miquel y costas & miquel, s.a.

INTERMEDIATE STATEMENT

1st QUARTER OF 2018

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INTERMEDIATE STATEMENT
FIRST QUARTER 2018 RESULTS

The results and the others financial figures, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as adopted by the European Union, and the Parent Company, in accordance with the General Accounting Plan approved by the Royal Decree 1514/2007 of 16th November, in both cases the results are compared to those of the same period of the previous year.

MAIN HIGHLIGHTS

We present below the main economic and financial data relating to the Group Miquel y Costas of the first three months of the year 2018, and compared with the previous year all them expressed in thousands euros.

Profit and Loss

Thousand Euros	1st Q 2018	1st Q 2017	Variation
Sales	63,826	60,483	5.5%
EBITDA[1]	16,564	15,862	4.4%
Operating Profit	12,631	12,183	3.7%
Profit before tax	12,941	12,836	0.8%
Profit after tax	9,902	9,821	0.8%
Cash-flow after tax[2]	13,835	13,500	2.5%

EVOLUTION OF RESULTS

First quarter consolidated net sales has amounted to EUR 63.8 million, representing an increase of EUR 3.3 million in comparison with the ones obtained in the same period of the previous year.

The growth of sales is a consequence of the increase in the line of business of industrial products, both in terms of pulps and special papers, as well as of the tobacco industry line, due to the greater volume and mix of product sold, despite taking place in an environment with a weak US dollar.

As regards the distribution of sales, exports increased by 5.7% standing at 90.4% of total sales

During the first quarter of this year, the Parent Company achieved a sales figure EUR 43.7 million, 3.3% higher than in the same period of the previous year, due to the higher volume sold and the best product mix.

[1] Gross operating result, plus depreciation and provisions
[2] Profit after tax plus amortization and provisions

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Consolidated net income after taxes was EUR 9.9 million, slightly higher than the result to the first quarter of 2017. Both the tobacco and industrial products business line have increased their results, the latter being which has again had the greatest increase.

The improvement of the results is explained by the volume of sales, by the mix of products, by the price increases and by the control of the costs. By product lines, in the tobacco industry the improvement comes from the greater participation of higher margin products as well as improvements in production processes, as a result of the start-up of investments made in 2017. In the industrial products sector, the increase is based on greater activity and, to a lesser extent, due to the increase in sales prices. These measures are designed to compensate the rise in prices of raw materials that are in an episode of inflation, mainly in cellulose pulps, but also other raw materials are suffering, as well as the weakness of the dollar in its exchange with the euro. However the measures adopted, these factors have caused lower unit profitabilities from those of the previous year.

The estimated effective tax rate for the period is 23.5%, that the same to the first quarter of 2017.

The net income of the parent company amounted to EUR 7.5 million, which is a slight increase compared to the Consolidate net income at the end of the first quarter to the previous exercise.

Balance Sheets

Thousand Euros	31/03/18	31/12/17
Net fixed assets[3]	146,235	147,008
Working capital requirement[4]	75,870	65,045
Other non current assets/(Liabilities)	(2,388)	(2,594)
Capital employed	**219,717**	**209,459**
Equity	264,222	254,184
Net financial debt[5]	(44,505)	*(44,725)

The operating funding requirements variation is explained by the increase in commercial debt due to the higher volume of sales, and the increase in inventories and tax advances.

[3] . Intangible fixed assets and property, plant and equipment minus depreciation.
[4] Inventories plus trade and other receivables less short-term provisions, trade and other payables and short-term accruals
[5] Current and non-current financial assets, cash and cash equivalents less short-term and long-term financial debt.

Financial Rates

Thousand Euros	31/03/18	31/12/17
Net financial debt [a]	(44,505)	*(44,725)
Net equity [b]	264,222	254,184
Leverage ratio [a/b x 100]	(16.8%)	(17.6%)

(*) After issuing the last half year report in which a total net financial position was presented for a debit balance to EUR 39,466 thousand, the valuation of financial assets on equity instruments has been carried out based on their fair value, which has led to the a positive adjustment to EUR 5,259 thousand, which added to the previous amount increases said net debit position to EUR 44,725 thousand, as shown in the balance sheet.

FINANCIAL POSITION

The cash flow after taxes has exceeded by EUR 0.3 million the one obtained in the first quarter of 2017, reaching EUR 13.8 million.

The resources generated have been mainly applied to investments in fixed assets, for an amount of EUR 3.1 million, and acquisitions of treasury stock, amounting to EUR 2.1 million, as well as to cover the financing of variations at EUR 8.6 million in the working capital.

OUTLOOK

The results obtained in this first quarter allow maintaining to the Group its forecast for the current year of slight growth in results compared to the previous one.

However, a certain degree of volatility in the results should be mentioned due to the probable rise evolution of pulps prices and the commercial possibility of the Group to be able to apply them to selling prices. Fluctuations in the exchange rates of the different currencies with the euro are also an uncertainty factor, particularly those of the US dollar, which is more depreciated than expected, but it can be expected, however, that both factors can be compensated by improving the operations.

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