

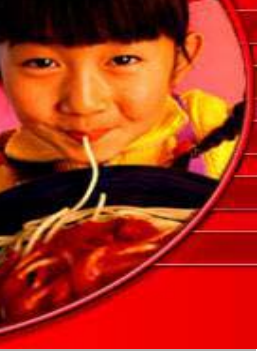


EBRO PULEVA

NWVP

More Pasta in the New World





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# INTRODUCTION





- \* One of the priorities established in the Strategic Plan 2006-2009 is the development of a multinational Pasta business.
- \* Following the Riviana experience, USA and Canada have become one of the most interesting geographical markets, owing to their size, yield and growth potential.
- \* A study of the North American Pasta market revealed two possible ways of going about this expansion:
  - ▀ Launching of the Panzani brand
  - ▀ Buying a local player
- \* We consider the second option more efficient and less risky; using the Panzani brand in an upscale position for higher value niches.
- \* The Ebro Puleva Board has approved the purchase of 100% of New World Pasta, leading dry pasta manufacturer in USA and Canada. This will make us the no. 2 pasta producer worldwide.

- \* Ebro Puleva, Riviana and Panzani will work together to study synergies, which will be very significant.
- \* The operation is to be “debt-free”. The current owners will cancel the entire debt simultaneously to the purchase transaction.
- \* The agreement contemplates the purchase of 100% of the capital for US\$ 362.5 million, free from financial debt.
- \* This price will be paid in cash, except 3%, which will be deposited in an escrow account for 12 months as surety for any hidden or contingent liabilities.

# THE PASTA MARKET IN USA AND CANADA

## O1

Evolution of the  
Market

## O2

Rivals





- \* Pasta consumption follows different patterns in USA and Canada within a common tendency: little growth in volume, slump in the Atkins period and slow recovery since then up to pre-Atkins levels.

## USA:

- \* USA is a market of around 300 million inhabitants with a population growth of 1%
- \* Its annual pasta consumption is approx. 750 million kg, i.e. 2.5 kg/capita/year (Spain 150 million kg and 5.0 kg/capita/year and France 320 million kg and 7.5 kg/capita/year)
- \* The US CARG (excluding the Atkins effect) is -0.6%
- \* Approximately 20% of consumption is met with imports. Exports (apart from those made to Canada) are insignificant.
- \* 55% of sales are to the Retail channel (where NWP has been operating on an exclusive basis since 2006), 18% to Hotel & Catering and 37% to Industrial consumers.

## CANADA:

- \* Canada is a market of around 33 million inhabitants, with a population growth of 1.5%
- \* Its annual consumption is approx. 130 million kg, i.e. 3.9 kg/capita/year
- \* The Canadian CARG is +1.9% (excluding the Atkins effect)





- \* USA: the market is fairly concentrated around four brand names, three local and one foreign:
  - NWP is leader with a 28.5% market share in retail value and a production of around 190 million kg.
  - AIPC, an almost bankrupt listed company with continuous announcements of extraordinary restructurings. The strongest rival on the East Coast, focusing on the Private Label segment.
  - Dakota Growers, organized around a cooperative. Has secondary positions and serves the Hotel & Catering and Industrial markets.
  - Barilla, with one plant operating in USA and another announced. Has just announced restructurings to the tune of over 600 \$m in its German bakery subsidiary Kamps, so its position is not comfortable.
- \* CANADA: apart from NWP, there are three other small producers on the market:
  - Italpasta, Grissopasta and Primo.

# Description of NWP

01

History

02

Industrial

03

Commercial

04

HR

05

Financial information





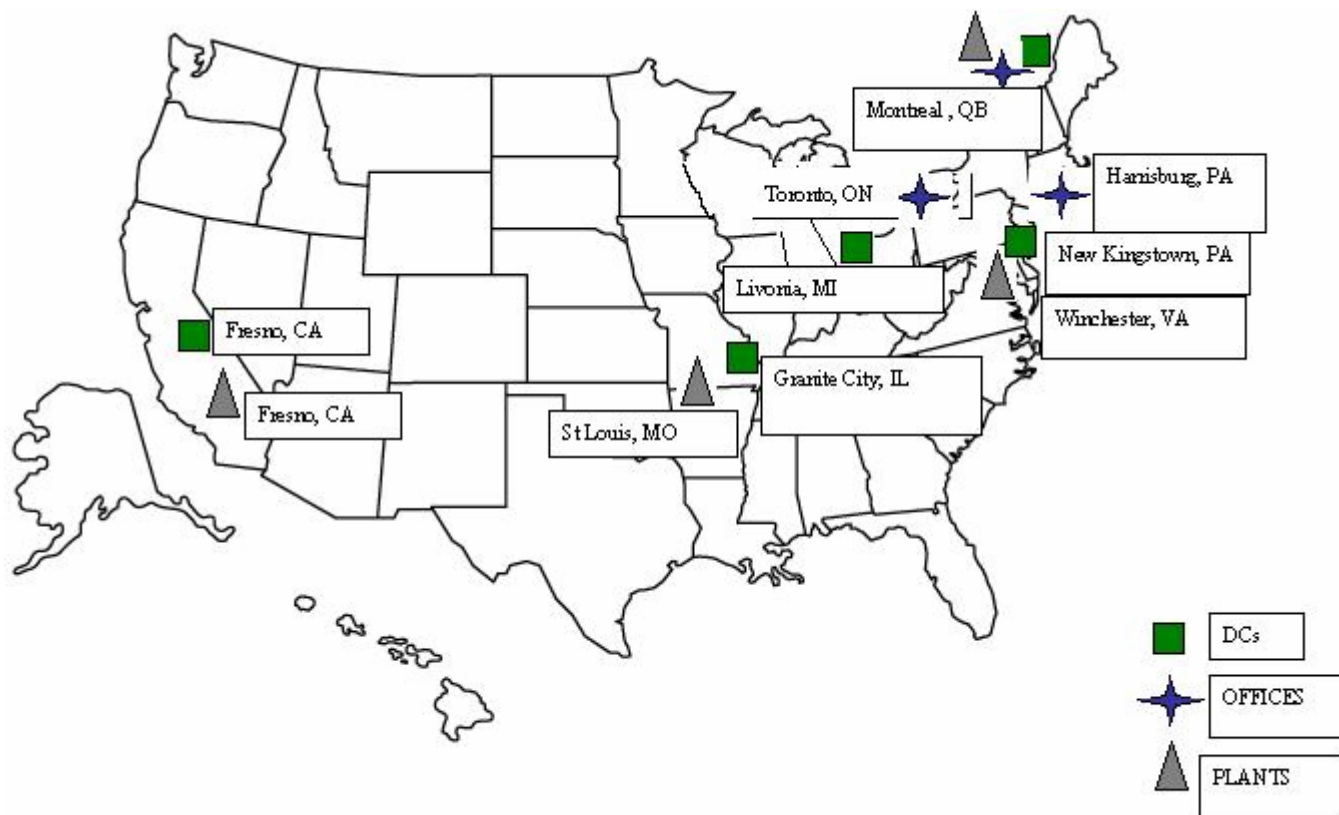
- \* NWP is the outcome of a business concentration process directed by a North American venture capital group. The process commenced in 1999 with the purchase from Hersey Foods of a number of brands and factories spun off by that company.
- \* In 2001, NWP purchased six plants from Borden together with brands in Italy, Canada and USA. Problems to adapt the IT systems, excessive debt and falling sales due to the Atkins effect, produced NWP's position weakened until it ended up in reorganization proceedings under Chapter 11.
- \* An action plan was implemented as from 2004, halving the workforce and cutting the number of factories from 11 to 4.
- \* The losses were due to a combination of factors, including:
  - ▀ Over-aggressive leverage
  - ▀ Excessively fast consolidation process
  - ▀ Insufficient medium-term vision
  - ▀ Bad luck in the business cycle owing to the appearance of Low Carb diets

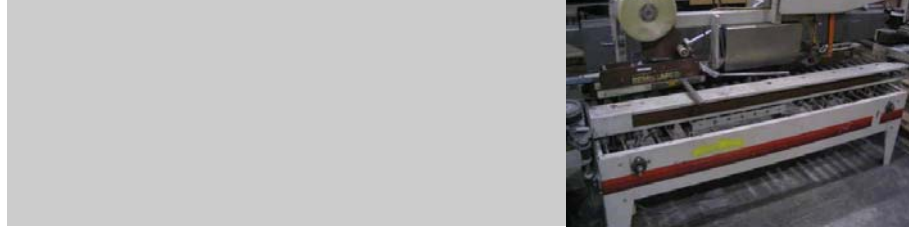
## 01 INDUSTRIAL





- \* NWP has made a far-reaching effort to streamline, cutting the number of factories from 11 in 2001 to 4 at present (3 in USA and one in Canada). These closures partly explain the enormous losses sustained and the drop in production as from 2003.





\* The plants are:

- ┆ **Montreal (Quebec)** (266 employees /136m pounds/year):
- ┆ **Fresno (California)** (66 employees /80m pounds/year):
- ┆ **Saint Louis (Missouri)** (150 employees /197 m pounds/year):
- ┆ **Winchester (Virginia)** (128 employees/200 m pounds/year):

\* The annual Capex fluctuated between US\$ 6m and 10m/year. Its Long-Term Plan estimates a necessary US\$ 33m between 2006 and 2009.

## 03 COMMERCIAL

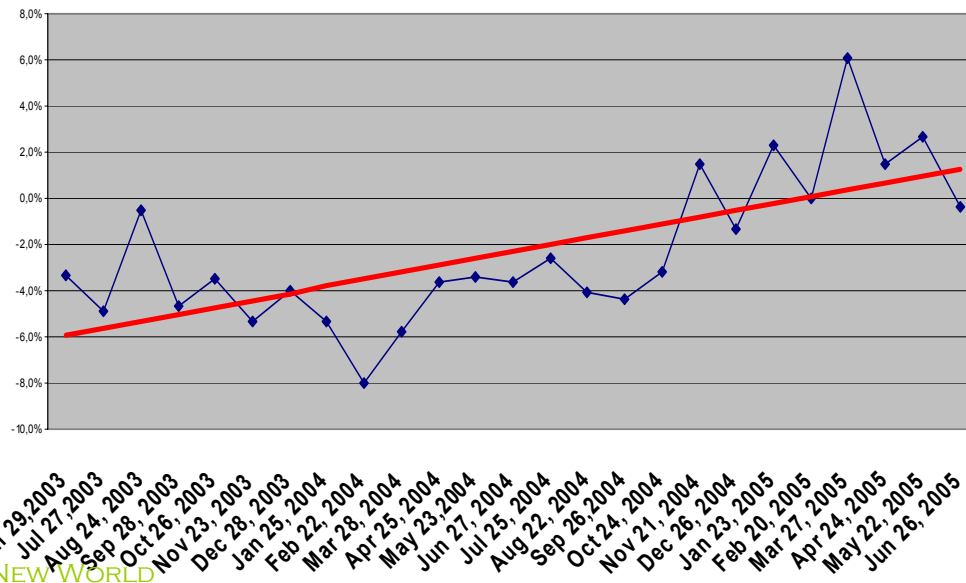






- \* NWP is a cluster of regional (multi-state) brands, although it is striving to get some of them recognized throughout the US market. In Canada they are clear leaders.
- \* From a Commercial point of view, NWP has shown how strong brands can endure very adverse situations. It should be recalled that apart from the financial situation, NWP and the sector had to withstand the Atkins rage and other low-carb diets. The market and NWP have now recovered their previous volumes of trading.

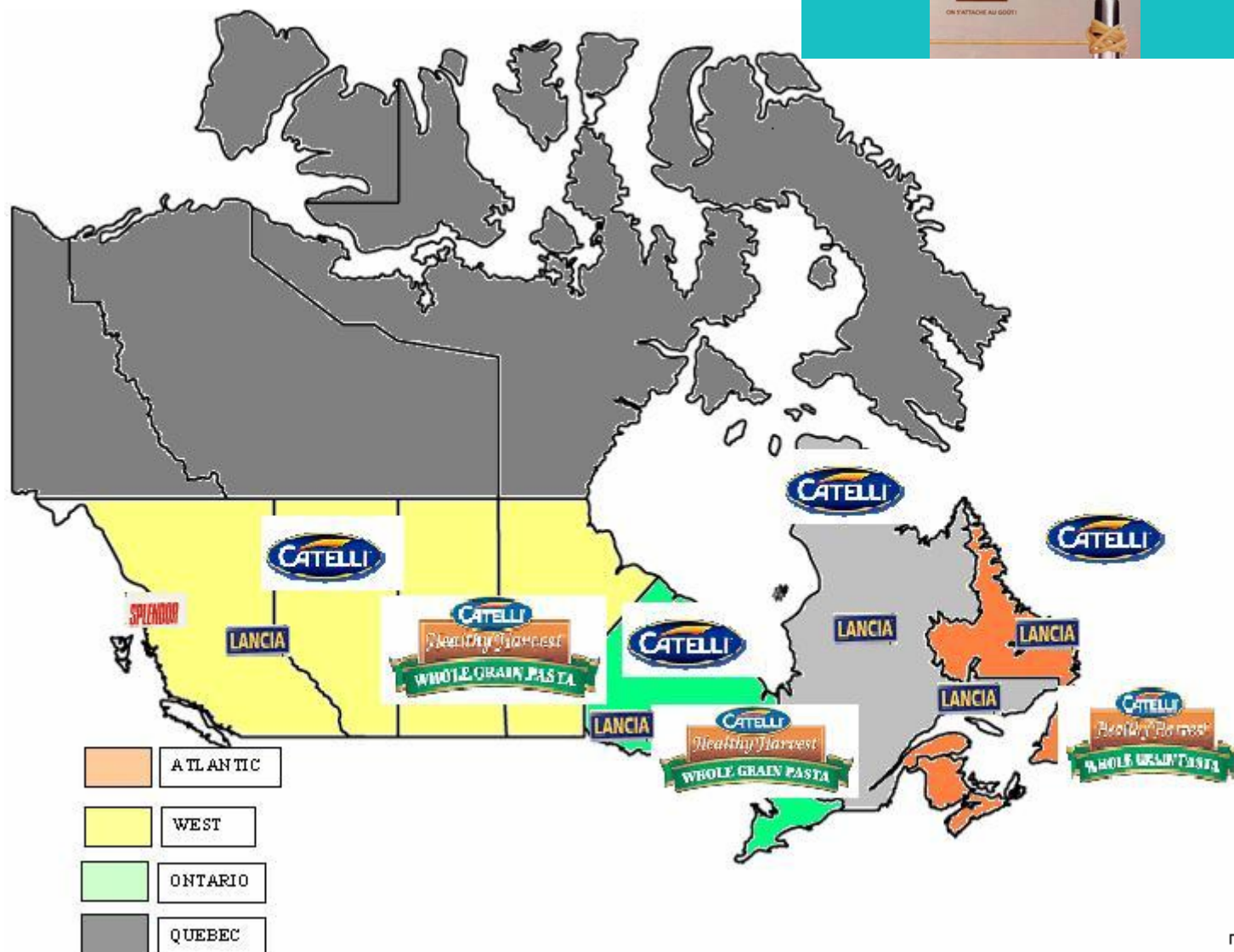
Historical Monthly U.S grocery unit sales growth year over year





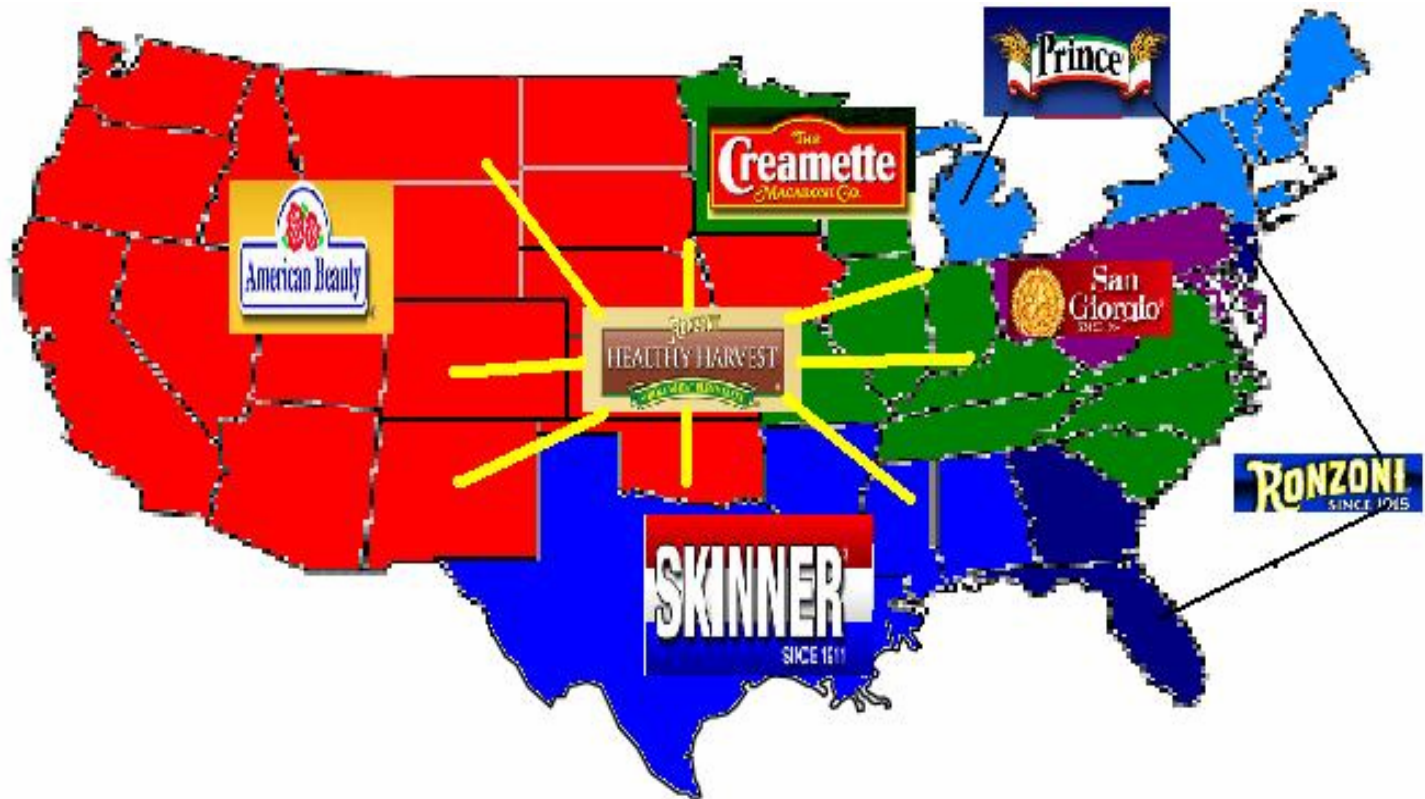


- \* Brands in Canada:
  - └ **Catelli** (founded in 1876)
  - └ **Lancia**
  - └ **Ronzoni**: (founded in 1915)



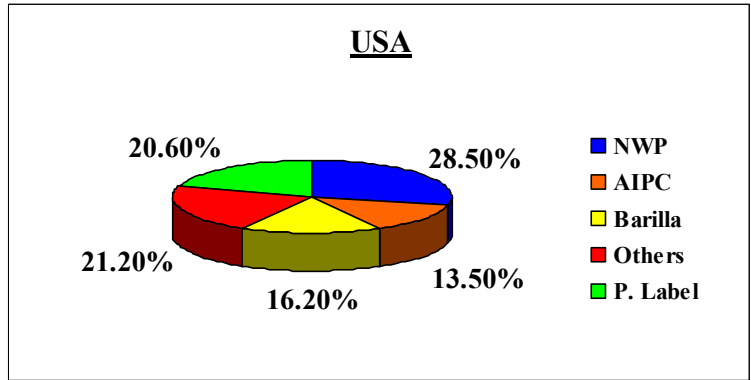
\* Brands in USA:

- └ **Ronzoni** (founded in 1915)
- └ **Skinner** (founded in 1911)
- └ **Prince** (founded in 1912)
- └ **American Beauty**
- └ **San Giorgio** (founded in 1914)
- └ **Creamette** (founded in 1916)



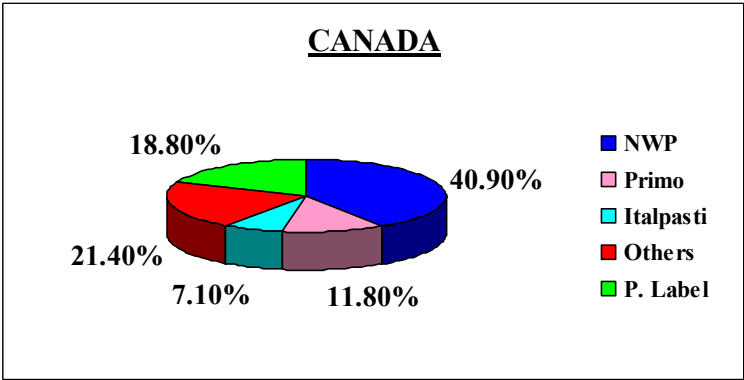
- \* The multi-brand structure is less convenient than if the entire market share were concentrated in a single reference, but:
  - └ No local operator meets that bill.
  - └ Since the market is structured in this way, we must work with those tools.
  - └ We find ourselves in that situation in many of our markets and, therefore, we are used to handle that position.
- \* In any case, once we are in and with the aid of Panzani, we will analyse the position of each brand in detail and make whatever changes might be necessary.

MARKET SHARES



28.5% IN USA

40.9% IN CANADA







04 HR





\* NWP has a total workforce of around 730 employees, distributed as follows:

<b>Production</b>	<b>581</b>	<b>78.8%</b>
<b>Sales</b>	<b>55</b>	<b>7.5%</b>
<b>HQ</b>	<b>101</b>	<b>13.7%</b>
	<b>737</b>	
of whom		
<b>USA</b>	<b>443</b>	<b>60.1%</b>
<b>Canada</b>	<b>294</b>	<b>39.9%</b>





05 FINANCIAL  
INFORMATION



*Great Tasting Goodness™*





- \* The historic financial information is affected by the reorganization proceedings throughout 2004 and 2005. The company emerged from Chapter 11 in December 2005. Therefore, the information regarding the past is not very representative.
- \* From the point of view of liability, el Chapter 11 means that everything occurring prior to December 2005 that is not set down in the balance sheet approved by the court does not exist, making the Due Diligence far shorter.
- \* One of the effects is that a number of items charged to the profit and loss account are not recurring, attributable to the ordinary course of business, but are rather a consequence of the receivership. This will become one of the assets of the operation if we are finally able to take advantage of some of the losses and set them off against future profits:
  - Extraordinary expenses
  - Write-down of assets
  - Debt relief
- \* On this basis, the company has been publishing (and the auditors have been checking) a level called EBITDAR, equivalent to EBITDA before restructuring charges.



- \* As a result of the receivership and the financing applied in the different acquisitions, the current balance sheet (prior to the purchase) shows a situation marked by:

thousands US\$	31.12.05
<b>Current Assets</b>	
Cash	5,332
Accounts Receivable	25,246
Inventories	23,883
Others	3,923
<b>Total</b>	<b>58,384</b>
<b>Fixed Assets</b>	
Fixed Assets	80,684
Others	6,774
<b>Total</b>	<b>87,458</b>
<b>Total Assets</b>	<b>145,842</b>

<b>Current Liabilities</b>	
Accounts Payable	13,750
Accruals and Deferred Income	25,539
Others	0
<b>Total</b>	<b>39,289</b>
<b>Long Term Credits</b>	
Long Term Credits	205,966
Others	9,982
<b>Total</b>	<b>215,948</b>
<b>Equity</b>	<b>-109,395</b>
<b>Total Liabilities</b>	<b>145,842</b>

- ▀ Negative equity of some US\$ 110 million
- ▀ Debt of around US\$ 220 million for a balance sheet of US\$ 130 million.
- ▀ A WC of approx. US\$ 16 million.

- \* One of the conditions of the operation is that the company should be handed over to us free of debt. Therefore, the balance sheet we receive will not contain any debt with third parties (outside WC), cancellation costs, interest, etc.



- \* The historic profit and loss account shows the profile of the receivership, with weak margins and a size that has been reduced parallel to the closing down of factories, as mentioned earlier.

	million US \$			
	2002	2003	2004	2005
<b>Net sales</b>	<b>356,300</b>	<b>299,000</b>	<b>294,659</b>	<b>303,703</b>
Cost of Sales	337,600	275,700	260,370	244,020
<b>Gross Profit</b>	<b>18,700</b>	<b>23,300</b>	<b>34,289</b>	<b>59,683</b>
%	<b>5.2%</b>	<b>7.8%</b>	<b>11.6%</b>	<b>19.7%</b>
Selling&Marketing	35,600	26,000	23,466	26,120
General&Administrative	22,800	25,800	19,183	16,690
Emergence Costs	0	0	0	18,510
Non-Recurring Expenses	0	0	-652	247
Restructuring Expenses	0	0	2,184	29,081
<b>Ebit</b>	<b>-39,700</b>	<b>-28,500</b>	<b>-9,892</b>	<b>-30,965</b>
%	<b>-111.0%</b>	<b>-95.0%</b>	<b>-3.4%</b>	<b>10.2%</b>
<b>Ebitdar</b>			<b>9,579</b>	<b>32,537</b>
%			<b>3.3%</b>	<b>10.7%</b>

- \* NWP decided to abandon the Food Service and Private Label service to seek a greater absolute yield, in spite of its smaller size. This was organized parallel to the closing of factories and slashing of the workforce and, as we shall see, it has borne fruit.

- \* The company's situation began to improve in 2004 and in 2005 its operating parameters returned to normal. In any case, the R charge (extraordinary expenses) is enormous.
- \* During 2005, 80.8% of the turnover was generated in the USA and 19.2% in Canada.
- \* The EBITDAR totalled US\$7.9m in Canada and US\$24.5m in USA in 2005.
- \* So far the 2006 budget is being beaten: in March EBITDAR was up US\$2m on the budget. In any case, there is a vast improvement on the 2005 figures in both USA and Canada. We believe it will be at around US\$47m by year-end.

NWP  
PANZANI  
RIVIANA



- \* The focus is going to be different in this case: from Panzani we will seek industrial effects, marketing and product development; from Riviana we will eliminate overlaps and duplications; from Ebro we will energize the entire process.
- \* Panzani contribution:
  - All its industrial experience, including the purchase of durum wheat, production of semolina, production costs, programming, etc. The industrial team joined the company very recently from other areas, so will need a great deal of support. Accordingly, we have arranged for Panzani's Industrial Director to go to USA for 18/24 meses.
  - Panzani's highly developed Marketing skills, resulting in innovation in products and packaging, wider product ranges, microwave technology for pasta, and global product vision, will be contributed to accelerate growth and raise the level of the product range, which should increase the profit margin.
  - To implement the management control tools developed by Panzani over the years, we are going to send over the person who helped to implement it in semolina and pasta production.

\* Riviana contribution:

- ┆ Systems unification. Rva is in the process of defining its new IT. This analysis will, from now on, include the NWP needs and the convenience of convergence.
- ┆ Parallel to this, the Ebro Puleva Board has approved a number of investments to incorporate the corporate SAP in Riviana (and maybe in a latter stage in NWP), dealing with Houston from Granada.
- ┆ We aim to provoke certain convergences between the two companies. That convergence will take place in successive phases, but in 24 months everything that can be unified must have done so. The aspects we will tackle are, in order of priority:

Logistics and storage

Cash management

Rva and Pzni Distribution in Canada

Procurement

Organization of Customer Service

Food Brokers

Administration +IT



# CONCLUSIONS

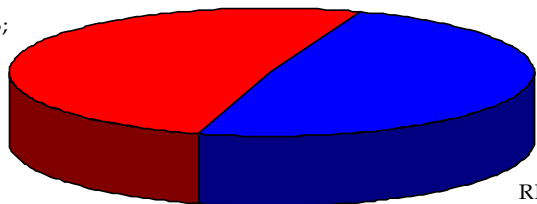




- \* This Transaction is especially important as it is the first step forward in the new Ebro Puleva 2006-2009 programme.
- \* This is being synchronized with the sale of our businesses in Central America, with which we will be able to finance 50% of the investment without having to increase our debt.
- \* It opens the door to development of our Pasta unit as a fully international player, with the vocation of becoming a world benchmark in this product. This operation will put us in second place in the world sector ranking.
- \* This operation is different from those we have carried out so far. The requirement of synergies and convergence with other companies will be very great.
- \* We are meeting our objective of gearing towards activities with a greater brand weight, on developed markets and with a better balance between economic areas.

**NET SALES = 613 (million US\$)**

NWP; 313;  
51,0% (\*)

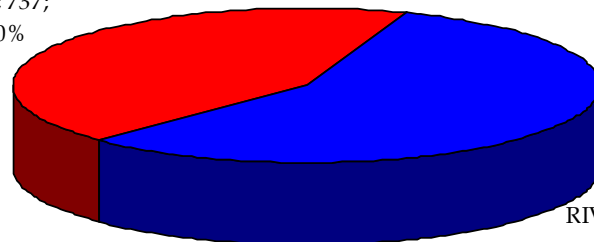


RIV dome; 300;  
49,0%  
(\*\*)

■ RIV dome ■ NWP

**PERSONAL = 1.714**

NWP; 737;  
43,0%

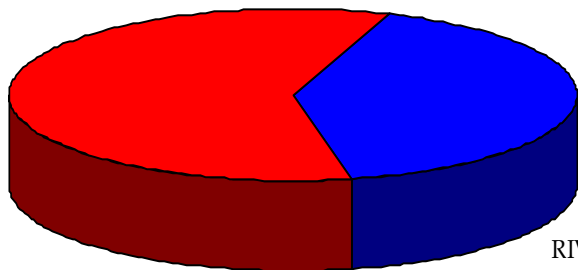


RIV dome; 977;  
57,0%

■ RIV dome ■ NWP

**EBITDAR = 75 (million US\$)**

NWP; 44;  
59,0% (\*)

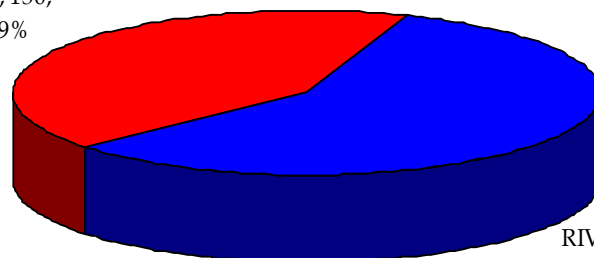


RIV dome; 31;  
41,0%  
(\*\*)

■ RIV dome ■ NWP

**CAPITAL EMPLOYED = 310 (million US\$)**

NWP; 130;  
41,9%



RIV dome; 180;  
58,1%

■ RIV dome ■ NWP

(\*) As of 2006 (e)

(\*\*) As of 2005 (r)

# CORPORATE CALENDAR





## ADEQUATE COMMUNICATION

\* Ebro Puleva will continue to pursue its commitment to transparency and reporting in 2006:

24 February	Presentation year-end 2005 results
3 April	Dividend payment
5 April	Annual General Meeting (2nd Call)
24 April	Presentation 1st quarter results
3 July	Dividend payment
20 July	Presentation 1st half results
2 October	Dividend payment
26 October	Presentation 3rd quarter results and outlook for 2006
22 December	Announcement 2007 dividend against 2006 accounts
27 December	Dividend payment

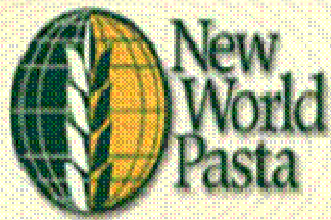
# DISCLAIMER





## DISCLAIMER

- \* To the best of our knowledge, the estimates contained in this presentation on the future growth of the different business lines and the overall business, market share, financial results and other aspects of the operations and position of the company are accurate at the date hereof.
- \* All the figures given in this report are calculated according to the International Accounting Standards (IAS).
- \* The contents of this presentation are no guarantee of our future actions and entail certain risks and uncertainties. The real results obtained may differ considerably from those indicated in our estimates, due to the several factors.
- \* Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Puleva is under no obligation to publish the results of any subsequent review 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 businesses of Ebro Puleva or in its acquisitions strategy, or to reflect unforeseen events. We recommend analysts and investors to consult the company's Annual Report and the documents we submit to the Authorities, especially the National Securities Market Commission (CNMV).



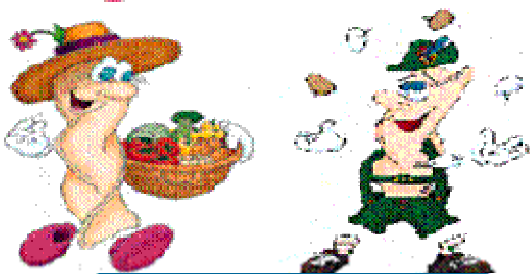
**RONZONI**  
SINCE 1915



**SKINNER**  
SINCE 1911



**Light & Fluffy**



*Mrs. Weiss'*



**FEATURED RECIPE**  
Penne in Vodka Cream Sauce –  
made with Ronzoni Five Cheese Pasta Sauce