First-half results 2004 of the leading Spanish food group

EBRO PULEVA TURNOVER SMASHED THE 1 BILLION EURO MARK AT JUNE, 2.8% UP YEAR-ON-YEAR

Constant growth of operating income: EBITDA of €130.3 million, up 14.2%, and EBIT up 15.3% to €99.6 million

Profit on ordinary activities totalled €81.4 million, a year-on-year growth of 11.9%

The net profit attributed to the parent company totalled €64 million, sightly higher (+0.5%) than in the same period of last year

Ebro Puleva reduced its consolidated net debt by 19% (to €310.4 million) while shareholders' equity increased by 7.3%, totalling €933.4 million at 30 June 2004

Sales of the core businesses of Ebro Puleva (sugar, dairy and rice) increased in the first half of the year, especially in the rice division, in which turnover grew by more than 17%

Madrid, 23 July 2004. Ebro Puleva, leading group in the Spanish food sector, broke through the billion euro threshold in turnover in the first six months of 2004, with a 2.8% year-on-year growth. The Group's operating income also recorded a strong growth, in both ordinary and net profit.

Just as in the previous quarter, the accounts of Ebro Puleva presented to the market are structured on three levels: consolidated Group results, results with the Chile investment recorded by the equity method, and results of the Group's core businesses.

1. Results of the Ebro Puleva Group by Full Consolidation

On a consolidated level, Ebro Puleva posted a net turnover of €1,000.8 million in the first half of 2004, 2.8% more than the turnover recorded for the same period of last year (€973,6 million).

The operating income parameters of Ebro Puleva showed a strong growth in the first six months of the year: the gross operating profit (EBITDA) rose 14.2% to €130.3 million and the net operating profit (EBIT) grew 15.3%, to €99.6 million.

The Group posted an ordinary profit of €81.4 million, up almost 12% on the first half of 2003. The net income of Ebro Puleva totalled €64 million, a 0.5% growth year on year.

The consolidated net debt was reduced by 19% over the period, to €310.4 million at 30 June 2004. Shareholders' equity grew by 7.3%, to €933.4 million. This brought the leverage ratio down to 33.3%.

2. Results applying the equity method

An analysis of the quarterly results of Ebro Puleva with the figures for Chile recorded by the equity method (as investors will remember, Ebro Puleva has a real holding of 23% in Iansa), gives a fairer view of the Group's evolution.

After eliminating the Chile effect on the Ebro Puleva accounts, the growth in turnover was 4.4%, rising to €845 million. Gross operating profit (€113 million) was 9% up on the first half of 2003. The net operating profit, or EBIT, improved by 8.4% to over €75.6 million in the first six months of 2004.

Profit on ordinary activities (€75.6 million) grew by 8.5% year-on-year, while the net debt by the equity method was cut by 31.8%, from €292.7 million (first half 2003) to €199.6 million (first half 2004).

3. Evolution of the core businesses

The turnover grew by 4.6% (€845 million) up to June 2004 and the gross operating profit by 9.7% (€113.1 million). The net operating profit increased by 9% to over €87.7 million, while the profit on ordinary activities (€75.6 million) rose 9.8% year-on-year.

In the sugar division, turnover totalled €351.9 million in the first half of the year, 2.8% more than in the same period of last year, despite a slight drop in sugar selling prices and a somewhat larger slump in alcohol prices. However, much of this growth has been achieved in by-products, which are low-margin lines. The Southern Campaign is currently in full swing, with an excellent beet crop and efficient plant operation.

With regard to **the rice division**, sales totalled €237.8 million, 17.3% more than in the first six months of 2003. The evolution of demand for brand products and industrial sales have been highly satisfactory. Moreover, the increased turnover due to the incorporation of new businesses make comparison with last year's results especially positive. The ordinary profit also rose considerably, to €17.7 million, with a year-on-year growth of 80.9%.

The dairy division. Following several years of sliding turnover, the Group recorded a 1.6% rise in the first half of this year, to €247.9 million, even though it has continued to discard sales with no value added. These results were achieved by separating the management of Puleva and Lactimilk. The larger margins achieved through the growth of nutritional product sales (with a higher value added) are not fully reflected in the results, owing to the heavy investment in advertising, both to relaunch the Lactimilk brands and to launch the new Puleva products.

Finally, the results obtained in **Chile** are a vast improvement on last year. This has been achieved as a result of the new tariff regulation in force (giving the Chilean sugar market greater stability), operating improvements and divestments in businesses that do not contribute value added. The turnover of this investment was €155.8 million.

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