



ALBA: PORTFOLIO AND **THIRD QUARTER 2013 RESULTS**

- The consolidated net profit after taxes reached 195.7 M€ in the first nine months of 2013, compared to the 137.8 M€ losses recorded in the same period of the previous year caused by a writedown of ACS's holding in Iberdrola. This profit includes the 100.6 M€ result recorded from the sale of 5.78% of Prosegur, the marking to market of the remaining investment in this company and the sale of a 1% stake of ACS.
- The Net Asset Value (NAV) at 30 September 2013 stood at 3,102.7 M€ equivalent to 53.28 € per share. Alba shares closed at 40.97 € the same date, which implied a discount of 23.1% to the NAV per share.
- In October Alba paid out to shareholders a gross interim dividend against 2013 earnings of 29.1 M€ distributing 0.50 € per share.

I. MOST SIGNIFICANT TRANSACTIONS

In the first nine months of 2013, Alba carried out the following significant transactions:

- Sale of 5.78% of Prosegur for 155.4 M€ obtaining a pre-tax capital gain of 51.0 M€. With this sale Alba has obtained an IRR of 11.2% over 12 years.
- Sale, on 27 May, of 1% of ACS, through a financial product, for 69.2 M€ achieving a pre-tax capital gain of 13.5 M€ and an IRR of 13.8% over 19 years.
- Acquisition, on 29 July, of an additional 10.14% of Mecalux for 15.0 M€, of which 3.55% is held directly by Alba and 6.59% indirectly through Deyá Capital SCR. Following this acquisition, Alba's total interest in Mecalux amounts to 24.38%.
- Acquisition, on 30 July, of an 18.25% stake in Lazora Alojamientos for 14.9 M€ through Deyá Capital SCR.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- In the first nine months of 2013 ACS reached 28,045 M€ in sales, a 1.5% lower than the same period the year before, mainly because of the negative impact of the depreciation of the Australian dollar. Eliminating this effect, the sales had grown by 3.3%. Domestic sales decreased 15.6% and the international business currently represents 85.1% of the total revenues. EBITDA fell 4.2% in relation to the same period in 2012 down to 2,164 M€ due to the drop in margins in the Construction division caused, on the one hand, by the negative evolution of the exchange rates in the international activities and, on the other hand, by the lower activity in Spain. EBIT grew 5.1% to 1,184 M€ because of the lower amortization of Hochtief. Net profit totaled 548 M€ compared to the 1,100 M€ losses during the first nine months of 2012 as a result of the marking to market of the investment in Iberdrola. Ordinary net profit, that excludes extraordinary items and the contribution of Abertis and Iberdrola, was 447 M€, a 7.6% lower than in 2012 given the lower contribution of Construction and a higher effective tax rate. The net debt shrank 668 M€ during the third quarter down to 5,297 M€. At the beginning of October, ACS issued a 5-year bond of 721 M€, exchangeable into shares representing 2.0% of Iberdrola's share capital at a conversion price of 5.77 € per share.

- The sales of **Acerinox** fell 13.6% in the first nine months of 2013 to 3,038 M€ due to a decline in the price of stainless steel in all the markets, caused by the continuing downtrend in nickel prices and the consequent decline in alloy extras. This lower nickel prices required the Company to write down its inventories by 18 M€ Despite the cost improvement and reduction plans undertaken by the Company, EBITDA for the first nine months of 2013 fell 10.3% compared to the same period of 2012, to 157 M€ Even with this cumulative decrease, EBITDA for the third quarter was more than four times larger than for the third quarter of 2012. Net profit, meanwhile, decreased 15.9% in the period to 7 M€ Net debt at the end of the third quarter was 840 M€, down 23.1% year on year.
- The consolidated sales of **Indra** for the first nine months of 2013 rose to 2,123 M€ up 0.1% compared to the same period of 2012. By geography, international sales increased 8.8%, accounting for 59.9% of the total and offsetting the 10.6% decline in Spain. By business line, revenue was up 1.5% in Services and down 2.1% in Solutions. Growth was experienced across all sectors during the period, except for Public Administration & Health Care and Transport & Traffic. Recurring EBITDA was down 4.4% at 204 M€ while net profit narrowed 28.6% to 67 M€ due to restructuring charges incurred in the period and higher borrowing costs and depreciation and amortisation expenses. New orders fell 10.4%, mainly because of the large contract for high-speed train systems in Saudi Arabia obtained in the first quarter of 2012 (without this effect the new orders would have been down 2.2%). Meanwhile, the backlog shrank 2.7% in the period. Net debt increased by 11.6% in the first nine months of the year up to 707 M€ at the end of the third quarter. At the beginning of October, Indra issued a convertible bond of 250 M€ with a maturity of 5 years and a conversion price of 14.29 €per share.
- **Ebro Foods** saw a 1.3% decline in consolidated sales in the first nine months of the year, to 1,499 M€, showing a slight decrease in revenue in both the Rice and the Pasta businesses. Consolidated EBITDA slipped 6.4% in the period to 195 M€ affected, among other things, by the lower margin in the Rice business due to various one-off negative impacts and the increase in advertising expenses in both businesses. Looking at individual businesses, EBITDA was up 4.4% in Pasta and down 15.8% in Rice. Consolidated EBIT fell 8.3% to 152 M€ while net profit was down 9.7% to 100 M€ Net debt at 30 September 2013 was 260 M€ down 12.6% year on year.
- The sales of **Clínica Baviera** grew 3.6% in the first nine months of 2013 to 59 M€ driven by the international business, which posted a growth rate of 13.2%, compared to 0.3% in the Spanish market. International activities accounted for 28.1% of total revenues. EBITDA was 9 M€ up 6.1% compared to the same period of 2012, while EBIT was 5 M€ up 13.1%. Lastly, net profit grew 137.3% to 3 M€ This happened thanks mainly to the sale of the Aesthetics business in May, Clínica Baviera had practically zero net debt at 30 September 2013.

III. INVESTMENT PORTFOLIO

Alba's portfolio as of 30 September 2013 was as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	17.3	970.6	www.grupoacs.com
Acerinox	23.5	643.6	www.acerinox.es
Indra	11.3	272.7	www.indra.es
Prosegur (1)	4.2	112.8	www.prosegur.es
Ebro Foods	8.2	187.6	www.ebrofoods.es
Clínica Baviera	20.0	36.9	www.clinicabaviera.com
Antevenio	20.5	3.3	www.antevenio.com
Total book value		2,227.5	
Total market value		2,348.0	
Unrealised gains		120.5	
 <u>Unlisted holdings</u>		 243.8	
 <u>Real Estate</u> (appraisal value as of Dec. 31, 2012)		 220.2	

Note

(1) Since 1 January 2013 the holding in Prosegur is accounted for as Financial asset at fair value through profit or loss; as a result, as from that date its carrying value is the same as its market value.

Main stakes in unlisted holdings are shown below:

<u>Company</u>	<u>Note</u>	<u>% Stake</u>	<u>Web Site</u>
Mecalux	(1)(2)	24.4	www.mecalux.es
Pepe Jeans	(1)	12.1	www.pepejeans.com
Panasa	(1)	26.4	www.berlys.es
Ros Roca	(1)	19.2	www.rosroca.com
Flex	(1)	19.8	www.flex.es
Ocibar	(1)	21.7	www.portadriano.com
Lazora	(1)	18.3	www.resa.es
EnCampus	(1)	35.9	www.resa.es

Notes

(1) Through Deyá Capital S.C.R.

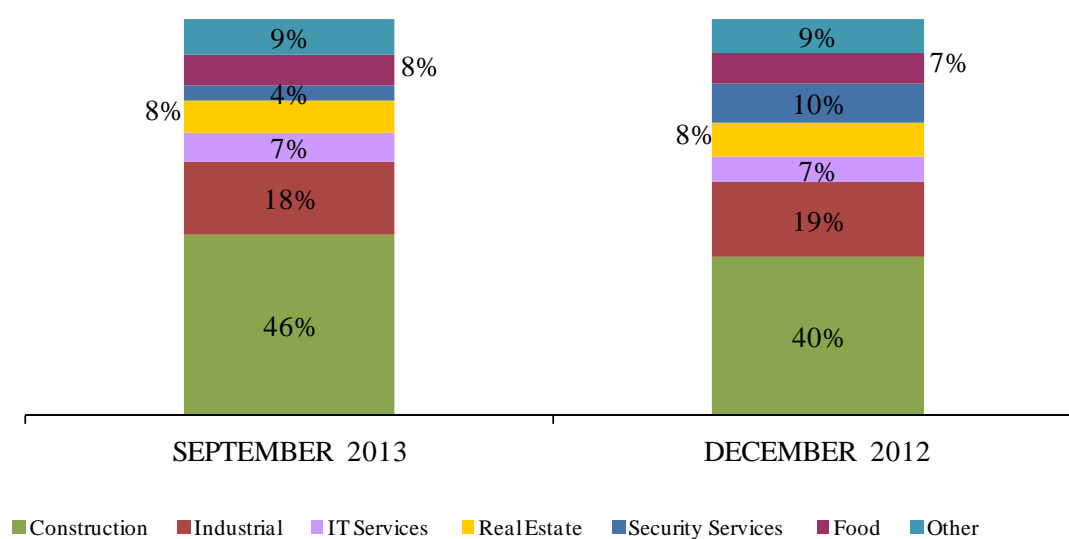
(2) Includes a 8.78% direct interest held by Alba.

IV. 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 2013, Alba's net asset value was estimated at 3,102.7 M€ or 53.28 € per share after deducting treasury shares, 12.2% higher than the year-end 2012 NAV per share figure.

	<i>Million euros</i>
Listed holdings	2,348.0
Unlisted holdings and Real Estate	464.0
Cash	159.5
Other short-term and long-term assets and liabilities	131.2
Net asset value	3,102.7
Million shares (minus Treasury Stock)	58.23
Net asset value / share	53.28 €

V. BREAKDOWN OF NET ASSET VALUE BY SECTOR⁽¹⁾ (GAV)



(1) Listed companies valued at market prices, unlisted companies at book value and real estate assets appraised by an independent third party as of 31st December 2012.

VI. CONSOLIDATED RESULTS

Consolidated net profit after taxes reached 195.7 M€ in the first nine months of 2013, a significant improvement compared to the 137.8 M€ losses recorded in the same period of the previous year. Earnings per share in the period were 3.36 € compared with a loss of 2.37 € in the same period of 2012.

Income from *Share of profit of associates* totalled 117.0 M€ in the first nine months, compared to -167.8 M€ in the same period of the previous year. This increase is due mainly to the improvement in the results of ACS compared to the same period of the previous year, when the result included significant extraordinary losses related to ACS's stake in Iberdrola. On the other hand, the improvement in this item is reduced by the non-consolidation in the year to date of the share of the net profit of Prosegur in the results of Alba, due to the reclassification of the Prosegur investment as a *Financial asset at fair value through profit or loss* since 1 January this year.

Profit/(loss) on asset sales includes 100.6 M€ related, on the one hand, to the investment in Prosegur: 51.0 M€ of pre-tax capital gains on sales of shares completed during the first nine months and 38.3 M€ from the marking to market of the remaining stake in the Company, which, because of the abovementioned reclassification, coincides with its market value of 4.32 € per share at the end of September. On the other hand, it also includes the pre-tax capital gains of 13.5 M€ realised on the sale of 1% of ACS at the end of May.

Operating expenses rose 6.2% to 13.8 M€

Net financial income, calculated as the difference between finance income and costs, showed a positive balance of 12.1 M€ compared with 2.5 M€ in the same period of 2012. In this respect, it should be highlighted that given the accounting change for the investment in Prosegur any dividends received from this company are now recognised in *Finance income*.

Corporate Income Tax amounted to 27.4 M€ in the first nine months of 2013, reflecting the tax impact of the abovementioned *Profit/(loss) on asset sales*.

INCOME STATEMENTS

	Million euros	
	30/09/2013	30/09/2012
Share of profits of associates	117.0	(167.8)
Rental income and other	9.7	10.2
Profit / (Loss) on asset sales	100.6	-
Assets impairments	(0.7)	43.7
Commissions and Financial Income	16.9	15.6
Sum	243.5	(98.3)
Operating expenses	(13.8)	(13.0)
Financial expenses	(4.8)	(13.1)
Depreciation	(0.7)	(0.8)
Provisions for contingencies and expenses	0.0	2.1
Corporate income tax	(27.4)	(13.6)
Minority shareholders	(1.1)	(1.1)
Sum	(47.8)	(39.5)
Net earnings	195.7	(137.8)
EPS (€)	3.36	(2.37)

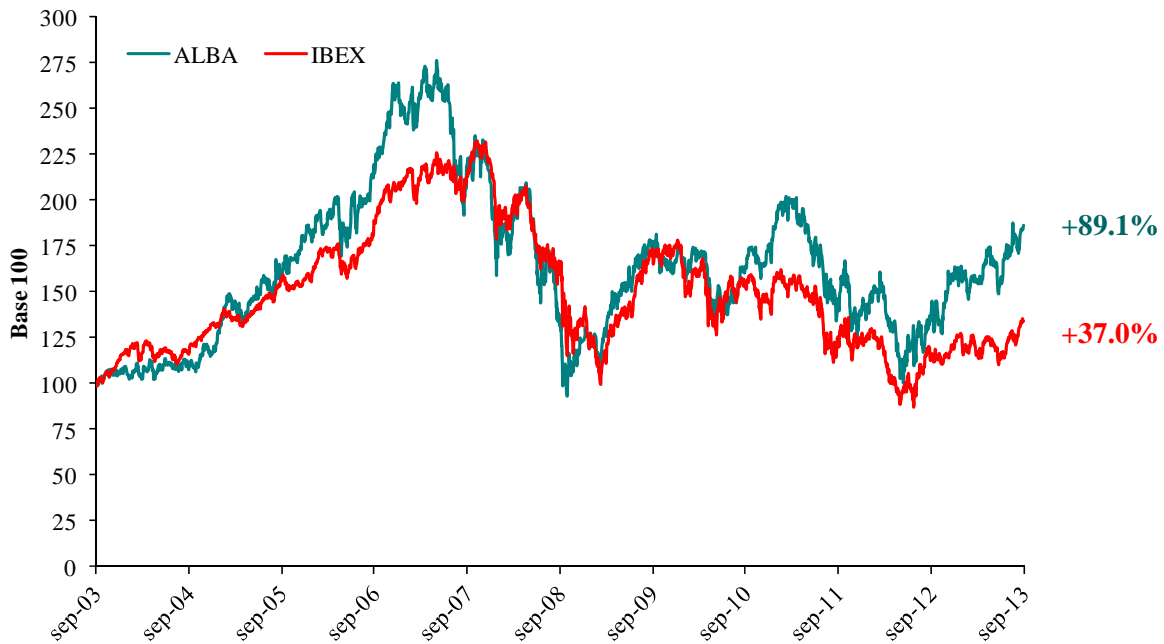
CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	30/09/2013	31/12/2012		30/09/2013	31/12/2012
Real Estate Investments	205.5	205.3	Share capital (2)	58.3	58.3
Fixed assets	9.2	9.9	Reserves and treasury stock	2,719.3	3,005.1
Investments in Associates	2,114.7	2,262.0	Earnings for the year	195.7	(299.4)
Financial assets at fair value through P&L	356.5	208.8	<u>Minority interests</u>	<u>1.3</u>	<u>0.7</u>
Other financial investments and other assets	187.9	188.5	Shareholders equity	2,974.6	2,764.7
Non-current assets	2,873.8	2,874.5	Other non-current liabilities	47.9	38.2
Cash and cash equivalents	159.5	-	Financial debt	-	144.2
Debtors and other assets	41.1	88.1	Current liabilities	51.9	15.5
Total assets	3,074.4	2,962.6	Total liabilities and shareholders equity	3,074.4	2,962.6

(1) Year 2013 unaudited

(2) The share capital at 30/09/13 is composed of 58,300,000 shares with a nominal value of 1 € each

VII. STOCK MARKET PERFORMANCE



- In the first nine months of 2013, Alba's share price increased a 16.0% from 35.31 € to 40.97 € showing a better performance than the IBEX 35 which, in the same period, grew a 12.5% to 9,186 points.

VIII. POST-CLOSING EVENTS

- On 1 October, Alba sold 1% of ACS, through a financial product, for 77.0 M€ achieving a pre-tax capital gain of 20.2 M€ and an IRR of 14.7% over 20 years.
- Since 30 September, Alba has sold the remaining 4.23% of Prosegur for 113.8 M€ completing the sale of its whole stake in the company. Year to date Corporación Financiera Alba has sold its 10.01% stake in Prosegur for a total of 269.1 M€ obtaining a consolidated gross capital gain of 89.3 M€ and an IRR of 11.3% over an investment period of 12 years.
- On 16 October, Alba paid a gross interim dividend against current year earnings of 0.50 € per share, in line with the dividend distributed against 2012 earnings in October of that year.

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