Results
January-June 2020

30 July 2020

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

Results note

Main highlights of the January-June 2020 results:

- José Domingo de Ampuero y Osma, chairman of the Viscofan Group: "The growth obtained in the Group's main financial figures reinforces our vision of the expected results for a year marked by volatility and the uncertainty caused by the pandemic. I would like to highlight the strong commitment of the 5,000 people who make up Viscofan to keep our plants operating, ensure supply to our customers and follow the security measures implemented throughout the Group. An effort that reflects the strength of our business model to provide the market with an essential product for the basic nutrition of millions of people around the world."

- €447.0 million in revenue, 9.1% higher than the previous year, and 7.7% in like-for-like terms[1].

- €110.3 million in reported EBITDA[2], up 18.7% on the previous year and 19.7% in like-for-like terms.

- €57.3 million in the reported net profit, up 25.5% on the previous year.

- €43.8 million in net bank debt[3] at June 2020 compared to the €73.0 million reported at the end of June 2019 and €42.5 million at December 2019.

- Final dividend of €0.96 per share paid on 4 June 2020, a total payment of €44.5 million.

Implications of the COVID-19 pandemic in Viscofan

Given the situation caused by the COVID-19 pandemic, the Viscofan Group has focused on three main areas: protecting the health of workers, ensuring the supply of our products to the food chain and contributing to preventing and combating the expansion of COVID-19 and its effects.

In protecting health, hygiene measures have been reinforced, the mandatory use of face masks, distance measures and the frequency of cleaning and disinfection has increased. In addition, health services have been increased, frequent temperature measurements have been made, teleworking has been implemented when possible and close communication has been maintained with the staff.

These measures, together with the commitment of the professional team working at Viscofan are enabling the Group to fulfil its greatest responsibility as an essential food company. In this regard, all plants have maintained production, thus ensuring supply to all our customers around the world, and even allowing us to meet certain increases in demand that are occurring in some countries.

In an environment of uncertainty and volatility, which has affected consumer behaviour around the world, there has been a global increase in demand for casings.

In this respect, the COVID-19 pandemic has not entailed changes in the strategic orientation, or revision of objectives, operations, financial results, economic situation and cash flows that put at risk the objectives presented to the market for the year as a whole.

Additionally, protection material has been purchased for our employees around the world, and more than 200,000 face masks have been donated to various institutions to protect people who have been more exposed to this new virus and food donations for the most vulnerable groups.

[1] Like-for-like: Comparable growth excludes the impact of the variation of the different exchange rates in 2020, changes in the scope of consolidation and non-recurring results of the business.
[2] EBITDA = Operating profit (EBIT) + Depreciation of property, plant and equipment and amortization.
[3] Net bank debt= Current and non-current bank debt - Cash and cash equivalents.

Performance of the business

On December 2019, Viscofan Group incorporated the collagen casing companies in the United States and Canada, which were acquired from Nitta Gelatin Inc. (renamed as Viscofan Collagen USA Inc. and Viscofan Collagen Canada Inc.) improving customer proximity and completing the productive portfolio with this technology in North America. In the first half of 2020, the acquired companies have contributed with €13.6 million to revenue and with €0.5 million to EBITDA.

Casings are an essential ingredient for staple food production for millions of households around the world, especially during this pandemic where the market has continued to grow. The progress of COVID-19 that began in China, spreading throughout Asia and later on throughout the European and American continent, has caused confinement measures affecting consumption habits in many countries. In a context of global growth, during March and April there was higher demand for products intended for applications that generally tend to be more consumed at home. Conversely, there was a decrease in demand for products intended for applications that are generally consumed in streets or in restaurants.

Viscofan has been the option chosen by the majority of customers in a context of high volatility and global uncertainty thanks to the robustness of our business model, the breadth of our portfolio and geographic presence, and the speed of response and security of supply.

To meet this demand, the Viscofan Group has increased the productive activity of the factories in the first half of the year and in turn reinforced a safety inventory stock that can cope with contingencies derived from restrictions on movement or capacity closures caused by the COVID-19 pandemic. The Group has also increased the supply of raw materials and reinforced the logistics and supply chain activity.

Thus, from an operational point of view, the Group has combined sales growth with a higher level of production and utilization of the installed capacity, and improved plant efficiency, especially in the case of the new cellulose and fibrous technology of the Plant 4 in Cáseda.

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

	First Half. Reported				Second Quarter. Reported			
	Jan-Jun' 20	Jan-Jun' 19	*Change*	*Like- for - like*	Apr-Jun' 20	Apr-Jun' 19	*Change*	*Like- for - like*
Revenue	447,028	409,890	9.1%	7.7%	224,923	208,645	7.8%	8.1%
EBITDA	110,267	92,896	18.7%	19.7%	58,282	47,030	23.9%	26.7%
EBITDA Margin	*24.7%*	*22.7%*	2.0 p.p.	2.6 p.p.	*25.9%*	*22.5%*	3.4 p.p.	4.1 p.p.
Operating profit	73,561	57,365	28.2%		40,255	29,313	37.3%	
Net profit	57,344	45,688	25.5%		29,982	22,938	30.7%	

Revenue

In a context of growth of the casings market, the Viscofan Group has reinforced its competitive position through revenue, with growth in all casing families and in all geographic reporting areas.

In the first half of the year, revenue was €447.0 million, an increase of 9.1% vs. 1H19. Of this performance +8.1 p.p. correspond to like-for-like sales of casings, +3.3 p.p. to the incorporation of Nitta Casings, compared to the decrease of -0.4 p.p. from like-for-like co-generation sales and -1.9 p.p. of foreign exchange variation. In like-for-like terms, revenue in 1H20 was up by 7.7% vs. 1H19.

Of this amount, €427.4 million relate to casing sales (10.1% vs. 1H19), and €19.7 million to co-generation power sales, which decreased by -9.0% vs. 1H19 due to the lower remuneration for energy in Spain.

The geographical breakdown[4] of revenue in 1H20 is as follows:

[4] Revenue by origin of sale

- Europe and Asia (53.8% of the total): Reported revenue totalled €240.3 million, 5.3% higher than 1H19 and 5.3% in like-for-like terms.

- North America (31.4% of the total): Revenue amounted to €140.4 million, revealing a growth of 17.7% on 1H19 and of 4.4% in like-for-like terms.

- Latin America (14.8% of the total): Revenue amounted to €66.3 million, a growth of 6.2% on 1H19 in reported terms eroded by the weakness of the Brazilian Real, while in like-for-like terms revenue increased by 22.8%.

In the second quarter, revenue amounted to €224.9 million, setting a new quarterly all-time high with growth of +7.8% vs. 2Q19. Of this performance +9.1 p.p. correspond to like-for-like sales of casings, +3.1 p.p. to the incorporation of Nitta Casings, compared to the decrease of -1.0 p.p. from like-for-like sales of co-generation and –3.4 p.p. of foreign exchange variation. In like-for-like terms, revenue in 2Q20 was up by 8.1% vs. 2Q19.

Of this amount, €215.7 million relate to casing sales (+9.5% vs. 2Q19), and €9.2 million to revenue from co-generation power sales (-20.5% vs. 2Q19).

Operating expenses

In the first half of the year, cost of consumption[5] grew by 1.5% to €124.1 million leading to a gross margin[6] of 72.2%, an improvement of +2.0 p.p. vs. 1H19. In the second quarter, cost of consumption fell by 2.3% to €63.0 million, placing the gross margin at 72.0% (+2.9 p.p. vs. 2Q19).

The shortage of collagen hides has increased the cost of the raw materials for this technology; however, the high productive activity, the efficiencies achieved, the savings from the new cellulose and fibrous technology in Cáseda, and the lower cost of other auxiliary raw materials are behind the improvement in gross margin.

The accumulated average workforce at June 2020 stood at 4,904 people, showing an increase of 5.3% compared to the previous year, mainly due to the incorporation of Nitta Casings staff in the United States and Canada. Without taking into account the Nitta Casings staff, the average workforce grew by 1.2% compared to the previous year.

Personnel expenses increased by 12.3% in 1H20 vs. 1H19 to €114.2 million and by 12.7% in 2Q20 vs. 2Q19 up to €57.0 million including the payment of an extraordinary presence bonus of 1,000 euros per worker at the Cáseda and Urdian plants (Spain). Stripping-out the impact of Nitta Casings staff in the United States and Canada incorporated in December 2019, personnel expenses grew 4.7% in 1H20 vs. 1H19 and by 5.8% in 2Q20 vs. 2Q19.

"Other operating expenses" grew 0.4% in 2Q20 compared to 2Q19 to €47.8 million. The 12.8% decrease in expenses for energy supply, and the lower travel expenses due to the restrictions imposed on the movement of people by the pandemic offset the higher costs of cleaning plants and transportation.

Thus, "Other operating expenses" for the first half of 2020 stood at €100.6 million, 5.1% above 1H19. Of this, the expenses for energy supply fell by 8.8% vs. 1H19.

Operating profit

Revenue growth in a context of high productive activity, the productive efficiencies achieved and the savings from the new cellulose and fibrous technology in Spain translate into higher EBITDA and improved operating profitability in both reported and like-for-like terms.

[5] Cost of consumption = Net purchases +/- Changes in inventory of finished goods and work in progress.
[6] Gross margin = (Revenue - Cost of consumption) / Revenue

Thus, reported EBITDA in 1H20 grew by 18.7% vs. 1H19 to €110.3 million, resulting in an EBITDA margin of 24.7% (+2.0 p.p. vs. 1H19).

In the second quarter, reported EBITDA grew by 23.9% to €58.3 million, giving rise to an EBITDA margin of 25.9% (+3.4 p.p. vs. 2Q19).

In like-for-like terms, that is, excluding the impact of exchange rate fluctuations, the non-recurring impact of the business and the acquired companies, EBITDA for 1H20 is 19.7% higher than 1H19, with a like-for-like EBITDA margin of 25.7% (+2.6 p.p. vs. 1H19).

In the second quarter, like-for-like EBITDA was up by 26.7% leading to an EBITDA margin of 27.5% (+4.1 p.p. vs. 2Q19).

Once the investment needs of the MORE TO BE Strategic Plan are reduced, amortisation expense for 1H20 stands at €36.7 million, 3.3% higher than 1H19, compared to double-digit growth rates in previous years. Of this, 2Q20 contributed €18.0 million (+1.7% vs. 2Q19).

As a result, the Group obtained an operating profit of €73.6 million in the first half of the year (+28.2% vs. 1H19), with the second quarter contributing €40.3 million (+37.3% vs. 2Q19).

Financial result

In the first half of 2020, the Net Financial Result was positive with +€2.4 million compared to a positive Net Financial Result of +€0.1 million in 1H19. This increase is mainly due to higher positive exchange rate differences, +€2.9 million in 1H20 compared to +€1.0 million in 1H19.

Net profit

Cumulative profit before taxes at June 2020 was €75.9 million (€39.9 million in 2Q20) with corporate income tax expense of €18.6 million (an increase of 57.6%) of which €9.9 million were recorded in 2Q20, and placing the cumulative effective tax rate at 24.5% (20.5% in the same period of the previous year).

Finally, reported Net profit in the first half of 2020 grew by 25.5% vs. 1H19 to €57.3 million, and in the second quarter 30.7% vs. 2Q19 to reach €30.0 million.

Investment

The current situation of uncertainty caused by COVID-19 and restrictions on the mobility of people is slowing down the execution of the main investment projects planned for the year as a whole. The objective of investing €54 million is maintained in 2020 subject to the progress of the pandemic. However, the possible delays will not significantly affect the expected results for the year as a whole in a context where the investment needs in absolute terms are lower than in previous years in line with the plan foreseen in the second phase of the MORE TO BE period (2019-2020) after the significant investment made in the first phase of the plan (2016-2018).

As such, a total of €15.1 million was invested in the first half of 2020, down from the €22.9 million in 1H19.

Financial liabilities

Viscofan continues to have a sound financial position. As part of the action plan against COVID-19, Viscofan has increased the use of credit facilities by expanding the cash available to €88.6 million with the aim of having greater guarantees against contingencies that may arise in an environment of such uncertainty as we are currently experiencing.

Net bank debt at the end of June 2020 stood at €43.8 million, a decrease of 40.1% compared to €73.0 million at June 2019 and an increase of 2.9% compared to the €42.5 million registered at December 2019.

Net financial debt[7] at the end of June 2020 stood at €82.0 million, -8.3% lower than the €89.4 million at December 2019.

Dividends paid in 2020

On 4 June 2020, as per the distribution of profit from 2019 approved by the General Shareholders' Meeting, the final dividend of €0.96 gross per share was paid out (total of €44.5 million). This final dividend, coupled with the interim dividend paid in December 2019 and the bonus for attending the Shareholders' Meeting, makes for a total of €1.62 per share, 1.3% more than in the previous year.

Subsequent events

On 7 July 2020, there was a fire at the company Koteks Viscofan d.o.o. that affected the office area of the company's facilities in Novi Sad (Serbia) and as a result, we have to mourn the tragic death of two of our workers. Investigative measures have been initiated; however, it has not been possible to identify the cause of the fire to date. Currently, there is no assessment of the possible financial impact of said claim, although it is not considered material because the Viscofan Group's risk management system has insurance policies that cover damage associated with the claim.

There are no notable events in addition to the one mentioned above, from the end of the interim period to the date of approval of this report.

[7] Net financial debt = Current and non-current bank debt + Current and non-current financial liabilities - Current financial assets - Cash and cash equivalents

Viscofan Group profit and loss account. 1H20 ('000 €)

	Jan-Jun' 20	Jan-Jun' 19	*Change*
Revenues	**447,028**	**409,890**	**9.1%**
Other operating income	2,133	2,305	-7.5%
Self-constructed assets	147	128	14.8%
Variation in stocks of finished products and work-in-progress	18,311	12,122	51.1%
Net purchases	-142,443	-134,374	6.0%
Personnel expenses	-114,248	-101,723	12.3%
Other operating expenses	-100,640	-95,773	5.1%
Capital grants	260	299	-13.0%
Impairments	-179	-65	175.4%
Results coming from disposals of non-current assets	-102	87	c.s
Other results	0	0	n.s.
Recurring EBITDA	**110,267**	**94,755**	**16.4%**
Recurring EBITDA margin	*24.7%*	*23.1%*	*1.6 p.p.*
Non-recurring results	0	-1,859	n.s.
EBITDA	**110,267**	**92,896**	**18.7%**
EBITDA margin	*24.7%*	*22.7%*	*2.0 p.p.*
Amortization and depreciation	-36,706	-35,531	3.3%
Operating profit	**73,561**	**57,365**	**28.2%**
Operating profit margin	*16.5%*	*14.0%*	*2.5 p.p.*
Financial incomes	226	101	123.8%
Financial expenditures	-742	-948	-21.7%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	2,903	971	199.0%
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	**2,387**	**124**	**1825.0%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**75,948**	**57,489**	**32.1%**
Taxes	-18,604	-11,801	57.6%
Profit after taxes from continued operations	**57,344**	**45,688**	**25.5%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**57,344**	**45,688**	**25.5%**
a) Net profit attributable to the parent comany	57,344	45,701	25.5%
b) Net profit attributable to minority interests	0	-13	n.s.

Viscofan Group Profit and loss account. 2Q20 ('000 €)

	Apr-Jun' 20	Apr-Jun' 19	*Change*
Revenues	**224,923**	**208,645**	**7.8%**
Other operating income	1,169	783	49.3%
Self-constructed assets	75	64	17.2%
Variation in stocks of finished products and work-in-progress	9,810	2,279	330.5%
Net purchases	-72,813	-66,759	9.1%
Personnel expenses	-57,007	-50,591	12.7%
Other operating expenses	-47,767	-47,567	0.4%
Capital grants	130	150	-13.3%
Impairments	-172	-7	2357.1%
Results coming from disposals of non-current assets	-66	33	c.s
Other results	0	0	n.s.
Recurring EBITDA	**58,282**	**48,889**	**19.2%**
Recurring EBITDA margin	*25.9%*	*23.4%*	*2.5 p.p.*
Non-recurring results	0	-1,859	n.s.
EBITDA	**58,282**	**47,030**	**23.9%**
EBITDA margin	*25.9%*	*22.5%*	*3.4 p.p.*
Amortization and depreciation	-18,027	-17,717	1.7%
Operating profit	**40,255**	**29,313**	**37.3%**
Operating profit margin	*17.9%*	*14.0%*	*3.9 p.p.*
Financial incomes	135	45	200.0%
Financial expenditures	-378	-461	-18.0%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	-100	-27	270.4%
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	**-343**	**-443**	**-22.6%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**39,912**	**28,870**	**38.2%**
Taxes	-9,930	-5,932	67.4%
Profit after taxes from continued operations	**29,982**	**22,938**	**30.7%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**29,982**	**22,938**	**30.7%**
a) Net profit attributable to the parent comany	29,982	22,939	30.7%
b) Net profit attributable to minority interests	0	-1	n.s.

Consolidated balance sheets ('000 €) - ASSETS

	Jun'20	Dec '19	*Change*
Intangible assets	18,857	19,635	-4.0%
Goodwill	2,719	2,671	1.8%
Others intangible asset	16,138	16,964	-4.9%
Tangible assets	474,656	514,326	-7.7%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	2,007	2,376	-15.5%
a) At fair value through profit and loss	633	633	0.0%
Of which "Designated upon initial recognition"	633	633	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	1,374	1,743	-21.2%
Non-current derivatives	0	96	n.s.
Cash flow hedges	0	96	n.s.
Others	0	0	n.s.
Deferred tax assets	24,613	28,432	-13.4%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	520,133	564,865	-7.9%
Non-current assets held for sale	0	0	n.s.
Inventories	290,356	277,390	4.7%
Trade and other receivables	184,081	184,347	-0.1%
Trade debtors	163,375	167,341	-2.4%
Other debtors	17,078	15,484	10.3%
Current tax assets	3,628	1,522	138.4%
Current financial assets	846	815	3.8%
a) At fair value through profit and loss	746	746	0.0%
Of which "Designated upon initial recognition"	746	746	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	100	69	44.9%
Current derivatives	881	2,768	-68.2%
Cash flow hedges	518	2,721	-81.0%
Others	363	47	672.3%
Other current assets	5,774	3,454	67.2%
Cash and cash equivalents	88,568	51,370	72.4%
CURRENT ASSETS	570,506	520,144	9.7%
TOTAL ASSETS	1,090,639	1,085,009	0.5%

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

	Jun'20	Dec '19	*Change*
Share capital	32,550	32,550	0.0%
Share issue premium	12	12	0.0%
Reserves	766,328	737,899	3.9%
Treasury shares	-6,031	-6,487	-7.0%
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	57,344	105,577	-45.7%
Less: Interim dividend	0	-30,127	n.s.
Other equity instruments	262	262	0.0%
SHAREHOLDER´S FUNDS	**850,465**	**839,686**	**1.3%**
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	-114,320	-55,320	106.7%
Hedge transactions	-3,447	1,662	c.s.
Currency translation differences	-110,873	-56,982	94.6%
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	-114,320	-55,320	106.7%
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	736,145	784,366	-6.1%
Non-controlling interests	0	0	n.s.
EQUITY	736,145	784,366	-6.1%
Grants	1,449	1,551	-6.6%
Non-current provision	38,538	33,602	14.7%
Non-current financial liabilities	83,819	86,301	-2.9%
Bank debt	54,128	55,234	-2.0%
Other financial liabilities	29,691	31,067	-4.4%
Deferred tax liabilities	15,947	23,669	-32.6%
Non-current derivatives	2,318	0	n.s.
Cash flow hedges	2,318	0	n.s.
Others	0	0	n.s.
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	142,071	145,123	-2.1%
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	8,319	8,959	-7.1%
Current financial liabilities	87,591	55,331	58.3%
Bank debt	78,196	38,677	102.2%
Other financial liabilities	9,395	16,654	-43.6%
Trade and other payable accounts	112,741	90,893	24.0%
Trade creditors	67,292	58,393	15.2%
Other creditors	33,224	27,342	21.5%
Current tax liabilities	12,225	5,158	137.0%
Current derivatives	3,314	125	2551.2%
Cash flow hedges	3,152	40	7780.0%
Others	162	85	90.6%
Other current liabilities	458	212	116.0%
CURRENT LIABILITIES	212,423	155,520	36.6%
TOTAL EQUITY AND LIABILITIES	1,090,639	1,085,009	0.5%

Cash flow statement ('000 €)

	Jan-Jun 20	Jan-Jun' 19	*Change*
Cash flows from operating activities	**69,408**	**73,611**	**-5.7%**
Profit for the year before tax	**75,948**	**57,489**	**32.1%**
Adjustments in results	**40,411**	**38,944**	**3.8%**
Amortisation and depreciation	36,706	35,531	3.3%
Others adjustments in results(net)	3,705	3,413	8.6%
Changes in working capital	**-29,172**	**-15,425**	**89.1%**
Other cash flows from operating activities	**-17,779**	**-7,397**	**140.4%**
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	-17,403	-7,124	144.3%
Proceeds/(payments) from operating activities	-376	-273	37.7%
Cash flows from investing activities	**-19,164**	**-23,464**	**-18.3%**
Investment payments	**-19,999**	**-24,072**	**-16.9%**
Group companies, associated & business units	0	-132	n.s.
Acquisition of property, plant and equipment and intangible assets	-19,999	-23,940	-16.5%
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	**273**	**340**	**-19.7%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	273	340	-19.7%
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.
Other cash flows from investing activities	**562**	**268**	**109.7%**
Dividends received	0	0	n.s.
Interest received	562	268	109.7%
Proceeds/(Payments) from interrupted operations	0	0	n.s.
Cash flows from financing activities	**-13,442**	**-25,889**	**-48.1%**
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	**38,768**	**17,225**	**125.1%**
Proceeds from issue of financial liabilities instruments	77,121	69,572	10.9%
Refund, cancellation and payments	-38,353	-52,347	-26.7%
Dividends paid and others payments from others equities instruments	**-44,506**	**-44,175**	**0.7%**
Others cash flows from financing activities	**-7,704**	**1,061**	**c.s.**
Interest paid	-906	-902	0.4%
Others proceeds /(payments) from financing activities	-6,798	1,963	c.s.
Effect of foreign exchange rate changes on collections and payments	**396**	**-283**	**c.s.**
Net increase (decrease) in cash and cash equivalents	**37,198**	**23,975**	**55.2%**
Cash and cash equivalents at the beginning of the period	**51,370**	**31,050**	**65.4%**
Cash and cash equivalent at the end of the period	**88,568**	**55,025**	**61.0%**

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€) / End period (Currency/€)

	1H20	1H19	% Change	Jun 20	Dec 19	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.101	1.130	2.6%	1.120	1.123	0.3%
Canadian Dollar	1.503	1.507	0.3%	1.532	1.460	-4.7%
Mexican Peso	23.854	21.651	-9.2%	25.947	21.220	-18.2%
Brazilian real	5.414	4.342	-19.8%	6.132	4.528	-26.2%
Czech crown	26.335	25.683	-2.5%	26.740	25.408	-5.0%
British Pound	0.874	0.874	-0.1%	0.912	0.851	-6.8%
Serbian Dinar	117.574	118.095	0.4%	117.576	117.593	0.0%
Chinesse yuan remminbi	7.743	7.659	-1.1%	7.961	7.816	-1.8%
Uruguayan Peso	45.545	38.225	-16.1%	47.269	41.912	-11.3%
Australian Dollar	1.677	1.600	-4.6%	1.632	1.603	-1.7%
New Zealand Dollar	1.761	1.682	-4.5%	1.743	1.668	-4.3%

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All results information can be consulted on Viscofan Group website.

Disclaimer

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.

- Net financial debt: This is calculated as non-current and current bank debt plus non-current and current other financial liabilities netted from current financial assets, cash and cash equivalents. Management considers net financial debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net financial debt should not be considered a substitute for gross financial 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, the change in the scope of consolidation 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.