



SARAS

Business Update Call

Saras in the new European refining context

23 July 2015

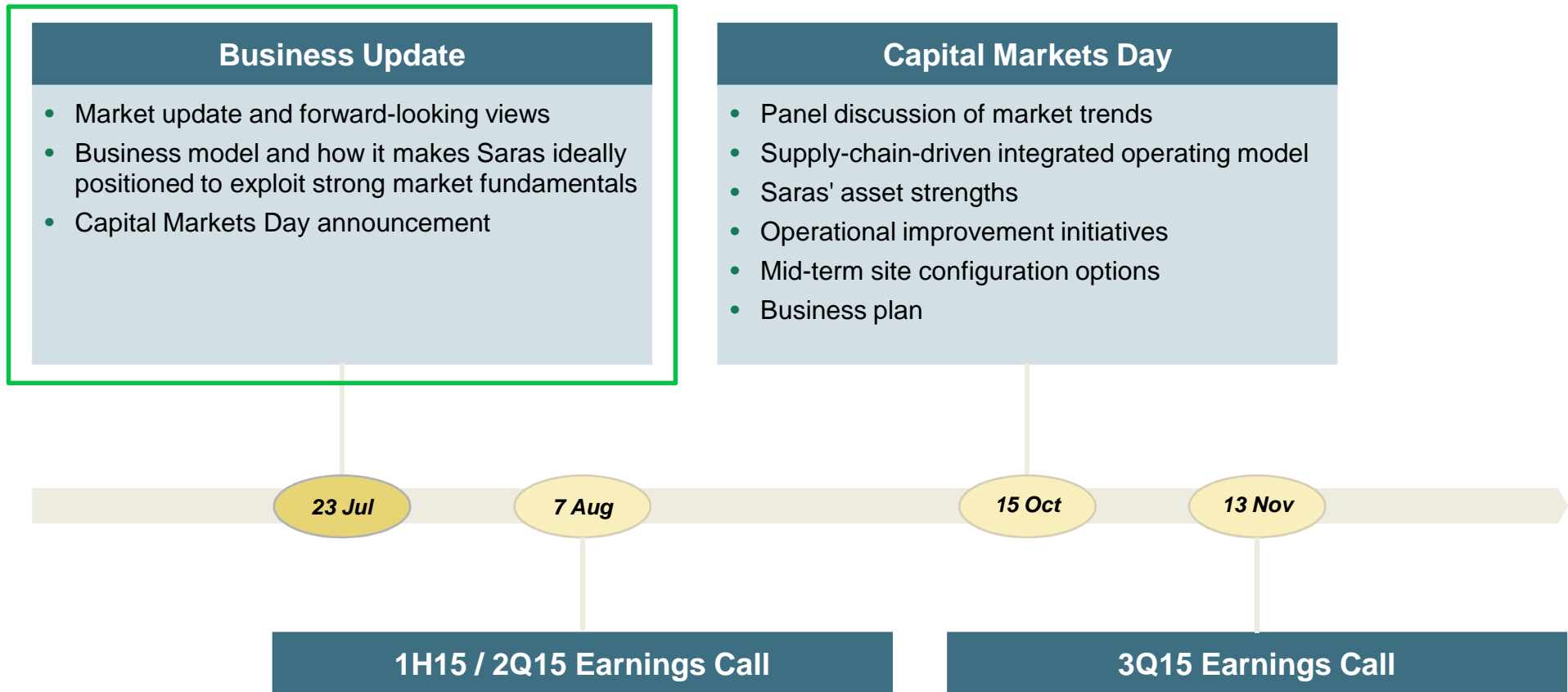


Certain statements contained in this presentation are based on the belief of the Company, as well as factual assumptions made by any information available to the Company. In particular, forward-looking statements concerning the Company's future results of operations, financial condition, business strategies, 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 Investor Relations' new calendar

Today ✓





Our thesis for today's call

Favorable refining economics expected to stay

Structural changes strengthened the refining market in the mid term

- More balanced oil prices, robust supply
- Increase in heavy crude production
- Improved product demand
- Ongoing rationalization of European refining capacity
- Correction of market distortions and reduction of spare capacity
- 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



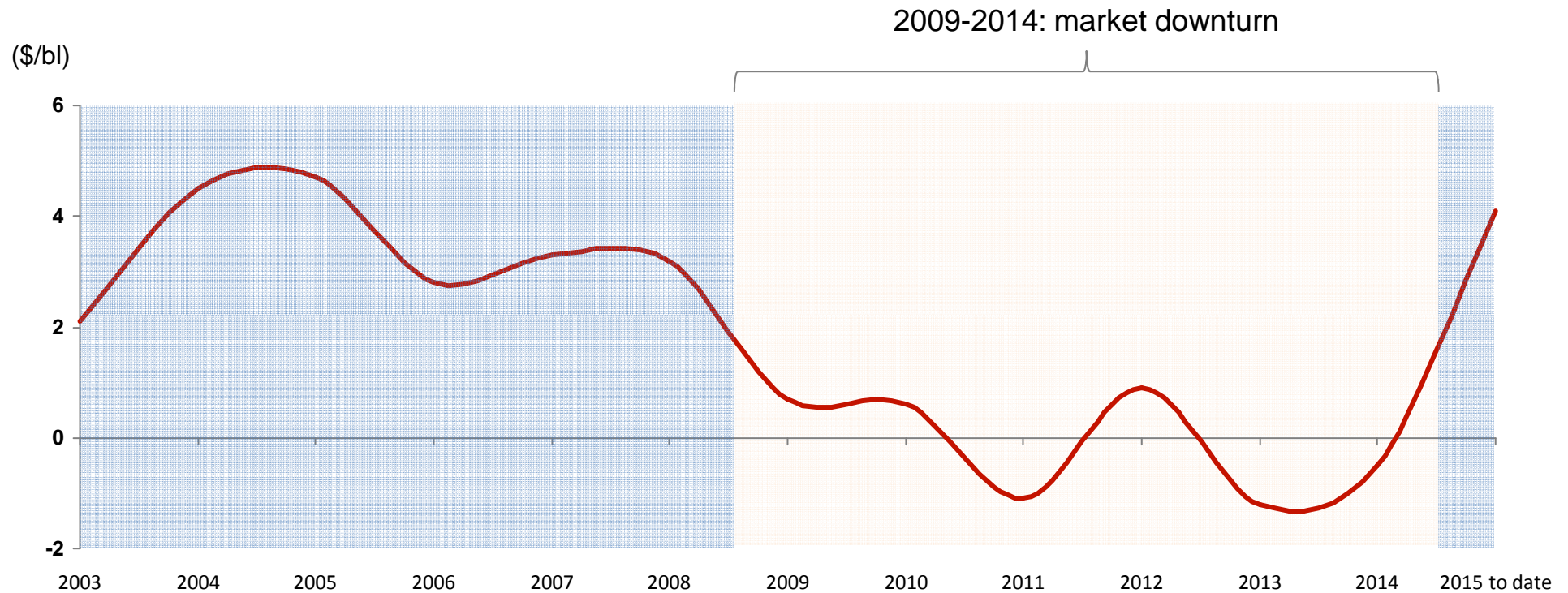
Additional benefits for Saras thanks to its intrinsic strengths

- 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



In 2015 the European refining market is witnessing the end of a low-margin cycle that lasted for the past 5 years

Yearly EMC benchmark¹



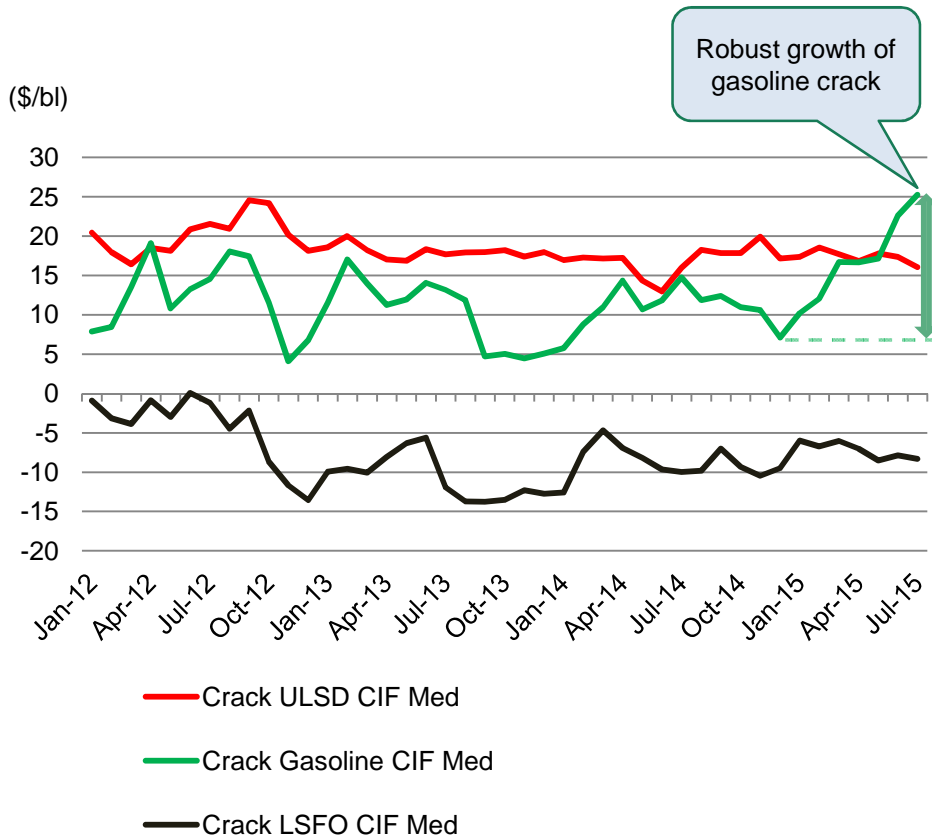
The 2009-2014 downturn was a "perfect storm"

1. For FOB Med complex refineries
Source: Energy Market Consultants

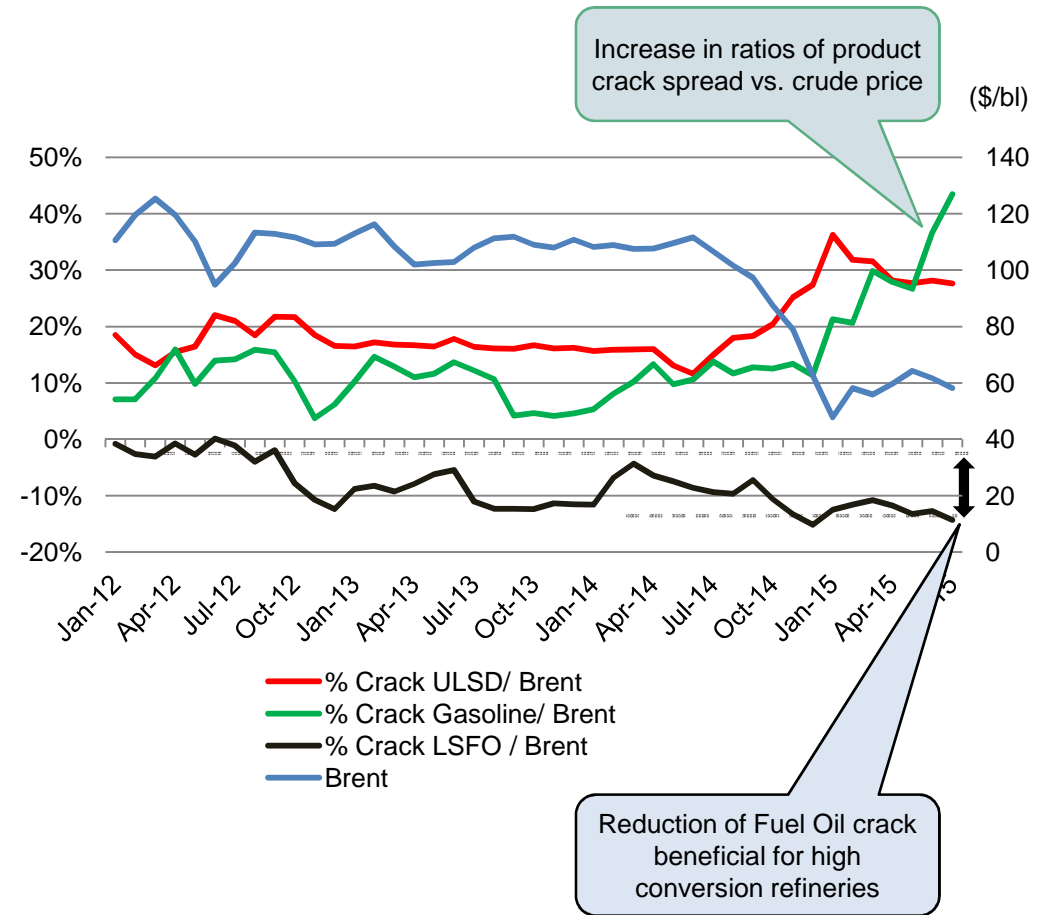


Higher refining margins driven by strong product cracks

Product Cracks CIF Med



Product Cracks CIF Med as % of Brent Dated



Note: Monthly averages updated until July 15th, 2015

Saras SpA





6 key structural changes in oil market beneficial to Saras

Market from 2009 to 2014

Market from 2015 onwards

1 High crude prices

More **balanced** oil prices, **robust** supply

2 Low availability of **heavy sour crudes**

Significant **increase in production of heavy crudes**

3 **Falling product demand** in Europe

Improved product demand in Europe and worldwide

4 **Overcapacity** of European refineries

Ongoing rationalization of European refining capacity

5 **Strong competition** from:
• Wide Brent-WTI spread
• Non-OECD refineries
• Low freight rates

Correction of market distortions (e.g. Brent-WTI spread)
Reduction of spare capacity
Increase of international freight rates

6 **Tight light-heavy product differentials**

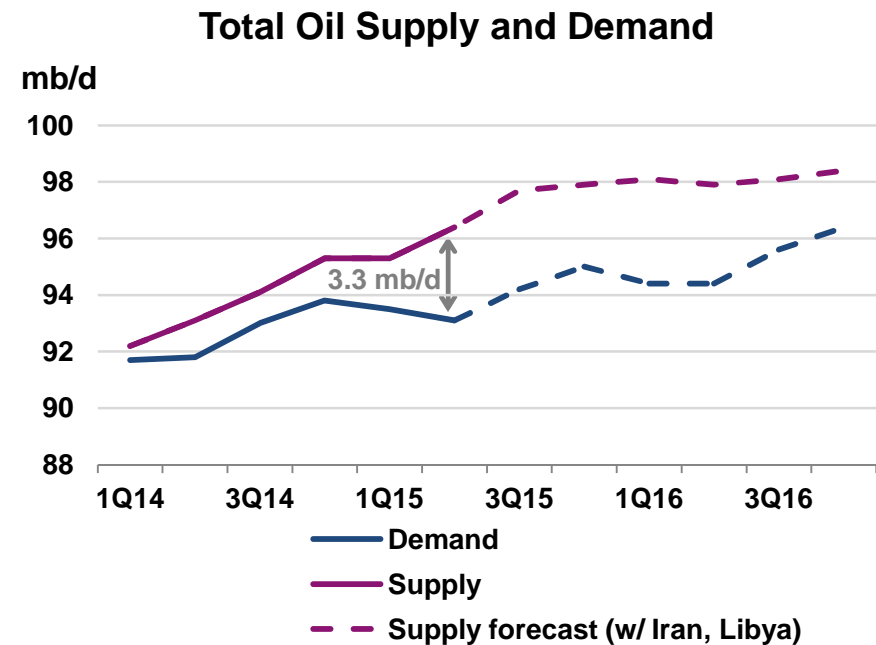
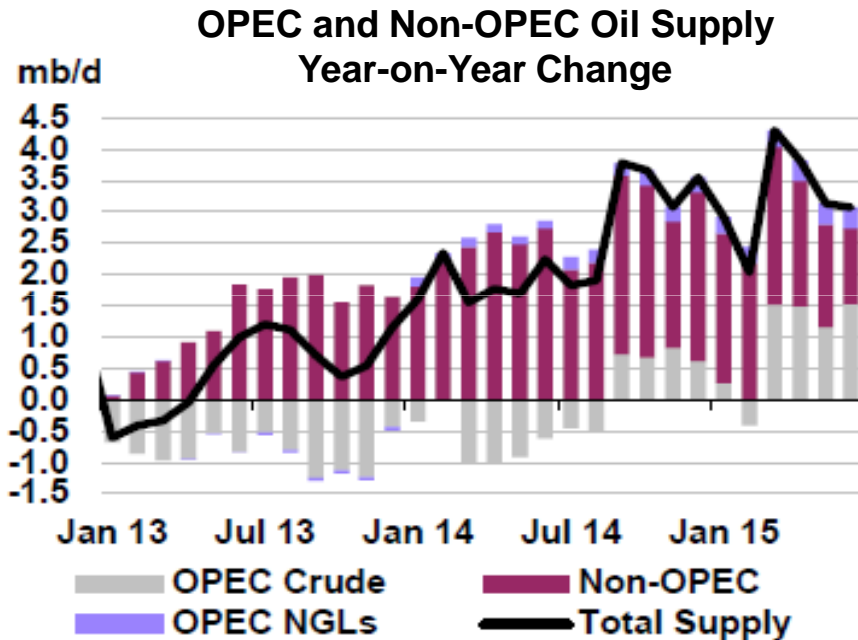
Widening of light-heavy product differentials
• Advantage for complex refineries



1 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

Source: Platt's, IEA, Saras elaboration, UBS July 15th





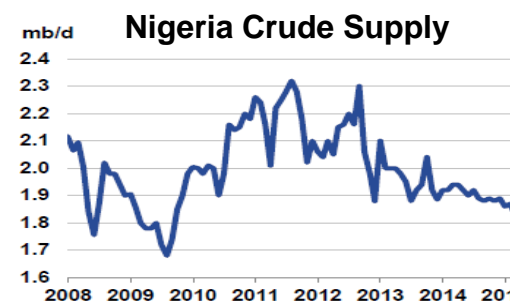
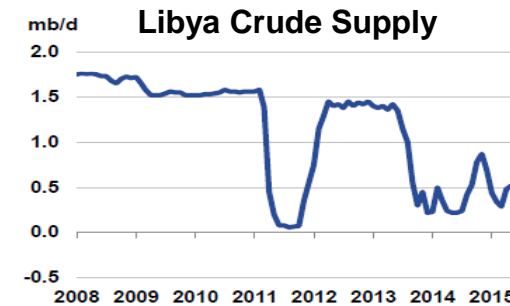
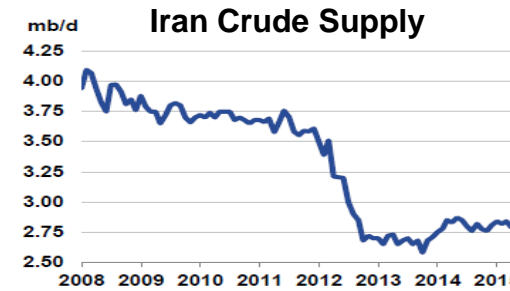
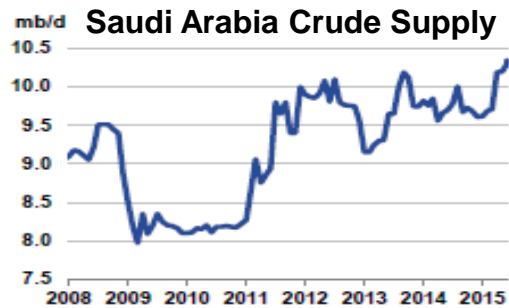
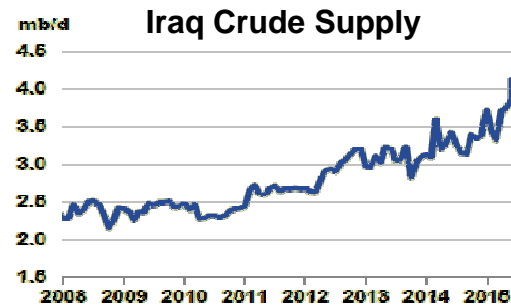
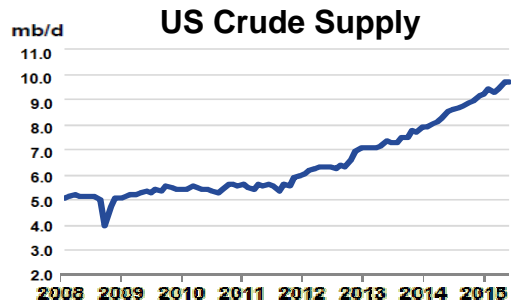
1

Robust supply expected to stay

US, Iraq and Saudi Arabia have driven the global crude supply growth...



... which could be further boosted by the end of supply disruptions



Source: EIA, IEA

Saras SpA



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 **active**
- 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 highest¹ and new suppliers² coming in
- Increasingly **shifting focus** from North America to **Europe and Asia**

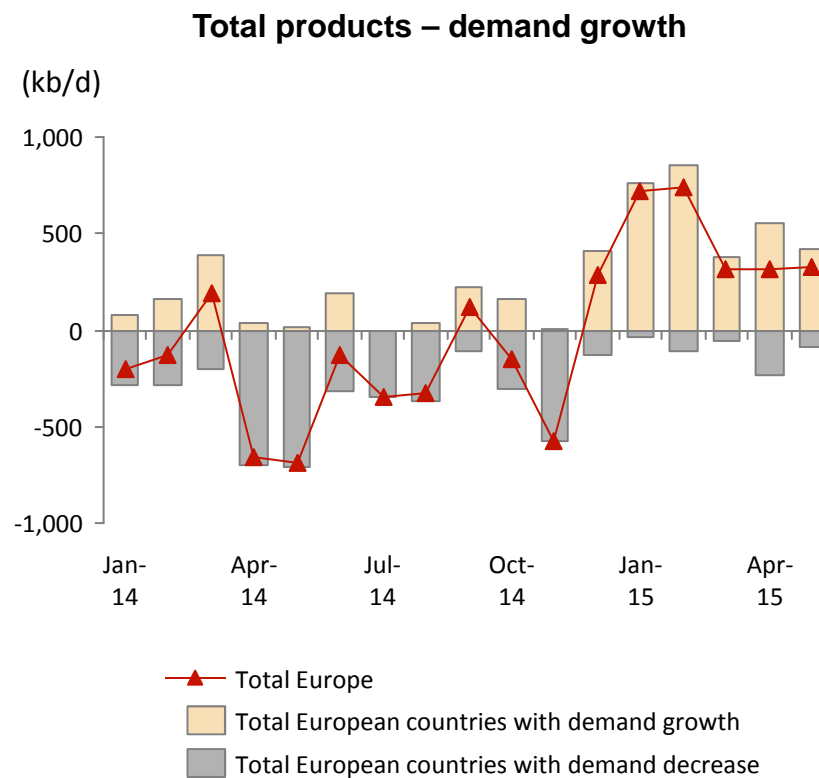
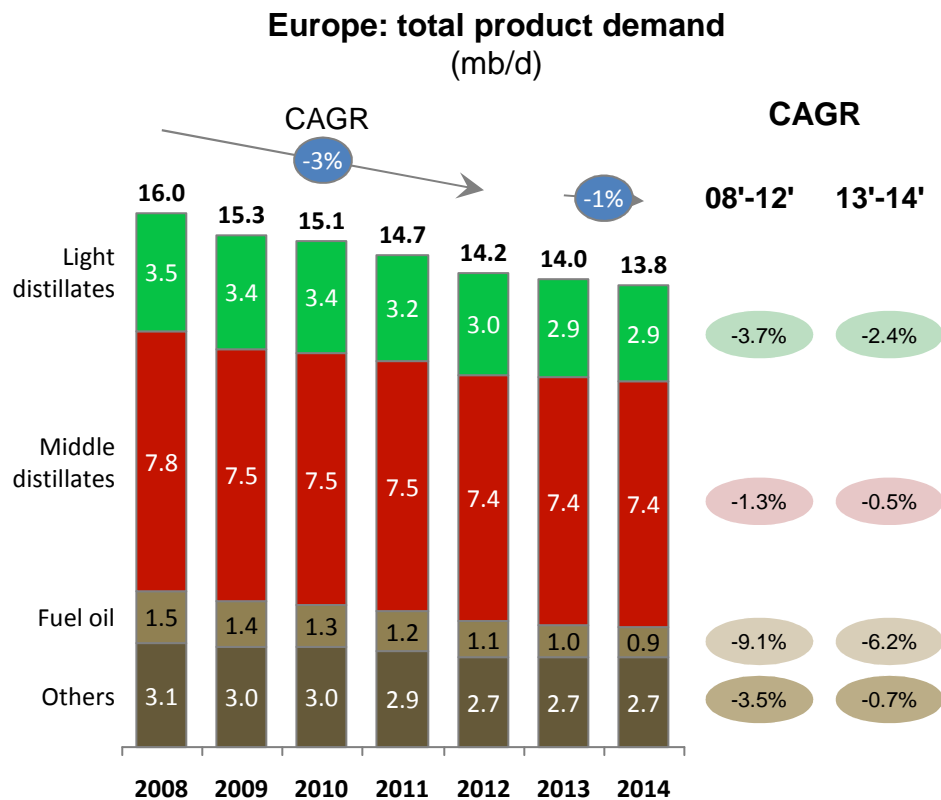
1. E.g. Nigeria, Angola 2. E.g. Mauritania
Source: IEA



3 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



Italy, as a reference case, is showing even stronger signs of demand recovery: +2% 1H15 vs 1H14 and +6% June '15 vs June '14

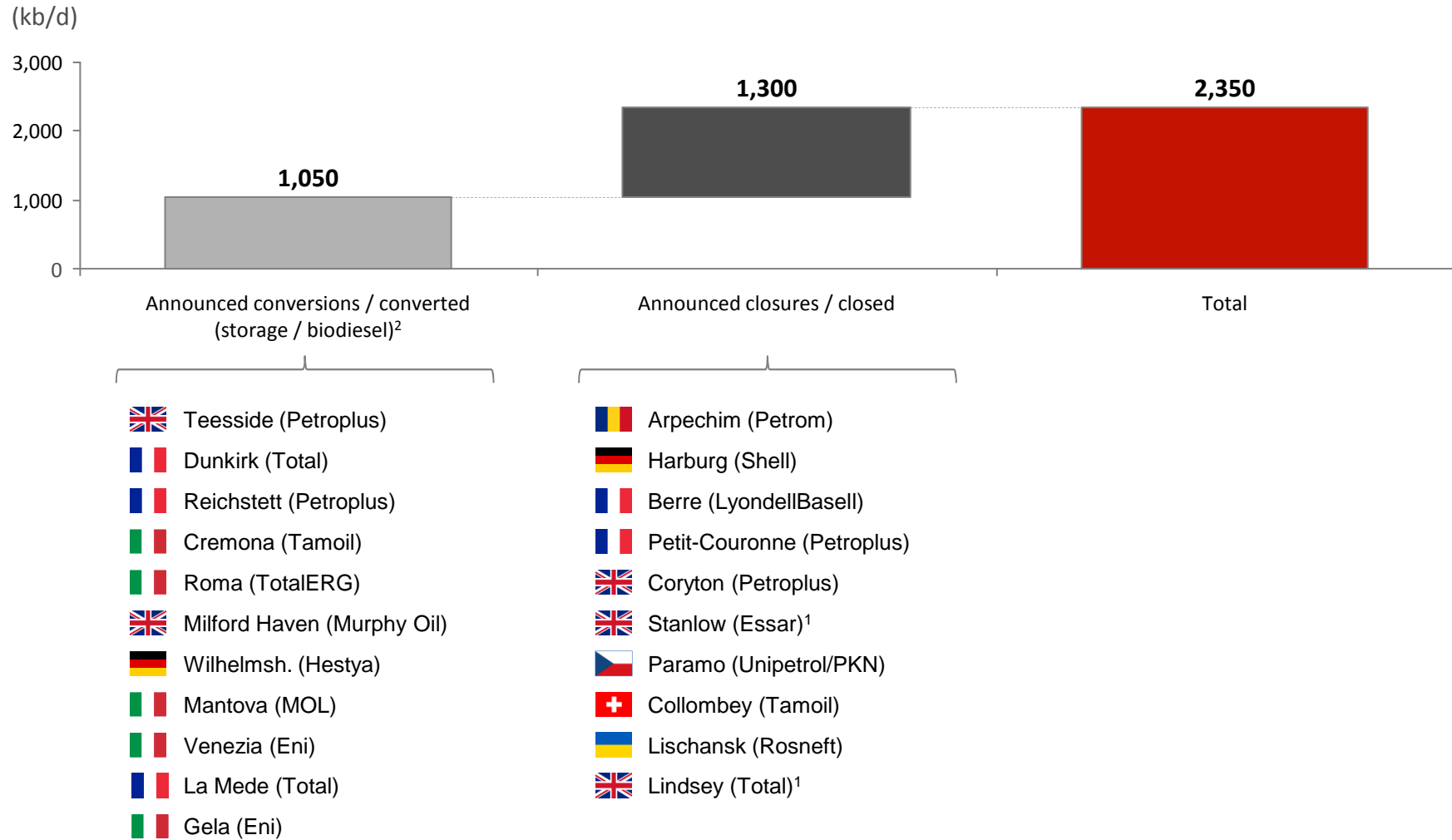
Source: BP Statistical Review, JBC Energy, IEA, JODI, SuDeP





4 Significant impact of ongoing European refineries rationalization

Closures and conversions in OECD Europe (2009-2015)



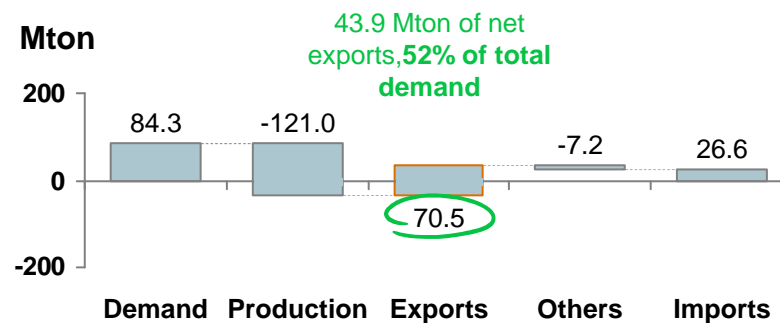
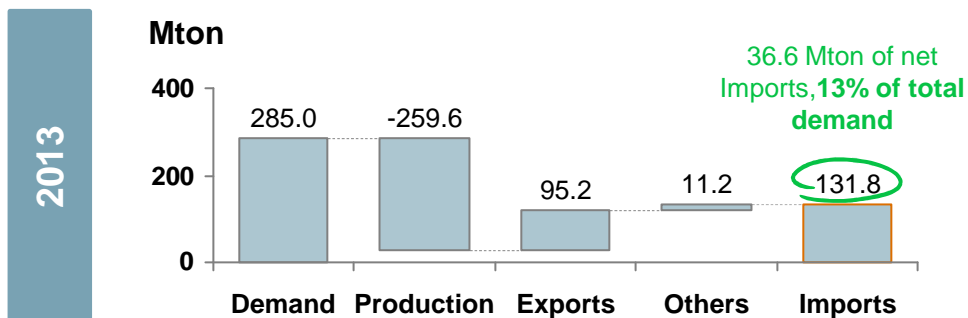
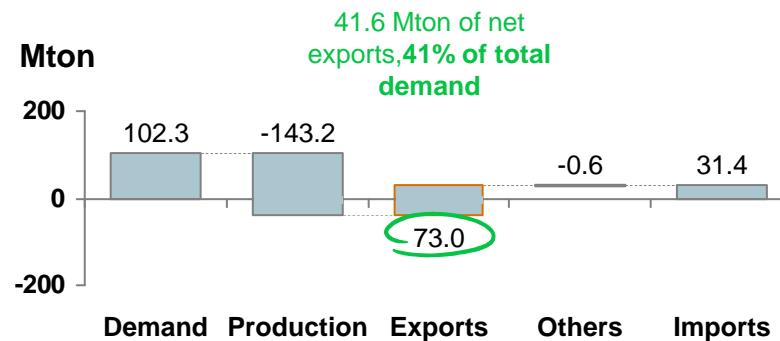
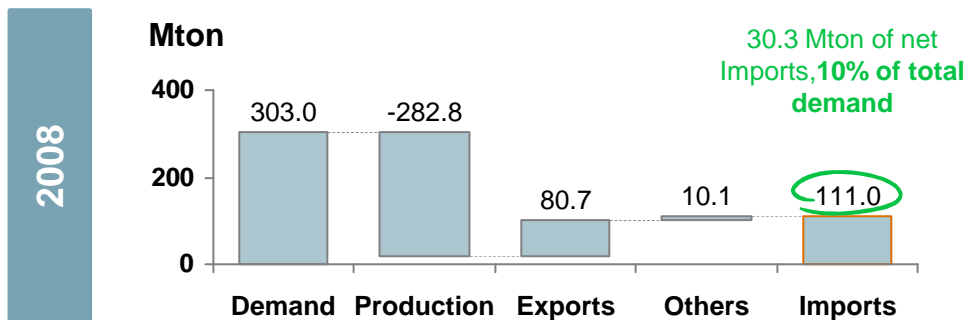
1. Shutdown of 1 CDU only 2. Includes conversion to oil storage terminal or logistic hub for oil products
 Source: BCG refining data; press search



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

Europe is short of Gasoil/Diesel...

... and long in Gasoline¹

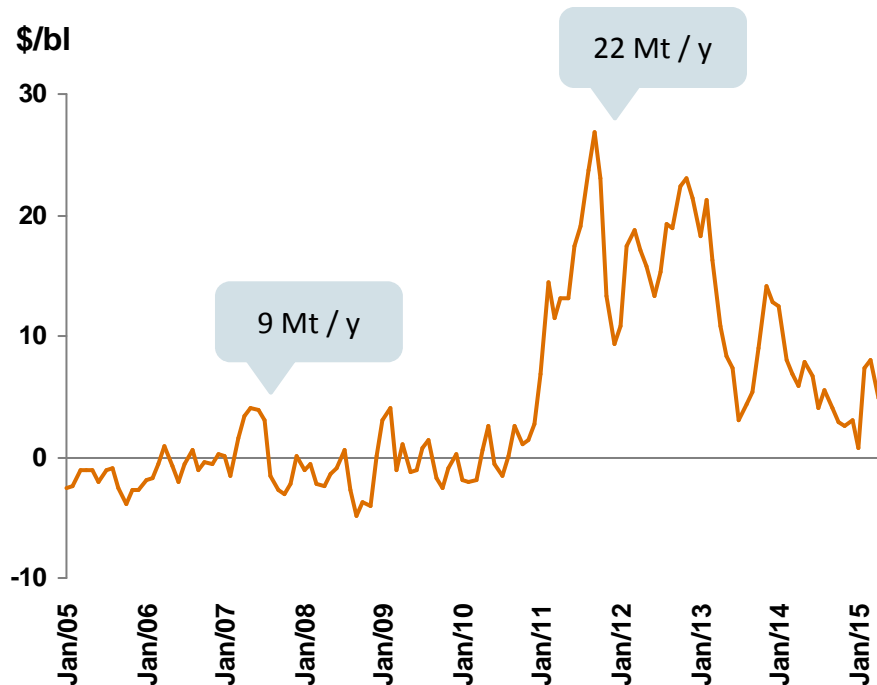


1. Total gasoline: motor gasoline + aviation gasoline + gasoline type jet fuel 2. Includes Transfers, Stock change, Intl. Marine bunkers, Statistical difference
 Note: graph refers to 2013 Annual data
 Source: IEA Oil Information 2014



US refineries global competitiveness boosted by a price distortion that is not expected to persist

Brent-WTI spread



Factors to mitigate distortion

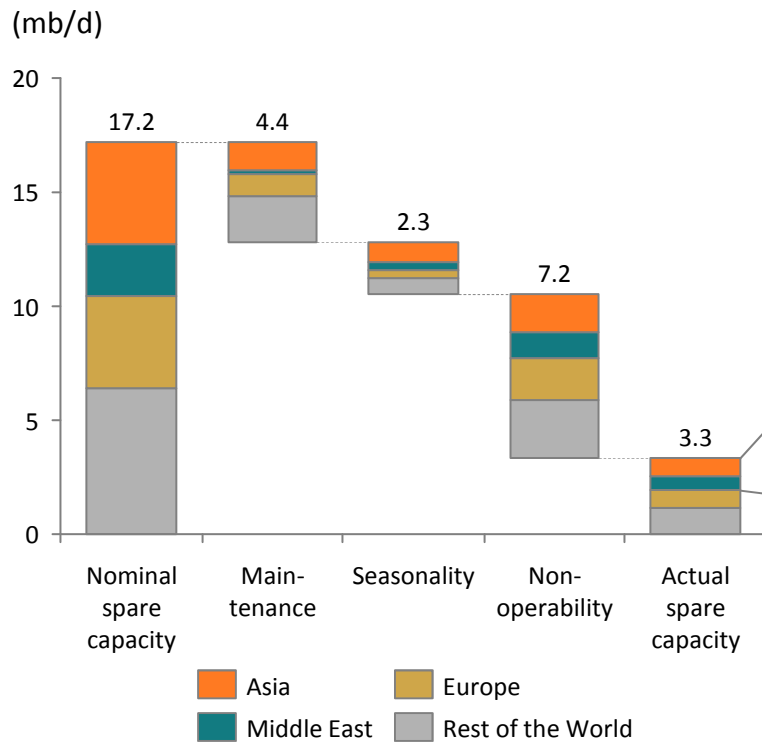
- Debottlenecking of logistics in US & Canada
- Increase of US internal demand in a context of already saturated refining capacity...
- ... with possible open-up of US crude exports

Legend: xx # Mt of middle distillates imported from the US to Europe every year

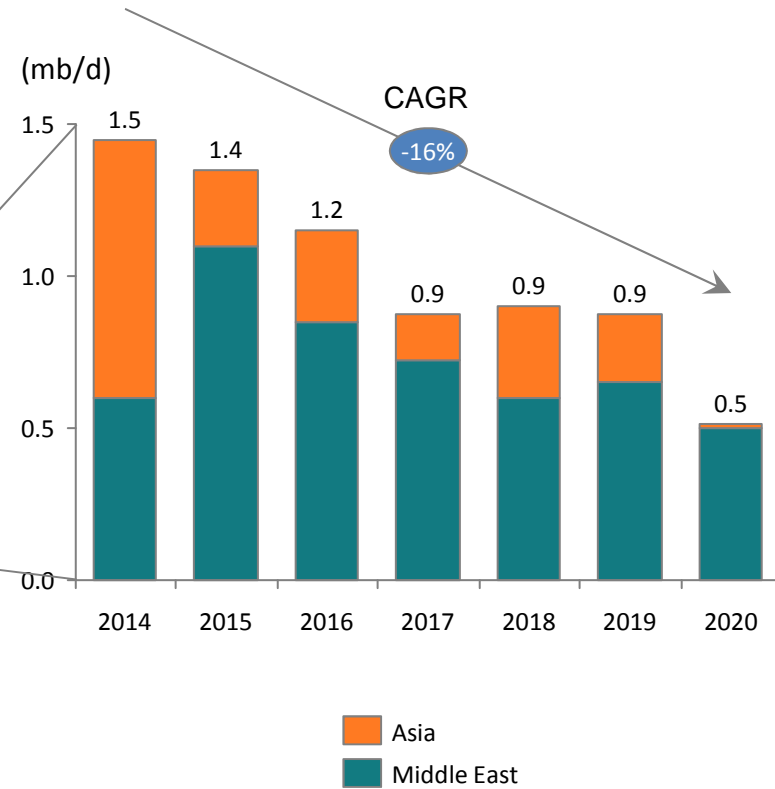


5 Spare capacity overrated and expected to decrease

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



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



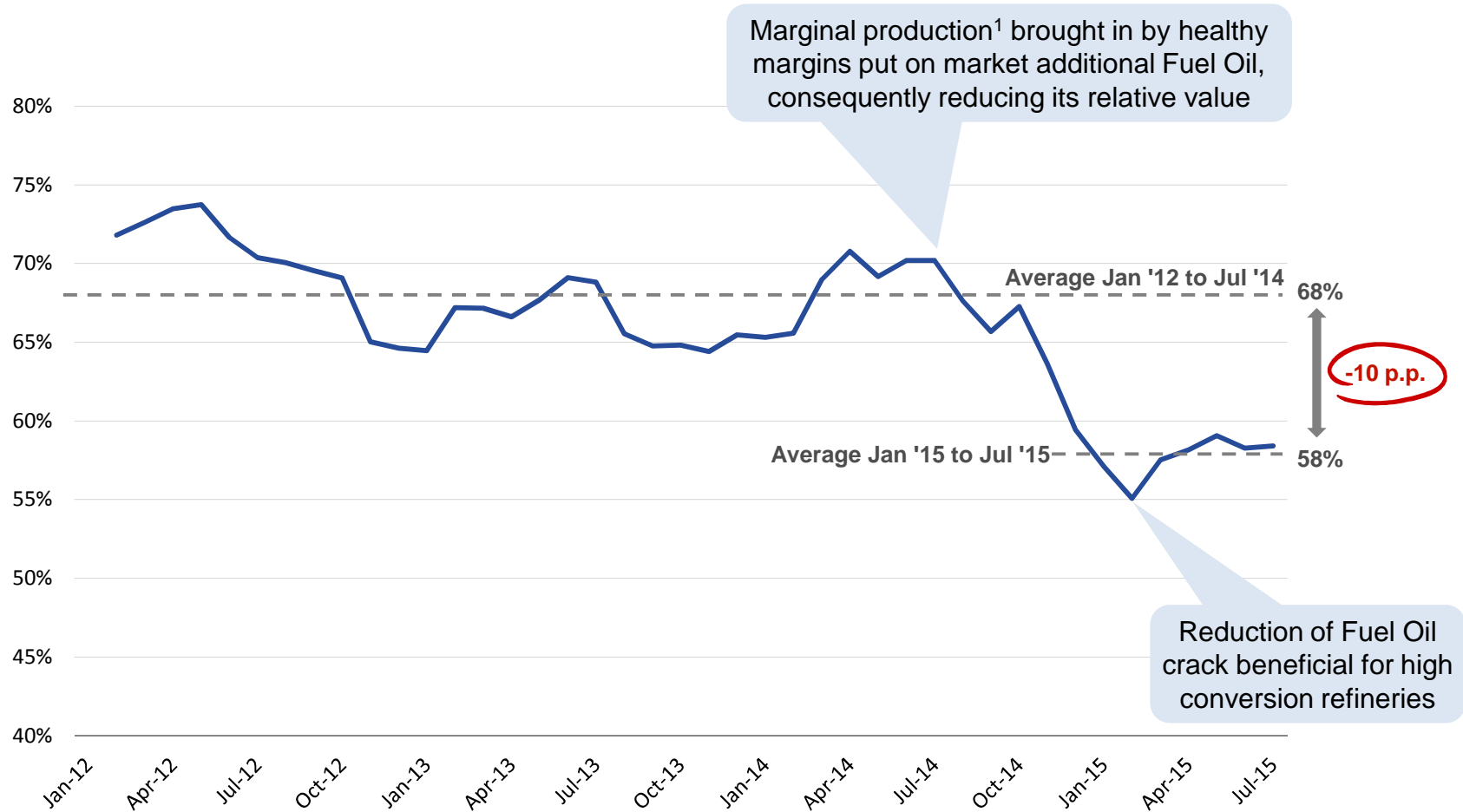
Additions of refinery capacity in Asia and Middle East dedicated to meet local demand



6

Reduction in Fuel Oil value benefits high-conversion refiners

Relative value of LSFO vs. ULSD (% of the ULSD price)



1. Hydroskimming / marginal runs with higher yield of FO / residues
Source: Platt's



The new European refining context offers multiple benefits to players

Favorable refining economics expected to stay

A strong set of fundamentals and the end of distortions initiate a consistent, positive cycle for top European refiners

Benefits for European refiners

- ✓ High refining margins
- ✓ EU refineries essential to regional supply chain
- ✓ Lower impact of fixed costs in EUR
- ✓ Strong cash generation

Additional benefits for Saras thanks to its intrinsic strengths



Saras is ideally positioned to benefit the most from the new cycle

Market from 2015 onwards

Benefits for Saras

1 More balanced oil prices, robust supply	Decreased fuel consumption costs
2 Significant increase in production of heavy crudes	Capacity to source non-standard grades and flexibility to exploit full value from them
3 Improved product demand in Europe and worldwide	Consolidated presence in EU / Med (logistical edge) Presence in growing markets (>25% sales in non-EU)
4 Ongoing rationalization of European refining capacity	Asset complexity and size as competitive advantage enhanced by supply chain integration
5 Correction of market distortions (e.g. Brent-WTI spread) Reduction of spare capacity Increase of international freight rates	Stronger position vs US and Middle East competitors
6 Widening of light-heavy product differentials <ul style="list-style-type: none">• Advantage for complex refineries	Saras benefits the most from low Fuel Oil prices due to its high conversion capacity

1. E.g. Brent-WTI spread 2. E.g. Middle East, LatAm

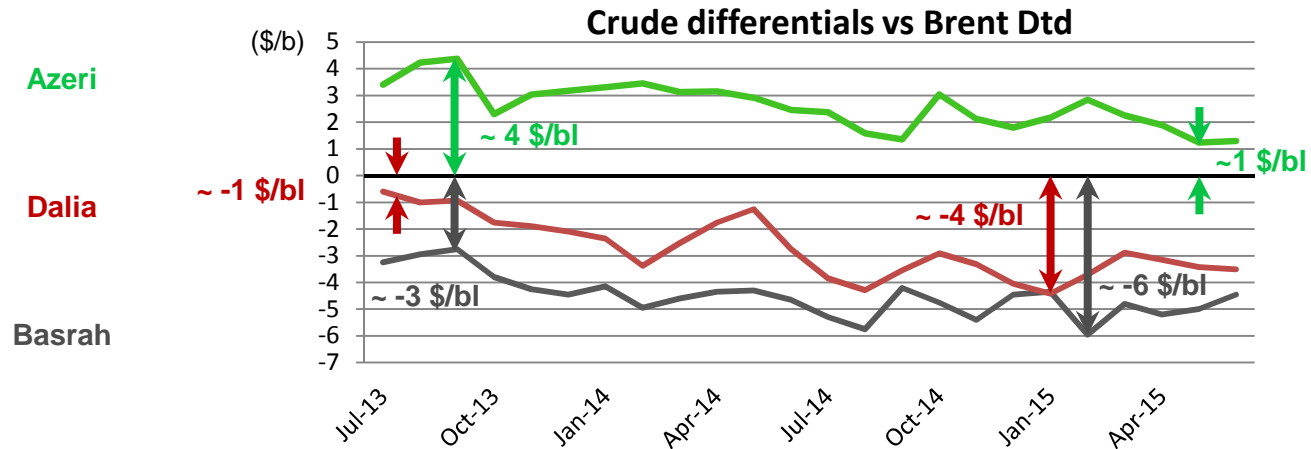
Saras SpA



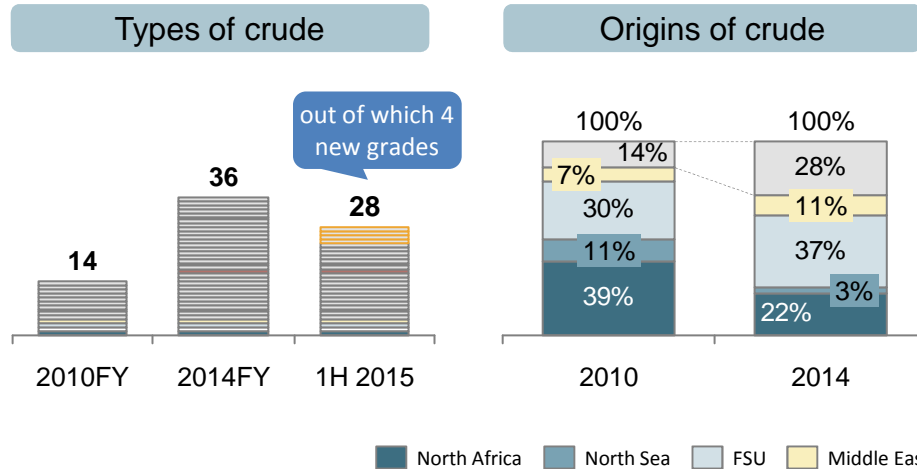


Saras' crude flexibility and integrated approach to Supply Chain Management are strong competitive advantages

Market volatility and variations of discounts / premiums for crudes



Change in variety of crudes processed and origin of crudes purchased



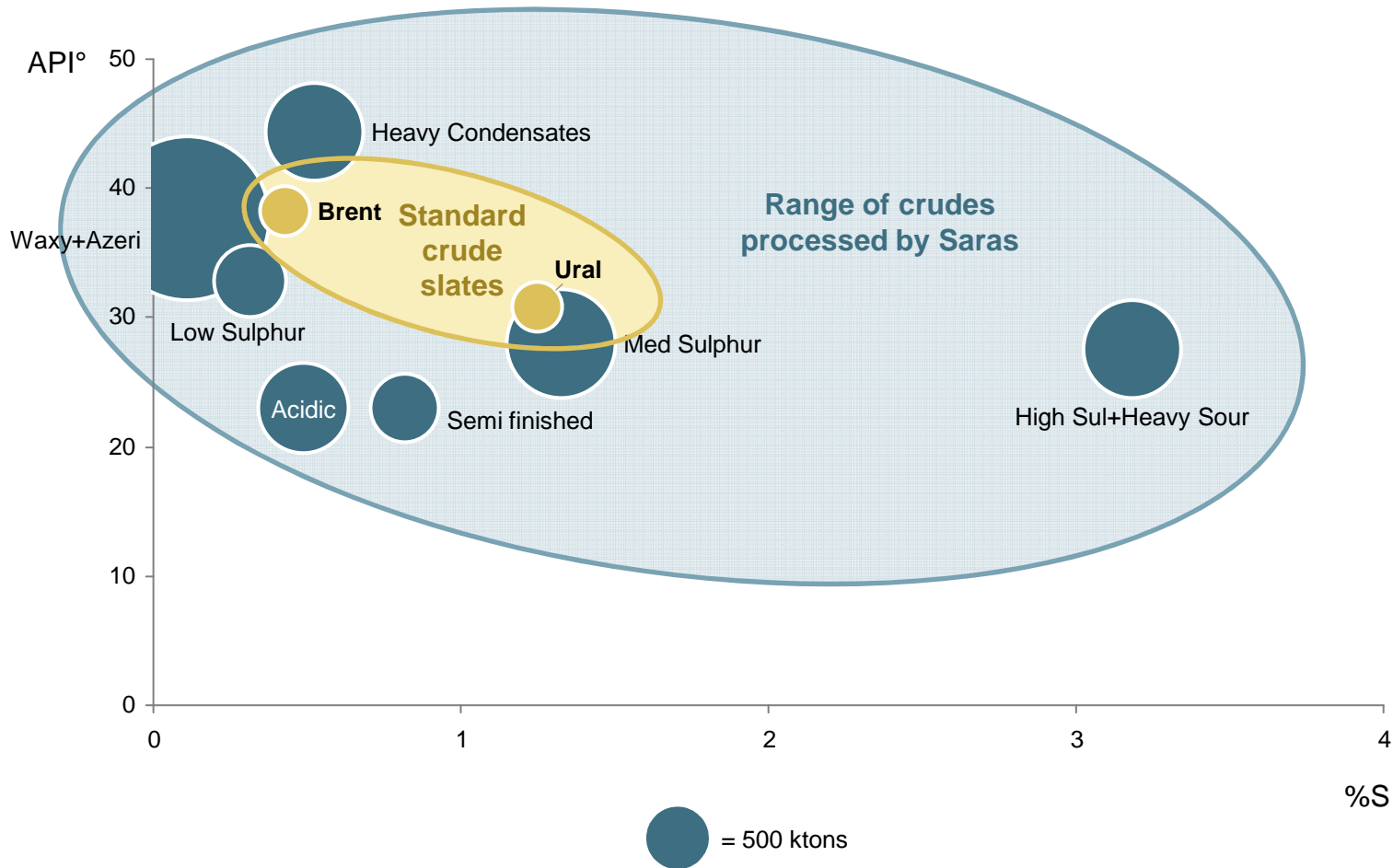
- **Flexible asset** capable of **processing multiple crude grades**
- **Central hub** with diversified supply from Med, Middle East, West Africa and LatAm
- Dynamic **supply chain** management to exploit unbalanced / distressed production





2 Saras' flexibility enables it to exploit non standard grades

Crude grades processed by Saras in 1H15

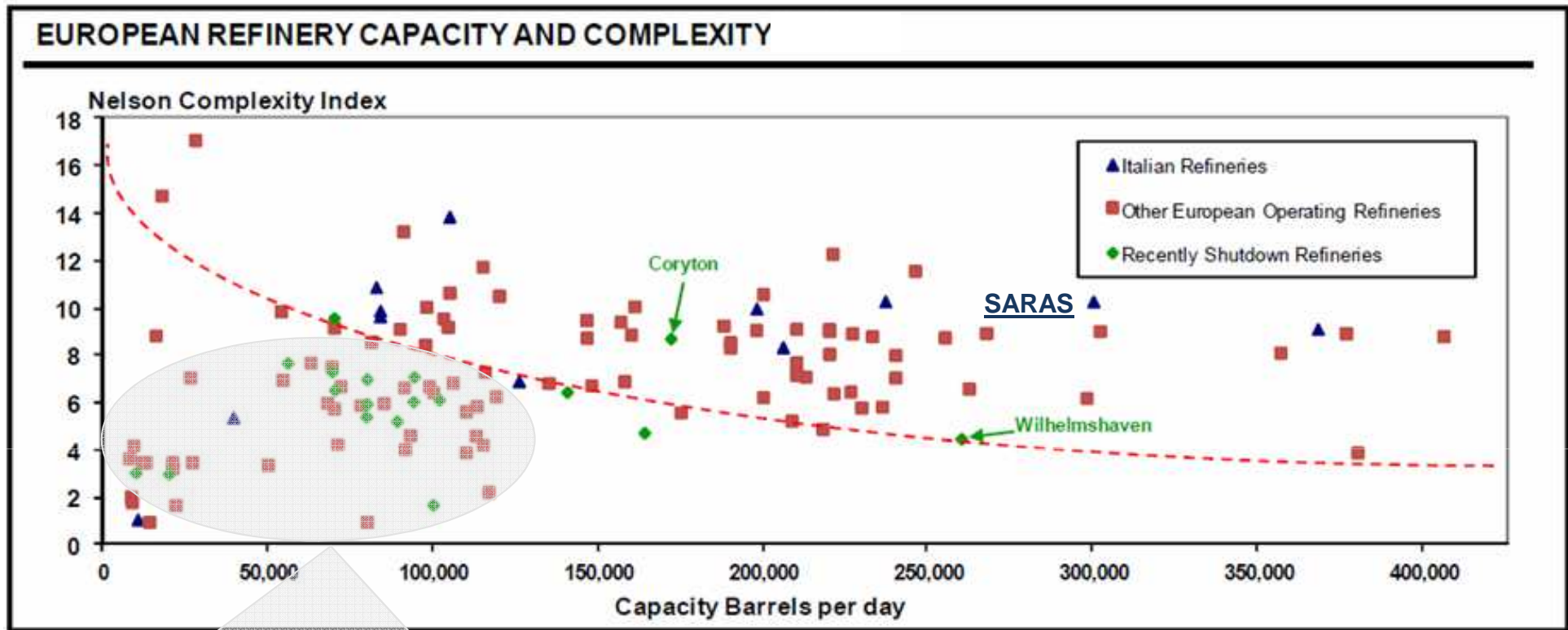


- Saras is capable of **recreating standard barrels by blending unconventional grades**
- Unconventional grades are subject to higher market **volatility** and traded at **discount**
- Saras' **flexibility** allows to **seize market opportunities**, leading to **significant increase of profitability**



4

Top-tier large & complex refiner among European players



- 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 ideally positioned to enjoy favorable market cycles



A series of new initiatives to further unlock shareholder value

Acquisition of Versalis petrochemical plants

- **Benefits expected from the acquisition larger than anticipated, thanks to stronger market and optimized asset exploitation:**
 - ✓ Maximisation of naphtha runs in reforming unit, to exploit growing gasoline premium
 - ✓ New product sales (e.g. Polymer Grade Propylene and aromatics)
 - ✓ Optimisation of production cycles / hydrogen supply and energy integration
 - ✓ Cost optimisation (procurement, material management, 3rd party services, etc.)
- **No significant CAPEX required on the units acquired**

SCORE Supply Chain Optimization & Refinery Excellence

- **Full integration between refinery and trading processes**
 - ✓ Widespread use of economic-driven mathematical models
 - ✓ Capability to react quickly to changes in market conditions
 - ✓ Wider capabilities to exploit crude and product opportunities

Trading Unit in Geneva

- **Front office specialization in the trading activities in Geneva, a key European hub**
 - ✓ Proximity to key players in the oil industry
 - ✓ Access to information and opportunities in a timely manner

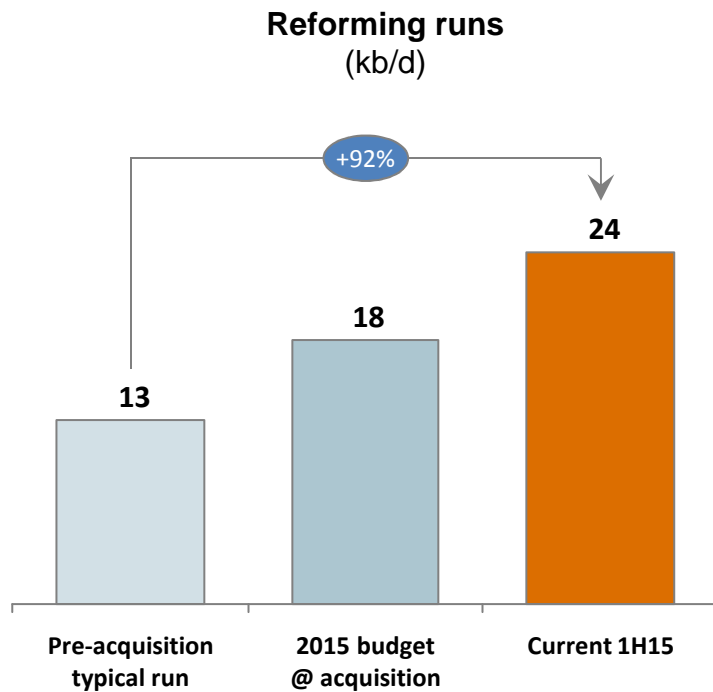
Continuous strengthening of Saras' capabilities

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

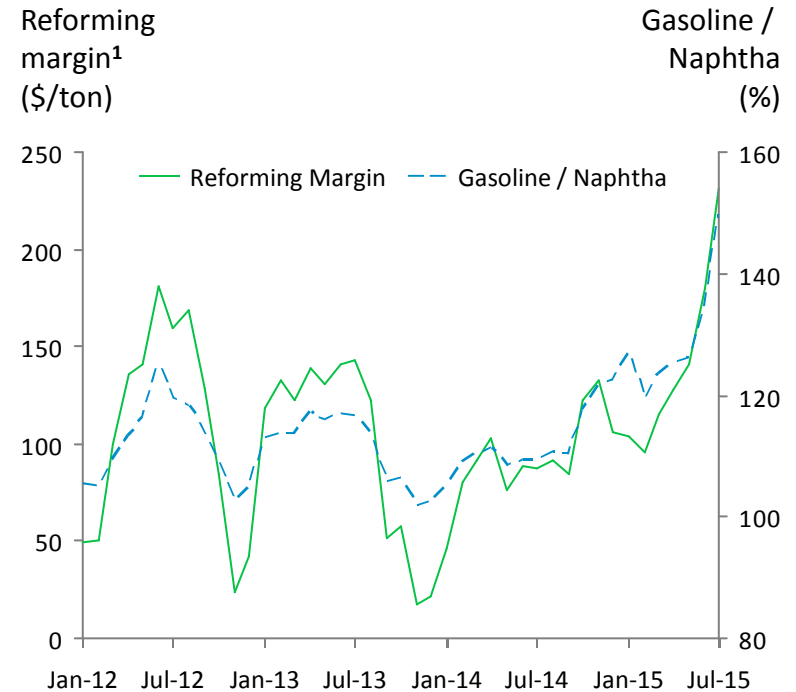


Acquisition of Versalis plants benefits from fully-integrated management

Optimized reforming operations...



... supported by growing margins



Low crude price and increased consumption should lead to a re-bounce of EU petrochemicals, enhancing Saras' acquisition





Saras' superior value creation levers today and looking forward

