RESULTS
2016

Ebro

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1. BUSINESS UNIT RESULTS 2016

Rice Division

Rice 2016

- Regarding raw materials, we would highlight the following:

  - Prices in Europe have remained stable for two reasons: (i) Indian varieties are not very competitive in comparison with imports from EBA countries, so the areas planted and harvests are smaller; and (ii) priority has been given to planting traditional varieties of risotto and paella rice and the harvest has therefore met local needs.
  - In North America, an abundant yet low quality harvest kept the market very stable throughout the year.
  - The international market continues to be very competitive, with strong harvests, stable prices and no sudden changes anticipated.
  - The exceptions are: (i) basmati rice, since, as anticipated in our previous presentation, planting decreased, resulting in a weaker harvest, significant price increases and broken contracts. The decision to invest in local production proved wise, mitigating these risks considerably. (ii) Morocco, where there was a poor harvest due to decreased planting, and lower yields due to climate conditions.

- Regarding our different platforms, we would highlight that 2016 has been a highly productive year for launches, with more than 82 new products, which have been well received, thanks to strong and well-positioned local brands.

- We successfully created a new category within our "RTS" concept, previously only for rice; we leveraged our brands to tap into new grains (quinoa, chia, etc.) and pulses, and we continue to develop new products with a view to combining healthy eating and convenience.

Rice 2016

- Sales remain flat across the division. However, in terms of CAGR 16/14, sales increased by 6% to EUR1,283.6 million. The change in the scope of consolidation, which includes an extra 5 months' contribution from RiceSelect and the exit of Puerto Rico in January (12 months), led to a fall in income of EUR12.7 million.

- Advertising investment grew by 4% with a CAGR of 23% to EUR30 million, reflecting the Group's continued commitment to brands and new products.

- Despite this, the division's Ebitda grew by 11% to EUR196 million, with 15% CAGR growth. The exchange rate had no major impact on these results. If the scope of consolidation remained unchanged, organic growth would stand at 10.4%.

- Operating Profit increased by 13.9% to EUR169 million, driven not only by good results but also by the sale of the business in Puerto Rico.

- ROCE, as a measurement of profitability and efficiency, showed a healthy increase, up to 18.3%.

EUR Thous.	2014	2015	2016	16/15	CAGR 16/14
Sales	1,139,697	1,287,727	1,283,853	-0.3%	6.1%
Advertising	19,813	28,988	30,135	4.0%	23.3%
Ebitda	148,828	176,959	196,264	10.9%	14.8%
Ebitda Margin	*13.1%*	*13.7%*	*15.3%*		
Ebit	121,789	148,509	163,561	10.1%	15.9%
Operating Profit	118,439	148,600	169,240	13.9%	19.5%
ROCE	*15.9*	*17.1*	*18.3*		

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Pasta Division

Pasta 2016

- There was a bumper but low quality harvest in Canada and Northern France, meaning that a significant amount of product may not be suitable for making pasta. In spite of this, prices fluctuated less acutely in 2016, and the forecast for planting in Europe is good.

- In North America we are operating in a complicated market with elaborate promotional calendars and high levels of competition. It has been a big year for launches, mainly the "Health and Wellness" segment, where we had previously had most difficulty. "Ancient Grains", "Supergreens", "Gluten Free" and "Organics" have made up for some of the market position lost in wholegrain pastas. We have invested heavily in our brands to provide them with values which are easily identified by the local consumer, and which are capable of tapping into the latest food trends. For example, in American Beauty and Creamette, we have reinforced the quality of American wheat and the local profile of our brands.

- In Europe, where competition is very tough and growth almost non-existent, we have increased our market share, increased our volumes and value and positioned ourselves in strategic categories such as the Fresh and Organic segments. We continue to build on the success of "Gnocchi à Poêler", a bestseller which we have further developed, incorporating new recipes and a new "filled" variety. We would particularly note the success of gluten free pasta, dry pasta, fresh pasta, noodles, and the introduction of other cereals such as lentils and quinoa. This was slightly offset by Sauces, which proved unable to recover over the course of the year from the slight downturn in volumes recorded in Q1.

- We are still in the process of integrating and adapting the Roland Monterrat business, which we expect to start generating synergies from 2017.

- However, Celnat is already growing within Ebro, supported by the different forms of leveraging offered by our platform.

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Pasta 2016

- The division's year-end sales were up by 1% to EUR1,236.2 million. In terms of the change in the scope of consolidation, Celnat booked EUR22.5 million (12 months) and Monterrat EUR41.1 million (9 months).

- Advertising investment rose EUR12.6 million, 22% to EUR 70.8 million as we have invested heavily in product launches: fresh pizzas and dry pasta with premium quality fresh pasta in Europe, international campaigns for Garofalo and various products in the Health and Wellness segment in North America. We have increased the percentage of advertising over sales by 1%, to 5.7% y-o-y.

- Ebitda rose by 5.7% to EUR 157.1 million, a highly satisfactory result given the significant investment in product launches. The amount brought from the change in the scope of consolidation amounted to EUR5.8 million. If advertising investment had not been increased, the division would have organically grown by over 10%.

- Operating profit fell by 11% down to EUR93.3 million, primarily due to the allowance provision allocated for the depreciation of the Olivieri brand and the provision allocated for employee pension commitments resulting from the new French pensions law.

Thous. EUR	2014	2015	2016	16/15	CARG 16/14
Sales	1.029.294	1.224.492	1.236.227	1,0%	9,6%
Advertising	52.060	58.231	70.840	21,7%	16,7%
Ebitda	146.317	148.647	157.089	5,7%	3,6%
Ebitda Marging	*14,2%*	*12,1%*	*12,7%*	4,7%	-5,5%
Ebit	114.397	110.477	113.544	2,8%	-0,4%
Operating Profit	112.340	104.957	93.294	-11,1%	-8,9%
ROCE	*20,5*	*16,1*	*16,2*		

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2. EBRO FOODS CONSOLIDATED RESULTS

2.1 P&L 2016

- Group sales remain flat at EUR2,459 million, affected by the slight decrease in raw materials. The change in the scope of consolidation, which apart from the changes mentioned before added 5.5 months from Harinas Santa Rita, brought EUR52.5 million.

- 2016 has been an important year in terms of investing in product launches and reinforcing our brands. In the last quarter, advertising investment in the USA was stepped up, following the adjustment in advertising prices resulting from the end of the election period. Hence, the advertising figure rose by EUR13.4 million to EUR100.4 million. Since 2014 we have invested 39% more in advertising.

- Ebitda rose by a significant 9.3% to EUR344.1 million, with the change to the scope of consolidation bringing in EUR7.2 million against a negative currency effect of EUR(1.3) million, mainly due to the depreciation of the pound sterling.

- Operating profit grew by 9.2% to EUR264.6 million, with the standout positive results being the sale of both the business in Puerto Rico and a large unproductive real estate asset, whilst the main negative results included those previously mentioned in the Pasta section.

- Net profits grew by an impressive 17.2% to EUR170 million, mainly boosted by a record year for the rice division.

EUR Thous.	2014	2015	2016	16/15	CAGR 16/14
Sales	2,120,722	2,461,916	2,459,246	-0.1%	7.7%
Advertising	72,414	87,017	100,401	15.4%	17.7%
Ebitda	287,251	314,724	344,141	9.3%	9.5%
Ebitda Margin	*13.5%*	*12.8%*	*14.0%*		
Ebit	227,242	246,314	267,308	8.5%	8.5%
Operating Profit	217,377	242,377	264,608	9.2%	10.3%
Profit before Tax	215,749	229,722	259,410	12.9%	9.7%
Net Profit	146,013	144,846	169,724	17.2%	7.8%
ROCE	*16.7*	*15.6*	*16.6*		

2.2 Debt Performance

- At close of business, net debt increased by 4% to EUR443.2 million, a figure which includes the purchase of Celnat and Harinas Santa Rita and the increased stake in Riso Scotti. Following a period of heavy inorganic investment (2010-2015: EUR555 million), we have entered a period of smaller corporate operations (2016: EUR43 million), with the subsequent organic investment aiming to adapt and speed up our platforms and make them more flexible. Capex for the period thus grew by EUR26.2 million to EUR107.7 million, mainly allocated to optimisation and growth.

- Shareholder Equity grew by 6%, exceeding EUR2,000 million.

- The Net Debt to EBITDA ratio for the year was 1.3. A very comfortable level of debt, which allows us to continue to make investments, aiming to achieve growth via a balance of both organic and non-organic.

EUR Thous.	31 Dec 14	31 Dec 15	31 Dec 16	16/15	CAGR 16/14
Net Debt	405,617	426,280	443,206	4.0%	4.5%
Average net debt	333,178	424,940	404,137	-4.9%	10.1%
Shareholder Equity	1,849,485	1,966,259	2,079,326	5.8%	6.0%
ND Leverage	*21.9%*	*21.7%*	*21.3%*	-1.7%	-1.4%
AND Leverage	*18.0%*	*21.6%*	*19.4%*	-10.1%	3.9%
x Ebitda (ND)	1.41	1.36	1.29		
x Ebitda (AND)	1.2	1.4	1.2		


CONCLUSION

Conclusion

- In 2016 we purchased Celnat, and announced the creation of a Bio division with Alimentación Santé. We recently carried out the second corporate transaction for the division with the acquisition of Vegetalia, which provides a wide range of ecological products and is a pioneer in the manufacturing of vegetable protein.

- In 2016, we created a new category within our "RTS" concept, previously only for rice; strengthening our brands to tap into new grains (quinoa, chia, etc.), pulses and organic produce.

- We developed our Garofalo brand internationally as one of the Group's premium brands. In 2016 it grew considerably (16%), strengthening its position in the race to become the number one premium brand.

- Over the course of the year we have continued to allocate investment to the launch of innovative products and to back them up with strong advertising support.

- We have carried out strategic organic investments: (i) managing raw materials in Cambodia, (ii) optimising distribution in France and Belgium, (iii) optimising capacity in France and the USA, (iv) increasing capacity in Bangkok and Italy and (v) creating new capacity in the frozen goods segment in the UK and USA.

- We have also completed non-organic operations, such as (i) the divestment of Puerto Rico, given that it did not comply with our financial profitability criteria, and (ii) the investments in Riso Scotti, Harinas Santa Rita and Celnat that bolster our focus on branded and niche goods in high-potential segments.

- 2016 has been a year of strong growth in which we have consolidated a new profitability base.

Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2017:

➢ **28 February**	Presentation of YE2016 Results ✓
➢ **03 April**	Four-month payment of ordinary dividend (EUR0.19/share)
➢ **26 April**	Presentation of 1Q Results
➢ **30 June**	Four-month payment of ordinary dividend (EUR0.19/share)
➢ **26 July**	Presentation of 1H Results
➢ **02 October**	Four-month payment of ordinary dividend (EUR0.19/share)
➢ **25 October**	Presentation of 9M Results and Pre-YE2017

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Legal Disclaimer

- This presentation contains our true understanding to date of estimates on the future growth in the different business lines and the global business, market share, financial results and other aspects of business activity and the positioning of the Company. All the data included in this report has been put together according to International Accounting Standards (IAS). The information included herein does not represent a guarantee of any future actions that maybe taken and it entails risks and uncertainty. The true results may be materially different from the ones stated in our estimates as a result of various factors.

- Analysts and investors should not rely on these estimates, which only cover up to the date of this presentation. Ebro Foods does not assume any obligation to publicly report the results of any review of these estimates that may be carried out to reflect events and circumstances occurring after the date of this presentation - including but not limited to - changes in Ebro Foods business or its acquisitions strategy, or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report, as well as the documents filed with the Authorities and more specifically with the Spanish National Securities Markets Commission (*CNMV*).

- The main risks and uncertainties affecting the Group's business are the same as those included in Note 28 of the Consolidated Annual Accounts and the Management Report for the year ending 31 December 2015, which is available at www.ebrofoods.es. We believe that there have been no significant changes during this financial year. The Group still has some exposure to the raw materials markets and to passing on changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, especially the dollar, and changes in interest rates.

- According to the guidelines set by the European Securities and Markets Authority (ESMA), the following is a list of the indicators used in this report. These indicators are currently and consistently used by the Group to describe its business performance and their definitions have not been altered:

  - EBITDA. Earnings before interest, taxes, depreciation and amortization, excluding results considered as extraordinary or non-recurring (essentially profit earned from transactions relating to the Group's fixed assets, industrial restructuring costs, results from or provisions for lawsuits, etc.).

thousand EUR	31/12/2015	31/12/2016	2016 - 2015
EBITDA	**314.724**	**344.141**	**29.417**
Provisions for amortisation	(68.410)	(76.833)	(8.423)
Non-recurring income	8.110	25.598	17.488
Non-recurring costs	(12.047)	(28.298)	(16.251)
OPERATING INCOME	**242.377**	**264.608**	**22.231**

  - Net debt. Financial liabilities with cost, the value of shares and put/call options qualified as such, and where applicable, dividends that have accrued and are pending payment, minus cash and cash equivalents.
  - CAPEX. Capital expenditure - payments for investment in production related fixed assets.
  - ROCE. Return on capital employed – a measure on yield on assets calculated as income before tax and interest minus any income regarded as extraordinary or non-recurring for the period considered, divided by Net Average Assets for the period, minus Financial Assets and Goodwill.