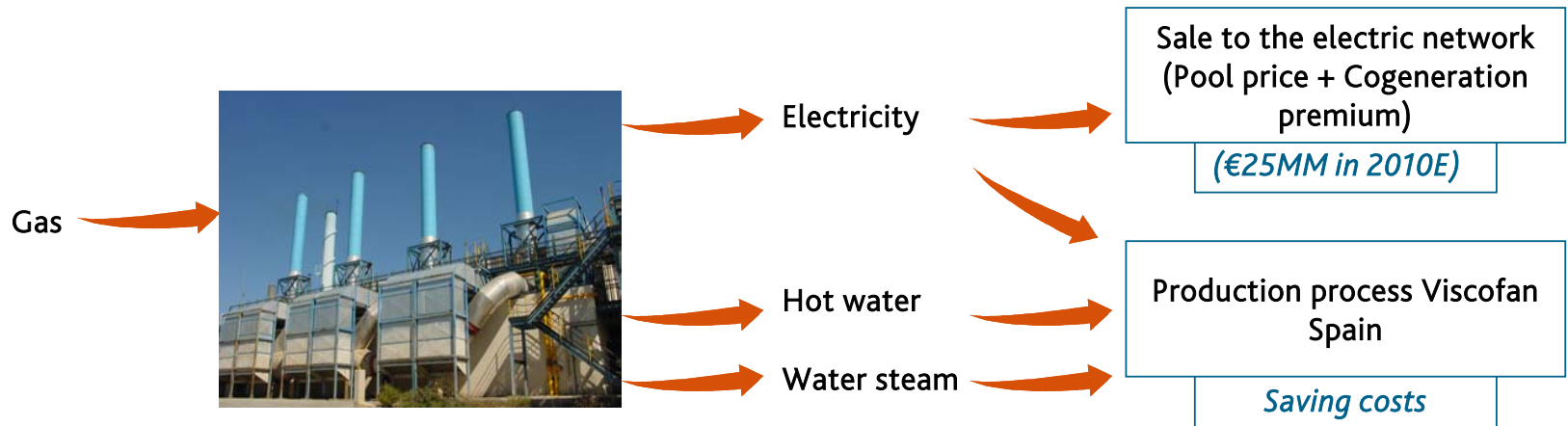
### Bioengineering

Take advantage of our knowledge of collagen properties and collagen production to develop new applications for biomedical issues

# Energy: Increasing our cogeneration plant

## Cogeneration plant in Spain means:

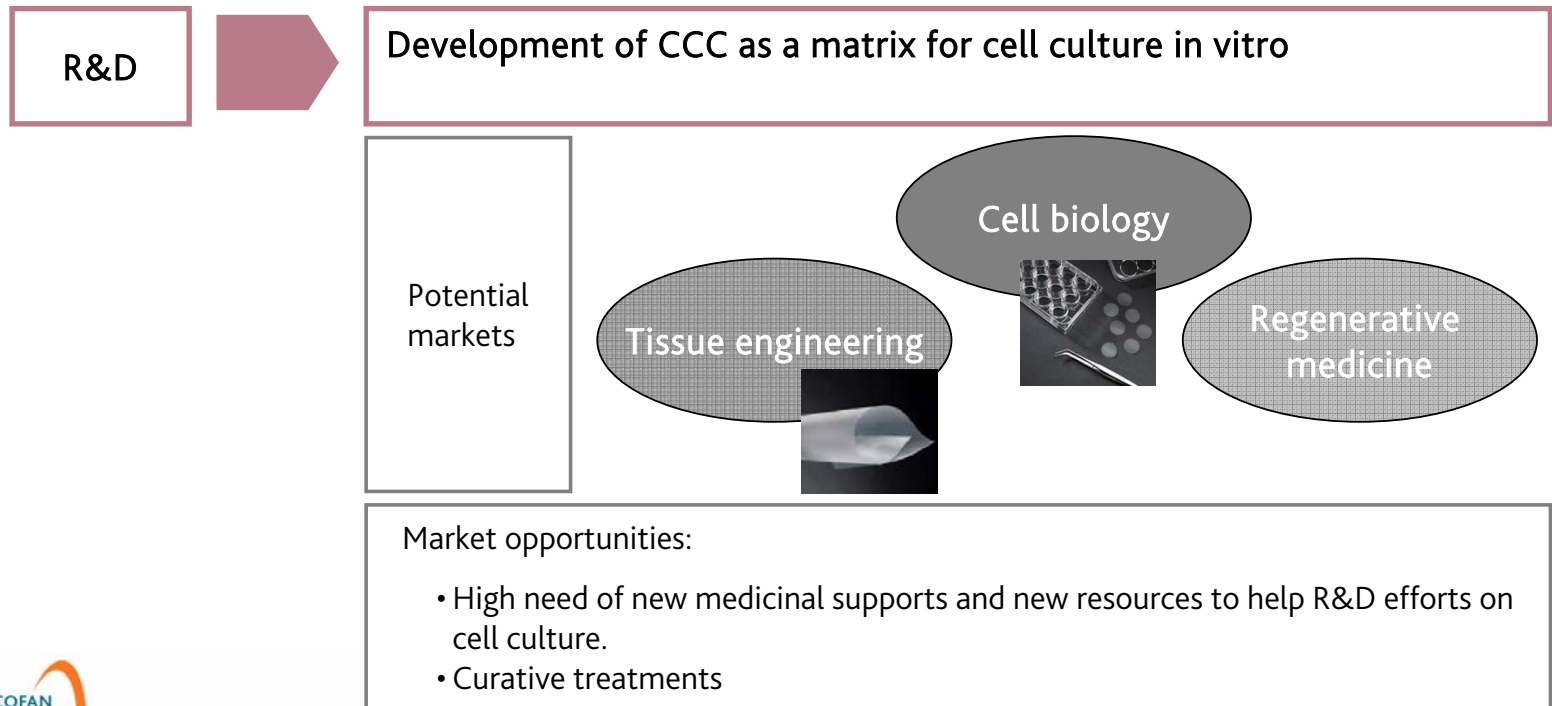
- Be self-sufficient in our energy needs in Spain.
- Improve our caloric capacity
- Offset partially energy costs with electricity sales
- Reduce CO<sub>2</sub> emissions to the atmosphere and contribute to avoid climate change



Total Capex Phase I and II: €25MM

*Total Power capacity after 2<sup>nd</sup> Phase: 44.7 MW*

# Bioengineering: High production efficiency + innovation = new market opportunity



**Our technology at investigation and medicine service**

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# Viscofan Group, a company that grows in a demanding environment...

## Market worries



## Viscofan's competitive advantages



### Revenues

Worldwide economic crisis

Growing market due to population, habit of consumption, migration from gut casing and development of industry in new areas

Solid customer base and unique footprint

### Gross margins

Pricing environment +  
Increased price in raw  
materials (cellulose and  
collagen)

Commercial discipline + Potential for further production  
efficiency and production speed backed by our economies of  
scale and our Be ONE business model

### Workforce

Dimension

Process automation, and transfer of production to areas with  
lower labor costs

### Energy

Volatility

Energy saving plans and 2<sup>nd</sup> Phase of the cogeneration plant in  
Spain

### Capex

Increased capacity in the  
industry

Investment as a consequence of the market growth  
opportunities and technological upgrades

### Financial crisis

Credit difficulties

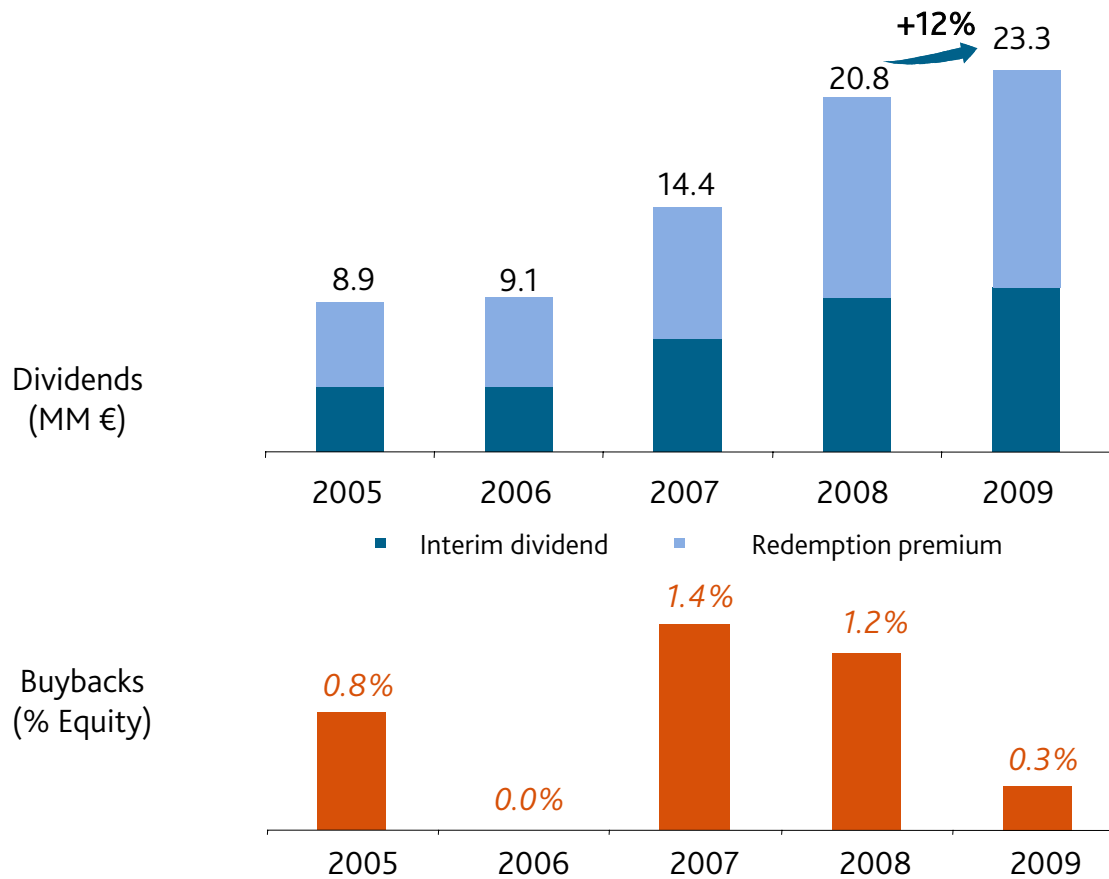
Reduced leverage, weighting long term, and benefiting from  
lower interest rates.

### Forex

Long position in € costs

Teepak's acquisition and China's converting plant reduces our  
long exposure to € costs.

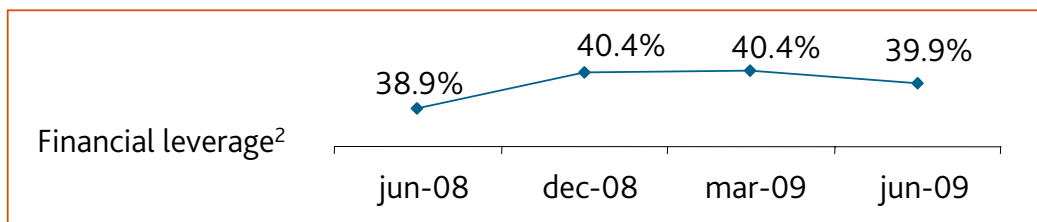
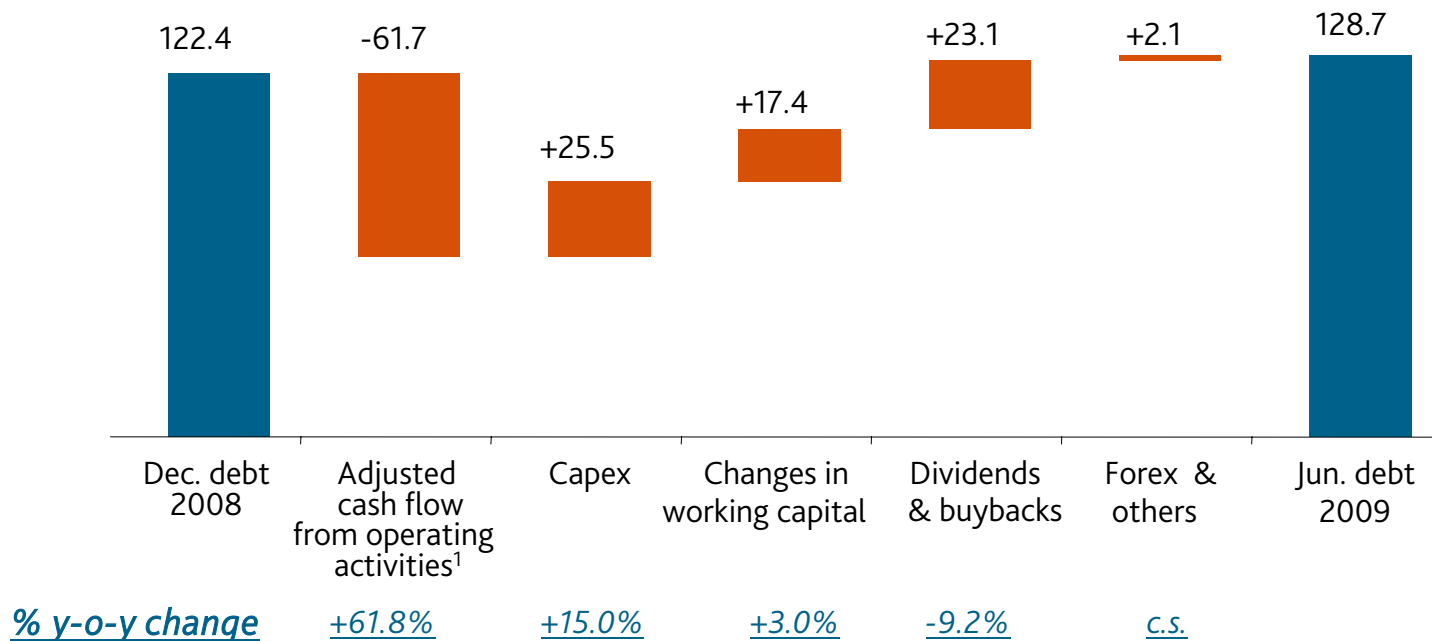
... creating value to its shareholders...



Improvement in financial results are combined with an improvement in shareholder remuneration.

## ...With a very solid financial situation

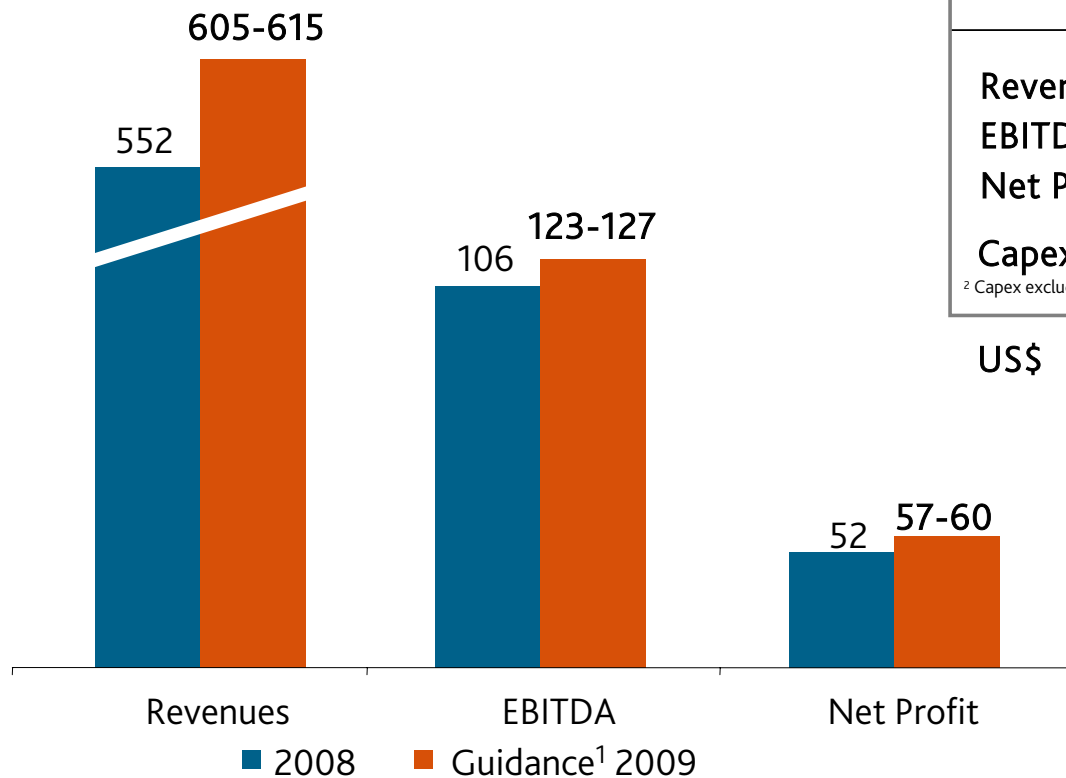
### Net Debt evolution (MM €)



<sup>1</sup> Adjusted cash flow from operating activities = Cash flow from operating activities – changes in working capital

<sup>2</sup> Financial leverage = Net debt / Equity

## ... and ambitious targets: On track to meet Guidance 2009



	% y-o-y. Guidance
Revenues	10%-11%
EBITDA	16%-20%
Net Profit	10%-15%
Capex <sup>2</sup>	<€45MM
US\$	1.35

<sup>2</sup> Capex excluding investments in China

<sup>1</sup> Guidance on recurrent results

## To sum up

- **Double digit growth**, in constant and current exchange rates, in **major financial magnitudes** in an environment of economic crisis.
- **Excellent results in the casing business unit, both revenues and profitability**, as a consequence of the consolidation and integration carried out during recent years and:
  - **Market resilience,**
  - **Viscofan's commercial discipline and leadership...**
  - **And the non-stop search of efficiencies, savings and productivity gains.**
- **Economic crisis in Spain continue hurting IAN Group results**, although impact in the consolidated Group is limited.
- A new strategy "Be One" to boost scale benefits and a new milestone with a new Chinese converting plant. Same goal: **Reinforce Viscofan's leadership and profitability.**
- **On track to meet our double digit growth guidance** in major financial items: Revenues, EBITDA, and Net profit.
- **Tight risk control contributes to a robust financial situation**, which enable us to grow, to invest and to remunerate properly to our shareholders.