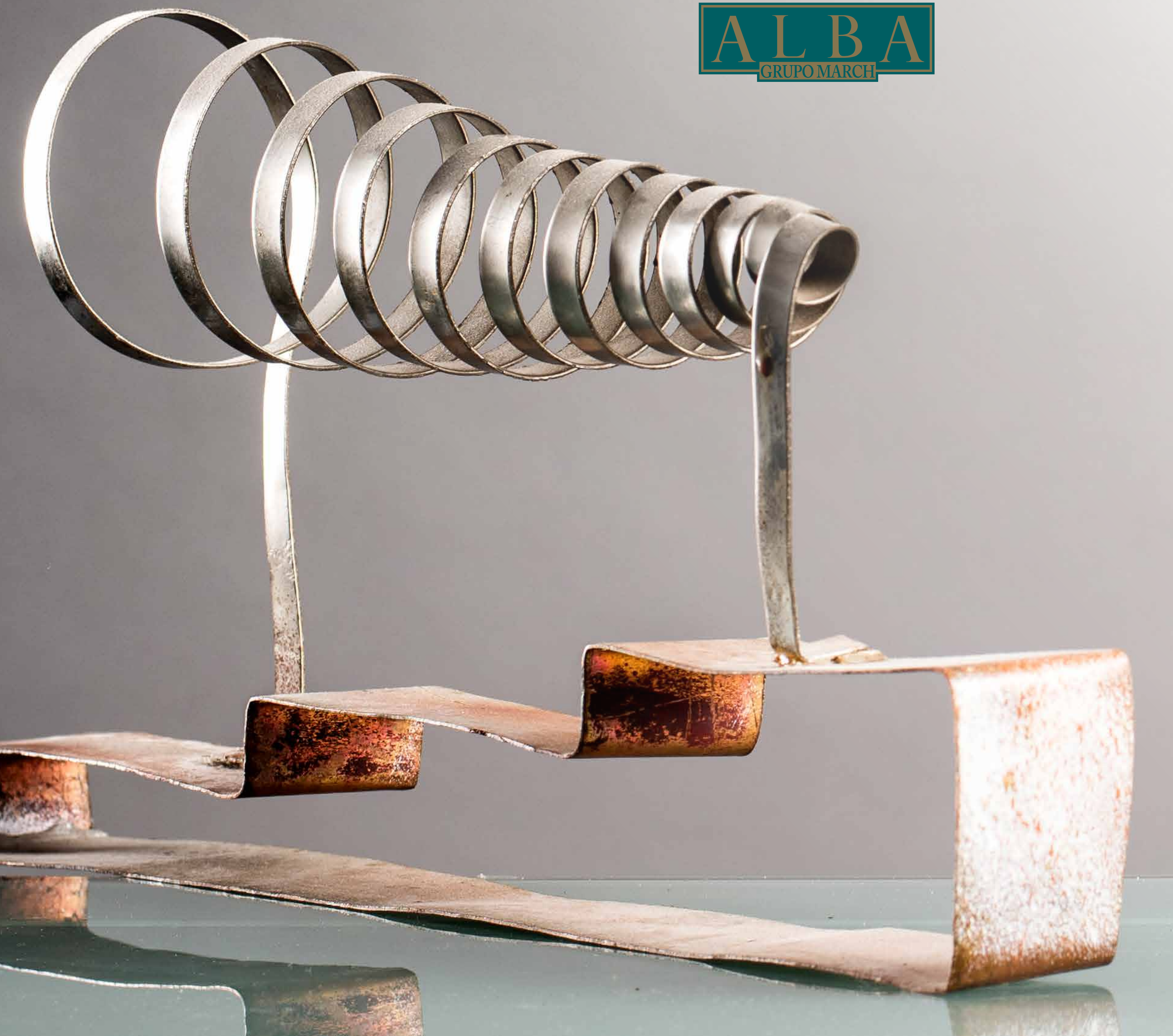
ANNUAL REPORT 2019

ALBA
GRUPO MARCH



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BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Chairman
Mr. Carlos March Delgado

Vice-Chairmen
Mr. Juan March de la Lastra
Mr. Juan March Juan

Chief Executive Officer
Mr. Santos Martínez-Conde Gutiérrez-Barquín

Board Members
Mr. José Domingo de Ampuero y Osma
Mr. Ramón Carné Casas
Ms. María Eugenia Girón Dávila
Ms. María Luisa Guibert Ucín
Ms. Ana María Plaza Arregui
Ms. Claudia Pickholz
Mr. Antón Pradera Jáuregui

Board Secretary and Director
Mr. José Ramón del Caño Palop

AUDIT AND COMPLIANCE COMMITTEE

Chairwoman
Ms. Ana María Plaza Arregui

Members
Ms. María Eugenia Girón Dávila
Ms. Claudia Pickholz

Secretary
Mr. José Ramón del Caño Palop

APPOINTMENTS AND REMUNERATION COMMITTEE

Chairwoman
Ms. María Eugenia Girón Dávila

Members
Mr. José Domingo de Ampuero y Osma
Mr. Carlos March Delgado

Secretary
Mr. José Ramón del Caño Palop

Note: Composition of the Board of Directors and its Committees as at 30 March 2020, the date of preparation of the 2019 Annual Accounts. Until 17 June 2019, the following were also members of the Board of Directors: Ms. Cristina Garmendia Mendizábal and Mr. Carlos González Fernández. On the same date, the General Shareholders' Meeting approved the appointment as independent directors of Ms. María Luisa Guibert Ucín and Ms. Ana Maria Plaza Arregui.

INVESTMENT COMMITTEE

Chairman
Mr. José Domingo de Ampuero y Osma

Members
Ms. María Luisa Guibert Ucín
Mr. Juan March de la Lastra
Mr. Juan March Juan
Mr. Santos Martínez-Conde Gutiérrez-Barquín
Mr. Antón Pradera Jáuregui

Secretary
Mr. José Ramón del Caño Palop

MANAGEMENT

Chief Executive Officer
Mr. Santos Martínez-Conde Gutiérrez-Barquín

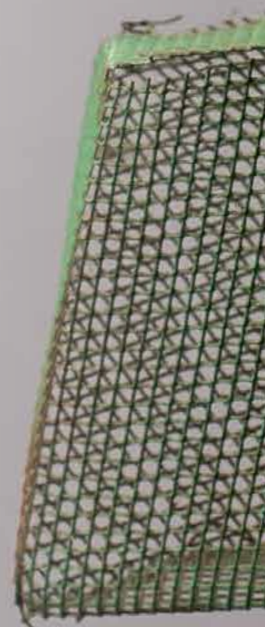
Directors
Mr. José Ramón del Caño Palop
Mr. Javier Fernández Alonso
Mr. Ignacio Martínez Santos
Mr. Carlos Ortega Arias-Paz
Mr. Andrés Zunzunegui Ruano

Heads of department
Mr. Diego Fernández Vidal
Mr. Tomás Hevia Armengol
Mr. Félix Montes Falagán
Mr. José Ramón Pérez Ambrojo

Communications
Mr. Luis F. Fidalgo Hortelano

Note: Composition of the Board of Directors and its Committees as at 30 March 2020, the date of preparation of the 2019 Annual Accounts.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and gentlemen, shareholders:

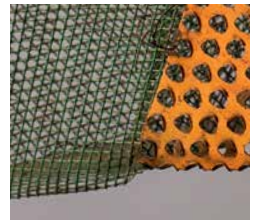
In spite of the difficult circumstances in which we find ourselves, it is yet again my pleasure to inform you of the development of Alba and its investee companies in the past year and in the first months of 2020.

Let me begin by referring to the serious crisis we are currently immersed in. The global covid-19 pandemic has forced unprecedented measures – such as home confinement of entire countries – given the serious risk to the population and to the proper functioning of health systems. The economic impact is absolutely unpredictable, but we understand that the consequences will be very significant. Although we hope that the most serious phase of the health emergency caused by covid-19 can be overcome in a few weeks or months, the economic slowdown it has generated may lead to a long-term recession, abruptly marking the end of the economic growth cycle that began a few years ago.

Coordinated action by the various Countries and Central Banks is needed to support, as far as possible, businesses, self-employed workers and households, with policies appropriate to the current situation, which will have to be broad and diverse. It is especially critical to ensure that the system's liquidity mechanism continues to function and to prevent the inevitable economic slowdown from turning into a widespread credit and solvency crisis that could take us back to the worst moments of the financial crisis, and which would lead to a significant increase in the number of business failures and could jeopardise the solvency of the financial system. We trust that the experience of the financial crisis and the consensus on the seriousness of the situation will enable such coordinated action to take place effectively. However, we fear that, in any case, the economic impact will be very relevant.

As a result, the markets have suffered sharp declines and huge volatility, with daily changes in many indices never seen before. Thus, in the first quarter of 2020, and just to give a few examples, the Ibex 35 plummeted by 28.9%, the Eurostoxx 50 by 25.6% and S&P 500 by 20.0%.

The share price of Alba fell by 28.4% to 34.75 euros per share, while the NAV per share at 31 March 2020 was 63.38 euros per share, marking 16.1% less than at the end of 2019.



In any event, we believe that, at this time, we should focus on the strengths and weaknesses of the businesses of our investee companies and disregard their short-term performance on the stock market. Although logically the impact on our investee companies, both listed and unlisted, is potentially very uneven, we are confident in the capacity of their staff teams to overcome this crisis. As a relevant shareholder of these Companies, from Alba we will do our best to support them in these difficult times.

Although, at this time, the covid-19 crisis clearly overshadows any other consideration, we will now briefly review the macroeconomic situation and market developments during 2019 and then review Alba's results and main operations during that year. Logically, the current situation makes comments regarding the future subject to a large dose of uncertainty.

Beginning with a brief review of the global macroeconomic situation, it should be noted that the world's major economies maintained their growth path in 2019, though at a slightly lower rate than in previous years, in a generalised environment of low inflation rates.

Apart from some signs of a slowdown that were already detected in the second half of 2018, the main focus of uncertainty during the year was constituted by the trade tensions between the United States, on the one hand, and China and Europe, on the other. However, these tensions did not seem to have a significant impact on global growth.

From a more general point of view, perhaps the most relevant aspect of 2019 was the realization that the normalization of expansive monetary policies in the United States, Europe and Japan was still far from materializing, with interest rates expected to remain low for at least several more years. Although this extension of expansive monetary conditions was greeted very positively by the markets, it is necessary to remember that, in the end, the dependence on these policies has only highlighted the fragility of economic growth. Following a similar logic, in the last months of 2019, especially in the European Union, voices were heard saying that monetary policy had reached its limit to revitalise economic growth, and demanding expansive fiscal policies with that objective. The situation has changed dramatically with the covid-19 crisis, which makes it necessary to take exceptional measures at all levels.

Additionally, other events occurred in 2019 that were more local or regional in nature, which contributed to raising the perception of increased economic risk. Among these, we can highlight the geopolitical tensions in the Persian Gulf in general and in Iran in particular, the "yellow vest" protests in France, or the social and economic tensions in several Latin American countries such as Chile, Argentina or Venezuela.

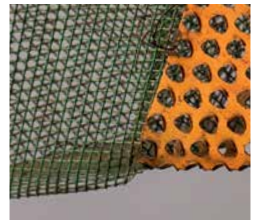
Finally, more than three years since the referendum and after constant ups and downs throughout 2019, the United Kingdom's exit from the European Union became official in early 2020. Although it does not seem to have been the focus of global markets for some time, let alone at the present moment, the truth is that, in our opinion, the uncertainty of Brexit has not completely disappeared, as the framework of future relations between the two parties is still not defined and will certainly be a source of friction in the coming years.

As for Spain, the economy grew again in 2019, with an increase in real GDP of 1.8% which, although lower than in previous years and lower than expected at the beginning of the year, has continued to be the highest among the main countries in the European Union.

However, after an uninterrupted quarterly growth since late 2013, the Spanish economy was already starting to show signs of slowdown at the end of 2019 and, before the covid-19 crisis, the prospects for the coming years suggested a mitigation of economic growth. Thus, for 2020 and 2021, the market consensus in mid-February pointed to an increase in real GDP of 1.6% in both years which, though being clearly lower than in previous years, once again exceeded the growth expected in the large economies of the Eurozone.
In the current situation, a generalised economic recession cannot be ruled out, at least during 2020, with the risk that the standstill in economic activity could be extended over time.

All the key economic variables discussed in previous Annual Reports continued to improve in Spain in 2019, thanks to the growth of the economy, but clearly at a lower rate and without any measures having been taken to resolve some fundamental imbalances that, in our opinion, continue to be a cause for concern in the medium term, especially in the expected situation of moderate recession in the short term.

The most obvious example of this problem is the situation of the public pension system, the sustainability of which is more than questionable due to the ageing of the



population, but for the solution of which no substantial corrective measures have been proposed in recent years, nor does there seem to be political consensus to open up a thorough reflection on possible alternatives.

If we begin a more detailed review of these variables with the labour market, this continued to improve in 2019 but at a slower pace than in previous years. According to the Labour Force Survey, drawn up by the Spanish Statistics Institute, in 2019 the number of unemployed fell by 231,300 (-6.6% in the year, to 3.2 million unemployed) and the number of employed increased by 451,600 (+2.3%, to 19.8 million), which allowed the unemployment rate to fall to 14.1% by the end of the year, compared with 15.3% in December 2018. The employed population was already close to the record reached before the crisis began, but the number of unemployed and the unemployment rate, which had fallen to almost half of the maximum reached in 2013, still remained far from the pre-crisis levels.

In any case, it should be noted that the improvement in these variables in 2019 was the smallest over the last 6 years and that the traditional issues of high youth unemployment, gender gap in unemployment, high proportion of temporary contracts in new hiring and low wages have not been resolved. In fact, it seems that some of these problems – for example, the first two – have worsened in relative terms in recent years: while it is true that absolute unemployment rates have fallen for both genders in almost all age groups, in some groups they are worsening in relative terms, compared to the national average.

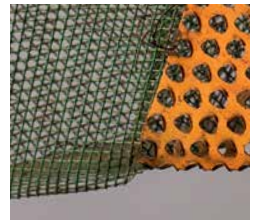
For all these reasons, we continue to advocate, for yet another year, the need to adopt measures to make the labour market more flexible and in which the potential for improvement of the current system seems limited if no further reforms are carried out. In this sense, some of the measures proposed by the new government could be counterproductive, by reintroducing some rigidities in the system that were already overcome in previous reforms and that ultimately harm both companies and workers.

At present, a very significant rise in unemployment in Spain is expected due to the economic stoppage caused by the covid-19 – especially if it affects the tourist season – but the real long-term impact will depend on the depth and length of the recession.

Another variable that seemed to have exhausted its potential for improvement was the public deficit, which ended 2019 at levels close to 2.7% of GDP, higher than the forecasts made at the beginning of that year, and which was 2.5% in 2018. This public deficit also explained the gradual increase in public debt which rose by 1.3% in 2019 to nearly 1.2 trillion euros. This increase was lower than in previous years and lower than GDP growth, so that the public debt-to-GDP ratio fell slightly again in the year, to nearly 95% by the end of the year, not far from the historical peak of 101% reached at the end of 2014.

Prior to the covid-19 crisis we were sceptical about the possibility of reducing public deficit in the coming years, given the growth slowdown scenario and the economic policy targets of the new government. At the present time, when the economic effects of the covid-19 cannot yet be quantified, the only thing we can be sure of is that we are going to witness unprecedented increases in public spending and public debt – in Spain and in most countries – the long-term consequences of which are absolutely impossible to predict.

With regard to the stock markets, 2019 was a very positive year in the major global stock indices, in strong contrast to



the previous year. While the main markets ended 2018 in the negative and with relatively high volatilities, last year presented a diametrically opposed result, with rises in all the indices and a significant fall in volatilities.

By country, we can highlight the strong increase in the Chinese market (+38.0% of the China 300 index) and North American markets (e.g., +28.9% of the S&P 500) – which achieved historical records by the end of the year – but most importantly, increases were significant and largely generalised with the vast majority of global indices exceeding 20.0% in the year. Only the Spanish Ibex 35 and the British FTSE 100 showed a more moderate performance, with annual increases close to 12.0% in both cases, due to the high weight of telecommunications operators and banks in the former case and the chaotic Brexit process in the latter.

In last year's Annual Report, we indicated that, in our opinion, the stock market was showing signs of a slowdown after a very long upward cycle, due to the modest evolution expected at that time of business results and the incipient normalization of monetary policy in Europe and the United States. In our opinion, it is precisely the extension of the aforementioned expansive monetary policies that explains this good performance in 2019, as the very low interest rates – even negative in some cases – were driving stock valuations, despite the fact that the prospects for the evolution of corporate results had not improved substantially during the year. The best example of the enormous influence of these policies on the markets is the relatively small impact of relevant uncertainties such as the trade "war" between the United States and China, or the renewed tension in the Persian Gulf, which generated falls and increases in volatility at certain points in the year, but did not prevent the aforementioned generalised rises. This influence can also be seen in the strong correlation between the main stock market indices in recent years, the valuation increases in almost all types of assets and the complacency that could be perceived on the markets at the end of last year.

This good market atmosphere at the end of 2019 continued in the first weeks of 2020, with new historical highs in several markets, but has been violently interrupted since mid-February by the crisis caused by the expansion of the covid-19, first in China, and then in many countries around the world.

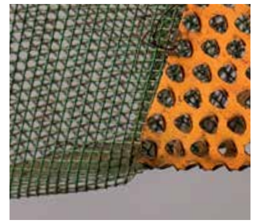
In the current environment of potential economic recession and collapse of business

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

results in some sectors, we must reiterate, once again, our philosophy to act prudently with regard to future market developments, maintaining, in the case of Alba, a long-term vision, with low debt levels, an appropriate balance between profitability and risk and by giving priority to those companies with solid balance sheets and management models. The key to investment in the equity markets in the medium and long term ultimately lies in the development of profits and cash flow of companies and we believe that good investment opportunities could be found even in the current context, still taking a long-term view.

If we now focus on the performance of Alba In 2019, the Net Asset Value (NAV) rose by 12.4% in the year to 4,397.3 million euros at the end of the year. NAV per share grew by the same rate, ending the year at 75.50 euros per share.

Likewise, Alba's share price increased by 14.2% in 2019, to reach 48.55 euros per share at the end of the financial year. The evolution of Alba's share price was better than the performance of the Ibex 35 (+11.8%) and the Eurostoxx 50 (+24.8%) in that same period.



With regard to Alba's results, in 2019 it obtained consolidated profits after tax of 179.2 million euros, 16.1% higher than the net profit of 154.4 million euros in the previous year, thanks to the reversal of provisions for impairments made in previous years in the book value of various investees and of other financial assets and the capital gains obtained on the sale of the stake in Mecalux, which offset the lower profits contributed by some of our investees.

Per share, Alba achieved a profit of 3.08 euros in the year, compared with 2.65 euros in 2018.

In this report, you can find a more detailed analysis of the various items that make up Alba's Profit and Loss Statement and the Balance Sheet, as well as information about the performance of our investee companies in the 2019 financial year.

In 2019, Alba made significant investments, primarily in the incorporation of new investee companies to its portfolio. Thus, Alba's total investments reached 645.7 million euros in the financial year, an amount similar to that of 2018:

- 557.7 million euros in the purchase of a 7.48% indirect share of Verisure, which also operates under the brand "Securitas Direct" and has over three million monitored alarm customers in fifteen countries in Europe and Latin America. In July, Alba sold a 17.91% share of the holding company of its whole indirect shareholding in Verisure for 100 million euros to a group of investors, without the sale generating any financial result for Alba. Therefore, as at 31 December 2019, Alba's indirect stake in Verisure, in economic rights and net of minority interests, amounted to 6.14% of its share capital.

- 13.4 million euros in the acquisition, during the first quarter, of an additional 1.58% of Parques Reunidos. In early September, the takeover bid on the Company was successfully concluded by an EQT-controlled vehicle. Alba did not sell its shares in the takeover, but did contribute its shares in Parques Reunidos to the bidding vehicle. Upon completion of the mentioned takeover, Parque Reunidos shares were excluded from listing on 5 December. Alba remains an important shareholder in Parques Reunidos over the long term, with an indirect stake of 24.98%.

- 1.4 million euros in the purchase of an extra 0.05% of CIE Automotive, increasing the stake in this Company to 10.15% at the end of 2019.

- Finally, through Deyá Capital, 73.3 million euros were invested in the purchase of indirect shares in 9.46% of Grupo Alvic (a leading company in the manufacture of panels and components for kitchen furniture), 37.43% of Nuadi (the largest independent European manufacturer of vehicle braking system components), 24.81% of Preving (occupational risk prevention) and, lastly, 3.27% of Telepizza (as part of the KKR-led takeover bid led of this Company, whose shares were delisted in July).

On the other hand, in 2019, sales were made for a total amount of 235.3 million euros, among which, apart from the already mentioned divestment in Verisure, it is worth mentioning:

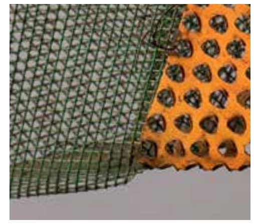
- The sale of its 24.38% stake in Mecalux for 121.9 million euros. Alba's shareholdings comprised 8.78% direct and 15.60% indirect stakes, through Deyá Capital. In total, since the beginning of the investment in July 2010, Alba obtained a total capital gain of 26.8 million euros – of which 24.4 million were recorded in 2019 – and received dividends of 15.8 million euros.

- And the sale of two properties in Madrid, for a total of 12.0 million euros.

As a result of these asset purchases and sales, Alba's net cash – excluding the impact of the global consolidation of Satlink, Nuadi and Preving – dropped by 76.7% in 2019, reaching 62.9 million euros at the end of the year. In any case, Alba continues to enjoy significant financial capacity to accommodate new investments and, true to its philosophy, continues to analyse new investment opportunities in listed and unlisted companies in both Spain and beyond, preserving its philosophy based on prudence and long-term vision.

Among the transactions announced or completed after year-end and up to 30 March 2020, there was the sale of two buildings in Barcelona for 17.0 million euros and the investment made to strengthen our shareholding in CIE Automotive that should be noted.

To conclude with the most relevant changes in the composition of our portfolio, due to their relevance it is necessary to note that,



in mid-November, the Swiss stock exchange operator, SIX, announced its intention to launch a voluntary takeover bid for all the shares of Bolsas y Mercados Españoles at a price of 34.00 euros per share, adjustable for the dividends distributed from then on. After receiving all necessary approvals, the acceptance period for the takeover bid commenced on 30 March, and it will run until 11 May unless a competing bid arises. At this point, we would like to recall that Alba's stake in Bolsas y Mercados Españoles had a market value of 346.7 million euros as at 31 December 2019.

With regard to the rules and practices of good corporate governance, Alba has continued its efforts to incorporate into its internal regulations and practices both the new rules that have been introduced and the recommendations on good corporate governance.

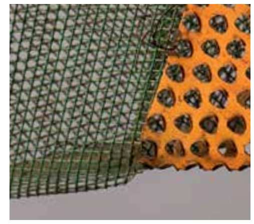
With regard to internal regulations, it should be noted that in 2019, following the recommendations of the CNMV (Spanish stock exchange regulator) Technical Guide 1/2019 of 20 February on Appointments and Remuneration Committees, Alba's Regulations for the Appointments and Remuneration Committee were approved, thus completing the regulations of this Committee already contained in the Regulations of the Board of Directors.

Furthermore, in terms of internal policies, we have to mention first that, as proposed by the Appointments and Remuneration Committee, a new Remuneration Policy was approved for the Board of Directors, which primarily collects the applicable principles as provided under the Law, sets maximum limits to the different types of remuneration, regulates the welfare system for the Executive Directors, and regulates – in a more detailed manner than in the previous Policy – the clawback clause, extending the claim term and the cases in which it is applicable. Likewise, the policies for candidate selection for Director, Risk Management, Corporate Governance and Corporate Social Responsibility have been updated by approving new versions.

With regards to the composition of the Board, this has undergone some modifications during the year, such that at the end of the year it was made up of twelve members, of which only three were "executive" and the rest "external", three of whom were "proprietary" and six "independent". This composition of the Board is considered appropriate to the Company's capital structure and is also balanced in terms of knowledge, experience and different typology thereof. With regard to gender diversity in the composition of the Board, since 2016, the Company had set itself the goal of having the least represented gender on the Board reach 30% of the total number of Board members in 2020, and this percentage has been exceeded in 2019, with 33.33% female Board members.

As for the Board's internal organisation, until the year 2018 the Board had four Committees (Audit & Compliance, Appointments and Remuneration, Operations, and Investment Monitoring) but, without prejudice to proper functioning, it has been considered convenient and more operational that two of the existing Committees (Operations and Investment Monitoring) be merged into one that assumes the functions of the above-mentioned ones. This new Committee is called the Investment Committee.

Also in the 2019 financial year, following the proposal of the Appointments and Remuneration Committee, the Board of Directors approved the competencies of the Board and the succession plan for the Chairman and the chief executive officer.



Likewise, in 2019 the Company complied with all the applicable recommendations of the Code of Good Governance for Listed Companies, approved by the CNMV in 2015. Specifically, out of a total of 64 recommendations, 56 are applicable, 54 of which are fully complied with and only 2 partially.

The following reports and documents were also approved: the Annual Corporate Governance Report, the Directors' Remuneration Report, the Report on Non-Financial Information, Related Party Transactions Report and the Board's evaluation, as well as other additional reports issued by the Board's Committees. Monitoring reports on Risk Control and Management, Regulatory Compliance and Criminal Prevention functions have also been prepared and submitted to the relevant bodies.

With regard to the distribution of profit for the year, the Board of Directors has proposed to the General Shareholders' Meeting the distribution of an ordinary dividend of 1.00 euro gross per share for 2019, which will entail the payment, subject to prior approval by the General Shareholders' Meeting to be held in mid-June, of 0.50 euro gross per share. This dividend would be complementary to the one of the same amount paid in October last year.

Finally, on behalf of the entire Board of Directors, I want to thank all of the employees of our Company and of all our investee companies for their professionalism, enthusiasm and dedication, and all of you, our shareholders, for your trust and support.

Sincerely,
Carlos March Delgado

MOST SIGNIFICANT DATA

MOST SIGNIFICANT DATA

ECONOMIC - FINANCIAL

In millions of euros unless otherwise indicated	**2019**	2018	2017	2016
Share capital at the end of the year	58	58	58	58
Total equity at the end of the year	4,348	4,059	3,996	3,621
Outstanding shares (thousands), average for the year	58,240	58,240	58,240	58,240
Net income	179	154	474	408
Dividends	58	58	58	58
Earnings per share in euros	3.08	2.65	8.14	7.00
Dividends per share in euros	1.00	1.00	1.00	1.00

Note: Per share data calculated on the average number of shares outstanding for the year.

STOCK MARKETS

	2019	2018	2017	2016
Closing price in euros per share				
Maximum	49.75	51.90	54.80	42.86
Minimum	40.65	39.35	42.38	30.60
Last	48.55	42.50	47.72	42.85
Market capitalisation at 31/12 (millions of euros)	2,828	2,475	2,782	2,498
Volume traded				
Number of shares (thousands)	2,814	6,521	4,330	8,514
Millions of euros	129	290	213	302
Daily average (millions of euros)	0.5	1.1	0.8	1.2
Dividend yield (on last price)	2.1%	2.4%	2.1%	2.3%
PER (on last price)	15.8 x	16.0 x	5.9 x	6.1 x

MOST SIGNIFICANT DATA

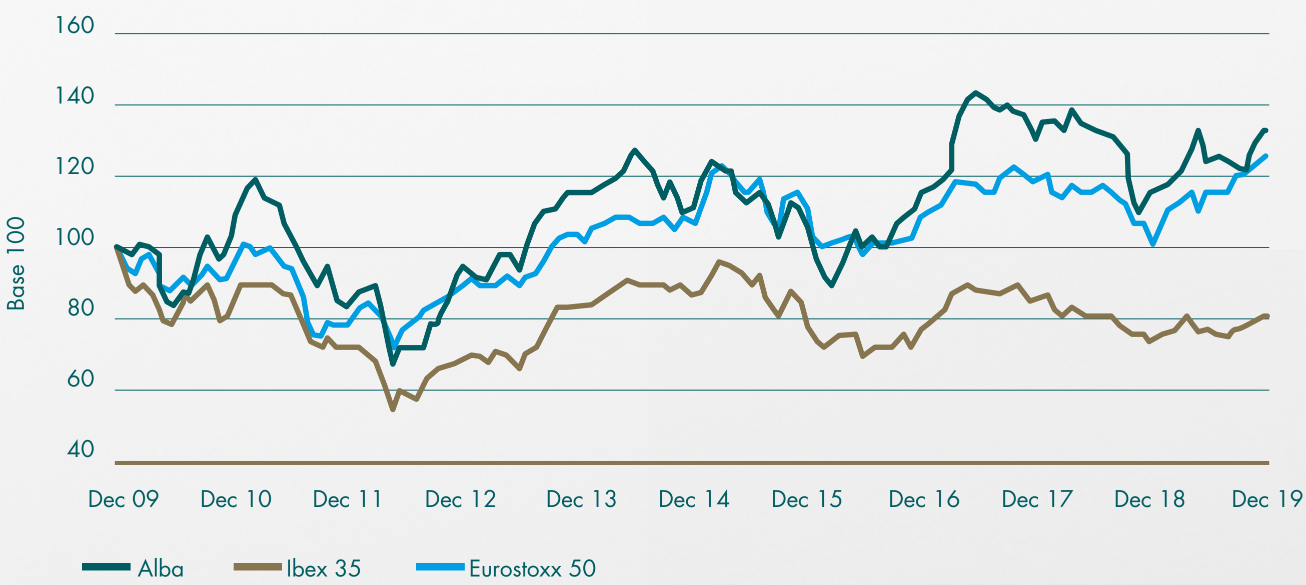
Alba's share price rose by 14.2% in 2019, a better performance than the Ibex 35, which rose by 11.8%, but less than the Eurostoxx 50, which rose by 24.8% in the year.

ALBA'S STOCK MARKET PERFORMANCE IN 2019 COMPARED TO IBEX 35 AND EUROSTOXX 50

Source: Bloomberg.

Moreover, the performance of Alba shares over the last ten years has also been better than that of the two benchmark stock market indices mentioned above, especially when compared with the Ibex 35. From December 2009 to the end of 2019, the price of Alba's shares rose by 32.8%, while during the same period the Eurostoxx 50 rose by 26.3% and the Ibex 35 fell by 20.0%.

ALBA'S STOCK MARKET PERFORMANCE OVER THE LAST 10 YEARS COMPARED TO IBEX 35 AND EUROSTOXX 50



Source: Bloomberg.

MOST SIGNIFICANT DATA

NET ASSET VALUE

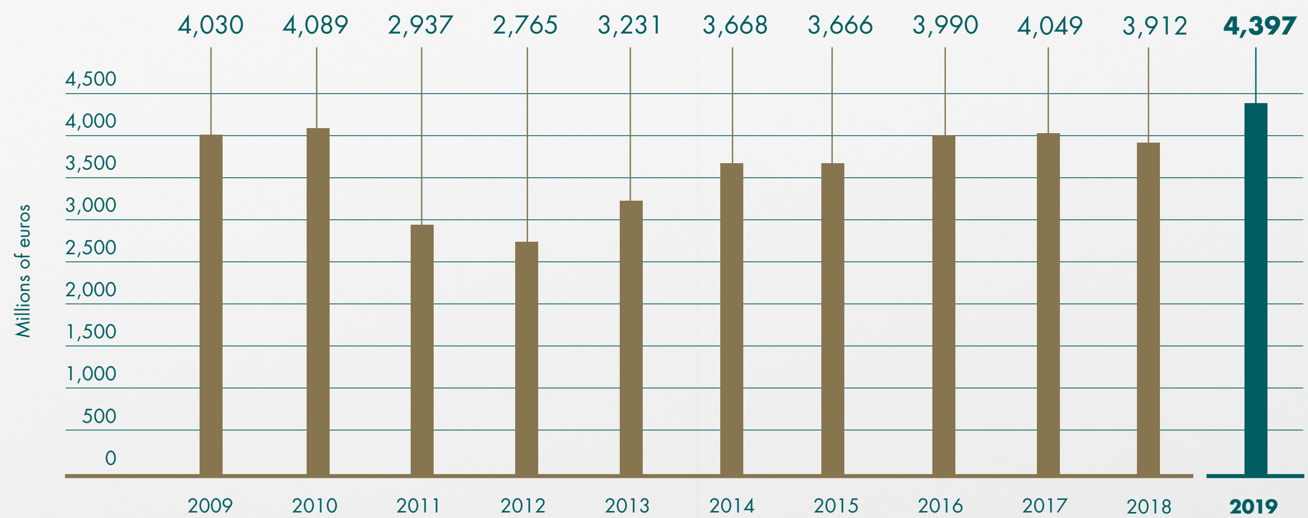
In millions of euros unless otherwise indicated	**2019**	2018	2017	2016
Data at 31/12				
Gross Asset Value (1)	4,274	3,661	3,823	3,740
Net Asset Value (2)	4,397	3,912	4,049	3,990
Net Asset Value in euros per share (2)	75.50	67.17	69.53	68.51

(1) Includes investments in listed and unlisted companies, real estate and, where applicable, the net cash position.
(2) Gross value of assets and other assets less, where applicable, net financial debt and other liabilities.

Considering the amounts at the end of each year, the Net Asset Value (NAV) increased by 12.4% in 2019, reaching its greatest yearly closing value since 2007.

The following chart shows the evolution of the NAV since the end of 2009, which shows, among other things, the significant fall in 2011 – partly due to the extraordinary dividend distributed in that year – and the recovery of the NAV since the end of 2012:

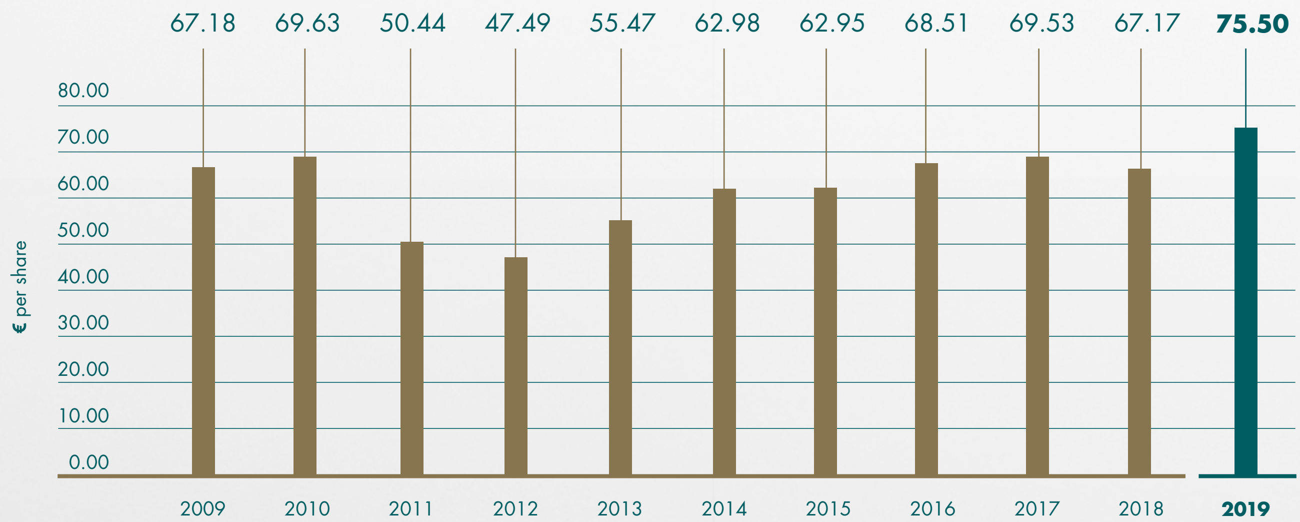
EVOLUTION OF THE NET ASSET VALUE BEFORE TAXES (AT 31 DEC.)



MOST SIGNIFICANT DATA

The following table shows the evolution of the NAV per share in circulation over the same period, before tax, at 31 December of each year:

EVOLUTION OF THE NET ASSET VALUE PER SHARE BEFORE TAXES (AT 31 DEC.)



In the last 10 years the NAV per Alba share increased by 12.4%, compared to a rise of 26.3% in the Eurostoxx 50 and a fall of 20.0% in the Ibex 35. It is important to note that, in this period, Alba has distributed to its shareholders gross dividends for a total of 13.00 euros per share – 10.00 euros per share in ordinary dividends and 3.00 euros per share in an extraordinary dividends in 2011 –, representing 38.0% and 20.7% of the NAV and the share price at the beginning of the considered period, respectively.

MOST SIGNIFICANT DATA

INVESTMENT PORTFOLIO

Structure of Alba investee companies as at 31 December 2019, including both direct and indirect holdings:

Naturgy

5.36%

Acerinox

19.35%

Verisure

6.14%

Ebro Foods

14.00%

Bolsas y Mercados Españoles

12.06%

CORPORACIÓN FINANCIERA ALBA

Alvinesa

16.83%

Satlink

28.07%

in-Store Media

18.89%

Viscofan

13.03%

CIE Automotive

10.15%

Parques Reunidos

24.98%

Indra

10.52%

Euskaltel

11.00%

Alvic

8.89%

Nuadi

37.43%

Preving

24.81%

Telepizza

3.27%

Terberg Ros Roca

7.50%

MonBake

3.70%

MOST SIGNIFICANT DATA

Value of the Portfolio at 31 December 2019:

Listed companies (2)	Market value on the Stock Exchange (1) Percentage of ownership	Millions of euros	Euros per share
Naturgy (3)	5.36	730.5	22.400
Acerinox	19.35	525.7	10.045
Ebro Foods	14.00	415.6	19.290
Bolsas y Mercados Españoles	12.06	346.7	34.380
Viscofan	13.03	285.5	47.100
CIE Automotive	10.15	276.0	21.080
Indra	10.52	189.2	10.180
Euskaltel	11.00	176.3	8.970
Global Dominion	5.00	30.9	3.650
Total stock market value		**2,976.4**	
Total book value		2,829.6	
Unrealised capital gain		**146.8**	
Unlisted companies (4)		**892.7**	
Real estate (5)		**341.5**	

(1) Prices at the last exchange rate in December. All the investee listed companies are listed on the Continuous Market of the Spanish Stock Exchange Interconnection System.
(2 Investments consolidated by the equity method, except for Global Dominion, which is accounted for at fair value. The investment in Bolsas y Mercados Españoles was reclassified at 31 December 2019 from *Investments in associated companies* to *Non-current assets held for sale*, as a result of the takeover bid launched by SIX Group for all of the Company's shares.
(3) Direct stake of 0.11% and indirect stake of 5.25% through the 25.73% shareholding in Rioja Luxembourg S.à.r.l.
(4) Valuations made by independent experts or acquisition cost for the most recent investments. Of the unlisted companies, Satlink, Nuadi and Preving are fully consolidated, Verisure and Parques Reunidos are consolidated using the equity method, and the remainder are consolidated at fair value.
(5) As assessed by an independent expert as at 31 December 2019.

The evolution of the direct and indirect investment portfolio in recent years is detailed below:

	Percentage of ownership (%)			
	31-12-2019	**2019 Variation**	31-12-2018	31-12-2017
Listed companies				
Naturgy	5.36	0.09	5.27	-
Acerinox	19.35	0.39	18.96	18.96
Ebro Foods	14.00	-	14.00	12.00
Bolsas y Mercados Españoles	12.06	-	12.06	12.06
Viscofan	13.03	0.03	13.00	11.32
CIE Automotive	10.15	0.05	10.10	10.00
Indra	10.52	-	10.52	10.52
Euskaltel	11.00	-	11.00	11.00
Global Dominion	5.00	-	5.00	-
Unlisted companies				
Verisure (1)	6.14	6.14	-	-
Parques Reunidos	24.98	3.55	21.43	20.01
Alvinesa	16.83	-	16.83	16.83
Satlink	28.07	-	28.07	28.07
in-Store Media	18.89	-	18.89	18.89
Alvic	8.89	8.89	-	-
Nuadi	37.43	37.43	-	-
Preving	24.81	24.81	-	-
Telepizza	3.27	3.27	-	-
TRRG Holding	7.50	-	7.50	7.50
MonBake	3.70	-	3.70	-
Mecalux	-	(24.38)	24.38	24.38
Gascan	-	-	-	40.30
Panasa	-	-	-	26.50

(1) Shareholding, net of minority shareholders in Alba Investments, S.à r.l.

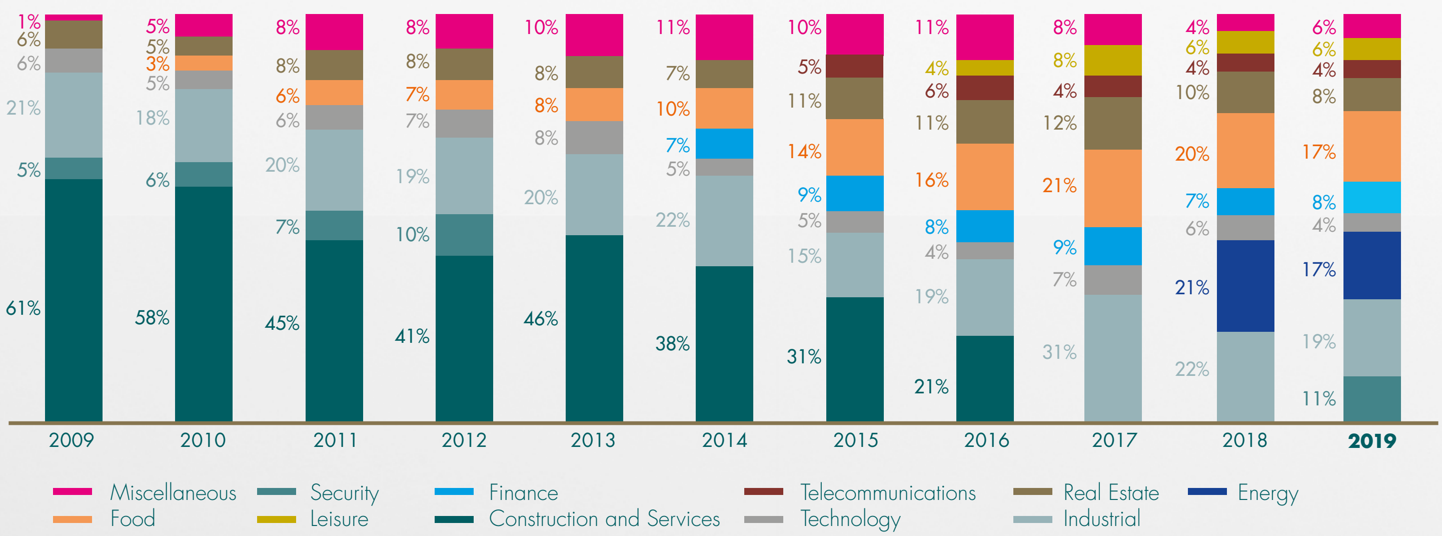
MOST SIGNIFICANT DATA

Apart from the already mentioned purchases and sales of shares, it should be noted that the increases in shareholdings in 2019 in Acerinox, Naturgy and Viscofan were due to the amortization of own shares carried out by these companies. In the case of Parques Reunidos, the increase in shareholding is the result of the purchase on the stock exchange of an additional 1.58% before its exclusion and the contribution – at the same price as in the takeover bid – of the direct shares owned by Alba to the offeror vehicle, which was slightly indebted in order to finance the cash purchase of the shares in the bid.

SECTOR DIVERSIFICATION

Adding the market value of the holdings in listed and unlisted companies and real estate properties gives the following sectoral distribution of the Company's investments (in percentage terms):

SECTORAL BREAKDOWN OF ALBA'S PORTFOLIO (AT 31 DEC.)



The composition of Alba's portfolio has changed substantially in recent years, significantly increasing its diversification by sector.

From 2009 to 2019, Alba has invested in new sectors such as Energy (Naturgy), Food (Ebro Foods and Viscofan), Technology (Indra), Finance (Bolsas y Mercados Españoles), Telecommunications (Euskaltel) and Leisure (Parques Reunidos) and significantly increased the weight of Industrial (Acerinox and CIE Automotive). On the contrary, in that period it completely disinvested from the Construction and Services sector (ACS, in 2017). Within the Security sector, the shareholding in Prosegur was sold in 2013 and in 2019 it has again been present with the investment in Verisure. The Miscellaneous category mainly includes shares in unlisted companies through the development capital vehicles Deyá Capital and Deyá Capital IV, varying its weight based on different investments and divestitures made, as well as the shareholding in Global Dominion. At the end of 2019, the weight is slightly higher than the previous year for investments in Alvic, Nuadi, Preving and Telepizza, as well as the higher valuation of other investments, which offset the sale of the Mecalux holding.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

- The consolidated financial information has been drawn up in accordance with International Financial Reporting Standards (IFRS).

- The investee companies invested through private equity capital vehicles – Grupo Satlink, S.L. ("Satlink"), Miralda Activos, S.L.U. ("Nuadi") and Marsala Activos, S.L.U. ("Preving") – were fully consolidated as at 31 December 2019.

The final part of this report includes the consolidated financial statements, audited by KPMG Auditores, S.L., with more detailed information.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS BEFORE PROFIT DISTRIBUTION

ASSETS

In millions of Euros	At 31 of December 2019	At 31 of December 2018	At 31 of December 2017
Real estate investments	324.5	327.3	336.5
Tangible fixed assets	24.8	7.9	46.9
Goodwill	122.7	5.0	10.2
Other intangible assets	104.4	38.1	67.0
Investments in associate companies	3,253.1	2,994.4	2,383.1
Investments at fair value with changes in Profit and Loss	150.4	201.1	154.5
Other financial assets	71.3	65.1	68.8
Non-current assets	**4,051.2**	**3,638.9**	**3,067.0**
Non-current assets held for sale	312.7	-	-
Cash and cash equivalents	192.0	390.7	912.5
Other current assets	136.1	238.5	296.8
Current assets	**640.8**	**629.2**	**1,209.3**
Total Assets	**4,692.0**	**4,268.1**	**4.276.3**

LIABILITIES

In millions of Euros	At 31 of December 2019	At 31 of December 2018	At 31 of December 2017
Share capital	58.2	58.2	58.3
Reserves	3,945.3	3,858.0	3,461.1
Treasury shares	-	-	(2.4)
Interim dividend	(29.1)	(29.1)	(29.1)
Results for the financial year	179.2	154.4	474.1
Minority shareholders	194.6	17.4	34.1
Total equity	**4,348.2**	**4,058.9**	**3,996.1**
Financial debt	202.0	128.9	180.8
Provisions and other debts	21.3	9.8	7.5
Other liabilities	54.8	39.0	52.9
Non-current liabilities	**278.1**	**177.7**	**241.2**
Financial debt	16.7	12.8	14.5
Other debts	49.0	18.7	24.5
Current liabilities	**65.7**	**31.5**	**39.0**
Total Equity and Liabilities	**4,692.0**	**4,268.1**	**4,276.3**

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

BALANCE SHEET

Changes in most of the items in Alba's consolidated accounts were affected in 2019 by the inclusion of Nuadi and Preving in the scope of consolidation, both fully consolidated, as well as Satlink.

The *Real estate investments* account, which gathers real estate for rent, decreased by 2.8 million euros in 2019, to 324.5 million euros, mainly due to the sale of two office floors and several parking spaces in Madrid, a reduction that was almost entirely offset by the increase in the estimated fair value of the rest of the property portfolio. The real estate valuation is carried out annually by independent experts, and the increase or decrease in value is recognised in the income statement under *Change in fair value of real estate investment*.

The *Tangible fixed* assets increased from 7.9 to 24.8 million euros, due to the incorporation, by full integration, of the holdings in Nuadi and Preving. This consolidation also explains the changes in *Goodwill* and *Other intangible assets*.

Investments in associate companies increased by 258.7 million euros in 2019. This increase is explained, among other things, by the cost of the investment in Verisure (558.2 million euros), by the profits contributed by the investees (84.5 million euros) and by the reversal of impairments from previous years in the accounting amount of the holdings in Bolsas y Mercados Españoles and Euskaltel (44.2 million euros). The reclassification of the investment in Bolsas y Mercados Españoles as *Non-current assets held for sale* (312.7 million euros) and the dividends and refunds of the share premium of the associated companies (121.0 million euros) have led to a reduction in this account.

The *Investments at fair value with changes in Profit and Loss* were reduced from 201.1 to 150.4 million euros in 2019, mainly due to the sale of the shareholding in Mecalux, which was partially offset by the acquisition of the shareholdings in Alvic and Telepizza (38.0 million euros) and by the higher estimated fair value of the shareholdings included under this heading (8.8 million euros). In this regard, it should be noted that in 2019 this account includes the holding in Global Dominion and all the holdings in unlisted companies via the Deyá Capital vehicles, except those of Gascan and Satlink, which are fully consolidated.

The *Other financial assets* increased by 6.2 million euros, due, among other things, to the recovery of a provision for a lower book value of a financial asset.

At the end of 2019, *Non-current assets held for sale* included the book value of the holding in Bolsas y Mercados Españoles, following approval of the takeover bid of the Swiss group SIX.

The balance of *Cash and cash equivalents* decreased in 2019 from 390.7 million euros to 192.0 million euros, primarily due to the investments made. As at 31 December 2019, Alba's net cash calculated as cash position minus short-term and long-term financial liabilities, excluding the full consolidation of Satlink, Nuadi and Preving, was 62.9 million euros, compared with 269.4 million euros net cash at the end of the previous year. This reduction in the net cash position is due to the significant volume of investments made during the year.

In addition, the *Other current assets* item declined from 238.5 million euros to 136.1 million euros, mainly due to the refund of the instalments on account of Corporation Tax corresponding to the year 2017 (118.0 million euros).

Reserves increased by 87.3 million euros, from 3,858.0 million euros to 3,945.3 million euros, due to the results of the previous financial year, net of the dividends distributed by Alba, which were higher than the negative variations in 2019 in the reserves of the investees.

Interim dividend amounted to 29.1 million euros at the end of 2019 and reflects the ordinary interim dividend of 0.50 euros gross per share paid in October out of the 2019 profit.

Profit for the year stood at 179.2 million euros, 16.1% higher than the profit of 154.4 million euros obtained in 2018.

The item *Minority shareholders* increased from 17.4 to 194.6 million euros in the year, as a result of the inclusion in the scope of consolidation of Nuadi, Preving and Alba Investments (Verisure).

As a result, *Total equity*, including *Minority shareholders*, increased by 7.1% in the year to 4,348.2 million euros.

Non-current liabilities include financial liabilities maturing in over one year amounting to 202.0 million euros and deferred tax liabilities amounting to 52.7 million euros. The changes in these items are due mainly to the changes in the scope of consolidation mentioned above.

Current liabilities, which include both bank loans maturing in less than one year and other short-term liabilities, increased from 31.5 million euros at the end of 2018 to 65.7 million euros at the end of 2019, mainly due to the inclusion of Nuadi and Preving in the consolidation scope.

CONSOLIDATED INCOME STATEMENT (1)

In millions of Euros	**2019**	2018	2017
Share of profit of associated companies	84.5	161.4	118.9
Revenue and other income	99.6	97.5	70.8
Change in fair value of real estate investments	2.8	0.2	0.9
Financial income	6.6	14.6	7.3
Impairment of assets and change in fair value of financial instruments	68.9	(41.0)	(36.0)
Results from asset sales	24.9	25.8	389.9
Total	**287.3**	**258.5**	**551.8**
Procurement	(23.7)	(29.6)	(19.5)
Operating expenses	(71.0)	(46.0)	(42.1)
Financial expenses	(2.6)	(6.5)	(5.4)
Reserves	-	-	(0.4)
Depreciation	(11.0)	(11.9)	(8.4)
Corporate income tax	(0.7)	(1.9)	1.2
Profit attributable to minority interests	0.9	(8.2)	(3.1)
Total	**(108.1)**	**(104.1)**	**(77.7)**
Net income	**179.2**	**154.4**	**474.1**
Net income per share (euros)	**3.08**	**2.65**	**8.14**

(1) This income statement is presented grouped according to management criteria, which explains the differences between certain chapters and the data included in the financial statements.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT

Alba's *Net income* amounted to 179.2 million euros in 2019, 16.1% more than the previous year's result. Consequently, net earnings per share increased from 2.65 euros in 2018 to 3.08 euros in 2019.

The income included under the heading *Share of profit of associated companies* decreased by 47.6%, from 161.4 million euros in the previous financial year to 84.5 million euros in 2019. This fall is mainly due to the lower results provided by Acerinox and Parques Reunidos and the incorporation, for the first time, of the profits of the holding in Verisure. This effect was partially reduced by the greater contribution of the holding in Naturgy, while the joint contribution of the other investees was very similar to that of the previous year.

Revenue and other income increased by 2.1 million euros to 99.6 million euros in the year, mainly as a result of the first full consolidation of Preving and Nuadi, and despite the sale of Gascan. This item includes income from Alba's real estate investments, which increased by 5.0% to 16.9 million euros, due to the higher occupancy rate of the properties and the increase in average income. As at 31 December 2019, the total rentable surface amounted to approximately 82,000 square meters, with an occupancy level of 91.5%, compared with the 86.0% at the end of 2018.

According to the assessment made by independent experts, the estimated value of the real estate assets increased by 2.8 million euros in 2019, this amount being accounted in the item *Variation in the fair value of real estate investments*. At 31 December 2019, the fair value of the investment property was 324.5 million euros.

Financial income was 6.6 million euros in 2019 compared to 14.6 million euros the previous year, due to lower dividends received.

Impairment of assets and change in fair value of financial instruments presented a positive result of 68.9 million euros in 2019 and includes, among others, the recovery of the impairment in previous years on the book value of the holdings in Bolsas y Mercados Españoles (36.1 million euros) and Euskaltel (8.1 million euros) and the credit with Bergé (7.7 million euros), as well as the increase in the fair value of financial instruments (17.0 million euros).

Result from asset sales includes income of 24.9 million euros in 2019, slightly less than in the previous year, which corresponds mostly to the pre-tax gain obtained on the sale of the stake in Mecalux. The previous year this item included the gains earned in the sale of the stake in Gascan.

The *Operating expenses* amounted to 71.0 million in 2019, 54.3% more than in the previous year, due to the effect, already mentioned, of the first full consolidation of Preving and Nuadi.

Overall, the *Operating expenses* directly attributable to Alba represented 0.66% of the Net Asset Value before tax at year-end.

The effect of the exit from the scope of consolidation of the holding in Gascan explains – despite the incorporation of Preving and Nuadi – the reduction in expenditure from *Procurement*, from 29.6 million euros in 2018 to 23.7 million euros in 2019.

The *Financial expenses* were reduced by 3.9 million euros in the year, down to 2.6 million euros.

The changes in the scope of consolidation – incorporation of Nuadi, Preving and Alba Investments (Verisure) and exit of Gascan – also explain the change in the *Minority interests* item in the consolidated income statement in the year.

Corporate income tax includes an expense of 0.7 million euros in 2019 compared to 1.9 million euros in 2018.

INFORMATION ON INVESTEE COMPANIES

LISTED

UNLISTED

INFORMATION ON INVESTEE COMPANIES LISTED

NATURGY

Naturgy

www.naturgy.es

DESCRIPTION OF THE COMPANY

Naturgy is an integrated multinational energy company with a presence in the gas and electricity sector. It operates in over 30 countries, with a strong presence in Spain and Latin America. It is the third largest electricity company in Spain and the largest Liquefied Natural Gas (LNG) operator in the Atlantic Basin.

Naturgy is present in both regulated and liberalised businesses and performs gas and electricity distribution activities, infrastructure, supply and transport of gas and power generation, both conventional and renewable.

The Company operates across four lines of business:

- Gas & electricity: commercialisation of gas, electricity and services, international LNG, electrical power generation in Spain and electrical power generation internationally.

- Infrastructure in *Europe, the Middle East and Africa* (EMEA): gas and electricity networks in Spain and investments in the gas pipelines *Europe Maghreb Pipeline Limited* (EMPL, with a 77%) and Medgaz (15% at the end of 2019).

- Southern LatAm infrastructures: electricity and gas business in Chile and Argentina and gas business in Brazil and Peru.

- North LatAm infrastructures: gas business in Mexico and electricity business in Panama.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

The results for 2019 were marked by a good performance in the infrastructure business, both in Spain and Latin America, and a very complex environment in the deregulated businesses, including conventional generation in Spain and the international LNG business.

INFORMATION ON INVESTEE COMPANIES LISTED

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	23,035	24,339	23,207
EBITDA	4,562	4,019	3,903
EBIT	2,863	(2,167)	2,128
Net profit/(loss)	1,401	(2,822)	1,360
Total assets	41,138	40,631	47,322
Net financial debt	15,268	15,309	15,154
Equity	13,976	14,595	18,305
Employees (31-dec.)	11,847	12,700	14,718
Share price (closing 31-dec.) (in euros per share)	22.40	22.26	19.25
Market capitalisation (closing 31-dec.)	22,044	22,275	19,263
Gross dividend yield (on last price)	6.0%	6.3%	5.2%

Net sales reached 23,035 million euros in 2019, 5.4% less than the previous year, due to lower energy prices and lower volumes sold in the deregulated businesses, which were not offset by growth in revenues from regulated infrastructure.

EBITDA increased by 13.5% with respect to 2018 and reached 4,562 million euros in the year, supported by the new commercial strategy in the commercialisation activity, the solid performance of the infrastructure business – especially in Latin America – and the cost efficiencies generated.

SALES BY REGION

- Spain **44.0%**
- Latin America **36.9%**
- Rest of Europe **11.5%**
- Other **7.7%**

EBITDA BY DIVISION

- EMEA Infrastructures **41.1%**
- Gas & Electricity **30.8%**
- South LatAm Infrastructures **20.1%**
- North LatAm Infrastructures **8.0%**

Note: EBITDA breakdown before structure costs, consolidation adjustments and others.

Naturgy obtained a net profit of 1,401 million euros in 2019, compared to net losses of 2,822 million euros the previous year, mainly due to the impairment in the value of conventional power generation assets in Spain. Excluding non-ordinary items, recurring net profit grew by 15.0% to 1,432 million euros, thanks to the higher activity and lower financial expenses, as a result of the Group's debt optimization.

In 2019, Naturgy's total investments amounted to 1,685 million euros, 27.4% less than in 2018. Among them, it is worth mentioning the investments in renewable energies, the largest in its history in this type of assets. On the one hand, 418 million euros were allocated to the development of various renewable generation projects (solar and wind) in Spain, with almost 800 MW commissioned during the year. In addition, 155 million euros were earmarked to the development of 180 MW of wind power in Australia and 324 MW for wind and solar power in Chile.

Cash flow after minority interests amounted to 1,958 million euros in 2019, due to improved operating results and a positive trend in working capital, on which the Company placed greater emphasis during the financial year. This cash flow was largely intended for the payment of dividends and the share buyback programme.

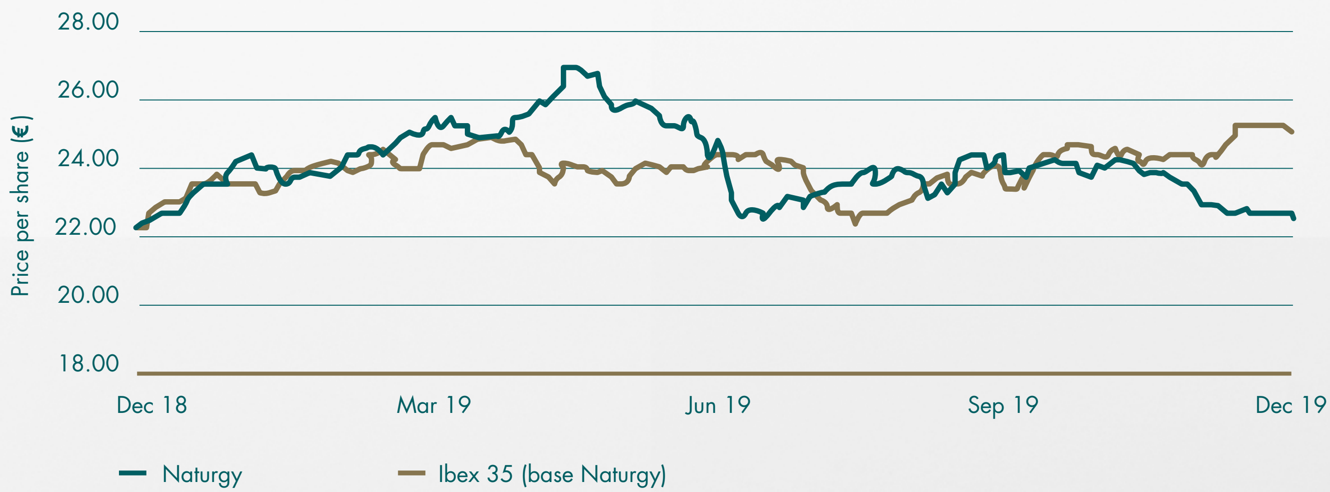
The company's net financial debt was reduced by 41 million euros in 2019 to 15,268 million euros (considering the adjustments for application of IFRS 16), 3.3 times the EBITDA, down from 3.8 times as at 31 December 2018. In addition, the average cost of debt was almost unchanged in the year at 3.2%.

ALBA'S PERCENTAGE OF OWNERSHIP

Alba is one of the Company's main shareholders, with a total share of 5.36% of its share capital as at 31 December 2019, higher than that reported in 2018 due to the Company's amortization of treasury stock. The majority of this stake, 5.25%, is held through the 25.73% share in the share capital of Rioja Luxembourg, Company owned by CVC and Alba. Additionally, Alba has a direct 0.11% in Naturgy.

SHARE PRICE PERFORMANCE OF NATURGY IN 2019

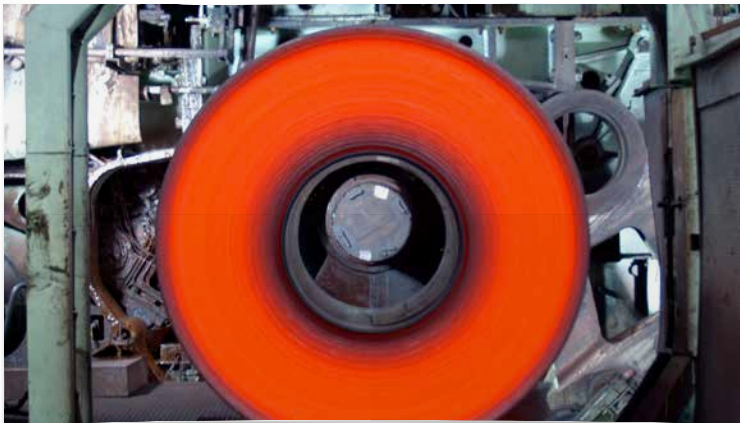
During 2019, Naturgy's price increased by 0.6% to 22.40 euros per share, below the performance of the Ibex 35, which increased by 11.8%. As at 31 December, the market capitalization of Naturgy was 22,044 million euros.



Source: Bloomberg.

INFORMATION ON INVESTEE COMPANIES LISTED

ACERINOX



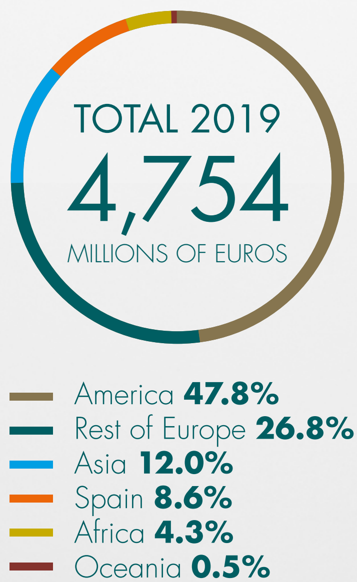
www.acerinox.es

DESCRIPTION OF THE COMPANY

Acerinox is one of the world's leading stainless steel manufacturing companies, with a melt shop production capacity of 3.5 million tonnes per year.

The Company has four flat product plants (Spain, the United States, South Africa and Malaysia), three long product plants (two in Spain and one in the United States) and an extensive sales network in over 50 countries. Acerinox sells its products in more than 80 countries across all five continents.

SALES BY REGION



By market, the position of North American Stainless (NAS) in the United States stands out, where it is the market leader and has what is possibly the most efficient and profitable factory in the world. The United States was, in turn, the largest Acerinox market in terms of sales in 2019.

On 7 November 2019, Acerinox announced the acquisition of 100% of the German company VDM Metals Holding Gmbh, a world leader in special alloy manufacturing. This acquisition is part of the Acerinox strategy to grow in new markets and growth sectors, such as aerospace, the chemical and medical industries, hydrocarbons and renewable energies, water treatment and emissions control. The incorporation of VDM Metals will allow Acerinox to boost its diversification towards higher value-added sectors and to incorporate a business with less volatility in results. The acquisition was completed on 18 March 2020, after receiving approval from the various regulators. VDM Metals achieved sales of 852 million euros and an EBITDA of 97 million euros in the last financial year 2018/2019.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

According to data from the *International Stainless Steel Forum*, world stainless steel production reached 52 million tonnes in 2019, up 3.0% on the previous year. The development of steel production was uneven by geographical regions, China (+11.2%) and India (+1.2%) reported positive rates, while the rest of the countries reported negative rates (Europe -8.8% and USA -8.0%).

On the other hand, apparent consumption showed a generalised weakness and only grew in China, although it did so to a lesser extent than production, and this led to an increase in inventories in the region. In Europe, the market had an evolution of end-demand in line with the economic slowdown in the European Union as a whole. Safeguard measures were finally adopted in Europe, but these were insufficient to stop the entry of Asian production. In the US, the strength of the economy and the tariff system allowed for better performance and greater price stability, despite the fall in apparent consumption. In South Africa, apparent consumption of stainless steel dropped by nearly 10% due to the negative evolution of the main consumer sectors. In Asia, overcapacity was the dominant factor, mainly due to the Tsingshan plant in Indonesia, which produced over two million tonnes with its consequent negative impact on prices, which were at an all-time low.

With regards to the development of the price of raw materials, the price of nickel rose by 32.1% in 2019. It developed positively until September, reaching a peak of $18,550 per tonne following the Indonesian Government's announcement of a ban on nickel ore exports; from that point on, it showed a negative trend to reach $14,000 per tonne by the end of the year, due to an increase in inventories.

In turn, the melt shop production and the production of cold and hot rolling mills of the Acerinox Group suffered falls (-8.6%, -8.3% and -8.0% respectively) compared with the same period of the previous year, being affected by the reduction in consumption and world overcapacity.

ANNUAL PRODUCTION IN THOUSANDS OF TONNES

	2019	2018	2017
Melt shop	2,231	2,440	2,519
Hot rolling	1,951	2,120	2,231
Cold rolling	1,607	1,752	1,738
Long products (hot-rolled)	220	255	234

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	4,754	5,011	4,627
EBITDA	364	480	489
EBIT	23	312	318
Net profit/(loss)	(60)	237	234
Total assets	4,397	4,608	4,404
Net financial debt	495	552	609
Equity	1,929	2,119	1,970
Employees (31-dec.)	6,605	6,709	6,742
Share price (closing 31-dec.) (in euros per share)	10.05	8.66	11.92
Market capitalisation (closing 31-dec.)	2,718	2,391	3,289
Gross dividend yield (on last price)	5.0%	5.2%	3.8%

Acerinox's results in 2019 were marked by a general weakness in demand and a very disparate impact of tariff policies in different geographical locations. As a result, and following the adoption of more conservative criteria in terms of future market developments, Acerinox made several impairments of its assets, which in no case involve cash outflow. As regards the evolution of Acerinox's activity throughout the year, the results reported showed a positive trend, with the fourth quarter being the best of the year.

Sales decreased by 5.1% in the year to 4,754 million euros, mainly due to lower physical unit sales (-5.1%). Despite this, the turnover in the year was the second highest in the last decade, behind that of 2018.

EBITDA fell to 364 million euros in 2019, 24.2% less than in the previous year, affected by the provision allocated in relation to layoffs at Acerinox Europa, amounting to 38 million euros, but also by a negative adjustment of the inventory to net realizable value (-20 million euros) and, to a lesser extent, by an increase in personnel costs (+4.6%). Excluding the impact of the layoffs, EBITDA in the period would have reached 402 million euros, down 16.3% from 2018.

Likewise, EBIT fell by 92.7% to 23 million euros, due to the fall in EBITDA and the impairments made to the goodwill of Columbus Stainless (68 million euros) and Bahru Stainless (98 million euros), as a result of the adoption of more stringent criteria regarding the recovery of prices in the Asian and European markets.

In 2019, the Company presented a net profit loss of 60 million euros – compared to net profit of 237 million euros in the previous year – due to the aforementioned impairments and provisions, as well as the impairment of tax credits amounting to 61 million euros at Acerinox Europa.

With regard to cash flow generation, Acerinox performed better in 2019 than in 2018, in essence thanks to the reduction in working capital. Operating cash flow amounted to 359 million euros, compared to 326 million euros in 2018, while free cash flow after investments rose to 231 million euros, 35.1% higher than in 2018.

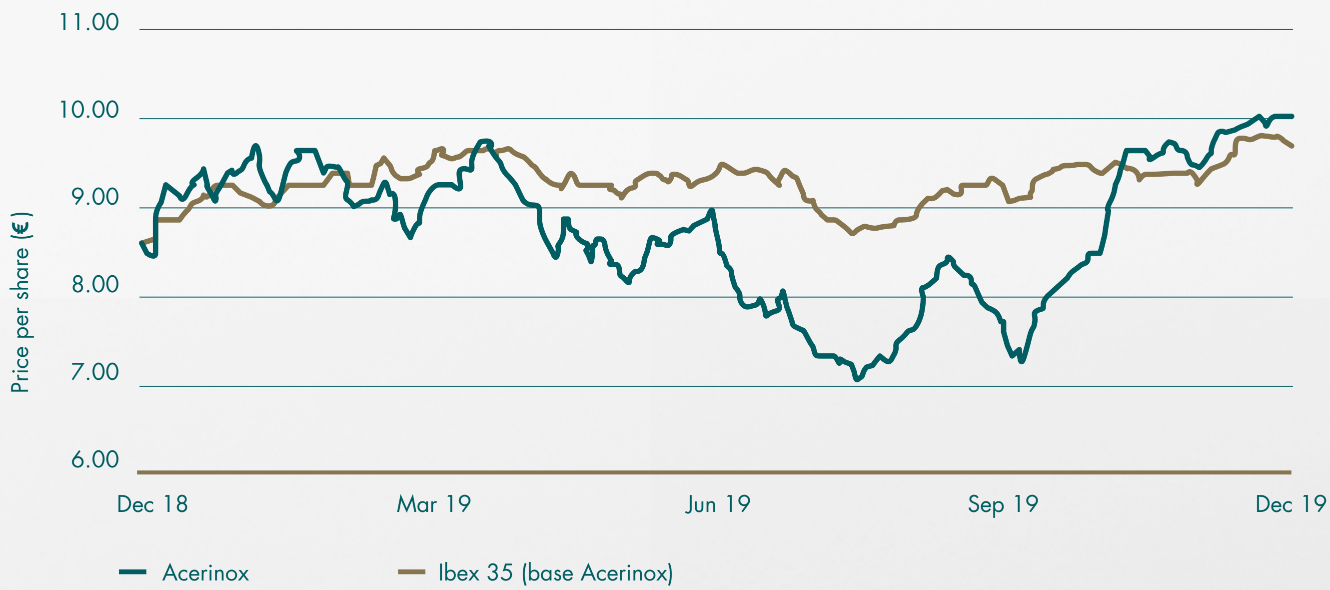
As at 31 December 2019, Acerinox had a shareholders' equity of 1,929 million euros and net debt of 495 million euros, 10.4% less than at the end of 2018.

ALBA'S PERCENTAGE OF OWNERSHIP

As at 31 December 2019, Alba's stake in Acerinox's share capital was 19.35%, higher than that reported in 2018 due to the amortization of treasury stock performed by the Company. Alba continues to remain the first shareholder of Acerinox.

SHARE PRICE PERFORMANCE OF ACERINOX IN 2019

The Acerinox share price ended 2019 at 10.05 euros per share, which represented an increase of 16.0% in the year, a performance higher than that of the Ibex 35 (+11.8%). Its market capitalization amounted to 2,718 million euros at the end of the year.



Source: Bloomberg.

INFORMATION ON INVESTEE COMPANIES LISTED

EBRO FOODS

www.ebrofoods.es

DESCRIPTION OF THE COMPANY

Ebro Foods is a multinational food company, world leader in the rice sector and the second largest dry and fresh pasta maker in the world. It has an extensive network of subsidiaries and brands, has a commercial or industrial presence in more than 80 countries in Europe, North America, Asia and Africa.

The main markets of Ebro Foods are currently the US and France, while Spain represented 6.4% of sales in 2019.

In recent years, the Company has maintained its policy of complementing its investment effort in organic growth with selective acquisitions that enable it to access new markets and/or strengthen its presence in certain products and markets, while divesting non-strategic businesses or those with less development potential. In line with this inorganic growth strategy, Ebro Foods acquired in 2019 100% of Tilda, a leading rice company in the UK ethnic market, and in 2018, 70% of the Italian company Bertagni, the oldest filled pasta brand in Italy and a specialist in fresh pasta in the premium sector. For its part, in 2019 it sold various assets, including the

sale of Alimentación Santé, a company that included various brands focused on the sale of “organic” products through specialised channels.

COMMENT ON THE COMPANY’S ACTIVITIES IN 2019

Ebro’s annual sales in 2019 grew by 7.6% to 2,813 million euros, mainly due to the good performance of the rice and pasta divisions.

EBITDA and EBIT increased by 11.5% and 5.0%, respectively, to 343 million and 231 million euros, due to the improvement in the results of the rice business in the United States, the effect of the consolidation of Tilda and Bertagni, the positive impact of exchange rates and the first application of IFRS 16 on Leases.

Net profit was 142 million euros, barely 0.1% higher than the previous year, due to a series of extraordinary expenses and non-recurring impairments of assets.

INFORMATION ON INVESTEE COMPANIES LISTED

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	2,813	2,614	2,473
EBITDA	343	307	355
EBIT	231	220	277
Net profit	142	142	221
Total assets	4,374	3,832	3,661
Net financial debt	1,000	705	517
Equity	2,292	2,190	2,122
Employees (31-dec.)	7,351	7,071	6,460
Share price (closing 31-dec.) (in euros per share)	19.29	17.44	19.52
Market capitalisation (closing 31-dec.)	2,968	2,683	3,003
Gross dividend yield (on last price)	3.0%	3.3%	2.9%

Note: The 2019 results include the first application of IFRS 16 on Leases, which has an impact on EBITDA, Net Financial Debt (Ebro Foods includes this new liability in its calculation) and, to a lesser extent, on EBIT. The sales data, EBITDA and EBIT, correspond to those published by the Company in its presentation of 2019 results (27 February 2020) which, for comparison purposes, reclassify the "organic" business of Alimentación Santé (sold in July 2019) as a discontinued business.

The Company's net financial debt increased by 41.8% in 2019, to 1,000 million euros, due to the operational investments performed, the acquisition of Tilda (342 million dollars) and the impact of the first application of IFRS 16 (90 million euros). It should be noted that, apart from the liabilities related to this accounting standard, Ebro Foods also includes, in the calculation of net debt, the liabilities related to the put options the Company holds with minority shareholders in some businesses (165 million euro).

As a consequence of the increase in financial debt and the drop in EBITDA, the net debt to EBITDA ratio for the year was 2.9 times, a level that allows Ebro Foods to continue with its strategy of selective acquisitions while maintaining an appropriate dividend policy.

SALES BY ACTIVITY

- Rice **54.4%**
- Pasta **45.6%**

SALES BY GEOGRAPHICAL AREA

- Other European Union **50.2%**
- Other **43.3%**
- Spain **6.4%**

Note: Breakdown of sales by activity before intra-group sales.

INFORMATION ON INVESTEE COMPANIES LISTED

By business area, sales of the Rice division grew by 10.9% to 1,566 million euros, partly thanks to the acquisition of Tilda in the UK at the end of August. Excluding Tilda, comparable sales increased by 6.9% in the year. EBITDA and EBIT increased by 18.7% and 15.5%, respectively, to 192 and 143 million euros, thanks to the measures taken to improve profitability in the North American market and, to a lesser extent, to the integration of Tilda and the application of IFRS 16.

Sales of the Pasta division reached 1,312 million euros in the year, up 3.6% from 2018. EBITDA increased by 6.0% to 162 million euros, while EBIT decreased by 2.9%, ending 2019 at 101 million euros.

ALBA'S PERCENTAGE OF OWNERSHIP

In 2019, Alba kept its stake in the share capital of Ebro Foods constant at 14.00%, being one of its main shareholders.

SHARE PRICE PERFORMANCE OF EBRO FOODS IN 2019

In 2019, the Ebro Foods share price rose by 10.6% to 19.29 euro per share, slightly less than the 11.8% rise in the Ibex 35. As at 31 December, the market capitalization of Ebro Foods was 2,968 million euros.

Source: Bloomberg.

INFORMATION ON INVESTEE COMPANIES LISTED

BOLSAS Y MERCADOS ESPAÑOLES

www.bolsasymercados.es

DESCRIPTION OF THE COMPANY

Bolsas y Mercados Españoles (BME) is the operator of all stock markets and official financial systems in Spain and the platform of reference for transactions related to the shares of Spanish listed companies. The Company brings together the stock exchanges of Madrid, Barcelona, Bilbao and Valencia.

BME has been listed on the stock exchange since July 2006 and is an international benchmark in the sector in terms of solvency, efficiency and profitability.

The Company is diversified in its activities and is organised into six business units: Equities, Fixed Income, Derivatives, Clearing, Settlement and Registration, and Market Data & VAS (Value Added Services).

On 18 November 2019, SIX Group, A.G., the Swiss Stock Exchange operator, launched a voluntary takeover bid for all the shares of BME. The price set for the takeover bid was 34.00 euros per share, minus the dividends that BME may have distributed prior to the takeover bid settlement date. The takeover bid was admitted for processing by the Spanish National Securities Market Commission (CNMV) on 29 November 2019 and, at the date of drafting of this report, all the necessary approvals had been obtained and the period for acceptance of the Offer had begun, lasting, in principle, until 11 May.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

In 2019, BME obtained net revenues of 285 million euros, 6.2% less than the previous year, mainly due to the fall in revenue in the Equity segment (-13.6%) due to lower trading volumes in the markets operated by BME. The segments Fixed Income (-3.9%), Clearing (-2.1%), Market Data & VAS (-0.6%) and Settlement and Registration (-0.1%) also had lower revenues. Only the Derivatives segment reported an increase in revenue in 2019 (+0.3%).

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Net revenue	285	304	320
EBITDA	170	186	210
EBIT	160	177	202
Net profit	123	136	153
Total assets	12,886	14,410	22,683
Net cash	259	277	292
Equity	384	400	430
Employees (31-dec.)	796	825	755
Share price (closing 31-dec.) (in euros per share)	34.38	24.32	26.55
Market capitalisation (closing 31-dec.)	2,875	2,034	2,220
Gross dividend yield (on last price)	4.6%	7.3%	6.8%

Note: EBITDA and EBIT 2019 include the impact of IFRS 16.

EBITDA fell by 8.7% to 170 million euros due to the aforementioned drop in revenue and despite the 2.2% reduction in operating costs for the year as a whole. The decrease in EBITDA is almost entirely translated to net profit, which amounted to 123 million euros in 2019, 9.9% less than in the previous year.

This drop in profits explains the unfavourable evolution of the efficiency ratio – which fell by 1.7 percentage points to 40.5% for the year as a whole – and the return on equity (ROE) – which also fell, from 33.1% in 2018 to 31.7% in 2019 –.

In 2019, BME distributed a total gross dividend of 1.57 euros per share, representing a dividend yield of 4.6% on the share price at the end of the year. If the supplementary dividend proposed to the General Shareholders' Meeting is approved, BME will have distributed, between 2019 and 2020, a total gross dividend of 1.42 euros per share out of the 2019 profit, representing a pay-out ratio of 95.9%, in line with previous years.

NET REVENUE PER BUSINESS UNIT

- Equity Securities **39.8%**
- Market Data & VAS **23.5%**
- Settlement and Registration **20.9%**
- Clearing **9.1%**
- Derivatives **4.0%**
- Fixed income **2.7%**

EBITDA PER BUSINESS UNIT

- Equity Securities **41.9%**
- Market Data & VAS **21.0%**
- Settlement and Registration **24.9%**
- Clearing **8.3%**
- Derivatives **1.8%**
- Fixed income **2.0%**

Note: Breakdown before corporate results and iIntragroup sales.

By business lines, the Equity segment, which represents 39.8% of the Company's total revenues, reported a decrease in both revenues (-13.6%) and EBITDA (-17.0%) compared to the previous year. Within this segment, both Listing and Trading revenues experienced declines from the previous year, by -4.9% and -15.7% respectively. These falls are mainly due to lower Initial Public Offerings and a lower trading volume activity.

The Market Data & VAS segment reported a negative change in revenue and EBITDA of -0.6% and -9.8%, respectively. The decrease in EBITDA is due to an increase in operating costs of 14.0% as a result of the rearrangement of the unit and the commissioning of several projects.

The Settlement and Registration segment, the second largest in terms of EBITDA volume after its first year of stabilization in comparative terms, reported a flat performance in revenues (-0.1%) and growth in EBITDA (+3.1%) thanks to an 8.1% cost reduction.

The Clearing segment, which mainly includes the clearing of spot equity transactions and the clearing and settlement of all financial and electricity derivatives and fixed income transactions, also showed a drop in revenues and in EBITDA of 2.1% and 7.9%, respectively. This is mainly due to an increase in operating costs due to new developments related to the clearing activity for currency derivatives and repos.

As for the rest of the segments, Derivatives reported a flat performance in revenues (+0.3%) and a fall in EBITDA (-14.4%) due to the development of new underlying assets. Meanwhile, despite a negative variance in revenue (-3.9%), Fixed Income was the segment that reported higher EBITDA growth (+11.0%), due to lower operating costs.

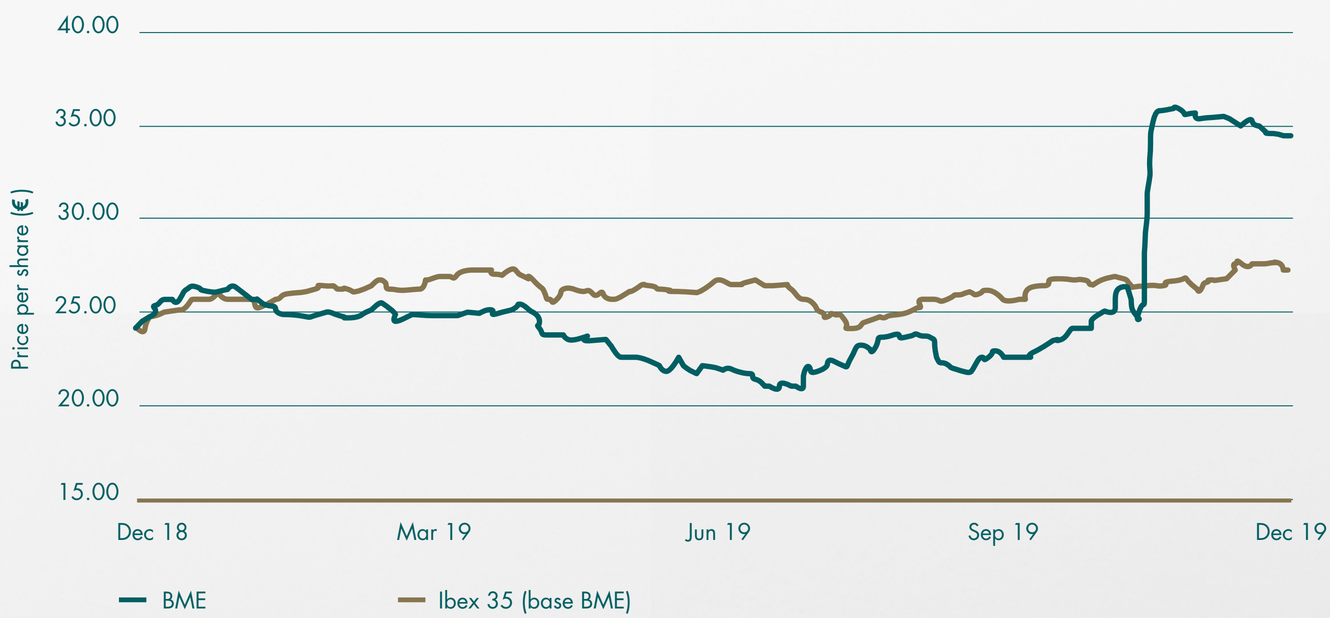
At the end of 2019 the Company had a net cash position of 259 million euros, including short-term financial assets.

ALBA'S PERCENTAGE OF OWNERSHIP

Alba did not modify its stake in the share capital of BME in 2019. With a stake of 12.06% at the end of 2019, Alba is the Company's largest shareholder.

SHARE PRICE PERFORMANCE OF BME IN 2019

BME's share price increased by 41.4% in 2019 to 34.38 euros per share. The market capitalisation of the Company at the end of 2019 was 2,875 million euros.



Source: Bloomberg.

VISCOFAN

www.viscofan.com

DESCRIPTION OF THE COMPANY

Viscofan is the global leader in artificial casings for meat products, being the only world producer to manufacture all categories of casings: cellulose, collagen, fibrous and plastic.

The Company's revenue is broadly diversified, with some 2,000 customers in over 100 countries worldwide.

Viscofan has an extensive network of casing production centres in Europe (Spain, Germany, Belgium, Czech Republic and Serbia), North America (USA, Canada and Mexico), Latin America (Brazil and Uruguay), Asia (China), and Oceania (Australia and New Zealand).

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

The evolution of Viscofan's business was uneven across 2019. The first half of the year was marked by a flat performance of volumes, mainly in Europe and Asia, while the latter half of the year showed an

acceleration of casing volumes, driven by the replacement of animal casing with artificial casing in Asia. This volume performance, along with a worse product and geographic mix and energy cost inflation, put downward pressure on the business operating margins during the year.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	850	786	778
EBITDA	201	209	211
EBIT	130	146	155
Net profit	106	124	122
Total assets	1,085	1,034	961
Net financial debt	89	80	41
Equity	784	758	728
Employees (31-dec.)	4,713	4,609	4,748
Share price (closing 31-dec.) (in euros per share)	47.10	48.12	55.01
Market capitalisation (closing 31-dec.)	2,120	2,243	2,564
Gross dividend yield (on last price)	3.4%	3.5%	2.7%

Note: In 2017, Supralon is fully consolidated from 1 December. In 2018 Transform Pack is consolidated from 1 March and Globus from 1 December. In 2019, it includes operating profit of 3 million euros from the acquisition of Nitta Casings in the USA and Canada. EBITDA, EBIT and Net Financial Debt 2019 include the impact of IFRS 16.

Viscofan's sales grew by 8.1% in 2019 to 850 million euros, thanks to higher volumes of casings, the improvement in the price mix, the incorporation of Globus and the strength of the main commercial currencies, which contributed 2.2 percentage points of growth.

By nature of revenue, sales of Casings showed a significant growth (+8.5%) with respect to the previous year. Furthermore, Cogeneration revenue also increased by 1.1% compared to 2018, to 45 million euros. If we exclude the impact of foreign currencies variations and non-recurring results, annual revenue would have increased 5.9% compared to 2018.

SALES BY ACTIVITY

SALES BY GEOGRAPHICAL AREA

By geographic area, all markets showed positive growth, both in absolute and comparative terms. Europe and Asia revenues amounted to 480 million euros (+7.3%) due to higher volumes in China and other Asian countries. Revenue in North America and Latin America grew by 8.6% and 10.3% to 243 million euros and 126 million euros respectively. Eliminating the impact of exchange rates, revenues rose by 6.3% in Europe and Asia, 3.2% in North America, and 9.7% in Latin America.

For its part, EBITDA fell by 3.7% in 2019, to 201 million euros, with a margin over sales of 23.7%, compared to 26.6% in 2018. For its part, EBIT fell to 130 million euros, 11.0% less than the previous year. This reduction in the EBITDA and EBIT margins is explained by higher cogeneration energy and CO_2 emission rights costs in Europe, increased supply costs, higher staff costs and the increase in depreciation as a result of the investments made within the framework of the Strategic Plan.

The net profit stood at 106 million euros, 14.7% less than in 2018 due to a lower financial result and a higher corporate tax expense. In addition, the period results have been positively affected by non-recurring effects for a net total amount of 4 million euros, including a negative goodwill fund from the acquisition of the companies Nitta

Casings Inc. in the U.S. and Canada, an impairment in the goodwill of Nanopack Technology & Packaging, and expenses caused by the strike at the Danville plant (US).

Net bank debt, excluding IFRS 16 and other net financial liabilities, was reduced to 43 million euros as at December 2019, compared to 80 million euros at the end of the previous year, due to better management of the working capital and lower investment needs in the year.

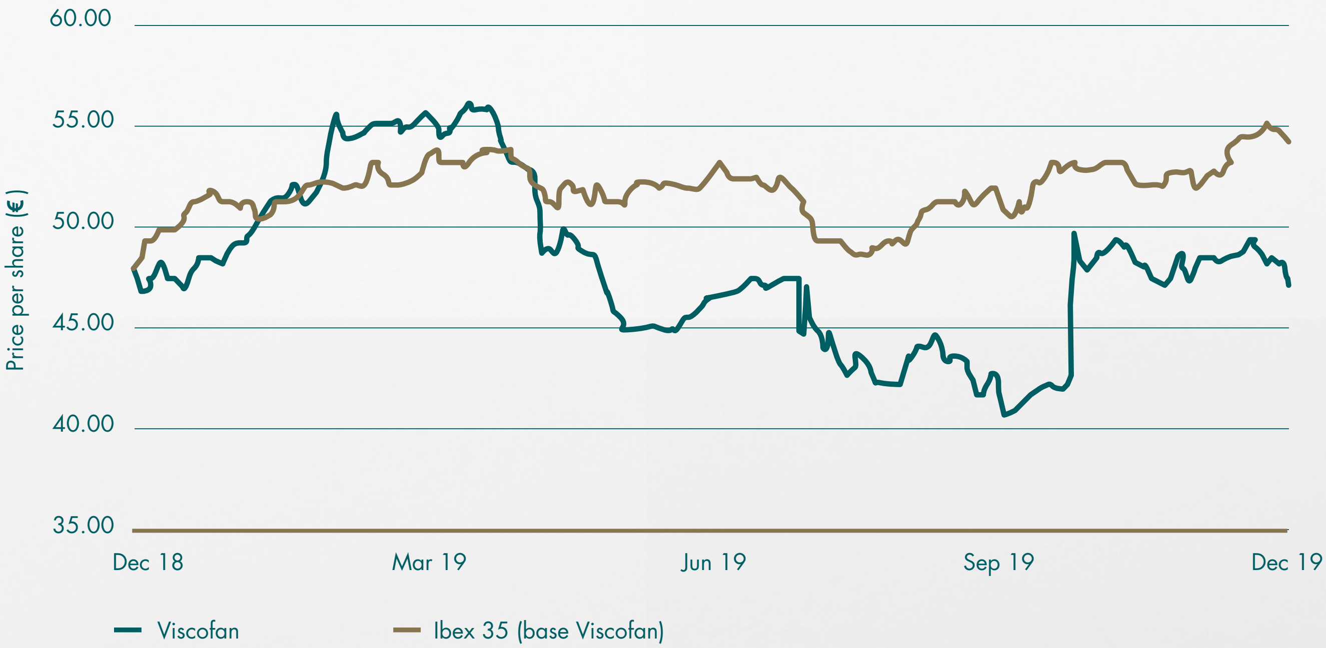
On the other hand, Viscofan's Board of Directors agreed to submit a proposal to the General Shareholders' Meeting to pay a supplementary dividend of 0.96 euros per share from the 2019 results, whereby, if approved the ordinary remuneration will reach 1.62 euros per share. In total, the direct remuneration for Viscofan's shareholders was more than 75 million euros in 2019, up 1.3% on the last year. In addition, the Company approved the redemption of treasury shares, which had been acquired for 5 million euros in 2019.

ALBA'S PERCENTAGE OF OWNERSHIP

As at 31 December 2019, Alba's stake in Viscofan share capital was 13.03%, higher than that reported in 2018 due to the amortization of treasury stock performed by the Company. Alba is currently the largest shareholder of Viscofan.

SHARE PRICE PERFORMANCE OF VISCOFAN IN 2019

Viscofan's share price fell by 2.1% in 2019, to 47.10 euros per share, with a market capitalization of 2,120 million euros at the end of the year.



Source: Bloomberg.

CIE AUTOMOTIVE

CIE Automotive

www.cieautomotive.com

DESCRIPTION OF THE COMPANY

Created in 2002 through the merger of Grupo Egaña and Aceros y Forjas de Azcoitia (Aforasa), CIE Automotive is a global supplier of components and subsets for the automotive industry.

As a TIER 2 supplier, CIE Automotive focuses on the design, production and distribution of components for the global automotive market, with a presence in Europe, NAFTA, Asia and Brazil. It has a wide range of technologies to adapt to the needs of its clients, such as aluminium injection, metal stamping and tube forming, iron casting, machining, plastic, forging and roof systems.

In 2019, CIE Automotive maintained a high rate of acquisitions, including the purchase of 100% of the roof business of US company Inteva (Inteva Roof Systems) for 742 million euros. Other corporate operations include the acquisition of the Indian company Aurangabad Electricals for 111 million euros, the purchase of the companies Maquinados de Precisión de México and Cortes de Precisión de México for 66 million dollars, as well as the sale of its biofuel plants for 19 million euros.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

In 2019, CIE Automotive again achieved record results, despite difficult market conditions, marked by falls in both global car production and in most of the main markets in which it operates.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	3,461	3,029	3,725
EBITDA	594	529	530
EBIT	427	365	376
Net profit	287	397	215
Total assets	5,067	3,664	4,480
Net financial debt	1,522	948	855
Equity	1,235	1,048	1,337
Employees (31-dec.)	28,136	23,273	30,948
Share price (closing 31-dec.) (in euros per share)	21.08	21.44	24.21
Market capitalisation (closing 31-dec.)	2,719	2,766	3,123
Gross dividend yield (on last price)	2.9%	16.9%	1.7%

Note: The 2017 data include Global Dominion, fully consolidated. Gross dividend yield data for 2018 includes the market value of the shares of Global Dominion distributed to the shareholders of CIE Automotive as an extraordinary dividend in July of that year.

INFORMATION ON INVESTEE COMPANIES LISTED

CIE Automotive's sales once again hit an all-time high (excluding Global Dominion from previous years), with comparable growth of 14.2% in comparison with 2018, to 3,461 million euros. Eliminating the effect of the exchange rate, sales would have grown by 12.6%, of which 16.6% from inorganic growth, and a fall of 4.0% to organic sales. We have to highlight that this organic growth compares with a 5.8% fall in global auto production in 2019. CIE Automotive increased sales in all its markets, consistently outperforming their total growth, particularly in China, North America and India.

SALES BY GEOGRAPHIC AREA

- Europe **26.9%**
- North America **26.5%**
- Asia **21.9%**
- Mahindra Europe **15.3%**
- Brazil **9.4%**

EBITDA BY GEOGRAPHIC AREA

- Europe **24.8%**
- North America **33.8%**
- Asia **19.7%**
- Mahindra Europe **11.8%**
- Brazil **9.9%**

For their part, EBITDA and EBIT rose by 12.4% and 16.9% respectively, reaching 594 and 427 million euros, with a margin of 17.2% and 12.3%. CIE Automotive ended the year with 287 million euros in net profit, 18.4% more than in the previous year (excluding the positive impact of the accounting gain generated by the distribution of Global Dominion shares to CIE Automotive shareholders and other extraordinary items).

These solid results enabled CIE Automotive to achieve, one year ahead of schedule, the strategic objectives set out in the 2016-2020 Strategic Plan, which had already been revised upwards in 2018. Prior to the covid-19 crisis, the Company had planned to communicate a new long-term plan to the market in the first half of 2020.

The company's net financial debt increased by 60.5% in 2019, to 1,522 million euros due to the investments made and the aforementioned acquisitions. As a result, the ratio of net debt to EBITDA was at the end of 2019 2.6 times, compared to 1.8 times the previous year.

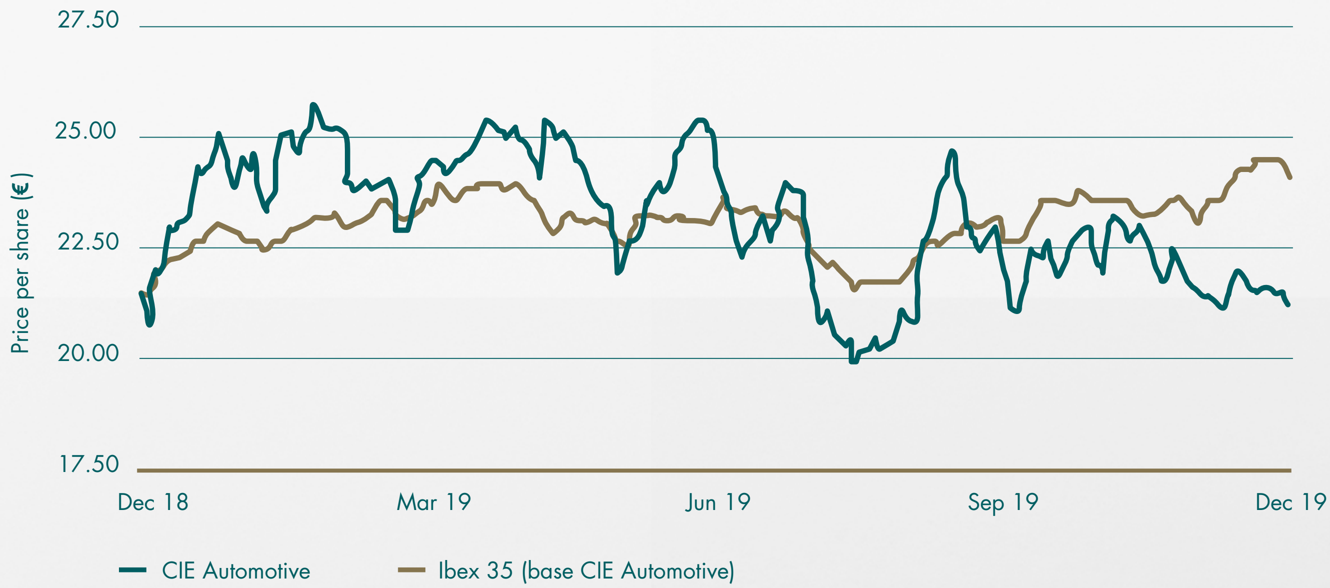
INFORMATION ON INVESTEE COMPANIES LISTED

ALBA'S PERCENTAGE OF OWNERSHIP

Alba is the second shareholder of the company, with a stake of 10.15% of its share capital as at 31 December 2019, after investing a little over 1 million euros in the acquisition of 0.05% during the year.

SHARE PRICE PERFORMANCE OF CIE AUTOMOTIVE IN 2019

During 2019, CIE Automotive's share price fell 1.7% to 21.08 euros per share, faring worse than the 11.8% rise in the Ibex 35. As of 31 December, CIE Automotive's market capitalization was 2,719 million euros.



Source: Bloomberg.

INFORMATION ON INVESTEE COMPANIES LISTED

INDRA

indra

www.indracompany.com

DESCRIPTION OF THE COMPANY

Indra is Spain's leading company in information technology and security and defence systems, and one of the leading companies in Europe and Latin America. It is a leading global provider of proprietary solutions in specific segments of the Transport and Defence markets, and the leading digital transformation and IT consulting company in Spain and Latin America through its Minsait subsidiary.

By 2019, the Company had a local presence in 46 countries and commercial operations in over 140 countries, and had over 49,000 employees at year-end. Indra's international business represented 50.4% of total sales, with America's weight (20.8% of the total) being noteworthy.

Indra follows a global management model of customer needs, from the design of a solution, through its development and implementation, to its operational management. Indra offers its customers a wide range of integrated systems, applications and components, both its own and those of third parties, for

the capture, processing, transmission and subsequent presentation of information, basically focused on the control and management of complex processes. In addition, Indra provides outsourcing services for the management, maintenance and operation of systems and applications for third parties, as well as the outsourcing of certain business processes where technology is a strategic and differential element. The Company also offers technological, operational and strategic consulting services.

By the end of 2019, Indra acquired 100% of SIA, a company specializing in cybersecurity services, consolidating its leadership in the information security market in Spain and Portugal by turnover in value-added services.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

Indra reported total revenues of 3,204 million euros in 2019, 3.2% higher than the previous year, thanks to the good performance of the Minsait division (+5.2%), which offset the lower revenue growth of Transport and Defence (T&D, +0.1%).

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Sales	3,204	3,104	3,011
EBITDA	346	293	266
EBIT	221	199	196
Net profit	121	120	127
Total assets	4,316	4,041	3,867
Net financial debt	552	483	588
Equity	801	678	649
Employees (31-dec.)	49,607	43,707	40,020
Share price (closing 31-dec.) (in euros per share)	10.18	8.24	11.41
Market capitalisation (closing 31-dec.)	1,798	1,455	2,015
Gross dividend yield (on last price)	0.0%	0.0%	0.0%

Source: Indra's consolidated accounts include Tecnocom which is fully consolidated since 18 April 2017, Paradigma from 1 January 2018 and ACS that is consolidated since 1 October 2018. The acquisition of SIA is included in the balance sheet data as at 31 December 2019, but does not have an impact on the income statement until 1 January 2020.

By divisions, as we have already commented, the positive performance of Minsait stands out, which increased its revenues by 5.2% (+5.7% in local currency), due to the positive contribution of all its verticals, except for Public Administration and Health, whose sales were down by 0.8% due to the difficult comparison with last year due to the Elections projects in Asia, Middle East and Africa. On the other hand, Transport and Defence (T&D) experienced a flat year-on-year growth of revenue (+0.1% reported and +0.2% in local currency), with a slight fall in Defence and Security (-0.9% in local currency) and a moderate increase in Transport and Traffic sales (+1.2% in local currency), with a good performance of the Air Traffic business.

As regards the performance of the business by geographic areas, noteworthy were the sales growth rates in America (+11.6% in local currency), Europe (+9.0% in local currency) and, to a lesser extent, in Spain (+2.2%); in contrast, revenues in the Asia, Middle East and Africa area fell by 8.8% in local currency due to the lower activity in the Elections business.

Net order intake grew by 7.2% in 2019, to 3,686 million euros, with increases in both segments: T&D (+11.5%), driven mainly by the contract to manufacture the digital antenna for the Spanish Navy's F-110 frigates, and Minsait (+4.5%), thanks to increased order intake in the Public Administration and Healthcare and Telecom and Media verticals.

With regard to the evolution of results, EBIT increased by 10.9% to 221 million euros, mainly due to the improved profitability of operations in the Minsait division. The Net Profit increased by just 1.3% to 121 million euros, due to higher financial costs, tax burden, and minority interests.

Cash generation in 2019 was negative, mainly due to the significant worsening in working capital, with an outflow of 131 million euros. Thus, while operating cash flow before changes in working capital reached 317 million euros, 25.4% higher than that generated in 2018, total free cash flow marked a negative amount of 65 million euros in 2019, compared to a positive amount of 117 million euros the previous year.

Negative cash flow explains the increase in net financial debt, amounting to 552 million euros as at 31 December 2019, up 14.2% from 483 million euros on the same date the previous year. Net debt is 1.6 times the EBITDA for the year, slightly lower than in 2018.

SALES BY DIVISION

- Minsait **62.9%**
- Transport and Defence **37.1%**

SALES BY GEOGRAPHIC AREA

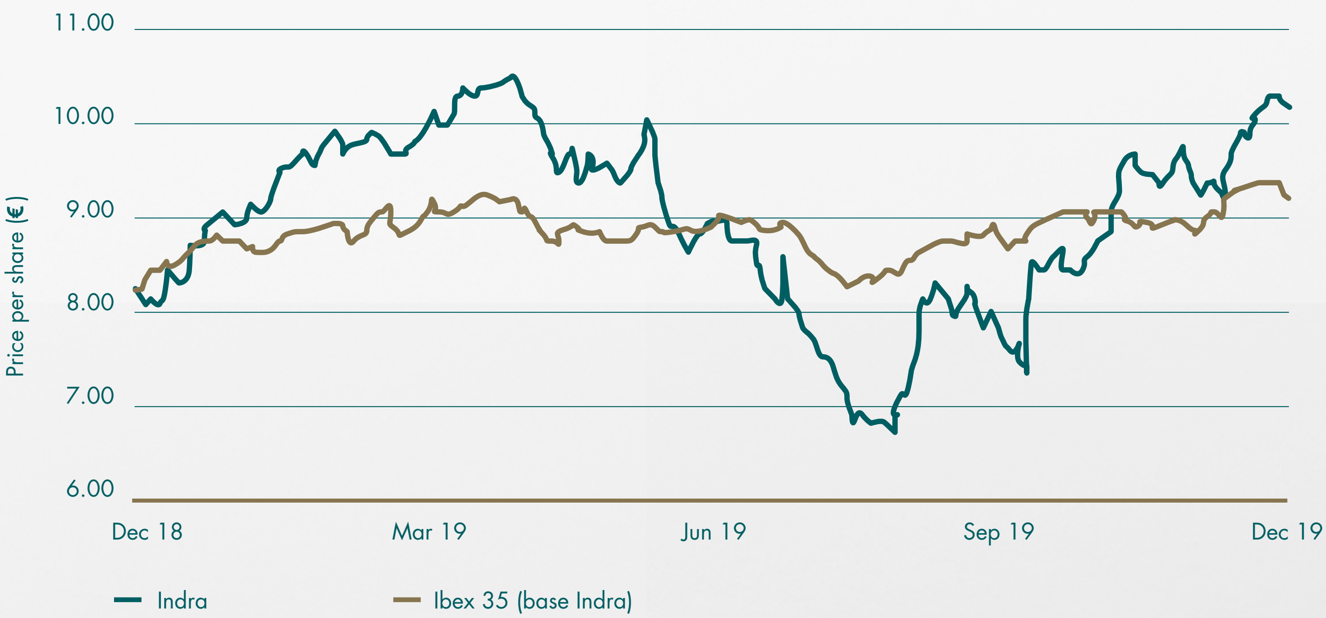
- Spain **49.6%**
- America **20.8%**
- Europe **17.1%**
- Asia, Middle East and Africa **12.5%**

ALBA'S PERCENTAGE OF OWNERSHIP

Alba's stake in Indra's share capital remained stable in 2019, at the current 10.52%, making it the company's second largest shareholder.

SHARE PRICE PERFORMANCE OF INDRA IN 2019

Indra's share price had a better performance than the Ibex 35 in 2019, with an increase of 23.6% compared to the 11.8% rise in the index. Thus, at the end of the year, Indra's share price and its market capitalization were 10.18 euros per share and 1,798 million euros, respectively.



Source: Bloomberg.

EUSKALTEL

euskaltel

www.euskaltel.com

DESCRIPTION OF THE COMPANY

Euskaltel is a regional telecommunications operator that offers high-speed broadband services, digital pay TV, fixed and mobile telephony to private and business customers. The Company, through its regional brands Euskaltel, R Cable and Telecable, is one of the leading operators, both in the residential and business markets, in its home regions – the Basque Country, Galicia and Asturias – having market shares of over 30% in several of the segments in which it operates. In late 2019, it had more than 785,000 customers including individuals, freelancers and business customers, both SMEs and large accounts.

Since its stock exchange listing in July 2015, Euskaltel's strategy has been to grow geographically, from its initial position as a regional operator based solely in the Basque Country, both organically and inorganically: first by leading the consolidation of the other regional operators in northern Spain – with the acquisitions of R Cable in Galicia and Telecable in Asturias –, and then by starting to commercialize convergent products in

Navarra, Catalonia, Cantabria, León and La Rioja. Euskaltel recently decided to take a step further in this strategy, with the announcement of the launch of nationwide sales under the Virgin brand.

The Company has its own fibre optic network, which, as at 31 December 2019, covered 2.3 million households in the Basque Country, Galicia and Asturias, whereas wholesale arrangements with other operators allowed it to reach 3.5 million households outside of its home territories, especially in Navarra and Catalonia. By 2020, Euskaltel expects to have access to more than 18.0 million homes throughout Spain, based on its own network, the nationwide agreement with Orange, and regulated access to Telefónica's network.

INFORMATION ON INVESTEE COMPANIES LISTED

COMMENT ON THE COMPANY'S ACTIVITIES IN 2019

Euskaltel's results remained largely stable in 2019 despite strong competition in the market.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2019**	2018	2017
Revenue	685	692	622
EBITDA	345	336	307
EBIT	142	142	135
Net profit	62	63	50
Total assets	2,917	2,899	2,905
Net financial debt	1,486	1,532	1,607
Equity	982	975	963
Employees (31-dec.)	588	697	739
Share price (closing 31-dec.) (in euros per share)	8.97	6.99	6.80
Market capitalisation (closing 31-dec.)	1,602	1,249	1,214
Gross dividend yield (on last price)	3.5%	4.0%	5.3%

Note: The 2019 results include the first application of IFRS 16 which has had a positive impact on EBITDA and, to a much lesser extent, EBIT. Net financial debt reported by Euskaltel does not include the effect of IFRS 16.

Total revenue decreased by 0.9% to 685 million euros as the increase in revenue in the Business segment was offset by a slight drop in the Mass market segment and, above all, in the Wholesale and others segment. Nevertheless, it has to be noted that after several years of falls, Euskaltel managed to slightly increase the number of customers in 2019 in both the mass and business markets.

The Mass market slightly reduced its revenues, by 0.7%, down to 546 million euros. The total number of customers increased by 0.1% to 771,074, with the net capturing of more than 8,000 fixed service customers standing out, thanks largely to the contribution from the expansion in Navarra and Catalonia. In addition, the total number of services contracted by customers in this segment has also continued to grow, bringing the average number of services per customer to 3.69, a new all-time high. Despite these positive data, the already mentioned strong competition has led to a slight decrease in average monthly revenue per customer in 2019, which explains the reduction in revenue from this segment in the year.

On the other hand, the Business segment – which groups SMEs and large accounts – obtained revenues of 110 million euros, 0.9% more than in the previous year, while those of the Wholesale and others segment decreased by 9.3% in 2019, down to 30 million euros.

SALES BY SEGMENT

Mass market **79.6%**
Business **16.1%**
Wholesalers and others **4.3%**

EBITDA and EBIT grew by 2.4% and 0.1%, respectively, to 345 and 142 million euros. In the case of the EBITDA, the increase is due to the reorganization and efficiency improvement measures applied primarily in the latter half of the year, to the first application of the IFRS 16 of Leases and the positive impact of the renegotiation of the *"host"* mobile contract with Orange.

The net profit fell to 62 million euros, down 1.3% from 2018, due to extraordinary expenses related to the already-discussed efficiency measures.

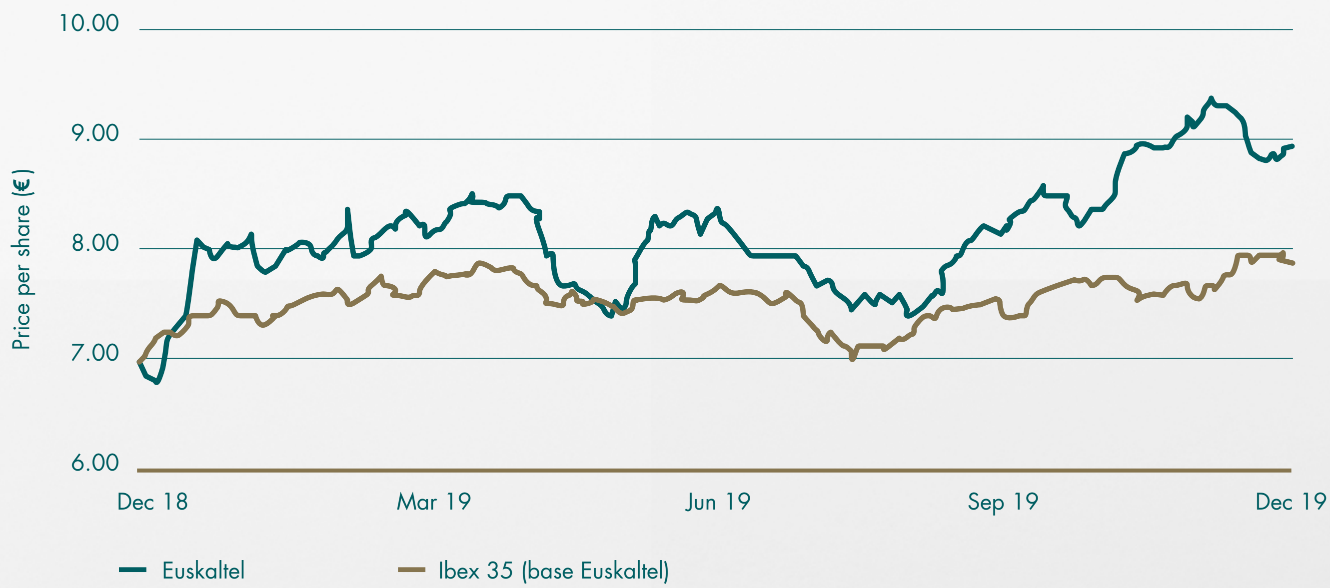
Operating cash flow, defined as the difference between EBITDA and net investments, was 190 million euros in 2019, representing 27.8% of sales. Net financial debt stood at 1,486 million euros as at 31 December 2019, compared with 1,532 million euros a year earlier, while the net debt-to-EBITDA ratio, including the expected recurring synergies, fell to 4.2 times. In addition, in 2019, Euskaltel distributed 55 million euros in dividends to its shareholders.

ALBA'S PERCENTAGE OF OWNERSHIP

Alba has held its stake of 11.00% in the share capital of Euskaltel during 2019, being its third largest shareholder at the end of the year.

SHARE PRICE PERFORMANCE OF EUSKALTEL IN 2019

In 2019, the Company's share price grew 28.3% to 8.97 euros per share, while its market capitalization grew to 1,602 million euros at the end of the year.



Source: Bloomberg.

VERISURE

www.verisure.com

DESCRIPTION OF THE COMPANY

Verisure is the leading provider of monitored alarm solutions for homes and small businesses in Europe and Latin America. Verisure currently serves more than 3 million families and small businesses through the "Securitas Direct" and "Verisure" brands. In addition, the company offers its customers integrated smart home services such as access control and temperature control, among others, and security services for the elderly.

Verisure has a broad international presence with operations in 12 countries in Europe and 4 countries in Latin America. It is the operator with the largest number of customers in most countries in which it operates and with the lowest customer cancellation rate in the industry.

The Company has a vertically integrated differentiated business model that has enabled it to become the reference operator in the industry. With more than 16,000 employees, Verisure has complete control of the value chain, from innovative product design and development to alarm monitoring (24/7) and customer service, to the marketing, installation

and maintenance of each system. This is proven by the satisfaction rate of its customers, one of the highest in the sector.

As of December 2019, Verisure reported revenue of 1,901 million euros, 17.9% higher than the previous year, mainly due to an increased numbers of customers. The EBITDA for the year amounted to 703 million euros, up 20.4% from 2018.

As at 31 December 2019, Alba had an indirect stake of 6.14% in Verisure's share capital, once the minority shareholders in Alba Investments, S.à r.l. are considered.

INFORMATION ON INVESTEE COMPANIES UNLISTED

PARQUES REUNIDOS

www.parquesreunidos.com

DESCRIPTION OF THE COMPANY

Parque Reunidos is one of the largest leisure parks operators in the world. It currently manages more than 60 amusement parks in 14 different countries, including theme parks, water parks, marine parks, zoos, and indoor leisure centres.

Parque Reunidos is primarily present in Europe and the U.S. and also has limited activities in the Middle East and Australia.

With nearly 20 million visitors a year, Parques Reunidos is, in terms of visits, the second largest operator in Europe and the eighth largest in the world. It is also the world's leading water park operator.

In the first nine months of 2019, latest results published by the Company as a listed entity, Parques Reunidos reported revenues of 596 million euros, 15.9% higher than in the same period of 2018. The EBITDA reached 201 million euros, an increase of 12.8%, mainly due to the contribution of Tropical Island, whose acquisition was completed in January 2019. The EBITDA margin was 33.8%. The Company recorded an after-tax loss

of 73 million euros due to non-recurring expenses associated primarily with the restructuring of the indoor leisure centre business and to goodwill impairment.

Alba became a shareholder at the listing of Parques Reunidos in April 2016 and continues to be a significant shareholder following the takeover bid led by EQT, which resulted in the delisting of the Company shares in December 2019.

As at 31 December 2019, Alba had an indirect stake of 24.98% in the share capital of Parque Reunidos.

INFORMATION ON INVESTEE COMPANIES UNLISTED

ALVINESA

ALVINESA

www.alvinesa.com

DESCRIPTION OF THE COMPANY

Alvinesa is a world leader in the production of natural ingredients from grapes, mainly alcohols for beverages and other uses, tartaric acid, grape seed oil, antioxidants and 100% natural colourants for the oenological, nutraceutical and food industry, among others.

The rest of the by-products obtained are used for the production of biomass, animal feed and composting, which allows the wine industry to be a fully circular economy, since it uses practically 100% of the grapes.

Located in one of the most intensive wine regions in the world, its main suppliers are wineries in Castilla La Mancha, Extremadura and Castilla y León, from which it collects the pressed grapes and lees generated in wine production.

As at 31 December 2019, Alba, through Deyá Capital IV, held a 16.83% stake in Alvinesa.

SATLINK

www.satlink.es

DESCRIPTION OF THE COMPANY

Satlink is an engineering company that develops mainly technological solutions in favour of sustainable fishing and better fisheries management.

Satlink also offers a wide range of satellite products and solutions for the maritime industry including, among others, telecommunications, tracking systems, electronic reporting and video surveillance from land to improve the traceability of fishing and sea transport.

Its agreements with the main satellite networks, such as Inmarsat, Thuraya and Iridium, give it the capacity to provide global coverage in voice and data transmission to any type of user, whether at sea or on land.

Thanks to its capacity for innovation, Satlink has successfully captured growth in its sector, generating nearly 80% of its activity in international markets.

As at 31 December 2019, Alba, through Deyá Capital IV, held a 28.07% stake in Satlink, which is accounted for as fully consolidated.

INFORMATION ON INVESTEE COMPANIES UNLISTED

IN-STORE MEDIA

in-Store Media

www.in-storemedia.com

DESCRIPTION OF THE COMPANY

In-Store Media, founded in 1998, is currently one of the world's leading companies in the operation of point-of-sale advertising media through exclusive agreements with retailers and the provision of services to advertisers.

The Company works with more than 60 retailers and manages campaigns for more than 1,000 major brands.

in-Store Media has a strong international presence, with more than 65% of its business generated outside Spain (Mexico, France, Portugal, Poland, Chile, Argentina, Uruguay and Philippines), being a leader in technology, innovation and turnover in all the aforementioned markets.

As at 31 December 2019, Alba's stake in in-Store Media through Deyá Capital, was 18.89%.

ALVIC

Feel the innovation

www.grupoalvic.com

DESCRIPTION OF THE COMPANY

Alvic is a manufacturer of value-added panels and components for the kitchen furniture industry, fully integrated into the value chain (processed panels, manufacturing, assembly and distribution).

Alvic has a diversified portfolio of products including furniture panels, furniture components and finished product. Its main selling channels are the sale to kitchen furniture manufacturers, department stores and its own distribution network (mainly aimed at installers).

Alvic is the leading manufacturer in Spain and has a relevant international presence (70% of its revenues, mainly in France and the US). The company has more than 900 employees and 5 production plants: Alcaudete, La Carolina and Vic in Spain and 2 newly-opened ones in Solsona and Florida (USA).

As at 31 December 2019, Alba, through Deyá Capital IV, held a 8.89% stake in Alvic.

INFORMATION ON INVESTEE COMPANIES UNLISTED

NUADI

www.nuadi.com

DESCRIPTION OF THE COMPANY

Nuadi is the largest independent manufacturer of braking system components (Tier-3), such as metal brackets and anti-noise sheets for the aftermarket in Europe.

Founded in 1958, Nuadi was the European subsidiary of the Canadian company Nucap Industries (which it acquired in 2006). The scope of the transaction includes the seller's subsidiary in China, with revenues of 5 million euros and facilities in Shanghai (the acquisition of this subsidiary is pending the registration of the change of ownership by the Chinese regulator).

The company has nearly 225 employees in Pamplona and about 50 employees in China.

As at 31 December 2019, Alba, through Deyá Capital IV, held a 37.43% stake in Grupo Nuadi, which is accounted for as fully consolidated.

PREVING

www.preving.com

DESCRIPTION OF THE COMPANY

Preving Group is one of the leaders in the occupational risk prevention market in Spain, with a customer base of more than 55,000 companies, which have over 600,000 employees.

The Company offers a complete portfolio of services and products that enable its clients to comply with national regulations on occupational risk prevention and, at the same time, improve the health and safety of their employees.

Grupo Preving has a staff of over 1,000 employees and is present throughout the country with a network of 66 operating centres and 190 associated centres.

As at 31 December 2019, Alba, through Deyá Capital IV, held a 24.81% stake in Grupo Preving, which is accounted for as fully consolidated.

TELEPIZZA

www.telepizza.com

DESCRIPTION OF THE COMPANY

Telepizza Group – in the process of changing its name to Food Delivery Brands – is one of the largest pizzeria chains globally, a leading brand by number of establishments, primarily in Iberia and Latin America. It has more than 2,600 establishments, of which approximately 500 are its own stores, and 2,100 are franchises.

It is the master franchisee of Pizza Hut and Telepizza in Iberia and Latin America. Other brands managed by the group are Jeno's (Colombia) and Apache (Ireland).

The group is vertically integrated with 5 factories (between Iberia and Latin America) for frozen mass production and has a workforce of more than 4,000 employees.

As at 31 December 2019, Alba, through Deyá Capital IV, held a 3.27% stake in Telepizza.

TERBERG ROS ROCA

TERBERG ENVIRONMENTAL

RosRoca

www.terbergrosroca.com

DESCRIPTION OF THE COMPANY

In the first quarter of 2016, Ros Roca Environment and the Dutch company Terberg Environmental completed their merger, creating the UK-based company TRRG Holding Limited. Ros Roca Environment is a Spanish company dedicated to the manufacture of urban waste collection vehicles and Terberg Environmental is the environmental subsidiary of the Dutch family conglomerate Terberg.

With a great complementarity of products and markets, the merger of both companies has allowed the creation of a leader in urban waste management with the manufacture of collection equipment, special chassis and lifting systems, with production centres in the United Kingdom, Spain, Netherlands, Germany and France.

As at 31 December 2019, Alba, through Deyá Capital, held a 7.50% stake in TRRG.

MONBAKE

MONBAKE

www.monbake.com

DESCRIPTION OF THE COMPANY

Founded in 2018, MonBake Group was created by the simultaneous acquisition of Berlys and Bellsola, two of the most relevant manufacturers of fresh and frozen bread, cakes and pastries in the Spanish market, giving rise to an industry leading company and strengthening its leadership position in Spain.

MonBake, which has more than 700 complementary product references marketed across the different sales channels, is very focused on the traditional channel, thus taking advantage of its strong commercial capillarity in Spain. It has access directly to more than 25,000 customers, thanks to the fact that it has the largest network in the industry with over 25 delegations across Spain.

The Company has modern productive facilities (11 factories) with a high level of automation, as well as a highly developed cold logistics network with 3 logistic hubs and over 20 regional logistics centres.

As at 31 December 2019, Alba, through Deyá Capital, held a 3.70% stake in MonBake.

REAL ESTATE ACTIVITY

REAL ESTATE ACTIVITY

By the end of 2019, Alba had approximately 81,900 square metres of leasable space and 1,400 parking spaces in office buildings located in Madrid (64,100 square metres) and Barcelona (17,800 square metres).

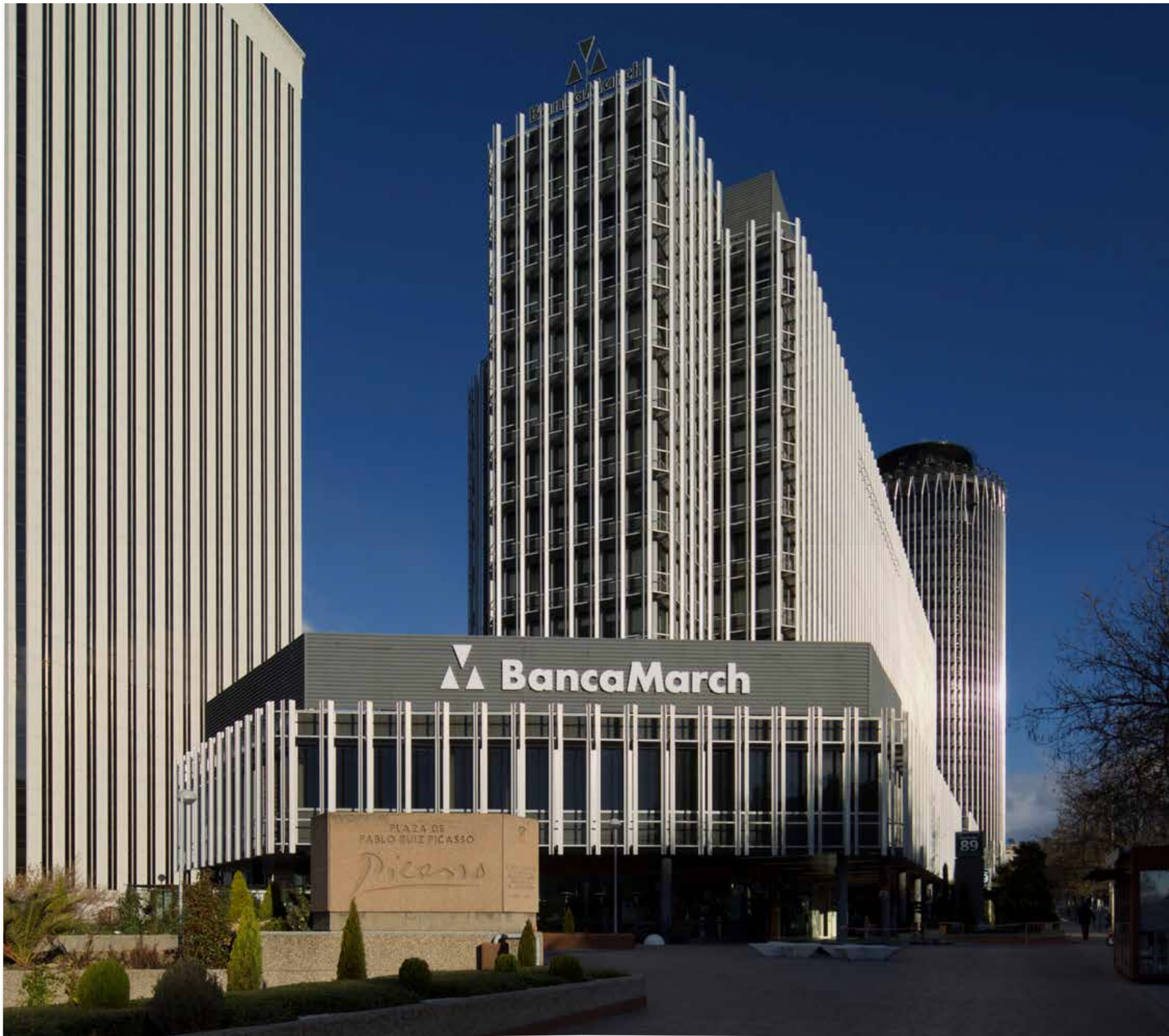
The value of the properties is updated every six months based on the opinion of an independent expert, who valued them on 31 December 2019 at 324.5 million euros, which, on a constant scope, represents an increase of 7.2 million euros over the previous year. This amount exceeds the net value of the investment by 115.2 million euros.

The occupancy rate at the end of 2019 was 91.5%, 5.5 percentage points higher than at the end of 2018. The departure of historical tenants and the entry of new ones has allowed us to significantly increase the rent ratio, in percentages close to 30%.

Revenue from real estate leases amounted to 16.9 million euros for the year, direct expenses amounted to 5.6 million euros and the gross profitability, calculated on the investment made, represented a 5.7% annual yield.

During the year, 5 million euros were invested to update the leasable spaces, renovating buildings as required and modernizing facilities, achieving greater efficiency and thus adding value to them. Specifically, more than 2.2 million euros have been invested in the Castellana building, 89 (Madrid), in the renovation of two of its main floors, facilitating their rental to Immune (2,000 metres) and Netflix (3,100 metres), and 0.4 million euro in the improvement of facilities (new system of security cameras and a new processing centre). In addition, in the buildings at Sant Just Desvern (Barcelona), 0.5 million euros have been invested in improving office space, which has made it easier to reach the current occupancy level of close to 100%. Finally, 1.3 million euros has been invested in the comprehensive update of the exterior of the Oasis building (near the A-6 motorway in Madrid), and almost 0.6 million euros in the refurbishment of its office spaces.

In 2019, the last office in Lagasca, 88 (Madrid) and a floor of offices in General Perón, 38 (Madrid) were sold, providing cash of 12 million euros. In the first months of 2020 the buildings in Sant Just Desvern (Barcelona) were sold, generating a cash flow of 17 million euros.


BancaMarch
PLAZA DE
PABLO RUIZ PICASSO
Picasso
89

AUDITOR'S REPORT

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Corporación Financiera Alba, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Corporación Financiera Alba, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of investments in associates *See notes 4 e) and 10 to the consolidated annual accounts*	
Key audit matter	*How the matter was addressed in our audit*
The Group holds investments in associates amounting to Euros 3,253 million at 31 December 2019, which are accounted for using the equity method. There is a risk that the carrying amount associated with the net investment in the associate is higher than its recoverable amount, in particular in those entities the listed price of which is lower than the carrying amount on the Group's consolidated balance sheet. At each reporting date the Group assesses the possible existence of impairment of the aforementioned investments and, where applicable, it estimates their recoverable amount and determines the need to recognise the corresponding impairment of investments. The recoverable amount of the investment is determined, taking into consideration its value in use, by applying valuation techniques that require management's judgement and the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investments in associates, we have considered this valuation to be a key audit matter.	Our audit procedures included the following: - We assessed the design and implementation of the key controls relating to the processes of identifying possible evidence of impairment and estimating the recoverable amount of investments in associates. - We assessed the criteria used for this by management. We compared the information on the share prices of the investments in associates used for this assessment. - We evaluated the reasonableness of the methodology and assumptions used when estimating the recoverable amount, with the involvement of our valuation specialists. - We compared the information contained in the valuation model with estimates and perspectives of the future growth of the industry to which the associates belong, based on external sources of information. - We evaluated the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the future cash flows, the discount rate and the expected future growth rate, for the purpose of assessing its impact on the valuation. - Finally, we assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

3

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Emphasis of Matter

We draw attention to note 30 to the accompanying annual accounts, in which the Directors mention the event after the reporting period in relation to the health emergency triggered by the spread of Coronavirus disease 2019 (COVID-19) and the main consequences identified at the date of the authorisation to issue these consolidated annual accounts, considering the measures adopted by the Spanish government in Royal Decrees 463/2020 of 14 March 2020 and 8/2020 of 17 March 2020, as well as the difficulties of estimating the possible impacts that this situation could have. Our opinion is not modified in respect of this matter.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated non-financial information statement, as well as certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the consolidated directors' report, or where applicable, that the consolidated directors' report makes reference to the separate report on non-financial information, as provided for in legislation, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the consolidated directors' report, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019, and that the content and presentation of the report are in accordance with applicable legislation.

KPMG

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

5

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- Conclude on the appropriateness of the use by the Parent's Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 1 April 2020.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 8 June 2016 for a period of three years, beginning after the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

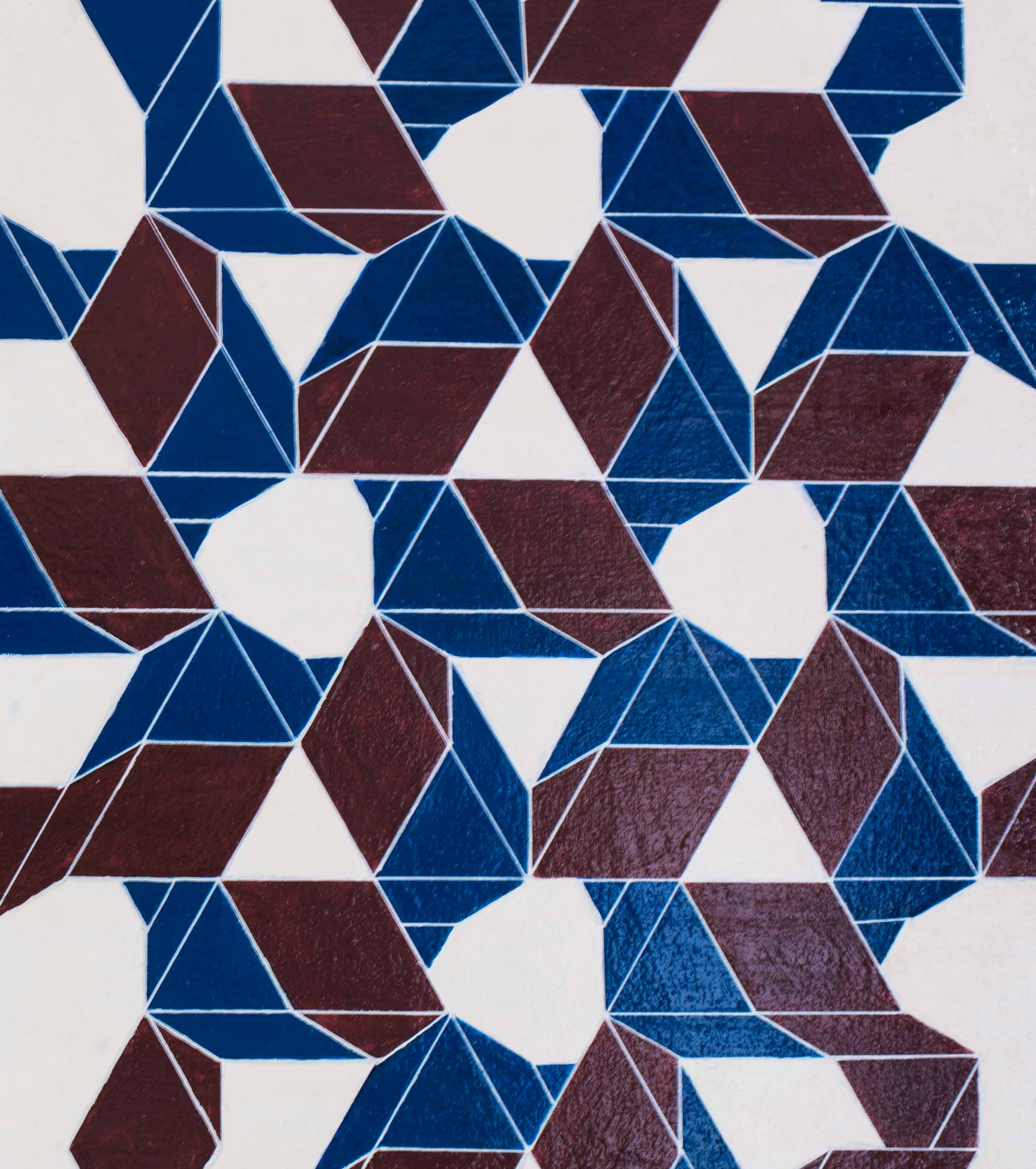
(Signed on original in Spanish)

Borja Guinea López
On the Spanish Official Register of Auditors ("ROAC") with No. 16210

1 April 2020

CONSOLIDATED FINANCIAL ACCOUNTS

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARY COMPANIES FOR THE 2019 FINANCIAL YEAR



CONSOLIDATED FINANCIAL ACCOUNTS

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2019 AND 2018

ASSETS

In millions of Euros	Notes	**31-12-19**	31-12-18
Investment property	6	324.5	327.3
Property, plant and equipment	7	24.8	7.9
Goodwill	8	122.7	5.0
Other intangible assets	9	104.4	38.1
Investments in associates	10	3,253.1	2,994.4
Investments at fair value through profit or loss	11	150.4	201.1
Other financial assets	12	69.2	63.9
Deferred tax assets	22	2.1	1.2
Non-current assets		**4,051.2**	**3,638.9**
Non-current assets held for sale	10	312.7	-
Inventories		18.1	6.9
Trade and other receivables	13	118.0	231.6
Other financial assets	14	114.2	248.7
Cash and cash equivalents	14	77.8	142.0
Current assets		**640.8**	**629.2**
Total Assets		**4,692.0**	**4,268.1**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

EQUITY AND LIABILITIES

In millions of Euros	Notes	**31-12-19**	31-12-18
Share capital	15	58.2	58.2
Retained earnings and other reserves		4,124.5	4,012.4
Interim dividend	3	(29.1)	(29.1)
Equity		**4,153.6**	**4,041.5**
Non-controlling interests	15	194.6	17.4
Total equity		**4,348.2**	**4,058.9**
Loans and borrowings	19	202.0	128.9
Other financial liabilities	12	20.3	9.0
Provisions	17	1.0	0.8
Deferred tax liabilities	22	54.8	39.0
Non-current liabilities		**278.1**	**177.7**
Trade and other payables	18	49.0	18.7
Loans and borrowings	19	16.7	12.8
Current liabilities		**65.7**	**31.5**
Total Equity and Liabilities		**4,692.0**	**4,268.1**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

CONSOLIDATED FINANCIAL ACCOUNTS

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

In millions of Euros	Notes	**2019**	2018
Share of profit/(losses) of associates	10	84.5	161.4
Revenues	24	94.8	92.4
Other income		4.8	5.1
Supplies		(23.7)	(29.6)
Changes in fair value of investment property	6	2.8	0.2
Proceeds from disposal of and income from assets	6, 10 and 11	24.9	25.8
Impairment	10 and 12	51.9	(10.1)
Personnel expenses	25.a	(40.8)	(20.3)
Other operating expenses	24	(30.2)	(25.7)
Amortisation and depreciation		(11.0)	(11.9)
Operating profit/(loss)		**158.0**	**187.3**
Finance income	25.b	6.6	14.6
Finance costs and exchange differences		(2.6)	(6.5)
Change in fair value of financial instruments	11 and 25.c	17.0	(30.9)
Net finance income/(cost)		**21.0**	**(22.8)**
Profit/(Loss) before tax from continuing operations		**179.0**	**164.5**
Income tax expense	22	(0.7)	(1.9)
Profit/(Loss) from continuing operations		**178.3**	**162.6**
Consolidated profit for the year		**178.3**	**162.6**
Profit/(Loss) attributable to minority interests		(0.9)	8.2
Consolidated profit attributable to the group		**179.2**	**154.4**
Earnings per share (Euros/share)	15	3.08	2.65

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

In millions of Euros	Notes	**2019**	2018
Consolidated profit for the year		178.3	162.6
Income and expense recognised directly in equity			
Items that will not be reclassified to profit or loss	10	(18.0)	(26.0)
Share in other comprehensive income from investments in associates		(18.0)	(26.0)
Items that will be reclassified to profit or loss	10	8.1	9.5
Share in other comprehensive income from investments in associates		8.1	9.5
Total income and expense recognised directly in equity		**(9.9)**	**(16.5)**
Total comprehensive income		**168.4**	**146.1**
Attributable to the Parent		169.3	137.9
Attributable to non-controlling interests		(0.9)	8.2

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

CONSOLIDATED FINANCIAL ACCOUNTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

In millions of Euros	Share capital	Retained earnings and other reserves	Own shares
Balance at 1 January 2018	**58.3**	**3,935.2**	**(2.4)**
Changes in consolidated equity of associates (note 10)	-	(16.5)	-
Profit for the year	-	154.4	-
Total income and expense for the year	-	137.9	-
Interim dividend for the prior year (note 3)	-	(29.1)	-
Dividends paid in the year (note 3)	-	(29.1)	-
Transactions with own shares (note 15)	(0.1)	(2.3)	2.4
Decrease due to disposal of Energyco Subgroup (note 2.3)	-	-	-
Other movements	-	(0.1)	-
Balance at 31 December 2018	**58.2**	**4,012.4**	**-**
Changes in consolidated equity of associates (note 10)	-	(9.9)	-
Profit/(Loss) for the year	-	179.2	-
Total income and expense for the year	-	169.3	-
Interim dividend for the prior year (note 3)	-	(29.1)	-
Dividends paid in the year (note 3)	-	(29.1)	-
Transactions with own shares (note 15)	-	-	-
Increases due to business combinations	-	-	-
Other movements	-	1.0	-
Balance at 31 December 2019	**58.2**	**4,124.5**	**-**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

Interim dividend	Equity	Non-controlling interests	Total equity
(29.1)	**3,962.0**	**34.1**	**3,996.1**
-	(16.5)	-	(16.5)
-	154.4	8.2	162.6
-	137.9	8.2	146.1
29.1	-	-	-
(29.1)	(58.2)	(8.4)	(66.6)
-	-	-	-
-	-	(16.1)	(16.1)
-	(0.1)	(0.4)	(0.5)
(29.1)	**4,041.5**	**17.4**	**4,058.9**
-	(9.9)	-	(9.9)
-	179.2	(0.9)	178.3
-	169.3	(0.9)	168.4
29.1	-	-	-
(29.1)	(58.2)	(1.7)	(59.9)
-	-	-	-
-	-	179.8	179.8
-	1.0	-	1.0
(29.1)	**4,153.6**	**194.6**	**4,348.2**

CONSOLIDATED FINANCIAL ACCOUNTS

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

In millions of Euros	Notes	**2019**	2018
Operating activities			
Profit for the year before tax		179.0	164.5
Adjustments for:			
Amortisation and depreciation		11.0	11.9
Changes in fair value of investment property	6	(2.8)	(0.2)
Share of profit of associates	10	(84.5)	(161.4)
Income from assets	6, 10 and 11	(24.9)	(25.8)
Impairment	10 and 12	(51.9)	10.1
Change in fair value of financial instruments and other	11 and 25.c	(17.0)	-
Finance income	25.b	(6.6)	(2.4)
Finance costs		2.6	6.5
Other cash flows from operating activities			
Dividends received		85.0	165.1
Working capital		40.7	(15.7)
Income tax payments on account		96.5	11.2
Interest received		6.6	2.4
Interest paid		(2.6)	(6.5)
Net cash flows from operating activities		231.1	159.7

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

In millions of Euros	Notes	**2019**	2018
Investing activities			
Acquisition of interests in associates and other investments	10 and 11	(614.0)	(629.8)
Acquisition of subsidiaries, net of cash	5	(22.2)	-
Sale of interests in associates and other investments	11 and 14	259.2	88.4
Acquisition of investment property	6	(5.0)	(2.3)
Sale of investment property	6	12.0	15.5
Acquisition of other investments	14	-	(9.2)
Received from other financial assets		148.1	291.1
Acquisition of property, plant and equipment	7	(3.5)	(1.2)
Net cash flows used in investing activity		(225.4)	(247.5)
Financing activities			
Dividends paid	3	(59.9)	(66.6)
Repayment of loans and borrowings	19	(10.0)	(13.6)
Net cash flows used in financing activities		(69.9)	(80.2)
Increase/(Decrease) in net cash		(64.2)	(168.0)
Cash and cash equivalents at 1 January		142.0	310.0
Cash and cash equivalents at 31 December	14	77.8	142.0

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2019.

CONSOLIDATED FINANCIAL ACCOUNTS

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACTIVITIES

Corporación Financiera Alba, S.A. (Alba) is a company domiciled in Madrid (Spain) that owns significant interests in several companies operating in different sectors of the economy. Details of these companies are provided below. Their basic activities include the operation of buildings under lease agreements and holding interests in companies through venture capital activity.

Given Alba's activities, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that could be material with respect to its equity, financial position or results. Consequently, these consolidated annual accounts do not disclose any specific information relating to environmental issues.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. Accounting principles

Alba's consolidated annual accounts for the year ended 31 December 2019 were prepared by the Board of Directors in the meeting held on 30 March 2020. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as subsequent amendments, to provide a true and fair view of Alba's equity and consolidated financial position at 31 December 2019, the consolidated results of its operations and changes in consolidated equity and consolidated cash flows of the Group for the year then ended.

The figures disclosed in the consolidated annual accounts are expressed in millions of Euros except where otherwise stated.

These consolidated annual accounts have been prepared on a historical cost basis, except for the following (IAS 1-117 and 1-118):

- Investment property is measured at fair value;
- Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income;
- Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

The measurement criteria and principles applied are described in note 4 of these notes to the consolidated annual accounts. All mandatory accounting principles and measurement criteria with a significant effect on the consolidated annual accounts have been applied.

The Parent's directors consider that the consolidated annual accounts for 2019, authorised for issue on 30 March 2020, will be approved with no changes by the shareholders at their annual general meeting.

These consolidated annual accounts include comparative figures for the prior year.

a) Standards and interpretations approved by the European Union that are applicable for the first time this year

These consolidated annual accounts for 2019 have been prepared using the same accounting principles as applied in the consolidated annual accounts for the year ended 31 December 2018, except for the standards and amendments adopted by the European Union set out below, which are obligatory from 1 January 2019 onwards:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees recognise all leases using a single balance sheet model similar to the one currently used for the recognition of finance leases under IAS 17. The standard includes two exceptions to the recognition of leases by lessees; leases for which the underlying asset is of low value (e.g. personal computers) and short-term leases (i.e. lease agreements for a term of 12 months or less).

At the lease commencement date, the lessee recognises a liability for the lease payments to be made (i.e. the liability due to the lease) and an asset that represents the right of use of the underlying asset over the lease period (i.e. the right-of-use asset). Lessees must recognise separately the cost of interest on the lease liability and the depreciation expense of the right of use.

The assets recognised under right-of-use assets at the commencement date are measured at the amortised cost of the contract and subsequently, they are measured at cost less any accumulated amortisation or depreciation and impairment.

Lease obligations consist of the fixed instalments agreed and the initial payments or future payments that are considered highly probable, excluding from this calculation variable rent tied to the future measurement of a parameter. The liability will be discounted using the interest rate implicit in the lease or, in the absence thereof, using the Group's incremental borrowing rate.

Lessees are also obliged to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 does not substantially change lessor accounting compared to the current recognition under IAS 17. Lessors continue classifying leases using the same classification principles as in IAS 17 and recognise two types of leases: operating and finance leases.

At 1 January 2019, the date that this standard entered into force, the Group only leased several vehicles and had an amount at a subsidiary for irrelevant amounts, therefore there has been no impact on the Group's financial statements from applying this standard.

Other modified standards that have no significant impact for the Group are as follows:

<u>Amendment to IFRS 9. Prepayment Features with Negative Compensation</u>

It will permit measurement at amortised cost of some financial assets that may be cancelled early at a lower amount than the outstanding principal and the interest on this principal.

<u>IFRIC 23 Uncertainty over Income Tax Treatments</u>

This interpretation clarifies how to apply the recognition and measurement criteria in IAS 12 when there are uncertainties about the acceptability by a taxation authority of a particular tax treatment used by the entity.

<u>Amendment of IAS 28 Long-term Interests in Associates and Joint Ventures</u>

It clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if they are not accounted for using the equity method.

Improvements to the IFRS 2015-2017 Cycle. Amendments to a number of standards.

Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

It specifies how to calculate the current service cost and net interest for the rest of the annual period in the event of amendment, curtailment or settlement of a defined benefit plan.

Amendment to IFRS 3 Business Combinations

This standard specifies the accounting treatment for a business combination previously recognised as a joint operation.

None of the above-mentioned standards and interpretations that are effective from 1 January 2019 have had a significant impact on the Group's consolidated financial statements.

b) Standards and interpretations approved by the European Union applied for the first time in 2018

- IFRS 15 Revenue from Contracts with Customers.
- IFRS 9 Financial instruments.
- IAS 40 Transfers of Investment Property.
- Amendments to IFRS 2, Classification and Measurement of Share-Based Payment Transactions.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and entered into effect from 1 January 2018. IFRS 15 establishes the criteria for recognising revenue from contracts with customers and sets out a new five-step model that applies to the recognition of revenue from contracts with customers:

- Step 1: Identify the contract (or contracts) with the customer.
- Step 2: Identify the performance obligations.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

In accordance with IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, when the customer obtains control of the goods or the services provided.

This new standard supersedes all previous standards relating to the recognition of revenue.

Given the Group's type of business, the impact of applying IFRS 15 had no significant impacts on the Group's consolidated annual accounts.

IFRS 9 Financial instruments

IFRS 9 was issued in July 2014 and entered into effect from 1 January 2018. IFRS 9 sets out the criteria for recognising and measuring financial instruments and replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard presents the three stages of the financial instrument project: (i) classification and measurement, (ii) impairment and (iii) hedge accounting.

(i) Classification and measurement

The new classification criteria for financial assets will depend on the way in which an entity manages its financial instruments (its business model) as well as the existence and characteristics of the financial asset's contractual cash flows.

Based on the above, IFRS 9 establishes three classifications of financial assets: (i) amortised cost, (ii) at fair value through equity or (iii) at fair value through profit or loss for the period. Formerly, IAS 39 had four categories of financial assets (at fair value through profit or loss, held to maturity, available for sale, and loans and receivables).

The application of these new categories led to a change in the names of the Group's financial assets, although had no impact on their measurement. The Group has continued to measure at fair value all the financial assets it previously recognised at fair value. Trade receivables and loans are maintained to receive the contractual cash flows and it is expected that these will only represent payments of principal and interest, therefore they will continue to be recognised at amortised cost in accordance with IFRS 9.

(ii) Impairment

The new impairment criteria is based on the expected loss model rather than the incurred loss model under IAS 39. This impairment model is applicable to financial assets measured at amortised cost that include "Trade and other receivables".

Given the Group's type of business, the new model for calculating impairment based on the expected loss method has not had any significant impacts on the Group's consolidated annual accounts.

(iii) Hedge accounting

IFRS 9 seeks to align hedge accounting with entities' risk management policies, thus the requirements for designating hedged items and hedging items are more flexible. In 2018 and 2019 the Group did not have any type of hedges and therefore this standard has had no impact.

c) Standards and interpretations issued but not effective in 2019

At 31 December 2019, the following standards and interpretations had been issued by the IASB but had not yet entered into force, either because the date on which they become effective is subsequent to the date of the consolidated annual accounts or because they have not yet been adopted by the European Union:

Approved for use in the European Union

- Amendments to IFRS 9, IAS 39 and IFRS 7: related to the Interest Rate Benchmark Reform that is underway.

- Amendments to IAS 1 and IAS 8: clarify the definition of "material" to align it with that contained in the conceptual framework.

Pending approval by the European Union

- Amendment of IFRS 3: clarification and narrowing of the definition of a business.

- IFRS 17: related to the recognition, measurement, presentation and disclosure of insurance contracts.

The Group does not expect significant impacts from the entry into force of any of these standards that are not in effect at 31 December 2019.

2.2. Use of judgement and estimates in the preparation of consolidated annual accounts

The preparation of certain information included in these consolidated annual accounts has required the use of judgements and estimates based on assumptions that affect the application of accounting criteria and policies and the reported amounts of assets and liabilities, income and expenses and obligations. The most significant estimates used in preparing these consolidated annual accounts are as follows:

- The estimate of the recoverable amount of interests in associates with indications of impairment.

- The assumptions used to calculate the fair value of certain unlisted financial assets and investment property.

- The determination of the fair values in business combinations and the assessment of possible impairment losses on certain assets.

The estimates and assumptions used are periodically reviewed. Any change in accounting estimates following such a review or due to future events is recognised in the consolidated income statement for that and successive periods, in accordance with IAS 8.

2.3. Subsidiaries

Subsidiaries are fully consolidated. The Group obtains control when it is exposed, or has rights, to variable returns from its involvement with a subsidiary and it has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if, the Group has:

- Power over the subsidiary (existing rights that give it the current ability to direct the relevant activities of the subsidiary).
- Exposure, or rights, to variable returns from its involvement with the subsidiary.
- The ability to use its power over the subsidiary to affect the amount of the returns.

It is generally assumed that a majority of voting rights amounts to control. In cases where the Group manages venture capital entities, or holds investments in these, whether control exists is determined in accordance with internal procedures and criteria that take into consideration IFRS 10 and therefore whether the entity should be fully consolidated or not. These methods take into consideration, among other aspects, the scope of its decision-making authority, the rights held by other parties, the remuneration to which it is entitled in accordance with the remuneration agreement(s) or the decision maker's exposure to variability of returns from other interests that it holds in the investee. These entities include venture capital entities that are either managed by or are investees of the Group and their investments.

The assets and liabilities of subsidiaries are measured initially at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair value of the part of identifiable net assets acquired is considered as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets acquired (a bargain purchase), the difference is recognised, if applicable, directly in profit or loss at the date of acquisition.

Third-party interests in the Group's equity and profit or loss for the year are recognised as minority interests within total equity in the consolidated balance sheet and as profit or loss attributable to minority interests in the consolidated income statement.

In accordance with International Financial Reporting Standards, group companies and business combinations are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated annual accounts after making the adjustments and eliminations relating to intra-Group transactions.

The corresponding information at 31 December 2019 and 2018 is presented below:

Subsidiary	Activity	Year	Percentage ownership	Carrying amount before consolidation	Equity	Profit/(Loss) for the year
Alba Patrimonio Inmobiliario, S.A.U. C/ Castelló, 77, 5º planta 28006-Madrid	Investment property	2019 2018	100.00 100.00	180.9 180.9	214.1 202.9	11.2 13.0
Alba Europe S.à.r.l. Rue Eugène Ruppert 6 L-2453 Luxembourg	Investment in securities	2019 2018	100.00 100.00	1,154.9 1,209.7	1,231.8 1,274.5	12.1 68.2
Artá Capital, SGEIC, S.A.U. Pza. Marqués de Salamanca, 10 28006-Madrid	Management of venture capital companies	2019 2018	77.40 78.00	1.7 1.7	0.6 2.9	5.1 5.1
Artá Partners, S.A. C/ Castelló, 77, 5º planta 28006-Madrid	Investment in securities	2019 2018	77.40 78.00	1.6 1.6	2.1 2.1	7.4 5.4
Deyá Capital, SCR, S.A.U. C/ Castelló, 77, 5º planta 28006-Madrid	Venture capital company	2019 2018	100.00 100.00	47.2 92.2	92.7 153.1	18.8 59.9
Deyá Capital IV, SCR, S.A.U. C/ Castelló, 77, 5º planta 28006-Madrid	Venture capital company	2019 2018	100.00 100.00	92.7 56.3	92.5 74.9	(2.1) 22.4
Alba Investments, S.à.r.l. Rue Eugène Ruppert 6 L-2453 Luxembourg	Investment in securities	2019 2018	82.09 -	458.4 -	559.2 -	(0.1) -
Subgrupo Satlink (1) Avda. de la Industria, 53 Nave 7 Alcobendas-Madrid	Technological solutions for the fishing sector	2019 2018	28.07 28.07	12.1 12.1	23.2 17.1	1.7 1.8
Subgrupo Nuadi (Miralda) (2) Polígono industrial Arazuri-Orcoyen Arazuri-Navarra	Industrial supplies	2019 2018	37.43 -	17.0 -	43.9 -	(1.7) -
Subgrupo Preving (Marsala) (3) C/Joaquín Sánchez Valverde, 1-3-5 06006-Badajoz	Occupational health and safety solutions	2019 2018	24.81 -	16.9 -	61.4 -	(6.7) -

(1) This subgroup is formed by Grupo Satlink, S.L., Satlink, S.L., Satlink, LTD, Linksat Solutions, S.A., Digital Observer Services, S.L., Satlink WCPO Limited and Satlink WCPO Solomon.
(2) This subgroup is formed by Marsala and Nuadi.
(3) This subgroup is formed by Miralda, Preving Investments Group, Preving Investment, Preving Consultores, Salud, Vitaly, Auditoriza, Total Dat Prevenna, Egarsat, Icese Asifor and Asem.
(1) (2) (3) Alba's interests are held through Deyá Capital IV, SCR, S.A.U. Additionally, 31.93% of the subgroup Satlink, 42.57% of the Nuadi subgroup and 28.13% of the Preving subgroup belongs to other vehicles managed by Arta Capital, SGEIC, S.A.U., which exercises control over these vehicles, determines what investments are made, there are no restrictions regarding management and they are exposed to variable returns. As a result of the foregoing, Alba has considered that it has control over this subgroup.

KPMG Auditores, S.L. was the auditor in 2019 and 2018, except for the Subgroups Nuadi and Preving that were audited in 2019 by EY and Deloitte, respectively.

2.4. Associates

Entities over which Alba exercises significant influence even though its interest therein is less than 20% are considered associates. To determine whether significant influence exists, among other situations, the Parent considers the representation on the board of directors or the possibility of appointing a director, the involvement in establishing policies and the permanence of the interest.

The information in respect of 2019 and 2018 is as follows:

			Percentage ownership			
Associate / Auditor	**Registered office**	**Activity**	**At 31-12-19**	**At 31-12-18**	**Change**	**Representation on Board of directors**
Acerinox, S.A. Auditor: PWC	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel	19.35	18.96	0.39	3
Bolsas y Mercados Españoles, Sociedad Holding De Mercados y Sistemas Financieros, S.A. Auditor: PWC	Plaza de la Lealtad, 1 (Madrid)	Operator of the stock markets and financial systems in Spain	12.06	12.06	-	2
CIE Automotive, S.A. Auditor: PWC	Alameda Mazarredo, 69 (Bilbao)	Automotive industry	10.15	10.10	0.05	1
Ebro Foods, S.A. Auditor: E&Y	Paseo de la Castellana, 20 (Madrid)	Food	14.00	14.00	-	1
Euskaltel, S.A. Auditor: KPMG	Parque Tecnológico, Edificio 809 (Derio-Vizcaya)	Telecommunications	11.00	11.00	-	1
Indra Sistemas, S.A. Auditor: Deloitte	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	10.52	10.52	-	1
Parques Reunidos Servicios Centrales, S.A. Auditor: KPMG	Paseo de la Castellana, 216 (Madrid)	Recreational and entertainment activities	-	21.43	(21.43)	-
Piolin II, S.à.r.l. (Parques Reunidos) Auditor: KPMG	26A, Boulevard Royal L-2449 Luxembourg	Investment in securities	25.09	-	25.09	1
Rioja Luxembourg, S.à.r.l. (Naturgy) Auditor: E&Y	20, avenue Monterey L-2163 Luxembourg	Investment in securities	25.73	25.73	-	2
Shield Luxco1.5, S.à.r.l. (Verisure) Auditor: PWC	15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Investment in securities	8.54	-	8.54	1
Viscofan, S.A. Auditor: PWC	Polígono Industrial Berroa (Tajonar-Navarra)	Manufacture of cellulose or artificial casings for cured meats	13.03	13.00	0.03	1

In 2019 an 8.54% interest was acquired in Shield Luxco 1.5, S.à.r.l., which owns 92.62% of Verisure, therefore Alba holds a 7.91% indirect interest in Verisure. Furthermore, in 2019 Alba contributed its investment in Parques Reunidos Servicios Centrales, S.A. to Piolin II, S.à.r.l., resulting in a 25.09% interest in Piolin II, S.à.r.l. The rise in ownership interests held is due to acquisitions made during the year (note 10). At 31 December the Company has transferred all its interest in Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. to non-current assets held for sale, in the context of a takeover bid of the shares of this company.

In 2018 a 25.73% interest was acquired in Rioja Luxembourg, S.à.r.l., a company owning 20.072% of Naturgy Energy Group, S.A. Consequently, Alba's indirect interest in Naturgy was 5.16%, which added to Alba's 0.11% direct interest amounted to a total interest of 5.27% in Naturgy in 2018. However, as a result of the capital reduction carried out by Naturgy in 2019, at 31 December 2019 Alba's interest was 5.36%. The increases in ownership interests in 2018 are due to acquisitions during that year (note 10).

3. DISTRIBUTION OF PROFIT

The distribution of Corporación Financiera Alba, S.A.'s profit for 2019 to be submitted by the Board of Directors for approval by the shareholders at their general meeting, and the distribution of profit for 2018 approved by the shareholders at their general meeting, are as follows (in millions of Euros):

Basis of distribution	**2019**	2018
Profit for the year	183.3	112.2
Total	183.3	112.2

Distribution to	**2019**	2018
Reserves	125.1	54.0
Dividends	58.2	58.2
Total	183.3	112.2

The dividends paid by the Parent in 2019 and 2018 were as follows:

	Number of shares with rights	Euros/Share	Millions of Euros
2019			
Interim dividend for 2019	58,240,000	0.50	29.1
Final dividend for 2018	58,240,000	0.50	29.1
2018			
Interim dividend for 2018	58,240,000	0.50	29.1
Final dividend for 2017	58,240,000	0.50	29.1

A final dividend from 2019 profit of Euros 0.50 per outstanding share at the date of payment will be proposed for approval by the shareholders at their general meeting.

The liquidity statement required under article 277 of the Spanish Companies Act in relation to the interim dividend is presented by the Board of Directors in the notes to the Parent's individual financial statements.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

The main accounting policies used in preparing the accompanying consolidated annual accounts were as follows:

a) Business combinations and non-controlling interests (minority interests) (note 5)

Business combinations

Alba applies the acquisition method for business combinations. The acquisition date is the date on which Alba obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

The Group recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. These criteria are only applicable for non-controlling interests which grant entry into economic benefits and entitlement to the proportional part of net assets of the acquiree in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or value based on market conditions. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration, where applicable, the insolvency risk and any contractual limitations on the indemnified amount.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

If it has only been possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

The potential benefit of the acquiree's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax income provided that it does not arise from an adjustment of the measurement period.

Contingent consideration is classified in accordance with the underlying contractual terms as a financial asset, financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for in equity.

Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Subsequent recognition of or changes to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests (minority interests)

Non-controlling interests in subsidiaries are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The consolidated profit for the year and changes in equity of the subsidiaries attributable to Alba and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The results and each component of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, although this implies a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

b) Investment property (note 6)

Investment property, buildings used for rental purposes, is initially recognised at cost, including transaction costs. These investments are subsequently measured at fair value, determined by independent experts in accordance with the following definition: "Is the price at which the building could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of the sale". Changes in fair value are recognised in the income statement for the period in which they arise. These investments are not depreciated.

b.1) Leases

Determination of whether a contract is, or contains, a lease is based on the economic substance of the agreement at the date thereof. The contract is analysed to verify whether its fulfilment depends on the use of an asset or specific assets or the agreement implies the right of use of an asset or assets, although this right is not explicitly specified in the contract.

Leases in which the Group maintains substantially all the risks and rewards incidental to ownership are classified as operating leases. Contingent rents are recognised as income in the year in which they are obtained.

c) Property, plant and equipment (note 7)

In application of IFRS 1 "First-time Adoption of International Financial Reporting Standards" buildings for own use were recognised on 1 January 2004 at fair value, determined by independent experts as defined in the previous note, considering this amount to be the cost of acquisition. This increase in value was credited to equity in the consolidated balance sheet.

The remaining property, plant and equipment are valued at cost of acquisition; interest or exchange differences are not included. Costs of expansion, modernisation or improvements which increase the productivity, capacity or efficiency or extend the useful lives of assets are capitalised as an increase in the cost of those assets.

Depreciation is on a straight-line basis, distributing the carrying amount over the estimated useful lives of the assets, in accordance with the following percentages:

	Percentage of annual depreciation
Buildings and constructions	2
Technical installations	8
Furniture and fixtures	10
Information technology equipment	25

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and its carrying amount is immediately reduced to its recoverable amount.

d) Intangible assets (notes 8 and 9)

d.1) Goodwill

Goodwill is determined using the same criteria as for business combinations (note 5).

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in note 8 are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement.

d.2) Customer portfolio

The relationships with customers that Alba recognises under customer portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are customer service contracts that have been recognised in the allocation of fair values in business combinations.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price.

The income approach was used to determine the fair value of intangible assets allocated in business combinations in the form of customer relationships; discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

Customer portfolios are amortised on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. The useful life of the customer portfolio is 10 years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

d.3) Other intangible assets

These are intangible assets that were recognised in business combinations.

They are amortised on a straight-line basis over their estimated useful life that is between 3 and 60 years.

Other intangible assets are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Alba determines whether impairment losses have been incurred.
An impairment loss is recognised as the difference between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of fair value of the asset less costs of disposal and value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Impaired non-financial assets other than goodwill are reviewed at the end of each reporting period to assess whether the loss has been reversed.

e) Investments in associates (note 10)

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment qualifies for recognition as non-current assets or disposal groups held for sale, it is recognised at fair value less costs of disposal.

Investments in associates are initially recognised at cost of acquisition, including any cost directly attributable to the acquisition and any consideration receivable or payable contingent on future events or on compliance with certain conditions.

The excess of the cost of the investment over the Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

The Group's share of the profit or loss of associates is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of associates. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as

an increase or decrease in the value of the investments in associates with a balancing entry in other comprehensive income based on the nature of the investment. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share of the profit or loss of an associate and changes in equity is calculated without considering the possible exercise or conversion of potential voting rights.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Accordingly, value in use is calculated to the extent of the Group's interest in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates derived from application of the acquisition method. In subsequent years, reversals of impairment of investments are recognised in profit or loss to the extent of any increase in the recoverable amount. Impairment losses are presented separately from the Group's share of profit or loss of associates.

f) Investments at fair value through profit or loss (note 11)

Investments held with the intention of not selling them in the short term and those held through venture capital companies are included in this line item.

They are recognised at fair value through profit or loss.

The fair value of investments in unlisted companies was determined using the most suitable method for each investment of either the analysis of multiples of comparable companies or the discounted cash flow method.

g) Non-current assets held for sale (note 10)

Assets for which there is a sale offer or their sale is highly probable within the next 12 months are included in this line item. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

h) Calculation of fair value (notes 6, 11 and 20)

Alba measures financial instruments and non-financial assets such as investment property at their fair value at the reporting date of the financial statements. Also, details of the fair value of financial assets measured at amortised cost are provided in note 20. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be a market that is accessible for Alba.

The fair value of an asset or a liability is calculated using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Alba uses valuation techniques appropriate to the circumstances and for which sufficient information is available to calculate the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All the assets and liabilities for which calculations or disclosures of their fair value are made in the financial statements are categorised within the fair value hierarchy described below, based on the lowest level input necessary for the calculation of the fair value measurement in its entirety:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input used, which is significant for the calculation, is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input used, which is significant for the calculation, is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, at the end of each year Alba reviews their categorisation (based on the lowest level input that is significant for the calculation of fair value as a whole) to determine whether there have been any transfers between the different levels of the hierarchy.

Alba determines the policies and procedures for recurring fair value calculations, such as property investments and unlisted financial assets.

In order to value significant assets and liabilities, such as property investments, financial assets and contingent consideration, internal and external valuators are used.

For the purposes of the required disclosures of fair value, the Group has determined the different classes of assets and liabilities based on their nature, characteristics, risks and fair value hierarchy as explained previously.

i) Loans and receivables (notes 12 and 13)

The Group initially measures financial assets included in this category (other financial assets and trade and other receivables) at fair value, which is the transaction price. In transactions with a due date within one year for which there is no contractual interest rate, dividends receivable and receivables on called-up equity instruments expected to be collected in the short term are measured at their nominal amount, as the effect of not discounting the cash flows is immaterial.

Subsequently these financial assets are measured at amortised cost and the interest accrued is recognised in the income statement using the effective interest method. At least once a year, provided there is objective evidence that a loan or receivable is impaired, Alba carries out impairment testing. Based on this analysis, if applicable, Alba recognises the corresponding impairment losses.

The impairment loss on these financial assets is calculated as the difference between their carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

Impairment and its reversal are recognised as an expense or income, respectively, in the income statement. The loss can only be reversed up to the limit of the carrying amount of the receivable that would have been recorded at the reversal date had the impairment loss not been recognised.

j) Cash and cash equivalents (note 14)

This line item of the balance sheet includes cash on hand, demand deposits and other current highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value.

k) Financial liabilities (note 19)

Financial liabilities generally include loans and borrowings that are initially recognised at the cash amount received, less transaction costs. In subsequent periods they are carried at amortised cost using the effective interest method.

l) Own shares (note 15)

Own shares are recognised as a reduction in equity. No gain or loss is recognised for the purchase, sale, issue, redemption or cancellation of Alba's own equity instruments.

m) Provisions (note 17)

Provisions are recognised for present obligations arising from a past event when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the time effect of money is significant, the provision is discounted using a pre-tax rate. When discounted, increases in the provision due to the passage of time are recognised as a finance cost.

n) Income tax (note 22)

The income tax expense is calculated as the sum of current tax, calculated by applying the relevant tax rate to the taxable income or tax loss for the period, less any existing deductions and credits, plus any changes in recognised deferred tax assets and liabilities during the period. The income tax expense is recognised in the income statement except when it relates to transactions recognised directly in equity, in which case the associated tax is also recognised in equity, or as part of a business combination with a charge or credit to goodwill.

o) Alternative pension plan schemes

Alba has three plans, two defined benefit plans and one defined contribution plan, which are externalised to insurance companies and require that contributions be made to a separately managed fund.

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The amount of the contributions accrued are recognised as personnel expenses. If the contribution already paid exceeds the contribution due for service before the end of the period, the Group only recognises that excess as an asset (prepaid expense) to the extent that the prepayments will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be paid in full within the 12 months after the end of the year in which the employees render the related service, they are discounted using the market yield on high quality corporate bonds.

The projected unit credit method was used to measure the obligation derived from pension commitments. With this method the benefits are financed as they are generated, based on the years of service that the employee has at the Company, so that the commitment is fully funded by the end of the employee's working life and they reach retirement age.

Past service cost is recognised in the consolidated income statement at the earlier of the following dates:

- When the plan amendment or curtailment occurs; and

- When the Group recognises related restructuring costs or termination benefits.

The discount rate of the obligations and the assets to settle the commitments was determined considering the return on corporate bonds with a high credit rating and a similar maturity to the commitments measured, using German public debt as a benchmark.

The main assumptions used in 2019 and 2018 to measure the defined benefit commitments were as follows:

	2019	2018
Mortality tables	PERM/F 2000 NP	PERM/F 2000 NP
Technical interest agreed in the policies	2.00% - 3.70%	2.00% - 3.70%
CPI growth	1.00%	1.00%
Pay rises	2.50%	1.00%
Changes in Social Security	1.50%	1.50%
Discount rate of obligations and assets to settle the commitments	1.00%	2.00%
Retirement age	65	65

The changes in the defined benefit plan obligations and the fair value of the assets associated with the benefit in 2019 and 2018 are as follows:

	1/1	Cost of commitments recognised in the income statement: Cost of services	Net interest income/ (costs)	Subtotal included in profit/ (loss)	Obligations settled (paid)	Actuarial gains/ (losses)	31/12
2019							
Obligations under defined benefit plans	(23.7)	(1.3)	(0.4)	(1.7)	0.2	(1.0)	(26.2)
Fair value of assets associated with the benefit	23.7	0.5	1.0	1.5	(0.2)	1.2	26.2
(Obligations)/Rights under defined benefit plans, net	-						-
2018							
Obligations under defined benefit plans	(24.8)	(1.3)	(0.5)	(1.8)	2.9	-	(23.7)
Fair value of assets associated with the benefit	24.8	0.4	1.6	2.0	(2.9)	(0.2)	23.7
(Obligations)/Rights under defined benefit plans, net	-						-

The contribution expected to be made in 2020 in relation to the defined benefit plans is Euros 1.3 million.

Sensitivity analysis:

	Discount rate		Future salary increases	
Sensitivity level	+0.50%	(0.50%)	+0.50%	(0.50%)
2019				
Impact on the (obligations)/rights under defined benefit plans, net	(3.73%)	4.43%	2.13%	(2.04%)
2018				
Impact on the (obligations)/rights under defined benefit plans, net	(9.44%)	10.98%	3.73%	(3.74%)

The contributions related to both plans are recognised in the accompanying income statement and disclosed in 25.a.

p) Share-based payment transactions

At 31 December 2019 and 2018 Alba has no share option schemes.

q) Recognition of income and expenses

Income and expenses are allocated on an accruals basis, irrespective of the timing of collections and payments and always taking into account the economic substance of the transaction.

Revenue from sales of goods is recognised when all the significant risks and rewards of ownership have been transferred to the buyer, and the Company retains neither continuing managerial involvement nor effective control over the goods sold.

Revenue from services rendered is recognised by considering the period of time over which the Group must provide the agreed services, provided that the outcome of the transaction can be estimated reliably.

r) Right-of-use assets and lease liabilities

The assets are recognised under other intangible assets and are classified based on the nature of the underlying asset, at the commencement date they are measured at the amortised cost of the contract and subsequently, they are measured at cost less any accumulated amortisation and impairment. These assets are amortised on a straight-line basis over the life of the contract.

The lease liability is the fixed instalments agreed and the initial payments or future payments that are considered highly probable (direct costs related to start up or penalties, among others), excluding from this calculation variable rent tied to the future measurement of a parameter. The liability is measured at amortised cost, using the interest rate implicit in the lease agreement or, if this rate cannot be easily determined, the incremental interest rate payable by the Group for such an agreement.

The liability is discounted using the effective interest method and decreased by the payments made.

The Group remeasures the lease liability by discounting the lease payments at a revised discount rate, if there has been a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

5. BUSINESS COMBINATIONS

Nuadi subgroup:

On 22 October 2019, through Deya Capital IV, SCR, S.A., Alba acquired 37.43% of the Nuadi subgroup, through Miralda Activos, S.L., which has its registered office in Spain, and its main activity is the manufacture and distribution

of industrial supplies. The main reason for this business combination was that the venture capital management company, Arta Capital, SGEIC, SAU, held a majority interest. The acquiree generated revenue of Euros 6.6 million and a consolidated loss of Euros (0.2) million for Alba from the acquisition date to the reporting date.

Had the acquisition taken place at 1 January 2019, the Group's revenue and consolidated loss for the year ended 31 December 2019 would have amounted to Euros 51.5 million and Euros (1.1) million, respectively.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Cash paid	99.4
Fair value of net assets	(25.0)
Goodwill	**74.4**

The amounts recognised by significant class at the date of acquisition of the assets, liabilities and contingent liabilities are as follows:

	Book value	Fair value adjustments	Fair value
Intangible assets	0.1	-	0.1
Other property, plant and equipment	14.2	-	14.2
Cash	3.4	-	3.4
Receivables and other assets	21.6	-	21.6
Total assets	**39.3**	-	**39.3**
Other liabilities	14.3	-	14.3
Total liabilities	**14.3**	-	**14.3**
Total Net Assets			**25.0**

The property, plant and equipment are supported by land, buildings and technical installations.

The estimate of the fair value of this business combination was calculated internally by Company management, considering that there are no differences between the carrying amounts and fair values of the assets and liabilities acquired. The recognition of this business combination in the consolidated annual accounts at 31 December 2019 has been considered provisional, having a year from the date of acquisition to make any adjustments.

Preving subgroup:

On 2 October 2019, through Deya Capital IV, SCR, S.A., Alba acquired 24.81% of the Preving Group, through Marsala Directorship, S.L., which has its registered office in Spain, and its main activity is the provision of occupational health and safety advisory services and support. The main reason for this business combination was that the venture capital management company, Arta Capital, SGEIC, SAU, held a majority interest. The acquiree generated revenue of Euros 18.2 million and a consolidated loss of Euros (1.7) million for Alba from the acquisition date to the reporting date.

Had the acquisition taken place at 1 January 2019, the Group's revenue and consolidated loss for the year ended 31 December 2019 would have amounted to Euros 67.3 million and Euros (0.8) million, respectively.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Cash paid	86.8
Fair value of net assets	(45.6)
Goodwill	**41.2**

The amounts recognised by significant class at the date of acquisition of the assets, liabilities and contingent liabilities are as follows:

	Book value	Fair value adjustments	Fair value
Intangible assets	3.5	66.4	69.9
Other property, plant and equipment	2.6	-	2.6
Cash	5.8	-	5.8
Receivables and other assets	15.0	-	15.0
Total assets	**26.9**	**66.4**	**93.3**
Debt with financial institutions	10.0	-	10.0
Liabilities derived from temporary differences	0.3	16.0	16.3
Other liabilities	21.4	-	21.4
Total liabilities	**31.7**	**16.0**	**47.7**
Total Net Assets			**45.6**

Intangible assets comprise technology (Euros 8.1 million), the trademark (Euros 8.0 million) and the customer portfolio (Euros 50.3 million) with a useful life of between 8 and 20 years.

The fair value estimate of this latter business combination, calculated by Duff & Phelps, and the carrying value recognised in the consolidated annual accounts at 31 December 2019 are considered definitive.

Duff and Phelps used three basic valuation techniques for the fair value calculations, adopting the most appropriate in each case based on the characteristics of the assets and the data obtained. The three methods used are summarised below:

1) The Market Approach: The market approach consists of comparing the asset valued with other similar assets in the market, making the corresponding adjustments for use, scarcity and demand.

   - Relief from Royalty Method: In this method, the value of the asset is considered as the value of the royalty payments avoided by the company as a result of owning the asset. Therefore, the appropriate royalty rate must be determined, so that the cash inflows from future royalties can be estimated.

   This method was used to calculate the value of the brand and technology. Using the following market royalties for each of the intangible assets: trademarks (1%), and computer software (2.75%).

2) The Cost Approach: In the valuation of assets using the cost approach the new replacement cost of the asset is estimated, deducting the resulting depreciation for wear and tear and obsolescence (functional and economic). The new replacement cost is the cost necessary to replace this asset with another new and modern one, which has similar characteristics and functionality and uses the most up-to-date technology.

3) Income Approach: The value of the assets is established based on the future benefits they can produce (projections), discounted at an appropriate discount rate, which reflects the economic potential and profitability.

- Discounted Cash Flow method "DCF": This method is based on the value of the business being established as the present value of the expected free cash flows, discounted at a rate that reflects the requirements of market rate of return, the specific risk of the investment and the capital structure.

- Multiperiod Excess Earnings Method "MEEM": This method is based on the idea that the profit/loss obtained by the company can be attributed to specific groups of assets. Thus, the results that can be allocated to a specific intangible asset will be obtained as the difference between total profit/loss and the charges or rents that would have to be paid.

  This method was used for the valuation of the customer portfolio, using a discount rate of 9.0% and a tax rate of 25%.

To determine the fair value of the business and the intangible assets the independent experts used both internal data provided by each of the companies and information obtained from external sources.

The internal documentation of the company is mainly based on the budgets and business plans of the companies as well as the annual accounts and balance sheets at the date of acquisition.

Additionally, research was carried out on the industry and sector, as well as considering analysts' opinions on the main competitors. The following external sources of information were used in this sense:

- Standard and Poor's Capital IQ;
- Bloomberg's database;
- MSCI Barra Betas;
- D&P Small Stock Premium Analysis 2019–MergerMarket;
- IHS Global Insight;
- Royalty Stat database;
- Royalty Source database;
- KtMine royalty database;
- Sector reports: Technavio.

6. INVESTMENT PROPERTY

This line item comprises buildings leased out. In 2019 and 2018 the valuation was performed by Savills Consultores Inmobiliarios, S.A., specialists in the appraisal of this type of investments, according to the Property Appraisal and Valuation Standards and Observations Guide published by the Royal Institution of Chartered Surveyors in Great Britain, and is based on the Discounted Cash Flow and Comparison methods.

The methodology used to calculate the market value of investment assets consists of preparing 10 years' worth of income and expense projections for each asset, which will subsequently be updated at the reporting date using a market discount rate. The residual amount at the end of year 10 is calculated applying a rate of return ("exit yield" or "cap rate") to the net income projections for year 11. The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are aimed at reflecting the best estimate of future income and expenses of the real estate assets. Both the rate of return and the discount rate are defined in accordance with the domestic market and considering the conditions prevailing in the institutional market.

The valuation method used considers each property on an individual basis and does not contemplate applying any adjustments because it belongs to a large portfolio of properties. For each property a rent capitalisation rate considered to be a market rate has been assumed, which was subsequently adjusted based on the following parameters:

- The duration of the lease contract and the solvency of the tenant.
- The location of the premises within the municipality (centre, metropolitan area or periphery).
- The immediate surroundings of the property.
- The state of conservation of the property (external and internal).
- The distribution of the property's surface area between below ground and above ground.
- The facade looks onto one or more streets (corner, chamfer).
- The rental situation compared to market rent.

The geographical distribution of the valuation is as follows:

	2019	2018
Madrid	308.5	310.6
Barcelona	16.0	16.7
Total	**324.5**	**327.3**

Movement in this item is as follows:

Balance at 1-1-18	**336.5**
Increases	2.3
Decreases	(11.7)
Changes in fair value	0.2
Balance at 31-12-18	**327.3**
Increases	4.9
Decreases	(10.5)
Changes in fair value	2.8
Balance at 31-12-19	**324.5**

In 2019, the decreases are due to the sale of various floors of offices and parking spaces at a gain of Euros 0.5 million, while the increases reflect improvements to the buildings.

In 2018, the decreases are due to the sale of a floor of offices and various parking spaces at a gain of Euros 2.7 million, while increases reflect improvements to the buildings.

The most significant information regarding the lettable area at 31 December is as follows:

	2019	2018
Area above ground (m^2)	81,944	83,730
Rented area (m^2)	74,938	71,984
Occupancy rate (%)	91.5%	86.0%

Below is a sensitivity analysis of the main variables that are taken into account when valuing all the investment property of Alba. The following table shows the potential variation in fair value of all the investment property in the event of a 10% decrease/increase in rent of all the buildings and in the event of a 25 b.p. decrease/increase in the rate of return ("Exit yield"):

Year	(10%) rent	Exit yield +25% PPB	Exit yield (25%) PPB	+10% rent
2019	(7.46%)	(3.47%)	3.91%	7.46%
2018	(9.67%)	(3.75%)	4.04%	9.67%

The expenses related to the vacant area are not significant enough for disclosure.

Lease income for the non-cancellable period at 31 December 2019 and 2018, calculated until the lease expires, is as follows:

	2019	2018
Up to 1 year	14.7	15.3
Between 1 and 5 years	19.6	18.9
More than 5 years	0.7	1.1
Total	35.0	35.3

Insurance policies are contracted to cover the risk of damage to these assets.

7. PROPERTY, PLANT AND EQUIPMENT

Movement in this balance sheet item is as follows:

	Buildings	Other property, plant and equipment	Total
Cost			
Balance at 1-1-18	19.6	44.0	63.6
Additions	-	1.2	1.2
Disposals	-	(39.2)	(39.2)
Balance at 31-12-18	19.6	6.0	25.6
Accumulated depreciation			
Balance at 1-1-18	(13.2)	(3.1)	(16.3)
Additions	(0.8)	(0.2)	(1.0)
Balance at 31-12-18	(14.0)	(3.3)	(17.3)
Provisions			
Balance at 1-1-18	(0.4)	-	(0.4)
Reversals	0.1	-	0.1
Balance at 31-12-18	(0.3)	-	(0.3)
Balance at 31-12-18	5.3	2.7	7.9

	Buildings	Other property, plant and equipment	Total
Cost			
Balance at 1-1-19	**19.6**	**6.0**	**25.6**
Additions	0.5	1.3	1.8
Business combinations	8.8	7.9	16.7
Balance at 31-12-19	**28.9**	**15.2**	**44.1**
Accumulated depreciation			
Balance at 1-1-19	**(14.0)**	**(3.3)**	**(17.3)**
Additions	(0.8)	(0.9)	(1.7)
Balance at 31-12-19	**(14.8)**	**(4.2)**	**(19.0)**
Provisions			
Balance at 1-1-19	**(0.3)**	**-**	**(0.3)**
Reversals	-	-	-
Balance at 31-12-19	**(0.3)**	**-**	**(0.3)**
Balance at 31-12-19	**13.8**	**11.0**	**24.8**

Disposals in 2018 consist of the sale of the Energyco II subgroup (note 2.3).

Insurance policies are contracted to cover the risk of damage to the various property, plant and equipment.

8. GOODWILL (NOTE 5)

Movement in goodwill is as follows:

Balance at 1-1-18	**10.2**
Exit of CGU Energyco Group	(5.2)
Balance at 31-12-18	**5.0**
Entry CGU Nuadi Group	74.4
Entry CGU Preving Group	41.2
Entry CGU Satlink Group	2.1
Balance at 31-12-19	**122.7**

Goodwill has been allocated to the Group's cash-generating units (CGUs). The entry of Satlink in 2019 was a non-significant acquisition that was made.

Goodwill is allocated to CGUs for impairment testing purposes. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The nature of the assets included to determine the value in use of each cash-generating unit is as follows: property, plant and equipment, goodwill, other intangible assets and working capital.

No impairment losses have been recognised on goodwill in 2019 and 2018.

The Group tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in note 4.d1.

The recoverable amount of a CGU is determined based on calculations of its fair value on the basis of the valuation report drawn up by an independent external valuer, Deloitte in 2019 and Ernst & Young in 2018. The method used to determine the recoverable amount is based on discounted future cash flows.

Financial projections (sales, EBITDA, investments, etc.) are based on the budgets and business plans of the companies themselves (same as CGU) approved by their respective Boards of Directors. These projections are not published and are presented to the Group at board meetings. In any case, the reasonableness of the projections prepared by the companies is contrasted with different market comparables and the Group's own opinion based on its past experience. Financial projections are made for a five-year period.

The key valuation variables are as follows: Discount rate (WACC) and perpetual growth rate (g):

- The WACC is calculated using the Capital Asset Pricing Model (CAPM) generally accepted by the financial community and on the basis of market variables obtained through Bloomberg, such as the return on a ten-year bond or the levered beta with respect to the reference stock market index. In addition, various internal estimates are used, such as: the spread between the non-current debt of the Company and the ten-year bond, the tax rate (same as for the terminal value cash flow) or the target capital structure.

- The perpetual growth rate is calculated based on each company and the market in which they operate.

9. OTHER INTANGIBLE ASSETS (NOTE 5)

The movement in intangible assets is as follows:

Balance at 1-1-18	**67.0**
Business combinations	(28.9)
Balance at 31-12-18	**38.1**
Business combinations	70.0
Amortisation	(3.7)
Balance at 31-12-19	**104.4**

Details of intangible assets in 2019 and 2018 are as follows:

In millions of Euros	**2019**	2018	Estimated useful life (years)
Industrial designs	10.5	10.9	10
Computer software	9.6	2.3	3
Trademarks	10.6	2.7	10
Customer portfolio	67.8	21.5	10
Leaseholds	4.1	-	-
Other	1.8	0.7	-
Total	**104.4**	**38.1**	

There are no other intangible assets subject to restrictions on title or pledged as security for particular transactions.

The Group has no fully amortised intangible assets.

Other intangible assets are tested for impairment as described in note 4.d. No impairment losses have been recognised or reversed in 2019 and 2018.

As indicated in note 2.1, the Group adopted IFRS 16 on 1 January 2019, as at that date the Group only leased several vehicles and had an amount at a subsidiary for irrelevant amounts. Therefore, at the date of transition there was no impact on the Group's financial statements from applying this standard.

Details of the movements in right-of-use assets during the year ended 31 December 2019 are as follows:

Cost	
Balance at 1-1-19	-
Transition adjustments (note 2.1)	-
Additions due to business combinations	4.3
Balance at 31-12-19	**4.3**
Amortisation	
Balance at 1-1-19	-
Transition adjustments (note 2.1)	-
Additions due to business combinations	(0.2)
Balance at 31-12-19	**(0.2)**
Balance at 31-12-19	**4.1**

These leaseholds mainly relate to building rentals, although there are also rights of use associated with vehicle rentals. The right of use has been defined based on the duration of the prevailing lease for each asset.

Details of the movements in lease liabilities during the year ended 31 December 2019 are as follows:

Balance at 1-1-19	-
Transition adjustments (note 2.1)	-
Additions due to business combinations	3.2
Balance at 31-12-19	**3.2**

The analysis of the contractual maturity of lease liabilities is as follows:

Less than 1 year	1.2
From 1 to 2 years	0.9
From 2 to 3 years	0.6
More than 3 years	0.5

The average incremental discount rate used to calculate the present value of the rights of use and the lease liabilities recognised at the date of first-time application of IFRS 16 was 1.5%.

10. INVESTMENTS IN ASSOCIATES

The relevant information on companies included in this item is as follows:

	Assets		Liabilities				
	Current	Non-current	Current	Non-current	Revenues	Consolidated profit/(loss) attributable to the parent	Other comprehensive income
Acerinox, S.A.							
2019	2,463.5	1,933.3	1,214.1	1,253.7	4,753.9	(59.5)	(38.2)
2018	2,473.8	2,133.8	1,262.1	1,226.2	5,010.8	237.1	73.0
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.							
2019	12,687.9	197.7	12,440.3	61.7	291.2	122.8	0.5
2018	14,231.8	178.5	13,970.5	40.2	307.4	136.3	2.5
CIE Automotive, S.A.							
2019	1,430.1	3,636.9	1,703.3	2,128.7	3,461.1	287.5	(30.8)
2018	1,159.2	2,504.7	1,222.9	1,392.1	3,029.5	396.8	(8.8)
Ebro Foods, S.A.							
2019	1,395.2	2,978.7	900.2	1,182.1	2,813.3	141.8	56.0
2018	1,241.1	2,591.3	802.2	840.0	2,646.5	141.6	40.3
Euskaltel, S.A.							
2019	168.2	2,749.0	401.4	1,533.9	668.3	62.0	-
2018	177.7	2,721.0	361.6	1,562.2	674.6	62.8	-
Indra Sistemas, S.A.							
2019	2,441.6	1,874.9	1,863.0	1,652.7	3,203.9	121.4	(4.1)
2018	2,336.4	1,704.9	1,800.9	1,562.7	3,103.7	119.8	(24.9)
Parques Reunidos Servicios Centrales, S.A.							
2019	-	-	-	-	-	-	-
2018	129.9	2,138.7	196.9	975.6	583.1	12.1	(3.2)
Piolin II. S.à.r.l.							
2019	105.0	2,432.3	205.2	1,394.6	130.3	(83.3)	0.6
2018	-	-	-	-	-	-	-

Continues on next page

	Assets		Liabilities				
	Current	Non-current	Current	Non-current	Revenues	Consolidated profit/(loss) attributable to the parent	Other comprehensive income
Rioja Luxembourg S.à.r.l.							
2019	124.0	3,452.0	10.0	1,880.0	-	185.0	(78.0)
2018	99.0	3,582.0	-	1,876.0	-	36.0	(45.0)
Shield Luxco 1.5, S.à.r.l.							
2019	399.7	6,008.2	713.5	5,620.5	1,900.7	(105.6)	-
2018	339.9	5,687.9	544.8	5,234.2	1,612.5	(170.6)	-
Viscofan, S.A.							
2019	520.1	564.9	155.5	145.1	849.7	105.6	3.8
2018	506.2	527.6	173.7	102.4	786.0	123.7	(10.3)

Notices of shareholding:

Notifications were issued concerning the acquisition, modification and disposal of interests in the share capital of the companies, in accordance with prevailing legislation.

	Purchases (%)		Sales (%)	
	2019	2018	**2019**	2018
Artá Partners	-	-	0.60	0.16
CIE Automotive, S.A.	0.05	0.10	-	-
Ebro Foods, S.A.	-	2.00	-	-
Energyco, S.A.	-	-	-	40.30
Naturgy Energy Group, S.A.	-	0.11	-	-
Parqués Reunidos Servicios Centrales, S.A.	-	1.42	-	-
Piolín II, S.à.r.l. (*)	25.09	-	-	-
Rioja Luxembourg, S.à.r.l.	-	25.73	-	-
Shield Luxco 1,5, S.à.r.l.	8.54	-	-	-
Viscofan	0.03	1.68	-	-

(*) During 2019, the participation in Parques Reunidos Servicios Centrales, S.A. has been contributed to this entity.

Variations in this item during 2019 were as follows:

Company	Consolidated value at 1-1-19	Profit/(Loss) of associates	Dividends accrued and share premium reimbursement
Acerinox, S.A.	605.6	(11.8)	(26.2)
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (**)	278.8	14.7	(15.8)
CIE Automotive, S.A.	289.6	28.8	(8.9)
Ebro Foods, S.A.	398.9	19.9	(12.3)
Euskaltel, S.A.	179.3	6.8	(6.1)
Indra Sistemas, S.A.	216.4	12.8	-
Parques Reunidos Servicios Centrales, S.A.	248.5	(16.7)	(4.6)
Piolin II, S.à.r.l. (Parques Reunidos)	-	(21.1)	-
Rioja Luxembourg, S.à.r.l. (Naturgy)	484.8	44.9	(37.4)
Shield Luxco 1.5, S.à.r..l. (Verisure)	-	(7.6)	-
Viscofan, S.A.	292.5	13.8	(9.7)
Totals	**2,994.4**	**84.5**	**(121.0)**

(*) Reflects the value of the interest in Naturgy net of Rioja debt.
(**) As of December 31, the company has transferred the entire interest in "Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A." to non-current assets held for sale, in the context of the takeover bid issued on the shares of this company.

	Acquisitions/ (Disposals) and transfers	Reversal/ (Impairment)	Variation in consolidated equity of the associates	Consolidated value at 31-12-19	Market value at 31-12-19
	-	13.6	-	581.2	525.7
	(312.7)	(1.1)	36.1	-	346.7
	1.4	(3.9)	-	307.0	276.0
	-	6.4	-	412.9	415.6
	-	-	8.1	188.1	176.3
	-	(0.1)	-	229.1	189.2
	(227.2)	-	-	-	-
	241.2	0.1	-	220.2	-
	-	(20.6)	-	471.7	730.5 (*)
	558.2	(3.7)	-	546.9	-
	-	(0.6)	-	296.0	285.5
	260.9	**(9.9)**	**44.2**	**3,253.1**	

The variations in consolidated equity in 2019 are due primarily to adjustments derived from currency translation, changes in the value of financial assets through equity, variations in own shares and transition adjustments resulting from the application of new accounting standards.

The associates whose quoted price at 2019 year end is lower than their carrying amount are as follows: Acerinox, S.A., CIE Automotive, S.A., Euskaltel, S.A., Indra Sistemas, S.A. and Viscofan, S.A. In these cases Alba's Investment Department calculates the value in use of each investment, which is reviewed by the Finance Department without involving any independent experts. The discounted cash flow method is used, subsequently subtracting the value of net debt and non-controlling interests. The main assumptions used in 2019 were as follows:

	Acerinox, S.A.	CIE Automotive, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Perpetual growth rate	2.0%	2.0%	1.5%	1.5%	2.0%
Discount rate (WACC)	8.3%	7.9%	7.0%	9.0%	6.8%
Capital structure					
Capital	80%	80%	65%	85%	80%
Debt	20%	20%	35%	15%	20%
Equity ratio	9.8%	9.3%	9.3%	10.0%	8.0%
Cost of debt after tax	2.6%	2.3%	2.7%	2.9%	2.1%
Estimated value in use (€/share)	13.53	30.41	9.57	14.12	49.93

At 31 December 2019, Alba reversed the full amount of the impairment of its interest in Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A., and partially reversed the impairment of Euskaltel, S.A., thus at year end accumulated impairment totalled Euros 0.9 million.

Financial projections (sales, EBITDA, investments, etc.) are based, where available, on the annual budgets and business plans of the investees themselves approved by their respective boards of directors. In the event of any subsequent updates or reviews of these business plans by the companies themselves, the latest available version is used. It should be noted that in most cases the budgets and business plans of the investees are internal and have not been communicated to the market. In any case, the reasonableness of the projections prepared by the companies is contrasted with the market consensus, historical data and the opinion of Alba's own team based on its past experience. If the companies have either not prepared projections or have outdated projections, their value is based on the consensus estimates available through platforms such as Bloomberg or Factset.

In theory, no adjustments are made to the projections prepared by the companies or the consensus estimates. However, it may be necessary to use internal estimates prepared by Alba in certain situations:

- When the existing projections, either those prepared by the companies themselves or the consensus of analysts, do not cover the minimum projected period required, established as at least five years, and it is necessary to extend the estimate to this minimum period.

- In the case of the consensus estimates, when it is considered that the sample is not sufficiently representative because too few estimates are included. In general, the number of analysts that contribute estimates to the consensus is lower the longer the period and the consensus ceases to be representative in the final years of the explicit period.

- The consensus estimate tends to be significant for sales and EBITDA, but less so for other relevant cash flow variables such as investments, the tax rate or the change in working capital. For these variables, own estimates are prepared based on a representative sample of analysts' estimates, the company's history and the knowledge acquired by Alba through its presence on the respective boards of directors and its past experience in this company or similar companies.

- All internal estimates are compared with the Company's historical data and analysts' reports, where appropriate.

At 31 December 2019 the Group has used financial estimates with a time horizon of five years (2020-2024) for all the associates analysed, subsequently calculating a terminal value on the basis of this explicit five year period.

Below is a summary of the main assumptions applied in the financial projections used in the explicit valuation period (2020-2024) for Acerinox, S.A., CIE Automotive, S.A., Euskaltel, S.A., Indra Sistemas, S.A. and Viscofan, S.A.:

- Growth of income: for all the companies the expected cumulative annual growth rate of income in the explicit period is in line with or slightly higher than the perpetual growth rate used in each case; where it is slightly higher, this is due to greater growth at the start of the period that converges with the perpetual growth rate in subsequent years. In most cases, the higher initial growth is due to the inclusion of acquisitions made in 2019 – such as that of Inteva by CIE Automotive – or announced in 2019 however expected to be completed in 2020 – e.g., the acquisition announced of VDM by Acerinox –.

- EBITDA margins: are in line with recent historical data (2017-2019) in Euskaltel, CIE Automotive and Indra Sistemas and show a slight upward trend in Acerinox and Viscofan due to the integration of the acquisitions made in both cases and improvements in efficiency.

- Investments (expressed as a percentage of sales): are stable in the explicit period in all the companies considered, in line with the historical average, after adjustments in some cases for extraordinary investments to increase capacity such as in Viscofan and Acerinox. Acquisitions are not included in the calculation of the historical average nor are additional acquisitions considered beyond those already communicated.

- The tax rate applied ranges from the 25.0% general Spanish income tax rate up to 27.5% -30.0% at those companies with activities in jurisdictions with higher tax rates, although in many of these countries, such as France and the United States, tax rates have fallen in recent years. For the purposes of prudence and simplicity, the present values of tax assets recorded by some of these companies have not been included in these valuations.

- The variation in working capital generally has little impact on these projections.

The WACC rate is calculated on the basis of the Capital Asset Pricing Model (CAPM) generally accepted by the financial community and based on:

- Market variables obtained through Bloomberg, such as the rate of return on the 10-year bond or the levered beta compared to the stock market index.

- Various internal estimates are used, such as: the spread between the Company's non-current debt and the 10-year bond, the tax rate (same as for the cash flows used in the terminal value calculation and is usually the marginal income tax rate weighted for the different countries in which the Company operates), the target capital structure, the market risk premium (we have historically used a fixed rate of 5%) or the specific risk premium (4.25%-5.00%), which is added to the cost of equity (Ke). The aim of this additional risk premium is to include issues such as the different liquidity of the shares of these companies in the market and is based strictly on internal estimates performed by Alba. This additional risk premium serves to raise the cost of equity to higher levels than would result from the direct application of the WACC formula, which in our opinion would, at present, generate discount rates that are too low – and, therefore, valuations that are too high – due to the environment of low interest rates.

- All of the discount rates used are post-tax, in line with those used in the estimation of future cash flows, which are also post-tax rates.

In the valuations carried out at 31 December 2019, the cost of equity varies by company, between 8.0% and 10.0%, while the WACC rate ranges from 6.8% to 9.0%. These discount rates were in line with those used in the previous year for the corresponding companies and are firstly contrasted with the available analyst estimates and, more generally, with the historical information and experience of Alba. In the valuations carried out at 31 December 2018, the cost of equity varies by company, between 8.3% and 10.0%, while the WACC rate ranges from 7.2% to 9.0%. These discount rates are in line with those used in the previous year for the corresponding companies and are firstly contrasted with the available analyst estimates and, more generally, with the historical information and experience of Alba.

In order to calculate the terminal value, a normalised cash flow is used based on the explicit projection for the last year. This normalisation focuses exclusively on the long-term sustainable EBITDA margin assumption, since the other variables either do not have an impact (for example, it is always assumed that investments and depreciation are equal in the terminal value), they do not vary with respect to the explicit projections (for example, the tax rate remains constant throughout the explicit period or increases in this period until it equals the recurring value expected in the terminal value) or have limited impact given that there are no significant variations between both periods (variation in working capital).

The long-term sustainable EBITDA margin is estimated internally based on the projections used in the explicit period, the historical information available (for comparison) and the experience of Alba's team. The margin used in estimating cash flows for the terminal value is usually lower or, at most, stable with respect to the explicit period. If the estimate of the long-term sustainable EBITDA margin were substantially higher than that of the last explicit year, it would indicate that the Company has not reached a sufficient level of maturity or stability and would lead us to reconsider our estimate of the terminal EBITDA margin or to expand the explicit projection period until reaching that level.

As in the case of all the estimates used for these valuations, the estimation and justification of these variables is contrasted with historical information and with a significant sample of recent analyst reports.

At 31 December 2019 and 2018, the perpetual growth rate ranged from 1.5% to 2.0% per annum, with no variations compared to the most recent valuations made of these same companies, which were made either in December 2018 or June 2019. This variable was also compared with a significant sample of recent analyst reports and, as previously commented, there were no significant variations compared to previous valuations.

In 2019, the following sensitivity analysis was performed:

	Acerinox, S.A.	CIE Automotive, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Discount rate (WACC)					
Rate used in 2019	8.3%	7.9%	7.0%	9.0%	6.8%
Rate equal to carrying amount	9.5%	9.0%	7.0%	9.8%	7.0%
Perpetual growth					
Rate used in 2019	2.0%	2.0%	1.5%	1.5%	2.0%
Rate equal to carrying amount	0.2%	0.6%	1.5%	0.4%	1.9%
EBITDA margin used to calculate terminal value					
Rate used in 2019	10.5%	17.6%	48.5%	11.0%	26.5%
Rate equal to carrying amount	9.1%	15.2%	48.5%	9.7%	26.0%
Variation in total sales to equal carrying amount	(12.1%)	(9.9%)	-	(9.2%)	(2.3%)
Variation in EBITDA margin to equal carrying amount	(0.6%)	(1.0%)	-	(0.9%)	(0.2%)

In 2019, a variation of +0.5% and -0.5% in the assumptions used to calculate the value in use would have had the following effect on this value:

Variation	Acerinox, S.A.	CIE Automotive, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Weighted average cost of capital (WACC)					
+0.5%	(8.6%)	(11.6%)	(15.2%)	(7.8%)	(9.7%)
(0.5%)	10.1%	13.7%	18.3%	8.9%	11.9%
Perpetual growth					
+0.5%	6.8%	11.3%	15.6%	7.0%	8.7%
(0.5%)	(5.8%)	(9.6%)	(13.0%)	(6.1%)	(7.0%)
EBITDA margin					
+0.5%	6.3%	4.9%	2.3%	5.0%	2.4%
(0.5%)	(6.3%)	(4.9%)	(2.3%)	(5.0%)	(2.4%)

The variations in this item during 2018 were as follows:

Company	Consolidated value at 1-1-18	Profit/(Loss) of associates	Dividends accrued and share premium reimbursement
Acerinox, S.A.	574.3	44.9	(23.6)
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	304.8	16.4	(18.0)
CIE Automotive, S.A.	299.6	39.3	(47.0)
Ebro Foods, S.A.	334.4	17.8	(10.6)
Euskaltel, S.A.	166.1	6.9	(5.7)
Indra Sistemas, S.A.	213.7	12.6	-
Parques Reunidos Servicios Centrales, S.A.	241.7	(1.3)	(4.0)
Rioja Luxembourg, S.à.r.l. (Naturgy)	-	9.8	(34.6)
Viscofan, S.A.	248.5	15.0	(9.7)
Totals	**2,383.1**	**161.4**	**(153.2)**

(*) Reflects the value of the interest in Naturgy.

	Acquisitions/ (Disposals)	Variation in consolidated equity of the associates	Reversal/ (Impairment)	Consolidated value at 31-12-18	Market value at 31-12-18
	-	10.0	-	605.6	453.4
	-	(2.3)	(22.1)	278.8	245.3
	2.7	(5.0)	-	289.6	279.3
	53.0	4.3	-	398.9	375.8
	-	0.1	11.9	179.3	137.4
	-	(9.9)	-	216.4	153.1
	12.0	0.1	-	248.5	186.9
	521.5	(11.9)	-	484.8	706.0 (*)
	40.6	(1.9)	-	292.5	291.6
	629.8	**(16.5)**	**(10.2)**	**2,994.4**	**2,828.8**

The variations in consolidated equity in 2018 are due primarily to adjustments derived from currency translation, changes in the value of financial assets through equity, variations in own shares and transition adjustments resulting from the application of new accounting standards.

The quoted prices of the following associates at 2018 year end were lower than their carrying amounts: Acerinox, S.A., Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros S.A., CIE Automotive, S.A. Ebro Food, S.A., Euskaltel, S.A., Indra Sistemas, S.A. and Parques Reunidos Servicios Centrales, S.A. Nevertheless, no value-in-use calculation was made in respect of Viscofan, S.A. due to the extremely small difference between its carrying amount and quoted price. In these cases Alba's Investment Department calculates the value in use of each investment, which is reviewed by the Finance Department without involving any independent experts. The discounted cash flow method was used, subsequently subtracting the value of net debt and non-controlling interests. The assumptions used in 2018 were as follows:

	Acerinox, S.A.	Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	CIE Automotive, S.A.	Ebro Foods, S.A.
Perpetual growth rate	2.0%	1.5%	2.0%	1.5%
Discount rate (WACC)	8.3%	8.9%	8.9%	7.2%
Capital structure				
Capital	80%	100%	80%	80%
Debt	20%	-	20%	20%
Equity ratio	9.6%	8.9%	10.3%	8.3%
Cost of debt after tax	3.3%	n.s.	3.0%	2.8%
Estimated value in use (€/share)	13.67	27.65	30.40	19.01

	Euskaltel, S.A.	Indra Sistemas, S.A.	Parques Reunidos Servicios Centrales, S.A.
	1.5%	1.5%	2.0%
	7.3%	9.0%	8.2%
	65%	85%	79%
	35%	15%	21%
	9.5%	10.0%	9.4%
	3.1%	3.6%	3.9%
	9.12	13.12	15.88

At 31 December 2018, Alba recorded impairment of its interest in Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A., so that accumulated impairment at year end totalled Euros 36.0 million and the impairment of the interest in Euskaltel, S.A. was partially reversed, thus the accumulated impairment at year end totalled Euros 9.0 million.

At 31 December 2018 financial estimates with a time horizon of five years (2019-2023) were used for all the associates analysed, subsequently calculating a terminal value on the basis of this explicit five-year period.

Below is a summary of the main assumptions applied in the financial projections used in the explicit valuation period (2019-2023) for Acerinox, SA, Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, SA, CIE Automotive, SA, Ebro Foods, SA, Euskaltel, SA, Indra, SA and Parques Reunidos Servicios Centrales, SA:

- Growth of income: for all the companies, except Parques Reunidos, the expected cumulative annual growth rate of income in the explicit period was in line with or slightly higher than the perpetual growth rate used in each case; where it was slightly higher, this is due to greater growth at the start of the period that converges with the perpetual growth rate in subsequent years. In Parques Reunidos the situation was similar, although with a greater difference in the first years: highly significant growth was expected in 2019 due to the incorporation of the four acquisitions made in 2018 and the start of 2019 and the extensions and new attractions being developed that would begin to generate revenues in 2019 and 2020. As in the other companies, this growth rate falls in the second half of the explicit period to similar levels to the perpetual growth rate.

- EBITDA margins: were in line with recent historical data (2016-2018) in Acerinox, Ebro Foods, Euskaltel and Parques Reunidos and presented a slight upward trend in CIE Automotive and Indra due to the integration of the acquisitions made in both cases and improvements in efficiency. In the case of Indra, the EBITDA margin improved gradually over the first years but failed to recover the pre-crisis levels of profitability. In Bolsas y Mercados Españoles an EBITDA margin similar to that of 2018 was assumed, which was substantially lower than the historical average.

- Investments (expressed as a percentage of sales): higher than the historical average of the last 10 years in Bolsas y Mercados Españoles, Euskaltel and Parques Reunidos due to the expansion projects currently underway in the three companies: geographical expansion in the case of Euskaltel, the aforementioned park extensions and new attractions in Parques Reunidos and investments in systems, technology and new developments in Bolsas y Mercados Españoles. Conversely, this ratio is slightly lower than the historical 10-year average in Acerinox, CIE Automotive, Ebro Foods and Indra, although in no case are these differences significant and, in general,

are the result of specific investments made by these companies in the past, such as the construction of the plant in Indonesia in the case of Acerinox. Acquisitions are not included in the calculation of the historical average nor are additional acquisitions considered beyond those already communicated.

- The tax rate applied ranges from the 25.0% general Spanish income tax rate up to 27.5% -30.0% at those companies with activities in jurisdictions with higher tax rates, although in many of these countries, such as France and the United States, tax rates have fallen in recent years. The present value of tax assets recorded by some of these companies has not been included in these valuations.

- The variation in working capital generally has little impact on these projections.

In 2018, the following sensitivity analysis was performed:

	Acerinox, S.A.	Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	CIE Automotive, S.A.	Ebro Foods, S.A.
Discount rate (WACC)				
Rate used in 2018	8.3%	8.9%	8.9%	7.2%
Rate equal to carrying amount	9.2%	8.9%	11.0%	7.4%
Perpetual growth				
Rate used in 2018	2.0%	1.5%	2.0%	1.5%
Rate equal to carrying amount	0.5%	1.5%	(0.8%)	1.3%
EBITDA margin used to calculate terminal value				
Rate used in 2018	10.5%	61.8%	16.7%	13.7%
Rate equal to carrying amount	9.2%	61.8%	13.3%	13.3%
Variation in total sales to equal carrying amount	(13.7%)	-	(15.0%)	(2.5%)
Variation in EBITDA margin to equal carrying amount	(0.5%)	-	(1.5%)	(0.2%)

	Euskaltel, S.A.	Indra Sistemas, S.A.	Parques Reunidos Servicios Centrales, S.A.
	7.3%	9.0%	8.2%
	7.3%	9.6%	8.4%
	1.5%	1.5%	2.0%
	1.5%	0.7%	1.8%
	49.0%	11.0%	30.0%
	49.0%	10.1%	29.2%
	-	(6.7%)	(2.5%)
	-	(0.6%)	(0.4%)

In 2018, a variation of +0.5% and -0.5% in the assumptions used to calculate the value in use would have had the following effect on this value:

Variation	Acerinox, S.A.	Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	CIE Automotive, S.A.	Ebro Foods, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Parques Reunidos Servicios Centrales, S.A.
Weighted average cost of capital (WACC)							
+0.5%	(8.5%)	(10.0%)	(7.9%)	(10.1%)	(28.0%)	(15.0%)	(25.9%)
(0.5%)	9.9%	13.1%	9.1%	12.0%	39.8%	19.7%	36.0%
Perpetual growth							
+0.5%	6.7%	4.8%	7.2%	8.4%	15.2%	6.8%	14.0%
(0.5%)	(5.7%)	(4.2%)	(6.2%)	(7.0%)	(12.8%)	(5.9%)	(11.9%)
EBITDA margin							
+0.5%	5.8%	1.0%	3.8%	4.9%	4.5%	10.4%	3.6%
(0.5%)	(5.8%)	(1.0%)	(3.8%)	(4.9%)	(4.5%)	(10.4%)	(3.6%)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at 31 December 2019 and 2018 are as follows:

	%	
Non-current, unquoted	**2019**	2018
Made by Arta Fund II		
Alvinesa, S.A.	16.83	16.83
Alvic, S.A. (through Folkstone, S.L.)	8.89	-
Monbake (through Tarasios Investments, S.L.)	3.70	3.70
Telepizza (through Tasty Topco, SCA)	3.27	-
Made by Deya Capital		
In-Store Media Group, S.A.	18.89	18.89
Mecalux, S.A.	-	24.38
TRRG Holding Limited (formerly Ros Roca)	7.50	7.50
Others		
C. E. Extremadura, S.A.	1.01	1.01

Non-current, quoted	2019	2018
Global Dominion Access, S.A.	5.00	5.00

In millions of Euros	2019	2018
Dividends	3.2	7.8

In 2019 the investment in Mecalux, S.A. was sold for Euros 121.9 million with a return on investment of 1.5x since the original investment was made and an IRR of 4.8% per annum. In 2018 the 26.5% interest in Panasa was sold for Euros 88.4 million. As a result of this sale, which was announced in November 2017, since the initial investment in February 2011, Alba obtained a return on investment of 3.3x and an annual IRR of 20%.

Movement during 2019 and 2018 was as follows:

Balance at 1-1-18	**154.5**
Additions	48.7
Changes in fair value	(2.1)
Balance at 31-12-18	**201.1**
Additions	38.0
Sales	(97.5)
Changes in fair value	8.8
Balance at 31-12-19	**150.4**

Additions in 2019 consist of the acquisitions of interests in Alvic, S.A. and Telepizza, and the disposals reflect the sales of the interest held in Mecalux generating a gain of Euros 24.4 million.

Additions in 2018 consisted of the acquisition of the interest in Monbake (through Tarasios Investments, S.L.) and Global Dominion Access, S.A.

The valuations in TRRG Holding Limited and InStore Media Group, S.A., are prepared by the personnel responsible for this function in Artá Capital, SGEIC, SAU and reviewed and approved by the Investment Committee, without any involvement of independent experts in the valuations.

Furthermore, in relation to the investments made by Artá Fund II, also managed by Artá Capital, SGEIC, SAU, in 2018 the valuations were prepared by the external valuer Ernst & Young Servicios Corporativos, S.L. and in 2019 by Deloitte Financial Advisory, S.L., each of which issued the corresponding report.

The method used to determine the fair value of these investments is based on discounted future cash flows.

The investments made by Artá Fund II in Telepizza and Alvic were valued at cost at December 2019 since they had been in the portfolio for less than one year, in line with the valuation criteria of Invest Europe. In December 2018, the investment in Monbake (through Tarasios Investments, S.L.) was valued at cost for the same reason.

Financial projections (sales, EBITDA, investments, etc.) are based on the budgets and business plans of the companies themselves approved by their respective Board of Directors. These projections are not published and are presented to Artá at board meetings. In any case, the reasonableness of the projections prepared by the companies is contrasted with different market comparables and Artá's own opinion based on its past experience. The financial projections have a five-year time frame for all the valuations performed.

The key valuation variables are as follows: Discount rate (WACC) and perpetual growth rate (g):

- The WACC is calculated using the Capital Asset Pricing Model (CAPM) generally accepted by the financial community and on the basis of market variables obtained through Bloomberg, such as the return on a ten-year bond or the levered beta with respect to the reference stock market index.

  In addition, various internal estimates are used, such as: the spread between the non-current debt of the Company and the ten-year bond, the tax rate (same as for the terminal value cash flow) or the target capital structure.

- The perpetual growth rate is calculated based on each company and the market in which they operate.

The fair value of the investments has been calculated using the discounted cash flow method. The assumptions used are as follows:

	Alvinesa, S.A.	InStore Media Group, S.A.	Mecalux, S.A.	Monbake	TRRG Holding Limited
2019					
Perpetual growth rate	1.8%	1.7%	-	1.8%	1.6%
Weighted average costs of capital (WACC)	10.1%	9.8%	-	7.9%	9.4%
2018					
Perpetual growth rate	1.7%	2.0%	2.0%	-	2.0%
Weighted average costs of capital (WACC)	9.6%	10.2%	9.4%	-	8.9%

Sensitivity analysis

A variation in the assumptions used to calculate fair value would have the following effects thereon:

	Alvinesa, S.A.	InStore Media Group, S.A.	Mecalux, S.A.	Monbake	TRRG Holding Limited
2019					
Weighted average cost of capital (WACC)					
+0.5%	(6.4%)	(5.9%)	-	(14.5%)	(8.8%)
(0.5%)	7.3%	6.6%	-	17.0%	10.0%
Perpetual growth rate					
+0.5%	4.8%	4.3%	-	13.7%	6.1%
(0.5%)	(4.1%)	(3.8%)	-	(11.6%)	(5.3%)
EBITDA					
+5.0%	11.8%	8.4%	-	22.4%	13.0%
(0.5%)	(11.8%)	(8.4%)	-	(22.4%)	(13.0%)
2018					
Weighted average cost of capital (WACC)					
+0.5%	(6.5%)	(6.1%)	(5.4%)	-	(9.6%)
(0.5%)	7.2%	6.9%	6.1%	-	11.2%
Perpetual growth rate					
+0.5%	2.2%	4.7%	5.0%	-	7.4%
(0.5%)	(1.9%)	(4.2%)	(4.4%)	-	(6.4%)
EBITDA					
+5.0%	7.5%	6.3%	8.1%	-	10.2%
(0.5%)	(7.5%)	(6.3%)	(8.1%)	-	(10.2%)

12. OTHER NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

Details of these items at 31 December 2019 and 2018 are as follows:

	2019	2018
Other non-current financial assets		
Loans to third parties	59.2	56.9
Other financial assets with related parties	7.7	4.6
Guarantees deposited with public entities	2.3	2.4
Balance at 31 December	**69.2**	**63.9**
Other non-current financial liabilities		
Other financial liabilities	9.9	1.9
Other financial liabilities with related parties	7.7	4.6
Guarantees received from customers	2.7	2.5
Balance at 31 December	**20.3**	**9.0**

Loans to third parties mostly consist of the value of the outstanding amounts receivable from the Bergé Group. In July 2016, a syndicated financing agreement was signed between several Bergé Group companies and a syndicate of entities, including Corporación Financiera Alba, S.A.

This debt is divided into two tranches. Tranche A, which is repayable in half-yearly instalments from December 2016 until June 2022 and accrues interest at a market rate of Euribor +265bp and Tranche B, a five-year bullet loan that accrues interest at a market rate of Euribor +125bp for the first three years, +225bp in year 4 and

+325bp in year five. It is expected to be collected through a cash sweep and early repayments that will be mandatory if certain liquidity events occur. The amounts allocated to the repayment of the debt as a result of the aforementioned liquidity events will be distributed through a discount auction among the lender entities that attend. In 2019 Euros 5.6 million of these loans was collected and the Euros 7.7 million of impairment recognised in respect of Tranche B was reversed (in 2018 Euros 3.2 million was collected).

The balance in millions of Euros at 31 December, is as follows:

	2019	2018
Tranche A	17.9	22.8
Tranche B	40.5	33.3

13. LOANS AND OTHER RECEIVABLES

Details at 31 December 2019 and 2018 are as follows:

	2019	2018
Income tax withholdings and payments on account	64.5	163.7
Accrued dividends receivable	7.6	6.8
Trade receivables	40.0	20.8
Sundry receivables	5.7	40.2
Prepaid expenses	0.2	0.1
Balance at 31 December	**118.0**	**231.6**

In 2018, sundry receivables included the amount receivable for the sale of the shareholding in the Energyco subgroup, which was collected in early 2019.

14. OTHER CURRENT FINANCIAL ASSETS AND CASH AND CASH EQUIVALENTS

Financial assets reflect current cash placements (maturity of over 3 months) in the form of:

In millions of Euros	**2019**	2018
Corporate promissory notes	114.2	40.0
Fixed-term deposits	-	121.2
Investments in quoted companies	-	87.5
Total	**114.2**	**248.7**

All the promissory notes are issued by Spanish entities. At 31 December 2018 investments in quoted entities consisted of current investments recognised at fair value and classified as current financial assets at fair value through profit or loss. Euros 1.1 million and Euros 4.1 million in dividends have been collected from these investments in 2019 and 2018, respectively. Below are the number of shares, the percentage of ownership interest and the fair value of the Group's investments at 31 December 2018:

	2018		
Description	**No. of shares**	**%**	**Fair value**
Teva Pharmaceutical IN	307,389	0.03	4.1
Gestamp Automoción	922,519	0.16	4.6
Royal Dutch Shell	185,000	0.00	4.7
Amadeus	79,731	0.02	4.8
Inditex	223,175	0.01	5.0
Telefónica	1,000,000	0.02	7.3
Total	318,347	0.01	14.7
Other securities	-	-	42.3
Total			**87.5**

Details of cash and cash equivalents at 31 December 2019 and 2018 are as follows:

	2019	2018
Cash in hand and at banks	34.5	102.2
Highly liquid current deposits and investments	43.3	39.8
Balance at 31 December	**77.8**	**142.0**

Current deposits and investments can be quickly converted to cash and do not pose a risk of a change in value. The amounts in this item accrue variable interest based on the interbank market interest rate.

15. EQUITY

At 31 December 2019 and 2018 the share capital comprised 58,240,000 shares, all of the same class and represented by book entries. The par value of each share is Euros 1, they are subscribed and fully paid, and have all been listed on the Stock Exchange (Stock Exchange Interconnection System).

On 18 June 2018 at their general meeting the shareholders agreed to reduce share capital by Euros 60,000 through the redemption of 60,000 shares (all of the Company's own shares at the date of the Shareholders' Ordinary and Extraordinary General Meeting). The redemption was recognised with a charge to share capital for the par value of the redeemed shares, and to freely-distributable reserves for the remaining amount paid for their acquisition.

The shareholders at the general meeting of Corporación Financiera Alba, S.A. held on 17 June 2019 agreed to delegate the following powers to the Board of Directors:

- Approval of one or more increases in share capital, up to a total of 50% of the share capital, i.e. a maximum amount of Euros 29,120,000. The increases approved as a result of this delegation must be made through cash contributions within a maximum of five (5) years from the date of the shareholders' meeting and include pre-emptive rights. To date this power has not been used.

- Approval of one or more increases in share capital, up to a total of 20% of the share capital, i.e. for a maximum amount of Euros 11,648,000. The increases approved as a result of this delegation must be made through cash contributions within a maximum of five (5) years from the date of the shareholders' meeting and the Board of Directors has the power to eliminate the pre-emptive rights, provided it complies with the legal requirements in this respect. To date this power has not been used.

In no circumstances may the Board of Directors exceed the maximum amounts stipulated in the prevailing Spanish Companies Act.

On 19 December 2018 the siblings Juan, Carlos, Gloria and Leonor March Delgado revoked the shareholder agreement between them, which governed the voting rights exercised in the general meetings of Corporación Financiera Alba, S.A.

Details of the direct and indirect interests of at least 3% reported to the Spanish Securities Market Commission (CNMV) at 31 December 2019 are as follows:

Shareholder	% interest
Banca March, S.A.	15.022%
Mr. Carlos March Delgado	19.125%
Mr. Juan March Delgado	18.726%
Mr. Juan March de la Lastra	6.929%
Mr. Juan March Juan	4.351%
Ms. Catalina March Juan	4.270%
Ms. Gloria March Delgado	3.700%

The movements in Alba's own shares was as follows:

	No. of shares	Percentage of share capital	Average acquisition price Euros/share	Thousands of Euros
At 1 January 2018	59,898	0.10%	40.29	2,413
Purchases in 2018	102	0.00%	49.50	5
Redemption in 2018	(60,000)	(0.10%)		
At 31 December 2018	-	-		

At 31 December 2019 and 2018 the balance is 0.

Basic earnings per share are calculated by dividing profit for the year attributable to the ordinary shareholders of the Parent by the average number of outstanding shares in that year.

Diluted earnings per share are calculated by dividing profit for the year attributable to the ordinary shareholders of the Parent by the average number of outstanding shares in that year, plus the average number of ordinary shares that would be issued if all the financial instruments convertible into potentially ordinary shares were converted into those shares. Given that there are no financial instruments of this kind, basic earnings per share are the same as diluted earnings per share.

	2019	2018
Profit attributable to the Parent's shareholders		
Continuing operations	179.2	154.4
Discontinued operations	-	-
Profit attributable to ordinary shareholders of the Parent for basic earnings	179.2	154.4
Interest of the holders of financial instruments convertible into ordinary shares	-	-
Profit attributable to ordinary shareholders of the Parent for diluted basic earnings	179.2	154.4
Average number of ordinary shares for basic earnings per share (*)	58,240,000	58,240,000
Dilution effect	-	-
Average number of ordinary shares adjusted for dilution effect (*)	58,240,000	58,240,000
Earnings per share (Euros/share)	3.08	2.65

(*) The average number of ordinary shares takes into account the weighted effect of changes in own shares during the year.

There have been no transactions involving ordinary or potentially ordinary shares between the reporting date and the date on which these consolidated annual accounts were authorised for issue.

Details of non-controlling interests at 31 December 2019 and 2018 are as follows:

	2019	2018
Satlink subgroup	21.0	16.7
Arta Partners S.A.	0.3	0.7
Nuadi subgroup	28.2	-
Preving subgroup	46.1	-
Alba Investments, S.à.r.l.	99.0	-
Total	**194.6**	**17.4**

During 2018 the Satlink subgroup paid a dividend of Euros 10 million and sold the shareholding in the Energyco subgroup.

16. CAPITAL MANAGEMENT POLICY

Alba manages its capital with a view to ensuring its subsidiaries have sufficient economic resources to carry out their activities. In addition to managing the capital needed to cover the inherent risks of its activity in a rational and objective manner, capital is managed in such a way as to maximise shareholder return via an adequate balance between capital and debt.

Alba's leverage ratio at year end 2019 and 2018 was as follows:

	2019	2018
Loans and borrowings	218.7	141.7
Cash and cash equivalents	(77.8)	(142.0)
Total net debt	**140.9**	**(0.3)**
Equity	4,135.8	4,041.5
Equity + net debt	4,276.7	4,041.2
Leverage ratio	3.29%	-

There was no net financial debt in 2018 thus there was no leverage ratio.

17. PROVISIONS

Movement during 2019 and 2018 was as follows:

	2019	2018
Balance at 1 January	0.8	1.1
Allowances	0.2	-
Uses and reversals	-	(0.3)
Balance at 31 December	1.0	0.8

18. TRADE AND OTHER PAYABLES

Details at 31 December 2019 and 2018 are as follows:

	2019	2018
Trade payables	38.6	10.7
Salaries payable	3.1	2.3
Public entities, other (note 22)	7.3	5.7
Balance at 31 December	49.0	18.7

Details of the average payment period for Alba's suppliers in Spain are as follows:

	2019	2018
Days		
Average supplier payment period	42	43
Transactions paid ratio	45	44
Transactions payable ratio	40	41
In millions of Euros		
Total payments made	23.8	30.7
Total payments outstanding	28.3	9.0

19. LOANS AND BORROWINGS

Current and non-current

Details of current loans and borrowings, which mature annually, by maturity are as follows:

	At 31-12-19		At 31-12-18	
Bank	Maturity	Balance drawn down	Maturity	Balance drawn down
Current loans				
BBVA	2020	9.5	2019	9.4
Syndicated loan (Bankinter, BBVA, CaixaBank and Santander)	2020	4.1	2019	3.4
Syndicated loan (Bankinter and Santander)	2020	1.9		-
Syndicated loan (BBVA, CaixaBank and Bankia)	2020	1.2		-
		16.7		**12.8**
Non-current loans				
BBVA	2021 to 2025	99.5	2020 to 2025	108.9
Syndicated loan (Bankinter, BBVA, CaixaBank and Santander)	2021 to 2023	19.0	2020 to 2023	20.0
Syndicated loan (Bankinter and Santander)	2021 to 2025	48.9		-
Syndicated loan (BBVA, CaixaBank and Bankia)	2022 to 2025	34.6		-
		202.0		**128.9**

Principal and interest payments are settled every six months. The borrowing cost ranges from 0.7% – 3%.

Alba also has two undrawn lines of financing from BBVA and Bankinter for a total amount of Euros 235.0 million.

Below is an analysis of the maturities of non-current loans and borrowings (including interest) at 31 December 2019 and 2018 (in millions of Euros):

In millions of Euros	2020	2021	2022	2023	2024	2025	Total
2019							
BBVA	-	10.3	10.4	10.5	10.6	60.4	102.3
Syndicated loan (Bankinter, BBVA, Caixabank and Santander)	-	6.6	5.4	7.1	-	-	19.1
Syndicated loan (Bankinter and Santander)	-	5.2	7.1	7.7	8.1	25.2	53.4
Syndicated loan (BBVA, Caixabank and Bankia)	-	1.4	4.7	5.0	6.0	18.3	35.4
Total	-	**23.6**	**27.6**	**30.3**	**24.7**	**103.9**	**210.1**
2018							
BBVA	11.1	11.1	11.1	11.1	11.1	60.5	115.8
Syndicated loan (Bankinter, BBVA, Caixabank and Santander)	4.2	4.6	5.4	7.0	-	-	21.1
Total	**15.3**	**15.6**	**16.5**	**18.1**	**11.1**	**60.5**	**136.9**

Loans and borrowings are reconciled to cash flows used in financing activities in the statement of cash flows as follows:

	Loans and borrowings
Balance at 1-1-18	**195.3**
Derecognition due to the sale of the Energyco subgroup	(40.0)
Cash flows used in financing activities	(13.6)
Balance at 31-12-18	**141.7**
Balance at 1-1-19	**141.7**
Business combinations	87.0
Cash flows used in financing activities	(10.0)
Balance at 31-12-19	**218.7**

20. MEASUREMENT AT FAIR VALUE

Details of assets and liabilities and the hierarchy of their measurement at fair value at 31 December 2019 and 2018 are as follows:

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2019			
Assets measured at fair value			
Investment property (note 6)	324.5	-	324.5
Investments at fair value through profit or loss (notes 11 and 14)	150.4	30.9	119.5
Assets whose fair value is disclosed			
Investments in associates and non-current assets held for sale (note 10)	3,565.8	2,798.7	767.1
Other financial assets (note 12)	69.2	-	69.2
Trade and other receivables (note 13)	118.0	-	118.0
Other financial assets (note 14)	114.2	-	114.2
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	218.7	-	218.7

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2018			
Assets measured at fair value			
Investment property (note 6)	327.3	-	327.3
Investments at fair value through profit or loss (notes 11 and 14)	288.6	123.9	164.7
Assets whose fair value is disclosed			
Investments in associates (note 10)	2,994.4	2,994.4	-
Other financial assets (note 12)	63.9	-	63.9
Trade and other receivables (note 13)	231.6	-	231.6
Other financial assets (note 14)	161.2	-	161.2
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	141.7	-	141.7

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors of Corporación Financiera Alba, S.A. has drawn up the following risk management and control policy:

1. Types of risk faced by the Company

Risk is inherent to all business activity and is defined as uncertainty concerning the occurrence of an event or action that could adversely affect the Company's ability to maximise its value for stakeholders and to achieve its goals; it also refers to the possibility of threats materialising and opportunities not being taken.

Corporación Financiera Alba engages in two principal activities:

(i) investment in the capital of listed and unlisted companies, and

(ii) investment in buildings leased as office spaces.

As a result of its activities, the markets and sectors in which it operates and its environment, the Company is exposed to the following categories of risks:

- Strategic risks related to the mission and vision of the Company, achievement of business goals and the creation and preservation of value for shareholders and other stakeholders.

  These include risks related to the corporate governance of the Company, its reputation and responsibility, investment and divestment strategies, and market dynamics.

- Operational risks involving potential direct or indirect economic losses related to external events: uncertainty in the Company's own business activities; or internal events: failures or inadequacies in the processes, systems or resources of the Company.

  These include risks related, mainly, to revenues, investments and divestments and their monitoring, the acquisition of goods and services, physical assets, human resources, information technologies and natural disasters, terrorism and other criminal acts.

- Financial risks resulting, broadly speaking, from any financing operation which the Company must make in order to perform its activities, as well as the reliability of financial information reported by the Company.

  These include liquidity and credit risks, market, tax, accounting and reporting risks.

- Regulatory compliance risks arising from a potential failure to comply with laws, regulations, internal standards and codes of conduct, as well as greater exposure to such risks.

  These include legal risks, regulatory risks and risks involving codes of ethics and conduct.

2. Integrated risk management system

Aware of the importance and advantages of adequately and efficiently managing its risks, Corporación Financiera Alba has established an Integrated Risk Management System mainly focused on:

- Enabling the identification and proactive and efficient assessment of Company risks, as well as monitoring and continually tracking these risks.
- Integrating, coordinating and directing the various risk management actions performed by the Company.
- Achieving responsible risk acceptance and reinforcing the responsibility of the Company's employees.
- Ensuring the control systems are aligned with the actual risks of the Company.
- Facilitating and streamlining the application of corrective measures.

The Integrated Risk Management System unites three key components:

(i) The continuous risk management process, understood as the activities performed by all individuals in the Company under the supervision of the Audit and Compliance Committee that are focused on identifying potential risk events, managing the risks identified and providing reasonable assurance that the Company will achieve its goals.

(ii) An organisational focus, with clearly defined and communicated roles and responsibilities. Integrated risk management affects all Company personnel, therefore it is vital to establish an organisational focus on risk management tailored to the organisational structure and corporate culture of the Company.

Although the Integrated Risk Management System affects and involves all Company personnel, the main participants are as follows: risk managers, the Risk Control and Management Department, the Audit and Compliance Committee and the Board of Directors.

(iii) A monitoring model, which identifies and provides the timely information needed so that all those involved in the risk management process can make informed decisions concerning the risks.

2.1. The continuous risk management process

By way of a summary, the continuous risk management process involves performing the following activities:

- Identifying and assessing the risks that could affect the Company.

  Determining the main strategic, operational, financial and regulatory compliance risks affecting the Company's strategy and goals, assessing the probability of occurrence and potential impact and prioritising risks based on these factors.

- Setting the level of risk that is considered acceptable.

  Defining key risk indicators (KRIs) for each critical risk and establishing tolerance levels for these risks.

- Identifying controls.

  Specifying existing controls (or those to be implemented) in the Company to mitigate the aforementioned risks.

- Identifying the processes in which these risks and controls arise.

  Determining the existing relationship between the Company's key risks – and its controls – and the Company's processes, identifying and analysing the processes that are critical for managing risks.

- Assessing controls.

  Assessing the effectiveness of the controls in mitigating the risks identified.

- Designing and implementing action plans in response to the risks.

  Determining action plans to be carried out to lower the residual risk to the acceptable level of risk, bearing in mind the costs and benefits of such efforts. As a direct result of this reduction of the level of risk, a reassessment and prioritisation of the risks will be necessary and appropriate, as part of a continuous risk management process.

In this regard, Corporación Financiera Alba has prepared the Company's Risk Map, which shows, based on their impact and probability, the key risks in the categories listed above. In order for this map to be effectively used as a management tool that allows the Company to make informed decisions, the map is reviewed and updated periodically to adjust it to the Company's current circumstances.

Likewise, the Company has prepared Risk Indices for the most critical risks, identifying the key risk indicators with their corresponding tolerance levels, the associated controls and, where applicable, the action plans to be implemented. These Indices allow the Company to periodically assess and monitor its risks and to determine the most appropriate response to these risks.

2.2. Organisational model of roles and responsibilities

Although the Integrated Risk Management System affects and involves all Company personnel, the main players are as follows:

(i) Risk managers:

    These managers are responsible for monitoring the risks they have been assigned and for informing the Risk Control and Management Department of any relevant information concerning the risks.

(ii) Risk Control and Management Department.

    The Risk Control and Management Department is expressly tasked with the following duties:

- Ensuring the smooth running of the risk control and management systems and, specifically, that all the important risks affecting the Company are identified, managed and quantified correctly.

- Actively participating in preparing the risk strategy and important decisions concerning risk management.

- Ensuring that the risk control and management systems adequately mitigate risks, as part of the policy established by the Board of Directors.

(iii) Audit and Compliance Committee.

Supervises, pursuant to the Regulations of the Company's Board of Directors, among other matters, the effectiveness of the Company's internal controls and risk management systems.

Likewise, it discusses any significant weaknesses in the internal control system detected during the audit with the auditor.

(iv) Board of Directors.

As indicated previously, the Board of Directors has the power to determine the risk control and management policy, including for tax risks, and is tasked with supervising the internal reporting and internal control systems. With regard to the risk management processes, it is noteworthy that, in addition to the aforementioned Risk Control and Management Department, Corporación Financiera Alba has Regulatory Compliance processes which are performed by the various operational and support departments, as well as an Internal Audit Service (SAI), defined as an advisory and control body serving the Audit and Compliance Committee, that is independent within the organisation as regards its actions, aimed at assessing the various areas and functional activities of the Company.

The duties of the Internal Audit Service include the analysis and proposal of recommendations to improve the risk management processes. The Internal Audit Service also performs independent assessments of the efficiency and effectiveness of internal controls, although this is always in coordination with the Risk Control and Management Department, in order to avoid duplicating tasks and/or areas existing without adequate coverage.

2.3 Monitoring and reporting model

The last component of the Integrated Risk Management System is a monitoring and reporting model capable of providing relevant information, in a timely and appropriate manner, to all players involved in the risk control and management process, both upwards and downwards in the hierarchy.

This cross-departmental monitoring model allows the System to behave dynamically and, above all, to anticipate risks, rendering risk management and control, within the limits set by the Company, possible.

Specifically, the Integrated Risk Management System established by Corporación Financiera Alba is a management, communication, monitoring and support mechanism for all activities related to risk control and management. It is vital for responding to individual risks and risks that are specific to each activity, while it provides the framework needed for coordinated management by the Company.

As mentioned in the Policy, the Group's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Group's Risk Management Policy establishes the basic principles, guidelines and general framework for actions to control and manage the various types of risk (financial and non-financial) faced. The Group does not use derivatives to mitigate certain risks.

Market risk

Given the Group's activities, the exposure to market risk depends on the performance of the investees, whether listed or not.

- Currency risk.

  The Group does not usually operate internationally and is therefore not exposed to currency risk when operating with foreign currencies. Currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations which are presented in a foreign currency other than the Group's functional currency.

At 31 December 2019 and 2018 the Group has no significant direct investments in companies whose currency is not the Euro and whose net assets are exposed to currency risk.

- Price risk.

  The Group is exposed to price risk relating to equity instruments designated at fair value through profit or loss. To manage price risk derived from investments in equity instruments the Group diversifies its portfolio.

- Cash flow and fair value interest rate risks.

  The Group's interest rate risks arise from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risks. Fixed interest loans expose the Group to fair value interest rate risks.

  The Group holds almost 100% of borrowings at variable interest rates.

  At 31 December 2019 and 2018 the Group had not arranged any interest rate swaps.

  A 0.5 percentage point rise in interest rates of variable loans would have reduced profit after tax by Euros 1 million.

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash to settle all payments derived from its activity and to assure its objectives are met, underpinned by providing its subsidiaries with sufficient economic resources to carry out their activities.

The Group has a significant amount of cash and cash equivalents, as well as high positive working capital.

Its liquidity management is based on forecasting and analysing cash inflows and outflows.

At 31 December 2019 the Group's cash position amounted to Euros 77.8 million, of which Euros 34.6 million comprised cash in hand and at banks, and Euros 43.2 million reflected short-term deposits and investments that are readily convertible into cash and not subject to risk of change in value. At 31 December 2018 the Group's cash position amounted to Euros 142.0 million, of which Euros 102.2 million comprised cash in hand and at banks, and Euros 39.8 million reflected short-term deposits and investments that were readily convertible into cash and not subject to risk of change in value.

The most significant cash outflows of the Group not related to expenses and investments correspond to the distribution of dividends to shareholders. For the interim dividend distribution, the Board of Directors prepares an accounting statement demonstrating that sufficient cash is available for the distribution, that the profit available is greater than the dividend to be distributed, and that the Company's cash is greater than the dividend, in accordance with prevailing legislation.

The Group's exposure to liquidity risk at 31 December 2019 and 2018 is shown in the debt maturity table in note 19.

Credit risk

The Group does not have significant concentrations of credit risk as its principal activity consists of investing in the capital of different companies. Credit risk arises from potential losses derived from customers or counterparties failing to meet, in part or in full, their financial obligations with the Group.

Details of the credit risk exposure at 31 December 2019 and 2018, by type of asset and maturity, (in millions of Euros) are as follows:

	2019		2018	
	Amount	Maturity	Amount	Maturity
Other non-current financial assets	64.5	2020-2022	56.1	2019-2022
Trade receivables	40.0	2020	20.7	2019
Other receivables	13.5	2020	46.5	2019

22. TAXATION

Corporación Financiera Alba, S.A., Alba Patrimonio Inmobiliario, S.A.U., Alba Europe, S.à.r.l., Alba Investments, S.à.r.l., Deyá Capital, SCR, S.A.U., Deyá Capital IV, SCR, S.A.U., Artá Capital, SGEIC, S.A.U. and Artá Partners, S.A. file taxes under the tax regime for groups of companies. The rest of the Group's subsidiaries file tax returns in accordance with the tax legislation applicable in each country.

The main components of income tax for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Income tax for the year		
Income tax expense (income) for the year	0.4	2.7
Adjustments to income tax from prior years	-	-
Deferred tax		
Source and reversal of temporary differences	0.3	(0.8)
Income tax expense/(income) recognised in income statement	**0.7**	**1.9**
Consolidated statement of comprehensive income	-	-
Deferred tax related to items recognised directly in equity during the year	-	-

A reconciliation of the tax expense/(income) and accounting profit multiplied by the tax rate applicable to Alba for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
Pre-tax accounting profit from continuing operations	166.1	164.5
Pre-tax profit/(loss) from discontinued operations	-	-
Accounting profit before tax	166.1	164.5
Consolidation differences	(69.3)	(10.0)
Permanent differences (article 21 of CIT Law)	(96.8)	(154.4)
Change in deferred tax assets and liabilities and difference in tax rates	0.3	(0.8)
Income tax expense/(income) in the consolidated income statement	0.7	1.9
Income tax attributable to discontinued operations	-	-

The most significant consolidation and permanent differences correspond to the share of the profit or loss for the year of associates, dividends received from associates, and the fair value of unlisted companies and investment property.

Movement in deferred tax assets and liabilities is as follows:

	31-12-19	Additions/ (Derecognitions)	Business combinations	31-12-18	Additions/ (Derecognitions)	Business combinations	1-1-18
Deferred tax assets							
Other expenses and retirement plan	2.1	-	0.8	1.3	(0.5)	-	1.8
Total deferred tax assets	**2.1**			**1.3**			**1.8**
Deferred tax liabilities							
Gains on investment property	28.8	0.3	-	28.5	(0.8)	-	29.3
Other deferred tax liabilities	26.0	(0.9)	16.3	10.5	(1.1)	(12.0)	23.6
Total deferred tax liabilities	**54.8**			**39.0**			**52.9**

Details of the profits of companies filing tax under the regime for groups of companies, which have opted for reinvestment and for which the minimum period has yet to end, are as follows:

	Profits to be reinvested (article 42 of CIT Law)	Sale amount	Year of reinvestment	End of minimum period
2013	133	269	2014	2019

At 31 December 2019 and 2018 there are tax loss carryforwards amounting to Euros 7.6 million not recognised in the accompanying balance sheet.

2019 and the four preceding years are open to tax inspection but it is considered that any additional taxes arising from inspections would not be significant.

Details of public entities, other within trade and other payables in note 18 are as follows:

	2019	2018
Payment on account	4.5	4.2
Income tax	1.3	0.3
Personal income tax withholdings	1.2	0.9
VAT and other	0.3	0.3
Total	7.3	5.7

The Group is taxed at a nominal rate of 25%.

23. WORKFORCE

The average number of employees in each year, by category, is as follows:

	2019			2018		
	Male	Female	Total	Male	Female	Total
Executive Board Members	6	-	6	5	-	5
Directors	15	3	18	9	-	9
Heads of department	56	9	65	12	-	12
Administration and other	232	196	428	76	46	122
Total	**309**	**207**	**516**	**102**	**46**	**148**

The number of employees at each year end, by category, is as follows:

	2019			2018		
	Male	Female	Total	Male	Female	Total
Executive Board Members	3	-	3	5	-	5
Directors	12	9	21	9	-	9
Heads of department	97	9	106	11	-	11
Administration and other	676	756	1,432	78	46	124
Total	**788**	**774**	**1,562**	**103**	**46**	**149**

At 31 December 2019 there were 17 employees with a disability rating of 33% or higher and none at 31 December 2018.

24. SEGMENT REPORTING

Details of the revenues, profit/loss, assets and liabilities of the business segments for the years ended 31 December 2019 and 2018 are presented below.

The main segments reported by the Group are:

- Property rental: management, rental, purchase and sale of the Group's investment property.

- Investments in transferable securities: business segment identified by the Group comprising investments in listed and unlisted companies involving significant influence and generating gains through investments and subsequent sales.

- Venture capital investments: business segment identified by the Group comprising investments in funds or investment vehicles managed by Artá Capital, SGEIC, S.A. and generating gains through investments and subsequent sales.

No transactions are carried out between the different segments.

Segment reporting 2019

In millions of Euros	Property rental	Investment in securities	Venture capital investment	Income and expenses not allocated to segment	Group total
Direct income and expenses of the segment					
Revenues	16.9	-	76.5	1.4	94.8
Supplies	-	-	(23.7)	-	(23.7)
Gains on disposal	0.5	-	24.4	-	24.9
Share of the profit for the year of associates	-	84.5	-	-	84.5
Change in fair value of financial instruments	2.8	2.6	14.4	-	19.8
Amortisation and depreciation	-	-	(10.4)	(0.6)	(11.0)
Impairment	-	51.9	-	-	51.9
Personnel expenses	-	-	(23.8)	(17.0)	(40.8)
Other operating expenses	(5.5)	-	(18.5)	(6.2)	(30.2)
Other income/(expenses)	-	-	-	4.8	4.8
Net finance income	-	-	(1.1)	5.1	4.0
Profit/(Loss) before taxes and non-controlling interests	**14.7**	**139.0**	**37.8**	**(12.5)**	**179.0**
Income tax					(0.7)
Profit from continuing operations					**178.3**
Profit attributable to minority interests					0.9
Consolidated profit for the year attributable to the group					**179.2**
Assets and Liabilities					
Segment assets	326.8	3,548.0	401.7	-	4,276.5
Unallocated assets					(8.4)
Total Assets					**4,268.1**
Segment liabilities	(2.7)	-	186.6	-	183.9
Unallocated liabilities					25.3
Total Liabilities					**209.2**

In 2019 and 2018 Alba carried out its activity in Spain, except (see note 5):

	2019		2018
	Eurozone	Rest of world	Eurozone
Satlink Group CGU	3.7	39.4	-
Nuadi Group CGU	0.5	4.5	-
Energyco CGU	-	-	24.9
Total	**4.2**	**43.9**	**24.9**

Unallocated income and costs comprise overheads and other costs not considered to derive from any of the three businesses.

Unallocated assets and liabilities mainly reflect other current financial assets and cash and cash equivalents.

Segment reporting 2018

In millions of Euros	Property rental	Investment in securities	Venture capital investment	Income and expenses not allocated to segment	Group total
Direct income and expenses of the segment					
Revenues	16.1	-	76.0	0.3	92.4
Supplies	-	-	(29.6)	-	(29.6)
Gains on disposal	4.5	-	21.0	-	25.5
Share of the profit for the year of associates	-	161.4	-	-	161.4
Change in fair value of financial instruments	0.2	-	0.8	-	1.0
Amortisation and depreciation	-	-	(10.9)	(1.0)	(11.9)
Impairment	-	(10.2)	-	-	(10.2)
Personnel expenses	-	-	(6.8)	(13.5)	(20.3)
Other operating expenses	(5.0)	-	(13.9)	(6.8)	(25.7)
Other income/(expenses)	-	-	(1.7)	0.2	(1.5)
Net finance income	-	-	-	(16.6)	(16.6)
Profit/(Loss) before taxes and non-controlling interests	**15.8**	**151.2**	**34.9**	**(37.4)**	**164.5**
Income tax					(1.9)
Profit from continuing operations					**162.6**
Profit attributable to minority interests					(8.2)
Consolidated profit for the year attributable to the group					**154.4**
Assets and Liabilities					
Segment assets	329.7	2,994.4	255.7	-	3,579.8
Unallocated assets					688.3
Total Assets					**4,268.1**
Segment liabilities	(2.5)	-	46.5	-	44.0
Unallocated liabilities					165.2
Total Liabilities					**209.2**

25. OTHER INCOME AND EXPENSES

Details for 2019 and 2018 are as follows.

a) Personnel expenses:

	2019	2018
Salaries and wages	34.9	17.7
Social Security payable by the Company	2.4	1.5
Alternative pension plan schemes	3.3	0.9
Other employee benefits expenses	0.2	0.2
Balance at 31 December	**40.8**	**20.3**

b) Finance income:

	2019	2018
Interest, dividends and other	6.6	14.6
Balance at 31 December	**6.6**	**14.6**

c) Change in fair value of financial instruments:

At year end 2019 and 2018 this comprises the change in fair value of the investments at fair value through profit or loss (see note 11).

26. RELATED PARTIES

Details of the transactions in 2019 and 2018 are as follows:

Description of the transaction	Amount 2019	Amount 2018	Related party
With significant shareholders of the company			
Services	0.6	0.7	Banca March
Dividend	8.7	11.7	Banca March
With other related parties			
Dividends and other distributions	8.9	47.0	CIE Automotive
	37.2	34.6	Rioja
	26.2	23.6	Acerinox
	15.8	18.0	BME
	12.3	10.6	Ebro Foods
	9.8	9.7	Viscofan
	6.1	5.7	Euskaltel
	4.6	4.0	Parques Reunidos
	-	3.7	Mecalux
	1.5	3.2	InStore
	1.7	0.9	Alvinesa
Insurance premiums, intermediaries	1.9	2.0	March Risk Solutions
Insurance premiums	0.8	0.8	March Vida
Operating lease agreements	0.2	0.2	March Gestión de Fondos
Collaboration agreements	0.3	0.3	Fundación Juan March

27. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company and its subsidiaries have recorded the following remuneration accrued by the members of the Board of Directors and Senior Management of Corporación Financiera Alba, S.A. (in thousands of Euros):

In thousands of Euros	No. of people	Salaries and other	Alba Board Meetings	Alternative pension plan schemes and insurance
2019				
External proprietary directors	3	578	704	-
Independent directors	8	-	688	-
Executive directors	3	2,283	275	-
Senior management	5	3,058	-	537
Total		**5,919**	**1,667**	**537**
2018				
External proprietary directors	3	-	245	-
Independent directors	6	-	526	-
Executive directors	5	2,745	400	190
Senior management	5	2,424	-	523
Total		**5,169**	**1,171**	**713**

At 31 December 2019 and 2018 the Board of Directors comprised 12 members.

No loans were extended to members of the Board of Directors or Senior Management in 2019 or 2018.

Details of the remuneration accrued by each board member in 2019 and 2018, including those who left before 31 December are as follows (in thousands of Euros):

2019	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration	Contribution to retirement plan
De Ampuero y Osma, José Domingo	-	-	125	125	-
Carné Casas, Ramón	431	-	83	514	-
Del Caño Palop, José Ramón	270	207	83	560	-
Garmendia Mendizábal, Cristina	-	-	43	43	-
Girón Dávila, Mª Eugenia	-	-	128	128	-
González Fernández, Carlos Alfonso	-	-	47	47	-
March de la Lastra, Juan	138	247	210	595	-
March Delgado, Carlos	-	-	284	284	-
March Juan, Juan	29	165	210	404	-
Martínez-Conde Gutiérrez-Barquín, Santos	586	789	110	1,485	-
Guibert Ucin, María Luisa	-	-	65	65	-
Pickholz, Claudia	-	-	108	108	-
Pradera Jáuregui, Antón	-	-	105	105	-
Plaza Arregui, Ana María	-	-	67	67	-
Total Board members	**1,454**	**1,408**	**1,668**	**4,530**	**-**

2018	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration	Contribution to retirement plan
De Ampuero y Osma, José Domingo	-	-	75	75	-
Carné Casas, Ramón	439	-	65	504	-
Del Caño Palop, José Ramón	277	115	65	457	115
Garmendia Mendizábal, Cristina	-	-	85	85	-
Girón Dávila, Mª Eugenia	-	-	101	101	-
González Fernández, Carlos Alfonso	-	-	95	95	-
March de la Lastra, Juan	323	416	90	829	48
March Delgado, Carlos	-	-	153	153	-
March Delgado, Juan	-	-	72	72	-
March Juan, Juan	50	115	90	255	27
Martínez-Conde Gutiérrez-Barquín, Santos	594	416	90	1,100	-
Nieto de la Cierva, José	-	-	20	20	-
Pickholz, Claudia	-	-	90	90	-
Pradera Jáuregui, Antón	-	-	80	80	-
Total Board members	**1,683**	**1,062**	**1,171**	**3,916**	**190**

In 2019 and 2018 no remuneration was paid to individuals representing Alba in governing bodies in which Alba acts as a director company. In 2019 Euros 146 thousand was paid in premiums for civil liability insurance for the directors (in 2018 Euros 0 was paid).

In 2019 Ms. María Luisa Guibert Ucín and Ms. Ana María Plaza Arregui were appointed as members of the Board of Directors of Corporación Financiera Alba, S.A. for a term of four years and the directors Ms. Cristina Garmendia Mendizábal and Mr. Carlos González Fernández left the Board.

At the general meetings held in 2019, 2018 and 2017 the shareholders of Alba approved a variable remuneration scheme linked to the net asset value of the shares for Executive board members, directors representing Alba on the boards of subsidiaries, investees or related parties and certain Company personnel selected by the Board of Directors in order to tie them more directly to the process of creating value for the Company's shareholders. The basic features of the scheme are as follows:

Approval	7-6-19	18-6-18	19-6-17
Maturity	6-6-22	17-6-21	18-6-20
Units assigned	232,500	283,000	262,000
Initial net asset value	73.66	75.79	72.00
Cap between initial and final net asset value	50%	30%	30%

The Company has assigned units to the beneficiaries that will entitle them to receive remuneration, upon maturity of the units, equal to the result of multiplying these units by the difference between the "initial" and "final" net asset value of the shares of Corporación Financiera Alba S.A. This calculation will be performed excluding own shares and without taking into account taxes resulting from the theoretical settlement.

Pursuant to the provisions of articles 227, 228, 229 and 231 of the Spanish Companies Act ("LSC"), as per the wording of Law 31/2014 of 3 December 2014, modifying the LSC with a view to improving corporate governance, the Directors of Alba have informed Alba that, during the years ended 31 December 2019 and 2018, they had no conflicts of interest with Alba and, to the best of their knowledge and based on the information which they have been able to obtain with the utmost due diligence, nor did any parties related to them.

28. AUDIT FEES

In 2019 KPMG Auditores, S.L., the auditor of the Group's annual accounts, accrued fees totalling Euros 114 thousand, of which Euros 98 thousand were for audit services and Euros 16 thousand were for the limited review of the half-yearly consolidated financial statements and the agreed-upon procedures report on the ICOFR description and the report on the covenant compliance of one of the subsidiaries. Additionally, other affiliates of KPMG International invoiced Euros 5 thousand in 2019 for audit services.

In 2018 KPMG Auditores, S.L., the auditor of the Group's annual accounts, accrued fees of Euros 112 thousand, of which Euros 98 thousand were for audit services and Euros 14 thousand were for the limited review of the half-yearly consolidated financial statements and the agreed-upon procedures report on the ICOFR description.

29. STATEMENT OF CASH FLOWS

This has been prepared in accordance with International Accounting Standard 7.

The statement comprises three types of cash flow:

- Net cash flows from operating activities: operating cash flows of all the businesses managed by the Group.
- Net cash flows from investing activities: cash flows related to non-current investments and the acquisition and disposal of equity instruments issued by other entities.
- Net cash flows from financing activities: cash flows used to purchase own shares, cash inflows from the use of external sources of financing, cash outflows as a result of the repayment of external financing, and dividend distributions.

30. EVENTS AFTER THE REPORTING PERIOD

The following significant events have occurred since 31 December 2019:

- On 11 March 2020 the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic due to its rapid spread worldwide, having affected more than 150 countries. The majority of governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine and restrictions on the free movement of people, the closure of public and private premises (except for basic necessities and health services), border closures and a drastic reduction in air, sea, rail and land transport. In Spain, the government enacted Royal Decree 463/2020 of 14 March 2020, declaring a state of emergency to manage the health crisis triggered by COVID-19.

  This situation is having a significant impact on the global economy. The impacts of the aforementioned health crisis will depend on its duration, the effect of the measures taken in this respect, how it is resolved and other factors related to the economic climate in which the Company operates.

  To mitigate the economic impacts of this crisis, on 18 March, Royal Decree-Law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19 was published in Spain.

  At the date of the authorisation to issue these annual accounts there has been no significant consequences for the Group, while no reliable estimate can be made of the future impacts that this crisis could have on the Company or its investees.

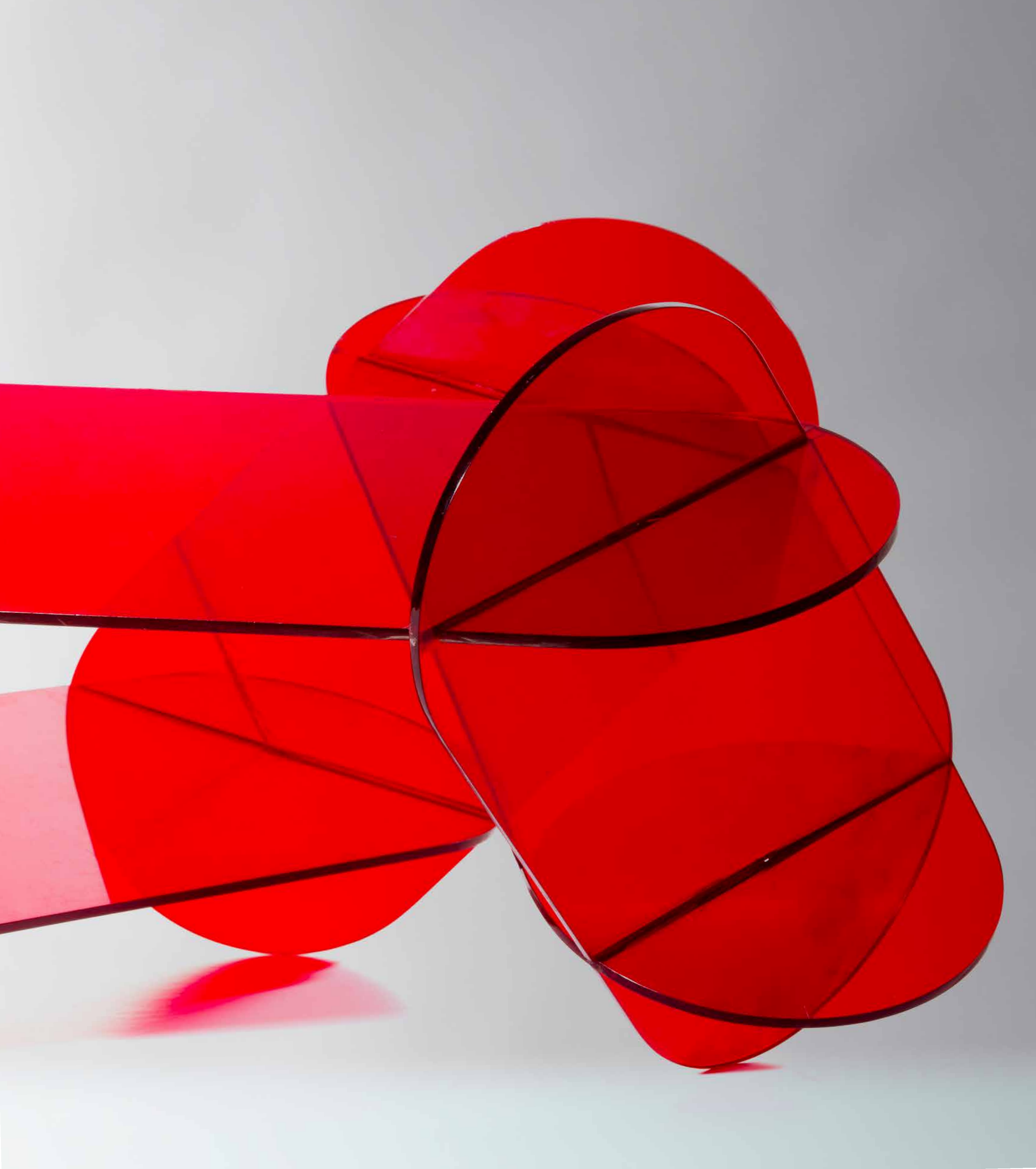
  The consequences derived from COVID-19 are considered an event after the reporting period that does not require an adjustment in the annual accounts for 2019, but must be disclosed in the annual accounts for 2020.

  During 2020, the Company will assess the impact of the abovementioned events on the equity and financial position at 31 December 2020 and on the results of operations and cash flows for the year then ended.

- Purchase of an additional 1.94% stake in CIE Automotive for Euros 38 million, raising the investment in this company to 12.09%.

- Sale of buildings in Barcelona for Euros 17 million, generating a gain of Euros 1 million in 2020 and an IRR of 4.2% over 31 years.

DIRECTORS' REPORT



DIRECTORS' REPORT

1. BUSINESS PERFORMANCE AND POSITION OF THE COMPANY

The consolidated annual accounts at 31 December 2019 give a true and fair view of the Group's equity, financial position, results of operations, changes in equity and cash flows for the year then ended, and have been authorised for issue by the Company's directors.

The non-financial information statement is attached as an appendix to this consolidated directors' report, of which it forms an integral part, and has been prepared in accordance with the requirements of Law 11/2018 of 28 December 2018, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 and Audit Law 22/2015 of 20 July 2015, on non-financial and diversity information.

During 2019, the Alba Group's activities comprised the following:

- Management of a number of controlling and influential interests in a series of companies operating in different sectors of the economy.
- The promotion and holding of interests in companies.
- Operation of buildings through lease or sale.

Consolidated net profit amounted to Euros 179 million in 2019 compared to Euros 154 million in the prior year (+16.1%).

Net asset value (NAV) increased by 12.4% in the year to Euros 4,397 million at 31 December 2019, equivalent to Euros 75.50 per share. Alba's share price on that same date of Euros 48.55 represents a discount of 35.7% compared with the NAV per share.

During the year, Alba invested Euros 646 million and sold assets totalling Euros 234 million, reducing its net cash position to Euros 63 million at 31 December 2019.

In October, Alba distributed a gross interim dividend of Euros 0.50 per share to its shareholders, with a charge against 2019 profit, representing a disbursement of Euros 29 million. Total dividends distributed during 2019 amounted to Euros 58 million.

2. MOST SIGNIFICANT TRANSACTIONS

Investments made by Alba in 2019 were as follows:

- Purchase at the start of April of an 8.54% interest in Shield Luxco 1.5 for Euros 558 million. Through this company, Alba reached an indirect ownership interest of 7.48% in Verisure, which also operates under the trademark "Securitas Direct". In July, Alba sold a group of investors a 17.91% interest in the holding company of its entire indirect ownership interest in Verisure for Euros 100 million. This sale did not generate any gain or loss for Alba. The indirect ownership interest held by Alba in Verisure, in terms of profit-sharing rights and net of non-controlling interests, is 6.14% of its share capital.

- Acquisition in the first quarter of 1.58% of Parques Reunidos for Euros 14 million, increasing the interest in this company to 23.02%. The voluntary public acquisition offer made by a company controlled by EQT for Parques Reunidos was successfully completed in September. The latter's shares were delisted on 5 December. Following the public acquisition offer and after the shares of Parques Reunidos owned by Alba and GBL were contributed to the company making the offer, said company has a 99.55% interest in the share capital of Parques Reunidos. Alba continues to be an important long-term shareholder of Parques Reunidos, with an indirect ownership interest of 24.98%.

- Purchase of an additional 0.05% stake in CIE Automotive for Euros 1 million, raising the investment in this company to 10.15%.

- Investment through Deyá Capital of Euros 73 million in the form of the following purchases: (i) an indirect ownership interest of 3.27% of Telepizza within the framework of the public acquisition offer led by KKR for this company (Telepizza's shares were delisted in July); (ii) indirect ownership interest of 24.81% in Preving (occupational risk prevention); (iii) indirect ownership interest of 9.46% in the Alvic Group (leading Spanish entity in the manufacture of panels and components for kitchen furniture that generate around 70% of their revenues outside Spain) and, lastly (iv) an indirect ownership interest of 37.43% in Nuadi, which is the largest independent manufacturer in Europe of components for braking systems, both for newly manufactured vehicles and for the spare parts industry.

Divestments made during 2019 were as follows:

- Sale of 24.38% of Mecalux for Euros 122 million. Alba's investment included an 8.78% direct ownership interest and a 15.60% indirect ownership interest through the private equity fund Deyá Capital. Since the start of the investment in July 2010 and as a result of this sale, Alba obtained a total gain of Euros 27 million, of which Euros 24 million were recognised in 2019. It also received dividends of Euros 16 million.

- Sale of a building in Madrid for Euros 12 million.

3. OUTLOOK FOR THE COMPANY

Alba's foremost objective is to ensure that its investees achieve maximum profitability, improving their competitiveness and enhancing their human, financial and technological potential. Furthermore, the Company's financial structure, size and flexibility will enable it to take advantage of investment opportunities that may arise.

Performance of the main investees:

- Acerinox sales in 2019 dropped by 5.1% compared to the preceding year, down to Euros 4,754 million, in line with the tonnes sold. With respect to the prior year, steel production fell by 8.6% to 2.2 million tonnes, while cold rolling dropped by 8.3% to 1.6 million tonnes. EBITDA was Euros 364 million, down 24.2% on 2018, due primarily to the aforementioned drop in volume, the Euros 20 million adjustment of the inventory to net realisable value and certain non-recurrent effects, such as the Euros 38 million provision for the workforce restructuring plan in Acerinox Europa. Excluding the non-recurrent effects, EBITDA would have dropped by 16.3% to Euros 402 million. It suffered a net loss of Euros 60 million, compared to the net profit of Euros 237 million achieved in 2018, due to the impairment of various assets and the aforementioned provisions. Net financial debt at 31 December 2019 fell to Euros 495 million, a Euros 57 million drop compared to the same date in the prior year.

- Between 2018 and 2019 the net income of Bolsas y Mercados Españoles fell by 6.2% to Euros 285 million, with practically all of its business units having suffered

a decline, particularly equities (-13.6%). Despite the reduction in operating costs, EBITDA and net profit dropped to Euros 170 million and Euros 123 million, respectively, which is 8.7% and 9.9% less than in 2018. The Company had a net cash position of Euros 233 million at 31 December 2019, down 15.7% on the preceding year, mainly due to the application of IFRS 16, as lease liabilities were recorded as debt. On 18 November, SIX expressed its intention to make a public acquisition offer in cash for 100% of the share capital of BME at a price of Euros 34 per share (adjustable for dividends).

- CIE Automotive's revenue amounted to Euros 3,461 million in 2019, a 14.2% rise on the prior year, showing higher-than-market growth in all geographical areas. Excluding the impact of exchange rates and inorganic growth, comparable sales would be 4.0% lower, which is less than the drop in the market (-5.8%). EBITDA grew by 12.4% with respect to the prior year, reaching Euros 594 million as a result of the acquisitions made. Net profit increased by 18.4% to Euros 288 million. Adjusted net financial debt at 31 December 2019 amounted to Euros 1,505 million, which is 2.3 times adjusted EBITDA for the last year.

- Ebro Foods obtained sales of Euros 2,813 million in 2019, which is 7.6% higher than the same period in the prior year. This growth was driven by the healthy performance of both the Pasta division (+3.6%) and the Rice division (+10.9%). EBITDA for the period, including the impact of IFRS 16, amounted to Euros 343 million, which is 11.5% higher than the 2018 figure. Net profit remained stable at Euros 142 million, despite the impairment recorded and other non-recurrent effects. Net financial debt rose to Euros 1,000 million, up Euros 295 million since the end of 2018, due to the acquisition of Tilda, the operating investments made and the application of IFRS 16.

- Euskaltel's revenues were Euros 685 million in 2019, which is 0.9% less than in the prior year. The slight improvement in revenues in the Business segment did not offset the drop in the Wholesale and Mass Market segments despite the small increase in the number of fixed service customers in this segment. EBITDA for the year was Euros 345 million, which is 2.4% higher than the prior year, due to the impact of IFRS 16, the renegotiation of wholesale agreements and the positive effect of the cost control measures implemented. Net profit for the period was Euros 62 million, which is 1.2% lower than in 2018. Net financial debt fell to Euros 1,486 million at 31 December 2019, which is 3.0% less than at the same date in the prior year.

- Indra's sales amounted to Euros 3,204 million in 2019, which is 3.2% higher than in the prior year (3.6% in local currency), due to the favourable performance of the Minsait division, which grew by 5.2% (+5.7% in local currency), while the Transportation & Defence division remained stable with growth of 0.1% (+0.2% in local currency). Sales increased in practically all geographical locations with the exception of Asia, the Middle East and Africa, which suffered a decrease due to the decline in the Elections business this year. EBIT stood at Euros 221 million, up 10.9% on 2018, boosted by the improvement in Minsait's profitability, which offsets the drop in Transport & Defence margins affected by higher restructuring costs and by provisions made in the first half of 2019. Net profit totalled Euros 121 million, up 1.3% on the prior year. At 31 December 2019, net financial debt amounted to Euros 552 million (not including IFRS 16), which is 14.3% higher than at the same date in 2018, giving a ratio of 1.8 times comparable 2019 EBITDA.

- Naturgy achieved sales of Euros 23,035 million in 2019, down 5.4% on the prior year due to lower energy prices and lower volumes sold in the liberalised business, which are not offset by revenue growth in infrastructure activity. EBITDA for the year amounted to Euros 4,562 million, up 13.5% on 2018, bolstered by the improvement in margins in the infrastructure business, the new commercial strategy for electricity supply in Spain and the implementation of the efficiency plan. Excluding non-ordinary items, EBITDA would have increased by 5.8%. Net profit was Euros 1,401 million in 2019, compared to the loss of Euros 2,822 million recorded in the prior year due to the significant asset impairment recorded. Recurring net profit was up 15.0% in the year. Net financial debt stood at Euros 15,268 million at 31 December 2019, which is a small reduction on the prior year due to a greater focus on generating operating cash, enabling growth investments and the increase in shareholder remuneration to be offset.

- Verisure, a company that also operates under the "Securitas Direct" trademark, achieved revenues of Euros 1,901 million in 2019, up 17.9% on 2018. This improvement was driven by growth in the customer base, which increased to 3.3 million customers (+14.2%), as well as the increase in ARPU (+ 2.5%). The adjusted EBITDA of the portfolio amounted to Euros 1,075 million in the year, up 20.7% on the prior year, due to the aforementioned factors. Total adjusted EBITDA reached Euros 761 million, which is 24.6% higher than the prior year. The net loss was Euros 60 million, which is lower than that reported in 2018 (loss of Euros 130 million). Net financial debt amounted to Euros 4,992 million at 31 December 2019.

- Viscofan's sales increased by 8.1% in 2019 compared to the prior year, up to Euros 850 million, due to the increase in sales of Packaging, favourable exchange rates and the inclusion of Globus in the consolidated Group. In comparable terms, sales are up 5.9% on the previous year. EBITDA decreased by 3.7% in the year, down to Euros 201 million. However, recurrent EBITDA increased by 4.4% to Euros 198 million because the cost savings made it possible to offset the decrease in gross margin. Net profit was Euros 106 million, down 14.7% on 2018 due to higher amortisation and depreciation, exchange rates, taxes and non-recurrent effects. At 31 December 2019, Viscofan's net debt was Euros 43 million, which is 46.6% less than the prior year due to the robust generation of operating cash and lower growth investments.

4. INVESTMENT PORTFOLIO

Alba's investment portfolio at 31 December 2019 was as follows:

Listed companies	% ownership interest	Value[1] in millions of Euros
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 stock market value		**2,976**
Total carrying amount		**2,812**
Unrealised gain		**165**

(1) According to criteria commonly used in the market: market prices for listed companies, internal/external valuations for non-listed companies and external appraisals for real estate.
(2) Includes an indirect 5.25% interest through Rioja Acquisition and a direct interest of 0.11%.

	% ownership interest	Value[1] in millions of Euros
Unlisted companies		893
Parques Reunidos [2]	24.98	
Verisure (net of non-controlling interests) [2]	6.14	
Through Deyá Capital:		
Alvic [2]	8.89	
Alvinesa	16.83	
in-Store Media	18.89	
Monbake	3.70	
Nuadi [2] [3]	37.43	
Preving [2] [3]	24.81	
Satlink [3]	28.07	
Telepizza [2]	3.27	
TRRG Holding Limited	7.50	

	Value[1] in millions of Euros
Buildings	**342**

(1) According to criteria commonly used in the market: market prices for listed companies, internal/external valuations for non-listed companies and external appraisals for real estate.
(2) Indirect ownership interest.
(3) Fully consolidated.

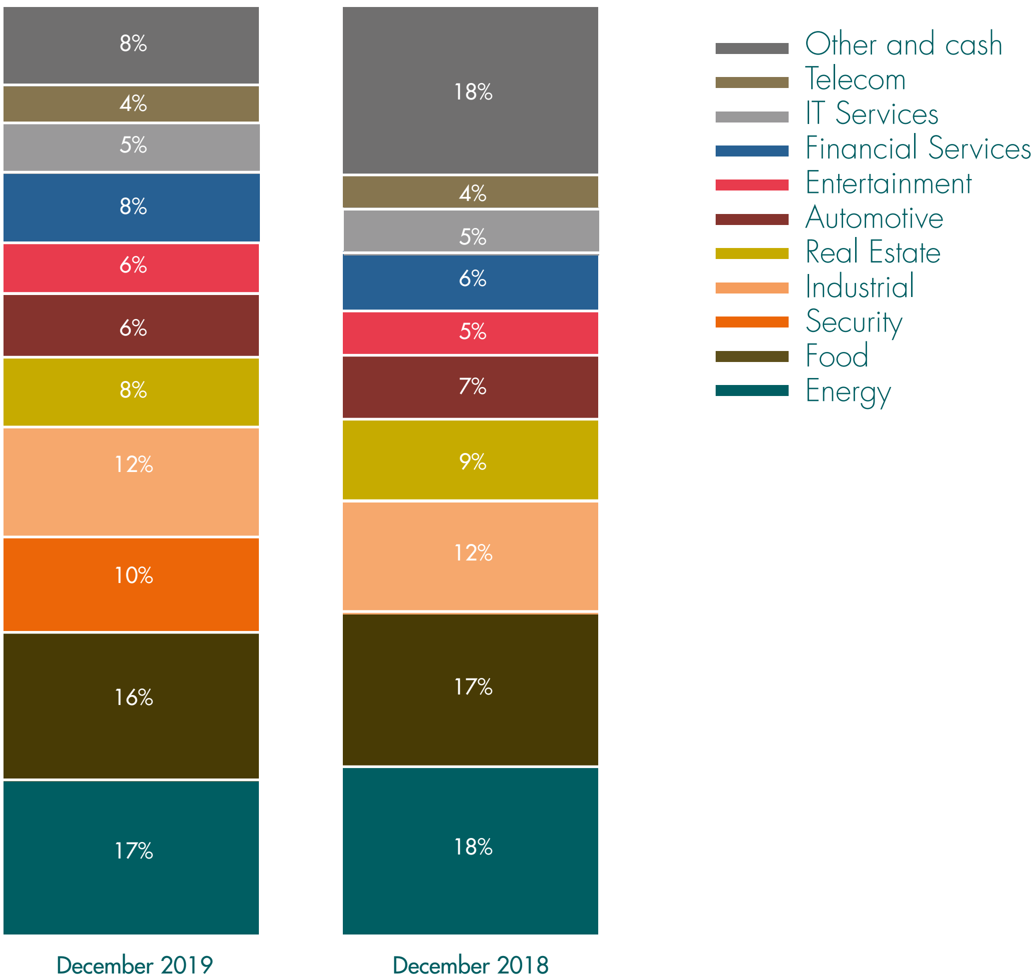
5. NATE ASSET VALUE (NAV)

The most representative indicator of a company such as Alba is Net Asset Value (NAV). Calculated based on criteria typically used in the market, the NAV of Alba at 31 December 2019 before taxes amounted to Euros 4,397 million or Euros 75.50 per share, which represents a 12.4% increase on the prior year.

In millions of Euros	**31-12-19**	31-12-18
Listed securities	2,976	2,865
Unlisted securities	893	182
Buildings	342	344
Other assets and liabilities	124	251
Net cash	63	269
Net asset value (NAV)	**4,397**	**3,912**
Millions of shares	58.24	58.24
NAV / share	**75.50 €**	**67.17 €**

Satlink, Nuadi and Preving are included at fair value and as a result their assets and liabilities are eliminated.
Correspondence with the consolidated balance sheet is shown in the footnotes of the balance sheet (page 258).

6. SECTOR DISTRIBUTION OF GROSS ASSET VALUE (GAV) [1]



(1) Market prices of listed companies (closing prices at 31 December 2019) and valuation of non-listed companies and buildings (also at 31 December 2019).

7. CONSOLIDATED RESULTS

Consolidated net profit amounted to Euros 179 million in 2019 compared to Euros 154 million in the prior year (+16.1%).

Income from share of profits in associates totalled Euros 84 million compared to Euros 161 million in 2018 (-47.7%). This decrease mainly has its origin in Acerinox, Parques Reunidos and Verisure.

Nuadi and Preving were included in the consolidated group in the fourth quarter and were fully consolidated, giving rise to significant differences in various line items.

The change in Gain/(Losses) on assets and net finance income/(cost) has its origin in reversals of provisions for the impairment of investments in associates and other financial assets and in the sale of the investment in Mecalux in 2019.

CONSOLIDATED INCOME STATEMENT (1)

In millions of Euros	**31-12-19**	31-12-18
Share of profits of associates	84	161
Revenues	95	93
From leases and other	18	17
Other fully consolidated companies	77	76
Change in fair value of investment property	3	-
Gain/(Losses) on assets and net finance income/(cost)	103	(2)
Sum	**285**	**252**
Operating expenses	(95)	(75)
Alba	(29)	(25)
Other fully consolidated companies	(66)	(50)
Amortisation and depreciation	(11)	(12)
Alba	(1)	(1)
Other fully consolidated companies	(10)	(11)
Income tax	(1)	(2)
Non-controlling interests	1	(8)
Sum	**(106)**	**(97)**
Net profit	**179**	**154**
Earnings per share (Euros)	**3.08**	**2.65**

(1) Satlink, Nuadi and Preving are fully consolidated. Gascan left the consolidated group at 31 December 2018.

CONSOLIDATED BALANCE SHEET [1]

ASSETS

In millions of Euros	**31-12-19**	31-12-18
Intangible assets	227	43
Goodwill	123	5
Other intangible assets	104	38
Investment property [a]	325	327
Property, plant and equipment [a]	25	8
Investments in associates [b]	3,253	2,994
Financial instruments at fair value through profit or loss [b]	150	201
Other investments and other assets	69	64
Non-current assets	**4,049**	**3,638**
Non-current assets held for sale [b]	313	-
Inventories	18	7
Receivable from taxation authorities	64	164
Other financial assets [c]	114	249
Cash and cash equivalents [c]	78	142
Receivables and other assets	53	68
Current assets	**641**	**629**
Total Assets	**4,690**	**4,267**

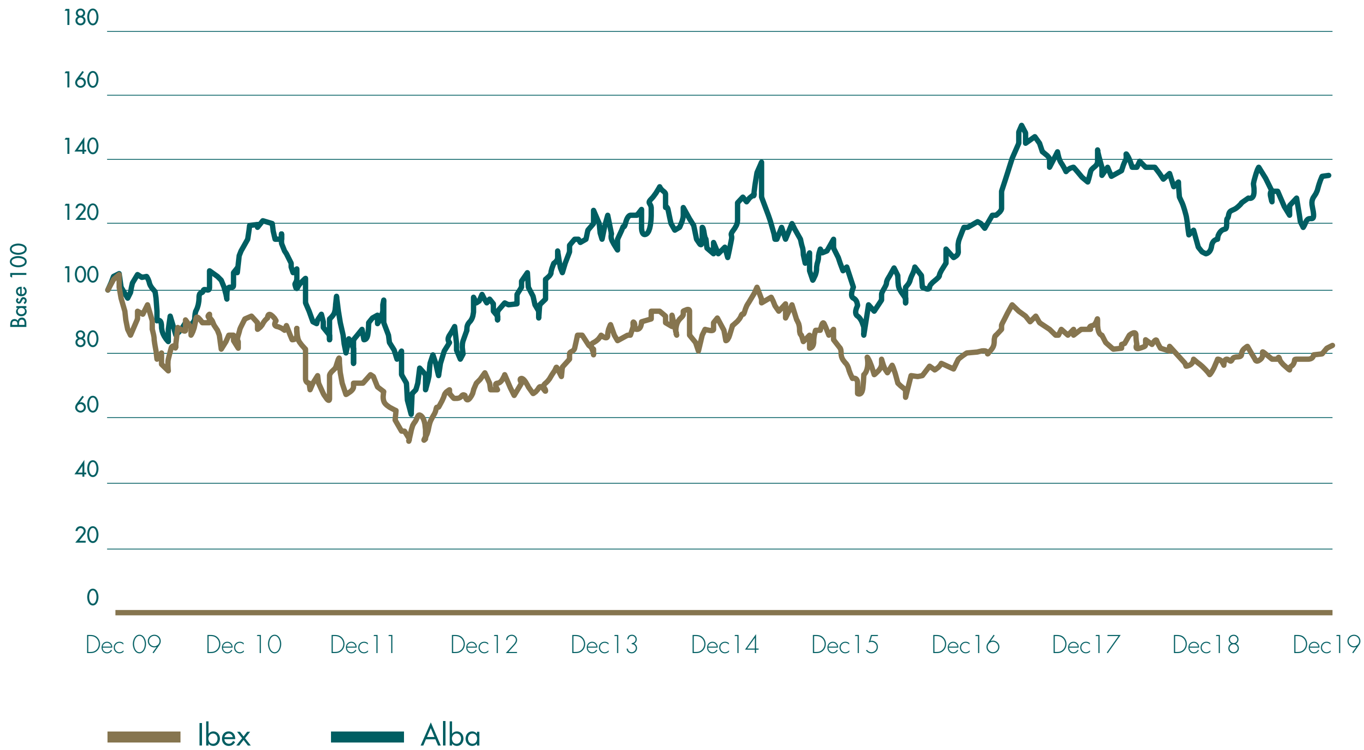
(1) Satlink, Nuadi and Preving are fully consolidated. Gascan left the consolidated group at 31 December 2018.
(a) Reflects the "Real estate" NAV.
(b) Reflects the "Listed securities" and "Non-listed securities" NAV. Satlink, Nuadi and Preving are included in NAV at fair value, and have been removed from "Other assets and liabilities".
(c) Reflects the "Net cash" NAV, net of the effect of Satlink, Nuadi and Preving which are included under "Unlisted securities" of NAV.

EQUITY AND LIABILITIES

In millions of Euros	**31-12-19**	31-12-18
Share capital	58	58
Reserves and own shares	3,916	3,829
Profit for the year	179	154
Non-controlling interests	195	17
Equity	**4,348**	**4,059**
Other non-current liabilities	14	10
Net deferred taxes	53	38
Loans and borrowings – non-current [c]	210	129
Non-current liabilities	**276**	**176**
Loans and borrowings – current [c]	18	13
Current payables	47	19
Current liabilities	**66**	**31**
Total Equity and Liabilities	**4,690**	**4,267**

8. SHARE PRICE PERFORMANCE

In 2019, the price of Alba's shares rose by 14.2% from Euros 42.50 to Euros 48.55, while in the same period, the IBEX 35 went up 11.8% to 9,549 points.



9. EVENTS AFTER THE REPORTING PERIOD

- On 11 March 2020 the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic due to its rapid spread worldwide, having affected more than 150 countries. The majority of governments are taking restrictive measures to contain the spread, including: isolation, confinement, quarantine and restrictions on the free movement of people, the closure of public and private premises (except for basic necessities and health services), border closures and a drastic reduction in air, sea, rail and land transport. In Spain, the government enacted Royal Decree 463/2020 of 14 March 2020, declaring a state of emergency to manage the health crisis triggered by COVID-19.

  This situation is having a significant impact on the global economy. The impacts of this health crisis will depend upon its duration, the effect of the measures adopted, how it is resolved and other factors associated with the economic environment in which the Company operates.

  To mitigate the economic impacts of this crisis, on 18 March 2020, Royal Decree-law 8/2020 of 17 March 2020 on extraordinary urgent measures to address the economic and social impact of COVID-19 was published in Spain.

  At the date the annual accounts were authorised for issue, no significant consequences have arisen for the Group and it has not been possible to reliably estimate the future impacts of this crisis on the Company or its investees.

  The consequences derived from COVID-19 are considered an event after the reporting period that does not require an adjustment in the annual accounts for 2019, but must be disclosed in the annual accounts for 2020.

  During 2020, the Company will assess the impact of the abovementioned events on the equity and financial position at 31 December 2020 and on the results of operations and cash flows for the year then ended.

- Purchase of an additional 1.94% stake in CIE Automotive for Euros 38 million, raising the investment in this company to 12.09%.

- Sale of real estate in Barcelona for Euros 17 million, which contributed a profit of Euros 1 million in 2020 and an IRR of 4.2% over 31 years.

10. ACQUISITIONS AND DISPOSALS OF OWN SHARES

Details of own shares at 31 December 2019 and 2018 are as follows:

	No. of shares	of share capital	Average acquisition price Euros/share	Thousands of Euros
At 1 January 2018	59,898	0.10%	40.29	2,413
Purchases in 2018	102	0.00%	49.50	5
Redemption in 2018	(60,000)	(0.10%)		
At 31 December 2018	-	-		

At 31 December 2019 and 2018 the balance of own shares stands at Euros 0.

11. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group's specific activities mean that direct investments are not necessary in this area.

12. AVERAGE SUPPLIER PAYMENT PERIOD

Details of the average supplier payment period are as follows:

Days	**2019**	2018
Average supplier payment period	42	43
Transactions paid ratio	45	44
Transactions payable ratio	40	41

In millions of Euros	**2019**	2018
Total payments made	23.8	30.7
Total payments outstanding	28.3	9.0

13. RISK MANAGEMENT AND CONTROL POLICY

The Board of Directors of Corporación Financiera Alba, S.A. has drawn up the following risk management and control policy:

1. Types of risk faced by the Group

Risk is inherent to all business activity and is defined as uncertainty concerning the occurrence of an event or action that could adversely affect the Company's ability to maximise its value for stakeholders and to achieve its goals; it also refers to the possibility of threats materialising and opportunities not being taken.

Corporación Financiera Alba engages in two principal activities:

(i) investment in the capital of listed and unlisted companies, and

(ii) investment in buildings leased as office spaces.

As a result of its activities, the markets and sectors in which it operates and its environment, the Company is exposed to the following categories of risks:

- Strategic risks related to the mission and vision of the Company, achievement of business goals and the creation and preservation of value for shareholders and other stakeholders.

  These include risks related to the corporate governance of the Company, its reputation and responsibility, investment and divestment strategies, and market dynamics.

- Operational risks involving potential direct or indirect economic losses related to external events: uncertainty in the Company's own business activities; or internal events: failures or inadequacies in the processes, systems or resources of the Company.

These include risks related, mainly, to revenues, investments and divestments and their monitoring, the acquisition of goods and services, physical assets, human resources, information technologies and natural disasters, terrorism and other criminal acts.

- Financial risks resulting, broadly speaking, from any financing operation which the Company must make in order to perform its activities, as well as the reliability of financial information reported by the Company.

  These include liquidity and credit risks, market, tax, accounting and reporting risks.

- Regulatory compliance risks arising from a potential failure to comply with laws, regulations, internal standards and codes of conduct, as well as greater exposure to such risks.

  These include legal risks, regulatory risks and risks involving codes of ethics and conduct.

2. Integrated Risk Management System

Aware of the importance and advantages of adequately and efficiently managing its risks, Corporación Financiera Alba has established an Integrated Risk Management System mainly focused on:

- Enabling the identification and proactive and efficient assessment of Company risks, as well as monitoring and continually tracking these risks.
- Integrating, coordinating and directing the various risk management actions performed by the Company.
- Achieving responsible risk acceptance and reinforcing the responsibility of the Company's employees.
- Ensuring the control systems are aligned with the actual risks of the Company.
- Facilitating and streamlining the application of corrective measures.

The Integrated Risk Management System unites three key components:

(i) The continuous risk management process, understood as the activities performed by all individuals in the Company under the supervision of the Audit and Compliance Committee that are focused on identifying potential risk events, managing the risks identified and providing reasonable assurance that the Company will achieve its goals.

(ii) An organisational focus, with clearly defined and communicated roles and responsibilities. Integrated risk management affects all Company personnel, therefore it is vital to establish an organisational focus on risk management tailored to the organisational structure and corporate culture of the Company.

Although the Integrated Risk Management System affects and involves all Company personnel, the main participants are as follows: risk managers, the Risk Control and Management Department, the Audit and Compliance Committee and the Board of Directors.

(iii) A monitoring model, which identifies and provides the timely information needed so that all those involved in the risk management process can make informed decisions concerning the risks.

2.1. The Continuous Risk Management Process

By way of a summary, the continuous risk management process involves performing the following activities:

- Identifying and assessing the risks that could affect the Company.

  Determining the main strategic, operational, financial and regulatory compliance risks affecting the Company's strategy and goals, assessing the probability of occurrence and potential impact and prioritising risks based on these factors.

- Setting the level of risk that is considered acceptable.

  Defining key risk indicators (KRIs) for each critical risk and establishing tolerance levels for these risks.

- Identifying controls.

  Specifying existing controls (or those to be implemented) in the Company to mitigate the aforementioned risks.

- Identifying the processes in which these risks and controls should arise.

  Determining the existing relationship between the Company's key risks – and its controls – and the Company's processes, identifying and analysing the processes that are critical for managing risks.

- Assessing controls.

  Assessing the effectiveness of the controls in mitigating the risks identified.

- Designing and implementing action plans in response to the risks.

  Determining action plans to be carried out to lower the residual risk to the acceptable level of risk, bearing in mind the costs and benefits of such efforts. As a direct result of this reduction of the level of risk, a reassessment and prioritisation of the risks will be necessary and appropriate, as part of a continuous risk management process.

In this regard, Corporación Financiera Alba has prepared the company's Risk Map, which shows, based on their impact and probability, the key risks in the categories listed above. In order for this map to be effectively used as a management tool that allows the Company to make informed decisions, the map is reviewed and updated periodically to adjust it to the Company's current circumstances.

Likewise, the Company has prepared Risk Indices for the most critical risks, identifying the key risk indicators with their corresponding tolerance levels, the controls associated and, where applicable, the action plans to be implemented. These Indices allow the Company to periodically assess and monitor its risks and to determine the most appropriate response to these risks.

2.2. Organisational Model of roles and responsibilities

Although the Integrated Risk Management System affects and involves all Company personnel, the main players are as follows:

(i) Risk managers.

These managers are responsible for monitoring the risks they have been assigned and for informing the Risk Control and Management Department of any relevant information concerning the risks.

(ii) Risk Control and Management Department.

The Risk Control and Management Department is expressly tasked with the following duties:

- Ensuring the smooth running of the risk control and management systems and, specifically, that all the important risks affecting the Company are identified, managed and quantified correctly.
- Actively participating in preparing the risk strategy and important decisions concerning risk management.
- Ensuring that the risk control and management systems adequately mitigate risks, as part of the policy established by the Board of Directors.

(iii) Audit and Compliance Committee.

Supervises, pursuant to the Regulations of the Company's Board of Directors, among other matters, the effectiveness of the Company's internal controls and risk management systems.

Likewise, it discusses any significant weaknesses in the internal control system detected during the audit with the auditor.

(iv) Board of Directors.

As indicated previously, the Board of Directors has the power to determine the risk control and management policy, including for tax risks, and is tasked with supervising the internal reporting and internal control systems. With regard to the risk management processes, it is noteworthy that, in addition to the aforementioned Risk Control and Management Department, Corporación Financiera Alba has Regulatory Compliance processes which are performed by the various operational and support departments, as well as an Internal Audit Service (SAI), defined as an advisory and control body serving the Audit and Compliance Committee, that is independent within the organisation as regards its actions, aimed at assessing the various areas and functional activities of the Company.

The duties of the Internal Audit Service include the analysis and proposal of recommendations to improve the risk management processes. The Internal Audit Service also performs independent assessments of the efficiency and effectiveness of internal controls, although this is always in coordination with the Risk Control and Management Department, in order to avoid duplicating tasks and/or areas existing without adequate coverage.

2.3 Monitoring and Reporting Model

The last component of the Integrated Risk Management System is a monitoring and reporting model capable of providing relevant information, in a timely and appropriate manner, to all players involved in the risk control and management process, both upwards and downwards in the hierarchy.

This cross-departmental monitoring model allows the System to behave dynamically and, above all, to anticipate risks, rendering risk management and control, within the limits set by the Company, possible.

Specifically, the Integrated Risk Management System established by Corporación Financiera Alba is a management, communication, monitoring and support mechanism for all activities related to risk control and management. It is vital for responding to individual risks and risks that are specific to each activity, while it provides the framework needed for coordinated management by the Company.

14. ANNUAL CORPORATE GOVERNANCE REPORT

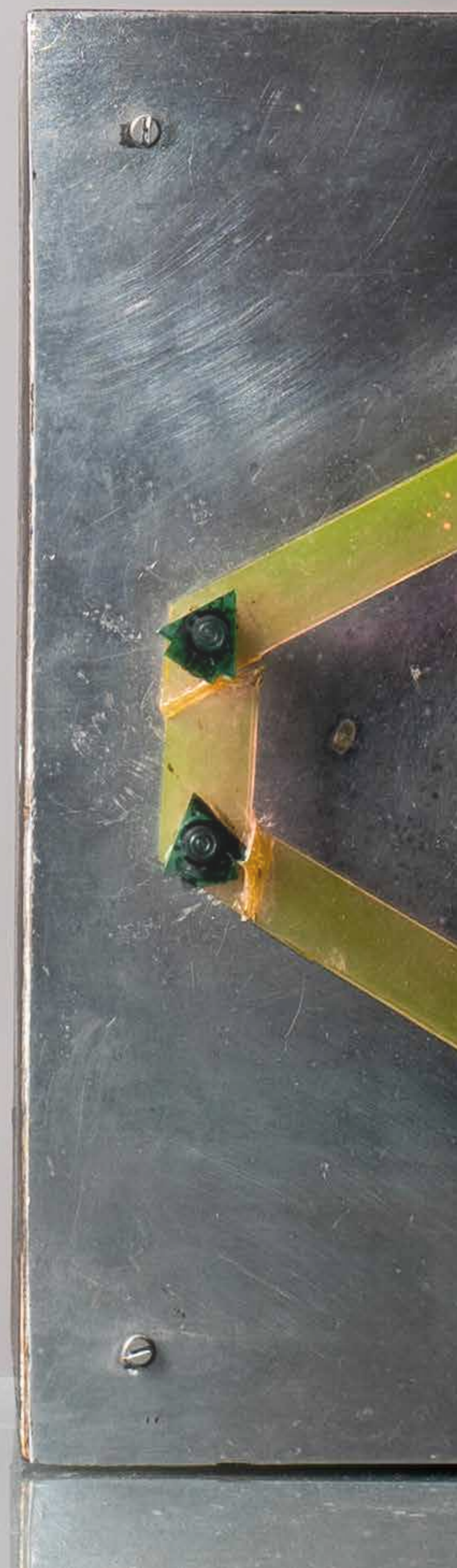
This is attached as Appendix I.

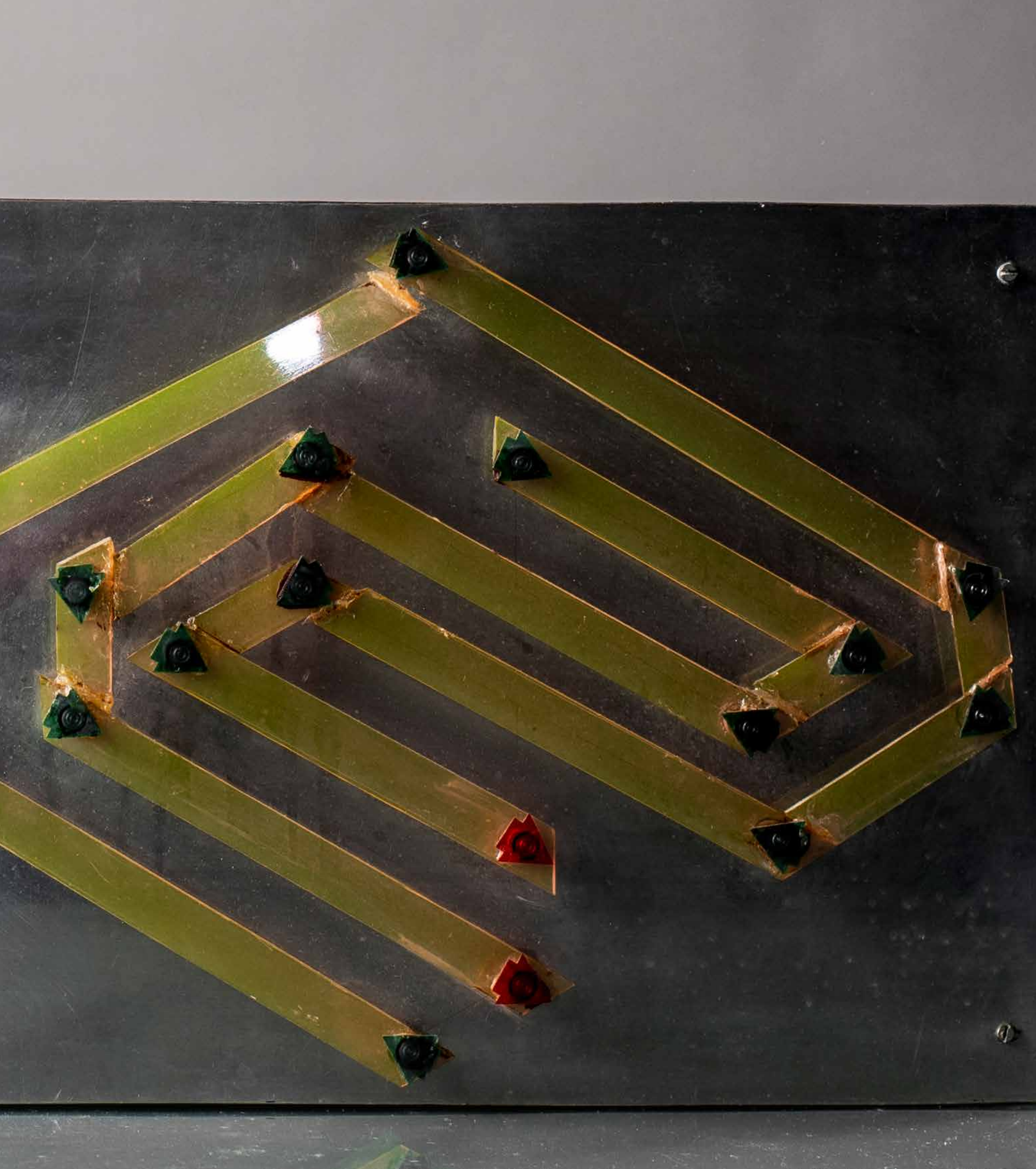
15. NON-FINANCIAL INFORMATION STATEMENT

This is attached as Appendix II.

NON-FINANCIAL INFORMATION STATEMENT

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARY COMPANIES FOR THE 2019 FINANCIAL YEAR





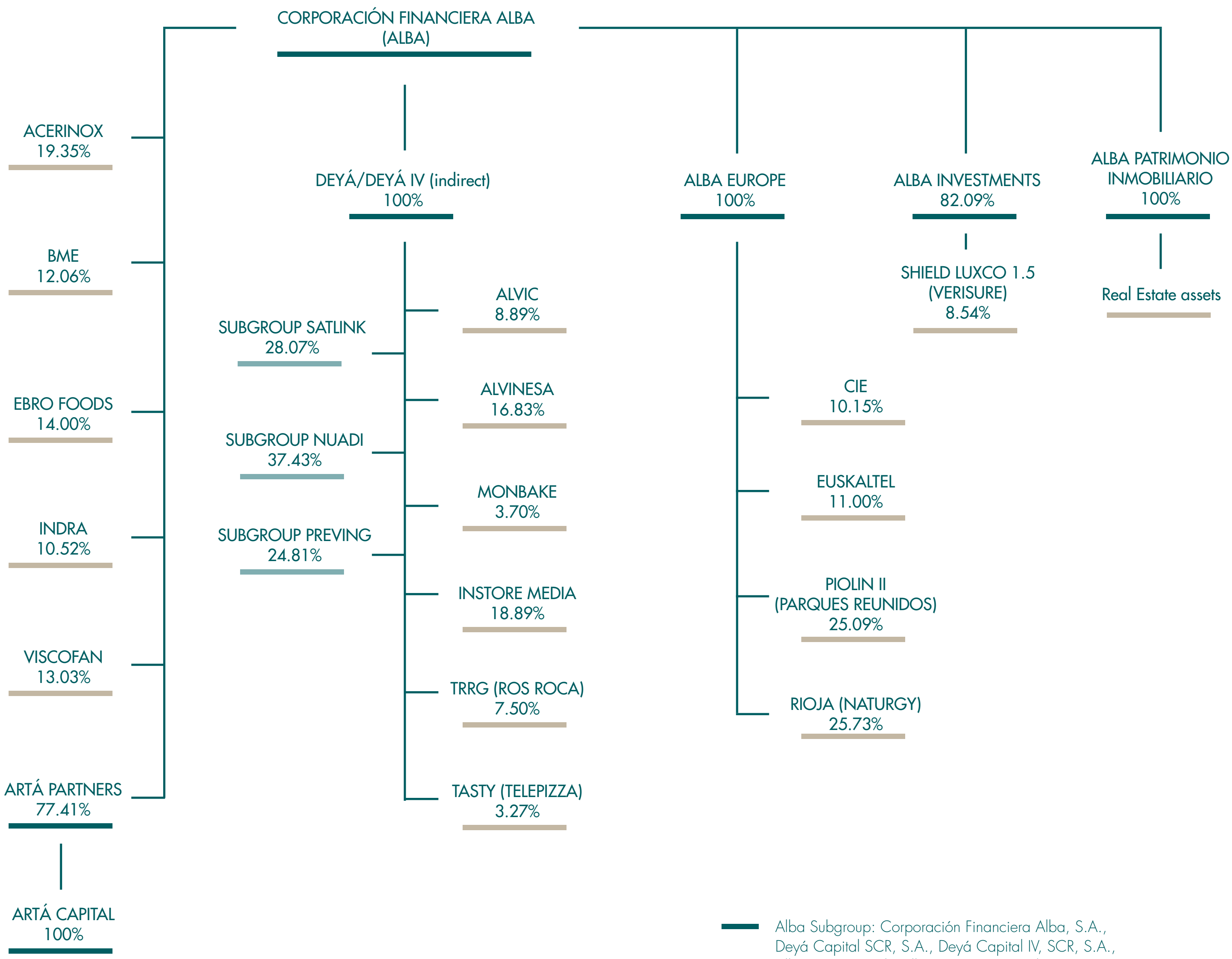
NON-FINANCIAL INFORMATION STATEMENT

1. INTRODUCTION

This Non-Financial Information Statement, forming part of the consolidated directors' report of the Alba Group, is published in fulfilment of Law 11/2018, of 28 December 2018, amending the Spanish Commercial Code, the Recast Text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of 2 July 2010, Accounts Auditing Law 22/2015, of 20 July 2015, with regard to non-financial information and diversity reporting (the Non-Financial and Diversity Reporting Law).

Corporación Financiera Alba, S.A. (hereinafter **Alba** or the **Alba Group**) is an investment firm which holds significant stakes in various listed and non-listed companies operating in a range of economic sectors. It also holds stake in companies through venture capital operations.

The organisational structure of the Alba Group is set out below.



Alba Subgroup: Corporación Financiera Alba, S.A., Deyá Capital SCR, S.A., Deyá Capital IV, SCR, S.A., Alba Europe, Sàrl., Alba Investments, Sàrl., Alba Patrimonio Inmobiliario, S.A., Artá Partners, S.A. and Artá Capital SGEIC, S.A.U.

NON-FINANCIAL INFORMATION STATEMENT

The scope of this Non-Financial Information Statement includes the activities of the Alba Group and those of the Satlink, Nuadi and Preving subgroups (its Subsidiaries).

It has been prepared on the basis of the Global Reporting Initiative (GRI) guidelines for the preparation of sustainability reports, this being the internationally recognised standard, fulfilling the principles and content defined by the most up-to-date version of the guide, GRI Standards.

Consideration was also given to the context and regulations of the sectors in which the subgroups operate, sectoral trends and best practice in order to determine which non-financial aspects are relevant for the Alba Group. The following were consequently identified as the key relevant aspects:

- Talent attraction and retention.
- Compliance and business ethics.
- Diversity and equality.
- Health and safety at work.
- Consumer safety and satisfaction.
- Company commitment to society.
- Energy efficiency and environmental management.

This Non-Financial Information Statement describes the main lines of performance outside the financial sphere regarding:

- Issues concerning staff and Human Rights.
- Environmental and social issues.
- Issues concerning anti-corruption and anti-bribery.

Events subsequent to the close-of-year

On 11 March 2020 the World Health Organization declared the health crisis caused by COVID-19 to be an international pandemic. Within this context, the Spanish Government issued Royal Decree 463/2020, of 14 March 2020, declaring a state of emergency for at least 15 calendar days throughout the country in order to address said health crisis. The measures implemented by the aforementioned Royal Decree include, among others, a restriction on the free movement of people and the temporary suspension of certain business activities.

This situation is having a significant impact on the global economy. The impacts of the aforementioned health crisis will be defined by its duration, the effect of the measures adopted for this purpose, how the situation is resolved, and other factors connected with the economic climate within which the Company operates.

In order to mitigate the economic impacts of the crisis, on 18 March Spain saw the publication of Royal Decree-Act 8/2020, of 17 March 2020, on extraordinary urgent measures to address the economic and social impact of COVID-19.

By the date when this Non-Financial Information Statement was drawn up there had been no significant consequences for the Group, and it is not possible to make any reliable estimate as to the impact that this crisis could have in the future on the Company or its investee companies (see note 30 - Events Subsequent to the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries corresponding to the 2019 financial year).

2. BUSINESS MODEL

Alba is an investment company founded in 1986 and listed on the Continuous Market of Spanish Stock Exchanges, holding significant stakes in a number of listed and non-listed companies operating in various economic sectors. It is also engaged in real estate leasing operations, and holds stakes in companies through venture capital.

Alba's aim is to generate long-term value for its shareholders, and it has in place an Investment Policy which establishes a responsible investment philosophy, based on certain principles and criteria which guide the course of its operations.

One of these principles is the need for a high level of understanding of its investments, both in the initial analysis and in the continuous monitoring applied to the company in which the investment is made, the sector in which it functions, and the markets in which it operates. It therefore establishes the most appropriate procedures in order to ascertain the quantitative and qualitative aspects defining the activities of investee companies, which are particularly relevant in Alba's long-term decisions. When necessary, it draws on external consultancy for this purpose.

In terms of geographical scope, the need to diversify risk has prompted the Group to opt for both domestic and international investment, the aim being that investments should preferably be made in conjunction with local partners, and in companies that stand out in terms of stability, reliability and security. Active participation in the companies and other assets in which the company invests is another key principle of Alba's responsible investment, reflected in the representative status of shareholdings and the responsibility, dedication and commitment shown to investee companies.

Alba sees its credibility and reputation in terms of its long-term commitment and fulfilment of the principles of corporate good governance and ethical conduct promoted by the company. It therefore encourages advanced policies at its investee companies in the spheres of good governance, and environmental, employment, social and taxation aspects. Meanwhile, potential conflicts of interest between investee companies are avoided, as are investments in sectors that could potentially be controversial from the legal or social perspective.

The **Preving** subgroup has extensive infrastructure in place at the national level, with business operations in the following areas:

- Occupational risk prevention plan consultancy;
- Safety-at-work plans to reduce or eliminate risks connected with occupational illnesses and/or accidents;
- Industrial hygiene, through the prevention of physical, chemical or biological risks that could arise in an occupational context;
- Health monitoring, employing the specialist field of Occupational Medicine to oversee the impact of working conditions for employee health;
- Applied psychosociology, prevention of psycho-social risks, corresponding to those derived from interactions between the organisational characteristics of the job and the capabilities, needs and expectations of the worker;
- Health promotion at work-advice on strategies to prevent occupational risks and to maintain the health and quality of life of employees;

• Coordination of company activities, through advice as to compliance with obligations in this field.

The main activity of the **Nuadi** subgroup is the manufacturing and marketing of disk brake pad components for different applications: motorbikes, cars, road freight transport, public works and railways. It focuses its products above all on the spare parts market, accounting for 94% of total output, with the remaining 6% corresponding to the development of the OEM and original spares market.

The **Satlink** subgroup is a leading technological group in R&D solutions for sustainable fishing and satellite communication services, with 98% of sales generated through its own products. It is the world number one in smart buoys for tuna fishing. It is also a leader in fishing resource management solutions and in satellite telecommunications for the maritime and defence sectors.

3. INFORMATION ON SOCIAL AND STAFF-RELATED ISSUES

3.1. Policies

Alba promotes both directly and indirectly in its investee companies, the values and ethics required in order to forge integrated, skilled teams working to achieve corporate sustainability. The commitment given by Alba and its Subsidiaries with regard to equal opportunities for employees ensures that selection, contractual terms, working conditions and professional development are based solely on criteria of merit and the necessary skills requirements in each case, excluding discriminatory criteria of any kind and fostering a working atmosphere that supports dignity and respect.

Alba and the subgroups referred to in this report have protocols and procedures in place allowing them to develop these principles and objectives.

The **Preving** subgroup also has an Equality Plan.

This commitment to people may be seen in the creation of stable jobs, professional development of employees, providing healthy working environments with respect for diversity, equal opportunities and work-life balance. The Alba Group's commitment to employment may be seen directly in the number of employees it has, and indirectly in the total number of jobs created both directly and indirectly at all its investee and Subsidiaries, along with the promotion of good practice in the field of human resources.

3.2. Social management and performance

3.2.1. Employment and remuneration

Aware of the value of human capital, **Alba** seeks to maintain favourable employment policies aligned with the needs of its workforce, as well as the specific operational requirements of the company. Talent management and retention, and the offer of decent employment, appropriate professional development, good conditions on permanent contracts and social benefits allow the company to maintain low staff churn ratios year after year.

Alba and its Subsidiaries had an overall total of 1,562 employees at the close of 2019. 90% of its workforce are on permanent contracts. The details of the workforce at the close of the financial year are set out below, including the employees of Alba Group and its Subsidiaries in Spain.

Workforce breakdown by gender	Men	Women	Total
Permanent contract	697	705	1,402
Temporary contract	91	69	160
Total	**788**	**774**	**1,562**
Full time	687	493	1,180
Part time	101	281	382
Total	**788**	**774**	**1,562**
Average remuneration	41,441	26,772	
Number of dismissals	3	4	7

Workforce breakdown by age	<35 years	36-50 years	>51 years	Total
Permanent contract	263	846	293	1,402
Temporary contract	68	74	18	160
Total	**331**	**920**	**311**	**1,562**
Full time	263	670	247	1,180
Part time	68	250	64	382
Total	**331**	**920**	**311**	**1,562**
Average remuneration	23,907	28,965	60,501	
Number of dismissals	4	2	1	7

Workforce breakdown by professional category	Operatives and administrative staff	Middle management	Executives	Total
Permanent contract	1,272	106	24	1,402
Temporary contract	160	0	0	160
Total	**1,432**	**106**	**24**	**1,562**
Full time	1,060	96	24	1,180
Part time	372	10	0	382
Total	**1,432**	**106**	**24**	**1,562**
Average remuneration	27,158	71,596	287,428	
Number of dismissals	7	0	0	7

Employees with disability	Total
Number of employees with disability at close of financial year	17

Both **Alba** and its Subsidiaries demonstrate their commitment to maintaining an employee remuneration model that ensures effective application of the principle of equal pay for work of equal value, and the absence of any salary differences based on gender or any other grounds for discrimination, with the distribution of compensation being based on salary bands in accordance with levels of responsibility, the type of work performed, alignment with market rates of pay for jobs with the same conditions, while also taking into account the sustainability of the company in this regard.

The salary gap is measured as the difference between the average pay received by men and that received by women. During this financial year Alba included the figures for its Subsidiaries in order to combine the remuneration received by all employees included within the consolidation scope, giving a gross figure of 35%. This difference is the result of the fact that men with more years of service at the parent company hold most of the senior positions, along with the existence of a large many technical and administrative posts held by women. As mentioned previously, the remuneration models applied are free of any element of gender discrimination, although Alba strives to redress these differences through effective application of the principle of equality.

3.2.2. Organisation of work

The **Alba** Code of Ethics and Conduct includes respect for the personal and family life of its professionals, and the company applies measures intended to facilitate the option of flexibility and work-life balance for its employees.

In this regard Alba's Subsidiaries have specific work-life balance and flexible working measures in accordance with the characteristics of each company.

Specifically at the **Preving** subgroup, working hours are defined on the basis of employee productivity, with appropriate occupational flexibility. Policies are likewise promoted to achieve a balanced family life. A digital disconnection protocol is also being developed. The implementation of these work-life balance policies has earned the Preving subgroup the Reconcilia seal of approval.

At the **Nuadi** subgroup, a flexible working agreement was reached during 2019, offering the possibility of working split hours for those employees who so require.

The organisation of working hours at the **Satlink** subgroup is established on the basis of the applicable collective agreement, with appropriate flexibility also being encouraged in terms of arrival and departure times. Measures are likewise promoted to allow employees to switch off from their work, including, for example, meetings never being scheduled outside office hours. Measures are likewise implemented to allow employees to strike a balance between their personal lives and their professional development at the company.

	Total
Number of hours of absence registered during the financial year for all employees [1]	124,136

(1) Hours of absence: Total hours of absence from work because of common or occupational contingencies.

3.2.3. Health and safety

Alba has specific commitments in place in the field of health and safety, as set out in its Code of Ethics and Conduct and the procedures and manuals established for this purpose.

The **Preving** subgroup has certified health and safety management systems.

The **Nuadi** subgroup has occupational risk prevention plans and systems in place.

Alba and its subgroups have measures to monitor and promote Health and Safety at Work, and develop training initiatives for employees in this field, health monitoring programmes, and external audits to ensure that the procedures established in this sphere are being properly applied, among other aspects.

Health and safety indicators	Men	Women
Frequency index [1]	13.94	14.22
Seriousness index [2]	0.24	0.52
Occupational illnesses	0	0
Number of deaths	0	0

(1) Frequency Index: Number of occupational accidents causing absence x 1,000,000/total number of effective hours of work.
(2) Seriousness Index: Number of days not worked because of occupational accidents causing absence x 1,000/total number of effective hours of work.

3.2.4. Labour relations

Alba and its Subsidiaries aim for effective and detailed management of labour relations with employees, ensuring that the employment rights of all workers are fulfilled. Industrial relations are likewise based on the various applicable collective agreements, ensuring that the principles set out in each of them are respected and adhered to:

- Madrid Regional Collective Agreement for Office Work for **Alba**.

- Collective Agreement for Risk Prevention Service Companies for the **Preving** subgroup.

- Navarre Regional Collective Agreement for the Steel and Metal Industry for the **Nuadi** subgroup.

- Metal Trade Collective Agreements for the Madrid Region and for Pontevedra Province, and the National Engineering Firms and Technical Study Offices Agreement for **Satlink**.

At those companies where this requirement applies, there are Works Councils and/or trade union representatives to oversee compliance with the principles established in the relevant collective agreements, and to establish channels for fluid communication among all workers and bodies belonging to the company. In total, 88% of Alba Group employees and their Subsidiaries in Spain are covered by a collective agreement.

3.2.5. Training

Alba has training procedures in place in accordance with employee needs, covering the characteristics of the roles they perform, their career and professional development, which means that resources are focused on the requirements of each job and the current market.

The **Satlink** subgroup has an Occupational Risk Prevention Training Policy for work undertaken on board ships, as well as a technical training for developers and technical staff. It likewise has specialist programmes in place covering its clients' own technologies in order to improve efficiency in the use of the solutions and products offered by the company.

Workforce breakdown by professional category	Operatives and administrative staff	Middle management	Executives	Total
Training Hours	6,241	810	342	7,393

3.2.6. Accessibility and equality

The **Alba** Code of Ethics and Conduct sets out non-discrimination and equal opportunities principles intended to achieve a commitment to create a working environment in which all employees enjoy fair treatment, respect and dignity, rejecting any form of violence or harassment, abuse of authority, or any other conduct in breach of workers' and human rights. When general meetings are held, access is also facilitated on the part of people with disability and the elderly, in terms both of access to prior information and facilities in casting votes, reaching the venue and following the meetings.

Those measures that go beyond regulatory compliance in the field of accessibility and equality would include in particular those adopted at the **Preving** subgroup, where 95% of premises have measures to improve worker accessibility (elimination of steps and adapted toilets). With regard to product and service accessibility, training materials are available in accordance with workers' needs (spoken materials for workers with visual disability, graphical documentation for staff with hearing disability, and training material in sign language).

4. INFORMATION REGARDING ENVIRONMENTAL ISSUES

4.1. Policies

Alba declares as part of its Code of Ethics and Conduct respect for the environment both in behaviour resulting from its direct activities and also environmentally responsible behaviour at the companies in which it invests. It likewise has in place a Corporate Social Responsibility Policy highlighting its firm commitment to preserve the natural environment and reduce any negative impact resulting from its activities, with a particular emphasis on combating climate change. The definition of these commitments provides the baseline for the Alba Group's actions focused on preventing pollution and achieving the responsible and sustainable use of resources, as well as proper waste management. The Investment Policy has also since 2017 included criteria for the evaluation of responsible investment from the environmental perspective.

The **Preving** and **Nuadi** subgroups have an environmental management system in place with certification under international standard ISO 14001:2015, assisting in their response to compliance with

the environmental values and principles established in the corresponding Environmental Policy.

Lastly, the **Satlink** subgroup has implemented a Quality and Environment Policy focused on fulfilling a series of measures to protect biodiversity, reduce the consumption of water, energy and other resources, avoid waste generation, and combat climate change.

4.2. Environmental management and performance

4.2.1. Energy and climate change

Energy consumption at **Alba** is derived essentially from the use of lighting systems, climate control systems and IT equipment at the offices and buildings that it owns. In order to reduce such consumption a number of different energy efficiency measures have been established, such as replacing traditional light bulbs with LED systems, remodelling of buildings to improve energy efficiency, and external energy efficiency audits and checks conducted to assist the Alba Group in reducing its environmental impact.

The emissions generated at Alba and its **Preving** subgroup are likewise derived from the use of company fleet vehicles. With a view to cutting the resulting emissions and reducing its carbon footprint, Alba is replacing petrol and diesel vehicles with hybrid and electric models.

In the case of the industrial facilities of the **Nuadi** subgroup, measures have been established to reduce energy consumption at the company, based on the planning of legal reviews, energy inspections of boilers and coolers, as well as an energy audit process.

Energy consumption	2019
Electricity consumption (MWh)	7,986.35
Natural gas consumption (MWh)	3,739.14
Diesel consumption (litres)	136,774.00

Greenhouse gas emissions (tonnes of CO_2eq)	2019
Scope	
Scope 1	1,100.02
Scope 2	3,274.40
Total	**4,374.43**

4.2.2. Sustainable use of resources and the circular economy

Alba has adopted a series of measures which, as mentioned previously, aim to improve efficiency and the sustainable and responsible use of resources. As the main material used to undertake its activities is paper, with a view to minimising consumption Alba has a digital archive in place for all departments, used to consult, download and share files, thereby minimising paper consumption. All paper used is likewise certified with the FSC environmental stamp.

At the **Preving** subgroup, the main materials consumed are the disposable sanitary materials used for medical examinations. Preving also conducts internal campaigns promoting responsible and sustainable use of paper at its offices. As for water consumption, this is obtained from the water mains supply.

In the production process of the **Nuadi** subgroup, the main raw material input is steel rolls of various sizes, while surplus material is sent to a metal waste manager once the manufacturing process is complete. Water consumption and optimisation is covered by the phases planned for the forthcoming Waste Reduction Plan.

Lastly, the **Satlink** subgroup aims to minimise the impact caused by product designs and installations in its production processes. The solar buoy is a particularly notable example of this, requiring no battery replacements over the course of its useful life, thereby avoiding the use of lead batteries and fuel cells in the manufacturing process, alongside progress made in reducing the use of materials in buoy production.

Consumption of materials	2019
Consumption of sanitary water (m^3)	46,415.00
Paper consumption (kg)	31,577.50

Meanwhile, **Alba** continues to incorporate specific measures to reduce waste generation and to ensure that waste is properly handled and managed at all its Subsidiaries. Alba offices have replaced plastic water bottles with water coolers, handing out glass bottles to employees to encourage reuse, improving the handling of waste such as coffee capsules, batteries and other office waste, as well as the recycling of pollutant waste such as printer toner cartridges.

At the **Preving** subgroup, given its activities the types of waste generated essentially comprise biosanitary, cytostatic and chemical waste. Waste collection service contracts have been signed with certified external waste managers in order properly to handle this waste.

At the **Nuadi** subgroup a Waste Reduction Plan has been drawn up, with implementation to begin during the 2020 financial year. The main source of waste is the scrap metal left over after the production process. The raw material input comprises different sizes of steel rolls, while the surplus material is transferred to a metal waste manager after manufacturing. As these are small-sized surplus offcuts, they are ideal for use in automatic foundry or steelmaking dosing systems for molten metal composition control. The waste manager sends most of the surplus generated to a foundry, where it is reused in production processes in the automotive sector.

The **Satlink** subgroup reuses components that have been rejected during its production process by repairing them, and if the component cannot be recycled, then it is collected by an authorised waste management company. Satlink has also made contributions through a number of different projects to litter collection at sea and on beaches.

The figures regarding waste generated by Corporación Financiera Alba and its Subsidiaries are set out below, this waste resulting in the main from the industrial operations undertaken by the Nuadi subgroup, with a separate indication of special waste generated by the medical service activities of the Preving subgroup.

Waste generated	**2019**
Type of waste	
Hazardous (tonnes)	323.66
Non-hazardous (tonnes)	9,039.43
Total	9,363.09

Special waste generated*

Manager supplier	Zones	Method of destruction	Volume collected (Kg)
Elirecon	Navarre	Autoclave sterilisation	44.8
Consenur	Catalonia and Canary Islands	Physical-chemical treatment not specified by the organisation	2,998.14
Ferrovial	Madrid, Region of Valencia and Andalusia	Autoclave sterilisation	1,385.8
Dilabo	Albacete	Autoclave sterilisation	4.5
Cannon	Alcobendas	Incineration	10.5
Serkonten	San Sebastian	Incineration	28.0
Total			**4,471.7**

*Figures for the Preving subgroup.

5. ETHICS, HUMAN RIGHTS AND ANTI-CORRUPTION

5.1. Ethical conduct and respect for Human Rights

Alba has in place a Code of Ethics and Conduct setting out the values and principles that are to govern its conduct, applicable to all those who in the course of their functions, occupational, commercial or professional relationships are in some way connected. These values include in particular:

- Respect for Human Rights and commitment to the Global Compact, to which the company has subscribed.
- Ethical and legally compliant behaviour.
- Fair and respectful treatment in terms of equal opportunities and non-discrimination.
- Respect for the environment.
- Respect for the interests of other stakeholders of the Company.

- Prudence in the performance of operations, in taking on risks and in relations with clients.

- Processing of information with rigour, integrity and transparency.

The Code sets out mandatory standards of conduct for both employees and the members of the executive management bodies and the Board of Directors of Alba, as well as third parties that have dealings with any of the Group companies.

Likewise, given the emphasis being placed on internal whistleblowing channels, more detailed procedural regulations have been established to handle grievances, allowing for the confidential reporting of any acts or conduct that might be in breach of the applicable regulations or the Code of Ethics and Conduct, at the company, in the actions of third parties that have contractual dealings with it, or to its detriment. The Complaint Channel can be used by all those inside and outside the Company, with the latter including suppliers, contractors and partners of Alba.

Each year Alba reminds those subject to the Code of Ethics and Conduct of its applicability. The 2019 reminder once again set out the general behavioural standards to be followed, the functions of the Monitoring Committee, the procedure for overseeing compliance with the Code, and any developments regarding the Complaint Channel. It was likewise stated that the process for the individual affected to submit grievances regarding unlawful actions or those in breach of the Code of Ethics via the Corporación Financiera Alba website, email address or by post, guarantees the confidentiality of the whistleblower's identity. No grievances were received in 2019, nor any suggestions or consultations connected with the Code of Ethics and Conduct.

The **Preving** subgroup Code of Conduct contains a commitment to establishing forums of trust with its employees based on a long-term relationship, allowing for optimal personal and professional development, and the company is committed to the defence, respect and protection of fundamental employment rights, compliance with the employment legislation in force and the elimination of forced labour, child labour, or labour conducted under harsh, extreme, subhuman or degrading conditions.

The **Nuadi** subgroup also has a Code of Ethics in place, establishing the behavioural standards and associated values both for those individuals who belong to the organisation and any third parties it might have dealings with at any time, based on constant respect for Human Rights and the established regulations in each case.

The Code of Ethics of the **Satlink** subgroup defines its commitment to Human Rights in its General Standards of Conduct, with reference to the adhesion to and respect for the UN Global Compact, and the Declarations of the International Labour Organization. Information via formal and informal channels regarding any practice (or suspected practice) in breach of the company Code of Ethics will be diligently handled in order to eliminate the practice or report any perpetrators who might be involved. This applies equally to both staff and clients and suppliers.

5.2. Anti-corruption and anti-bribery management

Alba establishes the necessary measures to ensure fulfilment of its duties of oversight in order to prevent the commission of offences covered by its criminal prevention model. Ethical values and responsible behaviour are ever present in the daily actions of all individuals who belong to Alba. In order to safeguard these values, and in particular to combat all forms of corruption, in 2015 the Board of Directors approved the Criminal and Fraud Prevention Policy.

This policy has resulted in the creation of a Criminal Offence Prevention Model and Criminal Offence Prevention Manual, comprising a series of effective measures focused on prevention, detection and reaction to criminal conduct. It applies to directors, executives and employees, and serves to keep track of potential situations in which irregularities might be committed. The system is based on principles of coordination and participation by all professionals, transparency and communication, effective action, training, etc. serving to guarantee the proper implementation, monitoring and enhancement of the Model. Contracts with third parties are likewise subject to clauses in which they undertake to monitor situations where there is a risk that offences, infringements or serious irregularities could be committed, along with the rejection of corruption and fraud, including extortion, coercion or bribery.

The general behavioural standards of the Alba Code of Ethics and Conduct include a specific reference to bribes, commissions, gifts and favours, rejecting any influence exerted over the decisions of individuals

outside Alba in order to obtain any benefit through unethical practices. Nor are other persons or entities allowed to apply such practices to its employees. Corporate courtesy and hospitality for the benefit of public officials is forbidden in procurement tenders in which Alba is involved, along with facilitating payments and donations to trade unions, political parties, or donations or sponsorships to obtain favourable treatment for Alba. Gifts may only be accepted if they are of an insignificant economic value.

The Code of Ethics and Conduct likewise covers fulfilment of the provisions to prevent money laundering and terrorist financing.

Meanwhile, the **Preving** subgroup has in place a Crime Prevention Policy, and with regard to gifts, favours, invites and other types of remuneration establishes specific guidelines intended to limit, and in some cases to prohibit gifts and invites, whether offered or received by professionals belonging to the subgroup.

The **Nuadi** subgroup has a number of documents in addition to the aforementioned Code of Ethics governing and controlling any conflicts of interest that might arise in the course of operations, or cases connected with intellectual property and the confidentiality of the information handled by the company.

6. INFORMATION ABOUT THE COMPANY

6.1. Company commitments to sustainable development

The **Alba** Corporate Social Responsibility Policy establishes the principles and areas helping to improve personal well-being and to foster the economic and social development of the communities where it has a presence, and to create value for the various internal and external stakeholders. The company's main social responsibility is to ensure the utmost diligence and integrity throughout the investment process. This approach is based on three principles applied to its investments:

- Long-term view.

- Responsible management, selecting those assets offering the greatest capacity for influence and transformation.

- Mitigation of non-financial risks, including social and environmental aspects, and those connected with good governance.

Alongside these aspects, other notable general principles and operational guidelines at Alba include the pursuit of excellence and adoption of best practice with regard to corporate governance, respect for and promotion of human rights, a safe and healthy working environment, and a firm commitment to the preservation of the natural environment.

Alba likewise focuses on its stakeholders, establishing the required channels of communication in order to respond to all their needs and expectations. The scope of application of these commitments of responsibility applies both to the company itself and to the companies belonging to its group. The company similarly strives at all investee undertakings to extend these guidelines and principles of responsibility through its representatives. Alba clearly expresses its commitment to achieving the Sustainable Development Goals through its investments, its own operations, and the activities of the companies in which it holds a stake. As a part of its commitment to the Global Compact in Spain, Alba likewise takes part in training initiatives organised by the corresponding platform, and submits its progress report to the organisation. In 2019 it attended 5 meetings that discussed matters connected with sustainable development.

Alba furthermore makes an annual funding contribution to the Juan March Foundation and the FEDEA (Foundation for Studies in Applied Economics), amounting in 2019 to 306.000 euros.

Meanwhile, the **Preving** subgroup is involved with social organisations in the areas where it has a presence, collaborative initiatives with chambers of commerce, business organisations, stakeholders, professional associations and schools. It is likewise involved in social events that contribute value, such as events for charities, conventions, sporting events, social campaigns and other schemes.

The **Satlink** subgroup shows its commitment to these principles of corporate social responsibility by promoting and making an active and voluntary contribution to social and economic development. One of the key values and principles of the Group's corporate project is to support the social integration of groups facing particular difficulties in gaining employment, the occupational integration of people with disability, and groups at risk of social exclusion.

6.2. Subcontracting and suppliers

The **Alba Group** extends the principles and values set out in its Code of Ethics and Conduct to its entire value chain, including contractors, suppliers and partners that have a commercial relationship with the organisation. The contracts and conditions established in its dealings with all such entities clearly state the commitment of all third parties to the observation and fulfilment of these principles of respect for human rights, the environment, and regulatory compliance.

The **Preving** subgroup also has a "Compliance Agreement" guiding its relations with suppliers and how they are handled by company staff, ensuring fulfilment of the principles and values established by the company in its Code of Ethics and Conduct.

For its part, the **Nuadi** subgroup has established an internal purchasing procedure applicable to suppliers affecting the product and process, and each year evaluates performance and achievement of the goals set for each supplier by means of a system of periodic audits.

Lastly, the **Satlink** subgroup conducts an ongoing evaluation of its suppliers and subcontractors on the basis of its responsible purchasing programme, with regard to compliance with environmental, quality and safety at work requirements, conducting this evaluation in terms of both product and process quality, and also social and environmental responsibility aspects.

6.3. Consumers

Alba and its Subsidiaries apply the relevant procedures with regard to consumer health and safety, and provide its consumers with mechanisms to communicate, raise grievances and submit claims as applicable in each case, in accordance with the type of activity it performs with each of them.

In its real estate operations, **Alba** implements all health and safety measures and deploys all means necessary to coordinate company activities at the buildings that it owns. Tenancy agreements and internal regulatory standards at the buildings likewise establish the necessary channels to handle the various needs in this regard, maintaining a continuous and fluid relationship with tenants.

The **Preving** subgroup has specific measures in place to guarantee the health and safety of the customers of the services that it offers, with a claims and grievances management system accessible to all employees via the Internet, where they are required to enter all grievances and incidents notified by customers, while also offering a centralised customer service phoneline for claims and complaints. Such complaints are handled in real time, with both a monthly and a twice-yearly loyalty report being drawn up and shared with the executives of the subgroup, including the action plans implemented.

For its part the **Nuadi** subgroup has implemented a management system certified by the IATF (International Automotive Task Force). This is a fully customer-focused system, with complaints management and customer satisfaction monitoring processes being the key to obtaining certification.

For the **Satlink** subgroup, one of its distinctive strengths is its understanding of its customers' needs This capability is achieved through its proximity to its customers and speed of its response to their requirements, complaints and claims, by means of an open channel of communication, frequent visits and professional service, undertaking installations worldwide and offering a 24x7 telephone support service. The commercial departments also conduct customer satisfaction surveys on a systematic basis, at least once per year.

7. CONTENTS OF NON-FINANCIAL STATEMENTS

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Business model			
Description of the Group's business model	• Description of the business model. • Geographical presence. • Objectives and strategies. • Main factors and trends affecting future development.	GRI 102-2, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-15	2. Business model
Main risks	• Main risks and impacts derived from Group activities, and how they are handled.	GRI 102-11, GRI 102-15	2. Business model
Information regarding environmental issues			
Policies	• Management focus.	GRI 103-2, GRI 103-3	4.1 Information on environmental issues - policies
General	• Effects of company activities on the environment, health and safety.	GRI 102-15, GRI 102-29, GRI 102-31	4.1 Information on environmental issues - policies
	• Environmental certification or evaluation procedures.	GRI 102-11, GRI 102-29, GRI 102-30	4.1 Information on environmental issues - policies
	• Resources dedicated to environmental risk prevention.	GRI 102-29	4.1 Information on environmental issues - policies
	• Application of the principle of foresight.	GRI 102-11	4.1 Information on environmental issues - policies
	• Provisions and guarantees for environmental risks.	GRI 307-1	Note 1 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2019

NON-FINANCIAL INFORMATION STATEMENT

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding environmental issues			
Pollution	• Measures to prevent pollution.	GRI 103-2, GRI 302-4, GRI 302-5, GRI 305-5, GRI 305-7	4.2.1 Energy and climate change
Circular economy and prevention and management of waste	• Measures to prevent and manage waste.	GRI 103-2, GRI 301-1, GRI 301-2, GRI 301-3, GRI 303-3, GRI 306-1, GRI 306-2, GRI 306-3	4.2.2 Sustainable use of resources
Sustainable use of resources	• Water consumption.	GRI 303-1	4.2.2 Sustainable use of resources
	• Raw materials consumption.	GRI 301-1	4.2.2 Sustainable use of resources
	• Direct and indirect energy consumption. • Measures taken to improve energy efficiency. • Use of renewable energies.	GRI 103-2, GRI 302-1, GRI 302-2, GRI 302-4, GRI 302-5	4.2.1 Energy and climate change
Climate change	• Greenhouse gas (GHG) emissions.	GRI 305-2, GRI 305-3	4.2.1 Energy and climate change
	• Measures to adapt to climate change.	GRI 102-15, GRI 103-2, GRI 201-2, GRI 305-5	4.2.1 Energy and climate change
	• GHG emissions reduction targets.	GRI 103-2	4.2.1 Energy and climate change
Protection of biodiversity	• Measures to preserve or restore biodiversity.	GRI 103-2, GRI 304-3	Not material
	• Impacts caused by the activity.	GRI 304-2	Not material

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding social issues and staff			
Policies	• Management focus.	GRI103-2, GRI 103-3	3.1 Information regarding social issues and staff - policies
Employment	• Total number and distribution of employees by gender, age, country and professional classification.	GRI 102-7, GRI 102-8, GRI 401-1, GRI 405-1	3.2.1 Employment and remuneration
	• Total number and distribution of employment contract types.		3.2.1 Employment and remuneration
	• Average annual number of permanent, temporary and part-time contracts, by gender, age and professional classification.		3.2.1 Employment and remuneration
	• Number of dismissals by gender, age and professional classification.		3.2.1 Employment and remuneration
	• Average remuneration by gender, age and professional classification or equal value.	GRI 102-35, GRI 102-36, GRI 201-3, GRI 202-1, GRI 405-2	3.2.1 Employment and remuneration
	• Salary gap.		3.2.1 Employment and remuneration
	• Remuneration of equal jobs or company average.		3.2.1 Employment and remuneration
	• Average remuneration of directors and executives, with gender breakdown.		Note 27 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2019. There were four women members of the Board of Directors during the 2019 financial year.
	• Work switch-off measures.	GRI 103-2	3.2.2 Organisation of working hours
	• Employees with disability.	GRI 405-1	3.2.1 Employment and remuneration

NON-FINANCIAL INFORMATION STATEMENT

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding social issues and staff			
Organisation of work	• Organisation of working hours.	GRI 102-8, GRI 103-2	3.2.2 Organisation of working hours
	• Number of hours of absence.	GRI 403-2	3.2.2 Organisation of working hours
	• Work-life balance measures.	GRI 103-2	3.2.2 Organisation of working hours
Health and Safety	• Health and safety at work conditions.	GRI 103-2	3.2.3 Health and safety
	• Accident rate indicators separated by gender.	GRI 403-2, GRI 403-3	3.2.3 Health and safety
	• Occupational illnesses.	GRI 403-2, GRI 403-3	3.2.3 Health and safety
Labour relations	• Organisation of social dialogue.	GRI 102-43, GRI 402-1, GRI 403-1	3.2.4 Labour relations
	• Percentage of employees covered by collective agreement.	GRI 102-41	3.2.4 Labour relations
	• Overview of collective agreements in the field of health and safety at work.	GRI 403-1, GRI 403-4	3.2.4 Labour relations
Training	• Training policies.	GRI 103-2, GRI 404-2	3.2.5 Training
	• Total training hours by professional category.	GRI 404-1	3.2.5 Training
Accessibility	• Universal accessibility for people with disability.	GRI 103-2	3.2.6 Accessibility and equality
Equality	• Gender equality measures.	GRI 103-2	3.2.6 Accessibility and equality
	• Equality plans.		3.2.6 Accessibility and equality
	• Employment development measures.		3.2.6 Accessibility and equality
	• Sexual and gender harassment protocols.		3.2.6 Accessibility and equality
	• Universal accessibility of people with disability.		3.2.6 Accessibility and equality
	• Anti-discrimination and diversity management policy.	GRI 103-2, GRI 406-1	3.2.6 Accessibility and equality

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding respect for Human Rights			
Policies	• Management focus.	GRI 103-2, GRI 103-3, GRI 412-2	5.1 Ethical conduct and respect for Human Rights
Human Rights	• Application of due diligence procedures.	GRI 102-17, 103-2, GRI 419-1	5.1 Ethical conduct and respect for Human Rights
	• Measures to prevent and handle any possible abuses committed.		
	• Complaints of cases of Human Rights violations.		
	• Promotion and fulfilment of ILO provisions.		5.1 Ethical conduct and respect for Human Rights
Information on combating corruption and bribery			
Policies	• Management focus.	GRI 103-2, GRI 103-3, GRI 205-2	5.2 Anti-corruption and anti-bribery
Corruption and bribery	• Anti-corruption and anti-bribery measures.	GRI 103-2	5.2 Anti-corruption and anti-bribery
	• Measures to combat money laundering.		5.2 Anti-corruption and anti-bribery
	• Contributions to foundations and non-profit entities.	GRI 103-2, GRI 201-1, GRI 203-3, GRI 415-1	6.1 Company commitments to sustainable development

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information about the company			
Policies	• Management focus.	GRI 103-2, GRI 103-3	6.1 Company commitments to sustainable development
Company commitments to sustainable development	• Impact of the company's activity on employment and local development.		
	• Impact of company activities on the local population and region.	GRI 203-1, GRI 203-2, GRI 204-1, GRI 413-1, GRI 413-2	6.1 Company commitments to sustainable development
	• Ongoing relations with local communities.	GRI 102-43, GRI 413-1	6.1 Company commitments to sustainable development
	• Actions for partnership.	GRI 102-13, GRI 203-1, GRI 201-1	6.1 Company commitments to sustainable development
Subcontractors and suppliers	• Inclusion of ESG aspects in the purchasing policy.	GRI 102-9, GRI 103-3, GRI 407-1, GRI 409-1, GRI 414-2	6.2 Subcontractors and suppliers
	• Consideration in the relationship with suppliers and subcontractors of their social and environmental responsibility.		6.2 Subcontractors and suppliers
	• Systems for supervision and audits, and the corresponding results.		6.2 Subcontractors and suppliers

Contained in Act 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information about the company			
Consumers	• Consumer health and safety measures.	GRI 103-2, GRI 416-1, GRI 416-2, GRI 417-1	6.3 Consumers
	• System for handling complaints and grievances received.	GRI 102-17, GRI 103-2, GRI 418-1	6.3 Consumers
Tax information	• Profits earned, by country.	GRI 201-1	Note 22 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2019
	• Profits taxes paid.		
	• Public grants received.	GRI 201-4	No Public Authority grants were received during 2019

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

**Corporación Financiera Alba, S.A.
and Subsidiaries**

Independent limited assurance report on the Consolidated Non-Financial Statement for the fiscal year ended 31 December 2019.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report original/y issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT LIMITED ASSURANCE REPORT

To the shareholders of Corporación Financiera Alba, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Non-Financial Information Statement (NFIS) for the fiscal year ended 31 December 2019 of Corporación Financiera Alba, S.A. and subsidiaries ("Corporación Financiera Alba"), which forms part of Consolidated Directors' Report of Corporación Financiera Alba.

The content of the Directors' Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial, that has not been the subject of our verification work. Accordingly, our work has been limited exclusively to the verification of the information identified in the section "Contents of Non-Financial Statements", which is included in the attached Directors' Report.

Responsibilities of the Shareholders and the Directors

The preparation and content of the NFIS included in the Directors' Report of Corporación Financiera Alba are the responsibility of the Directors of Corporación Financiera Alba. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and following the criteria of the Sustainability Reporting Standards de Global Reporting Initiative (GRI standards) selected, as well as other criteria according to the mention for each matter in the section of the NFIS "Contents of Non-Financial Statements".

This responsibility also includes the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Directors of Corporación Financiera Alba are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, which relates exclusively to the financial year 2019.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements

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(ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Corporación Financiera Alba that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Corporación Financiera Alba personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in 2019 NFIS according to the business, sector and nature of Corporación Financiera Alba's operations, considering the contents required by the mercantile regulations in force.
- Analysis of the processes used to compile and validate the data presented in the 2019 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the NFIS of 2019.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the NFIS of 2019 and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no aspect has been revealed that makes us believe that the NFIS of Corporación Financiera Alba and subsidiaries corresponding to the annual year ended on December 31 of 2019 has not been prepared, in all its significant aspects, in accordance with the contents contained in current commercial regulations and following the criteria of the GRI standards selected, as well as those other criteria described according to what is mentioned for each subject in the section of the NFIS "Contents of Non-Financial Statements" of the 2019 Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

DELOITTE, S.L.

Ignacio Ramirez
March 31st, 2020

This report corresponds to the distinctive stamp no. 01/20/09898 issued by the Spanish Institute of Chartered Accountants.

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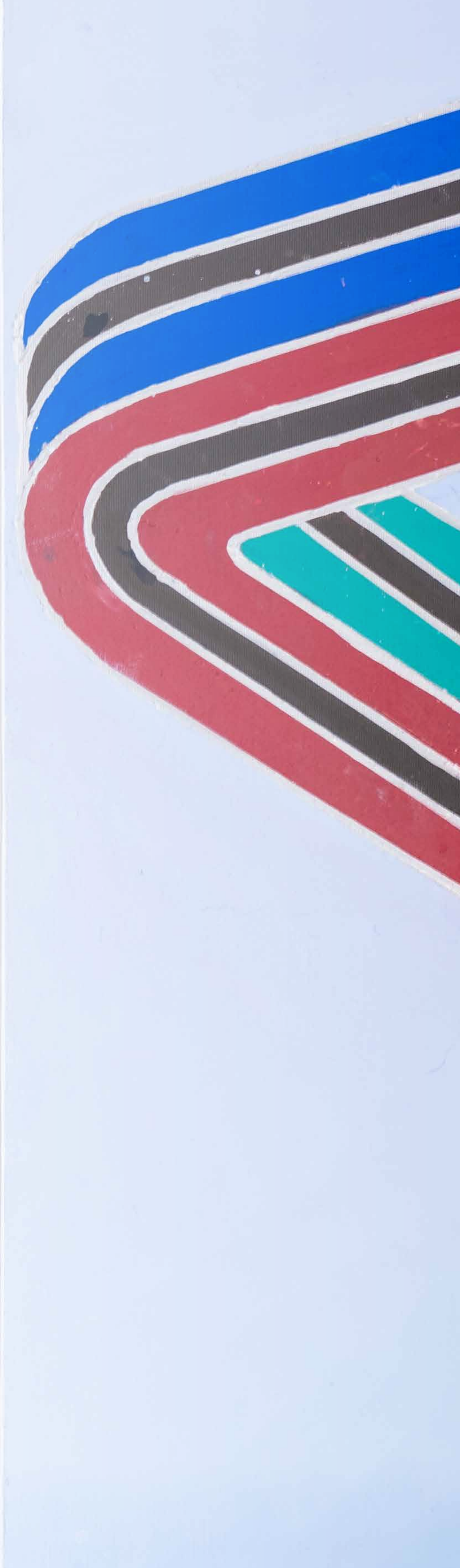
ANNUAL CORPORATE GOVERNANCE REPORT

TO GO TO THE ANNUAL CORPORATE GOVERNANCE REPORT PLEASE CLICK ON THIS LINK

TO GO TO THE AUDITOR'S REPORT ON THE "INTERNAL CONTROL OVER FINANCIAL REPORTING (ICOFR) INFORMATION" PLEASE CLICK ON THIS LINK



REPORT ON ACTIONS
OF THE AUDIT AND COMPLIANCE COMMITTEE FOR THE YEAR 2019

REPORT ON ACTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

I. INTRODUCTION

This report on the functions and activities of the Audit and Compliance Committee of Corporación Financiera Alba, S.A., is prepared following the recommendations on good corporate governance of listed companies and, in particular, those included in the Good Governance Code of Listed Companies, approved by the National Securities Market Commission – Comisión Nacional del Mercado de Valores ("CNMV") – on 18 February 2015, in line with what was already provided for in the Unified Good Governance Code of Listed Companies, approved by the CNMV on 22 May 2006, as well as the CNMV Technical Guide 3/2017, on Audit Committees of Public Interest Entities.

The Audit Committee was created by the Board of Directors on 29 March 2000, following the recommendations of the so-called "Olivencia Code" (Good Governance Code).

Subsequently, Law 44/2002, of 22 November, on Reform Measures of the Financial System ("Financial Law"), established the mandatory existence of this Committee in listed companies and certain requirements related to its composition, powers and standards of operation.

In compliance with the provisions of said Law, Corporación Financiera Alba, SA modified its Bylaws and its Regulations of Board of Directors, setting the Committee's powers and the rules of its operation.

As a result of the approval of Law 12/2010, of 30 June, which amended the Audit Law, the Spanish Securities Market Act, extending the powers of the Audit Committees, the Regulations of the Board of Directors were amended to adapt them to the legal provisions in relation to the Audit Committee, but, in addition, this modification was used to introduce into the Regulations of the Board of Directors the recommendations derived from the document of the National Securities Market Commission regarding "Internal control over financial information in listed companies" (June 2010).

Law 31/2014, of 3 December, which amended the Capital Companies Act to improve Corporate Governance, introduced into the Capital Companies Act – Ley de Sociedades de Capital ("LSC") – Article 529 quaterdecies, relating to the Audit Committee, by including provisions relating to its composition, organisation and functions, which were incorporated to the Regulations of the Board of Directors by means of the amendment agreed on 5 May 2015.

Meanwhile, Law 22/2015, of 20 July, on Account Auditing, modified, by its Final Provision 4, Article 529 quaterdecies of the LSC, relating to Audit Committee, as mentioned , in aspects that mainly affect the composition of this Committee and its functions, and therefore, once it came into effect, the Regulations of the Board of Directors were amended once again, by resolution of 3 May 2016, to reflect these changes and, likewise, the name was changed to the Audit and Compliance Committee (the Board's resolution was reported to the General Shareholders' Meeting held on 8 June 2016, and it was registered in the Mercantile Registry on 15 July 2016).

Finally, following Recommendation number 19 of the Technical Guide of the CNMV 3/2017, on Audit Committees of Public Interest Entities, in 2017 the Board of Directors approved the Regulations of the Audit and Compliance Committee.

II. FUNCTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

In Article 3 of the Regulations of the Audit and Compliance Committee of Corporación Financiera Alba, SA, as well as in the Regulations of the Board, in its Article 22, following the provisions of the Article 529 quaterdecies of the LSC, the following functions are entrusted to the Audit and Compliance Committee, without prejudice to those others that may be assigned by the Board of Directors:

a) Inform to the General Shareholders' Meeting as to any issues raised in connection with those matters that lie within the competency of the Committee, and in particular the results of the audit, explaining how this has contributed to the integrity of financial information, and the function that the Committee performed in this process.

b) Supervise the efficacy of internal control of the Company, internal auditing and risk management systems, and discuss with the accounts auditor any significant weaknesses in the internal control system that might be detected in the development of the audit, all the above without undermining its independence. To this end, and as applicable, they may submit recommendations or proposals to the governing body, and the corresponding period for the follow-up thereof.

c) Supervise the process of preparation and presentation of the required financial information, and present recommendations for proposals to the governing body in order to safeguard its integrity.

d) Submit to the Board of Directors proposals for the selection, appointment, re-appointment and replacement of the accounts auditor, taking responsibility for the hiring process, in accordance with the provisions of Article 16 Sections 2, 3 and 5, and Article 17.5 of Regulation (EU) No. 537/2014 of 16 April, and the terms and conditions of their recruitment and to obtain regular information from them on the audit plan and its implementation, while preserving their independence in the performance of their duties.

e) Establish the appropriate relations with the external auditor to receive information on those issues that may pose a threat to their independence, for examination by the Committee, and any others related to the process of carrying out the audit of accounts, and, where appropriate, the authorisation of services other than those prohibited, under the terms set out in Articles 5, Section 4, and 6.2.b) of Regulation (EU) No. 537/2014, of 16 April, and as foreseen in Section 3 of Chapter IV of Title I of Law 22/2015, of 20 July, on the Auditing of Accounts, on the independence regime, as well as those other communications provided for in the account auditing legislation and in the auditing standards. It must in all cases each year receive from the external auditors the declaration of their independence with regard to the organisation or organisations directly or indirectly related to it, in addition to detailed and individual information on additional services of any class that are provided, and the corresponding fees received from said organisations by the external auditor or the persons or entities related to it, in accordance with the provisions of the regulations governing accounts auditing operations.

f) Issue each year, prior to the issuance of the accounts auditing report, a report stating an opinion as to whether the independence of the accounts auditor or auditing firms has been compromised. This report must in all cases contain the evaluation of the performance of each and every one of the additional services referred to in the above section, taken

individually and as a whole, other than the legal audit, and with regard to the regime of independence or the regulations governing accounts auditing operations.

g) Report to the Board of Directors in advance as to all matters set out in Law, the Corporate Bylaws and the Board Regulation, and in particular with regard to:

 1.º the financial information that the Company is required periodically to publish,

 2.º the creation or acquisition of stakes in special-purpose vehicles or any domiciled in countries or territories classified as tax havens and

 3.º operations with related parties.

h) Supervise compliance with the rules of corporate governance, the internal codes of conduct and the corporate social responsibility policy.

III. COMPOSITION

The Audit and Compliance Committee is an internal body of the Board and, therefore, is composed of Directors of the Company. The members are appointed by the Board of Directors and, in accordance with the provisions of the LSC, following the amendment made by Law 22/2015, of 20 July, all the members of this Committee must be external or non-executive directors, the majority of whom must be independent directors and at least one of whom must be appointed on the basis of his or her knowledge of accounting and/or auditing matters. As a whole, the members of the Committee must have the relevant technical knowledge in relation to the sector of activity to which the Company belongs.

The Chairman of the Committee must be an independent Director and, in accordance with the provisions of the Law and the Company Bylaws, the Chairman must be replaced every four years and may be re-elected after a period of one year has elapsed since his removal.

The composition of the Audit and Compliance Committee of Corporación Financiera Alba complies with the legal requirements, since it is made up of three Directors, and all of them are independent.

REPORT ON ACTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

The composition of this Committee as of 31 December 2019 was as follows: Ms. Ana María Plaza Arregui, as Chairperson, and Ms. Claudia Pickholz, and Ms. María Eugenia Girón Dávila, as Board Members. All of its members have the status of Independent Directors, with Ms. Plaza having been appointed in 2019, Ms. Pickholz in 2016 and Ms. Girón in 2018. Mr. Carlos González Fernández was also a member of the Audit Committee up until 17 June 2019.

In accordance with the recommendations of the Unified Good Governance Code of Listed Companies, the information on the profile of all the Directors of Corporación Financiera Alba is made available on the Company's website. In accordance with the recommendations of CNMV Technical Guide 3/2017, we would highlight that Ms. Plaza has considerable experience in the world of auditing and financial management at companies in a range of sectors, both nationally and internationally, along with extensive knowledge of the field of technology, that Ms. Pickholz has held management positions at major multinationals in a range of sectors, in particular with responsibilities in the areas of marketing and strategy, and that Ms. Girón has considerable experience in the world of business, strategy design, brand building, international growth and sustainable development.

IV. FUNCTIONING AND ACTIVITY

The internal functioning of the Audit and Compliance Committee is governed by the provisions of Article 47 of the Bylaws and by the provisions of Articles 29 to 34 of the Regulations of the Board and Articles 12 to 18 of the Regulations of the Audit Committee and Compliance, which regulate everything related to its meetings, calls, quorum, adoption of resolutions, minutes, relations with the Board, with the Company's Management, and with the auditor and the internal auditor, and the powers to request information on any aspect of the Company and to seek the advice of external professionals.

During the year 2019, the Audit and Compliance Committee held seven meetings, in which it worked, within the functions mentioned above, in the areas indicated below, and for which it had the necessary information and documentation at its disposal:

- Review of the periodic financial information to be submitted to the National Securities Market Commission.

- External audit of the financial statements and relations with the external auditors.

- Risk identification and internal control system.
- Internal audit.
- Review of non-financial information.
- Compliance with the legal provisions and internal regulations.

The meetings of the Audit and Compliance Committee were attended, by invitation, by the external and internal auditors, the Chief Financial Officer and the Company's risk managers, to discuss the items on the agenda that were their responsibility. As for the external auditors of the Company, they have been invited to participate in four meetings. As for the internal auditors, in 2019 they were invited to participate in three sessions of the Audit and Compliance Committee.

In connection with the management of risks that may affect the Company, the Audit and Compliance Committee regularly includes a point in the agenda of its meetings dedicated to this matter, either to conduct the relevant monitoring of risks or to have the person in charge of this area within the Company present the this to the Committee. During 2019, all their meetings addressed issues related to the management and monitoring of risks.

At the end of each year, the Audit and Compliance Committee approves its Activities Schedule for the next year, in relation to the areas mentioned above and follows these up accordingly.

a) Review of periodic financial information

In relation to the periodic financial information, the Audit and Compliance Committee has analysed, prior to its presentation, the quarterly and half-yearly financial information sent to the National Securities Market Commission, and are made public, as well as the complementary information leaflets that are published, in accordance with the requirements established by Royal Decree 1362/2007, of 19 October (modified by Royal Decree 875/2915, of 2 October), and by CNMV Circular 1/2008, of 30 January (modified by Circular 5/2015, of 28 October).

This analysis is carried out by the Company's Chief Financial Officer, who is responsible for the preparation of the information mentioned above, in order to explain to the Commission the accounting process followed to prepare said financial information, and the decisions and criteria adopted.

The Commission gave its approval to this information, after the introduction of certain suggestions raised by it.

A meeting was also held to examine the Financial Statements prior to their preparation by the Board of Directors.

Finally, in accordance with the provisions of recommendation 43 of the CNMV 3/2017 Technical Guide, the Committee ensures that the financial information published on the company's website is up to date and in line with that prepared by the Board of Directors and made public.

b) External audit of the financial statements and relations with the external auditors

As regards the External Audit, it is worth mentioning that the Auditors attended the meetings of the Committee at which they examined the financial information corresponding to the close of the 2018 financial year and the Financial Statements for said year. The External Auditors reported at length to the Committee, as they did at the Board meeting in which annual accounts were drawn up, on their auditing work performed, the most important issues raised and the criteria followed. In particular, the Financial Statements were the subject of an unqualified report, without any significant risks being detected in the Company, and the internal control of the Company was considered adequate.
The external auditors were assisted in the performance of their duties by the persons responsible within the Company. The planning of the audit work for 2019 was also explained.

External auditors submitted to the Audit and Compliance Committee the limited review of the financial statements in the first half of 2019 and the audit planning for the fiscal year 2019.

In addition, and in accordance with the provisions of Article 529 quaterdecies of the Capital Companies Act, the Audit and Compliance Committee received written confirmation from the auditors of their independence from the related entity or entities and issued a report expressing its opinion on the independence of the auditors.

c) Risk identification and internal control system

With regard to the risk identification and internal control system, it should be noted

that the Finance Department is in charge, within the Company, of the internal control of the same, which has a series of operating rules that establish the internal control criteria. These standards refer, among other matters, to: Accounting and Reporting, Investments and Disinvestments, Short-Term Investments; Management of Real Estate and Accounts Receivable; Accounts Payable and Relations with the CNMV, Cash Management Placements, Granting and Revocation of Powers of Attorney.

The Audit and Compliance Committee has powers in this area and evaluates whether the Company has the adequate organisation, personnel and processes to identify and control its main operational, financial and legal risks, and is authorised to investigate any aspect of the risk identification system and internal control that it considers appropriate.

In this regard, in the Additional Report that the auditor submitted to the Audit and Compliance Committee for the year 2018, it was stated that while undergoing the risk assessments due consideration was given to the internal control with regard to the Company's preparation of their annual accounts and the accounting system, in order to design adequate auditing procedures and not to express an opinion on the effectiveness of the internal control of the Company. However, it was noted that there were no internal control deficiencies assessed as significant or which needed to be reported to the Company.

Likewise, in 2015, following the recommendations of the Code of Good Governance of Listed Companies, the Board of Directors, at the proposal of the Audit Committee, resolved to establish a Risk Control and Management Unit as an advisory and control body at the service of the Audit Committee, independent of the business, and aimed at ensuring the establishment of adequate control and efficient and prudent risk management. The Risk Control and Management Function Statute was approved by the Board of Directors on 26 October 2015 and, in addition, a Risk Management Methodology and Monitoring Model have been adopted.

The Company has in this regard defined an Integrated Risk Management System with the following key functions: allow the identification and proactive and efficient evaluation of risks at the Company level, and the constant monitoring and follow-up thereof; integrate, coordinate and direct the various efforts being made by the Company in the field of risk management; allow responsible risk acceptance to be obtained, and underpin the responsibility of Company employees; ensure that the control systems are aligned with the real risks facing the Company; facilitate and streamline the application of corrective measures.

This Integrated Risk Management System has been implemented to mitigate the risks to which the Group is exposed, given the nature and degree of complexity of its operations and the environment in which it operates, and it consists of three key elements:

- The continuous process of risk management, understood as those activities carried out by all the people of the Company focused on identifying potential risk events that may affect them, managing the risks identified, and providing reasonable assurance on the achievement of the Company's objectives. In this regard, the Company's Risk Map has also been reviewed in order to confirm that it continues to represent the company's risk profile.

- An organisational approach with clearly defined roles and responsibilities, to ensure that although integrated risk affects and involves all staff of the Company, the main participants are: the risk supervisors, the Risk Management and Control Unit, the Audit and Compliance Committee and the Board of Directors.

- A monitoring model, which defines and provides the necessary and timely information so that all participants in the risk management process can make informed decisions regarding the same.

The Audit and Compliance Committee, as part of this Integrated Risk Management System, is responsible for supervising the effectiveness of the Company's internal control, internal audit and risk management systems, assessing whether the Group has adequate organisation, personnel, policies and processes to identify and control its main risks and, in particular, operational, financial, non-financial and legal risks.

In relation to risk management processes, in addition to the Risk Control and Management Unit mentioned above, Corporación Financiera Alba has compliance processes, which are mentioned below, as well as the Internal Audit Service, to which reference has already been made.

In 2019, two Business Risk Monitoring Reports were prepared and presented (corresponding to the second half of

2018 and the full year and the first half of 2019, respectively), in accordance with the approved Risk Management Methodology and Monitoring Model. These Reports examine the aggregate risk situation and the individual analysis of the risks (the ten most critical risks, according to the Risk Map, reviewed in October 2017). To assist in their preparation, meetings are held with those responsible for the risks, the defined controls and indicators are checked, and the assessment being monitored is reviewed and analysed. The conclusion drawn from the Reports is that the controls have been effective (although some did not apply during the stated periods), and those indicators requiring some attention gave rise to the relevant explanations or clarifications being obtained, with special action plans being proposed to increase the level of safety in certain fields.

Mention should lastly be made within this area of the review and analysis conducted together with the various risk owners as to the risk assessment (impact and probability), so as to ascertain if this remained valid during the year in question, essentially on the basis of the types of risk, the assessment scale, the inherent risks of the group (with regard to control activities), residual risks (after the controls) and a comparison with the inherent and residual risks noted in 2017. Following this analysis, the conclusion reached was that it should be convenient to update the critical risks (inherent and residual) in order to align them with the current situation of the Company, with the new Risk Map being approved.

d) Internal Audit

In 2011, and following the recommendations of the CNMV document "Internal Control Over Financial Information in Listed Companies" (June 2010), the Audit Committee proposed, and the Board of Directors agreed, to establish an Internal Audit service as an instrument for the better development of the functions entrusted to the Board of Directors and the Audit Committee, in relation to the control and management of risks and the monitoring of the internal information and control systems. The person in charge of this service was also appointed and it was decided that an audit firm would support the performance of the Internal Audit functions. In May 2019 the Audit and Compliance Committee resolved to issue a favourable report as to the internal audit function being entrusted to the firm Deloitte Advisory, S.L., to be coordinated with the Company by the General Secretary, answering to this Committee, said approach being approved by the Board of Directors. This contributes to the independence of internal audits.

In relation to the internal audit, it is worth mentioning that it has a Statute approved by the Board (the last one, by agreement of 27 February 2017), which has drawn up a Risk Map of the Company, (at the inherent and residual level and as regards the degree of effectiveness of internal control) – which has already been reviewed four times, most recently in 2019 – and which follows the Business Plan approved by the Audit and Compliance Committee.

In 2019, in accordance with the Internal Audit and Compliance Plan that was submitted to the Audit and Compliance Committee, some internal procedures were audited, no significant issues were found, and suggestions for improvement were made for some of them.

Likewise, during the 2019 financial year the Committee registered its approval of the new version of the Company's Manual for the Internal Financial Reporting Control System (the 'Sistema de Control Interno de la Información Financiera', or 'SCIIF'), resulting in an update and simplification of the Manual approved in 2013 in line with the reality of the Alba Group, taking into account information set out in subsection F of the Annual Corporate Governance Report (the 'Informe Anual de Gobierno Corporativo', or 'IAGC', in its new configuration established by CNMV Circular 2/2018). During this financial year these provisions were followed and reported to the Audit and Compliance Committee, which in turn informed the Board of the outcome of the internal audits and compliance with the SCIIF.

e) Review of non-financial information

The Audit and Compliance Committee has overseen the Corporate Social Responsibility Policy and in this area, pursuant to Recommendation 55 of the Code of Good Government of the Listed Companies, since 2016 the Company has been reporting on corporate social responsibility issues through the Sustainability Annual Report, which is reported by the Audit and Compliance Committee prior to its approval by the Board of Directors and made available to the convening of the General Shareholders' Meeting.

By Law 11/2018 of 28 November on non-financial information and diversity, applying to the fiscal years started on 1 January 2018, several precepts of the Spanish Commercial Code, the Capital Companies Act and the Audit Law were changed, entering the obligation to include a non-financial information statement if the companies met a number of requirements.

In 2018 Alba did not meet the requirements imposed to formulate a non-financial information statement, and so for said financial year it published its Sustainability Report, on which the Audit and Compliance Committee issued a favourable opinion.

The 2018 Sustainability Annual Report, to a large extent, although the Company is not obligated to do so, compiles the content of the non-financial information required by the regulations reviewed. In accordance with the terms set out in the applicable regulations, the Sustainability Report refers to:

- The business model, and specifically the principles of the Alba Investment Policy, which were amended in 2017 in order explicitly to include the condition that its investee companies must comply with the highest standards of transparency, corporate governance, and Corporate Social Responsibility in general.
- The alignment with international sustainability standards, encouraging investees to identify the various Sustainable Development Goals (SDGs).
- Alba's commitment to its stakeholders and the channels for dialogue with them.
- Its commitment to shareholders and investors through the good governance, ethics and values of Alba, the management and control of non-financial risk, and regulatory compliance.
- Its commitment to employees through job stability, health and safety policies, professional development and talent retention.
- Its commitments to society: by encouraging its investees to measure their carbon footprint and to take part in the Carbon Disclosure Project, through appropriate management of waste, electrical energy, water and paper, and also the social impact of their operations through social and artistic initiatives and the promotion of financial education.

The Sustainability Annual Report also describes the Corporate Policies that apply and management and control of non-financial risks.

The Sustainability Annual Report is compiled in accordance with the ten principles of the UN Global Compact, to which Alba is signatory since 2015, and is based on one of the world's most widely used global regulatory frameworks, as is the Global Reporting Initiative (GRI).

In the 2019 financial year Corporación Financiera Alba, S.A. fulfilled for the first time the requirements imposed by the aforementioned Law 11/2018, and it will therefore be obliged to include the Non-Financial Information Statements in its annual accounts, replacing the Sustainability Report presented in previous financial years.

f) Regulatory compliance and other aspects

With regard to compliance with the legal system and internal regulations, a more detailed statement is made than in the previous points, since, in accordance with the provisions of both the Regulations of the Board of Directors and the Regulations of the Audit and Compliance Committee (Articles 26.c and 9.c, respectively), the Audit and Compliance Committee must prepare a report on this matter.

Internal regulations

First of all, it should be pointed out that the Company, in order to ensure compliance with the applicable regulations, has an appropriate organisation, which includes a Legal Department, a Tax Department and a Finance Department, each of which, in its own area of competence, ensures compliance with current regulations (external and internal). Likewise, within the scope of the Board, its Regulations provide that the Secretary shall be responsible for ensuring the formal and material legality of its actions, for the statutory regularity thereof and for compliance with its procedures and rules of governance.

In this regard, during the 2019 financial year the Committee completed the tasks required to adapt to the new Law 11/2018, of 28 December 2018, with regard to non-financial reporting and diversity.

On the other hand, one of the functions of this Committee is to ensure the existence of an effective internal system to monitor the Company 's compliance with the laws and regulations governing its activity, and to verify that the necessary procedures have been established to ensure that the

management team and the employees comply with the internal regulations. It should also be noted that the meetings of the Committee are attended, when required and at the invitation of the Chairman, by the Chief Financial Officer responsible for the Company's internal control, who reports on developments relating to this matter.

In addition, as indicated above, the Company has an Internal Audit Service and a Risk Control and Management Unit, and a Risk Management Methodology and Monitoring Model have been adopted.

In the same sense, in 2016 the Company formalised and implemented a function of the Compliance Regulation, and in terms of health and safety it has a Crime Prevention Manual since 2015. More detailed information is provided in later sections of this Report.

The Company currently has in place the following Policies as indicated in the various provisions or corporate good governance recommendations: Corporate Governance Policy; Corporate Social Responsibility Policy; Communication Policy; Dividends Policy; Treasury Stock Policy; Investments Policy; Tax Policy; Board Remuneration Policy; Directorial Candidate Selection Policy; Risk Management Policy; and Criminal Risk Prevention and Anti-Fraud Policy. These Policies are periodically reviewed in case they might need to be amended. During the 2019 financial year, following a report by this Committee the Corporate Governance Policy, the Risk Management Policy and the Corporate Social Responsibility Policy were updated, replacing those approved on 26 October 2015. The Appointments and Remunerations Committee also issued a report prior to the update to the Board Remuneration Policy and the Directorial Candidate Selection Policy.

In 2017, the Audit and Compliance Committee approved a Policy for the Provision by the External Auditor of Services other than Statutory Audit, in accordance with the provisions of article 529 quaterdecies 4. e) of the Law on Capital Companies, as amended, which entered into force on 17 June 2016.

As regards the existence of internal procedures, as mentioned above, the Company has a series of operating rules that establish the internal control criteria, as well as the Manuals of the Internal Control over Financial Reporting System, Risk Management Methodology and Monitoring Model, and Crime Prevention.

A new Code of Ethics and Conduct was approved in 2018, taking into account in particular the evolution of the legal regulations regarding the liability of legal entities. In addition, given the importance of internal reporting channels, an annex to the Code of Ethics and Conduct approved in 2018 is now included, which outlines a more detailed procedure for handling reports that allows you to communicate, in a confidential manner, any acts or conduct committed that may be contrary to applicable regulations or the Code of Ethics and Conduct within the company, in the performance of third parties that are in contract with the company or to its detriment. During 2019 there were no grievances reported.

In addition, since 2016, the Company has had Internal Rules of Conduct related to the Securities Market, aligned with market abuse regulations.

Regulatory compliance

In addition to the internal regulations mentioned in the previous paragraphs, Corporación Financiera Alba, as a complement to other actions that have been carried out in recent years to adapt to new requirements and best practices in corporate governance matters (such as, for example, the Internal Audit Service, the Financial Information Control System, the creation of the Risk Control and Management Unit, or the development of a crime prevention model and manual), in 2016, carried out the formalisation and implementation of a Regulatory Compliance function within the General Secretariat in order to coordinate, systematise and monitor the different actions and efforts it had been making in this area, with the collaboration of external consultants.

The purpose of this function is to provide reasonable certainty that Alba complies with its key legal and regulatory requirements, with the following actions being taken to this end: (i) the main legislative and regulatory obligations that must be fulfilled by the Company have been identified; (ii) a compliance model has been designed (with activities and tasks to be performed, dates and owners); and (iii) a monitoring and follow-up model has been established for Compliance activities, with early warnings and twice-yearly reviews, so as to avoid potential breaches.

In the monitoring reports, the identified requirements are verified, with details of which have been met, those that have not

been applied, and, where appropriate, the opportunities for improvement.

During 2019, the Regulatory Compliance Monitoring Reports for the second half of 2018 and the full year were prepared, as well as for the first half of 2019. The last of these confirmed that, with regard to the 74 requirements identified, 60 of them were fulfilled, 11 were not applicable during the half-year in question as they were connected with transactions that did not take place during the period, while 3 were not applicable because they correspond to the Spanish Data Protection Law, which has been replaced by the General Data Protection Regulation, and will be updated.

In 2018, in a further step of action and compliance culture in the Company's activity, with the favourable report of the Audit and Compliance Committee, the Company's Board of Directors approved the Regulatory Compliance Function Charter, and mandated the Secretary of the Board of Directors for Management of the Regulatory Compliance Unit, reporting to the Audit and Compliance Committee and with the external collaboration of Ernst & Young, S.L., from May 2019 onwards.

Crime Prevention

As a result of the regulations on the criminal liability of legal persons, especially following the reform of the Criminal Code by Organic Law 1/2015, a new Manual on Crime Prevention was approved (26 October 2015) and, during 2015 and 2016, various initiatives were launched, particularly regarding the application of the new corporate regulations and the means of monitoring, detection and response. In this respect, monitoring reports have been drawn up analysing various risks and their controls in accordance with the strategic plan and the annual plan, and general compliance with them has been observed and only a few recommendations have been made.

In 2019, the effectiveness of the Crime Prevention Model was monitored accordingly, with two reports being submitted, one for the full year 2018 and another in the first half of 2019, resulting in an overall situation of compliance regarding the risks analysed, with some recommendations being put forward. The Audit and Compliance Committee has considered the monitoring to be satisfactory.

Related-party operations

In addition, within this area of regulatory compliance, reference should also be made to the examination of transactions with Directors, significant shareholders or their representatives, or persons linked to them, or with investees ("transactions with related parties"), which have been reported favourably, as they meet the conditions for doing so. In addition, in accordance with the provisions of the Good Governance Code of Listed Companies (recommendation 6), the Audit and Compliance Committee approved a report on the aforementioned transactions with related parties and published it on the Company's website.

Other

The Audit and Compliance Committee also examined the draft Annual Corporate Governance Report, which was subsequently approved by the Board of Directors, and the monitoring reports prepared by the control bodies of the Internal Rules of Conduct, the Code of Ethics and Conduct and the Crime Prevention Manual on the actions taken to comply with them.

Specific mention should be made of the monitoring of tax risk, which prompted the Audit and Compliance Committee to examine the Company's tax situation with reference to its tax obligations in general, the most significant aspects with regard to Corporation Tax, VAT and local taxes, and compliance with the various reporting obligations.

With respect to the communications with the National Securities Market Commission (CNMV), which include the communications of financial information, relevant events and other requests for information, all the necessary communications were made during the year.

Lastly, the Audit and Compliance Committee registered its approval of the new Corporación Financiera Alba, S.A. website, updated and modified during the first quarter of 2019 to refresh its image, align it with technical developments, and offer improved accessibility from the various devices available. The new website complies with the provisions of CNMV Circular 3/2015, of 23 June 2015, and is fully aligned with the provisions in force.

The Audit and Compliance Committee has kept track of the functionality of the website. In this regard, during the 2019 financial year a "white-hat hacking" report into the new website was conducted in order to ascertain its reliability and level of security.

Assessment of the External Audit, the Internal Audit and the Audit and Compliance Committee

Following the Recommendation 71 of the CNMV Technical Guide 3/2017, the Audit and Compliance Committee evaluated the external auditor, reviewing its submissions to the Committee and the various reports issued, with consideration given to the fact that during 2018 the external auditor successfully completed its role in compliance with the Plan established for the year, without any incidents and contributing to the integrity of the Company's financial information.

In connection with the internal audit, and following Recommendation 58 of the CNMV Technical Guide 3/2017, the Committee has assessed this area of the Company, and in view of the work submitted and the Annual Report of the Internal Audit Service, it has considered that during 2018 the Internal Audit Service successfully completed its function, meeting the objectives of the Plan established for the year and no incidents occurred. In addition, the Internal Audit Officer has been deemed to have properly performed his role.

Following Recommendation 76 of the CNMV Technical Guide 3/2017, as part of the Board's annual assessment (compiled in the Board's Evaluation Questionnaire and its Evaluation Report), the Audit and Compliance Committee evaluated its performance in 2019. The Board's Evaluation Questionnaire contained the opinion of all Directors on the performance of this Committee, informing the Board of the assessed aspects and the outcome thereof. The assessment of the Audit and Compliance Committee has not resulted in any changes to the internal organisation and procedures of the Company.

V. CONCLUSIONS

In view of the foregoing, the Audit and Compliance Committee considers that the Company has an adequate organisation and a sufficient regulatory framework to ensure satisfactory compliance with the regulations, and that effective compliance by the Company with the external and internal regulations applicable to it, as well as the provisions and recommendations on good corporate governance, is satisfactory.

In addition, it considers the Company to have adequate mechanisms for the Audit and Compliance Committee to properly exercise the functions it has legally assigned and in the internal regulations of the Company, in connection with periodic reporting of financial information, the external audit, internal audit, non-financial information and the internal control and risk identification systems, and that compliance on behalf of the Company in relation to these matters is satisfactory.

ANNUAL REPORT ON REMUNERATION OF DIRECTORS

TO GO TO THE ANNUAL REPORT
ON REMUNERATION OF DIRECTORS
PLEASE CLICK ON THIS <u>LINK</u>

PROPOSED RESOLUTIONS

PROPOSED RESOLUTIONS

The Board of Directors of Corporación Financiera Alba, S.A. submits to the Annual General Shareholders' Meeting the following proposal of resolutions for its consideration:

1. Approval of the annual accounts, both individual and consolidated, for the financial year ending 31 December 2019.

2. Approval of the management by the Board of Directors during the same financial year.

3. Approval of the Statement of non-Financial Information, for the financial year ending 31 December 2019.

4. Approval of the distribution of profit and payment of dividends proposal.

5. Re-election of Directors and category. 5.1. Re-election of Mr. Carlos March Delgado, as Proprietary Director. 5.2. Re-election of Mr. Juan March de la Lastra, as Proprietary Director. 5.3. Re-election of Ms. María Eugenia Girón Dávila, as Independent Director. 5.4. Re-election of Ms. Claudia Pickholz, as Independent Director

6. Re-election of KPMG Auditores, S.L. as the external auditor of the company and its consolidated Group for the financial years 2020, 2021 and 2022.

7. Modification of the Company Bylaws (Article 22, concerning the announcement of the General Meeting).

8. Modification of the Regulations of the General Shareholders´ Meeting (Article 8 "Attendance", Article 14 "Voting", and Article 18 "Announcements").

9. Approval, in an advisory capacity, the Remuneration Report of the Board of Directors for the year 2019.

10. Approval of the amendment Directors´ Remuneration Policy.

11. Approval, pursuant to Article 219 of the Spanish Corporate Enterprises Act and Article 39 of the Bylaws, of a variable remuneration based on the evolution of the net asset value of the Company, for the executive directors and personnel determined by the Board of Directors, in order to bind them directly to the shareholder value creation process.

12. Authorisation for the acquisition of treasury stock, within the maximum limits permitted at a given time and in compliance with the requirements established in the Spanish Corporate Enterprises Act, and the use of the shares acquired by virtue of this authorisation and prior authorisations, for the allotment of remuneration plan of executive directors, executives and employees consisting of the delivery of shares or options thereon, and authorise the Board of Directors to reduce the share capital, where applicable.

13. Authorisation to the Board of Directors to execute the resolutions adopted at the General Meeting.

14. Approval the minutes of the General Meeting.

ENRIQUE SALAMANCA

Cadiz 1943

Always in the mirror
Always moving from illusory space to real space
Always time, light, sound

The plastic works that bind me to the Fundación Juan March began with the artistic work performed for the grant received in 1975, with the creation of the interactive touch and sound environment. Since then I have donated my work "End of Space", from 1972, kinetic movement in stainless steel, which is currently in the exhibition hall of the Fundación Juan March in Palma de Mallorca.

In 2017 I created a new work based on an interactive touch and sound environment that I prepared for the sonic art exhibition, which I have also donated to the Fundación Juan March.

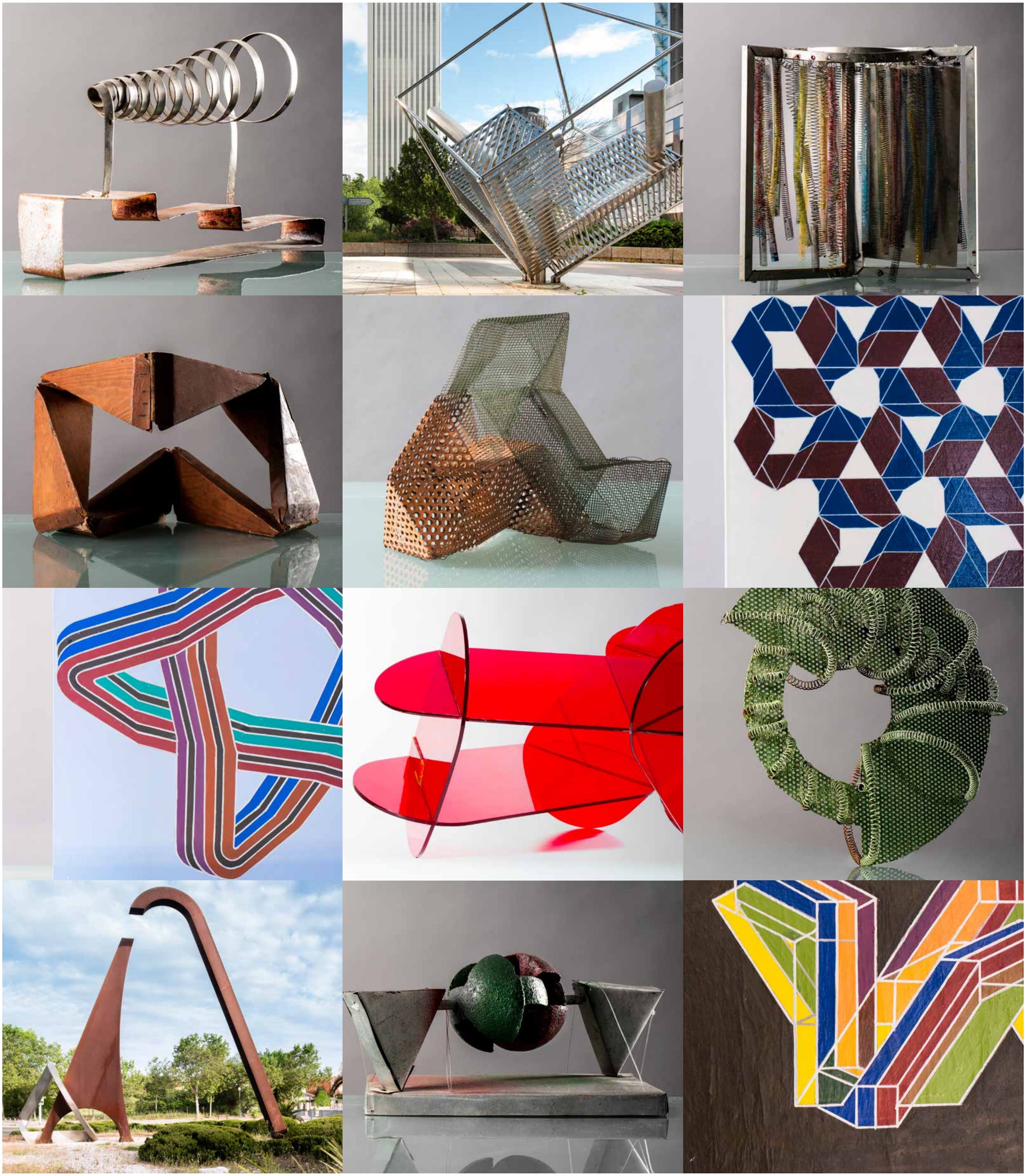
The journey undertaken by my artistic work since 1967 relates to optical art, mathematics and topology of Moebius, with the appearance of flat geometric shapes and periodic structures, with repetition of simple elements, series, modules, calculus, the use of complementary colours, etc.

The study undertaken to formulate my plastic creation is a series of works related to sculpture, which for me have taken a spatial approach to our perceptions of the world under the genus of time and space. The evolution was a transitioning to three-dimensional shapes and kinetic-light modalities, where the repertoire selection reflects the actual movement. At the same time, many kinetic works in mirrored stainless steel can be considered optical, as their actual movements produce numerous optical effects. The existence of a new element in plastic arts, kinetic rhythms, are the essential forms of our perception of real time.

The relationship of colour in the projects and drawings shows that colour is accidental and has nothing in common with the internal content of bodies. I explore the tone of bodies, that is, their material substance, absorbing light, allowing me to affirm depth in the material, the unique shape of space.

I believe the artist should work with all kinds of materials, whether it's noise in music, street-talk in poetry, iron and aluminium in artistic industry or circus tricks in the theatre. The truly urban responses are public sculptures, in some of which I let water stand out as an architectural column in order for the citizen to understand current art through that piece of work. The basic idea is to create public art based on a pre-selected place, conferring on the context a social, communicative and functional aesthetic meaning that acts as a meeting point.

Enrique Salamanca
Madrid 2020



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