ALBA: PORTFOLIO AND FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2015

- The consolidated net income after taxes reached 228.2 M€ in the first nine months of 2015, 19.3% lower than the first three quarters of the previous year. This decrease is primarily due to the lower *Share of profits of associates* (mainly because of the net losses of Indra) and, additionally, to the lower revenue obtained in the *Profit/loss on assets sales*, which shows a profit of 185.4 M€ in the first nine months of the year (mainly due to the gains obtained from sales of ACS and Acerinox shares and the recovery in value of Indra), less than the 236.3 M€ recorded for the same period in 2014.
- The Net Asset Value (NAV) reached 3,507.0 M€ at 30 September 2015, equivalent to € 60.22 per share, 4.4% less than the NAV per share at the end of 2014. Alba's share price of €37.25 on this same date represents a discount of 38.1% to the NAV per share.
- During this period, Alba made investments of 314.8 M€, and divestments amounting to 446.5 M€.
- In October, Alba distributed an interim dividend of € 0.50 per share to its shareholders that amounted to a 29.1 M€ disbursement.

I. MAIN TRANSACTIONS

The main investments made by Alba in the first nine months of 2015 were the following:

- Purchase of office premises located on Paseo de la Castellana 89 in Madrid for 147.0 M€.
- Purchase of an 8.03% holding in Euskaltel's share capital for 96.5 M€ as a result of the initial public offering made by this Company on 1 July. Alba is currently the second largest shareholder in Euskaltel.
- Purchase of an additional 1.71% of BME for 52.8 M€, reaching a 10.00% 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 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 during this period were the following:

- Sale of 2.05% of ACS for 204.4 M€, resulting in capital gains of 98.2 M€. In this transaction, Alba obtained an annual IRR of 12.0% for 17 and a half 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 12.0% participation in Pepe Jeans for 81.8 M€, the first divestment by vehicles managed by Artá Capital SGEIC. Alba obtained an annual IRR of 17.5% for 5 years.
- 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, through Deyá Capital, of the 21.66% participation in the capital of OCIBAR for 16.1 M€, the second divestment by vehicles managed by Artá Capital SGEIC. Alba obtained an annual IRR of 10.1% for just over 7 years.
- Sale of the entire holding of 14.54% in Antevenio for a total amount of 1.6 M€.
- Sale of miscellaneous real estate for 2.6 M€.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- **ACS** sales figures amounted to 26,366 M€ during the first nine months of 2015, an increase of 3.6% 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, sales in Spain increased by 3.2% (due to the global consolidation of Clece since July 2014) and +3.7% internationally (due to U.S. dollar appreciation). These same effects, in addition to the positive progress in contracting during the first nine months, explain the 3.7% total increase in the backlog, amounting to 64,761 M€. The EBITDA and EBIT reached 1,816 M€ and 1,201 M€, a 4.7% and 7.2% increase, respectively, due to improvements in operations obtained in Construction, mainly in Hochtief Europe and CIMIC and the global consolidation of Clece. The attributable net income was 574 M€, an increase of 4.2%. The net debt of the Group amounted to 3,880 M€, which is 33.9% less than last year due to an increase in operating cash flows (worth mentioning improvements in Australia's operations both in terms of margins and working capital management), and divestments over the period.
- Sales of **Acerinox** in the first nine months of 2015 rose 0.6% to 3,316 M € compared to the same period last year. This increase in sales occurred thanks to the appreciation of the dollar against the euro, which could offset the significant drop in nickel and stainless steel prices in recent months. EBITDA and Net Profit for the period fell by 30.5% and 58.2% to 245 M€ and 56 M€ respectively, with these results including a charge of 21 M€ for stock adjustment to their net worth realization. By contrast, net financial debt was reduced to 788 M€ at 30 September 2015, 6.8% less than the same period last year. Despite the difficult market conditions, steel production fell only 2.0% to 1.8 million tonnes.
- In the first nine months of 2015 sales of **Indra** rose to 2,069 M€, 0.8% less than the same period last year. Telecom & Media (-11.7%) and general Government and Health (-9.4%) contributed most to this decline in sales due to efficiency measures and cost control in the sector and the lack of activity in electoral processes respectively. By region, the good performance recorded in Spain (+ 10.5%) did not allow the offset of the decline in sales in other geographical areas due to the currency effect and the decline in activity in some projects and countries. EBIT stood at -559 M€ due to non-recurring effects of -557 M€, including, among others, cost overruns on certain projects, impairment of goodwill and intangibles and specifically in the third quarter, a provision for the workforce adjustment plan in progress. For these same reasons, net income for the first nine months of 2015 was -561 M€, compared to profits of 79 M€ in the same period last year. Moreover Indra has announced it is conducting a review of contracts in Brazil in order to assess the need to provide additional provisions during the year. Net financial debt stood at 837 M€ at 30 September 2015, 15.4% higher than the same date the year before.
- **Ebro Foods** recorded sales of 1,790 M€ in the first nine months of the year, a 17.7% increase over the same period in 2014, due to growth in the Rice division (+14.6%) and the Pasta division (+20.9% largely due to Garofalo's contribution, acquired in the middle of last year). The favourable performance of the euro versus the dollar partly explains this increase in income. The EBITDA for the period grew 8.7% to 214 M€ because the performance of the Rice division (+21.1%) compensated for the weaker performance of the Pasta division (-4.5%), the profitability of which was affected by high durum wheat prices and a difficult demand situation in the US market. Consolidated net profit was down 3.8% to 102 M€

because the results from the first nine months of 2014 included 10M€ in capital gains resulting from the sale of the stake in Deoleo. Net debt at 30 September 2015 was 448 M€, an increase of 23.0% compared to September 2014, due to dividend payment, the acquisition of Rice Select (45 M$), and the exchange rate trend, given that a significant part of the debt was expressed in U.S. dollars.

- **Bolsas y Mercados Españoles** revenues during the first nine months of 2015 increased to 265 M€, 6.3% more than the same period of the previous year, driven by the positive performance in the main business segments such as Equity Securities, Settlement and Registration and Information. The volume of trading (+21.4%) was notable, as was the significant increase in issuance activity (+51.2%) in Equity Securities. EBITDA increased by 6.7% over the first nine months of last year to 187 M€, although some non-recurring operating expenses related to the reform of the clearing and settlement system. The efficiency ratio for the period was 29.5% with an ROE of 41.1%. The net income of 132 M€, up 8.4% with respect to the same period last year, was the best accumulated result for the first nine months of a year since 2008.

- **Viscofan's** revenues in the first nine months of the year increased to 556 M€, up 9.8% compared to the same period in 2014 (4.4% at a fixed exchange rate). Latin America and Europe-Asia, along with the strength of the U.S. dollar and Chinese renminbi versus the euro were the main drivers of revenues growth during the period. The EBITDA grew by 16.5% up to 159 M€, improving the margin by 1.7 p.p, aided by energy cost savings, greater control over operating expenses, as well as by the positive impact of exchange rate variations. Net profits recorded by the Viscofan Group amounted to 87 M€, an 11.3% increase over the same period in the previous year. Net banking debt stood at 1 M€ at 30 September 2015, compared to 86 M€ the same date the year before. 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 2.3% in the first nine months of 2015, up to 244 M€, thanks mainly to residential business (+3.7%). The Company obtained an EBITDA of 104 M€ in the period, 7.5% less than the previous year by non-recurring costs associated with the IPO and the acquisition of R Cable (+3.9% eliminating this effect). For these same reasons, the net result was negative 3 M€ but would have reached 36 M€ (+40.7%) in comparable terms. Net debt reached 450 M€ at 30 September 2015 due to the extraordinary dividend distributed prior to the IPO. On October 5 Euskaltel reached a definitive agreement to acquire 100% of the Galician cable operator R Cable for 1,190 M€ in cash, an amount that Euskaltel will finance by additional debt and increased capital. The Extraordinary General Meeting held on November 12, approved both the purchase of R Capital and the increase in capital.

- **Clínica Baviera** reached sales of 61 M€ in the first three quarters of the year, 2.7% higher than the same period of the previous year due to the growth of both the domestic business (+1.9%) and international business (+5.1%). The EBITDA and EBIT declined by 0.9% and 4.5% respectively, to 7 M€ and 3 M€. This reduction in margins was caused by the change in product mix in Spain and higher structural expenses. The net result was 2 M€ for the period, 11.0% higher than the first nine months of 2014 thanks to better financial results. Net debt at 30 September 2015 was 4 M€, in line with the net debt accounted twelve months before.

III. PORTFOLIO

Alba's portfolio at 30 September 2015 was as follows:

Listed holdings	% Stake	Book value Million €	Web Site
ACS	11.8	666.2	www.grupoacs.com
Acerinox	19.6	610.5	www.acerinox.es
BME	10.0	269.9	www.bolsasymercados.es
Ebro Foods	10.0	255.7	www.ebrofoods.es
Indra	11.3	172.3	www.indra.es
Viscofan	6.9	137.0	www.viscofan.com
Euskaltel	8.0	96.3	www.euskaltel.com
Clínica Baviera	20.0	27.7	www.clinicabaviera.com
Total book value		**2,235.6**	
Total market value		**2,364.6**	
Unrealised gains		**129.0**	
Unlisted holdings		**273.0**	
Real Estate *(appraisal value as of Dec. 31, 2014 + acquisitions - :*		**363.8**	

Alba's main shareholdings in unlisted companies are detailed below.

Company	Note	% Stake	Web Site
Mecalux	(1)(2)	24.4	www mecalux.es
Panasa	(1)	26.4	www.berlys.es
Ros Roca	(1)	17.4	www rosroca.com
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

Notes

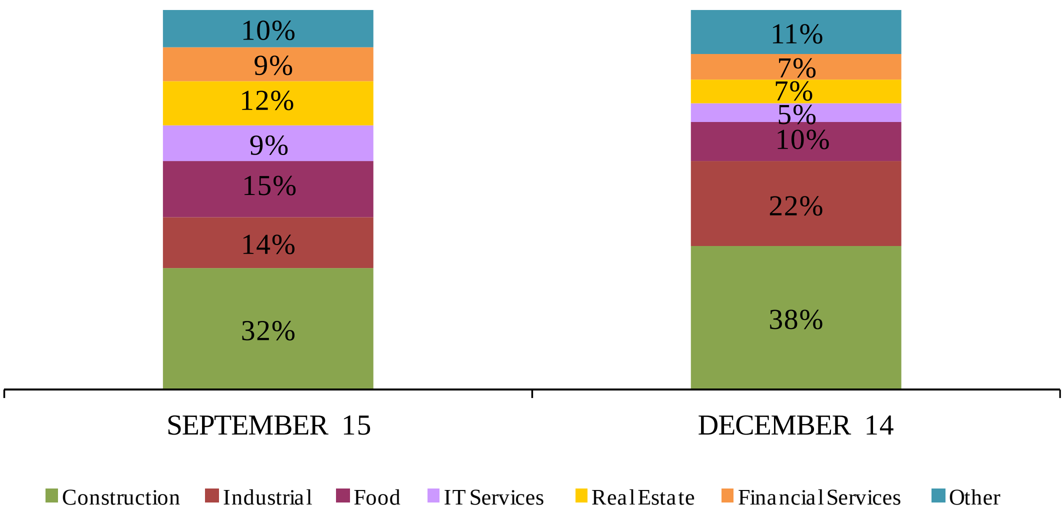
(1) Through Deyá Capital S.C.R.
(2) Includes an 8.78% direct shareholding belonging to Alba.

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 internal criteria, the same as those generally used by analysts, Alba's NAV before tax is estimated at 3,507.0 M€ on 30 September 2015, which corresponds to € 60.22 per share, after deducting treasury shares. This is 4.4% lower than the NAV per share at the end of 2014.

	Million euros
Listed holdings	2,364.6
Unlisted holdings and Real Estate	636.8
Net cash position	265.3
Other short-term and long-term assets and liabilities	240.3
Net asset value	**3,507.0**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**60.22 €**

V. SECTORAL DISTRIBUTION OF GROSS ASSET VALUE[(1)] (GAV)



(1) Listed companies valued at market prices, unlisted companies at book value, and real estate assets appraised by an independent third party (31 December 2014), plus acquisitions made during the period.

VI. CONSOLIDATED RESULTS

The consolidated net income after taxes reached 228.2 M€ in the first nine months of 2015, 19.3% lower than the first three quarters of the previous year. This decrease is primarily due to the lower *Share of profits of associates* (mainly because of the net losses of Indra) and, additionally, to the lower revenue obtained in the *Profit/loss on assets sales*, which shows a profit of 185.4 M€ in the first nine months of the year (mainly due to the gains obtained from sales of ACS and Acerinox shares and the recovery in value of Indra), less than the 236.3 M€ recorded for the same period in 2014.

The price per share for the period was € 3.92, compared to € 4.86 in the first nine months of the last financial year.

Income from *Share of profits of associates* was 41.6 M€ for this period, compared to 131.8 M€ in the same period of the previous year (-68.4%). This decrease is explained by the net negative result of Indra, as well as the sale of part of the stake in ACS and Acerinox, partially offset by the consolidation of holdings in BME and Viscofan, which began to consolidate in the third quarter last year.

Operating expenses stood at 14.7 M€ in line with the same period last year.

The *net financial result*, calculated as the difference between financial income and costs, stands at a positive balance of 6.4 M€ compared to a negative balance of 15.0 M€ in the same period for 2014, due to divestments made.

INCOME STATEMENT

	Million euros	
	30/09/2015	30/09/2014
Share of profits of associates	41.6	131.8
Rental income and other	11.1	9.8
Profit / (Loss) on asset sales	185.4	236.3
Commissions and Financial Income	6.8	18.6
Sum	**244.9**	**396.5**
Operating expenses	(14.7)	(14.5)
Financial expenses	(0.4)	(33.6)
Depreciation	(0.7)	(0.7)
Corporate income tax	(0.3)	(64.2)
Minority shareholders	(0.6)	(0.6)
Sum	**(16.7)**	**(113.6)**
Net earnings	**228.2**	**282.9**
EPS (€)	**3.92**	**4.86**

CONSOLIDATED BALANCE SHEETS (1)

Assets	Million euros	
	30/09/2015	31/12/2014
Real Estate Investments	352 8	204 9
Fixed assets	7 7	8 3
Investments in Associates	2,235 6	2,214 7
Financial assets at fair value through P&L	273 0	276 7
Other financial investments and other assets	150 2	149 8
Non-current assets	3,019 2	2,854 3
Non-current assets held for sale	-	81 0
Cash and cash equivalents	265 3	56 7
Debtors and other assets	104 1	120 5
Total assets	**3,388.6**	**3,112.5**

Liabilities	Million euros	
	30/09/2015	31/12/2014
Share capital (2)	58 3	58 3
Reserves and treasury stock	3,065 4	2,776 7
Earnings for the year	228 2	241 3
Minority interests	0 9	0 6
Shareholders equity	3,352 7	3,076 9
Other non-current liabilities	31 7	31 2
Current liabilities	4 2	4 4
Total liabilities and shareholders equity	**3,388.6**	**3,112.5**

(1) Year 2015 unaudited

(2) The share capital at 30/09/15 is composed of 58,300,000 shares with a nominal value of 1 € each

VII. STOCK MARKET PERFORMANCE

- In the first nine months of 2015, Alba's share price decreased by 8.3%, from € 40.60 to € 37.25, while in the same period the IBEX 35 decreased 7.0% to 9,560 points.

VIII. POST-CLOSING EVENTS

- On October 27 Alba sold an office building in Barcelona for 6.8 M€.
- On October 28 Alba made the payment of a gross interim dividend for this year, amounting to € 0.50 per share, equal to the interim amount distributed for 2014 in October last year.

www.corporacionalba.es (13 November 2015)