
EBRO 2013

CHAIRMAN'S STATEMENT

Dear stakeholders,

As you all know, in 2013 we have started to see signs that we might be pulling out of the economic crisis that commenced in 2008. The recession in the eurozone is slowly remitting and the consumer confidence and industrial production indexes closed the year in positive figures, so although growth is still weak the climate is positive.

The situation is also favourable in the USA. Although household income has dropped, there has been a clear improvement in the economic figures (+1.9% annual GDP), including employment, confidence and housing sales.

But this does not mean that the changes observed in our consumers are about to disappear. Those changes appear to be firmly established and consumer streamlining is more than likely here to stay. In general, consumers buy less and more cheaply and are only willing to pay for things that give them a differential value. Consequently, the search for differentiation values is a key element in our company's growth strategy and in this regard R+D+I was once again a fundamental tool for Ebro in 2013.

In the commodities area, there was an upturn on the grain markets as from July. The announcement of a surplus corn market and a good soft wheat harvest kept prices low up to the end of the year. Durum wheat, with a good harvest and healthy stock levels in Canada, which produces approximately 60% of the world trade of this cereal, also helped to keep prices low. Rice prices remained low with record world harvests and abundant world stock, attentive to the new attempts by Thailand to reduce its government stock. Within this global scenario there are a few especially important exceptions which have represented greater challenges for the Ebro Group during the year, namely the devastating drought in Texas, pressure on domestic prices in the USA, Basmati prices and the shortage of rice at competitive prices from Spain.

The rice division had a bittersweet year, since although the evolution of its brands was satisfactory in both Europe and the United States, with growth in market shares and excellent shelf positioning, it was hard hit by several external factors, as a result of which the satisfactory performance of its brands has not been reflected in its results. These factors were mainly the mass default of basmati supply contracts in India, continuation of the severe drought in Texas and the impaired profit margins in Morocco owing to large-scale smuggling of rice into the country. We have worked hard to implement measures that will help us to minimise the impact of these factors on our future business development.

The pasta division, in contrast, had a good year, with stable durum wheat prices and the first signs of benefits deriving from the change of strategy implemented in the United States in the second half of 2012. In Europe, in a scenario strongly influenced by the growth of private label brands and constant promotions by our rivals, our brands have managed to maintain both market shares and profitability. In the United States, margins have begun to pick up and new gluten-free products and sauces launched in Canada went down well with consumers.

On an international level, we brought to fruition three inorganic growth projects. The largest project was the acquisition of Olivieri, leader in fresh pasta and sauces in Canada, with market shares of 51% and 41%, respectively. This operation was strategically important because it gave us a foothold in the fresh foods segment in Canada through the leading brand and, consequently, confirmed our leadership in all the categories in which we operate in that country.

Another project was the purchase of a modern rice plant in India with a processing capacity of over 100,000 tonnes a year. Through this purchase we will become firmly established in the largest basmati rice producing region in the world, guaranteeing supplies of this variety for all our subsidiaries. At the same time, we will enter a vast domestic market with high growth rates, where we will be able to progressively introduce our broad array of sauces, rice and pasta products.

Finally, we also bought a 25% stake in the Italian company Riso Scotti, leader of risotto rice in Italy. With this investment of €18 million we aim to begin a project for the international development of the risotto market. Scotti is the most prestigious brand in this area, with the added “authentication” feature of being made in Italy. Italian food has enormous potential and Ebro has put its money on its globalisation capacity.

But it hasn’t all been growth. Within our current Strategic Plan, we also announced that we were pulling out of our pasta business in Germany, as we found that the German market neither fitted in with the Group’s strategic target nor matched the yield achieved by our other businesses.

On the stock market, the value of the EBRO share rose by 17.9% over the year. In the same period Ibex 35 rose 21.4%, Ibex Med 52%, Ibex Small 44.2% and Eurostoxx Food and Beverage, benchmark for European food sector shares, just 7%. We could say, therefore, that EBRO had a rather moderate stock market performance in comparison with its benchmark indexes.

In short, although the consolidated results were dented by all the external factors that have hampered the rice division, the overall balance and evolution of Ebro during 2013 were very positive, since in a sector increasingly dominated by private label, its brands have hung on to their leading positions through intense work in innovation, commercial and marketing aspects.

I invite you to consult the Report and read about the company’s performance in all its areas of activity during 2013.

Antonio Hernández Callejas
Ebro Foods Chairman

The core businesses of Ebro Foods are rice and pasta.
Within these businesses, Ebro develops its business model using the different technologies available: dry, fresh, pre-cooked and frozen.

OUR CORE BUSINESS 04

RICE 05

This is the business area in which the Group is world leader. The business began in Spain back in 1950 and as from 1986 it began its international expansion by purchasing leading brands and companies in Europe, USA and Canada. Now also present in Africa and Asia, the division has an extensive portfolio of leading brands and products. This division accounts for 54% of Ebro's total sales.

RICE, INTERNATIONAL PRESENCE

CANADA

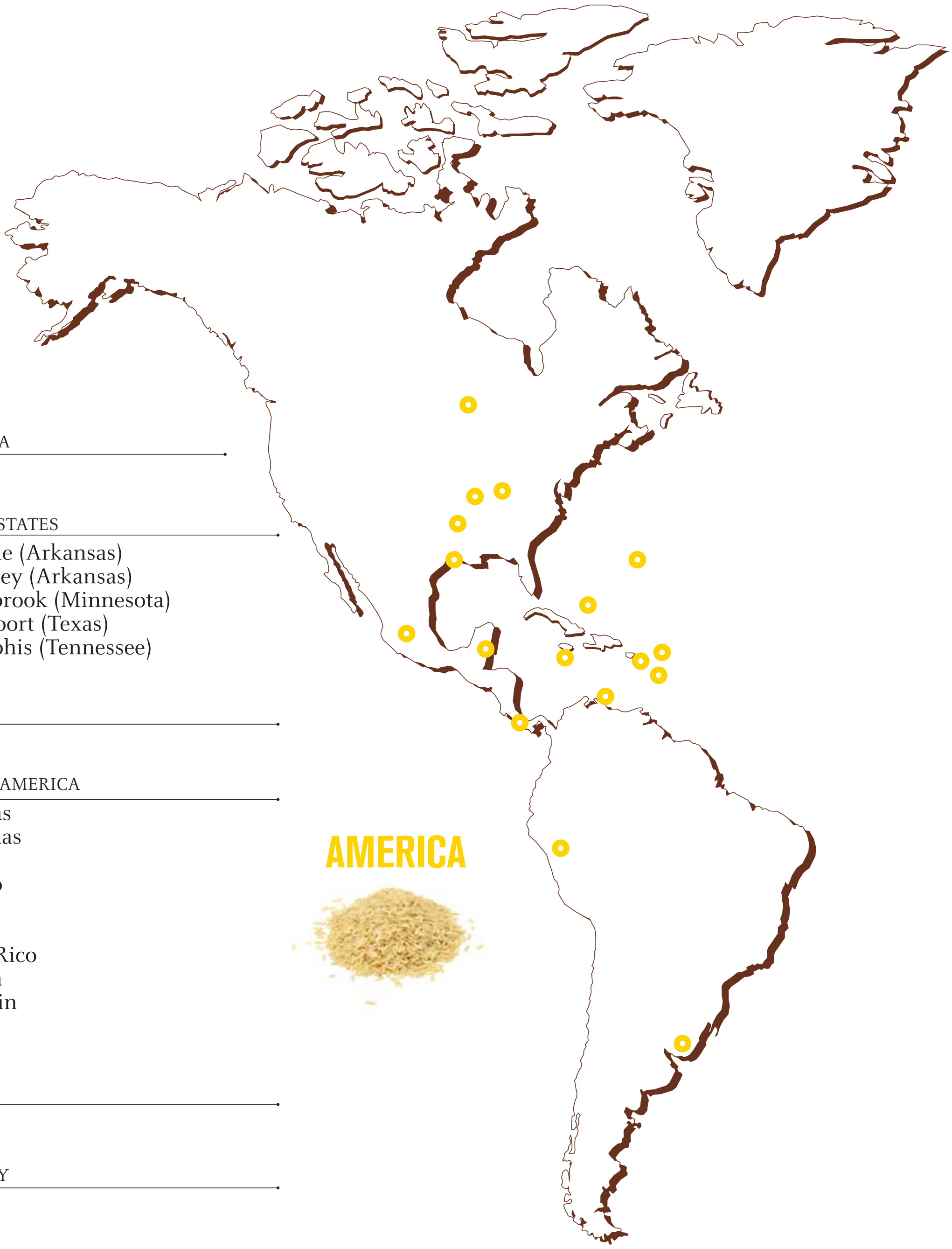
UNITED STATES
- * Carlisle (Arkansas)
- * Brinkley (Arkansas)
- * Clearbrook (Minnesota)
- * Freepoort (Texas)
- * Memphis (Tennessee)

MEXICO

REST OF AMERICA
- Bahamas
- Bermudas
- Belize
- Curaçao
- Jamaica
- Panama
- Puerto Rico
- St Lucia
- St Martin

PERU

URUGUAY



INDUSTRIAL PRESENCE
List of production plants *

COMMERCIAL PRESENCE

RICE, INTERNATIONAL PRESENCE

UNITED KINGDOM
* Liverpool
* Cambridge

SPAIN
* S. Juan de Aznalfarache (Seville)
* Coria del Río (Seville)
* Isla Mayor (Seville)
* La Rinconada (Seville)
* Jerez de La Frontera (Cadiz)
* Silla (Valencia)
* Algemesí (Valencia)
* L' Aldea (Tarragona)

PORTUGAL
* Coruche

AUSTRIA
CZECH REP.
ESTONIA
FINLAND
FRANCE
HUNGARY
ICELAND
LITHUANIA
POLAND
ROMANIA
SLOVAKIA
SWITZERLAND
UKRAINE

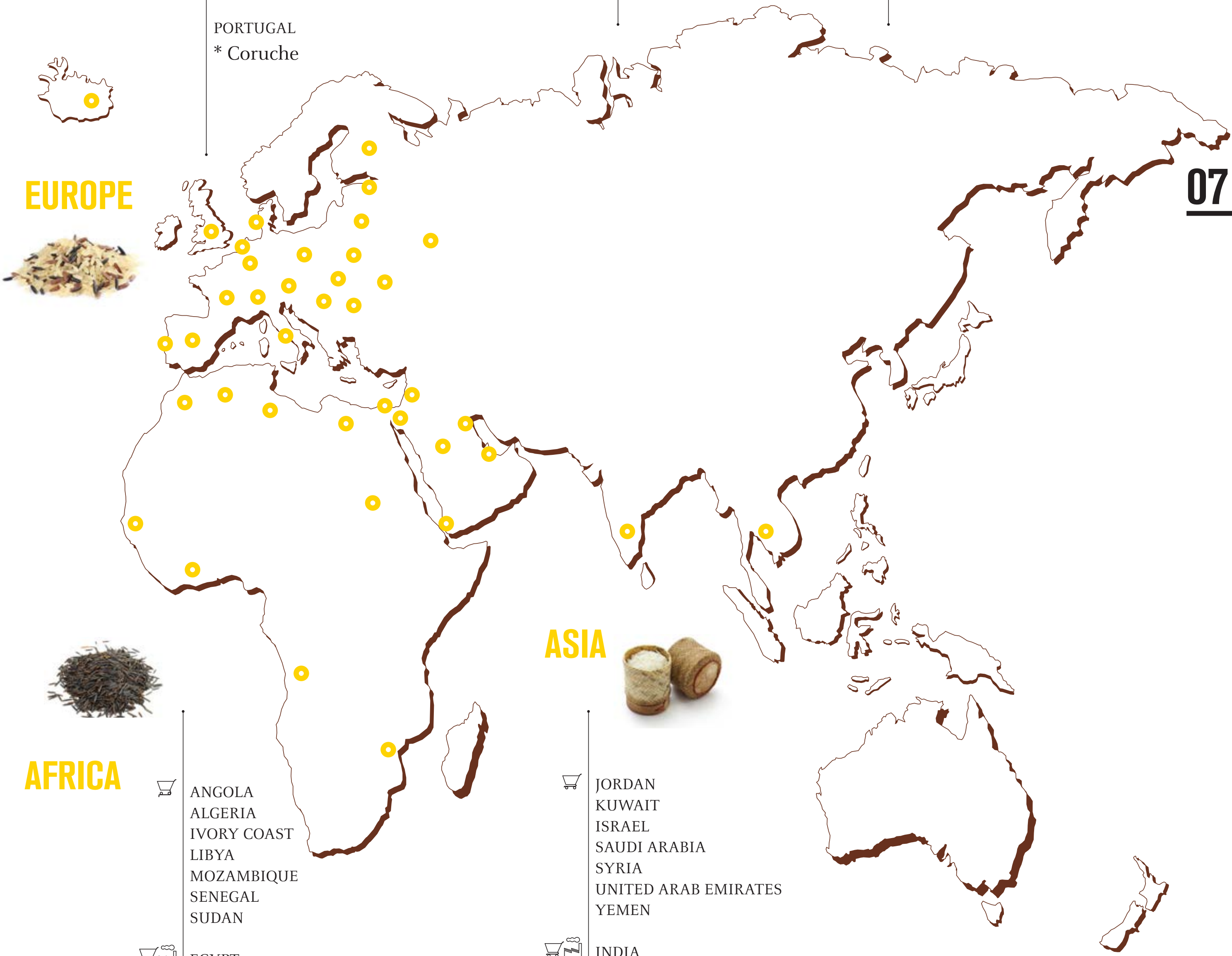
BELGIUM
* Merksem
* Schoten

DENMARK
* Orbaek

GERMANY
* Offingen

ITALY
* Vercelli

NETHERLAND
* Wormer



ANGOLA
ALGERIA
IVORY COAST
LIBYA
MOZAMBIQUE
SENEGAL
SUDAN

EGYPT
- Heliopolis

MOROCCO
- Larache

JORDAN
KUWAIT
ISRAEL
SAUDI ARABIA
SYRIA
UNITED ARAB EMIRATES
YEMEN

INDIA
* Haryana

THAILAND
* Bangkok

INDUSTRIAL PRESENCE
List of production plants *

COMMERCIAL PRESENCE

BRANDS IN AMERICA

BAHAMAS
Blue Ribbon®
Mahatma®

BELIZE
Mahatma®

BERMUDAS
Carolina®
Minute®

CANADÁ
Minute®

CURAÇAO
Blue Ribbon®
Mahatma®

JAMAICA
Blue Ribbon®
Mahatma®

MEXICO
SOS®

PANAMA
Blue Ribbon®
Mahatma®

PERU
Mahatma®
Minute®

PUERTO RICO
Cinta Azul®
El Mago®
Mahatma®
Sello Rojo®
SOS®

ST MARTIN
Mahatma®

ST LUCIA
Mahatma®

UNITED STATES
Adolphus®
Blue Ribbon®
Carolina®
Comet®
Gourmet House®
Mahatma®
Minute®
River®
Success Rice®
Watermaid®
Wonder®

URUGUAY
Success Rice®
Minute®

SIGNIFICANT MARKET POSITION	SHORT GRAIN RICE
CANADA	1
PUERTO RICO	3
UNITED STATES	1

AUSTRIA
Königs®
Oryza®
Reis Fit®

BELGIUM
Bosto®
Boss®
Casi®

CZECH REPUBLIC
SOS®

DENMARK
Oryza®
Ris-Fix®

ESTONIA
Bosto®

FINLAND
Risella®

FRANCE
Lustucru®
Taureau Ailé®

GERMANY
Oryza®
Reis-Fit®

HUNGARY
Riceland®
SOS®

ICELAND
River®

LITHUANIA
Bosto®
Oryza®

NETHERLANDS
Lassie®

POLAND
SOS®

PORTUGAL
La Cigala®
Saludaes®

ROMANIA
Panzani®
SOS®

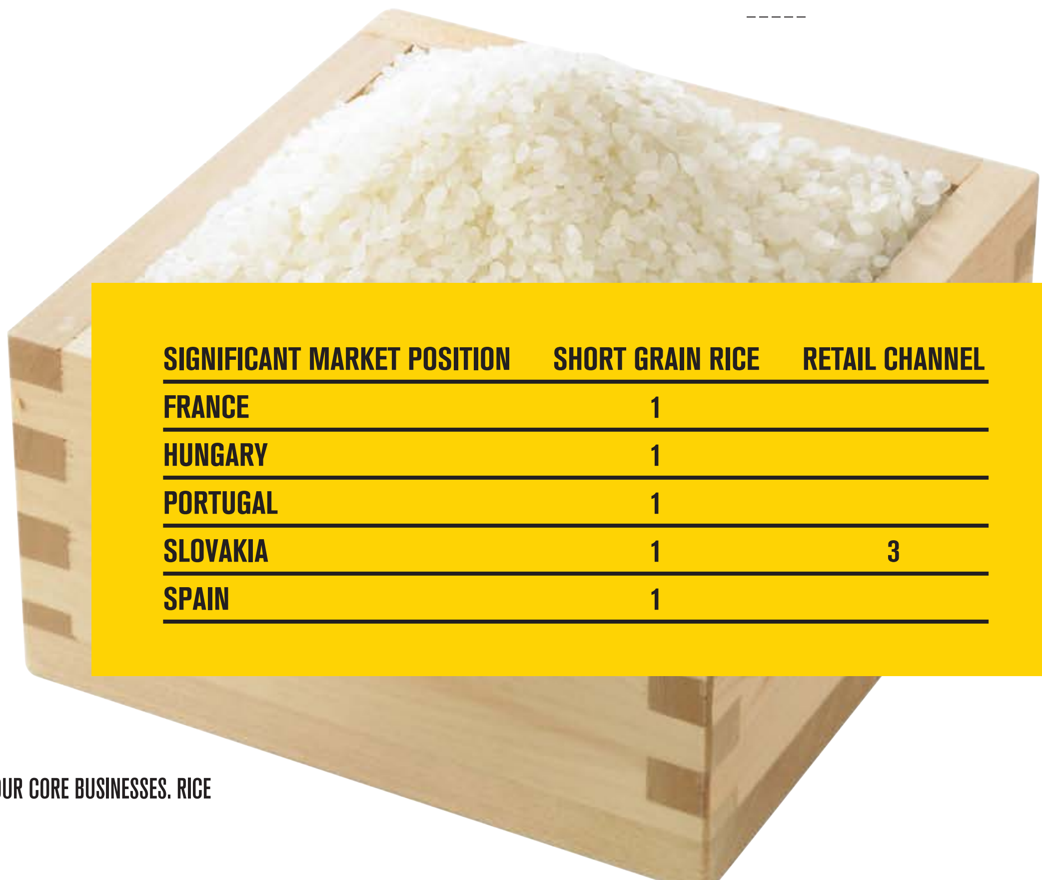
SLOVAKIA
SOS®

SPAIN
Arroz Rocío®
Brillante®
La Cigala®
La Fallera®
Panzani®
SOS®
Sundari®

SWITZERLAND
Oryza®

UNITED KINGDOM
Chinatown®
Double Phoenix®
Gourmet House®
Peacock®
Success®
Sunrich®

UKRAINE
Bosto®
Oryza®



SIGNIFICANT MARKET POSITION	SHORT GRAIN RICE	RETAIL CHANNEL
FRANCE	1	
HUNGARY	1	
PORTUGAL	1	
SLOVAKIA	1	3
SPAIN	1	

BRANDS IN AFRICA

ANGOLA
Arroz Cigala®

ALGERIA
SOS®

IVORY COAST
SOS®

EGYPT
Herba®
King of Rice®
Shahraman®

LIBYA
Abu Bint®
Herba®
SOS®

MOROCCO
Arroz Cigala®
Cup Riz®
Miura®

MOZAMBIQUE
Arroz Cigala®
Cup Riz®
Miura®

SENEGAL
SOS®

SUDAN
Abu Bint®

BRANDS IN ASIA

ISRAEL
Arroz Cigala®

JORDAN
Abu Bint®

KUWAIT
SOS®

SAUDI ARABIA
Abu Bint®

SYRIA
SOS®

UNITED ARAB EMIRATES
Abu Bint®
SOS®

YEMEN
Abu Bint®

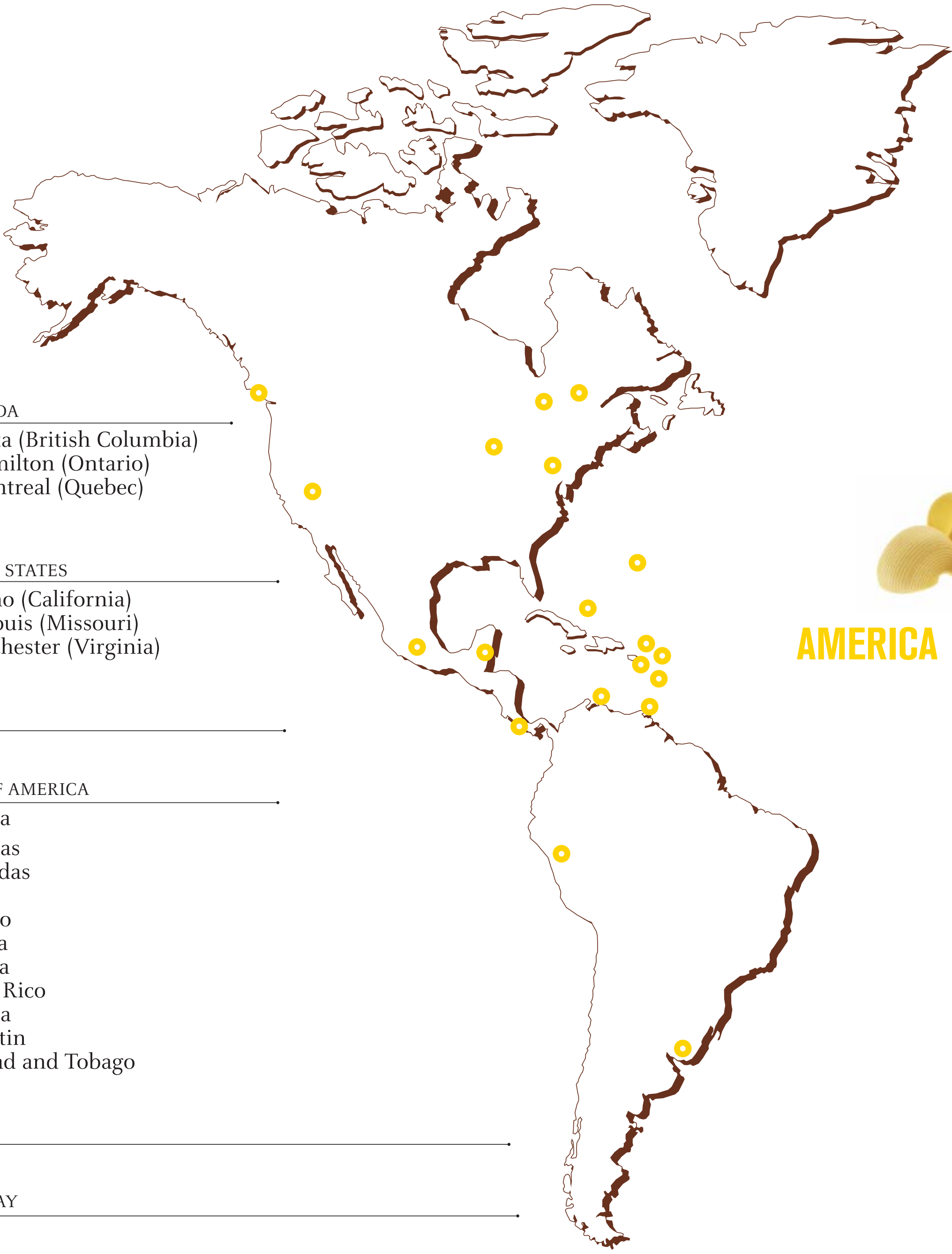
SIGNIFICANT MARKET POSITION	SHORT GRAIN RICE
ANGOLA	3
ALGERIA	2 V
JORDAN	1 PARB
LIBYA	LY
MOROCCO	1
SAUDI ARABIA	1 PARB
SYRIA	2

V: Market position by value PARB: Parboiled rice LY: Control retail market SOS, Herba y Abu Bint

This division is represented by the companies New World Pasta (leader in USA and Canada) and Panzani (no. 1 in France in the dry and fresh pasta sectors, sauces, couscous and semolina). Apart from these countries, the Group brands are also present in other geographical areas, such as Belgium, Hungary, United Kingdom, Algeria, United Arab Emirates, Czech Republic and Russia, so in just eight years Ebro has positioned itself as the second pasta manufacturer in the world. This division currently accounts for 46% of the Group's total business.

PASTA, SAUCES AND OTHERS

PASTA, INTERNATIONAL PRESENCE



AMERICA

CANADA
* Delta (British Columbia)
* Hamilton (Ontario)
* Montreal (Quebec)

UNITED STATES
* Fresno (California)
* St. Louis (Missouri)
* Winchester (Virginia)

MEXICO

REST OF AMERICA

Antigua
Bahamas
Bermudas
Belize
Curaçao
Jamaica
Panama
Puerto Rico
St Lucia
St Martin
Trinidad and Tobago

PERU

URUGUAY

INDUSTRIAL PRESENCE
List of production plants *

COMMERCIAL PRESENCE

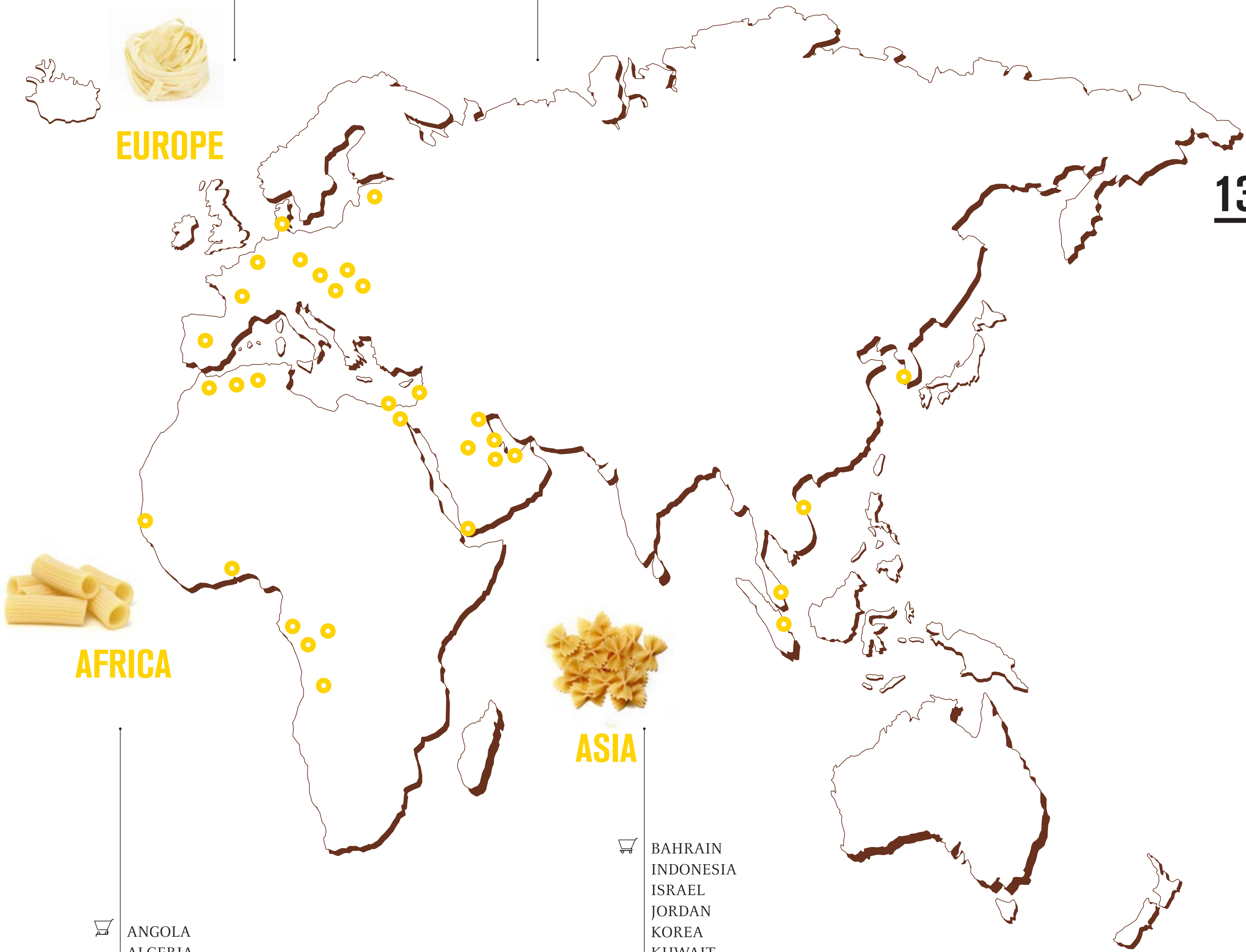
PASTA, INTERNATIONAL PRESENCE

FRANCE
* Gennevilliers
* La Montre
* Littoral
* Lorette
* Mauricio
* Nanterre
* Reunion
* Saint Genis Laval
* Saint Just
* Vitrolles

DENMARK
* Orbaek

GERMANY
* Offingen

BELGIUM
CZECH REP.
ESTONIA
HUNGARY
ROMANIA
SLOVAQUIA
SPAIN



BAHRAIN
INDONESIA
ISRAEL
JORDAN
KOREA
KUWAIT
LEBANON
MALAYSIA
QATAR
SAUDI ARABIA
UNITED ARAB EMIRATES
VIETNAM
YEMEN

ANGOLA
ALGERIA
CAMEROON
CONGO
IVORY COAST
GABON
LYBIA
MOROCCO
SENEGAL

INDUSTRIAL PRESENCE
List of production plants *

COMMERCIAL PRESENCE

ANTIGUA
Prince®

BAHAMAS
Ronzoni®

BELIZE
Ronzoni®

BERMUDAS
Catelli®
Ronzoni®

CANADA
Catelli®
Catelli Healthy Harvest®
Giovanni Panzani®
Lancia®
Splendor®
Ronzoni®
Olivieri ®

CURAÇAO
Ronzoni®

JAMAICA
Ronzoni®

MEXICO
Panzani®

PANAMA
Creamette®

PERU
Ronzoni®

PUERTO RICO
Prince®
Ronzoni®

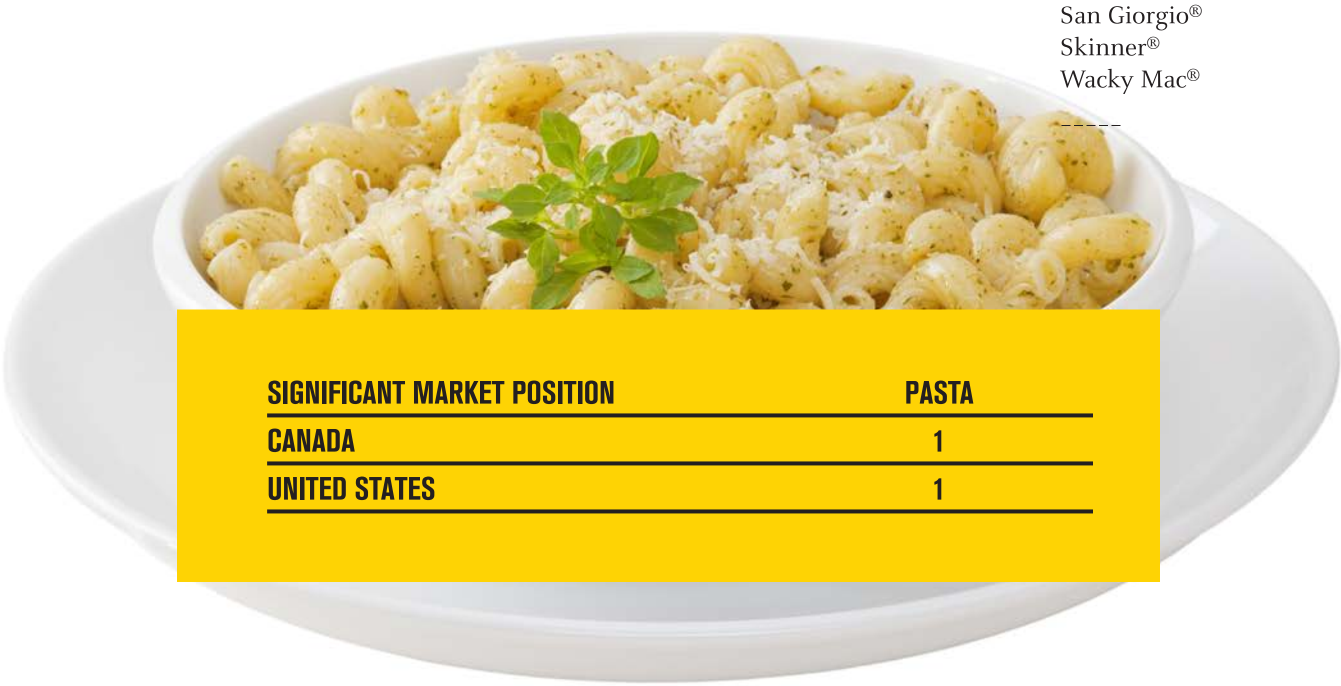
ST MARTIN
Ronzoni®

ST LUCIA
Ronzoni®

TRINIDAD & TOBAGO
Ronzoni®

URUGUAY
Ronzoni®

UNITED STATES
American Beauty®
Creamette®
Light'n'fluffy®
No Yolks®
Prince®
P&R®
Ronzoni Healthy Harvest®
Ronzoni®
San Giorgio®
Skinner®
Wacky Mac®



SIGNIFICANT MARKET POSITION	PASTA
CANADA	1
UNITED STATES	1

BELGIUM
Panzani®

CZECH REPUBLIC
Panzani®

ESTONIA
Panzani®

FRANCE
Ferrero®
Lustucru®
Panzani®
Regia®

HUNGARY
Panzani®

SLOVAKIA
Panzani®

ROMANIA
Panzani®

SPAIN
Ferrero®

SIGNIFICANT MARKET POSITION	DRY PASTA	FRESH PASTA	SAUCES	FRESH GNOCCHI
BELGIUM	2			
CZECH REPUBLIC	1		1	
ESTONIA	1			
FRANCE	1	1	1	1
ROMANIA	5		1	

BRANDS IN ASIA

BAHRAIN
Ronzoni®

INDONESIA
Ronzoni®
San Giorgio®

ISRAEL
No Yolks®
Wacky Mac®

JORDAN
Ronzoni®

KOREA
Ronzoni®
San Giorgio®

KUWAIT
Ronzoni®

LEBANON
Panzani®
Ronzoni®

MALAYSIA
Ronzoni®
San Giorgio®

QATAR
Panzani®

SAUDI ARABIA
Panzani®
Ronzoni®
San Giorgio®

UNITED ARAB EMIRATES
Panzani®

YEMEN
Panzani®

BRANDS IN AFRICA

ANGOLA
Panzani®

ALGERIA
Lustucru®
Panzani®

CAMEROON
Panzani®

CONGO
Panzani®

GABON
Panzani®

IVORY COAST
Panzani®

LIBYA
Panzani®

MOROCCO
Panzani®

SENEGAL
Panzani®

SIGNIFICANT MARKET POSITION	DRY PASTA	SAUCES
ANTILLES	1*	1
CAMEROON	3*	
CONGO	1*	
GABON	1*	
IVORY COAST	1*	
KUWAIT	4*	
LEBANON	2*	
MAURITIUS	1*	
MOROCCO	2*	
QATAR	3*	
SENEGAL	1*	
SAUDI ARABIA	3*	
UNITED ARAB EMIRATES	3*	

*Imported

FINANCIAL HIGHLIGHTS

CONSOLIDATED FIGURES	2011	2012	2012-2011	2013	2013-2012	CAGR 2013-2011
Net turnover	1,736,686	1,981,130	14.1%	1,956,647	(1.2%)	6.1%
EBITDA	273,642	299,226	9.3%	282,392	(5.6%)	1.6%
EBIT	226,914	244,319	7.7%	226,356	(7.4%)	(0.1%)
Operating profit	229,929	255,575	11.2%	212,907	(16.7%)	(3.8%)
Consolidated earnings (Continuing operations)	161,666	160,974	(0.4%)	141,489	(12.1%)	(6.4%)
Net earnings on discontinued operations	(10,023)	(2,523)	(1)	(7,507)	197.5%	(13.5%)
Net profit	151,542	158,592	4.7%	132,759	(16.3%)	(6.4%)
Average current assets	315,694	402,403	(27.5%)	420,517	(4.5%)	
Capital employed	1,007,686	1,212,424	(20.3%)	1,286,515	(6.1%)	
ROCE **(1)**	22.2	20.0		17.7		
Capex **(2)**	66,596	52,930	(20.5%)	61,308	15.8%	
Average headcount	4,743	4,741	0.0 %	4,665	(1.6%)	

>> Thousand of euro

(1) *ROCE = Operating income CAGR last 12 months / (intangible assets - property, plant & equipment - current assets)*

(2) *Capex as cash out flow from investing activities*

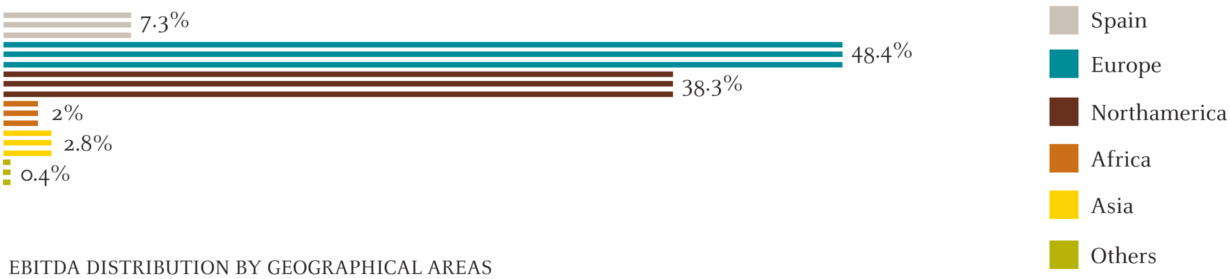
STOCK MARKET HIGHLIGHTS	2011	2012	2012-2011	2013	2013-2012
Number of shares	153,865,392	153,865,392	0.0%	153,865,392	0.0%
Market capitalisation at year-end	2,207,968	2,307,981	4.5%	2,621,097	13.6%
EPS	0.98	1.03	4.7%	0.86	(16.3%)
Dividend per share	0.87	0.63	(27.6%)	0.60	(4.8%)
Theoretical book value per share	10.32	11.00	6.6%	11.09	0.8%

	2011	2012	2012-2011	2013	2013-2012
Equity	1,587,298	1,692,209	(6.6%)	1.705,757	0.8%
Net Debt	390,073	244,804	37.2%	338,291	(38.2%)
Average Debt	139,157	294,114		260,820	
Leverage **(3)**	0.09	0.17		0.15	
Total Assets	2,710,608	2,731,812	0.8%	2,772,680	1.5%

(3) *Ratio of average net financial debt with cost to equity (excluding minority interests)*

BREAKDOWN BY GEOGRAPHICAL AREAS (%)

SALES BY GEOGRAPHICAL AREAS



EBITDA DISTRIBUTION BY GEOGRAPHICAL AREAS

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RICE BUSINESS	2011	2012	2012-2011	2013	2013-2012	CAGR 2013-2011
Net turnover	920,752	1,105,738	20.1%	1,090,459	(1.4%)	8.8%
EBITDA	135,953	161,035	18.4%	137,627	(14.5%)	0.6%
EBIT	113,698	133,927	17.8%	110,156	(17.7%)	(1.6%)
Operating profit	103,056	103,021	26.2%	102,785	(20.9%)	(0.1%)
Average current assets	231,686	298,822	(29.0%)	329,938	(10.4%)	
Capital employed	582,158	729,320	(25.3%)	751,292	(3.0%)	
ROCE						
Capex	26,950	19,105	(29.1%)	21,186	10.9%	

>> Thousand of euro

PASTA BUSINESS	2011	2012	2012-2011	2013	2013-2012	CAGR 2013-2011
Net turnover	860,872	920,693	6.9%	915,120	(0.6%)	3.1%
EBITDA	144,993	145,246	0.2%	152,955	5.3%	2.7%
EBIT	121,956	118,884	(2.5%)	1125,725	5.8%	1.5%
Operating profit	118,653	110,185	(7.1%)	115,283	4.6%	(1.4%)
Average current assets	69,173	90,115	(30.3%)	76,369	15.3%	
Capital employed	456,917	520,948	(14.0%)	508,429	2.4%	
ROCE	26.7	22.4		25.7		
Capex	37,093	33,040	(10.9%)	38,720	17.2%	

>> Thousand of euro

DISTRIBUTION BY BUSINESS UNITS (%)

SALES BY BUSINESS UNITS

EBITDA DISTRIBUTION BY BUSINESS UNITS

Rice

Pasta and sauces

ANALYSIS OF 2013

20

ENVIRONMENT

The recession is slowly remitting in the eurozone. After six consecutive quarters of contraction, there was finally an upturn in the GDP in the second quarter of 2013, with a quarter-on-quarter growth of 0.3%. Moreover, the consumer confidence and industrial production indexes closed the year in positive figures, so although growth is still weak, because in some cases the "real economy" (employment and available income) has not yet been reached and the different countries have varying growth capacities, the climate is positive.

The situation is favourable in the USA. On the one hand there has been a clear improvement in the economic figures (+1.9 % annual GDP), including employment, confidence and housing sales, but on the other hand the average household income dropped and the number of homes receiving food vouchers rose, reflecting certain imbalances in the recovery, which were just starting to be smoothed out by the end of the year.

In spite of the improvements observed, the years of uncertainty and the high unemployment rates still sustained in many developed countries have taken their toll in the form of changes in consumer habits. In general, consumers have adapted their purchase habits, buying less and cheaper and going more for quality private label products or the more economical brands. At the same time, new options have appeared on the scene competing with traditional distribution channels, such as internet shopping, while the search has stepped up for fresh products producing pleasure without increasing household spending.

In the commodity area, there was an upturn on the grain markets as from July. The announcement of a surplus corn market and a good soft wheat harvest pushed prices down until the end of the year. Durum wheat, which has a particularly narrow market, accompanied this trend with a good harvest and stock levels in Canada, which produces approximately 60% of the world trade of this cereal. With a stable position in the other sources, durum wheat prices fell in Europe from 300 €/t to 250 €/t at year end. Rice prices remained low with record world harvests and abundant world stock, attentive to the new attempts by Thailand to reduce its government stock. Within this global scenario there are a few especially important exceptions which have represented greater challenges for the Ebro Group during the year, namely the devastating drought in Texas, pressure on domestic prices in the USA, Basmati prices and the shortage of rice at competitive prices from Spain.

GROUP RESULTS

The Net Earnings in Continuing Operations fell by 12.1% due to the smaller contribution of positive non-recurring income, because in the previous year the proceeds from the sale of the Nomen brand had been received and major reversals had been made of over-provisions for legal disputes related with the Group's former sugar and dairy businesses.

Turnover slid 1.2% year on year due to passing on to consumers the lower supply costs and the evolution of the exchange rate in companies whose functional currency is the dollar. These factors outweighed the positive evolution in sales volumes.

The generation of resources, EBITDA, dropped 5.6% year on year, entirely in the rice division, owing to problems encountered with the supplies of certain sources of rice, which pushed prices up and squeezed margins with no possibility of recovery in the short term. Moreover, the foreign exchange effect on 2012 earnings was negative to the tune of € 5.1 million.

The most significant financial highlights of the Group are shown below:

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% Turnover	15.8%	15.1%		14.4%		
EBIT	226,914	244,319	7.7%	226,356	(7.4%)	(0.1%)
% Turnover	13.1%	12.3%		11.6%		
Operating profit	233,829	250,438	7.1%	210,646	(15.9%)	(5.1%)
% Turnover	13.5%	12.6%		10.8%		
Tax	(72,163)	(89,464)	(24.0%)	(69,157)	22.7%	(2.1%)
% Turnover	(4.2%)	(4.5%)		(3.5%)		
Consolidated earnings (Continuing operations)	161,666	160,974	(0.4%)	141,489	(12.1%)	(6.4%)
% Turnover	9.3%	8.1%		7.2%		
Net earnings on discontinued operations	(10,023)	(2,523)	(74.8%)	(7,507)	197.5%	(13.5%)
% Turnover	(0.6%)	(0.1%)		(0.4%)		
Net profit	151,542	158,592	4.7%	132,759	(16.3%)	(6.4%)
% Turnover	8.7%	8.0%		6.8%		
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>> Thousand of euro

(1) *ROCE = Operating income CAGR last 12 months / (intangible assets - property, plant & equipment - working capital)*

(2) *Capex as cash out flow from investing activities*

	31-12-11	31-12-12	2012-2011	31-12-13	2013-2012
Equity	1,587,298	1,692,209	6.6%	1.705,757	0.8%
Net Debt	390,073	244,804	(37.2%)	338,291	38.2%
Average Debt	139,157	294,114	111.4%	260,820	(11.3%)
Leverage **(3)**	8.8%	17.4		15.3%	
Total Assets	2,710,608	2,731,812	0.8%	2,772,680	1.5%

>> Thousand of euro

(3) *Ratio of average net financial debt with cost to equity (excluding minority interests)*

The profitability measured by the EBITDA/Sales ratio is slightly down at 14.4% largely due to the smaller yield of the rice business and the increased investment in advertising to consolidate the aforesaid improvements in sales volumes. Further details are given on the Rice Business section of this report.

The ROCE has fallen to 17.7%, due to the squeeze on margins, the increased average working capital required to cope with the supply difficulties, outweighing the lower costs of supply, and the incorporation of Ebro India, which has been collecting the new harvest in recent months but does not yet contribute to earnings.

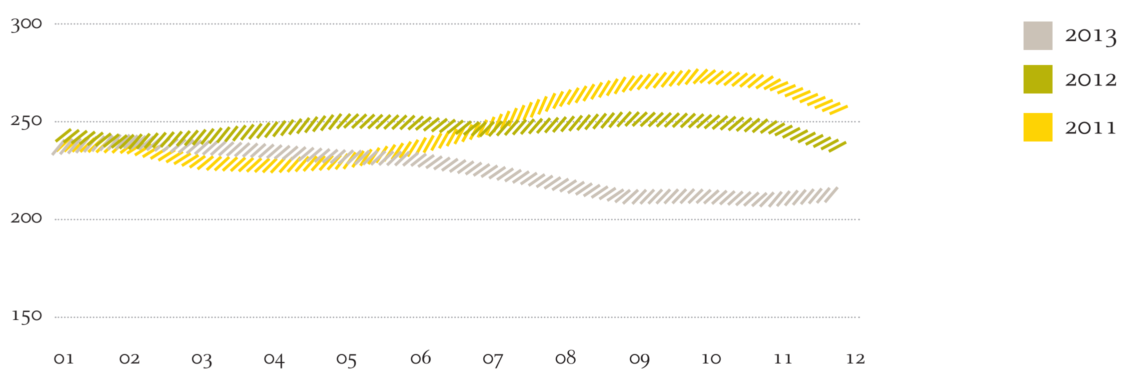
RICE DIVISION

RICE BUSINESS	2011	2012	2012-2011	2013	2013-2012	CAGR 2013-2011
Net turnover	920,752	1,105,738	20.1%	1,090,459	(1.4%)	8.8%
EBITDA	135,953	161,035	18.4%	137,627	(14.5%)	0.6%
% Turnover	14.8%	14.6%		12.6%		
EBIT	113,698	133,927	17.8%	110,156	(17.7%)	(1.6%)
% Turnover	12.3%	12.1%		10.1%		
Average current assets	231,686	298,822	(29.0%)	329,938	(10.4%)	
Capital employed	582,158	729,320	(25.3%)	751,292	(3.0%)	
ROCE	18.8	18.3		14.8		
Capex	26,950	19,105	(29.1%)	21,186	10.9%	

>> Thousand of euro

As indicated in the comments on the environment, the general market trend was a lowering of prices with record production worldwide and stocks also at one of the highest levels on record. The Thai government maintains its subsidiaries and despite new attempts to put its stock on the market through bilateral agreements, it is estimated that they may have approximately 16 million tonnes of white rice equivalent supporting the world market.

RICE IPO INDEX



However, supplies from certain sources have been distorted with a material impact on the results of this division. In particular, prices have continued rising in the USA owing to the drought in the rice-growing area of Texas and a smaller harvest than in recent years (on a level similar to the 2003/04 crop year).

PRICE US CROP YEAR (SOURCE USDA)			
Average price	15.62	14.9	14.5
Long-grain rice	15.34	14.4	13.4
Medium-grain rice	16.76	16.7	16.5

>> August - July

Moreover, the prices of Basmati (an aromatic variety with official guarantee of origin, limited to certain areas in India and

Pakistan) have hiked since December 2012, pushing up the prices of traditional varieties from around 1,200 $/cwt FOB white equivalent to 2,000 $/cwt at the end of the year.

Sales grew in volume and price, but the impact of the exchange rate on sales made in dollars neutralised that growth. The improvement in sales volumes was especially impressive in the USA, with a year-on-year growth of 13% in ready-to-serve (RTS) products and the Abu Bint brand, distributed in the Middle East.

The division EBITDA fell by 14.5% year on year. Despite the positive evolution in sales and without considering the foreign exchange impact, certain external factors were responsible for this impairment:

a) The drought in Texas and the spread of US long-grain rice prices over other sources.

- ❖ The ARI plant in Freeport normally uses local rice and owing to the drought they have had to purchase a large proportion of their supplies from other states, with the increased cost this entails. ARI sells private label and industrial rice to maximise its installed capacity, a highly competitive business in which supply costs are an extremely important factor.
- ❖ The price spread with other sources has curtailed exports, part of the product of large cooperatives shifting to the domestic market, with a direct effect on the profits of less brand-oriented businesses and the Food Service.

b) The entry of large volumes of rice from dubious origins in Morocco has made the Group's brands uncompetitive, with the consequent decline in the Moroccan subsidiary's yield.

c) Default of the prices agreed with Basmati rice growers has forced the Group to negotiate higher prices, which it has been unable to pass on in full to customers. The plant purchased in February in one of the best Basmati-growing areas of the country will guarantee supplies and enable better price planning of this product.

d) The shortage of Spanish rice at competitive prices has led to a reduction of this source of supply and, therefore, the Group's industrial activity in the area, shrinking the spread of overheads with adverse effects on yield.

In spite of the problems mentioned above, investment in advertising was stepped up by €1.6 million (€3 million more than in 2011) while efforts were maintained in innovation, with new varieties of RTS rice in the United States (fried, rice with black beans) and in boosting the category Brillante **(Mix and Go, Brillante Sabroz, Brillante sartén [for frying]) and pleasure (SOS para [SOS for ...]**). Finally, the foreign exchange effect on the division EBITDA generated in dollars reduced its margin by €3.2 million.

The division ROCE slumped due to the combined effect of the smaller yield and the increased working capital needed to accumulate stock in view of the price fluctuations indicated above, the industrial concentration process in northern Europe (described below) and the purchases made in India for the new plant, which is not yet generating resources.

The principal investments made in the division correspond to equipment purchased to improve productivity at the parboiling plant in Carlisle ($2.7 million), the ingredients project in the Netherlands (€2.8 million) and the increased capacity in frozen products with new individual formats (€2.5 million). The latter two, together with the agreement to purchase the rice and frozen pasta business of Keck Spezializaten, GmbH in Germany, are part of the strategy to boost innovation as the division's value lever in forthcoming years.

The industrial concentration process began this year in northern Europe. In the first quarter the Hamburg plant was dismantled and its production progressively transferred to Antwerp. The process was complex, entailing certain supplementary costs (duplicity, outsourcing of processes and increase of security stock) that were necessary to maintain the supply chain and guarantee being able to serve our customers, but it was completed successfully with sale of unwanted plant for €3.15 million.

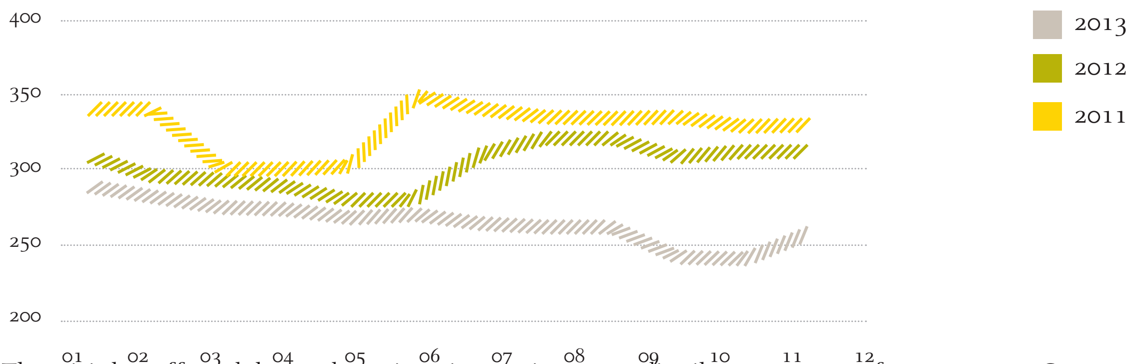
PASTA DIVISION

PASTA BUSINESS	2011	2012	2012-2011	2013	2013-2012	CAGR 2013-2011
Net turnover	860,872	920,693	6.9%	915,120	(0.6%)	3.1%
EBITDA	144,993	145,246	0.2%	152,955	5.3%	2.7%
% Turnover	16.8%	15.8%		16.7%		
EBIT	121,956	118,884	(2.5%)	125,725	5.8%	1.5%
% Turnover	14.2%	12.9%		13.7%		
Average current assets	69,173	90,115	(30.3%)	76,369	15.3%	
Capital employed	456,917	520,948	(14.0%)	508,429	2.4%	
ROCE	26.7	22.4		25,7		
Capex	37,093	33,040	(10.9%)	38,720	17.2%	

>> Thousand of euro

Despite a smaller French durum wheat harvest, the Spanish harvest returned to normal and, as a result, European production 2013/2014 remained at a similar level to the previous year. This, together with the good prospects in the United States and Canada (dominating the world export market) and the good crop year for other cereals, led to a progressive lowering of prices and a significant drop following the summer.

DURUM WHEAT PRICES EUR / TON



The crisis has affected the market, triggering a price war as distributors compete for consumers. Consequently, Hard Discount has lost its leadership in prices, falling victim to the slashing of margins in traditional distribution channels. Consumption has become polarised, increasing in the segments of low-price pasta and top-of-the-range products which give consumers greater pleasure, to the detriment of those manufatures who are not in either of these positions.

In this context, sales have remained stable, but with significant differences among the Group's major markets:

- ❖ On the one hand, the French dry and fresh pasta market grew in volume (+2.4% and 2.3%, respectively), with increased sales volumes of the Panzani (+1.4% in dry pasta) and Lustucru Frais (+7% in fresh products) brands, despite the fierce competition in prices (discounts and promotions in a growing percentage of sales), which considerably damaged the market. We have survived the falling prices, especially in products with a smaller value added, thanks to brand recognition and innovation. Our entry in the category of potato-based products and by-products (cubes, noisettes, chips and omelettes) is going well, with year-on-year growth rates of over 100% in sales.

- ❖ In the USA, the change in commercial policy announced in 2012 enabled the company to recover market share on a stagnant market in which all the other rivals except Barilla have lost ground. Nevertheless, the clear improvement in sales volumes was neutralised by the falling reference prices and the foreign exchange effect.

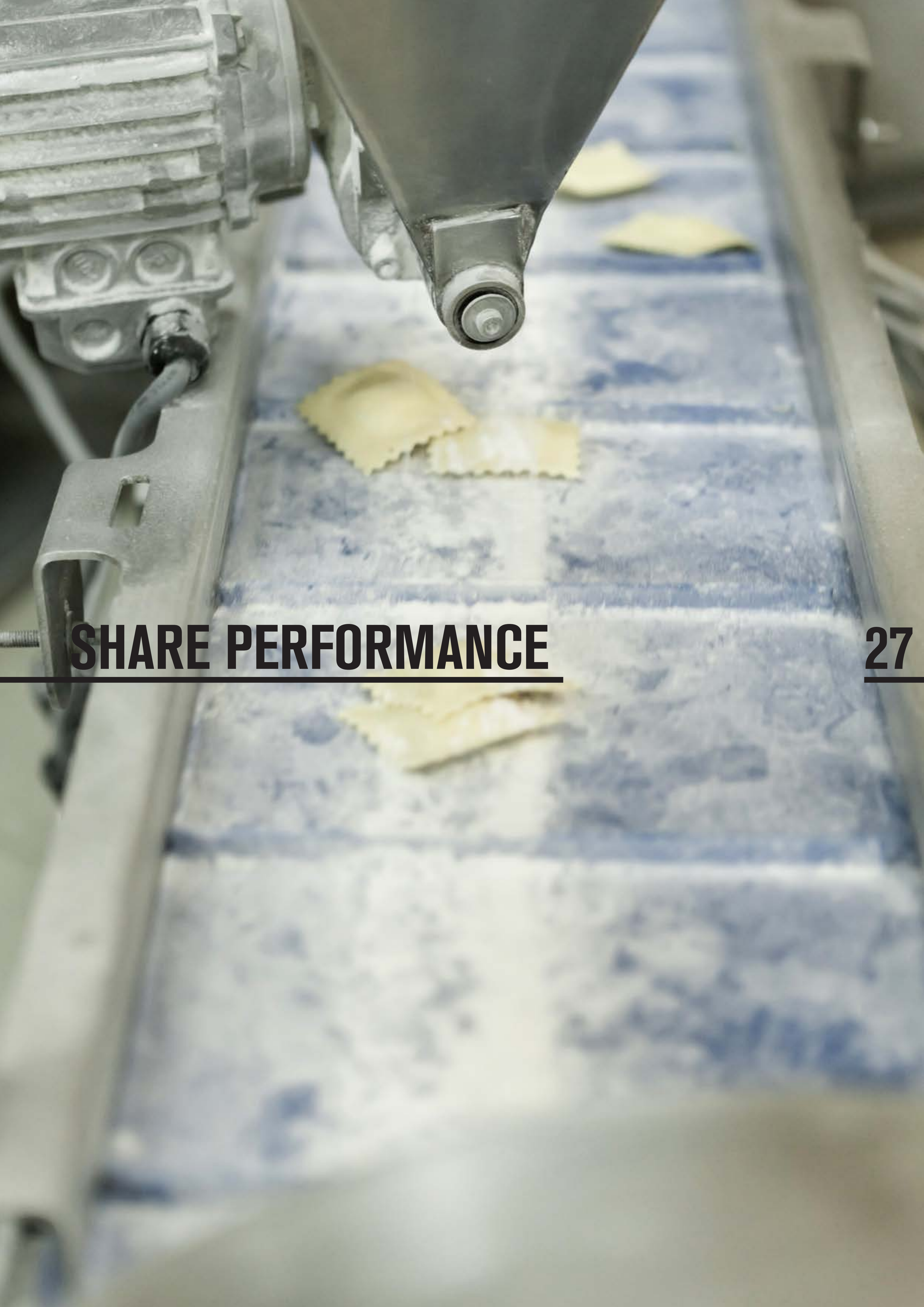
The division EBITDA rose 5.3% in spite of the negative contribution of the dollar, calculated at €2.5 million, and the increase of €3.5 million in advertising. This growth was achieved thanks to the increase in sales volumes, which offset the lowering of prices.

The reduced cost of durum wheat supplies had a greater effect in the United States, while in Europe episodes such as the "horsemeat crisis" (forcing us to buy certified meat at a higher price to restore consumer confidence) counteracted that effect.

The fresh pasta and fresh sauces business of Olivieri Foods was purchased in December for €83 million. Olivieri is the leading brand of fresh pasta and sauces in Canada and is also present in the USA. Through this acquisition, the Ebro Group will enter the Canadian fresh pasta and sauce segment with its leading brand and will thus consolidate our position as number one in all the categories in which we operate, broadening the growth vector of fresh products.

The figures presented include the divestment in the pasta business in Germany, which is recognised as discontinued operations on the profit and loss account. Although the business was finally turning a profit after five years of industrial and commercial restructuring, the special difficulty of that market (fragmenting of brands and rivals, proximity to the surplus Italian market) hampered the possibilities of growth and improving its contribution, so we opted to sell the business for €21.3 million.

CAPEX is concentrated in plant to improve the capacity and productivity of fresh products (€14 million) where a new factory is being built in Communay (near Lyon), packaging lines are being modernised in La Montre (€2.4 million) and investments are being made to improve the productivity of milling and pasta production (€8.4 million).

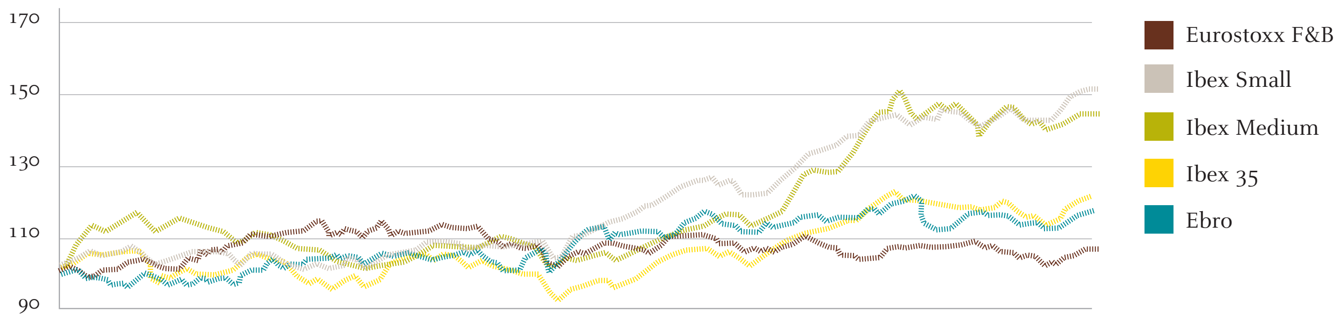


SHARE PERFORMANCE

SHARE PERFORMANCE

Over 2013 the value of the Ebro Foods share (EBRO) rose by 17.9%. In the same period, Ibex 35 rose 21.4%, Ibex Med 52%, Ibex Small 44.2% and Eurostoxx Food and Beverage, benchmark for European food sector shares, just 7%. We could say, therefore, that EBRO had a rather moderate stock market performance in comparison with its benchmark indexes.

EBRO VS. INDEXES IN 2013



The average price of the share in €15.6 and market capitalisation at 31 December 2013 was €2,618 million, closing that day at 17 €/share.

During 2013 the EBRO share turnover was 0.61 times the total number of shares in the company. The average daily volume of trading during the year was 366,553 shares, compared to an average volume of 346,899 shares in 2012.

According to the information filed with the National Securities Market Commission (CNMV), 47.38% of the shares are free float and the remainder are held by shareholders who are represented on the Board.

EBRO COVERAGE

At present, EBRO is covered by the following analysts:

Ahorro Corporación	Exane BNP Paribas
Banco Sabadell	Fidentiis
Banco Espirito Santo	Intermoney
BBVA	JB Capital Markets, S. V.
BPI	Kepler Cheuvreux Capital Markets
Bankia	La Caixa
Link Securities	Santander Investment
Mirabaud	UBS
N+1	

At year-end 2013, the average valuation by analysts gave EBRO a target price of 16.4 €/share, 4% lower than our market price on that date.

EBRO DIVIDEND

An ordinary dividend of €74 million (0.48 €/share) was distributed in 2013 against the 2012 profits, in three payments made in January, May and September.

In view of the company's excellent financial position, Ebro agreed to pay an extraordinary dividend of 0.12 €/share (€18 million), which was paid in December.

In total, Ebro paid out €92.31 million in dividends in 2013 which, together with the appreciation of the share, gave a total shareholder return of 21.5%.

On 18 December 2013 the Ebro Foods board unanimously resolved to propose at the forthcoming Annual General Meeting a dividend of 0.50 euro per share against the 2013 earnings, to be distributed over April, July, October and December in payments of 0.125 €/share. This will be a 4.17% increase in the ordinary dividend for 2013.