



LA SEDA DE BARCELONA

A 300 million euro transaction

LSB's CAPITAL INCREASE RIGHTS START TRADING

- **La Seda shares rise by nearly 40% at mid session, their biggest gain in at least 14 years.**
- **The Company foresees to achieve a turnover of 1 billion euro this year, that is 16% more and a positive Ebitda ranging between 61 - 66 million.**

Madrid, 19 July 2010.- Today preferential subscription rights for the 300 million euro capital increase, issued by La Seda de Barcelona on Saturday 17th July, have started to trade. **Company shares have reacted at the Stock Exchange with a rise of almost 40 percent at midday**, the largest increase in at least 14 years.

This increase is the last step to complete the group's financial restructuring and it is being achieved after having refinanced its debt and redirected its strategy towards a profitable growth, being already a leading industrial PET Packaging Group. As the National Stock Exchange Commission has been informed, **creditor Banks and several shareholders and investors have committed to subscribing up to 250 million euro, 80 percent of the issue.**

The Company goes to the market after having carried out a thorough financial and operational restructuring. If the capital increase is successfully completed, **its debt will have been reduced to half by the end of the year**, from 940 million by the end of 2009 to 464 million. Moreover, within the financial restructuring it has achieved an agreement with the creditor institutions to extend the maturity of its credits and to turn part of its debt into equity. The Company is thus communicating its objective to reduce the ratio Debt/Ebitda below 1 in 2015.

NEW STRATEGY: "TOWARDS A PROFITABLE GROWTH"

In the last year, the Company has redirected its operations towards more value added products, seeking a profitable and sustained business growth. This new initiative is aimed at consolidating its leadership on the markets in which it is operating (Packaging, PET and recycled PET resin) and to relinquish raw material production, such as PTA and glycol, due to their cyclic 'commodity'



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features. The other strategic initiative will be an investment effort in I&D aimed at profiting from new opportunities and creating access barriers for its competitors.

Ambitious profitability objectives

La Seda has set ambitious targets to improve its profitability. For PET resin it expects to increase the gross margin by 33 percent by selling the less efficient plants, launching new products and introducing recycling, among other measures. For the other strategic PET Packaging business, it expects an increase of its gross margin by 9 percent, thanks to the evolution towards more value added products. **The final result will have its effect on a two digit margin** (above 10 percent), in line with the best companies in the sector.

Divestment process

PET Packaging division will contribute with 60 percent of sales, versus last year's 50 percent. In the meantime, the company is progressively leaving the raw material business. It has already sold the IQA plant in Tarragona and is in the full process of selling the PET resin plants of San Roque, Portalegre (Portugal) and Acerra (Italy).

Sines plant deserves a special mention, as it is intended to be one of the major PTA plants worldwide. Despite being a financially profitable business, the company has designated it as a non strategic asset. This is why the debt structure has been modified towards a "project finance" format and conversations are under way with 3 possible local investors. In any case, La Seda has committed to managing the company until taking up its operation, foreseen in the second half of 2011.

A NEW MANAGEMENT MODEL

Together with the operational and financial restructuring, the Board of Directors has carried out a thorough change of the organizational and management model. Has simplified the organization chart and changed the company management from scratch in order to render it more transparent, independent and professional. On the other hand, La Seda de Barcelona has reduced the Board by half (8 Board Members with respect to the 16 previous ones) and the current president, José Luis Morlanes, has stated his interest in summoning a Shareholders Meeting upon finishing the capital increase to



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appoint a new Board of Directors made up by a relevant number of independent members.

P&L REFLECTS THE CHANGE OF DIRECTION

A rationalized activity and the clearly improved level of demand in Europe have boosted the improvement of La Seda de Barcelona's P&L. It has thus registered a positive Ebitda of 18 million euro in the first five months of the year, thanks to sales totalling 445 million euro. Moreover, PET resin sales grew by more than 30 percent since June last year, the highest figure in 16 months.

Taking into account the improved level of demand as well as the current production level – plants are working at 100% of their capacity – **the company foresees to achieve a turnover in 2010 of 1 billion euro**, implying a 16 percent improvement with respect to the previous financial year. In line with the profitability improvement strategy, **it expects to achieve an Ebitda ranging between 61 and 66 million euro** this year, one spectacular change in only one year after operational losses of 67 million euro, registered in 2009.

CAPITAL INCREASE

La Seda de Barcelona has launched a capital increase of 300 million euro. This transaction means the issue of 3 billion ordinary shares with a nominal value of 10 cents.

In this increase – which was started on Saturday, although the rights are debuting today at the Stock Exchange – the preferential subscription right is acknowledged, through which the shareholders will be able to acquire **67 new shares for each 14 old ones**. Besides, the current share owners will be entitled to request additional rights when presenting orders within the preferential subscription period. Those acquiring these rights on the market will also have a preferential treatment.

Calendar

The preferential subscription period will expire on Saturday 31st July. An additional subscription period of two days will be attached afterwards, which was initially foreseen on the 5th and 6th of August. Finally, in case the increase should still not have been covered, an **additional discretionary assignment term of 3 days** would be added, which was due to be finished by 11th August.



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Subscription commitment

La Seda creditor banks agreed to capitalize 150 million euros of debt into shares within the capital increase procedure. Moreover, several shareholders and investors have committed to subscribing another additional 100 million euro. This is being the case with BA Vidro which is thus becoming the Group's first industrial partner in 20 years, Caixa Geral as well as the society Liquidambar. These commitments, conditioned by the full issue subscription are implying 80 percent of the issue to be committed beforehand.

Ambers&Co is the leading entity for this transaction and GVC Gaesco Valores has been appointed as agent.