



**TO THE NATIONAL SECURITIES MARKET COMMISSION**

Madrid, 29 April 2015

**Ref.: presentation to analysts announced this morning relating to the results of Ebro Foods Group for the first quarter 2015.**

Find enclosed the announced presentation to analyst relating to the results for the first quarter 2015 that will be held today in the Board Meeting Room located in the second floor of our Head office in Paseo de la Castellana 20<sup>th</sup>, Madrid.

Yours faithfully,

Luis Peña Pazos  
Secretary of the Board of Directors



## Results 1Q2015

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1. Business Units Results  
1Q2015



RICE



## RICE



- Due to the large offer and lack of additional demand, the world rice market had a bearish tone during the first quarter. Thailand still has large stocks and is not increasing the volumes auctioned to prevent prices to fall further. In Europe, the risotto and paella varieties have undergone major increases from their already high prices of the previous crop. In the USA, raw materials have been low due to the lack of export businesses, as American rices have not been competitive. Texas is still suffering from the draught and therefore ARI too. In India and Pakistan, basmati rice prices are dropping: they have undergone a 30% reduction since the beginning of the crop in November.
- With regards to our sales and brands, we have had a good quarter in general:
  - From the businesses under the European umbrella, we can highlight the good results of the Netherlands, the United Kingdom, Thailand and India. France, with our leading brand Taureau Ailé, reached a record market share after the launching of a very adequate premium positioning advertising campaign. In Spain although we still grow thanks to our innovations we have been confronted with more expensive raw materials leading to some margin pressure.
  - In the USA, rice consumption grows at 3%, boosted by favourable demographics; the increase of the Hispanic and Asian populations translates itself into heavier consumption of this grain. The positioning of our brands has capitalized on this growth and all brands and segments increased their sales, reaching a record market share of 22.3%. We should highlight the good evolution and performance of the Aromatic and Ready To Serve (RTS) segments which are the ones showing the best growth, and this, without ignoring Instant which also is performing very well.
- Expectations for the rest of the year are still favourable as we continue to reduce costs while increasing our advertising & marketing activity.



## RICE 1Q2015



- Sales in this division reach 319.8 MEUR in the first quarter, representing an increase of 16% versus the same period of the previous year.
- Investments in advertising rise 34%, reaching 8 MEUR, to support the growth of our brands and new launchings.
- The Ebitda of the division rises 23.5% reaching 43.7 MEUR affected with a positive exchange rate impact of 4.9 MEUR. Should the exchange rate had remained constant, this growth would have still reached a significant 9.6%.
- The good shape of the business makes the ROCE grow up to 16% and recover part of what was lost due to ARI's scarce contribution.

Thous. EUR	1Q13	1Q14	1Q15	15/14	CAGR15/13
<b>Sales</b>	278,658	276,181	319,813	15.8%	7.1%
<b>Advertising</b>	7,877	5,975	8,003	33.9%	0.8%
<b>Ebitda</b>	35,899	35,374	43,677	23.5%	10.3%
<b>Ebitda Margin</b>	12.9%	12.8%	13.7%		
<b>Ebit</b>	29,388	28,712	36,692	27.8%	11.7%
<b>Operating Profit</b>	28,665	27,904	35,678	27.9%	11.6%
<b>ROCE</b>	18.3	14.7	16.0		





## PASTA

### PASTA



- Regarding pasta, after suffering a wild spiral of price increases in the world durum wheat market, we now see a trend with the arrival of new crop that will move prices to more reasonable levels. Despite all of that, this quarter prices have been way above the prices we saw last year.
- In France the purchasing departments of 7 out of the 8 distribution groups have merged, creating 4 purchasing groups representing 90% of all the FMCG sales. We have undergone a period of important negotiations to transfer the cost of the raw material. Finally, we have managed to increase our tariffs and reach proper agreements with all the distributors. Nevertheless, the performance of this division has been positive, showing growth in both volume and market share in all the categories we operate in.
- In North America the results have been affected by:
  - The evolution of the price of the raw material, which this quarter has been 54% more expensive than the same period of the previous year.
  - The lower promotional load has not helped to increase pasta consumption which dropped 3% in the USA.
  - The slow and soft price increase policy of the rest of our competitors.
- Thus, the only categories that grow in this region are the gluten-free and organic pastas. In this sense, our gluten-free pasta plant and the "Ancient Grains" lines will be ready this summer and will contribute to the improvement of our profitability and to push consumption forward.
- Garofalo is having an excellent year so far and we continue to take over its international distribution through Group companies in Spain, France, Portugal, the Netherlands and Germany.



## PASTA 1Q2015



- Sales in the division rose 23.6%, reaching 290 MEUR. Garofalo contributes with 35 MEUR. In a constant perimeter and currency, sales would rise 5.6%.
- Advertising investment increases 1.3 MEUR reaching 15.2 MEUR.
- The Ebitda decreases by 7.3 MEUR, reaching 28.1 MEUR. Garofalo contributes with 3.3 MEUR and the positive exchange rate with 0.4 MEUR.
- The Ebitda margin decreases by 9.7% but, as we approach the new crop, raw material quotations will come down and this should allow for the recovery of the profitability in the coming quarters.

Thous. EUR	1T13	1T14	1T15	15/14	TAMI 15/13
<b>Sales</b>	221,558	234,656	289,929	23.6%	14.4%
<b>Advertising</b>	15,551	13,880	15,154	9.2%	-1.3%
<b>Ebitda</b>	29,630	35,380	28,123	-20.5%	-2.6%
<b>Ebitda Margin</b>	13.4%	15.1%	9.7%		
<b>Ebit</b>	23,096	28,072	19,217	-31.5%	-8.8%
<b>Operating Profit</b>	22,703	27,263	19,113	-29.9%	-8.2%
<b>ROCE</b>	24.8	26.6	18.0		



## 2. Ebro Foods Group Consolidated Results 1Q2015



## 2.1 P&L Account 1Q2015

- The sales of the Group grow significantly, 19.4% reaching 596.9 MEUR mainly due to the good performance of the rice division, the contribution of Garofalo and to a lesser extent the exchange rate.
- Advertisement investment grows by 16.7%, reaching 23.4 MEUR, returning to the levels of 2013 and this while we wait and work on the future launches to be executed during this exercise.
- The Ebitda grows by 2%, reaching 69.7 MEUR, and the contribution of the currency evolution is 5.4 MEUR.
- Despite the good and positive tone of the result of this first quarter, the net profit decreased by 22%, reaching 30.2 MEUR due to the absence of the one-off gain we had last year coming from the Deoleo divestment and which contributed by 9.9 MEUR.
- The ROCE decreased by 15.7%. It will be in the coming quarters when we will see in full the contributions of the Communay factory in France, the Algemésí factory in Spain, the new Orbaek lines in Denmark and the Gluten-free lines in the USA.

Thous. EUR	1T13	1T14	1T15	15/14	TAMI 15/13
<b>Sales</b>	487,594	500,051	596,902	19.4%	10.6%
<b>Advertising</b>	23,499	20,015	23,367	16.7%	-0.3%
<b>Ebitda</b>	63,539	68,310	69,733	2.1%	4.8%
<b>Ebitda Margin</b>	13.0%	13.7%	11.7%		
<b>Ebit</b>	50,164	54,072	53,626	-0.8%	3.4%
<b>Operating Profit</b>	48,995	52,511	52,528	0.0%	3.5%
<b>Profit Before Tax</b>	48,646	60,242	46,206	-23.3%	-2.5%
<b>Net Profit continuing operations</b>	32,949	39,121	31,605	-19.2%	-2.1%
<b>Net Profit</b>	32,918	38,867	30,251	-22.2%	-4.1%
<b>ROCE</b>	20.0	17.9	15.7		



## 2.2 DEBT EVOLUTION

- We end the first quarter at 446.4 MEUR with an increase in the net debt by 40 MEUR versus the end of year 2014, the evolution of the exchange rate being the main factor, as a large part of our debt is expressed in U.S. dollars.
- The corporate equity increases by 8.4% versus the previous year, reaching 1,984 MEUR.
- Leverage is at 22.5%, which is still a comfortable leverage level allowing us to continue looking for inorganic investment opportunities.

Thous. EUR	31 Mar 13	31 Dic 13	31 Mar 14	31 Dic 14	31 Mar 15	14/15	TAMI 15/13
<b>Net Debt</b>	258,067	338,291	297,163	405,617	446,369	19.9%	25.4%
<b>Average Debt</b>	270,87%	260,820	278,604	333,17%	366,277	27.7%	10.9%
<b>Equity</b>	1,739,921	1,705,756	1,731,490	1,849,485	1,983,679	8.4%	3.1%
<b>Leverage ND</b>	14.8%	19.8%	17.2%	21.9%	22.5%	10.6%	21.6%
<b>Leverage DNM</b>	15.6%	15.3%	16.1%	18.0%	18.5%	17.8%	7.6%
<b>x Ebitda (ND)</b>		1.2		1.4			
<b>x Ebitda (AD)</b>		0.9		1.2			





## CONCLUSION

- In general, the quarter has been good despite the different performance of our two divisions:
  - On one hand, the rice branch has developed in a positive way, supported by: a favourable raw material market which allowed us to stock up and in good conditions, an important growth of our brands in all segments and a proper portfolio capable of capturing opportunities that the demographic and consumption trends have been posing. We shall confirm this trend in the coming months and we will also continue to strengthen the portfolio with new and innovative products.
  - On the other hand, pasta has performed differently in North America and Europe. In the first region, the results have been affected by our competitive position, in a difficult market environment. In Europe, we finish this quarter stronger after a period of tough negotiations that have brought satisfactory agreements with all of the distributors.
  - During the first quarter, and as we enter into the second, it looks like durum wheat crops both in Europe and in North America will present good results as the area harvested has increased significantly. Provided nothing goes wrong, price will come down in the coming quarters and this correction would contribute to the recovery of our profitability.





## CORPORATE SCHEDULE

Ebro keeps its commitment of transparency and communication for 2015, therefore we provide here our Corporate Schedule for this year:

25th of February	Results Presentation year-end closing of 2014 ✓
1st of April	Four-month payment of extraordinary dividend (0.17 EUR/share) ✓
29th of April	1st Quarter Results Presentation ✓
29th of June	Four-month payment of ordinary dividend (0,17 EUR/share)
29th of July	1st Semester Results Presentation
2nd of October	Four-month payment of ordinary dividend (0,17 EUR/share)
28th of October	3rd Quarter Results Presentation and pre-year-end closing 2015
22nd of December	Four-month payment of extraordinary dividend (0,15 EUR/share)



## Disclaimer

- This presentation contains our true understanding to the date of estimates on the future growth and on the different business lines and the global business, market share, financial results and other aspects of the activity and the positioning of the Company.
- All the data included in this report have been put together according to the International Accounting Standards (IAS)
- The information included herein does not represent a guarantee of our future action and it entails risks and uncertainty. The real results may be materially different from the ones stated in our estimates as a result of different factors.
- Analysts and investors shall not depend on these estimates covering only up to the date of this presentation. Ebro Foods does not undertake the obligation of publicly informing about the results of any revision of these estimates that may be done to reflect the successes and circumstances that may happen after the date of this presentation, including with no limits, changes in the business of Ebro Foods or in the acquisitions strategy or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report as well as the documents presented to the Authorities and more specifically to the National Stock Exchange Authority (CNMV).
- The main risks and uncertainties affecting the activities of the Group are the same ones included in Note 28 of the Consolidated Annual Accounts and in the Management Report corresponding to the year closed at 31st December 2013 which is available at [www.ebrofoods.es](http://www.ebrofoods.es). We think that no major change has taken place in this exercise. The Group still has certain exposure to the markets of raw materials and to the transfer of changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, specially the dollar, and to changes in the interest rates.

