



miquel y costas & miquel, s. a.

INTERMEDIATE STATEMENT

3rd QUARTER OF 2019

QUARTERLY INFORMATION STATEMENT ON INFORMATION OF THE THIRD QUARTER OF 2019.

The consolidated results and other financial figures for the third quarter of 2019 are presented in accordance with the provisions of the International Financial Reporting Standards (IFRS), as adopted by the European Union, and the results of the Individual companies have been prepared in accordance with the General Accounting Plan approved by the Royal Decree 1514/2007 of 16th November, leaving evidence, for comparative purposes, of the variation of the consolidation perimeter for the incorporation of the Clariana company as of July 25, 2018.

MAIN HIGHLIGHTS

We present below the main economic and financial data relating to the Group Miquel y Costas, all expressed in thousand euros.

<u>Thousand Euros</u>	3 rd Q 2019	3 rd Q 2018	Var. %
Net Sales	200,159	189,321	5,7%
Operating Profit ¹	50,421	48,204	4,6%
Profit before tax	37,906	37,036	2,3%
Profit after tax	29,303	28,233	3,8%
Cash-flow after tax ²	41,609	39,980	4,1%

The consolidated net turnover in the first nine months of this year, amounted to EUR 200.2 million, exceeding EUR 10.8 million for the same period of 2018.

By business line, the line of Tobacco Industry has increased its accumulated sales to September, compared to 2018 by 5.6%. This increase is explained by a greater volume that has come, complemented by an improvement in the evolution of the exchange rate of the euro against the US dollar.

In the line of Industrial Products, the sales have remained at a level very similar to those in the same period of the previous year. Highly specialized papers and colored papers have offset the decline in sales of special pulps.

In the "Others" line, the turnover has exceeded the previous period by 30.4%, driven by Clariana's sales in this line of business.

The Consolidate amount of net sales of the Parent Company in the first nine months was EUR 127.6 million, which is an increase of 0.9% compared to the same period of the previous year.

The consolidated profit before tax in the first nine months of the year amounted to EUR 37.9 million, exceeding the accumulated result achieved at the end of the third quarter of the previous year by 2.3%. By lines of business, the Tobacco Industry and Industrial Products industry increase their results both for the

1. Gross operating result, plus amortizations.
2. Profit after tax plus amortization

improvement of operations, the result of investments made, and for the lower price of cellulose pulp.

The consolidated results of the Group reflect a negative accounting effect due to the treatment of Argentina as a hyperinflationary economy, estimated at the end of the third quarter at approximately EUR 0.5 million, including the effect of the new application to the accumulated balances of the type of change of the euro-peso in force at the end of September, in accordance with the provisions of IAS 29.

The BDI has also increased, reaching EUR 29.3 million and exceeding 3.8% in the same period of the previous year. This increase also includes an estimated effective tax rate, which has been 22.7%, lower than the previous year due to the application of the current tax deductions.

In the parent company, the accumulated profit before tax was EUR 30.8 million, which represents an increase of 1.2% with regard to the same period of the previous year.

BALANCE SHEET

Its most relevant magnitudes, all expressed in thousands euros in which the hyperinflationary effects in Argentina mentioned above are collected, as well as those of the end of last year, as follows:

Thousand Euros	30/09/19	31/12/18
Net fix assets ³	169,727	161,369
Operating funds requirement ⁴	89,888	81,794
Other net non-current assets/(Liabilities)	(4,238)	(3,076)
Capital employed	255,377	240,087
Equity	278,088	269,905
Net financial debt ⁵	(22,711)	(29,818)

The increase in fixed assets corresponds to the investments made in the period as well as the application of the accounting of leases, in application of the new International Financial Reporting Standard (IFRS 16) in relation to the recognition, valuation and accounting presentation of the same. The variation of the NOF corresponds mainly to the increase in the stock of inventories, the rest being explained by the reduction of commercial debtors and debits with commercial creditors. Likewise, the entry into force of the aforementioned IFRS 16 is included in the variation of other non-current net assets and liabilities.

³ Intangible assets and net tangible assets.

⁴ Stock more commercial debtors and other accounts receivable and other current assets, less current provisions, commercial creditors and other accounts payable and other current liabilities.

⁵ Current and non-current financial assets, cash and other equivalent means less debt with current and non-current credit entities.

The total net financial position amounts to EUR 22.7 million, after collecting the aforementioned movements and incorporating the resources generated in the period.

FINANCIAL SITUATION

The financial situation of the consolidated Group, prepared in accordance with the adopted IFR Standards at the end of the third quarter, taking into account that it collects effects not contemplated as follows:

Thousand Euros	30/09/19	31/12/17
Long-term financial debt ^(*)	(69,397)	(66,145)
Short-term financial debt ^(*)	(3,844)	(8,740)
Cash and cash equivalents (short-term)	31,080	53,282
Long-term financial investment	64,872	51,421
Net financial debt⁵	22,711	29,818
Net equity	278,088	269,905
Leverage ratio	n/a	n/a

(*) It includes the contracted with credit entities

The consolidated operating cash flow after taxes has been increased to EUR 41.6 million, exceeding by EUR 1.7 million the one obtained in the same period of 2018. The Parent Company's cash flow was EUR 31.3 million also EUR 3.1 Million higher than that obtained in the same period of the previous year.

The main applications of generating funds during the exercise, have been investing in fixed assets, amounting to EUR 18.6 million, which, as projected, has been higher than in previous periods, dividend payments in an amount of EUR 6.8 million, the acquisition of own shares for owner stock for a value EUR 10.5 million, in the acquisition of Clariana and the variations of the working capital.

TAX INFORMATION

In September of this fiscal year, the notification of the settlement of the Fiscal Inspection has taken place, which shows an amount to be settled in favor of the Tax Administration of EUR 1.9 million. The Directors, in the opinion of their advisors, have strong arguments that allow foreseeing that, after the presentation of the corresponding resources, said amount will not become a liability for the Group.

OUTLOOK

The Group maintains the forecast of improvement of the result for this year, despite the factors that hinder the evolution of the business such as the situation of global markets and hyperinflation in Argentina, as well as the commitment to its industrial project, which is located endorsed by an ambitious investment plan that should support future growth.