



ALBA: INVESTMENT HIGHLIGHTS

FIRST QUARTER 2001

I. FIRST QUARTER INVESTMENT HIGHLIGHTS:

- In January 2001 Alba and the rest of the Spanish shareholders of **Media Planning Group** reached an agreement to swap their combined 55% holding in the media company for shares of **Havas Advertising, S.A.**, giving the latter company 100% control of Media Planning Group. As a result of the agreement Alba will receive, in exchange for its 21.56% stake, a total of 10,725,120 shares of Havas Advertising (or 3.6% of its share capital) plus Ptas 3.172 billion (€19.1m) in cash, valuing the stock plus cash swap at Ptas 27.548 billion (€165.6m) at 31 January 2001. Once the Havas Advertising general meeting called for 22 May approves the deal, Alba will be one of the key shareholders in the world's fourth ranked communications and advertising group and hold a seat on the Havas board of directors.
- Alba invested in the capital increase carried out at the beginning of the year by the provider of GSM wireless telephone services in Africa, **Mobile Systems International Cellular Investment (MSI)**, increasing Alba's stake from the previous 1.5% to 2.2%, for a total investment of Ptas 1.8 billion (€10.8m). The Ptas 14 billion (€84.1m) in capital raised from the issue will be used to finance the telecom operator's current businesses as well as to develop new operations, highlighted by the acquisition of an operator in Tanzania. MSI now holds GSM licenses in 13 African countries and equity stakes in operators in Egypt, Sudan and Hong Kong.
- At the beginning of this year March Gestión de Fondos and March Gestión de Pensiones, the new mutual fund and pension fund management companies formed by Banca March and Corporación Financiera Alba, began operations. Their respective share capital is Ptas 600 million and Ptas 450 million, and Alba has a 35% stake in each. Initially, the funds managed by both investment companies total Ptas 83 billion, distributed in 20 mutual funds, 13 investment funds and three pension funds.
- In relation to management of our **real estate portfolio**, in early January Alba sold its 26.32% holding in the company Porto Pí, owner of the shopping complex located in Palma de Mallorca, for Ptas 1.5 billion (€9m).

Also during this period, Alba acquired an office building located in the area of the La Florida development in Madrid for Ptas 3 billion (€18m). The building is fully rented and has a floor area of 11,626 square metres and 400 parking places.

- Lastly, in the second quarter of this year an agreement was reached with the Belgian group KBL on the terms of sale of 12.76% of the share capital of Banco Urquijo. According to the agreement, once the deal is cleared by the Bank of Spain, the sale will take place before this coming 15 July at a price that values the whole of Banco Urquijo at Ptas 82 billion (€493m). After this operation, Alba's holding in the bank will stand at 9.98%.

II. ALBA SECURITIES PORTFOLIO:

Shown below is the composition of the Alba's securities portfolio at 31 March 2001:

LISTED	% stake
ACS (c)	23.85%
Carrefour (c)	3.49%
Sogecable (c)	9.86%
Vodafone	0.24%

c) Holdings consolidated by
equity method

UNLISTED	% stake
Banco Urquijo (c)	22.7%
Batmap	15.2%
Broadnet	3.9%
I-Network (c)	26.4%
March Gestión de Fondos (c)	35.0%
March Gestión de Pensiones (c)	35.0%
Media Planning Group (c)	21.6%
MSI	2.2%
Optize	7.1%
Palio	17.0%
Peoplecall	9.0%
Princes Gate	n.a.
Quavitae (c)	20.0%
Unipsa (c)	82.6%
Xfera	7.1%

III. NET ASSET VALUE:

The key figure for gauging the value of a holding company such as Alba is its net asset value. Calculated according to internal methods consistent with those normally used by equity analysts, at 31 March 2001 Alba had a net asset value before taxes of Ptas 536.624 billion (€3.225bn), or €41.5 per share after deducting own shares held as treasury stock.

NET ASSET VALUE

	Billions of Ptas	Millions of €
- Listed securities (ACS, Carrefour, Sogecable and Vodafone)	450.510	2,708
- Unlisted securities and real estate	98.448	592
- Other assets and current and long-term liabilities (net)	(12.334)	(74)
- Net asset value	<u>536.624</u>	<u>3,225</u>
- Number of shares (minus treasury stock)	77,656,879	
- Net asset value/share	6,910 (Ptas/sh.)	41.5 (€/sh.)

Shown below is the year-on-year change in the distribution of the net asset value by sector:

	March 00	March 01
- Retail	50%	47%
- Telecommunications	18%	18%
- Media	20%	11%
- Construction	10%	15%
- Real Estate	4%	6%
- Banking and Financial Services	3%	4%
- Other (inc. Technologies)	1%	1%
- Net Debt	(6%)	(2%)
	<u>100%</u>	<u>100%</u>

IV. QUARTERLY RESULTS:

Shown below are the key figures from the Alba Profit & Loss Account at 31 March 2001:

	Billions of Ptas		Millions of €	
	31-03-00	31-03-01	31-03-00	31-03-01
Net profits from affiliates consolidated by equity method	3.883	3.784	23.3	22.7
Income from securities portfolio	3.814	20.641	22.9	124.1
Goodwill write-offs	2.911	17.196	17.5	103.4
NET PROFIT	4.332	6.460	26.0	38.8
Earnings/Share (in Ptas-€) (Treasury stock deducted)	54.7	83.2	0.33	0.50

In the first quarter of this year Alba recorded a consolidated net profit of Ptas 6.460 billion (€38.8m), compared with Ptas 4.332 billion (€26.0m) for the same period one year earlier.

This rise in net profit is primarily due to the increase in the *Income from Securities Portfolio* caption. Alba decides its portfolio operations with a view to optimising the returns on our investments according to the investment and disinvestment opportunities that arise. In this respect, during the first quarter Alba sold its holding in Porto Pi and slightly reduced its stakes in Carrefour and Sogecable. This contributed to driving income from the securities portfolio up to Ptas 20.641 billion (€124.1m) for the first quarter of this year, compared with Ptas 3.814 billion (€22.9m) for the first three months of last year.

Alba has used part of this income to write off the whole of the 17.196 billion (€103.4m) in *Goodwill* carried on the balance sheet.

Lastly, the *Net profits from affiliates consolidated by equity method* totalled Ptas 3.784 billion (€22.7m), versus Ptas 3.883 billion (€23.3m) one year earlier. This decline of 2.6% reflects the reduction in Alba's holding in some of the companies consolidated by the equity method, compared with last year. As already mentioned, this reduction contributed to the increase in *Income from securities portfolio*. During this year, our investee companies are performing well and it is expected that in the coming months this caption of the Alba profit and loss account will record gains over the levels seen last year.

V. GENERAL MEETING OF SHAREHOLDERS:

On 30 May 2001 Alba will hold its General Meeting of Shareholders at the Hotel Villamagna in Madrid. A proposal will be submitted to the meeting for approval of a capital reduction on retirement of treasury stock representing 3.31% of the share capital, as well as for payment of a final dividend for 2000 of €0.06 per share, bringing the total dividend for 2000, including the interim dividend distributed last year, to €0.12 per share.

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