



SARAS Q3/2006 Results

14 November 2006

AGENDA

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

Disclaimer



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Third quarter highlights



- Proforma Adjusted net income **+13.1%** vs Q3/05 and **+70.7%** vs Q2/06
- Saras refining&power margin **10.1 \$/bl**
 - ✓ refining margin **6.5 \$/bl** (+3.7 \$/bl vs EMC benchmark)
 - ✓ IGCC power margin **3.6 \$/bl**
- Impact of unscheduled shutdown of Reformer unit -0.6 \$/bl (-13 M€)
- **Achieved target** of additional 200,000 t/year ULSD production adding 0.6 \$/bl to margin
- Strong performance in Power and Marketing segments

GROUP PROFORMA KEY FIGURES (M€)	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05	2005
Comparable EBITDA¹	160.5	201.2	124.5	143.6	428.6	496.4	653.6
Comparable EBIT	120.0	159.4	85.2	104.4	309.6	370.1	482.7
Adjusted net income²	69.2	60.8	40.3	66.3	175.8	156.5	230.5

¹ calculated using IFRS accounting principles and evaluating inventories at LIFO

² reported net income adjusted by: (inventories at LIFO-inventories at FIFO) net of taxes, variation derivatives fair value net of taxes

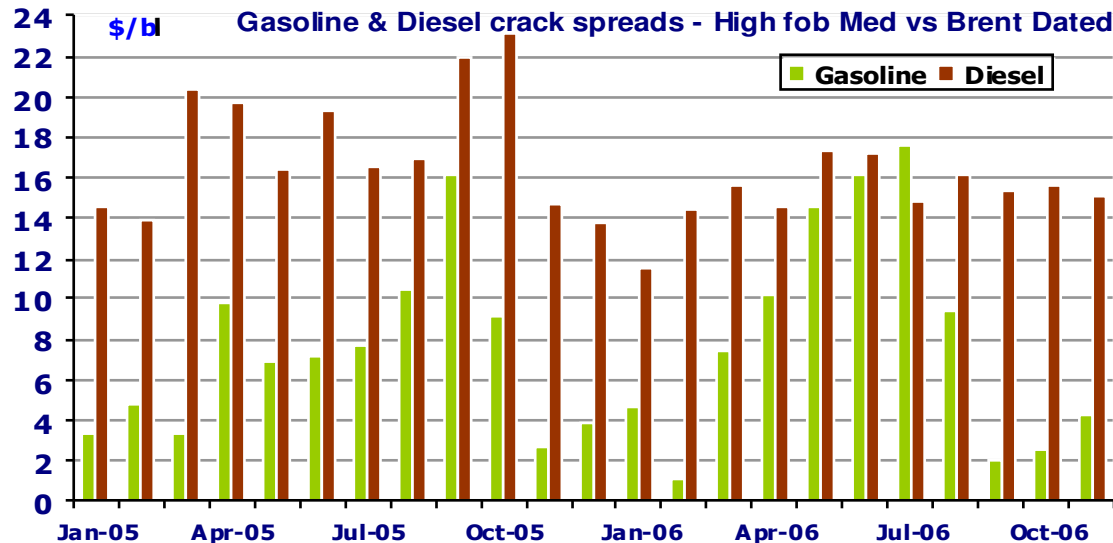
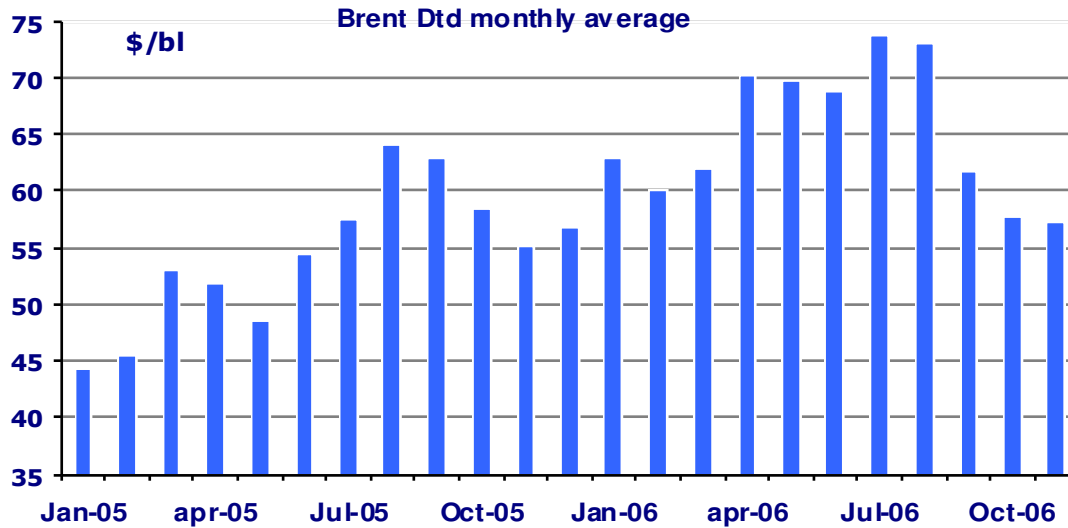
and non recurring items net of taxes



Market Overview



Refining margins



- Diesel crack spread still strong in Q3
- Gasoline crack spread very wide in July, but collapsing after mid August

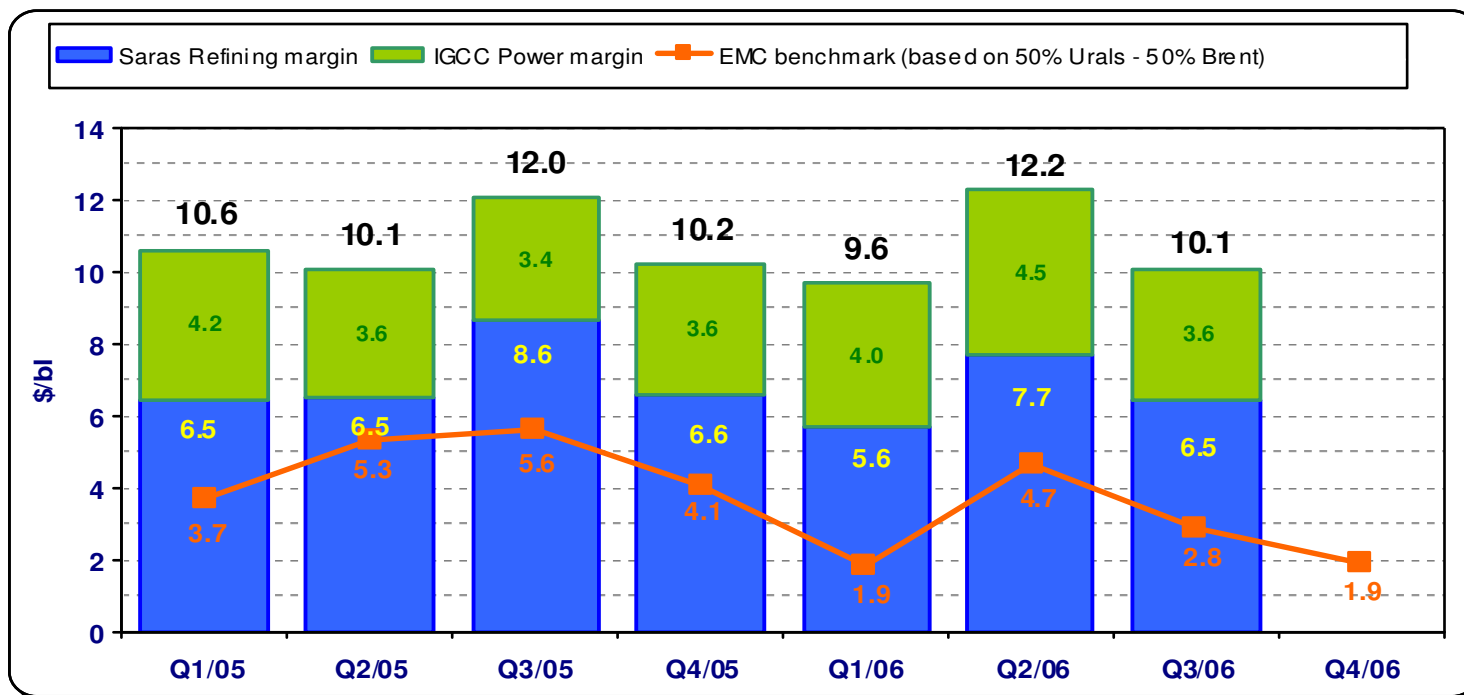
Refining&Power Margin



\$/bl	Q1/05	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Q4/06
EMC benchmark (based on 50% Urals - 50% Brent)	3.7	5.3	5.6	4.1	1.9	4.7	2.8	1.9
Saras refining margin	6.5	6.5	8.6	6.6	5.6	7.7	6.5	
IGCC power margin	4.2	3.6	3.4	3.6	4.0	4.5	3.6	
Saras refining&power margin	10.6	10.1	12.0	10.2	9.6	12.2	10.1	

Q2/06: loss of 1.2 \$/bl on refining margin due to reduced conversion for major maintenance

Q3/06: loss of 0,6 \$/bl on refining margin due to unplanned CCR shutdown



• The EMC benchmark is published on the company website and updated weekly



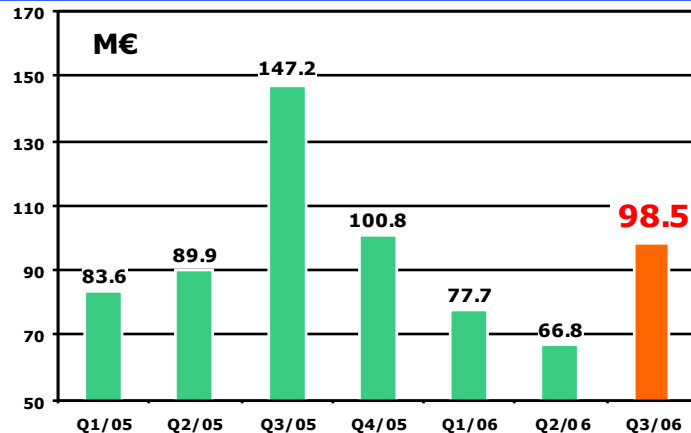
Segment Reviews



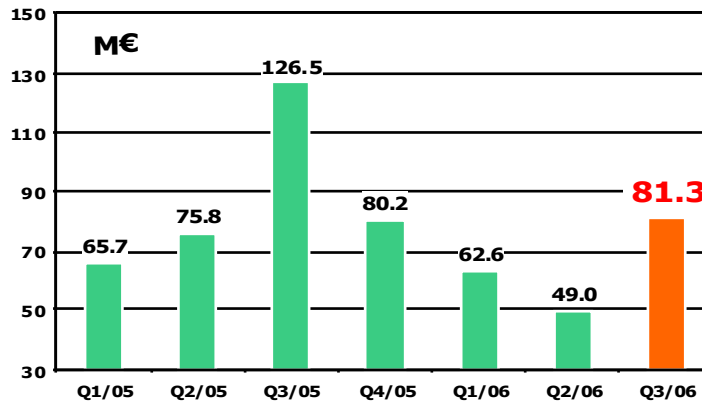
Refining



Comparable EBITDA*



Comparable EBIT*



Comparable EBITDA 2005: 421.5

Comparable EBIT 2005: 348.2

* calculated evaluating inventories at LIFO

- **Refinery margin 6.5 \$/bl** vs 8.6 \$/bl in Q3/05 and 7.7 \$/bl in Q2/06

- ✓ Q3/06 results impacted by unscheduled Reformer unit shutdown (**-0.6 \$/bl**, i.e. -13 M€)
- ✓ Actual premium vs benchmark has increased: 2.4 \$/bl in 2005, 3.7 in Q1/06, 3.0 in Q2/06, 3.7 in Q3/06
- ✓ Potential premium without shutdowns: 3.7 in Q1/06, 4.2 in Q2/06, 4.3 in Q3/06

- **Achieved target of incremental ULSD** production of 200,000 ton/year:

- **Middle Distillate yield in Q3/06 50.9%** vs 49.2% in Q3/05 and full year 2005 equivalent to 230,000 ton/year

- **API gravity** in Q3/06 **32.9°** same as Q3/05 and full 2005

- **Crude runs in Q3/06 3.8 million tons** vs 2.9 in Q2/06 and 3.7 in Q3/05

Refining



PRODUCTIONS

		Q3/06	Q3/05	1-9/06	1-9/05	2005
LPG	kt	89	82	251	272	334
	<i>yield</i>	2.4%	2.2%	2.4%	2.6%	2.3%
Naphtha + Gasoline	Kt	969	983	2,838	2,860	3,873
	<i>yield</i>	25.7%	26.7%	27.3%	26.8%	26.9%
Middle Distillates	Kt	1,915	1,811	5,339	5,204	7,095
	<i>yield</i>	50.9%	49.2%	51.4%	48.8%	49.2%
Fuel Oil & other	Kt	273	288	450	820	1,154
	<i>yield</i>	7.3%	7.8%	4.3%	7.7%	8.0%
TAR	Kt	300	294	889	872	1,111
	<i>yield</i>	8.0%	8.0%	8.6%	8.2%	7.7%

CRUDE OIL SLATE

		Q3/06	Q3/05	1-9/06	1-9/05	2005
Light extra sweet	Kt	1,752	1,316	4,621	4,020	5,375
Light sweet	Kt	78	330	350	934	1,176
Medium sweet	Kt	3	0	122	0	225
Light sour	Kt	0	0	0	0	0
Medium sour	Kt	817	1,152	2,436	2,799	3,660
Heavy Sour	Kt	1,114	886	2,862	2,905	3,987
Total RUNS	Kt	3,764	3,684	10,391	10,658	14,423
Average crude gravity	°API	32.9	32.8	33.2	32.9	32.8

Fixed and variable costs



REFINERY

	Q105	Q205	Q305	Q405	2005	Q106	Q206	Q306
refinery runs (Mbl)	25,3	25,6	26,9	27,5	105,3	27,1	21,3	27,5
exchange rate	1,31	1,26	1,22	1,19	1,24	1,20	1,26	1,27
refining IFRS LIFO EBITDA (M€)	83,6	89,9	147,2	100,8	421,5	77,7	66,8	98,5
EBITDA margin (\$/bl)	4,3	4,4	6,7	4,4	5,0	3,4	3,9	4,6
fixed costs (\$/bl)	2,1	2,1	2,0	2,2	2,1	2,2	3,8	1,9
variable costs (\$/bl)	1,5	1,4	1,3	1,3	1,4	1,6	2,4	1,7

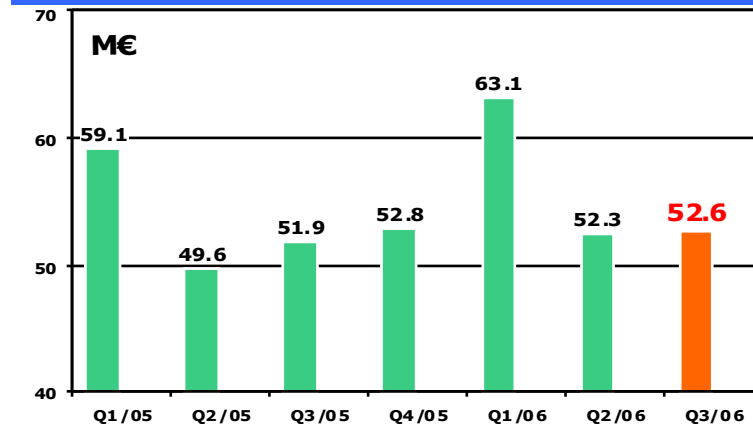
IGCC

	Q105	Q205	Q305	Q405	2005	Q106	Q206	Q306
refinery runs (Mbl)	25,3	25,6	26,9	27,5	105,3	27,1	21,3	27,5
exchange rate	1,31	1,26	1,22	1,19	1,24	1,20	1,26	1,27
Sarlux IFRS EBITDA (M€)	59,1	49,6	51,9	52,8	213,4	63,1	52,3	52,6
EBITDA margin (\$/bl)	3,1	2,4	2,4	2,3	2,5	2,8	3,1	2,4
fixed costs (\$/bl)	1,1	1,1	1,1	1,4	1,2	1,2	1,4	1,1
variable costs (\$/bl)	0,8	0,7	0,7	0,6	0,7	0,7	1,2	0,9

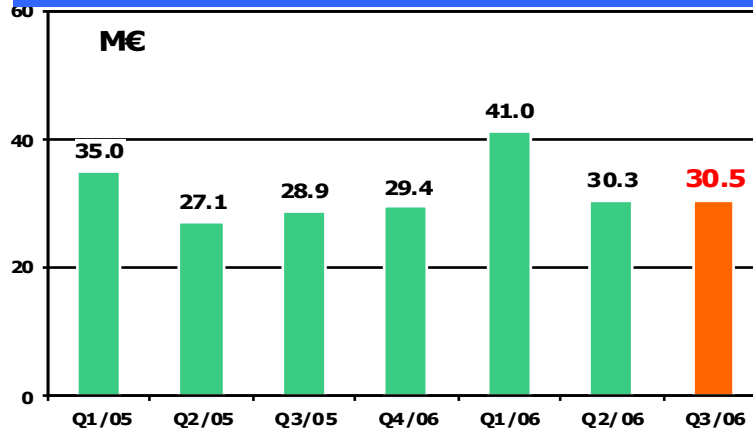
Power generation



EBITDA



EBIT



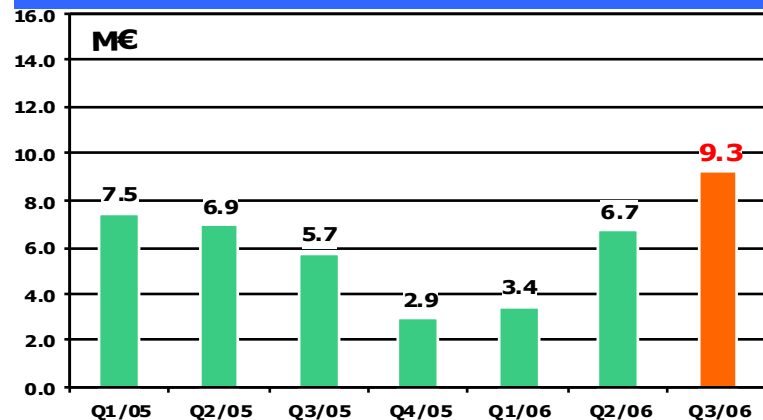
EBITDA 2005:	213.4
EBIT 2005:	120.4

- Electricity production (1,177,000 MWh) up 3.6% vs Q2/06
- Power tariff +0.9% vs Q2/06
- EBITDA/EBIT slightly increased vs Q2/06 due to IFRS linearisation effect
- Italian GAAP EBITDA 88.7 M€ in Q3/06 vs 86.8 M€ in Q2/06 and 77.5 M€ in Q3/05

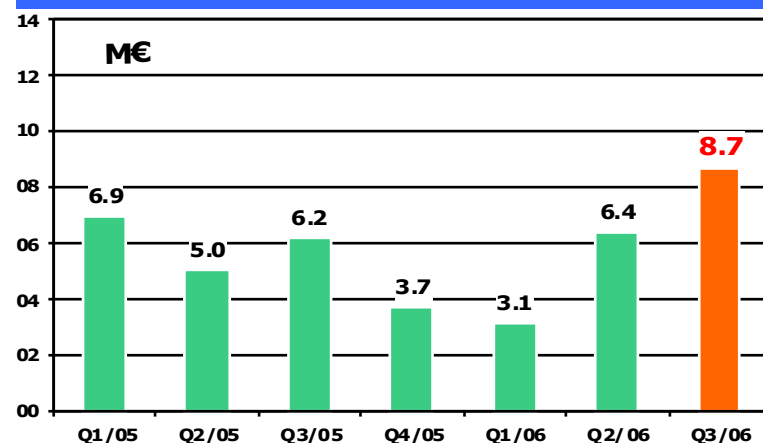
Marketing



Comparable EBITDA*



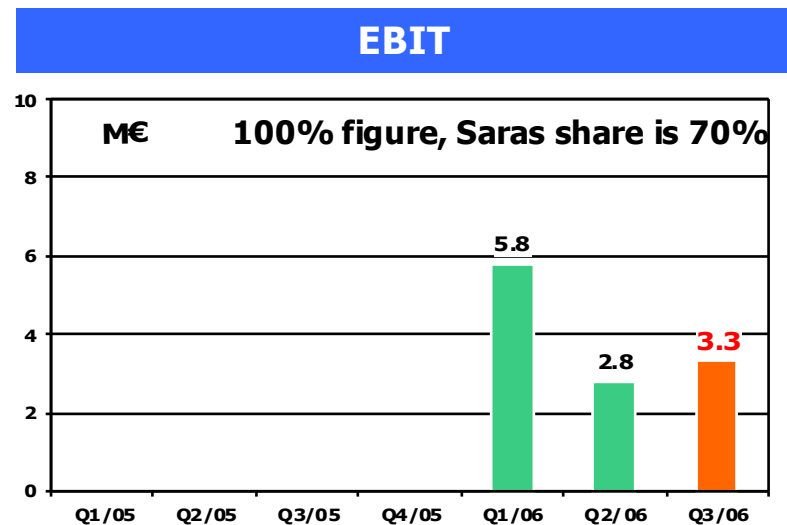
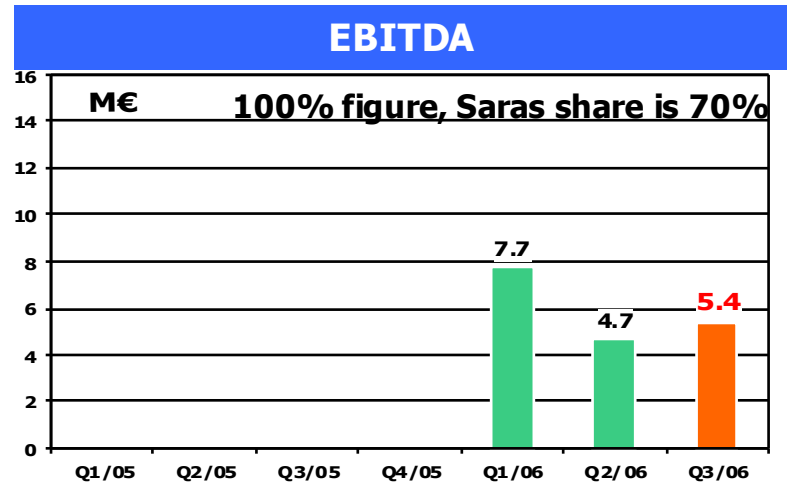
Comparable EBIT*



Comparable EBITDA 2005:	23.0
Comparable EBIT 2005:	21.8

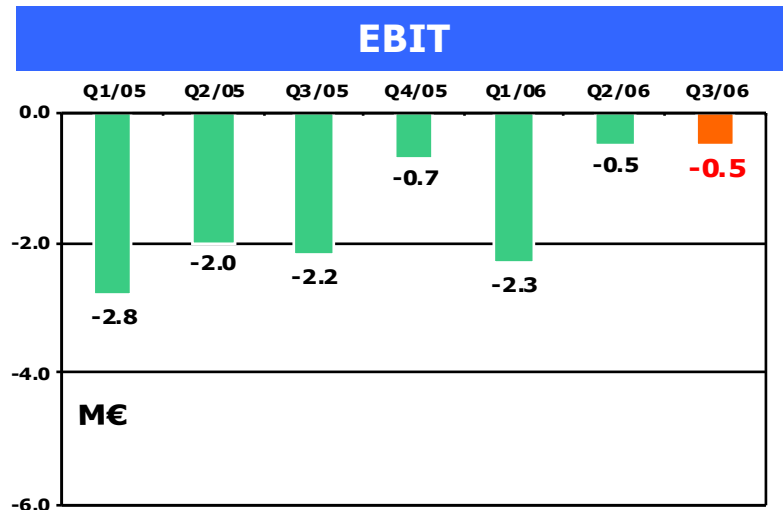
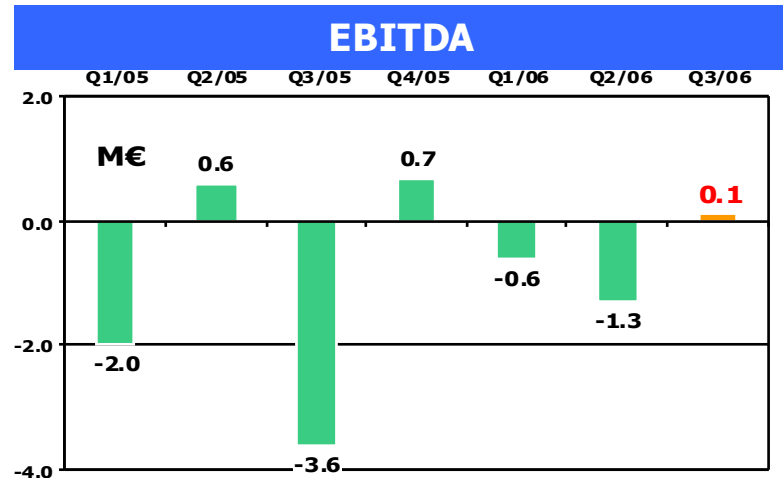
* calculated evaluating inventories at LIFO

- Strong increase of sales in the Spanish market +20% vs same period last year. Sales in the Italian market in line with same quarter last year
- Margins higher than previous quarter and same quarter last year
- Focus on more profitable segments such as commercial centres and independent service stations
- The new 37 service stations in Spain contributed to EBITDA by 1.2 M€ about 10% higher than expected



- Q3/06 in line with expectations
- Electricity sales and power tariff increased vs previous quarter
- Net income (70 % contribution to consolidated figures) in Q3/06 0.8 M€ vs 1.6 M€ in Q2/06
- Adjusted net income (70 % contribution to consolidated figures) in Q3/06 1.0 M€ vs 1.1 M€ in Q2/06
- Ulassai wind farm: 84 MW completed

Other



EBITDA 2005:	-4.3
EBIT 2005:	-7.7

- Akhela (IT services) and Sartec (research and engineering services in the oil sector) restructuring efforts are beginning to show concrete results
- First 9 months of 2006 register a loss substantially lower than same period last year: EBITDA -1.8 M€ vs -5.0 M€ last year and EBIT -3.3 M€ vs -7.0 M€ last year



Financial Overview



Proforma income statement



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05	2005
EBITDA	84.7	298.1	201.2	138.1	423.8	681.6	783.7
Comparable EBITDA¹	160.5	201.2	124.5	143.6	428.6	496.4	653.6
Depreciation	-40.5	-41.8	-39.3	-39.2	-119.0	-126.3	-170.9
EBIT	44.0	256.3	161.9	98.9	304.8	555.3	612.8
Comparable EBIT²	120.0	159.4	85.2	104.4	309.6	370.1	482.7
Net financial income (expenses)	11.7	-23.6	-26.6	-0.8	-15.7	-120.9	-93.9
Adj to the value of fin.assets ⁴	0.5	-0.2	1.1	2.4	4.0	-0.2	-0.4
Non recurring items ⁵	0.0	0.0	-12.9	0.0	-12.9	0.0	0.0
Profit before taxes	56.4	232.5	123.5	100.5	280.1	434.2	518.5
taxes	-22.6	-87.4	-47.7	-37.7	-107.9	-175.8	-212.1
Net income	33.8	145.1	75.8	62.8	172.1	258.4	306.4
Adjusted Net income³	69.2	60.8	40.3	66.3	175.8	156.5	230.5

1. **Comparable EBITDA**: calculated evaluating inventories at LIFO
2. **Comparable EBIT** = Comparable EBITDA - depreciation&amortization
3. **Adjusted NET INCOME** = reported NET INCOME
 +/- (inventories at LIFO-inventories at FIFO) net of taxes
 +/- non recurring items net of taxes
 +/- Δ in derivatives fair value net of taxes
4. **Adj to the value of financial assets**: joint ventures consolidated by the Equity method (Wind)
5. **Non recurring items**: includes certain IPO costs in Q2/06

Proforma income statement



Detail of consolidated NET INCOME adjustments

€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
REPORTED NET INCOME	33.8	145.1	75.8	62.8	172.4	258.4
(Inventories at LIFO – Inventories at FIFO) Net of Taxes	47.7	(60.8)	(48.1)	3.5	3.0	(116.2)
Non recurring items Net of Taxes	0.0	0.0	8.1	0.0	8.1	0.0
Δ in derivatives value Net of taxes	(12.3)	(23.5)	4.5	0.1	(7.7)	14.3
TOTAL ADJUSTMENTS TO REPORTED NET INCOME	35.4	(84.3)	(35.5)	3.5	3.4	(101.9)
ADJUSTED NET INCOME	69.2	60.8	40.3	66.3	175.8	156.5

Proforma Cash flow



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05	2005
INITIAL NET FINANCIAL POSITION	-304	-662	-655	-573	-573	-726	-703
CASHFLOW FROM OPERATIONS (a)	164	-48	54	116	336	205	379
<i>of which p/l+dep&amort.+change in provisions</i>	93	276	159	148	400	565	699
<i>Working capital</i>	71	-324	-104	-32	-66	-360	-320
CASHFLOW FROM INVESTMENTS (b)	-47	-14	-46	-27	-120	-63	-86
<i>Investments in tangible and intangible assets</i>	-19	-14	-46	-27	-92	-63	-86
<i>Acquisition of service stations in Spain</i>	-28	0	0	0	-28	0	0
CASHFLOW FROM FINANCING (c)	0	0	342	-170	172	-140	-140
<i>Capital increase</i>	0	0	342	0	342	0	0
<i>dividends</i>	0	0	0	170	170	-140	-140
TOTAL CASHFLOW FOR THE PERIOD (a)+(b)+(c)	117	-62	351	-81	387	2	152
FINAL NET FINANCIAL POSITION	-187	-724	-304	-655	-187	-724	-573

Proforma balance sheet



€ millions	12/2004	31/3/05	30/6/05	30/9/05	12/2005	31/3/06	30/6/06	30/9/06
CURRENT ASSETS	1,050	1,427	1,425	1,657	1,409	1,618	1,643	1,654
<i>of which</i>								
<i>Cash</i>	166	357	242	282	227	261	300	393
<i>Other current assets</i>	884	1,069	1,183	1,372	1,182	1,356	1,344	1,261
NON CURRENT ASSETS	1,775	1,752	1,732	1,702	1,684	1,676	1,689	1,707
TOTAL ASSETS	2,825	3,179	3,157	3,356	3,093	3,294	3,332	3,361
NON INT.BEARING LIABILITIES	1,179	1,336	1,479	1,426	1,376	1,574	1,502	1,520
INT. BEARING LIABILITIES	927	1,079	973	1,081	820	930	618	596
<i>of which Sarlux Project Finance</i>	566	566	507	507	465	465	421	421
EQUITY	719	765	705	849	897	790	1,211	1,245
TOTAL LIABILITIES	2,825	3,179	3,157	3,356	3,093	3,294	3,332	3,361
LOANS TO UNCONSOLIDATED SUBSIDIARIES	35.3	28.6	68.8	75.2	19.4	13.6	14.6	15.8
NET FINANCIAL POSITION*	-726	-693	-662	-724	-573	-655	-304	-187
NFP / EBITDA**		1.17	1.12	1.09	0.88	1.14	0.57	0.33

* Net financial position = Interest bearing liabilities – cash – loans to unconsolidated subsidiaries (wind)

** Calculated using comparable EBITDA figures



Strategy Overview



Strategy overview



REFINING : SHORT – MEDIUM TERM STRATEGY

Plan	Target (base year 2005)	Delivered	notes	Total estimated impact on refining margins/ EBITDA
Increase conversion capacity	350,000 t/y of ULSD by 2008	200,000 t/y in Q3/06 (ahead of schedule) 200,000 t/y of Heating oil converted into ULSD in Q3/06 (additional achievement) 50,000 t/y of high octane gasoline in Q3/06 (additional achievement)	150,000 t/y by Q3/07 (ahead of schedule)	1.0-1.3 \$/bl
Improve energy efficiency	0.5% reduction Cons.&Losses by 2009		Engineering phase	0.25-0.3 \$/bl
Heavy up crude slate	-2 deg API by 2009		Engineering phase	0.6-0.8 \$/bl
TOTAL				1.85-2.4 \$/bl
Increase refinery runs	15,1 million ton in 2008 (from 14.4 in 2005)		Runs in 2006 similar to 2005 despite significant maintenance	40-60 M\$ per year on EBITDA

- CAPEX 600 m€ in the period 2006-2009 (roughly half is maintain capacity)
- 88 m€ (excluding Sarlux) already spent in 2006 with estimate of 110-120 by end of year
- Planned CAPEX for 2007 approximately 150 M€

Strategy overview



OTHER :

■ Biodiesel

- ✓ 200,000 tons/year plant in Cartagena (Spain) operational by beginning Q1/08
- ✓ Investment of 35-40 M€ totally on Saras balance-sheet (impact on EBIT 10-15 M€/y and expected IRR above 20%)

■ Wind

- ✓ Planned addition of 12MW (+14%) at Ulassai are under review because of change in law
- ✓ Pipeline of projects under development are in the permitting phase

■ Gas exploration

- ✓ Saras has licenses to perform seismic tests in Sardinia
- ✓ Committed **5 to 10 M€** in the period 2007-08 for seismic tests
- ✓ We have no plans to enter the E&P sector alone; if results are positive we will evaluate which further steps might be taken



Outlook



Short term outlook



■ Refining margins:

- ✓ Margins started to recover at beginning of November confirming our view that the recent dip in refining margins will not continue in the long term.
- ✓ Fundamentals of the sector to remain strong: the incremental capacity planned over the next 2-3 years in our opinion will struggle to match incremental demand for finished oil products
- ✓ Good opportunities from increasingly frequent discoveries of new “difficult” crude oils

■ Proforma adjusted net income for 2006 should exceed 2005.

■ Refinery plant at normal capacity during Q4 except for:

- ✓ visbreaker: routine cleaning of unit completed during the month of October with an impact on Q4 EBITDA of less than 5 M€.

■ IGCC plant: routine shutdown of 1 out of 3 trains completed in October, one gasifier will undergo a routine shut down in November. Estimated power production in the quarter is about 1,050 MWh. No impact on IFRS EBITDA since maintenance cycles are already included in the linearization process required by IFRS accounting principles.

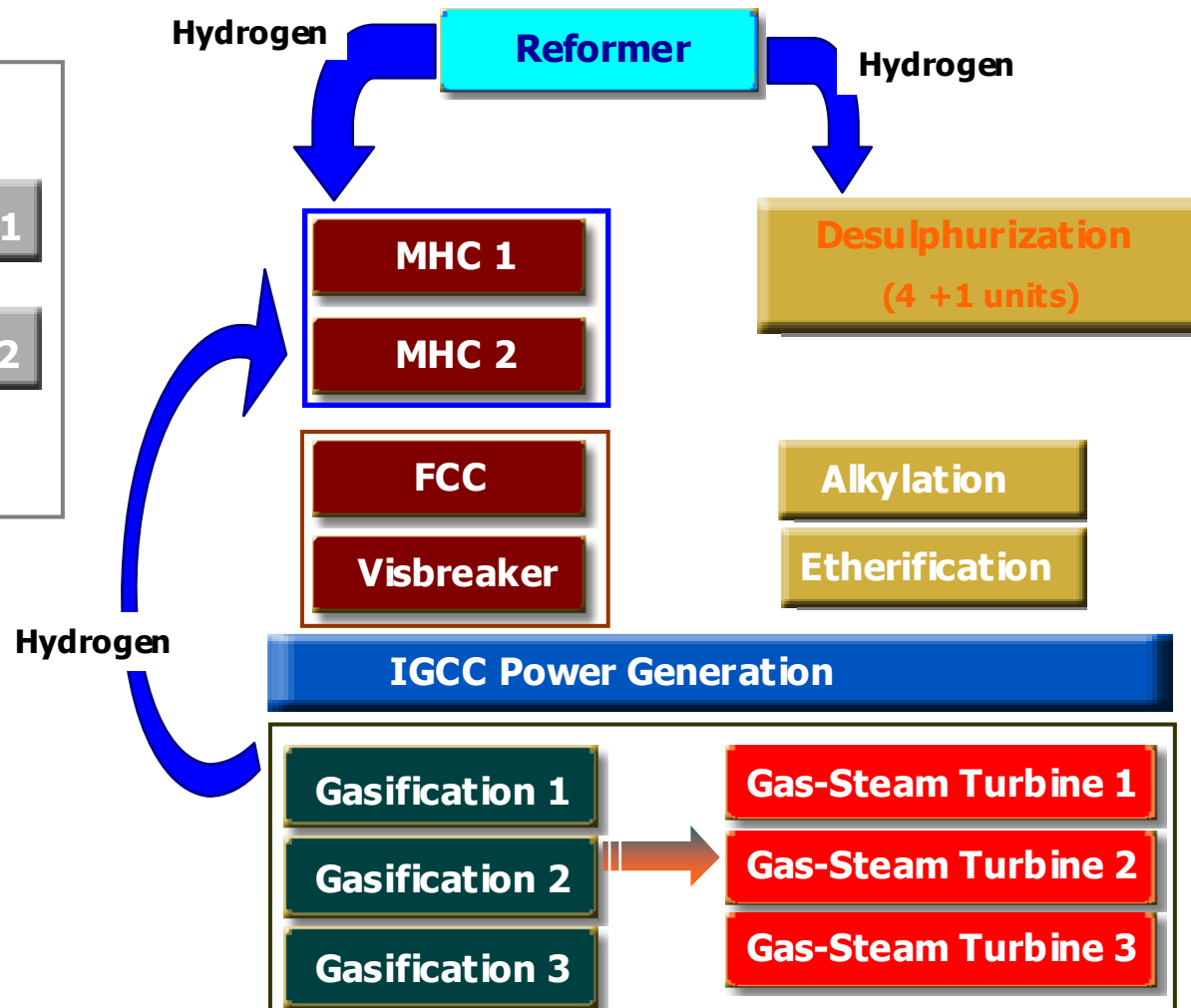
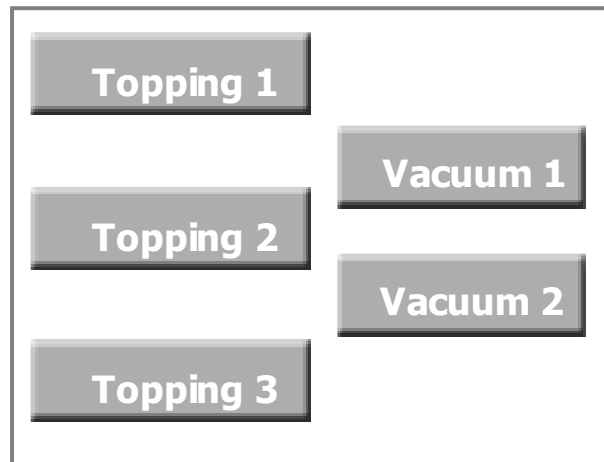
Main production units



Atmospheric/Vacuum Distillation

Conversion

Desulphurization & Finishing



Major maintenance schedule



REFINERY	Q1/07	Q2/07	Q3/07	Q4/07	2007	2008
PLANT		1 Topping 1 Vacuum Visbreaking		1 Topping 1 MHC		
estimated RUNS (Mton)	3.65-3.75	3.25-3.35	3.70-3.80	3.35-3.45	14.0-14.4	15.0-15.2
additional estimated impact on CONVERSION (M USD)		7-10		7-10	14-20	

IGCC POWER PLANT	Q1/07	Q2/07	Q3/07	Q4/07	2007	2008
PLANT		1 gasifier 1 turbine		1 gasifier 1 turbine		
estimated power prod. (MWh)	1.1-1.2	1.0-1.1	1.1-1.2	1.0-1.1	4.2-4.6	4.2-4.6

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



Q&A





Additional information



Refining



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	31.0	223.1	137.8	68.3	237.1	472.9
Comp. EBITDA¹	98.5	147.2	66.8	77.7	243.0	320.7
EBIT	13.8	202.4	120.0	53.2	187.0	420.2
Comparable EBIT¹	81.3	126.5	49.0	62.6	192.9	268.0
Capex	15.2	10.3	44.4	22.7	82.3	37.8
Total runs (kt)	3,764	3,684	2,918	3,709	10,391	10,658
Saras margin (\$/bl)	6.5	8.6	7.7	5.6	6.5	7.2
EMC margin (\$/bl)	2.8	5.6	4.7	1.9	3.1	4.9

¹ calculated using IFRS accounting principles and evaluating inventories at LIFO

Power generation



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	52.6	51.9	52.3	63.1	168.0	160.6
EBIT	30.5	28.9	30.3	41.0	101.8	91.0
Capex	1.3	3.5	1.1	0.9	3.3	8.0
Electricity production (Mwh)	1,177,076	1,147,070	1,135,939	1,154,892	3,467,906	3,424,985
Power tariff (€cent/KWh)	13.83	12.46	13.71	13.31	13.62	11.70
IGCC margin (\$/bl)	3.7	3.4	4.5	4.0	4.0	3.7

Power generation

(supplementary informations)



ITALIAN GAAP INCOME STATEMENT

€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	88.7	77.5	86.8	79.5	255.0	216.3
depreciation&amortization	-13.5	-15.4	-13.4	-13.2	40.2	45.9
EBIT	75.2	62.1	73.3	66.3	214.8	170.4
Net financial income/expenses	-2.7	-3.3	-2.7	-3.1	8.6	-10.9
Extraordinary items	0.0	-0.4	0.0	0.0	0.0	-0.4
Profit before taxes	72.4	58.4	70.7	63.2	206.3	159.1
NET INCOME	45.2	36.2	44.0	39.3	128.5	98.8

Marketing



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	0.8	26.7	12.4	7.3	20.5	53.1
Comp. EBITDA¹	9.3	5.7	6.7	3.4	19.4	20.1
EBIT	0.2	27.2	12.1	7.0	19.3	51.1
Comp. EBIT¹	8.7	6.2	6.4	3.1	18.2	18.1
Capex	0.6	0.0	0.2	0.0	0.8	0.9
Total sales (kt)	775	690	771	803	2,349	2,170
Sales in Italy (kt)	238	241	236	263	737	736
Sales in Spain (kt)	537	449	535	540	1,612	1,434

1 calculated using IFRS accounting principles and evaluating inventories at LIFO

Wind



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	5.4		4.7	7.7	17.8	
Depreciation&amortisation	-2.3		-1.9	-1.9	-6.1	
EBIT	3.3		2.8	5.8	11.9	
Net financial expenses	-1.9		-0.1	-0.3	-2.3	
Net income	0.8		1.6	3.4	5.8	
Adjusted Net income	1.4		1.6	3.4	6.4	
Electricity production (Mwh)	33,057		31,624	52,902	117,582	
Power price (€cent/KWh)	8.1		6.7	7.4	7.6	
Green certificates (€cent/KWh)	10.9		10.9	10.9	10.9	

Other



€ million	Q3/06	Q3/05	Q2/06	Q1/06	1-9/06	1-9/05
EBITDA	0.1	-3.6	-1.3	-0.6	-1.8	-5.0
EBIT	-0.5	-2.2	-0.5	-2.3	-3.3	-7.0
Capex	0.3	0.3	0.0	0.5	1.0	0.4

EMC benchmark refining margin



<i>\$/bl</i>	Q1/05	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06	Q3/06	Oct	Nov	Dec	Q4/06
EMC* benchmark for Saras (50% URAL / 50% BRENT)	3.7	5.3	5.6	4.1	1.9	4.7	2.8	1.9	2.0		1.9

- Saras has selected a refining margin benchmark produced by EMC(*) which is closely in line with the company's operations to compare its performance in the refining segment.
- This customized benchmark margin has been chosen to better reflect our typical crude slate, pricing structure and reference market
- The EMC benchmark is published on the company website and updated weekly

(*) **EMC (Energy Market Consultants)** is based in London and was founded in 1989 by a group of dedicated consultants with extensive experience in their respective fields. Since then the company has established a reputation for high quality original research and a genuinely independent perspective on the oil/energy markets and industries. For more informations please refer to the company website www.energymc.com

APPROXIMATE CONVERSION FACTORS



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

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

Source: BP Statistical Review of World Energy

SARAS' PROCESSING UNITS CAPACITY



PROCESSING UNIT	N°	TOTAL CAPACITY '000 bl/calendar day
CRUDE DISTILLATION	3	300
VACUUM DISTILLATION	2	105
MILDHYDROCRACKING 1	1	65
MILDHYDROCRACKING 2	1	55
VISBREAKER	1	41
FCC	1	86
REFORMER (CCR)	1	29
DESULPHURIZATION	4	78
ETHERIFICATION	1	33
ALKYLATION	1	8