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RESULTS
1H 2019

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BUSINESS UNIT RESULTS 1H19

1.1.1 Rice 1H19

- In terms of raw materials, although the market is generally stable and we are well-stocked in Europe and North America, inflation is rising for certain varieties, such as long-grain rice in Europe (which was affected by the EU's import safeguarding mechanism).

- Sales of short-grain and microwave rice have performed well in Spain. However, the higher prices for long-grain rice as a result of the new duties has led to a slight reduction in returns on our exports.

- Changes implemented in North America (primarily reduced production in Freeport and price increases to offset cost inflation) after last year's difficulties are proving fruitful. We have also resumed normal levels of service and sufficient supply for our customers, following delays in the process of launching our new microwavable lines. Now that capacity is back to normal, we can start to work on promotions and advertising.

- Expansions at our plants in India and Thailand have not yet been fully completed. As a result, they are yet to reach optimal capacity levels and fixed costs are rising, which is putting pressure on returns.

1.1.2 Rice 1H19

- Despite reduced volumes at Freeport, first half results indicate healthy sales growth, rising by 10% to EUR758.7 million.

- Relative return remains at 12.8%, which is worthy of note because last year's cost inflation has been passed on to final prices. Absolute return in terms of Ebitda grew 12.8% to EUR96.9 million. The exchange rate has had a positive impact of EUR3.4 million on the division's Ebitda. At the same time, the entry into force of IFRS 16 has had a positive impact of EUR1.7 million.

- Operating Profit increased by 1% to EUR73.2 million, offset by an uptick of 13% in 2Q19 on a standalone basis. Unlike last year, there was no extraordinary income like the sale of SOS in Mexico the year before.

EUR Thous.	1H17	1H18	1H19	19/18	CAGR 19/17
Sales	672,989	688,253	758,722	10.2%	6.2%
Advertising	13,247	13,433	16,045	19.4%	10.1%
Ebitda	110,354	85,876	96,851	12.8%	-6.3%
Ebitda Margin	*16.4%*	*12.5%*	*12.8%*		
Ebit	94,086	67,667	74,503	10.1%	-11.0%
Operating Profit	99,676	72,507	73,178	0.9%	-14.3%

1.2.1 Pasta 1H19

- In Europe, there was a lower volume harvest in Spain and Italy, leading to double-digit price growth compared to the record lows in April. Further increases were prevented by the significant amount of stockpiled inventory. In any event, we have sufficient provisions to take us through to the end of the year.

- In February, a new law came into effect in France, which regulates the relationships between distributors and producers, limiting the proportion of promotional sales and maximum discounts on promotional prices. This regulation will have a negative impact on our pricing policies, with a particular emphasis on products with greater added value.

- Panzani was enjoying strong sales until May, before suffering a slump during June, due to the drop in pasta and sauce consumption during the earlier heatwave in France, and the decision to reduce promotions in order to boost returns. Thanks to a fall in temperatures during July, it would appear that consumption has returned to normal and we will increase promotions during 2H19.

- Dry pasta in North America has varied in performance:

    - In the US, a service imbalance during 1H had a significant negative impact on our sales. These imbalances have now been resolved. We are hoping that a greater penetration of new products, along with the traditional seasonal impact on pasta, will help us to recover stability during the second half of the year.
    - The Canada market is more settled after several complicated years. Sales and returns are up and our "Health and Wellness" range is performing well.

1.2.2 Pasta 1H19

- Turnover grew 4.5% to EUR627.6 million, slowed by the seasonality of our product sales and their correlation with the weather.

- Advertising investment remained at EUR30.8 million.

- The division’s EBITDA fell by 1% to EUR68.6 million, with a 10.9% margin, primarily due to the poor results at Roland Monterrat, the early heatwave in France and the service imbalances in the US. Exchange rates had no impact, with USD appreciation offsetting CAD depreciation. The new accounting treatment of leases contributed positively with EUR3.4 million. Bertagni contributed EUR7.3 million to Ebitda, EUR4.1 million more than in 1H 2018.

- The new IFRS 16 increased depreciation and amortisation charges, meaning Ebit fell by 14.3% to EUR40.2 million.

EUR Thous.	1H17	1H18	1H19	19/18	CAGR 19/17
Sales	586,925	600,465	627,627	4.5%	3.4%
Advertising	35,924	30,763	30,834	0.2%	-7.4%
Ebitda	74,007	69,357	68,564	-1.1%	-3.7%
Ebitda Margin	*12.6%*	*11.6%*	*10.9%*		
Ebit	52,626	46,937	40,242	-14.3%	-12.6%
Operating Profit	50,156	45,329	35,529	-21.6%	-15.8%

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CONSOLIDATED GROUP RESULTS
1H19

2.1 P&L 1H19

- The consolidated sales figure grew 7.6% to EUR1,356.8 million, showing a healthy increase.

- Advertising investment grew by 4.2% to EUR46.6 million.

- Ebitda grew by 6% to EUR159.4 million, once cost inflation from 2018 had been fully transferred to prices. The exchange rate had a positive effect of EUR3.5 million on Ebitda. The entry into force of the new IFRS 16 added EUR5.5 million to this figure. Alimentación Santé (organic and plant based business) has been discontinued – its contribution to Ebitda in the first half would have been more than EUR2 million, almost 1 MEUR more than the same period last year.

- Operating Profit declined by 4.5% to EUR107.8 million, given that last year it included EUR6.8 million in extraordinary income from the sale of SOS in Mexico. In the second quarter alone, operating profit grew by 4.3% on the back of the sale of Jiloca that generated an operating profit of EUR5 million.

- Net Profit fell 2.5% to EUR74.5 million, with 2Q on a standalone basis trending upwards by 14%.

EUR Thous.	1H17	1H18	1H19	19/18	CAGR 19/17
Sales	1,231,683	1,260,824	1,356,800	7.6%	5.0%
Advertising	49,176	44,730	46,598	4.2%	-2.7%
Ebitda	179,291	150,324	159,382	6.0%	-5.7%
Ebitda Margin	*14.6%*	*11.9%*	*11.7%*		
Ebit	141,333	109,383	108,018	-1.2%	-12.6%
Operating Profit	146,416	112,949	107,830	-4.5%	-14.2%
Pre-tax Profit	142,521	111,525	106,824	-4.2%	-13.4%
Net Profit on Continuing Operations	96,528	80,129	79,778	-0.4%	-9.1%
Net Profit	92,088	76,339	74,458	-2.5%	-10.1%
ROCE %	*17.1%*	*13.6%*	*11.4%*		

2.2 Debt Performance

- We ended 1H with Net Debt standing at EUR832 million, EUR127 million higher than at year-end 2018. This was largely due to the application of IFRS 16 which has modified the accounting treatment of leases and has made it compulsory to capitalise EUR80.7 million. This figure still does not include the EUR57.5 million that we will receive for the sale of Alimentación Santé, but does account for the put options that we have with minority shareholders of certain businesses, which will amount to EUR160 million, and October's dividend payment to EUR29,2 million.

- Capex during the first half reached EUR62.6 million, with the largest projects currently underway being:

  - The new La Rinconada rice plant.
  - The new lines of skillet Gnocchi in Canada.
  - Investments to optimise distribution in France.

- Working capital grew by EUR11 million in 1H, due to the positions taken in raw materials. However, during 2Q on a standalone basis, it decreased by EUR37.7 million.

EUR Thous.	30 Jun 17	31 Dec 17	30 Jun 18	31 Dec 18	30 Jun 19	19/18	CAGR 19/17
Net Debt	454,761	517,185	732,223	704,621	831,730	13.6%	35.2%
Average net debt	401,075	426,042	513,013	627,350	725,051	41.3%	34.5%
Equity	1,996,515	2,074,637	2,076,292	2,162,334	2,164,275	4.2%	4.1%
ND Leverage	22.8%	24.9%	35.3%	32.6%	38.4%	9.0%	29.9%
AND Leverage	20.1%	20.5%	24.7%	29.0%	33.5%	35.6%	29.1%
x Ebitda (ND)		1.44		2.27			
x Ebitda (AND)		1.2		2.0			



Conclusion

- Group sales are performing well, but we expect them to improve further in the second half of the year, once we have launched our promotions and the traditional seasonal effect comes into play.

- There have been sharp price increases for rice across Europe, since the duties were put in place for imports from Myanmar and Cambodia. However, the Group is hedged against potential inflation issues due to inclement weather conditions (droughts in Europe and floods in North America).

- Over the past three years we have invested heavily in organic growth, prioritising this over inorganic growth, given the low interest rates and high asset prices, but we are not ruling out the possibility of finding acquisitions that would add value for our shareholders.

- We recently announced the sale of Alimentation Santé. As part of our 2019-2021 strategic plan, we analysed the considerable investment required to reach a significant standing in the organic food business. In this climate, and considering the huge amount of interest shown, we decided to negotiate the sale of our organic and plant based business, which we expect to close in October 2019 when the binding agreement comes into force with Midsona AB.

- We will continue to capitalise on the current situation in order to divest assets that do not obtain the necessary returns and/or which are not aligned with the Group's corporate strategy, which will focus on bolstering our premium, fresh and convenience businesses, where we hold a leading position.

CONCLUSION

Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2019:

28 February	**Presentation of YE2018 results** ✓
1 April	Four-month payment of ordinary dividend (EUR0.19/share) ✓
30 April	Presentation of 1Q 2019 results ✓
28 June	Four-month payment of ordinary dividend (EUR0.19/share) ✓
26 July	Presentation of 1H 2019 results ✓
1 October	Four-month payment of ordinary dividend (EUR0.19/share)
31 October	Presentation of 9M19 Results and Pre-YE 2019

Legal Disclaimer

- This presentation contains our true understanding to date of estimates on the future growth in the different business lines and the global business, market share, financial results and other aspects of business activity and the positioning of the Company. All the data included in this report have been put together according to International Accounting Standards (IAS). The information included herein does not represent a guarantee of any future actions that maybe taken and it entails risks and uncertainty. The actual results may be materially different from the ones stated in our estimates as a result of various factors.

- Analysts and investors should not rely on these estimates, which only cover up to the date of this presentation. Ebro Foods does not assume any obligation to publicly report the results of any review of these estimates that may be carried out to reflect events and circumstances occurring after the date of this presentation - including but not limited to - changes in Ebro Foods business or its acquisitions strategy, or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report, as well as the documents filed with the Authorities and more specifically with the Spanish National Securities Markets Commission (CNMV).

- The main risks and uncertainties affecting the Group's business are the same as those included in Note 28 of the Consolidated Annual Accounts and the Management Report for the year ending 31 December 2017, which is available at www.ebrofoods.es. We believe that there have been no significant changes during this financial year. The Group still has some exposure to the raw materials markets and to passing on changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, especially the dollar, and changes in interest rates.

- According to the guidelines set by the European Securities and Markets Authority (ESMA), the following is a list of the indicators used in this report. These indicators are currently and consistently used by the Group to describe its business performance and their definitions have not been altered:

  - Ebitda. Earnings before interest, taxes, depreciation and amortization, excluding results considered as extraordinary or non-recurring (essentially profit earned from transactions relating to the Group's fixed assets, industrial restructuring costs, results from or provisions for lawsuits, etc.).

	30/06/2017	30/06/2018	30/06/2019	2019 - 2018
EBITDA	**179,291**	**150,324**	**159,382**	**9,058**
Provisions for amortisation	(37,958)	(40,941)	(51,364)	(10,423)
Non-recurring income	6,695	7,655	5,574	(2,081)
Non-recurring costs	(1,612)	(4,089)	(5,762)	(1,673)
OPERATING PROFIT	**146,416**	**112,949**	**107,830**	**(5,119)**

  - Net debt. Financial liabilities at a cost, the value of shares and put/call options qualified as such, and where applicable, dividends that have accrued and are pending payment, minus cash and cash equivalents.
  - CAPEX. Capital expenditure - payments for investment in production related fixed assets.
  - ROCE. Return on capital employed – a measure of yield on assets calculated as income before tax and interest minus any income regarded as extraordinary or non-recurring for the period considered, divided by Net Average Assets for the period, minus Financial Assets and Goodwill.