



CAMFIN s.p.a.

## PRESS RELEASE

### QUARTERLY REPORT APPROVED

- **REMARKABLE TURNAROUND IN THE CONSOLIDATED NET RESULT  
€29.34 MILLION VS €29.62 MILLION LOSS IN 9M 2003**
- **CONSOLIDATED SALES €202.42 MILLION, IN LINE WITH 9M 2003**
- **EBIT, INCLUDING CONTRIBUTION FROM EQUITY INVESTMENTS,  
€45.05 MILLION VS €23.12 MILLION LOSS IN 2003**
- **NET DEBT €442.6 MILLION, INCLUDING INCREASE OF THE EQUITY  
INVESTMENT IN PIRELLI & C. S.p.A (€380.32 MILLION AT YEAR-END  
2003)**
- **CONSOLIDATED NET EQUITY €605.3 MILLION, UP FROM €569.45  
MILLION AT YEAR-END 2003**
- **CONSOLIDATED NET PROFIT EXPECTED FOR FINANCIAL YEAR  
2004**

*Milan, 11 November 2004* – the Camfin S.p.A. Board of Directors met today to examine and approve the quarterly report of Gruppo Camfin as at 30 September 2004.

#### Performance of operating companies

The joint-venture **Cam Petroli S.r.l.** reported a significant improvement in profitability in the first nine months of 2004, driven by actions aimed at containing fixed costs and better sales profitability, despite the slight 3.2% y/y contraction in volumes sold.

The performance of the subsidiary **Cam Tecnologie S.p.A.** reflected the increasing competitive pressures in its market of operations. Sales of Gecam™ amounted to 72.5 million liters during the first nine months 2004, down around 11% compared to the same period in the previous year. During the first half of the year, the company reorganized and strengthened its sales network and expanded into new market segments. In this context, it won new contracts, increasing sales by more than one million liters per month as compared to the previous year.

Sales at **CAM Gas S.p.A.** continued on their upward trend in the first nine months of 2004. In fact, the turnover of this company reached €7.6 million, corresponding to 32.5 million m<sup>3</sup> of gas, including 11.5 million m<sup>3</sup> for residential use and 21 million m<sup>3</sup> for industrial use.

#### Consolidated financial statements as at 30 September 2004

**Consolidated sales** amounted to **€202.42 million**, basically unchanged from €203.02 million in the same period in 2003. In fact the contraction in Cam Tecnologie S.p.A. and Cam Petroli S.r.l. petroleum product sales volume was offset by the increase at Cam Gas S.p.A., as mentioned.

**EBITDA** showed a €0.47 million loss, an improvement over the €0.93 million loss in 2003, lifted by the increase in margin at the affiliate Cam Petroli (consolidated according to the proportional method) and the improvement in the Cam Tecnologie results as compared to 9M 2003.

**Consolidated EBIT** (which does not include income from the equity investment in Pirelli & C.) shows a **€3.45 million loss** vs a €3.20 million loss in the same period 2003. The difference is mainly due to increases in depreciation and amortization of the operating companies.

The **result from equity investments** showed a remarkable turnaround from a €19.92 million loss to **net income of €48.50 million**. Both the equity investment in Pirelli & C. (equity method consolidation) and trading operations, generating €3.75 million in revenues in the first nine months of the year, contributed to this turnaround. As a result of this performance, **EBIT including the contribution from equity investments** also turned around from a €23.12 million loss in the first quarter 2003 to €45.05 million in income.

The **consolidated net result also turned around, showing €29.34 million in net income** vs a €29.62 million loss in the previous year. As mentioned, the contribution from the Pirelli & C. equity investment, only partially offset by the increase in financial charges deriving from the underwriting of the capital increase in 2003, contributed to this result.

**Net equity** amounted to **€605.30 million**, up from €569.45 million in 2003, while consolidated **net debt** increased in the same period from €380.32 to **€442.60 million**. The €62 million increase in net debt since year-end 2003 is largely attributable to the €77 million equity investment in Pirelli & C. S.p.A., €15 million in financial charges (partially offset by €4 million in capital gains from trading operations), €6 million in free cash flow generated during the period, and €18 million in net dividend pay-outs.

#### Significant events after the close of the reporting period

- As part of its normal trading operations, after the close of the reporting period Camfin S.p.A. executed several transactions involving Pirelli & C. shares, as a result of which the company now owns 894,771,171 Pirelli & C. S.p.A. shares (26.9% of share capital) and 448,033,644 2003 – 2006 warrants.
- On 28 October 2004, the procedure to make Camfin Finance Luxembourg S.A. into an Italian-law company was completed with its listing in the Milan company register. The company, now called Cam Partecipazioni S.r.l., will continue to carry out financial and trading operations for minority equity investments, its original mission.

- On 28 October 2004, Cam Immobiliare S.p.A. finalized the acquisition from Fintrivulzio S.r.l. of a plot of ground bordering on the Cam property site in Pero for a total outlay of €2.5 million.
- At end of September Gruppo Centrobanca confirmed that it will participate in the project to concentrate the operations of Cam Tecnologie S.p.A. and Pirelli Ambiente S.p.A. into Pirelli Ambiente Holding S.p.A. As a result, Gruppo Centrobanca will confer its entire 10% share package currently held in Cam Tecnologie S.p.A. to Pirelli Ambiente Holding S.p.A. The conferment transaction should be completed by the end of the year.
- In November the subsidiary Cam Tecnologie S.p.A, in view of its excess cash and to optimize its capital structure, paid out to its shareholders a total of €10 million as distribution of reserves.
- After the close of the quarter, effective on 14 October, the company issued 275 new shares to cover the exercise of 1,100 Camfin 2003-2006 warrants.

### **Operating performance for the entire year**

In view of the strong results achieved by Gruppo Pirelli and the performance of the operating companies, management confirms its consolidated net income target for the financial year 2004.

## Gruppo Camfin

The Group consolidated financial statements as at 30 September 2004 can be summarized in the following figures:

*in thousands of euro*

|   | <i>3rd Quarter<br/>2004</i> | <i>3rd Quarter<br/>2003</i> | <i>First Nine<br/>Months 2004</i>         | <i>First Nine<br/>Months 2003</i>         |
|---|-----------------------------|-----------------------------|---|---|
| Sales revenues                                  | 59,425                      | 58,436                      | 202,418                                   | 203,021                                   |
| EBITDA  | <b>(421)</b>                | <b>(1,989)</b>              | <b>(467)</b>                              | <b>(932)</b>                              |
| % of sales                                      | (0.71)                      | (3.40)                      | (0.23)                                    | (0.46)                                    |
| EBIT  | <b>(1,485)</b>              | <b>(2,866)</b>              | <b>(3,451)</b>                            | <b>(3,195)</b>                            |
| % of sales                                      | (2.50)                      | (4.90)                      | (1.70)                                    | (1.57)                                    |
| Result from equity investments                  | 21,607                      | (8,993)                     | 48,503                                    | (19,921)                                  |
| EBIT (including result from equity investments) | <b>20,122</b>               | <b>(11,859)</b>             | <b>45,052</b>                             | <b>(23,116)</b>                           |
| Financial income (charges)                      | (5,452)                     | (3,813)                     | (14,592)                                  | (9,725)                                   |
| Extraordinary income (charges)                  | (141)                       | (79)                        | (941)                                     | (593)                                     |
| Result before taxes                             | <b>14,529</b>               | <b>(15,751)</b>             | <b>29,519</b>                             | <b>(33,434)</b>                           |
| % of sales                                      | 24.45                       | (26.95)                     | 14.58                                     | (16.47)                                   |
| Taxes   | (218)                       | 1,727                       | (251)                                     | 3,717                                     |
| Net Result                                      | <b>14,311</b>               | <b>(14,024)</b>             | <b>29,268</b>                             | <b>(29,717)</b>                           |
| % of sales                                      | 24.08                       | (24.00)                     | 14.46                                     | (14.64)                                   |
| Result after minority interest                  | <b>14,265</b>               | <b>(13,811)</b>             | <b>29,338</b>                             | <b>(29,624)</b>                           |
| Net result after minorities per share (in euro) | 0.07                        | (0.07)                      | 0.14                                      | (0.14)                                    |
| No. of employees at period-ending               |                             |                             | 82  | 81  |
|   |                             |                             | <i>First Nine<br/>Months<br/>30/09/04</i> | <i>First Nine<br/>Months<br/>31/12/03</i> |
| Net equity                                      |                             |                             | 605,302                                   | 569,446                                   |
| Net equity after minority interest              |                             |                             | 604,582                                   | 567,655                                   |
| Net equity after minorities per share (in euro) |                             |                             | 2.96                                      | 2.78                                      |
| Net debt (cash)/debt                            |                             |                             | 442,597                                   | 380,322                                   |
| Free Cash Flow                                  |                             |                             | 6.38                                      | 1.60                                      |
| No. of employees at period-ending               |                             |                             | 82  | 87  |

## Company events calendar

Below we report scheduled Board and Shareholders' Meetings for 2005.

**22 March 2005:** Board of Directors to examine the draft financial statements and consolidated financial statements for 2004.

These documents will be made available to the public within 90 days after the close of the reporting period and so, pursuant to art. 82 of CONSOB ruling no. 11971/99 (and successive amendments and integrations), the quarterly report for the fourth quarter 2004 will not be produced.

**28-29 April 2005** (first and second calls): Shareholders' Meeting to approve the financial statements as at 31 December 2004. It is expected that any dividend for the year 2004 will be paid out in May 2005.

**12 May 2005:** Board of Directors to examine the consolidated results for the first quarter 2005.

**12 September 2005:** Board of Directors to examine the 2005 half-year report.

This document will be made available to the public within 75 days after the close of the reporting period and so, pursuant to art. 82 of CONSOB ruling no. 11971/99 (and successive amendments and integrations), the quarterly report for the second quarter 2005 will not be produced.

**11 November 2005:** Board of Directors to examine the consolidated results for the third quarter 2005.

Any change of date for these scheduled events will be promptly announced.

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