

RESULTS
1Q 2017



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1. BUSINESS UNIT RESULTS

1Q 2017



Rice Division

Ebro

Rice 1Q 2017

- Extremely positive set of results on the back of the very stable performance registered by the raw materials market during this quarter, with low prices across the board, except for the basmati variety, where a highly volatile performance and the start of an accelerated upward drive were seen. We have reasonable coverage thanks to the Group's successful supplier policy.
- Ebro has continued to strengthen the value of its rice brands in its core markets and has particularly supported the launch of its new products:
 - We are particularly pleased with the growth of convenience microwaveable products in Europe and the US, where we undeniably hold the number one spot in our most important markets. We have started to expand these concepts by incorporating a healthy aspect, launching healthier products like the "SOS Vidasania" or "Brillante Benefit" ranges.
 - We are also seeing good results from branching out to neighbouring lines such as quinoa and pulses, and in this respect, we aim to be a top globally renowned benchmark.
- In the US we continue to consolidate our leading position with market shares exceeding 23%. In Europe, we are consolidating our position on aromatic rice from Thailand and India, with the support of our plants in those countries.
- We have sold our old plant in Houston, and purchased land adjacent to our Memphis plant. We are carrying out significant expansions in Thailand, India, the US, The Netherlands and Spain, in order to be more competitive and grow our capacities in the faster growing segments. We are also developing new initiatives in Belgium, the UK and Cambodia.



Rice 1Q 2017

- We booked some excellent results in the first quarter. Turnover rose 3.6% to EUR339.7 million, registering a steady average growth rate of over 3% for the past two years.
- The Division's Ebitda increased by 18% to EUR59.4 million, with a margin of 17.5%, demonstrating its excellent capacity to generate new business.
- The exchange rate had no major impact on these results.
- Operating income grew 12.6% to EUR57.6 million, the main extraordinary factor being the sale of the final plot of land at our former Houston plant. It is worth bearing in mind that in the previous year, this figure included the sale of our Puerto Rico business.

EUR Thous.	1Q 15	1Q 16	1Q 2017	17/16	CAGR 17/15
Sales	319,813	327,749	339,708	3.6%	3.1%
Advertising	8,003	8,481	6,427	-24.2%	-10.4%
Ebitda	43,677	50,231	59,402	18.3%	16.6%
Ebitda Margin	13.7%	15.3%	17.5%		
Ebit	36,692	42,439	51,239	20.7%	18.2%
Operating Profit	35,678	51,169	57,610	12.6%	27.1%



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Pasta Division

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Pasta 1Q 2017

- Performance figures for durum wheat were stable, though the trend was downward. As we have already mentioned, the 2016 harvest (which is still being consumed) was rich in quantity but not in quality, circumstances which led to large volumes being invalidated for production. Nevertheless, there are still high levels of carry-over stock.
- Strong harvests are anticipated in Europe and North Africa, though the area harvested in the US and Canada will be around 15% smaller due to low prices, which have reduced the differential between durum and common wheat. Ebro has significant hedging in place that guarantees an adequate level of prices for the rest of the year.
- From a commercial perspective, we continue with the international expansion of Garofalo, which is consolidating in all of the super premium quality markets.
- In France, our sales policy is heavily focused on bolstering core products and supporting our leading sauce business. Our main benchmark fresh pasta products continue to register double digit growth.
- In the US and Canada we are engaged in a wide-ranging process to enhance the value of our brands, with significant investments in advertising which will have a short-term impact on returns. We continue to commit to the launch of new products, such as "dry pasta quality fresh pasta", "Quick-cooking", "150 calories" and particularly our healthy pasta range such as "Gluten free".
- We continue to invest in making our plants more competitive.
- We are integrating our two new acquisitions into our bio product area, where we aim to create a new and thriving division that can be replicated across all countries where we are market leaders.



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Pasta 1Q 2017

- Thanks to stable raw material costs, turnover rose 2.5% to EUR307.2 million, with a steady average growth rate of 3% during the past two years.
- We have continued to invest heavily in advertising, as we were already doing in 4Q 2016, 30% to EUR22 million.
- The division's Ebitda grew 5% to EUR36.9 million, with a 12% margin. Currency had a insignificant impact on Ebitda.
- Operating Profit grew by 27.8%, due to the lack of extraordinary items, following the provisions made in previous years to cover employee pension commitments resulting from the new French pensions law.

EUR Thous.	1Q 15	1Q 16	1Q 2017	17/16	CAGR 17/15
Sales	289,929	299,577	307,196	2.5%	2.9%
Advertising	15,154	17,040	22,058	29.4%	20.6%
Ebitda	28,123	35,148	36,886	4.9%	14.5%
Ebitda Margin	9.7%	11.7%	12.0%		
Ebit	19,217	25,512	25,592	0.3%	15.4%
Operating Profit	19,113	20,119	25,708	27.8%	16.0%



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2. EBRO FOODS CONSOLIDATED RESULTS



2.1 P&L 1Q 2017

- The consolidated sales figure grew by 3.4% to EUR634 million, due to the strong performance of our products within their respective categories.
- After investing 12.4% more in advertising, Ebitda grew 13.5% to EUR94 million. In the past two years, CAGR grew 16.2% and by 11.3% over the past three years. The change in the scope of consolidation stood at EUR1.6 million. Currency contributed EUR1 million to this result.
- Over this quarter, we have obtained positive extraordinary income, primarily thanks to the sale of the land in Houston. Operating Income grew 18% to EUR81 million.
- Net Profit grew by 19% to EUR51.6 million in one quarter, consolidating the Group's growth.
- With the merger of the balance sheets from our North American businesses we have begun reporting profitability in terms of ROCE at consolidated level only. Hence the consolidated ROCE grew to 16.9%.

EUR Thous.	1Q 15	1Q 16	1Q 2017	17/16	CAGR 17/15
Sales	596,902	613,186	634,222	3.4%	3.1%
Advertising	23,367	25,360	28,513	12.4%	10.5%
Ebitda	69,733	82,871	94,096	13.5%	16.2%
Ebitda Margin	11.7%	13.5%	14.8%		
Ebit	53,626	65,275	74,481	14.1%	17.9%
Operating Profit	52,528	68,664	81,100	18.1%	24.3%
Profit before Tax	46,206	64,314	79,474	23.6%	31.1%
Net Profit	30,251	43,320	51,603	19.1%	30.6%
ROCE	15.7%	16.3%	16.9%		



2.2 Debt Performance

- We have ended the first quarter with a Net Debt position of EUR396.3 million, having reduced debt by EUR47 million at YE2016, primarily due to the positive business performance and after obtaining EUR7.5 million from the Houston sale and having paid EUR14.4 million for the purchase of Vegetalia.
- Equity grew by 7.5% y-o-y to EUR2,117.5 million.
- Although we are prioritising projects that will grow our business organically, we remain on the lookout for any non-organic opportunities that may arise, provided that we believe that they can add value to the Group.

EUR Thous.	31 Mar 15	31 Dec 15	31 Mar 16	31 Dec 16	31 Mar 17	17/16	CAGR 17/15
Net Debt	446,369	426,280	413,897	443,206	396,284	-4.3%	-5.8%
Average Net Debt	366,277	424,940	418,954	404,137	405,271	-3.3%	5.2%
Equity	1,983,679	1,966,259	1,969,446	2,079,326	2,117,549	7.5%	3.3%
ND Leverage	22.5%	21.7%	21.0%	21.3%	18.7%	-11.0%	-8.8%
AND Leverage	18.5%	21.6%	21.3%	19.4%	19.1%	-10.0%	1.8%
x Ebitda (ND)		1.4		1.3			
x Ebitda (AND)		1.4		1.2			



CONCLUSION



Conclusion

- We are very pleased with the first quarter results, given that they demonstrate that our plans to invest in a consumer-based approach, via pricing, promotions and advertising are bearing fruit to a greater or lesser extent across all businesses, especially rice. We have had a good start to the year in pasta, but the market continues to be highly competitive and the main distributors continue to be embroiled in an ongoing deflationary price war.
- The raw materials market is stable, with prices remaining very similar to those of the previous year, with each category registering a standard level of growth. This clearly demonstrates how the strength of growth and the significant rise in our returns is thanks to our products and our brands.
- We continue to bolster both our operational and capital investments in the fastest growing areas: bio, quinoa and ancient grain products.
- As anticipated at YE2016, we are prioritising organic investments vs. acquisitions aimed at sustainable growth; but that is not to say that we will not invest in appealing projects that easily adapt and fit with the Group. Thus, we recently acquired Vegetalia, a Spanish brand that pioneers vegetable proteins and the sale of ecological foods.
- In conclusion, an extremely good quarter, especially for rice, which has paved the way for a good year.



Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2017:

- **28 February** Presentation of YE2016 Results ✓
- **3 April** Four-month payment of ordinary dividend (EUR0.19/share) ✓
- **26 April** Presentation of 1Q Results ✓
- **30 June** Four-month payment of ordinary dividend (EUR0.19/share)
- **26 July** Presentation of 1H results
- **2 October** Four-month payment of ordinary dividend (EUR0.19/share)
- **25 October** Presentation of 9M17 Results and Pre-YE2017



Legal Disclaimer

- o This presentation contains our true understanding to date of estimates on the future growth in the different business lines and the global business, market share, financial results and other aspects of business activity and the positioning of the Company. All the data included in this report has been put together according to International Accounting Standards (IAS). The information included herein does not represent a guarantee of any future actions that maybe taken and it entails risks and uncertainty. The true results may be materially different from the ones stated in our estimates as a result of various factors.
- o Analysts and investors should not rely on these estimates, which only cover up to the date of this presentation. Ebro Foods does not assume any obligation to publicly report the results of any review of these estimates that may be carried out to reflect events and circumstances occurring after the date of this presentation - including but not limited to - changes in Ebro Foods business or its acquisitions strategy, or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report, as well as the documents filed with the Authorities and more specifically with the Spanish National Securities Markets Commission (CNMV).
- o The main risks and uncertainties affecting the Group's business are the same as those included in Note 28 of the Consolidated Annual Accounts and the Management Report for the year ending 31 December 2015, which is available at www.ebrofoods.es. We believe that there have been no significant changes during this financial year. The Group still has some exposure to the raw materials markets and to passing on changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, especially the dollar, and changes in interest rates.
- o According to the guidelines set by the European Securities and Markets Authority (ESMA), the following is a list of the indicators used in this report. These indicators are currently and consistently used by the Group to describe its business performance and their definitions have not been altered:

- o Ebitda. Earnings before interest, taxes, depreciation and amortization, excluding results considered as extraordinary or non-recurring (essentially profit earned from transactions relating to the Group's fixed assets, industrial restructuring costs, results from or provisions for lawsuits, etc.).

	31/03/2017	31/03/2016	Variación 2017 - 2016
EBITDA	94.096	82.871	11.225
Dotaciones para amortizaciones	(19.615)	(17.596)	(2.019)
Ingresos no recurrentes	7.941	9.191	(1.250)
Gastos no recurrentes	(1.322)	(5.802)	4.480
RESULTADO OPERATIVO	81.100	68.664	12.436

- o Net debt. Financial liabilities with cost, the value of shares and put/call options qualified as such, and where applicable, dividends that have accrued and are pending payment, minus cash and cash equivalents.
- o CAPEX. Capital expenditure - payments for investment in production related fixed assets.
- o ROCE. Return on capital employed – a measure on yield on assets calculated as income before tax and interest minus any income regarded as extraordinary or non-recurring for the period considered, divided by Net Average Assets for the period, minus Financial Assets and Goodwill.

