



PRESS RELEASE

Board of Directors approves results as of June 30 2010

SORGENIA (CIR GROUP): NET INCOME OF THE FIRST HALF AT 55.9 MILLION EURO

Revenues up slightly, net income higher

EBITDA recovers from April to June and is up on second quarter 2009. In the first half, the figure was affected by reduction in gas margins, high congestion costs on the grid in the electricity sector and a breakdown at the Termoli power plant, which was out of action until the end of March. Without the above factors, the EBITDA of the first half would have been in line with that of 2009

Gas supply contracts are being renegotiated with retrospective effect and claims are going ahead for direct and indirect damages for the breakdown of the Termoli power plant

*Roll-out continues of business plan in conventional and renewable sources:
Start-up of Lodi plant confirmed for second half of 2010
Wind parks and photovoltaic plants under construction for over 50 MW*

Milan, July 29 2010 – The **Board of Directors of Sorgenia SpA**, the company controlled by the **CIR group** in which the Austrian provider **Verbund** has an interest, met today under the chairmanship of **Rodolfo De Benedetti** to examine the **results of the first half of 2010**.

Highlights of consolidated results of 1H 2010

(in millions of euro)

	1H 2010	1H 2009	$\Delta\%$
Revenues	1,281.2	1,244.2	3%
EBITDA	65.3	82.5	(20.9%)
Net income	55.9	26.5	111%
Net debt	1,673.2	1,520.6 (at 31/03/10)	

Performance of operations

Sorgenia closed the first half of 2010 with net income of 55.9 million euro, up from 26.5 million euro in the first six months of 2009. The higher result compared to the figure for last year was due to a tax credit for the investments in new production capacity made by the company. Revenues came in at 1,281.2 million euro, up slightly from 1,244.2 million euro in the first half of 2009, with a rise in volumes that offset the reduction in the unit prices of energy products.

Despite the recovery reported in the second quarter (up from the same period of 2009), the gross operating margin (EBITDA) came in at 65.3 million euro (82.5 million euro in the first half of 2009), being negatively affected in the first half by a sharp contraction of gas margins, by high congestion costs on the national electricity grid and by the exceptional occurrence of a breakdown at the Termoli power plant (Campobasso), which only started operating normally again at the end of March. In the absence of these factors, EBITDA would have been at least in line with that of the first half of last year.

As far as the **business plan** is concerned, the start-up of the new **CCGT-Combined Cycle Gas Turbine power plant at Bertónico-Turano (Lodi) with an output of approximately 800 MW** is confirmed for the second half of this year, while the **development program of generation from renewable sources in Italy and France** is continuing with plants under construction for over **50 MW**.

Consolidated results

The **sales revenues** of the Sorgenia group in the first half of 2010 came to **1,281.2 million** euro, and were **up slightly (+3%)** on those of 2009 (1,244.2 million euro). Both sales volumes of electricity, equal to 5.4 Terawatt-hours-TWh (4.8 TWh in first half 2009), and volumes of natural gas sold, equal to 1.04 billion cubic metres (0.97 billion cubic metres in 2009), were up on the same period of last year. The rise in volumes offset the reduction in the unit prices of energy products.

The **gross operating margin (EBITDA)** of the first half came in at **65.3 million** euro. In the second quarter EBITDA recovered significantly compared to the first quarter and was up on the same period April-June 2009 (50.9 million euro versus 46.7 million euro). However overall EBITDA declined in the first half compared to the same period of last year (82.5 million euro) mainly because of the result of the first quarter, negatively affected by a breakdown at the Termoli power plant and by various market phenomena. In detail, the factors that had an impact on the company's margins in the first half were as follows:

- A breakdown which occurred at the Termoli power plant at the end of 2009. The plant was fully up and running again only at the end of March. The plant has insurance cover for direct and indirect damages and the company has applied for compensation both for the plant and the lost earnings;
- A contraction in the margins of natural gas sales, mainly due to the sourcing costs under existing contracts, which have been under renegotiation since 2009 and will apply retrospectively as per the terms of the agreements;
- Higher provisions set aside for client receivables because of the deteriorating economic situation that became evident in the last year;
- The lack of contribution in the first quarter by the new Modugno (Bari) power plant, at the commissioning stage at the beginning of the year and negatively affected by high levels of congestion on the electricity grid.

Of the positive elements affecting EBITDA was the contribution of generation from renewable sources, which was higher than that obtained in the first half of 2009.

Consolidated net income came to **55.9 million** euro (26.5 million euro in the first half of 2009). The rise compared to the figure for last year was due mainly to a tax credit for investments made by the company in new production capacity.

The **consolidated net debt** figure was **1,673.2 million** euro at June 30 2010, up from 1,520.6 million euro at March 31 2010. The change in the second quarter was due mainly to investments made in new production capacity particularly in thermoelectric generating.

During the first half of the year, the company extended the duration of two syndicated loan agreements signed in 2007 for a total of 805 million euro from 2012 to 2015, thus further improving its financial structure.

The group had **409 employees** at June 30 2010 (380 at December 31 2009).

Roll-out of the business plan

During the first half of 2010 the Sorgenia group continued to roll out its **business plan**.

In the field of **thermoelectric generation**, ignition tests are continuing at the **Bertonico-Turano Lodigiano CCGT plant (Lodi)**, which is expected to start operating in the second half of this year. Construction work is continuing on the **Aprilia plant (Latina)**.

In the development of **generating from wind sources**, the **12 MW wind park at San Martino in Pensilis (Campobasso)** is now in operation. As for **international business in renewable energies**, two wind parks are being built in France with a total output of **41 MW**, at Leffincourt (32 MW) and Bouillancourt (9 MW), while in **Romania** authorization has been obtained for the construction of wind parks for a total of **106 MW**.

In generating from **photovoltaic solar sources**, in the first half the subsidiary **Sorgenia Solar** started building plants of approximately **10 MW** in Campania, Lazio and Sardinia.

In the field of **renewable energies from biomass**, the company **Sorgenia Bioenergy** has started operating a **biomass plant** of approximately **1 MW** in the local district of **Castiglione d’Orcia (Siena)**.

Sorgenia group: production capacity in Megawatts

	<i>In operation or in commissioning</i>	<i>Under construction</i>	<i>Total</i>
Sorgenia Power (Termoli CCGT)	770		770
Sorgenia Puglia (Modugno CCGT)	800		800
Sorgenia Power (Bertonico-Turano Lodigiano CCGT)	800		800
Sorgenia Power (Aprilia CCGT)		800	800
Tirreno Power (pro-rata 39%)	1,300		1,300
Wind France	112	41	153
Wind Italy	81		81
Sorgenia Idro (Hydro)	8		8
Sorgenia Solar (Photovoltaic)	13	10	23
Sorgenia Bioenergy (Biomass)	1		1
Total capacity (MW)	3,884	851	4,735
Total capacity (GW)	3.9	0.9	4.7

Contacts:

CIR group Communication Department

Salvatore Ricco

Francesca Sagramoso

Tel.: +39 02 722701; e-mail: infostampa@cirgroup.com

www.cirgroup.com / www.sorgenia.it

Attached are the key figures from the income statement and balance sheet at June 30 2010 of the Sorgenia group (prepared on the basis of IAS/IFRS).

SORGENIA GROUP
EUR/thousand

RECLASSIFIED BALANCE SHEET	30/06/10	31/12/09
NET FIXED ASSETS	2,529,907	2,194,155
NET WORKING CAPITAL	294,801	230,934
Other long term liabilities	(54,502)	(50,261)
NET CAPITAL INVESTED	2,770,206	2,374,828
SHAREHOLDERS' EQUITY	1,096,990	1,033,818
- Shareholders' Equity of minority interests	87,027	79,210
- Shareholders' Equity of the Group	1,009,963	954,608
NET FINANCIAL DEBT	1,673,216	1,341,010
RECLASSIFIED INCOME STATEMENT	30/06/10	30/06/2009
TRADE REVENUES	1,281,240	1,244,211
ADDED VALUE	54,368	71,851
Personnel costs	(20,425)	(18,638)
Adjustments to the value of shareholdings valued at equity	31,315	29,248
EBITDA	65,258	82,461
OPERATING RESULT	28,337	64,849
NET INCOME/LOSS FOR THE PERIOD	62,823	33,479
- Net income/loss attributable to minority interests	6,926	6,996
- Net income/loss attributable to the Group	55,898	26,483