

BOARD EXAMINES CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2010

- **GROUP NET PROFIT MAKES SIGNIFICANT PROGRESS**
- **POSITIVE NET FINANCIAL POSITION OF APPROXIMATELY 300 MILLION EURO FOR THE FINANCIAL SECTOR; GROUP DEBT IMPROVES BY APPROXIMATELY 100 MILLION EURO**

ITALMOBILIARE GROUP:

- **REVENUES: 1,173.0 MILLION EURO (1,276.2 MILLION EURO IN THE FIRST QUARTER OF 2009)**
- **TOTAL NET PROFIT: 17.7 MILLION EURO (-2.9 MILLION EURO)**
- **GROUP NET PROFIT: 11.6 MILLION EURO (- 28.0 MILLION EURO)**
- **SHAREHOLDERS' EQUITY: 5,950.6 MILLION EURO (5,767.1 MILLION EURO AT DECEMBER 31, 2009)**
- **NET DEBT: IMPROVEMENT OF MORE THAN 100 MILLION EURO TO 2,099.2 MILLION EURO (2,200.8 MILLION EURO AT DECEMBER 31, 2009)**
- **NET ASSET VALUE: 2,042.6 MILLION EURO (1,674.9 MILLION EURO AT MARCH 31, 2009, 2,166.1 MILLION EURO AT DECEMBER 31, 2009)**

Milan, May 14, 2010 – *The Board of Directors of Italmobiliare S.p.A. has examined and approved the consolidated quarterly report at March 31, 2010.*

*The Italmobiliare Group closed the first quarter of 2010 with a **total net profit** of 17.7 million euro and **Group net profit** of 11.6 million euro, on revenues of 1,173.0 million euro. The positive performance in the first three months compared with a year-earlier period of losses (net loss of 2.9 million euro and Group net loss of 28.0 million euro) and was substantially due to the contribution of the Group's financial operations.*

*The quarterly result reflects an increase in **net finance costs**, which rose to 38.2 million euro from 31.0 million euro in the first quarter of 2009, after non-recurring costs of 21.7 million euro.*

The financial sector, which includes the parent company Italmobiliare and the wholly owned financial companies, benefited from the positive performance of the financial markets, posting measurement gains on the equities and bond portfolio and also realizing significant capital gains, on equities in particular. The sector reported a profit of 26.6 million euro compared with a loss of 17.8 million euro in the first quarter of 2009.

In the construction materials sector, the subsidiary Italcementi – which published its results on May 7, 2010 – reported a decrease in revenues to 1,072.5 million euro and a net loss of 8.6 million euro, after the non-recurring finance costs mentioned above relating to early redemption of the U.S. Notes issued by Ciments Français in 2002 and 2006.

In the food packaging and thermal insulation sector, the Sirap Gema group reported a small reduction in revenues to 53.9 million euro, while the increase in the cost of raw materials had an impact on EBIT (0.8 million euro) and on net earnings, with a net loss for the period of 0.6

million euro; however, this was an improvement on the year-earlier period (-2.2 million euro).

The banking sector (Finter Bank Zurich and Crédit Mobilier de Monaco) posted a small loss (-0.1 million euro) due to lower commission income and interest income.

Italmobiliare Group **net debt** at March 31, 2010, was 2,099.2 million euro, an improvement of more than 100 million euro from the end of 2009 (2,200.8 million euro). **Total shareholders' equity** increased to 5,950.6 million euro from 5,767.1 million euro at December 31, 2009. **Group shareholders' equity** was 2,449.6 million euro, an increase of 52 million euro from the end of 2009.

The changes in shareholders' equity and debt produced an improvement in the **gearing** ratio, from 38.16% at the end of December 2009 to 35.28% at the end of March 2010. **Leverage** was 1.98%, compared with 2.08% at the end of 2009.

The **net financial position of Italmobiliare and the wholly owned financial companies** was positive at 298.8 million euro, an improvement of approximately 44 million euro from December 31, 2009.

Italmobiliare Net Asset Value (NAV) at the end of the first quarter remained above 2 billion euro: at March 31, 2010, it was 2,042.6 million euro (1,674.9 million euro at March 31, 2009, and 2,166.1 million euro at the end of 2009).

With regard to the full-year **outlook**, although positive indications can be seen in demand in non-European countries, the great uncertainty about developments in the international economic situation is reflected in the operating results of the Group's industrial companies. Furthermore, the scenario on the financial markets depends on the consequences of the Greek public debt crisis and, at a more general level, on debt sustainability in a number of Western countries. During 2010 the financial markets will presumably be influenced by the possibility for the global economic cycle to pick up more strongly than expected and thereby generate the conditions for a recovery in public finances.

Consequently, in a volatile situation subject to these uncertainties, full-year earnings, while positive, could be down on last year's results.

Disclaimer

This press release, and in particular the section entitled "Outlook", contains 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 government regulation (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>

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THE GROUP – The Group reported first-quarter revenues of 1,173.0 million euro (-8.1% from the first quarter of 2009).

Geographical breakdown of revenues and operating results

(in millions of euro)	Revenues		Recurring EBITDA		EBITDA		EBIT	
	Q1 2010	% change vs. Q1 2009	Q1 2010	% change vs. Q1 2009	Q1 2010	% change vs. Q1 2009	Q1 2010	% change vs. Q1 2009
European Union	641.6	-9.7	84.5	103.4	80.4	98.7	25.3	n.s.
Other European countries	39.2	7.7	(2.4)	-55.0	(2.0)	-29.7	(6.5)	-14.9
North America	61.5	-17.4	(17.1)	-85.8	(17.1)	-79.9	(33.7)	-60.2
Asia and Middle East	108.3	-8.7	15.8	-39.1	15.5	-31.5	3.7	-65.0
Africa	294.5	-1.3	92.8	-11.4	92.8	-11.4	70.3	-11.6
Trading	64.7	31.6	3.0	16.4	3.0	16.4	2.3	20.5
Other countries	97.5	2.3	(5.2)	n.s.	(4.4)	-22.6	(6.3)	(14.8)
Inter-area eliminations	(134.3)	26.1						
Total	1,173.0	-8.1	171.4	3.7	168.2	9.4	55.1	47.0

n.s. not significant

The 8.1% decrease in **revenues** compared with the first quarter of 2009 arose from:

- slower business performance for 7.2%,
- the negative exchange-rate effect for 1.0%,
- the changes in the scope of consolidation, which had a marginal positive effect of 0.1%.

The slowdown in business activities arose from the construction materials sector for 9.7% and from the food packaging and thermal insulation sector for 3.3%; the financial sector and the banking sector reported performance improvements of 193.1% and 4.0% respectively.

The negative exchange-rate effect was chiefly linked to the depreciation of the Egyptian pound and the US dollar against the euro; the changes in the scope of consolidation had an immaterial impact.

Recurring EBITDA and **EBITDA** increased by 6.2 million euro (+3.7%) and 14.5 million euro (+9.4%) respectively from the year-earlier first quarter. The improvements arose essentially in the financial sector (+54.8 million euro and +54.5 million euro respectively), while reductions were reported in the other sectors; of these, the largest decline in absolute terms was in construction materials (-53.2 million euro and -44.7 million euro).

After a decrease in amortization and depreciation charges compared with the first quarter of 2009 (113.0 million euro compared with 116.2 million euro), **EBIT** rose by 47.0%, from 37.5 million euro to 55.1 million euro.

Net finance costs, including net exchange-rate differences and derivatives, increased by 7.2 million euro, from 31.0 million euro to 38.2 million euro; this included non-recurring costs of 21.7 million euro for redemption of the notes issued by Ciments Français in the USA in 2002 and 2006.

The **share of results of associates** was significantly lower, decreasing from 7.4 million euro to a negative balance of 1.8 million euro. This reflected the losses and smaller positive contributions from associates in the first quarter of 2010 compared with the year-earlier period.

These above results generated an increase of 7.9% in **profit before tax** to 15.0 million euro, compared with 13.9 million euro at March 31, 2009.

Income tax for the first quarter had a positive effect of 2.7 million euro, compared with income tax expense of 16.8 million euro in the first quarter of 2009, due to the effect of lower taxable income.

Net profit for the period was 17.7 million euro (a net loss of 2.9 million euro in the 2009 first quarter); **net profit attributable to the Group**, after net profit attributable to minorities of 6.1 million euro (+25.1 million euro at March 31, 2009), was 11.6 million euro (-28.0 million euro at March 31, 2009).

Investments in fixed assets in the first quarter, including changes in payables/receivables relating to purchases, amounted to 154.4 million euro (183.8 million euro in the year-earlier period). They referred largely to property, plant and equipment and intangible assets (133.5 million euro, compared with 175.5 million euro in the first quarter of 2009). Capital expenditure related essentially to the construction materials sector (131.1 million euro), in countries where strategic industrial investments have been made or are being completed.

Investments in non-current financial assets totaled 20.9 million euro (8.2 million euro in the first quarter of 2009) and referred to the construction materials sector for 16.1 million euro and the financial sector for 4.8 million euro

At March 31, 2010, **net debt** was 2,099.2 million euro, an improvement from 2,200.8 million euro at December 31, 2009. This reflected significant cash flows from operations and high finance income on the sale of equity investments and securities. The gearing ratio at March 31, 2010, was 35.28%, an improvement from 38.16% at December 31, 2009.

Performance in the core businesses

Performance in the **construction materials sector**, headed by the Italcementi group (Italmobiliare's main industrial activity), was severely affected by the decline in sales volumes in January and February, when general meteorological conditions were extremely unfavorable. Revenues fell by 10.7% on the first quarter of 2009, due to the reduction in volumes and also to the decrease in average sales prices. The decline was more severe and more widespread on the mature markets, whereas conditions varied among the emerging markets. The contraction in revenues generated a decrease in operating results, counterbalanced in part by action to limit operating expenses. In this scenario, recurring EBITDA and EBIT fell by 28.2% and 63.0% respectively. After a 28.4% increase in net finance costs due to non-recurring expense and income tax income of 3.7 million euro, the group posted a total net loss for the period of 8.6 million euro (net profit of 20.1 million euro in the first quarter of 2009), with a net loss attributable to the group of 37.5 million euro (a net loss of 12.7 million euro in the year-earlier period).

In the **food packaging and thermal insulation sector**, consisting of the Sirap Gema group, demand dropped and the significant upward trend in polymer prices continued. Revenues for the first quarter of 2010 (53.9 million euro) reflected a small decrease of 1.7% from the year-earlier period, due to pressure on prices and the reduction in sales volumes. The increase in costs arising largely from the rise in raw materials pushed down EBIT (0.8 million euro) by 42.3%, a reduction also caused by the sharp slowdown in the thermal insulation sector and by impairment losses in the three months. The group posted a net loss for the period of 0.6 million euro, an improvement on the year-earlier result (a net loss of 2.2 million euro) achieved thanks to the reduction in net finance costs as a result of the decrease in average debt, lower interest rates and smaller exchange-rate losses relating to the subsidiaries in Eastern Europe.

The **financial sector**, which includes the parent company Italmobiliare, the wholly owned financial companies and the results of associates, benefited from the favorable conditions on the financial markets to report a net profit of 26.6 million euro, compared with a loss of 17.8 million

euro in the first quarter of 2009. The result arose from measurement gains and net capital gains on the bond and equities portfolio, despite the negative share of results of associates.

The **banking sector** comprises Finter Bank Zürich and Crédit Mobilier de Monaco. It reported a net loss of 0.1 million euro for the quarter, compared with a net profit of 0.4 million euro in the year-earlier period, largely as a result of lower commission income and interest income and higher operating expenses.

OUTLOOK – Although positive indications can be seen in demand in non-European countries, the great uncertainty about developments in the international economic situation is reflected in the operating results of the Group's industrial companies. Furthermore, the scenario on the financial markets depends on the consequences of the Greek public debt crisis and, at a more general level, on debt sustainability in a number of Western countries. During 2010 the financial markets will presumably be influenced by the possibility for the global economic cycle to pick up more strongly than expected and thereby generate the conditions for a recovery in public finances.

Consequently, in a volatile situation subject to these uncertainties, full-year earnings, while positive, could be down on last year's results.

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

Attachments: condensed income statement and balance sheet data

Italmobiliare Group					
Income Statement (in thousands of euro)	Q1 2010	%	Q1 2009	%	% change
Revenues	1,173,000	100.0	1,276,209	100.0	-8.1
Other revenues	10,905		20,907		
Change in inventories	9,140		(17,583)		
Internal work capitalized	10,879		9,005		
Goods and utilities expenses	(477,595)		(500,332)		
Services expenses	(261,813)		(280,318)		
Employee expenses	(249,861)		(253,424)		
Other operating income (expense)	(43,245)		(89,241)		
Recurring EBITDA	171,410	14.6	165,223	12.9	3.7
Net capital gains on sale of fixed assets	1,598		747		
Non-recurring employee expenses for re-orgs	(4,188)		(12,340)		
Other non-recurring income (expense)	(660)		117		
EBITDA	168,160	14.3	153,747	12.0	9.4
Amortization and depreciation	(113,040)		(116,264)		
Impairment variation	(32)				
EBIT	55,088	4.7	37,483	2.9	47.0
Finance income	12,208		8,879		
Finance costs	(52,971)		(36,670)		
Net exchange-rate differences and derivatives	2,559		(3,212)		
Impairment on financial assets	(86)				
Share of results of associates	(1,749)		7,467		
Profit before tax	15,049	1.3	13,947	1.1	7.9
Income tax expense	2,672		(16,833)		
Net profit for the period	17,721	1.5	(2,886)	-0.2	n.s.
Attributable to:					
Equity holders of the parent	11,556	1.0	(28,001)	-2.2	n.s.
Minority interests	6,165	0.5	25,115	2.0	-75.5

Italmobiliare Group					
Statement of comprehensive income (in thousands of euro)	Q1 2010	%	Q1 2009	%	% change
Net profit for the period	17,721	1.5	(2,886)	-0.2	n.s.
Fair value adjustments to:					
Available-for-sale financial assets	(256)		(82,796)		
Derivative financial instruments	(4,054)		(30,501)		
Translation differences	207,723		39,692		
Tax relating to components of other comprehensive income	1,141		7,426		
Components of other comprehensive income	204,554		(66,179)		
Total comprehensive income	222,275	18.9	(69,065)	-5.4	n.s.
Attributable to:					
Group	43,091		(104,877)		
Minority interests	179,184		35,812		

Italmobiliare Group				
Financial position (in thousands of euro)	March 31, 2010	December 31, 2009	Change Δ	%
Cash, cash equivalents and current financial assets	(2,328,592)	(1,908,333)	(420,259)	22.0
Short-term financing	1,372,664	1,225,183	147,481	12.0
Medium/long-term financial assets	(82,811)	(85,304)	2,493	-2.9
Medium/long-term financing	3,137,896	2,969,273	168,623	5.7
Total net debt	2,099,157	2,200,819	(101,662)	-4.6
	March 31, 2010	December 31, 2009		
Total shareholders' equity	5,950,603	5,767,124	183,479	3.2