



SARAS Second Quarter 2007 results
9th August 2007





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A grayscale photograph of an industrial refinery or chemical plant. The image shows several tall distillation columns, complex piping systems, and structural steel frameworks. The scene is set against a bright, hazy sky, creating a silhouette effect for the industrial structures.

AGENDA

- **Highlights**
- **Market overview**
- **Segment reviews**
- **Financial overview**
- **Strategy**
- **Outlook**
- **Q&A**



Q2/07 HIGHLIGHTS

- **Good operating performance of all segments**
 - ✓ *Adjusted net income¹ EUR 90 ml, up 122% on Q2/06 and 25% on Q1/07*
 - ✓ *Comparable EBITDA² EUR 199 ml, up 60% on Q2/06 and up 29% on Q1/07*
- **Saras refining&power margin at record high of 14.3 \$/bl**
 - ✓ *refining margin 9.9 \$/bl vs EMC benchmark at 5.4 \$/bl, with a premium of 4.5 \$/bl*
 - ✓ *IGCC power margin 4.4 \$/bl*
- **Strong operating cashflow of EUR 347 ml**
 - ✓ *Net Financial Position positive by EUR 12 ml compared to a negative of EUR 135 ml at end of Q1/07*

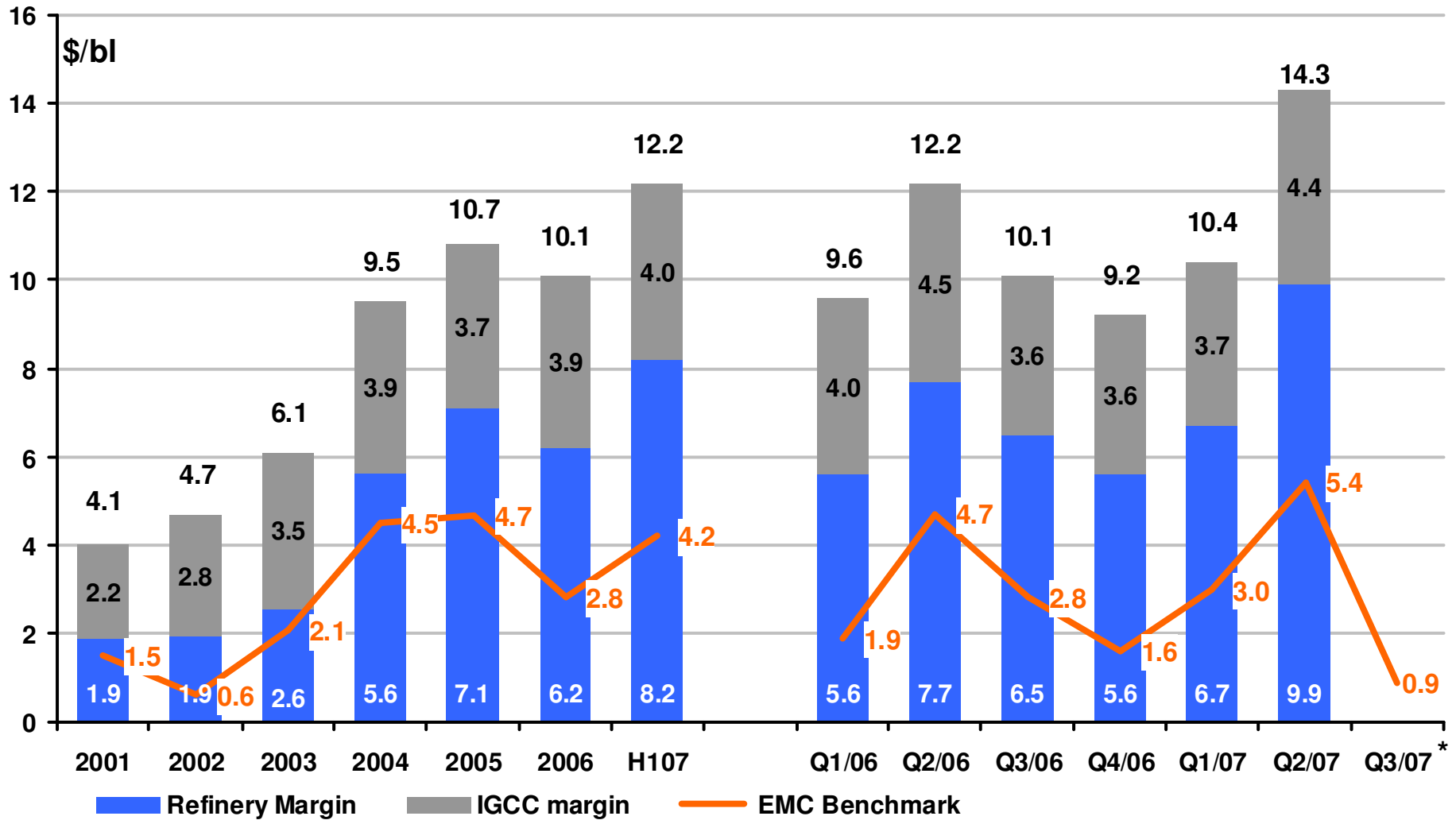
EUR ml	Q2/07	Q2/06	Var.%	Q1/07	H1/07	H1/06	Var.%
EBITDA Comparable	199.3	124.5	60%	155.0	354.3	268.1	32%
EBIT Comparable	159.4	85.2	87%	115.0	274.4	189.6	45%
Adjusted Net Income	89.5	40.3	122%	71.0	160.5	106.6	51%

Q2/06 and H1/06 figures are proforma

1. reported net income adjusted by differences between inventories at LIFO and inventories at FIFO net of taxes, change of derivatives fair value net of taxes and non recurring items net of taxes
2. calculated using IFRS accounting principles and evaluating inventories at LIFO. **In Q2/07 a non recurring income of EUR 5.2 ml** (due to change in law in the calculation of provisions for employee retirement benefits) **has been deducted**. See also adjustments to net income.



REFINING&POWER MARGIN



* Q3/07 as at 3 August 2007

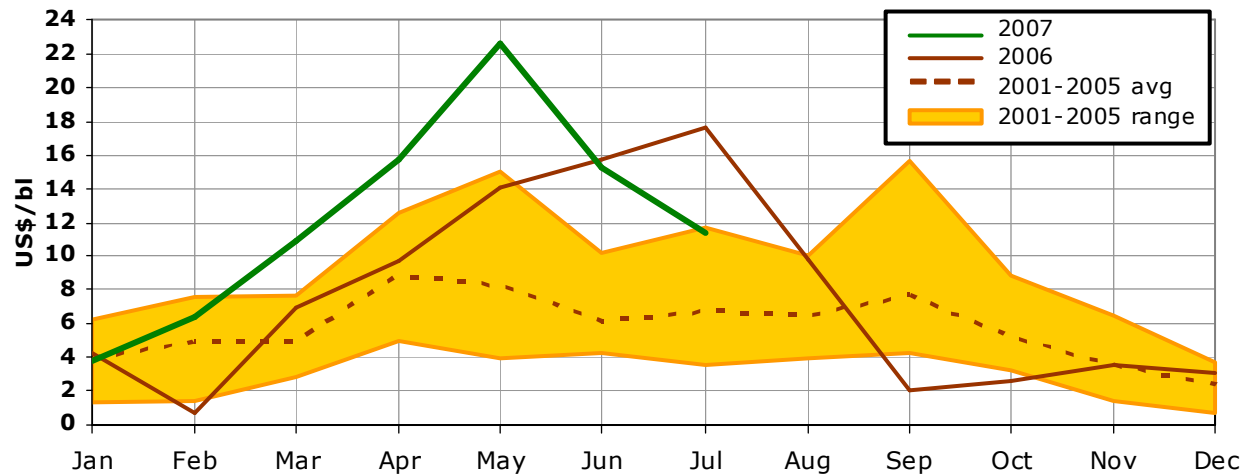


Market Overview

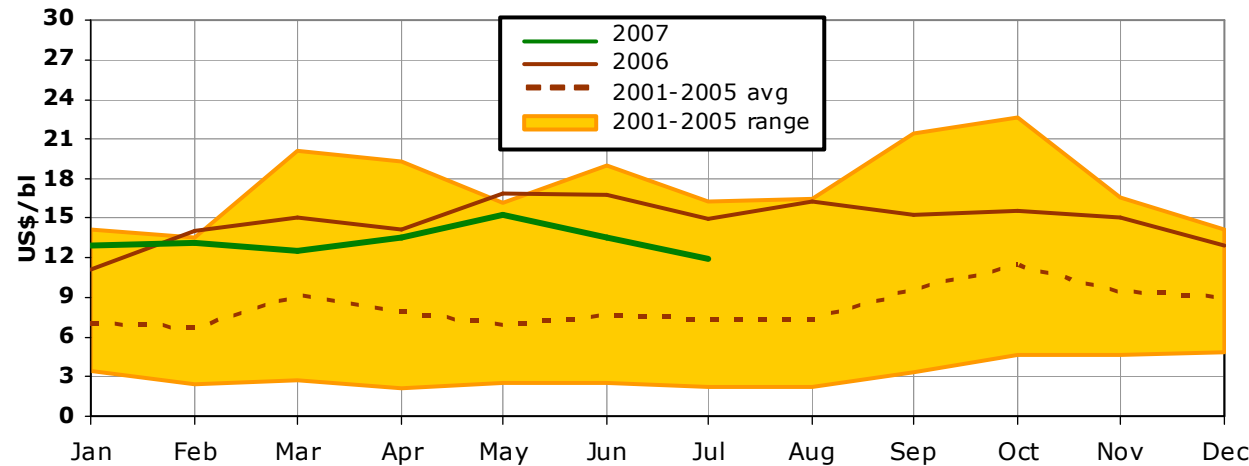


DIESEL AND GASOLINE CRACK SPREADS

Med: Gasoline Crack spread vs Brent



Med: Diesel Crack spread vs Brent



- Gasoline crack at record high due to low refinery utilization in the US and strong demand
- Diesel crack slightly depressed due to high inventory levels in Europe following to a mild winter

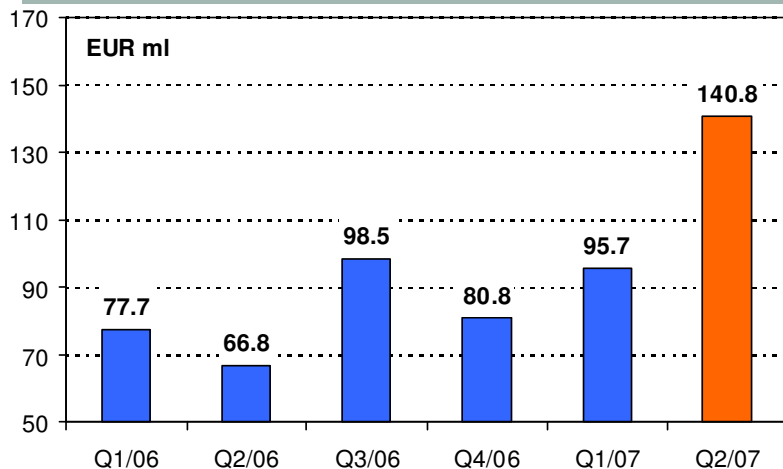
A photograph of an industrial refinery or chemical plant. The image shows several tall distillation columns and complex piping systems against a clear sky. The structures are silhouetted, and the overall scene is industrial and technical.

Segment Reviews

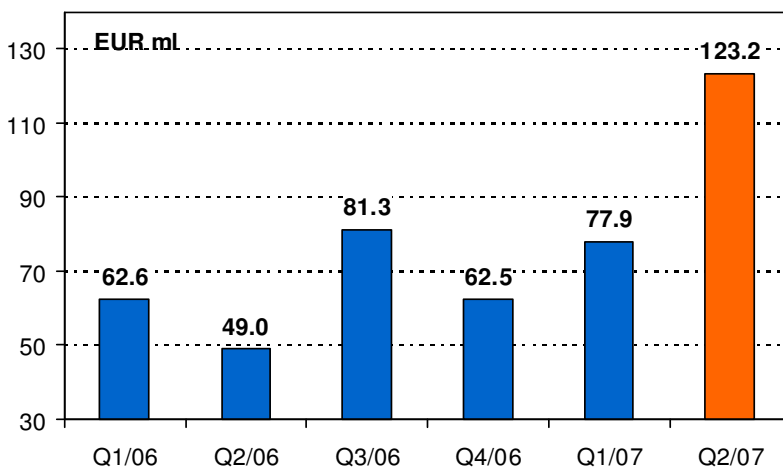


REFINING

Comparable EBITDA



Comparable EBIT



- **Q2/07 impacted by schedule maintenance** on one crude distillation unit, one vacuum unit and visbreaker: impact lower than same period last year both on runs and conversion capacity
- **Crude runs in Q2/07: 24.9 Mbl** or 3.4 million tons (274,000 b/d) up 17% vs Q2/06 and down 10% vs previous quarter
- **Robust refinery margin of 9.9 \$/bl** (vs 7.7 \$/bl in Q2/06 and 6.7 in Q1/07) with premium above benchmark at **4.5 \$/bl**
- **Premium above benchmark boosted by**
 - Excellent operational and commercial performance
 - Higher diesel-fuel oil price differential
 - Production of gasoline maximized during maintenance thanks to the use of feedstocks that allowed to fully exploit the strong gasoline trend

	FY2005	FY2006	H107
Comparable EBITDA	421.5	323.8	236.5
Comparable EBIT	348.2	255.4	201.1



REFINING

PRODUCTION

		Q2/07	Q1/07	2006
LPG	Thousand tons	79	84	312
	yield	2.3%	2.2%	2.2%
NAPHTHA+GASOLINE	Thousand tons	979	1,029	3,893
	yield	28.7%	27%	27.3%
MIDDLE DISTILLATES	Thousand tons	1,774	1,986	7,350
	yield	51.9%	52.1%	51.4%
FUEL OIL & OTHERS	Thousand tons	119	182	725
	yield	3.5%	4.8%	5.1%
TAR	Thousand tons	243	306	1,152
	yield	7.1%	8.0%	8.1%

Balance to 100% are Fuel&Lossel

CRUDE OIL SLATE

		Q2/07	Q1/07	2006
Light extra sweet		48%	40%	43%
Light sweet		1%	3%	5%
Medium sweet		0%	0%	1%
Light sour		0%	0%	0%
Medium sour		26%	30%	23%
Heavy sour		25%	27%	28%
Average crude gravity	°API	33.4	32.4	32.9



REFINING

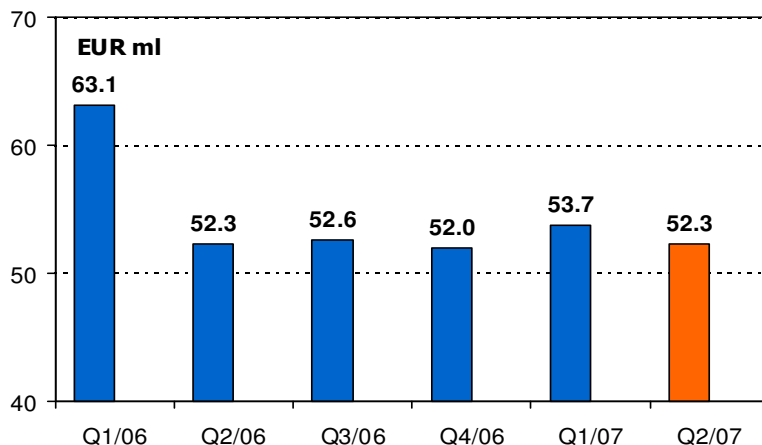
FIXED AND VARIABLE COSTS

		Q2/07	Q1/07	H1/07	2006
Refinery RUNS	Million barrels	24.9	27.8	52.7	104.3
<i>Exchange rate</i>		1.35	1.31	1.33	1.26
Fixed costs	EUR million	42	47	89	194
	\$/bl	2.3	2.2	2.2	2.4
Variable costs	EUR million	30	32	62	145
	\$/bl	1.6	1.5	1.6	1.8

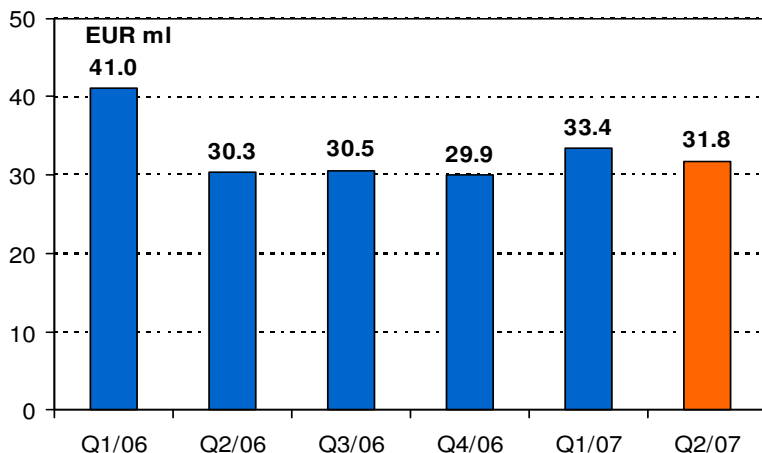


POWER GENERATION

EBITDA



EBIT



- **IFRS results in line with previous quarters** since scheduled maintenance, related production changes and minor tariff changes are included in the linearisation procedure required by IFRS
- **Q2/07 characterized by routine maintenance** on one production train, including a planned major overhaul on one out of three gas turbines and maintenance on the Air Liquide oxygen plant
- **electricity production** at 934,000 MWh down 18% vs Q2/06 and 23% vs Q1/07
- **Power tariff at 130 EUR/MWh + 2.3% vs Q1/07** due to higher crude prices
- **Higher impact of maintenance on Italian GAAP EBITDA vs Q2/06:** Q2/07 Italian GAAP EBITDA EUR 51.3 ml vs EUR 73.3 in Q2/06 and EUR 85.6 in Q1/07

EUR ml	FY2005	FY2006	H107
EBITDA	213.4	220.0	106.0
EBIT	120.4	131.7	65.2



POWER GENERATION

FIXED AND VARIABLE COSTS (IT GAAP)

		Q2/07	Q1/07	H12007	2006
Refinery RUNS	Million barrels	24.9	27.8	52.7	104.3
Power production	MWh/1000	934	1,215	2,150	4,467
<i>Exchange rate</i>		<i>1.35</i>	<i>1.31</i>	<i>1.33</i>	<i>1.26</i>
Fixed costs	EUR million	30	25	55	107
	\$/bl	1.6	1.2	1.4	1.2
	EUR/MWh	32	21	26	24
Variable costs	EUR million	17	16	33	65
	\$/bl	0.9	0.8	0.8	0.8
	EUR/MWh	18	13	15	15



REFINING&POWER

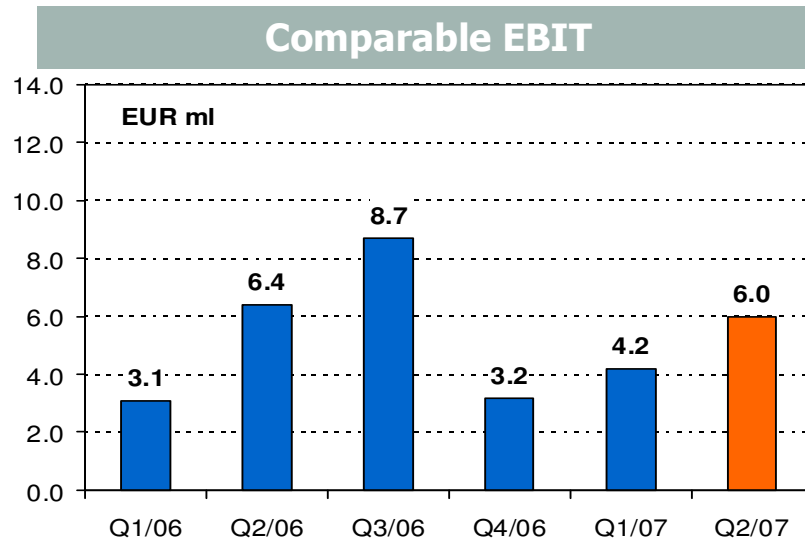
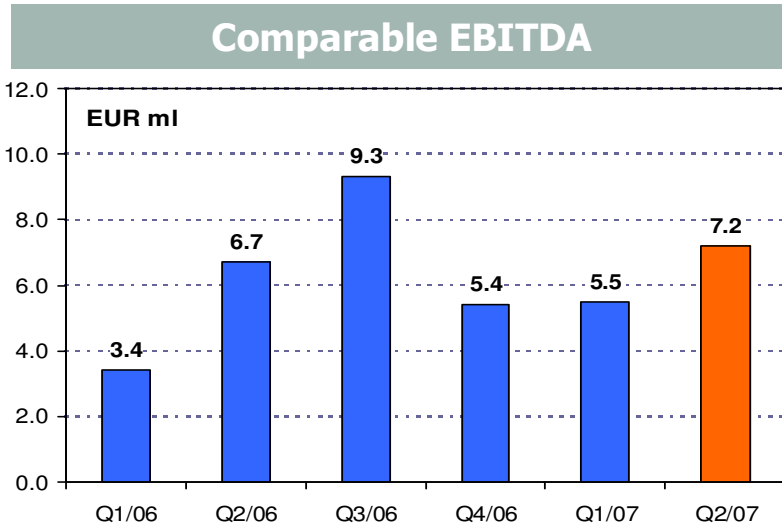
MAJOR MAINTENANCE SCHEDULE

		Q1/07 actual	Q2/07 actual	Q3/07 expected	Q4/07 expected	2007 expected	2008 expected
REFINERY							
PLANT			1 crude dist. 1 vacuum visbreaker	1 MHC	1 crude dist.	2 crude dist 1 vacuum MHC / visbr	
Estimated runs	million tons million bbl	3.81 27.8	3.41 24.9	3.70-3.80 27.0-27.7	3.35-3.45 24.5-25.2	14.3-14.5 104-106	15.0-15.2 110-111
Additional loss on EBITDA due to lower conversion capacity	USD million		7	7		14	
IGCC							
PLANT			1 gasifier 1 turbine		1 gasifier 1 turbine	2 gasifier 2 turbine	
Estimated power production	Millions of MWh	1.215	0.934	1.1-1.2	1.0-1.1	4.2-4.6	4.2-4.6

- 2007 maintenance schedule will affect refinery runs and also marginally conversion; no major maintenance in 2008
- Maintenance on IGCC power plant **will have negligible impact on IFRS EBITDA** since maintenance cycles already included in the linearization procedure required by IFRS accounting principles



MARKETING



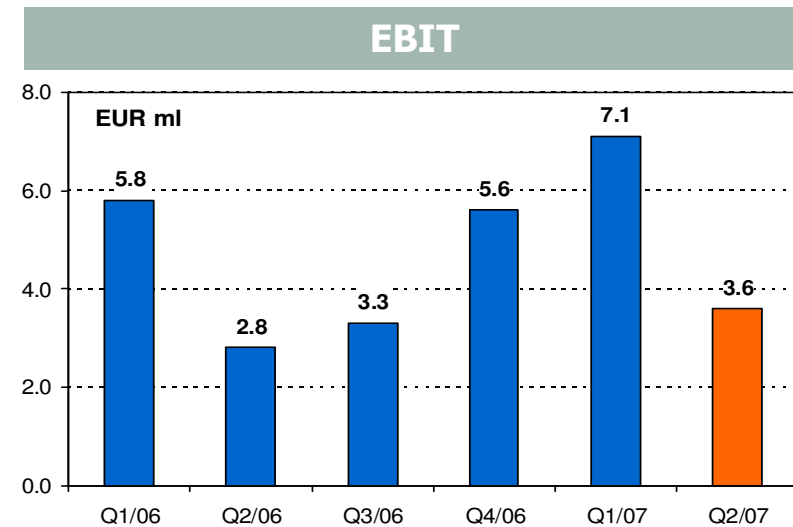
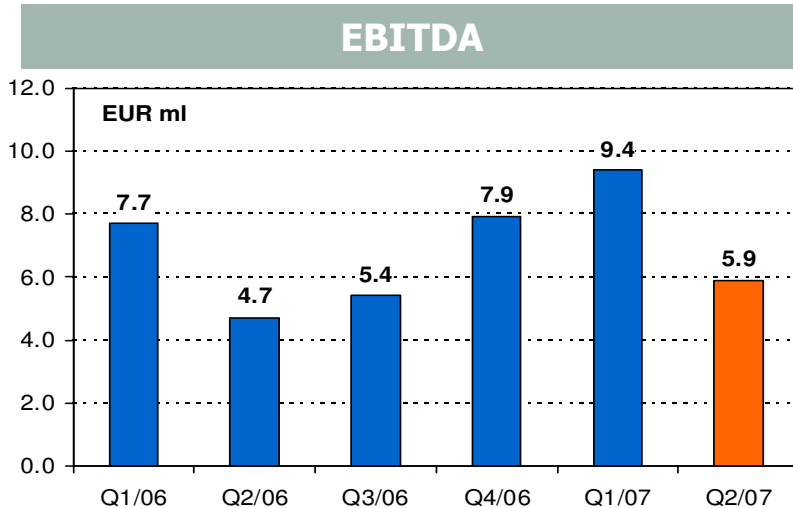
- **EBITDA up 7% vs same period last year driven by our Spanish operations**
- **Lower commercial margins** compensated by higher volumes compared to same period last year
- Positive contribution (0.8 EUR million) by Saras Red retail stations
- Market share increased both in Spain and Italy

EUR ml	FY2005	FY2006	H107
Comparable EBITDA	23.0	24.8	12.7
Comparable EBIT	21.8	21.4	10.2



WIND

100% figures, Saras share is 70%



• EBITDA +25% vs Q2/06

- Electricity sales +1% versus Q2/06
- Total tariff (power tariff+green certificates) +16% versus Q2/06 (218 EurMWh vs 188 EurMWh)

• Net income (100% figure):

- EUR 2.0 ml vs EUR 1.6 ml in Q2/06

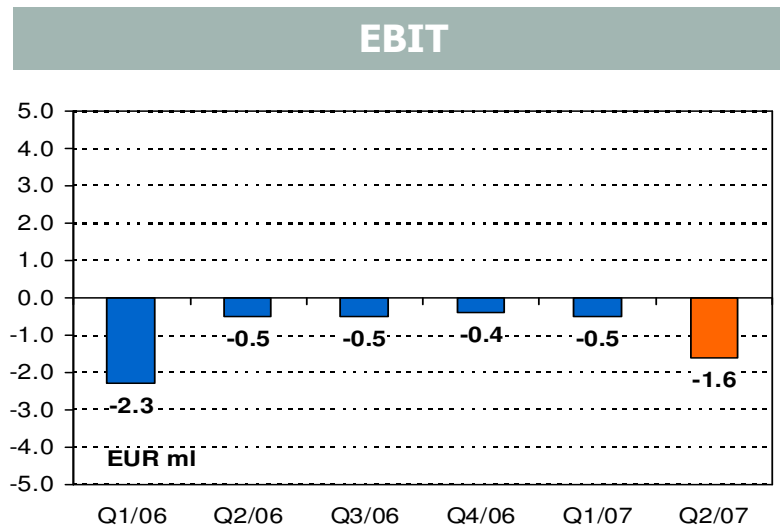
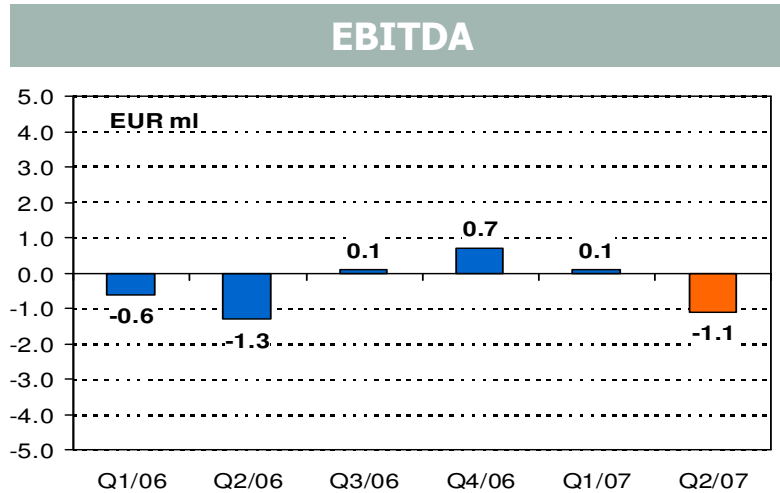
• Adjusted net income (100 % figure):

- EUR 1.4 ml vs EUR 1.6 ml in Q2/06 penalized by higher interest rates

EUR ml	FY2006	H107
EBITDA	25.7	15.2
EBIT	17.4	10.7



OTHER



- First half EBIT improved by 53% vs same period last year
- Second quarter mainly affected by slower sales in the environmental monitoring division

EUR ml	2005	2006	H107
EBITDA	(4.3)	(1.1)	(1.0)
EBIT	(7.7)	(3.7)	(2.1)

A photograph of an industrial refinery or chemical plant. The image shows several tall, dark towers and a complex network of pipes and structural steel against a bright, hazy sky. The scene is industrial and somewhat desaturated.

Financial Overview



KEY INCOME STATEMENT FIGURES

EUR million

	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	783.7	138.1	201.2	84.5	102.4	526.2	145.3	265.7
Comparable EBITDA	653.6	143.6	124.5	160.5	138.9	567.5	155.0	199.3
Depreciation&amort.	170.9	39.2	39.4	40.5	43.7	162.8	40.0	39.9
EBIT	612.8	98.9	161.8	44.0	58.7	363.4	105.3	225.9
Comparable EBIT	482.7	104.4	85.2	120.0	95.2	404.8	115.0	159.4
Interest expenses	-25.3	-7.3	-9.3	-4.6	-0.8	-22.0	-5.1	-3.2
derivatives gains/losses	-60.0	6.6	-10.6	-3.2	9.3	2.1	3.6	-11.8
derivatives fair value	-8.6	-0.1	-6.7	19.5	-2.6	10.1	-22.0	+5.9
Net Financial expenses	-93.9	-0.8	-26.6	11.7	5.9	-9.9	-23.5	-9.2
Equity interest	-0.4	2.4	1.1	0.5	2.5	6.5	2.6	1.3
Non recurring expenses	0.0	0.0	-12.9	0.0	-9.3	-22.2	0.0	0.0
Profit before taxes	518.5	100.5	123.5	56.4	57.8	338.2	84.4	218.0
Taxes	-212.1	-37.7	-47.7	-22.6	-22.1	-130.1	-33.5	-82.1
Tax rate	40.9%	38.4%	39.0%	40.4%	40.0%	39.2%	40.9%	37.9%
Net income	306.4	62.8	75.8	33.8	35.7	208.1	50.9	136.0
Adjustments	-75.9	3.5	-35.5	35.4	30.3	33.7	20.1	-46.5
Adjusted net income	230.5	66.3	40.3	69.2	66.0	241.8	71.0	89.5



DETAIL OF NET INCOME ADJUSTMENTS

EUR million

	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
(Inventories at LIFO- inv. at FIFO) net of taxes	-81.6	3.5	-48.1	47.7	22.9	25.9	6.1	-38.7
Non recurring items net of taxes	0.0	0.0	8.1	0.0	6.6	14.7	0.0	-3.5*
Change of derivatives fair value net of taxes	5.7	0.1	4.5	-12.3	0.8	-6.9	14.0	-4.3
TOTAL adjustments	-75.9	3.5	-35.5	35.4	30.3	33.7	20.1	-46.5

* For Q2/07: non recurring income due to change in law in the calculation of provisions for employee retirement benefits



Financial overview

KEY CASHFLOW FIGURES

EUR million

	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
Initial net financial position	-726	-573	-655	-304	-187	-573	-285	-135
CF FROM OPERATIONS	379	116	54	164	-57	277	185	347
of which working capital	-320	-32	-104	71	-151	-216	78	54
CF FROM INVESTMENTS	-86	-27	-46	-47	-41	-161	-36	-57
in tangible&intangible assets	-86	-27	-46	-19	-41	-133	-36	-57
acquisitions	0	0	0	-28	0	-28	0	0
CF FROM FINANCING	-140	-170	342	0	0	172	0	-143
capital increase	0	0	342	0	0	342	0	0
dividends	-140	-170	0	0	0	-170	0	-143
TOTAL CASHFLOW	152	-81	351	117	-98	289	149	147
Final net financial position	-573	-655	-304	-187	-285	-285	-135	12

CAPEX BY SEGMENT

EUR million

	2005	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
REFINING	70	23	44	16	25	108	30.1	50.5
MARKETING	14	0	0	1	8	9	0.3	0.8
POWER GENERATION	1	0	2	1	9	12	4.5	5.5
OTHER ACTIVITIES	1	1	0	0	1	1	0.6	0.6
TOTAL CAPEX	86	24	46	18	43	130	35.5	57.4



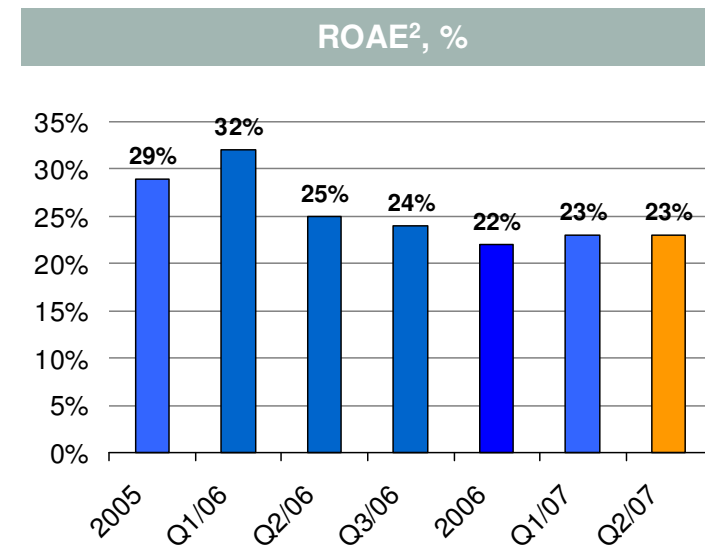
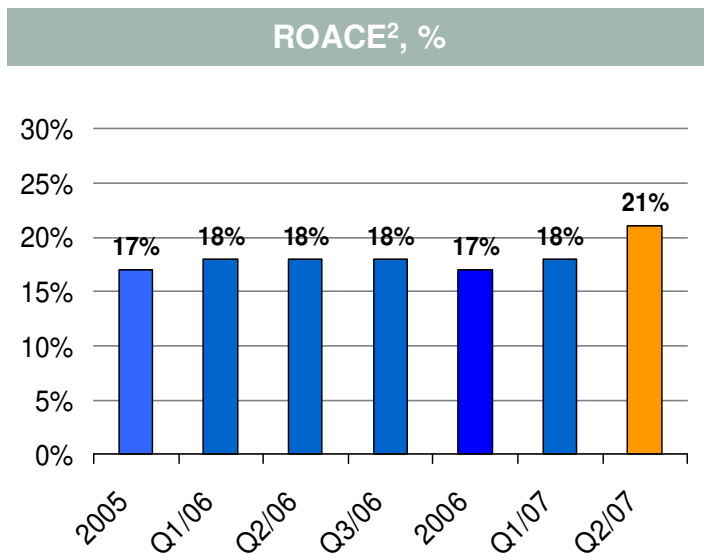
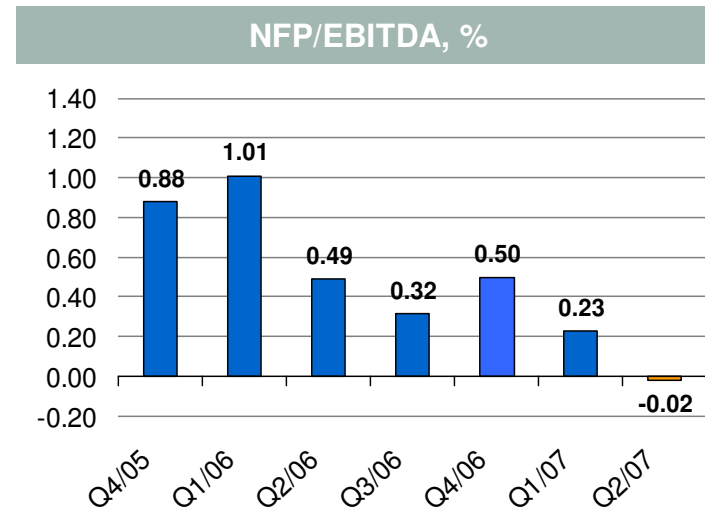
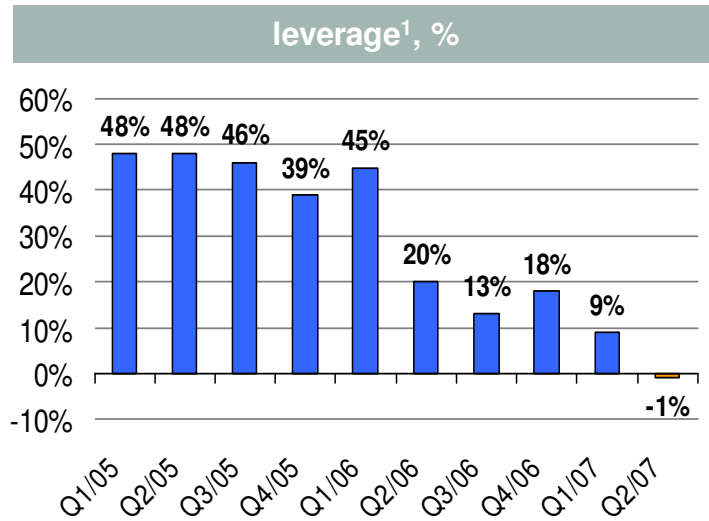
KEY BALANCE SHEET FIGURES AND NET FINANCIAL POSITION

EUR million

		2005	Q1/06	Q2/06	Q3/06	2006	Q1/07	Q2/07
Current assets		1.409	1.618	1.643	1.654	1.514	1.682	1.672
Cash and other cash equivalents	A	227	261	300	393	231	395	472
Other current assets		1.182	1.356	1.344	1.261	1.282	1.287	1.200
Non current assets		1.684	1.676	1.689	1.707	1.707	1.705	1.723
TOTAL ASSETS		3.093	3.293	3.332	3.361	3.220	3.386	3.396
Non interest bear liabilities		1.376	1.574	1.502	1.520	1.410	1.507	1.598
Interest bear liabilities	B	820	930	618	596	525	542	466
Equity		897	790	1.211	1.245	1.285	1.336	1.331
TOTAL LIABILITIES		3.093	3.293	3.332	3.361	3.220	3.386	3.396
Intercompany to unconsolidated subsidiaries	C	19.4	13.6	14.6	15.8	8.5	12.6	5.6
Net Financial Position (A-B+C)		-573	-655	-304	-187	-285	-135	12



KEY RATIOS



1. Leverage = $NFP / (NFP + Equity)$

2. after tax, quarterly figures are 1 year rolling

A photograph of an industrial refinery or chemical plant. The image shows several tall, dark structures, likely distillation columns or towers, with complex piping and scaffolding. The scene is set against a bright, hazy sky. The overall tone is industrial and somewhat somber due to the dark colors of the equipment.

Strategy Overview



Organic growth – 2006/2009

- 2-3 \$/bl refining margin improvement (1.2 \$/bl achieved by Q3/2007)
- CAPEX approx EUR 600 million of which half is maintain capacity
- expected after tax project IRR higher than 20%

External growth

- **IN OUR CORE BUSINESSES**
 - ✓ M&A opportunities in Refining, Marketing, Oil logistics (depots, pipelines,..)
- **IN RELATED SECTORS**
 - ✓ **WIND**: pipeline of projects in the permitting phase
 - ✓ **BIODIESEL**: 200,000 tons/year plant operational from 2008
 - ✓ **GAS EXPLORATION**: committed about EUR 10 ml for seismic tests

BASIS FOR INVESTMENT

- **high fire-power**
- **Stringent investment criteria:**
 - PROJECT IRR AFTER TAX 10- 20% depending on business segment
 - No growth for growth's sake
 - EPS accretive from day 1

A photograph of an industrial refinery or chemical plant. The image shows several tall, dark structures, likely distillation columns or towers, with complex piping and scaffolding. The scene is set against a bright, hazy sky. The word "Outlook" is overlaid in blue text on the left side of the image.

Outlook

SHORT TERM OUTLOOK

- Starting from the beginning of Q3 refining margins declined sharply on the back of recovering refinery utilization and pressure on crude oil market coming from fundamentals and from speculation
- **Medium term outlook remains positive** given the projected strong growth in oil demand (that IEA sees at 2.0-2.5% per annum) and the tight situation of the refining industry with soaring costs and tightening specifications
- **Processing contracts** (about **40%** of total refinery runs) provide an efficient protection during downturns in refining margins. These contracts have an embedded put option with a minimum guaranteed margin for **Saras of about 5.0-5.5 \$/bl** (after variable costs)
- The upgrades carried out during Q2/07 maintenance will allow an increase in diesel production of about 150,000 tons on an annual basis starting from Q3/07 with an estimated **impact on Saras margins of about 0.5 \$/bl**
- At the beginning of Q3 Saras decided to bring forward the catalyst substitution of one of its MildHydrocracking units previously scheduled for the last quarter of 2007. The activity was completed during the month of July 2007, with an impact on EBITDA at the lower end of the anticipated range of 7 to 10 million USD. This will allow Saras to fully benefit from the strong diesel demand that normally characterizes the last period of the year
- During Q4/07 there will be a planned maintenance at one distillation unit which will reduce runs by about 11% from normal levels (estimated runs in Q4/07 in the range of 24.5-25.2 million barrel)
- Gas exploration: seismic tests in Sardinia are continuing with encouraging preliminary findings; final results are expected by end 2008



Additional Information



REFINING

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	68.3	137.8	31.0	55.1	292.2	88.5	197.2
Comparable EBITDA	77.7	66.8	98.5	80.8	323.8	95.7	140.8
EBIT	53.2	120.0	13.8	36.8	223.8	70.7	179.6
Comparable EBIT	15.1	17.8	17.2	18.3	68.4	17.8	123.2
CAPEX	23	44	16	23	108	30	51
REFINERY RUNS							
Thousand tons	3.709	2.918	3.764	3.895	14.286	3.809	3.415
Million barrels	27.1	21.3	27.5	28.4	104.3	27.8	24.9
Barrels/day	301	234	299	309	286	309	274
Of which for third parties	46%	55%	47%	46%	48%	36%	40%
EMC benchmark	1.9	4.7	2.8	1.6	2.8	3.0	5.4
Saras refining margin	5.6	7.7	6.5	5.6	6.2	6.7	9.9



POWER GENERATION

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	63.1	52.3	52.6	52.0	220.0	53.7	52.3
EBIT	41.0	30.3	30.5	29.9	131.7	33.4	31.8
EBITDA ITALIAN GAAP	79.5	86.8	88.7	68.8	323.8	85.6	51.3
EBIT ITALIAN GAAP	66.3	73.3	75.2	55.2	270.0	72.4	37.9
NET INCOME IT GAAP	39.3	44.0	45.2	32.4	160.9	43.4	22.6
CAPEX	0	2	1	9	12	4	6
ELECTRICITY PRODUCTION Mwh/1000	1,155	1,136	1,147	999	4,467	1,215	934
POWER TARIFF €cent/Kwh	13.31	13.71	12.46	13.49	13.59	12.67	13.00
POWER IGCC MARGIN \$/bl	4.0	4.5	3.4	3.6	3.9	3.7	4.4



MARKETING

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	7.3	12.4	0.8	-5.4	15.1	3.0	17.3
Comparable EBITDA	3.4	6.7	9.3	5.4	24.8	5.5	7.2
EBIT	7.0	12.1	0.2	-7.6	11.7	1.7	16.1
Comparable EBIT	3.1	6.4	8.7	3.2	21.5	4.2	6.0
CAPEX	0	0	1	8	9	0	1
SALES (THOUSAND TONS)							
ITALY	263	236	238	276	1,013	255	268
SPAIN	540	535	537	594	2,204	680	652
TOTAL	803	771	775	870	3,217	934	920



Additional information

WIND

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	7.7	4.7	5.4	7.9	25.7	9.4	5.9
EBIT	5.8	2.8	3.3	5.6	17.4	7.1	3.6
NET INCOME	3.4	1.6	0.8	3.2	8.9	3.8	2.0
Adjusted NET INCOME	3.4	1.6	1.4	1.7	8.1	3.4	1.4
ELECTRICITY PRODUCTION							
Mwh	52,902	31,624	33,058	39,708	157,290	54,910	31,789
POWER TARIFF €cent/Kwh	7.4	6.7	8.1	8.2	7.4	7.6	9.9
GREEN CERTIFICATES €cent/Kwh	12.1	12.1	12.1	12.1	12.1	11.9	11.9

OTHER

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07
EBITDA	-0.6	-1.3	0.1	0.7	-1.1	0.1	-1.0
EBIT	-2.3	-0.5	-0.5	-0.4	-3.7	-0.5	-1.6
CAPEX	1	0	0	1	1	0	1



Additional information

From/To Multiply by	tonnes metric	Barrels	US Gallons	tonnes per year	BTU
tonnes metric	1	7.3	308	-	-
Barrels	0.14	1	42	-	-
US Gallons	0.003	0.02	1	-	-
barrels per day	-	-	-	50	-
MWh	-	-	-	-	3,412,000

Products	tonnes to barrels	barrels to tonnes
LPG	11.6	0.09
Gasoline	8.5	0.12
Gasoil	7.5	0.13
Fuel Oil	6.7	0.15

Source: BP Statistical Review of World Energy