

Campofrio Food Group

2010 First Quarter Earnings Call

May 12th, 2010



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Agenda

Highlights of the Period

Environment

Top Line

Financials

Q&A

- **Economic conditions still challenging in Southern Europe, improving in Northern Europe**
- **Raw Material neutral in Q1**
- **Restoring Growth Momentum**
- **Resilient Business Model :**
 - ✓ Sustaining Margin Enhancement
 - ✓ Strong Cash Generation

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- **Northern Europe (54% of Revenue) firming up**
- **Southern Europe (45% of Revenue) unchanged**
- **Food, a defensive sector: processed meat market growing low single-digits in all our markets**
- **Fundamentals remain supportive of stable raw material prices full year outlook**
 - ✓ Pig carcass prices down in most markets, except Spain albeit prices trending down in March
 - ✓ Moderate 1.5% increase in Q1 meat price, April flat

Pig Carcass Average Price (euro/kg)

	Q1 2009	Q1 2010	2010/09
Spain Mercolleida	1.34	1.37	2.2%
France MPB	1.27	1.21	-4.7%
Netherlands Monfoort	1.30	1.27	-2.3%
Belgium Danis	1.24	1.19	-4.0%
Germany AIM	1.37	1.33	-2.9%
Denmark DC	1.13	1.13	0.2%

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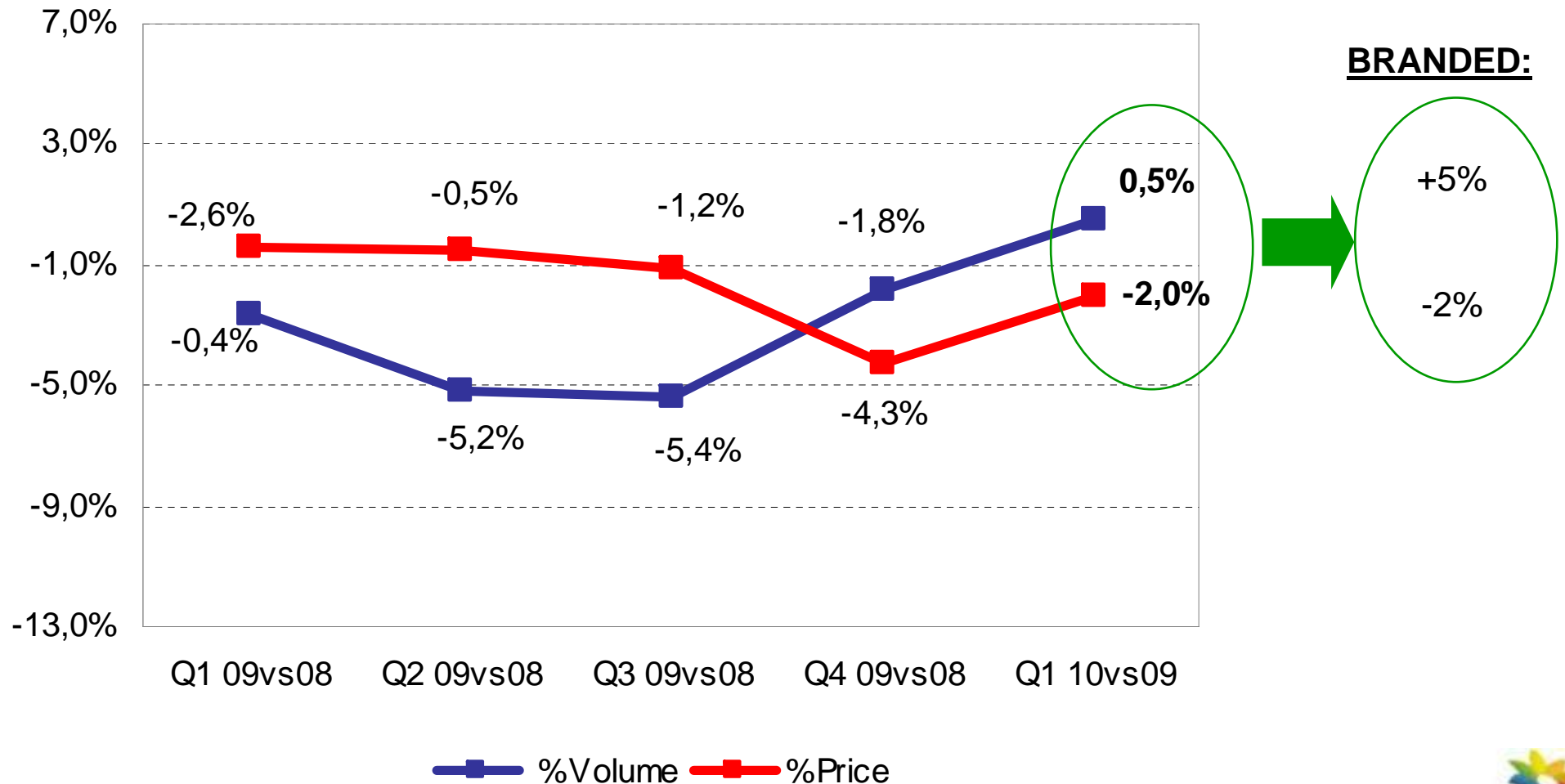
Top Line

Financials

Q&A





Restoring Growth Momentum

Pricing / Volume evolution by Quarter - Total Processed Meat



Branded Market Share Strengthening

Market Shares (Value) in Modern Retail

				
Value Market Share Q1 2010	18%	28%	64%	25%
Value Market Share Q4 2009	18%	25%	61%	25%
Value Market Share Q1 2009	18%	29%	64%	26%

Branded Growth Drivers: Increased Effectiveness of Media

Enhancement of brand awareness, values and benefits through impactful and innovative and effective communications



Campofrío Spain

- Creation of an umbrella campaign , Campofrío “Blue Helmets” featuring the 5 core products
- 360° media plan: TV, Magazines, Outdoor, Radio, Internet, POS, social media and PR.
- **Record spontaneous awareness of 75%**
- One of the most viewed ad on the internet in Spanish television
- Improved media planning: higher effectiveness of GRPs

	1Q 2009	1Q 2010
Total Spontaneous Awareness	65%	75%
Positive Brand Reputation	40%	58%
GRPs	2,651	1,554
SOV	30%	29%

Branded Growth Drivers: Increased Effectiveness of Media



Groupe Aoste

- Focused communications on our leader brands **Aoste**, **Justin Bridou** and **Cochonou**
- Strong media support in Q1 combining classical television and sponsorship

Total Spontaneous Awareness

	1Q 2009	1Q 2010
Justin Bridou	23%	26%
Aoste	9%	16%
Cochonou	14%	13%

Branded Growth Drivers: Targeted Value-Added Promotions

Consumer Promotions: Attractive and aggressive in-store activity providing shoppers an added value to buy our products during these difficult times

Groupe Aoste

“RACLETTE February Multi-brand promo self service with Entremont”



Branded Growth Drivers: Targeted Value-Added Promotions

Broad-based promotions focused on delivering attractive price point with impactful POS materials to increase visibility in all channels



Results: +24% growth in Q1 for the 1€ range in sliced products in Modern Retail
Reverted negative trend in Traditional channel up +3% in Q1

Branded Growth Drivers: Leveraging the Power of CFG

Accelerating roll-out of proven concepts across our markets: Value Line in Portugal, Spanish range in France, “Clean Label” in Spain

Pre-Sliced 200g : + 50g FREE | All markets

Pre-Sliced 300g : + 75g FREE | Lidl, Sonae, Pingo Doce



France Spanish range



Spain “Clean Label” Naturissimos



Branded Growth Drivers: Renovation & Innovation

**Belgium: Renovation of
Pâté under Aoste
Authentique**

IMPERIAL
Aoste Authentique Paté
+85% volume



**Portugal: Innovation
targeted at growing
poultry self-service
segment**

CAMPOFRIO PORTUGAL
Forno de Lenha
Self Service Formats: +19%



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Financial Highlights

➤ RESULTS:

- Volume up 1,3%, Net Sales flat, Spain back to positive growth
- EBITDA of 34M€ up 28% vs PY
- EBITDA Margin up 177bp vs PY
- Net Income of 3,9M€, up 3,4M€ vs PY

➤ CASH FLOW & NET DEBT:

- Positive cash flow in Q1 despite seasonality with significant improvement vs PY (+63M€) thanks to continued discipline in Working Capital and Capex
- Net debt stable with leverage ratio now below 3X

➤ OUTLOOK 2010:

- Encouraged by Q1 results, where we reversed the top-line trend while maintaining margins enhancements
- 2010 on track towards delivering our 2012 guidance

Financial Highlights

(€M)	Q1 2010	Q1 2009	Variance %
Volume (000 Tons)	101,1	99,7	1,3%
Net Sales	430,0	431,8	-0,4%
EBITDA⁽¹⁾	33,9	26,4	28,4%
EBITDA Margin	7,9%	6,1%	177 bp
Attributable Net Income	3,9	0,4	891,0%
Operating Free Cash Flow ⁽²⁾	6,2	(57,1)	-
Net Financial Debt⁽³⁾	416,8	472,6	-11,8%

Note: Un-audited figures

- **Regained positive top-line momentum**
- **High productivity and synergies offsetting slightly negative pricing and mix**
- **Sustaining margin enhancement: Normalized EBITDA up 4% vs PY and + 32bp**

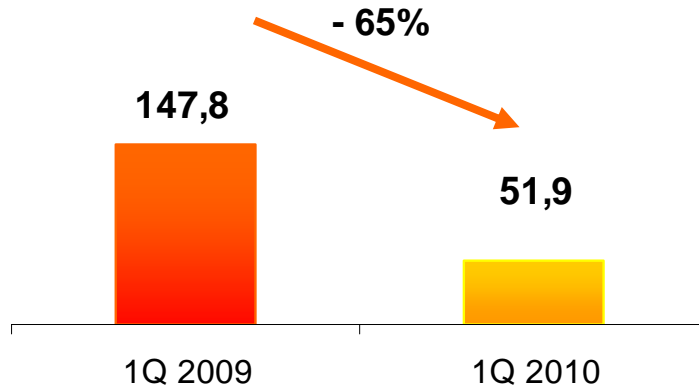
(1) Normalized EBITDA 1Q09: 32,7M€ before restructuring

(2) OFCF=Net Cash Flow from Operating Activities + Net Cash Flow from investing activities

(3) NFD of 410M€ as of December, 31st 2009

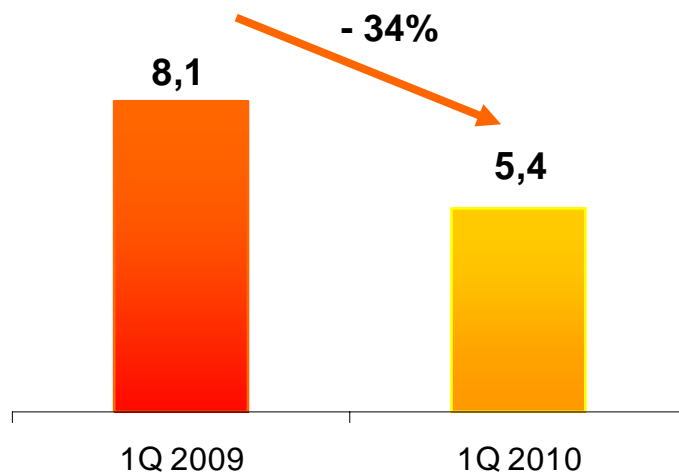
Working Capital and Capex

WORKING CAPITAL



- **Continued pressure on Working Capital:**
 - ✓ Successful **stock reduction program** in Spain (-10% inventories, i.e. -23 days)
 - ✓ **Improvement in Payables** across the Group (+ 2 days with +10 days in Spain and +5 days in France)
 - ✓ **Managing Customer Risk**

CAPEX



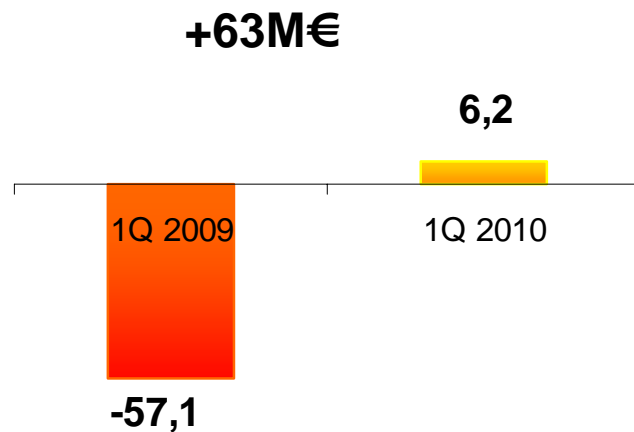
- **Keeping Capex under control:**
 - ✓ 3M€ reduction vs PY
 - ✓ On track with goal of maintaining Capex in line with depreciation in 2010

Cash Flow and Net Debt

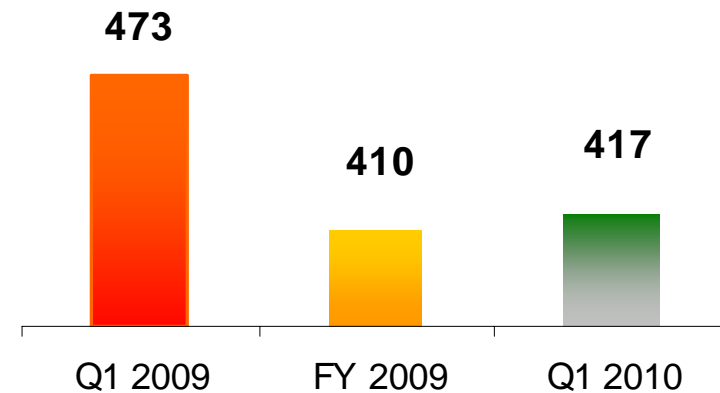
➤ Strong Cash Generation in Q1 despite seasonality

- ✓ Cash From operation +63M€ vs PY mainly thanks to Working Capital
- ✓ Leverage ration below 3x EBITDA in Q1
- ✓ Strong liquidity position

OFCF (1)

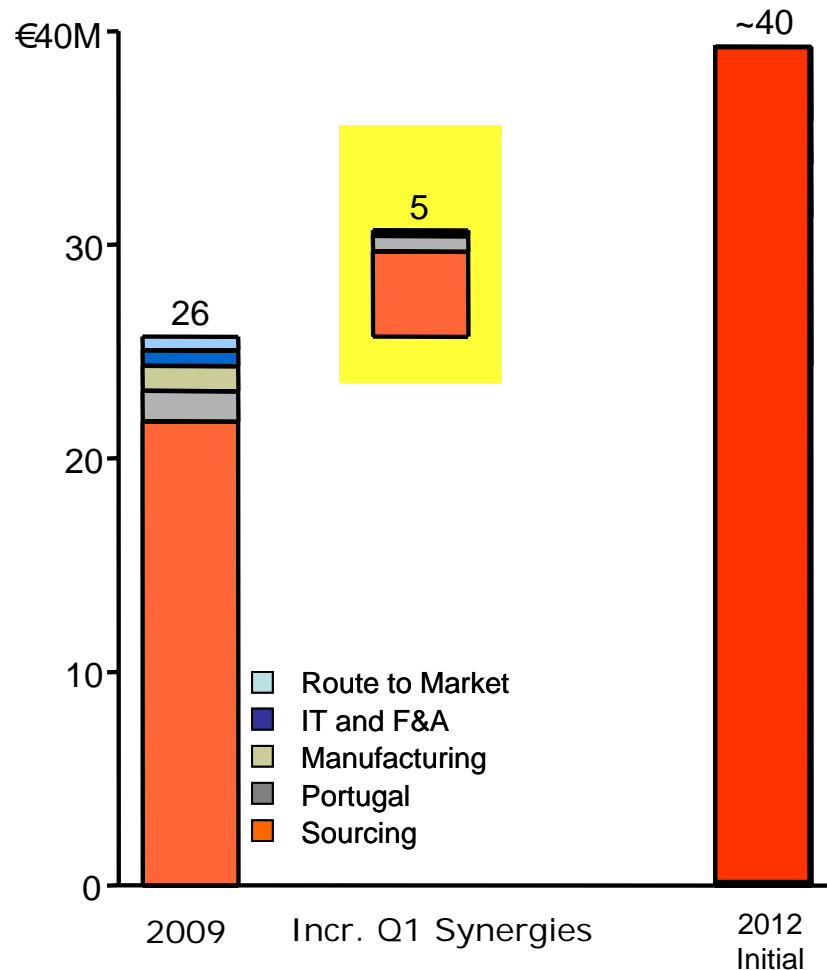


NET FINANCIAL DEBT



Synergies

2009 and Q1 2010 Achieved Synergies, and 2012 Target



- **5€M synergies** achieved in Q1, of which 4M€ from Sourcing.
- Cumulative **31M€ synergies** since merger
- On track to **achieve target 40€M synergies by early 2011**, one year earlier than planned

Top-line recovery driven by Southern Europe

(1)

Tons (Thousand)	Q1 2010	Q1 2009	% Var.
Southern Europe	58,3	55,4	5,2%
Northern Europe	42,0	43,0	-2,4%
Others	1,7	2,1	
Eliminations	-0,9	-0,8	
Total Tons	101,1	99,7	1,3%

Net sales (€M)	Q1 2010	Q1 2009	% Var.
Southern Europe	193,7	190,6	1,6%
Northern Europe	235,9	237,8	-0,8%
Others	4,9	5,4	
Eliminations	-4,4	-1,9	
Total Net sales	430,0	431,8	-0,4%

Note: Southern Europe includes Campofrio Processed Meats, Carnes Selectas fresh meat and Portugal. Northern Europe includes France, Belgium, Holland and Germany. Intra-segment intercompany sales are eliminated from each segment.

Sustained margin enhancement in all regions

EBITDA (€M)	Q1 2010	Q1 2009	% Var.
Southern Europe	19,7	15,6	26,2%
Northern Europe	19,3	13,7	40,6%
Others	-5,1	-2,9	
Total EBITDA *	33,9	26,4	28,4%

EBITDA Margin (%)			
Southern Europe	10,2%	8,2%	199 bp
Northern Europe	8,2%	5,8%	240 bp
Others	n.a	n.a	
Total EBITDA Margin	7,9%	6,1%	177 bp

PY EBITDA includes 6,2M€ restructuring, ie 144bp (5,4M€ Southern Europe, 0,7M€ Northern Europe and 0,2M€ Others)

Normalized EBITDA amounts to 32,7M€ (21,1M€ SE, 14,4M€ NE and -2,8M€ Others)

Spain Processed Meats back to growth

(M€)

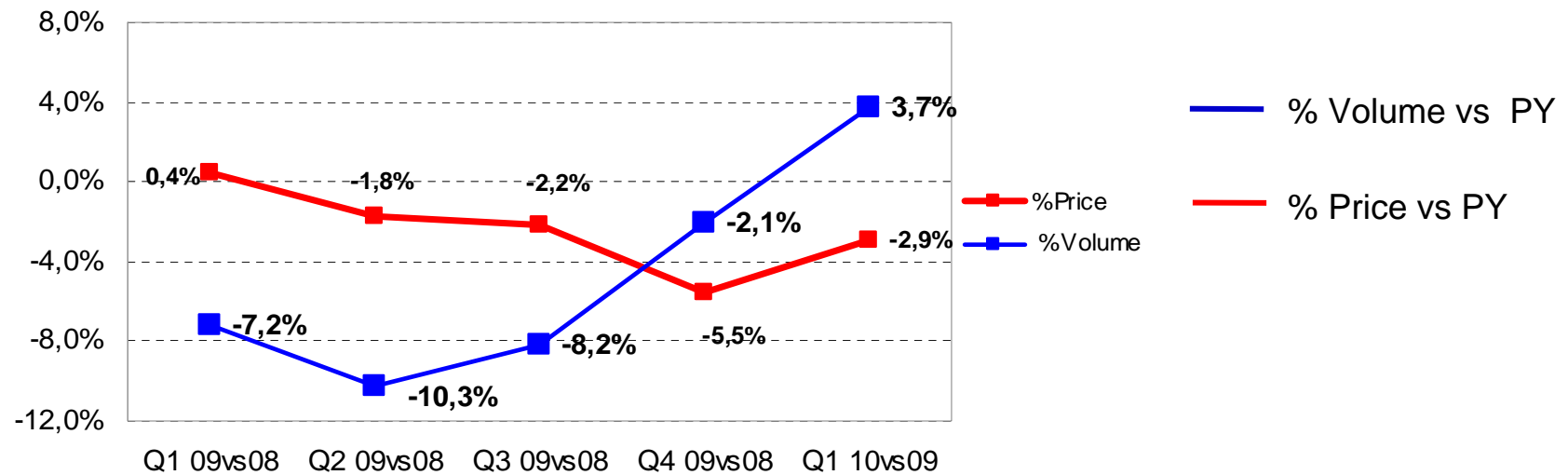
	Q1 2010	Q1 2009	% Var.
Spain Processed Meat			
Tons (Thousand)	33,4	32,2	3,7%
Net Sales	133,8	132,9	0,7%
EBITDA⁽¹⁾	16,7	11,2	49,1%
% EBITDA Margin	12,5%	8,5%	407 bp

- **First quarter of positive Net sales growth**
- **8% growth of Branded volume in Retail Channel**
- **+407 bp Reported EBITDA margin, stable margin on normalized basis**

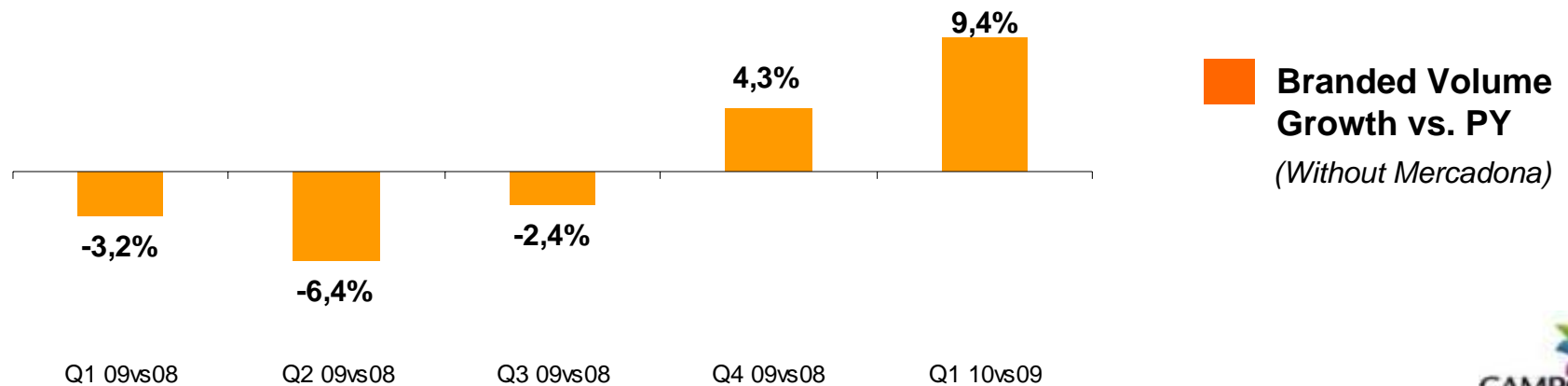
(1) 2009 Normalized EBITDA of 16,7M€

Spain sustaining turn-around initiated in 2009

Pricing / volume evolution by quarter



Total branded volume growth (at constant distribution)



France sustaining significant margin gains

(M€)

France	Q1 2010	Q1 2009	% Var.
Tons (Thousand)	28,3	28,8	-1,9%
Net Sales	154,9	155,5	-0,4%
EBITDA	9,1	6,0	50,2%
% EBITDA Margin	5,8%	3,9%	197 bp

- Efficient promotions, both in self service and deli sections, combined with good consumer acceptance of new product formats bring a spectacular growth in branded sales in Q1 (+13% volume; +7% value)
- Positive mix and continued productivity gains result in +197bp gain in EBITDA margin in Q1

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Financials

Q&A



CAMPOFRIO
FOOD GROUP

...food you know, for people you love

Back up

Q1 2010 P&L

(M€)	1Q 2010	1Q 2009	Var 10 vs 09
Net sales	430,0	431,8	(0,4%)
Operating Revenues	452,4	438,5	
Operating Expenses	(432,4)	(426,5)	1,4%
Operating profit	19,9	12,0	66,7%
% Net sales	4,6%	2,8%	187 bp
Net finance cost	(14,6)	(11,5)	27,0%
Other income and expenses	(0,0)	(0,0)	
Profit Before Taxes	5,4	0,5	1007,4%
Income Taxes	(1,4)	0,0	
Profit after Taxes from continuing operations	3,9	0,5	709,5%
Profit for the year from discontinued operations	0,0	0,0	
Profit for the Year	3,9	0,5	709,5%
Attributable to minority interest	0,1	0,1	(19,3%)
Net profit Attributable to the Parent Company	3,9	0,4	891,8%
EPS	0,0	0,0	0,03 €/share
Depreciation & Amortization	(14,0)	(14,5)	(3,3%)
EBITDA	33,9	26,4	28,4%
% Net sales	7,9%	6,1%	177 bp

Q1 2010 Balance Sheet

(M€)	FY 2009	1Q 2009	1Q 2010	Var 1Q '10 vs FY '09	Var 1Q '10 vs 1Q '09
Fixed Assets	1.240	1.243	1.232	(7,7)	(10,1)
Goodwill	420	420	420	(0,0)	0,0
Intangible Assets	183	182	183	0,4	1,8
PPE	564	571	554	(10,8)	(17,5)
Other non current assets	73	70	76	2,7	5,6
Total Working Capital	50	148	52	1,5	(95,9)
Inventories	276	325	293	17,3	(32,0)
Trade Debtors	180	175	132	(48,2)	(42,5)
(Trade Creditors)	(406)	(352)	(373)	32,4	(21,3)
Other Current Assets	55	64	65	9,9	0,9
Assets from Disc. Oper.	2	2	2	(0,0)	0,0
TOTAL ASSETS	1.347	1.456	1.351	3,8	(105,1)
Total Equity	626	615	625	(1,0)	10,5
Net Financial Debt	410	473	417	6,6	(55,8)
Debentures	490	236	501	10,9	264,3
Other Financial Liabilities	82	294	79	(3,1)	(215,3)
Cash & Cash equivalents	(161)	(58)	(163)	(1,2)	(104,8)
Other non current liabilities	199	184	196	(2,3)	12,0
Other current liabilities	112	185	113	0,5	(71,7)
TOTAL LIABILITIES	1.347	1.456	1.351	3,8	(105,1)

Q1 2010 Cash Flow

(M€)	CY 2010	CY 2009
Operating profit before changes in working capital	36,3	27,0
Working capital adjustments	(10,2)	(57,6)
Cash flow from operating activities	26,1	(30,6)
Net interest expense	(4,6)	(13,1)
Provision and pensions payment	(4,9)	(4,4)
Income tax paid	(1,9)	(1,0)
Net cash flow from operating activities	14,7	(49,1)
CAPEX	(5,4)	(8,1)
All other	(3,1)	0,2
Net cash flow from investing activities	(8,5)	(7,9)
Operating Free Cash Flow	6,2	(57,1)
Changes in financial liabilities	(1,7)	(3,3)
Other payments and Own share transactions	(3,4)	(3,5)
Net cash flow from financing activities	(5,1)	(6,8)
Net increase in cash and cash equivalents	1,2	(63,9)
Cash and cash equivalents at the beginning of the period	160,2	119,8
Cash and cash equivalents at the end of the period	161,3	55,9