



# Results

January - December 2016

1<sup>st</sup> March 2017

The background of the slide is a repeating pattern of horizontal strips. Each strip is composed of a crumpled plastic segment in various colors (yellow, red, orange, white) followed by a segment of a spool of thread in a matching color. The text is overlaid on this pattern.

**2016 milestones**

**Financial results 2016**

**2017 outlook**

# 2016 milestones



## A year marked by and intense internal activity...



✓ **SPAIN** 2H17

Construction of a new facility with fibrous technology



✓ **SPAIN**

Start-up of Nanopack's plastics facility



✓ **EUROPE**

Productivity improvements in Spain, Germany and the Czech Republic



✓ **CHINA**

Collagen production strength "Hitec"



✓ **GLOBAL**

ESG improvement  
UN Global Compact



# ..combining workaday improvements and organic growth projects...

New plastics plant start-up

✓ **MEXICO**



✓ **BRAZIL**  
Operational enhancement against a weak market backdrop

Signing of the collective agreement

✓ **USA**



✓ **URUGUAY**  
Start-up of new collagen extrusion capacity

## ... and inorganic growth...



### Financial data

- ✓ 28th Oct '16. Acquisition of 100% of the Share Capital
- ✓ Equity: €2.7MM
- ✓ Net bank debt: €8.8MM

### A drive up to be the benchmark in plastic casings

- ✓ Top 5 producer of plastic casings
- ✓ Production footprint in 6 countries



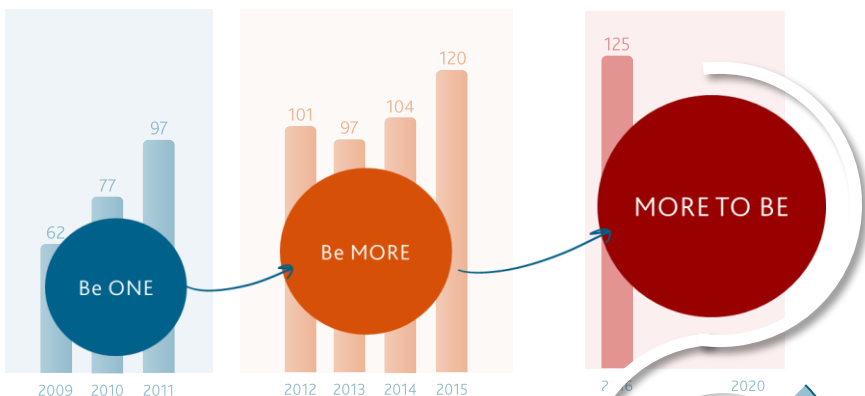
- ✓ Extensive product portfolio



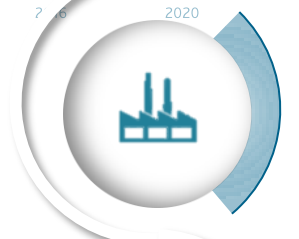
## ... against an adverse market environment ...

- ✘ Financial crisis in Brazil
- ✘ Global deflation environment
- ✘ Currency volatility
- ✘ Global economic slowdown
- ✘ Lower co-generation remuneration
- ✘ Geopolitical uncertainty

... leading us to demonstrate that Viscofan is today a stronger and more sustainable leader...



**GROWTH PROJECTS**



**ASSETS**

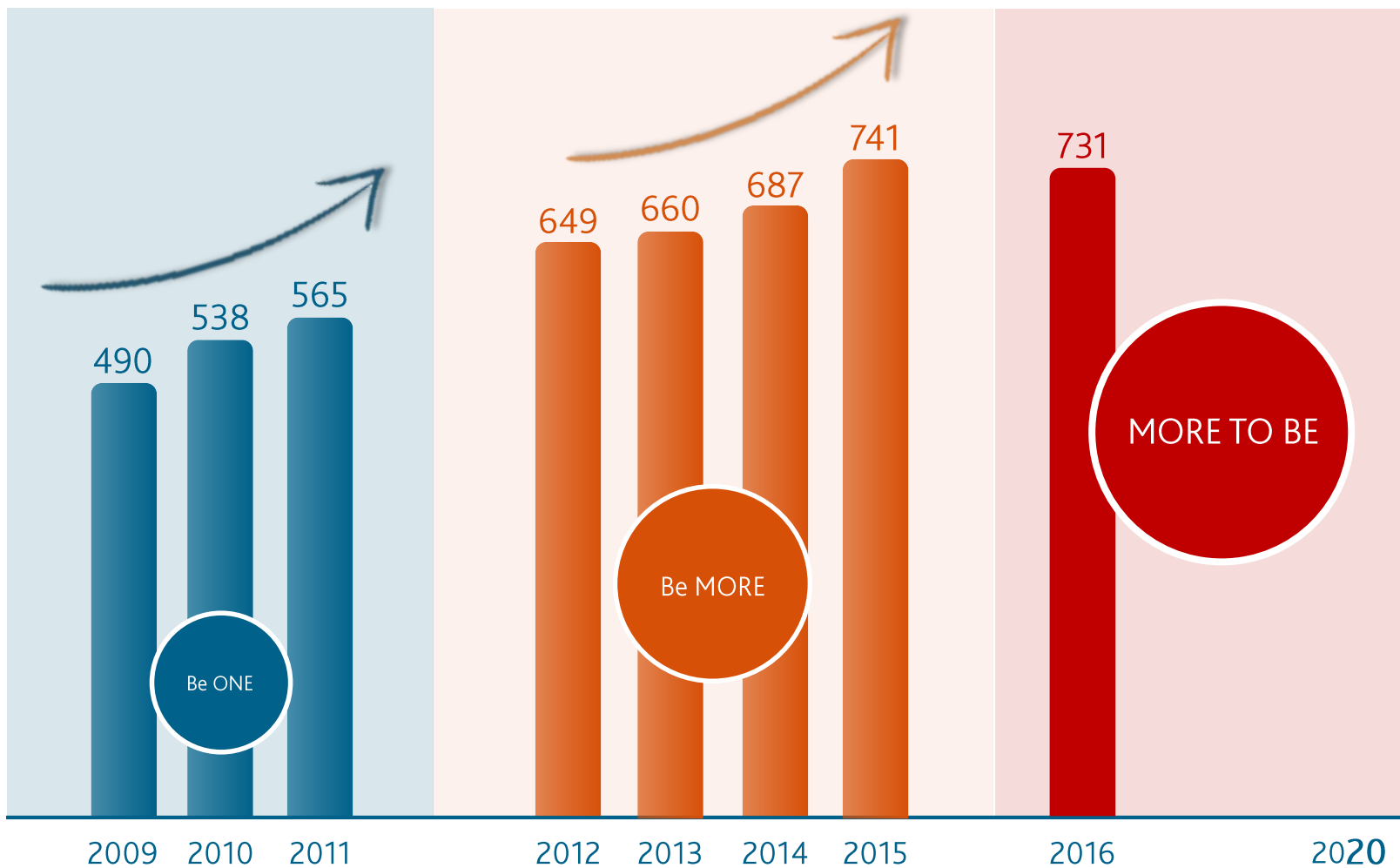
**PROFITS**



**DIVIDENDS**

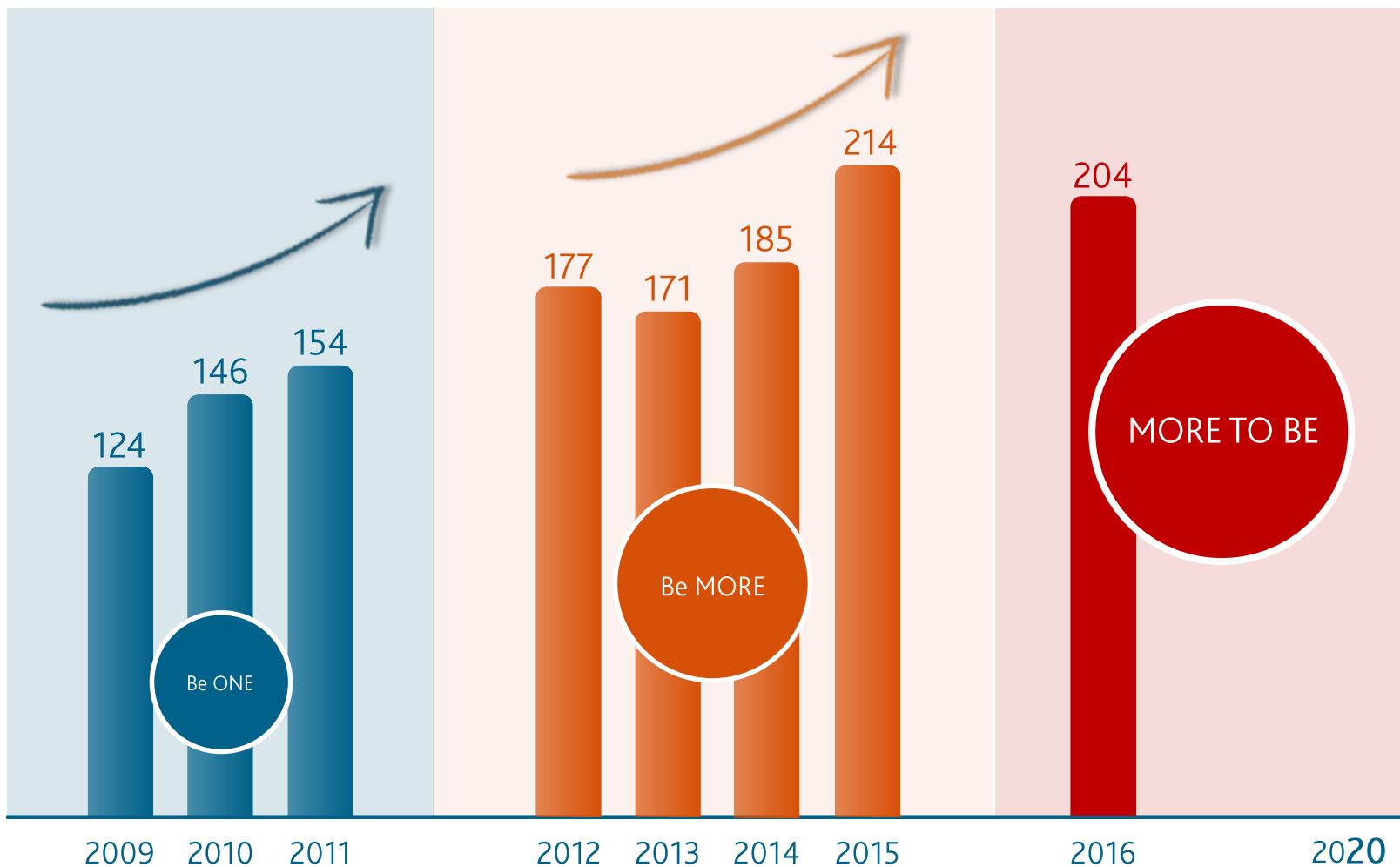
## Because we are growth-oriented...

— Revenue casings (MM €) —



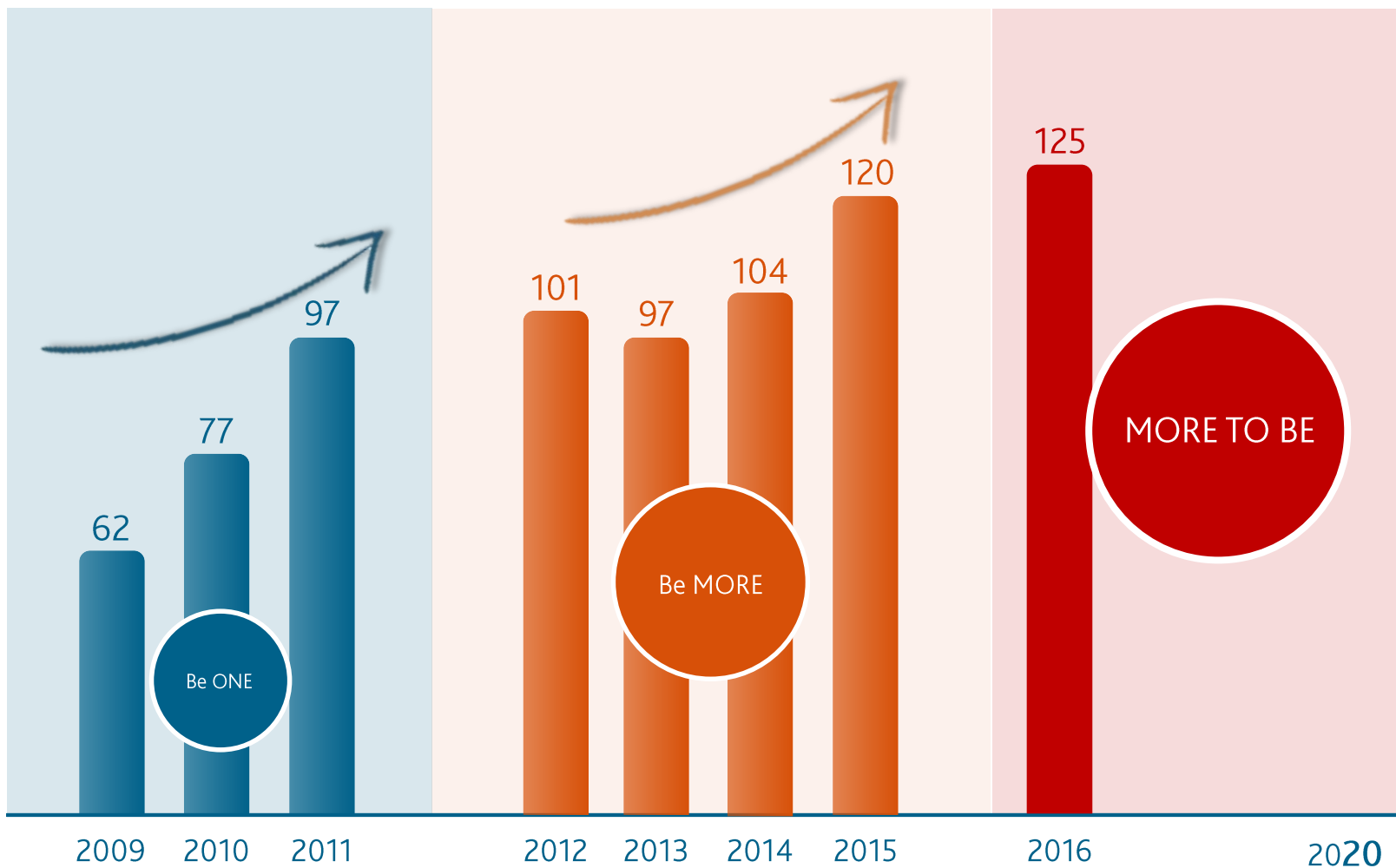
## ... taking into account operating profitability...

EBITDA casings (MM €)



## ... and financial discipline...

Net profit casings (MM €)

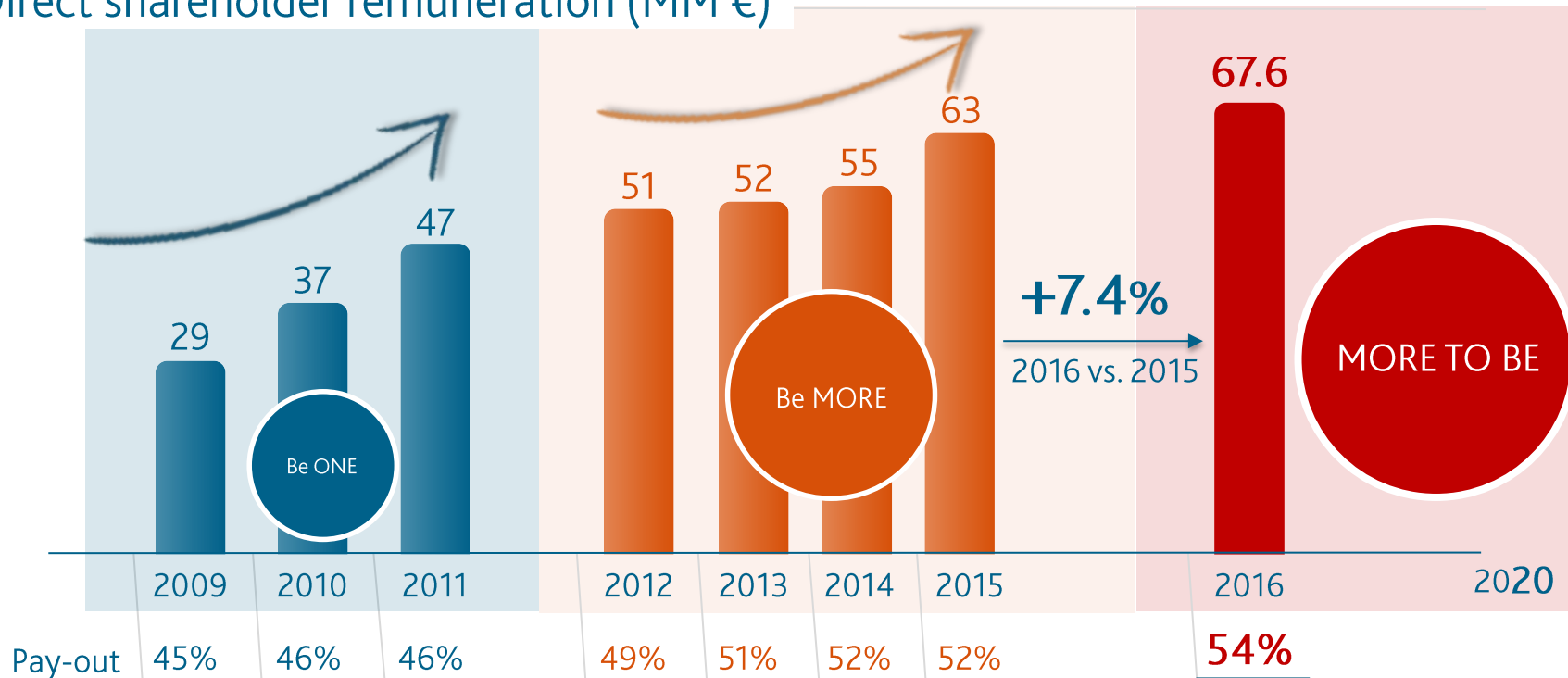


... to share value creation with our shareholders.

Dividend per share(€)  
2016



Direct shareholder remuneration (MM €)





# Financial results 2016


# Net profit growth backed by business strength to keep on leading on value against and adverse market and forex environment...

Millions of €

	2016	% y-o-y	% y-o-y Like-for-like <sup>1</sup>	Guidance
Revenue	730.8	-1.3%	+0.0%	X
Recurring EBITDA <sup>2</sup>	201.1	-4.6%	-0.8%	X
<i>Recurring margin <sup>2</sup></i>	27.5%	-1.0 p.p.	-0.2 p.p.	
<i>Non-recurring <sup>2</sup></i>	+2.9	-2.4%		
EBITDA	204.1	-4.6%		
<i>EBITDA Margin</i>	27.9%	-1.0 p.p.		
EBIT	154.4	-4.0%		
Net profit	125.0	+4.1%		

<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

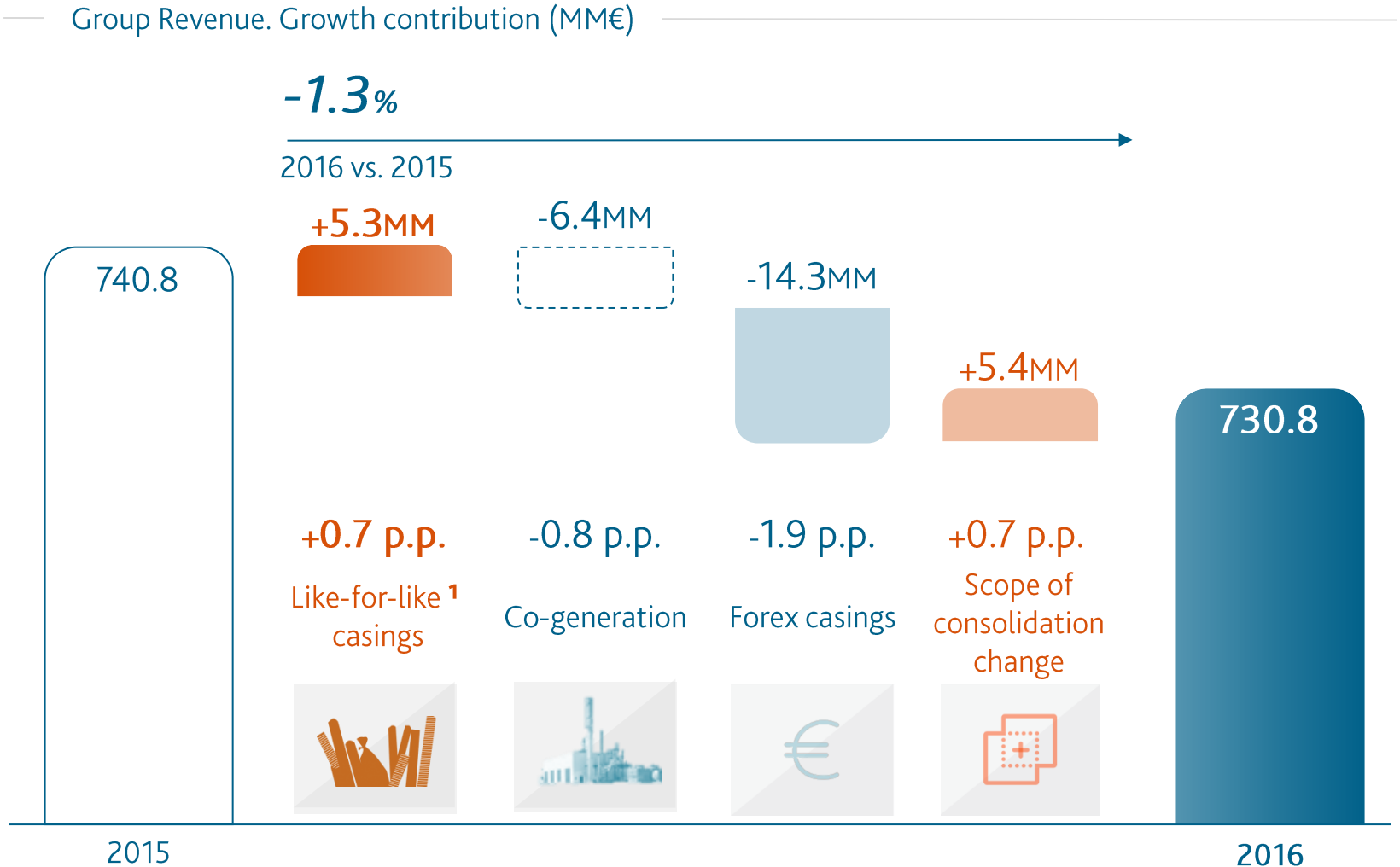
<sup>2</sup> Recurring: Adjusted by the non-recurring results recorded in 2016 related with the acquisition of Vector in EEUU and Europe, and in 2015 due to the outsourcing of pensions in the US.

Millions of €	4Q16	% y-o-y	% y-o-y <i>Like-for-like<sup>1</sup></i>
Revenue	193.5	+4.7%	<b>+2.1%</b>
Recurring EBITDA <sup>2</sup>	51.7	-6.0%	<b>-5.0%</b>
<i>Recurring margin <sup>2</sup></i>	<b>26.7%</b>	-3.1 p.p.	<b>-2.1p.p.</b>
<i>Non-recurring <sup>2</sup></i>	+3.5	n.s.	
EBITDA	55.3	+0.4%	
<i>EBITDA Margin</i>	<b>28.6%</b>	-1.2 p.p.	
EBIT	42.1	+1.1%	
Net profit	<b>36.9</b>	+11.6%	

<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

<sup>2</sup> Recurring: Adjusted by the non-recurring results recorded in 2016 related with the acquisition of Vector in EEUU and Europe, and in 2015 due to the outsourcing of pensions in the US.

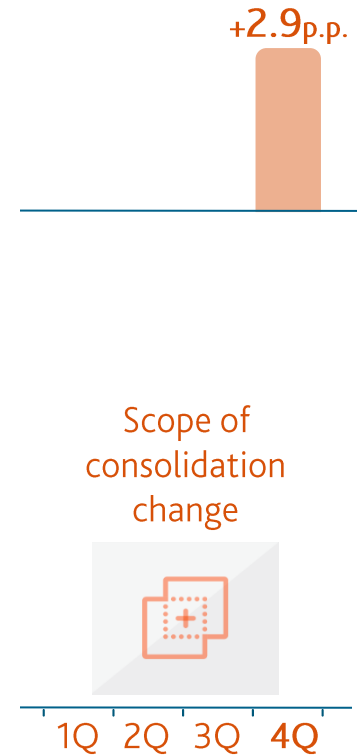
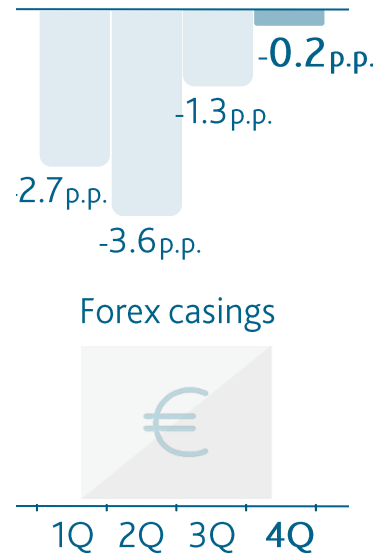
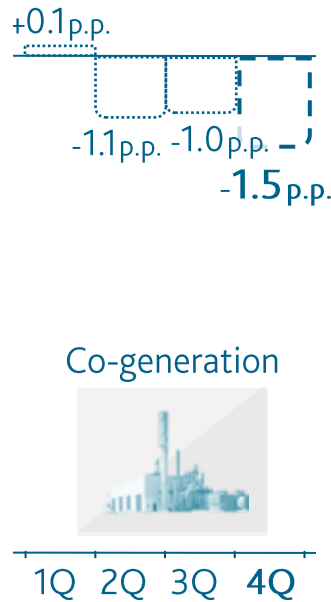
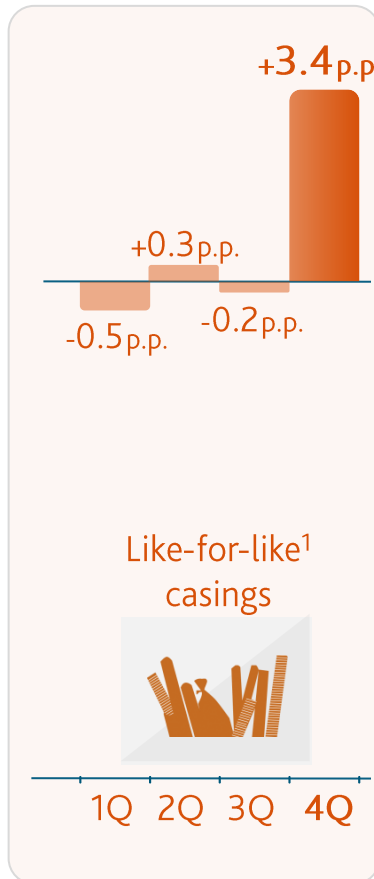
# Like-for-like growth in casings sales but forex weakness and sharp decline in co-generation remuneration...



<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# ... improvement in the second half of the year driven by sales volumes and lower forex erosion.

Group revenue. Quarterly growth contribution



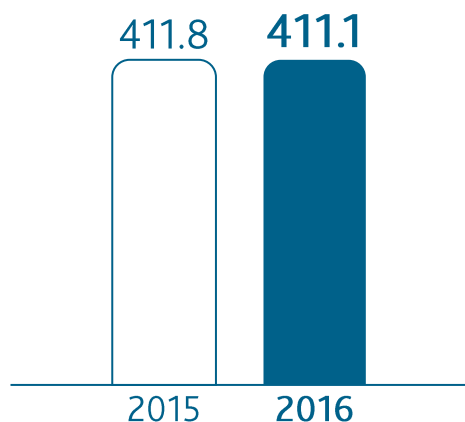
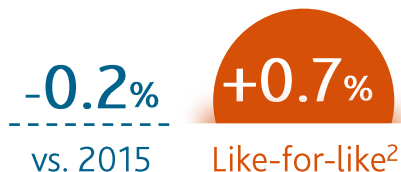
<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# Good performance in North America, Europe and Asia volumes contrast against the weakness of Brazil ...

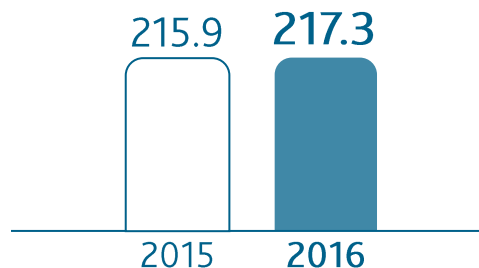
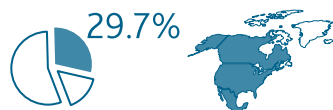
— Revenue breakdown by geographical area <sup>1</sup> (MM €) — 2016 GROUP



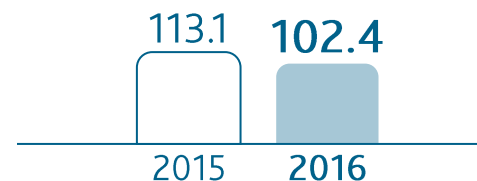
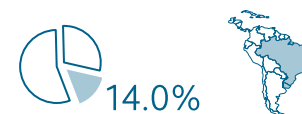
## EUROPE AND ASIA



## NORTH AMERICA



## LATAM



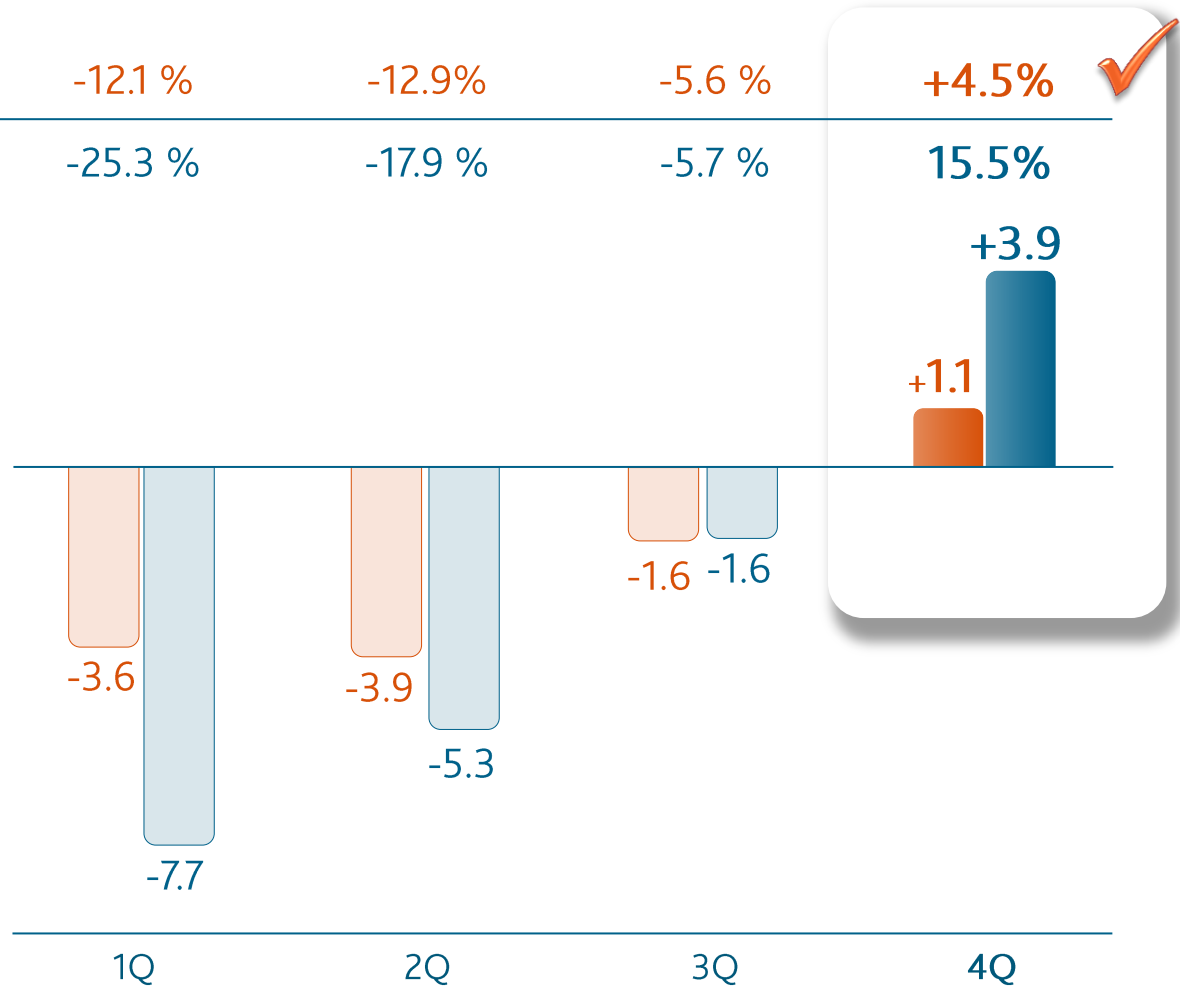
<sup>1</sup> Revenue per origin of sales.

<sup>2</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# ...caused by market circumstances and forex that have been recovering in all quarters...

LATAM. Quarterly growth contribution (MM €)

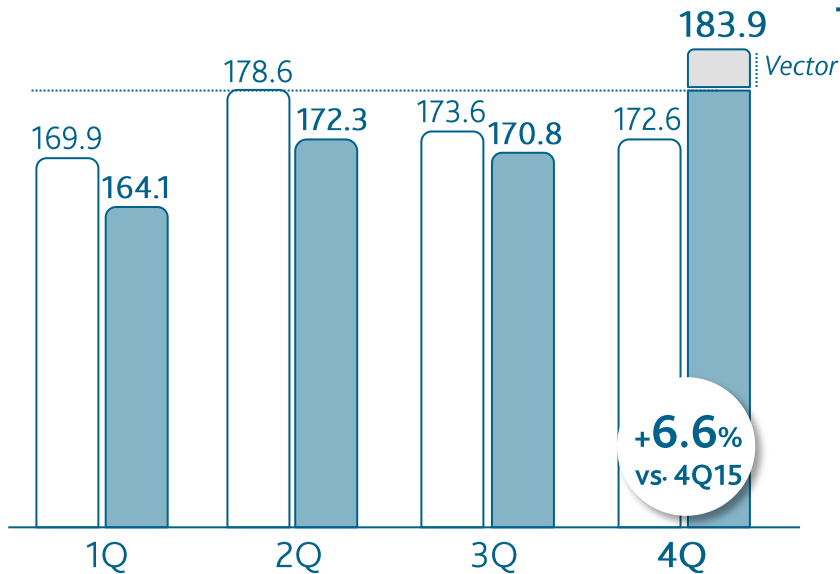
Like-for-like <sup>1</sup>	-12.1 %	-12.9%	-5.6 %	<b>+4.5%</b> ✓
Reported	-25.3 %	-17.9 %	-5.7 %	<b>15.5%</b>



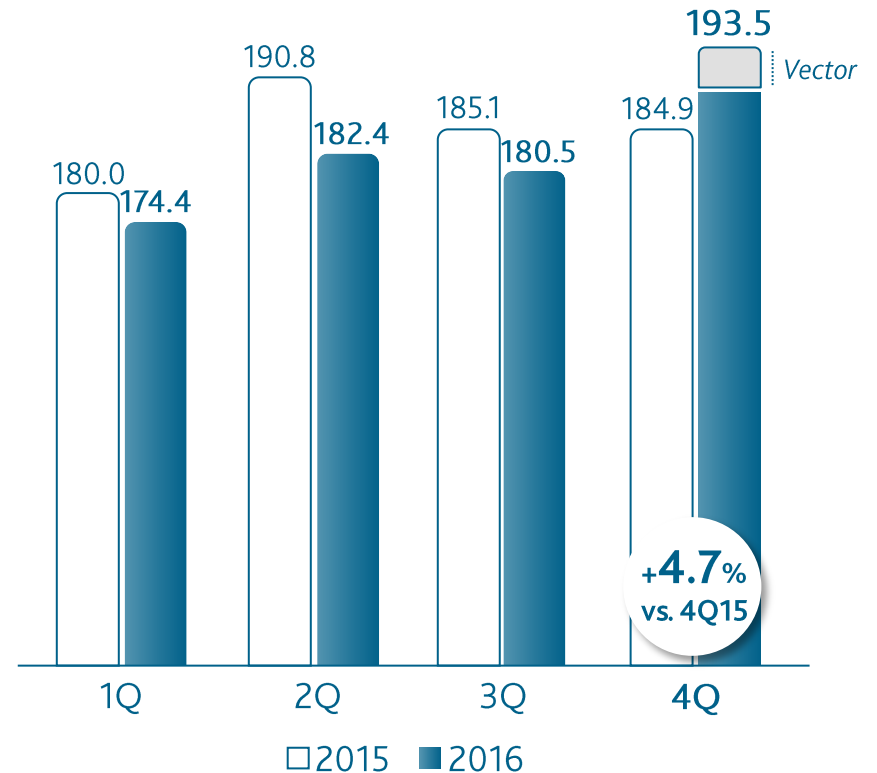
<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# ...bringing to maximum quarterly casings sales reinforced with Vector acquisition.

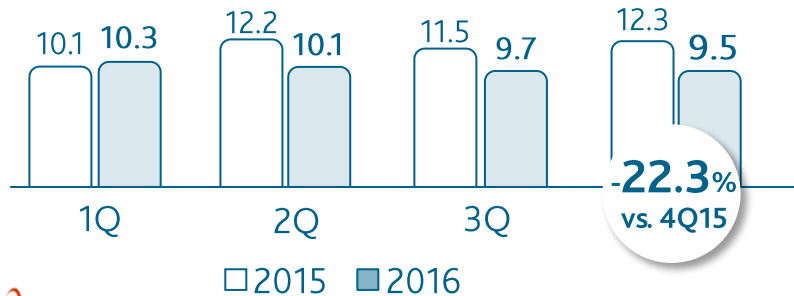
Casings sales (MM €)



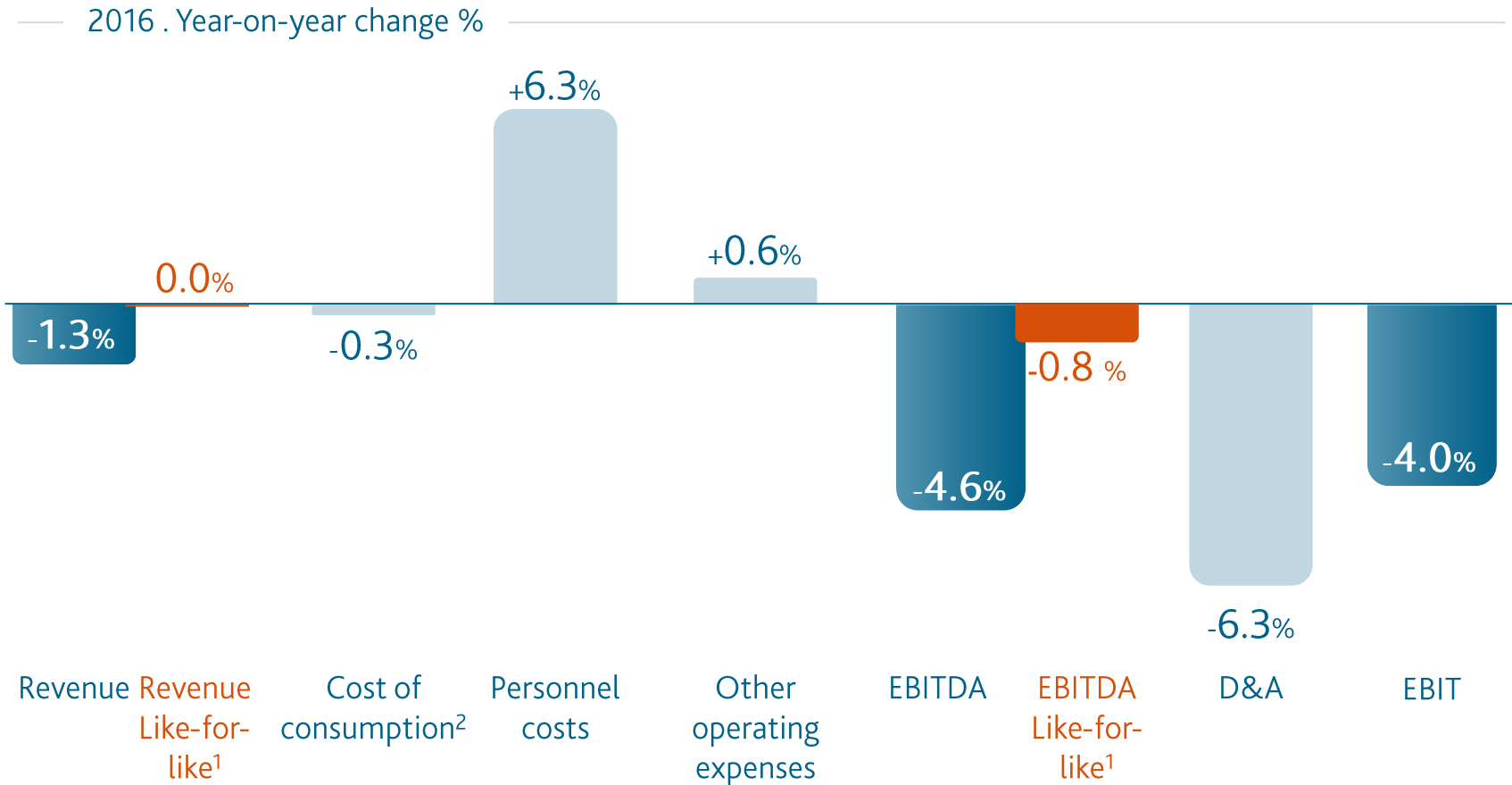
Viscofan Group revenue (MM €)



Co-generation revenue (MM €)



# Lower operating profitability driven by the incorporation of people for the new growth projects and the expenses incurred on Vector acquisition.



<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

<sup>2</sup> Cost of consumption = Supplies +/- Change in inventories of finished and unfinished products.



# Financial discipline allows to obtain non-recurring positive results again.

## 2016 (MM €)

Difference between the business combination cost and the purchase price allocation of acquired assets (PPA)

+4.5

Costs related with the acquisition process and the due diligence

-1.5

=

Non-recurring positive result

+3.0

## 2015 (MM €)

Difference between the employee's pensions net book value and the outsourced net value

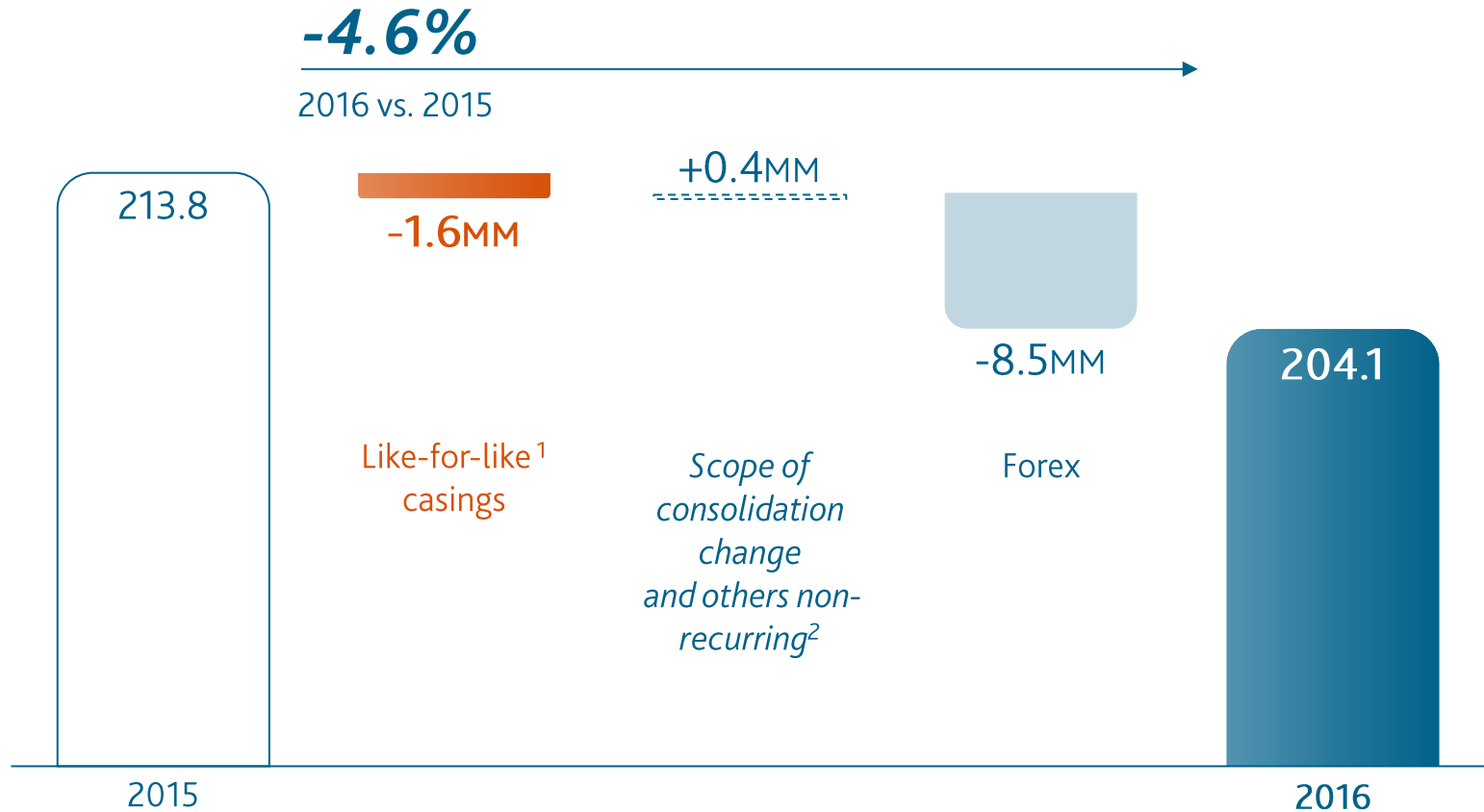
+3.0

=

+3.0

# Forex and growth projects move downwards year-on-year EBITDA evolution...

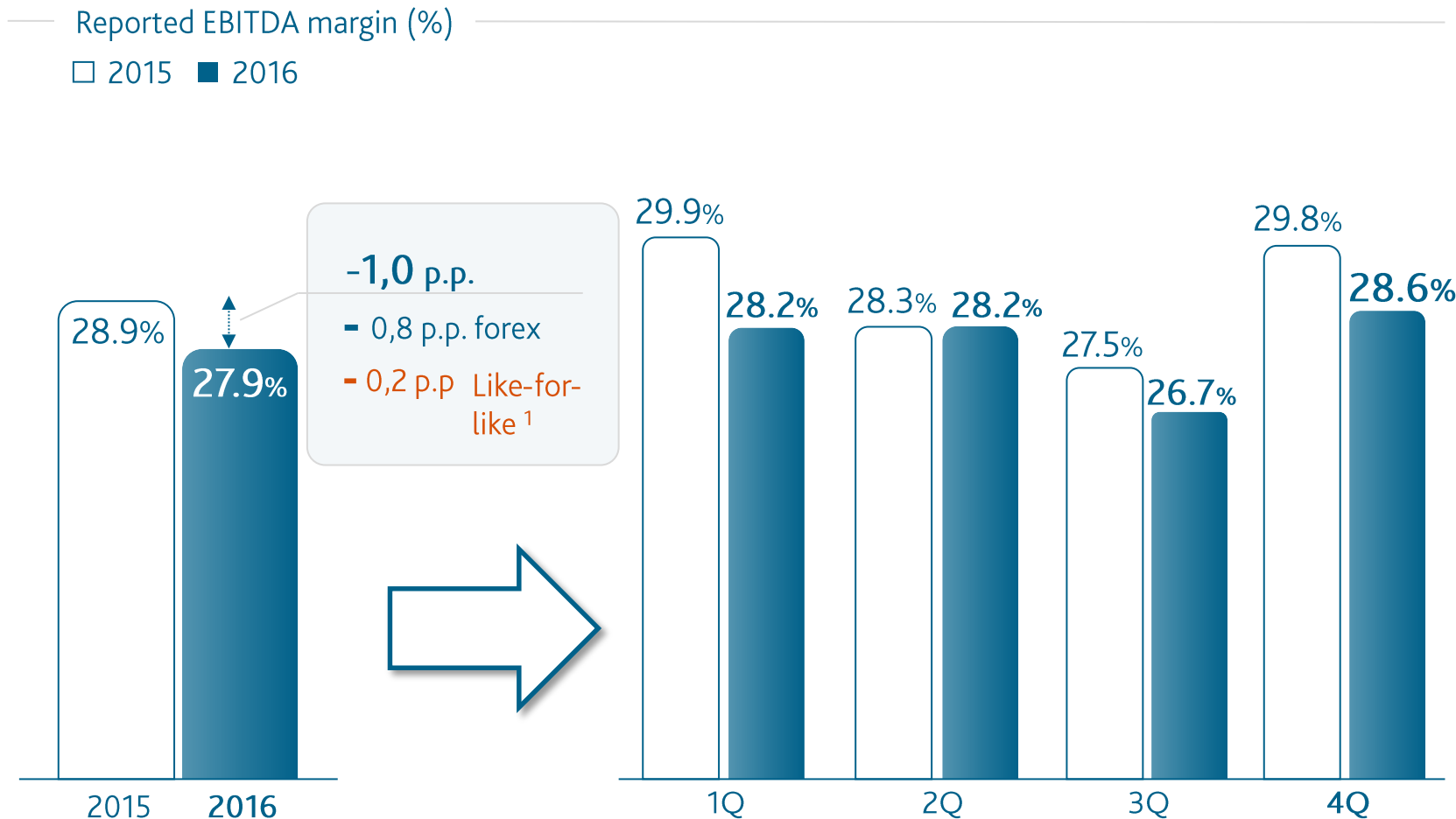
EBITDA 2016. Growth contribution (MM€)



<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

<sup>2</sup> Recurring: Adjusted by the non-recurring results recorded in 2016 related with the acquisition of Vector in EEUU and Europe, and in 2015 due to the outsourcing of pensions in the US.

# ... nevertheless, it keeps on showing eye-catching operating margins despite environment volatility...

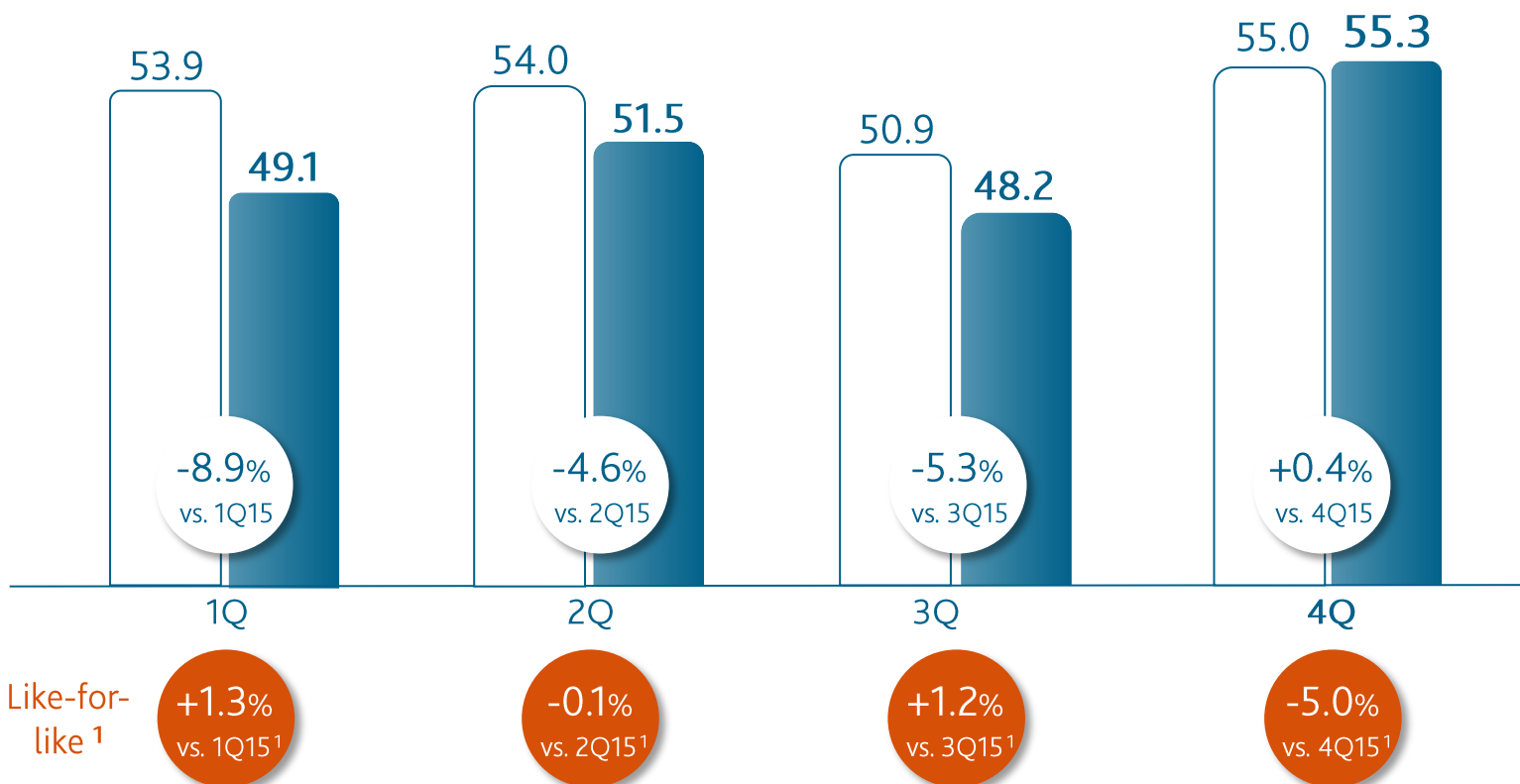


<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# ...obtaining the best quarterly EBITDA even taking into account costs related with the start-up of the new collagen capacity in Uruguay and the fire in Germany in Q4.

Quarterly EBITDA ( MM€)

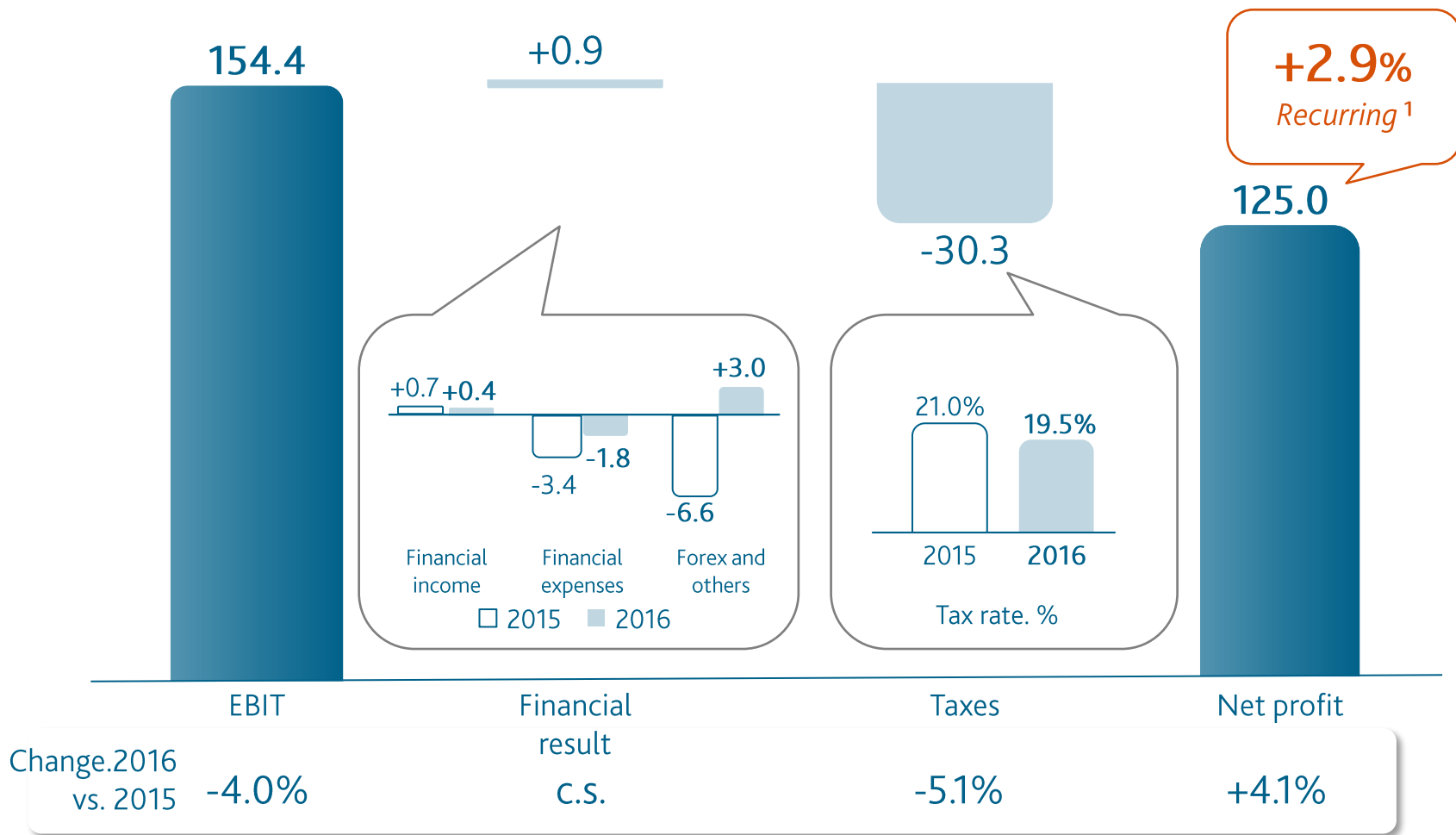
□ 2015 ■ 2016



<sup>1</sup> Like-for-like: For comparative purposes, like-for-like growth excludes the impact of the different exchange rates, the change in the scope of consolidation and non-recurring results.

# All time high in like-for-like and reported Net profit driven by operating result strength, lower financial expenses, positive exchange differences and lower tax rate.

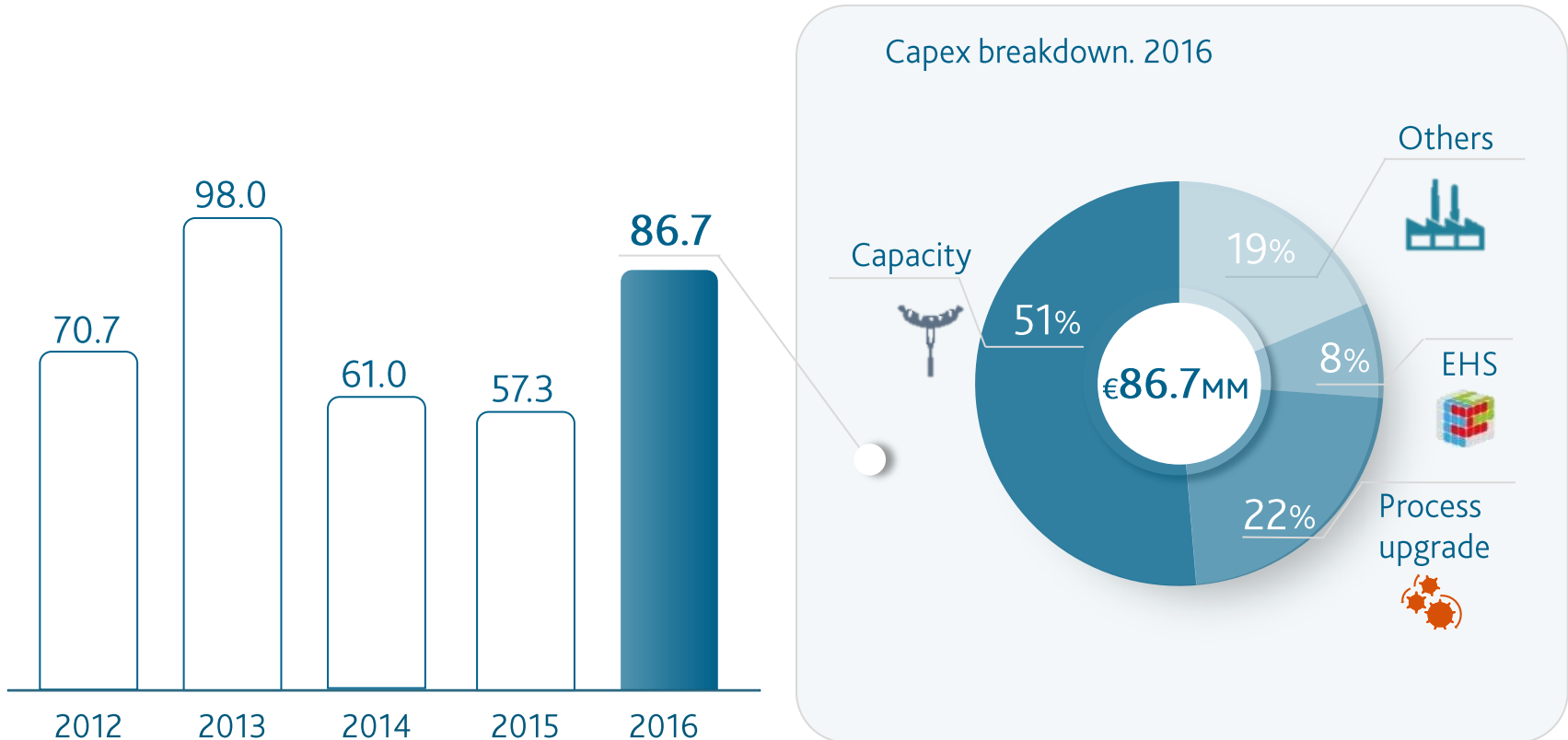
— 2016. EBIT to Net profit (MM €) —



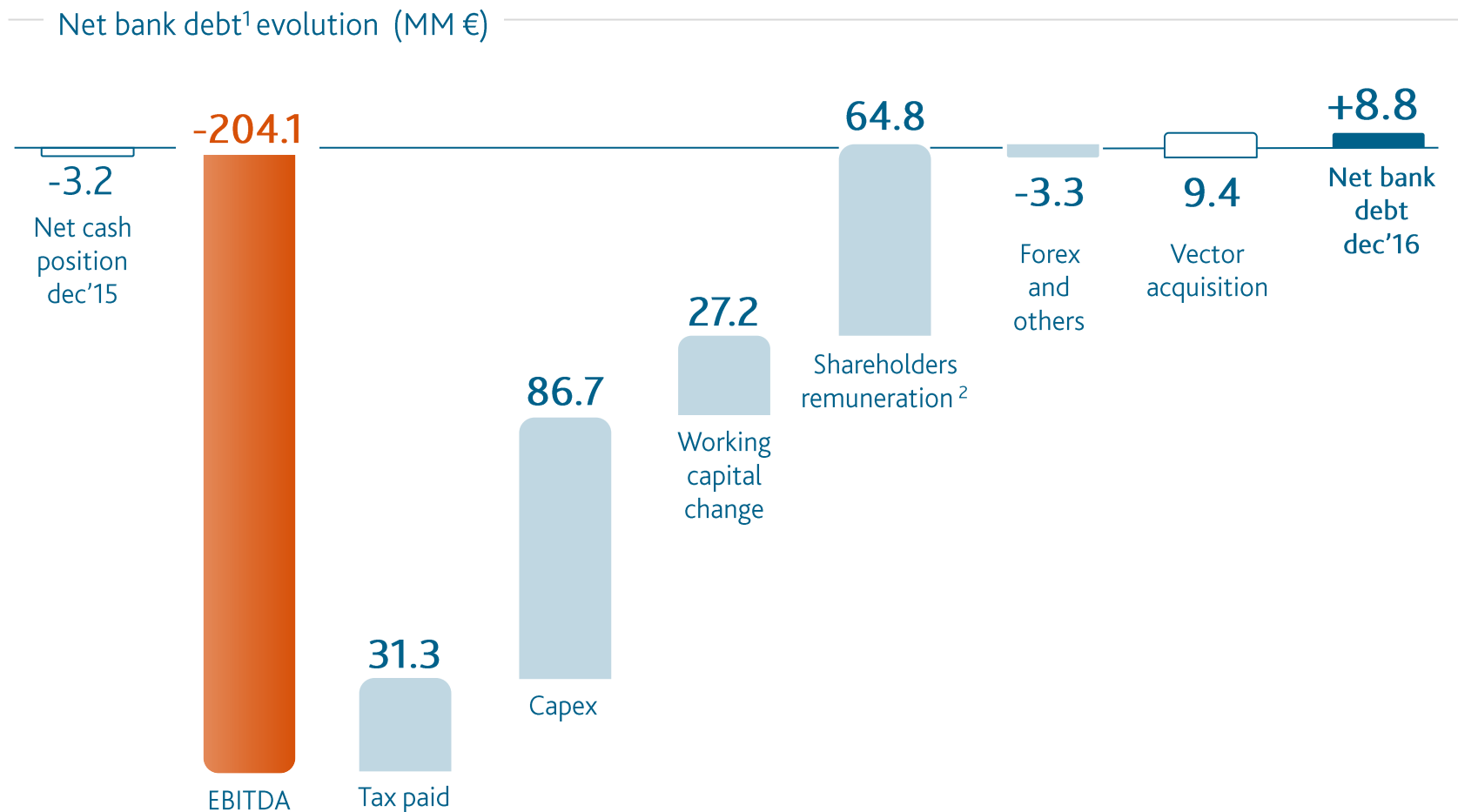
<sup>1</sup> Recurring: Adjusted by the non-recurring results recorded in 2016 related with the acquisition of Vector in EEUU and Europe, and in 2015 due to the outsourcing of pensions in the US.

# In a year of an intense operating activity, investments to take advantage of current situation and improve our long term competitive position.

— Capex (MM €)



# Strong operating cash flow to finance organic and inorganic growth projects while increasing shareholder remuneration.



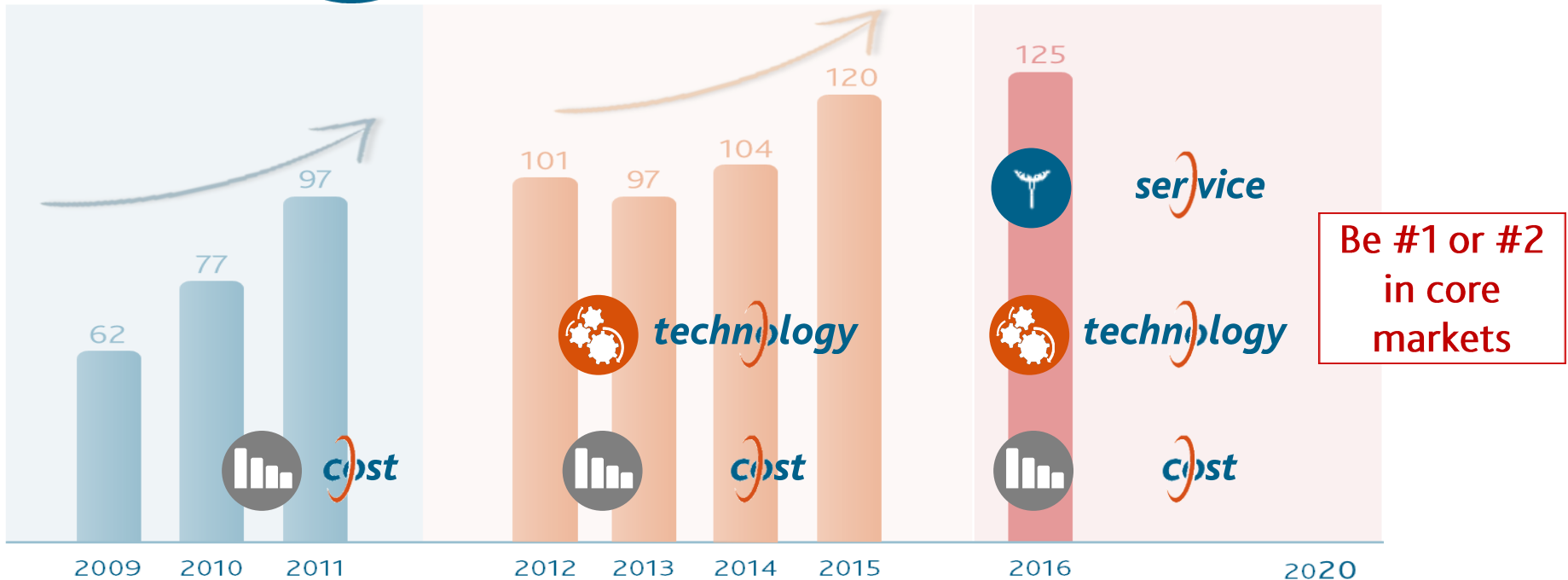
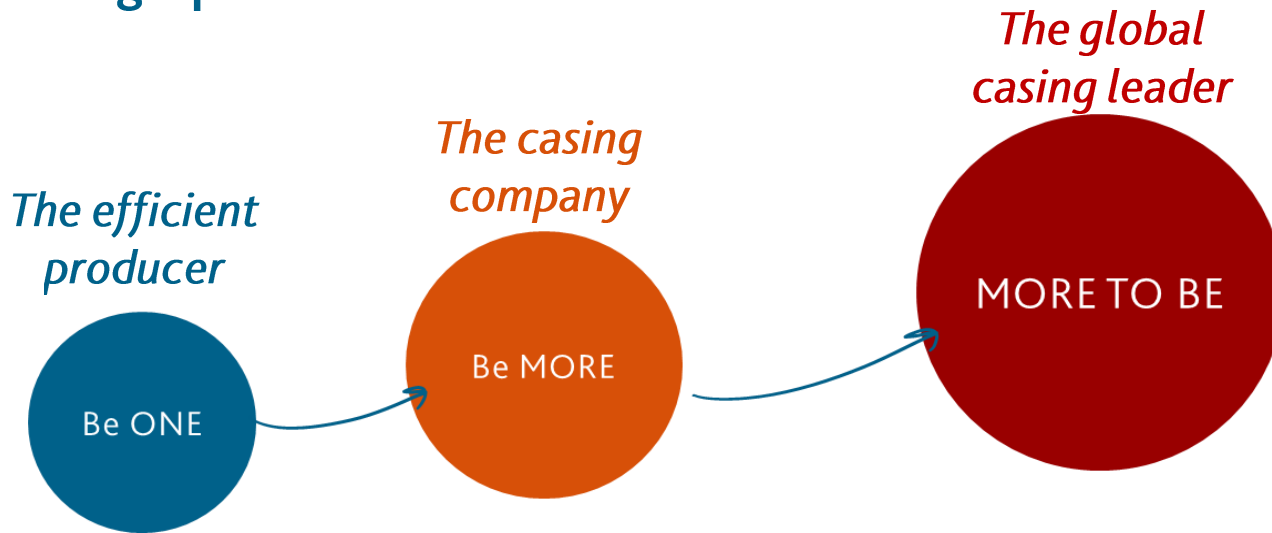
<sup>1</sup> Net bank debt = Non-current bank borrowings + Current bank borrowings – Cash and equivalents.

<sup>2</sup> Includes 0.82€ final dividend paid in June 2016, and 0.57€ interim dividend for 2016 paid in December 2016.



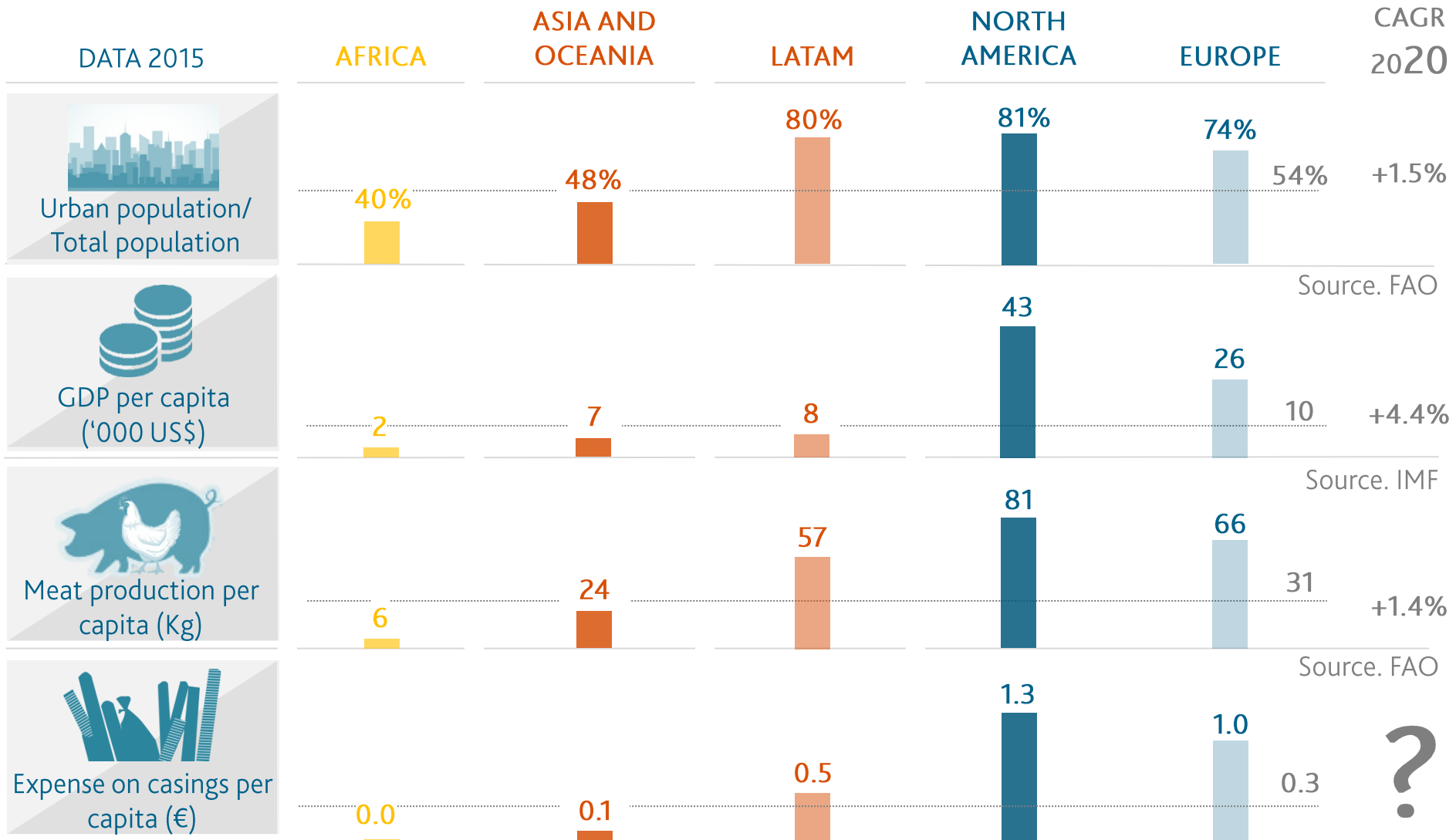
# Outlook 2017

# Viscofan is today a stronger leader and better prepared to fulfill our strategic plan.



Be #1 or #2  
in core  
markets

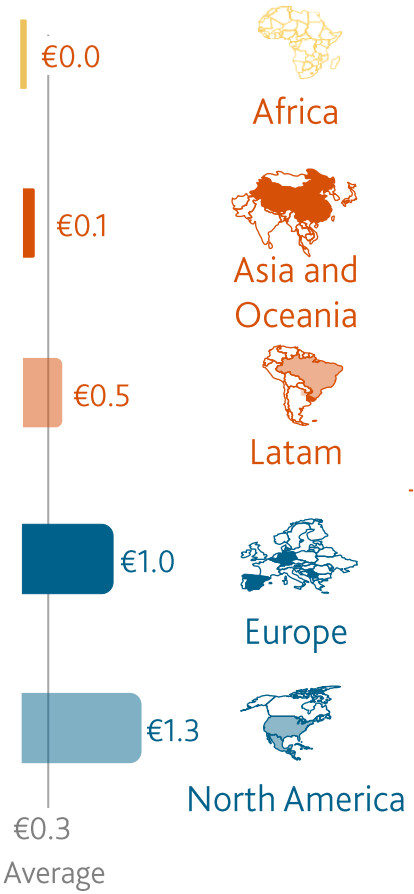
# Because the market offers strong growth opportunities: growth drivers remain intact.



# Viscofan is the company with better exposure to organic growth opportunities...

## Growth opportunities

Expense on casing per capita (€)



## Viscofan footprint Available production capacity

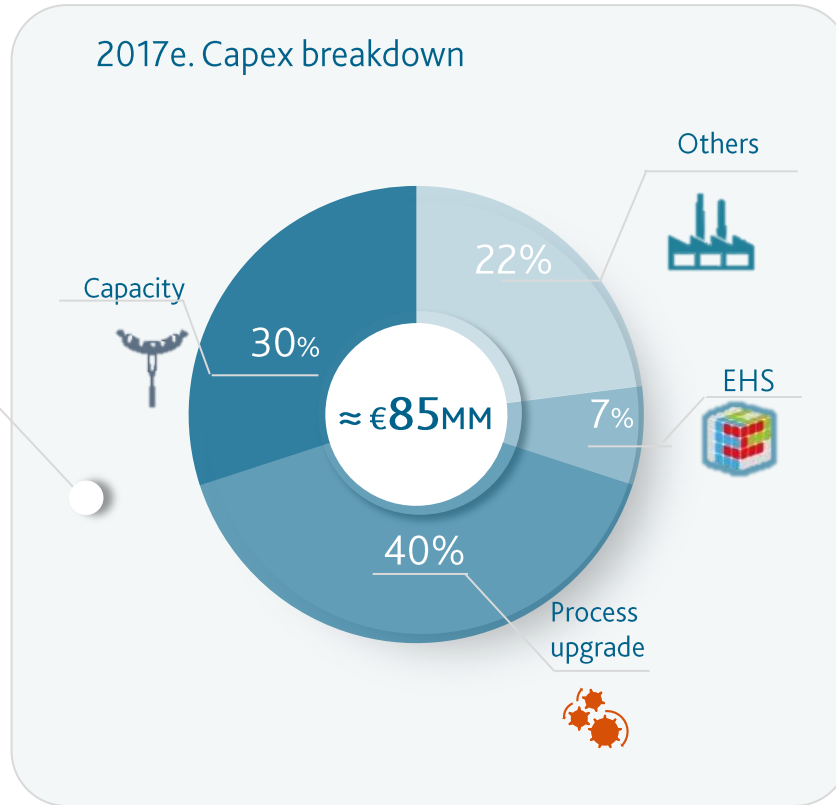
	Collagen	Cellulose	Fibrous	Plastics
Africa	x	x	x	x
Asia and Oceania	2017e MORE to BE	Converting	x	x
Latam	2017e MORE to BE ✓	Converting	Converting	✓
Europe	2017e MORE to BE	✓	2017e MORE to BE	✓ VECTOR Packaging
North America	x	✓	✓	✓ VECTOR Packaging

MORE to BE  
Long term "growth" opportunity

MORE to BE  
Long term "share" opportunity

...backed with the best balance sheet position (0.04x Net Bank Debt/EBITDA) to face them without compromising our risk profile...

### Capex (MM €)



# North America

Focus on added value improvement



## service

- Plastics in Mexico  
- Improve facilities reliability
- Fibrous. Free capacity for the local market 






## technology

- New products: BTC plastics, specialities 
- Upgrade fibrous technology



## cost

- Union agreement  
- Cruise speed in the new plastics plant in Mexico 

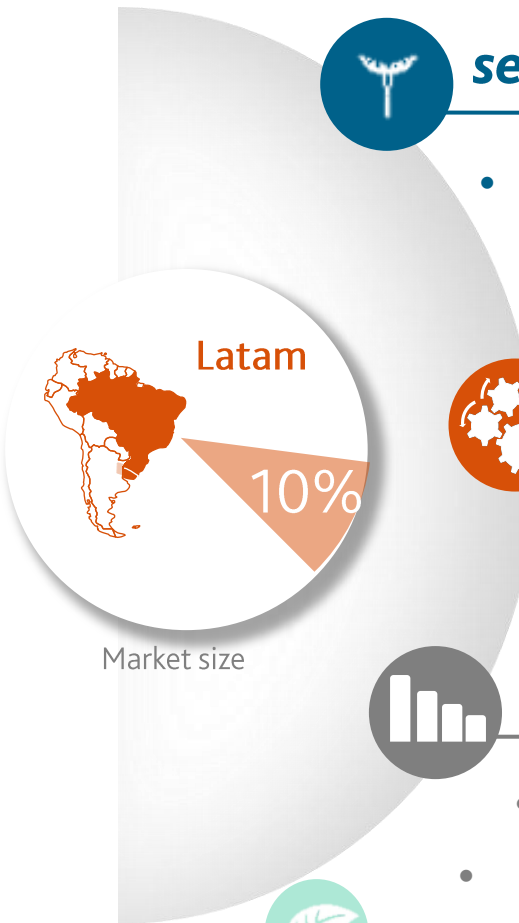


- Change in energy model

- Get the certificate ISO 14.001 of environmental management in all plants



Market size



## service

- Product development. New concepts to replace animal gut
- Stability in Brazilian plants



## technology

- New extrusion machinery in collagen
- Converting technology



## cost

- Higher capacity in Uruguay
- Uruguay plant consolidation
- Efficiency in resources usage (water)
- Get the certificate ISO 14.001 of environmental management in all plants




### service

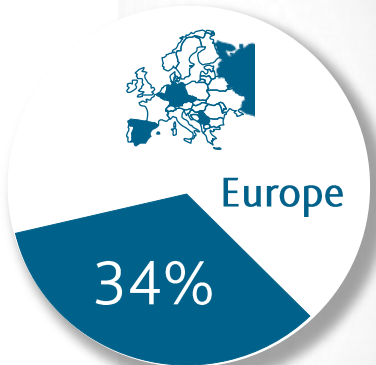
- Greenfield fibrous plant in Cáseda (Spain) 
- Nanopack acquisition 
- Support centre for new products. "specialities"

### technology

- Adding fibrous technology to an excellence center 
- Upgrade plastics technology 
- Upgrade technology for large collagen caliber
- Upgrade cellulose technology

### cost

- Higher production capacity in Serbia 
- Improve productivity in Spain, Germany and the Czech Republic 
- Energy efficiency. Development of safer production technologies
- Get the certificate ISO 14.001 of environmental management in all plants 



Market size

Wider offer and better service in the fastest growing region



## service

- Asian self-sufficiency 2017 MORE TO BE
- Availability, quality and sophistication in our offer
- Be the benchmark in the market MORE TO BE ✓
- Push cellulose sales



## technology

- Consolidate operations MORE TO BE ✓
- Production flexibility 2017 MORE TO BE



## cost



- Raw Materials. New suppliers
- Operating leverage
- Change in the energy model (co-generation)
- Get the certificate ISO 14.001 of environmental management in all plants



Market size

# ...Viscofan continues to strengthen its position to keep on leading a very attractive and competitive market

## “Concerns”

### A very competitive market

-  In 2016, we saw market falling for the first time in decades
-  Main producers have worsened their financial position due to lower return on investment vs. expectations
-  After a deflationary period, input costs will start to rise headed by energy
- ...

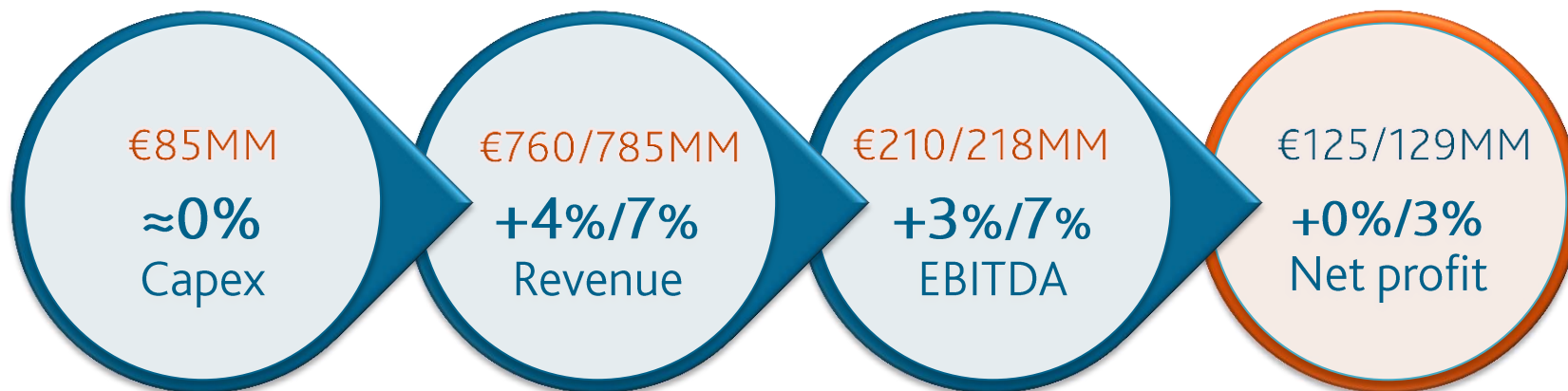
## “Motivations”

### A very attractive market

-  Decline caused by Brazil, with its worst crisis in decades, but is turning around to growth
-  Viscofan investments have permitted to gain market and value share, reinforcing our financial position
-  Our customers need to be more competitive and demand casings to increase differentiation and yields
-  Working internally to obtain savings and ongoing improvements to adapt ourselves to this new environment
-  Viscofan has the widest product portfolio and geographic footprint to take advantage of all growth opportunities
- ...

# GUIDANCE 2017 (MM €)

US\$/€: 1.05 BRL/€: 3.60



# To wrap up

- ✓ Viscofan grows in casings in an adverse market due to Latam decline.
- ✓ **Operational margins erosion** driven mainly by higher workforce to carry on the projects that will give us future growth and reinforce our leadership position.
- ✓ Financial discipline in our inorganic growth projects that creates value to our shareholders very fast.
- ✓ New highest-ever net profit to distribute to our shareholders with a direct remuneration of €1.45 per share, 7.4% better than previous year.
- ✓ Viscofan's **balance sheet remains solid**, allowing us to explore new ways of organic and inorganic growth in this industry, combining strategic and financial discipline with shareholder's remuneration.
- ✓ Market keeps intact its **solid growth profile for the medium and long term**. Viscofan expects **growth in revenue, EBITDA and net profit for 2017**. We will make investments to reinforce our leadership and take advantage of the growth opportunity that our market offers.

# Disclaimer

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

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

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