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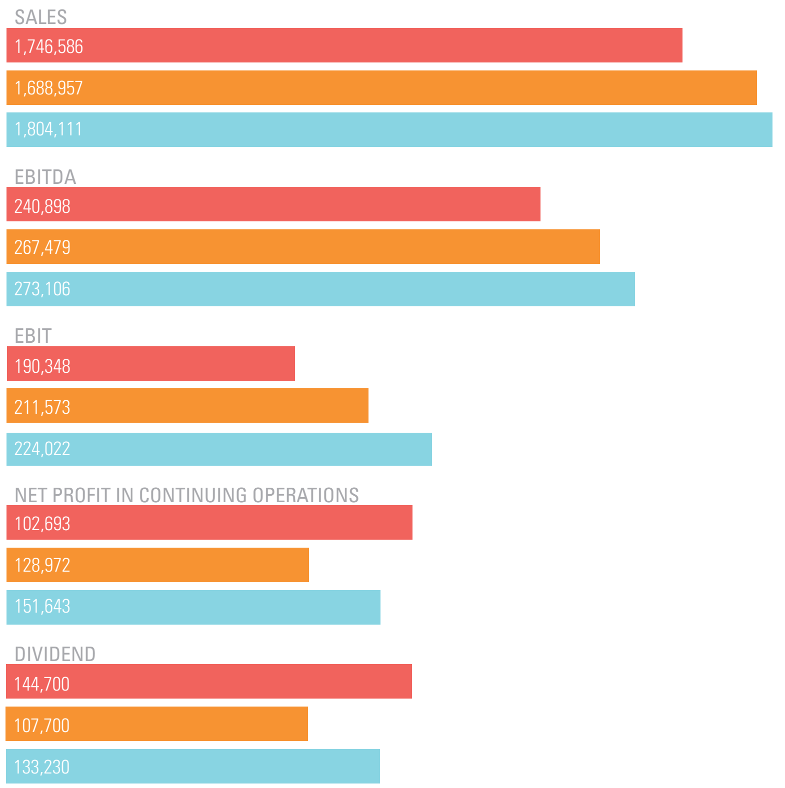
ANNUAL REPORT 2011

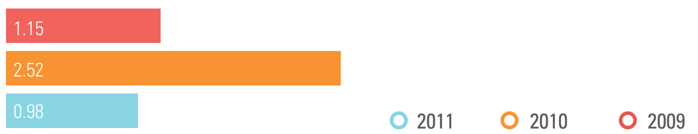
- World leader in the rice sector
- Second manufacturer worldwide in the pasta sector
- Leading food group in Spain in term of turnover, profits, market capitalisation and international presence
- Leading rice and pasta manufacturer in the USA and Canada
- Portfolio of more than 66 brands in Europe, America, Africa and Asia

EBRO FOODS AT A GLANCE

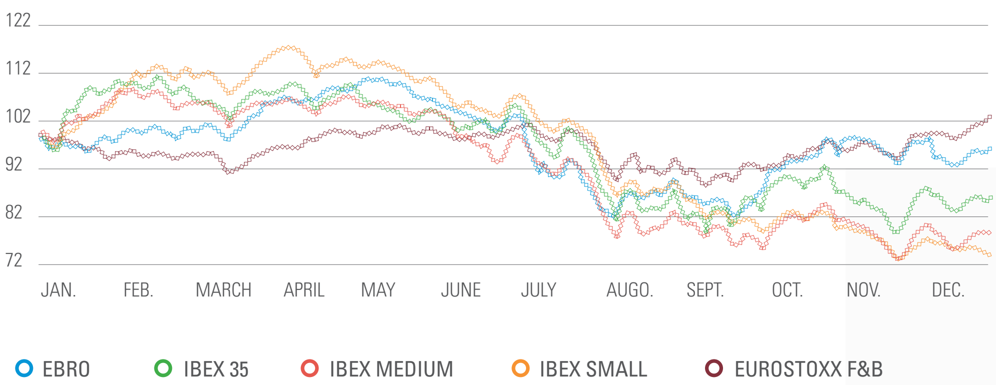
Evolution graphs 2009-2011 (thousand euro)



Earnings per share (Euros)



Evolution of our share



FINANCIAL HIGHLIGHTS

INTERNATIONAL PRESENCE

INTERNATIONAL PRESENCE

Rice

This is the business area in which the Group has world leadership. Its origins in Spain go back to 1950 and its international expansion began in 1986 through the acquisition of leading companies and brands in Europe, USA, Canada and North Africa. We are now also present on the Asian continent. This division, with an extensive portfolio of leading products and brands in its category, represents 50% of Ebro's business.

Principal brands

Brillante®, SOS®, Cigala®, La Fallera®, Rocío®, Oryza®, Reis Fit®, Ris-Fix®, Bosto®, Riceland®, Risella®, Riziana®, Gourmet House®, Peacok®, Phoenix®, Miura®, Mahatma®, Success®, Carolina®, Water Maid®, River S&W®, Lustucru®, Taureau Ailé®, Minute®, Herba®, Panzani®, Abu Bint®, Blue Ribbon®, Adolphus®, Comet®, Lassie®, Saludaes®, etc. in Europa, Asia, Estados Unidos and Canadá.

Pasta

This is, together with rice, the most international business of Ebro Foods. Represented by New World Pasta (leader in USA and Canada), Panzani (no. 1 in France in dry and fresh pasta, sauces, couscous and semolina) and Birkel (no. 1 in Germany), the Group is second pasta manufacturer in the world. Apart from these countries, Ebro also operates under the Panzani and Birkel brands in Belgium, Hungary, UK, Algeria, Czech Republic and Russia. The division now accounts for 50% of the Group's total business.

Principal brands

Panzani®, Lustucru®, Birkel®, Skinner®, 3 Glocken®, Schuele®, Minuto®, Nudel Up®, Ronzoni®, Ronzoni Smart Taste®, Catelli®, Catelli Smart®, Healthy Harvest®, American Beauty®, Prince®, Saint Giorgio®, Lancia®, Creamette®, No Yolks®, Wacky Mac®, Regia® and Ferrero®.

THOUSAND €

Consolidated figures	2009	2010	2010-2009	2011	2011-2010	CAGR 2011-2009
Net turnover	1,746,586	1,688,957	(3.3%)	1,804,111	6.8%	1.6%
EBITDA	240,898	267,479	11.0%	273,106	2.1%	6.5%
EBIT	190,348	211,573	11.2%	224,022	5.9%	8.5%
Operating profit	175,276	200,023	14.1%	219,074	9.5%	11.8%
Consolidated earnings (Continuing operations)	102,693	128,972	25.6%	151,643	17.6%	21.5%
Net earnings on discontinued operations	70,116	259,970	270.8%	0	(100.0%)	(100.0%)
Net profit	176,539	388,797	120.2%	151,542	(61.0%)	(7.3%)
Average current assets	323,230	237,222	26.6%	252,916	(6.6%)	
Capital employed	1,176,282	995,309	15.4%	1,007,686	(1.2%)	
ROCE (1)	20.4	21.3		22.2		
Capex	87,414	69,617	(20.4%)	66,596	(4.3%)	
Average headcount	4,489	4,850	8.0%	4,920	1.4%	

Stock Market Highlights	2009	2010	2010-2009	2011	2011-2010
Number of shares	153,865,392	153,865,392	0.0%	153,865,392	0.0%
Market capitalisation at year-end	2,235,664	2,435,689	8.9%	2,207,968	(9.3%)
EPS	1.15	2.53	120.2%	0.98	(61.0%)
Dividend per share	0.94	0.70	(25.5%)	0.87	24.3%
Theoretical book value per share	8.32	10.35	24.4%	10.32	(0.3%)

	31-12-09	31-12-10	2010-2009	31-12-11	2011-2010
Equity	1,280,322	1,592,743	24.4%	1,587,298	(0.3%)
Net Debt	556,800	17,600	96.8%	390,073	(2116.3%)
Average Debt	716,725	378,336		139,157	
Leverage (2)	0.56	0.24		0.09	
Total Assets	2,684,465	2,885,030	7.5%	2,710,608	(6.0%)

(1) ROCE = Operating income CAGR last 12 months / (intangible assets - property, plant & equipment - current assets)

(2) Ratio of average net financial debt with cost to equity (excluding minority interests)

Rice Business	2009	2010	2010-2009	2011	2011-2010	CAGR 2011-2009
Net turnover	836,147	811,558	(2.9%)	920,752	13.5%	4.9%
EBITDA	118,561	123,263	4.0%	135,953	10.3%	7.1%
EBIT	97,575	99,019	1.5%	113,698	14.8%	7.9%
Operating profit	82,157	103,024	25.4%	103,056	0,0%	12.0%
Average current assets	185,446	181,782	2.0%	231,686	(27.5%)	
Capital employed	495,768	506,347	(2.1%)	582,158	(15.0%)	
ROCE						
Capex	55,138	37,855	(31.3%)	26,950	(28.8%)	

'Pasta Business	2009	2010	2010-2009	2011	2011-2010	CAGR 2011-2009
Net turnover	928,077	916,101	(1.3%)	928,297	1.3%	0.0%
EBITDA	137,057	160,484	17.1%	144,457	(10.0%)	2.7%
EBIT	108,831	133,741	22.9%	119,064	(11.0%)	4.6%
Operating profit	104,066	122,806	18.0%	107,798	(12.2%)	1.8%
Average current assets	91,292	60,427	33.8%	69,173	(14.5%)	
Capital employed	469,915	442,061	5.9%	456,917	(3.4%)	
ROCE	23.2	30.3		26.1		
Capex	18,359	32,652	77.9%	38,095	16.7%	

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ANNUAL REPORT 2011

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear shareholders,

As every year, I welcome this opportunity to inform you on the most significant developments in the company during 2011. As you are all well aware, the economic situation was pretty dismal around the world once again in 2011 and some countries, especially in southern Europe, felt the pinch especially severely.

Fortunately for us, the business model with extensive geographical diversification that we have developed in recent years has given us considerable stability in the face of a recession which, although unquestionably global, is actually far less drastic in the vast majority of countries in which we operate.

Consequently, we did well in a year in which soaring commodity prices, especially durum wheat, forced us to increase the capital employed in this item by one hundred million euro, which could have severely dented one-third of our EBITDA, but apart from the geographical diversification, the outstanding work of our commercial network and the strength of our brands have enabled us to recover from the blow and close a splendid year.

Considering only the continuing operations, our performance was fully satisfactory in 2011, with a 17.6% growth in net profit, to €151.6 million. The company's earnings, particularly our EBITDA, also improved, with a year-on-year growth of 2% to €273 million, while operating profit rose to over €219 million, up 9.5% on 2010. We achieved an EBITDA/sales ratio of 15% and a ROCE of 22.2%.

Within the ups and downs of the stock market throughout the year, the EBRO share performance has been fairly stable, falling only 2.7% against the drop of 13.46% on the Ibex 35, 21.3% on Ibex Med and 25.9% on Ibex Small. The only index that outperformed our share was the Eurostoxx Food and Beverage, benchmark for European food securities, which rose by 3.9%.

Against a backdrop of low consumption, the rice and pasta divisions managed to hold on to their market shares and even, in some business segments, increase them, enduring the ongoing battle waged by the private label brands. In some countries the onslaught of private brands is starting to ease off and there may even be a slight downturn in the United States, for example, whereas in others, such as Spain and Portugal, they are still gaining ground at a remarkable pace. We have managed to hold steady thanks to a constant innovation policy, launching several new products on the market and investing over €69 million in advertising to support them.

In this regard, we have embarked on several organic growth projects during the year, opening up new market niches, such as in the segment of functional, vegetable or quick-cooking pastas and frozen rice in the USA, where the company has managed to get these products listed in numerous retailers, including 3,000 Wal-Marts.

We have considerably strengthened both the rice and pasta divisions through corporate operations. At the end of last year we announced the acquisition of the North American pasta brands No Yolks and Wacky Mac. Both these brands, included within the healthy pasta segment, are highly complementary to our pasta business in the United States and Canada, consolidate our leadership on the North American market and have an enormous development potential within the Group, owing to the synergies they can generate with New World Pasta. In the rice area, we have concluded the acquisition of the SOS rice business, which significantly strengthens our rice division in Spain and the United States, opens the doors to the Netherlands market and boosts our presence in other European and Middle East markets.

As you will remember, we informed you in our Annual Report 2010 that in October of that year our board had resolved to make a takeover bid for the Australian company SunRice. Although the bid was approved unanimously by the board of directors of that company and we obtained all the necessary government approvals, the peculiar legal structure of SunRice, on the borderline between a cooperative and a state-owned company, made it impossible to clinch the operation. We were really very close, since we needed the approval of 75% of both types of shareholders and we obtained more than 75% of the financial shareholders, but only 67% of the owners (farmers). In hindsight, seeing the turbulence that has prevailed on the financial markets since last summer, I don't think that was such a bad thing and the €450 million that we did not invest there have kept us in a very comfortable financial position.

Broadly speaking, these are the most important aspects of the year and I am pleased to say that we have once again managed to meet our business goals, obtaining solid results that will enable us to undertake new projects confidently and look to 2012 with optimism, although it will almost certainly not be free from difficulties.

Ebro has excellent prospects for the future. Not only are we able to grow inorganically, but we also have a major development potential, branching into areas adjacent to our core businesses of rice and pasta. So I would like to ask you once again to maintain your support and the confidence you have placed in us up to now, to enable us to carry out all these projects.

Antonio Hernández Callejas
Chairman of Ebro Foods

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ANNUAL REPORT 2011

CORE BUSINESSES:

RICE AND PASTA

The purchase of de SOS rice businesses considerably boosted Ebro's leadership in this sector

The milestones in Ebro's rice division in 2011 were the acquisition of the SOS rice businesses, constant innovation leading to the launching of new product ranges in both Europe and the United States and maintaining and even, in some cases, increasing its market shares in a scenario in which consumers have been determined to save and, consequently, private label brands have continued gaining ground, especially in the Mediterranean area.

The purchase of the SOS rice businesses considerably boosted Ebro's leadership in this sector. On the one hand, it has complemented the Group's presence in countries such as Spain, Portugal and the United States. On the Spanish market, the incorporation of the SOS brand gives Ebro absolute leadership in short-grain rice. In Portugal, the Saludaes brand, which is the second brand in the country and highly complementary to our brand Cigala, has contributed towards consolidating our presence in traditional varieties; and finally, in the United States the incorporation of ARI has strengthened the company's position in the retail channel, giving us a market share of 27.6% in volume.

This purchase has also opened the doors for Ebro to enter new geographical areas such as the Netherlands, Saudi Arabia, Jordan, Syria, UAE, Kuwait, Yemen, Angola, Sudan and Mexico, where we formerly had no presence and which have a major development potential.

The gradual consolidation of all these businesses was finally completed in September. This process was conducted swiftly and efficiently, thanks to our employees' knowledge of the markets. The costs were kept to a minimum, because the structures acquired were small and highly complement ours, so we expect major synergies during 2012.

In the commodities area, although international rice prices were 10% higher than in 2010 overall, the general trend during the year has been the reduction of price volatility and, with it, greater stability than in earlier years. In the final quarter of the year, India stormed the international markets and positioned itself as third exporting power after Thailand and Vietnam, as a result of which prices started to come down. In Spain, the harvest that supplied rice for the first three quarters was similar in volume to that of last year, although the commodity price was slightly higher, up 1-5%, whereas in the harvest used in the fourth quarter prices hiked by up to 13%, depending on the variety, which made Spanish rice less competitive and led to an increase in imports.

CORE BUSINESSES RICE

The performance of the division, our subsidiaries and their brands was very positive throughout the entire year.

Overall, the division's sales volumes and EBITDA improved considerably, with year-on-year growth of 13.5% and 10%, respectively.

Herba recorded a growth of over 15% in EBITDA, achieved through its efficient management of the business, raw material supplies and commercial policies. Its brands outperformed market growth rates and in quantitative terms, sales grew by 3% in volume and 6% in value.

In Spain, following the incorporation of SOS, our market share has increased from 15% to 27.9% in volume and from 21.6% to 39.2% in value, although these shares will be reduced in 2012 owing to the forthcoming sale of the Nomen brand, a condition imposed by the National Anti-Trust Commission for approving the operation. In the pre-cooked rice segment, the Brillante rice-in-a-cup varieties maintain their absolute leadership, increasing their market share to 89% with the incorporation of the Risolisto variety. One of the outstanding innovations was Brillante Sabroz, a product developed by Herba which is so far the only one in its category on the market. A pilot launching was made in Andalusia in 2011, with a distribution of 96%, and the results obtained were very promising. Its launching on a national scale is scheduled for this year, 2012.

In Germany, where hard discount retail chains are very strong, the Oryza® and Reis-Fit® brands performed outstandingly, with little fluctuation in their market shares. They maintained their share in volume at 19.9% (19.4% in 2010), with a 28.8% share in value.

In Hungary a new range of exclusive rice varieties (Jasmine, Basmati, Risotto, Wild and Sushi) was launched with a view to leading the quality rice segment and during their first year on the market, this new range enjoyed a weighted distribution of 60-70%, being distinguished in that country with the award Product of the Year.

Herba Romania also energised the market with the launching of several new product references under the Panzani brand, supported by a strong TV and press advertising campaign.

In the Netherlands, new Basmati and Pandan rice references were put on the market under the Lassie brand, along with products based on bulgur wheat and quinoa.

Although the North American business has had to cope with certain setbacks during the year, such as the delay in starting up some production lines at the Memphis plant and the poor quality of the previous North American rice crop, it has also experienced a positive development, maintaining its market shares and even increasing its share in the segments with the greatest value added, such as microwave and aromatic rice.

The satisfactory development of the division over the year is a sign of the strength and expertise of our rice business in interpreting the different situations arising on the world rice market and changing consumer habits, always finding new opportunities and consolidating its leadership.

RISELLA
riisi & ruis
NOUVEAU
PANZANI
Risetti
500g
PANZANI
Risotto
3 fromages
TAUREAU AILÉ
Le Basmati Complet
River
WHITE RICE
Enriched Medium Grain
CAROLINA RICE
10 Minute
Success
Boil-in-Bag
Whole Grain Brown Rice
BOSTO
TRIGRANO
15 MIN
GRAND FORMAT
Lustucru
le Riz à Poêler
NOUVEAU
Lustucru
10 min Riz long grain Incollable
ORYZA
NATUR REIS
LA CIGALA
BRAJMA
Arroz Basmati aromático
brillante
sabroz
ARROZ REDONDO
1kg
ARROZ SOS
Saludães
Basmati
Minute
Ready to Serve!
Spanish Rice Mix
Riceland
Hosszúszemű
A minőségű rizs
Lassie
2X
Builtjes
Pandan rijst

One of the milestones of this division in 2011 was the acquisition of the No Yolks® and Wacky Mac® brands in the United States and Canada

The development of this division in 2011 was affected by the durum wheat price hike, with an average price of €340/tonne and sharp fluctuations throughout the year, the restructuring undertaken in Germany and major investment in advertising in the USA to withstand the aggressive price policies of our rivals on that market.

As we have mentioned, 2011 was a very complicated year in the commodities area, owing to the hike in durum wheat prices, which, after soaring at the end of 2010, experienced even greater rises during 2011 as a result of adverse weather conditions and the smaller area sown. Against this backdrop, our subsidiaries were forced to announce three price rises in December, June and August in the USA, by a total of 22 cents per pound, and two in Europe, by 16 cents per kg. This required significant negotiation with distributors and although the overall result of the price rises was positive, especially in France, where Panzani has extraordinary brand strength, in other countries such as the United States, we were forced into drastic promotional measures to boost consumption that was rather sluggish due to the general economic climate. In Germany, where price competition is especially tough and since the retailers did not accept these price rises in full, leading to a loss of margins in the division, we restructured our German subsidiary, selling the Waren plant to part of our employees and focusing our activity on the Manheim plant, concentrating on the most profitable brands: Birkel and 3 Gloken.

One of the milestones of this division in 2011 was the acquisition of the No Yolks and Wacky Mac brands in the United States and Canada, operating mainly in the segment of healthy pasta. No Yolks is leader in both countries in the segment of yolk-free noodles and high-fibre dry pasta, with market shares of 15.6% and 29.4%, respectively. Wacky Mac® operates in the area of vegetable pasta and seasoned pastas, called "dinners" in North America. The estimated turnover of both brands in 2011 was around $37.5 million, so they are expected to contribute more than $6.5 million to the pasta division EBITDA in 2012 and we trust that this sum will increase in the future thanks to the synergies that will be generated between these businesses and our subsidiary New World Pasta.

CORE BUSINESSES
PASTA

The division has also maintained an aggressive innovation policy, developing a portfolio mainly geared towards high value added products and lining its brands up with the concepts of healthy and convenience food, launching new ranges of products on the market. They have all been supported with a solid advertising strategy, in which we have invested some €50 million.

In this regard, New World Pasta developed a variety of quick-cooking pasta in portions for the North American market, sold under the Ronzoni brand, and a new range of pasta-based side dishes under the Catelli brand.

Meanwhile, Panzani has engaged in several activities, such as the launching of new concepts of pre-cooked dishes prepared in two minutes in the microwave, under the Lustucru brand. It has also brought out new varieties of sauces in different formats, with a highly successful range for children. With all these launchings, its commitment to consumers and its constant concern for the quality and image of its products, the company has reaffirmed its position as number one on the French market and its sales have grown by 10%, standing firm against rivals thanks to the success of its products.

In the area of investment, we made further progress in 2011 in the optimisation of our facilities in North America, specifically at our Saint Louis and Montreal plants, which will increase their production capacity, save costs and enhance their industrial efficiency. Investments in this item totalled $17 million. In France we invested €21 million in modernising and installing new production lines at our semolina plants and fresh pasta plants.

In short, 2011 was a complicated year for this division but, thanks to the significant efforts made by the commercial network and continuing to focus our work on developing a division geared towards achieving returns through value added, we have been able to maintain our position, closing the year with rather satisfactory results.


Lustucru
Gnocchi à Poêler
Bacon
Facile à Préparer
Lustucru
LUNCH BOX
SALADE GRECQUE
FROID
RONZONI
Pasta Portions
Boil-in-Bag in Only 3 Minutes!
Rotini
RONZONI
Pasta Portions
Boil-in-Bag in Only 3 Minutes!
Penne
Giovanni
Panzani
PANZA CUP
PANZANI
Provençale
Birkel
Nudel up
Birkel
Nudel up
SAN GIORGIO
Quick Cook
PENNE RIGATE
Prince
ELBOW MACARONI
CATELLI
Smart
PASTA·PÂTES
PENNE RIGATE
454 g
MAXI PRATIQUE
PANZANI
TOMACOULI
Nature
750 g
MAXI FORMAT
PANZANI
Gnocchi à Poêler
Birkel
Birkel's No.1
PANZANI
Bolo Balls
BARBECUE
PANZANI
5 légumes
NO YOLKS
CHOLESTEROL FREE EGG WHITE PASTA
FINE
WACKY MAC