



## **ALBA: PORTFOLIO AND FIRST HALF 2014 RESULTS**

- The consolidated net profit for the first half of 2014 reached 289.0 M€ 96.6% higher than the same period of the previous year. The growth was attributable mainly to an increase in *Profits on asset sales*, as a result of capital gains on the sale of 5.0% of ACS during the period.
- The Net Asset Value (NAV) at 30 June 2014 was 3,878.9 M€, equivalent to 66.61 € per share (+20.1% in the half-year). The Alba share price at that date was 47.49 € representing a discount of 28.7% to the NAV per share.
- During the half-year Alba made investments of 262.5 M€ and asset sales of 515.0 M€
- In June Alba paid a gross final dividend of €0.50 per share against 2013 earnings to its shareholders, which represented a total payout of 29.1 M€
- At 30 June 2014 Alba had a net cash position of 520.3 M€

### **I. MOST SIGNIFICANT TRANSACTIONS IN THE HALF-YEAR**

Of all the investments and asset sales carried out by Alba in the first half of 2014, the following deserve special mention:

- Sale of 5.00% of ACS for 514.9 M€ (1.30% in the first quarter, 3.70% in the second). In these sales Alba obtained total pre-tax capital gains of 236.3 M€ and a combined IRR of 15.5% per year for 20 and a half years.
- Acquisition of 4.54% of Bolsas y Mercados Españoles (BME) for 118.9 M€
- Acquisition of 5.00% of Viscofan for 97.4 M€
- Acquisition of 1.80% of Ebro Foods for 45.1 M€ increasing the stake in this company to the current 10.01%.

### **II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS**

- The sales of ACS in the first half of 2014 amounted to 18,759 M€ 5.0% less than in the same period the year before as a consequence of the impact of exchange rate fluctuations, especially the depreciation of the Australian dollar against the Euro, and the asset sales in 2013. At constant exchange rates and with the same scope of consolidation, sales would have grown by 5.1%. EBITDA fell by 15.2% due to the aforementioned impact of the exchange rate changes, the sale of assets by Hochtief in 2013 and the establishment of FleetCo by Leighton. Eliminating these effects, EBITDA would have increased 2.1%. The attributable net profit reached 395 M€ in the first half of the year, 10.7% higher than in the first half of 2013. Net debt rose 1,233 M€ during the second quarter up to 5,812 M€ at the end of June, with an increase in fixed income financing. In August, ACS bought back to Mercapital a 25% stake approximately of Clece, whose enterprise value was considered to be 542 M€, controlling again 100% of the company.
- **Acerinox** increased its sales by 4.8% in the first half of 2014 to 2,170 M€, mainly through a 12% increase in the volume of sales in tons, which offset the weakness in stainless steel selling prices. EBITDA grew 78.9% in the first half to 213 M€ thanks to higher sales and a

reduction in staff costs and operating expenses due to the implementation of the improvement measures adopted within the framework of the company's III Excellence Plan. Acerinox posted net first-half profit of 76 M€ 4.7 times higher than for the same period of 2013. Net debt at the end of June 2014 was 828 M€, up 8.9% on the close of the first quarter, due to the increase in working capital as a result of higher raw material prices and, fundamentally, the upswing in business activity.

- At **Indra** consolidated sales fell 1.0%, largely due to depreciation of currencies in Latin America, which led to a 4.3% decline in sales in this region (+14% in local currency). On a comparable basis, at a constant exchange rate and with a constant scope of consolidation, first-half sales were up 6% on the same period of the previous year. By geography, international sales grew 5.1%, despite the negative exchange rate impact already mentioned, while the domestic business contracted by 9.2%. By business area, sales grew in Solutions (+3.8%) but decreased in Services (-8.6%), due to disposals and the strength of the euro. By sector, the standout was Public Administration & Health Care (+20.9%), while Telecom & Media (-24.0%) and Energy & Industry (-8.8%) both showed declines, mainly attributable to the situation of the Spanish market. Recurring EBITDA grew 3.9% to 148 M€ and net profit rose 26.5% to 60 M€ thanks to reduced restructuring expenses. Financial debt was 652 M€ at the end of June 2014, up 7.4% on the end of March, mainly due to an increase in working capital, although the Company expects it to fall back by the end of year.
- At **Ebro Foods** consolidated sales grew 1.3% in the first half, reaching 987 M€ driven by a 3.9% increase in Pasta sales (supported by the consolidation of the acquisitions made at the end of 2013), which offset the 0.7% fall in Rice. EBITDA grew 0.2% to 131 M€ with growth of 1.4% in Rice and a fall of 0.5% in Pasta, due to an increase in competition. Net profit, including the capital gains on the sale of the Company's stake in Deoleo, was 72 M€ up 2.1% on the first half of 2013. Net debt increased 44.9% during the second quarter to reach 430 M€. This increase was caused by the acquisition of 52% of Pastificio Lucio Garofalo for 63 M€ and the subsequent consolidation of its debt.
- **BME** reported first-half revenue of 170 M€, 10.5% more than in the same period of the previous year, driven mainly by the Equity segment, which grew 26.5% to 79 M€. EBITDA increased 16.5% to reach 120 M€, as a result of an improvement in the efficiency ratio (ratio of costs to operating income), which went from 33.1% in the first half of 2013 to 29.5% in the same period of the current year. Net profit grew in line with EBITDA (+16.3%) to reach 84 M€, the best half-year result over the last three years.
- In the first half of 2014 **Viscofan** consolidated sales remained practically flat at 388 M€ (+0.1%), as increased turnover in the Vegetable Foods segment (+3.2%) made up for a 0.4% decline in sales in the Casings segment, due to the adverse effect of the exchange rate (especially the Brazilian real) and the decline in revenue from the cogeneration business in Spain. Consolidated EBITDA rose 2.8% to 94 M€, supported by a 3.2% increase in the EBITDA of the Casings segment, which offset the 7.7% drop in the EBITDA of the Vegetable Foods segment. Net profit fell 5.3% to 51 M€ as a result of a higher effective tax rate compared to the same period of the previous year.
- The sales of **Clínica Baviera** decreased 1.4% in the first half of 2014, to 42 M€ because of a 11.2% decline in the sales of the international business. EBITDA and EBIT fell 20.3% and 31.5% compared to the first half of 2013, to reach 6 M€ and 3 M€. This decline in earnings is due to the change in the product mix in Spain and the lower sales of the international businesses. Lastly, net profit was slightly over 2 M€, down 37.3% on the first half of the previous year.

### III. INVESTMENT PORTFOLIO

The composition of Alba's portfolio at 30 June 2014 is as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	11.3	614.2	www.grupoacs.com
Acerinox	23.5	615.9	www.acerinox.es
Indra	11.3	278.6	www.indra.es
Ebro Foods	10.0	233.8	www.ebrofoods.es
BME	4.5	117.6	www.bolsasymercados.es
Viscofan	5.0	96.2	www.viscofan.com
Clínica Baviera	20.0	36.3	www.clinicabaviera.com
Antevenio	17.6	1.8	www.antevenio.com
<b>Total book value</b>		<b>1,994.4</b>	
<b>Total market value</b>		<b>2,731.8</b>	
<b>Unrealised gains</b>		<b>737.4</b>	
 <b>Unlisted holdings</b>		 <b>244.8</b>	
 <b>Real Estate</b> ( <i>appraisal value as of Dec. 31, 2013</i> )		 <b>214.6</b>	

Main stakes in unlisted companies are as follows:

<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)	17.4	www.rosroca.com
Flex	(1)	19.8	www.flex.es
Ocibar	(1)	21.7	www.portadriano.com
Siresa Campus	(1)	17.4	www.resa.es
EnCampus	(1)	32.8	www.resa.es

*Notes*

(1) Through Deyá Capital, S.C.R.

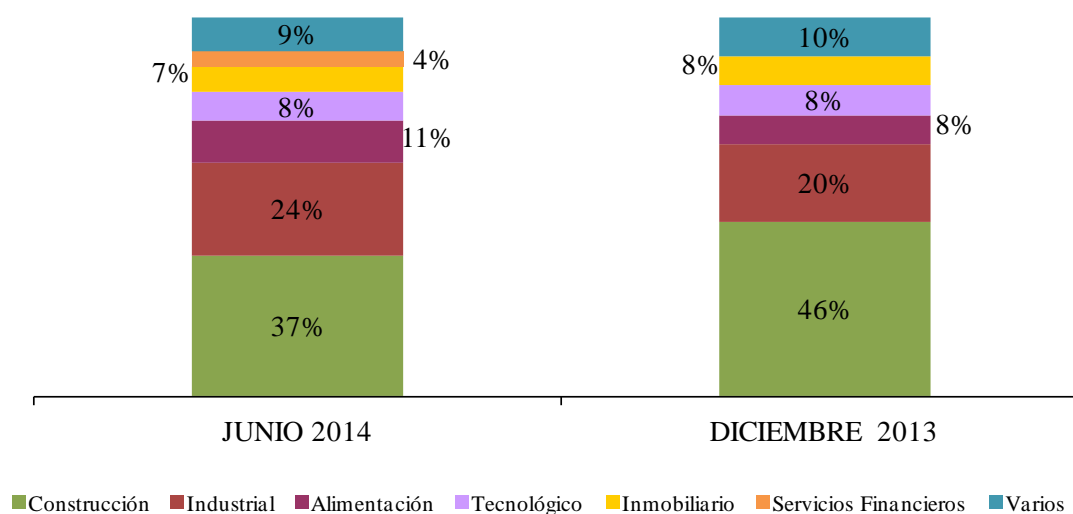
(2) Includes a direct holding by Alba of 8.78%.

#### IV. NET ASSET VALUE (NAV)

The most representative figure for a company like Alba is its Net Asset Value (NAV). Calculated according to internal methods, consistent with those generally applied by equity analysts, Alba's NAV before tax at 30 June 2014 is estimated at 3,878.9 M€ This represents a NAV per share of 66.61 € after deducting treasury shares, up 20.1% compared to the end of 2013.

	<i>Million euros</i>
Listed holdings	2,731.8
Unlisted holdings and Real Estate	459.4
Net cash position	520.3
Other short-term and long-term assets and liabilities	167.4
<b>Net asset value</b>	<b>3,878.9</b>
Million shares (minus Treasury Stock)	58.24
<b>Net asset value / share</b>	<b>66.61 €</b>

#### V. GROSS ASSET VALUE (GAV) BY INDUSTRY<sup>(1)</sup>



- The new “Financial services” category includes the market value of the stake in BME.
- “Food” includes the market value of the stakes in Ebro Foods and Viscofan.

(1) Market price in the case of listed companies, consolidated cost in the case of unlisted companies and last appraisal (31 December 2013) in the case of real estate property. GAV is calculated without net cash and cash equivalents.

## VI. CONSOLIDATED RESULTS

The consolidated net profit for the first half of 2014 reached 289.0 M€ 96.6% higher than the same period of the previous year. The growth was attributable mainly to an increase in Profits on asset sales, as a result of capital gains on the sale of 5.0% of ACS during the period.

Net earnings per share for the first-half were 4.96 € compared to 2.52 € in the first half of 2013 (+96.6%).

Income from *Share of profit of associates* totalled 91.6 M€ in the half-year, up 15.5% compared to the same period of the previous year (79.3 M€). This increase was driven by the improved performance of Acerinox, Ebro Foods and Indra Sistemas, offsetting the lower contribution of ACS, mainly due to the reduction of the holding in this latter company.

*Profit/(loss) on asset sales* includes 236.3 M€ of income from the sale of 5.00% of ACS (1.30% in the first quarter, 3.70% in the second).

*Operating expenses* rose 6.6% to 9.7 M€

*Net finance income/(expense)*, calculated as the difference between finance income and costs, shows net income of 7.8 M€ compared to a net expense of 1.1 M€ in the same period of 2013.

*Corporate income tax* totalled 42.9 M€, compared to 25.9 M€ in the first half of 2013. This increase is caused by the tax impact of the higher *Profit/(loss) on asset sales* in the period.

## INCOME STATEMENT

	Million euros	
	30/06/2014	30/06/2013
Share of profits of associates	91.6	79.3
Rental income and other	6.7	6.4
Profit / (Loss) on asset sales	236.3	98.4
<b>Commissions and Financial Income</b>	<b>10.8</b>	<b>9.6</b>
<b>Sum</b>	<b>345.4</b>	<b>193.7</b>
Operating expenses	(9.7)	(9.1)
Financial expenses	(3.0)	(10.7)
Depreciation	(0.5)	(0.5)
Corporate income tax	(42.9)	(25.9)
<b>Minority shareholders</b>	<b>(0.3)</b>	<b>(0.5)</b>
<b>Sum</b>	<b>(56.4)</b>	<b>(46.7)</b>
<b>Net earnings</b>	<b>289.0</b>	<b>147.0</b>
<b>EPS (€)</b>	<b>4.96</b>	<b>2.52</b>

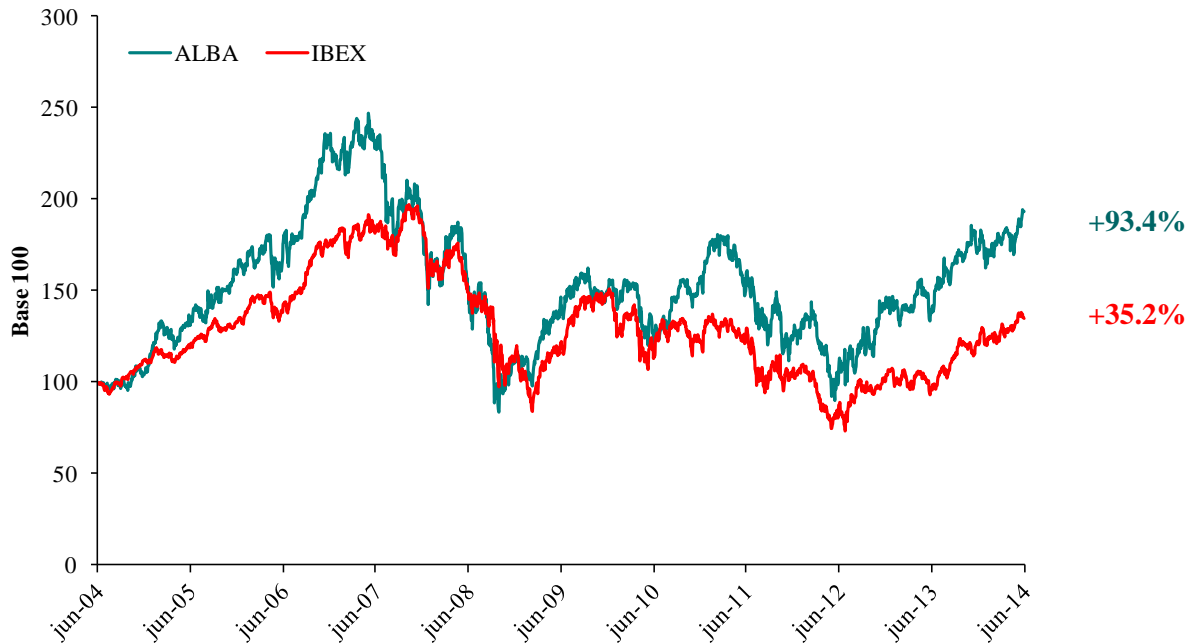
## CONSOLIDATED BALANCE SHEETS <sup>(1)</sup>

Assets	Million euros		Liabilities	Million euros	
	30/06/2014	31/12/2013		30/06/2014	31/12/2013
Real Estate Investments	201.0	200.4	Share capital (2)	58.3	58.3
Fixed assets	8.6	9.0	Reserves and treasury stock	2,838.9	2,665.9
Investments in Associates	1,780.6	2,015.3	Earnings for the year	289.0	226.9
Other long-term financial instruments	213.8	-	Minority interests	0.5	0.4
Financial assets at fair value through P&L	244.8	243.7	Shareholders equity	3,186.7	2,951.5
Other financial investments and other assets	188.1	187.9	Other non-current liabilities	31.1	35.7
Non-current assets	2,636.9	2,656.3	Current liabilities	41.2	9.0
Cash and cash equivalents	520.3	255.6	<b>Total liabilities and shareholders equity</b>	<b>3,259.0</b>	<b>2,996.2</b>
Debtors and other assets	101.8	84.3			
<b>Total assets</b>	<b>3,259.0</b>	<b>2,996.2</b>			

(1) Year 2014 unaudited

(2) The share capital at 30/06/14 is composed of 58,300,000 shares with a nominal value of 1 € each

## VII. STOCK MARKET PERFORMANCE



- In the first half of 2014 the Alba share price rose 11.7%, from 42.50 € to 47.49 € while the IBEX 35 rose 10.2% to 10,924 points in the same period.

## VIII. EVENTS AFTER THE BALANCE SHEET DATE

- Since the end of the first half, Alba has acquired an additional 2.26% of Bolsas y Mercados Españoles for 60.3 M€ This acquisition has brought Alba's total stake in BME to 6.80%, making Alba the Company's largest shareholder.
- During August Alba also acquired an additional 0.03% stake of Viscofan for 0.4 M€ Following this purchase, the stake in Viscofan stands at 5.03%.