



ALBA: PORTFOLIO AND FIRST QUARTER 2014 RESULTS

- The consolidated net profit after tax reached 77.2 M€ in the first quarter of 2014, 25.9% lower than the same quarter in 2013. This decrease was mainly due to higher profits on asset sales achieved last year, following the divestment of a 1.96% stake of Prosegur and marking to market the remaining stake in this Company.
- The Net Asset Value (NAV) stood at 3,608.1 M€ at 31 March 2014, equivalent to 61.96 € per share. Alba shares closed at 43.32 € at the same date, implying a discount of 30.1% to the NAV per share. NAV increased by 11.7% in the quarter.

I. MOST SIGNIFICANT TRANSACTIONS IN THE QUARTER

During the first quarter of 2014, Alba carried out the following significant investments and asset sales:

- Sale of 1.31% of ACS for 117.1 M€ generating a pre-tax capital gain of 46.2 M€. The operation achieved an IRR of 14.9% over approximately 20 years.
- Acquisition of 1.80% of Ebro Foods for 45.1 M€

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- The sales of **ACS** in the first quarter of 2014 amounted to 8,800 M€, 3.4% less than in the same quarter last year, due to the impact of exchange rate fluctuations, especially the weakness of the Australian dollar against the Euro. At constant exchange rates, sales would have increased by 6.1%. EBITDA fell by 14.5% to 648 M€ as a consequence of the aforementioned impact of the exchange rate changes, the sale of assets by Hochtief in 2013 and the establishment of FleetCo by Leighton. Stripping out these effects, EBITDA would have increased by 0.8%. Net profit in the quarter was 202 M€, 20.6% higher than in the first quarter of 2013. Net debt rose by 8.1% to 4,579 M€, mainly due to seasonal factors affecting the working capital. The Board of Directors has submitted to the General Meeting of Shareholders to be held on 29 May a proposal to distribute a complementary dividend, from the profit for fiscal year 2013, of €0.71 per share via a script dividend scheme. This dividend is in addition to the interim dividend of €0.446 per share distributed in February.
- Despite a 10.1% increase in the volume of steel sold, **Acerinox's** turnover fell by 1.1% in the first quarter of 2014 compared with the same period of 2013, as a result of lower stainless steel prices. These lower prices made the company to write down its inventories by 7 M€. EBITDA increased by 30.0% compared with the first quarter of last year, to 89 M€, given the lower operating costs as a result of implementing the Company's Excellence Plan along with other savings and improvement measures. Acerinox reported a net profit of 25 M€ in the first quarter, up 63.7% on the same period last year, and 69.7% higher than in the last quarter of 2013.
- **Indra's** consolidated sales increased by 0.1% in the first quarter of 2014 to 728 M€. Like-for-like sales in the quarter, at constant exchange rates and with the scope of consolidation unchanged, would have been 8.0% higher than in the same quarter of 2013. Despite the strong Euro, international sales increased by 7.6% accounting for 61.3% of the total and offsetting the 9.8% decline in Spain. Growth was particularly strong in Latin America and in Asia, Middle East and Africa, with sales in local currencies up by 24% and 32%,

respectively, in these regions. By business line, sales were up 2.5% in Solutions but fell by 3.9% in Services as a result of the divestments and the negative effect of exchange rate fluctuations. Sales in the Public Administration & Health Care sectors grew strongly (24.8%), while sales in the Telecoms & Media and Energy & Industry sectors fell by 17.7% and 9.9%, respectively. Recurring EBITDA in the quarter increased by 2.0% to 71 M€ while net profit grew by 17.8% to 31 M€ mainly thanks to lower restructuring expenses in the period. Although new orders increased by 6.0% at constant exchange rates, in Euros they fell by 0.9%. Meanwhile, the backlog decreased by 1.8% since the end of 2013.

- **Ebro Foods'** consolidated sales grew by 2.6% in the first quarter of the year to 500 M€ boosted by a 5.9% increase in the Pasta division sales following the incorporation of new acquisitions at the end of last year that offset a 0.9% decline in Rice sales. EBITDA in the quarter rose by 7.5% to 68 M€ thanks to the strong performance of Pasta (up 19.4%) and despite the weak results of the Rice business (down 1.5%). Net profit increased by 18.1% to 39 M€ because of an improvement of the operating results and the capital gains on the sale of the Company's stake in Deoleo. This divestment contributed to the reduction of 12.2% in net debt in the quarter to 297 M€ at the end of the period.
- **Clínica Baviera** reported sales of 22 M€ in the first quarter of 2014, up 2.1% on the same quarter last year, backed by the growth of the business in Spain where sales increased by 6.4%, compared to a decline of 6.9% internationally. EBITDA and EBIT increased in line with the growth in sales, by 2.2% to 4 M€ and 2.1% to 3 M€ respectively. Net profit was almost 2 M€ in the quarter, 9.3% higher than in the same period in 2013.

III. PORTFOLIO

Alba's investment portfolio on 31 March 2014 was as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	15.0	846.5	www.grupoacs.com
Acerinox	23.5	626.8	www.acerinox.es
Indra	11.3	281.4	www.indra.es
Ebro Foods	10.0	238.4	www.ebrofoods.es
Clínica Baviera	20.0	37.8	www.clinicabaviera.com
Antevenio	17.7	1.9	www.antevenio.com
Total book value		2,032.8	
Total market value		2,617.3	
Unrealised gains		584.5	
 <u>Unlisted holdings</u>		 243.7	
 Appraisal value as of Dec. 31, 2013		 214.6	

The 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)	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.

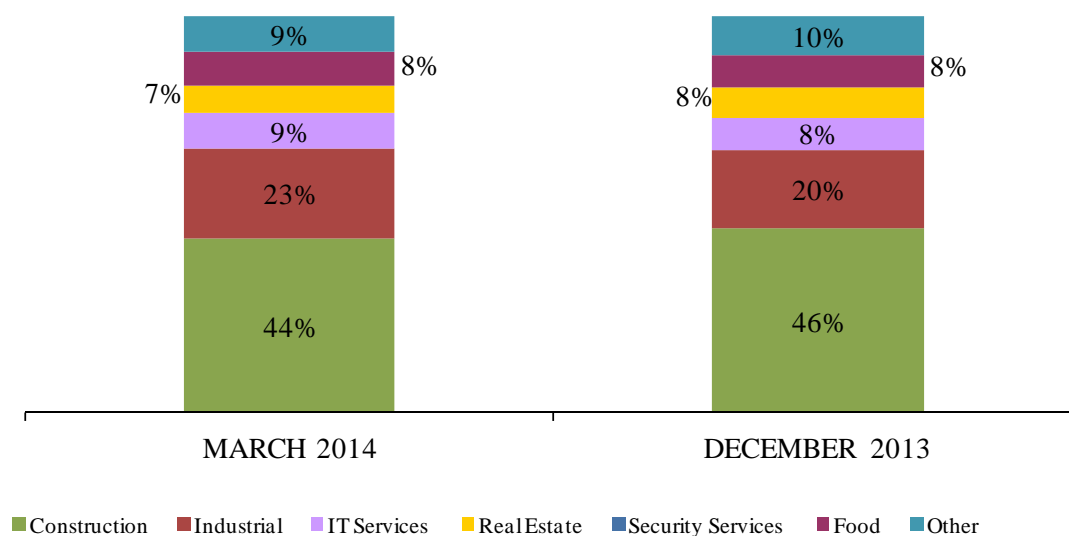
(2) Includes a 8.78% direct stake by Alba.

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 31 March 2014, Alba's net asset value was estimated at 3,608.1 M€ or 61.96 € per share after deducting treasury shares, 11.7% higher than the value per share at the end of 2013.

	<i>Million euros</i>
Listed holdings	2,617.3
Unlisted holdings and Real Estate	458.3
Net cash position	354.8
Other short-term and long-term assets and liabilities	177.7
Net asset value	3,608.1
Million shares (minus Treasury Stock)	58.24
Net asset value / share	61.96 €

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 2013.

VI. CONSOLIDATED RESULTS

The consolidated net profit after tax reached 77.2 M€ in the first quarter of 2014, 25.9% lower than the same quarter in 2013. This decrease was mainly due to higher profits on asset sales achieved in the same quarter last year following the divestment of a 1.96% stake of Prosegur and marking to market the remaining stake in this Company, totaling 89.7 M€ compared with profits of 46.2 M€ generated this year from the sale of 1.31% of ACS.

Earnings per share in the quarter were €1.33, compared with €1.79 in the same period of 2013.

Income from *Share of profit of associates* reached 44.0 M€ in the quarter, compared to 40.5 M€ in the same period of the previous year, an increase of 8.6% due to the higher earnings reported by these companies.

Income of 46.2 M€ from the sale of 1.31% of ACS was recognized under *Profit/(loss) on assets*.

Operating expenses rose 15.2% to 5.3 M€

Net financial income, calculated as the difference between finance income and costs, was 3.5 M€ compared with 1.2 M€ in the same period of 2013, as a result of the higher net cash balance.

The *Corporate Income Tax* expense amounted to 14.2 M€ compared to 25.0 M€ in the first quarter of 2013, reflecting the tax impact of the Profit / (loss) on asset sales in each period.

INCOME STATEMENT

	Million euros	
	31/03/2014	31/03/2013
Share of profits of associates	44.0	40.5
Rental income and other	3.5	3.2
Profit / (Loss) on asset sales	46.2	89.7
Commissions and Financial Income	5.1	4.8
Sum	98.8	138.2
Operating expenses	(5.3)	(4.6)
Financial expenses	(1.6)	(3.6)
Depreciation	(0.2)	(0.2)
Corporate income tax	(14.2)	(25.0)
Minority shareholders	(0.3)	(0.6)
Sum	(21.6)	(34.0)
Net earnings	77.2	104.2
EPS (€)	1.33	1.79

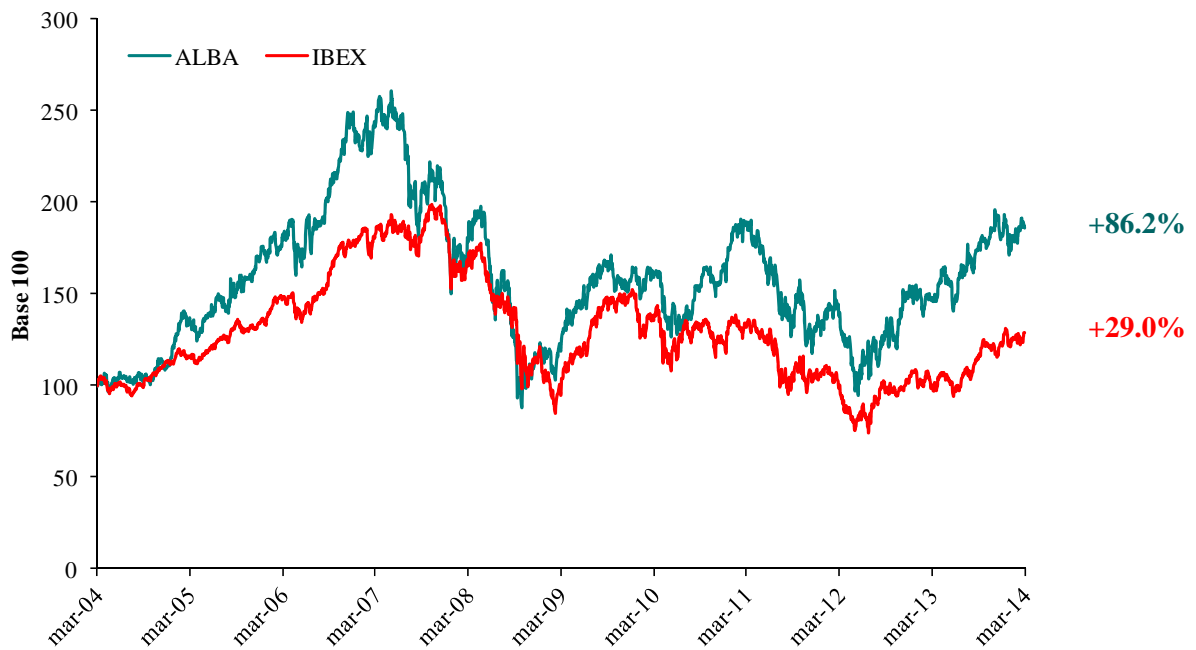
CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	31/03/2014	31/12/2013		31/03/2014	31/12/2013
Real Estate Investments	200.8	200.4	Share capital (2)	58.3	58.3
Fixed assets	8.8	9.0	Reserves and treasury stock	2,892.2	2,665.9
Investments in Associates	2,032.8	2,015.3	Earnings for the year	77.2	226.9
Financial assets at fair value through P&L	243.7	243.7	Minority interests	0.7	0.4
Other financial investments and other assets	208.3	187.9	Shareholders equity	3,028.4	2,951.5
Non-current assets	2,694.4	2,656.3	Other non-current liabilities	34.4	35.7
Cash and cash equivalents	354.8	255.6	Current liabilities	22.3	9.0
Debtors and other assets	35.9	84.3	Total liabilities and shareholders equity	3,085.1	2,996.2
Total assets	3,085.1	2,996.2			

(1) Year 2014 unaudited

(2) The share capital at 31/03/14 is composed of 58,300,000 shares with a nominal value of 1 € each.

VII. STOCK MARKET PERFORMANCE



- In the first quarter of 2014, Alba's share price rose by 1.9% from €42.50 to €43.32, while in the same period the IBEX 35 rose 4.3% to 10,341 points.