

EBRO FOODS



Year-End 2011

Ebro



CONTENTS

1. **Introduction**
2. **Business Units: 2011 Year-End Results**
 - Rice
 - Pasta
3. **Ebro Foods Consolidated 2011 Year-End Results**
 - Profit & Loss Account
 - Evolution of Debt
4. **Conclusion**
5. **Raw Materials Annex**
6. **Corporate Calendar 2012**
7. **Disclaimer**



Introduction

Introduction

- 2011 was a complicated year due to the unstable raw material prices, especially in durum wheat, although the company adopted adequate supply policies and made timely price rises to cope with this situation, closing the year with very good results.
- During the year we concluded two major purchases within our inorganic growth strategy:
 - In September 2011 we concluded the purchase of the Deoleo (SOS) rice division, incorporating the following assets: the SOS brand worldwide, the assets of the SOS Spanish rice business, the Netherlands companies operating the rice business in that country with the Lassie brand, the Saludaes brand in Portugal and the US and Middle East rice businesses through American Rice Inc (ARI). The cost of this transaction was 205 MEUR.
 - In December 2011 we reached an agreement with Strom Products Ltd. to purchase its pasta business in the United States and Canada. Through this operation, we will add to our collection the brands No Yolks and Wacky Mac, operating mainly in the area of healthy pastas. The total cost of this transaction was 50 MUSD.
- The Spanish anti-trust authorities made completion of the SOS acquisition conditional upon the licencing or sale of the brands Nomen, La Parrilla, La Cazuela, Pavo Real and Nobleza.



Ebro



*Business Units:
2011 Year-End Results*



RICE



Rice

Rice

- Stripping out the consolidation of SOS, our rice division achieved a considerable year-on-year improvement in 2011 in terms of both sales and EBITDA.
- The incorporation of the SOS businesses gives the company a much more consolidated position in major markets, such as the American market. The Freeport factory offers numerous benefits and opportunities in the importing and exporting of raw material. We are now leaders in short-grain rice on the Spanish market, while securing our presence on the Portuguese market after taking over the second leading brand in that market, which complements Cigala in traditional varieties.
- The incorporation of the SOS businesses in the Netherlands and Middle East opens the doors to these two new markets, which we consider very attractive. Along with the Netherlands businesses and their brand Lassie we have also taken over the largest instant rice factory in Europe. Through our presence in the Middle East and exposure to major markets such as Saudi Arabia, we will be able to explore new channels of growth and development.
- The new harvests in the USA are smaller in quantity but the quality is good. An outstanding harvest was obtained in Europe in 2011 and in the world rice market, although some price rises are expected in very specific varieties, prices are generally coming down as a result of India storming the world markets. No material changes in trend are expected for the forthcoming harvests in Mercosur (Southern Common Market) and Australia.



Rice

Year-End 2011

- The year-end 2011 sales totalled 921 MEUR. After stripping out the incorporation of SOS, with a contribution of 87 MEUR, our growth in sales was 3%.
- The division EBITDA totalled 136 MEUR, up 10%. Even after deducting the SOS contribution (6 MEUR), the performance of the rice division has been outstanding with a year-on-year growth of the order of 6%. This improvement is mainly due to the Herba results, with a 15.30% year-on-year growth in EBITDA, thanks to an excellent management of the business, raw material supplies and commercial policies. Excluding the adverse exchange rate effect of 3.9 MEUR, the division EBITDA could have reached 140 MEUR.
- The performance of our American business was also very positive. Had it not been for the negative effect of 10 MUSD caused by the delays in receiving the packaging and palletising machinery at the Memphis plant and the low yield per tonne of rice deriving from the poor quality of the 10/11 harvest, its EBITDA would have grown by around 8%.
- The Operating Profit is on a par with that posted in 2010 owing to the absence of the extraordinary earnings in 2010.

Thous. EUR	2009	2010	2011	11/10	CAGR 11/09
Sales	836,147	811,337	920,752	13.5%	4.9%
Advertising	24,175	23,648	18,790	-20.5%	-11.8%
EBITDA	118,561	123,263	135,953	10.3%	7.1%
EBITDA Margin	14.2%	15.2%	14.8%	-2.8%	2.0%
EBIT	97,575	99,019	113,698	14.8%	7.9%
Operating profit	82,157	103,024	103,056	0.0%	12.0%
ROCE	19.7	19.6	18.8	-4.1%	-2.3%





PASTA

Ebro



Pasta

- Our durum wheat cost rose by around 100 MEUR during 2011, so in an effort to maintain our margins, we were forced to pass this inflation on to consumers in three price rises in the USA, in December, June and August (by a total of 22 cents per pound), and two in Europe (16 cents per kg).
- For the same reason, in Q4 we were forced to reduce our promotions and investments in variable marketing. After achieving our goal, in 2012 we have returned to normal levels of investment in promotions, which will help us to continue consolidating our leadership in this market, where we already have a market share of over 24%.
- Panzani continues to show great strength with a 10% growth in sales and almost 2% in EBITDA. We are going ahead with the investment in fresh pasta factories, 36 MEUR (2011-2014), with the intention of optimising their processes and meeting the huge demand for the new products launched.
- Germany has been the hardest market to deal with in respect of the raw material price hikes. During 2011 the retail distributors were reluctant to accept our price rises in full, so we have had to squeeze our margins. In addition, the company has decided to adjust the production structure in Germany to focus on the profitable part of the business, the Birkel and 3Glocken brands. This restructuring cost around 8.5 MEUR during the year.



Pasta Year-End 2011

- The division turnover edged up 1% to 928 MEUR. Despite raising our retail prices considerably, our sales volumes were not affected in the first three quarters of 2011. We made an extraordinary investment of 20 MUSD in promotions in the USA to combat the aggressive price policies of our rivals.
- EBITDA dropped 10% to 144 MEUR, reflecting the soaring durum wheat prices. Comparison with 2010 is difficult, as that was an exceptionally good year in which we obtained extraordinarily positive results. Our 11/09 CAGR shows a 3% growth. Stripping out the negative exchange rate effect of 3.1 MEUR, the division EBITDA would have been 147 MEUR.
- The operating profit has shrunk by 12%, mainly owing to the restructurings in Germany, in which 8.5 MEUR was invested in 2011.
- The ROCE of the pasta division remains at high profitability levels of over 26%.

Thous. EUR	2009	2010	2011	11/10	CAGR 11/09
Sales	928,077	915,892	928,297	1.4%	0.0%
Advertising	48,781	55,184	49,135	-11.0%	0.4%
EBITDA	137,057	160,484	144,457	-10.0%	2.7%
EBITDA Margin	14.8%	17.5%	15.6%	-11.2%	2.7%
EBIT	108,831	133,741	119,064	-11.0%	4.6%
Operating profit	104,066	122,806	107,798	-12.2%	1.8%
ROCE	23.2	30.3	26.1	-13.9%	6.1%



*Ebro Foods Consolidated
Year-End 2011 Results*



Consolidated year-end 2011 results

- Turnover was up 7% year on year.
- The EBITDA for 2011 was 273 MEUR. Stripping out just the exchange rate effect of 7.1 MEUR, it would have grown 5% to 280 MEUR.
- Net Profit on Continuing Operations rose by over 17% and by more than 21% in CAGR 11/09.
- The ROCE grew by 4% year on year to over 22%.

Thous. EUR	2009	2010	2011	11/10	CAGR 11/09
Sales	1,746,586	1,688,957	1,804,111	6.8%	1.6%
Advertising	75,701	80,444	69,454	-13.7%	-4.2%
EBITDA	240,898	267,479	273,106	2.1%	6.5%
EBITDA Margin	13.8%	15.8%	15.1%	-4.4%	4.8%
EBIT	190,348	211,573	224,022	5.9%	8.5%
Operating Profit	175,276	200,023	219,074	9.5%	11.8%
Profit before Tax	137,455	192,504	222,393	15.5%	27.2%
Net Profit on Continuing Operations	102,693	128,972	151,643	17.6%	21.5%
Net Profit	176,539	388,797	151,542	-61.0%	-7.3%
ROCE	18.5	21.3	22.2	4.2%	9.5%



Net Debt

- At year-end 2011, we had a Net Debt of 390 MEUR. This includes payment for the purchase of the SOS rice business (205 MEUR), payment of an extraordinary dividend of 0.15 EUR per share (23 MEUR), purchase of Deoleo shares (50 MEUR), purchase of treasury stock to the tune of 54.5 MEUR and purchase of the brands No Yolks and Wacky Mac (38 MEUR). The year-end figure was dented by the appreciation of the dollar at the end of the year.
- Equity totalled 1,587 MEUR at year end, with an 11% growth in terms of CAGR 11/09. Leverage was 25% and the net debt/EBITDA ratio stood at 1.4.
- Even after concluding the acquisitions of the SOS rice business and the No Yolks and Wacky Mac brands, we still have a comfortable financial position with leaway to continue scanning the market for new opportunities.

Thous. EUR	31 Dec 09	31 Dec 10	31 Dec 2011	11/10	CAGR 11/09
Net Debt	556.800	17.600	390.073	2116,3%	-16,3%
Average Debt	716.725	378.336	139.157	-63,2%	-55,9%
Equity	1.280.322	1.592.743	1.587.298	-0,3%	11,3%
Leverage ND	43,5%	1,1%	24,6%	2123,9%	-24,8%
Leverage AD	56,0%	23,8%	8,8%	-63,1%	-60,4%
x Ebitda (ND)	1,8	0,06	1,43		
x Ebitda (AD)	2,3	1,4	0,5		



Conclusion



Conclusion

- After a complicated year due to the inflation of raw materials, especially durum wheat, we anticipate a rather calmer 2012: falling prices in rice, albeit with small upturns in certain specific varieties, and falling prices in durum wheat.
- During 2011 we demonstrated our commitment to innovation and the development of new products. We launched several new fresh pasta products in France and the Pasta Sides in Canada and strongly supported the development of our frozen foods business in the USA, having placed these products with numerous retailers already, including 2,000 Wal-Marts.
- 2011 was also a year of heavy investments geared towards improving our production capacity: investments in the fresh pasta factories in France, the restructuring begun in Germany and the adjustments in Memphis. They are all designed to enhance our production efficiency and profitability. An investment was also approved during the year for our industrial establishment in India and Argentina, both major rice-growing countries.
- With regard to inorganic growth, the company keeps an eye open for market movements and studies any interesting purchase opportunities and possibilities that come up. At present there are no major operations that could be an opportunity for Ebro, but we are keeping a close watch on smaller businesses.

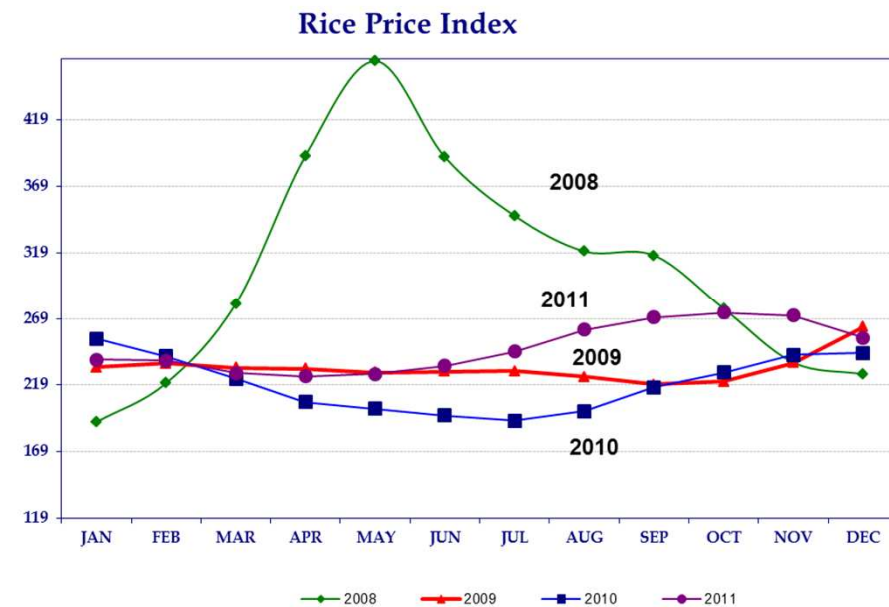
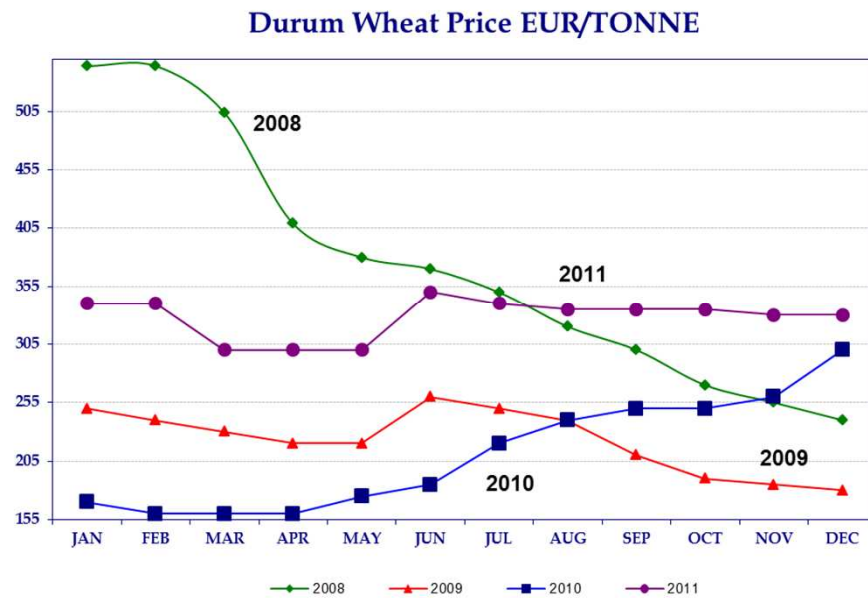


Raw Materials Annex



Raw Materials

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





Corporate Calendar



Corporate Calendar 2012

11 January	Quarterly payment of ordinary dividend
29 February	Presentation 2011 year-end results
25 April	Presentation 1st quarter results
11 May	Quarterly payment of ordinary dividend
24 July	Presentation 1st half results
11 September	Quarterly payment of ordinary dividend
31 October	Presentation 3rd quarter results and outlook 2012
18 December	Announcement 2013 dividend against 2012 earnings



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.