

STRONG GROWTH IN INCOME AND DIVIDEND FOR 2000

- **TOTAL CONSOLIDATED INCOME AT 368.9 MILLION EURO (261.1 MILLION EURO IN 1999), UP 41.3%**
- **GROUP INCOME RISES TO 186.6 MILLION EURO (+107%)**
- **NET SALES AT 3,962.2 MILLION EURO (3,609.2 MILLION EURO)**
- **PARENT COMPANY ITALMOBILIARE SPA INCOME AT 75 MILLION EURO (38.5 MILLION EURO)**
- **1.018 EURO DIVIDEND TO SAVINGS SHARES, EQUAL TO LIRE 1,970 (1,550 LIRE FOR 1999), AND 0.94 EURO DIVIDEND TO ORDINARY SHARES, EQUAL TO LIRE 1,820 (1,400 LIRE)**
- **STOCK OPTION PLAN**

Milan, 27 March 2001 – At a meeting today chaired by Giampiero Pesenti, the Board of Directors of Italmobiliare S.p.A. approved the parent company and Group consolidated annual reports for 2000. At consolidated level, the year closed with total income of 368.9 million euro, sharply above the 261.1 million euro reported in 1999. Group net income was 186.6 million euro, more than double the 90.1 million euro of the previous year. Income per share rose to 4.84 euro from 2.34 euro in 1999. The significant improvement in results arose from the strong performance of the Italcementi group, growth in the financial business, and major capital gains on the sale of equity investments (Crea, Cartiere Burgo, Falck and Sondel), mainly by the parent company Italmobiliare. Consolidated gross operating profit was 947.4 million euro (861 million euro), while operating income was 526.7 million euro (504.8 million euro). Group cash flow in 2000 totalled 789.6 million euro compared to 617.4 million euro in 1999. Total shareholders' equity at the end of 2000 totalled 3,500.3 million euro (3,267.4 million euro), while Group shareholders' equity was 1,432.9 million euro (1,260.4 million euro at the end of 1999). Net debt at the end of the year amounted to 1,535.3 million euro (1,749.6 million euro) and Group gearing was 43.9% (53.5% at 31 December 1999).

The parent company Italmobiliare S.p.A. reported net income of 75 million euro in 2000, compared with income of 38.5 million euro in 1999. The balance of financial income and charges was 123.5 million euro (57.4 million euro in 1999); income from ordinary operations totalled 110.8 million euro (40 million euro), while income before taxes was 109.2 million euro (47 million euro). Shareholders' equity rose by 46.2 million euro and totalled 897.6 million euro at the end of 2000, equivalent to 67.6% of equity investments held as fixed assets. At the end of the year, Italmobiliare and the wholly owned financial subsidiaries had net liquidity position of 102.3 million euro, compared to 5.8 million euro at the end of 1999.

The Board will ask the shareholders' meeting convened for next 2 and 3 May on first and second call respectively to approve distribution of a dividend of 1.018 euro to savings shares, equal to 1,970 lire (1,550 lire for 1999), and 0.94 euro to ordinary shares, equal to 1,820 lire (1,400 lire), with full tax credits. If approved, the dividend will be paid as from 24 May.

PERFORMANCE IN 2000

• **Financial operations** – Italmobiliare and its financial subsidiaries made an important contribution to the growth of consolidated net income thanks to capital gains of 109.6 million euro, sound management of financial assets/liabilities in a rising interest rates environment and the strong performance of the financial subsidiaries. Italmobiliare International Finance Ltd (a financial subsidiary active on the international securities markets) reported income of 18 million euro, up 44% from 1999. Société de Participation Financière Italmobiliare Sa (a financial subsidiary with major equity holdings and liquidity) had net income of 19 million euro, up 11.7% from 1999. Fincomind (a subsidiary that controls Finter Bank Zürich and Finter Bank France) reported consolidated net income of 12.4 million Swiss francs (up 45%).

During the year the parent company and the financial subsidiaries made equity sales for 232.2 million euro and investments for 165 million euro.

Specifically:

- during the year, approximately 7.5 million Italcementi ordinary shares were acquired for approximately 70 million euro, raising the shareholding to 56.65%.
- Crea was the subject of a major agreement with Sigesa, part of the Bouygues group, which acquired the equity holding for 67 million euro (capital gain of 40.8 million euro); the Italmobiliare group subsequently acquired 29% of Sigesa for an outlay of 19.8 million euro. Under the terms of the contract, the sale price is subject to a review which is now nearing completion.
- Société de Participation Financière Italmobiliare Sa invested 15.5 million euro in 10% of Dieci Srl, which last May made a public tender offer for Cartiere Burgo. Italmobiliare tendered its 2.68% shareholding in Burgo to Dieci, making proceeds of 34.5 million euro and a capital gain of 22.7 million euro. The company also sold Poligrafici Editoriale shares on the market for 20.7 million euro, posting a capital gain of 17.1 million euro; the stake held in Poligrafici at the end of the year was 4.77% of capital.
- The parent company sold its shareholding in Falck to Compart (now Montedison) for proceeds of 26 million euro and a gain of 21 million euro; Italmobiliare also sold its Sondel equity investment, raising proceeds of 4.8 million euro and a capital gain of 4.3 million euro.
- With an outlay of 34.7 million euro Italmobiliare acquired 0.62% of Mediobanca, raising the Group shareholding to 3.01%.
- The Group exercised a put option to sell its equity investments in Banca Intesa and Banca Commerciale Italiana, raising proceeds of 69.5 million euro and a capital gain of 0.8 million euro; at 31 December 2000, the equity investment in Banca Commerciale including warrants totalled 0.11%, while the stake in Banca Intesa was 0.27%.

Other major operations included: subscription of the Gemina rights issue with an outlay of 5.6 million euro, and the sale of the equity investment in Sabtilf for proceeds of 3.8 million euro and a capital gain of 1.4 million euro. During the year Italmobiliare acquired approximately 174,000 own ordinary shares for an outlay of approximately 4 million euro; at the end of 2000, Italmobiliare held 4.09% of ordinary share capital.

• **Building materials** – 2000 saw an improvement in results (as announced by the Italcementi subsidiary, total income rose from 215.2 to 239.4 million euro) thanks to higher business volumes driven by favourable market trends, especially in the first half of the year, and the positive trend in unit sales prices in some countries. Production costs were affected by the rise in energy costs, while operating income (533.3 million euro against 510.1 million in 1999) reflected the significant rise in depreciation charges following the voluntary asset revaluation at Italcementi S.p.A. Excluding the effects of the revaluation, operating income would have risen by 12.9%, while income would have been approximately 25 million euro higher.

- **Other business areas** – The Sirap Gema Group (food packaging and thermal insulation) reported consolidated net income of 2.7 million euro (-54% from 1999), on net sales of 116.2 million euro. The fall in income was due to severe market conditions in the thermal insulation sector and the significant increase in raw materials.

The Sab Group (public road transport) reported consolidated net income of 4.3 million euro (+15%) and stable net sales of 79.2 million euro.

STOCK OPTION PLAN

The Directors also resolved to ask the Shareholders' Meeting to grant powers for an increase in capital to support a stock option plan for managers of the parent company and its subsidiaries, with issuance of 350,000 Italmobiliare S.p.A. ordinary and/or savings shares.

BUSINESS OUTLOOK

The outlook for the industrial subsidiaries, as illustrated in the annual report, is positive. The high volatility of the financial markets and falling share prices on the Italian stock exchange make it difficult to draw up precise projections for gains on disposals by the parent company, Italmobiliare, which will have a significant impact on consolidated results.

Taking account of the dividends already announced by the main companies in the group, net income for the current year at the parent company Italmobiliare S.p.A. should be at least in line with results for 2000, in the absence of unforeseeable events.

THE ITALMOBILIARE GROUP ON THE INTERNET: http://www.italmobiliare.it

The attachment shows key data from the consolidated and parent company income statements and balance sheets

ITALMOBILIARE GROUP

(million euro)

(billion lire)

	2000	1999	2000	1999
Net sales	3,962.2	3,609.2	7,671.9	6,988.5
Value added	1,690.1	1,593.8	3,272.6	3,086.0
Gross operating margin	947.4	861.0	1,834.5	1,667.2
<i>% of net sales</i>	23.9	23.9	23.9	23.9
Amortisation and depreciation	420.7	356.3	814.6	689.8
Operating income	526.7	504.8	1,019.9	977.4
(Difference value/costs of production)	13.3	14.0	13.3	14.0
<i>% of net sales</i>				
Financial income and charges	61.5	(49.8)	119.1	(96.5)
Asset value adjustments and non-recurring items	14.9	1.8	28.8	3.4
Income before taxes	603.1	456.7	1,167.7	884.2
Total income	368.9	261.1	714.3	505.6
Income/loss attributable to minority shareholders	182.3	170.9	352.9	331.0
Group income	186.6	90.1	361.4	174.5
Total shareholders' equity	3,500.3	3,267.4	6,777.5	6,326.6
Group shareholders' equity	1,432.9	1,260.4	2,774.5	2,440.4
Net debt	(1,535.3)	(1,749.6)	(2,972.7)	(3,387.7)
Capital expenditure	618.4	869.7	1,197.5	1,684.0
Cash-flow (income + amortisation and depreciation)	789.6	617.4	1,528.9	1,195.4

ITALMOBILIARE SPA	(million euro)		(billion lire)	
	2000	1999	2000	1999
Income from equity investments	128.533	61.773	248.874	119.608
of which:				
dividends and tax credits	51.952	58.674	100.592	113.608
profits on equity trading	76.581	3.099	148.282	6.000
Other financial income	16.441	15.033	31.834	29.109
Interest expense and other financial charges	(21.514)	(19.379)	(41.657)	(37.523)
Total financial income and charges	123.460	57.427	239.051	111.194
Financial asset value adjustments	2.506	(3.840)	4.853	(7.435)
Balance other operating income/costs	(15.210)	(13.583)	(29.450)	(26.300)
Ordinary operating income	110.756	40.004	214.454	77.459
Balance non-recurring income/charges	(1.586)	7.020	(3.073)	13.592
Result before taxes	109.170	47.024	211.381	91.051
Income taxes	(34.182)	(8.502)	(66.185)	(16.462)
Result for the year	74.988	38.522	145.196	74.589