

Results
1Q16



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1. 1Q16 RESULTS BY BUSINESS UNIT



Rice Division

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Rice

- Global rice markets remain stable, but large Thai stocks are gradually being depleted. The US market shows a downward trend in prices as a result of two factors: 1) an increase in rice stocks due to US rice lack of competitiveness in the export market; 2) a higher planted area in 2016/2017 in the US given the low prices of soy and other competing crops. In Texas, rice planted acreage for rice is now back to traditional levels, which should deliver a 16/17 crop in line with historical numbers before the drought started in 2010. In Europe, prices for japonica and specialty varieties, mainly used for risotto and paella, are very high, impacting us negatively. On the other hand, prices in Europe for indica varieties remain stable.
- From a sales point of view, we have shown strong growth in specialty, instant rice, aromatics, Sabroz and microwave products.
- RiceSelect, the latest acquisition in this division, has experienced double digit growth.
- In 1Q16 we completed the sale of our brands and business in Puerto Rico as they were not in line with the Group's strategy that focuses on added value products. This divestment delivered a significant gain.
- Excellent results were achieved for both North America and Europe.



Rice

- Sales for the division were 327.7 MEUR, growing 2.5%, and mostly a reflection of healthy volume trends in both Europe and North America.
- We remain committed to investing in our brands and launching new products. As a result, advertising was up 6% reaching 8.5 MEUR, a 19% CAGR over the last two years.
- Ebitda for the division grew 15%, reaching 50.2 MEUR, coming back to margin levels in line with those prior to the SOS business acquisition and the negative impact of the Texas drought in ARI's P&L.
- There was no relevant exchange rate impact for this period.
- Division's ROCE shows a very positive performance, growing almost 2 pp and reaching 17.8%.

Thous of EUR	1Q14	1Q15	1Q16	16/15	CAGR 16/14
Sales	276,181	319,813	327,749	2.5%	8.9%
Advertising	5,975	8,003	8,481	6.0%	19.1%
Ebitda	35,374	43,677	50,231	15.0%	19.2%
Ebitda Margin	12.8%	13.7%	15.3%		
Ebit	28,712	36,692	42,439	15.7%	21.6%
Operating Profit	27,904	35,678	51,169	43.4%	35.4%
ROCE	14.7%	16.0%			



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Pasta Division

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Pasta

- Durum wheat prices showed a downward trend in 1Q16 for both Europe and North America. Crop progress in Europe and planting in North America seem to be setting up the stage for a less volatile market and more stable prices.
- We implemented price adjustments and changes in promotions to reflect current market dynamics. However, we will not fully benefit from the cost reduction because a substantial portion is being reinvested in the consumer, expecting in 2016 a visible improvement in the category for both volumes and margins. In fact, we already see in 1Q16 a clear change of trend versus last year.
- Latest launches in Europe are performing very well in both dry (fresh-like quality, gluten free, quinoa mix, noodles, etc.) and fresh products (“tortilla”, “croque-monsieur”, lunch box, etc.).
- The recent acquisition of Celnat opens a new line of business focused on organic. We will continue building around this concept and expanding it.
- Garofalo is performing extremely well as a result of a substantial increase in sales in all of the geographical areas where the brand is present, especially in Spain. Weighted distribution in Spain continues growing with the objective, in the mid term, of becoming the market leader for Italian pasta.
- In North America, with a more stable price environment, we see again slight growth.
- In spite of a very competitive business environment and a volatile Canadian dollar, we continue reshaping our fresh pasta business in Canada (Olivieri).



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Pasta

- 1Q16 results are very encouraging. Even though sales do not fully reflect price adjustments triggered by lower raw material costs, they went up by 3.3% reaching 300 MEUR.
- It is important to point out the effort carried out with new product launches in North America in the last months, and especially since the start up of our Memphis plant, and more in general, in Europe. There has been an important shift in our North American portfolio, replacing no growth or out of favor products with others more aligned with current consumer trends. We are optimistic that these efforts will bring back growth and excitement for the category.
- While advertising investment grows 12.4%, the division's Ebitda is up 25% reaching 35 MEUR. Ebitda margin grows 2 pp and amounts to 11.7%. Exchange rate effect on division's Ebitda is insignificant.
- ROCE, calculated as the average of the latest 12 months, still shows the effect of the high raw material cost we faced last year and goes down by 70 bp to 17.3%.

Thous of EUR	1Q14	1Q15	1Q16	16/15 CAGR	16/14
Sales	234,656	289,929	299,577	3.3%	13.0%
Advertising	13,880	15,154	17,040	12.4%	10.8%
Ebitda	35,380	28,123	35,148	25.0%	-0.3%
Ebitda Margin	15.1%	9.7%	11.7%		
Ebit	28,072	19,217	25,512	32.8%	-4.7%
Operating Profit	27,263	19,113	20,119	5.3%	-14.1%
ROCE	26.6%	18.0%	17.3%		



2. 1Q16 CONSOLIDATED RESULTS FOR THE EBRO FOODS GROUP



2.1 P&L 1Q16

- Consolidated sales grew 2.7% reaching 613 MEUR as a result of the good performance of both divisions and the addition of two new businesses: Roland Monterrat ("RM") and RiceSelect ("RS"). RM and RS have been integrated very quickly into our structure and contributed with 13.7 MEUR and 7.7 MUSD respectively. These figures do not include Celnat's results due to its very recent integration.
- In spite of investing 8.5% more in advertising, Ebitda grows 18.2% amounting to 82.8 MEUR. Ebitda increased (CAGR) by 10% for the last two years. The change in the scope of consolidation contributed 0.7 MEUR from RM and 1.4 MUSD from RS. Currency translation had no material effect in these figures.
- The sale of our Puerto Rican business triggered extraordinary results.
- Net profit was up 43% amounting to 43.3 MEUR, confirming the growth that we foresaw in 4Q15 once the period of high volatility of durum wheat prices was over.

Thous of EUR	1Q14	1Q15	1Q16	16/15	CAGR 16/14
Sales	500,051	596,902	613,186	2.7%	10.7%
Advertising	20,015	23,367	25,360	8.5%	12.6%
Ebitda	68,310	69,733	82,871	18.8%	10.1%
Ebitda Margin	13.7%	11.7%	13.5%		
Ebit	54,072	53,626	65,275	21.7%	9.9%
Operating Profit	52,511	52,528	68,664	30.7%	14.4%
Profit before Tax	60,242	46,206	64,314	39.2%	3.3%
Net Profit	38,867	30,251	43,320	43.2%	5.6%
ROCE	17.9%	15.7%	16.3%		



2.2 Debt Evolution

- Net Debt as of the end of 1Q16 was 413.9 MEUR, a reduction of 13 MEUR versus the end of 4Q15. Out of the normal performance of the business, we received 11.7 MUSD as a result of the divestment in Puerto Rico and completed a payment of 24 MEUR to close the acquisition of Celnat.
- Equity remained almost flat 1Q16 to 1,969 MEUR mainly due to exchange differences.
- While we don't expect any significant M&A activity in the near future, we will continue monitoring opportunities for inorganic growth that could come up.

Thousands of EUR	31 Mar 14	31 Dec 14	31 Mar 15	31 Dec 15	31 Mar 16	16/15 CAGR	16/14
Net Debt	297,163	405,617	446,369	426,280	413,897	-7.3%	19.8%
Average Net Debt	278,604	333,178	366,277	424,940	418,954	14.4%	23.5%
Equity	1,731,490	1,849,485	1,983,679	1,966,259	1,969,446	-0.7%	6.6%
Leverage DN	17.2%	21.9%	22.5%	21.7%	21.0%	-6.6%	12.4%
Leverage AD	16.1%	18.0%	18.5%	21.6%	21.3%	15.2%	15.9%
x Ebitda (DN)		1.4		1.4			
x Ebitda (DNM)		1.2		1.4			



CONCLUSION



Conclusion

- We have started 2016 with very encouraging results. However, these figures should not be extrapolated on a full year basis because we will continue our consumer investment strategy through pricing, promotions and advertising.
- Raw material environment is favorable and we will take advantage of it to reinforce our new product launches.
- The new pasta plant in the US is already operational and performing very satisfactorily. This facility was built as an extension to the existing rice plant in Memphis and it is the first location to encompass both divisions in this region. As it is a site for multi-cereal pasta production, it should allow us to support the launching of a wide variety of pasta products in addition to just gluten free: low calorie, ancient grains, etc.
- During 1Q16 we completed the acquisition of Celnat. Celnat has a leading position in the high quality organic segment and enjoys an excellent reputation in the specialized channels in France where it makes almost 95% of its total business. This acquisition opens the door for the Group to new distribution channels (bio/ organic/ ecological), a segment that we see as a source of business development internally and, if needed, externally.
- We continue assessing and reviewing our portfolio of idle real estate assets and businesses in order to identify assets that are not aligned with the long term strategic objectives of the Group as it just happened in Puerto Rico.



Corporate Calendar

Ebro keeps its commitment of transparency and communication for 2016, therefore we provide here our Corporate Calendar for the exercise:

- | | |
|------------------------|--|
| ➤ February 24th | Results Presentation Year-End Closing 2015 ✓ |
| ➤ April 1st | Four-month payment of ordinary dividend (0,18 EUR/acc) ✓ |
| ➤ April 27th | 1st Quarter Results Presentation ✓ |
| ➤ June 29th | Four-month payment of ordinary dividend (0,18 EUR/acc) |
| ➤ July 28th | 1st Semester Results Presentation |
| ➤ October 3rd | Four-month payment of ordinary dividend(0,18 EUR/acc) |
| ➤ October 26th | 3rd Quarter Results Presentation and Pre-Year-End Closing 2016 |



Disclaimer

- This presentation contains our true understanding to the date of estimates on the future growth and on the different business lines and the global business, market share, financial results and other aspects of the activity and the positioning of the Company.
- All the data included in this report have been put together according to the International Accounting Standards (IAS)
- The information included herein does not represent a guarantee of our future action and it entails risks and uncertainty. The real results may be materially different from the ones stated in our estimates as a result of different factors.
- Analysts and investors shall not depend on these estimates covering only up to the date of this presentation. Ebro Foods does not undertake the obligation of publicly informing about the results of any revision of these estimates that may be done to reflect the successes and circumstances that may happen after the date of this presentation, including with no limits, changes in the business of Ebro Foods or in the acquisitions strategy or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report as well as the documents presented to the Authorities and more specifically to the National Stock Exchange Authority (CNMV).
- The main risks and uncertainties affecting the activities of the Group are the same ones included in Note 28 of the Consolidated Annual Accounts and in the Management Report corresponding to the year closed at 31st December 2014 which is available at www.ebrofoods.es. We think that no major change has taken place in this exercise. The Group still has certain exposure to the markets of raw materials and to the transfer of changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, specially the dollar, and to changes in the interest rates.

