

A woman with blonde hair, wearing a bright red raincoat and light blue jeans, stands next to a vintage-style bicycle. The bicycle has a large basket on the back filled with various food items, including a box of SOS, a jar of jam, and some bread. The front of the bicycle has a basket filled with yellow fruit, possibly lemons or small tomatoes. A small dog, possibly a bulldog, is sitting in the foreground. The background is a grey wall with horizontal lines, and a potted plant is visible on the left. The overall scene is bright and cheerful.

RESULTS H1 2021

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INTRODUCTION



1. Introduction

- The arrival of COVID-19 ("COVID") 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.
- 2020 was a year of profound change at Ebro, as we took important strategic decisions during the turbulent times of the pandemic, which brought the world economy to an unprecedented standstill and shook the very foundations of our society. In spite of this situation, Ebro posted the best results in its history, as increased household demand and our limited exposure to the food service channel (Horeca) allowed us to overcome significant obstacles:
 - a EUR60 million increase in the cost of raw materials compared to 2019.
 - a EUR15 million increase in costs relating to COVID.
 - issues of absenteeism and employee health at some of our plants.
 - the sales process of our dry pasta division in the US and Canada.
- We successfully completed the sale of our dry pasta division in North America, as well as closing out a record year. These two events enabled us to pay out an extraordinary dividend of EUR300 million.
- So far, 2021 has been marked by the following:
 - The ongoing pandemic, although household consumption is becoming less impulsive and food service (Horeca) continues to struggle.
 - Extremely high inflation in the cost of raw materials and packaging, which we envisage will cost an additional EUR45 million for rice and EUR15 million for pasta in 2021.
 - The upsurge in transport costs, especially from Asia to Europe and the US, which has made it more expensive for us to buy aromatic rice and to export pasta to the US (Garofalo).

BUSINESS UNIT RESULTS H1 2021

2.1.1 Rice H1 2021

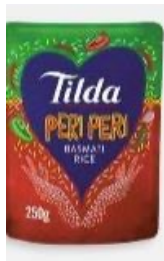
- After a spectacular 2020, we are now in a year where people are no longer buying impulsively and we have seen a return to the former days of intense competition among distributors, as well as the return of promotional activity. However, we are recording higher volumes than in 2019 and our brands have come out stronger than before.
- We are currently dealing with significant cost inflation. The cost of transport from Asia has more than tripled, which has pushed up the cost of aromatic rices, essential products for Riviana and Tilda. While all operators in the market are equally impacted, it is proving demanding to reflect this increase in our prices.
- The harvest is underway in the US and we believe the yield will be down by at least 15% on 2020, which will bring an element of strength to the market.
- In Spain, the area of land for growing crops is down by 50% due to drought.
- Fortunately, Ebro has significant hedges in place and alternative sources of supply that give us some protection. Although we sometimes regard these as a burden on our working capital, they are currently proving to be hugely beneficial to us.
- One of our core strategic business lines, which is convenience products, is also posting double-digit growth, even compared to 2020, and in October La Rinconada macro-plant will come into operation.



2.1.2 Rice H1 2021

- Looking to results for H1, our sales figure is down 9.6% to EUR866 million, now that people are no longer panic buying like they were in H1 2020 at the start of the pandemic. However, in terms of CAGR 21/19, sales were up by a healthy 5.9%.
- Advertising investment fell 8.6% to EUR16.3 million, dropping by less than sales in proportional terms.
- Ebitda-a was down 7% to EUR116.3 million. In terms of CAGR 21/19, excluding the impact of COVID in 2020, we were up 8.6%. We managed to boost our margin by 30 b.p. despite a negative exchange rate impact of EUR4.5 million, high inflation on raw materials and increased transport costs.

EUR Thous.	H1 2019	H1 2020	H1 2021	21/20	CAGR 21/19
Sales	772,030	957,981	865,977	-9.6%	5.9%
Advertising	16,627	17,866	16,332	-8.6%	-0.9%
Ebitda-a	98,514	125,047	116,263	-7.0%	8.6%
<i>Ebitda-a Margin</i>	<i>12.8%</i>	<i>13.1%</i>	<i>13.4%</i>		
Ebit-a	76,089	96,534	87,587	-9.3%	7.3%
Operating Profit	74,131	94,457	85,707	-9.3%	7.5%



2.2.1 Pasta H1 2021

- In the pasta division, we completed the sale of the Ronzoni brand and the remaining plants in North America on very satisfactory terms.
- During H1, the pasta business was also faced with a different market, with the end of the impulse buying seen during the pandemic, combined with the challenge of recovering the distribution lost when we prioritised the production of our core products.
- We have also had to deal with a higher cost of transport to the US, which is a major market for our sales of Bertagni and Garofalo.
- The depreciation of the US dollar also had a negative impact on returns on these exports.
- By contrast, our sauce sales posted double-digit growth, while fresh pasta sales were up by more than 8%. We should highlight that fresh products have kept up their usual growth patterns and have not been affected by COVID.



2.2.2 Pasta H1 2021

- The raw materials market has been very challenging during H1. Fresh pasta products were hardly affected by COVID, with much less severe declines in sales than rice and dry pasta during H1 2021. Nevertheless, overall sales fell 5.8% to EUR540 million. In terms of CAGR 21/19, and with the scope of consolidation remaining unchanged, this figure stands at 6.5%.
- Advertising investment grew by 10.2% to EUR28.7 million, primarily due to Garofalo and Olivieri.
- Ebitda-a slipped slightly by 2.4% to EUR68.8 million. In terms of CAGR 21/19, and the scope of consolidation remaining unchanged, this figure stands at 6.5%. The exchange rate had no material impact on this division.

EUR Thous.	H1 2019	H1 2020	H1 2021	21/20	CAGR 21/19
Sales	476,189	573,025	540,062	-5.8%	6.5%
Advertising	22,592	26,083	28,749	10.2%	12.8%
Ebitda-a	60,132	70,522	68,805	-2.4%	7.0%
<i>Ebitda-a Margin</i>	<i>12.6%</i>	<i>12.3%</i>	<i>12.7%</i>		
Ebit-a	37,456	45,556	42,802	-6.0%	6.9%
Operating Profit	34,192	41,115	40,001	-2.7%	8.2%



CONSOLIDATED GROUP RESULTS H1 2021



3.1 P&L H1 2021

- The consolidated Sales figure was down 7.3% to EUR1,380 million, with a negative exchange rate impact of EUR28 million. In terms of CAGR 21/19, excluding the impact of COVID in 2020, this figure is up by 6.4%.
- Advertising grew 1.8% to EUR44.8 million. In terms of CAGR 21/19, this figure is up by 6.8%.
- Consolidated Ebitda-a for H1 was down 6% to EUR177.3 million, with the margin up 10 b.p. in spite of the impact of rising inflation. Currency exchange had a negative impact of EUR4.5 million on Ebitda-a. In terms of CAGR 21/19, this figure is up by 7.8%.
- During Q2, we received payment for the sale of Ronzoni and the Winchester plant (Virginia) for a total amount of USD95 million.
- During H1, net capital gain on completed sales amounted to EUR30 million. This took net profit for H1 2021 up by 4.3% to EUR107.2 million. In terms of CAGR 21/19, this figure is up by 20%.



EUR Thous.	H1 2019	H1 2020	H1 2021	21/20	CAGR 21/19
Sales	1,218,670	1,487,904	1,379,772	-7.3%	6.4%
Advertising	39,255	43,979	44,787	1.8%	6.8%
Ebitda-a	152,612	188,513	177,272	-6.0%	7.8%
Ebitda-a Margin	12.5%	12.7%	12.8%		
Ebit-a	106,818	134,288	121,814	-9.3%	6.8%
Operating Profit	107,488	128,946	117,018	-9.3%	4.3%
Pre-tax Profit	106,620	126,144	116,868	-7.4%	4.7%
Net Profit on Continuing Operations	79,188	89,733	85,746	-4.4%	4.1%
Net Profit	74,456	102,755	107,159	4.3%	20.0%
ROCE-A %	11.4%	13.2%	10.0%		



3.2 Debt Performance

- We ended H1 with Net Debt standing at EUR947.7 million, EUR3.2 million less than at year-end 2020. This figure accounts for dividend payments made in April and June, as well as the accrued October dividend payment amounting to EUR29.2 million.
- Working capital rose by EUR115 million compared to YE 2020, due to our strong positions taken in the face of continued inflation on raw materials in the destination country.
- The divestment of the dry pasta business in North America generated EUR195 million, with a corporate income tax payment of EUR77 million.
- We are also nearing completion on the construction of our Rinconada plant, which we anticipate will be up and running in Q4. CapEx therefore reached EUR49 million during H1.

EUR Thous.	30 Jun 19	31 Dec 19	30 Jun 20	31 Dec 20	30 Jun 21	21/20	CAGR 21/19
Net Debt	831,730	999,849	949,680	950,870	947,654	-0.2%	6.7%
Average net debt	725,051	871,658	965,013	917,583	894,189	-7.3%	11.1%
Equity	2,195,244	2,262,203	2,240,385	1,927,351	1,999,379	-10.8%	-4.6%
ND Leverage	37.9%	44.2%	42.4%	49.3%	47.4%	11.8%	11.8%
AND Leverage	33.0%	38.5%	43.1%	47.6%	44.7%	3.8%	16.4%
x Ebitda-a (ND)		2.92		2.19			
x Ebitda-a (AND)		2.5		2.11			



CONCLUSION



4. Conclusion

- Although it is difficult to draw comparisons with 2020, which was such a volatile year with the arrival of the pandemic, the business enjoyed enormous growth compared to 2019.
- Sales were down on our more affordable brands and on products with lower added value. On the other hand, despite enormous inflation on raw materials, the return of convenience products to the shelves has helped to generate healthy returns.
- The chaos in the shipping industry is problematic and is pushing up the cost of our raw materials in the destination country, with transport costs in some cases working out almost the same as the cost of the product itself.
- Forecasts of further price increases for raw materials after the 21/22 harvest have prompted us to bring forward our purchases, thereby increasing our working capital.
- We completed the sale of our dry pasta business in North America on very satisfactory terms. Following this sale, we have since received a binding offer from CVC Capital Partners VIII for Panzani. This transaction is valued at EUR550 million and we are currently in exclusive negotiations. If this divestment goes ahead, Ebro would still operate in the premium dry pasta business with its Garofalo brand.
- These movements form part of our strategic objective of consolidating our resources to strengthen our most profitable and fastest-growing businesses, which consist of premium, fresh and convenience products.



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 (EUR0.19/share) ✓
➤ 28 April	Presentation of Q1 2021 results ✓
➤ 30 June	Four-month payment of ordinary dividend (EUR0.19/share) ✓
➤ 28 July	Presentation of H1 2021 results ✓
➤ 1 October	Four-month payment of ordinary dividend (EUR0.19/share)
➤ 27 October	Presentation of 9M21 Results and Pre-YE 2021



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.

	30/06/2019	30/06/2020	30/06/2021	21/20	CAGR 21/19
EBITDA(A)	152,612	188,513	177,272	-6.0%	7.8%
Provisions for amortisation	(45,794)	(54,225)	(55,458)	2.3%	10.0%
EBIT(A)	106,818	134,288	121,814	-9.3%	6.8%
Non-recurring income	5,574	1,964	688	-65.0%	-64.9%
Non-recurring costs	(4,944)	(7,306)	(5,484)	-24.9%	5.3%
OPERATING PROFIT	107,448	128,946	117,018	-9.3%	4.4%

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

	30/06/2019	30/06/2020	30/06/2021
(+) Non-current financial liabilities	584,557	861,261	532,908
(+) Other current financial liabilities	453,440	416,909	766,734
(-) Sum of security deposits payable	(97)	(851)	(745)
(-) Cash and cash equivalents	(205,092)	(326,239)	(350,614)
(-) Derivatives – assets	(1,228)	(1,789)	(1,580)
(+) Derivatives – liabilities	150	389	951
TOTAL NET DEBT	831,730	949,680	947,654

- (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 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.