

ITALMOBILIARE

Additional quarterly financial disclosure at March 31, 2017

May 4, 2017

**ITALMOBILIARE
Società per Azioni**

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Share Capital € 100,166,937
Milan Companies Register

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Foreword

In compliance with current legislation introducing the new EU Transparency Directive and eliminating the obligation to publish quarterly reports, Italmobiliare has decided to publish, on a voluntary basis as from the third quarter of 2016, a quarterly disclosure setting out significant information in order to provide an overview of its business.

Specifically, the information will present the Group's main business and financial indicators (revenue, interim earnings, net financial position and NAV), expressed in quantitative form consistently with the information already provided in the annual report and the half-year financial report.

The quarterly financial disclosure, together with a summary of the main significant events in the quarter and comments on the performance of the main subsidiaries of the Italmobiliare Group, is approved by the Board of Directors and published on the Group website as indicated in the previously released Group financial calendar.

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Significant events in the quarter

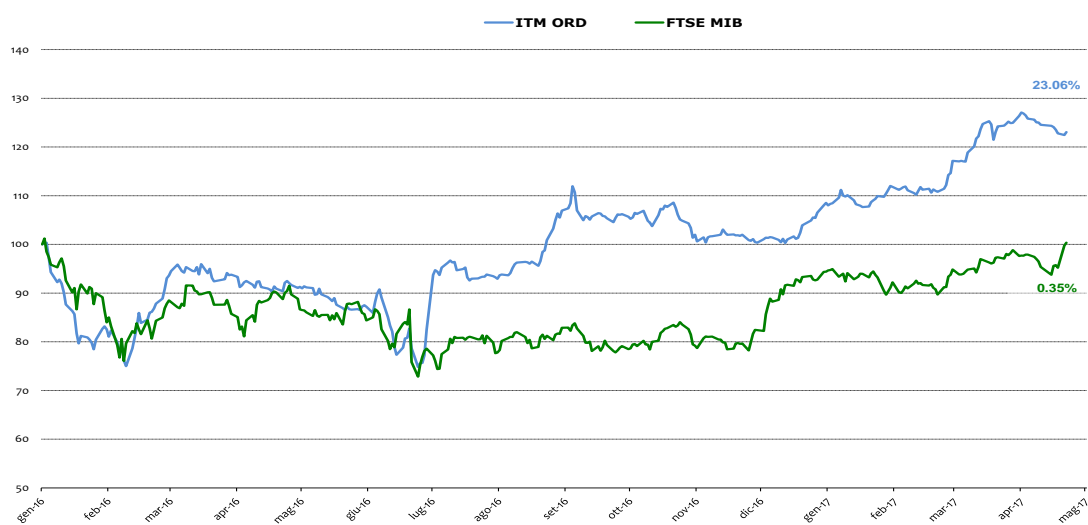
On March 2, 2017, the Italmobiliare Board of Directors approved the guidelines of an operation for a partial Voluntary Public Tender Offer (OPAV) on 2,000,000 own shares, for a consideration of 50.00 euro per tendered share, or 25.00 euro per share should the shareholders approve the proposal for a stock split under which each ordinary share would be substituted with 2 ordinary shares (the stock split was approved at an extraordinary Italmobiliare shareholders' meeting on April 19, 2017 and is scheduled to take place on May 15, 2017). The tender offer is intended for all bearers of Italmobiliare ordinary shares and does not refer to the treasury shares held by the Issuer.

The purpose of the OPAV is to enable shareholders tendering their stock to benefit from a temporary greater liquidity on their investment at a price incorporating a premium with respect to the average share price of the last few months. In addition, the offer would provide Italmobiliare with a congruous number of treasury shares for use, for example, in acquisitions and/or for the development of alliances consistent with Group strategy, or as part of a possible future stock dividend or distribution of reserves, or in order to limit, in compliance with regulations, directly or through intermediaries, anomalous trends in share prices and to regularize stock exchange prices to face temporary distortions caused by excessive volatility or low trading liquidity.

The offer will be launched after the stock split and will close by the end of next July.

Italmobiliare on the stock exchange

| (euro) | high | low | 01.01.2016 | 04.25.2017 | performance |
|-----------------|----------------------|----------------------|------------|------------|-------------|
| Ordinary shares | 52.6457 04/04/2017 | 31.0039 06/27/2016 | 41.4290 | 50.9845 | 23.06% |
| FTSE MIB | 20,983.24 01/05/2016 | 15,103.58 06/27/2016 | 20,733.81 | 20,805.52 | 0.35% |



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Key consolidated figures for the quarter to March 31, 2017

| (in millions of euro) | Q1 2017 | Q1 2016 | % change |
|--------------------------------------|--------------|--------------|-------------|
| Revenue | 92.4 | 91.2 | 1.3 |
| Gross operating profit (loss) | (0.1) | 2.5 | n.s. |
| <i>% of revenue</i> | <i>(0.1)</i> | <i>2.8</i> | |
| Operating profit (loss) | (5.1) | (2.0) | n.s. |
| <i>% of revenue</i> | <i>(5.6)</i> | <i>(2.2)</i> | |

The recovery in the global economy gradually consolidated during the early months of 2017, thanks to the expansionary policies of the main areas and to international trade, which benefited from greater investment in many countries, despite the uncertainty over the current direction of US trade policy. In the Eurozone, the economic upturn was sustained by internal demand and by the monetary expansion measures adopted by the ECB Governing Council. Conditions on the financial markets remained relaxed in the first quarter of 2017: the rise in share indices continued, in the Eurozone long-term interest rates rose, and in the USA, after a sharp increase following the presidential elections, yields on securities stabilized.

In this context, Italmobiliare Group consolidated revenue for the first quarter to March 31, 2017 showed a slight increase with respect to the year-earlier period thanks to the positive contribution from the BravoSolution group (+18.6%) driven by higher technology revenue, and, to a smaller extent, from the Sirap Gema group (+2.0%). The contribution of the Italmobiliare parent to consolidated revenue decreased, given the absence of dividends from non-consolidated investees in the quarter under review, despite the rise in finance income (+5.8 million euro from March 31, 2016) as a result of the fair value increase on options on securities.

The Group's operating results were down on the first quarter of 2016, essentially due to the increase in the cost of the raw materials used in production by the Sirap Gema group and the rise in Italmobiliare S.p.A. overheads. Profit margins improved at the Italgem group thanks to lower electricity transportation charges, and at the BravoSolution group with the stabilization of costs relating to the plan to strengthen the group's corporate structure completed last year. Specifically: gross operating profit decreased by 2.6 million euro, from profit of 2.5 million euro in the first quarter to March 31, 2016 to a loss of 0.1 million euro in the quarter under review, while a 13.2% increase in amortization and depreciation impacted operating profit, which reflected a loss of 5.1 million euro (operating loss of 2.0 million euro in the first quarter of 2016).

Consolidated equity totaled 1,343.3 million euro at March 31, 2017, up by 9.1 million euro from December 31, 2016 (1,334.2 million euro) essentially as a result of the increase in the fair value reserve on banking stocks and on the Clessidra Capital Partner 3 fund held by the parent Italmobiliare S.p.A..

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Net financial position

| | March 31 2017 | December 31 2016 |
|------------------------|------------------|---------------------|
| (in millions of euro) | | |
| Net financial position | 511.6 | 493.5 |

The positive net financial position of 511.6 million euro showed an increase of 18.1 million euro from December 31, 2016, largely as a result of the improvement in the net financial position of Italmobiliare S.p.A. (+16.1 million euro) arising from the considerable reimbursements of investments during the quarter, of the BravoSolution group (+1.4 million euro) thanks to the favorable business and financial performance in the first quarter of 2017, and of the Sirap Gema group (1.3 million euro) as a result of efficient working capital management despite significant investments. The net financial debt of the Italgem group increased by 2.1 million euro.

Net Asset Value

At March 31, 2017, Italmobiliare Net Asset Value was 1,647.2 million euro, an increase of 12.3 million euro from December 31, 2016 (1,634.9 million euro) generated largely by the positive performance of the equity investments in the banking segment during the quarter.

NAV per Italmobiliare ordinary share was 69.2 euro at March 31, 2017.

NAV was computed considering:

- the market price at March 31, 2017 of investments in listed companies,
- the value of non-listed companies, where determinable, based on market multiples or specific evaluations or, when such information is not available, on equity as reflected in the most recent approved financial statements drawn up in accordance with the IAS/IFRS accounting and financial reporting standards or with local accounting principles.
- the market value of real estate assets;

taking account of the deferred tax effect.

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Operating performance of the main Group companies

Italmobiliare S.p.A.

| (in millions of euro) | Q1 2017 | Q1 2016 | % change |
|--------------------------------------|---------------|-------------|---------------|
| Revenue | 8.7 | 10.6 | (18.1) |
| Gross operating profit (loss) | (1.5) | 0.8 | n.s. |
| <i>% of revenue</i> | <i>(17.0)</i> | <i>7.4</i> | |
| Operating profit (loss) | (1.6) | 0.8 | n.s. |
| <i>% of revenue</i> | <i>(18.6)</i> | <i>7.3</i> | |

| (in millions of euro) | March 31 2017 | December 31 2016 |
|-------------------------------|------------------|---------------------|
| Net financial position | 333.1 | 317.0 |

Italmobiliare S.p.A. revenue in the first quarter of 2017 was affected, as in previous years, by the collection of dividends, which are customarily declared by most of the investee companies in the second quarter of the year.

Specifically, first-quarter revenue amounted to 8.7 million euro, a reduction of 1.9 million euro from the first quarter of 2016, and arose mainly as follows:

- interest and finance income of 6.4 million euro (0.6 million euro in the first quarter of 2016), essentially as a result of the fair value increase of 5.0 million euro on options on equities and income of 1.1 million euro from reimbursement of foreign currency securities;
- dividends declared by subsidiaries for 2.0 million euro (not present in the year-earlier period);
- gains of 0.1 million euro on the sale of trading securities, a significant decrease from the gains of 5.7 million euro in the first quarter of 2016, relating to the sale of available-for-sale bank stocks.

As a result of the change in the corporate structure implemented in the second half of 2016, many services previously performed in synergy with Italcementi S.p.A., optimizing available resources and generating obvious economic benefits, are now performed directly by Italmobiliare S.p.A., leading to a 6.7% increase in operating expense. This increase in expense and the reduction in revenue in the first quarter generated a downturn in operating results compared with the year-earlier period: the company posted a gross operating loss of 1.5 million euro and an operating loss of 1.6 million euro compared with profit of 0.8 million euro in the first quarter of 2016.

Equity at March 31, 2017 was 1,229.3 million euro, an increase of 10.9 million euro from December 31, 2016. The overall rise was largely determined by the increase in the fair value reserve due to the positive performance in the first quarter of the equity investments in the banking sector and of the Clessidra Capital Partner 3 fund.

At March 31, 2017, Italmobiliare S.p.A. held 856,749 treasury shares representing 3.6% of the share capital.

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As noted in “Significant events in the quarter”, on April 19, 2017 the Italmobiliare annual general meeting approved the project for a partial Voluntary Public Tender Offer on Italmobiliare shares, for a maximum outlay of 100 million euro. Once the necessary approvals have been obtained, the offer will be launched after payment of the 2016 dividend and the stock split, and will close by the end of next July. At an extraordinary session, the shareholders carried a resolution for a 1:2 split of the shares representing Italmobiliare share capital, with the attribution of 2 ordinary shares to replace each ordinary share. The stock split is a way to facilitate the circulation of shares, boosting trading volumes among investors and thereby generating a potential increase in share liquidity. After the stock split scheduled to take place on May 15, Italmobiliare share capital of 100,166,937 euro will be represented by 47,633,800 no par ordinary shares.

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The net financial position of Italmobiliare S.p.A. and Franco Tosi S.r.l. (a wholly owned financial subsidiary of Italmobiliare S.p.A. whose core business is management of a large trading bond portfolio) improved by 12.8 million euro in the first quarter of 2017, from 565.9 million euro at December 31, 2016 to 578.7 million euro at March 31, 2016.

Key movements included the partial reimbursement of the Clessidra Capital Partner 3 fund on the sale of ABM Italia S.p.A..

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Sirap group

The Sirap group, through its subsidiaries in Italy and abroad, is active in the production and sale of products for the packaging of fresh food.

| (in millions of euro) | Q1 2017 | Q1 2016 | % change |
|-------------------------------|-------------|-------------|---------------|
| Revenue | 48.8 | 47.8 | 2.0 |
| Gross operating profit | 3.3 | 4.6 | (29.0) |
| <i>% of revenue</i> | 6.7 | 9.6 | |
| Operating profit | 1.0 | 2.5 | (59.4) |
| <i>% of revenue</i> | 2.1 | 5.3 | |

| (in millions of euro) | March 31 2017 | December 31 2016 |
|---------------------------|------------------|---------------------|
| Net financial debt | (63.8) | (65.1) |

The income statement for the first quarter ended March 31, 2017 includes the results of the Rosa Plast Due S.r.l. company, which was acquired on July 11, 2016 and therefore not included in the scope of consolidation at March 31, 2016. In the first quarter, Rosa Plast Due S.r.l. reported turnover of 2.4 million euro and a gross operating profit of 0.2 million euro.

Group revenue in the first quarter of 2017 amounted to 48.8 million euro, an increase of 2.0% from 47.8 million euro in the first quarter of 2016; the exchange-rate effect on consolidated revenue was less marked than in the year-earlier period, with an estimated negative effect of 0.1 million euro (-0.7 million euro in the quarter to March 31, 2016).

With the market situation in the group countries generally continuing to stagnate, apart from the positive exception of Poland, group gross operating profit for the first quarter of 2017 was 3.3 million euro, compared with 4.6 million euro in the year-earlier period. The reduction arose mainly from the continent-wide rise in the average price of raw materials caused by an imbalance between supply and demand influenced by contingent events, notably in the automotive sector. The increase of the main raw material, polystyrene, was 32.0% compared with the average price in 2016. The trend is expected to ease in the second quarter of 2017.

After amortization and depreciation of 2.2 million euro compared with 2.1 million euro in the first quarter of 2016 (the increase relates to Rosa Plast Due S.r.l. assets), the group posted an operating profit for the period of 1.0 million euro, against a profit of 2.5 million euro in the year-earlier period.

The consolidated net financial position at March 31, 2017 reflected debt of 63.8 million euro, an improvement of 1.3 million euro from December 31, 2016 (65.1 million euro) driven mainly by efficient working capital management despite significant investments (2.2 million euro) as in the previous year, largely at the parent Sirap-Gema S.p.A. (1.3 million euro) and Inline Poland Sp. z o.o. (0.5 million euro).

Consolidated equity at March 31, 2017 was 14.0 million euro, down by 1.3 million euro from December 31, 2016 largely due to the effect of the dividend of 2.0 million euro declared by the parent for the benefit of the controlling company Italmobiliare S.p.A.

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Italgen group

| (in millions of euro) | Q1 2017 | Q1 2016 | % change |
|--------------------------------|--------------|--------------|---------------|
| Revenue | 9.0 | 11.8 | (23.6) |
| Gross operating profit | 0.3 | 0.1 | n.s. |
| <i>% of revenue</i> | <i>3.2</i> | <i>1.1</i> | |
| Operating profit (loss) | (0.6) | (0.7) | 16.8 |
| <i>% of revenue</i> | <i>(6.3)</i> | <i>(5.8)</i> | |

| (in millions of euro) | March 31 2017 | December 31 2016 |
|---------------------------|------------------|---------------------|
| Net financial debt | (19.1) | (17.0) |

The Italgen group, which produces electric power from renewable sources, operates on the domestic and international markets. Hydroelectric production in the first quarter was 45.4 GWh, in line (+0.9%) with production in the year-earlier period (45 GWh). Sales revenue per unit was up 7% on the previous-year figure, partly due to a particularly high Single National Price (+36% from the 2016 figure) caused by an exceptional contraction in supply (stoppage of some nuclear power stations in France). The situation is expected to return to normal starting in April.

Revenue was 9.0 million euro, down by 23.6% from the first quarter of 2016 (11.8 million euro) as a result of the sharp fall in transportation revenue (-3.0 million euro, with no margin) after the decision to modify the customer mix and optimize logistics.

Variable costs in the first quarter were 5.8 million euro, down by 3.4 million euro from the year-earlier period (9.2 million euro), mainly reflecting the fall in transportation costs; overheads were substantially unchanged. Gross operating profit was 0.3 million euro, an improvement of 0.2 million euro from 2016.

After amortization and depreciation of 0.9 million euro (up 5.7% from the first quarter of 2016), the group posted an operating loss of 0.6 million euro (a loss of 0.7 million euro in the year-earlier period).

The net financial position reflected debt of 19.1 million euro, a worsening of 2.1 million euro from December 31, 2016 caused by the limited contribution of operating cash flows in the first quarter and the extraordinary increase in sundry receivables, which will be reabsorbed during the year.

Equity was 31.1 million euro, in line with the figure at December 31, 2016.

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BravoSolution group

| (in millions of euro) | Q1 2017 | Q1 2016 | % change |
|--------------------------------------|--------------|---------------|-------------|
| Revenue | 19.4 | 16.3 | 18.6 |
| Gross operating profit (loss) | - | (3.1) | n.s. |
| <i>% of revenue</i> | <i>0.1</i> | <i>(18.8)</i> | |
| Operating profit (loss) | (1.9) | (4.6) | 59.8 |
| <i>% of revenue</i> | <i>(9.6)</i> | <i>(28.4)</i> | |

| (in millions of euro) | March 31 2017 | December 31 2016 |
|---------------------------|------------------|---------------------|
| Net financial debt | (11.8) | (13.2) |

BravoSolution group revenue in the first quarter of 2017 was 19.4 million euro, reflecting an overall increase of 18.6% on the year-earlier period (16.3 million euro). Revenue from technology, whose growth is a development priority for the group, also showed a significant improvement, rising 22.8% from 2016, and now accounts for 66.7% of total revenue (64.4% in the first quarter of 2016). Specifically, a strong increase in revenue was reported by the companies operating in the USA and Italy compared with 2016.

Turning to the main earnings indicators, the group posted a gross operating profit of 17 thousand euro (a loss of 3.1 million euro in 2016), and an operating loss of 1.9 million euro, also an improvement from 2016 (-4.6 million euro).

The increase in profitability in both absolute and percentage terms compared with the year-earlier period is attributable to the increase in revenue and to the stabilization of costs on the plan to strengthen the group corporate structure, which began in 2015 and was completed in 2016; this included the establishment of a new group HQ in Chicago (USA) and a strengthening of the sales organization, especially in the USA.

The net financial position reflected debt of 11.8 million euro, an improvement of 1.4 million euro from the beginning of the year, driven by the favorable business performance of the first quarter.

Significant events in the first quarter of 2017 included the on-going roll-out of the new management information system and the launch of the new Source-to-Pay suite, now integrated with the BravoAdvantage software platform. The new suite is an evolution of the procurement management solution owned by the US company Puridiom acquired in August 2016. The aim is to support the growth of BravoSolution in a business segment not previously covered, and to expand its presence on the North American market, where demand for these solutions continues to grow and is often associated with BravoSolution's traditional eSourcing offer.

Equity was down 2.3 million euro from 30.7 million euro at December 31, 2016 to 28.4 million euro at March 31, 2017, essentially reflecting the impact of the loss for the quarter.