Campofrio Food Group
9M 2015 Earnings Call

29th October, 2015

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Highlights

- Top line evolution: Sales Volume: 324 k Tons, + 2,1% growth vs. LY
- Net Sales Value: € 1,418 M + 0.5% growth vs. LY
- Normalized EBITDA: € 107.5M => + 2.5% vs. LY
- NFD: €348M, including €180M Cash and total liquidity > €430M
- Leverage ratio stands at 2.16x reaching historical low levels
- New factory building project on track, while a settlement with the Insurance companies has been closed
- Overall better economic and consumption environment
- Focus on top line growth and market share recovery

EBITDA margin progress in good shape as recovery plan and costs reduction programme are on track
Sustainable growth both at top line and EBITDA levels
Enhanced financial position and liquidity, while record-low NFD and leverage ratio helped by the Insurance cash advances

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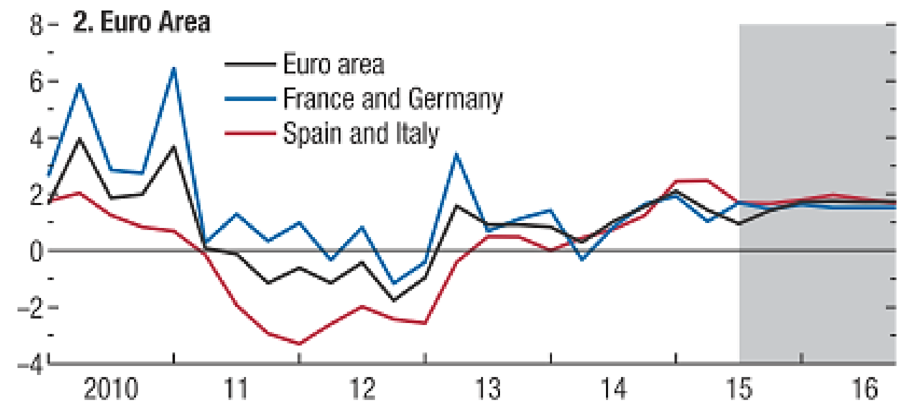
The growth recovery in the euro area is projected to be broad based

- In advanced economies, growth is expected to remain solid and above trend trough 2016 and contribute to narrowing the output gap*
- Euro Area economic outlook for GDP* +1,6% in 2015, with a remarkable growth of +3,1% in Spain, followed by Netherlands +1,8%
- Domestic demand forecast growth of +1,4% in EU28, and expected growth of +1,6% in 2016
- Upward review of economic outlook** by the European Commission vs. June estimates for Spain, France and Italy private consumption, which stands at +4,1%, +1,8% and +0,7% respectively

GDP evolution **



October 2015

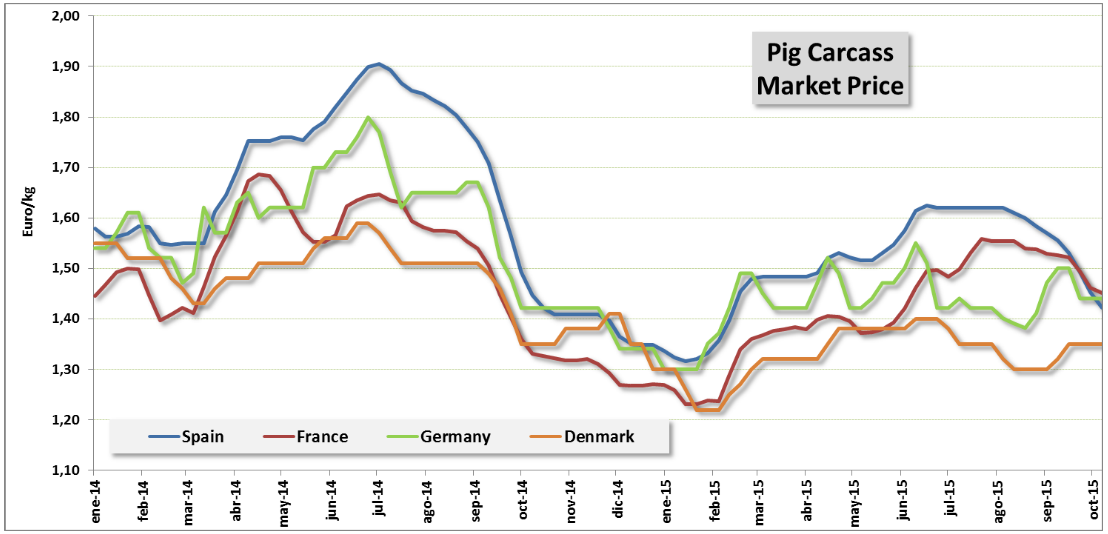
EU Economic Outlook, OECD October 2015

% Growth	Real GDP		Domestic Demand		Private Consumption	
	2015E	2016E	2015E	2016E	2015E	2016E
Belgium	1,3	1,5	1,1	1,4	1,5	1,3
Germany	1,5	1,6	1,2	1,5	1,8	1,4
Spain	3,1	2,5	3,7	2,4	4,1	2,8
France	1,2	1,5	1,1	1,5	1,8	1,8
Italy	0,8	1,3	0,9	1,0	0,7	1,1
Netherlands	1,8	1,9	1,1	1,6	1,5	1,6
Portugal	1,6	1,5	1,0	1,5	1,8	1,5
EURO AREA	1,5	1,6	1,4	1,6	1,4	1,6

* Source: Eurostat. Monthly Bulletin October 2015 ** IMF, WEO October 2015

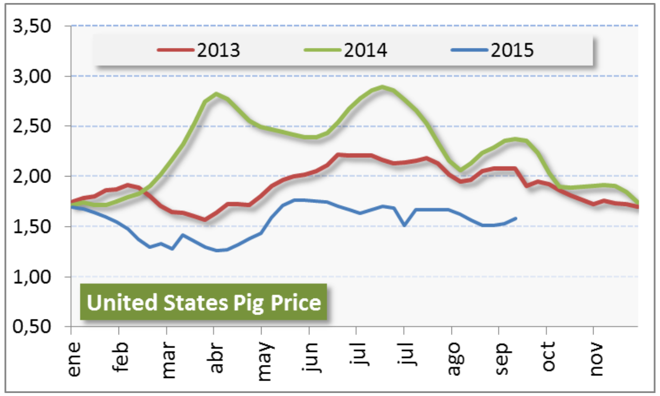
The meat market

- During 2014, EU28 cereals output reached a record 327 MT (+8%), with above average yields. The prices of wheat, corn, barley and soybean meal prices decreased -15% to -20%
- The 2015-16 grain production is estimated at 308MT, down-6%. Prices will remain stable.
- The drop of feeding cost in 2014 encouraged higher breeding populations. Pork production rose 3,3% during H1 2015, and total 2015 output is forecasted to reach 22,4 MT, up +2,5% vs LY
- EU28 pork exports rose +4,9% (Jan-Jul) vs LY, supported by a weaker euro, as well as China and South Korea demand
- YTD, 2015 EU28 pig carcass prices decreased to their lowest average price of the last 3 years
- US pig prices dropped sharply by -34% due to a surge in pork meat production (+8,8% YTD)



EU28 Pork Meat Production and Forecast:

	2009	2010	2011	2012	2013	2014	2015
Q1	-3,2%	2,5%	1,7%	-0,1%	-1,2%	0,9%	4,5%
Q2	-1,3%	3,7%	1,5%	-0,7%	0,7%	-1,0%	1,8%
Q3	-2,5%	3,5%	3,0%	-5,1%	-0,2%	2,8%	1,6%
Q4	-0,7%	4,6%	-0,6%	-2,1%	0,8%	3,4%	1,9%
Total Year	**-1,9%**	**3,6%**	**1,4%**	**-2,0%**	**0,0%**	**1,5%**	**2,5%**



Business environment

- In EU28, the market price for pig carcass has decreased between -8,5% to -14,2% YTD compared to the same period last year, reflecting an over-supplied market

Pig Carcass Average Price (euro/kg)

	2013	2014	2014/13	Jan-Sep 2014	Jan-Sep 2015	YTD 2015/14
Spain Mercolleida	1,75	1,62	**-7,8%**	1,72	1,51	**-11,9%**
France MPB	1,61	1,48	**-8,2%**	1,55	1,42	**-8,5%**
Netherlands Monfoort	1,66	1,48	**-10,8%**	1,55	1,33	**-14,2%**
Belgium Danis	1,51	1,36	**-10,1%**	1,42	1,22	**-14,2%**
Germany AIM	1,70	1,54	**-9,1%**	1,62	1,43	**-11,9%**
Denmark DC	1,53	1,38	**-9,3%**	1,51	1,33	**-12,1%**
Italy	1,41	1,38	**-2,1%**	1,41	1,26	**-10,5%**

- For the rest of 2015, pig price evolution will depend on the relative weight of 2 key factors:
  - 1) the supply of pork meat
  - 2) the evolution of exports (US price competitiveness and euro/dollar exchange rate, potential extra demand from China, and Russia ban)

- Poultry:
  - Chicken prices peaked during H2 2014 and decreased gradually throughout 2015 on higher domestic production
  - Turkey breast prices rose to record level both in EU28 (+6%) and USA (+55%) during Q3 2015, due to lower Brazilian exports, sustained demand and Avian flu in Midwest negatively impacting production (-6,5%)

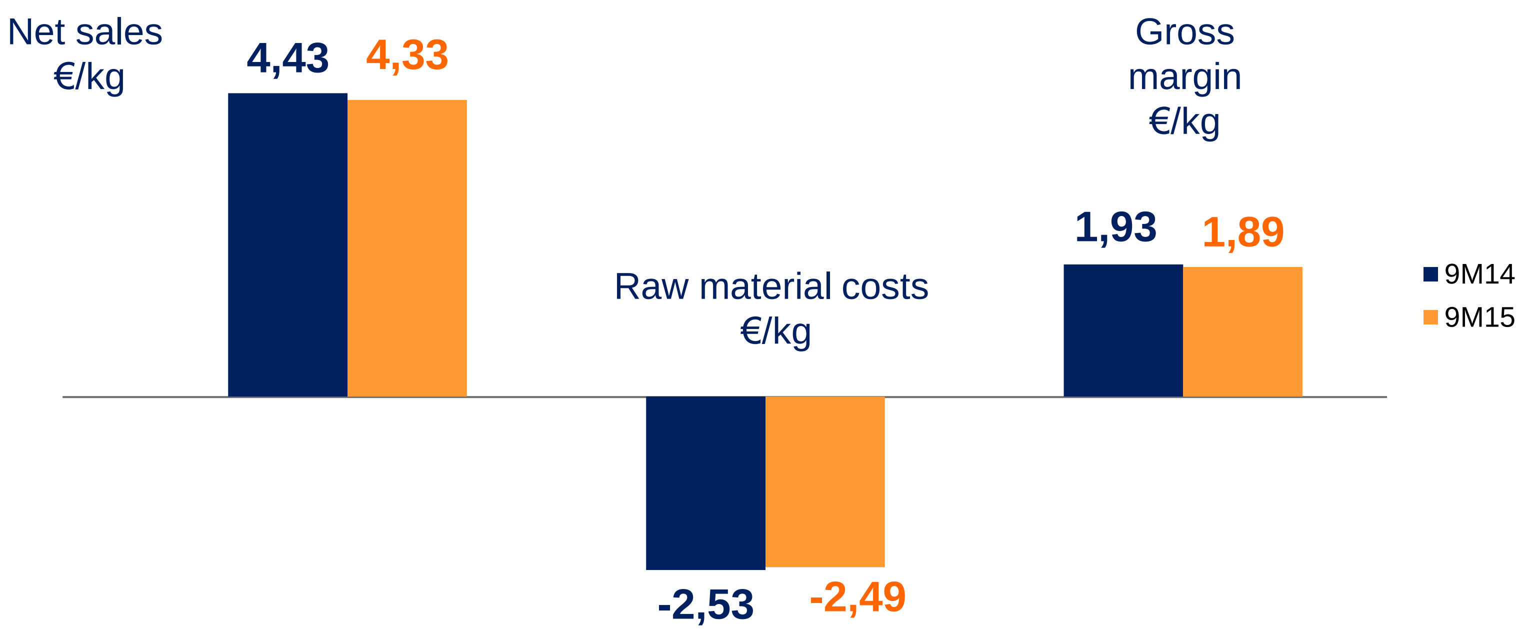
Specific conditions and actions taken in 9M15

- Pricing strategy and volumes: The company still focused in volume recovery and branded market share growth plan

  => in 9M15 total volume 324 thousand tonnes => increase of +2.1% vs 9M14

- Slight decrease on Gross Margin per Kg, highly impacted by mix factors- decrease in Spain, as a result of the fire, but still accretive in absolute value vs LY (+€ 2.7M)

Gross margin €/kg



Burgos plant update

➢ Recovery Plan:

➢ Process defined as a corporate priority:

- Full internal alignment and shareholders support
- Production capacity recovered in 1Q
- Global market share also recovered by June
- 2H objective to recover also market share on particular products and categories affected
- Specific commercial actions being undertaken and bearing fruit

➢ New factory building project:

- Amended initial plan submitted to local authorities in August
- Very same location confirmed
- Foundation stone ceremony on September 16th
- A number of sub-projects and equipment orders under way
- Objective to complete factory by end of 2016

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Burgos plant update

➢ Insurance

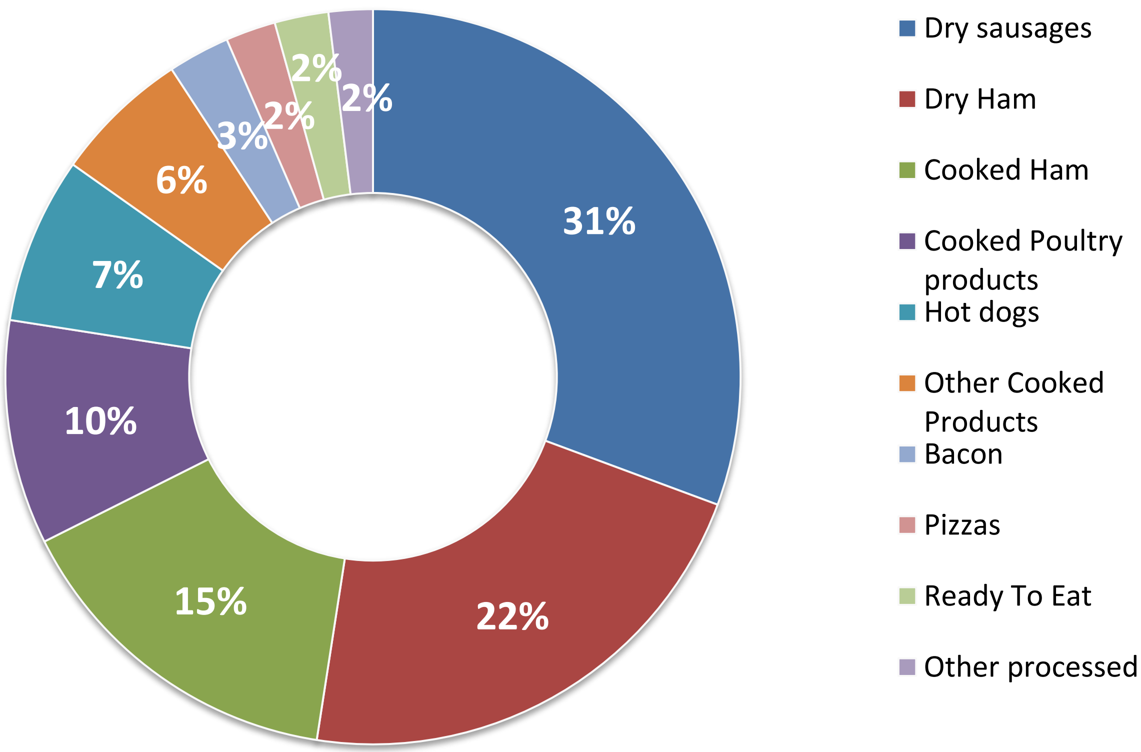
- The final settlement with regard to the insurance file over both property damages (€243.8M) (including inventories) and business interruption (€68.9M) has been closed in late October
- Consequently, the remaining indemnity amount and the associated accounting impacts shall be collected and accrued in 4Q15
- As pointed out from the beginning, we understand that this outcome shall pave the way for a substantial mitigation of the underlying damages and losses
- The whole process has been conducted in the most cooperative spirit evidencing the adequacy of our insurance policies

➢ Accounting

	ACTUAL		
	2014	3Q 2015 YTD	TOTAL 2014-2015YTD
CASH	**71,6**	**72,3**	**143,9**
Property Damages	46,6	62,3	108,9
Inventories	10,0	0,0	10,0
Business Interruption	15,0	10,0	25,0
P&L	**32,6**	**95,7**	**128,3**
Property Damages	28,1	68,1	96,2
Inventories		-2,8	-2,8
Business Interruption	4,5	30,4	34,9

Top line evolution

Sales Volume 9M15: 324.029 k Tons, +2.1%
Net Sales Value 9M15: € 1.418,4 million +0.5%



- Branded sales of € 874 million, slight down versus PY (impact of the fire), but partially compensated with great result of some categories (not impacted)
- Solid growth in Dry Ham +8.6% vs PY, driven by some countries like France and Spain
- Remarkable increase in Ready meals +44.4%, due to sales growth in Pizzas
- Lower sales in Cooked and Poultry categories in Spain but recovery space and market share plan keeps on track

Top line evolution

Strength of strategic brands: Consolidated leadership in their respective segments

Market Share, 3 Q15	Spain		France		Portugal	
Dry Ham	# 1	13.1% ↑	# 1	22.5% ↑		
Dry Sausages		7.2%	# 1	27.6% ↑		
Cooked ham		10.2%			# 1	19.0%
Poultry	# 1	18.6%			# 1	26.0%
Hot Dogs	# 1	35.3% ↑			# 1	28.0% ↑

Market shares of our strategic brands remained strong, with growth in Spain in Dry Ham and Hot Dogs, France in Dry Ham and Dry Sausages and Portugal in Hot Dogs
The 3 categories impacted by the fire in Spain, have not grown in 9M15

Source: Nielsen/IRI Brand Concentration in Value, MAT P08/2015

European Categories

Dry Sausages
31% of 2015 Revenues

Growth drivers: Good performance in France (+4,4%) and USA (+53%), offsetting the negative impact of La Bureba fire in Spain and Portugal
Promotional plans: Strong activation in point of sales this summer with the Tour de France and Cochonou, transversal promotion on fuet in Spain (Navidul , Pavofrio, Campofrio) and Chorizo to grill platform in France and Germany
Innovation: Successful renovation of Baton de Berger sliced in France (Demand +17%)
Advertising campaigns: Justin Bridou on TV during September, Moroni and Cochonou with a TV sponsorship, and a TV Tag on Aoste Noix de Jambon, consolidating position in France

Dry Ham
22% of 2015 Revenues

Growth drivers: Continued growth in Net Sales: France +9,5%,Spain +6,5% and Italy +10,5%
Promotional plans: Summer in-store support on Navidul (Spain) and Aoste (France). Outstanding recovery in Italy through deli
Innovation: Low salt platform is still growing (France/Spain/Italy) as well as Freshpack in Spain and first promising results on new product development launched in Q1/Q2 : Lean Meat (Dried poultry in Belgium , Dried Beef in France) and Convenience (Revilla Loin and Bacon Justin Bridou)
Advertising campaigns: Successful summer Media Campaigns on Navidul (New TV ad, digital and magazines) and Aoste (Vegetarian TV ad) increasing spontaneous awareness and improving image of both brands

Cooked Ham
15% of 2015 Revenues

Growth drivers: Very good performance in Italy (+4,7%), Holland (+7,3%) and France (+12,7%) and recovering volumes and distribution in Spain underway
Innovation: New launches in Italy with "Amarsi di +" and Portugal with "Forno de Lenha" continue to show strong acceptance
Advertising campaigns: TV waves in Portugal and Spain focussed on Finissimas and Health

Top Categories

Poultry
10% of 2015 Revenues

Growth drivers: The **H**ealth platform keeps delivering excellent results in the North Cluster (8,6% growth) with Netherlands growing at a rate of 17,9%; Italy is growing by 13,2% with Amarsi di+

Promotional plans: Outstanding promo in Spain to recover facings and presence of Cuida-T+ in Portugal and promo range in Belgium

Innovation: Launches of Cuida-T+ in Portugal and Chicken Curry in Belgium

Advertising campaigns: TV waves in Portugal and Spain focused on “Finissimas” and Health

Hot Dogs
7% of 2015 Revenues

Growth drivers: Campofrio brand positive performance and Oscar Mayer on an uptrend. Nobre keeps growing (+2,2%) and Fiorucci stops the drop in the last month (+0,8%) . All them driven by effective promotional strategy and Innovation focus

Promotional plans: Intense multipack activity and affordable products

Innovation: Cuida-T+ roll out and Oscar Mayer new launches keep increasing demand

Advertising campaigns: Oscar Mayer Digital Campaign “Jumbo Challenge”, with 3 top youtubers as brand ambassadors end Sep’15

Growth Platforms

Heritage

Growth drivers: Continuous development of the Heritage ranges under the new Export model
Promotional plans: Promotional plans in core markets such as Germany and Switzerland
Innovation: Presentation of 2016 Innovation in Anuga Trade Fair, including Premium Spanish range (Tapas Selección) or Low salt products

Health

Growth drivers: Continued growth of Cuida-T+ in Spain and Portugal
Promotional plans: Cuidat-T+ in Portugal and strong push with "Forno de Lenha"
Innovation: Introduction of Dry Sausages and further Hot Dog varieties

Snacking

Growth drivers: US and France stand for 70% of total Snacking sales growing +45% and 7% respectively. Category grown through innovation +14% chicken variant
Promotional plans: Couponing with intermediate price reduction and sampling foodbox in France
Innovation: Scale Belgium Aoste moments (ambient slices) success to other Brands/markets

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Profit and Loss Account

€ K	9M14	9M15	Var. %
Sales Volume, in tns	317.242	324.029	2,1%
Net sales and services	1.411.857	1.418.391	0,5%
Other operating revenue	8.523	101.501	1090,9%
Total operating revenues	**1.420.380**	**1.519.892**	**7.0%**
Consumption of goods	(791.782)	(791.116)	(0,0%)
Other operating expenses	(523.881)	(560.802)	7,0%
EBITDA reported	**104.717**	**167.974**	**60,4%**
Depreciation, amortisation and Impairment of non-current assets	(52.720)	(50.277)	(4.6%)
Operating profit EBIT	**51.997**	**117.697**	**126,4%**
Financial results	(38.690)	(40.143)	3,8%
Other results	(10.252)	(24.475)	138,7%
Profit/ (loss) before tax	**(3.055)**	**(53.079)**	**>600%**
Income Tax	(6.874)	(18.541)	169,7%
Profit/ (loss) from continuing operations	**(3.819)**	**34.538**	**>600%**
Profit from discontinued operations	804	103	(87,2%)
Profit/ (loss) for the period	**(3.015)**	**34.641**	**>600%**
-	-	-	-
One-off charges	(132)	60.455	>600%
EBITDA (Normalised)	**104.849**	**107.519**	**2,5%**
-	-	-	
EBITDA normalized / Net Sales	7,4%	7,6%	
EBITDA reported / Net Sales	7,42%	11,84%	

- Top line growth:
  - ⇒ Growth in sales volume: +2,1%
  - ⇒ Growth in Net sales Value: +0,5%
- Accumulated insurance compensation both BI and PD, (net of Inventory impairment) accounted for to date €96M, under other operating revenue
- Higher operating expenses as a consequence of interim change in manufacturing and supply chain processes due to La Bureba fire, whilst more than compensated as referred above
- As a consequence, substantial increase at Net Income level despite negative impact from JC divesture one-off compared with PY, bearing in mind the effect of insurance compensation
- Overall, remarkable progress at normalized EBITDA level both in absolute terms > €3M than LY (+2.5%) and 20bp higher EBITDA margin

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Profit and Loss Account

Sales by segments

- Across the board volume growth specially in the Northern region, France in particular, while interim manufacturing and supply chain processes make inter-company transactions increase as well
- Likewise, sales value performance uneven and conditioned by temporary situation in Spain
- USA continues sustainably growing at a remarkable pace not only in volume but specially in value

YTD Tons (Thousand)	9M14	9M15	% Var.
Southern Europe	239.852	248.289	3,5%
Northern Europe	80.944	85.594	5,7%
Other	5.506	6.303	14,5%
Eliminations	-9.060	-16.157	78,3%
Total Sales (Tns)	**317.242**	**324.029**	**2,1%**

YTD Net Sales (€ Thousand)	9M14	9M15	% Var.
Southern Europe	820.133	804.180	-1,9%
Northern Europe	590.763	609.387	3,2%
Other	46.661	67.394	44,4%
Eliminations	-45.700	-62.570	36,9%
Total Net Sales	**1.411.857**	**1.418.391**	**0,5%**

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

EBITDA normalized by segments

- Southern Europe EBITDA generation and margin impacted by La Bureba aftermath in Spain, while fair performance in Portugal and Italy
- Remarkable performance in Northern Europe +15% mostly driven by France
- Outstanding profitability contribution by USA

YTD EBITDA Normalized (€ Thousand)	9M14	9M15	% Var.
Southern Europe	52.254	44.712	-14%
Northern Europe	49.360	56.621	15%
Other	3.235	6.186	91%
Total EBITDA normalized	**104.849**	**107.519**	**2,5%**

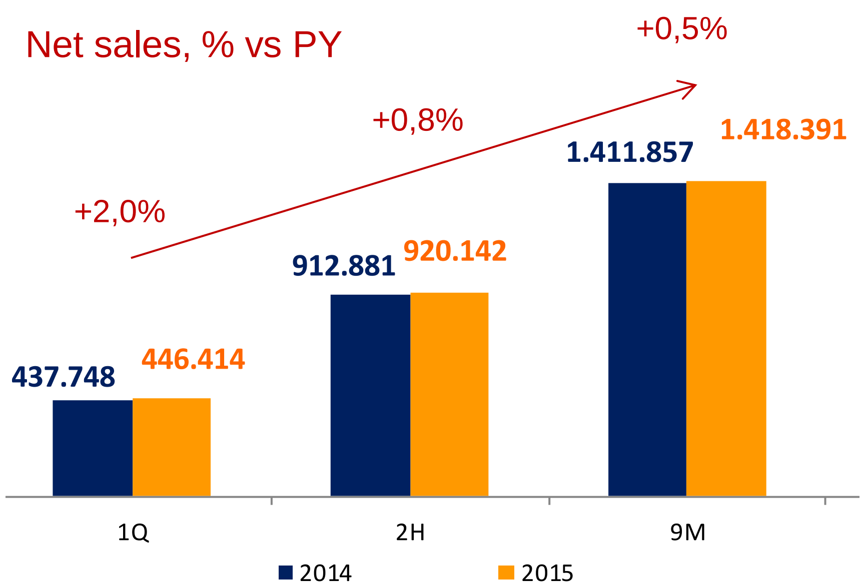
EBITDA Margin (%/Net Sales)	9M14	9M15	Var bp.
Southern Europe	6,4%	5,6%	-81
Northern Europe	8,4%	9,3%	94
Other	6,9%	9,2%	225
Total EBITDA normalized	**7,4%**	**7,6%**	**15**

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

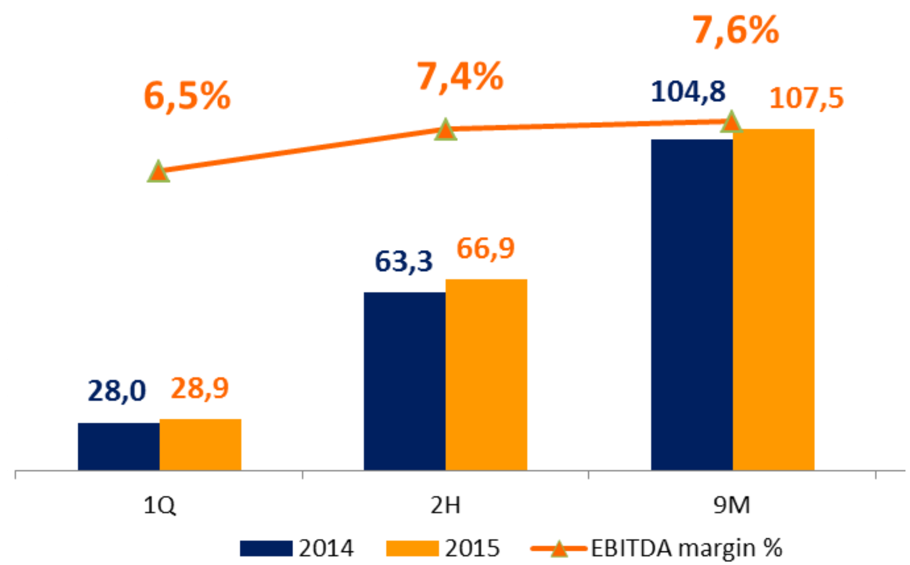
Profit and Loss Account

Gradual improvement in EBITDA and Net sales

Net sales YTD, € million



EBITDA normalized YTD, € million



- Significant progress of Net Sales value 1.418,4 M representing a growth of +0,5% vs PY
- The great performance of EBITDA normalized, +3.0M growth vs PY, had led to achieve an EBITDA margin of 7.6%

Cash Flow Generation

€ Thousand	9M14	9M15
<u>Cash Flows from Operating Activities</u>		
Gross Operating Cash Flow	**104.462**	**72.419**
Change in Working Capital	(40.920)	882
Cash flows from operating activities	**63.542**	**73.301**
Interest payments	(27.318)	(30.028)
Provision and pensions payment	(28.606)	(8.740)
Payments for income tax	880	(6.783)
Other receipts and payments	1.493	73.495
<u>Net cash flows from operating activities</u>	**<u>9.991</u>**	**<u>101.245</u>**
<u>Cash Flows from Investing Activities</u>		
Investments in property, plant and equipment	(39.860)	(41.408)
Investments in Subsidiaries		(33.136)
Other investment and proceeds	390	4.390
<u>Net cash flows from investing activities</u>	**<u>(39.470)</u>**	**<u>(70.154)</u>**
<u>Cash Flows from Financing Activities</u>		
Changes in current financial asset and liabilities	(19.162)	(21.919)
Issuance of debentures and bonds	(8.509)	492.330
Repayment of debentures and bonds		(501.717)
Amortization of capital shares		(7.283)
Sales of treasury shares	20.477	
<u>Cash Flow from Financing</u>	**<u>(7.194)</u>**	**<u>(38.589)</u>**
<u>Net increase/(decrease) in cash and cash equivalents</u>	<u>(36.673)</u>	<u>(7.498)</u>
Cash at the beginning of the period	145.957	187.435
Cash at the end of the period	109.284	179.937
<u>Cash and cash equivalents variation</u>	**<u>(36.673)</u>**	**<u>(7.498)</u>**

- Lower Cash Flow generation from operating activities vs PY as a consequence of La Bureba but more than offset by insurance compensation and highly favourable TWC variation
- As a consequence, Net Cash Flow from Operations substantially positive determining overall positive result
- Equivalent CAPEX, while one-off extraordinary cash-outs related to JC divesture impacting Cash Flow from Investments
- Negative Cash Flow from Financing as a result of refinancing process but also higher debt repayment and inverse treasury shares movements compared to PY
- Overall, less negative Cash variation significantly better than PY as Cash Flow from Operations including insurance compensation practically offseting negative Investing and Financing Activities

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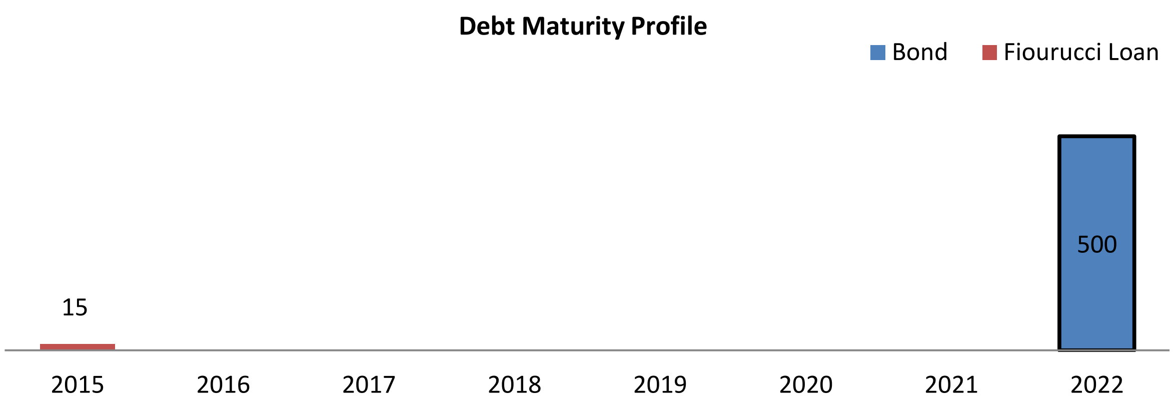
Liquidity / NFD / Leverage

- The 9M15 positive cash position amounts to **€180M** which is 70M more than one year ago
- **€250M** fully available committed bank lines (with 12 different banks), plus €10M of other uncommitted bank lines (with another 2 banks) having extended maturity and improved overall terms with the involved banks
- Consequently, our overall liquidity position (cash + available bank lines) stands at **€430M**, which is considered to be more than sufficient over time given the present debt structure
- All these bank lines are covenant-free and the only bank financing that comprises financial covenants is the club deal facility, whose last instalment matures in October and whereas headroom is significant though
- Net Financial Debt amounts to **€348M** and the resulting leverage ratio (NFD /EBITDA LTM) stands at **2.16x** compared to 470 M and almost one turn less than in September 2014, (i.e. 3.1x)
- Positive cash flow generation is expected to continue until the end of 2015, likewise in prior years



Outlook 2015

- Top line volume recovery bearing fruit:
  - Market share as a corporate priority
  - Leveraging from “ad hoc” commercial programmes
  - Strong product development and positive performance of growth platforms
- New supply chain model continue bringing a positive impact on margins
- Raw materials expected to keep favourable evolution throughout the year
- Positive EBITDA generation and margin contribution being partially supported from insurance compensation normalization
- New factory construction on track and to be completed at the end of 2016
- Cash flow generation would continue bringing positive results likewise in prior years
- Solid financial position from reduced NFD and strong liquidity and cash maintaining leverage ratio at an historically low level
- Net income to improve as a consequence of lower interest costs after refinancing, Jean Caby divesture going forward
- Positive Insurance file settlement process being closed in 4Q15, while final accounting and tax impacts being ascertained
- Reinforced growth ambition from more focused new shareholding structure and positive integration into SIGMA/ALFA

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