ALBA:* *PORTFOLIO AND FINANCIAL RESULTS FOR THE FIRST HALF OF 2016

- Consolidated net profit after taxes amounted to €132.0 M in the first half of 2016, 12.3% lower than in the same period of the previous year. This decrease is mainly due to the absence of asset sales in 2016, unlike the first half year of 2015 when capital gains of €120.4 M were recorded, arising from the sale of 1.73% of ACS and 3.10% of Acerinox.
- Net Asset Value (NAV) stood at €3,607.5 M at 30 June 2016, equivalent to €61.94 per share. Alba's share price of €36.30 on this same date represents a discount of 41.4% compared to the NAV per share. NAV has decreased 1.60% during this half year period, compared to a 14.5% decline for the IBEX 35.

I. MAIN TRANSACTIONS FOR THE FIRST HALF OF THE YEAR

During the first half of 2016, Alba invested €194.3 M in the following transactions:

- Purchase of 8.16% of Parques Reunidos for €101.9 M.
- Purchase of an additional 1.95% of Viscofan for €46.4 M, reaching an 8.81% stake.
- Purchase of an additional 1.49% of BME for €35.3 M, reaching a 12.06% stake.
- Purchase of an additional 0.83% of Euskaltel for €10.7 M, reaching a 10.83% stake.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- **ACS's** sales figures amounted to €16,387 M in the first half of 2016, down 8.2% with respect to the same period in 2015. This decline was mainly the result of the lower activity of CIMIC in Australia, aggravated by the devaluation of the Australian Dollar against the Euro. By geographical area, only North America posted a growth in sales (+9.1%). The backlog increased by 3.3% despite the negative impact of exchange rates, thanks to the positive performance of the Construction contracting process in North America, through Dragados, Turner and Flatiron, and that of Industrial Services in Asia Pacific. EBITDA and EBIT came in at €1,225 M and €897 M, representing a decline of 6.9% and 0.9%, respectively, compared to the previous year, as a result of the sale of renewable assets in the first quarter of 2015 (-4.6% and +2.6% excluding this effect) and due to the lower production of CIMIC referred to above. The attributable net income was €388 M, a drop of 4.7% compared to 2015. The Group's net debt increased 6.6% compared to June 2015, reaching €3,741 M, due to the investment made to increase the stake in Hochtief and CIMIC.
- The sales of **Acerinox** sales decreased by 17.6% to €1,907 M in the first half year of 2016, due to the fall in the price of stainless steel across the markets, brought about by the drop in nickel prices. EBITDA decreased by 41.2% to €120 M in relation to the first half year of the previous financial year. In spite of this drop, the EBITDA for the second quarter of 2016 was 92.1% higher than the figure for the first quarter (€79 M vs. €41 M). The Company recorded net income of 9 M€, down 86.4% with respect to the first half of 2015. Nevertheless, the second quarter of 2016 was the first to show positive net income (€17 M) after three consecutive quarters of losses. The net financial debt at 30 June 2016 was €609 M, €195 M lower than the previous year's figure. In spite of the difficult market conditions,

steel production in the second quarter of 2016 reached 652,000 tonnes, 13.4% higher than the figure for the first quarter and the highest since mid-2007.

- **Bolsas y Mercados Españoles'** income in the first half year of 2016 fell by 7.2% to €168 M, mostly due to the fact that equity investments continued to be affected by the global market situation. Indeed, the divisions that did show growth were those that did not have a direct relationship to market activity (+19.7% in Information – due in part to the global consolidation of Infobolsa – and +6.1% in IT & Consulting) and Clearing (+17.4%), as a result of BME Clearing beginning to offset cash equity transactions with the entry into force of the Spanish Registry, Clearing and Settlement System reform. EBITDA decreased by 11.8% to €114 M due to the fall in income and to extraordinary expenses deriving from the integration of Infobolsa. Net profit (€86 M) fell only 6.1%, thanks to a lower tax rate and greater financial income, making it the second-best half-year result since 2008.

- **Ebro Foods'** turnover rose to €1,217 M, 2.0% greater than that recorded in the same period for 2015, boosted by the strong performance in the Pasta (+4.2%) and Rice (+0.7%) divisions. This growth was strengthened with the incorporation of Rice Select, Grupo Monterrat and Celnat in the perimeter. EBITDA increased 16.4% in the half year to €164 M, thanks to the decline in the price of raw materials and the aforementioned acquisitions. Net profit for the period was €88 M, an increase of 46.9% compared to the first half year of 2015, due to the good operating performance of the business and the extraordinary income obtained from the sales of the business in Puerto Rico and a building in Madrid. Despite the acquisitions made, net debt at 30 June 2016 (€462 M) was down by €48 M compared to the figure for the same date in the previous year, due to cash flow generation and the divestment referred to above.

- **Viscofan's** sales figures dropped to €357 M in the first half of 2016, down 3.8% with respect to the same period in 2015. This fall can be attributed to the decline in sales in Latin America (particularly in Brazil), lower income from cogeneration and unfavourable currency trends in the main markets, despite the increases in volume in North America, Europe and Asia. Excluding the effects of currency and of non-recurring income from the outsourcing of pensions, sales were down 0.5% in this period. Reported EBITDA fell 6.7% to €101 M, compared to the first half year of the previous financial year, as a result of the factors mentioned above although, in organic terms (without the effect of currency and non-recurring income), EBITDA was 0.3% higher than in 2015. Net profit of €60 M was 0.9% lower due to an improved financial result and a lower tax rate. Net financial debt stood at €13 M at 30 June 2016, compared to €30 M at the end of the first half year of the previous year.

- In the first half year of 2016, **Indra's** sales decreased by 5.4% to €1,332 M in relation to the same half year of the previous year (-1.0% at a constant exchange rate). By verticals, IT sales fell (-10.5%) due to factors such as the adverse effect of exchange rates, repositioning in Brazil, a more selective contracting process, delays in some public tenders in Spain and decreased activity in oil producing countries. Meanwhile, T&D showed a growth of 2.1% as a result of the positive evolution of the Defence & Security area (+7.8%). EBIT for the period stood at €70 M, compared to losses of €415 M during the first half year of 2015, representing a sales margin of 5.3%. The improved margin during the last quarters is based on cost efficiency and optimisation plans and the greater profitability of ongoing projects. Net profit was €31 M compared to losses of €436 M in the first half year of the previous financial year. Net financial debt at 30 June 2016 amounted to €659 M, representing a ratio of 3.1 times the EBITDA for the last 12 months and a reduction in debt of €165 M in relation to the close of June 2015, due to the positive evolution of cash generation thanks to the improvement in operating performance and working capital.

- **Euskaltel's** profits for the first half year were positively affected by the incorporation of R Cable. Thus, income for the period grew by 76.9% to €286 M. This growth was due to the aforementioned global consolidation of R Cable (+1.0% in comparable terms) and to the positive evolution of the Residential segment (+4.8% in comparable terms) which offset the reduction in income of the Business segment and Other. EBITDA, adjusted for costs associated with the integration of R Cable and the Initial Public Offering process, reached €139 M, up 83.3% with respect to the previous financial year (+7.9% comparable). The sales margin was 48.7%, up 1.7 p.p with respect to the first half year of 2015 (3.1 p.p. in comparable terms) due to cost savings. Net profit was €30 M, compared to losses of €18 M in the first half year of the previous financial year, due to the extraordinary expenses related to the IPO. Net financial debt at 30 June 2016 stood at €1,307 M (compared to €417 M in June 2015) due to the aforementioned acquisition of R Cable at the end of last year.

- **Parques Reunidos** closes its financial year on 30 September and, therefore, the results published by the Company at 30 June contain financial information corresponding to three quarters. Given the seasonal nature of its business, these quarters are considered the low season. In accordance with the historical data of the company, approximately 57% of sales and 96% of its EBITDA are generated in its fourth quarter. Parques Reunidos' income for the first three quarters was €248 M, 0.2% higher than the figure for the same period in the previous financial year. EBITDA reached €10 M, representing a reduction of €5 M with respect to the same period in the previous year, due to the calendar of national holidays in the United States. EBIT was €-55 M (€-29 M in 9M2015) and net profit was €-100 M (€-71 in 9M2015), affected by the extraordinary expenses associated with the Initial Public Offering. Net debt at 30 June 2016 amounted to €686 M, €303 M less than at year-end 2015, as a result of the share capital increase carried out in the IPO.

- **Clínica Baviera** achieved sales of €48 M in the first half year of 2016, 12.4% greater than the sales figure for the same period in the previous year, with a solid growth rate in both the domestic market (+12.9%) and the international market (+11.1%). EBITDA increased 78.3% up to €10 M, with a substantial improvement in margins (20.4% 1HY2016 vs. 12.8% 1HY2015), due to the growth of refractive laser surgery and the positive impact of operating leverage. In turn, EBIT and net profit were €7 M and €5 M, representing an increase of 150.3% and 157.7%, respectively, compared to the first half year of 2015. At 30 June 2016, the Company had net cash position of €2 M compared to a net debt of €4 M in June 2015.

III. PORTFOLIO

Alba's portfolio at 30 June 2016 was as follows:

Listed holdings	**% Stake**	**Book value Million €**	**Web Site**
Acerinox	19.62	602.5	www.acerinox.es
ACS	11.69	564.7	www.grupoacs.com
BME	12.06	319.8	www.bolsasymercados.es
Clínica Baviera	20.00	28.5	www.clinicabaviera.com
Ebro Foods	10.01	259.1	www.ebrofoods.es
Euskaltel	10.83	163.2	www.euskaltel.com
Indra	11.32	176.5	www.indra.es
Parques Reunidos	8.16	100.2	www.parquesreunidos.com
Viscofan	8.81	186.9	www.viscofan.com
Total book value		**2,401.4**	
Total market value		**2,607.4**	
Unrealised gains		**206.0**	
Unlisted holdings *(valuation as of June 30th, 2016)*		**316.6**	
Real Estate *(appraisal value as of June 30th, 2016)*		**381.3**	

Alba's main shareholdings in unlisted companies are detailed below:

Company	**Note**	**% Stake**	**Web Site**
Mecalux	(1)(2)	24.38	www mecalux.es
Panasa	(1)	26.46	www.berlys.es
Flex	(1)	19.75	www flex.es
Siresa Campus SII	(1)	17.44	www resa.es
Siresa Campus Noroeste	(1)	17.44	www resa.es
EnCampus	(1)	32.75	www resa.es
in-Store Media	(1)	18.89	www.in-storemedia.com
TRRG Holding Limited	(1)	7.50	www rosroca.com

Notes

(1) Through Deyá Capital S.C.R.

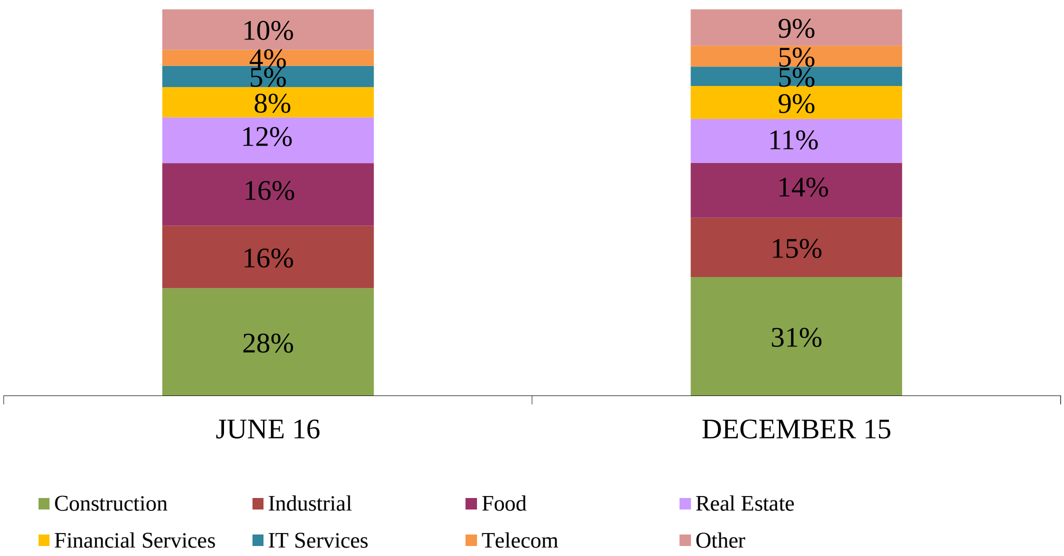
(2) Includes an 8.78% direct shareholding belonging to Alba.

IV. NET ASSET VALUE (NAV)

The most representative way of scaling a company like Alba is through the net value of its assets (NAV). Calculated on the basis of internal criteria, in line with those generally used by analysts, Alba's pre-tax NAV is estimated at €3,607.5 M at 30 June 2016. On this same date, the NAV per share, after deducting treasury shares, stood at €61.94, down 1.60% compared to the end of 2015.

	Million euros
Listed holdings	2,607.4
Unlisted holdings	316.6
Real Estate	381.3
Net cash position	37.0
Other financial investments and other assets	149.6
Receivables and other assets	108.4
+ Dividend adjustment of associated companies	18.1
Other noncurrent and current liabilities	(10.5)
Net asset value	**3,608.0**
Other short-term and long-term assets and liabilities	(0.5)
Group net asset value	**3,607.5**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**61.94 €**

V. SECTORAL DISTRIBUTION OF GROSS ASSET VALUE(1) (GAV)



(1) Listed companies valued at market prices, unlisted companies at book value (according to the valuation made on 30 June 2016) and the most recent appraisal of real estate assets (30 June 2016).

VI. CONSOLIDATED RESULTS

Consolidated net profit after taxes reached €132.0 M in the first half of 2016, 12.3% lower than in the same period of the previous year. This decrease is mainly explained by the epigraph *Profit/loss on asset sales*, which shows a profit of €120.4 M for the first six months of the previous year (due to the aforementioned sales of shares of ACS and Acerinox), while in the first half year of this year it includes a profit of €46.2 M, of which €33.8 M corresponds to the valuation of financial instruments accounted for at fair value through profit or loss and the remaining €12.4 M to the recovery in value of the Indra holding.

Net profit per share for this half of the year was €2.27, compared to €2.58 in the first half of the last financial year.

Income from *Share of profits of associates* was €76.9 M for this half of the year, compared to €29.3 M in the same period of the previous year (+162.5%).

Operating expenses increased by 12.4% to €10.9 M.

The *net financial profit*, calculated as the difference between income and financial expenses, shows a positive balance of €1.1 M compared to €4.6 M in the same period for 2015, due to lower net cash position as a result of investments in the period, as well as a reduction in interest rates.

INCOME STATEMENT

	Million euros	
	30/06/2016	30/06/2015
Share of profits of associates	76.9	29.3
Rental income and other	9.4	6.5
Gains from fair value adjustments in Real Estate investments	13.0	0.0
Profit / (Loss) on asset sales	46.2	120.4
Commissions and Financial Income	2.3	4.9
Sum	**147.8**	**161.1**
Operating expenses	(10.9)	(9.7)
Financial expenses	(1.2)	(0.3)
Depreciation	(0.5)	(0.5)
Corporate income tax	(3.2)	0.2
Minority shareholders	(0.2)	(0.3)
Sum	**(15.9)**	**(10.6)**
Net earnings	**132.0**	**150.5**
EPS (€)	**2.27**	**2.58**

CONSOLIDATED BALANCE SHEETS [(1)]

<u>Assets</u>	Million euros	
	30/06/2016	31/12/2015
Real Estate Investments	366.4	352 2
Fixed assets	7.3	7.7
Investments in Associates	2,401.4	2,236.0
Financial assets at fair value through P&L	316.6	285 9
Other financial investments and other assets	149.6	149.0
Non-current assets	3,241.3	3,030.8
Cash and cash equivalents	178.1	298.8
Debtors and other assets	108.4	162
Total assets	**3,527 9**	**3,491.6**

<u>Liabilities</u>	Million euros	
	30/06/2016	31/12/2015
Share capital (2)	58.3	58 3
Reserves and treasury stock	3,156.2	2,984 5
Earnings for the year	132.0	269.6
Minority interests	0.5	0.6
Shareholders equity	3,347.0	3,313.0
Other non-current liabilities	2.9	3.0
Net deferred tax	29 3	26.0
Long-term loans	132.1	136.6
Short-term loans	9.0	8 9
Current liabilities	7.6	4 1
Total liabilities and shareholders equity	**3,527.9**	**3,491.6**

VII. STOCK MARKET PERFORMANCE

- In the first half year of 2016, Alba's share price decreased by 8.9%, from €39.85 to €36.30, while in the same period the IBEX 35 fell by 14.5% to 8,163 points.

www.corporacionalba.es (7 September 2016)