

BoD EXAMINES ADDITIONAL QUARTERLY FINANCIAL DISCLOSURE AT MARCH 31, 2019

• **ITALMOBILIARE**

- > *Net Asset Value per share, excluding treasury shares held in portfolio, rises to 35.5 euro as of March 31, 2019 (33.9 euro at the end of 2018).*
- > *Overall NAV of 1,487.1 million euro (1,421.4 million euro at the end of 2018), with a gain of 65.7 million euro largely due to the increase in the market value of HeidelbergCement and Mediobanca equity investments.*
- > *During the first quarter acquisition of 26.9% of Autogas Nord led to an increase in the contribution of the portfolio companies and a reduction in cash and cash equivalents, with a neutral effect in terms of NAV.*
- > *Among the portfolio companies, continuous strong first-quarter performance in particular for Caffè Borbone and Tecnica Group*

The Board of Directors of Italmobiliare S.p.A. today approved the additional quarterly financial disclosure as at and for the three months to March 31, 2019.

At the end of 2019 first quarter, overall Net Asset Value, excluding treasury shares held in portfolio, was 1,487.1 million euro. The rise of 65.7 million euro from the end of 2018 (1,421.4 million euro) was mainly due to the increase in the market value of the listed equity investments HeidelbergCement (+43,2 million euro) and Mediobanca (+17,6 million euro, including the change in value of shares sold in the first quarter). During the first quarter, Italmobiliare sold Mediobanca shares for a total amount of 24.3 million euro.

Moreover, in January Italmobiliare finalized the acquisition of 26.9% of Autogas Nord share capital for 60 million euro. –Autogas Nord is one of the leading in the Italian LPG market. This transaction led to an increase in the value of the portfolio companies and a reduction in cash and cash equivalents, with a neutral effect in terms of NAV.

Italmobiliare S.p.A. had a positive net financial position of 310.5 million euro as of March 31, 2019 (344.9 million euro at the end of 2018).

During the first quarter, Group consolidated revenue (130.8 million euro) rose by approximately 44% yoy, mainly thanks to the contribution of Caffè Borbone. In the first quarter of the current year, Caffè Borbone and Tecnica Group confirmed their strong performance both in terms of sales and operating profit, as already reported at the end of 2018.

The manager in charge of preparing the financial reports of Italmobiliare S.p.A., Mauro Torri, declares, pursuant to art. 154-bis, paragraph 2 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.

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Additional quarterly financial disclosure

As of March 31, 2019

Significant events in the quarter

In January, Italmobiliare S.p.A. finalized the agreement announced on November 15, 2018, for the purchase of a stake of approximately 27%, subject to post closing adjustment, of Autogas Nord S.p.A. share capital, one of the leading LPG players in Italy. Italmobiliare invested 60 million euro, becoming a minority shareholder of a group with a turnover of approximately 500 million euro.

As proposed by the Board of Directors on March 6, 2019, Italmobiliare S.p.A. shareholders' meeting held on April 17, 2019 approved the cancellation, without reduction of the share capital, of 5,133,800 treasury shares, out of a total of 5,685,870 shares currently held by the company, representing 11.9% of the share capital. After the cancellation, the number of issued shares will be reduced from 47,633,800 to 42,500,000 and Italmobiliare will hold 552,070 treasury shares, representing approximately 1.3% of its share capital.

The shareholders also renewed the authorization for the purchase and disposal of treasury shares for the next 18 months. The authorization proposal refers to a maximum of 2,200,000 shares (equivalent to 4.619% of the shares currently representing the share capital, i.e., before the share cancellation illustrated above) for a maximum amount of 60 million euro.

Net Asset Value

Italmobiliare **Net Asset Value** as of March 31, 2019 was 1,487.1 million euro (excluding treasury shares) with an increase of 65.7 million euro from December 31, 2018 (1,421.4 million euro).

The main changes in NAV resulted from an increase in the market value of the listed equity investments HeidelbergCement (+43.2 million euro) and Mediobanca (+17.6 million euro, including the change in value of the shares sold in the first quarter).

During the first three months, Italmobiliare sold Mediobanca shares totaling 24.3 million euro.

Furthermore, the abovementioned acquisition of 26.9% of Autogas Nord share capital led to an increase in the value of the portfolio companies and a reduction in cash and cash equivalents, with a neutral effect in terms of NAV.

NAV as of March 31, 2019 was calculated by applying the specific procedure and, where necessary, on the basis of the valuations of independent experts, considering:

- the market price as of March 31, 2019 of the equity investments in listed companies;
- the value of non-listed companies, determined through commonly used valuation methods (DCF and/or market multiples) or, when such information is not available, on the basis of their equity value as reflected in the most recent approved financial statements, prepared and presented in accordance with the IAS/IFRS standards or with local accounting principles;
- the reported NAV of the Private equity funds as per their most recent financial reports;
- the market value of real estate assets;
- any deferred tax effects.

Net financial position

	March 31 2019	December 31 2018
(in millions of euro)		
Net financial position	185.5	222.3

The positive consolidated net financial position of 185.5 million euro showed a decrease of 36.8 million euro from December 31, 2018, largely as a result of the acquisition of Autogas Nord S.p.A. (-60.1 million euro), counterbalanced in part by the sale of Mediobanca shares (+24.3 million euro) and the improvement of Caffè Borbone net debt (+11.4 million euro). The application of the new IFRS 16 reporting standard had a negative impact of 14.5 million euro on the Group net financial position.

Key consolidated figures as of March 31, 2019

First quarter

(in millions of euro)	Q1 2019	Q1 2018	% change
Revenue and income	130.8	91.0	43.8
Gross operating profit	18.2	2.4	n.s.
<i>% of revenue</i>	13.9	2.6	
Operating profit	11.4	4.0	n.s.
<i>% of revenue</i>	8.7	4.4	

n.s. not significant

(in millions of euro)	March 31 2019	December 31 2018
Total equity	1,378.2	1,302.3
Equity attributable to owners of the parent	1,275.6	1,202.5

The slowdown in the world economic cycle continues: the significant deceleration in the manufacturing sector is mitigated in part by the stability of the services sector. While developed countries present a general weakness (notably the Eurozone manufacturing sector), the emerging economies are showing signs of stabilization (China) similarly to the trend in the international trade. The more visible risk for the economic cycle is still the global political uncertainty: mainly tensions over US-China and US-Europe trade tariffs, Brexit and elections for the European Parliament. In Italy, uncertainty over fiscal policy coupled with a situation of economic stagnation reflect on the sustainability of the evolution of the public debt.

Italmobiliare Group consolidated revenue and other income in the first quarter of 2019 increased by 39.8 million euro (+43.8%) compared to the same period in 2018. The consolidation of Caffè Borbone was the main driver in the revenue increase. The improvement in both gross operating profit (+15.8 million euro) and operating profit (+7.4 million euro) was also mainly a result of the consolidation of Caffè Borbone. The application of the new IFRS 16 reporting standard had a positive impact of 1.1 million euro on gross operating profit.

Consolidated equity as of March 31, 2019, was 1,378.2 million euro, up by 75.9 million euro from December 31, 2018 (1,302.3 million euro).

The overall change arose largely from:

- the change in the fair value reserve on assets classified at fair value through other comprehensive income (FVOCI) (+65.6 million euro), mainly coming from the increase in HeidelbergCement and Mediobanca share prices;
- the profit for the period (+6.3 million euro);
- the exchange-rate effect (+1.0 million euro).

Italmobiliare S.p.A.

	March 31 2019	March 31 2018	% change
<i>(in millions of euro)</i>			
Revenue and income	11.8	14.2	(16.4)
Gross operating profit	(2.5)	(1.8)	(33.6)
<i>% of revenue</i>	<i>n.s.</i>	<i>n.s.</i>	
Operating profit (loss)	(2.7)	(2.0)	(32.9)
<i>% of revenue</i>	<i>n.s.</i>	<i>n.s.</i>	

	March 31 2019	December 31 2018
<i>(in millions of euro)</i>		
Net financial position	310.5	344.9

Italmobiliare S.p.A. revenue and other income in the first quarter 2019 was affected, as in previous years, by the cash in of dividends, which are typically executed by most of the portfolio companies in the second quarter of the year.

First quarter revenue amounted to 11.8 million euro, with a reduction of 2.4 million euro from the first quarter of 2018, coming mainly from:

- interest and financial income of 4.1 million euro (9.4 million euro in the first quarter 2018), essentially as a result of the 8.7 million euro increase in the fair value of options on equities;
- no dividend distributed by subsidiaries (1.0 million euro in the year-earlier period);
- capital gains on trading securities totaling 7.7 million euro, a significant increase from the first quarter of 2018 (+3.6 million euro), largely arising from capital gains on mutual funds.

With regard to negative income components, amounting to 14.4 million euro (16.0 million euro in the year-earlier period), the improvement is attributable to financial costs, which decreased by 1.8 million euro mainly due to lower impairment losses on trading securities (2.3 million euro), partially offset by higher costs on derivatives (-1.1 million euro). The holding's operating expenses amounted to 6.1 million euro, in line with the previous year.

Equity as of March 31, 2019 was 1,297.8 million euro, an increase of 67.7 million euro from December 31, 2018. The overall change arose from an increase in the OCI reserve (+65.9 million euro) and from the gains realized on the sale of FVTOCI equity investments (+3.8 million euro), counterbalanced in part by the loss for the first quarter.

As of March 31, 2019, Italmobiliare S.p.A. held 5,685,870 treasury shares representing 11.94% of the share capital.

The net financial position of Italmobiliare S.p.A. showed a decrease of 34.4 million euro, from 344.9 million euro as of December 31, 2018 to 310.5 million euro at the end of March 2019. The main cash flows referred to the acquisition of Autogas Nord S.p.A. (-60.1 million euro), counterbalanced in part by the sale of Mediobanca shares (+24.3 million euro).

Main financial assets of Italmobiliare S.p.A.

HeidelbergCement

During the first quarter of 2019, the share price rose by 20.2%, above the benchmark global sector index related to construction materials sector (+14.7%) and the German stocks exchange index (+8.9%). This increase was sustained by discounted valuation multiples and macro factors: low energy prices, stabilization in the emerging markets and the steady trend in the leading indicators for the global construction sector.

Mediobanca

In the first quarter of 2019, the share price rose by 26.8%, outperforming the Eurozone banking sector index (+7.1%) and the benchmark Ftse Mib index (+16.1%). The increase was supported by the general rise in share prices on the Italian stock exchange and by the stability of Mediobanca profitability compared to the sector average. The opportunity provided by the rise in the share price was seized to reduce exposure on the stock, with the sale of approximately 2.9 million shares.

Jaggaer

During 2018 (the most recent figures available for this portfolio company), Jaggaer reported revenue totaling 235.9 million dollars, up by 3.8% from 2017. Adjusted gross operating profit was 89.7 million euro (adjusted non-audited management figure provided by the company) and operating profit was 21.3 million dollars. The company's net financial debt stood at 340.0 million dollars.

Private equity funds

In the first quarter of 2019, the overall value of the private equity funds rose by 6.1 million euro, largely as a result of capital calls (7.5 million euro), partially offset by a reduction in fair value (1.5 million euro).

Sirap

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

(in millions of euro)	March 31 2019	March 31 2018	% change
Revenue and income	66.0	66.4	(0.6)
Gross operating profit	4.0	3.5	13.4
<i>% of revenue</i>	<i>6.0</i>	<i>5.3</i>	
Operating profit	0.5	6.2	(91.3)
<i>% of revenue</i>	<i>0.8</i>	<i>9.3</i>	

(in millions of euro)	March 31 2019	December 31 2018
Net financial position	(93.7)	(82.3)

Group revenue and income for the first three months to March 31, 2019 amounted to 66.0 million euro, in line with 66.4 million euro in the first three months of 2018.

Compared with the trends on the core markets in the fourth quarter of 2018, there was an upturn in revenue and profitability in the foamed-container segment in Italy and France; volumes and profitability were steady in the rigid-container segment, especially on the Polish market, where the Group made significant investments over 2016 and 2017 to take advantage of the opportunities of a growing demand.

In the first quarter of 2019, the Group gross operating profit amounted to 4.0 million euro, up 0.5 million euro from the 3.5 million euro reported in the year-earlier period: the two results are not like-for-like, since application of the new IFRS 16 reporting standard meant that operating lease expense was reclassified under amortization, and no longer included in gross operating profit. This effect amounted to 0.8 million euro in the first quarter of 2019. The first quarter of 2019 was also adversely affected by a fire in the plant in the United Kingdom, which had an impact of 0.6 million euro on the subsidiary's earnings. The amount of insurance compensation due is currently being assessed.

Operating profit totaled 0.5 million euro, without any contribution from "Impairment losses/reversals on non-current assets"; as of March 31, 2018, the balance on this caption reflected gains of 5.7 million euro (the difference between the overall value of the assets of the companies acquired at fair value with respect to the carrying amount) and was a contributing factor in the operating profit of 6.2 million euro.

In the first quarter, the consolidated net financial position increased by 11.4 million euro, from -82.3 million euro as of December 31, 2018 to -93.7 million euro as of March 31, 2019. The increase was largely due (for about 8.9 million euro) to the first time adoption of the new IFRS 16 reporting standard on January 1, 2019.

Italgen

	March 31 2019	March 31 2018	% change
<i>(in millions of euro)</i>			
Revenue and income	7.2	7.3	(1.4)
Gross operating profit	0,9	0,2	n.s.
<i>% of revenue</i>	<i>12.2</i>	<i>2.4</i>	
Operating profit (loss)	(0.1)	(0.7)	92.4
<i>% of revenue</i>	<i>n.s</i>	<i>n.s</i>	

	March 31 2019	December 31 2018
<i>(in millions of euro)</i>		
Net financial position	(20.1)	(21,0)

Hydroelectric production in the first quarter was 39.4 GWh, down 17.4% from the first quarter of 2018 (47.7 GWh) due to low rainfall in the period.

Revenue and income in the first three months of 2019 amounted to 7.2 million euro, substantially in line with the first quarter of 2018 (7.3 million euro). The reduction in vectoring services to end customers (-1.3 million euro in the quarter) was counterbalanced by increased electric energy sales to wholesalers (+0.5 million euro) and through Interconnector operations (+0.8 million euro). There was a positive price effect of 0.3 million euro as a result of an increase in revenue per unit, while the volume effect on production shrank by 0.5 million euro due to the decrease in hydroelectric production.

Gross operating profit was 0.9 million euro, up by 0.7 million euro from the first quarter of 2018 (0.2 million euro).

There was an operating loss of 0.1 million euro, a significant improvement from the first quarter of 2018 (a loss of 0.7 million euro).

The Group had net financial debt of 20.1 million euro (debt of 21.0 million euro as of December 31, 2018), which included the negative effect arising from application of the new IFRS 16 reporting standard (-0.3 million euro) and consequent recognition of the present value of contractual rents and car rental fees.

Caffè Borbone

	March 31
(in millions of euro)	2019
Revenue and income	42.4
Gross operating profit	12.3
<i>% of revenue</i>	<i>29.1</i>
Operating profit	10.2
<i>% of revenue</i>	<i>24.0</i>

	March 31	December 31
(in millions of euro)	2019	2018
Net financial position	(39.8)	(51.2)

Caffè Borbone closed the first quarter 2019 with revenue and other income of 42.4 million euro, an increase of 28.6% from the previous year (management figure). Gross operating profit was 12.3 million euro, margin on revenue over 29%, and operating profit was 10.2 million euro.

The strong growth trend reported in 2018 continued in the first quarter across all the main sales channels (specialist retailers, mass merchandising, web) and the entire product range (pods and capsules compatible with the main single-serve coffee machines), and was boosted by the launch of the line of capsules compatible with the “Dolce Gusto” system.

The continued development of the mass merchandising channel, which began in 2018, and expansion in the northern regions of Italy, where distribution has historically been less widespread, were particularly successful.

Growth was also supported by an effective marketing strategy, headed by the launch of a new advertising campaign with a celebrity support by Gerry Scotti.

The consolidated net financial position as of March 31, 2019 reflected debt of 39.8 million euro, an improvement of 11.4 million euro from the position as of December 31, 2018 (-51.2 million euro) mainly due to the sound generation of operating cash flows.

Tecnica Group

	March 31 2019	March 31 2018	% change
<i>(in millions of euro)</i>			
Revenue and income	91.9	81.1	13.3
Industrial gross margin	31.7	27.0	17.4
<i>% of revenue</i>	<i>34.5</i>	<i>33.3</i>	
Gross operating profit	2.2	<i>n.a.</i>	
<i>% of revenue</i>	<i>2.4</i>	<i>n.a.</i>	
Operating profit (loss)	(0.3)	(2.2)	86.4
<i>% of revenue</i>	<i>n.s.</i>	<i>n.s.</i>	

	March 31 2019	December 31 2018
<i>(in millions of euro)</i>		
Net financial position	(101.9)	(113.4)

Tecnica Group closed the first quarter of 2019 with revenue and income of 91.9 million euro, an important increase from the first quarter of 2018 (+13.3%). The industrial gross margin, at 31.7 million euro, also made significant progress from the previous year (+17.4%).

Growth was reported for both the “winter” lines of the product portfolio, with Nordica, Tecnica-Blizzard, and Moon Boots brands consolidating the strong performance of 2018, and the “outdoor/four seasons” product range, notably the Lowa brand, which confirmed its continuous strong performance.

The Group posted an operating loss of 0.3 million euro, a strong improvement from the figure in the year-earlier period (operating loss of 2.2 million euro).

The net financial position, which does not take account of the effect of application of IFRS 16 since the amount in question is not yet available, reflected debt of 101.9 million euro, an improvement from the position as of December 31, 2018 (-113.4 million euro). The above net financial position includes 9.0 million euro related to a convertible loan underwritten by Italmobiliare.

Iseo

	Q4
(in millions of euro)	2018
Revenue and income	36.7
Gross operating profit	4.6
<i>% of revenue</i>	12.6
Operating profit	2.8
<i>% of revenue</i>	7.7

	December 31
(in millions of euro)	2018
Net financial position	(30.4)

In October 2018, Italmobiliare Group completed the acquisition of a 40% stake in Iseo share capital, which has therefore been included in the Italmobiliare perimeter since the fourth quarter of 2018. The figures set out in the table refer to the last three months of 2018, since 2019 first quarter figures are not yet available.

Iseo closed 2018 with revenue of 137.7 million euro, down 4% compared with financial year 2017 (143.5 million euro). The reduction was mainly due to a significant contraction in revenue in the Middle East and North Africa, while there was a small increase in revenue in the EU and on the domestic market. Gross operating profit of 14.3 million euro was down 20% from 2017 (17.9 million euro), while operating profit was 5.3 million euro, a reduction of approximately 42% compared with 2017 (9.1 million euro).

In the fourth quarter of 2018, revenue and income amounted to 36.7 million euro and gross operating profit was 4.6 million euro. Operating profit was 2.8 million euro.

The net financial position as of December 31, 2018 reflected debt of 30.4 million euro.

Autogas Nord

Autogas Nord 2018 pro forma consolidated financial statements (the most recent figures available), including Lampogas, reflect revenue of 526.2 million euro and gross operating profit of 35.7 million euro. Operating profit was 13.1 million euro, including non-recurring items relating to the re-organization and the Lampogas acquisition.

The net financial position reported a debt of 137.2 million euro.

Other companies

The Italmobiliare Group's "Other Companies" are Clessidra SGR S.p.A. (an asset management company authorized and regulated by the Bank of Italy, and the main private equity fund manager dedicated exclusively to the Italian market), a number of real estate companies, some service companies that operate essentially within the Group, and a bank in the Principality of Monaco.

Clessidra SGR S.p.A.

In the first quarter of 2019, income, consisting essentially of management commissions on the Clessidra funds, amounting to 3.0 million euro (3.1 million euro as of March 31, 2018). Administrative expenses for the period was 3.2 million euro (3.1 million euro in the year-earlier period) and consisted largely of personnel expense, consultancy and management expense.

After net other operating income of 0.4 million euro (0.8 million euro as of March 31, 2018), operating profit was 0.2 million euro (0.8 million euro in the first quarter of 2018).