Viscofan
The casing company

January-December Results 2018

28 February 2019

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

Results note

Main highlights of the October-December 2018 results:

- Acquisition of Globus companies in Australia and New Zealand for AUD13.3 million (€8 million), with a net of €4.6 million of non-recurring operating profit from said acquisition.
- €208.2 million in revenue, a company record, up 5.5% from the previous year.
- €54.8 million in EBITDA[1], 18.2% up on the previous year and 4.9% in recurring terms[2].
- €35.0 million in Net Profit, 17.5% up on the previous year.
- Net bank debt[3] stood at €79.6 million in December 2018, an increase on the €41.1 million in December 2017, as a result of the increase in shareholder remuneration, investments in transforming the company and the acquisition of Globus in November 2018.
- The Board of Directors has proposed for its approval at the General Shareholders' Meeting the payment of a complementary dividend of €0.95 per share to be paid on 6 June 2019. The shareholder remuneration from 2018 results consists of a total ordinary remuneration of €1.60 per share, and an extraordinary dividend of €0.13 per share.
- According to José Domingo de Ampuero y Osma, chairman of the Viscofan Group: "The results of the fourth quarter once again show the strength of Viscofan, which has successfully deployed its internal transformation initiatives, while having to adapt to a demanding market environment due to the weakness in currencies and the rise in the costs of production. The growth of the casings market, the improvements of the industrial base, the incorporation of new companies, and the dedication and commitment of our excellent team place us in a privileged position to continue moving forward in our MORE TO BE plan and achieve new growth in the key results in 2019."

In 2018, the Viscofan Group has maintained an intense operational, investment and commercial activity in line with the initiatives promoted in the MORE TO BE strategic plan focused on achieving triple leadership in service, cost and technology.

Among these initiatives, the start-up of the new cellulose and fibrous plant in Cáseda (Spain) stands out, with an accumulated investment of €71.2 million, of which €20.0 million was invested in 2018.

Production began in the new facilities in the first months of the year, and in less than twelve months, better ratios of productive speed, efficiency and product quality have been obtained compared to traditional technology, both in cellulose and fibrous casings.

This project continues to advance according to the plans in place, about one third of the project in cellulose has been completed and 80% of the total planned for fibrous, with the total capacity expected to be available in 2020.

In 2018, small-calibre collagen capacity was installed in the Novi Sad (Serbia) plant to respond to the growth of this technology and improve the level of service for our customers.

---

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

[2] Recurring results: a) In 2018, the amount excludes the impact recorded in Other operating income of €15.4 million corresponding to the compensation received in 2018 for a dispute against Mivisa Envases S.A., €5.5 million of negative goodwill recorded with the acquisition of the Globus companies, net of €1.8 million recorded in Other operating expenses corresponding to this dispute and the acquisition of companies. b) In 2017 the figure excludes the positive impact of €4.5 million in EBITDA from the net impact of compensation for the fire in Germany following the deduction of, inter alia, inventories, clearance and cleaning non-recurring costs, and the costs of acquiring companies, among others.

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

Together with these initiatives, the Viscofan Group is still immersed in its MORE TO BE strategy for the operational improvement of the Group's plants, which have achieved record productivity levels.

In February 2018, Transform Pack Inc. was acquired in Canada, a company specialised in the transfer of ingredients. The development of this technology makes it possible to provide spices, flavours, aromas, and colours from the casings.

In November 2018, Viscofan also acquired the Globus companies in Australia and New Zealand for AUD13.3 million, of which AUD8.7 million were paid at the end of 2018. The Group incorporates its main distributor in these countries. Globus has a long history as a supplier of casings, films and bags, among others, as well as having extensive knowledge in the sale of equipment for the food industry, which will improve Viscofan's proximity and service in this region that, with this acquisition, expands its presence to a new continent.

All this investment activity has been accompanied by a commercial activity that has sought to combine growth and price improvement amid higher costs of raw materials and energy.

The casings market grew in volumes of around 2% over last year, in line with the growth obtained by the Viscofan Group. In commercial terms, it should be noted that all reporting areas grew in volumes during the year, and in the last quarter the expected rate of growth in the Group was regained thanks to the strength of the volumes in Latin America and the recovery in Asia.

Viscofan has reached a new historical high in its revenue figure, however, the weak performance in the third quarter and the increase in energy costs in the second half of the year has meant that the results are slightly below those shown in the initial guidance in terms of revenue and EBITDA.

In the other business divisions, it is worth mentioning the authorisation from the Spanish Agency for Medicines and Medical Devices to start carrying out the first clinical trials within the Cardiomesh project, a collagen film manufactured by Viscofan that is implanted in hearts aiming to improve the cardiac activity of people with severe heart failure. Furthermore, the R&D activity for the development of collagen hydrolysates is very far along, expecting a more significant commercialisation in 2019.

All of these activities have been accompanied by a high level of investments in the three years of the MORE TO BE strategic plan. However, the strength of the cash generation has allowed us to maintain a solid balance sheet with a net bank debt at the end of 2018 of 0.4 times EBITDA, and to continue to increase shareholders´ remuneration with the distribution of an ordinary dividend of €1.60 per share. The payment of an extraordinary dividend must be added to this payment, charged to the non-recurring results from the compensation for patent infringement of €0.13 per share, and the repurchase of shares worth € 5.3 million.

The progress made in the MORE TO BE strategic plan, the positioning of Viscofan, the incorporation of the new companies and the development and implementation of the new technology place Viscofan in a privileged position to continue consolidating its leadership in the sector with new growth in revenue, EBITDA and recurring net profit expected for 2019.

Changes in the consolidation scope

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 SPA agreement with a group of private investors and the province of New Brunswick (Canada) for the cash purchase of 100% of Transform Pack Inc.

The company was included in the Viscofan Group consolidation scope as of March 1, 2018 using the full consolidation method.

Supralon:

In November 2017, the Viscofan Group signed a SPA agreement with a group of private investors for the cash purchase of 100% of Supralon International AG, Supralon Verpackungs AG and its subsidiaries: Supralon Produktions und Vertriebs GmbH and Supralon France SARL.

The subsidiaries were included in the Viscofan Group consolidation scope as of December 1, 2017 using the full consolidation method.

Viscofan Group. January - December 2018

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

	Accumulated				Quarterly			
	Jan-Dec' 18	Jan-Dec' 17	*Change*	*Like-for-like (2)*	Oct-Dec' 18	Oct-Dec' 17	*Change*	*Like-for-like (2)*
Revenue	786,049	778,136	1.0%	2.9%	208,182	197,408	5.5%	3.6%
Recurring EBITDA (1)	189,708	206,763	-8.2%	-1.3%	50,290	47,926	4.9%	3.6%
Recurring EBITDA Margin (1)	*24.1%*	*26.6%*	-2.5 p.p.	-1.1 p.p.	*24.2%*	*24.3%*	-0.1 p.p.	0.0 p.p.
EBITDA	208,759	211,235	-1.2%		54,848	46,408	18.2%	
EBITDA Margin	*26.6%*	*27.1%*	-0.5 p.p.		*26.3%*	*23.5%*	2.8 p.p.	
Operating profit	146,321	154,853	-5.5%		38,809	32,130	20.8%	
Net profit	123,711	122,019	1.4%		35,012	29,810	17.5%	

(1) Recurring results: a) In 2018, the figure does not include the €15.4 million impact recorded in Other Operating Income corresponding to the conclusion of the lawsuit against Mivisa Envases S.A. €5.5 million of negative goodwill recorded with the acquisition of the Globus companies, net of €1.8 million recorded in Other operating expenses related to consultancies and lawyers for said litigation and the acquisition of companies. b) In 2017, it does not include the positive impact of €4.5 million corresponding to the net impact of the collection of the compensation for the fire in Germany once the non-recurring expenses of inventories, clearing and cleaning were deducted; and the management expenses associated with the purchase of Supralon companies in Europe, among others.

(2) Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates, the effect of the change in the consolidation scope and the non-recurring gains of the business.

Revenue:

Revenue amounted to €208.2 million in the fourth quarter, up 5.5% vs. 4Q17, driven by the increase in volumes, the average price increase and the change in consolidation scope (which contributes + 2.0 p.p. to the growth of the Group) while the performance of exchange rates negatively affects the growth of 4Q18 by -0.2 p.p.

By revenue type, reported casing sales contributed €197.0 million (+6.0% vs. 4Q17) and revenue from co-generation sales totalled €11.2 million (-3.2% vs. 4Q17).

On a like-for-like basis[4], higher volumes and higher prices are transferred to revenue that grew by 3.6% in 4Q18 vs. 4Q17.

In the annual accumulated figure, Viscofan Group revenue is €786.0 million, a 1.0% increase on the previous year. By revenue type, reported casing sales contributed €741.4 million (+1.0% vs. 2017) and revenue from co-generation sales totalled €44.7 million (+1.4% vs. 2017).

In like-for-like terms[4], revenue was up 2.9% in 2018 vs. 2017, that is, without taking into account the impact of the new acquisitions that contribute +2.0 p.p. to the growth of the Group, and the performance of the exchange rates, which negatively affects 2018 growth by -3.8 p.p.

The breakdown and geographical[5] performance of revenue in 2018 is as follows:

- Europe and Asia (56.9% of the total): Reported revenue stood at €447.6 million, up 3.1% on 2017, highlighting the improvement in the last quarter of the year. In like-for-like terms, revenue was up 0.6% in 2018 vs. 2017.
- North America (28.5% of the total): Revenue amounted to €223.8 million, a decline of 1.9% on 2017, caused mainly by the weakness of the US$ against the €, while in like-for-like terms revenue increased +2.7% vs. 2017.
- Latin America (14.6% of the total): Revenue stood at €114.6 million, down 1.1% on 2017 caused by the weakness of the Brazilian real against the € (-16.3%). In like-for-like terms, revenue from Latin America was up 11.9% in 2018 vs. 2017.

Other operating income

Other operating income as of December amounted to €21.0 million, including €8.5 million received in January 2018 as compensation for patent infringement and a further €6.9 million recorded in June 2018 resulting from the agreement with Crown Food España S.A.U. to end the legal actions.

Operating expenses

Consumption costs[6] rose by 8.0% in 2018 vs. 2017 to €227.6 million and by 10.4% in 4Q18 vs. 4Q17 to reach €65.6 million. This increase is due to increased costs for raw materials, mainly caustic soda (+28% on the previous year) and glycerine (+40% on the previous year).

This context of rising prices of production inputs has corresponded to a commercial activity aimed at adapting sales prices, especially in the second half of the year. The gross margin[7] for the year stands at 71.1% (-1.8 p.p. 2017). In 4Q18, the gross margin stood at 68.5% (-1.4 p.p. vs. 4Q17).

Personnel expenses in 2018 grew by 2.6% vs. 2017 to €189.1 million with the average workforce increasing by 1.9% to 4,641 (excluding the incorporation of 98 people in December of this year after the acquisition of Globus in Australia and New Zealand). The increase in hired staff, especially in Spain (+7.0% on the previous year) is associated with the start-up of the new plant. Personnel expenses amounted to €47.3 million in 4Q18, 5.7% more than in 4Q17.

The "Other operating expenses" have been kept under control and are down 0.4% on 2017 to €189.2 million, despite the fact that the expenses for energy supply increased by 5.1% compared to the previous year. These savings are due, in part, to the good maintenance of the plants and the productive efficiencies obtained.

In the fourth quarter, "Other operating expenses" stood at €48.5 million, 2.5% less than in 4Q17, with energy expenses rising by 16.2% on 4Q17.

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

[5] Revenue by origin of sale.

[6] Consumption costs = Net purchases +/- Changes in inventory of finished goods and work in progress.

[7] Gross margin = (Revenue - Consumption costs) / Revenue

With the performance of other operating expenses, it should be noted that savings have been obtained despite the inclusion of higher plant expenses and other expenses associated with the start-up of a new module for the production of state-of-the-art cellulose technology in the Cáseda plant (Spain).

Profit from the business combination

Subsequent to the acquisition of the Globus companies in Australia and New Zealand, according to accounting standards on business combinations, independent experts must assign a purchase price to the net fair value of the acquired assets and liabilities.

The share of the Viscofan companies in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination. This difference was recognised in the profit for the year once the acquisition cost and the valuation of the net assets acquired had been reassessed, generating a gain of €5.5 million in the consolidated financial statements of the Viscofan Group as a result of the higher appraisals by independent experts of the tangible and intangible assets of the group of companies acquired.

Operating profit

The recovery in volume growth, the improvement in the price mix and the production efficiencies achieved in the fourth quarter boost like-for-like[4] EBITDA, which grew by 3.6% in 4Q18 vs. 4Q17. Consequently, the like-for-like EBITDA margin for the quarter was 24.3%, the same as in 4Q17.

In reported terms, EBITDA in 4Q18 grew by 18.2% to €54.8 million, which includes €4.6 million of positive non-recurring net impact associated with the purchase of Globus. Accordingly, the EBITDA margin reported for the quarter is 26.3%, +2.8 p.p. vs. 4Q17.

Like-for-like[4] EBITDA is down by 1.3% in 2018 vs. 2017 due to the increased cost of raw materials and energy, amid higher fixed and personnel costs mostly associated with the commissioning of the new plant in Spain.

In reported terms, accumulated EBITDA stood at €208.8 million, 1.2% less than in 2017. The unfavourable performance of exchange rates negatively affected EBITDA reported for 2018 by more than €14.2 million or 6.9 p.p. However, the impact of exchange rates was offset by the profit obtained from compensation for patent infringement and the allocation of the purchase price of Globus assets, which have also generated a non-recurring accounting profit in the year.

Cumulative depreciation and amortisation costs in the year to date have risen by 10.7% vs. 2017 to €62.4 million and by 12.3% in 4Q18 vs. 4Q17 to €16.0 million, reflecting the investments made in the course of the MORE TO BE strategic plan, which has led to higher assets and the improvement of the industrial base, with the new production plant in Cáseda being noteworthy.

As a result, the Group's operating profit in the year to date amounts to €146.3 million, 5.5% less than in 2017, of which €38.8 million correspond to the fourth quarter (+20.8% vs. 4Q17).

Non-recurring impacts

For a better comparison of the information, non-recurring business impacts during 2018 and 2017 are detailed below, which contributed €19.1 million and €4.5 million respectively in operating profits.

In 2018 a gain of €5.5 million was reported corresponding to the negative goodwill 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.

In 2018, €15.4 million was recorded in Other Operating Income corresponding to the conclusion of the lawsuit against Mivisa Envases S.A.

The non-recurring expenses, including advisors and lawyers related to the law suit against Mivisa Envases S.A. and the acquisition of companies amount to €1.8 million.

In 2017, a positive impact of €4.5 million was recorded in EBITDA from the net impact of compensation for the fire in Germany following the deduction of non-recurring costs of inventories, clearance and cleaning and the management costs associated with the acquisition of the Supralon companies in Europe, among others.

Net financial result

In 2018, the net financial result was positive at +€1.0 million owing to the positive exchange differences of +€2.8 million, compared with a net financial loss of -€9.5 million in 2017, when exchange differences were negative at -€8.5 million.

Net profit and taxes

Cumulative profit before tax through to December 2018 amounted to €147.3 million, with corporate income tax totalling €23.6 million at an effective tax rate of 16.0% (16.1% in the same period in the previous year).

The difference between the theoretical tax rate for 2018 (28%) and the effective tax rate (16.0%) 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.

Finally, the Net profit accumulated to December is €123.7 million, 1.4% higher than the same period of the previous year, with 4Q18 contributing €35.0 million after growing by 17.5% compared to 4Q17.

Investment

€71.6 million was invested over the year compared to €107.2 million in 2017, with the most significant investment of both years being the construction of the Cáseda plant (Spain) and the installation of new technology for the production of viscose-based casings (cellulose and fibrous).

Production began in 2018 and new machinery was installed to increase the volume of production under this technology, with the aim of obtaining production savings in 2019 and 2020. It should be noted that the meters produced using the new technology have shown greater levels of efficiency and speed in the production process, and a high degree of customer satisfaction.

In 2018 new edible collagen capacity was also installed and started up in Serbia.

Following the large investment effort made in the first phase (2016-2018) of the MORE TO BE strategic plan, the last years of this period (2019-2020) are characterised by a lower investment requirement in absolute terms, although in 2019, investment in additional machinery needed to complete the new technology project in Cáseda is planned, and capacity increase projects remain in line with the expected growth needs in the market and with process improvements and energy optimisation.

The breakdown by type of the €71.6 million invested in 2018 is as follows:

- Around 12% of investment was in capacity and machinery.
- Around 55% of investment was in process improvements.
- Around 8% of investment was in energy equipment and in plant safety, hygiene and environmental improvements.
- Ordinary investments accounted for the remaining 25%.

Dividend

The Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting the distribution of a complementary dividend of €0.95 per share, with an amount of €44.2 million to be paid out on 6 June 2019.

This means total shareholder remuneration amounts to €1.73 per share, consisting of:

- Ordinary remuneration stands at €1.60 per share, equivalent to the distribution of 60% of the net profiy composed by the interim dividend of €0.64 per share (paid on 20 December 2018), the proposal of a complementary dividend of €0.95 per share (to be paid on 6 June of 2019) and a Meeting attendance bonus of € 0.01 per share.
- Additionally, an extraordinary dividend of €0.13 per share (paid on 22 March 2018) was distributed for the extraordinary capital gain from a patent compensation.

The remuneration proposed is 11.6% higher than the total remuneration of €1.55 per share approved last year, implying a distribution of €80.5 million.

Treasury shares

During the year, the company acquired 103,682 shares at a cost of €5.3 million. Subsequently, in January 2019, the Board approved the execution of a capital reduction for a nominal amount of €72,577.40, through the redemption of the 103,682 existing shares.

Equity

The Group's equity in 2018 stood at €757.6 million, up 4.1% year-on-year due to the booking of a Net profit of €123.7 million from which is deducted €35.8 million as interim and extraordinary dividends against 2018 earnings (+24.0% vs. 2017).

Bank debt

The increase in shareholder remuneration, the acceleration of the pace of investment projects, and the acquisition of Transform Pack Inc. and Globus companies in Australia and New Zealand were largely financed by operating cash flows, leaving Net bank debt[8] in December 2018 at €79.6 million compared with €41.1 million at the end of December 2017.

Outlook for 2019

The first few months of 2019 confirm the growth trend in market volumes, although there is still certain pressure on the prices of raw materials and energy. The Viscofan Group faces the second half of the 2020 MORE TO BE strategic plan with the aim of reducing its cost structure and continuing to improve the levels of service and technological development. As such, the Viscofan Group expects to increase revenue by between 6% and 8%, recurring EBITDA by between 10% and 13%, and recurring Net Profit by between 8% and 14%, based on an investment of €60 million (down by more than 15% compared to the investments made in 2018) and considering an average exchange rate of US$/€1.13.

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

Viscofan Group Profit and loss account. 2018 FY ('000 €)

	Jan-Dec' 18	Jan-Dec' 17	*Change*
Revenues	**786,049**	**778,136**	**1.0%**
Other operating income	21,003	16,398	28.1%
Self-constructed assets	1,796	262	585.5%
Variation in stocks of finished products and work-in-progress	25,097	18,809	33.4%
Net purchases	-252,646	-229,549	10.1%
Personnel expenses	-189,135	-184,280	2.6%
Other operating expenses	-189,208	-189,889	-0.4%
Capital grants	637	637	0.0%
Impairment and results coming from disposals of non-current assets	-320	711	c.s
Other results	5,486	0	n.s.
EBITDA	**208,759**	**211,235**	**-1.2%**
EBITDA margin	*26.6%*	*27.1%*	*-0.5 p.p.*
Amortization and depreciation	-62,438	-56,382	10.7%
Operating profit	**146,321**	**154,853**	**-5.5%**
Operating profit margin	*18.6%*	*19.9%*	*-1.3 p.p.*
Financial incomes	309	279	10.8%
Financial expenditures	-2,134	-1,846	15.6%
Changes in reasonable value of financial instruments	0	527	n.s.
Exchange differences	2,799	-8,456	c.s
Impairment and results coming from disposals of financials assets	4	0	n.s.
Financial results	**978**	**-9,496**	**c.s**
Profit from associated companies	0	0	n.s.
Profit before taxes	**147,299**	**145,357**	**1.3%**
Taxes	-23,588	-23,338	1.1%
Profit after taxes from continued operations	**123,711**	**122,019**	**1.4%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**123,711**	**122,019**	**1.4%**
a) Net profit attributable to the parent comany	123,833	122,101	1.4%
b) Net profit attributable to minority interests	-122	-82	48.8%

Viscofan Group Profit and loss account. 4Q18 ('000 €)

	Oct-Dec' 18	Oct-Dec' 17	*Change*
Revenues	**208,182**	**197,408**	**5.5%**
Other operating income	1,092	2,667	-59.1%
Self-constructed assets	1,604	67	2294.0%
Variation in stocks of finished products and work-in-progress	438	-5,225	c.s
Net purchases	-66,023	-54,176	21.9%
Personnel expenses	-47,320	-44,764	5.7%
Other operating expenses	-48,543	-49,789	-2.5%
Capital grants	169	160	5.6%
Impairment and results coming from disposals of non-current assets	-237	60	c.s
Other results	5,486	0	n.s.
EBITDA	**54,848**	**46,408**	**18.2%**
EBITDA margin	*26.3%*	*23.5%*	*2.8 p.p.*
Amortization and depreciation	-16,039	-14,278	12.3%
Operating profit	**38,809**	**32,130**	**20.8%**
Operating profit margin	*18.6%*	*16.3%*	*2.3 p.p.*
Financial incomes	62	180	-65.6%
Financial expenditures	-499	-436	14.4%
Changes in reasonable value of financial instruments	0	527	n.s.
Exchange differences	-818	-1,440	-43.2%
Impairment and results coming from disposals of financials assets	-20	0	n.s.
Financial results	**-1,275**	**-1,169**	**9.1%**
Profit from associated companies	0	0	n.s.
Profit before taxes	**37,534**	**30,961**	**21.2%**
Taxes	-2,522	-1,151	119.1%
Profit after taxes from continued operations	**35,012**	**29,810**	**17.5%**
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	**35,012**	**29,810**	**17.5%**
a) Net profit attributable to the parent comany	35,049	29,821	17.5%
b) Net profit attributable to minority interests	-37	-11	236.4%

Consolidated balance sheets ('000 €)

	Dec '18	Dec '17	Change
Intangible assets	22,915	19,293	18.8%
Goodwill	5,933	4,906	20.9%
Others intangible asset	16,982	14,387	18.0%
Tangible assets	479,479	469,799	2.1%
Real state investments	0	0	n.s.
Investment accounting using the equity method	0	0	n.s.
Non-current financial assets	2,628	9,149	-71.3%
Deferred tax assets	22,533	17,472	29.0%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	527,555	515,713	2.3%
Non-current assets held for sale	0	0	n.s.
Inventories	284,341	238,530	19.2%
Trade and other receivables	178,711	172,134	3.8%
Trade debtors	150,586	141,165	6.7%
Other debtors	21,947	27,135	-19.1%
Current tax assets	6,178	3,834	61.1%
Other financial current assets	9,175	3,557	157.9%
Other current assets	2,910	2,727	6.7%
Cash and cash equivalents	31,050	28,143	10.3%
CURRENT ASSETS	506,187	445,091	13.7%
TOTAL ASSETS= EQUITY AND LIABILITIES	1,033,742	960,804	7.6%
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	701,377	650,573	7.8%
Treasury shares	-5,289	0	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Net profit of the period attributable to the parent company	123,833	122,101	1.4%
Less: Interim dividend	-35,818	-28,894	24.0%
Other equity instruments	0	0	n.s.
SHAREHOLDER´S FUNDS	**816,738**	**776,415**	**5.2%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	-380	1,772	c.s.
Currency translation differences	-58,745	-50,641	16.0%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**-59,125**	**-48,869**	21.0%
SHAREHOLDERS' EQUITY	757,613	727,546	4.1%
Minority interest	13	135	-90.4%
EQUITY	757,626	727,681	4.1%
Grants	2,135	2,482	-14.0%
Non-current provision	21,964	22,235	-1.2%
Non-current financial liabilities	56,971	74,336	-23.4%
Financial debt	44,231	62,679	-29.4%
Other financial liabilities	12,740	11,657	9.3%
Deferred tax liabilities	21,352	20,514	4.1%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	102,422	119,567	-14.3%
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	5,745	4,999	14.9%
Current financial liabilities	79,494	19,386	310.1%
Financial debt	66,497	6,571	912.0%
Other financial liabilities	12,997	12,815	1.4%
Trade creditor and other payable accounts	88,187	88,596	-0.5%
Trade creditors	58,189	58,007	0.3%
Other creditors	24,014	24,072	-0.2%
Current tax liabilities	5,984	6,517	-8.2%
Other current liabilities	268	575	-53.4%
CURRENT LIABILITIES	173,694	113,556	53.0%
NET BANK DEBT / (NET BANK CASH)	**79,678**	**41,107**	**93.8%**

Cash flow statements ('000 €)

	Jan-Dec' 18	Jan-Dec' 17	*Change*
Cash flows from operating activities	125,265	157,288	-20.4%
Profit for the year before tax	**147,299**	**145,357**	**1.3%**
Adjustments in results	**58,492**	**63,835**	**-8.4%**
Amortisation and depreciation	62,438	56,382	10.7%
Others adjustments in results(net)	-3,946	7,453	c.s.
Changes in working capital	**-48,180**	**-21,778**	**121.2%**
Other cash flows from operating activities	**-32,346**	**-30,126**	**7.4%**
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	-31,717	-28,549	11.1%
Proceeds/(payments) from operating activities	-629	-1,577	-60.1%
Cash flows from investing activities	-77,771	-118,038	-34.1%
Investment payments	**-79,077**	**-120,353**	**-34.3%**
Group companies, associated & business units	-7,128	-8,792	-18.9%
Acquisition of property, plant and equipment and intangible assets	-71,949	-111,561	-35.5%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Cash from disposals	**583**	**1,619**	**-64.0%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	583	1,619	-64.0%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Other cash flows from investing activities	**723**	**696**	**3.9%**
Dividends received	0	0	n.s.
Interest received	723	696	3.9%
Proceeds/(Payments) from interrupted operations	0	0	n.s.
Cash flows from financing activities	-44,534	-55,099	-19.2%
Proceeds and payments from equity instruments	**-5,289**	**0**	**n.s.**
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	-5,289	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	**38,871**	**16,829**	**131.0%**
Proceeds from issue of financial liabilities instruments	47,778	28,211	69.4%
Refund, cancellation and payments	-8,907	-11,382	-21.7%
Dividends paid and others payments from others equities instruments	**-78,694**	**-69,439**	**13.3%**
Others cash flows from financing activities	**578**	**-2,489**	**c.s.**
Interest paid	-2,182	-1,836	18.8%
Others proceeds /(payments) from financing activities	2,760	-653	c.s.
Effect of foreign exchange rate changes on collections and payments	-53	-1,062	-95.0%
Net increase (decrease) in cash and cash equivalents	2,907	-16,911	c.s.
Cash and cash equivalents at the begining of the period	28,143	45,054	-37.5%
Cash and cash equivalent at the end of the period	31,050	28,143	10.3%

Reporting exchange rates (Currency/€)

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

	2018	2017	% Change	Dec 18	Dec 17	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.182	1.129	-4.4%	1.145	1.199	4.7%
Canadian Dollar	1.531	1.464	-4.3%	1.561	1.504	-3.6%
Mexican Peso	22.712	21.329	-6.1%	22.492	23.661	5.2%
Brazilian real	4.310	3.606	-16.3%	4.437	3.967	-10.6%
Czech crown	25.644	26.327	2.7%	25.724	25.535	-0.7%
British Pound	0.885	0.876	-1.0%	0.895	0.887	-0.8%
Serbian Dinar	118.272	121.413	2.7%	118.195	118.473	0.2%
Chinesse yuan remminbi	7.808	7.624	-2.4%	7.847	7.802	-0.6%
Uruguayan Peso	36.254	32.397	-10.6%	37.105	34.548	-6.9%

For further information please contact to:
Investor relations and Corporate communications
Phone: + 34 948 198 436
e-mail: aresa@viscofan.com; beguiristainf@viscofan.com

All results information can be consulted on Viscofan Group website.

Disclaimer

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

This document may contain additional non-compulsory forward-looking statements on intentions or expectations of the Company as of the date of its publication whose only purpose is to provide further information on perspectives on future performance.

Such forward-looking statements do not constitute any guarantee of future performance and involve risks and uncertainties as well as other important factors that could cause actual developments or results to differ essentially from those expressed in our forward-looking statements.

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

The financial information contained in this document has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited and, therefore, subject to potential future modifications

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, the effect of the change in the consolidation scope, 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.