



SARAS

# Investor presentation



September 2015





## Important Notice

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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). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. 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.

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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.

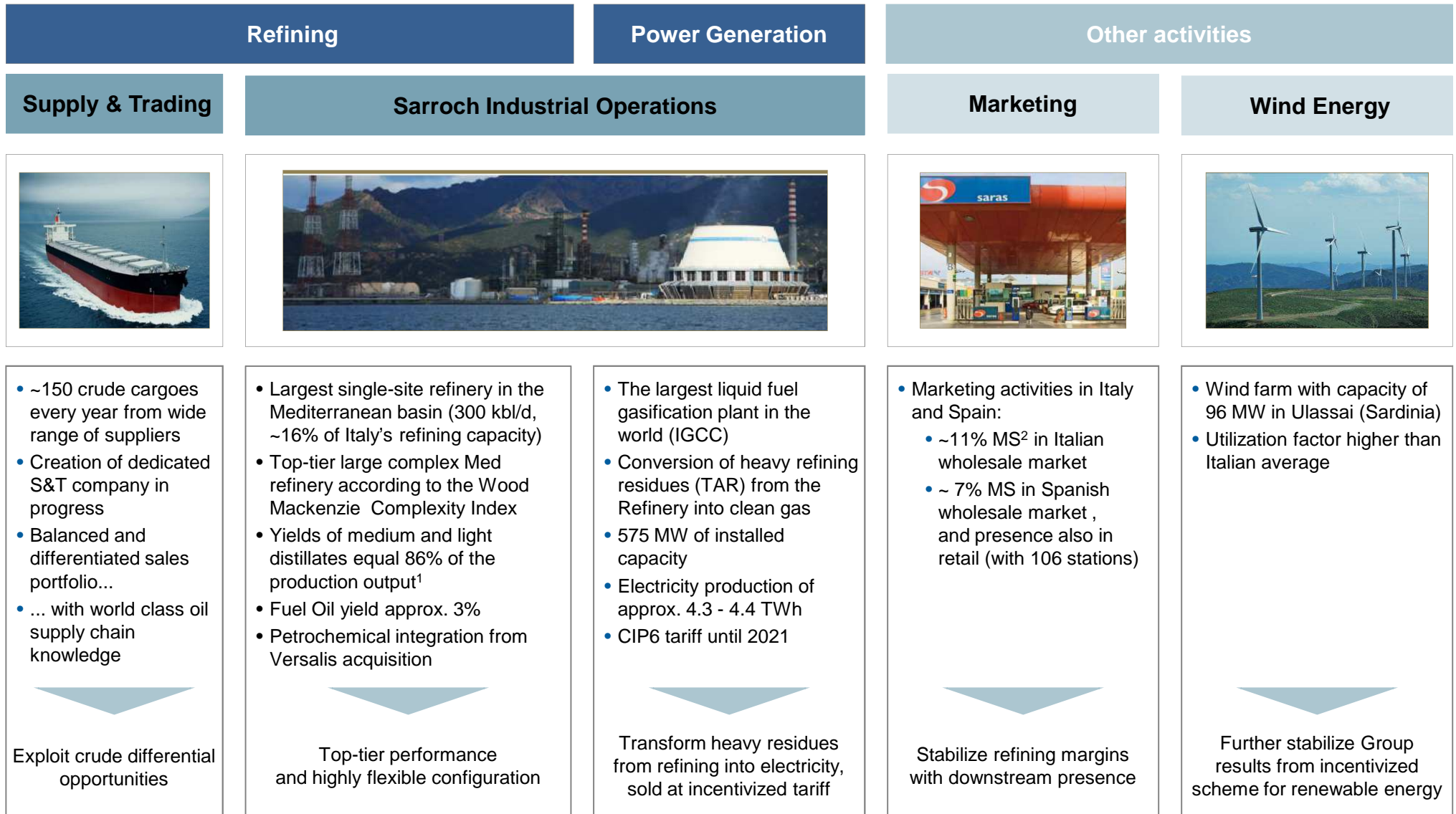


# Saras investment thesis: our value proposition





# 1 Downstream player focused on Refining and Power Generation



1. Net of C&L  
2. Market Share





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

### Favorable refining economics are expected to stay

#### 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 all standard EU refiners

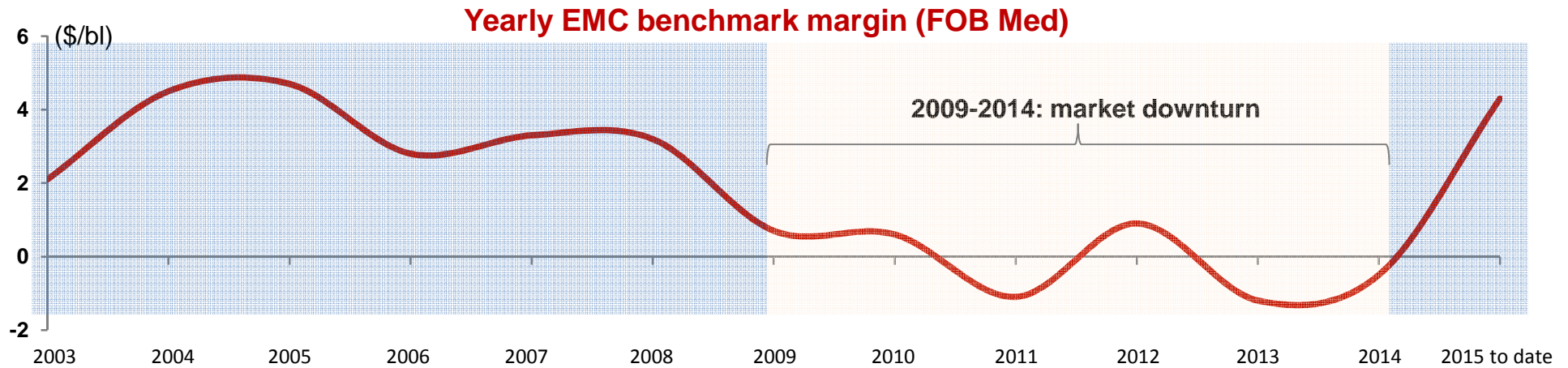
- Higher refining margins
- EU refineries essential to regional supply chain
- Lower impact of fixed costs in EUR



### Additional benefits for Saras thanks to its high flexibility and complexity

- Decrease of "consumption & loss" costs
- Flexibility to source the most profitable crudes
- Asset capability to process multiple types of crudes
- Conversion to high-value product mix

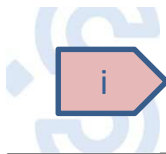
## 2 The new market cycle derives from 6 key structural changes



### Market Downturn from 2009 to 2014

### New Market Cycle from 2015 onwards

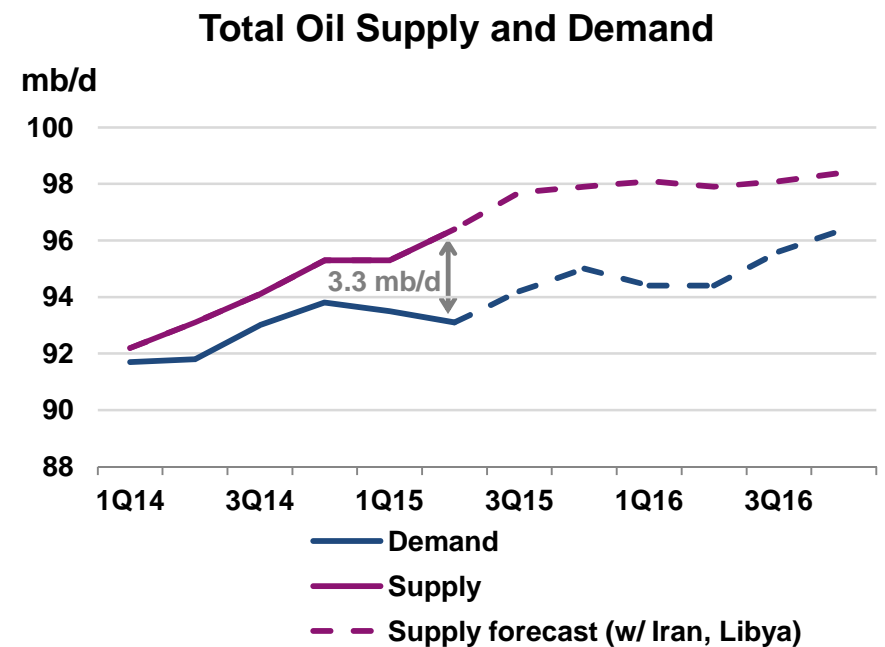
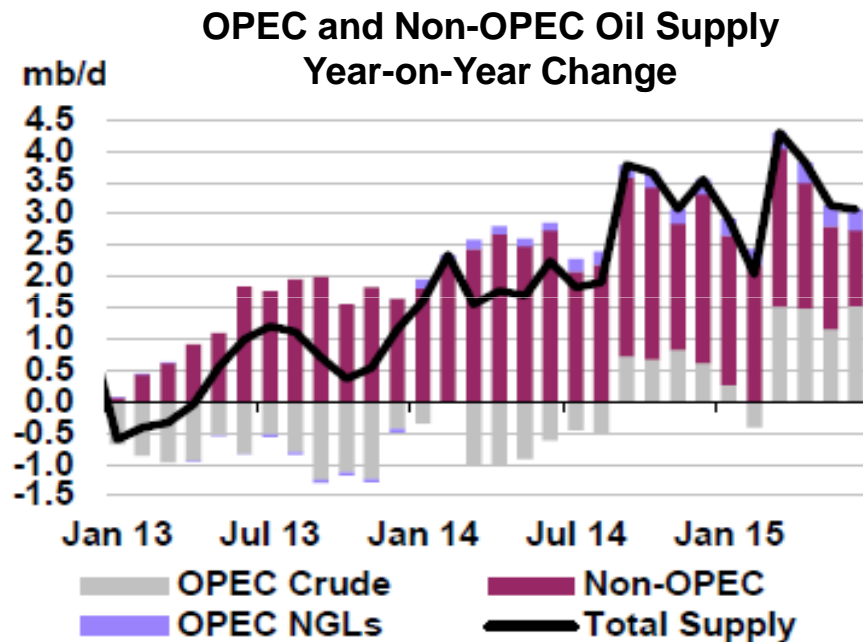
i	<b>High crude prices</b>	More <b>balanced</b> oil prices, robust supply
ii	<b>Low availability of heavy sour crudes</b>	Significant <b>increase in production of heavy crudes</b>
iii	<b>Falling product demand</b> in Europe	<b>Improved product demand</b> in Europe and worldwide
iv	<b>Overcapacity</b> of European refineries	<b>Ongoing rationalization</b> of European refining capacity
v	<b>Strong competition</b> from: <ul style="list-style-type: none"> <li>• Wide Brent-WTI spread</li> <li>• Non-OECD refineries</li> <li>• Low freight rates</li> </ul>	<b>Correction of market distortions</b> <b>Reduction of spare capacity</b> <b>Increase of international freight rates</b>
vi	<b>Low crack spreads and tight light-heavy products differentials</b>	<b>Healthy crack spreads and widening of light-heavy product differentials</b> , with greater benefits for complex refineries



## More balanced oil prices driven by a robust oil supply

Strong supply growth came from both OPEC and non-OPEC producers...

...and the robust supply is expected to persist, due to production growth and mitigating disruptions



**Forecasts indicated >1 mb/d oversupply in 2016, even before the announcement of Iran agreement**





## Significant increase of non-standard grades (heavy sour and heavy acidic)

### Canada

- Growth forecast for '16: + ~200 kb/d
- **New pipelines** to enter in operation:
  - 1.1 mb/d from Alberta to Montreal
  - 1.5 md/d from Alberta to USGC

### Iraq

- Growth forecast for '16: + ~300 kb/d
- **New pipelines** from Kurdistan to Med
- New **Basrah heavy** production on stream



### Venezuela

- 2Q15 production: ~2.4 mb/d

### Colombia

- 2Q15 production: ~1.0 mb/d

### Brazil

- Growth forecast for '16: + ~300 kb/d
- Heavy crudes ~50% of reserves

### Iran

- 2Q15 production: ~2.8 mb/d
- Potential **return to** pre-sanction production level by '16: ~4 mb/d

### West Africa

- Production levels of traditional producers not at their highest<sup>1</sup> and new suppliers<sup>2</sup> are coming in
- Increasingly **shifting focus** from North America to Europe and Asia

1. E.g. Nigeria, Angola  
2. E.g. Mauritania  
Source: IEA

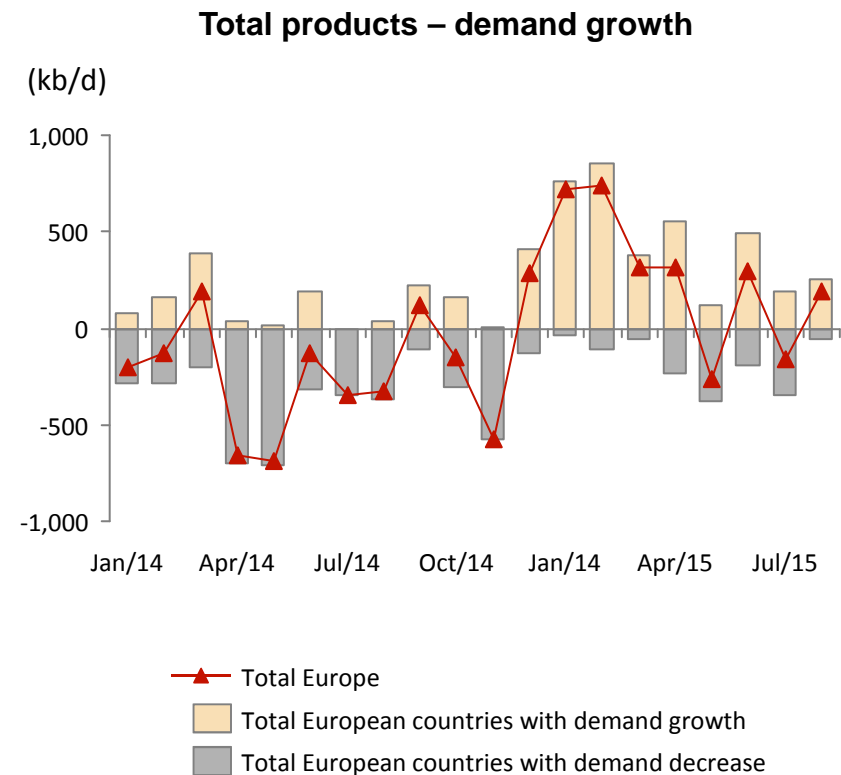
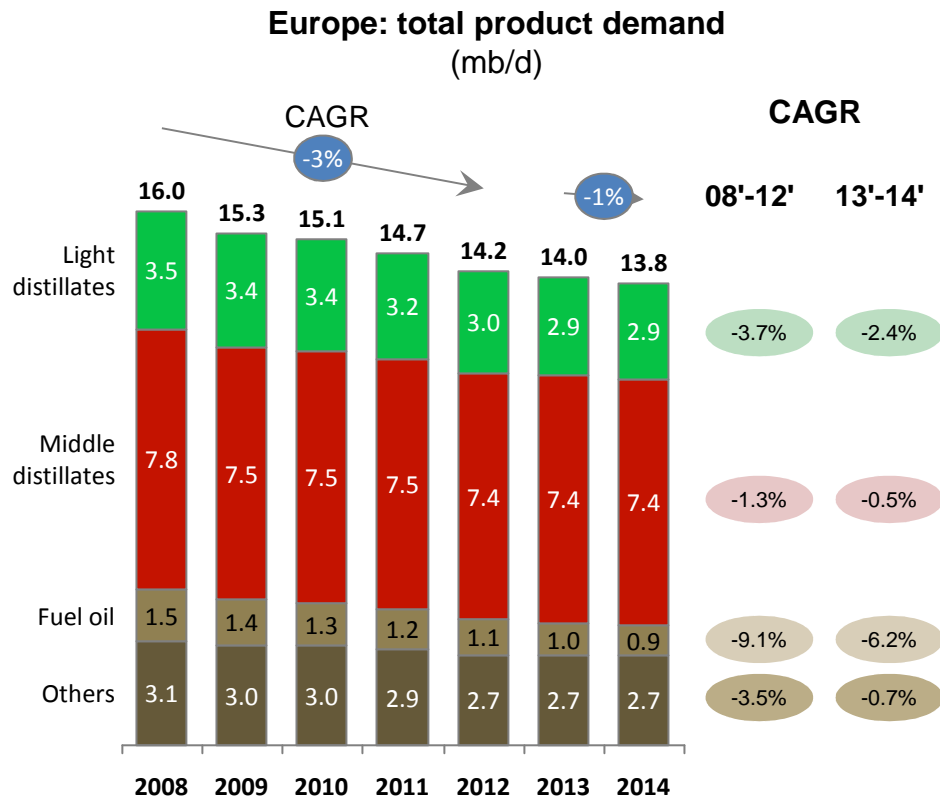




# 2015 is appearing as the inflection point of product demand

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

... and clear growth trends appear in 2015



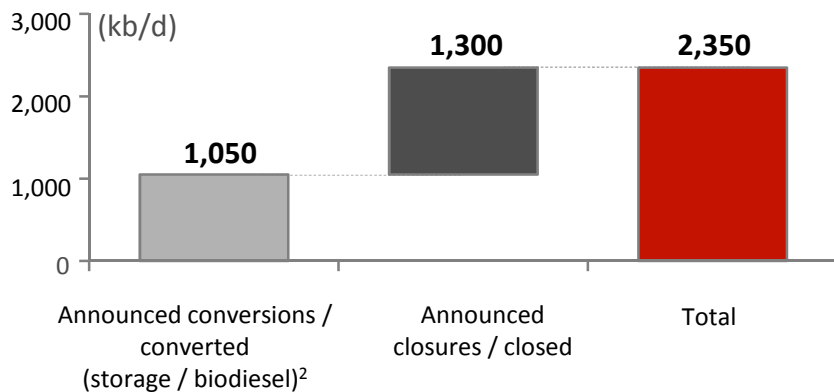
Source: BP Statistical Review, JBC Energy, IEA, JODI, SuDeP



# Significant impact of ongoing European refineries rationalization

## Closures and conversions in OECD Europe (2009-2015)

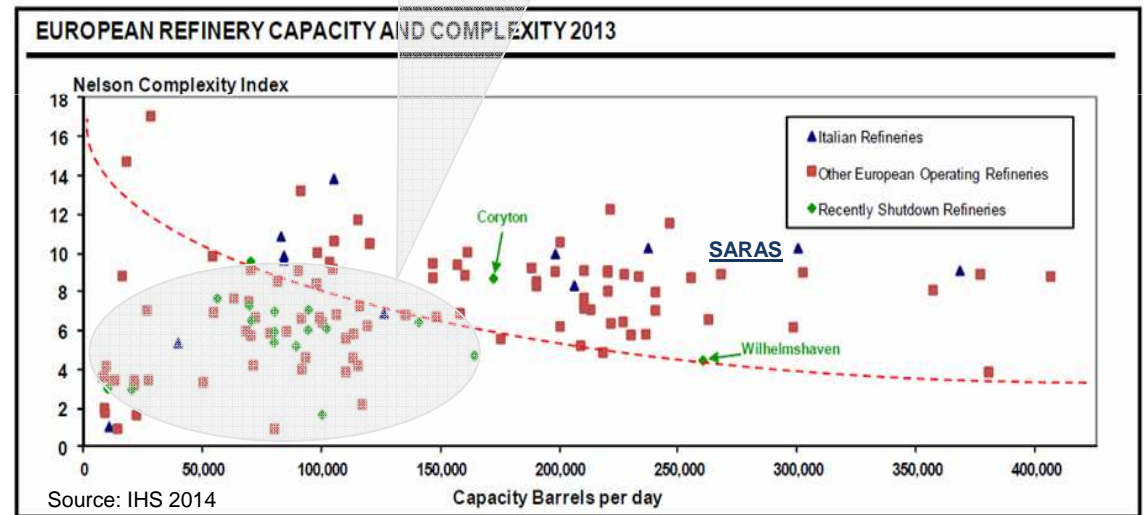
Source: BCG



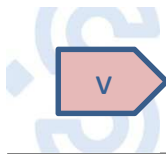
	Teesside (Petroplus)		Arpechim (Petrom)
	Dunkirk (Total)		Harburg (Shell)
	Reichstett (Petroplus)		Berre (LyondellBasell)
	Cremona (Tamoil)		Petit-Couronne (Petroplus)
	Roma (TotalERG)		Coryton (Petroplus)
	Milford Haven (Murphy Oil)		Stanlow (Essar) <sup>1</sup>
	Wilhelmsh. (Hestya)		Paramo (Unipetrol/PKN)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

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

- 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

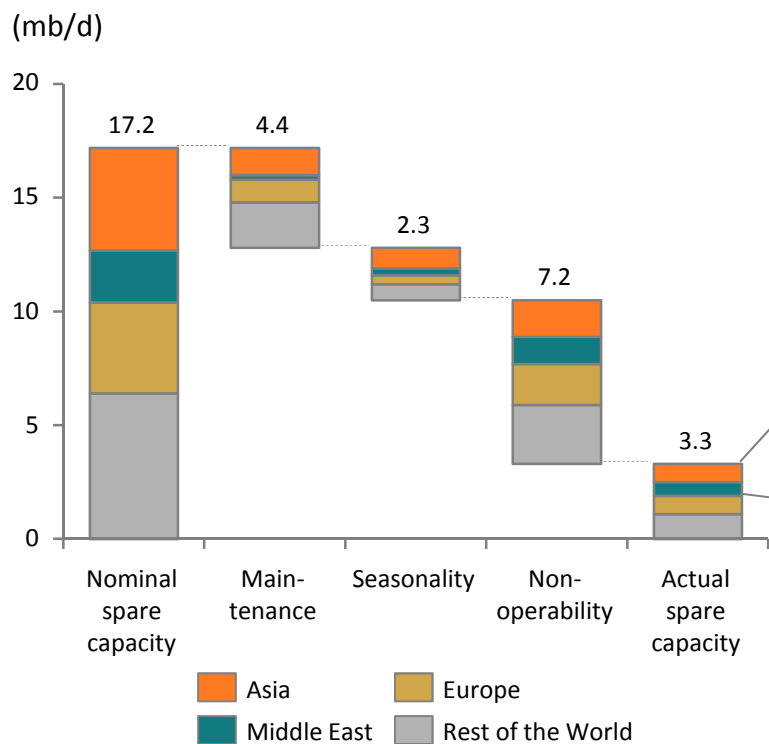


**Large and complex refineries are the best positioned in the European competitive context**

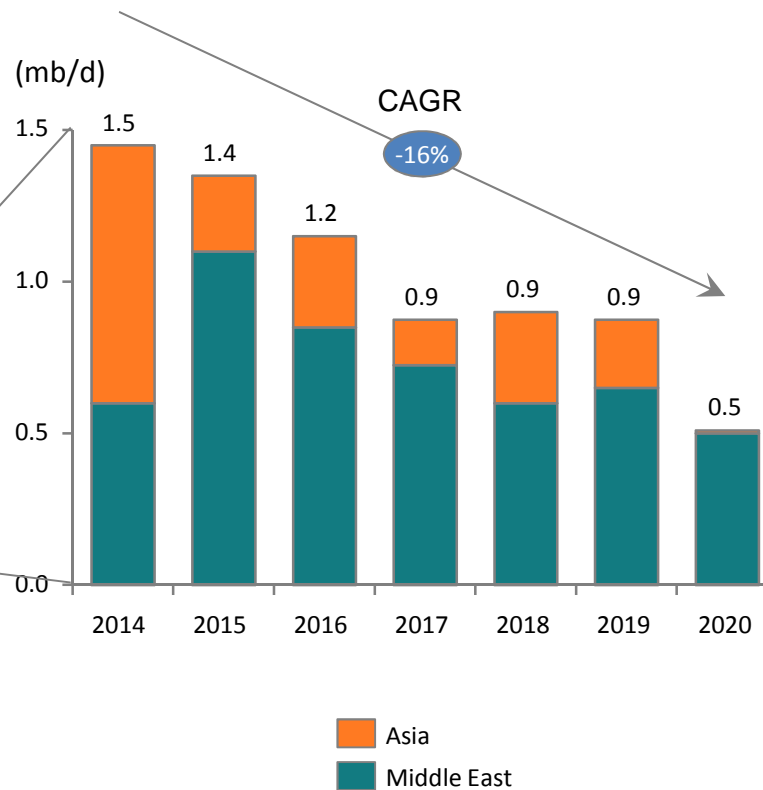


# Spare capacity over-rated, and expected to decrease in the mid-term

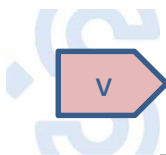
## Actual spare capacity significantly lower than nominal spare capacity (2014)



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

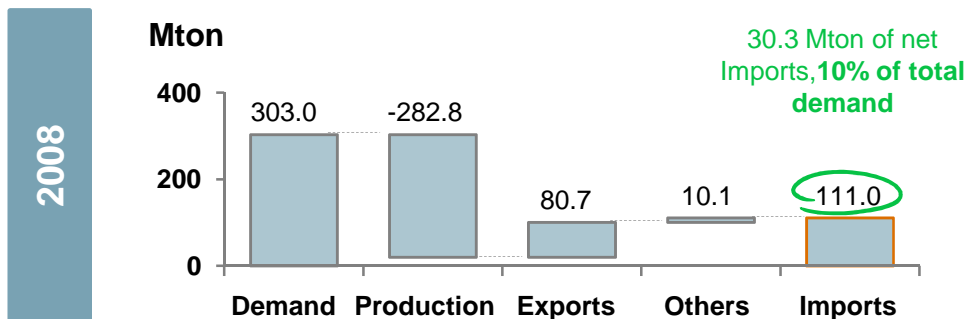


**Additions of refinery capacity in Asia and Middle East dedicated to meet local demand**

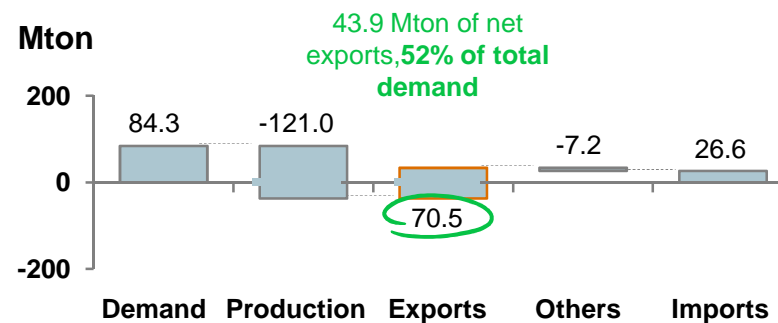
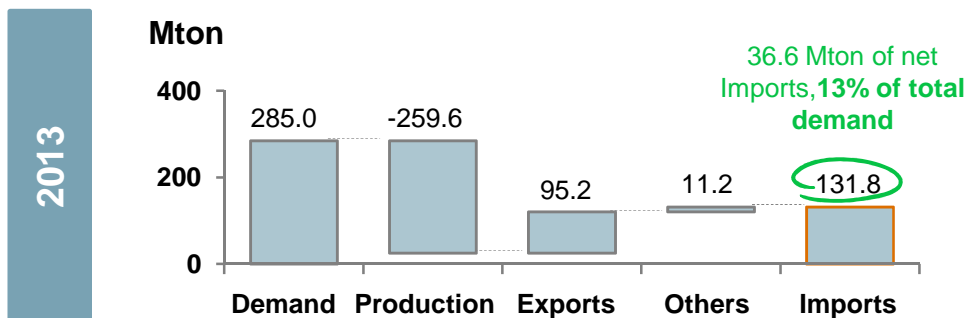
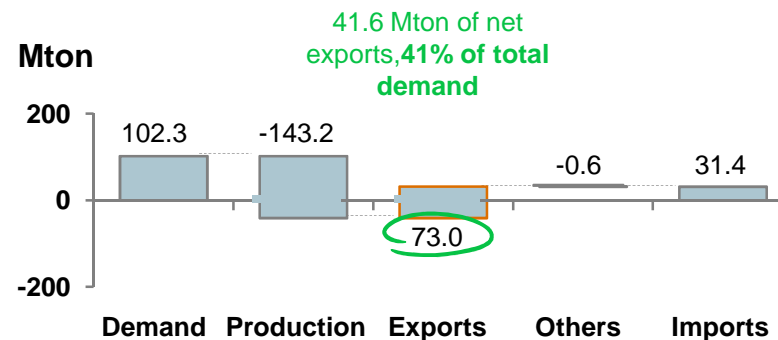


# EU historically unable to meet regional demand for diesel/gasoil

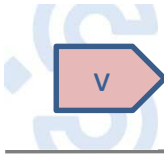
## Europe is short of Gasoil/Diesel...



## ... and long in Gasoline<sup>1</sup>

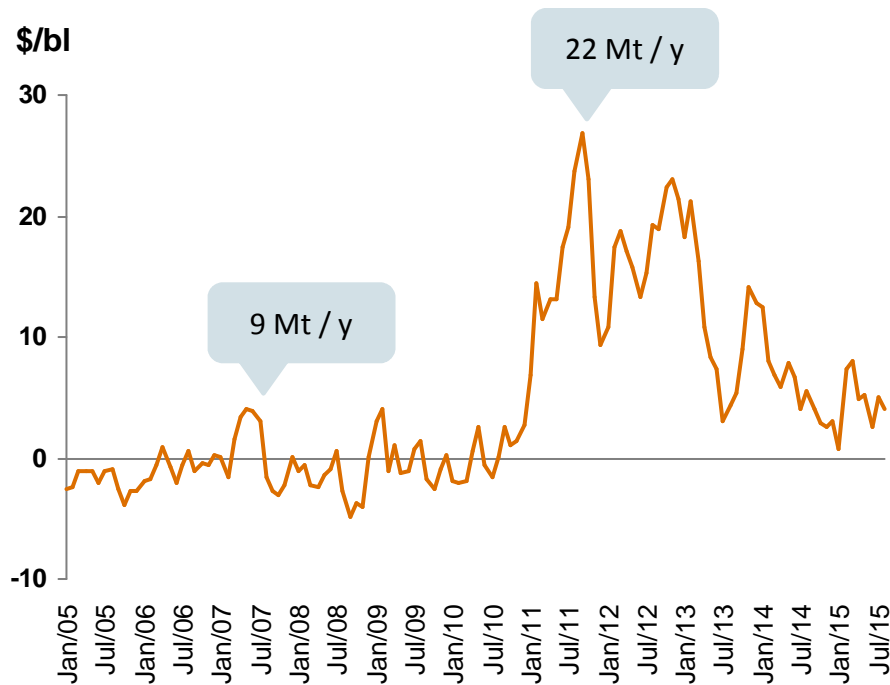


1. Total gasoline: motor gasoline + aviation gasoline + gasoline type jet fuel  
2. Includes Transfers, Stock change, Intl. Marine bunkers, Statistical difference  
Note: graph refers to 2013 Annual data; Source: IEA Oil Information 2014



# US refineries advantaged by WTI price distortions, which are now fading

## Brent-WTI spread



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

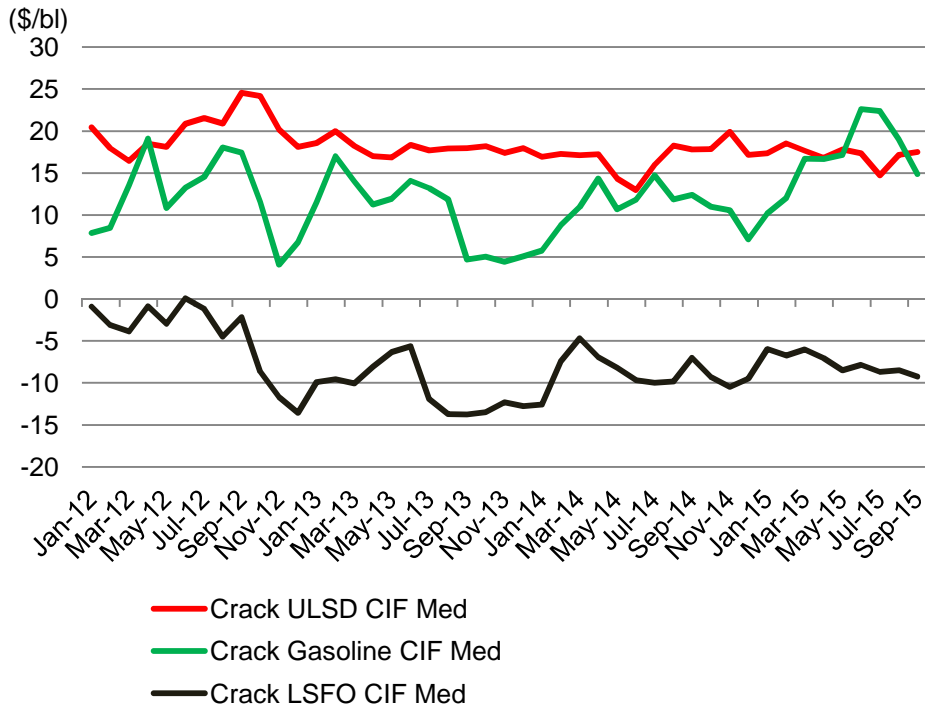
## Factors to mitigate distortion

- Debottlenecking of logistics in US & Canada
- Increase of US internal demand in a context of already saturated refining capacity...
- ... with possible open-up of US crude exports

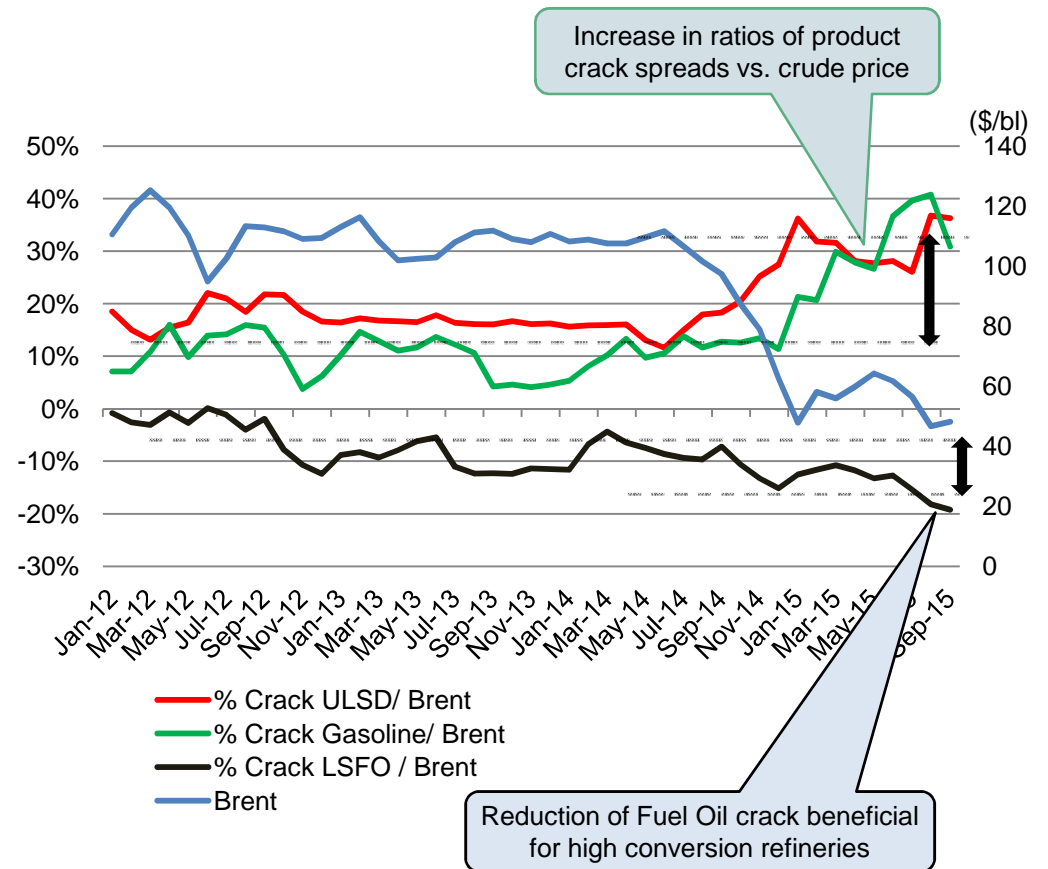


# Healthy crack spreads and wider light-heavy product differentials

### Product Cracks CIF Med



### Product Cracks CIF Med as % of Brent Dated

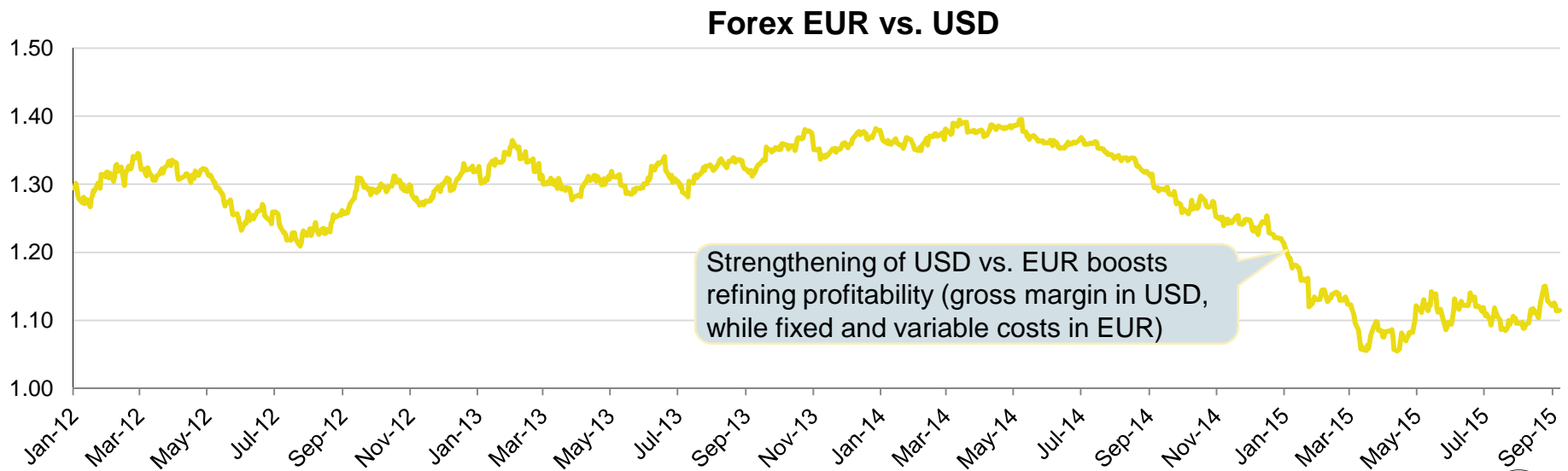
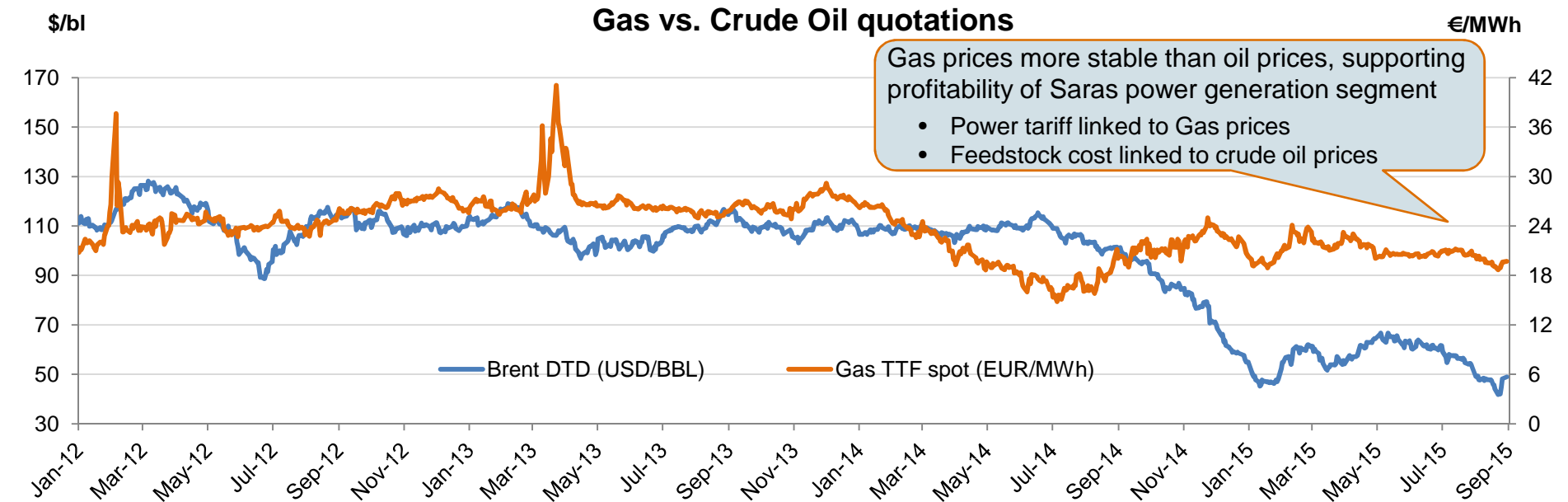


**Light maintenance schedule for 2015 & 2016 will allow Saras to run at maximum capacity (15Mt/yr) and capture in full the current profitability**

Note: Monthly averages updated as of Sept. 4<sup>th</sup>, 2015



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

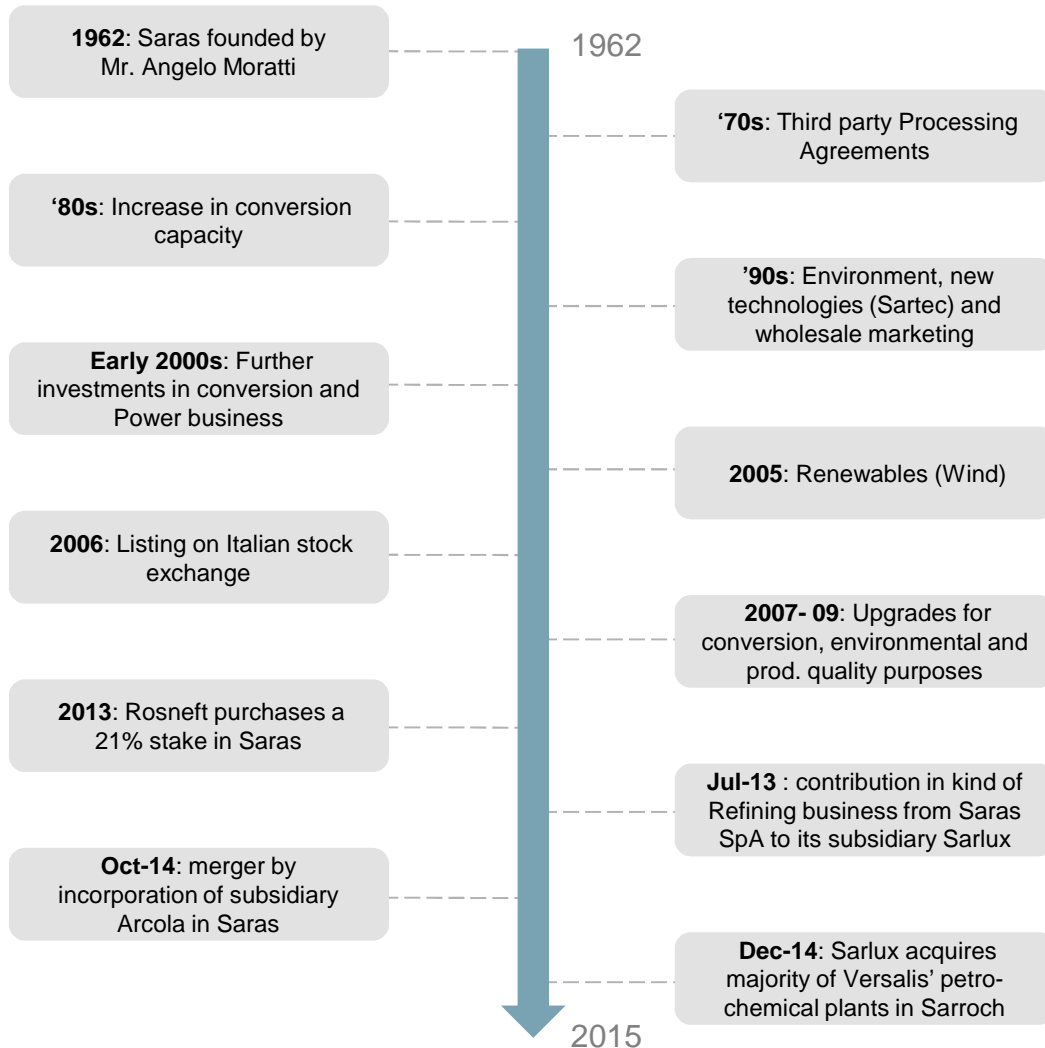




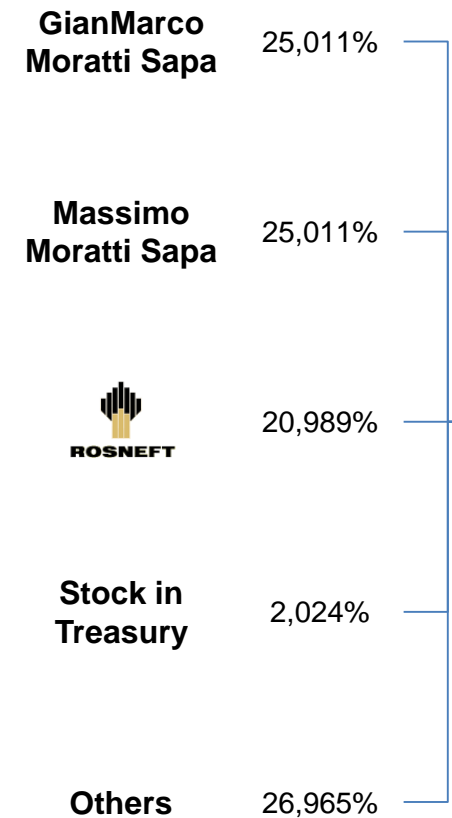


# 3 50 years of stable strategic direction and committed shareholders

## Saras history...



## ... and shareholder structure<sup>1</sup>



1. As of June 2015

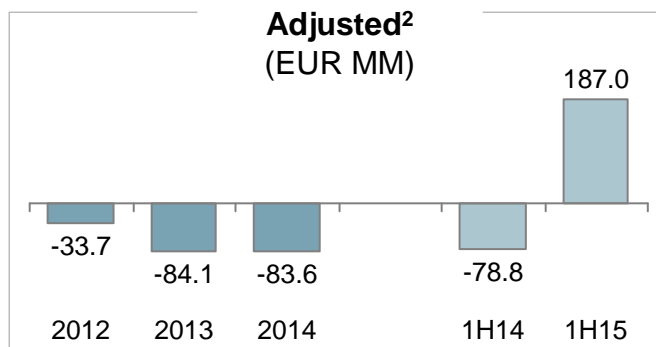
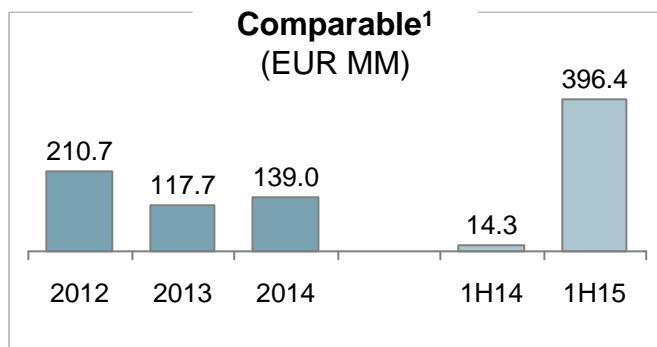
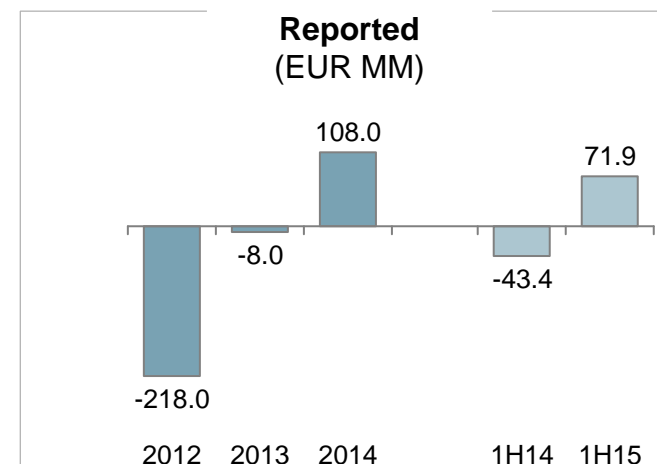
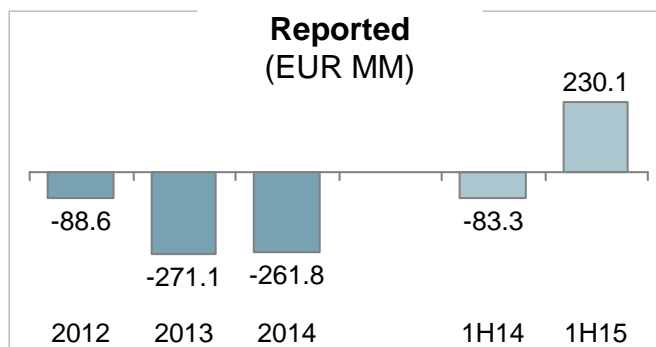
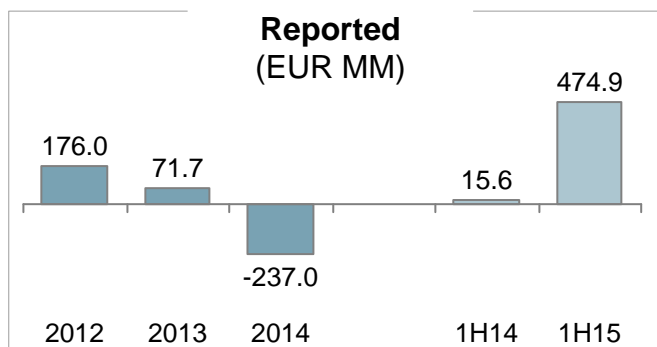




## EBITDA

## Net Result

## Net Financial Position



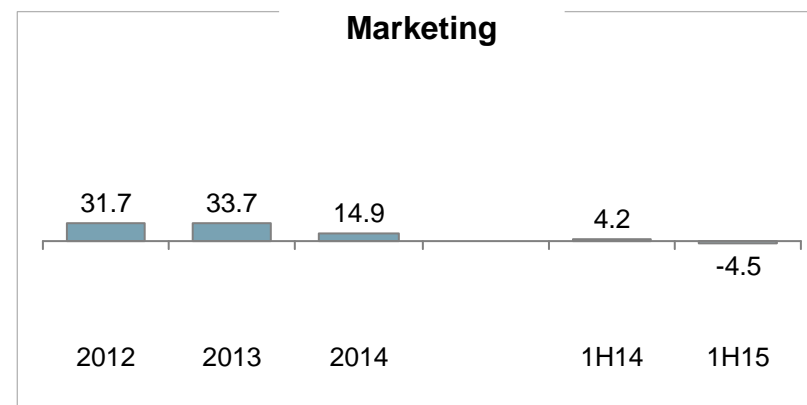
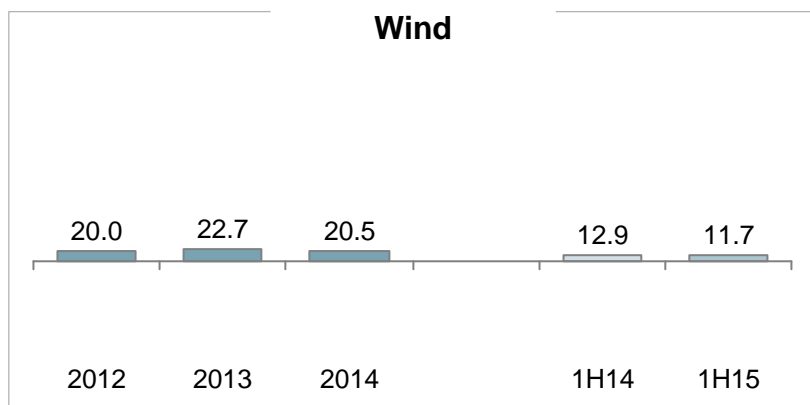
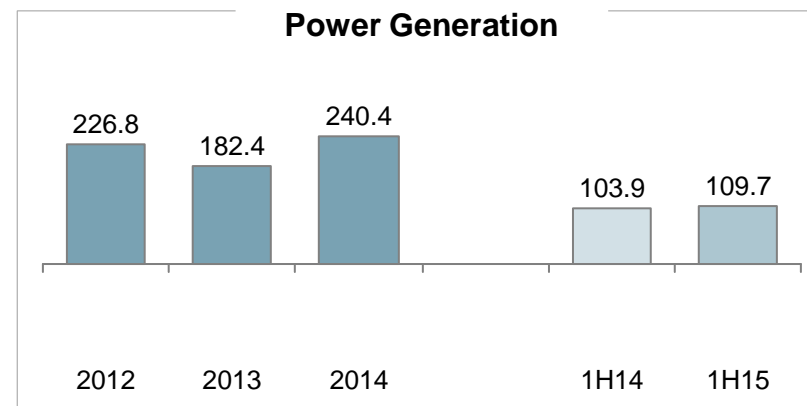
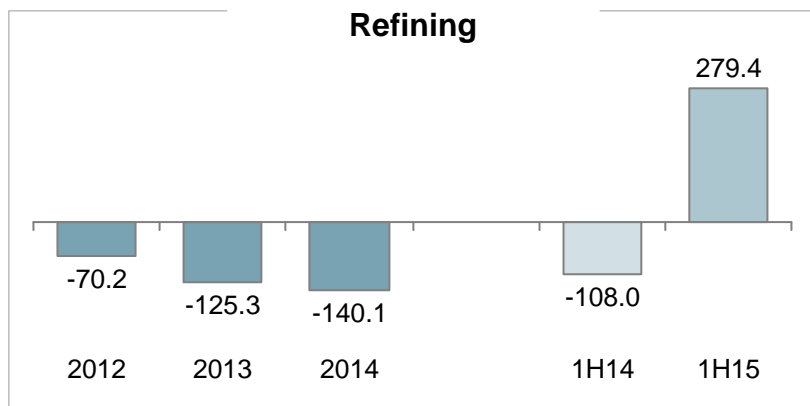
<b>Financial Gearing<sup>3</sup></b>	18%	1%	0	5%	0
<b>NFP/EBITDA<sup>4</sup></b>	1.2x	0.1x	0x	0.6x	N/A

1. Calculated using IFRS principles, deducting non recurring items, fair value of open positions of the derivative instruments, and based on the LIFO methodology (which doesn't include devaluation and revaluation of oil inventories). Comparable operating results (EBITDA and EBIT) include also the realized results of derivative instruments used for hedging on crude oil and products and net Forex results
2. Adjusted for differences between LIFO and FIFO inventories net of taxes, fair value of open positions of the derivative instruments net of taxes, and non-recurring items net of taxes
3. Net financial Position / Equity
4. Reported EBITDA



## 3 Profitability at segment level: stable Power and Wind contribution

### Comparable EBITDA<sup>1</sup> (EUR MM)

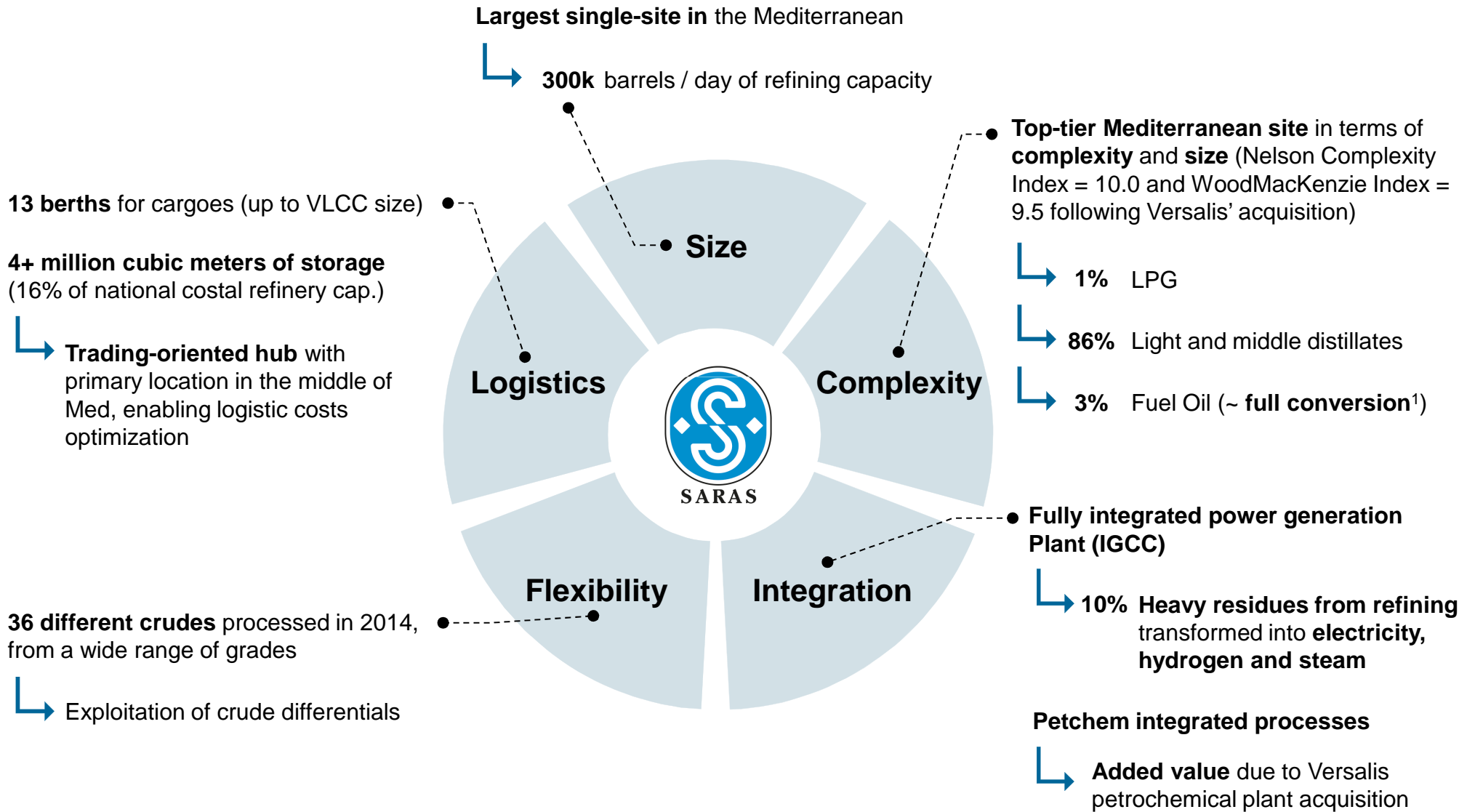


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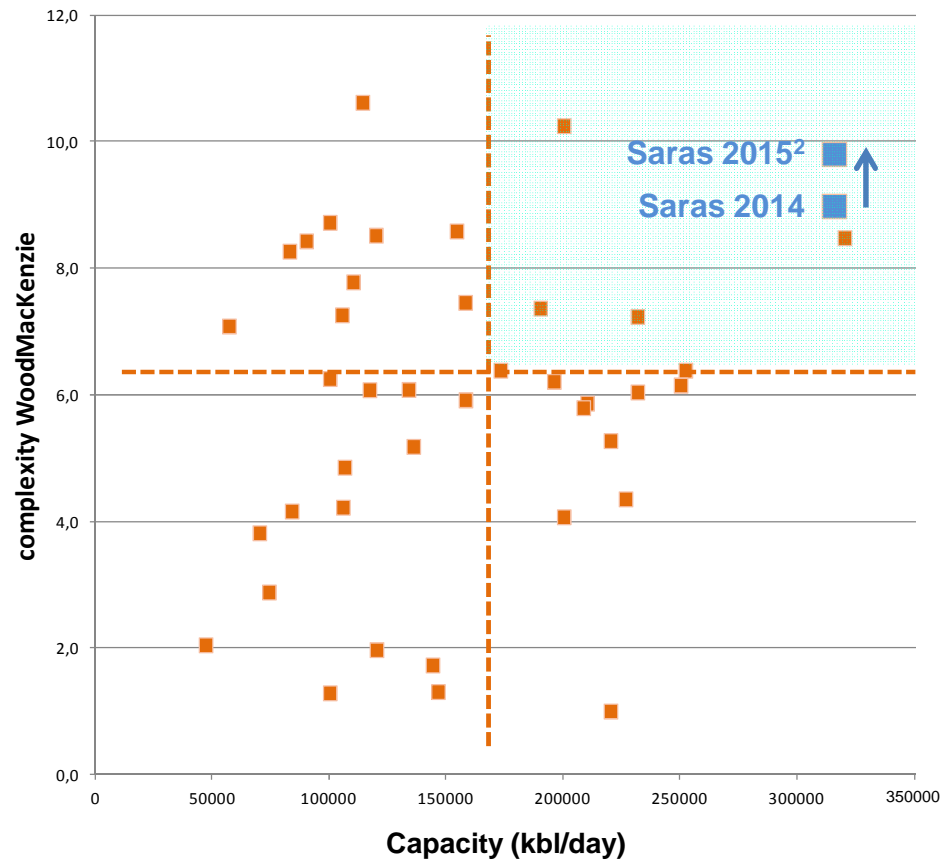
# The 5 key strengths of the Saras site in Sarroch, Sardinia



1. Yields in 2014 equaled to: 1% LPG, 28% Gasoline & Petchems, 58% Middle Distillates, 10% TAR (IGCC feed) and 3% Fuel Oil



## Mediterranean refineries mapped by complexity index<sup>1</sup> and capacity (2014)



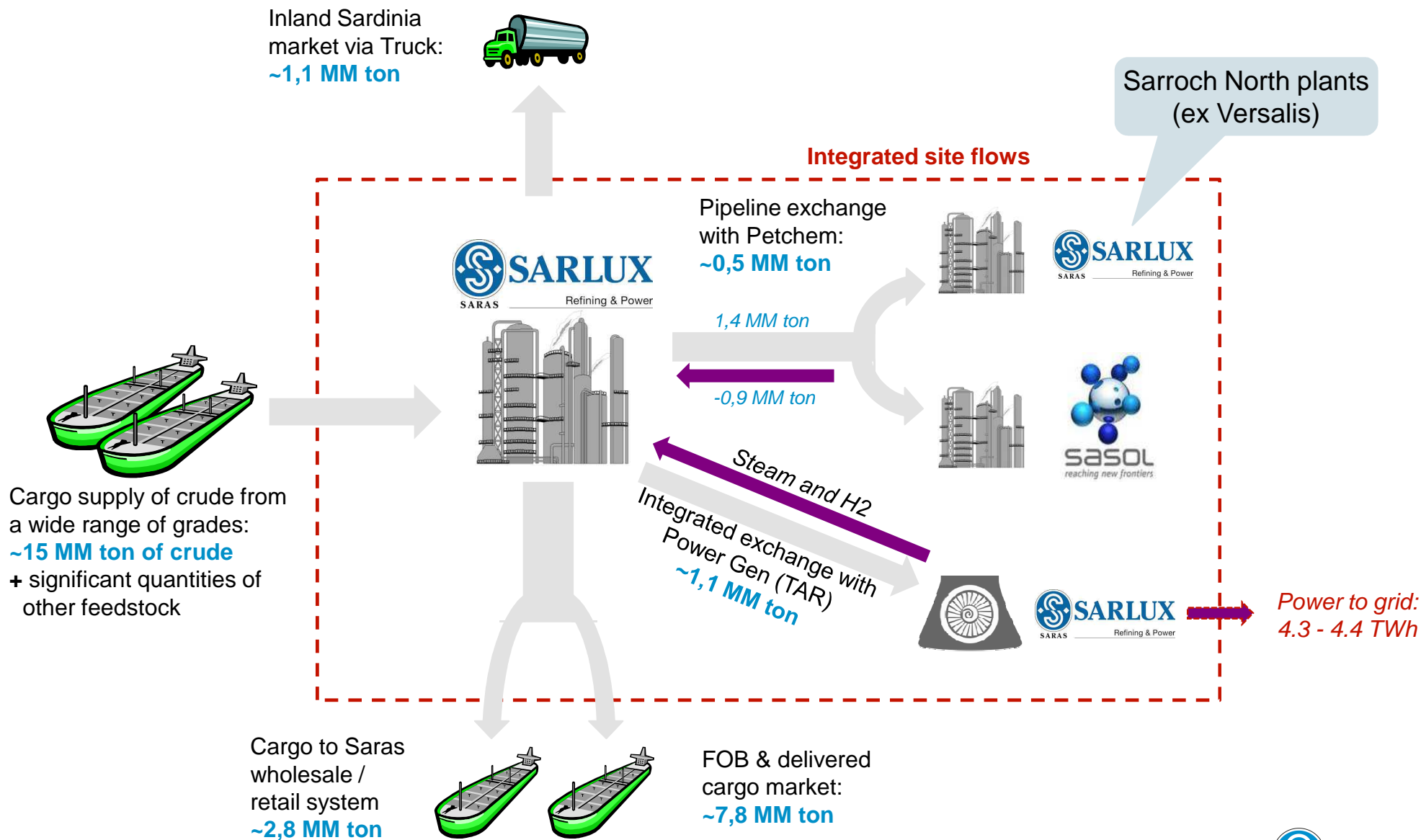
Index that measures the degree to which refineries are equipped with conversion capacity to transform heavier residue streams into lighter fractions

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

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

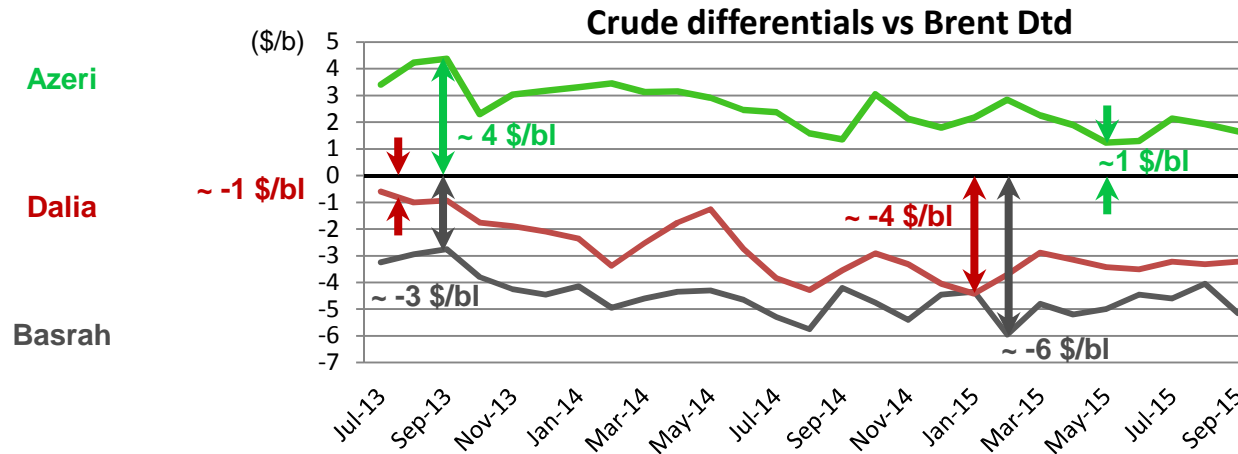
# 4 Integrated site with Power Generation and Petrochem upgrade

Integration

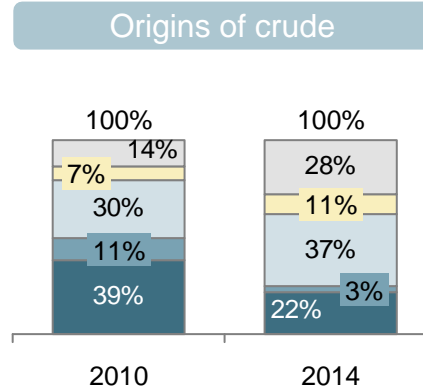
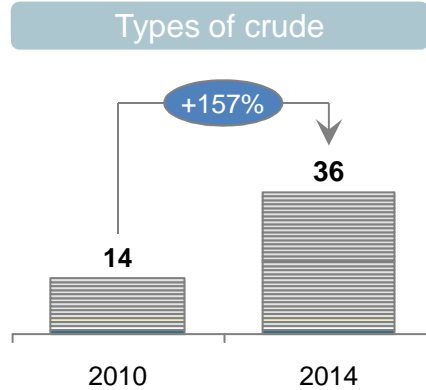


# Saras' crude flexibility and integrated approach to Supply Chain Management are strong competitive advantages...

Market volatility and variations of discounts / premiums for crudes



Change in variety of crudes processed and origin of crudes purchased



- Flexible asset capable of processing multiple crude types
  - Exploit opportunities in crude differentials
- Central hub with diversified supply from all over the world
  - Flexibility in crude origin and optimization of supply

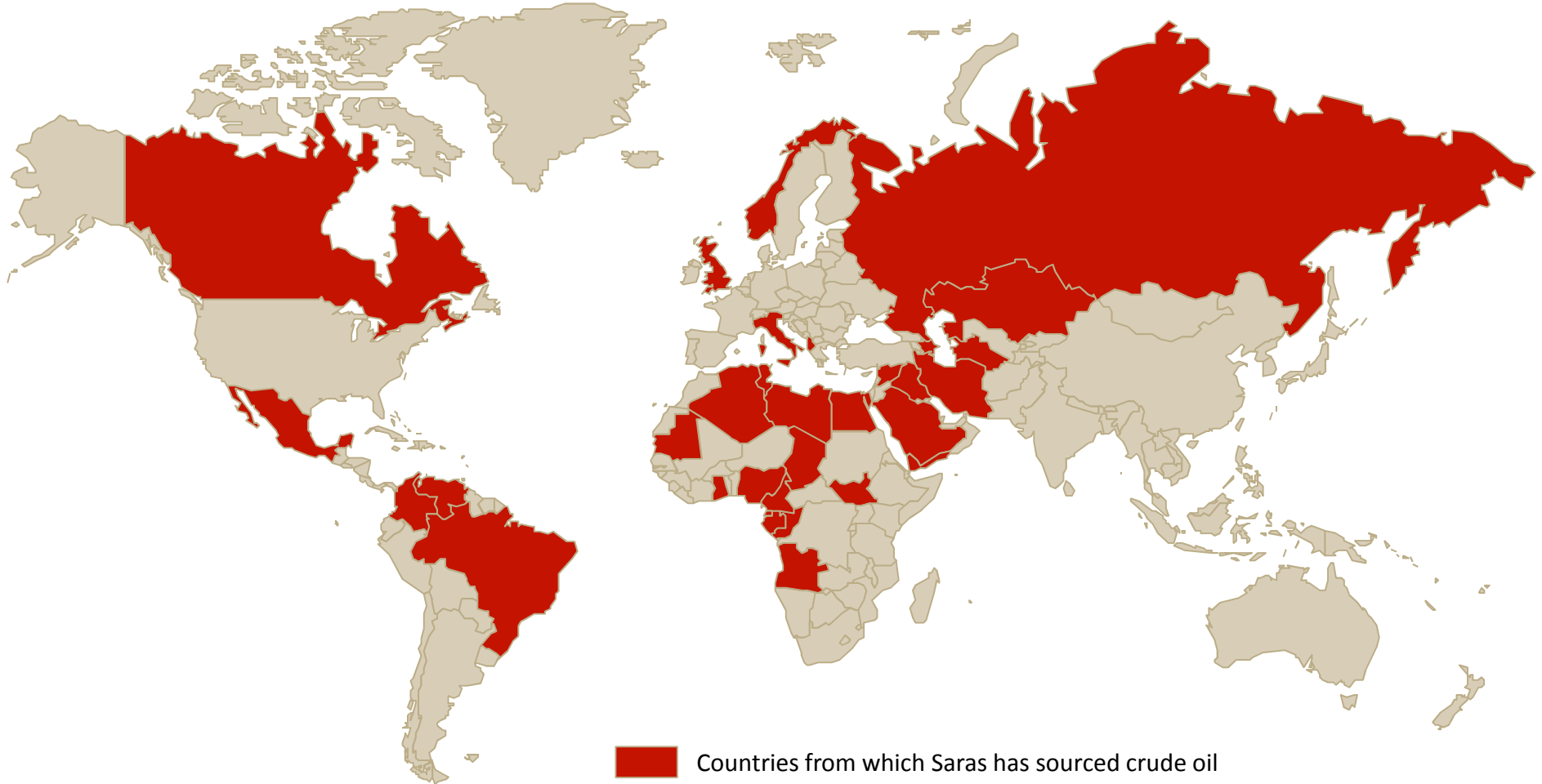
... which allowed Saras to overcome major supply disruptions and exploit market opportunities





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# Crude sourcing from 30+ countries all over the world

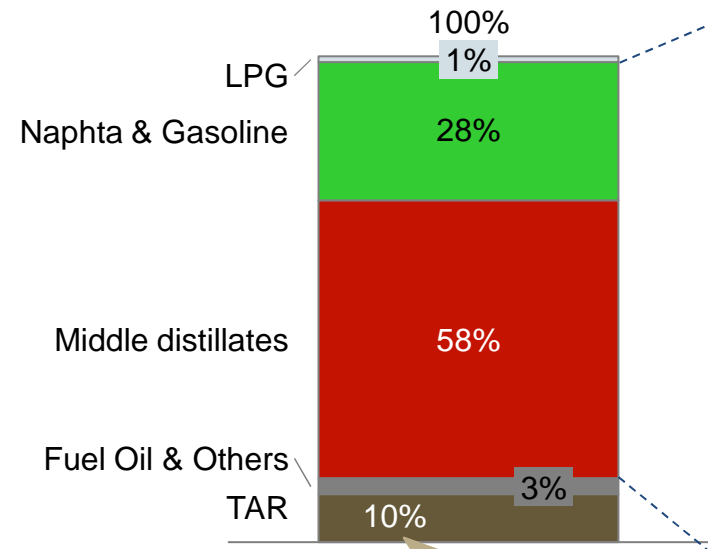


Note: Certain countries have been/are subject to embargoes. Saras always acts in full compliance with applicable regulations. Therefore, it has not/is not sourcing crude oil from embargoed countries during the relevant periods.



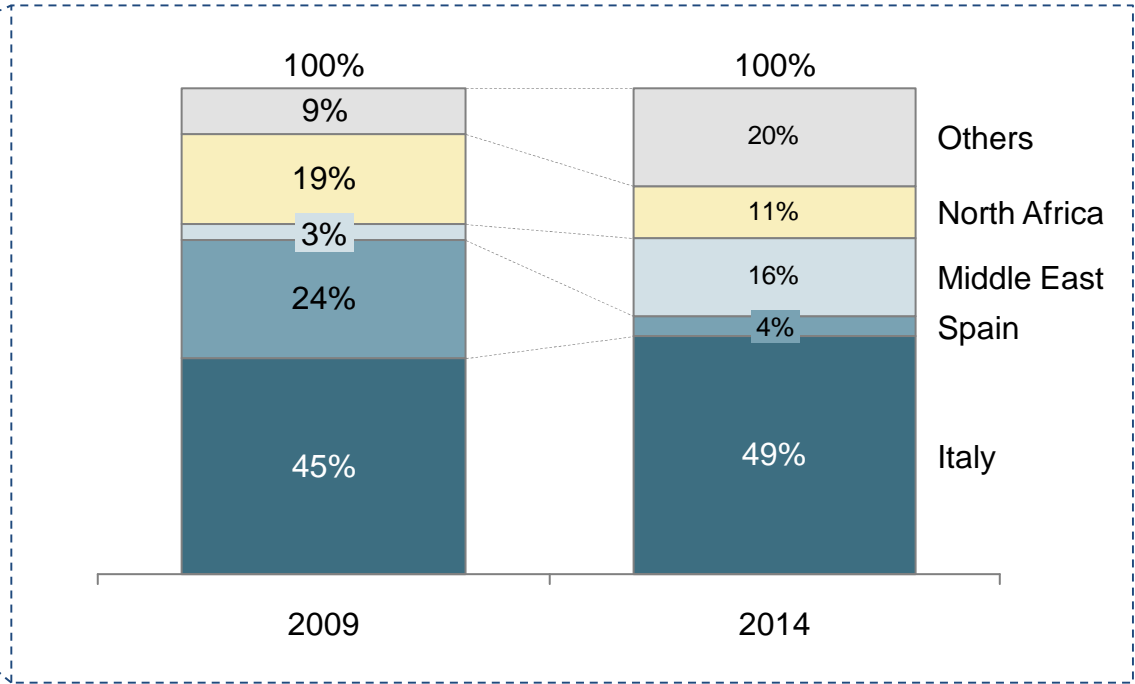
# 4 86% of output are light & middle distillates, sold to various markets

### Output yields (2014)



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

### Total product sales by geography



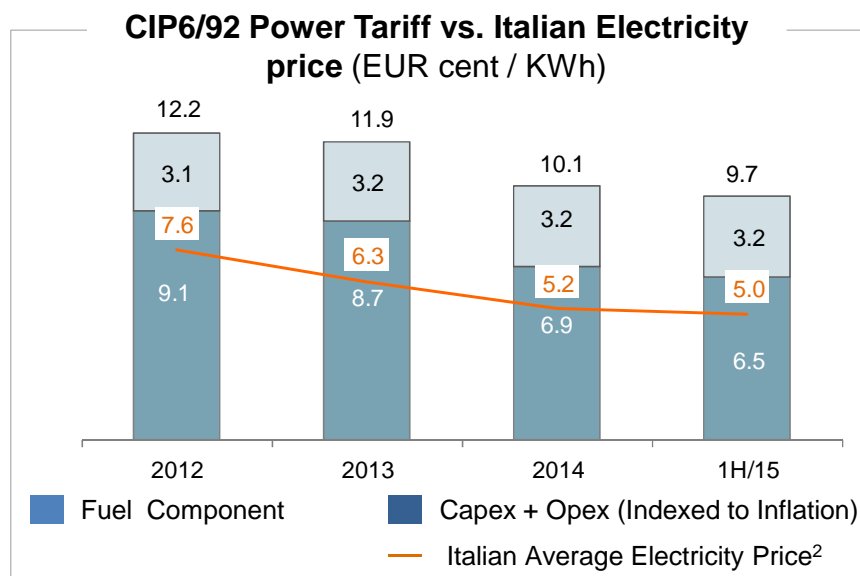
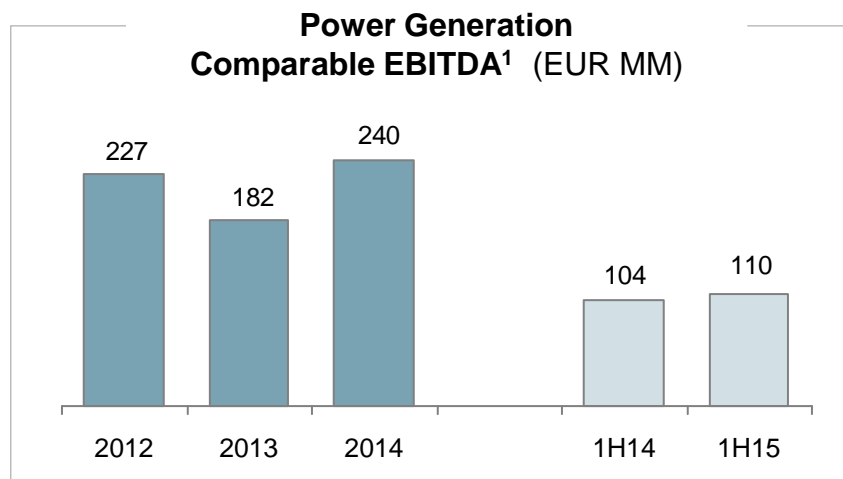
**Flexibility in blending and logistics enables access to multiple markets**

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



## 4 Power Generation: strong and stable contribution to Group EBITDA

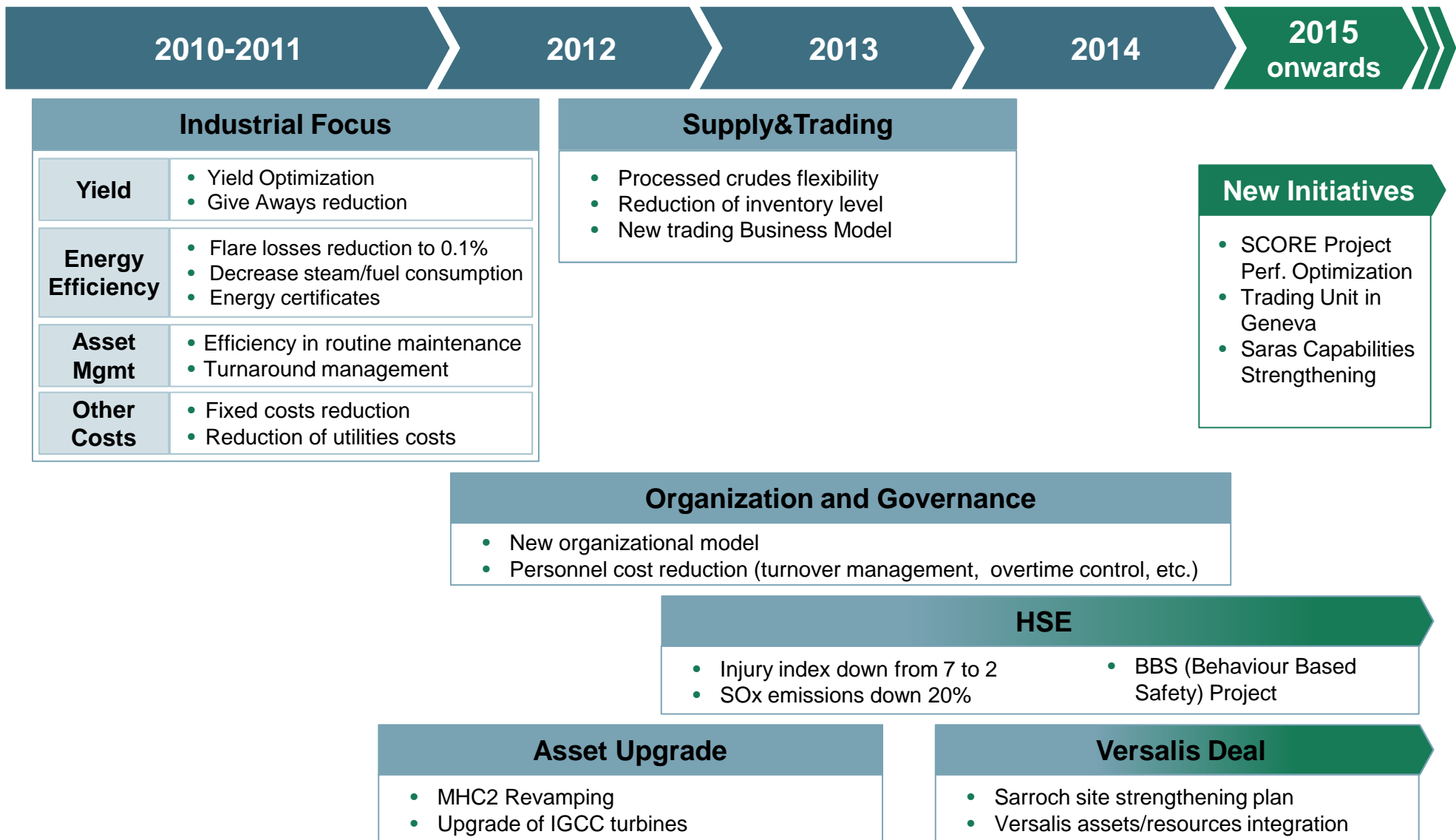
- IGCC economics are stable and based on attractive regulated contract (CIP6/92)
- The CIP6/92 contract with National Grid operator (GSE) enjoys priority of dispatching and full CO<sub>2</sub> cost reimbursement until April 2021
- **In the scenario post 2021, Saras' IGCC plant is ideally positioned to fully capture the opportunities arising from high sulfur, heavy crude productions**



1. Comparable EBITDA for the Power Generation segment is coincident with IFRS EBITDA

2. The Italian average electricity price (PUN) can be found on the GME website: [www.mercatoelettrico.org](http://www.mercatoelettrico.org)

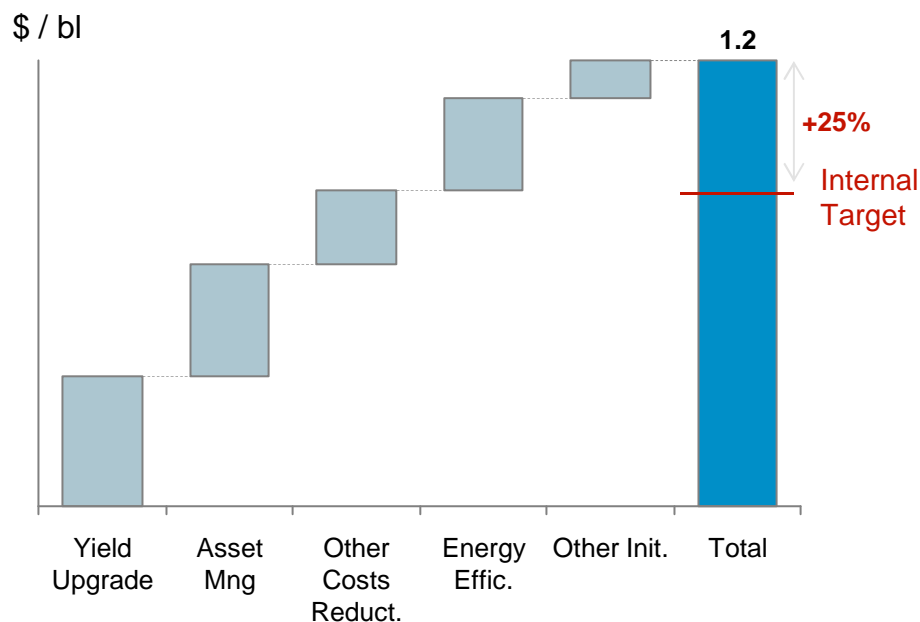
# 5 Focus Operational Excellence program: main areas of intervention



## 5 Consistent track record in delivering improvement projects...

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

**... and very effective delivery of complex  
and large-scale projects during 2013-2014**



**Total margin upgrading : ~1.2 \$/bl**



### **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

### Acquisition of Versalis petrochemical plants

- **Benefits expected from the acquisition in excess of EUR 10 ml of EBITDA/y, due to:**
  - ✓ Maximisation of naphtha runs in reforming unit, to exploit a ~100 \$/ton of 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, 3<sup>rd</sup> party services, etc.)
  - ✓ Further potential from the possible direct sales of upgraded of petchem feedstock
- **No significant CAPEX required on the units acquired**

### "SCORE Project" Performance Optimization

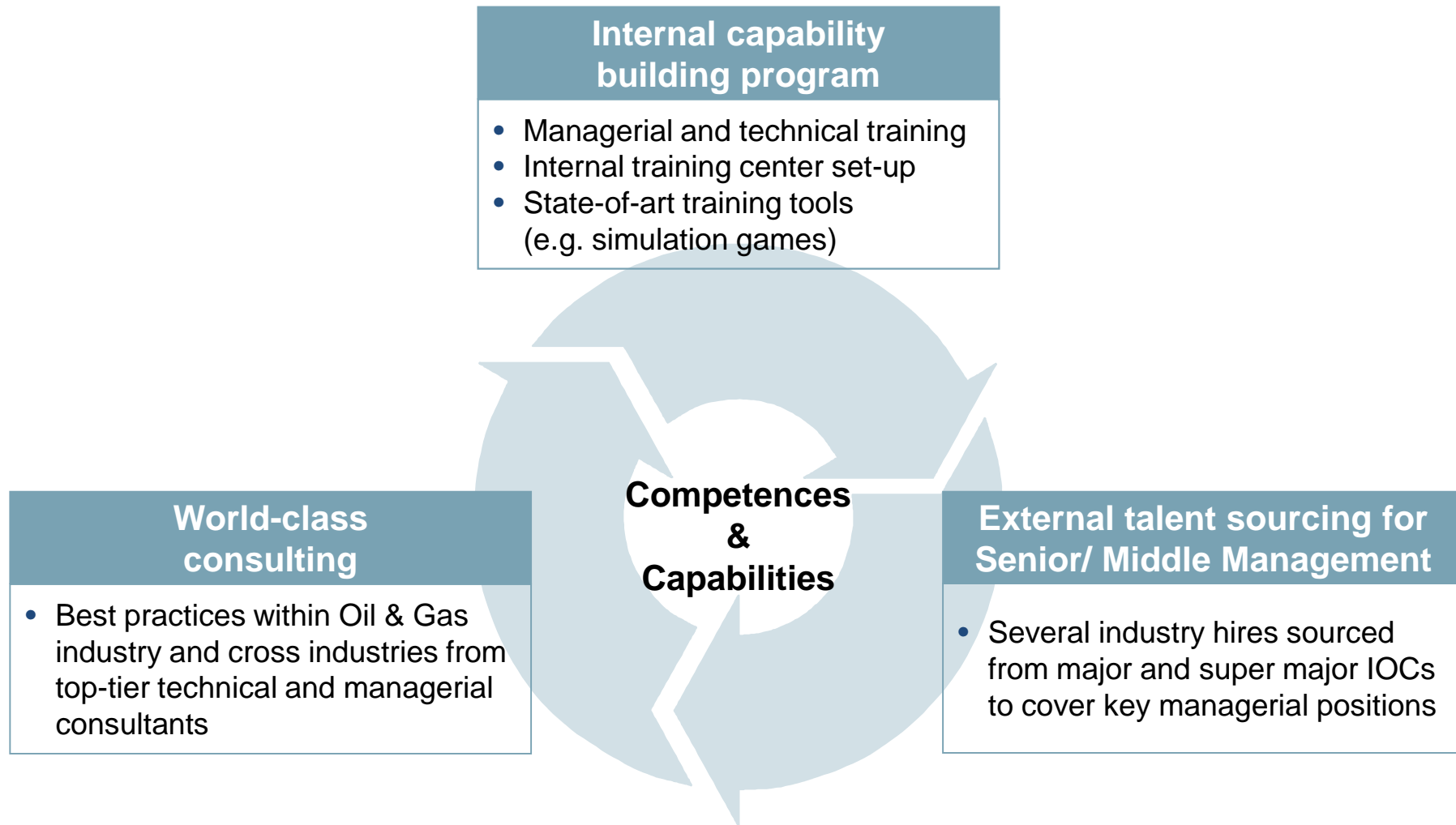
- **Higher integration and economic driven optimization of supply chain and refinery processes**
  - ✓ To boost optimization decision making and rationalisation of assets / models

### Trading Unit in Geneva

- **Front office specialization in the trading activities 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

### Continuous strengthening of Saras' capabilities

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



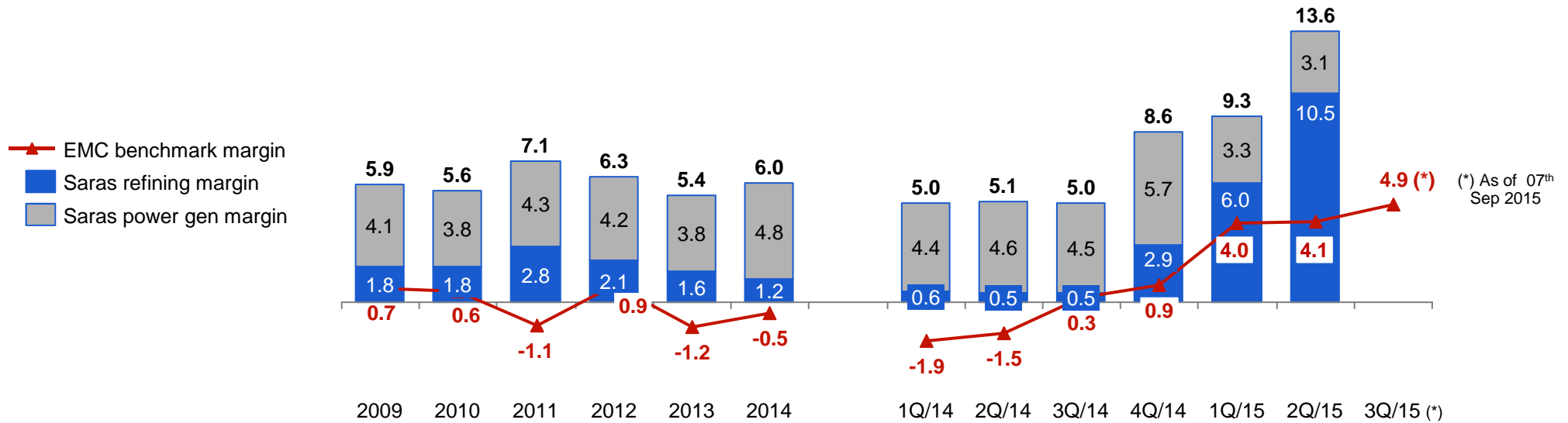
**The skills and the commitment of the resources are key factors in establishing competitive performance levels**





# Saras margin has a significant premium over the EMC benchmark

## 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 strengths, together with robust market fundamentals, support expectations for strong profitability**



## **Deep dive on Saras segments**

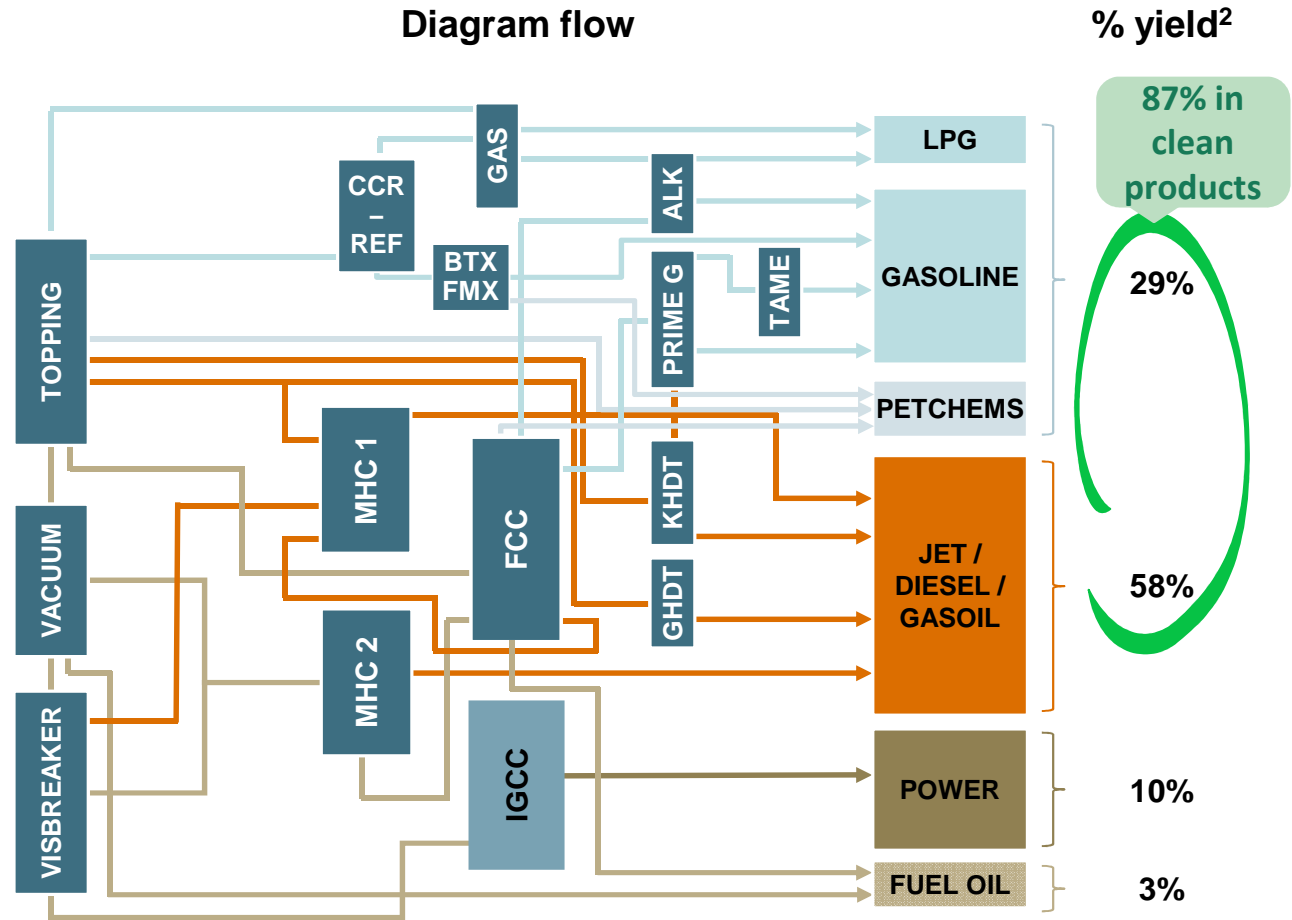
- **Refining**
- Power Generation
- Marketing
- Wind Energy

## **Group Financials**

4

# Complex and well balanced refinery configuration

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



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

1. Calculated using calendar days  
 Note: Product Yields are calculated net of consumptions & losses

4

~4M cm of tank farm capacity and 13 berths



**Tank Farm**



**Marine Terminal**

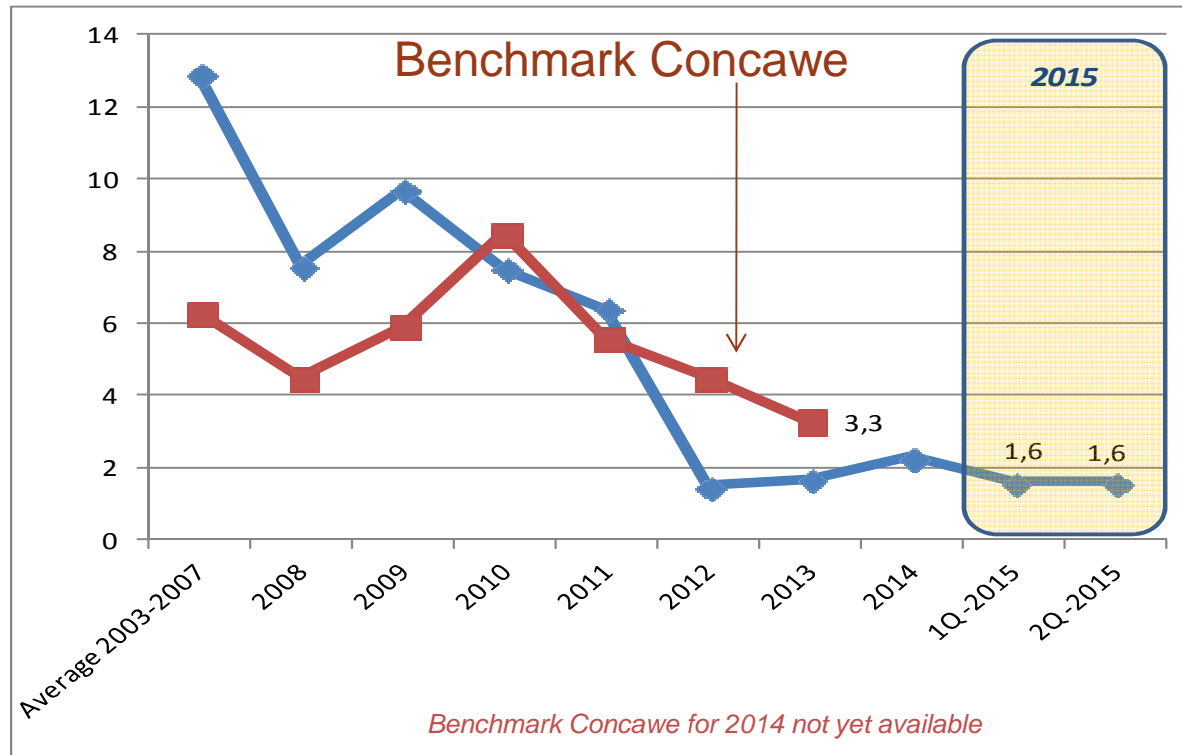
	#	k cm	k bl
Crude	13	1,290	8,127
Gasoline	60	1,000	6,300
Kerosene	11	114	718
Gasoil	35	694	4,372
Fuel Oil & feedstock	33	885	5,575
LPGs	47	72	454
<b>Total</b>	<b>199</b>	<b>4,055</b>	<b>25, 546</b>

	#	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
<b>Total</b>	<b>13</b>		

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

Flexibility for simultaneous loadings of multiple products

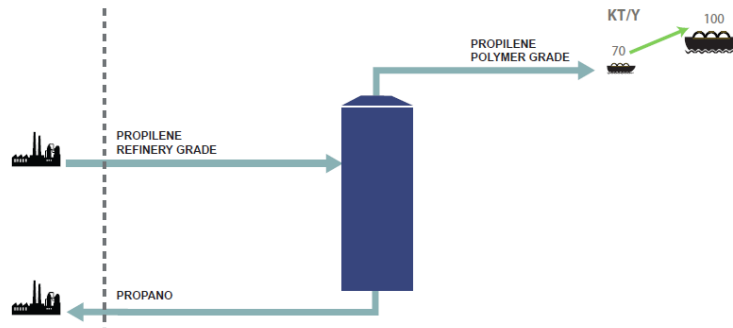
## Total Frequency Index\* Sarlux and Contractors



- 1Q/15: two minor injuries
- 2Q/15: one injury and one medical treatment

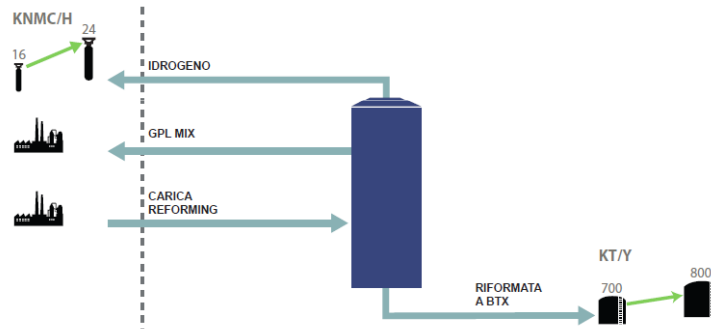
Note: Total Frequency Index: ratio between injuries and medical treatments versus total worked hours in the period

## 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

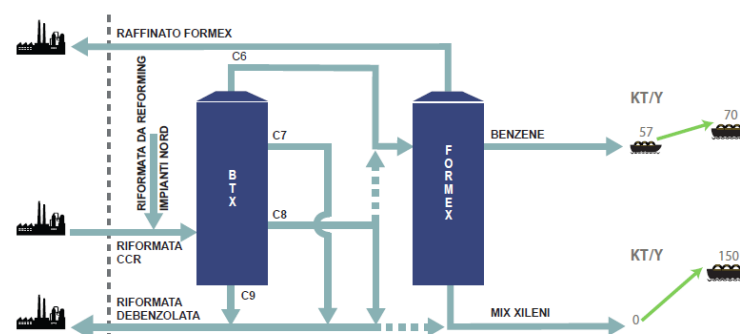


### Benzene, Toluene, and Xylene (BTX)

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





## Key financial performance of the Refining segment

EUR million	2012	2013	2014	1Q/15	2Q/15
EBITDA	(91.2)	(153.6)	(496.3)	68.3	280.3
<b>Comparable EBITDA</b>	<b>(70.2)</b>	<b>(125.3)</b>	<b>(140.1)</b>	<b>83.3</b>	<b>196.2</b>
EBIT	(197.0)	(261.0)	(640.7)	38.2	233.9
<b>Comparable EBIT</b>	<b>(176.0)</b>	<b>(232.7)</b>	<b>(261.8)</b>	<b>53.1</b>	<b>167.7</b>
<b>CAPEX</b>	<b>97.0</b>	<b>87.1</b>	<b>124.9</b>	<b>19.1</b>	<b>18.9</b>
<b>REFINERY RUNS</b>					
Thousand tons	13,309	12,980	12,430	3,705	3,712
Million barrels	97.2	94.8	90.7	27.0	27.1
Thousand barrels/day	265	260	249	301	298
<b>EMC benchmark</b>	<b>0.9</b>	<b>(1.2)</b>	<b>(0.5)</b>	<b>4.0</b>	<b>4.1</b>
<b>Saras Refining Margin</b>	<b>2.1</b>	<b>1.5</b>	<b>0.9</b>	<b>6.0</b>	<b>10.5</b>





## Deep dive on Saras segments

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

## Group Financials

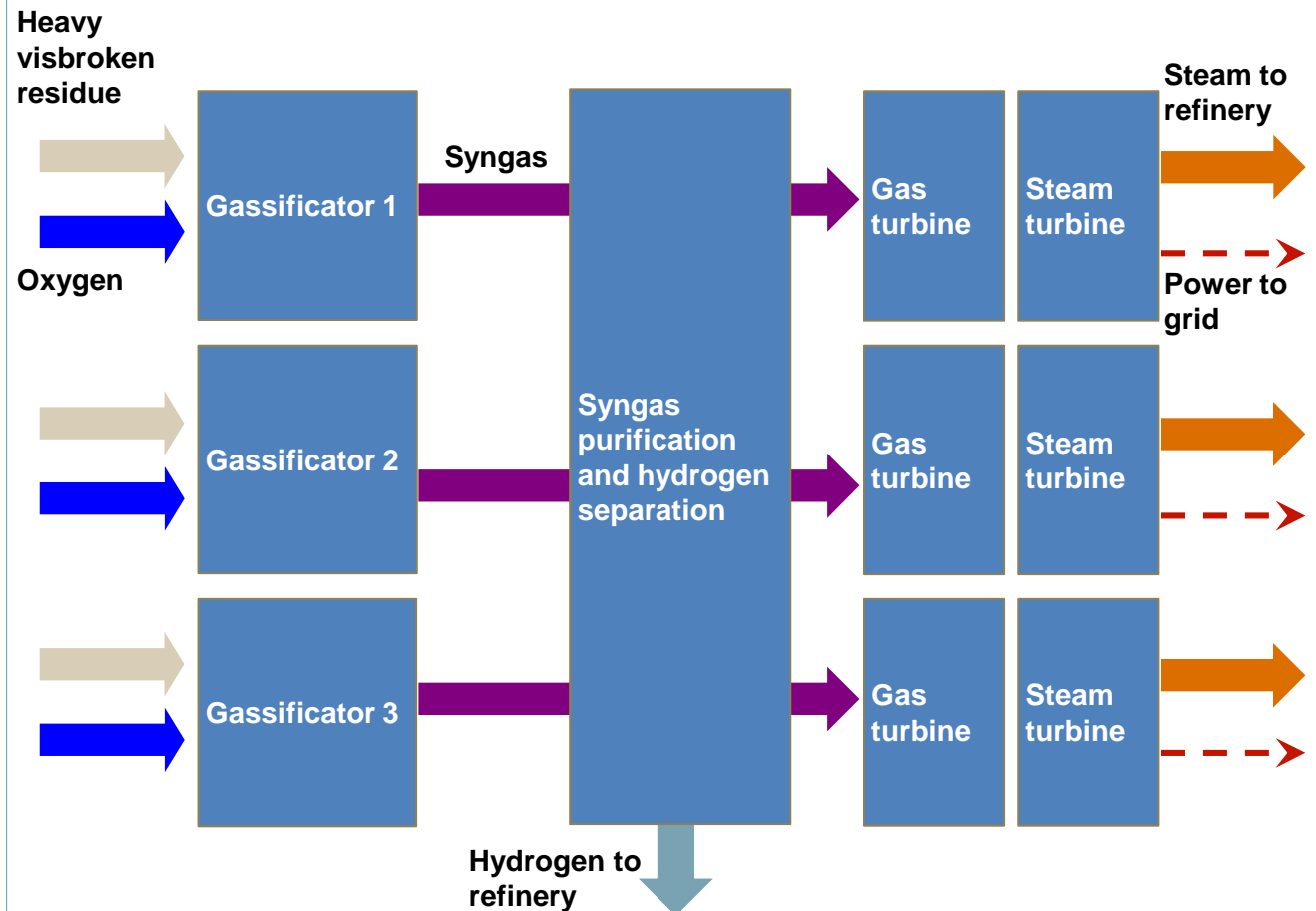


# The world's largest oil gasification plant supports Saras' refining business

## IGCC

- Two main sections:
  - Gasification
  - Power production
- Three independent trains for gasification and power production
- The power production section comprises of combined cycle gas turbines, with a total design capacity of 575 MW

## Simplified Block Diagram





## Key financial performance of the Power Generation segment

EUR million	2012	2013	2014	1Q/15	2Q/15
<b>Comparable EBITDA</b>	<b>226.8</b>	<b>182.4</b>	<b>240.4</b>	<b>53.9</b>	<b>55.8</b>
<b>Comparable EBIT</b>	<b>147.0</b>	<b>109.5</b>	<b>174.7</b>	<b>30.2</b>	<b>31.3</b>
EBITDA IT GAAP	178.3	184.8	147.9	35.9	52.9
EBIT IT GAAP	133.2	131.2	85.9	20.7	36.8
<b>CAPEX</b>	<b>8.7</b>	<b>16.9</b>	<b>6.8</b>	<b>3.2</b>	<b>1.9</b>
<b>ELECTRICITY PRODUCTION</b> <small>MWh/1000</small>	<b>4,194</b>	<b>4,217</b>	<b>4,353</b>	<b>1,017</b>	<b>1,241</b>
<b>POWER TARIFF</b> <small>€cent/kWh</small>	<b>12.2</b>	<b>11.9</b>	<b>10.1</b>	<b>9.7</b>	<b>9.7</b>
<b>POWER IGCC MARGIN</b> <small>\$/bl</small>	<b>4.2</b>	<b>3.8</b>	<b>4.8</b>	<b>3.3</b>	<b>3.1</b>



## Deep dive on Saras segments

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


## Group Financials




# Overview of the Italian and Spanish businesses

## Spain: Saras Energia

### Spain wholesale

- 114k m<sup>3</sup> distillates storage in Cartagena 
- ~7% share of wholesale market

### Spain retail

- 93 service stations 
  - 76 fully owned
  - 17 long term leased
- ~200k m<sup>3</sup> sold
- Mainly located in the Med tributary, with CLH Depots regional support



## Main logistics flows



## Italy: Saras SpA



### Arcola La Spezia (owned)

- 200k m<sup>3</sup> 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
- Regular supply to 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	1H/15
<b>SPAIN</b>	1,584	1,310	1,234	711

Sales (ktons)	2012	2013	2014	1H/15
<b>ITALY</b>	2,210	2,342	2,449	1,261

An Integrated MED Market Player Offering Integrated Services





## Key financial performance of the Marketing segment

EUR million	2012	2013	2014	1Q/15	2Q/15
EBITDA	18.0	16.0	(4.9)	5.1	(0.3)
<b>Comparable EBITDA</b>	<b>31.7</b>	<b>33.7</b>	<b>14.9</b>	<b>(1.3)</b>	<b>(3.2)</b>
EBIT	(29.8)	7.6	(14.7)	3.3	(6.7)
<b>Comparable EBIT</b>	<b>19.8</b>	<b>25.3</b>	<b>6.4</b>	<b>(3.1)</b>	<b>(4.7)</b>
<b>CAPEX</b>	<b>8.2</b>	<b>3.7</b>	<b>3.0</b>	<b>0.2</b>	<b>0.3</b>
<b>SALES</b> (THOUSAND TONS)					
ITALY	<b>2,210</b>	<b>2,342</b>	<b>2,449</b>	<b>621</b>	<b>640</b>
SPAIN	<b>1,584</b>	<b>1,310</b>	<b>1,234</b>	<b>369</b>	<b>342</b>
<b>TOTAL</b>	<b>3,794</b>	<b>3,652</b>	<b>3,683</b>	<b>990</b>	<b>981</b>



## Deep dive on Saras segments

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

Group Financials



## ULASSAI WIND FARM



Sardeolica

### Ulassai Wind Farm



- 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 2016, then 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)





## Key financial performance of the Wind segment

EUR million	2012	2013	2014	1Q/15	2Q/15
<b>Comparable EBITDA</b>	<b>20.0</b>	<b>22.7</b>	<b>20.5</b>	<b>8.6</b>	<b>3.1</b>
<b>Comparable EBIT</b>	<b>9.7</b>	<b>18.3</b>	<b>15.9</b>	<b>7.3</b>	<b>2.2</b>
<b>ELECTRICITY PRODUCTION</b> <small>MWh</small>	<b>171,050</b>	<b>197,042</b>	<b>171,657</b>	<b>69,019</b>	<b>33,748</b>
<b>POWER TARIFF</b> <small>€cent/kWh</small>	<b>7.1</b>	<b>5.7</b>	<b>4.8</b>	<b>4.9</b>	<b>4.3</b>
<b>GREEN CERTIFICATES</b> <small>€cent/kWh</small>	<b>8.0</b>	<b>8.9</b>	<b>9.7</b>	<b>10.0</b>	<b>10.5</b>



## **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	1Q/15	2Q/15
<b>EBITDA</b>	<b>176.0</b>	<b>71.7</b>	<b>(237.0)</b>	<b>135.6</b>	<b>339.2</b>
<b>Comparable EBITDA</b>	<b>210.7</b>	<b>117.7</b>	<b>139.0</b>	<b>144.2</b>	<b>252.2</b>
D&A (*)	(244.2)	(425.9)	(47.4)	(57.0)	(78.5)
<b>EBIT</b>	<b>(68.1)</b>	<b>(354.2)</b>	<b>(284.4)</b>	<b>78.6</b>	<b>260.8</b>
<b>Comparable EBIT</b>	<b>2.6</b>	<b>(75.7)</b>	<b>(61.9)</b>	<b>87.2</b>	<b>196.6</b>
Interest expense	(28.8)	(27.8)	(40.2)	(8.7)	(11.5)
Other	(23.1)	(1.6)	62.8	35.5	(30.4)
<b>Financial Income/(Expense)</b>	<b>(51.9)</b>	<b>(29.4)</b>	<b>22.6</b>	<b>26.8</b>	<b>(41.9)</b>
<b>Profit before taxes</b>	<b>(120.0)</b>	<b>(383.6)</b>	<b>(261.8)</b>	<b>105.4</b>	<b>218.9</b>
Taxes	31.4	112.5	0.0	(31.2)	(63.0)
<b>Net Result</b>	<b>(88.6)</b>	<b>(271.1)</b>	<b>(261.8)</b>	<b>74.2</b>	<b>155.9</b>
Adjustments	54.9	186.9	178.2	(19.6)	(23.4)
<b>Adjusted Net Result</b>	<b>(33.7)</b>	<b>(84.1)</b>	<b>(83.6)</b>	<b>54.5</b>	<b>132.5</b>

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

DETAILS OF ADJUSTMENT (EUR ml)	2012	2013	2014	1Q/15	2Q/15
<b>Net Result</b>	<b>(88.6)</b>	<b>(271.1)</b>	<b>(261.8)</b>	<b>74.2</b>	<b>155.9</b>
(LIFO – FIFO) inventories net of taxes	27.0	43.4	293.8	(9.7)	(44.2)
non recurring items net of taxes	25.3	148.3	(85.7)	0.0	17.3
Fair value of derivatives' open positions net of taxes	2.6	(4.7)	(29.9)	(9.9)	3.5
<b>Adjusted Net Result</b>	<b>(33.7)</b>	<b>(84.1)</b>	<b>(83.6)</b>	<b>54.5</b>	<b>132.5</b>



## Group Financials – Balance Sheet

EUR million	31-Dec-12	31-Dec-13	31-Dec-14	31-Mar-15	30-Jun-15
<b>Current assets</b>	<b>2,209</b>	<b>2,287</b>	<b>2,241</b>	<b>2,112</b>	<b>2,334</b>
CCE and financial assets held for trading	342	545	669	707	821
Other current assets	1,867	1,743	1,571	1,404	1,512
<b>Non-current assets</b>	<b>1,731</b>	<b>1,526</b>	<b>1,621</b>	<b>1,560</b>	<b>1,473</b>
<b>TOTAL ASSETS</b>	<b>3,940</b>	<b>3,814</b>	<b>3,862</b>	<b>3,672</b>	<b>3,807</b>
<b>Current Liabilities</b>	<b>1,817</b>	<b>2,015</b>	<b>2,506</b>	<b>2,133</b>	<b>2,132</b>
Short-Term financial liabilities	167	181	550	372	390
Other current liabilities	1,650	1,834	1,956	1,761	1,743
<b>Non-Current Liabilities</b>	<b>926</b>	<b>877</b>	<b>696</b>	<b>805</b>	<b>784</b>
Long-Term financial liabilities	425	386	277	418	389
Other non-current liabilities	501	491	419	387	395
<b>Shareholders Equity</b>	<b>1,197</b>	<b>921</b>	<b>660</b>	<b>734</b>	<b>891</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,940</b>	<b>3,814</b>	<b>3,862</b>	<b>3,672</b>	<b>3,807</b>



# Group Financials – Cash Flow Statement

EUR million	2012	2013	2014	1Q/15	2Q/15
<b>A – Cash and Cash Equivalents at the beginning of the period</b>	139.3	303.0	506.8	633.5	659.3
<b>B – Cash flow generated from/(used in) operating activities</b>	534.3	321.9	149.7	(67.6)	166.3
Profit/(Loss) from operating activities before changes of WC	130.1	16.3	(284.2)	193.6	288.3
Changes of WC	404.3	305.6	433.8	(261.2)	(122.1)
<b>C – Cash flow from/(to) investment activities</b>	(52.9)	(63.5)	(106.2)	(22.4)	(35.3)
(Investments) in tangible and intangible assets	(105.5)	(106.7)	(121.3)	(22.4)	(35.1)
Other flows	52.5	43.2	15.1	0.0	(0.3)
<b>D – Cash generated from/(used in) financing activities</b>	(317.4)	(54.5)	83.2	115.8	(4.5)
Increase/(Decrease) in medium/long-term borrowings	172.0	0.0	173.7	141.5	(141.5)
Other flows	(489.4)	(54.5)	(90.5)	(25.6)	137.0
<b>E – Cash flow for the period (B+C+D)</b>	164.0	203.9	126.7	25.8	126.4
<b>F – Net Cash from disposals</b>	(0.4)	0.0	0.0	0.0	0.0
<b>G – Cash and Cash Equivalents at the end of the period</b>	303.0	506.8	633.5	659.3	785.7



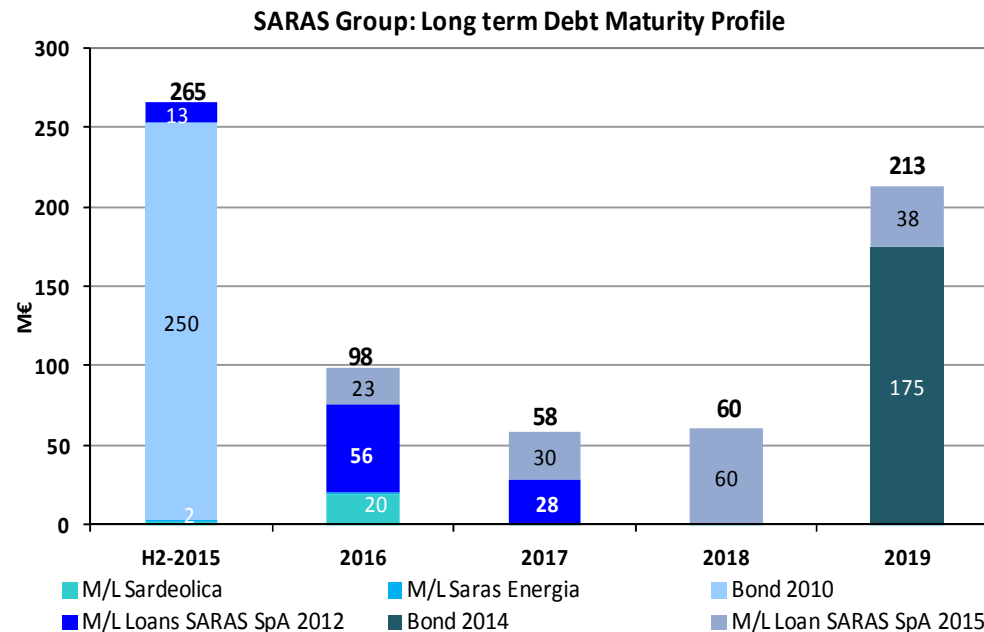
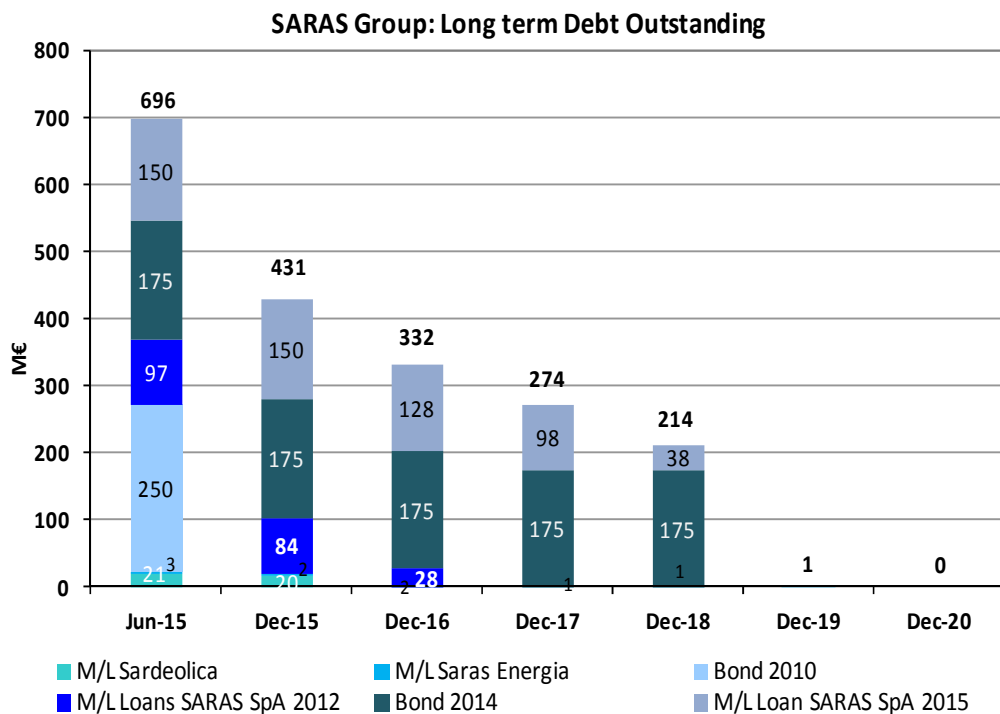
## Group CAPEX by segment

<b>CAPEX BY SEGMENT</b> (EUR million)	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>1Q/15</b>	<b>2Q/15</b>
REFINING	97.0	87.1	124.9	19.1	18.9
POWER GENERATION	8.7	16.9	6.8	3.2	1.9
MARKETING	8.2	3.7	3.0	0.2	0.3
WIND	3.8	0.2	0.6	0.0	0.0
OTHER ACTIVITIES	1.6	1.7	0.9	0.2	0.2
<b>TOTAL CAPEX</b>	<b>119.3</b>	<b>109.6</b>	<b>136.3</b>	<b>22.7</b>	<b>21.4</b>



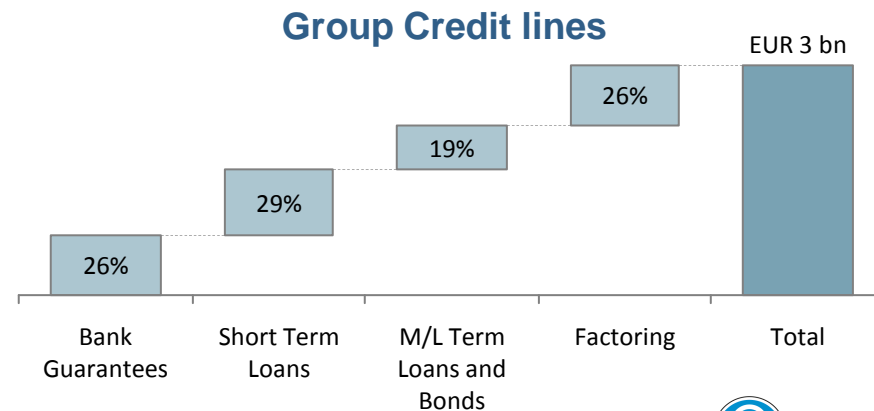
# Group Debt Profile and Credit Lines

## LONG-TERM DEBT MATURITY PROFILE (as of 30<sup>th</sup> June 2015)



NOTE: all debt is unsecured, except for Sardeolica's (Project Financing)

➤ Total credit lines of the Group amount to about EUR 3.0 billion (of which EUR 0.7 billion committed)



## **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.