



# **SARAS**

## **First Quarter 2015 results**

14<sup>th</sup> May 2015

# AGENDA

- Highlights
- Segments Review
- Financials
- Outlook & Strategy
- Additional Information

## 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*



## Highlights: Group Results

EUR million	Q1/15	Q1/14	Change %	Q4/14
<i>Reported</i> EBITDA	135.6	(17.0)	+898%	(233.1)
<i>Reported</i> Net Result	74.2	(51.7)	+244%	(135.1)
<i>Comparable</i> <sup>1</sup> EBITDA	144.2	8.4	+1,625%	106.1
<i>Adjusted</i> <sup>2</sup> Net Result	54.5	(40.4)	+235%	24.7

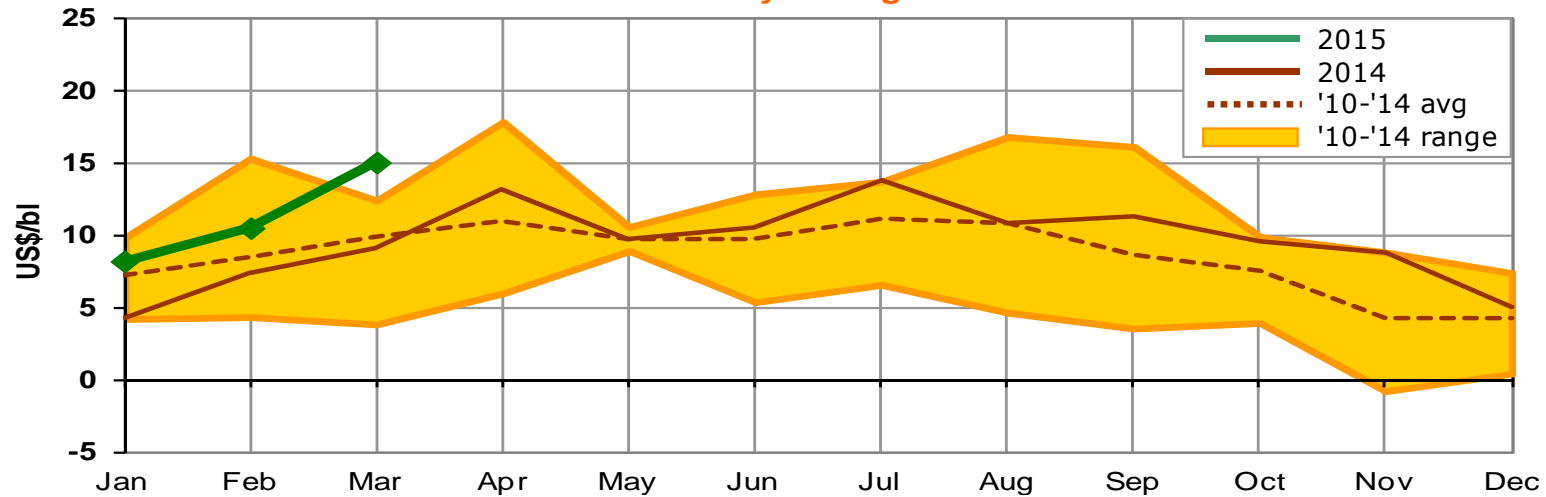
1. Calculated using IFRS principles, deducting non recurring items, fair value of open positions of the derivative instruments, and based on the LIFO methodology (which doesn't include devaluation and revaluation of oil inventories). Comparable operating results (EBITDA and EBIT) include also the realized results of derivative instruments used for hedging transactions on crude oil and products, and the 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

• Net Financial Position on 31<sup>st</sup> Mar 2015 equal to EUR -38m (vs. EUR +108m on 31<sup>st</sup> Dec 2014), mainly due to Working Capital increase

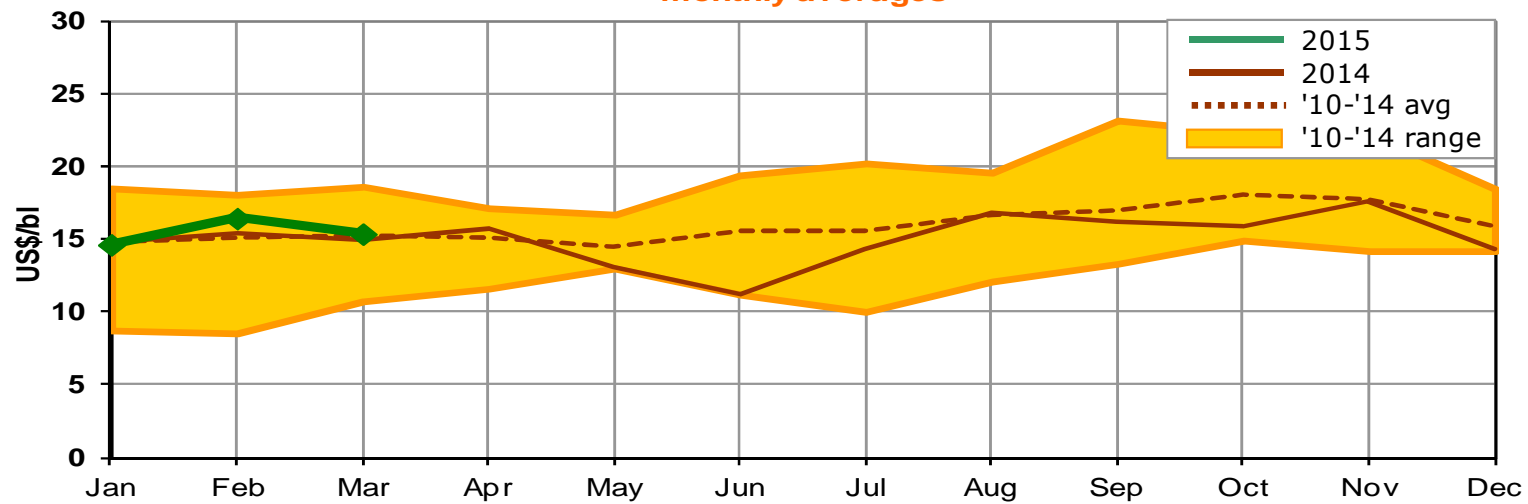


# Highlights: Diesel and Gasoline Crack Spreads

Med: Gasoline Crack spread vs Brent  
monthly averages

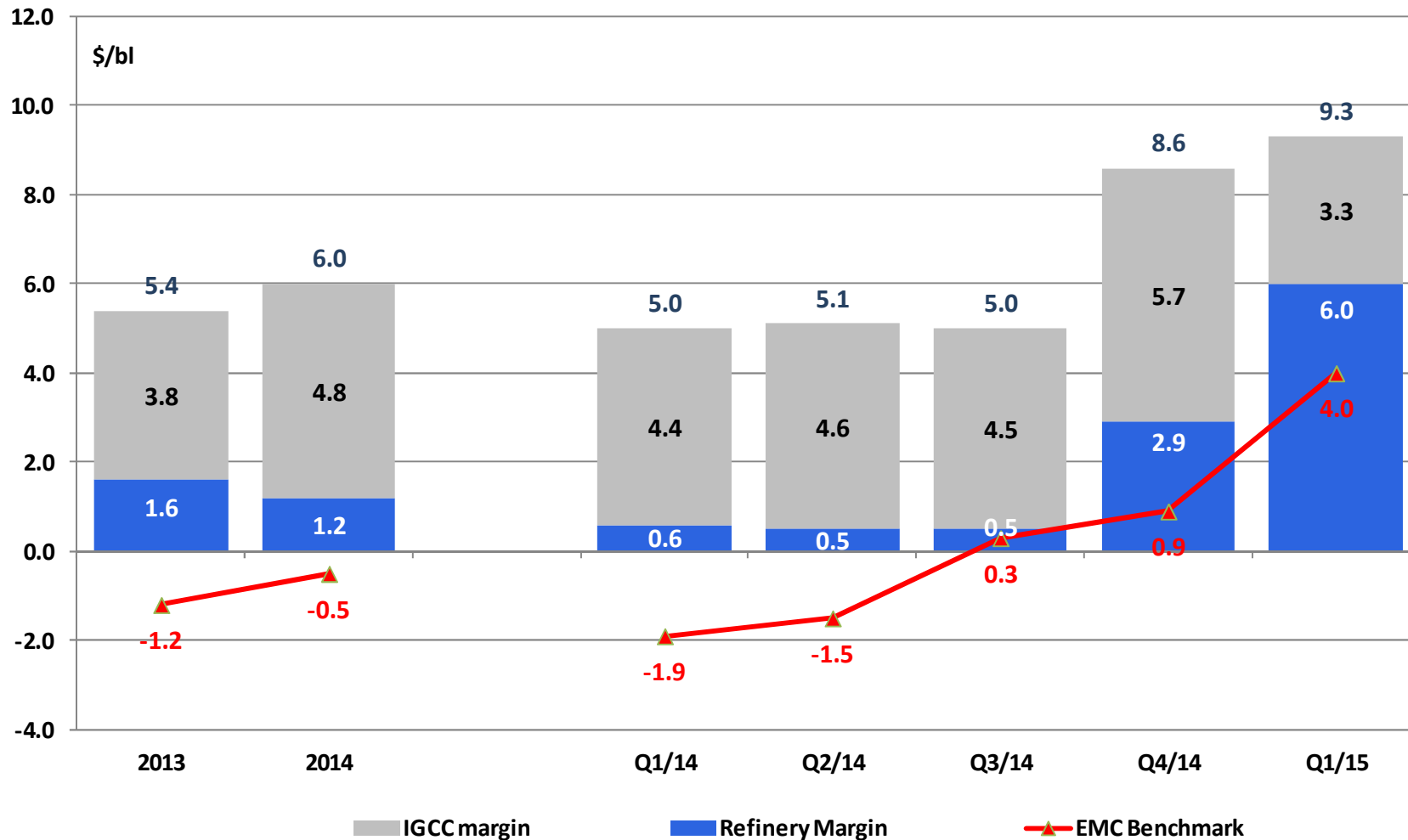


Med: Diesel Crack spread vs Brent  
monthly averages





# Highlights: Refining and Power Generation Margins



**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

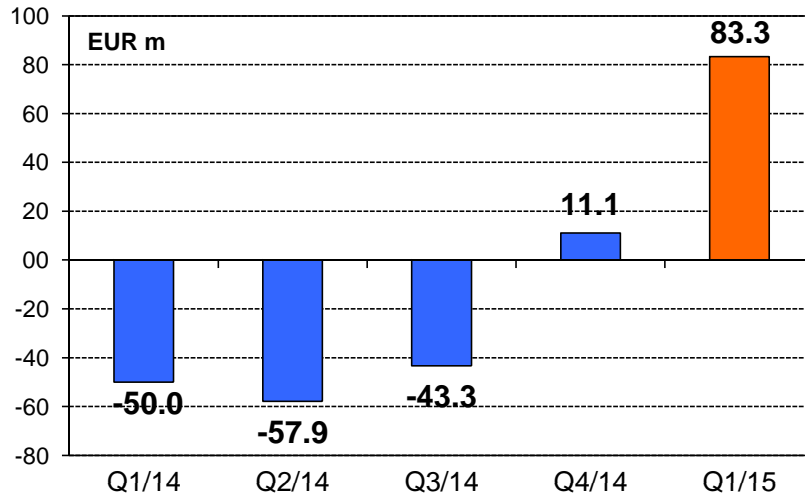
A grayscale photograph of an industrial facility, likely a refinery or chemical plant, featuring several tall distillation columns and complex piping systems. The image is semi-transparent, serving as a background for the text.

➤ **Segments Review**

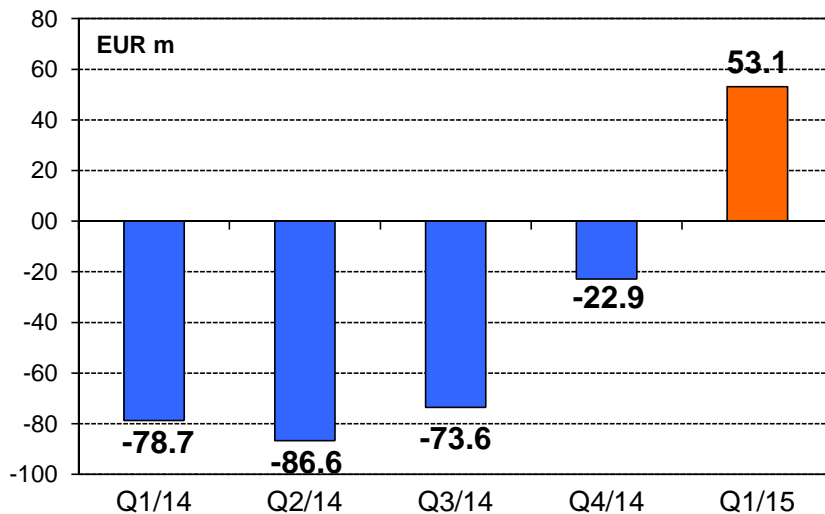


# Segment Review: Refining

## Comparable EBITDA



## Comparable EBIT



## Q1/15

- **Crude runs at 27.0 mbl (301 kbd), up 12% vs. Q1/14**
  - ✓ Favourable market allowed to maximise throughput in Q1/15
- **Comparable EBITDA at EUR 83.3m, vs. EUR -50.0m in Q1/14**
  - ✓ Higher refinery runs and strong margins in Q1/15 as shown also by the EMC Benchmark margin at +4.0 \$/bl (vs. -1.9 \$/bl in Q1/14)
  - ✓ Scheduled maintenance activities in Q1/15 led to EBITDA reduction worth approx. EUR 19m (vs. EUR 3m in Q1/14)
  - ✓ Supportive EUR/USD exchange rate in Q1/15, with USD remarkably stronger than in the previous year (average at 1.126 USD for 1 EUR in Q1/15, vs. the average of 1.370 in Q1/14)

EUR million	Q1/15	Q1/14	Q4/14
Comparable EBITDA	83.3	(50.0)	11.1
Comparable EBIT	53.1	(78.7)	(22.9)



## Segment Review: Refining – Production and Crude Oil Slate

PRODUCTION		2014	Q1/15
<b>LPG</b>	<i>Thousand tons</i>	146	92
	<i>Yield</i>	1.2%	2.5%
<b>NAPHTHA+GASOLINE</b>	<i>Thousand tons</i>	3,328	1,006
	<i>yield</i>	26.8%	27.2%
<b>MIDDLE DISTILLATES</b>	<i>Thousand tons</i>	6,725	2,058
	<i>yield</i>	54.1%	55.5%
<b>FUEL OIL &amp; OTHERS</b>	<i>Thousand tons</i>	377	27
	<i>yield</i>	3.0%	0.7%
<b>TAR</b>	<i>Thousand tons</i>	1,149	273
	<i>yield</i>	9.2%	7.4%

Balance to 100% are Consumption & Losses

CRUDE OIL SLATE		2014	Q1/15
<b>Light extra sweet</b>		34%	48%
<b>Light sweet</b>		8%	8%
<b>Medium sweet/extra sweet</b>		3%	2%
<b>Medium sour</b>		22%	11%
<b>Heavy sour/sweet</b>		33%	31%
<b>Average crude gravity</b>	° API	32.0	33.1





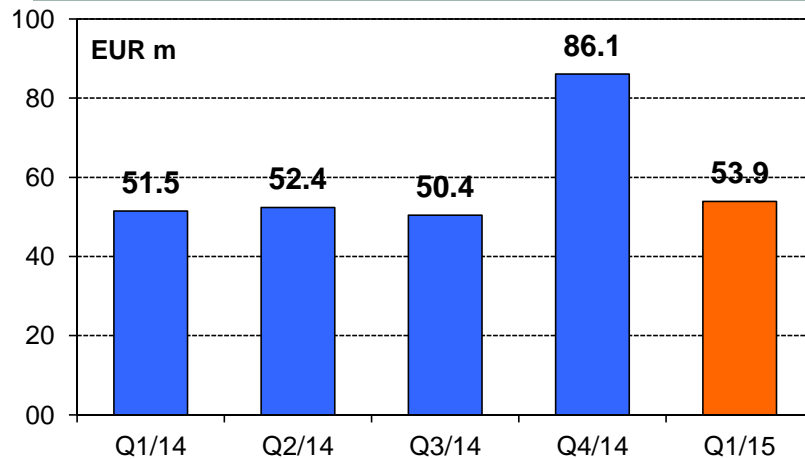
## Segment Review: Refining – Fixed & Variable costs

		2014	Q1/15
<b>Refinery RUNS</b>	Million barrels	90.7	27.0
<i>Exchange rate</i>	<i>EUR/USD</i>	1.33	1.13
<b>Fixed costs</b>	EUR million	<b>220</b>	<b>61</b>
	\$/bl	<b>3.2</b>	<b>2.6</b>
<b>Variable costs</b>	EUR million	<b>175</b>	<b>35</b>
	\$/bl	<b>2.6</b>	<b>1.5</b>



# Segment Review: Power Generation

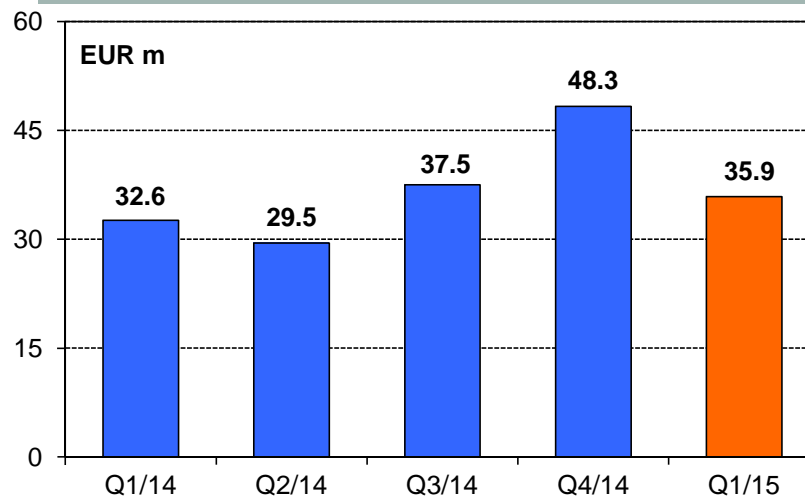
## Comparable EBITDA



## Q1/15

- **IFRS EBITDA at EUR 53.9m, vs. EUR 51.5m in Q1/14**
  - ✓ Q1/15 results positively influenced vs. Q1/14, by the use of updated future scenarios for gas and oil quotations
  - ✓ Sales of steam & hydrogen were EUR 5.8m lower than in Q1/14
- **IT GAAP EBITDA at EUR 35.9m, vs. EUR 32.6m in Q1/14**
  - ✓ Reduced cost of the feedstock (linked to oil prices) provided boost to Q1/15 results, more than off-setting lower production of electricity (-6%), decreased CIP6/92 tariff (-4%), as well as lower sales of hydrogen & steam, as mentioned above

## IT GAAP EBITDA



EUR million	Q1/15	Q1/14	Q4/14
Comparable EBITDA	53.9	51.5	86.1
Comparable EBIT	30.2	35.1	69.7
IT GAAP EBITDA	35.9	32.6	48.3

Note: IFRS EBITDA of Power Generation segment is coincident with *Comparable EBITDA*



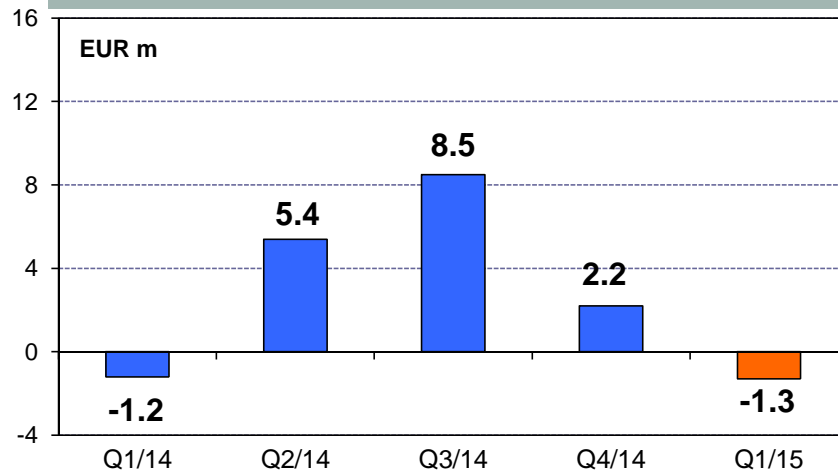
## Segment Review: Power Generation – Fixed & Variable costs (IT GAAP)

		2014	Q1/15
<b>Refinery RUNS</b>	Million barrels	90.7	27.0
<b>Power production</b>	MWh/1000	4,353	1,017
<i>Exchange rate</i>	<i>EUR/USD</i>	1.33	1.13
<b>Fixed costs</b>	EUR million	<b>89</b>	<b>25</b>
	\$/bl	<b>1.3</b>	<b>1.0</b>
	EUR/MWh	<b>20</b>	<b>24</b>
<b>Variable costs</b>	EUR million	<b>62</b>	<b>12</b>
	\$/bl	<b>0.9</b>	<b>0.5</b>
	EUR/MWh	<b>14</b>	<b>12</b>

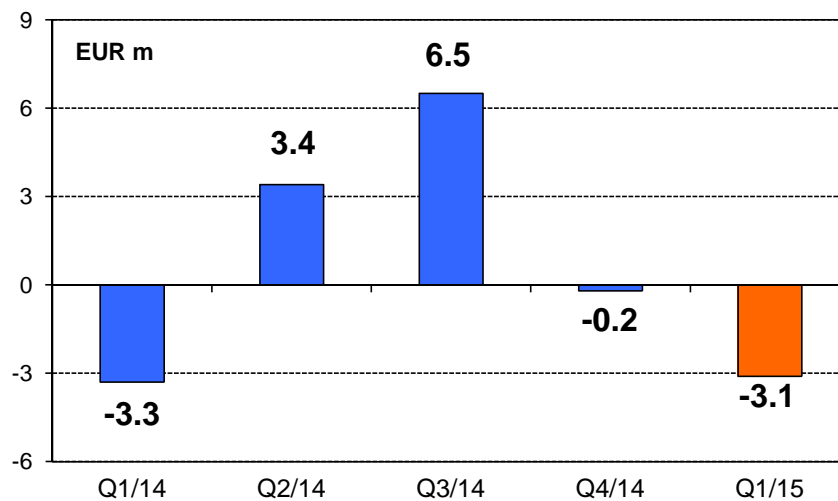


# Segment Review: Marketing

## Comparable EBITDA



## Comparable EBIT



## Q1/15

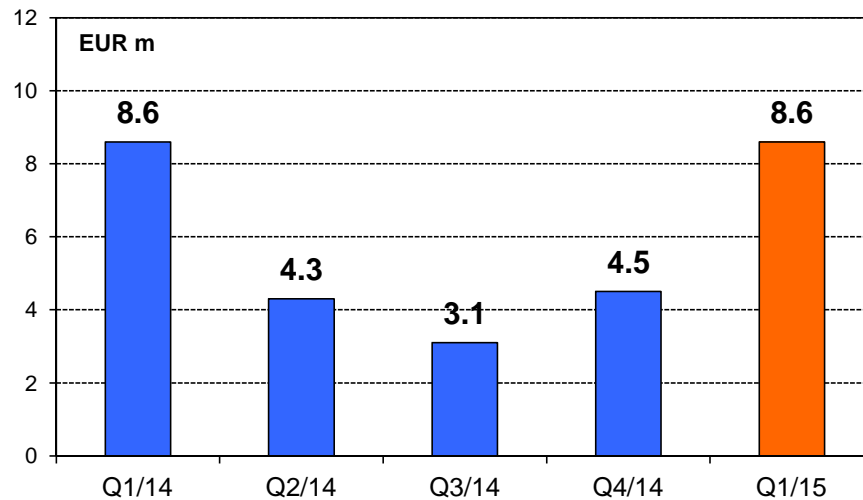
- Consumption of oil products started to give small signals of recovery in the Euro Zone during Q1/15
- **Comparable EBITDA at EUR -1.3m, vs. EUR -1.2m in Q1/14**
  - ✓ Wholesale margins under strong pressure, due to intensified competitive pressure from inland refineries (runs at max capacity)
  - ✓ Higher blending costs with biofuels in Italy (due to blending mandate raised at 5% in 2015, vs. 4.5% last year)
  - ✓ Saras Group still managed to increase its sales and market share (volumes sold in Italy up by 12%, and in Spain up by 15% vs. Q1/14)

EUR million	Q1/15	Q1/14	Q4/14
Comparable EBITDA	(1.3)	(1.2)	2.2
Comparable EBIT	(3.1)	(3.3)	(0.2)

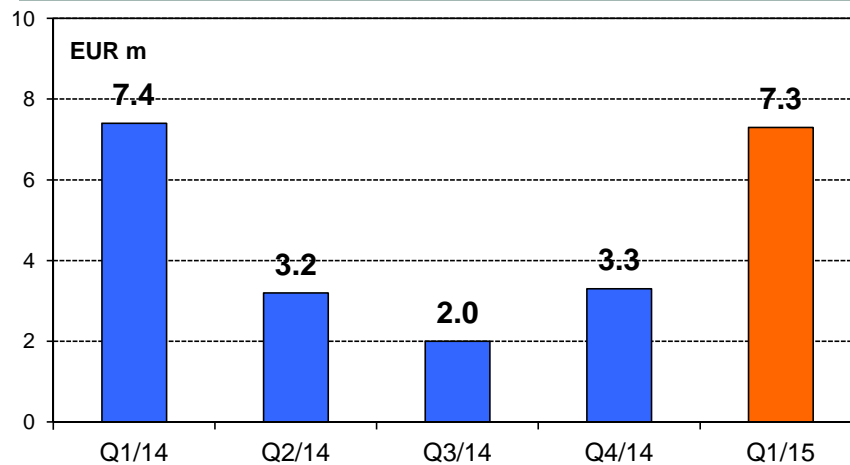


# Segment Review: Wind Power

## Comparable EBITDA



## Comparable EBIT



## Q1/15

### Comparable EBITDA at EUR 8.6m, in line with Q1/14

- ✓ Q1/15 enjoyed higher power production (+12%, at 69,019MWh), as well as higher values for the power tariff and the Green Certificates (respectively +2% and +1%, vs. Q1/14)
- ✓ Q1/14 benefited from certain cost capitalizations

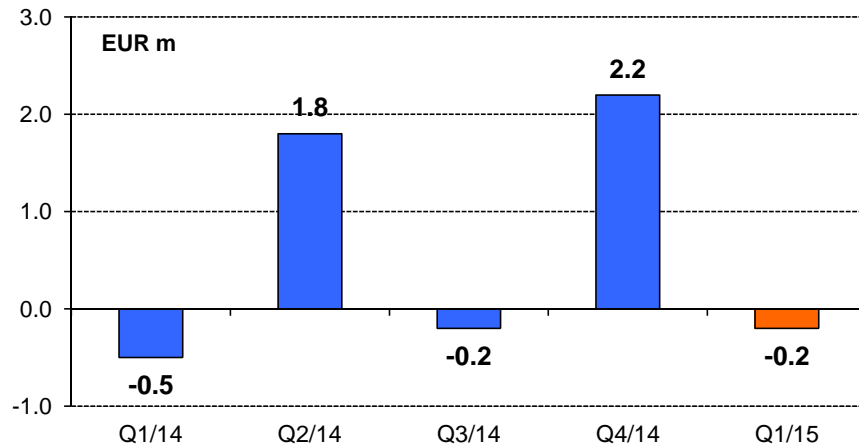
EUR million	Q1/15	Q1/14	Q4/14
Comparable EBITDA	8.6	8.6	4.5
Comparable EBIT	7.3	7.4	3.3

Note: IFRS EBITDA of Wind segment is coincident with *Comparable EBITDA*



# Segment Review: Others

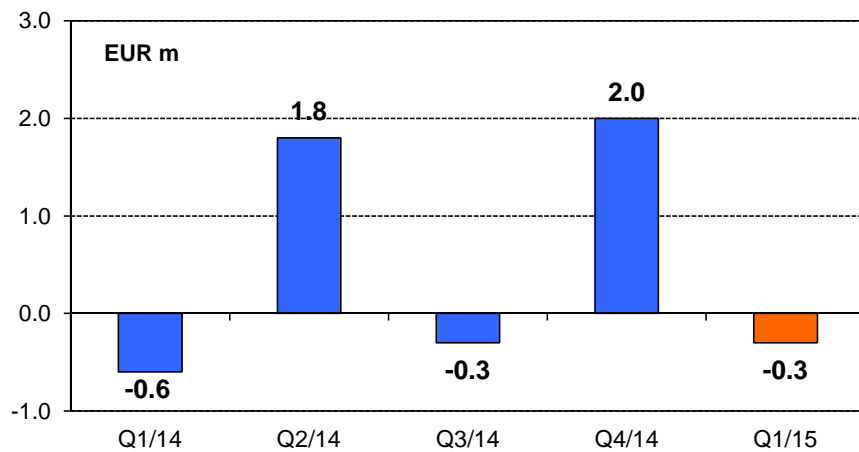
## Comparable EBITDA



## Q1/15

- Comparable EBITDA at EUR -0.2m, vs. EUR -0.5m in Q1/14

## Comparable EBIT



EUR million	Q1/15	Q1/14	Q4/14
Comparable EBITDA	(0.2)	(0.5)	2.2
Comparable EBIT	(0.3)	(0.6)	2.0



➤ **Financials**



## Financials: Key Income Statement Figures

KEY INCOME STATEMENT (EUR m)	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<b>EBITDA</b>	<b>(17.0)</b>	<b>32.6</b>	<b>(19.5)</b>	<b>(233.1)</b>	<b>(237.0)</b>	<b>135.6</b>
<i>Comparable</i> <b>EBITDA</b>	<b>8.4</b>	<b>6.0</b>	<b>18.5</b>	<b>106.1</b>	<b>139.0</b>	<b>144.2</b>
D&A(*)	(48.5)	(49.4)	(50.0)	100.5	(47.4)	(57.0)
<b>EBIT</b>	<b>(65.5)</b>	<b>(16.8)</b>	<b>(69.5)</b>	<b>(132.6)</b>	<b>(284.4)</b>	<b>78.6</b>
<i>Comparable</i> <b>EBIT</b>	<b>(40.1)</b>	<b>(42.2)</b>	<b>(31.5)</b>	<b>51.9</b>	<b>(61.9)</b>	<b>87.2</b>
Interest expense	(8.7)	(8.6)	(10.1)	(12.7)	(40.2)	(8.7)
Other	1.5	(13.0)	15.8	58.3	62.7	35.5
<b>Financial Income/Expense</b>	<b>(7.2)</b>	<b>(21.6)</b>	<b>5.7</b>	<b>45.6</b>	<b>22.6</b>	<b>26.8</b>
<b>Profit before taxes</b>	<b>(72.7)</b>	<b>(38.4)</b>	<b>(63.7)</b>	<b>(87.0)</b>	<b>(261.8)</b>	<b>105.4</b>
Taxes	21.0	6.7	20.4	(48.1)	0.0	(31.3)
<b>Net Result</b>	<b>(51.7)</b>	<b>(31.7)</b>	<b>(43.4)</b>	<b>(135.1)</b>	<b>(261.8)</b>	<b>74.2</b>
Adjustments	11.3	(6.8)	13.9	159.8	178.2	(19.6)
<b>Adjusted Net Result</b>	<b>(40.4)</b>	<b>(38.4)</b>	<b>(29.5)</b>	<b>24.7</b>	<b>(83.6)</b>	<b>54.5</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. Q4/14 also includes a write-off (EUR -23 ml pre-tax) of the work-in-progress of some refinery units, no longer needed thanks to Versalis' acquisition





## Financials: Income Statement Adjustments

EBITDA Adjustment (EUR m)	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<b>EBITDA</b>	<b>(17.0)</b>	<b>32.6</b>	<b>(19.5)</b>	<b>(233.1)</b>	<b>(237.0)</b>	<b>135.6</b>
(LIFO – FIFO) inventories	24.3	(24.3)	46.8	357.9	404.7	(13.3)
Non-recurring items	0.0	0.0	0.0	(50.7)	(50.7)	0.0
Realized result of derivatives and net Forex	1.1	(2.3)	(8.8)	32.0	22.0	21.9
<b>Comparable EBITDA</b>	<b>8.4</b>	<b>6.0</b>	<b>18.5</b>	<b>106.1</b>	<b>139.0</b>	<b>144.2</b>

Net Result Adjustment (EUR m)	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<b>Net Result</b>	<b>(51.7)</b>	<b>(31.7)</b>	<b>(43.4)</b>	<b>(135.1)</b>	<b>(261.8)</b>	<b>74.2</b>
(LIFO – FIFO) inventories net of taxes	15.0	(14.9)	30.3	263.4	293.8	(9.7)
Non-recurring items net of taxes	0.0	1.2	0.0	(86.9)	(85.7)	0.0
Fair value of derivatives' open positions net of taxes	(3.8)	6.9	(16.4)	(16.7)	(29.9)	(9.9)
<b>Adjusted Net Result</b>	<b>(40.4)</b>	<b>(38.4)</b>	<b>(29.5)</b>	<b>24.7</b>	<b>(83.6)</b>	<b>54.5</b>



## Financials: Key Balance Sheet Figures

EUR million	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
<b>Current assets</b>	<b>2,210</b>	<b>2,216</b>	<b>2,175</b>	<b>2,241</b>	<b>2,112</b>
CCE and financial assets held for trading	540	493	536	669	707
Other current assets	1,670	1,724	1,639	1,571	1,404
<b>Non-current assets</b>	<b>1,524</b>	<b>1,500</b>	<b>1,520</b>	<b>1,621</b>	<b>1,560</b>
<b>TOTAL ASSETS</b>	<b>3,734</b>	<b>3,716</b>	<b>3,695</b>	<b>3,862</b>	<b>3,672</b>
<b>Current Liabilities</b>	<b>2,020</b>	<b>2,070</b>	<b>2,177</b>	<b>2,506</b>	<b>2,133</b>
Short-Term financial liabilities	224	183	455	550	372
Other current liabilities	1,796	1,887	1,722	1,956	1,761
<b>Non-Current Liabilities</b>	<b>844</b>	<b>807</b>	<b>723</b>	<b>696</b>	<b>805</b>
Long-Term financial liabilities	385	367	291	277	418
Other non-current liabilities	459	440	432	419	387
<b>Shareholders Equity</b>	<b>870</b>	<b>839</b>	<b>796</b>	<b>660</b>	<b>734</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,734</b>	<b>3,716</b>	<b>3,695</b>	<b>3,862</b>	<b>3,672</b>

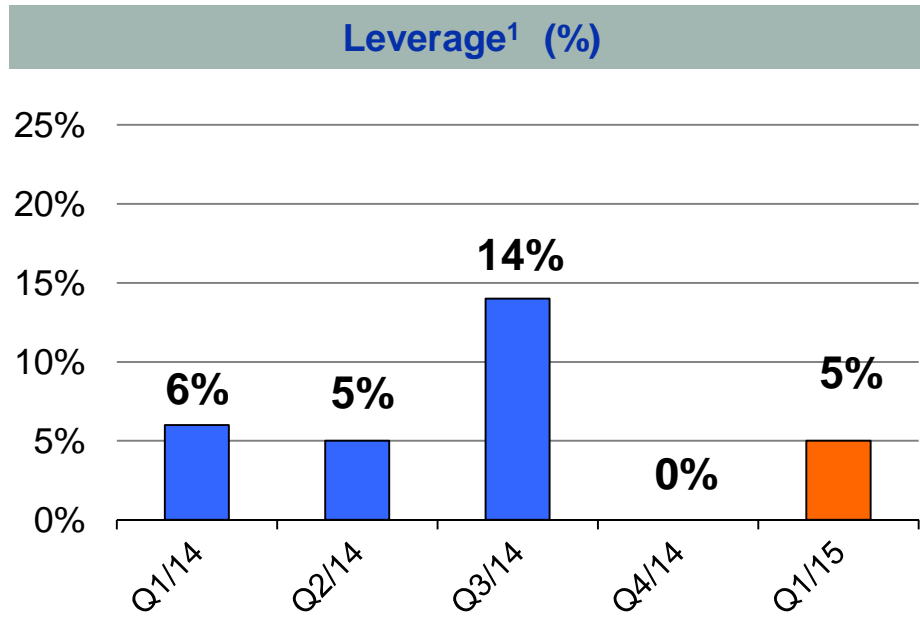


## Financials: CAPEX

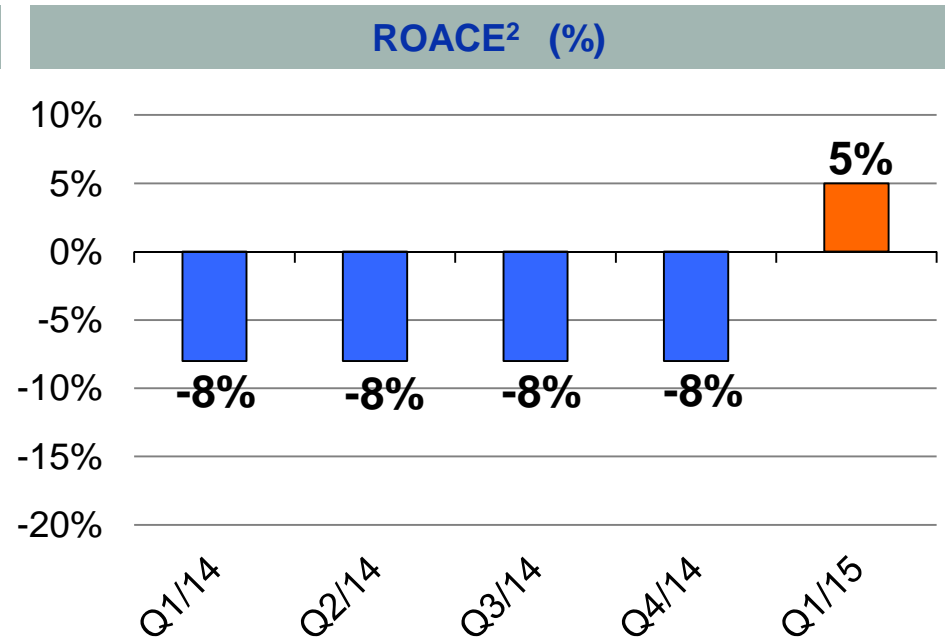
<b>CAPEX BY SEGMENT</b> (EUR million)	<b>Q1/14</b>	<b>Q2/14</b>	<b>Q3/14</b>	<b>Q4/14</b>	<b>2014</b>	<b>Q1/15</b>
REFINING	18.1	16.4	48.4	41.9	124.9	19.1
POWER GENERATION	4.5	0.2	0.3	1.9	6.8	3.2
MARKETING	0.6	1.0	0.6	0.9	3.0	0.2
WIND	0.2	0.1	0.0	0.3	0.6	0.0
OTHER ACTIVITIES	0.3	0.3	0.4	0.0	0.9	0.2
<b>TOTAL CAPEX</b>	<b>23.7</b>	<b>18.0</b>	<b>49.7</b>	<b>44.9</b>	<b>136.3</b>	<b>22.7</b>



# Financials: Key Ratios



1. Leverage =  $\text{NFP}/(\text{NFP}+\text{Equity})$



2. After tax, quarterly figures are 1 year rolling



➤ **Outlook & Strategy**



- Q2/15 is unfolding positively and refining margins are holding broadly in line with Q1/15, notwithstanding a certain recovery in crude oil quotations (EMC Benchmark margin at +3.6 \$/bl in Q2/15-to-date), thanks to the support provided by robust demand for summer grade gasoline, and well-balanced diesel market
- Crude oil supply continues to exceed demand, creating favourable conditions for complex and versatile refineries such as the one owned and operated by the Saras Group, that is capable of processing even the most difficult and unconventional kind of feedstock
- Positive influence on 2015 outlook derives from continued strength of US dollar which, in April, posted a monthly average of approx. 1.078 USD for 1 Euro (i.e. 5% stronger than the average of 1.126 set in Q1/15). As it is well known, strong dollar supports the results of the Refining segment
- Moreover, the results of the Refining segment are benefitting also from high operational availability, because the maintenance programme of the refinery for the year 2015 is quite light (total runs should be close to 15 million tons, up by more than 2.5 million tons vs. FY 2014)
- It continues apace and in line with original programme, the integration of the petrochemical plants acquired from Versalis within Sarlux Srl (which is Saras' wholly owned subsidiary active in refining & power operations)
- Finally, notwithstanding the delays in the development of the commercial JV between Rosneft and Saras due to political tensions between Europe and Russia, the cooperation between the two companies continues to remain solid and intense: to that purpose, Saras will open an office in Geneva dedicated to oil trading
- Moving to the Power Generation segment, its financial results in FY 2015 are expected to stay strong, thanks to a combination of stable revenues and decreasing costs for the procurement of the feedstock
- Finally, signals confirm the progressive recovery in oil products' consumption in the Euro zone, as a consequence of improving macroeconomic conditions and the reduction of fuels' retail prices. Such effects should allow for a recovery of the profitability of Saras' Marketing segment, as we move along the year



➤ **Additional Information**



## Additional information: 2015 Maintenance Schedule

		Q1/15	Q2/15 expected	Q3/15 expected	Q4/15 expected	2015 expected
<b>REFINERY</b>						
Refinery runs	Tons (m) Bbls (m)	3.7 27.0	3.6 ÷ 3.8 26.3 ÷ 27.7	3.4 ÷ 3.6 24.8 ÷ 26.3	3.6 ÷ 3.8 26.3 ÷ 27.7	14.3 ÷ 14.9 104 ÷ 109
EBITDA reduction due to scheduled maintenance	USD (m)	22		16 ÷ 20	4 ÷ 6	42 ÷ 48
<b>IGCC</b>						
Power production	MWh (m)	1.02	1.10 ÷ 1.20	1.10 ÷ 1.20	0.95 ÷ 1.05	4.17 ÷ 4.47





## Additional information: Refining

EUR million	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
EBITDA	(75.7)	(29.9)	(81.3)	(309.4)	(496.3)	68.3
<b>Comparable EBITDA</b>	<b>(50.0)</b>	<b>(57.9)</b>	<b>(43.3)</b>	<b>11.1</b>	<b>(140.1)</b>	<b>83.3</b>
EBIT	(104.4)	(58.6)	(111.6)	(366.1)	(640.7)	38.2
<b>Comparable EBIT</b>	<b>(78.7)</b>	<b>(86.6)</b>	<b>(73.6)</b>	<b>(22.9)</b>	<b>(261.8)</b>	<b>53.1</b>
<b>CAPEX</b>	<b>18.1</b>	<b>16.4</b>	<b>48.4</b>	<b>41.9</b>	<b>124.9</b>	<b>19.1</b>
<b>REFINERY RUNS</b>						
Thousand tons	<b>3,297</b>	<b>3,124</b>	<b>2,866</b>	<b>3,144</b>	<b>12,430</b>	<b>3,705</b>
Million barrels	<b>24.1</b>	<b>22.8</b>	<b>20.9</b>	<b>22.9</b>	<b>90.7</b>	<b>27.0</b>
Barrels/day	<b>267</b>	<b>251</b>	<b>227</b>	<b>249</b>	<b>249</b>	<b>301</b>
<b>REFINERY MARGINS</b>						
EMC benchmark	<b>(1.9)</b>	<b>(1.5)</b>	<b>0.3</b>	<b>0.9</b>	<b>(0.5)</b>	<b>4.0</b>
Saras margin	<b>0.5</b>	<b>0.6</b>	<b>1.1</b>	<b>1.2</b>	<b>0.9</b>	<b>6.0</b>



## Additional information: Power Generation

EUR million	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<b>Comparable EBITDA</b>	51.5	52.4	50.4	86.1	240.4	53.9
<b>Comparable EBIT</b>	35.1	36.0	33.9	69.7	174.7	30.2
EBITDA IT GAAP	32.6	29.5	37.5	48.3	147.9	35.9
EBIT IT GAAP	17.2	14.0	21.9	32.7	85.9	20.7
<b>CAPEX</b>	4.5	0.2	0.3	1.9	6.8	3.2
<b>POWER PRODUCTION</b> <small>MWh/1000</small>	1,085	1,115	1,085	1,068	4,353	1,017
POWER TARIFF <small>€cent/KWh</small>	10.1	10.1	10.1	10.1	10.1	9.7
POWER IGCC MARGIN <small>\$/bl</small>	4.4	4.6	4.5	5.7	4.8	3.3



## Additional information: Marketing

EUR million	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
EBITDA	(0.9)	4.0	8.5	(16.5)	(4.9)	5.1
<b>Comparable EBITDA</b>	<b>(1.2)</b>	<b>5.4</b>	<b>8.5</b>	<b>2.2</b>	<b>14.9</b>	<b>(1.3)</b>
EBIT	(3.0)	3.3	6.5	(21.5)	(14.7)	3.3
<b>Comparable EBIT</b>	<b>(3.3)</b>	<b>3.4</b>	<b>6.5</b>	<b>(0.2)</b>	<b>6.4</b>	<b>(3.1)</b>
<b>CAPEX</b>	<b>0.6</b>	<b>1.0</b>	<b>0.6</b>	<b>0.9</b>	<b>3.0</b>	<b>0.2</b>
<b>SALES</b> (THOUSAND TONS)						
ITALY	553	613	637	646	2,449	621
SPAIN	320	312	298	303	1,234	369
<b>TOTAL</b>	<b>873</b>	<b>925</b>	<b>936</b>	<b>949</b>	<b>3,683</b>	<b>990</b>



## Additional information: Wind and Others

<b>Wind</b>	(EUR million)	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<i>Comparable</i> EBITDA		8.6	4.3	3.1	4.5	20.5	8.6
<i>Comparable</i> EBIT		7.4	3.2	2.0	3.3	15.9	7.3
<b>POWER PRODUCTION</b>	MWh	61,546	36,880	34,302	38,929	171,657	69,019
POWER TARIFF	€cent/KWh	4.8	4.4	4.5	5.7	4.8	4.9
GREEN CERTIFICATES	€cent/KWh	9.9	10.4	9.5	9.0	9.7	10.0
<b>CAPEX</b>		<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.6</b>	<b>0.0</b>

<b>Others</b>	(EUR million)	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15
<i>Comparable</i> EBITDA		(0.5)	1.8	(0.2)	2.2	3.3	(0.2)
<i>Comparable</i> EBIT		(0.6)	1.8	(0.3)	2.0	2.9	(0.3)
<b>CAPEX</b>		<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.0</b>	<b>0.9</b>	<b>0.2</b>