SARAS: Leading independent refiner announces preliminary full year 2008 results[1]

Superior operational performance and record high demand for middle distillates throughout the entire year led to adjusted net income of EUR 327 ml, up 31% y-o-y

2008 highlights

- **Group comparable EBITDA**[2] **at EUR 673.3 ml, up 15%**
- **Group comparable EBIT at EUR 505.4 ml, up 19%**
- **Group adjusted net income**[3] **at EUR 327.1 ml, up 31%**
- **Saras refining margin at 8.7 $/bl up 20% versus 2007**
  - Premium above EMC benchmark at **5.5 $/bl**, up 1.5 $/bl vs. 2007
- **Net financial position at EUR -333** ml vs. EUR -27 ml at end 2007
- **The Board of Directors will propose a dividend to the AGM of EUR 0.17 per share,** equivalent to a payout ratio of 48%

Fourth quarter 2008 highlights

- **Group comparable EBITDA at EUR 168.9 ml, up 43%** vs. Q4/07
- **Group comparable EBIT at EUR 121.8 ml, up 62%** vs. Q4/07
- **Group adjusted net income at EUR 95.1 ml, up 115%** vs. Q4/07
- **Saras refining margin at 8.1 $/bl up 15%** vs. Q4/07
  - Premium above EMC benchmark at **4.5 $/bl**

Milan, 24th February, 2009. - The Board of Directors of Saras S.p.A. met yesterday under Chairman Gian Marco Moratti and reviewed the preliminary unaudited 2008 results. The Chairman declared: **"2008 has been a very volatile year, with the first six months characterised by strong demand and rising prices, followed by a global financial and economic crisis, which led to a severe shrinkage for the cumulative oil product demand. Even in such turbulent times, middle distillates proved quite resilient, and Saras could benefit from its strong exposure to diesel, and its superior operational performance, thus achieving high refining margins and runs. Our solid balance sheet position in the current financial turmoil allows us to face the global economy slowdown and to remain positive for the medium term outlook".**

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[1] **The executive manager responsible for the preparation of the company's financial reporting, Mr. Corrado Costanzo, states, pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, that the preliminary financial information set out in this press release corresponds to the company's documents, books and accounting records.**

[2] ***Comparable* EBITDA:** Calculated using IFRS accounting principles, deducting non recurring items and evaluating oil inventories based on LIFO methodology, which does not include revaluations and write downs

[3] ***Adjusted* net income:** Net income adjusted by difference between inventories at LIFO and inventories at FIFO after taxes, non recurring items after taxes and change in the derivatives fair value after taxes

Program of the conference call organized for today 24nd February 2009, on the Group preliminary results for the fourth quarter and the full year 2008

at **16:00 C.E.T**. conference call for analysts and investors. Slide presentation will be distributed and is available on our website www.saras.it from 07:30 am CET.

Dial in numbers:

For Italy +39 02 36 00 90 16

For U.K. 0 808 238 9072

For U.S. +1 866 508 8020

Link for the live webcast:
http://www.thomson-webcast.net/uk/dispatching/?event_id=5a0a2f8f1c6fc1991b4a33aec0f40623&portal_id=631d32d312bb9a535ffc19ae06bbd85c

Playback and transcript of the webcast will also be available on our website.

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THE SARAS GROUP

The Saras Group, whose operations were launched by Angelo Moratti in 1962, works in the energy industry and is a leading Italian and European crude oil refiner. It sells and distributes petroleum products in the domestic and international markets, directly and through the subsidiaries Saras Energia S.A. in Spain and Arcola Petrolifera S.p.A. in Italy. The Group also operates in the electric power production and sale through the subsidiary Sarlux S.r.l. (IGCC plant) and Parchi Eolici Ulassai S.r.l (wind plant).. In addition the Group provides industrial engineering and scientific research services to the oil, energy and environment sectors through the subsidiary Sartec S.p.A. and operates in the information services sector through the subsidiary Akhela S.r.l..
The Group, with about 1,900 employees, during 2007 reported total revenues of about EUR 6.7 billion, an operating profit of EUR 509 million and net profit of EUR 323 million.
Saras' operations are mainly centred at the Sarroch refinery near Cagliari on the southern coast of Sardinia. Sarroch is one of the largest refinery in the Mediterranean by production capacity and one the most complex in Europe. The refinery's actual capacity is 15 million tonnes per year (110 million barrels), representing about 15% of Italy's total refining capacity. Sarlux S.r.l. owns a combined cycle power plant with gross capacity of 575 megawatts and annual production exceeding 4 billion KWhours, all of which is sold to the GSE (the Italian entity that manages renewable sources).

Preliminary key consolidated financial figures

Below are the key consolidated financial figures, shown in comparison with the data related to the same period last year and also with the previous quarter. It should be noted that **2007 *comparable*** figures have been restated after the resolution of the Energy Authority n°249/06 which modified the criteria for the evaluation of the "fuel component" of the electricity price generated by CIP6 plants.

Saras Group income statement figures

EUR Million	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
REVENUES	1,719	1,821	-6%	2,494	8,673	6,699	29%
EBITDA	(275.0)	168.3	-263%	64.2	256.6	760.1	-66%
Comparable EBITDA	**168.9**	**118.1**	**43%**	**164.2**	**673.3**	**587.3**	**15%**
EBIT	(322.1)	37.6	-957%	21.9	88.7	508.8	-83%
Comparable EBIT	**121.8**	**75.2**	**62%**	**121.9**	**505.4**	**423.7**	**19%**
NET INCOME	(248.3)	46.2	-637%	(19.7)	61.8	322.7	-81%
***Adjusted* NET INCOME**	**95.1**	**44.2**	**115%**	**60.1**	**327.1**	**249.6**	**31%**

Other Group figures

EUR Million	Q4/08	Q4/07	Q3/08	2008	2007
NET FINANCIAL POSITION	**(333)**	**(27)**	**(221)**	**(333)**	**(27)**
CAPEX	**81**	**63**	**48**	**257**	**210**
OPERATING CASH FLOW	**(4)**	**172**	**72**	**275**	**610**

Comments to 2008 results

In 2008 Saras Group registered a strong set of results, thanks to its operational performance, and a robust market for middle distillates, towards which our production is heavily geared. Comparable figures show a solid growth versus 2007, mainly driven by the good performance of Refining and Power segments.

Group Revenues were EUR 8,673 ml, up 29% compared to last year, in the light of significantly higher oil product prices during the first semester of 2008.

Group *comparable* EBITDA amounted to EUR 673.3 ml, an increase of 15% vs. 2007. In particular, the Sarroch refinery achieved record **runs in excess of 15.5 million tons (113.3 ml barrels), and the refining margin reached 8.7 $/bl**, up 20% versus 7.3 $/bl in 2007, while EMC benchmark at 3.2 $/bl was slightly lower than the 3.3 $/bl registered in 2007. Saras premium on the EMC benchmark was 5.5 $/bl, up from 4.0 $/bl in 2007, an increase due to our exposure to middle distillates, and the superior flexibility and operational efficiency of our assets.

Group *reported* EBITDA in 2008 was EUR 256.6 ml. The major difference from the EUR 760.1 ml reported for 2007, can be explained with a pre–tax inventory gain of approx. EUR 165 ml recorded in 2007, and a subsequent pre-tax loss of approx. EUR 305 ml in 2008, due to the dramatic fall of oil prices.

Group *Adjusted* Net income was EUR 327.1 ml, up 31% vs. 2007, mainly due to the increase in *comparable* EBITDA, and also to the difference in financial charges, which in 2007 were negative for EUR 42.0 ml, while in 2008 were positive for EUR 1.4 ml.

Group *Reported* Net income for 2008 was EUR 61.8 ml. The main difference versus the EUR 322.7 ml booked in 2007 can be explained with the same factors discussed at the EBITDA level, net of taxes, plus the difference in financial charges (negative for EUR 42.0 ml in 2007, and positive for EUR 1.4 ml in 2008).

Finally, it is worth reminding that "*comparable*" and "*adjusted*" figures differ from IFRS "*reported*" figures because they do not include non recurring items, changes in derivatives fair value, and for the methodology used for the evaluation of oil inventories. In particular, under International Financial Reporting Standards (IFRS), inventories are accounted with the "first-in, first-out" (FIFO) methodology and valued at the lower of cost or net realizable value. On the contrary, "*comparable*" and "*adjusted*" figures exclude inventory revaluations and write downs, and provide a clean methodology, more appropriate for an accurate evaluation of the company's results in conditions of extreme price volatility, like the ones which characterise the oil industry. The following table gives a breakdown of the adjustment of the Group Net income:

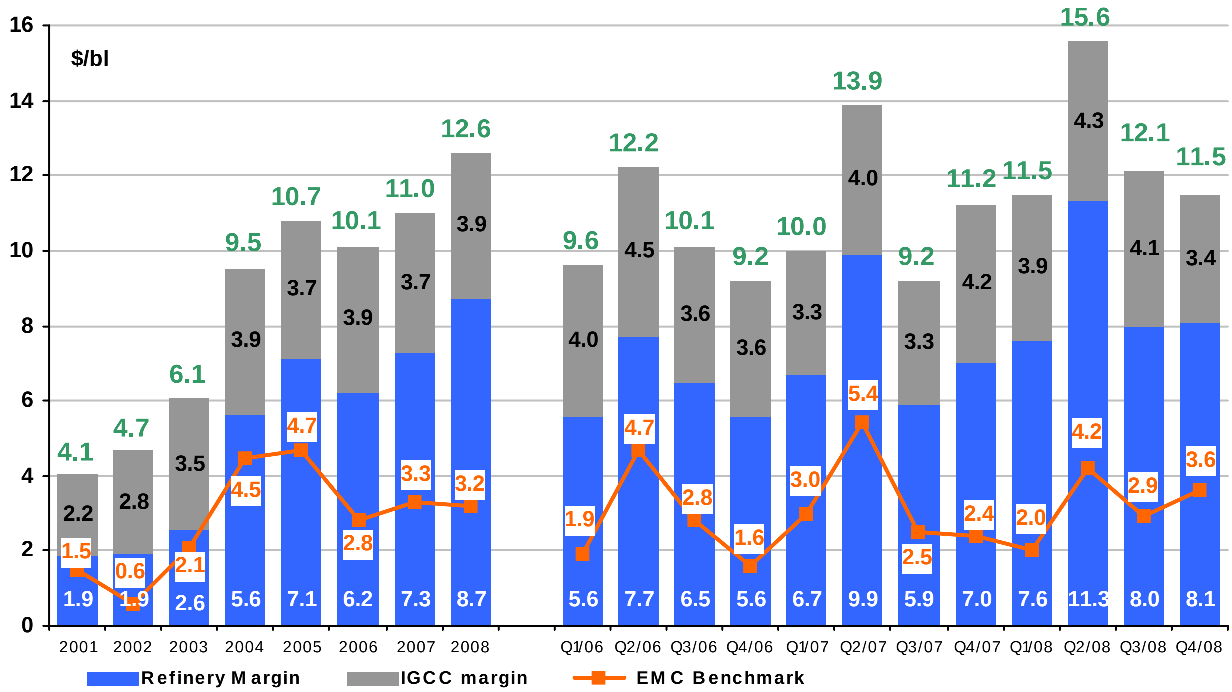
EUR Million	Q4/08	2008	Q4/07	2007
NET INCOME	**(248.3)**	**61.8**	**46.2**	**322.7**
(inventories at LIFO - inventories at FIFO) net of taxes	293.5	269.3	(37.1)	(95.8)
non recurring items net of taxes	48.7	(3.5)	19.3	15.4
change of derivatives fair value net of taxes	1.1	(0.4)	0.7	7.3
adjustments in Power gen. for change of CIP6 tariff (net of taxes)	-	-	15.1	-
***adjusted* NET INCOME**	**95.1**	**327.1**	**44.2**	**249.6**

It can be clearly observed that in 2008, almost the entire adjustment is related to the difference between LIFO and FIFO inventories.

2008 CAPEX amounted to EUR 257 ml, in line with the investment programme announced for the year. In particular, during 2008, Saras completed the construction of a gasoline desulphurization unit, which allows its Sarroch refinery to achieve the new EU specification of 10 ppm sulphur in the commercial gasoline, as per 1st January 2009, and a tail gas treatment/sulphur recovery plant, which brings Saras among the best in class refineries in terms of sulphur emissions.

Net Financial Position at the end of 2008 was negative for EUR 333 ml, compared to a negative figure of EUR 27 ml at the end of 2007. This is mainly due to the prepayment of the CO2 credits, higher operating and compulsory inventories, the acquisition of the minority interest in Parchi Eolici Ulassai Srl (PEU), the buyback programme.

In particular, with reference to the **share buyback programme,** the Group bought back a total of 22,787,703 Saras shares in 2008, at an average price of EUR 3.089 per share, of which 18.4 ml shares were purchased following the AGM approval of the share buyback programme, on the 29th April 2008. Therefore, as of 31st December 2008, the total number of shares in treasury is approximately 23.2 ml. Outstanding shares as of 31st December 2008 are 927.5 million, versus 950.3 million at the end of 2007.



Comments to Q4/08 results

In a scenario of falling crude oil and product prices, Saras Group results were strong both when compared with same quarter last year, and also with previous quarter same year, primarily thanks to solid performance of the refining segment, which enjoyed good margins and operations.

Group Revenues in Q4/08 were EUR 1,719 ml down 6% vs. Q4/07, due to the above mentioned fall in prices of oil products.

Saras refining margin stood at 8.1 $/bl in Q4/08, up 15% versus 7.0 $/bl in Q4/07, while EMC benchmark at 3.6 $/bl was up by 1.2 $/bl, when compared to 2007. Saras premium in the quarter was 4.5 $/bl, supported by the wide differential between middle distillates and fuel oil cracks, at 319 $/ton.

Group *comparable* EBITDA in Q4/08 amounted to EUR 168.9 ml, an increase of 43% vs. Q4/07, mainly thanks to the superior performance of the Refining segment in Q4/08. The latter can be explained when considering that the fourth quarter 2007 was characterized by the planned maintenance of one crude distillation unit and two desulphurization units, with important reduction in runs.

Group *reported* EBITDA in Q4/08 was negative EUR 275.0 ml. The remarkable drop when compared with the EUR 168.3 ml recorded in Q4/07, can be almost entirely explained with a pre–tax inventory loss, of approximately EUR 390 ml, deriving from the dramatic fall of oil prices witnessed during the quarter.

***Adjusted* Net income was EUR 95.1 ml**, up 115% vs. Q4/07, mainly due to the increase in *comparable* EBITDA, and also to the difference in financial charges, which in Q4/07 were negative for EUR 10.9 ml, while in Q4/08 were positive for EUR 7.6 ml.

***Reported* Net income in Q4/08 was negative EUR 248.3 million**. The main difference versus the EUR 46.2 ml booked in Q4/07 can be explained with the same factors discussed at the EBITDA level, plus the difference in financial charges (negative for EUR 10.9 ml, while in Q4/08 were positive for EUR 7.6 ml).

When looking at the adjustment of the Net income in the quarter, it can be observed that the *comparable* figure differs from the *reported* one, mainly because of the difference between LIFO/FIFO inventory evaluations, equal to EUR 293.5 ml, due to the previously mentioned sharp fall in oil prices which was reflected only in the FIFO evaluation (but not in the LIFO), plus another positive adjustment equal to EUR 48.7 ml of after-tax non-recurring items, mainly related to the reduction of the Robin Hood Tax impact, due to a decrease in the FIFO-LIFO difference of inventories as at 30/09/08, and the same difference as at 31/12/08.

CAPEX amounted to EUR 81ml in the period, substantially in line with the investment plan.

Segment Reviews

Below is the main information relating to the various business segments within the Saras Group.

Refining

EUR Million	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
EBITDA	(238.9)	120.5	-298%	39.2	109.6	511.5	-79%
Comparable EBITDA	**109.0**	**61.4**	**78%**	**98.8**	**433.6**	**371.6**	**17%**
EBIT	(261.9)	100.4	-361%	19.9	30.0	437.4	-93%
Comparable EBIT	**86.0**	**41.3**	**108%**	**79.5**	**354.0**	**297.5**	**19%**
CAPEX	**58**	**54**	**7%**	**36**	**182**	**177**	**3%**

Comments on 2008 results

In 2008 Sarroch refinery was able to achieve record high **crude runs of 113.3 Mbl (or 15.5 ml tons)**, up 6% vs. 2007. Processing of crude oil on behalf of third parties was 35% of total runs, down from 38% in the previous year, as part of a higher focus on our own trading activity.

The ***comparable* EBITDA** of the refining segment was EUR 433.6 million versus EUR 371.6 million in 2007 (+17%) driven by strong refining margins, which more than offset a weaker USD vs. the EUR, when compared to the previous year. Record runs also generated higher maintenance costs.

In particular, **Saras refining margin (after variable costs) in 2008 stood at 8.7 $/bl** (vs. 7.3 $/bl in 2007) with the premium above the EMC benchmark reaching 5.5 $/bl (vs. 4.0 $/bl in 2007). The higher premium was a consequence of a wider differential between diesel and fuel oil crack[4] spreads. This measure, commonly referred to as the "conversion spread", had an average value of 452 $/ton in 2008, vs. 310 $/ton in 2007.

The crude mix was slightly heavier when compared to last year (with an average density of 32.7°API in 2008 vs. 32.9°API in 2007), but the total combined yield of light and middle distillates in 2008 remained in line with the previous year, at a remarkable 81.6%. However, we successfully managed to further increase the production of middle distillates (rising their yield from 51.7% in 2007, up to 53,3% in 2008), at the expense of gasoline and other lighter fractions, in order to fully exploit the record year for the diesel crack.

Refining **CAPEX in 2008 was EUR 182 million** vs. EUR 177 million in 2007, in line with the 2008 ÷ 2011 investment plan.

Comments to Q4/08 results

During Q4/08 Saras refining performance was characterised by smooth operations, with **crude runs standing at 28.7 Mbl (or 3.9 ml tons)**, up 11% vs. Q4/07.

[4] The diesel crack is the differential between the price of diesel and the price of the reference crude oil (Brent DTD).

Refining margin in Q4/08 reached 8.1 $/bl (vs. 7.0 $/bl in Q4/07) with a premium above the EMC benchmark of 4.5 $/bl. The differential between the diesel and fuel oil prices remained at sustained levels, averaging 319 $/ton during Q4/08.

***Comparable* EBITDA for Q4/08 was EUR 109.0 ml** up 78% vs. Q4/07. The increase of the refining margin has been further supported by a significantly stronger exchange rate USD/EUR (1.32 in Q4/08 vs. 1.44 in Q4/07), which more than offset higher fixed costs, mainly related to maintenance and remediation activities.

The **CAPEX for refining in Q4/08 were EUR 58 ml**, in line with the investment programme for 2008.

Margins and refinery runs

		Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
REFINERY RUNS	Thousand ton	3,933	3,530	11%	3,887	15,517	14,593	6%
	Million bl	28.7	25.8	11%	28.4	113.3	106.5	6%
	thousand bl/day	312	280	11%	308	310	292	6%
of which: Processing for own account	Thousand ton	2,532	2,020	25%	2,488	10,064	9,100	11%
Processing on behalf of third parties	Thousand ton	1,401	1,510	-7%	1,399	5,453	5,493	-1%
EXCHANGE RATE	EUR/USD	1.318	1.449	-9%	1.505	1.471	1.370	7%
EMC BENCHMARK MARGIN	$/bl	3.6	2.4	50%	2.9	3.2	3.3	-3%
SARAS REFINERY MARGIN	$/bl	8.1	7.0	15%	8.0	8.7	7.3	20%

Production

		Q4/08	H1/08	2008	2007
LPG	thousand ton	70	187	337	306
	yield	1.8%	2.4%	2.2%	2.1%
NAPHTHA + GASOLINE	thousand ton	1,075	1,940	4,056	4,039
	yield	27.3%	25.2%	26.1%	27.7%
MIDDLE DISTILLATES	thousand ton	2,060	4,125	8,275	7,541
	yield	52.4%	53.6%	53.3%	51.7%
FUEL OIL & OTHERS	thousand ton	240	445	825	707
	yield	6.1%	5.8%	5.3%	4.8%
TAR	thousand ton	254	563	1,121	1,120
	yield	6.5%	7.3%	7.2%	7.7%

Balance to 100% is Consumption & Losses

Crude Oil slate

		Q4/08	H1/08	2008	2007
Light extra sweet		49%	53%	51%	45%
Light sweet		0%	0%	0%	2%
Medium sweet		0%	0%	0%	0%
Light sour		0%	0%	0%	0%
Medium sour		24%	19%	22%	26%
Heavy Sour		27%	28%	27%	27%
Average crude gravity	°API	32.6	32.6	32.7	32.9

Marketing

Below are the financial highlights of the marketing segment, which is primarily focused on wholesale activities through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A. in Spain.

EUR Million	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
EBITDA	(91.0)	14.5	-728%	(27.5)	(57.8)	55.4	-204%
Comparable EBITDA	**7.6**	**10.1**	**-25%**	**10.3**	**34.9**	**33.2**	**5%**
EBIT	(92.5)	13.2	-801%	(28.8)	(63.2)	50.3	-226%
***Comparable* EBIT**	**6.1**	**8.8**	**-31%**	**9.0**	**29.5**	**28.1**	**5%**
CAPEX	**14.9**	**5.0**		**5.9**	**45.9**	**10.7**	

Sales

		Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
TOTAL SALES	Kton	1,045	1,057	-1%	986	4,030	3,905	3%
of which Italy	Kton	324	318	2%	292	1,176	1,102	7%
of which Spain	Kton	721	740	-3%	694	2,854	2,804	2%

Comments on 2008 results

Marketing achieved a good performance during 2008, with sales, margins and *comparable* EBITDA all improved versus previous year. Reported EBITDA was heavily influenced by FIFO losses on compulsory strategic stocks.

The global economic downturn which started in the second half of 2008 reduced oil product demand in Italy (-3.6% versus 2007). Heating oil sales registered an increase of approx. 1% vs. 2007, due to a particularly cold winter; automotive diesel demand managed to hold substantially unchanged (-0.2% down vs. 2007); gasoline instead was heavily impacted and its demand fell by 7.2% versus 2007.

In the above scenario, Arcola Petrolifera achieved a good performance, increasing sales by 7%. In particular, automotive diesel was up 11% year on year and heating oil was up 2.5%. Margins increased thanks to a more profitable customer mix.

Spain, on the other hand, suffered a more remarkable contraction in oil product demand, with all products negative: Gasoline -5.9%, automotive Diesel -3.6%, and heating oil -2.7% year on year. Nevertheless, Saras Energia had a solid performance, with overall sales up 2% versus previous year, and a consistent improvement in market share. Moreover, the product mix moved towards a more profitable base, with higher sales towards retail operators, unbranded gas stations, and small & mid-size dealers, while lower sales were concluded with commercial operators.

Overall, our Marketing division **sold over 4 million tons during 2008**, with a 3% increase versus 2007, and higher retail margins, which led to a 5% increase of ***comparable*** **EBITDA (EUR 34.9 ml** vs. EUR 33.2 ml in 2007).

At the end of October 2008, Saras Energia S.A. signed a deal to acquire 81 service stations from ERG Petroleos S.A., located mainly on the Spanish Mediterranean coast, for a total consideration of EUR 42 ml. Saras will generate important synergies by integrating the new stations with the logistics already owned and operated locally. The closing of the deal is expected by Q2/09.

Finally, in November Saras Energia completed the construction of its Biodiesel production plant, close to the existing depot in Cartagena (Spain). The completion of the above mentioned project is responsible for the largest part of the **CAPEX plan of EUR 45.9 ml**, spent during 2008. The plant will produce approximately 200,000 tons per year of Biodiesel, and will commence commercial sales at the beginning of Q2/09.

Comments on Q4/08 results

Marketing performance in Q4/08, was characterized by a downward trend compared to the same quarter last year.

In Italy, demand for oil products fell by 6.9% vs. same quarter last year. However, Arcola Petrolifera, which has a 4% market share, still managed to achieve a good performance, increasing sales by 2% vs. Q4/07. In particular, automotive diesel was up 6% year on year, while heating oil was down 6.5% and fuel oil down 7%.

Oil product sales in the Spanish market decreased by almost 6% versus Q4/07. Saras Energia suffered from the local market scenario, reducing sales volumes by 3% vs. same period last year, and also the margins had a slight erosion.

Overall, during Q4/08 the Marketing segment posted a ***comparable* EBITDA of EUR 7.6 ml**, down 25% vs. Q4/07.

As mentioned in the comments for the full year, during Q4/08 Saras Energia completed the construction of the Biodiesel plant in Cartagena, and also signed a deal for the acquisition of 81 Service stations from ERG Petroleos S.A..

Power Generation

Below are the main financial data of the Power segment related to operations by Sarlux S.r.l.:

EUR Milion	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
EBITDA	49.4	22.9	116%	53.2	200.0	182.1	10%
***Comparable* EBITDA**	**49.4**	**47.0**	**5%**	**53.2**	**200.0**	**182.1**	**10%**
EBIT	29.8	(85.8)	-135%	34.4	124.0	12.3	908%
***Comparable* EBIT**	**29.8**	**26.2**	**14%**	**34.4**	**124.0**	**100.2**	**24%**
EBITDA ITALIAN GAAP	**66.9**	**58.5**	**14%**	**93.9**	**294.6**	**258.2**	**14%**
EBIT ITALIAN GAAP	**52.5**	**44.7**	**17%**	**80.3**	**239.5**	**204.4**	**17%**
NET INCOME ITALIAN GAAP	**32.2**	**34.8**	**-7%**	**46.5**	**133.9**	**120.7**	**11%**
CAPEX	**8.5**	**3.0**		**4.5**	**26.5**	**19.7**	

Other figures

		Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
ELECTRICITY PRODUCTION	MWh/1000	948	1,095	-13%	1,164	4,318	4,414	-2%
POWER TARIFF	**Eurocent/KWh**	**14.2**	**12.4**	**14%**	**14.0**	**14.2**	**12.4**	**14%**
POWER IGCC MARGIN	$/bl	3.4	4.2	-19%	4.1	3.9	3.7	6%

Comments to 2008 results

In 2008 the Sarlux IGCC plant registered an overall satisfactory performance.

Power production was 4.318 TWh slightly down (-2%) when compared to 2007, mainly due to routine maintenance cycles on two trains (Gasifiers and turbines) performed respectively during H1/08 and Q4/08, which lasted slightly longer than the maintenance activities performed the year before.

***Comparable* EBITDA was EUR 200.0 ml**, up 10% vs. 2007, and Italian **GAAP EBITDA was EUR 294.6 ml**, up 14% versus 2007. The above increases can be mainly explained due to a 14% rise in the power tariff, from 12.4 EURcent/KWh in 2007, up to 14.2 EURcent/KWh in 2008, which more than offset the lower sales of electricity.

In particular, almost the entire increase in the power tariff can be explained by the rise in the value of the fuel component, whose pricing mechanism is linked to oil prices, however with a 9-month delay between the variations of crude oil prices and their impact on the value of the fuel component. As a result, the 2008 fuel component rose to 7.6 EURcent/KWh (from 5.9 EURcent/KWh in 2007).

This increase in the power tariff, together with an extraordinary income due to the reimbursement of approx. EUR 10 ml for CO2 costs related to the period 2005 ÷ 2007, brought a significant contribution to the Italian GAAP EBITDA, while their impact on *comparable* EBITDA was lower, due to the effect of the linearization procedure required by IFRS.

Finally, in 2008, the Power Generation division increased by over 30% its sales of Hydrogen and Steam, whose revenues are not subject to the IFRS linearization procedure, further contributing to the improvements of the *comparable* EBITDA.

Comments on Q4/08 results

During Q4/08 the performance of the Sarlux IGCC plant was in line with expectations, with **electricity production at 0.948 TWh**, slightly down compared Q4/07. The lower production versus previous year can be explained by the fact that Q4/08 was affected by routine maintenance involving one gasification and one power production train, and this activities lasted longer than the maintenance performed during Q4/07.

The total power tariff during Q4/08 reached 14.2 EURcent/KWh, up 14% vs. Q4/07. In particular, as explained in the comments for the full year, the fuel component rose to 7.6 EURcent/KWh, following the rise in crude oil and product prices. The above mentioned increase in the power tariff, pushed the **IT GAAP EBITDA for Q4/08 to reach EUR 66.9 ml**, up 14% vs. Q4/07. On the other hand, the impact on IFRS EBITDA was lower than the one observed on the IT GAAP EBITDA (only 5%), due to the effect of the linearization procedure required by IFRS.

Moreover, during Q4/08, sales of Hydrogen were up 20% and sales of Steam were up 7%. As previously mentioned, their revenues are not subject to the linearization procedure, thus contribute significantly to the enhancements of the *comparable* EBITDA.

Wind

Following the acquisition by Saras SpA of the minority stake owned by Babcock & Brown Wind Energy, Parchi Eolici Ulassai Srl (PEU) has been fully consolidated starting from 30th June 2008.
In order to allow a better understanding of results, the following tables show the financial highlights of the Wind segment at 100%.

EUR million	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
EBITDA	3.4	5.4	-37%	(1.4)	11.5	25.6	-55%
***Comparable* EBITDA**	**3.4**	**5.4**	**-37%**	**1.2**	**14.1**	**25.6**	**-45%**
EBIT	0.9	2.0	-55%	(3.6)	2.4	15.8	-85%
***Comparable* EBIT**	**0.9**	**2.0**	**-55%**	**(1.0)**	**5.0**	**15.8**	**-68%**
NET INCOME	(0.3)	1.0	-130%	(4.0)	(2.3)	7.0	-133%
***Adjusted* NET INCOME (*)**	**2.0**	**1.0**	**100%**	**(2.0)**	**1.6**	**6.2**	**-75%**

(*) *Adjusted* Net Income: Net Income adjusted by non recurring items after taxes and change in derivatives fair value after taxes

Other figures

		Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
ELECTRICITY PRODUCTION	MWh	36,381	51,631	-30%	19,821	**153,735**	168,185	-9%
POWER TARIFF	EURcent/KWh	8.5	8.4	0%	8.7	**8.6**	8.5	2%
GREEN CERTIFICATES	EURcent/KWh	8.8	5.0	77%	3.0	6.9	9.8	-29%

Comments to 2008 results

During 2008, the performance of the Ulassai wind farm was below expectations, with **electricity production of 153,735 MWh**, down 9% vs. same period last year, due to unfavourable wind conditions.

Full year ***comparable* EBITDA was EUR 14.1 ml**, down 45% vs. 2007, due to lower sales of electricity and also to the decrease in the power tariff which, at 156 EUR/MWh, was down 15% vs. 2007 (with GCs at EUR 69/MWh, down 29%).

IFRS EBITDA was EUR 11.5 ml, due to a non-recurring charge of EUR 2.6 ml, caused by the Energy Authority Resolution n. 48/08, which retroactively reduced the 2007 power tariff by approx. 20%.

Comments on Q4/08 results

In Q4/08, the production performance of the Ulassai wind farm was below same quarter last year, with **electricity sales amounting to 36,381 MWh**, down 30% vs. Q4/07, due to unfavourable wind conditions.

***Comparable* EBITDA stood at EUR 3.4 ml**, down 37% vs. the same period last year, mainly due to the above mentioned lower sales of electricity. Higher valorisation of Green Certificates in Q4/08 was offset by the realised losses on the sale of the remaining 2007 Green Certificates.

Other

The following table shows the financial highlights of the segment related to operations by Sartec S.p.A. and Akhela S.r.l.

EUR Million	Q4/08	Q4/07	var %	Q3/08	2008	2007	var %
EBITDA	2.1	10.4	-80%	0.7	2.8	11.1	-75%
***Comparable* EBITDA**	**(0.5)**	**(0.4)**	**25%**	**0.7**	**0.2**	**0.4**	**-50%**
EBIT	1.6	9.8	-84%	0.0	0.6	8.8	-93%
***Comparable* EBIT**	**(1.0)**	**(1.1)**	**-9%**	**0.0**	**(2.0)**	**(2.1)**	**-5%**

Comments to 2008 and Fourth Quarter results

In 2008, *Comparable* EBITDA stood at EUR 0.2 ml, confirming achievement of break even position.

Overall, the **results for Q4/08** were in line with previous quarter, with **comparable EBITDA negative by EUR 0.5 million.**

It is worth mentioning that Q4/07 *reported* EBITDA benefited from a one-off gain related to the finalisation of a government grant, hence the steep difference with Q4/08 results.

Strategy and Investments

Saras confirms its long term view and its growth strategy, which is focused on organic growth in the Refining & Marketing segment. At the end of October 2008, Saras Energia S.A. signed a deal to acquire 81 service stations from ERG Petroleos S.A. for a total consideration of EUR 42 ml. These stations are located mainly on the Spanish Mediterranean coast. Therefore, Saras is confident to generate important synergies by integrating the new stations with the logistics already owned and operated locally. The *comparable* EBITDA expected from the new stations will be in the range of EUR 6 ÷ 7 ml per year (from 2010 onwards). The closing of the deal is expected by Q2/09.

In relation to the 2008 ÷ 2011 Business Plan, the Board of Directors has given mandate to the Group Chairman and the CEO to revise the timing of the CAPEX plan for the period starting from 2010, in consideration of the new macroeconomic scenario.

As a result, we can anticipate that certain items included in the CAPEX plan from 2010 onwards will be moved forward by approximately 12 ÷ 18 months. The delays will involve mainly the revamping of the “MHC2” and the “Visbreaker”; the construction of the new “Steam Reforming” unit; some of the “Energy Recovery” projects; and the expansion of the Sarroch Refinery tank farm. Full details of the revised investment plan will be released in due course.

Capex by segment

EUR Million	Q4/08	2008	2007	2006
REFINING	57.6	182.3	177	108
POWER GENERATION	8.5	26.5	20	12
MARKETING	14.9	45.9	11	9
WIND				
OTHER	0.1	1.8	2	1
Total	**81.1**	**256.5**	**210**	**130**

Dividends

In consideration of the *Adjusted* Net Profit recorded at the end of 2008, the Board of Directors has examined the opportunity to propose a dividend to the AGM of EUR 0.17 per share (payout 48%).

Outlook

REFINING

- During January and February 2009, the EMC benchmark was higher than previous quarters, sustained by gasoline, heating oil and fuel oil. In particular, gasoline crack rose sensibly versus 2008 levels, due to tightening stocks related to voluntary run cuts and maintenance in several US refineries. Heating oil was supported by an exceptionally cold winter; and fuel oil sales picked up in the middle of January due to the gas crisis between Russia and Ukraine.
  - ✓ The average for EMC benchmark in January was 4.9 $/bl, and so far, in February is 4.1 $/bl

- Strengthening of the USD vs. the EUR is benefiting Saras, and so far the Q1/09 average exchange rate is 1.30, versus 1.47 average for 2008. In terms of sensitivity, we could estimate that a 15% change on a yearly basis (e.g. from 1.47 to 1.25) would generate an EBITDA increase of approx. EUR 95 ÷ 105 ml/year.

- 2009 will be affected by major turnarounds. Runs expected to be in the range of 14.4 ÷ 14.8 million tons (105 ÷ 108 million barrels) with an expected loss on EBITDA due to lower conversion capacity of approximately US$ 60 ml. Saras premium over EMC benchmark expected in the range of 3.0 ÷ 4.0 $/bl. Processing contracts for 2009 will be around 35% of refining capacity.

- Even when considering the current context of global recession and the expected refining capacity additions announced for 2009, we believe that Europe will remain fundamentally tight in terms of desulphurisation capacity. Given Saras high conversion yields, and gearing towards ULSD production, we are well positioned to exploit the above mentioned market conditions.

- The Group's investments are estimated to be around EUR 300 ml in 2009 (versus EUR 250 ml in 2008), of which "Maintain Capacity" and "HSE" investments will account for around EUR 100 ml (versus EUR 155 ml in 2008), and "Growth" investments will be approx. EUR 200 ml, in line with the 2008-2011 investment plan.

- Saras Group will focus on cashflow and debt levels. In particular, refining fixed costs are expected broadly in line with 2008. Variable costs will also be in line with 2008, but their impact is already accounted for in the EMC benchmark, which is a margin after variable costs.

POWER GENERATION

- IGCC plant will be subject to a maintenance programme involving 2 gasifiers and 2 turbines. The overall electricity production is expected to be in the range of 4.3 ÷ 4.6 TWh for the full year.

- Due to the delay present in the formula for the calculation (9 months) of the fuel component, 2009 power tariff will continue to benefit from the high levels reached by crude oil prices during the first half of 2008, and only in the second half of the year will see a reduction.

- The "incentive" component of the CIP/6 power tariff will expire in April 2009, as per original contract with the National Grid Operator (GSE). Due to the IFRS linearisation procedure, there will be no impact on *comparable* EBITDA, while the Italian GAAP EBITDA will decrease of approximately EUR 110 ml in 2009, versus 2008.

MARKETING

- We aim to consolidate the performance of 2008 and further increase the business in retail following the acquisition of the 81 fuel stations from ERG.

- Finally, the Marketing segment will also benefit from the start up of the new Biodiesel plant in Cartagena, completed in November 2008, and expected to start full scale production in Q2/09.

Saras Group Preliminary Financial Statements

Preliminary Consolidated Balance-Sheets as at 31/12/08 and 31/12/07

EUR thousand	31/12/2008	31/12/2007
ASSETS		
current assets	**1,310,954**	**1,772,974**
Cash and cash equivalents	65,180	308,108
Other financial assets held for trading or available for sale	20,464	15,209
Trade receivables	639,326	690,162
Inventories	469,298	724,715
Current tax assets	7,770	6,131
Other assets	108,916	28,649
Non-current assets	**1,925,304**	**1,669,170**
Property, plant and equipment	1,377,018	1,181,154
Intangible assets	484,575	465,443
Equity interests consolidated under the equity method	0	13,369
Other equity interests	1,103	1,841
Advanced tax assets	58,953	0
Other financial assets	3,655	7,363
Total assets	**3,236,258**	**3,442,144**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**988,757**	**1,008,519**
Short-term financial liabilities	243,980	173,178
Trade and other payables	560,867	655,582
Current tax liabilities	107,746	120,922
Other liabilities	76,164	58,837
Non-current liabilities	**936,448**	**967,166**
Long-term financial liabilities	174,211	186,283
Provisions for risks	29,195	23,296
Provisions for employee benefits	37,494	36,680
Deferred tax liabilities	0	133,581
Other liabilities	695,548	587,326
Total liabilities	**1,925,205**	**1,975,685**
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,183,675	1,078,000
Profit/(loss) for the period	61,822	322,903
Total shareholders' equity	**1,311,053**	**1,466,459**
Total liabilities and shareholders' equity	**3,236,258**	**3,442,144**

Preliminary Consolidated Income Statements for the periods 1/1-31/12/08 and 1/1-31/12/07

EUR thousand	1 JANUARY 31 DECEMBER 2008	1 JANUARY 31 DECEMBER 2007
Revenues from ordinary operations	8,555,842	6,663,671
Other income	116,927	36,309
Total revenues	**8,672,769**	**6,699,980**
Purchases of raw materials, spare parts and consumables	(7,677,346)	(5,364,316)
Cost of services and sundry costs	(592,948)	(454,752)
Personnel costs	(145,840)	(120,819)
Depreciation, amortization and write-downs	(167,916)	(251,245)
Total costs	**(8,584,050)**	**(6,191,132)**
Operating results	**88,719**	**508,848**
Net income (charges) from equity interests	421	5,067
Other financial income/(charges), net	1,402	(42,041)
Profit before taxes	**90,542**	**471,874**
Income tax for the period	(28,720)	(148,971)
Net profit/(loss) for the period	**61,822**	**322,903**

Preliminary Statement of Changes in Consolidated Shareholders' Equity for the periods 31/12/05 - 31/12/08

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Shareholders Equity
Balance as of 31/12/2005	**51,183**	**10,237**	**174,706**	**292,642**	**528,768**
Capital increase (net of IPO costs)	3,447		338,983		342,430
Allocation of previous period profit			152,946	(152,946)	0
Dividends			(30,485)	(139,696)	(170,181)
Shareholder's equity increase related to the fair value evaluation of assets and liabilities of the 55% Sarlux stake			188,940		188,940
Profit (loss) for the year				395,425	395,425
Balance as of 31/12/2006	**54,630**	**10,237**	**825,090**	**395,425**	**1,285,382**
Allocation of previous period profit		689	252,086	(252,775)	0
Dividends				(142,650)	(142,650)
Reserve for employees stock plan			2,106		2,106
Share buyback			(1,975)		(1,975)
Effect of Corporate tax rate reduction (IRES/IRAP)			693		693
Profit (loss) for the period				322,903	322,903
Balance as of 31/12/2007	**54,630**	**10,926**	**1,078,000**	**322,903**	**1,466,459**
Allocation of previous period profit			162,060	(162,060)	0
Dividends				(160,843)	(160,843)
Reserve for employees stock plan			2,460		2,460
Share buyback			(70,307)		(70,307)
Share premium reserve adjustment			615		615
Shareholder's equity increase related to the fair value evaluation of asset of Sardeolica S.r.l. r for the stake of 70%			10,373		10,373
Renounce of receivable from minority shareholder of the subsidiary Parchi Eolici Ulassai Srl			474		474
Profit (loss) for the period				61,822	61,822
Balance as of 31/12/2008	**54,630**	**10,926**	**1,183,675**	**61,822**	**1,311,053**

Preliminary Consolidated Cash Flow Statements as at 31/12/08 and 31/12/07

EUR thousand	1/1/2008 - 31/12/2008	1/1/2007 -31/12/2007
A - Cash and cash equivalents at the beginning of period	**308,108**	**217,604**
(short-term net financial indebteness)		
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) for the period of the Group	61,822	322,903
Amortization, depreciation and write-down of fixed assets	167,916	251,245
Net (income)/charges from equity interests	(421)	(3,399)
Net change in provisions for risks and charges	5,899	(1,189)
Net change in employee benefits	801	(8,751)
Net Change in tax liabilities and tax assets	(193,462)	(27,506)
Income tax	28,720	148,971
Profit (Loss) from operating activities before changes in working capital	**71,275**	**682,274**
(Increase)/Decrease in trade receivables	56,147	(115,679)
(Increase)/Decrease in inventory	256,067	(124,913)
Increase/(Decrease) in trade and other payables	(99,006)	103,960
Change in other current assets	(78,914)	73,314
Change in other current liabilities	163,956	86,650
Income tax paid	(191,463)	(156,552)
Change in other non-current liabilities	108,165	72,560
Other non cash items	0	949
Total (B)	**286,227**	**622,563**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(275,685)	(209,922)
Change in equity interests valued under the equity method	(1,420)	(649)
Change in other equity interests	773	0
Acquisition of 30% PEU Srl	(32,000)	0
Interest received/(paid)	(11,369)	(12,136)
Total (C)	**(319,701)**	**(222,707)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(76,807)	(136,388)
(Increase)/Decrease in other financial assets	10,891	(1,395)
Increase/(Decrease) in short term borrowings	62,389	(28,919)
Buyback own shares	(70,307)	0
Dividend distribution to shareholders	(160,843)	(142,650)
Other non-monetary movements	13,922	0
Total (D)	**(220,755)**	**(309,352)**
E - Cashflow for the period (B+C+D)	**(254,229)**	**90,504**
F - Cash from new consolidated subsidiaries		
PEU S.r.l.	11,301	
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**65,180**	**308,108**