



ALBA: FIRST HALF 2011 RESULTS AND PORTFOLIO

- The consolidated profit net of taxes reached 284.0 M€ in the first half of 2011, a 91.0% increase over the same period of 2010 due to the capital gains obtained.
- Total NAV stood at 3,706.0 M€ at 30 June 2011, equivalent to €63.66 per share. Alba's share price was €38.95 at that date, implying a discount of 38.8% versus the NAV per share.
- In April, Alba distributed an extraordinary dividend of €3.00 per share, for a total of 175.6 M€. Additionally, the Company distributes an ordinary annual dividend of €1.00 per share.

I. FIRST HALF RELEVANT TRANSACTIONS

Among the operations carried out by Alba in the first half of 2011, particular mention should be made of the following:

- The placement among institutional investors of shares representing some 5% of the equity capital of ACS for 535.2 M€. On this sale, Alba obtained pre-tax capital gains of 187.5 M€ and an 18.2% annual IRR in a holding period of 17 years. Following this transaction, Alba remains the largest shareholder of ACS, with an 18.30% stake.
- The acquisition of a 2.42% stake in the equity of Ebro Foods for 61.7 M€ raising its stake to 8.12%.
- The acquisition, through of Deyá Capital SCR, of a 26.76% stake in Panasa, one of leading companies in Spain in the production, marketing and distribution of fresh and frozen baked goods, pastry products and patisserie.
- Additionally, Deyá Capital SCR acquired in March a 19.75 % holding in the Flex Group, the European leader in leisure equipment, through a capital increase aimed at consolidating the company's plans of international expansion.
- Likewise, during the first half of 2011 Alba acquired 0.86% of its own shares, for 21.3 M€. Following the amortization of own shares, agreed at the General Shareholders Meeting held on 25 May last, the balance of treasury stock amounted to 79,982 shares as of June 30, representing 0.14% of Alba's share capital.
- The same General Shareholders Meeting also approved the distribution of a supplementary dividend of 0.50 € per share on 2010 results, paid in mid-June.

II. EVOLUTION OF OUR MAIN PARTICIPATED COMPANIES

- **ACS'** first half 2011 results are affected by the consolidation, for the first time and effective June 1st, of its stake in Hochtief through the global method. Thus, consolidated sales and EBITDA have respectively increased a 26.5% and a 22.5% (-1.2% and +7.4% excluding the impact of the global consolidation of Hochtief). Net income of continuing operations increased by 14.2% while the total net income has risen a 20.5%, up to 604 M€ The integration of Hochtief strengthens ACS' international growth in concessions and construction, compensating the decline of both these activities in its domestic market. Despite the strong investments done, the Company has slightly reduced its net financial debt compared with the previous year due to the positive operating cash flow and divestitures.
- **Acerinox** has continued on the road to recovery and satisfactory results which began in mid-2009, despite the weak demand in Europe and the fall in the price of nickel, especially from March onwards. Accordingly, in spite of a 2.8% reduction in steel mill production, Acerinox increased sales by 17.4% in the first half of 2011, up to 2,560 M€ EBITDA and net result for the period reached 257 M€ and 102 M€ respectively, a 21.1% and 25.5% increase over the results of the first half of 2010.
- **Prosegur** has moderated its growth (+7.2% in sales and +0.1% in EBIT) in the first half of 2011 due to weakness of its activities in Europe, especially in Spain, which was compensated by the Latin American businesses (+16.2% in sales and +16.1% in EBIT) which continue driving the company's growth and represent already 51.7% of the consolidated turnover. The higher growth in net income (+12.1%) was due to lower financial charges in the period.
- First half 2011 EBIT and Net Income of **Indra** were up by 5.8% and 4.2% respectively in comparison to the same period in 2010, due to the absence of restructuring costs in this financial year (-2.7% and -4.7% in recurrent terms). Sales increased by 1.9% due to strong international activities (+5.5%, representing 39.2% of total sales), with a slightly negative evolution in Spain (-0.3%). By sectors, the largest growth figures were achieved in Telecoms and Media and Transport and Traffic, which made up for the decline in Security and Defence. The increase in orders intake (+4.6%) and backlog (+12.1%), much higher than the growth in sales, support the sustainability of growth in the middle term. On 29 July, Indra announced the acquisition of Politec, one of the main independent IT companies in Brazil, strengthening its position in a key market with an eye to its international expansion.
- The results of **Ebro Foods** were lower than in the same period in the previous year (-0.3% in sales and -9.8% in EBITDA), mainly due to the sharp increase in the price of wheat in its pasta division. Net income from ongoing operations increased by 1.1% because of the positive financial result as a consequence of its current low debt level. In relation to the acquisitions previously announced, Ebro Foods expects to complete the acquisition of the rice business of SOS in the coming months, while the purchase of the Australian company SunRice could not be completed as the high shareholders' approval requirements were not met.
- In the first half of 2011, **Clinica Baviera** increased its sales and net income by 4.3% and 6.1% respectively, with a slight fall of 0.9% in EBITDA due to lower margins in Ophthalmology Spain. All lines of business showed an increase in sales during the period, especially in Ophthalmology International (+9.6%).

III. PORTFOLIO

Alba's portfolio on the 30th of June, 2011 was as follows:

<u>Listed holdings</u>	<u>% Stake</u>	<u>Book value</u> <u>Million €</u>	<u>Web Site</u>
ACS	18,3	1.318,3	www.grupoacs.com
Acerinox	24,2	692,4	www.acerinox.es
Indra	10,0	257,9	www.indracompany.com
Ebro Foods	8,1	171,7	www.ebrofoods.es
Prosegur	10,0	167,4	www.prosegur.es
Clínica Baviera	20,0	37,3	www.clinicabaviera.com
Antevenio	20,5	3,2	www.antevenio.com
Total book value		2.648,2	
Total market value (30-jun-11)		3.323,8	
Unrealised capital gains		675,6	
 <u>Unlisted holdings</u>		 206,9	
 <u>Real Estate</u> (<i>appraisal value as of Dec. 31, 2010</i>)		 239,3	

Main stakes in unlisted holdings are shown below:

<u>Company</u>	<u>Note</u>	<u>% Stake</u>	<u>Web Site</u>
Mecalux	(1)(2)	14.2	www.mecalux.es
Pepe Jeans	(1)	12.3	www.pepejeans.com
Panasa	(1)	26.8	www.berlys.es
Ros Roca	(1)	19.0	www.rosroca.com
Flex	(1)	19.8	www.flex.es
Ocibar	(1)	21.7	www.portadriano.com

Notes

(1) Through Deyá Capital S.C.R.

(2) Includes a 5.23% direct stake by Alba.

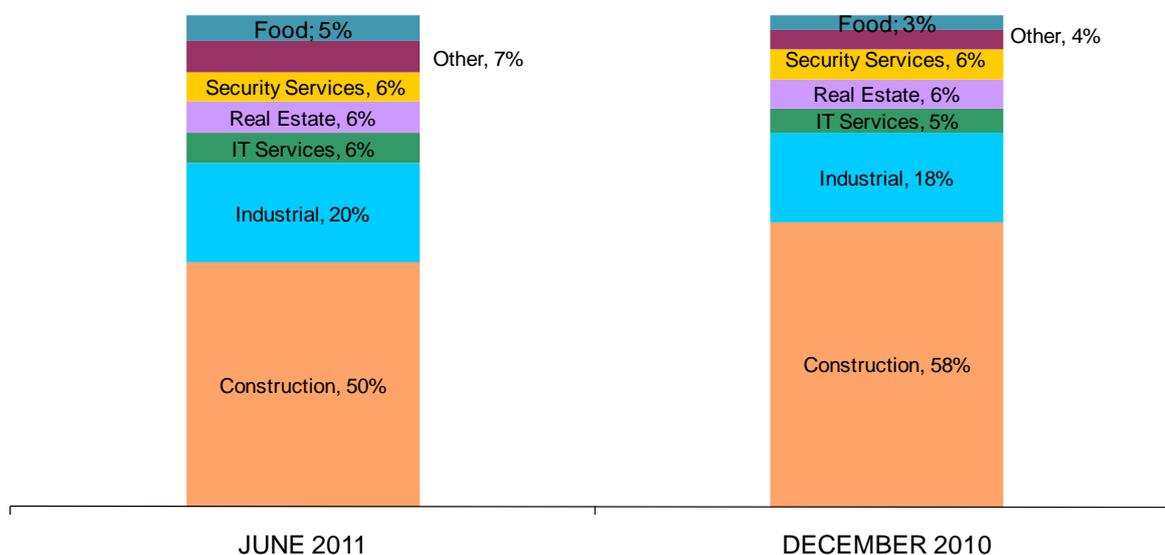
IV. NET ASSET VALUE

The key figure for gauging the value of a company such as Alba is its Net Asset Value. Calculated according to internal methods consistent with those normally used by equity analysts, on the 30th of June 2011 Alba's net asset value was estimated at 3,706.0 M€ or 63.66 € per share, after deducting own shares held as Treasury Stock.

	<u>Million euros</u>
Listed holdings	3,323.8
Unlisted holdings and Real Estate	446.2
Other assets and debt	(64.0)
Net asset value	3,706.0
 Million shares (minus Treasury Stock)	 58.22
Net asset value / share	63.66 €

The NAV per share descended by 8.6% in the first half of the year, due, principally, to the distribution of an extraordinary dividend of €3.00 per share in April.

III. BREAKDOWN OF GROSS ASSET VALUE BY SECTOR ⁽¹⁾



The Construction sector (50% of total GAV) comprises Alba's stake in ACS. Given the broad diversification of this company, and in order to provide a clearer picture of the distribution of Alba's portfolio by sector, this percentage has been broken down as follows⁽²⁾:

Industrial Services	19%
Construction	12%
Environment	6%
Iberdrola	5%
Concessions	3%
Abertis	2%
Others	2%
	<hr/>
	50%

⁽¹⁾ Assets' value at market prices.

⁽²⁾ Breakdown reflects each sector's contribution to the estimated net profit 2011 of ACS.

V. RESULTS

Alba's net consolidated profit in the first half of 2011 was 284.0 M€ versus 148.7 M€ in the same period in the last financial year, which represents a 91% increase. This increase is mainly due to the capital gains of 187.5 M€ pre-tax obtained in the sale of a 5% stake in ACS in early February, as indicated in the *Assets Results* item. Profit per share came to 4.85 € in the period, compared with 2.49 € in the first half of 2010.

Income from *Participation in profits from affiliates* amounted to 157.9 M€, almost 2.0% more than the previous year. This increase was limited downwards by the lower results provided by ACS due to the reduction in participation referred to earlier.

Operating costs were kept in line with those from the same period in the last financial year.

The net financial result, calculated as the difference between income and financial expenditure, has been maintained at levels similar to those of the same half in the previous financial year.

The charges for *Corporation Tax* of 59.2 M€ were principally due to the fiscal impact of the added-value factors obtained during the period.

RESULTS

	Million euros	
	30/06/2011	30/06/2010
Net profits from associates consolidated by the equity method	157.9	155.3
Rental income	7.8	7.9
Results from current assets	187.6	(4.9)
Commissions and Financial Income	13.1	10.8
Sum	366.4	169.1
Overheads	(8.6)	(8.2)
Financial expenses	(13.3)	(10.9)
Depreciation	(0.5)	(0.5)
Corporate income tax	(59.2)	0.0
Minority shareholders	(0.8)	(0.8)
Sum	(82.4)	(20.4)
Net profit	284.0	148.7
EPS (€)	4.85	2.49

CONSOLIDATED BALANCE SHEETS ⁽¹⁾

<u>Assets</u>	Million euros		<u>Liabilities</u>	Million euros	
	30/06/2011	31/12/2010		30/06/2011	31/12/2010
<i>Real Estate Investments</i>	222.1	221.9	<i>Share capital (2)</i>	58.3	59.3
<i>Fixed assets</i>	11.6	12.0	<i>Reserves and treasury stock</i>	2,682.5	2,469.9
<i>Investments in Associates</i>	2,648.2	2,867.7	<i>Profits for the year</i>	284.0	419.4
<i>Available for sale securities l.t.</i>	206.9	155.8	<i>Minority interests</i>	0.6	0.7
<i>Other financial investments and other assets</i>	94.9	136.1	<i>Shareholders equity</i>	3,025.4	2,949.3
Non-current assets	3,183.7	3,393.5	<i>Provisions</i>	2.7	4.4
Financial investments	18.8	25.4	<i>Other non-current liabilities</i>	43.2	47.6
Debtors and other assets	132.5	75.6	<i>Financial debt</i>	251.4	484.0
			<i>Current liabilities</i>	12.3	9.2
Total assets	3,335.0	3,494.5	Total liabilities and shareholders equity	3,335.0	3,494.5

(1) Year 2011 unaudited

(2) The share capital at 30/06/11 is composed of 58,300,000 shares with a nominal value of 1 € each

VI. STOCK MARKET PERFORMANCE



- In the first half of 2011, the Alba stock quote increased by 1.3% from €38.46 to €38.95, comparing with changes in the IBEX 35 which, in the same period, ascended by 5.0% to 10,351 points.
- If we add the dividends distributed in the period (€3.50 per share) to the increase of the market price, the Alba's shareholder return amounts 10.4% in the period.

(31st of August 2011)