**Year End Results 2013**

# Campofrío Food Group posts net profit of 12.7 million Euros

- **Good sales performance and improved productivity boosted EBITDA, which grew 2% to 145.0 million Euros**

- **Revenues were driven by 15% combined growth across the *Health, Heritage* and S*nacking* platforms, confirming CFG's position as an innovation leader**

- **The group's power brands maintained their leadership positions in a complex year for the processed meat sector, marked by weak consumer spending, fierce competition and inflation of raw material prices**

- **The company generated operating cash flow of 204.8 million Euros in 2013 and paid down net financial debt by 24.7 million Euros vs. September**

**Madrid, 27 February 2014.** Campofrío Food Group (CFG), Europe's leader in the processed meat sector, reported **net sales** of 1,907.5 million Euros in 2013, virtually flat vs. 2012. This is in line with the performance of the markets where CFG operates; mature markets which improved slightly in the final quarter of the year.

CFG's commitment to innovation in both products and formats continued to generate outstanding results, as evidenced by the performance of the three **growth platforms** through which the company is responding to changing consumer demands. Sales in the *Health* segment increased by 29%, with among other, the "Cuida-t+" range launched in Spain during the same period, enjoying remarkable success. The *Snacking* range reported a 16% rise in revenues, driven particularly by rapid growth in France, Spain and the US. The *Heritage* platform grew sales by 6%. The company's affordable range – which includes packets of sliced meats priced at €1, among other products - also performed well, with a 25% increase in sales in 2013.

The leadership position of CFG's power brands in their respective markets remained stable over the period. Regarding some of our brands, Aoste has a 23% market share in dry ham and sausages in France. Campofrío and Navidul post market shares, among other, of 34%[1] in hot dogs, 22% in poultry, 13% in cooked ham and 11% in dry ham[2]. This underscores the effectiveness of CFG's brand strategy which, in a highly competitive climate marked by a rise in private label products and their aggressive pricing practices, is generating impressive returns, thanks to the positive combined effect of new product launches, commercial efforts and high impact marketing campaigns.

In 2013, **EBITDA** amounted to 145.0 million Euros, up 2% year on year. This increase was driven by the company's efforts to reduce costs, which helped to partially offset the increase in raw material prices

[1] With Oscar Mayer

[2] Nielsen and IRI Group December 2013

over the year[3]. Operating costs specifically were cut by almost 3% during the period, thanks mainly to improvements made to operating efficiency throughout the production and supply chain, and to cost control and reduction policies. As a result, in 2013 the company's EBITDA margin – expressed as a percentage of sales – stood at 7.6%. This improvement in profitability was a constant for the company throughout the year; the EBITDA margin climbed consistently over the period to hit 8.8% in Q4.

**Net profit** for 2013 stood at 12.7 million Euros, impacted by the factors outlined above.

CFG continued to reinforce its financial position, which is underpinned by its strong capacity for cash flow generation. Throughout the year, the company generated operating cash flow of 204.8 million Euros and, at the end of the period, its balance sheet showed a cash position of 146 million Euros. Including the credit lines of 240 million Euros also available to the company at that time, CFG's overall liquidity position at 2013 year end totalled 386 million Euros. This liquidity affords the company the flexibility it needs to continue with the transformation plan underway to bolster its competitiveness and profitability.

At 31 December 2013, net financial debt amounted to 448.5 million Euros, reflecting a net debt to EBITDA ratio for the year of 3.07x. Net financial debt decreased by 24.7 million Euro since 30 September 2013.

Main figures:

| | 2013 vs. 2012 | | | 2013 quarterly performance | | | |
|---|---|---|---|---|---|---|---|
| **€M** | **2013** | **2012** | **% change** | **Q1'13** | **Q2'13** | **Q3'13** | **Q4'13** |
| | | | | | | | |
| **Net sales value** | 1,907.5 | 1,918.3 | -0.6% | 441.6 | 461.6 | 487.8 | 516.5 |
| **Reported EBITDA** | 145.0 | 142.3 | 1.9% | 25.4 | 36.4 | 37.9 | 45.3 |
| **Profit / (Loss) for the period** | 12.7 | 15.7 | -19.1% | (4.1) | 5.1 | 0.7 | 10.9 |
| **Reported EBITDA margin** | 7.6% | 7.4% | -0.2 pp | 5.8% | 7.9% | 7.8% | 8.8% |

| | | |
|---|---|---|
| **Net financial debt "NFD"** | **448.5** | **441.8** |
| **NFD / EBITDA normalized** | **3.07x** | **2.94x** |

With regard to the results, Fernando Valdés, CEO of Campofrío Food Group, said:

*"In 2013, CFG maintained the leadership position of its power brands, which we consider to be a significant achievement given the ongoing complex climate. Last year, our sector continued to be impacted by weak consumer spending in Europe, strong growth by private label products and inflation in raw material prices. Despite these challenges, CFG has once again consolidated its position with a satisfactory sales figure.*

[3] In 2013, variation in meat prices ranged between -2% and +1.2% in Northern Europe and between +1.3% and +3.3% in Southern Europe. Whilst prices have risen in some markets and fallen in others, prices in general are above the average observed over the last 10 years.

*This performance shows that our efforts in product innovation based on consumer needs and powerful, high-profile marketing are bearing fruit. Our Health, Heritage and Snacking product lines boosted total sales with a combined increase of 15%. Innovation will continue to be key in helping us achieve greater market penetration in our product categories and to create even greater added value.*

*The year 2013 also demonstrated the effectiveness of our strategy in terms of the volume to profitability equation – a strategy we shall continue to develop. The gradual quarter-by-quarter improvement in operating margin is thanks to the progress we have made in our efficiency plan, which covers virtually every area of the group, from our production, logistics and procurement structure to our support and management divisions. Thanks to our robust cash flow generation and the resulting improvement in our already solid financial position, CFG is in a very strong position to continue to invest in improving efficiency.*

*Whilst economic indicators in Europe point to recovery, it is too soon to say whether 2014 will bring a sustainable upturn in the consumer spending, especially in Southern Europe. Given this backdrop, at CFG we have the utmost confidence in our strategy and we are convinced that the operating changes we are implementing are the best way to continue to enhance our profitability and competitiveness. Our size, our geographic presence and our strategic partners will help us to make even stronger headway and to consolidate our leadership position in the years to come."*

## Notes to editors

Campofrío Food Group (CFG) is the leader of the European processed meats sector. Its products, which are sold under its leading brand names – including Campofrío, Aoste, Cochonou, Fiorucci, Justin Bridou, Marcassou, Moroni, Navidul, Revilla, Nobre, Stegeman and Oscar Mayer –, cover multiple categories, including cooked ham, dry sausages, dry ham, hot dogs, poultry products, cold cuts, pâtés and ready meals. CFG produces and sells its products in eight European countries and in the United States. The Group also exports to 80 countries through independent distributors.

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