

H1 2014



CONTENTS



- 1. Business Units: H1 2014 Results**
 - 1.1 Rice
 - 1.2 Pasta
- 2. Ebro Foods Consolidated H1 2014 Results**
 - 2.1 Profit & Loss Account
 - 2.2 Evolution of Debt
- 3. Conclusion**
- 4. Corporate calendar 2014**
- 5. Disclaimer**



1. Business Units: H1 2014 Results



RICE DIVISION



RICE

- Our commodity market remains stable, with a slight decline in indica rice in Europe due to competition from EBAs and Thailand. The new Thai government wants to put an end to the subsidised price system and sell off the country's enormous surplus with monthly sales of 500,000 tonnes, which will give the market greater stability.
- Sowing increased by 20% in the USA, except in Texas, where 50% of the normal harvest will be reaped again, prolonging the difficult position of ARI, which is the reason why earnings have not increased in the rice division.
- Against this backdrop, our industrial activity has diminished especially in Freeport, although in contrast, and this is important, our brands have improved steadily over the past year in both the USA and Europe and this success is further confirmed with launchings such as Sabroz and Multigrain.
- Riso Scotti, which is not consolidated, has achieved a highly positive performance in a crop year which was complicated for risotto rice. Meanwhile, as a result of the CAP in Romania, the value of its land (8,000 Ha) has significantly increased.
- India has posted a reasonable first year and a larger harvest and lower prices are expected in the next crop year.
- In short, the first half of this year has been good for the entire division except for ARI.



RICE



- Division turnover was slightly down year on year, at EUR 549.8 million.
- Although investment in advertising is expected to be stable for the full year, it dropped by EUR 1.5 million during this period, which is a smaller reduction than the EUR 1.9 million recorded in the first quarter.
- The division EBITDA rose EUR 1 million to EUR 69.3 million, with an adverse foreign exchange effect of EUR 1.4 million.

Thous. EUR	1H12	1H13	1H14	14/13	CAGR 14/12
Sales	546,741	553,761	549,796	-0.7%	0.3%
Advertising	11,421	13,281	11,801	-11.1%	1.6%
EBITDA	76,600	68,273	69,247	1.4%	-4.9%
EBITDA Margin	14.0%	12.3%	12.6%		
EBIT	62,913	55,050	55,858	1.5%	-5.8%
Operating Profit	61,809	53,056	54,515	2.7%	-6.1%
ROCE	18.8	16.9	14.8		



PASTA DIVISION



PASTA

- o There are clear differences this year between Europe and USA.
- o In North America, the first half of the year has been very difficult due to:
 1. A very cold winter, causing logistical problems and an increase in raw material prices, which also led to industrial problems since we were forced to either produce at less suitable plants or outsource production from third parties.
 2. Very strong promotion campaigns by our main competitors.
- o All this has dented our profit margins in North America as we endeavored to protect our market share. We have managed to keep that share, although we have had to devote far more attention to promotion (a marketing variable) at the expense of advertising.
- o In Olivieri we are in the full swing of restructuring the business, in which prospects are excellent although it will take some time to apply the technologies and marketing of our European products. The organisation had suffered greatly in recent years and we have had to replace its entire structure.
- o In Europe, the first half of the year has been good, with stable raw material prices. This stability was only rocked in July, when prices rose 25% due to the poor harvest in France and the logistic problems in North America. We believe things will calm down again if the North American harvest, commencing September, is good.
- o We can also observe year-on-year growth in the volume of our brand sales, albeit with a less favorable product mix in Europe.
- o The launchings of "Gluten Free", "150 Cal" and pasta for baking are going very well, as our new fresh products and sauces in Europe.



PASTA

- The division turnover rose 4% to EUR 460 million in the first half of the year, to which Olivieri contributed CAD 34.1 million.
- Investment in advertising dropped by EUR 2.6 million to EUR 25.7 million.
- The division EBITDA held steady at EUR 66 million, despite an adverse foreign exchange effect of EUR 1.1 million.
- ROCE remained high at around 25%.

Thous. EUR	1H12	1H13	1H14	14/13	CAGR 14/12
Sales	453,496	442,886	460,376	3.9%	0.8%
Advertising	24,466	28,334	25,761	-9.1%	2.6%
EBITDA	63,018	66,375	66,068	-0.5%	2.4%
EBITDA Margin	13.9%	15.0%	14.4%		
EBIT	50,619	53,299	51,564	-3.3%	0.9%
Operating Profit	48,136	52,584	51,974	-1.2%	3.9%
ROCE	23.1	25.7	24.7		



2. Ebro Foods Consolidated 1H 2014 Results



2.1 PROFIT & LOSS ACCOUNT

- Group turnover rose 1.3% year on year to EUR 986.6 million.
- As a result of the change in strategy in our North American pasta business and a certain lag in the rice advertising calendar, our investment in advertising has fallen by EUR 3.8 million to EUR 37.9 million.
- EBITDA held steady at EUR 130.8 million, despite the adverse foreign exchange effect of EUR 2.5 million and ARI.
- Operating profit dropped 6.5% to EUR 100.9 million, mainly due to the absence of extraordinary gains, such as the “Reversal of the provision for Azucarera litigations” in a sum of EUR 7.2 million last year.
- Pre-tax profit was up 4.4% year on year to EUR 111.9 million and included the financial income generated on shedding the group’s entire investment in Deoleo.
- Net profit on continuing operations rose 5.8% to EUR 75.5 million, while net profit was up 2.1% to EUR 72.5 million.

Thous. EUR	1H12	1H13	1H14	14/13	CAGR 14/12
Sales	982,264	973,645	986,568	1.3%	0.2%
Advertising	36,326	41,775	37,902	-9.3%	2.1%
EBITDA	134,535	130,596	130,805	0.2%	-1.4%
EBITDA Margin	13.7%	13.4%	13.3%		
EBIT	107,739	103,638	102,375	-1.2%	-2.5%
Operating Profit	103,086	107,951	100,918	-6.5%	-1.1%
Profit before Tax	102,093	107,153	111,873	4.4%	4.7%
Net Profit continuing operations	68,640	71,371	75,533	5.8%	4.9%
Net Profit	67,274	70,999	72,460	2.1%	3.8%
ROCE	20.05	18.7	17.5		



2.2 EVOLUTION OF DEBT

- During the past quarter we signed an agreement to purchase 52% of Pastificio Lucio Garofalo for EUR 62.5 million.
- Our net debt now stands at EUR 430.5 million, some EUR 92.2 million more than at year-end 2013, accounted for mainly by the purchase of Garofalo and consolidation of its balance sheet.
- Our debt is still at a very comfortable level, enabling us to continue pursuing our strategy of geographical and product consolidation.

Thous EUR	30 Jun 12	31 Dec 12	30 Jun 13	31 Dec 13	30 Jun 14	14/13	CAGR 14/12
Net Debt	360,350	244,804	324,230	338,291	430,498	32.8%	9.3%
Average Debt	292,761	294,114	292,761	260,820	294,385	0.6%	0.3%
Equity	1,625,524	1,692,209	1,664,530	1,705,757	1,697,847	2.0%	2.2%
Leverage ND	22.2%	14.5%	19.5%	14.5%	25.4%	30.2%	6.9%
Leverage AD	18.0%	17.4%	17.6%	17.4%	17.3%	-1.4%	-1.9%
x Ebitda (ND)		0.82		1.20			
x Ebitda (AD)		0.98		0.92			



3. CONCLUSION



CONCLUSION

- During the past quarter we concluded the purchase of a majority stake in Pastificio Lucio Garofalo, an Italian company owning, among others, the brands Garofalo, Santa Lucia and Russo de Cicciano, with which it has a strong market position in the premium segment of the dry pasta markets in Italy and other countries. The company's gross turnover was EUR 134 million in 2013, having achieved a remarkable growth from EUR 30 million in 2002, a trend we intend to continue.
- The external factors that afflicted our rice division in 2013 have not entirely disappeared (e.g. drought in Texas and profitability of basmati), but the performance of our brands has been good and our new products are proving very successful.
- In the pasta division, where we are in the process of consolidating the latest acquisition of Olivieri and commencing the consolidation of Garofalo, there is some instability, hopefully temporary, in commodity prices and more aggressive competition with increased sales volumes on promotion.
- The company's organic growth strategy requires a certain level of investment, for which we have to employ part of our earnings. Consequently, the group's profit levels do not yet reflect the positive results we will achieve in the future, but they are exciting projects with shorter returns than inorganic investment.



CORPORATE CALENDAR

Ebro maintains its commitment to transparency and reporting during 2014 and, accordingly, we announce our Corporate Calendar for the year :

26 February	Presentation 2013 full year results
2 April	Four-monthly payment of ordinary dividend (0.125 EUR/share)
29 April	Presentation Q1 results
2 July	Four-monthly payment of ordinary dividend (0.125 EUR/share)
30 July	Presentation H1 results
2 October	Four-monthly payment of ordinary dividend (0.125 EUR/share)
30 October	Presentation Q3 results and outlook FY2014
22 December	Payment of ordinary dividend (0.125 EUR/share)



Disclaimer

- o 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.
- o All the figures set out in this report are calculated according to the International Accounting Standards (IAS).
- o This presentation includes forward-looking statements which represent expectations and beliefs concerning future events that involve risks and uncertainties which could cause actual results to differ materially from those currently anticipated.
- o Analysts and investors should not rely exclusively on these estimates, which are valid only at the date of this presentation. Ebro Foods does not undertake any obligation to update or supplement any forward-looking information as a result of new information, future events or circumstances occurring after the date of this presentation, including, though by no means limited to, changes in the Ebro Foods 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).
- o The main risks and uncertainties affecting the Group activities are described in Note 28 of the Consolidated Annual Accounts as at 31 December 2013 and the corresponding Directors' Report, which are available on our web site www.ebrofoods.es. In our opinion there have been no material changes during the year. The Group is exposed to a certain extent to the situation on commodity 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.

