



ALBA: PORTFOLIO AND RESULTS **FOR 2019**

- Consolidated net profit after taxes amounted to €166 million in 2019, compared to €154 million in the previous financial year (+7.7%).
- Net Asset Value (NAV) rose by 12.4% in 2019, to €4,397 million as at 31 December 2019, equivalent to €75.50 per share. Alba's share price on this same date was €48.55, representing a discount of 35.7% compared with the NAV per share.
- In this period, Alba invested €646 million and sold assets totalling €234 million, reducing its net cash position⁽¹⁾ to €63 million as at 31 December 2019.
- In October, Alba distributed a gross dividend of €0.50 per share to its shareholders, drawn from earnings in 2019, representing a disbursement of €29 million. The total amount distributed in dividends during the 2019 financial year was €58 million.

I. MOST SIGNIFICANT TRANSACTIONS

The investments made by Alba in 2019 were as follows:

- The purchase of an 8.54% stake in Shield Luxco 1.5 for €558 million at the beginning of April. Through this company, Alba obtained a 7.48% indirect stake in Verisure, which also operates under the brand "Securitas Direct". In July, Alba sold a 17.91% stake in the holding company of its whole indirect stake in Verisure to a group of investors for €100 million. This sale did not generate any accounting profit for Alba. Currently, Alba's indirect stake in Verisure, in economic rights and net of minority interests, amounts to 6.14% of its share capital.
- The acquisition of 1.58% of Parques Reunidos for €14 million in the first quarter, increasing its stake in this Company to 23.02%. Meanwhile, in early September, the voluntary takeover bid for Parques Reunidos made by a company controlled by EQT was successfully concluded and its shares were delisted as of 5 December. Upon completion of the takeover bid and roll-over of the Parques Reunidos shares owned by Alba and GBL to the acquiring company, the latter now has a 99.55% stake in the share capital of Parques Reunidos. Alba remains an important shareholder in Parques Reunidos over the long term, with an indirect stake of 24.98%.
- Purchase of 0.05% of CIE Automotive for €1 million, increasing its stake in this Company to 10.15%.
- Investment, through Deyá Capital, of €73 million consisting of the following purchases: (i) a 3.27% indirect stake in Telepizza as part of the takeover bid led by KKR for this company (Telepizza shares were delisted in July); (ii) an indirect stake of 24.81% in Preving (prevention of occupational risks); (iii) an indirect stake of 9.46% in Grupo Alvic (a leading Spanish company in the manufacture of kitchen panels and furniture parts that generates nearly 70% of its revenues outside Spain); and lastly (iv) a 37.43% indirect stake in Nuadi,

(1) As at 31 December 2019, Satlink, Nuadi and Preving are consolidated by global integration. All comments made in this document concerning Alba's cash position refer exclusively to that of Alba, excluding the consolidated net debt of Satlink, Nuadi and Preving.

which is Europe's largest independent manufacturer of braking system components for both equipment manufacture and the spare parts market.

Divestments made by Alba in 2019 were as follows:

- Sale of 24.38% stake in Mecalux for €122 million. Alba's shareholdings comprised 8.78% direct and 15.60% indirect stakes, through Deyá Capital. With this sale, and since the original investment in July 2010, Alba has earned a total of €27 million in capital gains - of which €24 million were booked in 2019 - and has collected dividends to the amount of €16 million.
- Sale of properties in Madrid for €12 million.

II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES

- **Acerinox** sales in 2019 decreased by 5.1% from the previous year to €4,754 million, in line with the volume in tonnes sold. Melting shop output fell by 8.6% to 2.2 million tonnes and cold rolling by 8.3%, compared to the previous financial year, to 1.6 million tonnes. EBITDA amounted to €364 million, 24.2% lower than in 2018, mainly due to the above-mentioned fall in volumes, the adjustment of €20 million of the inventory to net realisable value, and because of non-recurring events, such as the €38 million for layoffs in Acerinox Europe. Disregarding non-recurring events, EBITDA would have fallen by 16.3%, to €402 million. The result was a net loss of -€60 million, down from a profit of €237 million in 2018, due to the write-down of various assets and the provisions already mentioned. As of 31 December 2019, net financial debt had fallen to €495 million, which is €57 million less than the figure recorded for the same date of the previous year.
- In 2019, net revenue for **Bolsas y Mercados Españoles** was down by 6.2% from the previous year to €285 million, with declines in almost all of its business units, of particular note being the drop in value on equity markets (-13.6%). Despite the reduction in operating costs, EBITDA and net income fell to €170 million and €123 million respectively, which were 8.7% and 9.9% lower than in 2018. The Company maintained a net cash position of €233 million as of 31 December 2019, which is 15.7% lower than at the same date in the previous year, primarily due to the application of IFRS 16, with leasing liabilities being included as debt. Meanwhile, on 18 November, SIX stated that it intends to launch a cash takeover bid for 100% of BME's share capital at a price of €34 per share (adjustable for dividends).
- The turnover of **CIE Automotive** rose to €3,461 million in 2019, up 14.2% from 2018, showing faster growth than the market in all geographical areas. Excluding the impact of exchange rates and inorganic growth, comparable sales would have fallen by 4.0%, which is a smaller drop than the market as a whole (-5.8%). EBITDA increased by 12.4% from the previous year to €594 million, supported by acquisitions. Net earnings increased by 18.4%, to €288 million. As at 31 December 2019, net adjusted financial debt amounted to €1,505 million, which gives a ratio of 2.3 times the annual adjusted EBITDA.
- **Ebro Foods** reported sales of €2,813 million in 2019, 7.6% higher than in the same period in the previous year. This growth was supported by the good performance of both the Pasta (+3.6%) and Rice (+10.9%) divisions. EBITDA for the period, including the impact from IFRS 16, amounted to €343 million, up 11.5% from 2018. Net profit was stable at €142 million, despite the impairments incurred and other non-recurring effects. Net financial debt increased by €295 million compared with the end of 2018, to €1,000 million, due to the acquisition of Tilda, the operational investments conducted and the application of IFRS 16.
- Turnover for **Euskaltel** reached €685 million in 2019, down 0.9% from the previous year. The slight improvement in revenue in the B2B segment did not offset the fall in the Wholesale and Mass Market segment, despite the slight increase in the number of fixed service customers in this segment. EBITDA for the financial year came to €345 million, 2.4% higher than the previous year, due to the impact of IFRS 16, the renegotiation of wholesale

agreements and the positive effect of cost-control measures implemented. Net profit in the period was €62 million, down 1.2% compared to 2018. As at 31 December 2019, net financial debt had fallen to €1,486 million, 3.0% less than on the same date in the previous year.

- **Indra's** sales in 2019 increased by 3.2% year-on-year (3.6% in local currency) to €3,204 million, due to the positive performance by the Minsait division, which showed growth of 5.2% (+5.7% in local currency), while the Transport & Defence division was stable with growth of 0.1% (+0.2% in local currency). Sales increased in virtually all geographical areas, with the exception of Asia, Middle East & Africa, which experienced a decline due to the weaker Elections business during this year. EBIT amounted to €221 million, 10.9% higher than that recorded in 2018, aided by improved profitability at Minsait, which offsets the fall in Transport & Defence margins, impacted by higher restructuring costs and by the provisions booked in the first half of 2019. Net earnings amounted to €121 million, up 1.3% year-on-year. As at 31 December 2019, net financial debt had increased to €552 million (excluding IFRS 16), 14.3% higher than on the same date in 2018, which gives a comparable ratio of 1.8 times EBITDA for 2019.
- **Naturgy** achieved sales of €23,035 million in 2019, down 5.4% from the previous year, due to lower energy prices and lower volumes sold in the liberalised business, which were not offset by the growth in revenue from infrastructure activity. EBITDA for the year amounted to €4,562 million, up 13.5% compared to 2018, supported by the improved margins in the infrastructure business, the new commercial strategy in marketing electricity in Spain and the implementation of the efficiency plan. Excluding extraordinary items, EBITDA is likely to have increased by 5.8%. Likewise, net profit amounted to €1,401 million in 2019, compared to the loss of €2,822 million recorded in the previous year, caused by the significant impairment of assets. Net recurring profit grew by 15.0% in the year. Net financial debt as at 31 December 2019 fell slightly from the previous year to €15,268 million, thanks to a greater focus on the generation of operating cash, which offset growth investments and increased remuneration to shareholders.
- **Verisure**, a company that also operates under the brand "Securitas Direct", reported revenue of €1,901 million in 2019, which is 17.9% higher than in 2018. This improvement was driven by growth in the customer portfolio, which increased to 3.3 million customers (+14.2%), and the increase in ARPU (+2.5%). The portfolio's adjusted EBITDA amounted to €1,075 million in the year, up 20.7% from the previous year, due to the factors already mentioned. Adjusted total EBITDA came to €761 million, up 24.6% from the previous year. The net loss amounted to -€60 million, better than the loss reported for 2018, of -€130 million. Net financial debt amounted to €4,992 million as at 31 December 2019.
- Sales at **Viscofan** in 2019 rose by 8.1% compared to the previous year, up to €850 million, due to the increase in sales of Casings, the favourable trend in exchange rates and the addition of Globus to the consolidated figures. In comparable terms, sales are likely to have increased by 5.9% compared with the previous year. EBITDA fell by 3.7% in the year, to €201 million. However, recurring EBITDA increased by 4.4% to €198 million, with cost savings able to offset the decline in gross margin. Net profit totalled €106 million, 14.7% lower than 2018 due to higher amortisation, the exchange rate, tax and non-recurring items. At 31 December 2019, Viscofan's net debt was €43 million, 46.6% less than the previous year, thanks to strong operational cash generation and lower growth investments.

III. INVESTMENT PORTFOLIO

The composition of Alba's portfolio as at 31 December 2019 was as follows:

	<u>Stake %</u>	<u>Value (1) in € million</u>
Listed holdings		2,976
Acerinox	19.35	526
BME	12.06	347
CIE Automotive	10.15	276
Ebro Foods	14.00	416
Euskaltel	11.00	176
Global Dominion	5.00	31
Indra	10.52	189
Naturgy (2)	5.36	730
Viscofan	13.03	285
Total market value		2,976
Total book value		2,812
Unrealised gains		165
Unlisted holdings		893
Parques Reunidos (3)	24.98	
Verisure (excluding minorities) (3)	6.14	
<u>Through Deyá Capital</u>		
Alvic (3)	9.46	
Alvinesa	16.83	
in-Store Media	18.89	
Monbake	3.70	
Nuadi (3) (4)	37.43	
Preving (3) (4)	24.81	
Satlink (4)	28.07	
Telepizza (3)	3.27	
TRRG Holding Limited	7.50	
Real Estate		342

(1) According to criteria normally used in the market: market prices for listed companies, internal/external valuation for unlisted companies, and external valuation for property holdings.

(2) This includes an indirect stake of 5.25% through Rioja Acquisition and a direct stake of 0.11%.

(3) Indirect stake.

(4) Consolidated by global integration.

IV. NET ASSET VALUE (NAV)

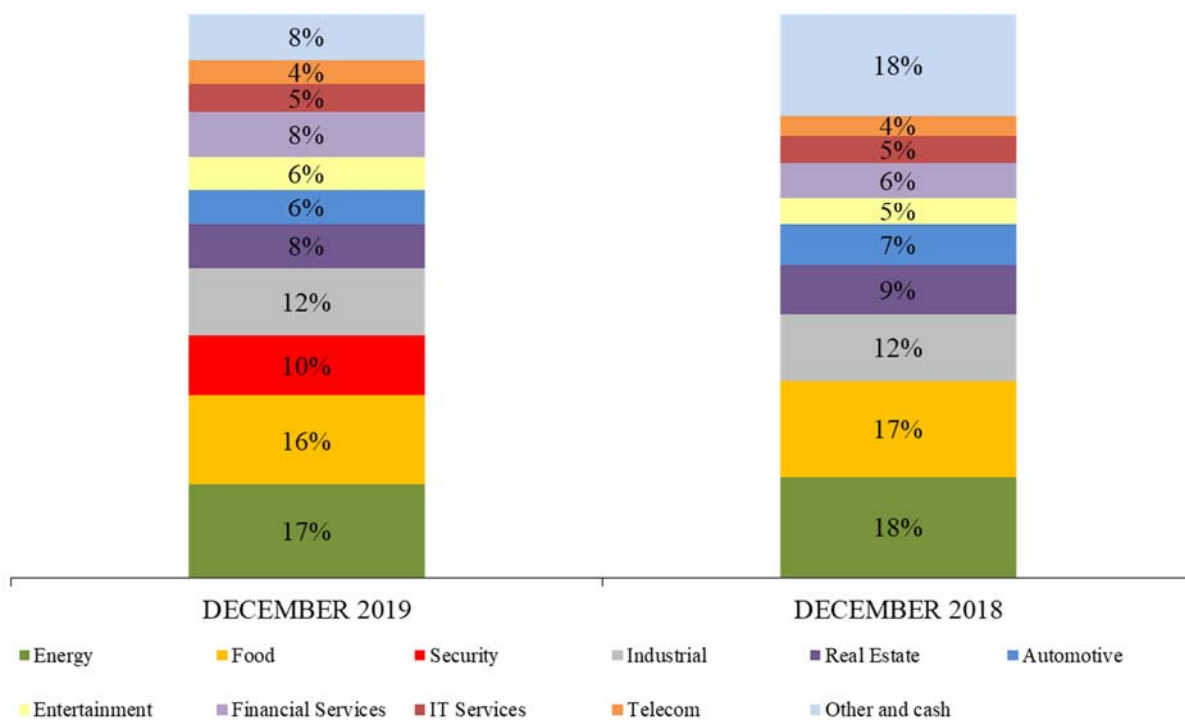
The most representative measure of a company like Alba is its Net Asset Value (NAV). Calculated according to the criteria normally used in the market, as at 31 December 2019, Alba's NAV before taxes amounted to €4,397 million or €75.50 per share, representing an increase of 12.4% in the financial year.

	<i>Million euros</i>	
	31/12/2019	31/12/2018
Listed holdings	2,976	2,865
Unlisted holdings	893	182
Real Estate	342	344
Other assets and liabilities	124	251
Net cash	63	269
Net asset value	4,397	3,912
Million shares	58.24	58.24
Net asset value / share	75.50 €	67.17 €

Satlink, Nuadi and Preving 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. SECTORIAL DISTRIBUTION OF GROSS ASSET VALUE (GAV)



VI. CONSOLIDATED RESULTS

Consolidated net profit after taxes amounted to €166 million in 2019, compared to €154 million in same period of the previous year (+7.7%).

Revenues from *Share of profits of associates* amounted to €72 million for the period, compared to €161 million in 2018 (-55.6%). This fall arises mainly from Acerinox, Parques Reunidos and Verisure.

Nuadi and Preving were incorporated into the consolidated figures during the fourth quarter by global integration, leading to significant differences under a number of headings.

The difference under the heading *Profit / (Loss) on asset sales and net financial result* is due to the reversal of provisions for the impairment of investments in associated companies and other financial assets, and to the sale of the stake in Mecalux in 2019.

Net earnings per share for 2019 amounted to €2.86, compared to €2.65 in the previous financial year.

CONSOLIDATED INCOME STATEMENT ⁽¹⁾

	Million euros	
	31/12/2019	31/12/2018
Share of profits of associates	72	161
Rental income and other	95	93
<i>Of leases and others</i>	18	17
<i>From other companies by global integration</i>	77	76
Gains from fair value adjustments in Real Estate investments	3	-
Profit / (Loss) on asset sales and net financial result	103	(2)
Sum	272	252
Operating expenses	(95)	(75)
<i>From Alba</i>	(29)	(25)
<i>From other companies by global integration</i>	(66)	(50)
Depreciation	(11)	(12)
<i>From Alba</i>	(1)	(1)
<i>From other companies by global integration</i>	(10)	(11)
Corporate income tax	(1)	(2)
Minority shareholders	1	(8)
Sum	(106)	(97)
Net earnings	166	154
EPS (€)	2.86	2.65

(1) Satlink, Nuadi and Preving are consolidated by global integration. Gascan was excluded from the consolidated figures on 31 December 2018.

CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>ASSETS</u>	Million euros	
	31/12/2019	31/12/2018
Intangible asstes	227	43
<i>Goodwill</i>	123	5
<i>Other intangible assets</i>	104	38
(a) Real Estate Investments	325	327
(a) Fixed assets	25	8
(b) Investments in Associates	3,548	2,994
(b) Financial assets at fair value through P & L	150	201
Other financial investments and other assets	69	64
Non-current assets	4,344	3,638
Stock	18	7
Outstanding tax refunds	64	164
(c) Other financial assets	114	249
(c) Treasury and temporary financial investments	78	142
Debtors and other assets	53	68
Current assets	328	629
Total assets	4,672	4,267

<u>EQUITY AND LIABILITIES</u>	Million euros	
	31/12/2019	31/12/2018
Share capital	58	58
Reserves and treasury stock	3,911	3,829
Earnings for the year	166	154
Minority interests	195	17
Shareholders' equity	4,330	4,059
Other non-current liabilities	14	10
Net deferred tax	53	38
(c) Long-term debts with credit institutions	210	129
Non-current liabilities	276	176
(c) Short-term debts with credit institutions	18	13
Current liabilities	47	19
Current liabilities	66	31
Total shareholders' equity and liabilities	4,672	4,267

(1) Satlink, Nuadi and Preving are consolidated by global integration. Gascan was excluded from the consolidated figures on 31 December 2018.

(a) This relates to the “Real Estate” heading under NAV.

(b) This relates to the “Listed holdings” and “Unlisted holdings” headings under NAV. Satlink, Nuadi and Preving are included under NAV at fair value, discounting them from “Other assets and liabilities”.

(c) This relates to the “Net cash” heading under NAV, once the impact of Satlink, Nuadi and Preving included in the “Unlisted holdings” of NAV is discounted.

VII. STOCK PRICE PERFORMANCE

- In 2019, Alba's share price increased by 14.2%, rising from €42.50 to €48.55, while in the same period the IBEX 35 climbed by 11.8% to 9,549 points.



VIII. SUBSEQUENT EVENTS

Since 31 December 2019, Alba has made the following investments:

- Purchase of 0.16% of CIE Automotive for €4 million, increasing the stake in this Company to 10.31%.
- Sales of property in Barcelona for €17 million, resulting in a profit of €1 million for 2020 and a 4.2% IRR over 31 years.

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