1. COMPANY SITUATION

Ebro Foods S.A. is the parent of the Ebro Foods Group, Spain's largest food group. Through its subsidiaries, it commands a presence in the rice and pasta markets in Europe and North America as well as a growing presence in other countries.

As a holding company, its overriding objective is to lead, coordinate and foster the development of the Group it heads up, whose strategy is articulated around the provision of healthy food solutions to consumers that enable it to differentiate its brands by means of innovation and new product and format development.

The Ebro Foods Group organizes its management around business segments that combine business activities and their geographic location. Its key business lines are the production and distribution of pasta and rice and their culinary derivatives and accompaniments. Geographically, it is structured into four major regions: the Americas, Spain, Europe & RoW.

Decision-making is spearheaded by the Board of Directors, which is ultimately responsible for defining the Company's general strategy and management guidelines. The Board delegates, within the legally stipulated limits, certain tasks in its Executive Committee, including, notably, monitoring and oversight of delivery of the strategic and corporate development guidelines, while the Management Committee, on which the heads of the various business areas are represented, is tasked with monitoring and preparing the decisions taken at the management level.

The Annual Corporate Governance Report contains detailed information on the Company's ownership and governance structure.

The Management Report accompanying the consolidated financial statements provides detailed coverage of key trends in and the performance of the various segments and businesses that comprised the Ebro Food Group in 2014.

2. BUSINESS PERFORMANCE OF EBRO FOODS, S.A.

Ebro Foods, S.A.'s key sources of revenue are the dividends paid by its subsidiaries, the services it provides to these subsidiaries and certain real estate transactions. Its expenditure relates mainly to staff costs and the financial cost of the borrowings taken on in its capacity as parent of the Ebro Foods Group. In addition, depending on developments with respect to the value of its investments in its subsidiaries, it recognizes and reverses impairment provisions on its portfolio of investees as required. Recurring revenue and expenditure were flat year-on-year.

Operating profit amounted to 38,558 thousand euros, compared to 6,377 thousand in 2013. This increase is mainly attributable to the revenue generated by an extraordinary dividend paid out by one of its subsidiaries.

Net finance income amounted to 622 thousand euros, compared to net finance expense of 3,443 thousand in 2013. This increase was driven by the recognition of gains on the sale of investments (that were classified as available for sale) of 14,003 thousand euros less the 4,800 thousand euro loss triggered by the measurement at fair value of the call option over a 48% interest in the Garofalo group and exchange losses shaped by unhedged exposure to the dollar.

Profit after tax accordingly amounted to 42,731 thousand euros, up from 8,342 thousand euros in 2013.

The most significant developments last year related to its activity as parent of the Ebro Foods Group were the following:

- **Key investments and exits concluded by the Group**

  Note 8 to the financial statements lists Ebro Foods, S.A.'s direct investments in group companies and associates. The main transactions coordinated by Ebro Foods, S.A. in 2014:

  Investment in Italy:

  The Ebro Group acquired 52% of Italy's pasta-maker Garofalo on June 18, 2014. This company owns the Garofalo, Santa Lucia and Russo de Cicciano brands, among others, giving it a significant position in the premium dry pasta segment in Italy and other countries. This company generated 134 million euros of revenue in 2013. This acquisition evidences Ebro's strategic commitment to the premium pasta segment in Italy, known as 'pasta di Gragnano'; preparation and consumption of this class of pasta is part of Italy's gastronomic tradition and culture.

  The investment totaled 63,455 thousand euros; 58,255 thousand euros has already been paid and the remaining 5,200 thousand euros will be paid on June 30, 2015. The Company financed the acquisition partially from internal funds and partially with bank borrowings.

  In addition, the Group has arranged two options with the other shareholder over the remaining 48%, granting the seller a put option (exercisable until May 2024) and the Ebro Group a call option (exercisable from June 2024 to May 2026). The price of these options will be determined as a function of Garofalo's average earnings metrics over a series of years, as well as other terms and conditions customary in arrangements of this nature. This put option contractually gives rise to a financial derivative for the next four years (until June 30, 2018), due to the existence of a minimum price guarantee during that period; this obligation has been recognized as a non-current financial liability.

  Exit from Deoleo, S.A. (available-for-sale financial asset):

  This investment was sold down in full in a series of transactions closed during the first half of 2014. The investment in Deoleo, S.A. was made in December 2010, in the amount of 47,756 thousand euros, when the Company acquired 95,510,218 of this entity's shares as part of a rights issue at a cost of 0.50 euros per share. This investment gave it an 8.272% ownership interest in Deoleo. S.A. in the wake of equity issues undertaken in 2013 (9.3% at year-end 2012).

The aggregate sale price fetched was 40,267 thousand euros. The sale generated a pre-tax gain, which is recognized as finance income in the 2014 income statement, of 14,003 thousand euros.

3. EMPLOYEE AND ENVIRONMENTAL DISCLOSURES

Employees

Ebro Food's ultimate objective on the labor front is to foster mutually-beneficial labor relations, by making its employees feel vested in the organization, encouraging their career development, promoting equal opportunities and taking a zero-tolerance stance on discrimination and establishing, in a nutshell, a tranquil workplace climate.

Each of the Group companies is governed by the labor legislation prevailing in the countries in which they do business. In addition, the bigger subsidiaries have formulated their own human resource policies that regulate relations between management and employees. Above all of these policies, and notwithstanding the terms of the collective bargaining agreements of the various companies comprising the Ebro Foods Group, there is a corporate Code of Conduct designed not only to ensure the ethical and responsible conduct of the professionals of all Ebro Foods Group companies on the job but also to serve as a guide for defining employment policies and safeguards, workplace health and safety policy, training issues and the principles for guaranteeing the absence of discrimination and the promotion of diversity and equality in hiring decisions.

The key Ebro Foods, S.A. staff disclosures are provided in notes 18 and 19 of the accompanying financial statements.

Environment

Although the Company's business activities do not imply environmental consequences *per se*, one of Ebro Foods's basic management commitments is to provide its companies with the tools and measures needed to strike an optimal balance between their business activities and environmental protection. See note 19.d to the financial statements for additional information.

4. LIQUIDITY AND FINANCING

Ebro Foods, S.A. manages the Group's financing requirements in respect of strategic matters such as dividend policy and the Group's organic growth. To this end it relies on the cash generated by its subsidiaries which act as guarantors on the long-term loans taken on to facilitate this role.

The Management Report accompanying the consolidated financial statements provides an in-depth overview of the Group's liquidity and financial position.

5. BUSINESS RISK MANAGEMENT TARGETS AND POLICIES

Ebro Foods, in its capacity as the parent of a group of companies, is indirectly exposed to risks affecting its subsidiaries via the valuation of its investment portfolio and the amount of dividends it receives from them. The business activities performed by the Ebro Foods Group companies are carried out it an environment shaped by exogenous factors that could influence their business and financial performances.

These risks are mainly environmental, business, financial, borrowings, labor and technology related. These risks and the measures taken to identify, manage and mitigate them are described in detail in both the Management Report accompanying the consolidated financial statements and in the Group's Annual Corporate Governance Report.

On the basis of the main risks identified each year, management assesses the instruments in place for mitigating them and the main associated processes and controls.

Financial risk management and use of financial instruments

The main financial instruments used are bank loans, bank overdraft facilities, cash and short-term deposits. The overriding goal of use of these instruments is to expand the sources of financing available to the Group.

In the past, the Company has written derivatives to hedge interest and exchange rate risk. It is Company policy not to use financial instruments for speculative purposes.

The main risks arising from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and establishes the policies put in place for managing each of these risks, while the Finance Department identifies and manages them with a view to minimizing or ring-fencing their potential impact on the Group's performance.

Credit risk

Ebro Foods, S.A.'s exposure to credit risk is not significantly concentrated. Moreover, it deposits its cash and arranges its financial instruments with highly solvent and creditworthy financial institutions.

Cash flow interest rate risk

The Company is exposed to changes in market interest rates, mainly on account of its non-current payment obligations arranged at floating rates of interest.

Its policy is to use a mix of fixed and variable rates. It seeks to achieve a balanced debt structure that minimizes borrowing costs while containing volatility. To this end it tracks interest rate trends with the help of external experts. Whenever deemed necessary, Ebro Foods, S.A. arranges interest rate derivatives.

Foreign currency risk

As a result of the investments made in the US, the carrying amounts of the Company's assets and liabilities are significantly exposed to changes in the USD / EUR exchange rate.

It has mitigated this structural exchange-rate risk by denominating specific borrowings in this currency. In this manner, it has hedged the majority of its US investments.

Foreign currency risk also arises from the purchases and sales made by the various subsidiaries in currencies other than the functional currency. In this instance, the subsidiaries themselves arrange their own forward contracts or other exchange rate hedges, in keeping with Group policy.

Liquidity risk

Ebro Foods, S.A.'s objective is to maintain a balance between continuity of funding and flexibility through the use of renewable credit facilities, bank loans and short-term deposits.

6. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events or developments between the end of the reporting period and the date of authorizing this management report for issue other than the CNMC verdict received on March 3, 2015 (note 14 to the accompanying financial statements).

7. BUSINESS OUTLOOK

Ebro Foods' financial performance going forward will depend on the dividends received from its subsidiaries, the gains recognized on properties deemed non-core and the finance costs incurred on the debt taken on to finance its assets.

The Company's directors believe that the dividends declared by its subsidiaries will be sufficient to enable Ebro Foods to fund an adequate shareholder remuneration policy.

8. R&D

R&D initiatives are shaped by the subsidiaries' strategic initiatives (to which end we refer the reader to the Management Report accompanying the consolidated financial statements).

9. OWN SHARE TRANSACTIONS

In 2014, the Parent had the power to buy back and sell own shares under the scope of the authorization granted at the Annual General Meeting held on June 15, 2011 for a period of five years (and duly notified to the CNMV in keeping with prevailing legislation). In 2014, the Company bought back 858,506 shares, sold 814,939 and delivered 24,104 own shares to employees.

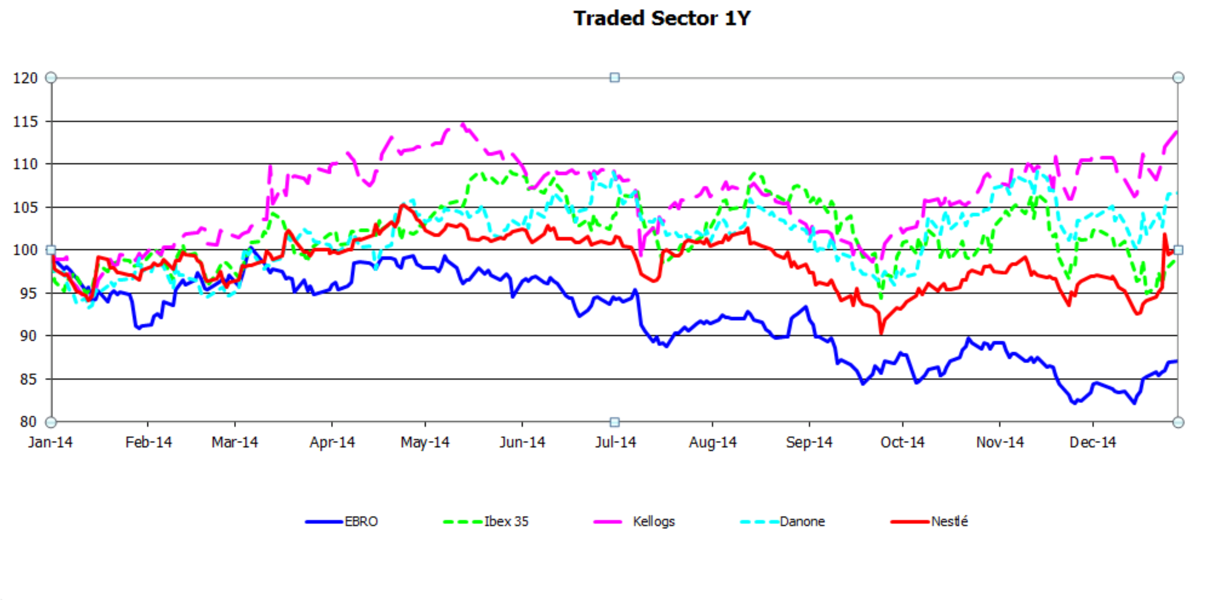
At December 31, 2014, the Company held 19,463 own shares as treasury shares, equivalent to 0.013% of share capital. Management had not established any specific purpose for these own shares at year-end.

10. OTHER RELEVANT DISCLOSURES

Average payment period

The Company paid its suppliers at 31 days on average in 2014 and 2013.

Share price performance



Dividend distribution

At the Annual General Meeting of June 4, 2014, the Parent's shareholders ratified the motion to pay a cash dividend with a charge against unrestricted reserves of 0.50 euros per share, for a total payment of 76,932 thousand euros; this dividend was paid in equal instalments of 0.125 euros per share on April 2, July 2, October 2 and December 22, 2014.