

# InSPIRe

**LSB**

LA SEDA DE BARCELONA

# InSPIRe

## To all the stakeholders of LSB – La Seda de Barcelona

It is with pleasure that I write this letter to all of you, at the end of the year, when the financial restructuring of the Group has been successfully finalized, rescuing the business from a deep financial crisis that put LSB on the edge of bankruptcy.

This situation was the result of several mistakes, both strategic and of execution, over amplified by serious misconduct of some top management not identified in a timely manner by the governing bodies of the Group. I cannot promise that we will be immune to mistakes, neither strategic nor of execution, however, you can be assured that we will not hide mistakes behind misgovernance or misconduct.

Since last October one of my priorities has been to put in place a Code of Ethics as well as the governance structure and the procedures that allow us to prevent misconduct. Among these measures, I want to underline the recruitment of 3 independent directors that were appointed at the beginning of 2011, the abolishment of the “Consejero Delegado” position (which concentrates too much power pursuant to Spanish Law), the setting up of a Management Board that is in charge of running the core business, and the proposal of an independent Chairman for the General Shareholders Assembly.

The integration of all subsidiaries has also been a priority. Only by following this path we will enable the adequate coordination of our market position, an effective utilization of resources and the level of reporting and internal control that will allow the Board of Directors to guarantee all shareholders that the corporate behaviour is up to your expectations.

The harmonization of the HR systems is another important point in the corporate agenda in order to ensure that all our managers and employees are committed to the business plan and aligned with the shareholders’ interests. I am aware that the difficult times of the recent past and the lack of clear business guidelines which are usual in processes of financial rescue, lead to defensive individual behaviours. In my view there is only one way to overcome this: to demonstrate that the corporation and its top management ‘walks the talk’ regaining the confidence of the individuals.

The restructuring of the Corporate Centre, and the realization of expected savings of a leaner and simpler organization, still requires access to reliable and timely information. This is high in the 2011 agenda. However, from the strict business standpoint, the most important topic in the priorities of the top management has been the change in the business model of the group: from a chemical centered group into the leading and innovative plastic packaging company that we want to become. For that, we changed the management structure, enhancing the Business Development role, and we reviewed our commercial strategy to focus on adding value to our customers. After the difficulties of the past, it will take time to recover and gain the confidence of the old and new customers.

I am confident that LSB will be up to the challenge and that the new business model will show the creation of value, that hopefully will be reflected in the share price, and will enlighten our innovation and competitive differentiation.

Among the drivers of this change I want to stress our commitment to:

1. - Enable our customers to meet their challenging sustainability targets through our unique closed loop participation in PET waste collection, recovery technology and in-house recycling / blending of resins.
2. - Expand our market presence via the introduction of exciting new proprietary PET barrier technology and design applications.
3. - Selectively expand beyond our existing European territories in order to partner and support our customer growth aspirations.
4. - Invest for substantial increased market penetration in the growth of diversified and specialist plastics products.
5. - Convert other packaging mediums across to PET packaging, giving customer benefits and savings through light-weighting, durability and differentiation.

Last but not the least, on behalf of the Board of Directors, I want to extend my gratitude to a number of people who contributed to save the group. There have been major contributions both individual and collective. Our recognition is due to all of them.

To be fair I need to highlight in this recognition the managers and employees of LSB, wherever they work, for resisting such a long period of restructuring without abandoning the boat. We have not yet finished the pain of change, but I am confident that we are moving in the right direction and that their support will be rewarded.

Our customers and some of our suppliers, who helped LSB through the period of cash starvation also deserve a special distinction.

Finally I would like to thank all the shareholders of the company, old and new, large and small, that believed in the plan to revamp the company, and invested in the share issue of last August. The road ahead is challenging but promising and I would like to have all of you on board this project.



Carlos Moreira da Silva  
Executive Chairman

# Company Profile

LSB is an industrial plastic packaging group operating internationally through its 16 facilities across Europe, Turkey and North Africa.

It is the only European producer capable of supplying PET containers in a fully integrated way from raw material feedstock, conversion technology and design, injection and blow moulding up to the delivered finished product, by means of guaranteeing the quality of all its production processes.

Commitment to innovation, added value services, quality, governance and sustainability in all our processes and products will turn us into the benchmark for the plastic packaging industry, by actively contributing to the value generating process to our stakeholders.

Social responsibility is at the core of our corporate culture and strategy. Our contribution to sustainability is reflected in three major lines of action:

- a) Innovative packaging solutions in recycled PET.
- b) Reduce the environmental impact of our activity by reducing carbon footprint, energy consumption and targeting zero to landfill waste management.
- c) Create economic and social value for our stakeholders and provision of safe working environments for our employees.

# Mission Statement

By continuously applying creativity and innovation we will be the business partner of choice within the packaging industry, delivering optimum value for the benefit of our shareholders, customers, employees, suppliers and the environment.

# InSPIRe

**Innovate**

Stimulate, embrace and anticipate change. Respond with creative solution.

**Strive  
for Excellence**

Always seek to improve, believe there is always a better way.

**Passion**

Show pride, ambition and enthusiasm to be the best in everything we do.

**Integrity**

Trust is the framework that underpins a successful sustainable business.

**Responsibility**

Empower our people to have the courage to lead from the front and shape the future

Core  
Values

# 2010 Annual Report

2010  
Annual  
Report

**LSB**

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English

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LA SEDA DE BARCELONA

## HEADQUARTER

La Seda de Barcelona  
Avenida Remolar, 2  
08820 El Prat de Llobregat (Barcelona)  
Spain  
T. +34 93 401 75 00  
laseda@laseda.es  
www.laseda.es

## PRODUCTION SITES

### PET DIVISION

**Artenius Prat**  
Avenida Remolar, 2  
08820 El Prat de Llobregat (Barcelona)  
Spain  
T. +34 93 401 7500

**Artenius Italia**  
Via Enrico Fermi 46  
33058 San Giorgio di Nogaro (Udine)  
Italy  
T. + 39 0431626600

**Artenius Portugal**  
Quinta de San Vicente – EN 246  
7300 952 Portalegre  
Portugal  
T. +351 245 339 200

**Artenius Hellas**  
Area B' Zone  
37500 Volos  
Greece  
T. +30 2425 061 200

**Artenius TurkPET**  
Tarsus Yolu Ozeri 10. Km PK.371  
01322 Seyhan / Adana  
Turkey  
T. +90 322 441 0253

### PET RECYCLING DIVISION

**Artenius PET Recycling France**  
Route de Laborde  
21200 Sainte Marie La Blanche  
(Beaune)  
France  
T. +33 (0) 3 80 26 58 70

**Artenius Green Balaguer**  
Edif. Murgaca (Antigua Safic)  
Ctra. C-13 Km. 28,5  
25600 Balaguer  
Spain  
T. +34 973 445 102

**Erreplast**  
Zona Industriale Aversa Nord  
81030 Gricignano di Aversa (Caserta)  
Italy  
T. +39 081 502 64 11

### PACKAGING DIVISION

**APPE Iberia**  
Avenida Constitución, s/n  
Parcelas 290-293  
Polígono Industrial Monte Boyal  
45950 Casarubios del Monte (Toledo)  
Spain  
T. +34 91 860 92 00

**APPE Belgium**  
Ringlaan 7  
B-2960 Brecht  
Belgium  
T. +32 3 3300811

**APPE France**  
Zone d'Entreprises de Bergues  
BP 103  
59380 Bierne  
France  
T. +33 (0) 3 28 22 73 00

**APPE Deutschland**  
Ernst-Abbe Strasse n° 20  
56743 Mendig  
Germany  
T. +49 (0) 2652 58521

**APPE UK**  
Gresford Ind. Park  
Gresford  
Wrexham LL12 8LX  
United Kingdom  
T. +44 (0) 1978 856 111

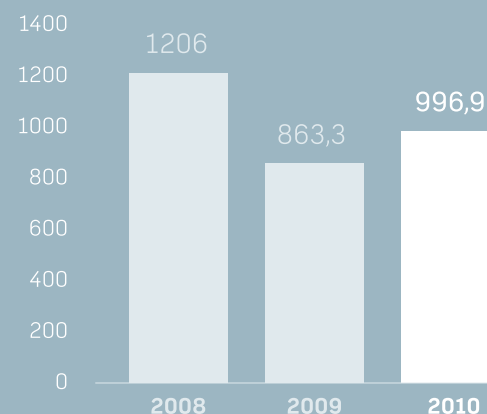
**APPE Maroc**  
83, Zone Industrielle d'El Jadida  
Sarlau  
Morocco  
T. +212 2 335 45

**Artenius TurkPET**  
Organize San Bölgesi 2 cadde  
16400 Inegöl / Bursa  
Turkey  
T. +90 224 714 8567

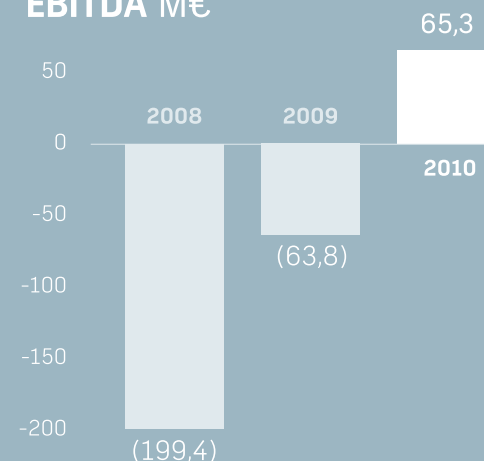
### CHEMICAL DIVISION

**IQA  
(Industrias Químicas  
Asociadas LSB, S.L.)**  
Ctra. N-340. km 1157  
Apartado de Correos n° 34  
43110 La Canonja (Tarragona)  
Spain  
T. +34 977 556 015

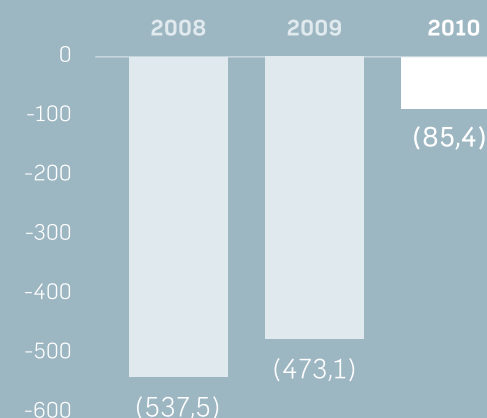
## TURNOVER M€



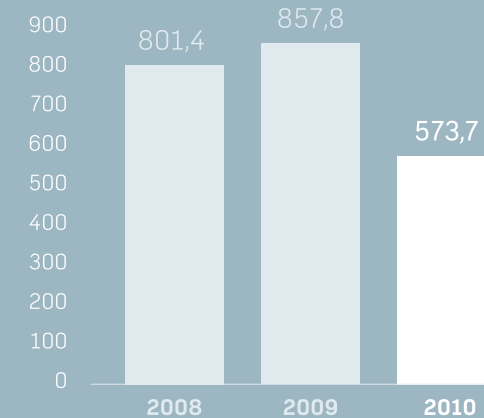
## EBITDA M€



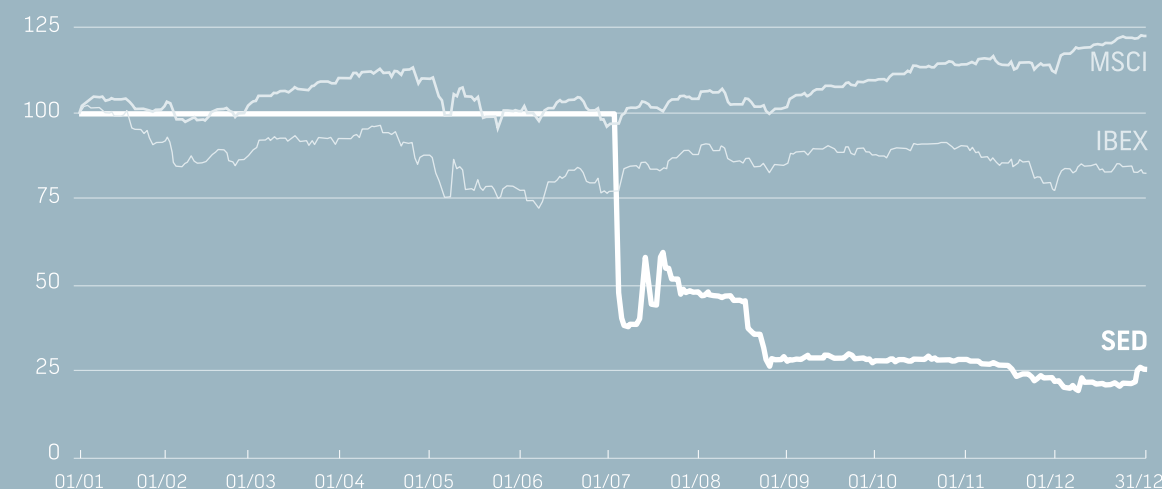
## NET PROFIT M€



## NET BANK DEBT M€



## LSB'S SHARES IN 2010



After 13 months of having LSB's shares suspended from trading, a capital reduction was carried out in August 2010, which was followed by an issue of 3.000.000.000 new shares with a nominal value of €0.10

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[www.laseda.es](http://www.laseda.es)