

EBRO FOODS



9M11 & Outlook 2011

Ebro



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Introduction

Introduction

- The 3Q2011 results are an improvement for Ebro over its 1H results despite the continuing adverse environment in raw materials and competition. The growth of EBITDA was 27.4% quarter on quarter, contrasting with the 1.7% recorded in the same period of 2010, proving that the situation in 2Q2011 was temporary.
- We expect our earnings to continue growing in the fourth quarter, once the price rises become effective and the level of promotions is adjusted.
- During this quarter, we concluded the purchase of the Deoleo ("SOS") rice division. The Spanish Antitrust Authority –CNC- made its approval conditional on licensing or sale of the Nomen brand; we will begin the necessary process immediately.
- Through the purchase of SOS we incorporate the American business ARI in our group, with brands such as Abu Bint, Blue Ribbon and Adolphus. At the same time, we incorporate the brands Lassie in the Netherlands, Saludaes in Portugal and SOS in Spain, which will be fully consolidated in 4Q2011, when they will contribute approximately 6 MEUR to our EBITDA.
- The incorporation of these new brands in our group will strengthen our presence in the USA and Spain with market shares of 27% and 28%, respectively, in volume, while at the same time we will gain a strong foothold in new markets such as the Netherlands (28% market share) and the Middle East.



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*Business Units: 9M11 Results
and Outlook 2011*



RICE



Rice

- Our rice division improved considerably in the third quarter with a good year-on-year growth in both sales and EBITDA, even stripping out the positive effect of consolidating two months of the American SOS (ARI) business, which contributed almost 2 MEUR to EBITDA.
- This improvement has been achieved mainly thanks to the outstanding performance of Herba, which continues demonstrating its strength and stability with very solid sales figures and EBITDA, obtained through its excellent management of the business, raw material supplies and commercial policies. Herba has posted a year-on-year growth of 13.4% in EBITDA.
- The performance of our American businesses was also satisfactory during the period, with a year-on-year EBITDA growth of 1% in dollars in spite of the adverse effects that still hamper results, caused by the continued delays in the packaging and palletizing machinery at the Memphis plant, the low yield per tonne of rice from the poor 10/11 harvest and the numerous offers and promotions made during the first nine months of the year.
- The American subsidiary of SOS ("ARI") not only gives us a chance to strengthen our position in the USA, but also opens the doors to an interesting market in Saudi Arabia.
- During 9M2011 our market shares increased in Europe and held steady in the USA, in a difficult environment. The increases in market shares in microwave and aromatic rices are particularly noteworthy.
- The new harvests in the USA are smaller but good quality. In Spain we expect optimum harvests and on the world market, India has lifted the barriers to exports, which will help to offset the upward pressure on prices in Thailand. The rice market is stable, with a gentle upward trend.



Rice

9M 2011

- Sales grew by 8.6% year on year, which would be 12% stripping out the exchange rate effect.
- The division EBITDA rose 5.4% to 92.5 MEUR. At constant exchange rates and excluding new businesses, the EBITDA was up 4.8 MEUR.
- Operating profit grew by 2%.

Thous EUR	9M09	9M10	9M11	11/10	CAGR 11/09
Sales	654,925	602,055	653,582	8.6%	-0.1%
Advertising	21,166	20,699	16,612	-19.7%	-11.4%
EBITDA	85,600	87,779	92,532	5.4%	4.0%
EBITDA Margin	13.1%	14.6%	14.2%	-2.9%	4.1%
EBIT	69,901	70,488	76,653	8.7%	4.7%
Operating profit	63,190	73,185	74,598	1.9%	8.7%
ROCE	19.4	19.9	19.5	-2.0%	0.3%



Rice

Rice Outlook 2011

- According to estimated year-end figures, Sales will grow by around 15% to 929.3 MEUR, with the effect of incorporating SOS.
- The 6.8% growth in EBITDA at year-end 2011 has been estimated considering an estimated negative contribution of 3.6 MEUR due to the evolution of the currency (exchange rate 1.4013).
- Growth of the order of 7% is estimated in Operating Profit for year-end 2011.

Thous EUR	2009	2010	E2011	E11/10 CAGR	E11/09
Sales	836,147	811,337	929,309	14.5%	5.4%
Advertising	24,175	23,648	20,103	-15.0%	-8.8%
EBITDA	118,561	123,263	131,669	6.8%	5.4%
EBITDA Margin	14.2%	15.2%	14.2%	-6.7%	0.0%
EBIT	97,575	99,019	109,116	10.2%	5.7%
Operating profit	82,157	103,024	110,020	6.8%	15.7%
ROCE	19.7	19.6	NA	NA	NA



PASTA

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Pasta

- o During the first nine months of 2011, durum wheat prices rose to 320/330 EUR/tonne in Europe and even higher in North America. This forced us to raise our prices three times, in the USA, in December, June and August, by a total of 22 cents per pound. In Europe we put them up by 16 euro cents per kg in two stages.
- o The market difficulties encountered as a result of the price rises forced us to make an additional effort in the first half of the year with promotions to avoid losing our leadership (24.5% market share) on this highly competitive market.
- o The remedial actions implemented to offset the raw material price hike will become fully effective in 4Q2011 and although they may temporarily affect our market shares, they will help to strengthen the year-end EBITDA in NWP.
- o Panzani remains very strong and is growing despite the high raw material prices, thanks to the success of its product portfolio. We are implementing a 36 MEUR (2011-2014) investment plan in our fresh pasta factories with a view to meeting the strong demand for the new launchings.
- o We have found it difficult to pass the higher prices on to distributors in Germany, this situation coinciding with the necessary restructuring of Birkel. Production is being adjusted to the part of the business that is profitable and strategic for the group, the Birkel and 3 Glocken brands, and we have sold to management the plant used mainly for the MDD business. This restructuring has required an investment of 8.5 MEUR in 2011.



9M 2011

- 9M2011 sales totalled 683.4 MEUR, up 2.1% year on year. Stripping out the exchange rate effect, the growth would have been 5%.
- The division EBITDA has been affected by the competitive environment in the USA, the negative contribution of Birkel, the high volatility of durum wheat prices and an adverse exchange rate effect of 2.7 MEUR.
- Our ROCE remains at very profitable levels of 27.3%.

Thous EUR	9M09	9M10	9M11	11/10	CAGR 11/09
Sales	692,308	669,379	683,434	2.1%	-0.6%
Advertising	37,431	43,153	39,203	-9.2%	2.3%
EBITDA	94,807	117,651	102,482	-12.9%	4.0%
EBITDA Margin	13.7%	17.6%	15.0%	-14.7%	4.6%
EBIT	73,818	97,569	83,477	-14.4%	6.3%
Operating profit	71,767	91,254	75,119	-17.7%	2.3%
ROCE	21.6	29.3	27.3	-6.8%	12.4%



Pasta Outlook 2011

- Our sales estimates for year-end 2011 point to a growth of over 4% to 956.6 MEUR.
- The EBITDA estimated for 2011 falls 6% to 151 MEUR, although with 5% growth in CAGR E11/09. This growth level shows the strength of our business even in adverse conditions such as those experienced in 2011. The negative impact of the exchange rate estimated for 2011 is 3.5 MEUR.

Thous EUR	2009	2010	E2011	E11/10 CAGR	E11/09
Sales	928,077	915,892	956,636	4.4%	1.5%
Advertising	48,781	55,184	51,333	-7.0%	2.6%
EBITDA	137,057	160,484	150,897	-6.0%	4.9%
EBITDA Margin	14.8%	17.5%	15.8%	-10.0%	3.3%
EBIT	108,831	133,741	125,768	-6.0%	7.5%
Operating profit	104,066	122,806	113,898	-7.3%	4.6%
ROCE	23.2	30.3	NA	NA	NA



*Ebro Foods Consolidated
9M2011 Results and
Outlook 2011*



Consolidated 9M 2011

- The accumulated turnover in 9M2011 was 5% up on the same period of 2010, mainly as a result of the higher raw material prices.
- Our EBITDA dropped by 8.8 MEUR, down 4.5% to 185.8 MEUR, including a negative exchange rate effect of 7 MEUR.
- The Net Profit on Continuing Operations rose 16% to 93 MEUR.

Thous EUR	9M09	9M10	9M11	11/10	CAGR 11/09
Sales	1,328,790	1,240,817	1,305,080	5.2%	-0.9%
Advertising	61,406	64,736	57,113	-11.8%	-3.6%
EBITDA	169,335	194,601	185,793	-4.5%	4.7%
EBITDA Margin	12.7%	15.7%	14.2%	-9.2%	5.7%
EBIT	131,680	156,579	149,853	-4.3%	6.7%
Operating profit	118,243	141,724	136,472	-3.7%	7.4%
Profit before tax	100,180	134,714	143,073	6.2%	19.5%
Net Profit Continuing Operations	68,881	80,197	92,993	16.0%	16.2%
Net Profit	134,701	346,065	92,674	-73.2%	-17.1%
ROCE	17.8	21.5	20.8	-3.3%	8.1%



Consolidated Outlook 2011

- Sales estimates for 2011 point to a growth of around 9,4% over 2010.
- The estimated EBITDA will grow by approx. 2% considering the incorporation of SOS, which will contribute some 6 MEUR to EBITDA. Stripping out the negative exchange rate effect, estimated at 7.3 MEUR (exchange rate 1.4013), our EBITDA would be 279 MEUR.
- The estimated growth in Net Profit on Continuing Operations is over 9% and more than 17% in CAGR E11/09.

Thous EUR	2009	2010	E2011	E11/10	CAGR E11/09
Sales	1,746,586	1,684,653	1,842,847	9.4%	2.7%
Advertising	75,701	80,444	72,985	-9.3%	-1.8%
EBITDA	240,898	267,479	272,058	1.7%	6.3%
EBITDA Margin	13.8%	15.9%	14.8%	-7.0%	3.5%
EBIT	190,348	211,573	222,910	5.4%	8.2%
Operating profit	175,276	200,023	208,936	4.5%	9.2%
Profit before tax	137,455	192,504	214,030	11.2%	24.8%
Net Profit Continuing Operations	102,693	128,972	140,731	9.1%	17.1%
Net Profit	176,539	388,797	140,430	-63.9%	-10.8%
ROCE	18.5	21.3	NA	NA	NA



Net Debt

- We estimate a year-end Net Debt of 327 MEUR, which will include payment for the purchase of SOS (205 MEUR), payment of an extraordinary dividend of 0.15 EUR per share (23 MEUR), the purchase of Deoleo shares (50 MEUR) and the buy-back of own shares to the tune of 54.5 MEUR.
- Equity is expected to be down 3.5% by year-end 2011.
- After completing the purchase of SOS, we still have a healthy financial situation, enabling us to continue analysing the market in search for new M&A opportunities.

Thous EUR	30 Sep 09	31 Dec 09	30 Sep 10	31 Dec 10	30 Sep 11	E31 Dec 11	E11/10	CAGR E11/09
Net Debt	545,275	556,800	-53,466	17,600	327,823	327,035	1758.2%	-23.4%
Average Debt	770,943	716,725	508,386	378,336	79,405	NA	NA	NA
Equity	1,228,326	1,280,322	1,500,321	1,592,743	1,518,655	1,537,632	-3.5%	9.6%
Leverage ND	44.4%	43.5%	-3.6%	1.1%	21.6%	21.3%	-705.7%	-30.1%
Leverage AD	62.8%	56.0%	33.9%	23.8%	5.2%	NA	NA	NA
x EBITDA (ND)		1.8		0.06		1.20		
x EBITDA (AD)		2.3		1.4		NA		



Conclusion



Conclusion

- Although this has been a complicated year in raw materials, especially in durum wheat, we have managed to take the necessary measures and, as a result, we will now be able to gradually smooth out the dents in our profit margins. In general, we anticipate a sustained raw materials market with an upward tendency in rice and possibly a downward trend in durum wheat.
- Our new products are producing satisfactory results and Smart Taste, Garden Delight and quick-cooking pastas maintain a good growth rate, boosting our position among the more differentiated products on the shelves.
- In the USA we have opened up a new market by branching into the precooked frozen foods segment, where our products have got off to a promising start and could make Ebro an important player on this playing field.
- By year-end we will have integrated all the divisions of the SOS group and we expect to start obtaining synergies from then on.
- We will keep up our attempts to cut costs and optimise our powerful industrial structure, enlarged through the purchase of SOS with a further three factories, in USA, Netherlands and Spain.
- In the long term, we envisage a positive business development with very attractive profit margins.

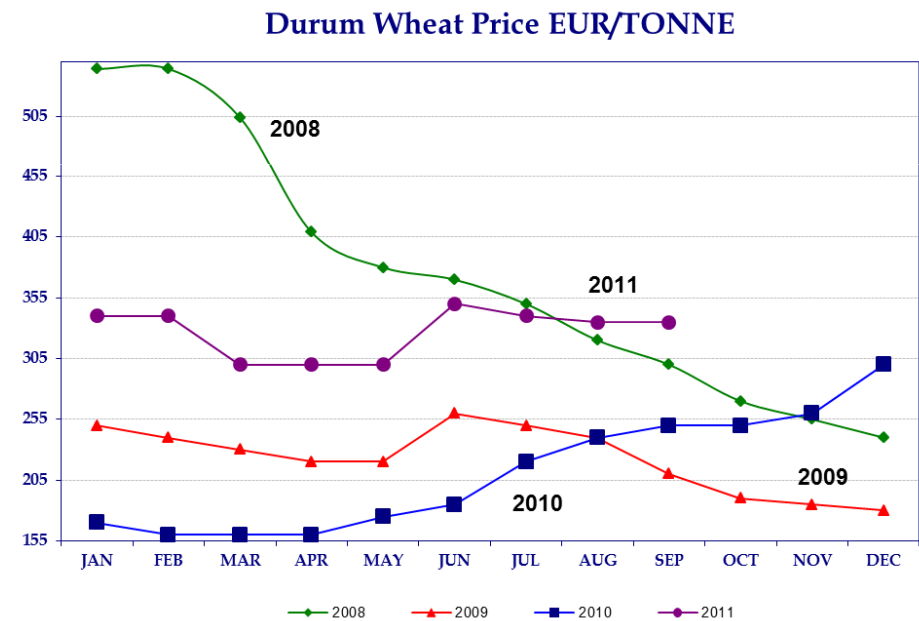
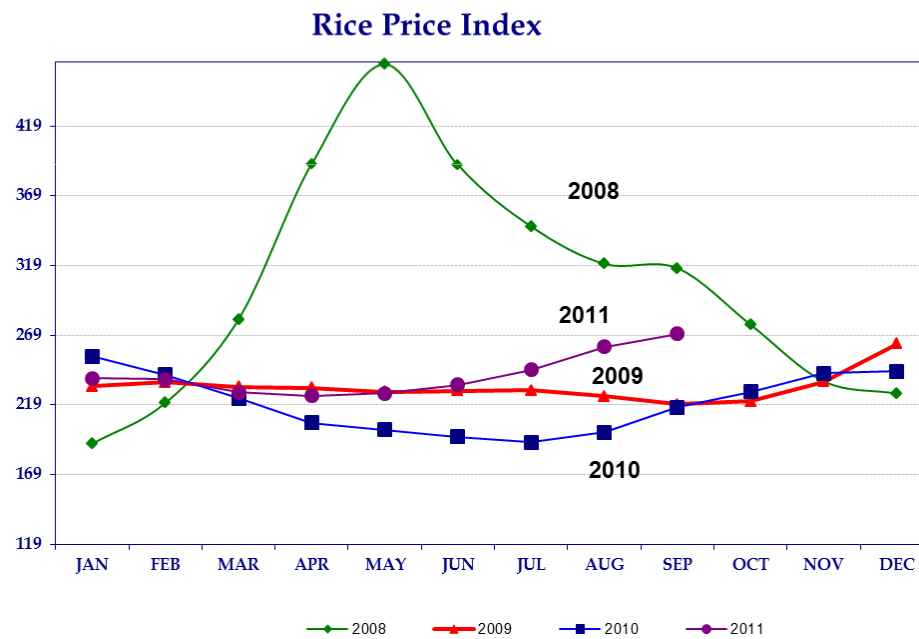


Raw Materials Annex



Raw Materials

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





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).
- 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.
- 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).
- The main risks and uncertainties affecting the Group activities are described in Note 28 of the Consolidated Annual Accounts as at 31 December 2010 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 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.