

*BOARD EXAMINES CONSOLIDATED RESULTS FOR FIRST QUARTER 2011*

## ITALMOBILIARE GROUP BOOSTS QUARTERLY EARNINGS AND REVENUES

- **REVENUES: 1,224.4 MILLION EURO (1,151.6 MILLION EURO IN Q1 2010)**
- **TOTAL NET PROFIT: 121.8 MILLION EURO (17.7 MILLION EURO)**
- **GROUP NET PROFIT: 27.0 MILLION EURO (11.6 MILLION EURO)**
- **SHAREHOLDERS' EQUITY: 5,848.4 MILLION EURO (5,932.8 MILLION EURO AT DECEMBER 31, 2010)**
- **NET DEBT: DECREASE TO 2,065.1 MILLION EURO (2,095.5 MILLION EURO AT DECEMBER 31, 2010)**
- **NET ASSET VALUE: 1,744.2 MILLION EURO (1,654.9 MILLION EURO AT DECEMBER 31, 2010)**

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**Milan, May 13, 2011** – *The Italmobiliare S.p.A. Board of Directors examined and approved the consolidated Quarterly Report for the year to March 31, 2011.*

*For the first quarter of 2011 the Italmobiliare Group posted a significant earnings improvement, with **total net profit** of 121.8 million euro and **Group net profit** of 27.0 million euro, compared with 17.7 million euro and 11.6 million euro respectively in the first quarter of 2010. Earnings included the capital gain on no longer strategic equity investments sold in Turkey in the construction materials sector.*

*Consolidated **revenues** amounted to 1,224.4 million euro, an increase of 6.3% on 1,151.6 million euro in the first quarter of 2010, reclassified in accordance with IFRS 5 to take account of the operations sold at the end of March 2011.*

*First-quarter profit margins in the Group business sectors were adversely affected by the rise in the cost of energy products and raw materials – especially in the industrial sectors – and also by the volatility on the financial markets, which intensified in the second part of the period, with a negative impact on the financial and banking sectors.*

*In construction materials, the subsidiary Italcementi – which published its results on May 6 – reported stronger sales volumes and a 9.7% increase in revenues to 1,153.2 million euro. Operating results were affected by higher energy costs and the market interruption in Egypt caused by the recent social and political unrest. Taking into account the sale in Turkey of Set Group and companies of the Italgem subsidiary, the quarter closed with net profit of 127.6 million euro, against a net loss of 8.6 million euro in the year-earlier period.*

*In food packaging and thermal insulation, revenues at the Sirap Gema group were substantially stable at 54.2 million euro. EBIT was negative at 2.6 million euro, reflecting the sharp rise in the cost of raw materials, whose effect has not yet been transferred in full to sales prices because of the negative market situation and fierce competitive pressures.*

*In the financial sector, which includes the parent company Italmobiliare and the wholly owned financial companies, the first quarter closed with a net profit of 2.6 million euro;*

*this was lower than the first quarter of 2010, which posted particularly high capital gains (approximately 21 million euro) and measurement gains.*

*The banking sector (Finter Bank Zurich and Crédit Mobilier de Monaco) posted a net loss of 0.7 million euro after the contraction in the intermediation margin caused by market uncertainty, which led to a lower number of client transactions.*

*Italmobiliare Group **net debt** at March 31, 2011, stood at 2,065.1 million euro, an improvement of approximately 30 million euro from the end of 2010 (2,095.5 million euro), while **total shareholders' equity** was 5,848.4 million euro (5,932.8 million euro). The **gearing ratio** (net debt/shareholders' equity) was stable at 35.31% at the end of the first quarter, while **leverage** (net debt/recurring EBITDA) rose to 2.46 from 2.38 at the end of 2010.*

*The **net financial position of Italmobiliare and its wholly owned financial companies** was positive at the end of March at 143.7 million euro, down from 170.6 million euro at December 31, 2010, after investments in equity investments.*

*Italmobiliare **Net Asset Value (NAV)** at the end of the first quarter was 1,744.2 million euro, an increase from the end of 2010 (1,654.9 million euro).*

*The recovery in the world economy is spreading through different industries, although the pace of the upturn differs from one country and one region to another. Inflationary pressures have intensified at global level as a result of price increases in both oil and raw materials, and are particularly evident in the faster growing emerging economies.*

*Volatility remains a feature of the financial markets, in part due to growing pressures on the sovereign debt of a number of European peripheral countries, despite a generally positive picture confirmed by the fact that margins among listed companies were once again higher than expected.*

*In this context the Group is moving ahead with its plans to rationalize production costs and overheads and strengthen its financial position without forgoing opportunities to create value in its business sectors.*

ITALMOBILIARE ON THE INTERNET: <a href="http://www.italmobiliare.it">http://www.italmobiliare.it</a>
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**Italmobiliare**

**Media Relations      Tel. (0039) 02.29024.212**

**Investor Relations    Tel. (0039) 02.29024.322**

**THE GROUP** – The Group reported revenues of 1,224.4 million euro in the first quarter of 2011, up by 6.3% from 1,151.6 million euro in the first quarter of 2010, which was reclassified in accordance with IFRS 5 to take account of operations sold at the end of March 2011.

### Revenues and operating results by geographical area

(in millions if euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	Q1 2011	% change vs Q1 2010	Q1 2011	% change vs Q1 2010	Q1 2011	% change vs Q1 2010	Q1 2011	% change vs Q1 2010
European Union	716.2	12.1	43.6	(48.4)	61.0	(24.1)	3.9	(84.5)
Other European countries	16.2	(7.8)	-	(101.8)	-	(101.7)	(1.5)	n.s.
North America	63.9	3.8	(21.9)	28.0	(22.2)	29.7	(38.8)	15.2
Asia and Middle East	147.4	36.2	26.9	70.4	27.1	74.4	13.5	n.s.
Africa	252.5	(14.3)	87.4	(5.8)	87.4	(5.8)	62.4	(11.2)
Trading	41.3	(36.1)	2.8	(5.9)	2.8	(5.9)	1.9	(19.1)
Other countries	116.3	19.2	(7.1)	37.2	(7.1)	59.4	(8.7)	38.0
Inter-area eliminations	(129.4)	(1.7)	-		-		-	
<b>Total</b>	<b>1,224.4</b>	<b>6.3</b>	<b>131.7</b>	<b>(24.8)</b>	<b>149.0</b>	<b>(13.1)</b>	<b>32.7</b>	<b>(46.8)</b>

n.s. not significant

The change in **revenues** reflected:

- the improvement in business performance, for 2.4%,
- positive changes in the scope of consolidation, for 3.9%.

The business upturn arose in construction materials (5.4%) and food packaging and thermal insulation (1.5%); the other sectors, and the financial sector in particular, reported a significant downturn.

The consolidation effect arose in construction materials, in Italy, with the re-inclusion of the Calcestruzzi group in the scope of consolidation.

The exchange-rate effect was immaterial in the first quarter, reflecting the depreciation of the Egyptian pound and the appreciation of the other currencies, notably the Thai baht and the Swiss franc.

**Recurring EBITDA** was 131.7 million euro, a decrease of 43.4 million euro from the first quarter of 2010 (175.1 million euro). The reduction arose in all the sectors, especially in food packaging and thermal insulation (-93.8%), the financial sector (-87.6%) and the banking sector (-44.9%), and was smaller in construction materials (-6.4%).

After net non-recurring income of 17.3 million euro (expense of 3.7 million euro at March 31, 2010), including 14.0 million euro at the Italcementi group for the capital gain on the sale of the wind farm development license in Turkey, **EBITDA** was down by 22.4 million euro (to 149.0 million euro, from 171.4 million euro in the first quarter of 2010).

After an increase in amortization and depreciation charges compared with the first quarter of 2010 (121.2 million euro, from 110.0 million euro), **EBIT** decreased by 46.8%, from 61.4 million euro to 32.7 million euro.

**Net finance costs**, penalized in the first quarter of 2010 by non-recurring costs for reimbursement of the Notes issued in the USA, decreased by 14.5 million euro, from 37.9

million euro in the year-earlier first quarter to 23.4 million euro at March 31, 2011. While interest expense on net debt rose slightly (+0.8 million euro on the first quarter of 2010), the quarter posted net income from equity investments of 14.1 million euro, consisting largely of capital gains on the sale of equity investments in the construction materials sector in Turkey. Exchange-rate differences generated a net loss of 5.5 million euro (a net gain of 4.0 million euro in the first quarter of 2010).

The caption does not include finance income and costs in the financial and banking sectors, which are part of these sectors' core businesses and therefore classified under the line items constituting recurring EBITDA.

The **share of results of associates** was positive at 1.7 million euro (negative at 1.7 million euro in the year-earlier period), due to the first-quarter earnings posted by associates in the financial sector (+0.4 million euro, compared with -4.0 million euro in the first quarter of 2010) and the construction materials sector (1.3 million euro, compared with 2.3 million euro in the first quarter of 2010).

After **income tax expense** of 4.6 million euro (tax income of 2.8 million euro in the first quarter of 2010), **net profit from continuing operations** totaled 12.6 million euro (24.5 million euro in the year-earlier period).

The capital gain on the sale of Set Group (109.2 million euro) drove **net profit for the period** to 121.8 million euro (17.7 million euro in the year-earlier period); **Group net profit**, after net profit attributable to minorities of 94.8 million euro (6.1 million euro at March 31, 2010), amounted to 27.0 million euro (11.6 million euro at March 31, 2010).

**Investments in fixed assets** in the first quarter, including changes in payables/receivables for purchases, amounted to 137.4 million euro (153.4 million euro in the first quarter of 2010), and related primarily to property, plant and equipment, investment property and intangible assets (109.8 million euro, from 132.6 million euro in the year-earlier period). These investments arose essentially in construction materials for 105.6 million euro and in food packaging and thermal insulation for 4.0 million euro.

Investments in non-current financial assets amounted to 27.6 million euro (20.9 million euro in the first quarter of 2010) and referred to the financial sector for 25.4 million euro and the construction materials sector for 2.2 million euro.

At March 31, 2011, **net debt** stood at 2,065.1 million euro, down by 30.4 million euro from December 31, 2010. The improvement arose largely as a result of net cash flows from operations, the sale of Set Group for 281.4 million euro and the sale of other equity investments in Turkey. The main outflows referred to investments for 137.4 million euro, dividends paid for 57.0 million euro at the Suez group (Egypt) and the increase of 217.7 million euro in debt after the re-inclusion of the Calcestruzzi group in the scope of consolidation as from January 1, 2011.

## **Performance in the core businesses**

Performance in the core businesses of the Italmobiliare Group was as follows:

The **construction materials sector**, consisting of the Italcementi group (Italmobiliare's main industrial activity), reported healthy progress in sales volumes, thanks to the industry upturn, assisted by favorable weather conditions in the first quarter of 2011. Group revenues rose by 9.7% from the year-earlier first quarter, driven by stronger performance and the positive effect of line-by-line consolidation of the Calcestruzzi group. The upbeat revenue performance was offset by higher energy costs and by the market interruption in Egypt as a result of social and political events, leading to a 6.4% decrease in recurring EBITDA from the first quarter of 2010. After non-recurring income, EBITDA and EBIT rose by 8.8% and 17.6% respectively, despite the increase in amortization and depreciation

charges compared with the year-earlier period. Profit before tax amounted to 23.4 million euro (a loss of 5.7 million euro in the first quarter of 2010), supported by impairment reversals on financial assets and lower net finance costs (21.0 million euro compared with 36.9 million euro at March 31, 2010). After tax of 4.9 million euro and the capital gain on the sale of Set Group, the sector posted a net profit for the period of 127.6 million euro (a net loss of 8.6 million euro in the year-earlier period), with group net profit of 80.7 million euro (a loss of 37.5 million euro at March 31, 2010).

The **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, reported revenues of 54.2 million euro, substantially in line with the first quarter of 2010 (53.9 million euro). EBITDA was positive at 0.2 million euro (3.9 million euro at March 31, 2010), while EBIT was negative at 2.6 million euro, a decrease of 3.4 million euro from the first quarter of 2010. These significant reductions arose essentially from the increase of approximately 35% in the cost of polymer raw materials, which the group was unable to recover on sales prices because of difficult market conditions. After finance costs of 1.1 million euro and tax income of 0.4 million euro, the sector posted a net loss for the first quarter of 3.3 million euro (a net loss of 0.6 million euro at March 31, 2010).

The **financial sector**, which includes the parent company Italmobiliare and the wholly owned financial companies, operated in a slightly more favorable climate on the financial markets. Although the sector reported a net profit for the quarter, the result was significantly lower than the year-earlier figure (2.6 million euro compared with 26.6 million euro at March 31, 2010), due to smaller measurement gains and capital gains on the equities and bond portfolio, which were particularly high in the first quarter of 2010.

The **banking sector** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It posted a net loss of 0.7 million euro, a decrease from the small net loss reported at March 31, 2010 (-0.1 million euro). This result, essentially due to the negative performance of Finter Bank Zürich, reflected the uncertainty on the financial markets and the slight reduction in third-party assets under management, which led to a contraction in the intermediation margin from 8.9 million euro to 8.1 million euro in the first quarter of 2011, largely because of lower commission income from a smaller number of client transactions.

## **OUTLOOK**

The recovery in the world economy is spreading through different industries, although the pace of the upturn differs from one country and one region to another. Inflationary pressures have intensified at global level as a result of price increases in both oil and raw materials, and are particularly evident in the faster growing emerging economies.

In the advanced economies, persistently high unemployment levels and the need to continue action to improve public- and private-sector budgets continue to impede the recovery; in the euro zone in particular, a situation of two-speed growth has emerged, with Germany progressing faster than the other countries.

Volatility remains a feature of the financial markets, in part due to growing pressures on the sovereign debt of a number of European peripheral countries, despite a generally positive picture confirmed by the fact that margins among listed companies were once again higher than expected.

In this context the Group is moving ahead with its plans to rationalize production costs and overheads and strengthen its financial position without forgoing opportunities to create value in its business sectors.

The Manager in charge of preparing the Italmobiliare S.p.A. financial reports, Giorgio Moroni, declares – pursuant to paragraph 2 article 154-bis of the Consolidated Law on Finance – that the accounting information contained in this press release corresponds to the document results, books and accounting entries.

***Disclaimer***

This press release, and in particular the section entitled “Outlook”, contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in Italy or abroad), and many other factors, most of which are beyond the Group's control.

Attachments: condensed income statement and balance sheet

<b>Italmobiliare Group</b>					
<b>Income statement</b> (in thousands of euro)	<b>Q1 2011</b>	<b>%</b>	<b>Q1 2010</b> (IFRS 5)	<b>%</b>	<b>% change</b>
<b>Revenues</b>	<b>1,224,441</b>	<b>100.0</b>	<b>1,151,556</b>	<b>100.0</b>	<b>6.3</b>
Other revenues	11,309		10,808		
Change in inventories	(15,417)		6,484		
Internal work capitalized	4,723		10,879		
Goods and utilities expenses	(514,776)		(459,597)		
Services expenses	(295,665)		(257,168)		
Employee expenses	(256,650)		(244,795)		
Other operating income (expense)	(26,220)		(43,085)		
<b>Recurring EBITDA</b>	<b>131,745</b>	<b>10.8</b>	<b>175,082</b>	<b>15.2</b>	<b>-24.8</b>
Net capital gains on sale of fixed assets	16,673		1,197		
Non-recurring employee expenses for re-orgs	918		(4,188)		
Other non-recurring income (expense)	(287)		(659)		
<b>EBITDA</b>	<b>149,049</b>	<b>12.2</b>	<b>171,432</b>	<b>14.9</b>	<b>-13.1</b>
Amortization and depreciation	(121,311)		(109,978)		
Impairment variation	4,918		(32)		
<b>EBIT</b>	<b>32,656</b>	<b>2.7</b>	<b>61,422</b>	<b>5.3</b>	<b>-46.8</b>
Finance income	22,724		12,120		
Finance costs	(39,555)		(52,595)		
Net exchange-rate differences and derivatives	(6,515)		2,544		
Impairment on financial assets	6,181		(86)		
Share of results of associates	1,734		(1,749)		
<b>Profit before tax</b>	<b>17,225</b>	<b>1.4</b>	<b>21,656</b>	<b>1.9</b>	<b>-20.5</b>
Income tax (expense)	(4,590)		2,810		
<b>Net profit from continuing operations</b>	<b>12,635</b>	<b>1.0</b>	<b>24,466</b>	<b>2.1</b>	<b>-48.4</b>
Net profit from discontinued operations	109,128		(6,745)		
<b>Net profit for the period</b>	<b>121,763</b>	<b>9.9</b>	<b>17,721</b>	<b>1.5</b>	<b>n.s.</b>
Attributable to:					
<b>Equity holders of the parent</b>	27,008	2.2	11,556	1.0	
<b>Minority interests</b>	94,755	7.7	6,165	0.5	

<b>Italmobiliare Group</b>					
<b>Consolidated statement of comprehensive income</b> (in thousands of euro)	<b>Q1 2011</b>	<b>%</b>	<b>Q1 2010 (IFRS 5)</b>	<b>%</b>	<b>% change</b>
<b>Net profit for the period</b>	<b>121,763</b>	<b>9.9</b>	<b>17,721</b>	<b>1.5</b>	<b>n.s.</b>
Fair value adjustments to:					
Available-for-sale financial assets	29,791		(256)		
Derivatives	2,921		(4,054)		
Translation differences	(175,345)		199,712		
Tax relating to components of other comprehensive income	(747)		1,141		
<b>Components of other comprehensive income</b>	<b>(143,380)</b>		<b>196,543</b>		
Components of other comprehensive income on discontinued operations			8,011		
<b>Total comprehensive income</b>	<b>(21,617)</b>	<b>-1.8</b>	<b>222,275</b>	<b>19.3</b>	<b>n.s.</b>
Attributable to:					
<b>Equity holders of the parent</b>	14,930		43,091		
<b>Minority interests</b>	(36,547)		179,184		

Italmobiliare Group				
Financial position (in thousands of euro)	March 31, 2011	December 31, 2010	Change	
			Δ	%
Cash, cash equivalents and current financial assets	1,821,322	1,912,071	(90,749)	-4.7
Short-term financing	(1,291,388)	(1,377,248)	85,860	-6.2
Medium/long-term financial assets	115,377	134,320	(18,943)	-14.1
Medium/long-term financing	(2,710,459)	(2,764,599)	54,140	-2.0
<b>Total net debt</b>	<b>(2,065,148)</b>	<b>(2,095,456)</b>	<b>30,308</b>	<b>-1.4</b>
<b>Total shareholders' equity</b>	<b>5,848,365</b>	<b>5,932,785</b>	<b>(84,420)</b>	<b>-1.4</b>

Italmobiliare Group		
Summary of changes in total net debt (in thousands of euro)	Q1 2011	Q1 2010 (IFRS 5)
<b>Opening net financial position</b>	<b>(2,095,456)</b>	<b>(2,200,819)</b>
Cash flow from operating activities before change in working capital	98,290	90,944
Change in working capital	(27,361)	126,117
<b>Cash flow from operating activities</b>	<b>70,929</b>	<b>217,061</b>
Investments in PPE, investment property and intangible assets	(65,852)	(94,056)
Change in payables for PPE, invtmt prop. + intang.asset purchases	(43,945)	(38,518)
<b>Cash flows net of investments in PPE, investment property and intangible assets</b>	<b>(38,868)</b>	<b>84,487</b>
Financial investments (equity investments)	(27,536)	(11,910)
Change in payables for equity investment purchases	(112)	(8,945)
Divestments of fixed assets	80,880	50,174
Dividends paid	(57,021)	-
Net debt of the Calcestruzzi group at Jan. 1, 2011	(217,688)	-
Net flows from discontinued operations	281,382	2,186
Other changes	9,271	(14,330)
<b>Change for the period</b>	<b>30,308</b>	<b>101,662</b>
<b>Closing net financial position</b>	<b>(2,065,148)</b>	<b>(2,099,157)</b>