

SALES BY GEOGRAPHICAL AREAS

41%
NORTH AMERICA

45%
EUROPE

6%
SPAIN

3%
AFRICA

4%
ASIA

1%
OTHERS

CHAIRMAN'S STATEMENT

DEAR STAKEHOLDERS,

As you will have noticed, the recovery of the eurozone was consolidated in 2015, even though the year-on-year growth rate remained at a modest 1.5% of the GDP. This recovery rests on growth of domestic demand, underpinned by an expansive monetary policy with interest rates close to zero and oil prices at their lowest level in the past decade. The improvement brought higher levels of employment and consumer confidence, although several political uncertainties such as Brexit and social issues such as the refugee crisis might check growth.

The United States has maintained its positive trend of the past two years. With a year-on-year GDP growth of 2.5% (the highest since the crisis set in) and unemployment at around 5%, its economy is still growing at a faster rate than most other developed countries. Domestic demand has been the main driving force behind this growth, as consumers have overcome their earlier distrust. The raising of rates by Federal Reserve leads the way to stabilisation and should not have a negative impact, except on the exports affected by the appreciation of the dollar and the weakness of emerging economies.

In the food sector, as I have announced in earlier reports, the after-effects of the crisis are being felt by all of us in the food industry. Society has changed and so has its scale of values when choosing a product. Loyalties have evaporated and consumers have begun to adjust their needs and expectations to a new food model offering true quality at good prices.

Consumers have become more cautious: they buy less, go for cheaper goods and have shifted towards quality private-label products or the more economical brands, and fresh, gourmet and ecological products with good value for money.

They are also more wary. Food crises such as those involving horsemeat, pork, antibiotics in animal feed or pesticides have led them to believe that the food industry is not transparent. The new scenario that has emerged is a major challenge for brands, as we must find a way to build new links with consumers and generate new loyalties. Other trends include the growth of local supermarkets and the appearance of virtual stores on the distribution market, which show that consumers are looking for healthy, enjoyable shopping experience.

Our starting point within this new competitive framework is very good, because although we are a global enterprise, the local factor has always prevailed over multinational in our business philosophy. We have preserved the DNA of each of our brands and respected their regional attributes and idiosyncrasies, maintaining a very close bond with consumers. Consequently, we still have emotional ties with our customers. Moreover, we have always been pioneers and drivers in the categories in which we operate and I am sure that our vocation to consumers and our permanent innovation policy will enable us to continue leading the market needs and anticipating the preferences of our customers and consumers.

In the area of commodities, the grain markets recorded maximum stock forecasts and stable or falling prices during the year. The Commodity Agricultural Raw Materials Index fell for the fourth year in succession since its record levels in 2011 and world ratios measuring stock as a percentage of annual consumption of the principal grains (corn, wheat and rice) were clearly above the average of the past 10 years.



Antonio Hernández Callejas

Chairman
Ebro Foods

In rice, the overall market trend was one of stable prices with world output and stock levels down slightly but still at the top end of the scale of those on record. There was a bumper crop in the United States in 14/15 (+10% on 2013/14), which reduced the US price spread over other long grain rice sources and enabled it to increase its exports. However, the long grain harvests this year are smaller (and of poorer quality), owing to the smaller area sown and the smaller yield, hence costs rose in the last quarter of the year. Another important aspect was the increase in imports of Asian rice in Europe. This, together with low yields and high prices in the last two crop years in Europe, has made European rice uncompetitive.

Against this backdrop, the rice division closed a very satisfactory year, underpinned by the continuous launching of new products and strong support in advertising. Our businesses grew in countries such as the Netherlands, Belgium, Finland, Spain, USA and Canada. The innovations of Brillante® and SOS® had an excellent performance in Spain, with Sabroz, brown rice and quinoa and specialty rice. In North America, record growth was achieved by brands such as Mahatma®, Carolina® and Minute® in their varieties of Instant Rice, Minute Ready-To-Serve or the wild rice business.

In durum wheat, prices started to come down as the harvesting of the new crop drew near, from levels of around 400 €/tonne to 280 €/t. In June, the rumours of a lower crop yield in Europe unleashed a new price hike, but as this was not confirmed, prices eased to 265 €/t by year-end.

In this scenario of rising prices, our pasta division faced an increase in costs of €54 million and its performance varied in the different geographical areas in which it operates.

In Europe, specifically in France, in a market that declined by 1.5%, the Panzani Group grew by 3.8%. Garofalo® also completed an excellent year and its penetration of different markets, such as Spain, Portugal, France, Germany and the Netherlands, progressed at a good rate. In contrast, the North American business was hard hit by the price tension and falling consumption, owing to the new trends in low carb diets. The Group managed to revert this trend towards the end of the year by investing in gluten free, quinoa, ancient grains and 150-cal categories.

On an international level, we concluded two major inorganic projects during the year, namely the acquisition of RiceSelect®, a North American business specialising in organic and specialty rice varieties, and the purchase of Roland Monterrat, a prominent player on the French snacks and fresh ready meals market. Through these operations, we have boosted and diversified the fresh products business, while bolstering our positioning in the organic foods category, in which we had already begun to operate by developing organic products and products based on quinoa, ancient grains or supergreens under the Netherlands, Spanish and North American brands.

On the stock market, the value of the Ebro Foods share rose by 37% in 2015. Over the same period, the Ibex 35 dropped 8%, the Ibex Med rose 12.7%, the Ibex Small was up 5% and the Eurostoxx Food and Beverage, benchmark for European food sector shares, rose 22.7%. The share performance has remained very positive during the first quarter of 2016. The value of the share rose 6.8%, while Ibex 35 dropped 12%, Ibex Med 11.5%, Ibex Small 2.8% and Eurostoxx Food and Beverage by 2.9%.

In Social Responsibility, we have had the honour of being elected members of the Private Sector Advisory Group working with the United Nations Sustainable Development Goals Fund (SDGF) to define working plans to progress in the achievement of the sustainable development goals. We have approved a new Corporate Code of Conduct, which expands on and develops the commitments acquired by the Ebro Group with its different stakeholders, and a specific Supplier Code of Conduct; within the Ebro Foods Foundation we have created a Sustainable Agriculture working line, focusing on the sustainable production of our agricultural raw materials; and we have worked on the development of a product portfolio positioned in the health segment with the aim of broadening our offer of healthy, differentiated food, etc. In short, we have made considerable progress in our goal of sustainable growth and I invite you to consult our Sustainability Report for further information on this.

I would like to round off by saying that in 2015 we closed a Strategic Plan in which the company achieved a highly satisfactory development. We improved our key financial metrics; we consolidated our rice and pasta businesses; we entered the most premium segment of our core business with Garofalo® and RiceSelect®; and we created value for all of you, our shareholders, and for everyone who interacts with us in the development of our business activity.



EBRO

01

INTRODUCTION



- 01** Leading group in the Spanish food sector
- 02** Global leader of the rice sector
- 03** Number two pasta manufacturer worldwide
- 04** Leader of the markets in which we operate





MISSION, VISION AND VALUES

The mission of the Ebro Foods Group is to research, create, produce and distribute high value-added foods which enhance people's health and well-being while meeting their nutritional needs.

Our vision is to grow sustainably, ensuring ethical conduct and professional and personal integrity in the performance of our business activities, creating value for our shareholders, minimising the environmental impact of our operations, guaranteeing the personal and career development of our employees, improving the quality of life in society and meeting the needs of customers and consumers.

THE GROUP'S CONDUCT IS GUIDED BY THE FOLLOWING VALUES:

- 01** Leadership
- 02** Transparency
- 03** Honesty
- 04** Responsibility
- 05** Integrity
- 06** Culture of effort
- 07** Ambition to generate value
- 08** Environmental responsibility
- 09** Service vocation
- 10** Focus on people
- 11** Innovation
- 12** Long-term sustainability
- 13** Strict compliance with prevailing laws and regulations

ETHICS AND INTEGRITY

The company is governed by the Ebro Foods Group Code of Conduct and the Internal Code of Market Conduct.

EBRO FOODS CODE OF CONDUCT

The current Code of Conduct approved by the Board of Directors of Ebro Foods, S.A. in December 2015, is an update of the previous Code of Conduct (in force since 2012) and reinforces the company's commitment to integrity, transparency and ethical, responsible behaviour.

The Group's Code of Conduct (hereinafter COC) provides guidance on how to act in the internal and external relationships of the people and companies making up the group headed by Ebro Foods, strengthening the values that distinguish us and establishing a basic reference to be followed by the people and companies of the Ebro Foods Group.

The COC is devised as an essential element within the crime prevention model implemented in the Ebro Foods Group, so it is important that it be known and observed by all those persons within its scope.

The COC also lays down the guidelines for relations with the Group's stakeholders: shareholders, professionals, consumers, customers, suppliers, rivals, authorities and markets in general.

All those falling within the scope of application of the Code, as per point 4 thereof, are bound to comply and contribute towards compliance with it. Nobody, regardless of their position within the Group, is authorised to require a person bound by the Code to breach the contents thereof. No relevant person may justify any malpractice or conduct infringing the COC alleging an order from a superior or ignorance of its contents.

In this regard, any person bound by the Code may report, under a guarantee of absolute confidentiality, any default or infringement of any of its principles. A reporting channel is established for this purpose, as follows:



- ❖ Reports may be sent to the e-mail canaldedenuncias@ebrofoods.es
- ❖ Access to that e-mail account, technologically protected to prevent any unauthorised access, shall be limited exclusively to the Chairman of the Audit and Compliance Committee who, as independent director, has no relationship with the management structure of the Ebro Foods Group.
- ❖ According to the contents of the report, the Chairman of the Audit and Compliance Committee may obtain the appropriate information and make the necessary consultations to clarify the issue, guaranteeing at all times the absolute confidentiality of the reporter and not informing the reported person or persons until the investigation has concluded.
- ❖ The Chairman of the Audit and Compliance Committee shall keep in touch with the reporter, informing him/her of the enquiries made and the final outcome and consequences.
- ❖ The Chairman of the Audit and Compliance Committee shall in all cases establish the order of priority, process, investigate and resolve reports, according to their importance and nature, paying special attention to those concerning a possible financial or accounting fraud and possible fraudulent activities.



The full text of the Code of Conduct and the guidelines laid down for its implementation and application are available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, specifically within the section Corporate Social Responsibility <http://www.ebrofoods.es/corporate-social-responsibility/code-of-conduct/>

The COC has been translated into the languages of all the countries in which the Group operates and has been signed by all the company's employees.

The Ebro Group is developing a multi-year ethical audit plan as a mechanism for monitoring and assessment of compliance. These audits will be made by an independent third party at both Group workplaces and at a sample of suppliers.

INTERNAL CODE OF MARKET CONDUCT

This Code, approved by the Board of Directors of Ebro Foods, S.A. in November 2015, modifies and replaces the previous one, in force from 2006. The Code is included in a process of actions taken by the Company within the framework of constant review of its internal regulations to adjust them to the legal provisions and CNMV criteria in place from time to time.

Its purpose is to establish a set of rules conforming to the laws and regulations in place from time to time, governing the conduct by the Company and the Relevant Persons in the different areas regulated in the Code, all relating to their actions in the security markets.

In this regard, Relevant Persons are:

- (i) Directors and Executives
- (ii) External Advisers insofar as they are considered Insiders
- (iii) Members of the Compliance Unit
- (iv) Any person other than the former whenever so decided in specific cases by the Compliance Unit contemplated herein, in view of the prevailing circumstances in each case.

The Code is applicable to the following subject matter:

- (i) Trading in relevant securities
- (ii) Insider information and price-sensitive information
- (iii) Treasury stock
- (iv) Conflicts of interest

The full text of this Code is available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, specifically within the section Corporate Governance

<http://www.ebrofoods.es/information-for-shareholders-and-investors/corporate-governance/internal-code-of-market-conduct/>



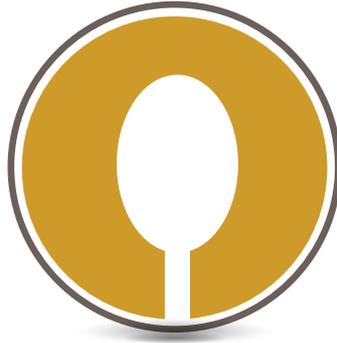
COMPANIES PERFORMING THE BUSINESS

The details of all the subsidiaries and associates of the Ebro Foods Group and the interest held by the latter in each one are set out in the consolidated financial statements (see Note 4 to the Consolidated Annual Accounts for the year ended 31 December 2015).

The rice and pasta businesses are performed by the following subsidiaries, reporting to Ebro Foods, S.A.:



COMPANY	COUNTRY	BUSINESS AREA
American Rice Inc.	USA	Rice
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Boost Nutrition, C.V.	Belgium	Rice
Bosto Panzani Benelux, N.V.	Belgium	Rice and pasta
Ebro India, Privated Ltd.	India	Rice
Ebrofrost Holding GmbH	Germany	Rice and pasta
Euryza GmbH	Germany	Rice
Herba Bangkok	Thailand	Rice
Herba Egypt, Ricemills. Ltd.	Egypt	Rice
Herba Puerto Rico, LLC	Puerto Rico	Rice
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Romania, S.R.L.	Romania	Rice
Lassie, B.V.	Netherlands	Rice
Lustucru Frais, S.A.S	France	Rice and pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Panzani, S.A.S.	France	Rice and pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods Inc.	USA	Rice
Stevens&Brotherton Herba Foods, Ltd.	United Kingdom	Rice
Catelli Foods Corporation	Canada	Pasta
New World Pasta	USA	Pasta
Pastificio Lucio Garofalo, Spa	Italy	Pasta



TWO NEW BUSINESSES JOINED THE GROUP IN 2015

RICESELECT® is the leading business in the US retail market of aromatic and organic rice and products based on ancient grains, quinoa and other super cereals. It is a brand with a premium image and a portfolio of high value-added products widely recognised by North American consumers.

Price of the operation: US\$45 million.



ROLAND MONTERRAT® is a mayor player in the French fresh food segment. It is leader of the “*Pâté en croûte*” market and one of the top companies in the sandwich and *croque-monsieur* segment.

Price of the operation: €44.25 million



Industrial infraestructure

The Ebro Group has, through its subsidiaries, 45 industrial plants in 15 different countries.

45

INDUSTRIAL PLANTS

15

COUNTRIES

BELGIUM

Merksem
Schoten

CANADA

Montreal
Hamilton
Delta

DENMARK

Orbaek

EGYPT

Heliopolis

FRANCE

Communay
Gennevilliers
Nanterre
Saint Genis Laval
Lorette
Saint Just
Vitrolles
Littoral
La Montre
Macon

GERMANY

Offingen

INDIA

Taraori

ITALY

Gragnano
Vercelli

MOROCCO

Larache

NETHERLANDS

Wormer

PORTUGAL

Coruche

SPAIN

San Juan de
Aznalfarache
Coria del Río
Isla Mayor
Jerez de la Frontera
Silla
Algemesí
L' Aldea
La Rinconada

THAILAND

Bangkok

UNITED KINGDOM

Liverpool
Cambridge

UNITED STATES

Alvin
Carlisle
Brinkley
Clearbrook
Freeport
Memphis
Fresno
St. Louis
Winchester
Hazen