

**BOARD EXAMINES 2018 HALF-YEAR RESULTS**

• **ITALMOBILIARE S.p.A.:**

- > *Over the last 12 months, Italmobiliare has made investments totaling approximately 250 million euro for shareholdings in the Tecnica Group and in Caffè Borbone and for the recent agreement with the ISEO Group.*
- > *The current value of 'Portfolio companies' (including ISEO, whose acquisition will be completed in the fall) rose to approximately 430 million euro (280 million euro at June 30, 2017 including BravoSolution, which was sold at the end of 2017).*
- > *NAV (Net Asset Value), excluding treasury shares in portfolio, was 1,429.3 million euro at June 30, 2018 (1,485.4 million euro at June 30, 2017 and 1,486 million euro at March 31, 2018). NAV per share 34.1 euro, NAV discount 38.3%.*
- > *Profit for the period rose to 25.1 million euro (15.5 million euro) assisted by a positive tax effect.*
- > *Positive net financial position of 388.6 million euro in the Financial and Private equity segment (572.1 million euro at the end of 2017) after capital expenditure for the period.*

• **APPOINTMENT OF NEW DIRECTOR:**

- > *The Board of Directors coopts Paolo Sfameni to replace Massimo Tononi, who was recently appointed chairman of Cassa Depositi e Prestiti and resigned from the Italmobiliare board on July 25.*

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*The Italmobiliare Board of Directors examined and approved the 2018 half-year report, which reflects an increased profit for the parent to 25.1 million euro (15.5 million euro in the first half of 2017).*

*At the end of the first half, Italmobiliare NAV, net of treasury shares in portfolio representing approximately 12% of company capital, amounted to 1,429.3 million euro (1,485.4 million euro at June 30, 2017 and 1,486 million euro at March 31, 2018), reflecting the movement in the prices of the listed stocks in portfolio. NAV per share was 34.1 euro (35.4 euro at March 31, 2018), with a NAV discount of 38.3% (35.2%).*

*“Over the last 12 months, Italmobiliare has made investments of more than 250 million euro, which, in addition to the operation with the Iseo group announced a few days ago, have led*

*to the acquisition of shareholdings in the Tecnica group and in Caffè Borbone,” said Italmobiliare Chief Executive Officer Carlo Pesenti. “These operations mean we now have a group of ‘Portfolio Companies’ representing more than 30% of NAV and with overall turnover of around 870 million euro. Since 2016 and the sale of our equity investment in Italcementi, our portfolio has undergone a re-focusing and Italmobiliare NAV is now substantially subdivided into three shares representing about 30% each: the ‘Portfolio companies’, our portfolio of listed companies, and cash, with the residual 10% represented by holdings in private equity funds.”*

*At today’s meeting, the Board of Directors also coopted Paolo Sfameni as a new director to replace Massimo Tononi. Mr Tononi was recently appointed chairman of Cassa Depositi e Prestiti S.p.A., and resigned on July 25.*

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**Milan, July 31, 2018** – The Italmobiliare S.p.A. Board of Directors today examined and approved the half-year report as at and for the six months ended June 30, 2018.

#### *NET ASSET VALUE (NAV)*

Italmobiliare **Net Asset Value** (NAV), calculated without including treasury shares in portfolio accounting for approximately 12% of capital, was 1,429.3 million euro (1,486.0 million euro at March 31, 2018 and 1,545.2 million euro at December 31, 2017) on capitalization of 881.3 million euro, for a ‘NAV discount’ of 38.3%. The change in NAV was largely due to the reduction in the fair value of the equity investments in HeidelbergCement and Mediobanca.

#### *SUMMARY OF RESULTS*

Italmobiliare S.p.A. closed the first half of 2018 with **profit** of 25.1 million euro (15.5 million euro for the year-earlier period).

In the first half, gains and losses from equity investments reflected a net gain of 18.7 million euro, up from 17.7 million euro in the first half of 2017, net gains on investments of cash and cash equivalents amounted to 3.5 million euro (12.1 million euro), while the reduction in operating expense made it possible to contain other net expense at 11.5 million euro (14.7 million euro). The activation of deferred tax assets on prior-year tax losses and on deductible temporary differences generated a positive tax posting of 14.4 million euro (0.4 million euro in the first half of 2017).

Including the investment acquired in Caffè Borbone during the first half, the **net financial position of the Financial and Private equity segment** reflected cash of 388.6 million euro (572.1 million euro at the end of 2017).

At consolidated level, **profit** for the period was 23.9 million euro (2.5 million euro in the first half of 2017) and **profit attributable to owners of the parent** was 22.3 million euro (2.5 million euro). **Consolidated equity attributable to owners of the parent** at June 30, 2018 was 1,265.8 million euro (1,373.3 million euro at the end of 2017).

#### Breakdown of consolidated profit by segment

(in millions of euro)	June 2018	% of total	June 2017	% of total
Industrial and services for industry segment	6.3	26.4	(0.9)	(38.7)
Financial and Private equity segment	24.3	n.s.	11.0	n.s.
Other activities	0.5	2.1	(0.3)	(11.3)
Inter-segment eliminations	(7.2)	(30.1)	(7.3)	n.s.
<b>Profit for the period</b>	<b>23.9</b>	<b>100.0</b>	<b>2.5</b>	<b>100.0</b>

The other key results of Italmobiliare Group operations were as follows:

Revenue: 216.7 million euro from 201.8 million euro in the first half of 2017;

Gross operating profit: 19.0 million euro (18.7 million euro);

Operating profit: 14.0 million euro (8.8 million euro).

### *PERFORMANCE OF THE PORTFOLIO COMPANIES*

#### SIRAP GEMA (100%)

The Sirap Gema group – active in food packaging – reported a 34.2% increase in first-half revenue to 136.1 million euro, in part reflecting the expansion of its operations as a result of the four acquisitions completed in January. This strategic repositioning will enable the company to achieve a greater proportion of sales from ‘rigid’ products with respect to ‘foamed’ products.

Margins again reflected the effects of the continuing strong pressure on sales prices and constantly high raw material prices. The operating profit was 7.3 million euro (2.5 million euro), including measurement gains of 6.2 million euro on the purchased assets. Profit for the period was 6.8 million euro, compared with 0.8 million euro in the first half of 2017.

#### ITALGEN (100%)

The Italgem group – production and distribution of electrical energy – reported an increase in production in the first half to 148.4 GWh (+13.1%) with revenue totaling 17.7 million euro (18.6 million euro in the year-earlier period). This reflected a decrease in charges for vectoring services to end users and a reduction in vectoring revenue offset in part by a positive volume/price effect. Gross operating profit in the first half was 3.1 million euro (3.9 million euro), including non-recurring expense of 1.5 million euro relating to the introduction of the extraordinary plan for the digitalization and re-organization of the group’s power plants.

The first half closed with a loss of 1.7 million euro (profit of 1.7 million euro in the year-earlier period) and included a write-down of 2.9 million euro on the discontinued operation of Italgen Maroc.

#### **CAFFE' BORBONE (60%)**

Italmobiliare acquired 60% of L'Aromatika/Caffè Borbone at the beginning of May 2018, and the consolidation therefore includes the investee's results for two months only.

In general, the first half saw strong growth in sales of coffee pods and capsules, and in this context the Caffè Borbone group reported revenue growth of approximately 48% in the first six months of 2018 compared with the first half of 2017, benefiting in particular from the significant increase in market shares in the mass merchandising channel, from the rise in online sales and from penetration in northern Italy. There was a sharp improvement in first-half operating results and profit. Profit for the period included in the consolidation was 4.1 million euro.

#### **TECNICA GROUP (40%)**

Early qualitative indications on first-half performance at the Tecnica group, which operates in outdoor footwear and ski equipment, confirm the full-year projections for a stronger year compared with 2017.

The latest available figures refer to the first quarter, showing 14% growth in the order book compared with the year-earlier period. The financial results for the first quarter tend not to be indicative of a full-year trend, due to the impact of seasonal factors; they reflected revenue of 81.1 million euro (-4.4%) and an industrial gross margin of 27.0 million euro.

#### **CLESSIDRA SGR (100%)**

Clessidra SGR – the main private equity fund manager operating exclusively on the Italian market – acquired the Scigno group in May through the CCP3 fund. Scigno is the world leader in counter frames for sliding doors and windows.

In the first half of 2018, Clessidra reported an operating profit of 0.2 million euro (2.1 million euro in the year-earlier period) and substantially broke even.

### **OUTLOOK**

Based on forward-looking economic indicators, the expansionary phase could extend beyond the first six months of 2019, accompanied by a gradual and contained rise in inflation. Consequently, the basic macro scenario continues potentially to support the stock markets. This context, and the expected normalization of monetary policies, also implies a gradual rise in bond yields, whose values are still significantly below equilibrium levels.

The macro situation is however subject to the specific risks inside the Eurozone, with the additional uncertainties of the Brexit transition, and to the more global risks of the possible repercussions of a trade war between the USA and its main trading partners, specifically China.

The continuing climate of uncertainty could therefore have direct repercussions on trends in the real economy, with a downturn in confidence among economic players, and indirectly through greater volatility on the financial markets.

In this context, Italmobiliare is working to further intensify strategic support for its equity investments in order to drive the operational and organizational growth of the more recent acquisitions, notably the Tecnica Group and Caffè Borbone, and improvements in the profitability and value of the equity investments already in portfolio.

At the same time, through “ownership deals”, Italmobiliare will continue to pursue investment opportunities in companies of excellence with strong brands or leadership positions, possibly of larger dimensions than those completed to date.

With regard to its portfolio of listed stocks, in a context of greater volatility on the stock markets, Italmobiliare will continue active management of its equity investments, especially with regard to HeidelbergCement, through yield enhancement opportunities and activation of appropriate market tools for risk mitigation.

### **APPOINTMENT OF DIRECTOR**

In compliance with the by-laws, the Italmobiliare Board of Directors decided to coopt Paolo Domenico Sfameni, the first and only unelected candidate at the annual general meeting of April 19, 2017, on the same list as Massimo Tononi, who resigned on July 25 last.

Paolo Domenico Sfameni complies with the independence requirements of the Consolidated Law on Finance and with the Code of Conduct for listed companies. In view of his experience in remuneration policies, the board designated Mr Sfameni as a member of the Remuneration & Appointments Committee.

The curriculum vitae of Paolo Domenico Sfameni is available on the company website, in the section Governance/Organization/Board of Directors.

The Board of Directors also designated Chiara Palmieri as a member of the Executive Committee.

### **BOND ISSUES AND MATURITIES**

No new bonds were issued during the period under review and no issues mature in the 18 months after June 30, 2018.

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*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.

**ITALMOBILIARE ON THE INTERNET: [www.italmobiliare.it](http://www.italmobiliare.it)**

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

<b>Italmobiliare Group</b>					
<b>Income statement</b> (in thousands of euro)	<b>H1 2018</b>	<b>%</b>	<b>H1 2017</b>	<b>%</b>	<b>% change</b> <b>%</b>
<b>Revenue</b>	<b>216,675</b>	<b>100.0</b>	<b>201,856</b>	<b>100.0</b>	<b>7.3</b>
Other revenue	4,985		4,878		
Change in inventories	7,620		547		
Internal work capitalized	65		3,051		
Raw materials and supplies	(103,957)		(65,363)		
Services	(33,988)		(35,587)		
Personnel expense	(48,398)		(80,018)		
Other operating income (expense)	(23,993)		(10,660)		
<b>Gross operating profit</b>	<b>19,009</b>	<b>8.8</b>	<b>18,704</b>	<b>9.3</b>	<b>1.6</b>
Amortization and depreciation	(8,263)		(9,857)		
Measurement gains on non-current assets	3,273		-		
<b>Operating profit</b>	<b>14,019</b>	<b>6.5</b>	<b>8,847</b>	<b>4.4</b>	<b>58.5</b>
Finance income	589		49		
Finance costs	(2,094)		(1,877)		
Exchange-rate differences and net gains (losses) on derivatives	675		(3,258)		
Impairment losses on financial assets			(19)		
Share of profit (loss) of equity-accounted investees	(3,008)		656		
<b>Profit before tax</b>	<b>10,181</b>	<b>4.7</b>	<b>4,398</b>	<b>2.2</b>	<b>n.s.</b>
Income tax (expense)	13,751		(1,908)		
<b>Profit relating to continuing operations</b>	<b>23,932</b>	<b>11.0</b>	<b>2,490</b>	<b>1.2</b>	<b>n.s.</b>
Profit relating to discontinued operations	-		-		
<b>Profit for the period</b>	<b>23,932</b>	<b>11.0</b>	<b>2,490</b>	<b>1.2</b>	<b>n.s.</b>
Attributable to:					
<b>Owners of the parent</b>	22,329	10.3	2,460	1.2	n.s.
<b>Non-controlling interests</b>	1,603	0.7	30		n.s.
Earnings (losses) per share					
- Basic ordinary shares	€0.532		€0.056		
- Diluted ordinary shares	€0.531		€0.056		

n.s.= not significant

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	H1 2018	%	H1 2017	%	% change %
<b>Profit for the period</b>	<b>23,932</b>	<b>11.0</b>	<b>2,490</b>	<b>1.2</b>	
<b>Items that will not be reclassified to profit or loss subsequently</b>					
Re-measurement of the net liability (asset) for employee benefits					
Income taxes					
<b>Total items that will not be reclassified to profit or loss subsequently</b>					
<b>Items that might be reclassified to profit or loss subsequently</b>					
Translation reserve on foreign operations	(527)		(181)		
Translation reserve on foreign operations - investments in equity-accounted investees					
Fair value gains (losses) on cash flow hedging	(410)				
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees	404		25		
Fair value gains (losses) on available-for-sale financial assets	(103,289)		2,287		
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees					
Income tax (expense)	1,254		23,319		
<b>Total items that might be reclassified to profit or loss subsequently</b>	<b>(102,568)</b>		<b>25,450</b>		
<b>Total other comprehensive income (expense) relating to continuing operations net of tax effect</b>	<b>(102,568)</b>		<b>25,450</b>		
Other comprehensive income relating to discontinued operations					
<b>Total other comprehensive income (expense)</b>	<b>(102,568)</b>		<b>25,450</b>		
<b>Total comprehensive income (expense)</b>	<b>(78,636)</b>		<b>27,940</b>	<b>n.s.</b>	<b>n.s.</b>
Attributable to:					
<b>Owners of the parent</b>	<b>(80,436)</b>		<b>28,233</b>		
<b>Non-controlling interests</b>	<b>1,800</b>		<b>(293)</b>		

<b>Italmobiliare Group</b>			
<b>Statement of Financial Position</b> (in thousands of euro)	<b>6/30/2018</b>	<b>12/31/2017</b>	<b>Change</b>
<b>Non-current assets</b>			
Property, plant and equipment	148,156	130,618	17,538
Investment property	9,054	9,240	(186)
Goodwill	295,014	13,302	281,712
Intangible assets	2,642	2,146	496
Equity-accounted investees	54,485	53,165	1,320
Other equity investments	500,374	610,429	(110,055)
Trade receivables and other non-current assets	173,595	160,096	13,499
Deferred tax assets	30,365	16,198	14,167
Non-current amounts due from employees			
<b>Total non-current assets</b>	<b>1,213,685</b>	<b>995,194</b>	<b>218,491</b>
<b>Current assets</b>			
Inventories	56,014	40,594	15,420
Trade receivables	93,113	61,911	31,202
Other current assets including derivatives	37,901	32,961	4,940
Tax assets	6,780	7,893	(1,113)
Equity investments, bonds and current loan assets	312,005	320,372	(8,367)
Cash and cash equivalents	87,475	217,870	(130,395)
<b>Total current assets</b>	<b>593,288</b>	<b>681,601</b>	<b>(88,313)</b>
<b>Assets held for sale</b>	<b>6,041</b>	<b>5,626</b>	<b>415</b>
<b>Total assets</b>	<b>1,813,014</b>	<b>1,682,421</b>	<b>130,593</b>
<b>Equity</b>			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	46,391	184,197	(137,806)
Treasury shares	(134,659)	(134,608)	(51)
Retained earnings	1,076,682	1,046,351	30,331
<b>Equity attributable to owners of the parent</b>	<b>1,265,772</b>	<b>1,373,298</b>	<b>(107,526)</b>
Non-controlling interests	94,981	359	94,622
<b>Total equity</b>	<b>1,360,753</b>	<b>1,373,657</b>	<b>(12,904)</b>
<b>Non-current liabilities</b>			
Financial liabilities	119,837	46,622	73,215
Employee benefits	11,613	9,908	1,705
Provisions	77,212	76,919	293
Other liabilities	3,817	2,669	1,148
Deferred tax liabilities	4,403	16,525	(12,122)
<b>Total non-current liabilities</b>	<b>216,882</b>	<b>152,643</b>	<b>64,239</b>
<b>Current liabilities</b>			
Bank loans and borrowings	31,215	14,640	16,575
Financial liabilities	73,399	39,759	33,640
Trade payables	77,802	63,143	14,659
Provisions	1,218	652	566
Tax liabilities	14,740	323	14,417
Other liabilities	36,737	37,604	(867)
<b>Total current liabilities</b>	<b>235,111</b>	<b>156,121</b>	<b>78,990</b>
<b>Total liabilities</b>	<b>451,993</b>	<b>308,764</b>	<b>143,229</b>
<b>Liabilities directly linked to assets held for sale</b>	<b>268</b>		<b>268</b>
<b>Total equity and liabilities</b>	<b>1,813,014</b>	<b>1,682,421</b>	<b>130,593</b>

<b>Italmobiliare Group</b>		
Statement of cash flows (in thousands of euro)	H1 2018	H1 2017
<b>Net financial position at beginning of the period</b>	<b>494,779</b>	<b>493,461</b>
Cash flow from operating activities	(12,416)	410
Capital expenditure:		
<i>PPE, investment property and intangible assets</i>	(5,281)	(11,758)
<i>Non-current financial assets</i>	(370,201)	(23,599)
Capital expenditure	<b>(375,482)</b>	<b>(35,357)</b>
Proceeds from sale of non-current assets	12,907	47,913
Dividends paid	(23,072)	(24,123)
Change in shareholdings in subsidiaries	94,615	
Purchase of treasury shares	(51)	(100,118)
Translation differences and other	41,383	(4,361)
<b>Change in net financial position</b>	<b>(262,116)</b>	<b>(115,636)</b>
Cash flow relating to assets held for sale		
<b>Net financial position at end of period</b>	<b>232,663</b>	<b>377,825</b>

<b>Italmobiliare Group</b>			
Net financial position (in thousands of euro)	June 30, 2018	December 31, 2017	Change
<b>Current financial assets</b>	<b>410,416</b>	<b>549,209</b>	<b>(138,793)</b>
Cash and cash equivalents	87,475	217,870	(130,395)
Derivatives - assets	4,595	2,827	1,768
Other current financial assets	318,346	328,512	(10,166)
<b>Current financial liabilities</b>	<b>(114,587)</b>	<b>(66,650)</b>	<b>(47,937)</b>
Bank loans and borrowings	(31,215)	(14,640)	(16,575)
Current loans and borrowings	(82,077)	(48,046)	(34,031)
Derivatives - liabilities	(1,295)	(3,964)	2,669
<b>Non-current financial assets</b>	<b>56,327</b>	<b>58,842</b>	<b>(2,515)</b>
Non-current financial assets	56,327	58,842	(2,515)
Non-current derivatives			
<b>Non-current financial liabilities</b>	<b>(119,837)</b>	<b>(46,622)</b>	<b>(73,215)</b>
Non-current financial liabilities	(119,837)	(46,622)	(73,215)
Non-current derivatives			
<b>Net financial position relating to continuing operations</b>	<b>232,319</b>	<b>494,779</b>	<b>(262,460)</b>
Assets held for sale	344		344
Liabilities directly linked to assets held for sale			
<b>Net financial position relating to discontinued operations</b>	<b>344</b>		<b>344</b>
<b>Total net financial position</b>	<b>232,663</b>	<b>494,779</b>	<b>(262,116)</b>