



## **ALBA: PORTFOLIO AND FINANCIAL RESULTS** **FOR 2015**

- The consolidated net income after taxes reached 269.6 M€ in 2015, 11.7% higher than the previous year. This increase is explained by higher *Profit on asset sales* compared to the previous year and lower *corporate income tax* expenses.
- The Net Asset Value (NAV) reached 3,666.2 M€ at 31 December 2015, equivalent to 62.95 € per share, practically the same (-0.05%) as the NAV per share at the end of 2014. Alba's share price of 39.85 € as of December 2015 represents a discount of 36.7% compared to the NAV per share.
- Throughout the year, Alba made investments of 382.6 M€ and divestments amounting to 467.9 M€.
- Throughout 2015 Alba distributed a gross dividend of 1 € per share to its shareholders, which amounted to a total of 58.2 M€.

### **I. MAIN TRANSACTIONS**

The main investments made by Alba in 2015 were the following:

- Purchase of a 10.00% holding in Euskaltel's share capital for 147.2 M€ in the initial public offering on 1 July and the capital increase on 23 November made by the Company. Alba is currently the second largest shareholder in Euskaltel.
- Purchase of office premises located on Paseo de la Castellana 89 in Madrid for 147.0 M€. It has approximately 20,000 square metres of leasable area and more than 500 parking spaces. This asset is currently the largest asset in Alba's real estate portfolio.
- Purchase of an additional 2.29% of BME for 68.2 M€, reaching a 10.57% holding in their share capital.
- In late July, through Deyá Capital, its development capital vehicle, Alba acquired a stake of 18.89% in In Store Media, with a pay-out of 15.8 M€. In Store Media is a company specialized in the management of advertising means in points of sale, with a significant international presence in Europe and Latin America.

Conversely, the main divestments made throughout the year were the following:

- Sale of 2.19% of ACS for 218.9 M€, resulting in capital gains of 104.3 M€. In this transaction, Alba obtained an annual IRR of 11.4% for approximately 18 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, through Deyá Capital, of the 12.00% participation in Pepe Jeans for 81.8 M€ and 21.66% of Ocibar for 16.1 M€, the first divestments made by vehicles managed by Artá Capital. Alba obtained an annual IRR of 17.5% for 5 years in the Pepe Jeans investment and 10.1% annually for 7 years in the case of Ocibar.
- 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 miscellaneous real estate assets for 9.4 M€

## II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- **ACS** sales figures amounted to 34,925 M€ in 2015, an increase of 0.1% compared to the same period last year mainly supported by the positive performance of the U.S. dollar versus the euro. From a geographical perspective, noteworthy the increase in sales in Spain and North America of 5.5% (due to the global consolidation of Clece) and 17.8% (due to the U.S. dollar appreciation) respectively. These same effects, in addition to the positive progress in contracting during the year, explain the 5.0% total increase in the backlog, amounting to 67,072 M€ at year end. The EBITDA and EBIT reached 2,409 M€ and 1,541 M€, a decrease of 5.6% and 8.5%, respectively. Excluding the sale of renewables assets, the EBITDA and EBIT would have increased by 3.6% and 5.8%, respectively, due to improvements in operations obtained in Construction, mainly in Hochtief Europe, Turner and Flatiron, and in CIMIC, and the global consolidation of Clece. The attributable net income was 725 M€, an increase of 1.1%. The net debt of the Group amounted to 2,624 M€, which is 29.5% less than last year due to an increase in operating cash flows (thanks to improvements in margins and working capital management), and divestments over the period.
- Sales of **Acerinox** fell 3.6% in 2015 to 4,221 M€ due to the continuing decline of the stainless steel prices caused by the strong competition within its main markets, the high inventory levels and the drop of raw materials prices. Despite the appreciation of the U.S. dollar against the euro, EBITDA and Net Profit for the period fell by 37.0% and 68.5%, to 286 M€ and 43 M€, respectively. Net financial debt rose to 711 M€ by year end, 15.4% higher than at 31 December 2014 but 9.8% lower than at the end of the third quarter 2015. Regardless of the difficult market conditions mentioned above, yearly steel production remained stable in 2.3 million tonnes (-0.2%).
- **Bolsas y Mercados Españoles** revenues in 2015 amounted to 348 M€, 1.6% more than in the same period last year, highlighting sales growth in the Information segment (+17.6%). The other segments recorded no significant changes except for Fixed Income (-16.6%) and Clearing (+3.0%). EBITDA increased by 2.5% compared to 2014, to 245 M€, despite some non-recurring operating expenses related to the reform of the clearing and settlement system. The efficiency ratio for the period was 29.6% with a ROE of 40.9%. The net income of 173 M€ up 5.2% compared to the same period last year, was the best result for a year since 2008. Net cash at December 2015 amounted to 213 M€.
- **Ebro Foods** sales grew by 16.1% up to 2,462 M€ in 2015, due to good performance in the Rice division (+13.0%) and the Pasta division (+19.0%). Contributions from new acquisitions (105 M€), mainly Garofalo and Roland Monterrat, and the evolution of the exchange rate euro against the U.S. dollar account for part of this increase in sales. The EBITDA for the period grew 9.6% to 315 M€ thanks to the performance of the Rice division (+18.9%) which compensated for the weaker performance of the Pasta division (+1.6%), the profitability of which was affected by high durum wheat prices and a difficult demand situation in the US market partially compensated for in the last quarter. Consolidated net profit was down 0.8% to 145 M€ due to the capital gains resulting from the sale of the stake in Deoleo in 2014. Net debt at year end was 426 M€, an increase of 5.1% compared to the same period for the previous year, due to dividend payment, acquisitions made, and the exchange rate trend, given that a significant part of the debt was expressed in U.S. dollars.
- In 2015 sales of **Indra** rose to 2,850 M€, 3.0% less than in 2014. The good performance of the Defence & Security segment (+7%) and Transport & Traffic (+2%) could not offset the drop in sales of Information & Technology verticals (-7%) affected by the decrease in activity, the negative effect of the exchange rate, and a more selective contracting policy.

Spain remains the only geography with positive growth (+7%) thanks to the good performance of the public sector. EBIT stood at -642 M€ due to non-recurring effects of -687 M€ including, among others, cost overruns on certain projects, impairment of goodwill and intangibles, and a provision for the workforce adjustment plan. Non-recurring costs related to the fourth quarter of 2015 amounted to 130 M€, of which 64 M€ correspond to Brazil. The net result for 2015 was -641 M€ compared to losses of 92 M€ in 2014. The financial debt stood at 700 M€, 5.6% more than in December 2014 but substantially less than the 837 M€ in the third quarter of the year.

- **Viscofan's** revenues increased to 741 M€ in 2015, up 7.8% compared to the previous year. This growth was mainly driven by the Latin America and Europe-Asia divisions, along with the strength of the U.S. dollar and Chinese renminbi versus the euro. The EBITDA raised by 15.3% to 214 M€, improving the margin 1.9 p.p., supported by the control over operating expenses, the energy cost savings and the positive impact of the exchange rate variations. The net profit recorded by Viscofan amounted to 120 M€, a 12.7% increase over the previous year. At 31 December 2015, the Company held a 3 M€ net cash position while at the end of 2014 it had 75 M€ net banking debt. This reduction was mainly due to strong operating cash flow generation and the sale of 100% of the IAN Group.
- **Euskaltel** increased its revenue by 8.8% in 2015, up to 349 M€, thanks to the contribution of R Cable in December (+22 M€) and the good performance of the residential business (+3.4%). The EBITDA for 2015 amounted to 152 M€, 2.8% less than the same period in the previous year due to non-recurring costs associated with the IPO and the acquisition of R Cable (+7.1% eliminating these effects). For these same reasons, the net income was 7 M€ (vs. 50 M€ eliminating the aforementioned effects) compared to 37 M€ in the previous year. Net debt reached 1,358 M€ at December 2015, mainly due to the acquisition of R Cable as well as the extraordinary dividend distributed prior to the IPO.
- **Clínica Baviera** reached sales of 85 M€ in 2015, 3.5% higher than the previous year due to the growth of both domestic business (+2.4%) and international business (+7.0%). The EBITDA and net profit also increased by 7.1% and 21.1% respectively, to 11.4 M€ and 4.8 M€. The Company has shown a gradual improvement of its quarterly results during 2015. Thus, sales in the fourth quarter increased 5.6% compared to the same period in 2014, EBITDA improved by 22.7% and EBIT by 44.9%. Net debt at 31 December 2015 was 1.4 M€, 1.7 M€ less than at year-end for the previous year.

### III. PORTFOLIO

Alba's portfolio at 31 December 2015 is as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
Acerinox	19.6	610.9	www.acerinox.es
ACS	11.7	604.0	www.grupoacs.com
BME	10.6	283.9	www.bolsasymercados.es
Ebro Foods	10.0	260.6	www.ebrofoods.es
Indra	11.3	161.1	www.indra.es
Euskaltel	10.0	149.5	www.euskaltel.com
Viscofan	6.9	138.1	www.viscofan.com
Clínica Baviera	20.0	27.9	www.clinicabaviera.com
<b>Total book value</b>		<b>2,236.0</b>	
<b>Total market value</b>		<b>2,573.2</b>	
<b>Unrealised gains</b>		<b>337.2</b>	
 <u>Unlisted holdings</u>		 <b>285.9</b>	
 <u>Real Estate</u> (appraisal value as of Dec. 31, 2015)		 <b>366.8</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
Panasa	(1)	26.5	www.berlys.es
Flex	(1)	19.8	www.flex.es
Siresa Campus	(1)	17.4	www.resa.es
EnCampus	(1)	32.8	www.resa.es
In-Store Media	(1)	18.9	www.in-storemedia.com
Ros Roca	(1)	17.4	www.rosroca.com

Notes

(1) Through Deyá Capital SCR

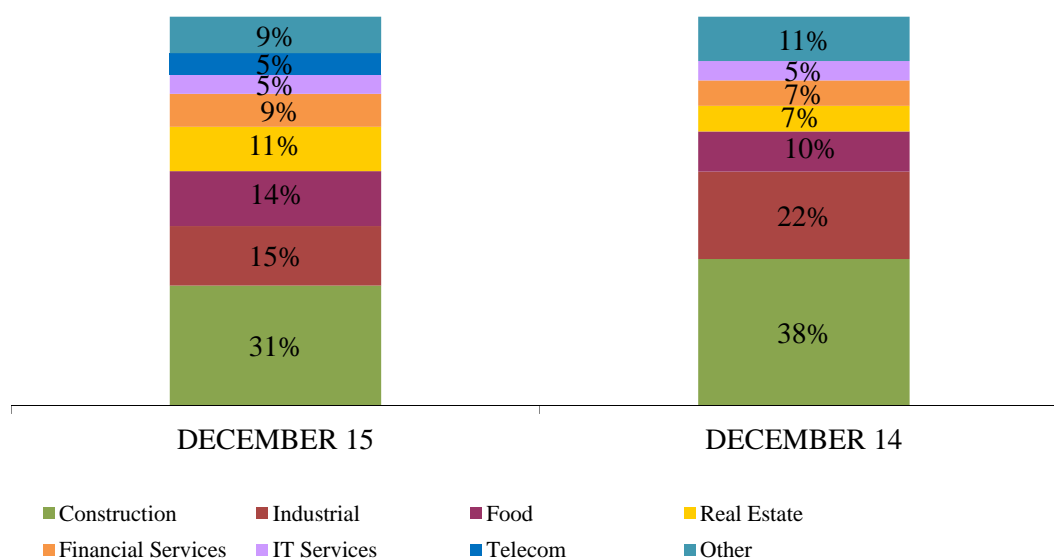
(2) Includes an 8.78% direct shareholding belonging to Alba.

#### 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 criteria generally used in the market, Alba's NAV before tax is estimated at 3,666.2 M€ at 31 December 2015, which corresponds to 62.95 € per share after deducting treasury shares. Both parameters have remained practically the same (-0.05%) compared to the values at the end of 2014.

	<u>Million euros</u>
Listed holdings	2,573.2
Unlisted holdings and Real Estate	652.7
Net cash position	153.3
Other short-term and long-term assets and liabilities	287.1
<b>Net asset value</b>	<b>3,666.2</b>
<hr/>	
Million shares (minus Treasury Stock)	58.24
<b>Net asset value / share</b>	<b>62.95 €</b>

#### V. SECTORIAL 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 at 31 December 2015.

## VI. CONSOLIDATED RESULTS

The consolidated net income after taxes reached 269.6 M€ in 2015, 11.7% higher than the previous year. This increase is due to lower *Corporate income tax* expenses and the variation in *Profit/loss on asset sales*, which shows a profit of 202.0 M€ for this period, higher than the 145.7 M€ in 2014. Both factors offset the decline in the *Share of profit of associates* and lower *net financial result*.

Income from *Share of profits of associates* was 61.3 M€ for the year compared to 148.6 M€ in the previous year (-58.7%). This decrease is mainly due to the net negative result of Indra and the lower profits obtained by Acerinox, as well as, to a lesser extent, the sale of part of the stakes in ACS and Acerinox mentioned in Section I. These negative factors were partially offset by the consolidation of holdings in BME and Viscofan as well as the purchases throughout the year which began to consolidate in the third quarter of the previous year.

The *net financial result*, calculated as the difference between financial income and costs, stands at a positive balance of 6.4 M€ less than the balance of 14.4 M€ obtained in 2014. This decrease is due to the lower average net cash balance throughout the year and to lower profitability due to the fall in market interest rates.

*Operating expenses* stood at 20.8 M€, 5.1% higher than the previous year.

Earnings per share for 2015 was 4.63 € compared to 4.14 € in the previous year.

## INCOME STATEMENT

	Million euros	
	31/12/2015	31/12/2014
Share of profits of associates	61.3	148.6
Rental income and other	15.8	13.0
Gains from fair value adjustments in Real Estate investments	4.7	2.0
Profit / (Loss) on asset sales	202.0	145.7
Commissions and Financial Income	8.0	19.5
<b>Sum</b>	<b>291.8</b>	<b>328.8</b>
Operating expenses	(20.8)	(19.8)
Financial expenses	(1.6)	(5.1)
Depreciation	(0.9)	(0.9)
Corporate income tax	1.6	(61.0)
Minority shareholders	(0.5)	(0.6)
<b>Sum</b>	<b>(22.2)</b>	<b>(87.4)</b>
<b>Net earnings</b>	<b>269.6</b>	<b>241.4</b>
<b>EPS (€)</b>	<b>4.63</b>	<b>4.14</b>

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

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	31/12/2015	31/12/2014		31/12/2015	31/12/2014
Real Estate Investments	352.2	204.9	Share capital (2)	58.3	58.3
Fixed assets	7.7	8.3	Reserves and treasury stock	2,984.5	2,776.7
Investments in Associates	2,236.0	2,214.7	Earnings for the year	269.6	241.3
Financial assets at fair value through P&L	285.9	276.7	Minority interests	0.6	0.6
Other financial investments and other assets	149.9	149.8	Shareholders equity	3,313.0	3,076.9
Non-current assets	3,031.7	2,854.3	Other non-current liabilities	29.8	31.2
Non-current assets held for sale	-	81.0	Current liabilities	4.1	4.4
Cash and cash equivalents	153.3	56.7	<b>Total liabilities and shareholders equity</b>	<b>3,346.9</b>	<b>3,112.5</b>
Debtors and other assets	162.0	120.5			
<b>Total assets</b>	<b>3,346.9</b>	<b>3,112.5</b>			

(1) Year 2015 unaudited

(2) The share capital at 31/12/15 is composed of 58,300,000 shares with a nominal value of 1 €each.

## VII. STOCK MARKET PERFORMANCE



- In 2015, Alba's share price decreased by 1.8% to 39.85 € while in the same period the IBEX 35 decreased 7.2% to 9,544 points.

## VIII. POST-CLOSING EVENTS

- Alba bought an additional 0.93% stake of BME for 22.7 M€ increasing its holding in this Company to the current 11.50%.
- It has also invested 12.5 M€ in buying 0.50% of Viscofan. Alba's current share in Viscofan is 7.36%.