



## **ALBA: PORTFOLIO AND RESULTS** **FOR THE FIRST QUARTER 2019**

- The consolidated net profit after taxes reached €64 million in the first quarter of 2019, compared to €30 million in the same period of the previous year (+111.2%). This increase in the results of the first quarter of 2019 includes, both a revaluation of the Mecalux shareholding and capital gains obtained from short-term financial investments.
- Net Asset Value (NAV) was €4.309 billion on 31 March 2019, equivalent to €73.99 per share. Alba's share price on that same date, €44.20, represents a discount of 40.3% in the NAV per share. NAV, both in absolute terms and per share, increased by 10.2% compared to the previous quarter.
- Alba's net cash position<sup>1</sup> amounted to €430 million as of 31 March 2019. A significant portion of this cash position has been used in the acquisition of a stake in Verisure early April.

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

The investments made by Alba in the first quarter of 2019 were as follows:

- Acquisition of 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%.

During the first quarter of 2019 Alba did not make any divestitures.

### **II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES**

- Sales of **Acerinox** in the first quarter of 2019, were down 4.1% year on year to €1.202 billion, but are 5.5% higher than sales in the fourth quarter of 2018. Melting shop output decreased by 6.0% to 628,000 tonnes and cold rolling dropped 8.0%, lower than the first quarter of 2018, to 422,000 tonnes. Comparing this data to the previous quarter (Q4 2018) they have increased by 21.7% and 11.8% respectively. EBITDA in the quarter was €90 million, 23.5% lower than the same period last year, mainly due to price weakness in Europe and Asia. Net profit was €33 million (-43.9% from Q1 2018). Net financial debt at 31 March 2019 has increased up to €573 million, which is €114 million less than the figure recorded 12 months before, showing the Company's strong cash generation.
- In the first quarter of 2019, the consolidated revenues of **Bolsas y Mercados Españoles** fell by 9.3% compared to the same period of the previous year, to €72 million. The decrease in the revenues of the Equities, Fixed Income, Derivatives, Settlement and Registration and Clearing divisions could not be offset by the increase in Market Data & VAS. In the Equities division, revenue from trading activity was significantly reduced (-21.1%) while revenue from listing activity was down slightly (-2.2%). The reduction in revenues and an increase in operating expenses explain the decreases in EBITDA and the net result for the period, falling

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<sup>1</sup> At 31 March 2019, shares held in Satlink are fully consolidated. All comments made in this document concerning Alba's cash position refer exclusively to that of Alba, excluding the consolidated net debt of Satlink.

to €43 million and €32 million respectively, which are 14.9% and 16.5% less than in the first quarter of 2018. The Company maintained a net cash position of €288 million as of 31 March 2019, 15.8% lower than the first quarter of 2018, primarily due to the application of IFRS 16.

- The turnover of **CIE Automotive** rose to €812 million in the first quarter of 2019, up 6.2% from the same period last year, showing higher market growth across all geographic areas. Excluding the impact of the exchange rate (+1.1%), organic sales would have increased by 5.1%. EBITDA grew by 9.9% compared to the first quarter of 2018 to €151 million, supported by margin expansion (18.6% compared with 18.0% in the same period of 2018), and net profit increased by 15.1% to €73 million. As of 31 March 2019, net financial debt was €944 million, which indicates a ratio of 1.7 times the EBITDA of the last twelve months.
- **Ebro Foods** reported sales of €699 million in the first quarter of 2019, 11.1% higher than the same period in the previous year. This growth was supported by good performance of both the Pasta (+10.7%) and Rice (+11.6%) divisions. EBITDA in the period amounted to €85 million, up 7.9% from the first quarter of 2018, thanks to the transfer of costs inflation during 2018 to the sales prices and the IFRS 16 coming into force. In contrast, net profit decreased by 15.0% to €37 million due to the lesser positive extraordinary income in the quarter. Net financial debt increased by €183 million compared to the end of March 2018, to €793 million, due to the application of the IFRS 16 (+€85 million), the acquisition of Bertagni, the increase in raw material inventories and the investments made.
- The sales figure for **Euskaltel** rose to €171 million in the first quarter of 2019, down 2.8% year on year. Revenue improvement in the segment of Business did not offset the fall in Residential and Wholesale segment. In the quarter, net uptake of residential fixed network customers was positive with expansion projects in other regions. EBITDA for the first quarter fell to €81 million, down 3.7% year on year. As of 31 March 2019, net financial debt fell to €1.567 billion, 2.4% less than on the same date of the previous year.
- **Indra's** sales amounted to €736 million in the first quarter of 2019, 3.1% higher than in the same period of the previous year (+3.7% in local currency), due to the good performance of the Transport & Traffic, Energy & Industry, Financial Services and Telecom & Media verticals. By geographic areas, sales increased in Spain (+3.6%, mainly due to the growth of the Minsait division), in America (+7.5%, with growth across all divisions) and in Europe (+2.1%) and decreased in Asia, Middle East and Africa (-6.3%), largely due to lower trading activity in the elections business (excluding this activity, sales would have grown at double-digit rates). EBIT was at €39 million, up 49.0% from the first quarter of 2018, aided by improved profitability in operations as well as the seasonal impact of Easter. The net result was €18 million, 70.7% higher than in the same period of 2018. As of 31 March 2019, net financial debt increased to €592 million (1.7% lower than at the same date in 2018), which indicates a ratio of 1.9 times the EBITDA of the last twelve months.
- **Naturgy** posted sales of €6.349 billion in the first quarter of 2019, almost stable (-0.6%) compared to the same period of the previous year, supported by the strong performance of the infrastructure business and the stability of the Gas & Electricity business. EBITDA in the period amounted to €1.119 billion, up 6.3% from the first quarter of 2018, aided by the greater activity and implementation of the efficiencies plan. The net income for the period increased by 6.7% to €341 million. Excluding non-recurring effects, net income would have grown 15.8% from the first quarter of 2018, due to greater activity and lower depreciation. Net financial debt at 31 March 2019, rose to €15.123 billion, up 16.1% on the same date last year due to the application of IFRS 16.
- **Parques Reunidos** changed the accounting year to the calendar year, so results refer to the quarter ended March 31, 2019, which represents a phase of the year with low activity. Parques Reunidos revenue in the period rose 40.5%, up to €58 million, mainly due to integration of acquisitions from Tropical Islands and to a lesser extent Belantis and Walsrode and the rise of visitors in Spain, despite the seasonal effect of Easter that this year was held in the second quarter. EBITDA in the period improved slightly (+1.1%) to -€21 million. Excluding the

impact of exchange rate and changes in the consolidation perimeter, EBITDA would have decreased by 7.7% for the seasonal effect already mentioned. The net result was -€63 million, more than double of the one reported in the same period in the previous year for higher amortization and financial expenses and lower income due to corporate tax. Net debt increased to €1.193 billion, from €657 million at the end of March 2018, mainly due to IFRS 16, acquisitions and operating investments.

- Sales of **Viscofan** in the first quarter of 2019 increased by 7.2% from the same period last year to €201 million, driven by higher prices, favourable exchange rate and the addition of Globus to the consolidation perimeter. Excluding non-recurring impacts, sales would be up 4.3% from the same quarter last year. Recurring EBITDA decreased by 0.8% to €46 million; in comparable terms, EBITDA decreased by 8.3% due to higher raw materials and energy prices and higher fixed and labour costs. Net profit was €23 million, 28.1% lower than the same period of the previous year. As of 31 March 2019, Viscofan's net debt was €70 million, compared to €28 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 March 2019 was as follows:

	<u>Stake %</u>	<u>Million €</u>
<b>Listed holdings</b>		<b>3,237</b>
Acerinox	18.96	462
BME	12.06	251
CIE Automotive	10.10	313
Ebro Foods	14.00	411
Euskaltel	11.00	163
Global Dominion	5.00	40
Indra	10.52	184
Naturgy (1)	5.27	873
Parques Reunidos	23.02	201
Viscofan	13.03	338
<b>Total market value</b>		<b>3,237</b>
<b>Total book value</b>		<b>3,082</b>
<b>Unrealised gains</b>		<b>155</b>
<b>Unlisted holdings (2)</b>		<b>206</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</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)

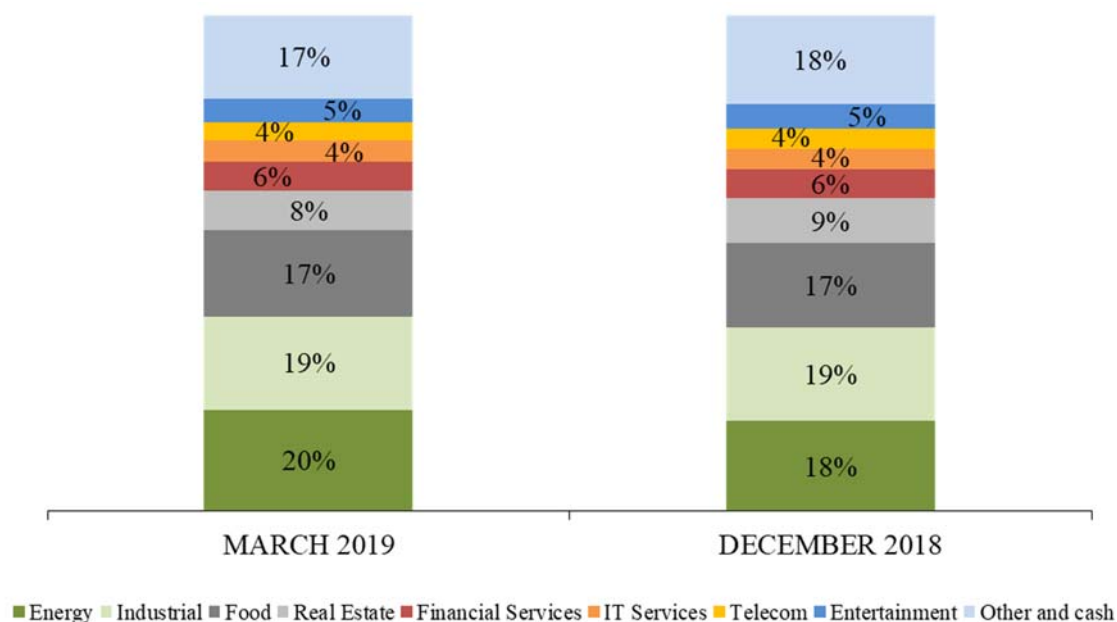
The most representative measure of a company like Alba is its Net Asset Value (NAV). Calculated according to the criteria normally used in the market, as of 31 March 2019, Alba's NAV before taxes amounted to €4.309 billion or €73.99 per share, representing an increase of 10.2% in the financial quarter.

	<i>Million euros</i>	
	31/03/2019	31/12/2018
Listed holdings	3,237	2,865
Unlisted holdings	206	182
Real Estate	344	344
Other assets and liabilities	92	251
Net cash	430	269
<b>Net asset value</b>	<b>4,309</b>	<b>3,912</b>
Million shares	58.24	58.24
<b>Net asset value / share</b>	<b>73.99 €</b>	<b>67.17 €</b>

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 March 2019) and valuation of unlisted companies and real estate assets (as of 31 December 2018).

## VI. CONSOLIDATED RESULTS

The consolidated net profit after taxes reached €64 million in the first quarter of 2019, compared to €30 million in the same period of the previous year (+111.2%). This increase in the results of the first quarter of 2019 includes, both a revaluation of the Mecalux shareholding and capital gains obtained from short-term financial investments.

Revenues from *share of profits of associates* were €29 million for the period, compared to €32 million in 2018 (-10.1%).

The net profit per share for the first quarter of 2019 was €1.10, compared to €0.52 in the same period of the previous financial year.

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

	Million euros	
	31/03/2019	31/03/2018
Share of profits of associates	29	32
Rental income and other	18	25
<i>Of leases and others</i>	5	4
<i>From other companies by global integration</i>	14	21
Profit / (Loss) on asset sales and net financial result	40	(1)
<b>Sum</b>	<b>87</b>	<b>56</b>
Operating expenses	(19)	(19)
<i>From Alba</i>	(9)	(7)
<i>From other companies by global integration</i>	(10)	(13)
Depreciation	(2)	(3)
<i>From Alba</i>	(0)	(0)
<i>From other companies by global integration</i>	(2)	(3)
Corporate income tax	(0)	(1)
Minority shareholders	(2)	(3)
<b>Sum</b>	<b>(23)</b>	<b>(26)</b>
<b>Net earnings</b>	<b>64</b>	<b>30</b>
<b>EPS (€)</b>	<b>1.10</b>	<b>0.52</b>

(1) Satlink is 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	
	31/03/2019	31/12/2018
Intangible asstes	42	43
<i>Goodwill</i>	5	5
<i>Other intangible assets</i>	37	38
(a) Real Estate Investments	329	327
(a) Fixed assets	8	8
(b) Investments in Associates	3,042	2,994
(b) Financial assets at fair value through P & L	228	201
Other financial investments and other assets	60	64
<b>Non-current assets</b>	<b>3,709</b>	<b>3,638</b>
Stock	7	7
Outstanding tax refunds	44	164
(c) Other financial assets	344	249
(c) Treasury and temporary financial investments	212	142
Debtors and other assets	24	68
<b>Current assets</b>	<b>630</b>	<b>629</b>
<b>Total assets</b>	<b>4,340</b>	<b>4,267</b>

<u>EQUITY AND LIABILITIES</u>	Million euros	
	31/03/2019	31/12/2018
Share capital	58	58
Reserves and treasury stock	3,989	3,829
Earnings for the year	64	154
Minority interests	20	17
<b>Shareholders' equity</b>	<b>4,131</b>	<b>4,059</b>
Other non-current liabilities	10	10
Net deferred tax	37	38
(c) Long-term debts with credit institutions	129	129
<b>Non-current liabilities</b>	<b>176</b>	<b>176</b>
(c) Short-term debts with credit institutions	13	13
Current liabilities	20	19
<b>Current liabilities</b>	<b>33</b>	<b>31</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,340</b>	<b>4,267</b>

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

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

(b) This relates to the "Investments in Associates" and "Financial assets at fair value through P&L" headings in NAV. Satlink is included in the NAV at fair value by discounting it from "Other Assets and Liabilities".

(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 the first quarter of 2019, the price of Alba's shares increased by 4.0%, going from €42.5 to €44.2, while in the same period the IBEX 35 climbed by 8.2% to 9,240 points.

## VIII. EVENTS AFTER CLOSING

- The Board of Directors has convened the Ordinary General Shareholders' Meeting, which will be held on 17 June for its first session and in which, among other points, the distribution of dividends for the year will be put to the shareholders for approval, which will involve the payment of a supplementary dividend of €0.50 gross per share, from the profits of 2018.

As of 31 March 2019, Alba has announced the following operations:

- The agreement to purchase a 8.4% stake in Shield Luxco 1.5 through an investment of €557 million. Through this company, Alba will have an indirect stake of 7.5% of Verisure (Company which also operates under the brand "Securitas Direct"). According to the cited agreement on 5 April, Alba acquired a 7.2% stake of the share capital of Shield Luxco 1.5, acquiring the remaining shares over the following weeks.
- The sale, in late April, of the full shareholding of 24.38% in the share capital of Mecalux for €122 million. Alba's share includes 8.78% direct and 15.60% indirect, through Deyá Capital. With this sale, Alba earned a total of €27 million in capital gains and collected dividends to the amount of €16 million since July 2010.
- In connection with the Advance Notice of the voluntary takeover bid submitted by a company controlled by EQT for Parques Reunidos, Alba irrevocably committed to providing all of its shares in the cited Company (representative of 23.02% of the share capital), in the event that the result of the offer is positive.
- Alba will invest, through Deyá Capital, up to a maximum of €20 million in KKR's takeover bid for Telepizza, depending on the final acquisition percentage.