

BOARD EXAMINES 2017 HALF-YEAR RESULTS

• **ITALMOBILIARE S.p.A. :**

- > *NAV (Net Asset Value), not including the value of treasury shares in portfolio, was 1,485.4 million euro at the end of the first half (1,599.8 million euro at the end of 2016). The decrease arose from the 100 million euro investment for the recent voluntary public tender offer on company shares, with treasury shares currently representing approximately 12% of capital.*
- > *Further reduction in the NAV discount to 32.7% (36.7%)*
- > *NAV per share rises to 35.4 euro (34.85 euro proforma at December 31, 2016)*
- > *Profit for the period 15.5 million euro (loss of 12.5 million euro in the first half of 2016) thanks to dividends received and gains on cash investments*
- > *Positive net financial position in the Financial and private equity segment (Italmobiliare, Franco Tosi and Clessidra) of 476.5 million euro (581.4 million euro at the end of 2016), taking account of the positive outcome of the recent voluntary public tender offer*

• **APPOINTMENT OF NEW DIRECTOR:**

- > *The Board of Directors coopts Elsa Fornero as the new director to replace Livia Pomodoro who resigned from the board in June.*

The Italmobiliare Board of Directors examined and approved the 2017 half-year report, which reflects a profit for the parent of 15.5 million euro (a loss of 12.5 million euro in the first half of 2016, which did not as yet include the effects of the agreement with HeidelbergCement for the share in Italcementi).

At the end of the first half, Italmobiliare NAV, net of treasury shares representing approximately 12% of the company's capital after the voluntary public tender offer, which closed on June 9, stood at 1,485.4 million euro (down from 1,599.8 million euro at the end of 2016 substantially as a result of the 100 million euro investment for the voluntary public tender offer) with an additional contraction in the NAV discount to 32.7% (36.7% at the end of 2016). NAV per share rose to 35.4 euro from 34.85 euro.

The Board of Directors also coopted Elsa Fornero as the new director to replace Livia Pomodoro who resigned from the board in June.

Milan, July 27, 2017 – 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, 2017.

NET ASSET VALUE (NAV)

Italmobiliare **Net Asset Value** (NAV), calculated without including treasury shares in portfolio, was 1,485.4 million euro at June 30, 2017 (1,599.8 million euro at December 31, 2016) on capitalization of 999.8 million euro, reflecting a ‘NAV discount’ of 32.7% (36.7%). The NAV reduction from the end of 2016 was chiefly due to the voluntary public tender offer on Italmobiliare shares effected between May and June 2017, which involved a cash outlay of approximately 100 million euro. NAV per share was 35.4 euro (34.85 euro proforma at December 31, 2016, taking into account the stock split carried out in May 2017). During the first six months, the Italmobiliare share price rose by 7.05%.

SUMMARY OF RESULTS

Italmobiliare S.p.A. closed the first half of 2017 with **profit** of 15.3 million euro (a loss of 12.5 million euro in the year-earlier period).

The company reported net gains on equity investments of 28.4 million euro (net losses of 0.3 million euro in the first half of 2016) arising from an increase in dividends received for 14.5 million euro, measurement gains of 8 million euro on derivatives on equity investments, virtually zero impairment losses on equity investments (9.5 million euro in the first half of 2016) and a decrease in gains realized on the sale of equity investments for 3.2 million euro. Net gains on investments of cash and cash equivalents amounted to 1.5 million euro (1.8 million euro).

Net borrowing costs were in line with the year-earlier period, while other income and expense reflected net expense of 14.7 million euro, an increase of 0.9 million euro.

The **net financial position of the Financial and private equity segment** (Italmobiliare, Franco Tosi and Clessidra) was positive at 476.5 million euro (after the 100 million euro investment for the voluntary public tender offer on Italmobiliare shares), against 581.4 million euro at the end of 2016.

At consolidated level, **profit attributable to owners of the parent** was 2.5 million euro (a loss of 47.6 million euro in the first half of 2016). **Consolidated equity attributable to owners of the parent** at June 30, 2017 was 1,229.6 million euro (1,325.0 million euro).

Breakdown of consolidated profit by segment

(in millions of euro)	June 2017	% of total	June 2016	% of total
Industrial and services for industry segment	(0.9)	(38.7)	1.7	(3.6)
Financial and private equity segment	11.0	n.s.	(15.8)	33.2
Other activities	(0.3)	(11.3)	0.4	(0.9)
Discontinued segments	0.0	n.s.	(35.8)	75.4
Inter-segment eliminations	(7.3)	n.s.	1.9	(4.1)
Profit (loss) for the period attributable to owners of the parent	2.5	100.0	(47.6)	100.0

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

Revenue: 201.8 million euro from 182.6 million euro in the first half of 2016;

Gross operating profit: 18.7 million euro (1.2 million euro);

Operating profit: 8.8 million euro (operating loss of 8.7 million euro).

PERFORMANCE OF THE MAIN INVESTEE COMPANIES

SIRAP GEMA (100%)

The Sirap Gema Group – active in food packaging – reported revenue of 101.4 million euro in the half year (+2.9% on the year-earlier period), despite the continuing weakness in food consumption on the market.

The period's profit margins were significantly affected by the rise in the cost of raw materials, which could not be transferred to sales prices due to the highly competitive scenario. As a result, gross operating profit decreased to 7 million euro from 9.6 million euro in the year-earlier period. Profit for the period was 0.8 million euro (2.7 million euro).

ITALGEN (100%)

Operations at the Italgem group – production and distribution of electric energy – were affected by low rainfall in the early months of the year, which led to a reduction in energy production to 131.2 GWh (-6.5% from the first half of 2016).

Half-year revenue was 18.6 million euro, down by approximately 22% from the first half of 2016, which also included the purchase and resale of energy not used by Italcementi. Net of this factor and the effects of a new sales policy adopted in 2017 to give preference to wholeseller customers, the revenue reduction was 2.6%. Gross operating profit was 3.9 million euro (5.9 million euro), in line with the first half of 2016 net of the extraordinary effects recognized in the first half of 2016 in connection with the transfer of the company from Italcementi to Italmobiliare. Profit for the period was 1.7 million euro (3.1 million euro).

BRAVO SOLUTION (82.7%)

Half-year results at the BravoSolution group, the international leader in supply management solutions, showed a rise in revenue to 42.0 million euro (+7%) thanks specifically to business growth in the USA and Italy.

The revenue increase and the stabilization of costs after the recent strengthening of the corporate structure enabled the group to improve its operating results: gross operating profit rose to 1.5 million euro, an increase of 15.2%, and a similar trend was reported in the operating loss, which improved from 2.3 million euro to 1.9 million euro.

After an increase in income tax expense and a negative exchange-rate effect, the group reported a loss for the period of 3.3 million euro (loss of 2.5 million euro in the first half of 2016).

CLESSIDRA SGR (100%)

Clessidra SGR – the main private equity fund manager exclusively dedicated to the Italian market – was acquired by Italmobiliare in September 2016.

In the first half of 2017 Clessidra reported an operating profit of 2.1 million euro, reflecting, in addition to ordinary income and expense, extraordinary expense relating to the termination of the contracts of some employees and directors. Profit for the period was 1.4 million euro.

HEIDELBERGCEMENT (2.89%)

The investment in the world's second-largest construction materials group, completed in July, accounted for approximately 30% of Italmobiliare NAV at June 30, 2017. In 2016 the HeidelbergCement group reported growth in sales volumes in all operating segments and a 13% rise in turnover to 15.2 billion euro. The group's half-year results will be published on August 1, 2017.

OUTLOOK

The companies in the Industrial and services for industry segment will continue to focus on achieving further business growth and improving profit margins, paying close attention to costs, while performance in the Financial and private equity segment will be particularly affected by national and international economic and political developments. Italmobiliare will continue investment of current liquidity, pursuing opportunities in a variety of sectors.

APPOINTMENT OF DIRECTOR

The Italmobiliare Board of Directors coopted a new director, Elsa Fornero, to replace Livia Pomodoro who resigned on June 13.

The arrival of the new director, who meets the prescribed requirements with regard to good standing, professionalism, independence and number of other positions, ensures continuity for the board in ordinary operations, in compliance with law and also with gender equality, taking the number of sitting directors back to 14, as established by the shareholders on April 19, 2017.

Elsa Fornero will also sit on the Committee for Transactions with Related Parties. She will remain in office until the next AGM to approve the 2017 financial statements.

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, 2017.

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

Italmobiliare Group					
Income statement (in thousands of euro)	H1 2017	%	H1 2016	%	% change
Revenue	201,856	100.0	182,605	100.0	10.5
Other revenue	4,878		2,626		
Change in inventories	547		3,066		
Internal work capitalized	3,051		2,625		
Raw materials and supplies	(65,363)		(71,684)		
Services	(35,587)		(32,726)		
Personnel expense	(80,018)		(77,083)		
Other operating income (expense)	(10,660)		(8,279)		
Gross operating profit	18,704	9.3	1,150	0.6	n.s.
Amortization and depreciation	(9,857)		(9,464)		
Impairment losses on non-current assets			(356)		
Operating profit (loss)	8,847	4.4	(8,670)	-4.7	n.s.
Finance income	49		71		
Finance costs	(1,877)		(1,860)		
Exchange-rate differences and net gains (losses) on derivatives	(3,258)		(230)		
Impairment losses on financial assets	(19)		(9,636)		
Share of profit (loss) of equity-accounted investees	656		(293)		
Profit (loss) before tax	4,398	2.2	(20,618)	-11.3	n.s.
Income tax expense	(1,908)		(3,936)		
Profit (loss) relating to continuing operations	2,490	1.2	(24,554)	-13.4	n.s.
Loss relating to discontinued operations			(13,056)		
Profit (loss) for the period	2,490	1.2	(37,610)	-20.6	n.s.
Attributable to:					
Owners of the parent	2,460	1.2	(47,608)	-26.2	
Non-controlling interests	30		9,998	5.5	
Earnings (losses) per share					
- Basic ordinary shares	0.056 €		(1.265) €		
Basic savings shares			(1.265) €		
- Diluted ordinary shares	0.056 €		(1.263) €		
Diluted savings shares			(1.263) €		

n.s.= not significant

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	H1 2017	%	H1 2016	%	% change
Profit (loss) for the period	2,490	1.2	(37,610)	-20.6	n.s.
Items that will not be reclassified to profit or loss subsequently					
Re-measurement of the net liability (asset) for employee benefits					
Income taxes					
Total items that will not be reclassified to profit or loss subsequently					
Items that might be reclassified to profit or loss subsequently					
Translation reserve on foreign operations	(181)		(2,659)		
Translation reserve on foreign operations - investments in equity-accounted investees					
Fair value gains (losses) on cash flow hedging	25		(74)		
Fair value gains (losses) on cash flow hedging - investments in equity-accounted investees					
Fair value gains (losses) on available-for-sale financial assets	2,287		(75,395)		
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees					
Income tax (expense)	23,319		639		
Total items that might be reclassified to profit or loss subsequently	25,450		(77,489)		
Total other comprehensive income (expense) relating to continuing operations net of tax effect	25,450		(77,489)		
Other comprehensive expense relating to discontinued operations			(165,027)		
Total other comprehensive income (expense)	25,450		(242,516)		
Total comprehensive income (expense)	27,940	13.8	(280,126)	n.s.	n.s.
Attributable to:					
Owners of the parent	28,233		(174,279)		
Non-controlling interests	(293)		(105,847)		

Italmobiliare Group			
Statement of financial position (in thousands of euro)	6/30/2017	12/31/2016	Change
Non-current assets			
Property, plant and equipment	133,364	132,432	932
Investment property	6,364	6,473	(109)
Goodwill	29,722	30,118	(396)
Intangible assets	22,319	21,981	338
Equity-accounted investees	9,210	9,297	(87)
Other equity investments	651,153	662,078	(10,925)
Trade receivables and other non-current assets	108,857	114,866	(6,009)
Deferred tax assets	19,194	19,868	(674)
Non-current amounts due from employees			
Total non-current assets	980,183	997,113	(16,930)
Current assets			
Inventories	38,318	35,753	2,565
Trade receivables	102,129	101,883	246
Other current assets including derivatives	37,312	34,725	2,587
Tax assets	10,910	9,291	1,619
Equity investments, bonds and loan assets	283,404	295,530	(12,126)
Cash and cash equivalents	183,541	285,505	(101,964)
Total current assets	655,614	762,687	(107,073)
Total assets	1,635,797	1,759,800	(124,003)
Equity			
Share capital	100,167	100,167	
Share premium reserve	177,191	177,191	
Reserves	153,333	127,456	25,877
Treasury shares	(134,686)	(34,568)	(100,118)
Retained earnings	933,583	954,709	(21,126)
Equity attributable to owners of the parent	1,229,588	1,324,955	(95,367)
Non-controlling interests	6,853	9,212	(2,359)
Total equity	1,236,441	1,334,167	(97,726)
Non-current liabilities			
Financial liabilities	73,753	77,909	(4,156)
Employee benefits	12,572	15,196	(2,624)
Provisions	95,817	98,889	(3,072)
Other liabilities	538	600	(62)
Deferred tax liabilities	11,950	35,523	(23,573)
Total non-current liabilities	194,630	228,117	(33,487)
Current liabilities			
Bank loans and borrowings	30,085	28,247	1,838
Financial liabilities	36,379	27,152	9,227
Trade payables	61,388	53,933	7,455
Provisions	846	844	2
Tax liabilities	553	2,805	(2,252)
Other liabilities	75,475	84,535	(9,060)
Total current liabilities	204,726	197,516	7,210
Total liabilities	399,356	425,633	(26,277)
Total equity and liabilities	1,635,797	1,759,800	(124,003)

Italmobiliare Group				
Statement of cash flows (in thousands of euro)	H1 2017		H1 2016	
Net financial position at beginning of period		493,461		(2,081,671)
Cash flow from operating activities		410		16,362
Capital expenditure:				
<i>PPE, investment property and intangible assets</i>	<i>(11,758)</i>		<i>(15,084)</i>	
<i>Non-current financial assets</i>	<i>(23,599)</i>		<i>(37,852)</i>	
Capital expenditure		(35,357)		(52,936)
Proceeds from sale of non-current assets		47,913		33,115
Dividends paid		(24,123)		(17,724)
Change in shareholdings in subsidiaries				(200,994)
Purchase of treasury shares		(100,118)		
Translation differences and other		(4,361)		(3,179)
Change in net financial position		(115,636)		(225,356)
Cash flow relating to assets held for sale				182,778
Net financial position at end of period		377,825		(2,124,249)

Italmobiliare Group			
Net financial position (in thousands of euro)	June 30, 2017	December 31, 2016	Change
Current financial assets	483,736	597,866	(114,130)
Cash and cash equivalents	183,541	285,505	(101,964)
Derivatives - assets	8,505	8,005	500
Other current financial assets	291,690	304,356	(12,666)
Current financial liabilities	(80,466)	(73,745)	(6,721)
Bank loans and borrowings	(30,085)	(28,247)	(1,838)
Current financial liabilities	(44,269)	(34,566)	(9,703)
Derivatives - liabilities	(6,112)	(10,932)	4,820
Non-current financial assets	48,308	47,249	1,059
Non-current financial assets	48,308	47,249	1,059
Non-current derivatives			
Non-current financial liabilities	(73,753)	(77,909)	4,156
Non-current financial liabilities	(73,753)	(77,909)	4,156
Non-current derivatives			
Total net financial position	377,825	493,461	(115,636)