



PRESS RELEASE

SORGENIA (CIR GROUP) PRESENTS *BUSINESS PLAN 2011-2016*

**OBJECTIVES FOR THE PERIOD: 2 MILLION CLIENTS BY 2016, INVESTMENTS OF 1.2 BILLION,
CONTINUING GROWTH OF REVENUES AND MARGINS, FINANCIAL SOLIDITY,
REDUCTION OF DEBT/EBITDA RATIO**

Industrial objectives:

- *Sorgenia enters the residential market and aims for a total of 2 million clients by 2016. Launch of dual fuel offers (electricity and gas)*
- *New investments of approximately 1.2 billion euro from 2011 to 2016 in the three business areas (energy market, renewable sources and E&P) to boost position as vertically integrated operator with balanced diversification of asset portfolio*
- *Maintaining a low risk profile by balancing power generation and sales and keeping a “short” gas position*
- *Continuing commitment to renewable sources: focus on wind in Italy and France and distributed solar energy generation*
- *Development of activity in hydrocarbon exploration and production, with selective and balanced investments in South America and Europe*

Financial objectives:

- *Revenues up from 2.7 bln in 2010 to 3.9 bln in 2013 and 4.8 bln in 2016; CAGR 10%*
- *EBITDA up from 164 mln in 2010 to 423 mln in 2013 and 746 mln in 2016; CAGR 29%*
- *Strengthening of financial structure: gradual reduction of Net-debt-to-EBITDA ratio (Net debt lower than 4 times EBITDA significantly earlier than the end of the plan)*

Milan, February 28 2011 - **Sorgenia**, the company controlled by the **CIR group** in which the Austrian operator **VERBUND** has an interest, today presented its ***Business Plan 2011-2016*** to the financial community.

The reasons for the Business Plan

Business Plan 2011-2016 reflects the beginning of a **new stage** in Sorgenia's **process of growth and development**. Twelve years after it was established, the company **has almost completed its main investments** in thermoelectric generation and has also **consolidated its position** in the Italian energy market with a total of approximately **500,000 clients**, mainly in the **non-residential segment**, where it is the **second operator at national level** with a **market share of 13%** as well as being the second **brand in terms of spontaneous awareness** (source *GfK-Eurisko 2010*).

These results were achieved in spite of the **profound changes that have taken place in the sector at national and international level on account of the severe economic recession which began at the end of 2008**, the year in which the previous plan was presented. The crisis caused a significant reduction in national demand for energy in a situation where there had been a rise in production capacity, and at the same time a fall in the wholesale prices of electricity and gas, impacting the results and the prospects of operators, especially those who were non-integrated. Today the sector is grappling with a difficult recovery, in a more uncertain and competitive environment.

With its new *Business Plan 2011-2016* Sorgenia aims **to face the current economic cycle more effectively and to continue its story of growth and the creation of value for its shareholders with its entry into new market segments, a diversified and balanced portfolio of assets and a more solid financial structure.**

The objectives for the period 2011-2016

Industrial objectives

The main industrial guidelines of Sorgenia's **three business areas (energy market, renewable sources, hydrocarbon exploration and production)** are the following:

Energy market

- Extending Sorgenia's offer to the **residential market** with a **target of 2 million clients by 2016** and positioning the company as a **dual-fuel provider**, able to supply both electricity and gas to win customer loyalty and improve margins. In view of these new marketing objectives, important investments will be made for the development of the sales force, for marketing and information technology activities.
- Maintaining a **low risk profile** by **balancing power generation and sales** and **keeping a "short" gas position** in a market of oversupply.
- Completion of its planned investments in combined cycle power plants, which are highly efficient and have a low environmental impact, with the **construction of the fourth and last such plant** at Aprilia (Latina), which is scheduled to start commercial production in 2012. Sorgenia's **installed capacity in Italy** will reach **4.5 GW in 2012**, equally distributed between the North, the Centre and the South of the country.
- Projected **investments** in the **energy market**: approximately **320 million euro**.

Renewable sources

- Continuing the **commitment to produce energy from renewable sources**, in line with European Union guidelines.
- Further development of **wind production in Italy and France** with the **construction of new plants** with a **minimum output of 228 MW** (of which 198 MW are already authorized and 30 MW are to be authorized) and a **minimum total capacity by 2016 of 462 MW**. Possible sale of minor non-strategic assets.
- **New strategy in the photovoltaic sector: launch of distributed solar energy generation business**, more integrated with the commercial development of the company, and sale of ground-mounted plants. The objective of reaching a **total installed capacity of 55 MW** is confirmed.
- Forecast **investment** in **renewables**: approximately **500 million euro**.

Hydrocarbon Exploration and Production (E&P)

- **Further development of the portfolio of projects** through **selective investments**, with **minority interests** and an **adequate degree of balance** between geographical, geological and technological risk.
- **Focus on South America and Europe** with an **objective**, in terms of **reserves**, of **50 million barrels of oil equivalent** (from the current 5 million) by **2016**. As far as shale gas activity in Poland is concerned, the plan considers only exploration costs and conservatively does not take into account the effects of any possible discovery of reserves.

- Forecast **investments in E&P activities**: approximately **150 million** euro in **exploration assets** and, in the event of a positive outcome, approximately **300 million** euro for **subsequent development** (production plants for the reserves).

Financial objectives

With the strategic actions listed above, over the next six years Sorgenia aims to **achieve gradual and balanced growth of its operating results in all three of its business areas** and to **further strengthen its financial structure by reducing debt**.

Targets 2013-2016

| <i>(in millions of euro)</i> | 2010 | 2013 | 2016 | CAGR² % |
|------------------------------|------------------|-------------|-------------|---------------------------|
| Revenues | 2,669 | 3,889 | 4,785 | 10% |
| EBITDA | 164 ¹ | 423 | 746 | 29% |
| Net debt | 1,746 | 2,004 | 1,170 | |

¹EBITDA adjusted: net of the fair value measurement of hedging contracts

²CAGR: Compound Annual Growth Rate

During the period 2011-2016 Sorgenia aims to **gradually reduce its Net debt/EBITDA ratio to below 4.0 times EBITDA well before the end of the plan**. This ratio, excluding the investments not yet generating EBITDA, stands today at 6.9 and at 6.4 with the associate Tirreno Power consolidated at equity or pro-rata respectively. Today's level is also affected by the low average age of the investments in operation (less than three years out of more than 20 years of expected useful life).

Conference call

Business Plan 2011-2016 will be presented to the financial community during a conference call scheduled for today at 15:00 hours CET at which the **Chairman of Sorgenia Rodolfo De Benedetti** and the **Chief Executive Massimo Orlandi** will be speaking. Journalists can follow the presentation live as a webcast on the websites www.sorgenia.it and www.cirgroup.com or in listen-only mode by calling the number **+39 02 8058827**.

Contacts:

CIR Group Communication Department

Salvatore Ricco

Francesca Sagramoso

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

www.cirgroup.com / www.sorgenia.it