



**TO THE NATIONAL SECURITIES MARKET COMMISSION**

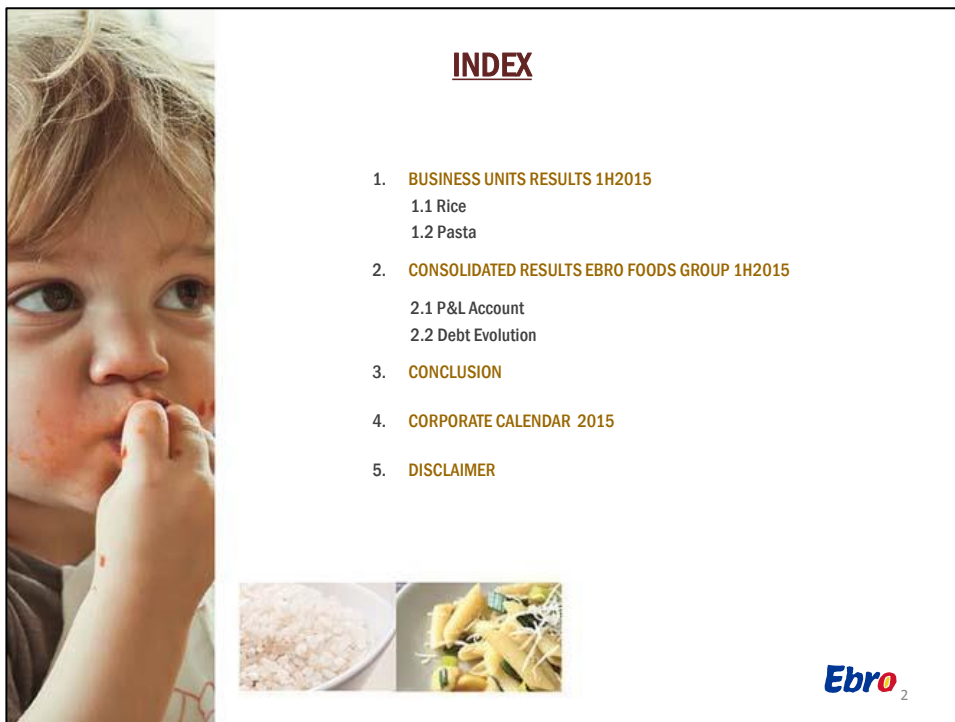
Madrid, 29 July 2015

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

Find enclosed the announced presentation to analyst relating to the results for the first semester 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



**1. BUSINESS UNITS RESULTS**  
**1H2015**



## RICE

- World prices of raw materials tend to stabilize after a long period of a downward trend due to the forecast of a heavy harvest 15/16, but there is the uncertainty of a possible return of "El Niño" climate effect that could make the demand of imports from the South East of Asia to increase. With regards to our main markets, Europe has suffered from a certain inflation due to the situation of the currency and a strong demand. In North America prices have dropped significantly due to a strong competition and the delays in their exports. Exceptions to this are the specialties: basmati rice cumulates a strong correction and Italian risotto rice adds strong increases.
- We have had more expensive raw materials in our South of Europe plants which have to compete with the price of rice coming from Asia; this has given rise to a lower local margin. Nevertheless, the adequate origin diversification policy makes the subsidiaries of India and Thailand to offset that effect in great manner and our brands continue to grow thanks to our innovations and specialties. In the North of Europe we can highlight the good results of the United Kingdom and the Netherlands.
- In the U.S.A the sales volume of our brands increase by 6% in a market growing at a 3%. We can highlight the evolution of the aromatic, RTS and organic segments. If we exclude the clubs, we reach a market share of 25% in volume (we still are not including RiceSelect). The next competitor in the ranking has 8%.
- We have also worked during this period to increase the exposure of Riviana brands in South America with the first shipments done to Chile and Colombia.



## RICE

- After the investments done in the plant of ARI last year to improve productivity, the operations of this division improve substantially and they are fostered by bigger exports of the brand Abu Bint to Saudi Arabia. The strong rain fallen in the last quarter have filled the water reservoirs in Texas, that makes us think that we will regain a local competitive production since the 2016 crop (3Q16).
- This semester includes RiceSelect's one month of contribution, which is already in the Group, and grows in such period by 7% compared to the same period of the previous year. This evolution allows us to have very good perspectives for this business.
- Expectations for the rest of the year are still favourable as the inertia of the costs of the on-going rice campaign will not alter at least until the last months of the exercise.



## RICE 1H2015

- The sales of the division in the first semester rise to 633.3 MEUR, representing an increase of 15% with regards to the same period of the previous year.
- Advertisement investment rises almost by 3 MEUR, 23%, reaching 14.6 MEUR which reinforces the value of our brands such as SOS and that fosters the launching of new products such as grains and rice blends and organic and conventional quinoa in all our subsidiaries.
- The Ebitda of the division grows by 23%, reaching 85.2 MEUR with a positive impact of the exchange rate of 9.7MEUR. At a constant exchange rate this growth would have been of a major 9%.
- The good shape of the business makes ROCE to recover 160 basic points from what was lost, growing up to 16.4%.

Thous. EUR	1H13	1H14	1H15	15/14	CAGR 15/13
<b>Sales</b>	553.761	549.796	633.328	15,2%	6,9%
<b>Advertising</b>	13.281	11.801	14.560	23,4%	4,7%
<b>Ebitda</b>	68.273	69.247	85.209	23,1%	11,7%
<b>Ebitda Margin</b>	12,3%	12,6%	13,5%		
<b>Ebit</b>	55.050	55.858	71.139	27,4%	13,7%
<b>Operatinf Profit</b>	53.056	54.515	69.959	28,3%	14,8%
<b>ROCE</b>	16,9%	14,8%	16,4%		



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**PASTA DIVISION**

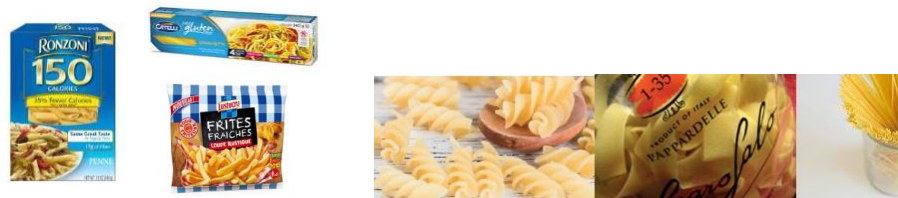
## PASTA

- During this first semester we have had to face the strong increase of durum wheat that took place in 2H14 and the consequences of the prices increase and the reduction of promotions trying to safeguard profitability.
- We have faced two different scenarios:
  - In Europe, we have managed to transmit the rise of wheat and our brands, in an almost flat market, have grown by 5%, also increasing our market shares. This, together with the improvement in productivity has made us keep the profitability level.
  - We have faced bigger difficulties in North America as the market decreases by 3.4% and NWP decreases above that level. The underlying reason is the decrease in the consumption of the "Health and Wellness" category which is affecting us due to the fact that some major distributors have reduced the section for such products in their shelves. Likewise, the new trend of low-carb diets affect us though, paradoxically, they do not affect rice. We expect our new launchings will help us to readdress this situation; in this sense, our "150 Cal" pasta and the new category "Healthy Harvest Ancient Grains" are being very well welcomed. We will start the production of the new *gluten free* category in Q3 in the specialized factory we have built in the USA. Until now such production was outsourced to a third party in Europe.
  - Another major novelty for the American market is that our brands will be "Non-GMO" labelled, something positively acknowledged by the distribution and consumers.



## PASTA

- In a positive note we can add that Garofalo is performing an excellent exercise, with a growing presence and establishment in the distribution of Spain, France, Portugal, the Netherlands and Germany.
- We have recently announced the purchase of 44.25 MEUR of Roland Monterrat, leader in the Paté en croûte and a major player in the sandwiches and croque monsieur market. This acquisition will have a positive impact in our fresh activities and will generate major synergies. The entry of Monterrat in the Group will also allow us to access the promising business of fresh snacks.
- We await for the new crops of the USA and Canada though high temperatures of July have favoured a rise of prices. Should the crops in Canada produce above 5 million Tons, we expect to return to a more adequate level of prices.



## PASTA 1H2015

- The sales of the division rise by 27%, up to 585 MEUR. Garofalo's contribution represents 72.4 MEUR. With a constant perimeter and currency, sales would increase by 4.8%.
- Advertisement investment increases by 4.8%, up to 30.5 MEUR, a major 18.5% boosting our brands and the new launchings.
- Ebitda shrinks by 5.2 MEUR up to 60.8 MEUR. Garofalo's contribution represents 7.1 MEUR and the currency contributes with 1 MEUR due to the exchange effect.
- The Ebitda margin decreases by 10.4%, though we start to perceive an improvement as it has recovered 70 basic points since last quarter.



Thous. EUR	1H13	1H14	1H15	15/14	CAGR 15/13
<b>Sales</b>	442.886	460.376	584.997	27,1%	14,9%
<b>Advertisement</b>	28.334	25.761	30.535	18,5%	3,8%
<b>Ebitda</b>	66.375	66.068	60.828	-7,9%	-4,3%
<b>Ebitda Margin</b>	15,0%	14,4%	10,4%		
<b>Ebit</b>	53.299	51.564	42.735	-17,1%	-10,5%
<b>Operating Profit</b>	52.584	51.974	41.840	-19,5%	-10,8%
<b>ROCE</b>	25,7%	24,7%	17,1%		



## 2. CONSOLIDATED RESULTS EBRO FOODS GROUP 1H2015



## 2.1 P&L ACCOUNT 1H2015

- The sales of the Group grow significantly by 21%, reaching 1,193.2 MEUR, mainly thanks to the good behaviour of the rice division, Garofalo's contribution and to a lesser extent, to the exchange rate.
- Advertisement investment grows by 20%, reaching 45.5 MEUR, supporting the strong launchings activity carried out during the exercise.
- Ebitda grows by 8% reaching 141.3 MEUR, and the contribution of the currency's evolution represents 10.7MEUR.
- Despite the good shape of the results of the last quarter, Profit Before Tax decreases by 14% reaching 96.4 MEUR due to the absence of capital gains such as the one generated in the previous year coming from the disinvestment in Deoleo, which represented 9.9 MEUR.
- ROCE reduces by 15.5% and we will have to wait to the coming quarters to see, in the numerator side, the better shape of the cost of raw materials, the contributions of the new launchings and the new purchases and the starting of the activity in the Gluten Free Pasta factory in the USA.

Thous. EUR	1H13	1H14	1H15	15/14	CAGR 15/13
<b>Sales</b>	973.645	986.568	1.193.191	20,9%	10,7%
<b>Advertising</b>	41.775	37.902	45.449	19,9%	4,3%
<b>Ebitda</b>	130.596	130.805	141.269	8,0%	4,0%
<b>Ebitda Margin</b>	13,4%	13,3%	11,8%		
<b>Ebit</b>	103.638	102.375	108.675	6,2%	2,4%
<b>Operating Profit</b>	107.951	100.918	106.838	5,9%	-0,5%
<b>Profit Before Tax</b>	107.153	111.873	96.407	-13,8%	-5,1%
<b>Net Profit</b>	70.999	72.460	59.627	-17,7%	-8,4%
<b>ROCE %</b>	18,7%	17,4%	15,5%		



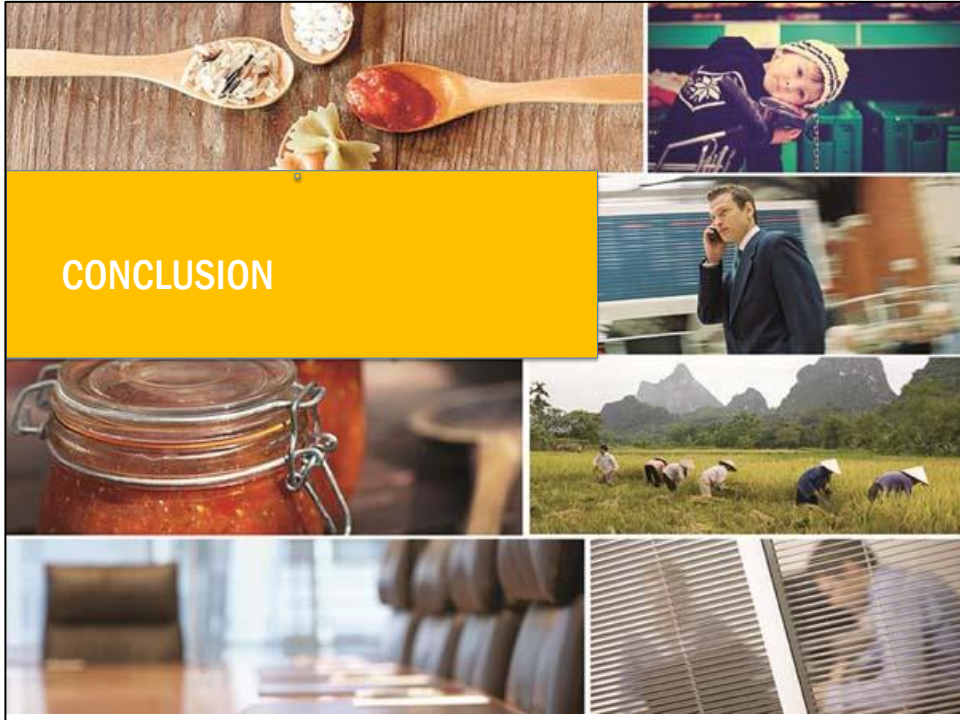
## 2.2 DEBT EVOLUTION

- We close the first semester with 510.2 MEUR, making the net debt to increase by 104.6 MEUR with regards to the end of 2014. This figure includes, among others, the total amount of the Ordinary and Extraordinary Dividend to be paid out during the whole exercise, the purchase of RiceSelect and the evolution of the exchange rate as a major part of our debt is in American Dollars.
- Equity rises by 10.5% over the previous exercise, reaching 1,876 MEUR.
- Leverage reaches 27.2%, a comfortable leverage that allows us to keep on looking for opportunities of inorganic investment.

Thous. EUR	30 Jun 13	31 Dec 13	30 Jun 14	31 Dec 14	30 Jun 15	15/14	CAGR 15/13
<b>Net Debt</b>	324.230	338.291	430.498	405.617	510.182	18,5%	25,4%
<b>Average Debt</b>	253.223	260.820	294.385	333.178	394.536	34,0%	24,8%
<b>Equity</b>	1.664.630	1.705.756	1.697.847	1.849.485	1.875.798	10,5%	6,2%
<b>Leverage DN</b>	19,5%	19,8%	25,4%	21,9%	27,2%	7,3%	18,2%
<b>Leverage AD</b>	15,2%	15,3%	17,3%	18,0%	21,0%	21,3%	17,6%
<b>x Ebitda (DN)</b>		1,2		1,4			
<b>x Ebitda (AD)</b>		0,9		1,2			










## CONCLUSION

- During this semester we still have benefitted from the adequate geographical and product diversification of both main business of Ebro Group:
  - Rice, with a raw material favourable market and a good positioning of our brands, grows significantly, specially in North America, where we have seized the moment to reinforce our brand strategy with the purchase of RiceSelect, a premium brand with a very well differentiated product and packaging that will allow us to continue to develop and introduce new high added value products and varieties.
  - Pasta has behaved unevenly in North America and Europe. In the first one we face a reducing market due to consumption trends, and that increases the degree of competition. This, together with a very volatile raw material market makes the results of the first semester to lower. We foresee that the second semester will improve once a better scenario for the raw materials of the USA and Canada are confirmed as well as we start making the investments carried out profitable. In Europe, we have closed a semester, which, though complicated due to the high cost of raw materials, it has been good as far as results are concerned. We will have to wait to the last six months of the year to see the positive contribution of the new launchings.
- We have continued to reinforce our brand strategy with selected acquisitions which contribute with a differential value to the Group such as the latest ones of RiceSelect and Roland Monserrat. We welcome these brands and we hope they will be the origin of great pride for the Ebro family.



## CORPORATE CALENDAR

Ebro keeps its commitment of transparency and communication for 2015, therefore we provide here our Corporate Calendar for the exercise:

  	<p><b>25th of February</b>      Results Presentation Year-End Closing 2014    ✓</p> <p><b>1st of April</b>            Four-month payment of ordinary dividend (0,17 EUR/share)    ✓</p> <p><b>29th of April</b>            1st Quarter Results Presentation    ✓</p> <p><b>29th of June</b>            Four-month payment of ordinary dividend (0,17 EUR/share)    ✓</p> <p><b>29th of July</b>            1H15 Results Presentation    ✓</p> <p><b>2nd of October</b>        Four-month payment of ordinary dividend (0,17 EUR/share)</p> <p><b>28th of October</b>       9M2015 Results Presentation and Pre-Year-End Closing 2015</p> <p><b>22nd of December</b>    Payment of extraordinary dividend (0,15 EUR/share)</p>
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## 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.
- Analyst 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 or 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 analyst 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 2014 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.

