

BOARD EXAMINES ADDITIONAL QUARTERLY FINANCIAL DISCLOSURE AT MARCH 31, 2018

● **ITALMOBILIARE**

- > *Net Asset Value per share, excluding treasury shares in portfolio, 35.4 euro at March 31, 2018 (36.8 euro at end 2017).*
- > *Overall NAV 1,486.0 million euro (1,545.2 million euro at end 2017) reflecting the first-quarter downturn of the HeidelbergCement share price (-12%) and the stock exchange (FTSE Mid Cap index -1.6%).*
- > *Positive Group net financial position of 468.9 million euro (494.8 million euro at end 2017)*

● **AFTER CLOSING OF THE CAFFÈ' BORBONE TRANSACTION, INVESTMENTS STAND AT MORE THAN ONE BILLION EURO**

- > *Entry into Caffè Borbone with a shareholding of 60% completed in May. After this transaction, Italmobiliare has investments totaling more than 1 billion euro in portfolio companies, listed companies and private equity funds, which together account for approximately 70% of NAV.*

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, 2018.

At the end of the first quarter of 2018, Net Asset Value, net of treasury shares in portfolio, totaled 1,486.0 million euro. The difference with respect to the end of 2017 (1,545.2 million euro) was largely due to the downturn in the HeidelbergCement share price and to trends on the Italian stock market (FTSE Mid Cap index -1.6%). NAV per share, at 35.4 euro, reflected a NAV discount of 35.2% at the end of March. The Group net financial position was positive at 468.9 million euro (494.8 million euro at the end of 2017).

The Group continued to examine investment opportunities during the first quarter, and on May 3, it closed an agreement to acquire a 60% shareholding in Caffè Borbone. Including this acquisition, Italmobiliare currently holds investments in portfolio companies (Tecnica, Sirap, Italgem and Clessidra sgr in addition to Caffè Borbone), in listed companies

(chiefly HeidelbergCement and Mediobanca) and in private equity funds, for an overall total of more than one billion euro. These investments account for around 70% of NAV.

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 at March 31, 2018

Significant events in the quarter

In January 2018, continuing its strategic development project, the Sirap Group completed the closings for the acquisition of four new companies, of which three in the “Rigid” packaging segment. On January 8, 2018, the Vitembal Tarascon S.a.s. and Vitembal G.m.b.H. companies were purchased. The former is a rigid-container producer based in France, where the Group already operates; the latter is a marketing company based in Germany, where the Group had no permanent organization.

On January 15, 2018, Kama Europe Ltd., a company with a production facility in the United Kingdom, and Reynolds Food Packaging Spain S.L.U., which has a production unit in Spain, were acquired. Integration processes will be implemented over 2018 to achieve the fullest possible synergies.

On February 26, 2018, the deed for the upstream merger of Franco Tosi S.r.l. into and with the controlling company Italmobiliare S.p.A. was signed; the merger became effective on February 27, 2018, when the final registration of the merger deed in the Milan Companies Register was completed. For accounting and tax purposes, the merger is effective retroactively as from January 1, 2018.

The purpose of the merger is to simplify the organizational structure of the Italmobiliare S.p.A. group in order to improve administrative and management efficiency.

In March, continuing its strategy to diversify and broaden its equity investment portfolio, Italmobiliare S.p.A. signed a preliminary contract to become the main shareholder of L’Aromatika S.r.l., the company that owns Caffè Borbone, a rapidly growing brand on the Italian market.

The transaction was completed on May 3, 2018.

L’Aromatika S.r.l. is currently controlled by a NewCo (Caffè Borbone S.p.A.) in which, for an investment of approximately 140 million euro, Italmobiliare S.p.A. holds 60%; the remaining 40% is held by the founder of the Neapolitan company, the leading Italian player in compatible capsules and pods.

Net Asset Value

Excluding treasury shares, Italmobiliare S.p.A. **Net Asset Value** at March 31, 2018 was 1,486.0 million euro, a reduction of 59.2 million euro from December 31, 2017 (1,545.2 million euro), on capitalization of 1,093.8 million euro (963.1 million euro net of treasury shares). The change in NAV from December 31, 2017 was largely due to the reduction in the fair value of HeidelbergCement AG shares (-50.6 million euro).

NAV was computed considering:

- the market price at March 31, 2018 of investments in listed companies;
- the value of non-listed companies, where determinable, based on market multiples or specific valuations or, when such information is not available, on equity as reflected in the most recent approved financial statements drawn up in accordance with the IFRS financial reporting standards, if available, otherwise with local accounting principles;
- the market value of real estate assets;
- the deferred tax effect.

Net financial position

	March 31, 2018	December 31, 2017
(in millions of euro)		
Net financial position	468.9	494.8

The positive net financial position of 468.9 million euro showed a decrease of 25.9 million euro from December 31, 2017, largely as a result of the downturn in the net financial positions of Italmobiliare S.p.A. (-15.2 million euro net of the Franco Tosi S.r.l. merger) and the Sirap Group (-14.8 million euro). Details are provided later in this report.

Key consolidated figures for the quarter to March 31, 2018

Q1

(in millions of euro)	Q1 2018	Q1 2017	% change
Revenue	91.0	92.4	(1.6)
Gross operating profit (loss)	2.4	(0.1)	n.s.
<i>% of revenue</i>	2.6	(0.1)	
Operating profit (loss)	4.0	(5.1)	n.s.
<i>% of revenue</i>	4.4	(5.6)	

n.s. not significant

(in millions of euro)	March 31, 2018	December 31, 2017
Total equity	1,326.9	1,373.7
Equity attributable to owners of the parent	1,326.7	1,373.3

There was a general downturn in current and forward-looking economic indicators in the first quarter of 2018 after the record high at the end of 2017, even if levels continued to reflect growth. The increased volatility and the correction on the financial markets in the early months of the year were triggered by apprehension over the reduced graduality in the normalization of central banks' monetary policies, especially at the Federal Reserve, and over the threat of a "protectionist war" between the USA and China. The fundamentals for 2018 still remain positive, despite conditions of high volatility. The macro scenario of a moderate rise in inflation and growth, which historically has favored the stock markets and risky assets, is further assisted by the effects of the significant reduction in taxation on corporate earnings introduced by the US Administration. Nevertheless, the situation is not free from risk. In addition to geopolitical tensions and the fluid political and regulatory picture in the Eurozone, which includes uncertainty over Italy's future government, protectionist pressures must be taken into account: these factors could be reflected in trends on the financial markets and in the real economy. Other risk factors include an unforeseen acceleration in inflation as a result of high use of production capacity by some of the world's leading economies, and the difficulties that could arise in connection with the large debt stock of the main developed nations and China, in the event of a rise in interest rates and a simultaneous weakening in the economic cycle.

Italmobiliare Group consolidated revenue in the first quarter of 2018 was down 1.4 million euro (-1.6%) from the year-earlier period. A key factor in the revenue downturn was the absence of the BravoSolution Group (-19.4 million euro), which was sold at the end of 2017, counterbalanced in part by higher revenue at the Sirap Group (+17.6 million euro). There was an improvement in both gross operating profit (+2.5 million euro), largely thanks to the stronger performance of Italmobiliare S.p.A., and operating profit (+9.1 million euro), chiefly due to the measurement gains on non-current assets posted by the Sirap Group on the acquisition of the new companies (+5.7 million euro).

Consolidated equity at March 31, 2018, was 1,326.9 million euro, down by 46.8 million euro from December 31, 2017 (1,373.7 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) (-51.4 million euro);
- the profit for the period (+2.8 million euro);
- exchange-rate differences (+1.8 million euro).

Operating performance of the main Group companies
Italmobiliare S.p.A.

(in millions of euro)	March 31, 2018	March 31, 2017	% change
Revenue	14.2	8.7	63.5
Gross operating loss	(1.8)	(1.5)	(25.8)
<i>% of revenue</i>	(13.1)	(17.0)	
Operating loss	(2.0)	(1.6)	(24.2)
<i>% of revenue</i>	(14.1)	(18.6)	

(in millions of euro)	March 31, 2018	December 31, 2017
Net financial position	534.1	307.9

Italmobiliare S.p.A. revenue in the first quarter of 2018 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 14.2 million euro, an increase of 5.5 million euro from the first quarter of 2017, and arose mainly from:

- interest income and finance income of 9.4 million euro (6.4 million euro in the first quarter of 2017), essentially as a result of the increase of 8.7 million euro in the fair value of options on equities;
- dividends declared by subsidiaries for 1.0 million euro (2.0 million euro in the year-earlier period);
- gains and measurement gains of 3.6 million euro on trading securities, a significant increase from the gains of 0.1 million euro reported in the first quarter of 2017, relating largely to measurement gains on investment funds.

Expense items amounted to 16.0 million euro (10.1 million euro in the year-earlier period), specifically:

- personnel expense decreased by approximately 5.4 million euro, largely due to the absence of the variable component that affected the first quarter of 2017;
- finance costs rose by about 9.1 million euro, mainly owing to the negative performance of some options on equities (3.0 million euro compared to 0.7 million euro in the first quarter of 2017), some trading equity investments (2.3 million euro) and some investment funds (3.0 million euro).

Equity at March 31, 2018 was 1,356.9 million euro, an increase of 104.8 million euro from December 31, 2017. The overall increase arose chiefly from the Franco Tosi S.r.l. merger surplus (+154.2 million euro) offset in part by the decrease in the fair value reserve due to the negative performance of equity investments in the first quarter.

At March 31, 2018, 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. improved by 226.2 million euro in the first quarter of 2018, from 307.9 million euro at December 31, 2017 to 534.1 million euro at March 31, 2018. Key cash flows included the upstream merger of Franco Tosi S.r.l. (+241.3 million euro) and the share capital increase at Sirap Gema S.p.A. (-10.0 million euro).

Main equity investments in listed companies

HeidelbergCement

During the first quarter of 2018, which saw a downturn in share prices in general and in the global construction stocks segment in particular, the HeidelbergCement share price fell significantly (down 11.6% since the beginning of the year), although it remained above the levels reported during the summer of 2017 as volatility heightened.

The growth in turnover and earnings (EBITDA +6% in 2017) was supported specifically by the rise in cement prices and volumes in the developed regions (North America and Europe) and by the impact of the synergies created from the integration of the acquisitions of the last few years. Conversely, the rise in energy costs and uncertainty in some emerging areas were the negative factors with the greatest effect on results. The downward trend in financial debt was confirmed.

The price multiples reflected a discount with respect to key competitors, in line nonetheless with the stock's relative historic valuations.

Mediobanca

At the end of the first quarter of 2018, the share price was up by around 1% despite the general downturn in Eurozone bank equities (-3.7%), after the strong absolute and relative performance of 2017.

The Mediobanca share price was supported by the quality of assets, with cost of risk at a record low and financial solidity, and by the growth in profitability compared with competitors. Strong emphasis was given to the wealth management sector, whose contribution to revenue increased significantly.

In this scenario, the share price reflected a premium with respect to its national peers, on a par with the mean valuation in the relevant Eurozone sector.

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)	March 31, 2018	March 31, 2017	% change
Revenue	66.4	48.8	36.2
Gross operating profit	3.5	3.3	7.4
<i>% of revenue</i>	5.3	6.7	
Operating profit	6.2	1.0	n.s.
<i>% of revenue</i>	9.3	2.1	

(in millions of euro)	March 31, 2018	December 31, 2017
Net financial position (debt)	(82.0)	(67.2)

The income statement for the first quarter of 2018 is not comparable to that of the year-earlier period due to the change in the scope of consolidation since January 2018 as a result of the acquisition of the following companies: Kama Europe Ltd. (now Sirap UK Ltd.),

Reynolds Food Packaging Spain S.L.U. (now Sirap Packaging Iberica S.L.U.), Vitembal Tarascon S.a.s. and Vitembal G.m.b.H. (now Sirap G.m.b.H.).

Sirap Group revenue for the three months to March 31, 2018 increased by 36.2% to 66.4 million euro, from 48.8 million euro in the year-earlier period. Gross of intragroup eliminations, the four newly acquired companies contributed amounts totaling 17.8 million euro to the revenue increase.

During the period under review, trends varied on the Group's key markets: the rigid-container segment showed signs of growth, particularly on the Polish market where the Group has made significant investments over the last two years to take advantage of the opportunities offered by rising demand. In foamed trays, falling meat consumption, in France and Italy in particular, is continuing to drive a contraction in demand, accompanied by a decrease in sales prices.

Gross operating profit in the first quarter of 2018 was 3.5 million euro (3.3 million euro in the year-earlier period); the increase (+0.2 million euro) was lower than expected mainly due to a squeeze on margins as a result of high raw materials prices and pressures on sales prices.

Amortization and depreciation rose to 3.0 million euro (2.2 million euro in the first quarter of 2017), mainly as a result of the inclusion of the four newly acquired companies in the scope of consolidation.

Operating profit rose by 5.2 million euro to 6.2 million euro from 1.0 million euro in the first quarter of 2017, largely due to measurement gains of 5.7 million euro on non-current assets arising, in compliance with IFRS 3, from the difference in the fair value and the carrying amount of the assets of the newly acquired companies.

At March 31, 2018, consolidated net financial debt stood at 82.0 million euro, a downturn of 14.8 million euro from December 31, 2017 (67.2 million euro), mainly as a result of the outlays at Sirap-Gema S.p.A. and Sirap France S.a.s. for the four acquisitions (quantifiable at 15.9 million euro) and the inclusion in the scope of consolidation of the net financial positions of the four companies, totaling 6.9 million euro.

In the first quarter of 2018 the controlling company and sole shareholder Italmobiliare S.p.A. subscribed to a share capital increase of 10.0 million euro.

Italgen Group

(in millions of euro)	March 31, 2018	March 31, 2017	% change
Revenue	7.3	9.0	(19.3)
Gross operating profit	0.2	0.3	(40.3)
<i>% of revenue</i>	2.4	3.2	
Operating loss	(0.7)	(0.6)	(29.8)
<i>% of revenue</i>	(10.2)	(6.3)	

(in millions of euro)	March 31, 2018	December 31, 2017
Net financial position (debt)	(16.3)	(17.9)

First-quarter revenue at the Italgen Group was 7.3 million euro, a reduction of 19.3% from the year-earlier period (9.0 million euro), reflecting the impact of the decrease in vectoring expense for end customers (-0.6 million euro in the first quarter) and lower revenue from power transportation on the Group's own lines (-0.7 million euro). The reduction in incentives (Green Certificates and All-inclusive Rate) for -0.2 million euro and in sales volumes (-0.2 million euro) had a less significant impact.

Hydroelectric power production in the first quarter totaled 47.7 GWh, up 5.1% from the figure at the end of March 2017 (45.4 GWh).

Gross operating profit in the first quarter was 0.2 million euro, down 40.3% from the year-earlier period (0.3 million euro).

After amortization and depreciation of 0.9 million euro, the Group posted an operating loss of 0.7 million euro, a worsening of 29.8% from the operating loss of 0.6 million euro for the first quarter of 2017.

The net financial position at March 31, 2018 reflected debt of 16.3 million euro, an improvement of 1.6 million euro from debt of 17.9 million euro at December 31, 2017, thanks in particular to collection of prior-year Green Certificates.

Tecnica Group

The Tecnica Group closed its financial statements as at and for the year ended December 31, 2017 with revenue of 368.0 million euro, an improvement of 7.9% from 2016 (341.2 million euro). Gross operating profit was 31.5 million euro, up 12.5% compared with 2016 (28.0 million euro). The net financial position reflected debt of 125.6 million euro (170.6 million euro at December 31, 2016), a strong improvement driven largely by the refinancing operation implemented during the year.

These results are in line with the information provided in the Italmobiliare Group consolidated financial statements as at and for the year ended December 31, 2017.

The Tecnica Group's pre-closure figures for the first quarter of 2018 are being approved by the company Board of Directors and are therefore not included in the results of the Italmobiliare Group.

Turnover was in line with the year-earlier period, while the order book was up 14% on the figure at the end of March 2017. The industrial gross margin was in line with the previous year, with the Nordica and Tecnica brands reporting positive performance. The net financial position showed an improvement from the position at December 31, 2017, thanks to improved management of working capital.

Clessidra SGR S.p.A.

During the first quarter of 2018, Clessidra SGR S.p.A. continued management of the equity investments in the managed funds portfolio. Specifically with regard to the CCPII Fund, management activities are flanked by the search for and finalization of divestment opportunities for the last company left in the portfolio. Meanwhile, investment activity continued for the CCP3 Fund, leading to the recent acquisition of 100% of the Scrigno Group, which produces sliding doors.

Revenue, consisting essentially of management commissions on the Clessidra Funds, amounted to 3.1 million euro (5.0 million euro in the first quarter of 2017).

Administrative expense in the first quarter was 3.1 million euro (5.3 million euro in the year-earlier period), and referred mainly to personnel expense, consultancy and management costs.

After other net operating income of 0.8 million euro (1.2 million euro in the first quarter of 2017), operating profit was 0.8 million euro (0.9 million euro a year earlier).