

## 7. Dividend Distribution Policy

The Company's Board of Directors has maintained a policy of dividend distribution based on the following rules:

- the value of the dividend distributed must be between 40% and 50% of ordinary consolidated net earnings;
- if, as a result of applying the criteria mentioned above, there is a drop in the dividend in a certain year compared to that of the previous year, and the Board of Directors considers that this decrease is a result of abnormal and merely circumstantial situations, it may propose that the value from the previous year should be maintained. It may even resort to free existing reserves, providing that the use of these reserves does not jeopardise the principles adopted for balance sheet management.

At the 6 April 2017 AGM, considering the good performance of the previous year and the strong balance sheet position, following the Board of Directors' proposal, it was resolved to distribute dividends and free reserves in a total amount of 380.2 million euros, equivalent to approximately 100% of the 2016 ordinary consolidated earnings. This translated in a gross dividend of 0.605 euros per share, paid in May 2017.

Taking into account the financial situation of the Group at the end of 2017, as well as its cash generation capacity, and because it will not affect either the strength of its balance sheet or its future expansion opportunities, the dividends' proposal (refer to the results appropriation proposal below) to be submitted to the AGM on the 12 April 2018, corresponds to nearly 100% payout which, for the second consecutive year and exceptionally, will be the double of that would normally result from the Company's dividend policy.