SARAS

Analyst Presentation

Milan

13 June 2006

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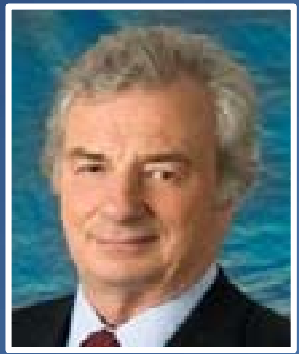
Saras speakers

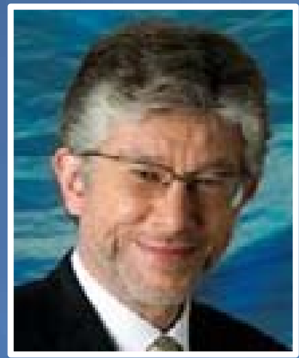


Paolo Alfani

Executive Vice Chairman and General Manager

With Saras since 1992

1969 – 1992
Esso Group

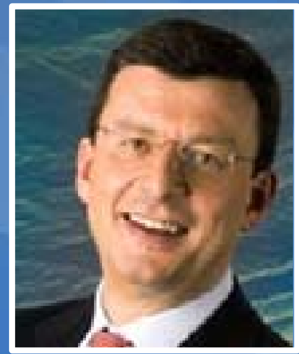


Corrado Costanzo

Financial Director

With Saras since 1989

Previously with
Banca IMI,
Ralston Purina Group



Dario Scaffardi

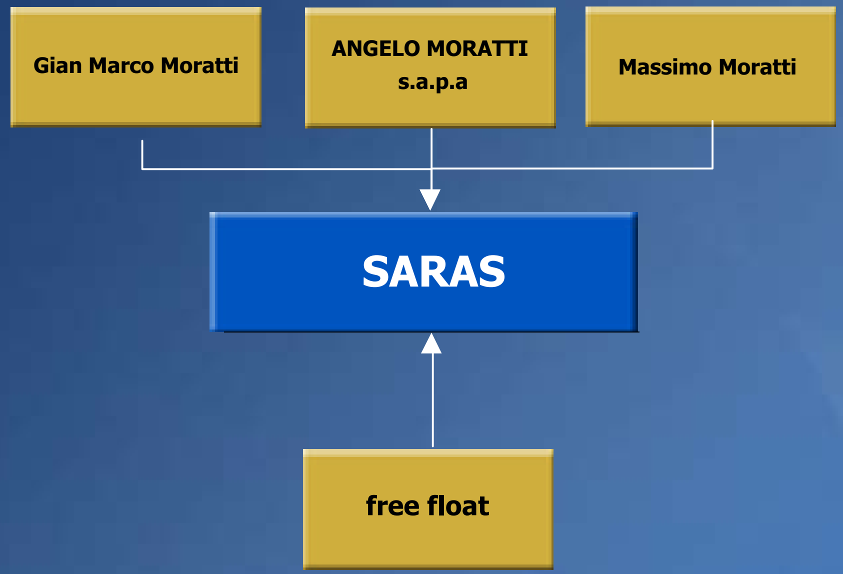
Supply and Trading Director

With Saras since 1995

Previously with
ENI, Cameli, Indutech

A long & successful history

Saras corporate governance



Internal audit committee

Gabriele Previati (chairman)

Gilberto Callera

Mario Greco

Compensation committee

Gilberto Callera (chairman)

Gabriele Previati

Mario Greco

Board of directors

Name	Age	Appointment
Gian Marco Moratti	69	Chairman
Massimo Moratti	60	CEO
Paolo Alfani	63	Executive Vice Chairman and General Manager
Angelo Gino Moratti	42	Vice Chairman
Gabriele Previati	67	Director
Angelomario Moratti	32	Director
Gilberto Callera	66	Independent Director
Mario Greco	46	Independent Director

Experienced and committed management team

Gian Marco Moratti	**Chairman**
Massimo Moratti	**CEO**
Paolo Alfani	**Executive Vice Chairman and General Manager**
Angelo Gino Moratti	**Vice Chairman**
Gabriele Previati	**Director**
Angelomario Moratti	**Director**
Gilberto Callera	**Independent Director**
Mario Greco	**Independent Director**

G. M. Moratti

F. Bellelli
- Internal Audit Manager

D. Mizzi
- Public Affairs Director

P. Alfani
- Executive Vice Chairman and General Manager, in Saras since 1992
- 1969-1992 Esso Group

G. Nuzzo
- Assistant to the General Manager, in Saras since 1986
- 1965-86 Esso Group

E. Padova
- General Counsel, in Saras since 1983

M.T. Bocchetta
- Public Relations Manager, in Saras since 2000
- Previously Confindustria

F. Ballerini
- Administrative Director, in Saras since 1996
- 1991-96 Waste Management
- 1976-90 Arthur Andersen

C. Costanzo
- Financial Director, in Saras since 1989
- 1981-87 Ralston Purina Group

D. Bruzzone
- Marketing Director, in Saras since 2003
- 2000-03 Ultragas
- 1995-00 Shell Italia

G. Citterio
- Technical Director, in Saras since 1987
- 1984-87 Total

F. Marini
- Planning and Control Director, in Saras since 1982

D. Scaffardi
- Supply and Trading Director, in Saras since 1995
- Senior trader in Cameli and Indutech

A. M. Gregu
- Refinery Director, in Saras since 1987

M. Foscoliano
- Strategic Resources Director, in Saras since 1974

Company overview

Investment summary

Top quality asset

- Third most complex supersite refinery in WE: 7.9
- Fully compliant with 2009 EU diesel specifications

Unique business model

- About 70% of non standard crudes
- Full integration with IGCC and petchem plants

Strong and stable cash flow generation

- Superior overall margin: 11.5 $/bbl in 2005
- Stability from third party processing and power generation

Strategy geared towards value creation

- €500 mm capex in 2006-2008 to increase complexity
- Pre-empt investments to exploit long term synergies between refining, power and gas

A leading independent energy group

SARAS GROUP

Refining

Saras

- 300,000 bbl/day capacity
- #3 supersite for complexity[1] in Western Europe (WM complexity index 7.9)
- Full integration with IGCC & petchem plants

Power generation

Sarlux

- World's largest liquid fuel IGCC plant
- 575MW installed capacity
- CIP6 incentivised tariff
- Priority of dispatch

Marketing

Arcola Petrolifera & Saras Energia

- 3 million tons of refined products sold in 2005
- Owned depots in Arcola (Italy) & Cartagena (Spain)
- 40% of Sardinian wholesale market

Others

Akhela & Sartec

- Akhela: Information Technologies
- Sartec: Industrial Services

Wind

Parchi Eolici Ulassai

- 72MW wind park benefiting from Green Certificates
- Priority of dispatch
- Start-up end 2005

2005 IFRS EBITDA by business (€mm)

Refining	Power generation	Marketing	Others	Wind
531	269[2]	44	(4)	Startup

[1] Source: Wood Mackenzie, February 2006

[2] 100% Sarlux Italian GAAP financials

FULL CONSOLIDATION AREA FROM Q2/06

Fully invested integrated refinery

Early 90's	Late 90's - Early 00's	2005

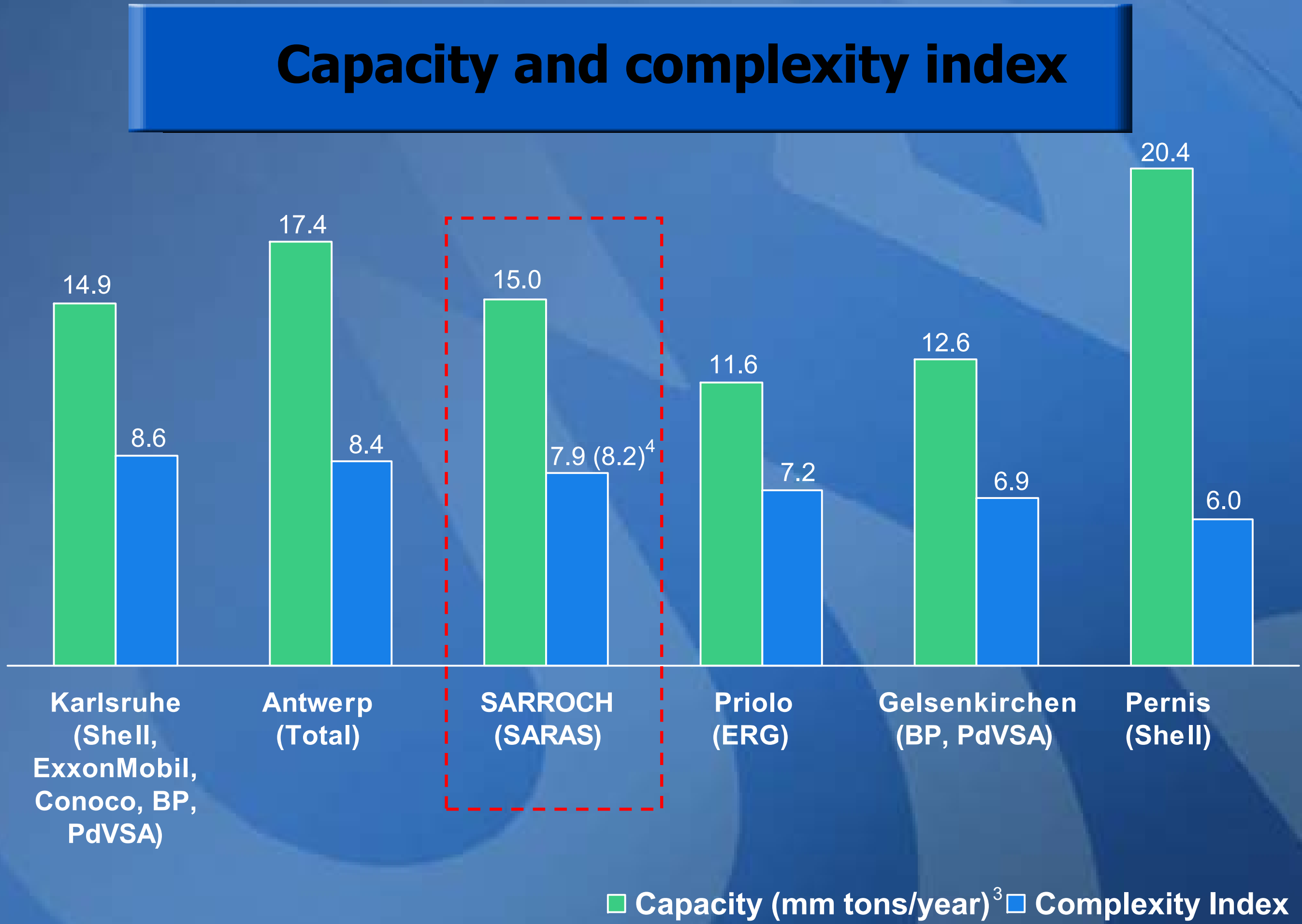
Complexity, Integration, Diversification

€400mm	€1,200 mm	€100+ mm
FCC expansion, Hydrocracking & Desulphurization	High pressure Hydrocracking, Etherification & IGCC	Wind park

Optimal investment timing

Third most complex supersite in WE

- One of the six supersites in Western Europe[1]
- 300,000 bbls/day capacity
- Biggest refinery in the Mediterranean area, covering 15% of Italian capacity
- 20 plants within Sarroch site[2]
- Petrochemical integration and gasification not fully considered in Wood Mackenzie analysis



[1] Wood Mackenzie February 2006
[2] 19 plants owned by Saras plus the IGCC unit owned by Sarlux
[3] Actual capacity utilized
[4] with 100% of Sarlux
Source: Wood Mackenzie February 2006

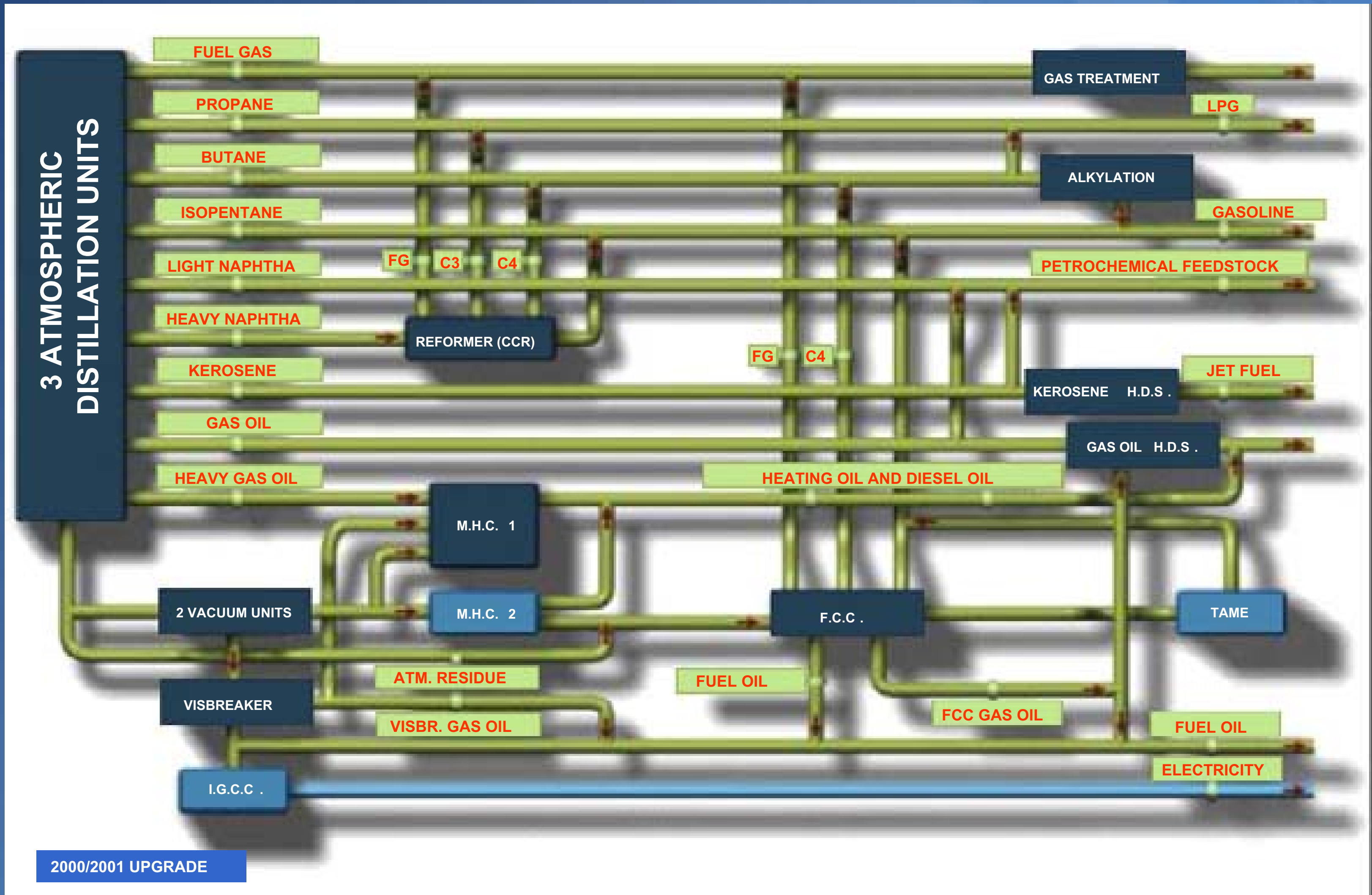
Sarroch Refinery is the heart of Saras activity

Strategic geographic location

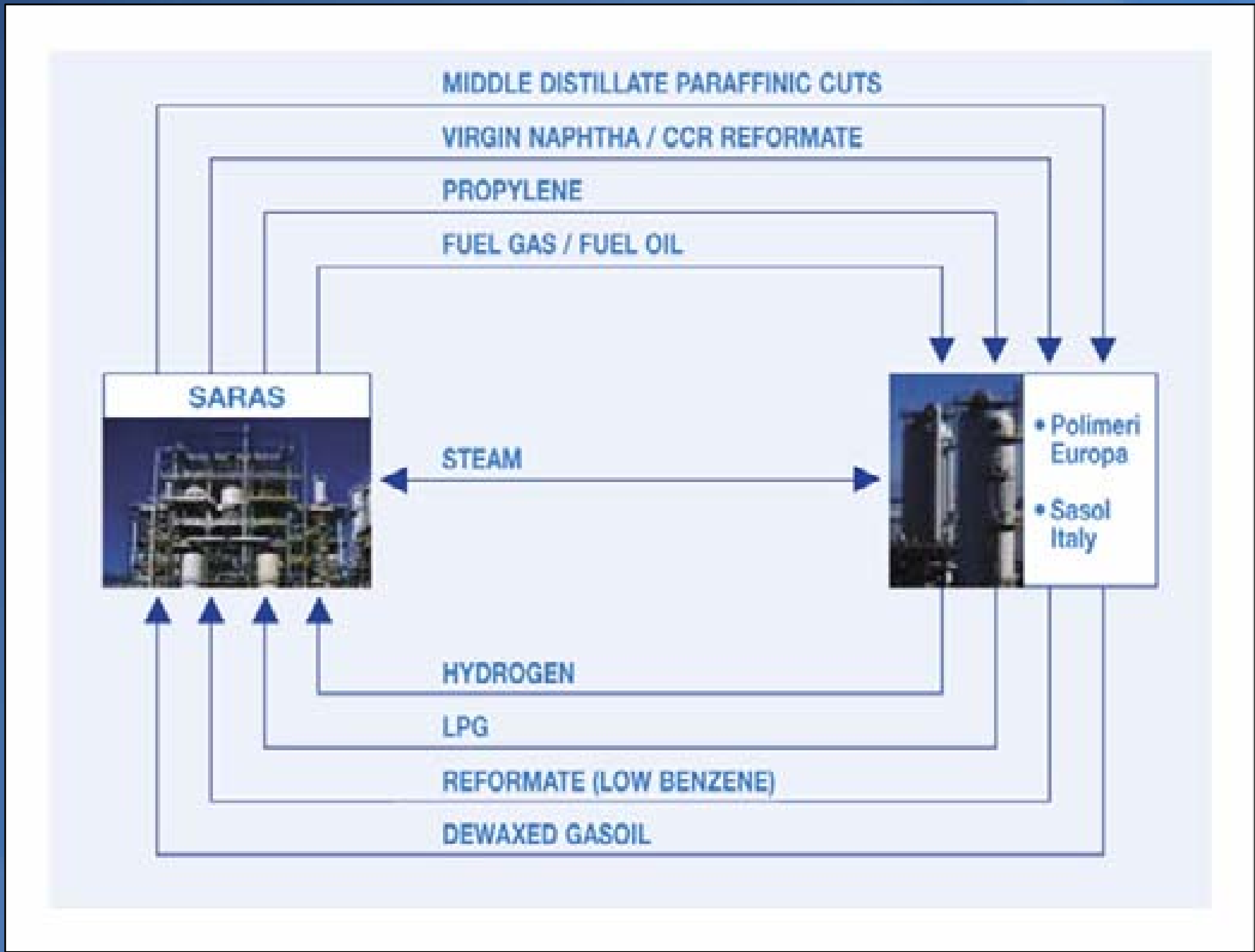
- Ideal logistic position thanks to coastal location in South Western Sardinia
- In the middle of the Mediterranean Sea, Sardinia is on the crossroad of the world's most important oil routes
- Close to some of the most relevant oil production areas in the world
- Close to important products markets such as Southern Europe and North Africa

Sarroch site location

Refinery configuration

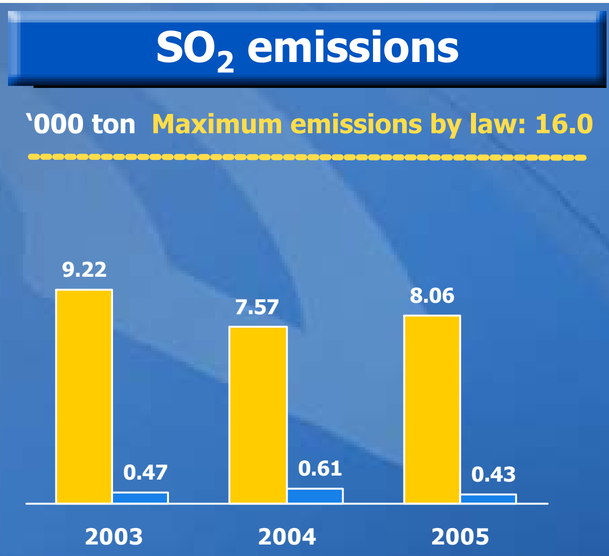


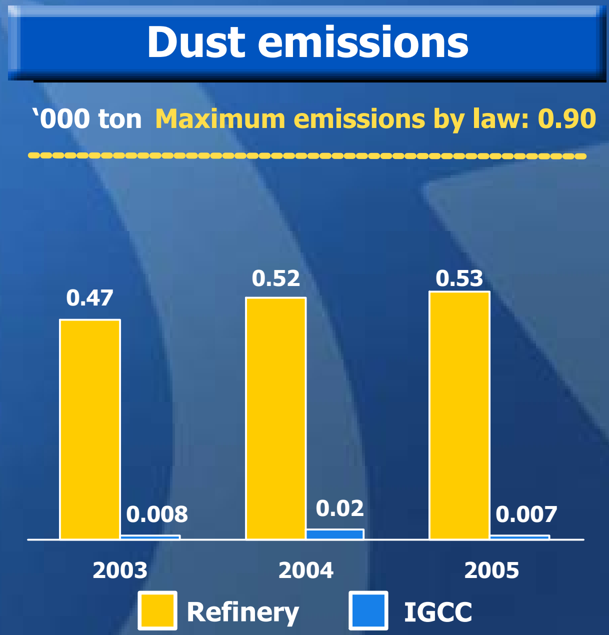
Petrochemical integration



Strong environmental policy

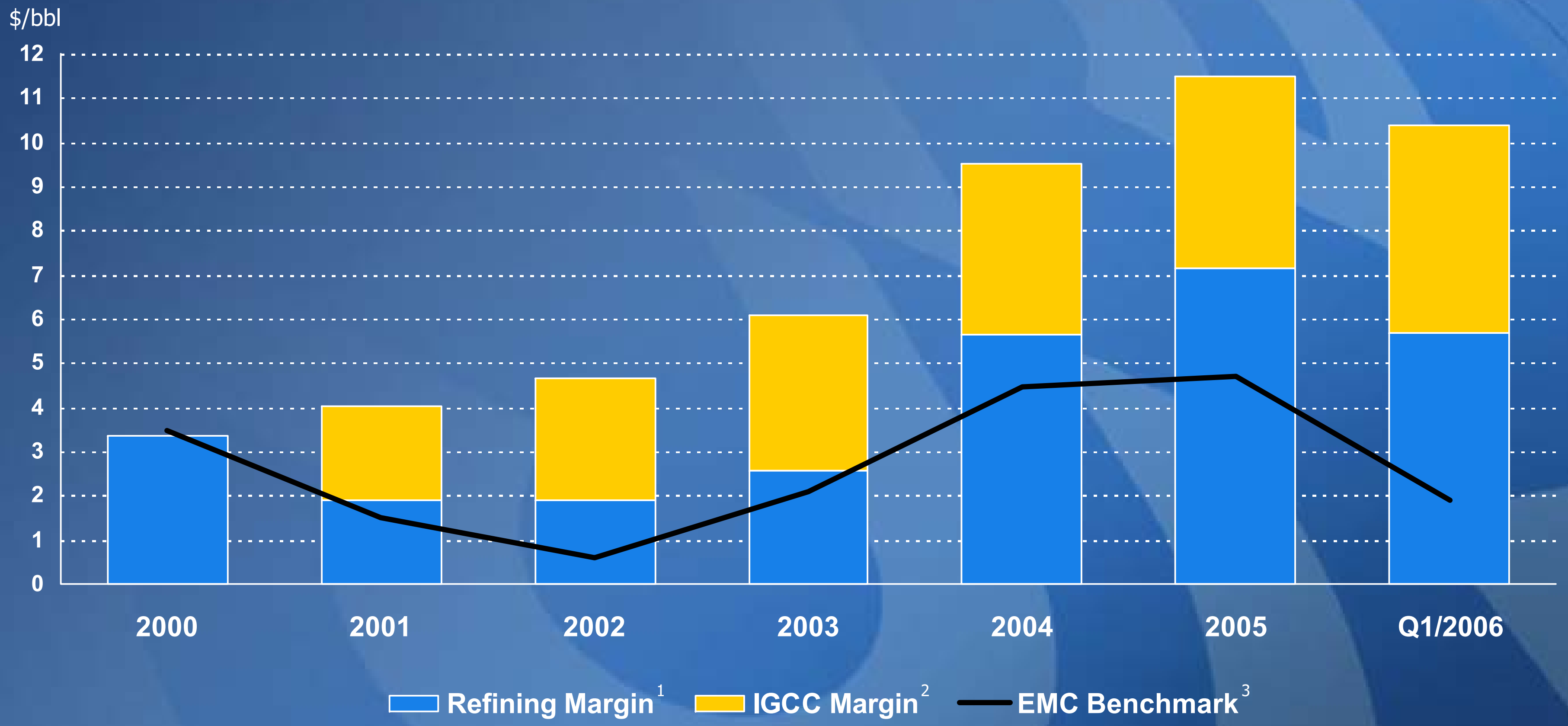
- Saras is ISO 9001 and ISO 14001 certified
- Paramount attention is devoted to environment and safety
- Saras internal policies are consistently more stringent than legal requirements





Track record of superior margins

Integrated refining & power generation margins



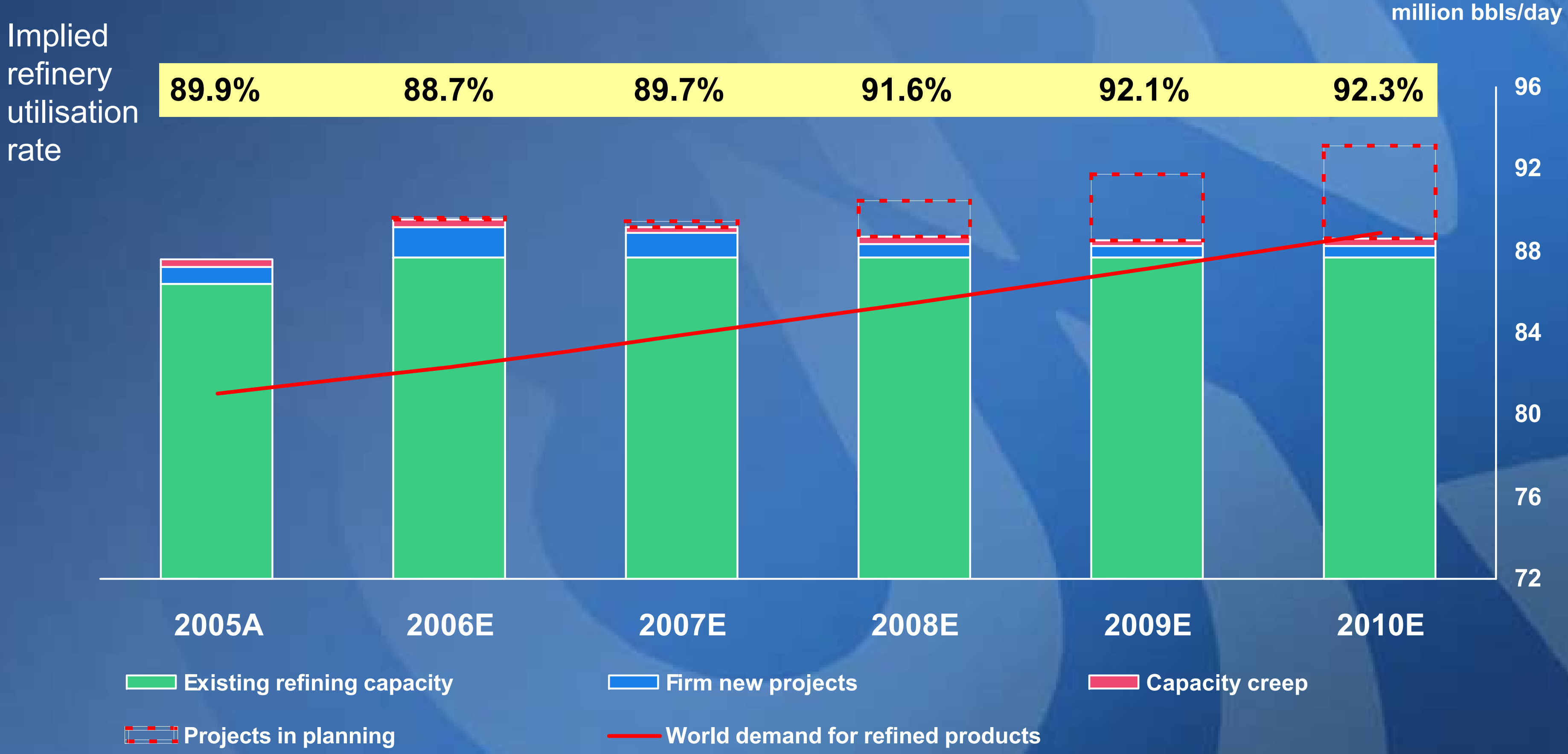
[1] Margin, based on management accounting, calculated as revenues (sales, fees and change in inventory) minus variable costs divided by actual refinery runs
[2] IGCC Margin, based on management accounting, calculated as 100% of Sarlux revenues minus variable costs divided by actual refinery runs
[3] Benchmark is 50% Ural - 50% Brent margin provided by EMC based on FOB Mediterranean prices

Note: Margins of other industry participants may be calculated in different ways and may not be exactly comparable to ours

Market outlook

Positive industry outlook

World demand for refined products and refining capacity



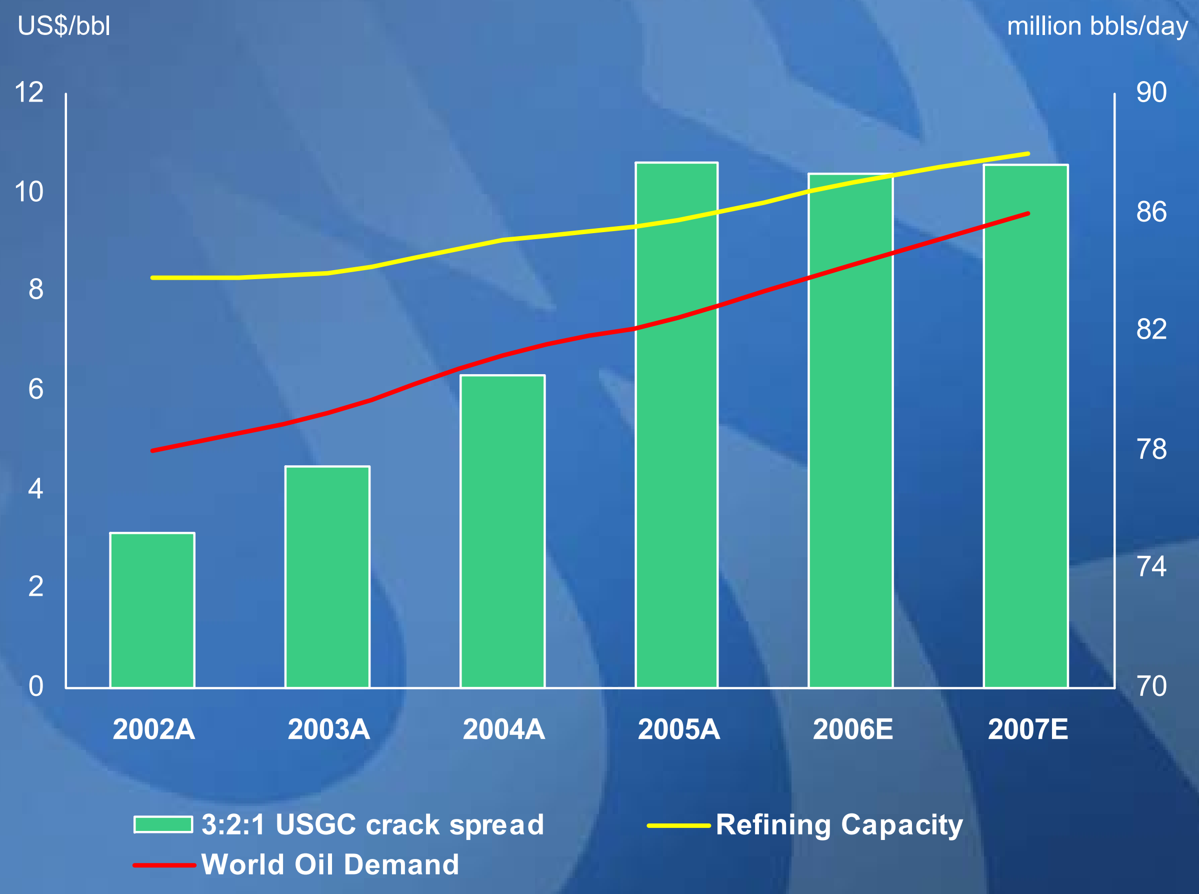
Source: EMC

Refining margins are benefiting from tightening of supply/demand spread

World oil demand, refining capacity and margins

- Refining margins have steadily increased since 2003

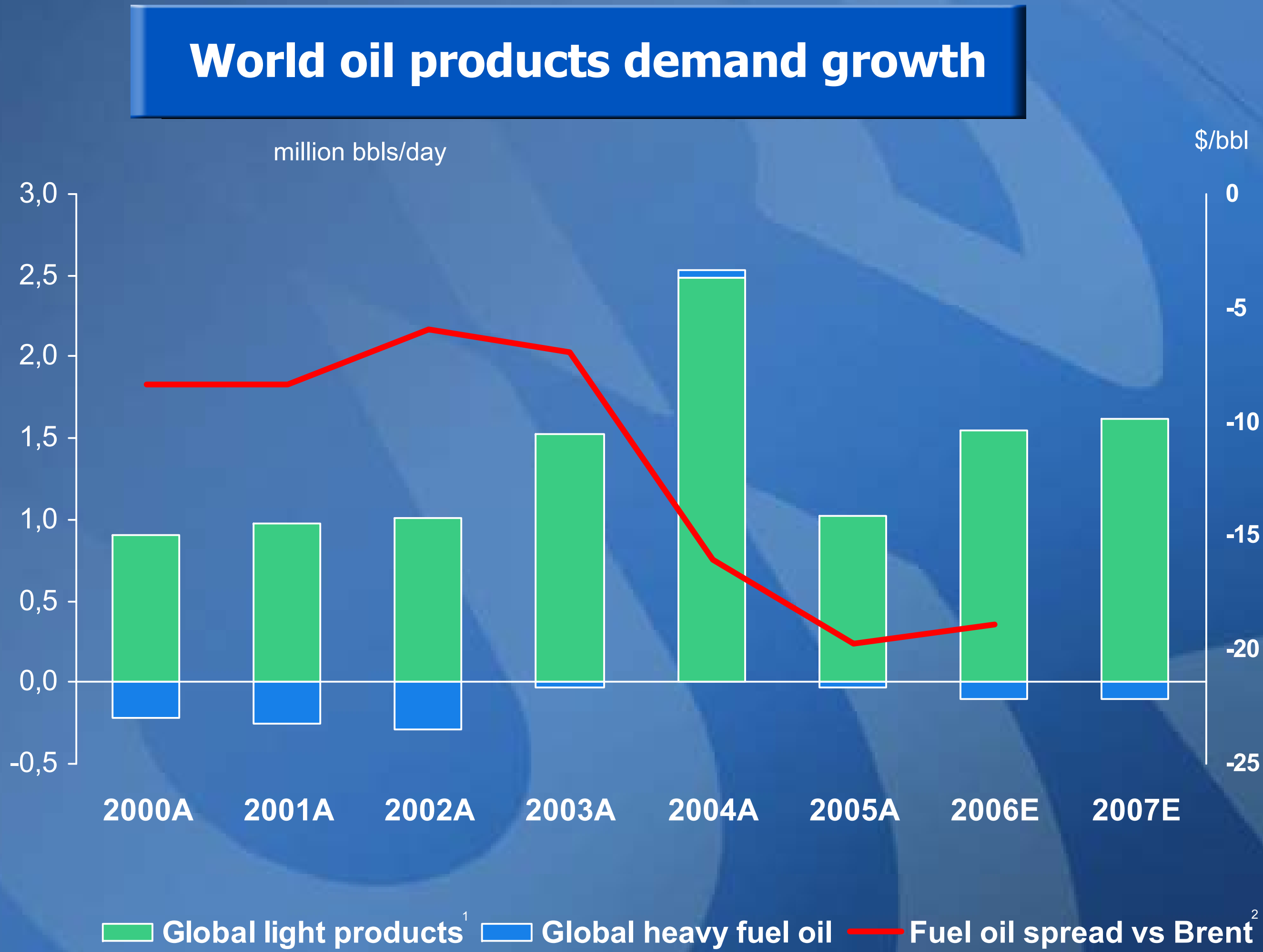
- Refining margins forecasted for next few years remain very positive



Source: Saras elaboration on EMC and CERA data

Price spread between light and heavy products is increasing

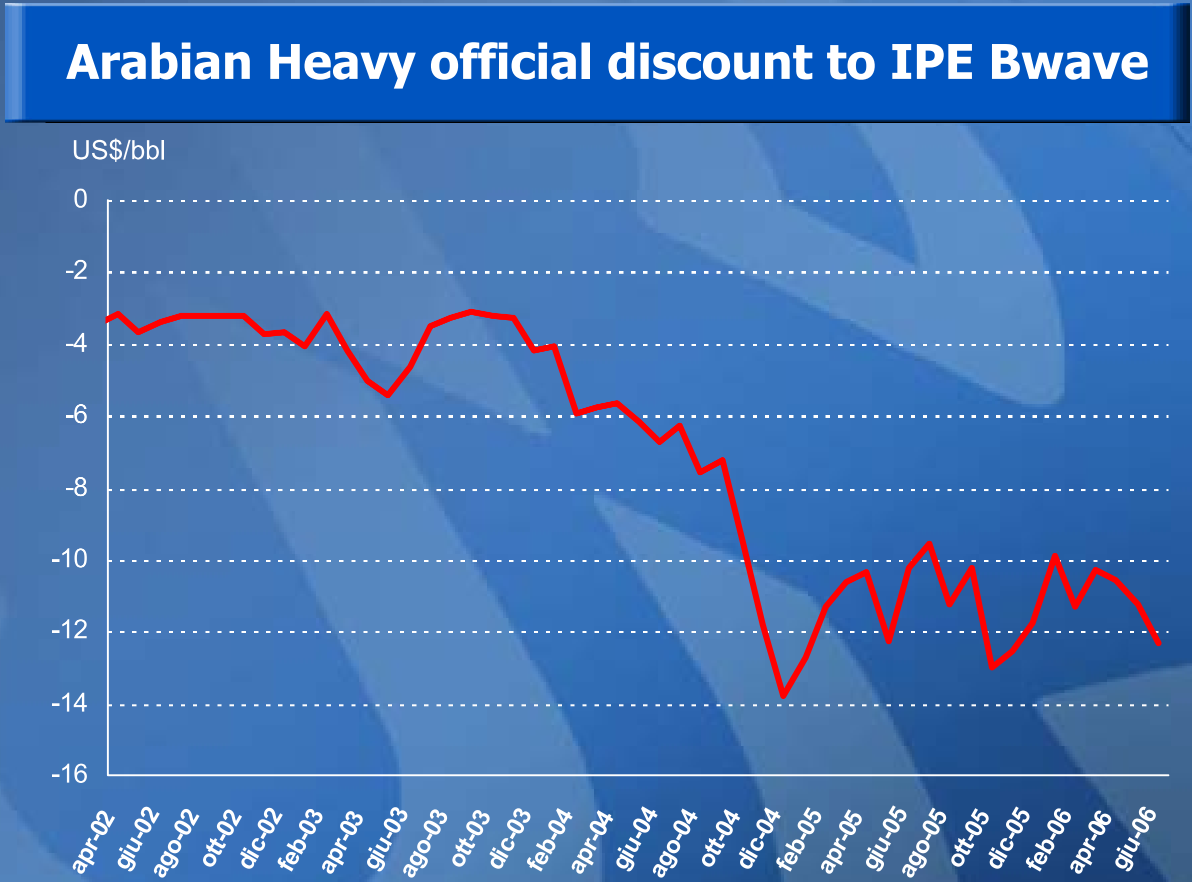
- Growth in oil demand is almost exclusively for light products
- Demand for fuel oil is decreasing
- Environmental regulations are phasing out high sulphur products



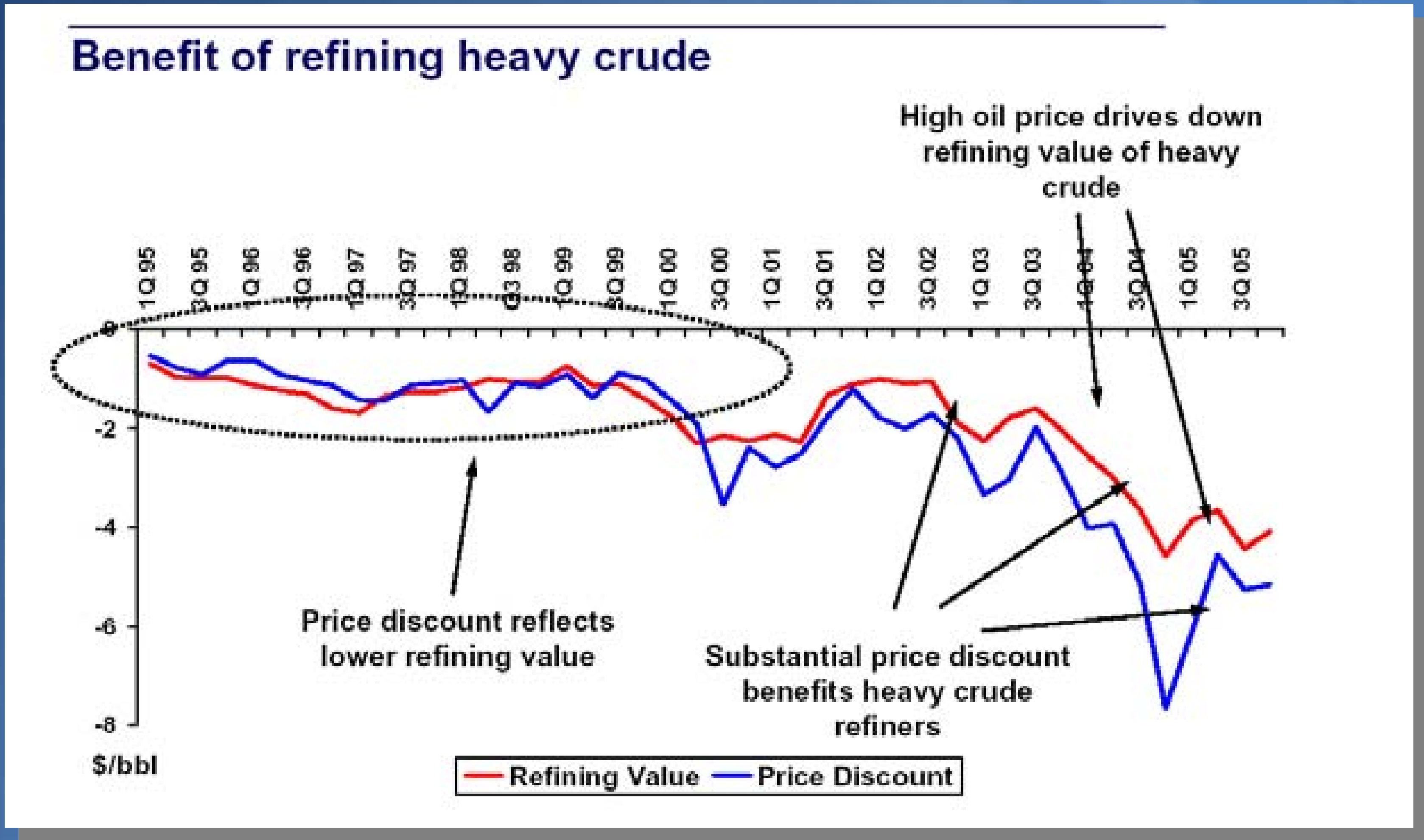
[1] Light products include gasoline, naphtha, jet/kero, distillate, and LPG
[2] High FOB Fuel oil 3.5% MED minus Brent dated
Source: Saras elaboration on CERA (Alert Winter 2006, World Oil Watch) and Platts data

..as well as price spread between light sweet and heavy crude oils

- Price differential between light sweet and heavy sour crude oils has been steadily increasing
- Increased production of heavy sour crude oils
- Sweet crude oils are best suited to use spare/ incremental capacity



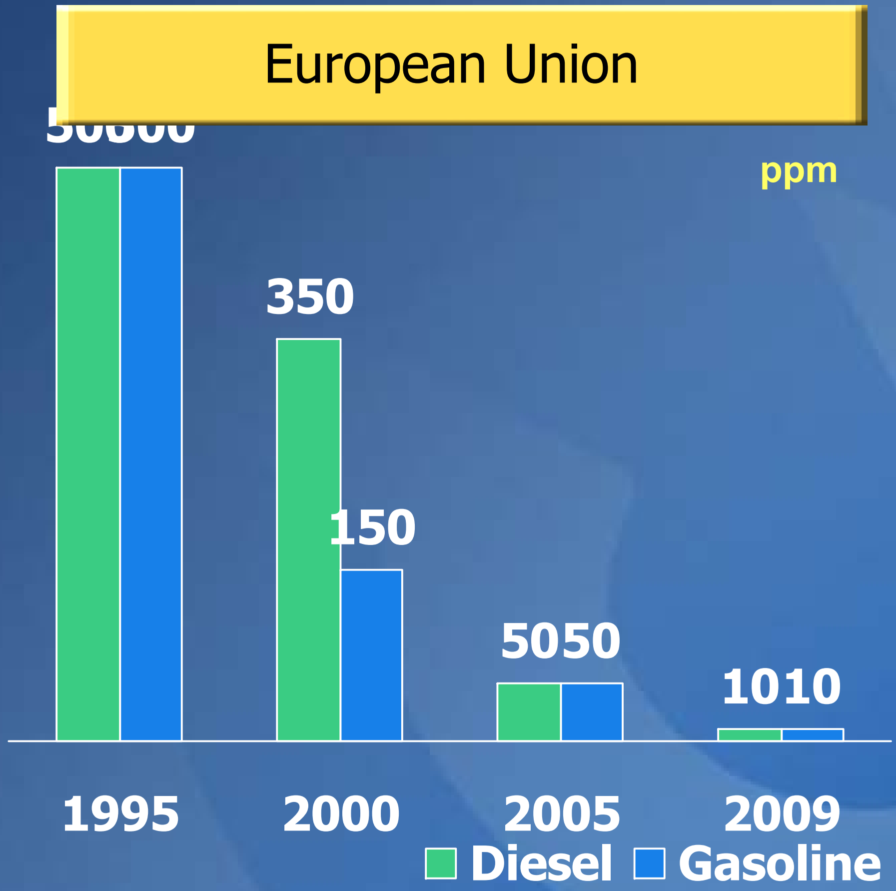
Increase of heavy crude oil price discount benefits heavy crude oil refiners



Source: Wood Mackenzie, Downstream Oil discussion materials, January 2006

Changes in enviromental specifications create opportunities for refiners…

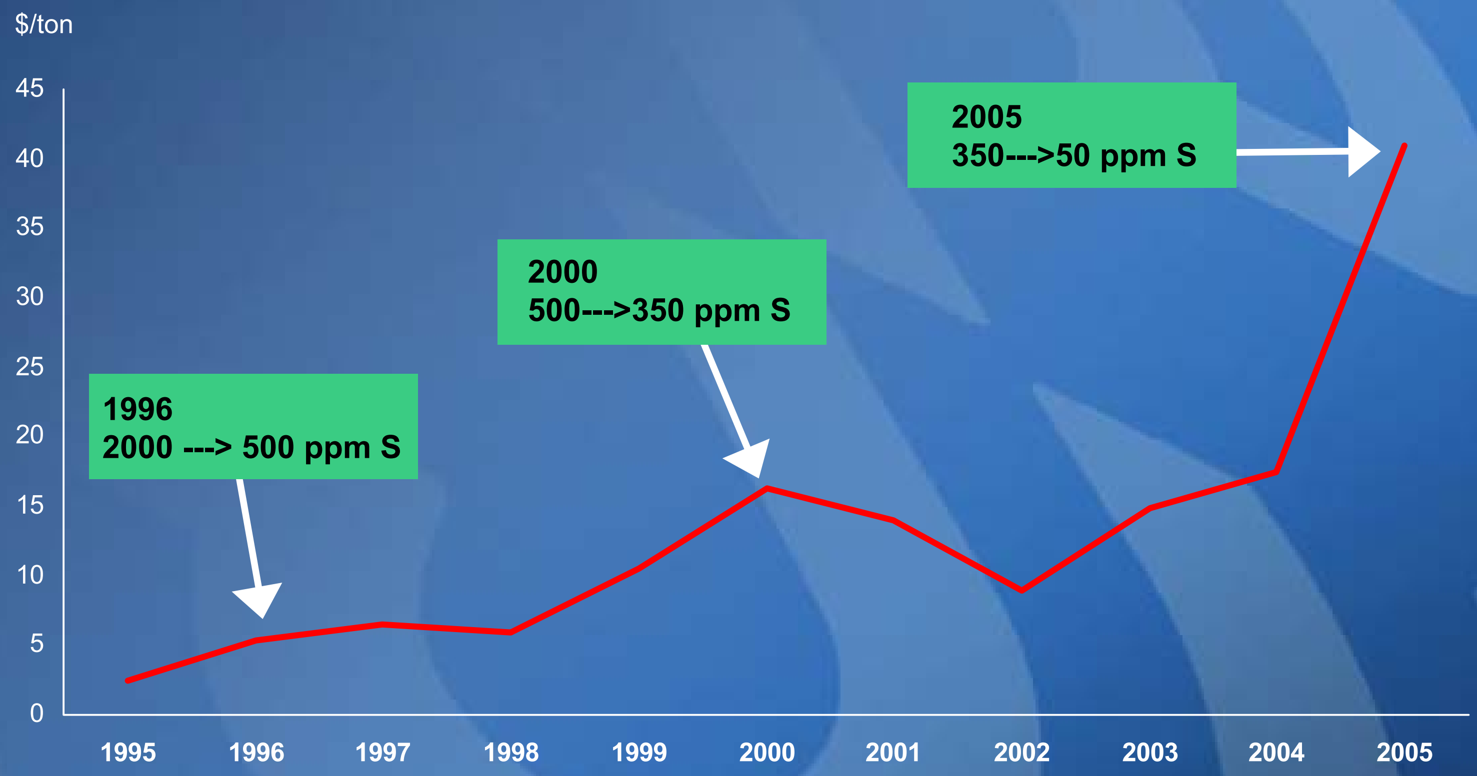
Evolution of gasoil and gasoline sulphur specifications



Country	Gasoline (ppm sulphur) current	Gasoline (ppm sulphur) future	Gasoline (ppm sulphur) starting from	Diesel oil (ppm sulphur) current	Diesel oil (ppm sulphur) future	Diesel oil (ppm sulphur) starting from
European Union	50	10	2009	50	10	2009
USA	300	30	2006	500	15	2006
Canada	30	-	-	500	15	2006
Australia	150	50	2008	500	10	2009
Japan	50	10	2007	50	10	2007
Singapore	500	150	2007	500	50	2007
China	500	350	2006	500	150	2007

..and are important driver for gasoil prices in the med

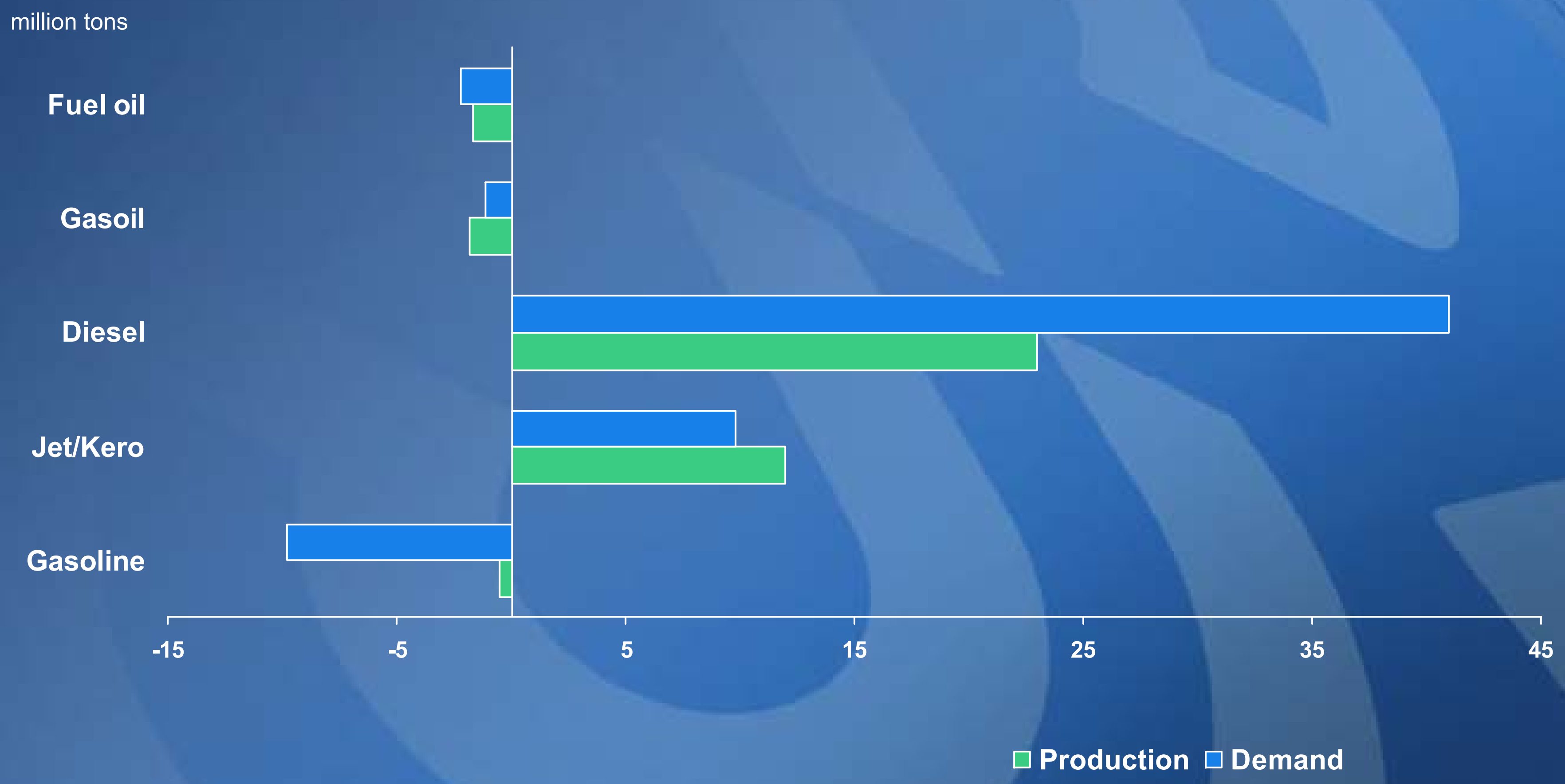
Diesel vs Heating Gasoil[1] spread



[1] Differential High FOB EN590 and ULSD 50 ppm vs Gasoil 0.2%, MED
Source: Platts

Diesel demand growth outpaces capacity in Europe

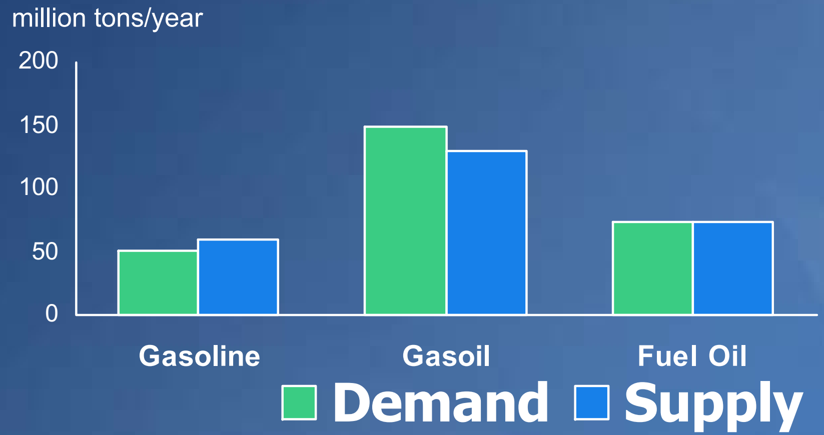
2005-2010 incremental production vs demand



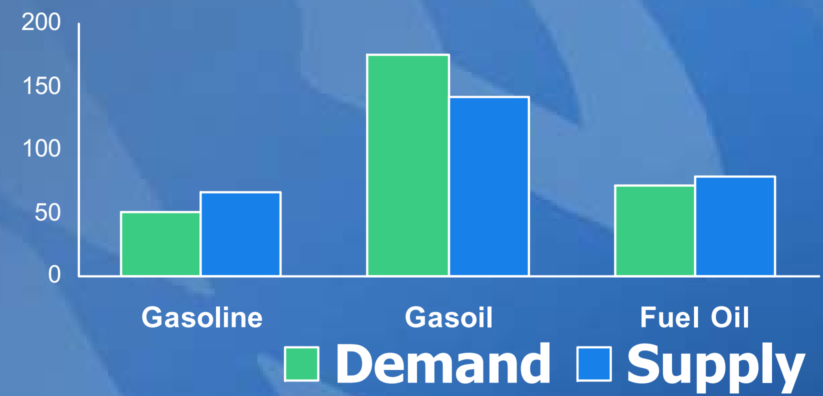
Source: Saras elaboration on Wood Mackenzie data (Downstream Oil discussion materials, January 2006)

Developed countries are characterized by stable consumptions

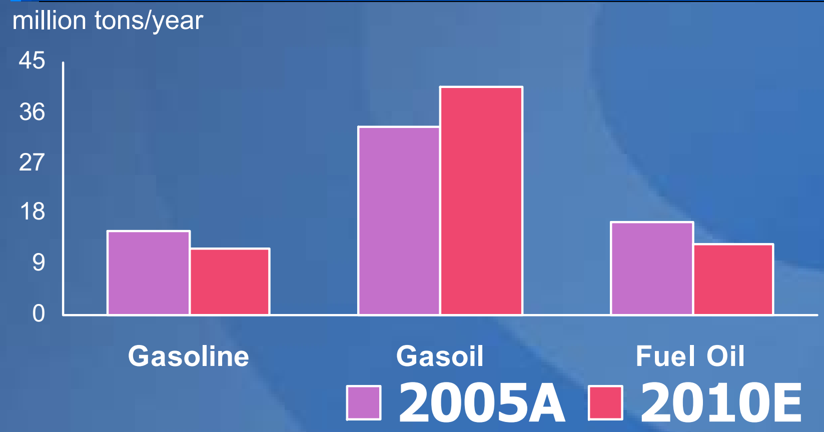
2005 Mediterranean demand and supply



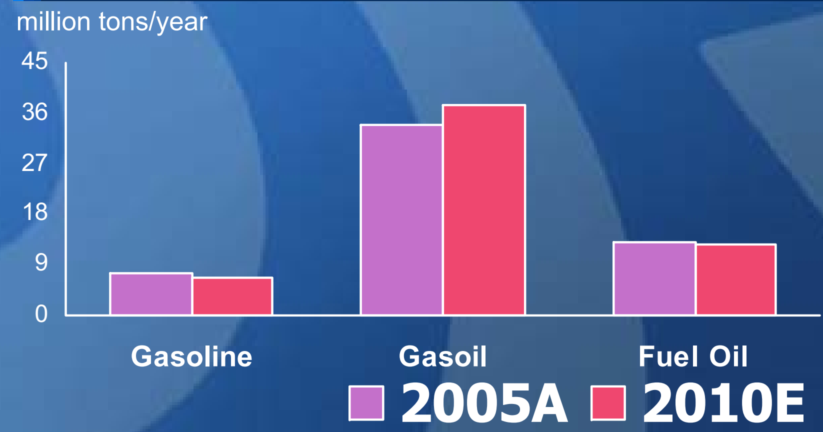
2010 Mediterranean demand and supply



2005-2010 Italian demand



2005-2010 Spanish demand



Source: Wood Mackenzie, The long and short of it – European Product Imbalance and their implications, April 2005


Business
description

A unique business model

3rd party crudes ~ 50%

Non-standard crudes
68%

Saras' purchased crudes ~ 50%

Full integration between production, planning & commercial

Synergies from optimal crude selection

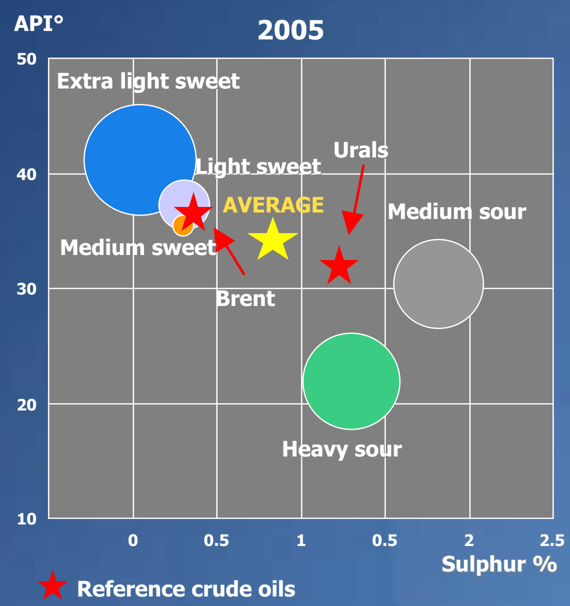
Maximum production of high value products

Saras' 2005 sales

	3rd party liftings	Cargo market	Sarlux	Marketing
mm tons	3.0	9.1	1.2	2.5

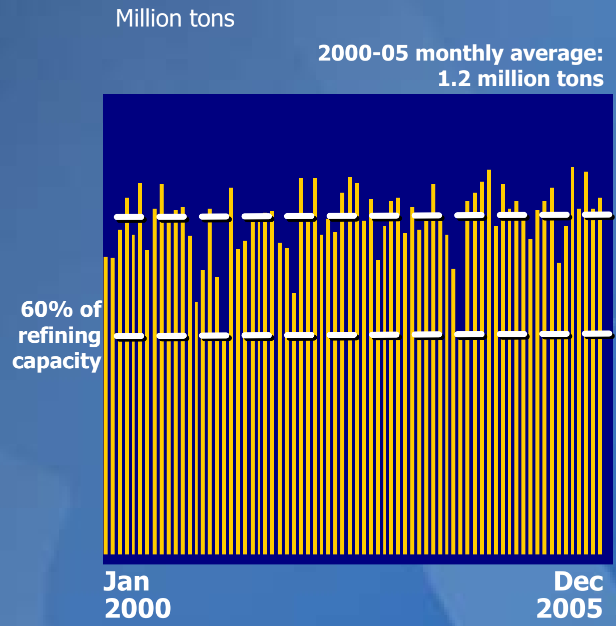
Flexibility, reliability & full integration

Over 65% of non-standard crude oils

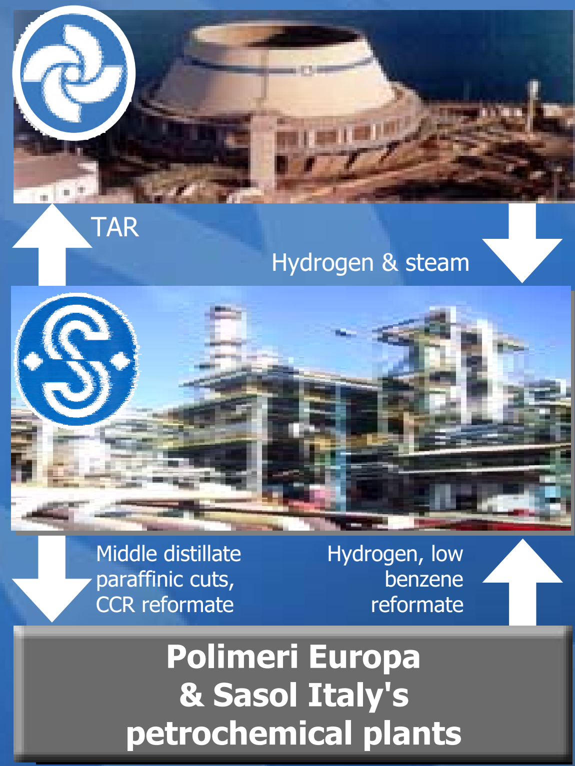


Unique blending of crude oil slate & superior ability to refine non-standard crude oils

Monthly crude oil runs



A single asset refinery based on 3 independent production trains



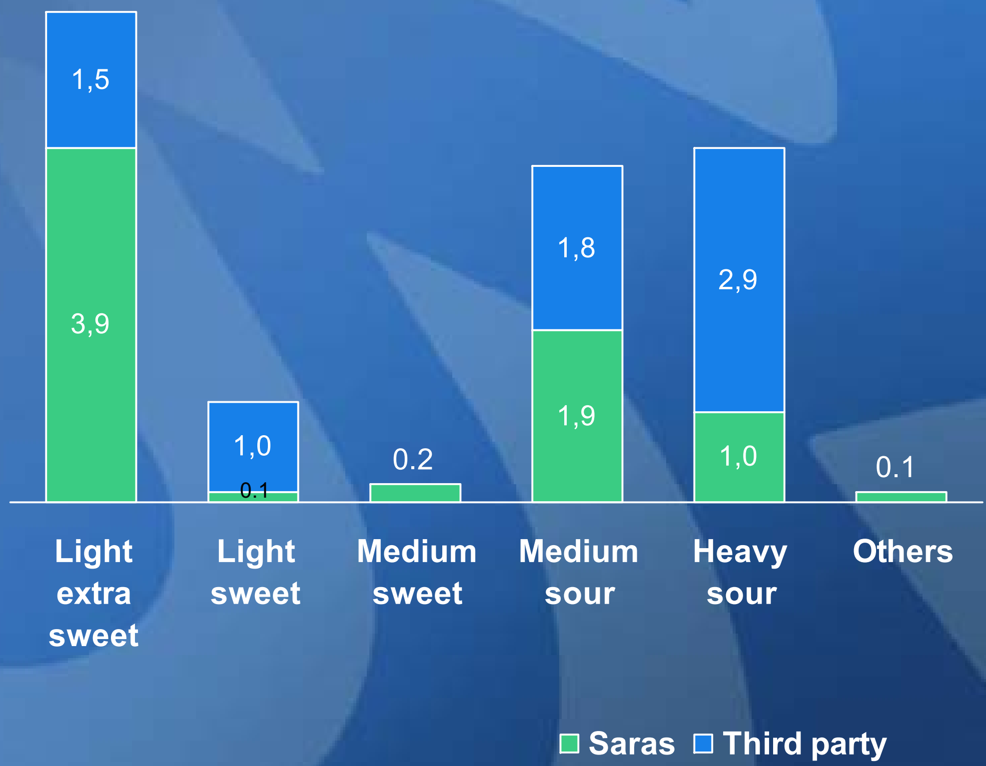
Full integration with IGCC & petrochemical plants

Purchase and third party contracts guarantee optimum feedstock mix to the refinery

- To guarantee the supply of appropriate crude oils, Saras has purchase and processing contracts
  - The choice between the two depends on economics, stability and realistic market opportunities
- A business approach with equal emphasis on commercial as well as technical aspects has allowed Saras to develop long term relationships with counterparts able to provide specific crude oils and guarantee stability

2005 Crude oil refined

14.4 million tons



Key features of third party processing

- Saras' processing contracts are grade specific, processors can deliver various crude oils but only within a certain family for which Saras has specific need/interest

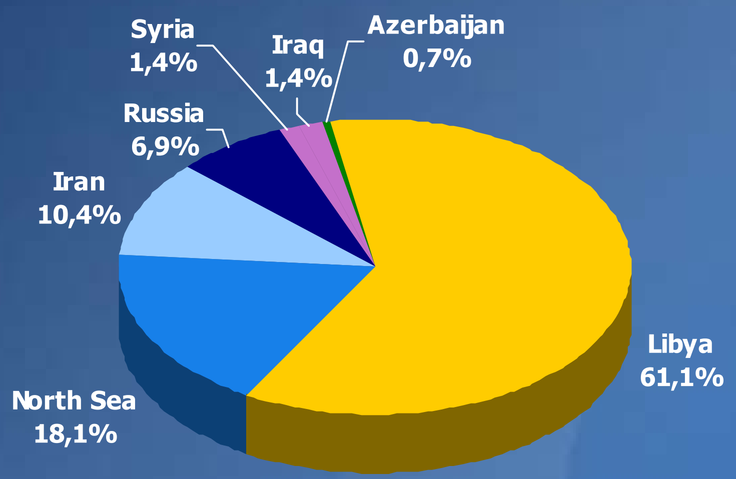
- Processing fee composed of:
  - Fixed element in the range of 16-22 $/ton
  - Profit and loss sharing element
  - Optimization (main component is difference between contractual and technical yields)

- Advantages of processing:
  - Access to special crude oils otherwise difficult to acquire
  - Long term stability of supply
  - Reduced exposure to downturns through a fixed component of the fee
  - Positive upside exposure through variable component of the fee linked to market
  - Synergies from optimal blend of crude oils and optimization of production
  - Reduced financial exposure, in particular to inventory size and fluctuation

High percentage of distillates yield

2005 Crude oil runs by geography

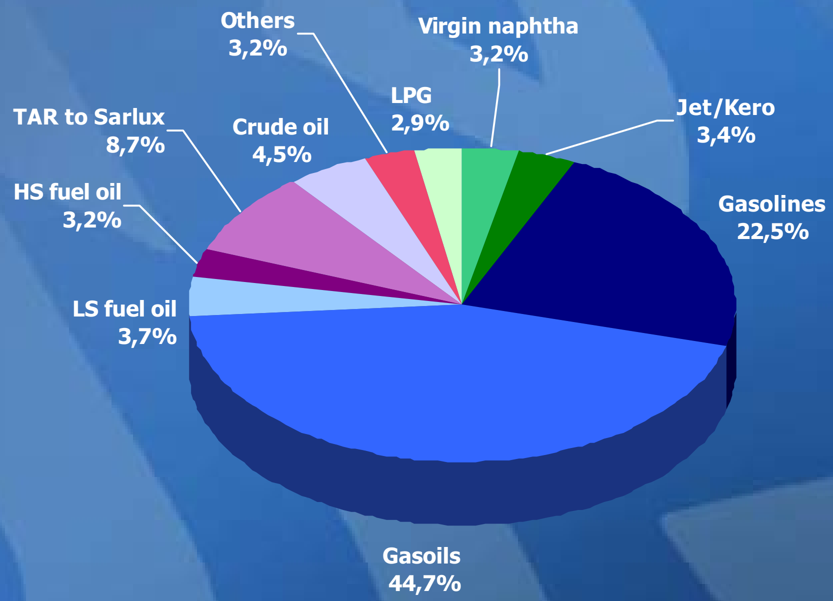
14.4mm tons



- Libyan ports 1-2 day sailing time from Sarroch

2005 Refined product sold

12.8mm tons



- 3.9 mm tons bought-back from processors

Sarlux is unique

Largest existing liquid fuel IGCC

- Installed capacity of 575MW

3 independent trains

- With two trains in operation power production is at 74% of maximum capacity
- High level of maintenance flexibility: 2003-05 average availability in excess of 90%
- Strong track record of reliability: 2003-05 average forced outage rate lower than 3%

Full integration with the refinery processes

- Important, efficient and stable source of steam and hydrogen for refinery conversion plants
- Shares sulphur disposal/treatment, water treatment and other utilities with the refinery to optimize efficiency and costs

High level of efficiency

- Extremely low consumption of gasoil: in 2005 it accounted for only 1.3% of energy produced
- More than 12 months between programmed maintenance stops

Long term CIP6 tariff

Dispatching priority until 2021

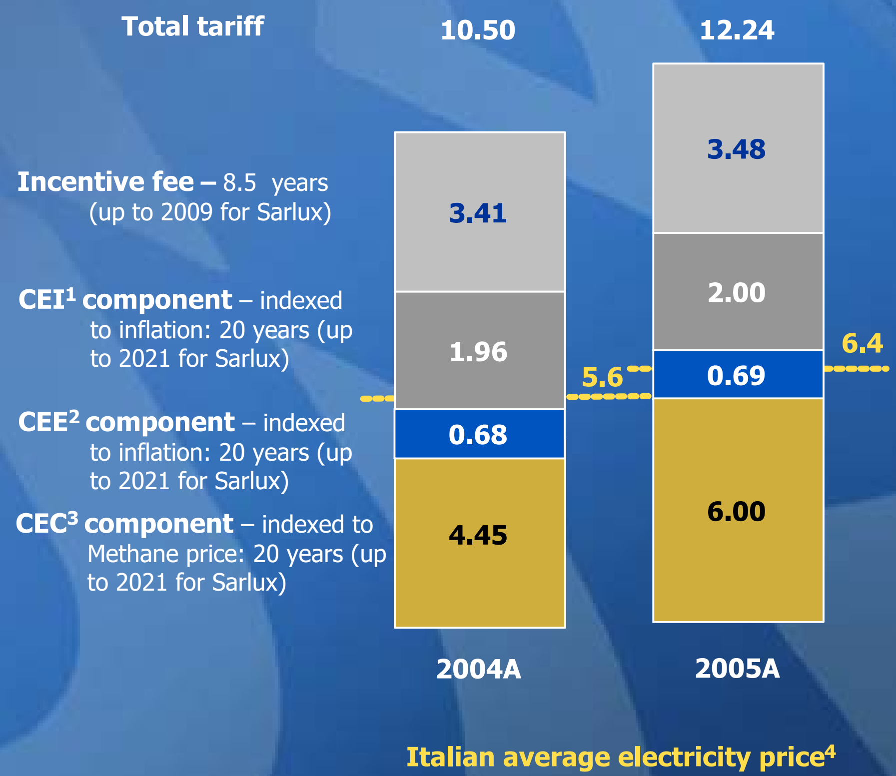
Fixed tariff calculation (CIP6) until 2021

Full integration with the refinery

Availability > 90%

CIP6 tariff components

€cent / KWh



[1] Costo Evitato d'Impianto
[2] Costo Evitato d'Esercizio
[3] Costo Evitato di Combustibile
[4] Source: GME (Gestore Mercato Elettrico)

Saras marketing activity is focused on Italy and Spain

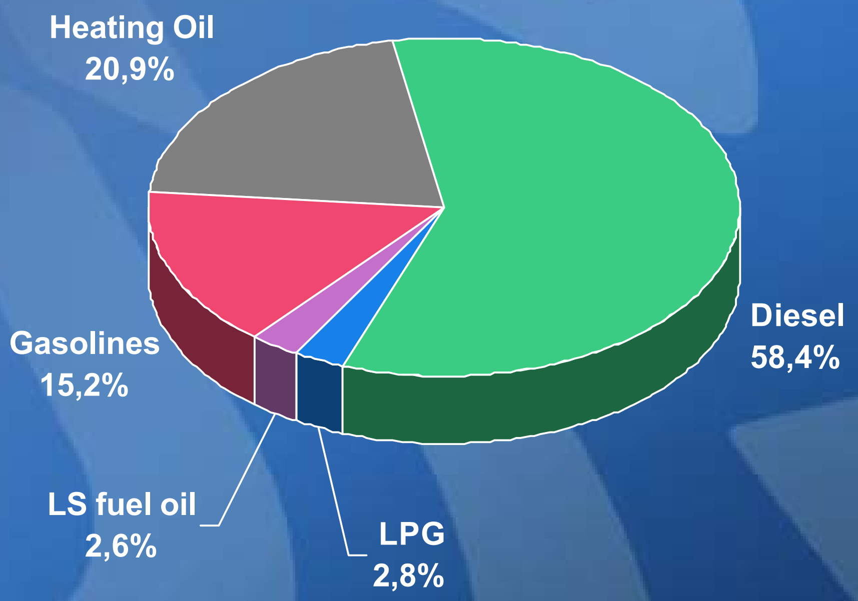
- Saras fully owns two marketing companies, Arcola Petrolifera and Saras Energia, operating respectively in Italy and Spain

- Marketing clients are mainly:
  - Wholesale retailers
  - Unbranded petrol stations
  - Supermarkets

- Saras provides the vast majority of the refined products marketed by Saras Energia and Arcola Petrolifera

2005 Volume of products sold

3.0 million tons



Note: Conversion factors for Gasolines and Gasoils are 0.755 and 0.845 tons/m³ respectively

Arcola Petrolifera

- Arcola Petrolifera markets refined products in Sardinia and on the Italian mainland

- It sells mainly to wholesale outlets and does not have any retail network

- On the mainland the main base of operations is Arcola (close to the port of La Spezia) where it owns a 200,000 cm depot with a marine terminal able to berth vessels of up to 35,000 tons sdwt

- It is also active in Civitavecchia, Livorno and Ravenna where it has long term storage rights with independent operators

Saras Energia

- Saras Energia activities in Spain are mainly focused on the wholesale market, which also covers the supply of unbranded petrol stations as well as supermarkets

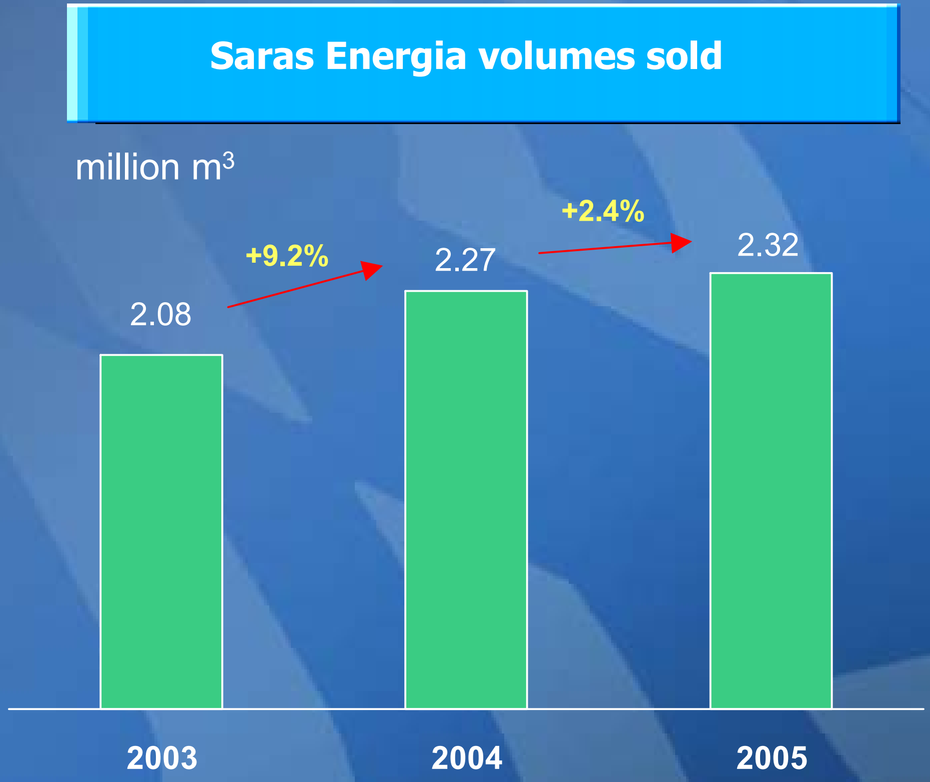
- Products are sold predominantly in the south-east region, where in 2002 the company started-up a new terminal (Cartagena) with a storage capacity of 110,000 cubic meters

- Recently bought 37 service stations mainly located in the South of Spain

Saras Energia is one of the major players in the wholesale business in Spain

- In recent years Saras Energia outpaced Spanish average market growth

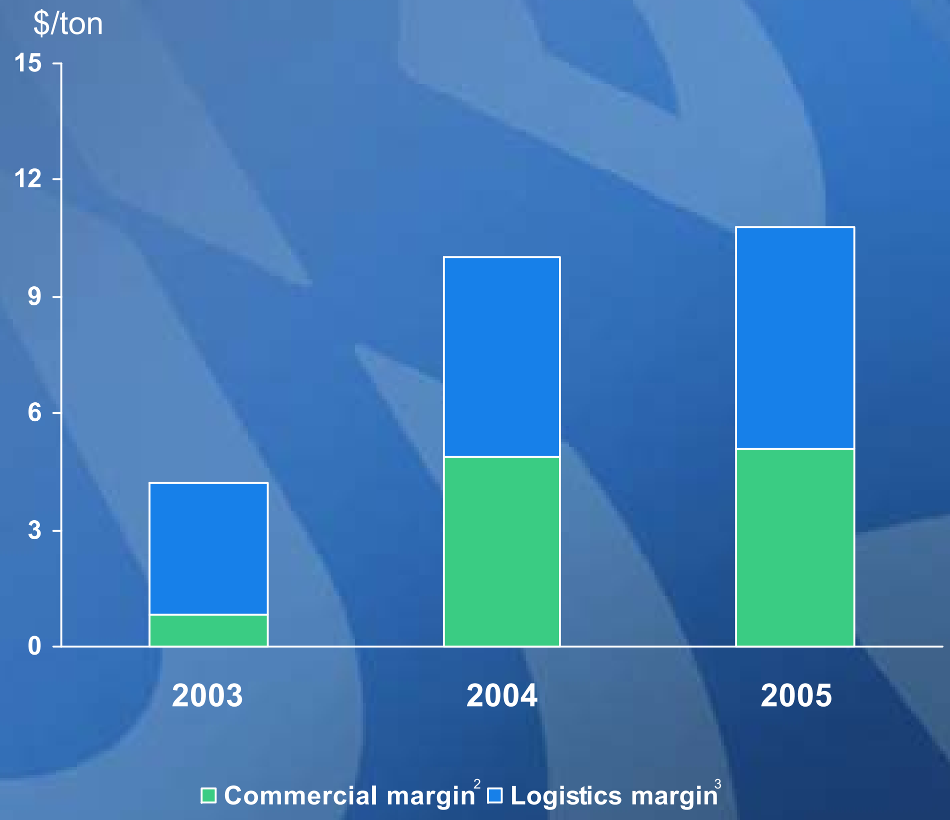
- Further opportunities
  - Bio-diesel production in Cartagena



Marketing margin

- The commercial margin obtained by the affiliates has shown a significant growth
- To ensure the supply of the various depots in Italy and Spain, Saras has chartered, on a long term basis, two modern 35,000 ton sdwt oil tankers

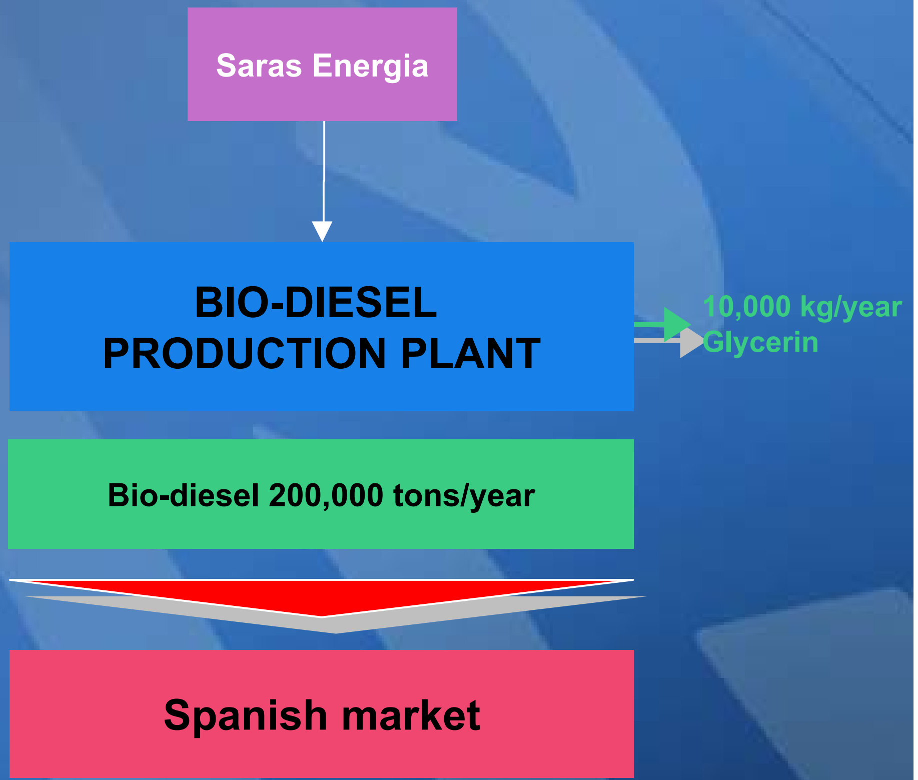
Marketing margin[1] on Diesel



[1] Marketing margin is defined as total margin achieved by the group (Saras, Saras Energia and Arcola Petrolifera) relative to FOB sales
[2] Commercial margin defined as net operating margin achieved by Saras Energia and Arcola Petrolifera
[3] CIF-FOB differential minus total transportation cost achieved by Saras

New bio-diesel plant in Cartagena

- Saras is planning to build a Bio-diesel plant near Cartagena, in order to benefit from:
  - Favorable Spanish legislation
  - Synergies with Saras Energia depot in Cartagena
- Bio-diesel production capacity of about 200,000 tons/year
- Residual production of about 10,000 kg/year of glycerin, which can be used in many different industries such as pharmaceutical, cosmetic or confectionery
- Expected IRR of abt 15%



Wind power & others

Wind power generation

- 42 wind generators plus further 6 planned by 1H07
- 72MW installed capacity, technically upgradeable to 96MW
- Green Certificates for 12 years & dispatching priority
- 70% JV with Babcock & Brown financed through Project Financing

Others

IT Services

- High value added services to the Information Technology sector

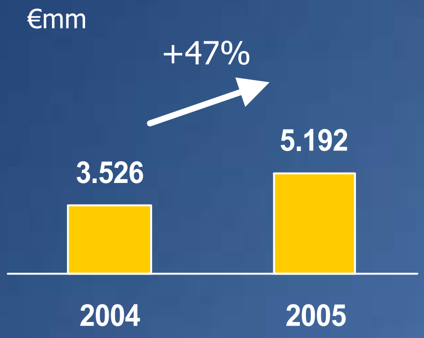
Industrial Services

- Development of technologies & applications for environmental control & the refining & petrochemical industries

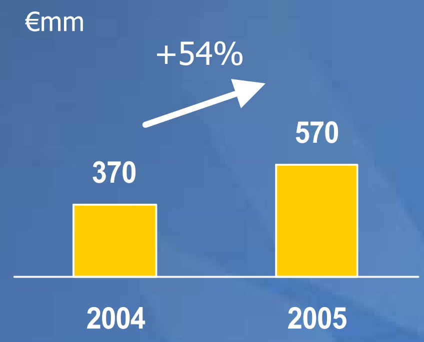
Historical financials

Strong growth in profitability

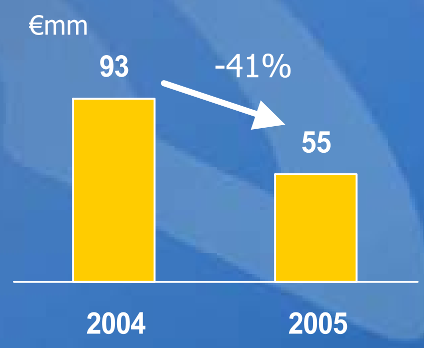
Revenues[1]



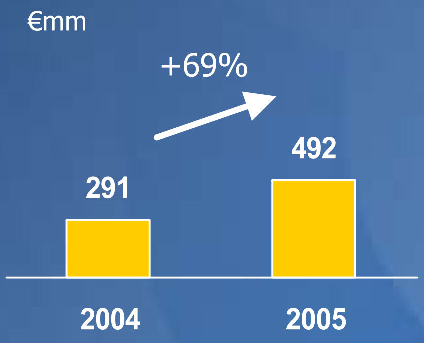
EBITDA



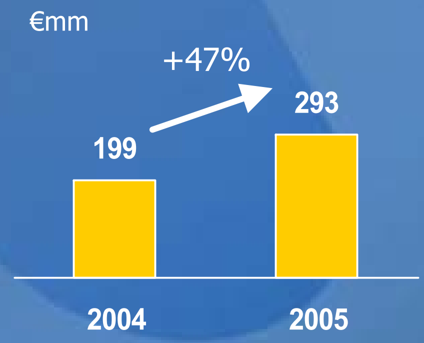
Net Capex



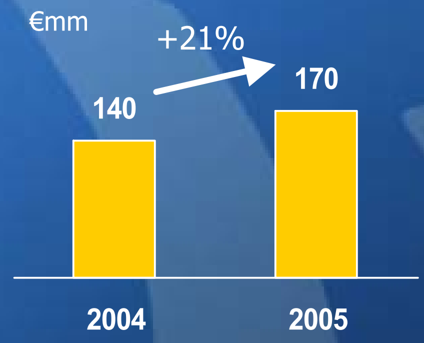
EBIT



Net income



Dividends



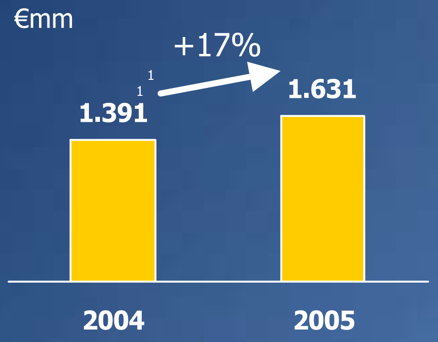
[1] Excise duties not included

Note: IFRS consolidated financials

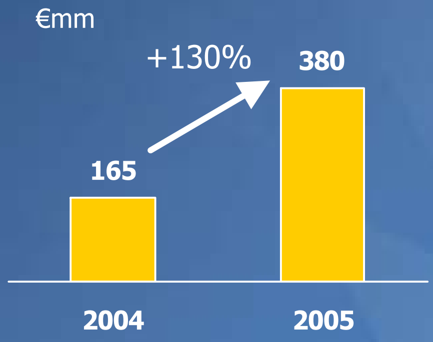
Equity method for Sarlux 55%

High profitability and solid capitalization

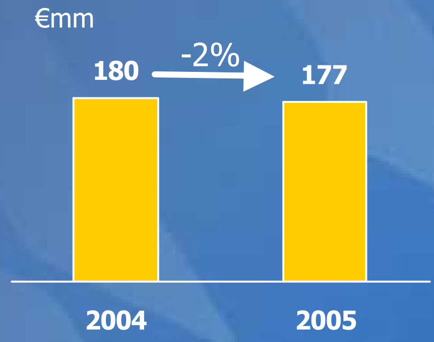
Total Assets



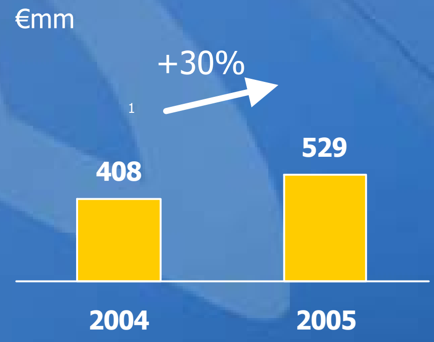
Net Working Capital



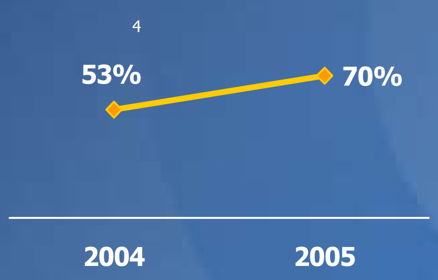
Net Financial Position



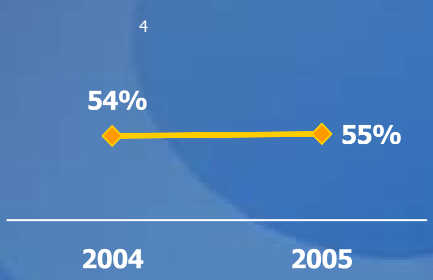
Shareholders' equity



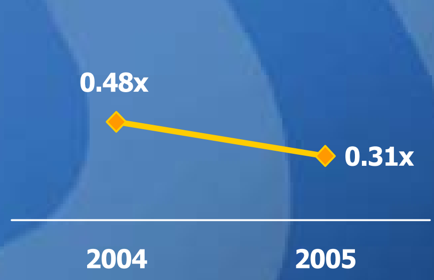
ROI[2]



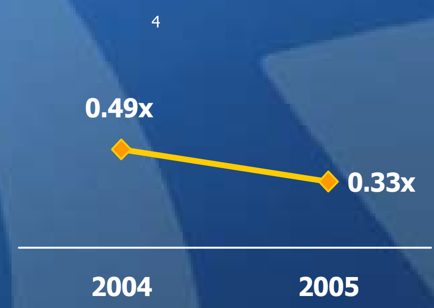
ROE[3]



NFP/EBITDA



NFP / Shareholders' Equity



[1] Including €42 mm of treasury shares

[2] ROI: calculated as EBIT / (Net Financial Position + Shareholders' Equity)

[3] ROE: calculated as Net Income / Shareholders' Equity

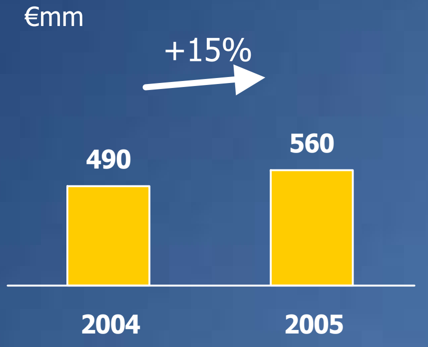
[4] Excluding €42 mm of treasury shares

Note: IFRS consolidated financials, Sarlux 55% at Equity method

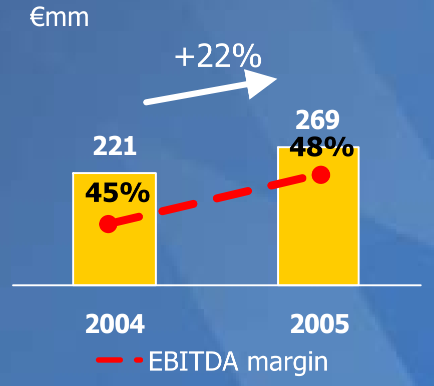
Stable cash flow from Sarlux

Sarlux financials (100% under Italian GAAP)

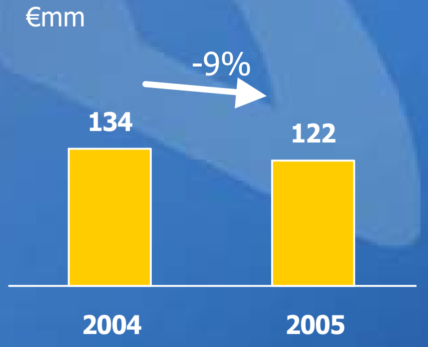
Revenues



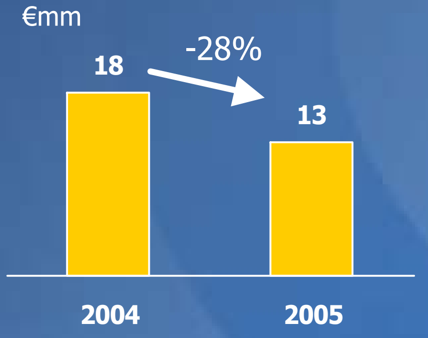
EBITDA



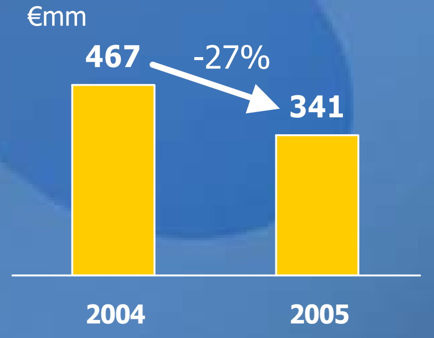
Net Income



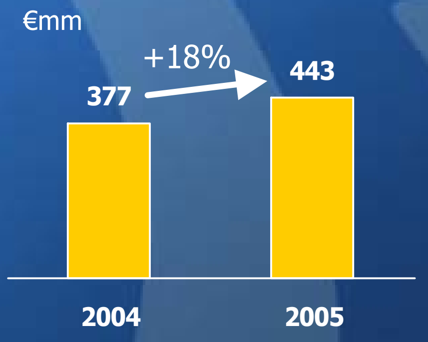
Net Capex



Net Financial Position[1]



Shareholders' equity



[1] Net of dividends relating to seized 45% Sarlux stake equal to €66.3 mm as of 31/12/05 and €41.2 mm as of 31/12/04

Note: Italian GAAP financials

Sarlux arbitration

- On April 24th, 2006, the parties have been notified that the arbitration award was rendered in Saras' favour
- The arbitrators determined that Saras validly exercised the call option with effect as of January 15th, 2002 and for a total consideration of €116.8mm
- As a consequence, Saras will collect €66.3mm of accrued dividends relating to the Enron Dutch quota which had been frozen during the arbitration
- Arbitration ruling “converted” by a Rome Court into a fully enforceable sentence in Italy: transfer of shares completed on 6th of June, 2006 and consideration amount fully paid to Enron

Saras Group configuration

Equity method at 55%

Equity method at70%

REFINING	MARKETING	OTHER	POWER GENERATION	WIND
Saras Spa	Saras Energia sa Arcola petrolifera Spa	Akhela srl Sartec Spa	Sarlux Srl	Sardeolica Srl Parchi Eolici Ulassai Srl

Full consolidation area until Q1/06

Full consolidation area from Q2/06

Q1/2006 results

Highlights [1]

• Industrial Site margin: 10.3 $/bbl vs benchmark 1.9 $/bbl

- **REFINING:**
  - Comparable EBITDA in line with Q1/05 despite unfavourable market scenario: 78 m€ vs 84 m€ in Q1/05
    - ✓ Good operating performance: runs +7% vs Q1/05 and increased diesel production
    - ✓ Saras refining margins: -21% vs Q1/2005 (benchmark -50%)
- **POWER GENERATION:**
  - Increased profitability due to higher oil prices: EBITDA 63m€ vs 59m€ in Q1/05
- **MARKETING:**
  - Contraction of wholesale margins due to high volatility in products prices partially compensated by increase of sales: comparable EBITDA 3 m€ vs 7m€ in Q1/05
- **WIND:**
  - First quarter of full pruduction. EBITDA of 8 m€ in line with expectations.

(1) Figures are reported using IFRS

SARAS GROUP

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	1,430	1,070	5,192
EBITDA	75	110	570
Comparable EBITDA [1]	81	89	451
EBIT	58	91	492
Net Income	56	28	293
NFP	277	192	177
Equity	414	405	529
NFP/Equity	0.67	0.47	0.33
NFP/EBITDA	0.92	0.44	0.31
R.O.I.	43%	74%	70%
R.O.C.E.	34%	10%	55%

+50% due to the impact of refinery margin hedging

170 m€ of dividends paid Related to 2005 profits

(1) calculated using IFRS accounting principles and evaluating inventories at LIFO

REFINING

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	1,406	1,012	4,926
EBITDA	68	101	531
Comparable EBITDA [1]	78	84	431
EBIT	53	84	458
Capex	23	10	55
Total runs (kt)	3,709	3,464	14,424
processing	1,705	1,727	7,331
own account	2,004	1,736	7,093
Diesel sales (kt)	1,127	908	4,173
Saras refining margin ($(bbl)	5.7	7.2	7.2
Benchmark refining margin ($(bbl)	1.9	3,7	4,7

- good operating performance
- refinery margins -21% vs a benchmark -50%

(1) calculated using IFRS accounting principles and evaluating inventories at LIFO

MARKETING

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	431	282	1,319
EBITDA	7	10	44
Comparable EBITDA [1]	3	7	24
EBIT	7	10	42
Capex	-	-	-
Total sales (kt)	803	765	14,424
Italy	263	257	7,331
Spain	540	508	7,093

- contraction of wholesale margins
- acquisition of 37 Service stations mainly located in South of Spain

(1) calculated using IFRS accounting principles and evaluating inventories at LIFO

POWER GENERATION

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	146	122	505
EBITDA	63	59	213
EBIT	50	44	158
Electricity production (mill.MWh)	1,155	1,191	4,424
CIP 6 Tariff (c€/Kwh)	13,3		12,2

- reduction of production caused by an outage of local grid by TERNA
- significant increase of CIP6 tariff

WIND

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	9	-	-
EBITDA	8	-	-
EBIT	6	-	-
Net income	4	-	-
Electricity production (MWh)	53	-	-
Tariff (c€/kwh)	18.3 (7.4+10.9)		

• first quarter of full production with results in line with expectations

OTHER

IFRS accounting principles, € millions

	Q1/06	Q1/05	2005
Revenues	8	6	33
EBITDA	-0.6	-2.0	-4
EBIT	-2.3	-2.8	-8

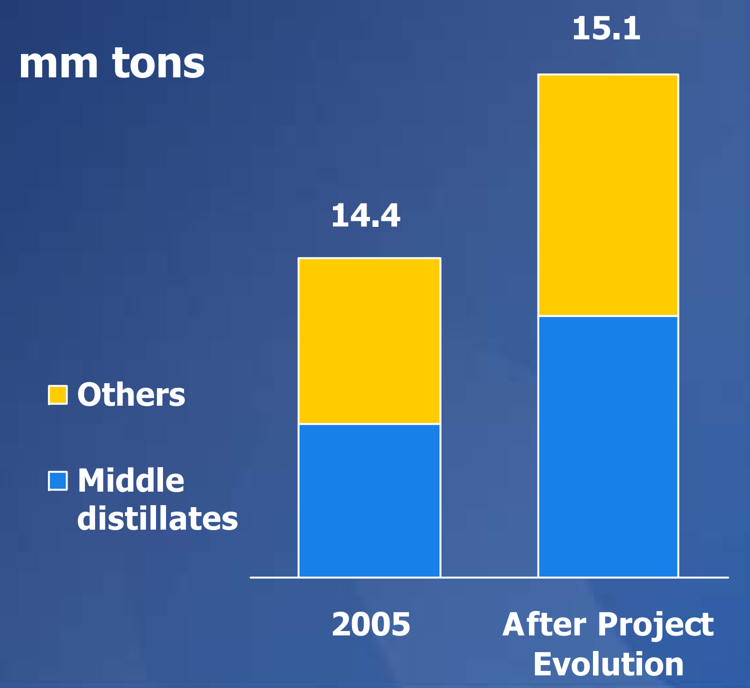
- significant improvement towards breakeven

Growth and Value projects

Planned growth projects

2006-2008: €500mm CAPEX with high IRR

Full capacity utilization, higher conversion, lower °API & energy conservation



Capacity +700,000 tons

Diesel +700,000 tons

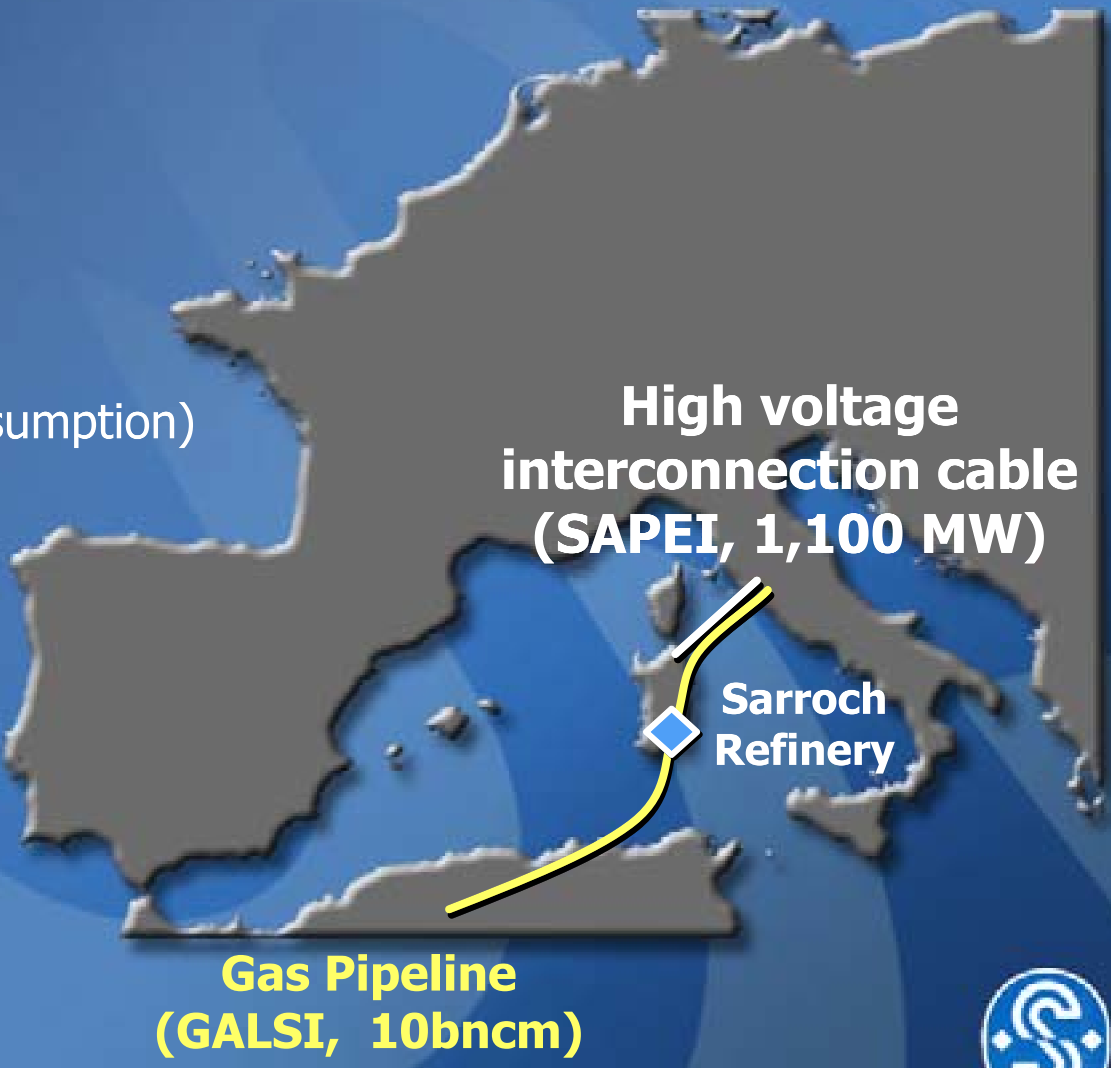
Average °API -2°

Other projects

- Wind park upgrade
- Bio-diesel plant in Cartagena
- Purchase of selected service stations in Spain

Opportunities for further growth

- New combined cycle power plant inside refinery fence
- Refining process optimization from new gas availability (further H_2, internal fuel consumption)
- Gas upstream opportunities in Sardinia



Investment summary

Top quality asset

- Third most complex supersite refinery in WE: 7.9
- Fully compliant with 2009 EU diesel specifications

Unique business model

- About 70% of non standard crudes
- Full integration with IGCC and petchem plants

Strong and stable cash flow generation

- Superior overall margin: 11.5 $/bbl in 2005
- Stability from third party processing and power generation

Strategy geared towards value creation

- €500 mm capex in 2006-2008 to increase complexity
- Pre-empt investments to exploit long term synergies between refining, power and gas


Q & A

Back-up

Planned growth projects

Return Items implemented by 2008

- Early compliance of gasoline specs
- Higher convertion (350kt diesel)
- Energy efficiency (0.50%)
- Higher refinery runs

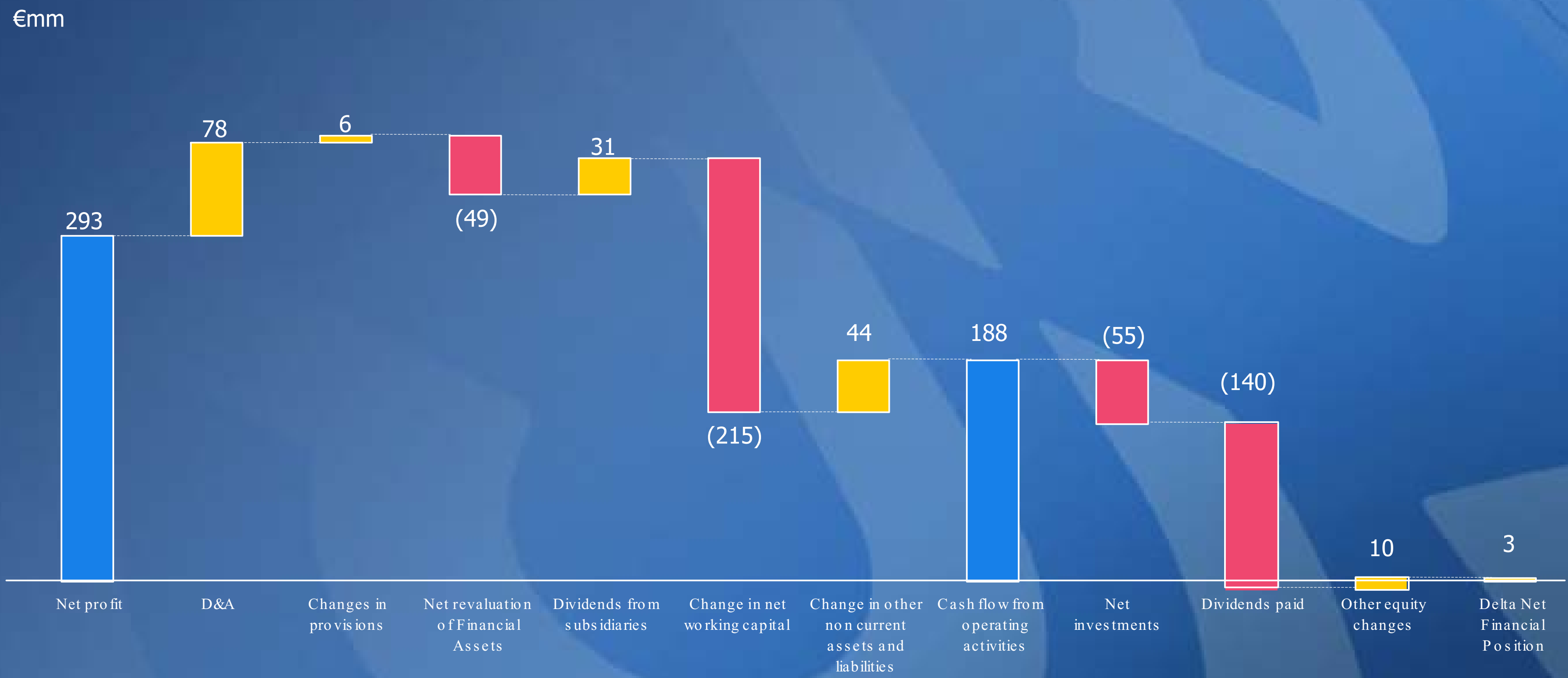
Project Evolution

- Steam reformer
- Vaacum Flash Tower
- Reactor for MHC

Debottolneckings

Strong cash flow generation from operating activities

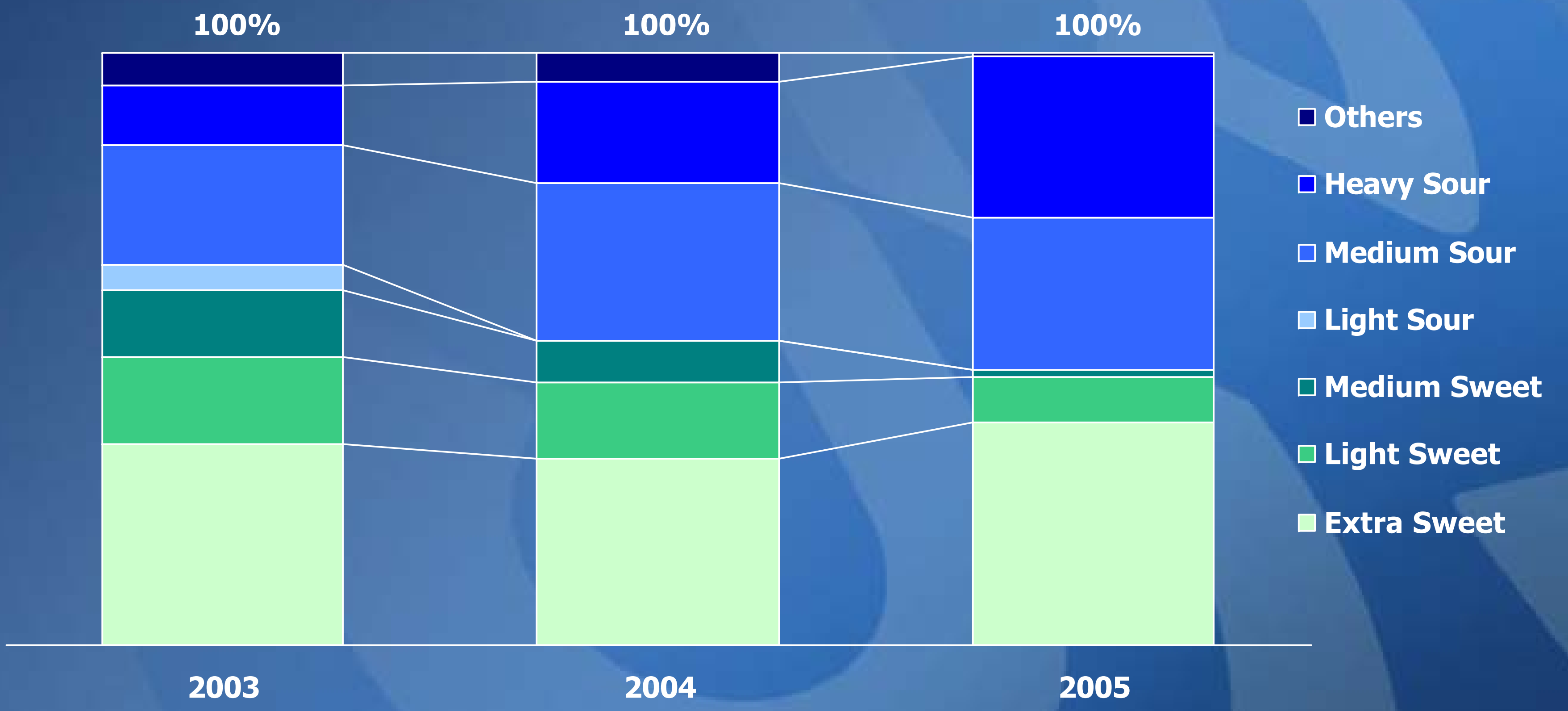
2005 Cash Flow



Note: IFRS consolidated financials, Sarlux 55% at Equity method. Intercompany loans not included in net working capital

Purchase and supply

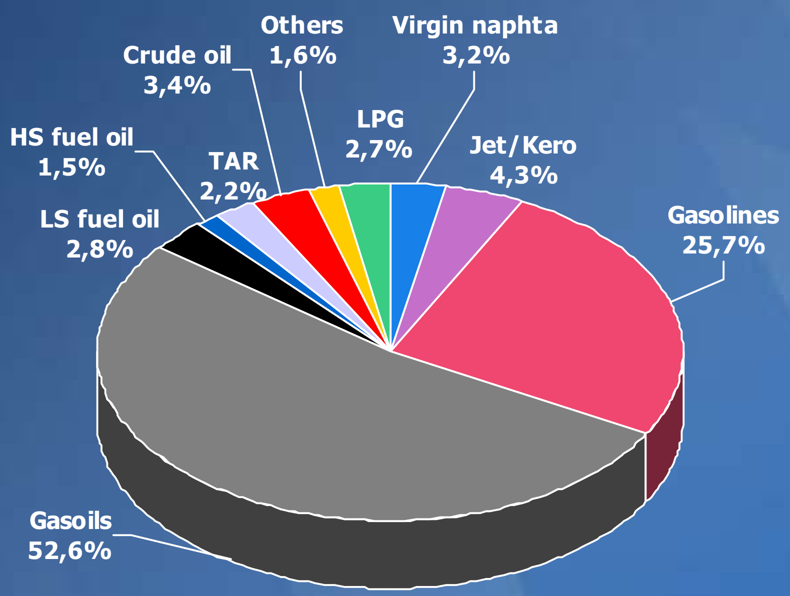
Saras' crude oil slate evolution



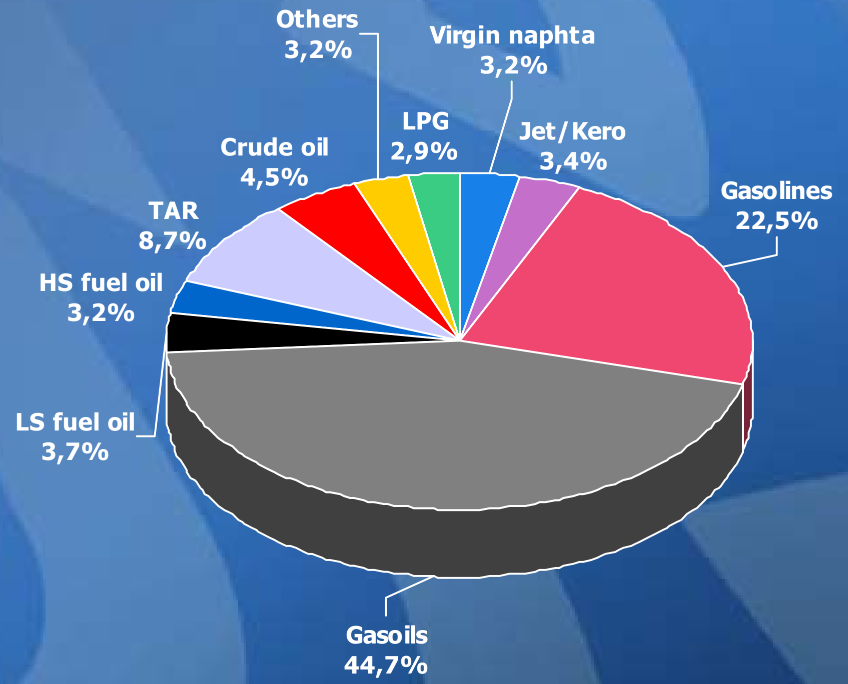
Assignment and sales

2005 Saras sales by product

€4.7 bn



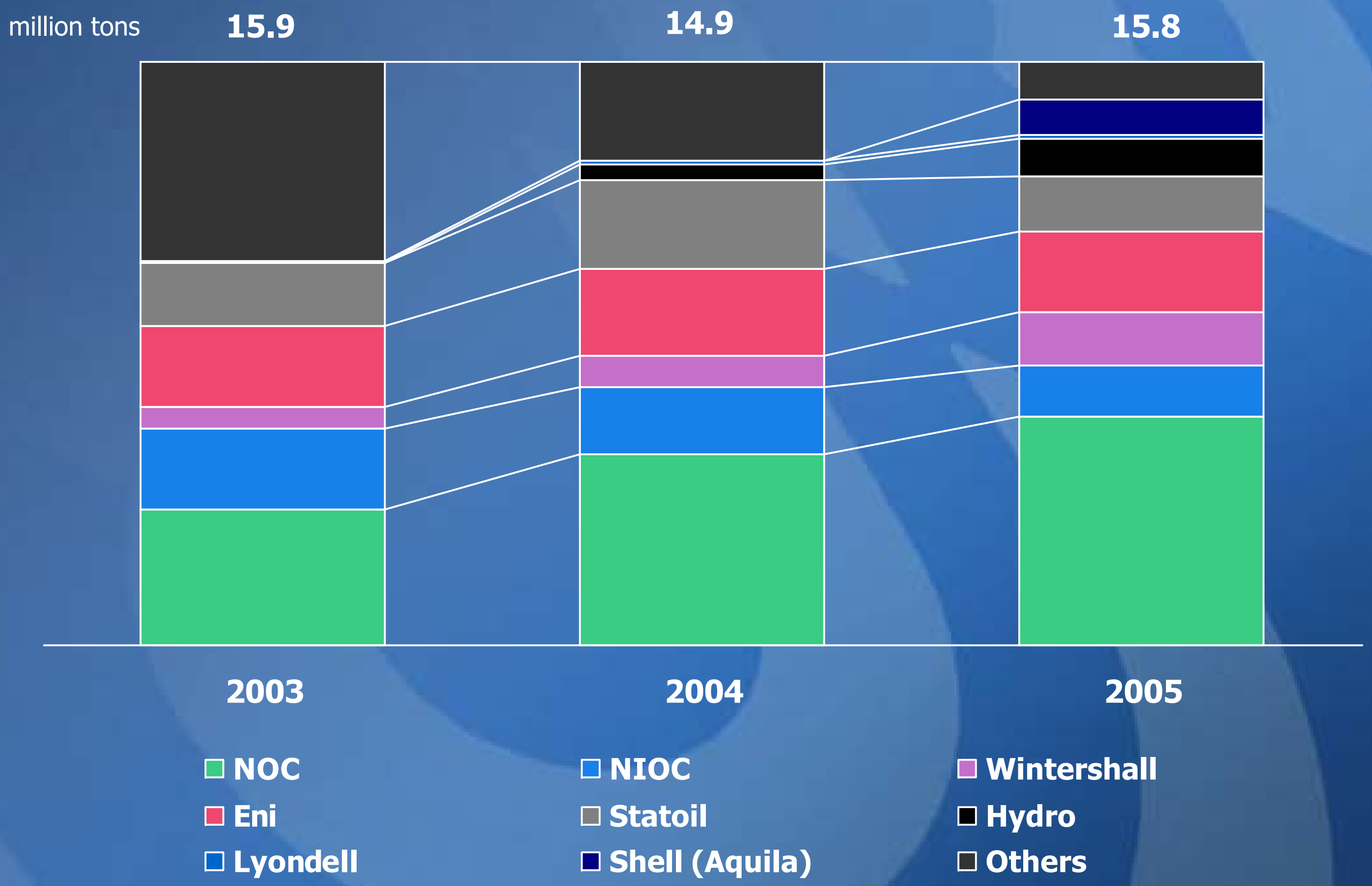
12.8mm tons



- Saras sells refined products originating from:
  - Processing of crude oil purchased directly
  - Production of valuable products in excess of third party contractual yields, thanks to optimizations

Purchase and supply

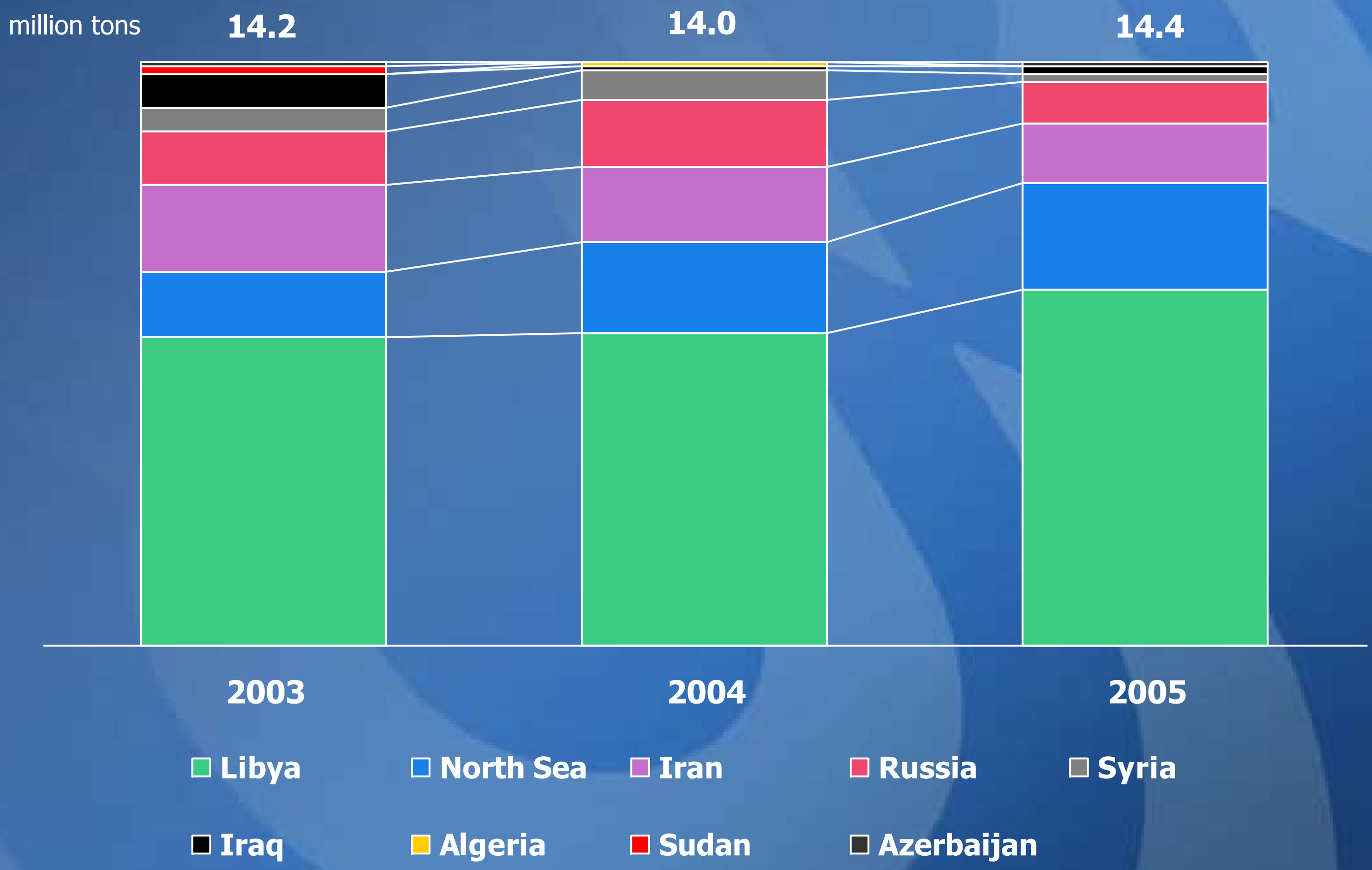
2005 Crude oil and other feedstocks supply by company[1]



[1] Chart figures include crude oils processed for third parties, crude oils and feedstocks purchased by Saras, materials not counted as topping runs and crude oils sold occasionally

Purchase and supply

Historical crude oil runs by geography

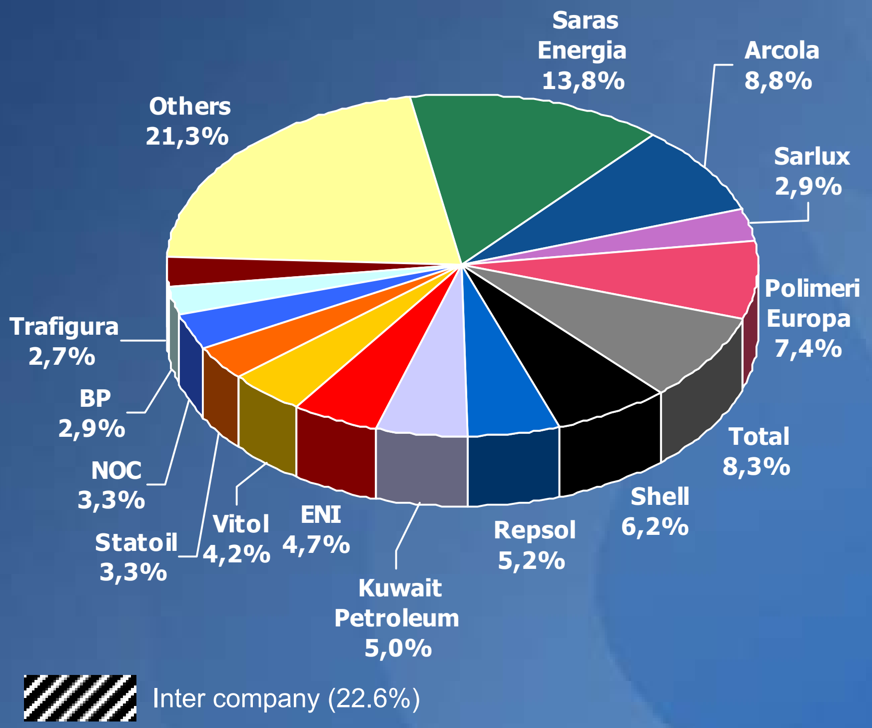


Note: Chart figures do not include materials not counted as topping runs and crude oils sold occasionally

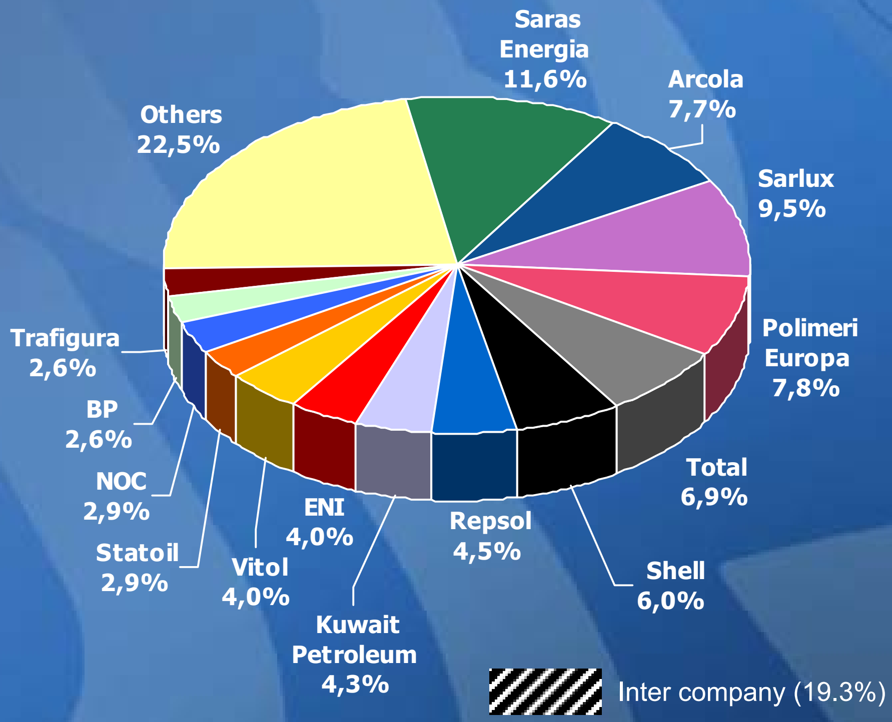
2005 Saras sales by client

2005 Saras sales by client

Euro 4.7 bn



12.8 million tons



Products are sold to the marketing division at arms' length conditions

Sarlux: Italian GAAP v IFRS

- Sarlux financials are prepared in accordance with Italian GAAP
- The principal adjustment for IFRS consolidation is regarding the treatment of the contract between Sarlux and GRTN
- Treated as a lease agreement and revenues recognised on a straight-line basis over the life of the contract (i.e. until 2021)
- In 2005 the effect of this adjustment would be to reduce EBITDA to €210mm
- The important point to note is that this adjustment has no effect on tax or cash flow