

ANNUAL REPORT 2019



Ebro

ANNUAL REPORT



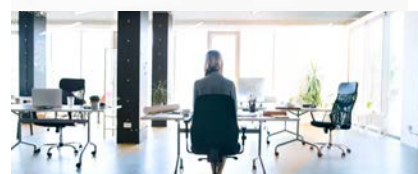
HIGHLIGHTS

Pag 2



GLOBAL PRESENCE

Pag 3



FINANCIAL HIGHLIGHTS

Pag 8



THE COMPANY

Pag 10



GOVERNANCE MODEL

Pag 18



BUSINESS MODEL

Pag 26



BUSINESS AREAS IN 2019

Pag 34

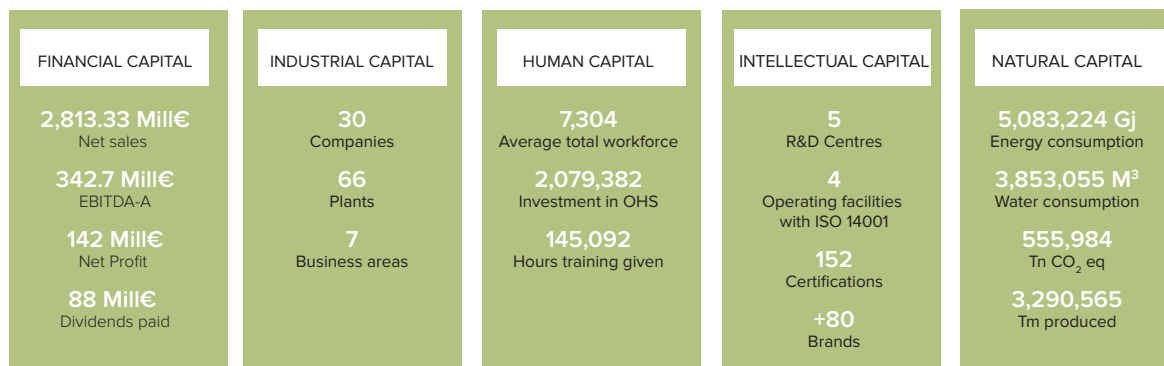
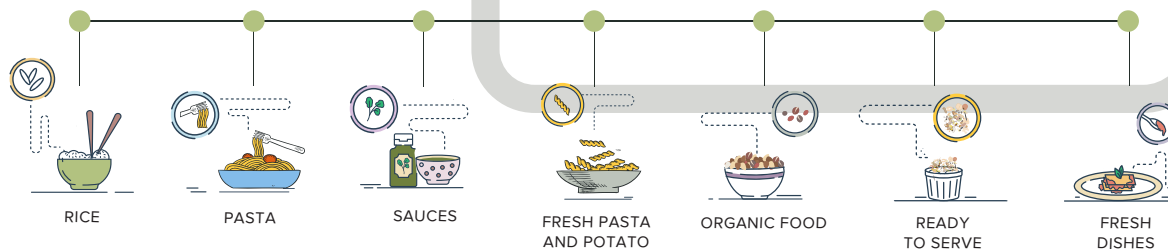
HIGHLIGHTS



Procurement



Operations



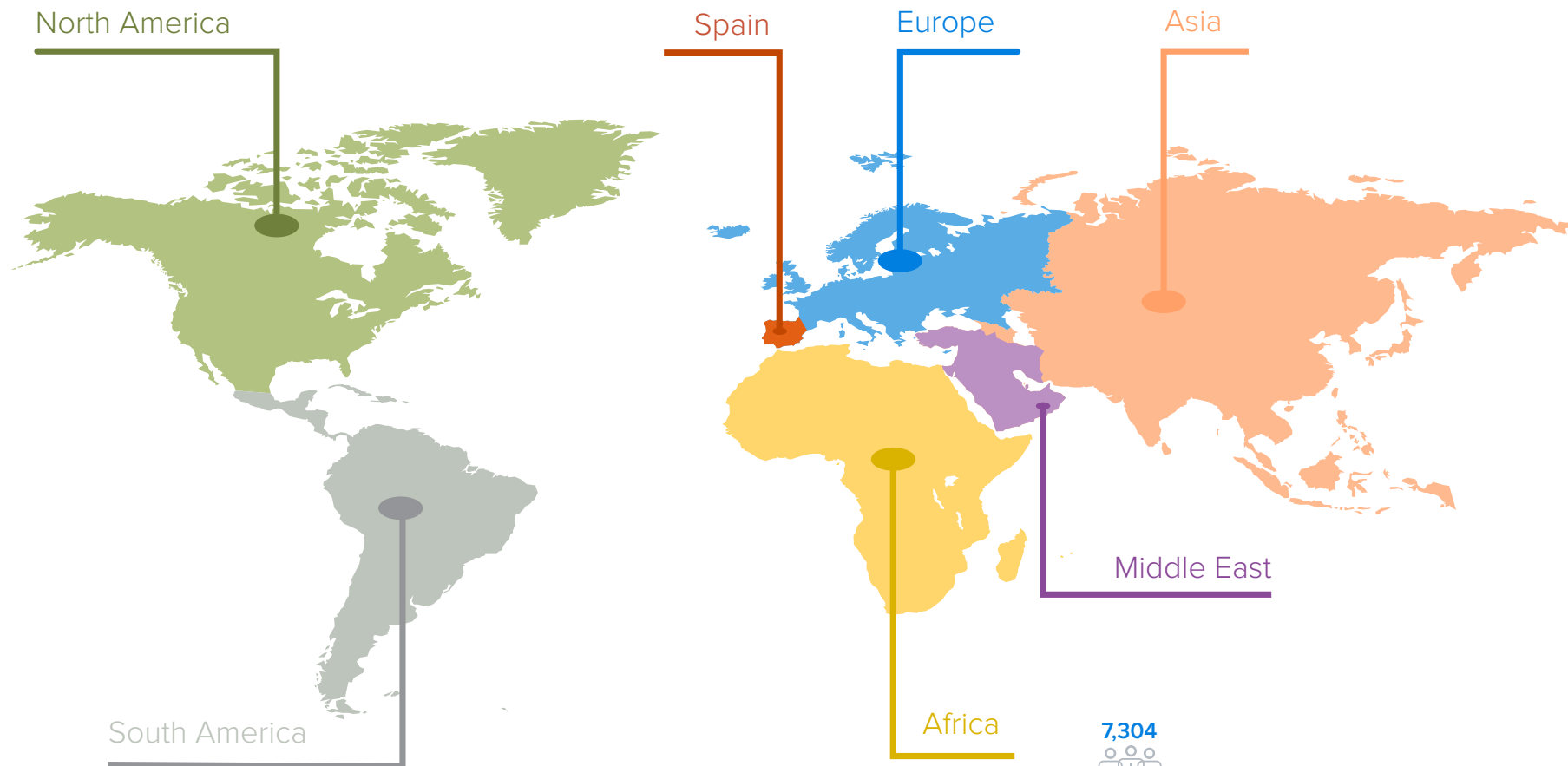
Distribution and marketing



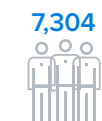
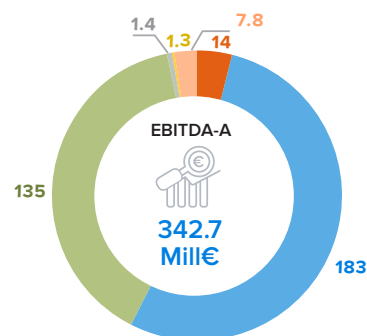
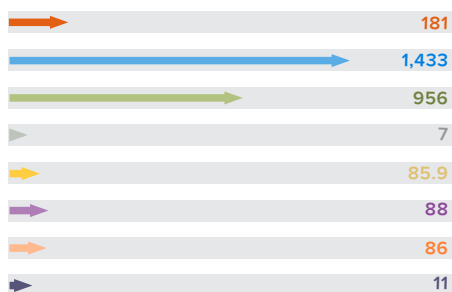
Customers & consumers



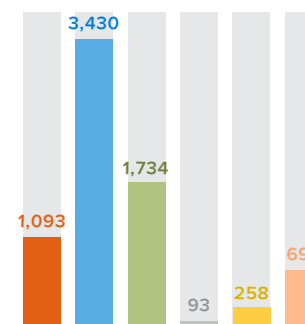
GLOBAL PRESENCE



2,813.3 Mill€
SALES



7,304
AVERAGE HEADCOUNT
EMPLOYEES



66
NO. OF PLANTS



+80
BRANDS

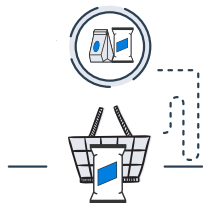
● SPAIN ● REST OF EUROPE ● NORTH AMERICA ● SOUTH AMERICA ● AFRICA ● MIDDLE EAST ● ASIA ● REST

GLOBAL PRESENCE



COUNTRIES WITH INDUSTRIAL AND COMERCIAL PRESENCE

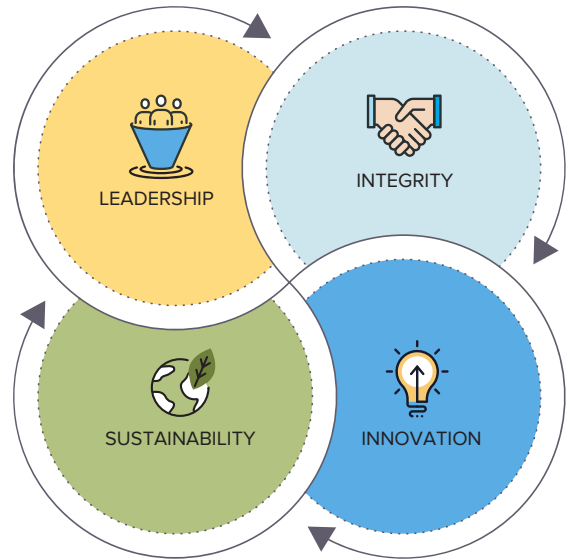
Spain	Canada United States	Morocco	Cambodia India Thailand
Belgium Denmark France Germany Italy Netherlands Portugal United Kingdom	Argentina		



OTHERS COUNTRIES WITH COMERCIAL PRESENCE

Austria Slovakia Estonia Finland Greece Hungary Iceland Lithuania Poland Czech Republic Romania Rusia Sweden Switzerland Ukraine	Bahamas Belize Barbados Brazil Chile Colombia Curacao Haiti Jamaica Mexico Panama Peru St Lucia St Martin Trinidad & Tobago	Algeria Angola Benin Burkina Faso Ivory Coast Gabon Ghana Guinea Réunion Libya Madagascar Mauritius Mauritania Mozambique Niger Rep. of the Congo Senegal South Africa Tunisia Djibouti	Saudi Arabia Bahrain United Arab Emirates Kuwait Turkey South Korea Indonesia Israel Japan Jordan Lebanon Oman Qatar Taiwan Yemen
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CHAIRMAN'S STATEMENT

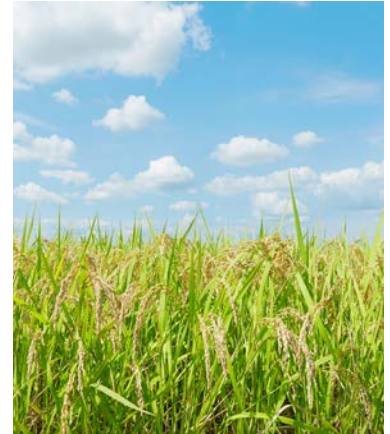


DEAR STAKEHOLDERS

The trend in the world economy shifted during 2019. In contrast to the strong growth in the economies of Europe, United States, China and its neighbouring countries in previous years, a clear slowdown was observed as from the first quarter of 2019. The confidence indicators declined, especially in some of the stronger exporting economies, as trade wars and uncertainty caused by other geopolitical problems appeared on the horizon, such as Brexit, the conflict with Iran, wars and immigration. The slowdown affected everyone, including the United States, which began to show signs of exhaustion, once the positive effect of the greatest tax cut in its history on consumption and certain sectors of production had worn off.

On the commodity markets, durum wheat prices remained stable in recent crop years, with a slight upturn as from the summer harvest when deficient quality was detected in some origins. The 18/19 rice campaign and the 19/20 forecasts follow the trend of earlier years, with record harvests. Crop prospects are especially good in India, offsetting declines in other rice-producing countries, such as Thailand.

Consumption trends in 2019 were more or less in line with recent years. Consumers have more power to make decisions, more information and more shopping tools and they are willing to pay more for products that meet their wishes and with which they can identify. They still demand products with high quality, easy to prepare and ready-to-serve while showing their preference for natural, healthy, organic food and seeking sustainable products that are compatible with the circular economy. Single-person homes continue to grow, as families shrink and the baby boomers hit the market, with different aspirations and activity requirements from those traditionally associated with older members of the population. The traditional shopping habits of



this segment of society have changed. Meanwhile, increased immigration in many developed countries has also brought new tastes and cooking methods, local supermarkets have increased their market share and the new virtual players, such as Amazon or Alibaba, have consolidated their position.

Focusing now on the development of our Group, 2019 was a year of intense activity for the company. One of our main targets was organic and inorganic growth. We strengthened our premium portfolio through the acquisition of Tilda, a very important business in this category and highly complementary with the Group's business. We continued investing heavily in our organic development, optimising distribution in France, building a new plant at La Rinconada (Seville), adding new skillet gnocchi lines in Canada and enlarging our microwave cup plant in Memphis. We further concentrated our efforts and resources in the premium, fresh and convenience businesses by pulling out of Alimentation Santé, an organic business geared towards the specialist channel, while at the same time expanding our portfolio of products in the Organic and Healthy categories of our leading brands.

Another important aspect was the changes made in the organisation and production of our North American business, which started to bear fruit during 2019, with even more visible effects in 2020.

With regard to the performance of the Rice Division, our brands in Europe have performed well, especially in Germany, Belgium, UK, Italy and Spain, where Brillante sales of both Sabroz and the range of ready-to-serve products have chalked up double-digit growth. Our brands also performed well in the USA, with remarkable sales of Minute cups.

The most significant features in the Pasta Division in Europe were Panzani's policy to cut down on promotions to protect brand and distributor profitability; the good performance by Garofalo, which is making very positive headway in Spain and France; and the record year in Bertagni and Lustucru's gnocchi sales. In our North American business, the most outstanding features were the strong performance of Health and Wellness products in Canada and the return to normal in the last quarter following the difficulties suffered at our NE distribution hub in the USA.

On the stock market, the Ebro Foods share rose by 14% in 2019. In the same period, Ibex 35 closed up 11.8%, Ibex Med up 8.4%, Ibex Small up 11.9% and Eurostoxx Food and Beverage up 19.4%. At the date of this report (30 April 2020), the Ebro share is up 1.7%, while Ibex 35 has fallen 27.5%, Ibex Med is down 26.8%, Ibex Small 15.7% and Eurostoxx Food and Beverage 22.4%.

After extensive work on our corporate social responsibility, one of the most important landmarks in 2019 was undoubtedly the definition of the goals that the Ebro Group has marked out for the year 2030, not only to further the sustainability of our entire value chain, but also to define our contribution to the 2030 Agenda,

identifying the Sustainable Development Goals (SDGs) to which we can make a greater, better contribution. Another very important achievement during the year was the prestigious DÉFIS RSE 2019 awarded to our French subsidiary Panzani in the Environment category, for its contribution towards reducing waste and pesticides through the Nature and Filière Blé programmes, two sustainable agriculture initiatives developed in France and Spain for the wheat and tomato crops, respectively. The Group has invested over €11 million globally in training schemes for our team, sustainable agriculture programmes, welfare action projects, occupational hazard prevention and minimising our impact on the environment. All these actions will enable us to consolidate our commitment to the 10 Principles promoted by the UN Global Compact.

Finally, at the date of writing this statement, we are immersed in the global pandemic caused by the COVID-19. Against this backdrop, the Group's commitment and solidarity began with securing food supplies to all our markets. Our entire team is doing an excellent job, from those who have knuckled down on the front line in our factories, making extra efforts to make sure enough products reached the shops, thus reassuring families, to those working from home so that the company can forge ahead according to our planning. In order to make this possible and guarantee the health and safety of our professionals who have continued to go to their usual workplaces and their families, we have invested considerable sums in protection equipment while stepping up the already strict safety protocols at our plants and factories. We have also pitched in to support society through other actions, through our brands and subsidiaries, in all the countries in which we operate. We strive to ease the healthcare emergency, by donating critical sanitary material such as face masks, tests, bedding, etc. for hospitals and care homes, and the social emergency, by donating food and funds to food banks, NGOs, resident associations and other groups who prepare meals and distribute them among the most vulnerable strata of the population.

The overall impact of this pandemic on the general economy and consumer behaviour is not yet known. Ebro has already shown in the past its enormous strength, flexibility and ability to adapt to major challenges and we have every confidence in these abilities and the unity of our team to deal with the challenges that lie ahead.

Antonio Hernández Callejas

EBRO FOODS CHAIRMAN

FINANCIAL HIGHLIGHTS

CONSOLIDATED FIGURES (000€)

	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Net turnover	2,473,381	2,613,947	5.7%	2,813,298	7.6%	6.7%
Advertising	(92,551)	(89,014)	3.8%	(91,477)	(2.8%)	(0.6%)
EBITDA-A	354,884	307,468	(13.4%)	342,726	11.5%	(1.7%)
EBIT-A	276,784	220,131	(20.5%)	231,085	5.0%	(8.6%)
Operating profit	269,633	216,561	(19.7%)	212,441	(1.9%)	(11.2%)
Consolidated earnings (Continuing operations)	229,207	148,685	(35.1%)	134,245	(9.7%)	(23.5%)
Net earnings on discontinued operations	767	626	(18.4%)	16,043	2462.8%	357.3%
Net profit	220,600	141,589	(35.8%)	141,752	0.1%	(19.8%)
Average working capital	506,803	588,403	(16.1%)	643,139	(9.3%)	
Capital employed	1,678,670	1,805,986	(7.6%)	2,080,166	(15.2%)	
ROCE-A (1)	16.6	12.3		11.1		
Capex (2)	120,671	138,930	15.1%	148,705	7.0%	
Average headcount	6,344	7,153	12.8%	7,522	5.2%	

CONSOLIDATED FIGURES (000€)

	2017	2018	2018/2017	2019	2019/2018
Equity	2,074,637	2,162,334	4.2%	2,262,203	4.6%
Net Debt	517,185	704,621	(36.2%)	999,849	(41.9%)
Average Debt	426,042	627,350	(47.3%)	871,658	(38.9%)
Leverage (3)	20.5%	29.0%		38.5%	
Total Assets	3,663,133	3,834,069	4.7%	4,374,073	14.1%

STOCK MARKET HIGHLIGHTS (000€)

	2017	2018	2018/2017	2019	2019/2018
Number of shares	153,865,392	153,865,392	0.0%	153,865,392	0.0%
Market capitalisation at year-end	3,003,452	2,683,412	(10.7%)	2,968,063	10.6%
EPS	1.43	0.92	(35.8%)	0.92	0.1%
Dividend per share	0.57	0.57	0.0%	0.57	0.0%
Theoretical book value per share	13.48	14.05	4.2%	14.70	4.6%

(1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed.

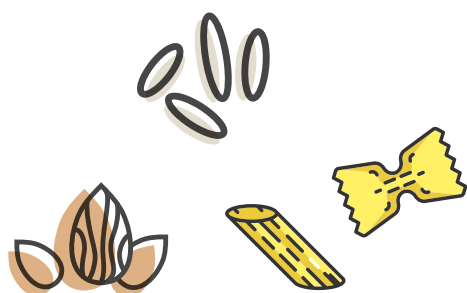
(2) Capex as cash outflow from investing activities.

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



RICE BUSINESS (000€)						
	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Net turnover	1,345,026	1,412,702	5.0%	1,566,239	10.9%	7.9%
Advertising	(28,088)	(26,969)	4.0%	(33,010)	(22.4%)	8.4%
EBITDA-A	205,988	162,065	(21.3%)	192,263	18.6%	(3.4%)
EBIT-A	172,522	123,990	(28.1%)	143,060	15.4%	(8.9%)
Operating profit	174,027	125,392	(27.9%)	134,445	7.2%	(12.1%)
Capex	65,807	64,583	(1.9%)	75,160	16.4%	6.9%

PASTA BUSINESS (000€)						
	2017	2018	2018/2017	2019	2019/2018	TAMI 2019-2017
Net turnover	1,184,816	1,265,970	6.8%	1,311,925	3.6%	5.2%
Advertising	(65,571)	(62,688)	4.4%	(60,404)	3.6%	(4.0%)
EBITDA-A	158,861	153,156	(3.6%)	162,419	6.0%	1.1%
EBIT-A	114,890	104,532	(9.0%)	101,481	(2.9%)	(6.0%)
Operating profit	100,604	97,834	(2.8%)	90,106	(7.9%)	(5.4%)
Capex	52,855	73,946	39.9%	71,772	(2.9%)	16.5%



THE COMPANY

- Mission, vision and values
- Ethics and integrity
- Operating companies
- Industrial infrastructure

Pag 12

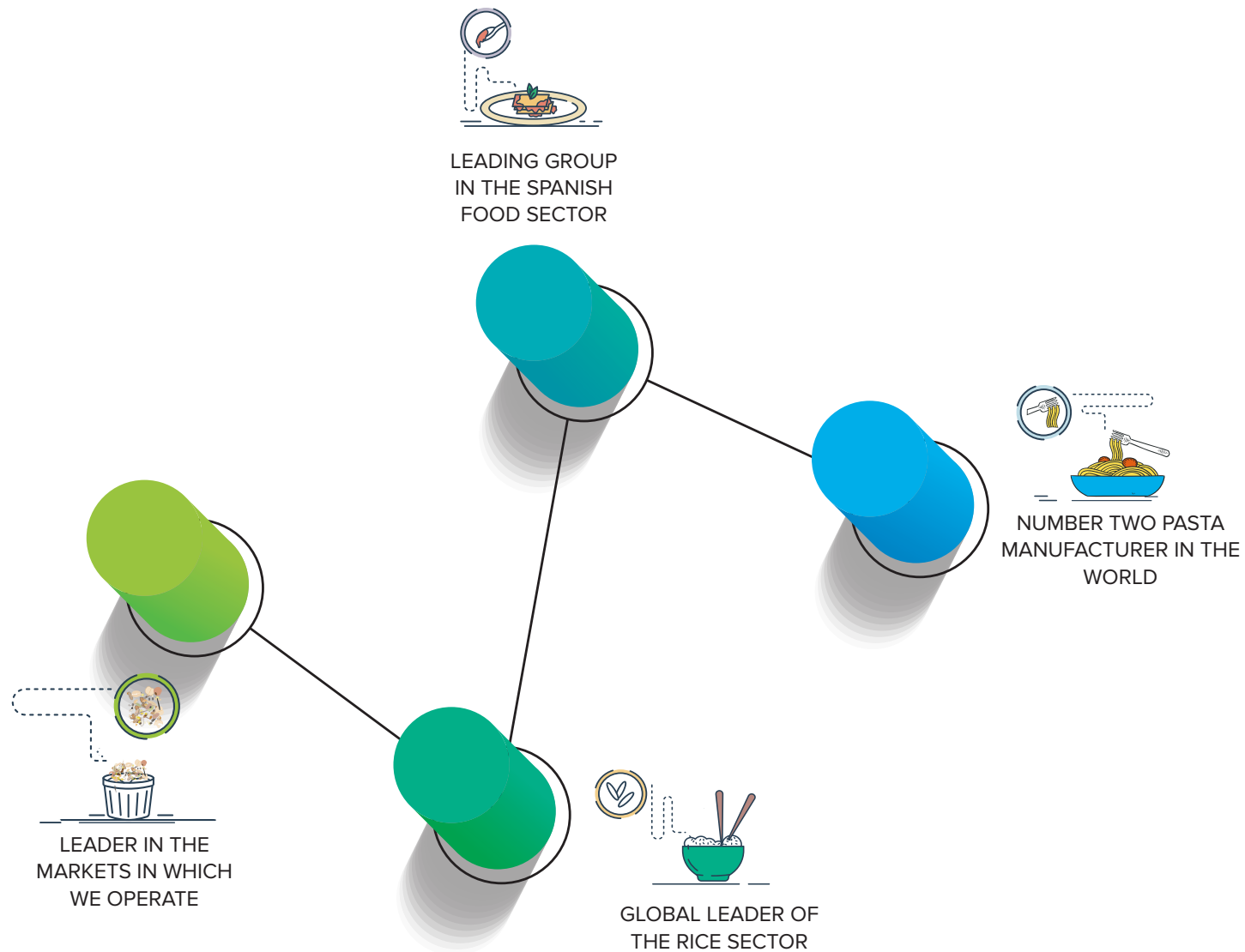
Pag 13

Pag 15

Pag 16



THE COMPANY



THE COMPANY



MISSION, VISION AND VALUES

The mission of the Ebro Foods Group is to research, create, produce and distribute high value-added foods, which enhance people's health and well-being while meeting their nutritional needs.

Our vision is to grow sustainably, ensuring ethical conduct and professional and personal integrity in the performance of our business activities, creating value for our shareholders, minimising the environmental impact of our operations, guaranteeing the personal and career development of our employees, improving the quality of life in society and meeting the needs of customers and consumers.

The Group's conduct is guided by the following values:



ETHICS AND INTEGRITY

The company is governed by the Ebro Foods Group Code of Conduct and the Internal Code of Market Conduct.

EBRO FOODS GROUP CODE OF CONDUCT

The current Code of Conduct, approved by the Board of Directors of Ebro Foods, S.A. in December 2015, is an update of the previous Code of Conduct (in force since 2012) and reinforces the company's commitment to integrity, transparency and ethical, responsible behaviour.

The Group's Code of Conduct (hereinafter COC) provides guidance on how to act in the internal and external relationships of the people and companies making up the group headed by Ebro Foods, strengthening the values that distinguish us and establishing a basic reference to be followed by the people and companies of the Ebro Foods Group.

The COC is devised as an essential element within the crime prevention model implemented in the Ebro Foods Group, so it is important that it be known and observed by all those persons within its scope.

The COC also lays down the guidelines for relations with the Group's stakeholders: shareholders, professionals, consumers, customers, suppliers, rivals, authorities and markets in general.

All those falling within the scope of application of the Code, as per point 4 thereof, are bound to comply and contribute towards compliance with it. Nobody, regardless of their position within the Group, is authorised to require a person bound by the Code to breach the contents thereof. No relevant person may justify any malpractice or conduct infringing the COC alleging an order from a superior or ignorance of its contents.

In this regard, any person bound by the Code may report, under a guarantee of absolute confidentiality, any default or infringement of any of its principles.

A reporting channel is established for this purpose, as follows:

- Reports or complaints may be sent by e-mail to: canaldedenuncias@ebrofoods.es
- Access to that e-mail account, technologically protected to prevent any unauthorised access, shall be limited exclusively to the Chairman of the Audit and Compliance Committee who, as independent director, has no relationship with the management structure of the Ebro Foods Group.
- According to the contents of the report, the Chairman of the Audit and Compliance Committee may obtain the appropriate information and make the necessary consultations to clarify the issue, guaranteeing at all times the absolute confidentiality of the reporter and not informing the reported person or persons until the investigation has concluded.
- The Chairman of the Audit and Compliance Committee will keep in touch with the reporter, informing him/her of the enquiries made and the final outcome and consequences.
- The Chairman of the Audit and Compliance Committee will in all cases establish the order of priority, process, investigate and resolve reports, according to their importance and nature, paying special attention to those concerning a possible financial or accounting fraud and possible fraudulent activities.

The full text of the Code of Conduct and the guidelines laid down for its implementation and application are available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, within the Corporate Social Responsibility section: <https://www.ebrofoods.es/en/information-for-shareholders-and-investors/code-of-coduct/>

The COC has been translated into the languages of all the countries in which the Group operates and has been signed by all the company's employees.

The Ebro Group is developing a multi-year ethical audit plan as a mechanism for monitoring and assessment of compliance. These audits will be made by an independent third party at both Group workplaces and at a sample of suppliers.

INTERNAL CODE OF MARKET CONDUCT

This Code, approved by the Board of Directors of Ebro Foods, S.A. in July 2016, modifies and replaces the previous one, in force from 2015. The Code is included in a process of actions taken by the Company within the framework of constant review of its internal regulations to adjust them to the legal provisions and CNMV criteria in place from time to time.

Its purpose is to establish a set of rules conforming to the laws and regulations in place from time to time, governing the conduct by the Company and the Relevant Persons in the different areas regulated in the Code, all relating to their actions in the security markets.

In this regard, Relevant Persons are:

- (i) Directors and Senior Executives, as well as the Secretary and Vice-Secretary of the Board.
- (ii) External Advisers insofar as they are considered Insiders
- (iii) Members of the Compliance Unit
- (iv) Any person other than the former whenever so decided in specific cases by the Compliance Unit contemplated in the Code, in view of the prevailing circumstances in each case.

The Code is applicable to the following subject matter:

- (i) Trading in relevant securities
- (ii) Insider information and price-sensitive information
- (iii) Treasury stock
- (iv) Conflicts of interest

The full text of this Code is available for consultation by any of our stakeholders through the corporate Intranet and the Group's website, within the Corporate Governance section: <https://www.ebrofoods.es/en/information-for-shareholders-and-investors/corporate-governance/rules-of-conduct-on-stock-markets/>


OPERATING COMPANIES

The details of all the subsidiaries and associates of the Ebro Foods Group and the interest held by the latter in each one are set out in the consolidated financial statements (see Note 4 to the Consolidated Annual Accounts for the year ended 31 December 2019).

The core businesses are performed by the following subsidiaries, reporting to Ebro Foods, S.A.:

COMPANY	COUNTRY	BUSINESS AREA
Arrozeiras Mundiarroz, S.A.	Portugal	Rice
Arotz Foods, S.A.	Spain	Others
Bertagni 1882, S.p.A.	Italy	Pasta
Boost Nutrition, C.V.	Belgium	Rice
Catelli Foods Corporation	Canada	Pasta
Ebro Foods, S.A.	Spain	Parent (Holding)
Ebrofrost Holding, GmbH	Germany, Denmark & UK	Rice, pasta & frozen foods
Ebro India, Private Ltd.	India	Rice
Euryza, GmbH	Germany	Rice
Geovita Functional Ingredients, S.R.L.	Italy	Ingredients
Herba Bangkok, S.L.	Thailand	Rice
Herba Cambodia Co. Ltd	Cambodia	Rice
Herba Ingredients, B.V.	Netherlands & Belgium	Ingredients
Herba Ricemills, S.L.U.	Spain	Rice
Herba Ricemills Rom, S.R.L.	Romania	Rice
Lassie, B.V.	Netherlands	Rice
La Loma Alimentos, S.A.	Argentina	Rice
Lustucru Frais, S.A.S.	France	Rice & pasta
Mundi Riso, S.R.L.	Italy	Rice
Mundi Riz, S.A.	Morocco	Rice
Neofarms BIO, S.A.	Argentina	Rice
Panzani, S.A.S.	France	Pasta
Pastificio Lucio Garofalo, Spa	Italy	Pasta
Riceland Magyarorzag, KFT	Hungary	Rice
Riviana Foods, Inc.	USA	Rice & pasta
Roland Monterrat, S.A.S	France	Fresh meals
Santa Rita Harinas, S.L.U.	Spain	Others
Stevens&Brotherton Herba Foods, Ltd.	UK	Rice
Tilda, Ltd.	UK	Rice
Transimpex, GMBH	Germany	Rice

One new business joined the Group in 2019:



IN AUGUST WE COMPLETED OUR TAKEOVER OF THE TILDA GROUP, specialising mainly in basmati rice. Operating in several countries on all five continents, the Tilda brand is especially important and well-known in the UK.

This acquisition strengthens Ebro's portfolio of global premium brands in the rice sector.

Transaction price: US\$344 million

INDUSTRIAL INFRASTRUCTURE

The Ebro Group has, through its subsidiaries, 66 industrial plants in 16 different countries.

COMPANY	COUNTRY	WORKPLACE
Arrozeiras Mundiarroz	Portugal	Coruche
Arotz	Spain	Navaleno
Bertagni	Italy	Avio
		Vicenza
Boost Nutrition	Belgium	Merksem
		Montreal
Catelli Foods Corporation	Canada	Delta
		Hamilton
		Taraori
Ebro India	India	Taraori
Ebrofrost Denmark	Denmark	Orbaek
Ebrofrost Germany	Germany	Offingen
Ebrofrost Uk	UK	Beckley
		Bruno
		Nizza Monferrato
Geovita	Italy	Verona
		Villanova Monferrato
Herba Bangkok	Thailand	Nong Khae
Herba Cambodia	Cambodia	Phnom Penh
Herba Ingredients	Belgium	Schoten
	Netherlands	Wormer

COMPANY	COUNTRY	WORKPLACE
Herba Ricemills	Spain	Coria del Río
		San Juan de Aznalfarache
		Jerez de la Frontera
		Silla
		Algemesí
		La Rinconada
		Los Palacios
		Isla Mayor
		L'Aldea
		Cotemsa
Lassie	Netherlands	La Raza
La Loma Alimentos	Argentina	Wormer
		Los Charrúas
		Chajarí
Lustucru	France	Los Conquistadores
		Saint Genis Laval
		Lorette
Mundi Riz	Morocco	Communay
Mundiriso	Italy	Larache
Panzani	France	Vercelli
		La Montre
		Gennevilliers
		Nanterre
		Littoral
Pastificio Lucio Garofalo	Italy	Saint Just
		Vitrolles
Riviana	USA	Gragnano
		Memphis
		Brinkley
		Clearbrook
		Alvin
		Carlisle
		Freeport
		Hazen
		Saint Louis
Roland Monerrat	France	Winchester
S&B Herba Foods	UK	Fresno
		Feillens
		Cambridge
Santa Rita Harinas	Spain	Liverpool
		Orpington
Tilda	UK	Loranca de Tajuña
		Rainham (Rice Mill)
Transimpex	Germany	Rainham (RTS)
		Lambsheim

GOVERNANCE MODEL

- Governance bodies
- Ownership structure and stock performance
- Share performance
- Risk management

[Pag 19](#)

[Pag 22](#)

[Pag 22](#)

[Pag 24](#)



GOVERNANCE MODEL

GOVERNANCE BODIES

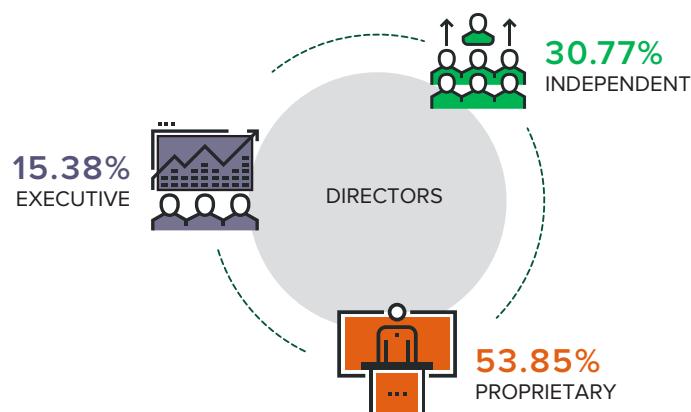
The governance bodies of Ebro Foods, S.A. are the General Meeting of Shareholders and the Board of Directors.

The General Meeting is the company's sovereign body. It is competent to discuss and adopt resolutions on all business reserved in law or the Articles of Association for decision by this body and, in general, on all business which, within its legal scope of competence, is submitted to it by the Board of Directors or the shareholders as stipulated in law.

Save in any matters reserved by law, regulations or the Articles of Association to the General Meeting, the Board of Directors is the highest body of governance and administration of the company, with full powers to direct, administer and represent the company in the activities comprising its objects. The Board of Directors commissions the day-to-day management of the company to its executive members and the senior officers, focusing its own activities on oversight and certain general duties including, among others, those corresponding to it by law, those established in the Regulations of the Board and any that may be delegated to it by the General Meeting of Shareholders in the form stipulated in law.

The Board of Directors will have no fewer than seven nor more than fifteen members, the General Meeting being competent to decide their exact number and to appoint and remove directors.

The Board of Directors of Ebro Foods has thirteen members, two of whom are executive directors, seven are proprietary directors and four are independent directors.

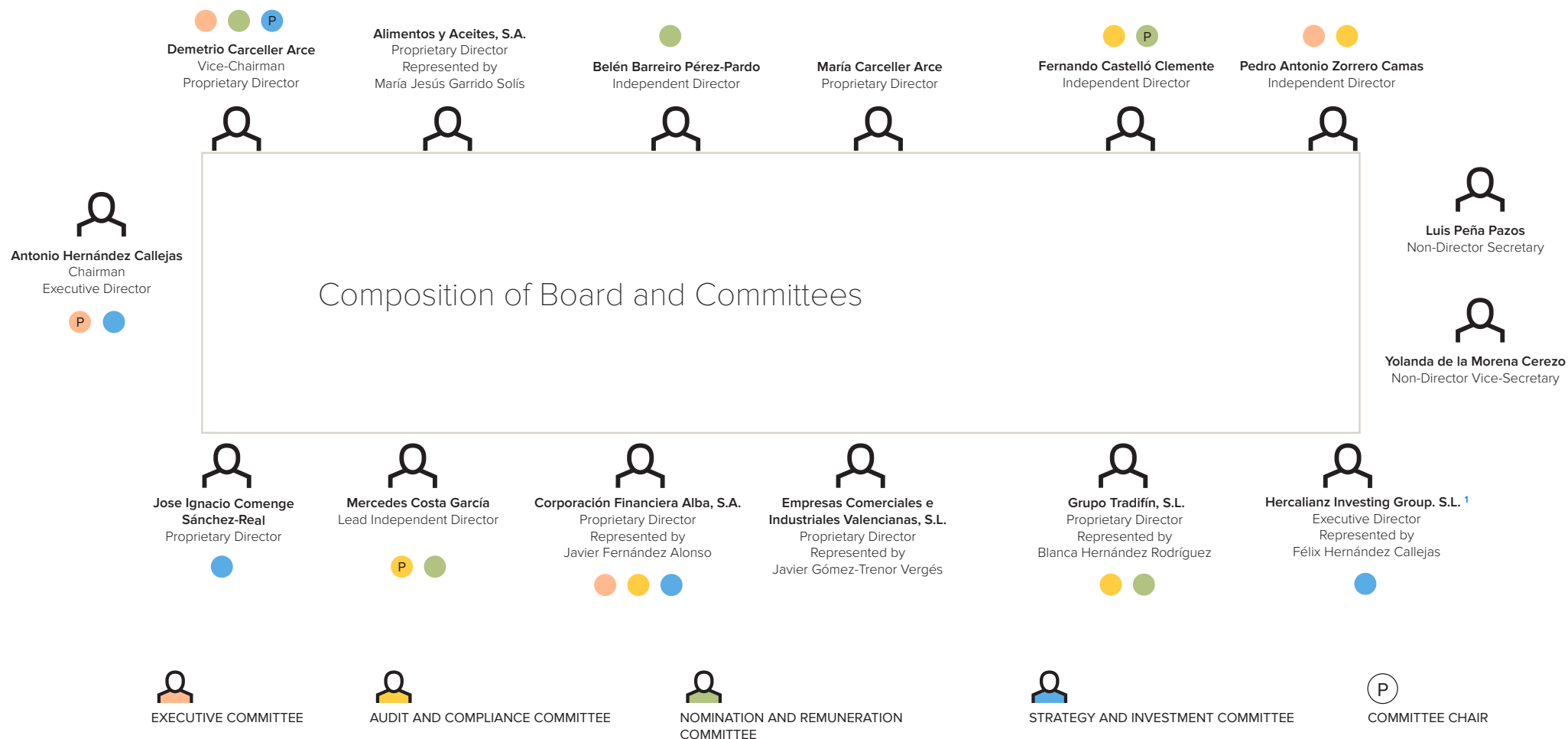


There are also four Committees, which guarantee fulfilment of the Board's duties and have the powers and competence vested in them by law, the Articles of Association and the Regulations of the Board.

These four Committees are:

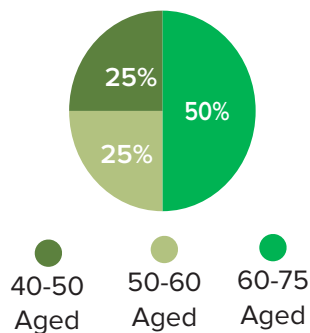
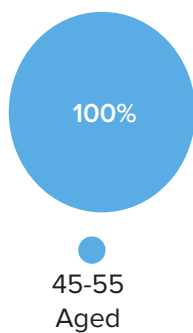
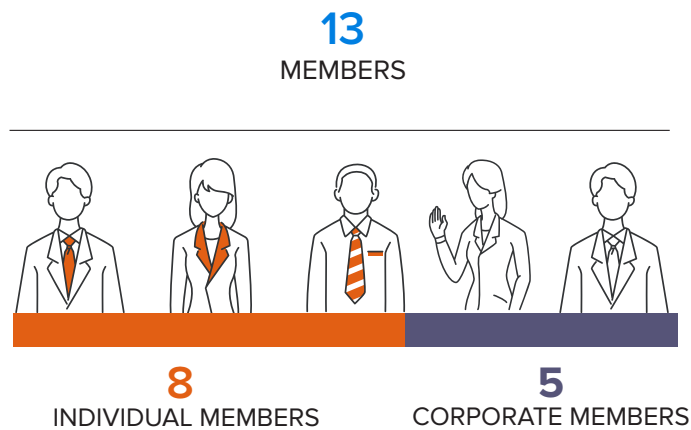
- Executive Committee
- Audit and Compliance Committee
- Nomination and Remuneration Committee
- Strategy and Investment Committee

At 31 December 2019, the composition of the Board of Directors and its Committees is as follows:



(1) Hercalanz Investing Group, S.L. has never performed executive or management duties in Ebro Foods, S.A. or any subsidiary of the Group and, therefore, has not received any remuneration as such. It is classified as executive director in view of the fact that its representative on the Ebro Foods board is an executive of one of the Group's subsidiaries.

According to this composition, women account for 38.46% of the total board members. This is a larger portion than the target set in the Policy for Selecting Directors and Diversity in the Composition of the Board of Directors, according to which by 2020 the gender least represented on the board should account for at least 30% of the total board members. That target was reached in January 2017 and reinforced in June of the same year. As regards the number of independent directors (4), less than one-third (4.3) of the total board members (13) recommended for companies which, like Ebro Foods, S.A., are not high cap, it should be borne in mind that the percentage of the share capital represented on the Board of Directors at 31 March 2020 is 66.748%.



From 31 December 2019 to 31 March 2020, there were no changes in the composition of the board and committees.

SHAREHOLDING STRUCTURE AND SHARE PERFORMANCE

Ebro Foods currently has a capital of €92,319,235.20, fully subscribed and paid up. The shares are issued in book-entry form, registered with the Management Company of Securities Liquidation and Clearing Registration Systems (IBERCLEAR) and listed on the four Spanish stock exchanges.

The details of the capital represented on the board as at 31 March 2020 are shown below:

SCALE OF PERCENTAGE INTERESTS IN THE CAPITAL	NUMBER OF SIGNIFICANT SHAREHOLDERS AND/OR DIRECTORS WITH AN INTEREST IN THE CAPITAL	PERCENTAGE OF TOTAL CAPITAL
≥ 10.00%	3	36.050
≥ 5.00% < 10.00%	4	28.910
≥ 3.00% < 5.00%	0	0.000
< 3.00%	5 (*)	1.788

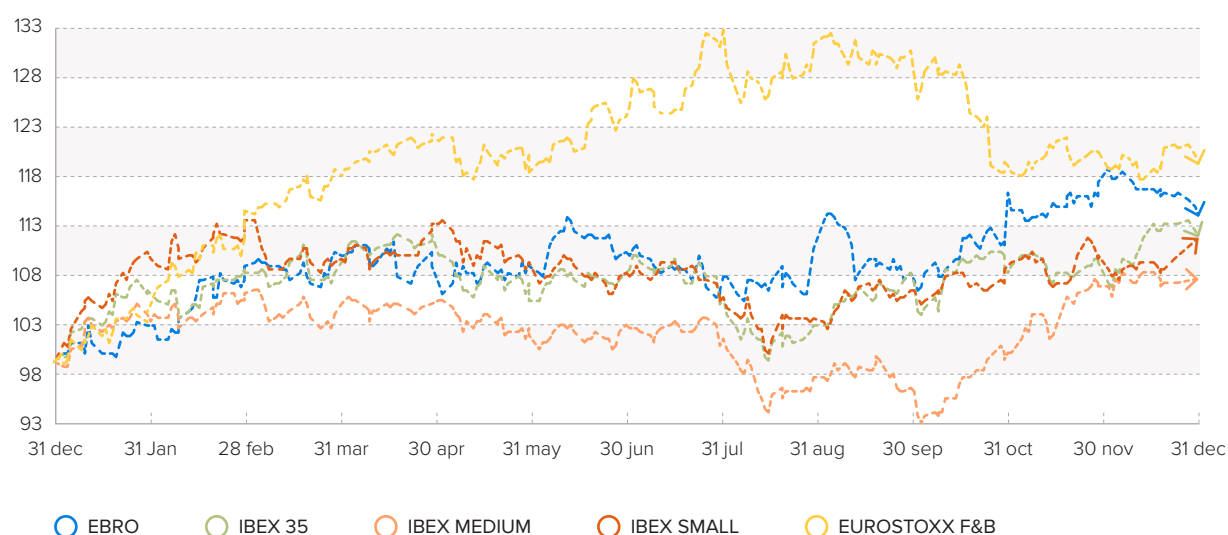
(*) None of these five directors is a significant shareholder because the stake each holds in the capital is less than 3%.

At 31 March 2020, the free float is estimated at 29.002%.

SHARE PERFORMANCE

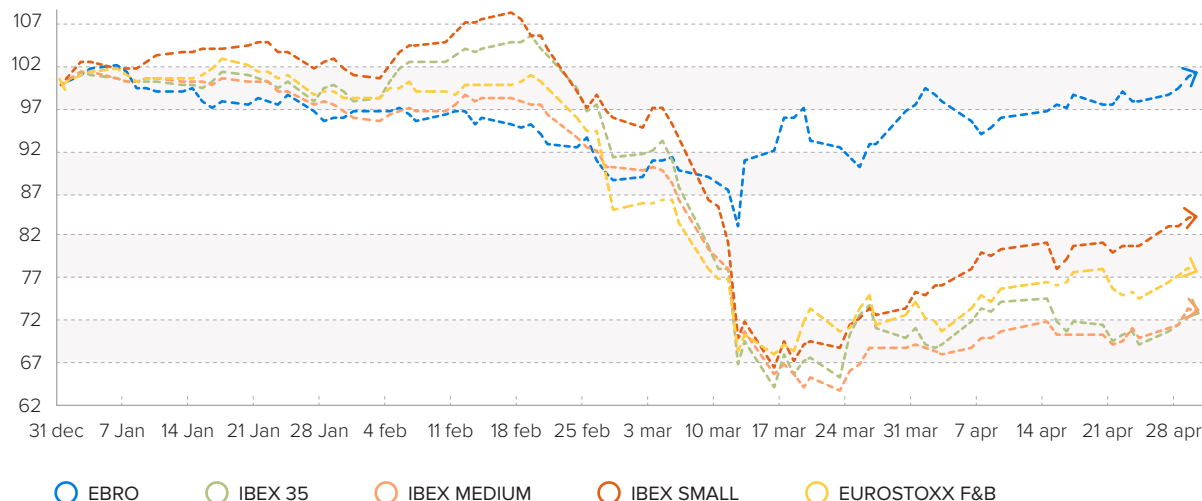
During 2019, the value of the Ebro Foods share rose by 14 %. Ibex 35 closed the same period up 11.8%, Ibex Med up 8.4%, Ibex Small up 11.9% and Eurostoxx Food and Beverage up 19.4%.

EBRO VS. INDEXES 2019



The average price of our share in 2019 was €18.32 and it closed the year on 31 December at €19.09. Share turnover was equivalent to 10% of the total number of shares in the company. The average daily volume of trading during 2019 was 59,932 shares.

EBRO VS INDEXES 1 JANUARY TO 30 APRIL 2020



Observing share performance in 2020, the value of the Ebro share has risen by 1.7%, while Ibex 35 is down 27.5%, Ibex Med 26.8%, Ibex Small 15.7% and Eurostoxx Food and Beverage 22.4%.

EBRO ANALYSTS

Analysts continue to rate our share highly and EBRO is currently tracked by the following firms:

- | | | |
|-----------------------|----------------------|--------------------------|
| 1. Ahorro Corporación | 6. GVC Gaesco | 11. Mirabaud |
| 2. Banco Sabadell | 7. Exane BNP Paribas | 12. Alantra |
| 3. Bankinter | 8. Fidentiis | 13. Santander Investment |
| 4. BBVA | 9. Intermoney | 14. UBS |
| 5. BPI La Caixa | 10. Kepler Cheuvreux | 15. Renta 4 |

At year-end 2019, the average rating by analysts gave EBRO a target price of €19.43 per share, 1.8% higher than our market price at that date.

DIVIDENDS

An ordinary dividend of €88 million (€0.57 euros per share) was distributed during 2019 against the 2018 profits.

The ordinary dividend was paid in three instalments (€0.19 per share) in April, June and October 2019.

The dividend yield per share at year-end was 3%.

For 2020, the Ebro Foods board unanimously resolved on 18 December 2019 to table a motion at the forthcoming Annual General Meeting proposing a dividend of €0.57 per share against the 2019 earnings, to be distributed in three payments of €0.19 per share in April, June and October 2020 (€88 million). Therefore, the dividend would be maintained at the same level as in 2019.

NB: All the information on the ownership structure and governance of the company can be consulted in the Annual Corporate Governance Report.

RISK MANAGEMENT

Within the corporate policies approved by the Board of Directors, the Risk Control and Management Policy lays down the basic principles and general framework for control and management of the business risks, including tax risks, to which the Company and other companies in its group are exposed and the internal control of financial reporting.

This general framework is implemented through an integrated, homogenous Risk Control and Management System, influenced by the conceptual framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Report on internal control, based on the preparation of a business risk map to identify, assess and rate the management capacity regarding different risks, ranking them from greater to lesser impact for the Group and their probability of occurrence. Risks are classified into four main groups: compliance, operational, strategic and financial.

In the classification process, a dynamic assessment is made of both inherent risk and the residual risk after applying the internal controls and protocols established to mitigate them. Those controls include preventive measures, such as adequate segregation of duties, clear levels of authorisation and the definition of policies and procedures.

The model is both qualitative and quantitative and can measure risks in the Group earnings, based on the risk level considered acceptable or tolerable on a corporate level.

The Risk Control and Management System is dynamic, so the risks to be considered vary in line with the circumstances in which the Group operates. A review of the Group's risk map is currently being set up, highlighting and integrating especially important recent circumstances. It will particularly take account of the risks deriving from climate change, social and human rights aspects and changes related with new technologies or new social and consumer habits.

The Risk Control and Management System, including tax risks, and control over financial information rests on the following structure:

- The Board of Directors, as the body responsible for the system, determines the risk, including tax risks, control and management system and control over financial information.
- The Audit and Compliance Committee, through the Risks Committee, oversees and monitors financial reporting and the risk control systems, reporting regularly to the board on any significant aspects arising in these areas. It is also responsible for supervising and promoting internal control of the Group and risk management systems, and submitting proposals to the Board on the risk control and management policy and possible measures for improvement.

- The Risks Committee, following the policy established by the Board and supervised by and reporting to the Audit Committee, is specifically responsible for coordination and monitoring of the risk, including tax risks, control and management system and control of the Group's financial reporting. The Risks Committee also analyses and assesses any risks associated with new investments.
- The Management Committees of the different units, with the participation of the Chairman of the Board and the Chief Operating Officer (COO), assess the risks and decide on the measures to be taken.
- Risk officers in the different units. The Risks Committee appoints officers responsible in the major subsidiaries for monitoring the risk, including tax risks, control and management systems, as well as the financial reporting and reporting to the Committee.
- Internal Audit Department. Within the internal audits made on the different subsidiaries, the company's Internal Audit Department checks that the testing and control of financial reporting and risk management systems have been done correctly, as stipulated by the Risks Committee.

NB: A full description of the risk management model and the measures taken to mitigate them can be consulted in the Directors' Report of the Consolidated Annual Accounts.

BUSINESS MODEL

- Definition of the model [Pag 27](#)
- Strategy [Pag 29](#)
- Value creation: R&D and innovation [Pag 31](#)



BUSINESS MODEL

DEFINITION OF THE MODEL

The main mission of the Ebro Group is to research, create, produce and put on the market high value-added foods that satisfy people's nutritional needs while improving their health and well-being, endeavouring at the same time to secure a transparent, efficient, sustainable business model.

The Group has a multi-company, multi-country and multi-brand business model. It has a decentralised culture in each of its subsidiaries for certain management areas, such as Commercial and Marketing, Logistics, Procurements, Human Resources and Environment, with a clear focus on the business while taking account of the specific idiosyncrasies, laws, etc. of each country. At a higher level, the parent company (Ebro Foods, S.A.), with a light, dynamic structure, is responsible for defining the Group's overall strategy and management guidelines. Decision-making is prompted by the parent's board of directors.

The Ebro Foods Group is managed by business areas that combine the type of activity they perform and their geographical location. Our core business areas are:

- a. Rice:** This covers the production and distribution of different rice varieties and their by-products and culinary supplements. The industrial and brand business follows a multi-brand model. It is present throughout Europe, the Mediterranean Arc, India and Thailand through companies in the Herba Group, and in North and Central America, the Caribbean and the Middle East through the Riviana Group.
- b. Pasta:** This includes the production and marketing of dry and fresh pasta, sauces, semolina and their by-products and culinary supplements, through the Riviana Group (North America), the Panzani Group (France) and Garofalo (rest of world).
- c. Healthy and organic food:** This includes the activities related with health and organic products in all our subsidiaries.

Decision-making is controlled by the board of directors of the parent (Ebro Foods, S.A.), which is ultimately responsible for defining the Group's general strategy and management guidelines. The Board delegates certain tasks to the Executive Committee, including monitoring and oversight of compliance with the strategic and corporate development guidelines, while the Management Committee (composed of the heads of the principal business areas) is tasked with monitoring and preparing the decisions made at management level in the respective business areas. The Annual Corporate Governance Report contains detailed information on the Group's administrative structure.

The basic raw materials used to manufacture the products marketed by the Group are rice and durum wheat, although others, such as pulses, quinoa and other ancient grains, are gradually being incorporated.

Rice is the world's most consumed grain, although the volume of world trade is smaller than that of other grains and cereals owing to the production shortfalls in some of the largest producers of this grain (China, the Philippines and Indonesia). The origins of the rice marketed by Ebro vary according to the type of grain and the quality/abundance of harvests. There are three major sources of supply for different rice varieties: USA, southern Europe and South East Asia, plus the resources obtained through the incorporation in the

Group of La Loma Alimentos, S.A. in Argentina, a major source of organic rice, which also enables us to reduce our seasonal dependence for certain rice varieties.

Pasta is produced from a variety of wheat with a high protein content, called durum wheat, which has a much smaller geographical distribution and market than other varieties used mainly for flour production. Ebro sources its rice mainly in the USA, Canada and southern Europe (France, Spain and Italy).

Raw materials are purchased from farmers, cooperatives and millers then milled and/or processed at the Ebro Group's production plants. Processes differ depending on the ultimate use of the product and may include cleaning, milling, polishing and basic extrusion, and complex processes of pre-cooking, cooking and freezing.

The Group's main direct customers are: (i) the principal food distributors, (ii) the major food multinationals (which use our products as the basis for their preparations) and (iii) numerous catering businesses. Although consumers are not generally direct customers, they are important in the Group's business focus.

GLOBAL PRESENCE

The Ebro Group operates worldwide through a portfolio of over 80 brands, in 84 countries, with industrial and commercial facilities in 16 of them. In the remaining 68 countries, we only engage in commercial activity. Our industrial park comprises some 74 sites, including production plants, offices and warehouses.

COUNTRIES WITH COMMERCIAL AND INDUSTRIAL PRESENCE			
Germany	Canada	Italy	United States
Argentina	France	Morocco	Portugal
Belgium	Netherlands	Denmark	United Kingdom
Cambodia	India	Spain	Thailand

COUNTRIES WITH ONLY COMMERCIAL PRESENCE				
Angola	Ivory Coast	Reunion Island	Mexico	Saint Lucia
Saudi Arabia	Curaçao	Iceland	Mozambique	Senegal
Algeria	United Arab Emirates	Israel	Niger	South Africa
Austria	Slovakia	Jamaica	Oman	Sweden
Bahamas	Estonia	Japan	Panama	Switzerland
Bahrein	Finland	Jordan	Peru	Taiwan
Barbados	Gabon	Kuwait	Poland	Trinidad & Tobago
Belize	Ghana	Lebanon	Qatar	Tunisia
Benin	Greece	Libya	DR Congo	Turkey
Brazil	Guinea	Lithuania	Czech Republic	Ukraine
Chile	Haiti	Madagascar	Romania	Yemen
Colombia	Hungary	Mauritius	Russia	Djibouti
South Korea	Indonesia	Mauritania	Saint Martin	

NB: An overview of the principal activities, brands and market shares by business area is set out in Note 6 to the Consolidated Annual Accounts (Financial information by segments).

MEMBERSHIP OF SECTOR ASSOCIATIONS AND INSTITUTIONS

Ebro Foods, S.A. and some of its subsidiaries belong to the following sector associations:

COMPANY	ASSOCIATION	GEOGRAPHICAL AREA
Herba Ricemills, S.L.U.	Federation of European Rice Mills (FERM)	Spain
Herba Ricemills, S.L.U.	Spanish Association of Commercial Coding (AECOC)	Portugal
Herba Ricemills, S.L.U.	Confederation of Entrepreneurs in Andalusia (CEA)	Belgium
Ebro Foods, S.A.	Multi-sector Association of Food & Drink Enterprises (AME)	UK
Herba Ricemills, S.L.U.	Spanish Advertisers Association	UK
Herba Ricemills, S.L.U.	Association of Spanish Rice Industries (UNIADE)	UK
Arrozeiras Mundiarroz, S.A.	Portuguese Distributors Association	UK
Boost Nutrition, C.V.	Federation of Food Companies (FEVIA)	India
S&B Herba Foods, Ltd.	British Edible Pulse Association (BEPA)	India
S&B Herba Foods, Ltd.	Campden BRI	Netherlands
S&B Herba Foods, Ltd.	UK National Dried Fruit Association	Netherlands
S&B Herba Foods, Ltd.	UK Rice Association	Italy
Ebro India, Privated Ltd.	Rice Association of India	USA
Ebro India Privated Ltd.	Indo French Chamber of Commerce	USA
Lassie, B.V.	Union of Dutch Food Industry (FNLI)	France
Lassie, B.V.	Union of Dutch Rice Industry (VRN)	France
Mundi Riso, S.R.L.	Italian Rice Miller Association (AIRI)	Italy
Riviana Foods Inc.	U.S. Rice Federation	USA
Riviana Foods Inc.	U.S. Pasta Association	USA
Panzani	Association of Processed Food Product Enterprises (ADEPALE)	France
Panzani	French Committee of the Semolina Industry (CFSI)	France

STRATEGY

The Group aims to be an important player in the rice, pasta and healthy grains markets and in cross-cutting categories known as meal solutions. Within that strategy, the company has the following goals:

- Achieve a global position, being open to the incorporation of related products (such as value-added pulses).
- Reaffirm itself as a benchmark business group in its different areas of activity.
- Lead innovation in the geographical areas in which it operates.
- And position itself as a responsible company, committed to social well-being, environmental balance and economic progress.

The Group strategy is thus based on a number of general principles of action and growth levers considered essential to increase the value of the business and company's commitment to sustainable development.

PRINCIPLES OF ACTION

- Foster ethical management based on good governance practices and fair competition.
- Comply with prevailing laws, taking a preventive approach at all times to minimise economic, social and environmental risks, including tax risks.
- Endeavour to obtain a return on investment while guaranteeing the operating and financial soundness of its activities. Ensure business profit as one of the bases for the future sustainability of the company and the large groups of stakeholders operating directly and indirectly with it.
- Generate a framework of labour relations that favours training and personal and professional development, respects the principle of equal opportunities and diversity and promotes a safe, healthy working environment.
- Reject all forms of abuse or violation of the fundamental and universal human rights, in accordance with international laws and practices.
- Promote a relationship of mutual benefit with the communities in which the Group is present, sensitive to their culture, context and needs..
- Meet and anticipate our consumers' and customers' needs, offering a broad portfolio of products and differentiated, healthy food.
- Steer all the company's processes, activities and decisions towards not only generating economic gains, but also protecting the environment, preventing and minimising environmental impacts, optimising the use of natural resources and preserving biodiversity.
- Develop a framework of responsible, honest, transparent communication and dialogue with stakeholders, setting up stable channels of communication and regularly providing stakeholders with transparent, rigorous, true, specific information on the Group's activities.

GROWTH LEVERS

1. Search for organic and inorganic growth in countries with high levels of consumption and business expansion in developing countries with a high growth potential.
 - Moving into new territories or categories, paying special attention to new fresh products (snacks, crisps, omelettes, sandwiches, pizzas, ready meals) and new ranges of higher value-added ingredients.
 - Developing products that offer a complete culinary experience, extending the catalogue with new formats (maxi cups, compacts...), flavours (dry pasta with fresh pasta quality, cup range and sauces with fresh quality) and preparations (pan-fried rice and pasta dishes, "Banzai" cups...).
 - Establishing ourselves as leaders of mature markets by outperforming others in product quality. Expanding and leading the premium category. Developing the enormous potential of the Garofalo brand and including the new opportunities arising from the purchase of Bertagni and Tilda.
 - Expanding our geographical presence and completing our product/country matrix:
 - Search for business opportunities in mature markets with a business profile similar to ours and in specialist market niches, through which we can shift our strategy from a generalist position to that of a multi-specialist (individual solutions).
 - Branch out into new business niches in markets in which we are already present: pasta in India, extend the product range in the Middle East or Eastern Europe, or develop the pan-fried gnocchi range in Canada.

2. Significant positioning in the healthy and organic foods segment in all our brands, through new concepts based on ancient grains, organic, gluten free, quinoa, etc.
3. Differentiation and innovation, investing in two aspects to enhance our product range:
 - Research, development (R&D) and innovation through our five research, development and innovation centres and an investment policy that enables us to convert new ideas and needs into reality for our customers and end consumers.
 - Focus on leading brands in their respective segments, together with a commitment to invest in advertising to promote their development.
4. Low risk exposure. The Ebro Group deals with change in the consumer and financial markets and social change with a firm vocation to adaptation and permanence. To achieve this, it endeavours to secure: (i) balanced sources of recurring income (markets, currencies), (ii) low leverage so that it can grow without exposure to “financial turmoil”, (iii) new supply channels and (iv) long-term relations with its stakeholders (customers, suppliers, authorities, employees and society).
5. Implementation of sustainability throughout the entire value chain (“from the field to the table”) with the ultimate aim of: (i) increasing and securing competitiveness and the financial, environmental and social sustainability of operations and (ii) offering healthy, differentiated food solutions that foster and seek the preservation of natural resources and well-being of society, guaranteeing it for future generations.

VALUE CREATION: R&D + INNOVATION

The Ebro Group has always been one step ahead of new consumer trends and an international benchmark in the research and development of products for the food sector. Aware that R&D+I is essential for developing its quality and differentiation strategy, the Group maintained its firm commitment in 2019.

A total of €5.3 million was spent on R&D+I during the year, between internal resources (€2.9 million) and external resources (€2.4 million). Investment in R&D+I during the year totalled €12 million, mostly corresponding to payments for new facilities for IQF rice and pasta in the USA and new filled fresh pasta processes in France.

The Group has built up its R&D+I activities at research centres in France, USA, Netherlands and Spain, adding in 2018 the Arcugnano R&D centre, specialising in processes related with fresh pasta. These centres and the principal projects developed during the year are described briefly below:

1. The R&D centre of the Panzani Group in Marseilles and Lyon, which focuses its research on the development of durum wheat, dry and fresh pasta, couscous, pulses, other grains and new food processing technologies applied to cereals. This year it increased its work on: (i) expanding the pre-cooked pasta range, (ii) improvements to processing, especially in the use of energy and (iii) numerous additions to the ranges of sauces, fresh-quality dry pasta, pesticide-free pasta, etc.
2. Bertagni's R&D centre in Arcugnano, which has worked especially on the technology patented by Bertagni for double-layer sealing of product and has also developed two new product categories: one with fish and the other for vegan products.

3. United States. Department engaged in the development of new products, processes and technologies, or adapting them for the US rice and pasta divisions. Its work has focused on developing: (i) a new range of grain & pulse products ready in 10 minutes, (ii) strong local development of microwave cups adapted to suit the uses and customs of the country, (iii) new pasta & sauce kits with several varieties and (iv) numerous projects adapting recipes and textures in paste-based products.
4. Herba group centres in Moncada (Valencia), the San José de Aznalfarache plant, the Wormer ingredients plant (Netherlands) and the Bruno plant, engaged in the development of new and/or improved products and technologies and technical assistance in the areas of rice and rice-product technology for today's needs: fast-food and catering. The most important projects in progress are: (i) research of hydrothermal, thermomechanical and chemical modification of rice starch to attain specific functionalities for industry, (ii) the development of new rice, pulse, quinoa and cereal-based industrial ingredients and (iii) search for ingredients without allergens for use in the food industry and (iv) development of vegan convenience food products made from vegetables and pulses, 100% organic, with no additives and having a high nutritional level.

PRODUCT INNOVATIONS

Through this R&D+I policy, the Group launches new products and concepts on the market every year that revitalize the categories in which it operates and meet and anticipate the needs of its customers and consumers.



NUMBER OF PRODUCT INNOVATIONS BY COMPANY DURING 2019

During the year, different group companies have launched some 129 new products:

COMPANY	COUNTRY	NO. PRODUCTS
Arrozeiras Mundiarroz	Portugal	2
Boost Nutrition	Belgium	12
Catelli Foods	Canada	9
Euryza	Germany	10
Herba Ricemills	Spain	5
Lassie	Netherlands	4
Lustucru	France	17
Panzani	France	9
Pastificio Lucio Garofalo	Italy	6
Risella Oy	Finland	0
Riso Scotti	Italy	15
Riviana Foods	USA	40
TOTAL NEW LAUNCHINGS		129

EVOLUTION OF PRODUCT INNOVATIONS 2017-2019

The Ebro Group has launched 384 new products between 2017 and 2019.

COMPANY	COUNTRY	NO. PRODUCTS
Arrozeiras Mundiarroz	Portugal	28
Boost Nutrition	Belgium	32
Catelli Foods	Canada	9
Euryza	Germany	69
Pastificio Lucio Garofalo	Italy	43
Herba Ricemills	Spain	37
Lassie	Netherlands	33
Lustucru Frais	France	18
Panzani	France	20
Risella Oy	Finland	7
Riso Scotti	Italy	20
Riviana Foods	USA	68
TOTAL NEW LAUNCHINGS		384

NB: 65 of the 384 products launched were discontinued during the same period.

WEIGHT OF INNOVATIONS IN THE BUSINESS

The product innovations launched by these companies on the market between 2016 and 2018 accounted for 7.58% of those companies' total revenue in 2018.

PERIOD 2017-2019	ARROZEIRAS MUNDIARROZ	BOOST NUTRITION	CATELLI FOODS	EURYZA	HERBA RICEMILLS	LASSIE	LUSTUCRU FRAIS	PANZANI	PASTIFICIO LUCIO GAROFALO	RISELLA OY	RISO SCOTTI	RIVIANA
Revenue new launchings	6,359,130	9,071,650	61,413,576	12,803,566	22,481,625	3,390,396	66,360,282	96,892,982	5,499,303	2,565,257	64,726,894	83,699,201
% Revenue new launchings / Revenue by Company	7.77%	22.28%	13.69%	17.38%	6.70%	4.17%	17.42%	9.62%	2.39%	19.33%	12.62%	3.27%

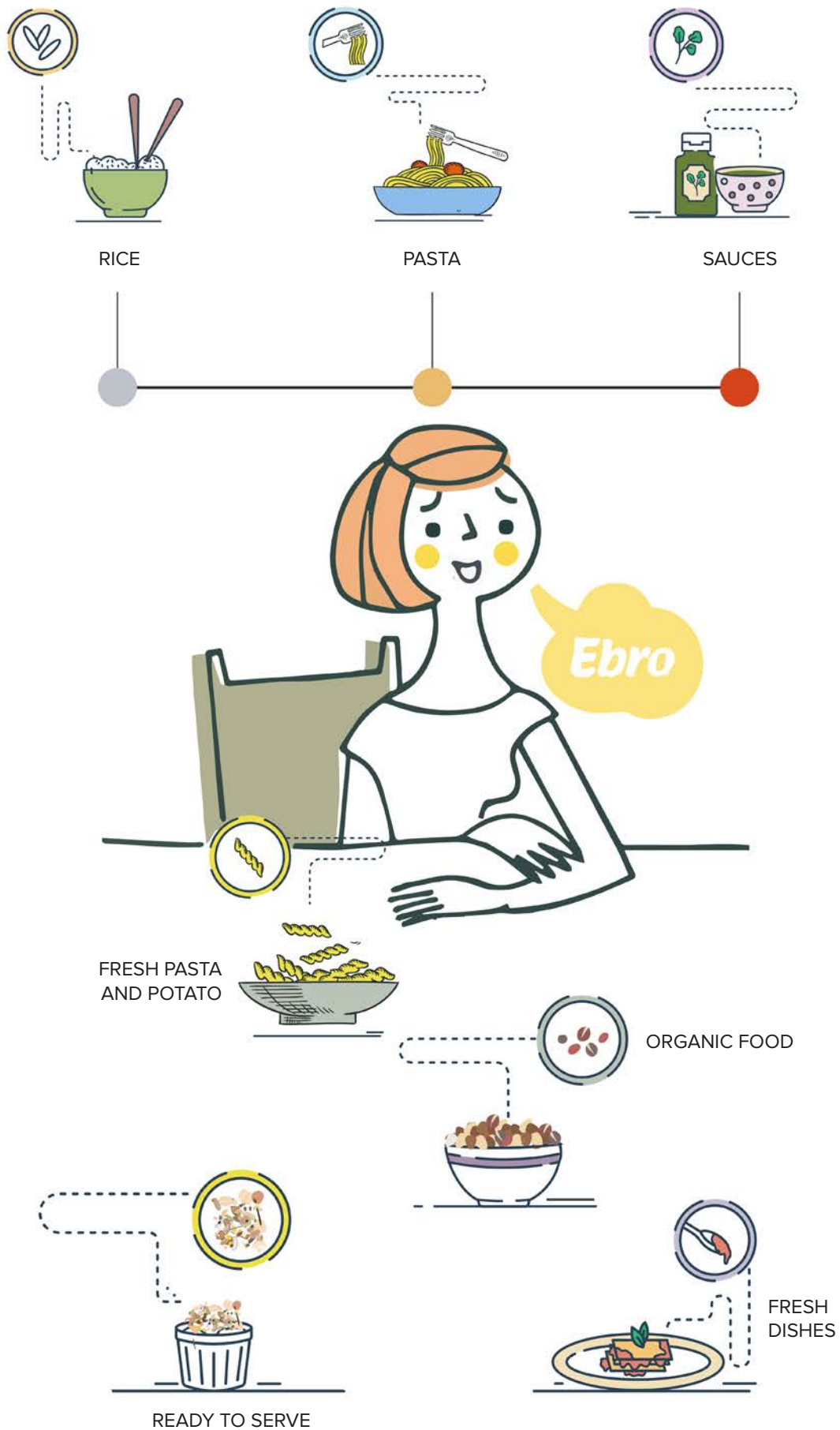


BUSINESS AREAS

- Consolidated group *Pag 39*
- Rice *Pag 43*
- Pasta, sauces and others *Pag 46*



BUSINESS AREAS



GENERAL OVERVIEW

The trend in the world economy shifted during 2019. In contrast to the strong growth of previous years, albeit with variations (owing to the different paces between the economies of Europe, United States, China and its neighbouring countries, and the other developing countries), a reversal of trend has been generally patent since the first quarter of 2019, and even though the global GDP maintained a growth rate of around 2.4%, a clear slowdown has been observed. The confidence indicators declined, especially in some of the stronger exporting economies, as trade wars and uncertainty caused by other geopolitical problems appeared on the horizon, such as Brexit, the conflict with Iran, wars and immigration.

The slowdown affected everyone, including the United States, which began to show signs of exhaustion once the effect had worn off of the greatest tax cut in its history, which had strongly boosted consumption and certain sectors of production and established the conditions for a lowering of the Federal Reserve rates.

That situation has been further aggravated in 2020 with the worldwide health alert caused by the coronavirus, which has been threatening the world with a global crisis since February owing to the practical shutdown of the nations with the highest numbers of infections.

OVERVIEW OF CONSUMPTION

The consumption patterns mentioned in previous reports were maintained, shaped by:

1. MORE PERSONAL CONSUMER EXPERIENCE

Consumers now have greater decision-making capacity, more information and more shopping tools, and they are willing to pay more for products they can relate to. This personalisation is associated with:

- Demand for quality products that are easy to prepare and immediately satisfy their wishes.
- Preference for natural, healthy, organic products. The increased consumption of fresh products and the importance given to small companies and start-ups that make consumers feel in touch with nature are very much in tune with this sentiment.
- Search for sustainable products corresponding to the circular economy that include different players in their preparation and sale.
- Desire for a greater choice. Quality private label brands have broadened their customer base, spanning practically all social classes and segments of population.

2. SOCIAL CHANGES

- Aging of the population, increased power of older generations. The baby boomers have transformed this segment of the population, which have greater purchasing power and different needs and aspirations (activity and health) from those traditionally relating to this social group.
- Smaller families, with a constant growth in single-member households; new formats and customised goods and services.
- The younger generations are more concerned about sustainability and the environment.
- Increased mobility and immigration in many developed countries, accompanied by new tastes and ways of cooking.

3. CONNECTIVITY

The relentless penetration of mobility in internet access (more than 4 billion people with access to internet at year-end 2019, a very significant percentage of them via mobile or tablet) makes shopping faster and more universal. This, together with growing automation (self-driving cars, drones, etc.) and interchange platforms that put consumers in touch with the producers of goods and services, herald a change in food consumption and shopping habits (customised promotions, access to all sorts of food delivery services or crossing the last mile barrier in distribution, etc.).

4. NEW CHANNELS AND SERVICES

- Growth of local supermarkets, with more frequent shopping and increased availability (24-hour opening, alliances with filling stations or other high-traffic points).
- Consolidation of new virtual players (such as Amazon) on the distribution market along with the new consumer trends and the use of technology.
- New ways of cooking or consuming food (by order, through vending machines, snacks as meal substitutes, etc.).

All these changes have brought new challenges for distributors and manufacturers, who are forced to use totally different marketing techniques from those prevailing up to a decade ago to reach consumers and achieve customer loyalty, and where the use of Big Data and the speed and customisation of marketing actions are becoming increasingly important.

Finally, at the date of issuing this report, we are uncertain how the coronavirus pandemic will affect the economy overall and consumer behaviour.

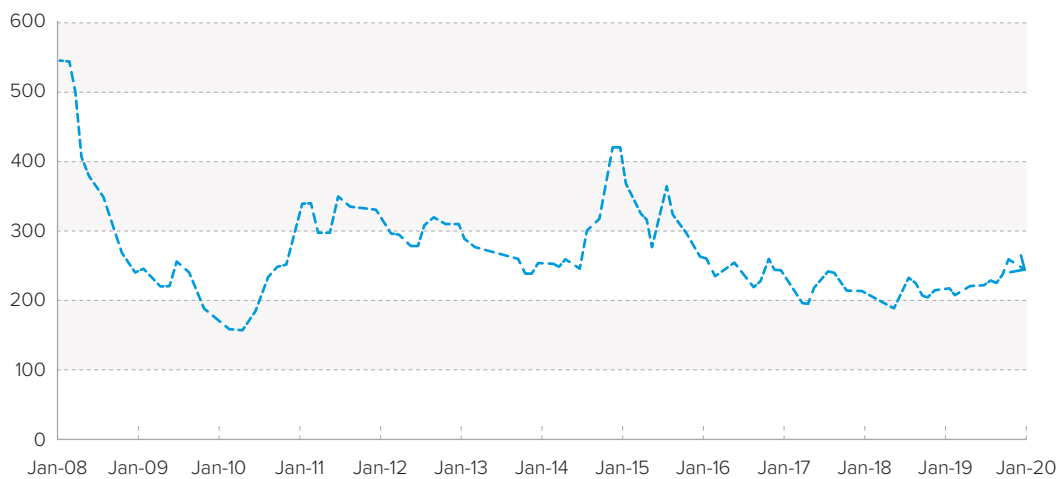
COMMODITY MARKETS

There were no significant changes in the World Bank Commodity Price Index at the beginning of the year, but there was a downturn in the second half of the year. The international tensions arising repeatedly and the economic slowdown hit fuel prices particularly hard (underpinned only by the supply disruptions following the attacks on oil facilities in Saudi Arabia), dragging metal prices down with them.

The grain prices included in the Index (wheat, maize, soybeans and rice) have maintained a downward trend over the year, thanks in part to the favourable weather conditions that promised good harvests in the wake of recent years.

In particular, durum wheat prices have maintained the stability of previous crop years, with a slight upturn following the summer harvest when certain quality deficiencies were detected in some sources that could affect carryover stock.

DURUM WHEAT PRICES €/TM

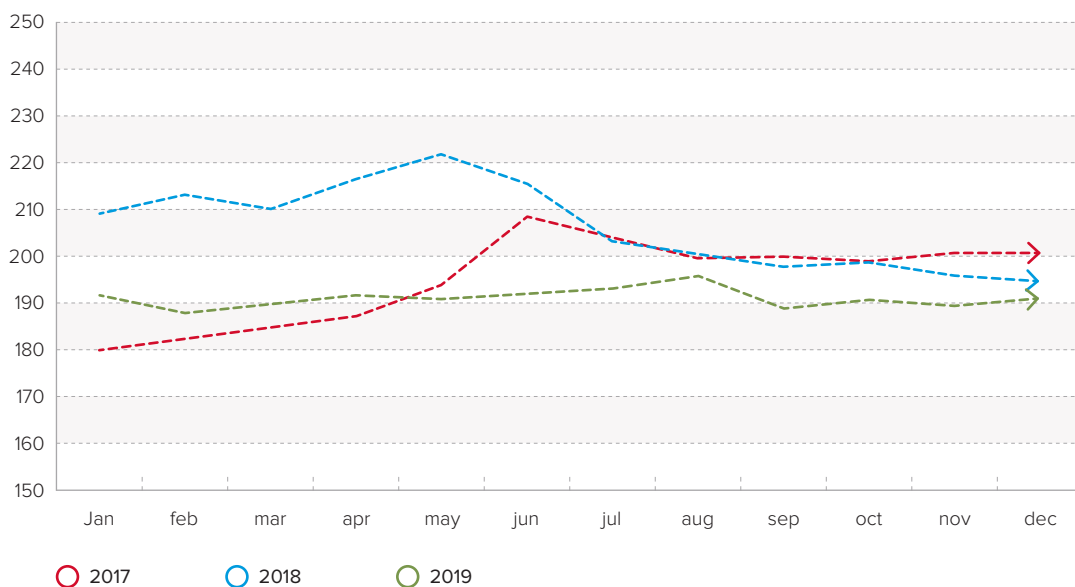


Source: Terre.net and own compilation

The 18/19 rice campaign and the 19/20 forecasts follow the trend of earlier years, with record harvests. According to data published by the Food and Agriculture Organization (FAO), production of the 2019 campaign is estimated at 512 million tonnes of white rice equivalent, practically on a par with the previous year and at record levels. Crop prospects are especially good in India, offsetting declines in other rice-producing countries, such as Thailand.

The evolution of the international rice price index for the past three years can be seen in the following graph, which shows the average prices of the highest-consumption varieties:

IPO RICE PRICE INDEX



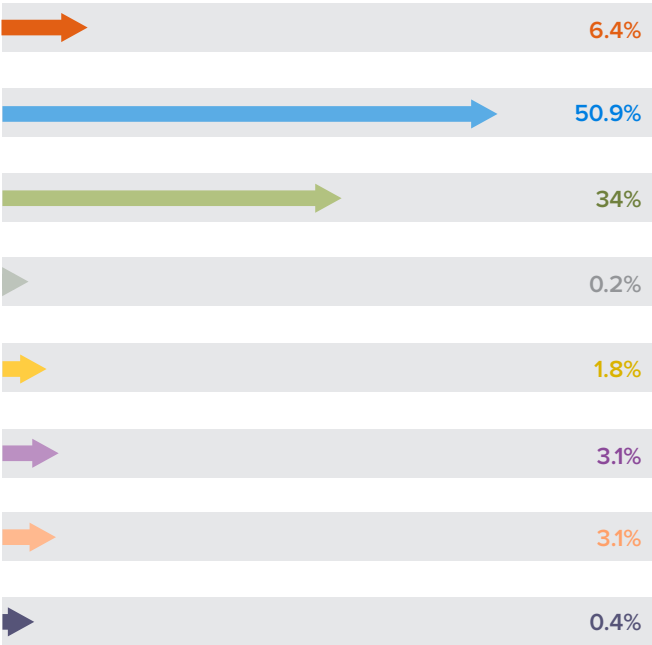
So stability prevailed in international prices, as shown in the graph. The price of American long grain rice fell over the crop year that ended in the summer of 2019 in some origins that are important owing to their impact on the global market. As a result, a smaller area was sown, producing a reduced output in this crop year. This may push prices up, although the impact will not be excessive thanks to the good harvest in other sources. Finally, aromatic rice prices remained stable, with the possibility of a slight reduction in 2020.

CONSOLIDATED GROUP

SALES BY BUSINESS AREAS



SALES BY GEOGRAPHICAL AREAS



2,813.3 Mill€

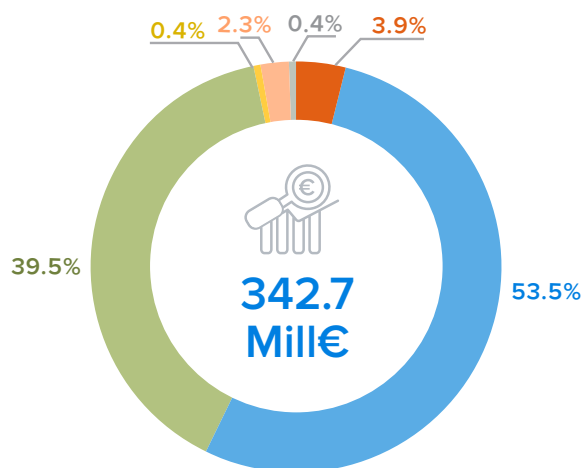
SPAIN REST OF EUROPE NORTH AMERICA SOUTH AMERICA AFRICA MIDDLE EAST ASIA REST



EBITDA-A BY BUSINESS AREAS

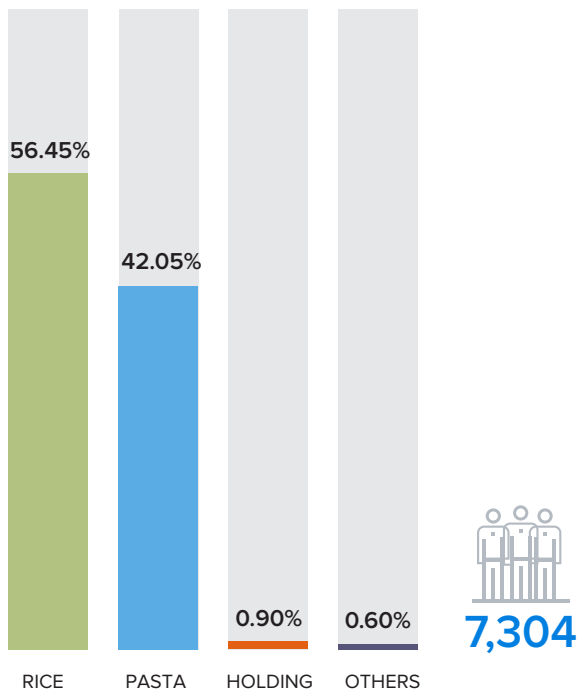


EBITDA-A BY GEOGRAPHICAL AREAS



SPAIN REST OF EUROPE NORTH AMERICA SOUTH AMERICA AFRICA ASIA

AVERAGE HEADCOUNT EMPLOYEES



The most significant metrics of the Group are shown below (the amounts from 2017 and 2018 have been adjusted, stripping out the results of the discontinued organic business):

PROFIT AND LOSS						
	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Revenue	2,473,381	2,613,947	5.7%	2,813,298	7.6%	6.7%
Advertising	(92,551)	(89,014)	3.8%	(91,477)	(2.8%)	(0.6%)
<i>As a % of revenue</i>	<i>(3.7%)</i>	<i>(3.4%)</i>	3.8%	<i>(3.3%)</i>		
EBITDA-A	354,884	307,468	(13.4%)	342,726	11.5%	(1.7%)
<i>As a % of revenue</i>	<i>14.3%</i>	<i>11.8%</i>		<i>12.2%</i>		
EBIT-A	276,784	220,131	(20.5%)	231,085	5.0%	(8.6%)
<i>As a % of revenue</i>	<i>11.2%</i>	<i>8.4%</i>		<i>8.2%</i>		
Profit before tax	263,035	211,721	(19.5%)	198,478	(6.3%)	(13.1%)
<i>As a % of revenue</i>	<i>10.6%</i>	<i>8.1%</i>		<i>7.1%</i>		
Income tax	(33,828)	(63,036)	(86.3%)	(64,233)	(1.9%)	37.8%
<i>As a % of revenue</i>	<i>(1.4%)</i>	<i>(2.4%)</i>		<i>(2.3%)</i>		
Profit for the year from continuing operations	229,207	148,685	(35.1%)	134,245	(9.7%)	(23.5%)
<i>As a % of revenue</i>	<i>9.3%</i>	<i>5.7%</i>		<i>4.8%</i>		
Net profit	220,600	141,589	(35.8%)	141,752	0.1%	(19.8%)
<i>As a % of revenue</i>	<i>8.9%</i>	<i>5.4%</i>		<i>5.0%</i>		

STATEMENT OF FINANCIAL POSITION					
	31-12-17	31-12-18	2018/2017	31-12-19	2019/2018
Equity	2,074,637	2,162,334	4.2%	2,262,203	4.6%
Net debt	517,185	704,621	(36.2%)	999,849	(41.9%)
Average net debt	426,042	627,350	(47.3%)	871,658	(38.9%)
Leverage (3)	20.5%	29.0%		38.5%	
TOTAL ASSETS	3,663,133	3,834,069	4.7%	4,374,073	14.1%

	31-12-17	31-12-18	2018/2017	31-12-19	2019/2018
Average working capital	506,803	588,403	(16.1%)	643,139	(9.3%)
Average capital employed	1,678,670	1,805,986	(7.6%)	2,080,166	(15.2%)
ROCE-A (1)	16.6	12.3		11.1	
Capex (2)	120,671	138,930	15.1%	148,705	7.0%
Average headcount	6,344	7,153	12.8%	7,522	5.2%

(1) ROCE-A = Average profit after D&A but before tax for the last 12 months (excluding extraordinary/non-recurring items) divided by average capital employed

(2) Capex = Cash outflows for investment purposes

(3) Leverage = Ratio of average net interest-bearing debt to equity (excluding non-controlling interests)

Revenue grew 7.6% year on year. The incorporation of Bertagni's full-year results contributed an extra €20 million to revenue, while the most recent incorporation of the Tilda Group (end-August 2019) contributed €56 million.

Europe slightly increased its weight in the total turnover with the latest acquisitions (Tilda, Bertagni), both in this region, while the distribution of types of business activity is still very balanced, rice now accounting for 54% of the total.

2019 was clearly a year of recovery in terms of **cash generation, EBITDA-A**. After successfully overcoming the numerous challenges we mentioned in last year's report, EBITDA-A was up 11.5%, to €342.7 million. The exchange rate effect contributed €6.9 million; the change in accounting practices following application of IFRS 16 contributed a further €13 million; and the Tilda Group, recently acquired, contributed €6 million as from September. Organic growth occurred especially: (i) in the US rice business, which had been hard hit in the previous year, and (ii) in the spectacular performance of Bertagni.

Profit before tax eased down, owing to greater depreciation/amortisation in the past two years deriving from: (i) acquisitions of companies, (ii) heavy investment in CAPEX in recent years, and (iii) an increase in non-recurring expenses.

The **tax expense** remained practically stable with a higher average rate, mainly because it has been considered convenient not to recognise the tax credit deriving from certain tax losses obtained in 2019 in some countries in which the Group operates, owing to the uncertainty as to whether it will be possible to utilise them within a reasonable time.

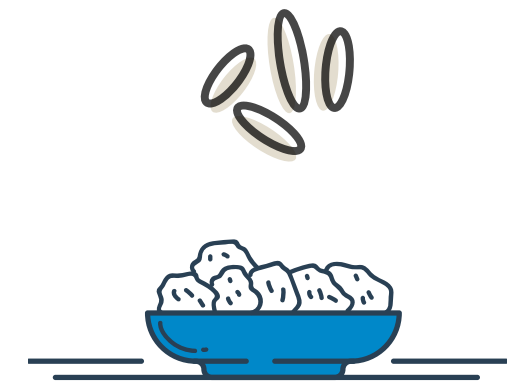
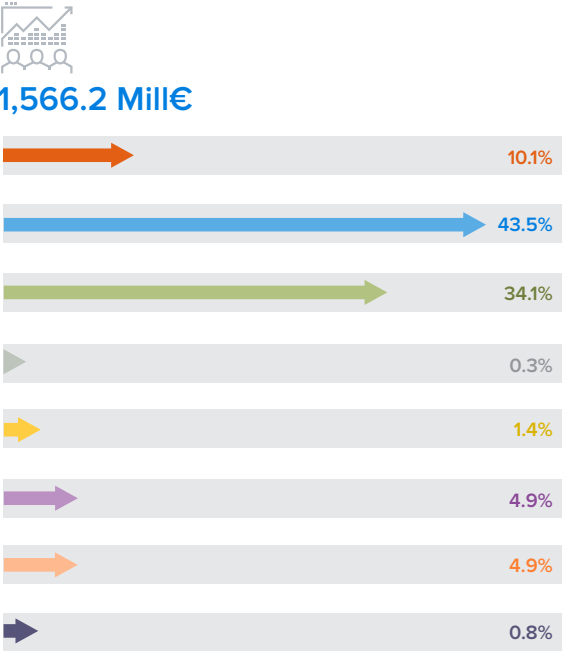
The **Net Profit** is in line with the previous year, after adding into the profit on continuing operations the capital gain obtained on our divestment in the organic business, as explained in the Annual Accounts.

The **ROCE-A** has fallen to 11.2%, pending a significant impact of the investments made on the return on assets.



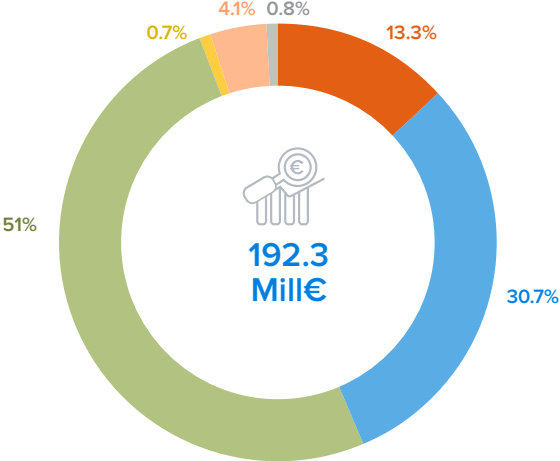
RICE DIVISION

SALES BY GEOGRAPHICAL AREAS

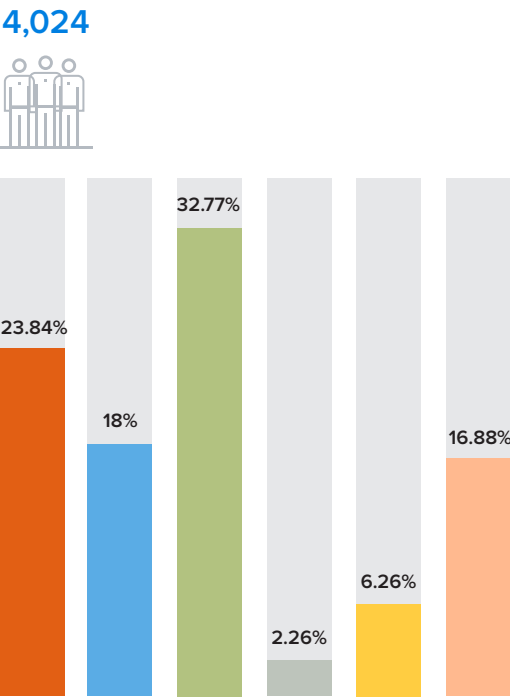


- SPAIN
- REST OF EUROPE
- NORTH AMERICA
- SOUTH AMERICA
- AFRICA
- MIDDLE EAST
- ASIA
- REST

EBITDA-A BY GEOGRAPHICAL AREAS



AVERAGE HEADCOUNT EMPLOYEES



PROFIT AND LOSS						
(000€)	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Revenue	1,345,026	1,412,702	5.0%	1,566,239	10.9%	7.9%
Advertising	(28,088)	(26,969)	4.0%	(33,010)	(22.4%)	8.4%
EBITDA-A	205,988	162,065	(21.3%)	192,263	18.6%	(3.4%)
EBIT-A	172,522	123,990	(28.1%)	143,060	15.4%	(8.9%)
Operating profit	174,027	125,392	(27.9%)	134,445	7.2%	(12.1%)
Capex	65,807	64,583	(1.9%)	75,160	16.4%	6.9%

The prices of the principal rice varieties remained stable during the year, while those of the long-grain varieties from Vietnam and Thailand fell.

US harvest prices fell in long-grain rice owing to the excellent 18/19 harvest. As usual, those lower prices have led to the sowing of a smaller area in the following year and the likelihood of an upturn in prices, which was already apparent in the first prices charged since year-end 2019.

US HARVEST PRICES (source: USDA) August-july

\$-CWT	19/20 (*)	18/19	17/18	16/17	15/16
Average price	13	12.6	12.9	10.4	12.2
Long grain	12	10.8	11.5	9.64	11.2
Medium grain	16.1	18.5	16.2	12.9	15.3

(*) Estimated range

Division revenue showed strong growth, due partly to the incorporation of the Tilda Group, which contributed €55.6 million in four months, plus the application of new prices and promotions run at the beginning of the previous year in the rest of the business and the average exchange rate effect over the year, down from US\$1.18 to US\$1.12 per euro, with a result of €31 million.

The upward trend in microwave rice sales continued, with double-digit growth, confirming it as one of the Group's principal ventures. To meet this demand, the enlargement of the facilities for this product at the Memphis factory was completed in 2019 and investment commenced at the new plant in San José de la Rinconada. Another product that consolidated its success again in 2019 is Brillante Sabroz, also posting double-digit growth in Spain. The Spanish market overall grew by 3.2% in volume (Nielsen 52 weeks) and the Group holds on to its clear leadership outside private label.

EBITDA-A grew by 18.6% year on year thanks to: (i) the new incorporation of Tilda, which contributed €6.1 million in four months, (ii) the impact of the new legislation on leases (€4 million) and (iii) a positive exchange rate risk of €5 million. This takes us almost back to the level reported in 2017, after an especially difficult 2018 in the United States that led to the restructuring of production at one of our plants (Freeport) and absorbing the general inflation in prices and, especially, in personnel and logistics.

Even so, the profit on the US rice segment in 2019 was slightly lower than in 2017, due to: (i) problems in the internal logistics of certain products (gluten free) that share a line with other products at the Memphis plant and (ii) teething problems in August and September at a new logistics warehouse covering the northwest of

Spain, which caused delays and required adjustments in the distribution networks for some deliveries. Once those issues have been overcome, we expect to have an especially solid foundation to continue growing.

The contribution to EBITDA-A by our non-American business, excluding the Tilda Group, is distributed among the different regions as follows:

(000€)	2017	%	2018	%	2019	%
Spain	28,382	32.6%	30,902	34.8%	25,471	28.7%
Europe	48,577	55.7%	47,779	53.8%	52,520	59.3%
Other	10,210	11.7%	10,143	11.4%	10,644	12.0%
TOTAL EBITDA-A	87,169	100.0%	88,824	100.0%	88,635	100.0%

The distribution is similar to the previous year, although profitability is higher in the rest of Europe, due to: (i) a very good performance of organic rice varieties, (ii) the growth in pulses incorporated in recent years that are classified in this segment and (iii) the excellent development of the frozen rice and pasta businesses in Europe.

Lower profit levels are obtained in Spain, due to: (i) certain costs incurred in the production of cups accompanying the restructuring process of these product lines and (ii) a slight rise in the cost of certain rice varieties that had reported higher-than-usual profit margins in the previous year. The new Rinconada factory will have better productivity levels when it is put back into operation.

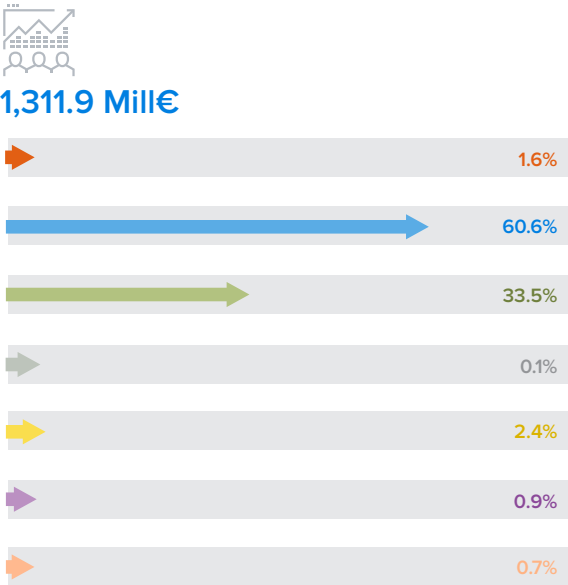
Several investments were made in Argentina during 2019, making that country an important source of organic rice that can make up supplies of varieties similar to those produced in Spain in the event of drought or increased salinity in this country. The Group has also invested in new facilities in southeast Asia to increase our sourcing capacity for long-grain rice varieties and meet the ever more stringent requirements regarding pesticide and fungicide residues.

The **Operating Profit** was in line with the previous margins, with a slight increase in the depreciation and amortisation charge linked to investments made in recent years and a greater outlay in non-recurring operations related with the restructuring and launching of activities in the USA and Europe.

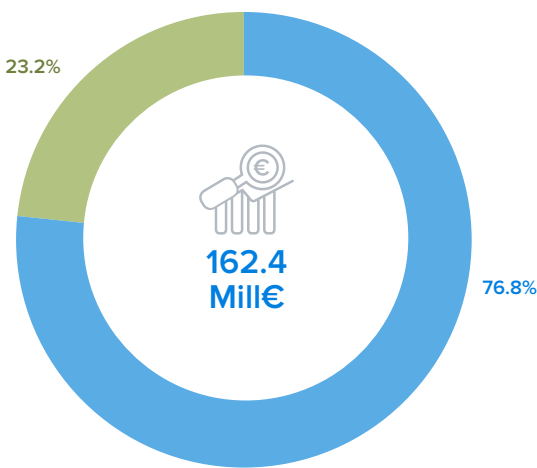
Investment in fixed assets remained at very high levels, especially in business lines with a high growth potential. The principal investments (**CAPEX**) made in this division correspond to: (i) commencement of the work on the new microwave cup factory in Spain, (ii) expansion of capacity in the United States and (iii) commencement of work on a new pulse-based ingredients plant.

PASTA DIVISION

SALES BY GEOGRAPHICAL AREAS



EBITDA-A BY GEOGRAPHICAL AREAS



AVERAGE HEADCOUNT EMPLOYEES



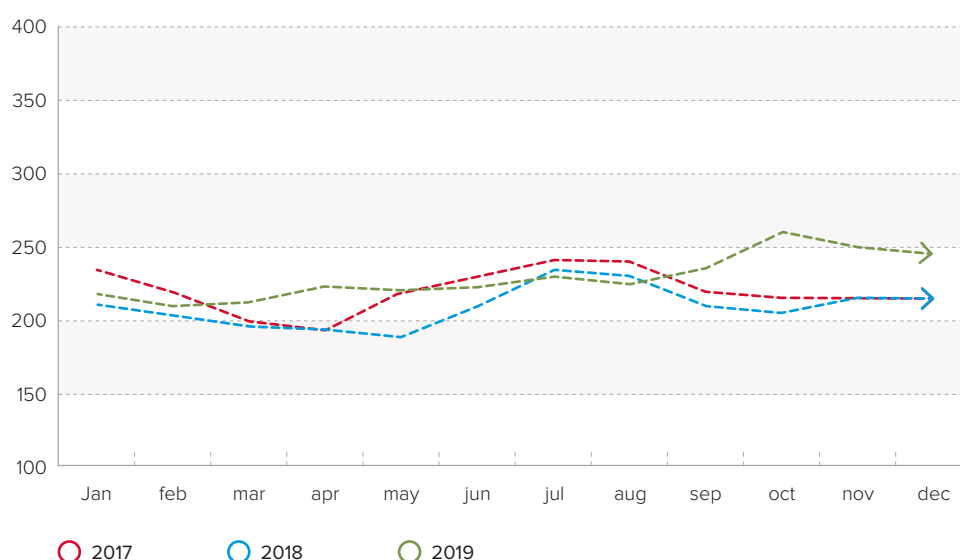
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- NORTH AMERICA
- SOUTH AMERICA
- AFRICA
- MIDDLE EAST
- ASIA

PASTA DIVISION

PROFIT AND LOSS						
(000€)	2017	2018	2018/2017	2019	2019/2018	CAGR 2019-2017
Revenue	1,184,816	1,265,970	6.8%	1,311,925	3.6%	5.2%
Advertising	(65,571)	(62,688)	4.4%	(60,404)	3.6%	(4.0%)
EBITDA-A	158,861	153,156	(3.6%)	162,419	6.0%	1.1%
EBIT-A	114,890	104,532	(9.0%)	101,481	(2.9%)	(6.0%)
Operating Profit	100,604	97,834	(2.8%)	90,106	(7.9%)	(5.4%)
Capex	52,855	73,946	39.9%	71,772	(2.9%)	16.5%

Durum wheat prices remained stable up to the summer of 2019. They rose as from the beginning of the new crop year, as the harvest was of a slightly lower quality in Europe. However, the situation stabilised by the end of the year.

DURUM WHEAT PRICES EUR/MT



Source: Terre.net

Revenue grew by 3.6%, pushed up by the full-year results of Bertagni, of approximately €20 million, and a further €20 million in organic growth of this company. The evolution of the US dollar exchange rate also had a positive effect on revenue, calculated at €13 million.

The evolution by regions was as follows:

- In France, the brand markets were stable or declining, except for fresh pasta, which registered a year-on-year growth of 4.9% with continued success of skillet gnocchi, which increased its volume of sales by 10.5% p.a.
- Garofalo maintained its growth in sales revenue and volume. Its principal brand recorded a 3.9% growth in volume and increased its share of the premium pasta market in Italy to 5.5% in volume, from 5.3% the previous year (source: Nielsen 52 weeks). The sale of fresh pasta commenced in some markets, seeking to obtain a maximum ROI on launching with a 32% year-on-year growth in volume.

- Bertagni deserves special mention, in view of its enormous success right from its incorporation, pushing up full-year sales revenue by 20%, increasing its customer base and expanding its product range, both in products sold under its own brand and in its speciality of reaching agreements with distributors to build up their private label premium fresh pasta.
- The United States market has been flat and the Group's market share receded slightly to 18% in both volume and revenue. The segment of healthy pasta categories, in which our brands are especially sensitive, became more complex.
- In Canada, the dry pasta market grew in both volume and revenue and the Group's brands raised their market share to 30.5% and 37.3%, respectively (Nielsen 52 weeks), outgrowing all the other players on the market.

On the fresh pasta market, we maintain a healthy growth of 5.3% in volume and 6.5% in revenue, and Olivieri maintains its leadership with a market share of 46.5% (in volume), underpinned by innovation and, especially, the gnocchi segment, with the highest growth in this category. The skillet gnocchi line is now fully operational.

The division achieved an upturn of 6% in **EBITDA-A**, with a year-on-year growth of €7 million, mainly thanks to Bertagni, for both the contribution of a full year and its internal growth in revenue. The impact of applying the new legislation on leases is calculated at €8 million and the positive exchange rate effect at €1 million.

By segments, the United States' contribution to pasta revenue improved, since despite unsatisfactory sales performance, part of the inflation and infrastructure problems hampering the rice business also affected this business and once they had been largely remedied, the profitability of the pasta business also improved.

There has been no significant change in the contribution by Canada, which still makes a negative contribution in the fresh pasta segment where, despite its improved efficiency and leading changes in the market with the introduction of totally new products such as skillet gnocchi, there is fierce competition for shelf space.

There are no material changes in year-on-year results in France, where the subsidiary Roland Monterrat is still experiencing difficulties due to the harsh competition in its main business of the production and sale of sandwiches. The company has overcome the problems deriving from the new rules on promotions brought in by the French government, which brought a challenge to the negotiations with some important distributors, who continue their efforts to reduce the number of brands on the shelves, giving priority to their own brands.

Finally, Garofalo made a smaller contribution than in previous years due to: (i) some tension on the commodity markets deriving from the obligation in Italy to state the origin of the durum wheat used to make the pasta, (ii) a significant investment in growth, (iii) the enhancement of its international dry pasta platform and the new fresh pasta platform and (iv) the warehouse tensions deriving from the enlargement of its production and storage capacity at the Gragnano plant.

The **Operating Profit** followed the trend of the above-mentioned margins, but it was comparatively better year on year, as the previous year's results included a non-recurrent expense incurred in making provisions for downturns in some of the North American brands.

CAPEX was concentrated in: (i) the investment in a logistics warehouse for the pasta business in France, (ii) the new dry pasta line and enlargement of the facilities at the Garofalo planta and (iii) completion of the facilities for new gnocchi lines.