



## PRESS RELEASE

*Board of Directors approves results as of September 30 2011*

### **SORGENIA (CIR GROUP): EBITDA UP AT 128.1 MILLION (+18.7%) REVENUES AT 1.55 BILLION (-8.5%), DEBT LOWER**

***Gross margin up thanks to the start-up of the new Lodi power plant and to activities in renewable sources, which made it possible to offset the difficult moment in the market. Revenues down due to lower gas sales volumes. Debt down by over 100 million euro compared to end of June***

***Adjusted net income in at 18 million euro (61 million euro in 2010)  
The difference was due mainly to an extraordinary item of a fiscal nature***

Milan, October 17 2011 - 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** and examined the results of the **first nine months of 2011**.

### **Key consolidated results of first 9M 2011**

(in millions of euro)

	2011	2010	Δ%
Revenues	<b>1,552.7</b>	1,697.3	(8.5%)
Adjusted EBITDA <sup>1</sup>	<b>128.1</b>	107.9	18.7%
Adjusted net result <sup>1</sup>	<b>18.0</b>	61.0	
Net debt	<b>1,661.9</b>	1,767.5 (at 30/06/2011)	

<sup>1</sup> The adjusted gross operating margin (EBITDA) and the adjusted net income figures are obtained by excluding the fair value of hedging contracts and derivatives from EBITDA and net income.

### **Performance of operations**

In the first nine months of 2011, despite the uncertainty of the economic environment and the difficulties in the market, **Sorgenia** reported **growth in gross margin** compared to the same period of 2010. More specifically, the **adjusted gross operating margin (EBITDA)** came in at **128.1 million euro**, posting a **rise of 18.7%** on the first nine months of 2010. The start of commercial operations at the Turano-Bertonico Lodigiano power plant (Lodi) and activities in renewable sources, especially the development, construction and sale of photovoltaic plants by Sorgenia Solar, made it possible to compensate for the unfavourable market situation, characterized in particular by a reduction in generating margins.

**Adjusted net income** came in at **18 million euro** (61 million euro in 2010). The difference was due mainly to an extraordinary item of a fiscal nature. During the quarter Sorgenia also reduced its net debt by over 100 million euro.

### **Consolidated results**

The **sales revenues** of the Sorgenia group in the first nine months of 2011 came in at **1,552.7 million euro**, **down by 8.5%** on the figure of the same period of 2010 (1,697.3 million euro).

The changes were due in particular to a decline in natural gas sales volumes – mainly because of lower availability under existing sourcing contracts caused by the temporary closure of the Libyan gas pipeline Greenstream – and to a different client mix.

**Adjusted EBITDA** for the first nine months came to **128.1 million euro**, up by **18.7%** compared to the figure for the corresponding period of 2010 (107.9 million euro). However **EBITDA** was **125.7 million euro**, up by **16.8%** from 107.7 million euro in the first nine months of 2010. The improvement on the figure for last year was due to the start of commercial operations at the Bertónico-Turano Lodigiano combined cycle power plant (Lodi), which took place half way through the first quarter, and to the development, construction and sale of photovoltaic plants by Sorgenia Solar. These factors made it possible to compensate for the reduction in generating margins which affected the whole market, the lower contribution of the investee Tirreno Power, the congestion charges on the electricity grid which negatively impacted the Modugno (Bari) and Termoli (Campobasso) power plants and reduced operations on the dispatch service market.

The **adjusted net income of the group**, came in at **18 million euro** (61 million euro in 2010). The difference was determined mainly by an extraordinary item in the form of a tax credit for the investments in new production capacity made by the company. The **net income of the group** came in at 13.5 million euro, down from 57.6 million euro in the same period of 2010.

**Consolidated net debt** stood at **1,661.9 million euro** at September 30 2011 and was down from the figure of 1,767.5 million reported at June 30 2011. The change was due to the sale of 19 MW of photovoltaic plants in Italy and of 50% of the holding in Sorgenia France, which is now an equal share joint-venture with the KKR fund. These factors, together with the cash flows from ordinary operations, more than compensated for the new investments in production capacity.

The group had **455 employees** at September 30 2011 (433 at June 30 2011).

### **Advancement of the Business Plan 2011-2016**

As far as the advancement of the *Business Plan 2011-2016* is concerned, in the first quarter the Bertónico-Turano Lodigiano power plant (Lodi) started commercial operations, while work is continuing on the construction of the Aprilia plant (Latina), the fourth and last combined cycle plant (CCGT) envisaged in Sorgenia's plans which is scheduled to start operating in the early months of next year. Preliminary work has also begun for the construction of two new wind parks in Italy for a total of 20 MW. Activity is continuing in the area of *hydrocarbon exploration and production (E&P)*, which holds exploration licenses in Colombia, the North Sea and Poland.

In line with *Business Plan 2011-2016*, on October 11 last Sorgenia announced the launch of new offers for the residential market, giving Italian consumers more choice four years on from the liberalization of the market for households. Sorgenia aims to reach 1.5 million new customers by the end of 2016, bringing its total number of customers to approximately 2 million.

\*\*\*

#### Contacts:

#### **CIR Group Communication Department**

Salvatore Ricco

Francesca Sagramoso

Tel.: +39 02 722701; e-mail: [infostampa@cirgroup.com](mailto:infostampa@cirgroup.com)

[www.cirgroup.com](http://www.cirgroup.com) / [www.sorgenia.it](http://www.sorgenia.it)

*Below are the key figures from the income statement and statement of financial position at September 30 2011 of the Sorgenia group (prepared on the basis of IAS/IFRS standards).*

## SORGENIA GROUP

	<i>EUR/thousand</i>	
<b>RECLASSIFIED BALANCE SHEET</b>	<b>30/09/11</b>	<b>31/12/10</b>
<b>NET FIXED ASSETS</b>	<b>2,585,870</b>	<b>2,641,875</b>
<b>NET WORKING CAPITAL</b>	<b>243,448</b>	<b>275,265</b>
Other long term liabilities	(61,989 )	(63,966 )
<b>NET CAPITAL INVESTED</b>	<b>2,767,329</b>	<b>2,853,173</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1,105,479</b>	<b>1,107,442</b>
- Shareholders' Equity of minority interests	77,491	87,853
- Shareholders' Equity of the Group	1,027,987	1,019,589
<b>NET FINANCIAL DEBT</b>	<b>1,661,850</b>	<b>1,745,731</b>

	<i>EUR/thousand</i>	
<b>RECLASSIFIED INCOME STATEMENT</b>	<b>30/09/11</b>	<b>30/09/10</b>
<b>TRADE REVENUES</b>	<b>1,552,749</b>	<b>1,697,309</b>
<b>ADDED VALUE</b>	<b>144,116</b>	<b>97,383</b>
Personnel costs	(33,137 )	(29,275 )
Adjustments to the value of shareholdings valued at equity	14,757	39,557
<b>EBITDA</b>	<b>125,736</b>	<b>107,664</b>
<b>OPERATING RESULT</b>	<b>55,660</b>	<b>51,322</b>
<b>NET INCOME/LOSS BEFORE TAXES</b>	<b>6,254</b>	<b>9,759</b>
<b>NET INCOME/LOSS FOR THE PERIOD</b>	<b>17,028</b>	<b>66,671</b>
- Net income/loss attributable to minority interests	3,557	9,081
- Net income/loss attributable to the Group	13,471	57,590