

**LSB**

LA SEDA DE BARCELONA

InSPIRe  
**growth**





**LSB**

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**To all stakeholders,**

2011 has been a very difficult year, with most of the countries where LSB subsidiaries operate going through a recession or low growth, with considerable adjustments to consumer purchasing power. LSB was not immune to this environment and suffered a decline of sales (in quantity) and an erosion of margins.

In spite of the hostile economic environment the group has been able to continue, albeit at a slower pace than planned, the development of new areas of business in both the resins and the packaging. I am confident that these efforts will pay off in the medium term, strengthening the market position of the businesses.

By the year end the Board of Directors, after a thorough analysis of the competitiveness and required competences of the different businesses has decided to split the group's activities in two divisions: one (Artenius) dedicated to the chemicals (EO and MEG) and resins (PTA and PET) businesses and the other (APPE) with the focus on packaging. Furthermore, it was decided to open the capital of Artenius to an industrial partner, who could help with equity and know-how, to strengthen its ability to compete in the global market. The Board of Directors is working to finalise the Partner selection process in the next 12 months.

On the packaging business, the group has decided to dedicate more resources to ensure that both the product development successes are brought promptly to the market and the geographic expansion can be accelerated.

We continue to invest in the two divisions to decrease our emissions footprint and to enable our customers to sell more sustainable products. The launching of UNIQUE, the chemical melt recycled PET, and the development of the Beaune facility where the Supercycle<sup>®</sup> is produced, are good examples.

Finally, the sovereign debt and financial system crisis have made life difficult for many companies, with acid constraints to finance their operations. Indeed LSB was not an exception and suffered for the lack of access to the financial market. When financing sources are scarce, it is the time for shareholders to reinforce the equity of the company and thus avoid that the difficult economic conditions that Europe is suffering do not hinder the sustainability of its businesses. This has been the reason behind the proposal for a capital increase that will be submitted to the shareholders early in May 2012.

I want to thank our customers for their loyalty and with the promise that we will continue to do our best to contribute to the competitiveness of their products in the shelves of the supermarket, both introducing innovation and guaranteeing a reduced emissions footprint.

Last but not the least, my recognition is due to all employees of LSB and its subsidiaries, who have shown resilience to a restructuring process that requires energy and determination, frequently beyond what is reasonable to expect.



Carlos Moreira da Silva  
*Executive Chairman*

# Governance structure

## Board of Directors

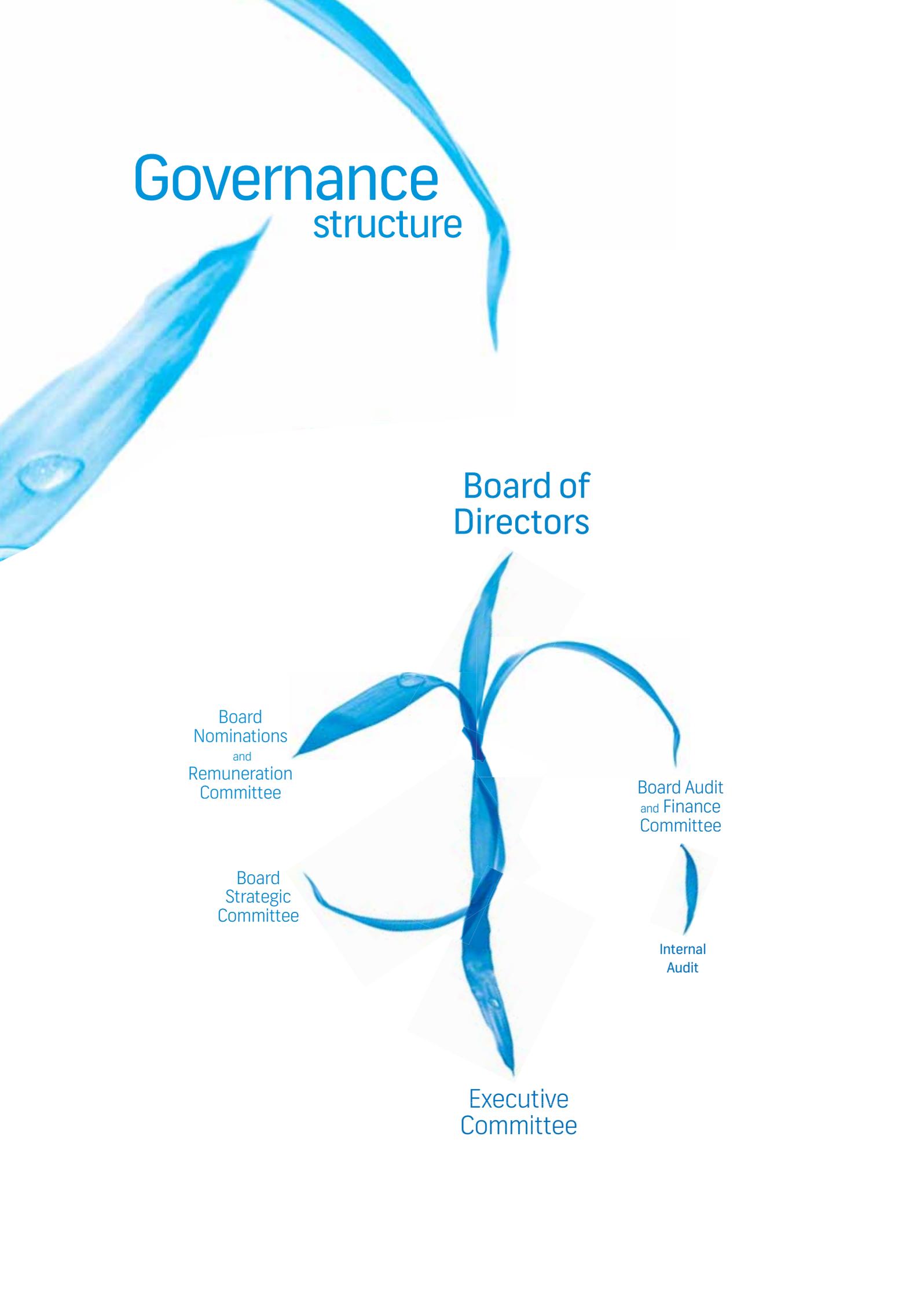
Board  
Nominations  
and  
Remuneration  
Committee

Board  
Strategic  
Committee

Board Audit  
and Finance  
Committee

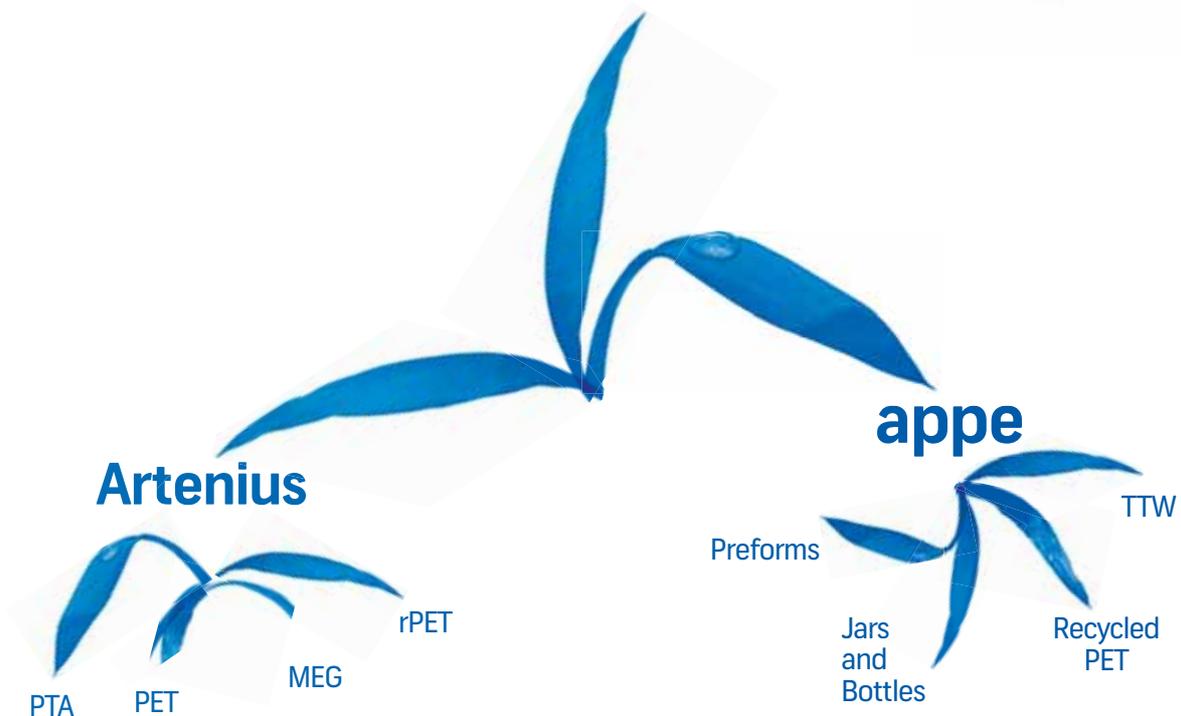
Internal  
Audit

Executive  
Committee



# organizational restructuring

## LSB



**PTA** Purified terephthalic acid

**MEG** Monoethylene Glycol

**PET** Polyethylene Terephthalate

**rPET** Recycled Polyethylene Terephthalate

**TTW** Through the wall or close-by operations. APPE's TTWs comprise injection moulding or bottle blowing, or both, production facilities, which are located at the customers filling site. As the bottles are manufactured, they are conveyed directly to the filling line, reducing the need for secondary packaging and additional logistical movements.

# Artenius

Artenius is the LSB division dedicated to the chemical business, namely PTA (Purified Terephthalic Acid), PET (Polyethylene Terephthalate), MEG (Monoethylene Glycol) and chemical recycled PET.

The company Industrias Químicas Asociadas LSB (IQA), which is located in Spain, supplies MEG, one of the raw materials for PET production, whereas IQA is the only Spanish Oxid Ethilene manufacturer. On the other hand, Artlant PTA, an associated company, which is located in Portugal, supplies Purified Terephthalic Acid (PTA), the main raw material for manufacturing the PET polymer.



Most containers for soft drinks, mineral waters, juices and an increasing number of household and personal care products, cosmetics and pharmaceutical articles, among others, are manufactured with this material.

PET is a polyester belonging to the thermoplastics family (plastics which are easily molded when heated). It may adapt to any form and design, besides offering a great potential for applications and being highly recyclable.

The different PET production plants covered by this Division are located geostrategically, thus providing considerable competitive advantages in logistic costs and service quality, due to their proximity to customers.

On the other hand, the recycled PET business is strategic for this LSB division, as it has a 30% share of the European market. Artenius has two post-consumer recycled PET production plants, one located in Spain and the other in Italy. The markets served by this business include the production of bottles, other packaging materials and textile fibres.

Artenius has become the second most important PET producer in Western Europe with a presence in Spain, Italy, Greece and Turkey

## new products

### UNIQUE

This new PET resin includes in its manufacturing process a percentage of recycled PET (10% or 25%), offering the same features as 100% virgin PET.

Its purity and energetic efficiency provides an optimal application for all sorts of packaging for the food industry, in a sustainable and environmentally friendly way.

### FASTFLOW +

The reheat product family is evolving with the introduction of Fastflow+. This innovative formulation is capable of generating considerable energy savings in the bottle-blowing stage.

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appe

The Company is the European market leader in the design and manufacturing of PET preforms and containers for a broad variety of end-user markets, including food, personal and home care.

APPE can deliver high-speed, high volume two-stage manufacture, or single stage manufacture for lower volumes of products and can even set up a “through the wall” on site operation, or operate close-by to customer’s filling sites.

APPE is also European leader in the recycling of PET containers and a major producer of high quality rPET that is fit for food consumption, producing 35.000 Tn of recycled PET annually.

Supporting APPE’s leading position in the European PET preform and container market, our dedicated Research & Development Centre of Excellence is based in Belgium, equipped with a state-of-the-art packaging laboratory and pilot plant, the R&D Centre has a dual purpose; support the innovation and product development activities of APPE, and support specific customer products and projects.

**APPE is  
LSB’s Plastic  
Packaging  
Division.**

Links with research organizations, universities and other partners enable APPE to develop innovative, practical, commercial solutions to meet the most challenging of requirements.

APPE Research & Development Centre of Excellence services include;

- › Preform, bottle and container design services
- › Dedicated pilot plant: for development and commercialisation projects
- › Packaging lab: facilitating testing and evaluation of resins, barriers and bottles
- › Material and resin development, including non-PET solutions
- › Barrier development; monolayer and multilayer, active and passive
- › Packaging innovation
- › Food technology and testing

With years of experience, APPE knows how to design and manufacture preforms and bottles that perform on all levels, from design conception right through to the end of its life in the recycling stream.

APPE preforms, bottles and containers ensure your products reach the consumer in perfect condition, without compromising taste, quality or appearance.

Through its strategically located plants throughout Europe: United Kingdom, Germany, France, Spain, Belgium, Morocco, Turkey and Greece, the Packaging Division is able to provide its customers with a Pan-European service as well as meeting local needs.

APPE has decided to adopt a wider approach to the Plastic Packaging business by adopting alternate materials such as HDPE (high density plastic) to provide its customers with a more flexible and complete offering, which at the same time gives access to new market segments especially to daily consumption products such as dairy products.

Additionally to the use of other plastic materials, APPE will launch a series of new innovative technological developments which provide better solutions to our customers from the perspective of improving barrier properties, better food performance at high temperatures, revolutionary handled PET bottles and a reduction of the environmental impact.

## new products

### Activeseal®

The next generation recyclable barrier packaging solutions for oxygen sensitive products like juice, wine, food, etc.

### Double Blow®

A technology for high transparent jars with excellent barrier properties and capable of filling at elevated temperatures for food products.

### Deep Grip®

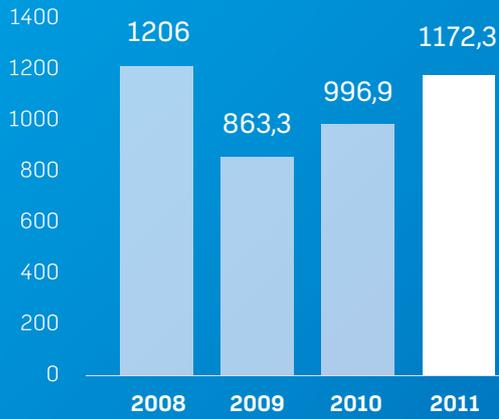
A technology to create integrated handles on PET bottles, the first in the market.

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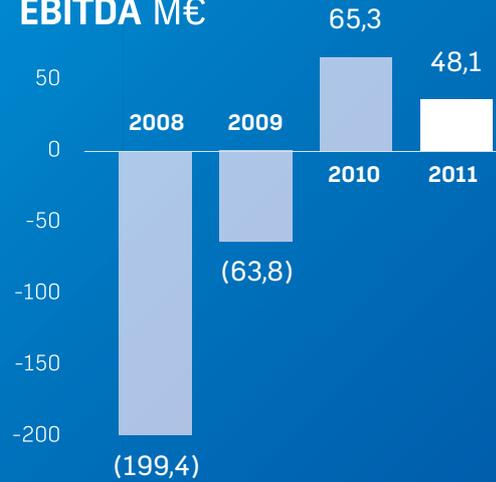
The background of the entire page is a monochromatic blue. It features a close-up photograph of plant leaves, likely from a lily or similar species, with several clear water droplets resting on the leaf surfaces. The leaves are arranged in a way that creates a sense of depth and texture. The text is centered over this background.

**2011**  
**Annual**  
**Report**

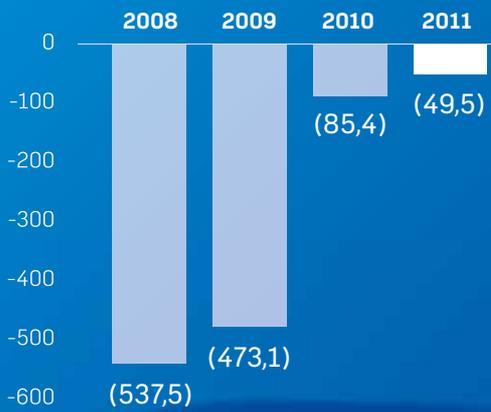
## TURNOVER M€



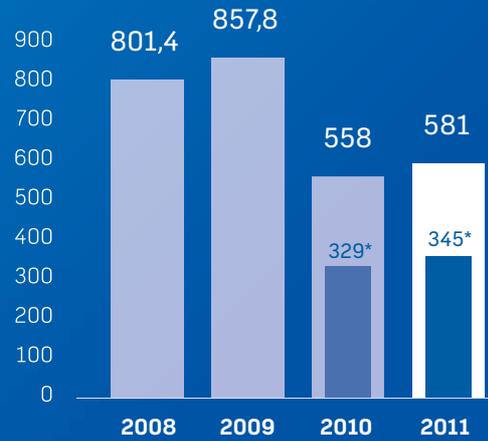
## EBITDA M€



## NET PROFIT M€

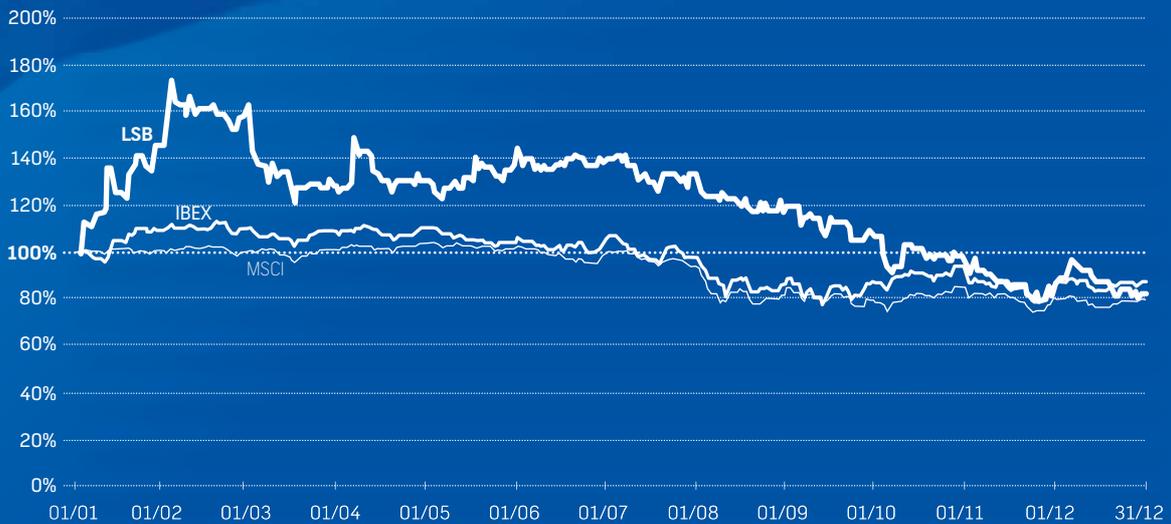


## NET BANK DEBT M€



\* PIK loan excluded

## LSB'S SHARES IN 2011



LSB'S shares performance from 1st January to 31st December 2011



LA SEDA DE BARCELONA

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### CHEMICAL DIVISION

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



FSC  
[www.fsc.org](http://www.fsc.org)

MIX

From responsible  
sources

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