



ALBA: PORTFOLIO AND 2014 RESULTS

- Consolidated net profit amounted to 241.3 M€ in 2014, versus 226.9 M€ the previous year. The growth was attributable mainly to an increase in *Profit on asset sales*, as a result of capital gains on the sale of 2.42% of ACS during the period and to changes in the fair value of financial instruments.
- The Net Asset Value (NAV) at 31 December 2014 was 3,668.0 € equivalent to 62.98 € per share. At that same date Alba shares were trading at 40.60 € a discount of 35.5% with respect to the NAV per share.
- In 2014 Alba made investments of 414.6 M€ and asset sales of 234.8 M€. Those sales, plus the dividends received from our holdings, brought Alba's net cash and cash equivalents to 56.7 M€ at the end of the year.
- Alba paid shareholders an ordinary dividend of 1 euro per share in 2014, for a total distribution of 58.2 M€. This gives a gross dividend yield of 2.5% for the year, based on the year-end trading price of Alba shares.

I. MOST SIGNIFICANT TRANSACTIONS

The investments and asset sales carried out by Alba in 2014 were highlighted by the following:

- Sale of 2.42% of ACS for 234.3 M€. In these sales Alba obtained total pre-tax capital gains of 104.1 M€ and a combined IRR of 14.7% per year over 21 years.
- Acquisition of 8.28% of Bolsas y Mercados Españoles (BME) for 217.1 M€
- Acquisition of 6.79% of Viscofan for 132.8 M€
- Acquisition of 1.80% of Ebro Foods for 45.1 M€ increasing the stake in this company to the current 10.01%.
- Acquisition of 1.20% of Indra Sistemas for 17.0 M€ increasing the stake in this company to the current 12.53%.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS

- Consolidated sales at **ACS** dipped 0.8% in 2014, to 34,881 M€. John Holland and Leighton Services have been reclassified as discontinued activities after the divestment of both businesses in December 2014. EBITDA declined 12.9% to 2,466 M€ due to changes in the scope of consolidation, the exchange rate effect for the various currencies and the startup of FleetCo in Leighton. On a like-for-like basis, the EBITDA would have only decreased by 3.9%. The attributable net profit was 717 M€, some 2.2% higher than in 2013, despite 127 M€ were charged as a result of writing off tax credits. Net debt stood at 3,722 M€ in December 2014, 2.3% lower than one year earlier. This figure includes a debt reduction of 1,108 M€ in "Accounts receivable" caused by the sale of John Holland and 50% of Leighton Services.
- **Acerinox** boosted its sales in 2014 by 10.4% to reach 4,380 M€, with an increase both in tonnes sold (+6%) and in the average selling price of stainless steel. EBITDA nearly doubled the 2013 figure (+99.1%) to reach 454 M€, buoyed by an improvement in gross

margin combined with lower staff costs and operating expenses, despite the stepped-up activity. The company recorded net profit of 136 M€ versus 22 M€ in 2013. Net profit 2014 included a 22 M€ write off of tax credits so, eliminating this impact, net profit would have been 158 M€. Net debt at 31 December 2014 was 616 M€, 16.3% higher than one year earlier. In terms of net debt over EBITDA, however, the year-end 2014 ratio was 1.4, compared with 2.3 at the close of 2013.

- In **Indra**, consolidated sales rose 0.8% in 2014 to 2,938 M€ despite the unfavourable currency development in Latin America. At a constant exchange rate, sales for the twelve months were up 4.9% compared to the previous year. By geography, international sales remained flat (+0.1%), due to the aforementioned impact of foreign exchange, while the domestic business grew by 1.9%. By business area, Solutions accounted the same income as in 2013 while Services increased 2.4%. By sector, it is worth highlighting the double digit sales growth in Financial Services (+10.1%) and the drop in Telecom & Media (-22.5%). Recurring EBITDA decreased 3.7% to 268 M€. Net profit was -92 M€, compared to 116 M€ in 2013, due to provisions and write-offs, net of provisions reversed, totalling 265 M€ over the year. Net debt in December 2014 was 663 M€, 40 M€ higher than twelve months before but 63 M€ lower than in September 2014.
- Sales at **Ebro Foods** rose 8.4% in 2014 to 2,121 M€, with gains both in Rice (+4.5%) and in Pasta (+12.5%). The revenue gain in Rice was mainly organic, whereas the increased sales in Pasta were due to inclusion in the scope of consolidation of Oliveri and Lucio Garofalo (acquired in October 2013 and June 2014, respectively). Consolidated EBITDA grew 1.7% to 287 M€ with an 8.1% rise in Rice and 4.3% decline in Pasta, the latter partly due to higher raw material costs. EBIT and net profit went up 0.4% and 14.2%, respectively, to 227 M€ and 152 M€. At year-end net debt stood at 406 M€, rising 19.9% over the year-end 2013 figure as a result of the acquisitions and investments made during the year.
- **BME** reported 2014 revenue of 342 M€, up 11.3% over the 2013 figure, mainly driven by the Equity segment, where sales grew 18.4% to 156 M€ on the revenue strength of both Trading (+18.6%) and Listing (+16.6%). EBITDA rose 14.6% to reach 239 M€, buoyed by the higher revenues and improvement in the efficiency ratio (ratio of costs to operating income) from 32.2% in 2013 to 30.2% in 2014. Net profit for the year was 165 M€, 15.2% over the previous year.
- **Viscofan** achieved 4.1% higher sales in 2014 up to 687 M€, with increased turnover in Casings of 4.5% which offset the lower income in Cogeneration (-1.6%), Stripping out the effect of the exchange rate differences and a positive non-recurring impact in 2014 from cogeneration, consolidated sales would have grown by 4.8% over the period. Consolidated EBITDA rose 8.7% to 185 M€ over the year, with a 22.6% increase during the fourth quarter of 2014 compared to the same period the year before. Net profit achieved 106 M€ (+4.9%), representing a new yearly record.
- In 2014, the sales of **Clínica Baviera** increased to 83 M€ (+3.3%), with 7.8% growth in Spain offsetting the 8.2% decline in sales of the international business. EBITDA and EBIT fell 14.6% and 20.1% respectively. These narrower margins were due to a changed product mix in Spain (intraocular lens implants vs. laser surgery) and the drop-off in international sales. Lastly, net profit for the year came in at 4 M€, some 18.5% below the 2013 bottom line.

III. INVESTMENT PORTFOLIO

Shown below is the breakdown of Alba investment portfolio as of 31st December 2014:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value Million €</u>	<u>Web Site</u>
ACS	13.9	700.1	www.grupoacs.com
Acerinox	23.1	678.7	www.acerinox.es
Indra	12.5	211.2	www.indra.es
Ebro Foods	10.0	249.5	www.ebrofoods.es
BME	8.3	214.9	www.bolsasymercados.es
Viscofan	6.8	132.6	www.viscofan.com
Clínica Baviera	20.0	27.7	www.clinicabaviera.com
Total book value		2,214.7	
Total market value		2,788.0	
Unrealised gains		573.3	
 <u>Unlisted holdings</u>		 357.7	
 <u>Real Estate</u> (appraisal value as of Dec. 31, 2014)		 219.2	

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)	12.0	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.

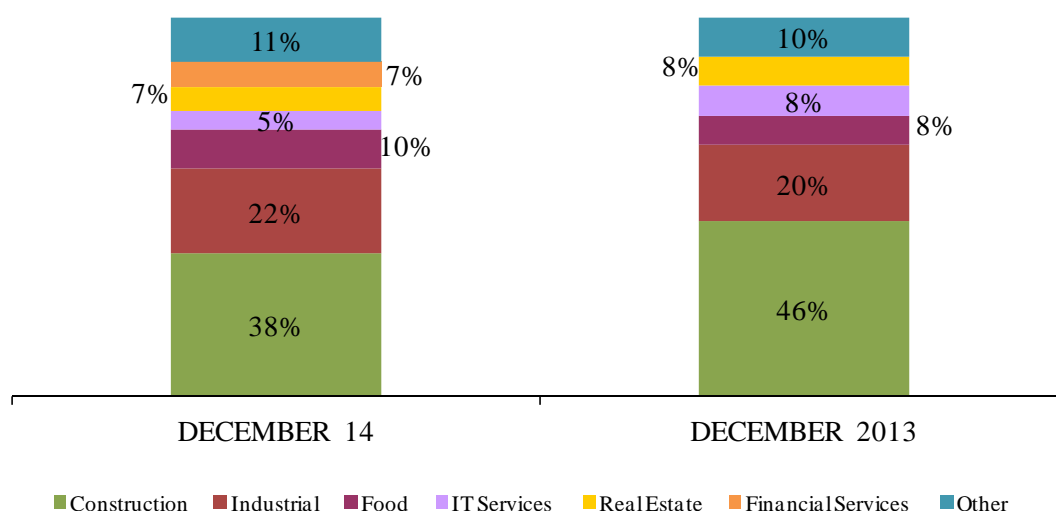
(2) Includes a 8.78% direct stake by Alba.

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 31st December 2014, Alba's net asset value was estimated at 3,668.0 M€ or 62.98 € per share after deducting treasury shares, 13.5% above the year-end 2013 NAV per share figure.

	<i>Million euros</i>
Listed holdings	2,788.0
Unlisted holdings and Real Estate	576.9
Net cash position	56.7
Other short-term and long-term assets and liabilities	246.4
Net asset value	3,668.0
Million shares (minus Treasury Stock)	58.24
Net asset value / share	62.98 €

V. BREAKDOWN OF GROSS ASSET VALUE PER 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 31st December 2014.

VI. CONSOLIDATED RESULTS

Consolidated net profit amounted to 241.3 M€ in 2014, versus 226.9 M€ for the previous year. Earnings per share in 2014 rose to 4.14 € from 3.90 € in 2013.

Income from *Share of profit of associates* totalled 148.6 M€ for 2014, 1.3% less than the previous year's 150.6 M€. This decrease was driven by the reduced contribution of ACS mainly brought about by the decreased holding in the latter company and by Indra's lower results, offsetting partly by the improved performance of Acerinox and Ebro Foods, and the first-time consolidation of the holdings in BME and Viscofan.

Profit on assets includes income of 145.7 M€, of which 104.1 M€ were obtained from sale of 2.42% of ACS. The rest reflects the net sum of a gain of 112.0 M€ from measuring at fair value holdings in unlisted companies (recorded under *Financial instruments at fair value through profit or loss*) and an aggregate impairment of 70.4 M€ in certain holdings in associated companies.

Operating expenses declined 2.5% to 19.8 M€

Net financial income, calculated as the difference between interest income and interest expenses, showed a positive balance of 14.4 M€ compared with 14.9 M€ in 2013.

INCOME STATEMENT

	Million euros	
	31/12/2014	31/12/2013
Share of profits of associates	148.6	150.6
Rental income and other	13.0	13.0
Gains from fair value adjustments in Real Estate investments	2.0	(5.5)
Profit / (Loss) on asset sales	145.7	119.4
<u>Commissions and Financial Income</u>	19.5	21.6
Sum	328.7	299.1
Operating expenses	(19.8)	(20.3)
Financial expenses	(5.1)	(6.7)
Depreciation	(0.9)	(0.9)
Corporate income tax	(61.0)	(43.3)
Minority shareholders	(0.6)	(1.0)
Sum	(87.4)	(72.2)
Net earnings	241.3	226.9
EPS (€)	4.14	3.90

CONSOLIDATED BALANCE SHEET ⁽¹⁾

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	31/12/2014	31/12/2013		31/12/2014	31/12/2013
Real Estate Investments	204.9	200.4	Share capital (2)	58.3	58.3
Fixed assets	8.3	9.0	Reserves and treasury stock	2,776.7	2,665.9
Investments in Associates	2,214.7	2,015.3	Earnings for the year	241.3	226.9
Financial assets at fair value through P&L	276.7	243.7	Minority interests	0.6	0.4
<u>Other financial investments and other assets</u>	149.8	187.9	Shareholders equity	3,076.9	2,951.5
Non-current assets	2,854.3	2,656.3	Other non-current liabilities	31.2	35.7
Non-current assets held for sale	81.0	-	Current liabilities	4.4	9.0
Cash and cash equivalents	56.7	255.6	Total liabilities and shareholders equity	3,112.5	2,996.2
Debtors and other assets	120.5	84.3			
Total assets	3,112.5	2,996.2			

(1) Year 2014 unaudited

(2) The share capital at 31/12/14 is composed of 58,300,000 shares with a nominal value of 1 € each

VII. STOCK MARKET PERFORMANCE



- Alba's share Price descended by 4.5% in 2014, from 42.50 € to 40.60 €, while IBEX 35 has risen a 3.7% to 10,280 points in the same period.

VIII. EVENTS AFTER THE BALANCE SHEET DATE

- Subsequent to the close of 2014 Alba sold 4,132,794 shares of ACS, representing an equity interest of 1.31%, for 129.9 M€ achieving a gross capital gain of 63.6 M€. These sales have brought the holding in this company to 12.57% of its share capital.
- On 6 February 2015, Alba, through its development capital vehicle Deyá Capital, reached an agreement to sell its 12.0% stake in Pepe Jeans, S.L. in conjunction with the company's other shareholders. The sale is subject to clearance from competition authorities.
- Additionally, on 26 February, Alba sold, through an accelerated block offering, 8,100,000 Acerinox shares representing a 3.10% stake for 118.3 M€. The gross capital gain obtained was 27.3 M€. After this divestment, Alba holds a 19.99% stake in Acerinox.