Strictly private and confidential

MARF, la otra alternativa financiera de la gran PYME

PANEL EMISORES

CAMPOFRIO FOOD GROUP

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Treasury & Tax Director

CEIM-CEOE

ECOFIN

Jueves 27 de febrero, 2014

8 interdependent companies operating in **8** countries

9,000 employees

32 manufacturing facilities

450,000 tons annual volume processed meat products

70,000 tons annual volume fresh meat products

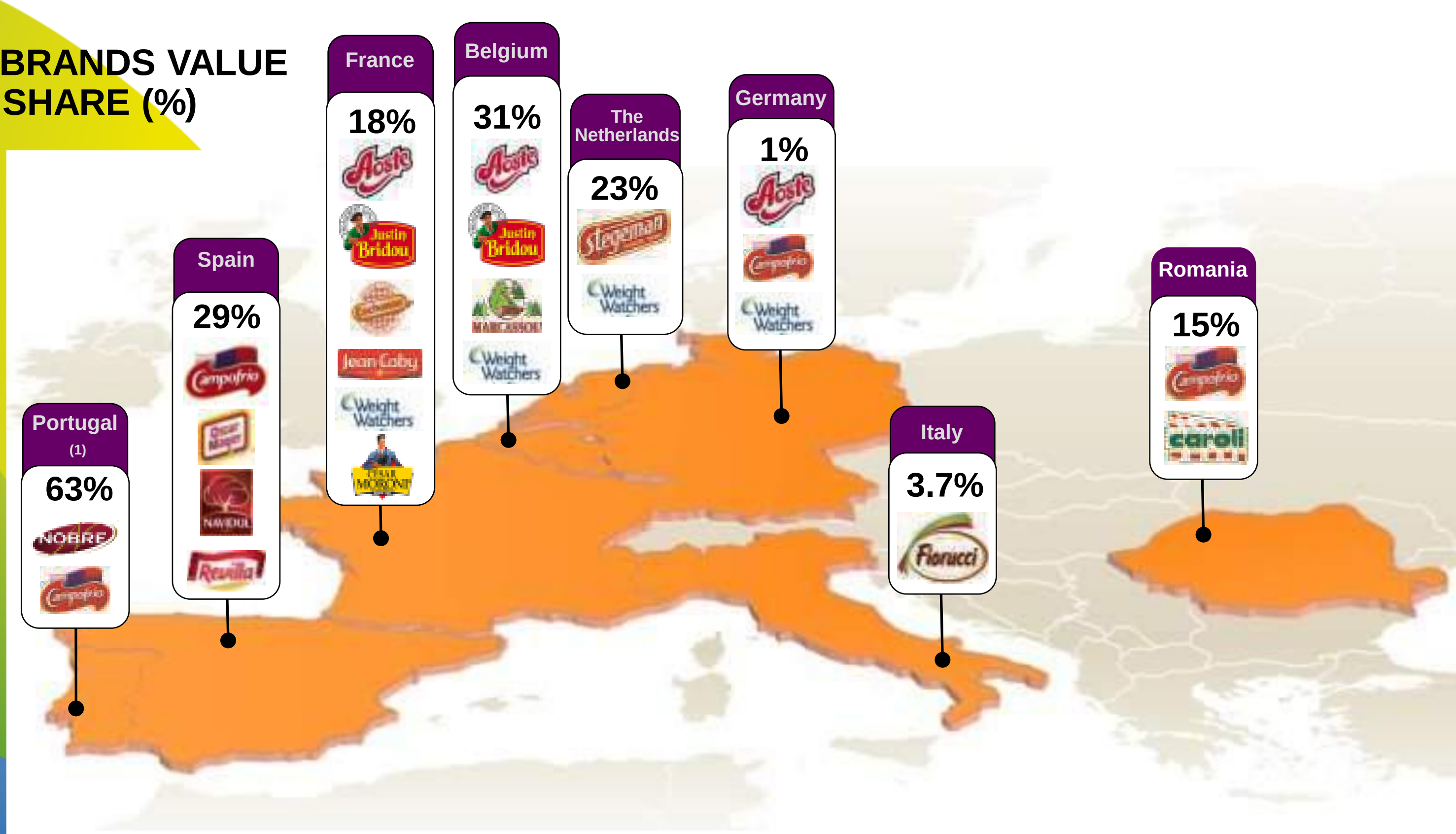
2 billion euros annual sales

Company headquarters in **Spain**

Leading branded portfolio

- Unique European footprint
- Strong local brands in our product categories and markets

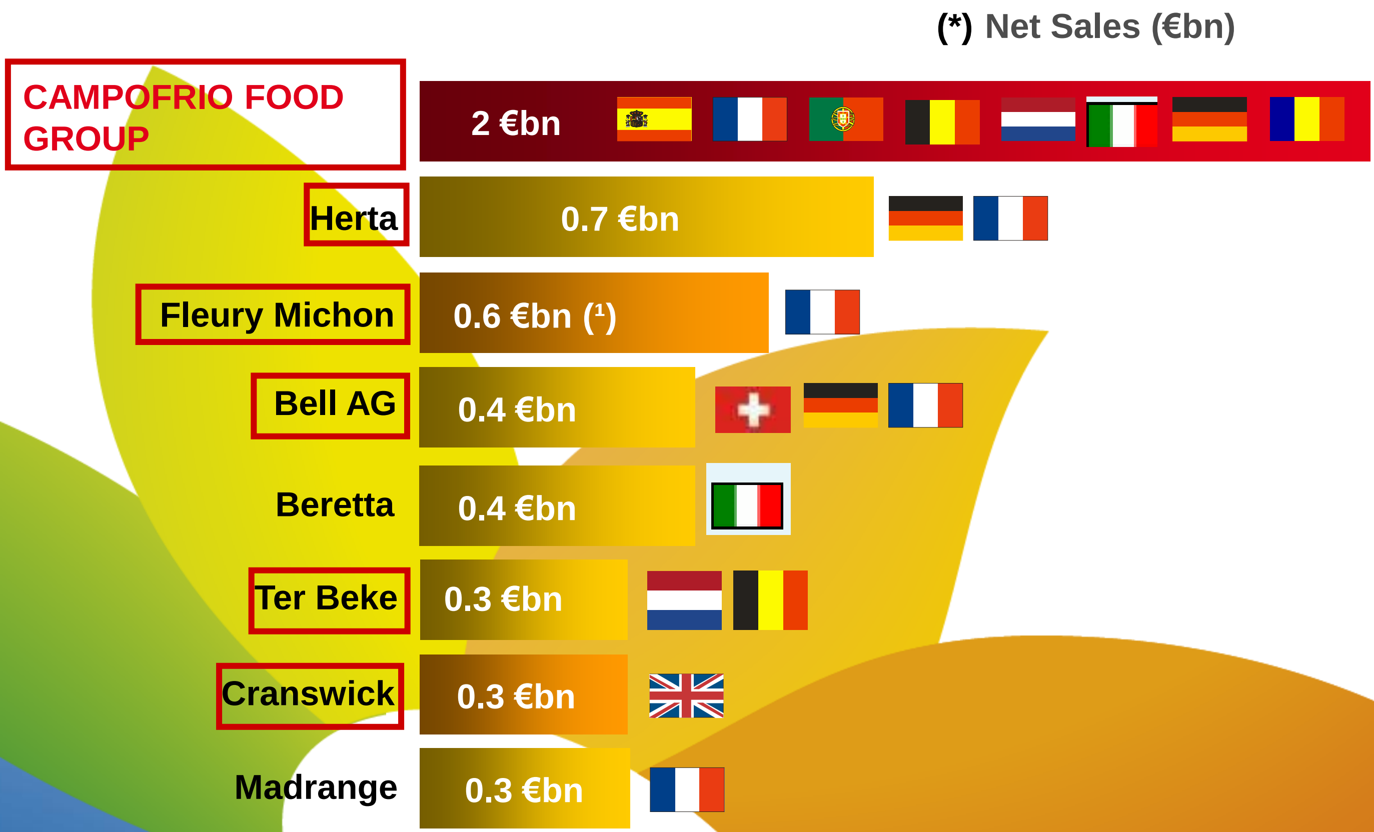
CFG BRANDS VALUE SHARE (%)



(1) Portugal figures for cooked ham segments only

Source: MAT Nielsen / IRI July 2011 – Value share of Branded Processed meats in Modern Retail channels Self-service

…3 times larger than its closest European competitor



(*) FY10 Results, comparable processed meat activities only

(1) Including food service activities and ready meals

Public companies

Cooked ham
100.000 tons

Hot Dogs
80.000 tons

Dry sausages
73.000 tons

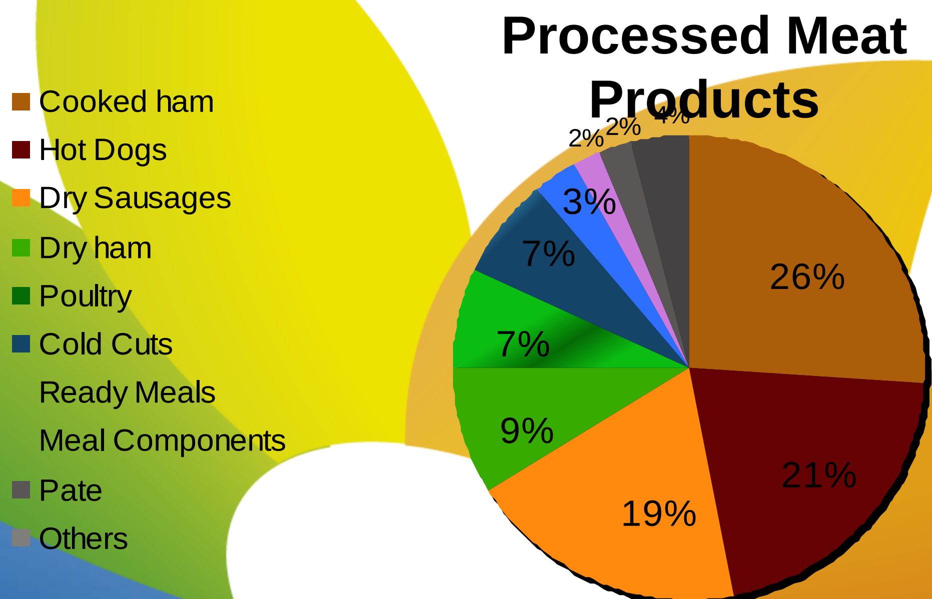
Dry ham
35.000 tons

Poultry
27.000 tons

Cold Cuts
27.000 tons

Ready Meals
and Meal
Components
19.000 tons

Pates
8.000 tons



We cover all key product segments of the processed meats category, with a focus on Cooked Ham, Hot Dogs, Dry Sausage and Dry Ham.

450,000 tons annual volume processed meat products.

70,000 tons annual volume fresh meats and semi fresh processed meat products

We reach more than **250 million** consumers worldwide through our export business with an active presence in four continents and more than **50** different destination countries, thanks to an ambitious export development strategy.

Initial Assumptions

- Case by case: "…every Company has its own inherent circumstances…"
  - Financial Situation
    - Rating
    - Free cash flow
    - Liquidity
    - Leverage
    - Capitalization
    - Banking Relationships
  - Sector/ Industry / Market
  - Nationality / Sovereign Risk
  - Financing Requirements
- Importance of timing: market windows and extreme volatility
- Objectives and Priorities
- Decision criteria
  - P&L: Financial Costs
  - Balance: Leverage / Flexibiliity
  - Cash Flow: Debt maturity profile
- Management
- Shareholders: public / private

Refinancing Objectives

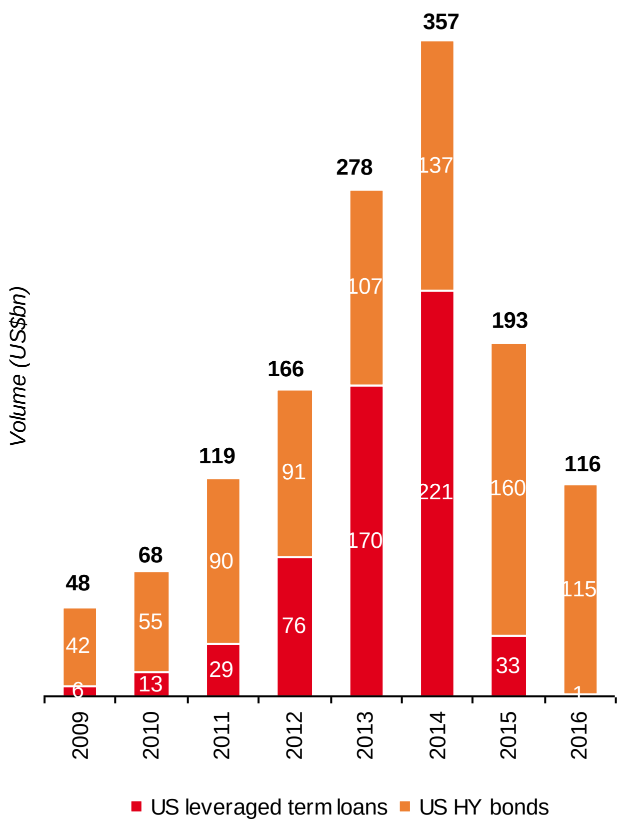
- Company debt simplification and harmonization
  - All corporate debt at parent company level.
  - Refinancing of debt at subsidiary level
- Maturity debt profile extension
- Financial flexibility
  - Covenants reduction
  - Acquisitions ability
  - Liquidity position
  - Dividends policy
- Focus on managing the Company without further distractions
  - Merger process fulfillment
  - Operational management

Debt maturity concentration

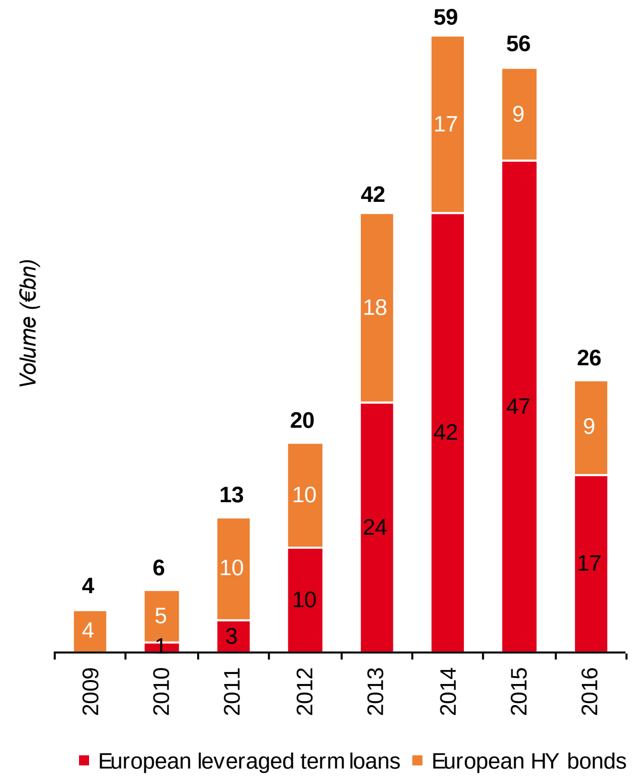
High quality corporate borrowers should consider financing well in advance of the maturity surge over 2011 – 2015

Covenant flexibility and duration to maturity are key considerations (problems with a number of other credits may cause serious disruption in the markets beginning in 2011)

Projected Annual HY Maturity Profile – US leveraged debt market



Projected Annual HY Maturity Profile – European leveraged debt market



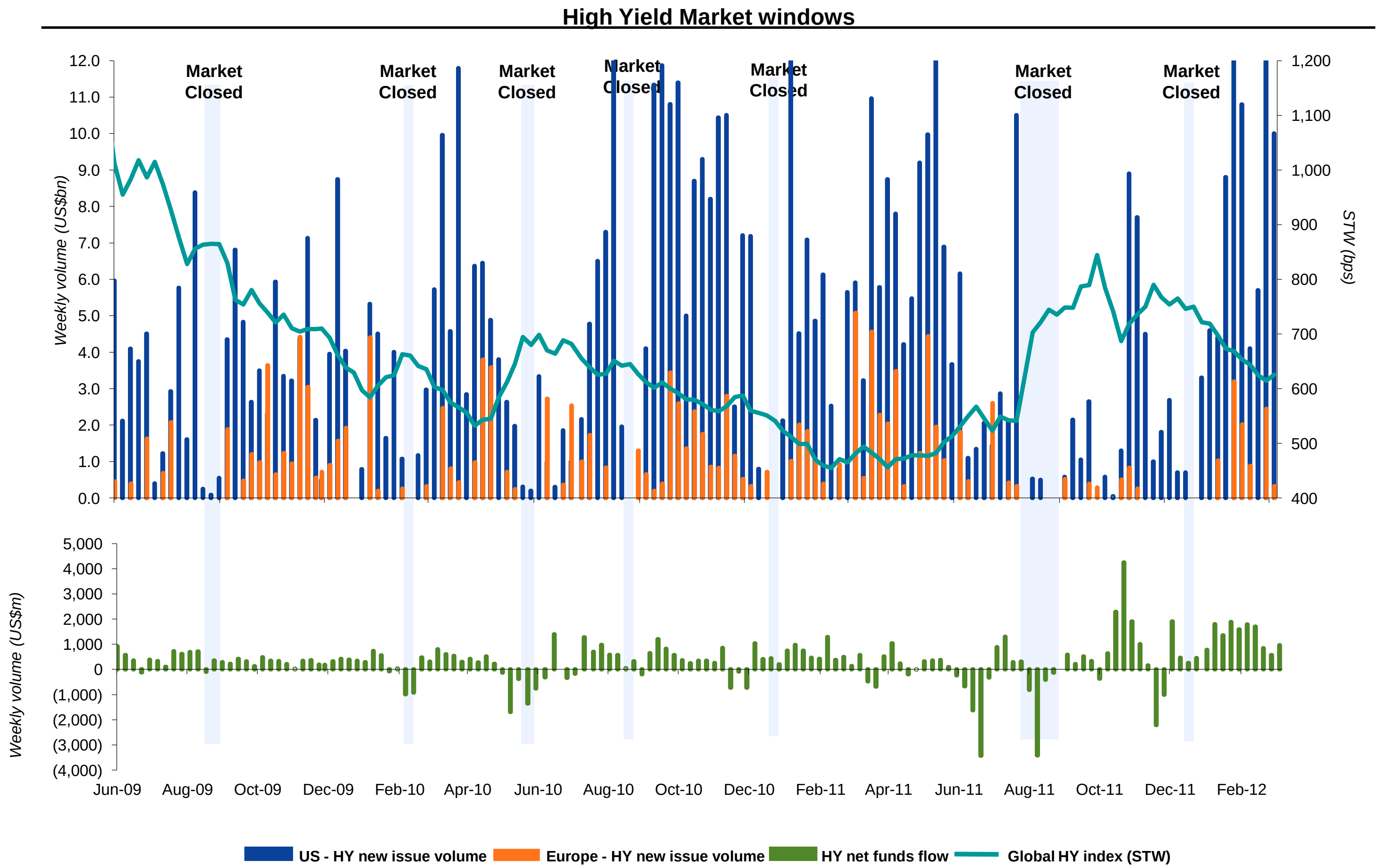
Note: European HY bonds include all corporate bonds rated either Ba1 or below by Moody's and or BB+ or blow by S&P; European Leveraged Term Loans include only term loans syndicated to European loan investors

Source: Deutsche Bank, S&P, Bloomberg

High yield bond issuance and market corrections over time

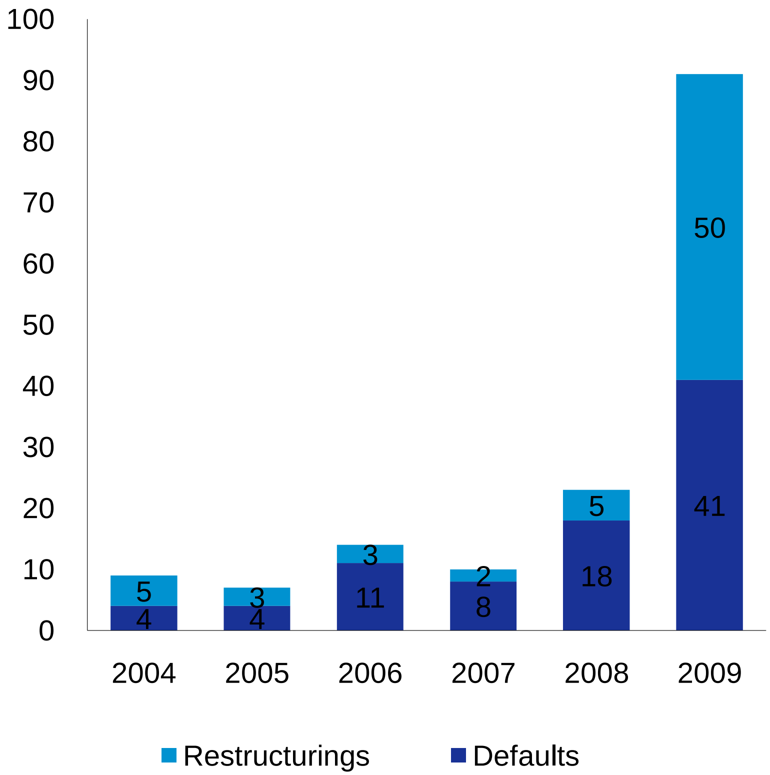
Since the fiscal crisis there have been a number of market corrections, typically lasting 6–8 weeks

Market closures in 2011 and 2012 have been precipitated by peripheral sovereign issues, with relief rallies typically following each short-term "solution" agreed

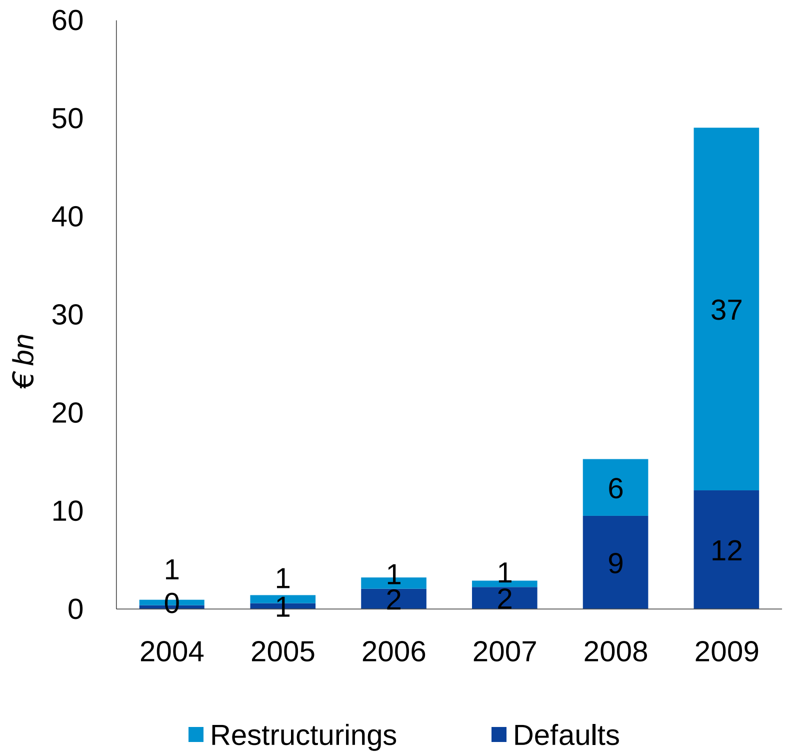


Bank Financing / Defaults / Restructuring evolution

•Number of defaults vs. restructurings



•Volume of defaults vs. restructurings (based on senior par issue)



Note: Distressed credits are issues rated D or restructuring
Volume by Sr. Par Issue reflects only total amounts of senior debt issued as tracked by LCD's analysis

Source: S&P LCD 2009

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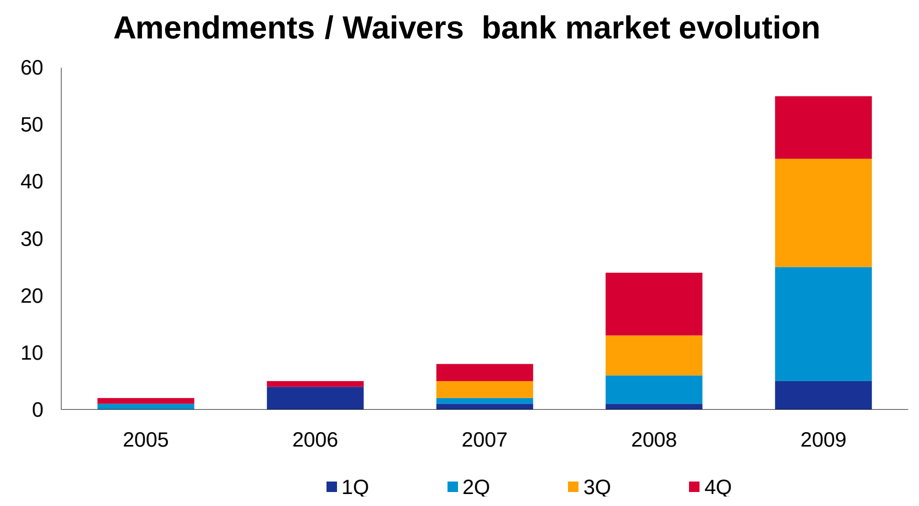
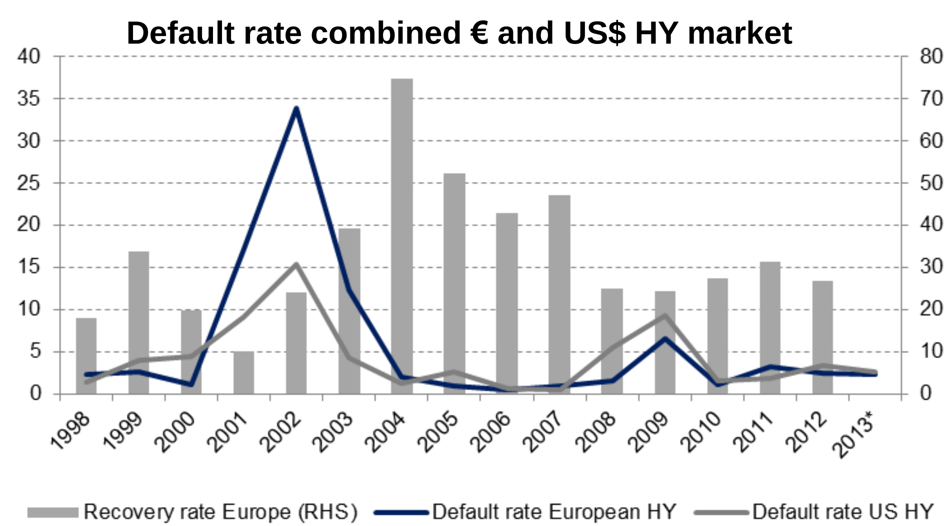
Bank / Bonds - Amendments-Waivers vs. Default rate

The crisis in the financial markets started in 2008 dramatically changed a positive trend in the bank agreements, which is lingering nowadays.



In spite of the financial markets lingering turmoil, the default rate in the HY bond market is at historically low levels (currently below 5%) in contradiction to the bank market.



Note: Based on LCD News coverage; includes both resets and waivers
Source: S&P LCD 2009

Banks funding costs and sovereign CDS spreads

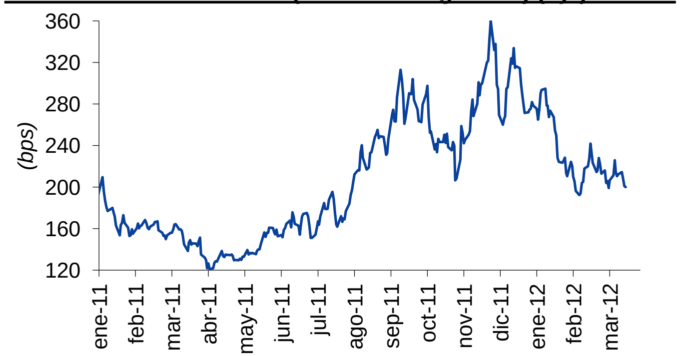
We continue to witness a period of volatility due to Sovereign pressures and global growth concerns

Banks have been forced to take write downs on some of their Sovereign debt holdings and also to embark on recapitalisation exercises

Funding costs have therefore increased for all asset classes, although underlying rates remain low, meaning coupons are still attractive

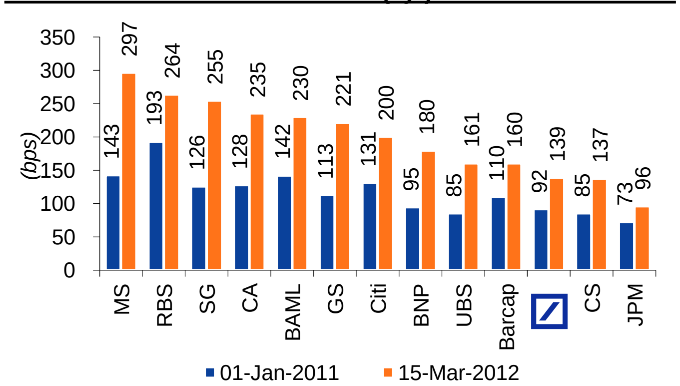
Euribor-OIS spreads have increased demonstrating the stress in the money and inter-bank markets

iTraxx Financials (Bank funding costs) (5yr)



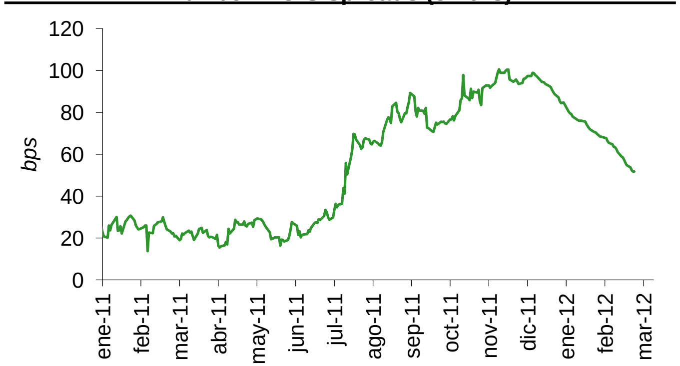
Source: Bloomberg, March 2012

Banks CDS (5yr)



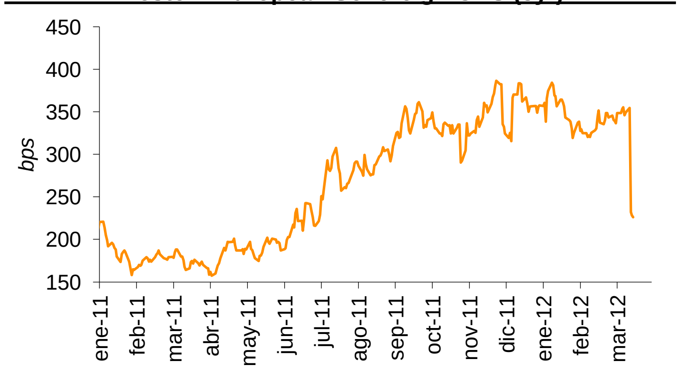
Source: Bloomberg, March 2012

Euribor – OIS spreads (3mths)



Source: Bloomberg, March 2012

Western European Sovereign CDS (5yr)

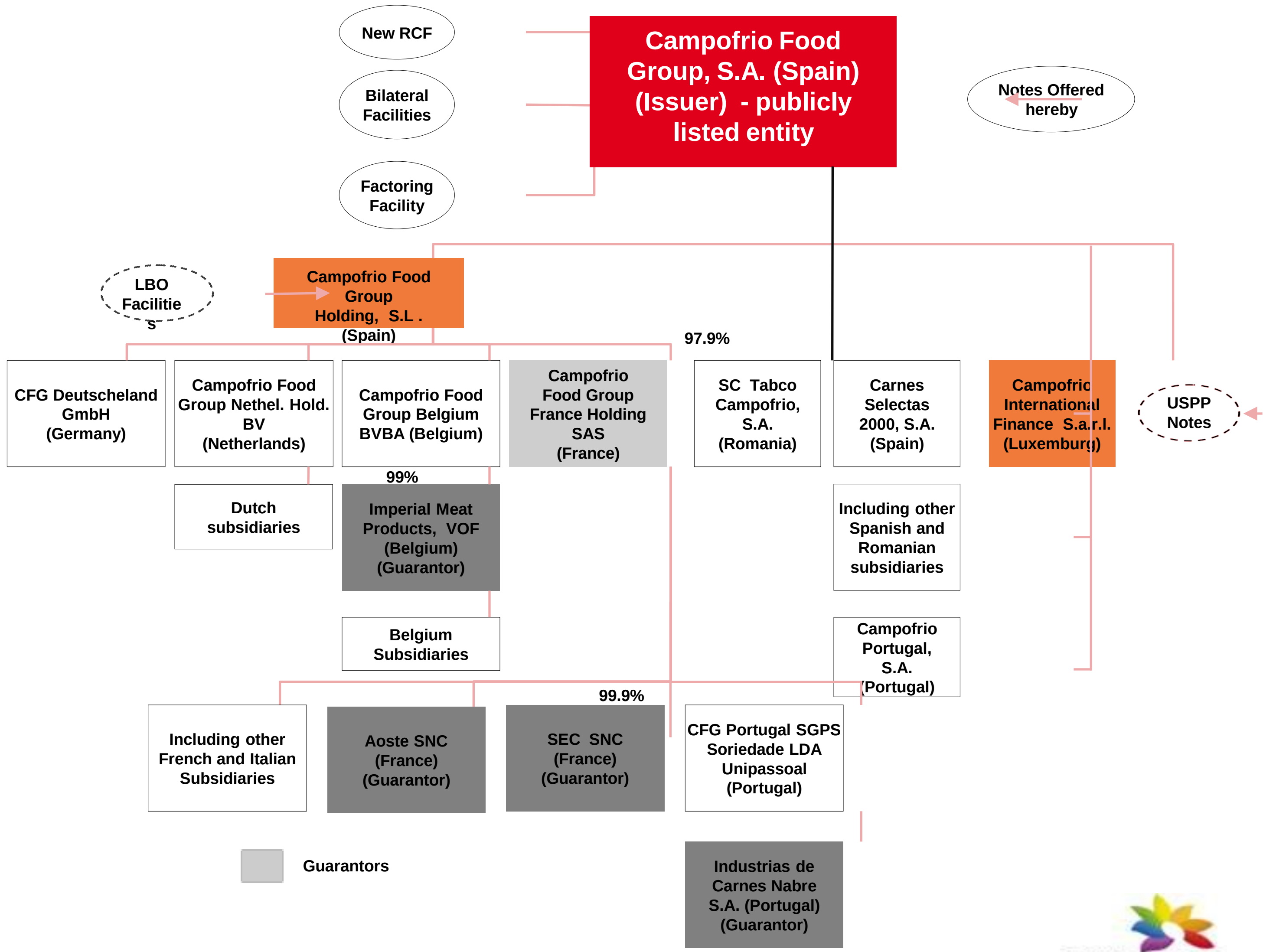


Source: Bloomberg, March 2012

Issuance structure

All the main operating entities of the Group are providing guarantees to the New 2016 Notes and the RCF

Subject to agreed security principles the Issuer is obliged to provide additional guarantees to ensure that the combined EBITDA and assets of the Issuer and the Guarantors is at least 75% of consolidated EBITDA and assets respectively



Refinancing considerations

Campofrio should immediately address its short term maturities with possibly a full refinancing of its existing debt structure

With limited liquidity available in the bank market the company should take advantage of a currently very strong bond market to proceed with a full refinancing

	Current position	Refinancing results
Maturity	▪ Substantial maturity starting in 2010 ▪ Limited liquidity in the bank market for incremental exposure to company	▪ Long term maturity for bond (7 years) ▪ At least 3 year maturity for any new bank financing (24 months grace period)
Blended pricing	▪ Current pricing is Euribor based. Euribor rates are expected to increase substantially over the coming years (by circa 1.0% per annum over next 3 years) ▪ Current blended cost of circa [7]% assuming Euribor rate of 2%	▪ New HY bond to be priced at circa 10.0% on a senior unsecured basis ▪ Any new bank debt with a 3 year maturity expected to be priced between E + 1.5% and E + 3.5% depending on structure and lender profiles ▪ Blended cost of circa [8]% if bank/bond structure and circa [9]% if all bond structure
Cashflow	▪ Cheaper interest cost though substantial scheduled amortizations results in constrained cashflows, particularly in downside case	▪ Higher interest cost but with smaller new scheduled amortizations driven by size and average life for any new bank facility
Financial covenants	▪ Maintenance covenants ▪ Potential breach of covenants if the business underperforms current business plan ▪ Uncertainty around economic environment and raw material prices increase merits for a prudent approach	▪ Incurrence only covenants for bond ▪ Agreement with banks on financial covenants with sufficient headroom for any new bank facility (eg leverage and interest coverage of 4.0x)
Reporting	▪ Quarterly reporting requirements	▪ Quarterly reporting requirements
Dividends	▪ No dividend unless leverage is below 2.75x and LBO facility is fully repaid	▪ Bond would allow dividends based on net income generation ▪ Acceptable dividend restrictions to be agreed in any new bank facility
Acquisitions	▪ No acquisition unless leverage is below 2.75x and LBO facility is fully repaid	▪ No material restrictions for bond ▪ Acceptable acquisition restrictions to be agreed in any new bank facility
Re-rating of equity	▪ Equity markets potentially concerned with debt structure	▪ Sustainable debt structure may re-rate the equity

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Time-schedule and key milestones

Need to take advantage of a market window that was considered then as non lasting.

Deadline on November 20th as our issuance was based on 1H09 audited financial statements

Process actually kicked off on August 24th although a due diligence had been undertaken the prior month.

In parallel, a €55M RCF was contracted, as well as a €150M factoring line extended and the outstanding derivatives were restructured.

To sum up, the bond issuance process was completed in 8 weeks from kick-off to closing.

September

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

M	T	W	T	F	S	S
30						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

Public holidays 1 UK 2 US

Key date	Key events
24 agosto	■ Reunión de kick-off
17 September	■ Board Presentation and decision
21 September	■ Meeting with rating agencies
5 October	■ Offering Memorandum 1st draft
9 October	■ Rating feedback
15 October	■ OM to printer
w/o 19 October	■ HY Bond Launched ■ Roadshow (London, Paris, Frankfurt) ■ Bond Priced
2 November	■ Closing/Funding (including repayment of existing debt)

Offering Summary

The bonds are issued by the listed Spanish entity which benefits from upstream guarantees for at least 75% of EBITDA and combined total assets of the Group

The bonds are senior unsecured and will mature in 2016.

Key Terms	
Issuer	Campofrio Food Group, S.A
Price	8.25%
Size	€500m
Maturity	7 years bullet (2016)
Callability	NC 4
Rating	B1 / B+
Use of Proceeds	Refinance existing debt
Ranking	Senior unsecured debt, pari passu with existing and future indebtedness of the Issuer and guarantors
Guarantors	Guarantors and Issuer will represent 91% and 77% respectively of the EBITDA and assets of the group for the 6 month period ended June 30, 2009
Covenants	Undertaking and restrictions for dividends, additional indebtedness, assets sales and acquisitions standard for this kind of transactions.
Distribution/ Listing	Regulation S / 144a (not for Primary sale in Spain) In the Euro MTF Luxembourg Stock Exchange
Bookrunners	Deutsche Bank / RBS
Co-managers	BBVA, Santander, HSBC, Goldman, BNPP, Rabobank

(a) Expected rating (further details on page 6)

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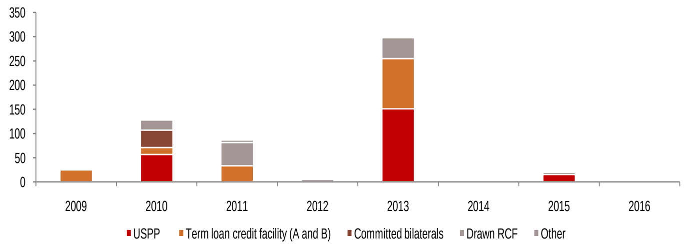
Resulting financial strategy

Successful refinancing of the entire corporate debt.

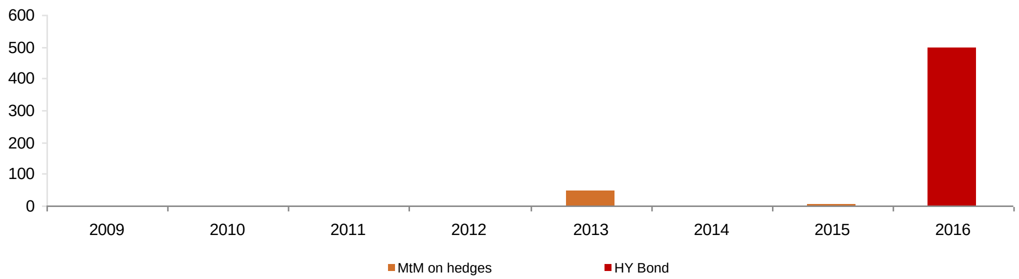
Solid financial position and substantial liquidity.

- 8-year €500M bond issued on October el 23rd 2009 with bullet repayment in October 2016 8.25% coupon and B1/B+ rating.
- Solid liquidity position €380M:€160M cash plus €220M available bank lines, (including a new €55M RCF).
- Diversified banking relationships.
- Straight-forward debt structure centralised at parent company level.
- Working capital focus and cash management procedures at corporate level.

Maturity profile pre refinancing (€m)



Maturity profile post refinancing (€m)



Rating process (I)

The key corporate decision to apply for a rating has major implications for the Company in the long run.

Having a credit rating is "conditio sine qua non" to have access to certain financing instruments in the International Capital Markets.

- Why there are relatively few companies with credit rating?
  - Implicit cost:
    - Rating request file.
    - Maintenance (processes, reporting, resources,…).
  - Disclosure requirements.
  - Frustrating rules of the game: "adjusted leverage ratio", factoring,…
  - Lack of trust and fear of the unknown.
  - Expected negative impact on banking relationships.
  - Aversion to capital markets.
  - Access to other financing sources.

However, the scenario is being deeply transformed as a consequence of the present bank credit access restrictions and lack of liquidity in the financial markets.

Rating Process (II)

Initial disappointment as a result of the given rating .

Nonetheless, the rating is just one of the variables affecting the success and final terms of the issue.

It is necessary to have the right communication strategy, as well as to be fully aware of the potential consequences.

- Disappointing rating well below our expectations.
  - Causes
    - First –time issuer
    - Type of industry
    - High cautiousness
    - Recent merger process: pro-forma financial statements deadline issue: 20 Nov, 2009
  - Possible implications
    - Eventual impact on price: 50b.p./notch
    - Potential transaction failure
    - Collateral effects
      - Banking relationships
      - Suppliers
      - Credit insurance
- However, the issuance was successfully placed:
  - ✓ 75bp better yield than originally expected.
  - ✓ 4 –times oversubscribed; (orders worth €2B).
- Communication strategy:
  - Rating agencies relationship
  - Internal procedures implementation
  - Transparency and coherence over time

Deloitte.

Bono Callable Campofrio (Cupón 8,25% Vto. 31/10/2016)

Fecha: 18-2-13

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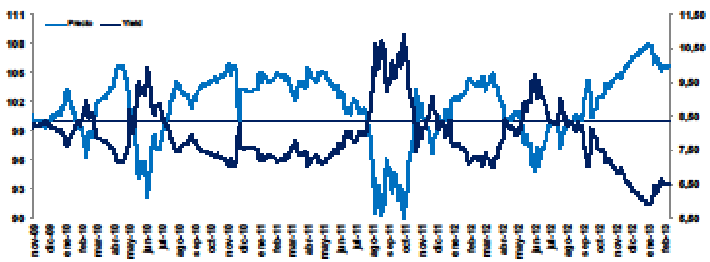
Precio / Yield



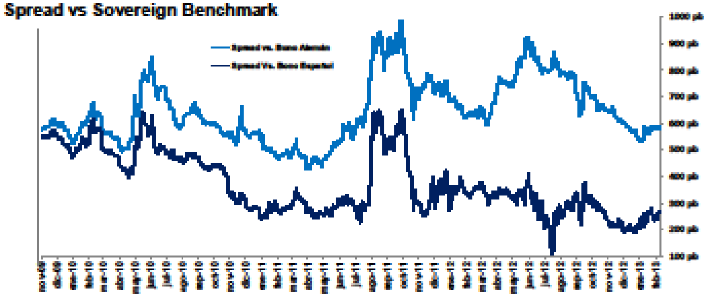
	Precio	Yield
Cotización al 23/10/2009	99,875	8,37%
Cotización al 02/01/2012	99,501	8,37%
Cotización actual	105,623	6,51%

Variación % en precio desde emisión	5,76%
Variación % en precio en 2012	6,15%

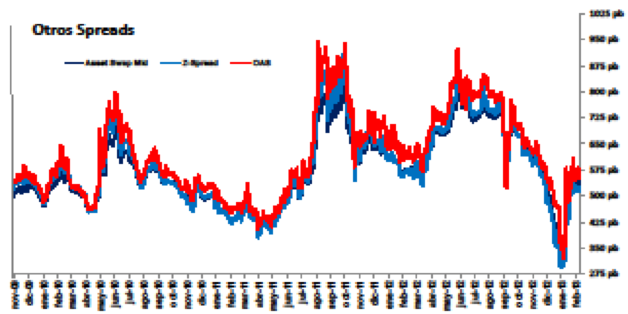
Nominal Spread	Actual	Hace una semana	Inicial
Spread Vs Bund	585,1 pb	588,4 pb	542,9 pb
Spread Vs Bono Español	270,4	248,2 pb	513,8 pb

Otros Spreads*	Actual	Hace una semana	Inicial
YTM	6,51%	6,52%	8,37%
Asset Swap Mid	546,4 pb	540,5 pb	483,5 pb
Z-spread	522,6 pb	516,6 pb	497,1 pb
OAS	576,7 pb	553,1 pb	511,4 pb

Spread vs Sovereign Benchmark



Otros Spreads



*Nota:

Nominal Spread	Yield Campofrio menos Sovereign Yield Benchmark
YTM	Se descuentan todos CFs al YTM para obtener el MTM (TIR)
Asset Swap MID	Puntos básicos que se han de añadir a cada tramo de la curva Swaps para alcanzar el Market to Market.
Z-Spread	Puntos básicos que se han de añadir a cada tramo de la curva de las Obligaciones españolas para alcanzar el Market to Market.
	Este Spread tiene en cuenta diferentes tipos de riesgo: Riesgo de crédito y riesgo de liquidez Vs el Benchmark y el riesgo de la opción.
OAS (Option Adjusted Spread)	OAS= Z-Spread menos el coste de la opción. Solo tiene en cuenta el riesgo de liquidez y el riesgo de crédito Vs el Benchmark. Se utiliza para comparar con bonos sin opciones

Fuente: Bloomberg y elaboración por Deloitte

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Remarks and Recommendations

- The present reference is valid as a function of the specific circumstances of each company itself:
  - Rating
  - Free cash flow and liquidity position
  - Capitalization
  - Corporate strategy short/long run
  - Industry / Market
- It is necessary to invest time and effort to devise the right strategy and the associated action plan and time-schedule.
- Proactive attitude and no regrets..
  ….but having enough flexibility and alternative solutions.
- Careful assessment of the consequences and accurate quantification of the related costs.
- Execution quality and project management approach to manage the transaction.
- Keep control of the project over the involved banks and agents.
- Whole organization involvement.

Financial Strategy

- **In spite of lingering turmoil in the financial markets, extreme volatility and sovereign risk crisis, the Company is coping well to maintain access to diverse financing sources:**
  - **Bond Market:**
    - **Remarkable performance of our bonds currently trading well above par (106%).**
    - **Positive feedback from bondholders and YTM around 6% (i.e. 230bp lower than issuance).**
    - **Market currently open for a tap and/or whole refinancing of existing bonds.**
  - **Bank Market:**
    - **Despite pricing pressure, all the back-up committed lines are being renewed on maturity.**
    - **Diversified and long-standing banking relationships based on performance and levering from transactional banking business.**
    - **Aim to maintain a solid liquidity position of at least €300M as a combination of €100M cash and €200M available bank lines; (some of them are voluntarily being reduced to decrease commitment fees).**
    - **Leaving aside volatility and timing, the Company has still access to the bank market.**
  - **Rating Agencies: Moody´s upgraded our rating in February 2011 and S&P confirmed the one given at the end of 2010; however, it was downgrade again by Moody´s in February 2013 and then by S&P in May.**
- **In the present context, CFG is in a privileged position, while we need to keep on reinforcing the present strategy based on solid liquidity and absence of refinancing strain to adequately explain our strategy to the financial markets.**

Conclusions

- **Historical turmoil in financial markets leading to extraordinary but long-lasting volatility and uncertainty.**

- **Companies must be fully conscious and be ready to:**
  - ✓ grab opportunities in terms of funding sources
  - ✓ avoid "eleventh-hour" type of decisions
  - ✓ ensure alternative funding sources
  - ✓ minimize unnecessary exposure (i.e. derivatives,…)

- **Whilst, leveraging from the following pillars:**
  - ✓ solid financial structure and robust liquidity position
  - ✓ focus on cash management and working capital
  - ✓ wide and diversified range of banking relationships
  - ✓ use imagination and creativity because everything has changed

Thank you very much!

Muchas Gracias

por su atención