RESULTS
1Q 2018

Ebro

Contents




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1. BUSINESS UNIT RESULTS 1Q 2018

Rice Division

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Rice 1Q 2018

- Following record growth in the Division in 1Q 2017 (+18%) in both North America and Europe, 1Q 2018 registered significantly lower results due to the rise in the cost of raw materials (+22% on average). This mainly affected Riviana, as a result of a rise in the price of aromatic rice and local long grain rice.

- This price increase, which began with the arrival of the 2017/18 harvest, took effect as of January, although we will have passed this cost onto retailers by mid 2Q.

- We hope that increased crop area (in the region of 20% in the USA) and rain in March and April (which resolved the problem of drought that threatened planting conditions in Southern Europe) will help to improve the cost of raw materials for the second half of the year.

- Additional problems have arisen in the USA, connected to the full employment situation in the country:

    - Shortage of personnel in some of our plants and, in particular, maintenance personnel (in high demand following the hurricanes that hit the USA last year).
    - Ten percent increase in logistics costs due to stricter regulations, a shortage of drivers and an increase in fuel costs.

- Volumes are good and, in a fairly flat market, Ebro's brands are growing well in both North America and Europe. The Group continues to lead the sector, and our brands and new products are being well received.

Rice 1Q 2018

- First quarter results indicate a healthy growth in sales, which rose 2% to EUR346.1 million.

- However, the Division's Ebitda fell by 25% to EUR45 million, with a margin of 13% due to the aforementioned problems in North America; a substantial increase in the cost of raw materials and the subsequent temporary lag in end prices, shortage of plant workers and drivers, and further delays in production, transport and delivery penalties.

- The exchange rate has had a negative impact of EUR3 million on the division's Ebitda.

- Operating Income fell 26% to EUR42.6 million, affected by the significant cost of establishing new frozen goods lines.

EUR Thous.	1Q 2016	1Q 2017	1Q 2018	18/17	CAGR 18/16
Sales	327,749	339,708	346,148	1.9%	2.8%
Advertising	8,481	6,427	6,713	4.4%	-11.0%
Ebitda	50,231	59,402	44,872	-24.5%	-5.5%
Ebitda Margin	15.3%	17.5%	13.0%		
Ebit	42,439	51,239	36,400	-29.0%	-7.4%
Operating Profit	51,169	57,610	42,576	-26.1%	-8.8%

Pasta Division

Pasta 1Q 2018

- Prices for durum wheat have been very stable, with a downward trend, and harvests are expected to be strong in Europe. In North America the outlook for the coming planting season, suggests that the harvest will be similar to the previous year.

- The current raw materials situation is driving promotional activity in the sector, which is highly competitive not only among private labels and food service, but also among the major brands.

- We are redefining our sandwich business in France, which is facing strong competition and the fact that it requires a labour intensive business model. In spite of this, Panzani has increased its market share and consolidated its leading position in the market, which is reassuring in terms of strategy.

- Garofalo continues to be successful in markets such as Spain and France, but it is expensive to enter these mature markets.

- In the USA, we have been hit by rising logistics costs, which were already mentioned in the rice section. Against this complicated backdrop, however, Riviana has increased its market share, confirming the success of the ongoing recovery strategy for our American brands. We would highlight the following successful outcomes of this strategy:

  - We have recovered a key distributor for the American southeast, who we had lost some years ago.
  - Distributors are reacting very positively to the new products that we are to launch this year, such as Thick & Hearty and Homestyle pasta.

- During the first quarter, we completed the acquisition of Bertagni, a strategic move that now makes us the second biggest competitor in the global fresh pasta market, and which we are convinced will drive synergies with Panzani and Olivieri.

Pasta 1Q 2018

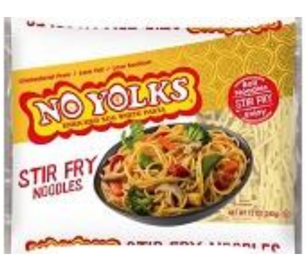
- Turnover, which included higher promotional activity, fell by 3.6% to EUR296.3 million.

- Following the significant advertising activity in 1Q 2017, which supported both the launch of products, as well as the relaunch of our American brands, in this quarter and against the incremental promotional activity mentioned before, we have placed a stronger focus on trade marketing and, as a result, advertising investment fell by EUR6 million to EUR16 million.

- The division's Ebitda fell 5.4% to EUR35 million, with an 11.8% margin. The currency impact on Ebitda stands at EUR0.4 million.

- Operating Profit fell by 10.2% to EUR23.1 million, following the strong increase in 1Q 2017.

EUR Thous.	1Q 2016	1Q 2017	1Q 2018	18/17	CAGR 18/16
Sales	299,577	307,196	296,282	-3.6%	-0.6%
Advertising	17,040	22,058	15,935	-27.8%	-3.3%
Ebitda	35,148	36,886	34,886	-5.4%	-0.4%
Ebitda Margin	11.7%	12.0%	11.8%		
Ebit	25,512	25,592	23,745	-7.2%	-3.5%
Operating Profit	20,119	25,708	23,086	-10.2%	7.1%



2. EBRO FOODS CONSOLIDATED RESULTS

2.1 P&L 1Q 2018

- The consolidated Sales figure fell by 1% to EUR629 million due to exchange rate differences and increased promotional activity in the Pasta Division.
- Advertising investment fell 19% to EUR22.9 million, primarily due to a greater weighting of promotions in the consumer communication mix, the extraordinary component of support for the American pasta brands in 1Q 2017, and the currency impact.
- Ebitda fell 16% to EUR79 million, primarily due to the current lag between purchase and sale prices for rice. The exchange rate had a negative effect on prices, causing a EUR3.5 million fall in Ebitda. The change in the scope of consolidation contributed EUR2 million.
- Operating Income fell 20% to EUR64.8 million.
- Net Profit fell by 15.8% to EUR43.4 million, after a transitional quarter, in which we were heavily penalised.

EUR Thous.	1Q 2016	1Q 2017	1Q 2018	18/17	CAGR 18/16
Sales	613,186	634,222	628,751	-0.9%	1.3%
Advertising	25,360	28,262	22,892	-19.0%	-5.0%
Ebitda	82,871	94,096	79,116	-15.9%	-2.3%
Ebitda Margin	13.5%	14.8%	12.6%		
Ebit	65,275	74,481	59,345	-20.3%	-4.7%
Operating Profit	68,664	81,100	64,888	-20.0%	-2.8%
Pre-tax Profit	64,314	79,474	62,637	-21.2%	-1.3%
Net Profit	43,320	51,603	43,433	-15.8%	0.1%
ROCE	16.3%	16.9%	14.9%		

2.2 Debt Performance

- We ended 1Q with Net Debt standing at EUR610.1 million, nearly EUR93 million higher than at year-end 2017. This was largely due to the acquisition of Bertagni, as well as the significant increase in working capital in both divisions, which we have implemented in order to mitigate any risk of drought and potential increases in the cost of raw materials.

- Equity grew by EUR2.3 million since YE 2017 to EUR2,077 million.

- Following the purchase of Bertagni, we are continuing to analyse non-organic growth opportunities.

EUR Thous.	31 Mar 16	31 Dec 16	31 Mar 17	31 Dec 17	31 Mar 18	18/17	CAGR 18/16
Net Debt	413,897	443,206	396,284	517,185	610,104	54.0%	21.4%
Average net debt	418,954	404,137	405,271	489,333	455,007	12.3%	4.2%
Equity	1,969,446	2,079,326	2,117,549	2,074,637	2,076,970	-1.9%	2.7%
ND Leverage	21.0%	21.3%	18.7%	24.9%	29.4%	57.0%	18.2%
AND Leverage	21.3%	19.4%	19.1%	23.6%	21.9%	14.5%	1.5%
x Ebitda (ND)		1.29		1.44			
x Ebitda (AND)		1.2		1.4			

CONCLUSION

Conclusion

- The main risks that we had been predicting took place in the first quarter; an increase in the cost of rice in the different locations where we operate and appreciation of the US dollar. Added to this are the extraordinary costs incurred in the USA with relation to full employment, new road transport policies and the cost of fuel.
- We have adopted strong positions in raw materials, faced with the recent significant risk of drought, and on preventing greater risks with the arrival of the 2018/19 harvest.
- Following a period of major investment in advertising (1Q 2014-1Q 2017 CAGR up 12%), we are giving greater weighting to promotions this quarter. This is a temporary situation and we aim to concentrate most of our advertising efforts into launches for the second half of the year.
- After the recent purchase of Bertagni, the Group has placed greater emphasis on the fresh goods business that represented 12.2% of Group sales like-for-like and is one of the main sources of growth.
- Major organic development projects are underway, which we expect will soon be operational and contribute to returns and growth.
- In conclusion, it was a difficult quarter, especially for rice. We anticipate that the measures to correct this will be implemented midway through 2Q and by 2H we will see a slight fall in prices, once the risk of drought has dissipated.



Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2018:

➢	28 February	Presentation of YE2017 Results ✓
➢	3 April	Four-month payment of ordinary dividend (EUR0.19/share) ✓
➢	25 April	Presentation of 1Q Results ✓
➢	29 June	Four-month payment of ordinary dividend (EUR0.19/share)
➢	25 July	Presentation of 1H results
➢	1 October	Four-month payment of ordinary dividend (EUR0.19/share)
➢	24 October	Presentation of 9M18 Results and Pre-YE 2018

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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.).

	31/03/2016	31/03/2017	31/03/2018	1Q 2018-1Q 2017
EBITDA	**82,871**	**94,096**	**79,116**	**(14,980)**
Provision for amortisation	(17,596)	(19,615)	(19,771)	(156)
Non-recurring income	9,191	7,941	7,379	(562)
Non-recurring costs	(5,802)	(1,322)	(1,836)	(514)
OPERATING PROFIT	**68,664**	**81,100**	**64,888**	**(16,212)**

  - 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.