# *ALBA: PORTFOLIO AND THIRD QUARTER 2012 RESULTS*

- Alba reported a net loss of 137.8 M€ for the first nine months of 2012 due to ACS's non-recurring extraordinary net loss in the period, which has an overall negative impact of 302.8 M€ on Alba's results. These extraordinary items included, among others, a writedown of ACS's holding in Iberdrola and the capital losses generated by the sale of a stake of its holding in this Company, partially offset by the capital gains on the sales of Abertis and Clece.

- Removing from ACS's accounts the extraordinary results previously mentioned and Iberdrola's contribution via dividends as well as the non-recurring items from Alba's results, Alba's net profit for the first nine months of 2012 would be 134.4 M€.

- Net asset value (NAV) stood at 2,534.5 M€ at 30 September 2012, or 43.53 € per share. At the same date, Alba shares were traded at 29.66 €, a discount of 31.9% with respect to the NAV per share.

- At the end of October Alba paid out a gross interim dividend against 2012 earnings of 29.1 M€, distributing 0.50 € per share.

## I. EVOLUTION OF OUR MAIN EQUITY INVESTMENTS

- As in previous quarters, **ACS's** results in the first nine months of 2012 were strongly influenced by the full consolidation of Hochtief since June 2011 and by extraordinary items linked to its investment in Iberdrola. Consolidated sales and EBITDA grew by 56.3% and 51.5%, respectively, up to 28,468 M€ and 2,320 M€. International sales represented 82.6% of the total sales in the period with a steady growth of the of the order backlog outside Spain. The Company reported a net loss of 1,099 M€ due to the extraordinary losses described above. Stripping out extraordinary items and Iberdrola's contribution via dividends, net of the associated financial expenses, ACS's net profit for the first nine months of 2012 is 555 M€, 14.7% lower than the same period the year before. The net consolidated debt was reduced by 5.0% in the last twelve months to 9,214 M€.

- **Acerinox** reported a net profit of 9 M€ in the first nine months of 2012, 91.6% lower than the same period in 2011, due to the weakness of the demand and lower prices caused by falling nickel prices which, consequently, have motivated an inventory writedown of 22 M€, fulfilling the criteria of the net realizable value. The US market continued to perform better than Europe, due to the prolonged consumption decline of the latter, and Asia, where competition, mainly from China, is pushing down prices. Up to September, melting production grew by 12.1% compared to the same period of 2011. However, sales fell by 2.9% to 3,518 M€ as a result of the reduction in the alloy surcharge since March 2012. International sales represented 92.2% of the total sales. EBITDA for the period was 175 M€, down 44.7% from the first nine months of 2011. Phase one of Bahru Stainless (Malaysia) has been started up satisfactorily with growing output levels. Meanwhile, phase two is proceeding at a good pace with the installation of the initial equipment, expecting its implementation for the first quarter of 2013.

- **Indra** consolidated sales rose 9.9% in the first nine months of the year up to 2,121 M€ (flat excluding acquisitions), boosted by a 47.5% advance in international activities (55.1% of the total), that offsets the weak performance in Spain (-16.3%). Sales increased in all the sectors compared to the first nine months of 2011, except in Security and Defense and in Telecom and Media. EBITDA fell 9.4% to 213 M€ and the net profit dropped 35.6% to 93 M€ due to the restructuring expenses incurred during the period and higher financial expenses. Supported by a strong international growth, the new orders and the backlog increased 12.0% and 12.8% respectively in the first nine months of 2012 and the current order book covers 97% of the 2012 sales target.

- **Ebro Foods** sales in the first nine months of 2012 grew 16.3% compared to the same period in 2011, up to 1,518 M€, due to the acquisitions made at the end of 2011 and the rise in prices in the pasta business. EBITDA rose 12.1% to 208 M€, reflecting the strong performance of the rice business (+27.2%), which helped to offset the weak margins in pasta (-4.5%), mainly as a result of lower sales volumes in North America in response to price increases. Net profit advanced 18.9% to 110 M€ despite higher financial expenses related to the additional debt used to finance the acquisitions previously mentioned. Despite this additional debt, Ebro Foods' net debt has decreased by 28.6% since the beginning of the year.

- **Prosegur** sales rose 33.1% in the first nine months of 2012 up to 2,701 M€, driven by a robust organic growth of 11.3% (with a growth of 22.5% in Latin America and a decline of 1.3% in the European and Asia businesses). Acquisitions boosted total sales by an additional 22.9%. International sales accounted for 74.0% of the total, with a contribution of 59.1% from the Latin America business. EBITDA rose 15.5% to 295 M€, while net profit declined 2.2% to 114 M€ as a result of higher financial expenses associated with the debt required for the acquisitions. Operating margins in the first nine months were down due to the integration of new businesses and the negative performance of the European and Asian businesses, although it should be noted that margins recovered significantly in the third quarter.

- In the first nine months of 2012 **Clínica Baviera** saw its sales reduced by a 3.9% to 66 M€, dragged down by the weakness of the Spanish consumption, which drove down the revenues in the domestic businesses by 7.3%, partially compensated by the growth of the international business (+10.2%). International sales accounted for 22.0% of the total sales for the period. EBITDA and net profit decreased 37.2% and 62.9%, respectively, to 7 M€ and 1 M€.

## II. INVESTMENT PORTFOLIO

Shown below is the breakdown of Alba investment portfolio as of 30 September 2012:

| Listed holdings | % Stake | Book value Million € | Web Site |
|---|---|---|---|
| ACS | 18.3 | 855.3 | www.grupoacs.com |
| Acerinox | 24.2 | 696.9 | www.acerinox.es |
| Indra | 11.3 | 286.9 | www.indra.es |
| Ebro Foods | 8.1 | 184.4 | www.ebrofoods.es |
| Prosegur | 10.0 | 175.8 | www.prosegur.es |
| Clínica Baviera | 20.0 | 36.9 | www.clinicabaviera.com |
| Antevenio | 20.5 | 3.4 | www.antevenio.com |
| **Total book value** | | **2,239.6** | |
| **Total market value (30-09-12)** | | **2,003.9** | |
| **Unrealised losses** | | **(235.7)** | |
| **Unlisted holdings** | | **206.9** | |
| **Real Estate** *(appraisal value as of Dec. 31, 2011)* | | **229.2** | |

The main stakes in unlisted holdings are shown below:

| Company | Note | % Stake | Web Site |
|---|---|---|---|
| Mecalux | (1)(2) | 14.2 | www mecalux.es |
| Pepe Jeans | (1) | 12.3 | www.pepejeans.com |
| Panasa | (1) | 26.8 | www.berlys.es |
| Ros Roca | (1) | 19.0 | www rosroca.com |
| Flex | (1) | 19.8 | www flex.es |
| Ocibar | (1) | 21.7 | www.portadriano.com |

*Notes*

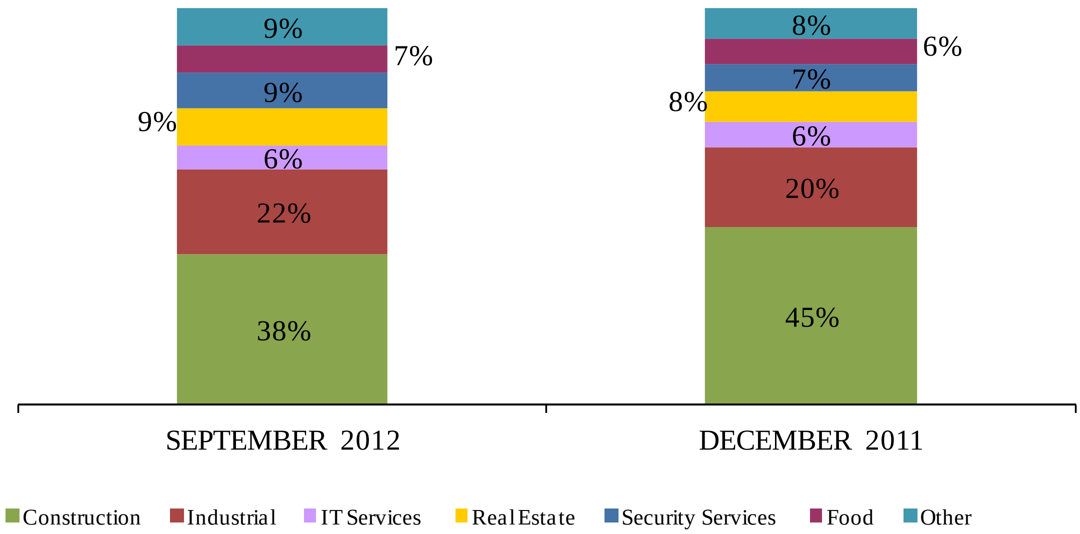
*(1) Through Deyá Capital S.C.R.*
*(2) Includes a 5.23% direct stake by Alba.*

## III. NET ASSET VALUE

The most representative figure for a company like Alba is its Net Asset Value (NAV). Calculated according to internal methods consistent with those usually applied by equity analysts, at 30 September 2012, Alba's net asset value was estimated at 2,534.5 M€, or 43.53 € per share after deducting treasury shares, 13.7% below the year-end 2011 NAV per share figure.

| | *Million euros* |
|---|---|
| Listed holdings | 2,003.9 |
| Unlisted holdings and Real Estate | 436.1 |
| Net financial debt | (94.6) |
| Other short-term and long-term assets and liabilities | 189.2 |
| **Net asset value** | **2,534.5** |
| | |
| Million shares (minus Treasury Stock) | 58.23 |
| **Net asset value / share** | **43.53 €** |

## IV. BREAKDOWN OF NET ASSET VALUE BY SECTOR[(1)] (GAV)




(1) Assets measured at market prices.

## V. CONSOLIDATED RESULTS

Alba reported a net loss of 137.8 M€ for the first nine months of 2012 due to ACS's non-recurring extraordinary net loss in the period, which has an overall negative impact of 302.8 M€ on Alba's results. These extraordinary items included, among others, a writedown of ACS's holding in Iberdrola down to 5.60 € per share(2) and the capital losses generated by the sale of a 3.69% stake in this Company, partially offset by the capital gains on the sales of Abertis and Clece.

Removing from ACS's accounts the extraordinary results previously mentioned and Iberdrola's contribution via dividends as well as non-recurring items from Alba's results (especially the capital gains obtained from the sale of a 5% stake of ACS in February 2011), Alba's net profit for the first nine months of 2012 would be 134.4 M€, a 21.6% lower than during the same period the year before.

The earnings per share for the period are -2.37 € versus 5.40 € in the first nine months of 2011.

Income from *Share of profits of associates* amounted -167.8 M€. Excluding from ACS' results the items mentioned above, this income would be 135.0 M€ versus 177.3 M€ for the first nine months of 2011.

*Recovery of assets* recorded an entry of 43.7 M€ to bring the book value of other financial investments in line with the best estimate of their current fair value.

*Operating expenses* were in line with the same period in 2011.

*Net financial income*, calculated as the difference between interest income and interest expenses, showed a positive balance of 2.5 M€, compared with a negative 2.6 M€ for the same period of 2011.

*Corporate income tax* declined to 13.6 M€ for the period, down from 57.3 M€ recorded for the first nine months of 2011 due to the impact on taxes of the capital gains obtained in that year.

(2) At the end of the second quarter of 2012, ACS estimated that the fair value of its holding in Iberdrola was 5.60€ per share which, compared to its previous fair value, represented an impact in its results after taxes of 962 M€. ACS accounts this holding in its consolidated balance sheet at market price, including in its Net Worth the difference between market and fair value in an entry denominated Adjustments from Value Changes.

## INCOME STATEMENTS

| | Million euros | |
|---|---|---|
| | 30/09/2012 | 30/09/2011 |
| Share of profits of associates | (167.8) | 193.6 |
| Rental income | 10.2 | 11.6 |
| Profit / (Loss) on asset sales | - | 185.1 |
| Assets impairments | 43.7 | - |
| Commissions and Financial Income | 15.6 | 14.9 |
| **Sum** | **(98.3)** | **405.2** |
| Operating expenses | (13.0) | (12.5) |
| Financial expenses | (13.1) | (17.5) |
| Depreciation | (0.8) | (0.8) |
| Provisions for contingencies and expenses | 2.1 | - |
| Corporate income tax | (13.6) | (57.3) |
| Minority shareholders | (1.1) | (1.7) |
| **Sum** | **(39.5)** | **(89.8)** |
| **Net earnings** | **(137.8)** | **315.4** |
| **EPS (€)** | **(2.37)** | **5.40** |

## CONSOLIDATED BALANCE SHEETS (1)

| **Assets** | Million euros | | **Liabilities** | Million euros | |
|---|---|---|---|---|---|
| | 30/09/2012 | 31/12/2011 | | 30/09/2012 | 31/12/2011 |
| *Real Estate Investments* | 213.7 | 213.3 | *Share capital (2)* | 58.3 | 58.3 |
| *Fixed assets* | 10.8 | 11.3 | *Reserves and treasury stock* | 2,845.1 | 2,397.8 |
| *Investments in Associates* | 2,239.6 | 2,439.8 | *Earnings for the year* | (137.8) | 406.2 |
| *Available for sale securities l.t.* | 206.9 | 206.9 | Minority interests | 1.0 | 0.7 |
| *Other financial investments and other assets* | 176.7 | 145.9 | Shareholders equity | 2,766.6 | 2,863.0 |
| Non-current assets | 2,847.7 | 3,017.2 | Provisions | - | 2.8 |
| | | | Other non-current liabilities | 40.7 | 40.7 |
| Financial investments | - | 1.8 | Financial debt | 94.6 | 219.4 |
| Debtors and other assets | 71.6 | 120.4 | Current liabilities | 17.4 | 13.5 |
| **Total assets** | **2,919.3** | **3,139.4** | **Total liabilities and shareholders equity** | **2,919 3** | **3,139.4** |

(1) Year 2012 unaudited

(2) The share capital at 30/09/12 is composed of 58,300,000 shares with a nominal value of 1 € each

## VI. STOCK MARKET PERFORMANCE


- In the first nine months of 2012, Alba's share price fell 1.9% from 30.23 € to 29.66 €, while the IBEX 35 index dropped by 10.0% to 7,709 points in the same period.

## VII. RELEVANT EVENTS POST-CLOSING

On 30 October, Alba paid a gross interim dividend against 2012 earnings of 0.50 € per share, in line with the dividend distributed against 2011 earnings in October of that year.

(November 14th, 2012)

**www.corporacionalba.es**