

GROUP NET SALES RISE IN FIRST NINE MONTHS TO 3,542 MILLION EURO (+6.6%)

GROUP NET INCOME AT 115.7 MILLION EURO (133.6 MILLION)

Net income for the period reflects a 9.7 million euro negative balance on non-recurring items, after a 43.9 million positive balance in the first nine months of 2003

Milan, 12 November 2004 – The Italmobiliare S.p.A. Board of Directors today examined and approved the consolidated quarterly report at 30 September 2004.

Group net income in the first nine months was 115.7 million euro, against 133.6 million euro in the year-earlier period. The prior-year figure benefited from positive non-recurring items of 43.9 million euro, while the non-recurring balance in the first 9 months of 2004 was negative at 9.7 million euro. Overall, the January-September 2004 period reflected higher profitability at Italcementi, an earnings decline at Sirap Gema and a positive contribution, if smaller than in the year-earlier period, from the main wholly owned financial companies.

THE GROUP – In the *third quarter of 2004* the Italmobiliare Group posted **net income before minority interest** of 127.3 million euro and **Group net income** of 38.2 million euro, down from 155.3 and 47.8 million euro respectively in the third quarter of 2003. The decreases were largely due to the absence of the positive non-recurring items reported in third quarter 2003. **Operating income** was largely stable at 220.1 million euro (+0.5%). **Net financial charges** were 20.8 million euro, an improvement of 4.3 million euro that arose from the reduction in debt, while **non-recurring items** – which generated a positive balance of 32.6 million euro in third quarter 2003 – had a significant negative impact in third quarter 2004, of 3.7 million euro. **Net sales** rose by 5.6% to 1,208.1 million euro.

In the nine months *January-September 2004* **net income before minority interest** amounted to 335.4 million euro and **Group net income** was 115.7 million euro, compared with 345.8 million euro and 133.6 million euro in the year-earlier period. Like the third-quarter results, the nine-month figures reflected the significant improvement in **net financial charges**, which decreased by 25.3% to 35.5 million euro, and the downturn in **non-recurring items**, which were negative at 9.7 million euro, compared with a positive balance of 43.9 million euro in the first nine months of 2003. The positive prior-year non-recurring component arose largely from tax refunds at companies in the construction business. **Net sales** rose by 6.6% to 3,542.2 million euro, thanks to higher business volumes (+7.1%) and the expansion of the consolidation area (+1.2%); the net sales figure also takes account of the negative exchange-rate effect (-1.7%).

Net debt at 30 September 2004 stood at 1,470.2 million euro, a significant reduction on 30 June 2004 (1,678.1 million euro) and 31 December 2003 (1,606.2 million euro). Third-quarter investments totaled 129.1 million euro, including 50 million euro in financial assets (75.1 million euro and 3.2 million euro respectively in the third quarter of 2003). In the first nine months, investments totaled 282.2 million euro, including 59.4 million euro in financial assets (301.7 million euro and 88.6 million euro respectively at 30 September 2003).

The net financial position of Italmobiliare and its wholly owned financial subsidiaries at 30 September 2004 reflected availability of 182.2 million euro.

Performance in the main business sectors – In the **construction business**, *Italcementi* posted group net income of 92.7 million euro in the third quarter, which, despite an important reduction in financial charges, was down on third quarter 2003 (108.2 million euro, thanks to positive non-recurring items, as illustrated above). In the January-September 2004 period, group net income amounted to 222.2 million euro, an increase of 3.5% on 214.6 million euro for the year-earlier period.

In the **food packaging and thermal insulation** business, the *Sirap Gema* group reported consolidated net income of 1.1 million euro in the third quarter (2.0 million euro in the prior-year period) and 4.8 million euro for the year to 30 September 2004 (7.0 million euro). The downturn arose from a combination of higher raw material costs and intense competitive pressures on sales prices.

Among the main **financial companies** controlled directly by Italmobiliare, *Italmobiliare International Finance Ltd.* (which operates on international financial markets) posted third-quarter net income of 3.3 million euro (4.4 million euro a year earlier) and net income for the year to 30 September 2004 of 9.4 million euro (15.2 million euro), a decline generated by interest-rate trends; *Société de Participation Financière Italmobiliare S.A.* (a holding for major equity investments) reported net income of 2.3 million euro in the third quarter and 8.0 million euro for the first nine months (compared with 5.4 million euro and 22.2 million euro respectively in 2003, when results benefited from significant impairment loss reversals on a number of equity investments). *Fincomind S.A.* (which heads the Finter Bank group) posted third-quarter net income of 602,000 Swiss francs (435,000 Swiss francs a year earlier) and income of 3,083,000 Swiss francs in the first nine months (a loss of 805,000 Swiss francs).

THE PARENT COMPANY – Italmobiliare S.p.A. posted net income of 72.6 million euro for the year to 30 September 2004, compared with 45.3 million euro in the year-earlier period. As noted in the half-year report, a significant factor in this improvement were the reversals to eliminate fiscal adjustments recognized in earlier years, which had a positive effect of 15.9 million euro. Excluding these reversals, nine-month net income would have been 56.7 million euro, which, nonetheless, was higher than the prior-period result.

OUTLOOK – World economic trends, the unstable geo-political situation and the nine-month results reported in the Group's business sectors confirm the projections in the half-year report. The 2004 consolidated financial statements are expected to close with a decrease in group net income compared with 2003, when Italmobiliare benefited from significant non-recurring income, capital gains and impairment loss reversals. Projections are confirmed for Italmobiliare S.p.A., which, subject to unforeseeable events, expects an improvement in net income compared with 2003.

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Schedules summarizing the income statement and balance sheet figures are attached.

Group financial highlights (in millions of euro)

	3rd Quarter 2004	3rd Quarter 2003	% change	Year to 30 September 2004	Year to 30 September 2003	% change	Full Year 2003
Net sales	1,208.1	1,144.5	5.6	3,542.2	3,323.7	6.6	4,397.1
Gross operating profit <i>% of net sales</i>	318.1 26.3	319.7 27.9	-0.5	860.7 24.3	817.9 24.6	5.2	1,077.4 24.5
Depreciation, amortization and other write-downs	98.0	(100.7)	-2.7	292.9	(296.8)	-1.3	(416.2)
Operating income (difference value/costs of production) <i>% of net sales</i>	220.1 18.2	219.0 19.1	0.5	567.8 16.0	521.1 15.7	9.0	661.2 15.0
Financial income (charges) <i>% of net sales</i>	(20.8) -1.7	(25.1) -2.2	16.8	(35.5) -1.0	(47.5) -1.4	25.3	(54.8) -1.2
Adjustments to financial asset values <i>% of net sales</i>	9.6 0.8	7.2 0.6	33.6	21.9 0.6	20.6 0.6	6.6	16.0 0.4
Non-recurring items <i>% of net sales</i>	(3.7) -0.3	32.6 2.8	<i>n.s.</i>	(9.7) -0.2	43.9 1.3	<i>n.s.</i>	61.8 1.4
Income before tax <i>% of net sales</i>	205.2 17.0	233.7 20.4	-12.2	544.5 15.4	538.1 16.2	1.2	684.2 15.6
Tax	(77.9)	(78.4)	0.5	(209.1)	(192.3)	-8.8	(242.2)
Income before minority interest	127.3	155.3	-18.1	335.4	345.8	-3.0	442.0
Minority interest	89.1	107.5	-17.2	219.7	212.2	3.5	273.3
Group net income <i>% of net sales</i>	38.2 3.2	47.8 4.2	-20.0	115.7 3.3	133.6 4.0	-13.4	168.7 3.8
Investments in fixed assets	129.1	75.1	71.9	282.2	301.7	-6.5	399.7
Employees at year-end (heads)				18,373	17,907	2.6	17,722
				30 September 2004	30 June 2004	31 December 2003	
Net debt				1,470.2	1,678.1	1,606.2	

n.s. = not significant