

EBRO FOODS  
2012

1H12



Ebro



## CONTENTS

- 1. Business Units: 1H12 Results**
  - 1.1 Pasta
  - 1.2 Rice
- 2. Ebro Foods Consolidated 1H12 Results**
  - 2.1 Profit & Loss Account
  - 2.2 Breakdown of Operating Profit
  - 2.3 Evolution of Debt
- 3. Summary**
- 4. Corporate Calendar 2012**
- 5. Disclaimer**



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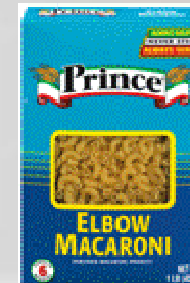


**01**

*Business Units: 1H12 Results*

# 1.1

## PASTA





## OK in Europe but Tough in North America

- Durum wheat prices were lower in the first half of this year than in 2H2011, although there has been an upturn recently due to the knock-on effect of other cereals.
- The performance of our Pasta business has been positive in Europe, our growth in volume outstripping the category as a whole.
- The performance of our Sauces and Couscous market has also been satisfactory.
- There was, nevertheless, a slight decline on the Fresh Pasta market, possibly due to the general economic recession.
- In contrast, the past six months have been tough in North America, mainly due to three factors:
  - Firstly, the market dropped 6%, affecting all categories of pasta;
  - Secondly, despite the wheat price hike, most of our rivals refrained from putting their prices up in the second half of 2011, and
  - Finally, the stocks accumulated by our North American subsidiary in the second half of 2011.
- All this is affecting the performance of NWP.





## Timid Recovery in the Second Quarter

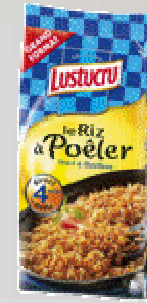
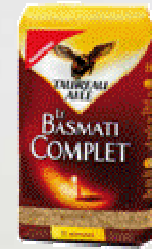
- The division turnover rose 7% to 484 MEUR as a result of the price rises and despite the loss of sales volume in the USA.
- Its EBITDA dropped by 4.6 MEUR to 63 MEUR, to which the currency factor contributed 2 MEUR.
- The division ROCE was over 23% but we have a difficult six months ahead, in which the evolution of wheat prices and brand positioning will have a decisive effect on the final result.
- We are enthusiastic about our incursion to the Potato market with the success of Gnocchi a Poêler and the launching of deep-fried potato balls ("Noisettes a Poêler") in France and Side Dishes in Canada.

Thous. EUR	1H10	1H11	1H12	12/11	CARG 12/10
<b>Sales</b>	447.351	453.452	484.064	6,8%	4,0%
<b>Advertising</b>	29.807	27.599	26.609	-3,6%	-5,5%
<b>Ebitda</b>	78.662	67.677	63.066	-6,8%	-10,5%
<b>Ebitda Marging</b>	17,6%	14,9%	13,0%	-12,7%	-13,9%
<b>Ebit</b>	64.519	54.031	49.419	-8,5%	-12,5%
<b>Operating Profit</b>	62.543	46.638	46.732	0,2%	-13,6%
<b>ROCE</b>	27,4	28,6	23,1	-19,2%	-8,2%



# 1.2

## RICE





## Successful Integration of SOS and ARI Businesses

- We can consider the performance of our rice businesses successful during this half year.
- Our brands have performed well in Europe, especially those incorporated from the SOS Group.
- The commodity market was fairly stable, as the incorporation of India in the world market averted the price rise fostered by Thailand.
- In Europe we turned to imported rice in preference of EC rice in H1 for cost reasons, although in H2 this situation is expected to change, enabling a better utilisation of our industrial capacity.
- Market prices in the USA were lower than in 2011, although the drought in Texas, ARI's main supply area, is expected to take its toll on results in the second half of the year.
- Our North American brands have generally improved their sales figures in a category with no growth. But we are in the process of streamlining the ARI brand to make it more profitable.
- Our latest launchings, Minute Steamers in the USA and Sabroz in Spain, are increasing their market penetration and, judging by their initial acceptance, they promise to be very successful.







## Healthy Growth in Rice

- Turnover was up 36% to 552 MEUR, mainly as a result of incorporation of the new businesses.
- The division EBITDA increased by 20 MEUR, a year-on-year growth of 37%. The exchange rate effect was positive, contributing 3 MEUR, and the SOS Group rice brands contributed 13 MEUR. The third factor worth noting is the full contribution by the Memphis plant, which has now reached optimum operating condition.
- Prospects are looking good for the second half of the year, confirming the improvement in both ROCE and EBITDA.

Thous. EUR	1H10	1H11	1H12	12/11	CAGR 12/10
<b>Sales</b>	404,256	405,799	552,253	36.1%	16.9%
<b>Advertising</b>	14,250	12,530	11,421	-8.9%	-10.5%
<b>EBITDA</b>	58,641	55,897	76,600	37.0%	14.3%
<b>EBITDA Margin</b>	14.5%	13.8%	13.9%	0.7%	-2.2%
<b>EBIT</b>	46,957	46,137	62,913	36.4%	15.7%
<b>Operating Profit</b>	51,365	44,685	61,809	38.3%	9.7%
<b>ROCE</b>	20.0	19.2	18.8	-2.1%	-3.0%







## New Incorporations Boost Sales

- Consolidated net turnover shot up 21% during the period to 1,013 MEUR, boosted by the price rise in pasta and the incorporation of new businesses, which were integrated very rapidly into our structures.
- The consolidated EBITDA rose 15% to 134 MEUR, assisted by a 5 MEUR contribution by the exchange rate effect.
- We include a breakdown of Operating Profit in the next slide, although the net effect will not be very significant.
- The Group has achieved a 19% year-on-year growth in Net Profit, with a negative like-for-like net financial income, since we had no debt in the first half of 2011.

Thous. EUR	1H10	1H11	1H12	12/11	CARG 12/10
<b>Sales</b>	842.185	839.695	1.012.832	20,6%	9,7%
<b>Advertising</b>	45.363	41.316	38.390	-7,1%	-8,0%
<b>Ebitda</b>	129.973	117.192	134.393	14,7%	1,7%
<b>EBITDA Margin</b>	15,4%	14,0%	13,3%	-4,9%	-7,3%
<b>Ebit</b>	103.733	93.104	106.349	14,2%	1,3%
<b>Operating Profit</b>	100.238	82.011	101.682	24,0%	0,7%
<b>Profit before Tax</b>	92.311	86.638	100.679	16,2%	4,4%
<b>Net Profit</b>	75.067	56.464	67.274	19,1%	-5,3%
<b>ROCE</b>	20,6	21,3	20,5	-3,8%	-0,2%





## Breakdown of Operating Profit

- The 4.7 MEUR negative difference between the EBIT and Operating Profit includes two items which, by virtue of their size, recommend a breakdown of this account. On the positive side, the overprovision for the lawsuits over the levy on milk and milk products is reversed, as settlement of this issue is in progress, with a positive result for us. On the other hand, we have marked to market the value of our investments in Deoleo and Biosearch, which has dented our earnings by 21 MEUR.

Thousand Euro	Balance at 30/06/2012
<b>Reversal overprovision lawsuit over levy on milk &amp; milk products</b>	20,766
<b>Remaining overprovision for lawsuits</b>	1,565
<b>Others</b>	628
<b>Total Other operating income</b>	22,959
<b>Impairment investments in Deoleo and Biosearch</b>	-21,040
<b>Others</b>	-6,586
<b>Total Other operating expenses</b>	-27,626
<b>Net</b>	-4,667





## Despite the Rising Dollar, our Debt has been Improving since December

- We closed the first half of the year with a Net Debt position of 360 MEUR, after reducing the debt at year-end 2011 by almost 30 MEUR, even though we have a Gross Debt in dollars so the evolution of the exchange rate in the last quarter was adverse to our interests.
- A year-on-year growth of 8% took Equity to 1,625 MEUR.
- Although we continue scanning the market for new opportunities, we do not foresee any major corporate transactions in the short term.

Thous EUR	30 Jun 10	31 Dec 10	30 Jun 11	31 Dec 11	30 Jun 12	Jun 12/11	CAGR E12/10
<b>Net Debt</b>	583,426	17,600	98,998	390,073	360,350	264.0%	-21.4%
<b>Average Debt</b>	566,411	378,336	108,622	139,157	292,761	169.5%	-28.1%
<b>Equity</b>	1,355,819	1,592,743	1,503,905	1,587,298	1,625,524	8.1%	9.5%
<b>Leverage ND</b>	43.0%	1.1%	6.6%	24.6%	22.2%	236.8%	-28.2%
<b>Leverage AD</b>	41.8%	23.8%	7.2%	8.8%	18.0%	149.4%	-34.3%
<b>x EBITDA (ND)</b>		0.1		1.43			
<b>x EBITDA (AD)</b>		1.2		0.5			



## Summary

- o Although durum wheat prices have come down considerably since the peaks experienced a year ago, we do not expect that trend to continue. Soft wheat, affected by the drought in America, has appreciated greatly over the past month and since this forms the basis for durum wheat prices, our raw material is experiencing inflationary pressure.
- o We do not expect any considerable instability in rice prices overall, although droughts could cause specific peaks in certain varieties or geographical areas.
- o NWP faces a tough H2 and will need to redefine its price policy to seek a reasonable balance between maintaining its market shares and profitability.
- o We have observed a drop in retail food consumption in the USA. We have observed a drop in retail food consumption in the USA. The general opinion is that this is due to the high temperatures last winter, combined with customers' improved perception of the crisis, leading them to substitute other channels.
- o The delays in starting up the Memphis plant have finally been solved and it is now fully operational, generating the anticipated synergies.
- o We are very pleased with the latest incorporations in both rice and pasta, which are already fully integrated.
- o We continue studying the market and are prepared to make new investments if the right opportunities come our way.









## 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)
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](http://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.