



# Results and Strategy

## Increase of total subsidiaries portion to the Group shareholders' equity

### Consolidated Financial Structure

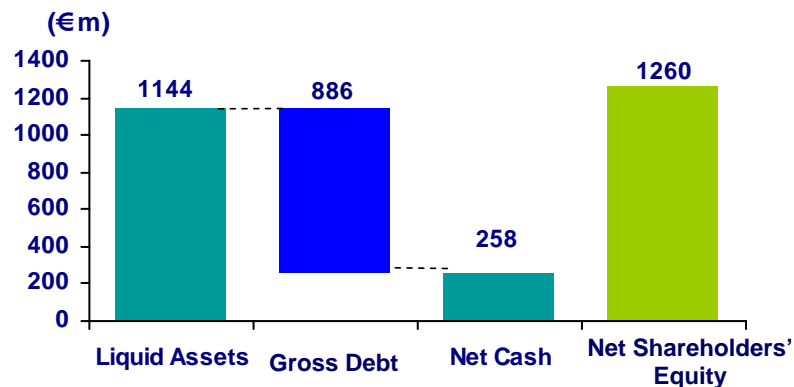
€ m

Shareholders' equity - Group	31 Dec. 2005	31 Dec. 2006
Sorgenia	220.9	251.8
Espresso	279.5	293.7
Sogefi	145.6	163.3
HSS	21.2	54.2
Other investments	27.6	43.4
<b>Total subsidiaries</b>	<b>694.8</b>	<b>806.4</b>
<b><i>CIR + CIR INTERNATIONAL</i></b>		
Fixed assets	81.4	103.0
Private equity	58.3	93.8
Other non-current assets, net	(9.3)	(1.2)
<b>Net cash</b>	<b>359.8</b>	<b>258.2</b>
<b>Consolidated Shareholders' equity</b>	<b>1,185.0</b>	<b>1,260.2</b>

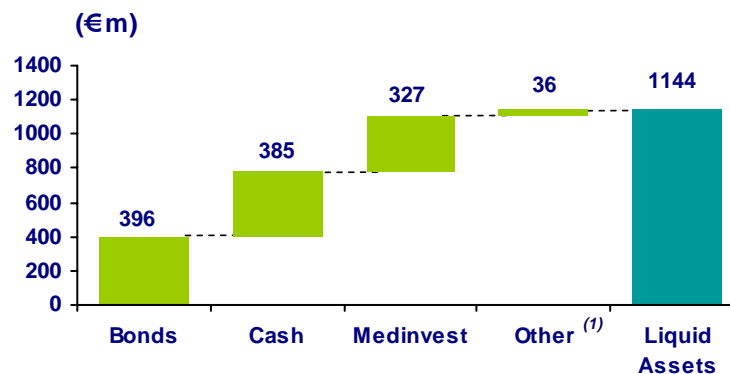
- 2006 financial expenses from bond issues amount to € 45.9 m (equal to an average rate of 5.3%)
- 2006 financial income from liquid assets (excluding Medinvest) amounts to € 24.8 m (equal to a return of approx. 3.1%)
- The 2006 “unrealized” portion of Medinvest return is € 32.2 m

## Net Cash and Net Shareholders' Equity

As of 31 December 2006



## Liquid Assets as of 31 December 2006



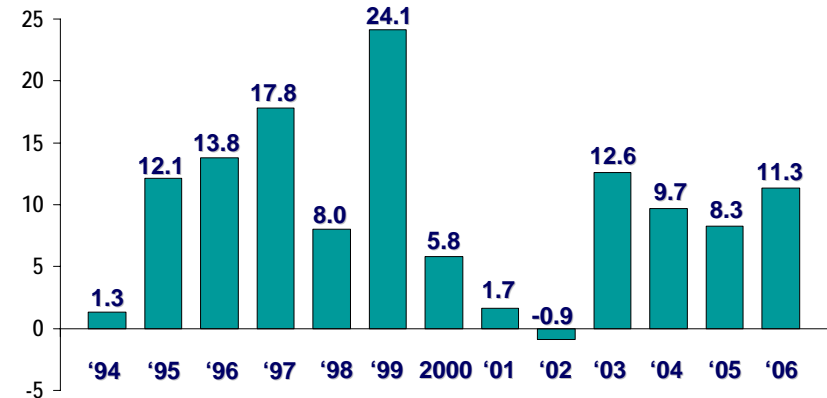
(1) Of which marketable securities = € 9.3 million; investment funds = € 5.1 million;

## Medinvest: performance in US\$ since inception

- 2006 performance : + 11.3%
- CAGR since 1994 (inception): + 9.7%
- February 2007 YTD increase: + 1.7%
- Average annual volatility since 1994: 5.4%

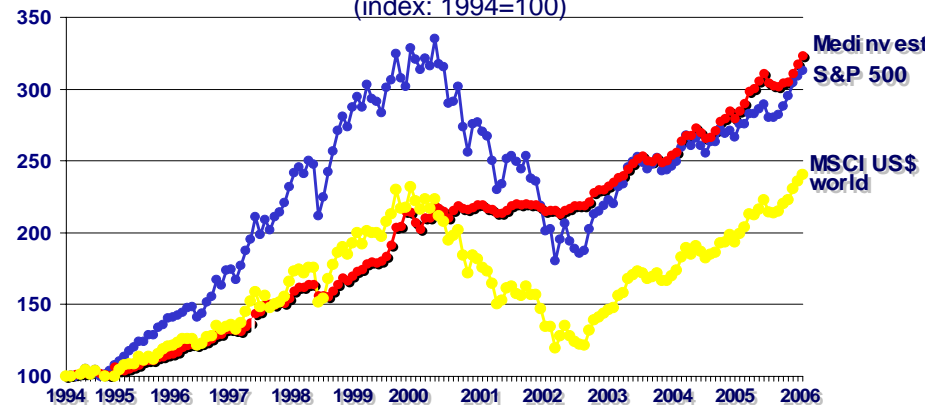
### Historical Performance per Year\*

(NAV % Annual Increase)



### Cumulative Performance

(index: 1994=100)



\*all data refer to Medinvest Ltd, incorporated in Jersey on 3 February 1994, whose assets were transferred into Medinvest Plcas of 1 May 2001

## Consolidated Net Financial Indebtedness

€ m	31 Dec. 2005	31 Dec. 2006
<b>CIR + Cir International</b>	359.8	258.2
<b>Sorgenia Group</b>	(424.5)	(596.9)
<b>Espresso Group</b>	(253.1)	(262.7)
<b>Sogefi Group</b>	(167.2)	(126.3)
<b>HSS Group</b>	4.2	(110.7)
<b>Other subsidiaries</b>	15.6	(12.2)
<b>Consolidated net financial indebtedness</b>	<b>(465.2)</b>	<b>(850.6)</b>
<b>Total shareholders' equity</b>	<b>1,856.4</b>	<b>1,979.9</b>
<b>Consolidated net invested capital</b>	<b>2,321.6</b>	<b>2,830.5</b>

## Consolidated Income Statement

€ m	2005	2006
Sorgenia Group	16.8	33.1
Espresso Group	59.1	54.1
Sogefi Group	26.3	29.7
HSS Group	(1.1)	(3.8)
Other subsidiaries	3.6	(1.5)
<b>Total operating subsidiaries</b>	<b>104.7</b>	<b>111.6</b>
Other financial companies	16.2	15.0
<b>Total contributions from subsidiaries</b>	<b>120.9</b>	<b>126.6</b>
Cir+Cir International result	(17.1)	(25.5)
Non-recurrent components	(16.1)	--
<b>Net income</b>	<b>87.7</b>	<b>101.1</b>

Last 10 years Cir average total return: + 20.2%

CIR stock performance  
(December 1996-December 2006)



Year + %

c.a.g.r. 1996/2006

Source: Bloomberg

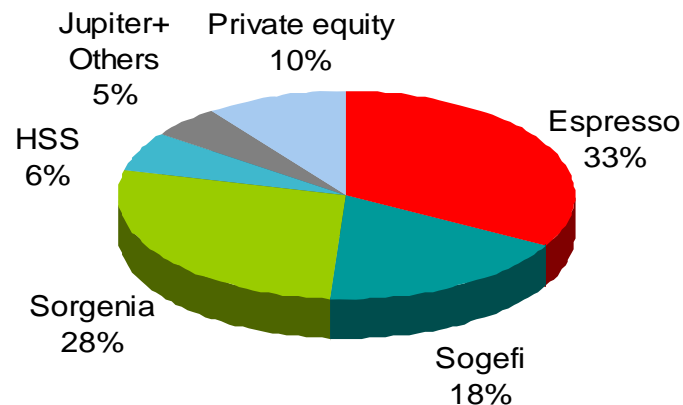
**CIR**  
**DJ Euro**  
**MIBTEL**

+ 20.2%  
+ 8.3%  
+ 14.6%

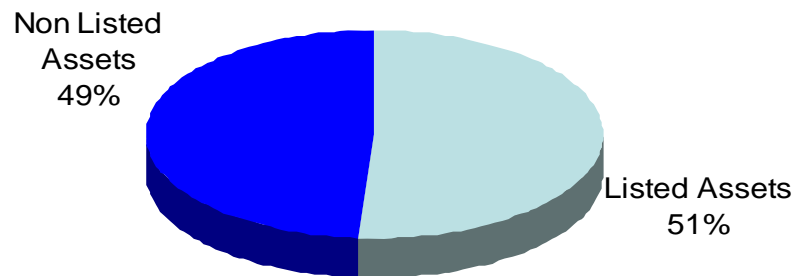
1. We invest in people with the objective of achieving lasting value creation
2. We allocate capital through the definition of strategies and the implementation of business plans carried out by the operating companies
3. We have transformed our company from a traditional holding company to a modern group able to create and sustain businesses following an investment logic of deep value in the long term
4. We take responsibility that each Group company is focused on executing realistic and credible plans in order to achieve value creation in the medium term
5. Our goal is to increase our NAV per share at 15% per annum and reduce the holding discount

- Diversification into high quality, non correlated businesses
- Non listed assets have now reached 49% of total investments
- Relative weight of Sorgenia and HSS set to increase further

## Total Investments (1)



## Listed vs. non listed



(1) 100% = Total subsidiaries+private equity (€ 900.2) book value as at 31 Dec. 2006



Operating Subsidiaries



**Sales 2006**  
**€1.9 Bln**

**Sales 2006**  
**€1.1Bln**

**Sales 2006**  
**€1.0 Bln**

**Sales 2006**  
**€99m**

**Oakwood Financial Services Ltd**

**UTILITIES**

**MEDIA**

**AUTOMOTIVE COMPONENTS**

**HEALTHCARE**

**FINANCIAL SERVICES**

Electricity & Gas trading

Newspaper Publishing

Filtration Systems

Residential nursing homes

Non performing loans

Energy Management

Magazine Publishing

Suspensions

Psychiatric services

Specialty finance

Power production

Radio Broadcasting

Rehabilitation

Power Saving

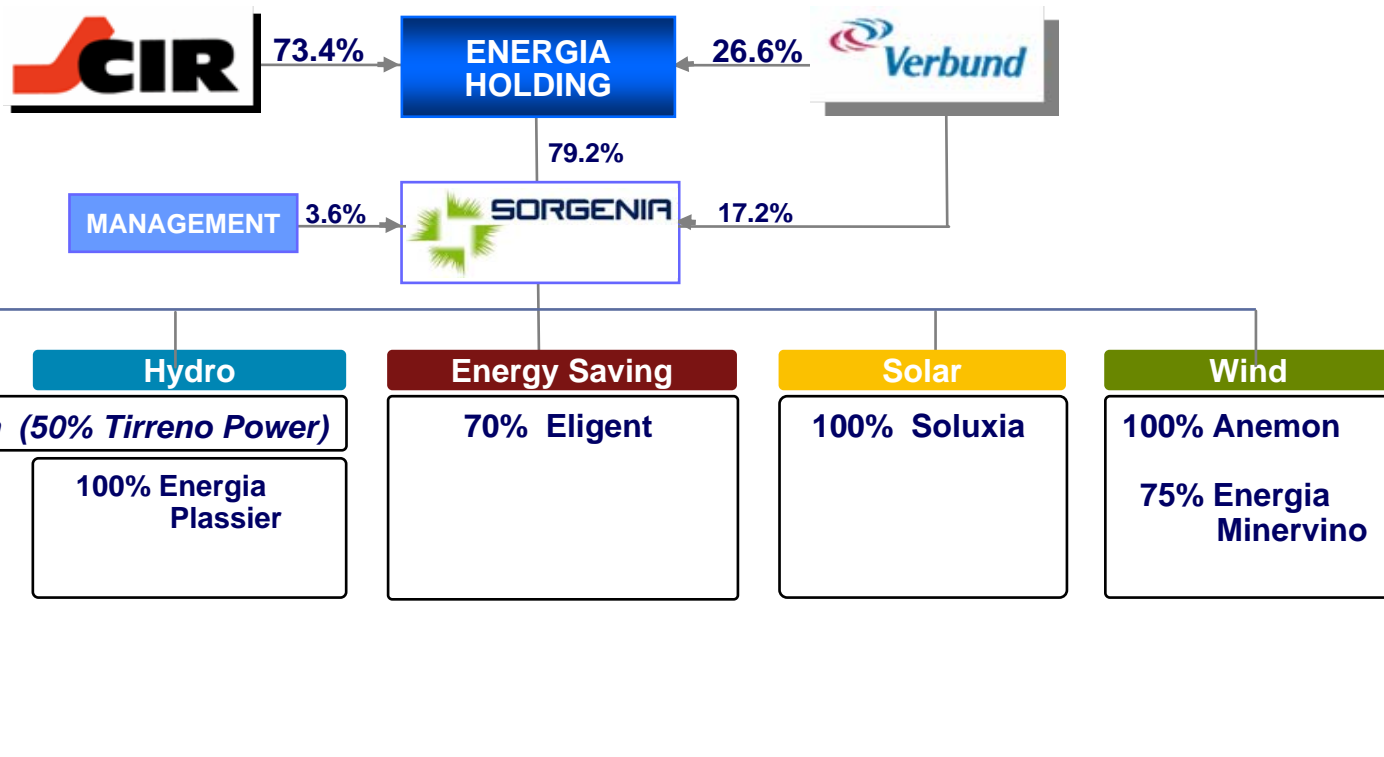
Television Broadcasting

Hospitals

Engineering & Maintenance

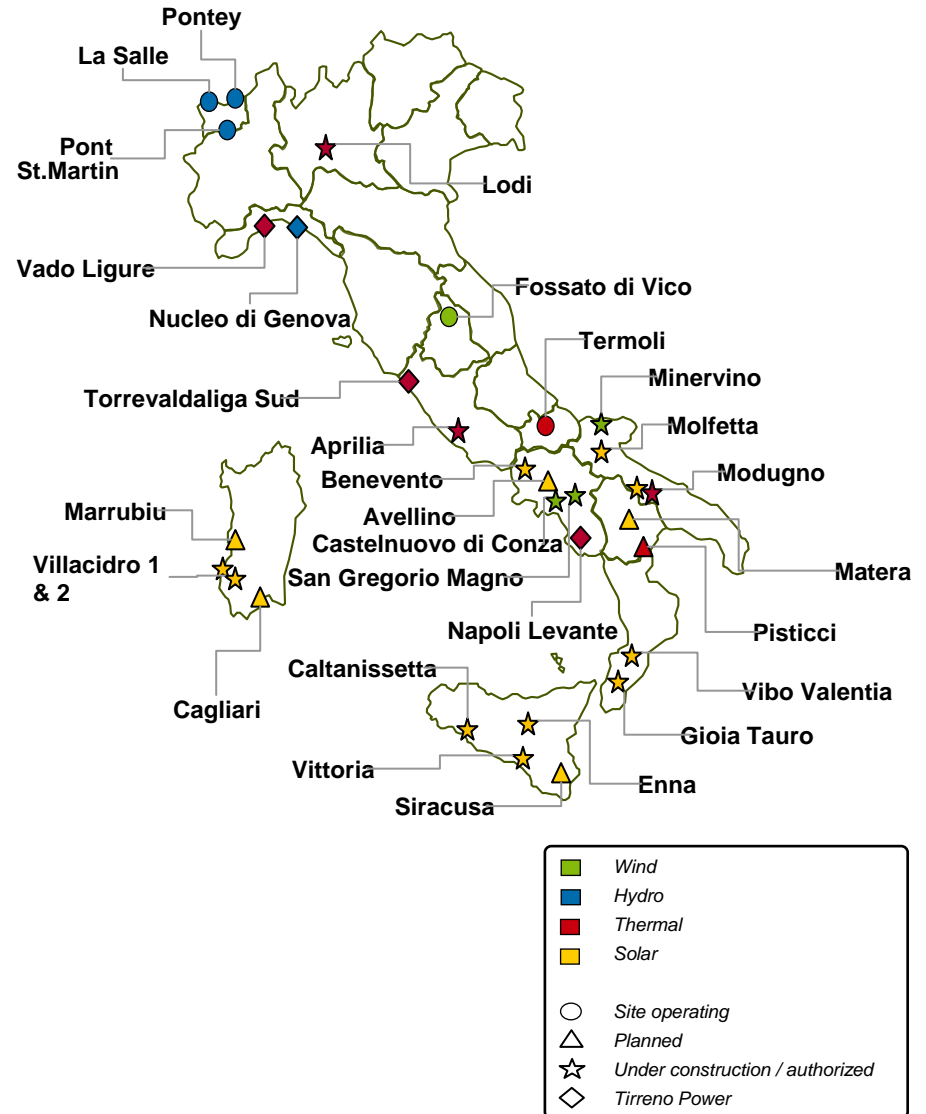
Internet

## Sorgenia: operating structure

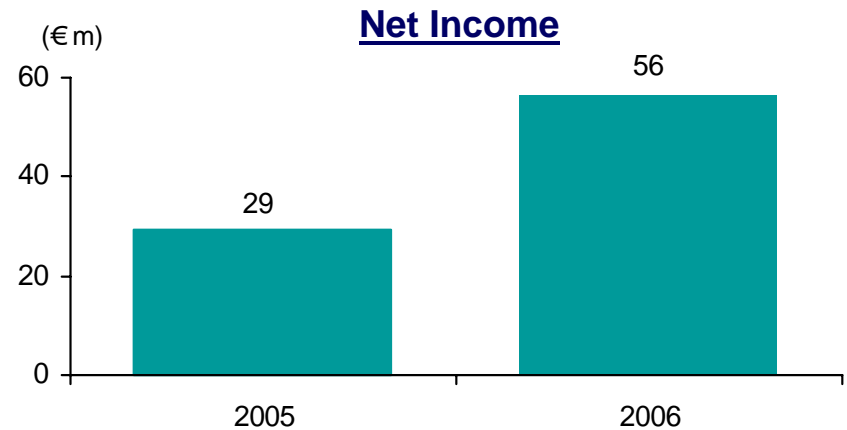
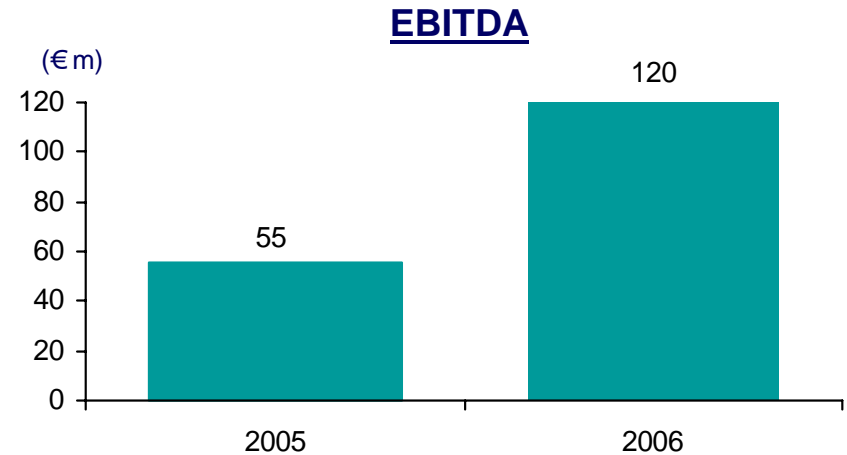


- 150,000 customers of which 500 in the natural gas sector (Dec. 2006)
- Electricity volumes: over 10 TWh, gas volumes: 2BcM (2006)
- Sorgenia continues to diversify its product range which has now been extended to the small and medium companies.
- The objective is to expand significantly in the power generation business, with particular attention being dedicated to sources with a low environmental impact and to renewables

- Tirreno Power: 50% controlled by Energia Italiana, repowering plan in progress
- CCGT power plants:
  - ◆ Termoli plant (770 MW) on stream
  - ◆ Modugno plant (800 MW) under construction
  - ◆ Lodi and Aprilia CCGT plants fully authorized
- Development of 450MW of wind farms and 22 MW of solar plants (Large Solar Power Plants)

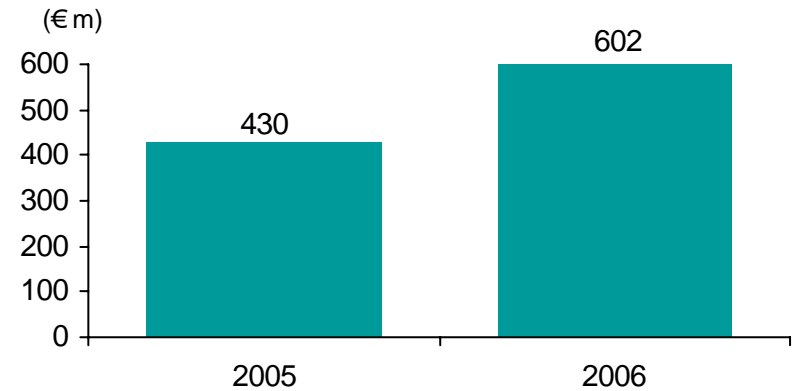


- The strong growth in 2006 EBITDA was positively impacted by the sale of the electricity produced by the Termoli plant and to the contribution of the new combined cycles of the subsidiary Tirreno Power at Torrevaldaliga

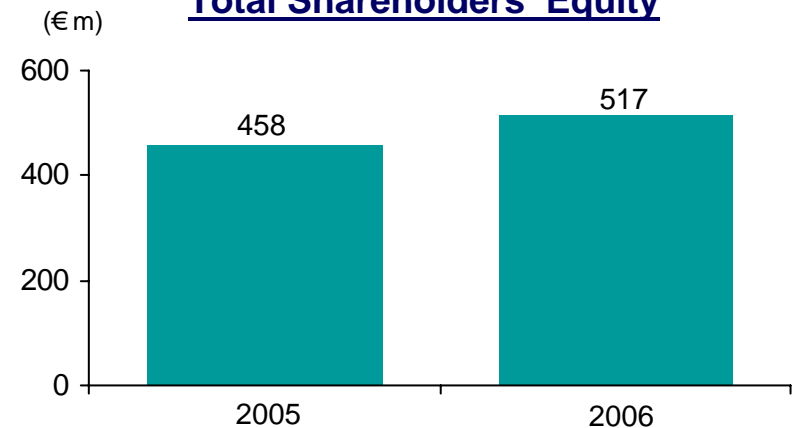


- The increase was mainly due to investment made in the roll-out of its industrial plan, and in particular for the construction of the Modugno power plant

### Net Financial Indebtedness

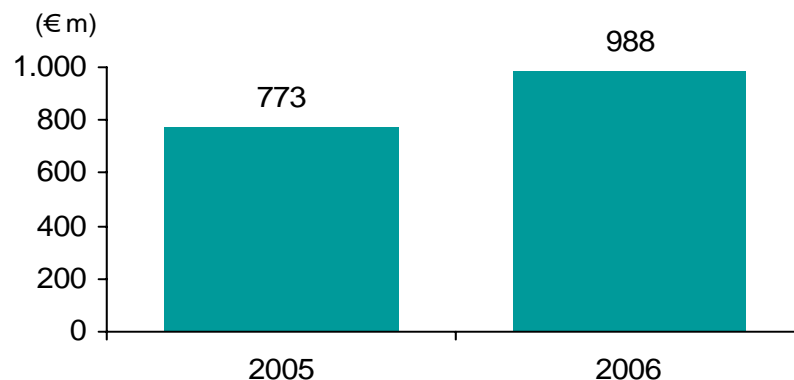


### Total Shareholders' Equity

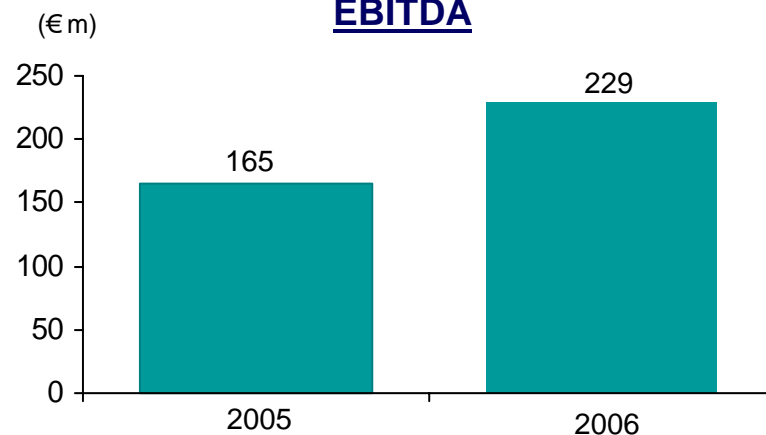


- The repowering of the Napoli Levante site has begun and this involves the construction of a new 380 MW combined cycle plant due to start operations in 2008
- Conversion of a section of the Vado Ligure power station to a 760 MW combined cycle plant is proceeding and should be up and running in 2007

### Revenues



### EBITDA



Be in the top five national operators in the free electricity market

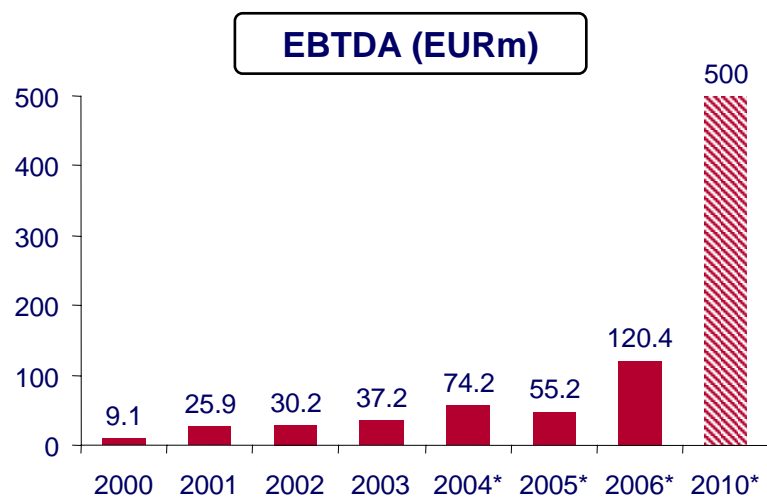
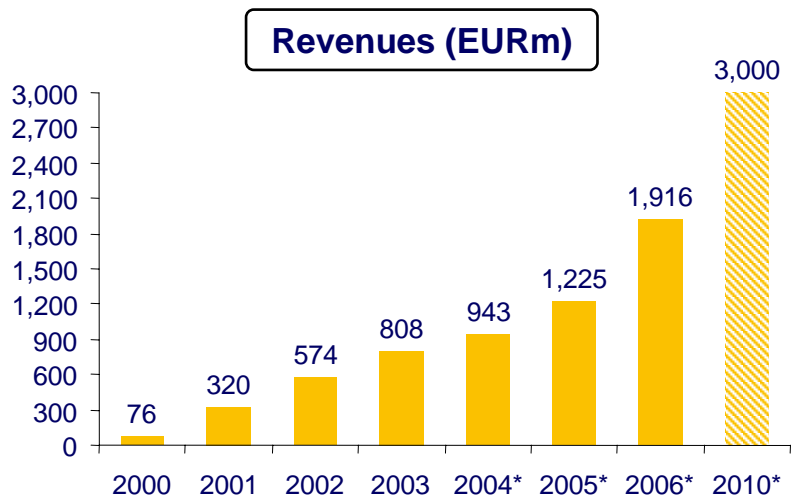
- Develop thermoelectric generating capacity through the acquisition (in 2003) and repowering of Tirreno Power (**2,900 MW**) and through the construction of four green field CCGT power plants (770 MW each)
- Reach a target capacity of 450 MW in wind-farm generation
- Reach a target capacity of 22MW in the photovoltaic sector (Large Solar Power Plants)

**Reach a target capacity of more than 4.6 GW (\*)**

(\*) Including Tirreno Power pro-quota

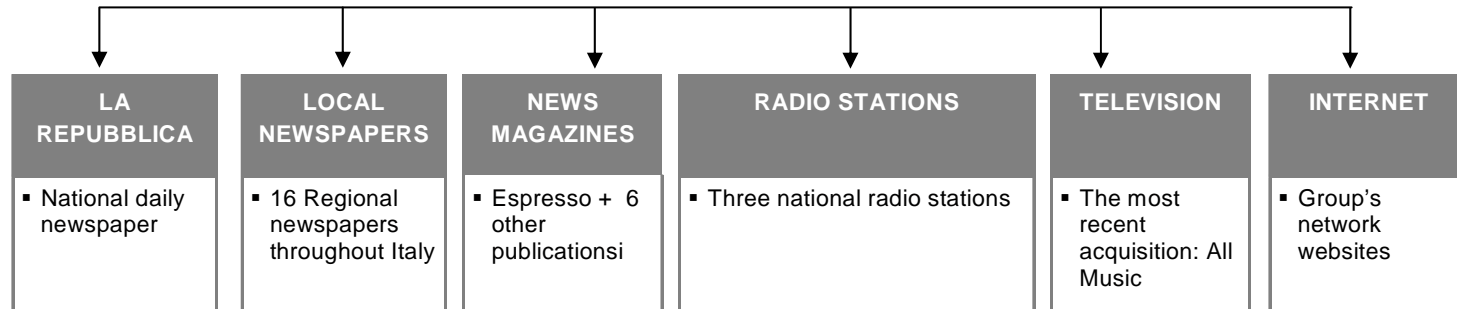
## Sorgenia Group - Targets

	2006	2010E	Financial Ratios	2010E
Revenues	1,916	3,000	Net Financial Position /EBITDA	2.8
EBITDA	120	500	EBITDA/ Total Interest Charges	6.2
Net Financial Position	602	1,400	Debt/Net Equity	1.1
Investments 2007-2010	1,813			

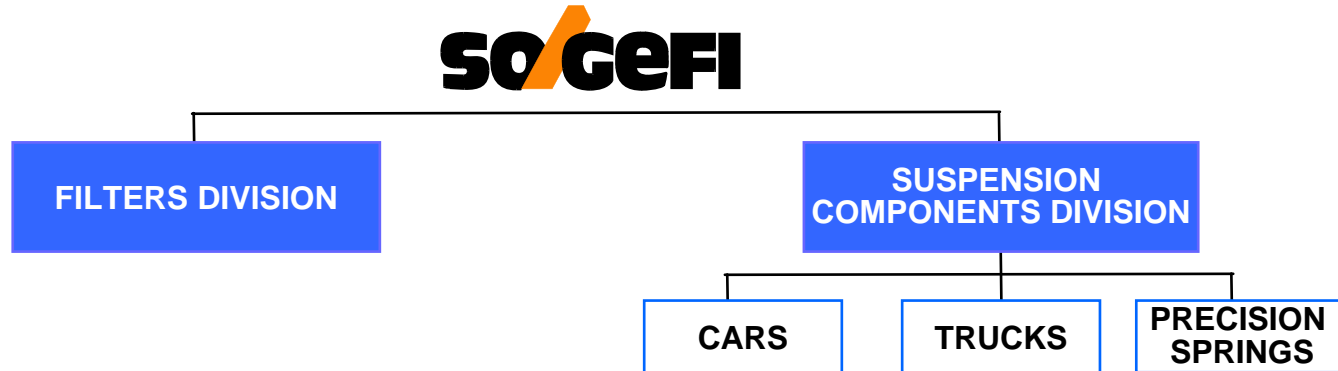


Figures in EURm. Tirreno Power consolidated at Equity

(\*) Figures reported in accordance with the valuation criteria established by IAS/IFRS principles



- The only Italian company capable of proposing to advertising clients a multimedia portfolio of titles (daily newspapers, magazines, the Internet, radio, analog and digital TV) leaders in the reference markets
- Increase in advertising revenues and reduction of profits from adds-on are expected in 2007
- Focus on fixed cost efficiency
- On going development of the multimedia platform strategy



- New business expansion in Asian markets through joint ventures in China, Korea and India as well as North America
- Average annual growth is expected to top 4% over the next four years
- Targeting external growth

	2003	2004	2005	2006
<b>Hospitals</b>		€ 3.0 m Suzzara	€ 23.0 m Suzzara	€ 30.5 m Medipass Suzzara
<b>Rehabilitation</b>		€ 1.2 m Physioclinic Rehab	€ 2.6 m Physioclinic Rehab	€ 4.7 m Rehab
<b>Psychiatry</b>		€ 5.0 m Redancia	€ 7.6 m C.S.R. Cima Redancia	€ 7.0 m C.S.R. Cima Redancia
<b>Elderly</b>		€ 9.8 m Ducale <sup>(1)</sup> Casaverde La Margherita <sup>(1)</sup> Villa Margherita	€ 22.4 m Siasa System <sup>(1)</sup> Ducale <sup>(1)</sup> Casaverde La Margherita <sup>(1)</sup> Villa Margherita	€ 57.0 m Anni azzurri Meia Siasa System <sup>(1)</sup> Ducale <sup>(1)</sup> Casaverde La Margherita <sup>(1)</sup> Villa Margherita
<b>Revenues</b>	€ 1.1 m	€ 19 m	€ 55.6 m	€ 99.2 m

(1) This company was merged into another group company after the acquisition

- **To create a national group:** the goal of HSS is to develop a widespread presence throughout the country, in the most attractive Italian regions
- **To develop a brand:** the development of HSS involves the creation of a brand throughout the country highly recognizable for its high level of service, strong ethical commitment and clear patient focusing of the organisation
- **To attract the best professionals**
- **To develop a balanced mix of services** across the whole spectrum of healthcare products
- **To equate efficiency with quality of service provided,** focusing investments on management activities (which means aligning the profitability objectives of our shareholders with the demand for quality and reliability coming from our clients)

**Pay Off: People serving people**

- **Acquisitions** of structures or private chains already operating (acquisition of 100% or JVs with control)
- Acquisition and **turn around** of poorly managed healthcare organizations
- **Participation in public tenders** for concessions to restructure and/or fully manage
- Participation in tenders for **investing and managing sector specific services** (advanced technology, radiology, etc.) in public sector healthcare or social welfare organizations
- **Greenfield initiatives** with or without local partners

## HSS- economic and financial plan (with current group configuration)

€millions	2004	2005	2006	2009 Business plan
<b>Beds</b>	1,310	1,440	3,500	3,500
<b>Revenues</b>	<b>19</b>	<b>53.8</b>	<b>99.2</b>	<b>177</b>
<b>Ebitda</b>	<b>(3.9)</b>	<b>0.4</b>	<b>6.4</b>	<b>27</b>
Ebitda %	-20%	1%	6%	15%
<b>Net income</b>	<b>(3.7)</b>	<b>(1.4)</b>	<b>(4.4)</b>	<b>6</b>
Net income %	-19%	-3%	-4%	3%
<b>Total financial position</b>	<b>(5.1)</b>	<b>4.2</b>	<b>(110.7)</b>	<b>(57)</b>

- Non-performing loans sector is characterized by strong discontinuity and by rule changes (Basilea2 and IFRS) which may imply attractive business opportunity
- The Italian financial institutions market is estimated of approx. €55 billion of which €15-20 billion represented by non-performing loans of medium size banks
- Jupiter Finance is targeting the “mid market”: NPL portfolios generally ranging from € 10-100 million, originated by local banks and financial institutions
- So far, Jupiter Finance has acquired about €350 million of NPL (face value) fragmented in several portfolios. 70% of these credits are unsecured (corporate and retail) and 30% are secured (residential and commercial)
- Collections on the acquired portfolios are ahead of business plans

- The business model is characterized by deep specialization by asset class: different origination and valuation teams, dedicated collection strategies and operations, modular financial structure.
- Different origination and valuation teams: Jupiter is investing heavily on the human capital, attracting talents from various industries with strong analytical background and proven track record.
- Dedicated collections strategies and operations: Jupiter is building solid partnerships with top collection companies, according to their specific skills and experience on corporate unsecured, retail unsecured and secured NPLs.
- Modular financial structure: Jupiter is financing the acquisition of new NPLs through an innovative securitization structure. This structure allows for the issuing of different senior notes on the various asset classes, thus tailoring the debt level on the specific risk profile.

- CIR has invested, in a joint-control partnership with Merrill Lynch, in Oakwood, a company focused on acquiring and developing specialty finance businesses internationally
- CIR investment to date is € 100m, with a commitment to invest another 50m over a 5 years horizon
- Oakwood currently controls the following subsidiaries:
  - ▶ **Edeus** – near prime and sub prime mortgage lender in the UK  
2006 volumes: £352m (in 3 months of activity, after October 2006 launch)
  - ▶ **Ktesios** – specialised CQS (Cessione del Quinto) lender in Italy  
2006 volumes: €529m
  - ▶ **Pepper** – near prime and sub prime mortgage lender in Australia  
2006 volumes: A\$ 643m
  - ▶ **One World Leasing** – near prime and sub prime small ticket leasing in the UK  
2006 volumes: £45m
  - ▶ **Blue Motor Finance** – near prime car financing in the UK  
2006 volumes: £17m



**Continue to attract and motivate  
management talents**

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