

THE BOARD OF DIRECTORS EXAMINES RESULTS AT SEPTEMBER 30, 2007

ITALMOBILIARE GROUP

- **REVENUES:** 4,908.1 MILLION EURO (+5.4%)
- **TOTAL NET PROFIT:** 513.4 MILLION EURO (-14.9%)
- **GROUP NET PROFIT:** 168.7 MILLION EURO (-19.7%)
- **NET DEBT:** 2,111.6 MILLION EURO (1,857.3 MILLION EURO AT DECEMBER 31, 2006)
- **SHAREHOLDERS' EQUITY:** 6.38 BILLION EURO (6.41 BILLION EURO AT DECEMBER 31, 2006)

Milan, November 14, 2007 – *At a meeting today chaired by Giampiero Pesenti, the Board of Directors of Italmobiliare S.p.A. examined and approved the consolidated quarterly report at September 30, 2007, and performance in the first nine months of the year, which closed with a net profit of 513.4 million euro for a 10.5% return on revenues, after tax of 226.8 million euro.*

In the third quarter of the current year, the Group posted a net profit of 146.4 million euro, a 27.9% decrease on the year-earlier result caused by particularly unfavorable conditions on the financial markets during the quarter.

The first nine months of the year were affected by third-quarter performance, leading to a reduction in margins despite the easing of the slowdown in construction materials and an overall improvement in the banking sector and in the food packaging and thermal insulation business. In the January-September period, on revenues that gained 5.4% to 4,908.1 million euro, the Group posted a net profit of 513.4 million euro, a decrease of 14.9% compared with the record results of 2006, stemming in part from higher finance costs and the absence of non-recurring income— fiscally driven non-recurring income in particular—recorded in 2006.

Net debt rose to 2,111.6 million euro at September 30, from 1,857.3 million euro at December 31, 2006, after significant investments in fixed assets (824.6 million euro). Conversely, the net financial position in the financial sector, comprising Italmobiliare S.p.A. and the wholly owned financial companies, was positive at 322.5 million euro (383.9 million euro at the end of 2006).

Total shareholders' equity at September 30, 2007, at 6.38 billion euro was in line with the level at the end of 2006.

With regard to the 2007 full-year outlook, in light of trends on the various markets on which the Group operates—in particular on the financial market—the Italmobiliare Group, subject to currently unforeseeable events, is unlikely to achieve the record consolidated results posted in 2006, as already indicated in the half-year report. The parent company Italmobiliare S.p.A. confirms its expectation of a higher net profit compared with 2006, net of the capital gains realized last year on the intragroup sales to the subsidiary Franco Tosi.

THE GROUP – In the *third quarter of 2007* the Italmobiliare Group reported a **total net profit** of 146.4 million euro and **Group net profit** of 37.6 million euro, down by 27.9% and 40.9% respectively from the year-earlier period, on **revenues** of 1,625.0 million euro (+3.6%).

2007 third-quarter **gross operating profit** (384.5 million euro) and **operating profit** (269.5 million euro) decreased by 8.8% and 13.3% respectively compared with the year-earlier period. The downturn arose in the construction materials sector, where cost increases were greater than the rise in sales prices, and in the financial sector, as a result of negative market trends in debentures and equities. The reduction in operating profit was larger than that in gross operating profit due to higher amortization and depreciation charges relating to acquisitions.

In the first *nine months* of the year, **revenues** amounted to 4,908.1 million euro, rising by 5.4% from the year-earlier period. The improvement arose in construction materials (+5.0%), packaging and insulation (+25.7%) and banking (+5.1%); the financial sector reported a 9.9% revenue downturn. The overall growth in revenues stemmed from positive business performance (sales volumes and prices) for 4.2% and the enlargement of the consolidation area for 2.6%. The improvement due to changes in the scope of consolidation arose in construction materials (mainly the line-by-line consolidation of the Indian companies and the acquisitions in North America and Egypt) and in packaging and insulation (the Amprica group was consolidated only from the third quarter of 2006). Exchange rates had a negative effect of 1.4%, mainly as a result of the depreciation of the US dollar, Swiss franc and Egyptian lira against the euro, net of the appreciation of the Thai baht.

Geographical breakdown of revenues and operating results

in (millions of euro)	Revenues		Recurring GOP		GOP		Operating profit	
	Jan-Sept 2007	%change Jan-Sept 2006	Jan-Sept 2007	%change Jan-Sept 2006	Jan-Sept 2007	%change Jan-Sept 2006	Jan- Sept 2007	%change Jan-Sept 2006
European Union	3,199.2	5.0	630.0	(6.9)	642.9	(6.8)	451.9	(12.4)
Other European Countries	256.2	12.2	51.6	(3.3)	51.9	(3.3)	38.9	(3.5)
North America	471.8	(6.8)	100.8	(15.7)	100.7	(15.5)	65.7	(22.2)
Asia	333.6	25.4	103.5	34.3	102.7	33.6	72.7	38.4
Africa	616.0	10.0	257.8	(4.0)	258.9	(3.5)	190.6	(3.9)
Trading	276.6	8.7	17.6	19.1	18.8	28.1	17.5	30.8
Other and inter-area eliminations	(245.3)	19.7	(7.5)	n.s.	(7.5)	n.s.	(9.4)	n.s.
Total	4,908.1	5.4	1,153.8	(4.7)	1,168.4	(4.5)	827.9	(8.4)

n.s. = not significant

In the first nine months, **gross operating profit** (1,168.4 million euro) and **operating profit** (827.9 million euro) decreased by 4.5% and 8.4% respectively from the year-earlier period. As in the third quarter, the reduction was generated by the construction materials and financial sectors.

The sharp increase in **net finance costs** to 99.4 million euro (+13.6%) and the slight slackening in the results of associates to 11.7 million euro (-3.9%) combined with the operating results to produce a significant decrease in profit before tax to 740.2 million euro at September 30, 2007, compared with 828.7 million euro for the year to September 30, 2006 (-10.7%). **Income tax expense** for the first nine months was 226.8 million euro, virtually unchanged from the corresponding year-earlier value (225.7 million euro) despite the reduction in profit before tax; this reflects a higher tax rate of 30.6% (27.2%). The tax rate rose in part as a result of developments in prior-year tax disputes in the construction materials sector, which generated non-recurring tax expense (11.3 million euro) in the period under review, compared with non-recurring fiscally driven income (14.0 million euro) in the year-earlier period.

Consequently, **net profit** for the year to September 30, 2007, was 513.4 million euro, a year-on-year decrease of 14.9%; **Group net profit** was 168.7 million euro, a larger reduction (-19.7%) caused mainly by the results of the wholly owned companies.

Net debt at September 30, 2007, was 2,111.6 million euro, up from December 31, 2006 (1,857.3 million euro) and from June 30, 2007 (1,985.9 million euro). The increase in respect of the end of 2006 was mainly the result of significant **investments in fixed assets**, totaling 824.6 million euro (including 358.7 million euro in property, plant and equipment and intangible assets, and 465.9 million euro in non-current financial assets), and dividend payouts of 191.3 million euro, covered to a large extent by positive cash flows from operating activities of 750.0 million euro.

Consolidated shareholders' equity at September 30, 2007, amounted to 6,381.9 million euro, substantially in line with the situation at December 31, 2006 (6,407.9 million euro).

Gearing (net debt/equity) reached 33.09% (28.98% at the end of 2006).

The **net financial position in the financial sector** (Italmobiliare S.p.A. and the wholly owned financial companies: Franco Tosi S.r.l., Italmobiliare International Finance Ltd., Italmobiliare International B.V, Société de Participation Financière S.A., Fincomind A.G. and Soparfinter S.A.) was positive at the end of September 2007, at 322.5 million euro (383.9 million euro at December 31, 2006).

During the third quarter, Italmobiliare purchased 700,000 Italcementi S.p.A. ordinary shares and 2,100,000 Italcementi S.p.A. savings shares, for a total outlay of 36.2 million euro. As a result, Italmobiliare holds 59.1% of Italcementi ordinary share capital and 2.0% of Italcementi savings share capital.

In the nine months to September 30, 2007, Italmobiliare S.p.A. did not make any treasury share purchases; during the period a total of 39,720 stock options (granted in 2003) were exercised by Italmobiliare managers. Italmobiliare sold an equivalent number of ordinary shares at the per-share price of 31.28 euro established at the grant date; consequently the company currently owns 871,411 ordinary treasury shares representing 3.928% of its ordinary share capital and 28,500 savings treasury shares (0.174% of total savings shares).

Performance in the core businesses – In the **construction materials** business, covered by the Italcementi group, performance in the third quarter of 2007 reflected a slowdown in sales volumes in North America and some European countries, notably Italy, although the YoY reductions at constant size were significantly smaller than those of the second quarter. Group revenues amounted to 1,540.0 million euro, rising 3.9% as a result of the enlargement of the consolidation area and the rise in sales prices and despite a still unfavorable exchange-rate effect. Nevertheless, revenue growth was not sufficient to counter the further sharp increase in production costs, with the result that recurring gross operating profit and operating profit decreased by 3.2% and 4.7% respectively. Total net profit for the period, affected by non-recurring tax expense, fell by 17.7% to 152.1 million euro. In the year to September 30, 2007, cement and ready mixed concrete sales volumes increased as a result of the contributions of the new acquisitions. At constant size, total sales volumes were comparable to those of the year-earlier period. Group revenues, supported by the very strong performance of the first quarter, gained 5.0% compared with the year-earlier period, to reach 4,613.1 million euro, while recurring gross operating profit and operating profit decreased by 2.3% and 5.0% respectively, a trend substantially in line with the first-half trend. Total net profit, after higher net finance costs and the impact of non-recurring tax expense, compared with non-recurring fiscally driven income in the 2006 period, decreased by 11.2% to 465.8 million euro.

In **food packaging and thermal insulation**, where the Sirap Gema group operates, 2007 third-quarter revenues were 60.8 million euro (57.8 million euro in the year-earlier period), operating profit was 4.4 million euro (4.0 million euro) and consolidated net profit was 1.3 million euro (1.4 million euro). Third-quarter revenues benefited from growth in Eastern Europe, while slowdowns were reported in the food packaging sector in Italy and in thermal insulation. The significant increase in costs (notably raw materials) and performance on the French market slowed the improvement in operating profit. The downturn in net profit was the outcome of higher finance costs caused by the increase in interest rates. Revenues also improved in the year to September 30, 2007, reaching 181.4 million euro (+25.7%, +8.5% at constant size). Despite the above-mentioned increase in costs and higher depreciation and amortization charges relating to the acquisition of the Amprica group, operating profit improved by 4.2%. Finance costs rose, due both to the increase in debt arising on the acquisition and to a higher tax rate, with the result that net profit in the nine months fell sharply to 3.2 million euro, against 5.2 million euro in the year-earlier period.

The **financial sector**, which comprises the parent company Italmobiliare and the wholly owned financial subsidiaries, was affected by particularly unfavorable conditions on the financial markets and reported a net loss of 8.7 million euro in the third quarter, a sharp downturn compared with the year-earlier period (net profit of 14.7 million euro); net profit for the year to September 30, 2007, was 82.9 million euro (113.6 million euro). This significant decline in earnings was also due to the absence in 2007 of a number of favorable events in the first nine months of 2006, notably higher net income from equity investments and larger contributions from associates.

In the **banking sector**, where the Group operates through Finter Bank Zürich and Crédit Mobilier de Monaco, the third quarter showed a net profit of 1.7 million euro, up from 1.4 million euro in the year-earlier period, taking net profit for the year to September 30, 2007, to 7.3 million euro (6.2 million euro). The result was essentially due to the improved performance of Finter Bank Zürich.

FULL-YEAR OUTLOOK – The results reported in the first nine months of 2007, trends on the various markets on which the Group operates, in particular on the financial markets, and the forecasts drawn up for the individual lines of business mean the Italmobiliare Group is unlikely to achieve the record results posted in 2006, when it benefited from particularly favorable conditions and from non-recurring positive factors, already described in the half-year report.

On the other hand, the parent company Italmobiliare S.p.A. confirms that, based on the information available and subject to unforeseeable events, full-year net profit in its separate financial statements is expected to be higher than the 2006 figure, net of the capital gains realized last year on the intragroup sales to the subsidiary Franco Tosi .

The manager in charge of preparing the company's financial reports, Mr Angelo Maria Triulzi, 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.

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Attachment: condensed income statement, balance sheet and net financial position

Italmobiliare Group					
Income Statement (in thousands of euro)	Q3 2007	%	Q3 2006	%	% change
Revenues	1,625,031	100.0	1,568,569	100.0	3.6%
Other revenues	17,597		16,506		
Change in inventory	20,612		9,204		
Internal work capitalized	6,344		4,268		
Goods and utilities expenses	(621,898)		(574,675)		
Services expenses	(353,355)		(335,583)		
Employee expenses	(246,377)		(230,383)		
Other operating income (expense)	(68,231)		(38,931)		
Recurring Gross Operating Profit	379,723	23.4%	418,975	26.7%	(9.4%)
Net capital gains on sale of fixed assets	2,788		(219)		
Other non-recurring income (expense)	2,024		2,962		
Gross Operating Profit	384,535	23.7%	421,718	26.9%	(8.8%)
Amortization and depreciation	(114,879)		(109,124)		
Impairment variation	(133)		(1,572)		
Operating Profit	269,523	16.6%	311,022	19.8%	(13.3%)
Finance income	5,903		7,836		
Finance costs	(43,184)		(38,041)		
Net exchange-rate differences and derivatives	(2,900)		(14)		
Share of results of associates	6,757		4,311		
Profit before tax	236,099	14.5%	285,114	18.2%	(17.2%)
Income tax expense	(89,679)		(82,095)		
Net profit for the period	146,420	9.0%	203,019	12.9%	(27.9%)
Attributable to:					
Group	37,564	2.3%	63,586	4.0%	(40.9%)
Minority interests	108,856	6.7%	139,433	8.9%	(21.9%)

Italmobiliare Group					
Income Statement (in thousands of euro)	Jan./Sept. 2007	%	Jan./Sept. 2006	%	% change
Revenues	4,908,059	100.0	4,656,146	100.0	5.4%
Other revenues	65,793		53,818		
Change in inventory	29,393		(15,523)		
Internal work capitalized	15,704		15,462		
Goods and utilities expenses	(1,799,437)		(1,640,673)		
Services expenses	(1,121,370)		(1,008,861)		
Employee expenses	(767,297)		(713,371)		
Other operating income (expense)	(177,050)		(136,661)		
Recurring Gross Operating Profit	1,153,795	23.5%	1,210,337	26.0%	(4.7%)
Net capital gains on sale of fixed assets	9,528		7,371		
Other non-recurring income (expense)	5,066		5,882		
Gross Operating Profit	1,168,389	23.8%	1,223,590	26.3%	(4.5%)
Amortization and depreciation	(339,916)		(317,916)		
Impairment variation	(599)		(1,696)		
Operating Profit	827,874	16.9%	903,978	19.4%	(8.4%)
Finance income	29,279		29,186		
Finance costs	(125,577)		(111,806)		
Net exchange rate differences and derivatives	(3,107)		(4,846)		
Share of results of associates	11,736		12,210		
Profit before tax	740,205	15.1%	828,722	17.8%	(10.7%)
Income tax expense	(226,787)		(225,711)		
Net profit for the period	513,418	10.5%	603,011	13.0%	(14.9%)
Attributable to:					
Group	168,657	3.5%	210,027	4.6%	(19.7%)
Minority interests	344,761	7.0%	392,984	8.4%	(12.3%)

Italmobiliare Group					
Financial Position (in thousands of euro)	September 30, 2007	June 30, 2007	December 31, 2006	Change Sept 07/ Dec 06	
				Δ	%
Cash, cash equivalents and current financial assets	(1,517,417)	(1,543,937)	(1,504,486)	(12,931)	0.9%
Short-term financing	1,032,078	1,053,914	879,228	152,850	17.4%
Medium/long-term financial assets	(67,136)	(72,902)	(68,755)	1,619	-2.4%
Medium/long-term financing	2,664,049	2,548,835	2,551,269	112,780	4.4%
Net debt	2,111,574	1,985,910	1,857,256	254,318	13.7%
Total shareholders' equity	6,381,908	6,568,985	6,407,857	(25,949)	(0.4%)