



Ebro PULEVA
GRUPO

EBRO PULEVA 08

Results 1H08: Sound Meal Solutions



Contents

1. Business Units: 1H08 Results

- [1.1](#) Rice
- [1.2](#) Pasta
- [1.3](#) Dairy
- [1.4](#) Sugar

2. Ebro Puleva Consolidated 1H08 Results

- [2.1](#) Profit and Loss Account
- [2.2](#) Evolution of debt

3. Conclusion

4. Annex I. Pro forma figures

5. Annex II. Raw Materials Markets

6. Corporate Calendar 2008

7. Disclaimer

1

Business Unit Results

1H08



- **Rice**

- Pasta
- Dairy
- Sugar



Exponential Inflation of the Raw Material

- During the first half of this year we have witnessed the greatest price explosion on record in the rice market with hikes of over 200%. FOB Bangkok, for example, rose to 1,100 USD/t.
- Herba took strategic positions on the raw material markets and now has an adequate inventory at very competitive prices.
- The situation may well be more flexible for the new harvests in the fourth quarter, which will be highly beneficial.
- We have managed to pass major price rises on to consumers in Europe and North America without any adverse effects on our brands. On the contrary, they have increased their market share and our brand sales, in tonnes, rose by 15% in North America and 7% in Europe.
- Our results were impressive during this period and we have strengthened our leadership.

- **Rice**

- Pasta

- Dairy

- Sugar

Growth in Volumes despite Consumption Dip

- Our total sales rose by 16% and, more importantly, our EBITDA rose 43%, with a margin of 13.7%.
- The 2H08 forecasts are still optimistic and we will continue to boost our new products especially in the USA and Canada, where sales of our microwave rice-in-the-cup have multiplied fourfold, fast approaching 20 million units.
- Our investments at the Memphis plant are in full swing. We have, nevertheless, decided to postpone the move of our San Juan plant until weather and planning situations improve, hence the investment in Capex scheduled for that plant is suspended for the time being.

Thous EUR	1H06	1H07	1H08	.08/07	CAGR 08/06
Sales	334,541	383,248	445,562	16.3%	15.4%
Advertising	11,435	12,967	11,834	-8.7%	1.7%
EBITDA	31,363	42,770	61,126	42.9%	39.6%
EBITDA Margin	9.4%	11.2%	13.7%	22.9%	21.0%
EBIT	21,626	32,554	50,791	56.0%	53.3%
Operating Profit	16,211	32,213	50,209	55.9%	76.0%
ROCE	10.3	12.4	18.1		



- **Rice**

- Pasta
- Dairy
- Sugar



Microwave Rices in North America



- Rice
- **Pasta**
- Dairy
- Sugar



The New Harvest is Promising

- The second quarter is the last in the 2007/08 harvest and, therefore, we have recorded the highest stock costs of the year, especially in North America.
- The 08/09 harvest has now begun in Europe with satisfactory results, while durum wheat prices have dropped to 330/350 EUR/t (an Annex is included showing the evolution of the different raw materials). Prices have also started to come down in North America. This eagerly awaited situation will have a very favourable effect on the 2H results.
- The volume of sales has barely been affected during this period, despite price rises of over 25%, which we have managed to pass on.
- Volumes slipped by 1.8% in Europe and 2.5% in North America, in line with the market, hence we have maintained our market shares in dry pasta in USA and raised them to of 36% and 42% in France and Canada, respectively, 38.8% in sauces and 33.5% in fresh pasta in France.
- Birkel has turned its figures around and now includes microwave pastas in its product catalogue, which will boost the brand profit levels in forthcoming quarters.
- We have introduced microwave pasta in doy packs across the board in USA and are currently the only group on the market offering this product.

- Rice
- **Pasta**
- Dairy
- Sugar



Microwave Pasta in USA



- Rice
- **Pasta**
- Dairy
- Sugar

Ready for Growth

- We increased our investment in advertising by more than EUR 6m to EUR 23m in the period.
- We hope to make up for the drop in EBITDA in the second half of the year, since it was distorted in 1H by the increase in advertising expenses in USA and the extraordinary sale in NWP in the first half of 2007.
- The new products are doing well and we have maintained the strength of our brands.
- Our sales rose by 36% during the period, pushed up with the incorporation of Birkel and as a result of being able to pass on the raw material price rises.
- The sector EBITDA dropped 16% due to the seasonal factors mentioned above and the effect of the dollar (EUR -1.3m), but the basic business figures are positive.

Thous EUR	1H06	1H07	1H08	.08/07	CAGR 08/06
Sales	239,754	341,143	464,895	36.3%	39.2%
Advertising	11,857	16,436	22,775	38.6%	38.6%
EBITDA	35,538	48,092	40,138	-16.5%	6.3%
EBITDA Margin	14.8%	14.1%	8.6%	-38.8%	-23.7%
EBIT	24,788	32,940	25,266	-23.3%	1.0%
Operating Profit	28,367	32,370	16,753	-48.2%	-23.2%
ROCE	16.4	17.1	10.1		



- Rice
- Pasta
- **Dairy**
- Sugar



Against a backdrop of...

- Food prices have risen over the past year, which, together with the slowdown of the Spanish economy in 2008, has led to a change in consumer purchasing habits, with slightly shrinking consumption, a change in product mix and a shift towards private label brands, which have scarcely altered their prices.
- Raw material prices started to come down at the beginning of the year and we have passed these lower prices on cautiously. Some of our rivals opted to lower their prices drastically to try to compete with private brands, which were going from strength to strength.
- Raw material prices seem to have stabilised at a new level of around 0.42 EUR/l (compared to the previous level of 0.32 EUR/l), enabling us to work again as we have in the past, on increasing our margins.
- We raised our turnover 6% to EUR 263m by passing on price rises. Volumes dropped 9% in the division, against a flat dairy market. There were large changes to the detriment of value-added products, such as healthy heart products, which slipped 8%, while dealer or private label brands grew considerably, for example by 15% in “high-calcium” products.
- The infant milk segment, on which we have staked our bets, continues to post the largest year-on-year growth rates in the sector (36.3%) in terms of volume. Puleva Peques is undisputed leader in this segment, increasing its market share by a further 9 percentage points over the past year, from 35.7% to 44.8%.

- Rice
- Pasta
- **Dairy**
- Sugar

The Boom of Private Brands

- The “Energy and Growth” segment is more consolidated although it maintains annual growth rates of 4.8% in volume. Puleva Max has a clear leadership in this segment, increasing its market share from 51.3% last year to 56.6% this year.
- The dairy division was forced to halt production for almost a week in June 2008, owing to a shortage of raw material caused by the hauliers’ strike. This had an impact of almost EUR 1m on sector results. The restructuring of Lactimilk that we announced last quarter cost a total of EUR 1.5m during 1H2008.
- The division EBITDA dropped EUR 6.7m year on year in this context, falling to EUR 23m, compared to an excellent 1H2007.
- We plan to renovate our product portfolio over the next few months, with new launchings to stimulate the heart and calcium categories.

Thous EUR	1H06	1H07	1H08	.08/07	CAGR 08/06
Sales	254,424	248,784	263,346	5.9%	1.7%
Advertising	8,169	8,814	8,439	-4.3%	1.6%
EBITDA	29,908	29,820	23,130	-22.4%	-12.1%
EBITDA Margin	11.8%	12.0%	8.8%	-26.7%	-13.6%
EBIT	21,808	22,046	15,470	-29.8%	-15.8%
Operating Profit	21,093	21,443	14,366	-33.0%	-17.5%
ROCE	18.0	19.1	16.1		



- Rice
- Pasta
- Dairy
- **Sugar**



Hawk or Dove?

- Once the sugar CMO reform process had concluded and the uncertainty regarding the quantity of beet to be renounced had been cleared up (363,000 t), in April we announced our decision to explore the possibility of selling, floating or doing nothing with our sugar business.
- The process has begun and will continue into 4Q08.
- The business is adjusting to a smaller production quota, while building work progresses according to schedule on the new refinery in Guadalete and the corresponding cogenerating plant, due to be commissioned in 18 months' time. We have already guaranteed supplies of 75% of the raw sugar required for operation.
- The southern campaign is producing good quality and yields, albeit slightly shorter than last year's campaign.
- 1H sales reflect the smaller quantity of sugar available and the lower CMO reference prices.

- Rice
- Pasta
- Dairy
- **Sugar**

End of Uncertainty in the Sugar Business

- In these circumstances, turnover dropped 7% year on year to EUR 292m, cushioned by the high prices of by-products (pulp, molasses and alcohol).
- The division EBITDA was down 26% to EUR 28m and the EBITDA margin shrank to 9.4%. This reflects the higher Restructuring Charge to finance the CMO, in which we paid 53.4 EUR/tonne more this campaign than last year.
- The ROCE fell to 10% due to the smaller contribution with practically the same capital employed.

Thous EUR	1H06	1H07	1H08	.08/07	CAGR 08/06
Sales	346,495	317,472	295,879	-6.8%	-7.6%
Advertising	1,596	1,375	292	-78.8%	-57.2%
EBITDA	46,762	37,270	27,715	-25.6%	-23.0%
EBITDA Margin	13.5%	11.7%	9.4%	-20.2%	-16.7%
EBIT	33,899	25,816	17,545	-32.0%	-28.1%
Operating Profit	21,429	21,403	63,766	197.9%	72.5%
ROCE	13.9	11.3	9.9		

- No turbulence is expected on the sugar market in forthcoming months, since the CMO reform has been completed on the terms required by the Commission and international prices are more stable (graph included in annexes).



2

Ebro Puleva Group Consolidated Results



Consolidated Group

1H08



Net Profit Up 60%

- In an adverse scenario for consumption in both Europe and North America, the Group has generated very sound results. We have achieved a significant growth in sales and comparable EBITDA and the net profit is highly satisfactory.
- Sales grew by 13% in the first six months of the year. Owing to the effects of comparing it with an outstanding first half in 2007 and the reasons mentioned above, the EBITDA dropped 5%. Were we to adjust the effect of advertising and the currency impact, we would have an EBITDA up EUR 2m on 1H07.
- The reversion of the EUR 46m provision for litigations has improved Other Operating Income and boosted Other Financial Income by EUR 11m. Consequently the Operating Profit is up 21% to EUR 142m and the Net Profit is up 60% to EUR 79m.

Thous EUR	1H06	1H07	1H08	.08/07	CAGR 08/06
Sales	1,140,535	1,277,757	1,446,056	13.2%	12.6%
Advertising	34,210	41,795	45,256	8.3%	15.0%
EBITDA	136,320	153,335	145,771	-4.9%	3.4%
EBITDA Margin	12.0%	12.0%	10.1%	-16.0%	-8.2%
EBIT	94,036	107,957	101,214	-6.2%	3.7%
Operating Profit	110,579	117,480	141,552	20.5%	13.1%
Profit before Tax	91,912	74,659	114,052	52.8%	11.4%
Net Profit	67,797	49,070	78,619	60.2%	7.7%
ROCE	12.4	13.4	12.0		



Adverse Scenario, Strengthened Meal Solutions

- A year has now gone by since the prices of the different raw materials began to soar. These extraordinary price hikes, together with the general slowdown of the economy have left their mark on consumer behaviour: consumers trade down, seeking to economise by buying white label or less sophisticated products.
- This has hit all brands and food groups, including our Dairy Division, but once again our policy of building up a strategic business line based on “Meal Solutions” has proved the strength of this segment, which has come out of an adverse situation even stronger. Our brands have not lost any market share and we have grown in volume in the meal solutions segment of our core businesses.
- In the first six months of 2008, at comparable dollar exchange rates and investment in advertising, our EBITDA has grown by EUR 2m. More specifically, the EBITDA of our core businesses has recorded a year-on-year growth of 23% on comparable terms in the development of Meal Solutions.

EBITDA in Thous EUR	1H07	1H08	.08/07
Meal Solutions	90,862	112,128	23.4%
Other Businesses	62,473	43,046	-31.1%

Evolution of Consolidated Debt 1H08



Stocks, Exxentia and Buy-Back of Shares

- The Group's current level of financial debt is justified by the need to finance the supply strategy that is giving us such good results. We hope to lower this debt gradually over forthcoming months, as the stocks are reduced.
- The Net Debt rose by 10% during the period to EUR 1,249m, mainly due to the traditional seasonal factor of our debt, the outlay made to acquire Exxentia and the policy we have implemented of buying back our shares, taking advantage of their low price on the market. At the date of this presentation, we have a treasury stock of 2.9%.
- Leverage is at 108%, following the seasonal pattern of previous years, marked by the end of the southern campaign in the sugar sector and, this year, the very large rice stocks.

Thous EUR	30 Jun 06	31 Dec 06	30 Jun 07	31 Dec 07	30 Jun 08
Net Debt	1,192,208	1,134,894	1,131,795	988,250	1,248,645
Average Debt	999,347	1,046,354	1,166,921	1,129,254	1,193,061
Equity	1,081,614	1,187,962	1,176,270	1,195,036	1,158,724
Leverage ND	110.2%	95.5%	96.2%	82.7%	107.8%
Leverage AD	92.4%	88.1%	99.2%	94.5%	103.0%
x EBITDA (ND)		3.7		3.2	
x EBITDA (AD)		3.4		3.7	

3

Ebro Puleva Group Conclusion



Conclusion

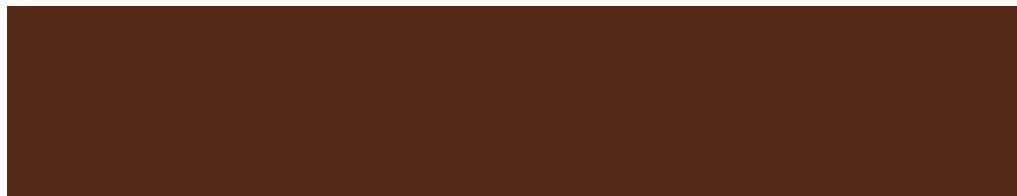


One Cycle Closes and Another Opens

- **We have closed the first half of 2008 with highly satisfactory results, even improving on comparable terms on the first half of 2007, which was extraordinarily good.**
- **In the second half of 2007 our businesses were hit by the soaring prices of raw materials. That effect will not exist this year, on the contrary, prices are coming down in dairy and durum wheat and levelling off in rice.**
- **The possible divestment of the Sugar Division is being studied as announced and so far 11 bidders have signed the letter of confidentiality. We will be able to give you more information on this process in the fourth quarter and may by then have a new Ebro Puleva, much more brand-focused, with a more international profile and free from growth-hampering regulations.**
- **We believe we will be capable of obtaining results in 2008 that overshadow the weakness of 2007, even on a much more difficult scenario.**

4

Annex.
Pro forma
Figures



Annex

Pro forma

Figures



One Cycle Closes and Another Opens

Thous EUR	1H08	1H08 Proforma*
Brand sales	935,159	854,938
Industrial Sales	510,898	295,240
Sales	1,446,056	1,150,178
Brand activity	65%	74%
Industrial activity	35%	26%
Sales in Spain	588,051	292,173
Sales in EU	542,580	542,580
Sales Others	315,425	315,425
Sales	1,446,056	1,150,178
Sales in Spain	41%	25%
Sales in EU	38%	47%
Sales Others	21%	28%
Ebitda in Spain	56,381	30,189
Ebitda in EU	53,646	52,233
Ebitda Others	35,744	35,744
Ebitda	145,771	118,166
Ebitda in Spain	39%	25%
Ebitda in EU	37%	44%
Ebitda Others	24%	31%

* Figures calculated by eliminating sales and Ebitda of the Sugar business. Unaudited information.

5

Annex I
Raw
Materials



Annex I

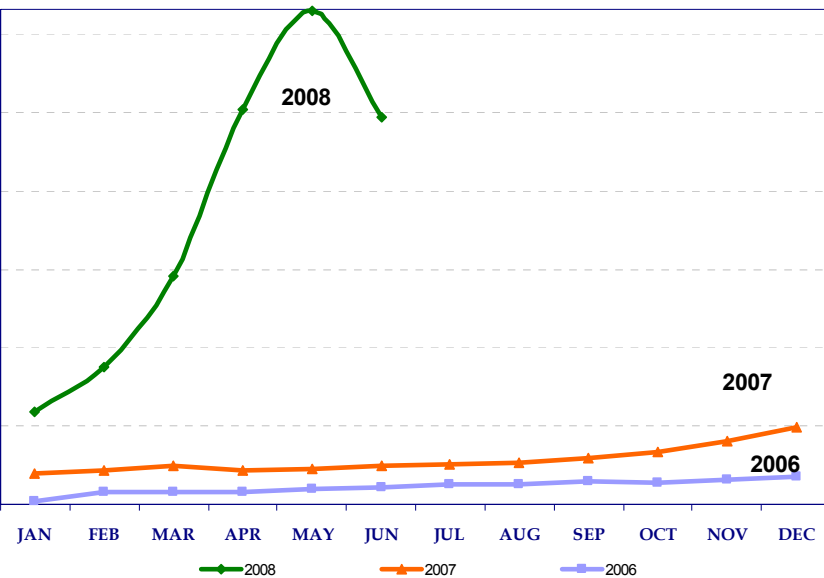
Raw Materials



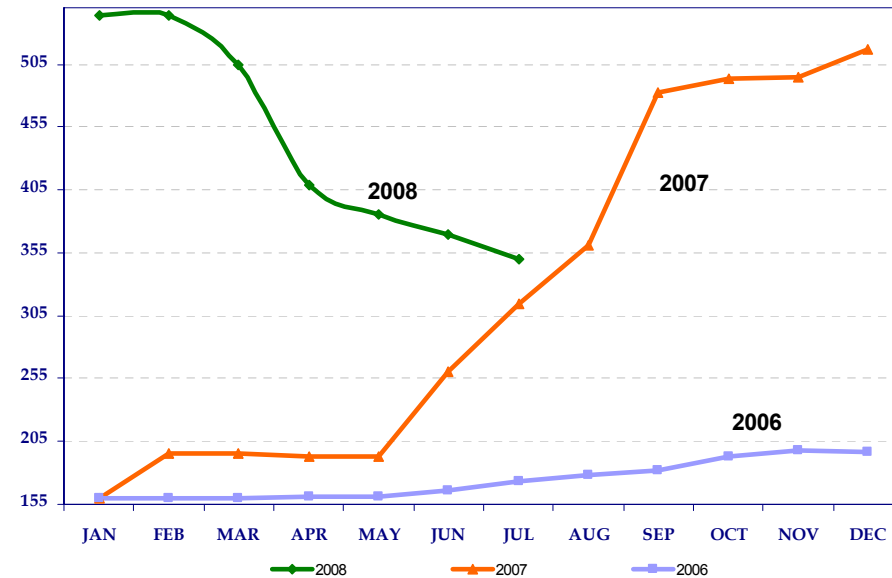
Raw Materials

- The following graphs show the evolution of raw material prices:

IPO Rice Index



Durum Wheat Price EUR/TM



Annex I

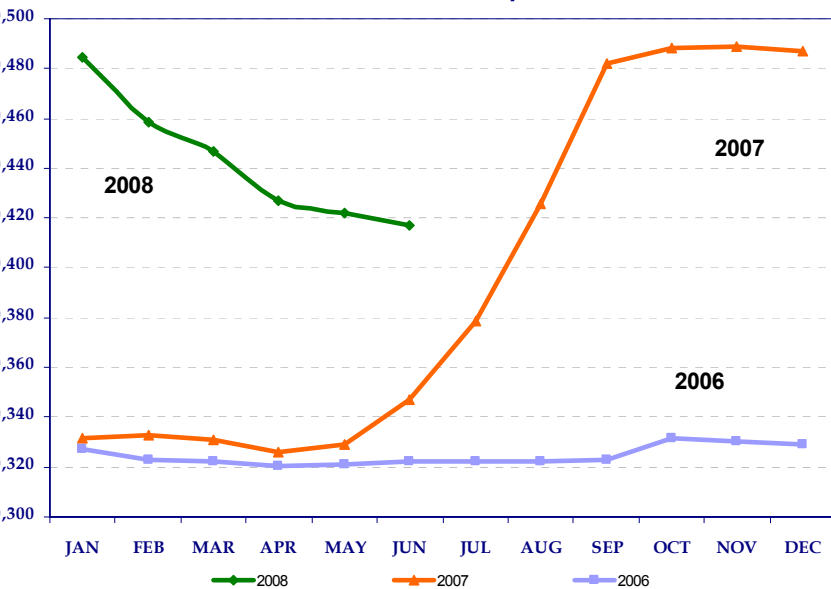
Raw Materials



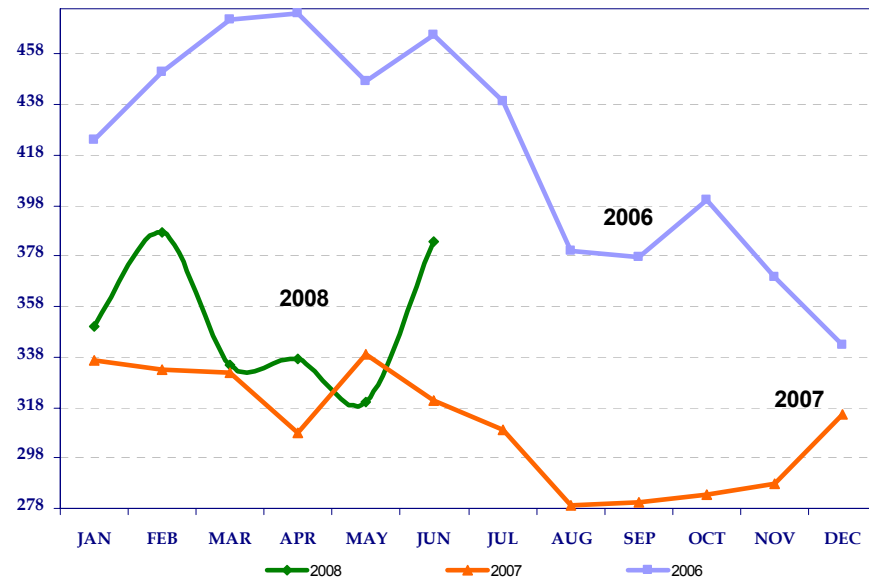
Raw Materials II

- The following graphs show the evolution of raw material prices:

Milk Price in EUR/Litro



Sugar Price \$/TM



6

Ebro Puleva Corporate Calendar



Corporate Calendar 2008



Ebro Puleva maintains its commitment to transparency and reporting in 2008:

27 February	Presentation year-end 2007 results
3 April	Quarterly dividend payment
5 May	Presentation 1st quarter results
3 July	Quarterly dividend payment
29 July	Presentation 1st half results
3 October	Quarterly dividend payment
29 October	Presentation 3rd quarter results and outlook 2008
19 December	Announcement 2009 dividend against 2008 earnings
23 December	Quarterly dividend payment

7

Disclaimer



Disclaimer



Disclaimer

- To the best of our knowledge, the estimates contained in this presentation on the future growth of the different businesses and the overall business, market share, financial results and other aspects of the operations and position of the company are accurate as at the date hereof.
- All the figures set out in this report are calculated according to the International Accounting Standards (IAS).
- The contents of this presentation are not binding in respect of future actions and entail certain risks and uncertainties. Business results may be affected by numerous factors, causing them to differ considerably from those estimated herein.
- Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Puleva is not bound to announce the results of any updates of these estimates made to reflect events and circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the Ebro Puleva businesses or in its acquisitions strategy, or to reflect unforeseen events. Analysts and investors are advised to consult the company's Annual Report and the documents filed with the authorities, especially the National Securities Market Commission (CNMV).
- The main risks and uncertainties affecting the Group activities are described on pages 181 ff. of the Consolidated Annual Accounts as at 31 December 2007 and the corresponding Directors' Report, which are available on our web site www.ebropuleva.com. In our opinion there have been no material changes that are likely to affect the remaining six months of this year. The Group is still exposed to a certain extent to fluctuations on the raw materials markets and its ability to pass any price changes on to consumers. It is also exposed to fluctuations in exchange rates, especially of the dollar, and interest rate variations.