



Ebro PULEVA
GRUPO

EBRO PULEVA 08

9M08 Results and Outlook for 2008: Going with the Grain



Contents

1. Introduction
2. Business Units: 9M08 Results and Outlook 2008
 - 2.1 Rice
 - 2.2 Pasta
 - 2.3 Dairy
 - 2.4 Sugar
3. Ebro Puleva Consolidated 9M08 Results and Outlook 2008
 - 3.1 Profit and Loss Account
 - 3.2 Evolution of debt
4. Conclusion
5. Annex I. Proforma Figures
6. Annex II. Raw Material Markets
7. Corporate Calendar 2008
8. Disclaimer

1

Ebro Puleva
an International
Group



Ebro Puleva: Going with the Grain

- We operate in an international context of markets in crisis, yet our core businesses have gone from strength to strength, growing at a constant rate of over 20%. We set Meal Solutions as our target and are going for it, going with the grain.
- 2008 was marked by high volatility. Some months ago we mentioned that we were operating on difficult markets owing to the soaring raw material prices, a dip in consumption, the strong appreciation of the euro and a sharp rise in energy costs.
- Months later, we are now on the other side of the wave, with raw material prices nosediving (Annex I), a weak euro, oil prices at all-time lows, etc.
- This does not mean that there won't be any more waves, but we are ready for that.
 - We have acted on our procurement policies and are active in the trading of our raw materials.
 - We have acted on our price-fixing policies, adjusting them faster to the evolution of raw materials.
 - We have acted on our marketing, using advertising and promotion to communicate directly with consumers.
- We are still working on strategically defining our position in the sugar business.



Ebro Puleva and a roller coaster called Market

- Against this scenario we have been able to maintain our volumes in all areas except the Dairy Division.
- Our brands, innovation and price policies have proved successful.
- The challenge for the next wave will be to take an adequate position in the purchasing of raw materials (durum wheat, rice, milk and energy) and choose between strengthening our position on the markets or improving our profit margins.
- The following table shows our market positions in Meal Solutions:

	Rice	Dry Pasta	Fresh Pasta	Sauces
France	29.0%	36.5%	33.3%	39.3%
USA	19.6%	24.3%		
Germany	27.0%	13.4%		4.5%
Canada	65.4% instant	43.3%		N.A.
Belgium	33.4%	12.7%		
Czech Rep.	N.A	19.1%		
Spain	26.7%			
Portugal	15.2%			

Apart from those markets, Ebro Puleva is leader on the rice market in Morocco, UK, Finland, Denmark and Hungary, and No. 2 in Austria and others.



2

Business Unit Results

9M08 and Outlook



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



Raw Material Volatility

- The international rice price hike which began in late 2007 and continued throughout the first half of 2008 is now showing signs of waning, although it is too early to talk of getting back to normal.
- When faced with the widespread supply problems, our Rice Division, with highly diversified sources of supply, reacted swiftly and took long positions in Rice on international markets.
- Our subsidiaries have been able to sell its product at good costs on a scenario of rising sale prices, thus securing good profit margins.
- We are optimistic in our fourth quarter estimates: we have stocks at very good prices and the market prices will fall just at the right time.

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

Growing Volumes and Declining Consumption

- Sales remained high in 3Q 2008, contributing towards the 16.4% year-on-year growth to EUR 670m in 9M08.
- The success of our new products on the different markets pushed our EBITDA up 37.8% to EUR 89.6m, giving an EBITDA margin of 13.4%. The dollar impact on the division's EBITDA was equivalent to EUR 5.8m. At constant rates, its EBITDA would have grown by 47%.
- The operating profit also grew, up 52.1% year on year to EUR 73.8m, giving a CAGR 06-08 of 70.4%, almost triple that obtained by this division three years ago.

Thous EUR	9M06	9M07	9M08	.08/07	CAGR 08/06
Sales	506,324	575,793	670,036	16.4%	15.0%
Advertising	17,062	19,498	17,430	-10.6%	1.1%
EBITDA	45,584	64,998	89,592	37.8%	40.2%
EBITDA Margin	9.0%	11.3%	13.4%	18.5%	21.9%
EBIT	30,734	49,500	74,026	49.5%	55.2%
Operating Profit	25,433	48,538	73,805	52.1%	70.4%
ROCE	9.7	13.4	12.7		



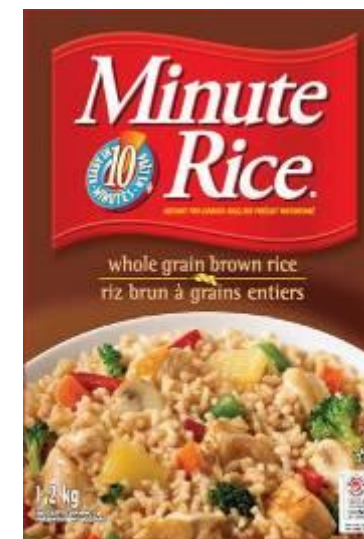
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- **Rice**
- Pasta
- Dairy
- Sugar

A Fantastic Year

- Our year-end 208 estimates are optimistic. We anticipate a turnover of EUR 914m, which would be a year-on-year growth of 18.5%.
- The EBITDA margin is expected to rise to 13.2%, which would take our EBITDA to EUR 121.1m, up 26% on year-end 2007. The currency effect would be smaller owing to the strength of the dollar in recent months, although it would still be EUR 4.4m. At constant exchange rates the division EBITDA would be up 30%.
- Operating profit will foreseeably grow by 36.1% to EUR 101.1m, with a cumulative growth in CAGR from 2006 of 58%.

Thous EUR	2006	2007	E2008	E08/07	CAGR E08/06
Sales	696,655	771,128	913,728	18.5%	14.5%
Advertising	19,818	22,863	21,003	-8.1%	2.9%
EBITDA	71,343	96,194	121,066	25.9%	30.3%
EBITDA Margin	10.2%	12.5%	13.2%	6.2%	13.7%
EBIT	51,368	75,297	100,231	33.1%	39.7%
Operating Profit	40,722	74,287	101,103	36.1%	57.6%
ROCE	11.1	15.1	N.A.		



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- **Pasta**
- Dairy
- Sugar



Second Half of the year 50% better than First Half

- In 1H08 we were hit by the combined effect of strong inflation in the raw material and energy costs, which has now been passed on to the end-product prices.
- As we announced, we have invested heavily in advertising with a view to informing consumers on our new products. This cut into our margins during the first half of the year.
- In France we maintained our market shares in fresh and dry pasta and came out stronger in sauces and couscous. In North America our volumes grew by 1.6% and we increased our market share by 70 basis points.
- During this last quarter we are reaping the benefits of better raw material prices and the success of our new products. Smart Taste, launched in late 2007, already accounts for 1.2% of the volume of this category in the USA, while Ronzoni Bistro, launched in the third quarter of this year, has cornered 75% of the weighted American distribution market.
- After four quarters enduring highly unstable prices of durum wheat, we are finally starting to benefit from the sharp drop in raw material prices and reap the fruits of our commercial strategy.

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

A Rapid Recovery

- Pushed up by the higher prices, the division turnover is up 34.7% to EUR 713.1m.
- The hike in raw material prices distorts the percentage margins. However, we have continued investing the same proportion of sales revenues in advertising, raising this expenditure by 20.8% to EUR 34.5m.
- The third-quarter EBITDA is already higher than that of last year, making up the EUR 8m lag in the first half of the year and growing 7.6% to EUR 67.2m. The dollar caused a EUR 2m reduction in respect of the exchange rate in place in the previous period, so the comparable EBITDA would have been over EUR 69m, with an increase of the order of 11%.

Thous EUR	9M06	9M07	9M08	.08/07	CAGR 08/06
Sales	407,865	538,493	713,065	32.4%	32.2%
Advertising	19,852	28,601	34,538	20.8%	31.9%
EBITDA	60,296	62,461	67,208	7.6%	5.6%
EBITDA Margin	14.8%	11.6%	9.4%	-18.7%	-20.2%
EBIT	41,808	39,965	45,257	13.2%	4.0%
Operating Profit	44,430	38,944	36,381	-6.6%	-9.5%
ROCE	15.8	14.5	12.6		



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

Ready for Growth

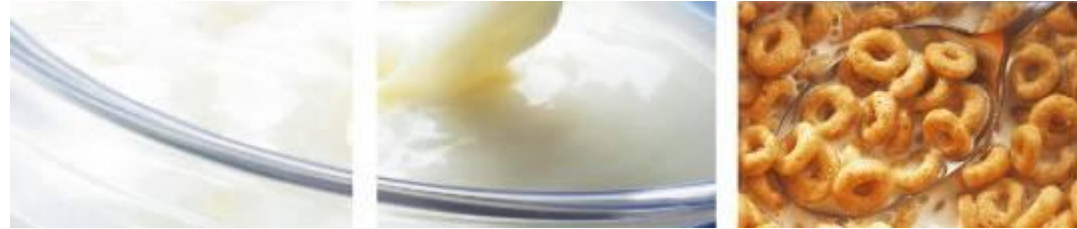
- When we gave our 1H08 presentation, we expected to make up our EBITDA lag in the second half of the year, as the 1H results had been distorted by the increased advertising expense in the USA and the extraordinary performance of NWP in 1H07.
- The new launchings are doing very well and our brands passed the test with flying colours.
- We estimate that sales will grow some 31% to EUR 999.8m, boosted by the incorporation of Birkel and passing on the raw material price rises.
- By year end we will have increased our investment in advertising by EUR 10m to EUR 48.3m.
- We predict a 19% growth in EBITDA to EUR 105.2m (EUR 65m more than in 1H), which would mean a very healthy growth in CAGR, 7% since 2006. Adjusting for the dollar impact, the EBITDA would be over EUR 107m, up 21%.

Thous EUR	2006	2007	E2008	E08/07	CAGR E08/06
Sales	588,573	762,489	999,833	31.1%	30.3%
Advertising	25,935	38,207	48,329	26.5%	36.5%
EBITDA	92,093	88,450	105,223	19.0%	6.9%
EBITDA Margin	15.6%	11.6%	10.5%	-9.3%	-18.0%
EBIT	66,408	58,274	75,325	29.3%	6.5%
Operating Profit	63,758	56,709	65,858	16.1%	1.6%
ROCE	18.4	12.0	N.A.		



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



Weathering the Storm

- Over the past year the dairy sector has suffered the effects of steep inflation, which brought about a change in product mix and growth of private label brands.
- Raw material prices started to come down at the beginning of this year and rival brands opted to cut their prices drastically in an effort to compete with the private label brands.
- Raw materials now seem to have reached a new level, at around 0.40-0.38 EUR/l (compared with the pre-boom level of 0.32 EUR/l). Yet we believe there are certain factors that could cause this bear trend to continue: 4% production increase, shrinking of the volume of the market (-2%), massive importing of cheese (Dairy surplus) and lowering of market prices in France (0.31-0.32 EUR/l).
- We decided to protect our margins and opted to sacrifice a certain amount of volume. Our volumes over this nine-month period dropped by 7.9%.
- The infant milk segment (Peques, Max and milk drinks) continues to record the largest growth rates in the sector (33% in volume). Puleva Peques is undisputed leader in this segment, increasing its market share by a further 7 percentage points over the past year, from 38.5% to 45.8%.

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

Smaller Volume

- Even against this difficult backdrop, our turnover grew by 0.4% year on year.
- As a result of the loss of volume, the hauliers' strike in June and the restructuring of Lactimilk, the division EBITDA slid to EUR 33.2m from EUR 38.5m in the previous year.
- Our ROCE has slipped from 18.3% last year to 17.1%.

Thous EUR	9M06	9M07	9M08	.08/07	CAGR 08/06
Sales	378,411	382,044	383,510	0.4%	0.7%
Advertising	12,274	12,469	12,385	-0.7%	0.5%
EBITDA	41,798	38,535	33,206	-13.8%	-10.9%
EBITDA Margin	11.0%	10.1%	8.7%	-14.2%	-11.5%
EBIT	29,462	26,879	21,790	-18.9%	-14.0%
Operating Profit	28,575	25,871	19,766	-23.6%	-16.8%
ROCE	17.5	18.3	17.1		



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

New Products boost Differentiation

- For the full year, the turnover is expected to be down 5.9% to EUR 496.4m.
- The division EBITDA is likely to be of the order of EUR 49.2m, down EUR 4m year on year.
- The EBITDA margin will foreseeably remain practically unchanged.
- The launchings of new products (liquid milks and ready-to-eat baby foods in Peques) and formats (more convenient sizes in PET with a larger margin in milk and milk drinks), organisation of the communication strategy on a regional basis and the costs savings we have been working on will enable us to increase our profit margins again.

Thous EUR	2006	2007	E2008	E08/07	CAGR E08/06
Sales	504,140	527,489	496,415	-5.9%	-0.8%
Advertising	16,749	17,536	15,700	-10.5%	-3.2%
EBITDA	55,460	53,033	49,170	-7.3%	-5.8%
EBITDA Margin	11.0%	10.1%	9.9%	-1.5%	-5.1%
EBIT	40,176	37,541	33,999	-9.4%	-8.0%
Operating Profit	38,097	36,379	30,582	-15.9%	-10.4%
ROCE	18.0	19.1	N.A.		



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



The Year of the Restructuring

- The rise in raw material prices during 2007, the lowering of beet prices marked by the CMO and the uncertainty surrounding the final approval of the Reform and its consequences on the country made sowing of this crop less attractive for growers. Consequently, in order to maintain the desired sowing volumes, we were forced to pay a price 4 EUR/tonne higher than that set by the Reform, reducing our profit margin throughout the entire year.
- We have also had a smaller quota this year. The 2007/2008 marketing year ended on 30 September, so 2008 was affected by the 07/08 quota reductions (75,757 tonnes) and the reduction corresponding to the 08/09 campaign (133,093 tonnes).
- The current situation regarding raw materials makes it interesting once again to sow beet and despite having eliminated the premium paid last year, a spectacular number of requests have been received for sowing for next year.
- We are immersed in full restructuring: the Guadalcaçín factory did not open its doors during this southern campaign and this was the last campaign at La Rinconada.
- Building work is going ahead on the refinery in Guadalete and we hope to have it in operation by spring-summer 2009 to offset the loss of volume caused by the European sugar reform.

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

No More Uncertainty

- Our turnover dropped 10.7% to EUR 434.7m due to our smaller quota.
- Consequently, the division EBITDA fell to EUR 35.5m, with an EBITDA margin of 8.2%.
- The Operating Profit was down EUR 8.3m to EUR 29.5m.
- The ROCE stood at 7.9%.

Thous EUR	9M06	9M07	9M08	.08/07	CAGR 08/06
Sales	533,776	486,854	434,679	-10.7%	-9.8%
Advertising	2,125	2,032	337	-83.4%	-60.2%
EBITDA	70,953	55,745	35,429	-36.4%	-29.3%
EBITDA Margin	13.3%	11.5%	8.2%	-28.8%	-21.7%
EBIT	50,797	37,636	19,317	-48.7%	-38.3%
Operating Profit	25,879	37,812	29,496	-22.0%	6.8%
ROCE	12.7	10.7	7.9		



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

Or Reforms

- In these circumstance, with a quota reduced to 510,586 tones and lower prices, the turnover for 2008 is expected to slide year on year by around 7.8% to EUR 602.9m.
- For the same reasons, the EBITDA may be down 29.3% year on year to EUR 56.5m.
- Operating Profit is forecast to fall 11% to EUR 38.5m.

Thous EUR	2006	2007	E2008	E08/07	CAGR	E08/06
Sales	687,011	653,653	602,922	-7.8%		-6.3%
Advertising	2,561	2,542	510	-79.9%		-55.4%
EBITDA	96,955	79,911	56,492	-29.3%		-23.7%
EBITDA Margin	14.1%	12.2%	9.4%	-23.4%		-18.5%
EBIT	64,818	48,143	28,286	-41.2%		-33.9%
Operating Profit	31,844	43,165	38,465	-10.9%		9.9%
ROCE	11.9	10.4	N.A.			



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2

Ebro Puleva Consolidated Results



Consolidated

9M08

Results



9M08 Net Profit up 60%

- Our turnover is up 10.8% year on year, to EUR 2,165.1m.
- Committed to our brands, we have stepped up investment in those launching new products to support their introduction on the market, while cutting investments in the divisions or brands that had nothing new to advertise. As a result, our investment in advertising have risen 2.7% to EUR 66.7m.
- The EBITDA has risen to EUR 216.4m. At constant dollar rates, the EBITDA would be up EUR 8.4m to almost EUR 225m, 4.7% up on 9M07.
- The Net Profit is up 60.4% to EUR 92.7m, with an extraordinary item corresponding to reversion of the provision for litigation reported in 1H08.

Thous EUR	9M06	9M07	9M08	.08/07	CAGR 08/06
Sales	1,804,454	1,954,798	2,165,093	10.8%	9.5%
Advertising	54,506	64,961	66,706	2.7%	10.6%
EBITDA	208,385	215,027	216,377	0.6%	1.9%
EBITDA Margin	11.5%	11.0%	10.0%	-9.1%	-7.0%
EBIT	141,282	146,089	148,979	2.0%	2.7%
Operating Profit	146,832	149,564	177,742	18.8%	10.0%
Profit before Tax	109,706	88,681	135,850	53.2%	11.3%
Net Profit	130,769	57,790	92,698	60.4%	-15.8%
ROCE	12.2	12.7	12.5		

Consolidated Outlook 2008



Adverse Scenario, Strengthened Meal Solutions

- Consolidated turnover may be up approx. 10.8% year on year, and 10.1% (CAGR) on 2006.
- Our brand commitment through advertising is calculated at EUR 87.7m for the year, EUR 4m more than last year.
- Our EBITDA is expected to grow by 4,7%, bolstered by our core businesses, which will grow by around 23%, offsetting the reduced profitability of the sugar business and, to a smaller extent, the dairy business. The estimated impact of the dollar is EUR 6.4m, such that the EBITDA at comparable dollar rates would be EUR 328m, representing a growth of 7%.
- The considerable increases in Operating Profit and Profit before Tax would correspond to the divestments made during the fourth quarter in Herto and La Rasa and the reversion of provisions for litigation.
- The profit after tax is expected to rise 50% to EUR 136m.

Thous EUR	2006	2007	E2008	E08/07	CAGR E08/06
Sales	2,452,212	2,685,042	2,974,869	10.8%	10.1%
Advertising	67,207	83,711	87,750	4.8%	14.3%
EBITDA	306,005	306,760	321,180	4.7%	2.4%
EBITDA Margin	12.5%	11.4%	10.8%	-5.5%	-7.0%
EBIT	211,216	207,760	223,833	7.7%	2.9%
Operating Profit	250,747	206,742	257,500	24.6%	1.3%
Profit before Tax	200,099	124,255	190,996	53.7%	-2.3%
Attributed Earnings	180,363	90,577	136,044	50.2%	-13.2%
ROCE	12.8	12.4	N.A.		

Evolution of the Consolidated Debt



Stocks, Exxentia and Buy-Back of Shares

- The Net Debt estimated for year-end would be of the order of EUR 1,234m, due mainly to:
 - Purchase of Exxentia.
 - Buying back of treasury stock during the year, taking advantage of the low price of our share. We currently have a treasury stock of 3%.
 - Investment in working capital. By year-end we expect to have EUR 138m plus stock.
 - The exchange rate spread on our debt in dollars would be EUR 99m.
- In these circumstances, leverage would be 97.6% and the net debt/EBITDA ratio would rise to x3.8.

Thous EUR	31 Dec 06	30 Sep 07	31 Dec 07	30 Sep 08	31 Dec 08E
Net Debt	1,134,894	1,112,236	988,249	1,233,271	1,233,991
Average Debt	1,046,354	1,149,657	1,129,254	1,205,893	N.A.
Equity	1,187,962	1,177,288	1,198,245	1,189,193	1,264,077
Leverage ND	95.5%	94.5%	82.5%	103.7%	97.6%
Leverage AD	88.1%	97.7%	94.2%	101.4%	N.A.
x EBITDA (ND)	3.7		3.2		3.8
x EBITDA (AD)	3.4		3.7		N.D

3

Ebro Puleva Group Conclusion



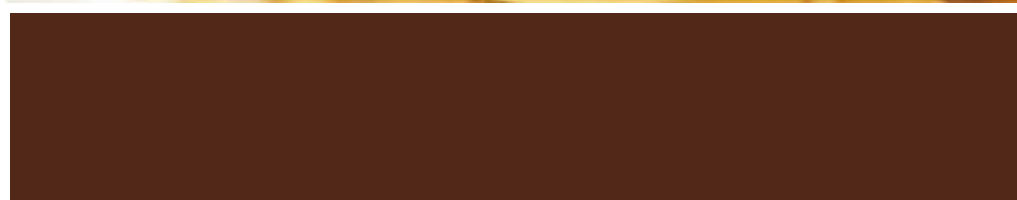
Conclusion



Going With The Grain

- **The results at the end of the third quarter and those expected for year-end 2008 show the strength of our core businesses.**
- **We are growing despite shrinking consumption in the geographical areas in which we operate.**
- **We treat the volatility of raw materials as another variable to be managed; it is a source of opportunities.**
- **Our brands maintain their market shares and are leaders on their markets and in their products.**
- **In short, the results confirm the excellent strategy and growth capacity of Meal Solutions.**
- **The process of defining our position in sugar is advancing on schedule.**

4 Annex. Proforma Figures



Annex. Proforma Figures



One Cycle Closes and Another Opens

thous EUR	E2008	E2008 Proforma
Brand sales	1,904,600	1,742,830
Industrial sales	1,070,269	629,117
Sales	2,974,869	2,371,947
Brand activity	64.0%	73.5%
Industrial activity	36.0%	26.5%
Sales in Spain	1,148,825	545,903
Sales in EU	1,108,164	1,108,164
Sales Others	717,880	717,880
Sales	2,974,869	2,371,947
Sales in Spain	38.6%	23.0%
Sales in EU	37.3%	46.7%
Sales Others	24.1%	30.3%
EBITDA in Spain	120,296	66,280
EBITDA in EU	108,745	106,504
EBITDA Others	92,139	91,904
EBITDA	321,180	264,688
EBITDA in Spain	37.5%	25.0%
EBITDA in EU	33.9%	40.2%
EBITDA Others	28.6%	34.7%

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

5 Annex I Raw Materials



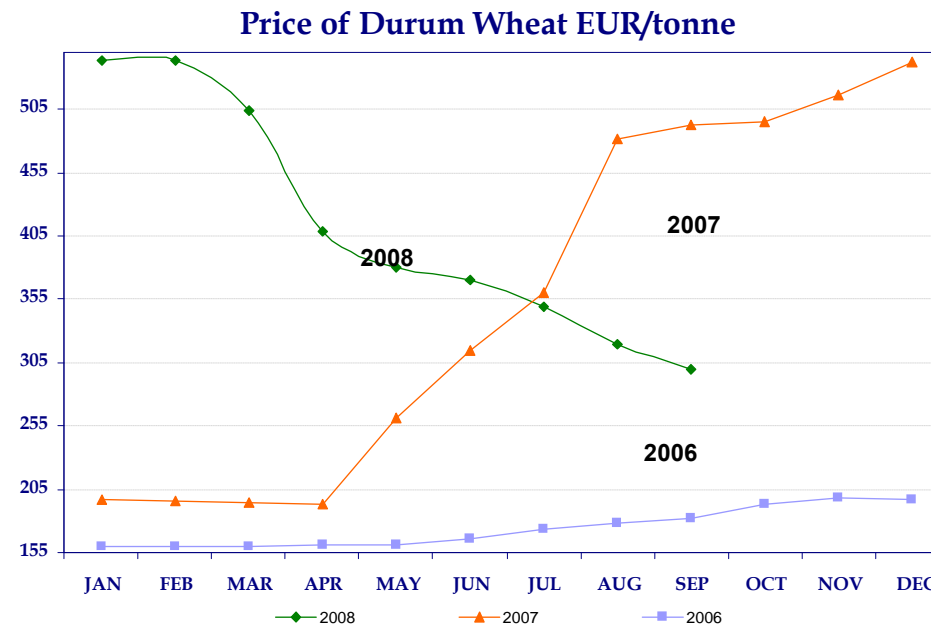
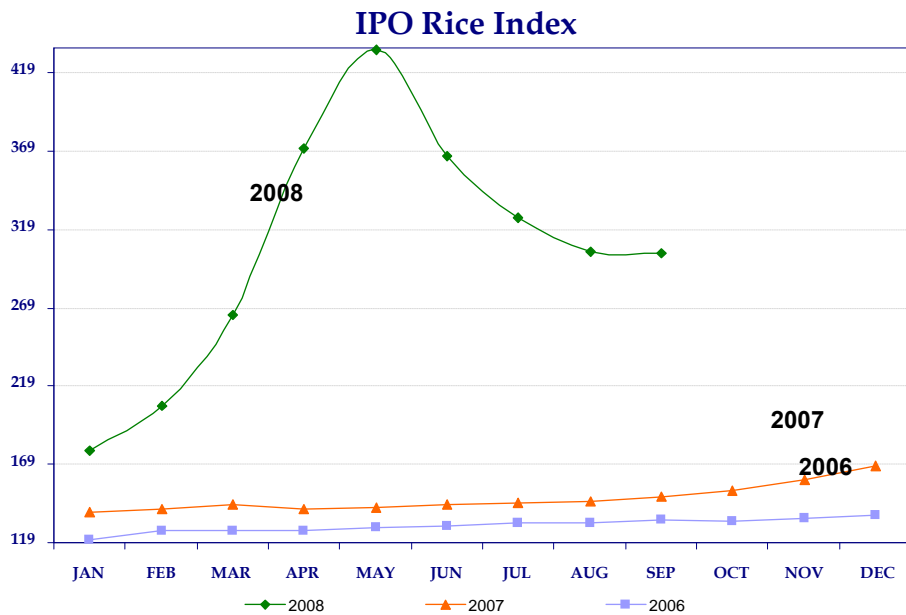
Annex I

Raw Materials



Raw Materials I

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



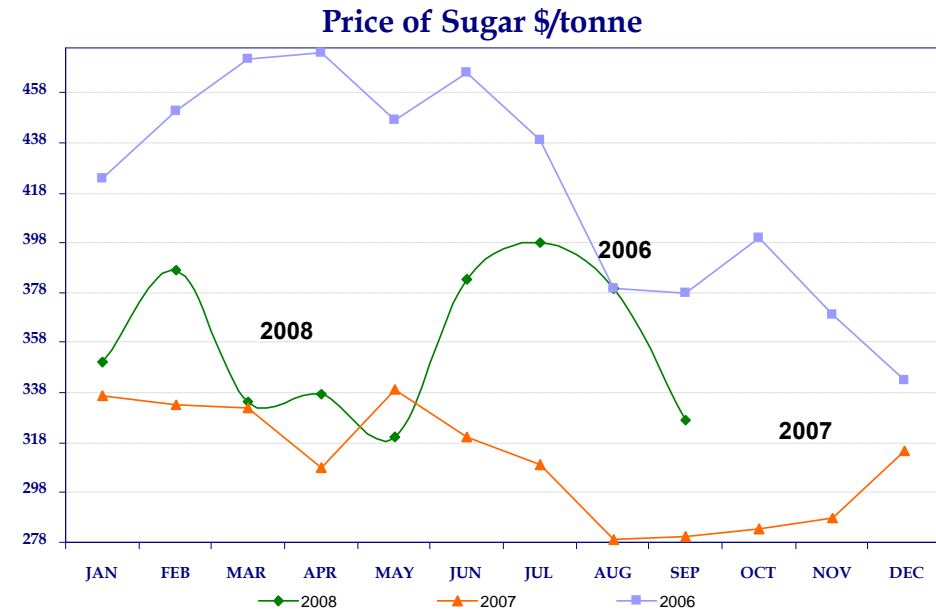
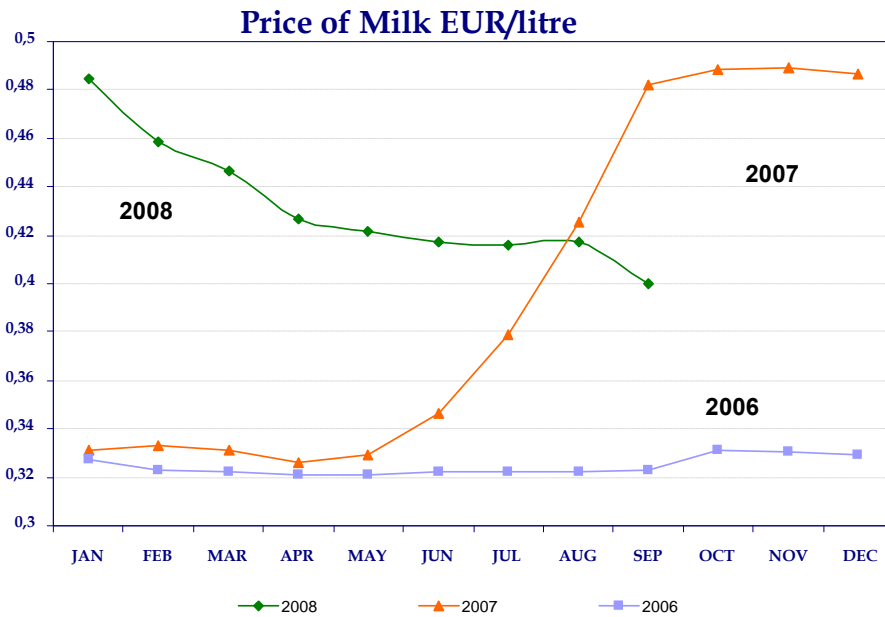
Annex I

Raw Materials



Raw Materials II

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



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.