



TO THE NATIONAL SECURITIES MARKET COMMISSION

Madrid, 28 February 2021

Ref.: presentation announced this morning, relating to the results of Ebro Foods Group for 2021.

In pursuance of section 227 of the Securities Market Act, Ebro Foods, S.A. hereby publishes as

OTHER RELEVANT INFORMATION

the presentation to analysts announced this morning, relating to the results for 2021 that will be held today in the Board Meeting Room located on the second floor of our head office in Paseo de la Castellana 20th, Madrid.

Yours faithfully,

Luis Peña Pazos
Secretary of the Board of Directors



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1. Introduction

- 2020 was a year of extraordinary results for several reasons, mainly (i) the pandemic buying spike in the first half of the year, (ii) the increase in household consumption (where most of our sales take place), (iii) the correct organisation and optimisation of our manufacturing capacity and (iv) our responsiveness.
- In 2021 we faced new, very complicated challenges. Besides the successive Covid-19 waves and the associated personnel management issues, there were various weather phenomena such as the Filomena snowstorm, the polar storm that affected North America during the first fortnight of February, Hurricane Nicholas in Freeport and the drought in Andalusia, which cut seeding by 50%. But the most significant obstacle was clearly the start of spiralling cost inflation, which accelerated in the second half of the year leading to significant price increases:
 - Durum wheat prices in Europe rose from EUR280 to EUR540 per tonne.
 - Ocean freight prices increased from USD1,000 to USD8,000 per container.
 - Energy costs more than tripled in the final months of the year.
 - Packaging and all kinds of auxiliary raw material prices soared (e.g. pallets +60%).
- This led to a cost increase of EUR143 million compared to 2019 and EUR83 million against 2020.
- In this difficult context, the Group was able to achieve results very much in line with 2020 and healthy growth compared to 2019.
- In 2021 we took an important strategic decision to sell Panzani's dry pasta and semolina business in France, which will allow us to concentrate our resources on fresh, premium and convenience products, where we see more profitability and growth.



2.1.1 Rice 2021

- The new 21/22 harvests in both the US and Europe were poor, which did not help to bring down high local prices. The cost of aromatic rice rose significantly, not because of the price at origin but due to the cost at destination as a result of high transport costs.
- These increases, together with energy and packaging inflation, led us to implement a listed price-raising policy that varied from country to country, depending on the greater or lesser impact of cost inflation.
- Sales of our top-end products continue to enjoy double-digit growth, which is particularly apparent in the excellent performance of microwave products.
- The integration of the Tilda business has been very successful so far.



2.1.2 Rice 2021

- Sales fell slightly by 2% YoY to EUR1,810.6 million, as we were without the extraordinary sales brought about by the pandemic in 2020. Looking at the quarter in isolation, sales grew by 8.6%, driven by good brand performance, the partial price increase at the end of the quarter and the stockpiling effect caused by the announcement of the increase.
- Advertising investment was up 6.4% to EUR40 million. It grew by 15% on a Q4 standalone basis.
- The Division's Ebitda-A fell 2.7% to EUR231.7 million. On a Q4 standalone basis, Ebitda-A was flat compared to Q4 2020. Currency exchange had a negative impact of EUR2.3 million on Ebitda-A.
- Operating profit fell 3.1% to EUR171.1 million.

EUR Thous.	2019	2020	2021	21/20	CAGR 21/19
Sales	1,592,464	1,846,799	1,810,570	-2.0%	6.6%
Advertising	33,785	37,534	39,952	6.4%	8.7%
EBITDA-A	195,465	238,123	231,650	-2.7%	8.9%
EBITDA-A Margin	12.3%	12.9%	12.8%		
EBIT-A	146,131	180,719	173,057	-4.2%	8.8%
Operating Profit	136,672	176,592	171,102	-3.1%	11.9%



2.2.1 Pasta 2021

- In the pasta division, following the sale of the North American dry pasta business and Panzani (France), the consolidation scope is now limited to Garofalo, Olivieri, Bertagni and Lustucru.
- While the European harvest was acceptable, the harvest in North America – our main export area – was down 50%. This has caused the price of European durum wheat to soar from EUR295 per tonne at the start of August to EUR540 per tonne today, its biggest price increase since 2007.
- We have brought in listed price rises that largely offset these cost increases.
- Fresh pasta sales continued to excel in Italy, France and Canada.
- Garofalo was adversely impacted by the USD exchange rate and the huge hike in freight costs, given the importance of its commercial transactions in the US.
- We completed the sale of our dry pasta, semolina, couscous and sauce business in the Panzani Group, which were sold to CVC Capital Partners VIII for EUR550 million.



2.2.2 Pasta 2021 – Continuing Operations

- Revenue fell 1% to EUR1,122.2 million. On a Q4 standalone basis, sales grew by 1.6%, driven by higher listed prices.
- We increased advertising investment by 1% to EUR52.9 million. In terms of CAGR 21/19, this figure is up by 6.8%.
- The division's Ebitda-A fell by 2.8% to EUR136.5 million, with a margin cut of 20 b.p. due to the sudden rise in the price of durum wheat. The exchange rate had no impact on these accounts.
- Operating profit fell 26.2% to EUR59.1 million. This reduction is primarily due to the extraordinary costs of EUR15.6 million incurred in relation to the preparation and carving out of the Panzani businesses for sale.

EUR Thous.	2019	2020	2021	21/20	CAGR 21/19
Sales	982,782	1,133,350	1,122,243	-1.0%	6.9%
Advertising	46,388	52,431	52,937	1.0%	6.8%
EBITDA-A	123,106	140,391	136,504	-2.8%	5.3%
EBITDA-A Margin	12.5%	12.4%	12.2%	-1.8%	-1.5%
EBIT-A	73,914	87,108	83,186	-4.5%	6.1%
Operating Profit	66,577	80,000	59,051	-26.2%	-5.8%



3.1 P&L 2021 – Continuing Operations

- Consolidated sales in 2021 were only 0.7% below 2020 at EUR2,877.4 million due to the good performance of high-value-added products and the positive price pass-through in the last quarter.
- Advertising investment grew 3.1% to EUR91.4 million, demonstrating the Group's efforts to relaunch its niche lines, which we had sidelined during the pandemic in 2020.
- Ebitda-A fell 2.9% to EUR353.5 million. In terms of CAGR 19-21, this figure is up by 7.4%. The exchange rate had a negative effect of EUR2.3 million on Ebitda-A.
- Operating Profit grew 20.2% to EUR291.7 million. Including a profit of EUR83 million on the Panzani sale (before tax).
- Net Profit grew by 24% to EUR238.6 million, primarily driven by net capital gains on asset sales during the period, which amounted to EUR60.7 million.



EUR Thous.	2019	2020	2021	21/20	CAGR 21/19
Sales	2,510,381	2,897,589	2,877,432	-0.7%	7.1%
Advertising	77,564	88,605	91,393	3.1%	8.5%
EBITDA-A	306,617	364,224	353,508	-2.9%	7.4%
EBITDA-A Margin	12.2%	12.6%	12.3%		
EBIT-A	206,592	252,022	240,004	-4.8%	7.8%
Operating Profit	191,142	242,623	291,729	20.2%	23.5%
Pre-tax Profit	177,682	194,695	286,002	46.9%	26.9%
Net Profit from Discontinued Operations	31,989	65,809	36,566	-44.4%	6.9%
Net profit	141,752	192,415	238,629	24.0%	29.7%
ROCE-A	n.a.	11.5	11.6		



3.2 Debt Performance

- We ended the year with Net Debt amounting to EUR505 million, EUR446 million less than at year-end 2020.
- Working Capital rose by EUR175 million compared to YE 2020 due to our strong positions taken in the face of unstoppable inflation in raw materials in the destination country and supply risk caused by weather conditions.
- The divestments of the North American dry pasta business and Panzani brought proceeds of EUR753 million.
- As mentioned previously, during Q4 we stepped up our Capex investments, taking the total for the year to EUR120 million. The most relevant project was the new factory in La Rinconada, already in operation, with a capacity of 100 million microwave cups per year for the Brillante brand and our brands in the United States, where demand for this format is growing steadily.
- During 2021, we paid out ordinary and extraordinary dividends totalling EUR174.9 million.

EUR Thous.	31 Dec 19	31 Dec 20	31 Dec 21	21/20	CAGR 21/19
Net debt	999,849	950,757	504,723	-46.9%	-29.0%
Average net debt	871,868	917,574	865,418	-5.7%	-0.4%
Equity	2,262,203	1,927,351	2,101,627	9.0%	-3.6%
ND Leverage	44.2%	49.3%	24.0%		
AND Leverage	38.5%	47.6%	41.2%		
x EBITDA-A (ND)	2.9	2.2	1.4		
x EBITDA-A (AND)	2.5	2.1	2.4		





4. Conclusion

- After strong sales and good margins in 2020, we faced a very difficult year in which generalised inflation and poor harvests made our costs soar.
- We achieved high utilisation and service rates in our factories, enabling considerable operating leverage; we improved our market shares across the board; we optimised logistics costs and took good, important positions in raw materials that helped to reduce adverse impacts on profitability. We therefore feel that it was a very satisfactory year.
- We successfully completed the sales of the dry pasta business in North America and France.
- We are facing an even more difficult 2022 due to the inflation trend, the need to negotiate price pass-throughs and droughts, but we are confident that our healthy supply situation, the fine performance of new products and new investments, and the ability to adjust and improve plant organisation and productivity will help us to overcome all these difficulties and face the year in a reasonable position.



5. APPENDIX P&L with businesses sold in discontinued operations

Pasta results with businesses sold in discontinued operations

EUR Thous.	2020	2021	21/20
Sales	666,072	671,879	0.9%
Advertising	31,234	37,018	18.5%
EBITDA-A	81,302	84,856	4.4%
EBITDA-A Margin	12.2%	12.6%	3.5%
EBIT-A	46,803	50,477	7.8%
Operating Profit	42,915	46,360	8.0%

Consolidated results with businesses sold in discontinued operations

EUR Thous.	2020	2021	21/20
Sales	2,430,310	2,427,068	-0.1%
Advertising	67,408	75,474	12.0%
EBITDA-A	305,132	301,860	-1.1%
EBITDA-A Margin	12.6%	12.4%	
EBIT-A	211,711	207,295	-2.1%
Operating Profit	205,533	203,058	-1.2%
Pre-tax Profit	159,869	198,731	24.3%
Net Profit from Discontinued Operations	89,424	105,027	17.4%
Net profit	192,415	238,629	24.0%



6. Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2022:

➤ 28 February	Presentation of YE2021 Results ✓
➤ 1 April	Four-month payment of ordinary dividend (EURO.19/share)
➤ 27 April	Presentation of Q1 2022 results
➤ 30 June	Four-month payment of ordinary dividend (EURO.19/share)
➤ 26 July	Presentation of H1 2022 results
➤ 3 October	Four-month payment of ordinary dividend (EURO.19/share)
➤ 27 October	Presentation of 9M22 Results and Pre-YE 2022

7. 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.

	30/12/2020	31/12/2021	2021 - 2020
EBITDA(A)	305,132	301,860	(3,272)
Provisions for depreciation/amortisation	(93,421)	(94,565)	(1,144)
EBIT(A)	211,711	207,295	(4,416)
Non-recurring income	4,746	9,454	4,708
Non-recurring costs	(10,924)	(13,691)	(2,767)
OPERATING PROFIT	205,533	203,058	(2,475)

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

	30/12/2020	31/12/2021
(+) Non-current financial liabilities	570,267	775,969
(+) Other current financial liabilities	591,759	268,456
(+) Financial liabilities available for sale	113	0
(-) Loans to associates	(1,122)	(1,122)
(-) Sum of security deposits payable	(782)	(84)
(-) Cash and cash equivalents	(210,486)	(539,239)
(-) Derivatives - assets	(1,611)	(527)
(+) Derivatives - liabilities	2,732	1,270
TOTAL NET DEBT	950,870	504,723

- (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.

8. 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.