Capital Markets Day

Sarroch, Italy – 15th October 2015

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Agenda

Topic	Host	Time
Opening & Group overview	• D. Scaffardi	9:15-9:30
Market trends and scenarios	• J. Benigni (JBC)	9:30-10:20
Supply Chain management	• D. Scaffardi	10:20-10:40
Coffee break (10')		
Saras Trading SA	• M. Schiavetti	10:50-11:10
Improvement initiatives and mid-term site options	• G. Citterio • F. Ferri	11:10-12:00
Lunch break (60')		
Site presentation and visit	• V. Greco	13:00-14:15
Business plan	• C. Costanzo	14:15-14:55
Closing remarks	• D. Scaffardi	14:55-15:00

Saras Senior Managers presenting today

Dario Scaffardi

Group Executive VP and General Manager

Corrado Costanzo

Group CFO

Vincenzo Greco

Sarlux CEO

Giuseppe Citterio

Planning, Industrial Devel.t and Group Controller

Marco Schiavetti

Supply & Trading Director and Saras Trading CEO

Fernando Ferri

HR Director

Saras investment thesis: **our value proposition**

1. Major downstream player focused on **refining and power generation**

2. Ideally positioned to exploit **strong market fundamentals**

3. **Integrated supply chain driven** business model to amplify value creation

4. Strong track record **in delivering improvement projects** and **new initiatives** to further unlock value

5. **Top-tier site** with large, complex, integrated, flexible and trading-oriented asset

6. **Low capital intensity** to keep market leadership and profitability

Group presentation video

- **Group overview and history**: A diversified downstream player
- **Refining**: Top performance refinery with highly flexible site configuration, fully integrated with Power Gen and Pet Chem
- **Power Generation**: The world's largest liquid feedstock gasification plant (IGCC)
- **Supply & Trading**: Best-in-class Supply & Trading
- **Marketing**: Marketing activities in Italy and Spain
- **Wind**: Relevant presence in the renewable energy sector
- **Industrial Services**: Engineering, Environmental, Automation and Analytics
- **HSE**: Sustainability and long-lasting attention to HSE



1. Market trends and scenarios

2. Supply chain management

3. Saras Trading SA

4. Improvement initiatives & mid-term site options

5. Site presentation and visit

6. Business plan

7. Closing remarks

Expert's view: **Johannes Benigni**

Johannes Benigni

Chairman & Founder
JBC Energy Group

- Mr. Benigni is the chairman and founder of **JBC Energy Group.** Currently he is based in Singapore
- JBC Energy was founded by Mr. Benigni in Vienna in the early 1990s, currently with operations in Vienna and Singapore
- JBC Energy provides world leading expertise and analytical oil and gas market research, consulting as well as training services.
- Mr. Benigni is specialized in advising oil and gas companies on strategy, integrated supply, trading and pricing
- JBC Energy services more than 200 leading IOCs, NOCs and stock listed companies, top class financial institutions and international trading firms around the globe
- Mr. Benigni's insight and international network into energy market developments is frequently reported by business media and news companies
- www.jbcenergy.com www.jbcasia.com

Special Presentation

Market Trends and Scenarios

Saras

Johannes Benigni

Capital Markets Day
15 October 2015

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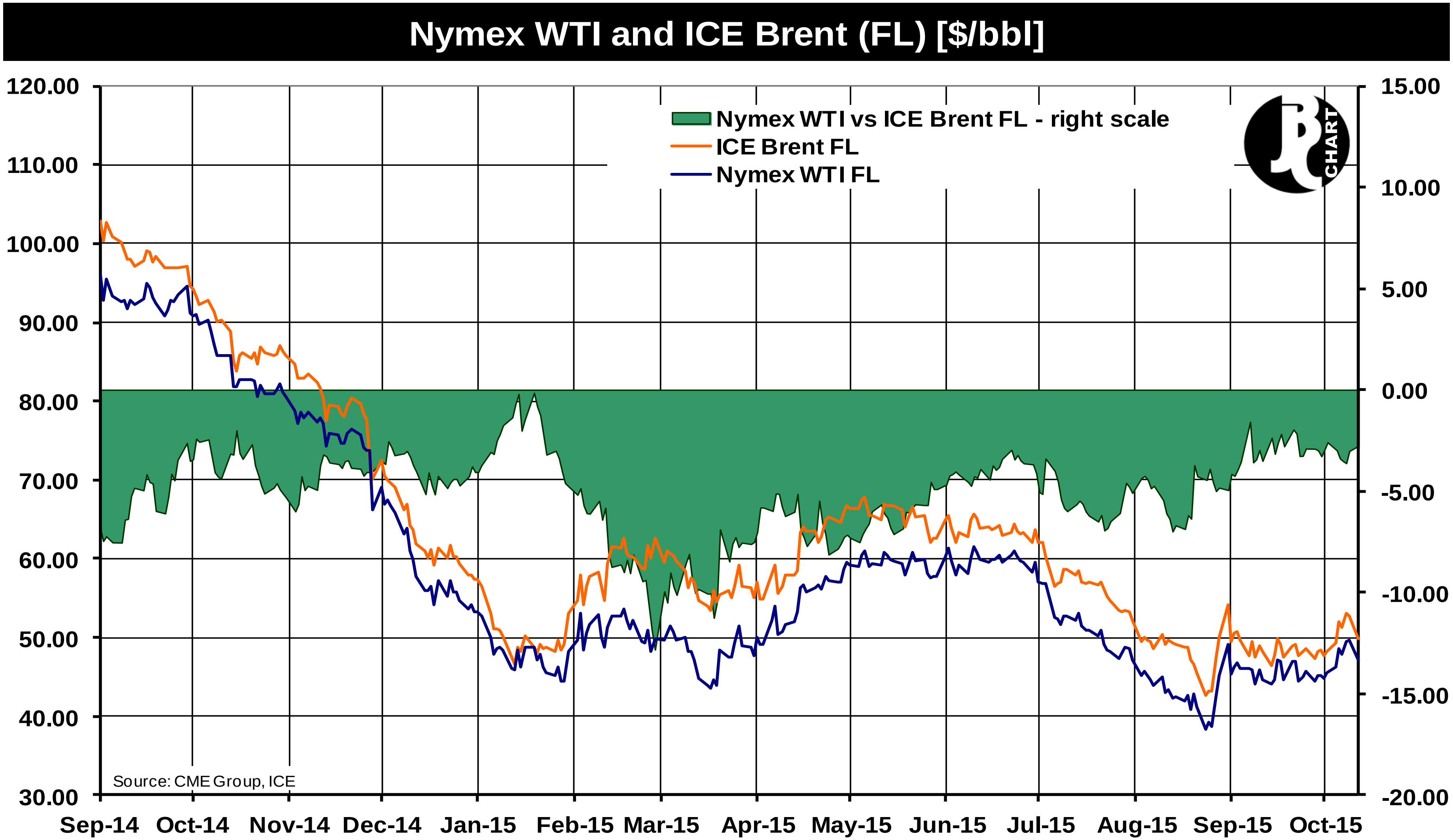
Agenda

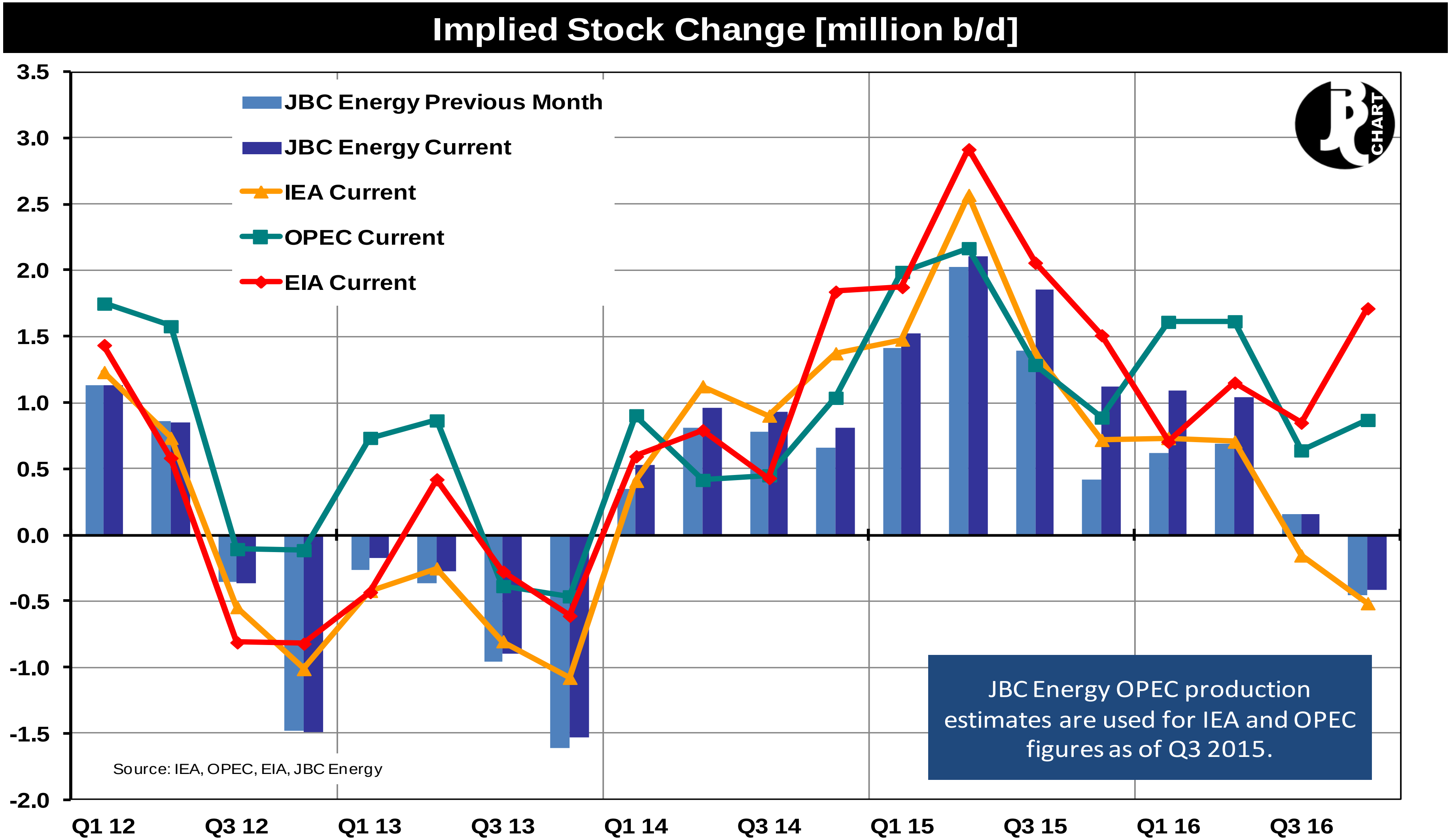
- Crude/Oil Supply & Balances
- Oil Demand
- Global Refining

Crude Oil Supply & Balances



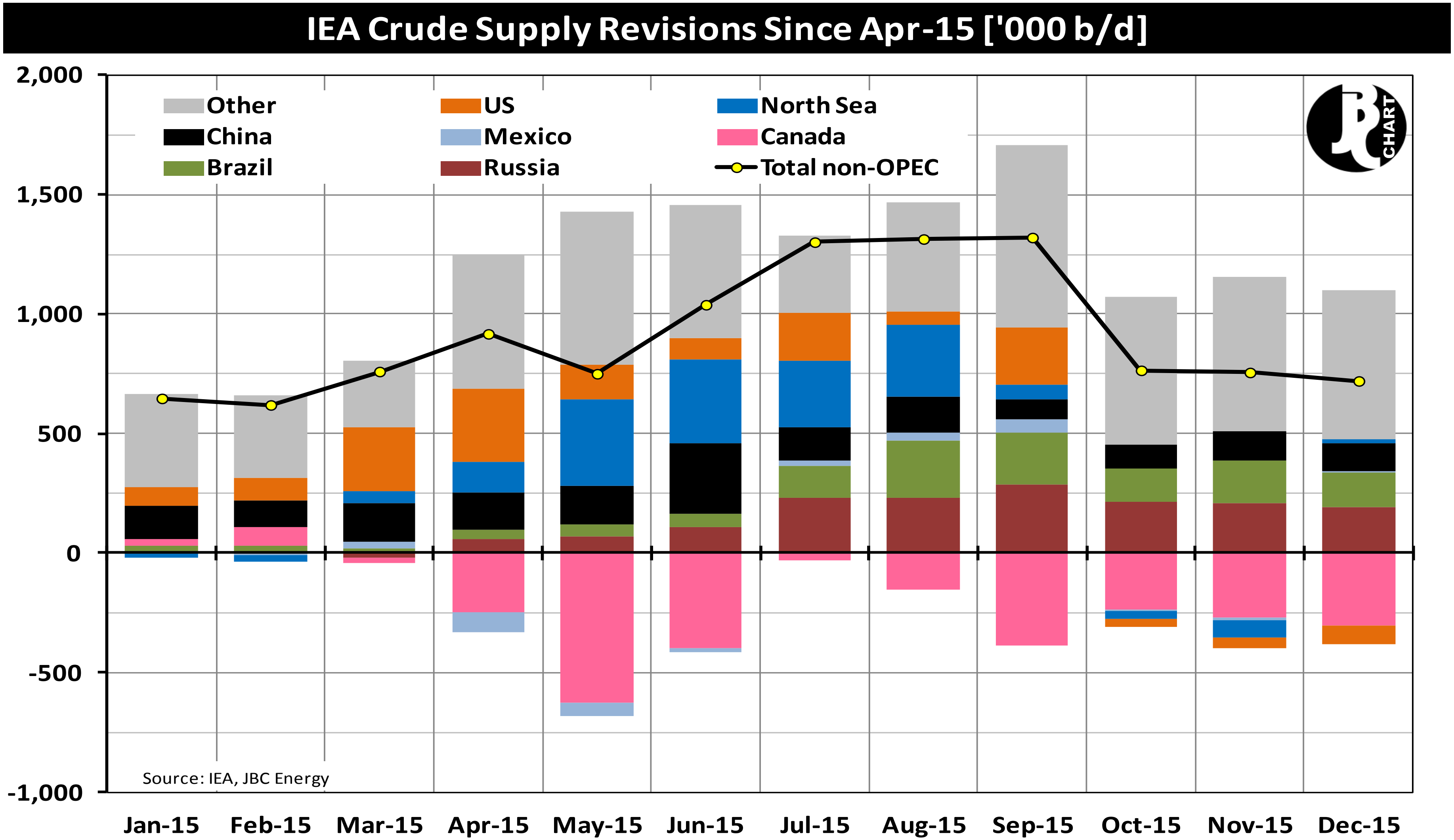
Based on declining US production and a weak Brent market the WTI/Brent spread could temporarily strengthen in the coming weeks. Over Q4 we expect an average of about $4 per barrel in line with logistical costs.

Crude Oil Supply & Balances



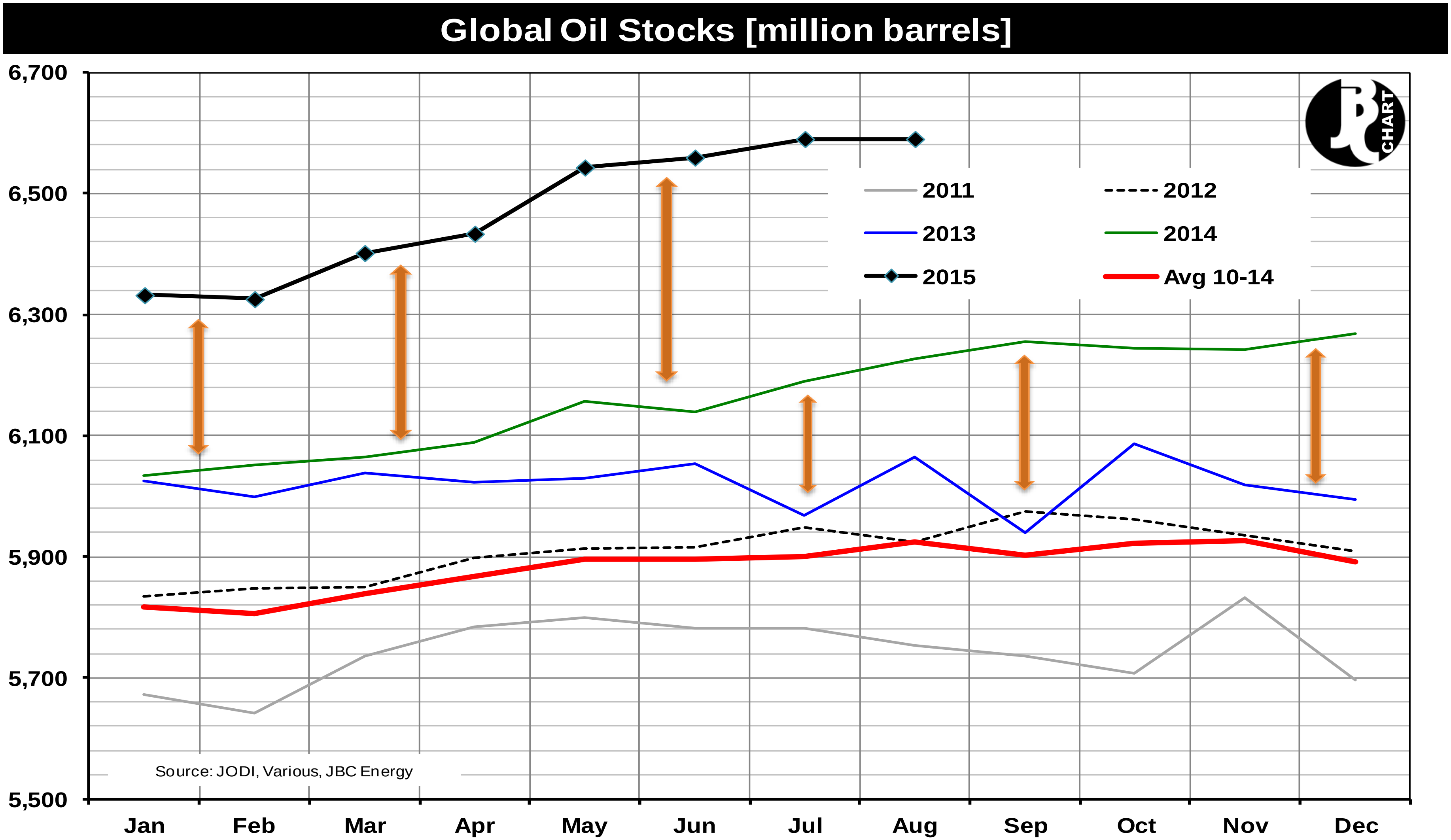
According to our latest balances the world will see a continued oversupply of about 1 million b/d for the next three quarters before the market will start to tighten in H2 2016.

Crude Oil Supply & Balances



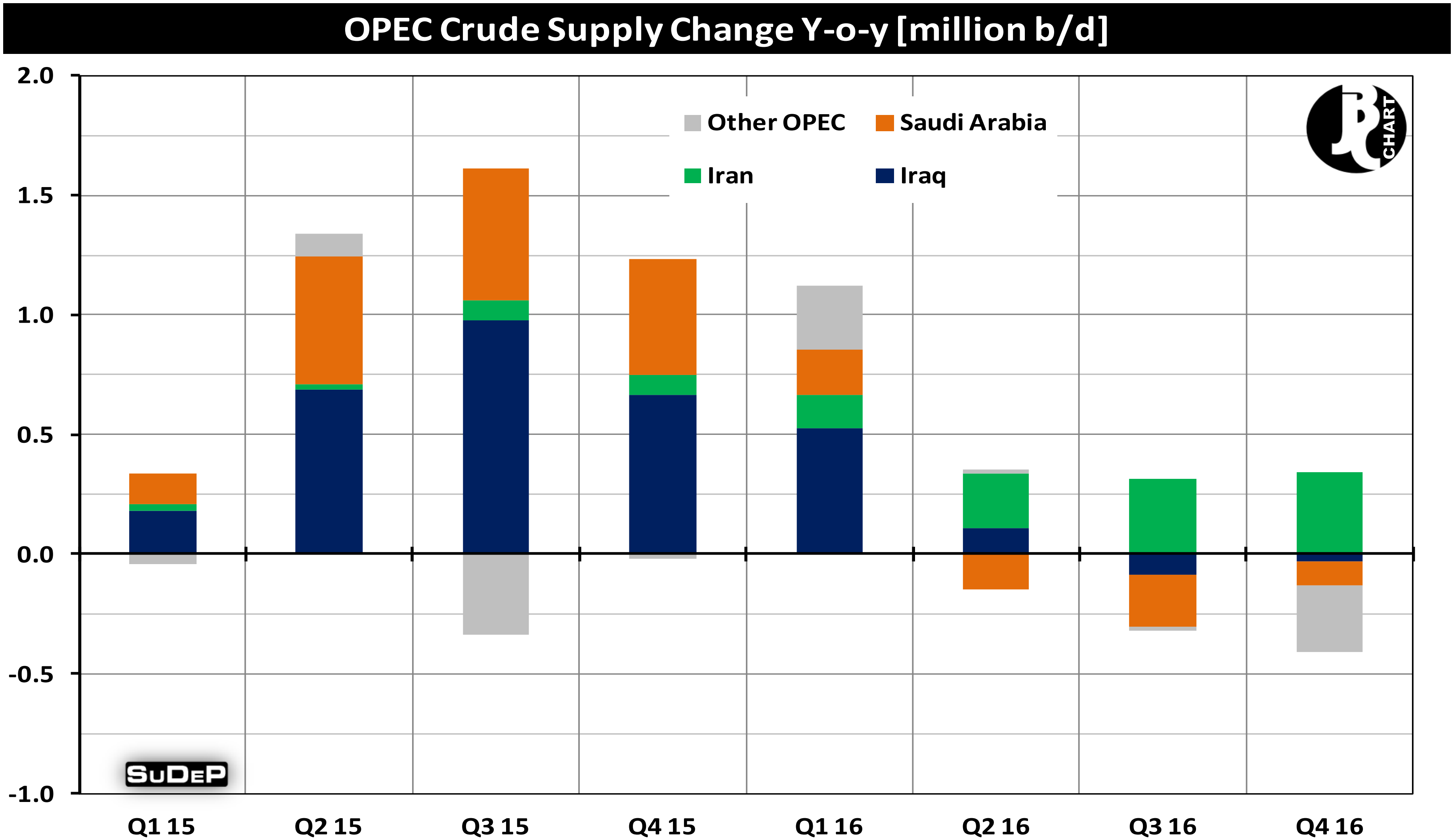
Supply resilience is still very high and so is forecast uncertainty; IEA supply revisions for the summer months amounted to 1 million b/d within a period of just 3 months

Crude Oil Supply & Balances



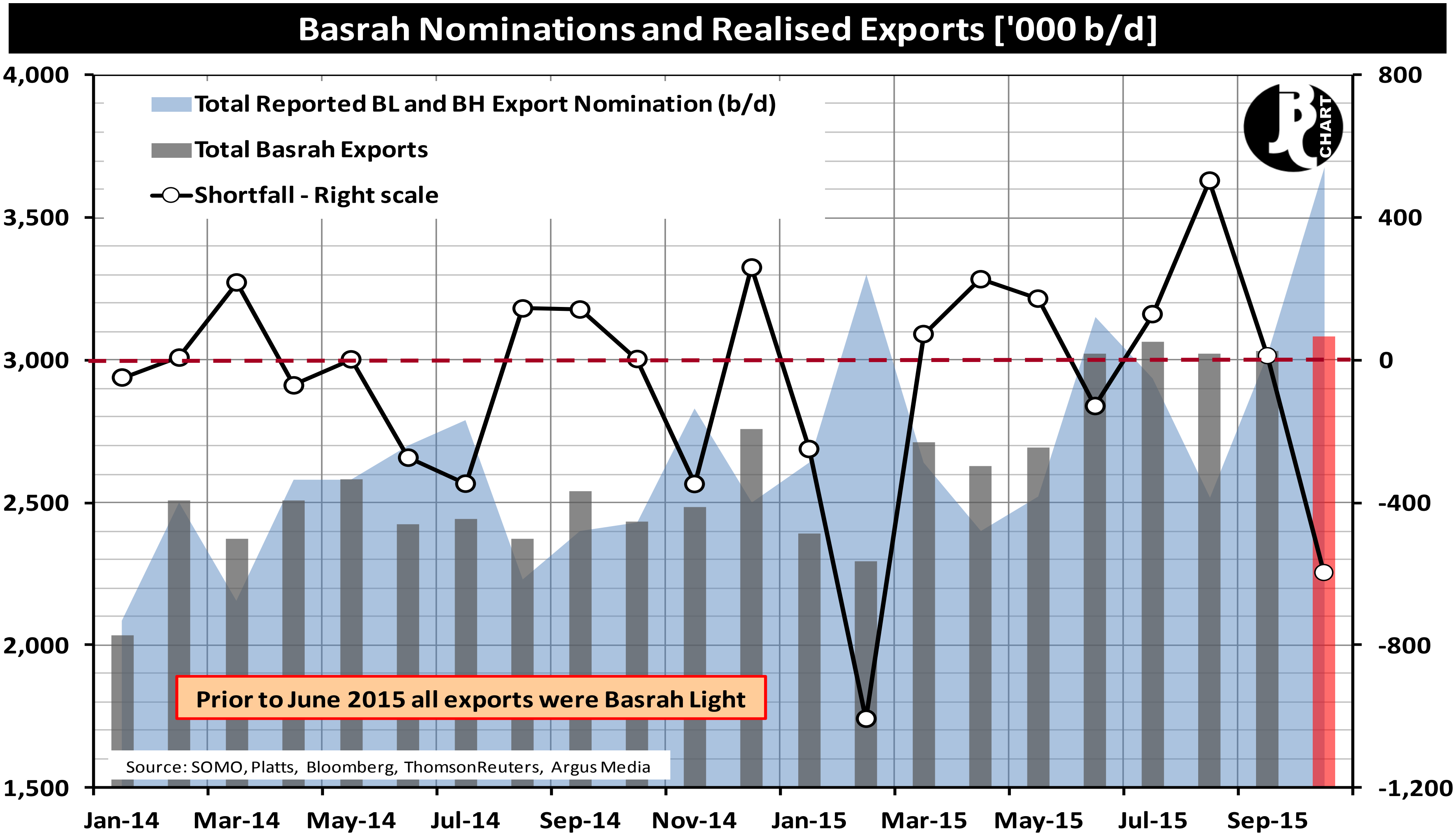
Ytd observed oil stockbuilds (crude + products) have amounted to some 1.7 million b/d

Crude Oil Supply & Balances



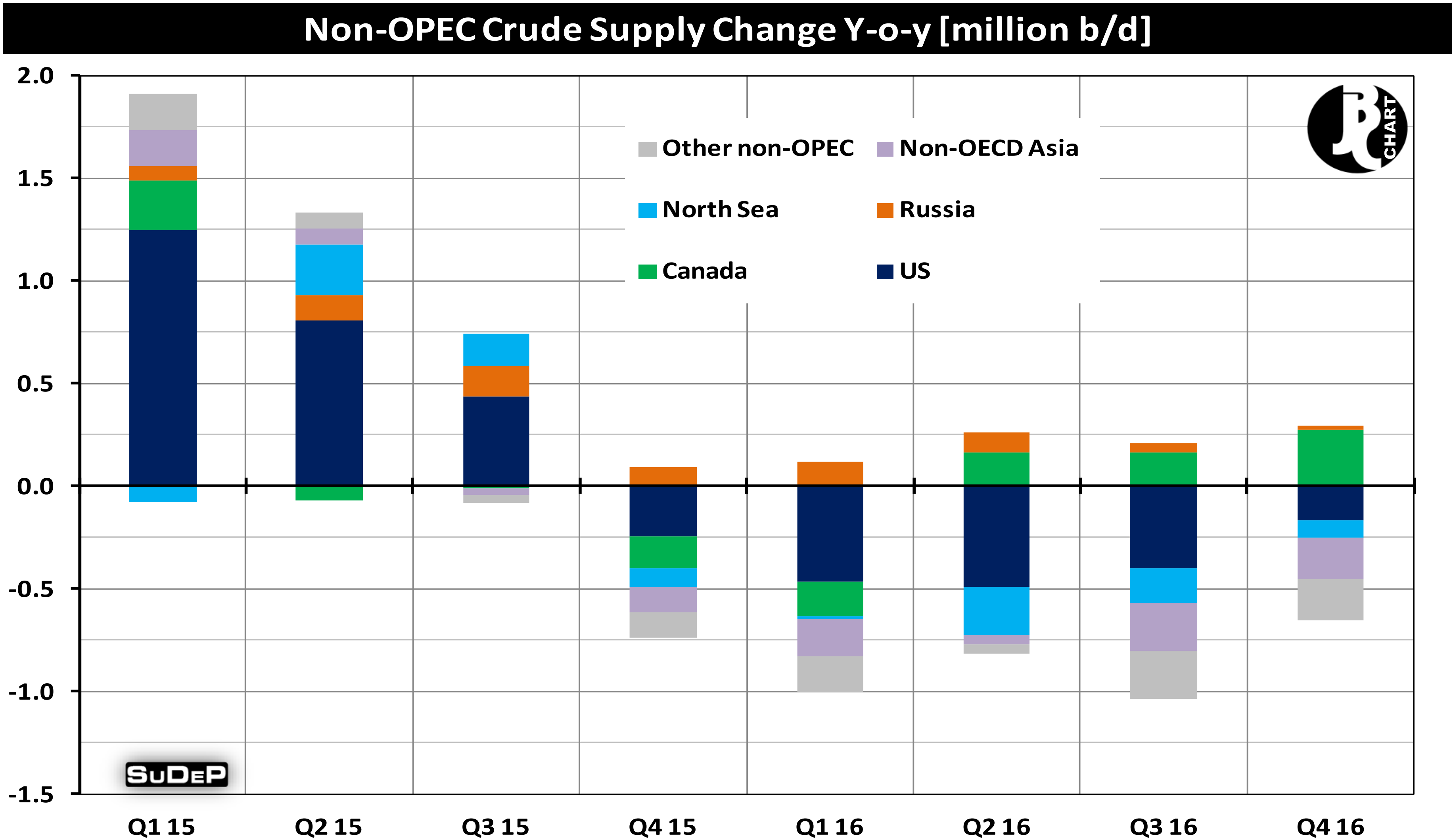
OPEC crude supply growth to come down significantly with Iranian volumes the biggest driver of growth next year

Crude Oil Supply & Balances



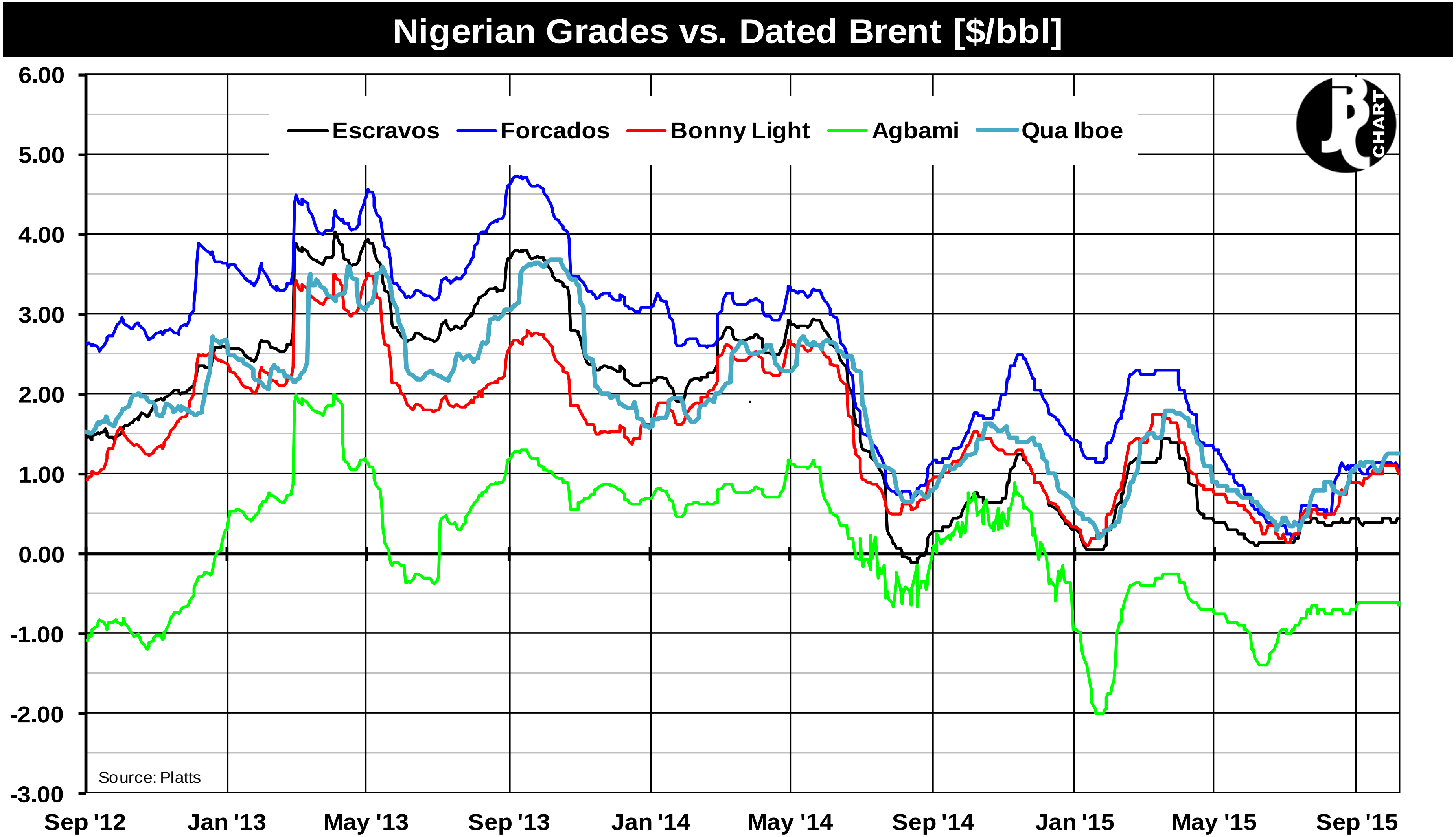
Nominations overstate expected loadings - this has happened previously and is a means to ensure sufficient vessel availability and thereby avoid costly shut-ins. We do not expect Basrah Exports to rise beyond 3.2 million b/d.

Crude Oil Supply & Balances



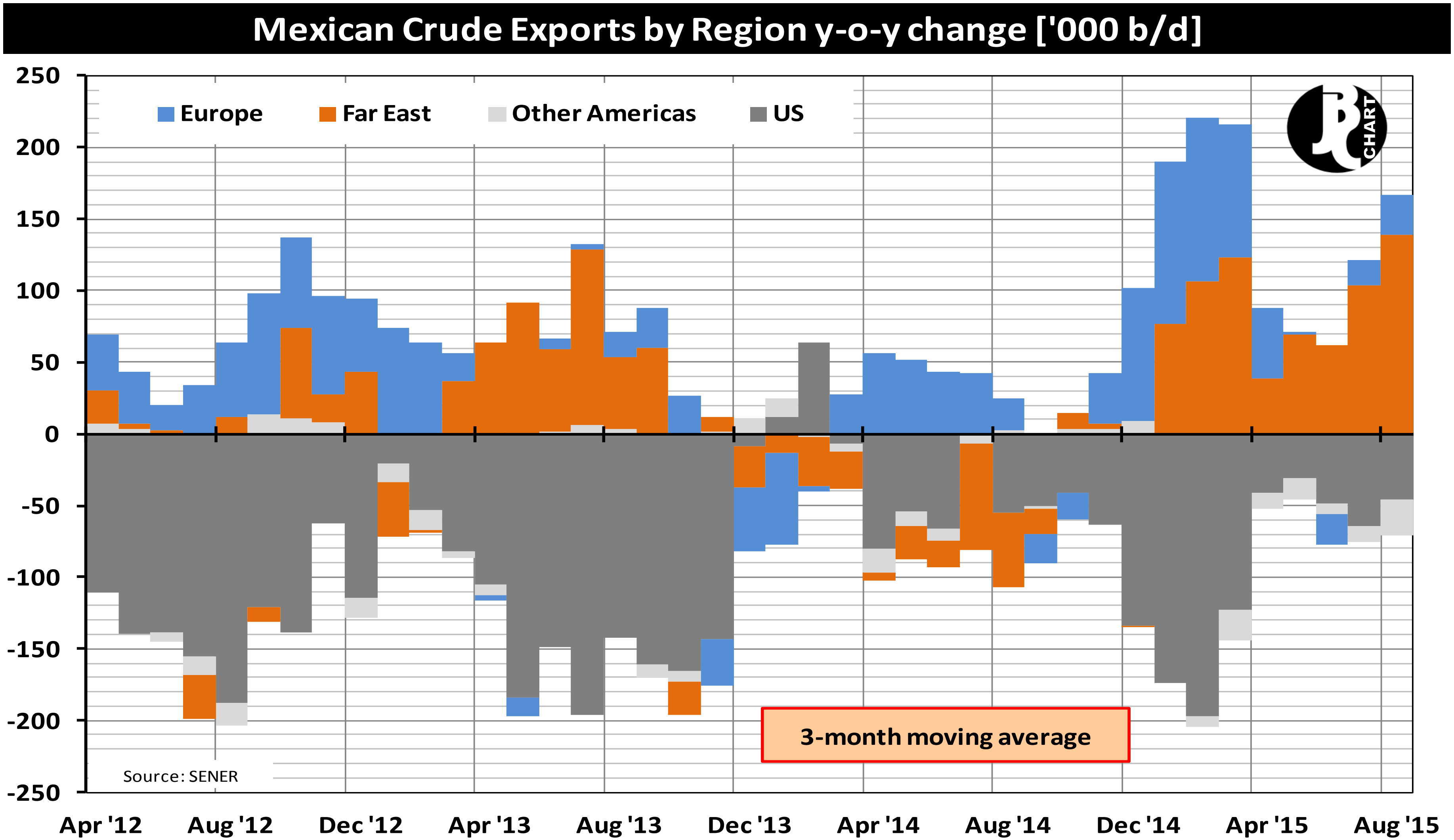
Non-OPEC supply has thus far continued to add meaningful volumes, but is expected to go into decline next year

Crude Oil Supply & Balances



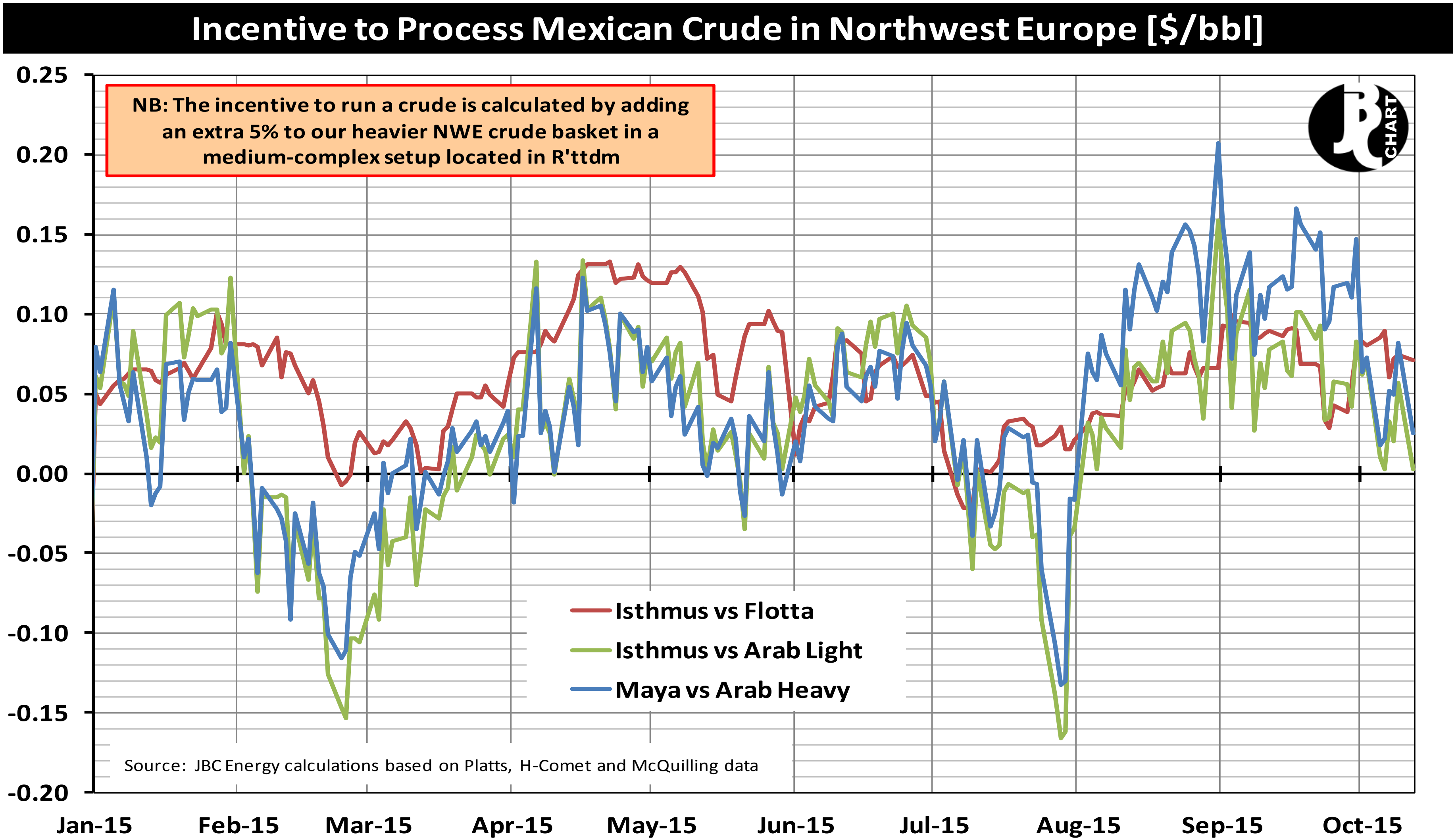
Oversupply can result in more attractive prices as defined by the market

Crude Oil Supply & Balances



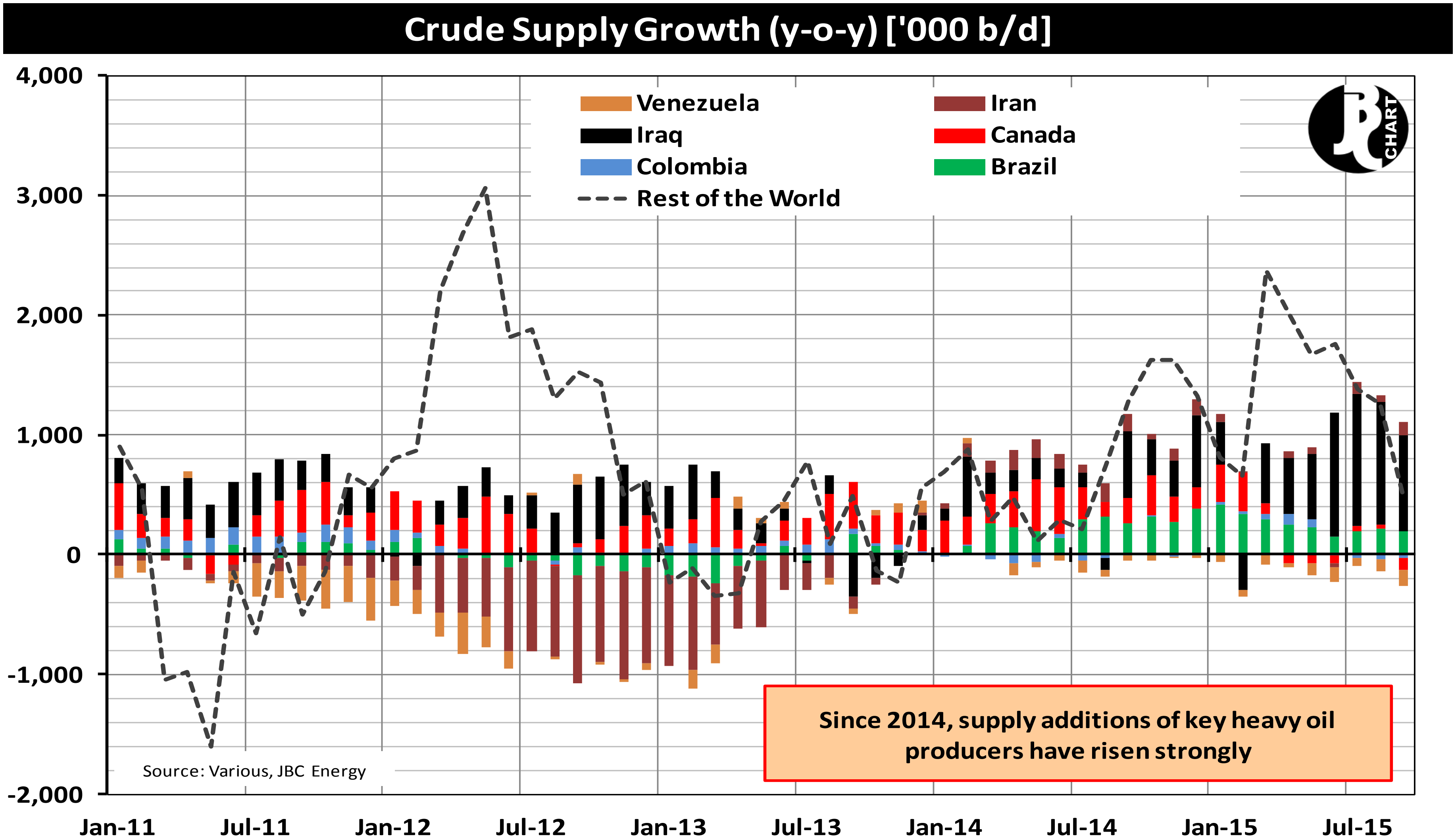
Mexican crude exports to Asia and Europe have increased significantly

Crude Oil Supply & Balances



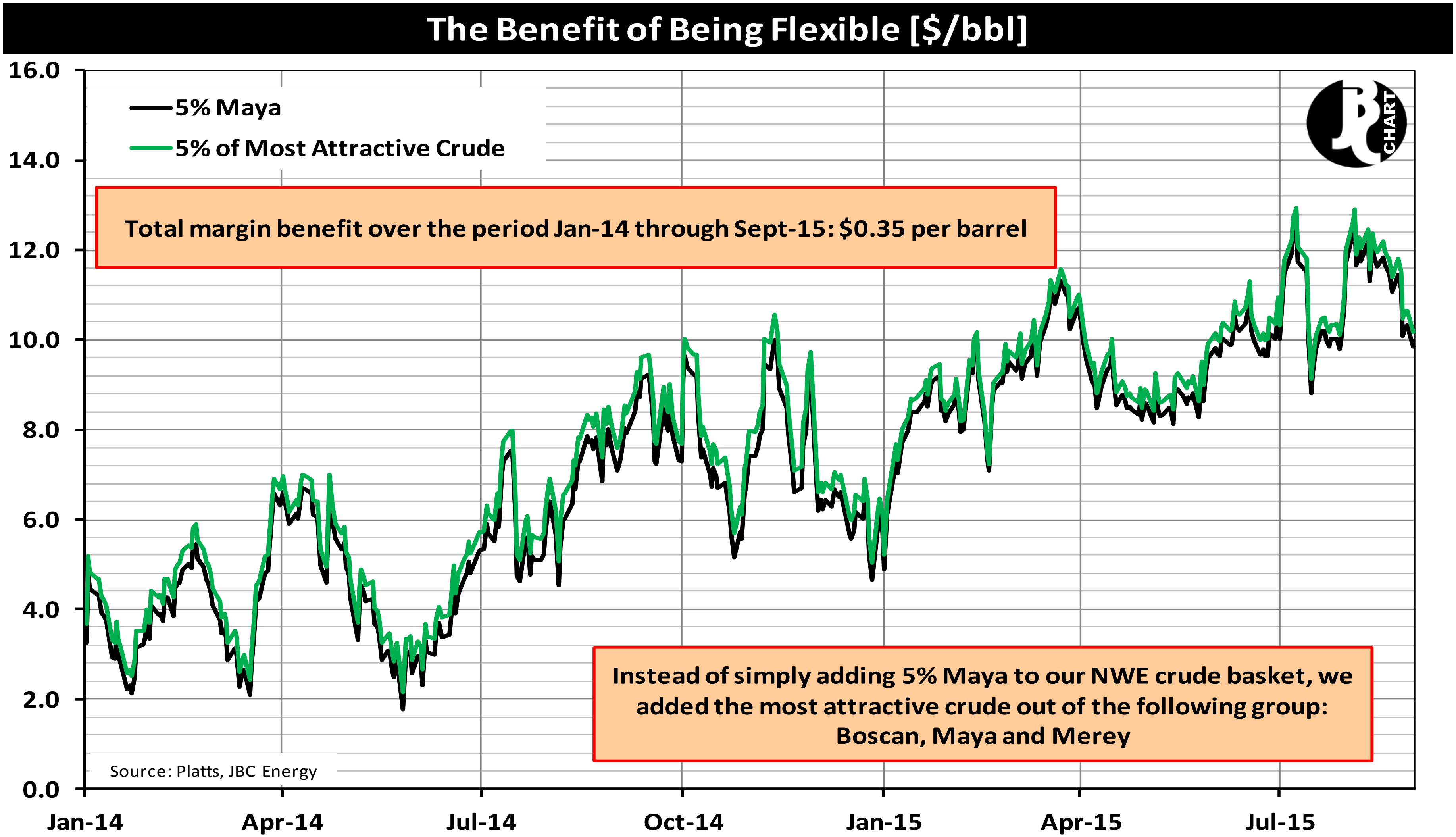
Mexico's k factor setting makes its barrels attractive in Europe and Asia

Crude Oil Supply & Balances



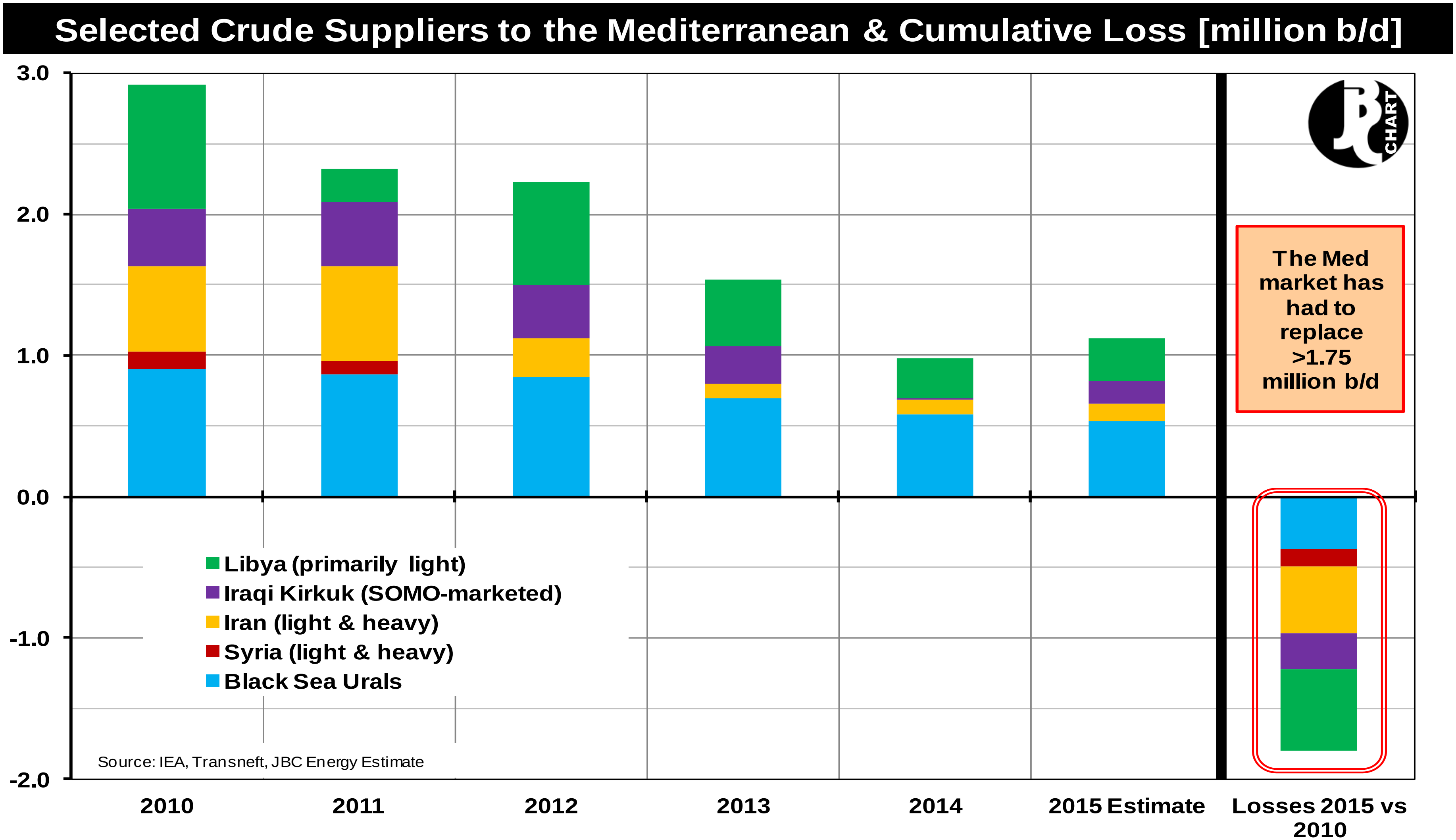
Heavy oil producers have added massive volumes to global crude markets since 2014

Crude Oil Supply & Balances



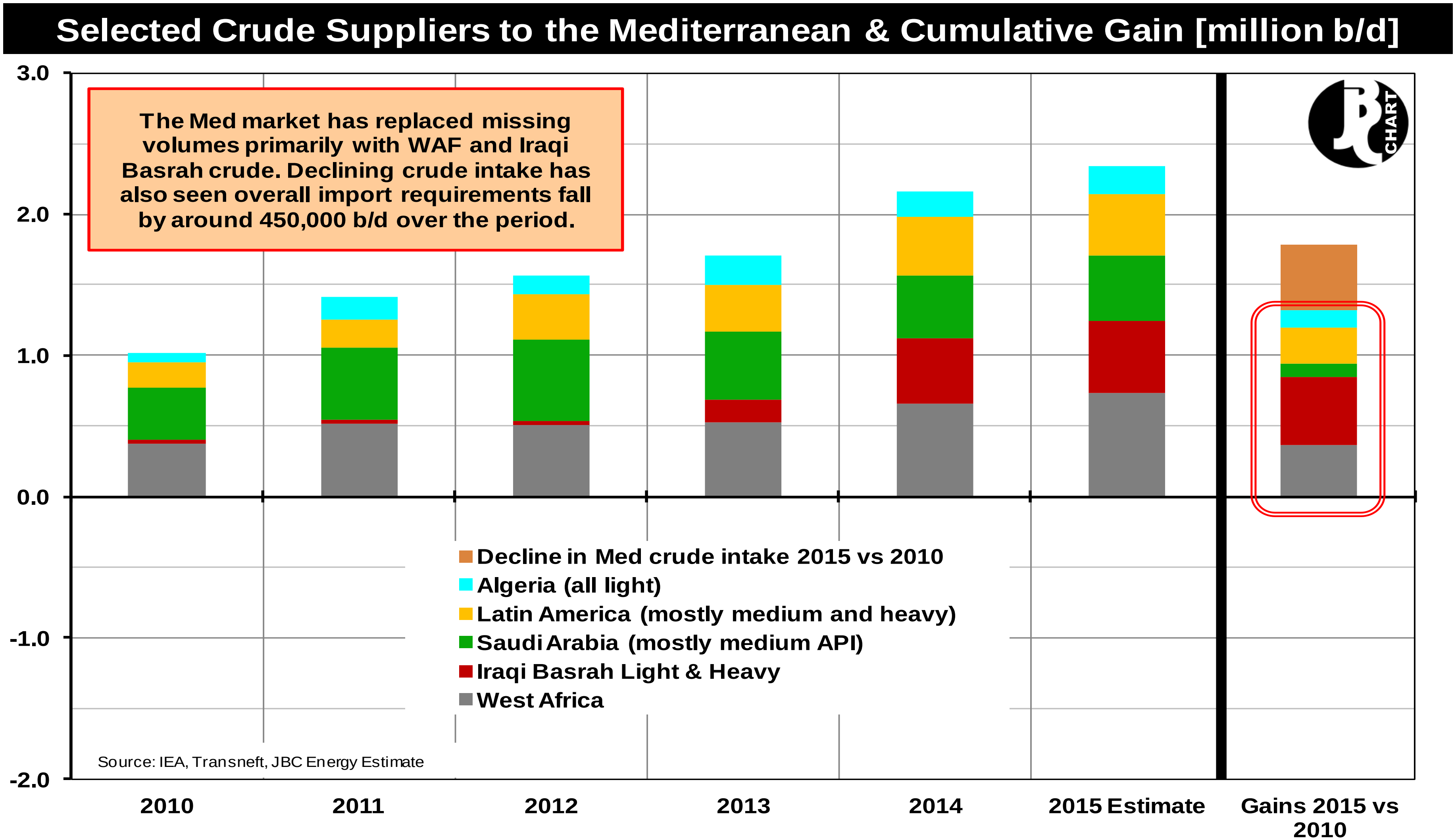
Volatility in crude markets creates opportunity, with the flexibility to process a wide range of crudes adding meaningfully to refining margins

Crude Oil Supply & Balances



The Med market has lost especially Libyan, Iranian and Russian barrels

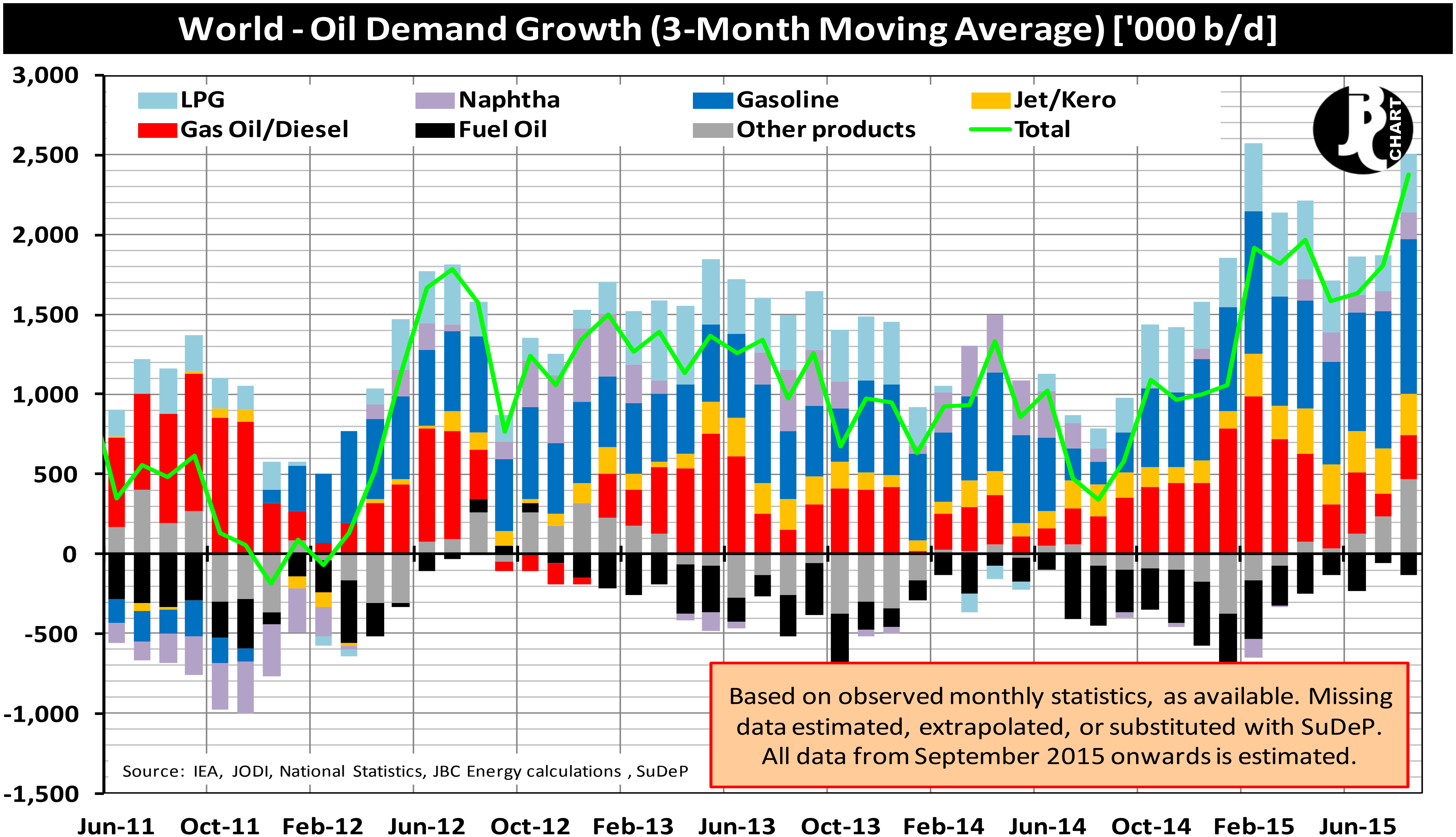
Crude Oil Supply & Balances



More Iraqi West African and LatAm barrels came instead

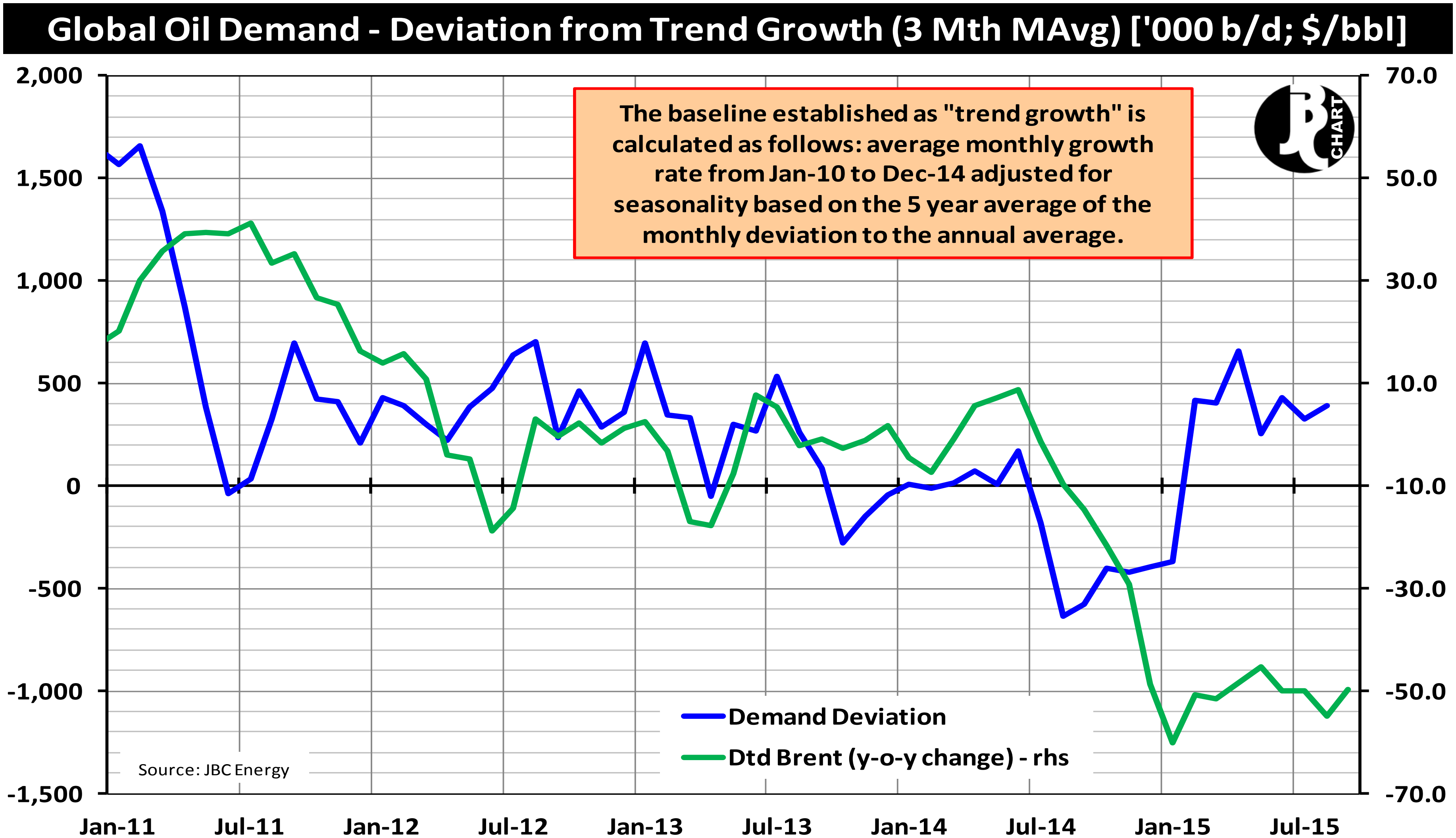
Oil Demand

Oil Demand



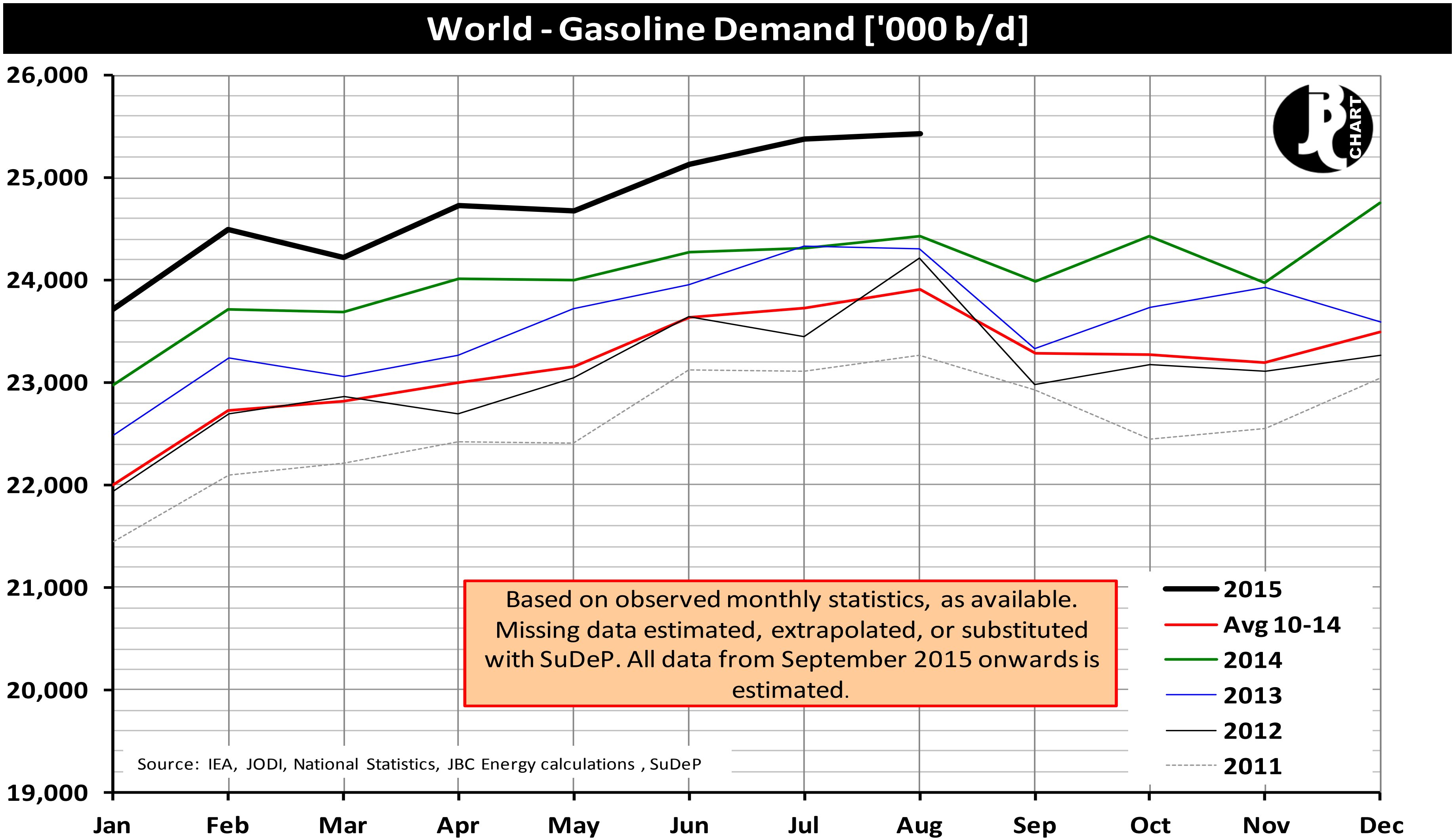
Oil demand growth has accelerated substantially since prices started falling (even amidst economic slowdown in key emerging markets)

Oil Demand



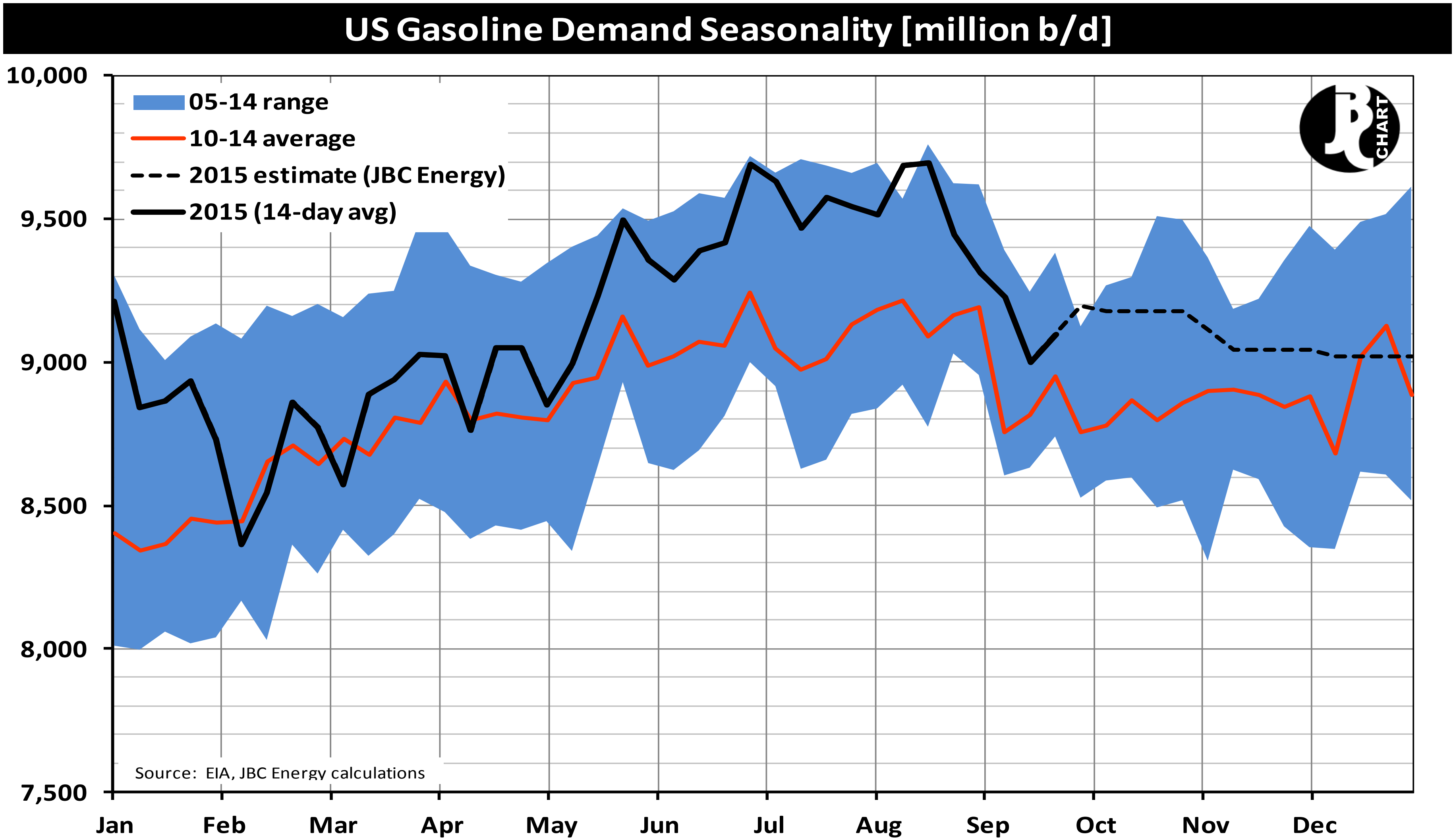
Relative to last year, demand growth has shifted by about 1 million b/d; main driver is the lower price

Oil Demand



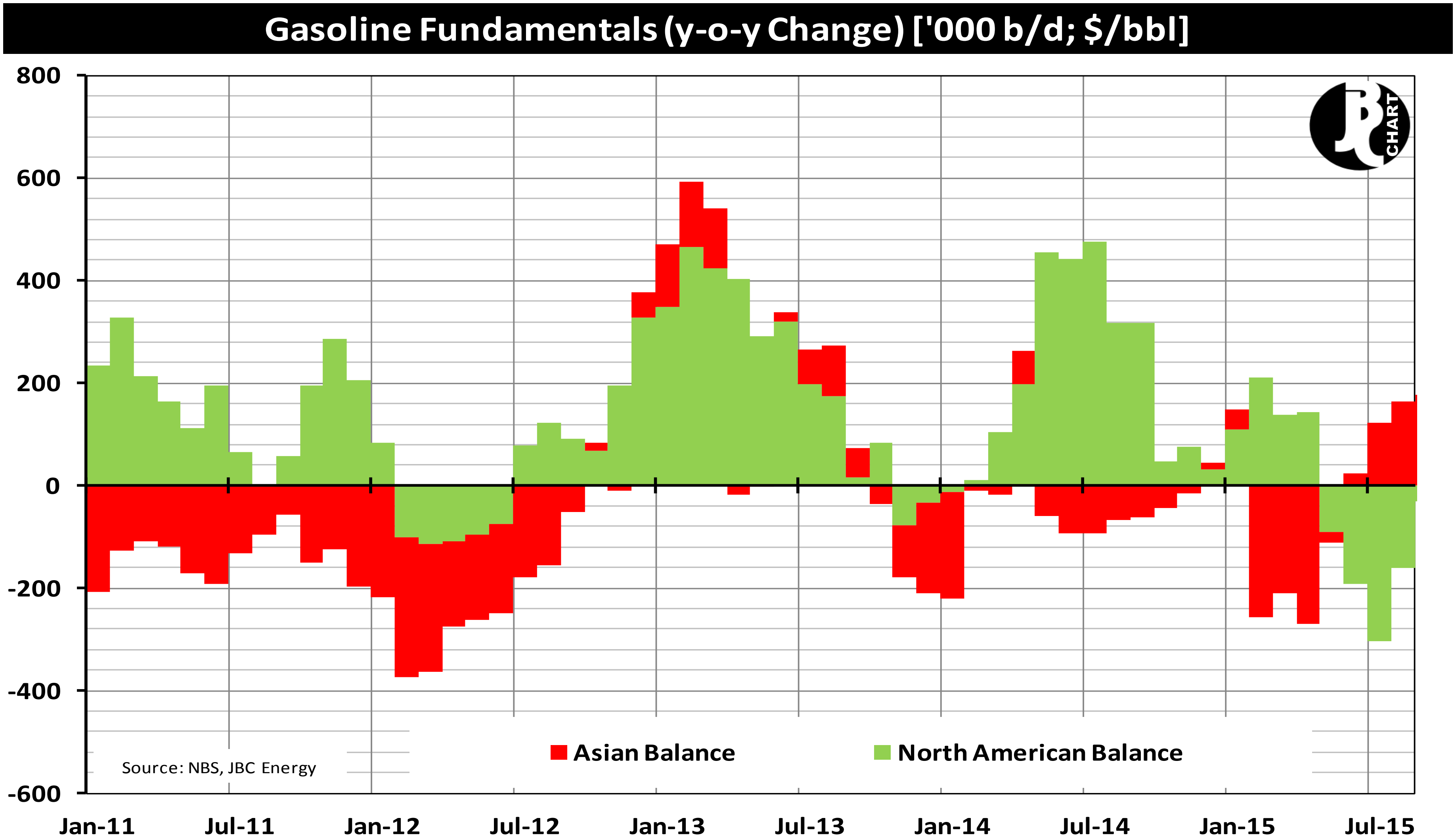
Gasoline has again proven to be the key product in terms of price sensitivity, with ytd growth of close to 800,000 b/d

Oil Demand



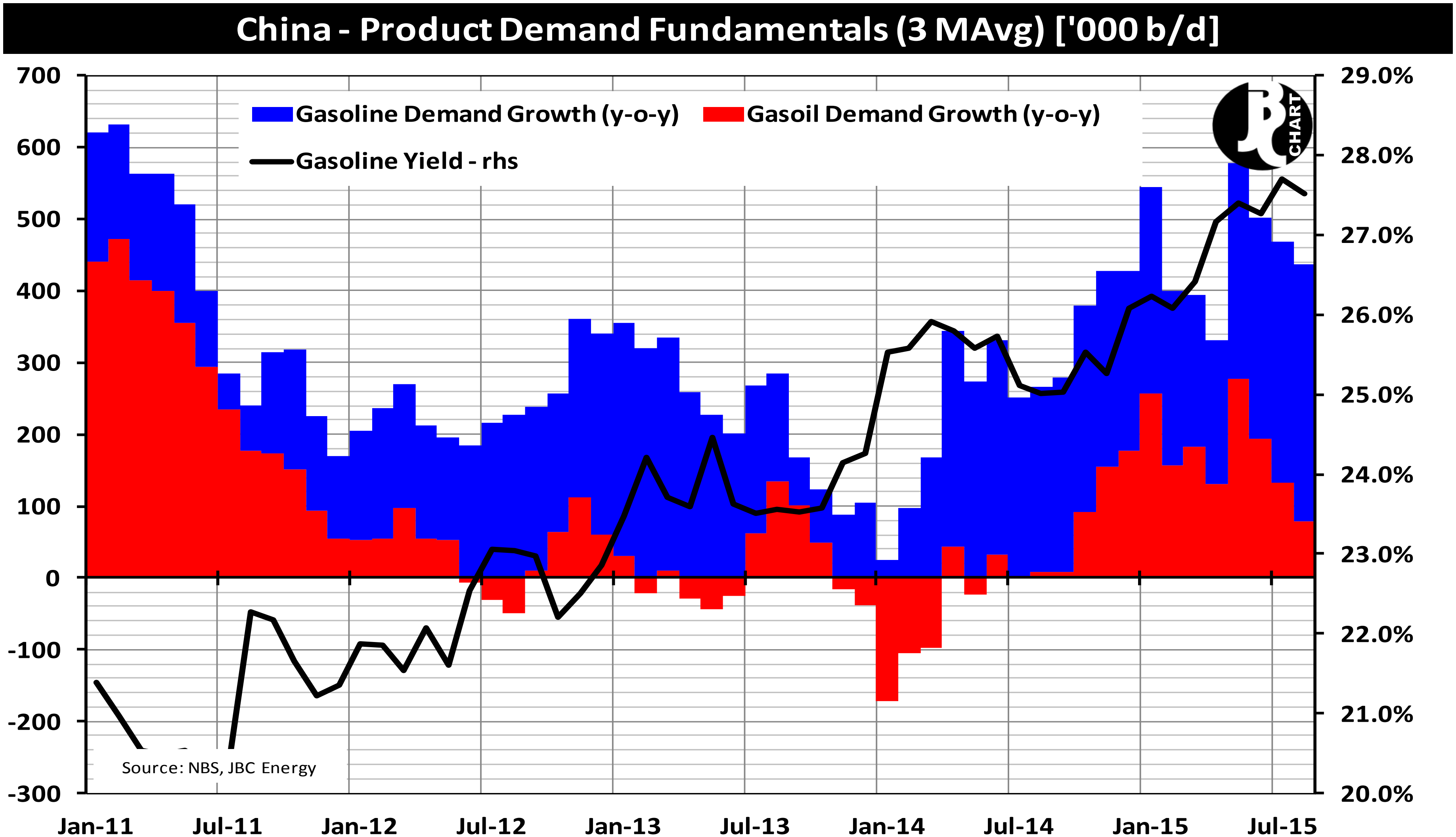
Strong seasonality in US gasoline

Oil Demand



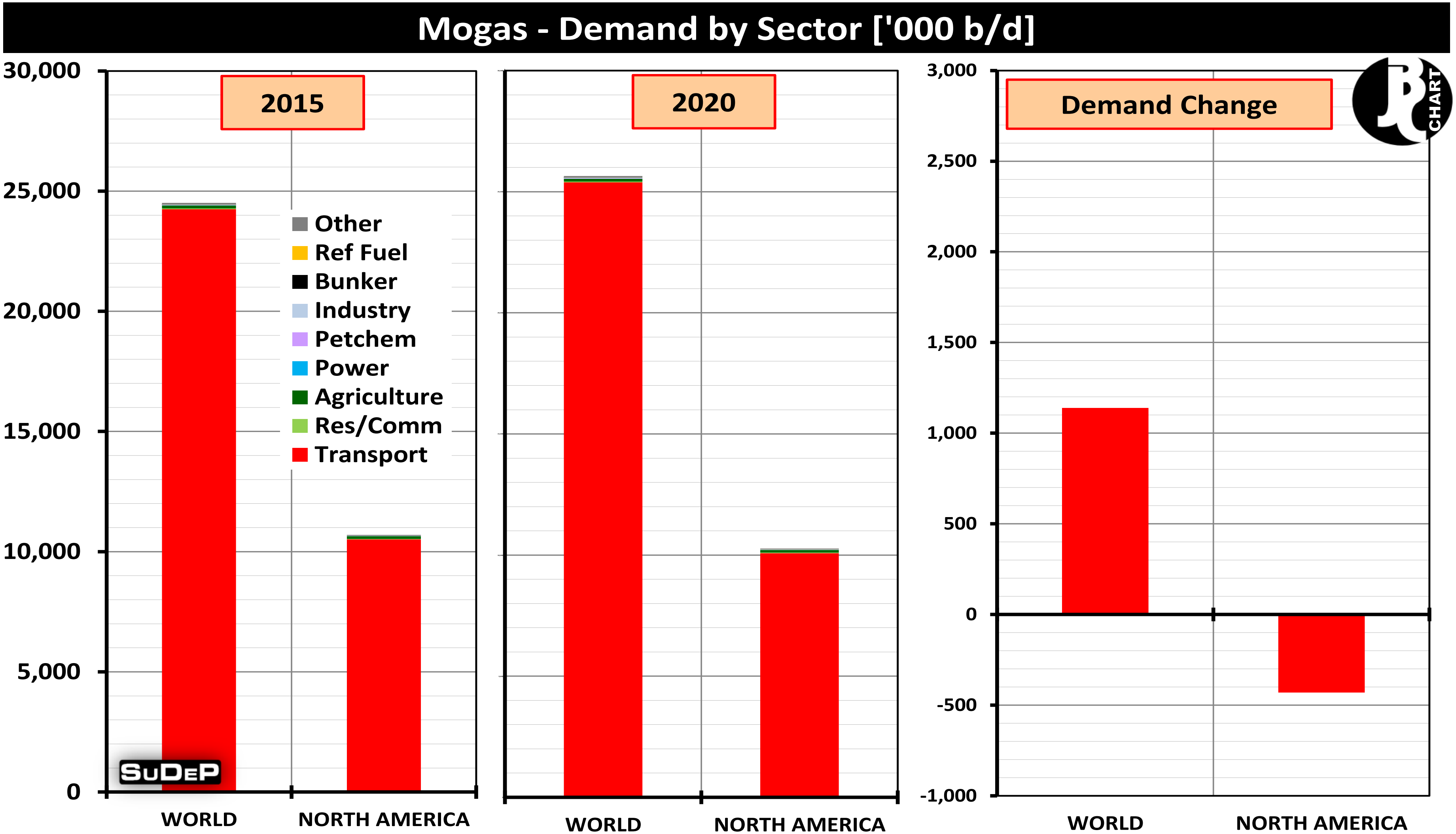
Asian and North American gasoline balances have tightened significantly in 2015

Oil Demand



Strong gasoline demand growth has forced Chinese refiners to shift yields quite strongly

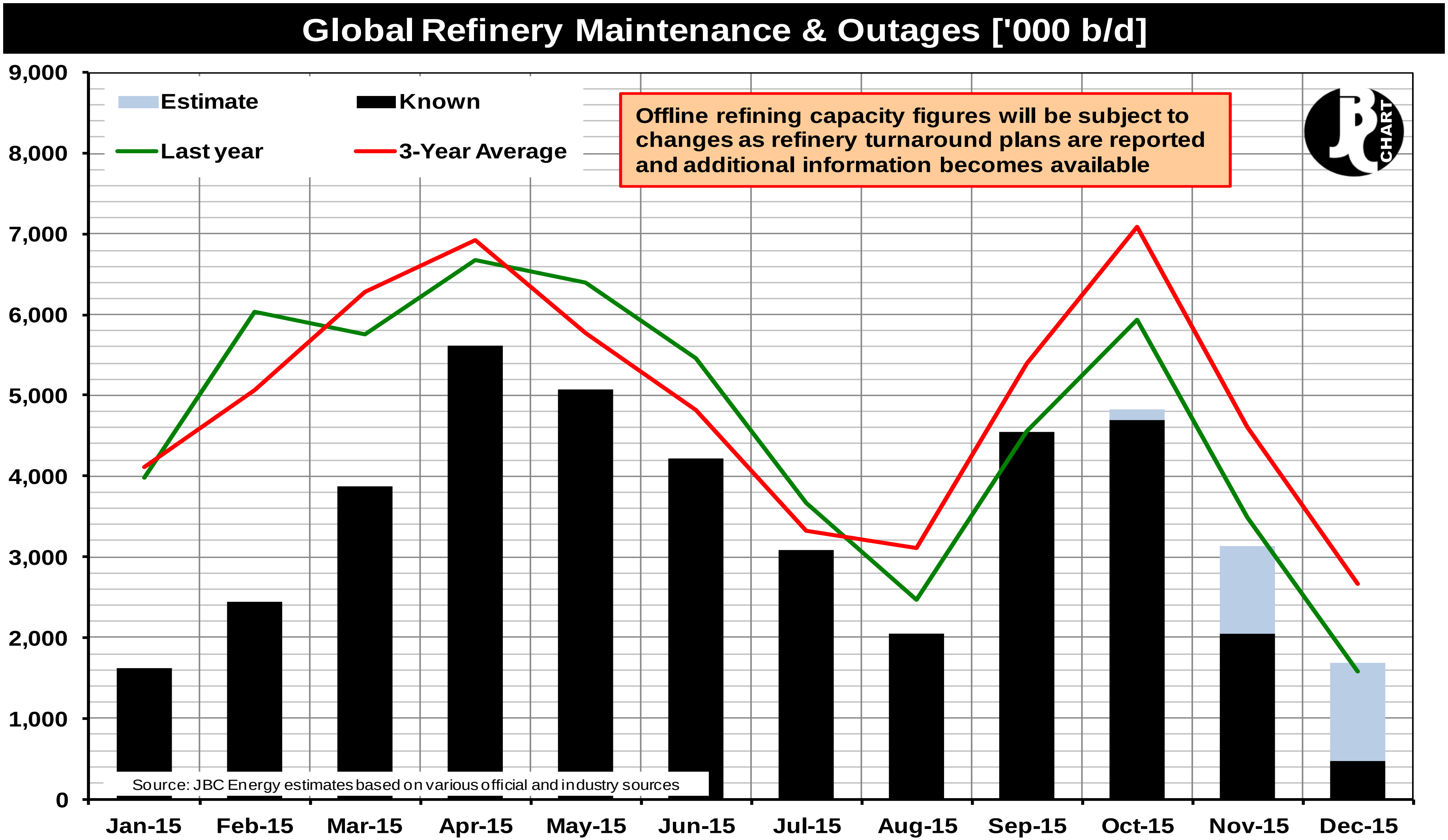
Oil Demand



Longer-term outlook for gasoline has improved, with the recent diesel scandal clearly having the potential to cause further demand shifts to gasoline

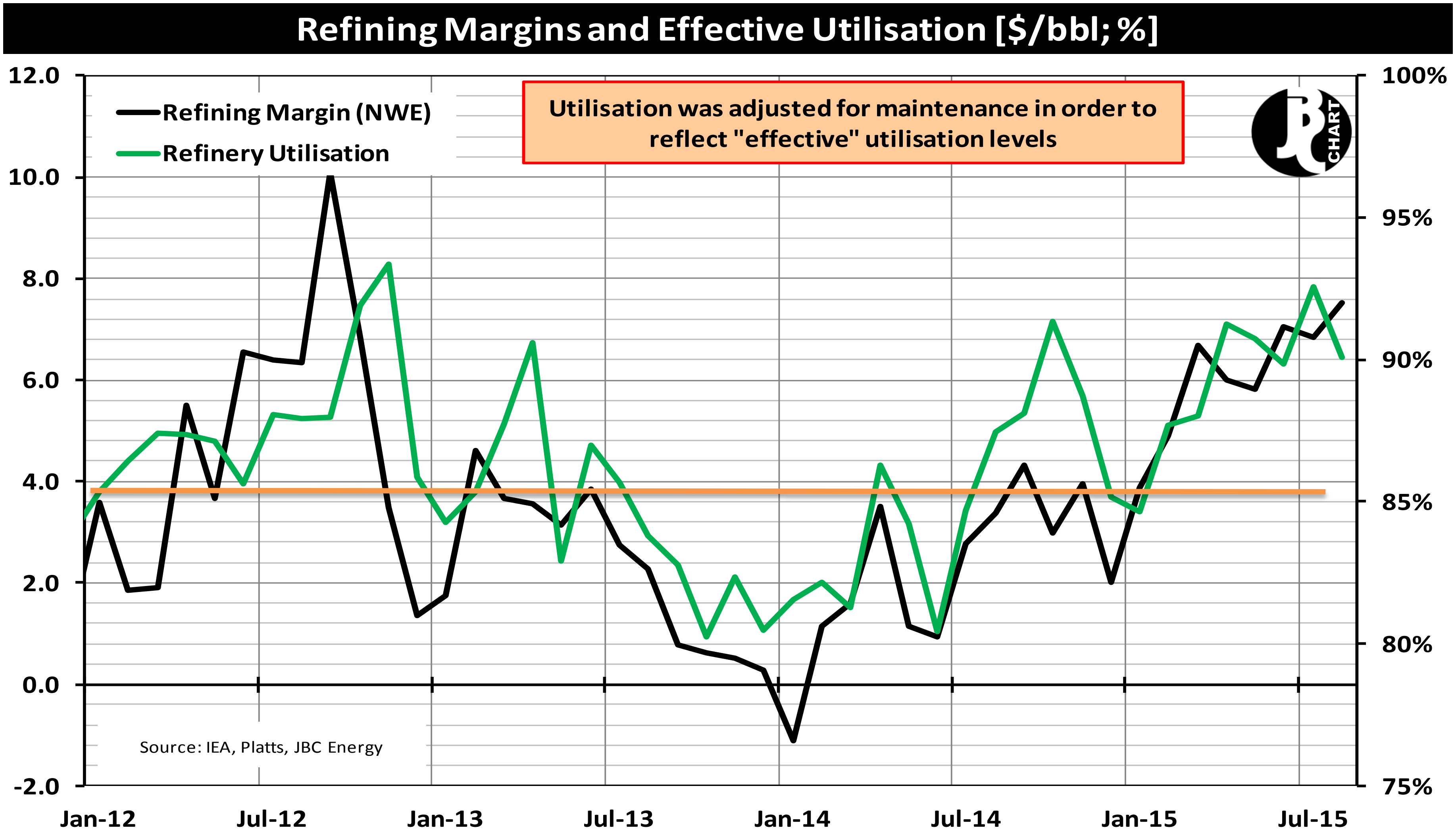
Global Refining

Global Refining



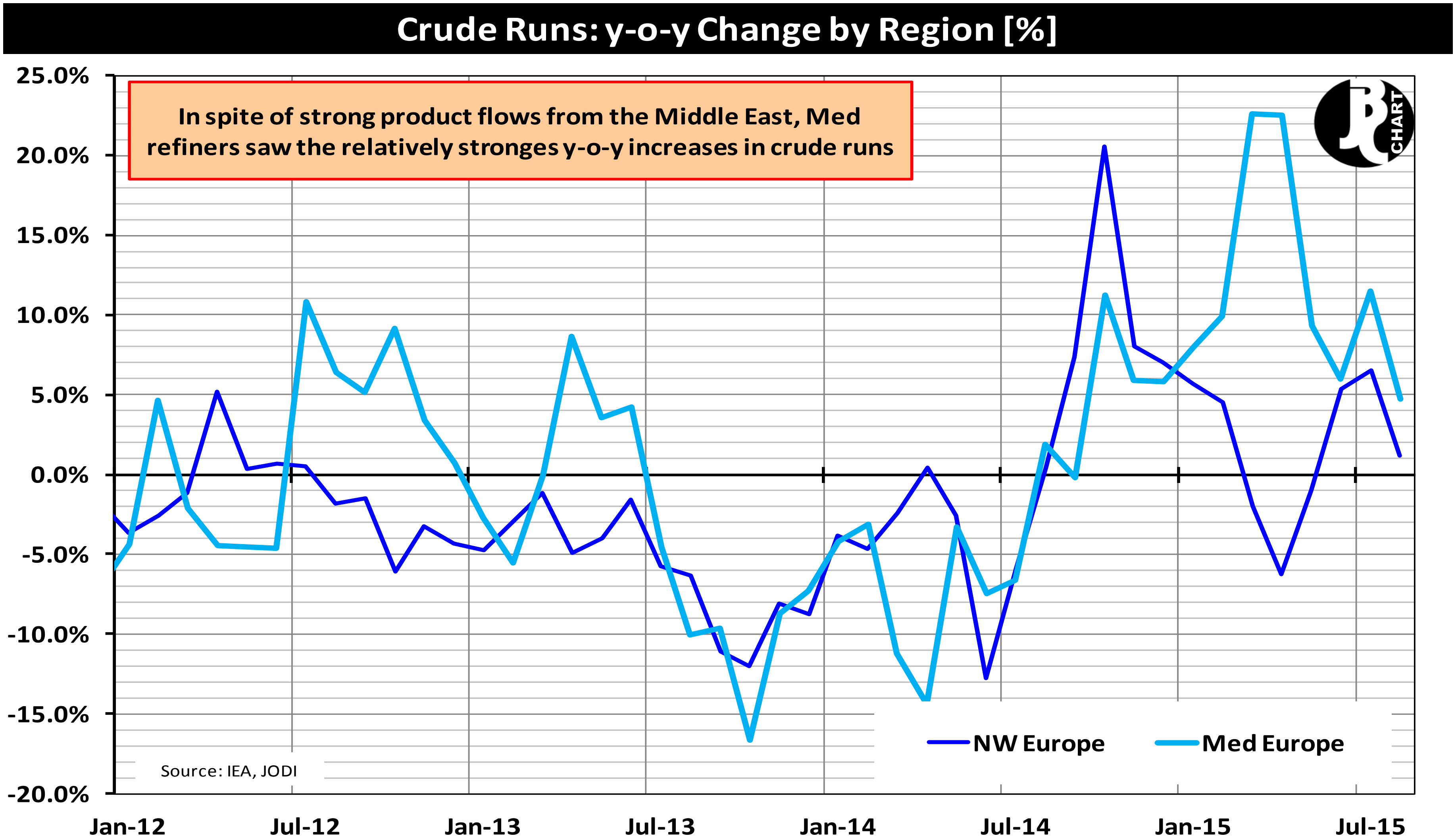
The low maintenance levels of 2015 may not be repeated in the years ahead, speaking in favour of relatively tighter markets during spring and fall turnaround seasons

Global Refining



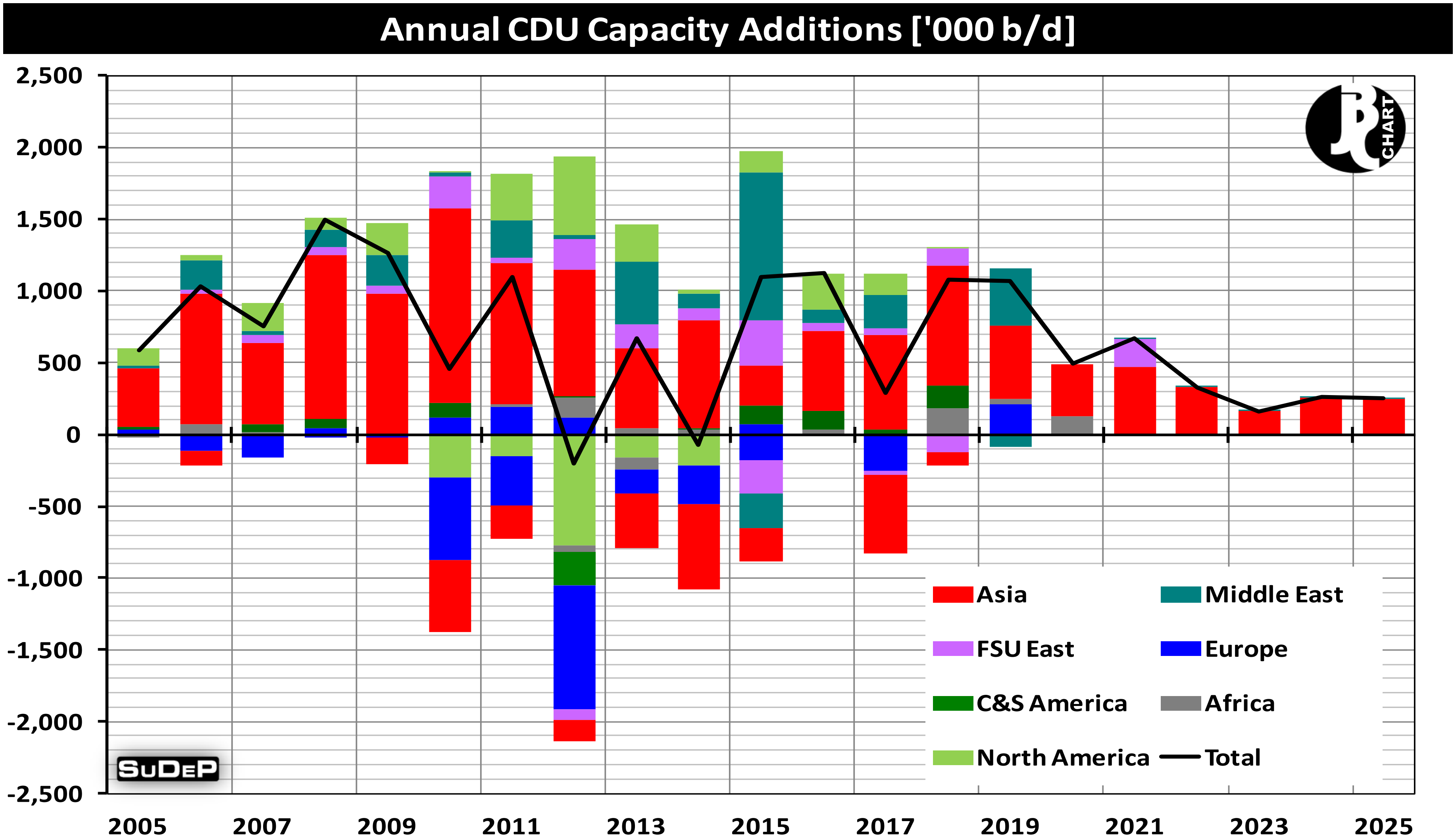
High margins were required to bring the effective utilisation levels in Europe to above 90% and satisfy global demand

Global Refining



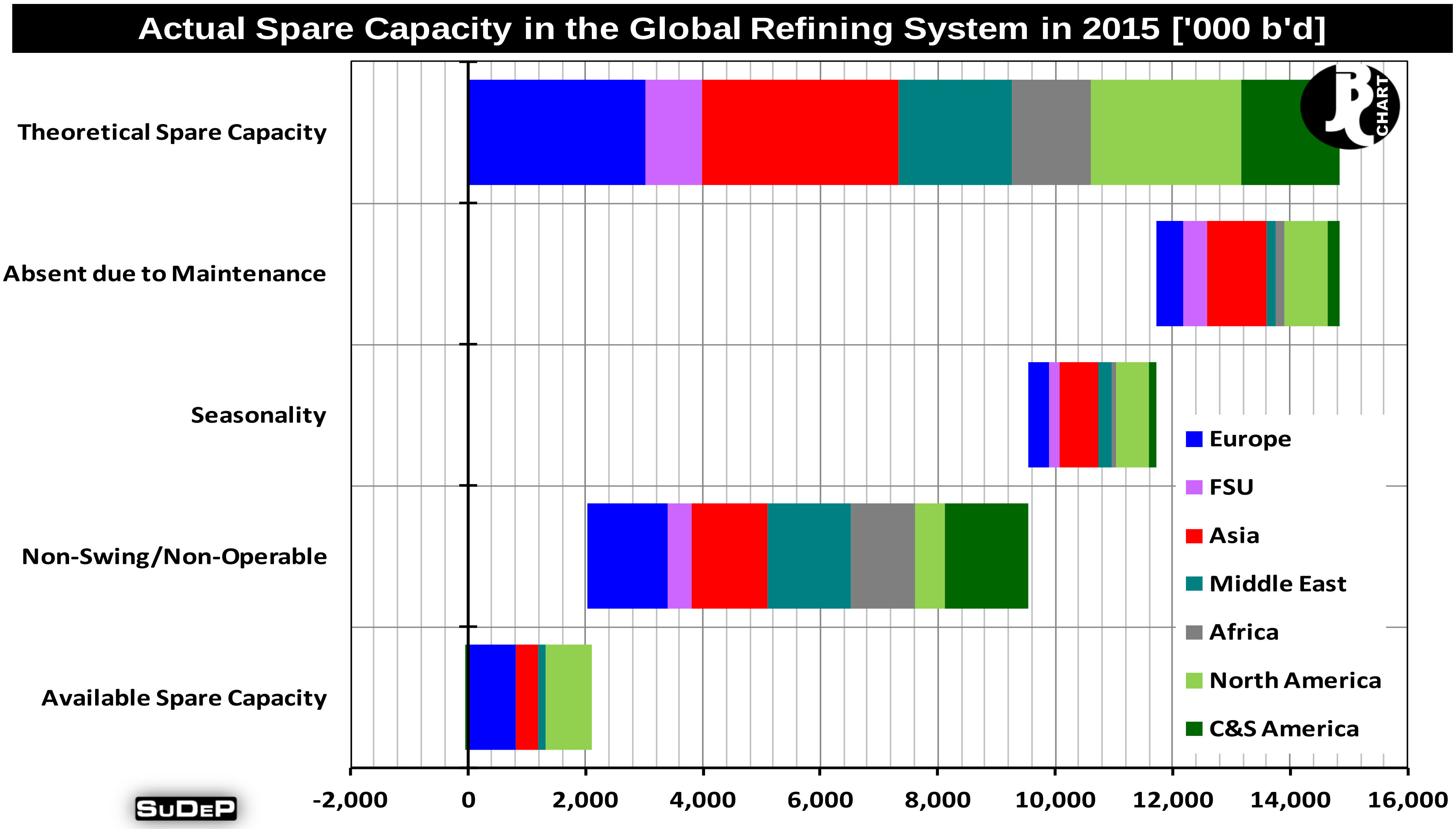
The Mediterranean part of Europe has benefitted the most from the improved demand and margin environment

Global Refining



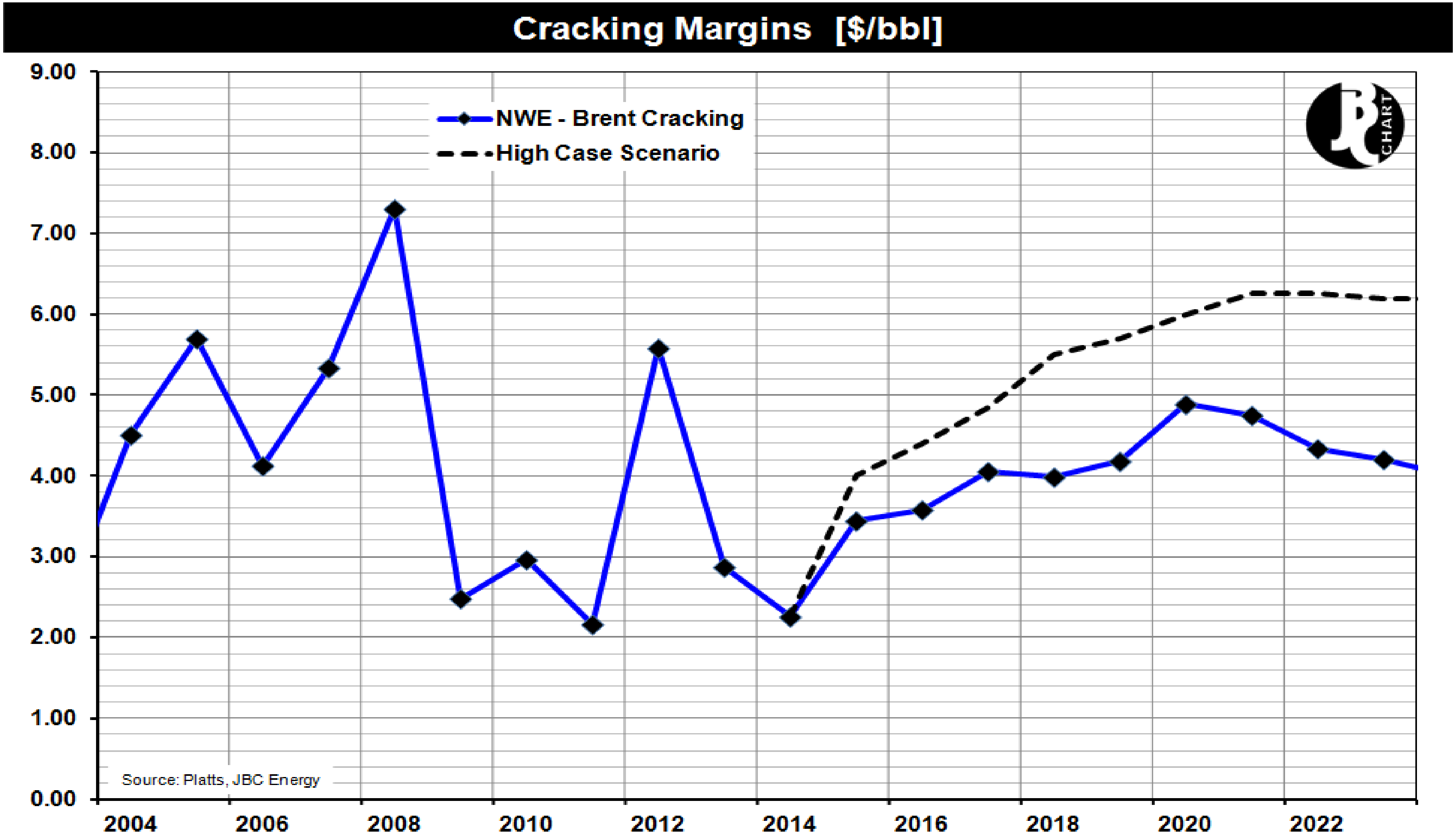
Capacity additions in the coming years are moderate and may compete with upstream spending

Global Refining



Available spare capacity may actually be quite low and in tendency fall further

Global Refining



Accordingly, refinery margins could look much healthier going forward

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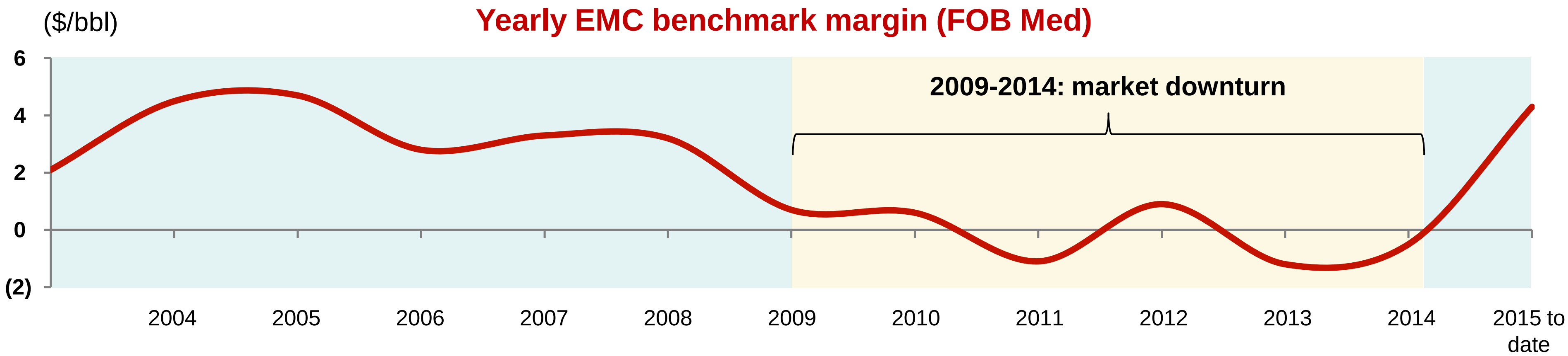
6 key structural changes in oil market beneficial to Saras

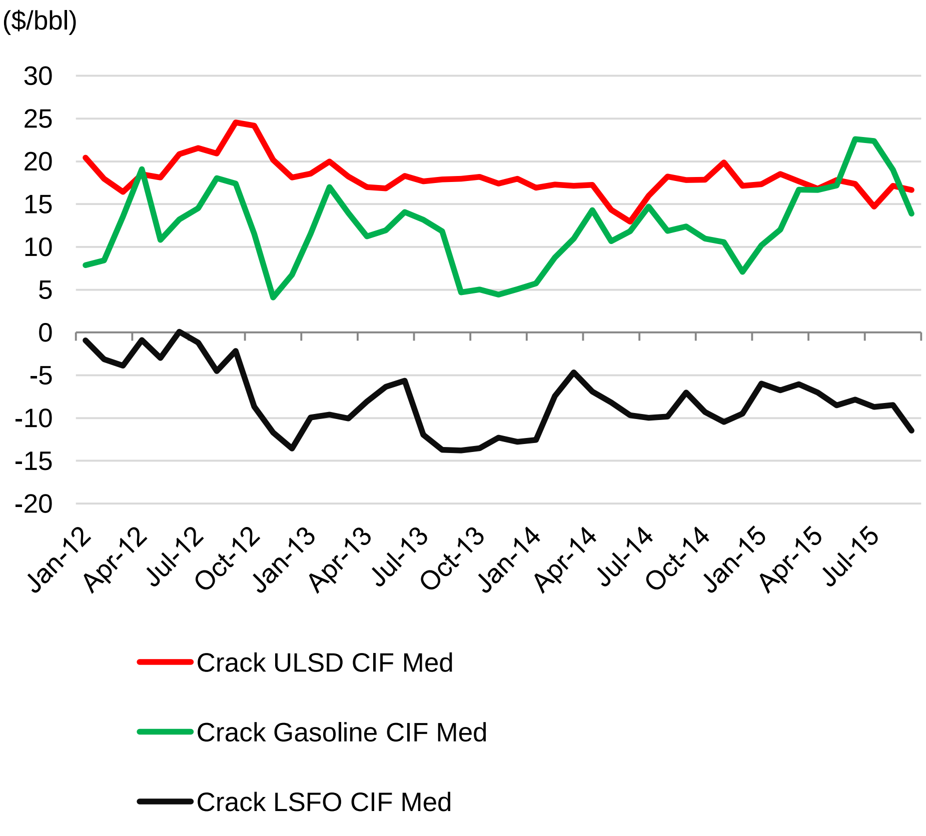
Yearly EMC benchmark margin (FOB Med)



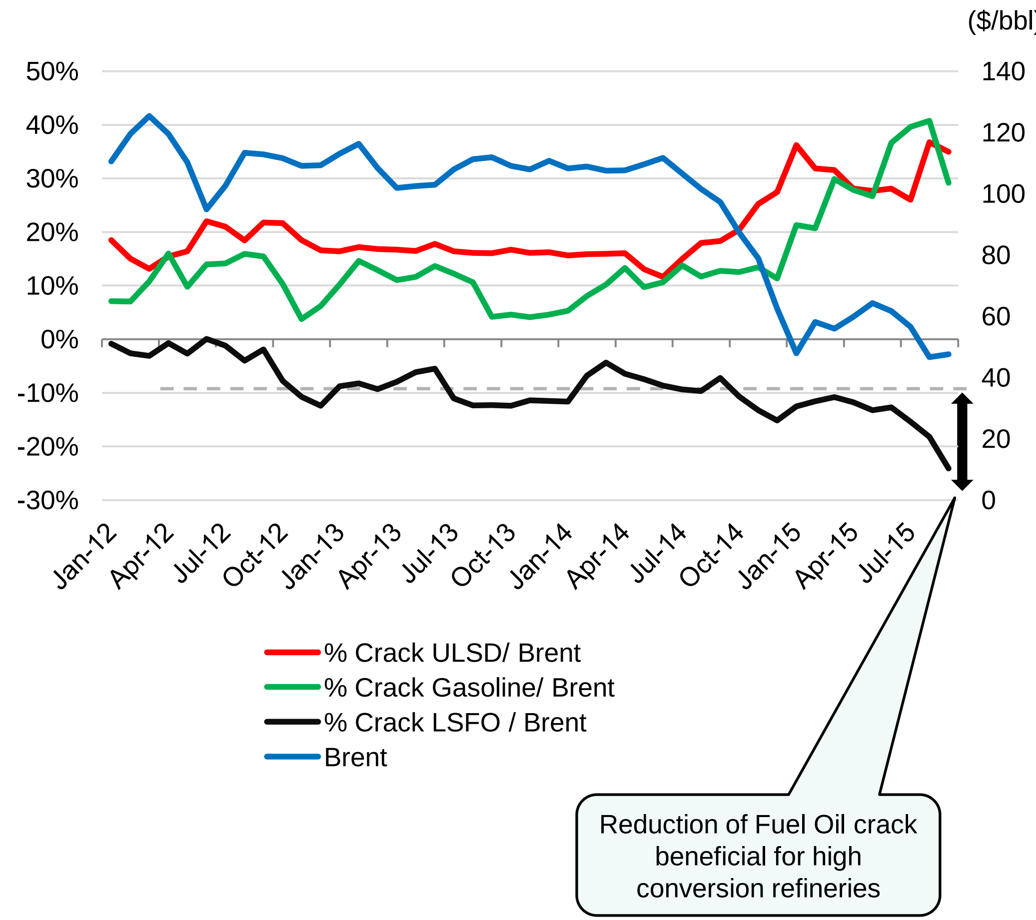
	Market Downturn from 2009 to 2014	New Market Cycle from 2015 onwards
1	**High crude prices**	More **balanced** oil **prices**, **robust supply**
2	**Low** availability of **heavy sour crudes**	Significant **increase in production of heavy crudes**
3	**Falling product demand** in Europe	**Improved product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

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 September 30th, 2015

Saras' differentiating factors to best seize the new cycle

Favorable refining economics to stay

Structural changes strengthening the refining market for the mid term

Benefits for typical EU refiners

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

+

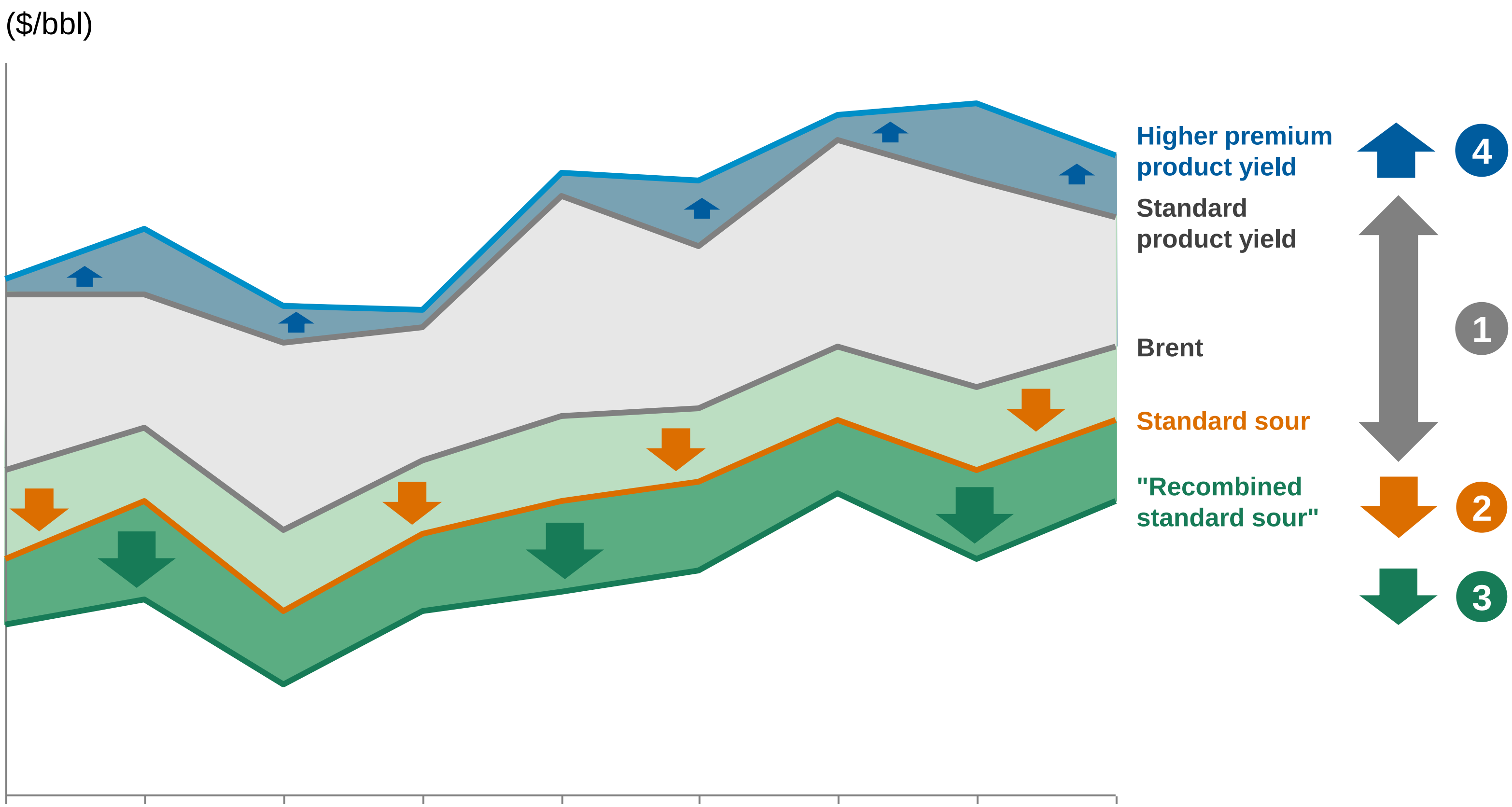
Saras' differentiating factors

- **Flexibility to source the most profitable crudes**
- **Asset capability to process multiple types of crudes**
- **Conversion to high-value product mix**
- **Steeper decrease of "consumption & losses" costs**
- **Delivery of improvement initiatives through Saras' people**

Clear advantages from Saras' business model in **seizing market opportunities**

Illustrative

Capability to blend discounted / non-standard grades and serve selective product niches



4 *... with high conversion and niche production*

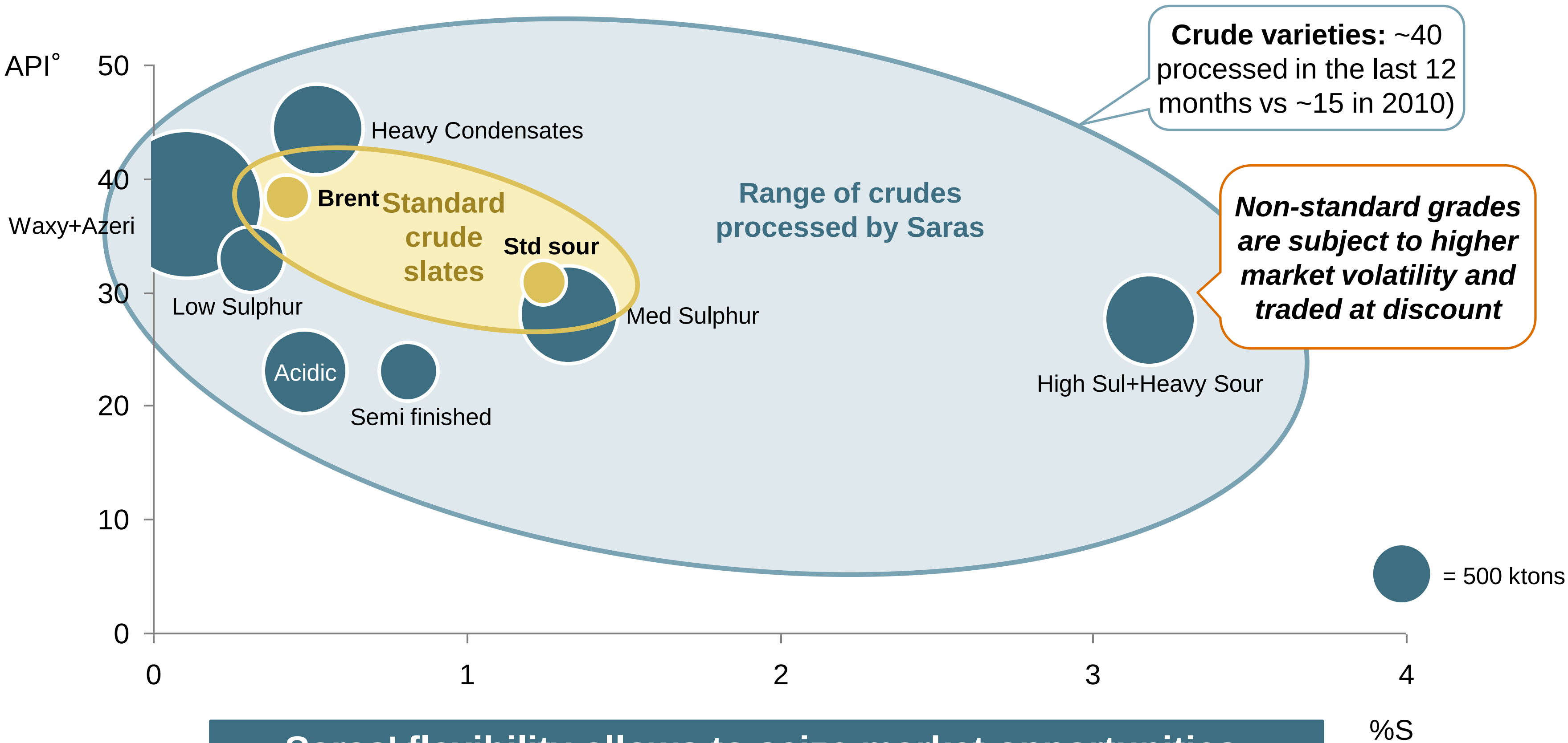
1 Standard theoretical refining margin …

2 *... with Saras' referenced crude*

3 *... with recombined referenced crude*

"Standard barrels" obtained by **blending non-standard crudes**

Crude grades processed by Saras in 1H15

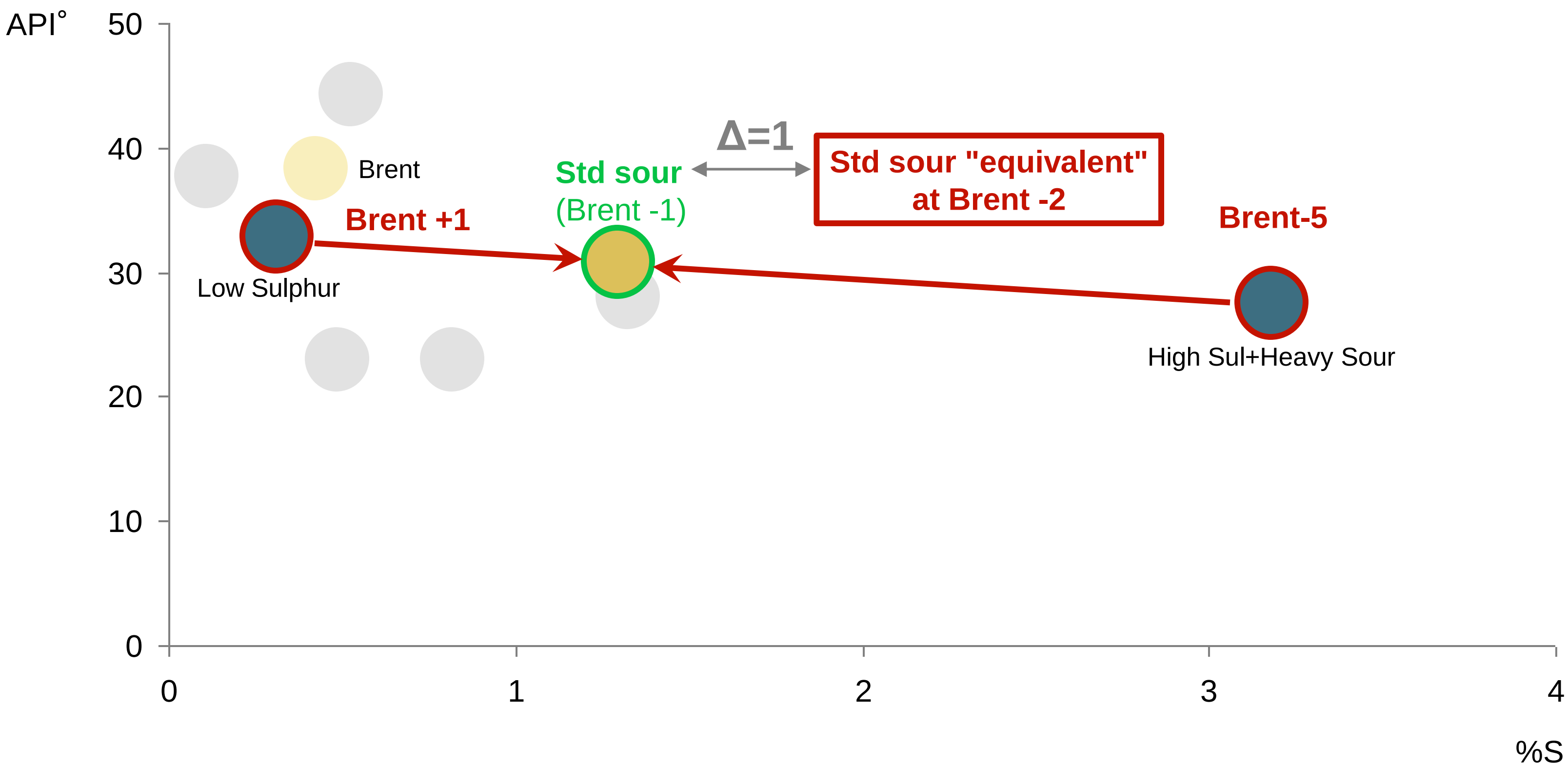


Saras' flexibility allows to seize market opportunities, leading to significant increase of profitability

Economic gain from blending non-standard grades to obtain a standard one

Illustrative - Size not representative

Example of Standard sour equivalent blending, with +1$/bbl benefit

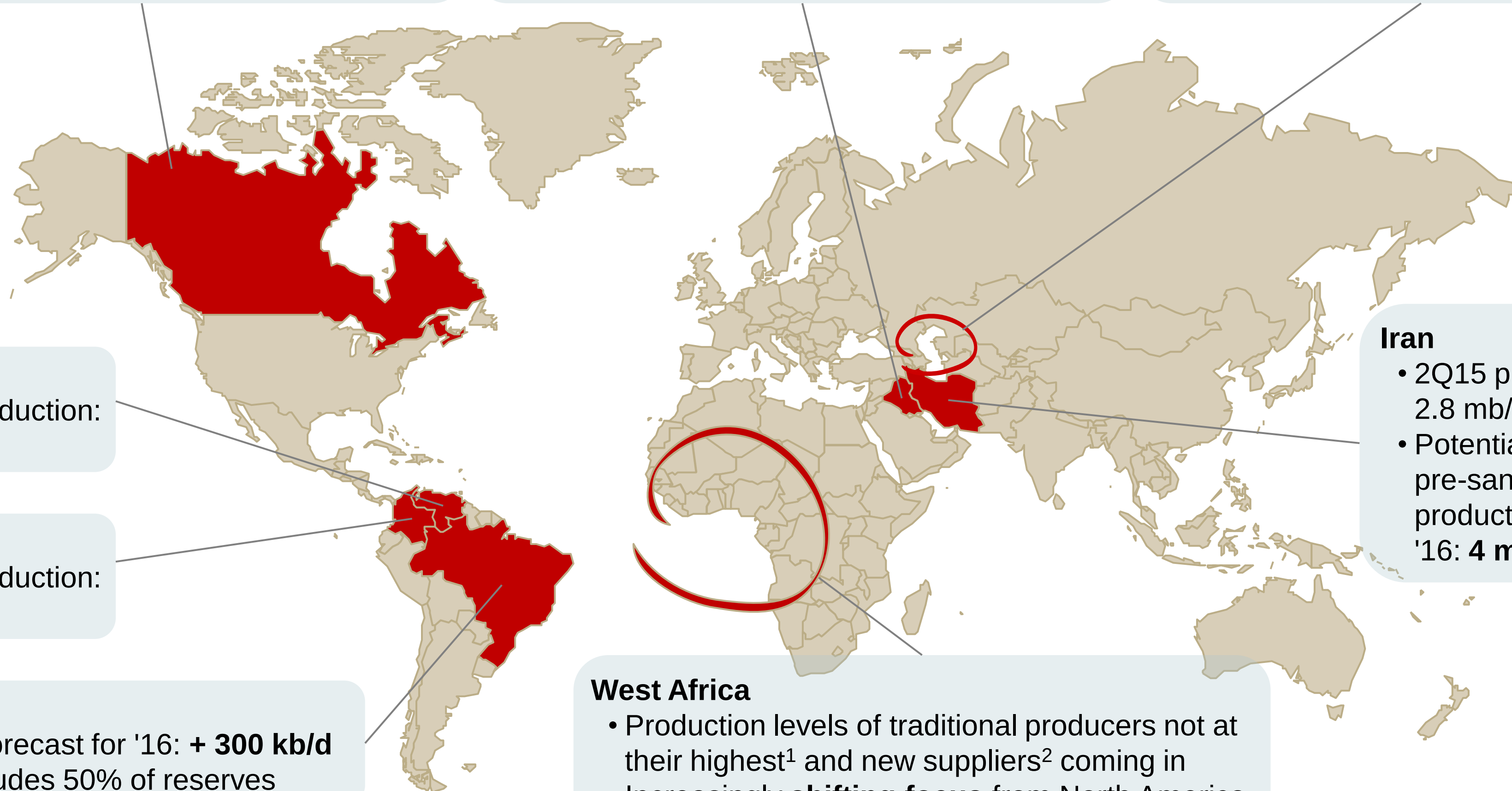


Expected significant **increase of non-standard grades** (heavy sour, heavy acidic and heavy condensate grades)...

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

Caspian region
- Increase in **CPC production**
- Development of **Kazak crudes** (e.g. Kashagan and condensates)
- Increase of **Turkmenistan** production



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**

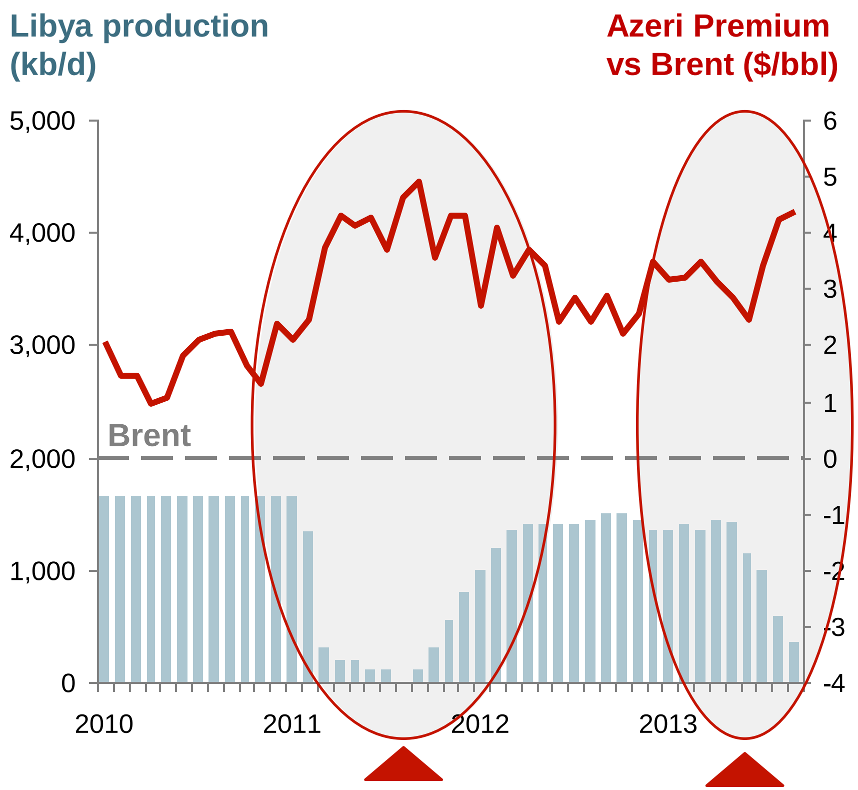
West Africa
- Production levels of traditional producers not at their highest[1] and new suppliers[2] coming in
- Increasingly **shifting focus** from North America **to Europe and Asia**

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

... will lead to **opportunities from differentials** volatility

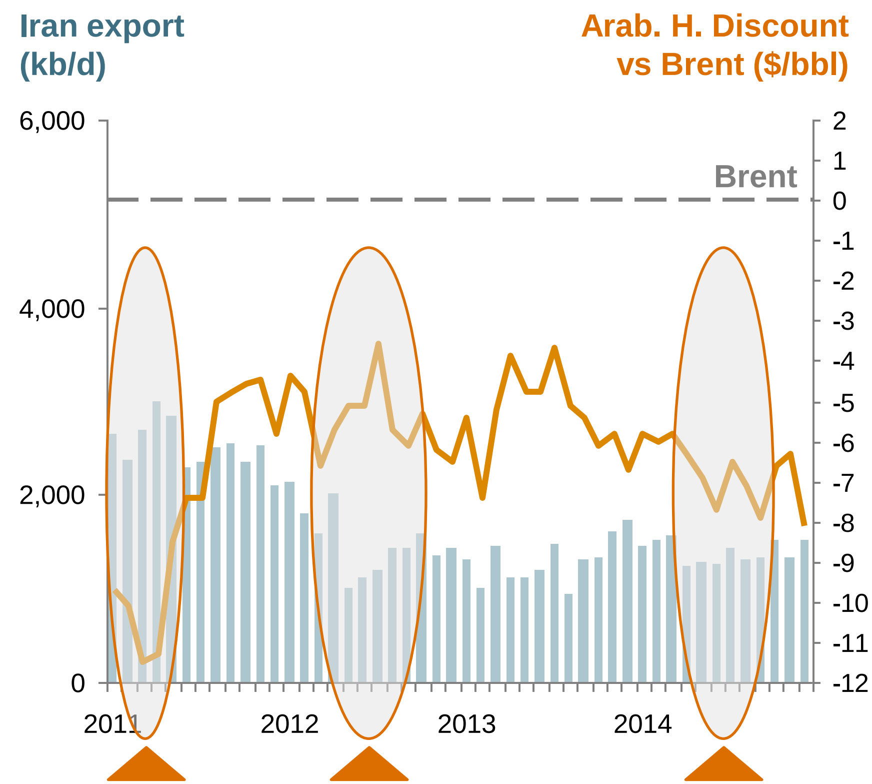
Historical evidence of effects of supply changes in premiums / discounts of comparable grades

Azeri premium vs Libyan production



Azeri Light premium increasing when alternative Libyan grades not available in the Med market

Arabian Heavy discount vs Iranian export

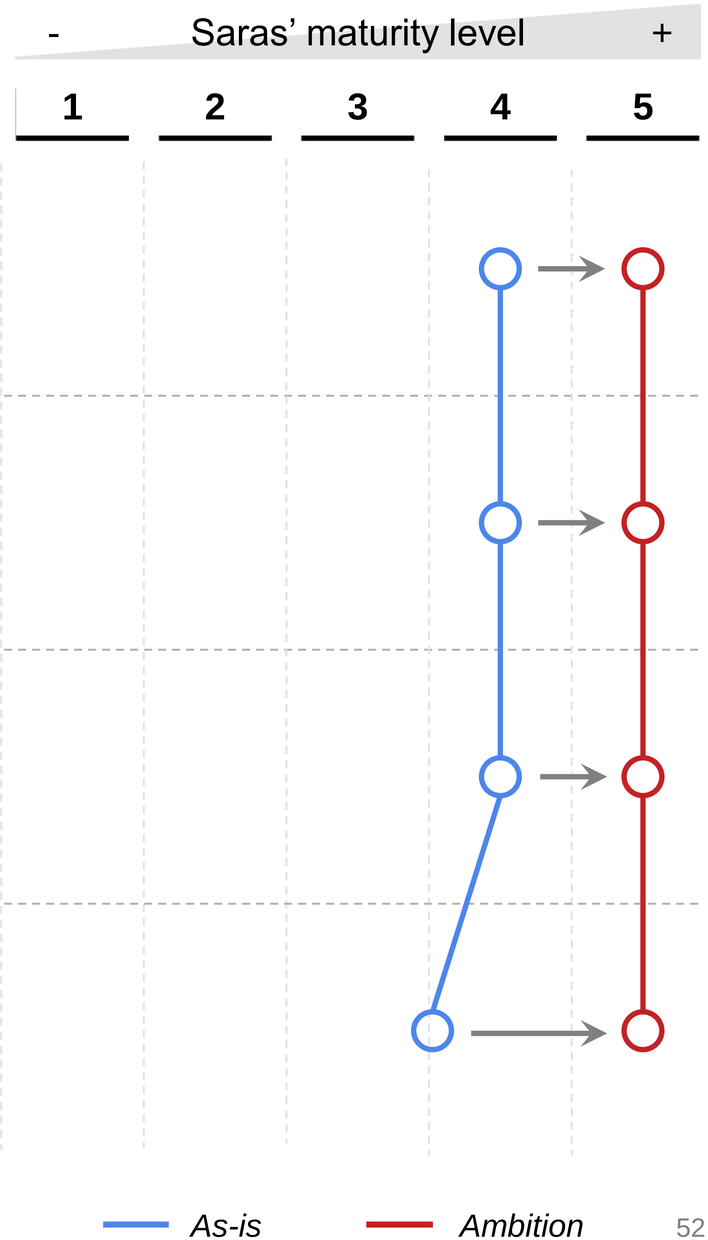


Arabian Heavy discounts intensify as alternative Iranian grades become more abundant

Source: IEA, Platts

4 areas to fully exploit supply chain opportunities

	Area	Details
	Blending non-standard crudes	**Exploit synergies among heavy sour, acidic and heavy condensate grades**
	Continuous sourcing of new crude markets	**Increase the variety of feedstock / crudes** (~40 processed in the last 12 months vs ~15 in 2010)
	Dynamic supply & re-optimization	**Promptly react to market changes and re-optimize crude runs**
	Exploiting product specs variety/niches	**Advanced finished product blending to target specific new / niche markets**



The **next step in Supply Chain Integration** is supported by 3 additional pillars

1 The **organizational model** to allocate responsibility on end-to-end optimization of refining margin

new

Integrated supply chain optimization

Trading	*Supply & Planning*	*Operations*	*Tech. data/ models*

E.g.* *best in class market scouting

E.g.* operations *re-optimizing monthly production plan

E.g.* *evaluating unconventional feedstock processability

2 SCORE **task force** started concretely implementing improvement initiatives

Trading

Supply & Planning

Supply
Chain
Optimization
Refining
Excellence

Industrial

Tech. data & Models

Since 2015 multifunctional project task force to boost integration between refinery & trading processes

3 The **simulation game** will test and strengthen group dynamics

In 2015 2H, go-live of the Refining Optimization Game used for training purposes to convey behavioral principles and promote economically driven mindset

Cutting-edge performance management and modeling tools to identify additional development opportunities

Training through advanced **Refining Optimization Game**

- **Refining Optimization Game is used for training purposes in order to convey key behavioral principles and foster integrated value creation**
- **Game adopt the learn-by-doing approach, and is based on a simplified yet realistic refinery model**
- **Set of challenging situations highlight the importance of key behavioral principles**
- **Look-back analysis is performed at the end of the game to critically dig into results and highlight key takeaways**

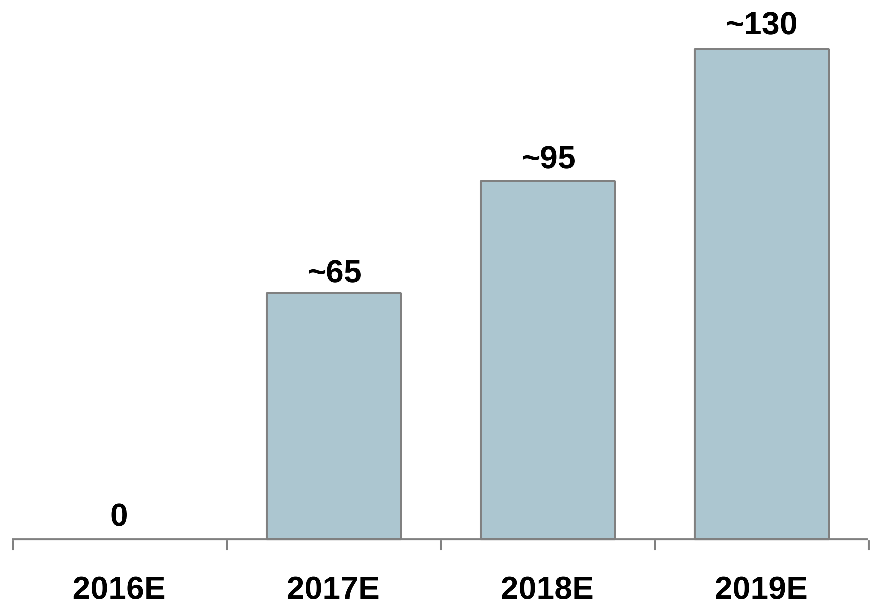
Saras differentiating business model to add **~130M€/y EBITDA** in 2019

Drivers of incremental EBITDA in Supply Chain

The majority of incremental EBITDA derives from current Saras' unique & mature capability to seize new crude market opportunities through sourcing and processing non-standard crudes

Saras' ongoing efforts to fully master all the aspects of Supply Chain integration to unlock the remaining share of EBITDA increase

Incremental EBITDA (vs. 2015) from Supply Chain Integration (M€, 2016-19E)



Δ EBITDA ($/bbl)	2016E	2017E	2018E	2019E
	-	0.7	1.0	1.3

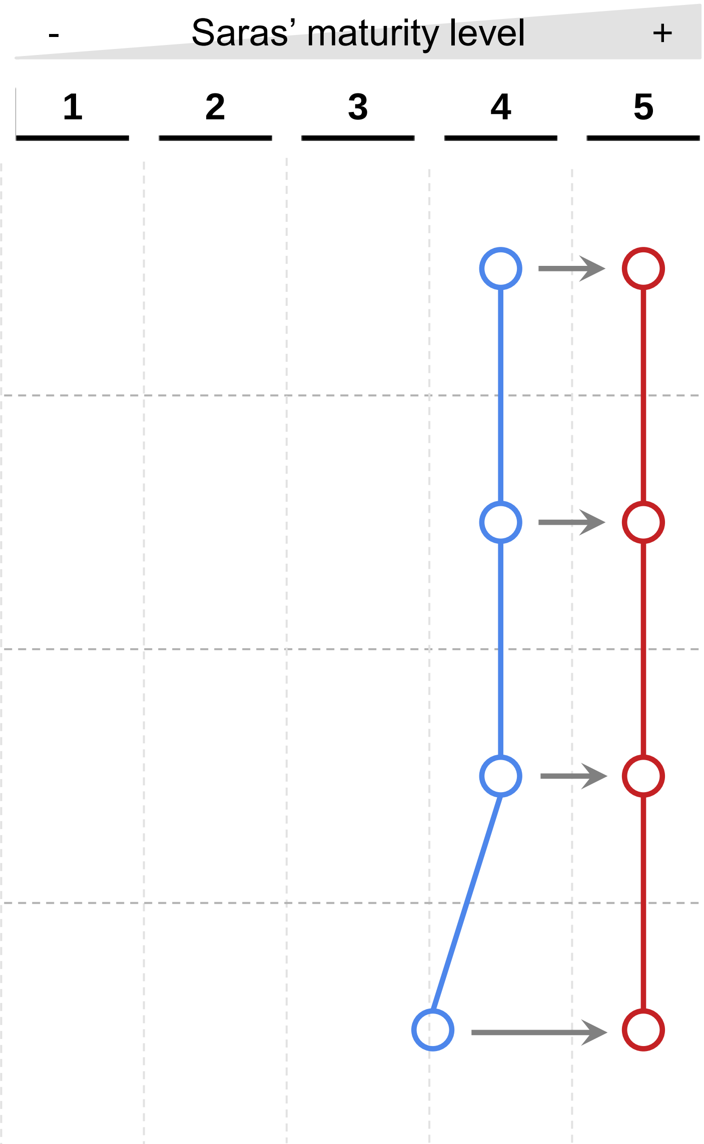
Incremental EBITDA largely from capturing the expected growth availability of non-standard crudes in the market

1. Long of non-standard crudes → major discounts & minor premiums


10 Min
Coffee Break

Recap: **4 areas** to fully exploit supply chain opportunities

Area	Details
 **Blending non-standard crudes**	**Exploit synergies among heavy sour, acidic and heavy condensate grades**
 **Continuous sourcing of new crude markets**	**Increase the variety of feedstock / crudes** (~40 processed in the last 12 months vs ~15 in 2010)
 **Dynamic supply & re-optimization**	**Promptly react to market changes and re-optimize crude runs**
 **Exploiting product specs variety/niches**	**Advanced finished product blending to target specific new / niche markets**



As-is
Ambition

Saras Trading SA: new Geneva trading company to **fully exploit** Saras S&T strengths

Saras' S&T strengths

1. **Broad Network of Counterparts**
2. **Solid Reputation**
3. **Flexible Physical Assets**
4. **Consolidated Know-how**

The new company in Geneva is an **Enabler of the Supply Chain integration...**

... with the additional benefit of entering the **pure trading business, leveraging on history and people**

Expected Benefits

Location advantages

+

People advantages

+

Financing advantages

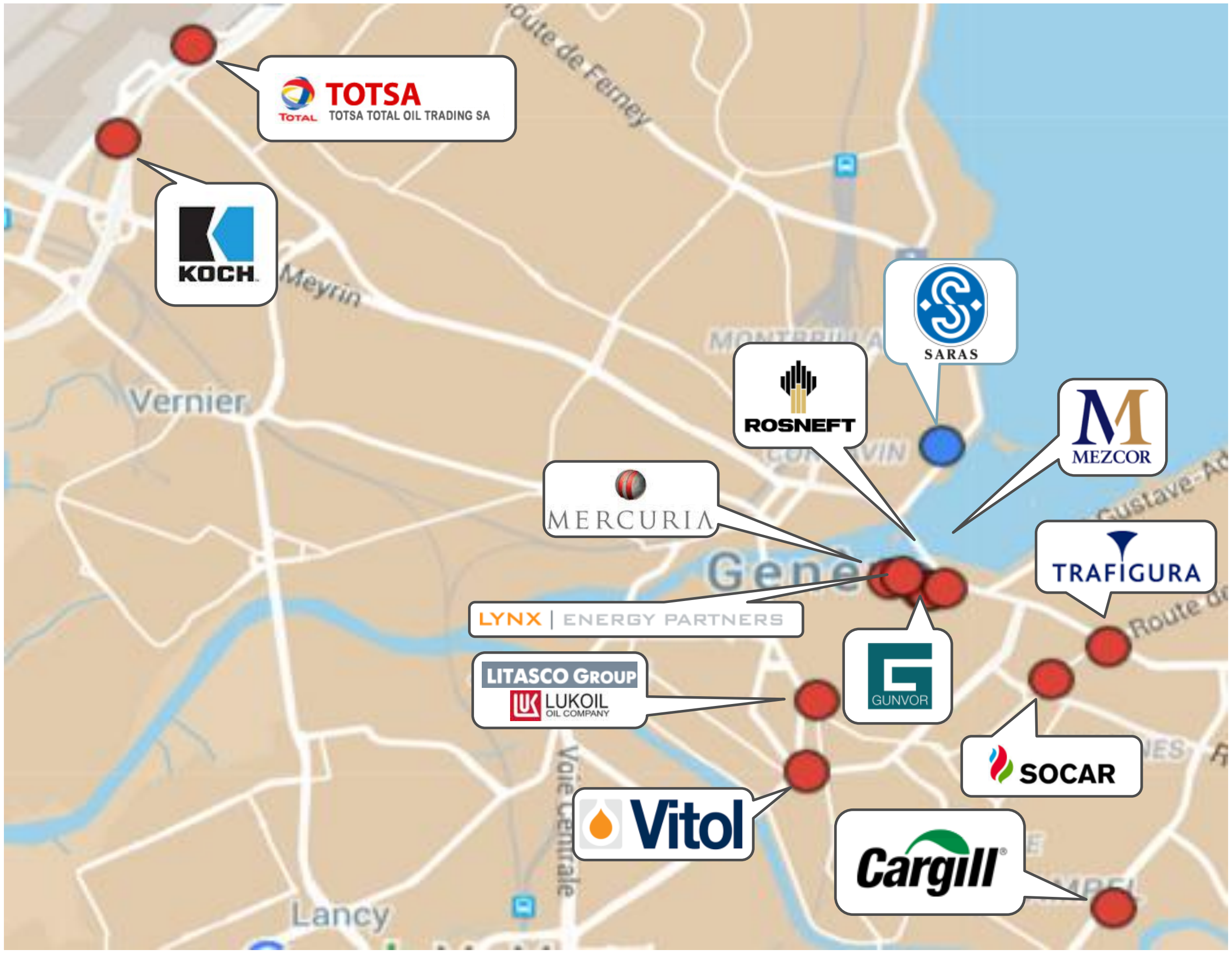
+

Risk mitigation

=

Economic Value

Proximity to the key players in the oil trading business and availability of **skills**



35% of the World's oil is traded in Geneva

Saras Trading SA with **dual role**

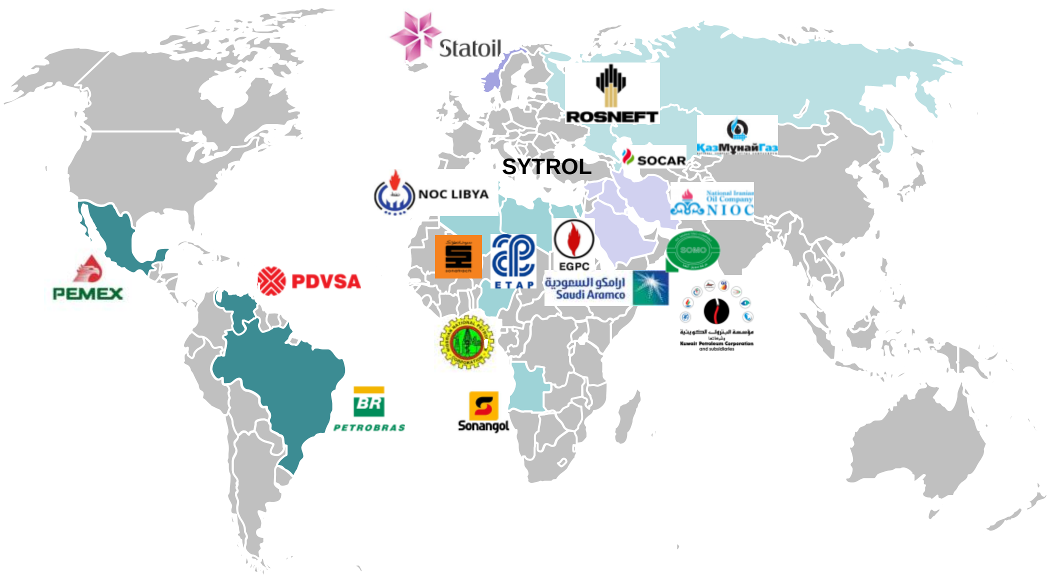
Agent to maximize refining results and 3rd party trader to bring in additional earnings

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

Trading activities built around a **strong history of commercial relationships**

Crude trading

- **Wide supplier base worldwide** (80+ counter-parties) and **Long Term relation-ships** with main oil producers worldwide



- **Consolidated expertise in heavy/sour crude + growing expertise in African grades**

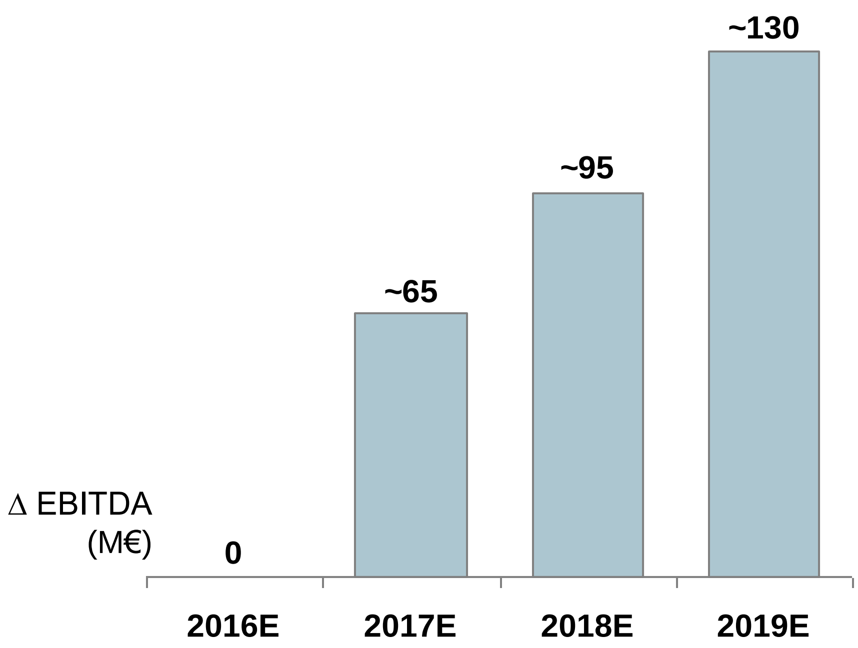
Products trading

- **Deep knowledge about the Med market**
- **Wide customer base** (100+ counterparties)
- **Major player in clean products market**
  - **11+ Mton/year** marketed of Diesel & Gasoline
  - Arbitrage opportunities with Far Eastern, US and Russian producers
- **Diesel and Gasoline supply contracts with Majors, NOCs and Traders...**
- **Logistic network in Italy and Spain**
  - ~20 depots in Italy and Spain
  - Supply optimization agreements with IOCs
  - Well positioned to cover growing shorts in Italy

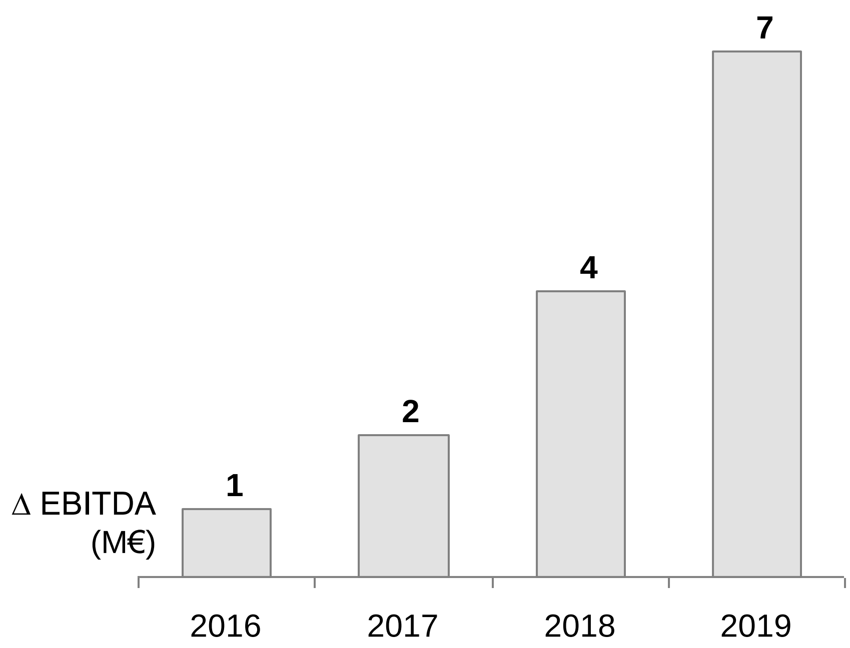
The network originally developed with the aim of optimizing the refining operations <u>can now be fully leveraged</u>

Recap of benefits from Geneva trading company

<u>Enabler</u> of Supply Chain integration
~130M€/y EBITDA in 2019



<u>Additional</u> <u>contribution</u> by 3rd party trading
~7M€/y EBITDA in 2019



Selected new skills and resources to enhance the trading team, advanced risk management and trading tools to support growing activities

Saras has embraced **holistic Operational Excellence** programs

Focus Program main areas of intervention and new/ongoing challenges

2010-2011 | 2012 | 2013 | 2014 | 2015 onwards

Industrial Focus
- Yield maximization
- Energy Efficiency – wave 1
- Asset Management
- Other cost reduction

Supply&Trading
- Crudes flexibility
- Inventory reduction

New Initiatives
- SCORE Project ✓
- Trading Company ✓
- Energy Efficiency – wave 2
- Development Capex
- Reliability & Industrial Perf.

Organization and Governance
- New organizational model
- Personnel cost reduction (turnover management, overtime control, etc.)

HSE
- Injury index down from 7 to 2
- BBS (Behaviour Based Safety) Project

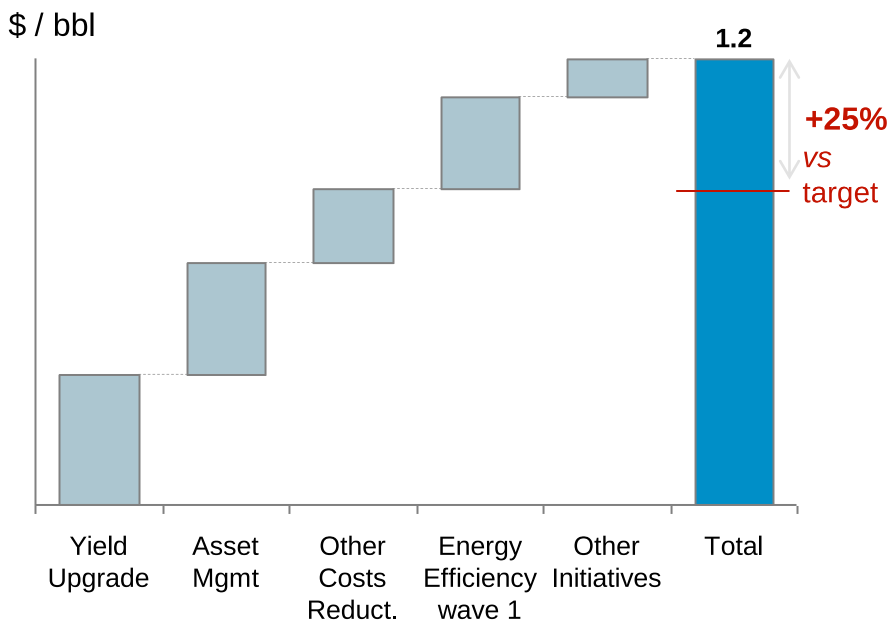
Asset Upgrade
- MHC2 Revamping
- Upgrade of IGCC turbines

Versalis Deal
- Sarroch site strengthening plan
- Versalis assets/resources integration

✓ = Already discussed

Consistent **track record in delivering** improvement projects...

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



Total margin upgrading : ~1.2 $/bbl

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

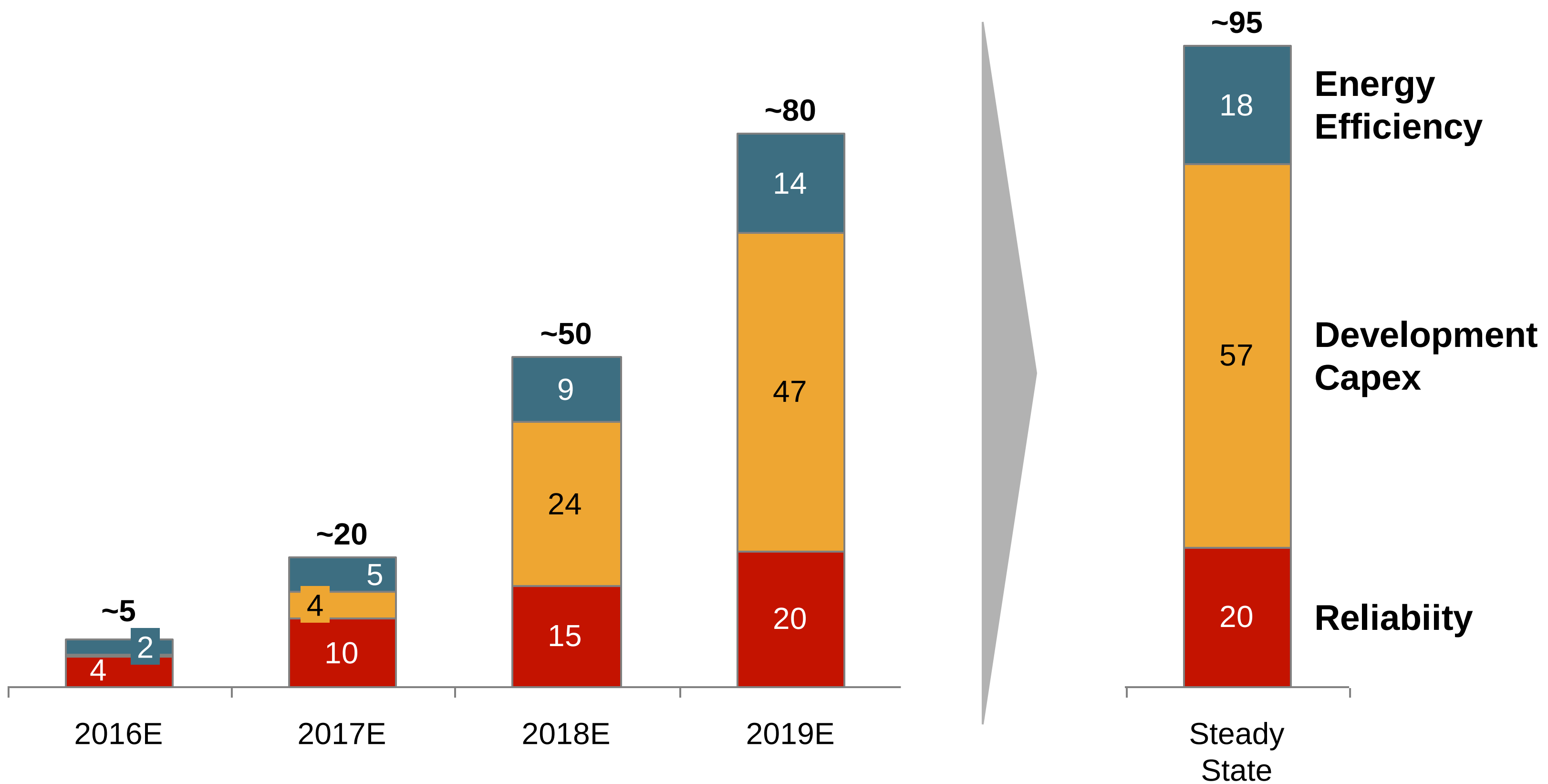
MHC2 Revamping in 2013
- Respect of budget (time and costs)
- Performance over the target

FCC 5/6-year turnaround in 2014
- Completion 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

... gives confidence on delivering value through **3 new improvement initiatives**

Impact of improvement initiatives on Group EBITDA (M€)



Energy Efficiency and Development Capex detailed in following slides

Note: Steady state reached with all the initiatives implemented

Development capex: **low risk investments with quick returns**

Initiatives	Selected examples	EBITDA (Steady state) (M€)	Capex (Total) (M€)	Payback (Simple) (years)
Logistics upgrade	**Initiatives to improve site flexibility**			
	• 2 upgrades of jetty to accommodate larger vessel[1]	5	8	1.5
	• Upgrade of crude oil lines to increase flexibility	4	9	2.0
	• Increased crude oil storage capacity	11	40	3.5
Northern plants improvement	**Initiatives to optimize Pet Chem units**			
	• Power station turbine upgrade	5	5	1.0
	• Increased hydrogen recovery	7	13	2.0
	• Revamping of main petrochemical plants[2]	12	20	1.5
Southern plants improvement	**Initiatives to optimize production levels and hydrogen network**			
	• FCC oxygen enrichment	2	3	1.5
	• Chiller for LPG recovery on fuel gas network	8	24	3.0
	• Other smaller investments	3	7	2.5
	Total	**57**	**~130[3]**	**~2.5**

1. Including upgrade of island berth to 80k DWT diesel and P3 jetty to 75k DWT gasoline ;   2. Including BTX and splitter;
3.Total investment in business plan 16-19 ~179 M€; not included investments without additional EBITDA (e.g. backlog from previous years) and included investment post 2019

Energy Efficiency: combination of **investment opportunities** and additional **operational improvements**

Initiatives	Selected examples	EBITDA (Steady state) (M€)	Capex (Total) (M€)	Payback (Simple) (years)
New investments	**Fuel consumption decrease through hot streams recovery in Northern Plants**	3	4	1.5
	Technological upgrades of air coolers	2	4	2.0
	Steam consumption reduction through integration in Southern plants: • Between Topping and Desulfurization • Between MHC2 and TAME	3	10	3.5
	Substitution of CCR heat exchanger with Packinox	1	4	4.0
	Sub total	**9**	**22[1]**	**~ 2.5**
Operational improvements	**Improve steam management across the site:** • Campaign to reduce losses and dis-optimization **Increased focus on heat exchangers' efficiency** **Improved energy performance tracking / control** • To enhance combustion efficiency in furnaces	9	n.a.	n.a.
	Total	**18**	**~22[1]**	**n.a.**

1. Total investment in business plan 16-19 ~23 M€; not included investments without additional EBITDA (vs current status and required in any case i.e. replacement of CCR heat exchanger of ~3M€) and included investment post 2019

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

Internal capability-building program

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

~30,000 training hours p.a.

~90% with technician degree or higher

Competences & Capabilities

World-class consulting

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

UOP A Honeywell Company, FW, DUPONT, GE, Shell, BCG, aspentech, inspiros

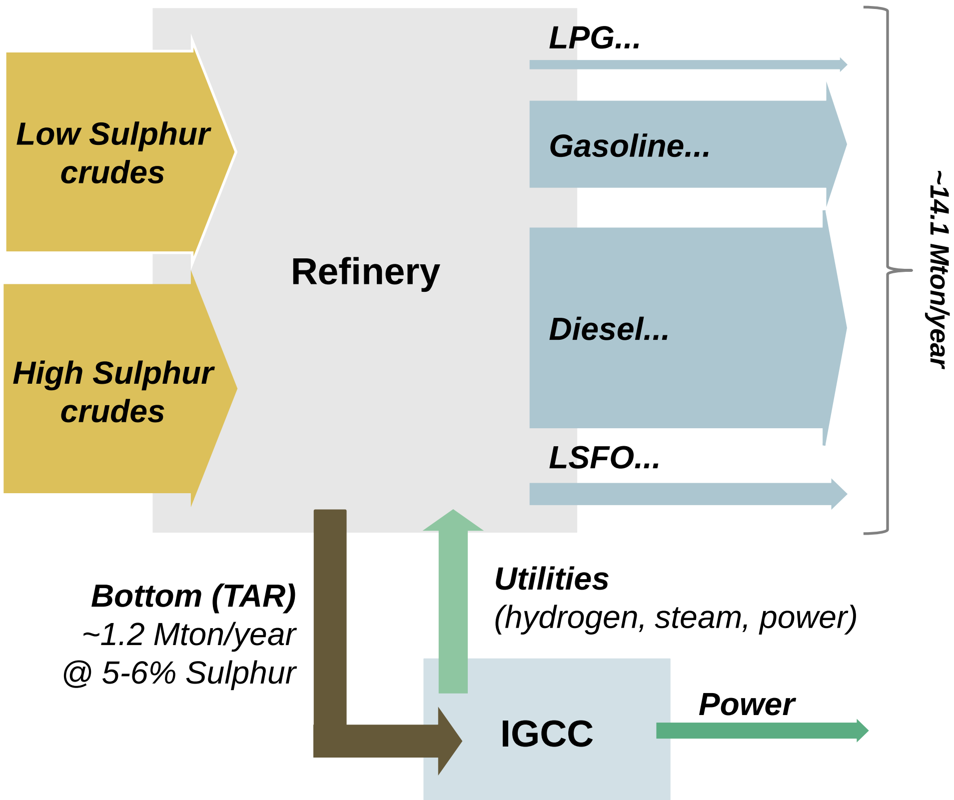
External talent sourcing for Senior/ Middle Management

- Sourcing of industry talents from major and super major IOCs to complement Saras' Management team

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

IGCC plant is fundamental to ensure **bottom-barrel conversion**

Sarlux site configuration



IGCC role

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

- Power
- Hydrogen
- Steam...

...making the IGCC very important even after expiry of the CIP6 scheme

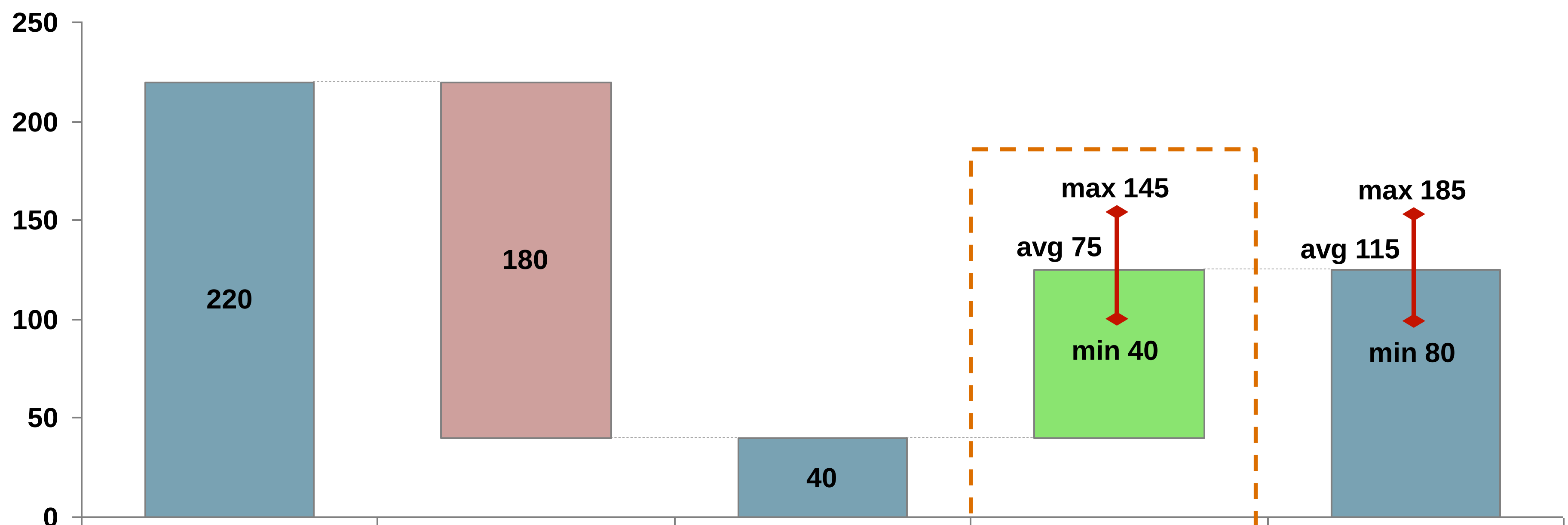
- Instrumental to economically process HS crudes and to fully exploit the site assets
- Hydrogen and steam production are necessary for refinery operations
- ~1TWh of power production will be self-consumed to further reduce exposure to power market

The IGCC operational flexibility will be exploited with an integrated perspective

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

EBITDA reduction after CIP6 expiry can be **significantly mitigated**

Mid term Power EBITDA (M€)



Power EBITDA with current tariff

Expected mid term EBITDA with CIP6 tariff

End of CIP6 scheme

Impact of lower power price & increasing CO_2 cost, net of cost savings from self-sufficiency & revised O2 supply contract

Power EBITDA without current tariff

Expected "inertial" mid term EBITDA without CIP6 tariff

New configuration options

Mitigation actions, including scenario effect

detailed in the next slides

Power Target EBITDA

Expected mid term EBITDA without CIP6 tariff after management mitigation plan

Moderate investments sufficient to enable sustainability and future flexibility

Invest the "right" amount to ensure sustainability and maximize company evaluation

- Allow for future flexibility in the mid term configuration options

Visbreaking revamp	Bitumen facilities	0.5% LSFO bunker
		
170M€ CAPEX	***60M€ CAPEX***	***no CAPEX***

Investment decisions to be taken in 2018

The current site configuration is robust under different scenarios and hence shareholders investment in a heavy conversion unit is not necessary

Saras can **flexibly and effectively react** to envisaged market scenarios

"Oil driven"

- Lower oil price (50$/bbl)
- Robust Cracks back
- Reduced HS[3] discount
- Tolerant EU CO2 policy
- Lower power tariff

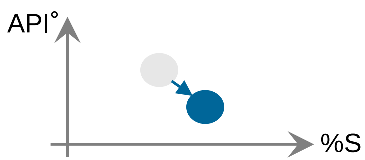
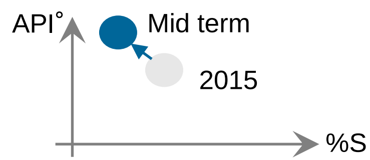
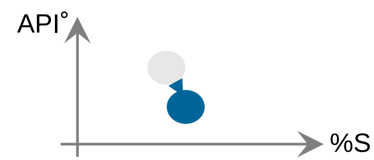
"In the Middle" (in continuity with Business Plan)

- Limited oil rebound (85$/bbl)
- Crack in line with Plan
- Bitumen at wide discount
- CO2 policy sensitive to EU economic growth
- Power tariff at historical levels

"Environmental Push"

- Lower HSFO price, while Bitumen price stable
- Wider discount on HS[3]
- New 0.5%LSFO for bunker use
- Strict EU emission policy: high CO2 cost

Configuration

Configuration	"Oil driven"	"In the Middle"	"Environmental Push"
Refinery runs	15.3 Mt/y	15.0 Mt/y	15.2 Mt/y
Crude slate vs. 2015	 Heavier and sour slate	 Lighter /sweeter slate	 Heavier & slightly sourer slate
Product output (%) – Light & Mid[1]	88.8	90.8	83.1
Product output (%) – Heavy[2]	3.5	3.9	1.0 / 7.6 / 3.3
Product output (%) – IGCC feed	7.7	5.3	5.0
IGCC config. (Power prod, TWh)	~1.0TWh self consumed + ~3.6 TWh sold	~1.0TWh self consumed + ~1.8 TWh sold	~1.0TWh self consumed + ~1.8 TWh sold

~1000÷1500kt/y LSFO 0.5% and up to 500kt Bitumen production

1. LPG, Gasolines, ULSD, GO 0.1%; 2. Fuel Oil, Slurry, Bitumen 3. Heavy Sour Crudes

CMD v46_15Oct.pptx

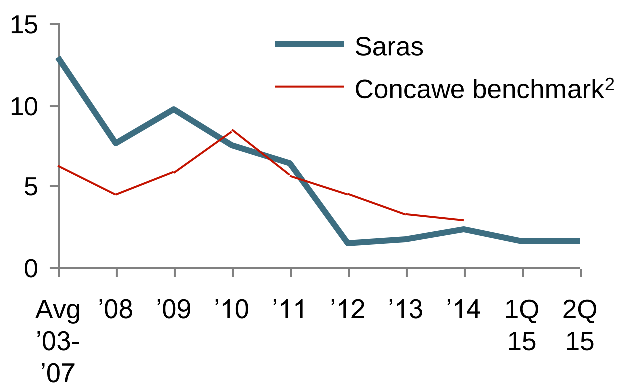
Lunch Break

Saras has a **remarkable focus** on **HSE** and **Social Responsibility**

Health & Safety

- Saras is **committed to applying the best standards** in its spheres of activity, in order to guarantee **maximum safety** for all its employees and contractors
- Almost **20,000** of Health & Safety **training hours**
- Saras **Total Injury Frequency** consistently **lower** than benchmark in last 3 years

Total Injury Frequency Index[1]



Environment

- **1st** Italian refinery to comply with **Integrated Environmental Authorization** (2008)
- **Desalination units** to reduce use of primary water sources
- Monitoring of **environmental habitats** around Sarroch
- Sulphur dioxide emissions (**SO_2**) **reduced by ~40%** in the last decade

Social Responsibility

- **Active dialogue** with the community and accreditation of Eco Management & Audit Scheme (**EMAS**)
- Transfer of cumulated technical expertise & knowledge to **next generation**
- Active involvement in the **"Safe Schools" project**
- **Seminars, traineeships and scholarships** for PhD students

1. Total Frequency Index = ratio between injuries and medical treatments versus total worked hours in the period 2. Concawe is a division of the European Petroleum Refiners Association and its activities cover areas such as fuels quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product stewardship and cross-country pipeline performance

Saras has **consistently** focused on **upgrading** refinery configuration

1965 – 2015

1965	1969	1974	1983	1992	2001
Topping (T1)	**Topping** (T2) **Vacuum** (V1) **FCC**	**Topping** (RT2)	**Visbreaking** **Vacuum** (V2) **Reformer** (CCR)	**MHC1**	**IGCC** **MHC2** **TAME**

2005 – 2015

2008	2009	2013	2015
Sulphur **Tail Gas Treatment** **FCC** gasoline desulphurization	**FCC** catalyst cooler & energy recovery **IGCC** hydrogen revamping	**MHC2** revamping	**Versalis** acquisition: **Reformer** & **BTX**

The **5 key strengths** of the Sarroch site

Largest single-site in the Mediterranean

300k barrels / day of refining capacity

13 berths for cargoes (up to VLCC size)

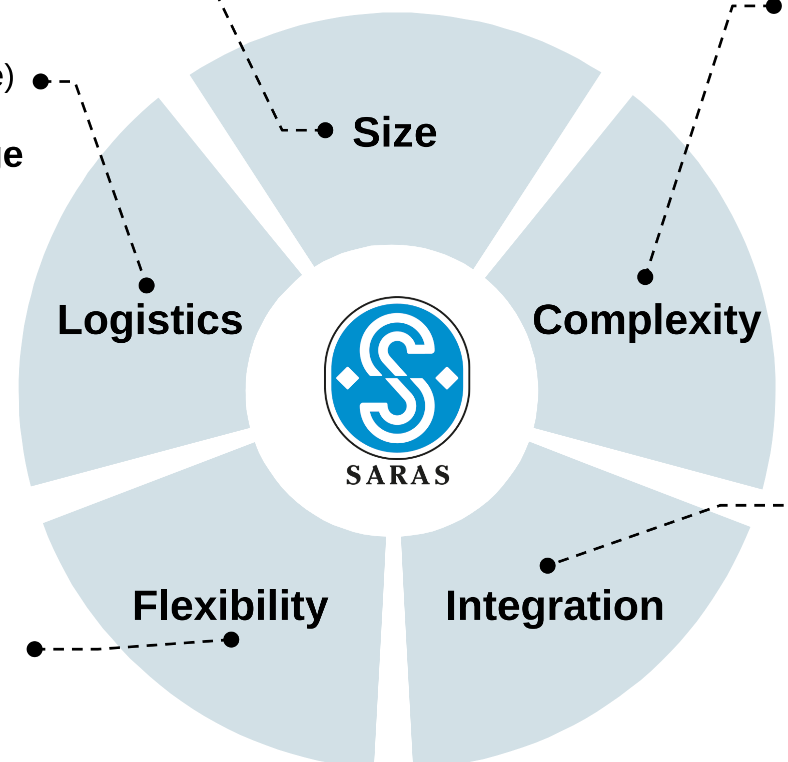
4+ million cubic meters of storage
(16% of national costal refinery cap.)

Trading-oriented hub

Top-tier Mediterranean site in terms of **complexity** and **size**
(Nelson Complexity Index ~10)

>86% Light & middle distillates[1]

<6% Fuel Oil (~**full conversion**[1])



40 **different crudes** processed in the last year, from a wide range of grades

Fully integrated power generation Plant (IGCC)

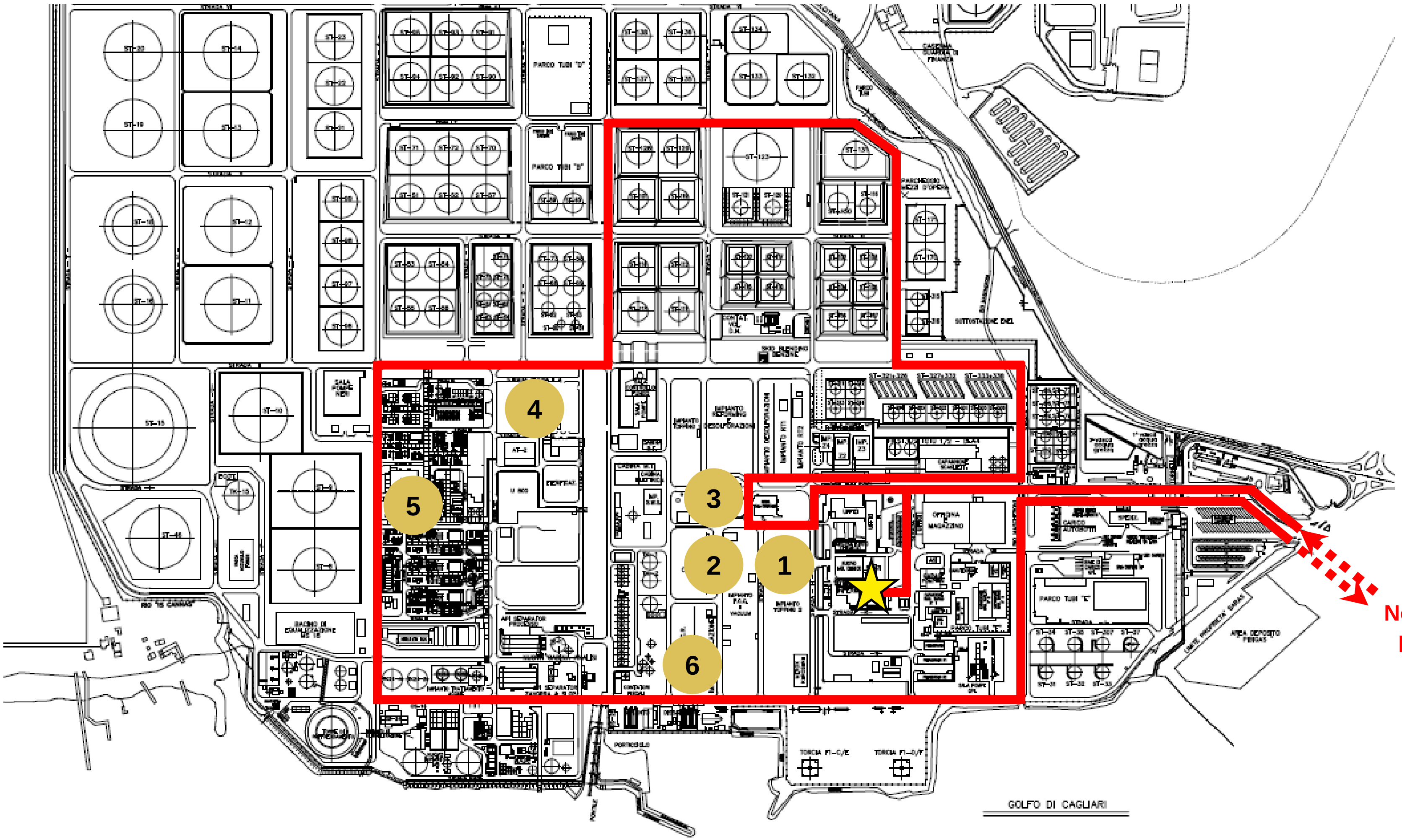
<8% **Heavy residues from refining,** transformed into **electricity, hydrogen and steam**

Petchem integrated processes

Added value due to Versalis petrochemical plant acquisition

1. Yields in 1H2015 equaled to: ~2% LPG, ~28% Gasoline & Petchems, ~57% Middle Distillates

Tour overview (1/2)
Southern plants

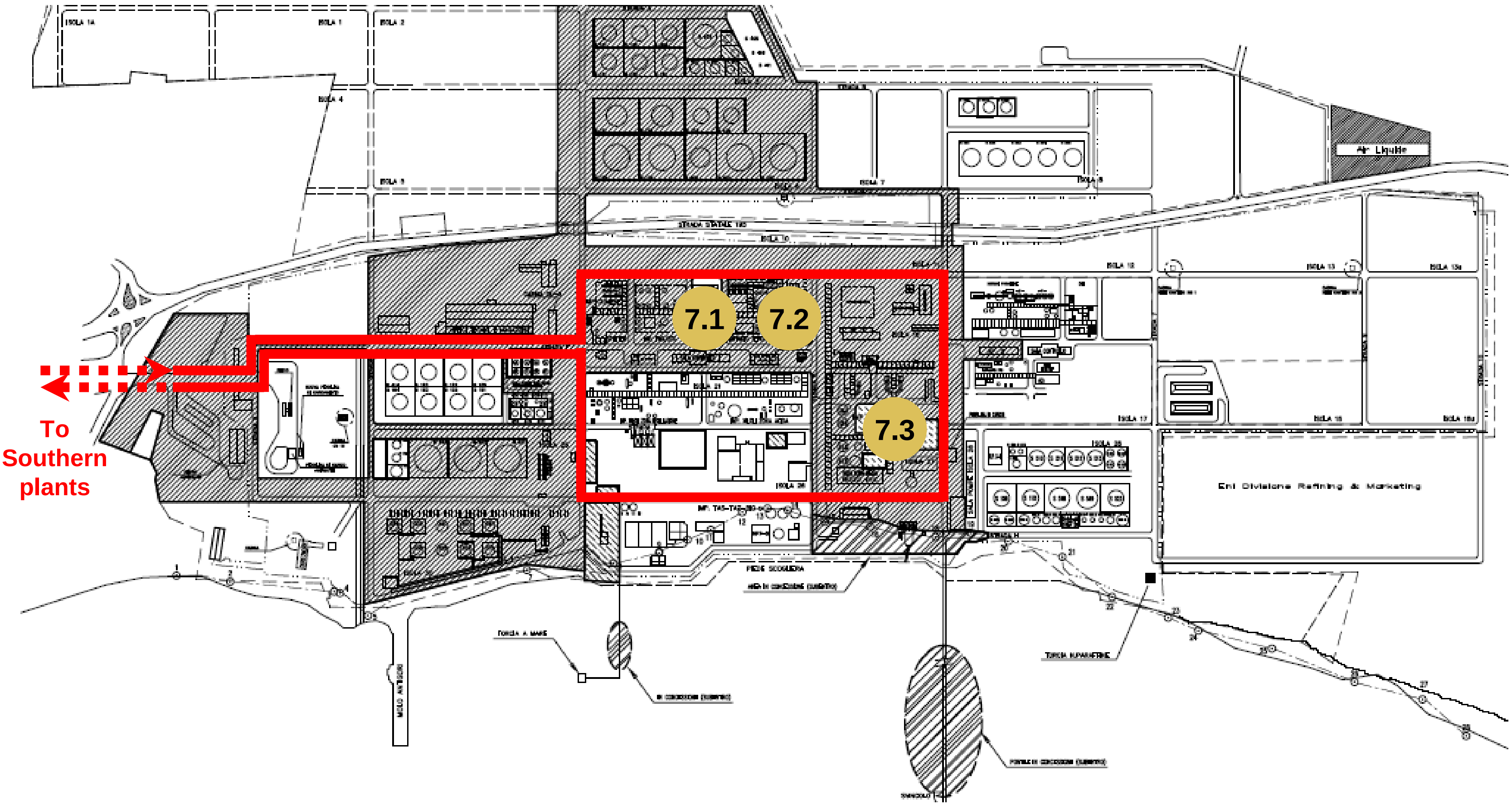


To Northern plants 7

1. Distillation units
2. FCC
3. Control room
4. MHC
5. IGCC
6. CCR
7. Pet Chem plants

Please collect your Personal Safety Equipment and refer to your group guide according to your badge color

Tour overview (2/2)
Northern plants

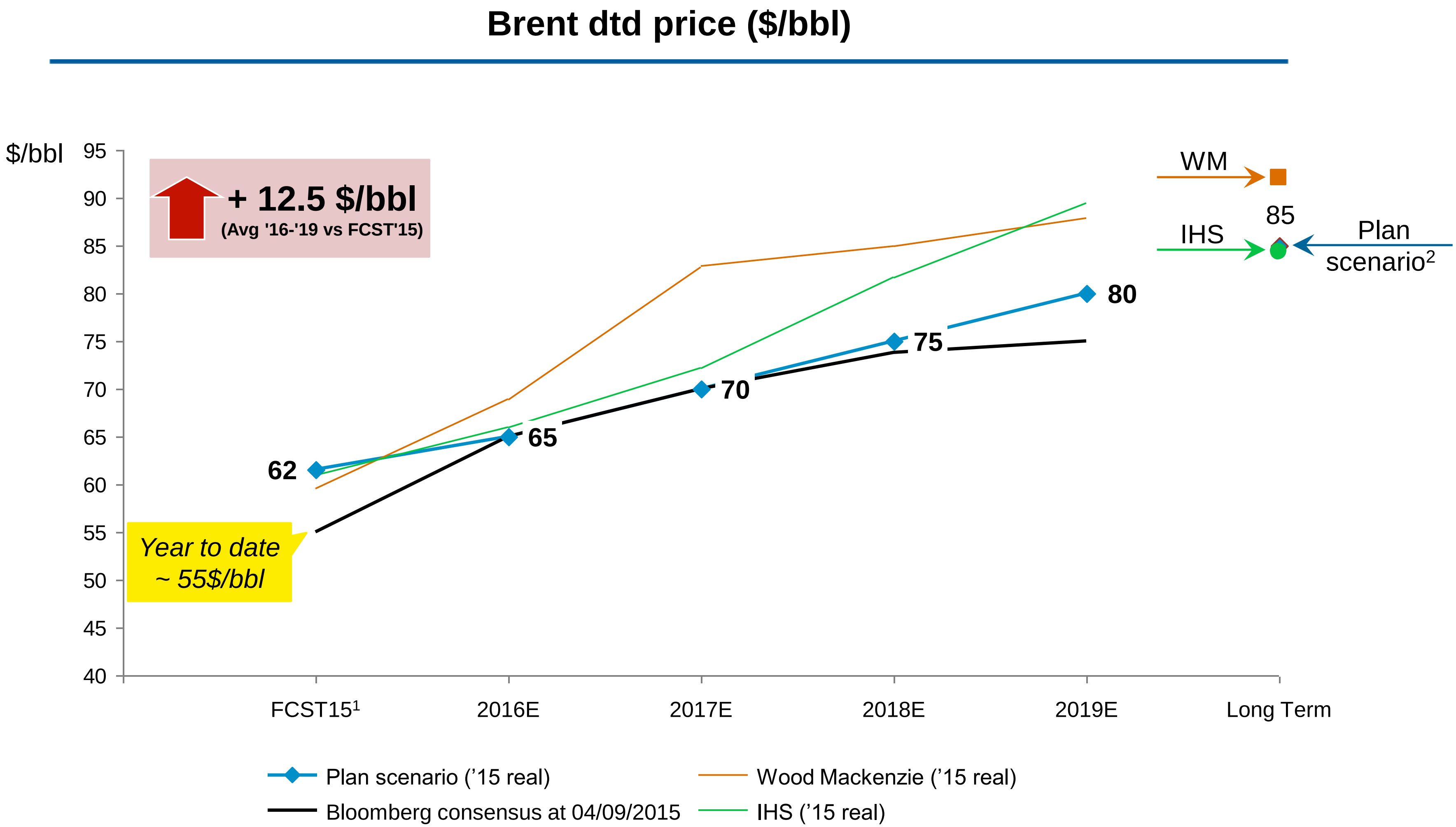


- **7.1** BTX
- **7.2** Reforming
- **7.3** Power plant

Please collect your Personal Safety Equipment and refer to your group guide according to your badge color

1. Market trends and scenarios
2. Supply chain management
3. Saras Trading SA
4. Improvement initiatives & mid-term site options
5. Site presentation and visit
6. **Business plan**
7. Closing remarks

Brent price in line with latest Bloomberg Consensus
Main assumption of Business Plan Scenario (I/V)

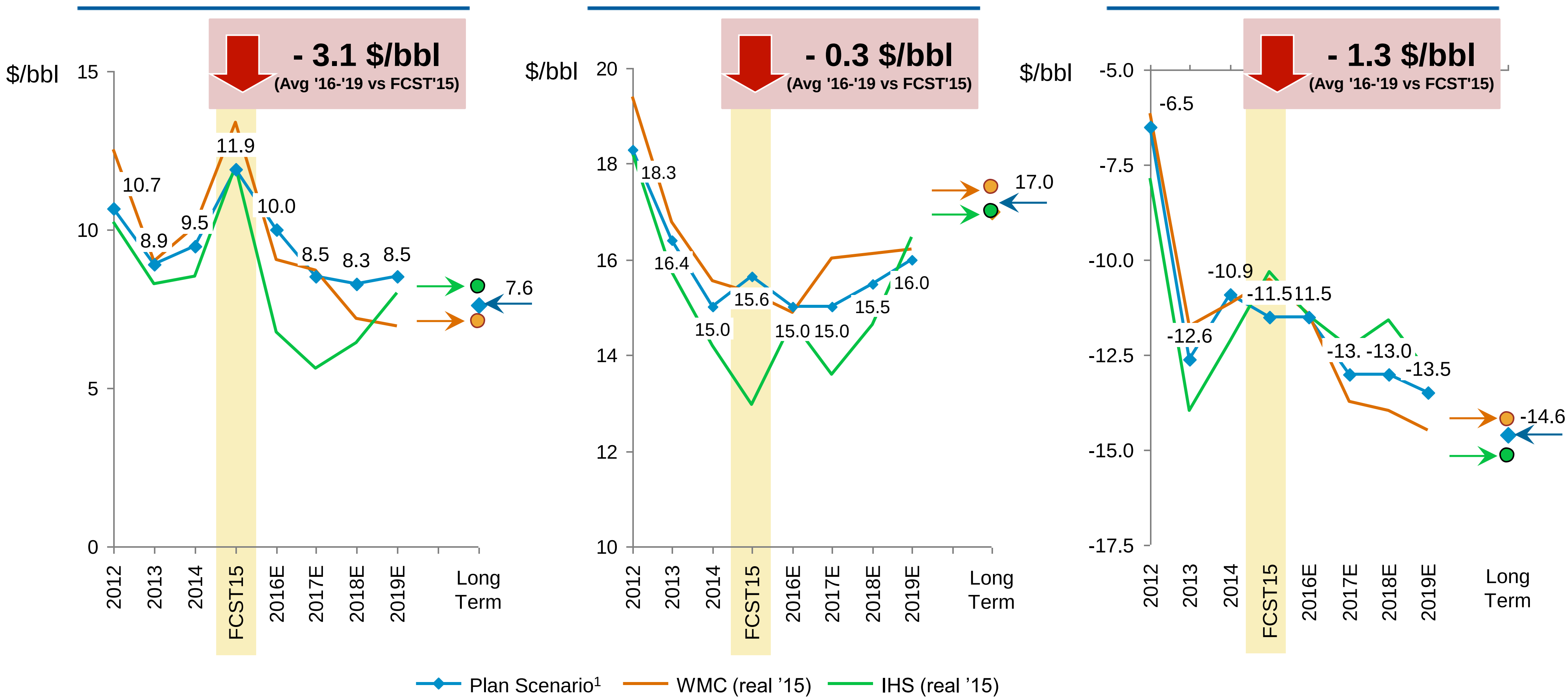


1. Based on document *"Gruppo Saras Risultato Gestionale Confronto Forecast vs Budget 2015 C.d.A. 6 Agosto 2015"* *2.Plan scenario bases on IHS,* Wood Mackenzie and Bloomberg Consensus
Note: All financial figures in the business plan are expressed in a comparable basis
Source: Wood Mackenzie and IHS (July 2015); Bloomberg (September 2015) for consensus

Crack spreads in line with prevailing market forecast

Main assumption of Business Plan Scenario (II/V)

Crack spread FOB MED - ($/bbl)

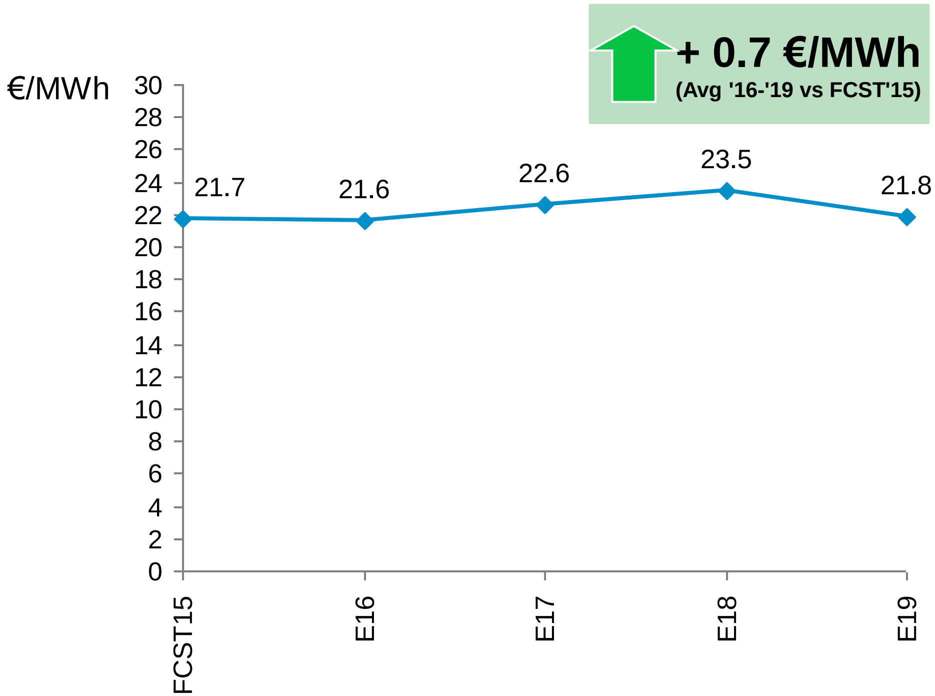


1. *.Plan Scenario based on IHS,* Wood Mackenzie
Note: Real values at 2015
Source: Wood Mackenzie and IHS (July 2015)

Gas TTF & exchange rate €/$

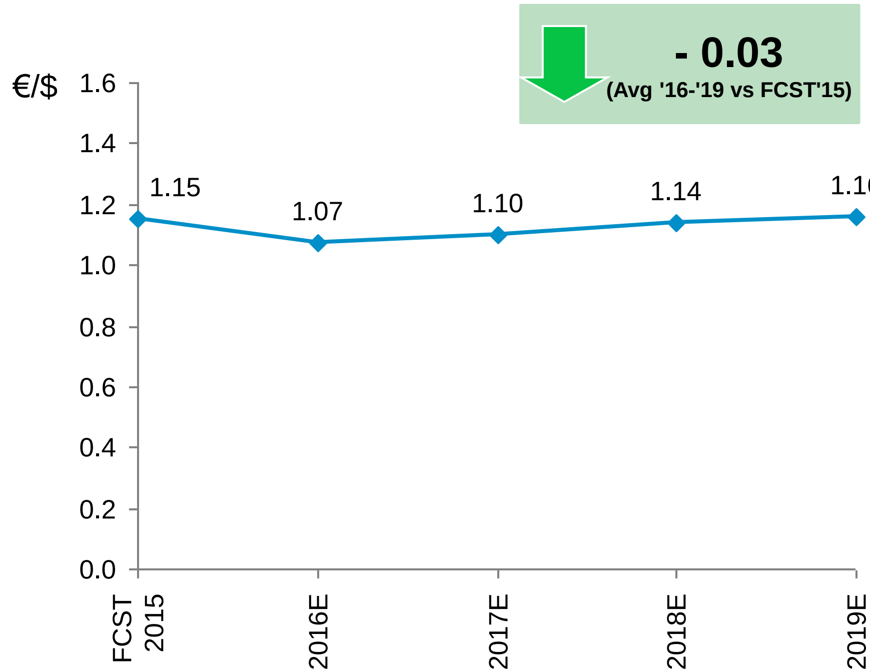
Main assumption of Business Plan Scenario (IV/V)

Gas TTF (€/MWh)[1]



Source: Pöyry (TTF)

Exchange rate (€/$)



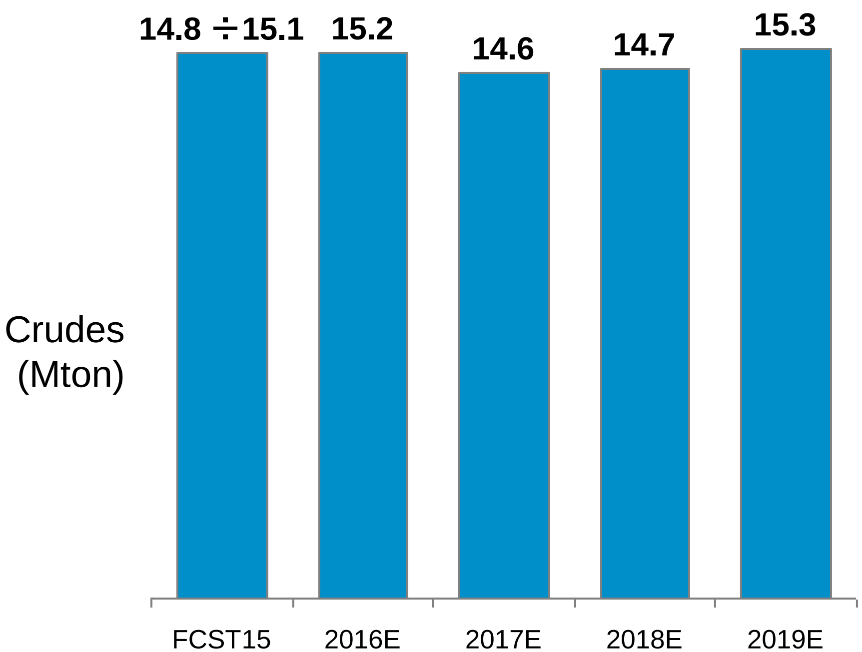
Source: Reuters Poll

1. Real values (2015 €/MWh)

High production levels driven by Plan' scenario

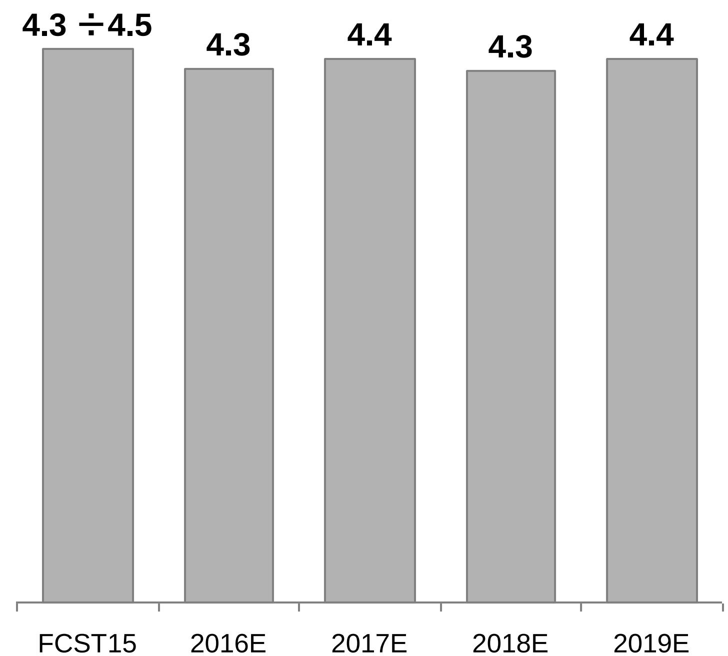
Main assumption of Business Plan Scenario (V/V)

Refinery crude runs (Mton)



Other feedstock[1] (Mton)	0.8÷1.0	0.8	0.7	0.5	0.5

Power generation (TWh)

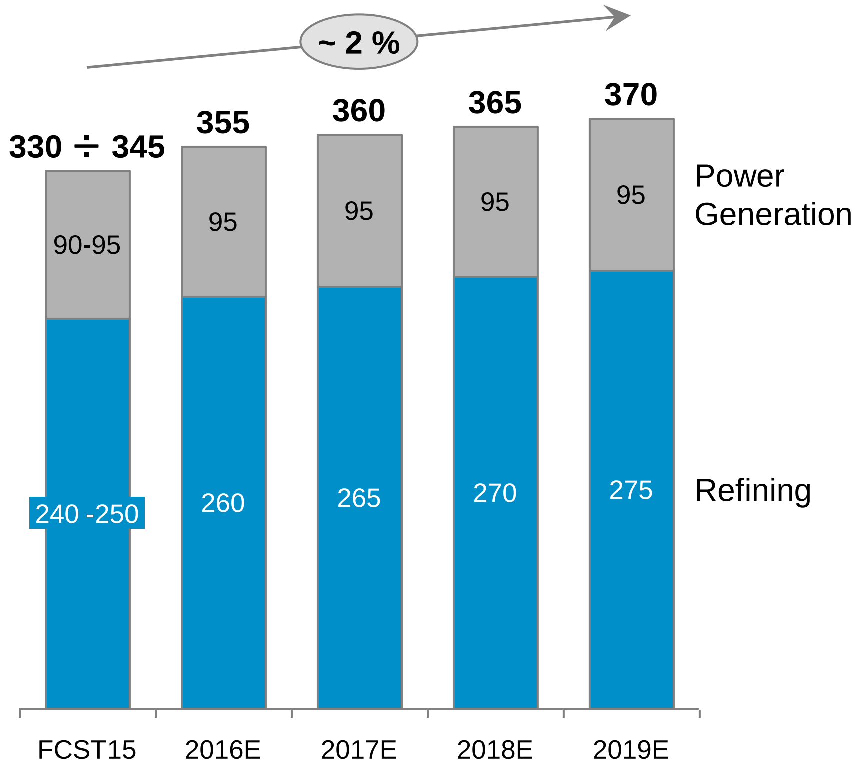


Year on year variations mainly due to maintenance

1. Includes: HVGO HS, Straight run LS and reforming feed

Fixed costs trend linked to the achievements of business plan targets

Refining & Power fixed costs (M€)



We project a modest increase in fixed cost base ...

...driven by slightly higher maintenance costs to improve reliability ...

- In a healthy margin environment, positive trade-off of gross margin vs. maintenance costs

... by increase in environmental requirements ...

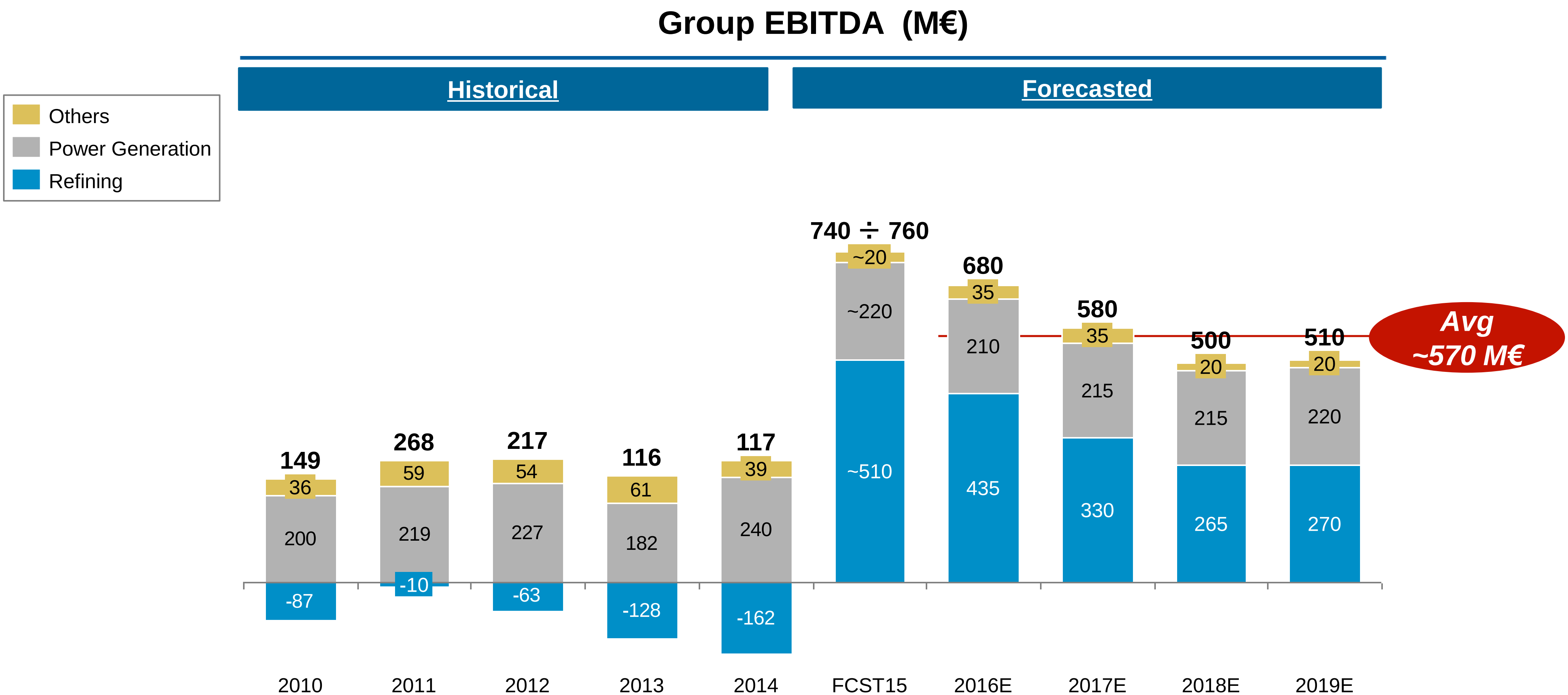
... and a incentive scheme for our employees

- Linked to achievement of planned targets

Proven capability to react to scenario's changes keeping costs basically flat

- Review of expenditure priorities
- Labor cost

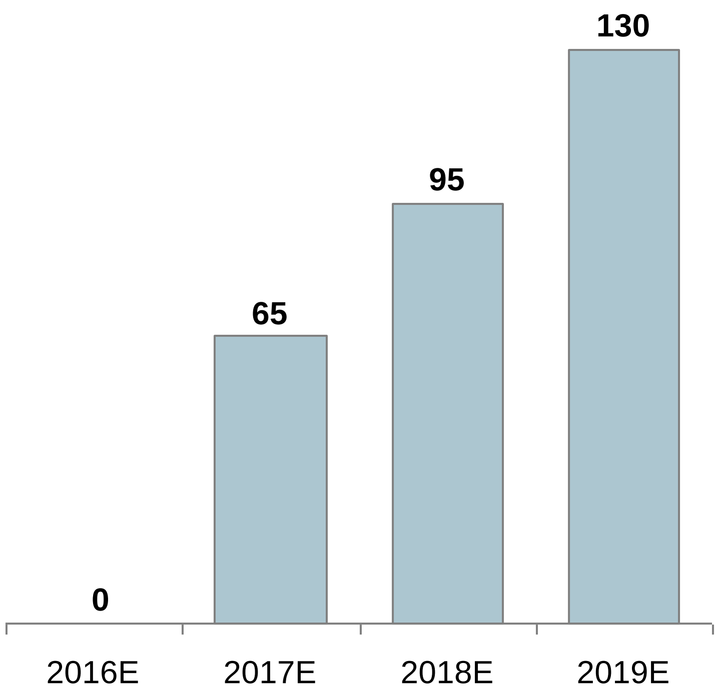
"**Inertial**" projection of scenario conditions lead to **~570 M€/y of EBITDA**



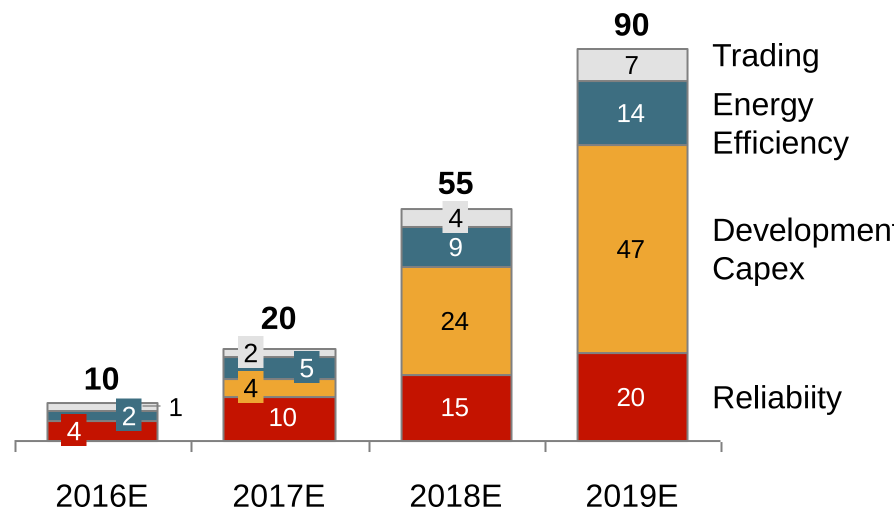
Inertial EBITDA does not include
Supply Chain Integration & Improvements Initiatives

Strong results from Supply Chain Integration & Improvements Initiatives

~ 130 M€/y EBITDA driven by Supply Chain Integration ...

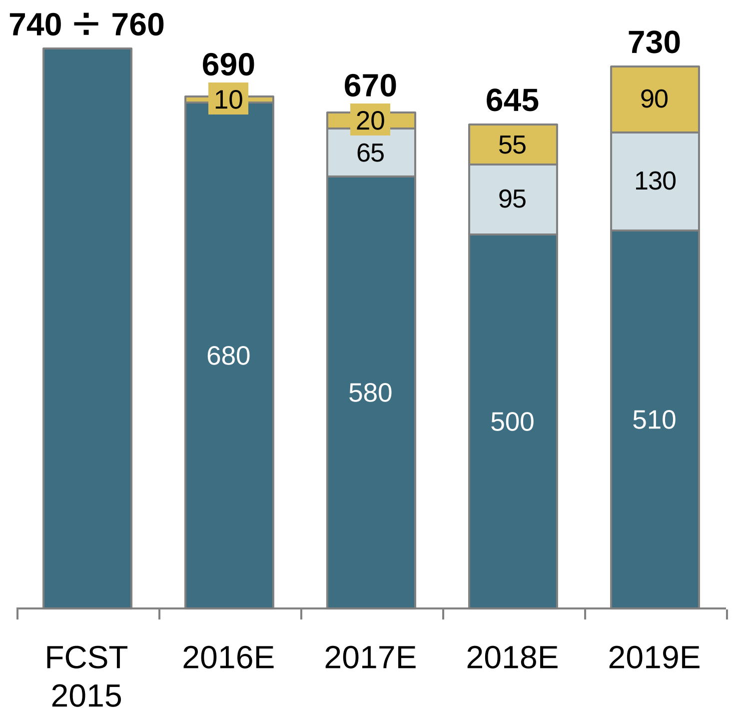


... ~ 90 M€/y EBITDA driven by the Improvement Initiatives

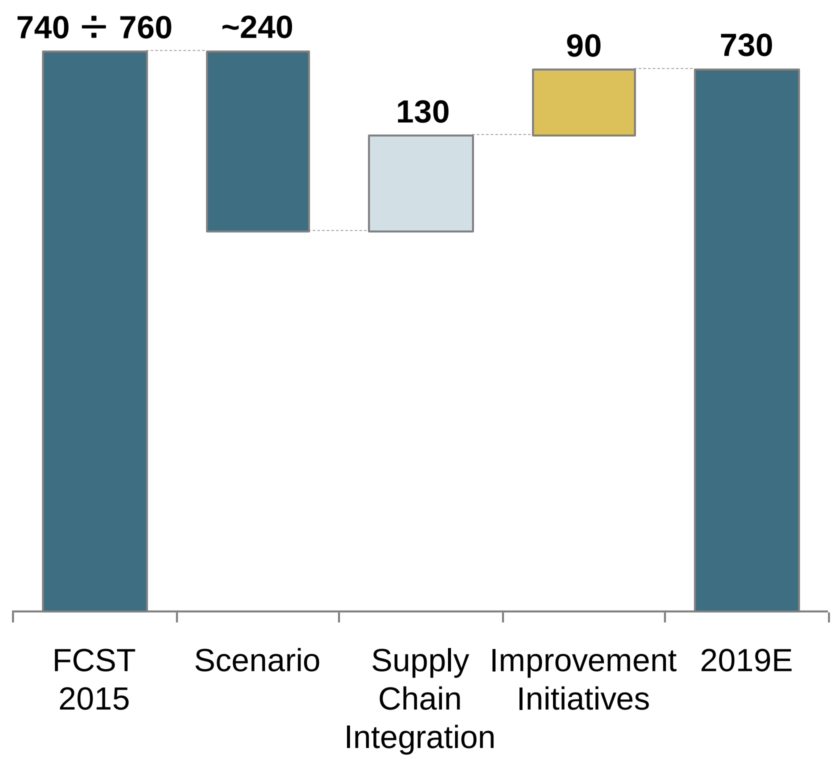


Overall **~730 M€** of Group **EBITDA in 2019**

Group EBITDA evolution with Supply Chain Integration & Improvement Initiatives



Main components of Δ Group EBITDA '15-'19

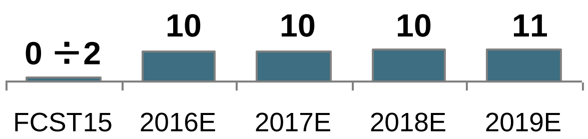


"Inertial" **Supply Chain Integration** **Improvement Initiatives**

Other segments

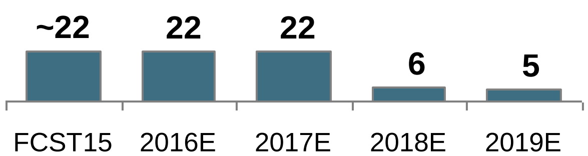
Segment	EBITDA (M€)	Comments

Marketing



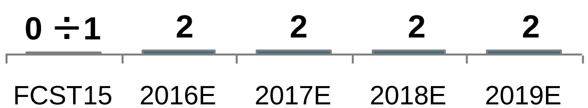
- In 2016 expected EBITDA recovery in line with 2H2015 level

Wind



- EBITDA negatively affected by expiring incentives on ~80% of production in 2018
- Assessing opportunity to develop additional ~25-45MW power in Ulassai

Other (Sartec)

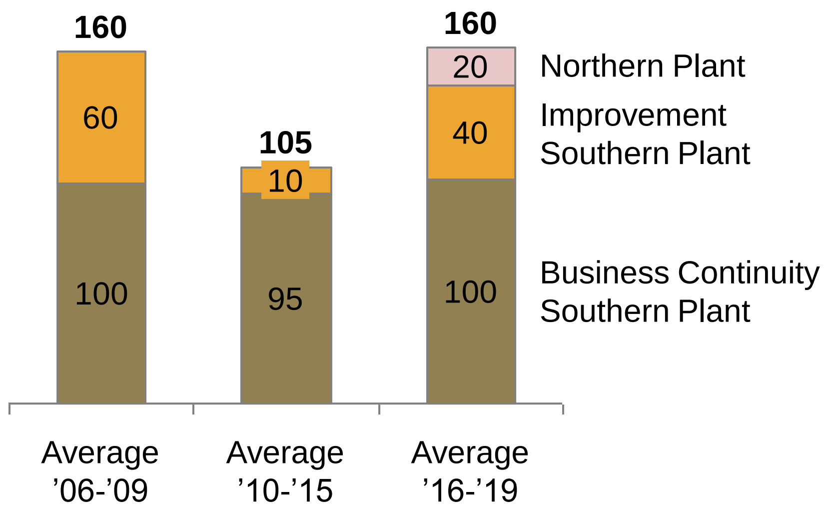


- Stable EBITDA levels maintaining focus to guarantee high internal service levels and exploit potential non captive upsides

2016-19 investments plan

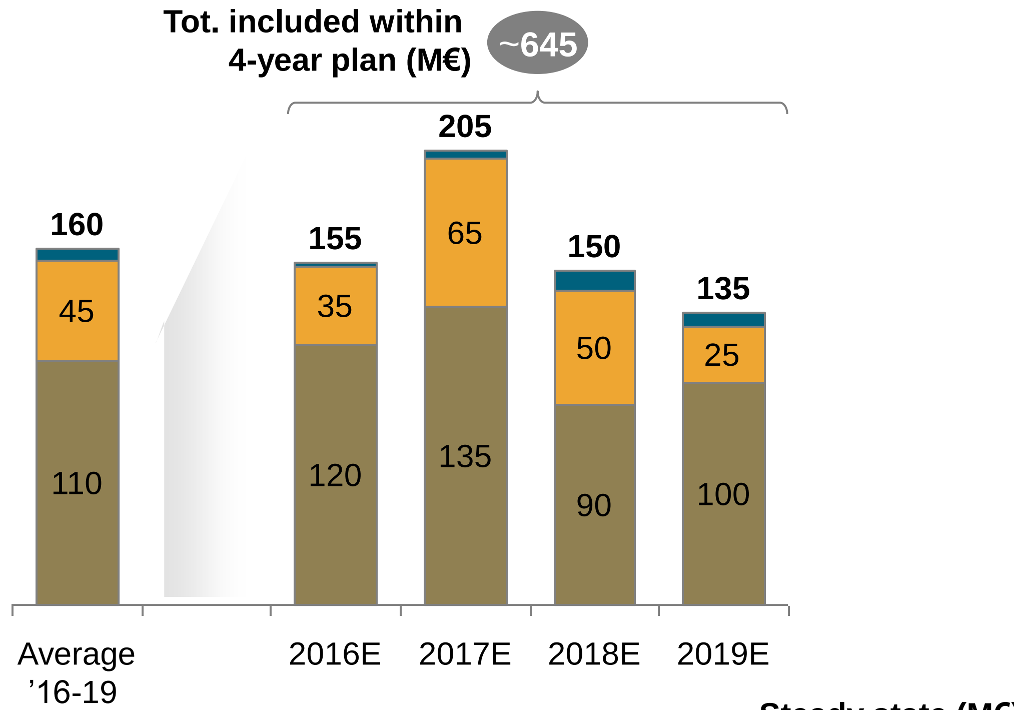
Capex in line with '06-'09 average...

Capital expenditure, M€/year



...to support business continuity and high return development initiatives

Capital expenditure, M€/year



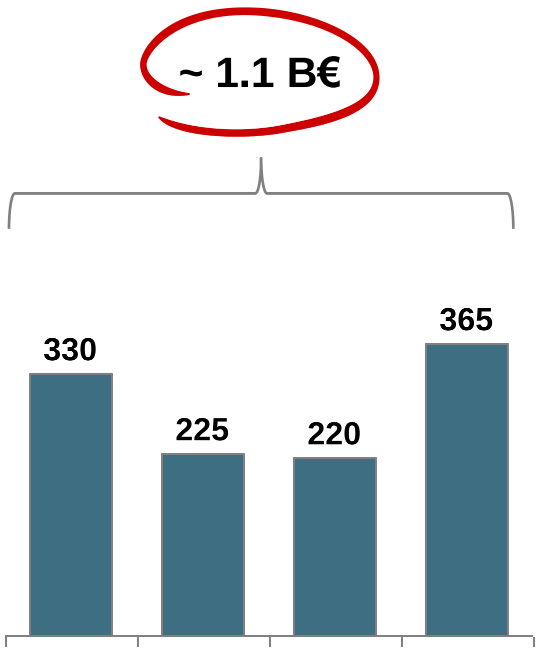
Expected Δ Ebitda from new Development and En. Efficiency (M€)

	Average '16-19	2016E	2017E	2018E	2019E	Steady state (M€)
	~25	~5	~10	~30	~60	**~75**

Energy efficiency | Development capex | Business continuity Northern/Southern Plant

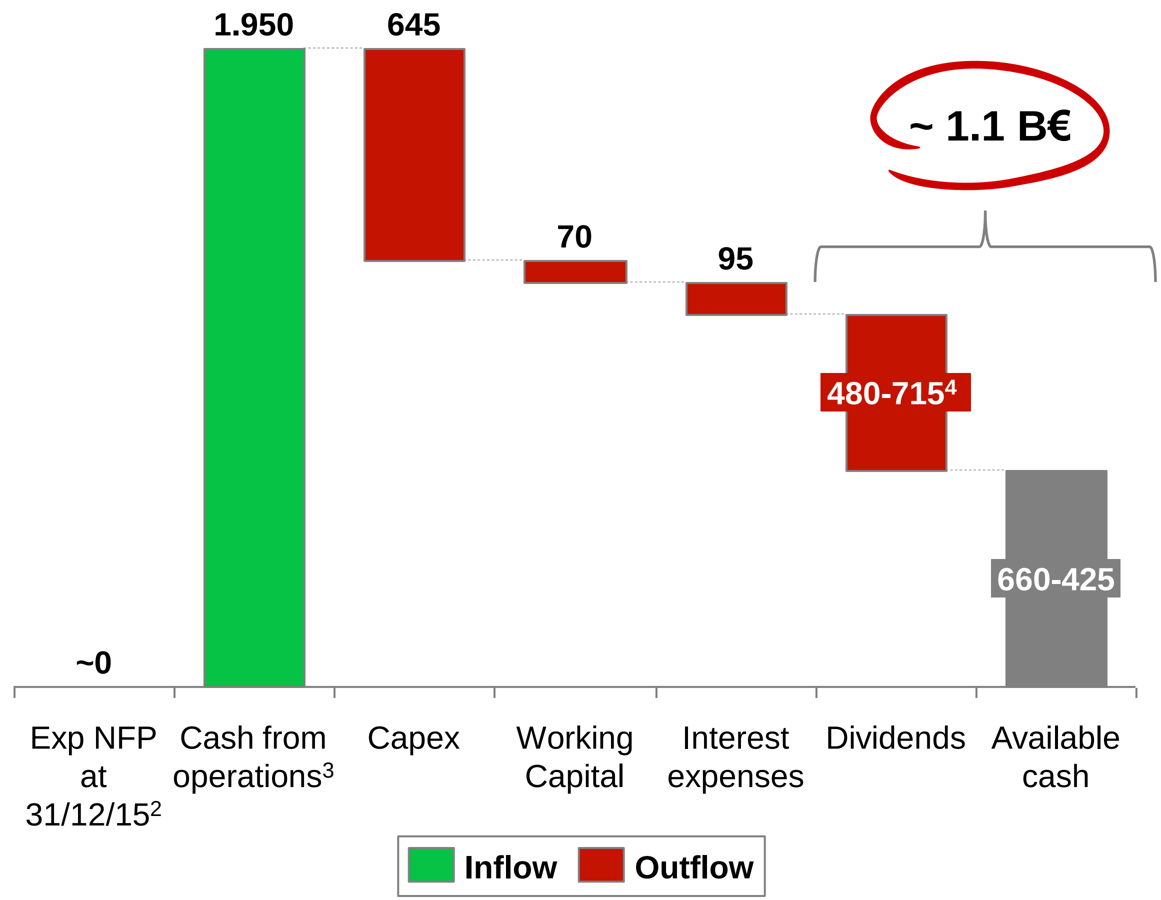
~1.1 B€ of cash generated between 2016 and 2019

Annual cash flow[1] (M€)



	2016E	2017E	2018E	2019E
EBITDA (M€)	690	670	645	730

Sources and usage of cash – cumulative '15-'19 (M€)



1. Cash flow after investments and interest payments, before dividend distribution; 2. Based on conservative assumptions, after reduction of Trade Payables related to Iran; 3. Cash flow from operations = EBITDA – Linearization effect on Power Generation – cash taxes; 4. 40%÷60% of estimated Adjusted Net Income based on current policy

1. Market trends and scenarios
2. Supply chain management
3. Saras Trading SA
4. Improvement initiatives & mid-term site options
5. Site presentation and visit
6. Business plan
7. **Closing remarks**

Saras commitment: value creation driver for Saras' shareholders

SARAS

Committed to deliver shareholder value through executing the plan presented today

- **Robust financial results under conservative market assumptions**
- **Consistent upsides from market opportunities through Supply Chain integration**
  - Upcoming discounts on non-standard crudes
- **Committed to further create value with:**
  - New trading unit in Geneva
  - Energy efficiency step 2
  - Development CAPEX
  - Reliability investments
- **Moderate investments in the mid-term ensure profitability from the current assets in the long run**
  - Post-CIP6 flexible asset configuration

Saras investment thesis: **our value proposition**

1. Major downstream player focused on **refining and power generation**
2. Ideally positioned to exploit **strong market fundamentals**
3. **Integrated supply chain driven** business model to amplify value creation
4. Strong track record **in delivering improvement projects** and **new initiatives** to further unlock value
5. **Top-tier site** with large, complex, integrated, flexible and trading-oriented asset
6. **Low capital intensity** to keep market leadership and profitability