

*The Board of Directors approves the consolidated quarterly report at 31 March 2004*

**GROUP NET INCOME OF 12.7 MILLION EURO (+18.7%)**

**Milan, 14 May 2004** – The Italmobiliare S.p.A. Board of Directors today examined and approved the consolidated quarterly report at 31 March 2004. Owing to the seasonal nature of the Group's core industrial business, cement, and the accounting policy adopted for dividends of companies not consolidated on a line-by-line basis, the results of the first quarter are only partially indicative of full-year trends.

For the first three months of 2004, the **Italmobiliare Group** posted **net income before minority interest** of 47.5 million euro (+75.1% on 27.1 million euro in the first quarter of 2003) and **Group net income** of 12.7 million euro, an increase of 2 million euro (+18.7%) from the year-earlier first quarter. The result reflected significant industrial earnings growth at the Italcementi group, a slight slowdown in the contribution of the Sirap Gema group and a lower contribution from the wholly owned financial subsidiaries.

For the three months to 31 March, the Group reported **consolidated net sales** of 1,037.7 million euro, an increase of 6.6% from first quarter 2003. This was achieved largely through higher sales volumes (+7.9%) and changes in the consolidation area (+0.9%), set against a negative foreign exchange for certain currencies, which had an impact of 2.2%. **Gross operating profit** of 197.2 million euro and **operating income** of 99.6 million (after amortization, depreciation and other devaluations for 97.6 million euro, in line with the year-earlier figure) improved by 4.9% and 10.6 % respectively.

Group **net debt** amounted to 1,566.3 million euro at 31 March 2004, a reduction of 39.9 million euro from 31 December 2003. The net debt (including floating rate subordinated securities) to shareholders' equity ratio stood at 43.3% at the end of the first quarter, compared with 45.6% at the end of 2003. Italmobiliare S.p.A. and its wholly owned financial subsidiaries had a positive net financial position of 196.6 million euro at 31 March (198.8 million at the end of 2003).

At the end of March, Italmobiliare S.p.A. had **unrealized capital gains on listed securities** of approximately 988 million euro, computed on the basis of average stock prices on the Milan stock exchange in the previous six months (approximately 1,004 million euro at 31 December 2003).

Moving to an analysis of first-quarter results for the main business lines, as announced on 4 May the Italcementi group posted net sales of 1,004.5 million euro, gross operating profit of 194.7 million euro and operating income of 99.7 million euro. Net income before minority interest and group net income made significant improvements, reaching 46.3 million euro (22.2 million in first quarter 2003) and 31.3 million euro (15.8 million) respectively.

The Sirap Gema group – which is active in the food packaging and thermal insulation business – posted net sales of 34.1 million euro and net income of 1.7 million euro for the first three months of 2004, compared with 25.9 million euro and 1.8 million euro respectively in the 2003 first quarter. First quarter 2004 was the first period to include the companies in the Petruzalek group acquired in December 2003, which were consolidated on a line-by-line basis.

The main directly owned financial companies felt the effects of lower interest rates in the first quarter of 2004 compared with the year-earlier period, and continuing volatility on the equity markets. Against this background, *Italmobiliare International Finance Ltd.* posted net income of 4.2 million euro (5.3 million euro in first quarter 2003), while *Société de Participation Financière Italmobiliare S.A.* reported a loss of 2.4 million euro (-1.8 million in the first quarter of 2003) after downward adjustment of its investments in several listed companies to reflect stock market prices. After provisions for liabilities relating to its subsidiary Finter Bank France, the *Fincomind* group closed the first three months of 2004 with a loss of 0.4 million Swiss francs, compared with net income of 0.3 million Swiss francs in the year-earlier first quarter.

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The continuing uncertainty of the world political and economic scenario has not caused any substantial changes in the 2004 full-year projections formulated in March in the 2003 annual report. **Full-year projections for the Group** may be summarized as follows: in the building materials sector, results are expected to be similar to those of 2003, before non-recurring items and new exchange-rate effects; in the food packaging and thermal insulation business, group results should be in line with 2003; the financial business is exposed to the uncertain international climate, which could have a negative impact on its equity portfolio, whereas in 2003 significant capital gains and upward revaluations were

reported. Non-recurring items similar to those of 2003 are not expected in the current year; consequently, *consolidated net income* is expected to be lower than in 2003.

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In connection with the coming into force of Legislative Decree 231/2001, under which corporations are liable for irregularities committed by its governing bodies and employees, the Board of Directors also approved the Organization, Management and Control Model. This Model and the Corporate Codes of Governance together form the internal regulations of Italmobiliare S.p.A., which optimize the system of checks and corporate governance.

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

## GROUP HIGHLIGHTS

<i>(in millions of euro)</i>	1 <sup>st</sup> quarter 2004	1 <sup>st</sup> quarter 2003	% change	Full year 2003
Net sales	1,037.7	973.9	6.6	4,397.1
Gross operating profit	197.2	187.9	4.9	1,077.4
<i>% of net sales</i>	19.0	19.3		24.5
Amortization, depreciation and other devaluations	97.6	97.9	-0.2	416.2
Operating income	99.6	90.0	10.6	661.2
<i>% of net sales</i>	9.6	9.2		15.0
Financial income (charges)	(20.6)	(27.8)	25.7	(54.8)
Adjustment to asset values and non-recurring items	10.2	(4.2)	<i>n.s.</i>	77.8
Income before tax	89.2	58.0	53.7	684.2
<i>% of net sales</i>	8.6	6.0		15.6
Income tax	(41.7)	(30.9)	(34.9)	(242.2)
Income before minority interest	47.5	27.1	75.1	442.0
<i>% of net sales</i>	4.6	2.8		
Minority interest	34.8	16.4	111.9	273.3
Group net income	12.7	10.7	18.7	168.7
<i>% of net sales</i>	1.2	1.1		3.8

<i>Employees at period-end (heads)</i>	18,354	18,250	0.6	17,722
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	31 March 2004	31 December 2003	31 March 2003
Net debt	1,566.3	1,606.2	1,883.1

*n.s.* = not significant