January-June Results
2019

30 July 2019

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

Results note

Main highlights of the January-June 2019 results:

- €409.9 million in revenue, up 6.3% on the previous year. Quarterly revenue reaches an all-time high of €208.6 million in 2Q19 (+5.4% vs. 2Q18).

- Operating costs influenced by the increase in energy costs, wage costs and non-recurring costs related to the strike declared illegal in the Danville plant in the US.

- €94.8 million in recurring[1] EBITDA[2], flat with the previous year.

- Including non-recurring results, reported EBITDA was down 15.0% on the previous year.

- €47.1 million in recurring net profit, down 14.8% on the previous year. Including non-recurring results, reported net profit was down 30.5%.

- €73.0 million in net bank debt[3] at June 2019, down 8.4% compared with €79.7 million reported at the end of December 2018.

- Distribution in June 2019 of a final dividend of €0.95 per share (+3.3% on the previous year) which means that total shareholder remuneration of 2018 totalled €1.73 per share (+11.6% over the prior year).

- In a worse than expected market backdrop Viscofan expects increase revenue around 5% to 7% y-o-y, recurring EBITDA around 2% to 5% y-o-y, and to achieve recurring Net Profit around 6% to 12% below previous year level.

According to José Domingo de Ampuero y Osma, chairman of the Viscofan Group: The results achieved demonstrate the Group's capacity to keep growing and strengthening our leadership within a market environment that is weaker than expected – especially in the region of Europe and Asia- as for that we revise our expected results for the overall year. On the other side, the successful starting of new production modules in the Spanish plant 4 and the positive commercial placement of new products allow us to look into the future with optimism including additional savings and acceleration in the sales volumes already in the second half of this year.

[1] Recurring results: a) In 2019 the amount excludes €1.9 million of non-recurring expenses related with the strike at the Danville plant in the US. b) In 2018, the amount excludes the impact recorded in Other operating income of €15.4 million corresponding to the compensation received in 2018 for a dispute against Mivisa Envases S.A.U. due to patent infringement, netted at €0.9 million recorded in Other operating expenses corresponding to this dispute and the acquisition of companies. Of the net total of € 14.5 million, € 8.2 million correspond to 1Q18 and € 6.3 million to 2Q18.

[2] EBITDA = Operating profit (EBIT) + Depreciation of property, plant and equipment and amortization.

[3] Net bank debt = Non-current bank debt + Current bank debt - Cash and cash equivalents.

Business development

1H19. Selected figures. Viscofan Group income statement ('000 €)

	Recurring (1)				Reported		
	Jan-Jun' 19	Jan-Jun' 18	*Change*	*Like- for - like (2)*	Jan-Jun' 19	Jan-Jun' 18	*Change*
Revenue	409,890	385,692	6.3%	3.8%	409,890	385,692	6.3%
EBITDA	94,755	94,802	0.0%	-4.9%	92,896	109,295	-15.0%
EBITDA Margin	*23.1%*	*24.6%*	-1.5 p.p.	-2.1 p.p.	*22.7%*	*28.3%*	-5.6 p.p.
Operating profit	59,224	64,035	-7.5%		57,365	78,528	-26.9%
Net profit	47,082	55,262	-14.8%		45,688	65,697	-30.5%

2Q19. Selected figures. Viscofan Group income statement ('000 €)

	Recurring (1)				Reported		
	Apr-Jun' 19	Apr-Jun' 18	*Change*	*Like- for - like (2)*	Apr-Jun' 19	Apr-Jun' 18	*Change*
Revenue	208,645	197,897	5.4%	3.3%	208,645	197,897	5.4%
EBITDA	48,889	48,551	0.7%	-1.7%	47,030	54,835	-14.2%
EBITDA Margin	*23.4%*	*24.5%*	-1.1 p.p.	-1.1 p.p.	*22.5%*	*27.7%*	-5.2 p.p.
Operating profit	31,172	32,806	-5.0%		29,313	39,090	-25.0%
Net profit	24,332	29,521	-17.6%		22,938	34,046	-32.6%

(1) Recurring results: a) In 2019 the amount excludes €1.9 million of non-recurring expenses related with the strike at the Danville plant in the US. b) In 2018, the amount excludes the impact recorded in Other operating income of €15.4 million corresponding to the compensation received in 2018 for a dispute against Mivisa Envases S.A.U. due to patent infringement, netted at €0.9 million recorded in Other operating expenses corresponding to this dispute and the acquisition of companies. Of the net total of € 14.5 million, € 8.2 million correspond to 1Q18 and € 6.3 million to 2Q18.
(2) Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates and the non-recurring gains of the business.

Revenue:

Revenue grew 5.4% in the second quarter of 2019 to reach a historic high of €208.6 million, driven by the improvement in the price mix, the integration of Globus and the strength of the main trading currencies, especially the US$ versus the €.

By revenue type, quarterly casing sales contributed with a growth of +5.5% vs. 2Q18 to €197.0 million, and revenue from co-generation power sales grew 4.5% vs. 2Q18 to reach €11.6 million.

Stripping out the impact of foreign exchange differences, which contributed 2.1 p.p. of growth, quarterly like-for-like[4] revenue was up 3.3% vs. 2Q18.

Notable once again in this quarter was the growth in Latin America (+6.1% vs. 2Q18, equivalent to +5.9% in like-for-like terms) and North America (+7.5% vs. 2Q18 equivalent to +1.7% in like-for-like terms) owing to the company's positioning in these markets and the growth of products for snacks, small-caliber collagen, fibrous and plastics.

In Europe and Asia, the second quarter revenue recovered with 4.2% growth on 2Q18 (+3.5% in like-for-like terms) against a weaker than expected backdrop due to the market decline. Within this region, casings volume recovery in China is noteworthy with the launch of new products specially designed to replace gut casings from pork. In contrast, volumes have slowed in Southeast Asia and Europe with a broader commercial activity of competitors in that region. Despite this market environment, commercial activity is making good progress with the boost from new products and volumes are expected to increase in the second half of the year in this region.

In the first half of the year, revenues grew by 6.3% vs. 1H18 to reach €409.9 million. Of this amount, €388.3 million is related to casing sales (+6.6% vs. 1H18) and €21.6 million to revenue from co-generation power sales (+0.2% vs. 1H18).

[4] Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates and the non-recurring results of the business.

Stripping out the impact of foreign exchange differences, which contributed 2.5 p.p. of growth, half-yearly revenue was up 3.8% vs. 1H18 in like-for-like terms[4].

The breakdown and geographical performance of revenue[5] in the first half of 2019 is as follows:

- Europe and Asia (55.7% of the total): Reported revenue was €228.2 million, up 3.4% on 1H18 and up 2.3% on a constant currency basis.
- North America (29.1% of the total): Revenue amounted to €119.3 million, revealing growth of 9.0% on 1H18 and of 2.2% on a constant currency basis.
- Latin America (15.2% of the total): Revenue came to €62.4 million, up 12.5% on 1H18 and up 12.6% on a constant currency basis.

Other operating income

Other operating income in 1H19 came to €2.3 million, significantly lower than the €18.3 million of 1H18 that included €8.5 million arising from a decision of the Supreme Court for patent infringement against Mivisa Envases S.A.U. and a further €6.9 million recorded in June 2018 resulting from the agreement reached with Crown Food España S.A.U. to end the legal action between the two companies.

Operating expenses

Consumption costs[6] increased by 17.0% in 2Q19 on 2Q18 to €64.5 million. This heading includes a higher mix of consumption costs arising from the integration from Globus. In addition, upward trend continued in energy costs, including CO_2 emission allowances in Europe, which increased by 15.4% in aggregate vs. 2Q18.

Cumulative consumption costs were up 15.7% in 1H19 vs. 1H18 to reach €122.3 million. In this line of expenditure, co-generation energy costs and emission allowances grew, in aggregate, by 16.8% in 1H19 vs. 1H18.

Negotiations towards the signature of a new collective agreement at the Danville plant (US) have been done in the first months of the year. The new collective agreement signed, in force until 2022, includes broader work flexibility and economic terms that help the US plant recover competitiveness in line with the demands of the North American market. In the course of the negotiations of the current collective agreement, the workers at the Danville plant went on strike in the month of June, with a non-recurring impact of €1.9 million. In July 2019, the National Labor Relations Board (NLRB) declared the strike illegal.

In Spain, two new cellulose casing production modules were started up in Cáseda (plant 4) in the months of April and June, with quite satisfactory results in terms of speed and productive efficiency. With this milestone the Group will have enough production scale to obtain the first production savings.

Altogether, the gross margin[7] for the second quarter stood at 69.1% (-3.1 p.p. vs. 2Q18) and the cumulative gross margin was 70.2% (-2.4 p.p. vs. 1H18).

In the second quarter, personnel costs increased by 5.5% vs. 2Q18 to €50.6 million due to the increase in wage costs and the appreciation of currencies against the € (especially in the case of the US$). In the year to date, personnel costs amounted to €101.7 million, growth of 7.0% vs. 1H18.

In the early years of the MORE TO BE strategic plan, the workforce was increased to launch new capacity and technology, with optimisation in other plants through efficiency and productivity improvements. The average workforce headcount at June 2019 was 4,657 employees, including the 98 Globus employees in Australia and New Zealand, a decrease of 0.1% from the previous year.

[5] Revenue by origin of sale.
[6] Consumption costs = Net purchases +/- Changes in inventory of finished goods and work in progress.
[7] Gross margin = (Revenue – Cost of consumption) / Revenue.

In quarterly terms, "Other operating expenses" were €47.6 million, which was 2.1% below the same period of the previous year, with energy supply costs up 4.8% on 2Q18. In cumulative terms, "Other operating expenses" in the first half of 2019 increased by 1.5% compared with 1H18 to reach €95.8 million, with energy supply costs growing by 12.1% vs. 1H18.

Operating profit and Net profit

During the quarter, recurring EBITDA was €48.9 million, up 0.7% on the previous year and down 1.7% stripping out the impact of currencies.

In reported terms, EBITDA totaled €47.0 million, down 14.2% on the levels of 2Q18. This is largely due to €6.3 million in non-recurring gains in 2Q18 as compensation for patent infringement, and the increase in 2Q19 of the consumption costs from the sales mix, higher costs in energy and emission allowances, the start-up of a new module in plant 4 in Spain and the strike in the United States.

In the year to date, recurring EBITDA of 1H19 was €94.8 million, flat compared with 1H18, and down 4.9% when stripping out the impact of currencies. In reported terms, EBITDA was €92.9 million, 15.0% less than in 1H18.

Depreciation and amortisation costs in 2Q19 were up 12.5% vs. 2Q18 to reach €17.7 million. In the first half of 2019 depreciation and amortization costs went up by 15.5% vs. 1H18 to €35.5 million, following the start-up of the new production plant in Cáseda and the investments made under the current MORE TO BE strategic plan.

As a result, the Group obtained an operating profit of €29.3 million in the second quarter (-25.0% vs. 2Q18) and €57.4 million in the half year (-26.9% vs. 1H18).

The financial result of the second quarter is a loss of -€0.4 million compared to a profit of +€4.5 million in 2Q18 due to the exchange rate differences which were negative at -€0.03 million in this quarter against the profit of +€4.8 million in 2Q18. In the first half of 2019 the net financial result was a positive +€0.1 million with positive exchange differences of +€1.0 million, compared with a net financial gain of +€2.3 million in 1H18, when foreign exchange differences generated a positive +€2.9 million.

Cumulative profit before taxes at June 2019 was €57.5 million (€28.9 million in 2Q19) with corporate income tax expense of €11.8 million (a decrease of 22.0%) of which €5.9 million were recognised in 2Q19, bringing the cumulative effective tax rate in the half year to 20.5% (18.7% in the same period of the previous year).

Finally, the Net Profit of the second quarter is €22.9 million, a decrease of 17.6% in recurring terms and of 32.6% in the reported figure. In the first half of 2019, net profit amounted to €45.7 million, 30.5% lower than in the same period of the previous year and 14.8% in recurring terms.

Investment

In the first half of 2019, Viscofan made further progress with the initiatives envisioned in this phase of the MORE TO BE strategic plan, notably the start-up of the modules featuring new cellulose technology at the Cáseda plant (Spain), as mentioned previously. This will enable the Company to accomplish its objective of improving production costs in the second half of the year.

After investing heavily under the first phase (2016-2018) of the MORE TO BE strategic plan, the final two years of this period (2019-2020) come with lower investment requirements in absolute terms. Hence, a total of €22.9 million was invested in the first half, 24.1% lower than the €30.2 million invested in 1H18, in line with the €60 million in investment planned for 2019.

Financial liabilities

At the close of June 2019, the net bank debt stood at €73.0 million, down 8.4% compared with the €79.7 million at the close of December 2018. The strong cash generation finances the investments framed in the MORE TO BE strategic plan while increasing shareholders' remuneration.

Dividends payments in 2019

On 6 June 2019, as per the distribution of profit from 2018 approved by the General Shareholders' Meeting, the final dividend of €0.95 gross per share was paid out (total of €44.2 million). This final dividend, coupled with the extraordinary dividend paid in March 2018, the interim dividend paid in December 2018 and the bonus for attending the Shareholders' Meeting, makes for a total distribution of €1.73 per share, 11.6% more than in the previous year.

2019 results outlook

The Viscofan Group is achieving notable progress in the regions of Latin America and North America, at the same time it continues to improve its leadership sustained by the growth in casing sales as a result of higher price mix, the development of new products and time to market.

Nevertheless, the market evolution in the region of Europe and Asia is being weaker than initially expected due in part to the fall in the supply of pork and its increase in prices in this region led by swine fever crisis in China, as well as to a higher commercial activity on the side of competitors that search for volume protections there, adding difficulties to meet the results expectations of the Group.

The successful launching of new products, operational improvements that have been introduced and the increase in productive volumes in Cáseda's new plant once additional capacity is installed in this technology, will allow us to accelerate growth in the second half of the year, regarding both revenue and operational results.

Revenue in 2019 will stand between €825 million and €840 million, a 5% to 7% increase in which the favourable evolution of revenue in the American continent offsets the decline of volumes in Europe and Asia.

The recurring EBITDA in 2019 will be placed between €193 million and €200 million, a 2% to 5% increase compared to last year's recurring EBITDA, which accounts for the expected operational improvement in the second half of the year.

In such manner, recurring Net Profit in 2019 will be placed between €95 million and €102 million, a decline in the range of 12% to 6% compared to previous year due to the increase of tax rate and exchange differences.

The investments remain within EUR 60 million foreseen this year.

Viscofan Group profit and loss account. 1H19 ('000 €)

	Jan-Jun' 19	Jan-Jun' 18	*Change*
Revenues	**409,890**	**385,692**	**6.3%**
Other operating income	2,305	18,257	-87.4%
Self-constructed assets	128	128	0.0%
Variation in stocks of finished products and work-in-progress	12,122	23,772	-49.0%
Net purchases	-134,374	-129,427	3.8%
Personnel expenses	-101,723	-95,092	7.0%
Other operating expenses	-95,773	-94,327	1.5%
Capital grants	299	314	-4.8%
Impairments	-65	-52	25.0%
Results coming from disposals of non-current assets	87	30	190.0%
Other results	0	0	n.s.
Recurring EBITDA	**94,755**	**94,802**	**0.0%**
Recurring EBITDA margin	*23.1%*	*24.6%*	*-1.5 p.p.*
Non-recurring	-1,859	14,493	c.s
EBITDA	**92,896**	**109,295**	**-15.0%**
EBITDA margin	*22.7%*	*28.3%*	*-5.6 p.p.*
Amortization and depreciation	-35,531	-30,767	15.5%
Operating profit	**57,365**	**78,528**	**-26.9%**
Operating profit margin	*14.0%*	*20.4%*	*-6.4 p.p.*
Financial incomes	101	164	-38.4%
Financial expenditures	-948	-779	21.7%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	971	2,893	-66.4%
Impairment and results coming from disposals of financials assets	0	24	n.s.
Financial results	**124**	**2,302**	**-94.6%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**57,489**	**80,830**	**-28.9%**
Taxes	-11,801	-15,133	-22.0%
Profit after taxes from continued operations	**45,688**	**65,697**	**-30.5%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**45,688**	**65,697**	**-30.5%**
a) Net profit attributable to the parent comany	45,701	65,757	-30.5%
b) Net profit attributable to minority interests	-13	-60	-78.3%

Viscofan Group Profit and loss account. 2Q19 ('000 €)

	Apr-Jun' 19	Apr-Jun' 18	*Change*
Revenues	208,645	197,897	5.4%
Other operating income	783	8,400	-90.7%
Self-constructed assets	64	64	0.0%
Variation in stocks of finished products and work-in-progress	2,279	8,544	-73.3%
Net purchases	-66,759	-63,649	4.9%
Personnel expenses	-50,591	-47,954	5.5%
Other operating expenses	-47,567	-48,569	-2.1%
Capital grants	150	157	-4.5%
Impairments	-7	-47	-85.1%
Results coming from disposals of non-current assets	33	-8	c.s
Other results	0	0	n.s.
Recurring EBITDA	48,889	48,551	0.7%
Recurring EBITDA margin	*23.4%*	*24.5%*	*-1.1 p.p.*
Non-recurring	-1,859	6,284	c.s
EBITDA	47,030	54,835	-14.2%
EBITDA margin	*22.5%*	*27.7%*	*-5.2 p.p.*
Amortization and depreciation	-17,717	-15,745	12.5%
Operating profit	29,313	39,090	-25.0%
Operating profit margin	*14.0%*	*19.8%*	*-5.8 p.p.*
Financial incomes	45	87	-48.3%
Financial expenditures	-461	-410	12.4%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	-27	4,804	c.s
Impairment and results coming from disposals of financials assets	0	-1	n.s.
Financial results	-443	4,480	c.s
Profit from associated companies	0	0	n.s.
Profit before taxes	28,870	43,570	-33.7%
Taxes	-5,932	-9,524	-37.7%
Profit after taxes from continued operations	22,938	34,046	-32.6%
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	22,938	34,046	-32.6%
a) Net profit attributable to the parent comany	22,939	34,081	-32.7%
b) Net profit attributable to minority interests	-1	-35	-97.1%

Consolidated balance sheets ('000 €) - ASSETS

	Jun '19	Dec '18	Change
Intangible assets	22,459	22,915	-2.0%
Goodwill	6,050	5,933	2.0%
Others intangible asset	16,409	16,982	-3.4%
Tangible assets	487,297	479,479	1.6%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	2,662	2,615	1.8%
a) At fair value through profit and loss	266	266	0.0%
Of which "Designated upon initial recognition"	266	266	0.0%
b) At fair value with changes in other comprehensive income	0	0	n.s.
Of which "Designated upon initial recognition"	0	0	n.s.
c) At amortized cost	2,396	2,349	2.0%
Non-current derivatives	0	13	n.s.
Cash flow hedges	0	13	n.s.
Others	0	0	n.s.
Deferred tax assets	21,623	22,533	-4.0%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	534,041	527,555	1.2%
Non-current assets held for sale	0	0	n.s.
Inventories	295,959	284,341	4.1%
Trade and other receivables	180,016	178,711	0.7%
Trade debtors	155,557	150,586	3.3%
Other debtors	20,627	21,947	-6.0%
Current tax assets	3,832	6,178	-38.0%
Current financial assets	2,546	8,433	-69.8%
a) At fair value through profit and loss	730	730	0.0%
Of which "Designated upon initial recognition"	730	730	0.0%
b) At fair value with changes in other comprehensive income	0	0	n.s.
Of which "Designated upon initial recognition"	0	0	n.s.
c) At amortized cost	1,816	7,703	-76.4%
Current derivatives	1,499	742	102.0%
Cash flow hedges	1,499	701	113.8%
Others	0	41	n.s.
Other current assets	8,276	2,910	184.4%
Cash and cash equivalents	55,025	31,050	77.2%
CURRENT ASSETS	543,321	506,187	7.3%
TOTAL ASSETS	1,077,362	1,033,742	4.2%

Consolidated balance sheets ('000 €) - EQUITY AND LIABILITIES

	Jun '19	Dec '18	*Change*
Share capital	32,550	32,623	-0.2%
Share issue premium	12	12	0.0%
Reserves	739,782	701,377	5.5%
Treasury shares	0	-5,289	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Net profit of the period attributable to the parent company	45,701	123,833	-63.1%
Less: Interim dividend	0	-35,818	n.s.
Other equity instruments	0	0	n.s.
SHAREHOLDER´S FUNDS	818,045	816,738	0.2%
Items that are not reclassified to profit or loss for the period	0	0	n.s.
Equity instruments through other comprehensive income	0	0	n.s.
Others	0	0	n.s.
Items that may subsequently be reclassified to profit or loss for the period	-54,644	-59,125	-7.6%
Hedge transactions	627	-380	c.s.
Currency translation differences	-55,271	-58,745	-5.9%
Share in other comprehensive income for investments in joint ventures and others	0	0	n.s.
Debt instruments at fair value through other comprehensive income	0	0	n.s.
Others	0	0	n.s.
ACCUMULATED OTHER COMPREHENSIVE INCOME	-54,644	-59,125	-7.6%
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	763,401	757,613	0.8%
Non-controlling interests	86	13	561.5%
EQUITY	763,487	757,626	0.8%
Grants	1,838	2,135	-13.9%
Non-current provision	21,971	21,964	0.0%
Non-current financial liabilities	90,844	56,476	60.9%
Financial debt	63,138	44,231	42.7%
Other financial liabilities	27,706	12,245	126.3%
Deferred tax liabilities	19,010	21,352	-11.0%
Non-current derivatives	74	495	-85.1%
Cash flow hedges	74	495	-85.1%
Others	0	0	n.s.
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	133,737	102,422	30.6%
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	7,457	5,745	29.8%
Current financial liabilities	76,115	78,448	-3.0%
Financial debt	64,893	66,497	-2.4%
Other financial liabilities	11,222	11,951	-6.1%
Trade and other payable accounts	95,947	88,187	8.8%
Trade creditors	57,039	58,188	-2.0%
Other creditors	29,050	24,015	21.0%
Current tax liabilities	9,858	5,984	64.7%
Current derivatives	177	1,046	-83.1%
Cash flow hedges	177	904	-80.4%
Others	0	142	n.s.
Other current liabilities	442	268	64.9%
CURRENT LIABILITIES	180,138	173,694	3.7%
TOTAL EQUITY AND LIABILITIES	1,077,362	1,033,742	4.2%
NET BANK DEBT / (NET BANK CASH)	73,006	79,678	-8.4%

Cash flow statements ('000 €)

	Jan-Jun 19	Jan-Jun' 18	Change
Cash flows from operating activities	**73,611**	**58,943**	**24.9%**
Profit for the year before tax	**57,489**	**80,830**	**-28.9%**
Adjustments in results	**38,944**	**30,173**	**29.1%**
Amortisation and depreciation	35,531	30,767	15.5%
Others adjustments in results(net)	3,413	-594	c.s.
Changes in working capital	**-15,425**	**-35,234**	**-56.2%**
Other cash flows from operating activities	**-7,397**	**-16,826**	**-56.0%**
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	-7,124	-16,593	-57.1%
Proceeds/(payments) from operating activities	-273	-233	17.2%
Cash flows from investing activities	**-23,464**	**-33,858**	**-30.7%**
Investment payments	**-24,072**	**-34,448**	**-30.1%**
Group companies, associated & business units	-132	-1,776	-92.6%
Acquisition of property, plant and equipment and intangible assets	-23,940	-32,672	-26.7%
Other financial assets	0	0	n.s.
Non-current assets and liabilities classified as held-for-sale	0	0	n.s.
Other assets	0	0	n.s.
Cash from disposals	**340**	**207**	**64.3%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	340	207	64.3%
Other financial assets	0	0	n.s.
Non-current assets and liabilities classified as held-for-sale	0	0	n.s.
Other assets	0	0	n.s.
Other cash flows from investing activities	**268**	**383**	**-30.0%**
Dividends received	0	0	n.s.
Interest received	268	383	-30.0%
Proceeds/(Payments) from interrupted operations	0	0	n.s.
Cash flows from financing activities	**-25,889**	**-15,222**	**70.1%**
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	**17,225**	**38,959**	**-55.8%**
Proceeds from issue of financial liabilities instruments	69,572	45,524	52.8%
Refund, cancellation and payments	-52,347	-6,565	697.4%
Dividends paid and others payments from others equities instruments	**-44,175**	**-48,934**	**-9.7%**
Others cash flows from financing activities	**1,061**	**-5,247**	**c.s.**
Interest paid	-902	-811	11.2%
Others proceeds /(payments) from financing activities	1,963	-4,436	c.s.
Effect of foreign exchange rate changes on collections and payments	**-283**	**-207**	**36.7%**
Net increase (decrease) in cash and cash equivalents	**23,975**	**9,656**	**148.3%**
Cash and cash equivalents at the begining of the period	**31,050**	**28,143**	**10.3%**
Cash and cash equivalent at the end of the period	**55,025**	**37,799**	**45.6%**

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€)	1H19	1H18	% Change	End period (Currency/€) Jun 19	Dec 18	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.130	1.211	7.2%	1.138	1.145	0.6%
Canadian Dollar	1.507	1.547	2.6%	1.489	1.561	4.8%
Mexican Peso	21.651	23.076	6.6%	21.820	22.492	3.1%
Brazilian real	4.342	4.144	-4.6%	4.361	4.437	1.7%
Czech crown	25.683	25.498	-0.7%	25.447	25.724	1.1%
British Pound	0.874	0.880	0.7%	0.897	0.895	-0.2%
Serbian Dinar	118.095	118.296	0.2%	117.912	118.195	0.2%
Chinesse yuan remminbi	7.659	7.702	0.6%	7.817	7.847	0.4%
Uruguayan Peso	38.225	35.444	-7.3%	40.037	37.105	-7.3%
Australian Dollar	1.600	1.569	-1.9%	1.623	1.622	0.0%
New Zealand Dollar	1.682	1.691	0.6%	1.700	1.706	0.3%

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All results information can be consulted on Viscofan Group website.

Disclaimer

This document is a free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

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.

Analysts and investors in particular as well as any other persons or entities who must take decisions or give advise on investments in the Company should not place undue reliance on those forward-looking statements.

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

Appendix. Alternative Performance Measures

The Viscofan Group has included in this report various Alternative Performance Measures (hereinafter APMs), as established in APM Guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) and adopted by the National Securities Market Commission (the CNMV).

This involves a series of measures designed using the financial information of Viscofan, S.A. and its subsidiary companies, and they are complementary to the financial information drawn up in agreement with International Financial Reporting Standards (IFRS). Under no circumstance should they be assessed separately or considered a substitute.

They are measures used internally in decision making processes and which the Board of Directors decides to report externally as it considers they provide additional information that is useful in the analysis and assessment of the Viscofan Group's results and its financial situation.

The APMs included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortisation, is calculated excluding depreciation and amortisation costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.

- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analysed to study the operating margin's development. However, it is not a defined indicator in IFRS and consumption costs must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.

- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.

- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.