January – December 2015 Results

29 February 2016

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Management report

Key conclusions on the January-December 2015 results

- Viscofan ended the period of the Be MORE strategic plan with **record revenue, EBITDA and net profit.**
- **+15.4%** in the year-on-year growth in **net profit from continuing operations** to €119.6 million.
- **+15.3%** in the cumulative year-on-year growth in **EBITDA**[1] to €213.8 million, with a **1.9 p.p**. improvement in the **EBITDA margin to 28.9%.**
- **+7.8%** in the cumulative year-on-year growth in **consolidated revenue,** which reached €740.8 million, underpinned by sales volumes and the exchange rate.
- **A net cash position**[2] of €3.2 million thanks to the strength of operations and the proceeds from the sale of the vegetable foods division (IAN Group).
- At its meeting on 29 February 2016 the Board of Directors submitted to shareholders a proposal to pay a final dividend of €0.82 per share. This implies **total shareholder remuneration** [3] **of €1.35 per share**, 14.4% higher than the figure of €1.18 paid last year.
- According to José Domingo de Ampuero y Osma, chairman of the Viscofan Group: "The results for 2015 are highly satisfactory and conclude the period of the Be MORE strategic plan. Over this four-year period we have worked with a long-term vision, stepping up investment at a time of economic uncertainty and cementing Viscofan's status as an industry leader with a larger production presence, better profitability and a stronger balance sheet whilst at the same time continuing to increase shareholder remuneration. In sum, we have a more robust Viscofan Group with further scope for improvement to become an authentic global leader that leads the way in terms of service, technology and cost."

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[1] EBITDA = Operating Profit (EBIT) + depreciation of property, plant and equipment and amortization of intangible assets.
[2] Net bank debt = long and short bank financial debt - cash and cash equivalents.
[3] Total shareholder remuneration includes the interim dividend for the year, the final dividend and the bonus for attending the General Shareholders' Meeting.

Performance over the course of the Be MORE strategic plan (2012-2015)

Over the last four years the Viscofan Group has implemented an ambitious strategic plan (Be MORE) aimed at taking advantage of the growth in the casings market which contrasted with the downturn in the global economy. The strategic plan defined the MORE pillars (Market, Optimisation, Return and Excellence) that would guide the main strategic initiatives.

With this goal in mind, investment was stepped up, in particular during the first half of the strategic period, and stood at €287 million over the four years, with new collagen production plants established in China and Uruguay.

Under the plan, the Group also invested in technological and process improvements at its other plants, enabling it to make better use of installed capacity and therefore achieve stronger growth in the regions where the Viscofan Group was already present.

After a first phase of expansion in 2012 and 2013 when Viscofan carried out its first Market measures, growth in the casings sector eased to normalised volume growth rates in 2014 and 2015. A normalisation which in turn was affected by the volatility of commercial currencies and the impact of this factor on purchasing power in emerging markets. Against this backdrop, the Viscofan Group stepped up the Optimisation measures envisaged in the strategic plan, enabling it to swiftly adapt to this environment.

The Be MORE plan enabled Viscofan to achieve greater specialisation in the casings market, strengthening its technological leadership in cellulose and collagen casings. The process of transformation into "The casing Company" included the sale of the vegetable food division (IAN Group) in March 2015, the purchase of Nanopack Technology & Packaging S.L. in the second half of 2015 and the establishment of plastics production capacity in Mexico.

At the end of the four-year period of the strategic plan the Viscofan Group is well placed to further strengthen its leadership over the coming years. In China our extrusion plant is operating at full capacity and Viscofan is already established as the second largest player in the market. In the meantime, in Latin America our investments in Uruguay and Brazil have cemented our standing as the leading producer in the region and facilitated the improvement in the service of our production plants in Europe.

This sales and volume growth enabled the Viscofan Group to achieve a CAGR for casings division revenue of 7.0% over the 2011-2015 period. Furthermore, the production improvements achieved under Optimisation initiatives, coupled with operational gearing, are behind a 1.7 p.p increase in the margin. This operational strength translates into a CAGR of 8.6% for EBITDA over the 2011-2015 period.

This expansion has been undertaken whilst maintaining strict commercial and operational discipline under the Return and Excellence initiatives, with growth accompanied by higher shareholder remuneration, which has increased from €1.00 per share in 2011 to the proposed payment of €1.35 per share from 2015 earnings, equivalent to a total overall payout of €221.4 million.

This period also saw an improvement in the equity and balance sheet situation, with the company reducing its long-term risk exposure following the outsourcing of pension liabilities in a context of lower interest rates and achieving a net cash position of €3.2 million at the end of 2015.

The Viscofan Group ended 2015 and the period of the Be MORE strategic plan in an ideal position, both commercially and operationally, to continue improving its value proposition in the long term. Spearheading a market with solid growth fundamentals and in which the Viscofan Group has further scope for improvement to become an authentic global leader, which is the cornerstone of the "MORE TO BE 2016-2020" strategic plan.

Changes to the consolidated group

Sale of 100% of IAN Group:

On 10 March 2015, Viscofan S.A. successfully concluded the sale of IAN S.A.U. and its subsidiaries for an equity value of €55.8 million. This price paid in cash on the date of signing the contract implies a capital gain after tax of €0.4 million for the consolidated group.

In compliance with the provisions of International Financial Reporting Standard 5, net profit at the IAN Group in 2015 and 2014 was recognised in the Consolidated Income Statement under "Profit or loss from discontinued operations". The IAN Group's assets and liabilities at the end of December 2014 were classified as "Held for sale" on the Viscofan Group's consolidated balance sheet.

Nanopack Technology & Packaging, S.L.:

As of 27th May 2015 Viscofan S.A. acquired 51.67% share capital of Nanopack Technology & Packaging, S.L. (Nanopack), a star-up company specialized in the production of crystal plastics and additive plastics. Subsequently, as a result of the investment plan established with the aim of increasing production capacity at Viscofan S.A.'s site in Cáseda (Navarre), the Viscofan Group subscribed €1.9 million of capital increase to finance this expansion. Following this transaction, the Viscofan Group controlled 90.57% of the share capital of this company.

Due to this acquisition Nanopack Technology & Packaging, S.L is included in the scope of consolidation of the Viscofan Group in the second quarter of 2015 and is consolidated by the full integration method, thus, at the end of December 31, 2015 is incorporated in the consolidated balance sheet the total value of its assets and liabilities, and in the consolidated income statement of the period seven months impact of its operations.

January-December 2015 results

Viscofan Group income statement ('000 €)

	Jan-Dec' 15	Jan-Dec' 14	*Change*	Recurring * Jan-Dec' 15	Recurring * Jan-Dec' 14	Recurring * *Change*	*Organic Exforex change*
Revenue	740,770	687,063	7.8%	740,770	684,114	8.3%	2.7%
EBITDA	213,843	185,423	15.3%	210,840	182,680	15.4%	6.3%
EBITDA Margin	*28.9%*	*27.0%*	*1.9 p.p.*	*28.5%*	*26.7%*	*1.8 p.p.*	*0.9 p.p.*
EBIT	160,794	136,260	18.0%	157,791	133,517	18.2%	
Net profit from continuing operations	119,624	103,629	15.4%	117,732	101,709	15.8%	
Contribution from discontinued operations (IAN Group)	411	2,823	-85.4%				
Net profit	120,035	106,452	12.8%				

	Oct-Dec' 15	Oct-Dec' 14	*Change*	Recurring * Oct-Dec' 15	Recurring * Oct-Dec' 14	Recurring * *Change*	*Organic Exforex change*
Revenue	184,850	180,776	2.3%	184,850	180,776	2.3%	-1.9%
EBITDA	55,049	49,215	11.9%	55,035	49,215	11.8%	0.8%
EBITDA Margin	*29.8%*	*27.2%*	*2.6 p.p.*	*29.8%*	*27.2%*	*2.6 p.p.*	*0.7 p.p.*
EBIT	41,634	36,780	13.2%	41,620	36,780	13.2%	
Net profit from continuing operations	33,047	28,117	17.5%	33,038	28,117	17.5%	
Contribution from discontinued operations (IAN Group)	0	150	n.s.				
Net profit	33,047	28,267	16.9%				

* Organic figures exclude: a) 2015: Positive non cash profit of €3.0 million on operating profit and of €1.9 million on net profit due to the outsourcing of pensions under the "Hourly Employees" and "Salaried Employees" plans in the USA. b) 2014: Non-recurring additional impact booked in 2014 on revenue (€2.9 million), EBITDA and EBIT (€2.7million) and net profit (€1.9 million) due to the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State.

Revenue

Consolidated revenue amounted to €740.8 million in 2015, up 7.8% compared with 2014, marking eleven years of steady revenue growth and a new record high.

Casing sales advanced by 8.8% compared with 2014 to €694.7 million, spurred on by better volumes and the strength of commercial currencies, while energy sales declined by 4.7% to €46.0 million due to the booking in 2Q14 of non-recurring results of €2.9 million following the impact of legislation RD 9/2013.

2015 saw a normalisation of sales volume growth coupled with a marked strengthening of the main commercial currencies, in particular of the US$ and CNY against the €, and a weakening of benchmark currencies in emerging markets, most notably the Brazilian Real and the Russian Rouble.

This macroeconomic backdrop had some impact on commercial activity, helping during the year commercial initiatives by main casing players in North America, in particular in the second half.

As a result, consolidated revenue grew by 2.3% in the quarter vs. 4Q14 to €184.9 million. Of this amount, casing sales advanced by 2.0% compared with 4Q14 to €172.6 million, again helped by solid volume growth in emerging regions and Europe. This contrasts with the fall in North America. Meanwhile, energy sales advanced by 5.6% compared with 4Q14 to €12.3 million.

In organic terms[4], i.e. stripping out the impact of non-recurring results and currency fluctuations, annual revenue grew by 2.7% compared with 2014.

[4] Organic terms: For comparative purposes, organic growth excludes the impact of the different exchange rates applied in the consolidation of the financial statements and the impact of the US$ variation in business transactions and non-recurring results recorded in 2015 related to the outsourcing of pensions in the US and in 2014 due to changes in cogeneration regulations.

The geographical breakdown of revenue[5] in 2015 is as follows:

- In Europe and Asia revenue totalled €411.8 million, up 8.0% compared with 2014 boosted by sales growth in both Western Europe and Asia.
- In North America, revenue totalled €215.9 million, up 8.9% year-on-year, driven mainly by the strength of the US$ against the €.
- In Latin America consolidated revenue advanced 5.1% vs. 2014 to €113.1 million, a very strong organic performance considering the average 18.3% depreciation of the Brazilian real against the €.

<u>Operating costs</u>

Cost of consumption[6] in 2015 was partly shaped by the currency fluctuations, with US$-denominated consumption more expensive while the company benefited from consumption in currencies that depreciated, in particular in Latin America. In the full year cost of consumption stood at €203.4 million (+6.7% vs. 2014), with a gross margin[7] over sales of 72.5% in 2015 (+0.3 p.p. higher than in 2014), while the figure for the fourth quarter was €48.6 million (-8.3% vs. 4Q14) with a gross margin of 73.7% in 4Q15 (+3.0 p.p. vs. 4Q14).

Personnel costs increased by 7.8% in cumulative terms to €158.5 million and by 11.6% in 4Q15 vs. 4Q14 to €41.9million. The average workforce in December was 4,233 (+3.5% compared with December 2014) owing to the hiring of personnel in Spain, China, Brazil and Mexico associated with production growth. In the final quarter of the year plastics production started up at the San Luis Potosí plant in Mexico.

"Other operating expenses" in 2015 stood at €172.4 million, up 2.2% compared with 2014. This performance was positively affected by the decline in energy costs, thanks to which energy supply costs fell by 5.9%.

In the quarter "Other operating expenses" grew by 1.5% vs. 4Q14 to €43.4 million, with significantly lower energy supply costs, which declined 9.3% in 4Q15 vs. 4Q14.

<u>Operating profit</u>

The focus on profitable growth is reflected in the combination of revenue growth, commercial discipline, energy cost savings and operating cost control, resulting in the improvement in operating profitability and cash flow. The EBITDA margin stood at 29.8% in 4Q15 (+2.6 p.p. compared with the EBITDA margin in 4Q14) and at 28.9% in 2015 (+1.9 p.p. vs. 2014).

As a result, consolidated EBITDA hit a new record high of €213.8 million in 2015 (+15.3% vs. 2014), and stood at €55.0 million in 4Q15 (+11.9% vs. 4Q14).

In organic terms[4], stripping out the impact of non-recurring results and currency fluctuations, EBITDA rose by 6.3% in 2015 vs. 2014 and by 0.8% in 4Q15 vs. 4Q14.

Depreciation costs in 2015 amounted to €53.0 million (+7.9% vs. 2014), and to €13.4 million in 4Q15 (+7.9% vs. 4Q14).

Volume growth, coupled with production efficiency and cost discipline, drove cumulative EBIT growth of 18.0% to €160.8 million, with the fourth quarter contributing €41.6 million (+13.2% vs. 4Q14).

<u>Financial result</u>

The Group reported exchange losses of €6.6 million, which contrasts with the gains of €1.9 million in 2014. This difference is largely due to the weakness of the BRL against the € in the second half of 2015. As a result, the net finance loss stands at -€9.3 million in 2015 (vs. -€2.0 million in 2014).

[5] Revenue by origin of sales
[6] Cost of consumption = Net purchases +/- Change in finished and work in progress products.
[7] Gross margin = Revenue – Cost of consumption/Revenue

The reduction in financial debt translated into lower finance expenses, which declined by 20.8% in 2015 vs. 2014 to €3.4 million.

Net profit and tax

Profit before tax amounted to €151.5 million in 2015 while taxes totalled €31.9 million, reflecting an effective tax rate of 21.0% (22.8% in 2014).

The difference between the nominal tax rate for 2015 (25.0%) and the effective tax rate (21.0%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in each of the countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances or tax credits associated with previous years' losses by various Group subsidiaries.

As a result, the Group reported growth in net profit from continuing operations in 2015 of 15.4% to €119.6 million and of 17.5% in 4Q15 vs. 4Q14 to €33.0 million.

Including the €0.4 million in capital gains from the sale of the IAN Group recognised as profit from discontinued operations[8] net profit attributed to the Viscofan Group amounted to €120.0 million in 2015 (+12.8% vs. 2014), surpassing the guidance given at the start of the year (€114 million - €115 million).

Property, plant and equipment and intangible assets

Investment in 2015 amounted to €57.3 million, a lower figure 6.1% than in 2014 (€61.0 million). The breakdown for investment in 2015 is as follows:

- 45% of investment was in capacity and machinery. This includes €10 million corresponding to the new plastic casings plant in Mexico, which started production at the end of 2015.
- 28% of investment was in process improvements.
- 9% of investment was in energy equipment and in plant safety, hygiene and environmental improvements.
- Ordinary investments accounted for the remaining 18%.

In addition, the Group started construction of a fibrous casing production centre in Cáseda (Spain) towards the end of 2015. A total of €20 million will be invested over the next two years with the aim of installing new capacity to come on stream in the second half of 2017. This project has been developed in response to the growth in the Viscofan Group's fibrous casing sales in recent years and to improve service to European customers.

As of 27th May 2015 Viscofan S.A. acquired 51.67% share capital of Nanopack Technology & Packaging, S.L. (Nanopack), a company specialized in the production of crystal plastics and additive plastics. Subsequently, as a result of the investment plan established with the aim of increasing production capacity at Viscofan S.A.'s site in Cáseda (Navarra), the Viscofan Group suscribed €1.9 million of capital increase to finance this expansion. Following this transaction, the Viscofan Group controlled 90.57% of the share capital of this company.

Net equity and dividends

The Group's net equity stood at €633.2 million at the end of 2015, up 10.0% year-on-year due to the booking of a net profit of €120.0 million (+12.8% vs. 2014) from which €24.2 million is deducted as a interim dividend against 2015 earnings (+15.6% vs. 2014).

[8] In compliance with the provisions of International Financial Reporting Standard 5, net profit at the IAN Group in 2015 and 2014 was recognised in the Consolidated Income Statement under "Profit or loss from discontinued operations". The IAN Group's assets and liabilities at the end of December 2014 have been classified as "Held for sale" on the Viscofan Group's consolidated balance sheet.

In addition, the Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting the distribution of a final dividend of €0.82 per share, with an amount of €38.2 million to be paid out on 9 June 2016.

This means total shareholder remuneration amounts to €1.35 per share consisting of:

- An interim dividend of €0.52 per share paid on 29 December 2015.
- A proposed final dividend of €0.82 per share for approval at the General Shareholders' Meeting,
- and a bonus for attending the General Shareholders' Meeting of €0.01 per share.

The remuneration proposed is 14.4% higher than the total remuneration of €1.18 per share approved last year, implying distribution of 52% of the total net profit attributed to the Viscofan Group.

Financial liabilities

The strong earnings performance and the proceeds from the sale of the IAN Group led the Group to end the year 2015 with net cash position of €3.2 million at the end of December 2015 compared with Net Bank Debt of €74.6 million in December 2014.

APPENDICES

Significant events

- As of 29th February 2016, the Board of Directors agreed to propose to the General Shareholders' Meeting a final dividend of €0.82 per share, payment date on 9 June 2016. This brings total shareholder remuneration to €1.35 per share, including the interim dividend of €0.52 per share paid on 29 December 2015, the aforementioned final dividend of €0.82 per share, and €0.01 per share as a bonus for attending the Shareholders' Meeting. The remuneration proposed is 14.4% higher than the total remuneration of €1.18 approved in the previous year.

- As of 26th November 2015 the Board of Directors has approved an investment of €20 million in Cáseda to build a fibrous production centre. This investment aims to serve the market growth that Viscofan Group has obtained in recent years in the sales volume of fibrous casings and to reinforce the service provided to European customers. Initial works will start in December 2015 and first sales are expected in the second half of 2017.

- As of 27th May 2015 Viscofan S.A. acquired 51.67% share capital of Nanopack Technology & Packaging, S.L. (Nanopack) for 4 million Euros. Nanopack was founded in 2012 in Gerona (Spain), this Company stands out in the development of special plastics films and bioplastics films applications based on Oriented Polystyrene (OPS), OPS additive, and polylactic acid (PLA) for the food packaging industry in Europe.

- Moreover, in May 2015, the following resolutions, among others, were adopted at the General Shareholders' Meeting:

  1) The meeting approved the Balance Sheet, Income Statement, Statement of Changes in Shareholder Equity and Cash Flow Statement of the year, the Explanatory Report and the Management Report, including the Annual Corporate Governance Report of Viscofan, S.A., as well as the Balance Sheet, Income Statement, Consolidated Cash Flow Statement and Consolidated Change in Shareholder Equity Statement, the Explanatory Report, the Consolidated Management Report for which said company is the parent company, all for the year ended 31 December 2014.

  1.2.- The meeting resolved to earmark €54,712,722.67 of earnings in Viscofan´s S.A. balance sheet for dividend payouts, and €13,142,601.70 for voluntary reserves.

  1.3.- Approval of the corporate management by the board of directors of Viscofan S.A. and of the Group of companies coming under this parent company, for the financial year of 2014.

  2) Appointment or reappointment of auditors for the review of financial statements of the Company and its business group for 2015: Ernst & Young S.L.

  3) The meeting approved the amendment of the Company Bylaws regarding:

  3.1.- General Meeting. Amendments to adapt the articles of incorporation to Act 31/2014 for the improvement of corporate governance, with regard to those articles relating to the percentages required to exercise certain rights and the majorities for the approval of agreements: articles 17, 18, 21, 24 and 25.

  3.2.- Board of Directors

  3.2.1.- Amendments to adapt the articles of incorporation to Act 31/2014 for the improvement of corporate governance, with regard to those articles relating to the different types of directors and their remuneration, powers and the Board Committees: composition and responsibilities of the audit committee and appointments and remuneration committee: articles 27 bis, 27 quater, 29, 30.2 and 30.3.

3.2.2.- Composition of the board: article 26. The maximum number of directors is changed from 9 to 10.

3.3. Other amendments. Amendment regarding the inclusion of an alternative name for the Executive Committee and the removal of time references: articles 30, 30.1 and 31.

4) The meeting approved Amendment of the Regulations of the General Shareholders Meeting in order to adapt these to Act 31/2014 for the improvement of corporate governance, with regard to the following articles: Preamble: article 5, article 7, article 9, article 10 B), article 12, article 13, article 16 y article 22.

5) Re-election and appointment of Board of Directors:

5.1.- Re-election of Mr. José Domingo de Ampuero y Osma, as Executive Director.

5.2.- Appointment of Mr. Juan March de la Lastra as Nominee Director.

6) Conferral of powers to carry out the resolutions adopted and, as necessary, delegation upon the Board of Directors of the appropriate interpretation, correction, application, supplementation, development and implementation of the resolutions adopted.

7) The meeting approved, in advisory voting, Annual report on the Directors' compensation and remuneration policy, thus, the director´s remuneration policy for the next three years.

- As of 10th March 2015, Viscofan S.A. successfully concluded the sale of IAN S.A.U. and its subsidiaries, Lingbao Baolihao Food Industrial Co. Ltd. and IAN Peru, S.A, for an equity value of €55.8 million, to Servicios Compartidos de Industrias Alimentarias, S.L., a company managed by Portobello Capital Gestión, S.G.E.C.R., S.A. Since 2014, the IAN Group has been listed as a held-for-sale asset in accordance with the criteria provided in IFRS 5. Compared with the bid that expired on 23 February 2015, the new offer implied a capital gain after tax of €0.4 million for the consolidated Viscofan Group.

Viscofan Group 2015FY Profit and loss account ('000 €)

	Jan-Dec' 15	Jan-Dec' 14	Change	Recurring * Jan-Dec' 15	Recurring * Jan-Dec' 14	Recurring * Change
Revenues	740,770	687,063	7.8%	740,770	684,114	8.3%
Other operating income	6,595	4,343	51.9%	6,595	4,343	51.9%
Self-constructed assets	285	332	-14.2%	285	332	-14.2%
Variation in stocks of finished products andwork-in-progress	23,531	10,273	129.1%	23,531	10,273	129.1%
Net purchases	-226,980	-201,021	12.9%	-226,980	-201,021	12.9%
Personnel expenses	-158,545	-147,031	7.8%	-161,548	-147,031	9.9%
Other operating expenses	-172,362	-168,570	2.2%	-172,362	-168,364	2.4%
Capital grants	671	403	66.5%	671	403	66.5%
Impairment and results coming from disposals of non-current assets	-122	-369	-66.9%	-122	-369	-66.9%
Other results	0	0	n.s.	0	0	n.s.
EBITDA	213,843	185,423	15.3%	210,840	182,680	15.4%
EBITDA margin	*28.9%*	*27.0%*	*1.9 p.p.*	*28.5%*	*26.7%*	*1.8 p.p.*
Amortization and depreciation	-53,049	-49,163	7.9%	-53,049	-49,163	7.9%
EBIT	160,794	136,260	18.0%	157,791	133,517	18.2%
EBIT margin	*21.7%*	*19.8%*	*1.9 p.p.*	*21.3%*	*19.5%*	*1.8 p.p.*
Financial incomes	694	322	115.5%	694	322	115.5%
Financial expenditures	-3,373	-4,257	-20.8%	-3,373	-4,257	-20.8%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	-6,608	1,916	c.s	-6,608	1,916	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.	0	0	n.s.
Financial results	-9,287	-2,019	360.0%	-9,287	-2,019	360.0%
Profit from associated companies	0	0	n.s.	0	0	n.s.
Profit before taxes	151,507	134,241	12.9%	148,504	131,498	12.9%
Taxes	-31,883	-30,612	4.2%	-30,772	-29,789	3.3%
Profit after taxes from continued operations	119,624	103,629	15.4%	117,732	101,709	15.8%
Profit after taxes from interrupted operations	411	2,823	-85.4%	411	2,823	-85.4%
Net profit	120,035	106,452	12.8%	118,143	104,532	13.0%
a) Net profit attributable to the parent comany	120,022	106,452	12.7%	118,130	104,532	13.0%
b) Net profit attributable to minority interests	13	0	n.s.	13	0	n.s.

* Organic figures exclude: a) 2015: Positive non cash profit of €3.0 million on operating profit and of €1.9 million on net profit due to the outsourcing of pensions under the "Hourly Employees" and "Salaried Employees" plans in the USA. b) 2014: Non-recurring additional impact booked in 2014 on revenue (€2.9 million), EBITDA and EBIT (€2.7 million) and net profit (€1.9 million) of the amendment to remuneration parameters for cogeneration facilities published in the Ministerial Order of June 2014 compared to those provisions in 2013 by virtue of the proposed Order submitted to the CNMC by the Secretary of State.

Viscofan Group 4Q15 Profit and loss account ('000 €)

	Oct-Dec' 15	Oct-Dec' 14	*Change*
Revenues	184,850	180,776	2.3%
Other operating income	3,987	1,946	104.9%
Self-constructed assets	67	88	-23.9%
Variation in stocks of finished products andwork-in-progress	2,311	-4,579	c.s
Net purchases	-50,922	-48,456	5.1%
Personnel expenses	-41,901	-37,543	11.6%
Other operating expenses	-43,437	-42,777	1.5%
Capital grants	173	106	63.2%
Impairment and results coming from disposals of non-current assets	-79	-346	-77.2%
Other results	0	0	n.s.
EBITDA	55,049	49,215	11.9%
EBITDA margin	*29.8%*	*27.2%*	*2.6 p.p.*
Amortization and depreciation	-13,415	-12,435	7.9%
EBIT	41,634	36,780	13.2%
EBIT margin	*22.5%*	*20.3%*	*2.2 p.p.*
Financial incomes	478	-35	c.s
Financial expenditures	-711	-1,180	-39.7%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	-2,813	142	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	-3,046	-1,073	183.9%
Profit from associated companies	0	0	n.s.
Profit before taxes	38,588	35,707	8.1%
Taxes	-5,541	-7,590	-27.0%
Profit after taxes from continued operations	33,047	28,117	17.5%
Profit after taxes from interrupted operations	0	150	n.s.
Net profit	33,047	28,267	16.9%
a) Net profit attributable to the parent comany	33,006	28,267	16.8%
b) Net profit attributable to minority interests	41	0	n.s.

Consolidated balance sheets ('000 €)

	Dec '15	Dec '14	*Change*
Intangible assets	18,334	13,550	35.3%
Goodwill	3,520	0	n.s.
Others intangible asset	14,814	13,550	9.3%
Tangible assets	382,025	380,963	0.3%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	1,311	619	111.8%
Deferred tax assets	14,518	18,046	-19.6%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	416,188	413,178	0.7%
Non-current assets held for sale	0	90,113	n.s.
Inventories	208,637	189,085	10.3%
Trade and other receivables	159,296	155,397	2.5%
Trade debtors	128,974	124,745	3.4%
Other debtors	26,089	25,394	2.7%
Current tax assets	4,233	5,258	-19.5%
Other financial current assets	1,214	1,019	19.1%
Other current assets	2,133	2,506	-14.9%
Cash and cash equivalents	44,453	25,601	73.6%
CURRENT ASSETS	415,733	463,721	-10.3%
TOTAL ASSETS= EQUITY AND LIABILITIES	831,921	876,899	-5.1%
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	536,278	483,283	11.0%
Treasury shares	0	0	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Result of the period	120,022	106,452	12.7%
Less: Interim dividend	-24,234	-20,972	15.6%
Other equity instruments	0	0	n.s.
SHAREHOLDER´S FUNDS	664,701	601,398	10.5%
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	-2,861	-4,913	-41.8%
Currency translation differences	-28,931	-20,618	40.3%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	-31,792	-25,531	24.5%
SHAREHOLDERS' EQUITY	632,909	575,867	9.9%
Minority interest	290	0	n.s.
EQUITY	633,199	575,867	10.0%
Grants	3,578	2,280	56.9%
Non-current provision	20,718	30,888	-32.9%
Non-current financial liabilities	37,616	45,231	-16.8%
Financial debt	26,130	33,154	-21.2%
Other financial liabilities	11,486	12,077	-4.9%
Deferred tax liabilities	20,627	21,467	-3.9%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	82,539	99,866	-17.4%
Liabilities linked to non-current assets held for sale	0	34,814	n.s.
Current provisions	5,097	4,976	2.4%
Current financial liabilities	29,837	85,039	-64.9%
Financial debt	15,078	67,059	-77.5%
Other financial liabilities	14,759	17,980	-17.9%
Trade creditor and other payable accounts	80,818	75,818	6.6%
Trade creditors	51,615	48,101	7.3%
Other creditors	21,132	18,253	15.8%
Current tax liabilities	8,071	9,464	-14.7%
Other current liabilities	431	519	-17.0%
CURRENT LIABILITIES	116,183	201,166	-42.2%
NET BANK DEBT	-3,245	74,612	c.s.

Cash flow statments ('000 €)

	Jan-Dec' 15	Jan-Dec' 14	Change
Cash flows from operating activities	137,698	118,315	16.4%
Profit for the year before tax	151,507	134,241	12.9%
Adjustments in results	58,139	53,427	8.8%
Amortisation and depreciation	53,049	49,163	7.9%
Others adjustments in results(net)	5,090	4,264	19.4%
Changes in working capital	-34,433	-34,557	-0.4%
Other cash flows from operating activities	-37,515	-34,796	7.8%
Interest paid	0	0	n.s.
Dividend paid and other payments from others equity instruments	0	0	n.s.
Dividends received	0	0	n.s.
Interests received	0	0	n.s.
Proceeds/ (payments) from income tax	-29,943	-31,290	-4.3%
Proceeds/(payments) from operating activities	-7,572	-3,506	116.0%
Cash flows from investing activities	-3,097	-55,889	-94.5%
Investment payments	-60,697	-60,074	1.0%
Group companies, associated & business units	-3,995	0	n.s.
Acquisition of property, plant and equipment and intangible assets	-56,702	-60,074	-5.6%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Cash from disposals	56,906	4,405	1191.9%
Group companies, associated & business units	55,803	0	n.s.
Disposal of property, plant and equipment and intangible assets	1,103	505	118.4%
Other financial assets	0	3,900	n.s.
Other assets	0	0	n.s.
Other cash flows from investing activities	694	-220	c.s.
Dividends received	0	0	n.s.
Interest received	694	331	109.7%
Proceeds/(Payments) from interrupted operations	0	-551	n.s.
Cash flows from financing activities	-118,696	-51,244	131.6%
Proceeds and payments from equity instruments	0	0	n.s.
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	0	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	-59,021	5,278	c.s.
Proceeds from issue of financial liabilities instruments	8,037	58,562	-86.3%
Refund, cancellation and payments	-67,058	-53,284	25.9%
Dividends paid and others payments from others equities instruments	-57,975	-53,781	7.8%
Others cash flows from financing activities	-1,700	-2,741	-38.0%
Interest paid	-3,292	-3,544	-7.1%
Others proceeds /(payments) from financing activities	1,592	803	98.3%
Effect of foreign exchange rate changes on collections and payments	2,947	-2,320	c.s.
Net increase (decrease) in cash and cash equivalents	18,852	8,862	112.7%
Cash and cash equivalents at the begining of the period	25,601	16,739	52.9%
Cash and cash equivalent at the end of the period	44,453	25,601	73.6%

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€) | End year (Currency/€)

	2015	2014	% Change	dec 15	dec 14	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.110	1.329	-16.5%	1.089	1.214	-10.3%
Canadian Dollar	1.418	1.467	-3.3%	1.512	1.406	7.5%
Mexican Peso	17.600	17.664	-0.4%	18.915	17.868	5.9%
Brazilian real	3.693	3.122	18.3%	4.251	3.225	31.8%
Czech crown	27.286	27.537	-0.9%	27.023	27.735	-2.6%
British Pound	0.726	0.806	-10.0%	0.734	0.779	-5.8%
Serbian Dinar	120.747	117.243	3.0%	121.626	120.958	0.6%
Chinesse yuan remminbi	6.924	8.157	-15.1%	7.095	7.456	-4.8%
Uruguayan Peso	30.298	30.850	-1.8%	32.604	29.586	10.2%

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