

PRESS RELEASE

**CIR GROUP: SHAREHOLDERS' MEETING APPROVES  
ANNUAL REPORT 2004 WITH RECORD EARNINGS**

**Consolidated results for 2004**

*Revenues € 3,061.2 million (+7.8%)  
Operating income € 268.6 million (+5.3%)  
Net income € 149.6 million (+138%)  
Net debt € 129.4 million (552.4 million at close of 2003)  
Aggregate net financial position a positive € 358.2 million*

*Distribution of dividend of € 0.050 per share (0.046 in 2003) approved*

*Shareholders appoint Board of Directors and Statutory Auditors  
Mandate given to firm of Auditors  
Authorization of Board of Directors renewed*

Today in Turin, under the Chairmanship of Mr Carlo De Benedetti, the Ordinary and Extraordinary Meetings of the Shareholders of **CIR SpA** were held.

In the **Ordinary session** the Shareholders approved the statutory financial statements and examined the consolidated accounts of the Group for fiscal year 2004, which both closed with net income of 149.6 million euros (+138% compared with 2003) and shareholders' equity of 996.8 million euros, up by 122.1 million compared with 2003.

In 2004 the CIR Group posted **consolidated revenues** of 3,061.2 million euros, up from 2,839 million in 2003 (+7.8%).

**Consolidated operating income** was 268.6 million euros, showing a rise of 5.3% from 255.1 million in 2003.

**Income before taxes and minority interests and before extraordinary items** totalled 275.3 million euros, a rise of 23% compared with the figure of 223.7 million reported in 2003.

**Consolidated net income** came in at 149.6 million euros, up from 62.8 million in 2003, recording a rise of 138%. Earnings were impacted by the good performance of the operating businesses, together with the capital increase subscribed by Verbund and the solution of the dispute with the Hutchison Group. The result was also influenced positively by the fact that the Group subscribed to the "National Fiscal Consolidation" process introduced with the reform of IRES.

**Consolidated shareholders' equity** of the CIR Group rose from 874.7 million euros at December 31 2003 to 996.8 million at December 31 2004, a net rise of 122.1 million, after paying out dividends for 35 million.

**Total shareholders' equity** at December 31 2004 stood at 1,524.1 million euros, compared with 1,244.6 million at December 31 2003, showing a rise of 279.5 million, after the distribution of 35 million euros of dividends by CIR and a total of 32.7 million by the subsidiaries to their minority shareholders. Apart from the net earnings of 149.6 million euros, this rise in total equity was the result of the share capital increase in Energia for the amount of 150 million.

**The consolidated net financial debt of the Group** at December 31 2004 amounted to 129.4 million euros, compared with 552.4 million at December 31 2003.

The **aggregate net financial position** of CIR and its wholly owned financial companies at December 31 2004 showed a **positive balance** of 358.2 million euros, compared with net debt of 96.9 million at December 31 2003. This was due to the receipt at the end of the year of 469.6 million euros following the favourable conclusion of the arbitration proceedings with the Hutchison Group.

At December 31 2004 the CIR Group had 10,192 **employees** on its payrolls.

The Shareholders' Meeting approved the financial statements of the **parent company CIR SpA**, which closed the year 2004 with **net income** of 149.6 million euros and **shareholders' equity** of 996.8 million euros at December 31 2004. These figures, as a result of the application of the equity method, coincide with the corresponding figures at consolidated level and can be compared therefore with 62.8 million of net income and 874.7 million of equity for fiscal year 2003.

At December 31 2004, the **net financial position** of CIR SpA showed a positive balance of 119.7 million euros, compared with a positive net financial position of 138.2 million at December 31 2003.

The Shareholders voted to distribute a **dividend** of 0.050 euros per share (versus 0.046 in 2003). The total amount of the dividends for 2004 is approximately 38 million euros. The dividend will be paid out on May 12 2005 against the coupon detachable on May 9 2005.

The Shareholders' Meeting, in its **Ordinary session**, also:

- Renewed the authorization given to the Board of Directors, for a period of eighteen months, to buy back a maximum of 25 million of its own shares, at a minimum price of 0.50 euros and a maximum of 4.00 euros per share, for a potential maximum outlay of 100 million euros.  
The main reasons why this authorization has been renewed are the following: on the one hand, the possibility of investing in shares in the company at prices considered lower than their actual intrinsic value, based on the value of its equity and the income prospects of the Company; and on the other hand the possibility of reducing the average cost of capital of the Company. At present the Company is holding 16,859,000 of its own shares as treasury stock, corresponding to 2.17% of all the shares in circulation;
- Established as 13 the number of members of the Board of Directors, appointing for the three years 2005-2007 Messrs: Carlo De Benedetti, Rodolfo De Benedetti, Franco De Benedetti, Giampio Bracchi (*independent*), Pierluigi Ferrero, Giovanni Germano (*independent*), Franco Girard, Paolo Mancinelli (*independent*), Luca Paravicini Crespi (*independent*), Claudio Recchi (*independent*), Massimo Segre, Guido Tabellini (*independent*), Umberto Zanni (*independent*);
- Appointed the Board of Statutory Auditors, again for the three years 2005-2007, comprising the following, Messrs: Pietro Manzonetto (Chairman), Riccardo Zingales and Luigi Nani (Statutory Auditors);
- Awarded a mandate for the audit of the statutory financial statements, the consolidated financial statements, the semi-annual interim accounts and the ongoing check that the accounts are being kept regularly for the three years 2005-2007 to the firm of auditors PricewaterhouseCoopers SpA.

The CVs of the members of the Board of Directors and of the Statutory Auditors are available on the website of the Company.

Lastly, in its **Extraordinary session**, the Shareholders' Meeting passed resolution authorizing the Board of Directors to increase the share capital up to a maximum of 500 million euros, for capital increases in favour of employees for a maximum of 20 million euros, and to issue convertible bonds within the limits prescribed by law.

After the Shareholders' Meeting, the Board of Directors appointed Mr Carlo De Benedetti as Chairman and Mr Rodolfo De Benedetti as Chief Executive Officer and General Manager. The members of the Remuneration Committee were also appointed (Carlo De Benedetti, Giovanni Germano and Umberto Zanni), as well as those of the Internal Control Committee (Paolo Mancinelli, Luca Paravicini Crespi and Claudio Recchi) and of the Supervisory Body (Paolo Mancinelli, Claudio Recchi and Giuseppe Gianoglio).

Turin, April 27, 2005

## CONTACTS

**CIR GROUP** [www.cirgroup.it](http://www.cirgroup.it)  
EXTERNAL RELATIONS AND  
PRESS OFFICE  
Beppe Pescetto  
Francesca Sagramoso  
Tel.: +39 02 722701  
e-mail: [info@cirgroup.it](mailto:info@cirgroup.it)