



Leading independent refining operator SARAS announces results for the First Half 2007

Strong set of results despite maintenance at Sarroch refinery Adjusted Net Income up 51% versus H1/06

Highlights for the period

- **Group comparable EBITDA¹ at EUR 354.3 ml, up 32% on H1/06**
 - Q2/07 Group comparable EBITDA at EUR 199.3 ml, up 60% on Q2/06
- **Group adjusted net income² at EUR 160.5 ml, up 51% on H1/06**
 - Q2/07 Group adjusted net income at EUR 89.5 ml, up 122% on Q2/06
- **Good operating performance of all the segments**, in particular refining, with minimized impact of scheduled maintenance at Sarroch refinery during Q2
- **Saras refining&power margin at record high of 12.2 \$/bl in H1/07 up 11% versus H1/06** (14.3 \$/bl in Q2/07 up 17% vs Q2/06)
 - **refinery margin at 8.2 \$/ bl in H1/07** (9.9 \$/bl in Q2/07)
 - **power (IGCC) margin at 4.0 \$/bl**
- **Strong operating cashflow above EUR 500 ml in H1/07**
 - Operating cashflow EUR 347 ml in Q2/07
 - Net Financial Position positive by EUR 12 ml from EUR 135 ml negative on 31/03/2007 and EUR 285 ml negative on 31/12/2006

Milan, 09 August, 2007. - The Board of Directors of Saras S.p.A. met yesterday under Chairman GianMarco Moratti and approved first half 2007 results. The Chairman declared: ***“We are pleased to have recorded another strong operating performance reinforcing the quality of both our assets and our people. Our strategy of continuous upgrading of the refinery and close attention to the management of our operations, coupled with the high priority we give to protection of the environment is paying-off, confirming Saras as one of the most efficient companies in its sector”.***

¹ **Comparable EBITDA:** calculated evaluating inventories at LIFO. In Q2/07 a non recurring income of EUR 5.2 ml (due to change in law in the calculation of provisions for employee retirement benefits) has been deducted .

² **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 calls organized for today 09th August 2007

at 11:00 C.E.T., conference call for financial journalists. Dial in number is **+39 02 8020911**

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.

Dial in numbers:

For Italy +39 02 8020911

For U.K. +44 208 7929750

For U.S. +1 866 2396425

Link for the live webcast <http://services.choruscall.com/links/saras070809.html>

A replay of the conference call will be available for 72 hours after the event, starting at 07:30 CET on 10th August 2007. The number to dial is +39 02 806 137 80 Passcode: **821#**.

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

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Key Consolidated financial figures

Below the key consolidated financial figures, shown in comparison with the data related to the same period last year and previous quarter. **It should be noted** that H1/06 and Q2/06 figures are proforma, i.e. with Sarlux S.r.l. fully consolidated as of 1st January 2005.

Saras Group income statement figures:

| EUR Million | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|---------------------|---------|---------|-------|---------|---------|---------|-------|
| REVENUES | 1,700.6 | 1,440.0 | 18% | 1,507.4 | 3,208.0 | 2,820.0 | 14% |
| EBITDA | 265.7 | 201.2 | 32% | 145.3 | 411.0 | 339.3 | 21% |
| EBITDA comparable | 199.3 | 124.5 | 60% | 155.0 | 354.3 | 268.1 | 32% |
| EBIT | 225.9 | 161.9 | 40% | 105.3 | 331.2 | 260.8 | 27% |
| EBIT comparable | 159.4 | 85.2 | 87% | 115.0 | 274.4 | 189.6 | 45% |
| NET INCOME | 136.0 | 75.8 | 79% | 50.9 | 186.9 | 138.6 | 35% |
| adjusted NET INCOME | 89.5 | 40.3 | 122% | 71.0 | 160.5 | 106.6 | 51% |

Other Group figures:

| EUR Million | Q2/07 | Q2/06 | Q1/07 | H1/07 | H1/06 |
|------------------------|-------|-------|-------|-------|-------|
| NET FINANCIAL POSITION | 12 | (304) | (135) | 12 | (304) |
| CAPEX | 57 | 46 | 36 | 93 | 69 |
| OPERATING CASH FLOW | 347 | 54 | 185 | 523 | 66 |

Remarks on first half results

Saras Group posted an excellent result in the first half of 2007, driven by the Refining segment that registered a significant increase versus H1/06. The other business segments also achieved good results.

The first half 2007 has been characterized by robust refining margins and an important maintenance cycle at the Sarroch refinery that involved the shutdown of one crude distillation unit, one vacuum unit and the visbreaking unit. As a consequence refinery runs have been reduced by about 5% from normal levels. Compared to same period of last year, also characterized by maintenance, it is worthy of note that the impact has been significantly lower due to the different units involved in the maintenance: in H1/06 runs were reduced by about 10% from normal levels and also the loss of conversion capacity was higher.

Saras **Refining&Power margin** reached record high of **12.2 \$/bl** (+11% vs H1/06) confirming the track record of superior margins of the Saras site.

Group **Revenues** of EUR 3,208 ml are up 14% versus H1/06 thanks to higher oil and products prices.

Group **Comparable EBITDA** of EUR 354 ml registered an increase of 32% vs H1/06 thanks to higher refining margins and good operations in all the segments.

The positive trend of group results has been partially offset by a sharp increase of EUR/USD exchange rate that gained 8%, from an average value of 1.23 in H1/06 to an average value of 1.33 in H1/07.

Adjusted net income of EUR 161 ml, registered an increase of 51% vs H1/06. The result was negatively affected by commodity derivatives as a consequence of the hedging program for 2007.

CAPEX were at EUR 93 ml in the period, in line with the investment program for 2007.

Net Financial Position at the end of June turned to a positive of EUR 12 ml from a negative of EUR 285 ml at the end of 2006 thanks to a strong operating cash flow.

Remarks on the second quarter results

Saras Group achieved an excellent overall performance in Q2/07, with a sharp increase on Q2/06 driven by the Refining segment. Good results were posted also by Power Generation and Marketing.

The quarter has been characterized by robust refining margins and by an important maintenance cycle at the Sarroch refinery that involved the shutdown of one crude distillation unit, one vacuum unit and the visbreaking unit. As a consequence refinery runs have been reduced by about 10% from normal levels. Compared to the same quarter of last year, also characterized by maintenance, the impact was significantly lower due to the different units involved in the maintenance: in Q2/06 runs were reduced by about 20% and also the loss on conversion capacity was higher.

Saras **Refining&Power margin** reached a record high of **14.3 \$/bl** (+37% vs previous quarter) confirming the track record of superior margins of the Saras site.

Group **Revenues** of EUR 1,701 ml are up 18% versus Q2/06 thanks to higher oil and products prices.

Group **Comparable EBITDA** of EUR 199 ml registered an increase of 60% vs Q2/06 and of 29% vs Q1/07 mainly thanks to the Refining segment whose profits have been boosted by robust refining margins and excellent operations. Good results also from the other segments. The positive trend of group results has been partially offset by a sharp increase of EUR/USD exchange rate that gained 7% vs Q2/06 (average of Q2/07 has been 1.348 vs 1.258 in Q2/06).

Adjusted net income of EUR 90 ml, registered an increase of 122% vs Q2/06 and and 25% versus Q1/07. The result was negatively affected by commodity derivatives as a consequence of the hedging program for 2007.

CAPEX was at EUR 57 ml in the quarter, higher than previous quarter due to the upgrading activities during maintenance, and in line with the investment program for 2007.

Net Financial Position at the end of the quarter turned to a positive of EUR 12 ml from a negative of EUR 135 ml at the end of Q1/07 thanks to a strong operating cash flow and a reduction in working capital.

Segment Reviews

Below is the main information relating to the various business segments within the Saras Group. Furthermore, detailed results of the Sardeolica joint venture (Wind segment) are given in order to provide complete information, although the company is consolidated using the equity method.

Refining

| EUR Million | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA | 197.2 | 137.8 | 43% | 88.5 | 285.7 | 206.1 | 39% |
| EBITDA <i>comparable</i> | 140.8 | 66.8 | 111% | 95.7 | 236.5 | 144.5 | 64% |
| EBIT | 179.6 | 120.0 | 50% | 70.7 | 250.3 | 173.2 | 45% |
| EBIT <i>comparable</i> | 123.2 | 49.0 | 151% | 77.9 | 201.1 | 111.6 | 80% |
| CAPEX | 51 | 44 | 15% | 30 | 81 | 67 | 20% |

The first half of 2007 was characterized by an important maintenance and upgrading cycle at the Sarroch refinery that involved the shutdown of one crude distillation unit, one vacuum unit and the visbreaking unit. As a consequence refinery runs have been reduced by about 5% from normal levels.

Compared to same period last year, also characterized by maintenance, the impact of the shutdown was significantly lower due to the different units involved: in H1/06 runs were reduced by about 10% and also loss of conversion capacity was significantly higher.

The upgrades carried out during Q2/07 will improve Saras' refining margin by about 0.5 \$/bl starting from Q3/07 thanks to the additional conversion capacity that will allow an incremental production of about 150,000 tons of diesel on a yearly basis.

Refinery runs in the first half were 291 kbd (7.2 Mton) up 9% versus same period last year. Runs for third parties represented 38% of total, a lower figure compared to last year (50%), due to the expiry of a contract that has not been renewed.

Refining margins remained robust during the first half of the year, especially during the second quarter, mainly due to the extremely high gasoline crack spread.

The EMC benchmark averaged 4.2 \$/bl in the first half (3.0 \$/bl in Q1 and 5.4 \$/bl in Q2) up 0.9 \$/bl from same period last year.

Saras' refining margin in H1/07 was 8.2 \$/bl, with a premium over the benchmark of 4.0 \$/bl. The premium improved by 0.6 \$/bl from same period last year thanks to:

- lower impact of maintenance on conversion capacity;
- better product yields after Q2/06 upgrades (additional 200,000 tons of diesel production on yearly basis) which positively impacted by about 0.5 \$/bl;
- improved operational performance

In particular, **during the second quarter**, despite the scheduled partial shutdown carried out in May and June, the premium to the benchmark has been boosted up to 4.5 \$/bl (from 3.7\$/bl last quarter) as outcome of several factors related both to the market and to excellent operational performance.

On the market side an increased differential between diesel and fuel oil (309 \$/ton in Q2/07 vs 280\$/ton in Q1/07) helped to improve the premium.

On the operations side, the production of gasoline has been maximized during the second quarter, despite maintenance, thanks to the use of feedstocks for the MildHydrocracking and Cracking units. Naphtha&Gasoline yield in the second quarter reached almost 29% (from 27% in Q1/07) allowing Saras to fully exploit the strong gasoline trend.

Margins and refinery runs

| | | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|---------------------------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|
| REFINERY RUNS | Thousand ton | 3,415 | 2,918 | 17% | 3,809 | 7,224 | 6,627 | 9% |
| | Million bl | 24.9 | 21.3 | 17% | 27.8 | 52.7 | 48.4 | 9% |
| | thousand bl/day | 274 | 234 | 17% | 309 | 291 | 267 | 9% |
| | | | | | | | | |
| of which: Processing for own account | Thousand ton | 2,061 | 1,302 | | 2,420 | 4,481 | 3,314 | |
| Processing on behalf of third parties | Thousand ton | 1,354 | 1,615 | | 1,389 | 2,743 | 3,312 | |
| | | | | | | | | |
| EXCHANGE RATE | EUR/USD | 1.35 | 1.26 | 7% | 1.31 | 1.33 | 1.23 | 8% |
| | | | | | | | | |
| EMC BENCHMARK MARGIN | \$/bl | 5.4 | 4.7 | 15% | 3.0 | 4.2 | 3.3 | 27% |
| SARAS REFINERY MARGIN | \$/bl | 9.9 | 7.7 | 29% | 6.7 | 8.2 | 6.7 | 23% |

Production

| | | Q2/07 | Q1/07 | H1/07 | 2006 |
|--------------------|--------------|-------|-------|-------|-------|
| LPG | thousand ton | 79 | 84 | 163 | 312 |
| | yield | 2.3% | 2.2% | 2.3% | 2.2% |
| NAPHTHA + GASOLINE | thousand ton | 979 | 1,029 | 2,008 | 3,893 |
| | yield | 28.7% | 27.0% | 27.8% | 27.3% |
| MIDDLE DISTILLATES | thousand ton | 1,774 | 1,986 | 3,760 | 7,350 |
| | yield | 51.9% | 52.1% | 52.0% | 51.4% |
| FUEL OIL & OTHERS | thousand ton | 119 | 182 | 301 | 725 |
| | yield | 3.5% | 4.8% | 4.2% | 5.1% |
| TAR | thousand ton | 243 | 306 | 549 | 1,152 |
| | yield | 7.1% | 8.0% | 7.6% | 8.1% |

Balance to 100% is Fuel&losses

Crude Oil slate

| | | Q2/07 | Q1/07 | H1/07 | 2006 |
|-----------------------|------|-------|-------|-------|------|
| Light extra sweet | | 48% | 40% | 44% | 43% |
| Light sweet | | 1% | 3% | 2% | 5% |
| Medium sweet | | | | | 1% |
| Light sour | | | | | |
| Medium sour | | 26% | 30% | 28% | 23% |
| Heavy Sour | | 25% | 27% | 26% | 28% |
| Average crude gravity | °API | 33.4 | 32.4 | 32.9 | 32.9 |



Marketing

Below are the financial highlights of the marketing segment, concentrated especially in the wholesale business where the Saras Group operates through Arcola Petrolifera S.p.A. in Italy and Saras Energia S.A./Saras Red S.A. in Spain.

| EUR Million | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|--------------------------|------------|------------|------------|------------|-------------|-------------|------------|
| EBITDA | 17.3 | 12.4 | 40% | 3.0 | 20.3 | 19.7 | 3% |
| <i>EBITDA comparable</i> | <i>7.2</i> | <i>6.7</i> | <i>7%</i> | <i>5.5</i> | <i>12.7</i> | <i>10.1</i> | <i>26%</i> |
| EBIT | 16.1 | 12.1 | 33% | 1.7 | 17.8 | 19.1 | -7% |
| <i>EBIT comparable</i> | <i>6.0</i> | <i>6.4</i> | <i>-6%</i> | <i>4.2</i> | <i>10.2</i> | <i>9.5</i> | <i>7%</i> |
| CAPEX | 0.8 | 0.0 | | 0.3 | 1.1 | 0.2 | |

The first half of the year has been characterized by lower retail and marketing margins compared to the same period last year. The main reason was a mild winter during the first part of the year that caused a significant reduction of heating oil consumption in Europe, also putting pressure on the diesel market. Secondly the rapid run-up in crude prices caused further downward pressures on margins in the second quarter.

The trend of increased diesel consumption has continued both in Italy and Spain in H1/07 (about +3% in Italy and +5% in Spain versus H1/06) while consumption of gasoline is constantly decreasing (about -6% in Italy and -4% in Spain versus H1/06).

In this context the Marketing segment registered a good performance in H1/07, increasing comparable EBITDA by 26% versus same period last year mainly thanks to a robust increase of sales and consequently market share both in Spain and Italy.

The acquisition of 36 service stations located in the Spanish-Med area (not part of the Group in H1/06) contributed to the increase.

The good performance of our subsidiary in the Spanish market, should also be highlighted, where sales in the first two quarters of the year grew over 20% compared to same periods of last year. The increase is wholly attributable to diesel sales increasing by around 30%.

Sales

| | | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|----------------|------|-------|-------|-------|-------|-------|-------|-------|
| TOTAL SALES | Kton | 920 | 771 | 19% | 934 | 1,854 | 1,574 | 18% |
| of which Italy | Kton | 268 | 236 | 14% | 255 | 523 | 499 | 5% |
| of which Spain | Kton | 652 | 535 | 22% | 680 | 1,331 | 1,075 | 24% |



Power Generation

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

| EUR Million | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|-------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| EBITDA | 52.3 | 52.3 | | 53.7 | 106.0 | 115.4 | -8% |
| EBIT | 31.8 | 30.3 | 5% | 33.4 | 65.2 | 71.3 | -9% |
| EBITDA ITALIAN GAAP | 51.3 | 86.8 | -41% | 85.6 | 136.9 | 166.3 | -18% |
| EBIT ITALIAN GAAP | 37.9 | 73.3 | -48% | 72.4 | 110.3 | 139.6 | -21% |
| NET INCOME ITALIAN GAAP | 22.6 | 44.0 | -49% | 43.4 | 66.0 | 83.3 | -21% |
| CAPEX | 5.5 | 2.0 | 175% | 4.5 | 10.0 | 2.0 | 400% |

Other figures

| | | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|------------------------|--------------|-------|-------|-------|-------|-------|-------|-------|
| ELECTRICITY PRODUCTION | MWh/1000 | 934 | 1,136 | -18% | 1,215 | 2,150 | 2,291 | -6% |
| POWER TARIFF | Eurocent/KWh | 13.0 | 13.7 | -5% | 12.7 | 12.8 | 13.5 | -5% |
| POWER IGCC MARGIN | \$/bl | 4.4 | 4.5 | -2% | 3.7 | 4.0 | 4.3 | -5% |

The performance of the Sarlux IGCC plant was in line with expectations during the first half of 2007.

The second quarter was characterized by the routine maintenance on one gasification and one power production train, including a planned major overhaul on one out of three gas turbines and maintenance on the Air Liquide oxygen plant.

As a consequence of heavier maintenance total electricity production declined by 18% versus Q2/06 (-6% comparing H1/07 vs H1/06).

Power tariff declined by 5% both Q2/07 vs Q2/06 and H1/07 vs H1/06 due to lower oil prices.

In terms of IFRS EBITDA the second quarter was in line with the same period last year since scheduled maintenance, related production changes and minor tariff changes are included in the linearisation procedure required by the IFRS accounting principles. The decrease registered in H1/07 vs H1/06 is instead attributable to the change of the linearization procedure starting from Q2/06.

In terms of Italian GAAP results the combined effect of lower production and lower power tariff caused a significant contraction of EBITDA: -41% Q2/07 vs Q2/06 and -18% H1/07 vs H1/06

It should be noted that the power tariff has been calculated on the basis of the indexation methodology indicated by CIP6/92 law and no provisions had been made in respect of the new indexation introduced by the Energy authority resolution issued on November last year because Saras considered this illegal for various reasons. Consequently in November 2006 the resolution was challenged before the relevant court in Italy, which ruled in Saras' favour at the beginning of May 2007.



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 | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA | (1.1) | (1.3) | 15% | 0.1 | (1.0) | (1.9) | 47% |
| EBIT | (1.6) | (0.5) | -220% | (0.5) | (2.1) | (2.8) | 25% |

First half 2007 confirms the improvements achieved during 2006.

Wind

Please note that wind segment is a Joint Venture (Saras share 70%) consolidated by the equity method. Results below are 100% figures.

| EUR million | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|
| EBITDA | 5.9 | 4.7 | 25% | 9.4 | 15.2 | 12.4 | 23% |
| EBIT | 3.6 | 2.8 | 28% | 7.1 | 10.7 | 8.6 | 25% |
| NET INCOME | 2.0 | 1.6 | 25% | 3.8 | 5.8 | 5.0 | 15% |
| Adjusted NET INCOME (*) | 1.4 | 1.6 | -11% | 3.4 | 4.8 | 5.0 | -3% |

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

Other figures

| | | Q2/07 | Q2/06 | var % | Q1/07 | H1/07 | H1/06 | var % |
|-------------------------------|-------------|--------|--------|-------|--------|--------|--------|-------|
| ELECTRICITY PRODUCTION | MWh | 31,789 | 31,624 | 1% | 54,910 | 86,699 | 84,526 | 3% |
| POWER TARIFF | EURcent/KWh | 9.9 | 6.7 | 47% | 7.6 | 8.4 | 7.1 | 19% |
| GREEN CERTIFICATES | EURcent/KWh | 11.9 | 12.1 | -2% | 11.9 | 11.9 | 12.1 | -2% |

Ulassai wind farm achieved a good performance during H1/07 with electricity production up 3% versus same period last year. The increase of power tariff versus same period last year also contributed to the good result. A significant increase of interest rates caused Adjusted Net Income to be just in line with same period last year.



Strategy and Investments

Continuous upgrading of the Sarroch supersite is the main focus of Saras' investments, and will be the key factor in providing significant organic growth whilst ensuring our operations remain competitive and sustainable in the long term.

In this respect, during scheduled maintenance in the second quarter, several upgrades have been undertaken on one crude distillation unit, one vacuum unit and the visbreaker in order to further increase diesel production versus fuel oil by about 150,000 tons per year starting from Q3/07. This will have an impact of about 0.5 \$/bl on Saras' refining margin. These activities mark the completion of the first stage of the 2006-2009 EUR 600 million Capex plan which aimed to increase diesel production by 350,000 tons per year with an expected overall improvement of Saras' refining margin of 1.1-1.2 \$/bl.

This strategy is consistent with our positive view of the refining market for the next few years and reflects our strong confidence that the European deficit of high-quality automotive diesel will persist.

At the same time, Saras carefully scrutinizes M&A opportunities in its core business as well as possible growth opportunities in wind power and bio-fuels.

Ongoing construction activities

The construction of a gasoline desulphurization unit and a tail gas treatment/sulphur recovery plant at the Sarroch refinery is on track. The first is expected to come on stream by mid 2008 and will allow the full production of gasoline with less than 10 ppm sulphur, as required by EU specification starting from 2009. The second will be operational in the second half of 2008 and will allow Saras to be aligned with the best standards in terms of sulphur emissions.

The preliminary phase of construction of the bio-diesel plant in Cartagena has been completed, and the unit will be ready for the start up in the first half of 2008.

Other activities

- The other projects of the 2006-2009 investment plan (globally EUR 600 ml) are in the engineering phase and some procurement activities are beginning
- Gas exploration: seismic tests in Sardinia are continuing with encouraging preliminary findings; final results are expected by end 2008.

Capex by segment

| | Q2/07 | Q1/07 | H1/2007 | 2006 |
|-------------------------|-----------|-----------|-----------|------------|
| REFINING | 51 | 30 | 81 | 108 |
| POWER GENERATION | 6 | 4 | 10 | 12 |
| MARKETING | 1 | 0 | 1 | 9 |
| OTHER | 1 | 1 | 1 | 1 |
| Total | 57 | 36 | 93 | 130 |



Outlook

- Starting from the beginning of Q3 refining margins declined sharply on the back of recovering refinery utilization and pressure on crude oil market coming from fundamentals and from speculation. On the fundamentals side the most relevant factors were a temporary reduction in North Sea supplies deriving from field maintenance and the prolonged effect of OPEC production cuts put in place between the end of 2006 and the beginning of this year.
- Notwithstanding the recent dip in refinery margins, the medium term outlook remains positive, given the projected strong growth in oil demand (that IEA sees at 2.0-2.5% per annum) and the tight situation of the refining industry which has also to face the challenge of new investments to comply with more stringent product specifications. All this in an environment of soaring capital costs, lack of engineering skills and consequently increasing delays for projects completion.
- During this temporary market situation Saras will benefit from its processing contracts (about 35-40% of total refinery runs) that provide an efficient protection in case of downturns in refining margins. These contracts have an embedded put option with a minimum **guaranteed margin for Saras of about 5.0-5.5 \$/bl (after variable costs)**.
- The upgrades carried out during Q2/07 maintenance will allow to increase diesel production by about 150,000 tons on annual basis starting from Q3/07 with an estimated **impact on Saras margins of about 0.5 \$/bl**
- At the beginning of Q3 Saras decided to bring forward the catalyst substitution of one of its MildHydrocracking units previously scheduled in the last quarter of 2007. The activity was completed during the month of July 2007, with an impact on EBITDA at the lower end of the anticipated range of 7 to 10 million USD. This will allow to fully benefit of the strong diesel demand that normally characterize last period of the year.
- During Q4/07 there will be a planned maintenance at one distillation unit which will reduce runs by about 11% from normal levels (estimated runs in Q4/07 in the range of 24.5-25.2 million barrel).
- Gas exploration: seismic tests in Sardinia are continuing with encouraging preliminary findings; final results are expected by end 2008.



Saras Group Financial Statements

Consolidated Balance-Sheets as at 30/06/07 and 31/12/06

| EUR thousand | 30/06/07 | 31/12/06 |
|---|------------------|------------------|
| ASSETS | | |
| Current Assets | 1,672,478 | 1,513,799 |
| Cash and cash equivalents | 458,155 | 217,604 |
| Other financial assets held for trading | 14,186 | 13,816 |
| Trade receivables | 537,425 | 574,483 |
| <i>of which with related parties</i> | <i>240</i> | <i>1,094</i> |
| Inventory | 624,900 | 599,802 |
| Current tax assets | 4,107 | 66,344 |
| Other assets | 33,705 | 41,750 |
| <i>of which with related parties</i> | <i>5,598</i> | <i>8,551</i> |
| Non-current assets | 1,723,082 | 1,706,568 |
| Property, plant and equipment | 1,131,671 | 1,105,088 |
| Intangible assets | 570,762 | 584,350 |
| Equity interests consolidated under the equity method | 13,880 | 9,970 |
| Other equity interests | 1,191 | 1,192 |
| Other financial assets | 5,578 | 5,968 |
| Total assets | 3,395,560 | 3,220,367 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | 1,022,184 | 866,545 |
| Short-term financial liabilities | 208,459 | 202,097 |
| <i>of which with related parties</i> | <i>1,962</i> | <i>2,395</i> |
| Trade and other payables | 610,547 | 551,622 |
| <i>of which with related parties</i> | <i>581</i> | <i>595</i> |
| Current tax liabilities | 131,145 | 52,093 |
| Other liabilities | 72,033 | 60,733 |
| Non-current liabilities | 1,042,276 | 1,068,440 |
| Long-term financial liabilities | 261,942 | 322,671 |
| Provisions for risks | 23,199 | 24,485 |
| Provisions for employee benefits | 40,172 | 45,431 |
| Deferred tax liabilities | 177,454 | 161,087 |
| Other liabilities | 539,509 | 514,766 |
| <i>of which with related parties</i> | | |
| Total liabilities | 2,064,460 | 1,934,985 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 54,630 | 54,630 |
| Legal reserve | 10,926 | 10,237 |
| Other reserves | 1,078,611 | 825,090 |
| Profit/(loss) for the period | 186,933 | 395,425 |
| Total shareholders' equity | 1,331,100 | 1,285,382 |
| <i>of which : minority interest</i> | | |
| capital and reserves | | |
| Profit (loss) for the period | | |
| <i>Total minority interest</i> | | |
| Total liabilities and shareholders' equity | 3,395,560 | 3,220,367 |



Consolidated Income Statements for the periods 1/1-30/6/07 ,1/1-30/6/06, 1/4-30/06/07 and 1/4-30/06/06

| EUR thousand | (1) | (2) | 1-Jan-2007 | of which | 1-Jan-2006 | of which non | 1-Apr-2007 | 1-Apr-2006 |
|---|-------|-----|--------------------|--------------|--------------------|----------------|--------------------|--------------------|
| | | | 30-Jun-2007 | non | 30-Jun-2006 | recurring | 30-Jun-2007 | 30-Jun-2006 |
| Revenues from ordinary operations | 6.1.1 | S | 3.196.044 | | 2.799.777 | | 1.693.989 | 1.369.463 |
| <i>of which with related parties</i> | | | 81 | | 108.323 | | | 54.162 |
| Other income | 6.1.2 | S | 12.055 | | 20.609 | | 6.623 | 10.590 |
| <i>of which with related parties</i> | | | 172 | | 8.928 | | | 4.464 |
| Total revenues | | | 3.208.099 | | 2.820.386 | | 1.700.612 | 1.380.053 |
| Purchases of raw materials, spare parts and consumables | 6.2.1 | T | (2.514.946) | | (2.382.518) | | (1.296.909) | (1.124.739) |
| <i>of which with related parties</i> | | | (5) | | (1.161) | | | (5.181) |
| Cost of services and sundry costs | 6.2.2 | T | (221.674) | | (160.128) | | (108.783) | (82.097) |
| <i>of which with related parties</i> | | | (1.374) | | (26.016) | | | (13.008) |
| Personnel costs | 6.2.3 | Q | (60.415) | 5.156 | (53.864) | | (29.213) | (24.301) |
| Depreciation, amortization and write-downs | 6.2.4 | H,J | (79.750) | | (34.512) | | (39.808) | (17.504) |
| Total costs | | | (2.876.785) | 5.156 | (2.631.022) | | (1.474.713) | (1.248.641) |
| Operating results | | | 331.314 | 5.156 | 189.364 | | 225.899 | 131.412 |
| Net income (charges) from equity interests | 6.3 | K,V | 3.903 | | 32.279 | | 1.270 | 13.547 |
| <i>of which with related parties</i> | | | 3.903 | | 32.279 | | | |
| Other financial income/(charges), net | 6.4 | X | (32.693) | | (19.583) | | (9.154) | (22.343) |
| <i>of which with related parties</i> | | | 53 | | 198 | | | 99 |
| Sarlux S.r.l acquisition | 6.5 | | | | 199.167 | 199.167 | | 199.167 |
| <i>of which with related parties</i> | | | | | 199.167 | | | 199.167 |
| IPO and company restructuring charges | 6.6 | | | | (12.922) | (12.922) | | (12.922) |
| Profit before taxes | | | 302.524 | 5.156 | 388.305 | 186.245 | 218.015 | 308.861 |
| Income tax for the period | 6.7 | W | (115.591) | (1.701) | (62.370) | 2.717 | (82.145) | (38.992) |
| Net profit/(loss) for the period | | | 186.933 | 3.455 | 325.935 | 188.962 | 135.870 | 269.869 |
| of which | | | | | | | | |
| minority interest | | | | | | | | |
| Net Profit (Loss) for the Group | | | 186.933 | 3.455 | 325.935 | 188.962 | 135.870 | 269.869 |
| Earnings per share - base (Euro cent) | | Y | 19,66 | | 38,04 | | 14,29 | 30,29 |
| Earnings per share - diluted (Euro cent) | | Y | 19,66 | | 38,04 | | 14,29 | 30,29 |



Statement of Changes in Consolidated Shareholders' Equity for the periods 01/01/06-30/06/06 and 01/01/07-30/06/07

| EUR thousand | Share capital | Legal reserve | Other reserves | Profit/ (Loss) for the period | Shareholders' equity |
|--|---------------|---------------|------------------|-------------------------------|----------------------|
| Balance as at 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) | |
| Dividends | | | (30,485) | (139,696) | (170,181) |
| Shareholders' 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 first half | | | | 325,935 | 325,935 |
| Balance as at 30/06/2006 | 54,630 | 10,237 | 825,090 | 325,935 | 1,215,892 |
| Profit (loss) for the second half half | | | | 69,490 | 69,490 |
| Balance as at 31/12/2006 | 54,630 | 10,237 | 825,090 | 395,425 | 1,285,382 |
| Allocation of previous period profit | | 689 | 252,086 | (252,775) | |
| Dividends | | | | (142,650) | (142,650) |
| Reserve for employee stock plan | | | 1,435 | | 1,435 |
| Profit (loss) for first half | | | | 186,933 | 186,933 |
| Balance as at 30/06/2007 | 54,630 | 10,926 | 1,078,611 | 186,933 | 1,331,100 |



Consolidated Cash Flow Statements as at 30/06/07, 30/06/06, 31/12/06 and second quarter 2007

| EUR thousand | 1-Jan-2007 30-Jun-2007 | 1-Jan-2006 30-Jun-2006 | 1-Jan-2006 31-Dec-2006 | 1-Apr-2007 30-Jun-2007 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| A - Cash and cash equivalents at the beginning of period (short-term net financial indebtedness) | 217,604 | 24,709 | 24,709 | 380,371 |
| B - Cash generated from/(used in) operating activities | | | | |
| Profit/ (Loss) for the period of the Group | 186,933 | 325,935 | 395,425 | 135,870 |
| Non recurring income due to the Sarlux acquisition | | (199,168) | (199,168) | |
| Amortization, depreciation and write-down of fixed assets | 79,750 | 34,512 | 118,553 | 39,808 |
| Net (income)/charges from equity interests | (3,910) | 34,026 | (35,512) | (1,277) |
| <i>of which with related parties</i> | <i>(3,910)</i> | <i>34,026</i> | <i>(35,512)</i> | |
| Net change in provisions for risks and charges | (1,286) | (117) | (3,082) | 1,499 |
| Net change in employee benefits | (5,259) | (6,176) | (4,586) | (5,537) |
| Change in tax liabilities and tax assets | 16,367 | 91,251 | (33,527) | 38,833 |
| Income tax | 115,591 | 62,370 | 107,026 | 82,145 |
| Profit (Loss) from operating activities before changes in working capital | 388,186 | 342,633 | 345,129 | 291,341 |
| (Increase)/Decrease in trade receivables | 37,058 | 18,382 | 8,110 | 29,661 |
| <i>of which with related parties</i> | <i>854</i> | <i>26,680</i> | <i>(195)</i> | |
| (Increase)/Decrease in inventory | (25,098) | (114,261) | (29,766) | (25,098) |
| Increase/(Decrease) in trade and other payables | 58,925 | 40,161 | (15,739) | 96,979 |
| <i>of which with related parties</i> | <i>(14)</i> | <i>(10,694)</i> | <i>(351)</i> | |
| Change in other current assets | 70,282 | (30,044) | (41,769) | 63,921 |
| <i>of which with related parties</i> | <i>2,953</i> | <i>24,273</i> | <i>(10,886)</i> | |
| Change in other current liabilities | 28,014 | (44,930) | 86,673 | 2,056 |
| Income tax paid | (60,490) | (100,813) | (205,555) | (108,979) |
| Change in other non-current liabilities | 24,743 | (45,074) | 61,513 | (2,803) |
| <i>of which with related parties</i> | | <i>(51,876)</i> | | |
| Other non cash items | 1,612 | | | 1,612 |
| Total (B) | 523,232 | 66,054 | 208,596 | 348,690 |
| C - Cash flow from investment activities | | | | |
| (Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization | (92,922) | (67,258) | (129,807) | (57,375) |
| Change in equity interests valued under the equity method | | | | |
| Change in other equity interests | 1 | (40) | 208 | 1 |
| Dividends from unconsolidated subsidiaries | | | | |
| 45% Sarlux acquisition | | (127,047) | (127,047) | |
| 100% acquisition of Estaciones de Servicio Caprabo S.A.(Saras Energia Red S.A.) | | | (28,041) | |
| interest received/(paid) | 7,237 | 4,980 | (12,563) | 11,348 |
| <i>of which with related parties</i> | <i>53</i> | <i>198</i> | <i>327</i> | |
| Total (C) | (85,684) | (189,365) | (297,250) | (46,026) |
| D - Cash generated from/(used in) financing activities | | | | |
| Increase/(Decrease) in medium/long term borrowings | (60,729) | (55,933) | (134,350) | (59,686) |
| (Increase)/Decrease in other financial assets | 20 | (6,174) | (6,427) | 217 |
| Increase/(Decrease) in short term borrowings | 6,362 | 24,952 | (1,409) | (22,760) |
| <i>of which with related parties</i> | <i>(433)</i> | <i>(381)</i> | <i>814</i> | |
| Capital increase | | 342,430 | 342,430 | |
| Dividend distribution to shareholders | (142,650) | (170,181) | (170,181) | (142,650) |
| Total (D) | (196,997) | 135,094 | 30,063 | (224,879) |
| E - Cashflow for the period (B+C+D) | 240,551 | 11,783 | (58,591) | 77,785 |
| F - Cashflow from new consolidated subsidiaries | | | | |
| Sarlux S.r.l. | | 249,940 | 249,940 | |
| Caprabo (Saras Energia Red S.A.) | | | 1,546 | |
| G - Cash and cash equivalents at the end of period (short-term net financial indebtedness) | 458,155 | 286,432 | 217,604 | 458,155 |



Saras S.p.A. Financial Statements

Saras S.p.A. Balance-Sheets as at 30/06/07 and 31/12/06

| EUR thousand | 30-Jun-07 | 31-Dec-06 |
|---|------------------|------------------|
| ASSETS | | |
| Current Assets | 1,140,139 | 1,040,894 |
| Cash and cash equivalents | 221,886 | 41,152 |
| Other financial assets held for trading or available for sale | 14,186 | 13,816 |
| Trade receivables | 360,857 | 368,969 |
| <i>of which with related parties</i> | <i>149,241</i> | <i>162,467</i> |
| Inventory | 480,042 | 452,202 |
| Current tax assets | 260 | 63,843 |
| Other assets | 62,908 | 100,912 |
| <i>of which with related parties</i> | <i>51,369</i> | <i>78,839</i> |
| Non-current assets | 759,705 | 713,780 |
| Property, plant and equipment | 482,699 | 443,897 |
| Intangible assets | 7,767 | 1,237 |
| Equity interests consolidated under the equity method | 268,301 | 268,007 |
| Other equity interests | 495 | 496 |
| Other financial assets | 443 | 143 |
| Total assets | 1,899,844 | 1,754,674 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | 777,621 | 640,368 |
| Short-term financial liabilities | 117,111 | 92,143 |
| <i>of which with related parties</i> | <i>25,817</i> | <i>27,670</i> |
| Trade and other payables | 534,041 | 492,568 |
| <i>of which with related parties</i> | <i>13,950</i> | <i>19,987</i> |
| Current tax liabilities | 73,801 | 12,584 |
| Other liabilities | 52,668 | 43,073 |
| Non-current liabilities | 254,887 | 247,818 |
| Long-term financial liabilities | 40,000 | 53,333 |
| Provisions for risks | 13,526 | 13,526 |
| Provisions for employee benefits | 36,594 | 42,226 |
| Deferred tax liabilities | 103,233 | 75,584 |
| Other liabilities | 61,534 | 63,149 |
| <i>of which with related parties</i> | <i>57,432</i> | <i>59,918</i> |
| Total liabilities | 1,032,508 | 888,186 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 54,630 | 54,630 |
| Legal reserve | 10,926 | 10,237 |
| Other reserves | 659,717 | 544,068 |
| Profit/(loss) for the period | 142,063 | 257,553 |
| Total shareholders' equity | 867,336 | 866,488 |
| Total liabilities and shareholders' equity | 1,899,844 | 1,754,674 |



Saras S.p.A. Income Statements for the periods 1/1-30/6/07 and 1/1-30/6/06

| EUR thousand | 1-Jan-2007 30-Jun-2007 | <i>of which non recurring</i> | 1-Jan-2006 30-Jun-2006 | <i>of which non recurring</i> |
|---|---------------------------|-----------------------------------|---------------------------|---------------------------------------|
| Revenues from ordinary operations | 2,864,214 | | 2,690,179 | |
| <i>of which with related parties</i> | <i>787,473</i> | | <i>813,706</i> | |
| Other income | 21,907 | | 22,820 | |
| <i>of which with related parties</i> | <i>12,960</i> | | <i>12,195</i> | |
| Total revenues | 2,886,121 | | 2,712,999 | |
| Purchases of raw materials, spare parts and <i>of which with related parties</i> | (2,400,319) | | (2,327,720) | |
| | <i>(729)</i> | | <i>(64,132)</i> | |
| Cost of services and sundry costs <i>of which with related parties</i> | (148,338) | | (146,062) | |
| | <i>(29,245)</i> | | <i>(31,032)</i> | |
| Personnel costs | (45,647) | 5,156 | (42,914) | |
| Depreciation, amortization and write-downs | (35,378) | | (32,919) | |
| Total costs | (2,629,682) | 5,156 | (2,549,615) | |
| Operating results | 256,439 | 5,156 | 163,384 | |
| Net income (charges) from equity interests <i>of which with related parties</i> | | | (2,530) | |
| Other financial income/(charges), net <i>of which with related parties</i> | (23,738) | | (15,860) | |
| | <i>667</i> | | <i>119</i> | |
| Sarlux S.r.l acquisition <i>of which with related parties</i> | | | 70,457 | 70,457 |
| | | | <i>70,457</i> | |
| IPO and company restructuring charges | | | (12,793) | (12,793) |
| Profit before taxes | 232,701 | 5,156 | 202,658 | 57,664 |
| Income tax for the period | (90,638) | (1,701) | (53,733) | 4,222 |
| Net profit/(loss) for the period | 142,063 | 3,455 | 148,925 | 61,886 |
| Earnings per share - base (Euro cent) | 14.94 | | 17.38 | |
| Earnings per share - diluted (Euro cent) | 14.94 | | 17.38 | |



Saras S.p.A. Statement of Changes in Shareholders' Equity for the periods from 01/01/06 to 30/06/07

| EUR thousand | Share capital | Legal reserve | Other reserves | Profit/(Loss) for the period | Shareholders' equity |
|--|---------------|---------------|----------------|------------------------------|----------------------|
| Balance as at 31/12/2005 | 51,183 | 10,237 | 128,685 | 246,579 | 436,684 |
| Capital increase (net of IPO costs) | 3,447 | | 338,984 | | 342,431 |
| Allocation of previous period profit | | | 106,884 | (106,884) | |
| Dividends | | | (30,485) | (139,695) | (170,180) |
| Profit (loss) for the first half | | | | 148,925 | 148,925 |
| Balance as at 30/06/2006 | 54,630 | 10,237 | 544,068 | 148,925 | 757,860 |
| Profit (loss) for the second half half | | | | 108,628 | 108,628 |
| Balance as at 31/12/2006 | 54,630 | 10,237 | 544,068 | 257,553 | 866,488 |
| Allocation of previous period profit | | 689 | 114,214 | (114,903) | |
| Dividends | | | | (142,650) | (142,650) |
| Reserve for employee stock plan | | | 1,435 | | 1,435 |
| Profit (loss) for first half | | | | 142,063 | 142,063 |
| Balance as at 30/06/2007 | 54,630 | 10,926 | 659,717 | 142,063 | 867,336 |



Saras S.p.A. Cash Flow Statements as at 30/06/07, 30/06/06 and 31/12/06

| EUR thousand | 1-Jan-2007 30-Jun-2007 | 1-Jan-2006 31-Dec-2006 | 1-Jan-2006 30-Jun-2006 |
|--|---------------------------|---------------------------|---------------------------|
| A - Cash and cash equivalents at the beginning of period (short-term net financial indebtiness) | 41,152 | 16,892 | 16,892 |
| B - Cash generated from/(used in) operating activities | | | |
| Profit/ (Loss) for the period of the Group | 142,063 | 257,553 | 148,925 |
| Amortization, depreciation and write-down of fixed assets | 35,378 | 68,405 | 32,919 |
| Net (income)/charges from equity interests | | 69,463 | 2,530 |
| <i>of which with related parties</i> | | 74,553 | 2,530 |
| Net change in provisions for risks and charges | | | 5,555 |
| Net change in employee benefits | (5,632) | (4,103) | (5,689) |
| Change in tax liabilities and tax assets | 27,649 | (11,083) | 19,253 |
| Income tax | 90,638 | 81,099 | 53,733 |
| Other non cash income and costs | 1,074 | | (10,143) |
| Profit (Loss) from operating activities before changes in working capital | 291,170 | 461,334 | 247,083 |
| (Increase)/Decrease in trade receivables | 8,112 | (17,479) | (8,803) |
| <i>of which with related parties</i> | 13,226 | (6,198) | 7,636 |
| (Increase)/Decrease in inventory | (27,840) | (27,986) | (116,312) |
| Increase/(Decrease) in trade and other payables | 41,473 | 25,445 | 94,991 |
| <i>of which with related parties</i> | (6,073) | (397) | (2,068) |
| Change in other current assets | 101,587 | (79,141) | (68,908) |
| <i>of which with related parties</i> | 27,470 | 40,555 | (33,261) |
| Change in other current liabilities | 34,256 | 97,243 | 27,877 |
| Income tax paid | (52,482) | (195,958) | (97,929) |
| Change in other non-current liabilities | (1,615) | (5,691) | (574) |
| <i>of which with related parties</i> | (2,486) | (4,971) | (2,486) |
| Total (B) | 394,661 | 257,767 | 77,425 |
| C - Cash flow from investment activities | | | |
| (Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization | (80,643) | (108,420) | (67,138) |
| Change in equity interests | 1 | (195,575) | |
| Sarlux S.r.l. acquisition | | | (127,047) |
| interest received (paid) | (1,600) | (6,919) | (3,777) |
| <i>of which with related parties</i> | 667 | 616 | 119 |
| Total (C) | (82,242) | (310,914) | (197,962) |
| D - Cash generated from/(used in) financing activities | | | |
| Increase/(Decrease) in medium/long term borrowings | (13,333) | (66,948) | (53,614) |
| (Increase)/Decrease in other financial assets | (670) | (643) | (19,934) |
| Increase/(Decrease) in short term borrowings | 24,968 | (27,251) | 32,017 |
| <i>of which with related parties</i> | (1,853) | (13,454) | (8,857) |
| Capital increase | | 342,430 | 342,430 |
| Dividend distribution to shareholders | (142,650) | (170,181) | (170,181) |
| Total (D) | (131,685) | 77,407 | 130,718 |
| E - Cashflow for the period (B+C+D) | 180,734 | 24,260 | 10,181 |
| F - Cash and cash equivalents at the end of period (short-term net financial indebtiness) | 221,886 | 41,152 | 27,073 |



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. and the Parchi Eolici di Ulassai S.r.l. joint-venture. 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 1,800 employees, during 2006 reported total revenues of about EUR 6 billion, a proforma operating profit of EUR 364 million and proforma net profit of EUR 208 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 capacity. Sarlux 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).