



ALBA: PORTFOLIO AND RESULTS **OF THE FIRST HALF OF 2020**

- The net consolidated result was -€24 million in the first half of 2020, compared to a net consolidated profit of €67 million in the same period of the previous year. This drop is due to the lower results obtained by some of our investee companies (affected in this period by the significant reduction of activity caused by the COVID-19 crisis), the lower *Profit / (Loss) on asset sales* and the negative evolution of the *Variation in fair value of financial instruments* due to the lower estimated value of Deyá Capital's investee companies.
- The Net Asset Value (NAV) decreased by 14.8% in the first half of the year to €3,747 million at 30 June 2020, equivalent to €64.33 per share. Alba's share price on this same date was €36.00, reflecting a 44.0% discount.
- In this period, Alba invested €59 million, and sold assets totalling €368 million, significantly increasing its net cash position¹ to €419 million at 30 June 2020.
- In June, Alba distributed a supplementary gross dividend of €0.50 per share to its shareholders, drawn from earnings in 2019, representing a disbursement of €29 million.

I. MOST SIGNIFICANT TRANSACTIONS

The investments made by Alba in the first half of 2020 were as follows:

- Acquisition of 1.94% of CIE Automotive for €37.8 million, increasing its stake in this Company to 12.09%.
- Various financial investments for a total amount of €21.4 million.

On the other hand, the main divestments made in the first half of 2020 were as follows:

- Sale of the stake (12.06%) in the share capital of Bolsas y Mercados Españoles (BME) for €332.6 million, as part of the voluntary takeover bid formulated by SIX Group AG. Alba has obtained an IRR of 6.2% over an investment period of 6.2 years.
- Sale of two real estate properties in Barcelona and two floors in an offices building in Madrid for €32.5 million.

¹ As at 30 June 2020, Satlink, Nuadi and Preving are consolidated by the full consolidation method. 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.

II. EVOLUTION OF THE MAIN INVESTEE COMPANIES¹

- The turnover of **Acerinox** in the first half of 2020 decreased by 5.2% from the same period of the previous year, down to €2,331 million, due to the lower activity derived from Covid-19 and the lower sales prices, despite the incorporation of VDM to the scope of consolidation during the month of March. Compared to the first half of 2019, excluding VDM, the melting shop production decreased by 15.1%, down to 1.0 million tonnes, and cold rolling decreased by 20.9%, down to 683,000 tonnes. The adjusted EBITDA was €179 million in the first half of the year, 3.8% lower than the same period of the previous year, as the consolidation of VDM and the cost reduction measures were not sufficient to compensate for the lower activity and weakness of the prices already mentioned. Meanwhile, the net profit was €2 million (97.2% down from the first half of 2019), affected by the asset impairment carried out in Bahru amounting to €43 million. The net financial debt as at 30 June 2020 amounted to €872 million, €377 million higher than that recorded in the same period of the previous year due to the purchase and consolidation of VDM.
- The turnover of **CIE Automotive** was €1,208 million in the first half of the year, 29.0% lower than in the same period of 2019, due to the strong impact of the COVID-19 crisis on the automotive sector. In the first half of the year, automobile production fell by 40.4% in the markets in which CIE Automotive operates; however, CIE Automotive experienced a drop below market levels in all geographic areas. The EBITDA decreased by 50.2% compared to the first half of 2019, down to €154 million. In turn, net profit fell by 61.2% to €58 million. As at 30 June 2020, adjusted net financial debt was €1,771 million, which indicates a ratio of 2.7 times the normalised EBITDA of the last twelve months.
- **Ebro Foods** reported sales of €1,669 million in the first half of 2020, 23.0% higher than in the same period of the previous year. This growth was supported by the good performance of both the Pasta (+22.7%) and Rice (+24.2%) divisions due to the defensive nature of both products during the COVID-19 crisis and, to a lesser extent, due to the consolidation of Tilda. EBITDA in the period amounted to €228 million, up 42.8% from the first six months of 2019. Meanwhile, the net profit increased by 38.0% to €103 million. Net financial debt increased by €118 million since the end of June 2019, to €950 million, due mainly to the acquisition of Tilda and the operational investments conducted.
- The turnover of **Euskaltel** remained stable at €343 million in the first half of 2020, 0.2% higher than the same period last year, supported by the launch of the Virgin brand across the country, as well as by growth in the Companies and Wholesaler segments. In the six-month period, the net adds in the Mass Market segment was positive thanks to the launch of Virgin and the positive evolution of the traditional markets. The semi-annual EBITDA and net profit were 5.9% and 55.3% higher than those of the same period of the previous year, up to €175 million and €36 million, respectively. As at 30 June 2020, the reported net financial debt had fallen to €1,462 million, 4.2% less than on the same date in the previous year.
- The turnover of **Indra** was €1,484 million in the first half of 2020, 4.0% lower than in the same period of the previous year (-1.5% in local currency), due to the drop in sales in both the Transportation & Defence business (-8.4% reported and -7.5% in local currency) and in the Minsait division (-1.6% reported and +1.7% in local currency) due to the reduced activity caused by COVID-19 and despite the incorporation of SIA to the scope of consolidation. All geographic areas reported sales lower than in the first half year of 2019 and only America increased its sales in local currency in the period (+6.6%). The EBIT was -€78 million compared to a positive EBIT of €79 million in the first half of 2019, affected by the impairment loss of intangible assets (-€95 million) and by the delays and lower activity due to the Covid-19 crisis. In turn, the net income was -€75 million (+€34 million in the same period of 2019). As at 30 June 2020, the net financial debt amounted to €670 million (6.5%

¹ The results of Parques Reunidos is not detailed in this report since they have not been made public.

less than that at the same date of 2019), which implies a ratio of 2.7 times the EBITDA of the last twelve months (excluding the impact of IFRS-16 and the impairment losses realised).

- **Naturgy** achieved sales of €8,781 million in the first half of 2020, 24.2% less than in the same period of the previous year, due to the fall in demand and energy prices as a result of COVID-19 and the negative effect of the evolution of currencies in Latin America. The ordinary EBITDA for the period was €1,870 million, 14.1% lower than that recorded in the first half of 2019, affected by the weakness of liberalised activities, the exchange rates, the lower contribution of EMPL and the new regulatory framework in electricity distribution in Spain. If the non-ordinary effects - mainly costs linked to the reduction of the workforce – are excluded, EBITDA would have declined by 11.1% to €2,037 million. The net income for the period was €334 million, 43.6% lower than that for the first half of 2019, impacted, in addition to the above, by higher provisions. The net financial debt as at 30 June 2020 increased slightly (+0.6%) compared to the same date of the previous year, up to €14,920 million.
- **Verisure**, a company that also operates under the brand “Securitas Direct”, reported revenue of €1,000 million in the first half of 2020, which is 8.1% higher than in the same period of last year. This improvement was driven by growth in the customer portfolio, which increased to 3.5 million customers (+10.8%). The adjusted EBITDA of the portfolio of active customers at the start of the fiscal year amounted to €604 million in the period, 16.5% higher than that recorded in the first half of 2019. The total adjusted EBITDA reached €438 million, 17.2% higher than the same period in 2019. The net result was -€69 million, lower than that reported in the first half of the previous year (-€15 million), mainly due to exchange rate differences and hedges (for a total of -€104 million), with no impact on cash flow. Net financial debt amounted to €5,137 million as at 30 June 2020.
- The turnover of **Viscofan** in the first half of 2020 increased by 9.1% compared to the same period of the previous year, up to €447 million, driven by the improvement in all families of casings and the incorporation of Nitta Casings into the scope of consolidation, and despite the negative effect of the evolution of the exchange rates and the lower results obtained by the cogeneration division. In comparable terms, sales would have increased by 7.7% from the six-month period of the previous year. The semi-annual EBITDA increased by 18.7%, up to €110 million, due to higher revenues, production efficiencies and savings from the new cellulosic and fibrous technology in Spain. The net profit was €57 million, 25.5% higher than in the same period of 2019. As at 30 June 2020, Viscofan's net bank debt was €44 million, compared to €73 million on the same date of 2019.

III. INVESTMENT PORTFOLIO

The composition of Alba's Portfolio as at 30 June 2020 is as follows:

	<u>Stake %</u>	<u>Value (1) in € million</u>
Listed holdings		2,125
Acerinox	19.35	376
CIE Automotive	12.09	244
Ebro Foods	14.00	397
Euskaltel	11.00	155
Global Dominion	5.00	24
Indra	10.52	130
Naturgy (2)	5.36	447
Viscofan	13.03	352
Total market value		2,125
Total book value		2,481
Unrealised gains		(356)
Unlisted holdings		804
Parques Reunidos (3)	24.98	
Verisure (excluding minorities) (3)	6.14	
<u>Through Deyá Capital</u>		
Alvic (5)	7.76	
Alvinesa	16.83	
in-Store Media	18.89	
Monbake (5)	3.70	
Nuadi (6)	37.43	
Preving (6)	24.81	
Satlink (6)	28.07	
Telepizza (5)	3.27	
TRRG Holding Limited	7.50	
Real Estate		315

-
- (1) Market prices in listed companies, internal/external valuation of unlisted companies and external appraisal of real estate.
 - (2) This includes an indirect stake of 5.25% through Rioja Acquisition and a direct stake of 0.11%.
 - (3) Indirect stake through Piolin II.
 - (4) Indirect stake in economic rights through Shield Luxco 1.5.
 - (5) Indirect stake through a vehicle.
 - (6) Consolidated by global integration.

IV. NET ASSET VALUE (NAV)

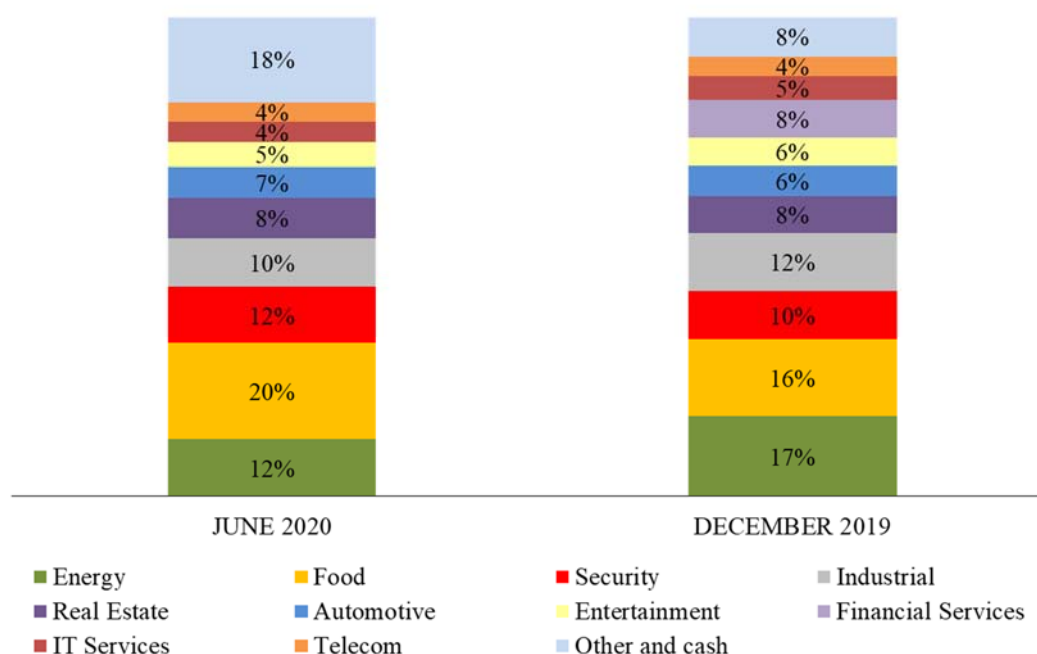
The most representative measure of a company like Alba is its Net Asset Value (NAV). Calculated according to the criteria normally used in the market, as at 30 June 2020, Alba's NAV before taxes amounted to €3,747 million or €64.33 per share, representing a drop of 14.8% in the six-month period.

	<i>Million euros</i>	
	30/06/2020	31/12/2019
Listed holdings	2,125	2,976
Unlisted holdings	804	893
Real Estate	315	342
Other assets and liabilities	84	124
Net cash	419	63
Net asset value	3,747	4,397
Million shares	58.24	58.24
Net asset value / share	64.33 €	75.50 €

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 (pages 8 and 9).

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



(1) Market prices in listed companies, internal/external valuation of unlisted companies and appraisal of real estate.

VI. CONSOLIDATED RESULTS

The net consolidated result was -€24 million in the first half of 2020, compared to €67 million for the same period of the previous year.

The item *Share of profits of associated* recorded a negative result of €44 million in the first half of 2020, compared to a profit of €31 million in the same period of 2019. This reduction is due to the effects caused in some associated companies from the restrictions and the decrease in activity, due to the crisis derived from COVID-19.

The accounts for the first half of 2020 show significant differences in various headings compared to the first half of 2019, due to the full consolidation of Nuadi and Preving since the last quarter of last year.

The main difference in the heading *Profit / (Loss) on asset sales* is derived from the decrease in the profit from the sale of assets, since the sale of the stake in Bolsas y Mercados Españoles contributed a result in the half-year lower than the one provided by the sales of financial assets in the same period of the previous year.

The *Variation in fair value of financial instruments* is due to a decrease in the valuations of investee companies through Deyá Capital.

Net earnings per share for the first half of 2020 fell to -€0.42, compared to €1.15 in the same period of the previous fiscal year.

CONSOLIDATED INCOME STATEMENT ⁽¹⁾

	Million euros	
	30/06/2020	30/06/2019
Share of profits of associates	(44)	31
Rental income and other	89	37
<i>Of leases and others</i>	9	9
<i>From other companies by global integration</i>	80	28
Gains from fair value adjustments in Real Estate investments	-	1
Profit / (Loss) on asset sales	22	25
Variation in fair value of financial instruments	(17)	13
Net financial result	8	5
Impairment of financial assets	-	(1)
Sum	58	111
Operating expenses	(74)	(35)
<i>From Alba</i>	(12)	(15)
<i>From other companies by global integration</i>	(62)	(20)
Depreciation	(9)	(3)
<i>From other companies by global integration</i>	(9)	(3)
Corporate income tax	(1)	(3)
Minority shareholders	2	(3)
Sum	(82)	(44)
Net result	(24)	67
EPS (€)	(0.42)	1.15

(1) Satlink, Nuadi and Preving are consolidated by global integration.

CONSOLIDATED BALANCE SHEET ⁽¹⁾

ASSETS	Million euros	
	30/06/2020	31/12/2019
Intangible asstes	222	227
<i>Goodwill</i>	123	123
<i>Other intangible assets</i>	100	104
(a) Real Estate Investments	298	325
(a) Fixed assets	27	25
(b) Investments in Associates	3,152	3,253
(b) Financial assets at fair value through P & L	125	150
Other financial investments and other assets	80	69
Non-current assets	3,904	4,049
Non-current assets held for sale	-	313
Stock	19	18
Outstanding tax refunds	22	64
(c) Other financial assets	213	114
(c) Treasury and temporary financial investments	347	78
Debtors and other assets	76	53
Current assets	677	641
Total assets	4,580	4,690

(1) Satlink, Nuadi and Preving are consolidated by global integration.

(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.

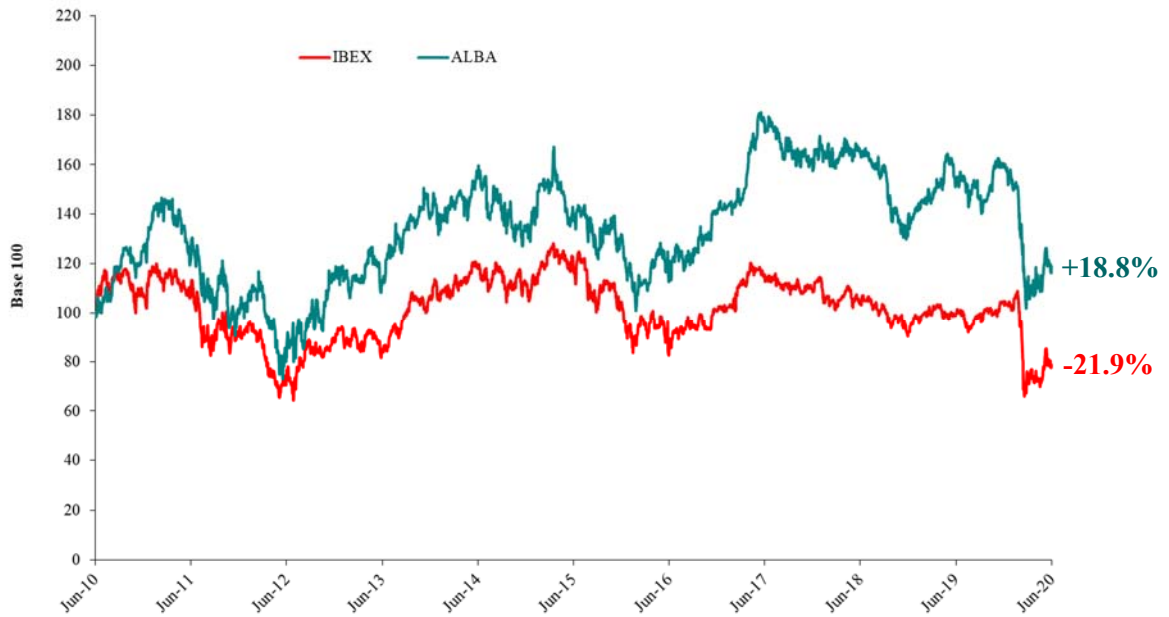
CONSOLIDATED BALANCE SHEET ⁽¹⁾

	LIABILITIES	
	Million euros	
	30/06/2020	31/12/2019
Share capital	58	58
Reserves and treasury stock	3,999	3,916
Earnings for the year	(24)	179
Minority interests	193	195
Shareholders' equity	4,225	4,348
Other non-current liabilities	23	21
Net deferred tax	52	53
(c) Long-term debts with credit institutions	207	202
Non-current liabilities	282	276
(c) Short-term debts with credit institutions	15	17
Current liabilities	57	49
Current liabilities	73	66
Total shareholders' equity and liabilities	4,580	4,690

(1) Satlink, Nuadi and Preving are consolidated by global integration.

(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 the first half of 2020, the price of Alba's shares decreased by 25.8%, falling from €48.55 to €36.00, while in the same period the IBEX 35 fell by 24.3% to 7,231 points.

VIII. SUBSEQUENT EVENTS

- On 10 September, Deyá Capital sold its entire stake of 7.5% of the share capital of TRRG Holding Ltd. (previously Ros Roca Environment) to the Terberg group for €17.3 million.