



## **ALBA: PORTFOLIO AND RESULTS FOR 2018**

- The consolidated net profit after tax amounted to €54.4 million in 2018, which is 67.4% lower than the previous year. This decrease is due to the fact that the 2017 results included the capital gains obtained from the sale of the remaining stake in ACS.
- Net Asset Value (NAV) was €3,911.9 billion on 31 December 2018, equivalent to €7.17 per share. Alba's share price on this same date was €2.50, representing a discount of 36.7% compared with NAV per share. NAV, both in absolute terms and per share, decreased by 3.4% compared with the same date in 2017.
- During the year, Alba invested €39.0 million in various shareholdings and divested assets for a total amount of €39.9 million, reducing its net cash position<sup>1</sup> to €69.4 million on 31 December 2018.
- In October, Alba distributed an interim dividend of €0.50 gross per share, representing a disbursement of €29.1 million. The total amount distributed in dividends during the 2018 financial year was €8.2 million.

### **I. MOST SIGNIFICANT TRANSACTIONS**

The investments made by Alba in 2018 were the following:

- Purchase of an indirect stake of 5.16% in Naturgy through the investment of €500.0 million in Rioja Bidco Shareholdings. In mid-May, Rioja Bidco Shareholdings bought Repsol's 20.07% stake in Naturgy. In addition, a direct stake in Naturgy of 0.11% was acquired for €21.3 million.
- Purchase of 2.00% of Ebro Foods for €3 million, increasing the stake in this Company to 14.00%.
- Purchase of 1.68% of Viscofan for €40.6 million, increasing the stake in this Company to 13.00%.
- Additionally, Alba acquired 1.42% of Parques Reunidos and 0.10% of CIE Automotive, for €2.0 million and €2.7 million, respectively. At 31 December 2018, Alba's shareholdings amounted to 21.43% in Parques Reunidos and 10.10% in CIE Automotive.
- Through Deyá Capital IV, a stake of 3.7% in MonBake was acquired for €9.4 million. MonBake is the new group resulting from the acquisition, by funds managed by Ardian, of Panasa and Bellsolá, two Spanish leading companies in the bread and deep frozen pastries sector. This reinvestment is part of the agreements reached between Deyá Capital and Ardian in the sale of Panasa.

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<sup>1</sup> At 31 December 2018, shares held in Satlink are fully consolidated. All comments made in this document concerning Alba's cash position refer exclusively to Alba's and exclude the consolidated net debt of Satlink.

The divestments made by Alba in 2018 were the following:

- Through Deyá Capital, a 26.5% stake in Panasa was sold for €88.4 million and, through Deyá Capital IV, a 40.3% stake in Gascan was sold for €36.0 million. With these sales Alba has completely disinvested in both companies.
- Sale of a property in Madrid for €15.5 million.

Finally, Deyá Capital IV, along with other investment vehicles managed by Artá Capital, agreed to take part in a group of investors led KKR, with the aim of launching a takeover bid for 100% of the share capital of Telepizza. This takeover bid is currently pending approval from the CNMV.

## II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES:

- Sales of **Acerinox** grew by 8.3% in 2018, compared to the same period of the previous year, to €5,011 billion. Melting shop production decreased by 3.1% to 2.4 million tonnes, while the record for cold rolling production was achieved for the second consecutive year, amounting to 1.8 million tonnes (+0.8%). Annual EBITDA was €480 million, 1.9% less than the previous year, due to the fourth quarter of 2018 being more sluggish than the previous quarters. Net profit reached €237 million and was slightly higher than in 2017 (+1.3%). Net financial debt at 31 December 2018 was €552 million, which is €7 million less than the figure recorded twelve months before, showing the Company's strong cash generation.
- During 2018, the consolidated revenues of **Bolsas y Mercados Españoles** fell by 4.9% compared to the previous year, to €304 million. The decrease in the revenues of the Equity, Fixed Income, Settlement and Clearing divisions could not be offset by the increase in Derivatives and Market Data & VAS. In the Equity business unit, revenues from trading activity reduced (-12.5%) while revenues from listing operations increased slightly (+0.6%). The reduction in revenues and an increase in non-recurring personnel expenses explain the decreases in EBITDA and net profit for the period, falling to €186 million and €136 million respectively, which are 11.3% and 11.1% lower than in 2017. The Company maintained a net cash position of €277 million on 31 December 2018, which is 5.3% lower than at the close of the previous financial year.
- The turnover of **CIE Automotive** climbed to €3,030 million for the financial year 2018, up 6.6% from the previous year, thanks to revenues growing above market average across all regions. If the impact of the exchange rate (-4.4%) and the scope of consolidation (+0.9%) are excluded, sales would have increased by 10.1% versus 2017. EBITDA grew by 12.3% to €29 million, supported by margin expansion (17.5% compared to 16.6% for the 2017 period), and net profit increased by 84.2% to €397 million. In normalized terms, excluding the impact of the distribution to shareholders of the entire stake in Global Dominion as an extraordinary dividend and other non-recurring results, net income grew 20.0% to €243 million. As of 31 December 2018, net financial debt was €948 million, which indicates a ratio of 1.8 times the EBITDA of the last twelve months.
- **Ebro Foods** achieved sales of €2,647 million in the 2018 financial year, 5.6% higher than in the previous financial year. This growth was reinforced by the good performance of both the Pasta division (+6.6%), benefited from the consolidation of Bertagni, and the Rice division (+5.0%). EBITDA for the period amounted to €311 million, 13.4% lower than in 2017, mainly affected by the substantial increase in prices of raw materials for Rice and by logistical and production problems suffered by this division in the United States. Likewise, net profit fell by 35.8% to €142 million. Net financial debt increased by €187 million compared to the end of the 2017 financial year, to €705 million, due to the acquisition of Bertagni, the increase in raw material inventories and the investments made.
- The comparability of the annual results of **Euskaltel** with those of the previous year is impacted by the acquisition of 100% of Telecable de Asturias in July 2017. Revenues amounted to €92 million in 2018, 11.2% higher than the previous year (-2.2% in comparable

terms if Telecable is included in both periods, mainly due to lower revenues from the Residential segment). In comparable terms, the net uptake of residential fixed network customers has grown slightly (+0.3%) in the period. The reported annual EBITDA increased by 9.6% compared to 2017, to €336 million (-1.3% in comparable terms). Net profit reached €63 million (+26.6%) due to lower extraordinary expenses. As of 31 December 2018, net financial debt fell to €1.532 billion, 4.6% less than on the same date of the previous year.

- **Indra's** sales amounted to €3,104 million in 2018, 3.1% higher than the previous year (5.8% in local currency), mainly due to the integration of TecnoCom and Paradigma and to the good performance of the Transport & Traffic, Energy & Industry and Financial Services verticals. By regions, sales increased in Spain as a result of the inorganic growth (+12.2%), advanced slightly in Europe (+2.4%) and fell in Asia, the Middle East and Africa (-9.0%), mainly due to the elections business, and in America (-7.2%), due to the negative impact of the exchange rates. EBIT was €199 million, 1.9% higher than in 2017, held back by restructuring costs of TecnoCom and by the CNMC's sanction. The net result was €120 million, 5.6% lower than the previous year. Net financial debt at 31 December 2018 amounted to €483 million (17.9% less than in 2017), which indicates a ratio of 1.6 times the 2018 EBITDA, after a cash flow generation of €168 million in the period.
- **Naturgy** recorded sales of €2,339 million in 2018, up 4.9% from the previous year, driven by higher volumes and prices in the Gas business. EBITDA for the period amounted to €4,019 million, up 3.0% from 2017. Excluding non-recurring effects, EBITDA would have been 11.8% higher than last year due to the improvement in the Gas and Electricity divisions and the stability of the infrastructure businesses. The net result was a loss of -€2,822 million, due to the €4,905 million impairment carried out in the first half of the year. If this impact and other non-recurring effects are excluded, the net result would have been 57.0% higher than in 2017, due to higher activity, lower depreciation and lower financial expenses. As of 31 December 2018, net financial debt fell to €13,667 million, 9.8% less than twelve months before.
- The financial results for **Parques Reunidos** refer to the financial period from October 2017 to September 2018. In 2018, revenues increased 0.6% to €583 million, mainly affected by adverse weather conditions, especially in the United States and, to a lesser extent, in Europe. Recurring EBITDA decreased slightly (-0.3%) to €174 million. Excluding the exchange rate impacts and the changes in the business perimeter, EBITDA had grown 1.4%. Recurring net profit was €13 million, 14.4% higher than the previous year. Net debt increased to €67 million, from €16 million at September 2017, mainly due to operational investments and the acquisition of Belantis. Parques Reunidos has moved its closing date for the financial year to 31 December and, as a consequence, a 3-month financial period was closed at 31 December 2018. Given the seasonality of the business, the financial results between September and December were not representative.
- **Viscofan's** sales increased 1.0% in 2018, to €786 million, despite the negative effect of the exchange rates in the Company's financial statements. Excluding the aforementioned impact of the exchange rates (-3.8%) and the consolidation perimeter (+2.0%), sales had grown 2.9% compared to 2017, driven by the increases in price and volumes and the improvement in co-generation prices. Recurring EBITDA decreased by 8.2%, due to FX effects, to €209 million. In comparable terms, EBITDA decreased 1.3% as a result of the increasing prices of raw materials and energy and the larger fixed and personnel costs from the new factory at Cáseda. Net profit was €124 million, 1.4% higher than in 2017. As of 31 December 2018, Viscofan's net debt was €80 million, compared to €41 million on the same date of 2017, due to the acquisitions made and the larger dividend distributed.

### III. INVESTMENT PORTFOLIO

The composition of Alba's portfolio on 31 December 2018 was as follows:

	<u>Stake</u>	<u>Million €</u>
<b>Listed holdings</b>		<b>2,865.1</b>
	%	
Acerinox	18.96	453.4
BME	12.06	245.3
CIE Automotive	10.10	279.3
Ebro Foods	14.00	375.8
Euskaltel	11.00	137.4
Global Dominion	5.00	36.4
Indra	10.52	153.1
Naturgy (1)	5.27	706.0
Parques Reunidos	21.43	186.9
Viscofan	13.00	291.6
<b>Total market value</b>		<b>2,865.1</b>
<b>Total book value</b>		<b>3,030.8</b>
<b>Unrealised gains</b>		<b>(165.7)</b>
<b>Unlisted holdings (2)</b>		<b>182.3</b>
	%	
Alvinesa	16.83	
in-Store Media	18.89	
Mecalux (3)	24.38	
Monbake	3.70	
TRRG Holding Limited	7.50	
Satlink (4)	28.07	
<b>Real Estate</b>		<b>344.0</b>

(1) Includes an indirect stake of 5.16% through Rioja Bidco and a direct stake of 0.11%.

(2) Through Deyá Capital and Deyá Capital IV.

(3) Includes a direct stake held by Alba of 8.78%.

(4) Fully consolidated.

#### IV. NET ASSET VALUE (NAV)

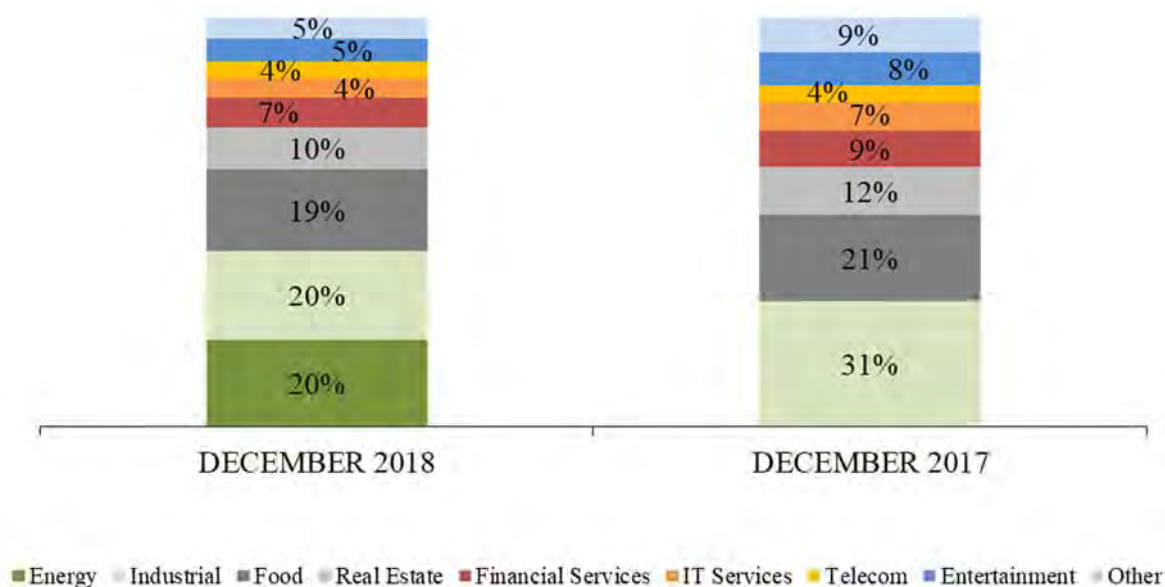
The most representative measure of a company like Alba is its Net Asset Value (NAV). Calculated according to the criteria normally used in the market, as of 31 December 2018, Alba's NAV before taxes amounted to €3,911.9 million or €67.17 per share, representing a decrease of 3.4% in the financial year.

	<i>Million euros</i>	
	31/12/2018	31/12/2017
Listed holdings	2,865.1	2,440.0
Unlisted holdings	182.3	268.4
Real Estate	344.0	353.0
Other assets and liabilities	251.1	226.6
Net cash	269.4	761.7
<b>Net asset value</b>	<b>3,911.9</b>	<b>4,049.5</b>
Million shares	58.24	58.24
<b>Net asset value / share</b>	<b>67.17 €</b>	<b>69.53 €</b>

Gascan y Satlink are included at fair value and, consequently, their assets and liabilities are eliminated.

The relationship with the Consolidated Balance Sheet is included in the footnotes of section dedicated to the balance sheet (page 8).

#### V. SECTORAL DISTRIBUTION OF THE GROSS ASSET VALUE<sup>(1)</sup> (GAV)



(1) Market prices of listed companies (closing prices on 31 December 2018) and valuation performed for unlisted companies and real estate properties (in both cases, on 31 December 2018).

## VI. CONSOLIDATED RESULTS

The consolidated net profit after taxes reached €154.4 million in 2018, compared to €474.1 million in the previous year (-67.4%). This decrease is due to the fact that the 2017 results included the capital gains obtained from the sale of the remaining stake in ACS.

Revenues from *Share of profits of associates* were €161.4 million for the period, compared to €18.9 million in 2017 (+35.8%). This increase is due, to a larger extent, to the incorporation into the scope of consolidation of the stakes in CIE Automotive and Naturgy.

The net profit per share for 2018 was €2.65, compared to €8.14 in the previous financial year.

## CONSOLIDATED INCOME STATEMENT<sup>(1)</sup>

	Million euros	
	31/12/2018	31/12/2017
Share of profits of associates	161.4	118.9
Rental income and other	92.4	64.5
<i>Of leases and others</i>	16.5	16.5
<i>From other companies by global integration</i>	75.8	48.0
Gains from fair value adjustments in Real Estate investments	0.2	0.9
Profit / (Loss) on asset sales and net financial result	(2.1)	361.7
<b>Sum</b>	<b>251.9</b>	<b>546.0</b>
Operating expenses	(75.6)	(61.7)
<i>From Alba</i>	(25.2)	(26.8)
<i>From other companies by global integration</i>	(50.3)	(34.9)
Depreciation	(11.9)	(8.4)
<i>From Alba</i>	(1.0)	(0.9)
<i>From other companies by global integration</i>	(10.9)	(7.5)
Corporate income tax	(1.9)	1.2
Minority shareholders	(8.2)	(3.0)
<b>Sum</b>	<b>(97.5)</b>	<b>(71.9)</b>
<b>Net earnings</b>	<b>154.4</b>	<b>474.1</b>
<b>EPS (€)</b>	<b>2.65</b>	<b>8.14</b>

(1) Gascan and Satlink are fully consolidated. Gascan was excluded from the scope of consolidation on December 31, 2018.

## CONSOLIDATED BALANCE SHEET<sup>(1)</sup>

<u>ASSETS</u>	Million euros	
	31/12/2018	31/12/2017
Intangible asstes	43.0	77.2
<i>Goodwill</i>	5.0	10.2
<i>Other intangible assets</i>	38.1	67.0
(a) Real Estate Investments	327.4	336.5
(a) Fixed assets	7.8	47.0
(b) Investments in Associates	2,994.4	2,383.1
(b) Financial assets at fair value through P & L	201.1	154.5
Other financial investments and other assets	64.0	66.9
<b>Non-current assets</b>	<b>3,637.6</b>	<b>3,065.2</b>
Non-current assets held for sale	-	88.4
Stock	6.9	7.3
Outstanding tax refunds	163.7	168.3
(c) Other financial assets	248.9	602.5
(c) Treasury and temporary financial investments	142.1	310.0
Debtors and other assets	67.7	32.9
<b>Current assets</b>	<b>629.3</b>	<b>1,209.4</b>
<b>Total assets</b>	<b>4,266.9</b>	<b>4,274.6</b>

<u>EQUITY AND LIABILITIES</u>	Million euros	
	31/12/2018	31/12/2017
Share capital	58.2	58.3
Reserves and treasury stock	3,828.8	3,429.6
Earnings for the year	154.4	474.1
Minority interests	17.4	34.1
<b>Shareholders' equity</b>	<b>4,058.9</b>	<b>3,996.1</b>
Other non-current liabilities	9.8	7.5
Net deferred tax	37.7	51.1
(c) Long-term debts with credit institutions	128.9	180.8
<b>Non-current liabilities</b>	<b>176.5</b>	<b>239.4</b>
(c) Short-term debts with credit institutions	12.8	14.5
Current liabilities	18.7	24.6
<b>Current liabilities</b>	<b>31.5</b>	<b>39.1</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,266.9</b>	<b>4,274.6</b>

(1) Gascan was excluded from the scope of consolidation on December 31, 2018.

(a) This relates to the "Real Estate" heading in NAV.

(b) This relates to the "Listed holdings" and "Unlisted holdings" headings in NAV. Satlink and Gascan are included at fair value by discounting them from "Other assets and liabilities" in NAV.

(c) This relates to the "Net cash" heading in NAV, once the impact of Satlink included in the "Unlisted holdings" of NAV is discounted.



## VII. STOCK PRICE PERFORMANCE



- In 2018, Alba's share price decreased by 10.9% from €47.72 to €42.50, while the IBEX 35 fell by 15.0% in the year to 8,540 points.

## VIII. EVENTS AFTER CLOSING

Since 31 December 2018, Alba has made the following investments:

- Purchase of an additional 1.58% of Parques Reunidos for €13.4 million, increasing the stake in this Company to 23.02%.
- Purchase of 0.03% of CIE Automotive for €0.8 million, increasing the stake in this Company to 10.13%.