

BOARD OF DIRECTORS EXAMINES CONSOLIDATED RESULTS FOR FIRST QUARTER OF 2015

- **REVENUE: 1,047.6 MILLION EURO (1,008.6 MILLION EURO IN Q1 2014)**
- **LOSS OF 31.3 MILLION EURO ATTRIBUTABLE TO OWNERS OF THE PARENT (LOSS OF 20.0 MILLION EURO). THE INCREASE WAS LARGELY THE RESULT OF HIGHER TAX FOR APPROXIMATELY 12 MILLION EURO DUE TO RECOGNITION OF TAX EXPENSE NORMALLY RECORDED IN THE SECOND QUARTER OF THE YEAR**
- **EQUITY: 4,510.2 MILLION EURO (4,286.4 MILLION EURO AT DECEMBER 31, 2014)**
- **NET FINANCIAL DEBT: 2,288.6 MILLION EURO (2,114.8 MILLION EURO AT DECEMBER 31, 2014). GEARING 50.74%**
- **POSITIVE NET FINANCIAL POSITION IN FINANCIAL SEGMENT OF 87.4 MILLION EURO (77.6 MILLION EURO AT DECEMBER 31, 2014)**
- **ITALMOBILIARE S.p.A. NET ASSET VALUE: INCREASE OF MORE THAN 38% TO 1,612.4 MILLION EURO AT MARCH 31, 2015 (1,165.4 MILLION EURO AT END OF 2014). ITALMOBILIARE MARKET CAPITALIZATION RISES 55.4% IN THE FIRST QUARTER**

Milan, May 14, 2015 – *The Italmobiliare S.p.A. Board of Directors examined and approved the quarterly report as at and for the three months ended March 31, 2015.*

All the Group's core businesses reported positive results for the first quarter of 2015 with the exception of construction materials, which, after an uneven start to the year due to diverging economic trends in the countries in which it operates, closed the quarter with a result substantially in line with the first quarter of 2014.

*In the three months January-March 2015, the Italmobiliare Group reported **revenue** of 1,047.6 million euro (1,008.6 million euro in the year-earlier period), while recurring gross operating profit decreased, due in part to the business slowdown in the financial segment, to 102.8 million euro (110.2 million euro). The Group posted a **loss before tax** of 29.5 million euro, but this was an improvement of 13.5% from the year-earlier period. First-quarter income tax expense was approximately 12 million euro higher than in the year-earlier period, essentially due to earlier recognition of tax normally recorded in the second quarter. This generated a **loss attributable to owners of the parent** of 31.1 million euro, compared with a loss of 20.0 million euro in the first quarter of 2014. The loss for the period was 54.6 million euro (a loss of 47.4 million euro in the year-earlier period).*

The positive first-quarter trend for most of the Group core businesses was also reflected in an improvement of approximately 450 million euro in Italmobiliare NAV to 1,612.4 million euro at March 31, 2015. Against this increase (+38.4%), Italmobiliare total market capitalization rose by 55.4%, compared with a rise of 21.8% for the FTSE MIB index.

Looking at the Group core businesses, in the construction materials segment, where the main subsidiary Italcementi operates (which published its results on May 7), the Group reported revenue of 980.5 million euro (+5.1%) thanks to the segment's positive performance in the group's emerging countries and to the exchange-rate effect. The positive results in India, Morocco and Thailand, the contribution of on-going efficiency plans, together with income from carbon emission rights kept recurring gross operating profit substantially unchanged at 95.2 million euro (95.5 million euro in the first quarter of 2014), with an operating loss of 4.7 million euro (-4.2 million euro). Similarly, the loss for the period of 56.8 million euro was only slightly changed compared with the first quarter of 2014 (-2.9%).

In the food packaging and thermal insulation segment, where the Sirap Gema group operates, revenue rose by 3.1% to 54.9 million euro, thanks to a better market positioning. Operating results also showed a strong improvement: gross operating profit was up 29.8% to 4.6 million euro and operating profit was 2.1 million euro (0.8 million euro) after amortization and depreciation expense in line with the year-earlier period. Thanks to this performance, the segment returned to profit, at 0.6 million euro (a loss of 1.2 million euro for the first quarter to March 31, 2014).

Performance was also positive in the financial segment, which includes the Italmobiliare parent and Société de Participation Financière Italmobiliare S.A., despite a slowdown in equities trading compared with the first quarter of 2014. Positive liquidity management and gains on the sale of some equity investments generated finance income of 6.3 million euro (11.3 million euro), while net operating expense was down 20.6% to 3.4 million euro. Profit for the period was 1.2 million euro (5.2 million euro).

First-quarter performance in the banking segment (Finter Bank Zürich and Crédit Mobilier de Monaco) was affected, albeit to a limited extent, by the Swiss National Bank's decision to abolish the minimum exchange rate for the franc. Thanks to the 16.6% rise in total income to 5.3 million euro (including extraordinary income), the segment returned to profit, at 0.4 million euro (a loss of 0.4 million euro in the first quarter of 2014).

Outlook – The growth prospects for the world economy in 2015 appear to confirm the current widespread improvement, even if trends vary from one country to another. Economic indicators highlight the solidity of the economic cycle in North America and Asia, where the construction materials segment operates. In Europe, the monetary policy measures taken by the CEB in the early months of the year, low oil prices and the depreciation of the euro should help to stabilize and strengthen the recovery, with benefits for the earnings of the Group's industrial companies.

The banking and financial segments will continue to be exposed to uncertainty on their key markets and to the volatility generated on the financial markets by a number of specific situations, which could be a risk factor.

Given this economic and market context and the effects of the action taken across the Group to improve efficiency, expectations of a moderate increase in consolidated recurring gross operating profit are confirmed.

In the first quarter of 2015, **revenue** was 1,047.6 million euro (1,008.6 million euro in the year-earlier period), an increase of 3.9%, arising from a positive exchange-rate effect for 6.9% and a business slowdown for 3.1%, with a marginal positive consolidation effect for 0.1%.

The business slowdown was seen in the construction materials segment (-2.5%) owing to lower sales volumes and average sales prices per unit, in the financial segment (-59.0%) due to the decrease in income on equity investments, and in the banking segment (-5.1%) due to lower commission income. The contribution of the Sirap group food packaging segment was positive, with an improvement of 5.7% on the year-earlier period. The negative contribution of the property, services and other segment had a marginal impact. At constant exchange rates and on a like-for-like basis, revenue rose in the emerging countries, chiefly thanks to India and Morocco, while the largest decreases were in the EU countries, specifically France, Italy and Belgium. The positive exchange-rate effect benefited the construction materials segment, particularly with regard to the Egyptian pound, Thai baht, US dollar and Indian rupee, while revenue in the banking segment was positively affected by the appreciation of the Swiss franc against the euro after the decision of the Swiss National Bank to eliminate the minimum CHF/EURO exchange rate. The contribution of the food packaging and thermal insulation segment was negative, due to the depreciation of the Ukrainian hryvnia against the euro.

Recurring gross operating profit at 102.8 million euro was down 6.7% from the first quarter of 2014 (110.2 million euro). The downturn was particularly marked in the financial segment and more contained in the banking and construction materials segments, despite the important contribution of carbon emission rights trading (+21.2 million euro from the first quarter of 2014) and an overall positive exchange-rate effect.

Looking at the individual countries, the most significant progress was reported in Italy (thanks to income on carbon emission rights), India and Morocco, while the largest reductions were in France, Belgium, Egypt, North America due to maintenance work, and some east European countries where the Sirap group operates.

After net non-recurring income of 1.5 million euro (net income of 0.8 million euro in the first quarter to March 31, 2014), **gross operating profit** was down 6.1% (to 104.3 million euro from 111.0 million euro in the first quarter of 2014).

Operating profit totaled 0.7 million euro (7.3 million euro in the year-earlier period), after amortization and depreciation in line with the first quarter of 2014 and impairment losses of 1.6 million euro (1.8 million euro in the year-earlier period) in the construction materials segment.

Revenue and operating performance by segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014	Q1 2015	% change vs Q1 2014
Construction materials	980.5	5.1	95.2	(0.4)	96.3	(0.3)	(4.7)	(13.0)
Packaging and insulation	54.9	3.1	4.6	29.8	4.6	39.2	2.1	n.s.
Finance	8.9	(42.5)	3.4	(52.3)	3.1	(56.7)	3.0	(57.4)
Banking	5.2	5.3	(0.1)	n.s.	0.6	n.s.	0.5	n.s.
Property, services, other	0.3	(9.7)	(0.1)	12.3	(0.1)	13.8	-	14.7
Inter-segment eliminations	(2.2)	n.s.	(0.2)	n.s.	(0.2)	n.s.	(0.2)	n.s.
Total	1,047.6	3.9	102.8	(6.7)	104.3	(6.1)	0.7	(91.1)

n.s. not significant

Finance income and costs, including exchange-rate differences and derivatives, reflected net costs of 30.8 million euro, a reduction of 24.8% from the first quarter of 2014 (net costs

of 40.9 million euro). There was a slight increase of 1.8 million euro in net expense on borrowings (34.7 million euro in the first quarter of 2015 compared with 32.9 million euro in the year-earlier period), while exchange-rate gains net of hedges amounted to 8.0 million euro (losses of 4.6 million euro in the first quarter of 2014).

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 **share of profit (loss) of equity-accounted investees** reflected profit of 0.6 million euro (a loss of 0.6 million euro in 2014) due to the impact of the results of investees in the construction materials segment.

Income tax expense was 25.1 million euro, up by 11.9 million euro from the first quarter of 2014, largely due to recognition of tax expense normally recorded in the second quarter in the construction materials segment. The **loss for the period** of 54.6 million euro compared with a loss of 47.4 million euro in the first quarter of 2014. After a loss of 23.3 million euro attributable to non-controlling interests (-27.4 million euro for the first quarter of 2014), the **loss attributable to owners of the parent** was 31.3 million euro (-20.0 million euro for the first quarter of 2014).

Capital expenditure in the first quarter, including changes in payables/receivables for acquisitions, amounted to 111.4 million euro (169.6 million euro in the first quarter of 2014) and related essentially to property, plant and equipment, investment property and intangible assets (106.5 million euro compared with 167.7 million euro in the first quarter of 2014). Expenditure arose in construction materials for 103.0 million euro and food packaging and thermal insulation for 1.9 million euro.

At March 31, 2015, **net financial debt** was 2,288.6 million euro, up by 173.8 million euro from December 31, 2014. This was chiefly due to capital expenditure in the first quarter (111.4 million euro), cash flows from operating activities (28.8 million euro), translation losses on the appreciation against the euro of the other currencies used by the Group (37.2 million euro), offset only in part by proceeds from sales of financial and industrial assets (14.8 million euro).

The **net financial position of Italmobiliare and the wholly owned financial companies** was 87.4 million euro at March 31, 2015 (77.6 million euro at December 31, 2014).

At the end of March 2015, **total equity** was 4,510.2 million euro, compared with 4,286.4 million euro at December 31, 2014.

Gearing (net financial debt/equity) at the end of the first quarter was up from 49.3% at December 31, 2014 to 50.7%.

Italmobiliare Net Asset Value (NAV) at March 31, 2015 was 1,612.4 million euro, up by 447 million euro from December 31, 2014 (1,165.4 million euro).

The Manager in charge of preparing the financial reports, Giorgio Moroni, declares, pursuant to paragraph 2, article 154 bis of the Consolidated Law on Finance, that the accounting information 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: <http://www.italmobiliare.it>

Italmobiliare

Media Relations Tel. (0039) 02.29024.212

Investor Relations Tel. (0039) 02.29024.322

Attachments: condensed income statement and statement of financial position

Italmobiliare Group					
Income statement (in thousands of euro)	Q1 2015	%	Q1 2014	%	% change
Revenue	1,047,588	100.0	1,008,628	100.0	3.9
Other revenue	11,086		9,704		
Change in inventories	(6,442)		1,725		
Internal work capitalized	6,772		4,882		
Raw materials and supplies	(452,032)		(414,749)		
Services	(270,457)		(254,059)		
Personnel expense	(239,818)		(225,904)		
Other operating income (expense)	6,060		(20,075)		
Recurring gross operating profit	102,757	9.8	110,152	10.9	-6.7
Net gains from the sale of non-current assets	693		1,273		
Non-recurring personnel income (expense) for re-orgs	1,089		(264)		
Other non-recurring expense	(289)		(187)		
Gross operating profit	104,250	10.0	110,974	11.0	-6.1
Amortization and depreciation	(102,016)		(101,861)		
Impairment losses on non-current assets	(1,581)		(1,809)		
Operating profit	653	0.1	7,304	0.7	-91.1
Finance income	13,882		5,966		
Finance costs	(48,880)		(40,236)		
Exchange-rate differences and net gains (losses) on derivs	4,245		(6,603)		
Share of profit (loss) of equity-accounted investees	561		(584)		
Loss before tax	(29,539)	-2.8	(34,153)	-3.4	13.5
Income tax expense	(25,035)		(13,205)		
Loss for the period	(54,574)	-5.2	(47,358)	-4.7	-15.2
Attributable to:					
Owners of the parent	(31,343)	-3.0	(19,953)	-2.0	-57.1
Non-controlling interests	(23,231)	-2.2	(27,405)	-2.7	15.2

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	Q1 2015	%	Q1 2014	%	% change
Loss for the period	(54,574)	-5.2	(47,358)	-4.7	-15.2
Other comprehensive income (expense) relating to continuing operations					
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net asset for employee benefits	(201)		(1)		
Income tax	122				
Total items that will not be reclassified to profit or loss	(79)		(1)		
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	238,925		5,200		
Translation reserve on foreign operations – investments in equity-accounted investees	4,020		(3,165)		
Fair value gains (losses) on cash flow hedging	2,170		(5,826)		
Fair value gains (losses) on cash flow hedging – investments in equity-accounted investees	(21)				
Fair value gains on available-for-sale financial assets	57,841		41,446		
Fair value gains (losses) on available-for-sale financial assets – investments in equity-accounted investees					
Income tax	498		1,006		
Total items that might be reclassified to profit or loss subsequently	303,433		38,661		
Total other comprehensive income	303,354		38,660		
Total comprehensive income (expense)	248,780	23.7	(8,698)	-0.9	n.s.
Attributable to:					
Owners of the parent	110,515		25,279		
Non-controlling interests	138,265		(33,977)		

Italmobiliare Group				
Financial position (in thousands of euro)	March 31, 2015	December 31, 2014	Change	
			Δ	%
Current financial assets	(1,191,265)	(1,139,699)	(51,566)	4.5
Current financial liabilities	1,148,647	1,009,914	138,733	-13.7
Non-current financial assets	(87,185)	(135,018)	47,833	-35.4
Non-current financial liabilities	2,418,417	2,379,576	38,841	-1.6
Total net financial debt	2,288,614	2,114,773	173,841	-8.2

Italmobiliare Group		
Condensed statement of change in total net financial debt (in thousands of euro)	March 31, 2015	March 31, 2014
Net financial position at beginning of period	(2,114,773)	(1,829,988)
Cash flow from operating activities before change in working capital	40,077	29,145
Change in working capital	(68,902)	(13,216)
Total cash flow from operating activities	(28,825)	15,929
Investments in PPE, investment property and intangible assets	(65,401)	(128,548)
Change in payables for purchases of PPE, inv. prop. and intangibles	(41,100)	(39,135)
Cash flow net of investments in PPE, investment property and intangible assets	(135,326)	(151,754)
Investments in equity investments	(5,472)	(1,851)
Change in payables for purchases of equity investments	604	(42)
Proceeds from sale of non-current assets	14,831	61,909
Dividends paid	-	-
Other changes	(48,478)	(3,897)
Change in the period	(173,841)	(95,635)
Net financial position at end of period	(2,288,614)	(1,925,623)