



PRESS RELEASE

Board approves results as of September 30 2008

SORGENIA GROUP (CIR): REVENUES SHARPLY UP FINANCIAL EXPENSE AND ROBIN HOOD TAX REDUCE EBITDA AND NET INCOME ROLL-OUT OF BUSINESS PLAN ADVANCES

Consolidated results for the first nine months of 2008

*Revenues € 1,784.1 million (+35% from September 30 2007)
EBITDA € 118.7 million (125.9 million at September 30 2007)
Net income € 39.8 million (57.8 million at September 30 2007)
Net debt € 997.4 million (904.9 million at December 31 2007)*

The Board of Directors of **Sorgenia SpA**, the company controlled by the CIR group in which the Austrian provider Verbund has a holding, met today under the chairmanship of Mr Rodolfo De Benedetti to examine the results as of September 30 2008.

In the first nine months of the year the **Sorgenia Group** reported **consolidated revenues** of 1,784.1 million euro, up by 35% from 1,321.5 million in the same period of 2007. 2008 has so far seen a slight rise in domestic demand for electricity compared with last year (+0.8%), while the rise in demand for gas is due to the rise in consumption in the thermoelectric sector, which was negatively offset by a contraction in consumption in other sectors. Against this backdrop the Sorgenia Group succeeded in increasing its electricity sales volumes by 9.9%, posting higher growth in the period than the market, while its gas sales were in line with 2007. This result was obtained by increasing its portfolio of micro-business clients. Revenues also benefited from a rise in unit revenues due to the economic environment in which it operates, which was characterized by rising prices of oil products.

The **consolidated gross operating margin (EBITDA)** of the Sorgenia group in the first nine months of 2008 was 118.7 million euro, down from 125.9 million in the same period of 2007 (-5.7%). The reduction was due mainly to the introduction of the new tax, known as the Robin Hood Tax, which had a negative impact on the earnings of the associate company Tirreno Power. The impact on Sorgenia at group level was 12.7 million euro (it should be remembered that the net income of Tirreno Power, according to the equity method of consolidation, contributes pro-rata to the EBITDA of the group).

Consolidated net income came in at 39.8 million euro, down from 57.8 million in the first nine months of 2007 (-31.1%). As well as to the impact of the *Robin Hood Tax*, the decline was mainly due to the amortization recognized for the new plants which entered production this year and to the rise in financial expense because of the growth in the average debt during the period.

The **consolidated net financial position** of the Sorgenia Group at September 30 2008 showed net debt of 997.4 million euro, up from 904.9 million at December 31 2007. The change was substantially due, on the one hand, to financial outflows for investment in new production capacity for approximately 156 million euro (relating to the power plants being built at Modugno and Lodi, the photovoltaic plants of Sorgenia Solar and the wind plants under construction) and on the other to the change in working capital of around 241 million. These disbursements were partially offset by the subscription of a capital increase of 200 million euro in Sorgenia SpA by Verbund Italia in June 2008, by the repayment of loans made to Tirreno Power, by dividends received for a total of 59 million euro and by self-financing for 56 million euro.

By the end of this current year, in the absence of any negative events, not forecast at present, it is expected that the **Sorgenia Group** will reach a higher **gross operating margin** that that reported in 2007 (152.1 million euro) despite the impact of the Robin Hood Tax.

The **parent company Sorgenia SpA**, which prepared its financial statements as of September 30 2008 according to Italian accounting principles, in the first nine months of 2008 reported **revenues** of 1,740.9 million euro, up from 1,343.5 million in the same period of 2007 (+29.6%). The **gross operating margin** was 35.3 million euro, down from 43.8 million. The economic result in the first nine months of 2008 was a net loss of 13.8 million euro, compared to earnings of 24.2 million in the same period of 2007. The result of the first nine months of 2008 was negatively affected by the rise in financial expense linked to the higher debt, while the result of the same period of 2007 had benefited from dividend inflows of 11.2 million euro. Today the subsidiary **Energia Italiana** approved the distribution of an advance dividend, which will be paid out by the end of this year and will contribute to the earnings of Sorgenia SpA for approximately 30.5 million euro.

In the first nine months of the year the roll-out of the **Business Plan** of the Sorgenia Group continued to advance.

In wind generation work continued on the construction of the new plants situated in the local districts of Minervino Murge, Castelnuovo di Conza and San Gregorio Magno, for a total installed capacity of approximately 70 MW. The Molise Region has authorized **Sorgenia** to build and operate another wind plant in the local districts of San Martino in Pensilis and Ururi, for a total installed capacity of 12 MW.

In France through **Société Française d'Eoliennes (SFE)**, the **Sorgenia Group** has 100 MW of wind generation installed, over 71 MW authorized and soon to be built, and a significant portfolio of projects at various stages of development. The development work of **Sorgenia Romania** is also continuing with the object of building, operating and maintaining wind parks.

In the photovoltaic sector, a new manufacturing site is to be built at Villacidro (Sardinia), devoted to the production of crystalline silicon photovoltaic modules. As for solar energy generation, at the end of the first nine months of this year there were 10 photovoltaic plants in operation each with an output of around 1 MW, belonging to the subsidiary **Sorgenia Solar**, while building work is continuing on new plants, again of 1 MW, which should start functioning by the end of 2008.

The establishment of **Sorgenia Bioenergy** marked the entry of the **Sorgenia Group** into the biomass sector as indeed did the agreement signed with Toscana Cereali for the development of a 1 MW plant.

In the thermoelectric sector work went ahead on the construction of the combined cycle power plant at **Modugno** (Puglia) while work is also continuing on a similar plant at **Bertonico-Turano Lodigiano** (Lombardy). Lastly, with the ruling issued by the Council of State the dispute regarding the power plant planned at **Aprilia** (Lazio) was definitively settled in a favourable way for **Sorgenia**.

Regarding the repowering plan of **Tirreno Power**, the new 380 MW combined cycle unit at Napoli Levante is scheduled to start operating by the end of 2008.

The **Sorgenia Group** is continuing to develop important projects to guarantee the diversification of its gas sourcing and to improve the safety of the whole domestic gas network. In particular, the project for building a 12 billion cubic metre regasification terminal at **Gioia Tauro** (Calabria) by **LNG Med Gas Terminal**, a company 69.77% controlled by Fin Gas Srl (an equal share joint venture between Sorgenia and Iride), has obtained its Valuation of Environmental Impact (VIA) and is awaiting the Service Conference as the last step in the administrative process.

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Attachments: the key figures of the income statement and balance sheets as of September 30 2008 of the Sorgenia Group (prepared in accordance with IAS/IFRS accounting standards) and of Sorgenia SpA (prepared according to Italian accounting principles)

SORGENIA GROUP
EUR/thousand

31/12/2007	RECLASSIFIED BALANCE SHEET	30/09/2008	30/09/2007
1.455.638	NET CAPITAL INVESTED	1.788.452	1.165.869
550.715	SHAREHOLDERS' EQUITY	791.023	558.249
63.394	- Shareholders' Equity of minority interests	73.536	79.506
487.321	- Shareholders' Equity of the Group	717.487	478.743
904.923	NET FINANCIAL DEBT	997.430	607.620

Year 2007	RECLASSIFIED INCOME STATEMENT	01/01-30/09 2008	01/01-30/09 2007
1.861.693	TRADE REVENUES	1.784.132	1.321.536
131.666	ADDED VALUE	121.347	111.975
(30.749)	Personnel costs	(37.586)	(20.263)
51.198	Adjustments to the value of shareholdings valued at equity	34.926	34.169
152.115	EBITDA	118.687	125.882
126.954	OPERATING RESULT	94.399	106.090
76.855	NET INCOME/LOSS FOR THE PERIOD	47.115	65.860
11.669	- Net income/loss attributable to minority interests	7.319	8.045
65.186	- Net income/loss attributable to the Group	39.797	57.815

SORGENIA SpA
EUR/thousand

31/12/2007	RECLASSIFIED BALANCE SHEET	30/06/2008	30/06/2007
761.384	NET CAPITAL INVESTED	1.118.260	711.947
371.609	SHAREHOLDERS' EQUITY	549.466	366.144
389.775	NET FINANCIAL DEBT	568.794	345.804

Year 2007	RECLASSIFIED INCOME STATEMENT	01/01-30/09 2008	01/01-30/09 2007
1.881.540	TRADE REVENUES	1.740.865	1.343.479
59.019	ADDED VALUE	47.624	53.638
45.636	EBITDA	35.302	43.763
15.808	OPERATING RESULT	(4.201)	25.562
29.704	NET INCOME/LOSS FOR THE PERIOD	(13.810)	24.238