ALBA: PORTFOLIO AND FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

- Consolidated net profit after taxes reached €226.0M in the first nine months of 2016, 1.0% lower than the same period for the previous year. This decrease is due to the fall of Profit on asset sales, from €185.4M obtained last year as a result of capital gains to €74.0M of the current period. This decline has been partially offset by a better performance of the investee companies, particularly Indra.
- The Net Asset Value (NAV) stood at €3,864.7M on 30 September 2016, equivalent to €66.36 per share. Alba's share price of €37.41 on the same date represents a discount of 43.6% to the NAV per share. The NAV has increased by 5.4% during the first nine months of the year, against a fall of 8.0% in the IBEX 35.
- During this period, Alba made investments of €240.0M and divestments amounting to €56.9M.
- In October, Alba distributed a gross interim dividend of €0.50 per share to its shareholders, which was charged to the 2016 profit and loss account and amounted to a total disbursement of €29.1M.

I. MAIN TRANSACTIONS

The main investments made by Alba in the first nine months of 2016 were the following:

- Purchase of 10.01% of Parques Reunidos for €121.3M.
- Purchase of an additional 3.03% of Viscofan for €70.6M, reaching a 9.89% stake in the company.
- Purchase of an additional 1.49% of BME for €35.3M, reaching a 12.06% stake in the company.
- Purchase of an additional 1.00% of Euskaltel for €12.7M, reaching an 11.00% stake in the company.

In addition, Alba also sold 0.67% of its holdings in ACS for €56.9M, resulting in capital gains of €24.0M and an IRR of 11.3% for almost 19 years.

II. PERFORMANCE OF OUR MAIN EQUITY INVESTMENTS (1)

- **ACS**'s sales figures amounted to €23,371M in the first nine months, down 7,0% with respect to the same period in 2015. This decline was mainly due to the lower activity of CIMIC in Australia, and secondly the drop in activity in Spain, both in Construction and in the Support Services business within the Industrial Services division. By geographical area, only North America posted growth in sales (+6.4%), backed by Construction. The backlog increased by 9.1% due to the positive evolution of the contracting activities in the international markets. EBITDA for the period stood at €1,513M, 6.3% lower than the first nine months of 2015.

---

(1) Parques Reunidos is not included as it closes its accounting year on September 30th and will not release its results until the end of November.

EBIT reached €1,119M, which represents a 0.8% increase because of lower amortizations in CIMIC as a consequence of a slowing down of its activity and a more efficient management of its capital intensive resources. Excluding the sale of renewable assets in the first quarter of 2015, EBITDA had fell 4.5% and EBIT had increased 3.6%. The attributable net profit stood at €570M, 0.7% lower than in 2015. The Group's net debt as of September 2016 was €2,751M, €1,129M lower than as of September 2015 due to the reclassification of Urbaser's net debt as discontinued operations (€742M) and the operating improvement of the business activities.

- During the first nine months of 2016, sales figures for **Acerinox** fell by 12.1% to €2,915M, as a result of the decrease in the price of stainless steel and despite the 8.2% increase in physical unit sales. Cumulative steel production up to the end of September was 1.8 million tonnes, an increase of 5.1% over the same period in 2015. EBITDA fell by 9.0% to €223M, while net income was €45M, 20.4% lower than the same period in 2015 but higher than the net income posted for the full year 2015. Despite these falls, the improved results seen during the second quarter were consolidated during the third quarter, with an EBITDA of €103M and net income of €36M. These figures are significantly higher than the results for the third quarter of 2015 as well as those for the second quarter of 2016. The net financial debt at 30 September 2016 was €678M, some 14.0% lower than the figure for the previous year.

- Income for **Bolsas y Mercados Españoles** during the first nine months of 2016 decreased by 8.2% to €243M, due to the fall in the volume traded on the markets. Consequently, income from equities declined by 13.1%. The areas that posted growth in sales were those that were not directly related to market activity (+19.2% in Information -partly due to the global consolidation of Infobolsa-, +5.0% in IT & Consulting) and Clearing (+25.6%) due to the fact that BME Clearing has begun to clear cash equity transactions with the entry into force of the Spanish Registry, Clearing and Settlement System reform. EBITDA decreased by 13.4% to €162M due to the reduction in income and to extraordinary expenses deriving from the integration of Infobolsa. However, net income fell by only 8.6% to €121M, thanks to a lower tax rate and larger financial income.

- Turnover for **Ebro Foods** rose to €1,820M, 1.7% higher than that recorded in the same period for 2015, due to the change in the Company's perimeter (+€54M). Excluding this effect comparable turnover fell by 1.3%, due to the partial transfer of the price reduction in raw materials to the end price. EBITDA increased by 16.7% during the first nine months of the year to €250M, thanks to the aforementioned acquisitions and price reduction in raw materials. Net income for the period was €127M, an increase of 25.3% compared to the first nine months of 2015, due to the good performance of the business and the extraordinary income obtained from the sale of the Puerto Rico business and a property in Madrid. Despite the inorganic growth, net debt at 30 September 2016 was €420M, representing a reduction of €28M in comparison to the equivalent figure for the same date in 2015. The fall was due to the aforementioned divestments and the generation of operating cash flow.

- Sales for the first nine months of 2016 for **Viscofan** fell to €537M, 3.3% lower than those for the same period in 2015. This drop can be attributed to the decline in sales in Latin America (particularly in Brazil), unfavourable currency trends in the main markets and lower income from cogeneration. Excluding currency effects and non-recurring events, sales were down by 0.7% in this period. The reported EBITDA fell by 6.3% to €159M as a result of the factors mentioned above, although if we exclude the impact of exchange-rate variations and extraordinary events, it would actually have grown by 0.8% during the first nine months of 2016. Net income was €88M, 1.3% higher than the same period in 2015, thanks to lower financial expenses, positive exchange-rate differences and a lower tax burden. Net cash grew to €8M as of 30 September 2016, against net debt of €1M one year before.

- During the first nine months of 2016, Indra's sales fell by 6.0% to €1,951M in comparison to the same period in 2015 (equivalent to a fall of 3.0% at a constant exchange rate). This decrease in sales was mostly due to the IT verticals (-10.0%), which, in addition to other impacts, were comparatively affected by election business-related factors and the cancellation of a BPO contract. Regarding the T&D verticals, they posted a 1.0% growth in sales thanks to the good performance of Defence & Security. EBIT for the period stood at €104M, compared to losses of €1M in the period up to September 2015, representing a margin over sales of 5.3%. This improvement of the EBIT margin during the last few quarters is based on cost optimisation and efficiency plans and the greater profitability of ongoing projects. Net income was €48M, compared to losses of €561M in the first nine months of the previous financial year. Net financial debt at the close of the third quarter of 2016 stood at €666M, representing a ratio of 3.1 times the EBITDA for the last 12 months and a reduction in net debt of €171M compared to the close of September 2015, due to the positive evolution of cash generation thanks to the improvement in operating performance and working capital.

- As mentioned in previous quarters, **Euskaltel's** performance for the first nine months of 2016 was positively affected by the incorporation of R Cable. Sales for the period increased by 76.1% to €430M, thanks to the aforementioned global consolidation of R Cable (up by 0.6% in comparable terms) and the positive evolution of the Residential segment (up by 4.4% in comparable terms), which offset the reduction in sales of the Business segment. EBITDA, adjusted for the costs associated with the integration of R Cable and the Initial Public Offering process, reached €210M, up by 79.6% compared to the previous financial year (+5.7% comparable). Net income was €45M, compared to losses of €3M in the same period of the previous financial year due to the extraordinary expenses related to the IPO process. The net financial debt at 30 September 2016 was €1,271M. The reduction in net debt ratios allowed Euskaltel to announce the payment of a gross interim dividend of €0.15 per share in February 2017. It is the first dividend to be paid out by the company since its quotation on the stock exchange in July 2015.

- **Clínica Baviera** achieved sales of €67M in the first nine months of 2016, 10.4% up on the equivalent figure for the same period in 2015. Growth was solid in both the domestic (+9.8%) and the international market (+12.0%). EBITDA rose by 76.2% to €12M, with a significant improvement in terms of margins thanks to the growth of refractive laser surgery and the positive impact of operating leverage. Meanwhile, EBIT and net income rose to €9M and €6M respectively, representing an increase of 172.0% and 162.1% compared to the first nine months of 2015. As at 30 September 2016, the company had a net cash position of €2M. Clínica Baviera also announced the payment of a gross interim dividend of €0.17 per share and a gross extraordinary dividend of €0.31 per share (subject to approval at the Annual General Meeting). This would result in the payment of a total of €8M in mid-December.

III. PORTFOLIO

The composition of Alba's portfolio at 30 September 2016 was as follows:

Listed holdings	**% Stake**	**Book value Million €**
Acerinox	18.96	575.4
ACS	11.02	557.0
BME	12.06	319.6
Clínica Baviera	20.00	28.7
Ebro Foods	10.01	262.2
Euskaltel	11.00	166.6
Indra	11.32	196.5
Parques Reunidos	10.01	129.6
Viscofan	9.89	213.6
Total book value		**2,449.1**
Total market value		**2,849.2**
Unrealised gains		**400.1**
Unlisted holdings *(valuation as of June 30th, 2016)*		**306.2**
Mecalux (1)(2)	24.38	
Panasa (1)	26.46	
Flex (1)	19.75	
Siresa Campus SII (1)	17.44	
Siresa Campus Noroeste (1)	17.44	
EnCampus (1)	32.75	
in-Store Media (1)	18.89	
TRRG Holding Limited (1)	7.50	
Real Estate *(appraisal value as of June 30th, 2016)*		**381.3**

Notes

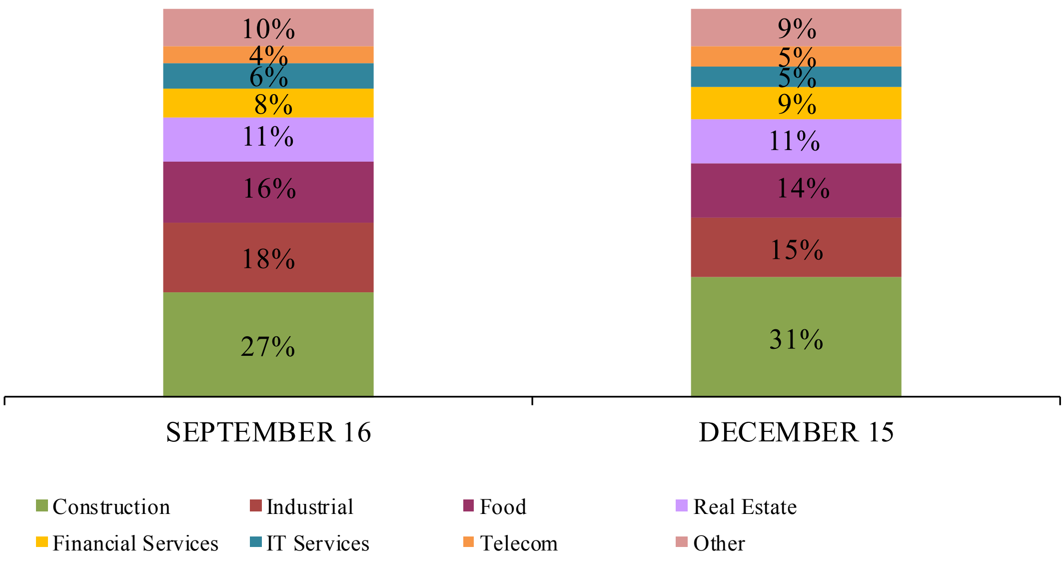
(1) Through Deyá Capital S.C.R.
(2) Includes an 8.78% direct shareholding belonging to Alba.

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 on the basis of criteria generally used by the market, as of 30 September 2016 Alba's pre-tax NAV is estimated at nearly €3,864.7M. On this same date, the NAV per share, after deducting treasury shares, rose to €66.36, a 5.4% increase on the price at the end of 2015.

	Million euros
Listed holdings	2,849.2
Unlisted holdings	306.2
Real Estate	381.3
Net cash position	109.9
Other financial investments and other assets	149.7
Receivables and other assets (1)	78.6
Other noncurrent and current liabilities	(8.9)
Net asset value	**3,866.0**
Other short-term and long-term assets and liabilities	(1.3)
Group net asset value	**3,864.7**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**66.36 €**

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



(1) Excludes dividends announced by investee companies to be collected and not deducted from the share price (€2.8M).

(2) Listed companies valued at market prices (as of 30 September 2016), unlisted companies and real estate assets at book value (according to the valuations made for both on 30 June 2016).

VI. CONSOLIDATED RESULTS

Consolidated net profit after tax reached €226,0M in the first nine months of 2016, some 1.0% lower than the same period for the previous year. This decrease is due to the fall of Profit on asset sales, from €185.4M obtained last year as a result of capital gains to €74.0M of the current period. This decline has been partially offset by a better performance of the investee companies, particularly Indra. Specifically, the *Profit/loss on assets sales* for the current period can be broken down into €20.3M corresponding to the valuation of financial instruments at fair value through profit and loss account, €29.7M corresponding to the recovery in value of the shareholding in Indra, and €24.0M to the sale of 0.67% of the shareholding in ACS.

Net profit for the first nine months of 2016 was €3.88, compared to €3.92 for the same period in the previous financial year.

Income from *Share of profits of associated* was €128.6M for the first nine months of 2016, compared to €41.6M for the same period in the previous year (representing an increase of 209.1%).

Operating expenses increased by 10.3% to €16.1M.

The *Net financial profit*, calculated as the difference between income and financial expenses, shows a positive balance of €17.6M compared to €6.5M for the same period in 2015, due to dividends received from financial instruments at fair value through profit and loss account, which in this period have been included in this item.

PROFIT AND LOSS STATEMENT

	Million euros	
	30/09/2016	30/09/2015
Share of profits of associates	128.6	41.6
Rental income and other	14.0	11.1
Gains from fair value adjustments in Real Estate investments	13.0	0.0
Profit / (Loss) on asset sales	74.0	185.4
Commissions and Financial Income	19.7	6.9
Sum	**249.2**	**244.9**
Operating expenses	(16.1)	(14.6)
Financial expenses	(2.1)	(0.4)
Depreciation	(0.7)	(0.7)
Corporate income tax	(3.2)	(0.3)
Minority shareholders	(1.0)	(0.6)
Sum	**(23.2)**	**(16.7)**
Net earnings	**226.0**	**228.2**
EPS (€)	**3.88**	**3.92**

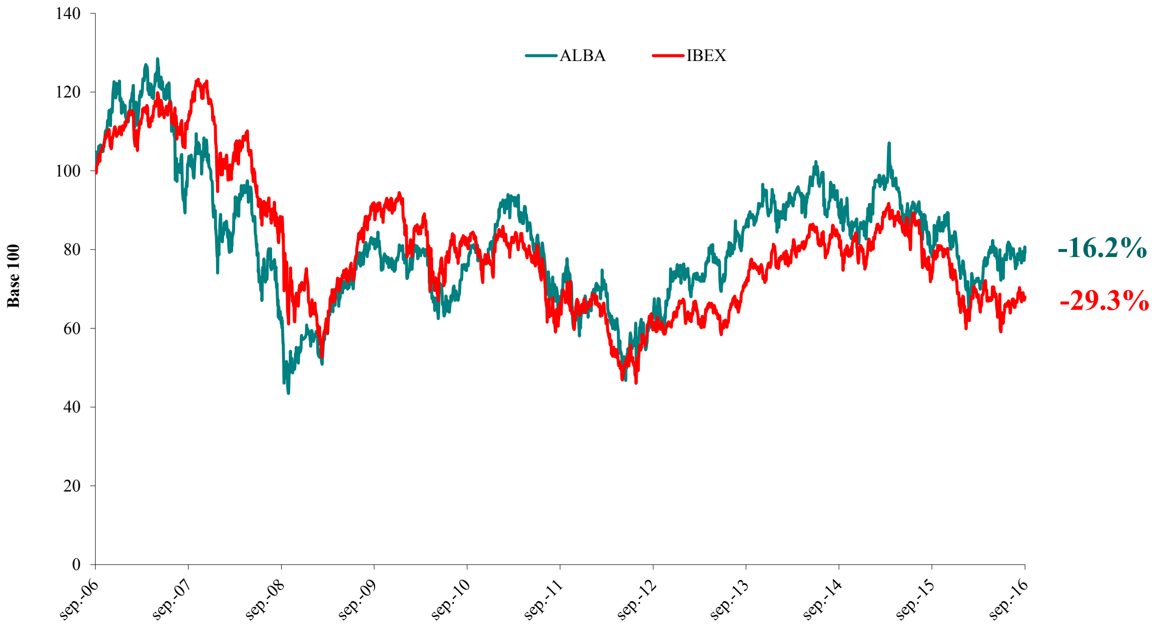
CONSOLIDATED BALANCE SHEETS (1)

Assets	Million euros	
	30/09/2016	31/12/2015
Real Estate Investments	367 5	352 2
Fixed assets	7 1	7 7
Investments in Associates	2,449 1	2,236 0
Financial assets at fair value through P&L	306 2	285 9
Other financial investments and other assets	149 7	149 0
Non-current assets	3,279 6	3,030 8
Cash and cash equivalents	251 0	298 8
Debtors and other assets	81 4	162
Total assets	**3,612.0**	**3,491.6**

Liabilities	Million euros	
	30/09/2016	31/12/2015
Share capital (2)	58 3	58 3
Reserves and treasury stock	3,147 1	2,984 5
Earnings for the year	226 0	269 6
Minority interests	1 3	0 6
Shareholders equity	3,432 8	3,313 0
Other non-current liabilities	3 6	3 0
Net deferred tax	29 2	26 0
Long-term loans	132 1	136 6
Short-term loans	9 0	8 9
Current liabilities	5 3	4 1
Total liabilities and shareholders equity	**3,612.0**	**3,491.6**

(1) Year 2015 audited
(2) The share capital at 30/09/16 is composed of 58,300,000 shares with a nominal value of 1 € each

VII. STOCK MARKET PERFORMANCE



- During the first nine months of 2016, Alba's share price fell by 6.1% from €39.85 to €37.41, while in the same period the IBEX 35 fell by 8.0% to 8,779 points.