ALBA: PORTFOLIO AND RESULTS FOR THE FIRST QUARTER OF 2017

- Consolidated net profit after tax amounted to EUR 380.0 million in the first quarter of 2017, nearly six times that of the same period the previous year. This increase was due mainly to the gains obtained on the sales of ACS made during the period and to the revaluation at market prices of the remainder of the ownership interest in ACS on being recognised under "Non-current assets held for sale".
- At 31 March 2017, Net Asset Value (NAV) amounted to EUR 4,148.0 million, equivalent to EUR 71.22 per share. Alba's share price of EUR 44.00 on this same date represents a discount of 38.2% with respect to NAV per share. NAV, both in absolute terms and per share, increased 4.0% in the first quarter and 12.9% with respect to the same date the previous year.
- In the first three months of the year, Alba invested EUR 63.7 million in the acquisition of ownership interests in Parques Reunidos and in Gascan and made various asset sales totalling EUR 556.6 million, raising its net cash position to EUR 803.0 million at 31 March 2017.

I. MAIN TRANSACTIONS IN THE QUARTER

In the first quarter of 2017, Alba made the following investments:

- Acquisition of a stake of 4.30% in Parques Reunidos for EUR 49.4 million, increasing its share in this Company to 14.83% and becoming one of its main shareholders.
- Investment, through Deyá Capital IV SCR, of EUR 14.3 million in the leveraged acquisition of a stake of 44.81% in Gascan, one of the largest LPG distribution companies in Portugal. It is the first investment made by the second fund managed by Artá Capital and the first outside Spain.

Furthermore, significant divestments in the quarter were marked, for the second consecutive quarter, by the sale of shares in ACS:

- Sale of a 4.97% stake in ACS for EUR 473.4 million, resulting in capital gains of EUR 213.7 million and an IRR of 11.4% per annum for more than 19 years. At 31 March, Alba controlled an ownership interest of 2.55% in ACS.
- Agreement for the sale, by Deyá Capital SCR, of its ownership interest of 19.75% in Flex for EUR 59.2 million, obtaining total capital gains of EUR 40.8 million. In the first quarter, a stake of 6.67% was sold for EUR 20.0 million, completing the sale of the remaining 13.08% (EUR 39.2 million) at the end of April. The sale of the ownership interest in Flex constitutes the third divestment made by the first fund managed by Artá Capital after the divestments of OCIBAR and Pepe Jeans in 2015.
- Additionally, a building was sold in Madrid for EUR 24.5 million, whose result was recognised at 2016 year-end.

II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES[(1)]

- **Acerinox's** revenue grew 31.4% with respect to the first quarter of 2016, reaching EUR 1,252 million. This growth is due to the increase in activity and final client prices in all the markets, partly due to the rise in raw materials prices. Crude steel production stood at 667 million tonnes, up 16.1% on the same period the previous year. Production of hot-rolled, cold-rolled and long products also increase with respect to the first quarter of 2016. EBITDA for the period amounted to EUR 191 million, 4.7 times greater than the same period in 2015 and 80% higher than in the fourth quarter of 2016. EBITDA margin amounted to 15.3% on the back of the Excellence Plans and price rises. This margin had not been reached since the second quarter of 2007. Net profit for 2017 totalled EUR 98 million, higher than that recorded throughout the full 2016. At end-March 2016, net financial debt had fallen to EUR 601 million.

- In the first quarter of 2017, revenue obtained by **Bolsas y Mercados** grew 0.2% compared to the same period the previous year, reaching EUR 82 million. The decrease in revenue from the Derivatives, Settlement and Registration and Fixed Income segments was offset by the good performance of the Equities, Clearing and Market Data & VAS (the latter favored 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, from EUR 3,254 million twelve months ago to EUR 9,448 million in this quarter, due mainly to the flotation of Prosegur Cash and Neinor Homes. Furthermore, EBITDA fell to EUR 54 million, down 2.9% on the same period the previous year, due to extraordinary costs including, inter alia, the costs associated to the integration of Infobolsa. Net profit fell by 8.3% with respect to the first quarter of 2016 to EUR 39 million, due to the aforementioned factors and to lower financial income. Excluding the effect of the integration of Infobolsa and other extraordinary costs, the net result would have fallen by 4.3% with respect to the first quarter of the previous year.

- **Ebro Foods** obtained sales of EUR 634 million in the first quarter of 2017, up 3.4% on the same period the previous year, due to the good performance in the Rice (+3.6%) and Pasta (+2.5%) divisions. EBITDA for the period amounted to EUR 94 million, up 13.5% on the first quarter of 2016, supported by favorable raw materials prices and in spite of the increase in advertising investment, mainly in Pasta. Net profit grew 19.1% to EUR 52 million, including the extraordinary profit obtained from the sale of a property in Houston. At quarter end, net debt stood at EUR 396 million, down 4.3% on end-March 2016, due to the positive contribution of the business and in spite of the acquisition of Vegetalia.

- **Viscofan's** sales grew 11.6% in the first quarter of 2017 with respect to the first quarter of 2016, reaching EUR 195 million. This growth was buoyed by the greater volumes sold in all the casing families and geographical areas, the strengthening of trading currencies against the euro and the contribution of revenues from Vector, acquired in 2016. In organic terms, revenue for the quarter would have grown 4.3% with respect to the same period the previous year. EBITDA grew 11.1% to EUR 55 million for the same reasons. Excluding the impact of changes in exchange rates, non-recurring effects and changes to the scope of consolidation, EBITDA would have grown 5.8%. The Group's net profit for the quarter totalled EUR 32 million, up 15.8% on the same period in 2016, supported by the increase in EBITDA, a better financial result and a lower tax rate. At end-March 2017, net borrowings fell to EUR 5 million

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(1) Comments on the results of investees accounted for as Associates are included, except Parque Reunidos, which will not publish the results corresponding to its first half period, ended 31 March, until 7 June (its first-quarter results were published on 8 February). In the first quarter, the ownership interests in ACS and Clínica Baviera were recognised under "Non-current assets held for sale" and, therefore, their results are no longer consolidated in Alba's Income Statement.

–compared to EUR 9 million the previous year– due to the generation of cash flow from the business.

- In the first quarter of 2017, **Indra's** sales grew to EUR 638 million, up 2% on the first quarter of 2016. This increase in sales was due mainly to the good performance of the IT segments (+3%) –particularly Financial Services (+12%) and Energy and Industry (+4%)– and, by geographies, Spain (+5%) and Europe (+16%). Sales in the Transport & Defence vertical markets remained stable, affected by the strategic review process of the Transport segment (-9%), which was offset by the increase in sales in the Defence & Security segment (+11%). EBIT for the period amounted to EUR 33 million, up 15.6% on the previous year, supported by the growth in sales and the efficiency measures implemented in the last quarters. Net profit grew 77.1% to EUR 21 million, buoyed by the increase in EBIT and the reduction in financial costs arising from the decrease in indebtedness and its average cost, and from the positive effect, inter alia, of foreign exchange rate hedges. Net borrowings fell to EUR 532 million, compared to EUR 659 million in the first quarter of 2016.

- **Euskaltel** reported revenues of EUR 140 million in the first quarter of 2017, down 1.6% on the same period the previous year. The good performance of the Residential segment (+1.2%), spurred by the growth in ARPU and the increase in the number of products contracted per customer, was unable to offset the reduction in revenues from the Companies segment (-8.1%), which was affected by the loss of a relevant institutional contract already mentioned in previous results. Thus, quarterly EBITDA fell to EUR 68 million, down 1.5% on the same period the previous year. In spite of this decrease, mention should be made of the containment of quarterly costs due to the efficient management of mobile network data traffic and the achievement of additional synergies in the integration of R Cable. Net profit fell by 9.6% with respect to the first quarter of 2016, to EUR 13 million. At end-March 2017, net borrowings fell to EUR 1,218 million, down EUR 135 million on end-March 2016, due to the generation of cash flow in the period and despite the payment of an interim dividend of EUR 23 million at the beginning of February.

III. SHARE PORTFOLIO

At 31 March 2017, the composition of Alba's Portfolio was as follows:

Listed holdings	% Stake	Book value Million €
Acerinox	18.96	622.3
ACS	2.55	255.9
BME	12.06	323.1
Clínica Baviera	20.00	31.6
Ebro Foods	10.01	277.1
Euskaltel	11.00	167.7
Indra	11.32	201.2
Parques Reunidos	14.83	176.5
Viscofan	11.02	242.9
Total book value		**2,298.3**
Total market value		**2,412.9**
Unrealised gains		**114.6**
Unlisted holdings (1)		**326.7**
EnCampus	32.75	
Flex	13.08	
Gascan	44.81	
in-Store Media	18.89	
Mecalux (2)	24.38	
Panasa	26.50	
Siresa Campus Noroeste	17.44	
Siresa Campus SII	17.44	
TRRG Holding Limited	7.50	
Real Estate		**364.5**

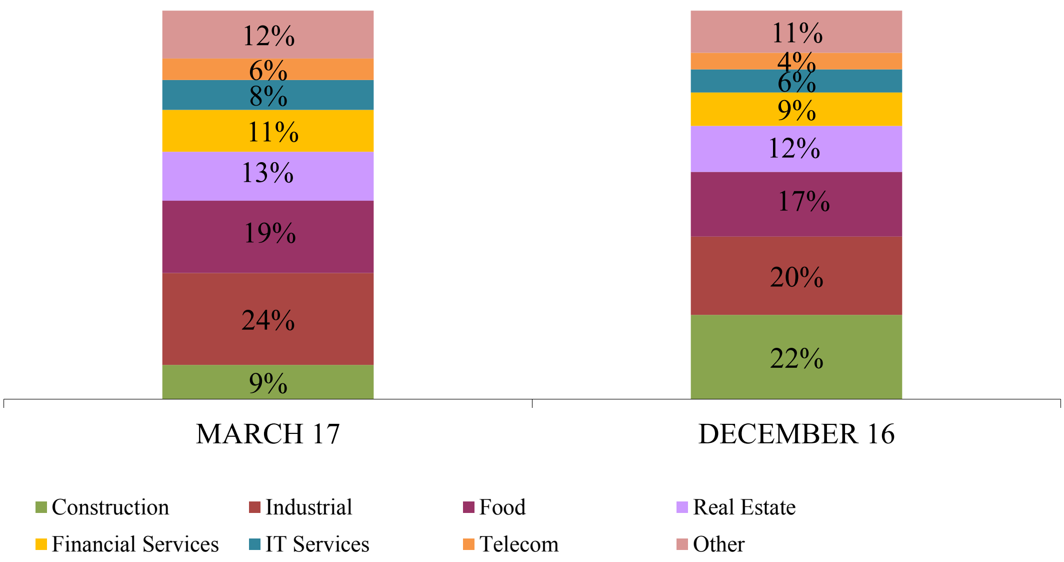
(1) Through Deyá Capital SCR.
(2) Includes a direct ownership interest of 8.78% held by Alba.

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 31 March 2017, Alba's NAV before tax amounted to EUR 4,148.0 million or EUR 71.22 per share after deducting treasury shares, up 4.0% on 2016 year-end and 12.9% on the same date the previous year.

	Million euros
Listed holdings	2,412.9
Unlisted holdings	326.7
Real Estate	364.5
Net cash position	803.0
Other financial investments and other assets	133.0
Receivables and other assets	120.8
Other noncurrent and current liabilities	(11.4)
Net asset value	**4,149.4**
Other short-term and long-term assets and liabilities	(1.4)
Group net asset value	**4,148.0**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**71.22 €**

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



(1) Market prices in listed companies (closing prices at 31 March 2017) and consolidated carrying amount in unlisted companies and properties (according to the measurement made in both cases at 31 December 2016).

VI. CONSOLIDATED PROFIT

Consolidated net profit after tax amounted to EUR 380.0 million in the first quarter of 2017, nearly six times that recorded for the same period the previous year. This increase was due mainly to the gains obtained on the sales of ACS made during the period and to the revaluation at market prices of the ownership interest in ACS upon being recognised under “Non-current assets held for sale”. “Profit on asset sales and financial income” amounted to EUR 354.7 million, compared to EUR 28.7 million the previous year.

Income from “Share of profits of associates” in the quarter amounted to EUR 29.5 million, compared to EUR 38.9 million in the same period the previous year (-24.2%). It is worth highlighting that, in the period considered, this item no longer includes the consolidation of ACS’s results.

“Operating expenses” grew 49.1% to EUR 7.9 million, due mainly to provisions linked to the variable remuneration systems tied to the NAV value of Alba’s shares.

Earnings per share in the quarter amounted to EUR 6.52, compared to EUR 1.13 in the first quarter the previous year.

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Million euros	
	31/03/2017	31/03/2016
Share of profits of associates	29.5	38.9
Rental income and other	4.4	4.8
Profit / (Loss) on asset sales and financial income	354.7	28.7
Sum	**388.6**	**72.3**
Operating expenses	(7.9)	(5.3)
Financial expenses	(0.9)	(0.7)
Depreciation	(0.2)	(0.2)
Corporate income tax	1.1	-
Minority shareholders	(0.7)	(0.3)
Sum	**(8.6)**	**(6.5)**
Net earnings	**380.0**	**65.8**
EPS (€)	**6.52**	**1.13**

CONSOLIDATED BALANCE SHEETS [(1)]

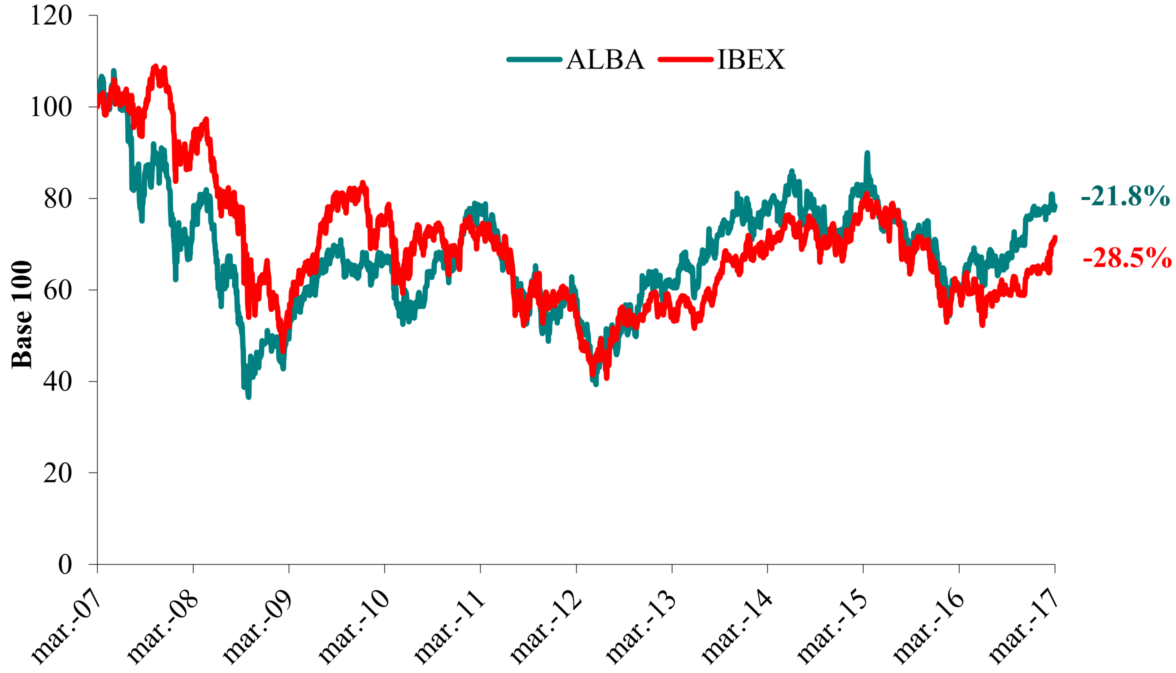
Assets	Million euros	
	31/03/2017	31/12/2016
Real Estate Investments	349.7	349.1
Fixed assets	6.8	7.0
Investments in Associates	2,010.8	2,321.4
Financial assets at fair value through P&L	238.4	325.2
Other financial investments and other assets	133.0	132.9
Non-current assets	2,738.7	3,135.6
Non-current assets held for sale	375.8	53.5
Cash and cash equivalents	939.6	469.9
Debtors and other assets	120.8	139.7
Total assets	**4,174 9**	**3,798.7**

Liabilities	Million euros	
	31/03/2017	31/12/2016
Share capital (2)	58.3	58 3
Reserves and treasury stock	3,558.0	3,154 2
Earnings for the year	380.0	407.8
Minority interests	1.4	0.7
Shareholders equity	3,997.7	3,621.0
Other non-current liabilities	3.3	3.4
Net deferred tax	29.3	31 5
Long-term loans	127.5	127 5
Short-term loans	9.1	9 1
Current liabilities	8.1	6 2
Total liabilities and shareholders equity	**4,174.9**	**3,798.7**

(1) Year 2016 audited.

(2) The share capital at 31/03/17 is composed of 58,300,000 shares with a nominal value of 1 € each.

VII. STOCK MARKET PERFORMANCE



- In the first quarter of 2017, Alba's share price grew 2.7%, from EUR 42.85 to EUR 44.00, while the IBEX 35 was revalued by 11.9% to 10,463 points in the same period.

VIII. POST CLOSING EVENTS

- Alba sold its entire remaining stake in ACS (2.55%) for EUR 270.0 million, obtaining gross capital gains of EUR 137.5 million.
- A building in Madrid was sold for EUR 13.3 million, obtaining an IRR of 9.4% for 25 years.
- Deyá Capital IV SCR acquired 17.99% of Alvinesa and 30.00% of Satlink. Alvinesa is a company based in Daimiel (Ciudad Real) specialised in the management of wine waste and by-products for the production, inter alia, of alcohols, tartaric acid and kernel oil. Satlink, based in Madrid, is a leading company in marine telecommunications via satellite and intelligent buoys for tuna fishing.
- On 8 April, Alba and other significant shareholders of Clínica Baviera, jointly representing 69.35% of the share capital, announced an irrevocable agreement to sell their shares to the Aier Eye Group for EUR 10.35 per share, excluding the gross dividend of EUR 0.22 per share to be distributed in May, in the context of the takeover bid that the acquirer aforementioned will formulate in the coming months after obtaining all the required authorisations. Should this agreement be completed, Alba would sell its ownership interest of 20.0% in this company for EUR 33.8 million (not including the dividend previously mentioned).
- As a result of these transactions, the dividends received and other items, Alba's current net cash amounts to EUR 1,029.0 million.