

BOARD EXAMINES ADDITIONAL QUARTERLY FINANCIAL DISCLOSURE AT SEPTEMBER 30, 2017

- **ITALMOBILIARE: GROWTH IN NAV PER SHARE, RESULTS IN LINE WITH PROJECTIONS**

- > *Net Asset Value per share, excluding treasury shares in portfolio, rises to 35.2 euro at September 30, 2017 (34.85 euro proforma at end of 2016).*
- > *NAV down from 1,599.8 million euro at end of 2016 to 1,476.4 million euro. Decrease largely due to investment of 100 million euro for voluntary public tender offer on treasury shares completed last June.*
- > *NAV discount decreases to 35.1% from 36.7% at end of 2016.*
- > *Italmobiliare S.p.A. results for first nine months (gross operating profit of 12.2 million euro and operating profit of 11.8 million euro) in line, net of non-recurring items, with projections for 2017. Comparison with corresponding 2016 figures not significant since year-earlier period included large gains realized on sale of equity investment in Italcementi and on distribution of HeidelbergCement shares as extraordinary dividend to savings shareholders under program for conversion into ordinary shares.*
- > *Net financial position of Italmobiliare and Franco Tosi positive for 422.5 million euro (565.9 million euro at end of 2016) taking account of recent voluntary public tender offer.*

- **APPROVAL OF THE UPSTREAM MERGER OF THE SUBSIDIARY FRANCO TOSI**

- > *Board of Directors approves the merger by incorporation of the wholly owned subsidiary Franco Tosi. Transaction also approved by Franco Tosi shareholders.*

The Board of Directors of Italmobiliare S.p.A. today approved the additional quarterly financial disclosure as at and for the nine months to September 30, 2017.

During the first nine months of the year, NAV per share rose to 35.2 euro; not including treasury shares in portfolio representing approximately 12% of the company's share capital, this reflects an increase of about 1% from the figure at the end of 2016. Overall NAV, including the investment of approximately 100 million euro for the voluntary public tender offer on treasury shares completed last June, decreased from 1,599.8 million euro at the end of 2016 to 1,476.4 million euro, while the NAV discount decreased to 35.1% (36.7%). The net financial position of Italmobiliare and Franco Tosi was positive at 422.5 million euro (565.9 million euro at the end of 2016), taking into account the investment for the recent voluntary public tender offer.

Italmobiliare S.p.A. results for the first nine months (gross operating profit 12.2 million euro, operating profit 11.8 million euro) were in line with projections. Comparison with the corresponding 2016 figures is not significant, since the year-earlier period included non-recurring gains realized on the sale of the Italcementi equity investment and on the distribution of HeidelbergCement shares as an extraordinary dividend to savings shares under the program for conversion into ordinary shares implemented in 2016.

At consolidated level, revenue amounted to 296.7 million euro (345.1 million euro in the first nine months of 2016), but reflected an increase of 23.4 million euro net of non-recurring items. Gross operating profit was 19.8 million euro (65 million euro) and operating profit was 4.8 million euro (50 million euro), although these results were more than 26 million euro higher than the corresponding 2016 figures net of the gains described above.

The Board of Directors also approved the merger by incorporation of the wholly owned subsidiary Franco Tosi S.r.l, the proposal for which was approved by the Board at its meeting on September 26 last. The merger was also approved today by the shareholders of Franco Tosi S.r.l..

The merger deed will be stipulated in accordance with the term set out in art. 2503 of the Italian Civil Code and will be published as required by law.

The merger documentation is available for members of the public at the company head office and posted on the company website in the section “Investor / Extraordinary Transactions / Merger by incorporation of Franco Tosi”.

The manager in charge of preparing the financial reports of Italmobiliare S.p.A., Mauro Torri, declares, pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance (Law 58/1998), that the accounting information contained in this press release corresponds to the document results, books and accounting entries.

Disclaimer

This press release may contain forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in laws and regulations and the institutional environment (in each case in Italy or abroad), and many other factors, most of which are beyond the Group's control.

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Additional quarterly financial disclosure at September 30, 2017

Significant events in the quarter

On September 26, 2017, the Italmobiliare S.p.A. Board of Directors approved the proposal for the upstream merger of Franco Tosi S.r.l., a wholly owned financial company, into and with the parent Italmobiliare S.p.A., and the related merger project.

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

Specifically, the merger will make it possible to optimize decision-making processes and improve the use and deployment of the resources and skills in the companies involved in the operation.

The merger will be executed in accordance with the simplified procedure set out in article 2505 of the Italian Civil Code.

Pursuant to article 2504-bis, paragraph 2, of the Italian Civil Code, the merger will be effective as from the final registration date of the merger deed at the Milan Companies Register.

At the meeting, the Board of Directors also decided not to exercise its right of withdrawal, within the stipulated term, from the Mediobanca Voting Trust, which therefore continues to hold 8,673,728 Mediobanca shares, representing 0.98% of the share capital.

Italmobiliare directly holds 1.21% of Mediobanca.

Key consolidated figures for the nine months to September 30, 2017

Third quarter

(in millions of euro)	Q3 2017	Q3 2016	% change
Revenue	94.9	162.5	(41.6)
Gross operating profit	1.1	63.8	(98.3)
<i>% of revenue</i>	1.2	39.3	
Operating profit (loss)	(4.0)	58.7	n.s.
<i>% of revenue</i>	(4.2)	36.1	

n.s. not significant

Nine months to September 30

(in millions of euro)	Nine months to 09.30.2017	Nine months to 09.30.2016	% change
Revenue	296.7	345.1	(14.0)
Gross operating profit	19.8	65.0	(69.5)
<i>% of revenue</i>	6.7	18.8	
Operating profit	4.8	50.0	(90.4)
<i>% of revenue</i>	1.6	14.5	

n.s. not significant

(in millions of euro)	September 30 2017	June 30 2017	December 31 2016
Total equity	1,248.1	1,236.4	1,334.2
Equity attributable to owners of the parent	1,242.9	1,229.6	1,325.0

The third quarter of 2017 confirmed the expansionary phase in the global economy, synchronized across the various regions, which began at the end of 2016, driven by an acceleration in industrial production against a rise in both investments and consumption. Nevertheless, the productivity growth rate is still low, while difficulties continue in some emerging countries. In other words, the economic cycle could weaken over the medium term. Geopolitical uncertainty (Brexit, international tensions) and the sustainability of Chinese debt are the main sources of risk. The stock markets benefited from a general upward review of earnings forecasts and from favorable financial conditions. Monetary policy in the main countries continued to be ultra-expansionary, while the “normalization” process set in motion by the Fed has not had a restrictive impact. Not surprisingly, the dollar exchange rate is weak. In this context and with inflation below the long-term objectives of the central banks, overall the global bond market has stabilized. Italmobiliare Group consolidated revenue in both the third quarter of 2016 and the nine months to September 30, 2016 reflected a gain of 71.8 million euro at the Italmobiliare parent after the distribution of HeidelbergCement AG shares to the savings shareholders as payment of the extraordinary stock dividend.

Net of this gain, 2016 third-quarter revenue would have been 90.7 million euro, while revenue for the nine months to September 30, 2016 would have been 273.3 million euro. With respect to those amounts, revenue rose by 4.2 million euro (+4.6%) in the third quarter of 2017 and by 23.4 million euro (+8.6%) in the nine months to September 30, 2017, from the year-earlier periods. Specifically, the improvement in revenue for the nine months was

driven by the healthy performance of the parent Italmobiliare (+34.4% net of 2016 extraordinary events described later in this report) and BravoSolution (+10.8%). Group operating results were down on the first nine months of 2016 largely due to the effect of the gain realized in 2016 after the distribution of HeidelbergCement AG shares as described above. Excluding this effect, the Group reported an improvement of 26.6 million euro in both its gross operating profit and its operating profit.

Consolidated equity at September 30, 2017, was 1,248.1 million euro, down by 86.1 million euro from December 31, 2016 (1,334.2 million euro).

The overall change arose largely from:

- share buybacks for approximately 100 million euro;
- the change in the fair value reserve on available-for-sale assets (+46.9 million euro net of the related tax effect);
- the decrease of 25.7 million euro in dividends paid.

Net financial position

(in millions of euro)	September 30 2017	June 30 2017	December 31 2016
Net financial position	348.5	377.8	493.5

The positive net financial position of 348.5 million euro showed a decrease of 145.0 million euro from December 31, 2016, largely as a result of the downturn in the net financial positions of Italmobiliare S.p.A. (-132.3 million euro), the Italgem group (-4.5 million euro), the BravoSolution group (-2.2 million euro) and the Sirap group (-1.7 million euro). Details are provided later in this report.

Net Asset Value

Excluding treasury shares, Italmobiliare **Net Asset Value** at September 30, 2017 was 1,476.4 million euro, a reduction of 123.4 million euro from December 31, 2016 (1,599.8 million euro), on capitalization of 957.8 million euro. The reduction in NAV from December 31, 2016 was due mainly to the voluntary public tender offer on treasury shares, which generated a cash outlay of approximately 100 million euro, and to the payment of 17.0 million euro in connection with the settlement agreed with HeidelbergCement AG, details of which are provided in the section “Disputes and pending proceedings”.

NAV was computed considering:

- the market price at September 30, 2017 of investments in listed companies;
- the value of non-listed companies, where determinable, based on market multiples or specific valuations or, when such information is not available, on equity as reflected in the most recent approved financial statements drawn up in accordance with the IFRS financial reporting standards, if available, otherwise with local accounting principles;
- the market value of real estate assets;
- the deferred tax effect.

Operating performance of the main Group companies

Italmobiliare S.p.A.

	September 30 2017	September 30 2016	% change
(in millions of euro)			
Revenue	35.2	888.0	n.s.
Gross operating profit	12.2	844.5	n.s.
<i>% of revenue</i>	<i>34.8</i>	<i>95.1</i>	
Operating profit	11.8	844.3	n.s.
<i>% of revenue</i>	<i>33.7</i>	<i>95.1</i>	

	September 30 2017	June 30 2017	December 31 2016
(in millions of euro)			
Net financial position	184.7	210.5	317.0

For the parent Italmobiliare S.p.A., 2016 was a year of extraordinary events: the sale of the equity investment held in Italcementi to the German group HeidelbergCement AG, the simplification of the capital structure through distribution of a special dividend exclusively to the savings shareholders and the simultaneous mandatory conversion of savings shares into ordinary shares.

Specifically, revenue in the year-earlier period amounted to 888.0 million and arose mainly from the following transactions:

- the sale of the equity investment held in Italcementi to the German group HeidelbergCement AG, completed on July 1, 2016, which generated a gain on the separate financial statements of 790.0 million euro;
- the distribution of HeidelbergCement AG shares as a dividend to the savings shareholders, under the operation to simplify the capital structure, which generated a gain of 71.8 million euro.

Net of these transactions, revenue in the year-earlier period would have amounted to 26.2 million euro.

In the first nine months of 2017, Italmobiliare recorded gains of 5.5 million euro from the sale of equities (8.9 million euro in the nine months to September 30, 2016), relating largely to listed companies. There was a significant increase in dividends received to 17.7 million euro, compared with 3.0 million euro in the year-earlier period, referring mainly to HeidelbergCement (9.2 million euro), Italgem (6 million euro) and Sirap Gema (2 million euro). Other finance income amounted to 11.5 million euro (1.1 million euro in the nine months to September 30, 2016), mainly as a result of the positive performance of equity derivatives.

The gross operating profit for the period of 12.2 million euro (844.5 million euro for the nine months to September 30, 2016) also benefited from the absence of expense relating to the financial transaction with HeidelbergCement AG and to the operation to simplify the company's capital structure (legal and advisory costs).

There was a significant reduction in services provided (-12.9 million euro) after the sale of Italcementi S.p.A.

The net financial position of Italmobiliare S.p.A. was positive at 184.7 million euro (positive at 317.0 million euro at December 31, 2016), reflecting a decrease of 132.3 million euro arising mainly from the following factors:

- the Italmobiliare partial voluntary public tender offer on 4 million ordinary treasury shares, leading to an outlay of approximately 100 million euro;
- the payment of 17.0 million euro in connection with the settlement agreed with HeidelbergCement AG, details of which are provided below in the section “Disputes and pending proceedings”;
- cash flow used in operating activities (-31.1 million euro);
- capital expenditure (-36.4 million euro);
- proceeds from the sale of assets (+56.1 million euro).

As a result of the above cash flows, the net financial position of Italmobiliare S.p.A. and Franco Tosi S.r.l. (a wholly owned financial subsidiary of Italmobiliare S.p.A. whose core business is management of a large trading portfolio) was down 143.4 million euro in the third quarter of 2017, from 565.9 million euro at December 31, 2016 to 422.5 million euro at September 30, 2017.

At September 30, 2017, Italmobiliare S.p.A. held 5,695,870 treasury shares representing 11.96% of the share capital.

Sirap Group

The Sirap group, through its subsidiaries in Italy and abroad, is active in the production and sale of products for the packaging of fresh food.

	September 30	September 30	% change
(in millions of euro)	2017	2016	
Revenue	153.5	155.2	(1.1)
Gross operating profit	10.7	15.0	(28.8)
<i>% of revenue</i>	6.9	9.6	
Operating profit	3.9	8.5	(54.3)
<i>% of revenue</i>	2.5	5.5	

	September 30	June 30	December 31
(in millions of euro)	2017	2017	2016
Net financial position	(66.8)	(64.1)	(65.1)

Group revenue in the nine months to September 30, 2017 amounted to 153.5 million euro, a decrease of 1.1% from 155.2 million euro in the first nine months of 2016; the exchange-rate effect on consolidated revenue was less marked than in the year-earlier period, with an estimated negative effect of 0.2 million euro (-2.2 million euro at September 30, 2016).

Trends varied on the group's markets: the performance of the rigid container segment improved on the Polish market and in the other European countries where the Sirap group has production or distribution operations; in foamed trays, the downturn in meat consumption, especially in France and Italy, led to a contraction in demand, while sales prices fell due to high competitive pressure.

Group gross operating profit in the first nine months of 2017 amounted to 10.7 million euro, compared with 15.0 million euro in the year-earlier period. The reduction arose largely from the rise in raw material prices (+15.8% from the 2016 average), which, combined with the market situation in foamed trays, generated a significant erosion of margins.

After amortization and depreciation of 6.8 million euro, in line with 6.7 million euro in the first nine months of 2016, the group posted an operating profit for the period of 3.9 million euro, compared with 8.5 million euro for the year-earlier period.

The consolidated net financial position at September 30, 2017 reflected debt of 66.8 million euro, a downturn of 1.7 million euro from December 31, 2016 (65.1 million euro).

Italgen group

	September 30 2017	September 30 2016	% change
(in millions of euro)			
Revenue	28.6	36.4	(21.4)
Gross operating profit	7.5	8.5	(12.1)
<i>% of revenue</i>	26.2	23.4	
Operating profit	4.9	6.0	(18.6)
<i>% of revenue</i>	17.1	16.5	

	September 30 2017	June 30 2017	December 31 2016
(in millions of euro)			
Net financial position	(21.5)	(23.2)	(17.0)

In the first nine months of 2017, hydroelectric energy production at the Italgen group amounted to 212.8 GWh, down by 2.5% from the year-earlier period (218.2 GWh).

Revenue was 28.6 million euro, a decrease of 21.4% from the first nine months of 2016 (36.4 million euro) due to the decision to change the customer mix (an increase in “wholesaler customers” with respect to “end customers”) and to the reduction in the purchase and simultaneous resale to the electric market of energy not used by Italcementi (so-called interconnector operations), which accounted for 2.8 million euro of the revenue decrease compared with the first nine months of 2016.

Gross operating profit in the first nine months of 2017 was 7.5 million euro, down 12.1% from the year-earlier period (8.5 million euro). It should be noted that the 2016 figure included gains of 2 million euro realized on the sale of assets. Net of this effect, the gross operating profit for the first nine months of 2017 was up 15.9% from the gross operating profit at the end of September 2016.

After amortization and depreciation of 2.6 million euro, the group posted an operating profit of 4.9 million euro (profit of 6.0 million euro in the year-earlier period).

The net financial position reflected debt of 21.5 million euro, a downturn of 4.5 million euro from the end of 2016 arising largely as a result of the payment of dividends and delays in collection of Green Certificates, offset in part by the result of operations.

BravoSolution group

	September 30 2017	September 30 2016	% change
(in millions of euro)			
Revenue	63.0	56.9	10.8
Gross operating profit (loss)	2.9	(1.5)	n.s.
<i>% of revenue</i>	<i>4.7</i>	<i>(2.6)</i>	
Operating loss	(2.3)	(6.8)	66.5
<i>% of revenue</i>	<i>(3.6)</i>	<i>(12.0)</i>	

	September 30 2017	June 30 2017	December 31 2016
(in millions of euro)			
Net financial position	(15.4)	(18.2)	(13.2)

Revenue at the BravoSolution group for the nine months to September 30, 2017 amounted to 63.0 million euro, an overall increase of 10.8% from the year-earlier period (56.9 million euro); specifically, the group reported growth in the USA, Italy, Germany, Finland, the Netherlands and Australia. Revenue from technology, whose growth is a development priority for the group, showed an even greater increase of 17.7% from 2016, and accounted for 66.7% of total revenue (62.8% in 2016).

The main earnings indicators improved compared with the first nine months of 2016, with a gross operating profit of 2.9 million euro (loss of 1.5 million euro in 2016) and an operating loss of 2.3 million euro, an improvement of 4.5 million euro compared with the first nine months of 2016.

The growth in profitability in both absolute and percentage terms compared with the year-earlier period arose from the increase in revenue and from the stabilization of costs relating to the plan to strengthen and re-organize the group corporate structure, which began in 2015 and was completed at the end of last year.

The net financial position reflected a reduction of 2.2 million euro from December 31, 2016 (debt of 13.2 million euro), to be seen in the context of the group's projections of positive business performance on one hand and capital expenditure on the other. As forecast, the net financial position improved during the third quarter.

Disputes and pending proceedings

As already illustrated in previous financial reports, the Italcementi share sale and purchase agreement signed with HeidelbergCement AG envisaged customary obligations relating to the interim period between the signing and closing dates, some representations and possible indemnification duties.

After the closing date, Italmobiliare received several claim notices from the purchaser for the execution of the above-mentioned indemnification obligations.

On September 15, 2017, the company signed a settlement agreement with the purchaser and Italcementi S.p.A. for the settlement of most of the above-mentioned claims.

This agreement resulted in the payment to Italcementi S.p.A. – designated for this purpose by HeidelbergCement – of 17,000,000 euro, fully covered by provisions for risks already recognized in the financial statements of Italmobiliare S.p.A. as at December 31, 2016, as well as in the partial use of the contractual thresholds for claims originally envisaged.

The parties are still disputing the validity of some claims excluded from the settlement agreement, for which the residual provisions for risk recognized in the financial statements are deemed appropriate.