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

Results note

Main highlights of the October-December 2019 results:

- €223.9 million in revenue in the quarter, a new all-time high, up 7.5% on the previous year driven by growth in all casing families.
- €57.7 million in reported EBITDA[1], up 5.3% on the previous year and 4.4% in recurring terms[2].
- €32.9 million in reported Net Profit, down -6.0% on the previous year and -10.3% in recurring terms.
- €42.5 million in net bank debt[3] as of December 2019, down 46.6% on the €79.6 million as of December 2018 as a result of the strength of operating results, lower investment needs and improved working capital management.
- The acquisition of the collagen casing division from the Japanese group Nitta Gelatin Inc. in December 2019 for an enterprise value of €12.8 million has strengthened the leadership of Viscofan and completes the productive portfolio for this technology in North America.
- The Board of Directors has agreed to propose to the General Shareholders' Meeting a final dividend of €0.96 per share, driving total remuneration in 2019 to €1.62 per share, an increase of 1.3% over total ordinary remuneration for the previous year.
- According to José Domingo de Ampuero y Osma, Chairman of the Viscofan Group: "These results clearly show our operational and financial strength. In spite of the difficulties during the first few months of the year we have continued to grow, increasing our market share, diversifying the source of growth, incorporating new assets and optimising our industrial base, all of which means that our company is stronger than when we initiated our MORE TO BE plan. We have undertaken a transformation that has left the Group's future in a unique position without turning our back on a solid balance sheet or increased remuneration for our shareholders".

Selected financial data

4Q19. Selected figures. Viscofan Group income statement ('000 €)

	Recurring				Reported		
	Oct-Dec' 19	Oct-Dec' 18	*Change*	*Like- for - like*	Oct-Dec' 19	Oct-Dec' 18	*Change*
Revenue	223,857	208,182	7.5%	6.3%	223,857	208,182	7.5%
EBITDA	52,497	50,290	4.4%	2.8%	57,729	54,848	5.3%
EBITDA Margin	*23.5%*	*24.2%*	-0.7 p.p.	-0.8 p.p.	*25.8%*	*26.3%*	-0.5 p.p.
Operating profit	35,306	34,251	3.1%		40,538	38,809	4.5%
Net profit	27,090	30,194	-10.3%		32,906	35,012	-6.0%

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

[2] Recurring results: They exclude non-recurring impacts for the business on operating results of +€2.9 million euros for the 2019 financial year coming from the net amount for the combination of businesses from the acquisition of Nitta Casings Inc. (USA) and Nitta Casings (Canada) Inc., the impairment of goodwill for Nanopack Technology & Packaging S.L. and the impact of the strike in the U.S. In 2018, +€19.1 million from the combination of businesses from the acquisition of the Globus companies in Australia and New Zealand, and the lawsuit with Mivisa.

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

2019. Selected figures. Viscofan Group income statement ('000 €)

	Recurring				Reported		
	Jan-Dec' 19	Jan-Dec' 18	*Change*	*Like- for - like*	Jan-Dec' 19	Jan-Dec' 18	*Change*
Revenue	849,697	786,049	8.1%	5.9%	849,697	786,049	8.1%
EBITDA	198,046	189,708	4.4%	0.5%	200,957	208,759	-3.7%
EBITDA Margin	*23.3%*	*24.1%*	-0.8 p.p.	-1.2 p.p.	*23.7%*	*26.6%*	-2.9 p.p.
Operating profit	127,372	127,270	0.1%		130,283	146,321	-11.0%
Net profit	101,502	108,458	-6.4%		105,577	123,711	-14.7%

Business evolution

Viscofan's performance in the 2019 financial year has been in two clearly different phases. Firstly, casings volume remained flat in the first half of the year due to slower than expected replacement of animal gut in Europe and Asia, in contrast to the strong behaviour experienced in North America and Latin America. However, in the second half of the year there was an acceleration in the growth of the volume of casings as a result of the replacement of animal gut casings in Asia whilst there was still positive growth in the other regions.

Viscofan has faced and adverse environment of energy costs inflation in 2019, which together with a less favourable geographical and product mix in the first half of the financial year had an impact on the margins.

In this context, the Viscofan Group continued to make progress in the MORE TO BE (2016-2020) strategy, with the aim of achieving triple leadership in *Service, Technology and Costs* in the main families of casings.

Service: In 2019 the offer to customers was broadened with the launch of new products as a result of the research, development and innovation undertaken in recent years. The products launched include the *Natur* collagen casing for fresh sausages; the *Marathon* cellulose line with extra-long sticks to improve our customers' profitability: *Veggie*, a vegetable-based edible casing specially designed for vegans, vegetarians and flexitarians; *Vispice Products*, that provide spices and aromas to meat products; and added value casings such as the families of functional solutions that include *plastic casings with the transfer of colours and aromas*, among others.

Technology: The construction and start-up project of the plant with the latest technology in the market for the production of viscose-based casings (cellulose and fibrous) in Cáseda (Spain) has been completed, that involved a total investment of €86.5 million (€15.3 million in 2019). This plant enables the manufacture of a high-quality product, and also provides significantly improved productive efficiency, as well as the best available environmental and ergonomic solutions.

We can also include in this axis the 4.0 industry projects undertaken in the Czech Republic and Spain, and the development of new technology for large-calibre collagen casings in Serbia.

Costs: 2019 saw the ongoing promotion of projects focussing on increased efficiency and automation in the production plants that have seen increased productivity per employee within our Group. Special mention should go to the expected savings from our new plant in Cáseda (Spain) where the investment plan has been finalised, an increase in production speed in the collagen extrusion plant in Pando (Uruguay) and the stability of the fibrous plant in Danville (U.S.).

After the expansion plan with new implementations and the acquisition of companies, in 2019 the Group promoted measures focussing on the optimisation of working capital that has led to new savings in cash flows.

At the same time, Viscofan has continued to strengthen its geographical positioning with the purchase of the collagen casing companies in the U.S. and Canada from Nitta Gelatin Inc in 2019 for an enterprise value of €12.8 million. With this acquisition, Viscofan is now a leader in this region, it has improved customer proximity and added to its productive portfolio with collagen technology in North America.

Diversification: Viscofan continues to look for growth opportunities beyond the casing market. There has been significant progress in business diversification. In the biomedical field with the Cardiomesh project, a device based on a collagen membrane enriched with stem cells, which in July was successfully implanted in a patient with heart failure due to a myocardial infarction. Furthermore, in the nutrition market the Group has made progress with the commercial expansion of COLLinstant®, a high quality collagen hydrolysate that has been very well received in the market.

Main financial results

Viscofan closed 2019 with all-time high in revenue at €849.7 million, 8.1% above 2018 level, which gives a recurring EBITDA of €198.0 million, an increase of 4.4% over 2018, while recurring Net Profit fell by -6.4% due to the increased cost of amortisation and depreciation resulting from the MORE TO BE investment plan, lower contribution of positive exchange differences and increased tax expenses.

In 2019 the Group invested €62.1 million, 13.3% lower than the €71.6 invested in 2018. After making such important investments in the first phase (2016-2018) of the MORE TO BE strategic plan, there is much less need for investment in absolute terms in the final phase (2019-2020).

Less investment together with the strength of cash generation and a reduction in inventories during the year helped Viscofan to strengthen the balance sheet at the close of December 2019 with a net bank debt of €42.5 million, a decrease of 46.6% compared with the €79.6 million as of December 2018.

All this whilst the Group's remuneration to shareholders continue to grow with a total dividend proposal on account of the results of 2019 of €1.62 per share, 1.3% higher than the total ordinary remuneration for the 2018 financial year. To this we should add €5.3 million as a result of the amortisation of treasury stock performed in January 2019.

Revenue

Accumulated revenue reached a record high of €849.7 million, an increase of 8.1% over 2018 as a result of higher casings volume, improvement in the price mix, the incorporation of Globus and the strength of the main trading currencies.

Of this amount, €804.5 million relate to casing sales (+8.5% vs. 2018) and €45.2 million to revenue from co-generation power sales (+1.1% vs. 2018).

Stripping out the impact of variations in foreign exchange that contributed +2.2 p.p. of growth, like-for-like[4] revenue in 2019 was up 5.9% vs. 2018.

The strength of the growth in revenue can be seen in the geographical breakdown with all areas showing growth both in reported and like-for-like terms. The accumulated breakdown[5] as of December 2019 is as follows:

- Europe and Asia (56.5% of the total): Reported revenue reached €480.1 million, up 7.3% on 2018 and up 6.3% excluding the impact of currencies. In this growth special mention should go to the higher volumes in China and other countries in Asia, especially in new products designed to replace pig gut.

[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.
[5] Revenue by origin of sale.

- North America (28.6% of the total): Revenue amounted to €243.1 million, a growth of 8.6% over 2018 and 3.2% in like-for-like terms, thanks to the improvement in competitive positioning in the snack, sliced meat and special plastic markets.

- Latin America (14.9% of the total): Revenue amounted to €126.4 million, up 10.3% over 2018 and up 9.7% excluding the currency impact, with volume growth in all the casing families.

The fourth quarter of the year saw consolidation of the strength of the volumes above the expected level for the second half of the year, with growth in all the product families. Thus, revenue reached a record quarterly high of €223.9 million in 4Q19, an increase of 7.5% over 4Q18 as a result of higher volumes, an improvement in the price mix, the integration of Globus and the strength of the main trading currencies.

By revenue type, quarterly sales of casings contributed a growth of +7.6% vs. 4Q18 reaching €211.9 million, while revenue from co-generation power sales grew 6.9% vs. 4Q18 to €12.0 million.

Stripping out the impact of foreign exchange differences that contributed a growth of +1.2 p.p., like-for-like[4] revenue in 4Q19 was up 6.3% vs. 4Q18.

Other operating income

Other operating income in 2019 came to €5.4 million, significantly lower than the €21.0 million for 2018 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 in June 2018 resulting from the agreement reached with Crown Food España S.A.U. to end the legal action between the two companies.

Consumption costs[6]

Cumulative consumption costs were up 19.4% in 2019 vs. 2018 reaching €271.7 million driven by the increased volume of casings, a change in consumption costs mix, higher co-generation energy and CO_2 emission allowance costs in Europe, and the incorporation in the consolidation perimeter of the Globus distribution company in Australia and New Zealand.

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 €2.3 million.

Quarterly consumption costs were up 16.4% over 4Q18, reaching €76.3 million, due to the increase in sales volumes, the change in consumption cost mix and CO_2 emission allowance costs in Europe.

Altogether, the gross margin[7] for the year reached 68.0% (-3.1 p.p. vs. 2018) and 65.9% in 4Q19 (-2.6 p.p. vs. 4Q18).

Personnel expenses

In the year to date, personnel costs have amounted to €201.3 million, a growth of 6.4% vs. 2018 due to increased wage costs, the incorporation of Globus personnel in Australia and New Zealand and the appreciation of currencies against the €. Of this, the fourth quarter contributed €50.1 million (+5.8% vs. 4Q18).

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

The average workforce headcount as of December 2019 was 4,628 employees, down -0.3% over the previous year, and -2.3% in terms of constant scope, i.e. not taking into account the Globus employees in Australia and New Zealand who joined the workforce in December 2018.

Other operating expenses

In cumulative terms, other operating expenses grew by 0.4% over 2018, reaching €190.0 million. Cost-saving measures offset higher energy supply costs (+3.0% vs. 2018).

In quarterly terms, other operating expenses were up 2.1% vs. 4Q18 and totalled €49.6 million. This includes a non-recurring expense of €1.5 million for advisors and lawyers corresponding to the purchase of the Nitta companies in the U.S. and Canada. In this quarter, energy supply costs were down by 6.8% over 4Q18.

Operating profit

Weak growth in the first half of the year was countered in the second half of the year with a recovery in volumes and activity bringing the recurring EBITDA to €198.0 million, +4.4% higher than 2018 with a growth of 0.5% if the impact from the variation in interest rates is excluded. Higher volumes of casings and the cost savings measures introduced were able to offset the decrease in gross margin.

In reporting terms, EBITDA is €201.0 million, 3.7% less than in 2018.

In the fourth quarter, the strength of the volumes was reflected in the recurring[2] EBITDA that grew by 4.4% to €52.5 million and by 2.8% if the impact from the variation in interest rates is excluded. In reporting terms, EBITDA is €57.7 million, 5.3% more than in 2018.

In 2019 depreciation costs were up by 13.2% vs. 2018 reaching €70.7 million and by 7.2% in 4Q19 vs. 4Q18 to €17.2 million as a result of the start-up of the new production modules in Cáseda and the investments made under the current MORE TO BE strategic plan, especially in the first phase (2016-2018). Likewise, the adoption of IFRS 16 has led to €4.5 million expense for the amortization of right-of-use assets.

Operating Profit for the fourth quarter was €40.5 million, up 4.5% over 4Q18. Although this shows robust performance, it is still insufficient to offset the results obtained in the early months of the year. Thus, in 2019 the Operating Profit was €130.3 million (-11.0% vs. 2018).

Financial result

In 2019, net financial result was negative with -€0.2 million compared with a net financial gain of +€1.0 million in 2018. This decrease is essentially due to lower positive differences in exchange, +€1.1 million in 2019 against +2.8 million in 2018.

In the fourth quarter of 2019, the net financial result was negative with -€1.9 million, owing to negative exchange differences of -€1.7 million, compared with a net financial loss of -€1.3 million in 4Q18, when foreign exchange differences were negative with -€0.8 million.

Net proft

Profit before tax amounted to €130.1 million as of December 2019 while income corporate tax totalled €24.5 million (an increase of 3.8% vs. 2018) placing the cumulative effective tax rate at 18.8% (compared with 16.0% in the same period of last year).

The difference between the theoretical tax rate for 2019 (28%) and the effective tax rate (18.8%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in all countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances for investments by various Group subsidiaries.

This gives a reported cumulative Net Profit of €105.6 million, down 14.7% over the same period in the last financial year, which is equivalent to a decrease of 6.4% in recurring terms.

In 4Q19 reported Net Profit was €32.9 million, down 6.0% and 10.3% in recurring terms.

Non-recurring results

For a better comparison of the information, details are given below of non-recurring business impacts recorded in the 2019 and 2018 financial years.

Recorded in 2019:

- Combination of businesses: In 2019 a gain in operating profit of €10.9 million was recorded corresponding to the negative goodwill from the lower cost of business combination over the corresponding value of the identifiable assets less that for the liabilities assumed from the acquisition of the Nitta Casings Inc. (USA) and Nitta Casings (Canada) Inc. Also, the purchase of these companies involved non-recurring expenses for integration, advisors and lawyers amounting to €2.2 million.
- In 2019 an impairment of €3.5 million was recorded in Nanopack Technology & Packaging S.L. goodwill due to a delay in the growth plans expected in this Cash Generating Unit.
- An impact of €2.3 million in non-recurring costs related to the strike at the Danville plant (US) in June.

The net impact of non-recurring results once the tax effect is included is a positive net result of €4.1 million.

Recorded in 2018:

- Combination of businesses: In 2018 a gain of €5.5 million was recorded corresponding to the negative goodwill resulting from the lower cost of business combination over the corresponding value of the identifiable assets acquired less that of the liabilities assumed from the acquisition of the Globus companies in Australia and New Zealand.
- Mivisa Envases S.A. law suit: In 2018, €15.4 million were recorded in Other Operating Income corresponding to the conclusion of the law suit against Mivisa Envases S.A., and non-recurring costs that include advisors and lawyers corresponding to the law suit against Mivisa Envases S.A. and the purchase of companies, amounting to €1.8 million.

The net impact of non-recurring results once the tax effect is included is a positive net result of €15.3 million.

Investment

€62.1 million was invested over the year, 13.3% less than the €71.6 million invested in 2018. Special mention should be made of the start-up of new modules using new cellulose technology in the Cáseda plant (Spain) to finalise the project for this family. The new modules are producing and giving very positive results, enabling the first savings to be made in the second half of this year.

In 2019 investments also highlight the installation and start-up of new edible collagen capacity in Cáseda and improved production speed in the collagen extrusion plant in Pando (Uruguay), among others.

Also, within the environment, health and safety (EHS) axis, there are the wastewater treatment plants in Cáseda and Uruguay; the implementation of fire protection systems in Germany, Brazil and Mexico; improvements in machine safety; and more efficient evaporation systems.

The breakdown by type of the €62.1 million invested in 2019 is as follows:

- Around 41% of investment (€25.3 million) was in process improvements and new technology.
- Around 23% of investment (€14.3 million) was in capacity and machinery.
- Around 17% of investment (€10.6 million) was in sustainability improvements, including energy equipment, and plant safety, hygiene and environmental improvements.
- Ordinary investments (€11.9 million) accounted for the remaining 19%.

At the close of 2019, investment commitments amounted to €1.6 million (€4.9 million at the close of 2018).

Dividend and shareholders´remuneration

The Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting the distribution of a final dividend of €0.96 per share, with an amount of €44.5 million to be paid out on 4 June 2020.

This will mean total shareholder remuneration for the 2019 financial year will stand at €1.62 per share, equivalent to a distribution of 71.1% of net profit. This can be broken down as follows:

- An interim dividend of €0.65 per share (paid on 19 December, 2019).
- A proposed final dividend of €0.96 per share (to be paid on 4 June, 2020).
- A bonus for attending the General Meeting of €0.01 per share.

This proposed remuneration is 1.3% higher than the ordinary remuneration of €1.60 per share approved in the previous financial year, implying a total distribution of €75.1 million.

Also, in January 2019 the redemption of shares in treasury stock that had been purchased for €5.3 million was approved.

Equity

The Group's Equity at the close of the 2019 financial year stood at €784.4 million, up 3.5% year-on-year due to the booking of a Net profit of €105.6 million from which €30.1 million is deducted as an interim dividend for the 2019 financial year.

Treasury shares

At a meeting on 24 January 2019, the Board of Directors of Viscofan S.A. approved the execution of a capital reduction for a nominal amount of €72,577.40, through the amortisation of the 103,682 existing treasury shares.

In 2019, within the framework of the Incentives Plan, the Company proceeded to acquire 150,000 treasury shares under the protection of the authorisation granted by the General Shareholders' Meeting of 25 May 2018.

Movement in treasury shares was as follows:

	Number of shares	% on the Share Capital	Nominal value in €	Cost of acquisition in ´000 €
On 31 December 2018	**103,682**	**0.22%**	**0.70**	**5,289**
Redemption *	-103,682	-0.22%	0.70	-5,289
Acquisition	150,000	0.32%	0.70	6,487
On 31 December 2019	**150,000**	**0.32%**	**0.70**	**6,487**

* Capital Reduction executed on January 24, 2019

Financial liabilities

At the close of December 2019 net bank debt amounted to €42.5 million, 46.6% less than the December 2018 figure of €79.6 million. The strength of the results, improved working capital management and reduced investment needs this year have led to a solid generation of cash flows.

IFRS 16 came into force on 1 January of 2019, and stated that the majority of non-cancellable minimum operating leases should be recorded in the balance sheet as a right-of-use asset and a liability for future payments to be made.

So, the breakdown for net financial debt is as follows:

	`Dec 2019	`Dec 2018	*Change*
Net Bank Debt *	42,546	79,615	-46.6%
Debts related to right-of-use assets	*19,295*	*63*	*30527.0%*
*Other net financial liabilities***	*27,606*	*15,762*	*75.1%*
Net Financial Debt	89,447	95,440	-6.3%

* Net bank debt = Non-current bank borrowings + Current bank borrowings – Cash and equivalent forms of liquidity.
** Other net financial liabilities consisting mainly of loans with an interest rate subsidised by entities like the CDTI and the Ministry of Economy, as well as fixed asset suppliers netted for other financial assets.

The Net Financial Debt is 11.4% of the Equity, this indebtedness is sufficient to meet Viscofan´s liquidity requirements.

Outlook for 2020

The Viscofan Group closes 2019 with a better value proposition in service, technology and costs than when the MORE TO BE strategy began in 2016. From a position of reinforced leadership, it has a better industrial base, a better geographical presence and a broader, more diversified range of products on offer as a result of an ambitious investment plan both in organic and inorganic terms, for a market in which there are still opportunities for growth.

The Viscofan Group faces the last year of the MORE TO BE strategic plan expecting growth in the main financial figures in 2020 driven by higher volumes, commercial discipline, production savings, efficiency improvements the integration of Nitta Casings companies, and with lower capex requirements. As such, the Viscofan Group expects to increase revenue by between 6% and 8%, EBITDA by between 7% and 9%, and Net Profit by between 6% and 9%, based on an investment of €54 million and considering an average exchange rate of US$/€1.13.

Changes in the consolidation scope

In 2019:

- Nitta Casings Inc. (USA) and Nitta Casings (Canada) Inc.: On 19 December 2019, the Viscofan Group acquired 100% of Nitta Casings Inc. in the U.S. and 100% of Nitta Casings (Canada) Inc. in Canada from the Japanese Group Nitta Gelatin Inc. The companies acquired were included in the Viscofan Group consolidation perimeter from 31 December, 2019 under the full consolidation model.
- Nanopack Technology and Packaging S.L.U.: As of 31 December 2019, the Group holds 100% of the shares in Nanopack Technology and Packaging S.L.U.
- Transform Pack Inc: In August 2019, Transform Pack Inc. in Canada was wound up after the sale of its assets, liabilities, rights and obligations to Viscofan Canada Inc.
- Viscofan (Thailand) Co. Ltd.: In July 2019, this company was established in Thailand.
- Gamex, C.B. s.r.o.: With effect on 1 January 2019, Gamex C.B. s.r.o. was taken over by Viscofan CZ, s.r.o. in the Czech Republic.

In 2018:

- Globus: In November 2018, the Viscofan Group acquired 100% of the Globus companies in Australia and New Zealand, which were added to the consolidation perimeter of the Viscofan Group on 1 December 2018 using the full consolidation method.
- Transform Pack Inc: In February 2018, the Viscofan Group signed a contract of sale with a group of private investors and the province of New Brunswick (Canada) for the cash purchase of 100% of Transform Pack Inc. The acquired company was added to the Viscofan Group consolidation perimeter on 1 March 2018 using the full consolidation method.

Viscofan Group Profit and loss account. 4Q19 ('000 €)

	Oct-Dec' 19	Oct-Dec' 18	*Change*
Revenues	**223,857**	**208,182**	**7.5%**
Other operating income	1,745	1,092	59.8%
Self-constructed assets	766	1,604	-52.2%
Variation in stocks of finished products and work-in-progress	-10,119	438	c.s
Net purchases	-66,226	-66,023	0.3%
Personnel expenses	-50,071	-47,320	5.8%
Other operating expenses	-49,555	-48,543	2.1%
Capital grants	141	169	-16.6%
Impairments	-120	-247	-51.4%
Results coming from disposals of non-current assets	-58	10	c.s
Other results	7,369	5,486	34.3%
Recurring EBITDA	**52,497**	**50,290**	**4.4%**
Recurring EBITDA margin	*23.5%*	*24.2%*	*-0.7 p.p.*
Positive non-recurring results	5,232	4,558	14.8%
EBITDA	**57,729**	**54,848**	**5.3%**
EBITDA margin	*25.8%*	*26.3%*	*-0.5 p.p.*
Amortization and depreciation	-17,191	-16,039	7.2%
Operating profit	**40,538**	**38,809**	**4.5%**
Operating profit margin	*18.1%*	*18.6%*	*-0.5 p.p.*
Financial incomes	399	62	543.5%
Financial expenditures	-535	-499	7.2%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	-1,744	-818	113.2%
Impairment and results coming from disposals of financials assets	15	-20	c.s
Financial results	**-1,865**	**-1,275**	**46.3%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**38,673**	**37,534**	**3.0%**
Taxes	-5,767	-2,522	128.7%
Profit after taxes from continued operations	**32,906**	**35,012**	**-6.0%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**32,906**	**35,012**	**-6.0%**
a) Net profit attributable to the parent comany	32,887	23,024	42.8%
b) Net profit attributable to minority interests	19	-37	c.s

Viscofan
The casing company

Viscofan Group profit and loss account. 2019 FY ('000 €)

	Jan-Dec' 19	Jan-Dec' 18	*Change*
Revenues	**849,697**	**786,049**	**8.1%**
Other operating income	5,400	21,003	-74.3%
Self-constructed assets	958	1,796	-46.7%
Variation in stocks of finished products and work-in-progress	-9,041	25,097	c.s
Net purchases	-262,623	-252,646	3.9%
Personnel expenses	-201,278	-189,135	6.4%
Other operating expenses	-190,023	-189,208	0.4%
Capital grants	590	637	-7.4%
Impairments	-192	-365	-47.4%
Results coming from disposals of non-current assets	100	45	122.2%
Other results	7,369	5,486	34.3%
Recurring EBITDA	**198,046**	**189,708**	**4.4%**
Recurring EBITDA margin	*23.3%*	*24.1%*	*-0.8 p.p.*
Positive non-recurring results	2,911	19,051	-84.7%
EBITDA	**200,957**	**208,759**	**-3.7%**
EBITDA margin	*23.7%*	*26.6%*	*-2.9 p.p.*
Amortization and depreciation	-70,674	-62,438	13.2%
Operating profit	**130,283**	**146,321**	**-11.0%**
Operating profit margin	*15.3%*	*18.6%*	*-3.3 p.p.*
Financial incomes	597	309	93.2%
Financial expenditures	-1,966	-2,134	-7.9%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	1,135	2,799	-59.4%
Impairment and results coming from disposals of financials assets	15	4	275.0%
Financial results	**-219**	**978**	**c.s**
Profit from associated companies	0	0	n.s.
Profit before taxes	**130,064**	**147,299**	**-11.7%**
Taxes	-24,487	-23,588	3.8%
Profit after taxes from continued operations	**105,577**	**123,711**	**-14.7%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**105,577**	**123,711**	**-14.7%**
a) Net profit attributable to the parent comany	105,577	123,833	-14.7%
b) Net profit attributable to minority interests	0	-122	n.s.

Consolidated balance sheets ('000 €) - ASSETS

	Dec '19	Dec '18	*Change*
Intangible assets	19,635	22,915	-14.3%
Goodwill	2,671	5,933	-55.0%
Others intangible asset	16,964	16,982	-0.1%
Tangible assets	514,326	479,479	7.3%
Real state investments	0	0	n.s.
Investment accounting using the equity method	0	0	n.s.
Non-current financial assets	2,376	2,615	-9.1%
a) At fair value through profit and loss	633	266	138.0%
Of which "Designated upon initial recognition"	633	266	138.0%
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	1,743	2,349	-25.8%
Non-current derivatives	96	13	638.5%
Cash flow hedges	96	13	638.5%
Others	0	0	n.s.
Deferred tax assets	28,432	22,533	26.2%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	564,865	527,555	7.1%
Non-current assets held for sale	0	0	n.s.
Inventories	277,390	284,341	-2.4%
Trade and other receivables	184,347	178,711	3.2%
Trade debtors	167,341	150,586	11.1%
Other debtors	15,484	21,947	-29.4%
Current tax assets	1,522	6,178	-75.4%
Current financial assets	815	8,433	-90.3%
a) At fair value through profit and loss	746	730	2.2%
Of which "Designated upon initial recognition"	746	730	2.2%
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	69	7,703	-99.1%
Current derivatives	2,768	742	273.0%
Cash flow hedges	2,721	701	288.2%
Others	47	41	14.6%
Other current assets	3,454	2,910	18.7%
Cash and cash equivalents	51,370	31,050	65.4%
CURRENT ASSETS	520,144	506,187	2.8%
TOTAL ASSETS	1,085,009	1,033,742	5.0%

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

	Dec '19	Dec '18	Change
Share capital	32,550	32,623	-0.2%
Share issue premium	12	12	0.0%
Reserves	737,899	701,377	5.2%
Treasury shares	-6,487	-5,289	22.7%
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	105,577	123,833	-14.7%
Less: Interim dividend	-30,127	-35,818	-15.9%
Other equity instruments	262	0	n.s.
SHAREHOLDER´S FUNDS	**839,686**	**816,738**	**2.8%**
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	-55,320	-59,125	-6.4%
Hedge transactions	1,662	-380	c.s.
Currency translation differences	-56,982	-58,745	-3.0%
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	-55,320	-59,125	-6.4%
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	784,366	757,613	3.5%
Non-controlling interests	0	13	n.s.
EQUITY	784,366	757,626	3.5%
Grants	1,551	2,135	-27.4%
Non-current provision	33,602	21,964	53.0%
Non-current financial liabilities	86,301	56,476	52.8%
Bank debt	55,234	44,231	24.9%
Other financial liabilities	31,067	12,245	153.7%
Deferred tax liabilities	23,669	21,352	10.9%
Non-current derivatives	0	495	n.s.
Cash flow hedges	0	495	n.s.
Others	0	0	n.s.
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	145,123	102,422	41.7%
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	8,959	5,745	55.9%
Current financial liabilities	55,331	78,448	-29.5%
Bank debt	38,677	66,497	-41.8%
Other financial liabilities	16,654	11,951	39.4%
Trade and other payable accounts	90,893	88,187	3.1%
Trade creditors	58,393	58,188	0.4%
Other creditors	27,342	24,015	13.9%
Current tax liabilities	5,158	5,984	-13.8%
Current derivatives	125	1,046	-88.0%
Cash flow hedges	40	904	-95.6%
Others	85	142	-40.1%
Other current liabilities	212	268	-20.9%
CURRENT LIABILITIES	155,520	173,694	-10.5%
TOTAL EQUITY AND LIABILITIES	1,085,009	1,033,742	5.0%

Cash flow statement ('000 €)

	Jan-Dec' 19	Jan-Dec' 18	Change
Cash flows from operating activities	177,931	125,265	42.0%
Profit for the year before tax	**130,064**	**147,299**	**-11.7%**
Adjustments in results	**69,039**	**58,492**	**18.0%**
Amortisation and depreciation	70,674	62,438	13.2%
Others adjustments in results(net)	-1,635	-3,946	-58.6%
Changes in working capital	**6,135**	**-48,180**	**c.s.**
Other cash flows from operating activities	**-27,307**	**-32,346**	**-15.6%**
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	-26,742	-31,717	-15.7%
Proceeds/(payments) from operating activities	-565	-629	-10.2%
Cash flows from investing activities	-62,642	-77,771	-19.5%
Investment payments	**-64,299**	**-79,077**	**-18.7%**
Group companies, associated & business units	-1,544	-7,128	-78.3%
Acquisition of property, plant and equipment and intangible assets	-62,755	-71,949	-12.8%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Cash from disposals	**766**	**583**	**31.4%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	766	583	31.4%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Other cash flows from investing activities	**891**	**723**	**23.2%**
Dividends received	0	0	n.s.
Interest received	891	723	23.2%
Proceeds/(Payments) from interrupted operations	0	0	n.s.
Cash flows from financing activities	-95,325	-44,534	114.0%
Proceeds and payments from equity instruments	**-6,487**	**-5,289**	**22.7%**
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	-6,487	-5,289	22.7%
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	**-16,989**	**38,871**	**c.s.**
Proceeds from issue of financial liabilities instruments	49,366	47,778	3.3%
Refund, cancellation and payments	-66,355	-8,907	645.0%
Dividends paid and others payments from others equities instruments	**-74,302**	**-78,694**	**-5.6%**
Others cash flows from financing activities	**2,453**	**578**	**324.4%**
Interest paid	-1,909	-2,182	-12.5%
Others proceeds /(payments) from financing activities	4,362	2,760	58.0%
Effect of foreign exchange rate changes on collections and payments	356	-53	c.s.
Net increase (decrease) in cash and cash equivalents	20,320	2,907	599.0%
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	51,370	31,050	65.4%

Reporting exchange rates (Currency/€)

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

	2019	2018	% Change	Dec 19	Dec 18	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.120	1.182	5.5%	1.123	1.145	1.9%
Canadian Dollar	1.486	1.531	3.0%	1.460	1.561	6.9%
Mexican Peso	21.555	22.712	5.4%	21.220	22.492	6.0%
Brazilian real	4.415	4.310	-2.4%	4.528	4.437	-2.0%
Czech crown	25.669	25.644	-0.1%	25.408	25.724	1.2%
British Pound	0.877	0.885	0.9%	0.851	0.895	5.1%
Serbian Dinar	117.860	118.272	0.3%	117.593	118.195	0.5%
Chinesse yuan remminbi	7.722	7.808	1.1%	7.816	7.847	0.4%
Uruguayan Peso	39.448	36.254	-8.1%	41.912	37.105	-11.5%
Australian Dollar	1.610	1.580	-1.9%	1.603	1.622	1.2%
New Zealand Dollar	1.699	1.707	0.4%	1.668	1.706	2.3%

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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

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.