



Saras

Second Quarter & First Half 2017 Results

Welcome

Francesca Pezzoli
Head of Investor Relations, Saras

Hello, good afternoon everybody, and thank you for joining us today for this conference call on Saras' First Half and Second Quarter 2017 results. Our analyst presentation has been already distributed, but in case you have not received it, please allow me to remind you that it is also available on our website, that is in the home page and also in the section dedicated to the investor relations.

Our agenda today will be the usual one. Mr. Dario Scaffardi, Executive Vice President and General Manager of the Saras Group will start with the highlights of the period, followed by a detailed review of the results of each business segment. Afterwards, Mr. Franco Balsamo, Chief Financial Officer, will discuss the key financial figures of the Group. Then, back to Mr. Scaffardi for the outlook, and finally we will be delighted to take your questions.

At this time, I would like to hand over to Dario.

Dario Scaffardi
Executive Vice President & General Manager, Saras

1. Highlights

Thank you, Francesca. Good afternoon, and thank you for joining us. In Q2 2017, the Saras Group has posted a comparable EBITDA of €128.5 million, thanks to overall supporting market fundamentals with a refining EBITDA of about €70 million, and a refining margin of \$6.1 per barrel, that is overall a satisfactory level even if refining operating performance was below expectations in Q2.



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We are particularly pleased as the marketing sector has recovered profitability, while power generation was influenced by a heavier maintenance cycle, wind instead was negatively affected by very mild weather conditions.

An important element to highlight on this quarter is that we have decided to change the methodology to calculate our comparable results in order to align them to the best practices in the sector. So, the half-year results for 2016 and for the second quarter of 2016 have been reclassified according to this new criteria. Franco Balsamo will comment in detail later on the key elements of this important transition.

A key element to highlight in Q2/17 is that the reported results were affected by a devaluation of oil inventories, due to declining oil and refined product prices versus to the previous quarter, conversely the results of the second quarter of 2016 were boost by rising oil prices. We'll be a little bit more detailed in the subsequent slides. But, in this stage I'd like to highlight that the crude oil market in the first half of the year has been over-supplied, notwithstanding the OPEC production cuts, which were largely offset by production increases in non-OPEC countries.

But, the mix of crude available in the market has changed significantly. There has been a tightening in the supply of sour heavy crude, and an abundant supply of very light crude. So, this has altered significantly, and we'll give you a little bit more detailed explanations, the market conditions.

From an operational point of view, maintenance activities were completed in this first half and as announced before, the maintenance has been front-loaded, meaning that for the second part of the year we'll have only modest activities to be carried out. And, we should be able to capture full opportunities as the market will offer. As of June 30, the net financial position was negative €28 million, compared to €99 in the same period the previous year, and the cash generated was absorbed by the final instalment of our obligations to NIOC related to crude purchases of the previous years, to the dividend payment in May and to new investment carried out in the period.

We are successfully carrying out our investment plan, and developing future projects. We'll give a little bit more detail in the forthcoming slides.

If we now look at a little bit more detail what is happening in the market, I will say that the most extraordinary fact in this quarter that reflects our business is the way that the differentials between crudes and oil products have changed in a very significant manner. First of all, fuel oil prices have strengthened significantly. If we just look at the difference between one year and the other, we had an increase in the crack spread of a very, very significant level. Low sulphur and high sulphur fuel oil cracks are at their historical highs, particularly if we look at ratios. The ratio is close to zero. This is the result of two reasons, basically.

On the one side, there has been a decline in production of fuel oil, which has come in advance to the changes in the fuel oil market, which will take place as of 2020 when there are new regulations, new IMO regulations for fuel oil will be enacted. So, critically, Russia has exported much less fuel oil in the past due to the investments in this sector.

The other element is that there's less availability of heavy crudes, which tend to produce a high quota of



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high-sulphur fuel oil due to the fact that the older cuts mainly affect those heavier crudes. So, Saudi Arabia has slashed the production of Arab Heavy, Kuwait likewise, and so forth. Comparable to this, there are also geopolitical reasons. Countries like Venezuela and other producers, historical producers of heavy crude, are producing less. This is reflected in the graph that we show, and the fact that the prices for heavy crudes have constantly increased in the last couple of quarters. So, we can see that the benchmark price of Arabian heavy versus Brent today is in the range of a very, very small discount. This graph that we have here is a ratio, so it's a ratio to Brent. So, Arab heavy now is at 90% of Brent, when just slightly more than a year ago it was slightly above 80%. So, a very significant rise in the price, and this negatively affects high-conversion refineries such as hours while it enhances low-conversion refineries, or what we'll call hydroskimming refineries.

It's not all gloomy, though, because still we're able to capture the base margin. I would say extremely important is the fact that the abundance of light crudes are offering opportunities. We are particularly pleased with the fact that Libya has started to re-export in a significant manner. It's not back to the levels that it was prior to the civil war, but it's probably half, two-thirds of the way there. So, it's close to 1 million barrels, and we started to purchase crudes that haven't been available in the market for over five years. And this can certainly benefit the sweet part of our refining that remain is able to run a great variety of different crudes.

You see this effect of the fuel oil prices on our benchmark in the graphs that we usually saw EMC. The premium that we had been able to add on to the EMC benchmark, which we gave guidance to be in the range of 3 and 1/2. In this quarter, it's only 2.3, but the difference, the gap between our guidance, is in a large part due to the strengthening of fuel oil that has strengthened the benchmark. The benchmark is very, very high, at 3.8 \$/bl. As a matter of fact, the figure that we published last week was \$5, which I think is the highest ever. We will give a little bit of detail in the following slides, on why this is happening. As you can see Francesca has prepared this slide, which I think is effective.

The EMC benchmark has a yield in fuel oil of 15%, while the Saras average yield is in the range of 6%, which is a number that is consistent with all high conversion refineries. So, the impact of the increase in the price of fuel oil on the EMC benchmark has been \$1.2 per barrel, while the impact on the Saras margin is only \$0.5 because of course, the fact that we are able to destroy fuel oil is a good thing, but in this particular environment it affects us adversely. And as I was saying before, if we use as a proxy the low-sulphur fuel oil crack spread, in the first half of 2016 this was -12 \$/bl, and the first half of 2017 has been -4 \$/bl. So, a massive, massive difference that has altered entirely the market, and I will say that this is a result, as before, of two facts: one, the OPEC cuts which have basically affected the production of fuel oil; and the other is the decreased production in Russia.

If we go through the various segments, starting from refining:



Segment Reviews

1. Refining

Crude runs in Q2 /17, were 3.48 million tons, about 8% up versus the same period in the previous year. Instead, the runs of complementary feedstock, complementary to the crude oil, declined compared to the Q2/16, reaching only 0.3 million tons. The difference between the two quarters is mainly explained by a difference in the maintenance program, which in Q2/17 was lighter than the one in Q2/16, but our operating performance in Q2 was below expectations. So, here on the slide we have a detail of the various effects.

2. Crude Oil Slate and Production

In terms of crude oil slate and production, I will say that there's not anything particular to highlight. The only thing that I would like to show, that compares to the same period of last year, the quota of heavy sour sweet crudes has declined from 22% to 15% because the economics are not the same as they were in this period of last year, of course.

3. Fixed & Variable Costs

In terms of fixed and variable costs, we are within guidance. As usual, we don't comment to the figures in individual quarters, because they may be distorted by various one-offs. The reason for the increase in the first half of '17 is basically due to higher energy costs and higher costs for hydrogen and steam.

4. Power generation

If we look at power generation, power generation in Q2 was 18% less than the same period of 2016, mainly due to an intense program of maintenance carried out both in Q1/17 and in Q2/17. The power tariffs in Q2 were slightly higher than Q1, Eurocent 8.7 compared to Eurocent 8.1, and the power IGCC margin broadly in line with the one of last year. As I was saying before, the variable costs were slightly higher, mainly due to non-TAR feedstock and electricity. So, the purchases of non-TAR feedstock means various components which are purchased through start-ups and other plants. So, LCO, nitrogen, naphtha, propane, and so forth.

5. Marketing

A bright spot is the marketing sector. Although we have reduced sales, and the reason of reducing sales was mainly because we concentrated only on certain segments and we decided to cut out entirely segments that were not sufficiently profitable, we were able to increase significantly the margin of the remaining sales. So, although total sales in Italy declined by about 10% and also in Spain by a roughly similar number, between the two halves, the profitability has increased in a significant manner with



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comparable EBITDA of € 5.2 versus minus € 0.5 in the same quarter of the previous year. And with overall demand in the Italian market which decreased by about 1.8%, but this overall demand is very variable. There's been a strong decline in gasoline, 2.3%, while the actual demand for diesel has increased by 0.7%.

6. Wind Power

Wind has been affected by the fact that it has been an extremely mild winter, and extremely mild Spring. So, there were wind conditions less favourable for our wind farm, unfortunately. So, this is the reason why production was down by almost 35% in the first half of 2017 compared to the same period of 2016.

7. Others

The other segments are in line.

I would ask Franco to give a little bit of detail on the new methodology of comparable results.

Franco Balsamo
Chief Financial Officer, Saras

Financials

Thanks, Dario. Page 17, there is a slide that describes our process as Dario said before. We have decided, starting from this quarter, to update our methodology to calculate comparable figures. The aim is to be more aligned to the best market practice and to provide a better presentation of our operating performance. We have introduced two main changes: one is the methodology to evaluate inventory, and the second one is the representation of gain or losses on derivatives.

As far as inventories, we have realized, and we have seen also in our third quarter of the last year, that the LIFO methodology, using historical prices bands, does not work properly to sterilize inventories valuation changes when there is a high volatility of prices and change in volumes of inventories.

We have benchmarked with other oil companies, and we have set this new methodology that is simply, the adjustment of FIFO, that is commonly used in the sector, to neutralise the effect of scenarios by applying to the initial and final inventories volumes the end of period unitary values.

As far as the presentation of hedging effect, even that nearly all of our derivatives are for hedging purposes, we have decided to reclassify them into the operating result because all of them are related to our industrial performances.

To favour understanding and comparability we have reclassified last year's comparable figures with



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this new methodology, and we have compared them with all the figures previously published. As you can see, on page 17, they are delta quarter-by-quarter but looking the full year figures they are quite similar to the ones calculated with the previous methodology. But, in any case, we are at your disposal to give you details of the new methodology.

Going to page 18, in order to comment below the EBIT line, financial income expense equalled roughly €50 million. Interest expense is 50% down compared to the previous period, thanks the negotiation of the existing credit facility and to the benefit driven by the other repayment of the bond carried out in the month of September of last year. In the period there are €55 million of gains on derivatives, hedging on commodities and also on the foreign exchange.

On page 19, the adjustment on the comparable EBITDA and comparable net income. So, the reported EBITDA is contributed by €44 million in losses of inventories. There are €12.5 million non-recurring items that are related to disputes to energy efficiency certificates and to the reclassification of CO2 account. As I said before, there are €55 million of realised and unrealised gain on hedging, derivatives, and ForEx. This contribute to the EBITDA comparable of €252 million, and to the comparable net result, where there are the same adjustment net of tax, very close to €110 million.

Skipping to page 21, and information related to the cash flow figures, the net financial position at the end of June is negative €28 million. This was positive by €99 million at the end of December. The main difference is related to the €62 million negative working capital, which is a combination of different effects: one, negative for €150 million, extraordinary, is related to the payment of the final instalment to Iran; there is a positive contribution of the cash flow from operations, because there was an improvement in working capital for €110 million, we had €73 million negative contribution related to the financing of the delta in inventories, and finally we had positive cash flow from derivatives.

CAPEX is €100 million, on this issue in terms of investment we are above the forecast, so we foresee to close the year at roughly €200 million, and finally the payment of dividend for about €94 million. Our forecast for the net financial position is expected to move from the 28 negative to a €50 million positive financial position at year-end.

Dario Scaffardi

Outlook

Thank you, Franco. To sum up, our outlook for the second part of the year is quite positive. There is this very, very good performance from supplies out of Libya with particularly the availability after many years of grades of -- very peculiar grades of crude oil that we can, from which we can extract quite a lot of value, which have not been on the market for years now. So, this is an extremely positive development. On the negative side, there are the lower discounts for the heavy crudes due to the reasons that we explained before, but we believe that by and large oil prices should remain relatively stable, and the outlook for refining quite positive.



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For the rest of the year, we are concentrating strongly on our activities in 4.0 in our investment program, and in our people development, which are the key areas from which we can extract value. On the 4.0, this orientation is a program in which we have invested important results and created a team, and we see some incredibly exciting opportunities that we'll be able to pursue in order to improve performance and extract more value, reducing costs. This is something that we are actively working on, and we are definitely in the forefront at an industry level, in the refining sector, and this right at the top with the top companies in the world.

In terms of people, we are continuing our program of hiring qualified people from the outside, so we are reinforcing our management team at the refinery level. We will concentrate more people in order to follow more closely the development of projects and ensuring that projects remain in line in terms of cost and time. Also, we'll streamline the procurement process in order to make it quicker and more efficient.

So, by the end of the year we expect to cover all our working capital charges net of inventory, and we'll end the year with a positive net financial position. The premium that we will be able to generate, on top of the EMC benchmark will be higher than the one realised in the first half, because in the second half we will have a refinery which is fully operational without any major maintenance. Of course, our premium is affected by market conditions, so as we explained in the beginning, these are normal market conditions, are giving an overall result which is positive but the distribution in the overall result is different. So, the benchmark is higher, but the premium is lower.

Thank you, and we'll be pleased to answer your questions.

Questions and Answers

Alessandro Pozzi - Mediobanca

Thank you for taking my question. It's about the premium on the benchmark. I understand the reason why it's a bit lower, compared to a year ago given the fuel oil dynamics, but I think it's also lower compared to Q1 this year. And I just wanted to better understand how much of that is due to fuel oil, and how much of that is due to the tighter light/heavy spreads? And given that the light/heavy spreads have narrowed towards the end of the quarter, how should we think about the premium going into Q3? Thank you.

Dario Scaffardi

Thank you. It's a very good question. The two effects are related one to the other, so it's difficult to distinguish. Let's say that the guidance that we gave before between 1.2 and 0.5 is exclusively due to the effect of the fuel oil. So, the benchmark is increased by 1.2, while our margin increased only by 0.5. So, that difference, 0.7, is entirely due to the fuel oil.



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Then, since there's a difference overall of, if I remember correctly, 1.2, there's another 50 cents which is let's say sort of missing. And this 50 cents is a sum of various factors. On the one side, the reduced availability of heavy crudes at appropriate prices, let me say, and some hiccups that we had in technical performance in the queue. And also, in the difference between gasoline and diesel. So, we have a sum of all three effects. I would say that just as a rule of thumb, maybe one can describe it in an equal proportion, more or less. But, maybe Francesca we'll do a little bit of research on that, and maybe we can give a bit better guidance.

Alessandro Pozzi - Mediobanca

Okay, and so should we think about the premium going into Q3?

Dario Scaffardi

Going into Q3 the situation has actually been even stronger, the fuel oil in July has been stronger than it has been in the previous quarters. So, if anything, the EMC benchmark has gone up. But, these differences that we're saying have increased. So, any output for the time being is for pressure on high conversion refineries such as ours, but this is not a good reason for it not to be a high conversion refinery.

Alessandro Pozzi - Mediobanca

Okay, thank you.

Thomas Adolff - Credit Suisse

Hi, a few questions. One, on the operational performance in 2Q, and the other one just on light/heavy crude diffs again. Can you just explain why throughput crude runs in 2Q were actually lower than what you've guided? I just want to better understand it. And, whether I should be comfortable with the throughput guidance provided for the second half of the year? The second question I have on light/heavy crude diffs, and I'm just kind of -- this is my thought process now, I just want to see if you agree with it. Now, during July, August, it tends to be quite warm in the Middle East, so there's a lot more crude being burned and the crude that is being burned tends to be heavy in nature. Perhaps on a year-on-year basis, more gas than fuel oil is being used as well in Saudi Arabia. But, the combined effect of the seasonality, in addition to Saudi curtailing production, basically means light/heavy crude diffs should stay tight in the third quarter. But, as you come out of that seasonality, i.e., going into September, it should widen out. Do you agree, or do you disagree?

Dario Scaffardi

Well, what you say is true. I mean, during the summer, Saudi Arabia burns more crude, and presumably they are burning, I don't know exactly what crude they burn, but I believe that they burn light sweet crudes, not heavy crudes.



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Thomas Adolff - Credit Suisse

Okay.

Dario Scaffardi

It would be extremely challenging to burn the crudes that have 3% sulphur and so forth. So, although Saudi Arabia does not produce light sweet crudes, it does produce lighter streams which I think are the ones that they burn. So, I don't think that this will really affect the market that much. I think that the main effect is based on the fact that Saudi Arabia, Kuwait and the Emirates are all removing in a pretty significant manner, heavy crudes from the market, and you see that immediately in the prices, the benchmark prices that they publish. So, in Arab heavy, and the prices of the other crudes of the markets like the Basra and the Mexicans and the Arabians, all tend to follow the Saudi lead, in a way. So, it makes more sense, it's less interesting for people like us than our opportunity buyers buy, so we tend to increase the quota within the limit of the other types of crude. Overall, the crude market is oversupplied, but it's supplied in a different manner.

Thomas Adolff - Credit Suisse

Yes, but, that's interesting but also when you look at hydro cracking, there's a high risk skimming economics, and you take into account the OPEC the BOE difference between simple and complex. It almost feels like there's no difference whether you're complex or simple refiners. In essence, if that -- if you reach a scenario such as that, then a complex guy would use less of the heavy crude and by definition, as a result, you should see that spread widening out again at some point later in the year. Not just a function of whenever the crude market may rebalance and OPEC starts to produce more.

Dario Scaffardi

Well, no, not really. Keep in mind that the majority of refiners are not able to switch from heavy to sour in an immediate manner. Refineries in general tend to be built around specific gravity requirements for crude, and you cannot deviate from that, unless one imagines truly abnormal conditions. We are an exception, because we are built on three lines with a high degree of flexibility. So, we do have a certain degree of capability of switching from one grade to another, but if we look for instance, as an example, at large, sophisticated Indian refineries, these refineries are heavy crude users by the way they're built. I don't think that they would be able to run a light crude, even if they wanted to. I cannot of course, comment on the way they're built, I don't have enough information. But, I strongly believe that they would not be able without significant changes in the way they operate. So, one would really have to assess to a lasting scenario in which heavy crude disappears, and there's a lot of light crude available, and one would need to change things. But then, the crudes built specifically to run heavy crudes are not optimal.

So, in reality, this flexibility does not exist, and that's the reason why the crude oil differentials narrow in. Because if that were the case, people would just go and move, and buy sweet crudes. In reality, they are not able to do that, so they bid up the heavy crudes which are less available, and the price comes up.

We are assisting in the Mediterranean that crudes like Urals, the benchmark crudes, like Urals, are



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almost in parity with Libyan grades. So, that is testimony to the fact that people are forced to buy Urals, and you know, it's not correct that they just go out and buy something else for instance. That's not an option.

Thomas Adolff - Credit Suisse

The reason why I ask that is, because the industry can adapt and we saw that in the US. And they've been processing more light crude, and I think if you do some investments within a 12 month period you can change, to a degree, the slate. But, I'm not an engineer, I just look at the actual data.

But just generally, on profitability, to my first point, assuming your runs in the second half deliver what you guide to, and whatever margin assumption you have for the second half, is it fair to say that profitability in the second half should improve versus first half? And then also if you can explain why throughput in the second quarter was weaker than expected? Thank you.

Dario Scaffardi

No, the throughput in Q2 was weaker than guidance due to some technical hiccups that we had. We had a couple of plant shutdowns that were relatively minor, but still, negatively affected runs and conversion performance. So, nothing major, nothing serious, but still it showed up in the results. Also, the effect that I was telling you before on Libya actually had not developed in the first half of the year, but the resumption of exports is actually something that has taken place in July. So, that's something that we will see in Q3.

Thomas Adolff - Credit Suisse

Thank you.

Joshua Stone - Barclays

Yes, hi, good afternoon. Just seeing, the EMC benchmark, the latest indicator was above \$5 and I wanted you to just comment on that strength, and how sustainable you think that is? But then also, how do you look to trying to hedge in, or lock in, any of that margin? Thank you.

Dario Scaffardi

Thank you, Josh, I think that's a good question. As a policy, we don't generally take a long-term view on refinery margins, so we operate extensively on derivatives. But, it's mainly for short-term hedging. We don't take more long-term views. To cash in on this EMC margin, which is mainly due to an effect over which we had very little control, because we tend to minimise production of fuel oil -- so of course, we could produce more fuel oil if we wanted to, but still, it's not convenient. So, as we explained in various occasions, we exclusively run based on the maximisation of returns, and returns still just do not warrant a switch from production of power to fuel oil. It would have to go to very, even to higher numbers than today, to make this convenient. I strongly hope that that does not happen.

By the way, the market has been extremely strong in the last couple of months. There's been a very robust demand for diesel. We have seen it immediately in the demand. We're sold out for the month of August, and basically there's been a very, very strong demand, which is unseasonal because even



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though the seasonality between summer and winter has disappeared, August has always been a relatively slow month for diesel, and so far it's been extremely, extremely robust. So, the outlook forward is a quite positive one. Also, because I see a demand globally, stays strong particularly for diesel, notwithstanding all the bad things people are saying about diesel. The only sign of increase in Italy, we use that as a benchmark, is in diesel. And, production refineries and so forth are stable if it's declined. So, the medium to long term outlook is quite a positive one, a constructive one, in my opinion.

Joshua Stone - Barclays

All right, thanks.

Domenico Ghilotti - Equita Sim

Good afternoon, two questions. First of all, I'm trying to better understand how much of the performance in Q2 was due to your operational hiccups, as you said, and just also to check, they are already, have already been solved? And if they had any impact also on the power generation sector, because I saw that production was at the low end of the guidance.

Dario Scaffardi

Power generation and refining in our system are totally integrated. So, we had issues in various units that reflect one to the other. Whenever we have, part of the issues that we had was decreased availability of hydrogen, which comes from the gasification unit, which is a producer of power and hydrogen. So, we had to slow down certain of our hydro crackers, because of hydrogen availability. Overall, we estimated about €5 million on the refining side in terms of performance in Q2 compared to Q2/16, while on the power side we had an 18% production decline compared to the same period of the same year. These are relatively small hiccups, but that added up together, it showed up in the results. Although not in a huge manner. The other thing that had an influence was the value of inventories, of course, which impacted negatively Q2 compared to the same period of Q1, of Q2 in 2016.

Domenico Ghilotti - Equita Sim

Okay, thank you.

Henry Patricot - UBS

Yes everyone, thank you for the presentation. Two questions: the first one, just wanted to clarify your comments on the guidance for the margins. Basically, you expect the total margin to be unchanged around \$6 a barrel for the year, based on a higher benchmark of 3.5 and the premium at 2.5 \$/bl? Is that the right way to think about it? And secondly, if indeed CAPEX is running ahead of your planned spending for the year, are you accelerating some of the projects, and what's likely to be the impact on your profits going forward? Thank you.

Dario Scaffardi

Yes, by and large we believe that the sum of the two should be right at, or remain more or less in the \$6 range. If anything, we really expected maybe to move a little bit higher, because the market is looking



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quite constructive. It started out in July in a very, very positive manner. In terms of CapEx, we have given a strong push in order to accelerate, and this is one of the reasons why I have also undergone organizational changes within the company, in order to follow these investments and bring them onstream as quickly as possible because all of these investments are one way or the other, linked to the profitability and incentives. There's also been a change in -- Franco maybe can explain a little bit more, better, this in the way the amortisation process in Italy. So, there's an incentive in order to accelerate and anticipate certain investments, because one could obtain a higher degree of amortization.

Maybe, Franco, do you want to provide more detail

Franco Balsamo

I think it's very simple, there is the possibility to have tax benefit, driven by a new opportunity of this tax law. The opportunity to have a benefit for any single investment. We are allowed to amortise from 140% of the original investment up to 250%. So, now we are operating in order to have the corporate allocation in order to fulfil the tax rules, and we believe that part of this tax benefit would be distributed starting from this year, and the second half of the next year. That is the last window that will allow us to complete the investments. So, the amount of tax benefit could be important, -- I'm not in the condition now to make a forecast -- it will improve the tax ratio of the next couple of years.

Henry Patricot - UBS

Okay, thank you.

Massimo Bonisoli - Equita Sim

Good afternoon. Just a quick question. Recently, Libyan production got back to almost 1 million barrels per day. Would you be able to have a positive benefit from the crude coming from the country? Since if I remember correctly in the past, you were buying quite a good chunk of your slate from that country.

Dario Scaffardi

Yes, certainly Libya is an opportunity. Historically, we were big buyers of Libyan crude. I would say that essentially you should never waste a good crisis, the crisis that happened in last years has weaned us off of Libyan crude. So, now we take a more dispassionate attitude towards Libyan crude, so if they are effectively a good opportunity we will run them. If not, not. But, in the specific grades we have been able, in July, to acquire crudes that previously were not on the market, that had not been on the market for many years, and we bought them because they were a very interesting opportunity, and we expect to see some benefit going forward. So, this is definitely an opportunity that we will exploit to the fullest. I don't believe that we will go back to the path which we were running very high quotas of Libyan crude, unless the price of Libyan crudes become so competitive that you will not be able to say no.

Massimo Bonisoli - Equita Sim

Okay, can you quantify some more for the benefits from 10%?



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Dario Scaffardi

No, it's sort of difficult to pinpoint exactly the benefits a certain crude can have or not have. So, you see it in the overall results and in the mixture between the various crudes.

Massimo Bonisoli - Equita Sim

Thank you anyway.

Dario Scaffardi

There is an overall effect on the market, of course, that the more sweet crudes are available, overall the prices -- in the same way that the prices of heavy crudes have gone up because of certain reasons, as we tried to explain before. The prices of low sulphur crudes are going down because there's an increased availability. So, you see the benefit in the lower price, the lower relative price, of sweet crudes. And then, on top of that if we're able to optimise certain things, we have some added benefits in internally, of course.

Massimo Bonisoli - Equita Sim

Thank you.

Francesca Pezzoli

Thank you. Thank you very much to everybody for joining us today.