

09

EBRO PULEVA
1H09: A Crisis-Proof Diet



EbRO PULEVA
GROUP

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Introduction

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A Diet to Get Through the Crisis

- ◁ Our results speak for themselves.
- ◁ The economic situation is causing a shift in consumer habits from catering to retail and from protein to carbohydrates. Our rice, pasta and dairy products, being staple household goods, are non-cyclical and grow in times of crisis. We are also taking the opportunity to secure customer loyalty with the launching of new products and formats better suited to the specific needs of each consumer.
- ◁ After soaring to unprecedented heights, the prices of our raw materials have now come down, producing two effects:
 - ◁ We can now implement a price strategy more in line with the crisis situation currently conditioning consumer habits, making our products more attractive.
 - ◁ We are freeing up large quantities of resources, as a result of both the lower value and the smaller quantity of stocks compared to last year. This situation is particularly favorable for cash generation and reduction of debt.



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GRUPO



Business Units: 1H09 Results

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Business Units

Rice





◁ RICE

A Remarkable Quarter Even Without Extraordinary Income

- ◁ As the new harvests have increased the availability of raw material and export constraints have eased off in Asian countries, international rice prices have come down significantly, especially in the indica rice varieties. We have maintained a conservative supply policy, buying no more than was absolutely necessary and freeing up working capital during the first half of this year with a view to commencing the new campaign with minimum stocks.
- ◁ The boom of private label brands has slightly affected this Division in that sales volumes have slipped in low value-added products, where there is more competition. Yet at the same time, the strong growth of our higher value-added lines and the synergies we have generated have taken the division earnings to an all-time high.
- ◁ Building work on the Memphis factory is making good progress, maintaining the 3Q09 target, and the new production plants of the subsidiaries Danrice and Herba Bangkok (Thailand) were finished during the quarter and are now fully operational.



◁ RICE

New Products and Increased Advertising

- ◁ When faced with the exponential hike in raw material prices during the first five months of 2008, distributors began stockpiling and we managed to maintain a low inventory cost by applying an effective supply strategy. The combination of both factors affected our margins, producing an unexpected increase in our EBITDA 2Q08/2Q07. These factors should be borne in mind when analyzing the 1H09/1H08 results.
- ◁ Despite this, the business has managed to grow, generating the same value despite being unable to continue the trading activities that produced such a beneficial effect on our yield last year.
- ◁ Outstripping the increased investment in advertising, the division EBITDA would have maintained last year's level.
- ◁ The ROCE has risen to 18.6% thanks to the smaller working capital requirements.

Thous EUR	1H07	1H08	1H09	.09/08	CAGR 09/07
Sales	368,431	428,605	443,202	3.4%	9.7%
Advertising	12,967	11,834	14,665	23.9%	6.3%
EBITDA	42,770	61,126	58,158	-4.9%	16.6%
EBITDA Margin	11.6%	14.3%	13.1%	-8.0%	6.3%
EBIT	32,554	50,791	47,627	-6.2%	21.0%
Operating Profit	32,213	50,209	42,174	-16.0%	14.4%
ROCE	12.4	18.1	18.6		

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Business Units Pasta





◁ PASTA

More Pasta, More *Dough*

- ◁ Durum wheat prices in the first half of 2009 were 50% lower than in the same period of last year. We have managed this circumstance seeking a balance between increasing volume and increasing value to achieve a larger market share or increase our portfolio yield.
- ◁ According to Nielsen, we are increasing our market shares in volume to the detriment of second and third players. Distributors are promoting our products while pushing their private label brands, so that both leader and private brands get a larger slice of a market that is growing steadily this year.
- ◁ The new durum wheat harvest 09/10 began in late May. As expected, volumes and stocks will pull average prices down slightly for the coming campaign.



◀ PASTA

New Products and Increased Advertising

- ◀ With a much cheaper raw material, division sales hold firm at 464 MEUR.
- ◀ With a further injection of investment in advertising, up 7% to 24.4 MEUR, the division EBITDA grew 54% year on year to 61.7 MEUR. At constant currency, the growth would have been 2.7 MEUR smaller.
- ◀ The EBITDA margin rose 470 basis points to 13.3%.
- ◀ The ROCE is now at 19.8%, thus recovering from having to increase working capital to combat the soaring raw material prices during the last harvest.

Thous EUR	1H07	1H08	1H09	.09/08	CAGR 09/07
Sales	341,143	464,895	463,897	-0.2%	16.6%
Advertising	16,436	22,775	24,428	7.3%	21.9%
EBITDA	48,092	40,138	61,711	53.7%	13.3%
EBITDA Margin	14.1%	8.6%	13.3%	54.1%	-2.9%
EBIT	32,940	25,266	47,432	87.7%	20.0%
Operating Profit	32,370	16,753	46,158	175.5%	19.4%
ROCE	17.1	10.1	19.8		

Business Units Dairy





◁ DAIRY

Growth Rallies

- ◁ The milk drinks market, which shrank in 2008, managed a timid growth of 1.3% in volume during the period. However, the category has suffered a considerable decline in value owing to the aggressive promotion by manufacturers, growth of private label brands and the lower retail prices offered by distributors. Puleva has recovered market shares in the value-added milks and milk drinks segment.
- ◁ Raw material prices continued their descent, falling to early 2007 levels. In an effort to curb this free fall, the European Commission has passed some measures to underpin it, such as the introduction of export subsidies and intervention purchases. And as from April 2009, Spain will receive a larger quota, enabling it to increase its production.
- ◁ Considering the general situation of the sector and the Spanish economy in particular, these results confirm the efficacy of the strategic decisions, cost-cutting and austerity measures implemented in previous years: in short, the strength of our business model.
- ◁ We are especially satisfied with our consolidated success in infant milks, which maintained their strong growth, 13.9% year on year in volume. Over the past year we have increased our market share by 5.4 points: the volume of sales of Puleva Peques has risen from 44.8% to 50.2%.



◀ DAIRY

The Key lies in Differentiation

- ◀ Owing to the loss of volume brought about by the economic crisis and change in the consumer product mix, our sales have fallen by 16%. Nevertheless, our fragmentation strategy is working, enabling us to improve yield by breaking sales down into smaller formats and markets.
- ◀ The division EBITDA grew 34.7% year on year to 31 MEUR, a very significant increase in yield which gives us an EBITDA/Sales margin of 14%, up 520 basis points.
- ◀ Our Operating Profit has increased by 61% to 23 MEUR.
- ◀ The division ROCE has risen by almost 1000 basis points to 26%.

Thous EUR	1H07	1H08	1H09	.09/08	CAGR 09/07
Sales	248,784	263,346	222,526	-15.5%	-5.4%
Advertising	8,814	8,439	7,772	-7.9%	-6.1%
EBITDA	29,820	23,130	31,165	34.7%	2.2%
EBITDA Margin	12.0%	8.8%	14.0%	59.5%	8.1%
EBIT	22,046	15,470	23,707	53.2%	3.7%
Operating Profit	21,443	14,366	23,051	60.5%	3.7%
ROCE	19.1	16.2	25.9		



Ebro Puleva Group Consolidated Results

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◁ CONSOLIDATED 1H09 RESULTS

Faring Well

- ◁ The volatility of raw material prices suffered in the last two years has caused volatility also in our sales revenues and relative margins. Against this backdrop, these variables, "Sales" and "Margins", become rather meaningless in the analysis of past results and in projecting those to the future. We have set our sights on creating value measured in terms of absolute margin (our EBITDA grew by 22% in the period and by 12% CAGR since 2007) and yield measured in terms of the ROCE, which stands at 17.8%.
- ◁ We are still boosting advertising; despite the falling prices, we have invested 10% more in this item, 49,3 MEUR, equivalent to 4.4% of Sales, 500 bp more than in 2008.
- ◁ Through the combined effect of our austerity policy, the synergies generated with the integration of rice and pasta, the favorable evolution of foreign currencies which contributed 5.7MEUR, and the lowering of raw material prices, the Group's EBITDA grew 21.5% to 144 MEUR, improving on the trend observed in 1Q09.

Thous EUR	1H07	1H08	1H09	.09/08	CAGR 09/07
Sales	943,964	1,140,765	1,120,204	-1.8%	8.9%
Advertising	39,253	44,964	49,335	9.7%	12.1%
EBITDA	115,747	118,530	144,022	21.5%	11.5%
EBITDA Margin	12.3%	10.4%	12.9%	23.7%	2.4%
EBIT	81,471	83,789	109,841	31.1%	16.1%
Operating Profit	95,407	77,907	97,676	25.4%	1.2%
Profit before Tax	54,058	37,371	82,353	120.4%	23.4%
Net Profit	49,070	78,619	98,232	24.9%	41.5%
ROCE	13.4	12.6	17.8		

◁ EVOLUTION OF DEBT 1H09

After Receiving the Proceeds from the Sale of the Sugar Division

- ◁ The Group has reduced its Net Debt to 582 MEUR, 53% down on last year, mainly as a result of the proceeds from the sale of the Sugar Division, a major reduction of working capital and despite the unfavorable evolution of the foreign exchange market.
- ◁ We cannot expect to maintain the same level of stocks throughout the entire year so there could well be an upturn towards the end of the year due to stockpiling of raw materials and payment of machinery for the Memphis factory, so we maintain our guidance of approximately 650 MEUR, slightly more than 2X EBITDA.
- ◁ Leverage is 49%.

Thous EUR	31 Dec 07	30 Jun 08	31 Dec 08	31 Mar 09	30 Jun 09
Net Debt	988,250	1,248,645	1,055,853	1,165,185	581,621
Average Debt	1,129,254	1,193,061	1,208,078	1,158,742	865,518
Equity	1,198,245	1,158,724	1,203,131	1,240,548	1,198,012
Leverage ND	<i>82.5%</i>	<i>107.8%</i>	<i>87.8%</i>	<i>93.9%</i>	<i>48.5%</i>
Leverage AD	<i>94.2%</i>	<i>103.0%</i>	<i>100.4%</i>	<i>93.4%</i>	<i>72.2%</i>
x EBITDA (ND)	3.2		3.9		
x EBITDA (AD)	3.7		4.4		



Ebro Puleva Group Conclusion

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◁ CONCLUSION

Consolidating Excellent Results

- ◁ **These results confirm that since our products are staple household goods, they are non-cyclical and are able to grow in times of crisis. This, combined with effective management, has enabled us to improve all the yield parameters.**
- ◁ **Our leadership has gained in strength in the categories in which we operate. We continue building long-term value for our shareholders.**
- ◁ **The results posted also confirm that our geographical diversification and, especially, our position in North America guarantee the company's operating and financial stability.**
- ◁ **This has been a positive period, in which the sale of Azucarera has been finalized, the proceeds received and leverage reduced as a result.**
- ◁ **We have a very healthy balance sheet and we are ready to take up any opportunities that could bring further growth for our Group.**



Corporate Calendar

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◀ CORPORATE CALENDAR

Ebro Puleva maintains its commitment to transparency and reporting in 2009:

26 February	Presentation 2008 year-end results
2 April	Quarterly dividend payment
29 April	Presentation 1st quarter results
2 July	Quarterly dividend payment
30 July	Presentation 1st half results
2 October	Quarterly dividend payment
28 October	Presentation 3rd quarter results and outlook 2009
17 December	Announcement 2010 dividend against 2009 earnings
22 December	Quarterly dividend payment



Disclaimer

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◁ 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 company's operations and position 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 219 ff. of the Consolidated Annual Accounts as at 31 December 2008 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 exposed to fluctuations on the raw materials markets and the possibility of passing any price changes on to consumers. It is also exposed to fluctuations in exchange rates, especially of the dollar, and interest rate variations.