SARAS announces First Quarter 2011 results[1]

Milan, 13th May 2011: The Board of Directors of Saras S.p.A. met yesterday under Chairman Gian Marco Moratti and approved Q1/11 results. The Chairman declared:

"2011 started in a positive way for the refining sector, with year on year demand growth of 5.1% in the Top25 consuming nations, and diesel being the key driver of profitability. The market scenario was characterized by a widening price differential between "heavy" and "light" crude oils, as well as a remarkable increase in the premium of converting fuel oil into gasoil. Therefore, the Group capitalized on its refinery configuration, highly geared towards the production of middle distillates, and on the "complexity advantage" of the Sarroch site. Looking forward, there is the hope that the Libyan crisis will find a solution in the near future. This would lead to a normalization of crude oil prices, bringing strength to the refining margins."

Saras Group key financial figures[2] for the First Quarter 2011

EUR Million	Q1/11	Q1/10	Ch. %	Q4/10
REVENUES	2,672	1,882	42%	2,507
EBITDA	310.4	50.7	512%	85.8
Comparable EBITDA	**154.3**	**13.8**	**1018%**	**80.5**
EBIT	258.0	0.1	n/a	31.7
Comparable EBIT	**101.9**	**(36.8)**	**377%**	**26.5**
NET RESULT	122.8	(9.3)	1420%	(10.3)
***Adjusted* NET RESULT**	**39.5**	**(29.9)**	**232%**	**(3.5)**
NET FINANCIAL POSITION	**(524)**	**(643)**		**(560)**
CAPEX	**20**	**23**		**26**
OPERATING CASH FLOW	**56**	**(87)**		**110**

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

[2] In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, the operating results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, as requested by IFRS accounting principles). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non recurring items are also deducted, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit review

Comments on First Quarter 2011 results

Group Revenues in Q1/11 were EUR 2,672 ml, up 42% vs. Q1/10, with substantially higher revenues coming from the Refining and Marketing segments, in the light of significantly higher oil products' prices (for quick reference, in Q1/11 diesel traded at an average of 910 $/ton vs. 639 $/ton in Q1/10, and gasoline priced at 923 $/ton vs. 717 $/ton in Q1/10). Moreover, the higher revenues in Q1/11 derive also from an increase in sales volumes, and from a lower percentage of third party processing activity.

Group *reported* EBITDA in Q1/11 was EUR 310.4 ml, significantly higher than EUR 50.7 ml in Q1/10. This result came primarily as a consequence of a strong revaluation of the oil inventories, related to the growing trend followed by oil prices in the first quarter of 2011. The higher operational performance of the Sarroch refinery and of the IGCC plant also supported the results of Saras Group in Q1/11. Similarly, **Group *reported* Net Result stood at EUR 122.8 ml**, in remarkable progress vs. EUR -9.3 ml in Q1/10, essentially for the same reason explained at EBITDA level.

Group *comparable* EBITDA amounted to EUR 154.3 ml in Q1/11 vs. EUR 13.8 ml in Q1/10, and **Group *adjusted* Net Result stood at EUR 39.5 ml** vs. EUR -29.9 ml in Q1/10. The large improvements versus same period last year can be explained primarily with the better results of the Refining segment, thanks to higher runs and margins achieved by the Sarroch refinery. Moreover, in Q1/11, Group results had larger contribution than in Q1/10 also from the Power Generation segment, thanks to the high service factor of the IGCC power plant, and from the Marketing segment. On the contrary, it should be noted that in Q1/11 the financial charges were negative for EUR 55.6 ml, while in Q1/10 the financial charges were negative for EUR 12.8 ml.

Comparable and *reported* figures differ primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. In Q1/11, the above mentioned LIFO/FIFO difference after tax was equal to EUR -97.8 ml, due to the increase in crude and oil products prices. The remaining difference relates to positive changes in fair value of derivative instruments net of taxes, worth approximately EUR 14.5 ml.

CAPEX in Q1/11 stood at EUR 19.9 ml, in line with the investment programme for the year 2011, and distributed primarily between the Refining Segment (EUR 12.9 ml) and the Power Generation segment (EUR 5.6 ml).

Group Net Financial Position on 31st of March 2011 was negative by EUR 524 ml, improved versus the negative figure of EUR 560 ml on 31st December 2010. This difference can be primarily explained with the positive cashflow from operations and from self-financing (mainly due to provisions for depreciation and amortisation), which more than compensated the negative cashflow due to a large increase in working capital (specifically related to the increase in value of inventories) and to the CAPEX for the period.

For further details and comments on the results of each business segment, on the Group's strategy, and on the Outlook, please refer to the Interim Report published at the same time of this press release, and available on the company's website.

Programme of the conference call on 13th May 2011

At 16:00 C.E.T. of Friday 13th May 2011, there will be a conference call for analysts and investors, during which Saras top management will discuss a slide presentation on Q1/11 results and answer all relevant questions. The presentation will be available on our website (www.saras.it) starting from 07:30 am C.E.T..

Dial-in numbers for the conference call:
For Italy: **+39 02 805 88 11**
For U.K.: **+44 121 281 8003**
For U.S.A.: **+1 718 705 8794**

Link for the live webcast:
https://services.choruscall.eu/links/saras110513.html

Playback and transcript of the live webcast will also be available on our website: www.saras.it

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THE SARAS GROUP

The Saras Group, whose operations were started by Angelo Moratti in 1962, has approximately 2,200 employees and total revenues of about 8.6 billion Euros as of 31st December 2010. The Group is active in the energy sector, 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 subsidiaries Sarlux S.r.l. and Parchi Eolici Ulassai S.r.l. (PEU). 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 it operates in the information services sector through the subsidiary Akhela S.r.l..

More in details, Saras refinery operations take place in the Sarroch refinery (near Cagliari), on the southern coast of Sardinia. With a capacity of approximately 15 million tons per year (110 million barrels), representing about 15% of the total refining capacity in Italy, the Sarroch plant is regarded as one of the main refineries in the Mediterranean area, in terms of production capacity and asset complexity. Sarlux owns an IGCC (Integrated Gasification Combined Cycle) plant, with installed capacity of 575MW, and electricity production exceeding 4 billion kWh per year, all of which is sold to the GSE (Gestore dei Servizi Energetici - www.gse.it). The wind park, owned by PEU and situated in Ulassai (Sardinia), has been recently re-powered and it will achieve its full capacity of 96MW already during the second quarter of 2011. Finally, the Marketing segment sells approximately 4 million tons of oil products through the subsidiaries Arcola Petrolifera and Saras Energia, and it also manages two coastal tank farms owned by the Group (Arcola (Italy) – capacity of 200,000 cubic metres, and Cartagena (Spain) – capacity of 112,000 cubic metres), a biodiesel plant with 200,000 tons per year capacity, located in Cartagena, and a retail network of 124 service stations primarily located along the Spanish Mediterranean Coast.