SARAS SpA

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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.

Saras in brief

CORE BUSINESS

Saras is **a pure play refiner**

- **300,000 bl/day *supersite***
  - ✓ high complexity (Nelson 9.6) and conversion capacity (#1 in Europe)
  - ✓ integrated with petrochemical
- **Diesel oriented** (yield > 50%),
  - ✓ total middle distillates yield greater that 80%
- **Very low fuel oil production** (~5%)
  - ✓ Gasification plant converting the heavy bottoms into clean gas then used in a CCGT
- **Ability to run "unconventional" difficult crudes** that normally trade below parity
- **Strategically located in the middle of the Med**
- **Track record of superior margins:**
  - ✓ Stabilization of returns through processing contracts and power generation from a regulated asset (CIP6)
- **Marketing activities based in the high diesel demand regions of Italy and Spain**

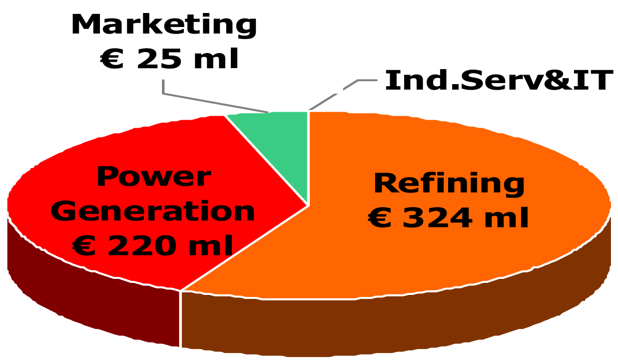
Saras in brief

OTHER ACTIVITIES

Investing also in **renewable energy**

- **84 Mw wind farm in the south of Sardinia**
  - ✓70% Joint venture with Babcock&Brown
  - ✓other projects in the permitting phase

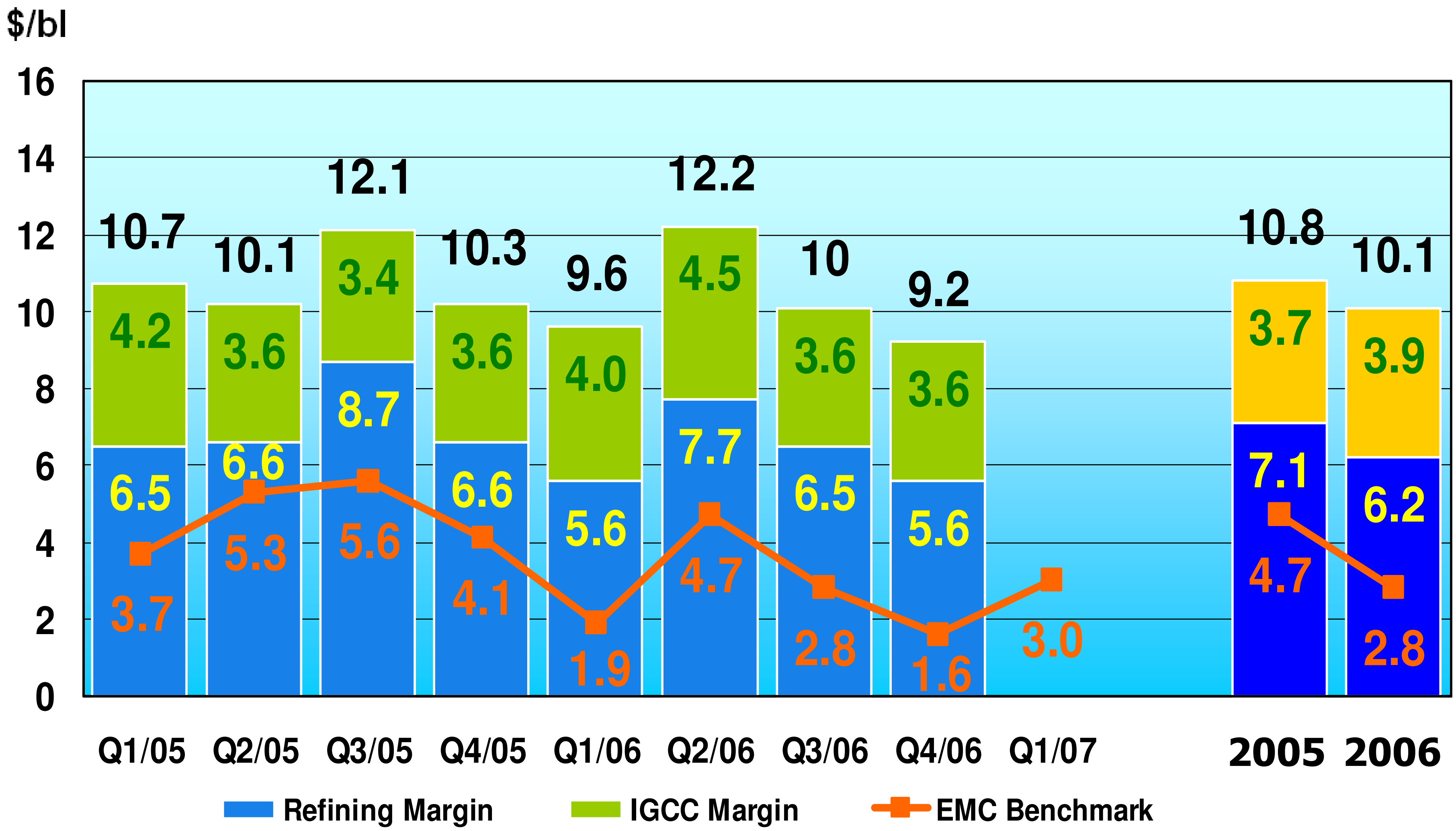
- **Industrial services and IT supporting Group activities**



2006 Group EBITDA: € 568 ml

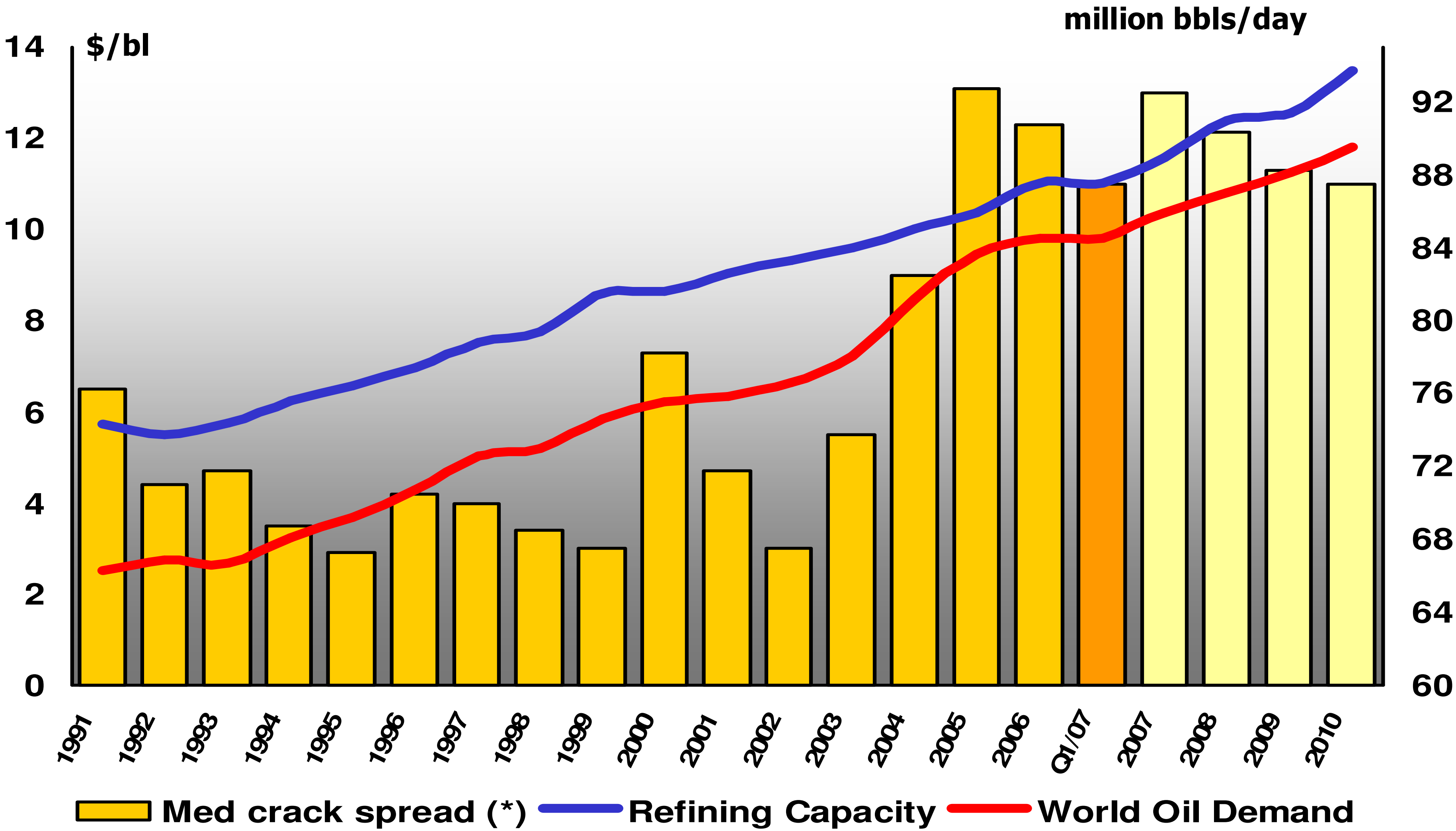
2006 Wind EBITDA: € 25 ml

Track record of superior margins



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

World Refining context



(*) 2/3 ULSD crack spread vs Brent + 1/3 Unleaded Gasoline crack spread vs Brent

Source: Saras elaboration on BP statistical review and EMC data for forecast

World Refining context

tight supply/demand balance to continue

- **Steady growth of demand, focused on light and middle distillates**
- **Need for sophisticated (and expensive) secondary units to be built alongside new distillation capacity in order to meet the severe product quality specifications**
- **New build costs up significantly**
  - ✓ Shortage of skilled manpower
  - ✓ Construction capacity limited
- **Bulk of new capacity for the next years in high growth markets (developing countries)**
- **Supply growth from "opportunistic" players challenged by increasing costs and threats of shifting economics**
- **Announcements of projects being delayed (Valero, Conoco, Sunoco, KNPC, ExxonMobil, IPIC)**

ENERGY COMPASS Feb07:
ExxonMobil and state Qatar Petroleum (QP) have shelved their Palm natural gas-to-liquids(GTL) project in the Mideast Gulf state, after more than a decade of planning and engineering and development work.
Qatari Energy Minister Abdullah al-Attiyah said high costs forced cancellation of the 154,000 b/d complex. Project inflation had pushed the price tag from an initial $7 billion in 2004 to more than $15 billion, according to industry sources.

ENERGY COMPASS Dec06:
Kuwait's Al-Zour refinery could be scrapped
Rising costs could doom Kuwait's proposed Al-Zour refinery, which may be scrapped after bids submitted in December were much higher than Kuwait National Petroleum Co. (KNPC) envisaged….. …But when the nine bids for the four packages were submitted on Dec. 17, Project Director Ahmad al-Jeemaz said they were "way above" expectations.

ENERGY COMPASS Apr07:
Fujairah refinery
Abu Dhabi's International Petroleum Investment Co. (Ipic) may scale down a planned refinery in the UAE amid concerns that partner ConocoPhillips will pull out because of soaring costs. Conoco Chief Executive Jim Mulva said this week that "there is a question whether it will go forward, and if we will

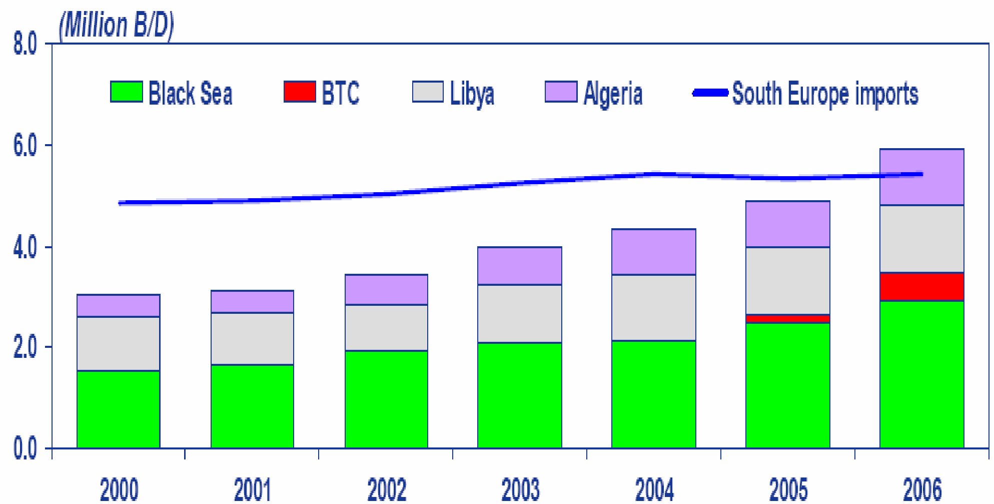
participate." A pre-feasibility study for the Fujairah refinery came in recently with a cost of around $11 billion, up from original estimates of $5 billion- $6 billion…..

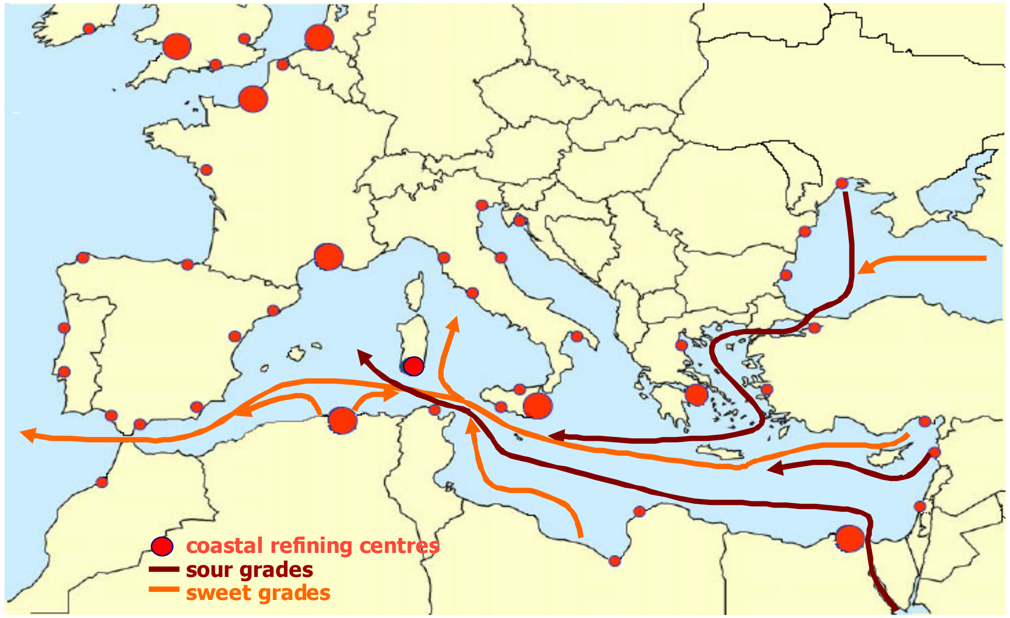
Major trends in Med crude market

- Supply of indigenous crude in the Med is constantly increasing
- The Med is becoming a net crude exporter
- The Med crude slate is forecast to become sweeter and lighter, an exception to world average
- The Med is expected to become a "crude-buyers" market

The right place to be for complex and flexible refiners

Mediterranean Europe: crude demand and supply



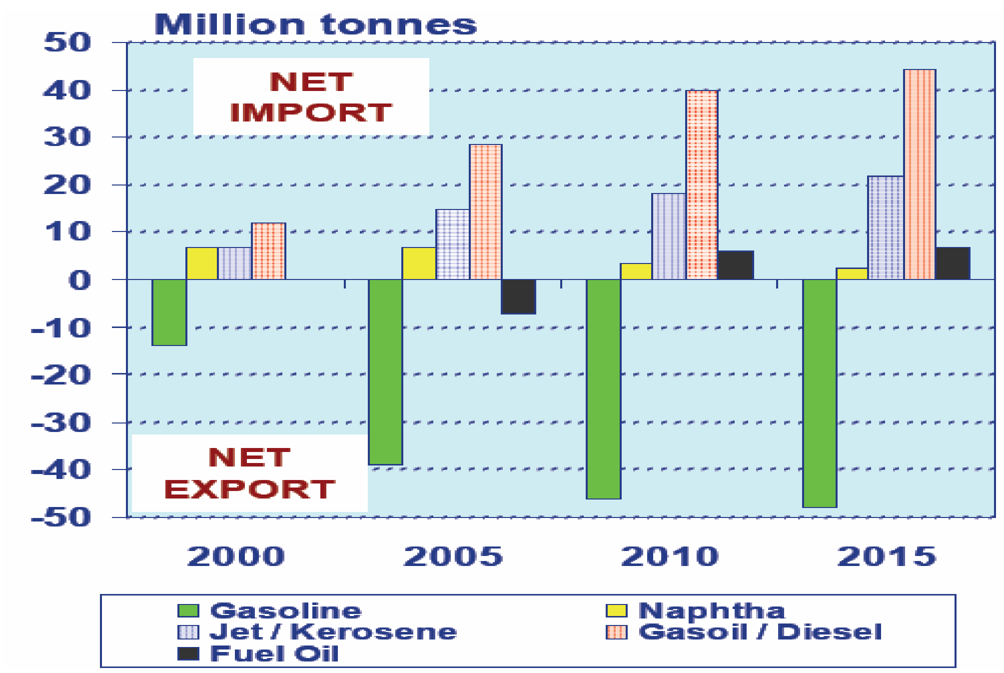


Source: Purvin&Gertz

Major trends in Med products markets

- In western Europe Diesel represents 25% of total oil products demand and 50% of transport fuels
- 70% of Diesel demand comes from the commercial transport sector
- New registrations show a continuous growth of diesel-powered cars at the expense of gasoline-fuelled vehicles

Mediterranean Europe: diesel and gasoline balance



Source: Purvin&Gertz

- Future diesel growth will also be influenced by the switch of non-road diesel (now used for instance in the agricultural sector) to 10 ppm sulphur specification (i.e. road diesel) that probably will be required by EU legislation sometime after 2010.
- Potential regulatory switch from bunker fuel to gasoil for tankers

Deficit of diesel growing by about 2.5 million tons per year while surplus of gasoline growing by about 1.5 million tons per year

Processing contracts

Saras is also a provider of refining services through processing contracts

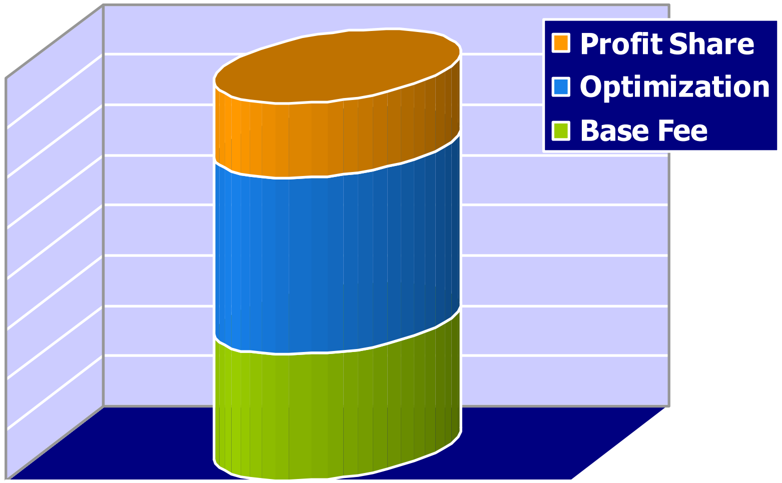
A processing contract is an agreement to process third party crude oil under predetermined conditions (i.e. product yields, processing fee, storage and delivery terms).

Saras' processing contracts are grade specific and focused on certain families for which Saras has specific need/interest.

Advantages of processing:

- ✓ **Access to special crude oils otherwise difficult to acquire**
- ✓ **Long term stability of supply**
- ✓ **Synergies from optimal blend of crude oils and optimization of production**
- ✓ **Reduced working capital**
- ✓ **Stabilization of returns (equivalent to a put option on the refining margins)**

Approximate split of the value for third party runs



Growth strategy

Organic growth – 2007/2009

- **2-3 $/bl** margin improvement through a series of <u>medium size and low risk projects</u> (debottolneckings, improvements/adding to existing units)
- returns linked to multiple market variables
- **CAPEX approx EUR 600 million** of which half is maintain capacity
- lower risks of cost overruns than sector peers

External growth

- **IN OUR CORE BUSINESSES**
  - ✓ **M&A opportunities in Refining, Marketing, Oil logistics (depots, pipelines,..)**
- **IN RELATED SECTORS**
  - ✓ **WIND :** pipeline of projects in the permitting phase
  - ✓ **BIODIESEL**: 200,000 tons/year plant operational from 2008 (investment 35 m€ /IRR>20%)
  - ✓ **GAS EXPLORATION**: committed max 10m€ for seismic tests

<u>BASIS FOR INVESTMENT</u>

- **high fire-power**: NFP/EBITDA 0.38 at end 2006
- **Stringent investment criteria:**
  - PROJECT IRR AFTER TAX ~ 20%
  - No growth for growth's sake
  - EPS accretive from day 1