

Italmobiliare Group: positive operating performance in the third quarter of 2002. Consolidated net sales of 1,144.7 million euro (+ 6.6%) and gross operating profit 328 million euro (+11.5%); in the nine months total net income of 266.5 million euro

Milan, 13 November 2002 – The Board of Directors of Italmobiliare Spa today examined and approved the report on operations as of 30 September 2002 and passed further provisions relating to the company's corporate governance.

In the third quarter - The Italmobiliare Group realized consolidated net sales of 1,144.7 million euro, an increase of 6.6% compared to the same period last year. Gross operating profit rose by 11.5% to stand at 328 million euro, while operating income was 230.8 million euro, up by +17.4%. The performance in operations in the quarter was helped by the growth in the consolidated results of the Italcementi Group and by the contribution made by the subsidiary Sirap Gema. Compared with an improvement in operations, results for the period were, however, down owing to some large write-downs of equity investments held, the lower level of capital gains realized compared to the previous year and some provisions made for prudence concerning disposals. In the third quarter of 2002 gross capital gains of 18.5 million euro were realized on the sale of SAB Autoservizi, while last year gross capital gains of 89.5 million euro were accounted for on the sale of the equity investment Montedison. Therefore, total consolidated net income before minority interest for the quarter totaled 100.2 million euro and Group net income 16.2 million euro, compared with 138.1 million euro and 71.4 million euro respectively in the same period in 2001.

In the first nine months - Consolidated net sales were 3,304.4 million euro (+4.2%) compared to the same period in 2001; the increase was caused by growth in operations (+4%) and by the change in the consolidation area (+0.8%) and in exchange rates (-0.6%). Gross operating profit rose by 7.1% and reached 842.6 million euro, while operating income for the period totaled 551.8 million euro, up by 12.1%.

At 30 September 2002 the Group had overall net income before minority interest of 266.5 million euro and Group net income of 79.6 million euro, compared with 295.1 million euro and 133.1 million euro at 30 September 2001.

Outlook - The Group's industrial equity investments, in particular Italcementi, forecast better results at a consolidated level compared to last year. Nevertheless, owing to the lower level of capital gains realized on the sale of equity investments by the Parent Company and to the downward trend in the financial markets, it is forecast that the consolidated result for the year, while still good, will be lower than in the previous year.

Corporate Governance - The Board of Directors of Italmobiliare approved the Code of Conduct relating to internal dealing in application of the regulations issued by the Italian Stock Exchange, that govern the obligations regarding the communication of operations involving the Group's listed shares undertaken by "Interested Parties" and adapted its own Code of Conduct to the new regulations.

PERFORMANCE OF THE MAIN BUSINESS AREAS

Construction materials - At a consolidated level the Italcementi Group saw solid overall growth: in the 3rd quarter it recorded Group net income of 86.5 million euro (65.9 million euro in the 3rd quarter of 2001) which brought the year to date figure at 30 September 2002 to 194.4 million euro (155 million euro at 30 September 2001), with net sales of 1,118.8 million euro in the quarter (+7.4%) and 3,226.9 million euro (+ 5.4%) in the year to date.

Food packaging and thermal insulation – The Sirap Gema Group recorded net sales in the quarter of 26.5 million euro (26.9 million euro) and in the first nine months 78.2 million euro (86.2 million euro), realizing net income in the quarter of 1.1 million euro (2.3 million euro) and a year to date figure at 30 September 2002 of 3.1 million euro (a loss of 7.0 million euro).

Financial sector - The financial companies experienced varying performances: in the 3rd quarter of 2002 **Italmobiliare International Finance** (which operates on international capital markets) realized net income of 4.4 million euro (4.5 million euro) bringing overall net income at 30 September 2002 to 12.1 million euro (14.9 million euro); in the 3rd quarter of 2002 the **Fincomind Group** (which controls Finter Bank Zurich and Finter Bank France) recorded net income of 238 thousand Swiss francs (compared to a loss of 2.1 million Swiss francs), bringing net income in the nine months of the year to 2 million Swiss francs (previously it was broadly at breakeven); in the 3rd quarter of 2002 **Société de Participation Financière Italmobiliare S.A.** (the financial company which manages key equity investments and liquidity) recorded a loss of 22 million euro (loss of 22.8 million euro) and a loss for the first nine months of 20.1 million euro (loss of 16.3 million euro), because of the poor performance of stock markets which resulted in marked write-downs of some equity investments held.

FINANCIAL POSITION

Net debt at 30 September 2002 was 1,929.2 million euro, well down compared to 30 June 2002 (2,150.7 million euro). At 31 December 2001 it was 1,701.9 million euro. During the quarter there was overall capital expenditure of 206.2 million euro, of which 54.7 million euro was for financial equity investments. The ratio of net debt (including the value of the floating rate subordinated securities) to shareholders' equity at 30 September 2002 was 56.1% (63.3% at 30 June 2002 and 48.5% at 31 December 2001).

At 30 September 2002 the net financial position of Italmobiliare and its wholly owned financial subsidiaries was positive at 193.5 million euro, up compared to 128.2 million euro at 30 June 2002 and 148.1 million euro at 31 December 2001.

CORPORATE GOVERNANCE

The Board of Directors, during their meeting of today, adopted the **Code of Conduct**, “**internal dealing**”, in application of the regulations issued by the Italian Stock Exchange. This provides for the communication to Italmobiliare Spa of operations undertaken by “*Interested parties*” that concern financial instruments listed on regulated European Union markets issued by: Italmobiliare, Italcementi and Ciments Français.

In particular, the ‘*Interested parties*’ must communicate by the 5th day of the market opening following each quarter, the transactions carried out in the previous three months which, cumulatively or otherwise, exceeded the overall threshold of 50,000 euro; while transactions which, cumulatively or otherwise, exceeded the overall threshold of 250,000 euro must be promptly reported (by the 3rd day of the market opening).

For its part Italmobiliare Spa will have to inform the market of the notifications received (by the **10th day** from the end of the quarter for operations over the 50,000 euro threshold and **without delay** for those over 250,000 euro).

In the 15 days before the meeting of the Italcementi Board of Directors and up to the meeting of the Italmobiliare Board of Directors to examine the respective quarterly reports, the “*Interested parties*” must refrain from undertaking any transactions. This period is extended to 30 days for meetings of the Boards of Directors to examine annual and half yearly reports.

It is also envisaged that the ‘*Interested parties*’ inform Italmobiliare Spa of their exercise of stock options or option rights.

Finally, some modifications were passed to the company’s own Code of Conduct in order to adapt it to the new regulations.

Attached as an annex summarized figures for the third quarter and for the first nine months of 2002

ITALMOBILIARE ON THE INTERNET: <http://www.italmobiliare.it>

Group financial highlights (in millions of euro)

| | 3 rd quarter 2002 | 3 rd quarter 2001 pro forma * | Change % | 30 September 2002 | 30 September 2001 pro forma * | Change % | 2001 |
|--|---------------------------------|--|----------------|----------------------|-------------------------------------|---------------|----------------|
| Net sales | 1,144.7 | 1,074.1 | 6.6 | 3,304.4 | 3,172.1 | 4.2 | 4,206.7 |
| Gross operating profit | 328.0 | 294.3 | 11.5 | 842.6 | 786.5 | 7.1 | 1,048.7 |
| <i>% of net sales</i> | <i>28.7</i> | <i>27.4</i> | | <i>25.5</i> | <i>24.8</i> | | <i>24.9</i> |
| Amortization and depreciation | 97.2 | 97.7 | | 290.8 | 294.1 | | 395.7 |
| Operating income (difference in value/costs of production) | 230.8 | 196.6 | 17.4 | 551.8 | 492.4 | 12.1 | 653.0 |
| <i>% of net sales</i> | <i>20.2</i> | <i>18.3</i> | | <i>16.7</i> | <i>15.5</i> | | <i>15.5</i> |
| Financial income and charges | (10.5) | 56.0 | -118.8 | (37.5) | 26.0 | -244.2 | (6.7) |
| <i>% of net sales</i> | <i>-0.9</i> | <i>5.2</i> | | <i>-1.1</i> | <i>0.8</i> | | <i>-0.2</i> |
| Value adjustments and non-recurring items | (41.6) | (23.2) | 79.3 | (53.1) | (20.5) | 159.0 | (43.9) |
| <i>% of net sales</i> | <i>-3.6</i> | <i>-2.2</i> | | <i>-1.6</i> | <i>-0.6</i> | | <i>-1.0</i> |
| Income before taxes | 178.7 | 229.4 | -22.1 | 461.2 | 497.9 | -7.4 | 602.4 |
| <i>% of net sales</i> | <i>15.6</i> | <i>21.4</i> | | <i>14.0</i> | <i>15.7</i> | | <i>14.3</i> |
| Income taxes | (78.5) | (91.3) | | (194.7) | (202.8) | | (249.1) |
| Income before minority interest | 100.2 | 138.1 | -27.4 | 266.5 | 295.1 | -9.7 | 353.3 |
| Minority interest | 84.0 | 66.7 | | 186.9 | 162.0 | | 210.2 |
| Group net income | 16.2 | 71.4 | -77.3 | 79.6 | 133.1 | -40.2 | 143.1 |
| <i>% of net sales</i> | <i>1.4</i> | <i>6.6</i> | | <i>2.4</i> | <i>4.2</i> | | <i>3.4</i> |
| Investments in fixed assets | 206.2 | 394.1 | (187.9) | 701.9 | 680.5 | 21.4 | 877.1 |
| Employees at period end (heads) | | | | 18,714 | 19,470 | (756) | 19,137 |

* Zuari Cement Ltd (India) consolidated on a proportional basis (50%)

| | 30 September 2002 | 30 June 2002 | 31 December 2001 |
|-----------------|-------------------|------------------|------------------|
| Net debt | (1,929.2) | (2,150.7) | (1,701.9) |