

CONSOLIDATED NET SALES IN FIRST THREE MONTHS RISE FROM 960.6 TO 973.9 MILLION EURO – OPERATING INCOME IMPROVES 7.7 %

Milan, 14 May 2003 – The Italmobiliare S.p.A. Board of Directors today examined and approved the consolidated quarterly report at 31 March 2003. As noted in earlier reports, performance in the first quarter is not generally representative of full-year trends, both because of the seasonal nature of the cement sector, which is the main Groups' industrial business, and because of the method of accounting for dividends of companies that are not consolidated on a line-by-line basis.

Group **consolidated net sales** in the first three months of the year totaled 973.9 million euro; the 1.4% increase compared with first quarter 2002 arose from higher business volumes (+3.2%), changes in the consolidation area (+1.4%) and a negative exchange rate effect (–3.2%). **Gross operating profit** amounted to 187.9 million euro and **operating income** to 90 million euro, improving by 5.1% and 7.7% respectively compared with the year-earlier first quarter. The return on net sales of gross operating profit and operating income rose respectively from 18.6% to 19.3% and from 8.7% to 9.2%.

Set against the significant improvement in operating income, the Italmobiliare Group posted **total net income** of 27.1 million euro in the first quarter 2003, down from 38.7 million euro in first quarter 2002. The decrease reflected higher net financial charges, which rose from 24.8 to 27.8 million euro (largely as a result of the negative exchange rate effect), and the negative balance of 4.2 million euro on adjustments to financial asset values and non-recurring items, compared with a gain of 14.6 million euro in the year-earlier first quarter. As a consequence the **group net income** in the first quarter of 2003 was 10.7 million euro, compared with 19.3 million euro in first quarter 2002.

In the first quarter of the year, the **Italcementi group**, Italmobiliare's largest industrial subsidiary, posted net sales of 947.9 million euro (+1.1%), gross operating profit of 183.9 million euro (+4%) and operating income of 88.8 million euro (+5.7%), as announced on 7 May. Total net income was 22.2 million euro (28.1 million euro in 2002) and Group net income was 15.8 million euro (24 million euro).

The **Sirap Gema group**, which is active in food packaging and thermal insulation, reported net sales of 25.9 million euro (23.7 million euro in first quarter 2002) and a net income of 1.8 million euro (1 million euro).

Among the main **financial subsidiaries**, Italmobiliare International Finance Limited, which operates on the international capital markets, posted net income of 5.3 million euro (2.7 million euro in first quarter 2002); Fincomind, which heads Finter Bank Zürich and Finter Bank France, posted net income of 0.3 million swiss francs (1.8 million swiss francs); Société de Participation Financière Italmobiliare S.A., a holding for equity investments, reported a loss of 1.8 million euro (income of 6.2 million euro in first quarter 2002), largely as a result of writedowns on its securities portfolio set against revaluations in the first quarter of 2002.

Group **net debt** at 31 March 2003 totaled 1,883.1 million euro, a decrease of approximately 30 million euro compared with 31 December 2002. The improvement arose as a result of strong cash flows from operations and a lower working capital requirement, despite capital expenditure and financial investments totaling approximately 150 million euro. Italmobiliare S.p.A. and its wholly owned financial subsidiaries had a positive net financial position at 31 March 2003 of 178 million euro, compared with a positive position of 181.2 million euro at 31 December 2002.

Foreseeable Foreseeable operating outlook – Although the war in Iraq has come to an end, the world economic scenario remains uncertain, and there are no signs that a recovery can be expected in the short term: this makes it particularly difficult to draw up reliable projections for full-year results.

First-quarter results in the construction materials industry in which Italmobiliare's main subsidiary, Italcementi, operates are not greatly representative of annual performance in that industry; nevertheless they appear to confirm the comments in the annual report regarding a market weakening in a number of mature countries – North America, France, Belgium – and positive progress in many emerging countries. Against this background, the Italcementi group will continue its policy to improve operating efficiency – with a view to consolidating operating results – and reduce debt.

The volatility of the financial markets is another significant factor influencing the share prices of the listed stocks held by Italmobiliare and its wholly owned financial companies; this adds to the difficulty of forecasting the magnitude of what will in any case be a substantial full-year consolidated result.

Attachment: income statement highlights

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

GROUP FINANCIAL HIGHLIGHTS

<i>(millions of euro)</i>	1Q 2003	1Q 2002 pro-forma	% change	Full year 2002
Net sales	973.9	960.6	1.4	4,365.3
Gross operating profit	187.9	178.8	5.1	1,117.0
<i>% of net sales</i>	19.3	18.6		25.6
Depreciation and amortization	97.9	95.2	2.8	408.7
Operating income	90.0	83.6	7.7	708.3
<i>% of net sales</i>	9.2	8.7		16.2
Financial income (charges)	(27.8)	(24.8)	12.1	(62.6)
Adjustments to asset values and non-recurring items	(4.2)	14.6	-128.1	(79.0)
Income before taxes	58.0	73.4	-21.0	566.7
<i>% of net sales</i>	6.0	7.6		13.0
Income taxes	(30.9)	(34.7)	-11.0	(190.5)
Total net income	27.1	38.7	-30.0	376.2
<i>% of net sales</i>	2.8	4.0		8.6
Minority interests	16.4	19.4	-15.5	256.4
Group net income	10.7	19.3	-44.6	119.8
<i>% of net sales</i>	1.1	2.0		2.7

<i>Employees at end of period (heads)</i>	18,250	18,204	0.3	18,489
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	31 March 2003	31 December 2002	31 March 2002
Net debt	(1,883.1)	(1,913.1)	(1,785.1)