

Italmobiliare Group: pre-tax earnings exceed 1,000 billion lire in first nine months

Milan, 13 November 2000 – The Board of Directors of Italmobiliare S.p.A. met today to examine and approve the report on consolidated operations for the third quarter and first nine months of financial 2000.

In the first nine months, the positive overall performance of the group's industrial and financial businesses, combined with capital gains, generated **income before taxes** of **1,045 billion lire/540 million euro**, an improvement compared with the 1999 full-year figure of **884 billion lire/456 million euro**.

For the first nine months of 2000, the group reported **net sales** of **5,781 billion lire/2,986 million euro** (up 11%), **gross operating profit** of **1,398 billion lire/722 million euro** (up 8%) and **operating income** of **861 billion lire/445 million euro** (up 9.2%).

For the third quarter, Italmobiliare's consolidated **net sales** were **1,993 billion lire/1,029 million euro**, an increase of 7.8% compared with the year-earlier period.

Third-quarter growth rate (+9.4%) in the building materials' sector was slower than in the first half (+15.1%), which benefited from particularly favorable weather conditions in the first quarter (+23.2%).

Gross operating profit was **545 billion lire/281 million euro** (up 5.9%) and **operating income** was **368 billion lire/190 million euro** (up 7.2%).

Main transactions by the parent company and the financial subsidiaries

During the third quarter, Italmobiliare sold its equity investment in Falck to Compart under the terms of an agreement between the Falck voting trust and Compart, which also launched a friendly public tender offer for one hundred per cent of Falck and Sondel shares. The sale generated proceeds of approximately **50 billion lire/26 million euro**, and a capital gain of approximately **40 billion lire/21 million euro**. Purchases of Italcementi shares continued, for an amount totalling **41 billion lire/21 million euro**, raising the Italcementi stake to 55.14% of voting shares as of 30 September 2000. Italmobiliare also acquired a 0.62% stake in Mediobanca for an outlay of **66 billion lire/34 million euro**, bringing the group's equity investment in the bank to approximately 3%. The subsidiary Société de Participation Financière Italmobiliare sold Poligrafici Editoriale shares on the market for the equivalent of **17 billion lire/9 million euro**, with a capital gain of **14 billion lire/7 million euro**.

Business operations

Revenues by sector	3Q 2000	% change on quarter	Year to date at 30.9.2000	% change on year to date
Construction materials	1,920.2	9.3	5,555.6	13.0
Packaging and heat insulation	59.6	20.2	171.4	18.0
Transportation	12.8	(18.5)	50.4	(4.9)
Other operations	0.3	(91.2)	3.4	(62.6)
Total	1,992.9	7.8	5,780.8	11.0

Construction and building materials: Italcementi, at consolidated level, reported good overall growth and a satisfactory upturn in gross operating profit and operating income compared with the first six months of the year, despite higher energy costs, which were particularly affected by the increase in the value of the dollar. For the third quarter, the Italcementi group reported **net sales of 1,922 billion lire/993 million euro** (up 9.4%), **gross operating profit of 542 billion lire/280 million euro** (up 7.4%) and **operating income of 375 billion lire/194 million euro** (up 7.8%).

Total net sales to the end of September were **5,560 billion lire/2,871 million euro**, an improvement of 13%. **Gross operating profit** for the first nine months was **1,382 billion lire/714 million euro**; **operating income** was **875 billion lire/452 million euro** (up 10% approx). **Consolidated income before taxes** at September, 30 totaled **751 billion lire/388 million euro**; this compares with **770 billion lire/398 million euro** for full year 1999.

Food packaging and thermal insulation: Sirap Gema reported group **net sales of 60 billion lire/31 million euro** (up 20.2%) and **operating income of 4.5 billion lire/2.3 million euro** (down 13.5%). The downturn was due to rising raw materials prices and above all to difficult conditions on the insulation market.

Public transport: Sab, which operates in the private road haulage business, reported third-quarter **net sales and grants totalling 34 billion lire/18 million euro** (down 0.6%) and an **operating loss of 2.2 billion lire/1.1 million euro**, an improvement on the previous year's figure, which was **-3.6 billion lire/-1.8 million euro**.

Financial operations: The financial operations held by Italmobiliare and its fully controlled subsidiaries showed a positive trend compared with the first nine months of 1999. Fincomind, producing its consolidated accounts by using the equity method, maintains in the third quarter its good operational level mainly based on the contribution from its fully controlled **Finter Bank Zürich**. Finter Bank Zürich reported third-quarter consolidated net earnings of 4.8 million Swiss francs, bringing net earnings for the nine months to 18.6 million Swiss francs, compared with 16.8 million for full-year 1999.

Finter Bank France, which is undergoing - as already reported - a restructuring program, still showed a negative result.

Financial charges/income and other items

For the third quarter, Italmobiliare had net financial income of **22.5 billion lire/11.6 million euro** as a result of capital gains on the above-mentioned equity disposals in excess of net debt costs for the period.

Extraordinary items and value adjustments to assets reflected extraordinary charges of **23.4 billion lire/12.1 million euro** and write-ups totalling **1.8 billion lire/0.9 million euro**.

Financial position

Net debt as of 30 September 2000 totalled **3,008.9 billion lire/1,554 million euro**, an improvement of **221.6 billion lire/114.3 million euro** compared with 30 June 2000 and **378.8 billion lire/195.6 million euro** compared with 31 December 1999.

Outlook

Apart from unforeseeable events, especially weather conditions, Italmobiliare expects to report a good overall improvement in its consolidated results, driven by strong growth in Italy. The parent company's full-year results are expected to be significantly higher than those of 1999, given the size of the dividend pay-outs at the main associated companies and the economic impact of equity investment transactions to date.

Consolidated financial highlights (in billions of lire)

	3 months	9 months	12 months
	3 rd quarter 2000	as at 30 Sept. 2000	as at 31 Dec. 1999
	(billions of lire)	(billions of lire)	(billions of lire)
Net sales	1,993	5,781	6,989
Gross operating profit	545	1,398	1,667
Amortization and depr.	(177)	(537)	(690)
Operating income	368	861	977
Financial income and charges	22	155	(96)
Adjustments of fin. assets and non-recurring items	(21)	29	3
Income before taxes	369	1,045	884

	3 months	9 months	12 months	
	3 rd quarter 2000	3 rd quarter 1999	as at 31 Dec. 1999	
	(billions of lire)	(billions of lire)	(billions of lire)	%
Net sales	1,993	1,849	144	7.8
Gross operating profit	545	515	30	5.9
Amortization and depr.	(177)	(172)	(5)	3.2
Operating income	368	343	25	7.2

Consolidated financial highlights (in millions of euro)

	3 months	9 months	12 months
	3 rd quarter 2000	as at 30 Sept. 2000	as at 31 Dec. 1999
	(millions of euro)	(millions of euro)	(millions of euro)
Net sales	1,029	2,986	3,609
Gross operating profit	281	722	861
Amortization and depr.	(91)	(277)	(356)
Operating income	190	445	505
Financial income and charges	12	80	(50)
Adjustments of fin. assets and non-recurring items	(11)	15	2
Income before taxes	191	540	457

	3 months	9 months	12 months	
	3 rd quarter 2000	3 rd quarter 1999	as at 31 Dec. 1999	
	(millions of euro)	(millions of euro)	(millions of euro)	%
Net sales	1,029	955	74	7.8
Gross operating profit	281	266	15	5.9
Amortization and depr.	(91)	(89)	(2)	3.2
Operating income	190	177	13	7.2

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