

BOARD OF DIRECTORS EXAMINES RESULTS FOR FY 2006

ITALMOBILIARE GROUP:

- REVENUES TOP 6 BILLION EURO (6,216.5 MILLION EURO, +17.7%)
- TOTAL NET PROFIT: 748.5 MILLION EURO (+23.5%)
- GROUP NET PROFIT: 264.4 MILLION EURO (+25.1%)
- INVESTMENTS IN FIXED ASSETS: 865.2 MILLION EURO
- NET DEBT: 1,857.3 MILLION EURO (1,865.1 MILLION EURO AT DECEMBER 31, 2005)
- SHAREHOLDERS' EQUITY UP TO 6,407.9 MILLION EURO (FROM 5,916.7 MILLION EURO AT THE END OF 2005). GEARING AT 29% FROM 31.5%

ITALMOBILIARE S.p.A.:

- NET PROFIT: 161.6 MILLION EURO (62.6 MILLION EURO, +7.1%, NET OF CAPITAL GAINS ON SALE OF EQUITY INVESTMENTS TO THE SUBSIDIARY FRANCO TOSI)
- DIVIDEND: UP TO 1.45 EURO FOR ORDINARY SHARES (1.27 EURO FOR FY 2005) AND 1.528 EURO FOR SAVINGS SHARES (1.348 EURO). COUPON TEAR-OFF ON MAY 21, PAYMENT FROM MAY 24, 2007

Milan, March 21, 2007 – *At a meeting chaired by Giampiero Pesenti, the Board of Directors of Italmobiliare S.p.A. examined and approved the consolidated financial statements, the report and the financial statements of the parent company for financial year 2006.*

Full-year consolidated revenues for the Italmobiliare Group topped 6 billion euro (6,216.5 million euro, +17.7%).

2006 total net profit was 748.5 million euro, an improvement of 23.5%; Group net profit was 264.4 million euro (+25.1%).

The Board of Directors will ask the Shareholders' Meeting convened for next April 26 and 27 on first and second call respectively to approve distribution of a dividend of 1.45 euro to ordinary shares (1.27 euro for FY 2005) and 1.528 euro to savings shares (1.348 euro). Coupon tear-off will be May 21, with payment from May 24.

In 2006, the Italmobiliare Group posted record results in the construction materials business, despite significant increases in some operating expenses. The financial business reported very important improvements, and the banking business confirmed its positive growth trend. Results were positive for the packaging and insulation business, which acquired the Amprica group during the year, but affected by difficult conditions on some markets, notably France.

Investments in fixed assets remained at high levels in 2006, totaling 865.2 million euro; investments in financial assets referred to acquisitions in the construction materials business (in India, Turkey and Egypt) and in packaging and insulation (in Italy and central-eastern Europe). Thanks to significant **cash flows from operating activities** (1,013.9 million euro), the acquisitions did not have repercussions on Group debt (1,857.3 million euro), which was substantially unchanged from the prior-year levels.

Shareholders' equity rose to nearly 6.5 billion euro (6,407.9 million euro, an increase of 491.1 million euro from the end of 2005), producing an improvement in **gearing** to 29%, from 31.5% at the end of 2005.

The **parent company Italmobiliare S.p.A.**—which adopted the IAS/IFRS accounting standards as from 2006—reported a **net profit** of 161.6 million euro (58.5 million euro in 2005 restated in accordance with IAS/IFRS). During the year, Italmobiliare S.p.A. sold its voting trust interests to the Franco Tosi subsidiary: excluding these sales, which generated a net capital gain of 99 million, net profit would have risen to 62.6 million euro (+ 7.1% on 2005 restated net profit).

Although the excellent 2006 results place the Group in a stronger position to meet the challenges of the current year, equally they set a demanding standard for the coming months. This, together with a possible weakening in economic conditions in some areas (notably the USA) and the uncertain climate on the financial markets—following an impressive year for equities in 2006—mean that the **2007 objective** of reporting operating results in line with those of 2006 is an ambitious goal.

The parent company Italmobiliare S.p.A. projects net profit growth in 2007, subject to unforeseen events, excluding the capital gains on the sales to the Franco Tosi subsidiary.

Additionally, the Board of Directors named Professor Mauro Bini as lead independent director and decided to ask the Shareholders' Meeting to renew its authorization to sell and dispose of treasury shares.

FOURTH QUARTER 2006 – Revenues made very strong progress during the fourth quarter of 2006 (1,560.4 million euro, +15.7% year on year), while operating profit, at 201.7 million euro, grew more slowly (+3.0%) due to higher operating expenses, the increase in non-recurring net expense and higher amortization and depreciation charges. The net profit for the period was 145.5 million euro (182.6 million euro in the year-earlier fourth quarter), principally due to the effect of net finance costs and tax expense, which increased as a result of significant non-recurring income reported in the last three months of 2005.

THE GROUP – The Italmobiliare Group's consolidated **revenues** for full year 2006 gained 17.7% to 6,216.5 million euro, due to growth in sales volumes for 13.7% and changes in the consolidation area for 4.6%, chiefly the line-by-line consolidation of construction materials operations in India and Egypt and the purchase of the Amprica group in packaging and insulation. The exchange rates had a limited effect (-0.6%).

Recurring gross operating profit also made good progress to 1,550 million euro (+25.9%), thanks to the larger contribution from the construction materials business in absolute terms; the most important percentage improvement was in the financial business.

Operating profit, after higher amortization and depreciation charges than in 2005 largely as a result of the enlargement of the consolidation area (433.3 million euro against 379.2 million euro), totaled 1,105.7 million euro, an improvement of 32.5%.

The geographical breakdown highlights important growth in all the areas where the Group operates.

Geographical breakdown of revenues and operating results

(in millions of euro)	Revenues		Recurring GOP		GOP		Operating Profit	
	2006	%change 2005	2006	%change 2005	2006	%change 2005	2006	%change 2005
European Union	3,960.6	12.2	820.9	15.4	841.3	18.2	609.0	24.0
Other European countries	443.2	16.8	116.4	22.0	116.3	20.5	89.0	30.4
North America	659.7	9.4	156.6	19.6	155.7	20.4	110.3	20.5
Asia	361.2	39.1	101.9	53.2	101.6	52.1	67.1	68.1
Africa	735.8	51.6	326.6	48.3	297.6	46.1	206.8	48.7
Trading and others	328.7	55.9	19.6	72.9	19.6	39.5	17.8	38.9
Other, elimination inter- area transactions	(272.7)	45.5	8.0	n.s.	8.9	n.s.	5.7	n.s.
Total	6,216.5	17.7	1,550.0	25.9	1,541.0	26.7	1,105.7	32.5

Finance costs, net of finance income, amounted to 106.8 million euro, an increase of 58.7 million euro from 2005, largely due to the rise in debt interest expense and exchange-rate losses, compared with exchange-rate gains in 2005.

Profit before tax was 1,019.3 million euro, up by 26.3% on 2005. Income tax expense (270.8 million euro) was 34.7% higher than the 2005 figure, which benefited from an extraordinary positive effect of approximately 43 million euro.

Total net profit for the year increased to 748.5 million euro (+23.5%) while **Group net profit** was 264.4 million euro; the increase of 25.1% in Group net profit was higher than the total net profit growth rate owing to the contribution of the wholly owned subsidiaries.

Net debt at December 31, 2006, stood at 1,857.3 million euro and was largely unchanged from the end of 2005 (1,865.1 million euro), due to cash flows from operating activities (1,013.9 million euro) which absorbed **net investments** for 800.9 million euro and dividend payments for 223.8 million euro.

Total shareholders' equity at the end of the year rose by 491.1 million euro to 6,407.9 million euro. **Gearing** (net debt / equity) at the end of the year therefore stood at 29%, from 31.5% at December 31, 2005.

Performance in the core businesses – In the **construction materials** business, the revenues of the *Italcementi group* (announced by the company on March 8) rose to 5,854.1 million euro (+17.1% from 2005), reflecting a generalized improvement in turnover as a result of higher sales volumes in all sectors and a positive price trend. Performance was also enhanced by the positive effect of the enlarged consolidation area. Despite continuing increases in operating expenses (largely for energy, raw materials and transport), the

improvement in revenues generated strong progress in recurring gross operating profit, to 1,446.9 million euro (+25.5%), and operating profit, to 1,012.3 million euro (+32.2%). Although net finance costs increased, the Italcementi group reported important growth in group net profit to 449.5 million euro (+14.9% year on year).

In **food packaging and thermal insulation**, represented by the *Sirap Gema group*, revenues gained 25.7% to 208.6 million euro, in part reflecting the positive contribution of the recently acquired Amprica group. At constant size and exchange rates, revenues would have grown 10.4%, due to higher sales volumes in food packaging in Italy and in thermal insulation. In food packaging, the avian flu health scare and particularly aggressive competitive pressures produced a downturn on the French market. Recurring gross operating profit was 24.8 million euro, largely in line with the 2005 result, while the rise in depreciation and amortization charges as a result of the acquisition brought operating profit down to 14.8 million euro (-13.6%). Net profit for the period was 5.1 million euro, in part due to the rise in finance costs, and was down from net profit of 7.9 million euro in 2005.

In the **financial sector**, which includes the *parent company Italmobiliare* and the wholly owned financial subsidiaries, net profit for the year gained 38.1% over 2005 to reach 126.9 million euro. This important result reflected strong growth in net income on equity investments, as a result of capital gains and higher dividends, and a significant rise in cash inflows, against a contained increase in debt-servicing charges. The net financial position of the financial sector at 31 December, 2006, was positive, at 383.9 million euro (303.4 million euro at the end of 2005).

The **banking business** (*Finter Bank Zürich* and *Crédit Mobilier de Monaco*) reported net profit of 8.1 million euro, a strong improvement on 6.4 million euro in 2005. Growth was essentially due to the positive performance of Finter Bank Zürich, which boosted revenues and contained cost increases.

THE PARENT COMPANY – The parent company **Italmobiliare S.p.A.**, which reports in compliance with the IAS/IFRS international accounting standards as from January 1, 2006, posted a net profit for 2006 of 161.6 million euro, compared with 58.5 million euro in 2005. During the year, under the corporate re-organization assigning specific missions to companies held directly by the parent company, Italmobiliare sold its voting trust shares in Rcs MediaGroup, Mediobanca, Capitalia and Gim to Franco Tosi, a wholly owned subsidiary. The sales generated an aggregate capital gain of 99.0 million euro, net of additional charges and tax expense for the period. Even excluding the effect of these sales, net profit for 2006 would have increased, to 62.6 million euro (+ 7.1%).

The Board of Directors will ask the Shareholders' Meeting convened for next April 26 and 27 on first and second call respectively to approve distribution of a **dividend** of 1.45 euro to ordinary shares (1.27 euro for FY 2005) and 1.528 euro to savings shares (1.348 euro). Coupon tear-off will be May 21, with payment from May 24.

OUTLOOK – Although the excellent 2006 results place the Group in a stronger position to meet the challenges of the current year, equally they set a demanding standard for the coming months. This, together with a possible weakening in economic conditions in some areas (notably the USA) and the uncertain climate on the financial markets—following an

impressive year for equities in 2006—mean that the 2007 objective of reporting operating results in line with those of 2006 is an ambitious goal.

The parent company Italmobiliare S.p.A. projects net profit growth in 2007, subject to unforeseen events, excluding the capital gains on the sales to the Franco Tosi subsidiary.

DEBENTURE ISSUES AND MATURITIES – No new debentures were issued and no amounts fell due in 2006, nor are new issues planned or maturities due in the 18 months after December 31, 2006, with the exception of the issues and maturities illustrated by the subsidiary Italcementi S.p.A. in its press release dated March 8.

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

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Attachments: pre-audit income statement and balance sheet data

Italmobiliare Group					
Income Statement (in thousands of euro)	2006	%	2005	%	% change
Revenues	6,216,515	100.0	5,282,315	100.0	17.7
Other revenues	83,177		58,869		
Change in inventories	(7,933)		22,427		
Internal work capitalized	37,663		27,021		
Goods and utilities expenses	(2,237,476)		(1,819,620)		
Services expenses	(1,382,809)		(1,261,064)		
Employee expenses	(980,063)		(910,501)		
Other operating income/(expense)	(179,089)		(168,749)		
Gross Operating Profit recurring	1,549,985	24.9%	1,230,698	23.3%	25.9
Net capital gains on sale of fixed assets	18,384		24,899		
Non-recurring employee expenses for reorganizations	(25,449)		(37,588)		
Other non-recurring income/(expense)	(1,907)		(1,697)		
Gross Operating Profit	1,541,013	24.8%	1,216,312	23.0%	26.7
Amortization and depreciation	(433,316)		(379,226)		
Impairment variation	(1,977)		(2,579)		
Operating Profit	1,105,720	17.8%	834,507	15.8%	32.5
Finance income	48,077		75,008		
Finance costs	(149,996)		(136,411)		
Exchange rate differences and net derivatives	(4,925)		13,295		
Share of results of associates	20,451		20,678		
Profit before tax	1,019,327	16.4%	807,077	15.3%	26.3
Income tax expense	(270,848)		(201,015)		
Gains and losses from discontinued operations					
Net profit for the period	748,479	12.0%	606,062	11.5%	23.5
Attributable to:					
Group	264,427	4.3%	211,290	4.0%	25.1
Minority interests	484,052	7.8%	394,772	7.5%	22.6
Earnings per share					
- Basic					
ordinary shares	7.001		5.586		
savings shares	7.079		5.664		
- Diluted					
ordinary shares	6.985		5.578		
savings share	7.063		5.656		

Italmobiliare Group			
Balance Sheet (in thousands of euro)	12/31/2006	12/31/2005	Change
Non-current assets			
Property, plant and equipment	4,118,219	3,982,450	135,769
Investment properties	28,014	29,293	(1,279)
Goodwill	1,894,932	1,840,198	54,734
Intangible assets	59,013	51,678	7,335
Investments in associates	194,637	183,804	10,833
Other equity investments	1,601,245	1,375,787	225,458
Trade receivables and other non-recurring receivables	140,354	475,593	(335,239)
Deferred tax assets	43,793	31,042	12,751
Non-current receivables due from employees	517	1,167	(650)
Total non-current assets	8,080,724	7,971,012	109,712
Current assets			
Inventories	723,736	720,280	3,456
Trade receivables	1,544,596	1,332,601	211,995
Other current assets	341,713	311,389	30,324
Income tax assets	38,235	69,391	(31,156)
Equity investments and financial receivables	871,948	830,622	41,326
Cash and cash equivalents	533,269	518,170	15,099
Total current assets	4,053,497	3,782,453	271,044
Total assets	12,134,221	11,753,465	380,756
Shareholders' equity			
Share capital	100,167	100,167	
Reserves	1,029,288	896,494	132,794
Treasury shares at cost	(22,176)	(22,176)	
Retained earnings	1,867,675	1,721,804	145,871
Group shareholders' equity	2,974,954	2,696,289	278,665
Minority interests	3,432,903	3,220,459	212,444
Total shareholders' equity	6,407,857	5,916,748	491,109
Non-current liabilities			
Interest-bearing loans and long-term borrowings	2,531,204	2,375,059	156,145
Employee benefit liabilities	213,709	216,240	(2,531)
Provisions – non-current	343,511	322,708	20,803
Other non-current liabilities	20,337	16,339	3,998
Deferred tax liabilities	344,175	346,551	(2,376)
Total non-current liabilities	3,452,936	3,276,897	176,039
Current liabilities			
Bank overdrafts and short-term borrowings	469,915	976,157	(506,242)
Interest-bearing loans and short-term borrowings	199,980	164,461	35,519
Trade payables	815,791	745,365	70,426
Provisions – current	1,372	1,342	30
Income tax liabilities	91,981	63,288	28,693
Other current liabilities	694,389	609,207	85,182
Total current liabilities	2,273,428	2,559,820	(286,392)
Total liabilities	5,726,364	5,836,717	(110,353)
Total Shareholders' equity and liabilities	12,134,221	11,753,465	380,756

Italmobiliare S.p.A.					
Income Statement (in thousands of euro)	2006	%	2005	%	% change
Revenues	210,902	100.0	80,209	100.0	162.9
Other revenues	1,189		1,110		
Goods and utilities expenses	(131)		(142)		
Services expenses	(5,714)		(5,200)		
Employee expenses	(12,488)		(9,535)		
Other operating income/(expense)	(32,590)		(11,778)		
Gross Operating Profit recurring	161,168	76.4%	54,664	68.2%	194.8
Net capital gains on sale of fixed assets	159		53		
Other non-recurring income/(expense)	3,000		(545)		
Gross Operating Profit	164,327	77.9%	54,172	67.5%	203.3
Amortization and depreciation	(67)		(55)		
Operating Profit	164,260	77.9%	54,117	67.5%	203.5
Finance income/(costs)	(120)		(107)		
Profit before tax	164,140	77.8%	54,010	67.3%	203.9
Income tax expense	(2,492)		4,507		
Gains and losses from discontinued operations					
Net profit for the period	161,648	76.6%	58,517	73.0%	176.2

Italmobiliare S.p.A.			
Balance Sheet (in thousands of euro)	12/31/2006	12/31/2005	Change
Non-current assets			
Property, plant and equipment	3,763	3,767	(4)
Investment properties	294	448	(154)
Intangible assets	5	11	(6)
Investments in subsidiaries and associates	1,142,179	1,040,094	102,085
Other equity investments	671,326	905,462	(234,136)
Receivables and other non-current assets	263,866	24,574	239,292
Total non-current assets	2,081,433	1,974,356	107,077
Current assets			
Trade receivables	1,861	1,341	520
Other current assets	11,123	1,338	9,785
Income tax assets	19,430	41,007	(21,577)
Equity investments and financial receivables	43,581	35,124	8,457
Cash and cash equivalents	38,788	30,241	8,547
Total current assets	114,783	109,051	5,732
Total assets	2,196,216	2,083,407	112,809
Shareholders' equity			
Share capital	100,167	100,167	0
Reserves	710,252	723,496	(13,244)
Treasury shares at cost	(22,176)	(22,176)	0
Retained earnings	857,623	744,978	112,645
Total shareholders' equity	1,645,866	1,546,465	99,401
Non-current liabilities			
Interest-bearing loans and long-term borrowings	389,300	316,018	73,282
Employee benefit liabilities	1,032	1,367	(335)
Provisions – non-current	27,467	25,714	1,753
Other non-current liabilities	31	24	7
Deferred tax liabilities	9,934	17,317	(7,383)
Total non-current liabilities	427,764	360,440	67,324
Current liabilities			
Bank overdrafts and short-term borrowings	77,608	148,780	(71,172)
Interest-bearing loans and short-term borrowings	6,876	5,699	1,177
Trade payables	2,728	1,760	968
Income tax liabilities	25,347	1,164	24,183
Other current liabilities	10,027	19,099	(9,072)
Total current liabilities	122,586	176,502	(53,916)
Total liabilities	550,350	536,942	13,408
Total Shareholders' equity and liabilities	2,196,216	2,083,407	112,809