

PRESS RELEASE

REPORT AS AT 30 JUNE 2003 APPROVED

- **POSITIVE PERFORMANCE FOR THE JOINT-VENTURE WITH GRUPPO ENI/AGIP: 389,000 TONS OF PETROLEUM PRODUCTS SOLD, UP 80% ON THE FIRST HALF 2002**
- **GECAM™ IL GASOLIO BIANCO™ SALES: 58.9 MILLION LITERS, UP 39% ON THE FIRST HALF 2002**
- **START-UP OF NATURAL GAS OPERATIONS: SALES AUTHORIZATION OBTAINED**

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- **CONSOLIDATED SALES: 144.6 MILLION EURO, UP 5.5%**
- **GROSS OPERATING MARGIN: 1.1 MILLION EURO (0.73% OF SALES), UP FROM 0.67 MILLION IN 2002 (0.49% OF SALES)**
- **CONSOLIDATED NET RESULTS: 15.69 MILLION EURO LOSS AS COMPARED TO 38.8 MILLION EURO IN EARNINGS IN THE SAME PERIOD 2002 WHICH INCLUDED EXTRAORDINARY GAINS FROM BOTH CAMFIN (11.1 MILLION EURO) AND FROM THE SUBSIDIARY PIRELLI & C.**
- **CASH FLOW BEFORE EXTRAORDINARY CAPITAL INCREASE: 11.75 MILLION EURO**
- **OPERATING MARGIN EXPECTED POSITIVE FOR ALL OF 2003, AN IMPROVEMENT OVER THE PREVIOUS YEAR**

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- **PARENT COMPANY EXPECTED TO REPORT EARNINGS FOR ALL OF 2003**

Milan, 5 September 2003 - Today the Camfin S.p.A. Board of Directors examined the Gruppo Camfin half-year report for the period-ending 30 June 2003.

For comparative purposes, we point out that the joint venture between Cam Petroli Srl and Atriplex Srl (now Agip Fuel S.p.A.) began operations on 1st September 2002. As a result, the operations of Cam Petroli, which in the first semester 2002 were consolidated into the Gruppo Camfin financial statements on a line-by-line basis, are now consolidated according to the equity method (50%).

Individual company performance:

In the first half 2003, the operating companies Cam Petroli Srl and Cam Tecnologie S.p.A. put in a good performance in terms of sales volume. Cam Petroli Srl benefited from the contribution from the Atriplex Srl business unit (now Agip Fuel S.p.A.) as part of the joint-venture with Gruppo ENI/Agip, selling some **389,000 tons** of petroleum products as compared to 217,000 tons in the first half 2002.

Meanwhile Cam Tecnologie S.p.A. sold **58.9 million litres** of GECAM™ IL GASOLIO BIANCO™ fuel, **up 39%** from 42.4 million litres in the same period a year ago

In addition, the company started up a new natural gas sales operation through the subsidiary Cam Gas S.r.l. In fact, the company received authorization from the Industry Ministry to sell natural gas to all types of customers; the objective is to play a direct role in the recently liberalized gas market, optimising synergies within the Group.

Consolidated financial statements as at 30 June 2003:

Sales amounted to 144.6 million euro, a 5.5% increase over 137.0 million euro in the first half 2002.

Gross operating margin amounted to 1.1 million euro, a 57% increase from 0.7 million euro in the first half 2002. The results from core petroleum operations turned around from negative to positive territory, confirming the successful start-up of the joint venture with Gruppo ENI/Agip. The GECAM™

IL GASOLIO BIANCO™ fuel generated positive operating margin, proving to be a good fuel also for heating, with sales in other European countries such as France and Switzerland and in new sectors of application.

The **consolidated operating result** (not including the contribution of the equity investment in Pirelli & C.) showed a **loss of 0.3 million euro**, a slight improvement from the 0.4 million euro loss in the first half 2002 mainly attributable to the higher amortization charges in connection with the conferment of the Atriplex Srl business unit (now Agip Fuel S.p.A.).

The **contribution from the subsidiaries was a 10.9 million euro loss** as compared to 36.7 million in earnings in the first half 2002: this result reflects the per share contribution of Pirelli & C. S.p.A. (a 0.0103 euro loss as compared to 0.2000 euro in earnings which also included extraordinary items).

The **consolidated net result showed a 15.69 million euro loss** as compared earnings of 38.8 million euro in the first half 2002, boosted by extraordinary gains reported by both Camfin (for 11.1 million euro) and the subsidiary Pirelli & C.

Le **immobilizzazioni finanziarie** passano da 731,6 milioni di euro al 31 dicembre 2002 a **898,9 milioni di euro** al 30 Giugno 2003, principalmente per effetto della sottoscrizione della quota di propria spettanza dell'aumento di capitale di Pirelli & C Spa.

Financial fixed assets increased from 731.6 million euro as at year-end 2002 to 898.9 million euro as at 30 June 2003, mainly attributable to the underwriting of the proportion of the capital increase in Pirelli & C. S.p.A. corresponding to the equity investment held.

Net equity net of minority interest increased from 517.3 million euro as at year-end 2002 (net equity per share 5.31 euro) to **558.5 million euro** as at 30 June 2003 (net equity per share 2.73 euro). The increase was mainly attributable to the 161 million euro capital increase deliberated and entirely paid-in by the shareholders, and the 102 million euro dilution effect of the Pirelli & C. merger.

Consolidated net indebtedness increased from 282.5 million euro as at year-end 2002 to **401.9 million euro as at 30 June 2003**. The 288 million euro for the paid-in capital increase in the subsidiary Pirelli & C. and the 5 million euro dividend pay-out to Camfin S.p.A. shareholders were only partially offset by the 161 million euro capital increase in Camfin S.p.A. and the 15 million euro in dividends received from the subsidiaries. The debt/equity ratio increased from 0.54 as at year-end 2002 to 0.71.

Cash flow from ordinary operations (and so excluding the Camfin S.p.A. capital increase and the paid-in Pirelli & C. capital increase) was a positive **11.75 million euro** in the first half 2003.

Significant events occurring during the half-year period:

- On 7 May 2003, the Extraordinary Shareholders' Meeting of Camfin S.p.A. approved a capital increase according to the following terms:
 - a maximum nominal increase of 55,716,781.12 euro through the issue of up to 107,147,656 ordinary shares combined with as many warrants free of charge, circulating separately from one another, offered to shareholders;
 - a follow-up maximum nominal increase of 13,929,195.28 euro through the issue (in divisible lots) of up to 26,786,914 ordinary shares exclusively linked to the exercise of the above-mentioned warrant on an exclusive and non-callable basis.

- on 27 June, Camfin S.p.A. fully underwrote the capital increase in Pirelli & C. S.p.A. for an amount corresponding to its equity investment; the Company paid in 554,556,642 new shares at 0.52 euro per share for a total outlay of 288.37 million euro. The ordinary shares issued as part of the capital increase have attached to them the same amount of warrants; the warrants can be exercised starting from 1st January 2004 until 20 June 2006, for the purchase of one new ordinary share for each four warrants owned at a price of 0.52 euro per share. At present, after the merger of Pirelli & C. Luxembourg into Pirelli & C. S.p.A. became effective, Camfin owns 789,224,664 Pirelli & C. S.p.A. shares, corresponding to 23.73% of the company's share capital.

Performance outlook for 2003:

Consolidated earnings are expected to show an increase over the previous financial year, in view of the fact that:

- **Cam Petroli Srl**, not only reported good results for the first half, but also in the coming months, as part of the joint-venture business plan with Gruppo ENI/Agip, it will finalize the acquisition of AGIP reseller customers.
- **Cam Technologie Spa**, in the second half of 2003 is expected to repeat the good performance achieved in the first half.

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The Parent company Camfin S.p.A.

The Parent company Camfin S.p.A. reported a **net loss of 5.1 million euro** in the first half 2003 as compared to 3.8 million euro in net earnings in the year before period which, however, included 9.3 million euro in extraordinary capital gains from the sale of equity investments. In view of the fact that the Parent company is a holding company for equity investments, its half-year results are not significant since it has not yet received its corresponding share of dividends from its subsidiaries.

Financial fixed assets increased from 468.9 million euro as at year-end 2002 to 757.5 million euro in the six months to June.

Net equity increased from 264.2 million euro as at year-end 2002 to 414.7 million euro.

Net indebtedness also increased, from 238.7 million euro six months previously to 356.7 million euro as at 30 June 2003.

The outlook for all of 2003 is positive since the Parent company is expected to receive dividends from its subsidiary companies.

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Finally, the **organizational model** pursuant to Italian Legislative Decree 231/01 has been approved. The new model is based on a pyramid structure in terms of principles and procedures contained and disciplined according to an internal control scheme elaborated in light of the Code of Ethics and Conduct the Company has adopted. In detail, the project has called for a detailed mapping of the risk and a review of its appropriateness with respect to the regulatory set up of the already-existing rigorous organizational systems.

The Company then nominated a Surveillance Committee that will remain in office until the mandate of the current Board of Directors expires. The committee members are:

- Lucio Zanon di Valgiurata, independent Board Member and member of the Internal Control and Corporate Governance Committees;
- Filippo Tamborini, Chairman of the Company's Board of Statutory Auditors;
- Andrea Dozzi, representative of the Pirelli & C. S.p.A. Review Division.

This team ensures that the Committee is endowed with the various professional skills needed for operations control as well as the autonomy required by law. The Company has assigned the Surveillance Committee with all the necessary powers to ensure timely and efficient surveillance of operations and the observance of the

organizational and management model that the Company has adopted.

www.gruppocamfin.it

.Enclosure: highlights of the consolidated Gruppo Camfin and Camfin S.p.A.
corporate financial statements as at 30 June 2003

Highlights of Gruppo Camfin consolidated financial statements as at 30 June 2003

<i>(in thousands of euro)</i>	30/06/03	30/06/02	31/12/02
Sales	144.585	137.026	260.313
Gross operating margin	1.057	669	741
Operating income	(329)	(364)	(1.802)
Result from subsidiaries	(10.928)	36.723	(35.230)
Income before extraordinary items and taxes	(17.169)	30.828	(48.548)
Extraordinary gains/losses	(514)	11.088	25.415
Net earnings	(15.693)	38.811	(22.913)
Earnings attributable to Camfin	(15.813)	38.783	(23.097)
Earnings per share (euro)	(0,08)	0,40	(0,24)
Net equity	562.167	590.571	520.966
Net equity attributable to Camfin	558.479	589.164	517.281
Net equity per share (euro)	2,73	6,05	5,31
Net financial position (surplus)/indebtedness	401.878	269.718	282.528

Highlights of the Camfin S.p.A. corporate financial statements as at 30 June 2003

in thousands euro			
Income statement	30/06/2003	30/06/2002	31/12/2002
Financial charges/income	(5.627)	(5.066)	(10.880)
Dividends	-	3.025	28.614
Income from financial operations	-	-	-
Write-downs to financial assets	-	-	(26.872)
Other revenues/expenses from ordinary operations	(1.622)	(1.185)	(2.888)
Income from ordinary operations	(7.249)	(3.226)	(12.026)
Extraordinary gains/losses	(485)	9.260	26.831
Taxes	2.590	(2.193)	(4.762)
Net earnings	(5.144)	3.841	10.043

Balance sheet	30/06/2003	31/12/2002
Intangible fixed assets	923	783

Fixed assets	4.636	4.867
Financial fixed assets	757.521	468.942
Working capital	15.775	30.175
	778.855	504.767
Net equity	414.708	264.196
Reserves	7.441	1.920
Net financial position	356.706	238.651
	778.855	504.767