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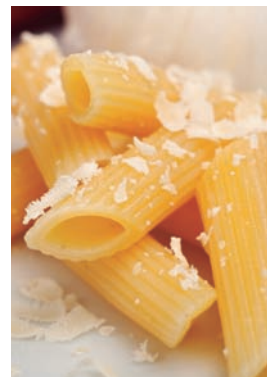
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THE COMPANY



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GOVERNANCE MODEL



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BUSINESS MODEL



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BUSINESS AREAS IN 2016

Key indicators 2016

BUSINESS

25 Companies
 80 Countries
 47 Plants
 72 Brands

SOCIAL COMMITMENT

2,107,837 € in food donations
 597,000€ in welfare programmes
 61 projects developed
 58,749 beneficiaries
 Fidelity Prize 2016 granted by FESBAL

ECONOMIC (MILLIONS OF €)

2,459.246 Net sales
 344.1 EBITDA
 169.7 Net profit
 83 Dividends paid

HUMAN CAPITAL

Average total workforce: 6,184
 72.07% Men
 27.93% Women
 130,789 Hours training given

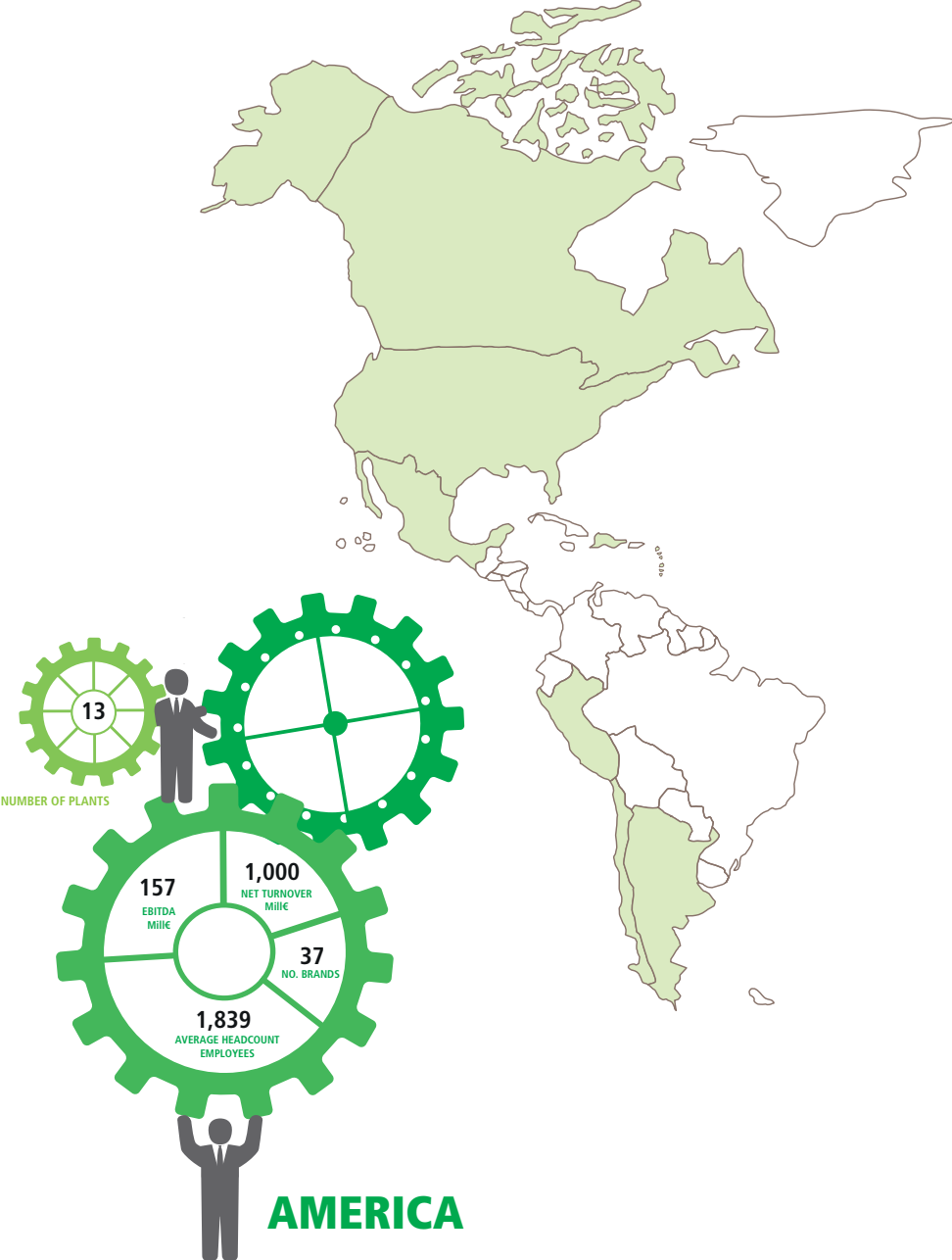
ENVIRONMENT

3,825,701€ Expense + Investment
 1.56 Energy intensity
 0.1 Intensity of GHG emissions
 Paper Values Prize granted by ASPAPEL



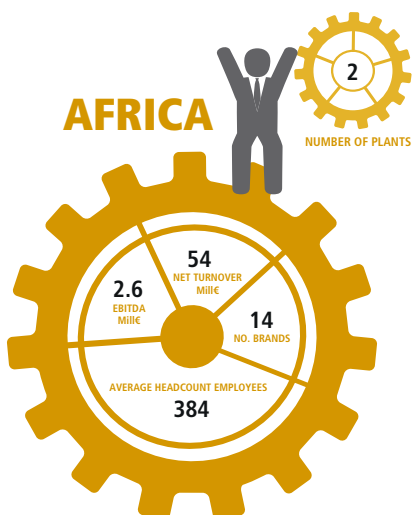
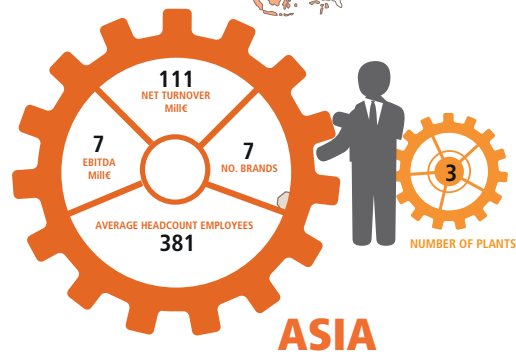
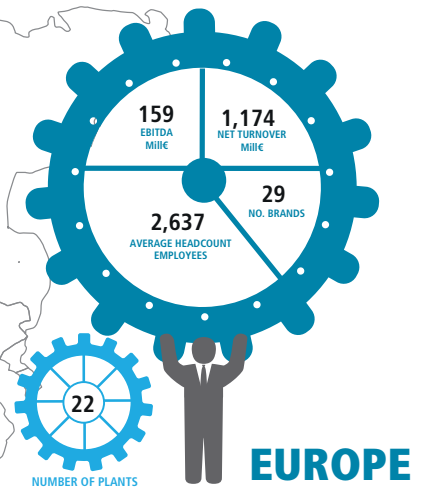
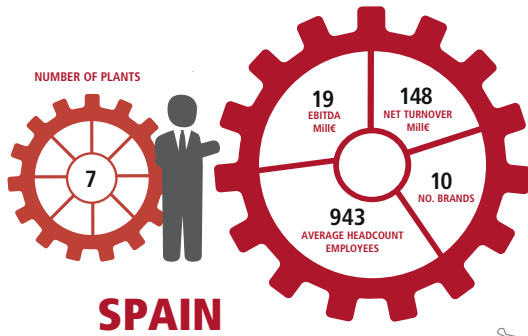
Global presence

Key indicators per continent



Global presence

key indicators per continent





Countries with Commercial and Industrial Presence

GERMANY
BELGIUM
CANADA
DENMARK
EGYPT

SPAIN
UNITED STATES
FRANCE
NETHERLANDS
INDIA
ITALY

MOROCCO
PORTUGAL
UNITED KINGDOM
THAILAND



Others Countries with Commercial Presence

●
Bahamas
St Martin
Panama
Jamaica
Belize
Barbados
Colombia
Haiti
Peru
Mexico
Curacao
St Lucia
Trinidad & Tobago
Brazil
Chile

●
Austria
Hungary
Rusia
Czech Republic
Slovakia
Estonia
Lithuania
Iceland
Finland
Romania
Ukraine
Poland
Switzerland
Sweden
Greece

●
Ghana
Libya
Algeria
Angola
Sudan
Madagascar
Republic of the Congo
Réunion
Mozambique
Guinea
Benin
Mauritania
Djibouti
Tunisia
Mauritius
Senegal
Niger
Ivory Coast
Gabon
Burkina Faso
South Africa
Turkey

●
United Arab Emirates
Jordan
Kuwait
Saudi Arabia
Syria
Yemen
Lebanon
Israel
Qatar
Bahrain
Oman
Japan
South Korea
Taiwan
Indonesia
Cambodia

Financial Highlights

Consolidated figures (000€)

	2014	2015	2015-2014	2016	2016-2015	CAGR 2016-2014
Net turnover	2,120,722	2,461,915	16.1%	2,459,246	(0.1%)	7.7%
EBITDA	287,251	314,724	9.6%	344,141	9.3%	9.5%
EBIT	227,242	246,314	8.4%	267,308	8.5%	8.5%
Operating profit	217,377	242,377	11.5%	264,608	9.2%	10.3%
Consolidated earnings (Continuing operations)	151,342	150,688	(0.4%)	175,819	16.7%	7.8%
Net earnings on discontinued operations	(2,223)	0	(100.0%)	0	0	(100.0%)
Net profit	146,013	144,846	(0.8%)	169,724	17.2%	7.8%
Average working capital	442,036	482,300	(9.1%)	461,991	4.2%	
Capital employed	1,363,346	1,579,447	(15.9%)	1,611,272	(2.0%)	
ROCE ⁽¹⁾	16.7	15.6		16.6		
Capex ⁽²⁾	67,123	81,466	21.4%	107,725	32.2%	
Average headcount	5,189	5,759	11.0%	6,195	7.6%	

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

(2) Capex as cash outflow from investing activities

Stock market highlights (000€)

	2014	2015	2015-2014	2016	2016-2015
Number of shares	153,865,392	153,865,392	0.0%	153,865,392	0.0%
Market capitalisation at year-end	2,109,495	2,780,348	31.8%	3,063,460	10.2%
EPS	0.95	0.94	(0.8%)	1.10	17.2%
Dividend per share	0.50	0.66	32.0%	0.54	(18.2%)
Theoretical book value per share	12.02	12.78	6.3%	13.51	5.8%
Equity	1,849,485	1,966,259	6.3%	2,079,326	5.8%
Net Debt	405,617	426,280	(5.1%)	443,206	(4.0%)
Average Debt	333,178	424,940		404,137	
Leverage ⁽³⁾	0.8	0.22		0.19	
Total Assets	3,162,068	3,403,676	7.6%	3,645,478	7.1%

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

Financial Highlights

Rice business (000€)

	2014	2015	CAGR 2015-2014	2016	2016-2015	CAGR 2016-2014
Net turnover	1,139,697	1,287,726	13.0%	1,283,853	(0.3%)	6,1%
EBITDA	148,828	176,959	18.9%	196,264	10.9%	14,8%
EBIT	121,789	147,509	21.1%	163,561	10.9%	15,9%
Operating profit	118,439	148,600	25.5%	169,240	13.9%	19,5%
Average current assets	339,882	360,709	(6.1%)	362,483	(0.5%)	
Capital employed	767,771	861,763	(12.2%)	891,758	(3.5%)	
ROCE						
Capex	32,440	39,555	21.9%	47,391	19.8%	

Pasta business (000€)

	2014	2015	CAGR 2015-2014	2016	2016-2015	CAGR 2016-2014
Net turnover	1,029,294	1,224,491	19.0%	1,236,227	1.0%	9.6%
EBITDA	146,317	148,647	1.6%	157,089	5.7%	3.6%
EBIT	114,397	110,477	(3.4%)	113,544	2.8%	(0.4%)
Operating profit	112,340	104,957	(6.6%)	93,294	(11.1%)	(8.9%)
Average current assets	94,810	107,261	(13.1%)	97,015	9.6%	
Capital employed	578,767	691,071	(19.4%)	709,253	(2.6%)	
ROCE	20.5	16.1		16.2		
Capex	34,249	40,683	18.8%	59,701	46.7%	



Chairman's statement

Dear stakeholders,

The leading developed economies continued their expansion cycles during 2016, while certain factors appeared on the scene generating uncertainty as to medium-term growth prospects. Those factors included Brexit, Donald Trump's arrival in the White House and the return of protectionist policies, the wave of populist, anti-EU movements in advanced societies, the brewing of internal armed conflicts in several countries, especially in the Middle East, etc.

In this context, the average GDP growth in the eurozone was 1.7%, based on domestic consumption and a very lax monetary policy. Growth slowed down in the United States, with a year-on-year growth in GDP of just 1.6%, but a satisfactory macroeconomic situation: practically full employment, controlled inflation, increase in the number of employees with improved average wages and a positive consumer confidence index thanks to the fiscal measures announced by the new president.

Spain, somewhat calmer after the end of the political uncertainty, also achieved a positive evolution in terms of growth and job creation. This brought a clear improvement in consumer confidence, although consumer habits have changed.

Consumers have greater purchasing power and feel more at ease to choose the products in their shopping basket. Their needs have shifted towards a more natural, organic, healthy style of eating and their attitude to brands has also changed: they now want to know everything about how companies work and where their products come from. They want transparency.

Other factors also come into play in this new pattern of consumption: the aging populations of the developed economies, the new generations of consumers (the millennials and digital natives, or Generation Z) and the new ways of cooking or consuming food (to order, vending machines, snacks substituting full meals, etc.); not to mention the relentless penetration of internet, which makes it easy for consumers to compare prices and properties, and a growing number of automated processes that may change food buying and consumption habits. All these changes represent an ongoing challenge for distributors and producers as regards how to reach and keep customers using marketing techniques that have little in common with those used a decade ago, and where the social media and the leadership of trendsetters are becoming increasingly important.

In Ebro, we started to anticipate all these changes at the end of 2015 and steered the portfolios of our main brands towards the health category and organic segment. In this regard, we have created a specific business area led by a new company called Alimentation Santé. We also stepped up our interaction with and approach to consumers through an adequate communication strategy implemented through the channels that are more in touch with them. Consequently, we chalked up highly satisfactory earnings in 2016 and entered 2017 with good prospects, increasing our presence in these new categories and growing in our traditional business areas. Nevertheless, there are undoubtedly some interesting challenges ahead. On the one hand, we must rejuvenate our brands and products to make them more attractive to the new consumers: millennials and Gen Z. On the other hand, we must face the major challenges deriving from the penetration of e-commerce in the food world and, finally, strengthen our bonds with customers, consumers and society at large, showing them how we work to create shared value for all our stakeholders.

Along these lines, we made further progress during 2016 towards shaping an efficient, sustainable, transparent business model, committed to the socioeconomic development of the communities in which we operate, minimising environmental impact, promoting good agricultural practices and the implementation of ESG principles among our commodity suppliers, responsible consumption and a greater endorsement of healthy lifestyles.

In commodities, the markets in general and grain markets (maize, wheat and rice) in particular remained stable, with the highest stock forecasts in recent years.

In this scenario, the rice division posted very satisfactory results, underpinned by the excellent performance of its subsidiaries, which closed a record year in both Spain and the USA. The division as a whole launched more than 82 new products during the year, mainly in the health segment. The "Brillante cups" concept was also extended very successfully in Spain to a new category combining health and convenience, with different varieties of quinoa and combinations of pulses and grains.

In the pasta business, Panzani, managed to increase its market shares in both volume and value in a highly competitive environment, boosted by the success of dry pasta with fresh-pasta quality, the principal innovations in the fresh pasta segment and considerable organic growth. Garofalo closed an outstanding year, consolidating its benchmark position



RICE



PASTA



ORGANIC FOOD

in premium pasta; and the North American business started to see a positive trend in sales, thanks to the stabilisation of the market, the work done in Health&Wellness and heavy investment in advertising to stress the quality and proximity of its brands.

As for the growth and expansion of the Group, during the past year we bought up the French company Celnat in the organic food segment and 52% of the Spanish special flours company Santa Rita. We also expanded our business in India, Thailand and France (in Vitrolles, specifically), bought a plant in Berkley (UK) and set up the company EbroFrost UK to develop the frozen foods business in that country.

In the stock market, the value of the Ebro Foods share climbed 13.6% in 2016, far outshining all the comparable benchmark indexes. Over the same period, Ibex 35 dropped 9.7%, Ibex Med was down 9.3%, Ibex Small rose by 0.8% and Euro Stoxx Food and Beverage, the benchmark for European food stocks, fell by 9.1%.

In short, 2016 was a very complete year for the Ebro Group. Imbued with a 100% innovating spirit as our main driving force for growth, careful management of our resources and perceptive reading of the markets, we have improved all our financial metrics, enhanced the equity of our brands and increased our presence in all the principal markets in which we operate.





THE COMPANY
EBRO 2016



MISSION, VISION AND VALUES

ETHICS AND INTEGRITY

COMPANIES PERFORMING THE BUSINESS

INDUSTRIAL INFRASTRUCTURE

1

Leading Group in the
spanish food sector

2

Global leader of the
rice sector



3

Number two
pasta manufacturer
worldwide

4

Leader of the
markets in which
we operate

Mission, vision and values

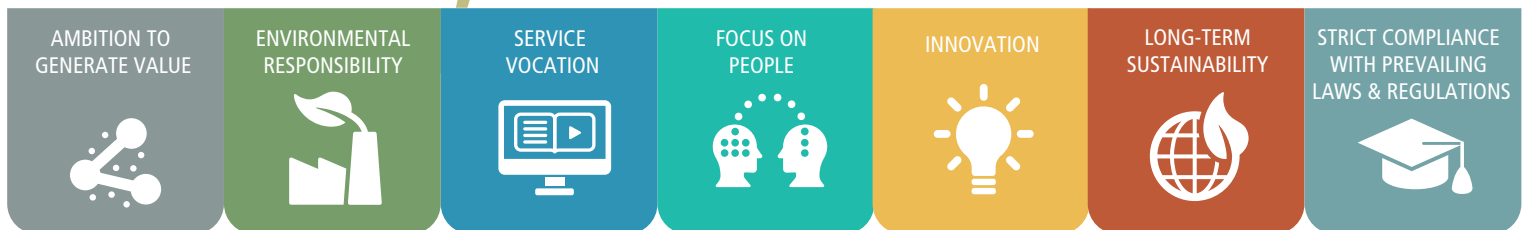
The mission of the Ebro Foods Group is to research, create, produce and distribute high value-added foods which enhance people's health and well-being while meeting their nutritional needs.

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:



MISSION, VISION AND VALUES



MISSION, VISION AND VALUES

ETHICS AND INTEGRITY

COMPANIES PERFORMING THE BUSINESS

INDUSTRIAL INFRASTRUCTURE

Ethics and Integrity

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

Ebro Foods Group 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/>

MISSION, VISION AND VALUES

ETHICS AND INTEGRITY

COMPANIES PERFORMING THE BUSINESS

INDUSTRIAL INFRASTRUCTURE

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 2016).

The core 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
Catelli Foods Corporation	Canada	Pasta
Danrice, D.K	Denmark	Rice and pasta
Ebro India, Privated Ltd.	India	Rice
Ebrofrost Uk Limited	UK	Rice, pasta and other grains
Euryza GmbH	Germany	Rice
Herba Bangkok	Thailand	Rice
Herba Egypt Ricemills, Ltd	Egypt	Rice
Herba Ingredients, B.V.	Netherlands	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice and other grains
Herba Ricemills Rom, S.R.L.	Romania	Rice
Keck Spezialitäten, GmbH	Germany	Rice and pasta
Lassie, B.V.	Netherlands	Rice and other grains
Lustucru Frais, S.A.S.	France	Rice and pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
New World Pasta	USA	Pasta
Panzani, S.A.S.	France	Pasta, organic food, couscous, semolina and grains
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice

Two new businesses joined the Group in 2016:



We acquired the French company Celnat in January. They are pioneers in the field of organic food and one of the leading organic cereal producers in France. The company is prominent in the high quality organic products category and has an excellent reputation in specialised circuits, where it makes 95% of its sales. Transaction price: €25.5 million



In July, we incorporated 52% of the Spanish company Harinas Santa Rita into our Group. This company is engaged in the production and marketing of flours and mixes for cooking. Underpinned by strong R&D and innovation, it leads the premium packaged flour segment. Transaction price: €4.8 million

MISSION, VISION AND VALUES

ETHICS AND INTEGRITY

COMPANIES PERFORMING THE BUSINESS

INDUSTRIAL INFRASTRUCTURE

Industrial infrastructure

The Ebro Group has, through its subsidiaries, 46 industrial plants in 15 different countries . .

1. GERMANY

Offingen

2. BELGIUM

Merksem
Schoten

3. CANADA

Montreal
Hamilton
Delta

4. DENMARK

Orbaek

5. EGYPT

Mansoura

6. SPAIN

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

7. UNITED STATES

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

8. FRANCE

Communay
Gennevilliers
Nanterre
Saint Genis Laval
Lorette
Saint Just
Vitrolles
Littoral
La Montre
Feillens
Saint-Germain-Laprade

9. NETHERLANDS

Wormer

10. INDIA

Taraori

11. ITALY

Gragnano
Vercelli

12. MOROCCO

Larache

13. PORTUGAL

Coruche

14. UNITED KINGDOM

Liverpool
Cambridge

15. THAILAND

Bangkok



46

INDUSTRIAL PLANTS



15

DIFFERENT COUNTRIES



A photograph of two copper pots filled with quinoa. The pots are placed on a wooden cutting board. The background is a light blue-grey surface. The text "GOVERNANCE MODEL" and "EBRO 2016" is overlaid in white, bold, sans-serif font. There are two horizontal white lines, one above and one below the text. A small white icon of a square with a diagonal line is positioned below the text.

GOVERNANCE MODEL
EBRO 2016

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT

Governance Bodies

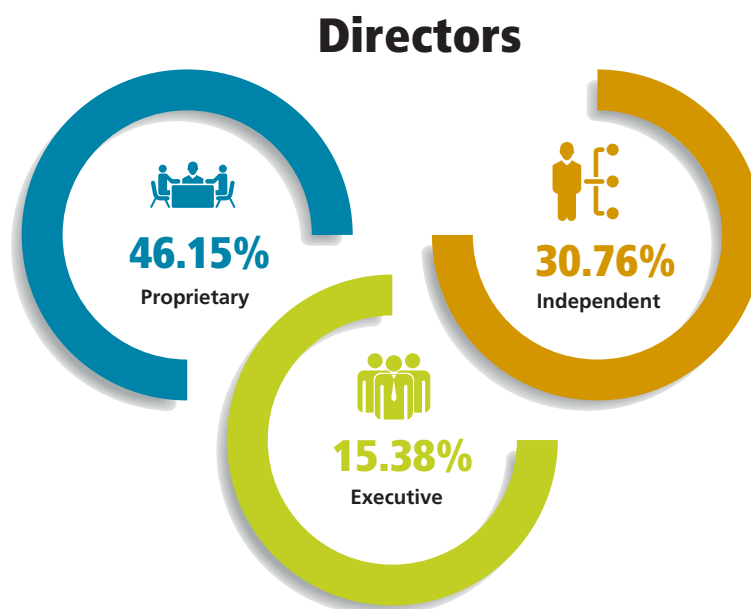
The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on all business which, within its legal scope of competence, is submitted to it by the Board of Directors or the shareholders as stipulated in law.

Save in any matters reserved by law or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors commissions the day-to-day management of the company to its executive members and the senior officers, focusing its own activities on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders in the form stipulated in law.

The Board of Directors will have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

At 31 March 2017, the Board of Directors of Ebro Foods has twelve out of a total of thirteen members, two of whom are executive directors, six are proprietary directors and four are independent directors.



The following table shows the changes that have taken place in the composition of the Board between 1 January 2016 and 31 March 2017.

Governance Bodies

CHAIRMAN

Antonio Hernández Callejas Executive

VICE-CHAIRMAN

Demetrio Carceller Arce Proprietary

MEMBERS

Alimentos y Aceites, S.A.
represented by Concepción Ordiz Fuertes Proprietary

Belén Barreiro Pérez-Pardo
Director since 25-1-2017 Independent

Fernando Castelló Clemente Independent

Jose Ignacio Comenge Sánchez - Real
appointed Lead Independent Director on 29-03-2017 following the death of
José Antonio Segurado García on 16-02-2017 Independent

Mercedes Costa García
Director since 27-07-2016 Independent

Empresas Comerciales e Industriales Valencianas, S.L.
represented by Javier Gómez-Trenor Vergés since 29-03-2017,
following the death of Juan Luis Gómez-Trenor Fos in January 2017 Proprietary

Hispafoods Invest, S.L.
Director up to 21-12-2016, represented by Blanca Hernández Rodríguez Proprietary

Grupo Tradifin, S.L.
Director since 21-12-2016, represented by Blanca Hernández Rodríguez Proprietary

Instituto Hispánico del Arroz, S.A.
Director up to 21-12-2016, represented by Félix Hernández Callejas Executive¹

Hercalanz Investing Group, S.L.
Director since 21-12-2016, represented by Félix Hernández Callejas Executive²

José Nieto de la Cierva
Director up to 31-12-2016 Proprietary

August Oetker Proprietary

Eugenio Ruiz-Gálvez Priego
Director up to 31-12-2016 Other Non-Executive³

José Antonio Segurado García
Lead Independent Director up to 16-02-2017 Independent

NON-DIRECTOR SECRETARY

Luis Peña Pazos

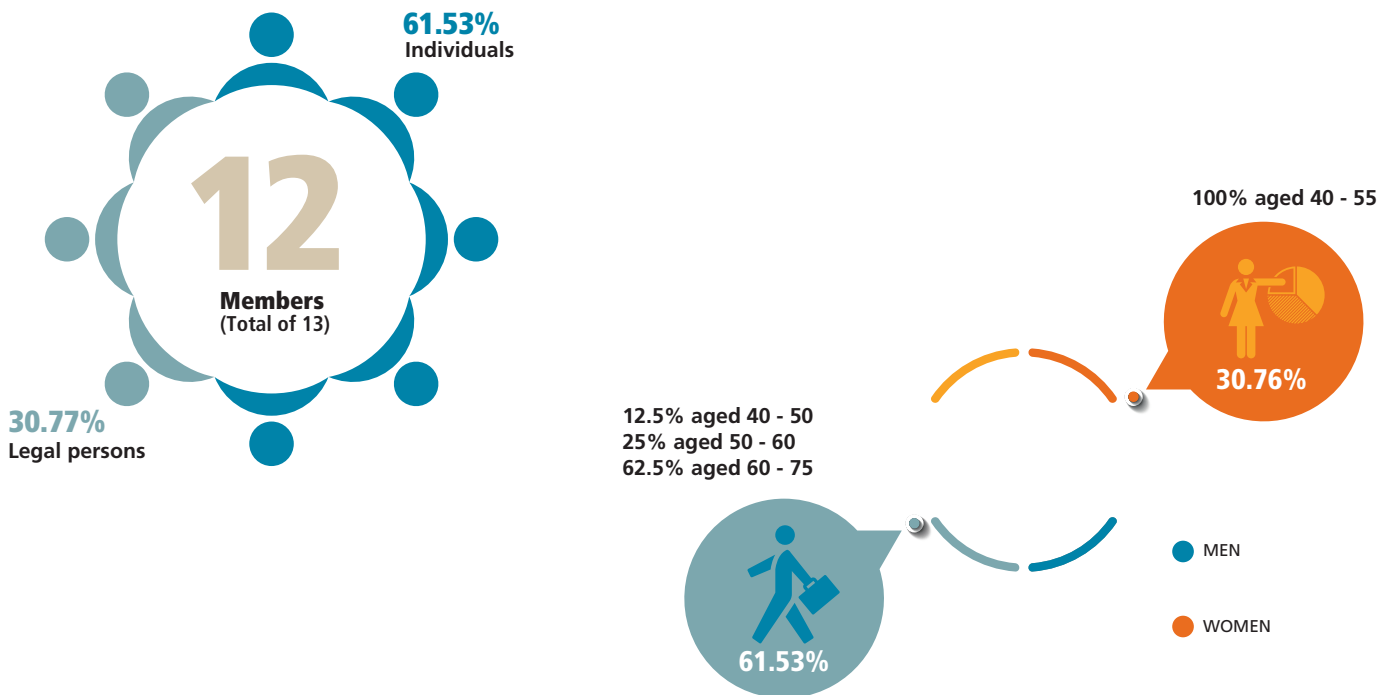
NON-DIRECTOR VICE-SECRETARY

Yolanda de la Morena Cerezo

(1) Although Instituto Hispánico del Arroz, S.A. (Director up to 21 December 2016) was classified as executive director, it, it never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, did not receive any remuneration as such. Instituto Hispánico del Arroz, S.A. had been classified as executive director in view of the fact that its representative on the Ebro Foods board was an executive of one of the Group's subsidiaries.

(2) Similarly, Hercalanz Investing Group, S.L. (Director from 21 December 2016) has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has not received any remuneration as such. It is classified as executive director in view of the fact that its representative on the Ebro Foods board was an executive of one of the Group's subsidiaries (the same executive who represented Instituto Hispánico del Arroz, S.A. on the Ebro Foods board).

(3) Although Eugenio Ruiz Gálvez-Priego (Director up to 31 December 2016) was classified as "other non-executive", he held office on the Board of Directors and the Audit and Compliance Committee as though he were a true independent director. Mr Ruiz Gálvez-Priego could not be classified as an independent director because he had been a director for a continuous period of over 12 years.



There are also four Committees, which guarantee fulfilment of the Board's duties and have the powers and competence established in the law, the Articles of Association and the Regulations of the Board.

Committees of the Board

EXECUTIVE COMMITTEE

Antonio Hernández Callejas (Chairman)
Demetrio Carceller Arce
José Nieto de la Cierva (up to 31-12-2017)
Javier Fernández Alonso (from 25-01-2017)
José Antonio Segurado García (up to 16-02-2017)

AUDIT AND COMPLIANCE COMMITTEE

José Ignacio Comenge Sánchez-Real (Chairman)
Fernando Castelló Clemente
Mercedes Costa García (from 27-07-2016)
Hispafoods Invest, S.L. represented by Blanca Hernández Rodríguez (up to 21-12-2016)
Grupo Tradifín, S.L. represented by Blanca Hernández Rodríguez (from 21-12-2016)
Eugenio Ruiz Gálvez-Priego (up to 31-12-2016)
Belén Barreiro Pérez-Pardo (from 25-01-2017)

NOMINATION AND REMUNERATION COMMITTEE

Fernando Castelló Clemente (Chairman)
Demetrio Carceller Arce
Hispafoods Invest, S.L. represented by Blanca Hernández Rodríguez (up to 21-12-2016)
Grupo Tradifín, S.L. represented by Blanca Hernández Rodríguez (from 21-12-2016)
José Antonio Segurado García (up to 16-02-2017)

STRATEGY AND INVESTMENT COMMITTEE

Demetrio Carceller Arce (Chairman)
Antonio Hernández Callejas
Instituto Hispánico del Arroz, S.A. represented by Félix Hernández Callejas (up to 21-12-2016)
Hercaliansz Investing Group, S.L. represented by Félix Hernández Callejas (from 21-12-2016)
José Nieto de la Cierva (up to 31-12-2016)
Javier Fernández Alonso (from 25-01-2017)

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT



Shareholding structure

Ebro Foods currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form and recorded by the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR), listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 December 2016 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF CONTROLLING SHAREHOLDERS AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	TOTAL NUMBER OF SHARES OR VOTING RIGHTS	TOTAL PERCENTAGE OF CAPITAL
≥ 10.00%	3	48,953,987	31.82%
≥ 5.00% < 10.00%	3	36,306,588	23.60%
≥ 3.00% < 5.00%	0	0	0.00%
< 3.00%	6 (*)	6,897,060	4.48%

(*) None of these 6 directors is a controlling shareholder because the share they each hold in the capital is less than 3%.

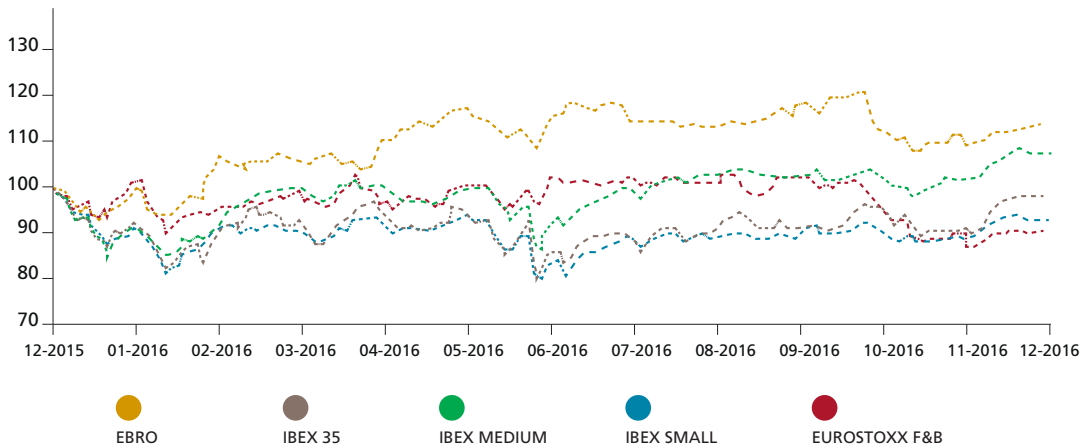
At 31 December 2016, 59.89% of the share capital was represented on the board, while the free float was estimated at 40.10%

Share performance

During 2016, the value of the Ebro Foods share rose by 13.6%, with a performance outshining all the comparable benchmark indexes. Over the same period, Ibex 35 dropped 9.7%, Ibex Med was down 9.3%, Ibex Small rose by 0.8% and Eurostoxx Food and Beverage, the benchmark for European food stocks, fell by 9.1%.

The share performance up to November was substantially better (+21%), but after the third quarter earnings releases and the rise in bond yields after seven years in decline, there was a rotation in stock portfolios seeking assets with a higher risk/yield. Consequently, the European food companies represented in the Eurostoxx Food and Beverage Index lost 10% of their market price, which affected us as it is our nearest comparable index and we lost part of the increased value accumulated over the first 10 months of the year, 6.4% to be exact.

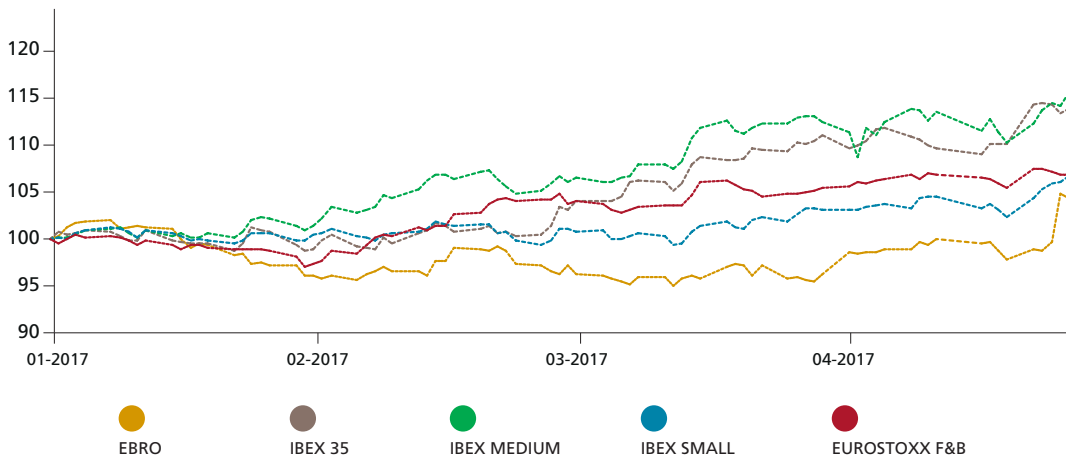
EBRO VS. INDEXES 2016



The average share price in 2016 was €19.23, closing the year at €19.05. Share turnover was equivalent to 0.46 times the total number of shares in the company. The average daily volume of trading during 2016 was 214,239 shares, compared to an average volume of 240,175 in 2015, a drop of 11%. This is a good figure, bearing in mind that the volume traded on the Spanish stock exchange in 2016 was 32% less than in 2015.

At 30 April 2017, the closing date of this Report, the company had a market capitalisation of €3,158 million, closing that day at €20.53 per share, up 7.7%.

EBRO VS. INDEXES AT 30 APRIL 2017



EBRO Analysts

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms:

- ◆ 1. Ahorro Corporación
- ◆ 2. Banco Sabadell
- ◆ 3. Haitong Research - Iberia
- ◆ 4. BBVA
- ◆ 5. BPI
- ◆ 6. Gaesco Beka
- ◆ 7. Exane BNP Paribas
- ◆ 8. Fidentiis
- ◆ 9. Intermoney
- ◆ 10. JB Capital Markets, S. V.
- ◆ 11. Kepler Cheuvreux Capital Markets
- ◆ 12. La Caixa
- ◆ 13. Link Securities
- ◆ 14. Mirabaud
- ◆ 15. Alantra (N+1)
- ◆ 16. Santander Investment
- ◆ 17. UBS
- ◆ 18. Renta 4

At year-end 2016, the average rating by analysts gave EBRO a target price of €20.6 per share, 0.6% higher than our market price at that date.

Dividends

An ordinary dividend of €83 million (0.54 €/share) was distributed in 2016 against the 2015 profits.

The ordinary dividend was paid in three instalments (€0.18 per share) in April, July and October 2016.

The dividend yield per share at year-end was 2.8%.

For 2017, the Ebro Foods board unanimously resolved on 21 December 2016 to propose at the forthcoming Annual General Meeting a dividend of €0.57 per share against the 2016 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2017. This would be a 6% increase in the dividend in respect of 2016.

GOVERNANCE BODIES

OWNERSHIP STRUCTURE AND STOCK PERFORMANCE

RISK MANAGEMENT

Risk management

Within the corporate policies approved by the Board of Directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of the business risks, including tax risks, and internal control of financial reporting to which the Company and other companies in its group are exposed.

This general framework is set out in an integrated, homogenous Risk Control and Management System, guided by the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) integrated framework and guidance on internal control. This System is based on the preparation of a business risk map to identify, assess and rate the management capacity of different risks and thus obtain a ranking from greater to lesser impact for the Group and their probability of occurrence. Risks are classified into four main groups: compliance, operational, strategic and financial.

In the classification process, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures, adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures.

The model is both qualitative and quantitative and can measure risks in the Group earnings, considering whether the risk level is acceptable or tolerable on a corporate level.

In 2015, in the wake of the amendments to the Corporate Enterprises Act in 2014 and the new recommendations made in the Code of Good Governance of Listed Companies in February 2015, the Group has reinforced its Risk Control System, including tax risks, and internal control of financial information. The most important new feature is the creation of the Risks Committee as an internal committee reporting to the Audit and Compliance Committee, designed to be the centrepiece of the control system.

Following that review, the Risk Control and Management System, including tax risks and control over financial information, rests on the following structure:

- ◆ The Board of Directors, as the body responsible for the system, determines the risk control and Management System, including tax risks and control over financial information.
- ◆ The Audit and Compliance Committee, through the Risks Committee, performs the duties of oversight and monitoring of financial information and risk control systems, reporting regularly to the board on any significant aspects arising in these areas. It is responsible for supervising and promoting internal control of the Group and risk management systems, and submitting proposals to the Board on the risk control and management policy and possible measures for improvement.
- ◆ The Risks Committee, following the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordination and monitoring of the risk control and management system, including tax risks and control of the Group's financial information. The Risks Committee also analyses and assesses any risks associated with new investments.
- ◆ The Management Committees of the different units, with the participation of the Chairman of the Board and the Chief Operating Officer (COO), assess the risks and decide on the measures to be taken.

- ◆ Risk officers in the different units. The Risks Committee appoints officers responsible in the relevant subsidiaries for monitoring the risk control and management systems, including tax risks and financial information, and reporting to the Committee.
- ◆ Internal Audit Department. Within the internal audits made on the different subsidiaries, the company's Internal Audit Department checks that the testing and control of financial information and risk management systems are being done correctly, as stipulated by the Risks Committee.

NB: A full description of the risks and the measures taken to mitigate them can be consulted in Note 28 to the Consolidated Annual Accounts and point 4 of the consolidated Directors' Report.





BUSINESS MODEL
EBRO 2016



DEFINITION OF THE MODEL

STRATEGY

VALUE CREATION: R&D + INNOVATION



Definition of the model

The Ebro Foods Group is the leading Spanish food group. It is firmly established through its subsidiaries in the rice and pasta markets in Europe and North America and has a growing presence in other countries.

The Group decentralises certain management areas of each business, focusing on the business with a light, dynamic structure in which functionality, coherence and knowledge of the market prevail over individuals.

The Ebro Foods Group is managed by business segments, grouped by the type of activity they perform and their geographical location. Our two core businesses are:

Rice Business: This includes the production and distribution of rice, rice-based products and complementary food products. It engages in industrial and branding activities under a multi-brand model. Its presence spans Europe, the Mediterranean Basin, India and Thailand with the Herba Group companies and covers North America, Central America, the Caribbean and the Middle East through the Riviana Group and its subsidiary American Rice (ARI).

Pasta Business: This includes the production and marketing of fresh and dry pasta, sauces, semolina, semolina-based products and complementary food products by the New World Pasta Group in North America, the Panzani Group and Garofalo (rest of the world).

Healthy Food and Organic Business: Recently included in the Group, this business is being developed around the latest acquisitions made by the company in the organic segment, specifically Celnat and Vegetalia, and the health-related activities and organic products of all the subsidiaries. This new business area is organised under new company called Alimentation Santé and presented under the umbrella of the pasta business.

Decision-making is controlled by the Board of Directors, which is ultimately responsible for defining the Group's general strategy and management guidelines. The Board delegates certain tasks to the Executive Committee, including monitoring and oversight of compliance with the strategic and corporate development guidelines, while the Management Committee, on which the heads of the principal business areas are represented, is tasked with monitoring and preparing the decisions made at management level.

The basic raw materials used to manufacture the products marketed by the Group are rice and durum wheat, although other grains, such as quinoa and other ancient grains, are gradually being incorporated.

Rice is the world's most consumed grain, although the volume of world trade is smaller than that of other grains and cereals owing to the production shortfalls in some of the largest producers (China, the Philippines and Indonesia). The origins of the rice marketed by Ebro vary according to the type of grain and the quality/abundance of harvests. There are three major sources of supply for different rice varieties: USA, southern Europe and South East Asia.

Pasta is produced from a variety of wheat with a high protein content, called durum wheat, which has a much smaller geographical distribution and market than other varieties used mainly for flour production. Ebro sources its rice mainly in north USA and Canada and in southern Europe (France, Spain and Italy).

Purchases are made from farmers, cooperatives and milling companies. They provide the basic raw material, which is then milled and/or processed at the Ebro Group’s production plants. Processes differ depending on the ultimate use of the product, ranging from cleaning, milling, polishing and basic extrusion to complex processes of pre-cooking, cooking and freezing.

Membership of sector associations and institutions

Ebro Foods, S.A. and some of its subsidiaries belong to the following sector associations:

COMPANY	ASSOCIATION	GEOGRAPHICAL AREA
Herba Ricemills, S.L.U.	Federation of European Rice Mills Federación de Molineros Europeos de Arroz (FERM)	Europe
Herba Ricemills, S.L.U.	Spanish Association of Commercial Coding Asociación Española de Codificación Comercial (AECOC)	Spain
Herba Ricemills, S.L.U.	Confederation of Entrepreneurs in Andalusia Confederación de Empresarios de Andalucía (CEA)	Spain
Ebro Foods, S.A.	Multi-sector Association of Food & Drink Enterprises Asociación Multisectorial de Empresas de Alimentación y Bebidas (AME)	Spain
Herba Ricemills, S.L.U.	Spanish Advertisers Association Asociación Española de Anunciantes	Spain
Herba Ricemills, S.L.U.	Association of Spanish Rice Industries Asociación de Industrias Arroceras Españolas (UNIADE)	Spain
Arrozeiras Mundiarroz, S.A.	Portuguese Distributors Association Associação Portuguesa de Empresas de Distribuição	Portugal
Boost Nutrition, C.V.	Federation of Food Companies (FEVIA)	UK
S&B Herba Foods, Ltd.	British Edible Pulse Association (BEPA)	UK
S&B Herba Foods, Ltd.	Campden BRI	UK
S&B Herba Foods, Ltd.	Dried Fruit Trade Association	UK
S&B Herba Foods, Ltd.	Food & Drink Federation	UK
S&B Herba Foods, Ltd.	Rice Association	UK
Ebro India, Privated Ltd.	Rice Association	India
Lassie, B.V.	Association Ricemillers VRN	Netherlands
Mundi Riso, S.R.L.	Italian Rice Miller Association (AIRI)	Italy
New World Pasta	National Pasta Association	USA
Riviana Foods Inc.	U.S. Rice Federation	USA

DEFINITION OF THE MODEL

STRATEGY

VALUE CREATION: R&D + INNOVATION

Strategy

The Group aims to be an important player on the rice, pasta and healthy grains markets and in cross-cutting categories known as meal solutions. The company also has the following goals:

1. Achieve a global position in a highly inter-related world, being open to the incorporation of related products, such as value-added pulses and noodles.
2. Reaffirm itself as a benchmark business group in its different areas of activity.
3. Lead innovation in the geographical areas in which it operates.
4. And position itself as a sound, innovating, responsible company, committed to social well-being, environmental balance and economic progress.

To achieve these goals, the Group upholds sustainable growth as the cornerstone of its business management and develops a business model focusing on the generation of value for its employees, shareholders, investors, customers, suppliers, the media, communities in which it operates and, in short, all the stakeholders with which the Group interacts during or in connection with its business activities.

The Group strategy is thus based on a number of levers considered essential to increase the value of the business and on a number of principles of action comprising the company's commitment to sustainable development and its value chain.



Principles of action

Regarding good corporate governance and ethical management of business:

- ◆ Foster ethical management based on good governance practices and fair competition.
- ◆ Comply with prevailing laws, taking a preventive approach at all times to minimise economic, social and environmental risks, including tax risks.

Regarding financial sustainability and long-term focus:

- ◆ Endeavour to obtain a return on investments while guaranteeing the operating and financial soundness of its activities.
- ◆ Ensure business profit as one of the bases for the future sustainability of the company and the large groups of agents operating directly and indirectly with it.

Regarding human capital management and talent development:

- ◆ Generate a framework of labour relations that favours training and personal and professional development, respects the principle of equal opportunities and diversity and promotes a safe, healthy working environment.

Regarding fundamental human rights:

- ◆ Fundamental and universal human rights must be construed and recognised in accordance with international laws and practices.
- ◆ All forms of abuse or violation of those rights among any of the stakeholders are rejected.

Regarding value generation for the community:

- ◆ Promote a relationship of mutual benefit with the communities in which the Group is present, sensitive to their culture, context and needs.

Regarding sustainability of the value chain:

- ◆ Make sure that sustainable social, economic and environmental standards are met throughout the entire life cycle of the Group's products.

Regarding customers:

- ◆ Meet and anticipate our consumers' and customers' needs, offering a broad portfolio of products and differentiated, healthy food.

Regarding environmental protection:

- ◆ Steer all the company's processes, activities and decisions towards protecting the environment, preventing and minimising environmental impacts, optimising the use of natural resources and preserving biodiversity.

Regarding stakeholders:

- ◆ Develop a framework of responsible, honest, transparent communication and dialogue with stakeholders, setting up perfectly identified stable channels of communication.

Regarding the rendering of accounts and transparency

- ◆ Provide stakeholders regularly with transparent, rigorous, true information on the Group's activities.

Growth levers

Organic and inorganic growth in high-consumption countries and the search for opportunities in developing countries with a high growth potential:

- ◆ Moving into new territories or categories, paying special attention to new fresh products (snacks, crisps, omelettes, sandwiches, ready meals) and new ranges of higher value-added ingredients.
- ◆ Development of products that offer a complete culinary experience, extending the catalogue with new formats (maxi cups...), flavours (cup and sauce ranges) and preparations (rice and pasta dishes for the frying pan, SOS dishes...).
- ◆ Taking prominent positions in the healthy and organic foods area, through new concepts based on ancient grains, organic, gluten free, quinoa, etc.
- ◆ Establishing ourselves as leaders of mature markets by outperforming others in product quality. Expanding and leading the premium category. Developing the Garofalo brand.
- ◆ Expanding our geographical presence and completing our product/country matrix:
 - Search for business opportunities in mature markets with a business profile similar to ours and opportunities in specialist market niches (Rice Select, Monterrat, Celnat) through which we can shift in our strategy from a generalist position to that of a multi-specialist (individual solutions).
 - Branch out into new business niches in markets in which we are already present (India, Middle East, Eastern Europe and black Africa).
 - Extend successful formulas to other countries in which we are already present (fresh products).

Differentiation and innovation. The Ebro Foods Group is firmly committed to investment in products along two lines:

- ◆ Research, development and innovation (R+D+I), through four research, development and innovation centres of our own and an investment policy with which new ideas and consumption needs can be developed into real products for our clients.
- ◆ Support for leading brands in our segment of activity, investing in advertising to underpin their development.

Low risk exposure. Recent years have been marked by increased instability on the commodity markets and ever-faster changes in consumption patterns. The Ebro Group faces these challenges with a firm vocation to adapt to change and maintain its market positions. To achieve this, it keeps on an even keel with recurring income sources (markets, currencies), low leverage to be able to grow without exposure to financial turmoil, new supply channels and long-term relationships with stakeholders (customers, suppliers, authorities, employees and society).

DEFINITION OF THE MODEL

STRATEGY

VALUE CREATION: R&D + INNOVATION



Value creation: R&D and innovation

The Ebro Group has always been a step ahead of new consumer trends and an international benchmark in the research and development of products for the food sector. Aware that R+D+I is essential for developing its quality and differentiation strategy, the Group maintained its firm commitment in 2016.

The total expenditure in this area during the year was €4 million, between internal resources (€2.9 million) and external resources (€1.1 million).

Investment totalled €6.1 million, mostly in gluten-free products (\$2.2 million to complete an investment of \$21.6 million), the remainder corresponding to new manufacturing processes and/or processing methods.

The Group has built up its R+D+I activities at research centres in France, USA and Spain. These centres and the principal projects developed during the year are described briefly below:

1. CEREC, in St. Genis Laval (France), with 10 employees, focuses its activities within the pasta division, developing its range of fresh pasta, potato, fresh pre-cooked dishes and sauces. Its activities in 2015 were directed at broadening the range of sauces with a gourmet touch and high quality, repositioning of high quality fresh pasta *Triglioni* and collaborating in the expansion of the *Croque* (sandwich) concept with the integration of Roland Monterrat.
2. CRECERPAL, in Marseille, with 8 employees in the raw materials and analysis laboratory and one collaborating doctor, focuses its research on the development of the durum wheat category, with dry pasta, couscous and new food processing technologies applied to cereals. During 2015 it increased its work on new applications for durum wheat flour in batter, bread and pastries; enhanced productivity in milling; and launching and expansion of the range of dry pasta with fresh pasta quality and gluten-free pasta.
3. United States, with 5 employees engaged in developing new products, processes and technologies and adapting them for the US rice and pasta divisions. Its work has focused on completing the development and launching of the gluten-free range (linguini, lasagne), enhancing the efficiency and productivity of pasta for baking and pasta with fibre, with new or redesigned processes, endorsement by the US authorities (FDA) of different grain varieties and new formulations for the Ready-To-Serve cups and reformulation of multi-grain and gluten-free products.

4. Herba group centres in Moncada (Valencia) and the San José de la Rinconada plant, with 26 employees, engaged in the development of new and/or improved products and technologies and technical assistance in the areas of rice and rice-product technology for today's needs: fast-food and catering. The most important project in progress is the development of rice, cereal and pulse-based functional flour and ingredients, such as flour with a low glycaemic index or quick-cooking flour.

Product innovations

Thanks to this R&D and Innovation policy, the Group launches new products and concepts on the market every year that revitalize the categories in which it operates and meet and anticipate the needs of its customers and consumers.

130

NO. LAUNCHINGS
IN 2016

438

NO. LAUNCHINGS 2013-2016

30%

OF THEM IN
2016

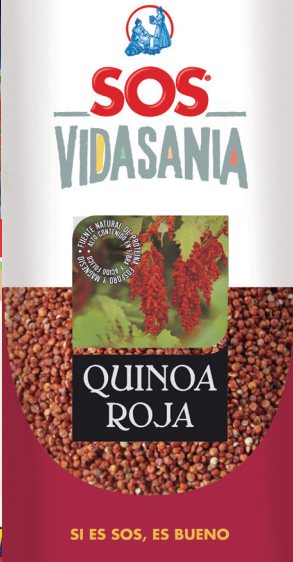
Number of product innovations by company during 2016

COMPANY	COUNTRY	NO. PRODUCTS LAUNCHED IN 2016
Herba Ricemills	Spain	8
Panzani	France	22
Lustucru	France	27
New World Pasta	USA	14
Riviana	USA	5
Boost Nutrition	Belgium	8
Catelli	Canada	7
Olivieri	Canada	4
Riso Scotti	Italy	9
Lassie	Netherlands	11
Euryza	Germany	3
Risella Oy	Finland	6
Arrozeiras	Portugal	6
TOTAL		130

R+D+I Principal Innovations 2016

130

NEW PRODUCTS



Evolution of product innovations 2013-2016

Over the period running from 2013 to 2016, the Ebro Group has launched 438 new products. 30% of them were launched in 2016.

COMPANY	COUNTRY	NO. PRODUCTS LAUNCHED SINCE 2013
Herba Ricemills ⁽²⁾	Spain	26
Panzani	France	71
Lustucru ⁽¹⁾	France	75
New World Pasta	USA	37
Riviana	USA	23
Boost Nutrition	Belgium	20
Catelli	Canada	23
Olivieri	Canada	18
Riso Scotti	Italy	66
Lassie	Netherlands	27
Euryza	Germany	14
Risella Oy	Finland	12
Arrozeiras ⁽²⁾	Portugal	13
Garofalo	Italy	13
TOTAL NEW LAUNCHINGS		438

* NB:

(1) 36 of the 75 products launched over the period 2013 - 2016 have been discontinued

(2) Certain extensions of Garofalo products to Spain and Portugal have not been included

Weight of the innovations in the brand business

The product innovations launched on the market between 2013 and 2016 accounted for 6.4% of the total sales of the Ebro Group's brand business.

	SALES NEW LAUNCHINGS 2013-2016	% SALES NEW LAUNCHINGS 2013-2016 / SALES OF COMPANY IN 2016
Herba Ricemills	11,730,016	10.1%
Panzani	34,109,000	10.2%
Lustucru Frais	14,911,000	13.0%
New World Pasta	14,421,935	5.0%
Riviana	11,553,922	1.8%
Boost Nutrition	2,010,126	18.0%
Catelli	7,512,460	7.6%
Olivieri	4,732,318	8.4%
Riso Scotti	13,633,573	7.9%
Lassie	4,494,059	16.2%
Euryza	2,915,551	6.6%
Risella Oy	558,285	13.2%
Arrozeiras	1,585,409	6.3%
Garofalo	3,080,613	4.3%



BUSINESS AREAS AND DEVELOPMENT IN 2016
EBRO 2016

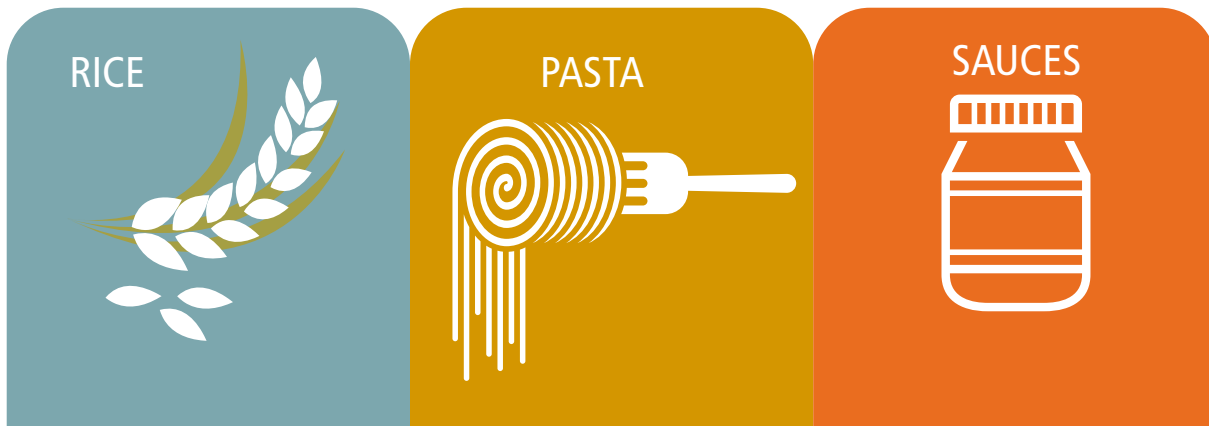


CONSOLIDATED GROUP

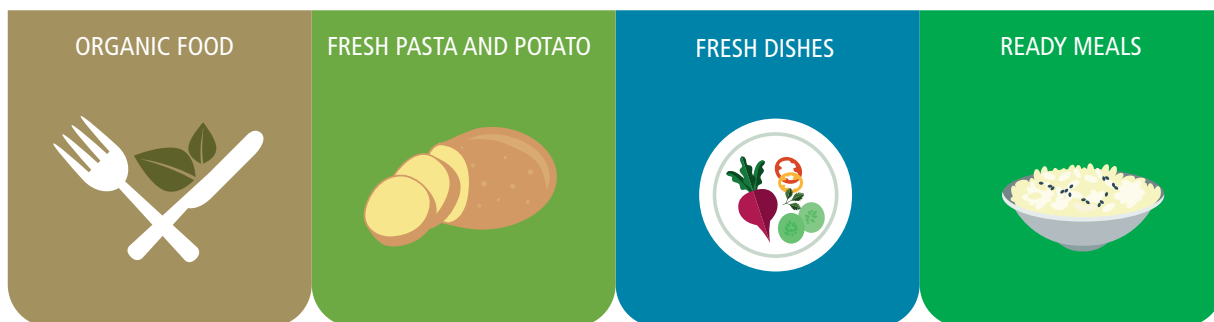
RICE

PASTA

Core Business



Other Businesses



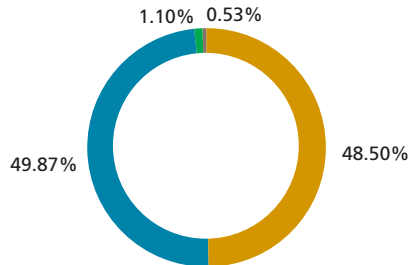
The core businesses of Ebro Foods are rice, pasta and sauces. Within these areas, Ebro develops its business model with the different technologies: dry, fresh, pre-cooked and frozen.

Apart from the rice and pasta businesses, the Group is developing a Healthy Food and Organic business area around the latest acquisitions made by the company in the organic segment, specifically Celnat and Vegetalia, and the health-related activities and organic products of all the subsidiaries. This new business area is organised under new company called Alimentation Santé and presented under the umbrella of the pasta business.

The Group also produces and puts on the market high value added products in other categories, such as ready meals, fresh potato and other related foods.

Consolidated Group

BREAKDOWN OF GROUP WORKFORCE BY BUSSINES AREAS



6,184

AVERAGE WORKFORCE



RICE



PASTA



HOLDING



OTHERS

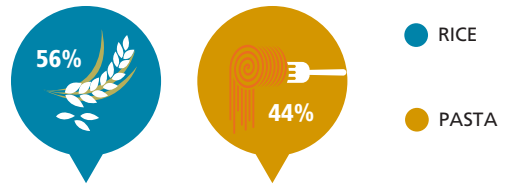
BREAKDOWN OF GROUP SALES



2,459.2

SALES (MILL.€)

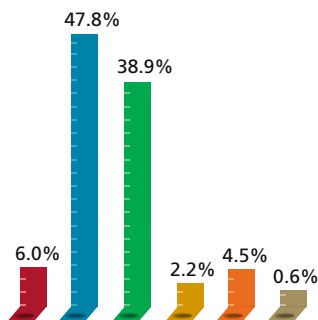
BREAKDOWN OF GROUP EBITDA



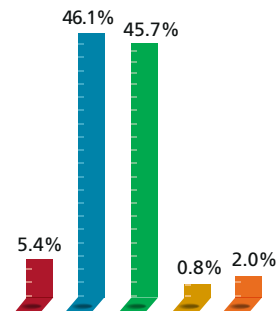
344.1

EBITDA (MILL.€)

BREAKDOWN OF GROUP SALES BY GEOGRAPHICAL AREAS



BREAKDOWN OF GROUP EBITDA BY GEOGRAPHICAL AREAS



The Group's business development in 2016

Backdrop

The expansion cycle continued in 2016 in the principal developed economies, although not without the odd jolt, especially in political terms. The average growth of the GDP in the eurozone was 1.7%, based on domestic consumption and a very lax monetary policy. Future prospects are positive, with an overall increase in confidence, improvement in world trade underpinned by a weak euro and unrestrictive tax policies. Even so, political risks still remain, although they are generally thought to be on the wane.

US growth lost its vigour over the year, with GDP growth of 1.6% year on year, slower than in previous years. However, its macroeconomic situation can be considered ideal, with practically full employment, controlled inflation, rising numbers of employees and, at last, improved average wages. This scenario has brought about a change of cycle in monetary policy. The index of consumer confidence is positive, boosted by the fiscal stimulus announced by the new president.

Yet despite a macroeconomic situation that stimulates an improvement in confidence, there are still certain shadows over trade in the form of protectionism and an inrush of opportunist policies that urge caution.

There are certain trends in consumer patterns, already mentioned by the Chairman at the beginning of this report, prevailing among consumers whose purchasing power has improved and where the family unit (in developed economies) has changed considerably:

- ◆ Preference for natural, healthy, organic food. Need to return to natural products, which should cease to be elitist or within the reach only of a few consumers with high purchasing power.
- ◆ Consumers have become more cautious: they buy less, go for cheaper goods and buy quality private-label products, but they are willing to pay more for products that satisfy them, because of their quality or because they are quick and easy to prepare.
- ◆ Growth of local supermarkets with a higher shopping frequency and the appearance of new players (virtual stores) on the distribution market.
- ◆ The powerful growth of digitalisation and multichannel marketing.

The raw material markets in general and the grain (maize/corn, wheat and rice) markets in particular remained stable, with the highest stock forecasts in recent years (see IGC reports).

Group earnings

The principal financial highlights of the Group are shown below:

CONSOLIDATED FIGURES (€ 000)	2014	2015	2015-2014	2016	2016-2015	CAGR 2016-2014
Net sales	2,120,722	2,461,915	16.1%	2,459,246	(0.1%)	7.7%
EBITDA	287,251	314,724	9.6%	344,141	9.3%	9.5%
% net sales	13.5%	12.8%		14.4%		
EBIT	227,242	246,314	8.4%	267,308	8.5%	8.5%
% net sales	10.7%	10.0%		10.9%		
Profit before tax	215,749	229,722	6.5%	259,410	12.9%	9.7%
% net sales	10.2%	9.3%		10.5%		
Income tax	(64,407)	(79,034)	(22.7%)	(83,591)	5.8%	13.9%
% net sales	(3.0%)	(3.2%)		(3.4%)		
Consol. profit for the year (continuing operations)	151,342	150,688	(0.4%)	175,819	16.7%	7.8%
% net sales	7.1%	6.1%		7.1%		
Net loss on discontinued operations	(2,223)		(100.0%)			(100.0%)
% net sales	(0.1%)					
Net profit	146,013	144,846	(0.8%)	169,724	17.2%	7.8%
% net sales	6.9%	5.9%		6.9%		
Average working capital	442,036	482,300	(9.1%)	461,991	4.2%	
Capital employed	1,363,346	1,579,447	(15.9%)	1,611,272	(2.0%)	
ROCE ⁽¹⁾	16.7	15.6		16.6		
Capex ⁽²⁾	67,123	81,466	21.4%	107,725	32.2%	
Average headcount	5,189	5,759	11.0%	6,195	7.6%	

	31-12-14	31-12-15	2015-2014	31-12-16	2016-2015
Equity	1,849,485	1,966,259	6.3%	2,079,326	5.8%
Net Debt	405,617	426,280	5.1%	443,206	4.0%
Average Debt	333,178	424,940	27.5%	404,137	(4.9%)
Leverage ⁽³⁾	0.18	0.22		0.19	
TOTAL ASSETS	3,162,068	3,403,676		3,645,478	

(1) ROCE = (Operating income TTM / (intangible assets - property, plant & equipment - working capital))

(2) Capex as cash outflow from investing activities

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

Turnover remained stable year on year, as prices were lowered in the wake of a downward trend on the raw materials market. The changes in our consolidated group brought an increase in sales of €52.5 million; the volume of rice sales grew in all our markets, while those of pasta were less uniform (growth in Europe, slight fall in North America); the impact of the exchange rate was insignificant. The 7.7% rise in CAGR reflects organic growth achieved through the renovation of formats and products and inorganic growth through acquisitions.

The **generation of resources, EBITDA**, rose by 9.3%, with a contribution of €7.2 million by the new businesses and no significant impact by exchange rate variations. Performance was especially positive in the rice segment, with record yields, whereas the pasta business had a good year in Europe and another tough year in North America, where it faced fierce competition in prices and promotions (the market lost 0.8% in value, even though the volume of sales increased by 0.8%).

The average profitability measured by the EBITDA to sales ratio rose to 14.0%, with a clear improvement in European subsidiaries, remaining lower in the USA owing to the fierce price competition.

The **Net Earnings in Continuing Operations** were pushed up 16.7% by the growth in profitability and non-recurring earnings produced during the year (sale of the business in Puerto Rico and a real-estate property in Spain), and reduced by other non-recurring expenses associated with the adjustment of certain retirement supplements in France.

The **ROCE** rose to 16.6% thanks to the increase in profitability and a stable average capital employed.

CONSOLIDATED GROUP

RICE

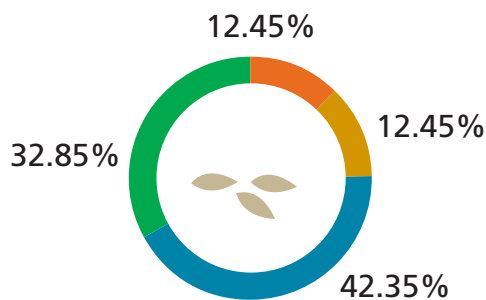
PASTA



Rice

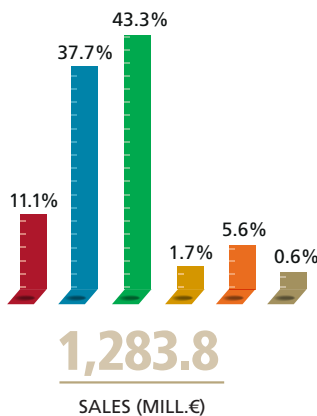
The group is world leader in this business area. Its origins in Spain date back to 1950 and it began its international expansion in 1986 with the purchase of leading brands and companies in Europe, United States and Canada. Now present also on the african and asian continents, the division operates through a broad portfolio of leading brands and products in their category. This business area accounts for 51% of EBRO's total sales.

BREAKDOWN OF GROUP WORKFORCE BY GEOGRAPHICAL AREAS

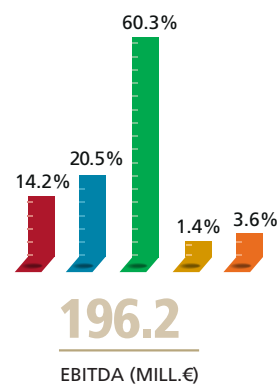


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AVERAGE WORKFORCE

BREAKDOWN NET SALES OF RICE DIVISION BY GEOGRAPHICAL AREAS



BREAKDOWN EBITDA OF RICE DIVISION BY GEOGRAPHICAL AREAS

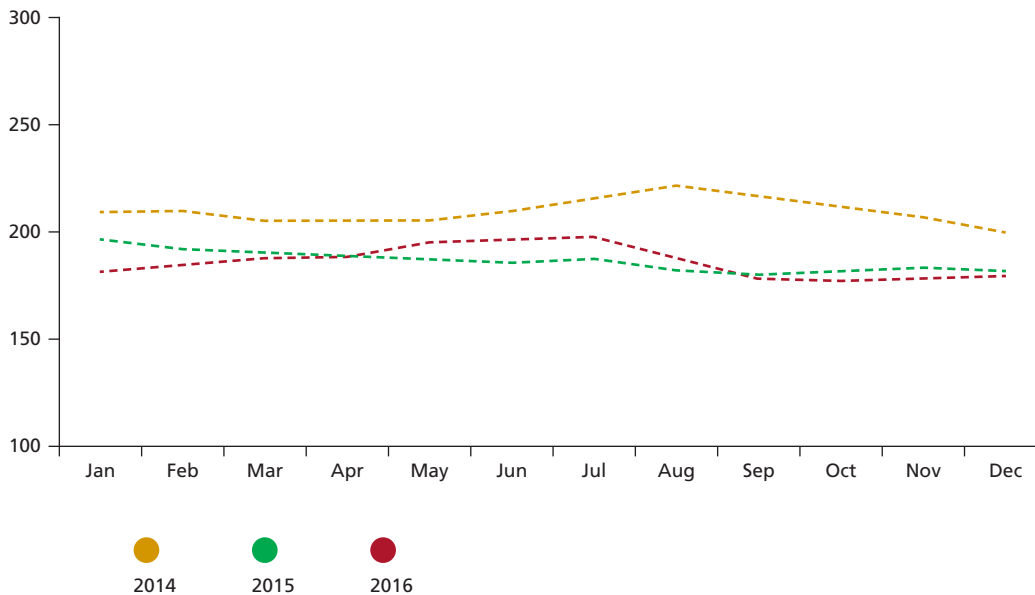


Development of the rice business in 2016

As indicated in the comments on the general situation, the overall market trend was one of stable prices with world output and stock levels among the highest on record. The new 16/17 harvest was also excellent, so supply and prices remained stable until the end of the year.

RICE BUSINESS (€ 000)	2014	2015	2015/2014	2016	2016/2015	CAGR 2016/2014
Net sales	1,139,697	1,287,726	13.0%	1,283,853	(0.3%)	6.1%
EBITDA	148,828	176,959	18.9%	196,264	10.9%	14.8%
% net sales	13.1%	13.7%		15.3%		
EBIT	121,789	147,509	21.1%	163,561	10.9%	15.9%
% net sales	10.7%	11.5%		12.7%		
Average working capital	339,882	360,709	(6.1%)	362,483	(0.5%)	
Capital employed	767,771	861,763	(12.2%)	891,758	(3.5%)	
ROCE	15.9	17.1		18.3		
Capex	32,440	39,555	21.9%	47,391	19.8%	

RICE PRICE INDEX (IPO)



By geographic regions, there was abundant sowing and harvesting of short-grain rice in Europe, following the reduction of area set aside for long-grain rice, which is not competitive against this type of rice from EBA countries. Accordingly, it was possible to ensure local supply and prices, contrasting with the constraints of previous years.

In the United States, the 15/16 harvest was somewhat shorter than in the previous crop year, but with the high local stock level and low international prices it was possible to maintain stable prices in the first half of the year.

The 16/17 harvest was excellent, with 22% more area cultivated thanks to the combination of favourable conditions (weather, end of water restrictions in Texas, absence of more profitable alternatives), producing the second largest output on record. Consequently, prices remained low.

Prices US crop year (Source: USDA)

AUGUST-JULY

\$/CWT	16/17 (*)	15/16	14/15	13/14
Average price	10.1-10.9	12.2	13.4	16.3
Long grain	9.5-10.0	11.2	11.9	15.4
Medium grain	12.0-12.8	15.3	18.3	19.2

(*) Estimated range

The exceptions to the above comments are found mainly in the basmati variety, where smaller areas were sown so the harvest was small (compared with other varieties that are more profitable for growers and have taken the country to the head of world exports) with sharp price rises and even default of contracts.

Sales remained stable, with a slight increase in volume sold and lowering of the price, in line with the prices paid at source. The full-year incorporation of Rice Select offsets the exclusion of the business in Puerto Rico. The year saw the following highlights:

- ◆ Very productive year in launchings, with an extensive line of products focused on health and convenience. The ranges developed in Spain have been extended to the major European countries, rejuvenating the listings that have to compete with private-label products.
- ◆ A new category was created within the “cups” concept, based on other grains (quinoa, chia, etc.) and pulses and combining health and convenience. Some of these, such as the combination of white and red quinoa, already chalks up the fourth highest sales in Spain of products in this category.
- ◆ The special flours with high value added maintain their double-digit growth (+25%) through the subsidiary Herba Ingredients.
- ◆ Consolidation of our subsidiary in India. Apart from acting as a supply platform, this company has also built up its local presence, increasing its branded product sales by 25% to €28 million.
- ◆ In the United States, we maintain a stable market share of 22.34% (XAOC Nielsen), with slight improvements in all segments, except large traditional rice formats with a smaller value added.
- ◆ Sales declined in the Middle East distributors adjusted their stocks of Abu Bint. This is a timing difference.

The division **EBITDA** was up 10.9% year on year, which points to an improvement in yield (15.3% margin, up from 13.7% in the previous year). The changes in our consolidated group (exclusion of Puerto Rico, full year of Rice Select) offset each other, so the growth was purely organic.

Investment in advertising was raised by €1.5 million, consolidating an investment 33% higher than the levels of 2013 and 2014, supporting the enormous commercial and innovation efforts made by this division.

Riviana set a new record in earnings at USD 123 million (+14.7% year on year), just a small part of which corresponds to the incorporation of full-year figures from the Rice Select assets (a further USD 3.2 million) and despite the fact that a weak 15/16 harvest of the Texmati variety prevented this brand from reaching its predicted results.

In other regions, the evolution was particularly satisfactory in the Spanish brand business, while the situation differed in other European countries depending on the calendar of marketing the new range of products, with a substantial improvement in profitability in the Netherlands and early stages in Germany.

By source, the contribution to the EBITDA of the non-American business is as follows:

	2014	2015	%	2016	%
Spain	28,539	23,191	32.2%	27,903	35.8%
Europe	40,873	41,307	57.4%	40,261	51.6%
Others	3,916	7,522	10.4%	9,845	12.6%
TOTAL EBITDA	73,328	72,020	100.0%	78,009	100.0%

The growth of other sources corresponds to the business in India and Thailand, where the Group has stepped up its presence, both to guarantee the supply of long-grain and aromatic rice with prices and qualities that meet our internal requirements and with a view to gradually penetrate the local market.

The division **ROCE** improved again along with the higher profitability of the business, achieved with an average capital employed in line with the previous year.

Investment in fixed assets grew again, especially in business lines with a high growth potential. The principal investments (**CAPEX**) made in this division correspond to a new flour and ingredients production line (€3.9 million), a new frozen products plant in the UK (€1.4 million), enlargement of the facilities in India (€2.2 million), new finished product warehouses in Antwerp (€9.9 million) and Amsterdam (€1 million), new facilities in Cambodia (€1.9 million), enlargement of instant rice capacity at the Memphis plant (€1.8 million) and completion of the gluten-free project in Memphis (€2.2 million) and automation of the packaging lines at the Freeport plant (€3.7 million).

CONSOLIDATED GROUP

RICE

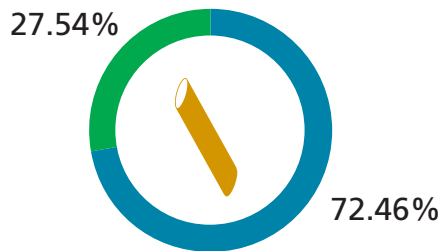
PASTA



Pasta, sauces and others

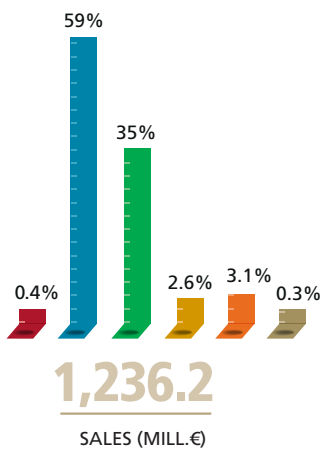
This division is represented by the companies new world pasta (leader in the United States and Canada), Panzani (no. 1 in France in the dry and fresh pasta, sauces, couscous and semolina sectors) and Pastificio lucio Garofalo (Italy). Apart from these countries, the group's brands are also present in Belgium, hungary, united kingdom, algeria, united arab emirates, czech republic and russia, so in just ten years, ebro has positioned itself as second pasta manufacturer in the world. The division overall now accounts for 49% of the group's business.

BREAKDOWN OF GROUP WORKFORCE BY GEOGRAPHICAL AREAS

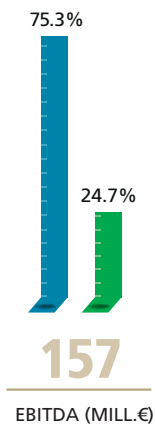


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AVERAGE WORKFORCE

BREAKDOWN NET SALES OF PASTA DIVISION BY GEOGRAPHICAL AREAS



BREAKDOWN EBITDA OF PASTA DIVISION BY GEOGRAPHICAL AREAS



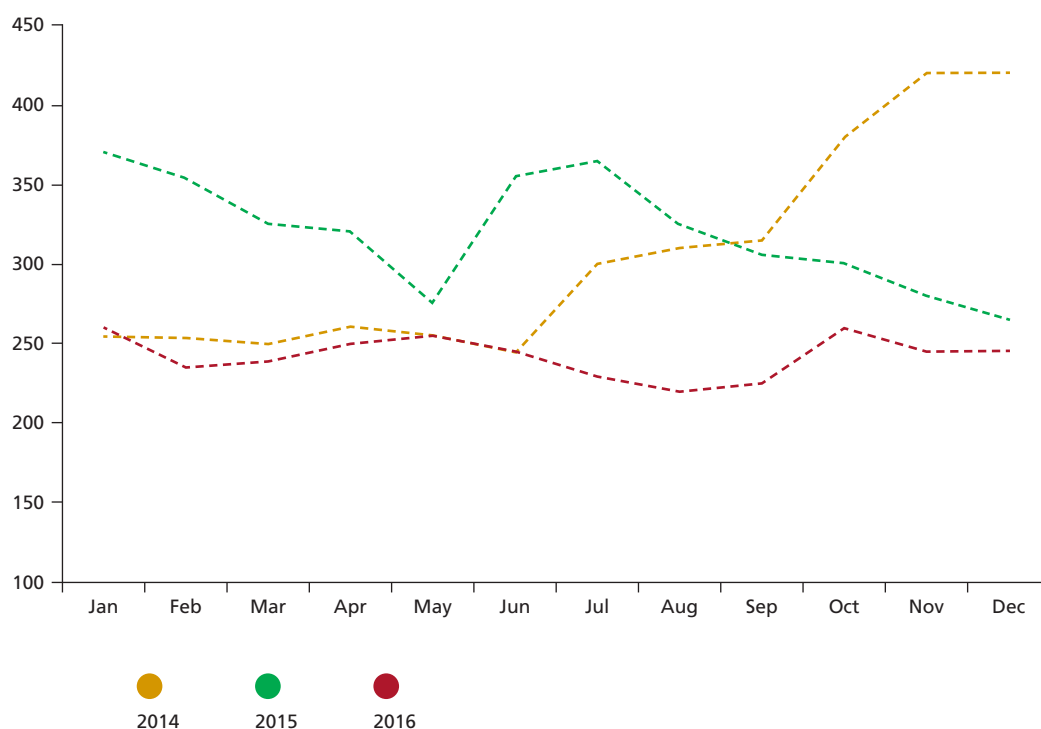
Development of the pasta and sauces business in 2016

PASTA BUSINESS (€ 000)	2014	2015	2015/2014	2016	2016/2015	CAGR 2016/2015
Net sales	1,029,294	1,224,491	19.0%	1,236,227	1.0%	9.6%
EBITDA	146,317	148,647	1.6%	157,089	5.7%	3.6%
% net sales	14.2%	12.1%		12.7%		
EBIT	114,397	110,477	(3.4%)	113,544	2.8%	(0.4%)
% net sales	11.1%	9.0%		9.2%		
Average working capital	94,810	107,261	(13.1%)	97,015	9.6%	
Capital employed	578,767	691,071	(19.4%)	709,253	(2.6%)	
ROCE	20.5	16.1		16.2		
Capex	34,249	40,683	18.8%	59,701	46.7%	

Durum wheat prices were very stable throughout 2016. There was considerable variation in the harvests and yields of this cereal in the different wheat-growing regions. The year commenced with an abundant stock from the 15/16 season, although with certain quality shortcomings, and the 16/17 season has reproduced this situation with larger areas sown and harvests in the principal producing countries (USA, Canada and southern Europe) but, owing to the late rainfall, with a poor quality harvest in northern France and Canada. Cereal harvests are, nevertheless, at all-time high levels, making the market very stable, as reflected in the evolution of prices over the past three years.

PRICE OF DURUM WHEAT IN €/TON

Source: Terre.net



The prices paid to growers in the USA, published by USDA, are also clearly falling, from 9.16 \$/bushel in June 2015 to an average price paid in December 2016 of 6.27 \$/bushel.

Sales grew by 1%, boosted by the incorporation of other businesses, which contributed €64 million in the year-on-year comparison (nine months more of Monterrat and full year Celnat), while prices put strong downward pressure on turnover.

By geographical markets:

- ◆ In France, dry pasta sales grew by 1.7% in volume to reach a 37.6% share of modern distribution, in a category that is declining at a rate of 0.4%. The growth in sales and market share was extended to fresh pasta, which increased to a 39.1% market share in volume, but stagnated in the sauces segment following a complicated first quarter. Overall, the greater volume of sales pushed the turnover up by €26 million. Prices had the opposite effect (-€38 million) as the falling prices of wheat were passed on to consumers.

A significant part of this growth is underpinned by innovations, especially in the new dry pasta with the quality of fresh product (2,427 tonnes sold, compared to 1,247 tonnes in the preceding year), 811 tonnes of the new product ranges based on ancient grains and combinations with rice or pulses, and the 35.9% growth in sales of pan-fried gnocchi, which further broadened its range with annual sales of 12,703 tonnes, making it the flagship of the Group's innovation and an example to be followed by the new ranges of Spanish Tortilla, Croque Monsieur and Pizza.

Special mention should be made here of the incorporation of CELNAT, acquired in January 2016. This company is a pioneer in organic food segment and one of the most important organic cereal producers in France. CELNAT has a very significant position in the category of high quality organic products and an excellent reputation in specialised circuits, where it makes 95% of its sales. It has been consolidated as planned and we trust that it will become the seed of a new healthy food division.

- ◆ Another great year for Garofalo, with growth in volume and profitability. It has increased its share of the premium pasta market in Italy to 5% in volume and 7.5% in value, while its distribution in Spain has grown by 35%.
- ◆ United States. This is a highly complex market, where price competition is extremely intense and promotions are all-important. The Group's strategy during the year was to bolster its principal brands to guarantee their volume and recognition, while positioning the new product lines in the health and well being segment (ancient grains, supergreens, gluten free and organic). Numerous initiatives were developed in respect of local brands (territorial expansion of American Beauty), increasing promotion by 10% and investment in advertising by 64%. New World Pasta now has an 18.8% share in volume of the market.
- ◆ Canada. Just as in the USA, the lowering of prices at source caused a deflationary market (3.8% increase in volume, but only 2% in value), with a large number of operators implementing aggressive price policies.

The Group's response was similar, with increased promotions and advertising. Catelli Foods still leads the market with a 31% share in volume. The fresh pasta market grew by 2.3% in volume and 3.0% in value, and Olivieri maintains its leadership with a 45.1% share, despite the competition between private label and manufacturers' brands.

The division **EBITDA** grew by 5.7%. Roland Monterrat contributed €4.3 million and CELNAT €3.2 million for the full year.

France increased its contribution to €99.4 million, with organic growth of €4.2 million, despite a 10% increase in advertising investment. The higher profitability was thanks to a larger volume of sales and improved productivity throughout the value chain. The fresh sandwich segment marketed by Roland Monterrat came under strong pressure from competition, so a profitability enhancement plan was implemented, with a progressive integration in the Panzani structure.

Garofalo contributed €20.1 million, up 16% year on year while investing 10% more in advertising. It held a perfect course within a deflated market, where it managed to improve its profitability by extending its brand and thanks to agile management of its purchasing position for top quality wheat.

The performance of New World Pasta was not so good in either the dry pasta segment, where it was forced to make major efforts in price negotiation and promotions, or in the fresh pasta and sauces business, in which it operates under its Olivieri brand in Canada. Its contribution to Group earnings dropped by €5.8 million (increasing its expenditure on advertising by €9.3 million) and the erosion of the Olivieri brand was reflected in the recognition of a loss for a reduction of value calculated at CAD 10 million (see Note 9 to the Annual Accounts).

The division **ROCE** remained more or less stable at 16.2%.

CAPEX was concentrated in the facilities to improve the fresh product capacity and productivity at Communay (€4 million, taking the investment so far to €33.5 million), a new long-grain pasta line (€4 million), a logistics warehouse in the north of France (€13,4 million), increased productivity at the Roland Monterrat plant (€3 million), a new short-grain pasta line at the Garofalo plant (€2,4 million) and improved productivity of the long-grain pasta line at Winchester (€2 million).