



## **ALBA: PORTFOLIO AND RESULTS** **FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

- The consolidated net profit after taxes reached €135.0 million in the first nine months of 2018, compared to €462.2 million in the same period of the previous year. This decrease is due to the fact that the 2017 results included the capital gains obtained from the sale of the stake in ACS.
- Net Asset Value (NAV) was €4,422.3 million on 30 September 2018, equivalent to €75.93 per share. Alba's share price on that same date, €47.95, represents a discount of 36.8% compared with NAV per share. NAV, both in absolute terms and per share, increased by 9.2% in the first nine months and by 7.9% compared with the same date in the previous year.
- In the first nine months of the year, Alba invested €552.8 million in various holdings and made various asset sales for a total amount of €103.9 million, reducing its net cash position to €445.3 million on 30 September 2018.
- In the month of October, Alba distributed a gross dividend of €0.50 per share to its shareholders, drawn from the 2018 profits, representing a disbursement of €29.1 million.

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

The investments made by Alba in the first nine months of 2018 were as follows:

- Purchase of an indirect stake of 5.17% in Naturgy (Gas Natural Fenosa) through the investment of €500 million in Rioja Bidco Shareholdings. In mid-May, Rioja Bidco Shareholdings bought Repsol's 20.07% stake in the capital stock of Naturgy. In addition, a direct stake in Naturgy of 0.10% was acquired for €21.3 million.
- Purchase of 0.54% of Viscofan for €13.6 million, increasing the stake in this Company to 11.87%.
- Purchase of 0.30% of Ebro Foods for €8.5 million, increasing the stake in this Company to 12.31%.
- Purchase, through Deyá Capital, of a 3.7% stake in MonBake for €9.4 million. MonBake is the new group resulting from the acquisition, by funds managed by Ardian, of Panasa and Bellsolá, two of Spain's leading companies in the bread and deep frozen pastries sector. This reinvestment is part of the agreements reached with Ardian in the sale of Panasa.

On the other hand, in the first nine months of the year, Alba sold its 26.5% stake in Panasa (through Deyá Capital) for €88.4 million and a property in Madrid for €15.5 million.

## II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES:<sup>1</sup>

- **Acerinox's** sales grew by 10.3% in the first nine months of 2018 compared to the same period of the previous year, to €3,872 million. Steel mill production increased by 1.9% to 1.9 million tonnes, while cold rolling production grew by 5.7% to 1.4 million tonnes. EBITDA was €422 million in the first nine months of 2018, 14.1% higher than in the same period of the previous year. Likewise, net profit reached €221 million and was 40.8% higher than in the first nine months of 2017, driven by the good performance of the US market. As of 30 September 2018, net financial debt was €666 million, €31 million lower than that registered on 30 September 2017.
- In the first nine months of 2018, the net consolidated revenues of **Bolsas y Mercados Españoles** fell by 6.3% compared to the same period of the previous year, to €225 million. The decrease in the revenues of the Equities, Settlement and Registration and Fixed Income and Clearing divisions could not be offset by the increase in Derivatives and Market Data & VAS. In the Equities division, income from both trading activity (-12.2%) and listing activity (-7.1%) was reduced. The reduction in revenues and an increase in non-recurring personnel expenses explain the decreases in EBITDA and the net result for the period, to €138 million and €101 million respectively, 13.4% and 12.7% less than in the first nine months of 2017. The Company maintained a net cash position of €312 million as of 30 September 2018, 3.1% less than at the close of the first nine months of 2017.
- The turnover of **CIE Automotive**<sup>2</sup> reached €2,292 million in the first nine months of 2018, 5.8% higher than in the same period of the previous year, thanks to the good organic performance of sales in all geographical areas and despite the negative impact of exchange rates. EBITDA grew by 11.8% to €404 million, supported by margin expansion (17.6% compared with 16.7% in the same period of 2017), and net profit increased by 20.0% to €190 million. As of 30 September 2018, net financial debt was €950 million, which indicates a ratio of 1.9 times the EBITDA of the last twelve months.
- **Ebro Foods** achieved sales of €1,922 million in the first nine months of 2018, 5.0% more than in the previous year. This growth was based on the good performance of both the Pasta (+3.8%) and Rice (+6.5%) divisions, which registered a considerable increase in brand sales volumes. EBITDA for the period amounted to €212 million, 18.9% lower than that recorded in the first nine months of 2017, mainly affected by the substantial increase in raw materials prices in rice and by this division's logistical and production problems in the United States. Likewise, net profit fell by 22.1% to €100 million. Net financial debt increased by €265 million compared to the end of September 2017, to €719 million, due to the acquisition of Bertagni, the increase in raw material inventories and the investments made.
- The comparability of the quarterly 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 €521 million in the first nine months of 2018, 17.4% more than in the same period of the previous year (-1.5% in comparable terms if Telecable is included in both periods, due to lower revenues from the Residential segment). In comparable terms, the net uptake of residential fixed network customers has been slightly negative in the period. The reported EBITDA for the period increased by 15.3% compared to the same period of 2017, to €253 million (-0.2% comparable). Net profit reached €46 million (+41.0%) due to lower

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<sup>1</sup>Parques Reunidos is not included as this Company closes its financial year on September 30 and will not publish its results until the end of November.

<sup>2</sup>The results shown below refer only to the results of the normalized automotive business, as they are adjusted by the net result of the Dominion segment up to the date of distribution of the extraordinary dividend, the accounting capital gain generated by the difference in Dominion's value between the Group's financial statements and the market value of the dividend, and the non-recurring impacts on the business.

extraordinary expenses. As of 30 September 2018, net financial debt fell to €1,571 million, 3.4% less than on the same date of the previous year.

- In the first nine months of 2018, **Indra's** sales amounted to €2,174 million, 2.7% higher than in the same period of the previous year (5.8% in local currency), mainly due to the integration of Tecnocom and Paradigma and the good performance of the Energy & Industry and Transport verticals. By regions, sales increased in Spain via inorganic growth (+12.9%), increased slightly in Europe (+1.1%) and fell in Asia, the Middle East and Africa (-12.4%), mainly due to the elections business, and in America (-7.7%), due to the negative impact of exchange rates. EBIT was €115 million, 6.9% lower than that registered in the first nine months of 2017, held back by restructuring costs of Tecnocom and by the CNMC's sanction (€27 million between both issues). The net result was €55 million, 35.4% less than in the same period of 2017. Net financial debt reached €686 million on 30 September 2018, similar to the amount at the end of the third quarter of 2017.
- **Naturgy** achieved sales of €17,670 million in the first nine months of 2018, 3.4% more than in the same period of the previous year, driven by higher volumes and prices in the Gas business. EBITDA for the period amounted to €2,976 million, 0.6% lower than that registered in the first nine months of 2017, impacted by non-recurring items. Without these effects, EBITDA would have been 10.1% higher than last year due to the improvement in the Gas and Electricity business and the stability of the infrastructure businesses. The net result was -€3,040 million, mainly as a result of the impairment of assets of €4,905 million carried out in the first half of the year. Excluding this impact and other non-recurring effects, the net result would have been 38.1% higher than in the same period of the previous year. As of 30 September 2018, net financial debt fell to €13,575 million, 10.5% less than on the same date of the previous year.
- **Viscofan's** sales fell by 0.5% in the first nine months of the year, to €578 million, due to the deterioration of its main commercial currencies against the euro. Excluding the impact of the exchange rate (-5.1%) and of the scope of consolidation (+2.0%), sales would have increased by 2.6% compared to the same period of the previous year, driven by the increase in volumes and the improvement in co-generation prices. Recurring EBITDA fell by 12.2% due to the above-mentioned impact of the exchange rate. In comparable terms, EBITDA decreased by 2.8% due to the increase in prices of raw materials and the higher fixed and personnel costs from the new Cáseda factory. Net profit was €89 million, 3.8% lower than the same period of the previous year. As of 30 September 2018, Viscofan's net debt was €50 million, compared to €17 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 30 September 2018 is as follows:

	%	Book value
	<u>Stake</u>	<u>Million €</u>
<b><u>Listed holdings</u></b>		
Acerinox	18.96	603.0
BME	12.06	305.3
CIE Automotive	10.00	283.2
Ebro Foods	12.31	344.5
Euskaltel	11.00	168.3
Indra	10.52	210.2
Naturgy (1)	5.27	501.9
Parques Reunidos	20.01	247.3
Viscofan	11.87	265.0
<b>Total book value</b>		<b>2,928.7</b>
<b>Total market value</b>		<b>3,243.3</b>
<b>Unrealised gains</b>		<b>314.6</b>
<b><u>Unlisted holdings (2)</u></b>		<b>195.7</b>
<b><u>Accounted at fair value</u></b>		
Alvinesa	16.83	
in-Store Media	18.89	
Mecalux (3)	24.38	
Monbake	3.70	
TRRG Holding Limited	7.50	
<b><u>Consolidated by global integration</u></b>		
Gascan (Grupo Energyco)	40.30	
Satlink	28.07	
<b><u>Real Estate</u></b>		<b>342.7</b>

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- (1) Includes an indirect stake of 5.17% via Rioja Bidco and a direct stake of 0.10%.  
(2) Via Deyá Capital.  
(3) Includes a direct stake held by Alba of 8.78%.

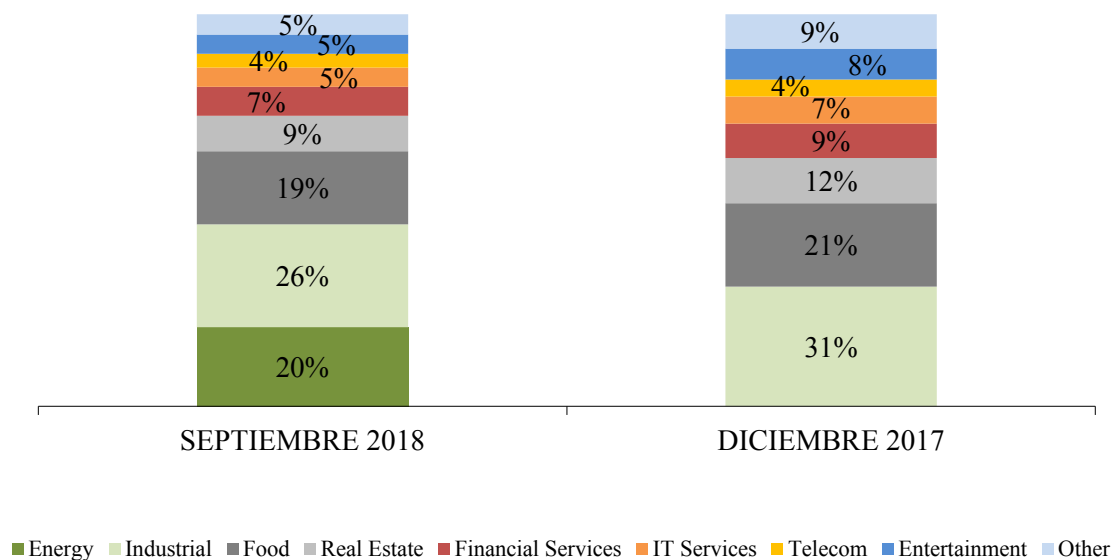
#### IV. NET ASSET VALUE (NAV)

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 30 September 2018, Alba's NAV before taxes amounted to €4,422.3 million or €75.93 per share, representing an increase of 9.2% in the financial year.

	<i>Million euros</i>	
	30/09/2018	31/12/2017
Listed holdings	3,243.3	2,440.0
Unlisted holdings	195.7	268.4
Real Estate	342.7	353.0
Other assets and liabilities (not including those of Gascan and Satlink)	640.6	988.3
<b>Net asset value</b>	<b>4,422.3</b>	<b>4,049.5</b>
Million shares (minus Treasury Stock)	58.24	58.24
<b>Net asset value / share</b>	<b>75.93 €</b>	<b>69.53 €</b>

Alba's net cash position amounted to €445.3 million as of 30 September 2018.

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



(1) Market prices of listed companies (closing prices on 30 September 2018) and book value of unlisted companies and real estate properties (according to the valuation performed, in both cases, on 30 June 2018).

## VI. CONSOLIDATED RESULTS

The consolidated net profit after taxes reached €135.0 million in the first nine months of 2018, compared to €462.2 million in the same period of the previous year. This decrease is due to the fact that the results of the first nine months of 2017 included the capital gains obtained from the sale of the stake in ACS.

Revenues from *Share of net profits of associates* were €133.0 million in the first nine months, compared to €83.4 million in the same period of the previous year (+59.5%). This increase is due, to a large extent, to the incorporation into the scope of consolidation of the stake in CIE Automotive and Naturgy.

The net profit per share for the period was €2.32, compared to €7.94 in the first nine months of the previous financial year.

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

	Million euros	
	30/09/2018	30/09/2017
Share of profits of associates	133.0	83.4
Rental income and other	68.5	12.3
<i>Of leases and others</i>	12.6	12.3
<i>From other companies by global integration</i>	55.9	-
Gains from fair value adjustments in Real Estate investments	0.1	2.8
Profit / (Loss) on asset sales and net financial result	11.1	382.4
<b>Sum</b>	<b>212.7</b>	<b>480.9</b>
Operating expenses	(60.3)	(20.4)
<i>From Alba</i>	(23.0)	(20.4)
<i>From other companies by global integration</i>	(37.3)	-
Depreciation	(8.3)	(0.7)
<i>From Alba</i>	(0.7)	(0.7)
<i>From other companies by global integration</i>	(7.6)	-
Corporate income tax	(2.6)	3.8
Minority shareholders	(6.5)	(1.4)
<b>Sum</b>	<b>(77.7)</b>	<b>(18.7)</b>
<b>Net earnings</b>	<b>135.0</b>	<b>462.2</b>
<b>EPS (€)</b>	<b>2.32</b>	<b>7.94</b>

(1) Gascan and Satlink are fully consolidated as of 30/09/2018.

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

<b>ASSETS</b>	Million euros	
	30/09/2018	31/12/2017
Intangible asstes	73.3	77.2
<i>Goodwill</i>	10.2	10.2
<i>Other intangible assets</i>	63.1	67.0
Real Estate Investments	326.5	336.5
Fixed assets	46.6	47.0
Investments in Associates	2,928.7	2,383.1
Financial assets at fair value through P & L	161.5	154.5
Other financial investments and other assets	62.5	66.9
<b>Non-current assets</b>	<b>3,599.1</b>	<b>3,065.2</b>
Non-current assets held for sale	-	88.4
Stock	8.5	7.3
Outstanding tax refunds	136.5	168.3
Other financial assets	457.9	602.5
Treasury and temporary financial investments	126.5	310.0
Debtors and other assets	30.5	32.9
<b>Current assets</b>	<b>759.9</b>	<b>1,209.4</b>
<b>Total assets</b>	<b>4,359.0</b>	<b>4,274.6</b>

<b>EQUITY AND LIABILITIES</b>	Million euros	
	30/09/2018	31/12/2017
Share capital	58.2	58.3
Reserves and treasury stock	3,867.7	3,429.6
Earnings for the year	135.0	474.1
Minority interests	39.9	34.1
<b>Shareholders' equity</b>	<b>4,100.8</b>	<b>3,996.1</b>
Other non-current liabilities	7.8	7.5
Net deferred tax	47.9	51.1
Long-term debts with credit institutions	162	180.8
<b>Non-current liabilities</b>	<b>217.7</b>	<b>239.4</b>
Short-term debts with credit institutions	13.3	14.5
Current liabilities	27.2	24.6
<b>Current liabilities</b>	<b>40.5</b>	<b>39.1</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,359.0</b>	<b>4,274.6</b>

(1) Gascan and Satlink are fully consolidated.



## VII. STOCK PRICE PERFORMANCE



- In the first nine months of 2018, the price of Alba's shares increased by 0.5%, going from €47.72 to €47.95, while in the same period the IBEX 35 fell by 6.5% to 9,389 points.

## VIII. EVENTS AFTER CLOSING

Since 30 September 2018, Alba has made the following investments:

- Purchase of 1.14% of Viscofan for €27.0 million, increasing the stake in this Company to 13.00%.
- Purchase of 1.55% of Ebro Foods for €40.4 million, increasing the stake in this Company to 13.85%.
- Purchase of 1.13% of Parques Reunidos for €9.6 million, increasing the stake in this Company to 21.14%.