



EBRO FOODS



1Q12

Ebro



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Business Units: 1Q12 Results

1.1



PASTA

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Pasta 1.1.1

Juggling with Top-Price Stocks

- Our expectations were confirmed as the raw material prices that caused us so much trouble last year finally came down this quarter.
- We foresee more stable prices this year, despite risk factors such as the drought in Spain and the Maghreb, since the sowing intentions in North America are far greater than those of last year, with a 10% expected increase in sowing area.
- In Europe our sales grew by almost 9% in volume, largely due to clients stocking up as a hedge for when the Panzani SAP system comes into force as of 1 April. We have now reached agreements with practically all the distributors, which will generate a new source of synergies.
- Innovations are making adequate progress and it is worth noting the success of the Noisettes a Poêler, with which we obtain some diversification in raw materials, entering the potato market.
- In North America, as we had budgeted and contrasting with the excellent results in Europe, first quarter earnings are considerably down on the first quarter of last year, since we have been using the most expensive stocks of the year. In turn, after the high sales figures posted in 4Q11, many customers have begun destocking, causing a 5.5% drop in sales throughout the entire pasta market in North America.
- We trust that this situation will be rectified in 2Q and over the rest of the year as cheaper stocks appear on the market, so we maintain our full-year estimate.
- The launching of our new Pasta Portions and Garden Delight products has been successful, consolidating our strong position within convenience food and healthy eating lines, respectively.

Pasta

1.1.2



Difficult Comparison

- Sales figures, which mainly reflect the evolution of raw material prices and the larger volumes in France, shot up 11.5% to 263 MEUR.
- In contrast, the Division EBITDA slipped 6 MEUR to 32 MEUR as the last high-price stocks were used up; this contrasts with the previous two years, when low-price stocks were being used up following price rises.
- There has been no material exchange rate effect on these accounts.
- The division ROCE holds steady at above 23%.

| Thous. EUR | 1Q10 | 1Q11 | 1Q12 | 12/11 | CAGR 12/10 |
|-------------------------|---------|---------|---------|--------|------------|
| Sales | 231,003 | 236,233 | 263,435 | 11.5% | 6.8% |
| Advertising | 14,962 | 15,505 | 14,562 | -6.1% | -1.3% |
| EBITDA | 41,718 | 38,809 | 32,125 | -17.2% | -12.2% |
| EBITDA Margin | 18.1% | 16.4% | 12.2% | -25.8% | -17.8% |
| EBIT | 34,652 | 31,901 | 24,751 | -22.4% | -15.5% |
| Operating Profit | 34,459 | 31,576 | 23,808 | -24.6% | -16.9% |
| ROCE | 26.3 | 30.3 | 23.4 | -22.8% | -5.7% |

1.2



RICE



Rice 1.2.1

Successful Integration of the SOS and ARI Businesses

- There were no significant variations during the quarter affecting the raw material. As we had predicted, the inflation feared in the second half of 2011 in view of the flooding and subsidies policy in Thailand was averted by India's storming of the market.
- The market was also very weak in North America in this first quarter, as US exports have not been competitive. That enabled Riviana to implement a very reasonable purchases policy. However, there is a risk of drought in Texas which could lead to a 35% reduction of the sowing area in that State; this would be a major setback for ARI since Texas is its main supply area.
- We should mention the successful integration of the SOS business in the Herba structure and ARI in Riviana.
- During the quarter we managed to physically introduce Minute Steamers in 3,000 Walmarts and other major distributors. Meanwhile, Sabroz is being launched in Spain, the first short-grain rice that cannot be overcooked. After several years, we have managed to sell again in the Sonae Group in Portugal.
- The installation of machinery in Memphis has now been completed, marking the end of the delays in putting the plant into full operation.
- All in all, this was a good quarter for our division on both sides of the Atlantic.



Rice 1.2.2

Healthy Growth in Rice

- Turnover grew by 40% to 281 MEUR, mainly through the incorporation of new businesses.
- The division EBITDA rose to 36 MEUR, up 30% year on year. The exchange rate made a positive contribution of 1 MEUR to these results.
- The reduced yield is due to the smaller margins in ARI. ARI includes industrial, white label and Food Service businesses, which contribute considerable volume but little margin. We are currently streamlining to improve its yield. Consequently, the division ROCE dropped 70 b.p. to 18.6%.

| Thous. EUR | 1010 | 1011 | 1012 | 12/11 | CAGR 12/10 |
|-------------------------|---------|---------|---------|-------|------------|
| Sales | 197,790 | 200,211 | 284,093 | 41.9% | 19.8% |
| Advertising | 8,028 | 7,757 | 8,118 | 4.7% | 0.6% |
| EBITDA | 28,506 | 27,551 | 35,730 | 29.7% | 12.0% |
| EBITDA Margin | 14.4% | 13.8% | 12.6% | -8.6% | -6.6% |
| EBIT | 22,765 | 22,678 | 28,888 | 27.4% | 12.6% |
| Operating Profit | 24,136 | 22,418 | 28,380 | 26.6% | 8.4% |
| ROCE | 20.1 | 19.3 | 18.6 | -3.6% | -3.8% |



*Ebro Foods Consolidated
1Q12 Results*



Change of Perimeter

- The consolidated Net Sales rose an impressive 25% to 531 MEUR pushed up by the price rises in Pasta and the incorporation of the new businesses: ARI, SOS and No Yolks, which were integrated very rapidly into our structures.
- Our EBITDA grew by more than 2% to 65 MEUR. The exchange rate effect contributed 1.6 MEUR to these results.
- Net Profit remained level despite a negative comparable financial income, since we had no debt in the first quarter of 2011.

| Thous. EUR | 1010 | 1011 | 1012 | 12/11 | CAGR 12/10 |
|--------------------------|---------|---------|---------|--------|------------|
| Sales | 422,945 | 426,127 | 530,914 | 24.6% | 12.0% |
| Advertising | 23,875 | 23,798 | 22,769 | -4.3% | -2.3% |
| EBITDA | 66,417 | 63,387 | 64,902 | 2.4% | -1.1% |
| EBITDA Margin | 15.7% | 14.9% | 12.2% | -17.8% | -11.8% |
| EBIT | 53,421 | 51,269 | 50,323 | -1.8% | -2.9% |
| Operating Profit | 50,116 | 50,893 | 48,765 | -4.2% | -1.4% |
| Profit before Tax | 47,038 | 51,165 | 45,703 | -10.7% | -1.4% |
| Net Profit | 29,471 | 32,305 | 32,252 | -0.2% | 4.6% |
| ROCE | 19.8 | 22 | 20.06 | -8.8% | 0.7% |



Significant Reduction of Debt during the Quarter

- We closed the first quarter with a Net Debt of 331 MEUR, almost 60 MEUR less than our debt at year-end 2011. In addition to a strong generation of cash, a 10 MEUR benefit was obtained on this occasion from the evolution of the exchange rate and 20 MEUR from sales of treasury stock.
- The year-on-year growth of 3% took Equity to 1,620 MEUR.
- Although we continue scanning the market for new opportunities, we do not foresee any major corporate transactions in the short term.

| Thous EUR | 31 Mar 10 | 31 Dec 10 | 31 Mar 11 | 31 Dec 11 | 31 Mar 12 | 12/11 | CAGR 12/10 |
|----------------------|-----------|-----------|-----------|-----------|-----------|--------|------------|
| Net Debt | 545,971 | 17,600 | 32,855 | 390,073 | 331,101 | 907.8% | -22.1% |
| Average Debt | 588,993 | 378,336 | 243,531 | 139,157 | 218,674 | -10.2% | -39.1% |
| Equity | 1,345,862 | 1,592,743 | 1,574,200 | 1,587,298 | 1,620,521 | 2.9% | 9.7% |
| Leverage ND | 40.6% | 1.1% | 2.1% | 24.6% | 20.4% | 879.0% | -29.0% |
| Leverage AD | 43.8% | 23.8% | 15.5% | 8.8% | 13.5% | -12.8% | -44.5% |
| x EBITDA (ND) | | 0.1 | | 1.43 | | | |
| x EBITDA (AD) | | 1.4 | | 0.5 | | | |



Conclusion



Conclusion

- o Although the durum wheat prices eased over the quarter, we still have stocks valued at high prices, so that lowering of raw material prices has not yet produced a positive effect on our accounts, which we expect in the second half of the year.
- o We do not expect any considerable instability in rice prices overall, although droughts could cause specific peaks in certain varieties or geographical areas.
- o We have observed a drop in retail food consumption in the USA, which, according to the general opinion, is due to the high temperatures this winter. If this is so, that effect should be reversed in forthcoming months.
- o All the adverse effects that dented our results last year, such as the delays in the final start-up of the Memphis plant or the restructuring in Germany, have now finally concluded.
- o We have considerably reduced our Net Debt, which shows the healthy cash generation of our businesses and gives us a pro forma leverage of the order of 1 ND/EBITDA, putting us in an excellent position to undertake new investments if the right opportunities come around, and if not, to consider new extraordinary dividends for our shareholders.



Corporate Calendar



Ebro maintains its commitment to transparency and reporting in 2012:

| | |
|--------------|---|
| 11 January | Quarterly payment of ordinary dividend |
| 29 February | Presentation 2011 year-end results |
| 25 April | Presentation 1st quarter results |
| 11 May | Quarterly payment of ordinary dividend |
| 24 July | Presentation 1st half results |
| 11 September | Quarterly payment of ordinary dividend |
| 31 October | Presentation 3rd quarter results and outlook 2012 |
| 18 December | Announcement 2013 dividend against 2012 earnings |



Disclaimer



Disclaimer

- o To the best of our knowledge, the estimates contained in this presentation on the future growth of the different businesses and the overall business, market share, financial results and other aspects of the company's operations and position are accurate as at the date hereof.
- o All the figures set out in this report are calculated according to the International Accounting Standards (IAS).
- o This presentation includes forward-looking statements which represent expectations and beliefs concerning future events that involve risks and uncertainties which could cause actual results to differ materially from those currently anticipated.
- o Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Foods does not undertake any obligation to update or supplement any forward-looking information as a result of new information, future events or circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the Ebro Foods businesses or in its acquisitions strategy, or to reflect unforeseen events. Analysts and investors are advised to consult the company's Annual Report and the documents filed with the authorities, especially the National Securities Market Commission (CNMV).
- o The main risks and uncertainties affecting the Group activities are described in Note 28 of the Consolidated Annual Accounts as at 31 December 2010 and the corresponding Directors' Report, which are available on our web site www.ebrofoods.es. In our opinion there have been no material changes during the year. The Group is exposed to a certain extent to the situation on raw materials markets and the possibility of passing any price changes on to consumers. It is also exposed to fluctuations in exchange rates, especially of the dollar, and interest rate variations.