



RESULTS Q1 2021

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INTRODUCTION



1. Introduction

- The arrival of COVID-19 in March 2020 radically changed everyone's lives. Our Group recorded significant spikes in demand as consumers began to fear food shortages, which has skewed year-on-year comparison data between 2020 and 2021. We would highlight how well the Group has performed against this backdrop.
- In the vast majority of the countries where we operate, there continue to be (i) sporadic lockdowns, (ii) people avoiding crowded areas and enclosed spaces, (iii) travel restrictions, (iv) reduced opening hours and (v) restrictions to the regular food service channel (Horeca). All of these factors are affecting consumer behaviour and trends, resulting in more people eating at home.
- Another consequence of the pandemic is its direct impact on shipping which has faced a year of disruption in the global supply chain. Transport costs – particularly for goods from Asia – have tripled in some cases, which has had a direct impact on the cost of raw materials in the destination country.
- During Q1, we reached agreements to sell Ronzoni and the Winchester plant. This deal was valued at USD95 million which, combined with the sale of Treehouse at the end of 2020, amounts to a total of USD337.5 million, which contributed USD29.6 million to Ebitda in 2019. Once the sale is completed, our dry pasta business in North America will be limited to the premium segment with Garofalo.
- During Q1, we completed the sale of the Catelli dry pasta business in Canada to Barilla, for a total of CAD165 million. This business contributed CAD14.4 million in 2019.
- The divestment of our dry pasta business in North America has sparked interest from several different players in the Panzani dry pasta business.

BUSINESS UNIT RESULTS

Q1 2021



2.1.1 Rice Q1 2021

- o During 2020, we had to deal with inflation in five key areas:
 - o The raw materials market, where inflation remains high due to rises in local and international demand.
 - o Inflation on freight for Asian rice varieties.
 - o Increased e-commerce demand, which requires higher local transport costs.
 - o Increases in packaging, wrapping and pallets (e.g. wood +126%).
 - o Energy and fuel costs.
- o We completed the main raw material purchase agreements in Europe at the start of the quarter, with costs once again up on the previous harvest. This increase, along with the other aforementioned difficulties, resulted in cost inflation of around EUR22 million.
- o We have placed the cost of inflation for North America at USD15 million.
- o The Division has also been affected by the cold snap that first hit Europe in January and then arrived in the US, where we had to close our plants for 10 days.
- o In Europe, our brands have performed very well on the shelves. We would particularly highlight the recovery in the RTS market over the past month.
- o In North America, we posted a stronger performance compared to the previous year, as the effects of COVID-19 were not felt in this region until April 2020. In any event, we had a very good Q1 in the region, with RTS sales growing 50% y-o-y. Another segment worth highlighting is our instant rice range, which grew sharply following our investments in installed capacity optimisation. We also expect to finalise the new line in Q2 2021, which will increase capacity by 20%.



2.1.2 Rice Q1 2021

- Without the impact of stockpiling seen in the early days of the pandemic in 2020, comparable sales for the division fell 12.5% y-o-y to EUR438.3 million. In terms of CAGR 21/19, sales grew by 4.2%.
- We are now seeing a rise in the hard discount model, primarily in Europe. In response to this, we are going to temporarily prioritise investment in point of sale over advertising. Advertising investment therefore fell by EUR2.2 million.
- The division's Ebitda-A fell 3.7% to EUR60.3 million, increasing by a healthy 7.3% in terms of CAGR 21/19. The Ebitda-A margin rose by 130 b.p., as we still had buffer stocks that have allowed us to mitigate the negative impact of raw material inflation. Currency had a negative impact of EUR2.7 million on the division's Ebitda-A.
- Operating profit fell 10% to EUR44.1 million; growing 4% in terms of CAGR 21/19.

EUR Thous.	Q1 2019	Q1 2020	Q1 2021	21/20	CAGR 21/19
Sales	403,360	500,924	438,324	-12.5%	4.2%
Advertising	9,336	10,302	8,075	-21.6%	-7.0%
EBITDA-A	52,370	62,629	60,285	-3.7%	7.3%
EBITDA-A Margin	13.0%	12.5%	13.8%	-	-
Ebit-A	40,922	48,828	45,930	-5.9%	5.9%
Operating Profit	40,797	49,092	44,112	-10.1%	4.0%

NB: The Canadian rice business has been reclassified to the rice division, as it was previously included under Catelli (Pasta Business).

The figures published here are fully comparable.



2.2.1 Pasta Q1 2021

- The divestment of the North American dry pasta business has caused a major change in the scope of consolidation, leaving the Division comprised of Panzani, Garofalo in the premium segment, and Bertagni and Olivieri in the fresh pasta business.
- In this business area, we have also had to overcome raw material cost increases, although these were not as marked as in the rice division. We estimate an impact of around EUR10 million on costs, which primarily affect Panzani and Garofalo. Raw materials are currently stable and we expect a bumper European harvest, which will begin to arrive in Q2 2021.
- As was the case with rice, we saw a rise in sales across all our markets up until early March. Our comparisons with the previous year begin to weaken in March.
- The fresh pasta business, which was not as heavily impacted by the pandemic in 2020, grew by double digits this year, with the exception of Roland Monterrat.
- The Garofalo brand continues to lead the premium segment and has enjoyed strong growth in Spain, Canada, the United Kingdom and Switzerland.
- Following the sale of our dry pasta business in North America, we are now entering a year of transition and have to provide transitional services to the buyers. Then we will need to adapt to the new dynamic.



2.2.2 Pasta Q1 2021

- Having posted growth in excess of 7% in January and February, sales in the Division fell by 4.5% to EUR277.2 million year-on-year, due to the initial impact of lockdown in March 2020.
- Advertising investment grew by 7.3%, primarily due to the competitive climate in Italy. Manufacturers are looking to win over consumers with television adverts that strengthen their ties to Made in Italy products. Garofalo occupies a different positioning in the market, but must remain visible and provide a coherent message with its consumers.
- Ebitda-A grew by 4.4% to EUR37.8 million. In terms of CAGR, and if the scope of consolidation remained unchanged, Ebitda-A grew by almost 12%.
- Operating Profit grew 8.1%, with no significant income or expense items to highlight.

EUR Thous.	Q1				
	2019*	Q1 2020*	Q1 2021	21/20	CAGR 21/19
Sales	229,479	290,157	277,191	-4.5%	9.9%
Advertising	11,131	12,860	13,801	7.3%	11.3%
EBITDA-A	30,262	36,224	37,831	4.4%	11.8%
EBITDA-A Margin	13.2%	12.5%	13.6%	-	-
Ebit-A	19,227	23,825	24,982	4.9%	14.0%
Operating Profit	18,419	21,868	23,638	8.1%	13.3%

*Figures for Q1 2019 and Q1 2020 have been recalculated by removing divested businesses, for ease of comparison.



CONSOLIDATED GROUP RESULTS Q1 2021



3.1 P&L Q1 2021

- Group sales fell by 8.7% to EUR697.2 million, due to the comparison with the onset of the pandemic last year. In terms of CAGR 21/19, the Group grew by 6.5%.
- Advertising investment fell by EUR1.47 million in absolute terms, but was up by 7 b.p. with relation to revenue. We are now prioritising investment in point of sale.
- Ebitda-A fell 2% to EUR94.1 million, while the Ebitda-A margin grew 90 b.p. to 13.5%. Currency had a negative effect of EUR2.7 million on Ebitda-A.
- Operating Profit fell 7% to EUR63.4 million.
- Net profit grew by 14.8% to EUR54.8 million, with ROCE-A remaining above 11%.

EUR Thous.	Q1 2019	Q1 2020	Q1 2021	21/20	CAGR 21/19
Sales	614,792	763,839	697,229	-8.7%	6.5%
Advertising	19,861	23,140	21,671	-6.3%	4.5%
EBITDA-A	79,401	96,030	94,079	-2.0%	8.9%
EBITDA-A Margin	12.9%	12.6%	13.5%	-	-
Ebit-A	56,568	69,459	66,486	-4.3%	8.4%
Operating Profit	55,513	68,162	63,436	-6.9%	6.9%
Pre-tax Profit	52,662	67,268	65,334	-2.9%	11.4%
Net Profit	36,922	47,771	52,844	10.6%	21.9%
ROCE-A	NA	11.6%	11.4%	-	-



3.2 Debt Performance

- We ended 2020 with Net Debt amounting to EUR895 million, EUR56 million less than at year-end 2020.
- We made the main purchases of raw materials in Q1 to mitigate the risk of inflation until the new harvests arrive. This took working capital up to EUR99 million.
- Capex for the quarter rose to EUR22 million. The main investments of note were as follows:
 - In the rice division, we completed our upgrades to the instant rice lines in the US during Q1. This has allowed us to guarantee our supply line once again and begin to offer promotions. We hope to complete the Rinconada plant by Q4 2021.
 - In the pasta division, we continue to invest in new lines across our pasta plants, especially in fresh pasta and gnocchi.
- The sale of our Canadian business contributed EUR107 million in revenue during Q1.

EUR Thous.	31 Mar 19	31 Dec 19	31 Mar 20	31 Dec 20	31 Mar 21	21/20	CAGR 21/19
Net Debt	792,930	999,849	985,502	950,870	894,986	-5.9%	-5.4%
Average net debt	686,137	871,658	925,350	917,583	893,527	-2.6%	1.2%
Equity	2,226,171	2,262,203	2,302,937	1,927,351	2,048,332	6.3%	-4.8%
ND Leverage	35.6%	44.2%	42.8%	49.3%	43.7%	20.1%	-0.6%
AND Leverage	30.8%	38.5%	40.2%	47.6%	43.6%	30.4%	6.3%
x EBITDA-A (ND)		2.92		2.19			
x EBITDA-A (AND)		2.54		2.11			



CONCLUSION



4. Conclusion

- Following the explosion in household consumption during Q1 2020 due to COVID-19, our brands remain robust, with growth exceeding previous years and outpacing the rest of the market. However, we have been impacted by the drop in impulse buying as fears of shortages have now subsided.
- Food channel consumption remains low, but the Group has a very limited exposure to this channel.
- Over the course of the year, we need to focus on successfully managing:
 - High cost inflation.
 - Weakened consumer finances.
 - The return to promotions and pressure on distribution.
 - The return to a more normal competitive framework.
 - The end of panic buying due to food shortage fears.
- Tilda remains resilient and we are expanding this concept in our main markets.

5. Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2021:

➤ 25 February	Presentation of YE2020 Results ✓
➤ 6 April	Four-month payment of ordinary dividend (EURO.19/share) ✓
➤ 28 April	Presentation of Q1 2021 results ✓
➤ 30 June	Four-month payment of ordinary dividend (EURO.19/share)
➤ 28 July	Presentation of H1 2021 results
➤ 1 October	Four-month payment of ordinary dividend (EURO.19/share)
➤ 27 October	Presentation of 9M21 Results and Pre-YE 2021



6. 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 2020, 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.