

RESULTS 9M16
and 2016 OUTLOOK



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1. BUSINESS UNIT RESULTS 9M16 and 2016 OUTLOOK



Rice Division

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Rice

- o Regarding the performance of raw materials, we would highlight the following:
 - o Now that the 16/17 season is underway, we see no risk that the world's rice harvest and/or prices will once again be affected by the El Niño effect.
 - o US and European harvests are rich in terms of quantity (not so rich in terms of quality), meaning that prices have remained stable and at good levels.
 - o We would also note that production in Texas has returned to normal for the first season since 2011, yielding not only a plentiful harvest, but the best quality crop in North America.
 - o The basmati harvest in India is in full swing and although the quality of the rice is good, a smaller area was sown this season and so we expect prices to be pushed up.
- o We would underline the following as far as our distributors are concerned:
 - o In the RTS, instant and aromatic rice categories, there has been notable double-digit growth.
 - o Our commitment in the health segment, with the launch of a wide range of quinoa and vegetable and grain mixes have been very well received by customers.
 - o ARI's Freeport facility is once again fully operational. In fact, since 3Q16 the Blue Ribbon brand has not only recovered its former position in the distribution ranking, but has improved on it by breaking into new distributors located in the south-east for the first time. Its return to the export market is testament to its newfound competitiveness.
- o In short, a year of outstanding growth for our rice business



RICE 9M16

- Despite the Puerto Rico divestment, sales are up 0.7% y-o-y to EUR958.5 million, with high value-add products registering strong growth.
- We have strengthened our investment in advertising, raising it by 6% to EUR23.4 million, 19% CAGR 16/14.
- The Division's Ebitda increased 15.3% to EUR146 million, maintaining the same growth rate as in recent quarters.
- The exchange rate had no major impact on these results.
- The division's ROCE continues to perform well, up almost 2 pp. to 18.8%.

EUR Thous.	9M14	9M15	9M16	16/15	CAGR 16/14
Sales	830,520	951,736	958,546	0.7%	7.4%
Advertising	16,499	22,008	23,385	6.3%	19.1%
Ebitda	104,477	126,552	145,952	15.3%	18.2%
Ebitda Margin	12.6%	13.3%	15.2%	-	-
Ebit	84,283	105,116	121,490	15.6%	20.1%
Operating Profit	89,181	106,803	129,624	21.4%	20.6%
ROCE	15.4	16.7	18.8	-	-



Rice 2016 Outlook

- Once the reduced sales stemming from the Puerto Rico divestment have been discounted, the division's year-end sales will remain flat at EUR1,282.2 million.
- Investment in advertising will be ramped up and by year-end we will have invested 9.3% more than last year, which will be 26.4% in terms of CAGR E16/13, reaching EUR31.6 million.
- The division's Ebitda will climb by 9.3% to EUR193.4 million, jumping a considerable 14% in terms of CAGR E16/13. If current levels are maintained, currency should not significantly affect this figure.
- We expect Operating Profit to see a sizeable 13.2% increase by year-end and 19.2% in terms of CAGR E16/13.

EUR Thous.	2014	2015	E2016	E16/15	CAGR E16/13
Sales	1,139,697	1,287,726	1,282,202	-0.4%	6.1%
Advertising	19,813	28,988	31,640	9.1%	26.4%
Ebitda	148,828	176,959	193,410	9.3%	14.0%
Ebitda Margin	13.1%	13.7%	15.1%	-	-
Ebit	121,789	147,509	160,701	8.9%	14.9%
Operating Profit	118,439	148,600	168,237	13.2%	19.2%
ROCE	15.3	17.1	NA	-	-



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Pasta Division

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Pasta

- The durum wheat harvest has been rich in quantity but not in quality across all areas of production. Rainfall has affected both the European and the North American crop, reducing the amount of suitable grain available for our pasta production. As a result, the prices that were seen during the summer, just shy of EUR200/tn, started to tick up in September edging towards the current EUR250/tn.
- In North America, we would highlight:
 - After a period of decline, the market seems to have stopped faltering and is now performing more favourably. However, the wholegrain and healthy segments continue to trend downwards.
 - We continue to work on bolstering the identity and value of our brands in order to compete in a market where promotion is a key factor.
 - During the quarter we have approved investments to modernise and make some of our plants more flexible.
- In Europe, the business is growing strongly, mainly due to:
 - The success of the dry pasta segment, where a good balance between innovation, the development of core products and promotions has been struck and which posted a record market share of 42.1% in September.
 - The success of key innovations in the fresh food segment, which registered double-digit growth.
 - Heightened activity in the organic segment, with this category being incorporated into our main brands.



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Pasta

- As we mentioned in the first half of the year, sauces did not get off to a good start this year; however, they recovered significantly in the third quarter and we expect the YE 2016 sales volume to be similar to that of 2015.
- We have entered the fresh pizza market in France, with 6 high quality recipes for the premium segment. The product line is being very well received, and is listed in all the distribution chains.
- With regards to the recent acquisitions completed by the division:
 - Garofalo has reached new milestones: beating its premium competitor for the first time in terms of market share in hypermarkets in France and recording better rotation figures than the leading Italian brand in Spain.
 - Monterrat continues to experience a slight temporary setback due to the shrinking generic brand sandwich market, with the premium business remaining unaffected. The strategy for 2017 is to restructure the business towards brands, and design robust launch campaigns.
 - In Celnat, we are putting important synergies in place that will come through in 2017.



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Pasta 9M16

- Turnover rose 3.4% to EUR907.3 million.
- The investment made in launching new products and strengthening our brands in North America is plain to see from the 16.4% increase in advertising costs, which hit EUR50.7 million.
- The division's Ebitda grew 18.2% to EUR112.1 million, with the margin up 1.6% to 12.4%.
- The ROCE rose 1.1 pp. to 17.9%, testament to the division's recovery following the raw material price increases that affected profits in 2015.

EUR Thous.	9M14	9M15	9M16	16/15	CAGR 16/14
Sales	725,952	877,654	907,330	3.4%	11.8%
Advertising	38,629	43,588	50,723	16.4%	14.6%
Ebitda	99,288	94,835	112,064	18.2%	6.2%
Ebitda Margin	13.7%	10.8%	12.4%	-	-
Ebit	76,547	67,582	80,598	19.3%	2.6%
Operating Profit	75,828	64,956	72,677	11.9%	-2.1%
ROCE	23.4	16.7	17.9	-	-



Pasta 2016 Outlook

- We expect the division's year-end sales to climb 1.5% to EUR1,243.2 million, mainly due to the changes in the scope of consolidation which will add EUR65.5 million.
- Advertising investment will increase EUR14 million to EUR72.2 million given that we have prepared a robust advertising campaign for the final quarter to strengthen our brands in North America.
- Ebitda will rise EUR9.3 million to EUR158 million, a satisfactory 6% bearing in mind the considerable investment made in advertising. The change in the scope of consolidation will represent EUR6 million. As with the rice division, if the exchange rate remains at current levels, the currency effect will be minimal.

EUR Thous.	2014	2015	E2016	E16/15	CAGR E16/14
Sales	1,029,294	1,224,491	1,243,328	1.5%	9.9%
Advertising	52,060	58,231	72,184	24.0%	17.8%
Ebitda	146,317	148,647	157,925	6.2%	3.9%
Ebitda Margin	14.2%	12.1%	12.7%	-	-
Ebit	114,397	110,477	113,740	3.0%	-0.3%
Operating Profit	112,340	104,957	102,587	-2.3%	-4.4%
ROCE	19.8	16.1	NA	-	-



2. EBRO FOODS CONSOLIDATED RESULTS 9M16 AND OUTLOOK 2016



2.1 P&L 9M16

- The consolidated sales figure topped the y-o-y comparison by 1.7%, taking it to EUR1,820.3 million, due to the effect of the change in the scope of consolidation, which was calculated at EUR54.2 million. Organic turnover dipped due to the drop in the price of raw materials.
- After increasing advertising investment by 12.3%, Ebitda grew 16.7% to EUR250.3 million, impacted by a EUR1.2 million negative currency effect; growing 12.6% in terms of CAGR 16/14. The change in the scope of consolidation stood at EUR6.4 million. Organic growth came in at 13.7%, with a CAGR of 11.2% .
- The quarter posted no major variation in terms of Operating Profit.
- Net Profit jumped 25.3% to EUR127.3 million, with the average yield measured in terms of ROCE coming in at 17.2%.

EUR Thous.	9M14	9M15	9M16	16/15	CAGR 16/14
Sales	1,520,683	1,789,799	1,820,327	1.7%	9.4%
Advertising	55,599	65,693	73,775	12.3%	15.2%
Ebitda	197,294	214,369	250,250	16.7%	12.6%
Ebitda Margin	13.0%	12.0%	13.7%	-	-
Ebit	153,570	165,072	193,909	17.5%	12.4%
Operating Profit	156,867	164,330	198,402	20.7%	12.5%
Profit before Tax	165,796	155,579	195,458	25.6%	8.6%
Net Profit	105,618	101,594	127,315	25.3%	9.8%
ROCE	17.3	15.4	17.2	-	-



2.2 P&L 2016 Outlook

- We estimate that the Group's sales will generally remain flat, affected by deflated raw material prices. The change in the scope of consolidation will have a EUR52.6 million impact, resulting from the 9 month contribution of Roland Monterrat, the 6 month contribution of Rice Select, the 12 month contribution of Celnat, as well as the effect of 12 months without the Puerto Rico business.
- We expect investment in advertising to continue to ramp up until the end of the year, as this quarter will see several marketing campaigns geared towards product launches and brand enhancement. Thus, we estimate advertising will rise 19.5% to EUR104 million.
- Ebitda will increase a sizeable 8.3% to EUR341 million, with the change to the scope of consolidation accounting for EUR5.7 million. The Ebitda margin will expand 1 pp. to 13.8%.
- Operating Profit will register a 9% increase, particularly noting the divestments of both the building located at Calle Montalbán in Madrid and the rice business in Puerto Rico.
- Net Profit will rise a very healthy 15.7% thanks to the upbeat performance of all of our businesses.

EUR Thous.	2014	2015	E2016	E16/15	CAGR E16/14
Sales	2,120,722	2,461,915	2,471,239	0.4%	7.9%
Advertising	72,414	87,017	103,981	19.5%	19.8%
Ebitda	287,251	314,727	340,708	8.3%	8.9%
Ebitda Margin	13.5%	12.8%	13.8%	-	-
Ebit	227,242	246,314	263,147	6.8%	7.6%
Operating Profit	217,377	242,377	264,079	9.0%	10.2%
Profit before Tax	215,749	229,722	259,938	13.2%	9.8%
Net Profit	146,013	144,846	167,629	15.7%	7.1%
ROCE	16.7	15.6	NA	-	-



2.3 Debt Performance

- As at 9M16 Debt stood at EUR420 million, down EUR28 million on the same period for the previous year. Year on year we expect to reduce debt levels by EUR31 million, ending the year with an estimated Net Debt of EUR395 million, a very significant figure after having carried out several investments in organic development, as well as increasing our stake in Riso Scotti, acquiring Celnat and investing in Harinas Santa Rita.
- The Debt to Ebitda ratio stands in the region of 1.1x. This is a low level of debt that allows us to remain flexible when considering the Group's inorganic development.
- Although we do not have any significant acquisitions in the pipeline, we remain on the lookout for any acquisition opportunities that may arise.

Thous. EUR	30 Sep 14	30 Dec 14	30 Sep 15	31 Dec 15	30 Sep 16	E31 Dec 16	E16/15	CAGR E16/14
Net debt	364,147	405,617	448,148	426,280	420,226	395,172	-7.3%	-1.3%
Average net debt	318,872	333,178	413,296	424,940	405,463	NA	NA	NA
Shareholder Equity	1,793,303	1,849,485	1,900,665	1,966,259	1,982,761	2,035,870	7.2%	4.9%
ND Leverage	20.3%	21.9%	23.6%	21.7%	21.2%	19.4%	16.1%	-5.9%
AND Leverage	17.8%	18.0%	21.7%	21.6%	20.4%	NA	NA	NA
x Ebitda (ND)		1.41		1.35		1.16		
x Ebitda (AND)		1.16		1.35		ND		



CONCLUSION



Conclusion

- Now that the reservations regarding raw material prices that concerned us in our last results presentation have diminished, we can confirm that our different businesses are enjoying a very satisfactory year.
- Our brands continue to grow, especially the value-added products that form the backbone of our strategy.
- Not only have we met our growth targets in the short term, we also remain on target for the medium-long term. Indeed, to date, we have invested capital in:
 - organic expansion in the United Kingdom, Spain, Benelux, Cambodia, Thailand, India and the USA on the back of strong demand and the success of our products;
 - inorganic expansion with the acquisitions of Celnat and Harinas Santa Rita;
 - productivity to reduce costs in the USA.
- As at 9M16 we maintain linear q-o-q growth of around 17% versus 2015. In the last quarter of the year, we will strengthen the premium business line with new launches and a strong advertising campaign. We would also highlight that Q4 2015 booked exceptional margins, as a result of the drop in raw material prices.
- In all, we foresee a very satisfactory year for the Group thanks to the collaboration of all the subsidiaries.



Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2016:

- **24 February** Presentation of YE2015 Results ✓
- **1 April** Four-month payment of ordinary dividend (EUR0.18/share) ✓
- **27 April** Presentation of 1Q Results ✓
- **29 June** Four-month payment of ordinary dividend (EUR0.18/share) ✓
- **27 July** Presentation of 1H Results ✓
- **3 October** Four-month payment of ordinary dividend (EUR0.18/share) ✓
- **26 October** Presentation of 9M Results and Pre-YE2016 ✓



Disclaimer

- This presentation contains our true understanding to the date of estimates on the future growth and on the different business lines and the global business, market share, financial results and other aspects of the activity and the positioning of the Company.
- All the data included in this report has been put together according to the International Accounting Standards (IAS)
- The information included herein does not represent a guarantee of our future action and it entails risks and uncertainty. The real results may be materially different from the ones stated in our estimates as a result of different factors.
- Analysts and investors shall not depend on these estimates covering only up to the date of this presentation. Ebro Foods does not undertake the obligation of publicly informing about the results of any revision of these estimates that may be done to reflect the successes and circumstances that may happen after the date of this presentation, including with no limits, changes in the business of Ebro Foods or in the acquisitions strategy or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report as well as the documents presented to the Authorities and more specifically to the National Stock Exchange Authority (CNMV).
- The main risks and uncertainties affecting the activities of the Group are the same ones included in Note 28 of the Consolidated Annual Accounts and in the Management Report corresponding to the year closed at 31st December 2013 which is available at www.ebrofoods.es. We think that no major change has taken place in this exercise. The Group still has certain exposure to the markets of raw materials and to the transfer of changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, specially the dollar, and to changes in the interest rates. The main risks and uncertainties affecting the activities of the Group are the same ones included in Note 28 of the Consolidated Annual Accounts and in the Management Report corresponding to the year closed at 31st December 2013 which is available at www.ebrofoods.es. We think that no major change has taken place in this exercise. The Group still has certain exposure to the markets of raw materials and to the transfer of changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, specially the dollar, and to changes in the interest rates.
- According to the guidelines set by the European Authority on Markets and Assets, we shall now include the description of the indicators used in this report. These indicators are currently and consistently used by the Group to explain the evolution of its activity and their definition has not been modified:
 - EBITDA Profit before tax, amortisation and interests without the results considered as extraordinary or non recurrent (basically the ones stemming from the transactions related to the fix assets of the Group, industrial restructuring costs, results or provisions for lawsuits, etc.).
 - Net Debt. Financial liabilities with cost, values of the participations under put/call options qualified as such, and in that case, accrued dividends and pending dividends without liquid assets or equivalent cash.
 - CAPEX: Payments for investments in productive fixed assets.
 - ROCE. Average yield of the assets measured as Operating Profit CAG last 12 months divided by the Net Asset of the period minus Financial Fixed Assets and Goodwill.

