

LA SEDA DE BARCELONA APPROVES A CAPITAL INCREASE OF 40 MILLION EUROS TO SUPPORT ITS STRATEGIC GROWTH AND STRENGTHEN ITS BALANCE SHEET

- *This financing will allow the Plastic Packaging Division (APPE) to expand into new markets and to innovate products, materials and services*
- *LSB will integrate all its chemical businesses and opens the possibility of incorporating a new strategic partner*
- *The Company increases its turnover figures for 2011 by 17,6% and reduces its losses by 42%*

El Prat de Llobregat, 28. February 2012. In 2011 La Seda de Barcelona (LSB) completed its financial and operational restructuring process successfully. After refinancing its debt with the banks and redefining its *core business* by focusing on the *Plastic Packaging* sector, LSB is now facing a growth strategy for 2012 to allow its consolidation as one of the European leaders in this field.

The Board of Directors of LSB has designed a strategic plan aimed at boosting the *Plastic Packaging Division* (APPE) that includes the expansion into new markets and the focus on new materials and products. The creation of a new company that integrates all the chemical businesses of the Group (PTA, Glycol, PET, chemical PET Recycling and Technology) and that allows the admittance of an industrial partner supporting and complementing the growth and investment strategy is also considered to be essential.

Notwithstanding this, the credit shortage in the financial markets poses difficulties to carrying out the necessary investments to face the foreseen growth, the presence in new markets and the launch of new products, this is why the Board of Directors of La Seda de Barcelona has agreed to propose to the shareholders of the Company a capital increase of 40 million Euros.

The capital increase will be carried out with a preemptive right for all current shareholders. With this capital injection and the new growth strategy, LSB sets out to improve its competitive position, by offering better products and services to its customers, while creating a higher value for the company's shareholders

APPE, European leader in *Plastic Packaging*

LSB's *Plastic Packaging* Division APPE is market leader in the design and manufacturing of PET preforms and containers for a broad variety of end-user markets, as for example food, personal and home care.

With production plants in the United Kingdom, Germany, France, Spain, Belgium, Morocco, Turkey and Greece, the Packaging Division is able to provide its customers with a Pan-European service, while also meeting local needs.

APPE is also European leader in the recycling of PET containers and major producer of high quality rPET that is fit for food consumption.

To consolidate its leadership in Europe, LSB will promote and enhance APPE's presence in Northern and Eastern European markets (including Russia and Ukraine), the fastest growing nowadays, by building **a new production facility in Poland**. The new growth strategy does also include the building of **a new production facility in Italy** one of the biggest European markets in Plastic Packaging.

APPE's future is also linked to **incorporating new materials and products** such as HDPE (high density plastic), giving access to new market segments such as dairy products. Additionally to the use of new plastic materials, APPE will launch a series of innovative technological developments - *Activeseal, Hotfill Double Blow, Deep Grip, Heat Set* - which improve the final product properties and reduce the environmental impact.

Besides, APPE is foreseeing to increase the number of TTW (Through the Wall) service locations, as current supplier of the integrated service that provides preform + blowing integrated in the customers' production line, thus accompanying them in the development of new markets.

First integrated PET producer:

The Board of Directors of LSB considers that integrating all chemical businesses from raw materials to PET production will improve its capacity to compete in the markets by reducing production and logistics costs. This is why it has decided to create a new Division that comprises all PTA, Glycol, PET, rPET and Technology businesses.

The new Division will have PET production plants in Spain, Italy, Turkey and Greece; raw materials (Glycol) in Spain and in Portugal (PTA), as well as recycling plants in Spain and Italy. Among future projects, the investment for a 400.000 Tn PET production plant in Sines (Portugal) is being analysed.

The recycled PET production (chemical MELT process) **will also be promoted** in Italy (San Giorgio) and in Spain (El Prat), by means of launching a new product, Elite, which offers an equivalent quality to the 100% virgin PET though with varying percentages of rPET. By means of creating this new Division, the Board of Directors considers essential **to incorporate an industrial partner to complement the growth and investment strategy** and share the vision of being a European leader in integrated PET.

In view of this new stage, LSB's Chairman, Carlos Moreira da Silva comments: "this capital increase gives viability to the implementation of the new growth strategy by increasing our I+D capacity in Packaging to achieve a greater product differentiation and a better service for our customers. Besides, the search for an industrial partner for the PET Resin and Chemical Division, allows us to aspire to the development of its competitive capacity.

I am excited with the project of a new PET production plant in the Portuguese town of Sines and am confident that we will find the necessary conditions for its viability."

Results at annual closing 2011

Today La Seda de Barcelona has presented its results for financial year 2011, in which it achieved a consolidated turnover of 1.172,4 million Euros, this is a 17,6% increase with respect to the previous financial year. The Company has also been able to reduce net consolidated debts by 42,0% to 49,6 million Euros.

The company closes 2011 with a recurrent EBITDA of 57,8 million Euros, that is 15,9% less than in 2010, fundamentally as a consequence of the weakened demand condition in which LSB has been operating during the second semester of the year. It may nevertheless be pointed out that all LSB businesses have had a positive contribution to the Group's EBITDA in 2011.

Since the capital increase in 2010 the company has repaid 193 million Euros of debt and has invested 27 million Euros.

As to LSB's business areas, the PET Resin and PET Recycling Division has increased its turnover figures by 12,9% in 2011 with respect to the same period in the previous year. The Packaging Division increased its turnover by 17,2% with respect to 2010, reaching 661,5 million Euros. Finally, the Chemical Division has increased its turnover by 48,2% with respect to 2010, achieving 125,5 million Euros and generating an EBITDA of 13,5 million Euros.