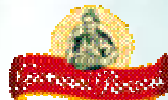


# EBRO PULEVA Pasta

STRATEGIC VISION OF THE PASTA DIVISION

21 June 2007

**Ebro PULEVA**  
GRUPPO



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# 01



## Panzani

Overview of French Market  
Profile of the Panzani Group  
Growth Analysis  
Strategic Plan  
Action Plan

## Overview of the French Market

- The French consumer goods market could be summed up as follows:
  - Very competitive and modern. Hypermarkets + Supermarkets + Hard Discount = 98% consumer goods sales.
  - Highly concentrated. 5 groups = 75% consumer goods sales.
  - Limited weight of private label brands: 36%
  - Fighting over price instead of value added.
- French consumers could be defined as follows:
  - Separate vs Family. 66% of homes with 2 or fewer members.
  - Opportunity: individual and single-serving formats.
  - The main concerns are: health, price and convenience.  
Opportunity: positioning in products with healthy value added ready to eat.
  - Concern over price vs guided by price.



## Panzani Profile

### PANZANI

- dry pasta
- rice
- sauces
- frozen pasta
- semolina

336 M€



### LUSTUCRU FRAIS

- fresh pasta
- fresh sauces
- ready meals

79 M€



### FERICO

- couscous

32 M€



### GMM

- semolina
- flour

34 M€

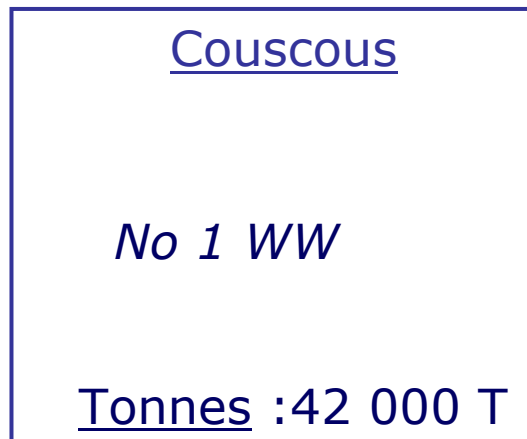
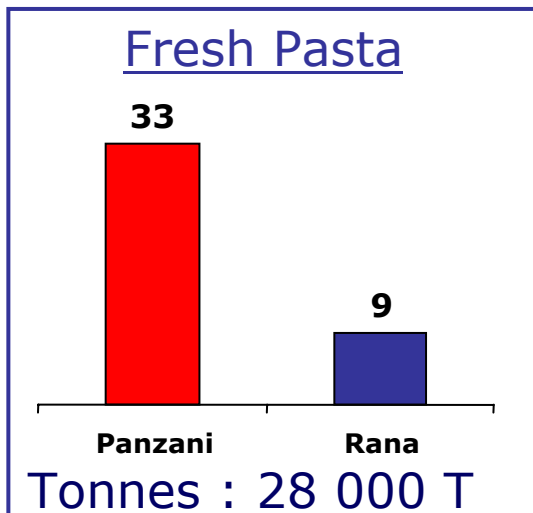
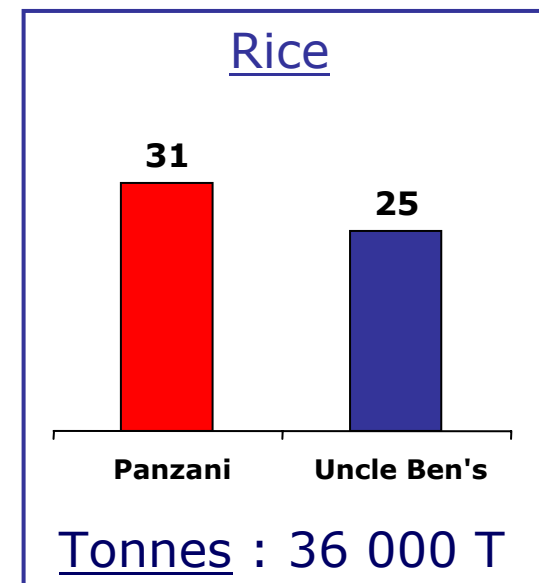
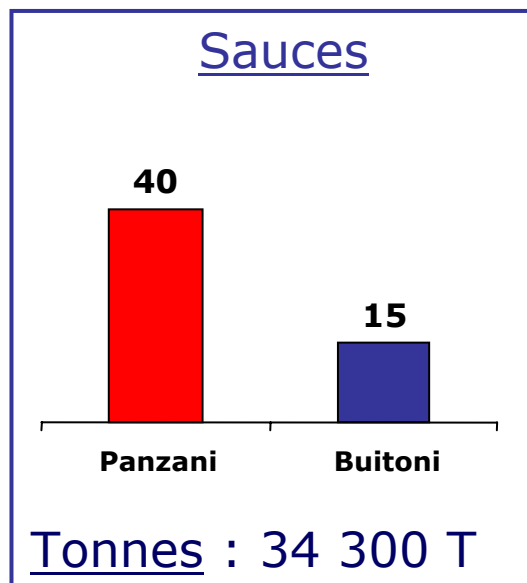
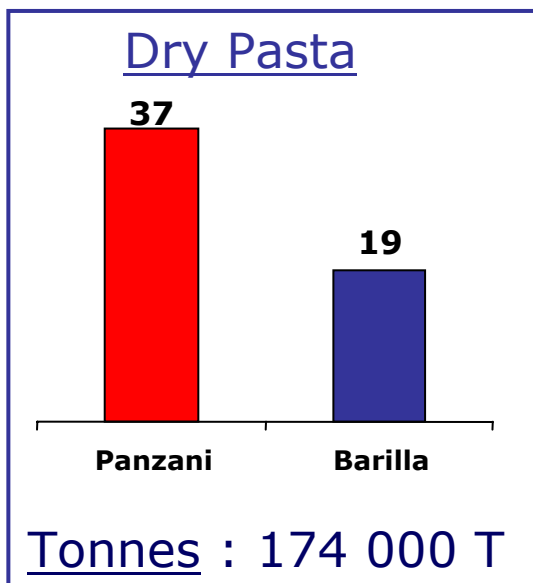
### Alp'imprim

- printing

5 M€

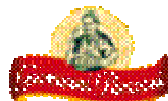
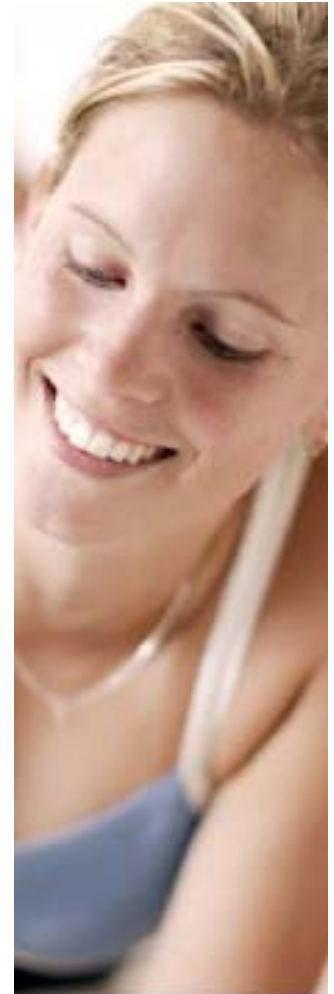


## Panzani Profile



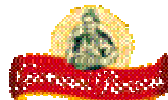
## Growth Analysis

- Growth Models in recent years:
  - 1940. Launching. Traditional.
  - 50's/60's. Growth. Mass production.
  - 70's/80's. Development. Marketing.
  - 90's. Decline. Short-term benefits.
  - 2000's. Renovation. Back to square one, external growth & synergies.
- We learn from our mistakes. Between 1984 and 1997 Panzani lost 7 points of market share (from 37.1% to 30%). There were 2 reasons for this:
  - Self-destruction process:
    - Low-quality products, below private brands.
    - Exaggerated promotions. 35%
    - No investment in advertising.
    - No innovation.
  - Aggressive competition from Barilla.



## Growth Analysis

- 1998-2002. The return.
  - Stage 1:
    - Breaking through strategic barrier shifting from pasta to pasta Meal Solutions.
    - Product and brand renovation programme.
    - Heavy investment in advertising.
    - Cost-cutting and efficiency programme.
    - Outsourcing of sauce production.
    - Shedding of non-strategic divisions: canned foods, animal feed, Agnesi, etc.
  - Stage 2:
    - Development of pasta market with high potential and large margins through purchase of RCL (Lustucrú).
- Recognised success, leaving to an increase in market shares from 30% in 1997 to 37% at present in pasta, and from 29% to 40% in sauces.





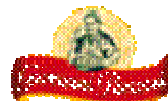
## Strategic Plan

- Target: Organic Growth of 5-6%, as leader in pasta meal solutions.
- Strategy:
  - Shift product portfolio towards products with high value added.
  - Very aggressive innovation policy.
  - Increase brand value and competitive edge.
  - Increase profitability with a progress programme seeking savings equivalent to 1.5% EBITDA.
  - Development of synergies with the Ebro Puleva Group in exports, innovation and raw material supplies.
  - Double international sales by copying the model used in the Czech Republic.



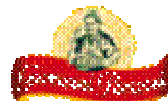
## Action Plan

- Aggressive innovation policy. Open up new high-yield markets with particular emphasis on fresh products. Be the first.
  - New preparation. Quick cooking in frying pan, eg. frying Gnocchi and frying Raviolis.
  - New solutions. From side dish to main course, eg. frozen pasta.
  - New targets. Single persons, eg. individual ready-to-eat packs, doypacks, individual sauces.
  
- Increase brand value and competitive edge. Be a benchmark for healthy eating by rescheduling the brand.
  - New positioning
  - New recipes
  - New packaging
  - New advertising concept



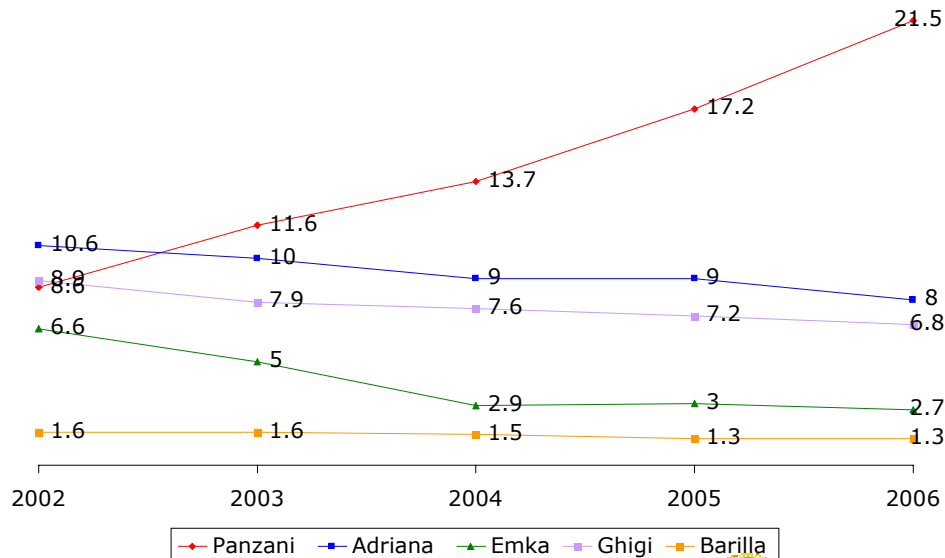
## Action Plan

- Increase profitability with a progress programme seeking savings equivalent to 1.5% EBITDA. "Excellence 33" Plan.
  - Supply chain
  - Total Quality production framework
  - Purchases
  - Human Resources
  - Information technologies
  - Growth and innovation
  
- Development of synergies with the Ebro Puleva Group in exports, innovation and raw material supplies.
  - Export. Using the same distribution network or brand, eg. Belgium, Moco-ro or the Czech Republic.
  - Innovation. Using the same development model for Europe/ North America, eg. Doypack.
  - Purchases. Rice, cartons, services, etc.
  
- Double international sales by copying the model used in the Czech Republic, see next page.



## Example: Czech Republic Model

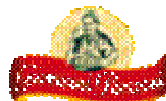
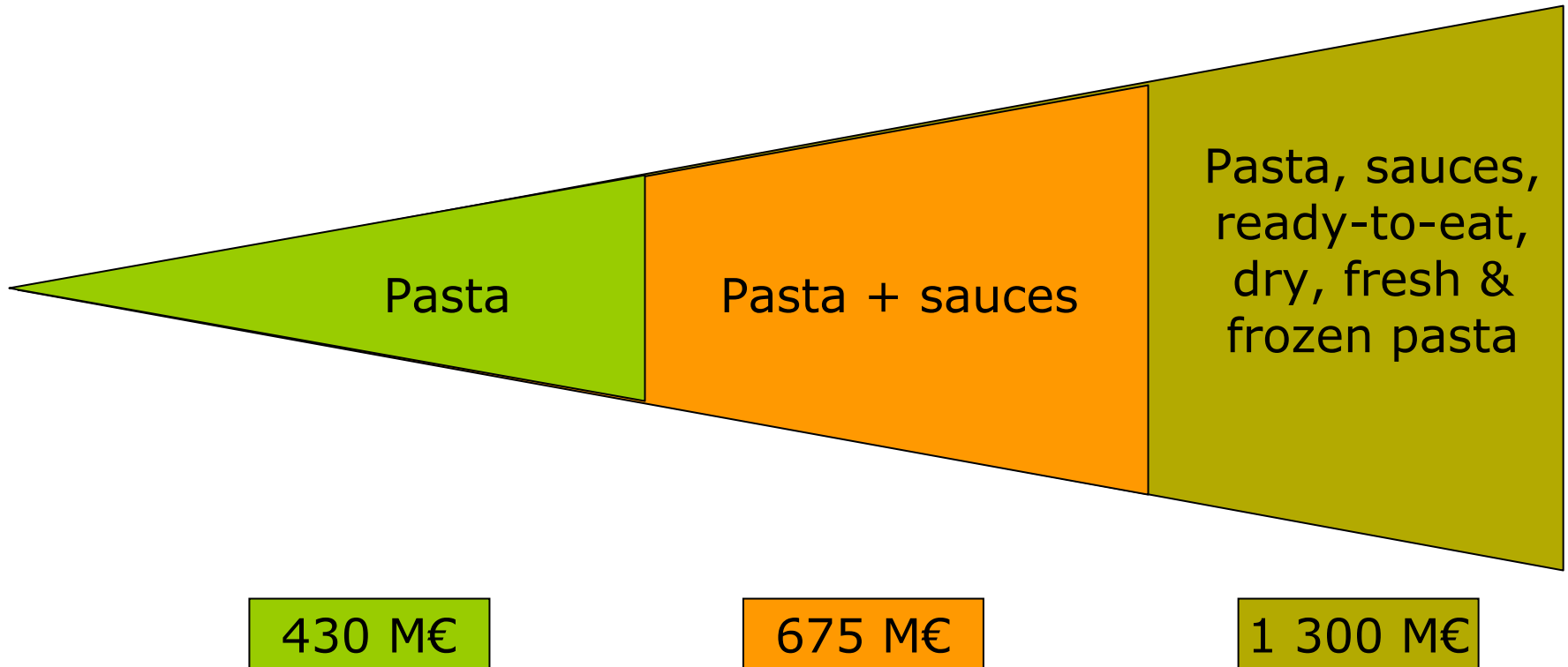
Launching: 2000  
 Positioning: Premium Pasta, can't be over-cooked  
 Brand: Panzani  
 Range: Dry pastas and sauces  
 Packaging: White label  
 Rivals: Nestlé (Maggi), Barilla, local brands, Italian imports, etc.  
 Price: Premium price: 3 x white label, 2 x local brand.  
 Distribution: Modern (70% hyper- & supermarkets)  
 Organisation: Import company  
 Results: 21.5% market share



## Strategic Framework

Traditional Strategic Framework: Pasta Business 430 M€

New Strategic Framework: Pasta Meal Solutions



# 02



## Fresh Pasta Business. Lustucru Frais

French Market

Lustucru: a Success Strategy

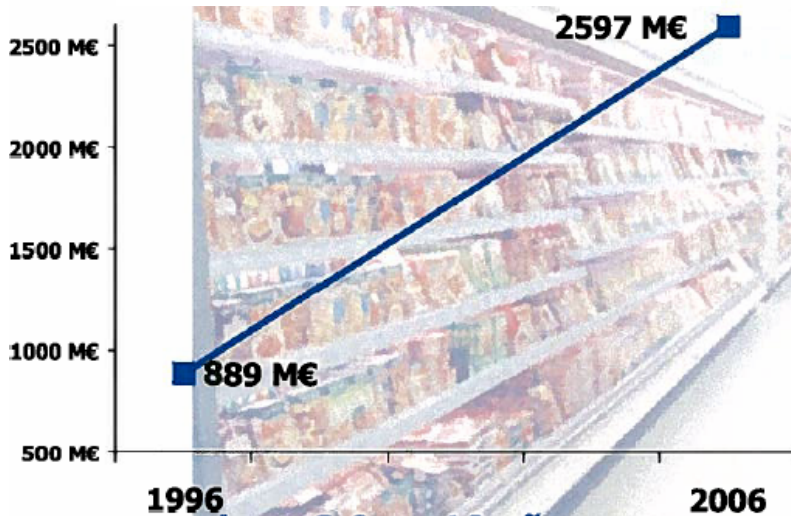
International Potential



## French Market

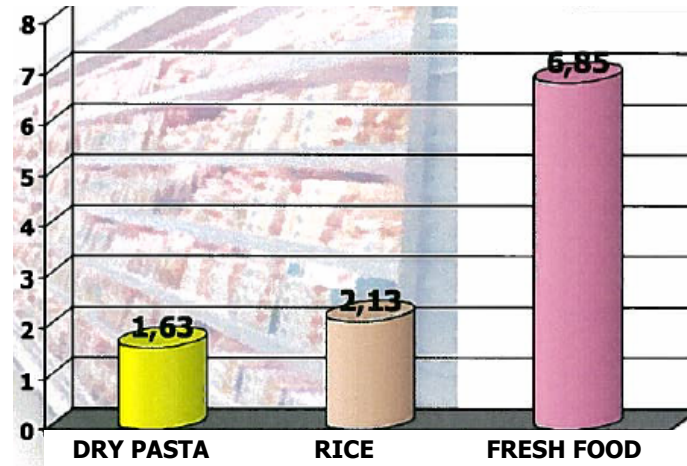
- Fresh pasta is included in the category of refrigerated products.
- This category is marked by its high value (6.85 EUR/kg fresh food vs 1.63 EUR/kg dry pasta).
- Its growth has been spectacular (292%) over the past 10 years.
- This market has a high growth potential. The most-purchased products in this category are sold every 6 weeks, fresh pastas every two months.

### An explosive market

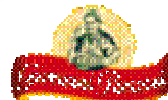


Value x 2.9 in 10 years

### A high-price market



€/kg retail price



## Lustucru: a success strategy

- Increase value of the brand:



- Leveraged on innovation. The turnover of products that did not exist in 2004 was 17% in 2006 and 27% in 2007.

- With the creation of new categories. A new way of preparing pastas “in the frying pan”.

- Boosted by intensive advertising on TV. The increase in the advertising budget is well financed by growth:

- Advertising budget 2005: 3 M€. Contribution 16.9 M€.

- Advertising budget 2006: 3.6 M€. Contribution 18.7 M€.

- Backed by high industrial competitiveness.

- As a result, the company is the leading producer and no. 1 brand in fresh pasta in France, with a 33% market share in volume with the Lustucru brand.

- The company continues creating value, moving deeper into categories even more appreciated than fresh pasta.





## International Potential

- Learning from the French market:
  - Continuous, regular growth for the last 25 years.
  - Still very high growth potential. Penetration 57% vs 96% in dry pasta.
  - Higher yield than all our other activities.

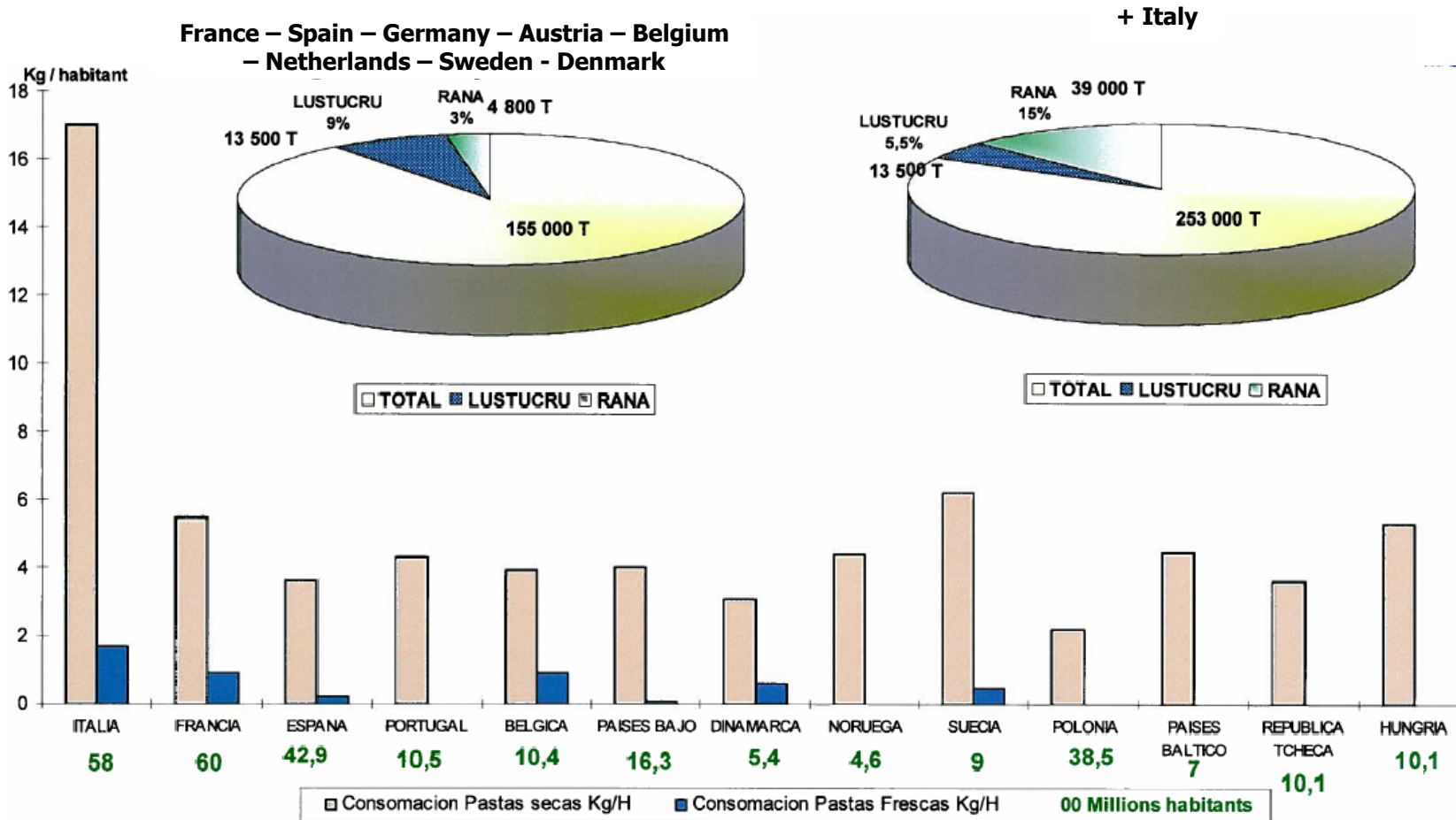
<u>€/KG</u>	<u>FRESH PASTA</u>	<u>RICE</u>	<u>SAUCES</u>	<u>DRY PASTA</u>
Net Product (Brand) Contribution	1.12	0.64	0.41	0.19

- Good response to innovation and advertising. Over the past 10 years, sales of fresh pasta have increased by 90.5% to 44,000 tonnes. Since it was launched in 2004, sales of Lustucru's "Gnocchi in the pan" have risen from 160 tonnes in the first year to 2,000 tonnes budgeted for 2007.



## International Potential

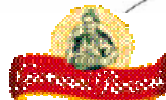
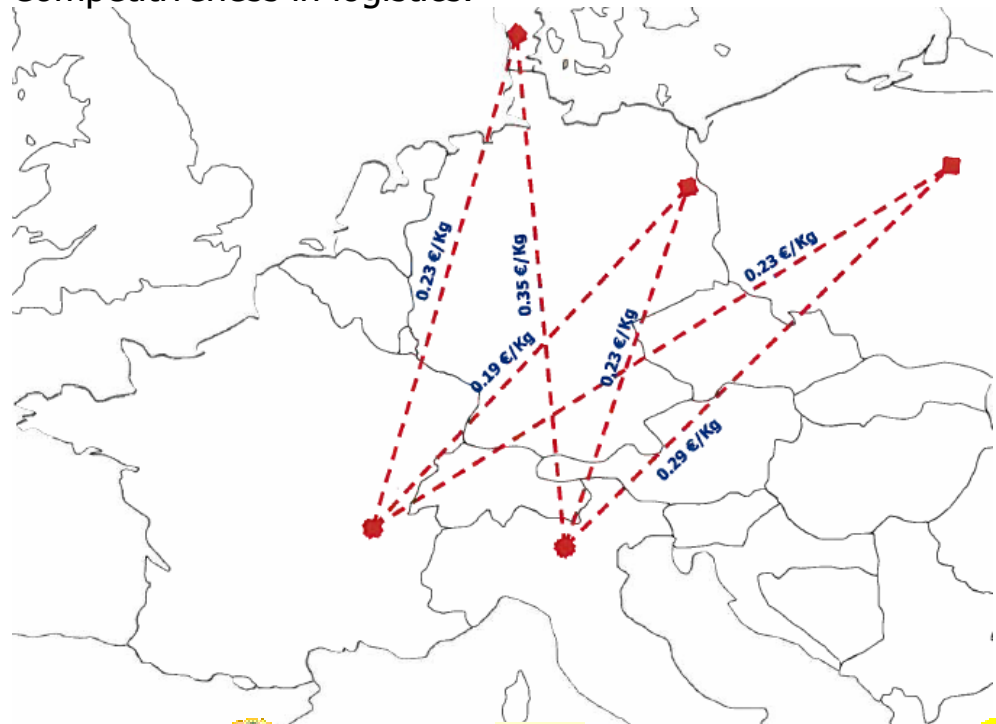
- There is no dominant group in the European fresh pasta market, it is highly fragmented, in the hands of local players, and is a new product for many of them.





## Strengths of Ebro Puleva for the internationalisation of Fresh Pasta

- Elements distinguishing the Ebro Puleva Group with Lustucru Frais:
  - Industrial skills and competitiveness.
  - Marketing skills.
  - Leverage of research & innovation in CEREC (Culinary Technical Studies and Research Centre).
  - Competitiveness in raw material (worldwide leader in semolina).
  - Competitiveness in logistics.



# 03



## Pasta within the Ebro Puleva Meal Solutions Division

The Pasta Market

Two Strategy Models

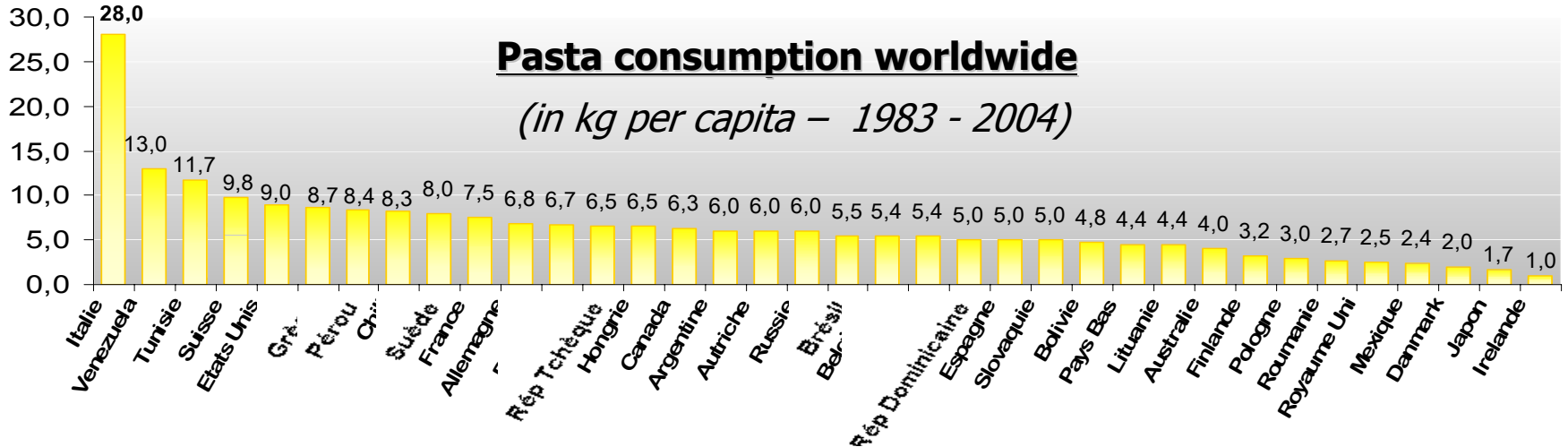
Development Ebro Puleva Model

Strategy and Priority Actions

## The Pasta Market

- Growth based on a nutritional vector.

- Universal:



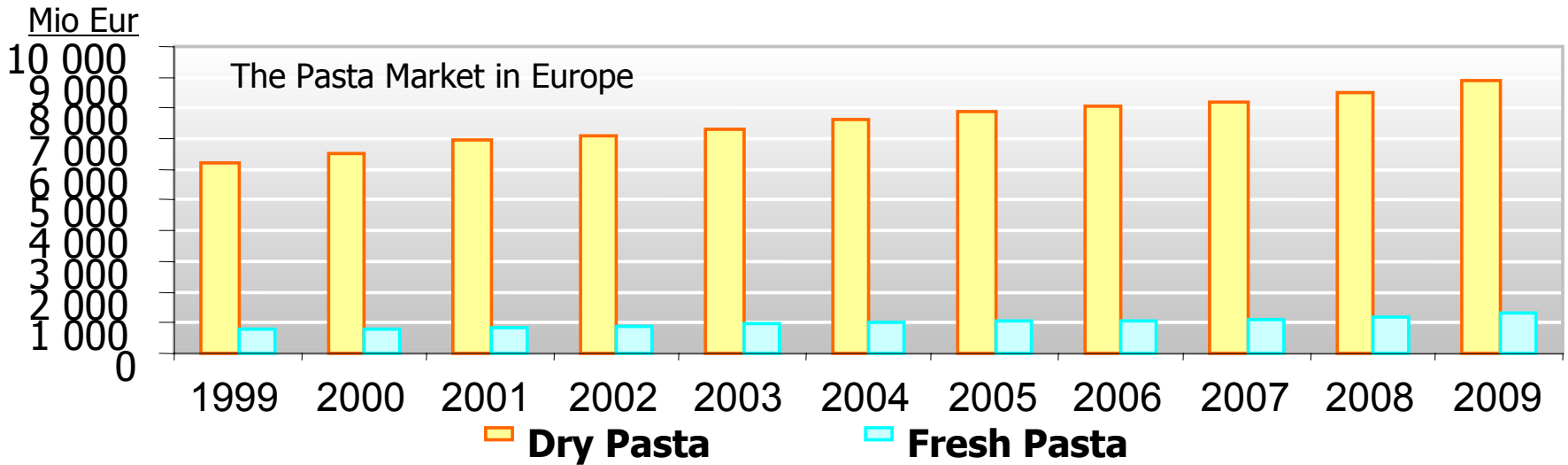
- Healthy and Natural: just wheat and water, with excellent nutritional properties. It is the base of the Mediterranean diet, which is enjoying growing popularity and is a good alternative for combatting the problem of obesity in today's society.

- Base for the Meal Solutions Division:



## The Pasta Market

- Expanding market with annual growth of 3.6% estimated for dry pasta and 6.3% for fresh pasta over the period 1999 – 2009.

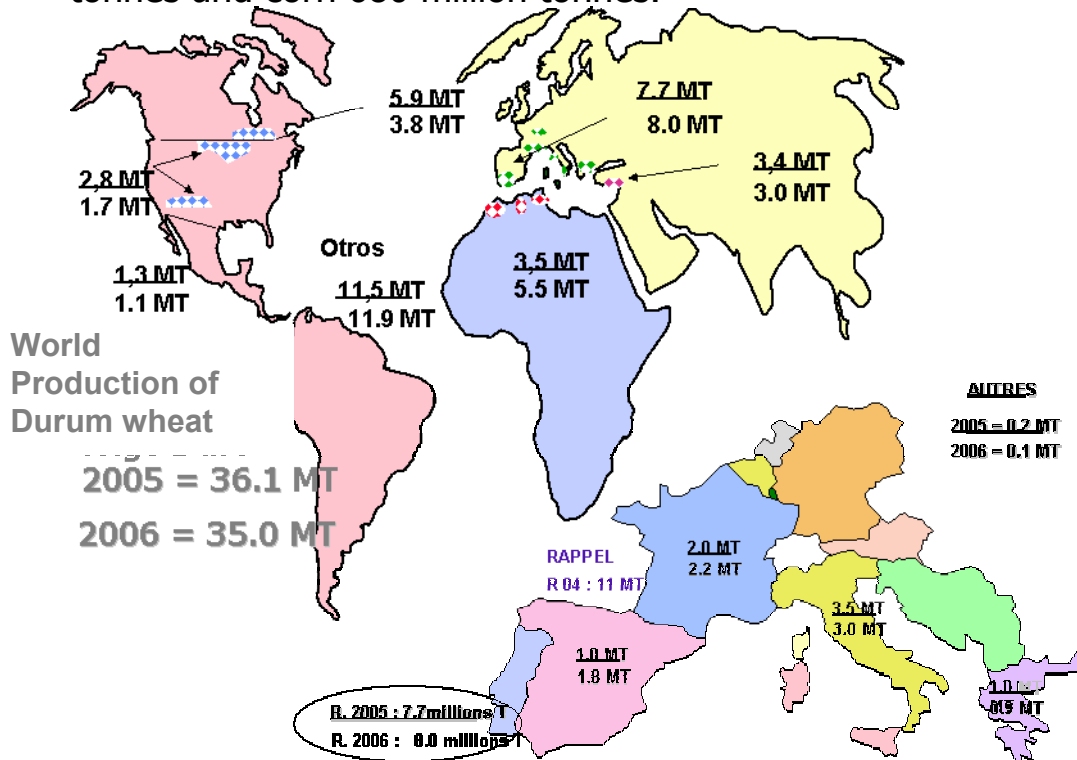


- Modern distribution is the principal sales network according to the degree of development of the country in question: 65-70% for members of "Old Europe" and USA and 10-25% for Latin American and East European countries.
- The pasta market uses staple raw materials, on which different technologies can be used to produce a dry, fresh or frozen end product, which, with brand support, can create value and win over markets competing with under-developed national leaders working in an environment of low competition and minimum advertising. On these markets, technology and production processes are crucial for increasing productivity.



## The Pasta Market

- The raw material required for making pasta is semolina, which is produced mainly from durum wheat and water.
- This variety of wheat is much less common than soft wheat: by way of comparison, the annual world production of durum wheat is 35 million tonnes, whereas that of soft wheat is 600 million tonnes, rice 630 million tonnes and corn 680 million tonnes.



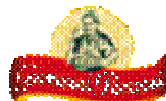
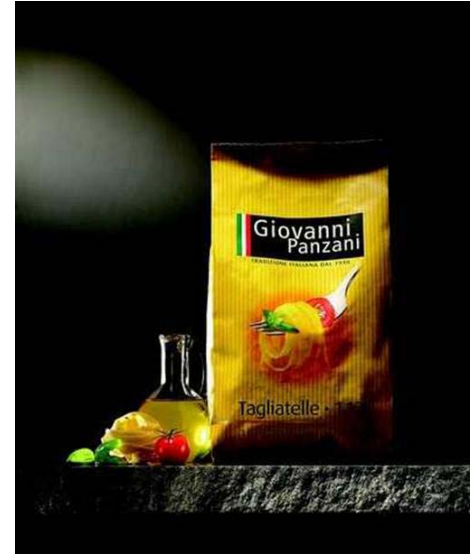
## Two Strategy Models

### ● Barilla Model:

- 1 mill. Tonnes annual pasta production
- A true Italian brand
- No fresh or frozen pasta
- Present in 15 countries
- Only absolute leaders in Italy
- Two unquestionable successes: Italy and introduction in USA

### ● Ebro Puleva Model:

- Annual pasta production of 400 000 tonnes
- Leading national brands, above BARILLA
- Significant presence in 6 countries
- Diversification:
  - dry pasta
  - fresh pasta
  - pre-cooked meals
  - sauces
  - couscous
  - semolina





## Development of the Ebro Puleva Model

### ● Situation at 31 Decmber 2006:

- Four companies:



- 16 factories with an output of 700,000 tonnes (pasta + sauces + couscous + semolina + fresh pasta)

- 2,150 Employees:

65% Europe  
35% North America

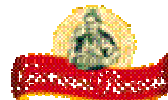
- 10 brands: 4 in Europe and 6 in North America, all absolute leaders in their respective products.

- Sales 592.7 m€:

74% Europe  
26% North America (only 7 months NWP)

- Ebitda 92 m€

67% Europe  
33% North America (only 7 months NWP)



## Development of the Ebro Puleva Model

### ● Market Shares at 31 December 2006:

Market Share	Overseas	France	Belgium	Switzerl.	USA	Canada
<b>Dry Pasta</b>	25%	37%	26%	25%	29%	41%
<b>Sauces</b>	20%	40%	6%	14%		
<b>Rice</b>	-	32%	_*	-	_*	_*
<b>Couscous</b>	-	34%	-	-	-	-

\* Outside the Panzani Group, the Ebro Puleva Group has market shares of 34% in Belgium, 21% in USA and 12% in Canada.

### ● In short:

- All our brands are leaders on each of the markets on which they operate.
- They have stable growth.
- They allow a yield (Ebitda) of between 12% and 17%.



## Strategy and Priority Actions

- Consolidate current positions:

- Integration of acquisitions:

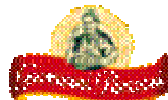
Transfer of process know-how, R+D and Semolina Marketing Plan. Brand positioning  
Monitoring of management, budgets & their preparation, and definition of industrial investments

- Cross Fertilization Plan:

Develop blockbuster innovations  
Cross synergies between brands (pasta, rice and sauces)  
Advertising. Chose the best practice portfolio

- Special emphasis on the value added market:

Fresh  
Ready to eat  
Convenient  
Healthy



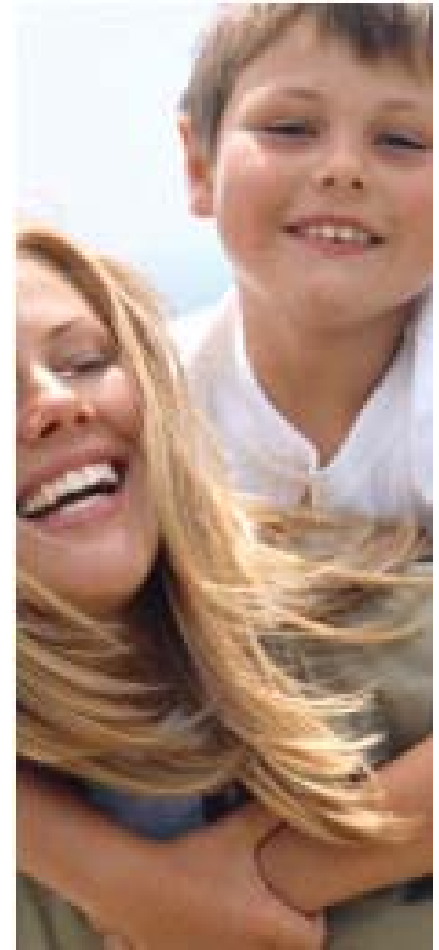
# 06



Conclusion

## Conclusions

- Different objectives have been set for this division in this strategic period, according to the type of product:
  - In Dry Pasta. We aim to be No.1 worldwide for the concept Pasta Meal Solutions, with leaderships in Europe, North America and Maghreb.
  - In Fresh Pasta. Initially we would become leaders in fresh pasta and pre-cooked pasta dishes in Europe.
- We are currently working hard to achieve these objectives, investing in both innovation and strengthening our brands, and to develop synergies through our consolidation as leaders of the pasta market.



# 07



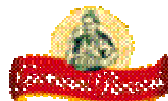
Corporate Calendar

## Corporate Calendar

Ebro Puleva continues to pursue its commitment to transparency and reporting in 2007:



1 March	Presentation year-end 2006 results
2 April	Quarterly dividend payment
18 April	Annual General Meeting (2nd Call)
19 April	Presentation 1st quarter results
2 July	Quarterly dividend payment
24 July	Presentation 1st half results
2 October	Quarterly dividend payment
31 October	Presentation 3rd quarter results & outlook for 2007
19 December	Announcement 2008 dividend against 2007 earnings
26 December	Quarterly dividend payment



# 08



Disclaimer



## Disclaimer

- To the best of our knowledge, the estimates contained in this presentation on the future growth of the different businesses and the overall business, market share, financial results and other aspects of the operations and position of the company are accurate as at the date hereof.
- All the figures set out in this report are calculated according to the International Accounting Standards (IAS).
- The contents of this presentation are no guarantee of future actions and entail certain risks and uncertainties. Business results may be affected by numerous factors and, consequently, they may differ considerably from those estimated herein.
- Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Puleva is not bound to publish the results of any updates of these estimates made to reflect events and circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the Ebro Puleva businesses or in its acquisitions strategy, or to reflect unforeseen events. Analysts and investors are advised to consult the company's Annual Report and the documents filed with the Authorities, especially the National Securities Market Commission (CNMV).

