



# RESULTS H1 2022



# CONTENTS

1. **INTRODUCTION**
2. **BUSINESS UNIT RESULTS H1 2022**
  - 2.1 Rice
  - 2.2 Pasta
3. **CONSOLIDATED GROUP RESULTS H1 2022**
  - 3.1 P&L
  - 3.2 Debt Performance
4. **CONCLUSION**
5. **CORPORATE CALENDAR 2022**
6. **CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES**
7. **LEGAL DISCLAIMER**

# INTRODUCTION



# 1. Introduction

- At the end of H1, cost inflation remains very much on the rise with no signs of waning.
- Freight costs have remained high, but the Group's strategic foresight to rely on our own platforms, scale up and upgrade from containers to full boats is helping to give us the competitive upper hand.
- The sharp growth in the labour market has stepped up, with the most complex factor being hiring in the Group's main markets, such as Canada, the US and France, where recruiting staff is extremely complicated.
- We are experiencing a drop in demand, as distributors and consumers work through significant stockpiles built up as a result of food shortage fears at the start of the war in Ukraine.
- We have completed the sale of Roland Monterrat, the French sandwich and fresh pasta company based in France which, due to a number of reasons, did not perform as well as expected while under the Group's ownership. The claim lodged against the sellers remains open.



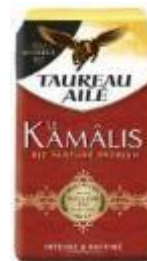
# BUSINESS UNIT RESULTS

## H1 2022



## 2.1.1 Rice H1 2022

- The more ominous weather forecasts have proven to be accurate, which has heavily impacted Japanese rice crops (paella, risotto and sushi). Planting has slumped to just 30% of the typical area planted in Andalusia, barely 10% in Extremadura and 60% in California. Italy was able to plant 80% of its typical area. Australian harvest is finally back to normal after several long years of drought, which will help to offset these losses, but we still expect prices to rise substantially with the arrival of the new harvests.
- In contrast, traditional long-grain varieties have remained stable in Asia, with the exception of basmati rice, which has increased in price dramatically. The price of long-grain rice has increased in the US, forcing Riviana to request a fresh price increase.
- Demand has started to stall in the US due to price rises, as well as consumers and distributors working through the significant stockpiles built up as a result of food shortage fears at the start of the war in Ukraine.
- In terms of sales, our star products are still performing strongly: aromatic varieties, microwave rice and instant rice.
- We made reasonable profits in H1, largely thanks to our excellent supply chain and the strength of our brands.
- Over the course of H2, we will accelerate our business restructuring plan in the US, once the transition period comes to an end following the sale of the dry pasta division.

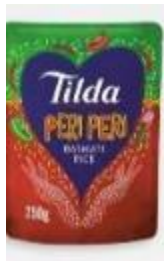


## 2.1.2 Rice H1 2022

- Turnover rose 27.5% to EUR1,136.1 million during H1, registering a steady average growth rate of over 7% for the past two years.
- The Division's Ebitda-A increased by 17.8% to EUR146.6 million, with profitability falling by 110 b.p. to a margin of 12.9%, due to cost increases, even after investing 28.9% more in advertising. On a Q2 standalone basis, Ebitda-A grew by 24.1%. The exchange rate had a positive impact of EUR6.2 million on Ebitda-A.
- Operating Profit grew 20% to EUR112.7 million.

EUR Thous.	H1 2020	H1 2021	H1 2022	22/21	CAGR 22/20
<b>Sales</b>	987,642	891,287	1,136,111	27.5%	7.3%
<b>Advertising</b>	21,037	18,875	24,337	28.9%	7.6%
<b>Ebitda-a</b>	133,791	124,446	146,643	17.8%	4.7%
<b><i>Ebitda-a Margin</i></b>	<i>13.5%</i>	<i>14.0%</i>	<i>12.9%</i>		
<b>Ebit-a</b>	105,278	95,770	114,447	19.5%	4.3%
<b>Operating Profit</b>	103,201	93,890	112,689	20.0%	4.5%

\* In H1 2021 and H1 2022, the Panzani rice business was reclassified from the Pasta Division to the Rice Division.



## 2.2.1 Pasta H1 2022

- In the premium pasta segment, Garofalo performed strongly in H1, with sales up by 10% in Italy and significant growth in Spain and France. Profits in the US were undercut by high freight costs.
- The price of durum wheat still stands at over EUR560 per tonne, which is unlikely to change unless Canada has a bumper harvest at the end of the summer. Durum wheat planting increased by 23% in Canada compared to the previous harvest.
- We therefore anticipate higher costs and lower demand in H2, without the impulse buying seen at the start of the war in Ukraine.
- Fresh pasta had a poor second quarter overall, as the increases required to offset higher costs took longer to be implemented.
- This was exacerbated by lower productivity in France and Canada, caused by delays in the arrival of new machinery and a lack of personnel to fill all of the production lines.
- The fresh pasta market was down 1% in France, while stuffed pasta sales fell slightly more, although gnocchi sales continue to rise.
- The heatwaves in southern Europe are making people less likely to eat carbohydrates.
- Bertagni recorded turnover growth, especially in the US (+20%), while progress has been made on consolidating the required price increases in H1.





## 2.2.2 Pasta H1 2022

- The raw materials market has been very challenging during H1. We have been passing on price increases, although this has been somewhat delayed. Fresh pasta has been hit harder by higher prices, but still recorded a 22.7% increase in sales during H1 2022, rising to EUR329.6 million. In terms of CAGR 22/20, and with the scope of consolidation remaining unchanged, this figure stands at 8.5%.
- Advertising investment fell 16.2% to EUR13.9 million, with price being the main marketing tool in this context.
- Ebitda-a dropped 6.4% to EUR29.2 million. In terms of CAGR 22/20, and with the scope of consolidation remaining unchanged, this decrease stands at 1.4%. The exchange rate had no material impact on this division.
- Operating profit slumped to -EUR9.3 million, due to the loss on the sale of Roland Monterrat.

EUR Thous.	H1 2020	H1 2021	H1 2022	22/21	CAGR 22/20
<b>Sales</b>	280,003	268,703	329,623	22.7%	8.5%
<b>Advertising</b>	12,996	16,579	13,885	-16.2%	3.4%
<b>Ebitda-a</b>	30,067	31,214	29,227	-6.4%	-1.4%
<b><i>Ebitda-a Margin</i></b>	<i>10.7%</i>	<i>11.6%</i>	<i>8.9%</i>		
<b>Ebit-a</b>	14,220	14,562	12,317	-15.4%	-6.9%
<b>Operating Profit</b>	11,585	12,392	-9,289	-	-

\* In Q1 2021 and Q1 2022, the Panzani rice business was reclassified from the Pasta Division to the Rice Division.



# CONSOLIDATED GROUP RESULTS

## H1 2022



# 3.1 P&L H1 2022

- Consolidated sales rose by 25.9% to EUR1,458.9 million, as our basic food products are not as elastic as other categories, as well as our ability to moderate the pace of price increases thanks to our effective procurement policy.
- Ebitda-a grew by 14.3% to EUR169.0 million. The Ebitda-a margin decreased by 1.2 p.p. to 11.6%, due to increases in the cost of raw materials. On a standalone quarterly basis, Ebitda-a grew by 17.8%. Currency contributed EUR6.2 million to this result.
- Comparable net profit, excluding the contribution of the divested dry pasta businesses\*, was down by 12.4% to EUR63.5 million affected by foreign exchange differences of EUR12 million and the loss of EUR20 million from the divestment of Roland Monterraat.

EUR Thous.	H1 2020	H1 2021	H1 2022	22/21	CAGR 22/20
<b>Sales</b>	1,252,313	1,158,730	1,458,910	25.9%	7.9%
<b>Advertising</b>	34,063	35,160	37,996	8.1%	5.6%
<b>Ebitda-a</b>	156,802	147,864	169,017	14.3%	3.8%
<b><i>Ebitda-a Margin</i></b>	<i>12.5%</i>	<i>12.8%</i>	<i>11.6%</i>		
<b>Ebit-a</b>	111,696	101,757	119,056	17.0%	3.2%
<b>Operating Profit</b>	108,160	97,592	95,907	-1.7%	-5.8%
<b>Pre-tax Profit</b>	106,234	98,018	85,517	-12.8%	-10.3%
<b>Net Profit from Continuing Operations</b>	76,463	72,527	63,541	-12.4%	-8.8%
<b>Net Profit from Discontinued Operations</b>	34,862	40,352	0	-	-
<b>Net profit</b>	102,755	107,159	56,743	-47.0%	-25.7%
<b>ROCE-A %</b>	<i>13.2%</i>	<i>10.0%</i>	<i>9.7%</i>		

\*Those businesses contributed with EUR 40'4 million to last year 1H results



## 3.2 Debt Performance

- We ended H1 with Net Debt standing at EUR718.8 million, EUR214.1 million more than at year-end 2021. This figure accounts for dividend payments made in April and June, as well as the accrued October dividend payment amounting to EUR29.2 million.
- Working capital rose by EUR160.4 million compared to YE 2021, due to our strong positions taken in the face of continued inflation on raw materials in the destination country.
- Our investment in the InHarvest business amounted to EUR45.2 million and our divestment of Roland Monterrat amounted to EUR22 million. Corporate income tax payments amounted to EUR63.9 million.
- Capex in H1 reached EUR44.3 million, with the largest investments consisting of the extension of our RTS plant in Memphis, the new gnocchi line in Canada, the extension of our Avio plant (Bertagni) and the installation of machinery and gradual process of start-up at La Rinconada.

EUR Thous.	30 Jun 20	31 Dec 20	30 Jun 21	31 Dec 21	30 Jun 22	22/21	CAGR 22/20
<b>Net debt</b>	949,680	950,757	947,654	504,723	718,808	-24.1%	-13.0%
<b>Average net debt</b>	965,013	917,574	894,189	865,418	702,988	-21.4%	-14.6%
<b>Equity</b>	2,240,385	1,927,351	1,999,379	2,101,627	2,151,206	7.6%	-2.0%
<b>ND Leverage</b>	42.4%	49.3%	47.4%	24.0%	33.4%	-29.5%	-11.2%
<b>AND Leverage</b>	43.1%	47.6%	44.7%	41.2%	32.7%	-26.9%	-12.9%
<b>x Ebitda-a (ND)</b>		2.19		1.43			
<b>x Ebitda-a (AND)</b>		2.11		2.45			



# CONCLUSION



## 4. Conclusion

- H1 was a difficult period, due to having to pass on price increases in order to offset rising raw material inflation and the subsequent increases in other costs, including energy, labour and logistics.
- We are proud of how well our supply chain has performed and we believe it gives us a competitive edge in the sector, keeping our cost of goods at a level that enables us to adjust our price transfers effectively. We are also equally proud of our sales team, who have navigated this situation well.
- We are expecting to see lower demand in H2 as consumers stop stockpiling after the outbreak of war in Ukraine and the subsequent heatwaves, which are having a very negative impact on the consumption of carbohydrates.
- We have completed the acquisition of InHarvest, a business that we believe will provide significant synergies with the Group. We have also sold Roland Monterrat, a company that did not meet expected return targets.
- We are happy with the continual growth of our more valued lines.



# 5. Corporate Calendar

As part of Ebro's commitment to complete transparency, below we provide our Corporate Calendar for 2022:

➤ 28 February	Presentation of YE2021 Results ✓
➤ 1 April	Four-month payment of ordinary dividend (EURO.19/share) ✓
➤ 27 April	Presentation of Q1 2022 results ✓
➤ 30 June	Four-month payment of ordinary dividend (EURO.19/share) ✓
➤ 26 July	Presentation of H1 2022 results ✓
➤ 3 October	Four-month payment of ordinary dividend (EURO.19/share)
➤ 27 October	Presentation of 9M22 Results and Pre-YE 2022



## 6. Calculation of Alternative Performance Measures

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 is calculated by subtracting the year's amortisations and depreciations from EBITDA-A. EBIT-A is calculated consistently with prior-year EBIT.

	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2022</u>	<u>2022 - 2021</u>
<b>EBITDA(A)</b>	<b>156,802</b>	<b>147,864</b>	<b>169,017</b>	<b>21,153</b>
Provisions for depreciation/amortisation	(45,106)	(46,107)	(49,961)	(3,854)
<b>EBIT(A)</b>	<b>111,696</b>	<b>101,757</b>	<b>119,056</b>	<b>17,299</b>
Non-recurring income	1,835	613	440	(173)
Non-recurring costs	(5,371)	(4,778)	(23,589)	(18,811)
<b>OPERATING PROFIT</b>	<b>108,160</b>	<b>97,592</b>	<b>95,907</b>	<b>(1,685)</b>

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

	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2022</u>
(+) Non-current financial liabilities	861,261	532,908	559,382
(+) Other current financial liabilities	416,909	766,734	376,800
(-) Loans to associates	0	(1,122)	(1,122)
(-) Sum of security deposits payable	(851)	(745)	(676)
(-) Cash and cash equivalents	(326,239)	(349,492)	(214,845)
(-) Derivatives – assets	(1,789)	(1,580)	(3,050)
(+) Derivatives – liabilities	389	951	2,319
<b>TOTAL NET DEBT</b>	<b>949,680</b>	<b>947,654</b>	<b>718,808</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.



# 7. 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 2021, 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.