



## **ALBA: PORTFOLIO AND FINANCIAL RESULTS** **FOR THE FIRST HALF OF 2015**

- In the first half of 2015, consolidated net income after taxes reached 150.5 M€, 47.9% lower than the same period of the previous year. This decrease is primarily due to the variation in the *Profit/loss on assets sales*, which shows a profit of 120.4 M€ for this half of the year (mainly due to the sales of ACS and Acerinox shares), but lower than the 236.3 M€ recorded for the same period in 2014.
- The Net Asset Value (NAV) reached 3,838.0 M€ at 30 June 2015, equivalent to €65.90 per share (+4.6% in this half). Alba's share price of €41.60 on this same date, represents a discount of 36.9% to the NAV per share.
- During this half of the year, Alba made investments of 296.1 M€ and divestments amounting to 314.6 M€
- In the month of June, Alba distributed a gross supplementary dividend of €0.50 per share, which was recorded on the 2014 profit / loss account, and amounted to a 29.1 M€ disbursement.

### **I. MAIN TRANSACTIONS FOR THE FIRST HALF OF THE YEAR**

The main investments made by Alba in the first half of 2015, were the following:

- Purchase of office premises located on Paseo de la Castellana 89 in Madrid for 147.0 M€
- Purchase of an additional 1.65% of BME for 50.8 M€, reaching a 9.94% holding in their share capital.
- Purchase of an 8.02% holding in Euskaltel's share capital for 96.4 M€ as a result of the initial public offering made by this Company on 1 July (investment effective on 30 June). This acquisition made Alba Euskaltel's second largest shareholder after Kutxabank.

Conversely, the main divestments made during this period were the following:

- Sale of 1.73% of ACS for 172.9 M€, resulting in capital gains of 85.4 M€. In this transaction, Alba obtained an annual IRR of 12.0% for 17 and a half years.
- Sale, through an accelerated placement among institutional investors, of 3.10% of Acerinox for 118.3 M€, resulting in net capital gains of 26.4 M€. In this transaction, Alba obtained an annual IRR of 4.8% for 13 and a half years.
- Sale of 1.20% of Indra for 21.7 M€. These shares were bought in the fourth quarter of 2014, being the sale price 27.7% greater than the purchase price.
- Sale of the entire holding of 14.54% in Antevenio in the first quarter, for a total amount of 1.6 M€

## II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- **ACS** sales figures amounted to 17,860 M€ during the first semester of 2015, representing an increase of 5.2% compared to the same period of the previous year, aided by the good performance in all of its activities and the positive trend in currency exchange rates. Per geographical area, sales increased by 8.5% in Spain (due to the global consolidation of Clece), and 4.5% in international operations (due to exchange rates). These same effects, in addition to the positive progress in contracting during the first semester, explain the 11.6% total increase in the backlog, amounting to 66,804 M€ at the end of June. The EBITDA and EBIT grew 10.3% and 15.7% to 1,315 M€ and 905 M€ respectively. Discarding the effect of the sale of the renewable assets, the EBITDA would have grown by 19.3% and the EBIT by 31.3%. The net income amounted to 407 M€, 3.1% higher. By sectors, the good performance of the Construction sector should be highlighted, with a growth in net profit of 14.2%. The net debt amounted to 3,508 M€ at the end of June, which is 39.6% less than last year due to an increase in operating cash flows, and divestments over the period.
- **Acerinox** sales figures increased by 6.7% compared to the first half of the previous year, reaching 2,315 M€, due to a positive performance in Europe and Asia, and the appreciation of the dollar. The EBITDA for the first half of the year increased to 204 M€, which is 4.4% less than during the first half of 2014, while net profit, after minority interests, fell 16.0% to 64 M€. Net financial debt reached 801 M€, a fall of 53 M€ compared to the first quarter of 2015. Steel production fell by 3.2% with respect to the first half of the previous year, but increased by 2% with respect to the first quarter of this year. These first half 2015 results have been achieved in a climate of continuous decreases in the price of nickel and high inventories that have caused an apparent decrease in consumption in all geographical areas. It is worth highlighting the results obtained during the first six months of the 4th Excellence Plan 2015 – 2016, in which 57% of biennial objectives have been reached, valued at 38 M€ in recurrent savings.
- During the first half of 2015, **Indra** reached sales of 1,409 M€, which is 4.5% less than in the same period of the previous year, due to the lack of business in the electoral processes segment. If this impact is discarded, sales would have increased by 2%. By businesses, Solutions sales figures recorded an 8.5% fall due to the above-mentioned effect, while sales figures for Services grew by 2.8%, impelled by double-digit growth in Latin America. By sectors, sales growth in Energy and Industry (+2.1%) and Financial Services (+5.5%) contrasted with the fall in sales of Public Administrations and Health (-20.5%), Telecom and Media (-10.1%), and Security and Defence (-5.2%). By geographical areas, domestic business sales were up by 6.9%, representing four consecutive quarters of growth, while international sales fell 11.8%, mainly due to AMEA (lack of activity in electoral processes) and Europe and North America (due to the decrease in activity of the Eurofighter project and in the United Kingdom and Romania). Recurrent EBIT amounted to -25 M€ with a negative operating margin of -1.8%, a fall of 9.5 p.p in margin compared to the first half of 2014, due to lack of activity in electoral processes, cost overruns in Brazil and Lithuania, as well as an increase in operational and structural costs. Net income amounted to -436 M€, including non-recurrent effects amounting to 422 M€, primarily consisting of provisions, impairment losses and project overruns. Net debt increased from 663 M€ at December 2014 to 825 M€.
- **Ebro Foods** recorded sales of 1,193 M€ in the first half of the year, amounting to a 20.9% increase over the same period in 2014, due to growth in the Rice division (+15.2%) and Garofalo's contribution to the Pasta division (+27.1%). The favourable performance of the euro versus the dollar also contributed to an increase in income, although to less of an extent. The half-yearly EBITDA grew 8.0% to 141 M€ thanks to the performance of the rice division (+23.1%) that compensated the weaker performance of the Pasta division (-7.9%), the profitability of which was affected by high durum wheat prices. Net profit was down 17.7% to 60 M€ because the results from the first half of 2014 included the capital gains resulting from the sale of Deoleo. Net debt at 30 June 2015 was 510 M€, an increase of

25.8% compared to December 2014, due to dividend payment, the acquisition of Rice Select (45 M\$), and the exchange rate trend, given that a significant part of the debt was expressed in U.S. dollars.

- Regarding **Bolsas y Mercados Españoles**, revenues during the first half of 2015 increased to 181 M€ which is 7.0% more than the same period of the previous year, driven by the positive performance in the segments of Equity Securities (+6.2%), Information (+20.6%) and Settlement and Registration (+4.4%). The volume of trading (+25.3%) was notable, as well as the significant increase in issuance activity in Equity Securities. The EBITDA increased by 7.7% compared to the first half of the previous year, reaching 129 M€ thanks to a 0.5% improvement in the efficiency ratio to 29.0%. The net income of 92 M€ up 9.3% with respect to the first half of 2014, is the best half-yearly result since 2008.
- **Viscofan's** revenues in the first half of the year increased by 10.9% compared to the same period in the previous year, to 371 M€ corresponding to 4.6% at a fixed exchange rate. Latin America and Asia, along with the strength of the U.S. dollar and Chinese renminbi versus the euro, were the main drivers of revenues growth during the period. The EBITDA grew by 18.4% up to 108 M€ improving the margin by 1.8 p.p, aided by energy cost savings, greater control over operating expenses, as well as by the positive impact of exchange rate variations. Net profits recorded by the Viscofan Group amounted to 61 M€, an 18.7% increase over the same period in the previous year. Net bank debt stood at 30 M€ compared to 75 M€ at December 2014. This reduction is mainly due to the strong results as well as the 100% sale of the IAN Group.
- **Clínica Baviera** reached sales of 42 M€ in the first half of 2015, 1.8% higher than the same period of the previous year due to the growth of both the domestic business (+1.8%) and international business (+1.7%). The EBITDA and EBIT declined by 7.6% and 15.7% respectively, to 5 M€ and 3 M€. This reduction in margins was caused by the change in product mix in Spain and higher structural expenses. Net income was 2 M€, down 10.2% with respect to the first half of 2014. Net debt at 30 June 2015 was 4 M€, an increase of 35.5% from the 2014 financial year-end, mainly due to dividend payment.

### III. PORTFOLIO

Alba's portfolio at 30 June 2015 was as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	12.2	677.4	www.grupoacs.com
Acerinox	20.0	635.6	www.acerinox.es
Ebro Foods	10.0	251.5	www.ebrofoods.es
BME	9.9	267.3	www.bolsasymercados.es
Indra	11.3	140.3	www.indra.es
Viscofan	6.8	135.1	www.viscofan.com
Clínica Baviera	20.0	27.7	www.clinicabaviera.com
Euskaltel	8.0	96.4	www.euskaltel.com
<b>Total book value</b>		<b>2,231.3</b>	
<b>Total market value</b>		<b>2,784.3</b>	
<b>Unrealised gains</b>		<b>553.0</b>	
 <u>Unlisted holdings</u>		 <b>350.0</b>	
 <u>Real Estate</u> (appraisal value as of Dec. 31, 2014 + acquisitions)		 <b>366.2</b>	

Alba's main shareholdings in unlisted companies are detailed 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)(3)	12.0	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)(3)	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 an 8.78% direct shareholding belonging to Alba.

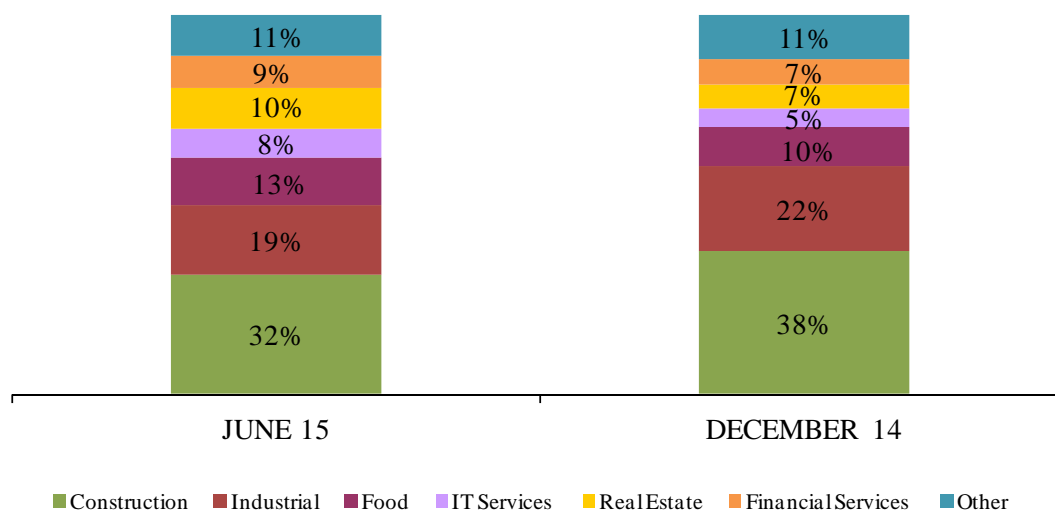
(3) Shares sold after closure of first half 2015 results.

#### 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 according to internal criteria, the same as those generally used by analysts, Alba's NAV before tax is estimated at 3,838.0 M€ on 30 June 2015, which corresponds to €65.90 per share, after deducting treasury shares. This is 4.6% greater than the NAV per share at the end of 2014.

	<i>Million euros</i>
Listed holdings	2,784.3
Unlisted holdings and Real Estate	716.2
Net cash position	102.6
Other short-term and long-term assets and liabilities	234.9
<b>Net asset value</b>	<b>3,838.0</b>
Million shares (minus Treasury Stock)	58.24
<b>Net asset value / share</b>	<b>65.90 €</b>

#### V. SECTORAL DISTRIBUTION OF GROSS ASSET VALUE<sup>(1)</sup> (GAV)



(1) Listed companies valued at market prices, unlisted companies at book value, and real estate assets appraised by an independent third party (31 December 2014), plus acquisitions made during the period.

## VI. CONSOLIDATED RESULTS

Consolidated net income after taxes reached 150.5 M€ in the first half of 2015, 47.9% lower than the same period of the previous year. This decrease is primarily due to the variation in the *Profit/loss on assets sales*, which shows a profit of 120.4 M€ for this half of the year (mainly due to the aforementioned sales of ACS and Acerinox shares), but lower than the 236.3 M€ recorded for the same period in 2014, due to the sale of 5.00% of ACS.

The price per share for this half of the year was €2.58, compared to €4.96 in the first half of the last financial year.

Income from *Share of profits of associates* was 29.3 M€ for this half of the year, compared to 91.6 M€ in the same period of the previous year (-68.0%). This decrease is explained by the lower profits of Indra, and the sale of part of the holdings in ACS and Acerinox, partially offset by the consolidation of the holdings in BME and Viscofan, which was not yet consolidated in the first half of the previous financial year.

*Operating expenses* lowered by 1.0% to 9.7 M€

The *net financial result*, calculated as the difference between income and financial costs, stands at a positive balance of 4.6 M€ compared to 7.8 M€ in the same period for 2014, due to the lower net cash.

## INCOME STATEMENT

	Million euros	
	30/06/2015	30/06/2014
Share of profits of associates	29.3	91.6
Rental income and other	6.5	6.7
Profit / (Loss) on asset sales	120.4	236.3
Commissions and Financial Income	4.9	10.8
<b>Sum</b>	<b>161.1</b>	<b>345.4</b>
Operating expenses	(9.7)	(9.8)
Financial expenses	(0.3)	(3.0)
Depreciation	(0.5)	(0.5)
Corporate income tax	0.2	(42.9)
Minority shareholders	(0.3)	(0.3)
<b>Sum</b>	<b>(10.6)</b>	<b>(56.5)</b>
<b>Net earnings</b>	<b>150.5</b>	<b>288.9</b>
<b>EPS (€)</b>	<b>2.58</b>	<b>4.96</b>

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

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	30/06/2015	31/12/2014		30/06/2015	31/12/2014
Real Estate Investments	354.9	204.9	Share capital (2)	58.3	58.3
Fixed assets	7.8	8.3	Reserves and treasury stock	3,049.8	2,776.7
Investments in Associates	2,231.3	2,214.7	Earnings for the year	150.5	241.3
Financial assets at fair value through P&L	252.1	276.7	Minority interests	0.6	0.6
Other financial investments and other assets	150.2	149.8	Shareholders equity	3,259.2	3,076.9
Non-current assets	2,996.3	2,854.3	Other non-current liabilities	31.8	31.2
Non-current assets held for sale	97.9	81.0	Current liabilities	8.2	4.4
Cash and cash equivalents	102.6	56.7	<b>Total liabilities and shareholders equity</b>	<b>3,299.2</b>	<b>3,112.5</b>
Debtors and other assets	102.4	120.5			
<b>Total assets</b>	<b>3,299.2</b>	<b>3,112.5</b>			

(1) Year 2015 unaudited

(2) The share capital at 30/06/15 is composed of 58,300,000 shares with a nominal value of 1 € each.

## VII. STOCK MARKET PERFORMANCE



- In the first half of 2015, Alba's share price increased by 2.5%, from €40.60 to €41.60, while in the same period the IBEX 35 grew by 4.8% to 10,770 points.

## VIII. POST-CLOSING EVENTS

- As announced in the results of the first quarter, the vehicle of Alba's development capital, Deyá Capital, reached an agreement last February for the sale of its 12.0% holding in Pepe Jeans for 81.8 M€ This sale, dependent on obtaining the corresponding authorization from the competition authorities, was completed on 7 July, making it the first divestment carried out by the vehicles managed by Artá Capital SGEIC.
- During the first few days of July, Alba bought an additional 0.06% of BME for 1.8 M€ increasing its holding in this Company to the current 9,995%.
- Through, Deyá Capital, its development capital vehicle, on 28 July, Alba completed the sale of its 21.66% holding in OCIBAR's share capital for 16.1 M€ generating a gross consolidated capital gain of 8.7 M€ After the Pepe Jeans sale, this is the second divestment carried out by the vehicles managed by Artá Capital SGEIC. OCIBAR's activity comprises the promotion and development of marinas and related facilities, on a concession basis, in the Balearic Islands.
- At the end of July, the development capital vehicles managed by Artá Capital SGEIC acquired 25.2% of the share capital of the In Store Media Group. Alba's indirect holding in the Company, through Deyá Capital, its development capital vehicle, amounts to 18.9%, at a cost of 15 M€ In Store Media is a company specialized in the management of advertising means in points of sale.
- Since the end of the first half of the year, Alba has sold 1,006,505 shares in ACS for 31.5 M€ which represent 0.32% of the share capital, and has obtained a gross capital gain of 13.7 M€ Following these sales, the current holding in this Company represent 11.84% of its share capital.



- Since 30 June, Alba has received dividends from ACS, Acerinox and Mecalux for a total amount of 52.8 M€

**[www.corporacionalba.es](http://www.corporacionalba.es)**

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