RESULTS
Q1 2020

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INTRODUCTION

1. Introduction

- The arrival of COVID-19 has turned everybody's lives upside-down. The Group was quick to take decisions, prioritising the following:

  - Protecting our employees and ensuring our plants are running at optimal levels. We have made a significant investment in protective equipment to guarantee the health and safety of our employees, while tightening our already strict safety protocols across our plants. We have also increased our stock of replacement parts, in order to prepare for any eventuality or breakdown.

  - Adapting our plant schedules in order to boost productivity and meet peaks in demand. We have reduced production of certain brands, prioritising basic products over more niche items.

  - Tailorig our marketing policy to the current lockdown. We have boosted the online presence of our brands and redirected our communications efforts towards this channel.

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2.1.1 Rice Q1 2020

- In terms of raw materials, we completed the main purchase agreements for raw materials in Europe at the start of the quarter, resulting in a cost increase of 6% compared to the previous harvest. We have therefore guaranteed our supply until the start of the 20/21 harvest in October. In terms of aromatic varieties, we completed the purchase of Basmati with a significant y-o-y price reduction (c. 10%) and we have enough stock to take us through to February 2021. Prices have been rising on the US market since September 2019 (c. 35%), due to reductions in the planted area. We have lower stock levels in the US, with the exception of Freeport, where we will benefit from the new harvest in July. Planting is currently underway and we predict a 20% increase in surface area, due to better prices and good weather. Meanwhile, we have made significant purchases of high-quality, organic rice from our South America platform, which is available for export to Europe and the Middle East.

- In the US, we are still working on improving productivity in Freeport and Memphis. In Memphis, we recently doubled our production capacity for microwave lines and we continue to make changes in order to optimise productivity on our instant rice lines. In Spain, we continue to make major investments in the new RTS plant at La Rinconada. Elsewhere, we have successfully completed our investments in India and Thailand.

- We are very much focused on incorporating Tilda into our organisation, completing the transition of Hain Celestial and overcoming the issues we had with distributor changes, particularly in the Middle East. We are currently integrating production in our new plant in India.

- In terms of market share, prior to the arrival of COVID-19, we were performing as expected, with increases in aromatic varieties, instant rice and microwave lines in North America, as well as the premium segment in Europe.

2.1.2 Rice Q1 2020

- The arrival of COVID-19 initially caused a significant spike in sales, reaching over 100% in some cases, with peaks rising and falling with each week. Demand primarily increased for branded products, but not for industrial segments and food service (Horeca). These increases were uneven and particularly strong in Spain, Italy and France.

- In Europe, we have adequately managed to meet these intense peaks in demand. In the US, we were already close to maximum capacity on certain products (instant rice), which has made it more difficult to meet all the peaks (c. 90%).

- In some countries such as India, the lockdown process has been more disorganised, leading to a slowdown in sales for almost two weeks, primarily in terms of Basmati exports.

- Despite this, adequate stock levels, hard work from our team and our production capacity allowed us to meet this extraordinary demand extremely well.

- The outlook for Q2 is upbeat, as April's sales remain strong. We believe these increases will begin to level out as the pandemic progresses. During Q2, we will have to pay close attention to North America – where our stocks are lower – as well as the drought in Thailand, our main export nation, and the possibility of commercial restrictions in the main rice producing nations.

- We will follow all these events closely, but for now, given our adequate level of stock coverage, we do not anticipate any negative repercussions on our activity.

2.1.3 Rice Q1 2020

- We booked some solid results during the first quarter. Turnover rose 25% to EUR483.8 million, registering a steady average growth rate of over 18,2% for the past two years. Tilda contributed EUR49,0 million to the consolidated sales figure.

- The Division's Ebitda-A increased by 21.8% to EUR61.4 million, with margins falling slightly by 30 b.p. to 12.7%, due to the reasons outlined above, as well as a 19,0% increase in advertising investment. The exchange rate had a positive impact of EUR1 million on Ebitda-A. The incorporation of Tilda contributed EUR7,0 million to this figure, which benefitted from the synergies generated with the Group.

- Operating Profit grew 22% to EUR48,0 million.

EUR Thous.	Q1 2018	Q1 2019	Q1 2020	20/19	CAGR 20/18
Sales	346,148	386,280	483,777	25.2%	18.2%
Advertising	6,713	8,497	10,108	19.0%	22.7%
EBITDA-A	44,872	50,383	61,363	21.8%	16.9%
EBITDA-A Margin	13.0%	13.0%	12.7%	-	-
Ebit-A	36,400	39,327	47,580	21.0%	14.3%
Operating Profit	42,576	39,246	47,974	22.2%	6.2%

2.2.1 Pasta Q1 2020

- In terms of raw materials, the durum wheat market has varied in performance in Europe and North America:
  - The durum wheat price has grown in Europe, especially in Italy, where local producers are pushing to use Italian wheat in favour of the higher quality wheat imported from North America. In this regard, our brand Garofalo remains committed to premium quality. The spring rains helped to improve the outlook for Spain and Italy, however the area planted in France is down on the 2019 harvest. Inflation is expected to rise slightly in H2 2020, but we are well-placed in terms of stock coverage.
  - In North America, the market has remained stable since the blip in H2 2019, allowing us to expand our coverage through to Q4 2020. More planting than usual is expected in Canada, which bodes well in terms of stability.
- Prior to the arrival of COVID-19, the main European distribution agreements were completed during Q1 with relative normality.

Ebro

1.2.3 Pasta Q1 2020

- The arrival of COVID-19 led to sharp increases in sales (c. 90%) during March in Europe and Canada, with less of an impact in the US given that the lockdown was enforced somewhat later there.

- As with rice, we are prioritising production of our more basic brands in order to maximise supply.

- In this division, we have slightly greater exposure to the food service channel via Roland Monterrat, which has slowed significantly.

- Fresh pasta has varied in performance, with slight increases in Europe and very strong upticks in North America. We anticipate that consumption will pick up in Europe once we are out of lockdown, with the exception of food service.

- We forecast very healthy results for April, which will gradually level out from May onwards.

- COVID-19 has therefore not had any negative repercussions on this Division yet, and our plants are operating normally.

- We continue to examine the signs of interest received by our pasta business in North America.

2.2.2 Pasta Q1 2020

- Turnover rose 19.3% to EUR381 million, registering a steady average growth rate of 15% for the past two years.
- We have maintained the same level of Advertising as in 2019, with a major focus on developing and growing the online channel.
- The division's Ebitda-A grew 29.2% to EUR47,9 million, with a 12.6% margin. Currency had a insignificant impact in this regard.
- Operating Profit grew by 35,9% to EUR29,6 million.

EUR Thous.	1Q 2018	1Q 2019	1Q 2020	20/19	CAGR 20/18
Sales	287,801	319,307	380,840	19.3%	15.0%
Advertising	15,662	15,918	15,808	-0.7%	0.5%
EBITDA-A	34,124	37,123	47,945	29.2%	18.5%
EBITDA-A Margin	11.9%	11.6%	12.6%	-	-
Ebit-A	23,396	22,843	32,357	41.6%	17.6%
Operating Profit	22,744	21,809	29,637	35.9%	14.2%

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3.1 P&L Q1 2020

- The consolidated sales figure grew by 22.5% to EUR845.3 million, due to the strong performance of our products within their respective categories.

- Ebitda rose 26.4% to EUR106.5 million. In the last three years, it has grown by 16.6% in terms of CAGR. Currency contributed EUR1.2 million to this result.

- Net Profit increased by 29,6% to EUR47.9 million, largely boosted by the incorporation of Tilda, returns on CapEx investments made in recent years, and – since March – increased sales on the back of lockdown.

EUR Thous.	Q1 2018	Q1 2019	Q1 2020	20/19	CAGR 20/18
Sales	620,270	690,182	845,273	22.5%	16.7%
Advertising	22,619	23,809	25,922	8.9%	7.1%
EBITDA-A	78,354	84,274	106,483	26.4%	16.6%
EBITDA-A Margin	12.6%	12.2%	12.6%	-	-
Ebit-A	58,996	58,589	76,737	31.0%	14.0%
Operating Profit	64,546	57,352	74,804	30.4%	7.7%
Pre-tax Profit	62,372	54,878	73,303	33.6%	8.4%
Net Profit	43,433	36,922	47,863	29.6%	5.0%
ROCE-A	14.9%	11.9%	11.6%	-	-

3.2 Debt Performance

- We ended 1Q with Net Debt standing at EUR985.5 million, EUR14.3 million less than at year-end 2019.
- Working capital rose EUR43 million from year end, due to the positions taken on raw materials.
- In addition, despite the considerable investment we have planned in organic growth, COVID-19 has slowed some of our investments, since our technical teams in Spain are currently unable to travel to the US. CapEx in the quarter therefore reached EUR21 million.

EUR Thous.	31 Mar 18	31 Dec 18	31 Mar 19	31 Dec 19	31 Mar 20	20/19	CAGR 20/18
Net Debt	610,104	704,621	792,930	999,849	985,502	-1.4%	18.3%
Average net debt	455,007	627,350	686,137	871,658	925,550	6.2%	21.5%
Equity	2,076,970	2,162,334	2,226,171	2,262,203	2,302,937	1.8%	3.2%
ND Leverage	29.4%	32.6%	35.6%	44.2%	42.8%	21.3%	14.6%
AND Leverage	21.9%	29.0%	30.8%	38.5%	40.2%	40.7%	17.7%
x EBITDA-A (ND)		2.29		2.92			
x EBITDA-A (AND)		2.04		2.54			

CONCLUSION

4. Conclusion

- Healthier results during Q1 reflect the incorporation of Tilda – which has provided EUR7 million to Ebitda-A – and the positive impact of CapEx investments (EUR408 million) made over the last three years.

- The arrival of COVID-19 had a positive impact on sales in March, due to strong demand for our products in the initial lockdown phase, which we were able to respond to by keeping shelves stocked with our brands. However, the coronavirus also led to increased operating expenses, such as higher investment in occupational health and safety, bonus payments for plant workers and increases in logistical and auxiliary raw material costs, which all affect our margins.

- As we have already outlined, these increases in demand have levelled out as consumers have gradually overcome the fear of food shortages. Over the coming months, we will need to track the impact of the extraordinary stockpiling measures during the first phase of lockdown and see where consumer trends go next, which is why we cannot accurately predict what the situation will look like in the second half of the year.

- Taking advantage of our international purchasing experience, we have worked alongside the Ebro Foundation to buy healthcare equipment (beds, catheter supplies, scrub dispensers, ventilators, PPE, etc.) to donate to hospitals and care homes. We are also collaborating with food banks and other aid organisations by donating products.

- The Group has no plans to furlough (ERTE) its employees, it will boost investments in CapEx in order to help the economy to recover and maintains its dividend payment and calendar already compromised.

- To conclude, this has been a satisfactory quarter. On a business level, we have responded well to strong consumer demand and we have also worked to help mitigate the effects of the pandemic, all thanks to the support of our exceptional team.

5. Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2020:

➢ 27 February	Presentation of YE2019 Results ✓
➢ 1 April	Four-month payment of ordinary dividend (EUR0.19/share) ✓
➢ 29 April	Presentation of Q1 2020 results ✓
➢ 30 June	Four-month payment of ordinary dividend (EUR0.19/share)
➢ 28 July (estimated, subject to change)	Presentation of H1 2020 results
➢ 1 October	Four-month payment of ordinary dividend (EUR0.19/share)
➢ 28 October	Presentation of 9M20 Results and Pre-YE 2020

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6. Calculation of Alternative Performance Measures

- 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-A. 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.). EBITDA-A is calculated consistently with prior-year EBITDA.
  - EBIT-A. EBIT-A is calculated by subtracting the year's amortisations and depreciations from EBITDA-A. EBIT-A is calculated consistently with prior-year EBIT.

	31/03/2018	31/03/2019	31/03/2020	2020 - 2019
EBITDA(A)	**78,354**	**84,274**	**106,483**	**22,209**
Provisions for amortisation	(19,358)	(25,685)	(29,746)	(4,061)
EBIT(A)	**58,996**	**58,589**	**76,737**	**18,148**
Non-recurring income	7,377	314	1,293	979
Non-recurring costs	(1,827)	(1,551)	(3,226)	(1,675)
OPERATING PROFIT	**64,546**	**57,352**	**74,804**	**17,452**

  - CAPEX. Capital expenditure - payments for investment in production related fixed assets.
  - Net Debt:

	31/03/2018	31/03/2019	31/03/2020
(+) Non-current financial liabilities	523,623	650,197	720,329
(+) Other current financial liabilities	370,352	390,542	596,702
(-) Sum of security deposits payable	(96)	(98)	(879)
(-) Cash and cash equivalents	(285,957)	(247,824)	(331,232)
(-) Derivatives – assets	(310)	(1,221)	(1,901)
(+) Derivatives – liabilities	2,492	1,334	2,483
TOTAL NET DEBT	**610,104**	**792,930**	**985,502**

  - (Average) Net Debt: Average net debt refers to the 13-month moving average based on previous net debt.
  - (Average) Working Capital: 13-month moving average of the sum of inventories, trade receivables and provision of services, other receivables less trade payables and other current payables.
  - Capital Employed (average). 13-month moving average of the sum of intangible assets, property, plant and equipment and working capital.
  - ROCE-A: Ratio of the average profit/loss after depreciation/amortisation and before tax for the last 12-month period (excluding extraordinary and non-recurring items) divided by the average capital employed, as previously defined. ROCE-A is calculated consistently with prior-year ROCE.

7. 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 the Consolidated Annual Accounts and the Management Report for the year ending 31 December 2019, 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.