



ALBA: PORTFOLIO AND **THIRD QUARTER 2014 RESULTS**

- Consolidated net profit for the first nine months of 2014 was 282.9 M€ compared to 195.7 M€ for the same period a year earlier. The growth was attributable mainly to an increase in *Profit on asset sales*, as a result of capital gains on the sale of 5.00% of ACS during the period.
- The Net Asset Value (NAV) at 30 September 2014 was 3,650.9 M€, equivalent to 62.69 € per share. The Alba share price at that date was 41.87 €, representing a discount of 33.2% to the NAV per share.
- In October, Alba paid to its shareholders a gross interim dividend of 0.50 € per share against 2014 earnings, which represented a total payout of 29.1M€

I. MOST SIGNIFICANT TRANSACTIONS

In the first three quarters of 2014, Alba invested a total of 367.3 M€ and sold assets valued at 515.2 M€. The most significant transactions during the period were the following:

- Sale of 5.00% of ACS for 514.9 M€ (1.30% in the first quarter, 3.70% in the second). In these sales Alba obtained total pre-tax capital gains of 236.3 M€ and a combined IRR of 15.5% per year for 20 and a half years.
- Acquisition of 7.77% of Bolsas y Mercados Españoles (BME) for 204.6 M€
- Acquisition of 5.91% of Viscofan for 115.0 M€
- Acquisition of 1.80% of Ebro Foods for 45.1 M€, increasing the stake in this Company to the current 10.01%.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- The consolidated sales of ACS declined by 2.6% in the first nine months of 2014, down to 28,232 M€. This decrease was due to the negative impact of exchange rate fluctuations (especially the depreciation of the Australian dollar against the Euro) and the asset sales carried out by Hochtief in 2013, and despite Dragados' acquisitions in the United States and the global consolidation of Clece since July 1st. At constant exchange rates and with the same scope of consolidation, sales would have increased by 2.3%. EBITDA fell by 13.7%, down to 1,865 M€ due to the aforementioned reasons and the establishment of FleetCo by Leighton. In comparable terms, the EBITDA decline would have been lowered to 4.5%. The attributable net profit reached 551 M€ in the period, 0.5% higher than in the first nine months of the previous year. Net debt amounted 5,872 M€ at the end of the third quarter, an 16.8% increase over the level as of the end of September 2013 because of the operating investments, the stake increases in Leighton and Hochtief and the seasonal evolution of the working capital.
- **Acerinox** increased its sales by 8.5% in the first nine months of 2014 to 3,295 M€ with a 9.5% rise in tonnes sold, which offset the weakness in stainless steel selling prices. EBITDA grew 125.3% over the period to 353 M€ thanks to higher sales and a reduction in staff costs and operating expenses due to implementation of the improvement measures

adopted within the framework of the company's 3rd Excellence Plan. Acerinox posted net profit for the first nine months of 2014 of 134 M€ compared to net profit of 7 M€ for the same period of the previous year. Net debt at 30 September 2014 was 845 M€, only 0.6% higher than at the same date a year earlier, despite the upswing in business activity.

- At **Indra** consolidated sales fell 1.7% during the first nine months of 2014 to 2,086 M€, largely due to the depreciation of currencies in Latin America and a worsening macroeconomic climate in this region. Continuing weak demand in Spain also played a factor, where sales were down for the period despite a slight quarter-on-quarter recovery. On a comparable basis, at a constant exchange rate and with a constant scope of consolidation, sales for the first nine months were up 4% on the same period of the previous year. By geography, international sales grew 1.4%, despite the negative exchange rate impact, while the domestic business contracted by 6.4%. By business area, sales fell in Solutions (-1.1%) and in Services (-2.8%). By sector, it is worth highlighting the sales growth in Public Administration & Health Care (+9.4%) and the drop in Telecom & Media (-19.3%), mainly attributable to the conditions of the Spanish market and the depreciation of currencies in Latin America. Recurring EBITDA grew 0.3% to 204 M€ and net profit rose 17.8% to 78 M€, thanks to lower restructuring expenses (+3.9% in like-for-like terms). Borrowing was 726 M€ at the end of September 2014, up 2.7% on the same date a year before, although the company expects it to be reduced by the end of year due to an improvements in terms of working capital.
- At **Ebro Foods** sales grew 4.4% in the first three quarters of the year, reaching 1,521 M€, driven by increases in both Pasta (+8.9%) and Rice (+0.7%). The higher revenues in Pasta are primarily explained by the inclusion within the scope of consolidation of Oliveri and Lucio Garofalo, acquired in October 2013 and June 2014, respectively. Consolidated EBITDA grew 2.0% over the period to 197 M€ with growth of 5.4% in Rice and a fall of 1.4% in Pasta, partly because of the poor performance of the pasta market in North America. EBIT and net profit went up 1.0% and 6.1%, respectively, to 154 M€ and 106 M€. At 30 September 2014, net debt was 40.1% up on the same period a year earlier at €364m due to the acquisitions made.
- **BME** reported revenues for the first nine-months of 2014 of 249 M€, 10.2% higher than in the same period of the previous year, mainly driven by the Equity segment, whose sales grew 20.0% to 114 M€ off the back of a 26.6% rise in trading volume. EBITDA increased 15.4% to reach 175 M€ as a result of the upturn in revenue and an improvement in the efficiency ratio (ratio of costs to operating income), which went from 32.9% in the first nine months of 2013 to 29.8% in the same period of the current year. Net profit grew 16.2% year on year to 122 M€, the best first nine-month results since 2008.
- **Viscofan** achieved 1.6% higher sales in the first nine months of 2014 of 588 M€, with increased turnover in both the Casings (+1.4%) and the Vegetable Foods (+3.2%) segments. Stripping out the impact of exchange rate differences and a positive non-recurring impact in 2014 from cogeneration, consolidated sales would have climbed 3.7% over the period. Consolidated EBITDA rose 4.3% to 142 M€ with a 4.4% increase in the Casings segment and a 2.7% rise in the Vegetable Foods segment. Net profit for the first nine months of the year rose 1.0% to 78 M€ despite a higher effective tax rate compared to the same period of the previous year (+2.3% in comparable terms). In the third quarter, net profit (27 M€) surged 15.3% compared to the same period in 2013.
- In the first three quarters of 2014, the sales of **Clínica Baviera** were slightly up to 59 M€ (+0.4%), with 4.9% higher sales in Spain offsetting the 11.2% slump in sales of the international businesses. EBITDA and EBIT fell 18.0% and 34.7%, respectively, compared to the same period in 2013, to reach €/m and €3m. This decline in earnings was caused by the change in the product mix in Spain and the lower sales of the international businesses. Lastly, net profit was slightly over 2 M€, down 39.0% on the first nine months of the previous year.

III. INVESTMENT PORTFOLIO

Alba's portfolio as of 30 September 2014 was as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	11.3	626.6	www.grupoacs.com
Acerinox	23.1	663.3	www.acerinox.es
Indra	11.3	279.8	www.indra.es
Ebro Foods	10.0	237.1	www.ebrofoods.es
BME	7.8	203.2	www.bolsasymercados.es
Viscofan	5.9	114.8	www.viscofan.com
Clínica Baviera	20.0	36.3	www.clinicabaviera.com
Antevenio	16.3	1.6	www.antevenio.com
Total book value		2,162.7	
Total market value		2,601.9	
Unrealised gains		439.2	
 <u>Unlisted holdings</u>		 246.3	
 <u>Real Estate</u> (<i>appraisal value as of Dec. 31, 2013</i>)		 211.0	

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.

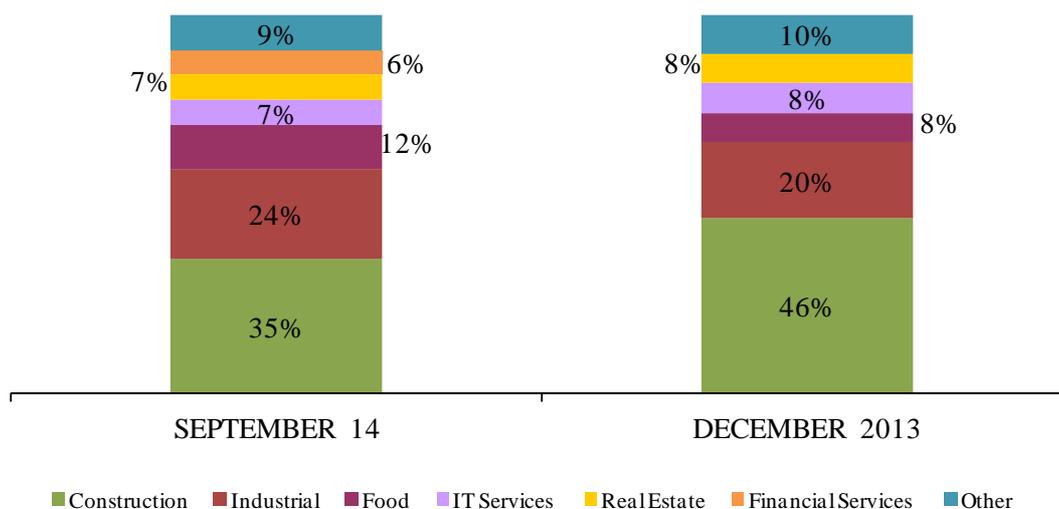
(2) Includes a 8.78% direct interest held by Alba.

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, Alba's NAV before taxes at 30 September 2014 was 3,650.9 M€ This represents a NAV per share of 62.69 € after deducting treasury shares, up 13.0% compared to year-end 2013 NAV per share figure.

	<i>Million euros</i>
Listed holdings	2,601.9
Unlisted holdings and Real Estate	457.3
Net cash position	487.5
Other short-term and long-term assets and liabilities	104.2
Net asset value	3,650.9
Million shares (minus Treasury Stock)	58.24
Net asset value / share	62.69 €

V. BREAKDOWN OF NET ASSET VALUE BY SECTOR⁽¹⁾ (GAV)



- The new “Financial services” category includes the market value of the stake in BME.
- “Food” includes the market value of the stakes in Ebro Foods and Viscofan.

(1) Listed companies valued at market prices, unlisted companies at book value and real estate assets appraised by an independent third party as of 31 December 2013. GAV is calculated without net cash and cash equivalents.

VI. CONSOLIDATED RESULTS

Consolidated net profit for the first nine months of 2014 was 282.9 M€ 44.6% up on the same period a year earlier. Net earnings per share for the period were 4.86 € compared to 3.36 € for the same period in 2013. This rise was due to a higher *Profit on asset sales*, as a result of the capital gains on the sale of the stake in ACS.

Income from *Share of profit of associates* totalled 131.8 M€ in the first nine months, up 12.6% compared to the same period of the previous year (117.0 M€). This increase was driven by the improved performance of Acerinox, Ebro Foods and Indra Sistemas and the first-time consolidation of the holdings in BME and Viscofan, offsetting the lower contribution of ACS mainly due to the reduced stake in this company.

Profit on asset sales includes 236.3 M€ from the sale of 5.00% of ACS (1.30% in the first quarter, 3.70% in the second).

Operating expenses rose 5.1% to €14.5m.

Net finance income/(expense), calculated as the difference between finance income and expenses, shows a net expense of 15.0 M€ compared to a net income of 12.1 M€ in the same period of 2013, basically because of the valuation of financial instruments at fair value.

Corporate income tax totalled 64.2 M€ in the first three quarters of 2014, compared to 27.4 M€ in the same period in 2013. This increase is attributable to the tax impact of the aforementioned increase in *Profit on asset sales* during the period.

INCOME STATEMENTS

	Million euros	
	30/09/2014	30/09/2013
Share of profits of associates	131.8	117.0
Rental income and other	9.8	9.7
Profit / (Loss) on asset sales	236.3	99.9
<u>Commissions and Financial Income</u>	<u>18.6</u>	<u>16.9</u>
Sum	396.5	243.5
Operating expenses	(14.5)	(13.8)
Financial expenses	(33.6)	(4.8)
Depreciation	(0.7)	(0.7)
Corporate income tax	(64.2)	(27.4)
Minority shareholders	(0.6)	(1.1)
Sum	(113.6)	(47.8)
Net earnings	282.9	195.7
EPS (€)	4.86	3.36

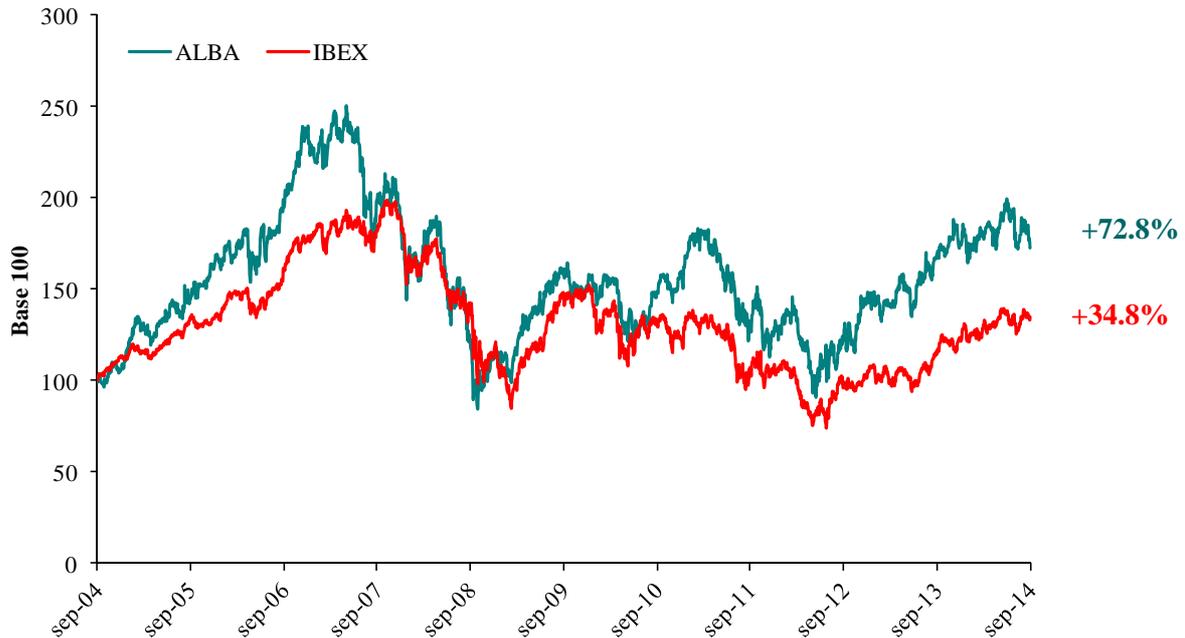
CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	30/09/2014	31/12/2013		30/09/2014	31/12/2013
Real Estate Investments	197.9	200.4	Share capital (2)	58.3	58.3
Fixed assets	8.3	9.0	Reserves and treasury stock	2,866.3	2,665.9
Investments in Associates	2,162.7	2,015.3	Earnings for the year	282.9	226.9
Financial assets at fair value through P&L	246.3	243.7	<u>Minority interests</u>	<u>0.9</u>	<u>0.4</u>
<u>Other financial investments and other assets</u>	<u>172.2</u>	<u>187.9</u>	Shareholders equity	3,208.4	2,951.5
Non-current assets	2,787.4	2,656.3	Other non-current liabilities	31.1	35.7
Cash and cash equivalents	487.5	255.6	Current liabilities	77.1	9.0
Debtors and other assets	41.7	84.3	Total liabilities and shareholders equity	3,316.6	2,996.2
Total assets	3,316.6	2,996.2			

(1) Year 2014 unaudited

(2) The share capital at 30/09/14 is composed of 58,300,000 shares with a nominal value of 1 € each

VII. STOCK MARKET PERFORMANCE



- In the first nine months of 2014, Alba's share price descended by 1.5% from 42.50 € to 41.87 € while the IBEX 35 grew a 9.2% to 10,826 points in the same period.

VIII. POST-CLOSING EVENTS

- On 1 October, Alba acquired an additional 0.88% stake in Viscofan for 17.8 M€ After this purchase, the holding in this Company stands at 6.79%.
- In October, Alba acquired a further 0.52% stake in BME for 12.4 M€ After this acquisition, the holding in this Company represents 8.28% of its capital.
- Since the 31st of October, Alba purchased a further 1.20% stake in Indra Sistemas for 17.0 M€, taking its holding in this Company up to 12.53%.
- On 14 October, Alba was selected by ENAIRE as one of the cornerstone investors in AENA for its partial privatisation through an IPO. The company is expected to be floated in early 2015, after the initially planned date of mid-November 2014.
 - Alba has agreed to a number of conditions including acquiring an 8% stake in AENA at the price fixed at IPO plus a premium of 0.15 € per share, with a maximum total price per share of 53.33 € This would represent a total maximum commitment of 640.0 M€
 - According to the sales and purchase agreement signed with ENAIRE, Alba's commitment to acquire a stake in AENA via an IPO is valid until 16 April 2015.
- On 30 October, Alba distributed a gross interim dividend of 0.50 € per share against current year earnings, equal to the gross interim dividend distributed in October last year.