



PRESS RELEASE

Board approves results for first nine months of 2006

COFIDE GROUP: 35.5 MILLION OF NET INCOME

Consolidated results at September 30 2006

Revenues € 2,971.8 million (+20.8%)

Ebitda € 331.1 million (+13.4%)

Ebit € 257.2 million (+16.1%)

Net income € 35.5 million (€ 23.8 million in first nine months of 2005)

*Consolidated net financial debt € 835.7 million (€ 487 million at December 31 2005)
due to investments made by the Sorgenia and HSS groups*

Total shareholders' equity €1,947 million (€ 1,906.6 million at December 31 2005)

Today in Milan, under the chairmanship of Mr Carlo De Benedetti, the Board of Directors of COFIDE-Compagnia Finanziaria De Benedetti SpA met to examine the results of the Group as of September 30 2006.

In the first nine months of the year COFIDE reported **consolidated net income** of 35.5 million euro, up from 23.8 million in the same period of 2005 (+49.2%). This result was due to the greater contribution of the subsidiary CIR (37.3 million euro compared to 25.8 million at September 30 2005). This improvement was due mainly to the positive performance of the Sorgenia Group, which among other things started industrial production at the Termoli power station.

In the first nine months of 2006 **consolidated revenues** totalled 2,971.8 million euro, up by 20.8% from 2,460 million in the same period of last year.

The **consolidated gross operating margin (EBITDA)** rose by 13.4% to 331.1 million euro (11.1% of revenues), compared to 291.9 million in the first nine months of 2005 (11.9% of revenues).

The **consolidated operating margin (EBIT)** rose by 16.1% from 221.5 million in the first nine months of 2005 to 257.2 million in the same period of 2006.

Consolidated net invested capital at September 30 2006 stood at 2,782.7 million euro, up from 2,393.6 million at December 31 2005, with a rise of 389.1 million due mainly to the significant investments made by the Sorgenia and HSS groups.

The **consolidated net financial position** at September 30 2006 showed net debt of 835.7 million euro (487 million at December 31 2005 and 810.7 million at June 30 2006), resulting from:

- net debt of 29.7 million euro (26.6 million at December 31 2005) for COFIDE and the wholly owned financial subsidiary COFIDE International;
- a surplus for CIR and CIR International of 269.2 million euro (359.8 million at December 31 2005);
- total debt of the operating groups of 1,075.2 million euro, up from 820.2 million at December 31 2005. The rise of 255 million euro was mainly due to the investments made by the Sorgenia Group in its new power stations and to the acquisition of Anni Azzurri by the HSS Group.

The **consolidated shareholders' equity of the Group** increased from 617.2 million euro at December 31 2005 (634.8 million at June 30 2006) to 643.1 million at September 30 2006 (+25.9 million). **Minority equity** rose from 1,289.4 million euro at December 31 2005 (1,273.1 million at June 30 2006) to 1,303.9 million at September 30 2006 (+14.5 million). **Total shareholders' equity** stood at 1,947 million at September 30 2006, up from 1,906.6 million at December 31 2005 (1,907.9 million at June 30 2006), with a rise of 40.4 million.

At September 30 2006 the COFIDE Group had 11,091 **employees**, compared to 11,221 at June 30 2006 and 10,053 at December 31 2005.

Performance in third quarter 2006

In the third quarter of 2006 the COFIDE Group reported **consolidated revenues** of 950.4 million euro, up by 25.8% from 755.6 million in third quarter 2005.

Consolidated EBITDA was 77.4 million euro (8.1% of revenues) compared to 76.2 million (10.1% of revenues) in the same period of last year.

Consolidated EBIT was 51.4 million euro compared with 53.5 million in third quarter 2005.

Consolidated net income came in at 6.4 million euro in third quarter 2006, compared with 7.7 million.

On the subject of Corporate Governance, the Board of Directors has amended and made additions to its Corporate Governance Model in order to introduce the recommendations set forth in the Code of Conduct for Listed Companies in the version published in March 2006 by Borsa Italiana SpA. The Board also appointed Avv. Paolo Riccardo Rocca Lead Independent Director

Regarding the outlook for this year, considering the good performance of the operating businesses of the subsidiary CIR, it can reasonably be expected that there will be an improvement in operating income for the whole year 2006 compared with 2005.

Milan, October 31 2006

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COFIDE GROUP – CONSOLIDATED BALANCE SHEET

(in thousands of euro)

ASSETS	<i>30.09.2006</i>	<i>30.06.2006</i>	<i>31.12.2005</i>
NON-CURRENT ASSETS	2,760,843	2,687,364	2,433,187
INTANGIBLE ASSETS	973,936	961,331	891,066
TANGIBLE ASSETS	1,067,138	1,032,939	898,536
REAL ESTATE INVESTMENTS	18,529	18,211	7,794
SHAREHOLDINGS IN COMPANIES VALUED AT EQUITY	241,011	240,489	221,042
OTHER EQUITY INVESTMENTS	10,249	8,610	8,482
OTHER RECEIVABLES	265,392	256,634	261,909
SECURITIES	86,554	84,049	61,691
DEFERRED TAXES	98,034	85,101	82,667
CURRENT ASSETS	3,045,824	2,946,067	2,940,645
INVENTORIES	209,959	174,087	162,864
CONTRACTED WORK IN PROGRESS	744	2,098	933
TRADE RECEIVABLES	845,593	862,136	790,744
OTHER RECEIVABLES	275,064	271,043	204,537
FINANCIAL RECEIVABLES	15,405	9,729	26,513
SECURITIES	645,669	599,543	520,727
FINANCIAL ASSETS AVAILABLE FOR SALE	416,825	412,739	414,392
CASH AND CASH EQUIVALENTS	636,565	614,692	819,935
ASSETS HELD FOR DISPOSAL	2,638	2,601	17,143
TOTAL ASSETS	5,809,305	5,636,032	5,390,975
LIABILITIES AND SHAREHOLDERS' EQUITY	<i>30.09.2006</i>	<i>30.06.2006</i>	<i>31.12.2005</i>
SHAREHOLDERS' EQUITY	1,946,990	1,907,895	1,906,577
SHARE CAPITAL	359,605	359,605	359,605
RESERVES	143,788	141,961	141,831
RETAINED EARNINGS (LOSSES)	104,195	104,195	75,942
NET INCOME FOR THE PERIOD	35,465	29,040	39,812
SHAREHOLDERS' EQUITY - GROUP	643,053	634,801	617,190
SHAREHOLDERS' EQUITY – MINORITY INTERESTS	1,303,937	1,273,094	1,289,387
NON-CURRENT LIABILITIES	2,428,167	2,242,808	2,196,826
BONDS	1,205,559	1,189,071	1,199,251
OTHER BORROWINGS	859,660	694,307	654,785
OTHER PAYABLES	1,152	1,098	55
DEFERRED TAXES	147,859	144,683	135,928
PERSONNEL PROVISIONS	170,968	169,181	164,342
PROVISIONS FOR RISKS AND LOSSES	42,969	44,468	42,465
CURRENT LIABILITIES	1,434,148	1,485,329	1,274,096
BANK OVERDRAFTS	167,511	140,581	54,963
OTHER BORROWINGS	260,577	365,444	308,102
TRADE PAYABLES	672,101	630,110	650,344
OTHER PAYABLES	297,240	312,770	217,081
PROVISIONS FOR RISKS AND LOSSES	36,719	36,424	43,606
LIABILITIES HELD FOR DISPOSAL	--	--	13,476
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,809,305	5,636,032	5,390,975

COFIDE GROUP – CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>1/1-30/9</i> <i>2006</i>	<i>1/1-30/9</i> <i>2005</i>	<i>3rd Quarter</i> <i>2006</i>	<i>3rd Quarter</i> <i>2005</i>
TRADE REVENUES	2,971,807	2,460,046	950,358	755,551
CHANGE IN INVENTORIES	2,034	22,442	2,073	25,361
COSTS FOR THE PURCHASE OF GOODS	(1,726,110)	(1,324,203)	(577,241)	(442,173)
COSTS FOR SERVICES	(539,519)	(489,535)	(156,210)	(152,811)
PERSONNEL COSTS	(424,967)	(411,242)	(134,955)	(126,363)
OTHER OPERATING REVENUES	81,504	58,126	6,048	15,595
OTHER OPERATING COSTS	(54,884)	(43,430)	(12,911)	(10,079)
ADJUSTMENTS TO THE VALUE OF INVESTMENTS VALUED AT EQUITY	21,206	19,715	228	11,158
AMORTIZATION, DEPRECIATION AND WRITE-DOWNS	(73,874)	(70,455)	(26,011)	(22,682)
INCOME BEFORE FINANCIAL COMPONENTS AND TAXES (E B I T)	257,197	221,464	51,379	53,557
FINANCIAL INCOME	51,177	61,422	17,641	15,180
FINANCIAL EXPENSES	(100,460)	(89,816)	(36,383)	(23,612)
DIVIDENDS	2,980	1,418	24	25
GAINS FROM TRADING SECURITIES	83,397	77,310	23,977	22,429
LOSSES FROM TRADING SECURITIES	(48,277)	(74,738)	(15,650)	(13,322)
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	(16,540)	(332)	(3,353)	(733)
INCOME/LOSS BEFORE TAXES	229,474	196,728	37,635	53,524
INCOME TAXES	(75,925)	(76,817)	(7,961)	(19,946)
NET INCOME FOR THE PERIOD INCLUDING MINORITY INTERESTS	153,549	119,911	29,674	33,578
- NET INCOME – MINORITY INTERESTS	(118.084)	(96.089)	(23.249)	(25.893)
- NET INCOME - GROUP	35.465	23.822	6.425	7.685

COFIDE GROUP – NET FINANCIAL POSITION

(in thousands of euro)

	<i>30.09.2006</i>	<i>30.06.2006</i>	<i>31.12.2005</i>
A. Cash and bank deposits	636,565	614,692	819,935
B. Other free cash flow	359,983	354,734	362,930
C. Securities held for trading	645,669	599,543	520,727
D. Cash and cash equivalents (A) + (B) + (C)	1,642,217	1,568,969	1,703,592
E. Current financial receivables	15,405	9,729	26,513
F. Current borrowings	(399,683)	(468,659)	(353,237)
G. Current part of non-current borrowings	(28,167)	(37,119)	(9,578)
H. Other current borrowings	(238)	(247)	(250)
I. Current financial debt (F) + (G) + (H)	(428,088)	(506,025)	(363,065)
J. Current net financial position (I) + (E) + (D)	1,229,534	1,072,673	1,367,040
K. Non-current bank borrowings	(826,775)	(664,887)	(631,131)
L. Bond issues	(1,205,559)	(1,189,071)	(1,199,251)
M. Other non-current payables	(32,885)	(29,420)	(23,654)
N. Non-current financial debt (K) + (L) + (M)	(2,065,219)	(1,883,378)	(1,854,036)
O. Net financial debt (J) + (N)	(835,685)	(810,705)	(486,996)