SARAS

Investor presentation

November 2016

Important Notice

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 and the "fair value" of the open positions of the derivative instruments 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**

1. Major downstream player focused on **refining and power generation**
2. Ideally positioned to exploit **strong market fundamentals**
3. Capable of keeping **leverage under control** throughout the cycles

4. **5 key strengths of Saras site:** size, complexity, integration, flexibility and logistics
5. **Strong track record in delivering** improvement projects
6. Unlocking shareholders' value through **ongoing initiatives**

1 Downstream player focused on Refining and Power Generation

Refining

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. 3%
- Petrochemical integration

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

Power Generation

- 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

Other activities

Marketing

- Marketing activities in Italy and Spain:
  - ~11% MS[2] in Italian wholesale market
  - ~ 7% MS in Spanish wholesale market , and presence also in retail (with ~100 stations)

Stabilize refining margins with downstream presence

Wind Energy

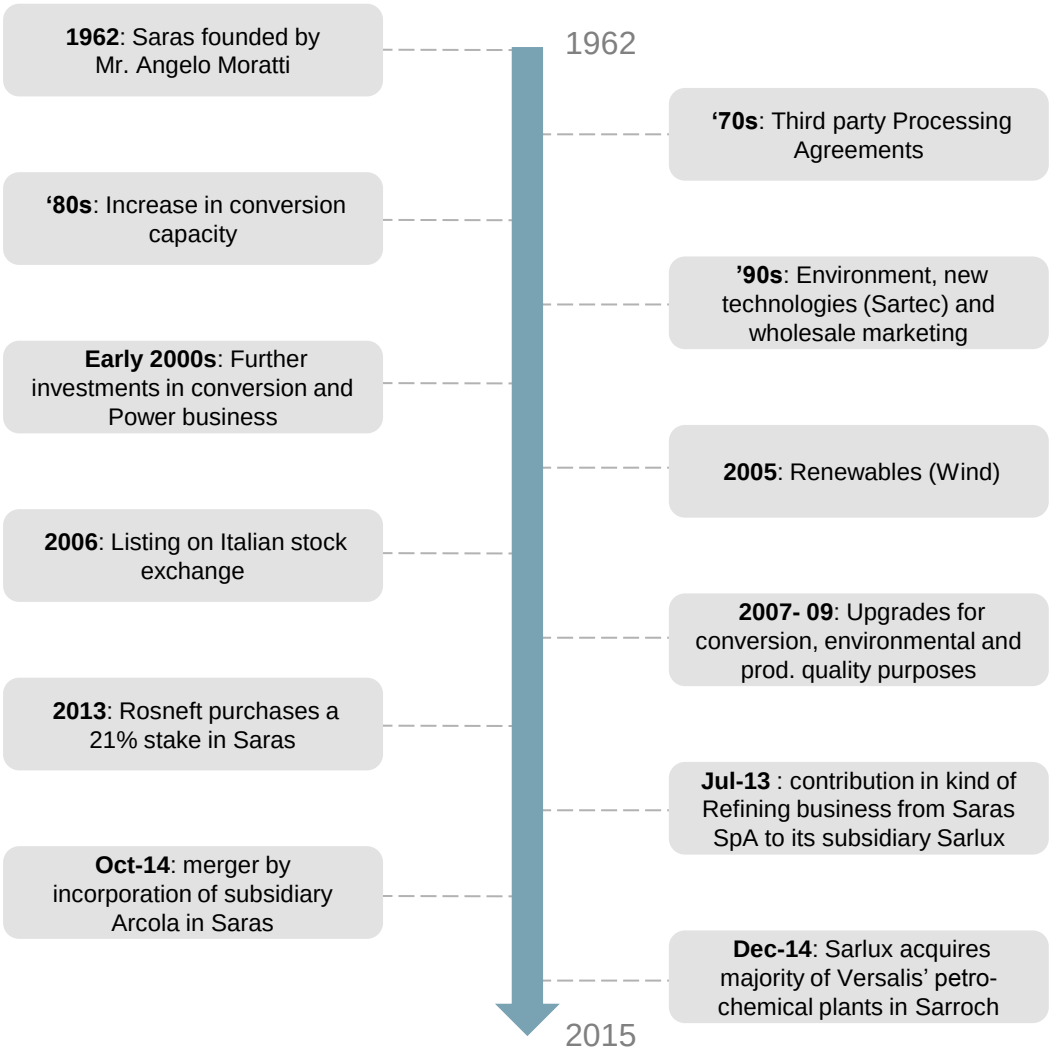
- Wind farm with capacity of 96 MW in Ulassai (Sardinia)
- Utilization factor higher than Italian average

Further stabilize Group results, with incentivized scheme for renewable energy

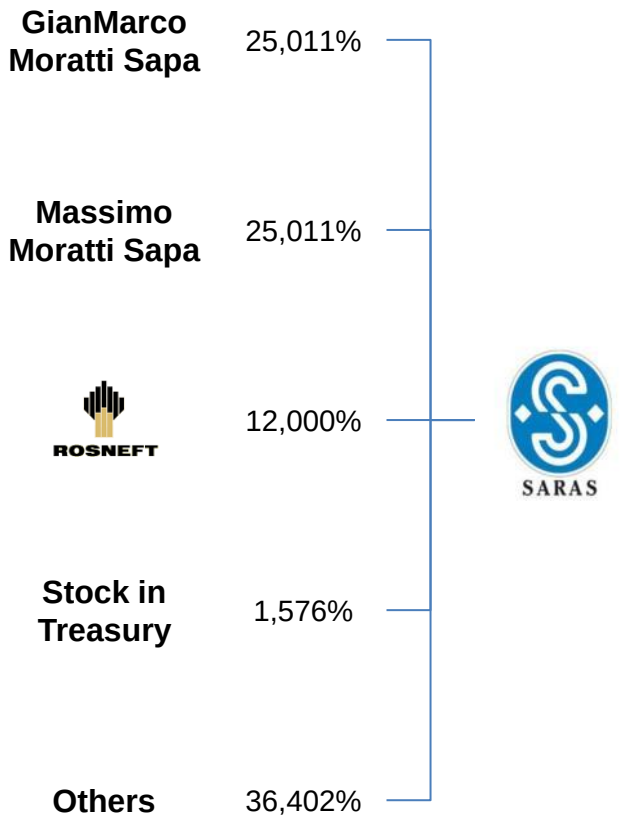
1. C&L = Consumption & Losses
2. Market Share

1 Over 50 years of stable strategic direction and committed shareholders

Saras history...



... and shareholder structure[1]



1. As of 15th Nov 2016

2 Saras ideally positioned to exploit the new market cycle for EU refining

Favorable refining economics expected to continue

Structural changes strengthened the EU refining market in the mid term

- More balanced oil prices, robust supply
- Increase in heavy crude production
- Improving product demand
- Rationalization of EU refining capacity
- Correction of market distortions
- Widening of product differentials
- Stronger US Dollar

Benefits for typical EU refiners

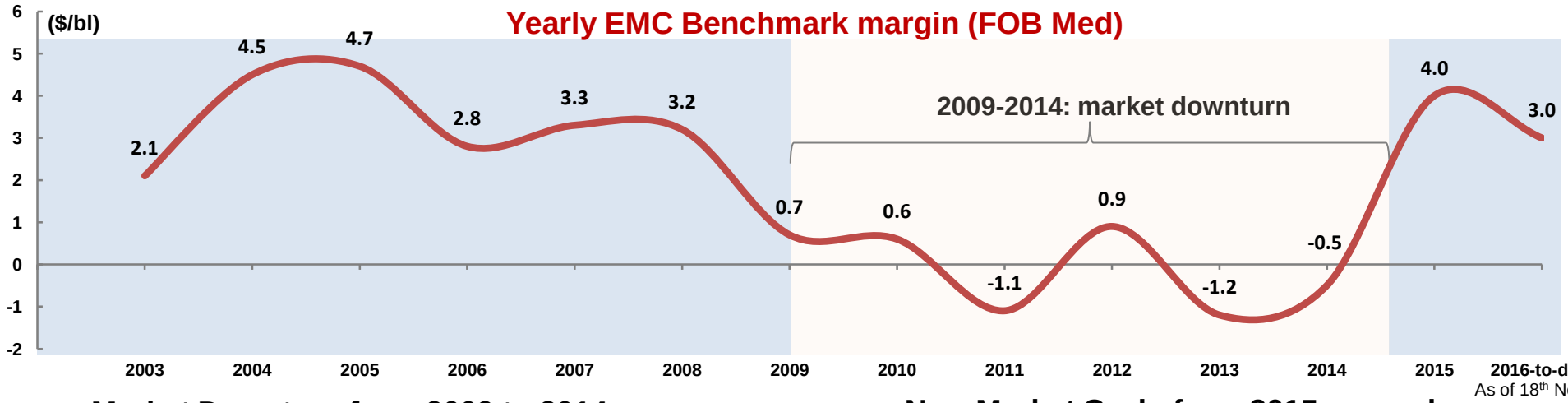
- Higher refining margins
- EU refineries essential to regional supply chain
- Lower impact of fixed costs in EUR

+

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

2 The new market cycle derives from 6 key structural changes

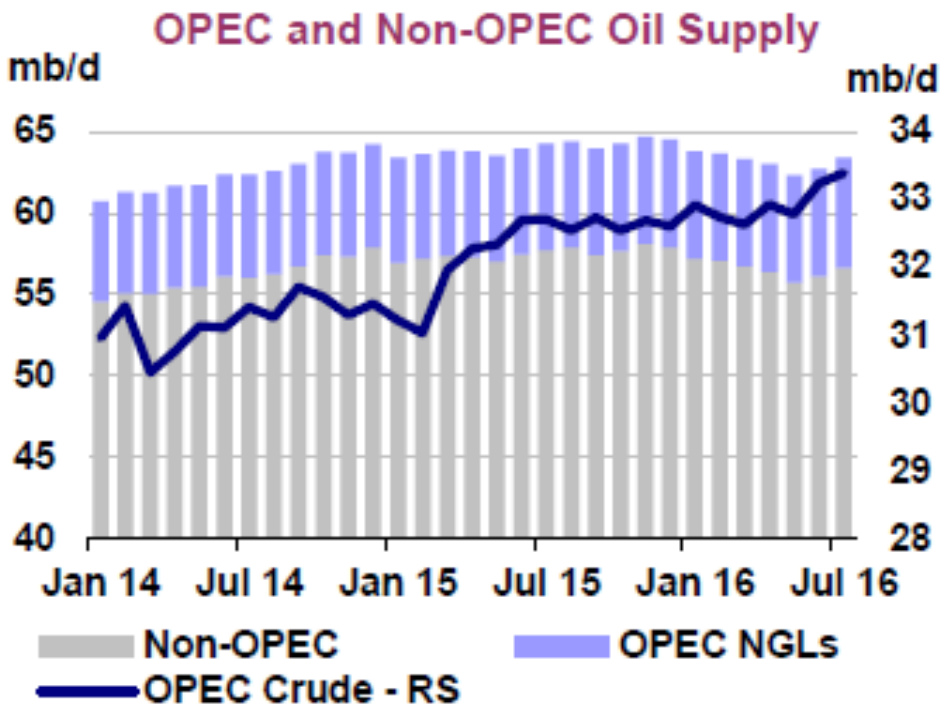


As of 18th Nov 2016

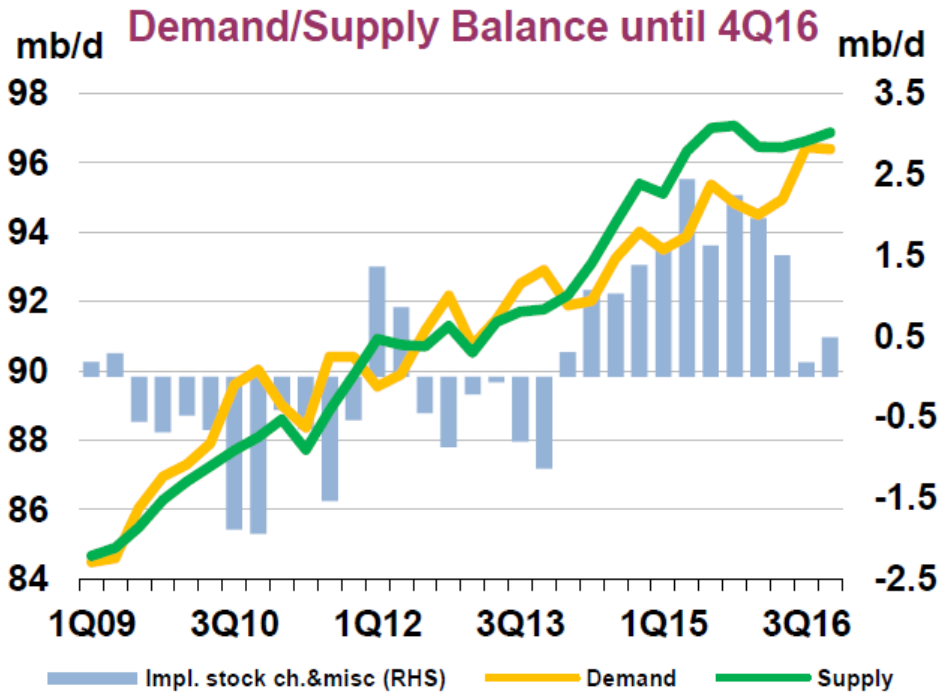
	Market Downturn from 2009 to 2014	New Market Cycle from 2015 onwards
i	**High crude prices**	More **balanced** oil **prices**, **robust supply**
ii	**Low** availability of **heavy sour crudes**	Significant **increase in production of heavy crudes**
iii	**Falling product demand** in Europe	**Improving product demand** in Europe and worldwide
iv	**Refining overcapacity**	**Ongoing rationalization** of European refining capacity **Over estimation** of global spare capacity
v	**Strong competition** from: • Wide Brent-WTI spread • Non-OECD refineries	**Correction of market distortions** **Reduction of global spare capacity** **Increase of international freight rates**
vi	**Low crack spreads and tight light-heavy products differentials**	**Healthy crack spreads and widening of light-heavy** product differentials (greater benefits for complex refineries)

More balanced oil prices driven by a robust oil supply

Strong supply growth, in particular from OPEC producers continues...



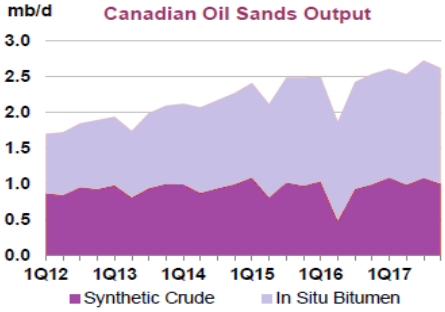
...and the market is expected to remain oversupplied until at least end of 2016



Source: IEA

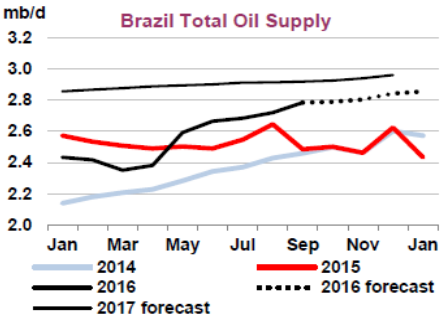
ii Significant increase of non-standard grades (heavy sour, heavy acidic, etc.)

Canada
- 2016E Growth: **+200 kb/d**
- **New pipelines**:
  - **1.1** mb/d (Alberta-Montreal)
  - **1.5** mb/d (Alberta-USGC)

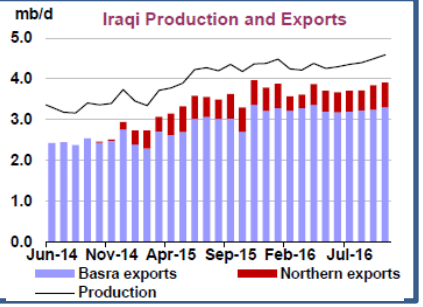


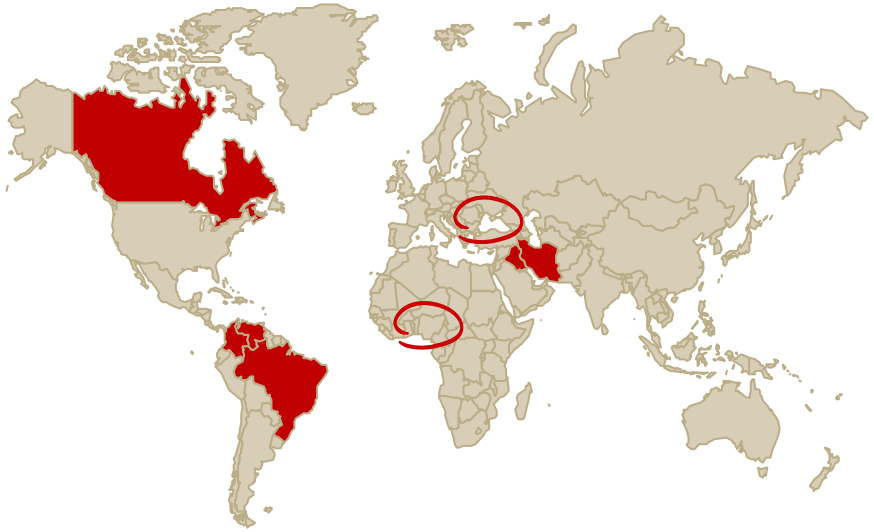
Venezuela 2016E output at ~2.4mb/d, and **Colombia** at ~1.0mb/d

Brazil
- 2016E Growth: **+400 kb/d**
- Heavy crudes ~50% of reserves

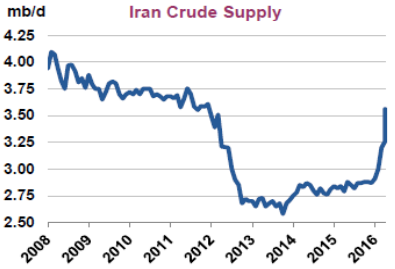


Iraq
- 2016E Growth: **+300kb/d**
- **New pipelines** from Kurdistan to Med
- New **Basrah heavy**

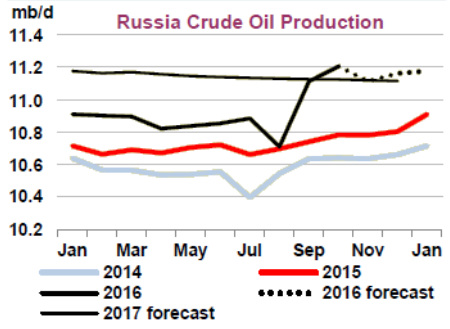




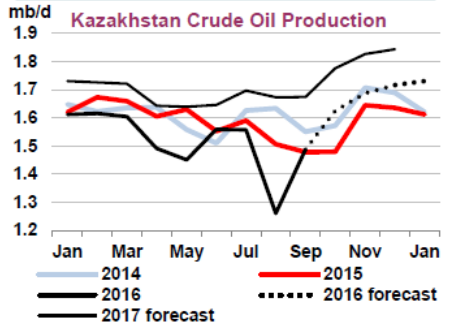
Iran
- **Returning quickly to** pre-sanction levels (~**4mb/d** by end of '16)



Russia
- Output at post-Soviet highs



Caspian region
- Increased **CPC** production
- Development of **Kazakh and Turkmenistan** crudes (Kashagan, condensates)



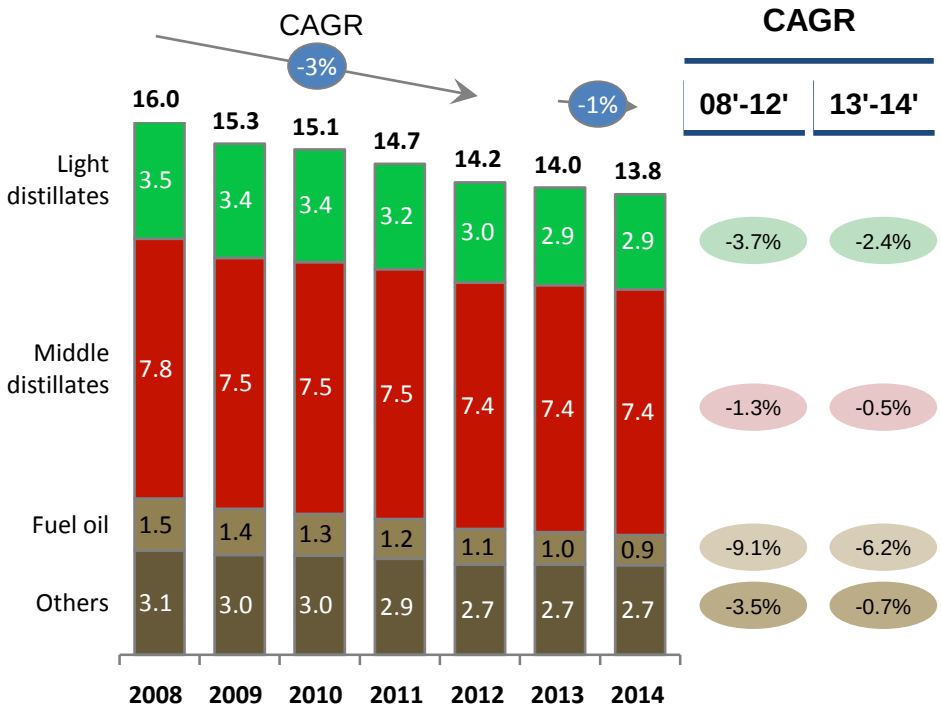
West Africa
- **Shifting focus** from North America **to Europe & Asia**

Source: IEA

iii 2015 is the inflection point of product demand

Sharp drop in Europe's total demand until 2012, stabilization in 2013-2014...

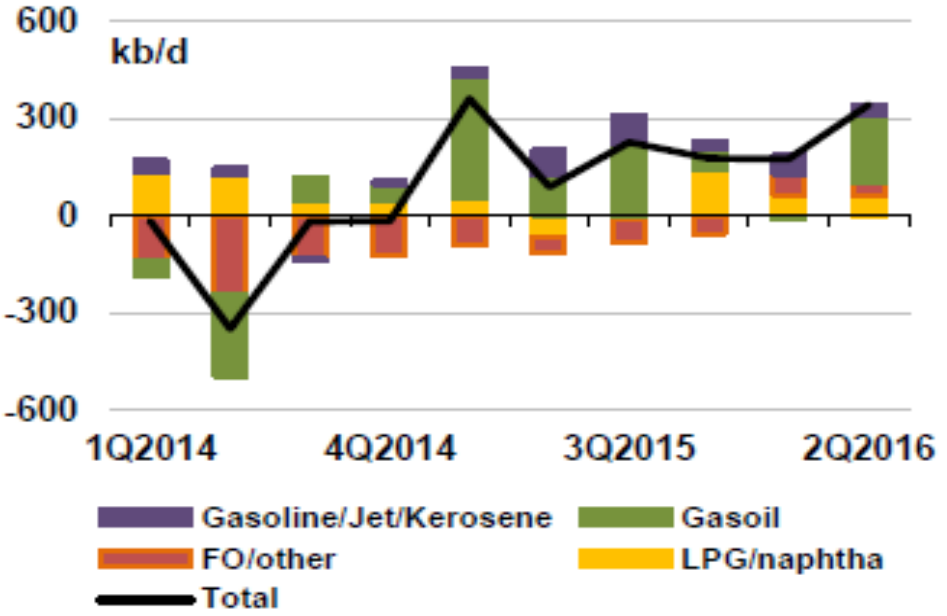
OECD Europe demand growth [mb/d]



CAGR	08'-12'	13'-14'
Light distillates	-3.7%	-2.4%
Middle distillates	-1.3%	-0.5%
Fuel oil	-9.1%	-6.2%
Others	-3.5%	-0.7%

... and clear growth trends began in 2015, and it continues well into 2016

OECD Europe demand growth [kb/d]

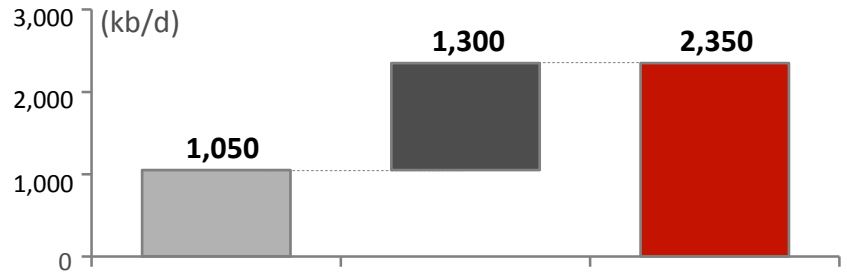


Sources: BP Statistical Review, JBC Energy, IEA, JODI, SuDeP

iv Significant impact of ongoing European refineries rationalization

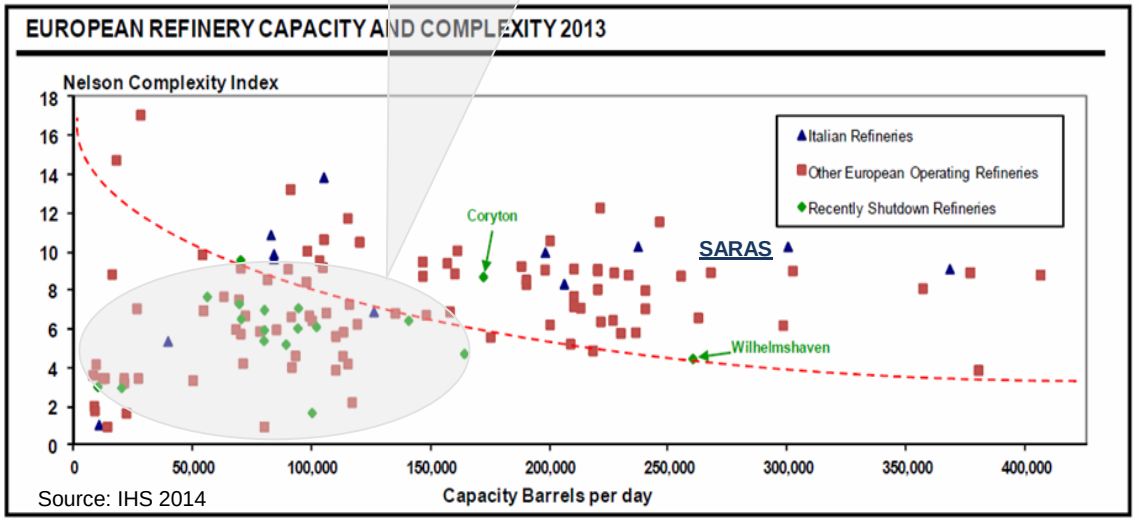
Closures and conversions in OECD Europe (2009-2015)

Source: BCG



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

- **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**

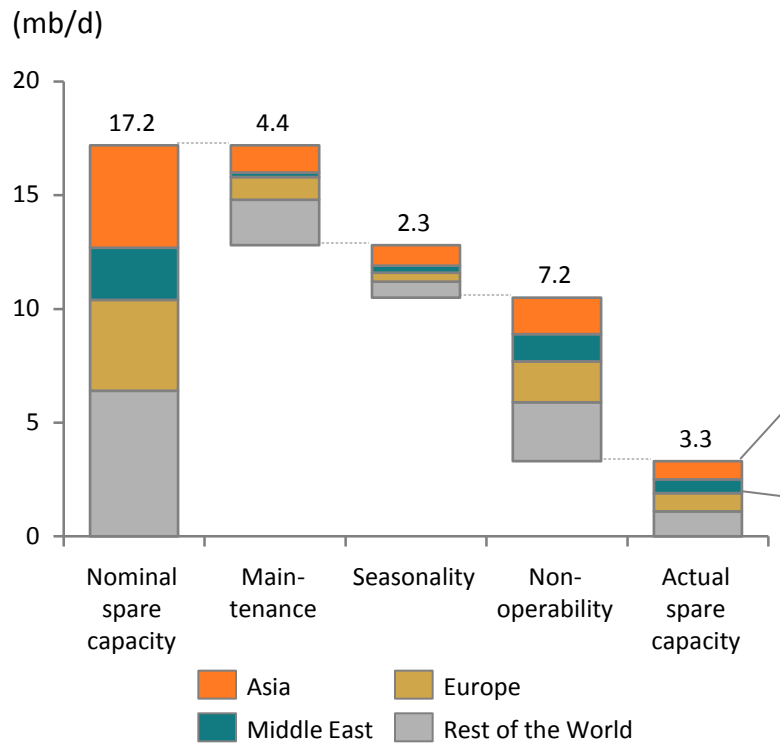


Large and complex refineries are the best positioned in the European competitive context

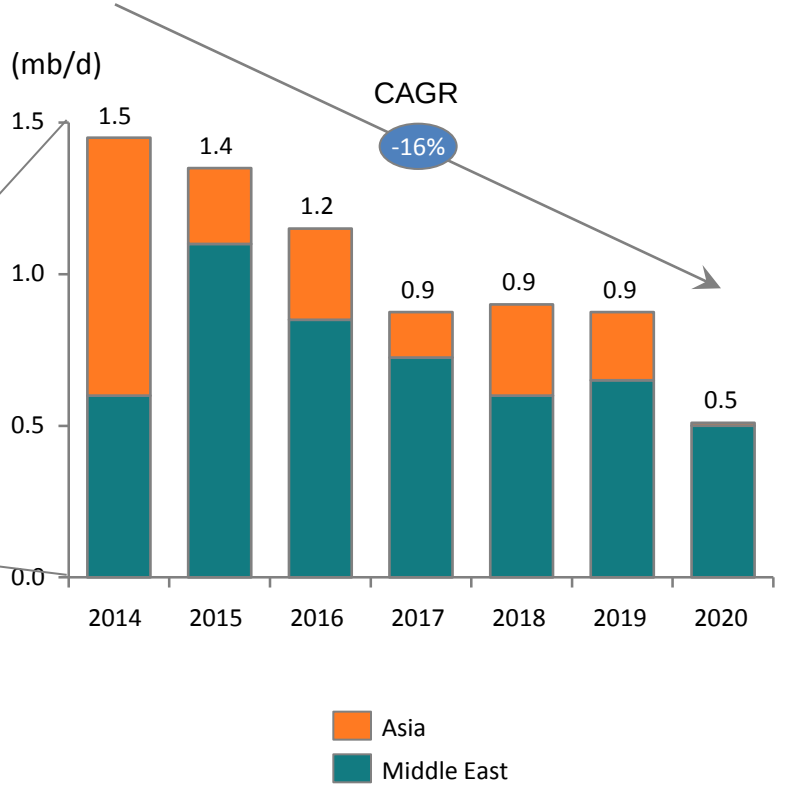
1. Shutdown of 1 CDU only
2. Includes conversion to oil storage terminal or logistic hub for oil products

v Spare capacity over-rated, and expected to decrease in the mid-term

Actual spare capacity significantly lower than nominal spare capacity (2014)



Local demand growth to outpace capacity additions in Asia & Middle East

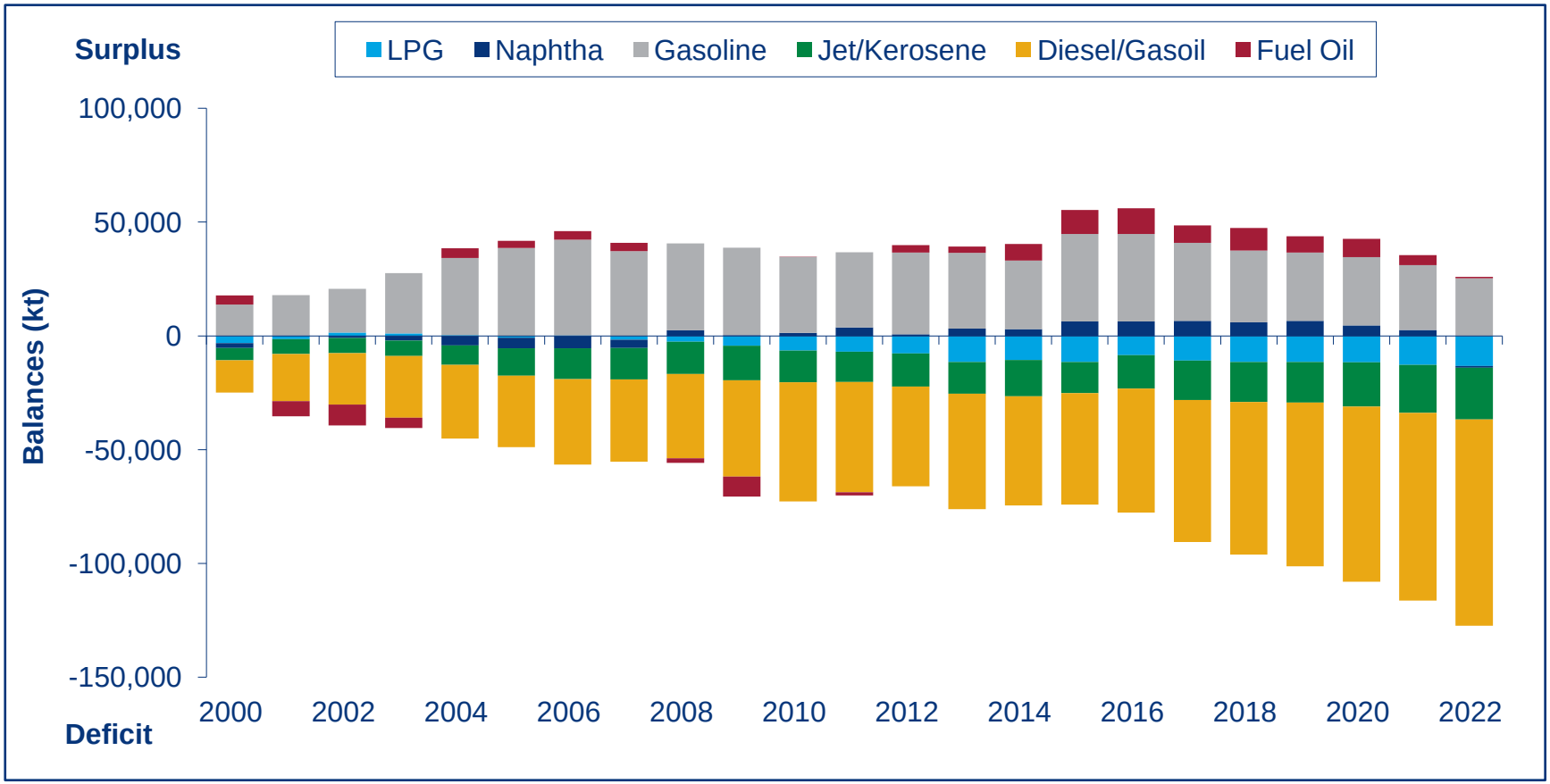


Additions of refinery capacity in Asia and Middle East dedicated to meet local demand

Source: JBC, Credit Suisse

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

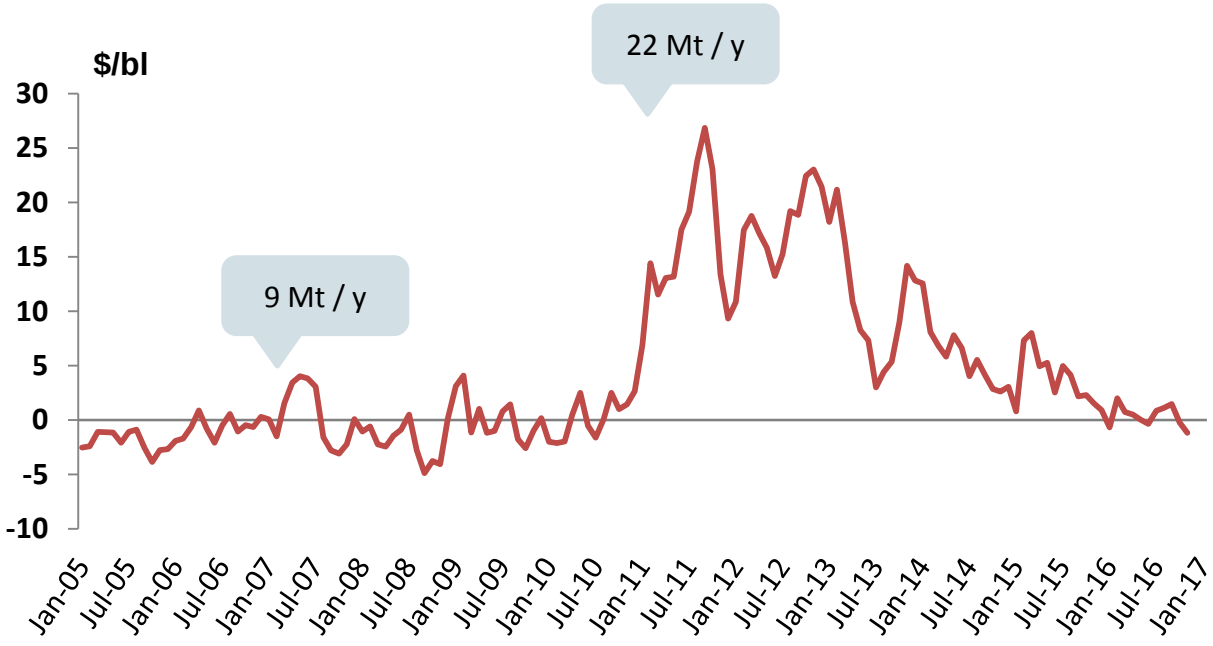
European shortage in Diesel/Gasoil and length in Gasoline are expected to continue



Source: WoodMacKenzie "Global Product Markets Balances" August 2015

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

Brent-WTI spread



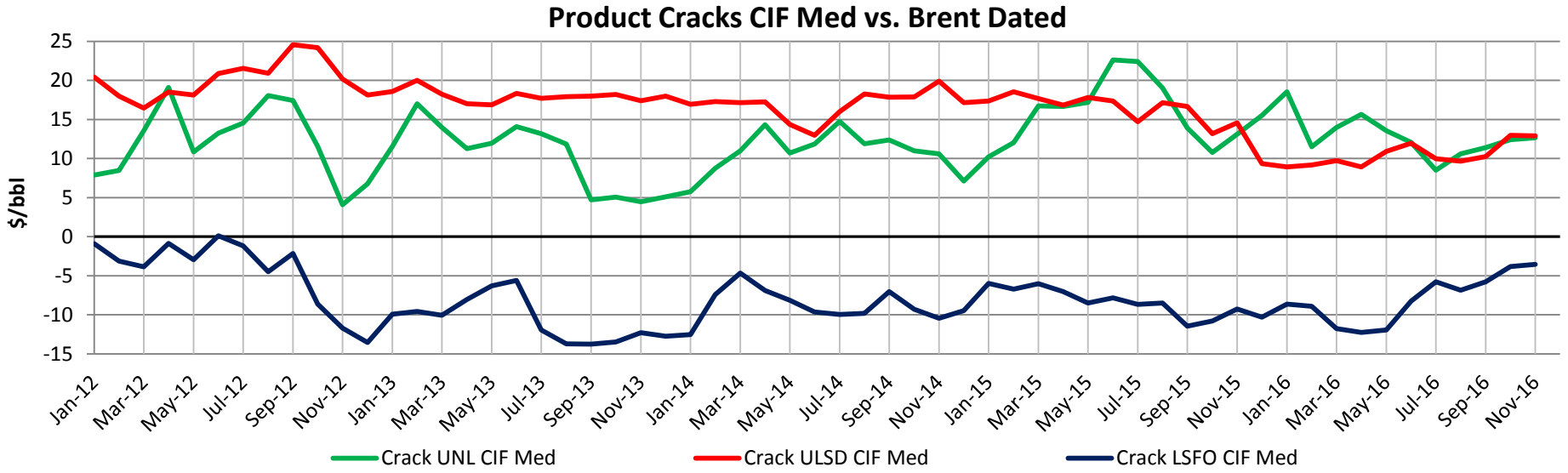
Legend: xx # Mt of middle distillates exported from USA towards Europe, on yearly basis

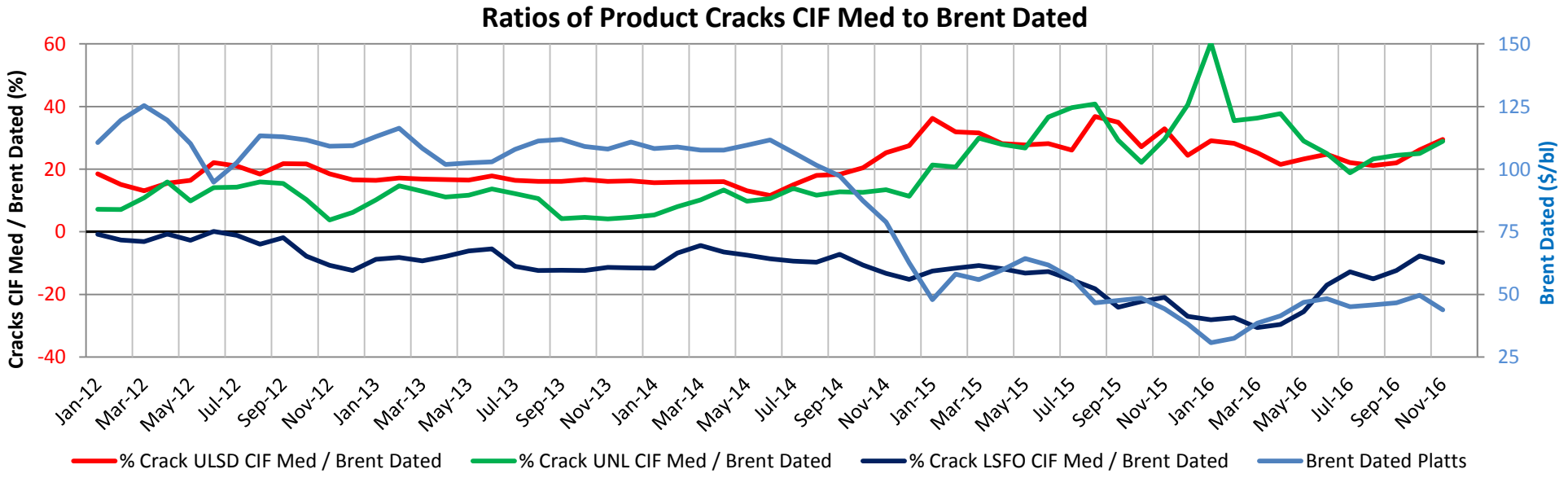
Factors which contributed to correct the distortion

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

Sources: Bloomberg / Platts, Nov. 2016

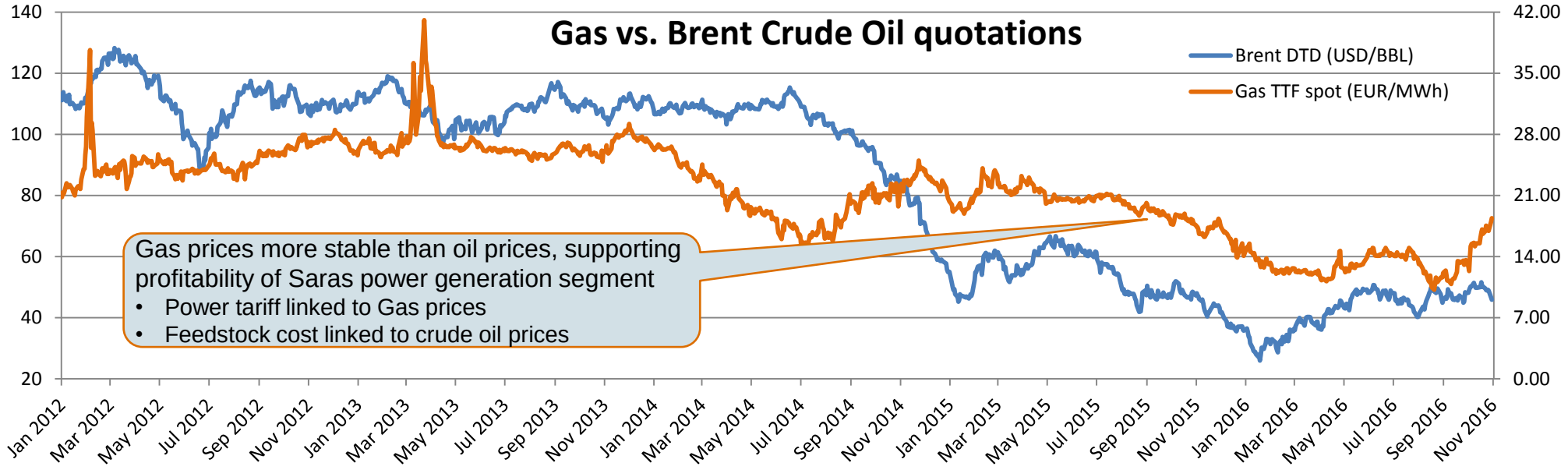
vi Healthy crack spreads and wider light-heavy product differentials

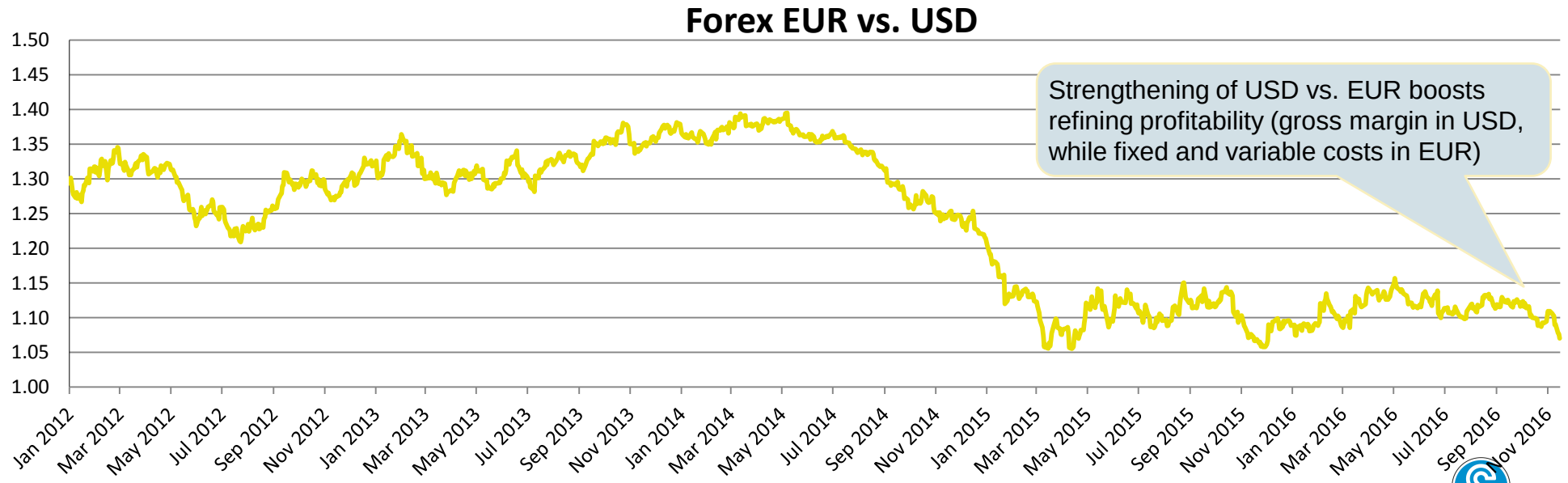




Note: Updated until Nov 15th,2016

2 Favourable changes in USD/EUR Forex and Gas vs. Crude oil prices

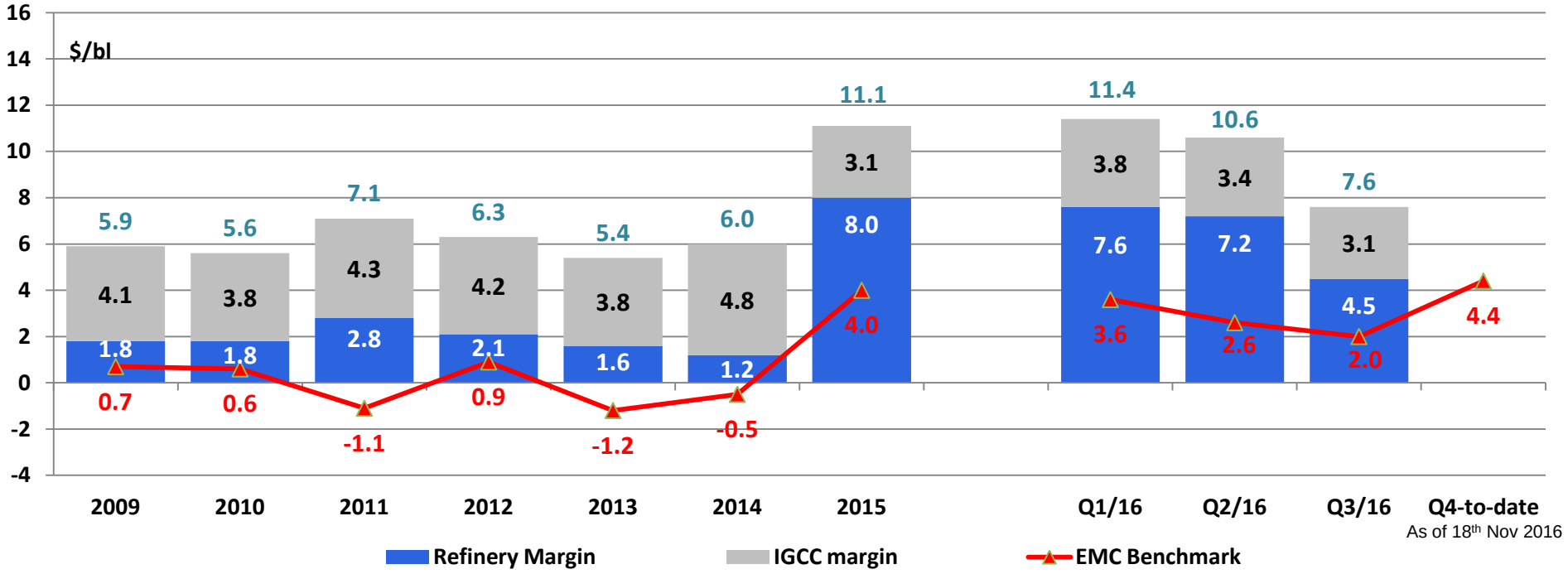




Note: Updated until Nov 15th, 2016

3 Saras profitability driven by company's strengths and market fundamentals

Saras margins and EMC benchmark ($/bl)

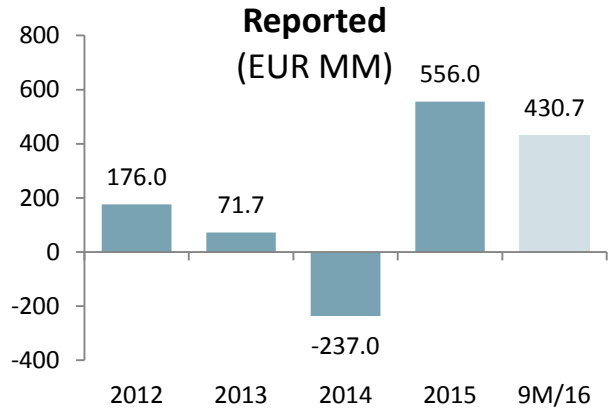


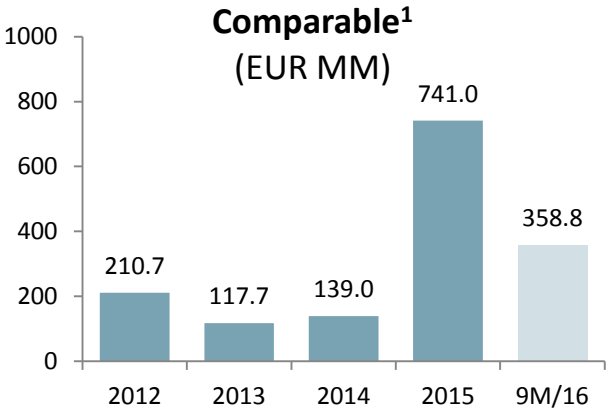
Refinery margins: (*comparable* Refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period
IGCC margin: (Power Gen. EBITDA + Fixed Costs) / Refinery Crude Runs in the period
EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on a crude slate made of 50% Urals and 50% Brent

Saras' margin has a significant premium over the EMC Benchmark

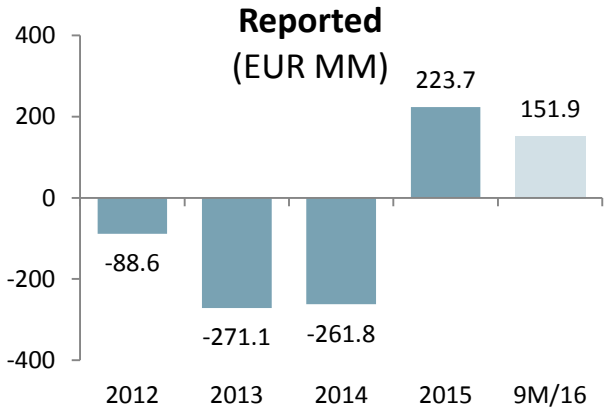
3 Leverage under control throughout cycles

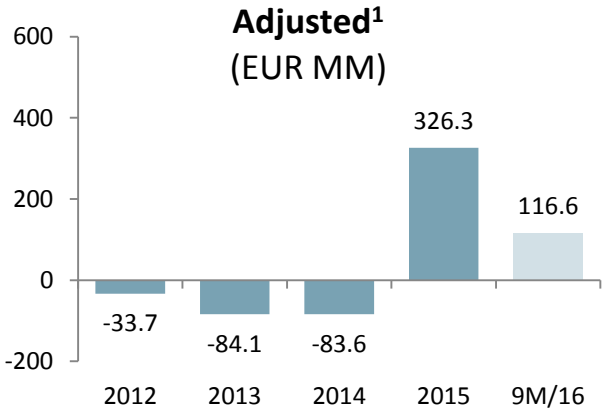
EBITDA



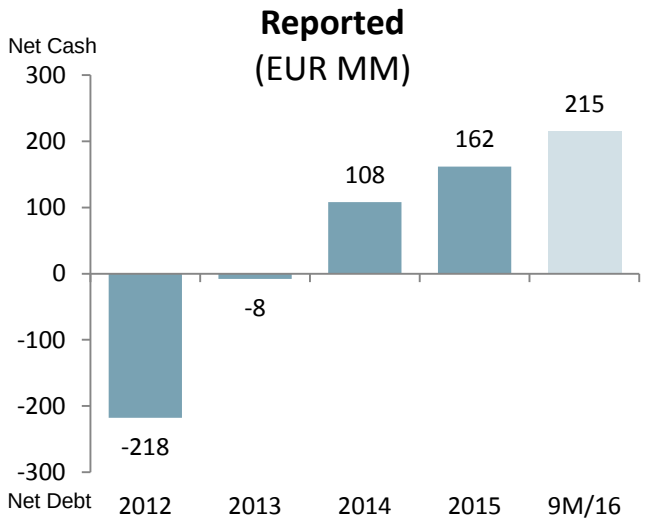


Net Result





Net Financial Position

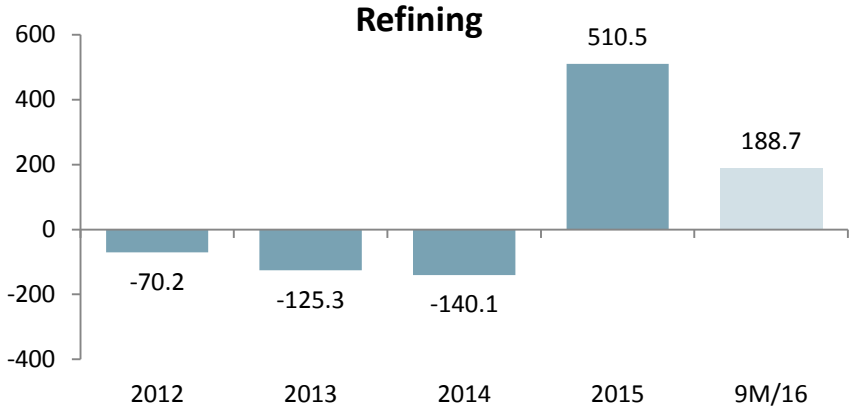


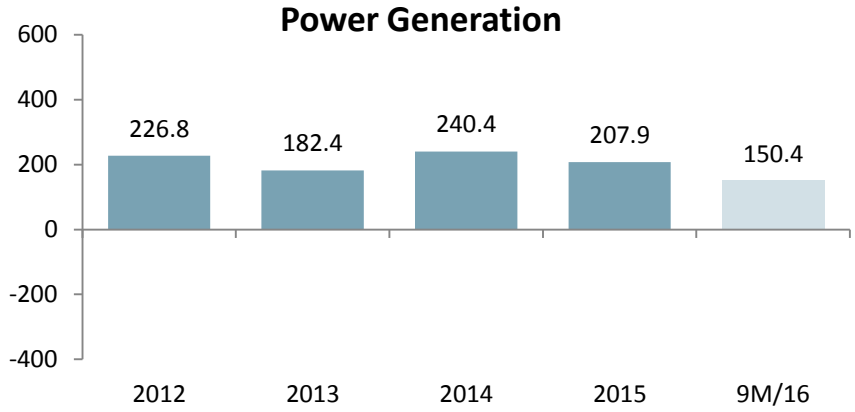
	2012	2013	2014	2015	9M/16
Financial Gearing[2]	18%	1%	0	0	0
NFP/ EBITDA[3]	1.2x	0.1x	0x	0x	0x

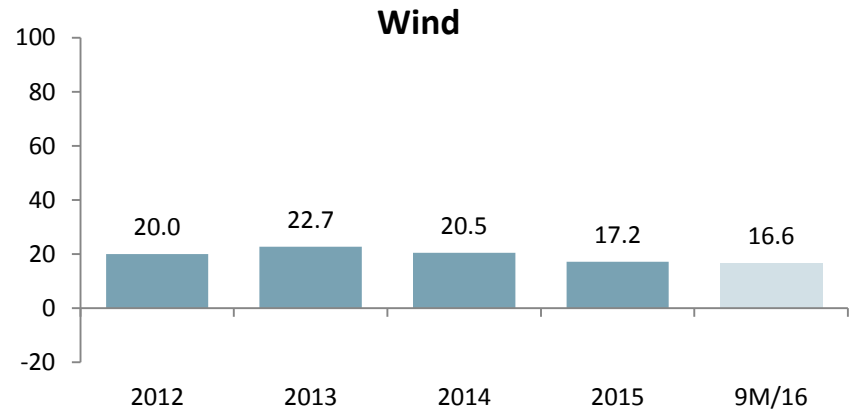
1. "Comparable" and "Adjusted" results evaluate oil inventories based on LIFO methodology (while IFRS accounting principles adopt FIFO methodology), because LIFO methodology does not include end-of-period revaluations and write-downs, and it provides a more representative view of the Group's operating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

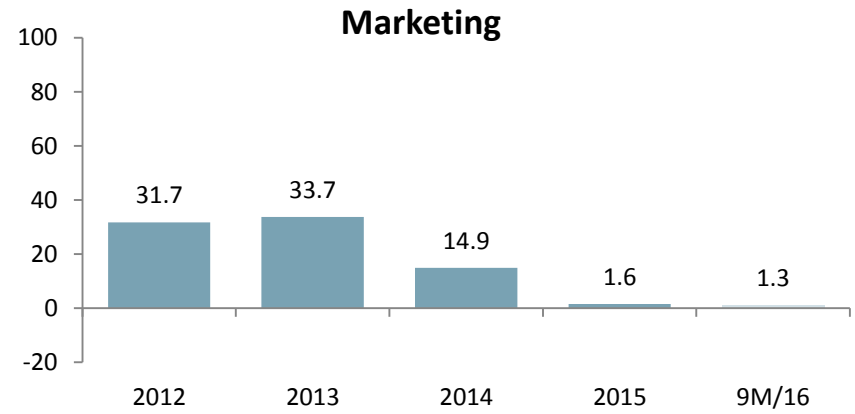
Profitability at segment level: stable Power and Wind contribution

Comparable EBITDA[1] (EUR MM)









1. "Comparable" results evaluate oil inventories based on LIFO methodology, and do not include non-recurring items and "fair value" of the open positions of the derivative instruments.

4 The 5 key strengths of the Saras site in Sarroch, Sardinia

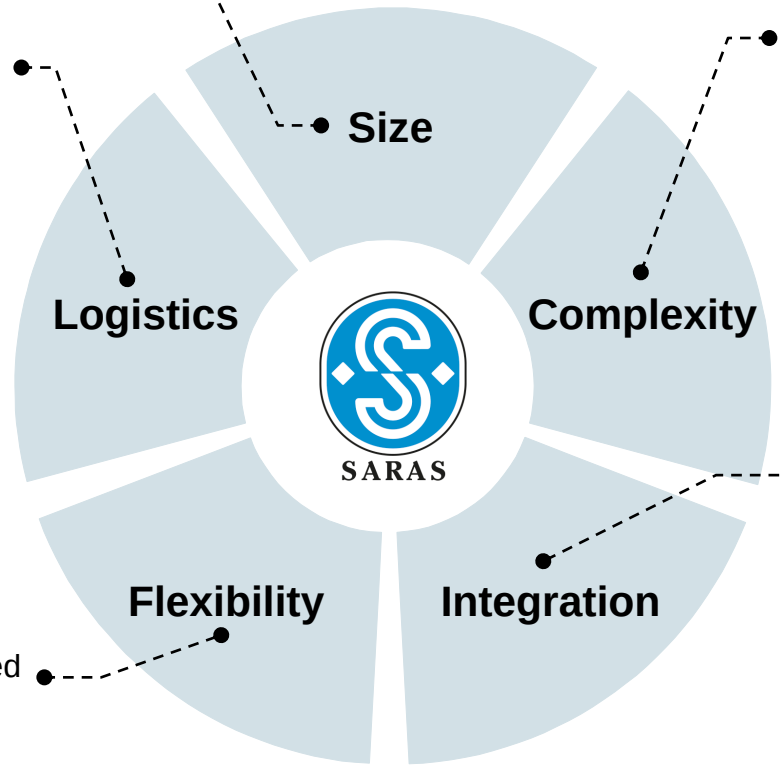
Largest single-site in the Mediterranean

300k barrels / day of refining capacity

13 berths for cargoes (up to VLCC size)

4+ million cubic meters of storage (16% of national costal refinery cap.)

Trading-oriented hub with primary location in the middle of Med, enabling logistic costs optimization



Top-tier Mediterranean site in terms of **complexity** and **size**

Nelson Complexity Index = 10.0 and WoodMacKenzie Index = 9.5 following Versalis' acquisition

Fully integrated power generation Plant (IGCC)

10% **Heavy residues from refining** transformed into **electricity, hydrogen and steam**

Petchem integrated processes

Added value due to Versalis petrochemical plant acquisition

More than 40 different crudes processed in 2015, from a wide range of grades

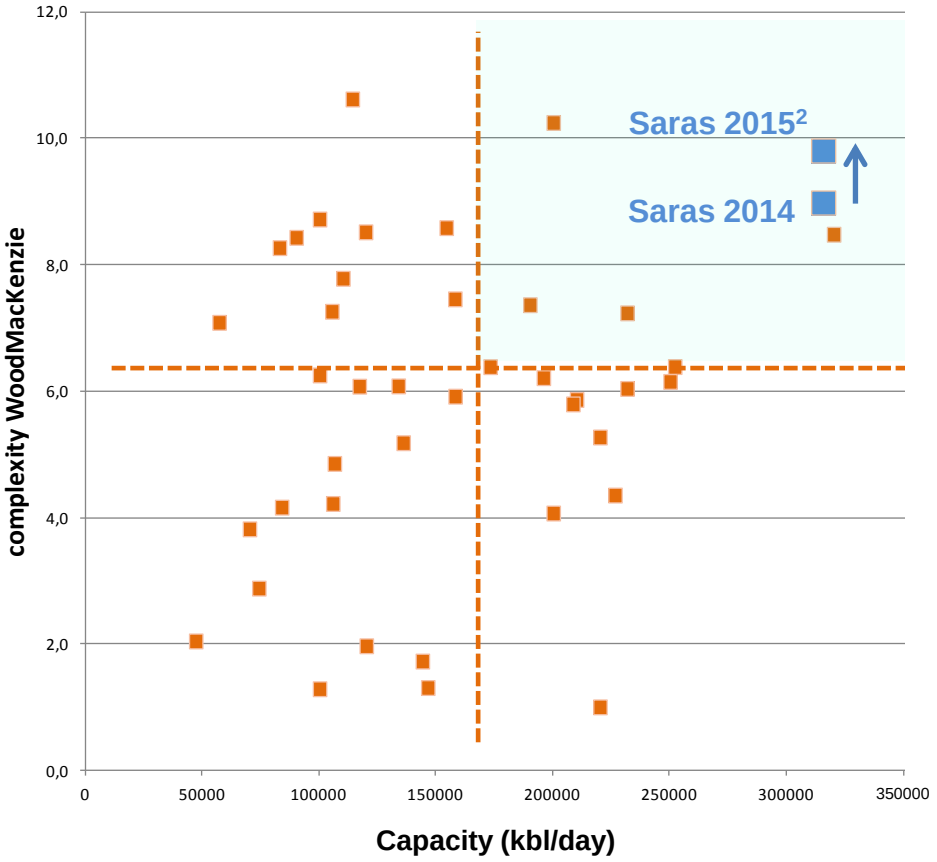
Exploitation of crude differentials

1. Yields in 2015 equaled to: 2.0% LPG, 26.1% Gasoline & Petchems, 51.3% Middle Distillates, 7.4% TAR (IGCC feed) and 6.8% Fuel Oil & Others

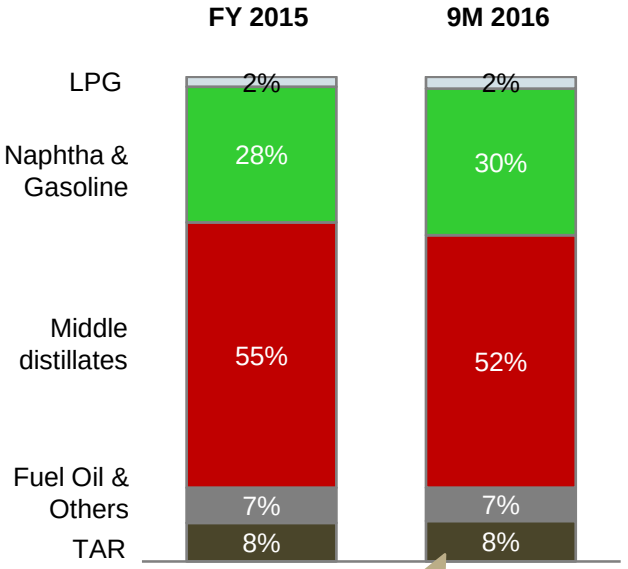
Top-tier large & complex refiner among Mediterranean players

Med refineries by complexity index[1] and capacity

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



Output yields[3]



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

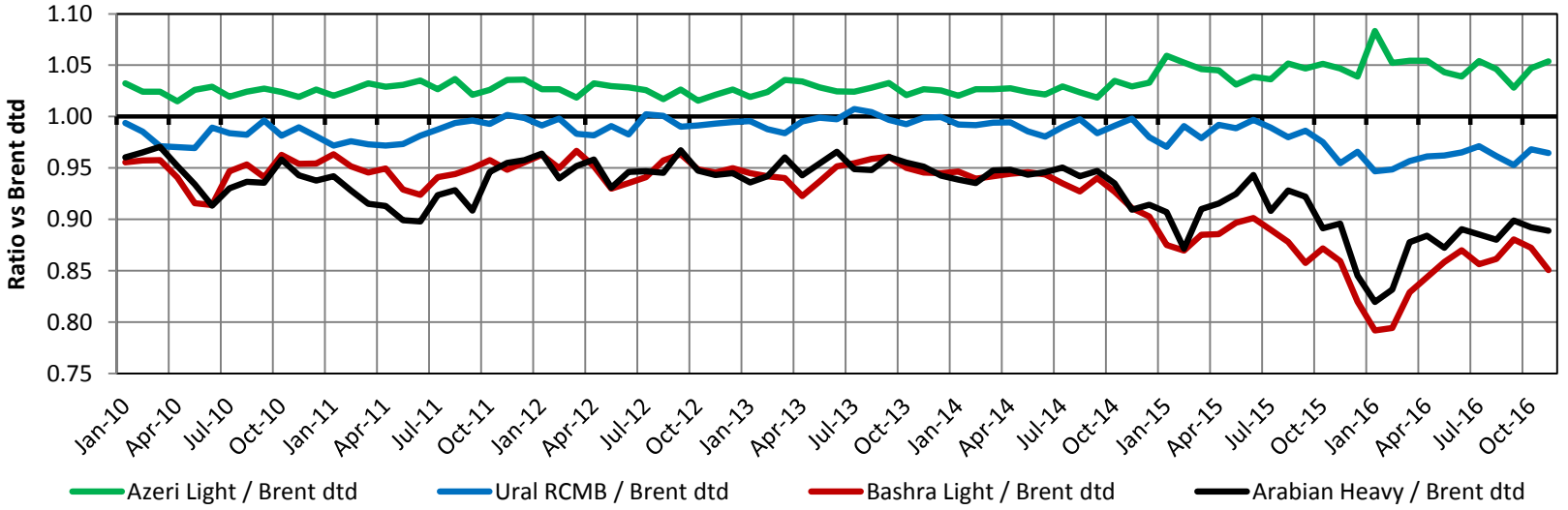
Top-tier refineries compete in global markets and are well positioned to fully capture favorable market cycles

~83% of output are light & middle distillates

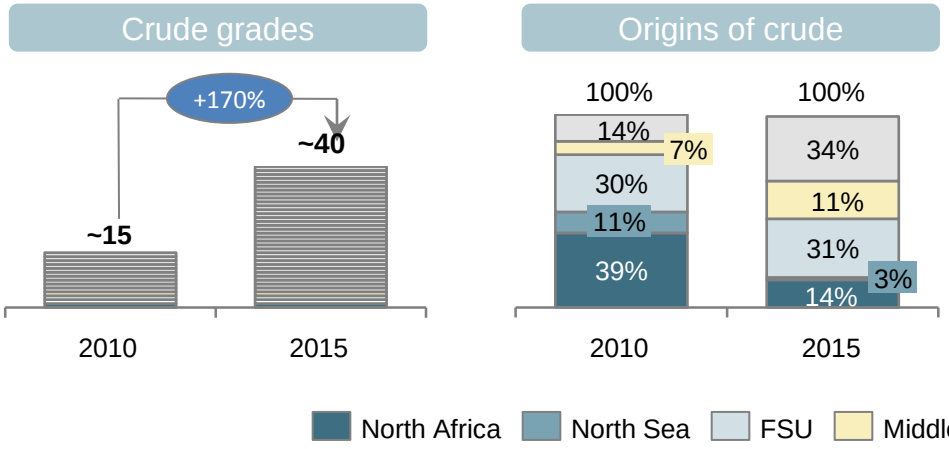
1. Wood Mackenzie index
2. Saras calculation based on WoodMackenzie methodology, to account for the acquisition of Versalis petrochemical plant
3. Product Yields are calculated net of "C&L"

Saras' crude flexibility and integrated approach to Supply Chain Management are strong competitive advantages...

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

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

Integrated site with Power Generation and Petrochem upgrade

Inland Sardinia market via Truck:
~1,1 MM ton

Sarroch North plants (ex Versalis)

Integrated site flows

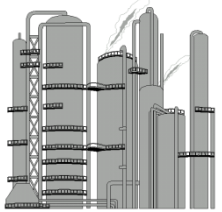
Pipeline exchange with Petchem:
~0,5 MM ton

SARLUX SARAS Refining & Power

1,4 MM ton

-0,9 MM ton

sasol reaching new frontiers

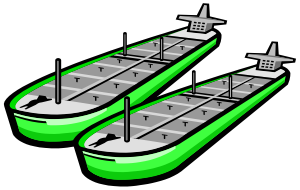


Steam and H2

Integrated exchange with Power Gen (TAR)
~1,1 MM ton

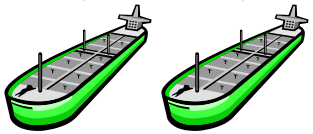
SARLUX SARAS Refining & Power

Power to grid:
4.2 ÷ 4.4 TWh



Cargo supply of crude from a wide range of grades:
~15 MM ton of crude
+ significant quantities of other feedstock

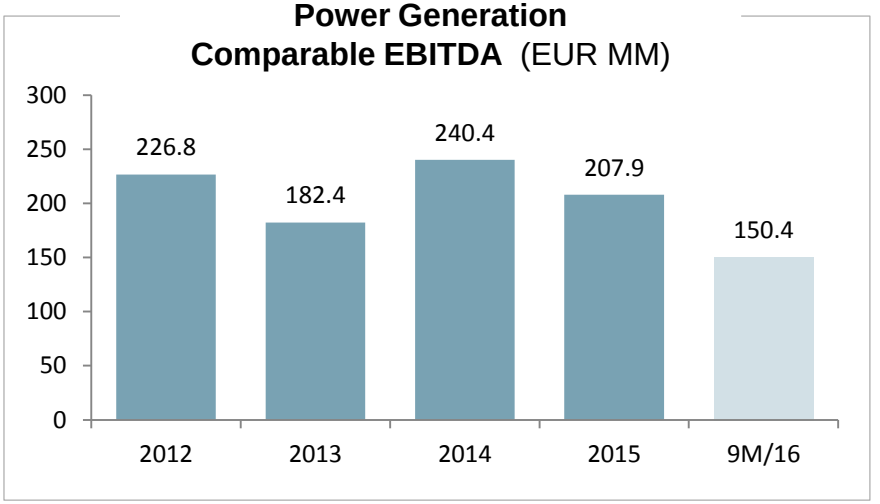
Cargo to Saras wholesale / retail system
~2,8 MM ton

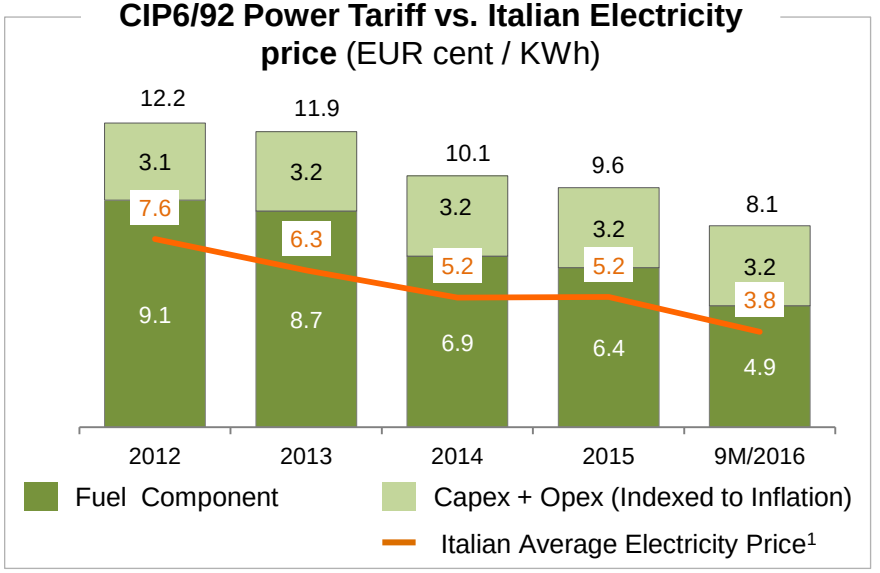


FOB & delivered cargo market:
~7,8 MM ton

Power Generation: strong and stable contribution to Group EBITDA

- 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 CO_2 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**





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

5 Focus Operational Excellence program: main areas of intervention

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

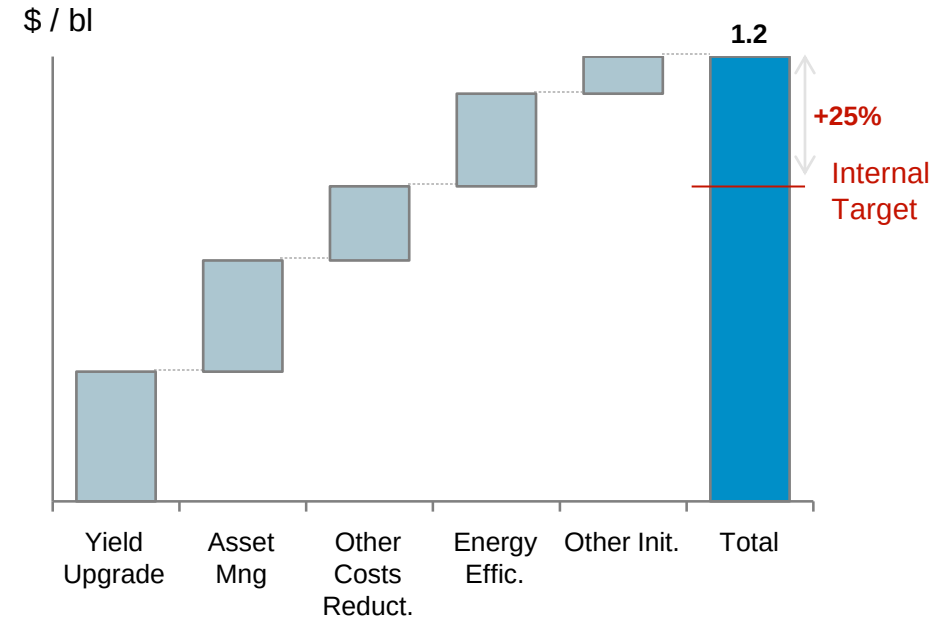
- MHC2 Revamping
- Upgrade of IGCC turbines

Versalis Deal

- Sarroch site strengthening plan
- Versalis assets/resources integration

5 Consistent track record in delivering improvement projects...

2009-2014 Focus Operational Excellence: ~25% over-achievement v.s. program target...



Total margin upgrading : ~1.2 $/bl

... and very effective delivery of complex and large-scale projects during 2013-2015

✓ **MHC2 Revamping in 2013**
- Respect of budget (time and costs)
- Performance over the target

✓ **FCC 5-year turnaround in 2014**
- Completion 3 days ahead of schedule and within budget
- Strong operating performance

✓ **Versalis Acquisition in 2014**
- Complex deal completed within schedule overcoming potential roadblocks
- Smooth transition and good operating performance

6 ...and a series of new initiatives to further unlock shareholders' value

6.1 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

6.2 Continuous strengthening of capabilities

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

6.3 Improvement initiatives

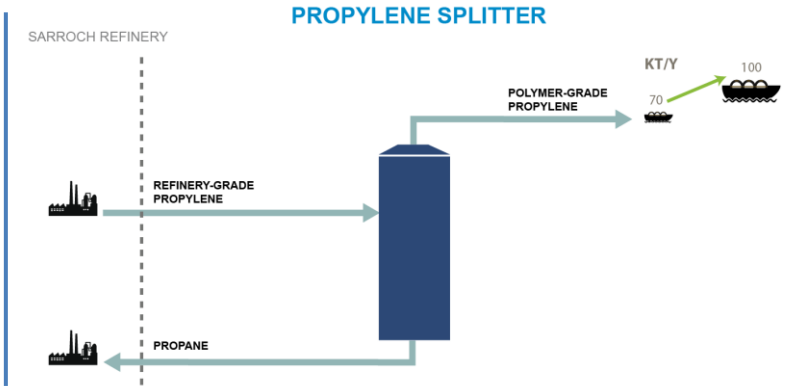
- **Development Capex: low risk investments with quick returns**
- **Energy Efficiency: combination of investment opportunities and operational improvements**

6.4 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

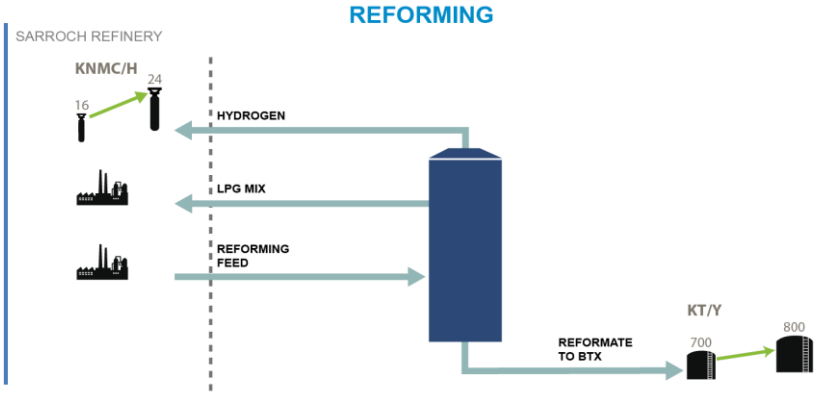
6.1 Benefits from pet-chem integration (ex Versalis plants)

PROPYLENE SPLITTER

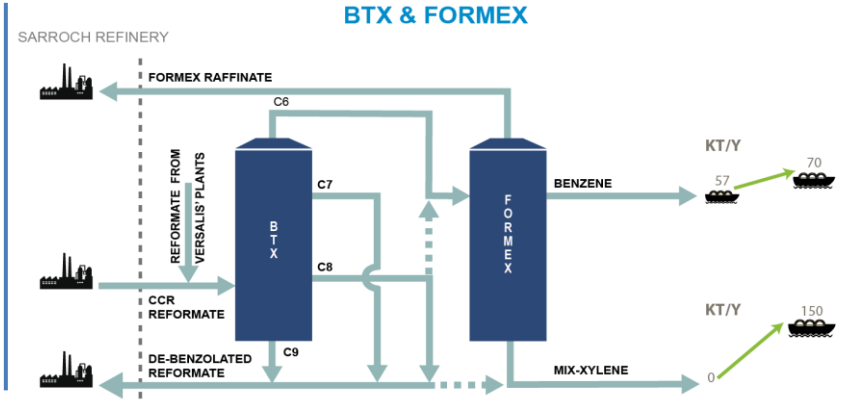


In petroleum refining, **Propylene** is a product of the fluid catalytic cracking (FCC). It can be sold directly (as “refinery-grade”) or upgraded to “polymer-grade” specifications. In particular, in the “refinery-grade” specs, the Propylene content is usually 70-75%, while “polymer-grade” specs require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

REFORMING



BTX & FORMEX

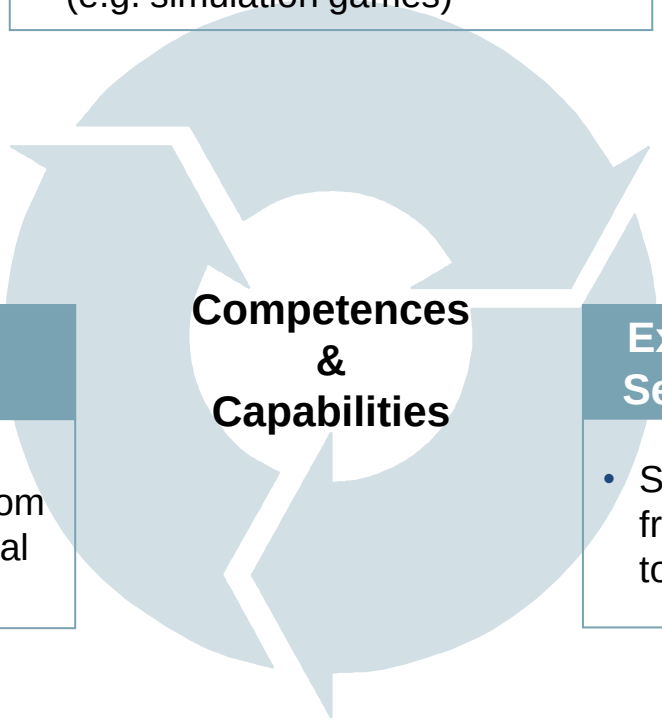


Benzene, Toluene, and Xylene (BTX) production is based on the recovery of aromatics derived from the catalytic reforming of naphtha.
More specifically, the catalytic **reforming** process utilizes as feedstock naphtha that contains non-aromatic hydrocarbons with 6 to 9+ carbon atoms, and typically produces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

6.2 Strengthening of Saras resources' competences and capabilities at all levels

Internal capability building program

- Managerial and technical training
- Internal training center set-up
- State-of-art training tools (e.g. simulation games)



World-class consulting

- Best practices within Oil & Gas industry and cross industries from top-tier technical and managerial consultants

External talent sourcing for Senior/ Middle Management

- Several industry hires sourced from major and super major IOCs to cover key managerial positions

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

6.3 Development Capex: low risk investments with quick returns

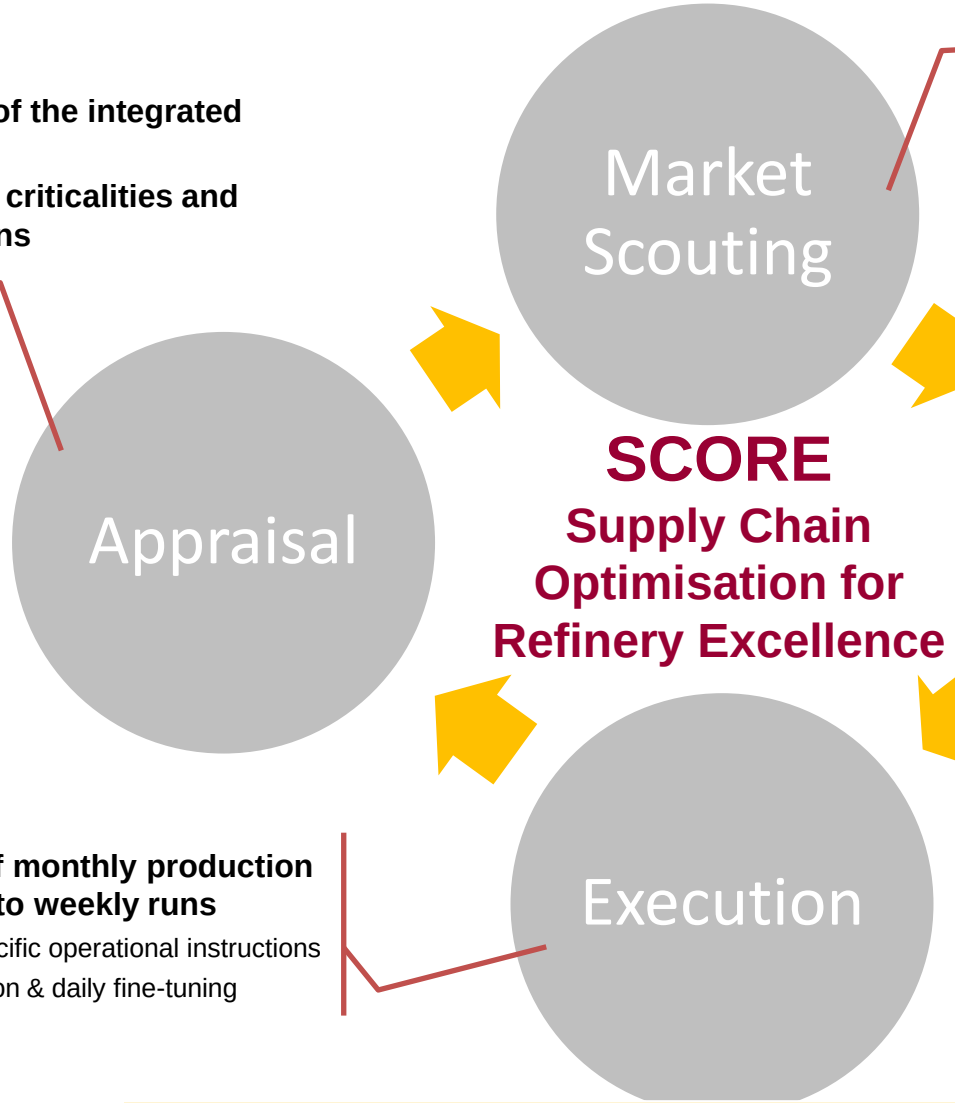
Initiatives	Selected examples
Logistics upgrade	**Improvements of site flexibility** • 2 upgrades of jetty to accommodate larger vessel[1] • Upgrade of crude oil lines to increase flexibility • Increased crude oil storage capacity
Northern plants improvement	**Optimization of Pet Chem units** • Power station turbine upgrade • Increased hydrogen recovery • Revamping of main petrochemical plants[2]
Southern plants improvement	**Optimization of production levels and hydrogen network** • FCC oxygen enrichment • Chiller for LPG recovery on fuel gas network • Other smaller investments
Total Development CAPEX ~ EUR 130M[3]	

1. Including upgrade of island berth to 80k DWT diesel and P3 jetty to 75k DWT gasoline
2. Including BTX and splitter
3. Excluding backlog from previous years (NB: Total Development CAPEX in 2016-2019 business Plan ~175M€)

6.3 Energy Efficiency: investment opportunities and operational improvements

Initiatives	Selected examples
New investments	**Fuel consumption decrease through hot streams recovery in Northern Plants** **Technological upgrades of air coolers** **Steam consumption reduction through integration in Southern plants:** • Between Topping and Desulfurization • Between MHC2 and TAME **Substitution of CCR heat exchanger with Packinox**
Operational improvements	**Improve steam management across the site:** • Campaign to reduce losses and dis-optimization **Increased focus on heat exchangers' efficiency** **Improved energy performance tracking / control** • To enhance combustion efficiency in furnaces
	Total Energy Efficiency CAPEX ~ EUR 22M

6.4 The Supply Chain Integration model for maximum value creation



- **Market scouting and identification of available opportunities**
  - ✓ *Crude Oils, other feedstock, & finished products*
- **Economic characterization of opportunity**
- **Evaluation of logistic and operational constraints**

- **Scheduling of selected opportunity in the monthly production programme**
  - ✓ Purchase of "test" cargo
  - ✓ Assessment of actual performance (technical) in the refinery
  - ✓ Exploitation of logistic flexibility

- **Break-down of monthly production programme into weekly runs**
  - ✓ Set-up of specific operational instructions
  - ✓ Implementation & daily fine-tuning

- **Full evaluation of the integrated supply chain**
- **Identification of criticalities and corrective actions**

Weekly iterations of the process ensure maximum value creation

6.4 Saras Trading SA launched in Geneva, a key European hub

	Saras Trading SA	Saras
Agency	**Agent for Saras for physical supply and sales ...** **... and for risk management activities**	**Retains:** • *Planning & Supply Chain Management* • *Logistic activities* • *Back office* • *Credit risk management* • *Treasury* • *Controlling*
3rd Party Trading	**Focus on 3rd party physical trading on both crudes and products and related paper transactions**	**Operates:** • *Operations & back-office activities* • *Credit risk management* • *Treasury* • *Controlling*

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

6.4 Saras Trading SA will fully exploit Saras S&T strengths

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 2016 – 2019 and subsequent update

2016-2019 Business Plan (*released on October 15th, 2015*)

Business Plan Market Scenario

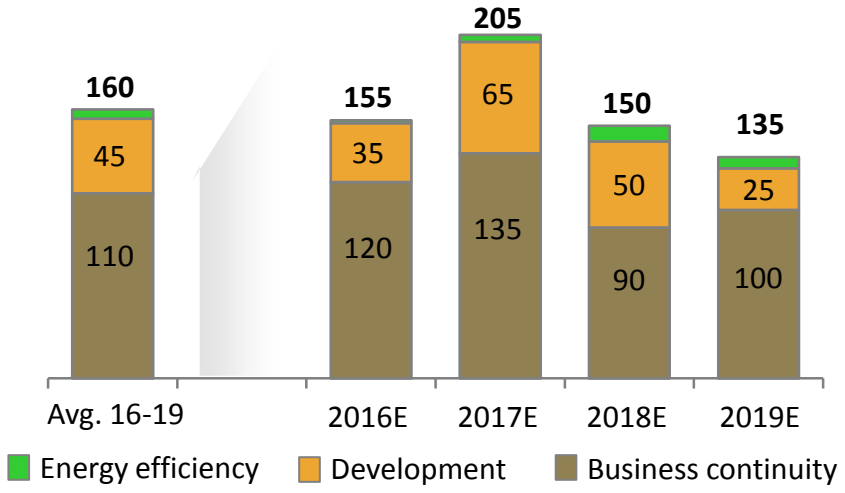
		2016E	2017E	2018E	2019E
Brent Dated	$/bl	65	70	75	80
Gasoline crack spread	$/bl	10.0	8.5	8.3	8.5
ULSD crack spread	$/bl	15.0	15.0	15.5	16.0
LS Fuel Oil crack spread	$/bl	-11.5	-13.0	-13.0	-13.5
Natural Gas TTF	€/mWh	21.6	22.6	23.5	21.8
Exchange Rate	€/$	1.07	1.10	1.14	1.16

Note: Market Scenario assumed in Business Plan based on Wood Mackenzie and IHS (Jul. 2015); Pöyry for TTF, and Reuters Poll for Exchange Rate

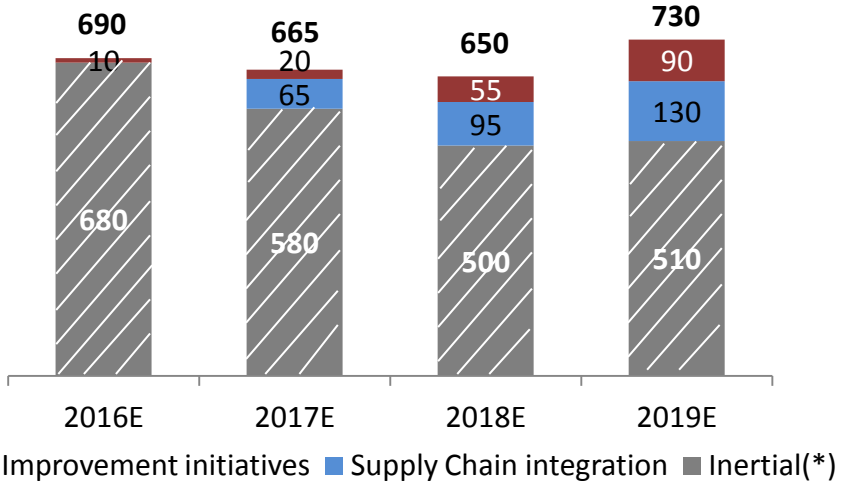
Business Plan Operations & Fixed Costs

		2016E	2017E	2018E	2019E
Refinery Crude Runs	Mtons	15.2	14.6	14.7	15.3
Refinery other feedstock	Mtons	0.8	0.7	0.5	0.5
IGCC Power production	TWh	4.3	4.4	4.3	4.4
Refinery fixed costs	€ M	260	265	270	275
IGCC fixed costs	€ M	95	95	95	95

Business Plan Group Capex



Business Plan Group EBITDA



(*) Inertial EBITDA based on projections of Business Plan Market Scenario

In 2016 the scenario assumptions taken in the Business Plan have not materialized

Outlook for Q4 2016 (*updated on November 7th, 2016*)

Market Scenario in Q4 2016:

- Improving crack spreads in Oct. and first half of Nov., due to autumn global refinery maintenance season
- Later in the quarter, demand of heating gasoil could be supported by the cold weather
- Crude market expected to remain oversupplied (with abundance of non-conventional grades)
- EMC Benchmark should recover vs. subdued values in Q3/16

Saras Value Creation in Q4 2016:

- Improvement of its premium above the EMC Benchmark
- Integrated Supply Chain Management, Energy Efficiency & Performance Improvements

NFP as of 31st Dec 2016 expected firmly positive:

- Cash flow from operations is forecasted to cover WC changes, CAPEX, Dividends, Repayment of part of the Iranian debt, Taxes and Financial Expense

In FY 2016 Saras premium above EMC Benchmark should be approx. 4$/bl

Moving forward, for 2017 and beyond, Saras will continue to enhance its profitability by further improving its operational and commercial performances

Deep dive on Saras segments

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

Group Financials

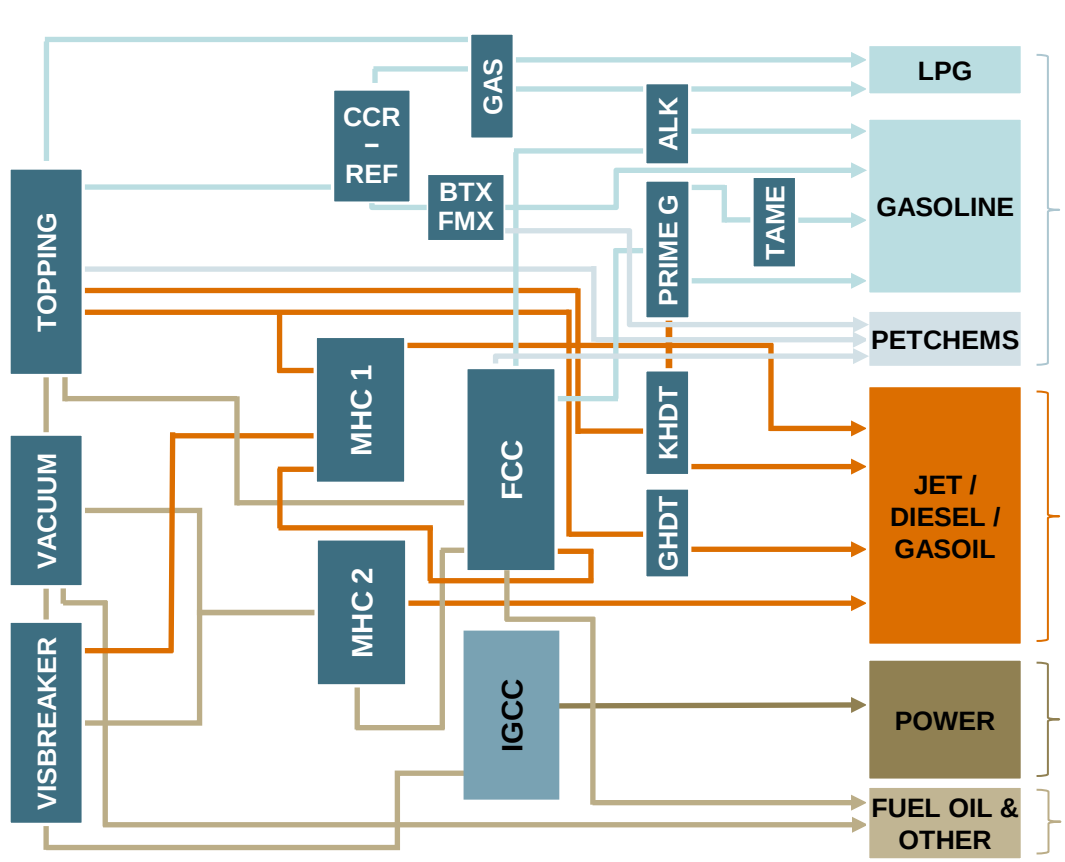
Key financial performance of the Refining segment

EUR million	2012	2013	2014	2015	9M/16
EBITDA	(91.2)	(153.6)	(496.3)	337.1	260.7
***Comparable* EBITDA**	**(61.2)**	**(127.5)**	**(140.1)**	**510.5**	**188.7**
EBIT	(197.0)	(261.0)	(640.7)	204.8	172.8
***Comparable* EBIT**	**(167.0)**	**(234.9)**	**(261.8)**	**396.6**	**100.8**
CAPEX	**97.0**	**87.1**	**124.9**	**75.0**	**85.7**
REFINERY RUNS					
Crude Oil (ktons)	13,309	12,980	12,430	14,550	9,686
Crude Oil (Mbl)	97.2	94.8	90.7	106.2	70.7
Crude Oil (kbl/d)	265	260	249	291	258
Complementary feedstock (ktons)	431	390	548	1,026	1,365
EMC benchmark	**0.9**	**(1.2)**	**(0.5)**	**4.0**	**2.7**
Saras Refining Margin	**2.1**	**1.6**	**1.2**	**8.0**	**6.3**

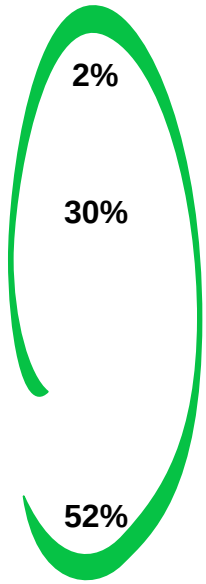
Complex and well balanced refinery configuration

Key units	# units	Total cap. (kb/d)[1]
TOPPING	3	300
VACUUM	2	105
VISBREAKER	1	41
FCC Fluid Catalytic Crack.	1	90
MHC Mild Hydrocraker	2	120
CCR & REFORMER	2	50
Power Gen (IGCC)	3	20

Diagram flow



Yields (%)[2]



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 9M/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**

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

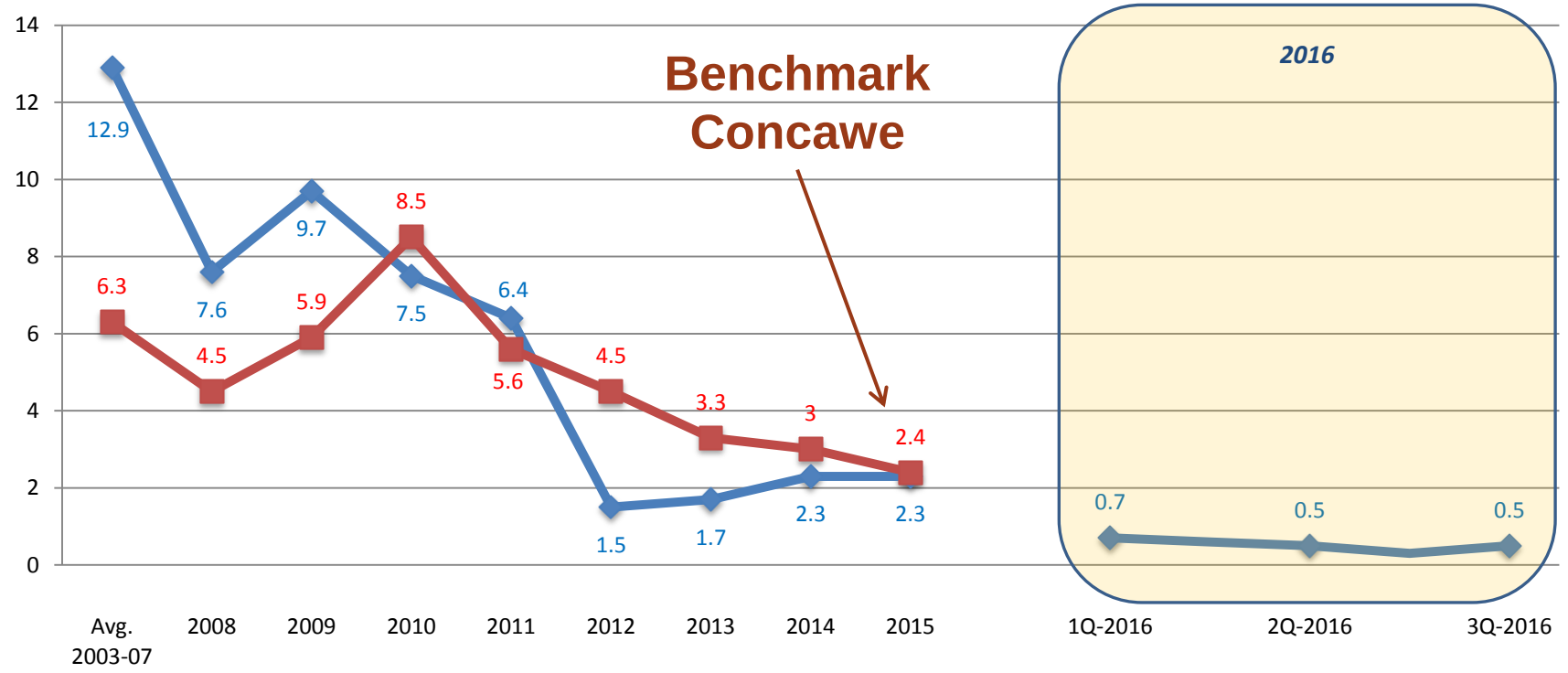
Marine Terminal

	#	Dwt	m Draft
Deep sea berths for VLCC	2	up to 300,000	20.7
Berths for Products	9	up to 65,000	12
	1	up to 40,000	9.5
	1	up to 6,000	7
Total	**13**		

Flexibility for simultaneous loadings of multiple products

Health, Safety and Environment

Total Frequency Index* Sarlux and Contractors



Note: Total Frequency Index: ratio between injuries and medical treatments versus total worked hours in the period

Deep dive on Saras segments

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

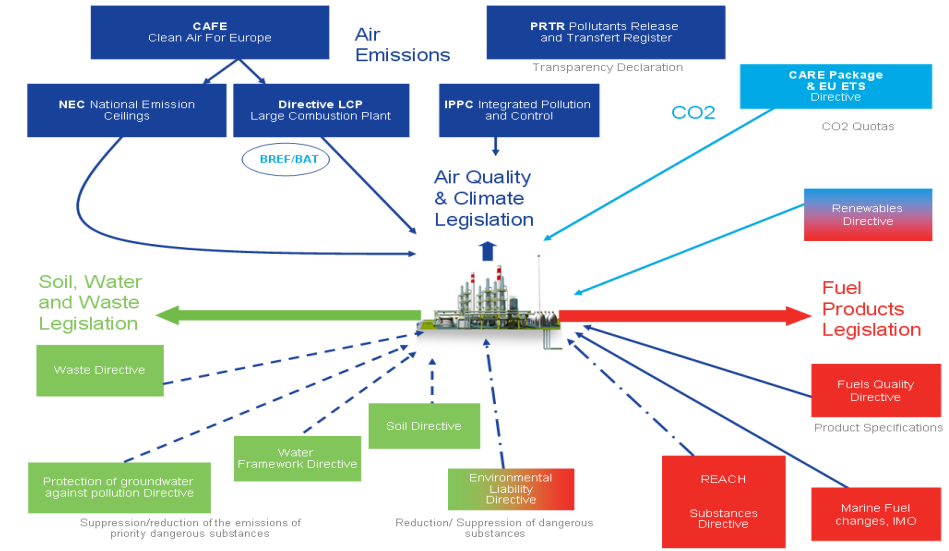
Group Financials

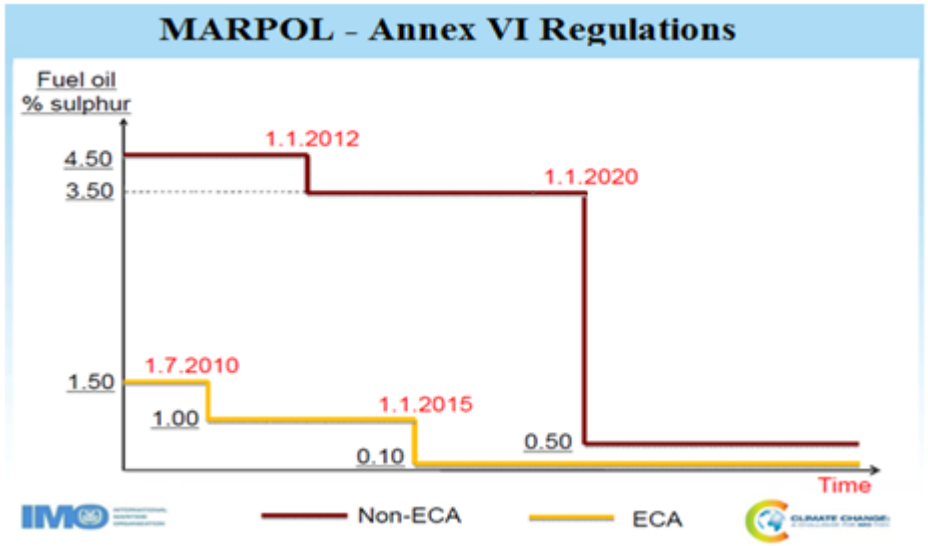
Key financial performance of the Power Generation segment

EUR million	2012	2013	2014	2015	9M/16
***Comparable* EBITDA**	**226.8**	**182.4**	**240.4**	**207.9**	**150.4**
***Comparable* EBIT**	**147.0**	**109.5**	**174.7**	**111.1**	**76.3**
EBITDA IT GAAP	178.3	184.8	147.9	168.2	101.3
EBIT IT GAAP	133.2	131.2	85.9	105.0	52.5
CAPEX	**8.7**	**16.9**	**6.8**	**9.1**	**6.6**
ELECTRICITY PRODUCTION MWh/1000	**4,194**	**4,217**	**4,353**	**4,450**	**3,344**
POWER TARIFF €cent/kWh	**12.2**	**11.9**	**10.1**	**9.6**	**8.1**
POWER IGCC MARGIN $/bl	**4.2**	**3.8**	**4.8**	**3.1**	**3.4**

Environmental regulations concerning high sulfur heavy products

Tighter environmental regulations…





…force standard refineries to invest

Environmental regulations are progressively tightening and demand for Fuel Oil will continue to shrink

- EU Fuel Quality Directive, Clean Air For Europe Regulation, etc.
- Recent IMO decision to implement tighter limits on bunker emissions as of 1st Jan 2020, in accordance with “MARPOL Annex VI” Regulations

As a consequence of reducing demand for high sulphur fuels, heavy sour crude oils are increasing their discounts

- E.g. Arabian Heavy OSP (vs. BWAVE) moved from ~5$/bl in 2012-2013, to ~7$/bl in 2015-2016

In the near future, standard refineries will need to find ways to dispose of their Fuel Oil production

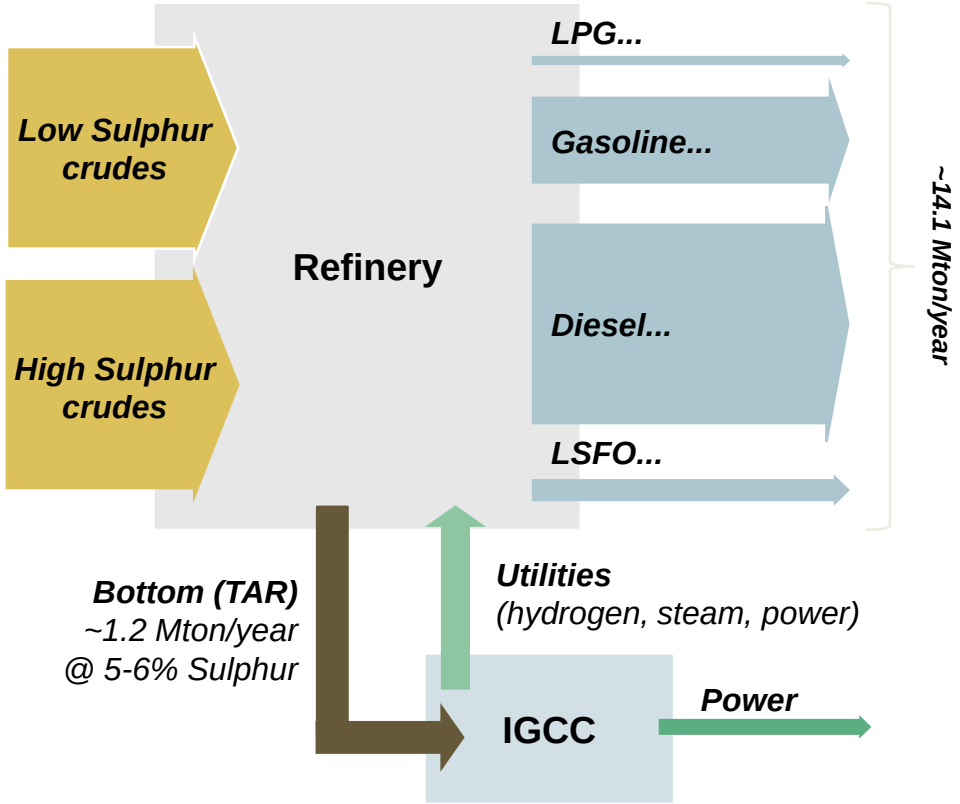
- E.g. investing to build expensive coking units…

Saras does not need to make large investments

- IGCC plant efficiently converts heavy part of the barrel into precious electricity (as well as steam and hydrogen, which are sent back to the refinery)

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

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

IGCC role

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

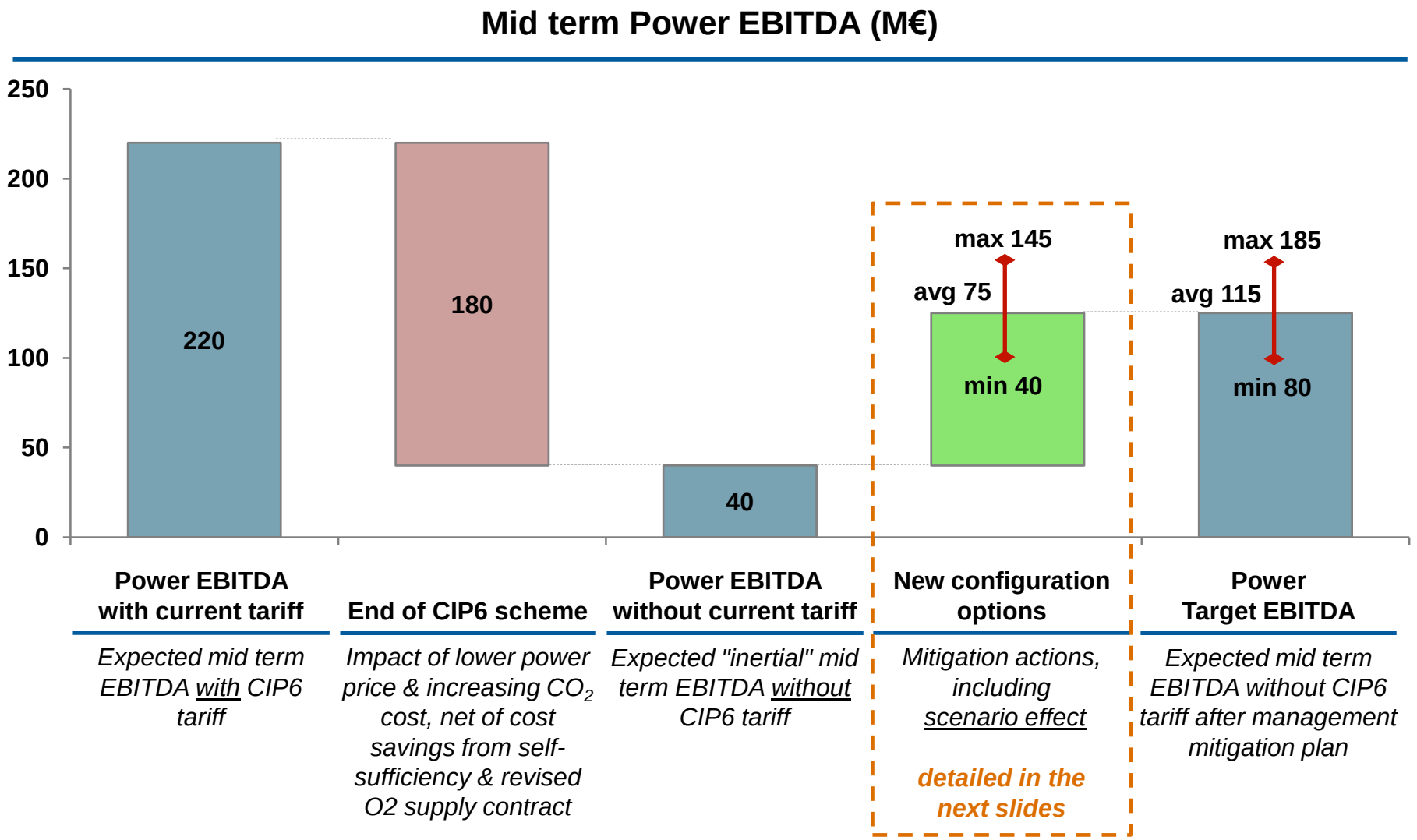
- Power
- Hydrogen
- Steam...

...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

EBITDA reduction after CIP6 expiry can be significantly mitigated



Moderate investments sufficient to enable sustainability and future flexibility

Visbreaking revamp

170M€ CAPEX

- **Visbreaking revamping will enable production of a cheaper feedstock (i.e. heavier TAR)**
- **IGCC economics will improve, and quantity of TAR produced will remain the same as today**
- **Power production will be made with 3 lines (one dedicated to self-consumption)**

Bitumen facilities

60M€ CAPEX

Investment decisions to be taken in 2018

- **Building tanks & pipelines dedicated to bitumen handling and storage, will enable Saras to produce and sell Bitumen**
- **TAR production will decrease accordingly**
- **Power production will be made with only 2 lines (one dedicated to self-consumption)**

0.5% LSFO bunker

no CAPEX

- **If regulations will boost prices of 0.5% LSFO (to be used as bunker in the shipping industry), then Saras will increase its production**
- **TAR production will decrease accordingly**
- **Power production will be made with only 2 lines (one dedicated to self-consumption)**

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	9M/16
EBITDA	18.0	16.0	(4.9)	(5.1)	5.5
***Comparable* EBITDA**	**31.7**	**33.7**	**14.9**	**1.6**	**1.3**
EBIT	(29.8)	7.6	(14.7)	(16.3)	1.2
***Comparable* EBIT**	**19.8**	**25.3**	**6.4**	**(4.7)**	**(3.0)**
CAPEX	**8.2**	**3.7**	**3.0**	**1.2**	**0.9**
SALES (THOUSAND TONS)					
ITALY	**2,210**	**2,342**	**2,449**	**2,573**	**1,760**
SPAIN	**1,584**	**1,310**	**1,234**	**1,388**	**1,301**
TOTAL	**3,794**	**3,652**	**3,683**	**3,961**	**3,061**

Overview of the Italian and Spanish Marketing businesses

Spain: Saras Energia

Spain wholesale
- 114kmc distillates storage in Cartagena
- ~7% share of wholesale market

Spain retail
- 101 service stations
  - 86 fully owned
  - 15 long term leased
- ~170kmc sold in 2015
- 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
- ~11% 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	9M/16
SPAIN	1,584	1,310	1,234	1,388	1,301

Sales (ktons)	2012	2013	2014	2015	9M/16
ITALY	2,210	2,342	2,449	2,573	1,760

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	9M/16
***Comparable* EBITDA**		**20.0**	**22.7**	**20.5**	**17.2**	**16.6**
***Comparable* EBIT**		**9.7**	**18.3**	**15.9**	**12.7**	**13.3**
ELECTRICITY PRODUCTION	MWh	**171,050**	**197,042**	**171,657**	**155,101**	**148,775**
POWER TARIFF	€cent/kWh	**7.1**	**5.7**	**4.8**	**4.8**	**3.7**
FEED-IN PREMIUM TARIFF[1]	€cent/kWh	**8.0**	**8.9**	**9.7**	**10.0**	**10.0**

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

Wind segment

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 10% of total production)

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	9M/16
EBITDA	**176.0**	**71.7**	**(237.0)**	**556.0**	**430.7**
***Comparable* EBITDA**	**210.7**	**117.7**	**139.0**	**741.0**	**358.8**
D&A(*)	(244.2)	(425.9)	(47.4)	(245.4)	(170.2)
EBIT	**(68.1)**	**(354.2)**	**(284.4)**	**310.6**	**260.6**
***Comparable* EBIT**	**2.6**	**(75.7)**	**(61.9)**	**518.9**	**188.7**
Interest expense	(28.8)	(27.8)	(40.2)	(34.9)	(23.1)
Other	(23.1)	(1.6)	62.8	68.1	(20.1)
Financial Income/(Expense)	**(51.9)**	**(29.4)**	**22.6**	**33.2**	**(43.2)**
Profit before taxes	**(120.0)**	**(383.6)**	**(261.8)**	**343.7**	**217.4**
Taxes	31.4	112.5	0.0	(120.1)	(65.5)
Net Result	**(88.6)**	**(271.1)**	**(261.8)**	**223.7**	**151.9**
Adjustments	54.9	186.9	178.2	102.7	(35.3)
***Adjusted* Net Result**	**(33.7)**	**(84.1)**	**(83.6)**	**326.3**	**116.6**

(*) 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

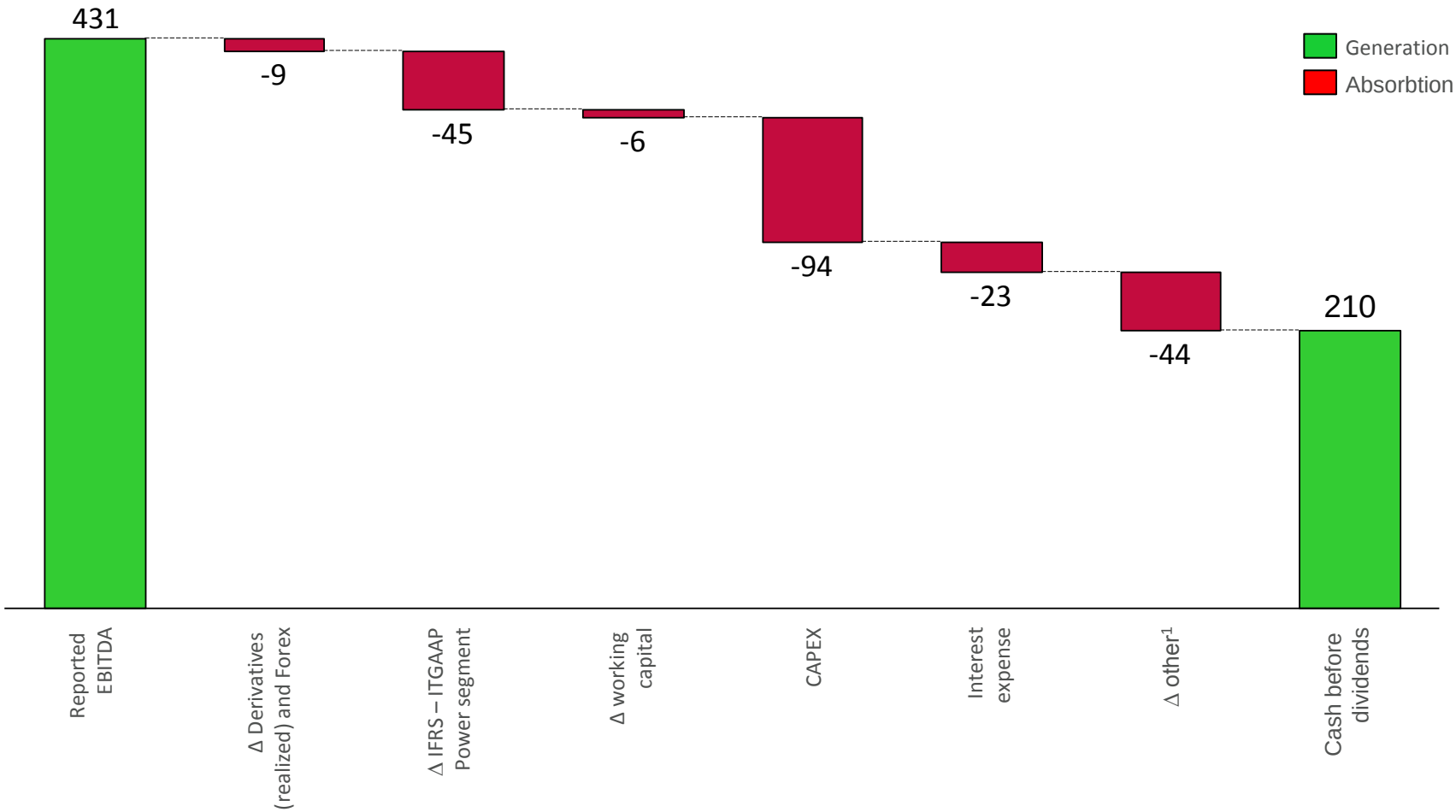
DETAILS OF ADJUSTMENT (EUR ml)	2012	2013	2014	2015	9M/16
Net Result	**(88.6)**	**(271.1)**	**(261.8)**	**223.7**	**151.9**
(LIFO – FIFO) inventories net of taxes	27.0	43.4	293.8	75.8	(46.5)
non recurring items net of taxes	25.3	148.3	(85.7)	29.7	2.9
Fair value of derivatives' open positions net of taxes	2.6	(4.7)	(29.9)	(2.8)	8.3
***Adjusted* Net Result**	**(33.7)**	**(84.1)**	**(83.6)**	**326.3**	**116.6**

Group Financials – Balance Sheet

EUR million	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	30-Sep-16
Current assets	**2,209**	**2,287**	**2,241**	**1,929**	**1,754**
CCE and financial assets held for trading	342	545	669	883	732
Other current assets	1,867	1,743	1,571	1,046	1,022
Non-current assets	**1,731**	**1,526**	**1,621**	**1,389**	**1,262**
TOTAL ASSETS	**3,940**	**3,814**	**3,862**	**3,318**	**3,017**
Current Liabilities	**1,817**	**2,015**	**2,506**	**1,445**	**1,447**
Short-Term financial liabilities	167	181	550	203	186
Other current liabilities	1,650	1,834	1,956	1,242	1,261
Non-Current Liabilities	**926**	**877**	**696**	**988**	**692**
Long-Term financial liabilities	425	386	277	586	356
Other non-current liabilities	501	491	419	402	336
Shareholders Equity	**1,197**	**921**	**660**	**885**	**878**
TOTAL LIABILITIES & EQUITY	**3,940**	**3,814**	**3,862**	**3,318**	**3,017**

Group Financials – Cash Flow

Cash flow 9M/16 (EUR million)



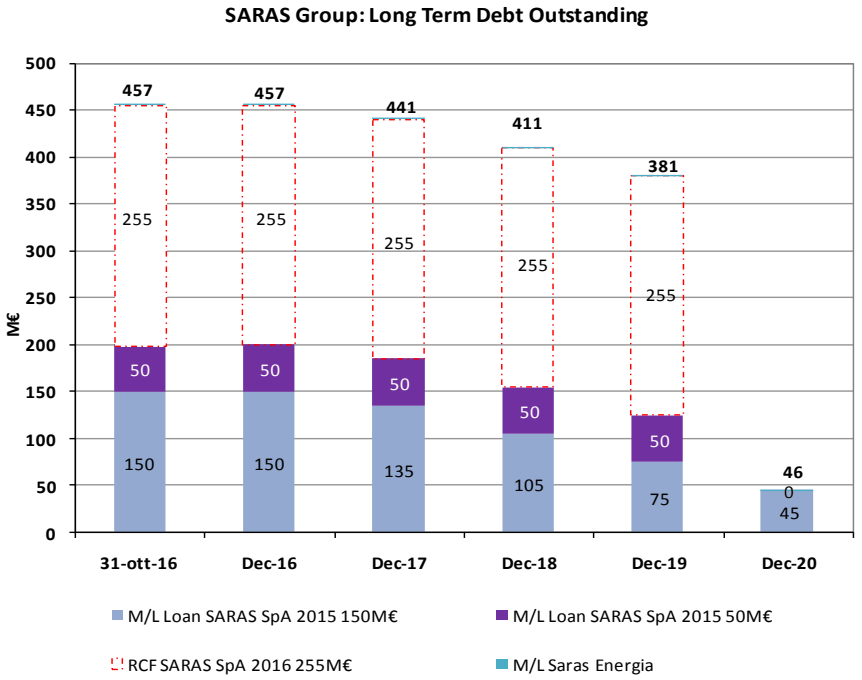
1. Includes CO_2 , wind tariff incentives, Energy Efficiency certificates and Taxes paid in the period

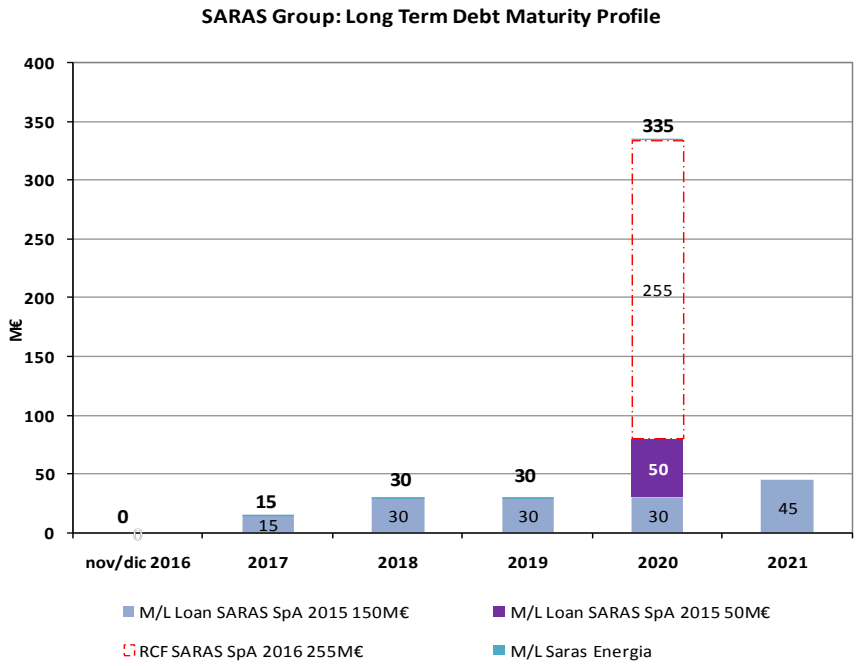
Group CAPEX by segment

CAPEX BY SEGMENT (EUR million)	2012	2013	2014	2015	9M/16
REFINING	97.0	87.1	124.9	75.0	85.7
POWER GENERATION	8.7	16.9	6.8	9.1	6.6
MARKETING	8.2	3.7	3.0	1.2	0.9
WIND	3.8	0.2	0.6	0.3	0.4
OTHER ACTIVITIES	1.6	1.7	0.9	0.6	0.3
TOTAL CAPEX	119.3	109.6	136.3	86.2	94.0

Group Debt Profile and Credit Lines

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

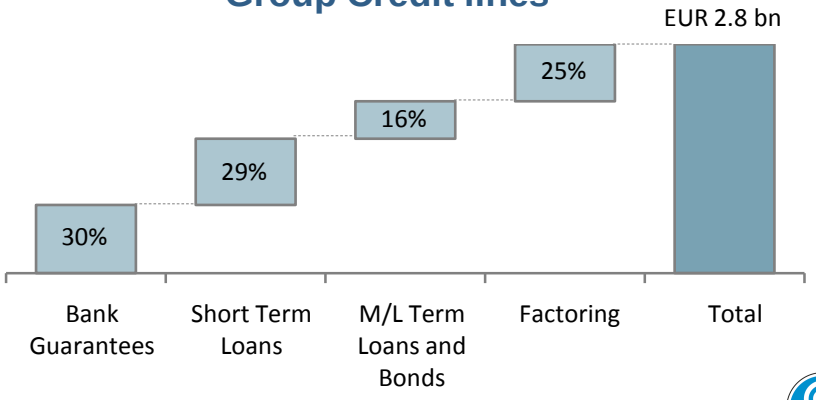




NOTE: all debt is unsecured

- The EUR 175M Bond has been entirely prepaid on 12th Sep 2016
- The EUR 265M Loan has been converted into a Revolving Credit Facility of EUR 255M, effective from 28th Oct 2016 (with expiry date Dec 2020)
- The EUR 150M Loan has been amended, effective from 26th Oct 2016, in order to extend its expiry date to the end of Sep 2021.
- The EUR 50M Loan has been amended in September in order to postpone its maturity until March 2020.
- The restructuring of all Loans and the early repayment of the Bond reduced the interest cost by approx. 60%

Group Credit lines



EUR 0.7bn committed

Group Risk Management

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 main 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.