

Turin, March 30, 2005

**PRESS RELEASE**

**IFIL Board of Directors approves 2004 results**

<b>Highlights</b>			
<i>Criteria used for preparation indicated in attached financial statements</i>			
	<b>2004</b>	<b>2003</b>	<b>Change</b>
<b>IFIL Group</b>			
Net income (loss) - Group	<b>119.0</b>	(45.0)	+164.0
Consolidated stockholders' equity - Group	<b>3,916.8</b>	3,953.9	-37.1
Consolidated net financial position of the "Holdings System"	<b>683.2</b>	(234.7)	+917.9
<b>IFIL S.p.A</b>			
Net income	<b>80.2</b>	72.7	+7.5
Stockholders' equity	<b>3,204.9</b>	3,194.4	+10.5
Dividends paid out	<b>74.3*</b>	66.7**	+7.6
* equal to € 0.0683 per each ordinary share and € 0.089 per each savings share			
** € 3.1 mn was also paid for the balance of 2002 preferential dividends			

- *Stockholders' Meeting convened for May 18 in first call and May 20 in second call*
- *Motion to renew the authorization for the purchase of treasury stock*
- *Net income forecast for 2005 both for the IFIL Group and IFIL S.p.A.*

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The Board of Directors of IFIL, which met today in Turin under the chairmanship of Gianluigi Gabetti, approved the consolidated financial statements and the draft statutory financial statements at December 31, 2004 which will be submitted to the Stockholders' Meeting convened on May 18, 2005 in first call and on May 20, 2005 in second call.

The IFIL Group ended the year 2004 with a consolidated net income of € 119 million, which compares with a loss of €45 million in the prior year. The result principally stems from the gains realized on the sales of the investments in Eurofind Food and in Club Méditerranée (respectively, € 586.3 million and €26.4 million), as well as the share of the results of the holdings, which show a loss of €402 million.

The goal of reducing debt was reached and surpassed: the consolidated net financial position of the "holdings system" is a cash position of €683.2 million at December 31, 2004, with an improvement of €917.9 million compared to the indebtedness position of €234.7 million at the end of 2003. Consolidated stockholders' equity at the end of 2004 is €3,916.8 million. This is a slight decrease compared to the end of 2003 (€3,953.9 million) partly on account of dividends paid by IFIL S.p.A in 2004.

IFIL S.p.A. reported net income of €80.2 million, with an increase of €7.5 million compared to €72.7 million (approx. +10%) reported in 2003. Statutory stockholders' equity at the end of 2004 amounts to €3,204.9 million and is higher than at the end of 2003 (€3,194.4 million).

The Board of Directors voted to put forward a motion to the Stockholders' Meeting to pay dividends of €0.0683 per each ordinary share and €0.089 per each savings share, for a total maximum amount of €74.3 million (+11,4% compared to the prior year). The ex-coupon date is May 23, 2005 and dividends will be paid starting from May 26, 2005.

Lastly, the Board voted to put forward a motion to the Stockholders' Meeting to renew the authorization for the purchase and disposition of treasury stock. In particular, the authorization vests the Board with the right to purchase on the market, for 18 months from the date of the stockholders' resolution, up to a maximum of 90 million ordinary and/or savings shares for a maximum outlay of €300 million, at a price of not less and not more than 15% of the market price of the stock in the trading session on the day before each single transaction. The purchases may be made to intervene in the eventuality of fluctuations in the market prices of the shares beyond normal variations associated with stock market performance and in conformity with market practice. The shares purchased under the authorization could also service the stock options of employees and directors of the Company and the Companies of the Group and also be used for possible share exchanges. IFIL, also through the subsidiary Soiem, currently holds 14,596,040 ordinary treasury shares, equal to 1.41% of the class of stock and 1.36% of capital stock.

#### **Major events in 2004**

The most important events which marked 2004 were the change in management at Fiat and monetization of the investment in Rinascente.

The change in management at Fiat was the starting point for an extensive restructuring effort. The change, planned and organized by Fiat management, encompassed the entire Group, starting from the Auto Sector. The holding company defined a clear-cut industrial perimeter and gave itself a more streamlined organization, while Fiat Auto adopted a more efficient structure which favors the responsabilization of management and rapidity in decision-taking. The resolution of the alliance with General Motors also made it possible to bring in cash resources and restored the strategic liberty necessary for the company to plan for its future development.

In the second half of December, after obtaining authorization from the competent antitrust authority, the IFIL Group sold 50% of the capital stock of Eurofind Food to the Auchan Group for €1,062.9 million, with a gain on consolidation of €586.3 million. The sale of Rinascente's food business to Auchan – followed by the signing of the agreement for the sale by auction of the textile sector in the early months of 2005 which attracted the most important Italian and foreign industry and financial operators – made it possible to monetize as best as possible the progress achieved inside the individual divisions during many years of work, securing a sizable cash inflow for IFIL and ensuring excellent prospects of growth for the companies of the retail group.

As for Worms & Cie, the start of the process to monetize Permal and the restructuring of the industrial activities of the paper sector constitute the first steps in the strategy drafted by the new management of the company which will continue in the upcoming months.

Special attention has been set aside for the tourism sector where IFIL conducted three important deals: the sale of Club Méditerranée, participation in the project for the privatization of Sviluppo Italia Turismo and the strategic and organizational review of Alpitour with a view toward recovering margins of operational efficiency and develop an offering centered on Italian tourism products.

### **Subsequent events**

As mentioned earlier, on March 13, 2005 an agreement was reached for the sale of the 99.09% stake in La Rinascente S.p.A., the company heading the textile activities of the Rinascente Group. As a result of this deal, the IFIL Group will receive net proceeds for a total of approx. €530 million and record a gain on consolidation of more than €450 million.

### **Bonds falling due**

As provided by Borsa Italiana S.p.A. regulations, mention is made of €200 million in bonds that fall due in December 2005.

### **Business outlook**

For 2005, IFIL S.p.A. is expected to report a profit.

Moreover, considering the forecasts formulated by the major holdings and the other estimates currently available (including that one related to the gain on the sale of La Rinascente S.p.A.), the 2005 consolidated financial statements of the IFIL Group are also expected to show a profit.

### **Information on the status of the implementation of the systems and procedures for the application of international accounting principles (Consob communication No. DME/5015175 dated March 10, 2005)**

As provided by Regulation No. 1606 dated July 19, 2002 of the European Union, starting in 2005 the IFIL Group will draw up its consolidated financial statements in compliance with the international accounting principles (IFRS/IAS) approved by the European community.

In particular, the IFIL Group will adopt international accounting principles beginning from the consolidated quarterly report at March 31, 2005.

The audit firm, Deloitte & Touche S.p.A., has been assigned the following additional audit work with regard to the accounting data prepared in accordance with international accounting principles:

- audit of the opening consolidated balance sheet at January 1, 2004;
- limited review of the consolidated accounting data at June 30, 2004;
- limited review with agreed testing procedures of the accounting data at March 31, 2004 and September 30, 2004;
- audit of the consolidated financial statements at December 31, 2004.

The following table presents the reconciliations of the stockholders' equity of IFIL S.p.A. and the consolidated stockholders' equity of the IFIL Group taken from the financial statements for the years ended December 31, 2003 (prepared in accordance with Italian regulations) with the corresponding data drawn up in accordance with international accounting principles. Such data has been audited by the audit firms.

€ in millions	IFIL S.p.A.	Consolidated IFIL Group
<b>Stockholders' equity at December 31, 2003 (taken from financial statements prepared according to Italian regulations)</b>	<b>3,194.4</b>	<b>3,953.9</b>
Reclassification of the carrying value of treasury stock	(43.4)	(46.2)
<b>IAS/IFRS adjustments</b>		
- IAS 39 - Higher value of the investment in SANPAOLO IMI	269.6	112.8
- IAS 39 - Higher value of Fiat ordinary share warrants	0.3	0.3
- IAS 39 - Valuation of instruments hedging rate risks	(8.8)	(8.8)
- IAS 38 - Reversal of intangible fixed assets	(8.9)	(8.9)
- IAS 19 - Higher liability relating to employee benefits	(0.1)	(0.1)
	<u>252.1</u>	<u>95.3</u>
<b>IFIL's share of IAS/IFRS adjustments presented by subsidiaries and associated companies</b>		
- Fiat Group	-	(234.2)
- Worms & Cie Group	-	(18.9)
- Alpitour Group	-	(3.9)
- Juventus Football Club	-	(3.8)
- IFIL "Holdings System" companies	-	7.8
- Other consolidation adjustments	-	0.7
	<u>-</u>	<u>(252.3)</u>
<b>Stockholders' equity at January 1, 2004 (IAS/IFRS)</b>	<b>3,403.1</b>	<b>3,750.7</b>

At December 31, 2004, the consolidated financial statements of the IFIL Group show net income of the Group of €119 million and stockholders' equity of the Group of €3,867 million (after deducting the carrying value of IFIL ordinary treasury stock held of €50 million).

The corresponding data prepared by IFIL and its subsidiaries on the basis of international accounting principles, to be considered provisional in that the audit firms have not concluded their examination of this data, show a consolidated net income of the IFIL Group of about €120 million, which is substantially unchanged, and consolidated stockholders' equity of the IFIL Group of about €3,800 million. The decrease in this last figure, equal to €67 million, is due to the higher value of the investment in SanpaoloIMI (+€125 million), other positive adjustments by IFIL and by the companies in the "Holdings System" (+€3 million) and, lastly, IFIL's share of the adjustments made by the subsidiaries Fiat, Worms & Cie, Alpitour and Juventus Football Club (-€195 million, net).

<b>Contacts</b>		
<b>Press Office</b>	<b>+39.011.5090320</b>	<b>ufficio.stampa@ifil.it</b>
<b>Investor Relations</b>	<b>+39.011.5090360</b>	<b>relazioni.investitori@ifil.it</b>

## CONSOLIDATED FINANCIAL STATEMENTS OF THE IFIL GROUP AT DECEMBER 31, 2004 – CONDENSED (\*)

(\*) Prepared by consolidating the financial holding companies on a line-by-line or proportional basis and accounting for the other subsidiaries and associated companies using the equity method.

### CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

€ in millions	2004	2003	Change
Group's share of earnings (losses) of companies accounted for using the equity method	(402.0)	(49.7)	(352.3)
Dividends from other holdings	27.4	21.2	6.2
Dividend tax credits	0.0	11.9	(11.9)
Net gains	611.3	25.0	586.3
Amortization of differences on consolidation	(81.4)	(13.7)	(67.7)
<b>Investment income (expenses), net</b>	<b>155.3</b>	<b>(5.3)</b>	<b>160.6</b>
Financial expenses, net	(20.9)	(23.6)	2.7
General expenses, net	(18.7)	(13.0)	(5.7)
Other expenses, net	(7.0)	(6.1)	(0.9)
<b>Income (loss) before taxes</b>	<b>108.7</b>	<b>(48.0)</b>	<b>156.7</b>
Current taxes	(2.1)	0.1	(2.2)
Deferred taxes	12.4	2.9	9.5
<b>Net income (loss) - Group</b>	<b>119.0</b>	<b>(45.0)</b>	<b>164.0</b>

### GROUP'S SHARE OF EARNINGS (LOSSES) OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

€ in millions	Earnings (Losses)		IFIL's share		Change
	2004	2003	2004	2003	
Fiat Group	(1,586.0)	(1,900.0)	(438.0)	(410.4) (a)	(27.6)
Worms & Cie Group	(63.7)	111.6	(33.7)	59.2	(92.9)
Società Italiana Distribuzione Moderna	(13.3) (b)	-	(6.6)	-	(6.6)
La Rinascente	8.9 (c)	-	4.3	-	4.3
Rinascente Group	-	200.4	-	80.4	(80.4)
Alpitour Group (NHT Group in 2003) (d)	3.4	(11.2) (e)	3.4	(10.1)	13.5
Juventus Football Club	(5.8) (f)	(16.1)	(3.5)	(5.5) (g)	2.0
Other	-	-	-	0.2	(0.2)
			(474.1)	(286.2)	(187.9)
Consolidation adjustments	-	-	72.1	236.5	(164.4)
<b>Group's share of earnings (losses) of companies accounted for using the equity method</b>			<b>(402.0)</b>	<b>(49.7)</b>	<b>(352.3)</b>

(a) The amount did not include the share of the loss for the first quarter of 2003 of € 110.8 million, which referred to the stock subsequently contributed by IFI.

(b) Consolidated result for the period 1/1-9/30/2004, prior to the sale.

(c) Consolidated result for the year 2004 of the beneficiary company of the spin-off of the textile activities (Department Stores and Upim) of La Rinascente.

(d) The year coincides with the period November 1 – October 31.

(e) The amount included the net income of Alpitour Group (+€ 0.7 million), the amortization of the differences on consolidation charged by NHT referring to Alpitour and Welcome Travel Group (-€ 8.8 million), the results of the Welcome Travel Group (-€ 2 million) and Neos (+€ 0.5 million) and consolidation adjustments (-€ 1.6 million).

(f) Result of the accounting data for the period 1/1-12/31/2004.

(g) The amount did not include the share of the loss of € 4.5 million for the first calendar quarter of 2003, accounted for by IFI, in that it preceded the date of the contribution to IFIL.

**Unaudited by the audit firm and not examined by the board of statutory auditors.**

## CONSOLIDATED FINANCIAL STATEMENTS OF THE IFIL GROUP AT DECEMBER 31, 2004 – CONDENSED (\*)

(\*) Prepared by consolidating the financial holding companies on a line-by-line or proportional basis and accounting for the other subsidiaries and associated companies using the equity method.

### CONDENSED CONSOLIDATED BALANCE SHEET

€ in millions	12/31/2004	12/31/2003	Change
Financial fixed assets:			
- investments	3,128.9	4,174.0	(1,045.1)
- treasury stock	44.5	44.5	0.0
- bonds	4.8	4.6	0.2
	<u>3,178.2</u>	<u>4,223.1</u>	<u>(1,044.9)</u>
Financial assets not held as fixed assets			
- cash and short-term investments	1,051.1	434.6	616.5
- receivable from Auchan Group	252.4	0.0	252.4
- treasury stock	5.5	1.7	3.8
	<u>1,309.0</u>	<u>436.3</u>	<u>872.7</u>
Other assets	70.7	87.3	(16.6)
<b>Total assets</b>	<b>4,557.9</b>	<b>4,746.7</b>	<b>(188.8)</b>
Shareholders' equity - Group	3,916.8	3,953.9	(37.1)
Financial payables:			
- short-term	518.6	216.9	301.7
- medium term	100.0	450.0	(350.0)
	<u>618.6</u>	<u>666.9</u>	<u>(48.3)</u>
Reserve for employee severance indemnities and reserves for risks and charges	12.1	99.6	(87.5)
Other liabilities	10.4	26.3	(15.9)
<b>Total liabilities and stockholders' equity</b>	<b>4,557.9</b>	<b>4,746.7</b>	<b>(188.8)</b>

### CONSOLIDATED NET FINANCIAL POSITION OF THE "HOLDINGS SYSTEM"

€ in millions	12/31/2004			12/31/2003		
	Short-term	Medium/long-term	Total	Short-term	Medium/long-term	Total
Cash and short-term investments	1,051.1	0.0	1,051.1	434.6	0.0	434.6
Receivable from Auchan Group	252.4	0.0	252.4	0.0	0.0	0.0
Other assets (financial accrued income and prepaid expenses)	0.9	0.0	0.9	0.2	0.0	0.2
<b>Total financial assets</b>	<b>1,304.4</b>	<b>0.0</b>	<b>1,304.4</b>	<b>434.8</b>	<b>0.0</b>	<b>434.8</b>
Borrowings from banks	(318.6)	0.0	(318.6)	(216.9)	(150.0)	(366.9)
IFIL 2002/2005 bonds	(200.0)	0.0	(200.0)	0.0	(200.0)	(200.0)
IFIL 2003/2006 bonds	0.0	(100.0)	(100.0)	0.0	(100.0)	(100.0)
Other liabilities (financial accrued expenses and deferred income)	(2.6)	0.0	(2.6)	(2.6)	0.0	(2.6)
<b>Total financial liabilities</b>	<b>(521.2)</b>	<b>(100.0)</b>	<b>(621.2)</b>	<b>(219.5)</b>	<b>(450.0)</b>	<b>(669.5)</b>
<b>Consolidated net financial position "Holdings System"</b>	<b>783.2</b>	<b>(100.0)</b>	<b>683.2</b>	<b>215.3</b>	<b>(450.0)</b>	<b>(234.7)</b>

Since the end of June 2003, Standard & Poor's Rating Services has rated IFIL's long-term debt "A-" and its short-term debt "A2", with a negative outlook.

**Unaudited by the audit firm and not examined by the board of statutory auditors.**

## FINANCIAL STATEMENTS OF IFIL S.p.A. AT DECEMBER 31, 2004

### CONDENSED INCOME STATEMENT

€ in millions	2004	2003	Change
Dividends	301,4	76,8	224,6
Dividend tax credits	0,0	12,2	(12,2)
Gains	0,5	23,0	(22,5)
Writedowns	(185,6)	0,0	(185,6)
<b>Investment income and income from other financial fixed assets, net</b>	<b>116,3</b>	<b>112,0</b>	<b>4,3</b>
Financial expenses, net	(26,1)	(28,6)	2,5
General expenses, net	(13,4)	(11,5)	(1,9)
Other expenses, net	(1,5)	(4,4)	2,9
<b>Income before income taxes</b>	<b>75,3</b>	<b>67,5</b>	<b>7,8</b>
Deferred taxes	4,9	5,2	(0,3)
<b>Net income</b>	<b>80,2</b>	<b>72,7</b>	<b>7,5</b>

### CONDENSED BALANCE SHEET

€ in millions	12/31/2004		12/31/2003		Change
	Amount	%	Amount	%	
Intangible fixed assets	6.7	0.2	9.0	0.2	(2.3)
Financial fixed assets	3,518.0	91.8	3,808.3	98.1	(290.3)
Dividends receivable	253.6	6.6	0.0	0.0	253.6
Other assets	53.9	1.4	67.1	1.7	(13.2)
<b>Total assets</b>	<b>3,832.2</b>	<b>100.0</b>	<b>3,884.4</b>	<b>100.0</b>	<b>(52.2)</b>
Stockholders' equity	3,204.9	83.7	3,194.4	82.2	10.5
Financial payables:					
- IFIL 2002/2005 bonds	200.0	5.2	200.0	5.1	0.0
- IFIL 2003/2006 bonds	100.0	2.6	100.0	2.6	0.0
- borrowings from banks, short-term	318.6	8.3	216.9	5.6	101.7
- borrowings from banks, medium-term	0.0	0.0	150.0	3.9	(150.0)
- payables to subsidiaries	0.0	0.0	8.6	0.2	(8.6)
	618.6	16.1	675.5	17.4	(56.9)
Other liabilities and reserves	8.7	0.2	14.5	0.4	(5.8)
<b>Total liabilities and stockholders' equity</b>	<b>3,832.2</b>	<b>100.0</b>	<b>3,884.4</b>	<b>100.0</b>	<b>(52.2)</b>

**Unaudited by the audit firm and not examined by the board of statutory auditors.**