



ALBA: PORTFOLIO AND RESULTS **FOR 2017**

- Consolidated net profit reached EUR 474.1 million in 2017, 16.3% higher than the previous year. This increase was mainly due to the capital gains obtained on the sale of the holding of ACS made during the period.
- Net Asset Value (NAV) amounted to EUR 4,049.5 million at 31 December 2017, equivalent to EUR 69.53 per share. Alba's share price of EUR 48.29 on this same date represents a discount of 30.5% with respect to NAV per share. NAV, both in absolute terms and per share, increased 1.5% with respect to the same date of the previous year.
- 2017 is the first financial year in which the results of Gascan and Satlink have been accounted following the consolidation method in Alba's financial statements. This circumstance does not affect the way in which the NAV is calculated with respect to previous periods. All comments made in this document regarding the cash position of Alba refer exclusively to Alba and do not include the consolidated net debt of Gascan and Satlink.
- During the year, Alba invested EUR 547.8 million and made asset sales totalling EUR 943.2 million, raising its net cash position to EUR 761.7 million at 31 December 2017.
- In October, Alba distributed a gross interim dividend of EUR 0.50 per share to its shareholders, which was charged to the 2017 profit and loss account, giving rise to a total disbursement of EUR 29.1 million. The total amount of dividends distributed during the 2017 financial year amounted to EUR 58.2 million.

I. MAIN TRANSACTIONS

The investments made by Alba in 2017 were the following:

- Acquisition of a 10.00% stake of CIE Automotive for EUR 303.2 million.
- Acquisition of a 9.48% stake of Parques Reunidos for EUR 112.0 million, increasing its stake in this Company to 20.01%.
- Acquisition of a 1.99% stake of Ebro Foods for EUR 62.2 million, increasing its stake in this Company to 12.00%.
- Acquisition of a 1.65% stake of Euskaltel for EUR 24.8 million, increasing its stake in this Company to 11.00%.
- Acquisition of a 0.30% stake of Viscofan for EUR 7.6 million, increasing its stake in this Company to 11.32%.
- Investment, through Deyá Capital, of EUR 38.1 million in the acquisition of a 40.30% stake in Gascan (distribution of piped propane gas in Portugal), 16.83% in Alvinesa (wine by-products management and their transformation into alcohol and other value-added products) and 28.07 % in Satlink (technological solutions for the fishing sector). These are the first investments made by the second fund managed by Artá Capital.

On the other hand, divestitures made during the year were marked by the sale of shares of ACS carried out in the first half of the year:

- Sale of a 7.52% stake of ACS for EUR 743.4 million, resulting in a capital gain of EUR 352.7 million and an annual IRR of 11.5% for more than 19 years.

- Sale, by Deyá Capital, of its 19.75% stake in Flex for EUR 59.3 million, obtaining a return of 3.3 times the initial investment, an IRR of 22.3% over 6 years and a capital gain of EUR 7.1 million. It also sold its stake in EnCampus Residencias de Estudiantes group for EUR 62.7 million, obtaining a return of 2.8 times the initial investment, an IRR of 30.0% over 5 years and a capital gain of EUR 13.8 million.
- At the beginning of August, Alba sold its entire 20% stake in Clínica Baviera for a net amount of EUR 32.7 million, in the context of the take-over launched by Aier Eye.
- Four buildings were also sold in Madrid for a total amount of EUR 45.1 million, with an IRR for each asset ranging between 4% and 15% per year over approximately 25 years.

II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES

- **Acerinox's** sales increased by 16.6% to EUR 4,627 million in 2017, due to the increase in the price of stainless steel in all markets during the year. Crude steel production reached 2.5 million tonnes, an increase of 1.8% with respect to 2016, representing the second best annual production recorded for crude steel since the foundation of the company in 1970. In addition, it achieved an annual cold-rolled production record of 1.7 million tonnes, 1.3% higher than the previous year. EBITDA was EUR 489 million, 48.6% higher than in 2016 and the highest since 2007. Net profit reached EUR 234 million, nearly three times higher than that recorded in 2016. Net financial debt at 31 December 2017 fell by 1.8% to EUR 609 million with respect to the same date in 2016.
- **Ebro Foods** obtained sales of EUR 2,507 million in 2017, up 1.9% compared to the previous year. These sales were supported by the good performance of the Rice division (+4.8%), which offset the drop in revenues in the Pasta division (-1.4%). EBITDA increased to EUR 359 million, up 4.3% compared to 2016, thanks to favourable raw materials prices, lower advertising investment and the consolidation of Vegetalia. Net profit increased 30.0% to EUR 221 million, boosted by the tax reform in the U.S. and the corresponding adjustment of deferred tax liabilities to the new tax rate. Net financial debt amounted to EUR 517 million at the end of the year, up 16.7% compared to December 2016, due to the investments and acquisitions made.
- The consolidated net revenues of **Bolsas y Mercados** in 2017 were slightly lower than the previous year (-1.2% to EUR 320 million). The increase in income from the Clearing and Market Data & VAS segments (the latter favoured by the full consolidation of Infobolsa) was almost equivalent to the decrease in the Settlement, Fixed Income, Derivatives and Equities segments. The trading volume of equities, the Company's main division, remained almost flat during the financial year (-0.3%). EBITDA and net profit fell by 2.9% and 4.3%, respectively, to EUR 210 million and EUR 153 million. The company maintains a net cash position of EUR 292 million at 31 December 2017, 22.9% higher than at the end of the previous year.
- **Viscofan's** sales increased by 6.5% to EUR 778 million in 2017. This growth can be explained by the greater volumes sold in the casing business and the revenue contribution from Vector (acquired in 2016). EBITDA increased 3.5% to EUR 211 million. In comparable terms, revenues and EBITDA for the year would have grown by 3.4% and 2.9% respectively. Net profit reached EUR 122 million, down 2.4% compared to 2016, due to the impact of negative exchange rate differences on net financial results and the increase in amortizations due to investments made during the year. Net banking debt increased by EUR 32 million during the year to EUR 41 million at 31 December 2017, due to the dividend increase, the acceleration of investment projects and the acquisition of Supralon.
- **Indra's** sales rose to EUR 3,011 million in 2017, up 11.1% compared to the previous year, due to the integration of TecnoCom in the second quarter. Excluding the contribution from TecnoCom, sales would have grown by 1.7%. By segments, IT showed a noteworthy growth

of 23.1% (+6% excluding Tecnocom), thanks to the increase in all of its verticals, while sales from Transportation and Defence fell 3.3%. By geography, Spain increased its sales by 19.2% (+1%, excluding Tecnocom), the Asian, Middle East and African division rose 29.6% due to the election services business, America remained flat (-5% excluding Telecom) while sales only declined in Europe, due to weakness in the Transport and Defence segment. EBIT and net income amounted to EUR 196 million and EUR 127 million, respectively, representing an increase of 21.1% and 81.5% compared to 2016. Net financial debt increased to EUR 588 million at 31 December 2017, 12.5% higher compared to the previous year.

- The results shown below for **Parques Reunidos** refer to financial year October 2016 to September 2017. In 2017, revenue from Parques Reunidos fell by 0.8% to EUR 579 million, mainly affected by adverse weather conditions, particularly in the United States. Recurring EBITDA fell 7.5% to EUR 174 million due to business performance in the U.S., affected by the aforementioned meteorological conditions and the weak recovery of Marineland (France). Net income for recurring items was EUR 51 million, down 15.9% with respect to the previous financial year due to higher tax payments. Net debt decreased to EUR 516 million from EUR 540 million at September 2016, despite the Company distributing a cash dividend of EUR 20 million in July (the first dividend distribution since the IPO).
- **Euskaltel** completed the acquisition of Telecable de Asturias in July, therefore the annual results include five months of full consolidation of this company. Group revenue reached EUR 622 million, up 8.6% with respect to the previous year. Income from the Residential segment increased by 11.6% (+0.4 including Telecable for the full year) and 2.4% in the Companies segment (-5.1% including Telecable for the full year). EBITDA increased to EUR 307 million, up 9.4% compared to 2016 (-1.3% including Telecable for the full year). Net profit fell by 20.2% to EUR 50 million, mainly due to the increase in amortizations resulting from the acquisition of Telecable and provisions and non-recurring extraordinary expenses. The purchase of Telecable also explains the increase in net financial debt to EUR 1,606 million at 31 December 2017, EUR 383 million higher compared to the same date in 2016.
- The turnover of **CIE Automotive** rose to EUR 3,725 million in 2017, a 29.4% higher than the year before, and the highest figure in the company's history. The turnover of the Automotive segment increased 27.1% (16.1% organic and at constant exchange rates), up to EUR 2,881 million, while Dominion grew 37.7% (7.2% organic and at constant exchange rates), up to EUR 843 million. EBITDA and net profit for the year also showed a solid growth trend and reached EUR 530 million and EUR 215 million respectively, 30.2% and 32.7% higher than in 2016. The company held a financial net debt of EUR 855 million at 31 December 2017, 4.8% larger than a year before mainly due to the investments made, and implied a financial net debt to EBITDA ratio of 1.6x.

III. INVESTMENT PORTFOLIO

The composition of Alba's portfolio at 31 December 2017 was as follows:

	%	Book value
	Stake	Million €
<u>Listed holdings</u>		
Acerinox	18.96	574.3
BME	12.06	304.8
CIE Automotive	10.00	299.6
Ebro Foods	12.00	334.4
Euskaltel	11.00	166.1
Indra	10.52	213.7
Parques Reunidos	20.01	241.7
Viscofan	11.32	248.5
Total book value		2,383.1
Total market value		2,440.0
Unrealised gains		56.9
<u>Unlisted holdings</u> (1)		268.4
<u>Accounted at fair value</u>		
Alvinesa	16.83	
in-Store Media	18.89	
Mecalux(2)	24.38	
Panasa	26.50	
TRRG Holding Limited	7.50	
<u>Consolidated by global integration</u>		
Gascan (Grupo Energyco)	40.30	
Satlink	28.07	
<u>Real Estate</u>		353.0

(1) Through Deyá Capital.

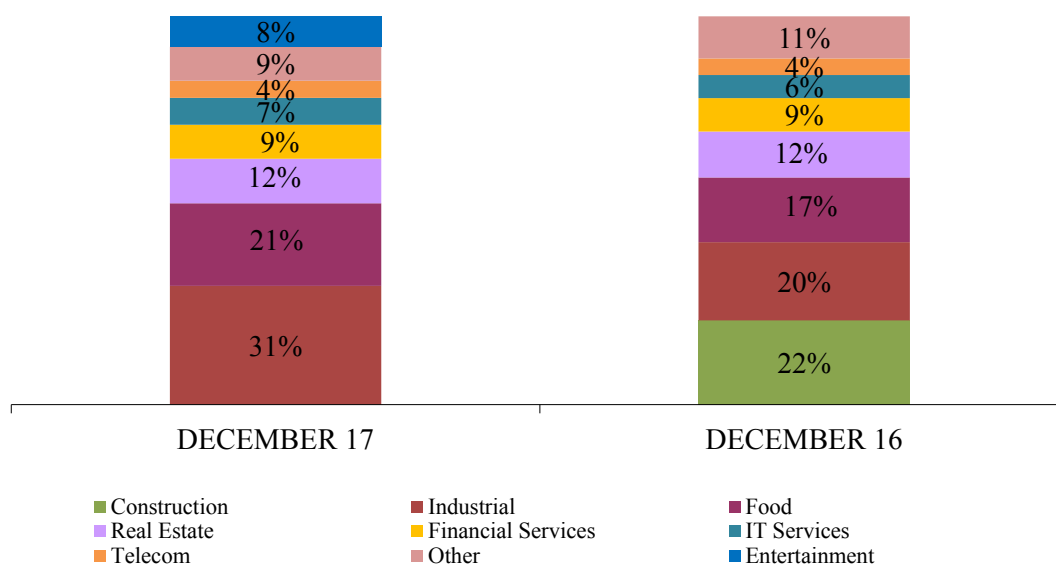
(2) Includes a direct ownership interest of 8.78% held by Alba.

IV. NET ASSET VALUE (NAV)

The most representative figure of a company such as Alba is its Net Asset Value (NAV). Calculated according to criteria commonly used in the market, at 31 December 2017 Alba's NAV before tax amounted to EUR 4,049.5 million or EUR 69.53 per share, after deducting treasury shares, which represents an increase of 1.5% on 2016 year-end values.

	<i>Million euros</i>
Listed holdings	2,440.0
Unlisted holdings	268.4
Real Estate	353.0
Other assets and liabilities (not including those of Gascan and Satlink)	988.3
Net asset value	4,049.5
<u>Million shares (minus Treasury Stock)</u>	<u>58.24</u>
Net asset value / share	69.53 €

V. SECTORAL DISTRIBUTION OF GROSS ASSET VALUE ⁽¹⁾ (GAV)



(1) Market prices in listed companies (closing prices at 31 December 2017) and consolidated carrying amount in unlisted companies and properties (according to the valuation made in both cases at 31 December 2017).

VI. CONSOLIDATED FINANCIAL RESULTS

Consolidated net profit after taxes reached EUR 474.1 million in 2017, 16.3% higher than the previous year. This growth was due mainly to the gains obtained on the sale of the remaining stake in ACS made during the period. *Profit & (Loss) on asset sales and net financial result* amounted to EUR 361.7 million, compared to EUR 238.6 million in the previous year.

Income from *Share of net profits of associates* was EUR 118.9 million in 2017, compared to EUR 165.0 million in the same period of the previous year (-27.9%). It is important to bear in mind that in 2017 this item no longer includes the consolidation of ACS's results.

The price per share was EUR 8.14, compared to EUR 7.00 in the previous year.

CONSOLIDATED PROFIT AND LOSS STATEMENT ⁽¹⁾

	Million euros	
	31/12/2017	31/12/2016
Share of profits of associates	118.9	165.0
Rental income and other	64.5	18.7
<i>Of leases and others</i>	16.5	18.7
<i>From other companies by global integration</i>	48.0	-
Gains from fair value adjustments in Real Estate investments	0.9	15.8
Profit / (Loss) on asset sales and net financial result	361.7	238.6
Sum	546.0	438.1
Operating expenses	(61.7)	(23.2)
<i>From Alba</i>	(26.8)	(23.2)
<i>From other companies by global integration</i>	(34.9)	-
Depreciation	(8.4)	(0.9)
<i>From Alba</i>	(0.9)	(0.9)
<i>From other companies by global integration</i>	(7.5)	-
Corporate income tax	1.2	(5.4)
Minority shareholders	(3.0)	(0.9)
Sum	(71.9)	(30.4)
Net earnings	474.1	407.8
EPS (€)	8.14	7.00

(1) The results of Gascan and Satlink are consolidated by global integration in the consolidated income statement.

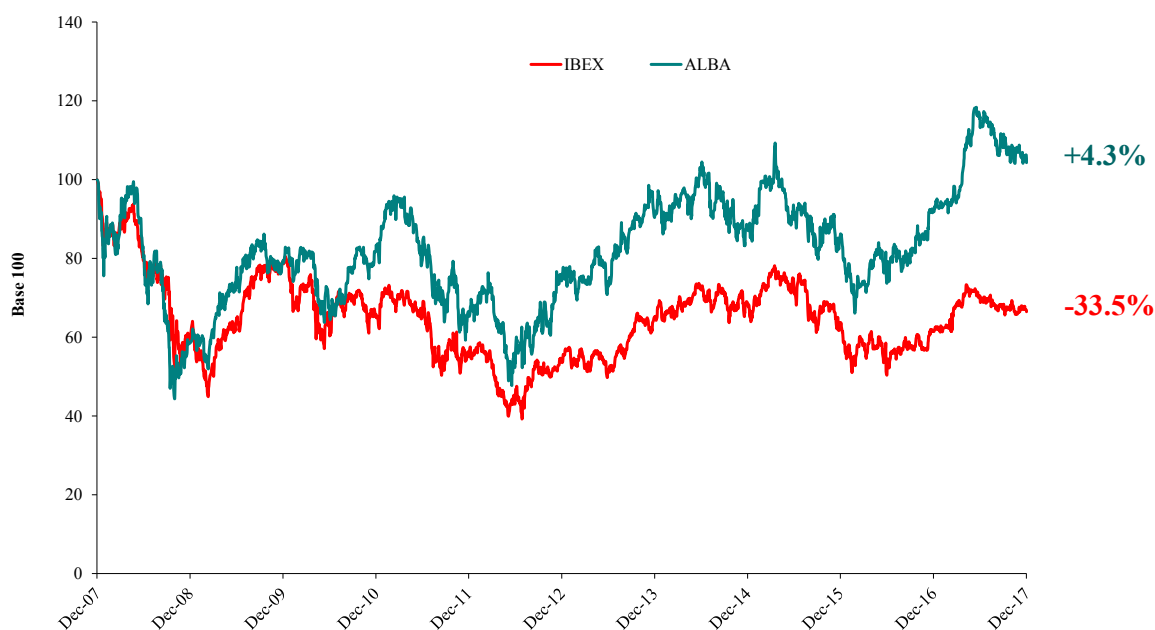
CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>ASSETS</u>	Million euros	
	31/12/2017	31/12/2016
Intangible asstes	77.2	-
<i>Goodwill</i>	10.2	-
<i>Other intangible assets</i>	67.0	-
Real Estate Investments	336.5	349.1
Fixed assets	47.0	7.0
Investments in Associates	2,383.1	2,321.4
Financial assets at fair value through P & L	154.5	325.2
Other financial investments and other assets	66.9	132.9
Non-current assets	3,065.2	3,135.6
Non-current assets held for sale	88.4	53.5
Stock	7.3	-
Outstanding tax refunds	168.3	126.0
Other financial assets	602.5	-
Treasury and temporary financial investments	310.0	469.9
Debtors and other assets	32.9	13.7
Current assets	1,209.4	663.1
Total assets	4,274.6	3,798.7

<u>EQUITY AND LIABILITIES</u>	Million euros	
	31/12/2017	31/12/2016
Share capital	58.3	58.3
Reserves and treasury stock	3,429.6	3,154.2
Earnings for the year	474.1	407.8
Minority interests	34.1	0.7
Shareholders' equity	3,996.1	3,621.0
Other non-current liabilities	7.5	3.4
Net deferred tax	51.1	31.5
Long-term debts with credit institutions	180.8	127.5
Non-current liabilities	239.4	162.4
Short-term debts with credit institutions	14.5	9.1
Current liabilities	24.6	6.2
Current liabilities	39.1	15.3
Total shareholders' equity and liabilities	4,274.6	3,798.7

(1) The assets and liabilities of Gascan and Satlink are consolidated by global integration in the consolidated balance sheet.

VII. STOCK MARKET PERFORMANCE



- In 2017, Alba's share price increased 12.7%, from EUR 42.85 to EUR 48.29, while the IBEX 35 rose 7.9% to 10,093 points in the same period.

VIII. EVENTS AFTER THE REPORTING PERIOD

- On February 22, Alba announced an agreement to indirectly invest EUR 500 million in Rioja Bidco Shareholdings, a company that will acquire, subject to compliance with certain conditions, the 20.072% stake that Repsol currently holds in the share capital of Gas Natural. Should the transaction be completed, Alba will have an indirect stake of approximately 25.7% in Rioja Bidco which, in turn, represents an indirect stake of 5.1% in the share capital of Gas Natural.
- Alba has completed the sale (through Deyá Capital) of its 26.5% stake in Panasa for EUR 88.4 million. As a result of this sale, which was announced in November 2017, since the initial investment in February 2011 Alba has obtained a return of 3.3 times the investment and an IRR of 20%.
- In addition, through Deyá Capital, Alba has acquired a 3.7% stake in MonBake for EUR 9.4 million. MonBake is a new group resulting from the acquisition, by funds managed by Ardian, Panasa and Bellsolá, of two of the leading Spanish companies in the deep-frozen bread and pastry industry. This reinvestment is part of the agreements reached with Ardian in the aforementioned sale of Panasa.