PULEVA FOOD S.L.

Madrid. 5 December 2002

HISTORY-1

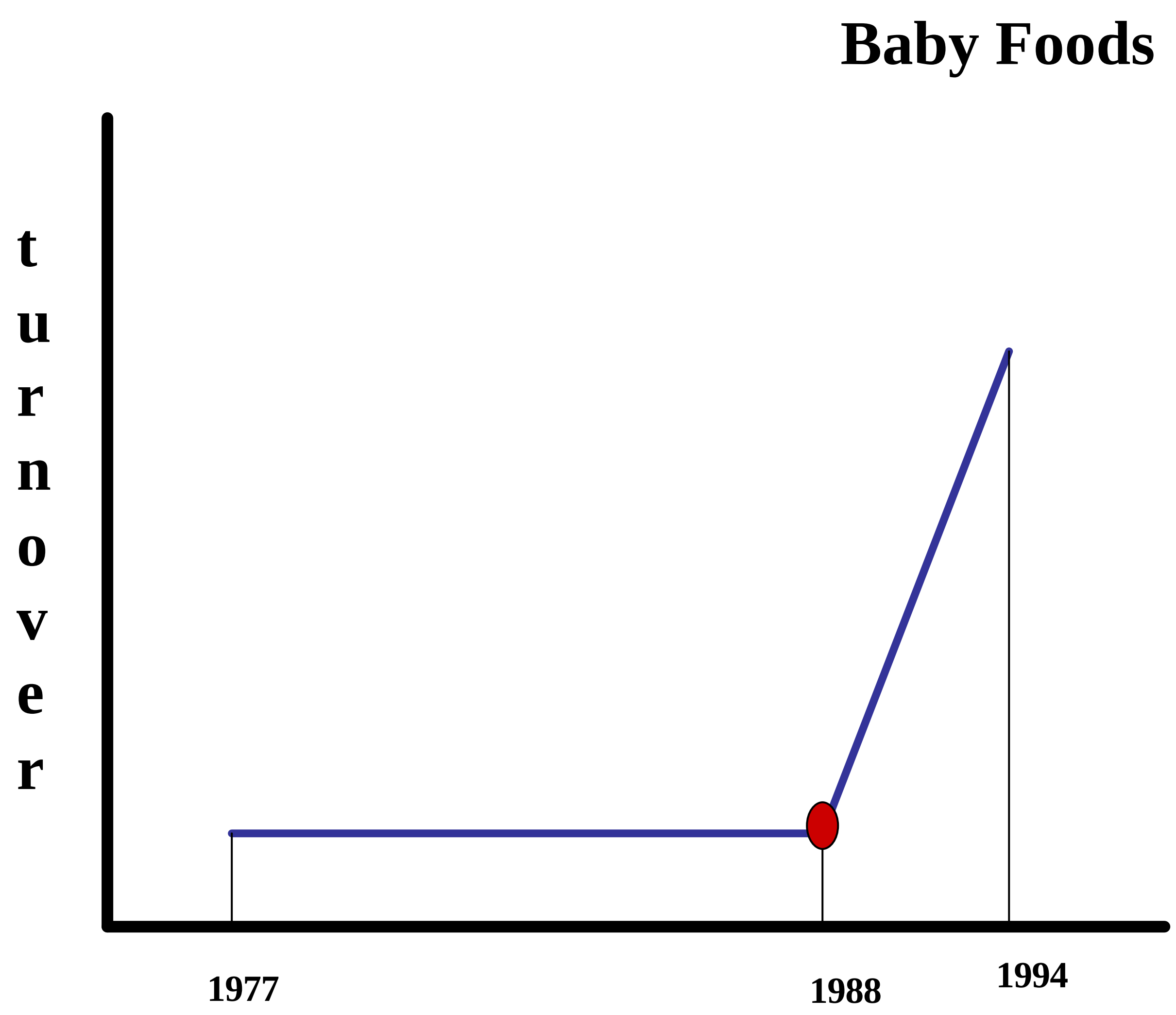
- 1954 Unión Vinícola Industrial S.A. is converted into Unión Industrial y Agroganadera S.A. (UNIASA)
- 1958 Uniasa opens 1st Factory for Milk and Dairy Products
- 1975 Uniasa opens 2nd Factory to substitute the first
- 1976 Uniasa buys 50% of EDDA
- 1982 Uniasa buys 100% of EDDA
- 1987-89 Uniasa buys the dairies:

  La Merced (Jerez), Colema (Málaga), Cunia (Sevilla) and Ledesa (Salamanca)
- 1990 Uniasa builds plant in Montouban (France)
- 1992 Uniasa changes its name to Puleva S.A.
- 1992 Builds new baby food factory
- 1992 Strategic change of focus. Functional milks
- 1994 Puleva SA goes into receivership

HISTORY-2

- 1994 Sale of tangible and intangible assets of the Baby Foods Divison and the R+D Dept. to Abbott Lab (USA)
- 1995 Industrial Restructuring. Closing of Plants
- 1996 Labour force adjustment plan (redundancies)
- 1996 Lifting of receivership
- 1996 Creation of new R+D Dept. and recovery of key employees
- 1999 Puleva acquires Lactaria Española and Leyma
- 2000 Puleva buys 80% of Granja Castelló
- 2000 Puleva merges with Azucarera Ebro Agrícolas
- 2000 New company created: Puleva Food S.L., subsidiary of Ebro-Puleva.
- 2001 Puleva Food S.L. merges with Leyma, Lactaria Española and Granja Castelló
- 2001 Spin-off of R+D section. Creation of Puleva Biotech

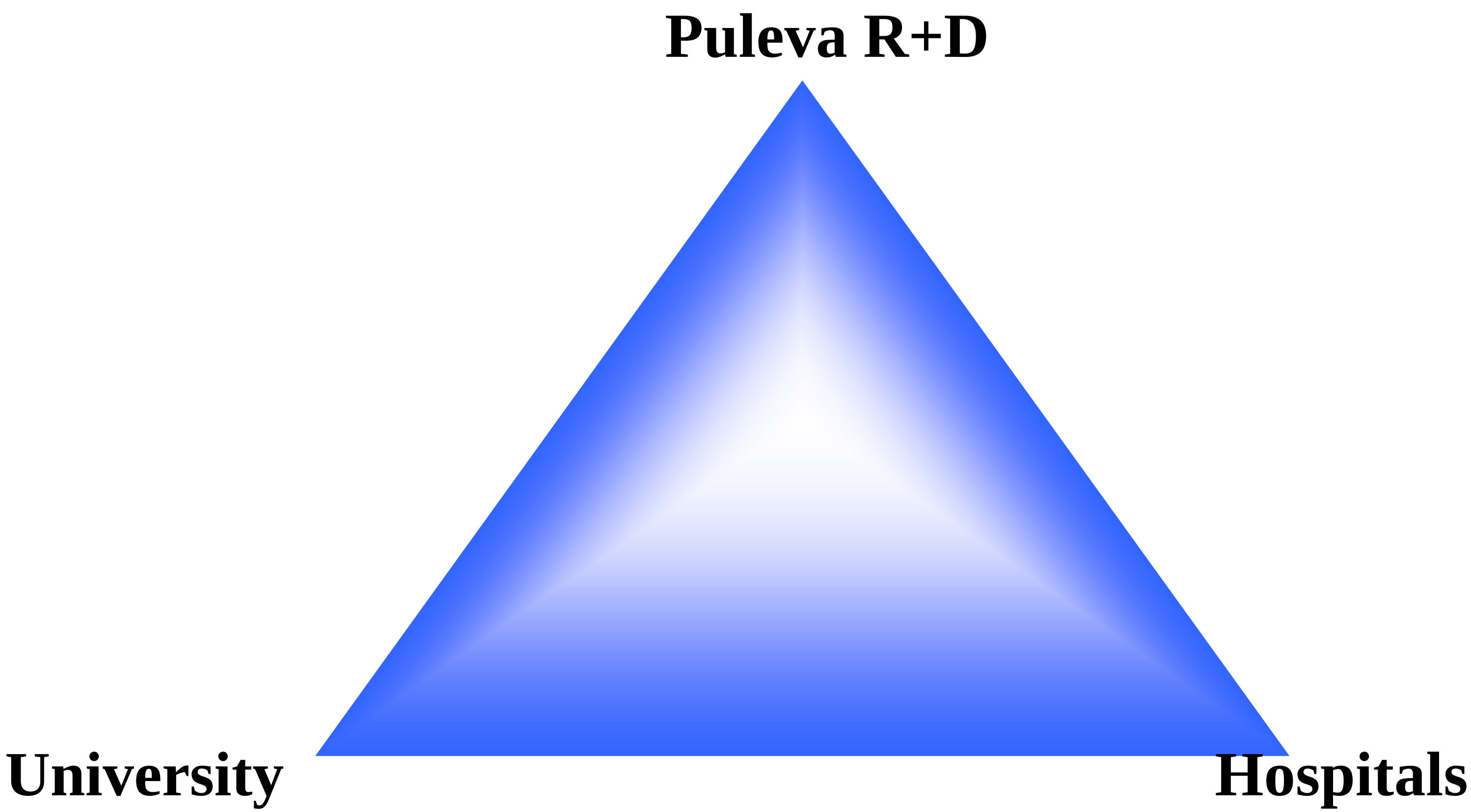
The driving force behind strategic change



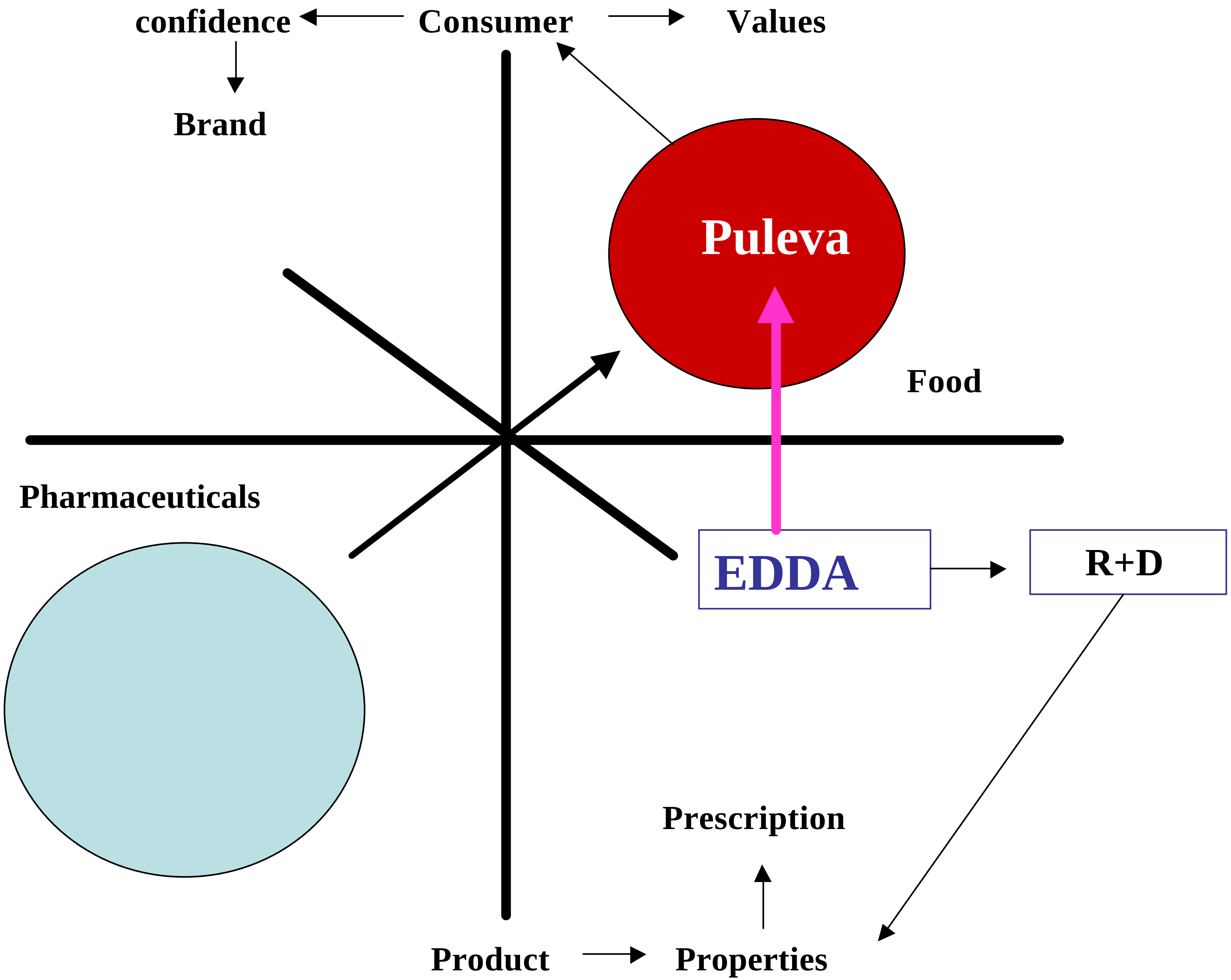
Process of change

- The state of imitation
- Search for distinction
- Activation of R+D System
- Scientific Knowledge Management
- Creation of Knowledge (Patents)
- Strategic Approach. Groups
- The variables of Competition
- Innovation Process

The research triangle



Strategic Positioning



The Dairy Sector

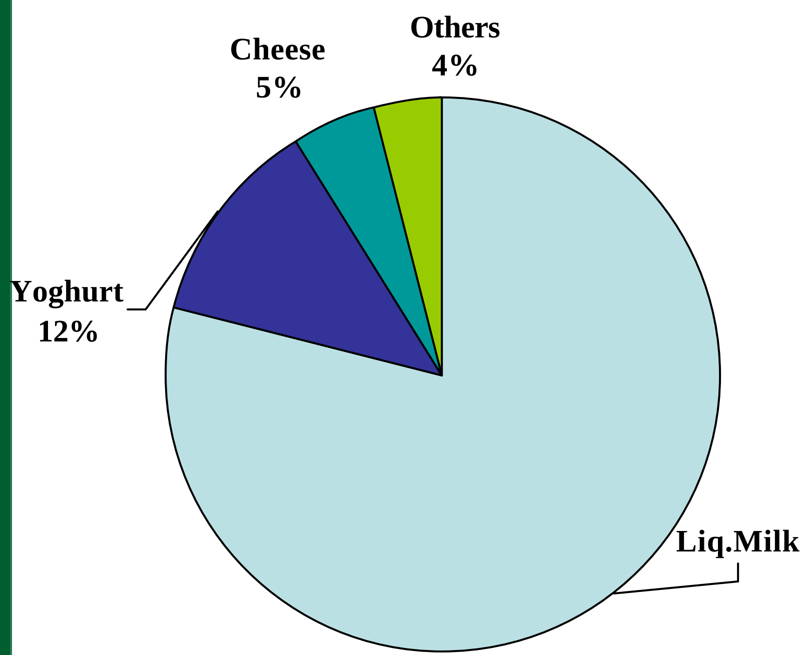
Sector Traits

- Mature sector
- Milk production represents 5% of the European total
- Regulated raw material. Quota system. Deficit
- Balance between real production and consumption
- Geared towards liquid milk and little towards dairy products. Not distinguished
- Small companies in comparison with rest of Europe, despite the concentration process begun (Puleva, CAPSA)
- Excess of industrial capacity
- Heavy presence of dealers' brands
- Minimum investment in R+D
- Significant presence of international enterprises

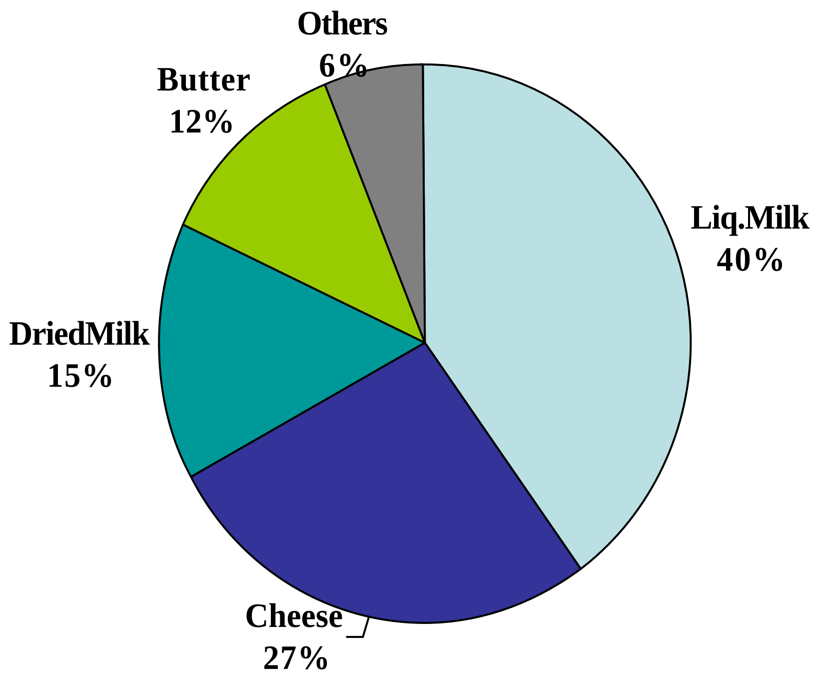
Countries	% Production
Germany	23%
France	20%
United Kingdom	12%
Netherlands	9.3%
Italy	9.2%
Sweden/Denmark	6.8%
Spain	4.8%
Ireland	4.5%

Dairy Sector. Product Portfolio

Spain



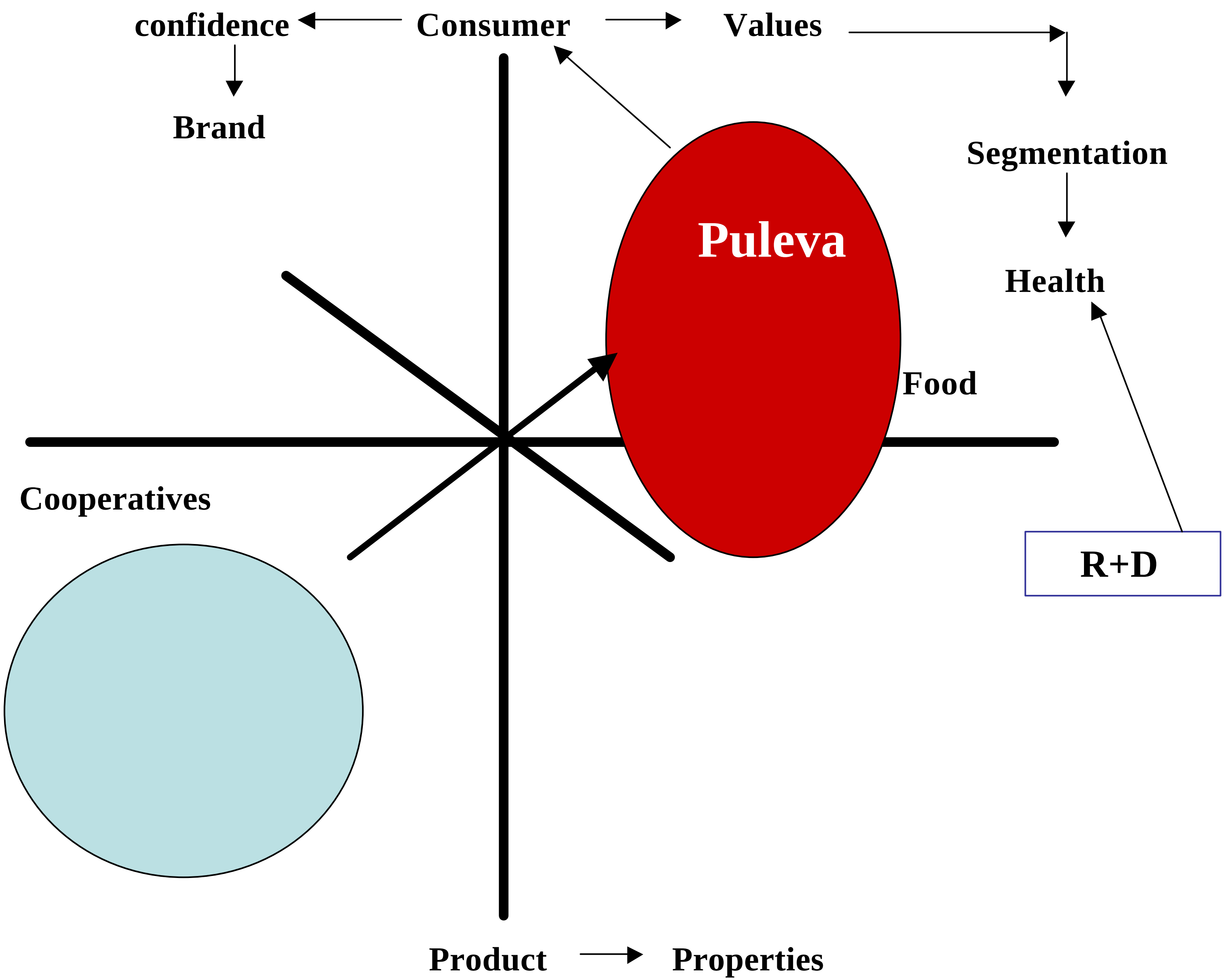
Europe



HOW TO GROW ?

IN A MATURE SECTOR

Strategic Positioning



Strategic equation

Food ⇄ Health

Food

+

Function

A+D, Calcium, Omega…

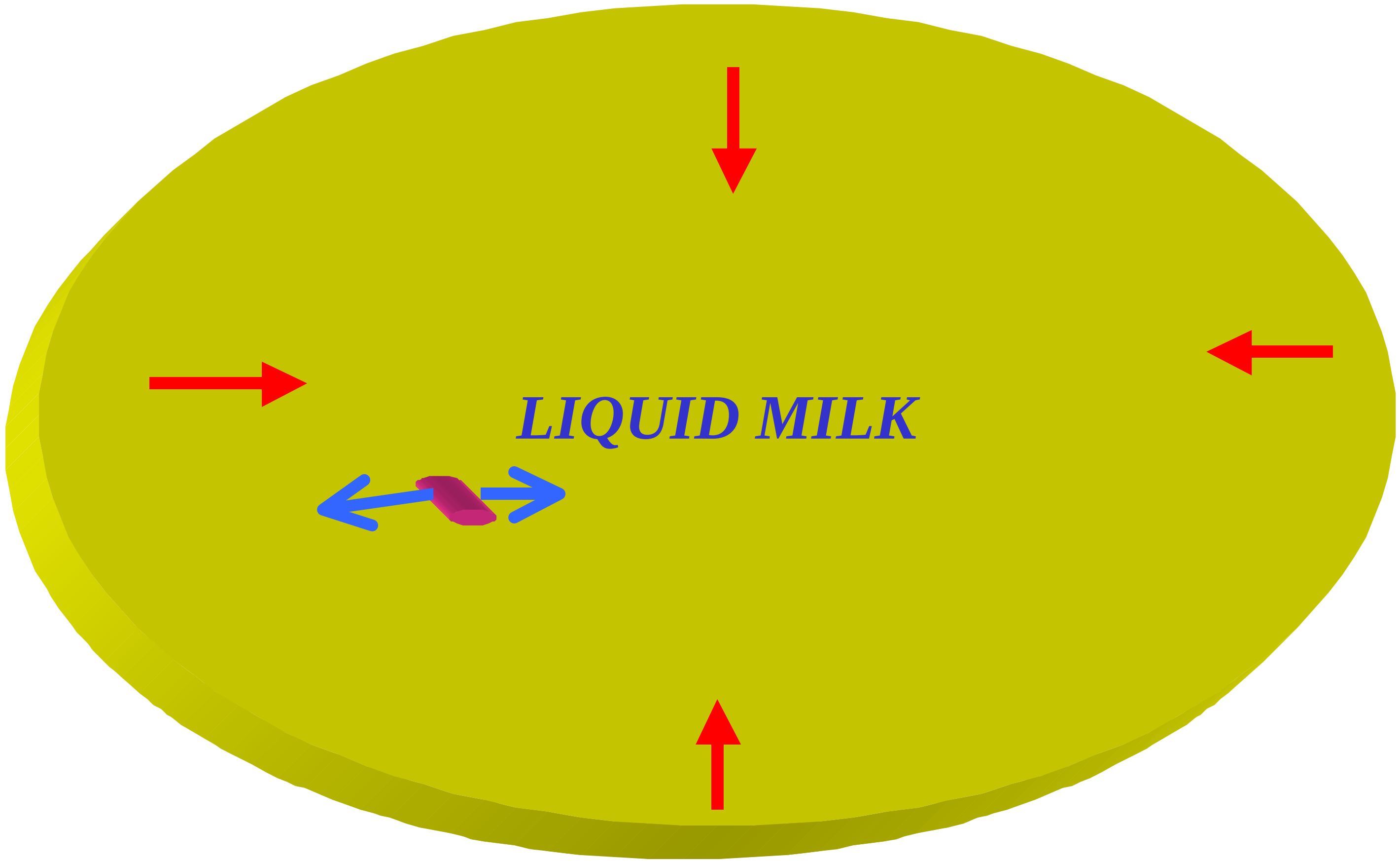
Creation of value

Company

Consumer

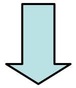
PRODUCT STRATEGY

Inoculate the market

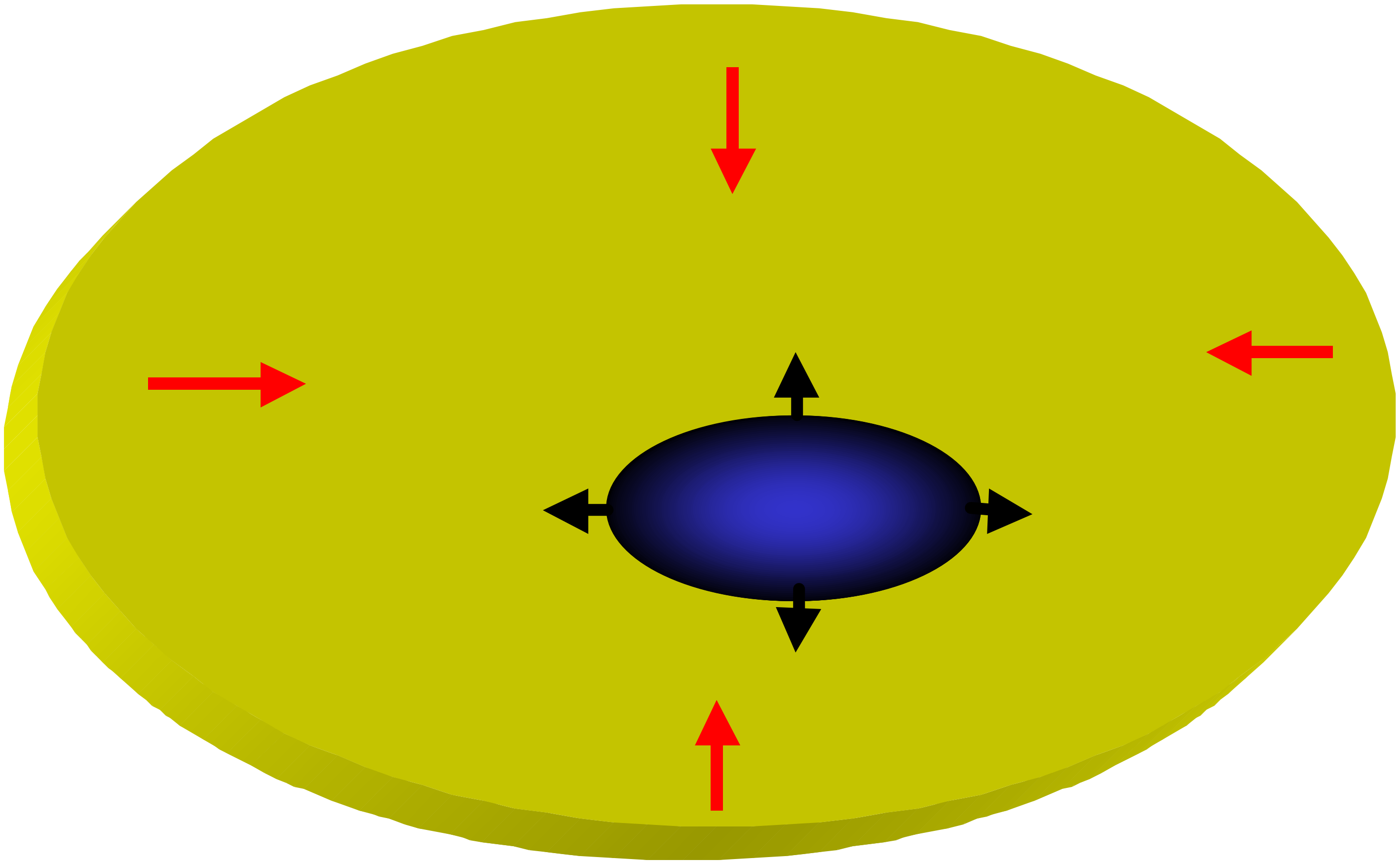


PRODUCT STRATEGY

Development of new segment

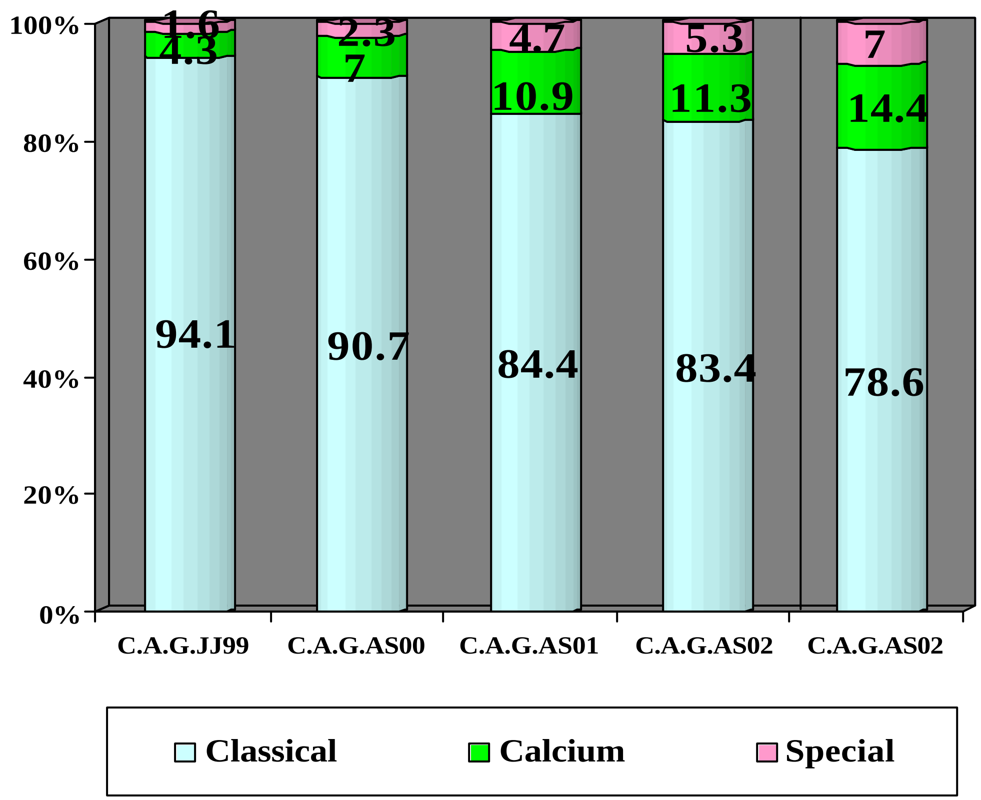


Change of competition variables



Market of liquid milk

Share in litres **in value**

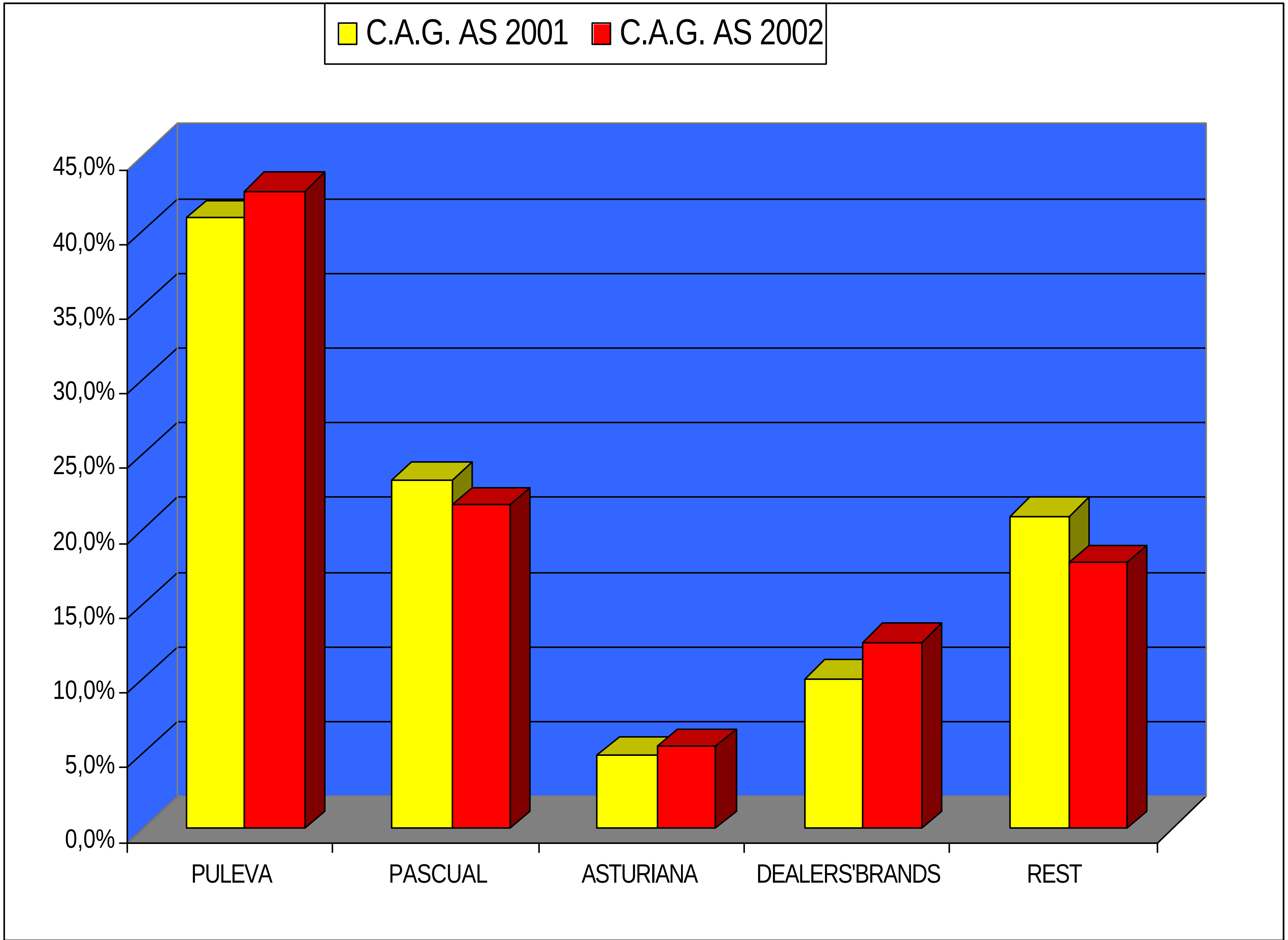


Source: Nielsen Retailers Panel

(added vitamin milks included in special. account for 1.8 points)

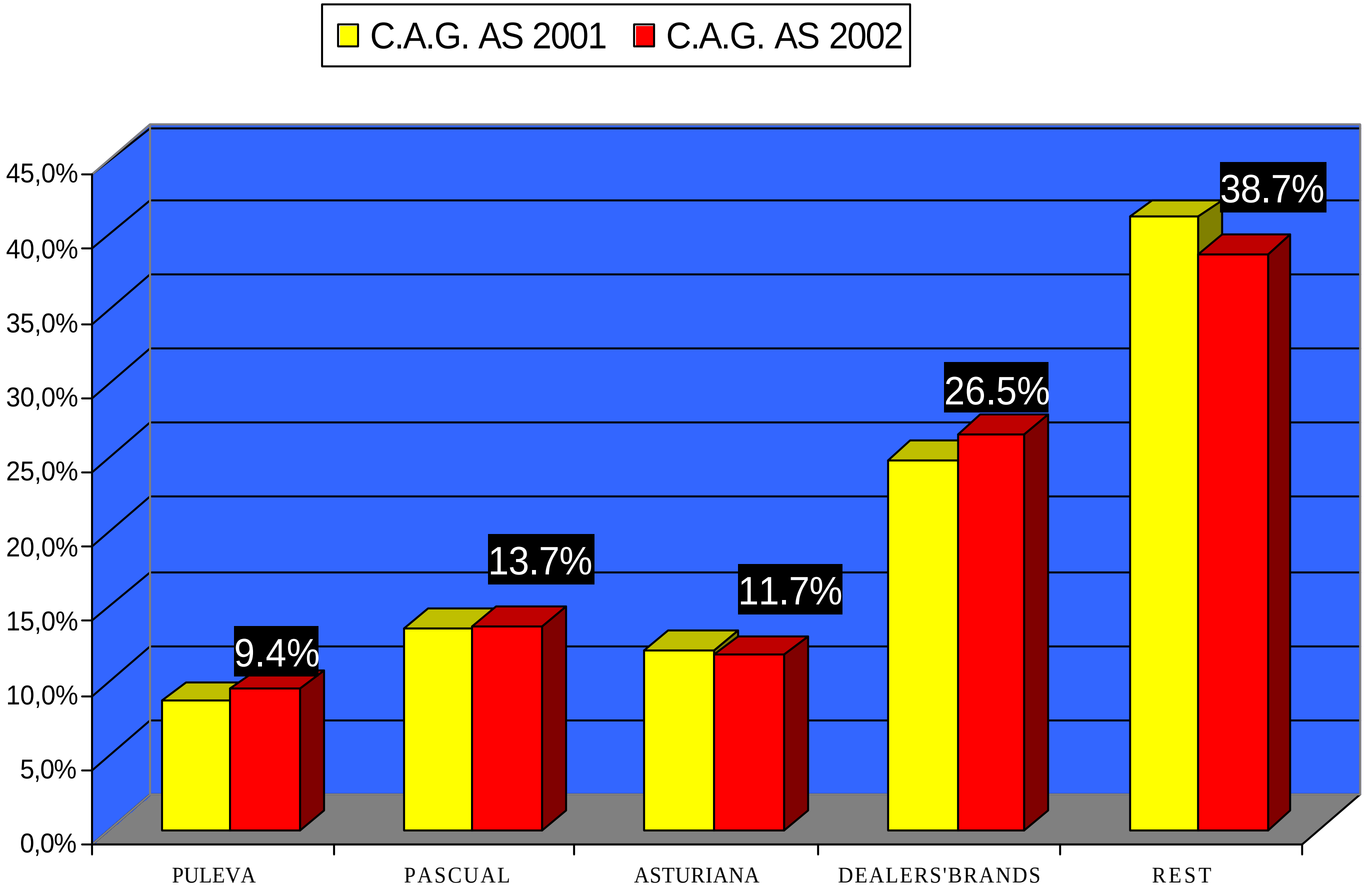
High-calcium and special milks is the segment of growth promoted by Puleva

Shares in functional milks



% TOTAL MARKET LIQUID MILK

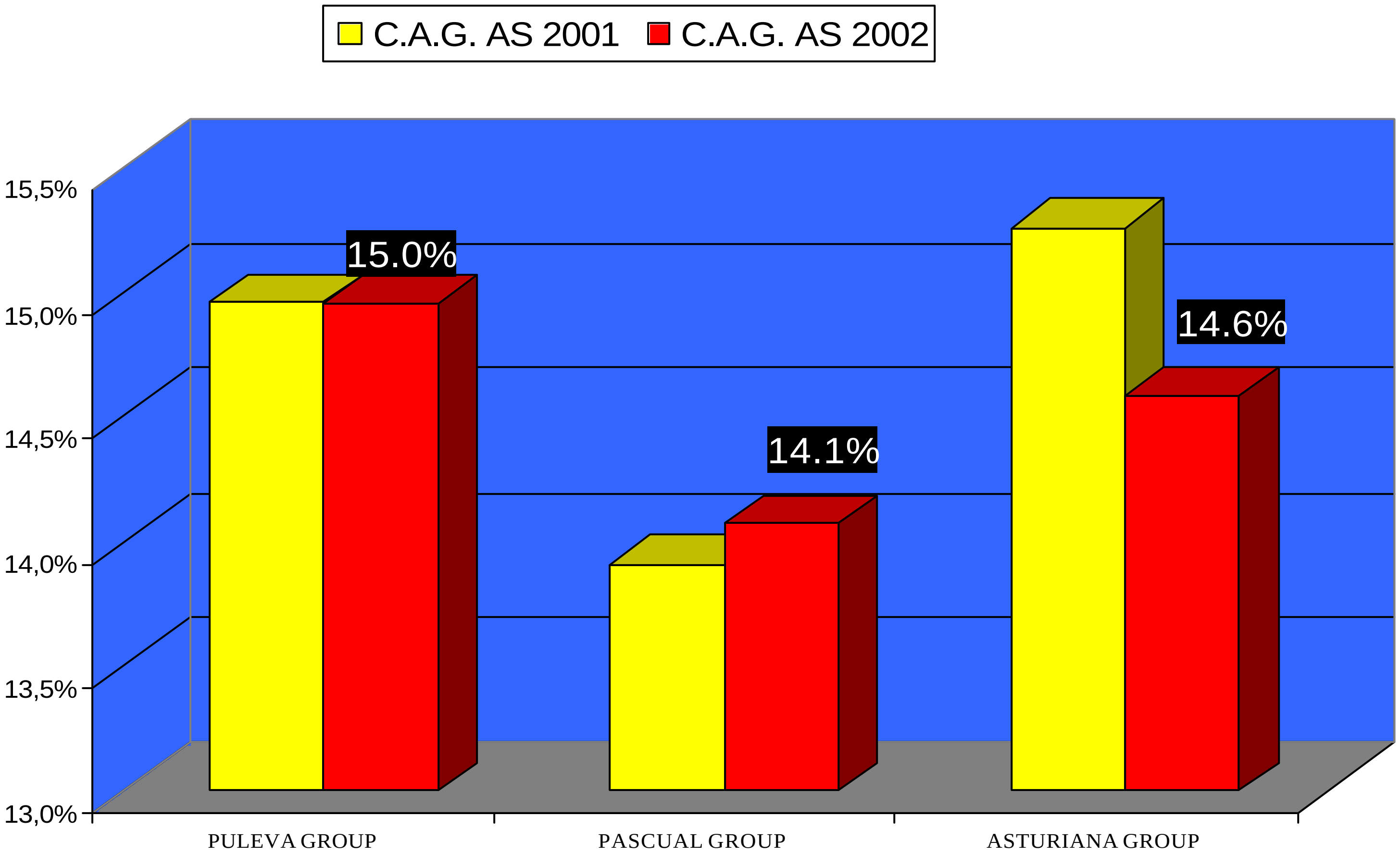
BRANDS



Source: Nielsen

% TOTAL MARKET LIQUID MILK

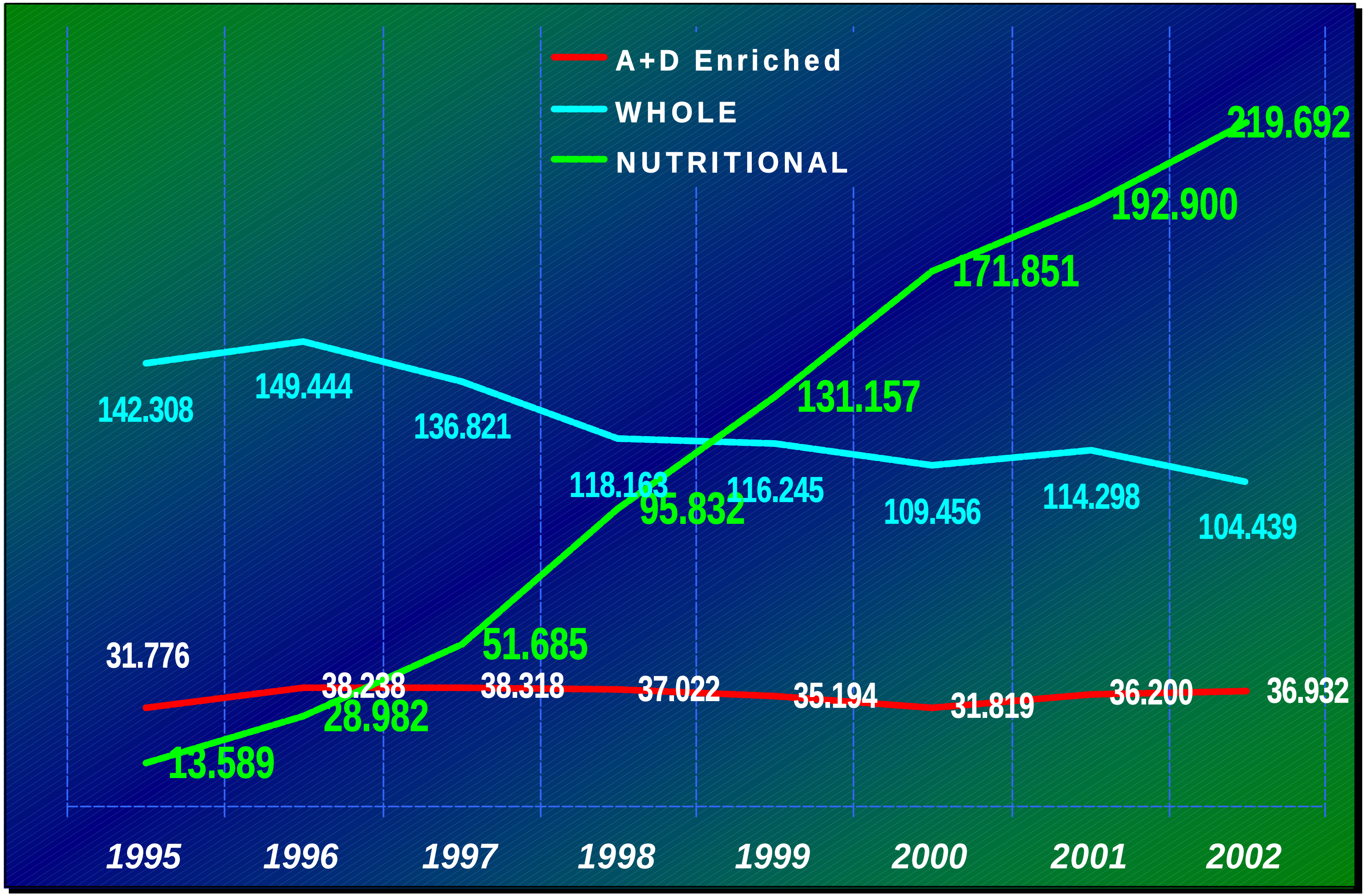
GROUPS



Source: Nielsen

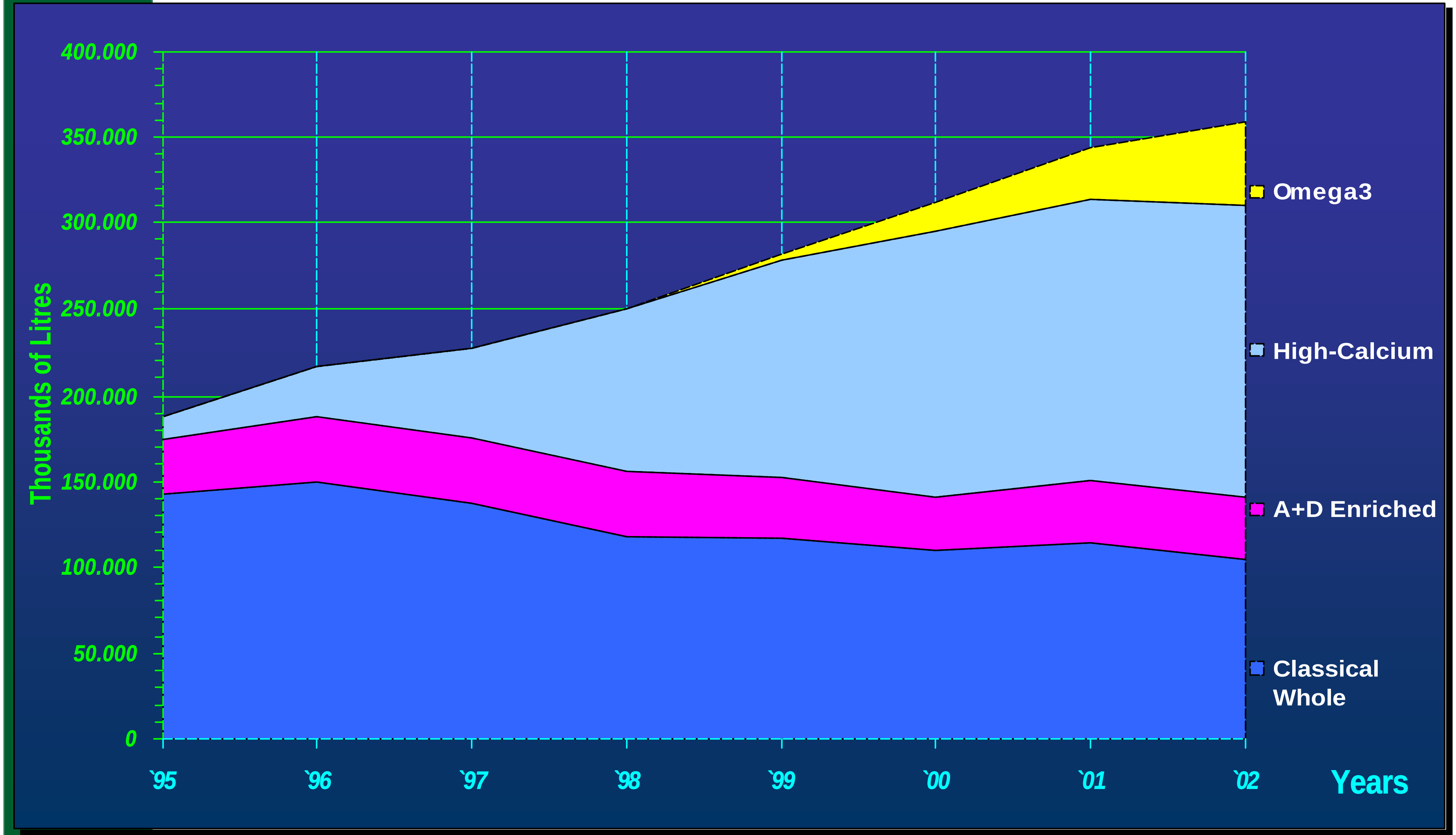
LONG-LIFE MILK

EVOLUTION OF SALES BY AREAS 1995 - 2002 Volume in Thous. of Litres (000)



Source: Own compilation

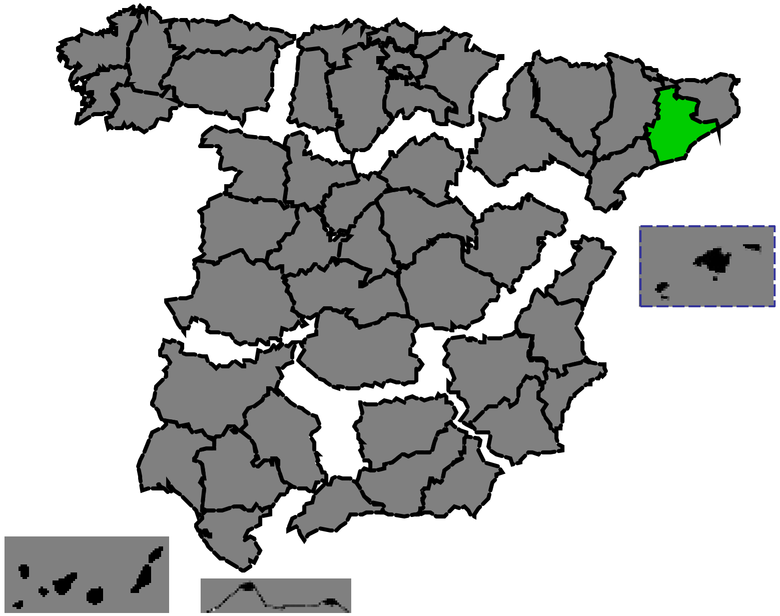
LONG-LIFE MILK

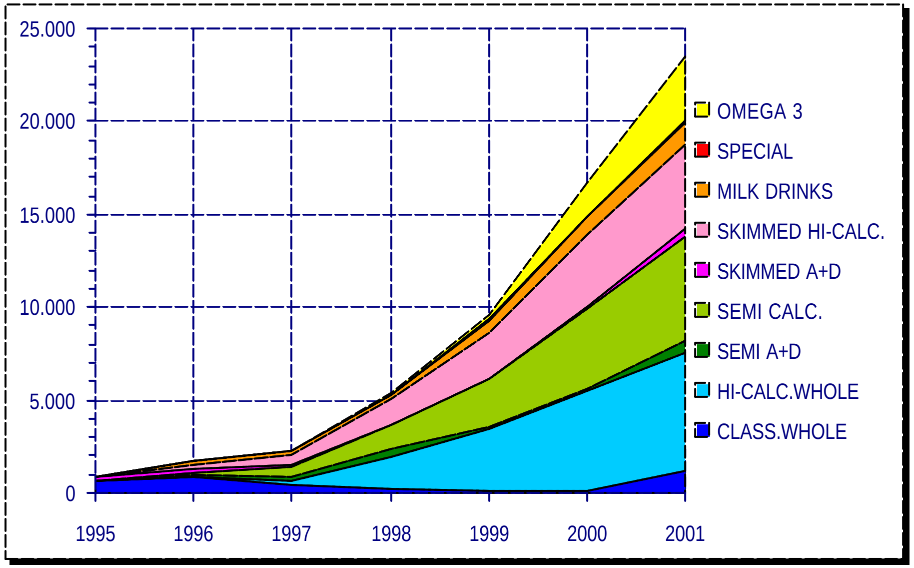


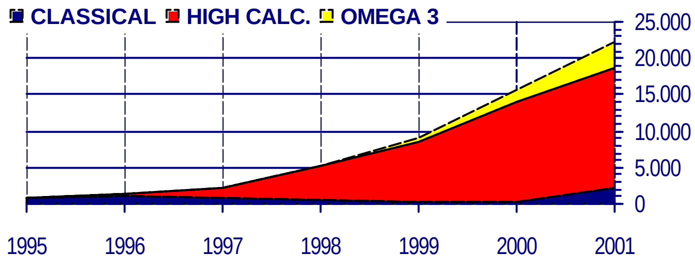
Fuente: Datos Internos

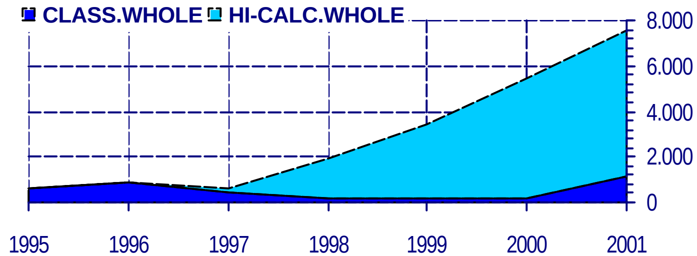
10 M.A. Barcelona

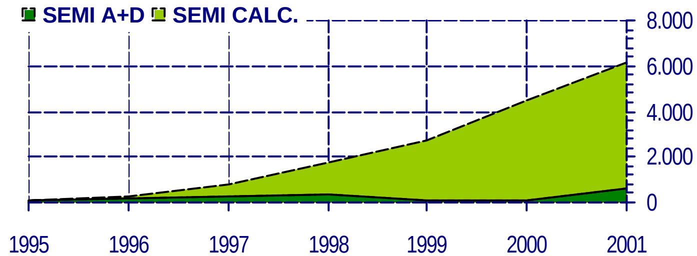
EVOLUTION OF SALES BY AREAS 1995 - 2001 Volume in Thous. of Litres (000)

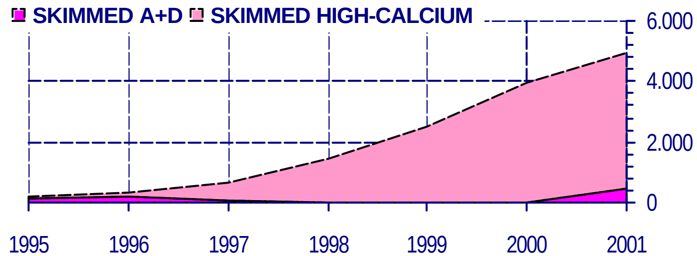








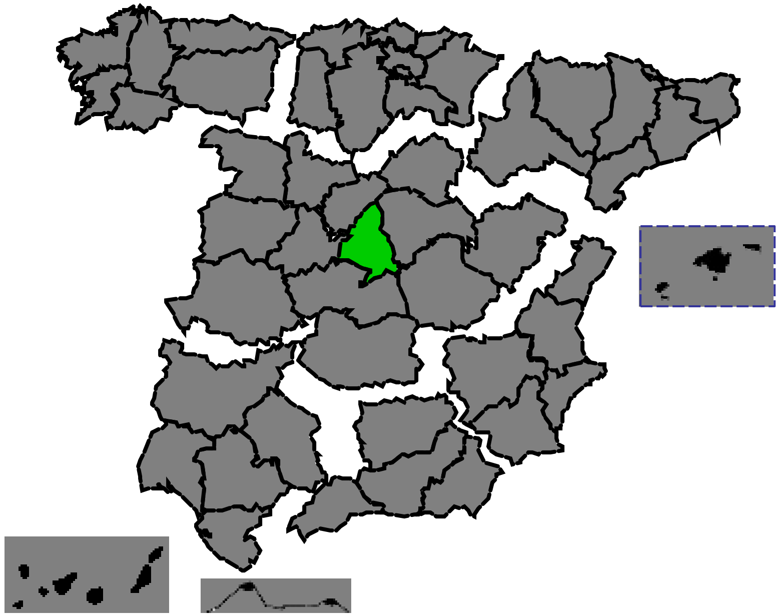


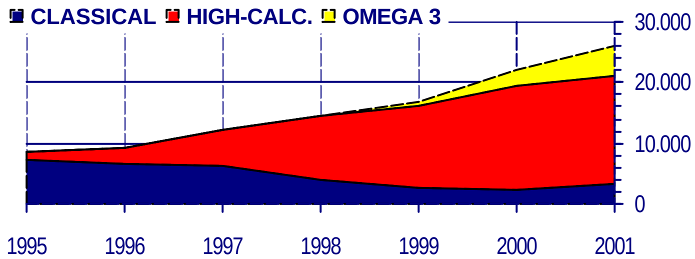


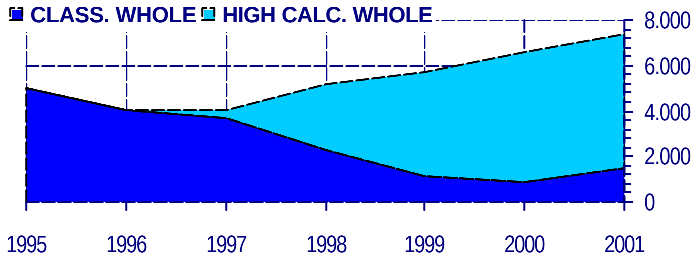
Source: Own Compilation

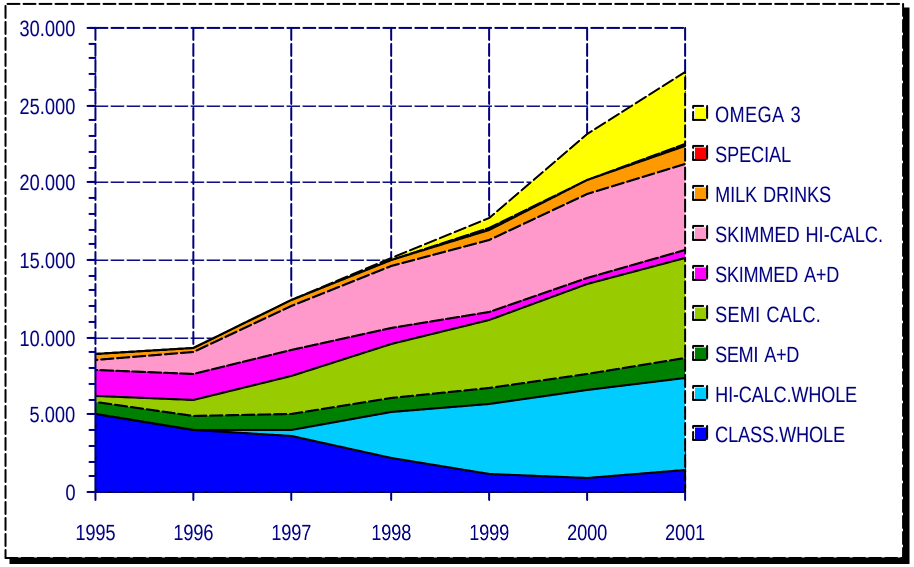
40 M.A. Madrid

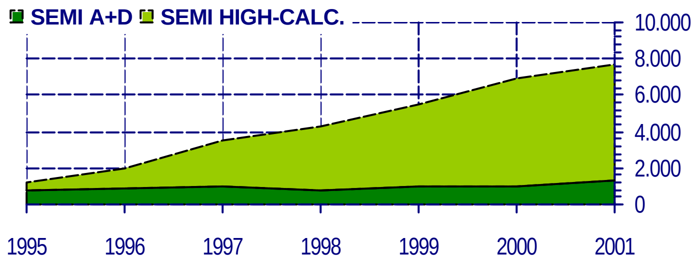
EVOLUTION OF SALES BY AREAS 1995 - 2001 Volume in Thous. of Litres (000)

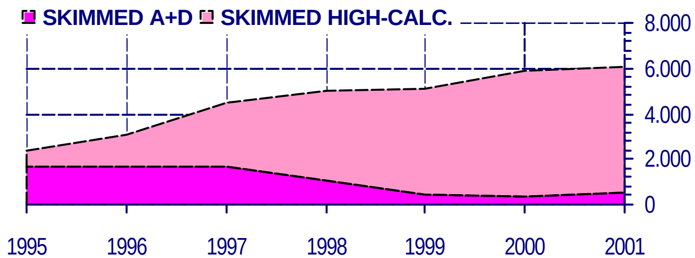












Source: Own compilation

New Challenges. Puleva

A brand focusing on health is an adults' brand

The brand must be worked on to secure its position in the world of children and young people

Pleasure

Milk shakes

Yog-hurt

Milkshake Market. Food

TOT.SPAIN

	C.A.G. AS 2001	C.A.G. AS 2002	AS2001	ON2001	DE2002	FM2002	AM2002	JJ2002	AS2002
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
PULEVA	**17.3%**	**20.0%**	17.5%	19.1%	19.4%	19.4%	21.3%	19.5%	21.1%
RAM	3.4%	2.1%	2.4%	2.8%	2.8%	2.7%	2.4%	1.5%	1.3%
CACAOLAT	10.2%	9.1%	9.4%	10.0%	11.2%	9.7%	8.6%	8.2%	8.1%
PASCUAL	9.1%	8.9%	6.8%	9.5%	10.5%	10.7%	10.1%	7.4%	7.0%
CHOLECK	11.3%	10.3%	12.6%	10.1%	9.7%	10.1%	9.5%	11.2%	10.8%
OKEY	6.2%	5.8%	6.3%	5.8%	6.2%	5.6%	5.5%	5.8%	6.1%
ASTURIANA	5.1%	4.7%	4.9%	4.8%	4.7%	4.7%	4.3%	4.9%	4.7%
EL PRADO	4.6%	4.2%	7.3%	3.1%	1.9%	2.1%	2.9%	6.8%	6.4%
NESQUIK	1.3%	1.4%	1.0%	1.7%	1.6%	1.6%	1.7%	1.2%	1.0%
KAIKU	0.5%	0.7%	0.7%	0.9%	0.9%	0.9%	0.7%	0.6%	0.5%
COVAP	2.5%	1.9%	2.3%	2.5%	2.8%	2.1%	1.7%	1.5%	1.0%
DEALER BR.	22.1%	25.5%	23.6%	23.9%	22.4%	24.6%	26.1%	27.2%	26.9%
REST	6.2%	5.2%	5.2%	5.7%	5.8%	5.7%	5.2%	4.3%	5.1%

PULEVA GP.	21.4%	22.2%	20.1%	22.1%	22.3%	22.2%	23.7%	21.0%	22.4%

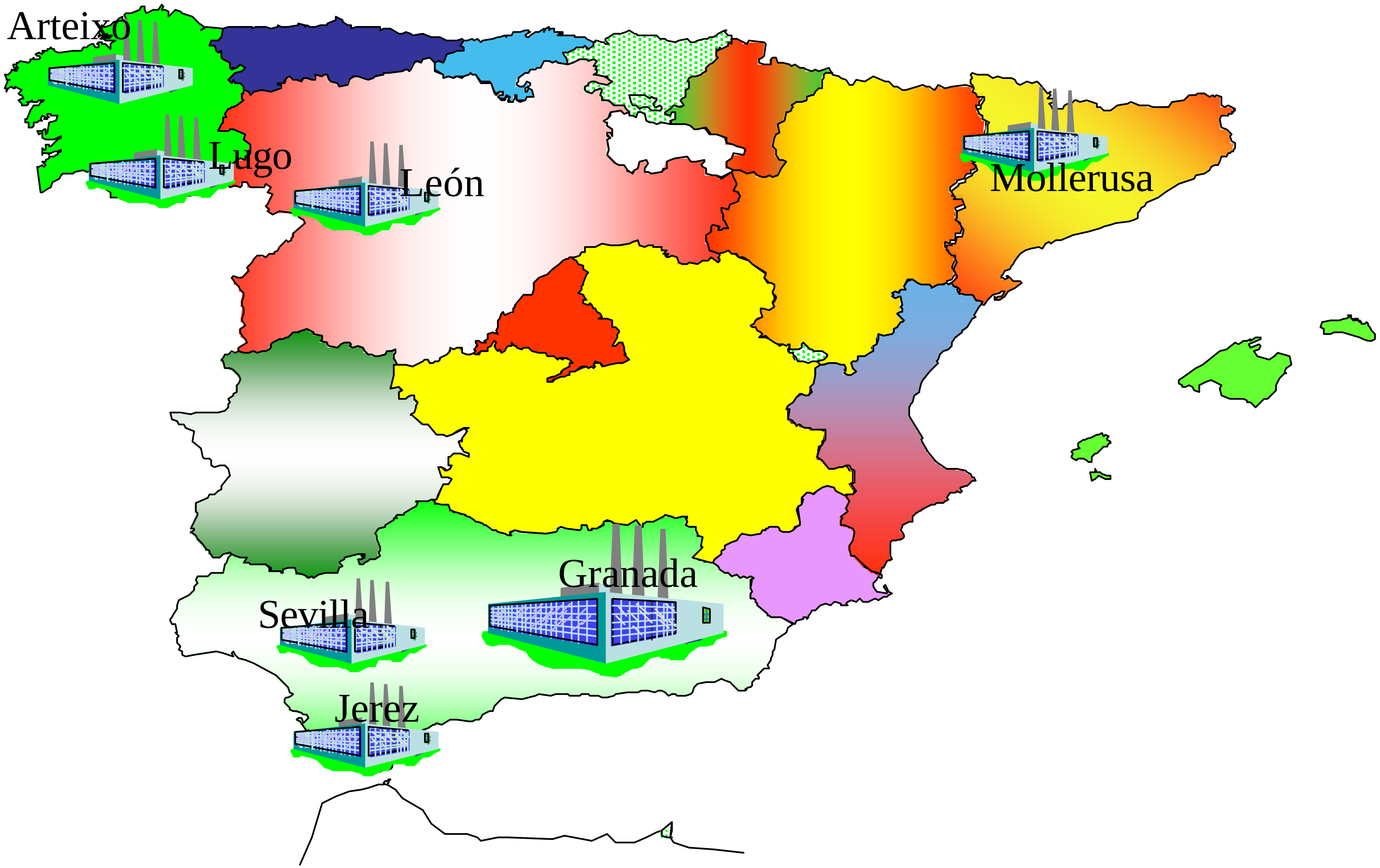
New Challenges. 2

Optimise the other brands: Ram, Castillo, Leyma

- **Regional position of El Castillo in the area of Catalonia and Leyma in Galicia**
- **National position of Ram as second brand**

Optimise the industrial structure

INDUSTRIAL PLANTS



EVOLUTION EARNINGS-EBITDA

	Earnings		EBITDA		% EBITDA
1995	128,773	1.00	2,915	1.00	2.26%
1996	141,586	1.10	11,137	3.82	7.87%
1997	150,746	1.17	15,121	5.19	10.03%
1998	171,457	1.33	16,690	5.73	9.73%
1999	372,844	2.90	29,588	10.15	7.94%
2000	511,936	3.98	34,605	11.87	6.76%
2001	538,355	4.18	42,972	14.74	7.98%
2002	512,349	3.98	48,607	16.68	9.49%

(000 euro)

Analysis of strong points

- Gearing towards consumer
- Leadership in innovation
- Leadership in clinical research
- Referente en el sector.
- Referente tecnológico
- Well-known brand
- Portfolio of brands
- Generator of cash-flow
- Organic growth and growth capacity through acquisitions