

CIGAR B.U.

Presentation to Investors

London, September 25th, 2006



Contents

- Altadis position today:
 - ➔ Cigar Division overview
 - ➔ Portfolio
 - ➔ Distribution network
 - ➔ Evolution 1999-2005
- First Half 2006 Results:
 - ➔ Key figures
 - ➔ Key events
 - ➔ Sales by segment
 - ➔ Sales by market
 - ➔ USA sales
 - ➔ Europe sales

Altadis Cigar Division: overview

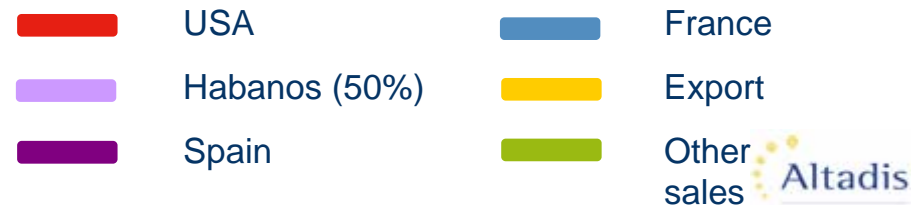
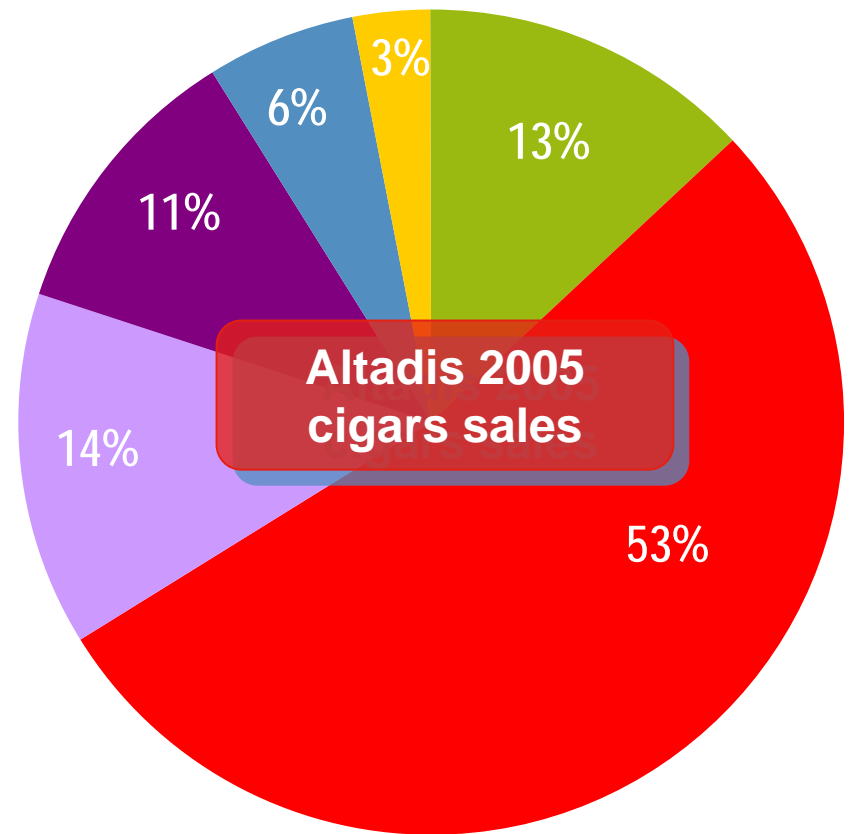
CIGARS - 2005

22% of Group Economic sales
Economic sales : €885 million (+8.3%)
EBITDA: €254 million (+21.5%)

- No 1 worldwide
- No 1 in the USA
- No 1 in Spain
- No 1 in France
- No 1 in Premium Segment worldwide



3.4 billion cigars



A unique brand portfolio



COHIBA

Farias

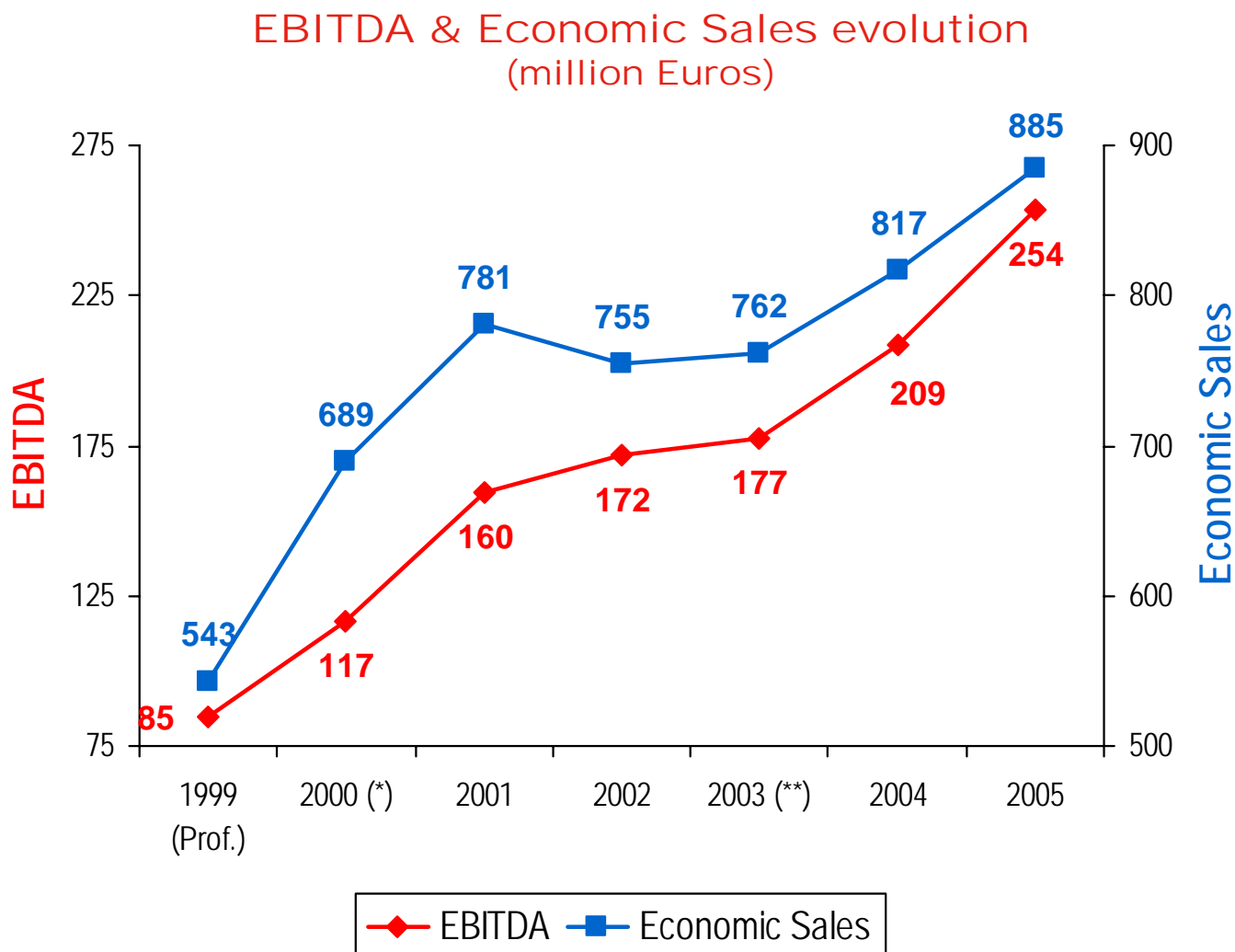


"Casas del Habano" in the World

100 "Casas del Habano" in 46 countries



Evolution 1999-2005: key figures



(*) Acquisition of 50% HSA and merger of USA entities

(**) Acquisition of 800 JR Cigar

Cigar: key figures for H1 2006

Superior performance: Ebitda + 32.5%

€ mn	H1 '05	H1 '06	Var. 06-05
Volume (mn cigars)	1,713	1,688	-1.5%
Economic sales	414	450	+8.7%
Costs	306	308	+0.3%
EBITDA	108	142	+32.5%
Ebitda margin	25.9%	31.6%	+5.7 points

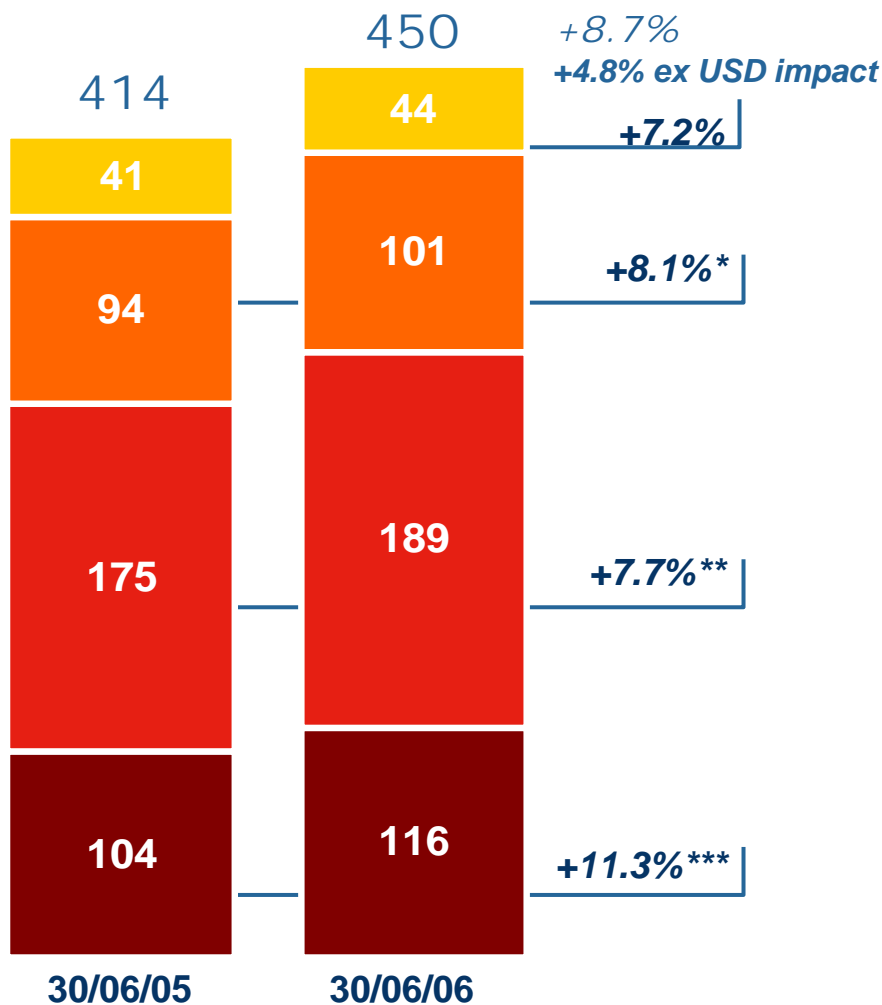
Cigar: key events of H1 2006

US sales and Havana cigars drove the growth

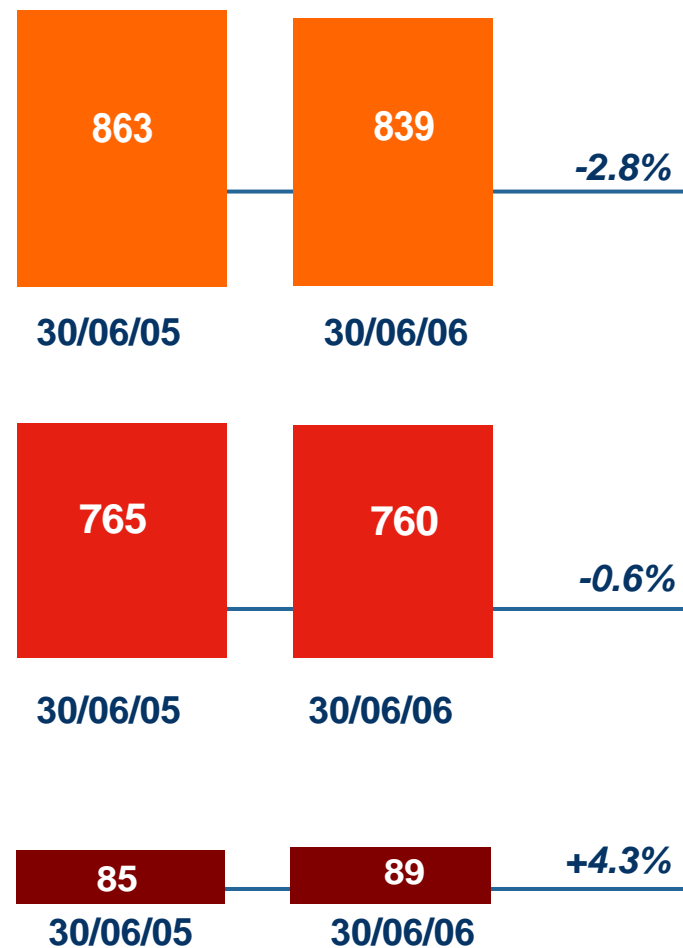
- All key business drivers, except volumes, were strongly positive
- Sales up +10.3% in USD in the key US market
- Havana cigars sales showed very encouraging performance in emerging markets (Russia, Latin America and Asia-Pacific)
- Outstanding margin improvement: +5.7 points

Excellent cigar sales evolution despite stronger competition

Value (€mn) & Growth



Volumes (mn units) & Growth



Premium & Habanos (50%)

Natural

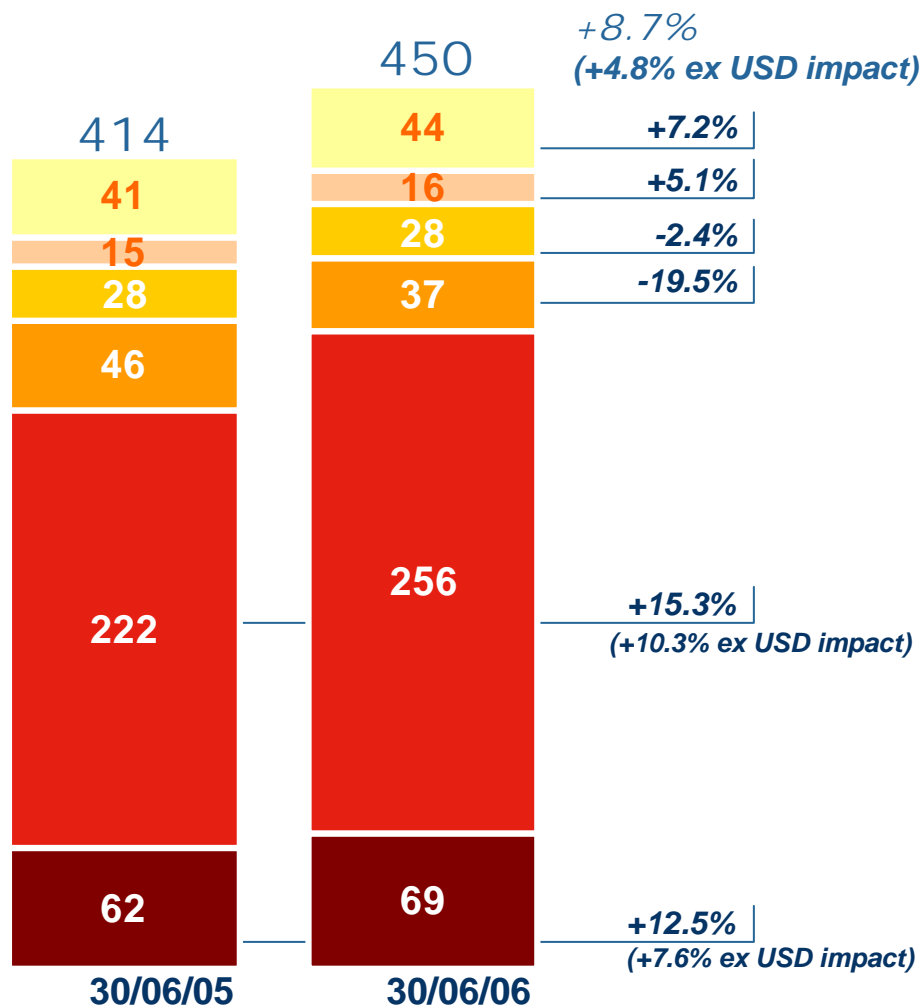
Mass (Popular + Little)

Other sales



Superior growth of US sales and of Havana cigars

Value (€mn) & Growth



■ **JR Cigar:** provides €26 mn sales

■ **French and Spanish markets:**
Spanish volumes affected by new legal restrictions. French market stable

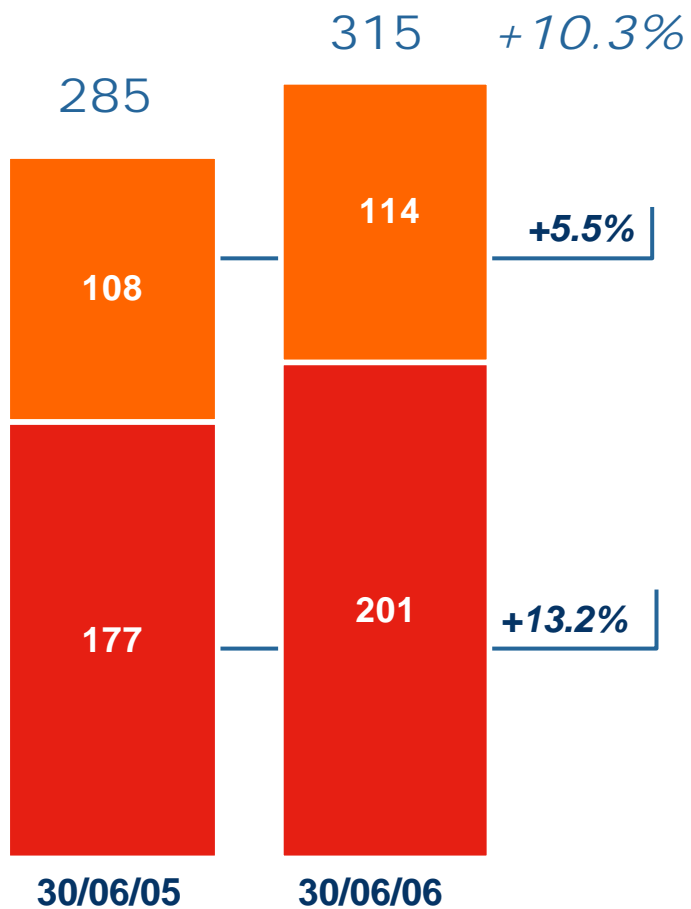
■ **USA:** Premium & Natural segment leads to a double digit growth at constant currency

■ **Havana cigar:** Emerging markets become more relevant

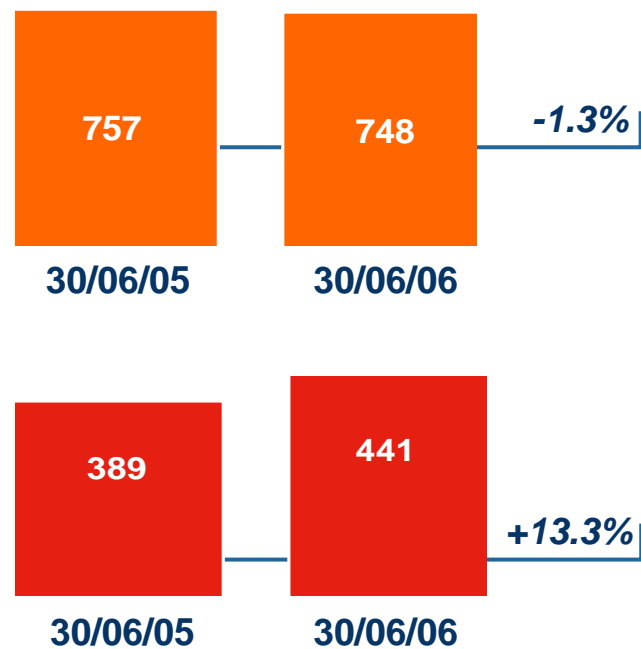
■ Habanos (50%)
 ■ USA
 ■ Spain
 ■ France
 ■ Export
 ■ Other sales

United States: up 10.3% in USD driven by Premium & Natural segment

Value (USD mn) & Growth



Volumes (mn units) & Growth

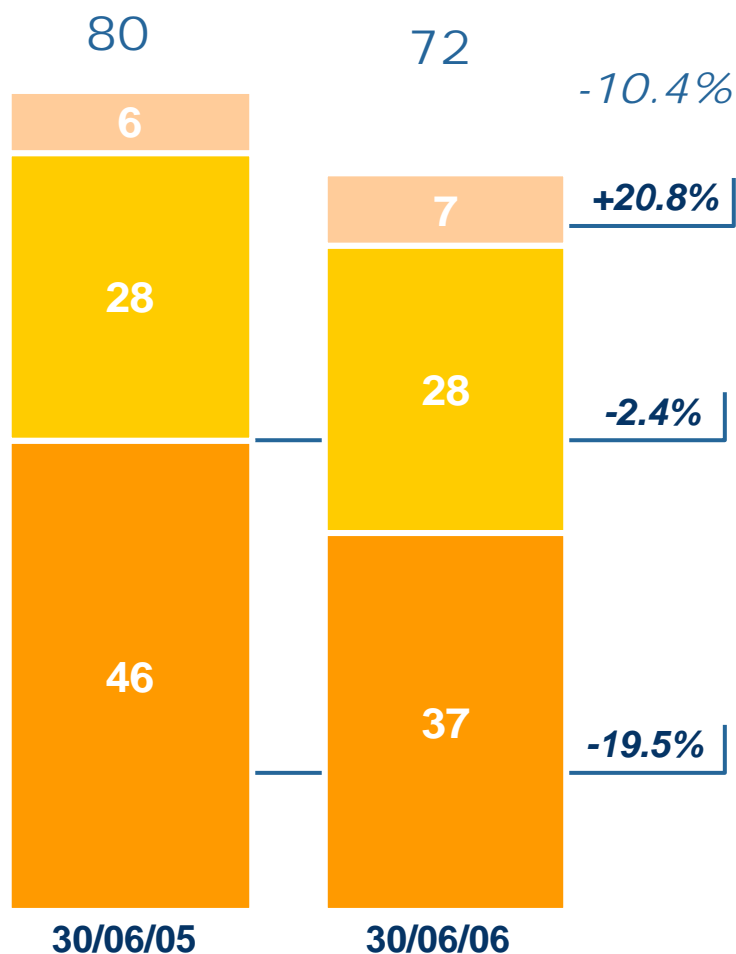


■ Premium & Natural

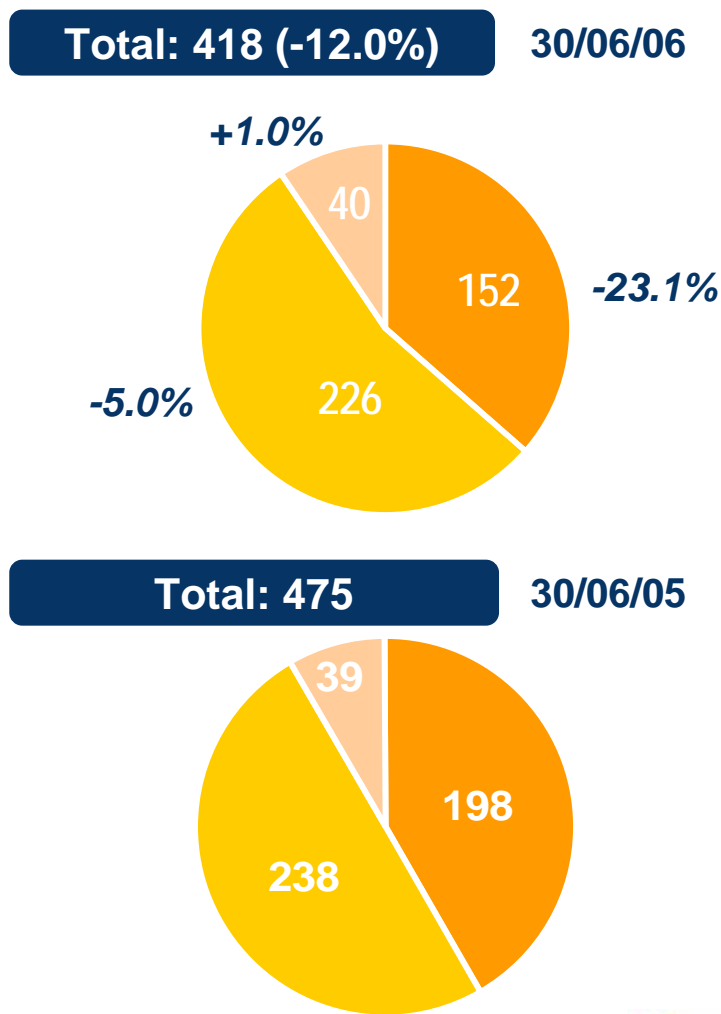
■ Mass (Popular + Little)

Cigar Europe: Spanish market affected by new legal restrictions and stability in France

Value (€mn) & Growth



Volumes (mn units) & Growth



Spain France Export