Campofrio Food Group records a net profit of €15.7 million with an increase in sales of 5.0% in 2012

- **Higher sales and productivity improvements enabled CFG to record normalised EBITDA of €150.5 million**
- **The Group´s "health", "heritage" and "snacking" platforms helped boosting sales, with combined growth of 29.5%**
- **The Group strengthened its cash position and reduced its net financial debt**

Madrid, 28 February 2013. Sales by Campofrio Food Group (CFG) rose by 5.0% to €1,918 million in 2012 compared to the previous year, due to the organic growth of the group and the contribution from Fiorucci.

In 2012, the Group's focus on innovation was a catalyst for growth, highlighted by the performance of the "health", "heritage" and "snacking" segments. Combined growth of 29.5% in these areas boosted the company's sales and accounted for 11.0% of the total at the end of the year. The strength of Campofrio Food Group's brands and the strategy to reinforce their development in each market and sales channel allowed the company to outperform the downward trend in the market. Retail sales of CFG brands rose driven by the strong performance of *Aoste* in France (+10.1%) and Belgium (+5.1%), *Justin Bridou* in France (+6.7%), *Stegeman* in Holland (+5.0%) and *Campofrío* in Spain (+2.0%), among others.

Campofrio Food Group has demonstrated its capacity to improve its competitive position in an extremely difficult economic and market environment. The consolidation of its brands' leadership positions; the on-going adaptation to customers' needs; and the growing innovation in the product portfolio have all been achieved, while maintaining the investment in marketing in order to protect the key brands. In a year characterised by the sharp increase in the cost of raw materials, meat prices reached new record highs. This strong inflationary pressure was partially offset by productivity improvements resulting from centralising and streamlining the process of purchasing meat and other raw materials. The result was normalised EBITDA of €150.5 million and net profit of €15.7 million.

Campofrio Food Group continued to reinforce its solid financial position and its capacity to generate cash-flow throughout the year. In 2012 the Group generated a net operating cash flow of €116.5 million; it increased its cash position by €31.6 million to €169.9 million; and reduced its net financial debt by €37.1 million to €441.8 million, with a debt to EBITDA leverage ratio of 2.9 times.

Million €	2012	2011
Total net sales	1,918.3	1,827.2
Normalised EBITDA	150.5	169.4
Net profit	15.7	-54.2
Net financial debt	441.8	478.8

Robert A. Sharpe II, CEO of Campofrio Food Group, said, "The results for 2012 reflect the solid positioning of our brands and the Group's successful sales and innovation initiatives. In a difficult environment, Campofrio Food Group is strengthening its position across all of its markets where it operates. The Group's integration and transformation strategy is getting results and is enabling us to develop all of our brands and products in the countries where we already have a strong presence and to enter new markets. This integration is also allowing us to optimise the management of resources, to align our objectives and to establish best practices in every business unit. This has meant that we were able to meet the investment program targets for the year. CFG has strengthened its financial position and its cash flow generation, providing the means to continue developing the investment program to ensure sustainable growth and productivity in the coming years".

YEAR 2012 RESULTS
(January – December)

I. Highlights[1]

In year 2012 Campofrio Food Group has consolidated its position in Europe in the processed meat market. 2012 has been, once again, characterized by tough economic conditions and inflationary pressures, the later driving raw material prices to new record highs, namely pig carcass. The strength of CFG brands, ongoing portfolio innovation and product mix improvement have been key success factors to support sales growth. Increased efficiency in the meat sourcing platform has helped to protect margins. Despite adverse market conditions, CFG margins have recovered in the second half of the year, reaching its highest level in the fourth quarter. Additionally, CFG has deliver strong cash generation, outstanding working capital management and a strengthened financial position.

Total net sales, **reaching €1,918.3 million** increased by 5.0% due mainly to the outstanding performance of our brands and inorganic growth. Excluding Fiorucci`s contribution[2], sales grew by 1.8%, with branded retail up 3.8%. The key platforms that are driving growth are Snacking +30.9%, Heritage +29.9% and Health +26.2%.

EBITDA "normalized" stands at €150.5 million and Ebitda margin on sales at 7.8% impacted mainly by higher raw material expenses. If we include one-off expenses "reported EBITDA" amounts to €142.3 million.

Net profit amounts to €15.7 million. In year 2011 CFG posted a net loss of €54.2 million after having recorded a non-recurrent charge for "strategic redefinition" of €91.1 million.

Net operating cash flow of €116.5 million benefits from lower working capital needs (- € 64.7 million) thanks to effective working capital management.

Net Financial Debt of €441.8 million diminishes by €37.1 million on reduced indebtedness and increased cash position. The leverage ratio NFD/EBITDA normalized stands at 2.9x meeting the internal leverage targets set by the management.

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[1] Results for Campofrio Food Group corresponding to year 2012 include the 12 months 2012 results for Fiorucci, while in 2011 only for the period April-December.

[2] Excluding the contribution of 1Q2012 to allow like for like comparison with 2011.

II. Consolidated Profit and Loss Account

PROFIT & LOSS ACCOUNT

million €	2.012	2.011
Net sales and services	1.918.346	1.827.240
Increase in inventories of finished goods and work in progress	-3.616	4.454
Capitalized expenses of Company work on assets	6.584	4.116
Other operating revenues	10.463	9.272
Operating revenues	**1.931.777**	**1.845.082**
Consumption of goods and other external charges	-1.063.898	-999.305
Employee benefits expense	-351.261	-413.562
Depreciation and amortization	-60.719	-57.235
Changes in trade provisions	-4.493	-2.754
Other operating expenses	-369.826	-351.193
Operating expenses	**-1.850.197**	**-1.824.049**
Impairment of assets	-284	-18.468
Consolidated operating profit	**81.296**	**2.565**
Other interest and similar income	3.783	5.280
Exchange rate gains	430	311
Finance revenue	4.213	5.591
Finance costs	-58.648	-60.415
Net finance costs	**-54.435**	**-54.824**
Share of profit (loss) of investments accounted for using the equity method	-8.321	-2.314
Profit before tax	**18.540**	**-54.573**
Income taxes	4.176	30.204
Profit from continuing operations	22.716	-24.369
Loss from discontinued operations	-6.995	-29.879
Profit / (Loss) for the year	**15.721**	**-54.248**
Depreciations	-60.719	-57.235
Impairment of assets	-284	-18.468
EBITDA normalized	**150.506**	**169.354**
One-off charges	-8.206	-91.086
EBITDA reported	**142.300**	**78.268**
EBITDA normalized/Net sales	7,8%	9,2%
EBITDA reported/Net sales	7,4%	4,3%

Total net sales of €1,918.3 million grow by 5.0% backed by the contribution of Fiorucci and the good performance of the Group´s brands. Excluding Fiorucci[3], branded retail sales increase by 3.8% and some key product platforms record outstanding growth: Snacking, Heritage and Health product platforms grew by 30.9%, 29.9% and 26.1% respectively. These three categories, called “growth accelerators” contributed with 11.0% to total sales of the Group.

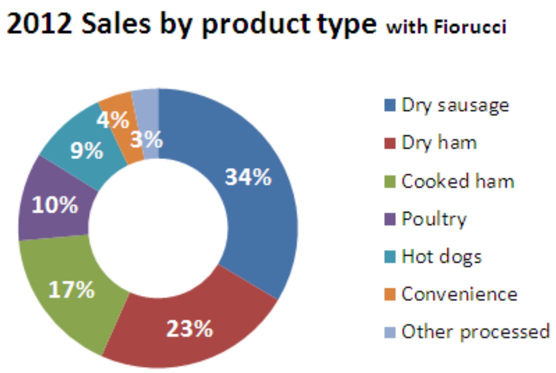
[3] Excluding the contribution of 12M 2012 and 9M 2011.

Considering a like for like comparison in sales by product type for the Group, excluding the contribution of Fiorucci[4], Carnes Selectas, Export and traditional channel sales, it is worth noting the good performance of the categories “dry sausage” (+5.7%), “poultry” (+3.3%), “dry ham” (+2.5%), “cooked products” (cold cuts, pate) (+8.0%) and “convenience” (pizzas, ready meals) (+20.4%).

Net sales* by product type

Million, €	2011	2012	Growth %
Dry sausage	470.815	497.497	5.7%
Dry ham	323.792	331.990	2.5%
Cooked ham	229.685	227.258	-1.1%
Poultry	154.902	159.963	3.3%
Hot dogs	132.173	132.775	0.5%
Cold cuts, pate, etc.	112.314	121.298	8.0%
Pizzas and ready meals	45.553	54.852	20.4%
Other	35.702	31.620	n.a.
TOTAL	**1.504.936**	**1.557.253**	**3,5%**

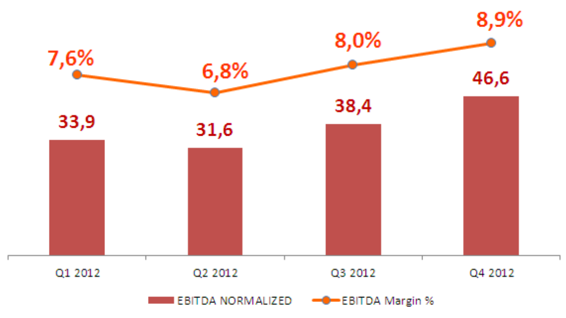
*Sales without Fiorucci, Carnes Selectas, Export and traditional channel.



Total operating expenses of € 1,850.2 million grow mainly as a consequence of higher raw material prices. The later was partially offset by lower personnel expenses. Other operating expenses grow with higher freight costs and taxes on utilities.

The **consolidated operating profit reaches € 81.3 million**, well above last year figure of €2.6 million on lower growth in operating expenses as well as lower impairments.

EBITDA “normalized” amounts to **€ 150.5 million**. If we take into account one-off charges of €8.2 million, EBITDA “reported” stands at €142.3 million.



EBITDA normalized (M€ and % of net sales), Quarterly evolution in year 2012

[4] Excluding the contribution of 12M 2012 and 9M 2011

The net **financial result** amounts to € -54.4 million slightly below last year´s level with decreased debt.

The **result from discontinued operations** of € -6.995 million corresponds mainly to losses in the French cooked ham operation of Jean Caby.

Net profit for the year 2012 reaches €15.7 million while in 2011 it posted a negative figure of €54.2 million after a provision for restructuring measures of € 91.1 million was recorded.

III. Balance Sheet

BALANCE SHEET, million €

Assets	2012	2011	Equity and Liabilities	2012	2011
		(Restated)			(Restated)
Property, plant and equipment	576.083	579.938	Issued capital	102.221	102.221
Goodwill	458.978	459.105	Share premium	411.129	411.129
Other intangible assets	272.316	259.687	Other reserves	73.976	130.972
Non-current financial assets	15.019	4.901	traslation differences	3.170	3.672
Investments accounted for under the equity method	28.921	28.972	Traeasury shares	-18.685	-14.338
Deferred tax assets	135.829	120.705	Profit (loss) attributable to equity holders of the parent	15.721	-54.248
Non-current assets	**1.487.146**	**1.453.308**	Equity attributable to equity holders of the parent	587.532	579.408
			Equity	**587.532**	**579.408**
Inventories	339.962	333.941	Debentures	490.733	488.394
Trade and other receivables	217.153	239.283	Interest-bearing loans and borrowings	59.819	90.409
Other current financial assets	390	924	Other financial liabilities	4.207	3.314
Other current assets	6.283	7.335	Deferred tax liabilities	169.154	169.559
Cash and cash equivalents	169.910	138.274	Other non-current liabilities	15.524	17.643
Current assets	**733.698**	**719.757**	Provisions	108.877	114.680
			Non-current liabilities	**848.314**	**883.999**
Assets classified as held for sale and discontinued operations	1.270	75.428			
			Debentures	6.875	6.875
			Interes-bearing loans and borrowings	42.921	26.257
			Trade and other payables	607.765	571.992
			Other financial liabilities	7.500	2.760
			Income tax payables	4.847	7.989
			Provisions	36.545	39.942
			Other current liabilities	79.724	71.074
			Current liabilities	**786.177**	**726.889**
			Liabilities clasified as held for sale and discontinued operations	91	58.197
			Total liabilities	**1.634.582**	**1.669.085**
TOTAL ASSETS	**2.222.114**	**2.248.493**	**TOTAL EQUITY AND LIABILITIES**	**2.222.114**	**2.248.493**

Non-current debentures of €490.7 million correspond to the book value of the group´s financial liability corresponding to non-convertible bonds for the nominal value of € 500,0 million issued on November 2nd 2009.
Regarding the €100.0 million "club deal" arrangement signed in April 2011 to finance the acquisition of Fiorucci S.p.a. the group has amortized € 10.0 million in year 2012.

At 31 December 2012, the CFG does not have any bank borrowings other than unused and fully available borrowing facilities amounting to € 170.0 million.

Net financial debt of € 441.8 million is reduced by €37.0 million due to lower debt and higher cash position. Therefore the leverage ratio on normalized EBITDA stands at 2.9 times.

CAMPOFRIO FOOD GROUP **Net Financial Debt**	**31 Dec 2012**	**31 Dec 2011**
Debentures and Bonds	497.608	495.269
Debts with credit entities	102.738	116.666
Other current financial liabilities	11.708	6.149
Financial derivatives instruments	-	(74)
Other current financial assets	(390)	(924)
Cash and cash equivalents	(169.910)	(138.274)
Total Net Debt	**441.754**	**478.812**
EBITDA normalized	**150.506**	**169.383**
NFD / EBITDA normalized	**2.9x**	**2.8x**

IV. Investments

CFG investments (“capex”) in year 2012 amounted to € 71.4 million of which € 55.3 million is related to tangible assets and the remaining € 16.1 million to intangible assets, mainly investments in software / information systems for the integration of all IT systems of the Group.

V. Cash flow

Operating cash flow reaches € 208.8 € million with a positive evolution of working capital contributing with € 64.7 million thanks mainly to increased trade payables. Working capital management continues generating value for CFG.

CASH FLOW STATEMENT

million €	2012	2011
Profit before tax from continuing operations	**18.540**	**-54.573**
Loss before tax from discontinued operations	**-8.670**	**-29.845**
Depreciation/amortization of assets	61.815	63.918
Impairment of assets	284	29.839
Financial result	54.413	56.264
Investments accounted for under the equity method	8.321	2.314
Government grants	-3.887	-3.312
Provision for process of strategic redefinition	-137	82.978
Provision for restructuring	8.273	-
Adjustment to reconcile profit before tax to net cash flows	5.103	7.699
Operating profit before changes in working capital	**144.055**	**155.282**
Working capital adjustments	64.708	54.933
Cash flows from operating activities	**208.763**	**210.215**

Cash flows from operating activities	**208.763**	**210.215**
Interest paid	-52.613	-52.812
Interest received	1.147	1.703
Provisions and pensions	-28.276	-6.125
Income tax paid	-15.880	-11.703
Government grants received	3.404	3.751
Net cash flows from operating activities	**116.545**	**145.029**
Income from sale of group companies	-	2.221
Purchase of property, plant and equipment	-71.397	-59.892
Proceeds from sale of property, plant and equipment	4.017	3.403
Investments in group companies	-1.970	-24.416
Payments related to acquisitions of affiliates	-342	-69
Net cash flows used in investing activities	**-69.692**	**-78.753**
Proceeds from financing	-	98.364
Payment of financial debt	-11.429	-166.164
Change in current financial liabilities	2.963	8.965
Cancelled of financial instruments	-	-19.040
Long-term loans Group´s companies	-3.400	-
Purchase of treasury shares	-4.494	-2.281
Dividend paid	-	-10.222
Acquisition of minority interest	-	-5.755
Net cash flows used in financing activities	**-16.360**	**-96.133**
Net increase / (decrease) in cash and cash equivalents	**30.493**	**-29.857**
Cash and cash equivalents at January 1st	139.417	169.274
Cash and cash equivalents at December 31st	169.910	139.417