

MAHOU SAN MIGUEL
**WATER
BUSINESS
UNIT**

2018
CORPORATE
REPORT

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MUCH MORE THAN JUST WATER

Since its creation in 2011, the Mahou San Miguel Water Business Unit has done nothing but grow. Led by our flagship brand, Solán de Cabras, **we have managed to strengthen our positioning in the mineral water market** with new healthy beverages both in Spain and beyond.

In 2018, we continued the path of previous years and once again closed a winning year, recording sales of more than **4.2 million hectolitres**, which represents **growth of over 50% compared to 2017**, a major milestone in the history of the Unit.

This year we expanded our business with the acquisition by Mahou San Miguel of 75.15% of **Aguas del Valle de La Orotava**, a company that has been in business for over 20 years with two proprietary water springs in Tenerife, which bottles and sells the natural mineral water brand Fonteide in the Canary Islands.

Thanks to this, **we were able to expand our portfolio**, which consists of the iconic Solán de Cabras, Sierra Natura—sparkling and still—Sierras de Jaén and, the newly added, Fonteide waters. In addition to natural mineral waters, our consumers can enjoy the range of

flavoured Solán de Cabras—apple and multifruit—and the innovative waters with functional benefits, Solán de Cabras Defence and Solán de Cabras Repair. To these, we recently added **Solán de Cabras Antiox**, based on white tea, peach and orange.

During 2018, our commitment to **Sustainability** was again at the core of our business.

Proof of this are the over **15.5 million euros** spent to ensure the sustainable development and competitiveness of our springs and bottling plants. This major investment has allowed us to improve the productivity of the facilities and equip them with the most cutting-edge technology on the market, always **with a view to reducing our environmental impact**.

Our steady growth is the result of the commitment, effort and talent of the **nearly 300 professionals** that work in this Unit. This is a diverse team, distributed between our corporate headquarters and our four springs and associated bottling plants, two in the Paraje Natural de Beteta (Cuenca), one in Los Villares (Jaén) and another in Orotava (Tenerife), that promotes our water business every day by doing solid work to prepare for a future full of challenges.



OUR SPRINGS AND BOTTLING CENTRES



BETETA (CUENCA)

16893 Solán de Cabras (Cuenca)

Surface area 10,972 m²
Production capacity 3.2 million HI/year
Bottling 5 multi-format bottling lines



LA OROTAVA (SANTA CRUZ DE TENERIFE)

Camino Los Rechazos, 40, 38314 La Orotava

Surface area 9,025 m²
Production capacity 2 million HI/year
Bottling 5 multi-format bottling lines



FUENTE DEL ARCA (CUENCA)

Polígono La Colmenilla Beteta – Cuenca

Surface area 13,000 m²
Capacidad de producción 800,000 HI/year
Bottling 2 multi-format bottling lines



LOS VILLARES (JAÉN)

Ctra. Jaén-Valdepeñas de Jaén s/n -
Finca La Pandera - 23160 Los Villares

Surface area 5,300 m²
Production capacity 380,000 HI/year
Bottling 2 multi-format bottling lines

2018 MILESTONES

SALES

4.2
million
hectolitres
(+50%)



INTERNATIONAL PRESENCE

35
countries
in 2018 vs
30 in 2017



CULTURE, ARTS AND SPORTS

+2
million
euros
invested



MAIN ENVIRONMENTAL INDICATORS

-4.31%
unitary water
consumption
(vs 2017)

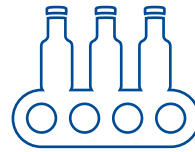
-5.26%
unitary energy
consumption
(vs 2017)

-14.57%
CO₂
emissions
(vs 2017)



INVESTMENTS

+15.5
million euros
to improving
our facilities and
making them more
sustainable
(vs 5.6 million
euros in 2017)



PEOPLE

300
employees
(+38% new hires
vs 2017)



COMMITTED

We helped
+3.000
people with cancer
and their family
members to receive
telephone counselling



AWARDS AND RECOGNITIONS

Special mention
of Solán de Cabras
in the **Regional
Environmental Awards**
of Castile-La Mancha
for its environmental
protection projects

Crystal Taste Award
from the International Taste
& Quality Institute, an award
achieved after receiving the
Superior Taste Award with
three gold stars for three
consecutive years in a
blind tasting

Award from the Regional
Government of Castile-La
Mancha to Solán de Cabras
on **Education Day** for its
contribution to improving
the **Dual Vocational
Training** and professional
development system for the
students of the region

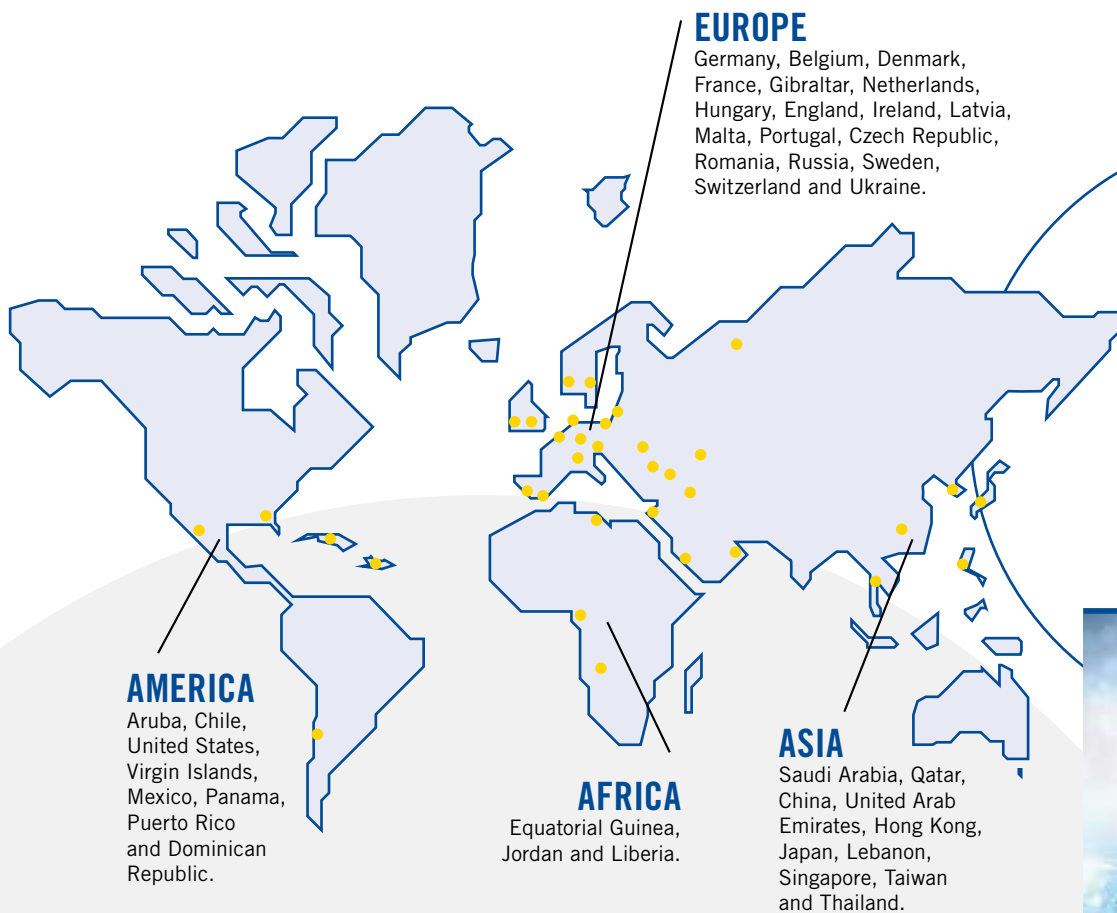
Solán de Cabras becomes
the first company in Cuenca
to receive the **'Equality in the
Company'** emblem, which is
granted by Spain's Ministry
of Health, Social Services
and Equality



WE CONSOLIDATED OUR INTERNATIONAL PRESENCE

For yet another year, we consolidated the international footprint of our water brands.

In 2018, our presence outside our borders expanded to **over 35 countries**, driven mainly by the iconic Solán de Cabras brand. This expansion represents a 6% increase in international sales.



Solán de Cabras has premium positioning outside Spain, competing with the finest and most recognised mineral water brands, with

Japan

being the main foreign market, accounting for nearly one quarter of our international sales



OUR BRANDS

Through our **water brands**, we want to continue to be a part of our consumers' best moments. To do so, and thanks to **innovation**, we try to anticipate market needs and trends by creating and providing **natural and healthy products** that cover all consumption occasions.

SOLÁN DE CABRAS: ITS PURITY ORIGINATES IN NATURE ITSELF

Our iconic brand is a source of **health, well-being and hydration**, and its purity originates in nature itself. Since the 18th century, it has been recognised as a Medicinal Mineral Water for its important mineral and organoleptic properties, in addition to having been declared a Water of Public Utility in 1790.

From the depths of the Earth and for **over 3,600 years**, each raindrop trickles through layers of sediment and rock in a 100% natural filtering process, until it reaches its final phase, bottling.



BI SOLÁN: WATER WITH FRUIT JUICE THAT'S LOW IN CALORIES

These waters combine Solán de Cabras natural mineral water from the Beteta spring with 20% fruit juice. To enhance its healthy qualities, the range has added **stevia**, a **100% natural sweetener**, to its formula. Two varieties are available: **multifruit and apple**.

NEW PRODUCTS

**EVOLUTION OF WATER:
WATER WITH VITAMINS**

Solán de Cabras consolidates its leadership in the sector with the launch of its new waters with functional benefits, which offer consumers a new way of hydrating themselves with a plus of flavour and nutritional content. **Solán de Cabras Repair** is a pomegranate-flavoured beverage with a dash of red grape that contains vitamins B3 and B8. **Solán de Cabras Defence**, on the other hand, is made with pink grapefruit juice and flavouring, natural orange blossoms and vitamins B6 and B12, which help promote good health. This range was expanded recently with the launch of **Solán de Cabras Antiox**, which is made with white tea, peach and orange.



SIERRA NATURA AND SIERRAS DE JAÉN

Both are characterised by being naturally pure from their source, which allows their properties to remain intact. They are notable for their balanced composition of mineral salts and their dry residue. They have low mineralisation and are also low in sodium, making them ideal for a **healthy, balanced and natural diet**. Sierra Natura is available in sparkling and still versions.

**FONTEIDE:
OUR LATEST ADDITION**

In 2018, we expanded our water portfolio thanks to the acquisition of 75.15% of Aguas del Valle de la Orotava. This allowed us to add the **Fonteide** brand, a leading water and reference in the island market with over **20 years of history**, available in sparkling and still versions.



WE CARE FOR THE PRESENT TO PROTECT THE FUTURE

WE INVEST TO CONTINUE IMPROVING

Concern for the environment is present in every decision we make, and we work each day to reduce our environmental footprint. To do so, we continue to invest in our facilities to develop and promote our business in a sustainable way.

In 2018, thanks to this commitment, our **environmental indicators** showed positive ratios for yet another year.

Thus, the **Unit reduced its unitary water consumption by 4.31%** by optimising equipment and processes in our bottling plants, and it **reduced unitary energy consumption by 5.26%**, with 100% of the electricity it consumes coming from renewable sources.

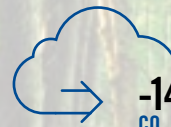
Likewise, it minimised **CO₂ emissions by 14.57%** thanks to the efforts and initiatives outlined in its Sustainable Mobility Plan. Additionally, year after year, we improve the valorisation rate of the wastes we produce, achieving 100% last year.

In 2018,
we invested over
15,5
million euros in
improving processes
with the aim of being
more efficient and
sustainable

-4.31%
UNITARY WATER
CONSUMPTION
VS 2017



-14.57%
CO₂ EMISSIONS
VS 2017



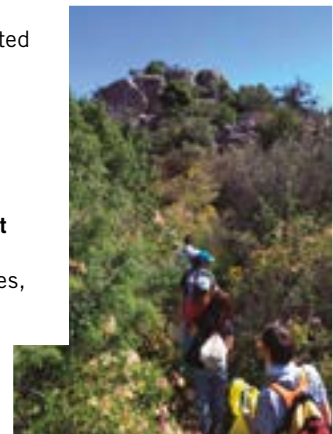
-5.26%
UNITARY ENERGY
CONSUMPTION
VS 2017



WE PROTECT OUR SURROUNDINGS

Nearly a hundred Unit employees participated in a day of volunteer action to restore the environment around our spring in Beteta. The day was used for restoration of the vegetation in the area through the planting of native tree and shrub seedlings.

The employees also participated in the **fight against littering** through waste collection initiatives, led by Seo Birdlife and Ecoembes, to raise the awareness of society.



MORE SUSTAINABLE BOTTLES FOR A CIRCULAR ECONOMY

Our most emblematic brand, Solán de Cabras, already uses **50% recycled PET** in all its bottles, which are also **100% recyclable**.

In this way, our bottles contribute to the concept of a **“bottle-to-bottle” circular economy** through reduced resource consumption, promotion of a culture of plastic recycling, and creation of other products derived from our bottles, giving them a second life.

COMMITTED TO PEOPLE

SUPPORT FOR TALENT AND LOCAL EMPLOYMENT

At the Mahou San Miguel Water Business Unit, we have **nearly 300 professionals** working at our corporate headquarters in Madrid and at our four water springs and associated bottling plants in Beteta, Jaén and Tenerife. In 2018, **we added 19 professionals** to our workforce, of which **42% were under the age of 30**, thereby demonstrating our commitment to youth employment and **job creation in local and rural settings**.



WE PROMOTE VOCATIONAL TRAINING

Solán de Cabras has signed a **collaboration agreement with the Regional Government of Castile-La Mancha** to offer **development opportunities that promote dual vocational training** for young people in the province. Through this initiative, our spring in Beteta provides training placements to students specialising in Automation and Industrial Robotics, Electrotechnical Systems and Automation, Telecommunications and IT Systems, and Mechatronics, among others.

SOLÁN DE CABRAS, THE FIRST IN THE MINERAL WATER SECTOR TO ACHIEVE THE “EQUALITY IN THE COMPANY” EMBLEM

Our commitment to equality, embodied in the application of policies and initiatives to promote equal treatment for all our employees, earned us the **“Equality in the Company” emblem**, which is granted by the Ministry of Health, Social Services and Equality.





EXPERIENCES WITH VALUE

WE CONTINUE TO SUPPORT THE FIGHT AGAINST CANCER

Solán de Cabras again demonstrated, for yet another year, its commitment to the fight against breast cancer together with the Spanish Cancer Association (AECC) through various initiatives:

“Run for them”

In 2018, we were able to donate 6,000 minutes of counselling to patients with cancer thanks to this project undertaken in collaboration with fitness centres in Madrid and Barcelona. For two weeks, a pink space, the distinctive colour of the cause, was created in the treadmill zones, and one minute of counselling was donated for each kilometre run by participants.

“Pink tables”

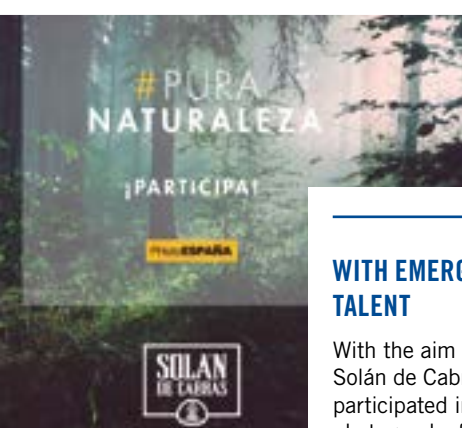
Several restaurants in Madrid, Barcelona, Valencia and Bilbao were done up in pink to raise awareness of this disease.

Other actions

Solán de Cabras undertook other projects like **talks on cancer** aimed at doctors and patients; participated in another edition of the **“Women’s Run”**, the largest run for charity nationally; and the **Yo Dona International Awards**. It also created a charity app, **“1km for them”** and collaborated with partners in the sports world like the **Real Madrid, Atletico Madrid** and the **Royal Spanish Golf Federation**.

WITH SPORTS AND THE HEALTHY LIFESTYLE

Aware of the importance of promoting healthy living habits, Solán de Cabras organised an event in Madrid with the participation of over 500 people. All of them got to practice **YogaRun**, a discipline that combines the advantages of yoga and running and offers significant health benefits.



WITH EMERGING TALENT

With the aim of promoting young talent, Solán de Cabras, for the second year in a row, participated in the **PhotoEspaña** international photography festival. On this occasion, the featured theme was the environment to draw attention to the #PuraNaturaleza hashtag.



WITH GASTRONOMY

Solán de Cabras participated actively in events as important as **Madrid Fusión** and **Salón del Gourmet**, international gatherings that highlight the different gastronomic trends in our country.



Health and well-being

Collaboration

Talent

Local development

Bottles

Resource efficiency

Conservation

Sustainable mobility and transport

Support for our customers

Recycling

Second life

CONTINUING TO MOVE FORWARD

2025 SUSTAINABILITY COMMITMENTS

The Water Business Unit sees **sustainability** as a transversal element that cuts across all of its activities and, at the same time, a **strategic priority of our Company**. For that reason, and with the aim of becoming an active leader in sustainability in the Consumer Goods sector, at Mahou San Miguel, in 2017, we created the **“We are 2020” Strategic Framework**, a transformative project in which we invested over 30 million euros.

Using this ambitious plan as a reference, the Unit has broken this framework down into **16 Commitments**, with a time horizon of 2025, aimed specifically at the **circular economy**, **caring for the environment** and a **commitment to people**. They will chart our path for extending sustainability to the entire value chain.

CIRCULAR ECONOMY

- We will reduce the quantity of plastic bottles by promoting **returnable formats and sustainable materials**.
- We will contribute to increasing the recycling rate for PET bottles.
- We will promote **projects to give a second life to our bottles**.

PEOPLE

- We will support well-being through **new products that are natural and healthy**.
- We will continue to contribute to the **emotional well-being** of cancer patients.
- We will facilitate teamwork and a **collaborative culture**.
- We will offer **opportunities for young talent** and promote diversity, flexibility and work-life balance.

COMPETITIVE

- We will promote initiatives to **protect the natural environments** surrounding our springs and develop **nature conservation projects**.
- We will purchase **100% green electricity**, reduce our **energy consumption by 8%** and achieve zero solid waste disposal in landfills.
- We will have a **100% sustainable commercial fleet** and cut CO₂ emissions by 25%.
- We will convey the need for sustainability to our customers and consumers.



SIERRA
NATURA
AGUA MINERAL NATURAL

Sierras
de Jaén
AGUA MINERAL
NATURAL



AGUA MINERAL NATURAL

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SANMIGUEL

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