

BOARD OF DIRECTORS EXAMINES RESULTS FOR FINANCIAL 2003**GROUP NET INCOME AT 169 MILLION EURO (+ 40.8%)**

- NET SALES: LARGELY UNCHANGED AT 4,397.1 MILLION EURO (+0.7%)
- CONSOLIDATED NET INCOME: 442 MILLION EURO (+17.5%)
- CASH FLOW: 858.2 MILLION EURO, AN INCREASE OF 9.3%
- NET DEBT: 1,606.2 MILLION EURO AT THE END OF 2003, A DECREASE OF 307 MILLION EURO (-16%)
- SHAREHOLDERS' EQUITY: UP FROM 3,609.7 TO 3,638.7 MILLION EURO
- PROPOSED DIVIDEND INCREASES TO 1 EURO TO ORDINARY SHARES AND 1.078 EURO TO SAVINGS SHARES (TO BE PAID AS FROM 27 MAY)
- UNREALIZED CAPITAL GAINS: 1,004.5 MILLION ON ITALMOBILIARE SPA LISTED SECURITIES (AVERAGE SHARE PRICES IN THE LAST SIX MONTHS OF 2003)

Milan, 30 March 2004 – The Italmobiliare S.p.A. Board of Directors today examined and approved the parent company and consolidated report on operations and the financial statements for 2003. The Board also approved a series of amendments and supplements to the by-laws in connection with the introduction of the “Vietti law” and decided that together with Italcementi it would form the “Fondazione Italcementi - Cavaliere del Lavoro Carlo Pesenti”.

The **Italmobiliare Group** reported **net sales** of 4,397.1 million euro (+0.7%), with **total net income** of 442 million euro (+17.5%) and **Group net income** of 168.7 million euro (+ 40.8%). The increase in consolidated net income reflected the improvement in results at Italcementi, the significant increase in results at Sirap Gema and the positive contribution from the main financial subsidiaries. **Operating income** totaled 661.2 million euro, representing 15% of net sales, a decrease of 6.7% from the previous year, after depreciation, **amortization** and **other write-downs** on fixed assets totaling 416.2 million euro. The decrease was caused by the appreciation of the euro and by increases in other cost.

Consolidated net debt, which reflected a decrease of 306.9 million euro in indebtedness, was 1,606.2 million at 31 December 2003, compared with 1,913.1 million euro at the end of 2002. **Italmobiliare S.p.A. and the wholly owned financial subsidiaries had a positive net financial position** of 198.8 million euro, compared with 181.2 million euro at the end of 2002.

Group total shareholders' equity was 3,638.7 million euro, an increase of 29 million despite a negative exchange-rate effect of 209 million.

The **parent company Italmobiliare S.p.A.** reported net income of 55.4 million euro compared with 62.5 million euro in 2002, when it posted significant non-recurring capital gains on the closing of the Sigesa disposal and on the sale of its equity investment in SAB Autoservizi.

The Board of Directors will ask the **Shareholders' Meeting** to approve payment of a **dividend** of 1 euro to ordinary shares (0.94 euro in 2003) and 1.078 euro to savings shares (1.018 euro), an increase of 6.38% and 5.89 respectively. Once approved by the shareholders (called to an ordinary and extraordinary general meeting to be held next 17 and 18 May, on first and second call respectively), the dividend will be paid as from 27 May (coupon tear-off on 24 May).

In brief, the Group **outlook** for the current year is as follows: in construction materials, results are expected to be similar to 2003, before taking account of non-recurring items and new exchange-rate effects; in food packaging and thermal insulation, operating income should be in line with 2003; in the financial sector, the uncertain international political and economic climate could have negative repercussions on the equity investment portfolio, which in 2003 reflected significant gains and upward revaluations. Furthermore, non-recurring items similar to 2003 are not forecast for the current year, hence the *consolidated result* is expected to be lower than that of 2003.

The *parent company*, Italmobiliare S.p.A., expects 2004 net income to be in line with 2003, considering the dividends already approved by many investee companies.

THE GROUP – At consolidated level, Italmobiliare recorded **net sales** of 4,397.1 million euro (4,365.3 million euro). The increase of 0.7% reflected performance improvements for 3.7%, changes in the consolidation area for 0.3% and the negative exchange-rate effect, caused by the appreciation of the euro, for 3.3%.

In **fourth quarter 2003** alone, turnover (1,073.4 million euro) rose by 1.2%, while operating results slowed, largely due to operations in the building materials sector, which were affected by currency depreciation against the euro and by increases in other cost factors.

2003 **gross operating profit**, at 1,077.4 million euro (-3.5%), was affected not only by the negative exchange-rate effect but also by the rise in operating expenses, specifically raw materials and logistics costs, which in some markets could not be transferred in full to sales prices. **Operating income** totaled 661.2 million euro, representing 15% of net sales, a decrease of 6.7% from the previous year, after depreciation, amortization and other write-downs on fixed assets totaling 416.2 million euro.

Income before taxes amounted to 684.2 million euro, an improvement of 20.7% from the earlier-year figure of 566.7 million euro. **Total net income** was 442 million euro compared with 376.2 million euro in 2002 (+17.5%). 2003 taxes were approximately 51.7 million euro higher than those of 2002, which benefited in Italy from fiscal incentives (under the Tremonti bis law) for 25.9 million euro and in Belgium from a reduction of 24.8 million euro in deferred taxes as a result of the decrease in the tax rate. **Group net income** was 168.7 million euro (119.8 million euro), an improvement of 40.8% against 2002.

Group **cash flow** in 2003 amounted to 858.2 million euro (+9.3%) compared with 784.9 million euro in 2002.

Total shareholders' equity at 31 December 2003 was 3,638.7 million euro (3,609.7 million euro at 31 December 2002), after a significant decrease in translation reserves due to the revaluation of the euro. **Group shareholders' equity** amounted to 1,646.2 million euro (1,571.9 million euro at the end of 2002).

Year-end **net debt** amounted to 1,606.2 million euro (1,913.1 million euro) after **investments** of 399.7 million euro. Group **gearing** (the ratio of net debt, including floating rate subordinated securities, to shareholders' equity) was 45.5% at the end of the year (55.1% at 31 December 2002). The ratio of net debt to gross operating profit was 1.53 against 1.78 the previous year.

Group business performance - In **construction materials**, the *Italcementi* group (as announced on 15 March last) reported consolidated net sales of 4,284.7 million euro, an increase of 0.5% compared with 2002. Gross operating profit (1,060.9 million euro) decreased by 47.9 million euro (-4.3%), largely as a result of the negative exchange-rate effect for other currencies against the euro, which accounted for approximately 37 million euro. After depreciation, amortization and other write-downs on fixed assets totaling 404.5 million euro, operating income was 656.4 million euro (or 15.3% of net sales), a decrease of 7.7% from the 2002 figure. Financial charges, net of financial income, decreased against 2002 by 10.3% to 114.5 million

euro. This positive trend reflected the dual impact of lower interest rates and the decrease in net debt including floating rate subordinated securities, as well as a significant reduction in the impact of the devaluation of the Turkish lira compared with 2002. Income before taxes was 604.8 million euro, an improvement of 13.9% from 2002 (531.0 million euro), while total net income was 375.7 million euro, compared with 356.9 million euro in 2002 (+5.3%). 2003 tax charges were 55 million euro higher than those of 2002; however, the earlier year benefited in Italy from fiscal incentives provided under the Tremonti bis law and in Belgium from a reduction in deferred taxes following the decrease in tax rate. Group net income was 276.8 million euro, an increase of 1.0% from 2002.

In the **food packaging and thermal insulation sector**, the *Sirap Gema* group reported a significant improvement in operating income, to post consolidated net income of 8.9 million euro (4.1 million euro) on net sales of 111.6 million euro, an increase of 6.4% from 2002. Gross operating profit (23.9 million euro) improved by 18.3% thanks to good performance in both businesses, despite the high volatility of polymer prices, which reflected an annual average upward trend of approximately 4.7%. In food packaging (net sales of 74 million euro and gross operating profit of 18 million euro), performance was particularly strong in Italy, while results in France, where net sales increased, were affected by the rise in raw material prices and by competitive pressures. In thermal insulation, after the extensive restructuring of 2002, net sales rose by 7.1% (37.6 million euro) and gross operating profit made an important increase of 31.1% (to 5.9 million euro). In December 2003 the Sirap Gema group acquired the Petruzalek group, which is active in Austria and the main East European countries, with net sales of approximately 37 million euro.

In the **financial sector**, the overall contribution of the subsidiaries was positive. *Italmobiliare International Finance* closed 2003 with net income of 18.9 million euro, up from 16.2 million euro in 2002. *Société de Participation Financière Italmobiliare S.A.* reported net income of 35.4 million euro compared with a loss of 12.7 million euro in 2002. The year's result benefited from capital gains on the sale of shares and from the upward revaluation of previously downvalued equity investments. The results for the two years are not fully comparable, however, due to the financial restructuring at the end of 2002. The *Fincomind Group*, which includes Finter Bank Zurich and Finter Bank France, reported a consolidated net loss of 1,844,000 Swiss francs (a loss of 4,207,000 Swiss francs in 2002), which arose exclusively from expenses and charges for the restructuring of operations at Finter Bank France.

THE PARENT COMPANY – Italmobiliare S.p.A. reported **financial income and charges** of 88.5 million euro in 2003 (105.7 million euro in 2002, when the company sold its equity investment in SAB Autoservizi and closed the Sigesa transaction). **Income from ordinary operations** amounted to 73.7 million euro (89.9 million euro), while **income before taxes** was 84.5 million euro (85.7 million euro) after non-recurring income of 10.8 million euro (charges of 4.2 million in 2002) arising from property sales and a review of the reserve for risks. **Net income** amounted to 55.4 million euro (62.5 million euro in 2002), on which the Directors will propose distribution of a **dividend** of 1 euro to ordinary shares and 1.078 euro to savings shares. Once approved by the shareholders, the dividend will be paid as from 27 May (coupon tear-off on 24 May). In 2003 the dividend was of 0.94 euro to ordinary shares and 1.018 euro to savings shares. **Shareholders' equity** was 970.5 million euro (952.3 million euro at the end of 2002) and covered 76.6% of equity investments held as fixed assets.

Italmobiliare and its wholly owned financial subsidiaries had a positive **net financial position** of 198.8 million euro at 31 December 2003, compared with 181.2 million euro at the end of 2002.

Unrealized capital gains on listed securities at the end of 2003, determined on the basis of average share prices on the Milan Stock Exchange over the previous six months, amounted to 1,004.5 million euro, compared with 868.9 million euro at the end of 2002.

In financial 2003, the second tranche of the bond convertible into Unicredito Italiano shares issued in December 1998 by Mediobanca International Ltd. matured and Italmobiliare repaid the relative financing of approximately 236 million euro granted by Mediobanca; the company thus regained full availability of the Unicredito Italiano shares servicing the loan.

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

Attachment: Highlights from the consolidated and Italmobiliare S.p.A. pre-audit financial statements

ITALMOBILIARE GROUP*(in millions of euro)*

	2003	2002
Net sales	4,397.1	4,365.3
Value added	1,837.1	1,867.5
Gross operating profit	1,077.4	1,117.0
<i>% of net sales</i>	<i>24.5</i>	<i>25.6</i>
Depreciation and amortization	416.2	408.7
Operating income (Difference value/costs of production)	661.2	708.3
<i>% of net sales</i>	<i>15.0</i>	<i>16.2</i>
Financial income and charges	(54.8)	(62.6)
Adjustments to financial asset values and non-recurring items	77.8	(79.0)
Income before taxes	684.2	566.7
Income taxes	(242.2)	(190.5)
Total net income	442.0	376.2
Minority interest	273.3	256.4
Group net income	168.7	119.8
Total shareholders' equity	3,638.7	3,609.7
Group shareholders' equity	1,646.2	1,571.9
Net debt	1,606.2	1,913.1
Investments	399.7	872.7
Cash flow (income + depreciation and amortization)	858.2	784.9

ITALMOBILIARE SPA*(in millions of euro)*

	2003	2002
Income from equity investments	92.6	114.2
of which:		
dividends and tax credit	92.5	74.3
profits on equity investment trading	0.1	39.9
Other financial income	9.5	7.1
Interest expense and other financial charges	(13.6)	(15.6)
Total financial income and charges	88.5	105.7
Adjustments to financial asset values	(4.2)	(2.4)
Balance other operating income/expenses	(10.6)	(13.4)
Income from ordinary operations	(73.7)	89.9
Balance non-recurring income/charges	10.8	(4.2)
Result before taxes	84.5	85.7
Income taxes	(29.1)	(23.2)
Net income for the year	55.4	62.5

Highlights from the consolidated and Italmobiliare S.p.A. pre-audit financial statements