ITALMOBILIARE

SOCIETA' PER AZIONI

<u>PRESS RELEASE</u>

BOARD OF DIRECTORS EXAMINES RESULTS AT SEPTEMBER 30, 2015

ITALMOBILIARE GROUP:

- **FIRST NINE MONTHS MARKED BY IMPORTANT CHANGES IN THE EQUITY INVESTMENT PORTFOLIO (REQUIRING RE-STATEMENT OF THE INCOME STATEMENT IN COMPLIANCE WITH IFRS 5 ASSETS HELD FOR SALE):**
  - **SALE OF FINTER BANK ZURICH AND SIRAP INSULATION**
  - **SALE/PURCHASE AGREEMENT WITH HEIDELBERGCEMENT FOR THE SHARE IN ITALCEMENTI**

- **STRONG IMPROVEMENT IN RESULTS COMPARED WITH YEAR-EARLIER PERIOD:**
  - **PROFIT FOR THIRD QUARTER: 27.1 MILLION EURO (14.1 MILLION EURO)**
  - **PROFIT FOR FIRST NINE MONTHS: 6.7 MILLION EURO (LOSS OF 55.9 MILLION EURO)**

- **POSITIVE NET FINANCIAL POSITION RELATING TO CONTINUING OPERATIONS OF 8.7 MILLION EURO (NET OF DEBT OF 2,268.7 MILLION EURO RELATING TO ASSETS HELD FOR SALE)**

- **POSITIVE NET FINANCIAL POSITION OF 93.0 MILLION EURO FOR PARENT AND FINANCIAL SUBSIDIARIES (85.5 MILLION EURO AT JUNE 30)**

- **NET ASSET VALUE 2,085.6 MILLION EURO (UP 728 MILLION EURO FROM JUNE 30)**

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Milan, November 13, 2015 – *The Italmobiliare S.p.A. Board of Directors examined and approved the quarterly report as at and for the nine months ended September 30, 2015.*

*In the <u>third quarter</u> of 2015, the Italmobiliare Group posted a **profit of 27.1 million euro** (14.1 million euro for the year-earlier period). The result takes into account the start-up of the restructuring of the equity investment portfolio, which led in the quarter to the agreement with the Swiss group Vontobel for the acquisition of the subsidiary Finter Bank Zurich (with a gain of approximately 47.7 million euro) and the sale of the Sirap Insulation thermal insulation arm (gain of 4.1 million euro).*

The figures in the consolidated income statement have been determined in compliance with IFRS 5, to take account of the transactions completed in the period and the effects of the *agreement with HeidelbergCement (announced last July 28) for the sale of the share in Italcementi. The caption 'Profit (loss) relating to discontinued operations' therefore includes the profit (loss) for the period relating to the Italcementi assets to which the recent agreement refers and the gain on the sale (September 30) of Finter Bank Zürich together with the profit (loss) for the period reported by Finter Bank Zürich.*

*A strong improvement was also reported in the <u>first nine months</u> of 2015, with **profit of 6.7 million euro** compared with a loss of 55.9 million euro for the nine months to September 30, 2014. The increase of more than 62 million euro arose not only from the gains of the third quarter, but also from lower borrowing expense. Negative factors were an increase of 29.4 million euro in non-recurring provisions, essentially for the fine imposed by the European Commission on the subsidiary Sirap Gema, against which an appeal has been filed.*

*The consolidated **net financial position** at September 30, 2015 relating to Italmobiliare Group 'Continuing operations' was positive at 8.7 million euro.*
Under the agreement with HeidelbergCement, the position of Italcementi is shown as 'Net financial position relating to assets held for sale' (IFRS 5), reflecting net debt of 2,268.7 million euro.
***Total equity** at September 30, 2015, was 4,228.7 million euro (4,348.3 million euro at June 30, 2015).*
*The **net financial position of the financial segment** (Italmobiliare S.p.A. and Franco Tosi S.r.l., which took over Société de Partecipation Financière Italmobiliare S.A. in July) was positive at 93.0 million euro (85.5 million euro at June 30).*

*At September 30, 2015, Italmobiliare **Net Asset Value** (NAV) was 2,085.6 million euro, up by 728 million euro from June 30, 2015, largely as a result of the rise in the Italcementi share price after the announcement of the agreement with HeidelbergCement.*

***Outlook –** The recovery in the Eurozone is proceeding at a weaker pace than expected at the beginning of the year, largely due to the slowdown in world trade caused by the slower growth of the emerging economies.*
Domestic demand continues to be sustained by ECB monetary policy measures and their positive impact in favoring the reduction in interest rates on the European money markets, with positive effects for medium- and long-term inflation expectations, and by the progress in re-balancing public accounts and structural reforms. Nevertheless, anticipation of a possible increase in official rates in the USA is generating extreme volatility on the financial markets.
In this context, the Group expects to report an overall improvement in its full-year profit compared with 2014, driven by positive results, including extraordinary results, in the financial segment.

Italmobiliare
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The figures in the consolidated income statement have been determined in compliance with IFRS 5. The caption 'Profit (loss) relating to discontinued operations' therefore includes the profit (loss) for the period relating to the operations held for sale in the construction materials segment under the agreement with HeidelbergCement (announced last July 28); the gain posted by the financial segment on the sale of the investment in Finter Bank Zürich on September 30, 2015; and the profit (loss) for the period reported by Finter Bank Zürich.

Q3 2015

In the third quarter of 2015, Group consolidated **revenue** relating to continuing operations amounted to 87.3 million euro, down by 8.4% from the year-earlier period. The contributions of the construction materials and financial segments were positive, while the food packaging and thermal insulation segment reported a decrease of 13.7% from the third quarter of 2014, due to the elimination of the thermal insulation arm from the scope of consolidation; this was counterbalanced in part by the revenue of the new French company of the Sirap Gema group (Sirap Remoulins), which has been operational since February 1, 2015. Reclassifications and inter-segment eliminations reflected expense of 50.4 million euro, relating chiefly to the gain on the sale of Finter Bank in the financial segment, which was taken to "Profit (loss) relating to discontinued operations".

The Group posted a **recurring gross operating loss** of 3.0 million euro (profit of 8.2 million euro in 2014), arising from the growth of the financial segment for 42.9 million euro, the reduction in the construction materials segment and at the Sirap group for 2.6 million euro, and reclassifications and inter-segment eliminations with a balance of 50.8 million euro.

The items described above, non-recurring expense of 1.9 million euro relating largely to the extraordinary transactions of the third quarter and a decrease of 3.8% in amortization and depreciation generated an **operating loss** of 9.6 million euro (profit of 4.8 million euro in the third quarter of 2014).

After **net finance income** of 2.8 million euro (costs of 1.3 million euro in the third quarter of 2014), generated by the gain at the Sirap Gema group on the sale of its thermal insulation arm (4.1 million euro), and income tax expense of 1.9 million euro, the Group posted a **loss relating to continuing operations** of 9.0 million euro (39,000 euro in the year-earlier period).

The **profit relating to discontinued operations** of 36.1 million euro arose from the gain of 47.7 million euro on the sale of Finter Bank Zürich set against the loss relating to discontinued operations of 11.6 million euro in the construction materials segment.

The Group posted a total **profit for the period** of 27.1 million euro, of which 28.4 million euro attributable to owners of the parent (a loss of 1.3 million euro attributable to non-controlling interests). This compared with profit of 14.1 million euro for the third quarter of 2014, of which a loss of 0.8 million euro attributable to owners of the parent (profit of 14.9 million euro attributable to non-controlling interests).

NINE MONTHS ENDED SEPTEMBER 30, 2015

Revenue for the nine months to September 30, 2015, amounted to 294.8 million euro, a decrease of 4.6% from the first nine months of 2014 (309.1 million euro). This reflected a decline in business performance in the financial, banking, and property, services, other segments, and an improvement in the Group industrial segments, specifically food

packaging (+5.1%), largely thanks to positive performance in France, Poland and, to a lesser extent, Italy.
The positive exchange-rate effect referred mainly to the foreign subsidiaries of the BravoSolution group, while the food packaging segment was affected by the depreciation of the Ukrainian hryvnia against the euro.
The marginally positive consolidation effect arose in the food packaging segment after the inclusion of the subsidiary Sirap Remoulins S.a.s., which offset the negative effect of the elimination of Sirap Insulation S.r.l..
Recurring gross operating profit was 16.8 million euro, down by 67.9% from September 30, 2014. The contribution of the construction materials segment was negative, due to expense for the on-going expansion of the corporate structure of the BravoSolution group and increased purchases of energy and vectoring services at the Italgen group. The food packaging segment reported an improvement of 13.9%, thanks to the increase in revenue and the large temporary reduction in the cost of the raw materials used in production in the first quarter of the year; in the second and third quarters of 2015, raw material costs were in line with the values of 2014.
The **gross operating loss** of 12.6 million euro (profit of 50.1 million euro in the first nine months of 2014) included non-recurring expense of 29.4 million euro (2.2 million euro in the year-earlier period), referring essentially to the fine imposed on the Sirap Gema group by the European Commission for breaches of community competition laws on the foamed tray market.
After amortization and depreciation substantially in line with the year-earlier period and impairment reversals of 2.8 million euro in the food packaging segment, the Group posted an **operating loss** of 24.4 million euro (profit of 35.6 million euro at September 30, 2014).
Finance income net of finance costs amounted to 0.2 million euro (costs of 4.3 million euro at September 30, 2014), reflecting the gain reported by the Sirap Gema group on the sale of the equity investment in Sirap Insulation (4.1 million euro), which offset the finance costs of the first nine months. Borrowing expense amounted to 2.7 million euro, a reduction of 15.8% from the first nine months of 2014 (3.2 million euro). The Group had net exchange-rate losses, net of hedges, of 0.8 million euro (losses of 0.4 million euro in the year-earlier period).
The caption does not include finance income and costs of the financial and banking segments, which are part of these segments' core businesses and therefore classified under the line items constituting recurring gross operating profit.
Impairment losses on financial assets amounted to 0.2 million euro (-0.1 million euro at September 30, 2014), and referred to equity investments in the financial segment.
The **share of profit (loss) of equity-accounted investees** reflected a loss of 1.3 million euro (loss of 1.6 million euro at September 30, 2014), due to the loss on the equity investment in Società Editrice Sud in the financial segment.
After income tax expense of 8.1 million euro (11.0 million euro in the first nine months of 2014), the Group posted a **loss relating to continuing operations** of 33.8 million euro (profit of 18.6 million euro in 2014).
The **profit relating to discontinued operations** of 40.5 million euro (loss of 74.5 million euro in the first nine months of 2014) arose from the gain of 47.7 million euro on the sale of Finter Bank Zürich and the profit for the period of 3.2 million euro posted by Finter Bank Zürich, set against the loss relating to discontinued operations of 10.5 million euro in the construction materials segment.
Total **profit for the period** was 6.7 million euro, comprising a loss of 10.8 million euro attributable to owners of the parent (profit of 17.5 million euro attributable to non-controlling interests). This compared with a loss of 55.9 million euro for the nine months

ended September 30, 2014, of which 37.5 million euro attributable to owners of the parent (loss of 18.4 million euro attributable to non-controlling interests).

Net financial debt was 2,260.0 million euro at September 30, 2015, up 6.9% from December 31, 2014 (2,114.8 million euro); the net financial position relating to continuing operations was positive at 8.7 million euro.
For the nine months, the Group had net cash inflows of 52.9 million euro relating to continuing operations, arising largely from cash flows on operations of 14.2 million euro, proceeds on the sale of equity investments of 56.1 million euro and translation gains of 10.1 million euro, net of capital expenditure of 17.4 million euro and dividends paid for 11.7 million euro.
Cash flows relating to discontinued operations reflected net outflows of 198.1 million euro.

Total equity at September 30, 2015 was 4,228.7 million euro, compared with 4,348.3 million euro at June 30, 2015.

Gearing at September 30, 2015, was 53.45%, compared with 50.33% at June 30, 2015.

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

Disclaimer

Attachments: income statement and data from the statement of financial position

Income statement (in thousands of euro)	**Q3 2015**	**%**	**Q3 2014 IFRS 5**	**%**	**% change**
Revenue	**87,268**	**100.0**	**95,232**	**100.0**	**-8.4**
Other revenue	1,795		1,795		
Change in inventories	(419)		(1,662)		
Internal work capitalized	1,252		1,113		
Raw materials and supplies	(39,569)		(44,479)		
Services	(18,647)		(14,195)		
Personnel expense	(31,321)		(28,142)		
Other operating expense, net	(3,392)		(1,505)		
Recurring gross operating profit (loss)	**(3,033)**	**-3.5%**	**8,157**	**8.6%**	**n.s**
Net gains from the sale of non-current assets			1,301		
Non-rec. personnel income (expense) for re-orgs	(45)		195		
Other non-recurring income (expense)	(1,827)		1		
Gross operating profit (loss)	**(4,905)**	**-5.6%**	**9,654**	**10.1%**	**n.s.**
Amortization and depreciation	(4,689)		(4,874)		
Impairment on non-current assets					
Operating profit (loss)	**(9,594)**	**-11.0%**	**4,780**	**5.0%**	**n.s.**
Finance income	4,164		26		
Finance costs	(992)		(1,172)		
Exchange-rate differences and net gains (losses) on derivs	(417)		(164)		
Impairment losses on financial assets	(196)		(50)		
Share of profit (loss) on equity-accounted investees	(99)		(111)		
Profit (loss) before tax	**(7,134)**	**-8.2%**	**3,309**	**3.5%**	**n.s.**
Income tax expense	(1,928)		(3,348)		
Loss relating to continuing operations	**(9,062)**	**-10.4%**	**(39)**	**0.0%**	**n.s.**
Profit relating to discontinued operations	36,147		14,122		
Profit for the period	**27,085**	**31.0%**	**14,083**	**14.8%**	**92.3**
Attributable to:					
Owners of the parent	**28,420**	**32.5%**	**(755)**	**-0.8%**	n.s.
Non-controlling interests	**(1,335)**	**-1.5%**	**14,838**	**15.6%**	n.s.

Income statement (in thousands of euro)	**Nine months 09.30.2015**	**%**	**Nine months 09.30.2014 IFRS 5**	**%**	**% change**
Revenue	**294,784**	**100.0**	**309,068**	**100.0**	**-4.6**
Other revenue	6,932		7,306		
Change in inventories	(17)		(4)		
Internal work capitalized	3,967		3,183		
Raw materials and supplies	(130,052)		(131,811)		
Services	(52,792)		(44,613)		
Personnel expense	(97,872)		(86,348)		
Other operating expense, net	(8,143)		(4,465)		
Recurring gross operating profit	**16,807**	**5.7%**	**52,316**	**16.9%**	**-67.9**
Net gains from the sale of non-current assets	10		1,301		
Non-recurring personnel expense for re-organizations	(118)		(2,605)		
Other non-recurring expense, net	(29,275)		(960)		
Gross operating profit (loss)	**(12,576)**	**-4.3%**	**50,052**	**16.2%**	**n.s.**
Amortization and depreciation	(14,624)		(14,445)		
Impairment reversals on non-current assets	2,770				
Operating profit (loss)	**(24,430)**	**-8.3%**	**35,607**	**11.5%**	**n.s.**
Finance income	4,215		87		
Finance costs	(3,244)		(4,011)		
Exchange-rate differences and net gains (losses) on derivs	(807)		(395)		
Impairment losses on financial assets	(220)		(132)		
Share of profit (loss) of equity-accounted investees	(1,242)		(1,594)		
Profit (loss) before tax	**(25,728)**	**-8.7%**	**29,562**	**9.6%**	**n.s.**
Income tax expense	(8,088)		(11,007)		
Profit (loss) relating to continuing operations	**(33,816)**	**-11.5%**	**18,555**	**6.0%**	**n.s.**
Profit (loss) relating to discontinued operations	40,520		(74,482)		
Profit (loss) for the period	**6,704**	**2.3%**	**(55,927)**	**-18.1%**	**n.s.**
Attributable to:					
Owners of the parent	**(10,776)**	**-3.6%**	**(37,520)**	**-12.1%**	**-71.3**
Non-controlling interests	**17,480**	**5.9%**	**(18,407)**	**-6.0%**	n.s.

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	**Nine months 09.30.2015**	**%**	**Nine months 09.30.2014 IFRS 5**	**%**	**% change**
Profit (loss) for the period	**6,704**	**2.3**	**(55,927)**	**-18.1**	**n.s.**
Other comprehensive income (expense) relating to continuing operations					
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability (asset) for employee benefits	1,969		(173)		
Re-measurement of the net liability (asset) for employee benefits – investments in equity-accounted investees					
Income tax expense	(500)		(7)		
Total items that will not be reclassified to profit or loss subsequently	**1,469**		**(180)**		
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	(20,196)		1,408		
Translation reserve on foreign operations – investments in equity-accounted investees					
Fair value gains on cash flow hedging	69				
Fair value gains (losses) on cash flow hedging – investments in equity-accounted investees					
Fair value gains on available-for-sale financial assets	33,369		6,617		
Fair value gains (losses) on available-for-sale financial assets – investments in equity-accounted investees					
Income tax	1,195		2,543		
Total items that might be reclassified to profit or loss subsequently	**14,437**		**10,568**		
Total other comprehensive income relating to continuing operations net of tax effect	**15,906**		**10,388**		
Other comprehensive income relating to discontinued operations	26,739		147,182		
Total other comprehensive income	**42,645**		**157,570**		
Total comprehensive income	**49,349**	**16.7**	**101,643**	**32.9**	**-51.4**
Attributable to:					
Owners of the parent	19,486		9,991		
Non-controlling interests	29,863		91,652		

Italmobiliare Group					
Financial position (in thousands of euro)	**September 30, 2015**	**June 30, 2015**	**December 31, 2014**	**Change 09/30/15-12/31/14 Δ**	**%**
Current financial assets	271,010	1,346,491	1,139,699	(868,689)	-76.2
Current financial liabilities	(245,458)	(1,227,381)	(1,009,914)	764,456	75.7
Non-current financial assets	28,717	65,084	135,018	(106,301)	-78.7
Non-current financial liabilities	(45,598)	(2,372,609)	(2,379,576)	2,333,978	98.1
Net financial position (debt) relating to continuing operations	**8,671**	**(2,188,415)**	**(2,114,773)**	**(2,123,444)**	**n.s.**
Net financial position (debt) relating to assets held for sale	(2,268,674)				
Total net financial position (debt)	**(2,260,003)**	**(2,188,415)**	**(2,114,773)**	**145,230**	**-6.9**
Total equity	**4,228,651**	**4,348,326**	**4,286,380**	**(57,729)**	**-1.3**

Italmobiliare Group		
Condensed statement of movements in total net financial debt (in thousands of euro)	**September 30, 2015**	**September 30, 2014 IFRS 5**
Opening net financial debt	**(2,114,773)**	**(1,829,988)**
Cash flow from operating activities before change in working capital	1,615	20,606
Change in working capital	12,551	(20,868)
Total cash flow from operating activities	**14,166**	**(262)**
Investments in PPE, investment property and intangible assets	(17,357)	(9,956)
Change in liabilities for purchases of PPE, inv. prop., intangibles	510	(646)
Cash flows net of investments in PPE, investment property and intangible assets	**(2,681)**	**(10,864)**
Investments in equity investments	(420)	(14,016)
Change in liabilities for purchase of equity investments	(150)	(130)
Proceeds from the sale of non-current assets	56,082	106,665
Dividends paid	(11,694)	(7,360)
Change in treasury shares	492	-
Change in interests in subsidiaries	-	359.00
Other changes	11,336	3,149
Cash flows relating to continuing operations	**52,905**	**77,085**
Cash flows relating to discontinued operations	(198,135)	(382,827)
Closing net financial debt	**(2,260,003)**	**(2,135,730)**