



SARAS

Investor presentation

March 2017



Saras Group's Annual Financial Results and information are audited.

In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology adopted by IFRS), because LIFO methodology does not include end-of-period revaluations and write-downs. Furthermore, the non-recurring items for nature, relevance and frequency, as well as the "*fair value*" of the open positions of the derivative instruments used for oil and Forex are also excluded, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*" and they are not subject to audit or limited review.

DISCLAIMER

Certain statements contained in this presentation are based on the belief of the Company, as well as factual assumptions made by any information available to the Company. In particular, forward-looking statements concerning the Company's future results of operations, financial condition, business strategies, plans and objectives, are forecasts and quantitative targets that involve known and unknown risks, uncertainties and other important factors that could cause the actual results and condition of the Company to differ materially from that expressed by such statements. This presentation has been prepared solely by the company.

Saras investment thesis: **our value proposition**



Refining

Power Generation

Other activities

Supply & Trading



- ~150 crude cargoes every year from wide range of suppliers
- Supply & Trading company operating in Geneva since Jan 2016
- Balanced and differentiated sales portfolio...
- ... with world class oil supply chain knowledge

Exploit market opportunities for both crude oils & products

Sarroch Industrial Operations (strictly integrated refinery and power plant)



- Largest single-site refinery in the Mediterranean basin (300 kbl/d, ~16% of Italy's refining capacity)
- Top-tier large & complex Med refinery, according to Nelson and Wood MacKenzie Indexes
- Yields of medium and light distillates exceed 80% of the production output (net of C&L)¹
- Fuel Oil yield approx. 6%
- Petrochemical integration

Top-tier performance, thanks to high complexity and flexible configuration

- Largest liquid fuel gasification plant in the world (IGCC)
- Conversion of heavy refining fractions (TAR) to clean gas
- 575 MW of installed capacity
- Electricity production of approx. 4.2 - 4.4 TWh
- CIP6 tariff until 2021

Transform heavy refining fractions (TAR) into electricity, sold at incentivized tariff

Marketing



- Marketing activities in Italy and Spain:
 - ~8% MS² in Italian wholesale market
 - ~ 10% MS in Spanish wholesale market , and presence also in retail (with ~100 stations)

Stabilize refining margins with downstream presence

Wind Energy

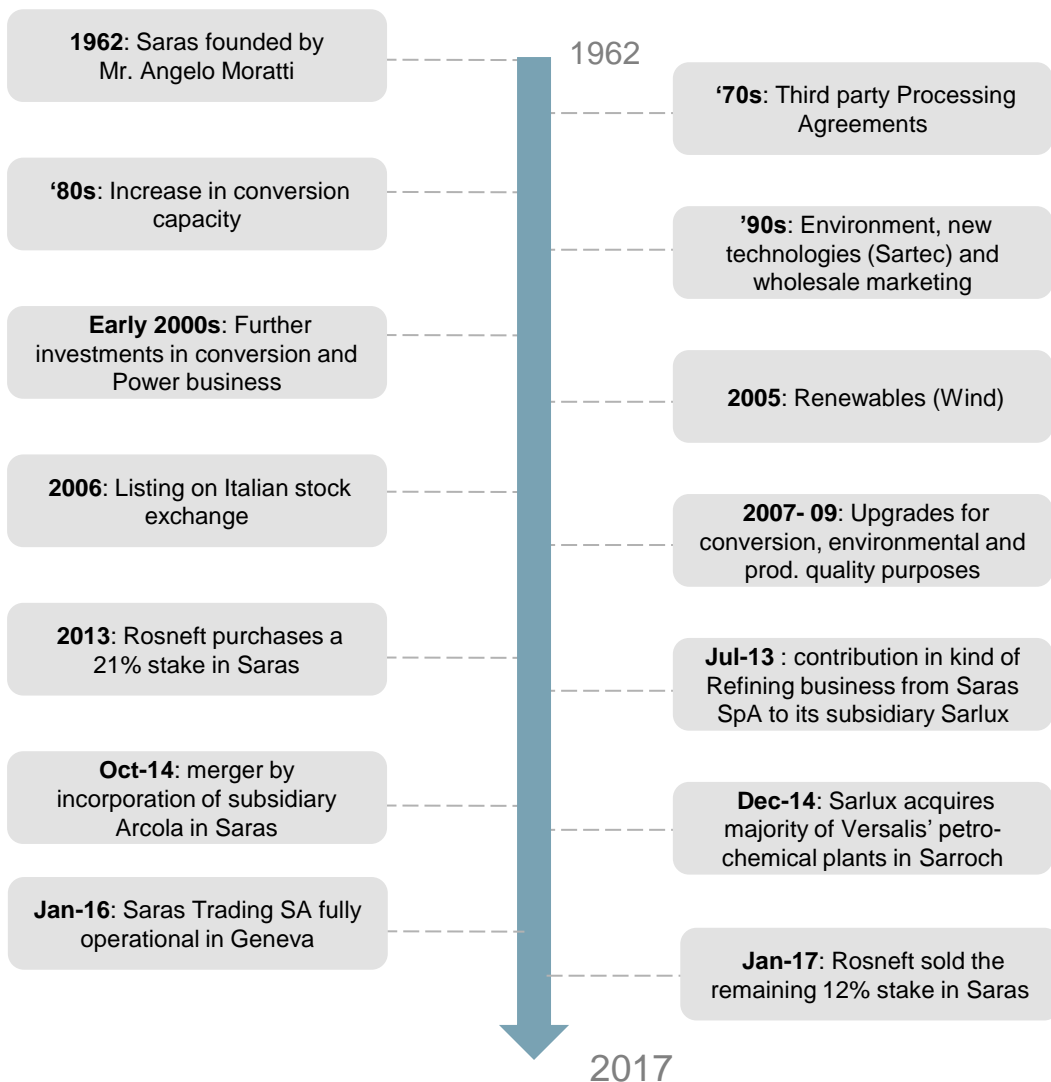


- Wind farm with capacity of 96 MW in Ulassai (Sardinia)
- Utilization factor higher than Italian average

Further stabilize Group results, with incentivized scheme for renewable energy

1. C&L = Consumption & Losses
2. Market Share

Saras history...



Saras SpA

... and shareholder structure¹

GianMarco Moratti Sapa 25,011%

Massimo Moratti Sapa 25,011%

Norges Bank 3,084%

Stock in Treasury 1,576%

Others 45,318%

1. As of 1st March 2017

Favourable refining economics expected to continue

Starting in 2015, structural changes strengthened the EU refining, and favourable economics are expected to continue in 2017 and beyond

- More balanced oil prices, robust supply
- Improving product demand
- Rationalization of EU refining capacity
- Correction of market distortions
- Robust product differentials
- Strong US Dollar

Benefits for typical EU refiners

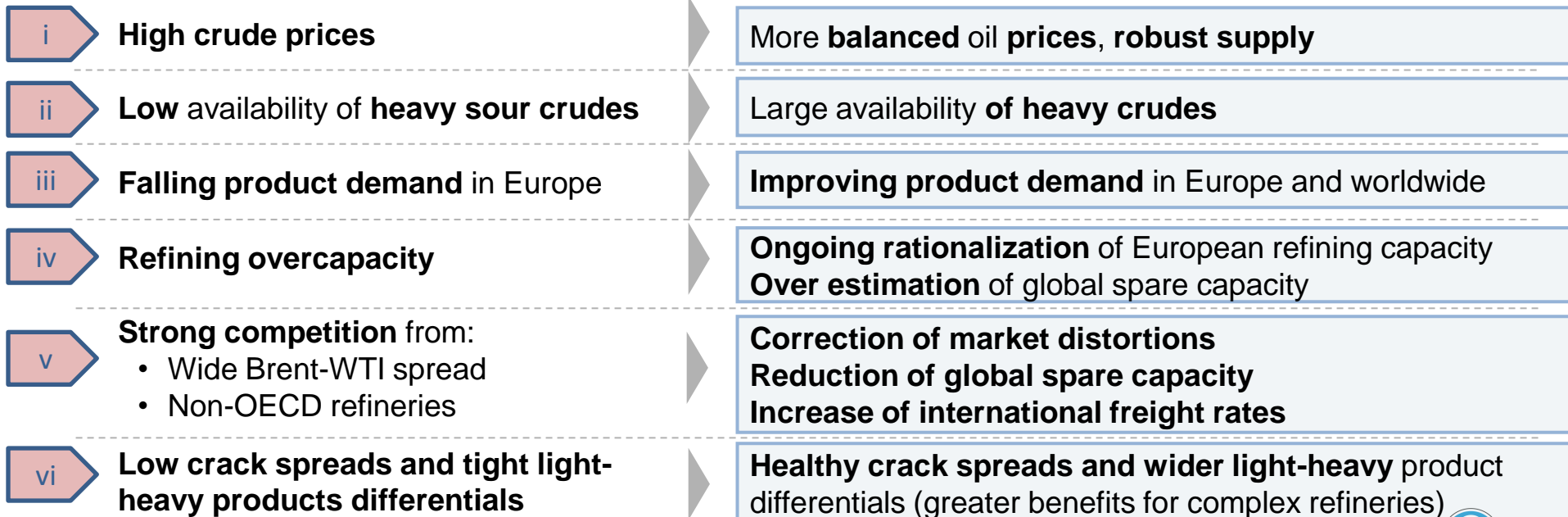
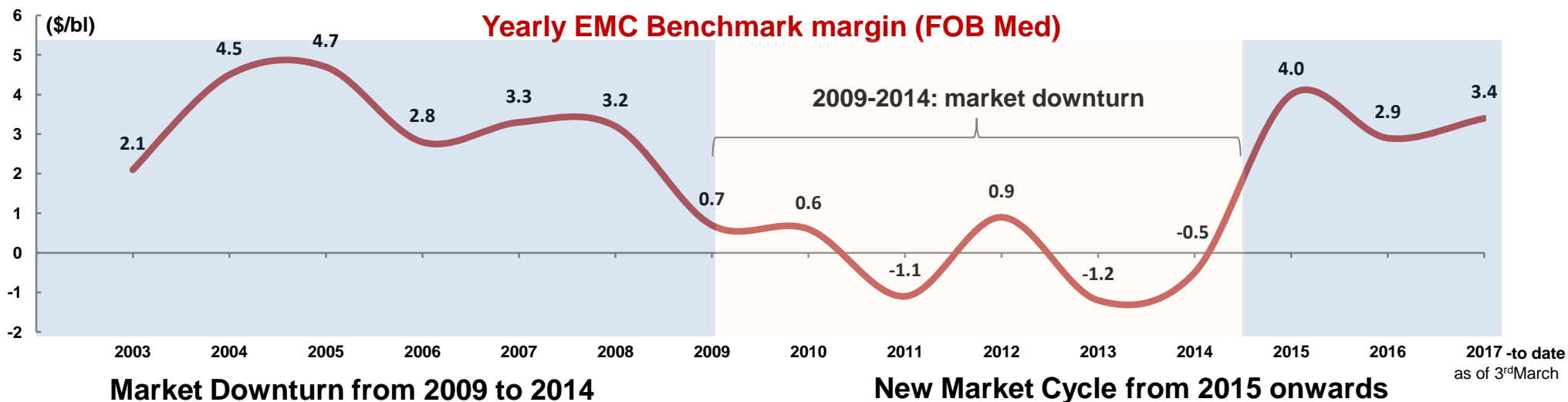
- Healthy refining margins
- EU refineries essential to regional supply chain
- Low impact of fixed costs in EUR



Saras' differentiating factors

- Flexibility to source the most profitable crudes
- Asset capability to process multiple types of crudes
- Conversion to high-value product mix
- Steeper decrease of "consumption & loss" costs
- Track record in delivery of improvement initiatives

The new market cycle derives from 6 key structural changes



OPEC compliance to the agreed production cuts looks high so far...

OPEC Crude Production

(million barrels per day)

	Dec 2016 Supply	Jan 2017 Supply	Supply Baseline ¹	Agreed Cut	Actual Cut ²	January Compliance
Algeria	1.12	1.05	1.09	-0.05	-0.04	78%
Angola	1.64	1.64	1.75	-0.08	-0.11	142%
Ecuador	0.54	0.525	0.55	-0.03	-0.02	88%
Gabon	0.21	0.20	0.20	-0.01	0.00	22%
Iran ³	3.75	3.75	3.71	0.09	0.04	NA
Iraq	4.66	4.45	4.56	-0.21	-0.11	53%
Kuwait	2.81	2.71	2.84	-0.13	-0.13	98%
Qatar	0.63	0.61	0.65	-0.03	-0.04	127%
Saudi Arabia	10.45	9.98	10.54	-0.49	-0.56	116%
UAE	3.14	2.96	3.01	-0.14	-0.05	38%
Venezuela	2.10	2.05	2.07	-0.10	-0.02	18%
Total OPEC 11	31.05	29.93	30.97	-1.16	-1.04	90%
Libya ⁴	0.62	0.69				
Nigeria ⁴	1.39	1.44				
Total OPEC	33.06	32.06				

¹ Based on October 2016 OPEC secondary source figures, except Angola which is based on September 2016.

² From OPEC supply baseline.

³ Iran was given a slight increase.

⁴ Libya and Nigeria are exempt from cuts.

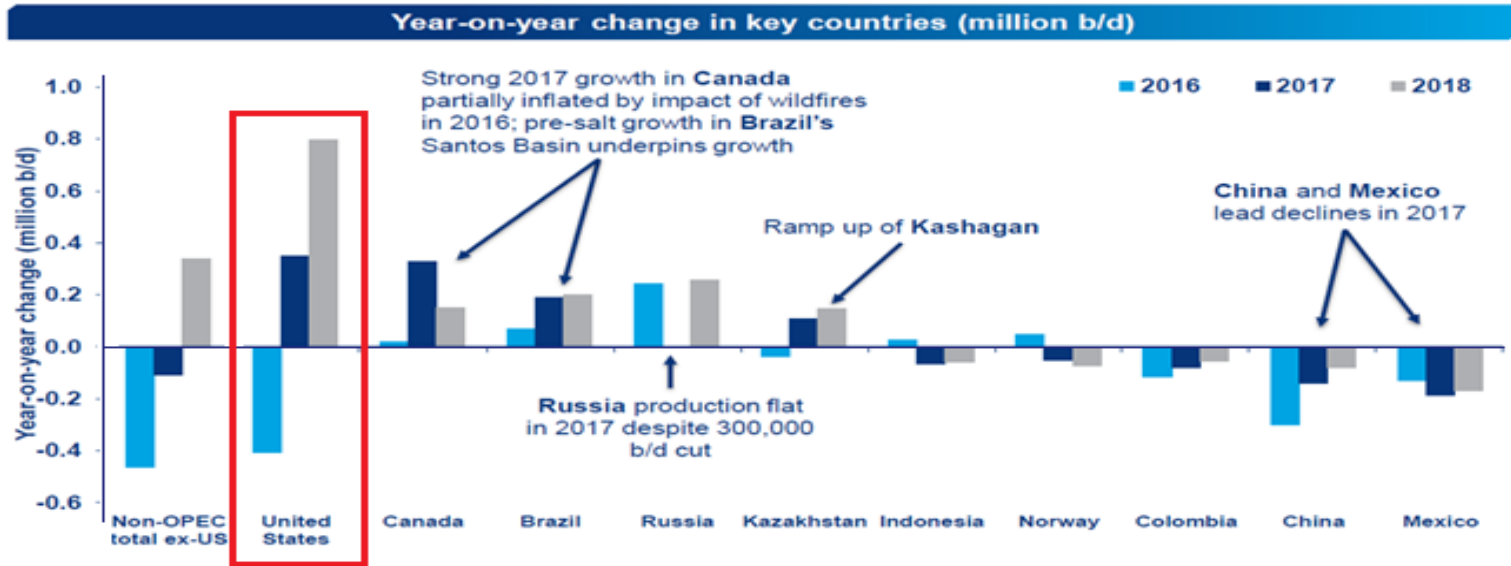
Source: IEA

- OPEC compliance is confirmed by ongoing pressure on “heavy sour” crude differentials
- However, February loadings schedules have not been as clear-cut:
 - KSA/Iran Feb loadings are higher than Jan by 100k bl/d and 350k bl/d respectively
 - Russian Feb loadings rebounded to above Nov levels

Source: Macquarie

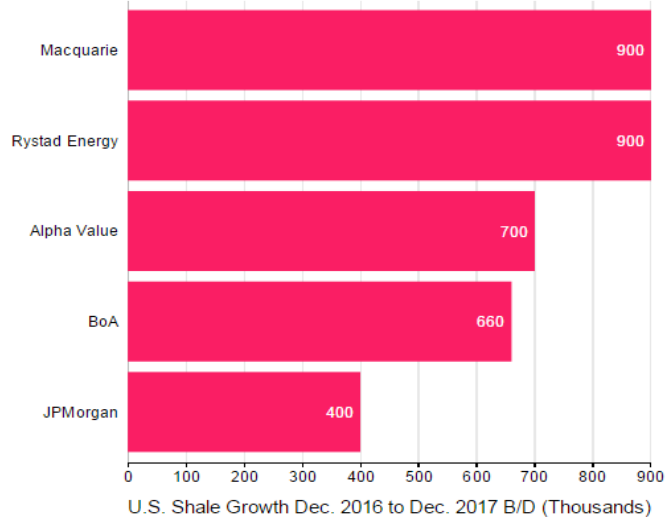


...but USA, along with other producers, keep the market well supplied

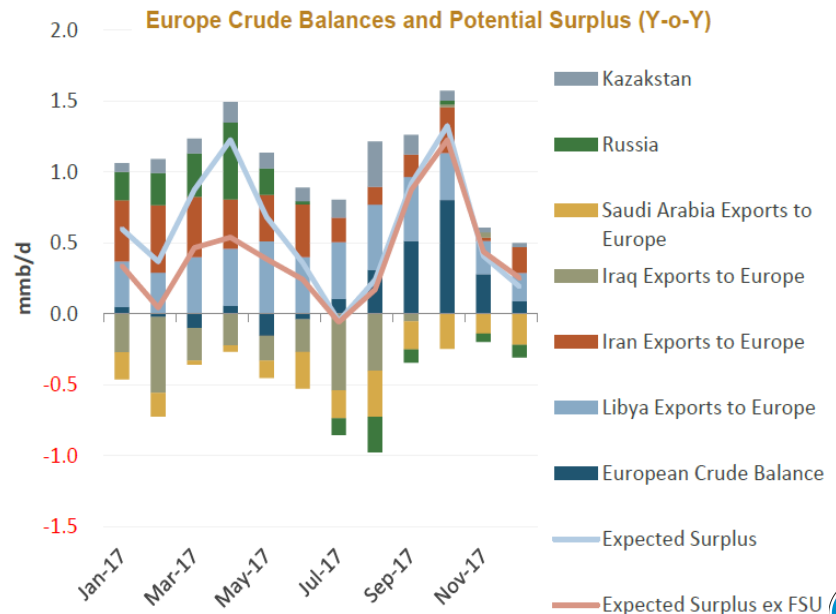


Bloomberg Brief | Oil Buyer's Guide Feb. 27, 2017

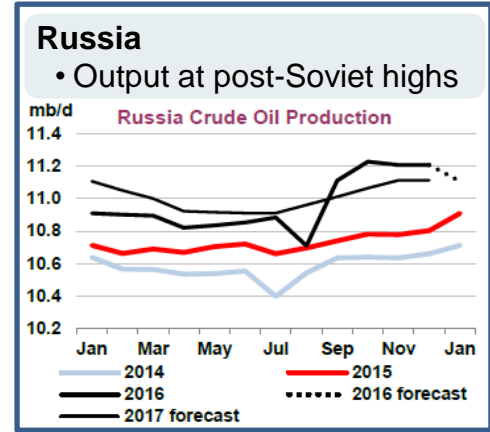
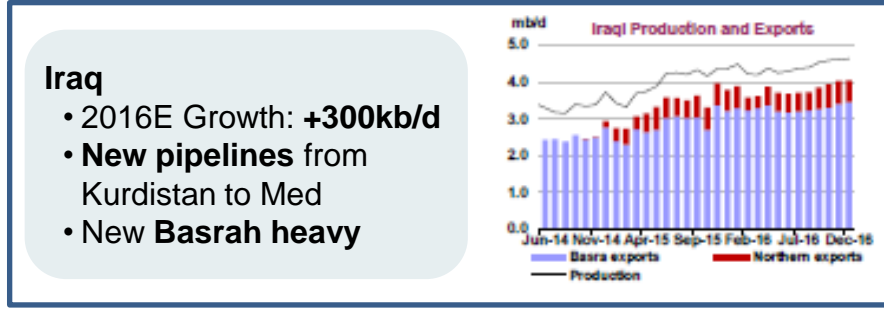
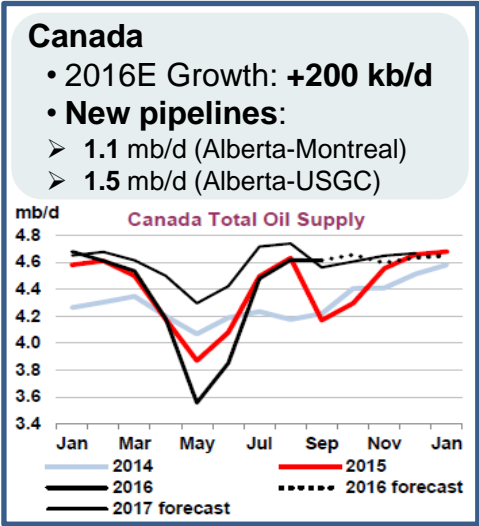
Shale Surge Threatens OPEC Strategy



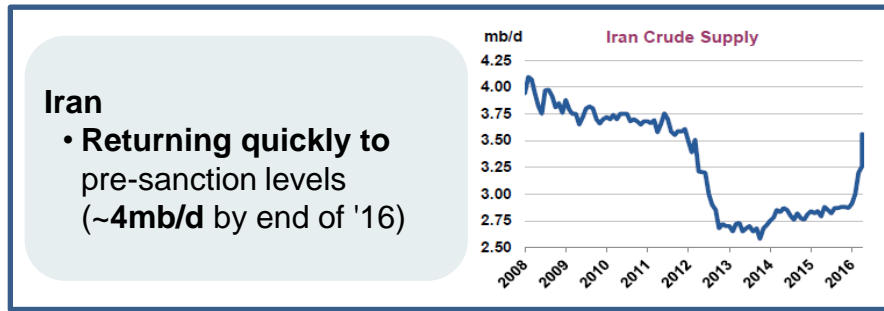
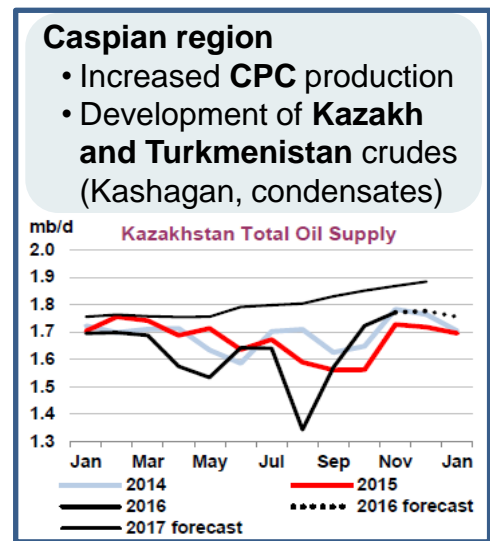
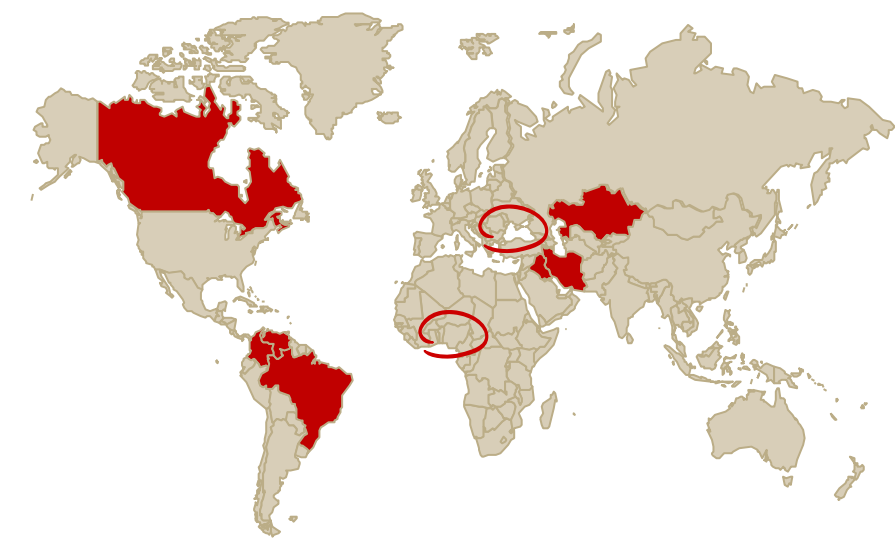
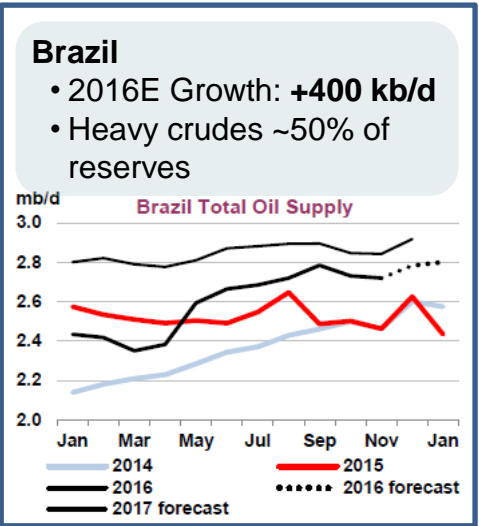
Sources: Wood Mackenzie, Facts Global Energy and Bloomberg



ii Large availability of non-standard grades (heavy sour, heavy acidic, etc.)



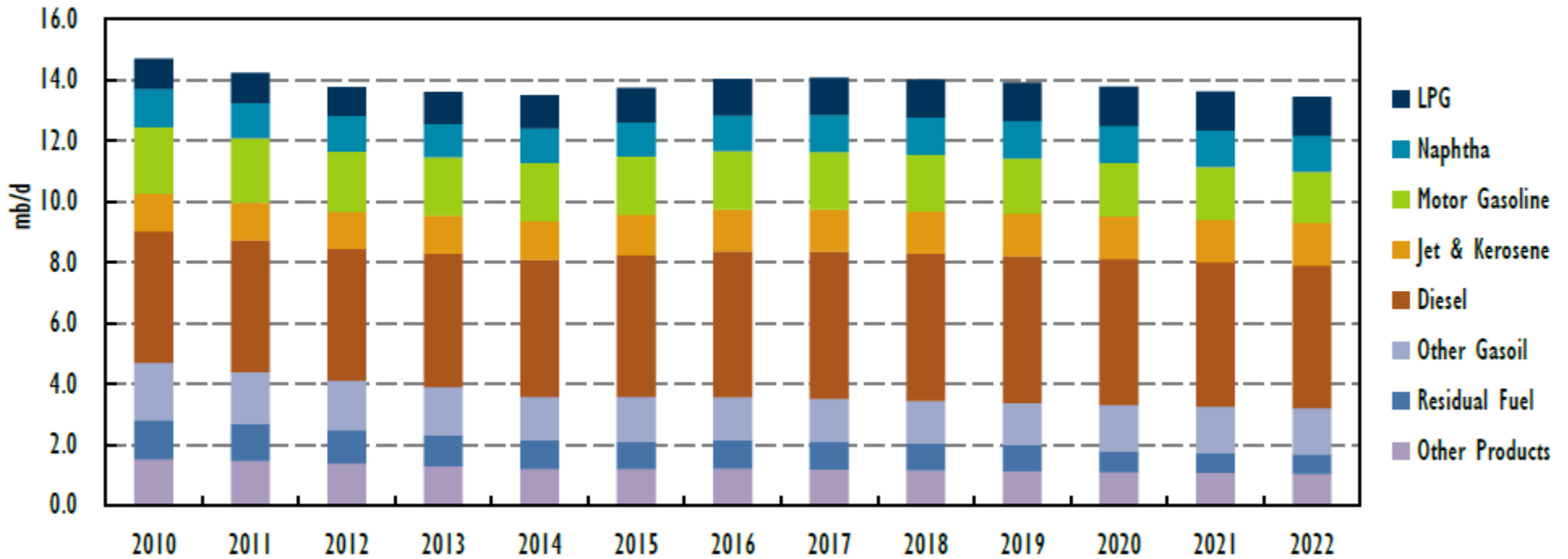
Venezuela 2016E output at ~2.4mb/d, and Colombia at ~1.0mb/d



West Africa
• Shifting focus from North America to Europe & Asia

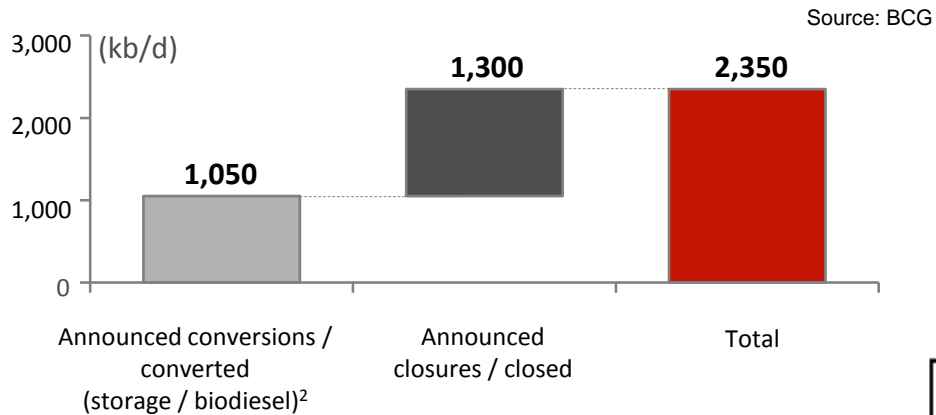
Sharp drop in Europe's total demand until 2014 followed by growth in 2015-16, and stable mid term outlook

OECD Europe oil demand, 2010-22

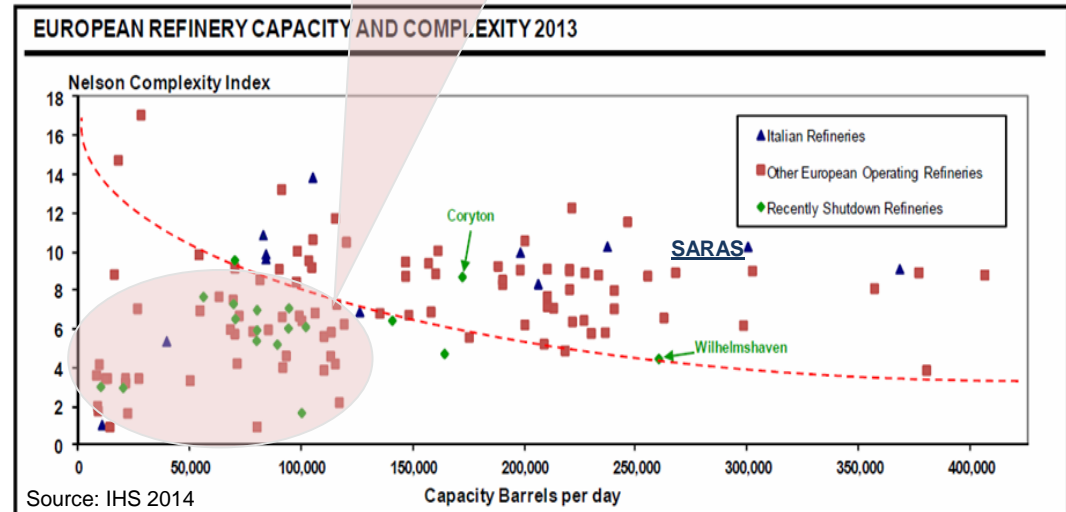


Source: IEA

Closures and conversions in OECD Europe (2009-15)



- Majority of recently shutdown refineries had low complexity and small distillation capacity (less than 100,000 bl/day)
- Refineries under the red spotted line will continue to face the hardest competitive pressure



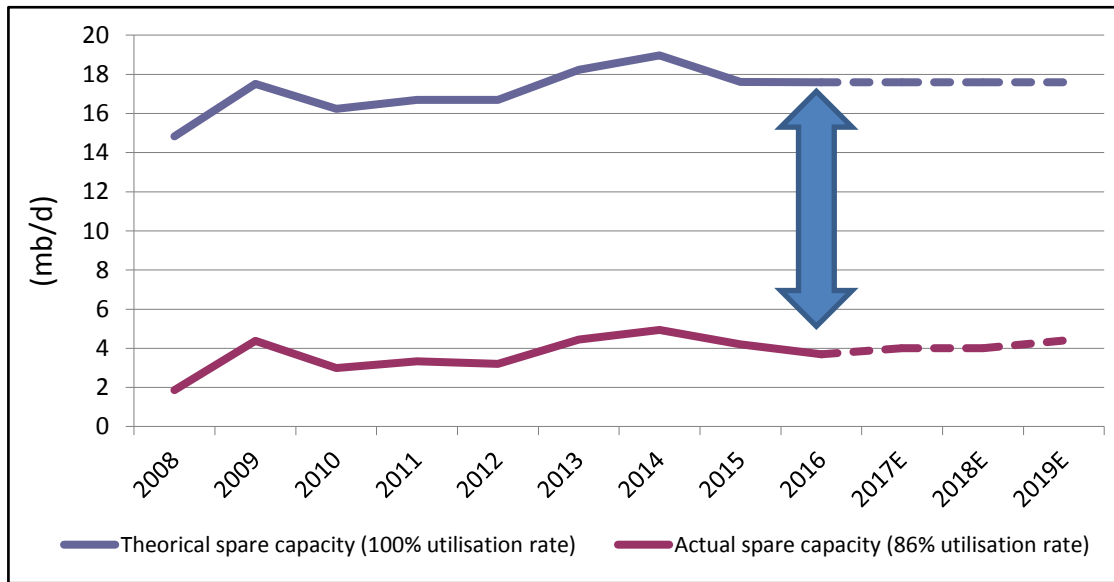
Large and complex refineries are the best positioned in the European competitive context

	Teesside (Petroplus)		Arpechim (Petroplus)
	Dunkirk (Total)		Harburg (Shell)
	Reichstett (Petroplus)		Berre (LyondellBasell)
	Cremona (Tamoil)		Petit-Couronne (Petroplus)
	Roma (TotalERG)		Coryton (Petroplus)
	Milford Haven (Murphy Oil)		Stanlow (Essar) ¹
	Wilhelmsh. (Hestya)		Paramo (Unipetrol/PKN)
	Mantova (MOL)		Collombey (Tamoil)
	Venezia (Eni)		Lischansk (Rosneft)
	La Mede (Total)		Lindsey (Total) ¹
	Gela (Eni)		

1. Shutdown of 1 CDU only
2. Includes conversion to oil storage terminal or logistic hub for oil products

v Actual spare capacity largely over-rated

Actual spare capacity is significantly lower than Theoretical one, when factoring in planned and unplanned maintenance, seasonality, as well as other non-operability issues



Global refining capacity and runs

	2015	2016	2017	2018	2019
Total capacity	97.2	97.7	99.0	100.3	101.8
Refinery runs	79.9	80.7	81.3	82.0	82.7
Estimated spare capacity	4.2	3.7	4.0	4.0	4.4

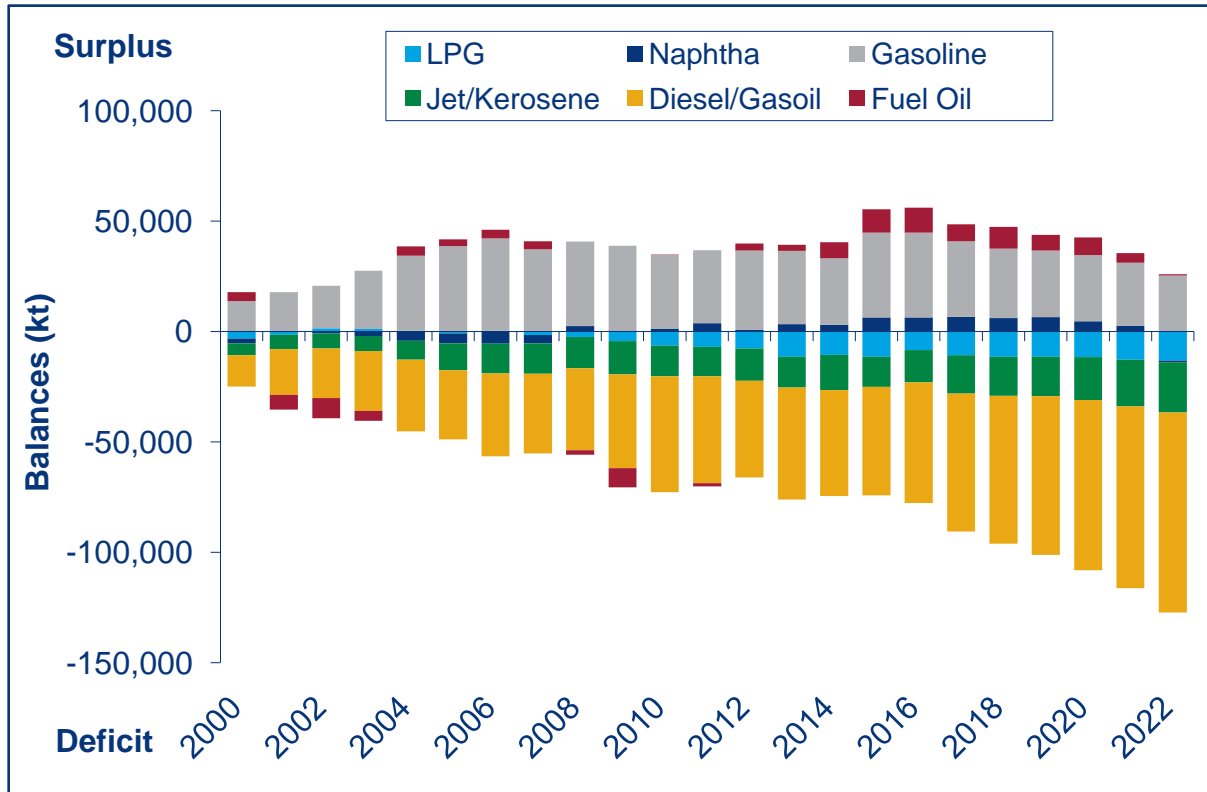
Sources:
IEA "2016 Medium-Term Oil Market Report",
BP Statistics and Credit Suisse Research

- The IEA in its 2016 Medium-Term Oil Market Report stated: *“Nearly two thirds of of global spare capacity is now in non-OECD countries where refineries are under-utilised for various reasons, ranging from war and conflict to poor state equipment making profitable operations impossible”*
- Actual spare capacity forecasted at approx. 4 mb/d in the mid term, assuming that the global system could run with average utilisation rate of 86% (i.e. slightly higher than the Golden Age average, which was equal to 85%)

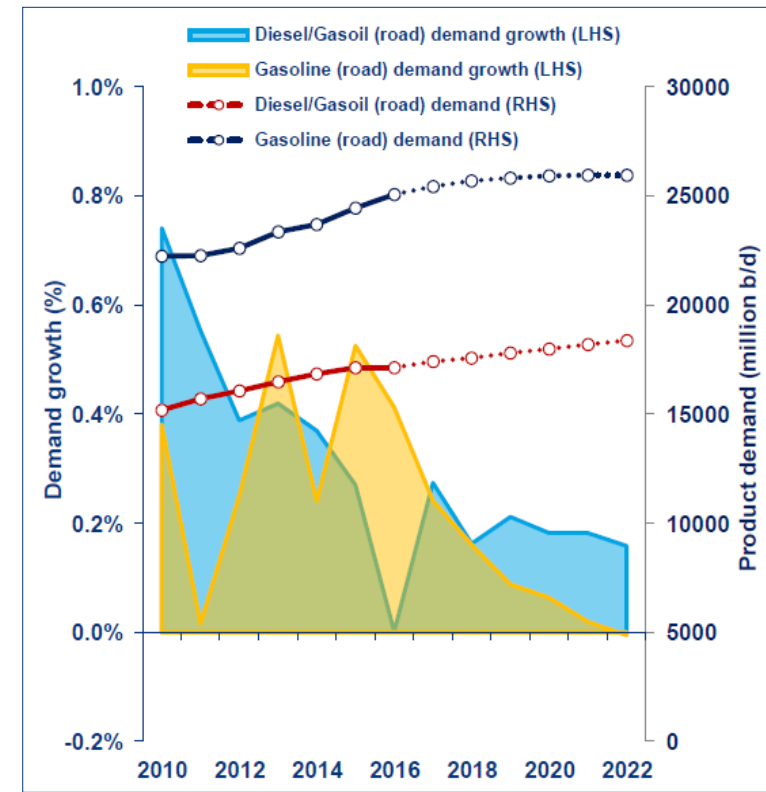


EU refining system historically unbalanced (diesel deficit & gasoline surplus)

EU Diesel/Gasoil shortage and Gasoline length expected to continue...



...and diesel road transportation growth expected stronger than gasoline

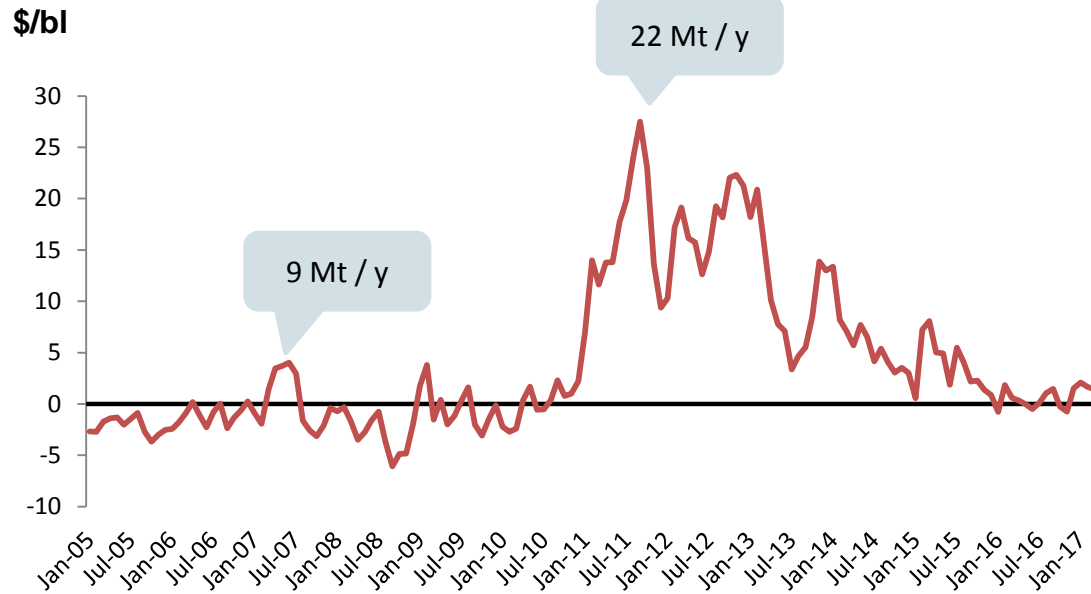


Source: WoodMacKenzie



US refineries advantaged by WTI price distortions, which have now faded

Brent-WTI spread



Legend:

xx

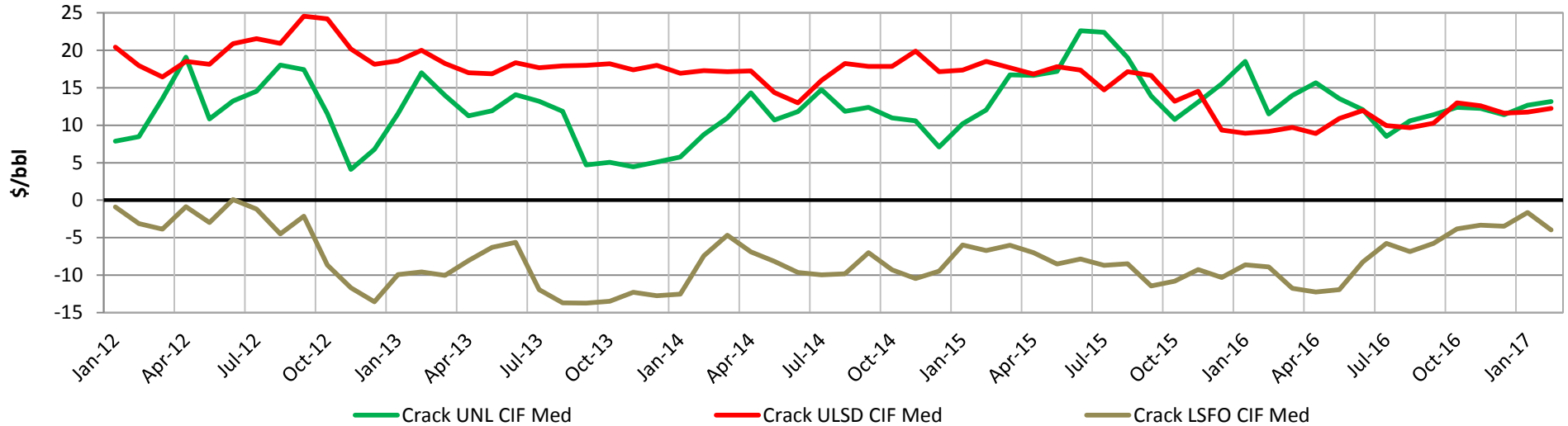
Mt of middle distillates exported from USA towards Europe, on yearly basis

Factors which contributed to correct the distortion

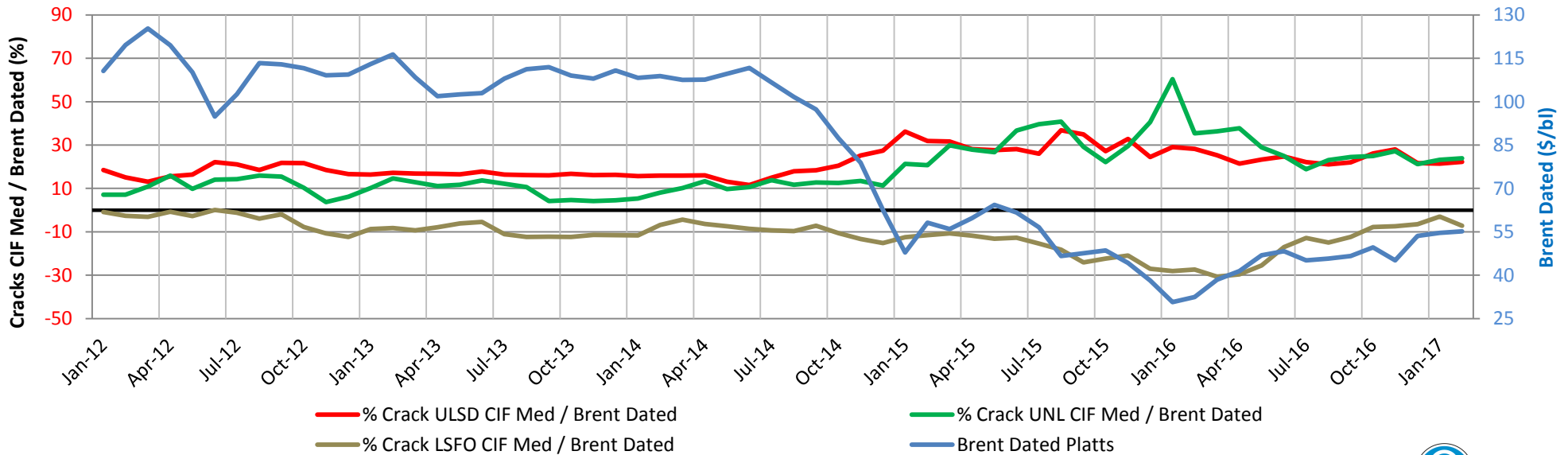
- Debottlenecking of logistics in US & Canada
- Growing US domestic demand
- Lifting of crude exports ban

Sources: Bloomberg and Platts, 28th Feb 2017

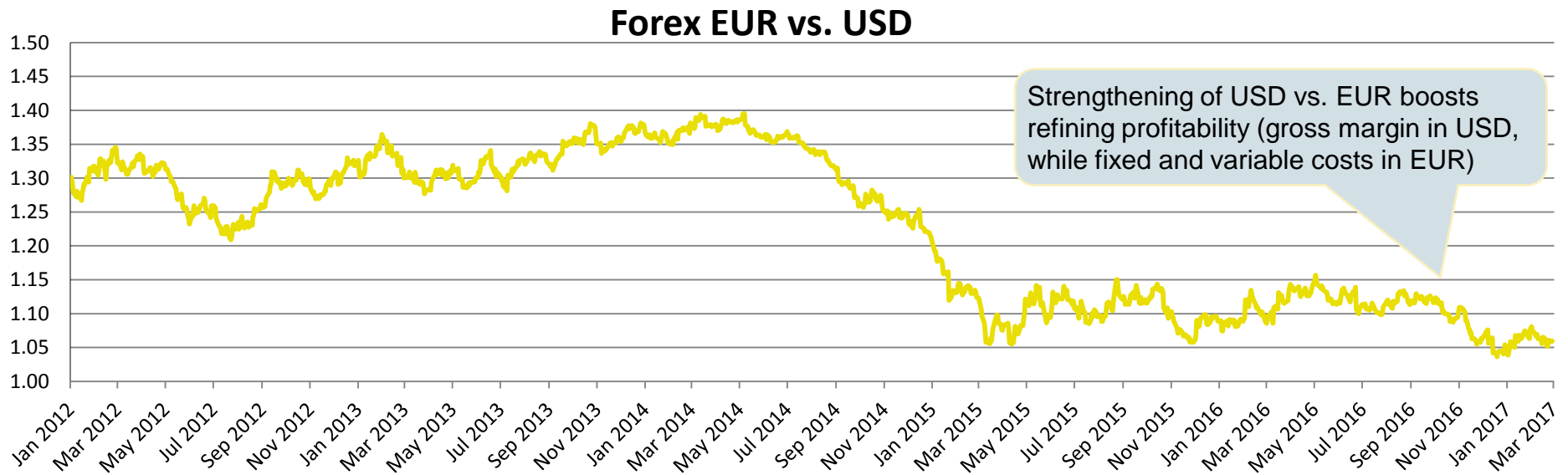
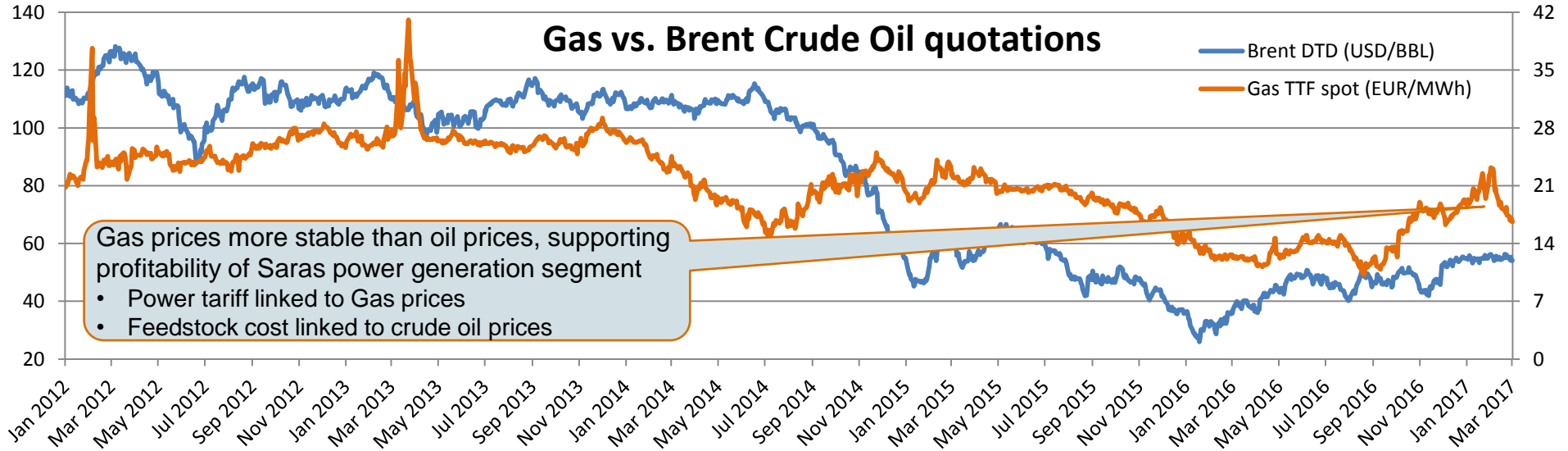
Product Cracks CIF Med vs. Brent Dated



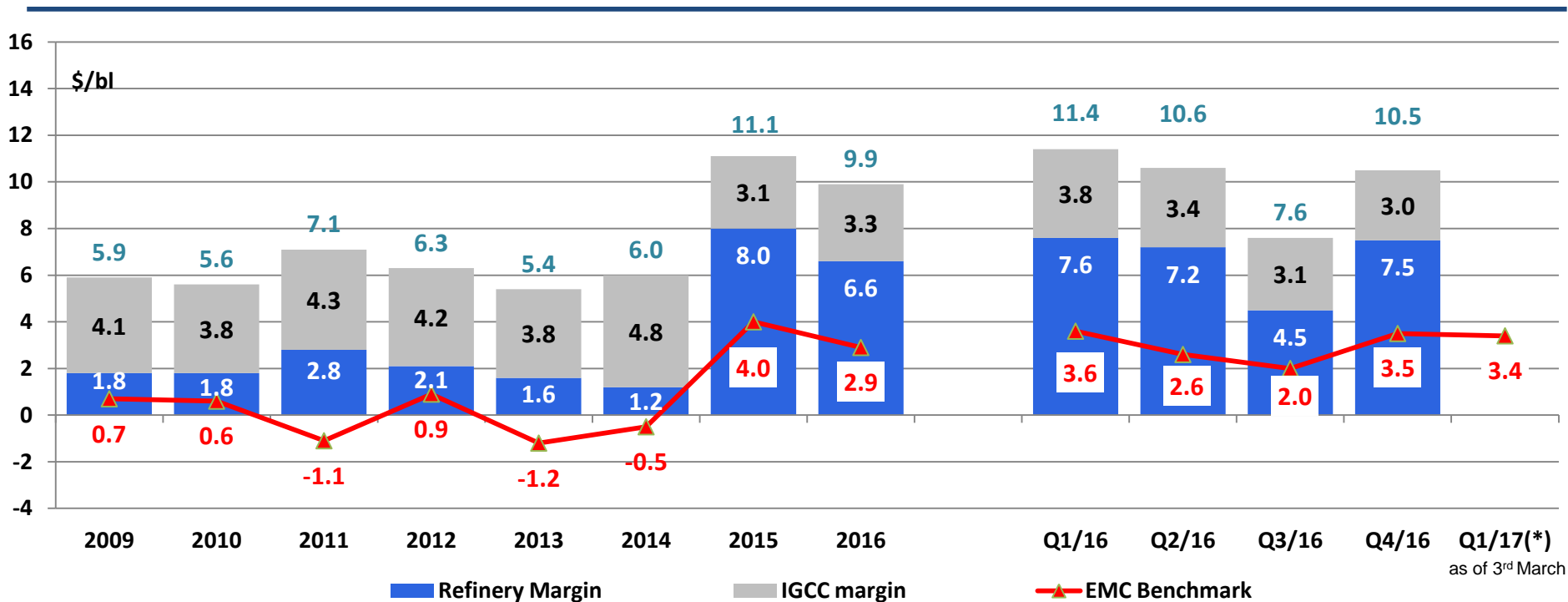
Ratios of Product Cracks CIF Med to Brent Dated



Favourable trends in USD/EUR and Gas vs. Crude oil prices



Saras margins and EMC benchmark (\$/bl)



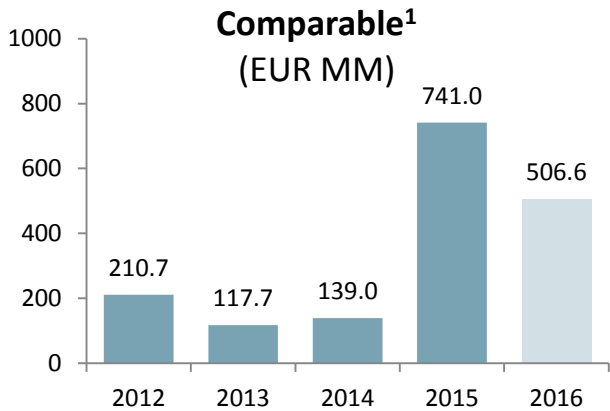
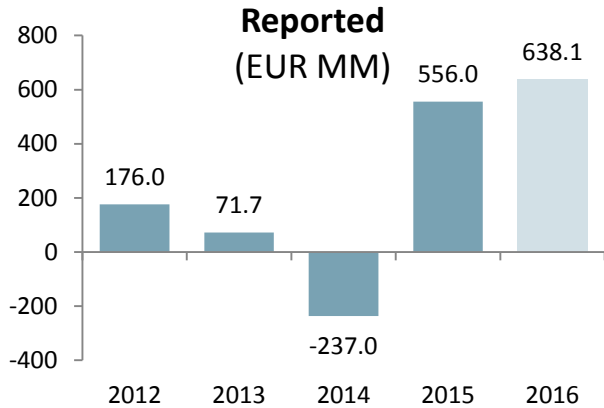
Refinery margins: (*comparable* Refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period

IGCC margin: (Power Gen. EBITDA + Fixed Costs) / Refinery Crude Runs in the period

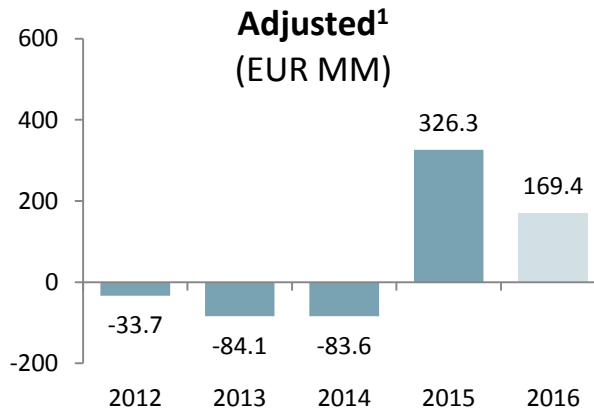
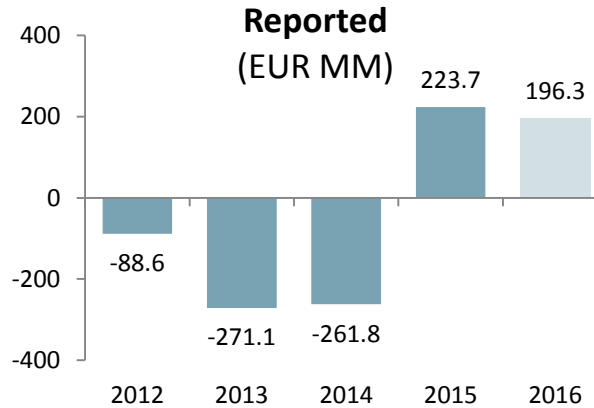
EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on a crude slate made of 50% Urals and 50% Brent

Saras' margin has a significant premium over the EMC Benchmark

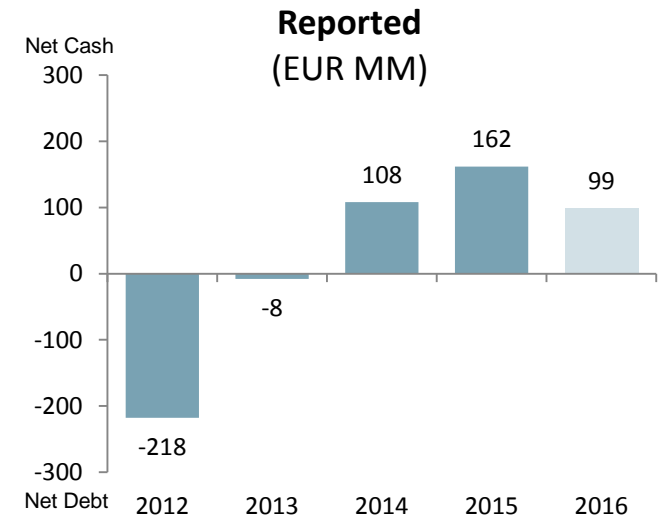
EBITDA



Net Result



Net Financial Position

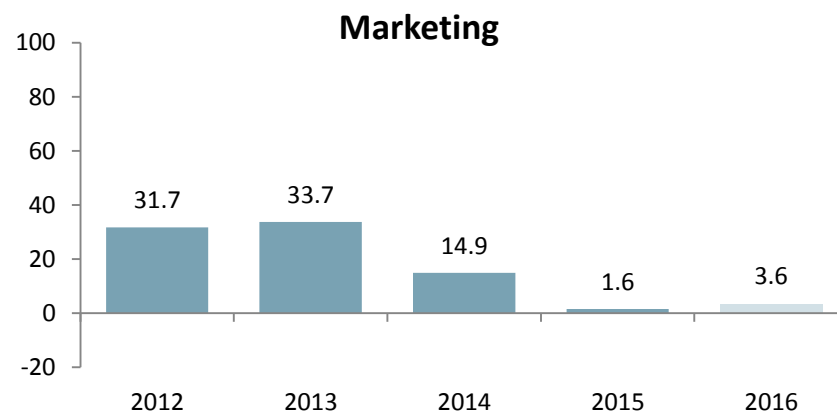
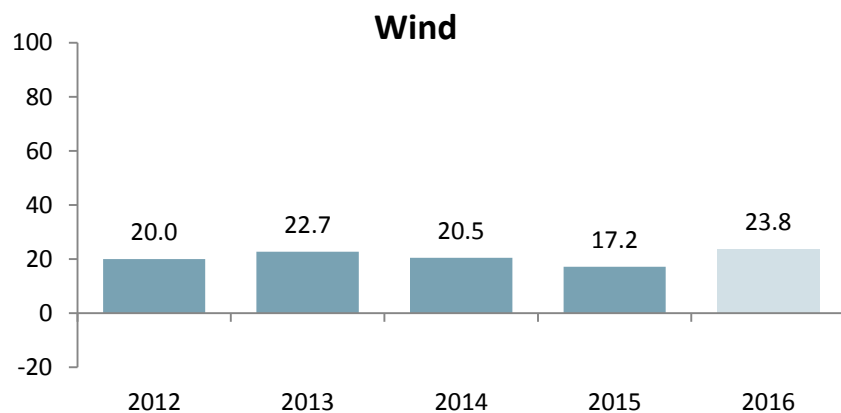
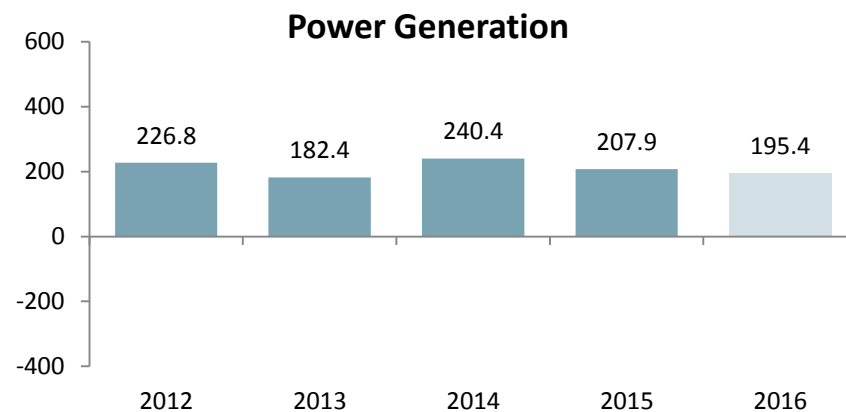
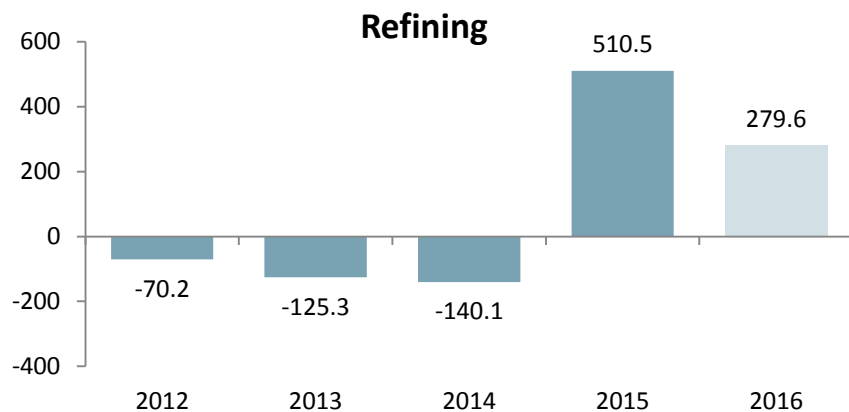


	2012	2013	2014	2015	2016
Financial Gearing²	18%	1%	0	0	0
NFP/EBITDA	1.2x	0.1x	0x	0x	0x

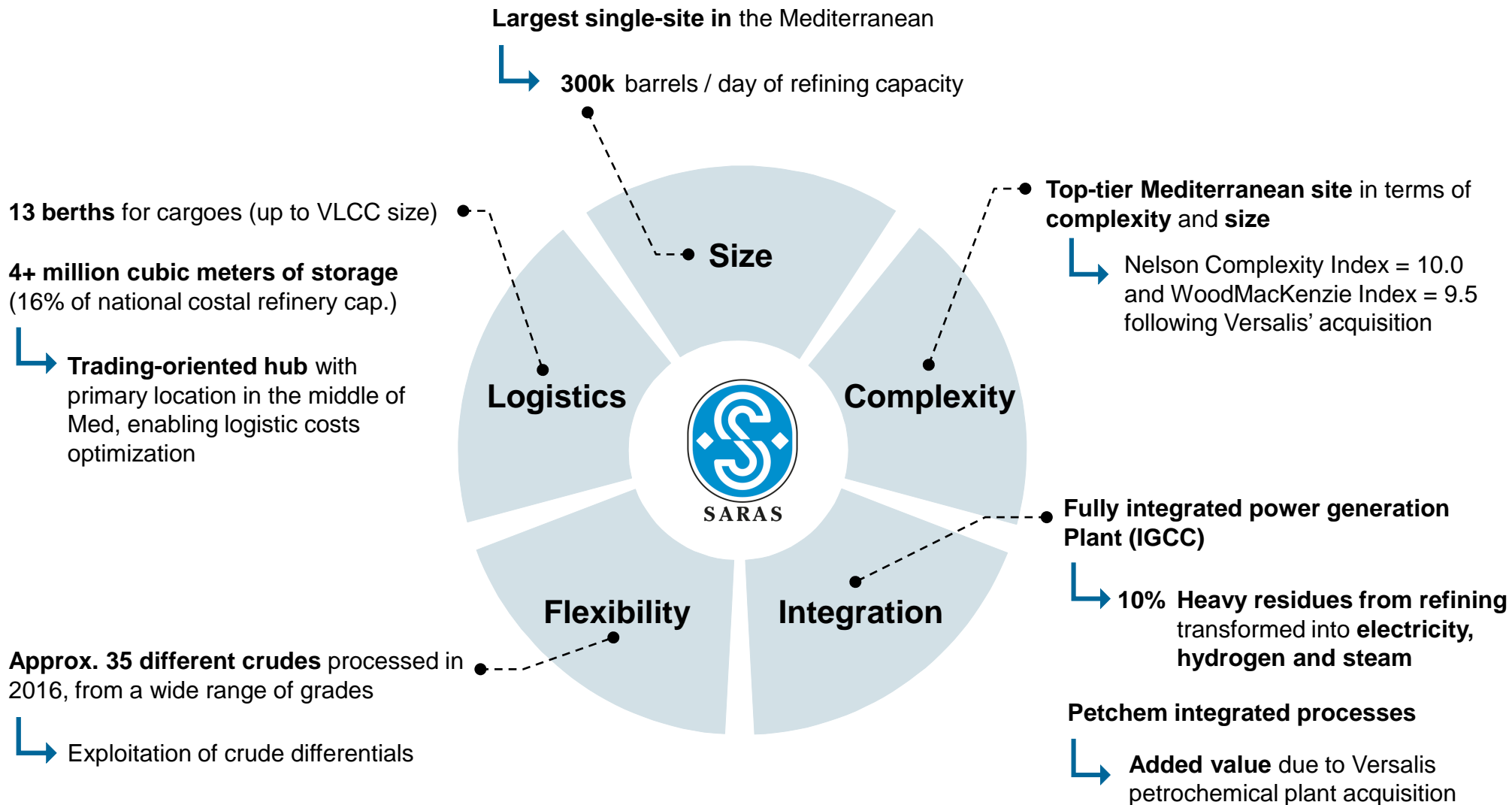
1. "Comparable" and "Adjusted" results evaluate oil inventories based on LIFO methodology (while IFRS accounting principles adopt FIFO methodology), because LIFO methodology does not include end-of-period revaluations and write-downs, and it provides a more representative view of the Group's operating performance. Moreover, "Comparable" and "Adjusted" results do not include non-recurring items and "fair value" of the open positions of the derivative instruments on oil and Forex.

2. Net financial Position / Equity

Comparable EBITDA¹ (EUR MM)

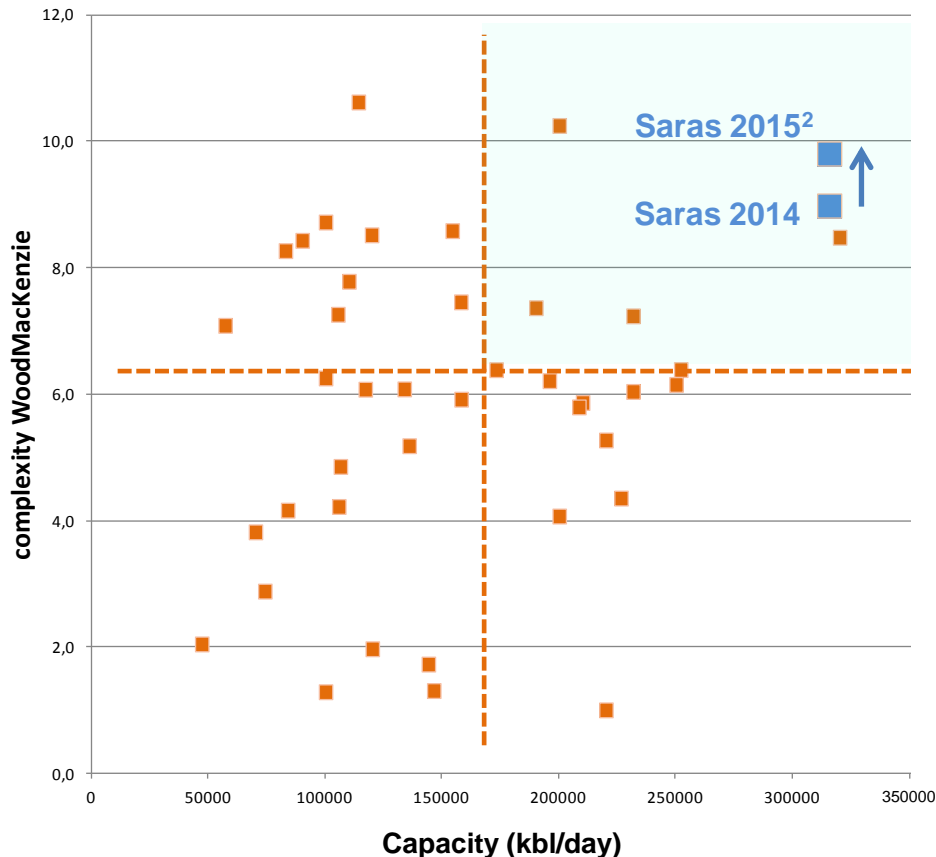


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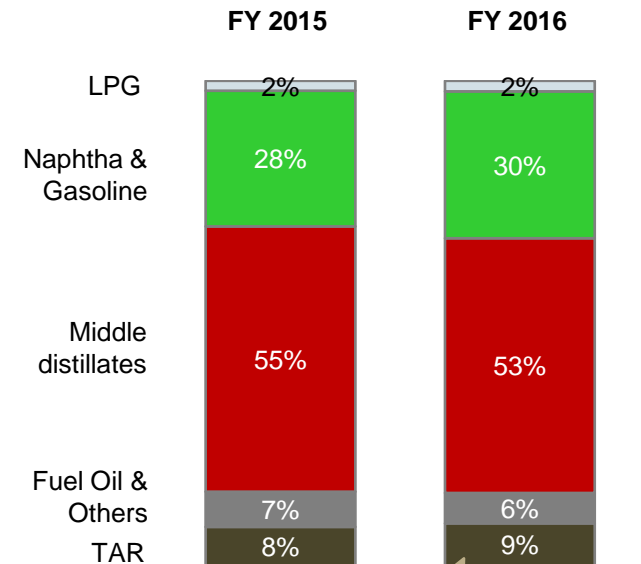


Med refineries by complexity index¹ and capacity

Index that measures the degree to which refineries are equipped with conversion capacity to transform heavier residue streams into lighter fractions



Output yields³



Heaviest stream of output sent to Power Generation unit (IGCC) for electricity production

Top-tier refineries compete in global markets and are well positioned to fully capture favorable market cycles

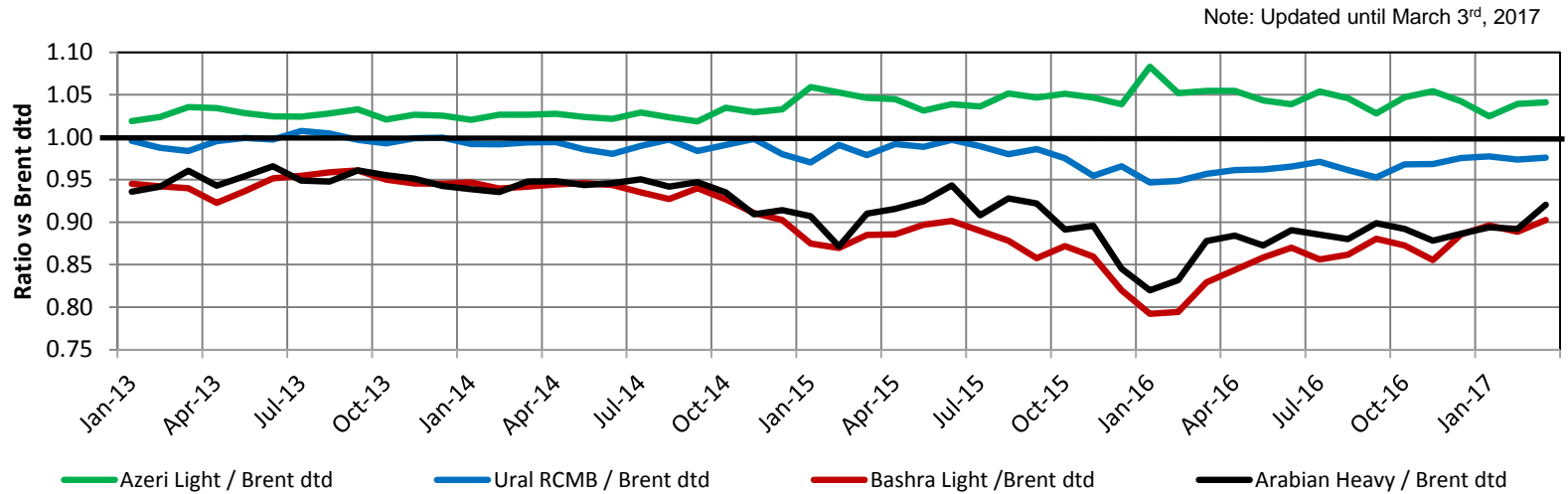
~85% of output are light & middle distillates

1. Wood Mackenzie index

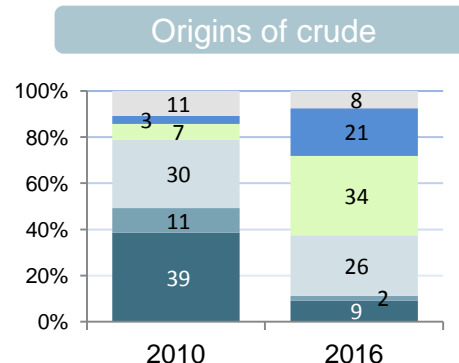
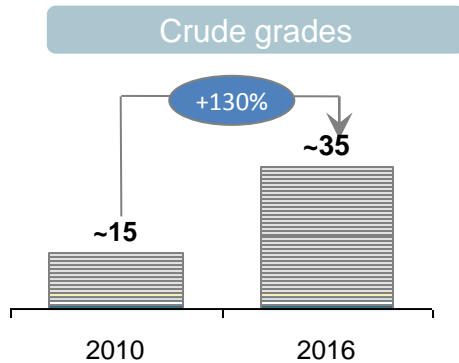
2. Saras calculation based on WoodMackenzie methodology, to account for the acquisition of Versalis petrochemical plant

3. Product Yields are calculated net of "C&L"

Market volatility and variations of discounts / premiums for crudes



Change in variety of crudes processed and origin of crudes purchased

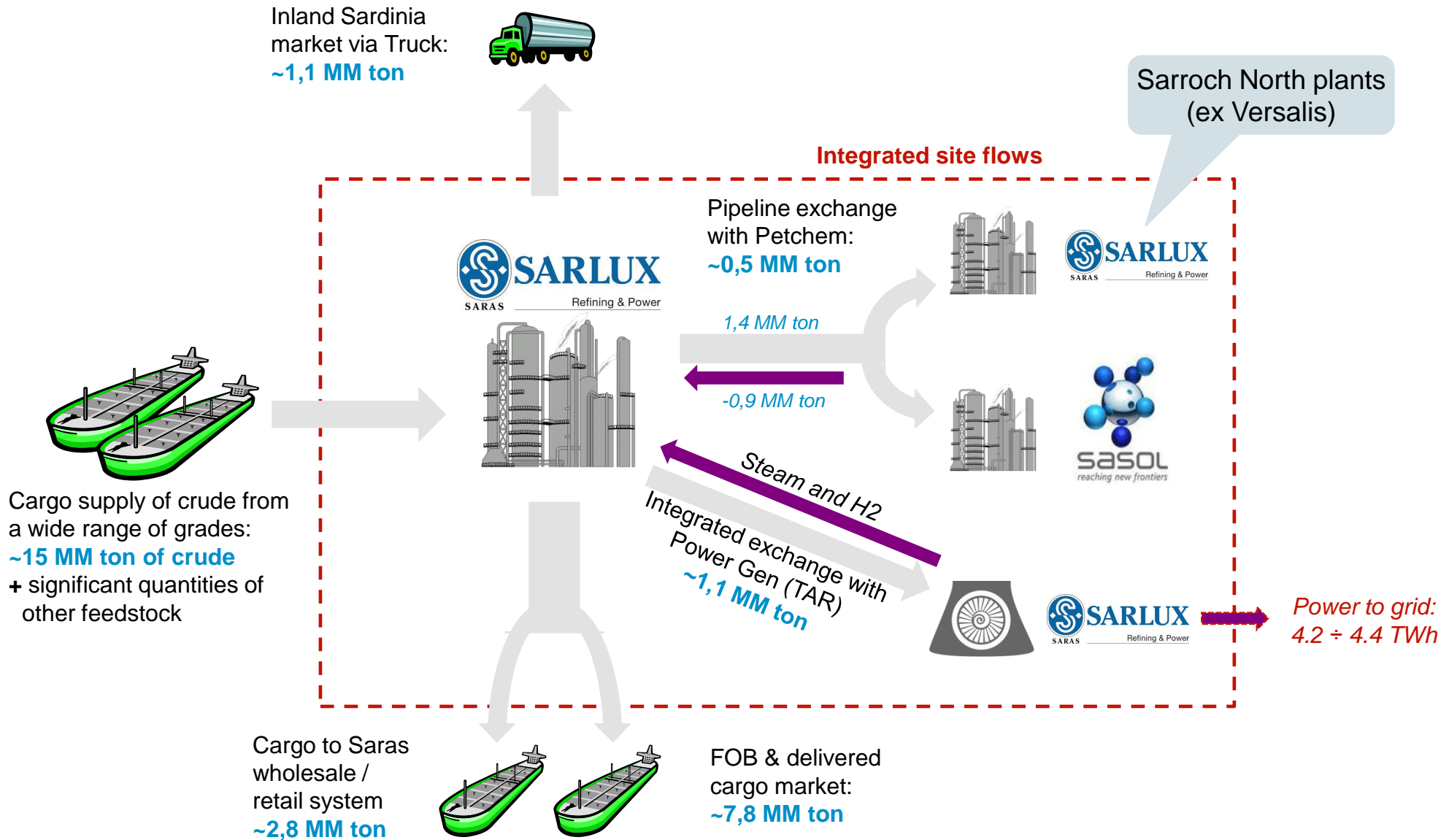


- **Saras flexible refinery is capable of processing multiple grades of crude**
 - Overcome supply disruptions
 - Exploit opportunities in differentials
- **Its central location allows for a geographically diversified supply**
 - Flexibility in crude origin
 - Supply optimization

North Africa North Sea FSU Middle East West Africa Others

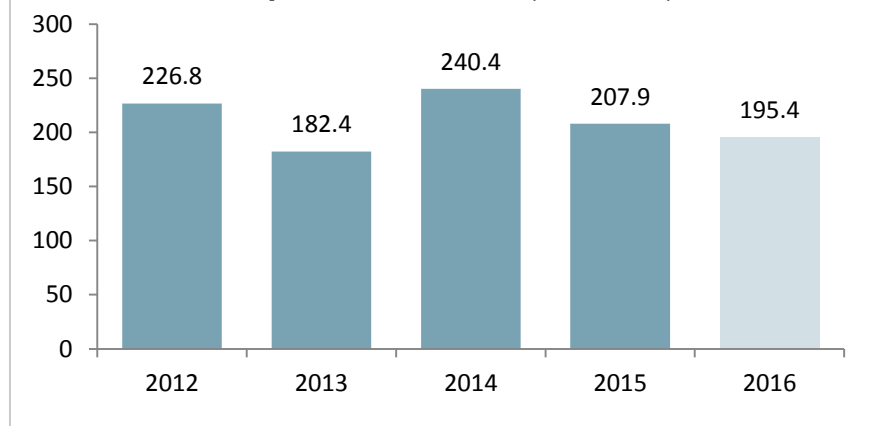
... which allow Saras to overcome supply disruptions and exploit market opportunities

Fully-integrated industrial site, with Power Generation & Petrochemical

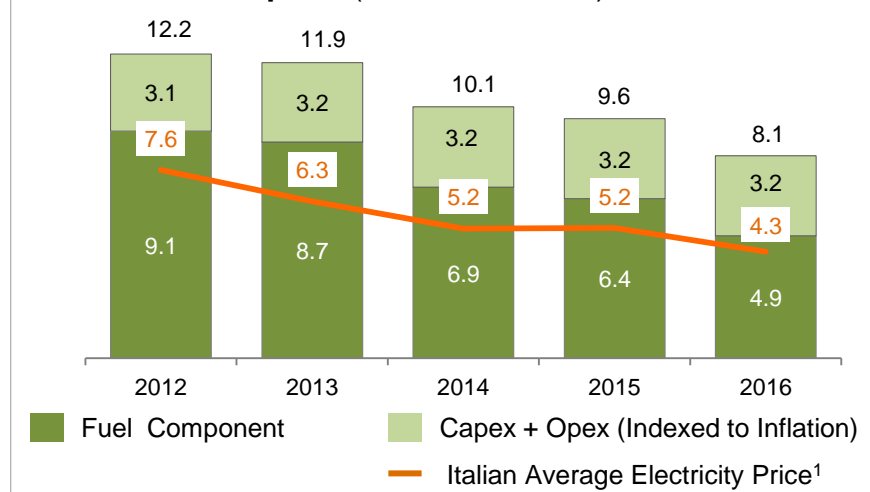


- IGCC economics are stable and based on attractive regulated contract (CIP6/92)
- The CIP6/92 contract with National Grid operator (GSE) enjoys priority of dispatching and full CO₂ cost reimbursement until April 2021
- **In the scenario post 2021, Saras' IGCC plant is ideally positioned to fully capture the opportunities arising from high sulfur, heavy crude productions**

**Power Generation
Comparable EBITDA (EUR MM)**



CIP6/92 Power Tariff vs. Italian Electricity price (EUR cent / kWh)



1. The Italian average electricity price (PUN) can be found on the GME website: www.mercatoelettrico.org

2010-2011

2012

2013

2014

2015

2016
onwards**Industrial Focus****Yield**

- Yield Optimization
- Give Aways reduction

Energy Efficiency

- Flare losses reduction to 0.1%
- Decrease steam/fuel consumption
- Energy certificates

Asset Mgmt

- Efficiency in routine maintenance
- Turnaround management

Other Costs

- Fixed costs reduction
- Reduction of utilities costs

Supply&Trading

- Processed crudes flexibility
- Reduction of inventory level
- New trading Business Model

New Initiatives

- SCORE Project Perf. Optimization
- Trading Company in Geneva
- Saras Capabilities Strengthening

Organization and Governance

- New organizational model
- Personnel cost reduction (turnover management, overtime control, etc.)

HSE

- Injury index down from 7 to 2
- SOx emissions down 20%
- BBS (Behaviour Based Safety) Project

Asset Upgrade

- MHC2 Revamping
- Upgrade of IGCC turbines

Versalis Deal

- Sarroch site strengthening plan
- Versalis assets/resources integration

Integration with petrochemical plants (ex Versalis)

- **Benefits from petrochemical:**
 - ✓ Maximisation of naphtha runs in reforming unit, to exploit strong gasoline premium
 - ✓ ~15% increase of propylene splitter throughput to maximize yield of Polymer Grade Propylene
 - ✓ Optimisations of production cycles and energy integration
 - ✓ Cost optimisations (procurement, material management, 3rd party services, etc.)
 - ✓ Further potential from the possible direct sales of upgraded of petchem feedstock

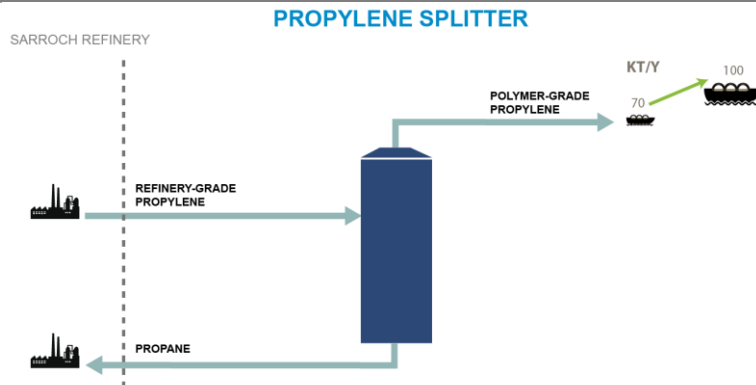
Continuous strengthening of capabilities

- **Internal capability building program**
- **External talent sourcing for Senior / Middle Management**
- **World-class consulting**

Supply Chain Integration and Trading Company in Geneva

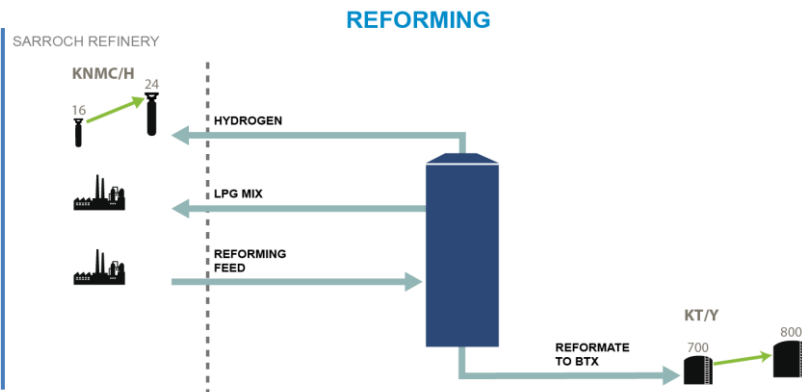
- **Higher integration and economic driven optimization of supply chain and refinery processes**
 - ✓ To boost optimization decision making and rationalisation of assets / models
- **New trading company launched in Geneva, a key European hub**
 - ✓ Proximity to the key players in oil trading / deals opportunities generators
 - ✓ Better access to specialized workforce and timely information

PROPYLENE SPLITTER



In petroleum refining, **Propylene** is a product of the fluid catalytic cracking (FCC). It can be sold directly (as “refinery-grade”) or upgraded to “polymer-grade” specifications. In particular, in the “refinery-grade” specs, the Propylene content is usually 70-75%, while “polymer-grade” specs require a Propylene purity higher than 99.5%

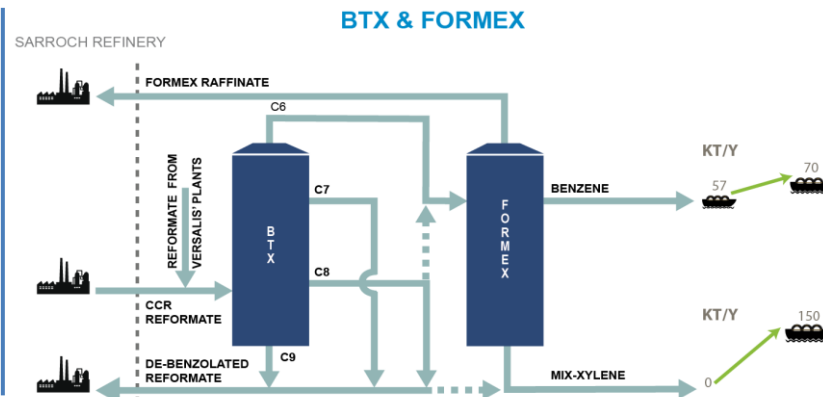
REFORMING

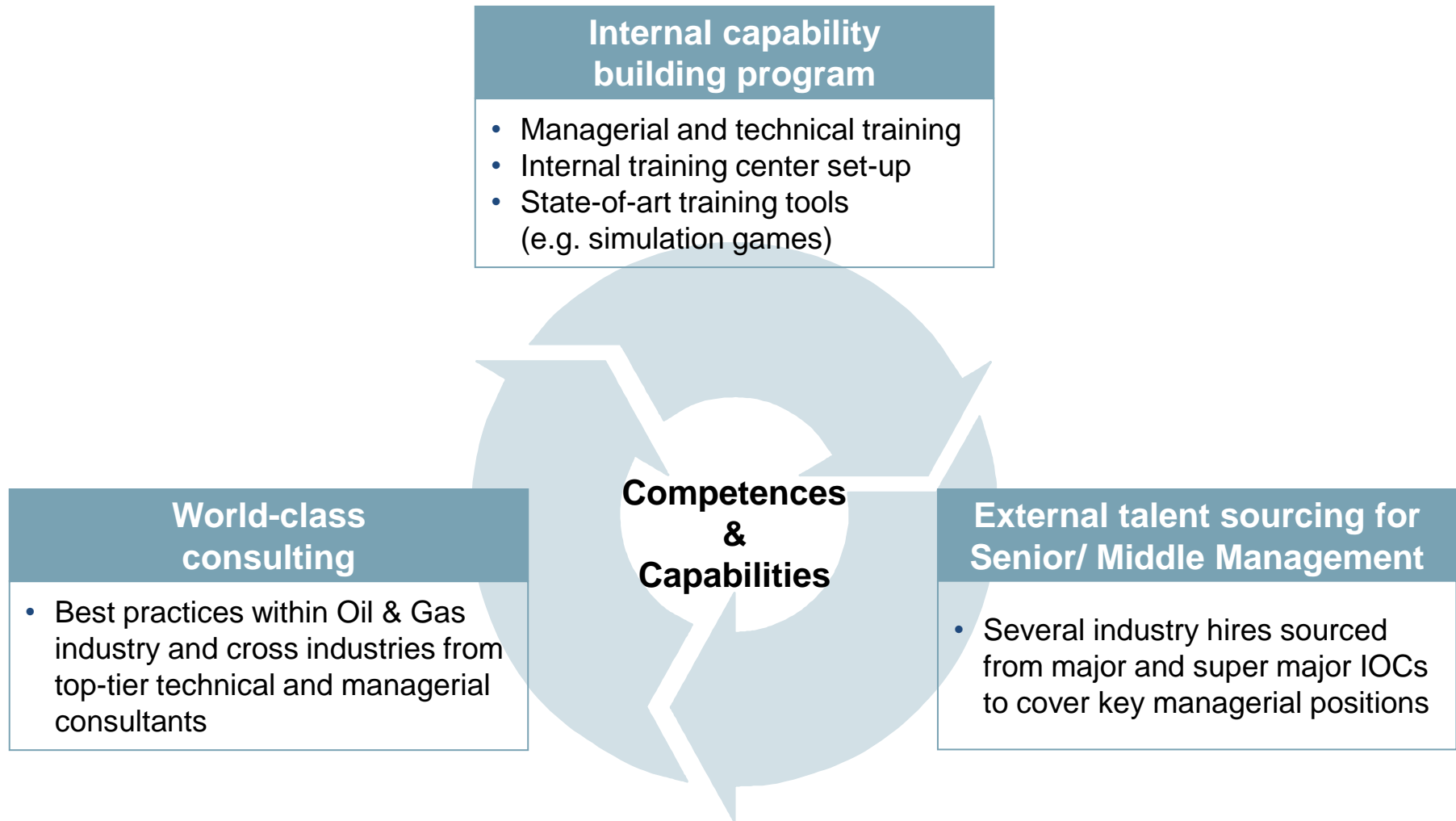


Benzene, Toluene, and Xylene (BTX)

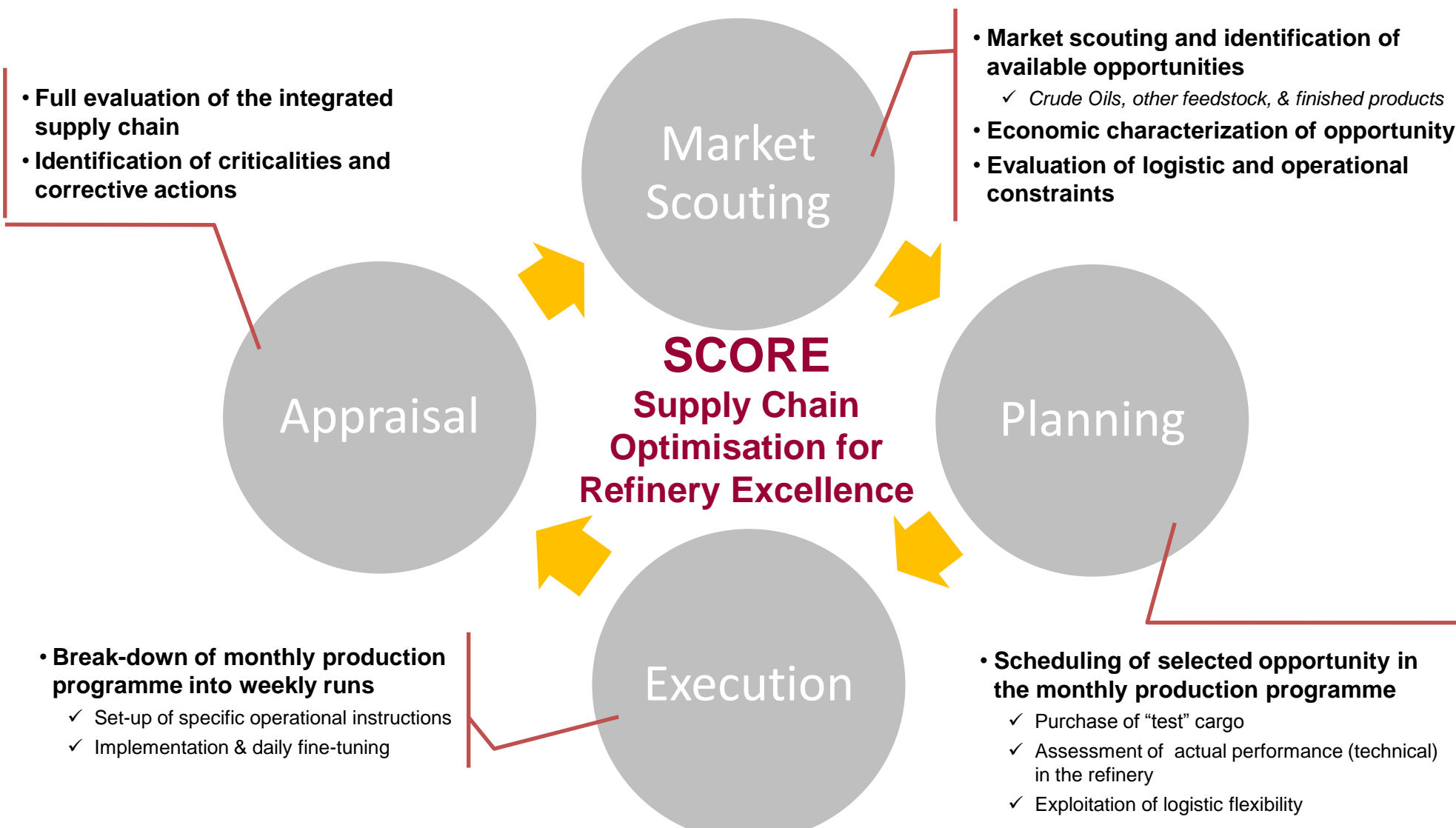
production is based on the recovery of aromatics derived from the catalytic reforming of naphtha. More specifically, the catalytic **reforming** process utilizes as feedstock naphtha that contains non-aromatic hydrocarbons with 6 to 9+ carbon atoms, and typically produces a “Reformate” gasoline containing C6 to C8 aromatics (Benzene, Toluene, mix-Xylene) as well as heavier aromatics containing 9 or more carbon atoms

BTX & FORMEX

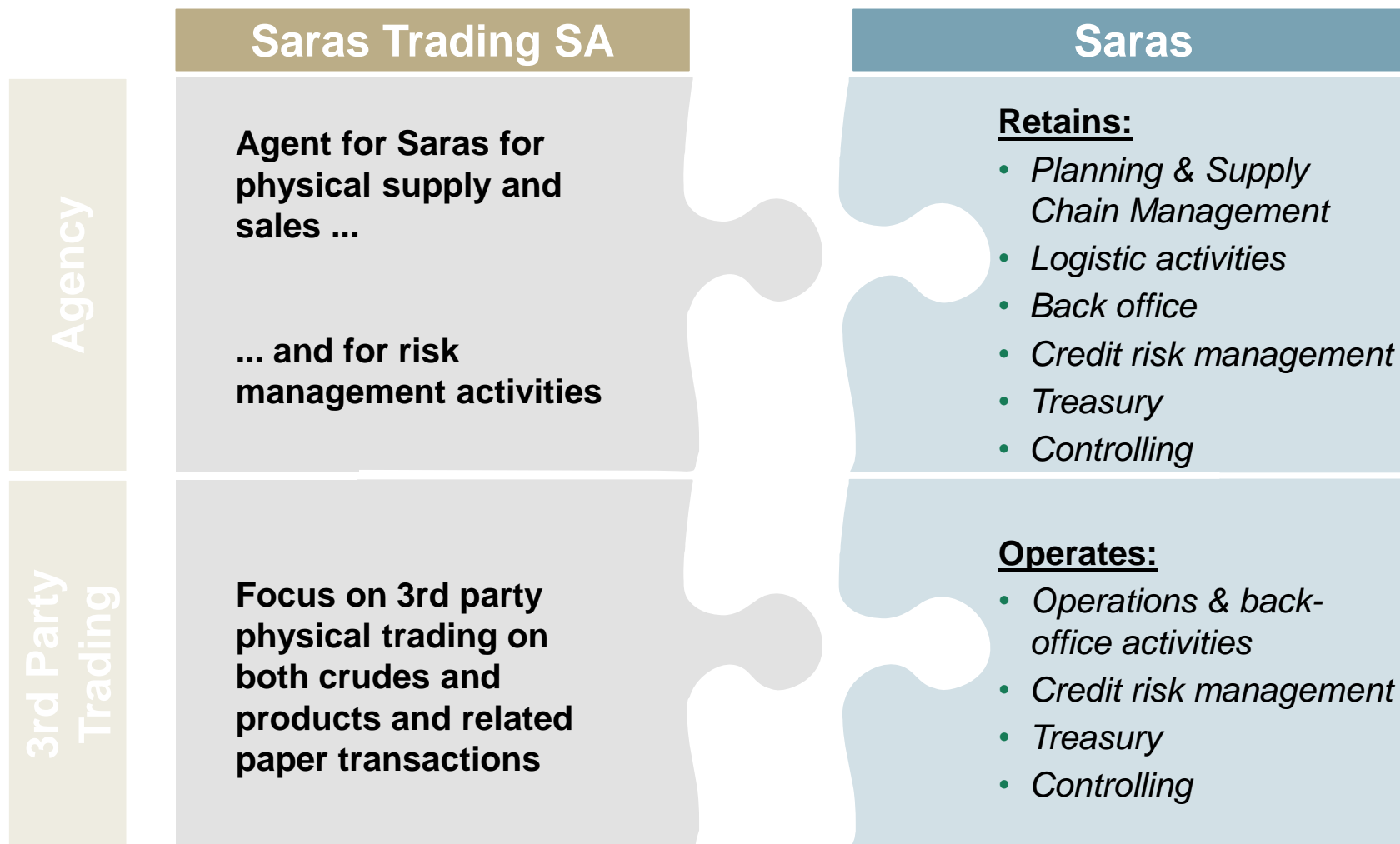




The skills and the commitment of the resources are key factors in establishing competitive performance levels



Weekly iterations of the process ensure maximum value creation



Saras Trading SA will have with dual role: Agent to maximize refining results and 3rd party Trader to achieve additional earnings

Saras' S&T strengths

- 1 Broad Network of Counterparts
- 2 Solid Reputation
- 3 Flexible Physical Assets
- 4 Consolidated Know-how

The new company in Geneva is an **Enabler of the Supply Chain integration...**

... with the additional benefit of entering the **pure trading business**, leveraging on history and people

Expected Benefits



Location advantages

+



People advantages

+



Financing advantages

+



Risk mitigation

=



Economic Value



Business Plan 2017 – 2020

**Market conditions expected to remain supportive
Target to achieve a premium of approx. 3.5 \$/bl above EMC benchmark**

Lighter maintenance cycle compared to 2016 implies more runs, lower fixed costs and EBITDA reduction due to scheduled maintenance

		Q1/17 expected	Q2/17 expected	Q3/17 expected	Q4/17 expected	2017 expected
REFINERY						
Crude runs	Tons (M) Barrels (M)	3.1 ÷ 3.2 23.0 ÷ 24.0	3.6 ÷ 3.7 26.0 ÷ 27.0	3.7 ÷ 3.8 27.0 ÷ 28.0	3.7 ÷ 3.8 27.0 ÷ 28.0	14.1 ÷ 14.6 103 ÷ 107
Complementary feedstock	Tons (M)	0.3 ÷ 0.5	0.3 ÷ 0.5	0.3 ÷ 0.5	0.2 ÷ 0.4	1.1 ÷ 1.9
EBITDA reduction due to scheduled maintenance	USD (M)	31 ÷ 34	1 ÷ 3	7 ÷ 10	1 ÷ 3	40 ÷ 50
IGCC						
Power production	MWh (M)	0.80 ÷ 0.90	1.00 ÷ 1.10	1.10 ÷ 1.20	1.10 ÷ 1.20	4.00 ÷ 4.40

Business Plan Market Scenario

		2017E	2018E	2019E	2020E
Brent Dated	\$/bl	52.5	55.0	60.0	65.0
Gasoline <i>crack spread</i>	\$/bl	10.0	10.0	10.0	10.0
ULSD <i>crack spread</i>	\$/bl	11.0	11.5	12.8	15.0
LS Fuel Oil <i>crack spread</i>	\$/bl	-13.0	-13.0	-13.0	-15.0
Exchange Rate	€/€	1.10	1.15	1.15	1.19

Note: Market Scenario assumed in Business Plan based on IHS Markit forecast (Nov. 2016) and Reuters Poll for Exchange Rate

Business Plan Operations & Fixed Costs

		2017E	2018E	2019E	2020E
Refinery Crude Runs	Mtons	Approx. 14 ÷ 14.5			
Refinery other feedstock	Mtons	Approx. 1.0 ÷ 1.5			
IGCC Power production	TWh	Approx. 4.2 ÷ 4.5			
Total Fixed costs (Refining + Power)	€ M	Approx. 360 ÷ 370			

Outlook for crude oil markets


Global oil supply expected to remain robust over the plan period

- OPEC cuts will likely be offset by ramping-up E&P activities in US (light sweet) and in North-Eastern Caspian Sea (light sweet crude and condensates from Kashagan), as well as production increases in Libya and Nigeria

Outlook for “light sweet – heavy sour” price differential

- Shrinking in 2017 due to OPEC production cuts (mainly heavy-sour), and increase of light sweet supply
- Material widening in 2019-20, driven by “IMO – Marpol VI” regulations:
 - ✓ From Jan. 2020 bunker fuel maximum allowed Sulphur percentage down from 3.5% to 0.5%
 - ✓ Heavy and medium sour crude oils expected to increase their discounts vs. Brent
 - ✓ Increase in premium of light sweet crude oils (more suitable to produce bunker fuel at 0.5% Sulphur)


Global refining key takeaways



- **PRODUCT DEMAND**
 - » Growth in global demand to slow from 2018
 - » 2020 will see a boost in distillate demand from IMO's switch in marine fuel
- **PRODUCT SUPPLY**
 - » Investments in conversion & coking capacity are outpacing new crude unit capacity
 - » Gasoline investments continue to improve product quality
 - » Distillate investment continue to increase global supply
 - » More complex refinery capacity means lower runs required to meet global demand
- **REFINING OUTLOOK**
 - » Costal, deep conversion units will see a boost to refinery margin with IMO legislation
 - » Refinery margins will see a positive step change in 2020 as they increase runs & fill upgrading capacity to meet additional distillate demand for IMO compliance

Source: Wood Mackenzie

9 Trusted commercial intelligence
www.woodmac.com



Wood Mackenzie
A Verisk Analytics Business

According to Wood Mackenzie, a leading independent market consultancy, IMO regulation will trigger:

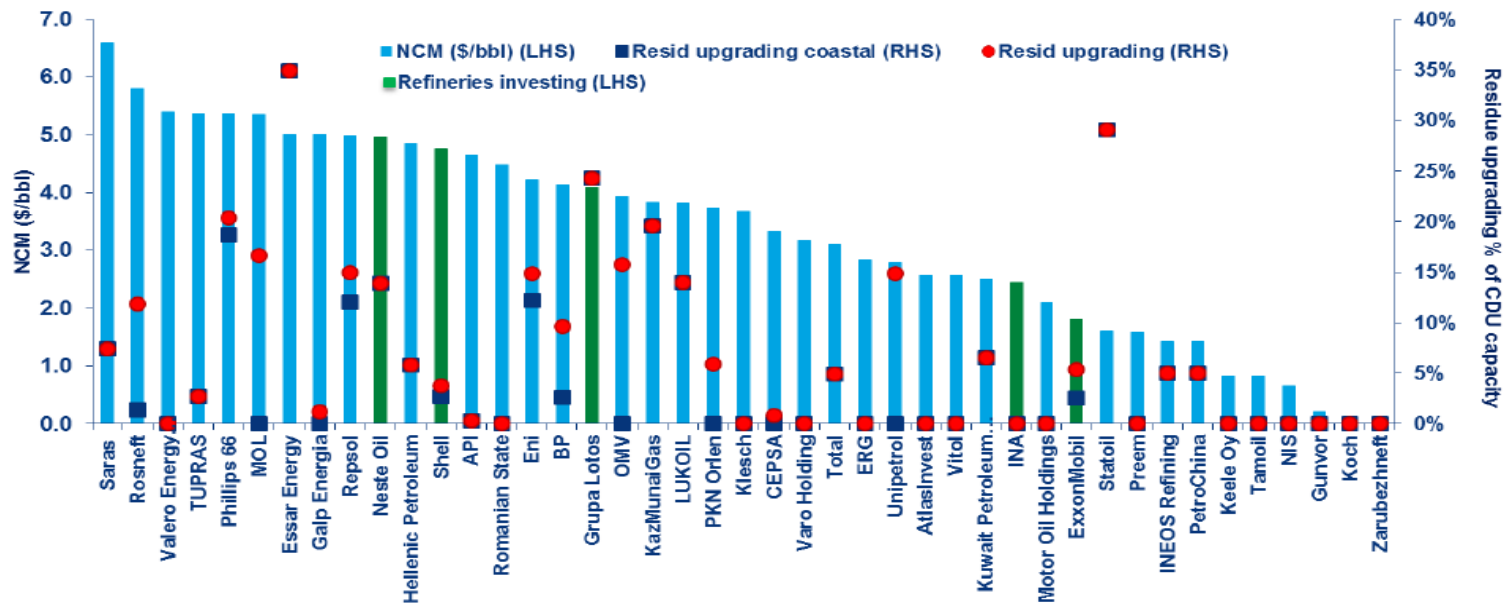
- Large increase in marine gasoil demand in 2020 (sustained through 2025)
- Relevant investment in conversion and coking capacity for lower complexity refineries (to find ways to dispose of Fuel Oil production)

Refining outlook is positive:

- Margins will see a positive step change in 2020
- Costal, deep conversion units most favoured

The MARPOL VI legislation will provide support for Europe's deep conversion units

2015 – Corporate Net Cash Margin (\$/bbl)



Source: Wood Mackenzie – Refinery Evaluation Model



Saras is ideally placed to play this scenario:

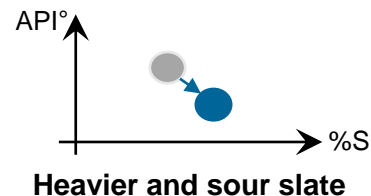
- Widening of “heavy-sour / light-sweet” differential will increase Saras premium to EMC Benchmark margin
- **Transformational investments are not necessary:** Saras IGCC plant already efficiently converts heavy part of the barrel into precious electricity, as well as steam and hydrogen which are sent back to the refinery

Visbreaking revamping



150 -200 M€ CAPEX

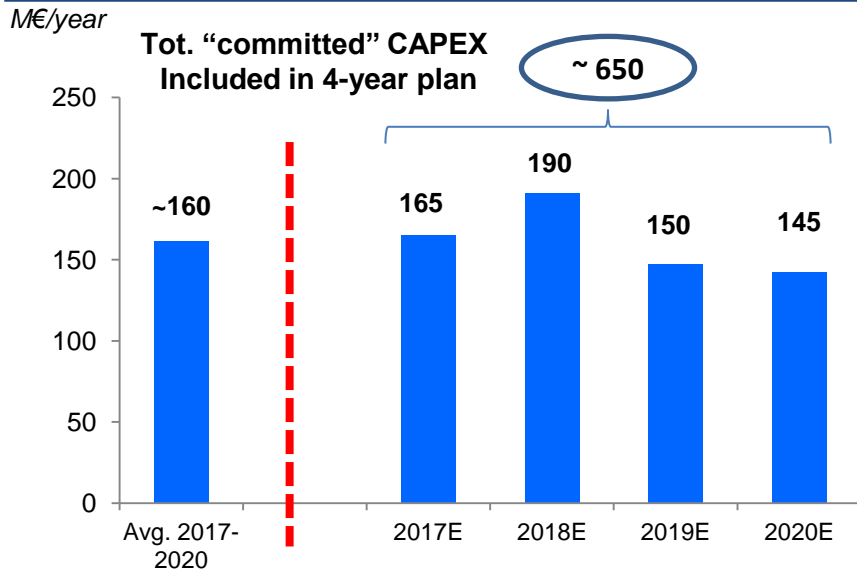
- **Final decision on investment** aimed at consolidating the site's operational configuration & Group's profitability after the CIP/6 expiry **to be taken in 2018**
- Recent developments of "IMO – Marpol VI" regulations outline a long-term scenario with progressively widening discounts for heavy sour crude oils
- Under this scenario the **revamping of the Visbreaking Unit would:**
 - **Enable production of cheaper feedstock (i.e. heavier TAR)**
 - **Increase the % of heavy sour crude oils in the refinery feed**
- Expected benefits from **revamping of the Visbreaking Unit:**
 - **1 IGCC power train dedicated to self-consumption**, leading to savings for system and dispatching charges for the refinery
 - **Higher runs of heavy sour crude oils in the refinery**, leading to cheaper cost of refinery feedstock




~1.0TWh self consumed
+ ~3.6 TWh sold

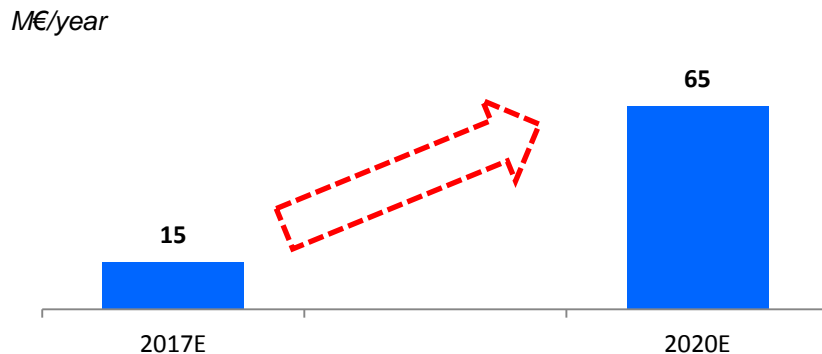
Saras Improvement Initiatives and CAPEX Plan

Business Plan Group “committed” CAPEX¹



1. Further “non-committed” CAPEX refer to a portfolio of additional refinery upgrades, to be evaluated on a yearly basis

Expected EBITDA from Improvement Initiatives



Saras SpA

Main development CAPEX included in Plan

- **Logistics upgrades:** jetty upgrade for berthing of larger vessels, and extensions of crude oil lines
- **Northern plants:** BTX revamping, Splitter improvements, and power station upgrade
- **Southern plants:** FCC oxygen enrichment, Chiller for LPG recovery on fuel gas network, other minor works
- **Energy efficiency:** New FCC blower and power recovery unit (Expander); internal power grid reconfiguration; new steam and fuel gas interconnection between Northern & Southern plants

Operational Improvements included in Plan

- Steam management across the site
- Increased focus on heat exchangers’ efficiency
- Improved energy performance tracking / control

**More than 80 possible applications identified,
and 8 pilot projects recently launched**

- **Production optimisation** through advanced algorithms
- **Field Operator Productivity and Safety improvement** (i.e. field operators will use devices incorporating sensors and hand-held tablets to follow control check lists and take note of relevant measures)
- **Maintenance optimisation** (i.e. use of big data to predict plants fouling and/or outages, in order to minimize non-planned maintenance)

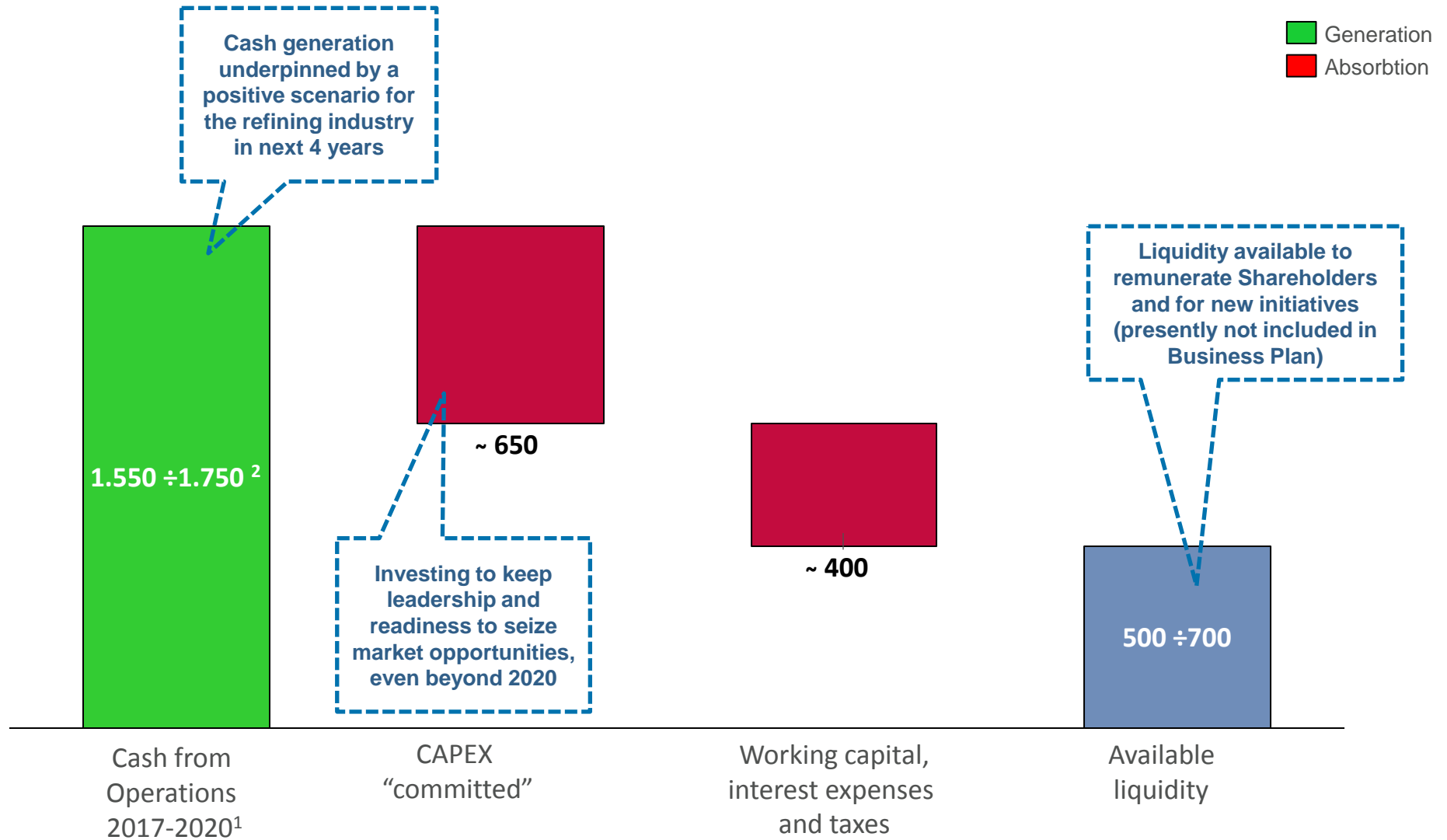


**“Industry 4.0” technological innovations will further enhance
Saras efficiency and know how**

Segment	Comments
Refining	<ul style="list-style-type: none">• EMC Benchmark margin at 2 ÷ 2.5 \$/bl (based on reference scenario)• Saras' premium to EMC Benchmark from approx. 3.5 \$/bl in 2017 to approx. 4 \$/bl in 2020 (including improvement initiatives and additional benefits deriving from Integrated Supply Chain Management)
Power Generation	<ul style="list-style-type: none">• EBITDA of approx. EUR 200M/year• Electricity produced to be sold according to CIP6/92 tariff
Marketing	<ul style="list-style-type: none">• EBITDA of approx. EUR 10M/year• Profitability recovery coming from cost rationalization and implementation of initiatives for optimization of sale channels & working capital
Wind	<ul style="list-style-type: none">• EBITDA between EUR 20 ÷ 25M in 2017• EBITDA between EUR 5 ÷ 10M in the period 2018-20, due to the expiry of incentives on ~80% of the installed capacity

Sources and uses of cash (Cumulated 2017-2020)

M€

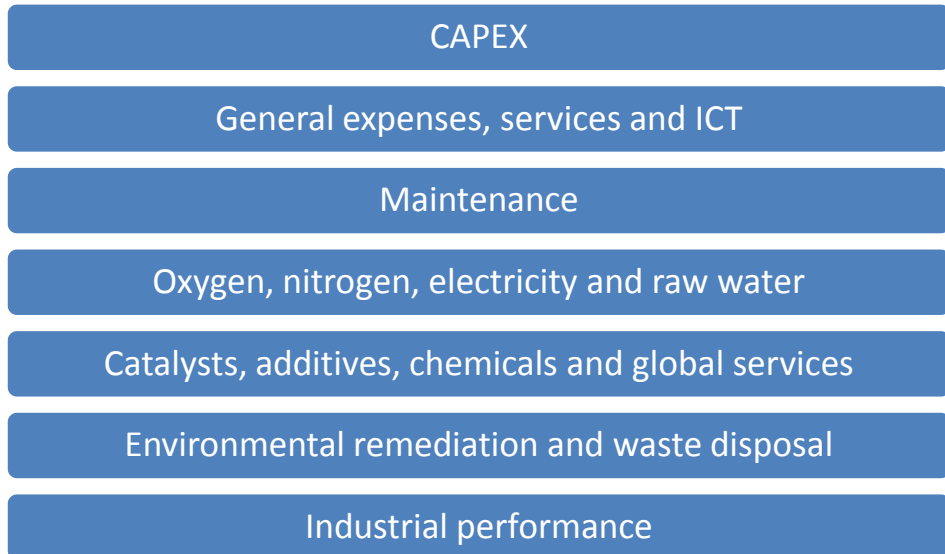


1. Cash Flow from operations = EBITDA – Linearization effect on Power Generation – others
2. Variability for Cash Flow generation derives mainly from range assumed for EMC Benchmark margin

Cost Optimisation Programme prudentially not included in the Plan

Cost Optimisation Programme

- Cost optimisation programme started in early 2017
- Effects – **prudentially not included in the Plan** – should compensate a sizeable portion of growing costs associated with environmental regulations and inflationary cost drifts
- Expected savings to be incorporated in subsequent updates of the business plan
- The main areas which will be targeted are the following:



Approach and main levers

- **Bottom up approach:** project managed and driven by the process owners
- **Focus on reduction of inefficiencies** at all levels
- **Levers to be exploited:** volumes, processes, technological innovation
- **Process reengineering**





Deep dive on Saras segments

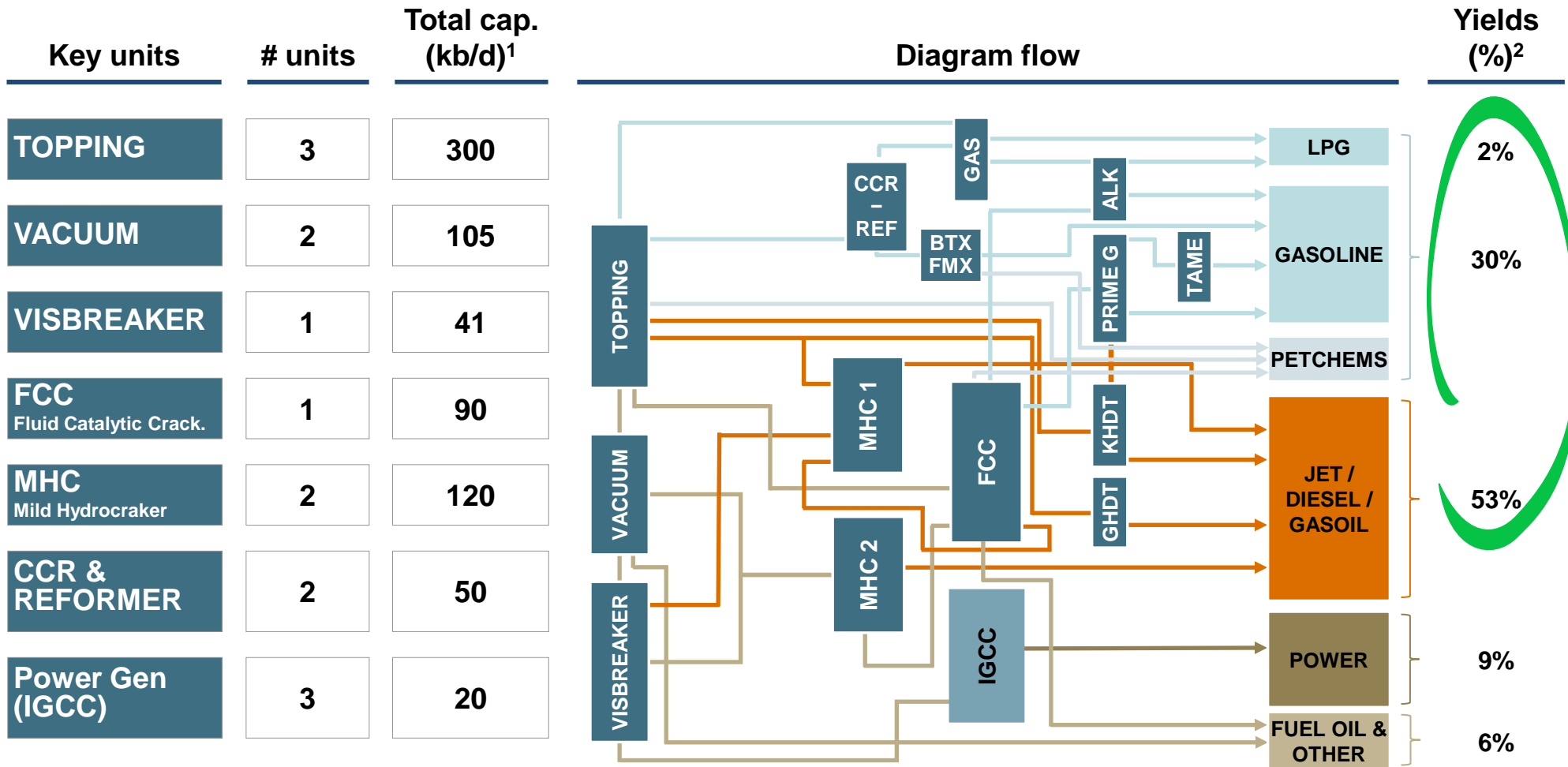
- **Refining**
- Power Generation
- Marketing
- Wind Energy

Group Financials

Key financial performance of the Refining segment

EUR million	2012	2013	2014	2015	2016
EBITDA	(91.2)	(153.6)	(496.3)	337.1	418.3
Comparable EBITDA	(61.2)	(127.5)	(140.1)	510.5	279.6
EBIT	(197.0)	(261.0)	(640.7)	204.8	281.5
Comparable EBIT	(167.0)	(234.9)	(261.8)	396.6	162.8
CAPEX	97.0	87.1	124.9	75.0	133.6
REFINERY RUNS					
Crude Oil (ktons)	13,309	12,980	12,430	14,550	12,962
Crude Oil (Mbl)	97.2	94.8	90.7	106.2	94.6
Crude Oil (kbl/d)	265	260	249	291	259
Complementary feedstock (ktons)	431	390	548	1,026	1,598
EMC benchmark	0.9	(1.2)	(0.5)	4.0	2.9
Saras Refining Margin	2.1	1.6	1.2	8.0	6.6

Complex and well balanced refinery configuration



High conversion to high-value products: Petrochems, Gasoline, Diesel and Power

1. Calculated using calendar days
 2. Yields are calculated net of "C&L" – values refer to FY 2016

~4M cm of tank farm capacity and 13 berths



Tank Farm

	#	k cm	k bl
Crude	13	1,290	8,127
Gasoline	60	1,000	6,300
Kerosene	11	114	718
Gasoil	35	694	4,372
Fuel Oil & feedstock	33	885	5,575
LPGs	47	72	454
Total	199	4,055	25, 546



Marine Terminal

Deep sea berths for VLCC

Berths for Products

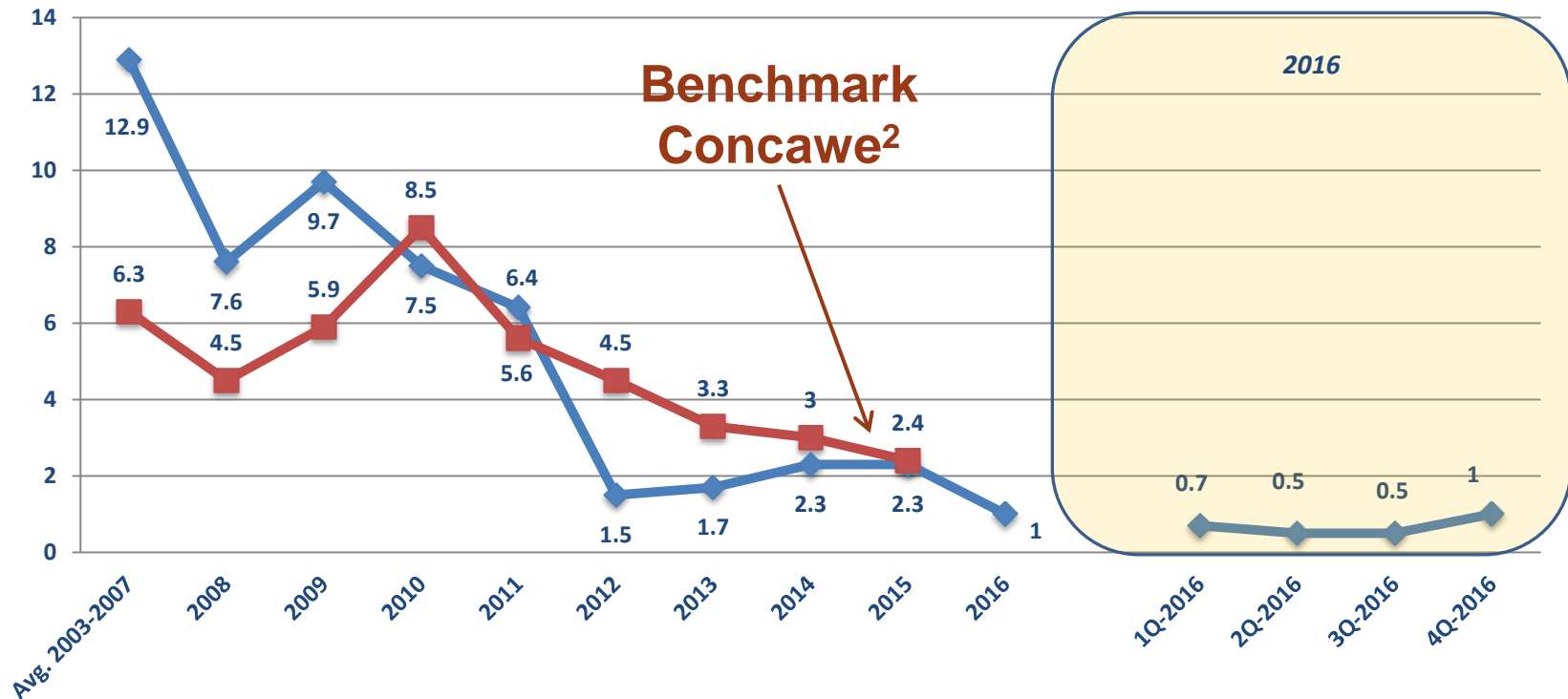
#	Dwt	m Draft
2	up to 300,000	20.7
9	up to 65,000	12
1	up to 40,000	9.5
1	up to 6,000	7
13		

Opportunity of expansion in the storage capacity (gasoil/crude)

Flexibility for simultaneous loadings of multiple products



Total Frequency Index¹ Sarlux and Contractors



1. Total Frequency Index: ratio between injuries and medical treatments versus total worked hours in the period
2. CONCAWE (CONservation of Clean Air and Water in Europe) is a European Organisation for Environment, Health and Safety within the oil industry



Deep dive on Saras segments

- Refining
- **Power Generation**
- Marketing
- Wind Energy

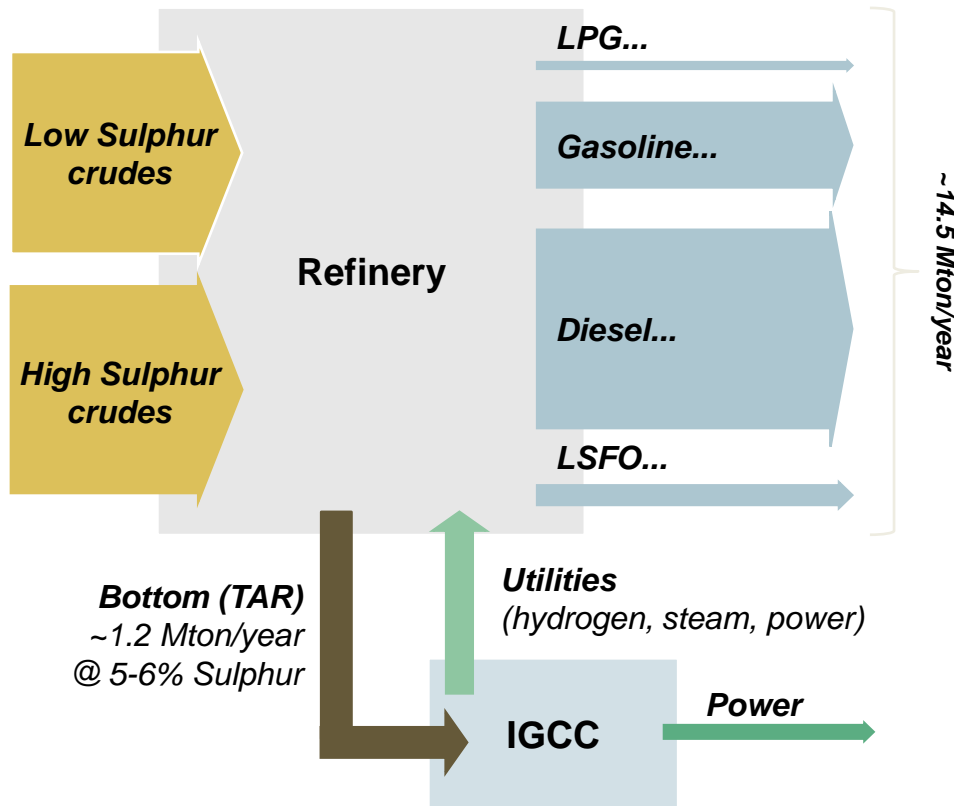
Group Financials

Key financial performance of the Power Generation segment

EUR million	2012	2013	2014	2015	2016
Comparable EBITDA	226.8	182.4	240.4	207.9	195.4
Comparable EBIT	147.0	109.5	174.7	111.1	96.3
EBITDA IT GAAP	178.3	184.8	147.9	168.2	133.9
EBIT IT GAAP	133.2	131.2	85.9	105.0	68.6
CAPEX	8.7	16.9	6.8	9.1	9.6
ELECTRICITY PRODUCTION <small>MWh/1000</small>	4,194	4,217	4,353	4,450	4,588
POWER TARIFF <small>€cent/kWh</small>	12.2	11.9	10.1	9.6	8.1
POWER IGCC MARGIN <small>\$/bl</small>	4.2	3.8	4.8	3.1	3.3

Saras IGCC plant is fundamental to convert “bottom of the barrel”

Sarlux site configuration



- Three independent trains for gasification and power production, with a total design capacity of 575 MW

IGCC role

IGCC processes High Sulphur (HS) crudes "bottom-of-barrel" and has 3 main outputs:

- Power
- Hydrogen
- Steam...

...making the IGCC very important even after expiry of the CIP6 scheme

- Instrumental to economically process HS crudes and to fully exploit the site assets
- Hydrogen and steam production are necessary for refinery operations
- ~1TWh of power production will be self-consumed to further reduce exposure to power market

The IGCC operational flexibility will be exploited with an integrated perspective

Note: Arrow width proportional to material flow size, plant surfaces proportional to Nelson Complexity Index. Semifinished products not shown



Deep dive on Saras segments

- Refining
- Power Generation
- **Marketing**
- Wind Energy

Group Financials

Key financial performance of the Marketing segment


EUR million	2012	2013	2014	2015	2016
EBITDA	18.0	16.0	(4.9)	(5.1)	9.9
Comparable EBITDA	31.7	33.7	14.9	1.6	3.6
EBIT	(29.8)	7.6	(14.7)	(16.3)	4.2
Comparable EBIT	19.8	25.3	6.4	(4.7)	(2.1)
CAPEX	8.2	3.7	3.0	1.2	1.4
SALES (THOUSAND TONS)					
ITALY	2,210	2,342	2,449	2,573	2,298
SPAIN	1,584	1,310	1,234	1,388	1,787
TOTAL	3,794	3,652	3,683	3,961	4,084

Overview of the Italian and Spanish Marketing businesses




Spain: Saras Energia

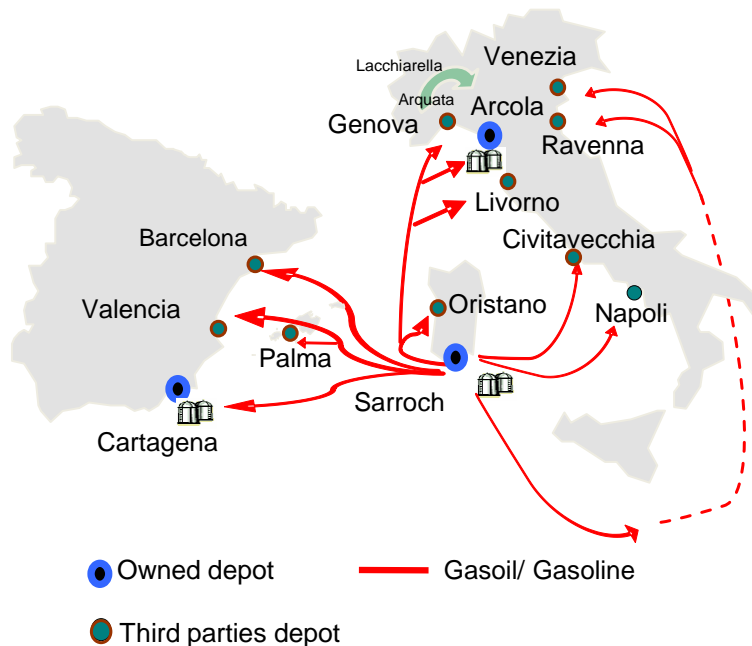
Spain wholesale

- 114kmc distillates storage in Cartagena 
- ~10% share of wholesale market

Spain retail

- 101 service stations 
 - 86 fully owned
 - 15 long term leased
- ~155kmc sold in 2016
- Mainly located in the Med tributary, with CLH Depots regional support



Main logistics flows



Italy: Saras SpA



Arcola La Spezia (owned)

- 200kmc storage for diesel and gasoline 
- ~8% share of wholesale market
- Sea Terminal for up to 50kt DWT 
- Logistics available for bunkering

Transfer depots network (3rd party)

- Logistics efficiently covers all richest northern and central regions (Genova, La Spezia, Livorno, Civitavecchia, Venezia, Napoli and Ravenna)
- Strong position in Livorno, Venice and Civitavecchia

Reaching further downstream

- i.e. resellers, unbranded service stations, supermarket chains, etc...

Sales (ktons)	2012	2013	2014	2015	2016
SPAIN	1,584	1,310	1,234	1,388	1,787

Sales (ktons)	2012	2013	2014	2015	2016
ITALY	2,210	2,342	2,449	2,573	2,298

An Integrated MED Market Player Offering Integrated Services



Deep dive on Saras segments

- Refining
- Power Generation
- Marketing
- **Wind Energy**

Group Financials



Key financial performance of the Wind segment

EUR million	2012	2013	2014	2015	2016
Comparable EBITDA	20.0	22.7	20.5	17.2	23.8
Comparable EBIT	9.7	18.3	15.9	12.7	19.2
ELECTRICITY PRODUCTION					
ELECTRICITY PRODUCTION <small>MWh</small>	171,050	197,042	171,657	155,101	195,360
POWER TARIFF <small>€cent/kWh</small>	7.1	5.7	4.8	4.8	4.0
FEED-IN PREMIUM TARIFF¹ <small>€cent/kWh</small>	8.0	8.9	9.7	10.0	10.0

1. Feed-in Premium Tariff since 1st Jan 2016 – previously Green Certificates



ULASSAI WIND FARM



Sardeolica



- 96 MW (48 Vestas aero-generators), with production ranging from 170 up to 200 GWh per year
- Operations started at the end of 2005
- Green Certificates granted until 31st Dec 2015, and later feed-in premium tariff until 2018 (same value as Green Certificates)
- Seven more years of feed-in premium tariff (2025) on the last units installed (about 20% of the installed capacity)



Deep dive on Saras segments

- Refining
- Power Generation
- Marketing
- Wind Energy

Group Financials

Group Financials – Income Statements

KEY INCOME STATEMENT (EUR ml)	2012	2013	2014	2015	2016
EBITDA	176.0	71.7	(237.0)	556.0	638.2
Comparable EBITDA	210.7	117.7	139.0	741.0	506.6
D&A ^(*)	(244.2)	(425.9)	(47.4)	(245.4)	(246.9)
EBIT	(68.1)	(354.2)	(284.4)	310.6	391.3
Comparable EBIT	2.6	(75.7)	(61.9)	518.9	279.8
Interest expense	(28.8)	(27.8)	(40.2)	(34.9)	(30.0)
Other	(23.1)	(1.6)	62.8	68.1	(53.0)
Financial Income/(Expense)	(51.9)	(29.4)	22.6	33.2	(83.0)
Profit before taxes	(120.0)	(383.6)	(261.8)	343.7	308.4
Taxes	31.4	112.5	0.0	(120.1)	(112.0)
Net Result	(88.6)	(271.1)	(261.8)	223.7	196.3
Adjustments	54.9	186.9	178.2	102.7	(27.0)
Adjusted Net Result	(33.7)	(84.1)	(83.6)	326.3	169.4

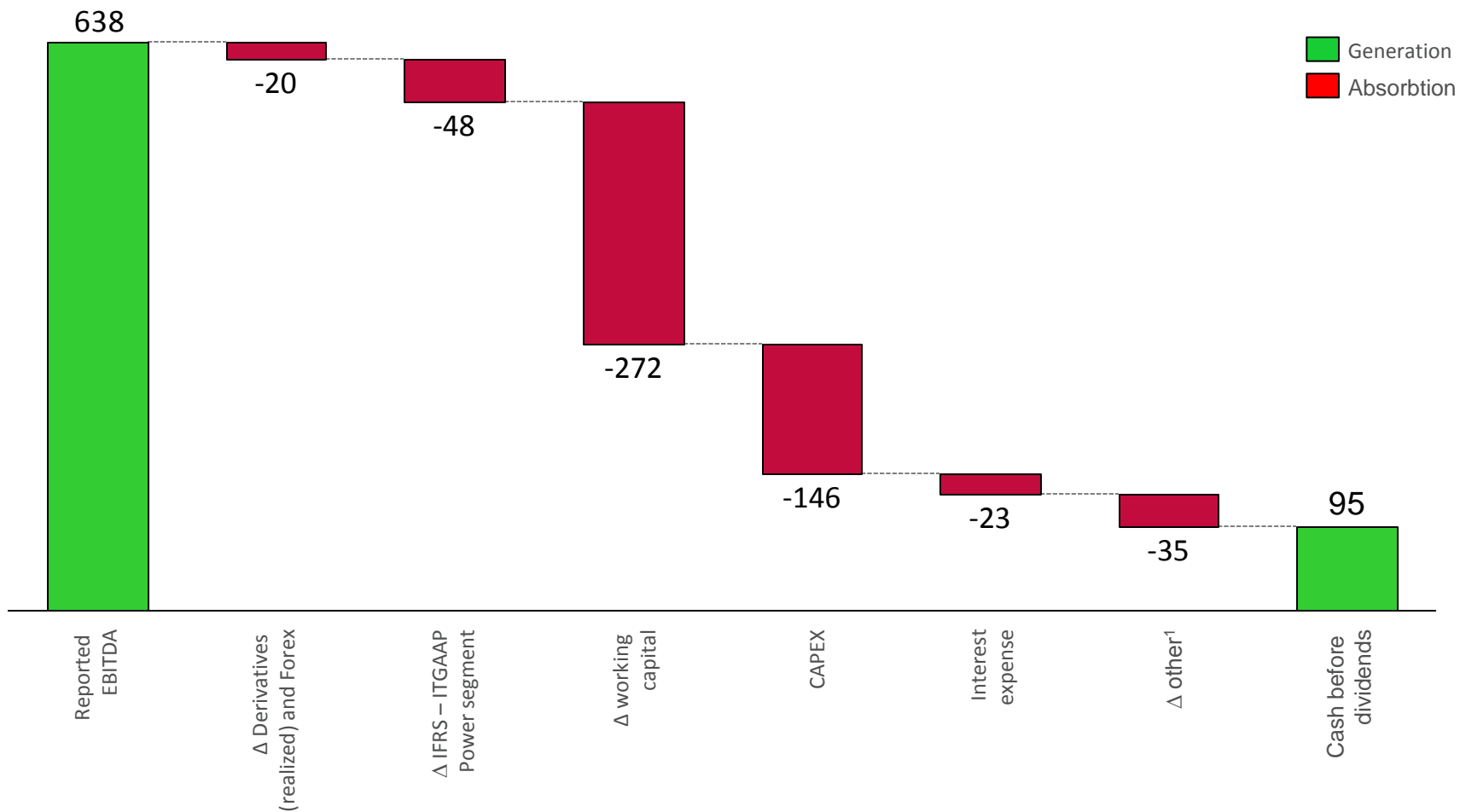
(*) In Q2/13 the revision of CIP6/92 tariff structure according to Decree Law 69/13 caused a write-off (EUR -232M pre-tax) of the contract between Sarlux and the National Grid Operator (GSE); In Q4/14 the afore-mentioned write-off was reversed (EUR +180M pre-tax), due to the implementation of new scenarios for gas and crude oil prices

DETAILS OF ADJUSTMENT (EUR ml)	2012	2013	2014	2015	2016
Net Result	(88.6)	(271.1)	(261.8)	223.7	196.3
(LIFO – FIFO) inventories net of taxes	27.0	43.4	293.8	75.8	(95.3)
non recurring items net of taxes	25.3	148.3	(85.7)	29.7	45.5
Fair value of derivatives' open positions net of taxes	2.6	(4.7)	(29.9)	(2.8)	22.9
Adjusted Net Result	(33.7)	(84.1)	(83.6)	326.3	169.4

Group Financials – Balance Sheet

EUR million	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
Current assets	2,209	2,287	2,241	1,929	1,689
CCE and financial assets held for trading	342	545	669	883	449
Other current assets	1,867	1,743	1,571	1,046	1,241
Non-current assets	1,731	1,526	1,621	1,389	1,205
TOTAL ASSETS	3,940	3,814	3,862	3,318	2,894
Current Liabilities	1,817	2,015	2,506	1,445	1,423
Short-Term financial liabilities	167	181	550	203	203
Other current liabilities	1,650	1,834	1,956	1,242	1,220
Non-Current Liabilities	926	877	696	988	548
Long-Term financial liabilities	425	386	277	586	183
Other non-current liabilities	501	491	419	402	365
Shareholders Equity	1,197	921	660	885	923
TOTAL LIABILITIES & EQUITY	3,940	3,814	3,862	3,318	2,894

Cash flow FY/16 (EUR million)



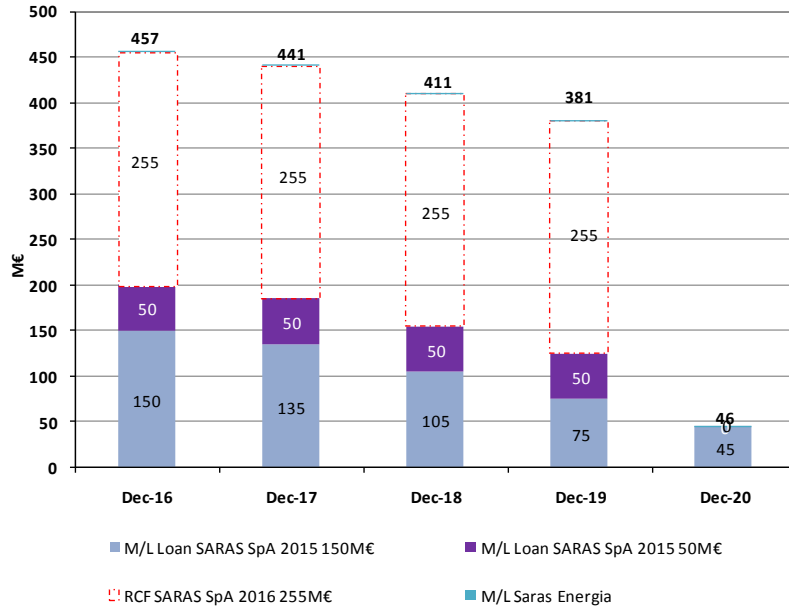


Group CAPEX by segment

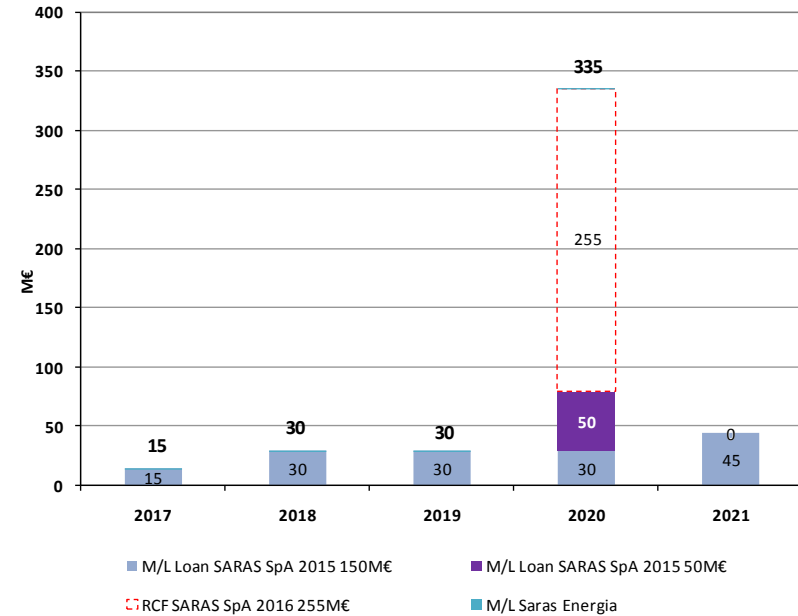
CAPEX BY SEGMENT (EUR million)	2012	2013	2014	2015	2016
REFINING	97.0	87.1	124.9	75.0	133.6
POWER GENERATION	8.7	16.9	6.8	9.1	9.6
MARKETING	8.2	3.7	3.0	1.2	1.4
WIND	3.8	0.2	0.6	0.3	0.4
OTHER ACTIVITIES	1.6	1.7	0.9	0.6	0.6
TOTAL CAPEX	119.3	109.6	136.3	86.2	145.6

LONG-TERM DEBT MATURITY PROFILE (as of 31st Dec 2016)

SARAS Group: Long Term Debt Outstanding



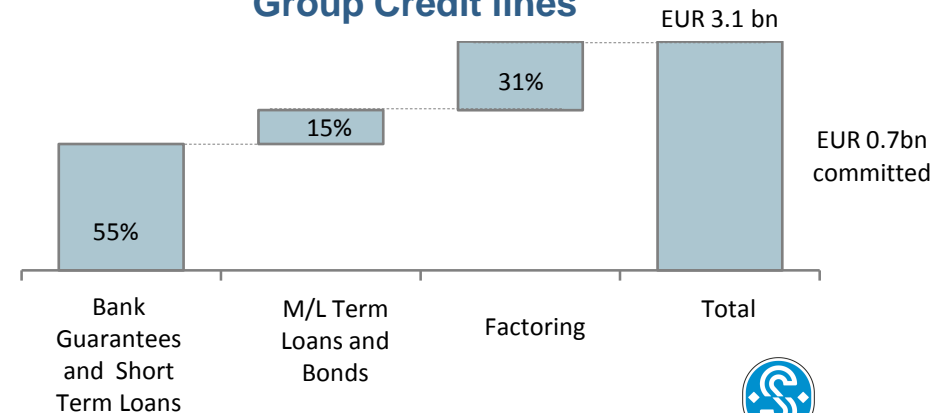
SARAS Group: Long Term Debt Maturity Profile



NOTE: all debt is unsecured

In 2016, various refinancing operations were successfully completed, including restructuring of all outstanding loans and early repayment of a Bond issued in 2014. As a result, interest cost are expected to be reduced by approx. 40%.

Group Credit lines



Risk of changes in prices and cash flows

To mitigate the risks arising from oil prices variations (which impact on the refining margins and on the oil stock value), the company enters into derivative contracts in commodities, which involve the forward buying and selling of crude oil and products.

Exchange rate risk

To reduce both its exchange rate risk in future transactions and the risk inherent in assets and liabilities denominated in a different currency to the functional currency of each entity, the company sets up derivative instruments which consist of the forward buying and selling of foreign currencies (US dollars). Transactions expressed in currencies other than US dollars are not significant and could only have a very low impact on the results for the year.

Interest rate risk

The risks relating to changes in cash flows caused by changes in interest rates arise from loans. The loan agreements outstanding have been entered into at variable market rates. The company's policy is to use derivative instruments to reduce the risk of changes in interest cash flows.

Credit risk

The market in which the company operates mainly consists of multinational companies operating in the oil industry. Transactions entered into are generally settled in very quickly and are often guaranteed by prime leading banks. Furthermore, loans are systematically and promptly monitored on a daily basis by the Finance department. This risk is minimal and does not constitute a significant variable in the business in which the company operates.

Risks of interruption of production

The complexity and modularity of its systems limit the negative effects of unscheduled shutdowns. The safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks.