ITALMOBILIARE

SOCIETA' PER AZIONI

PRESS RELEASE

BOARD EXAMINES 2013 FINANCIAL STATEMENTS

ITALMOBILIARE GROUP

- **REVENUE: 4,519.9 MILLION EURO (4,772.2 MILLION EURO IN 2012)**
- **TOTAL LOSS FOR THE YEAR: 154.4 MILLION EURO (LOSS OF 474.2 MILLION EURO IN 2012 AFTER MATERIAL EXTRAORDINARY IMPAIRMENT LOSSES)**
- **NET FINANCIAL DEBT: IMPROVEMENT OF MORE THAN 95 MILLION EURO TO 1,835.0 MILLION EURO**
- **GEARING RATIO 42.3% (40.9% AT END OF 2012)**
- **POSITIVE NET FINANCIAL POSITION FOR PARENT AND WHOLLY OWNED FINANCIAL COMPANIES AT 146.6 MILLION EURO (115.5 MILLION EURO)**
- **NET ASSET VALUE: 1,283.1 MILLION EURO AT DECEMBER 31, 2013 (1,075.8 MILLION EURO AT DECEMBER 31, 2012)**
- **ITALMOBILIARE S.p.A. RETURNS TO PROFIT, AND WILL DISTRIBUTE A DIVIDEND OF 0.15 EURO TO ORDINARY SHARES AND 0.255191 EURO TO SAVINGS SHARES**

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Milan, March 26, 2014 – *The Italmobiliare S.p.A. Board of Directors today examined and approved the consolidated financial statements and the draft separate financial statements as at and for the year ended December 31, 2013.*

During 2013, despite some signs of improvement toward the end of the year, the economic crisis continued to have severe repercussions on industrial operations in the Group's core businesses, which were affected by the persistent weakness in demand. The financial markets were also characterized by an initial phase of instability, although this was followed by an improvement toward the end of the year.

In this scenario, although the Italmobiliare Group again reported a loss for the year, its performance showed a significant improvement compared with 2012, which was conditioned in particular by the extraordinary effects of large goodwill impairment losses on industrial and financial assets. Impairment losses were also posted in 2013, but for a smaller amount: 55 million euro, compared with more than 366 million euro in 2012. The improvement in profit margins on industrial operations and financial assets, together with *positive management of liquidity, combined with the reduced impact of impairment losses, generated a decrease of more than 65% in the loss for the year to 154.4 million euro (474.2 million euro in 2012), of which 129.7 million euro (272.4 million euro) attributable to owners of the parent.*

Among the Group core businesses, the construction materials segment led by the Italcementi group (which reported its results on March 6 last) reported revenue of 4,235.4 million euro, a decrease of 2.2% on a like-for-like basis and at constant exchange rates (-5.5% in absolute terms) reflecting a reduction in sales volumes, counterbalanced by an overall positive dynamic in sales prices. Recurring gross operating profit was 631.0 million euro, a reduction of 1.9%, while operating profit amounted to 159.3 million euro (operating loss of 140.2 million euro in 2012). The group posted a loss for the year of 88.4 million euro, a significant reduction with respect to the loss of 361.7 million euro reported in 2012.
In food packaging and thermal insulation, where the Sirap Gema group operates, given a situation of continuing weak demand and rising prices for raw materials, revenue was stable at 239.7 million euro. Thanks to the commercial action taken and the notable benefits arising from restructuring and cost-cutting measures, recurring gross operating profit improved by 12% to 15 million euro; the segment reported an operating profit of 1.1 million euro, compared with an operating loss the previous year.
In the financial segment, which includes the Italmobiliare parent, gains from liquidity management and from the sale of some equity investments were offset by the losses reported by associates and by impairment losses. The segment posted a loss for the year of 32.1 million euro, an improvement with respect to the loss of 72.7 million euro in 2012.
In the banking segment, consisting of Finter Bank Zürich and Crédit Mobilier de Monaco, performance reflected the reduction in commission income and the contraction in net trading revenue. The significant reduction achieved in costs during the year enabled the segment to limit the impact on the gross operating result, which reflected a loss of 2.7 million euro (gross operating profit of 1.4 million euro in 2012). After amortization and depreciation, provisions and extraordinary impairment losses, applied in compliance with new laws, the segment reported a loss for the year of 17.6 million euro (a loss of 8.9 million euro).

The parent **Italmobiliare S.p.A.** closed 2013 with a return to profit of 1.7 million euro (a loss of 66.7 million euro in 2012), driven by a revenue increase of 53.7%. 2012 was affected by significant impairment losses of 62.7 million euro on equity instruments, offset only by small gains on the sale of securities and equity investments.

*The Italmobiliare Board of Directors will ask the Shareholders' Meeting of May 27, 2014 to approve a **dividend** for 2013 of 0.15 euro per ordinary share and 0.255191 euro per savings share (including 0.105191 euro as part of the preferential dividend with respect to financial year 2011). The dividend payment date will be next June 26, the ex-dividend date will be June 23.*

2013 **revenue** totaled 4,519.9 million euro, down 5.3% from 4,772.2 million euro in 2012.
***Recurring gross operating profit** was 615.3 million euro, a decrease of 5.4% (650.4 million euro in 2012) due to the smaller contributions of the construction materials segment (affected by a negative exchange-rate effect), the financial segment and the banking segment, whereas the contribution of the food packaging and thermal insulation segment increased.*

After amortization and depreciation of 442.1 million euro, down 6.3% from 2012, and impairment losses of 32.6 million euro (334.1 million euro in 2012), ***operating profit*** *amounted to 129.8 million euro (compared with an operating loss of 183.8 million euro in 2012). The impairment losses referred mainly to plant in the construction materials segment and, to a lesser degree, to companies in the food packaging segment.*

Net finance costs *amounted to 129.3 million euro, an increase of 31.1 million euro from 2012, when the Group posted a gain from the sale of assets in Turkey.*

Impairment losses on financial assets *totaled 22.1 million euro (losses of 32.2 million euro in 2012) and referred to the construction materials segment for 16.0 million euro and the financial segment for 6.0 million euro.*

After a loss of 11.0 million euro on the ***share of the profit (loss) of equity-accounted investees*** *(compared with a loss of 20.0 million euro in 2012), and income tax expense of 121.7 million euro, the Group posted a* ***loss for the year*** *of 154.4 million euro (a loss of 474.2 million euro in 2012). This comprised a* ***loss attributable to owners of the parent*** *of 129.7 million euro (loss of 272.4 million euro) and a loss attributable to non-controlling interests of 24.7 million euro (loss of 201.8 million euro).*

At December 31, 2013 Italmobiliare Group **total equity** *amounted to 4,332.8 million euro from 4,715.2 million euro at December 31, 2012. At the same date,* ***net financial debt*** *was 1,835.0 million euro, an improvement of more than 95 million euro from the end of 2012; the* ***gearing*** *ratio passed to 42.3% at December 2013 from 40.9% at the end of 2012, while* ***leverage*** *was substantially steady at 2.98%.*

The ***net financial position of Italmobiliare and the wholly owned financial companies*** *at the end of 2013 was positive at 146.6 million euro (115.5 million euro at December 31, 2012).*

Italmobiliare ***Net Asset Value*** *(NAV) at December 31, 2013 was 1,283.1 million euro (1,075.8 million euro at December 31, 2012).*

<u>Outlook</u> *– Since the economic and financial outlook remains uncertain, it is difficult to formulate projections for the Group's consolidated results for the current year. Nevertheless, the Group is constantly committed to action to recover profitability and strengthen its capital base.*

ITALMOBILIARE ON THE INTERNET: http//www.italmobiliare.it

Italmobiliare
Media Relations Tel. (0039) 02.29024.212
Investor Relations Tel. (0039) 02.29024.322

FOURTH QUARTER 2013

In the fourth quarter, the Group posted a 5.2% reduction in **revenue** compared with the year-earlier period. Despite a significant containment of overheads, the revenue decline led to a decrease of 23.9 million euro in **recurring gross operating profit** from the 2012 fourth quarter, while non-recurring income of 3.9 million euro arising largely in the financial segment generated a **gross operating profit** of 159.8 million euro, an improvement of 71.7 million euro from the year-earlier period, which reflected material restructuring charges. There was a particularly positive contribution from the construction materials segment, largely thanks to a positive sales prices effect, which counterbalanced the fall in sales volumes, and from the financial segment with important gains on the sale of assets.

After a reduction of 5.2% in amortization and depreciation for the fourth quarter compared with the year-earlier period, **operating profit** totaled 47.0 million euro (an operating loss of 350.7 million euro in the fourth quarter of 2012).

During the fourth quarter, the Group also re-measured financial assets, generating an impairment loss of 7.2 million euro; this arose from the impairment loss on the investment in Burgo Group for 18.0 million euro, offset in part by the reversal of impairment on RCS MediaGroup to align the carrying amount with share fair value as ascertained from prices on the Italian stock exchange.

The profit (loss) of equity-accounted investees in the fourth quarter of 2013 reflected profit of 5.7 million euro (loss of 5.1 million euro in the year-earlier period), largely as a result of the profit reported by associates in the construction materials segment.

After an increase in finance costs compared with the fourth quarter of 2012 (net costs of 39.4 million euro compared with 10.0 million euro in the fourth quarter of 2012), mainly arising from the reduction in net income on equity investments, the Group posted a **loss for the fourth quarter** of 23.2 million euro (a loss of 437.8 million euro in the fourth quarter of 2012).

The share of the fourth-quarter **net loss attributable to owners of the parent** was a loss of 26.0 million euro (a loss of 204.9 million euro in the year-earlier period), while a profit of 2.8 million euro was **attributable to non-controlling interests** (a loss of 232.9 million euro in the year-earlier period).

FINANCIAL STATEMENTS AT DECEMBER 31, 2013

The 5.3% reduction in **revenue** from 2012 arose from the following factors: a business slowdown for 2.2%, and a negative exchange-rate effect for 3.1%.

The business slowdown arose in the banking segment (-31.8%) and construction materials (-2.2%). Positive contributions came from the financial segment (+3.4%) and (marginally) from the property, services and other segment, while food packaging and thermal insulation was substantially in line with 2012.

The negative exchange-rate effect arose mainly from the depreciation against the euro of the Egyptian pound and, to a lesser extent, the Indian rupee, US dollar, Ukrainian grivnia, Turkish lira and Swiss franc.

Revenue performance reflected the fall in sales volumes in construction materials, whose effect was offset by a positive dynamic in sales prices, while revenue in the financial segment benefited from gains on liquidity management and gains on the sale of securities and equity investments. At constant exchange rates, the strongest growth was in Thailand and Egypt. North America reported a small improvement and the largest reductions were in the European countries.

Revenue and operating performance by geographical area

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2013	% change 2012	2013	% change 2012	2013	% change 2012	2013	% change 2012
European Union	2,542.4	*(6.6)*	251.5	*(6.2)*	237.7	*(0.8)*	(8.6)	*(96.4)*
Other European countries	38.2	*(22.0)*	(13.8)	*n.s.*	(12.9)	*n.s.*	(17.6)	*n.s.*
North America	428.7	*(2.5)*	55.0	*12.7*	61.1	*9.9*	(3.8)	*(68.9)*
Asia and Middle East	592.6	*2.1*	85.5	*(6.0)*	86.9	*(3.6)*	33.2	*(9.3)*
Africa	823.9	*(7.3)*	253.2	*(4.2)*	253.4	*(4.3)*	159.1	*n.s.*
Trading	176.1	*(17.3)*	6.8	*(23.7)*	6.8	*(22.0)*	2.7	*(52.5)*
Other countries	308.5	*(9.9)*	(22.9)	*(8.8)*	(27.7)	*(12.1)*	(34.8)	*(11.4)*
Inter-area eliminations	(390.5)	*(15.9)*	-	*(97.5)*	(0.8)	*46.1*	(0.4)	*70.1*
Total	**4,519.9**	***(5.3)***	**615.3**	***(5.4)***	**604.5**	***(2.8)***	**129.8**	***n.s.***

n.s. not significant

Revenue and operating performance by segment

(in millions of euro)	Revenue		Recurring gross operating profit (loss)		Gross operating profit (loss)		Operating profit (loss)	
	2013	% change 2012	2013	% change 2012	2013	% change 2012	2013	% change 2012
Construction materials	4,235.4	*(5.4)*	631.0	*(1.9)*	618.0	*(1.2)*	159.3	*n.s.*
Packaging and insulation	239.7	-	15.0	*12.0*	12.2	*n.s.*	1.1	*n.s.*
Finance	48.3	*(10.6)*	(6.0)	*n.s.*	(1.9)	*n.s.*	(2.3)	*n.s.*
Banking	22.5	*(32.6)*	(14.2)	*n.s.*	(13.3)	*n.s.*	(18.0)	*94.1*
Property, services, other	2.5	*57.8*	0.6	*n.s.*	0.6	*n.s.*	0.6	*n.s.*
Inter-segment eliminations	(28.5)	*(19.3)*	(11.1)	*(37.0)*	(11.1)	*(37.0)*	(10.9)	*(37.2)*
Total	**4,519.9**	***(5.3)***	**615.3**	***(5.4)***	**604.5**	***(2.8)***	**129.8**	***n.s.***

n.s.: not significant

Recurring gross operating profit was 615.3 million euro, down by 35.1 million euro from 2012 (650.4 million euro). The reduction arose in the construction materials segment (-12.1 million euro) penalized by a negative exchange-rate effect, the financial segment (-23.2 million euro) and banking (-8.7 million euro). The contribution of food packaging and thermal insulation was positive, with an increase of 12% despite the high price of polystyrene raw materials used in production.

Among the geographical areas, sharp reductions were reported in the European countries, Egypt and India, while the strongest progress was in North America, Thailand and Morocco.

Non-recurring items generated net non-recurring expense of 10.8 million euro (expense of 28.2 million euro in 2012), relating largely to the industrial segments for 15.8 million euro as a result of corporate restructuring charges and gains from the sale of non-current assets, while the financial segment posted income of 4.1 million euro on the release of risk provisions.

This dynamic was reflected on **gross operating profit**, which fell by 17.7 million euro (604.5 million euro from 622.2 million euro in 2012).

After amortization and depreciation of 442.1 million euro, a decrease of 6.3% from 2012, and impairment losses for 32.6 million euro (334.1 million euro in 2012), **operating profit** was 129.8 million euro (operating loss of 183.8 million euro in 2012). Impairment losses related in the main to plant in Italy, Spain and Bulgaria net of the reversal of impairment previously applied in Greece in construction materials, and also to impairment losses on companies in the Petruzalek group in food packaging.
Net finance costs rose by 31.1 million euro from 98.2 million euro in 2012 to 129.3 million euro in 2013. This was largely the result of interest expense on net financial debt, which increased by 13.3%, exchange-rate differences which, net of the hedging effect, reflected a loss of 2.5 million euro (a gain of 4.7 million euro in 2012), lower net income from equity investments for 24.8 million euro compared with 2012, which benefited from the gain on the sale of Goltas securities (Turkey) in the construction materials segment, offset only in part by the 12.4 million euro improvement on net hedging derivatives on CO_2 emission rights and Certified Emission Reductions.
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.
Impairment losses on financial assets amounted to 22.1 million euro (losses of 32.2 million euro in 2012); they included losses of 16.0 million euro in the construction materials segment on the equity investment in the Al Badia company (Syria) and of 6.0 million euro in the financial segment. The latter referred to the equity investment in Burgo Group on which an impairment loss of 18.0 million euro was applied at the end of the year using the measurement method based on the estimated present value of future cash flows; the loss was offset in part by the reversal of the impairment loss on RCS MediaGroup (12.0 million euro) to align the carrying amount of the shares with fair value as per Italian stock exchange prices at October 30, 2013. The measurement method was changed, since the equity investment in the publishing group can no longer be classified as an associate and therefore accounted for with the equity method, due to the early termination of the RCS MediaGroup shareholders' agreement.
The **share of profit (loss) of equity-accounted investees** reflected a loss of 11.0 million euro (a loss of 20.0 million euro in 2012). The figure arose from the losses reported by the investees in the financial segment (-19.1 million euro) offset in part by the profit of 8.1 million euro reported by the investees in the construction materials segment. Specifically, there was a loss of 17.7 million euro at RCS MediaGroup, accounted for with the equity method until September 30, 2013; after that date, the associate was measured at fair value, as described in the previous paragraph.
The Group posted a **loss before tax** of 32.7 million euro (a loss of 334.2 million euro in 2012). After income tax expense of 121.7 million euro, the **loss for the year** was 154.4 million euro (a loss of 474.2 million euro in 2012), of which a **loss attributable to owners of the parent** of 129.7 million euro (loss of 272.4 million euro in 2012) and a loss attributable to non-controlling interests of 24.7 million euro (loss of 201.8 million euro in 2012).

Total equity at December 31, 2013, at 4,332.8 million euro, was down 382.4 million euro from December 31, 2012. The overall reduction arose from the loss for the year of 154.4 million euro, the negative exchange-rate effect for 235.5 million euro, dividends paid of 74.1 million euro, the positive change in the fair value reserve on equity investments and derivatives of 69.9 million euro and other changes with a positive impact of 11.7 million euro.

At December 31, 2013 **net financial debt** of 1,835.0 million euro was down by 95.5 million euro from December 31, 2012, mainly thanks to control over cash flows from operating activities and to the rigorous investment policy.

Group **capital expenditure** for 2013 totaled 356.1 million euro, down 43.1 million euro from 2012.
Investments in property, plant and equipment and investment property, relating chiefly to the Group's industrial segments, amounted to 329.3 million euro and referred principally to Italy, France, Belgium and Bulgaria; investments in intangible assets (12.9 million euro) were mainly for software licenses and development costs at the Italcementi group. Investments in non-current financial assets amounted to 13.9 million euro (18.9 million euro in 2012), and related in the main to the subscription of the RCS MediaGroup share capital increase by the Italmobiliare parent (10.0 million euro).

Performance in the core businesses
In 2013, the **construction materials segment** consisting of the operations of the Italcementi group (Italmobiliare's industrial core business) continued to be affected by the repercussions of the economic crisis, which conditioned demand for construction materials in Central Western Europe, while the positive contribution of the Asian markets was confirmed and a recovery emerged in North America, although trends were not uniform in all areas. The situation remained difficult in Egypt, where strong potential domestic demand was contrasted by limited energy availability, which reduced cement production capacity. Overall, the scenario generated a reduction in sales volumes in the main businesses compared with 2012. Revenue, at 4,235.4 million euro, was down 5.4% (-2.2% on a like-for-like basis and at constant exchange rates) due to the negative sales volumes effect set against an overall positive sales prices dynamic. Recurring gross operating profit, at 631.0 million euro, was down 1.9%. Operating profit, after net non-recurring expense of 13.0 million euro, amortization and depreciation of 426.5 million euro and impairment losses on non-current assets of 32.1 million euro, totaled 159.3 million euro (a loss of 140.2 million euro in 2012). This trend was reflected in the profit before tax of 27.5 million euro (a loss of 223.5 million euro in 2012). After income tax expense of 115.9 million euro, the group posted a loss for the year of 88.4 million euro (a loss of 361.7 million euro in 2012). The loss attributable to owners of the parent was 165.0 million euro (loss of 395.2 million euro in 2012), while profit attributable to non-controlling interests was up from 33.5 million euro in 2012 to 76.6 million euro.
The **food packaging and thermal insulation** segment headed by the Sirap Gema group experienced difficult market conditions in its main countries and high procurement costs for polystyrene raw materials, which continued to have a negative impact on the segment's profit margins. In this context, after revenue of 239.7 million euro in line with 2012 (239.8 million euro), the group successfully improved its recurring gross operating profit (+12.0%) thanks to commercial action and the important financial benefits arising from restructuring and cost-cutting measures. After amortization, depreciation and impairment losses totaling 11.1 million euro (-35.7 million euro in 2012, which included large goodwill impairment losses), operating profit was 1.1 million euro (operating loss of 30.8 million euro in 2012). Net finance costs of 6.3 million euro (an increase of 24.3%) and income tax expense of 1.7 million euro (2.4 million euro in 2012) were negative factors, with the Group reporting a loss for the year of 6.9 million euro (a loss of 38.2 million euro in 2012).
Performance in the **financial segment,** which includes the parent Italmobiliare and the wholly owned financial companies, reflected the gradual economic improvement in the euro zone and the first signs of stabilization in Italy. The segment posted gains from

liquidity management and gains on the sale of equity investments, set against losses on the sale of equity instruments, largely in connection with the share swap organized by Mittel, losses at associates and an impairment loss on the equity investment in Burgo Group. After these transactions, the segment posted a loss for the period of 32.1 million euro (a loss of 72.7 million euro in 2012). The financial segment is owned 100% by the Group and its profit or loss is therefore reflected in full in Group results of operations.
The **banking segment** consists of the operations of Finter Bank Zürich and Crédit Mobilier de Monaco. Its performance was negatively affected by the slowdown in the economic and financial recovery in Europe and international pressure on tax issues. This situation contributed to the reduction of 9.2 million euro in total income compared with 2012, largely due to the reduction in commission income and the decrease in net trading revenue. The significant reduction in service expense and personnel expense (-17.3%) kept the gross operating loss to 2.7 million euro (gross operating profit of 1.4 million euro in 2012). After amortization and depreciation, extraordinary provisions and impairment losses on assets, the segment posted a loss for the year of 17.6 million euro (a loss of 8.9 million euro in 2012).

THE PARENT – Italmobiliare S.p.A. posted revenue of 42.1 million euro for 2013, compared with 27.4 million euro in 2012. The **revenue** increase of 14.7 million euro was chiefly the result of gains on the sale of equity instruments for 12.8 million euro and larger dividends received from subsidiaries.
Operating expense, in line with 2012, amounted to 19.5 million euro, while finance costs were down 33.1% thanks to a decrease in interest expense on borrowing. The losses totaling 9.8 million euro on the sale of RCS MediaGroup rights and on uptake of the Mittel public share swap had an impact on recurring gross operating profit, which amounted to 5.4 million euro, compared with a recurring gross operating loss of 1.7 million euro in 2012.
After amortization, depreciation and non-recurring income of 3.9 million euro on the release to income of provisions for risks, the parent posted **operating profit** of 9.3 million euro (operating loss of 4.7 million euro in 2012).
Impairment losses totaled 5.1 million euro in 2013 and referred mainly to the impairment loss on the equity investment in RCS MediaGroup to align the carrying amount with fair value as per the official Italian stock exchange price on October 30, 2013. The measurement method was changed since the equity investment in the publishing group may no longer be classified as an associate, and therefore measured at cost, after the early termination of the RCS MediaGroup shareholders' agreement on October 30, 2013.
After income tax of 2.5 million euro (a positive posting of 0.6 million euro in 2012), the parent posted a ***profit for the year*** *of 1.7 million euro (a loss of 66.7 million euro in 2012).*

Italmobiliare **Net Asset Value** (NAV) at December 31, 2013 was 1,283.1 million euro (1,075.8 million euro at December 31, 2012) on capitalization of 786.5 million euro, reflecting a discount of 38.7% compared with 61.5% at December 31, 2012.
NAV was computed considering:
- year-end market price of investments in listed companies.
- the value of non-listed companies determined, when possible, on the basis of market multiples or specific appraisals or, alternatively, on the basis of equity determined in accordance with IFRS, where available, or with local GAAP,
- the increased value of any real estate assets;

taking account of the tax effect.

The Italmobiliare Board of Directors will ask the Shareholders' Meeting of May 27, 2014, to approve a **dividend** for 2013 of 0.15 euro per ordinary share and 0.255191 euro per savings share (of which 0.105191 euro as part of the preferential dividend with respect to financial year 2011). The dividend payment date is next June 26, the ex-dividend date is June 23.

OUTLOOK – The growth trend in the world economy is strengthening thanks to the improvement in private-sector budgets and the more accommodating stance of monetary policy in the advanced economies, while structural obstacles and uncertain financial conditions are causing a deceleration in the emerging countries.
In the euro zone, the economic recovery seems to be slackening and could be adversely affected by the fall in domestic demand, lower than expected export growth and insufficient structural reforms in some countries.
In this context, the Group's industrial segments expect sales volumes to remain substantially steady, assisted by exports and by enhancements to product offers. The financial segments will be exposed to uncertainty on the markets, which in turn will be affected by developments in US monetary policy and by pressure on the government securities of the European countries most committed to adopting measures to boost growth and employment.
Given this economic and financial outlook, it is difficult to formulate forecasts for the Group's consolidated results for the current year. Nevertheless, the Group is constantly committed to action to recover profitability and strengthen its capital base.

BOND ISSUES AND MATURITIES – No new bonds were issued during the period under review and no issue matures in the 18 months after December 31, 2013 with the exception of the information provided by the subsidiary Italcementi S.p.A. in its press release of March 6, 2014.

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At the next shareholders' meeting called, on single call, for May 27, 2014, ***in an ordinary and extraordinary session***, the Board of Directors will propose, in addition to the 2013 financial statements:

1) the reduction of the revaluation reserves and the other untaxed reserves;

2) the **Remuneration Report**, drawn up in accordance with art. 123-ter of the Consolidated Law on Finance (TUF);

3) subject to revocation of the resolution authorizing the acquisition of treasury shares adopted by the ordinary shareholders' meeting of May 29, 2013, the **renewal of the authorization for the purchase and disposal of treasury shares** for a period of 18 months from the resolution. Shares may be purchased in order to:

- dispose of treasury shares:
  - * to be transferred to employees and/or directors in connection with stock option plans reserved for employees and/or directors;
  - * for medium/long-term investment purposes;

- operate, in compliance with current regulations, directly or through intermediaries, in order to limit anomalous trends in share prices and to regularize stock exchange prices to face temporary distortions caused by excessive volatility or low trading liquidity;
- create a treasury stock portfolio to serve extraordinary financial transactions or for other purposes deemed to be in the financial, business and/or strategic interests of the company;
- offer shareholders an additional tool to monetize their investments.

The proposal envisages that the purchase price of each share shall not be more than 15% above or below the average reference price on the same regulated market in the three sessions preceding each transaction; the overall consideration to be paid by the company for the purchase shall in no case exceed the amount of 50 million euro; the maximum number of ordinary and/or savings shares acquired shall not have an overall nominal value, including treasury shares already held as of the date hereof by the company and by the subsidiaries, in excess of one tenth of the share capital.

Furthermore:

- purchases shall normally be conducted so that equitable treatment of shareholders is ensured and to prevent offers to purchase from being directly matched with pre-determined offers to sell or, taking into account the various possible purposes, in any other manner allowed under current laws and regulations governing the stock market on which the transactions are performed;
- the shares shall be disposed of in any manner deemed appropriate to achieve the objectives pursued, directly or through intermediaries, in compliance with current applicable national and European laws and regulations;
- treasury share purchases and sales shall be performed in compliance with applicable laws and, specifically, with laws and regulations governing the stock market on which the transactions are performed.

As of today, the company holds 871,411 ordinary treasury shares and 28,500 savings treasury shares, equivalent respectively to 3.93% of the ordinary share capital and 0.17% of the savings share capital.

4) the appointment of the Board of Directors and the Board of Statutory Auditors, in accordance with the By-Laws and the Code of Conduct;

5) determination of the remuneration of the members of the Board of Directors.

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The Board of Directors carried a resolution to call a special meeting of the savings shareholders to appoint the Common Representative, on May 28, 2014, on single call.

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The Board of Directors verified that the directors Mauro Bini, Gabriele Galateri di Genola, Gianemilio Osculati, Giorgio Perolari, Paolo Sfameni and Laura Zanetti met the independence requirements as set out in the company Code of Conduct drawn up by the Corporate Governance Committee (and with regard to Mauro Bini and Giorgio Perolari, waiving the criterion governing length of term of office).

The manager in charge of preparing the financial reports of Italmobiliare S.p.A., Giorgio Moroni, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on

Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting entries.

Disclaimer

This press release, and the section headed ”Outlook” in particular, 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.

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

Italmobiliare Group					
Income statement (in thousands of euro)	**2013**	**%**	**2012 re-stated**	**%**	**% change**
Revenue	**4,519,899**	**100.0**	**4,772,230**	**100.0**	**-5.3**
Other revenue	48,647		51,380		
Change in inventories	(8,542)		21,128		
Internal work capitalized	38,707		32,545		
Raw materials and supplies	(1,821,417)		(2,001,922)		
Services	(1,105,880)		(1,168,063)		
Personnel expense	(938,315)		(992,436)		
Other operating expense	(117,788)		(64,508)		
Recurring gross operating profit	**615,311**	**13.6**	**650,354**	**13.6**	**-5.4**
Net gains from the sale of non-current assets	21,105		39,057		
Non-recurring personnel expense for re-organizations	(30,676)		(56,453)		
Other non-recurring expense	(1,219)		(10,751)		
Gross operating profit	**604,521**	**13.4**	**622,207**	**13.0**	**-2.8**
Amortization and depreciation	(442,173)		(471,859)		
Impairment losses on non-current assets	(32,586)		(334,140)		
Operating profit (loss)	**129,762**	**2.9**	**(183,792)**	**-3.9**	**n.s.**
Finance income	41,423		58,677		
Finance costs	(166,289)		(155,566)		
Exchange-rate differences and net gains (losses) on derivs	(4,436)		(1,278)		
Impairment losses on financial assets	(22,082)		(32,208)		
Share of profit (loss) of equity-accounted investees	(11,035)		(20,017)		
Loss before tax	**(32,657)**	**-0.7**	**(334,184)**	**-7.0**	**-90.2**
Income tax expense	(121,778)		(148,234)		
Loss relating to continuing operations	**(154,435)**	**-3.4**	**(482,418)**	**-10.1**	**-68.0**
Profit relating to discontinued operations			8,194		
Loss for the year	**(154,435)**	**-3.4**	**(474,224)**	**-9.9**	**-67.4**
Attributable to:					
Owners of the parent	**(129,735)**	**-2.9**	**(272,362)**	**-5.7**	**-52.4**
Non-controlling interests	**(24,700)**	**-0.5**	**(201,862)**	**-4.2**	**-87.8**
Earnings (losses) per share					
- Basic					
ordinary shares	(3.448) €		(7.239) €		
savings shares	(3.448) €		(7.239) €		
- Diluted					
ordinary shares	(3.448) €		(7.239) €		
savings shares	(3.448) €		(7.239) €		

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	**2013**	**%**	**2012 re-stated**	**%**	**% change**
Loss for the year	**(154,435)**	**-3.4**	**(474,224)**	**-9.9**	**67.4**
Other comprehensive income (expense) relating to continuing operations					
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability (asset) for employee benefits	29,543		(29,751)		
Income tax	(4,172)		11,978		
Total items that will not be reclassified to profit or loss subsequently	**25,371**		**(17,773)**		
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	(224,585)		(90,177)		
Translation reserve on foreign operations – investments in equity-accounted investees	(10,948)		(365)		
Fair value gains (losses) on cash flow hedging	14,855		(28,970)		
Fair value gains (losses) on cash flow hedging – investments in equity-accounted investees	161		(225)		
Fair value gains (losses) on available-for-sale financial assets	48,085		(12,847)		
Fair value gains (losses) on available-for-sale financial assets – investments in equity-accounted investees	(376)		50		
Income tax	6,681		2,519		
Total items that might be reclassified to profit or loss subsequently	**(166,127)**		**(130,015)**		
Total other comprehensive expense	**(140,756)**		**(147,788)**		
Total comprehensive expense	**(295,191)**	**-6.5**	**(622,012)**	**-13.0**	**-52.5**
Attributable to:					
Owners of the parent	(109,021)		(305,772)		
Non-controlling interests	(186,170)		(316,240)		

Italmobiliare Group			
Statement of financial position (in thousands of euro)	**12/31/2013**	**12/31/2012 re-stated**	**Change**
Non-current assets			
Property, plant and equipment	4,009,847	4,220,901	(211,054)
Investment property	29,545	34,162	(4,617)
Goodwill	1,553,756	1,644,299	(90,543)
Intangible assets	98,419	107,643	(9,224)
Equity-accounted investees	209,867	283,720	(73,853)
Other equity investments	320,386	306,397	13,989
Trade receivables and other non-current assets	199,339	262,921	(63,582)
Deferred tax assets	123,618	127,452	(3,834)
Non-current amounts due from employees	913	(48)	961
Total non-current assets	**6,545,690**	**6,987,447**	**(441,757)**
Current assets			
Inventories	663,210	735,519	(72,309)
Trade receivables	725,173	810,439	(85,266)
Other current assets including derivatives	344,744	394,258	(49,514)
Tax assets	67,285	64,771	2,514
Equity investments, bonds and financial assets	401,306	465,301	(63,995)
Cash and cash equivalents	745,639	957,573	(211,934)
Total current assets	**2,947,357**	**3,427,861**	**(480,504)**
Non-current discontinued operations		**2,104**	**(2,104)**
Total assets	**9,493,047**	**10,417,412**	**(924,365)**
Equity			
Share capital	100,167	100,167	
Share premium	177,191	177,191	
Reserves	60,250	(9,826)	70,076
Treasury shares	(21,226)	(21,226)	
Retained earnings	1,345,695	1,535,605	(189,910)
Equity attributable to owners of the parent	**1,662,077**	**1,781,911**	**(119,834)**
Non-controlling interests	2,670,703	2,933,276	(262,573)
Total equity	**4,332,780**	**4,715,187**	**(382,407)**
Non-current liabilities			
Financial liabilities	2,192,235	2,196,608	(4,373)
Employee benefits	293,707	334,224	(40,517)
Provisions	243,053	249,288	(6,235)
Other liabilities	30,142	40,652	(10,510)
Deferred tax liabilities	207,466	197,219	10,247
Total non-current liabilities	**2,966,603**	**3,017,991**	**(51,388)**
Current liabilities			
Loans and borrowings	430,683	652,629	(221,946)
Financial liabilities	275,362	225,936	49,426
Trade payables	563,804	651,591	(87,787)
Provisions	1,771	612	1,159
Tax liabilities	37,658	33,539	4,119
Other liabilities	884,386	1,119,636	(235,250)
Total current liabilities	**2,193,664**	**2,683,943**	**(490,279)**
Total liabilities	**5,160,267**	**5,701,934**	**(541,667)**
Liabilities directly linked to discontinued operations		**291**	**(291)**
Total equity and liabilities	**9,493,047**	**10,417,412**	**(924,365)**

Italmobiliare Group				
Condensed statement of cash flows (in thousands of euro)	**December 31, 2013**		**December 31, 2012**	
Net financial debt at beginning of year		**(1,930.5)**		**(2,039.6)**
Cash flow from operating activities		432.2		497.4
Capital expenditure:				
PPE, investment property and intangible assets	*(342.2)*		*(380.3*	
Non-current financial assets	*(13.9)*		*(18.9)*	
Capital expenditure		**(356.1)**		**(399.2)**
Proceeds from sale of non-current assets		87.1		110.4
Dividends paid		(74.2)		(104.8)
Cash flow relating to discontinued operations				44.2
Other		6.5		(38.9)
Change in net financial debt		**95.5**		**109.1**
Net financial debt at end of year		**(1,835.0)**		**(1,930.5)**

Italmobiliare Group						
Net financial position (in thousands of euro)	**December 31, 2013**		**December 31, 2012**		**Change**	
Current financial assets	**1,213,388**		**1,505,060**		**(291,672)**	
Cash and cash equivalents		745,639		957,573		(211,934)
Derivatives		13,351		21,065		(7,714)
Other current financial assets		454,398		526,422		(72,024)
Current financial liabilities	**(963,897)**		**(1,405,059)**		**441,162**	
Loans and borrowings		(430,683)		(652,629)		221,946
Current financial liabilities		(527,403)		(747,322)		219,919
Derivatives		(5,811)		(5,108)		(703)
Non-current financial assets	**130,960**		**199,313**		**(68,353)**	
Non-current financial assets		42,412		72,520		(30,108)
Non-current derivatives		88,548		126,793		(38,245)
Non-current financial liabilities	**(2,215,415)**		**(2,229,802)**		**14,387**	
Non-current financial liabilities		(2,192,235)		(2,196,608)		4,373
Non-current derivatives		(23,180)		(33,194)		10,014
Net financial debt	**(1,834,964)**		**(1,930,488)**		**95,524**	

Italmobiliare S.p.A					
Income statement **(**euro)	**2013**	**%**	**2012**	**%**	**% change**
Revenue	**42,128,265**	**100.0**	**27,410,616**	**100.0**	**53.7**
Other revenue	1,825,129		1,425,396		
Raw materials and supplies	(124,000)		(161,748)		
Services	(4,158,745)		(4,669,140)		
Personnel expense	(17,037,206)		(16,116,704)		
Other operating expense	(17,193,459)		(9,586,962)		
Recurring gross operating profit (loss)	**5,439,984**	**12.9**	**(1,698,542)**	**-6.2**	**n.s.**
Net gains from sale of non-current assets	-		7,816		
Other non-recurring income (expense)	3,939,455		(2,901,345)		
Gross operating profit (loss)	**9,379,439**	**22.3**	**(4,592,071)**	**-16.8**	**n.s.**
Amortization and depreciation	(34,421)		(90,392)		
Operating profit (loss)	**9,345,018**	**22.2**	**(4,682,463)**	**-17.1**	**n.s.**
Net finance costs	(19,933)		(16,995)		
Impairment losses on financial assets	(5,060,251)		(62,684,111)		
Loss before tax	**4,264,834**	**10.1**	**(67,383,569)**	**n.s.**	**n.s.**
Income tax (expense)	(2,548,677)		646,528		
Profit (loss) for the year	**1,716,157**	**4.1**	**(66,737,041)**	**n.s.**	**n.s.**

n.s. = not significant

Italmobiliare S.p.A.			
Statement of financial position (euro)	**12/31/2013**	**12/31/2012**	**Change**
Non-current assets			
Property, plant and equipment	3,670,985	3,617,704	53,281
Investment property	90,895	92,878	(1,983)
Intangible assets	5,559	13,279	(7,720)
Investments in subsidiaries and associates	875,319,688	908,237,801	(32,918,113)
Other equity investments	264,699,379	205,878,558	58,820,821
Deferred tax assets	52,447,783	65,879,222	(13,431,439)
Other non-current assets	5,325,818	4,699,793	626,025
Total non-current assets	**1,201,560,107**	**1,188,419,235**	**13,140,872**
Current assets			
Trade receivables	4,988,741	6,652,127	(1,663,386)
Other current assets including derivatives	12,366,207	8,230,725	4,135,482
Tax assets	38,074,435	37,872,718	201,717
Equity investments, bonds and financial assets	5,815,126	15,353,864	(9,538,738)
Cash and cash equivalents	6,409,337	1,619,055	4,790,282
Total current assets	**67,653,846**	**69,728,489**	**(2,074,643)**
Total assets	**1,269,213,953**	**1,258,147,724**	**11,066,229**
Equity			
Share capital	100,166,937	100,166,937	
Share premiums	177,191,252	177,191,252	
Reserves	26,210,868	(31,314,762)	57,525,630
Treasury shares	(21,226,190)	(21,226,190)	
Retained earnings	617,711,268	616,165,598	1,545,670
Total equity	**900,054,135**	**840,982,835**	**59,071,300**
Non-current liabilities			
Financial liabilities	37,142,857	148,549,146	(111,406,289)
Employee benefits	1,969,459	1,700,335	269,124
Provisions	5,408,000	8,645,188	(3,237,188)
Other non-current liabilities	81,966,855	90,594,757	(8,627,902)
Deferred tax liabilities	71,516	117,849	(46,333)
Total non-current liabilities	**126,558,687**	**249,607,275**	**(123,048,588)**
Current liabilities			
Loans and borrowings	157,590,500	58,823,500	98,767,000
Financial liabilities	68,709,494	90,687,703	(21,978,209)
Trade payables	2,253,043	3,669,340	(1,416,297)
Provisions	-	-	-
Tax liabilities	661,947	-	661,947
Other liabilities	13,386,147	14,377,071	(990,924)
Total current liabilities	**242,601,131**	**167,557,614**	**75,043,517**
Total liabilities	**369,159,818**	**417,164,889**	**(48,005,071)**
Total equity and liabilities	**1,269,213,953**	**1,258,147,724**	**11,066,229**