ALBA: PORTFOLIO AND FINANCIAL RESULTS FOR 2016

- Consolidated net profit after taxes reached €407.8M in 2016, 51.3% higher than the previous year. This increase is explained by the higher *Profits on asset sales* compared to the previous financial year and the improved performance of investee companies, particularly Indra.
- The Net Asset Value (NAV) stood at €3,989.9M at 31 December 2016, equivalent to €68.51 per share, 8.8% higher than the NAV per share at the end of 2015. Alba's share price of €42.85 on this same date represents a discount of 37.5% with respect to the NAV per share.
- Throughout the year, Alba made investments of €268.2M and divestments amounting to €374.6 M.
- During 2016, Alba distributed a gross dividend of €1 per share to its shareholders, which amounted to a total of €58.2M.

I. MAIN TRANSACTIONS

The main investments made by Alba in 2016 were the following:

- Purchase of an 8.00% holding in the share capital of Parques Reunidos for an amount of €100.1M through the initial public offering made by this Company this past 28 April, and subsequent purchases on the market for a total investment of €126.8M, reaching a stake of 10.53% in the company.
- Purchase of an additional 4.16% of Viscofan for €93.4M, bringing the total share capital holdings in this company to 11.02%.
- Purchase of an additional 1.49% of Bolsas y Mercados Españoles for €35.3M, bringing the total share capital holdings in this company to 12.06%.
- Purchase of an additional 1.00% of Euskaltel for €12.7M, bringing the total share capital holdings in this company to 11.00%.

Conversely, the main divestment made throughout the year was the following:

- Sale of 4.17% of ACS for €374.6M, resulting in capital gains of €168.5M. In this transaction, Alba obtained an annual IRR of 11.4% for more than 19 years.

II. PERFORMANCE OF THE MAIN INVESTEE COMPANIES

- **ACS**'s sales figures amounted to €31,975M in 2016, down 4.0% with respect to the previous year. This decline was mainly due to the lower activity of CIMIC 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 (+5.4%), backed by Construction. The backlog increased by 12.9% due to the positive evolution of the contracting activities in all the geographies, especially the non-European markets. EBITDA for the period stood at €2,023M, 5.5% lower than year before. EBIT reached €1,445M, which represents a 1.7% 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 4.1% and EBIT had increased 3.9%. The attributable net profit stood at €751M, 3.5% higher than in 2015. The Group's net debt as of December 2016 was €1,214M, €1,410M lower than twelve months before due to the completion of the sale of Urbaser and the operating improvement of the business activities.

- Turnover for **Acerinox** fell by 6.0% to €3,968M, as a result of the decrease in the price of stainless steel and despite the 9.0% increase in physical unit sales. The Group's melting production was 2.5 million tonnes, 6.7% higher than in 2015, continuing its positive trend. Cold-rolled production figures were the highest in the Group's history, while melting production and hot-rolled production figures were the Group's second highest mark. In terms of results, EBITDA increased by 15.0% to €329M, as a result of cost-cutting measures in Excellence Plans and increases in the base price both in the North American market and in Europe. Net income was €80M, 87.3% higher than in 2015. Net financial debt at December 2016 decreased €91M to €620M.

- Sales for **Bolsas y Mercados Españoles** in 2016 decreased by 6.1% to €327M, due to the fall in the volume traded on the markets. Consequently, income from equities also fell by 9.7%. The areas that posted growth in sales were those not directly related to market activity (19.1% in Information - partly due to the overall consolidation of Infobolsa - and 7.0% in IT & Consulting) and Clearing (33.9%), due to the fact that BME Clearing has begun to offset cash equity transactions with the entry into force of the Spanish Registry, Clearing and Settlement System reform. EBITDA decreased by 11.8% to €216M due to the reduction in sales and to extraordinary expenses deriving from the integration of Infobolsa. However, net income fell by only 7.6% to €160M, to a lesser extent than the EBITDA, thanks to a lower tax rate and greater financial income.

- **Ebro Foods** achieved consolidated sales of €2,459M, down 0.1% compared to 2015, due to the slight decline in the price of raw materials. EBITDA registered a growth of 9.3% in the financial year to €344M, boosted by the 10.9% increase in EBITDA in the Rice division. EBITDA in the Pasta division increased to a lesser extent, only 5.7%, due to a 21.7% increase in advertising expenditures to give support to new product launches. In 2016, net income reached €170M, representing an increase of 17.2% compared to previous year, due to the good performance of recurring business and the extraordinary income obtained from the sale of the Puerto Rico business and a property in Madrid. At 31 December 2016, Ebro Foods had a net debt of €443M, 4.0% higher than at the end of 2015, due to the various acquisitions made and greater investments.

- In 2016, **Indra's** sales decreased 4.9% to €2,709M with respect to 2015 (-2.8% at a constant exchange rate). This decrease in sales was mostly due to the IT vertical segments (-8%) which, in addition to other factors, were affected by the repositioning of the Brazilian' business, a more selective contracting policy, a decrease in activity in some countries and the comparative in the election business. For its part, the T&D verticals registered a flat performance in sales as a consequence of the slowdown in some projects in Transport & Traffic and despite the good performance of Defence and Security. EBIT for the period stood at €162M, compared to losses of €641M in 2015, representing a sales margin of 6.0%. The improved margin is based on the greater profitability of ongoing projects, efficiency plans and the reduction of onerous projects. The net result was €70M compared to losses of €641M in 2015. Worth mentioning the cash generation of the period of €184M compared to €-50M in 2015 thanks to the improvement in operating performance and working capital management, and despite the cash outflow caused by the redundancy plan (€51M) and onerous proyects (€76M). Net financial debt at December 2016 stood at €523M, representing a ratio of 2.3 times the EBITDA for the last 12 months, and a reduction of 25% compared to the close of December 2015.

- **Viscofan**'s sales in 2016 fell to €731M, 1.3% lower than in 2015. This drop was attributed to unfavourable currency trends in the main markets, lower sales in Latin America (particularly in Brazil), and lower sales from cogeneration. Excluding currency effects and non-recurring events sales were stable during the period. Reported EBITDA fell by 4.6% to €204M as a result of the factors mentioned above. Excluding the impacts of exchange-rate variations and extraordinary events EBITDA would have decreased by 0.8% compared to 2015. In terms of net income the Group posted the highest figure in history of €125M, 4.1% higher than in 2015. This increase was due to lower financial expenses, positive exchange-rate differences and a lower tax burden. Net debt grew to €9M as of December 2016, against a net cash position of €3M one year before, due to the distribution of an interim dividend and the acquisition of the Vector Group.

- As mentioned previously, **Euskaltel's** performance in 2016 was positively affected by the incorporation of R Cable. Sales for the period increased by 64.0% to €573M, thanks to the aforementioned global consolidation of R Cable (+1.3% in comparable terms) and the positive evolution of the residential segment (+3.9% in comparable terms), which offset the reduction in sales of Companies and Other. EBITDA, adjusted for the costs associated with the integration of R Cable, cancellation of the debt and flotation on the stock exchange, reached €281M, up by 68.0% compared to the previous financial year (+5.1% comparable), thanks to efficient cost management. The net result was €62M (+212.1% in comparable terms). The net financial debt at 31 December 2016 reached €1,223M. The company will propose to the AGM the distribution of a supplementary dividend of €0.21 per share that together with the interim dividend of €0.15 per share paid in early february will amount to aproximately 90% of the net result of the period.

- The results shown below for **Parques Reunidos** refer to financial year October 2015 to September 2016. In 2016, sales for Parques Reunidos reached €584M, down 1.2% compared to the previous year, despite the good performance in Spain and Europe (excluding Marineland). The decrease was due to the unfavourable weather conditions experienced in the fourth quarter in the Northwest area in the U.S., the damages caused by the devastating storm in Marineland (France) at the end of 2015, and the terrorists attacks in Nice. EBITDA in this period decreased by 2.9% to €188M due to the aforementioned reasons. Net profit, adjusted for the non-recurring expenses associated with flotation on the stock exchange of the Company and the new capital structure was €76M, much higher than the €20M net profit registered in 2015. The Group's net debt went from €1,047M in September 2015 to €540M in September 2016, thanks to the capital raised in the public offering and the cash flow generation of the business. The Company plans to propose to the Annual General Shareholders' Meeting the distribution of a dividend of €20M, or a pay-out of 26% based on the adjusted net profit.

- **Clínica Baviera** achieved sales of €96M in 2016, 7.1% greater than those of the previous year, with a solid growth rate in both the domestic market (+6.5%) and the international market (+8.6%). EBITDA rose by 44.8% to €16M, with a significant improvement in terms of margins thanks to the growth of refractive laser surgery and the positive impact of operating leverage. For their part, EBIT and net result rose to €12M and €8M respectively, representing an increase of 78.2% and 64.2% compared to the previous year. Net financial debt increased from €1M in 2015 to €5M in 2016, mainly due to the distribution of an extraordinary dividend paid in December in the amount of €5M.

III. SHARE PORTFOLIO

Alba's portfolio at 31 December 2016 was as follows:

Listed holdings	% Stake	Book value Million €
Acerinox	18.96	608.7
ACS	7.52	390.7
BME	12.06	318.1
Clínica Baviera	20.00	31.0
Ebro Foods	10.01	271.9
Euskaltel	11.00	166.3
Indra	11.32	193.5
Parques Reunidos	10.53	133.4
Viscofan	11.02	238.8
Total book value		**2,352.4**
Total market value		**2,694.4**
Unrealised gains		**342.0**
Unlisted holdings (1)		**325.2**
Mecalux (2)	24.38	
Panasa	26.50	
Flex	19.75	
Siresa Campus SII	17.44	
Siresa Campus Noroeste	17.44	
EnCampus	32.75	
in-Store Media	18.89	
TRRG Holding Limited	7.50	
Real Estate		**387.0**

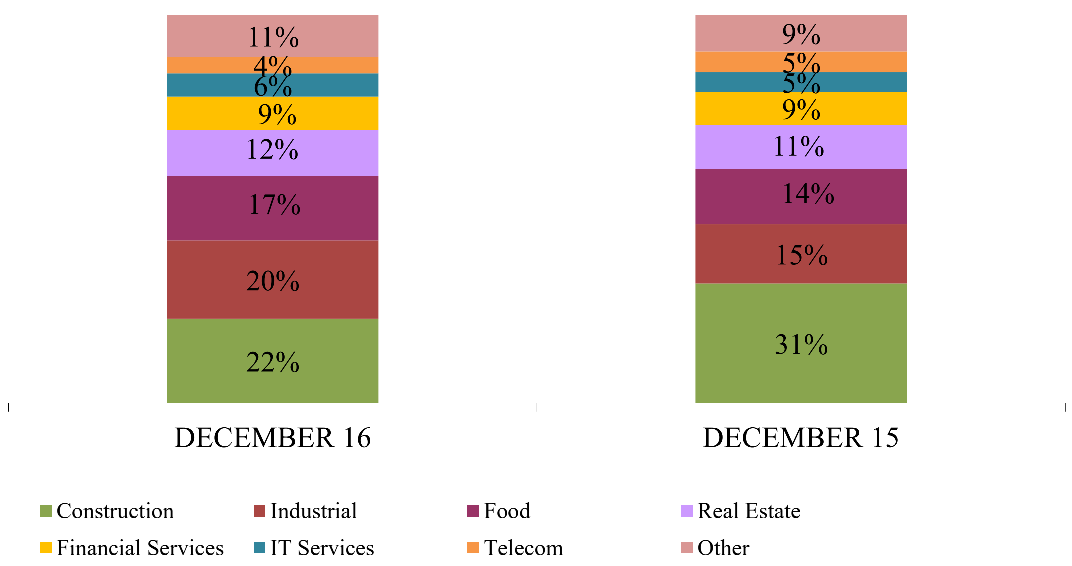
(1) Through Deyá Capital S.C.R.
(2) Includes an 8.78% direct shareholding belonging to Alba.

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 criteria generally used in the market, Alba's NAV before tax is estimated at €3,989.9M at 31 December 2016, which corresponds to €68.51 per share after deducting treasury shares, representing an increase of 8.8% compared to the values at the end of 2015.

	Million euros
Listed holdings	2,694.4
Unlisted holdings	325.2
Real Estate	387.0
Net cash position	333.3
Other financial investments and other assets	132.9
Receivables and other assets (1)	127.4
Other noncurrent and current liabilities	(9.6)
Net asset value	**3,990.6**
Other short-term and long-term assets and liabilities	(0.7)
Group net asset value	**3,989.9**
Million shares (minus Treasury Stock)	58.24
Net asset value / share	**68.51 €**

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



(1) Excludes dividends announced by investee companies pending collection and not yet discounted from the corresponding share price (€12.3M).

(2) Listed companies valued at market prices (closing prices at 31 December 2016) and unlisted companies and real estate assets at book value (according to the valuation made in both cases at 31 December 2016).

VI. CONSOLIDATED RESULTS

Consolidated net profit after taxes reached €407.8M in 2016, 51.3% higher than the previous year. This increase is explained by the greater *Share of profits of associates*, particularly Indra, as well as better *Profits on assets sales and financial income*, compared to the previous year, which shows a profit this year, net of impairment losses, of €241.3M, higher than the €210.0M obtained in 2015.

Net profit per share was €7.00, compared to €4.63 in the previous financial year.

Income from *Share of profits of associates* was €165.0M for the financial year compared to €61.3M in the previous year (+169.2%). This increase is mainly due to the net profit of Indra, which has gone from negative to positive, as well as the improved results of allmost all of the investee companies. The ACS results has had less impact due to the sale of 4.17% already mentioned in section I.

Profits on asset sales and financial income have been €241.3M, compared to €210.0M in the previous year (14.9%). This increase is due to the profit made on the sales of ACS’s shares already mentioned in section I, as well as the higher valuation of the financial instruments at fair value with changes in Profit and Loss and the recovery of impairment losses, particularly Indra.

Operating expenses stood at €23.2M, 11.5% higher than the previous year.

PROFIT AND LOSS STATEMENT

	Million euros	
	31/12/2016	31/12/2015
Share of profits of associates	165.0	61.3
Rental income and other	18.7	15.8
Gains from fair value adjustments in Real Estate investments	15.8	4.7
Profit / (Loss) on asset sales and financial income	241.3	210.0
Sum	**440.8**	**291.8**
Operating expenses	(23.2)	(20.8)
Financial expenses	(2.7)	(1.6)
Depreciation	(0.9)	(0.9)
Corporate income tax	(5.4)	1.6
Minority shareholders	(0.9)	(0.5)
Sum	**(33.1)**	**(22.2)**
Net earnings	**407.8**	**269.6**
EPS (€)	**7.00**	**4.63**

CONSOLIDATED BALANCE SHEETS (1)

Assets	Million euros		**Liabilities**	Million euros	
	31/12/2016	31/12/2015		31/12/2016	31/12/2015
Real Estate Investments	349.1	352 2	Share capital (2)	58.3	58.3
Fixed assets	7.0	7.7	Reserves and treasury stock	3,154.2	2,984.5
Investments in Associates	2,321.4	2,236.0	Earnings for the year	407.8	269.6
Financial assets at fair value through P&L	325.2	285 9	Minority interests	0.7	0.6
Other financial investments and other assets	132.9	149.0	Shareholders equity	3,621.0	3,313.0
Non-current assets	3,135.6	3,030.8	Other non-current liabilities	3.4	3.0
			Net deferred tax	31.5	26.0
Non-current assets held for sale	53.5	-	Long-term loans	127.5	136.6
Cash and cash equivalents	469.9	298.8	Short-term loans	9.1	8.9
Debtors and other assets	139.7	162	Current liabilities	6.2	4.1
Total assets	**3,798.7**	**3,491.6**	**Total liabilities and shareholders equity**	**3,798.7**	**3,491.6**

(1) Year 2015 audited.

(2) The share capital at 31/12/16 is composed of 58,300,000 shares with a nominal value of 1 € each.

VII. STOCK MARKET PERFORMANCE

- In 2016, Alba's share price increased by 7.5% to €42.85, while in the same period the IBEX 35 decreased 2.0% to 9,352 points.

VIII. POST-CLOSING EVENTS

- Alba has acquired an additional 4.30% in Parques Reunidos for €49.3M, in the context of an accelerated book building of shares made in january, increasing its current holding in this Company to 14.83%.
- In addition, it sold 2.32% of ACS for €216.8M. Alba's current holding in ACS is 5.20%.
- The company also sold a property in Madrid for €24.5M.

As a result of these transactions, the dividends received and other items, Alba's net cash position amount to approximately €609M.

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