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### Business Performance

The performance of the Altadis Group's three main business lines in 1999, has been as follows:

**Cigarette.** Total sales have reached 108.5 billion units, showing an increase of 1.6% compared to 1998. It is specially worth mentioning the positive performance of sales in the blond cigarette and RYO segments, which show an increase of 7.5% and 19.4%, respectively. In the total Spanish market and including RYO, Altadis has sold 42.1 billion units, that is, a market share of 47.8%, while sales in the French market reach 31.5 billion, that is, a market share of 34.5%. Altadis is the leader in both markets, with full control of the black cigarette market. Furthermore, it also holds an outstanding position in different European markets, with an estimated market share of 7.6%

Sales in value (net of taxes as well as retail commissions) reached euros 1,704 million, showing an increase of 8.2%, due to retail price hikes applied at the beginning of 1999, of 4% in the Spanish market and of 5% in France, and to an improved product mix. As for market shares in value, Altadis represents 41.5% of the Spanish market and 30.6% of the French market. The brands *Fortuna*, *Ducados* and *Gauloises* are leaders in their respective markets, with sales nearing 64 billion units.

**Cigar.** In 1999, net sales in value have grown by 10% in comparison with 1998, with a generalized increase in all geographical areas, and in spite of the *premium* segment's smaller volume sales in the USA, as a consequence of the overstocking occurred in the previous year. Total net sales have reached euros 515.4 million (+10%), 356.8 million corresponding to the US market, where 69% of Altadis' sales take place. Net sales in the Spanish market have grown by 15% and in the French market, by 6%. It is worth underlining that *mass market* and *premium* sales have reached euros 403 and 91 million, respectively, representing 78% and 18% of the Altadis cigar portfolio. Total cigar sales of Altadis have grown by 9% in volume, reaching 3,361 million units.

From 2000 onwards and as a consequence of the 50% purchase of Corporación Habanos, Altadis will achieve access to many prestigious brands, thus holding a unique position in the *premium* cigar market worldwide.

**Logistic.** Total economic sales have reached euros 491 million, growing by 30.7%, partly due to the change of perimeter (Midesa and Supergroup). The portfolio is broken down in tobacco (58%) and non-tobacco (42%), the latter showing an increase of 108%. The division operating in France, Spain and Portugal has considerably increased the number of points of sales and number of references it can manage until around 140,000 and 85,000, respectively.

**Consolidated results.** An increase of 37% and 38% in EBITDA and EBIT respectively, reflects the competitive and results improvement in the three main business lines of the Company.

The EBITDA resulting from the cigarette business has grown by 25.8%, reaching euros 424 million, due, amongst other reasons, to price hikes that have taken place in every country and the strong development of the *Fortuna* brand in Spain and of *Gauloises Blondes*, particularly in the international markets.

As for the operating cash flow resulting from the cigar business, of euros 84 million, it has risen considerably (+70 million) because of successful acquisition strategies - namely the acquisition of Consolidated Cigar Holding by Seita at the beginning of 1999, following the acquisition of Havatampa and other cigar companies by Tabacalera during the previous year - which have turned Altadis into the world's number one cigar Company by far, a very strong position on which to build further growth.

Regarding the logistics business line and as a consequence of the expansion in the distribution of non-tobacco products, the EBITDA has grown by 20.4%, reaching euros 165 million.

Thus, the Altadis Group has ended 1999 with a pro-forma Net Profit of euros 320.5 million; that is, an increase of 26% versus 1998.

### Key Magnitudes and Ratios

#### Consolidated Data

(In millions of euros)

	PROFORMA <sup>(1)</sup>		
	31-12-99	31-12-98	99/98
<b>Profit and Loss Statement:</b>			
<b>Economic sales</b>	<b>2,621.4</b>	<b>2,190.4</b>	<b>20%</b>
Cigarette	1,703.8	1,575.9	8%
Cigar	524.6	288.6	95%
Logistic	490.5	375.0	31%
Others and adjustments	-97.5	-29.1	n.s.
<b>EBITDA (Operating Cash Flow)</b>	<b>701.9</b>	<b>512.5</b>	<b>37%</b>
Cigarette	423.6	336.7	26%
Cigar	83.8	14.2	490%
Logistic	164.9	136.9	20%
Others and adjustments	29.6	24.7	n.s.
<b>EBIT (Operating Result)</b>	<b>568.6</b>	<b>411.0</b>	<b>38%</b>
Financial Result	30.4	29.8	2%
Extraordinary Result	-20.1	-22.0	n.s.
<b>Profit attributable to the Parent Company</b>	<b>320.5</b>	<b>254.9</b>	<b>26%</b>
<b>Ratios:</b>			
EBITDA / Economic Sales	26.8%	23.4%	3%
EBIT / Economic Sales	21.7%	18.8%	3%
ROE	18.0%	-	-
<b>Stock Market Indicators:</b>			
Market capitalisation (14.20 euro/share)	4,560.5		

(1) Total figures after consolidation adjustments; breakdown of total figures before consolidation adjustments

**Main Business Lines**

**Cigarette & RYO Sales (Proforma figures)**

	31-12-99			31-12-98		
	Volume	Value	Margin	Volume	Value	Margin
<b>Blond Cigarettes</b>	<b>64,096</b>	<b>59,836</b>	<b>7.5%</b>	<b>1,002</b>	<b>894</b>	<b>12.0%</b>
Spain	22,354	20,383	9.7%	349	303	15.1%
France	12,306	12,276	0.2%	246	231	6.4%
Rest of Europe	18,201	17,185	5.9%	297	274	8.4%
Rest of the world	11,235	9,792	14.7%	110	86	27.9%
<b>Dark Cigarettes</b>	<b>39,463</b>	<b>43,082</b>	<b>-8.4%</b>	<b>499</b>	<b>496</b>	<b>0.6%</b>
Spain	19,493	21,241	-8.2%	206	208	-1.4%
France	15,998	17,741	-9.8%	261	260	0.4%
Rest of Europe	1,918	1,965	-2.4%	29	24	22.0%
Rest of the world	2,054	2,135	-3.8%	4	4	-0.9%
<b>RYO</b>	<b>4,899</b>	<b>4,103</b>	<b>19.4%</b>	<b>71</b>	<b>55</b>	<b>28.4%</b>
Spain	300	313	-4.3%	3	3	-3.8%
France	3,168	3,225	-1.8%	49	44	11.4%
Rest of Europe	1,391	524	165.5%	19	8	130.6%
Rest of the world	40	41	-2.4%	1	0	10.9%
<b>Others (2)</b>	<b>n.s</b>	<b>n.s</b>	<b>n.s</b>	<b>132</b>	<b>130</b>	<b>1.5%</b>
<b>Total Cigarettes &amp; RYO</b>	<b>108,458</b>	<b>106,821</b>	<b>1.5%</b>	<b>1,704</b>	<b>1,676</b>	<b>8.2%</b>

(1) In million of units; (2) Sales net of taxes and wholesale and retail commissions (In millions of euros); (3) Gross distribution margin & Semi-finished sales + adjustments

**Main Markets**

Markets	1999			1998		
	Market Size	Altadis	Altadis Share	Market Size	Altadis	Altadis Share
<b>Spain</b>	<b>88,234</b>	<b>42,147</b>	<b>47.8%</b>	<b>1,436</b>	<b>597</b>	<b>41.6%</b>
Blond	64,440	22,354	34.7%	1,168	372	31.9%
Dark	22,460	19,493	86.8%	252	222	88.0%
RYO & Others	1,334	300	22.5%	17	3	15.9%
<b>France</b>	<b>91,100</b>	<b>31,472</b>	<b>34.5%</b>	<b>1,954</b>	<b>598</b>	<b>30.6%</b>
Blond	67,600	12,306	18.2%	1,538	260	16.9%
Dark	18,100	15,998	99.4%	288	285	99.0%
RYO & Others	7,400	3,168	42.8%	128	53	41.4%
<b>Rest of Europe (5)</b>	<b>285,650</b>	<b>21,510</b>	<b>7.5%</b>	<b>n.a</b>	<b>344</b>	<b>n.a</b>
Germany	144,714	5,065	3.5%	n.a	104	n.a
Poland	88,183	9,171	10.4%	n.a	72	n.a
Austria	15,297	566	3.7%	n.a	10	n.a
Netherlands	16,818	370	2.2%	n.a	8	n.a
Belgium-Luxembourg	20,638	1,197	5.8%	n.a	20	n.a
Other European countries	n.a	5,141	n.a	n.a	130	n.a
<b>Rest of the world</b>	<b>n.a</b>	<b>13,329</b>	<b>n.a</b>	<b>n.a</b>	<b>115</b>	<b>n.a</b>
<b>Others (7)</b>	<b>n.s</b>	<b>n.s</b>	<b>n.s</b>	<b>n.s</b>	<b>83</b>	<b>n.s</b>
<b>Total</b>		<b>108,458</b>			<b>1,737</b>	

(4) In million of units; (5) Sales net of taxes and tobaccoists' commissions but including wholesaling commissions (In millions of euros)

(6) Estimated data, Europe excluding former Soviet Union; (7) Gross distribution margin & Semi-finished sales + adjustments

**1999 Top Brands (8)**

Brands	Volume	% portfolio
Fortuna	19,500	18.0%
Ducados	17,070	15.7%
Gauloises Blondes	14,271	13.2%
Gauloises Dark	13,006	12.0%
Gitanes	6,251	5.8%
Nobel	3,255	3.0%
Royale	2,602	2.4%
Others	32,503	30.0%
<b>Total</b>	<b>108,458</b>	<b>100.0%</b>

(8) The entire range of each product line is included

**Financial Highlights (8)**

	1999	1998	99/98 (%)
<b>Economic sales</b>	<b>1,704</b>	<b>1,576</b>	<b>8.1%</b>
<b>Costs</b>	<b>1,280</b>	<b>1,239</b>	<b>3.3%</b>
<b>Ebitda</b>	<b>424</b>	<b>337</b>	<b>25.8%</b>

(9) Consolidated proforma data before adjustments

<b>EBITDA TARGET 2001:</b>	<b>Euros 600 million</b>
	<b>CAGR 1998 - 2001: 21.2%</b>

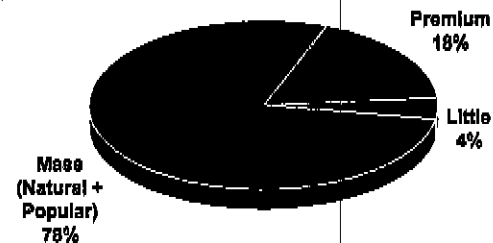
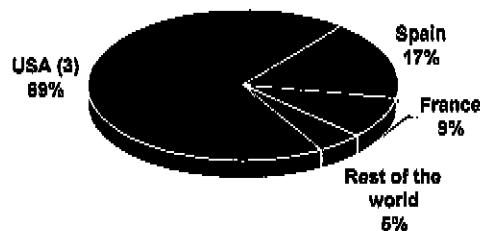
**Main Business Lines**

**Cigar Sales (Proforma figures)**

**Breakdown of Net Sales and % Portfolio <sup>(1) (2)</sup>**

	31-12-99	31-12-98	99/98 %
USA <sup>(3)</sup>	356.8	324.6	10%
Spain	87.3	75.8	15%
France	47.5	44.7	8%
Rest of the world	23.8	22.7	5%
<b>Total <sup>(4)</sup></b>	<b>515.4</b>	<b>487.8</b>	<b>10%</b>

	31-12-99	31-12-98	99/98 %
Premium	91.1	92.6	-2%
Mass (Natural + Popular)	403.0	362.5	11%
Little	21.3	12.7	68%
<b>Total <sup>(4)</sup></b>	<b>515.4</b>	<b>487.8</b>	<b>10%</b>



(1) In millions of euros, including Consolidated Cigars Corporation net sales in 1998; (2) Net sales are sales at retail price excluding taxes and retail commissions  
(3) Average parity from January to December 1999: 0,94 Euro/\$; (4) Excluding the gross margin of cigar-related product sales

**USA Top Brands**

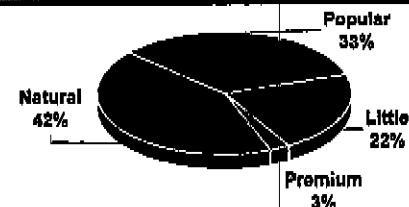
Segment	Main Brands per Segment	
<b>Premium</b>	H. Upmann Romeo y Julieta Montecristo	Te-Amo Don Diego San Luis Rey
<b>Natural</b>	Backwoods Antonio y Cleopatra	Dutch Masters VegaFina
<b>Popular</b>	Phillies Havatampa	Muriel Dutch Masters
<b>Little</b>	Havatampa Dutch Treats	Muriel Omega

**France & Spain Top Brands**

Area	Main Brands per Area
<b>France</b>	Havanitos Ninas Fleur de Savane Longchamp Pléiades
<b>Spain</b>	Farías Entrefinos VegaFina Minis Cubanos (Montecristo, Partagás, H.Upmann, La Gloria Cubana) Ducados

**Breakdown of Volume <sup>(5)</sup>**

	31/12/99	31/12/98	99/98 %
Premium	85	92	-8%
Natural	1,432	1,389	3%
Popular	1,114	1,076	4%
Little	731	514	42%
<b>Total</b>	<b>3,361</b>	<b>3,072</b>	<b>9%</b>



(5) In millions of units, including Consolidated Cigars Corporation volume in 1998.

**Cigar Financial Highlights <sup>(6)</sup>**

(In million of euros)	1999	1998	99/98 %
<b>Economic sales <sup>(7)</sup></b>	<b>525</b>	<b>269</b>	<b>95.3%</b>
<b>Costs</b>	<b>441</b>	<b>254</b>	<b>73.3%</b>
<b>EBITDA</b>	<b>84</b>	<b>14</b>	<b>490.1%</b>

**EBITDA TARGET 2001 <sup>(8)</sup>:**

**Euros 200 million**  
**CAGR 1998 - 2001: n.s (142,8% - high figure influenced by CCH and Corporación Habanos acquisitions-)**

(8) Including 50% of Corporación Habanos.

(6) Consolidated proforma data before adjustments. Not including Consolidated Cigars Corporation figures in 1998.

(7) Economic sales are sales excluding taxes, wholesale and retail commissions, but including the gross margin of cigar-related products sales

**Main Business Lines**

**Logistic (Proforma figures)**

(In million of euros)

	<b>Economic Sales (1)</b>				
	<u>31-12-99</u>	<u>% Portfolio</u>	<u>31-12-98</u>	<u>% Portfolio</u>	<u>99/98%</u>
<b>Tobacco</b>	<b>284</b>	<b>58.0%</b>	<b>276</b>	<b>73.6%</b>	<b>2.9%</b>
Spain & Portugal	117	23.8%	112	29.9%	4.2%
France	167	34.1%	164	43.7%	2.1%
<b>Non-tobacco</b>	<b>207</b>	<b>42.1%</b>	<b>99</b>	<b>26.4%</b>	<b>108.9%</b>
Spain & Portugal	135	27.5%	39	10.4%	245.3%
France	72	14.7%	60	16.0%	20.0%
<b>Total</b>	<b>491</b>	<b>100.0%</b>	<b>375</b>	<b>100.0%</b>	<b>30.7%</b>

(1) Wholesale distribution fee

**Points of Sales and Number of References in 1999**

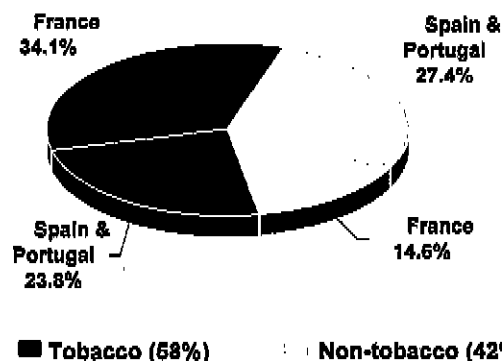
**Points of Sales**

	<u>Spain &amp; Portugal</u>	<u>France</u>	<u>Total Altadis</u>	<u>% Portfolio</u>
Tobacconists	15,100	33,800	48,900	35.1%
Bakeries & Others	10,400	33,000	43,400	31.1%
Newstands	34,600	3,000	37,600	27.0%
Petrol Stations	2,000	4,000	6,000	4.3%
Bookstores	3,500	-	3,500	2.5%
<b>Total</b>	<b>65,600</b>	<b>73,800</b>	<b>139,400</b>	<b>100.0%</b>

**Number of references distributed**

	<u>Spain &amp; Portugal</u>	<u>France</u>	<u>Total Altadis</u>	<u>% Portfolio</u>
<b>Tobacco</b>	<b>1,610</b>	<b>956</b>	<b>2,566</b>	<b>3.0%</b>
Cigarette	314	332	646	0.8%
Cigar	1,168	510	1,678	2.0%
Other tobacco	128	114	242	0.3%
<b>Non-tobacco</b>	<b>62,156</b>	<b>20,029</b>	<b>82,185</b>	<b>97.0%</b>
E-Commerce	45,000	-	45,000	53.1%
Convenience products	1,880	20,000	21,880	25.8%
Collectibles, magazines & newspapers	13,400	-	13,400	15.8%
Documents, postage & fiscal stamps	1,876	29	1,905	2.2%
<b>Total</b>	<b>63,766</b>	<b>20,985</b>	<b>84,751</b>	<b>100.0%</b>

**1999 Portfolio of Products (2)**



(2) Economic Sales

**Financial Highlights (3)**

(In millions of euros)

	<u>1999</u>	<u>1998</u>	<u>99/98 (%)</u>
<b>Economic Sales</b>	<b>491</b>	<b>376</b>	<b>30.8%</b>
<b>Costs</b>	<b>326</b>	<b>238</b>	<b>36.7%</b>
<b>Ebitda</b>	<b>165</b>	<b>137</b>	<b>20.5%</b>

(3) Consolidated proforma data before adjustments

**EBITDA TARGET 2001:**

**Euros 180 million**  
**CAGR 1998 - 2001: 9.5%**

**1999 & 1998 Financial Figures (Proforma)**

(In millions of euros)

**Consolidated Profit and Loss Account**

	Structure		Structure		99/98%
	31-12-99	31-12-99 %	31-12-98	31-12-98 %	
Gross distribution margin	419.9	-	286.4	-	46.6%
Product sales	2,201.5	-	1,904.0	-	15.6%
<b>Economic Sales</b>	<b>2,621.4</b>	<b>100.0%</b>	<b>2,190.4</b>	<b>100.0%</b>	<b>19.7%</b>
Cost of products sold	(1,118.0)	42.6%	(1,045.4)	47.7%	6.9%
Distribution expenses	(317.5)	12.1%	(227.3)	10.4%	39.7%
Other operating income	73.9	2.8%	82.9	3.8%	-10.9%
<b>Gross margin</b>	<b>1,259.7</b>	<b>48.1%</b>	<b>1,000.6</b>	<b>45.7%</b>	<b>25.9%</b>
Sales & marketing	(401.8)	15.3%	(318.1)	14.5%	26.3%
Research & development	(23.5)	0.9%	(26.0)	1.2%	-9.7%
General & administrative expenses	(265.9)	10.1%	(245.5)	11.2%	8.3%
<b>Operating income</b>	<b>568.6</b>	<b>21.7%</b>	<b>411.0</b>	<b>18.8%</b>	<b>38.3%</b>
Depreciation	133.3	5.1%	101.5	4.6%	31.3%
<b>EBITDA</b>	<b>701.9</b>	<b>26.8%</b>	<b>512.5</b>	<b>23.4%</b>	<b>37.0%</b>
Financial Result	30.4	1.2%	29.8	1.4%	2.0%
Extraordinary Result	(20.1)	0.8%	(22.0)	1.0%	-8.6%
Corporate income tax	(218.4)	8.3%	(168.3)	7.7%	29.8%
Employee profit sharing	(10.4)	-0.4%	(9.9)	0.5%	5.1%
Goodwill amortisation	(50.8)	1.9%	(25.7)	1.2%	97.7%
Affiliates	58.7	2.2%	60.3	2.8%	-2.7%
Minority interest	(37.5)	1.4%	(20.2)	0.9%	85.6%
<b>Profit attributable to the Parent Company</b>	<b>320.5</b>	<b>12.2%</b>	<b>254.9</b>	<b>11.6%</b>	<b>25.7%</b>

**Consolidated Balance Sheet**

	31-12-99	Structure 31-12-99 %
<b>ASSETS</b>		
Fixed assets	2,216	29.7%
Goodwill	888	11.9%
Deferred charges	102	1.4%
Cash	508	6.8%
Current assets	3,748	50.2%
<b>Total Assets</b>	<b>7,462</b>	<b>100.0%</b>
<b>LIABILITIES</b>		
Shareholder's Equity	1,784	23.9%
Provisions	274	3.7%
Financial debt	1,361	18.2%
Other current liabilities	4,042	54.2%
<b>Total Liabilities</b>	<b>7,462</b>	<b>100.0%</b>

**1999 Cash Flow Statement <sup>(1)</sup>**

Operating Cash Flow	507
Capital Expenditure	(147)
Dividend	(408)
<b>Free Cash Flow</b>	<b>(48)</b>

(1) Approximated, before changes in working capital

**Information to Shareholders**

**Share Capital**

Issued: 193,021,698 euros

**Number of Shares**

Issued: 321,161,082

**Nominal Value**

0.60 euros

**Listed on the Stock Exchange**

Spain: Madrid <sup>(1)</sup>

France: Paris

**Altadis weighting, by market capitalisation, 31-12-99**

Spain: IBEX-35: 1.46% - IGBM: 1.41%

France: SBF80: 2.44% - SBF120: 0.35%

(1) Also in Barcelona, Bilbao and Valencia Stock Exchanges

**Dividend and Pay-out**

(In euros per share)	ALTADIS <sup>(2)</sup>		TABACALERA		SEITA <sup>(4) (5)</sup>
	1999		1998		
Interim	0.23		0.19		
Supplementary <sup>(3)</sup>	0.27	<sup>(3)</sup>	0.23		
<b>Total dividend</b>	<b>0.50</b>	<sup>(3)</sup>	<b>0.41</b>		<b>1.22</b>
<b>Pay-out</b>	<b>50.0%</b>	<sup>(3)</sup>	<b>54.1%</b>		<b>47.8%</b>

(2) Considering 321,161,082 shares for 1999 and 184,117,160 shares in 1998; (3) Pending approval by the AGM; (4) Considering 52,095,964 shares

(5) In addition and directly related to the merger, an exceptional dividend of euros 5 per share has been paid on December 1999

**Stock Exchange Information**

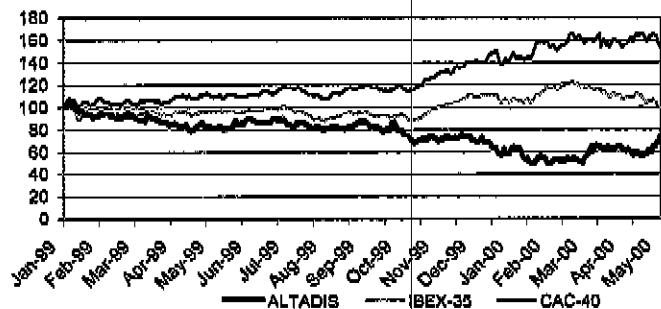
(In euros per share)						Volume <sup>(5)</sup>
Year	Last	Highest	Lowest	Average		
<b>Madrid:</b>						
1998	21.52	23.44	15.03	19.65		245,355,984
1999	14.20	23.12	13.96	18.43		311,082,792
1-31/12/1999	14.20	16.84	13.96	15.44		48,296,709
<b>Paris:</b>						
10-31/12/1999	14.12	16.85	14.12	15.29		11,377,075

(5) Total effective traded shares; Bloomberg source

**Stock Market Indicators**

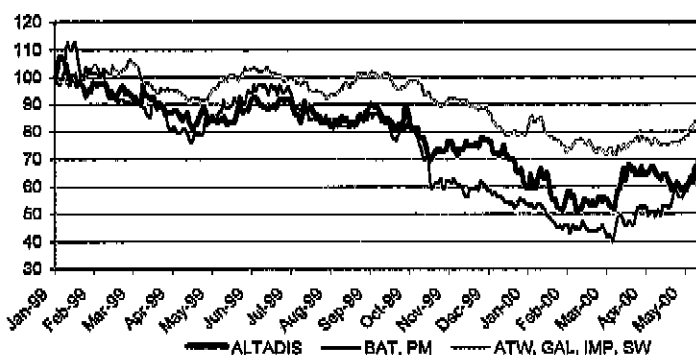
(In euros at December 31 <sup>st</sup> )	1999
Price (units / share)	14.20
Market capitalisation (millions)	4560,5
Earning per share	1.0
EBITDA per share	2.2
Book value per share	5.6
Price / Earnings ratio	14.2
Price / EBITDA	6.5
Price / Book value	2.6
Dividend yield (%)	3.5

Altadis share vs. IBEX-35 & CAC-40 from 1st January 1999 to 31st May 2000

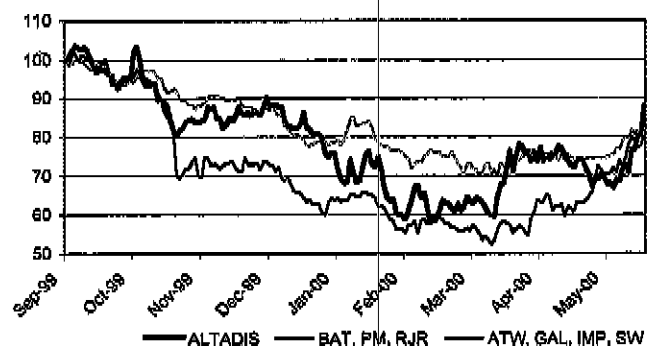


**Altadis share vs. Tobacco Peers**

Last Year Performance (from 1-01-99 to 31-05-00)



Performance since the merger (from November 22nd 1999)



**Altadis News**

**A new tobacco and logistics group in Europe : Altadis**

On October the 5th, 1999, Tabacalera of Spain and Seita of France announced the merger of the two companies, thus creating the number 3 cigarette company in Western Europe, the number 1 for cigars in the world and a company operating an exceptional logistics network in France, Spain and Portugal.

**Interim dividend of euros 0.23**

The Board of Directors of Altadis, at its meeting of March 22, agreed to distribute an interim dividend of euros 0.23 per share, charged to the 1999 results, to the 321,161,082 circulating shares, payable from March 31. This amount represents approximately 45% of the total dividend, which is euros 0.50 per share, to be submitted by the Board of Directors to the General Shareholders Meeting's approval. This payment responds to a pay-out of 50% of the full-year 1999 profit per share of euro 1.

**Purchase of 50% of Corporación Habanos**

Last December 9th, the Board of Directors of Altadis authorized the purchase of 50% of the shares of Corporación Habanos, SA, a Cuban corporation, for a price of around USD 500 million, of which 125 million have already been paid as deposit on December 31, 1999.

Corporación Habanos, S.A.'s business is the worldwide sale of tobacco leaves and cigar brands of Cuban origin (Cohiba, Montecristo, Romeo y Julieta, Partagás, H.Upmann, Hoyo de Monterrey, Punch, La Gloria Cubana, Por Larrañaga, amongst others).

Corporación Habanos, S.A. has signed agreements to guarantee availability of quantity, quality and cost of tobacco leaves and cigar. It has a distribution network of 23 companies worldwide participated by local partners and 89 "Casas del Habano" luxury stores. Such participation is expected to be consolidated in the Altadis Group accounts by the proportional integration method as of January 1, 2000 once the due diligence process is finished.

**Altadis goes ahead with the industrial restructuring plan**

The Management of Altadis has reached two agreements in the context of its industrial rationalization process in Spain. First, it has agreed with labor union representatives to close down the Madrid Factory. The closure will take place at the end of June. It will involve the transfer of filter production to other factories. 103 workers will be affected. Their situation will be solved through voluntary transfers, transfers to other units and compensated voluntary severance. Secondly, an agreement has been reached with the Alicante Local Government which will enable building a modern dark cigarette production center in Alicante to replace the current factory, located in the center of the city. This will involve an investment of euros 30 million and the creation of direct employment for 450 people. The center will integrate the production of the Valencia and San Sebastián factories.

With respect to the restructuring process taking place in France, a sectorial reorganization and rationalization project has recently been presented, involving 169 jobs. This project, part of the "Performance 2001" plan initiated by Seita in 1998, includes, amongst other measures, the reorganization of the Paris corporate headquarters and the implementation of a voluntary retirement plan which will affect the cigarette manufacturing division. The plan also involves the reorganization of the French sales department, the administrative services and the research and development department, as well as the amalgamation of the two current fermentation centers in the Tonnesins site.

**Logista has extended contracts and alliances**

Logista has continued during the last months increasing the number of products, clients and distribution channels, different from the traditional ones, with a growth trend in all its activities. In this sense, the company has signed two exclusive cooperation agreements which contribute to consolidate its leadership in the distribution sector.

The first one, reached with the petrol company Repsol YPF, involves the creation of a central purchasing system for gasodomestic products to be sold in the channel of cooperating companies linked to the energy company. This contract, signed initially for three years, will generate a turnover of over euros 18 million. Consequently, Logista adds 1,500 sales points to the 65,000 it already has in Spain and Portugal.

Logista has also reached an exclusive agreement with Antena 3 Interactiva to manage the traffic of all the e-commerce products sold by the channel through the web sites of its most successful programmes and other leisure-related webs. Logista masters all the expertise needed to manage this type of operations.

On March 23, Terra Networks and Logista signed a strategic alliance involving the creation of a logistic services (e-fulfillment) company, aiming to satisfy the demand of e-commerce to the final consumer (B2C). The Bertelsmann Group (via its affiliate Todisa) and BBVA have signed their incorporation to the alliance between Logista and Terra.

This logistic fulfillment will be proposed to any market operator and is expected to benefit from the highly growing and dynamic business of e-commerce to private individuals. As well as managing all logistic B2C contracts signed from now onwards, the new company will constitute the investing channel which will guarantee the quality of the logistic services in the European, Latin-American and USA markets. This new company is thus created to offer comprehensive logistic services in the context of e-commerce and with a clearly international projection and vocation.

**Via Plus increases its presence on the Internet**

Cyberplaza, the company participated in 75% and 25% by Altadis and Cortefiel, respectively, which manages SuperTienda Via Plus, increases its presence in the Internet, starting this year 2000, through agreements reached with companies such as Terra Networks, Yahoo, Jazitel, Amadeus, Navegalia, Men.es, Socialevents.com, Uauau.com and Uol. Through these agreements, SuperTienda Via Plus will be present in the main portals and purchasing channels most reputed in the Spanish-speaking context.

**Altadis, first steps towards disinvestment in Zabálburu**

Firstly, on January 2000, Altadis made a successful offer on 15% of the capital of Zabálburu at 11.45 euros per share, thus increasing its participation to 41.25%. Later, on April 25, 2000, an Extraordinary General Shareholders Meeting agreed to initiate a public offer on 100% of its shares, in order to be delisted, between 11.45 and 12.00 euros per share. The offer price has been brought up to euros 12.25 on May 16th.

Altadis considers these moves as its first steps towards disinvestment from the real estate sector, in conformity with its strategy to concentrate on its main business lines: Cigarettes, Cigars and Logistics, together with its activity in e-commerce

**Altadis has announced first quarter results**

The first quarter results show EBITDA and EBIT of euros 176.9 and 140.5 million, respectively, increasing 28% and 30% versus previous year, with an Ebitda and Ebit margin of 27.6% and 21.7%. Net result is euros 73 million.

**Stanislas Vria, Vice President of Investor Relations of the Altadis Group**

Stanislas Vria, formerly Project Director within Altadis' Integration Office, has been appointed Vice President of Investor Relations of the Altadis Group. He will report to Eric Albrand, Group CFO and Member of the Group Management Committee. Aurelio López-Barajas will be part of the Investor Relations team, as Deputy of Investor Relations.