



CAMFIN s.p.a.

## PRESS RELEASE

### **CAMFIN SPA'S BOARD OF DIRECTORS APPROVES RESULTS AT 30 SEPTEMBER 2008:**

- **CONSOLIDATED NET INCOME NEGATIVE FOR SOME -€59.8 MILLION IN THE NINE MONTH PERIOD (COMPARED TO A POSITIVE €5.3 MILLION IN 2007), INFLUENCED PRIMARILY BY THE TREND IN PIRELLI & C.'S RESULTS AND THE FAIR VALUE VALUATION OF THE PUT & CALL OPTIONS ON 1.46% OF ITS CAPITAL; NET FINANCIAL POSITION IMPROVES (A NEGATIVE €533 MILLION IN THE NINE MONTH PERIOD VERSUS €690.6 MILLION AT THE END OF 2007 AND €547.7 MILLION AT JUNE 2008) ALSO DUE TO THE IMPACT OF THE SALE OF THE RHO-PERO AREA**
- **GAS: CONTACTS BEGUN IN ORDER TO CONTINUE THE INDUSTRIAL PARTNERSHIP WITH SUEZ-GAZ DE FRANCE AS PART OF THE REORGANIZATION OF THE FRENCH GROUP'S ITALIAN ACTIVITIES. THE RESULTS OF THE JV ENERGIE INVESTIMENTI IMPROVE IN THE NINE MONTH PERIOD (POSITIVE EBITDA OF €4.3 MILLION COMPARED TO -€6.4 MILLION IN 2007)**
- **ENVIRONMENT: THE INTERNATIONAL DEVELOPMENT OF SUSTAINABLE MOBILITY CONTINUES WHICH BENEFITED FROM THE HOMOLOGATION OF THE ANTIPARTICULATE FILTERS IN ITALY AND THE START-UP OF PROJECTS IN EUROPE AND CHINA. THE FORMATION OF A FUND IN THE PHOTOVOLTAIC INFRASTRUCTURE SECTOR IS BEING STUDIED WITH A GOAL OF RAISING €250 MILLION IN LIGHT OF PROJECTS WHICH HAVE ALREADY BEEN APPROVED FOR SOME 50 MW**
- **THE GROUP'S RESULTS IN FY 2008 WILL BE INFLUENCED BY THE EFFECTS OF THE CURRENT FINANCIAL CRISIS WHICH WILL HAVE THE LARGEST IMPACT ON THE CONSOLIDATED NET INCOME. THE PARENT COMPANY WILL BE ABLE TO OFFSET THE NEGATIVE TREND THANKS TO THE RENEWED PAYMENT OF AN ORDINARY DIVIDEND BY ASSOCIATE PIRELLI & C. DISTRIBUTED LAST MAY AND THE IMPROVED NET FINANCIAL POSITION**

Milan, 10 November 2008 – The **Board of Directors** of **Camfin S.p.A.** met today to examine and approve the interim management statement at **30 September 2008**.

#### **Group's operating performance in the first nine months of 2008**

Beginning with the financial statements at 31 December 2004, in light of the lack of significance of the margins of the "operating" companies, the Camfin Group – in addition to the full schedules – provided abridged financial statements in which financial holding companies were consolidated on a line-by-line basis and operating and associated companies were carried at net equity. Following the reorganization of the Group which was completed in third quarter 2008, the differences between the full consolidated and the abridged financial statements have become substantially irrelevant and, therefore, beginning

with the interim management statement at 30 September 2008, the Group will be once again presenting the financial schedules in their complete form.

**Income from investments** at 30 September 2008 is **negative** for some **€36 million (mn)** compared to a positive €33.8 mn in the first nine months of 2007. The change is attributable to the fair value adjustment of the Put & Call options on Pirelli & C. S.p.A. shares held by the Group and, above all, to the results of associate Pirelli & C. S.p.A.. The company, despite steady revenues, was penalized in the nine month period in terms of both margins and net income by the deteriorating reference markets which were impacted by the financial crisis, the increase in the price of raw materials and the writedown of its stake in Telecom Italia.

With regard to the other **industrial interests** held by the Camfin Group (**Gas in joint-venture with Suez-Gaz de France and environmental activities in joint-venture with Pirelli & C.**), the management continues to focus on the enhancement of each single entity.

With regard to the **natural gas** activities, the result of the equity investment in **Energie Investimenti** continues to improve and the contribution rose from -€8.5 mn in the first nine months of 2007 to -€7.2 mn at 30 September 2008 (-€4.8 mn net movements in the equity reserves). This result is due to the **decided improvement in the associate's operating results** (EBITDA in the first nine months, despite the usual seasonal effects of the third quarter, amounted to €4.3 mn, compared to -€6.4 mn at 30 September 2007). Furthermore, during the period under examination **Camfin began initial talks in order to continue the industrial partnership with Suez-Gaz de France as part of the reorganization of the French group's activities following the merger of Suez and Gaz de France.**

The company, furthermore, reiterates the **strategic importance of its activities in the gas business**, in which boasts a consolidated presence and significant management experience.

With regard to the **environment businesses**, in the period under examination **Pirelli & C. Ambiente** (renewable sources) continued its activities in the **waste-to-energy and photovoltaic sectors**. More in detail, the company **PA Sgr was formed** in order to directly develop **initiatives in the renewable energy sector through investment funds**. A **closed-end investment fund** focused on investments in the **photovoltaic infrastructure sector** is already being considered, which will be set-up in such a way as to guarantee **returns** not linked to the price of oil, the real estate market or interest rates. The new fund's **goal is to raise funds of €250 mn**, in light of projects which have already been approved for power generation of some **50 megawatts**. At the beginning of 2008 Pirelli & C. Ambiente, along with ACEA, entered into the **50-50 joint-venture Apice**, the purpose of which is to manage **waste to renewable energy projects**.

The development of the associate **Pirelli & C. Eco Technology** (sustainable mobility) continues, thanks above all to the **new business line, antiparticulate filters**, which are used to reduce the emissions of diesel vehicles. In the period under examination the company continued to sell filter systems for light and heavy commercial vehicles in **Italy** where Eco Technology **obtained the first homologation** for five product lines while **marketing was begun in other European countries** (Benelux, Germany, the United Kingdom). An experiment with heavy vehicles is being conducted in China with the municipality of Peking, while the new plant for the production of antiparticulate filters for cars in Romania will be up and running by the end of the year.

Continuing with the results of the Camfin Group at 30 September 2008, the **consolidated net income**, after net financial charges of €25.3 mn, is **negative** for some **€59.8 mm**, compared to a positive €5.3 mn in the first nine months of 2007. The change, in this instance as well, is attributable to the fair value valuation of the Put & Call options on Pirelli & C. S.p.A. shares held by the Group and, above all, to the results of the associate Pirelli & C.

With regard to the balance sheet, **financial fixed assets** at 30 September 2008 amount to **€848.5 mn**, compared to €1,183.4 mn at 31 December 2007. The change in the nine month period is due to the adjustment of the book value of the equity investment in Pirelli & C. following the latter's extraordinary distribution. This adjustment, equal to Camfin's portion of the distribution, will not impact the company's 2008 income statement.

At 30 September 2008, the Camfin Group held 1,370,721,796 shares of Pirelli & C. S.p.A., equal to approximately 26.19% of the ordinary share capital. In addition to this stake the Group also holds Put & Call options on an additional 1.46% of Pirelli & C.'s ordinary share capital.

The Group's portion of **net equity** totals **€116.8 mn**, compared to €115.9 mn at the end of 2007. The difference is largely attributable to the drop in Pirelli & C.'s net equity (approximately €100 mn) following distribution of dividends to Camfin, to the distribution of reserves in May 2008 (€51.5 mn) and, the remainder, to other Group companies.

The **net financial position** shows debt of **€533 mn**, an improvement when compared to the €547.7 mn at 30 June 2008 and the €690.6 mn at 31 December 2007. The change in the nine month period is primarily attributable to the extraordinary distribution made by associate Pirelli & C. and the sale of the Rho-Pero area in the month of August.

#### **Parent company Camfin S.p.A.**

**Parent company Camfin S.p.A.'s net income** shows a **loss of €12.3 mn**, an improvement over the loss of €18 million reported at 30 September 2007. The result, when compared to the prior year, benefited from the renewed payment of dividends by the associate Pirelli & C. SpA but still shows a loss due to the fair value adjustment of the Put & Call options on Pirelli & C. shares held by the Group.

**Net equity** is **€536.3 mn** (€600 mn at year-end 2007). The **net financial position** shows **debt of €451 mn**, an improvement when compared to the €577.5 mn reported at 31 December 2007.

#### **Events subsequent to 30 September 2008**

No major events took place subsequent to the close of the quarter.

#### **Outlook for the current year**

The Group's results in FY 2008 will be influenced by the effects of the current financial crisis which will have the largest impact on the consolidated net income, while the Parent Company will be able to offset the negative trend thanks to the renewed payment of an ordinary dividend by associate Pirelli & C., distributed last May, and the improved net financial position.

#### **Corporate events calendar 2009**

Please find below the 2009 calendar for the Board of Directors' and Shareholders' Meetings:

**16 March 2009:** Board of Directors will meet to examine the draft and consolidated financial statements at 31 December 2008.

**21 April 2009** (first call), **22 April 2009** (second call): Shareholders' Meeting to approve the annual report.

**11 May 2009:** Board of Directors will meet to examine the consolidated results for first quarter 2009 (interim management statement at 31 March 2009).

**31 July 2009:** Board of Directors will meet to examine the half-yearly report at 30 June 2009.

**9 November 2009:** Board of Directors will meet to examine the consolidated results for third quarter 2009 (interim management statement at 30 September 2009).

*Pursuant to Art. 154-bis, paragraph 2 of the Consolidated Finance Act, Financial Reporting Officer Roberto Rivellino declares that all figures contained in this press release correspond to the company's records, books and accounting entries.*

In the present press release, in addition to the financial aggregates provided for as per the IFRS, there are also aggregates that have yet to be provided for under IFRS (« Non-GAAP Measures »). These aggregates are presented in order to facilitate a better valuation of the Group's operating performance and are not to be considered as alternatives to those provided for under the IFRS. More in detail, the following « Non-GAAP Measures » are utilized:

**Net income from equity investments** this is an intermediate aggregate that includes operating income and all items reported in the income statement not consolidated on a line-by-line basis, precisely dividends, shares in companies valued at net equity, loss of value in available-for-sale financial assets, capital gains/(losses) from the sale of available-for-sale financial assets. This does not include the fair value valuation of derivatives which are recognized directly in net equity.

**Net financial position:** this aggregate represents the gross financial debt less cash and cash equivalents, as well as other interest bearing financial receivables.

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*In order to provide the most complete disclosure possible regarding the results at 30 September 2008, attached please find the abridged consolidated financial statements included in the interim management statement. Please note that these attachments are not subject to audit by an independent auditing firm.*

Att. 1

### Abridged consolidated income statement

(in €/000)

	30/09/2008	30/09/2007
Group's share of results in investments carried at equity	(25.653)	21.560
Dividends received from other investments	23	
Fair value adjustment for financial assets and liabilities	(10.409)	4.683
Trading income	-	7.612
<b>Net income (loss) from equity investments</b>	<b>(36.039)</b>	<b>33.855</b>
Net financial charges	(25.339)	(23.938)
Net overheads	(4.330)	(4.919)
Extraordinary charges and income	9.420	600
<b>Pre-tax income (loss)</b>	<b>(56.288)</b>	<b>5.598</b>
Current taxes	(550)	(19)
Deferred taxes	(2.946)	(242)
<b>Net income (loss)</b>	<b>(59.784)</b>	<b>5.337</b>

### Abridged consolidated balance sheet

(in €/000)

	30/09/2008	31/12/2007
Financial fixed assets	848.489	1.183.430
Plant, property and equipment	297	265
Intangible fixed assets	142	222
Net working capital	5.211	(*)27072
	<b>854.139</b>	<b>1.210.989</b>
Net equity	316.849	515.909
Funds	4.211	4.440
Net financial position	533.079	690.640
	<b>854.139</b>	<b>1.210.989</b>

(\*) including assets destined to be sold

Att. 2

**Consolidated net financial position**

*(in €/000)*

	<b>30/09/2008</b>	<b>31/12/2007</b>
Amounts owed to banks and other financiers	(247.810)	(249.914)
Loans disbursed	304	115
Financial assets booked at fair value in the income statement	578	200
Cash and cash equivalents	72.226	6.670
Financial liabilities booked at fair value in the income statement	(12.993)	(2.602)
Medium term financial payables	(358.329)	(458.449)
<b>Net financial debt</b>	<b>(546.024)</b>	<b>(703.980)</b>
Non current loans disbursed	11.600	11.600
Non current financial assets booked at fair value in the income statement	1.345	1.740
<b>Total net financial position</b>	<b>(533.079)</b>	<b>(690.640)</b>