

Campofrio Food Group

2009 First Semester Investors' Conference



Agenda

- **Introduction**
- **Our strengths**
- **Highlights of our strategy**
- **Financial results**
- **Closing**

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Introduction

4 pillars in support of our market leadership

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Our strengths

Strong brands and leading market positions

- We have a strong, well-balanced portfolio of products
- We hold leading market positions and have the #1 branded position in all of our core markets
- We have strong customer relationships with all major European retailers

We have a well-balanced product portfolio



Cooked Ham
100,000 tons

Hot Dogs
80,000 tons

Dry Sausages
73,000 tons

Dry Ham
35,000 tons

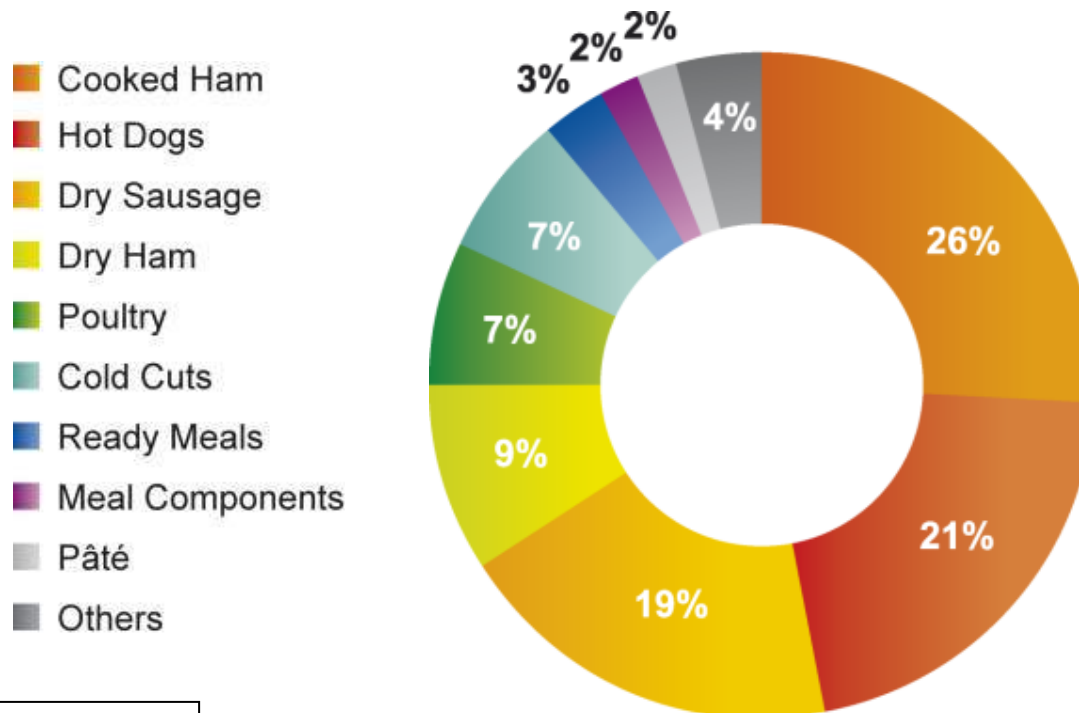
Poultry
27,000 tons

Cold Cuts
27,000 tons

Ready Meals
and Meal
Components
19,000 tons

Pâtés
8,000 tons

Processed Meat Products (Volume)



We cover **all key product segments** of the **processed meats category**, with a focus on Cooked Ham, Hot Dogs, Dry Sausage and Dry Ham.

372,000 tons annual volume processed meat products.

70,000 tons annual volume fresh meats and semi fresh processed meats products.

Note: 2008 Figures



We hold leading positions in all our core markets

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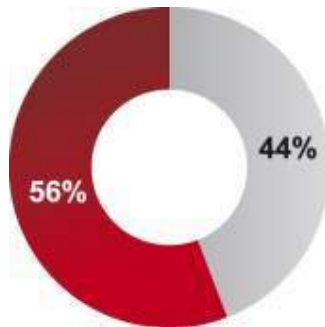
- We are **well represented in both branded and private label** segments, with branded sales accounting for 56% of our revenues
- We hold the **leading branded position** in all our core markets.
 - France: 18% share
 - Spain: 29% share
 - Portugal: 59% share
 - Belgium: 26% share
 - Netherlands: 23% share
- Our brands have **strong local roots** and have demonstrated their **potential to expand** beyond their country of origin (eg Aoste, Campofrio)



We have strong customer relationships with leading European retailers 10

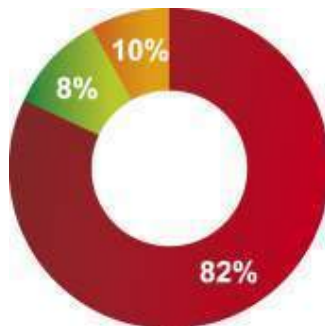
Net Sales: Branded vs Private Label

- Private Label
- Brand Sales



Net Sales: By Channel

- Retail Trade
- Out of Home
- Export



Note: 2008 Figures

Our products are marketed under our family of **leading brands** and under the marks of European **leading retailers** and food service specialists.





Our strengths

Cost leadership

- **Establishing a competitive cost advantage has been at the forefront of our strategy, well before the merger:**
 - **Rationalizing our cost base:**
 - Manufacturing footprint rationalization: closure or sale of 3 factories in France and one in the Netherlands
 - Lean Manufacturing: Spain cost reduction program in direct and indirect manufacturing costs
 - Lean Overheads: France and Spain cost reduction programs in SG&A
 - **Focusing Capex on productivity:**
 - Landivisiau (France): continuous cooking system and high speed molding, slicing and packaging
 - Cornby (Belgium): centralization of poultry production, continuous cooking system
 - Amando (Belgium): Slicing and Packaging center of excellence

Cost advantage: Spain Lean Manufacturing

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Ambitious roll-out of Lean Manufacturing program to improve our cost competitiveness by identifying and eliminating all unnecessary steps in our manufacturing process and product specs.



Progress & Future Plan

- **Implementation of continuous improvement program (Total Plant Management)**

	2008	2009	2010
Nº of factories	2	6	8
Nº of production line	4	20	55

- **Direct labor reduction (all factories):**

Increased flexibility through new labour agreement
Optimized temporary labour



Achieved significant reduction in labor costs

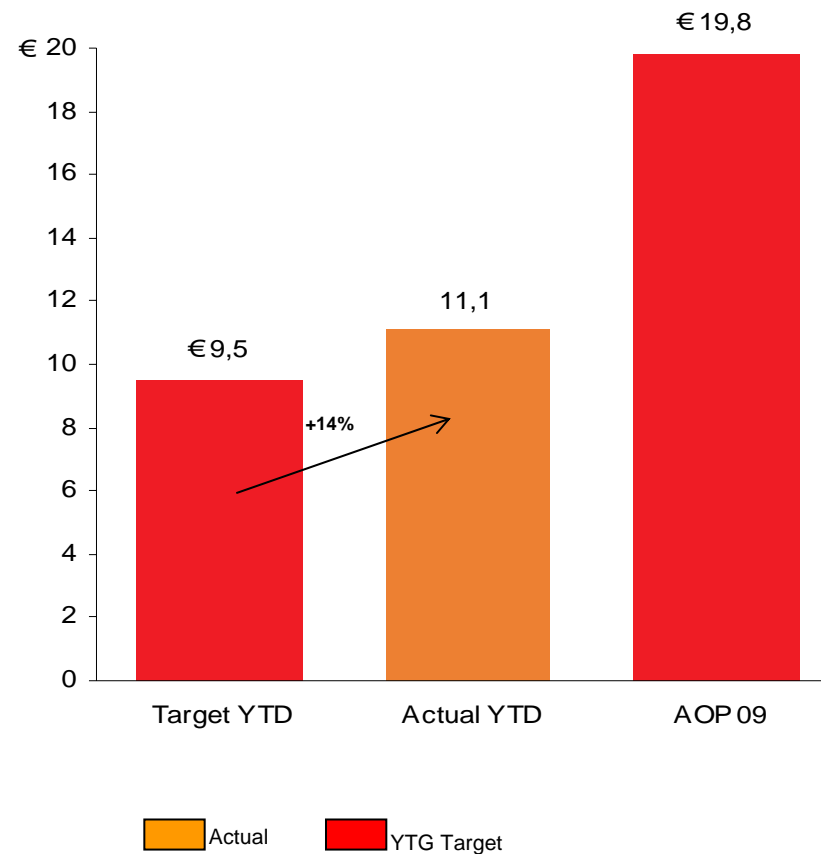


Highlights of our strategy

Synergies and Transformation

- We achieved **€11 million** of synergies in the first semester, and are well on track to meet our **€20 million** forecast for the year

2009 YTD Actual vs. Target



Specific programs to achieve synergies

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Team / Project	Synergies description
Sourcing	<ul style="list-style-type: none"> • Meat – raw material optimization, price alignment, redesign to specs • Non-meat – price reduction/alignment opportunities
Portugal	<ul style="list-style-type: none"> • Supply chain – footprint optimization and sourcing • Route to Market (“RTM”) – revenue synergies, reorganization, elimination of redundant activities • General and administrative – footprint optimization impact, reorganization • Brand portfolio – optimization of marketing investments, new product launches (cross-leveraging of brands) • Strategy – plants specialization
Route to Market	<ul style="list-style-type: none"> • Leverage the strength of local teams • Develop portfolio opportunities
Manufacturing	<ul style="list-style-type: none"> • Best practices transfer among operating companies • Footprint optimization
Corporate Functions	<ul style="list-style-type: none"> • Rationalization • Contract renegotiations • Reorganization complete

- Centralized Strategic Sourcing organization in place
- Sourcing synergies: a 3-step program with on-going benefits through 2010

“Change Our World of Supply”

- **COWS I (Q1 2009):** Renegotiate existing non meat commodities contracts with existing suppliers
- **COWS II (Q2 & Q3 2009):** Rationalize supplier base and reallocate volumes to preferred suppliers
- **COWS III (2010):** Work with preferred suppliers to value engineer entire supply chain and reduce number of SKUs

Enabled through a complete transformation of the sourcing and procurement functions and IT platforms at CFG

Where do we come from ?



Market leader +



2 player

Objective: 1+1=3

Key pillars for the integration

Consumer

Defined strong differentiated brand values and positioning for Nobre and Campofrio brands

Customer

Merged the 2 sales forces to achieve effectiveness and optimal coverage in strategic channels
Detailed action plan per channel, with a pricing strategy per category and client

Operations

Specialized the 2 existing factories to optimize operations while minimizing cash outlays (Capex and Severance)
Implementing lean manufacturing and centralizing logistics
Streamlined back-office functions

Expected synergies of €4M by 2010



Highlights of our strategy

Growth Platform



Our Vision:

To become, before the year 2012 one of **Europe's leading food companies**, offering tasty moments, every day, everywhere, to our loyal consumers, through high quality products contributing to a healthy and enjoyable lifestyle.

We will achieve it by:

- **Growing our** brands through innovation programs that will build the processed meat category and set the trends
- Addressing the needs of **all the key channels**.
- Being pro-active as well in the increasingly important **private label business of our customers**
- Building our export business in **new markets**
- Increasing **our direct presence** in the 27 European countries

- Focus on growing our **branded business**
 - ✓ Accelerate European innovation targeted at key consumer trends (eg. Snacking, convenience, health)
 - ✓ Secure product advantage through taste and utmost food quality and safety
 - ✓ Improve affordability of our brands whilst preserving brand equity
 - ✓ Keep renovating our brands

- Develop profitable **private label**
 - ✓ Target profitable segments/customers
 - ✓ Develop preferred supplier position through:
 - Cost leadership
 - Category captainship
 - Innovative customer solutions

- To the Netherlands (*)...
- To Spain...



... Leveraging the strength of our local leading brands

(*) awarded « Innovation of the Year »

Initiative: **Value for money** range

“YORK”
(mini & slices).



“V/F MONEY TURKEY”
(turkey mini & turkey chopped slices).



“CHICKEN CHOPPED”
(deli, mini & slices).



“SLICES RSP 1 €”



- Marcassou was declining
- CFG executed a 360° renovation of the brand:
 - Improved affordability with new upsized family pack (lower cost recipe)
 - New graphics and copy bringing modernity to a traditional brand
 - Improved availability and visibility in store (renovated displays)



+24% volume growth



Developping targeted customer solutions to achieve “preferred supplier” position in private label (French case)

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- **Develop preferred supplier position through:**
 - **Category captainship:** full range of “fresh pack” products
 - **Cost leadership:** products with fixed market prices
 - **Innovative customer solutions:** helping them to retain shoppers without labor cost increase

Nouveau produit frais emballé !
Blanc de Poulet 120g



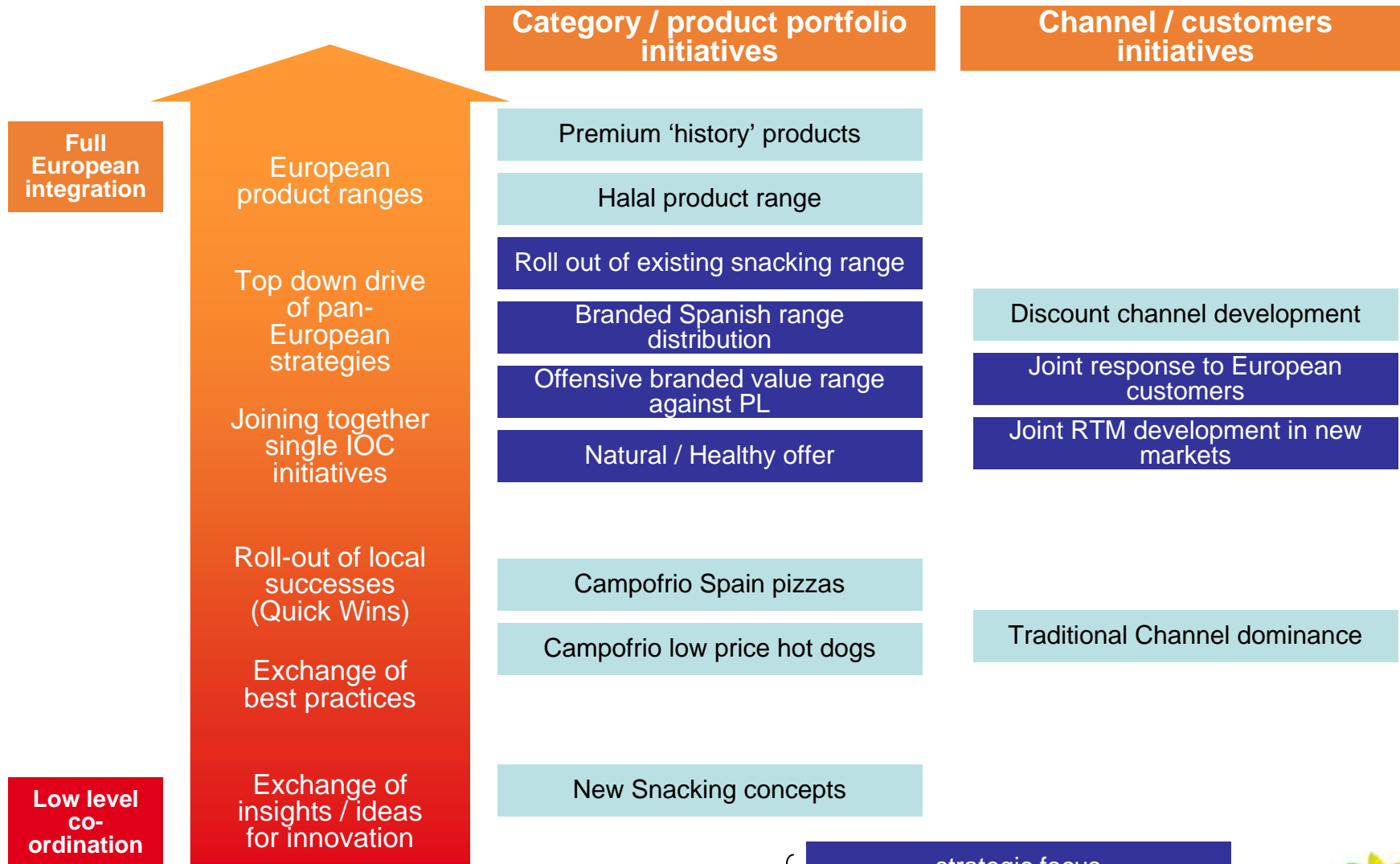
ITM 8 : 45466362

Aussi présents dans la gamme, des produits dynamiques pour animer votre fond de rayon :

Jambon cru	Rosette	Bacon	Chiffonnade de Rosette	Pavé au poivre
 ITM 8 : 45466357 VMM* = 79	 ITM 8 : 45466355 VMM* = 68	 ITM 8 : 45466359 VMM* = 47	 ITM 8 : 45466360 VMM* = 38	 ITM 8 : 45466358 VMM* = 53
Chorizo	Chiffonnade de Chorizo	Plateau Assortiment de Charcuterie		Rondelles de Saucisse
 ITM 8 : 45466356 VMM* = 48	 ITM 8 : 45466361 VMM* = 37	 ITM 8 : 45466363 VMM* = 41		 ITM 8 : 45466364 VMM* = 38
				 ITM 8 : 45466365 VMM* = 31

*VMM : Ventes Moyennes Mensuelles en unit / magasin

A “glocal” approach to drive growth initiatives: combining corporate co-ordination against key initiatives and local initiative



Note : { strategic focus
Additional activities





Financial Results

Analysis of first semester of 2009

- CFG recorded **net income** of 9.8 million euros, **23.1 million euros higher** than first semester 2008, mainly due to the merger in December 2008 with Groupe Smithfield Holdings
- Consolidated **turnover reached 882 million euros**
 - Like for like implies a moderate 3.5% decline versus prior year figures following drop of consumer spending throughout Europe
- **EBITDA reported** amounted **60.2 million euros**
 - Reported EBITDA includes 8.3 million euros of restructuring costs
 - **Normalized EBITDA reached 68.5 million euros**, in line with pro-forma prior year figures

These key financial indicators highlight Campofrio Food Group's strong underlying performance across its various markets particularly noteworthy against the current economical backdrop

Analysis of 1S results 2009⁽¹⁾

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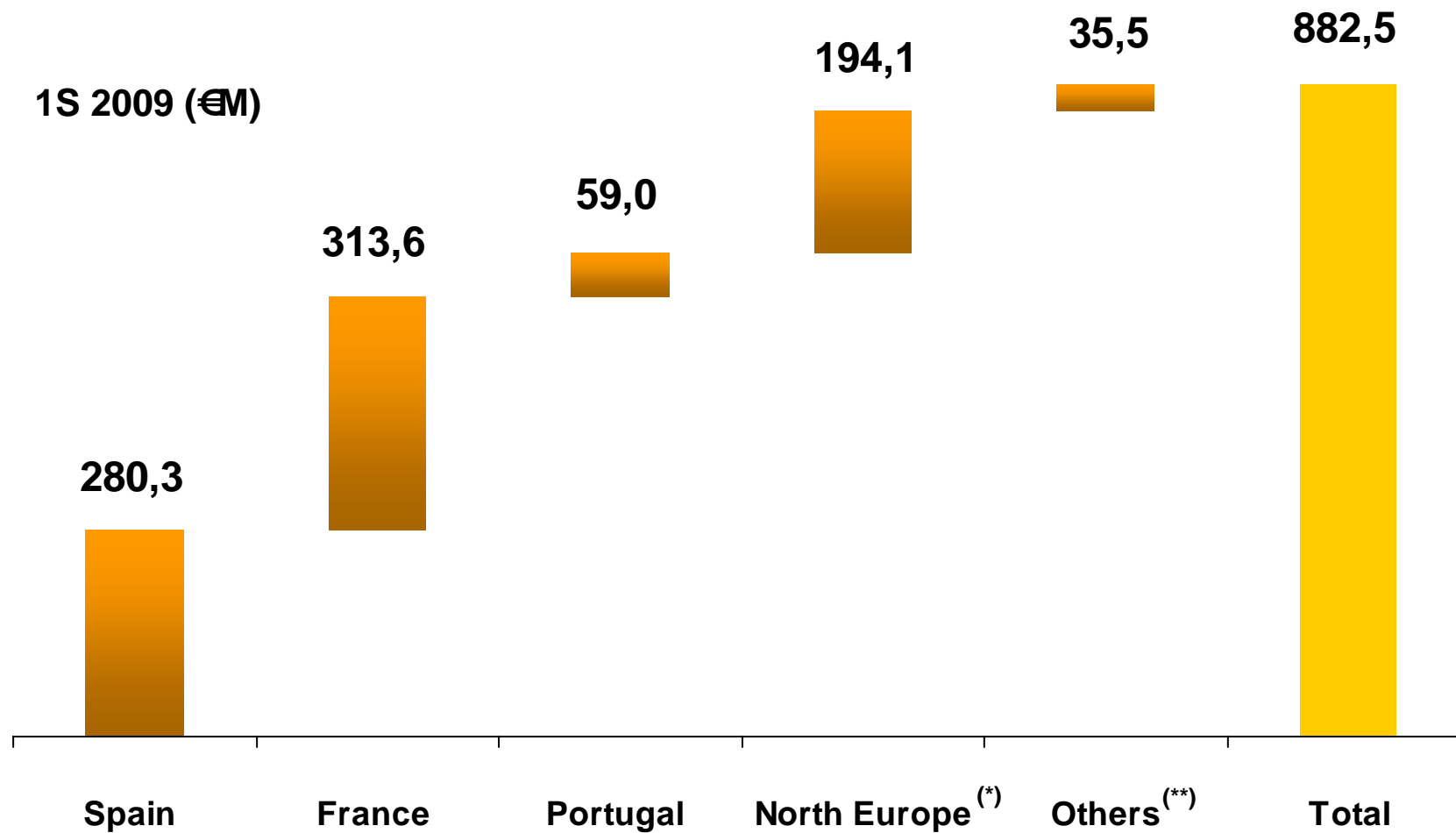
(M€)	Actual 2009	Like for Like 2008 ⁽²⁾	% vs PY L-f-L	Actual 2008 ⁽³⁾
Volume (Tons'000)	203,0	207,4	-2,1%	113,1
Net Sales	882,5	914,5	-3,5%	426,9
COGS	(696,7)	(720,0)	-3,2%	(333,9)
Gross Profit	185,8	194,5	-4,5%	93,0
OPEX	(145,8)	(152,8)	4,6%	(73,0)
Other non operating expen.	(8,3)	-		-
Reported Ebitda	60,2	69,3	-13,1%	33,7
Normalized Ebitda	68,5	69,3	-1,2%	33,7
<i>(margin %)</i>	7,8%	7,6%		7,9%

Notes:

- (1) Un-audited figures
- (2) Proforma basis, namely presented as if the merger between Campofrio and Groupe Smithfield had taken place on 1st January 2008. Re-stated excluding Tradi
- (3) Campomos (Russian subsidiary) considered as discontinued operations

Analysis of 1S results – Net Sales Breakdown

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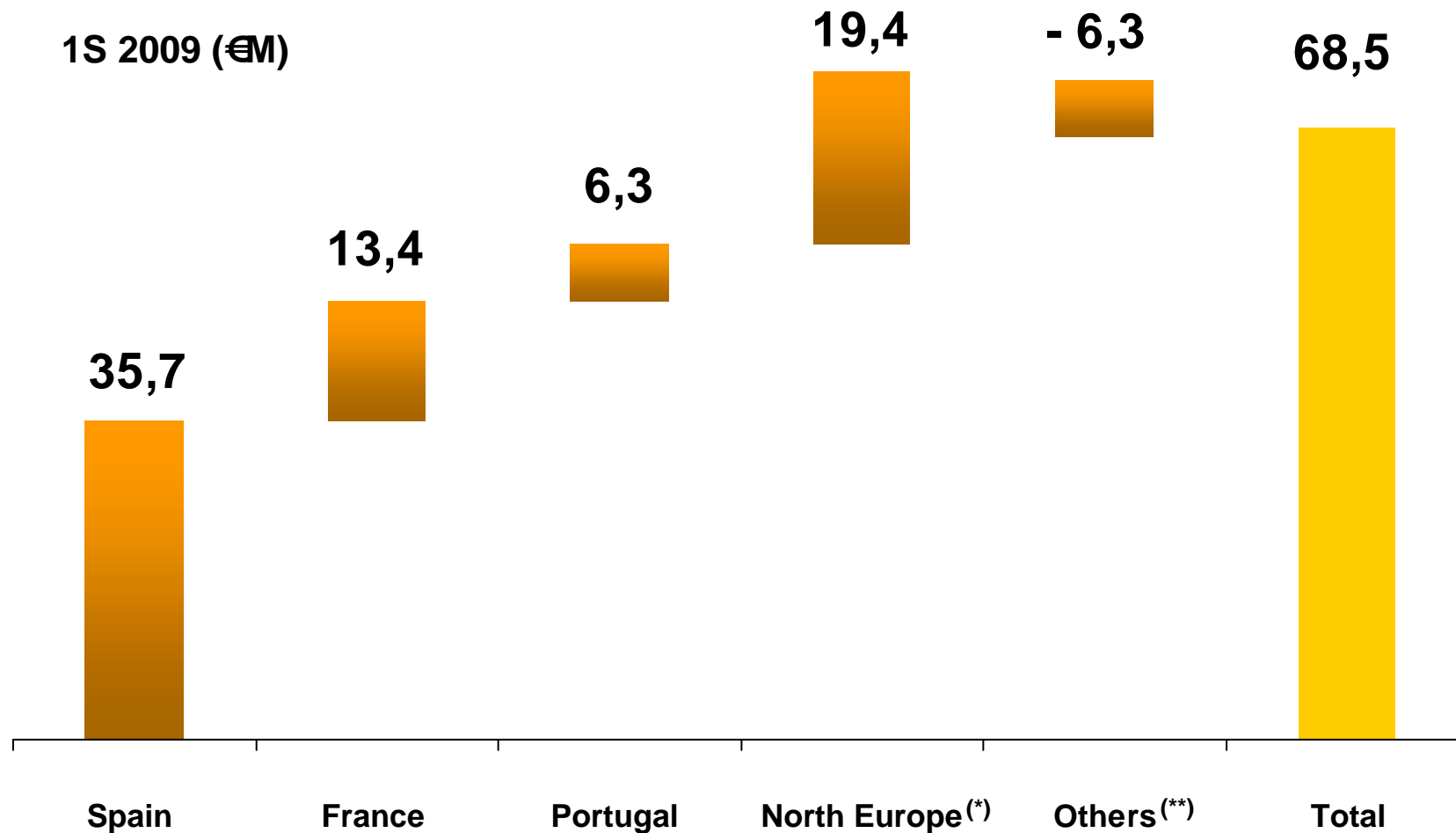
Total Net Sales €882 million

(*) Includes: Belgium, Holland and Germany

(**) Includes: Fresh Meat Business Unit, Romania, other and eliminations

Analysis of 1S results – Normalized EBITDA Breakdown

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Total normalized EBITDA €69 million

(*) Includes: Belgium, Holland and Germany

(**) Includes: Fresh Meat Business Unit, Romania, other and eliminations

Analysis of 1S results 2009⁽¹⁾

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(M€)	Actual 2009	Actual 2008 ⁽²⁾	% vs PY
EBIT	31,7	20,0	58,8%
Net finance cost	(18,9)	(8,7)	-117,2%
EBT	12,9	11,1	16,2%
Income Taxes	(2,9)	(3,1)	6,5%
(Tax rate %)	22%	28%	-19,5%
Discontinued operations	-	(20,9)	
Attributable Net Income	9,8	(13,3)	23,1M€

- Increase in finance cost is due to the acquired debt from Groupe Smithfield (296M€ pre-merger)
- The Company's debt is primarily with fixed interest rates and the Company has hedged its dollar debt exposure

Notes:

- (1) Un-audited figures
 (2) Campomos (Russian subsidiary) considered as discontinued operations

Consolidated Balance Statement

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€M	6/30/09 (Unaudited)	12/31/08 (Audited)
Non Current Assets	1.238,3	1.245,0
Intangible Assets	596,3	596,0
PPE	570,4	582,8
Other non current assets	71,6	66,2
Current assets	638,7	689,1
Stocks	319,0	320,9
Debtors	216,9	247,2
Cash equivalents	102,8	121,0
Other current assets	5,6	3,1
Net assets from disc. Oper.	1,6	-
TOTAL ASSETS	1.884,1	1.937,2
Total Equity	623,8	618,3
Financial Debt	563,4	534,6
Non Current Liabilities	194,0	184,6
Current liabilities	502,9	599,7
TOTAL LIABILITIES	1.884,1	1.937,2
Net Debt	460,6	413,6

Analysis of 1S results - Cash Flow (Un-audited)

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(M€)

Net Income	10,0
Depreciation and impairments	28,5
Adjustment to reconcile before tax to net cash	21,8
Changes in Working Capital	-21,5
Income tax paid	-4,2
Net cash flow from operating activities	34,5
Net cash used in investing activities	-17,4
Net cash used in financing activities	-35,3 ⁽¹⁾
Variation on cash and cash equivalents	-18,2

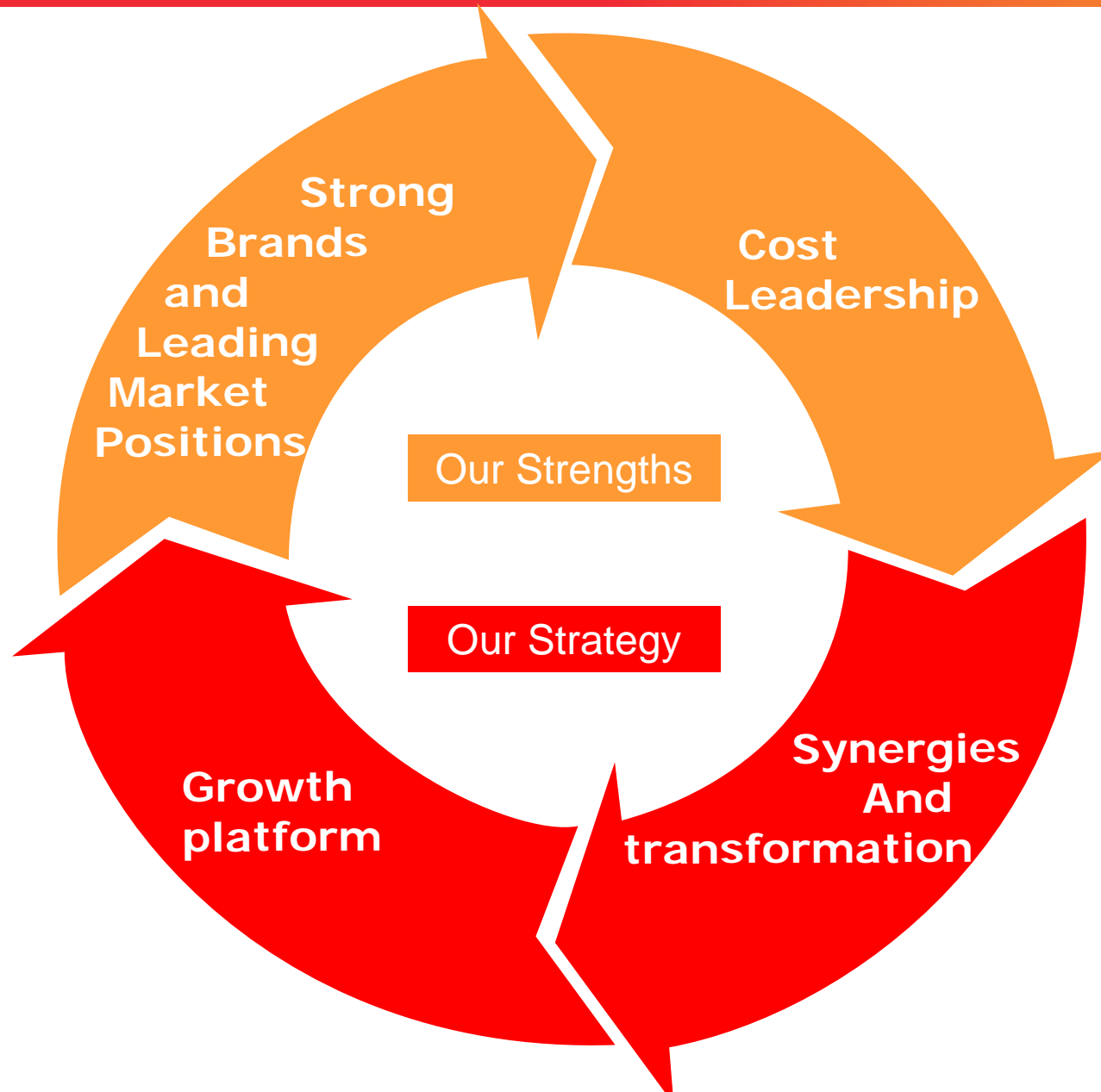
(1) Includes 47,2M€ of extraordinary dividend



Closing

4 pillars in support of our market leadership

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- ‘We are very encouraged by the delivery of these **strong results** during a period of **challenging economic conditions** and the extra efforts necessary to achieve a **successful integration** of the two predecessor entities into the new Campofrio Food Group’
- ‘We feel this performance establishes a **solid foundation for the second half of the year**’

