Campofrio Food Group
1Q 2013 Earnings Call

14th May 2013

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Highlights

- Sales Volume :   91 k Tons => - 4.6%
- Net sales Value: € 441.6 M => - 1.3 %
- Gross margin/kg +1%, thanks to price/kg increases +3.5% and reduction of non-meat costs/kg -1% partially offsetting meat costs/kg increase of +7.5%
- EBITDA norm: € 25.7 M => - € 8.5 M vs. 1Q12
- Net profit € - 4.1 M
- Cash position € 161 M
- Total Liquidity € 351 M
- Net Financial Debt: € 473 M; a reduction of €10M vs.PY

A difficult quarter, with poor market conditions and persistent raw materials inflation
Strong cash and liquidity position leading to a NFD reduction

Business environment

Challenging consumption environment

- EU27 forecast for GDP* growth of +0.3% in 2013 after a contraction of 0.5% in 2012
- Private consumption outlook for 2013 varies within the different countries of the EU27; Negative outlook in Southern Europe stable/ positive in Northern Europe (Germany / France, Benelux))

- The EU retail trade 2012 declined by -3% vs. 2011
- Significant deterioration from 2012 onwards, accelerated declined of -4,5% in Feb vs Jan 2013
- The EU volume of retail trade in March 13 vs. March 12 fell by 1.2% for Food, drinks and tobacco. The largest decreases were observed in Spain (-10.5%), Slovenia (-7.7%) and Portugal (-5.9%)

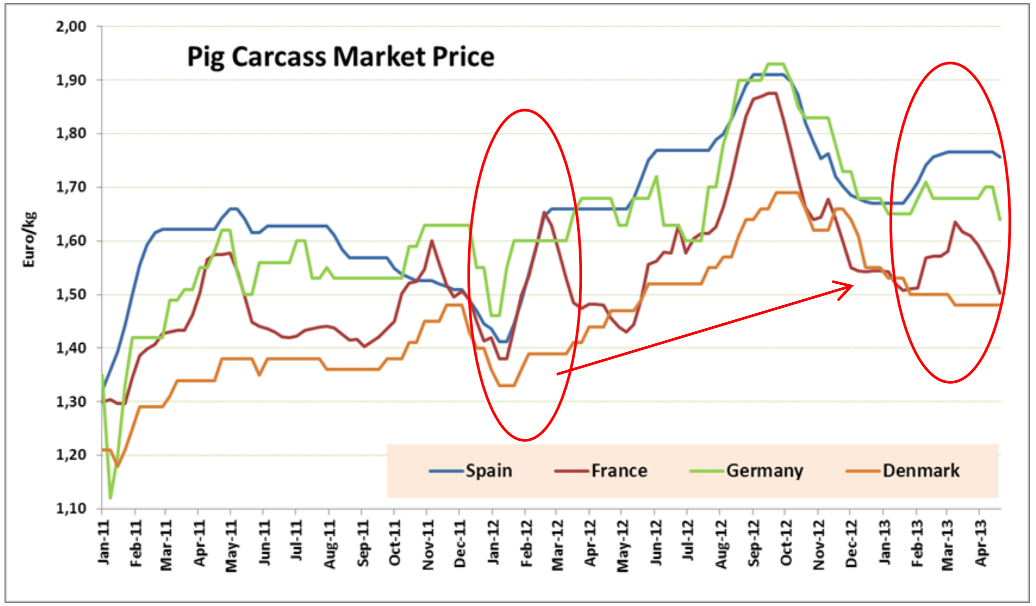
- Spanish economy remains weak, Food consumption -6% in 2012, and same trend for 1Q13
- Portugal recession stronger: private consumption -2,1% in Q4 12 nevertheless macro data improving in Q1 13 and consumer confidence index higher in Jan and Feb 2013 ; growth in private consumption expected for 2013
- Growth in Germany: private consumption + 2.3% in 2012 and stable in Q4 12 and Q1 13
- Decline in France: private food consumption -0,5% in 2012 and -0,8% in Q1 13 vs. Q1 12, but March 13 increased +1.8% vs. March 12

Source: INE, Bundesbank, Eurostat, INSEE, bloomberg and Bank of Spain

Business environment

The meat market

- Meat prices still impacted by historical high grain prices
- Increased pork production in 1Q13 (EU27 + 0.9%) and soft demand from export has led to lower than expected inflation in some markets
- However, pig prices still near 15-20 year high, significantly above 5 year average and last year, particularly in Southern Europe



Pig Carcass Average Price (euro/kg)

	2011	2012	2012/11	Q1 2012	Q1 2013	Q1 2013/12
Spain Mercolleida	1,57	1,72	9,5%	1,56	1,72	10,5%
France MPB	1,45	1,60	10,1%	1,51	1,56	3,5%
Netherlands Monfoort	1,48	1,67	13,0%	1,56	1,63	4,5%
Belgium Danis	1,37	1,55	13,4%	1,44	1,50	4,1%
Germany AIM	1,52	1,71	12,2%	1,58	1,67	5,6%
Denmark DC	1,36	1,52	11,9%	1,37	1,51	9,6%
Italy	1,32	1,40	5,7%	1,27	1,41	10,5%

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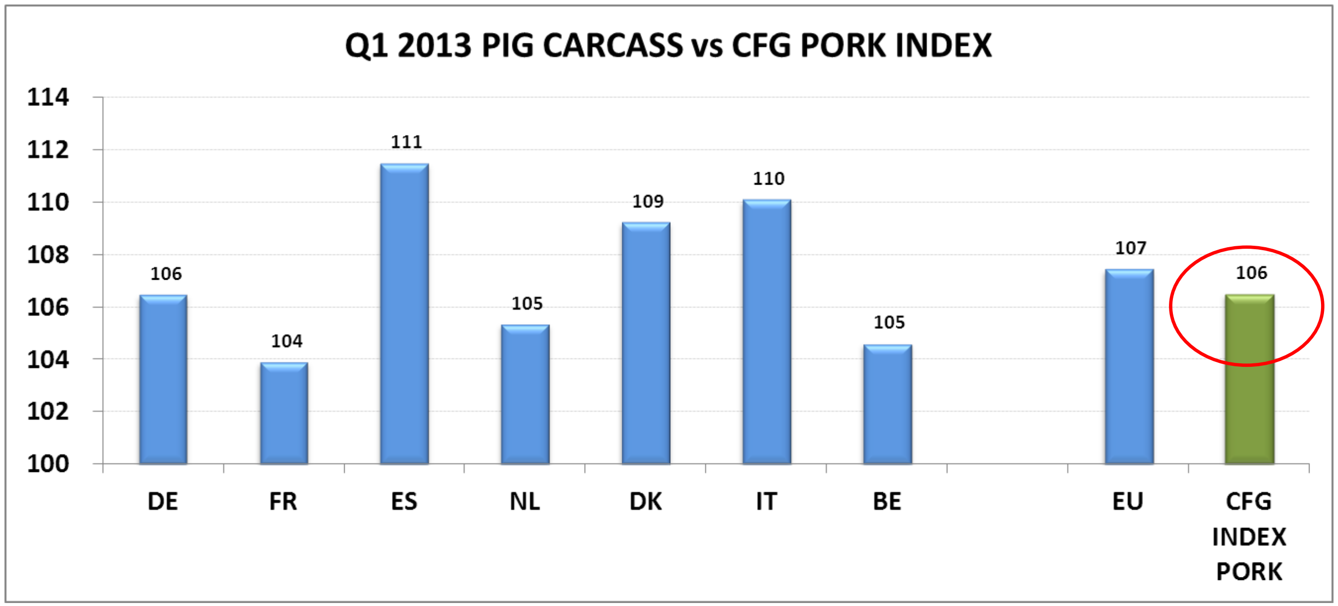
Specific conditions and actions taken in 1Q13

- Negative calendar impact: Fewer days of sales, 3 to 5 days depending on the countries; Easter week in 1Q13 and one day less in February vs. 1Q12. Impact on "sell-in" figures
  => estimated negative impact of 5% on sales / CFG net sales finally lower by -1.3%

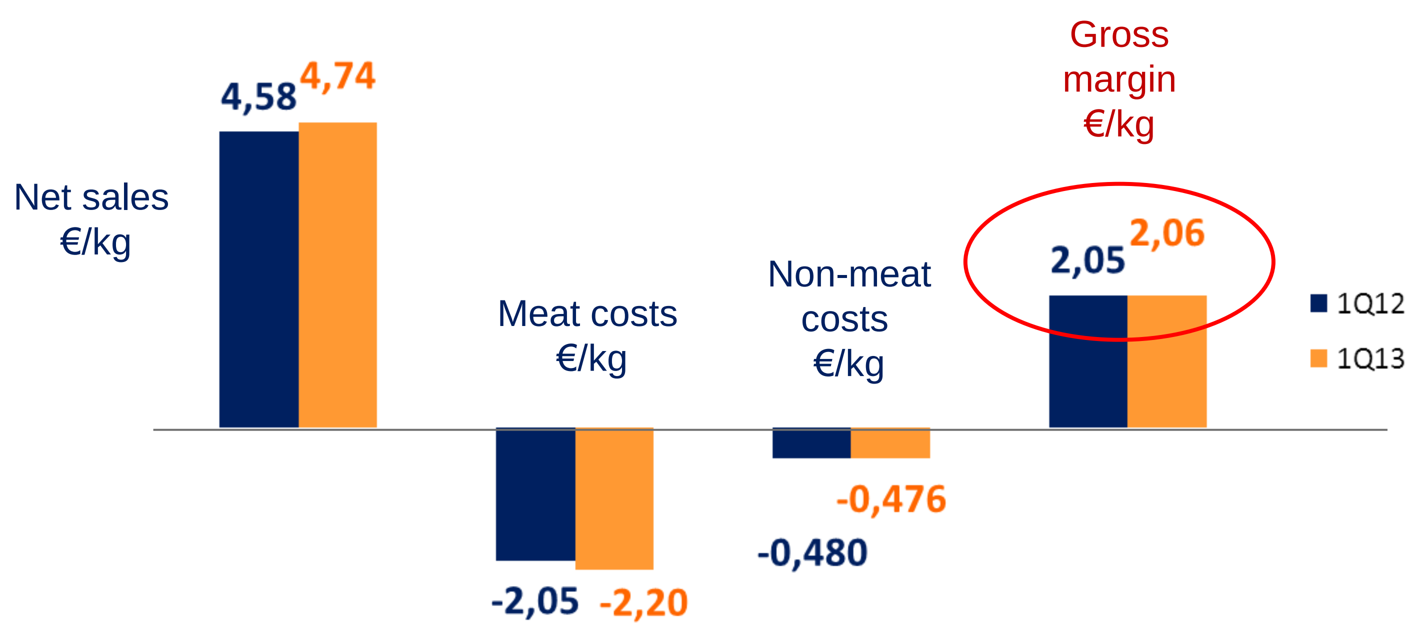
- Meat productivity: A different inflationary scenario with meat inflation affecting Spain and Italy the most, while in 1Q12 the countries with the highest prices were Belgium, The Netherlands and France. The meat buying platform helps to arbitrage and therefore to obtain lower than market meat costs.



Specific conditions and actions taken in 1Q13

- Increase in product prices all across categories and channels. CFG Net Sales Value per kg increases by 3.5%. Price increases bearing fruit mostly in France (+3.5%), Netherlands (+5.6%), Germany (+4.5%), USA (+4.0%) and Spain (+2.2% processed meat, +7.0% in fresh meat).
- Cost cutting measures in General & Administration have led to a reduction of 9.8% down to € 22.7 million in 1Q13

Results: Improved gross margin €/kg



Top line evolution

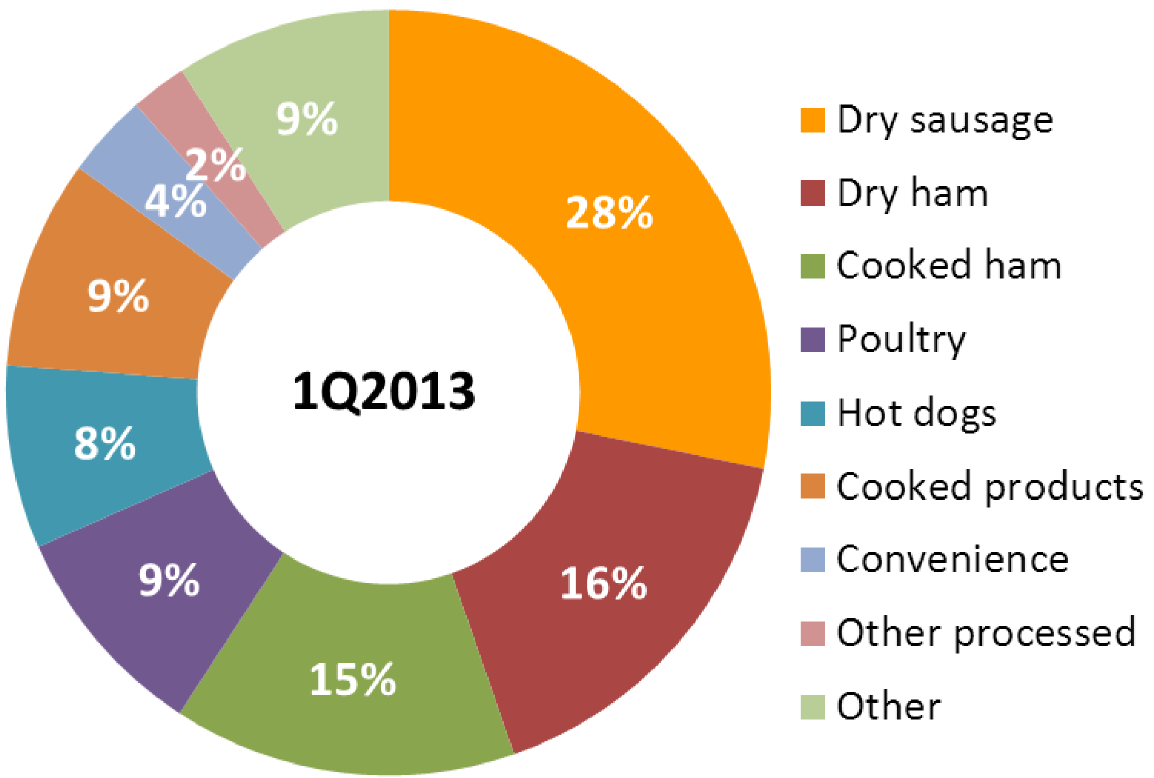
Strength of strategic brands: Solid leadership, sell-out not impacted

	Aoste	Justin Bridou	Campofrío	Navidul	Marcassou	Aoste
Market Share 2013, 1st Q	**16.9**	**14.6**	**7.8**	**10.2**	**21.8**	**17.6**
Market Share Y 2012	16.7	14.5	7.8	10.2	21.8	17.6

Market shares of our strategic brands increased or remained stable during the first quarter 2013, despite the complex consumption climate across Europe and the aggressive growth strategies in private label

Top line evolution

CFG Net Sales Value 1Q2013: € 447.4 million , -1.3%



- Dry sausages and "convenience" products (pizzas, ready meals) outperforming the market with growth of 3% and 6% respectively in NSV
- Lower sales in dry ham, cooked ham, and hotdogs of between 2-3%
- Poultry stable
- Growth platforms – health, snacking and heritage – have grown together by 18%

Top line evolution

Health +25% **Snacking +21%** **Heritage +10%**

The growth platforms continue having solid double digit growth
Innovation is a key pillar of future profitable growth

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Top Line evolution

European launch

in 11 countries!!!

With the launch of “Chicken POPS” and “Rolls” simultaneously across Europe as well as new health products, we will further strengthen our power brands and enable margin growth

Profit and Loss Account

Profit & Loss Account CFG

€ M	1Q13	1Q12	Var. %
Net Sales Value	**441.589**	**447.413**	**-1,3%**
Other operating revenues	3.960	4.285	-7,6%
Consumption of goods	-244.317	-239.241	2,1%
Total other operating expenses	-175.812	-178.540	-1,5%
EBITDA reported	**25.420**	**33.917**	**-25,1%**
Depreciation and amortization	-15.312	-14.951	2,4%
Operating profit EBIT	**10.108**	**18.966**	**-46,7%**
Financial results	-12.929	-13.946	-7,3%
Other results	-2.956	-107	n.a.
Profit before tax	-5.777	4.913	n.a.
Income taxes	1.665	-2.547	n.a.
Profit from continuing operations	-4.112	2.366	n.a.
Results from discontinued operations	46	-2.982	n.a.
Profit / (Loss) for the year	**-4.066**	**-616**	n.a.
One-off charges	-325	10	
EBITDA normalized	**25.745**	**33.907**	**-24,1%**
EBITDA normalized / Net Sales	5,83%	7,58%	
EBITDA reported / Net Sales	5,76%	7,58%	

- Top line affected by very difficult market conditions in Southern Europe and the impact of necessary price increases on volumes
- Important impact of meat costs increase (+7.5% per kg) partially offset by reduction in non meat raw materials
- Lower “other operating expenses”, reflecting CFGs efforts to reduce costs and increase efficiency and profitability
- Despite a Gross Margin /kg increase, absolute margins fall due to lower volumes

Profit and Loss Account

Sales by segments

- Volumes mostly affected by tough market conditions in Southern Europe. Italy and Portugal with almost double digit declines, whilst Spain more resilient
- Lower impact of difficult business environment in Northern Europe, leading to a NSV growth of 1.5%
- Price increases more difficult in Southern Europe as some competitors are not reacting in the same way
- USA continues outperforming with double digit growth in volumes and NSV

YTD Tons (Thousand)	1Q13	1Q12	% Var.
Southern Europe	66.339	72.652	-8,7%
Northern Europe	27.076	27.388	-1,1%
Other	1.909	1.692	12,8%
Eliminations	-2.117	-4.027	
Total Sales (Tns)	**93.207**	**97.705**	**-4,6%**

YTD Net Sales (€ M)	1Q13	1Q12	% Var.
Southern Europe	245.276	262.034	-6,4%
Northern Europe	194.819	191.930	1,5%
Other	13.494	11.504	17,3%
Eliminations	-12.000	-18.055	
Total Net Sales	**441.589**	**447.413**	**-1,3%**

Note: Southern Europe includes Campofrio processed meats, Carnes Selectas, Portugal and Italy. Northern Europe includes France, Belgium, Holland and Germany. Other is mostly US Business. Intra-segment intercompany sales are eliminated from each segment

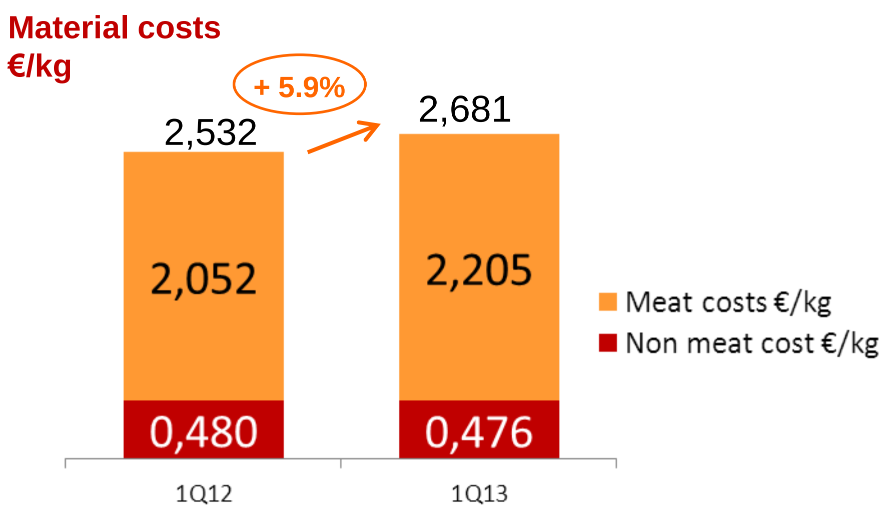
Profit and Loss Account

Operating expenses

Operating expenses CFG

€ M	1Q13	1Q12	Var. %
Consumption of goods	-244.317	-239.241	2,1%
Employee benefits expense	-85.039	-88.855	-4,3%
Other operating expenses	-90.773	-89.685	1,2%
Total other operating expenses	**-175.812**	**-178.540**	**-1,5%**

- Lower non-meat costs partially offset higher meat costs



- Reduction in "total other operating expenses":
  a) Lower personnel costs in all business units as a result of our strategic plan deployment
  b) Other operating costs grow slightly with higher manufacturing overheads, mostly energy and external services costs
  c) MAP of € 10.7 million, similar to PY (€ 10.3 million in 1Q12)

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EBITDA normalized by segments

- EBITDA decline in the fresh meat business in Spain and in Italy mainly due to lower sales volumes and higher meat costs/kg
- Northern Europe benefiting from increased sales / lower impact of meat costs in France and Belgium
- USA ("Other") benefits from strong growth in volumes (+13%) and NSV +17% while meat costs/kg grow just by 3%

YTD EBITDA Normalized (€ M)	1Q13	1Q12	% Var.
Southern Europe	9.883	17.992	-45,1%
Northern Europe	14.087	14.817	-4,9%
Other	1.775	1.098	61,7%
Eliminations	-	-	
Total EBITDA normalized	**25.745**	**33.907**	**-24,1%**

EBITDA Margin (%/Net Sales)	1Q13	1Q12	Var. bp
Southern Europe	4,0%	6,9%	-283,7
Northern Europe	7,2%	7,7%	-48,9
Other	13,2%	9,5%	360,9
Total EBITDA Margin, normalized	**5,8%**	**7,6%**	**-174,8**

Note: Southern Europe includes Campofrio processed meats, Carnes Selectas, Portugal and Italy. Northern Europe includes France, Belgium, Holland and Germany. Other is mostly US Business. Intra-segment intercompany sales are eliminated from each segment

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Cash Flow Generation

Cash Flow Statement CFG

€ M	1Q13	1Q12	Var. %
Gross operating cash flow	**26.138**	**34.337**	**-23,9%**
Change in Working Capital	-9.910	1.004	n.a.
Operating Cash Flow	**16.228**	**35.341**	**-54,1%**
Interest payments	-1.635	-2.760	-40,8%
Provisions and other	-6.168	-6.081	1,4%
Payments for Income Tax	-4.057	-4.310	-5,9%
Net Operating Cashflow	**4.368**	**22.190**	**-80,3%**
Cash flows from investing activities	-14.670	-13.200	11,1%
Cash flows from Financing activities	1.704	2.871	-40,6%
Net increase / decrease in cash & cash equivalents	**-8.598**	**11.861**	**n.a.**

- Cash flow generation lower on reduced EBITDA
- Working capital with a negative impact on cash flow due to non-trade payables (mostly capex). Trade working capital at same level as in 1Q12
- Capex in line with investment program guidelines

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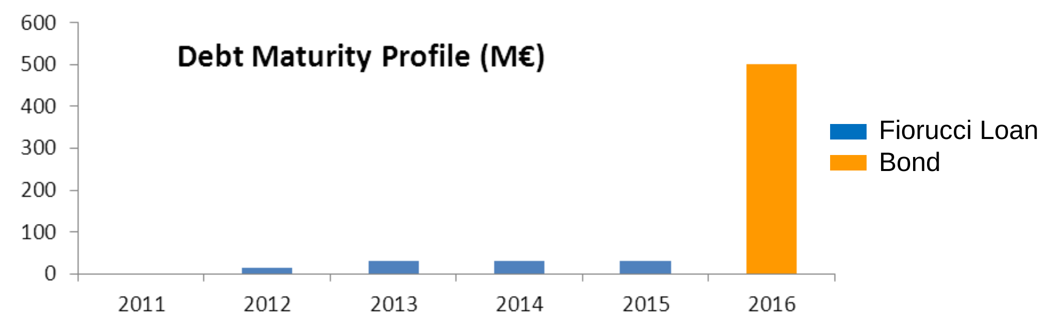
Net Financial Debt

- The 1Q13 positive cash position amounts to **€161M**, €10M more than in March last year
- **€190M** fully available committed bank lines, €20M more than in December 2012; plus €20M of other uncommitted bank lines
- Consequently, our overall liquidity position (cash + available bank lines) stands at **€351M,** which is more than sufficient over time given the present debt structure
- Our Net Financial Debt amounts to **€473M**, €10M lower than in 1Q12
- The resulting leverage ratio (NFD /EBITDA LTM) is punctually at 3.3x
- Comfortable debt repayment schedule; amortization of the bank facility with €15M semi-annual repayments until October 2015



Outlook 2013

- Top line showing strength in the power brands and the growth platforms, both will benefit from the recently launched innovation products and the promising new product development pipeline
- Steady improvements in the supply chain should bring efficiency gains as we continue deploying our investment plan
- Cost control measures will continue having a positive gradual impact on margins along the year
- A challenging meat market: decreased sow populations and higher grain prices while, on the other hand, lower demand from exports (Asia) and pork meat availability could soften pressure on meat inflation
- Cash flow generation should benefit in the coming quarters from higher returns and working capital improvements
- CFG will maintain a strong cash and liquidity position

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