

EBRO FOODS
2012

9M & Outlook 2012



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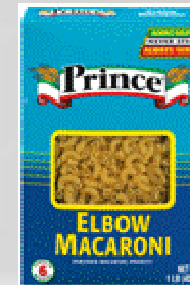


01

*Business Units: 9M12 Results
and Outlook 2012*

1.1

PASTA





Getting a grip on North America

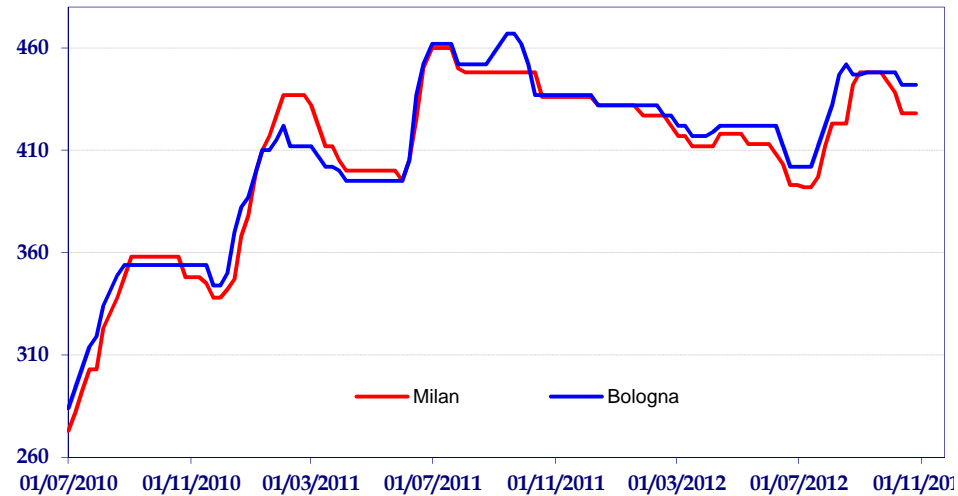
- o The soaring prices of durum wheat in the last two harvests forced us to raise our distribution prices.
- o This measure was understood and accepted by distributors in North America, but the new prices altered the status quo among the different players on the market and we ended up being the most expensive brand.
- o Moreover, hedges had been contracted at peak prices in the summer of 2011 and as consumption slowed down, the hedged stock was not used up until well into 2012, preventing us from lowering our prices to become more competitive. We lost market share as a result of our high prices and were forced to step up promotions.
- o At present, with a more stable situation on the commodity market and after making the necessary decisions: renewing the management team and adjusting our price level, we should now pick up with a more adequate competitive situation.
- o Over the first 9 months of the year, the US Pasta business dropped 4%, although a certain upturn has been observed, since the decline was by 6% in the first half of the year.



While Europe continues its growth

- The durum wheat market has been reasonably calm in 2012, although prices started to rise again moderately as from June 2012.

Price of Durum Wheat in EUR/TON



- The markets on which our products compete (dry pasta, fresh pasta and sauces) are growing (1-3%) and our brands are slightly increasing their market shares, growing above those rates.
- The launching in France of Noisette a Poêler has been particularly successful, with a growth rate way above that originally contemplated, which is highly satisfactory because it is our first potato product, an area we are prepared to branch into. In October we observed a 7% rise in sauce sales, with products such as the Bolo Balls, which rose in under a year to fifth place in the ranking of most-sold sauces in France.





The high prices in North America have affected volumes

- Our turnover grew by 4.6% year-on-year to 714 MEUR thanks to the prices of our products, but the division EBITDA has fallen 4.5% to 98 MEUR, owing to the loss of volumes in North America.
- The exchange rate effect is positive, contributing 3.5 MEUR more than last year to this EBITDA.
- Against a backdrop of high stocks and low profitability, the division ROCE measured in moving averages over the past twelve months has fallen to 22%.

Thous. EUR	9M10	9M11	9M12	12/11	CAGR 12/10
Sales	669,379	683,434	714,660	4.6%	3.3%
Advertising	43,153	39,203	37,201	-5.1%	-7.2%
EBITDA	117,651	102,482	97,847	-4.5%	-8.8%
EBITDA Margin	17.6%	15.0%	13.7%	-8.7%	-11.7%
EBIT	97,569	83,477	77,152	-7.6%	-11.1%
Operating Profit	91,254	75,119	72,673	-3.3%	-10.8%
ROCE	29.3	27.3	22	-19.4%	-13.3%





The adjustments are being made in this last quarter

- In this last quarter we are adjusting our prices to become more competitive and making a major effort in advertising to relaunch our brands. Our spending on advertising in this fourth quarter will be 40% more than in Q4 2011.
- Accordingly, turnover is expected to grow by 6.7% to 990 MEUR as sales volumes pick up.
- There will be an upturn in EBITDA to 144 MEUR, on a par with last year, while the exchange rate effect will make a positive contribution to this ratio, 4.7 MEUR more than last year.
- The full-year EBITDA margin will be 14.5%, but stripping out the Birkel effect from our accounts the division margin would be 15.5%.

Thous. EUR	2010	2011	E2012	E12/11 CAGR	E12/10
Sales	915,892	928,297	990,262	6.7%	4.0%
Advertising	55,184	49,135	51,221	4.2%	-3.7%
EBITDA	160,484	144,457	143,926	-0.4%	-5.3%
EBITDA Margin	17.5%	15.6%	14.5%	-6.6%	-8.9%
EBIT	133,741	119,064	115,083	-3.3%	-7.2%
Operating Profit	122,806	107,798	109,107	1.2%	-5.7%
ROCE	30.3	26.1	NA	NA	NA



1.2

RICE





Stable raw materials and good industrial tone

- There are still large stocks of rice worldwide, so the inflationary pressure suffered by other cereals is not causing price hikes in rice, although the prices of certain varieties have gone up in certain parts of the world owing to their peculiar characteristics.
- In Europe, the high price of the 11/12 crop triggered off a decline in industrial activity last year, when we had to turn to more competitive imported rice, albeit with a smaller margin. With the arrival of this last quarter of the 12/13 harvest, we are using EC rice again, with a better utilisation of our industrial capacity.
- The US market has also been more favourable this year than in 2011, especially in terms of quality. The drought that hit the Texas crop did affect ARI in H2, but the impact has not been as adverse as we had expected. The recent rainfall augurs a return to normal in the 13/14 crop year.
- Our plant in Egypt is operating again, now that the Egyptian government has lifted the ban on exporting Egyptian rice, imposed from March 2008 to October of this year. In 2007, Egypt exported 1.25 million tonnes and supplied around 35% of the medium grain rice sold that year in the entire world.
- The Memphis plant has been working normally since June 2012, completing its fine tuning during the first half of the year.





Successful incorporation of SOS and ARI

- With the purchase of Lassie the division gained a new plant in the Netherlands, which, together with those of Belgium and Germany, produced excess capacity in the region. Last quarter we have decided to close the Hamburg plant, thereby improving logistics and our costs of production.
- In Europe the tone of brand sales has generally been good, although following the purchase of SOS the anti-trust authorities obliged us to sell certain brands, one of which was Nomen. Those brands, which were contributing almost 5 MEUR a year, were excluded from our group as from September. Even so, we consider the consolidation of the SOS businesses very positive, since they contributed 27 MEUR to our EBITDA E2012.
- In general, sales of our North American brands are improving in a category which is declining at a rate of 1%. The performance of Jasmine rice from Thailand is particularly strong, with constant growth. In contrast, the sales of rice imported from India, such as Basmati rice, have been severely affected by the new health requirements imposed by the US authorities for imported Indian rice. We are developing a new process to solve the delays caused by these requirements. The "instant" rice brands have suffered a moderate downturn, although it is offset by the growth in "Ready to Serve".
- The new products launched on both sides of the Atlantic have been very successful and Sabroz in Spain, Riz a Poeler in France and the frozen rice varieties of Minute Steamers in North America are all contributing to growth in a general climate of stagnant consumption in the developed countries.





Last results with Nomen

- The division turnover is up 28.5% to 840 MEUR, mainly thanks to incorporation of the new businesses.
- The division EBITDA has grown by 25 MEUR, up 27%. The exchange rate effect is positive, contributing 5.5 MEUR, while the SOS rice brands have contributed 21 MEUR.
- The operating profit, within our prudential principles, includes the provisions set aside for restructuring our production capacity in Germany. We will go into the "Operating Profit" in further detail later in this presentation.

Thous. EUR	9M10	9M11	9M12	12/11	CAGR 12/10
Sales	602,055	653,582	839,990	28.5%	18.1%
Advertising	20,699	16,612	15,429	-7.1%	-13.7%
EBITDA	87,779	92,532	117,746	27.2%	15.8%
EBITDA Margin	14.6%	14.2%	14.0%	-1.0%	-1.9%
EBIT	70,488	76,653	96,913	26.4%	17.3%
Operating Profit	73,185	74,598	87,684	17.5%	9.5%
ROCE	19.9	19.5	18.4	-5.6%	-3.8%





Healthy growth in Rice

- Turnover will grow 22% to 1,126 MEUR, mainly as a result of incorporation of the new businesses.
- The division EBITDA is expected to grow 20% to 163 MEUR. The exchange rate effect will be positive, contributing 7.7 MEUR and the SOS rice brands will contribute a further 27 MEUR.
- We estimate a year-end Operating Profit for the Division up 24% to 127.8 MEUR.

Thous. EUR	2010	2011	E2012	E12/11	CAGR E12/10
Sales	811,337	920,752	1,126,020	22.3%	17.8%
Advertising	23,648	18,790	22,698	20.8%	-2.0%
EBITDA	123,263	135,953	162,542	19.6%	14.8%
EBITDA Margin	15.2%	14.8%	14.4%	-2.2%	-2.5%
EBIT	99,019	113,698	134,736	18.5%	16.6%
Operating Profit	103,024	103,056	127,825	24.0%	11.4%
ROCE	19.6	18.8	NA	NA	NA







Sales are up thanks to the consolidated group

- Consolidated turnover is up 16% to 1,518 MEUR, pushed up by pasta prices in North America and the incorporation of the new businesses.
- The EBITDA has grown by almost 12% to 208 MEUR. The evolution of the exchange rate contributed 10 MEUR to this result.
- We include a breakdown of Operating Profit in the next slide.
- Net profit is up 19%, with a negative like-for-like net financial income, since we had no debt in the first half of 2011.

Thous. EUR	9M10	9M11	9M12	12/11	CAGR 12/10
Sales	1,240,817	1,305,080	1,518,443	16.3%	10.6%
Advertising	64,736	57,113	53,251	-6.8%	-9.3%
EBITDA	194,601	185,793	208,204	12.1%	3.4%
EBITDA Margin	15.7%	14.2%	13.7%	-3.7%	-6.5%
EBIT	156,579	149,853	165,614	10.5%	2.8%
Operating Profit	141,724	136,472	180,413	32.2%	12.8%
Profit before Tax	134,714	143,073	177,678	24.2%	14.8%
Net Profit Continuing Operation	80,197	92,993	110,080	18.4%	17.2%
Net Profit	346,065	92,674	110,150	18.9%	-43.6%
ROCE	21.5	20.8	19.9	-4.3%	-3.8%





Analysis of Operating Profit

- The net difference between EBIT and the Operating Profit includes several items which, by virtue of their amount, make disclosure important.
- On the positive side, we have the sale of Nomen and other brands and reversal of the overprovision for the lawsuits over the levy on milk and milk products, now that this issue has been finally settled.
- On the other hand, we have marked to market our investments in Deoleo and Biosearch and recognised a provision for closing of the plant in Germany and related indemnity payments.

Thousand Euro	Balance at 30/09/2012
Gain on Sale of Nomen and other brands	31.495
Reversal overprovision lawsuit over levy on milk & milk products	20.766
Others	2.024
Total Other operating income	54.285
Impairment investment in Deoleo and Biosearch	-21.040
Provision for closing the Hamburg plant	-7.271
Others	-11.175
Total Other operating expenses	-39.486
Net	14.799





Sound growth in all figures

- Consolidated net sales will increase considerably by 15% to 2,067 MEUR.
- The EBITDA will grow by around 9% to 298 MEUR. The exchange rate effect will have contributed 12.4 MEUR to this result. ARI and Birkel will contribute 229.4 MEUR to turnover but will barely contribute to the EBITDA, reducing the Group's consolidated margin to 14.4%.
- No new differences are expected in extraordinary items.
- All in all, the net profit will grow 6% year on year.

Thous. EUR	2010	2011	E2012	E12/11	CAGR E12/10
Sales	1,688,957	1,804,111	2,066,904	14.6%	10.6%
Advertising	80,444	69,454	74,767	7.6%	-3.6%
EBITDA	267,479	273,106	298,133	9.2%	5.6%
EBITDA Margin	15.8%	15.1%	14.4%	-4.7%	-4.6%
EBIT	211,573	224,022	240,069	7.2%	6.5%
Operating Profit	200,023	219,074	255,647	16.7%	13.1%
Profit before Tax	192,504	222,393	253,487	14.0%	14.8%
Net Profit Continuing Operation:	128,972	151,643	160,249	5.7%	11.5%
Net Profit	388,797	151,542	160,326	5.8%	-35.8%
ROCE	21.3	22.2	NA	NA	NA





While the dollar rises, Debt is coming down

- We have closed the quarter with a Net Debt of 297 MEUR, having reduced our debt by almost 100 MEUR since year-end 2011.
- By the end of this year we expect to reduce the debt a further 19 MEUR. We would then end the year with a Net Debt estimated at 278.5 MEUR, taking our Net Debt/EBITDA ratio to below one.
- With a very healthy balance sheet we continue to scan the market for new opportunities, although we do not foresee any major corporate transactions in the short term so we will no doubt have to wait until 2013 before any acquisitions are made.

Thous EUR	30 Sep 10	31 Dec 10	30 Sep 11	E31 Dec 11	30 Sep 12	E31 Dec 12	E12/11	CAGR	E12/10
Net Debt	-53,466	17,600	327,823	390,073	297,298	278,507	-28.6%		297.8%
Average Debt	508,386	378,336	79,405	NA	313,786	NA	NA		NA
Equity	1,500,321	1,592,743	1,518,655	1,537,632	1,669,045	1,537,632	0.0%		-1.7%
Leverage ND	-3.6%	1.1%	21.6%	25.4%	17.8%	18.1%	-17.5%		304.9%
Leverage AD	33.9%	23.8%	5.2%	NA	18.8%	NA	NA		NA
x Ebitda (ND)		0.07		1.43		0.93			
x Ebitda (AD)		1.4		NA		NA			



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Summary



Summary

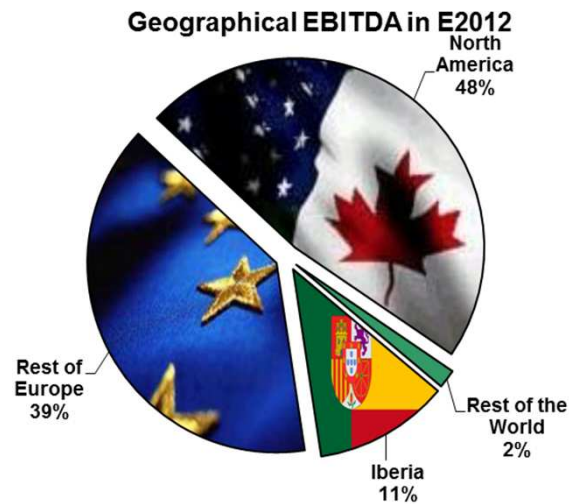
- Commodity prices are still unstable, more so in durum wheat than in rice, although the fluctuations are growing much milder.
- Our American pasta business has suffered two very difficult years, trying to deal with the raw material variations in such a way as to affect earnings and market shares as little as possible. We have recently made some major organisational decisions which affect the top management and the price strategy of our products.
- We are still working on the operating efficiency of our plants. Memphis is working at full capacity and we are optimising our industrial capacity. We have also closed our Hamburg plant.
- Our brands, except pasta brands in the USA, continue to increase their market shares, growing on developed markets that have been rather stagnant in the past year.
- We are going ahead with our brand leverage strategy to launch products in related categories, such as branching out into the potato market in France, the sauces market in Canada and the frozen foods market in the USA.
- With our healthy balance sheet we are in a position to take any acquisition opportunities that may turn up on the market, provided we see a real value for our shareholders in those purchases. Unless we find adequate acquisitions that meet these objectives, we will continue paying our shareholders an attractive dividend, such as the one established for this year, when, in addition to the ordinary dividend of 69.2 MEUR, equivalent to 0.45 EUR per share, we have also paid an extraordinary dividend of 1 share for every 99 shares and an associated dividend as advance tax for shareholders subject to withholding tax under current tax laws, or the equivalent amount in cash for other shareholders, payable as of 11 December.





Summary

- We have a balanced geographical profile, with organic exposure to developing markets and a very balanced distribution of the sources of EBITDA, with only 11% exposure to the PIIGS nations and the remainder from developed countries with a smaller price elasticity, which helps us to eliminate the effect of volatile commodity prices.



- All in all, we are dealing with the difficult situation on the markets on which we operate with growth and a good business base for 2013 owing to the adequate positioning of our brands, good hedging and a calendar of what we hope will be successful launchings.



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Corporate Calendar



Ebro maintains its commitment to transparency and reporting in 2012:

11 January	Quarterly payment of ordinary dividend (0.15 EUR/share)
29 February	Presentation 2011 year-end results
25 April	Presentation 1st quarter results
11 May	Quarterly payment of ordinary dividend (0.15 EUR/share)
24 July	Presentation 1st half results
11 September	Quarterly payment of ordinary dividend (0.15 EUR/share)
31 October	Presentation 3rd quarter results and outlook 2012
11 December	Distribution of extraordinary dividend (1 bonus share for every 99) and associated cash dividend
18 December	Announcement 2013 dividend against 2012 earnings



 **05**

Disclaimer



Disclaimer

- o 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 company's operations and position are accurate as at the date hereof.
- o All the figures set out in this report are calculated according to the International Accounting Standards (IAS).
- o This presentation includes forward-looking statements which represent expectations and beliefs concerning future events that involve risks and uncertainties which could cause actual results to differ materially from those currently anticipated.
- o Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Foods does not undertake any obligation to update or supplement any forward-looking information as a result of new information, future events or circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the Ebro Foods 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).
- o The main risks and uncertainties affecting the Group activities are described in Note 28 of the Consolidated Annual Accounts as at 31 December 2011 and the corresponding Directors' Report, which are available on our web site www.ebrofoods.es. In our opinion there have been no material changes during the year. The Group is exposed to a certain extent to the situation on the commodity markets and the possibility of passing any price changes on to consumers. It is also exposed to fluctuations in exchange rates, especially of the dollar, and interest rate variations.