



**TO THE NATIONAL SECURITIES MARKET COMMISSION**

Madrid, 25 February 2021

**Ref.: presentation announced this morning, relating to the results of Ebro Foods Group for 2020.**

In pursuance of section 227 of the Securities Market Act, Ebro Foods, S.A. hereby publishes as

**OTHER RELEVANT INFORMATION**

the presentation announced this morning relating to the results of the Ebro Foods Group for 2020.

It is recalled that due to the current extraordinary circumstances of Covid-19, there will be no face-to-face meeting with the analysts and the presentation will be published on the corporate web site [www.ebrofoods.es](http://www.ebrofoods.es) from 13:30 horas (CET) today.

Yours faithfully,

Luis Peña Pazos  
Secretary of the Board of Directors



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## 1. Introduction

- 2020 was defined by two key events: the COVID-19 pandemic and the disposal of our dry pasta business in North America.
- The pandemic triggered a significant spike in sales right from the offset of lockdown - throughout March and Q2 2020 - across practically all the countries we operate in.
- During certain weeks, fears of food shortages caused demand for both rice and pasta to increase by over 100%. The reason for this is twofold – firstly, these products are easy to store and ideal in a pandemic, and secondly, because lockdown meant everybody was eating at home, as opposed to in restaurants.
- By successfully organising our production, prioritising our most popular items over our more niche products, we were able to meet these peaks in demand.
- Our primary raw materials were also heavily impacted by inflation, entailing an additional cost of EUR60 million. Even so, profitability for the year was high thanks to the limited need for sales promotions.
- We took a major strategic decision to sell the dry pasta business in North America, which will allow us to focus our efforts on fresh, premium and convenience products. The sale of the US business to Treehouse totalled USD242.5 million, while the Canadian business was sold to Barilla for CAD160 million.

EBITDA	2016	2017	2018	2019
NWP including Ronzoni (USD Thous.)	34,273	28,502	25,432	29,572
CATELLI (CAD Thous.)	12,398	13,603	12,481	14,387

- We are currently evaluating the option of selling the Ronzoni brand, which has seen a great deal of interest from potential buyers.



## BUSINESS UNIT RESULTS 2020

### 2.1.1 Rice 2020

- Over the course of 2020, the rice business was impacted by a EUR30 million rise in the cost of raw materials.
- During the latest 2020/21 harvest, various climate-related factors in Europe and the US – such as Hurricane Laura and high salinity in Andalusia – led to inflation, which increased the average cost of our supplies by more than EUR30 per metric tonne.
- The cost of freight arriving from Asia continued to rise exponentially in Q4 2020, and has continued to climb during Q121.
- Fears of food shortages during the months of March and April, along with the successive waves of COVID-19 throughout the year, resulted in strong yet volatile demand, with varying peaks of intensity. Against this backdrop, sales of our brands grew robustly in 2020, up by approximately 18%. These increases could have been even greater, but we reached maximum production capacity for certain products.
- We would highlight the significant contribution of Tilda, which surpassed all expectations and recorded a 5.7 p.p. increase in its Ebitda-A margin, during its first full year as a Group company.



## 2.1.2 Rice 2020

- Overall rice sales grew by 16.1% to EUR1,818 million, due to the rise in household consumption during the pandemic, and the efficient reorganisation of our production, which helped to successfully meet this rise in consumer demand.
- Advertising, which is a key strategic tool for the Group, grew strongly in Q4 (32.3%) and rose 11.4% y-o-y to EUR36.8 million.
- The division's Ebitda-A climbed by 22.6% to EUR235.8 million, increasing by a healthy 20.7% in terms of CAGR 20/18. The Ebitda-A margin rose by 70 b.p., despite the negative impact of raw materials, due to the reduced need for promotions during lockdown. Currency had a negative impact of EUR3 million on the division's Ebitda-A.
- Operating profit grew 30% to EUR174.7 million; growing 18.0% in terms of CAGR 20/18.

Thous. EUR	2018	2019	2020	20/19	CAGR 20/18
<b>Sales</b>	1.412.702	1.566.239	1.817.679	16,1%	13,4%
<b>Advertising</b>	26.969	33.010	36.789	11,4%	16,8%
<b>EBITDA-A</b>	161.933	192.264	235.807	22,6%	20,7%
<b>EBITDA-A Marging</b>	11,5%	12,3%	13,0%		
<b>EBIT-A</b>	123.857	143.061	178.502	24,8%	20,0%
<b>Operating Profit</b>	125.390	134.445	174.732	30,0%	18,0%



## 2.2.1 Pasta 2020

- The pasta division also faced significant increases in the cost of raw materials, in the region of EUR29 million, which primarily affected Panzani and Garofalo.
- As was the case with rice, the COVID-19 pandemic led to a rise in sales across all our markets.
- Once again, limited activity in the food service channel was a determining factor in Group sales.
- In North America, having cancelled our private label contracts in 2019, we were better placed in 2020 to meet the sharp rise in demand for dry pasta during the pandemic.
- In Europe, shifting our focus from niche items towards optimising productivity and upping the production of our core items, has now led to a significant investment to ensure that our niche products are restocked on the shelves.
- The fresh pasta business has been growing at much steadier rates and has not been affected by the pandemic.
- Garofalo continues to lead the way in the premium segment and posted 40% growth in countries such as Spain and France.



## 2.2.2 Pasta 2020 – Continuing Operations

- Division sales grew by 14.5% to EUR1,502 million thanks to increased household consumption, the use of idle capacity in North America and decreased promotions activity.
- Advertising investment rose sharply in Q4 (14.7%), taking the full-year total to EUR63 million, up 4.3%.
- Ebitda-A grew by 31.5% to EUR213.5 million. Currency exchange had a negative effect of EUR1.8 million.
- Operating Profit grew by 106.0%, primarily due to the operating leverage gained from these good results and the capital gains generated from selling the US business, which contributed EUR54.8 million (before tax).

EUR Thous.	2018	2019	2020	20/19	CAGR 20/18
<b>Sales</b>	1,265,957	1,311,924	1,502,084	14.5%	8.9%
<b>Advertising</b>	62,688	60,403	62,997	4.3%	0.2%
<b>EBITDA-A</b>	153,170	162,417	213,510	31.5%	18.1%
<b>EBITDA-A Margin</b>	12.1%	12.4%	14.2%	14.8%	8.4%
<b>EBIT-A</b>	104,546	101,479	148,116	46.0%	19.0%
<b>Operating Profit</b>	97,848	90,105	185,595	106.0%	37.7%



## CONSOLIDATED GROUP RESULTS 2020



### 3.1 P&L 2020 – Continuing Operations

- Group sales grew by 15.1% to EUR3,237 million, owing to the strong performance of our businesses during the pandemic.
- Advertising investment picked up during Q4 as we looked to make a recovery on our more niche items, with investment up 7.6% to EUR98.4 million.
- Ebitda-A grew by 27% to EUR435 million, and the Ebitda margin climbed by 120 b.p. to 13.4%. Currency had a negative effect of EUR4.9 million on Ebitda-A. In a year of continuing operations and to provide an accurate comparison, a further 20 days of contribution would be missing from the businesses sold to Treehouse.
- Operating Profit grew by 63% to EUR346.4 million.
- Net Profit grew 35.7% to EUR192.4 million, with ROCE-A up 3.1 p.p. to 14.2% on the back of the results and greater use of installed capacity in this situation.



EUR Thous.	2018	2019	2020	20/19	CAGR 20/18
<b>Sales</b>	2,613,947	2,813,298	3,237,203	15.1%	11.3%
<b>Advertising</b>	89,014	91,477	98,426	7.6%	5.2%
<b>EBITDA-A</b>	307,468	342,726	435,027	26.9%	18.9%
<b>EBITDA-A Margin</b>	11.8%	12.2%	13.4%		
<b>EBIT-A</b>	220,131	231,085	310,811	34.5%	18.8%
<b>Operating Profit</b>	216,561	212,441	346,359	63.0%	26.5%
<b>Pre-tax Profit</b>	211,721	198,478	298,461	50.4%	18.7%
<b>Net Profit</b>	141,589	141,752	192,415	35.7%	16.6%
<b>ROCE-A</b>	12.3	11.1	14.2	27.9%	7.4%



### 3.2 Debt Performance

- We ended 2020 with Net Debt amounting to EUR951 million, EUR49 million less than at year-end 2019.
- During 2020, we paid-out ordinary and extraordinary dividends amounting to EUR386 million.
- Despite the additional increase in the price of raw materials during the 20/21 harvest, working capital fell by EUR 57 million, since our position was not as long as in the previous year.
- The disposal of our pasta business in the US brought in revenue of EUR195 million. At the end of 2020, we were awaiting the sale of our pasta business in Canada, which completed in January 2021 and generated CAD160 million.
- As mentioned previously, during Q4 we stepped up our Capex investments, taking the total for the year up to EUR118 million.

EUR Thous.	31 Dec 18	31 Dec 19	31 Dec 20	20/19	CAGR 20/18
<b>Net Debt</b>	704,621	999,849	950,870	-4.9%	16.2%
<b>Average net debt</b>	627,350	871,869	917,583	5.2%	20.9%
<b>Equity</b>	2,162,334	2,262,203	1,927,351	-14.8%	-5.6%
<b>ND Leverage</b>	32.6%	44.2%	49.3%		
<b>AND Leverage</b>	29.0%	38.5%	47.6%		
<b>x EBITDA-A (ND)</b>	2.3	2.9	2.2		
<b>x EBITDA-A (AND)</b>	2.0	2.5	2.1		



## CONCLUSION



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## 4. Conclusion

- The robust nature of the Group resulted in exceptional results this year, without any drop in employment, or need to seek any governmental aid and overcoming a EUR60 million increase in the cost of raw materials.
- We invested heavily in preventative measures against the spread of COVID-19, spending EUR15 million across the whole Group.
- We managed to make the necessary amendments at our factories to achieve an exceptional optimisation of our production capacity, whilst retaining high levels of service.
- In spite of the difficulties caused by the pandemic, we were able to successfully complete the sale of our dry pasta business in North America.
- Tilda has proven to be a highly significant and profitable strategic investment.
- We remunerated our shareholders with an extraordinary dividend pay-out of EUR298.5 million.
- We are well-positioned to face the challenges ahead this year:
  - High inflation on freight and raw materials.
  - Weakened consumer finances.
  - COVID-19 persisting longer than expected.
  - Return to promotions and pressure on distribution.
  - Return to a more normal competitive framework.

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## 5. Results - Discontinued operations sold/held-for-sale

### Pasta Results - Discontinued operations sold/held-for-sale

EUR Thous.	2019	2020	20/19
<b>Sales</b>	1,009,007	1,162,471	15.2%
<b>Advertising</b>	46,490	53,176	14.4%
<b>EBITDA-A</b>	126,307	142,705	13.0%
<b>EBITDA-A Margin</b>	12.5%	12.3%	-1.9%
<b>EBIT-A</b>	76,984	89,325	16.0%
<b>Operating Profit</b>	68,809	81,859	19.0%

### Consolidated Results - Discontinued operations sold/held-for-sale

EUR Thous.	2019	2020	20/19
<b>Sales</b>	2,510,381	2,897,589	15.4%
<b>Advertising</b>	77,564	88,605	14.2%
<b>EBITDA-A</b>	306,617	364,224	18.8%
<b>EBITDA-A Margin</b>	12.2%	12.6%	
<b>EBIT-A</b>	206,592	252,022	22.0%
<b>Operating Profit</b>	191,142	242,623	26.9%
<b>Pre-tax Profit</b>	177,682	194,695	9.6%
<b>Net Profit from Discont. Operations</b>	31,989	65,809	105.7%
<b>Net Profit</b>	141,752	192,415	35.7%
<b>ROCE-A</b>	11.1	14.2	27.9%



## 6. Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2021:

➤ 25 February	Presentation of YE2020 Results ✓
➤ 6 April	Four-month payment of ordinary dividend (EUR0.19/share)
➤ 28 April	Presentation of Q1 2021 results
➤ 30 June	Four-month payment of ordinary dividend (EUR0.19/share)
➤ 28 July	Presentation of H1 2021 results
➤ 1 October	Four-month payment of ordinary dividend (EUR0.19/share)
➤ 27 October	Presentation of 9M21 Results and Pre-YE 2021

## 7. Calculation of Alt. Perf. Measures (Discont. Operations)

- According to the guidelines set by the European Securities and Markets Authority (ESMA), the following is a list of the indicators used in this report. These indicators are currently and consistently used by the Group to describe its business performance and their definitions have not been altered:

- EBITDA-A, Earnings before interest, taxes, depreciation and amortization, excluding results considered as extraordinary or non-recurring (essentially profit earned from transactions relating to the Group's fixed assets, industrial restructuring costs, results from or provisions for lawsuits, etc.). EBITDA-A is calculated consistently with prior-year EBITDA.
- EBIT-A, EBIT-A is calculated by subtracting the year's amortisations and depreciations from EBITDA-A. EBIT-A is calculated consistently with prior-year EBIT.

EUR Thous.	31/12/2019	31/12/2020	2020 - 2019
<b>EBITDA(A)</b>	<b>306,617</b>	<b>364,224</b>	<b>57,607</b>
Provisions for amortisation	(100,025)	(112,202)	(12,177)
<b>EBIT(A)</b>	<b>206,592</b>	<b>252,022</b>	<b>45,430</b>
Non-recurring income	9,077	4,889	(4,188)
Non-recurring costs	(24,527)	(14,288)	10,239
<b>OPERATING PROFIT</b>	<b>191,142</b>	<b>242,623</b>	<b>51,481</b>

- CAPEX, Capital expenditure - payments for investment in production related fixed assets.
- Net Debt:

EUR Thous.	31/12/2019	31/12/2020
(+) Non-current financial liabilities	826,725	570,267
(+) Other current financial liabilities	424,967	591,759
(+) Financial liabilities available for sale	0	113
(-) Loans to associates	0	(1,122)
(-) Sum of security deposits payable	(97)	(782)
(-) Cash and cash equivalents	(252,072)	(210,486)
(-) Derivatives – assets	(714)	(1,611)
(+) Derivatives – liabilities	1,040	2,732
<b>TOTAL NET DEBT</b>	<b>999,849</b>	<b>950,870</b>

- (Average) Net Debt: Average net debt refers to the 13-month moving average based on previous net debt.
- (Average) Working Capital: 13-month moving average of the sum of inventories, trade receivables and provision of services, other receivables less trade payables and other current payables.
- Capital Employed (average), 13-month moving average of the sum of intangible assets, property, plant and equipment and working capital.
- ROCE-A: Ratio of the average profit/loss after depreciation/amortisation and before tax for the last 12-month period (excluding extraordinary and non-recurring items) divided by the average capital employed, as previously defined. ROCE-A is calculated consistently with prior-year ROCE.

## 8. Legal Disclaimer

- This presentation contains our true understanding to date of estimates on the future growth in the different business lines and the global business, market share, financial results and other aspects of business activity and the positioning of the Company. All the data included in this report have been put together according to International Accounting Standards (IAS). The information included herein does not represent a guarantee of any future actions that maybe taken and it entails risks and uncertainty. The actual results may be materially different from the ones stated in our estimates as a result of various factors.
- Analysts and investors should not rely on these estimates, which only cover up to the date of this presentation. Ebro Foods does not assume any obligation to publicly report the results of any review of these estimates that may be carried out to reflect events and circumstances occurring after the date of this presentation – including but not limited to – changes in Ebro Foods business or its acquisitions strategy, or to reflect unforeseen events. We encourage analysts and investors to consult the Company's Annual Report, as well as the documents filed with the Authorities and more specifically with the Spanish National Securities Markets Commission (CNMV).
- The main risks and uncertainties affecting the Group's business are the same as those included in the Consolidated Annual Accounts and the Management Report for the year ending 31 December 2019, which is available at [www.ebrofoods.es](http://www.ebrofoods.es). We believe that there have been no significant changes during this financial year. The Group still has some exposure to the raw materials markets and to passing on changes in prices to its customers. Likewise, there is certain exposure to fluctuations in the exchange rate, especially the dollar, and changes in interest rates.