ALBA: PORTFOLIO AND RESULTS FOR THE FIRST HALF OF 2017

- Consolidated net profit after tax amounted to EUR 426.4 million in the first half of 2017, nearly three times that of the same period the previous year. This increase was due mainly to the gains obtained on the sale of the ownership interest in ACS made during the period.
- Net Asset Value (NAV) amounted to EUR 4,136.9 million at 30 June 2017, equivalent to EUR 71.03 per share. Alba's share price of EUR 52.90 on this same date represents a discount of 25.5% with respect to NAV per share. NAV, both in absolute terms and per share, increased 3.7% in the first half of the year and 14.7% with respect to the same date the previous year.
- In the first six months of the year, Alba invested EUR 125.5 million to increase its position in various investee companies and made asset sales totalling EUR 840.4 million, raising its net cash position to EUR 1,062.3 million at 30 June 2017.

I. MAIN TRANSACTIONS FOR THE FIRST HALF OF THE YEAR

During the first half of 2017, Alba invested EUR 125.5 million in the following transactions:

- Acquisition of an ownership interest of 5.95% in Parques Reunidos for EUR 70.8 million, increasing its share in this Company to 16.48%.
- Investment, through Deyá Capital, of EUR 40.7 million in the acquisition of an ownership interest of 44.81% in Gascan (distribution of piped propane gas in Portugal), 17.99% in Alvinesa (wine by-products management and transformation into alcohol and other value-added products) and 30.00% in Satlink (technological solutions for the fishing sector). These are the first investments made by the second fund managed by Artá Capital.
- Acquisition of an ownership interest of 0.42% in Ebro Foods for EUR 13.4 million, increasing its share in this Company to 10.43%.
- Acquisition of an ownership interest of 0.04% in Euskaltel for EUR 0.6 million, increasing its share in this Company to 11.04%.

Furthermore, the significant divestments in the half year were marked by the sale of shares in ACS:

- Sale of the remaining 7.52% of its ownership interest in ACS for EUR 743.4 million, resulting in gains of EUR 352.7 million and an IRR of 11.4% per annum for more than 19 years.
- Sale, by Deyá Capital, of its ownership interest of 19.75% in Flex for EUR 59.2 million, obtaining total gains of EUR 40.7 million. The sale of the ownership interest in Flex constitutes the third divestment made by the first fund managed by Artá Capital after the divestment of OCIBAR and Pepe Jeans in 2015.
- In addition, two properties were sold in Madrid, one for EUR 24.5 million, whose outcome was recognised in financial year 2016, and another for EUR 13.3 million, with a profit of EUR 1.4 million, included in the results for the first half year.

II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES

- **Acerinox's** sales increased by 28.1% to EUR 2,444 million in the first half year of 2017, due to the increase in the price of stainless steel, brought about by the rise in the prices of raw materials, particularly ferrochrome. Crude steel production stood at 1.227 million tonnes, up 3.7% on the same period the previous year. EBITDA was EUR 317 million, up 164.6% with respect to the first half of 2016. Net profit for the half year totalled EUR 151 million, higher than that recorded throughout 2016. Net financial debt at 30 June 2017 stood at EUR 663 million, 9.0% higher than at the end of June 2016 due to increased working capital requirements, the investments made and tax payments.

- **Ebro Foods** obtained sales of EUR 1,249 million in the period, up 2.6% on the same half year of the previous year, buoyed by the good performance of the Rice division (+5.6%), which offset the slight drop in revenues in the Pasta division (-0.9%). EBITDA amounted to EUR 182 million in the first semester, up 10.5% on the first half year of 2016, spurred by favourable raw materials prices and a lower advertising investment in the Rice division. Net profit increased 5.2% to EUR 92 million. At the close of the first half year, net debt stood at EUR 455 million, down 1.5% on end-June 2016, due to the positive contribution of the business and in spite of significant purchases of raw materials and the investments made.

- In the first half of 2017, the consolidated net income of **Bolsas y Mercados Españoles** fell 1.6% to EUR 164 million. The decrease in revenue from the Fixed Income, Derivatives and Clearing and Registration segments was greater than the increase in the Equities, Clearing and Market Data & VAS segments (the latter favoured by the global consolidation of Infobolsa). Worthy of note is the recovery trend in trading activity and the significant growth in the amount of trading cash flow in the Equities segment. Meanwhile, EBITDA and net profit fell by 3.3% and 6.6% respectively to EUR 110 and 80 million. Excluding the effect of the integration of Infobolsa, the net profit would have fallen by 4.6% with respect to the first half of the previous year.

- In the case of **Viscofan**, sales grew by 9.4% in the first half of 2017 with respect to the same period in the previous year, reaching EUR 390 million. This growth can be explained by the greater volumes sold in the casing business, the strengthening of currencies against the euro and the contribution of revenue from Vector, acquired in 2016. In comparable terms, revenue for the half year would have grown 2.9% with respect to the same period in 2016. In the first semester, EBITDA increased 15.8% to EUR 117 million. Excluding the impact of changes in exchange rates, non-recurring effects and changes to the scope of consolidation, EBITDA would have grown 4.7%. The Group’s net profit for the period totalled EUR 66 million, up 10.5%, thanks to the increase in EBITDA and a lower tax burden, which offset the weaker financial result (mainly due to negative exchange rate differences). Net banking debt increased to EUR 19 million at 30 June 2017, compared to EUR 9 million at the end of 2016, due to the investments made and the impact of changes in exchange rates.

- In the first half of 2017, **Indra’s** sales grew to EUR 1,379 million, up 3.5% on the first half of 2016, largely due to the integration of Tecnocom in the second quarter of this year. Excluding the contribution from Tecnocom, sales would have fallen by 3.0% in the period. By segments, there has been a noteworthy growth in revenues in Financial Services (+21.3%), Energy and Industry (+11.2%) and Defence and Security (+6.9%), which offset the falls in the other business activities, in particular, Transport and Traffic (-12.5%). By geography, Spain increased its sales by 9.5% (-2.0% excluding Tecnocom) and Europe by 8.1%, while in America and Asia, the Middle East and Africa they fell by 5.6% (-15% excluding Tecnocom) and 6.1%, respectively. EBIT for the period amounted to EUR 77 million, up 10.5% on the previous year, spurred by the growth in sales and the efficiency measures implemented in the last quarters. Net profit grew 23.5% to EUR 38 million, buoyed by the increase in EBIT and the reduction in financial costs and by the positive effect of foreign exchange rate hedges, among others. Net financial debt increased to EUR 745 million, compared to EUR 659 million in the first half of 2016, due to the acquisition of Tecnocom.

- The results for **Parques Reunidos** presented below refer to the period from 30 September 2016 to 30 June 2017, a time of the year when activity is seasonally low. In this period, revenue from Parques Reunidos increased by 4.3% to EUR 254 million, due to the good performance of the business in Spain and despite the adverse weather conditions in the month of June in its main markets. EBITDA increased 33.0% to EUR 7 million. Net profit was EUR -59 million, much higher than the losses of EUR 106 million in the same period of the previous financial year, which included the negative extraordinary expenses related to the IPO and the high financial expenses resulting from greater indebtedness the Company had. Net debt decreased from EUR 686 million at 30 June 2016 to EUR 634 million at 30 June 2017, due to the investments made and financial expenses. It is important to point out that most of the Company’s earnings are concentrated in the months from June to September.

- **Euskaltel** obtained revenue of EUR 279 million in the first half of 2017, down 2.3% on the same period the previous year. Despite the drop in the number of land-line customers (-0.9%), revenue from the Residential segment increased by 0.4%, thanks to the growth in ARPU, which was due largely to the greater average number of products contracted per customer. In turn, the Business segment fell 8.9%, affected by the loss of a relevant institutional contract already mentioned in previous results. EBITDA for the first six months fell to EUR 138 million, down 1.0% on the same period the previous year. Net profit fell by 30.1% with respect to the first half of 2016, to EUR 21 million, mainly due to provisions and non-recurring extraordinary expenses. Net financial debt decreased to EUR 1,185 million at 30 June 2017, 9.3% less than on the same date in 2016.

III. SHARE PORTFOLIO

Alba's portfolio at 30 June 2017 was as follows:

Listed holdings	% Stake	Book value Million €
Acerinox	18.96	578.9
BME	12.06	320.0
Clínica Baviera	20.00	33.8
Ebro Foods	10.43	276.9
Euskaltel	11.04	165.6
Indra	10.52	203.6
Parques Reunidos	16.48	192.1
Viscofan	11.02	239.9
Total book value		**2,010.8**
Total market value		**2,176.4**
Unrealised gains		**165.6**
Unlisted holdings (1)		**312.6**
Alvinesa	17.99	
EnCampus	32.75	
Gascan	44.81	
in-Store Media	18.89	
Mecalux (2)	24.38	
Panasa	26.50	
Satlink	30.00	
Siresa Campus Noroeste	17.44	
Siresa Campus SII	17.44	
TRRG Holding Limited	7.50	
Real Estate		**358.8**

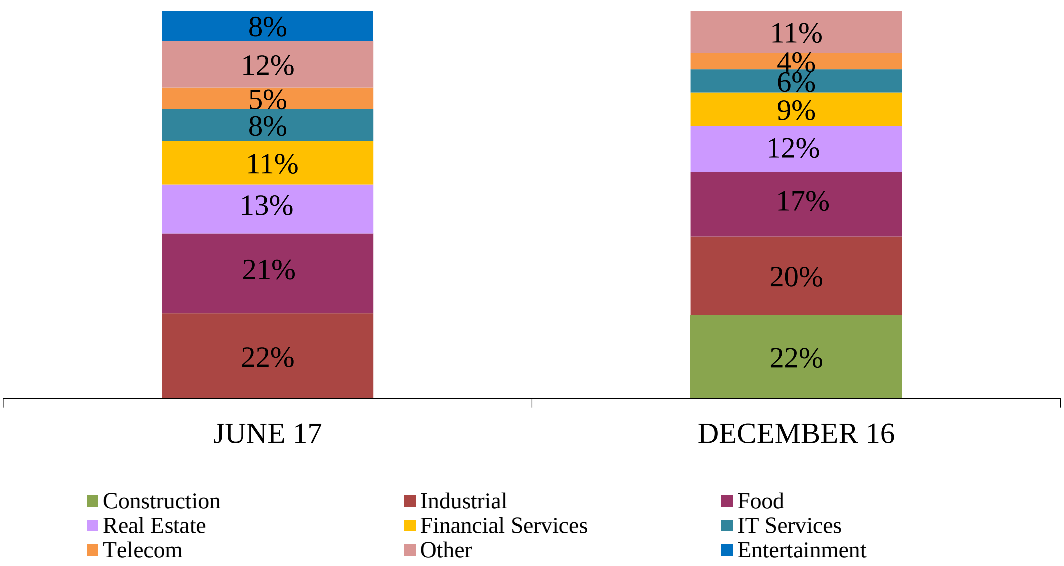
(1) Through Deyá Capital.
(2) Includes a direct ownership interest of 8.78% held by Alba.

IV. NET ASSET VALUE (NAV)

The most representative figure of a company such as Alba is its Net Asset Value (NAV). Calculated based on criteria normally used in the market, at 30 June 2017, Alba's NAV before tax amounted to EUR 4,136.9 million or EUR 71.03 per share after deducting treasury shares, up 3.7% on 2016 year-end and 14.7% on the same date the previous year.

	Million euros
Listed holdings	2,176.4
Unlisted holdings	312.6
Real Estate	358.8
Net cash position	1,165.3
Other financial investments and other assets	129.0
Receivables and other assets (1)	11.1
Other noncurrent and current liabilities	(15.5)
Net asset value	**4,137.7**
Other short-term and long-term assets and liabilities	(0.8)
Group net asset value	**4,136.9**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**71.03 €**

V. SECTORAL DISTRIBUTION OF GROSS ASSET VALUE(2) (GAV)



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(1) Excludes dividends announced by investee companies pending collection and not yet discounted from the corresponding share price (EUR 36.5 million).

(2) Market prices in listed companies (closing prices at 30 June 2017) and consolidated carrying amount in unlisted companies and real estate properties (according to the measurement made in both cases at 30 June 2017).

VI. CONSOLIDATED PROFIT

Consolidated net profit after tax amounted to EUR 426.4 million in the first half of 2017, nearly three times that of the same period the previous year. This growth was due mainly to the gains obtained on the sale of the remaining ownership interest in ACS made during the period. "*Profit on asset sales and financial income*" amounted to EUR 375.1 million, compared to EUR 48.5 million the previous year.

Income from "*Share of Profits of Associates"* was EUR 56.6 million for the first semester, compared to EUR 76.9 million in the same period of the previous year (-26.4%). It must be recalled that in the period considered, this item no longer includes the consolidation of ACS's results.

"*Operating Expenses*" increased 32.1% to EUR 14.4 million, due mainly to provisions linked to variable remuneration systems tied to the Net Asset Value (NAV).

Earnings per share for the first semester was EUR 7.32, compared to EUR 2.27 in the first half of the last financial year.

AUDITED CONSOLIDATED PROFIT AND LOSS STATEMENT

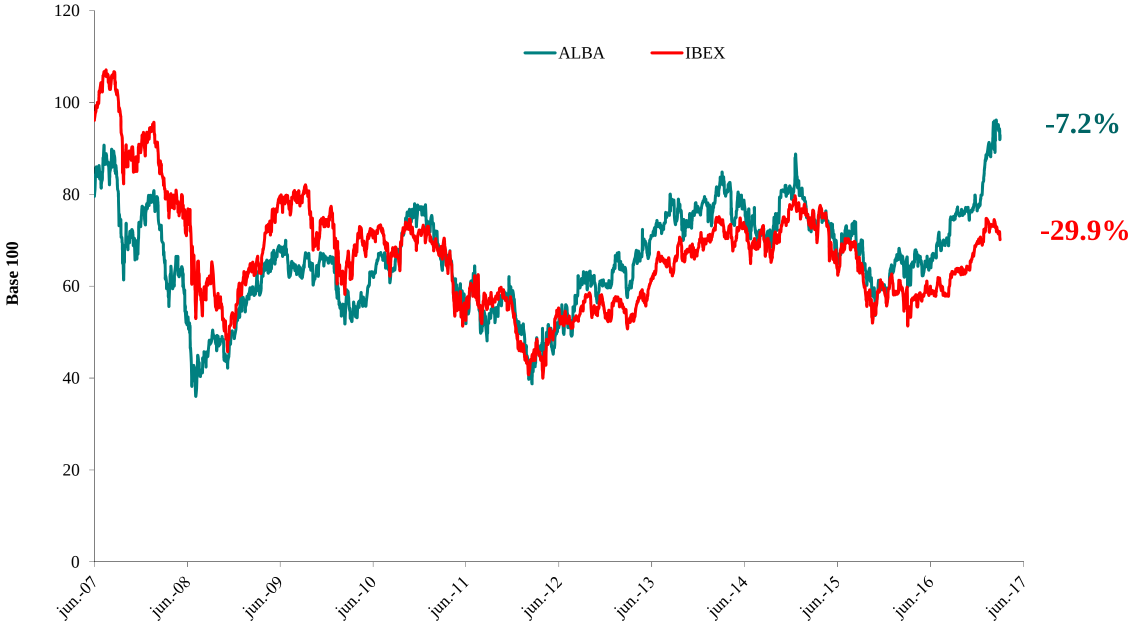
	Million euros	
	30/06/2017	30/06/2016
Share of profits of associates	56.6	76.9
Rental income and other	8.3	9.4
Gains from fair value adjustments in Real Estate investments	2.8	13.0
Profit / (Loss) on asset sales and financial income	375.1	48.5
Sum	**442.8**	**147.8**
Operating expenses	(14.4)	(10.9)
Financial expenses	(3.0)	(1.2)
Depreciation	(0.5)	(0.5)
Corporate income tax	2.2	(3.2)
Minority shareholders	(0.7)	(0.2)
Sum	**(16.4)**	**(15.9)**
Net earnings	**426.4**	**132.0**
EPS (€)	**7.32**	**2.27**

AUDITED CONSOLIDATED BALANCE SHEETS

Assets	Million euros	
	30/06/2017	31/12/2016
Real Estate Investments	342 7	349 1
Fixed assets	6 7	7 0
Investments in Associates	1,977 0	2,321 4
Financial assets at fair value through P&L	312 6	325 2
Other financial investments and other assets	129 0	132 9
Non-current assets	2,768 0	3,135 6
Non-current assets held for sale	33 8	53 5
Cash and cash equivalents	1,194 4	469 9
Debtors and other assets	150 6	139 7
Total assets	**4,146.8**	**3,798.7**

Liabilities	Million euros	
	30/06/2017	31/12/2016
Share capital (2)	58 3	58 3
Reserves and treasury stock	3,484 4	3,154 2
Earnings for the year	426 4	407 8
Minority interests	0 8	0 7
Shareholders equity	3,969 9	3,621 0
Other non-current liabilities	3 2	3 4
Net deferred tax	29 3	31 5
Long-term loans	122 9	127 5
Short-term loans	9 2	9 1
Current liabilities	12 3	6 2
Total liabilities and shareholders equity	**4,146.8**	**3,798.7**

VII. STOCK MARKET PERFORMANCE



- In the first half of 2017, Alba's share price grew 23.5%, from EUR 42.85 to EUR 52.90, while the IBEX 35 was revalued by 11.7% to 10,445 points in the same period.

VIII. POST CLOSING EVENTS

- At the beginning of August, Alba sold its entire holding of 20.0% in Clínica Baviera for EUR 33.8 million, in the context of the takeover bid launched by Aier Eye.
- On September the 18th, Alba, through Deyá Capital SCR, reached an agreement to sell its entire holdings of 32.75% in EnCampus Residencias de Estudiantes, 17.44% in Siresa Campus and 17.44% in Siresa Campus Noroeste. The closing of the transaction is subject to customary approvals from pertinent competition authorities and the final price will be adjusted at closing date.