



Campofrío Group's net profit increases 13%, reaching 11 million euros

- With a turnover of 429 million euros, a 3.4% increase vs. same period previous year, the Company has reduced its debt in 57 million euros compared with the first half of year 2005.

Madrid, 25 July 2006.- Campofrío Group has obtained during the first half of year 2006 a net profit of 11 million euros, which amount represents an increase of 13% vs. same period of previous year. During the first half of the year the Company has increased up to 14% its pre-tax profits, that is, an amount of 17 million euros compared with the 15,2 million euros obtained during the first half of 2005.

Turnover of the Group at closing of the second quarter amounted to 429 million euros, improving by 3,4% the 415 million euros obtained in the same period during the previous year. On the other hand, during the first six months of the year, Campofrío has consolidated its solid cash flow generation trend, and has reduced its net financial debt to 176 million euros, 57 million euros less than at closing of the first semester of 2005.

The positive results obtained by the Campofrío Group during the first half of 2006, based in a 10% improvement of sales margins on pre-tax profits, have been possible thanks to the general favourable trend of the business both in Spain and in the affiliates of the Company. As far as Spain is concerned, the Company has been able to counteract the effect of the strong pressure of raw materials, which price ranges at present the highest levels for the past five years (8% higher than in 2005 and 15% in respect to 2004), by implementing a successful product strategy during the past few years. This has allowed that, among other factors, 16% of the total turnover comes from new products.

The strategy of the Campofrío Group has also influenced its international business. During these six months an important change in trend in France has been perceived. In this market, Montagne Noire, as a consequence of its cost reduction and innovation efforts, as well as the improvement of the private label management, has been able to increase in 73% its pre-tax profits. Additionally, during the first semester of the year, the Romanian market has been responsive to the work performed by the Campofrío Group, where Tabco has consolidated its trend of positive results and has reinforced its leadership position in the market.

As far as Russia is concerned, where the price of raw materials at June had increased an 8% vs. 2005, and a 32% vs. 2004, Campomos has slightly recovered recently, thanks to a cost reduction policy implemented after its industrial restructuring. Additionally, the commercial efforts made during the first six months of the year and the good evolution of new products, have allowed the Group's Russian affiliate to commence a favourable trend in its activities.