ITALMOBILIARE
SOCIETA' PER AZIONI

PRESS RELEASE

BOARD EXAMINES 2016 CONSOLIDATED HALF-YEAR RESULTS

ITALMOBILIARE GROUP (*)

- **2016 FIRST HALF A PERIOD OF TRANSITION, WITH THE SALE OF THE ITALCEMENTI INVESTMENT TO HEIDELBERGCEMENT AND THE RE-DEFINITION OF THE SCOPE OF OPERATIONS, AND PERFORMANCE IS NOT REPRESENTATIVE OF THE FULL YEAR**

- **REVENUE: 182.6 MILLION EURO (207.5 MILLION EURO IN THE FIRST HALF OF 2015)**

- **TOTAL LOSS FOR THE PERIOD: 37.6 MILLION EURO (LOSS OF 20.4 MILLION EURO)**

- **NET ASSET VALUE 2,007.2 MILLION EURO (2,086.2 MILLION EURO AT THE END OF 2015)**

- **WITH THE GAIN FROM THE SALE OF ITALCEMENTI IN THE SECOND HALF, THE FULL YEAR WILL CLOSE WITH A SIGNIFICANTLY STRONG PROFIT**

(*) Data reclassified in compliance with IFRS5 to take account of discontinued operations

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Milan, August 4, 2016 – *The Italmobiliare S.p.A. Board of Directors examined and approved the half-year report as at and for the six months ended June 30, 2016.*

The first half of the year was a period of transition for the Italmobiliare Group, marked by the final stages in the agreement reached in 2015 with HeidelbergCement (finalized on July 1, 2016) and the start-up of the re-definition of its own scope of operations. These changes are reflected in the half-year results, which are therefore not representative of the full-year trend. During the second half of the year, the Italcementi Group will benefit from the income arising from the sale of its equity investment in Italcementi, which will generate a gain of approximately 790 million euro in the parent's separate financial statements, and from the contribution of the new operations currently being acquired, specifically Clessidra.

As a consequence of these initiatives, the first-half income statement (and, for the purposes of comparison, the income statement for the year-earlier period) has been re-stated in *compliance with IFRS 5 (accounting treatment of assets held for sale, with profit or loss captions presented separately under a specific heading "Profit (loss) relating to discontinued operations"; similarly, on the statement of financial position, the relevant assets and liabilities are classified as "held for sale").*

The first half of 2016 closed with a substantially stable ***loss relating to continuing operations*** *(that is, excluding operations sold to HeidelbergCement, the transaction for which was completed on July 1), of 24.6 million euro. Considering the* ***loss relating to discontinued operations*** *(net of the tax effect), the first half closed with a loss of 37.6 million euro (loss of 20.4 million euro in the first half of 2015).*

In the industrial segment, the subsidiaries Sirap Gema and Italgen reported a profit for the period. Specifically, the ***Sirap*** *group (food packaging), net of effects relating to the removal from the scope of consolidation of the thermal insulation segment, which was sold last year, and of exchange-rate effects, reported revenue and margins in line with last year and profit for the period of 2.7 million euro (loss of 22.3 million euro in the first half of 2015, when the segment took a provision for risks of 27.1 million euro in connection with an EU antitrust ruling).* ***Italgen*** *(electric power from renewable sources) closed the first half with profit of 3.1 million euro (4.0 million euro), despite a contraction in revenue due to a fall in energy consumption and adverse weather conditions, which limited hydroelectric power generation.*
Although the ***BravoSolution*** *group (e-procurement) reported an increase in revenue, it posted a loss for the period of 2.5 million euro (loss of 1.3 million euro in the year-earlier period) reflecting the impact of re-organization expense at corporate level.*
Performance in the financial segment (the ***Italmobiliare*** *parent and the subsidiary* ***Franco Tosi****) was affected, on one hand, by the negative market repercussions of Brexit, which led to impairment losses on the bank stocks portfolio, and, on the other, by the non-distribution of dividends at Italcementi (14.1 million euro collected in the first half of 2015), leading to a loss of 15.8 million euro (profit of 9.2 million euro in the year-earlier period).*

The ***net financial position relating to continuing operations*** *was significantly affected by the effects (approximately 201 million euro) of the acquisition from Italcementi of Italgen, BravoSolution and some properties on June 30. Also considering capital expenditure of 52.9 million euro (14.9 million euro in the first half of 2015), net financial debt relating to continuing operations was 169.7 million euro at June 30, 2016 (a positive position of 55.6 million euro at June 30, 2015). Debt relating to discontinued operations amounted to 1,954.5 million euro at June 30, 2016 (2,137.3 million euro). Overall* ***net financial debt*** *(2,124.2 million euro) was up 2%. The* ***net financial position of the wholly owned financial companies*** *at the end of the first half reflected debt of 83.8 million euro (a positive position of 139.8 million euro at the end of 2015.*
Total equity *at June 30, 2016 stood at 3,974.5 million euro, a reduction of 355.0 million euro from December 31, 2015, arising mainly from the change in the fair value and translation reserves.*

The other key results of Italmobiliare Group operations are set out below:
Revenue*: 182.6 million euro from 207.5 million euro in the first half of 2015;*

Gross operating profit: *1.2 million euro (gross operating loss of 7.7 million euro);*
Operating loss*: 8.7 million euro (loss of 14.8 million euro);*

Italmobiliare ***Net Asset Value*** *(NAV) at June 30, 2016, calculated on a pro forma basis as if the sale of Italcementi shares and the related consideration, finalized with the transaction executed and announced on July 1 had taken place on June 30, 2016, was 2,007.2 million euro (2,086.2 million euro at December 31, 2015).*

Outlook *– The outcome of the UK referendum on the exit from the European Union has produced a situation whose economic effects are difficult to assess, and will be influenced above all by the political decisions taken by the EU and its member states; consequently, the risks of an extension of financial and banking tensions have increased, and could be mitigated by full use of existing monetary policy measures.*
this context, the Group's industrial segments as a whole should consolidate the improvement of their operating margins, thanks to the positive contribution of the food packaging segment, whose restructuring has improved efficiency, increased production automation and constant attention to costs, whereas the results of the Italgen group, while positive, will be down on those of 2015 in part as a result of weather conditions that limited hydroelectric power generation in the first half of 2016. The BravoSolution group will continue to take action to improve its offer of products and services and grow revenue.
The material gain on the sale of the equity investment in Italcementi will enable the Group to report a full-year profit, although operating results could be affected by the high volatility of the financial markets.

ITALMOBILIARE ON THE INTERNET: http//www.italmobiliare.it

Italmobiliare
Media Relations Tel. (0039) 02.29024.212
Investor Relations Tel. (0039) 02.29024.322

The consolidated income statement has been prepared in compliance with IFRS 5; consequently, the caption 'Profit (loss) relating to discontinued operations' includes the profit (loss) for the period of the operations in the construction materials segment sold under the agreement with HeidelbergCement (announced on July 28, 2015) and the result for the period at Finter Bank Zurich.

FIRST HALF 2016

In January-June 2016, the Italmobiliare Group reported **revenue** of 182.6 million euro. The reduction of 12.0% from the year-earlier period arose from the change in the scope of consolidation for 12.6%, the exchange-rate effect for 1.3%, and an improvement in performance of 1.9%.
At constant exchange rates and on a like-for-like basis, the increase stemmed from the financial segment for 36.9% and a marginal contribution from the property, services, other segment. The contribution of the industrial segments was negative, specifically the Italgen group after a significant decrease in revenue on energy transportation, and the food packaging segment, -0.4% from the first half of 2015. There was also a small reduction in revenue at the bank in Monaco, of 0.3%. At country level, all the geographical areas reported an increase, notably Italy, France, Croatia, the east European countries and Turkey.
The negative exchange-rate effect, which referred largely to the Sirap group, reflects the depreciation against the euro of the Polish zloty, the Ukrainian hryvnia and the Turkish lira.
The significant negative change in the scope of consolidation compared with the first half of 2015 is attributable to the Sirap Gema group on the sale of the interest in Sirap Insulation S.r.l. to the French group Holding Soprema S.A.; after this transaction, regulated under the agreement of July 30, 2015, the thermal insulation segment was eliminated.
Recurring gross operating profit was 1.2 million euro, down from the first half of 2015 (19.8 million euro). The reduction arose in all segments, with the sole exception of property, services, other, notably the financial segment, due to the increase in extraordinary operating expense (legal and advisory costs relating to the sale of Italcementi), and the construction materials segment, as a result both of the costs sustained by the BravoSolution group for completion of the plan to strengthen the group's corporate structure and of the rise in electricity procurement costs at the Italgen group. The 19.8% decrease in the food packaging segment was essentially due to the contribution of 1.7 million euro in the first half of 2015 from the thermal insulation segment, which, as noted above, was sold in July 2015.
After a reduction of 4.7% in amortization and depreciation, and impairment losses on non-current assets of 0.4 million euro (gains of 2.8 million euro in the first half of 2015 relating to write-ups at the Sirap Gema group), the Group posted an **operating loss** for the period of 8.7 million euro, although this was an improvement compared with the year-earlier period (-14.8 million euro). The figure for the first half of 2015 was heavily affected by non-recurring expense of 27.5 million euro relating mainly to the fine imposed by the European Commission on the Sirap Gema group for breach of community competition laws on the foamed tray market.

Net finance costs were down 0.6 million euro, from 2.6 million euro in the first half of 2015 to 2.0 million euro in the first six months of 2016, thanks to the reduction of 29.8% in interest expense on net financial debt to 1.1 million euro, and to the improvement of 0.2 million euro on the balance on exchange-rate differences net of hedges.
The caption does not include finance income and costs of the finance and banking segments, which are part of these segments' core businesses and therefore classified under the line items constituting recurring gross operating profit.
The high volatility on the financial markets at the end of the first half after the UK referendum fueled a fall on the stock markets, especially among banking stocks. In this context, the financial segment reported **impairment losses on financial assets** of 9.6 million euro (losses of 24,000 euro in the first half of 2015), as a result of write-downs applied mainly to banking stocks to align carrying amount with fair value based on Italian stock market values.
The **share of profit (loss) of equity-accounted investees** reflected a loss of 0.3 million euro (loss of 1.2 million euro in 2015). The figure arose from the loss of 0.5 million euro at the associates in the financial segment, as the group's share of the loss at Società Editrice Sud, mitigated in part by the profits of the equity-accounted investees of the Italgen group totaling 0.2 million euro.
The above figures generated a **loss before tax** of 20.6 million euro in the first half (loss of 18.6 million euro in the first half of 2015).
After income tax expense of 4.0 million euro (6.2 million euro in the first half of 2015), the **loss for the first half relating to continuing operations** was 24.6 million euro (loss of 24.8 million euro in the first half of 2015).
There was a **loss after tax** of 13.1 million euro **relating to discontinued operations**, specifically the discontinued operations of the construction materials segment. As required by IFRS 5, the segment's consolidated result includes, in addition to the loss of 346.3 million euro on the discontinued construction materials segment, the positive effect net of tax arising from suspension of amortization and depreciation for 144.1 million euro and from measurement losses on non-current assets of 188.5 million euro.
The total **loss for the period** was 37.6 million euro, of which 47.6 million euro attributable to owners of the parent (non-controlling interests profit of 10.0 million euro), compared with a loss of 20.4 million euro for the first half of 2015, of which 39.2 million euro attributable to owners of the parent (non-controlling interests profit of 18.8 million euro).

Total equity at June 30, 2016 was 3,974.4 million euro, a reduction of 355.0 million euro from December 31, 2015. Equity attributable to owners of the parent and equity attributable to non-controlling interests decreased by, respectively, 272.2 million euro and 82.8 million euro. The overall change arose largely from the loss for the period of 37.6 million euro, from the change of 93.0 million euro in the fair value reserve for equity investments and derivatives, from the change of 128.4 million euro in the translation reserve due to the appreciation of the euro against other currencies, from declared dividends of 68.8 million euro and from the change of 26.4 million euro arising from the adjustment to assets and liabilities relating to employee benefits.
At June 30, 2016, Italmobiliare S.p.A. held 853,261 ordinary treasury shares, representing 3.847% of the ordinary share capital, and 28,500 savings treasury shares (0.174% of the savings share capital).

At June 30, 2016, **net financial debt** of 2,124.2 million euro, including that of the discontinued operations of the Italcementi group, was up 2.0% from December 31, 2015 (2,081.7 million euro); the continuing operations had net financial debt of 169.7 million euro (a positive position of 55.6 million euro at December 31, 2015).
Looking at **cash flows**, there were net outflows of 225.3 million euro relating to continuing operations, mainly attributable to the transfer of the non-core assets, and net inflows of 182.8 million euro relating to discontinued operations.

Group **capital expenditure** in the first half relating to continuing operations amounted to 52.9 million euro, up by 38.0 million euro from the first half of 2015 (14.9 million euro).
Investments in non-current financial assets amounted to 37.8 million euro (0.4 million euro in the first half of 2015) and related mainly to investments made by the financial segment in stocks listed on the Italian stock exchange and in private equity.
Investments in property, plant and equipment totaled 11.3 million euro and related mainly to the Group's industrial segments, in particular the production facilities of the Sirap group and the industrial investments of the Italgen group. The investment in property, plant and equipment in the financial segment referred to the property in Rome purchased from Italcementi S.p.A.. Investments in intangible assets related essentially to software development work on the technology platform at the BravoSolution group.

BOND ISSUES AND MATURITIES – No new bonds were issued during the period under review and no issues mature in the 18 months after December 31, 2015.

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The manager in charge of preparing the financial reports of Italmobiliare S.p.A., Giorgio Moroni, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance (law 58/1998), that the accounting information contained in this press release corresponds to the document results, books and accounting entries.

Disclaimer

This press release may contain 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 laws and regulations and the institutional environment (in each case in Italy or abroad), and many other factors, most of which are beyond the Group's control.

Attachments: pre-audit income statement and statement of financial position

Income statement (in thousands of euro)	**H1 2016**	**%**	**H1 2015 re-stated IFRS 5**	**%**	**% change**
Revenue	**182,605**	**100.0**	**207,516**	**100.0**	**-12.0**
Other revenue	2,626		5,137		
Change in inventories	3,066		402		
Internal work capitalized	2,625		2,715		
Raw materials and supplies	(71,684)		(90,483)		
Services	(32,726)		(34,145)		
Personnel expenses	(77,083)		(66,551)		
Other operating income (expense)	(8,272)		(4,751)		
Recurring gross operating profit	**1,157**	**0.6**	**19,840**	**9.6**	**-94.2**
Net gains from the sale of non-current assets			10		
Non-recurring personnel expense for re-organizations	(12)		(73)		
Other non-recurring income (expense)	5		(27,448)		
Gross operating profit (loss)	**1,150**	**0.6**	**(7,671)**	**-3.7**	**n.s.**
Amortization and depreciation	(9,464)		(9,935)		
Gains (impairment losses) on non-current assets	(356)		2,770		
Operating profit (loss)	**(8,670)**	**-4.7**	**(14,836)**	**-7.1**	**41.6**
Finance income	71		51		
Finance costs	(1,860)		(2,252)		
Exchange-rate differences and net gains (losses) on derivatives	(230)		(390)		
Impairment losses on financial assets	(9,636)		(24)		
Share of profit (loss) of equity-accounted investees	(293)		(1,143)		
Profit (loss) before tax	**(20,618)**	**-11.3**	**(18,594)**	**-9.0**	**10.9**
Income tax expense	(3,936)		(6,160)		
Profit (loss) relating to continuing operations	**(24,554)**	**-13.4**	**(24,754)**	**-11.9**	**-0.8**
Profit (loss) relating to discontinued operations	(13,056)		4,373		
Profit (loss) for the period	**(37,610)**	**-20.6**	**(20,381)**	**-9.8**	**84.5**
Attributable to:					
Owners of the parent	(47,608)	-26.1	(39,197)	-19.0	21.5
Non-controlling interests	9,998	5.5	18,816	9.1	-46.9
Utile per azione					
- Basic					
ordinary shares	(1.265) €		(1.041) €		
savings shares	(1.265) €		(1.041) €		
- Diluted					
ordinary shares	(1.263) €		(1.041) €		
savings shares	(1.263) €		(1.041) €		

n.s.= not significant

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	**H1 2016**	**%**	**H1 2015 re-stated IFRS 5**	**%**	**% change**
Loss for the period	**(37,610)**	**-20.6**	**(20,381)**	**-9.8**	**-84.5**
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability (asset) for employee benefits			24		
Income tax expense			(9)		
Total items that will not be reclassified to profit or loss subsequently			**15**		
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	(2,659)		8,759		
Translation reserve on foreign operations - investments in equity-accounted investees					
Fair value gains (losses) on cash flow hedging	(74)		(22)		
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees					
Fair value gains on available-for-sale financial assets	(75,395)		39,392		
Fair value losses on available-for-sale financial assets - investments in equity-accounted investees					
Income tax expense	639		1,033		
Total items that might be reclassified to profit or loss subsequently	**(77,489)**		**49,162**		
Total other comprehensive income (expense) relating to continuing operations net of tax effect	**(77,489)**		**49,177**		
Other comprehensive income (expense) relating to discontinued operations	(165,027)		138,920		
Total other comprehensive income (expense)	**(242,516)**		**188,097**		
Total comprehensive income (expense)	**(280,126)**	**n.s.**	**167,716**	**80.8**	**n.s.**
Attributable to:					
Owners of the parent	(174,279)		65,070		
Non-controlling interests	(105,847)		102,646		

Italmobiliare Group			
Statement of financial position (in thousands of euro)	**6/30/2016**	**12/31/2015**	**Change**
Non-current assets			
Property, plant and equipment	129,190	131,238	(2,048)
Investment property	6,618	6,510	108
Goodwill	24,303	24,423	(120)
Intangible assets	20,204	20,009	195
Equity-accounted investees	17,378	17,735	(357)
Other equity investments	133,655	204,387	(70,732)
Trade receivables and other non-current assets	36,750	37,270	(520)
Deferred tax assets	20,602	23,047	(2,445)
Non-current amounts due from employees			
Total non-current assets	**388,700**	**464,619**	**(75,919)**
Current assets			
Inventories	36,522	33,459	3,063
Trade receivables	97,011	108,001	(10,990)
Other current assets including derivatives	32,873	25,006	7,867
Tax assets	1,880	3,782	(1,902)
Equity investments, bonds and loan assets	104,730	173,395	(68,665)
Cash and cash equivalents	56,580	118,173	(61,593)
Total current assets	**329,596**	**461,816**	**(132,220)**
Non-current discontinued operations	**8,581,462**	**8,598,004**	**(16,542)**
Total assets	**9,299,758**	**9,524,439**	**(224,681)**
Equity			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	(9,184)	85,830	(95,014)
Treasury shares	(20,792)	(20,792)	
Retained earnings	1,319,002	1,496,161	(177,159)
Equity attributable to owners of the parent	**1,566,384**	**1,838,557**	**(272,173)**
Non-controlling interests	2,408,112	2,490,918	(82,806)
Total equity	**3,974,496**	**4,329,475**	**(354,979)**
Non-current liabilities			
Financial liabilities	62,950	43,242	19,708
Employee benefits	11,966	11,444	522
Provisions	50,405	50,295	110
Other liabilities	562	1,637	(1,075)
Deferred tax liabilities	3,207	4,282	(1,075)
Total non-current liabilities	**129,090**	**110,900**	**18,190**
Current liabilities			
Bank loans and borrowings	275,023	156,851	118,172
Financial liabilities	25,860	62,971	(37,111)
Trade payables	57,181	58,215	(1,034)
Provisions	666	986	(320)
Tax liabilities	404	1,846	(1,442)
Other liabilities	74,293	71,112	3,181
Total current liabilities	**433,427**	**351,981**	**81,446**
Total liabilities	**562,517**	**462,881**	**99,636**
Liabilities directly linked to discontinued operations	**4,762,745**	**4,732,083**	**30,662**
Total equity and liabilities	**9,299,758**	**9,524,439**	**(224,681)**

Italmobiliare Group				
Statement of cash flows (in thousands of euro)	**H1 2016**		**H1 2015** **re-stated IFRS 5**	
Net financial debt at beginning of period		**(2,081,671)**		**(2,114,773)**
Cash flow from operating activities		16,362		2,510
Capital expenditure:				
PPE, investment property and intangible assets	*(15,084)*		*(14,535)*	
Non-current financial assets	*(37,852)*		*(406)*	
Capital expenditure		**(52,936)**		**(14,941)**
Proceeds from sale of non-current assets		33,115		12,625
Dividends paid		(17,724)		(11,694)
Change in shareholdings in subsidiaries		(200,994)		
Translation differences and other		(3,179)		7,777
Change in net financial debt		**(225,356)**		**(3,723)**
Cash flow relating to assets held for sale		182,778		(69,919)
Net financial debt at end of period		**(2,124,249**		**(2,188,41**

Italmobiliare Group						
Net financial position (in thousands of euro)	**June 30, 2016**		**December 31, 2015**		**Change**	
Current financial assets	**175,410**		**299,405**		**(123,995)**	
Cash and cash equivalents		56,580		118,173		(61,593)
Derivatives - assets		7,011		1,251		5,760
Other current financial assets		111,819		179,981		(68,162)
Current financial liabilities	**(307,921)**		**(228,392)**		**(79,529)**	
Bank loans and borrowings		(275,023)		(156,851)		(118,172)
Current financial liabilities		(32,795)		(69,861)		37,066
Derivatives - liabilities		(103)		(1,680)		1,577
Non-current financial assets	**25,755**		**27,879**		**(2,124)**	
Non-current financial assets		25,755		27,879		(2,124)
Non-current derivatives						
Non-current financial liabilities	**(62,950)**		**(43,242)**		**(19,708)**	
Non-current financial liabilities		(62,950)		(43,242)		(19,708)
Non-current derivatives						
Net financial position relating to continuing operations	**(169,706)**		**55,650**		**(225,356)**	
Discontinued operations		722,361		659,909		62,452
Liabilities directly linked to discontinued operations		(2,676,904)		(2,797,230)		120,326
Net financial position relating to discontinued operations	**(1,954,543)**		**(2,137,321)**		**182,778**	
Total net financial position	**(2,124,249)**		**(2,081,671)**		**(42,578)**	