



ALBA: PORTFOLIO AND RESULTS

FIRST QUARTER 2002

I. OPERATIONS OF THE QUARTER:

One of the period's key developments was the acquisition, during the last quarter of 2001 and early months of 2002, of a 5% holding in Acerinox, S.A. (4.5% as of 31 March), the world's third largest manufacturer of stainless steel. Acerinox owns production plants in Spain, USA and South Africa and achieves the best efficiency and productivity ratios in the sector. The company's healthy margins, together with its growth prospects and experienced management team, represent a good long-term investment opportunity for Alba. The total investment made in Acerinox amounts to €123m (Ptas 20.5bn).

The company also completed the acquisition of a 0.7% stake in Spirent plc, a British company with a strong presence in the United States dedicated to production and distribution of high-tech equipment for testing and control of telecommunications networks. Spirent is listed on the London and New York Stock Exchanges and is well positioned in its industry, with good growth prospects and cash flow generation capacity. In 2001 it obtained an operating cash flow of £141m on sales of £802m. The acquisition entailed an investment of €15m (Ptas 2.521bn) for Alba.

Outside the European market, Alba continued its contributions to the US-based Princes Gate fund with an investment of \$4.9m (Ptas 915m).

A relevant development in the real estate portfolio was the January 2002 acquisition from Vallehermoso of six floors of office space, with a total rentable area of 6,550 square metres, in the Master's I building located in the AZCA property complex in Madrid. After this acquisition, which involved an outlay of €28.4m (Ptas 4.725bn), Alba directly manages real estate assets covering more than 110,000 square metres, mainly comprising office buildings in Madrid and Barcelona. The real estate portfolio's market value is internally estimated at €218.3m (Ptas 36.325bn) and will generate net rental income of more than €12m (Ptas 2bn) in 2002.

Lastly, prominent amongst the deals carried out by Alba's corporate holdings, was the acquisition by ACS of a 23.5% equity stake in Grupo Dragados, S.A. to become the shareholder of reference in one of the top companies in the construction industry. The successful diversification carried out in recent years by Dragados ensures a good fit between both groups.

II. ALBA SECURITIES PORTFOLIO:

Details of the composition of Alba's portfolio as of 31 March 2002 are as follows:

	%	Book Value	
		Million	Million
<u>Listed holdings</u>	<u>stake</u>	€	Pta
Acerinox (*)	4.50%	70	11,624
ACS (*)	22.53%	215	35,736
Carrefour (*)	3.29%	254	42,279
Havas Advertising (*)	3.97%	56	9,274
Sogecable (*)	5.01%	18	2,932
Spirent	0.68%	15	2,521
Vodafone	0.23%	28	4,689
Other	n.s.	19	3,113
Total book value		675	112,168
Total market value (31-3-02)		2,451	407,764
Unrealised capital gains		1,776	295,596

	%	Book Value	
		Million	Million
<u>Unlisted holdings</u>	<u>stake</u>	€	Pta
Banco Urquijo	10.0%	24	3,945
MSI (Mobile Systems International)	2.7%	16	2,712
Palio	17.0%	7	1,166
Princes Gate	n.a.	11	1,757
Quavitae	20.0%	3	566
Unipsa (*)	82.6%	2	276
Xfera	7.1%	41	6,740
Other	n.a.	5	850
Total Book Value		109	18,012
Real estate		160	26,590

* Holdings consolidated by the equity method

III. NET ASSET VALUE:

The key figure for gauging the performance of a holding company such as Alba is its net asset value (NAV). Calculated according to internal methods consistent with those normally used by equity analysts, at 31 March 2002 Alba had an estimated gross NAV of €2.746 billion (Ptas 456.912bn), or €36.78 per share after deducting own shares held as treasury stock.

NET ASSET VALUE

	<i>Million</i> €	<i>Million</i> Pta
Listed holdings	2,451	407,764
Unlisted holdings & real estate	361	60,071
Other assets and debt	(66)	(10,923)
Net Asset Value	2,746	456,912
Million shares (minus treasury stock)	74.67	
Net asset value per share	36.78 €	6,119 Pta

Shown below is the change during the quarter in the sector distribution of the net asset value:

	<u>Dec. 01</u>	<u>Mar. 02</u>
- Retail	47%	46%
- Telecommunications	18%	15%
- Media	8%	9%
- Construction	14%	17%
- Real estate	7%	8%
- Industrial	1%	4%
- Banking and Financial Services	2%	2%
- Others	1%	2%
- Cash	2%	-3%
	<u>100%</u>	<u>100%</u>

IV. FIRST QUARTER RESULTS:

The key lines from the Alba Profit and Loss Account at 31 March as follows :

	Millions of €		Millions of Ptas	
	31-03-02	31-03-01	31-03-02	31-03-01
Net profits from affiliates recorded by equity method	24.0	22.7	3,987	3,784
Income from securities portfolio	3.5	124.1	576	20,641
Rental income	3.2	2.5	529	419
NET PROFIT	25.6	38.8	4,254	6,460
Earnings / Share (in €/Ptas) (Deducting treasury stock)	0.34	0.50	56.6	83.2

Alba made a consolidated net profit in the first quarter of this year of €25.6m (Ptas 4.254bn) versus €38.8m (Ptas 6.460bn) during the same period of last year.

This decline in net profit was mainly explained by the decline in the non-recurring caption of the P&L account, *Income from securities portfolio*, which totalled €3.5m (Ptas 576m) for the first three months of 2002, compared with €124.1m (Ptas 20.641bn) in the first quarter of 2001.

Additionally, we should note the positive evolution of profits from our corporate holdings, an indicator of the performance of the companies in Alba's investment portfolio. The P&L caption *Net profits from affiliates recorded by equity method* shows an increase to €24.0m (Ptas 3.987bn) from the €22.7m (Ptas 3.784bn) recorded last year, a gain of 5.4% even though Alba has reduced its interest in some of the consolidated companies with respect to the first quarter of 2001.

Lastly, *Rental income* from the real estate portfolio rose to €3.2m (Ptas 529m), an increase of 26% with respect to the same period last year, reflecting the addition of the Master's I building acquired at the beginning of this year and the upward revision of rents in certain contracts.

V. GENERAL MEETING OF SHAREHOLDERS:

This coming 22 May Alba will hold its Annual General Meeting of shareholders. A proposal will be submitted to the meeting for approval of a capital reduction on retirement of treasury stock representing 2.99% of the share capital, as well as for payment of a complementary dividend for 2001 of €0.06 per share, bringing the total dividend for 2001, including the interim dividend distributed last year, to €0.12 per share.

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