Campofrio Food Group

2010 Third quarter Earnings Call

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Agenda

Highlights of the Period (YTD 2010)

Environment

Restoring top line

Strengthening leading cost position

Financials

Q&A

Highlights of the period (YTD 2010)

- **Economic** environment still **challenging,** reflected in a market which is broadly flat
- Company remains on track to restore top line growth:
    - Volume above PY (+1.5%)
    - Retail branded volume above PY (+1.8%)
    - Net Sales slightly below PY (-0.3%)
- Overall, neutral impact from **raw material costs** vs. PY
- Outstanding performance in **sourcing** & **conversion costs** driving solid EBITDA growth and margin gain (+92bp normalized, +153bp reported)
- Strong **cash generation** of 61,4M€ in the first 9 months of 2010, compared to -5,4M€ in the same period of PY
- Net debt 89M€ below PY. LTM leverage ratio at 2.43x

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- In spite of challenging environment, processed meat market broadly flat, with Southern Europe markets suffering more
- CFG’s focus on providing targeted branded responses to consumer needs across its markets (snacking, health and affordable solutions) yeld positive results
- Increased investment in and effectiveness of media communication helped keep our brands relevant
- Raw materials environment relatively stable:
  - Meat markets broadly flat year on year
  - Other raw materials evidencing some inflation

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Reshaping the portfolio towards quality revenues

We are increasing overall profitability by simultaneously:

- Focusing our R&D, innovation and communication efforts on attractive segments
- Reducing complexity by exiting / milking low performing segments

- "Attractive segments" means geographic / product category combinations where we anticipate being able to fulfill our growth and profitability targets
- When attractive opportunities exist, we may enhance our focus on these segments through tuck-in acquisitions (eg: Moroni in France)

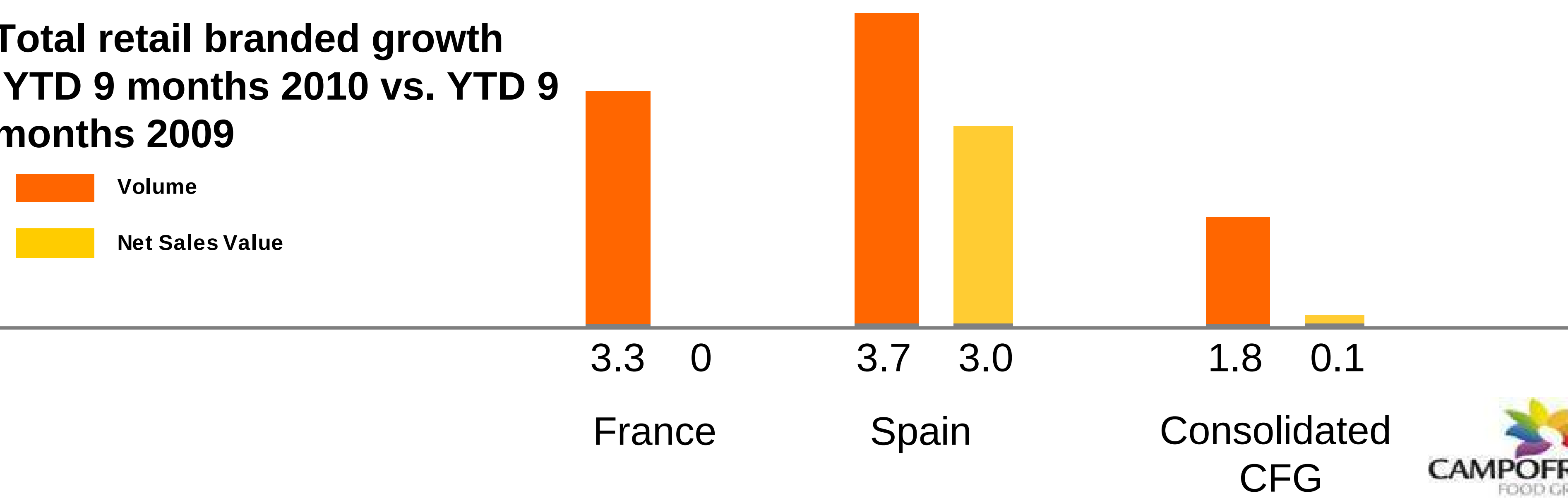
Keeping brands relevant

- **Branded Market Shares (value share in Branded Modern Retail Channel)**

	Groupe Aoste	Campofrio	Nobre *	Imperial Meat Products
Value Market Share Q3 2010	19%	29%	65%	25%
Value Market Share Q2 2010	18%	29%	65%	25%
Value Market Share Q1 2010	18%	28%	64%	25%

* In cooked ham segments only

- **Total retail branded growth YTD 9 months 2010 vs. YTD 9 months 2009**

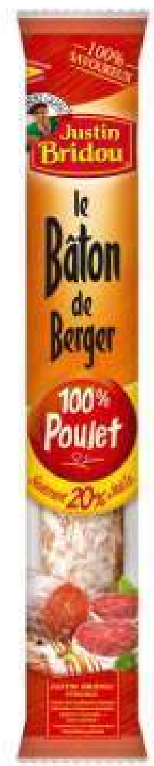


Keeping Brands relevant: France

Groupe Aoste dry sausage category positioning, with its three strategic brands

Premium

Mainstream



Affordable

Consumers can choose without trading out of CFG products

Keeping Brands relevant: Spain

Campofrio category positioning with its two strategic brands

Premium

Mainstream

Affordable

Consumers can choose without trading out of CFG products

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Innovation

Convenience is a fast growing concept in Europe, we are developing practical products with new packaging, “on the go formats” for new consumption occasions

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Innovation

Health is another platform for innovation growth, consumers are taking care of nutrition in order to feel and look well. Following this trend, Nobre has launched a Light range of products in Portugal

Cochonou in France is an example of Brand extension to other product categories, such as pates

Effective communication

Campofrio Spain: The BIG winner of 2010th Edition of Advertising Efficiency Awards

Elena Salgado: GOLD Award
Pavofrio Campaign honored as the most effective Campaign of the year;

- Increased market share of Pavofrio by 4 points
- Increased penetration levels by 2%

Blue Helmets: SILVER Award

- Creation of an umbrella campaign , Campofrío "Blue Helmets" featuring the 5 core products
- 360º media plan: TV, Magazines, Outdoor, Radio, Internet, POS, social media and PR.
- Record spontaneous awareness of 75%

Effective communication

Imperial Meat Products (Belgium)
Winner of **Silver Advertising Effectiveness Award** for MARCASSOU

- Propelled growth of Marcassou brand in the Mainstream and value markets
- Built image of image of Marcassou essence of brand values authenticuty and tradition

Groupe Aoste (France)
New TV campaign for Justin Bridou

- Significant increase of brand spontaneous awareness by 4 pp

Nobre (Portugal)
New TV campaign for hot dogs

- To sustain and reinforce market leadership
- To sustain a price repositioning, improving category profitability

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Partnering with retailers

- CFG joined in Q3 2010 the **Carrefour Business Development Program (BDP),** which means
  - Being the sole Processed Meat Preferred Supplier in Carrefour Top 4 European Countries (G4) – France, Spain, Belgium and Italy
  - Accessing to dedicated tools to grow CFG market share in Carrefour stores
  - Joint business plan agreed at a central level and deployed at a local level
  - A very strong tool to leverage the potential of CFG brands
- A boost plan was put in place immediatelly during Q4 2010 with very encouraging results

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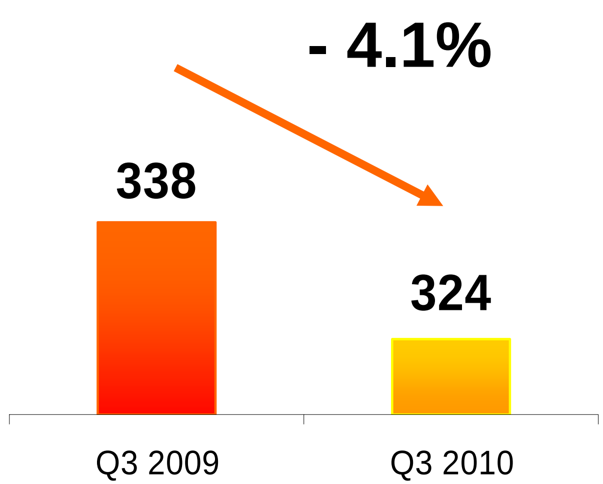
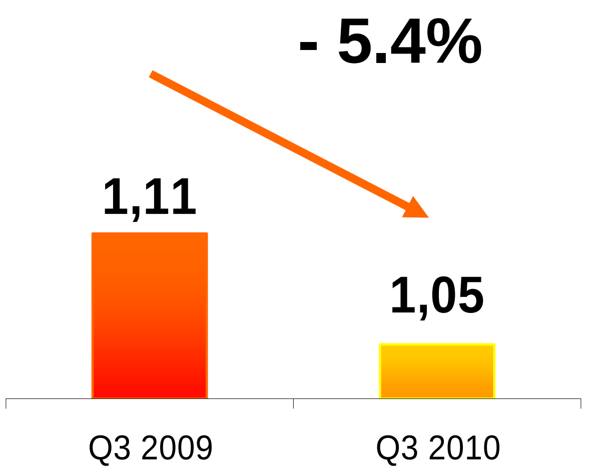
- **Conversion costs (*)**

€M



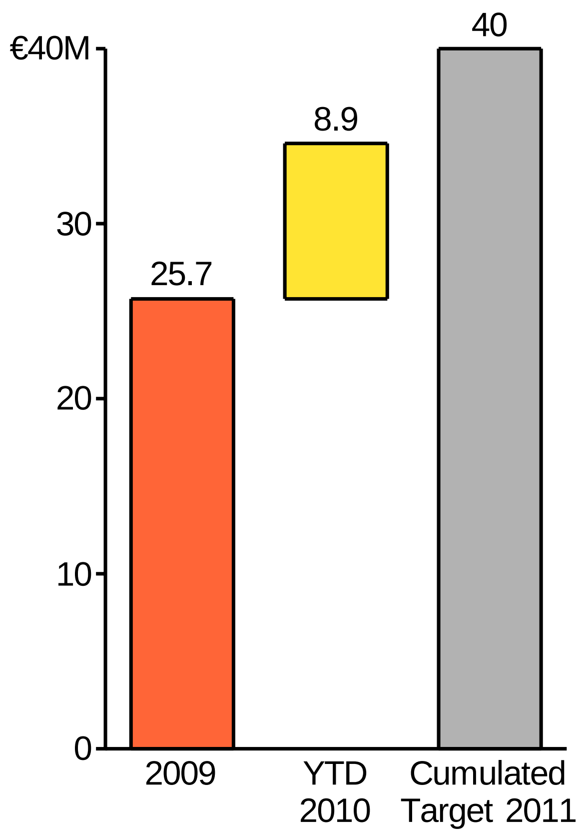
€/kg



(*) Direct labor & manufacturing overheads

Strengthening leading cost position

Cumulated Synergies and Target



- Overall **~1,5€M incremental synergies** achieved during Q3 2010
- Cumulative **~34,6€M synergies since the merger**
- **On track to achieve target 40€M by 2011,** one year earlier than planned (2012)

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Financials

(€M)	Q3 2010	Q3 2009	Variance %
Volume (000Tns)	308,2	303,8	1,5%
Net Sales	1.331,5	1.336,0	(0,3%)
EBITDA	116,5	96,4	20,9%
EBITDA Margin	8,8%	7,2%	153 bp
Attributable Net Income	26,8	17,3	55,0%
Operating Free Cah Flow	61,4	(5,4)	+66,8€M
Net Financial Debt	378	466	-88,9€M
Leverage ratio	2,43x	3,50x	

- **Stabilizing top-line**
- **Outstanding industrial performance**
- **Sustained margin gains**
- **32M€ Debt reduced since beginning of the year**

Note: Un-audited figures

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

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

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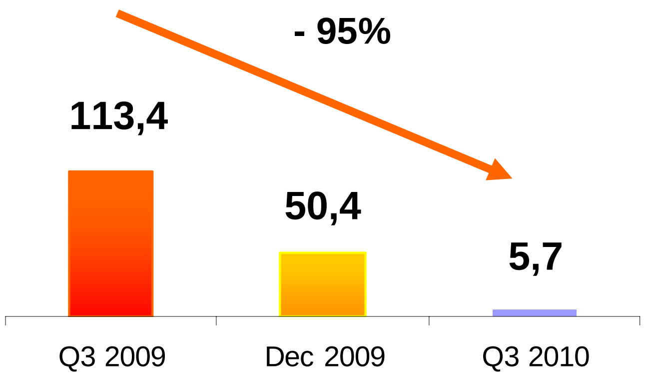
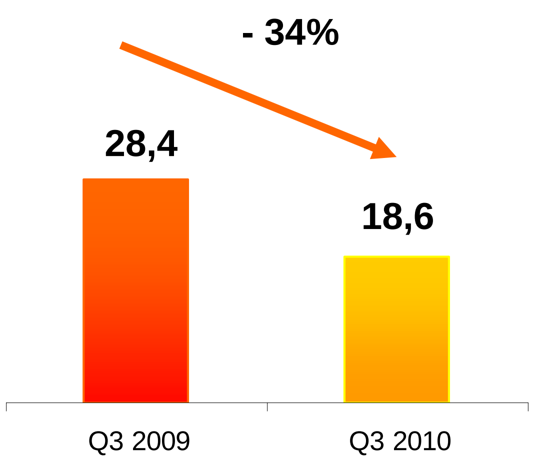
Financials

WORKING CAPITAL



CAPEX

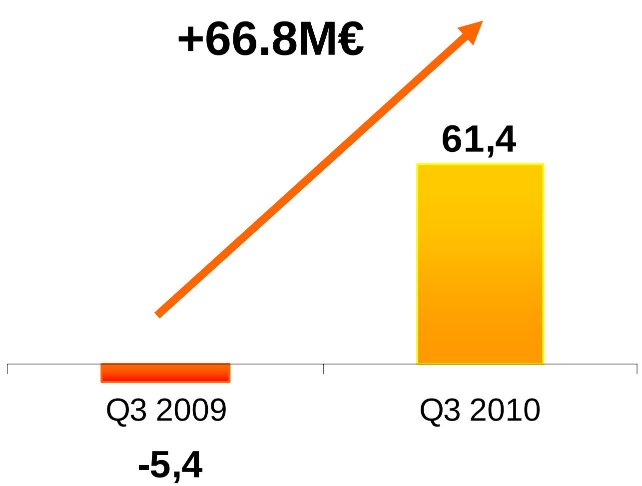


- **Working Capital**:
  - Inventory reduction sustained
  - 37M€ increase of factoring September 2010 vs 2009

- **Capex**:
  - 9,8 M€ reduction vs PY reflects phasing
  - FY on track with goal of maintaining Capex below depreciation in 2010

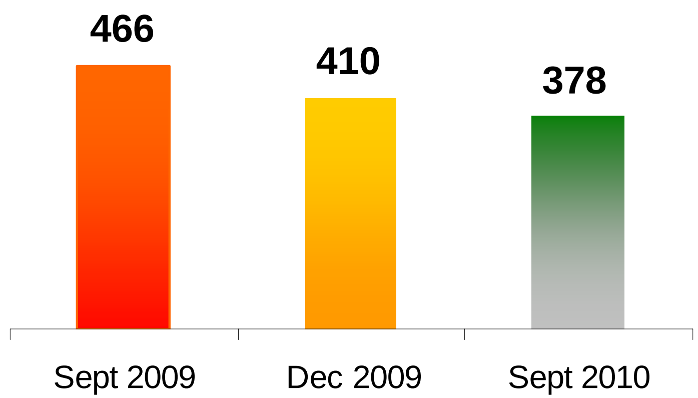
- **Strong Cash generation:**
  - Cash From Operations +67M€ vs PY mainly thanks to improved operating results, lower Working Capital and Capex
  - Leverage ratio of 2.43x EBITDA in Q3
  - Strong liquidity position

OFCF (1)



NET FINANCIAL DEBT

Leverage	3.50x	3.02x	2.43x



(1) OFCF: Net Cash Flow from Operating Activities + Net Cash Flow from investing activities

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Financials

Top-line recovery driven by Southern Europe:

	Q3 2010	Q3 2009	% Var.
Tons (Thousand)			
Southern Europe	183,4	176,9	3,6%
Northern Europe	127,0	128,8	-1,4%
Eliminations	-2,1	-1,9	
Total Tons	**308,2**	**303,8**	**1,5%**
Net sales (€M)			
Southern Europe	624,0	618,1	1,0%
Northern Europe	719,9	725,9	-0,8%
Eliminations	-12,4	-8,0	
Total Net sales	**1.331,5**	**1.336,0**	**-0,3%**

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.

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Sustained margin enhancement in all regions:

EBITDA (€M)	Q3 2010	Q3 2009	% Var.	(Normalized)*
Southern Europe	71,8	62,4	15,2%	(+5,3%)
Northern Europe	59,7	46,9	27,2%	(+21,6%)
Others	-15,0	-12,9		
Total EBITDA	**116,5**	**96,4**	**20,9%**	(+11,2%)
EBITDA Margin (%)				
Southern Europe	11,5%	10,1%	142 bp	(+47 bp)
Northern Europe	8,3%	6,5%	183 bp	(+154 bp)
Others	n.a	n.a		
Total EBITDA Margin	**8,8%**	**7,2%**	**153 bp**	(+92 bp)

(*) 2009 EBITDA includes 8,8M€ restructuring (5,9M€ Southern Europe, 2,6M€ Northern Europe and 0,3M€ Others)
Normalized EBITDA amounts to 105,2M€ (68,2M€ SE, 49,5M€ NE and -12.5M€ Others)
2010 EBITDA includes 0,5M€ restructuring Northern Europe Normalized EBITDA amounts to 117,1M€

Financials

- **Results:**
  - Volume up 1,5%, Net Sales down -0,3%
  - EBITDA of 116,5M€ up 20,9% vs PY (+11,2% normalized)
  - EBITDA Margin up 153bp vs PY (+92bp normalized)
  - Net Income of 26,8M€, up 55% vs PY
- **Cash**:
  - 61,4M€ cash flow achieved in Q3, up 66,8 M€ vs PY thanks to continued discipline in Working Capital and Capex
  - Net debt with leverage ratio now at 2.43x
- **Outlook 2010**:
  - Economic environment remains challenging
  - CFG top-line stabilizing while sustaining margins enhancement
  - Remain on track towards delivering our 2012 guidance

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...food you know, for people you love