



Results for the first half of 2014

Campofrío Food Group increases EBITDA by 2.3% to €63.3 million

- Net sales turnover totaled €910.5 million, up 0.8%, mainly on the back of the increase in sales of the Health, (26.4%) Heritage (8.6%), and Poultry (7.9%) product lines and, in particular, dry product categories in Spain (8.0%) and Portugal (16.1%)
- The progress made on the efficiency plan continues to drive down operating costs and improve the EBITDA margin
- The company strengthened its robust financial position, reduced its net financial debt and leverage ratio

Madrid, July 31st, 2014. Campofrío Food Group (CFG), leader of the European processed meats sector, closed the first half of 2014 with a sales volume of 194,842 tonnes and turnover of €910.5 million, representing an increase of 2.5% and 0.8%, respectively, in comparison with the same period in 2013. Performance over the first six months of the year has benefitted from a very favorable second quarter in which sales grew 2.7% with respect to the same quarter in 2013 and an remarkable 8.6% with respect to the first quarter of 2014.

Campofrío Food Group sales have once again benefitted from our intensive, dynamic product innovation. The growth platforms through which the company is channeling the majority of new consumer demands saw a combined growth of 8%, accounting for 9.3% of CFG's total revenues. The Health line reported a significant increase of 26.4%, driven especially by the “Cuída-t+” range, which was launched in Italy and Portugal in the first quarter of the year, and whose product family in Spain has grown considerably in the past six months. Meanwhile, the Heritage product line, grew 8.6% and Snacking grew 2.8%. Sales across the company’s affordable range – which includes packets of sliced meats priced at €1, among other products – reported exceptional growth of 24.1% in Spain.

In terms of product categories, the most significant growth in the first six months of the year relates to poultry products: up 7.9% with respect to the first half of 2013, consolidating Campofrío Food Group’s leadership in this product category in which it is a pioneer in Spain and in most other European markets where the company has a presence. Also noteworthy are the increases in the sales of pizzas (3.3%)¹, a segment the company considers fundamental for its strategy in coming years, and in fresh meat (10.3%), although this category is only available in Spain. Of particular note is the increase of sales in Spain and Portugal of dry ham (10.5% and 9.4%, respectively) and dry sausages (5.4% and 17.7%, respectively).

The increase of sales during the first half of the year has allowed Campofrío Food Group to strengthen its leadership position thanks to the increase in their respective market share in key segments. In Spain², the market share of Campofrío Food Group’s poultry products totaled 21.6%. The market share for dry ham and dry sausage products increased to 11.9% and 7.4%, respectively, while hot dogs reported a 33.6% market share. In France, Aoste closed the first half of the year with a market share of 21.4% for dry ham and 26.3% for dry sausage products.

In the first six months of 2014, **EBITDA** stood at €63.3 million, up 2.3% on the same period last year, driven by the company's efforts to reduce costs via its operating efficiency plan, which was implemented at the beginning of

¹ Data for the “ready meals” category, mainly pizzas

² Nielsen: Brand Concentration MAT In-Jun 2014 for Self Service. Hot dog data combines both Oscar Mayer and Campofrío.



2012 and which covers all areas of the group, from the production, logistics and procurement structure, to the support and management areas. Indeed, "Other operating costs" were cut by 2%, as regards to which the reductions achieved in structural manufacturing costs (1.7%) and supply chain costs (2%) are particularly significant.

As a result, in H1 2014 the company's EBITDA margin – expressed as a percentage of sales – stood at 7.0% as opposed to the 6.8% for the same period last year. If 1H 2014 is analyzed as two consecutive quarters, EBITDA for the second quarter (€35.3 million) grew 26.4% with respect to the first quarter, which evidences the progress made in improving profitability.

The **net result** for the first half of 2014 was a loss of €4.2 million, attributable to the impact of the results of certain investees accounted for using the equity method³.

The **gross operating cash flow** for the first half of 2014 stood at €61.8 million, 2.3% more due to the increase in EBITDA generated in this period.

As of June 30th, 2014, CFG boasts a solid financial position. Including the credit lines of €220 million also available to the company at that time, CFG's overall liquidity position at the end of the period totaled €329 million. This liquidity affords the company the flexibility it needs to continue with the transformation plan underway to boost its competitiveness and profitability.

Net financial debt at the end of the first half of 2014 was €469.7 million, which reflects a fall of €21 million on the figure at June 30th, 2013 and a net debt to EBITDA ratio of 3.18x, falling within the company's target range.

Main figures:

Million €	Performance 2014-2013			Quarter-on-quarter performance in 2014		
	1H 2014	1H 2013	% Change	2Q 2014	1Q 2014	% Change
Sales volume (tonnes)	194.8	190.0	2.5%	99.6	95.2	4.7%
Net revenue	910.5	903.1	0.8%	474.1	436.4	8.6%
Normalized EBITDA	63.3	61.9	2.3%	35.3	28.0	26.4%
Profit / (Loss)	-4.2	1.1	N.A.	0.2	(4.4)	N.A.
Normalized EBITDA margin	7.0%	6.8%		6.4%	7.5%	

Net financial debt	469.7	490.4
Net financial debt / EBITDA	3.18x	3.34x

With regard to the results, Fernando Valdés, CEO of Campofrío Food Group, said:

"The good sales results for the first half of the year are a clear sign that our business strategy is on the right track to take on the current context of fierce competition in terms of prices and the proliferation of private label and direct competitor products. In fact, sales of our own brand products grew 1.9%, which is an endorsement of our brand-orientated value. We have always considered innovation, high-impact marketing campaigns, coupled with our commercial efforts and financial discipline to be cornerstones of our growth strategy. But another of our company's

³ These are companies in which CFG does not exercise shareholder control and in which it takes no part in their management. These companies are accounted for using the equity method.



strengths stands out even further: our capacity to respond immediately to the consumer. It is of absolutely no use having a good product if you do not have the required structure, resources and talent to launch it within the ever tighter timescales the market is demanding. In this regard, I am convinced that Campofrío Food Group is the most dynamic processed meat company in Europe.

In the first six months of 2014 we have also seen the positive impact that our transformation and efficiency plan is having in terms of margins and cutting operating costs. Improving profitability will continue to a constant for CFG as we consolidate the optimization and standardization projects we have implemented.

Our performance over the first six months of 2014 has benefitted from the improving economic climate in Europe and the turnaround, albeit modest, in consumption. The better performance of private consumption in the second quarter had a positive impact on our sales. However, we must not be complacent. The economic recovery will continue to be slow and disparate across markets, which means it is still premature to affirm that we are witnessing a real change in consumer trends. Germany, Spain and Belgium boast the best forecasts in this regard. Against this backdrop, we at CFG are looking forward to the rest of the year with optimism and the assurance that we are ready to take advantage of the improved consumer forecasts, strengthen our sales and enhance our profitability”.

Notes to editors

Campofrío Food Group (CFG) is the leader in the European processed meats sector. Its products, which are sold under its leading brand names – including Campofrío, Aoste, Cochonou, Fiorucci, Justin Bridou, Marcassou, Moroni, Navidul, Revilla, Nobre, Stegeman and Oscar Mayer –, cover multiple categories, including dry ham, cooked ham, dry sausages, sausages, hot dogs, poultry products, cold cuts, pâtés and ready meals. CFG produces and sells its products in eight European countries and in the United States. The Group also exports to 80 countries through independent distributors.

Press enquiries

Grupo Albión

Tel: +34 91 531 23 88

Sofía García – sgarcia@grupoalbion.net

Alejandra Moore – amoore@grupoalbion.net

Celia Pont – cpont@grupoalbion.net