

**ITALMOBILIARE GROUP:**

- **in the third quarter total net income rose to 155.3 million euro and group net income to 47.8 million euro**
- **in the first nine months total net income increased to 345.8 million euro and group net income to 133.6 million euro**

Milan, 14 November 2003 – The Italmobiliare S.p.A. Board of Directors today examined and approved the report on operations for the first nine months to 30 September 2003.

**BUSINESS PERFORMANCE**

**Third quarter** – Italmobiliare reported **consolidated net sales** of 1,144.5 million euro, substantially unchanged from the third quarter of 2002 (1,144.7 million euro). **Gross operating profit** amounted to 319.7 million euro (328.0 million euro) and **operating income** was 219.0 million euro (230.8 million euro). The Group had **total net income** of 155.3 million euro and **Group net income** of 47.8 million euro, rising from 100.2 million euro and 16.2 million euro respectively in the third quarter of 2002. Third-quarter performance benefited from the higher earnings reported by the Italcementi group as a result of non-recurring income, improvements at Sirap Gema and a significant contribution from the Group's financial companies.

**First nine months** – **Net sales** amounted to 3,323.7 million euro, an improvement of 0.6% from the year-earlier period which arose from higher sales volumes (+3.3%), changes in the consolidation area (+0.7%) and a negative exchange-rate effect (-3.4%). **Gross operating profit** was 817.9 million euro (842.6 million euro) and **operating income** was 521.1 million euro (551.8 million euro). The exchange-rate effect had a negative impact of 28.7 million euro and 17.1 million euro on gross operating profit and operating income respectively. **Consolidated total net income** rose to 345.8 million euro (266.5 million euro in the first nine months to 30 September 2002) and **Group net income** was 133.6 million euro (79.6 million euro at 30 September 2002). The net balance on **financial income/charges** for the first nine months of 2003 generated a net charge of 47.5 million euro, compared with a net charge of 37.5 million euro in the year-earlier period. The 10.0 million euro variation arose largely as a result of lower capital gains on equity investment disposals and the decrease in financial charges due to a significant reduction in debt. The balance on **adjustments to financial asset values** was positive at 20.6 million euro, compared with a year-earlier net writedown of 22.5 million euro; the improvement was due chiefly to the reinstatement of the value of stock-listed investee companies by Italmobiliare financial subsidiaries. **Non-recurring income/charges** generated net income of 43.9 million euro, compared with a net charge of 30.5 million euro in the first nine months of 2002. The improvement arose in part from the decrease in parent company provisions compared with the year-earlier period and, above all, from non-recurring income in the construction sector, which, as previously reported by Italcementi, reflected the favorable outcome of tax disputes in Belgium and capital gains on non-core asset disposals in Spain. **Net debt** at 30 September 2003 was 1,794.1 million euro, a significant reduction compared with the position at 30 June 2003 (2,010.9 million euro). Net

debt at 31 December 2002 totaled 1,913.1 million euro. Investments during the quarter totaled 75.1 million euro, of which 3.2 million euro were financial equity investments.

**Outlook** – Results for the first nine months confirm the projections published in the half-year report. Subject to unforeseeable exceptional events, full-year consolidated earnings figures will be higher than those posted in 2002.

## PERFORMANCE IN THE CORE BUSINESS AREAS

**Construction materials** – In the first nine months, net sales at the **Italcementi** group totaled 3,241.7 million euro (+0.5%). Gross operating profit and operating income decreased by 3.7% and 6.5% to, respectively, 806.5 million euro and 518.5 million euro. Total net income benefited from the third-quarter upturn to rise to 292 million euro (+13.1% from 258.2 million euro at 30 September 2002) and group net income was 214.6 million euro (+10.4% from 194.4 million euro at 30 September 2002). There was a notable reduction in financial charges net of financial income, from 94.8 to 88,4 million euro.

**Food packaging and thermal insulation** – The **Sirap Gema** group reported net sales of 82.6 million euro for the first nine months, compared with 78.2 million euro in the year-earlier period; gross operating profit was 18.3 million euro (14.6 million euro) and operating income was 12.3 million euro (9.5 million euro); net income amounted to 7.0 million euro, compared with 3.1 million euro in the year-earlier period.

**Financial operations** – Performance trends varied among the main financial companies: **Italmobiliare International Finance Ltd.** (international capital markets) posted total net income of 15.2 million euro for the year to 30 September 2003 (12.1 million euro); **Société de Participation Financière Italmobiliare** (a holding for key equity investments) reported net income of 22.2 million euro for the first nine months (a loss of 20.1 million euro), an improvement that reflected the reinstatement of equity investment values written down in previous years; the **Fincomind group** (which includes Finter Bank Zürich and Finter Bank France) posted a loss of 805 thousand Swiss francs for the first nine months (net income of 2,012 thousand Swiss francs in 2002) due to the continuing negative performance of operations in France.

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

*Attachment: unaudited highlights for the third quarter and first nine months of 2003*

## Group operating and financial highlights (in millions of euro)

	3Q 2003	3Q 2002	% change	Year to 30 September 2003	Year to 30 September 2002	% change	Full year 2002
Net sales	1,144.5	1,144.7	-	3,323.7	3,304.4	0.6	4,365.3
Gross operating profit	319.7	328.0	-2.5	817.9	842.6	-2.9	1,117.0
<i>% of net sales</i>	27.9	28.7		24.6	25.5		25.6
Depreciation and amortization	100.7	97.2		296.8	290.8		408.7
Operating income (difference value/cost of production)	219.0	230.8	-5.1	521.1	551.8	-5.6	708.3
<i>% of net sales</i>	19.1	20.2		15.7	16.7		16.2
Financial income and charges	(25.1)	(10.5)	-139.0	(47.5)	(37.5)	26.7	(62.6)
<i>% of net sales</i>	-2.2	-0.9		-1.4	-1.1		-1.4
Adjustments to financial asset values and non-recurring items	39.8	(41.6)	n.s.	64.5	(53.1)	n.s.	(79.0)
<i>% of net sales</i>	-3.5	-3.6		1.9	-1.6		-1.8
Income before taxes	233.7	178.7	30.8	538.1	461.2	16.7	566.7
<i>% of net sales</i>	20.4	15.6		16.2	14.0		13.0
Income taxes	(78.4)	(78.5)		(192.3)	(194.7)		(190.5)
Total net income	155.3	100.2	55.0	345.8	266.5	29.8	376.2
Minority interest	107.5	84.0		212.2	186.9		256.4
Group net income	47.8	16.2	195.1	133.6	79.6	67.8	119.8
<i>% of net sales</i>	4.2	1.4		4.0	2.4		2.7
Financial outflow for investments	75.1	206.2	-131.1	301.7	701.9	(400.2)	872.7
Employees at end of period (heads)				17,907	18,714	(807)	18,489
				30 September 2003	30 June 2003	31 December 2002	
Net debt				1,794.1	2,010.9	1,913.1	

n.s. = not significant