SARAS announces third quarter 2008 results[1]

- **Group *comparable* EBITDA[2] at EUR 164.2 ml, up 26%** vs. Q3/07[3]
  - 9M/08 Group *comparable* EBITDA at EUR 504.4 ml, up 8% vs. 9M/07
- **Group *comparable* EBIT at EUR 121.9 ml, up 36%** vs. Q3/07
  - 9M/08 Group *comparable* EBIT at EUR 383.6 ml, up 10% vs. 9M/07
- **Group adjusted Net Income[4] at EUR 60.1 ml, up 10%** vs. Q3/07
  - 9M/08 Group adjusted net income at EUR 232.2 ml, up 13% vs. 9M/07
- **Saras Refining margin at 8.0 $/bl** in Q3/08 up 36% vs. Q3/07 (8.9 $/bl in 9M/08, up 19% yoy)
  - **Premium above EMC benchmark at 5.1 $/ bl in Q3/08** (5.9 $/bl in 9M/08)
- **Net Financial Position negative by EUR 221 ml at the end of September 2008**

Milan, 07 November, 2008. - The Board of Directors of Saras S.p.A. met yesterday under Chairman Gian Marco Moratti and approved third quarter 2008 results. The Chairman declared: ***"Notwithstanding this extremely challenging financial and economic environment, we continue to benefit from the superior complexity of our assets and the stable profitability of our power segment, achieving strong refining margins and another quarter of good results. We believe that the mid term outlook for complex refineries will remain positive, driven by sustained demand for middle distillates, and potential shortages in the European markets caused by the imminent change in specifications for diesel."***

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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 financial information set out in this press release corresponds to the company's documents, books and accounting records.

[2] ***Comparable* EBITDA:** calculated evaluating inventories at LIFO, and deducting non-recurring items.

[3] **2007 *comparable* figures restated** after resolution of Energy Authority n°249/06 which modified evaluation of "fuel component" of the electricity price generated by CIP6 plants

[4] **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

Q3/08 Conference call for today 07th November 2008

at **15:00 C.E.T**. conference call for analysts and investors.
Slide presentation is available on our website: www.saras.it from 07:30 C.E.T.

Dial in numbers:

For Italy **+39 02 36 00 90 16**

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Link for the live webcast:
http://www.thomson-webcast.net/uk/dispatching/?event_id=4cffa7af9ad4606371963595af1a700f&portal_id=631d32d312bb9a535ffc19ae06bbd85c

Playback and transcript of the live 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).

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	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
REVENUES	2,494	1,670	49%	2,406	6,954	4,878	43%
EBITDA	64.2	180.8	-64%	316.0	531.6	591.8	-10%
Comparable EBITDA	**164.2**	**130.6**	**26%**	**192.1**	**504.4**	**469.2**	**8%**
EBIT	21.9	140.0	-84%	275.6	410.8	471.2	-13%
Comparable EBIT	**121.9**	**89.7**	**36%**	**151.7**	**383.6**	**348.5**	**10%**
NET INCOME	(19.7)	89.5	-122%	251.5	310.1	276.5	12%
***Adjusted* NET INCOME**	**60.1**	**54.8**	**10%**	**96.7**	**232.2**	**205.4**	**13%**

Other Group figures:

EUR Million	Q3/08	Q3/07	Q2/08	1-9/2008	1-9/2007	var %
NET FINANCIAL POSITION	**(221)**	**(136)**	**(223)**	**(221)**	**(136)**	**63%**
CAPEX	**48**	**54**	**69**	**175**	**148**	**19%**
OPERATING CASH FLOW	**75**	**(72)**	**33**	**273**	**(72)**	**480%**

Comments to Q3/08 results:

Saras Group results in Q3/08 show a good performance of the refining and power generation segments, thanks to healthy refining margins and a favourable trend in the EUR/USD exchange rate, which saw the strengthening of the USD versus the Euro.

Saras **Refining & Power margin** reached **12.1 $/bl** (+32% vs. same period last year) confirming the superior quality of our assets, as well as the advantages of complex and diesel oriented refineries, which could fully exploit the persistent strength of middle distillates during the quarter.

Group **Revenues** were EUR 2,494 ml, up 49% versus Q3/07 thanks to higher oil and products prices. In the first nine months, Group Revenues amounted to EUR 6,954 ml up 43% vs. the same period of last year.

Group ***Comparable* EBITDA** was EUR 164.2 ml, up 26% vs. Q307. Overall, the group had a strong performance in Refining, Power Generation and Marketing, whilst the Wind segment suffered from poor environmental conditions and lower value for the green certificates. In the first nine months of 2008, ***Comparable* EBITDA** was EUR 504.4 ml, up 8% vs. the same period of 2007, mainly thanks to a wider premium on the EMC benchmark (5.9 $/bl in 9M/08 vs 3.9 $/bl in same period last year).

Adjusted* NET INCOME** stood at EUR 60.1 ml, up 10% vs. same period last year. It is worth noticing that the new "Robin Hood" tax structure introduced in the first half of 2008, produced distortions in the apparent tax rate for this quarter. However, when looking at the more representative figure for the first nine months of 2008, the apparent tax rate was approx. 38%, in line with company guidance. The ***Adjusted **NET INCOME** for 9M/08 reached EUR 232.2 ml, up 13% vs. 9M/07, congruent with the increase of the EBITDA.

CAPEX was at EUR 47.8 ml in Q3/08, in line with the investment programme for 2008, and lower than previous quarter, in consideration that all maintenance activities were performed during the first half of 2008 both in the refining and power segments.

In accordance to the **share buyback programme approved by the AGM on the 29th April 2008**, Saras bought back during Q3/08 approx. 6.8 ml shares at the average price of 3.27 EUR. Therefore, as of 30th September 2008, the total number of shares in treasury is about 13.4 ml, including 5 ml shares from the previous buyback programme.

Net Financial Position at the end of September was negative for EUR 221 ml, substantially unchanged from the previous quarter, with the operating cashflow offsetting a small increase in working capital and the share buyback programme.

Segment Reviews

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

Refining

EUR Million	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	39.2	105.3	-63%	217.9	348.5	391.0	-11%
Comparable EBITDA	**98.8**	**73.7**	**34%**	**131.4**	**324.6**	**310.2**	**5%**
EBIT	19.9	86.7	-77%	198.2	291.9	337.0	-13%
Comparable EBIT	**79.5**	**55.1**	**44%**	**111.7**	**268.0**	**256.2**	**5%**
CAPEX	**36**	**43**	**-15%**	**50**	**125**	**123**	**1%**

Comments to Q3/08 results:

During Q3/08 refining performance was characterised by smooth operations, and the crude runs reached 28.4 Mbl (or 3.9 ml tons), up 1% vs. Q3/07.

Refinery margin in Q3/08 was 8 \$/bl (vs. 5.9 \$/bl in Q3/07) with the premium above the EMC benchmark reaching 5.1 \$/bl (vs. 3.4 \$/bl in Q3/07). The differential between the diesel and fuel oil prices remained at sustained levels, averaging 450 \$/ton during Q3/08, vs. 307 \$/ton in Q3/07. Moreover, the good operating and commercial performance of the refinery allowed Saras to fully exploit the high level of the diesel crack[5] in the quarter (Saras middle distillates yield in Q3/08 was approximately 54%).

Comparable EBITDA for Q3/08 was EUR 98.8 ml up 34% vs. Q3/07. The increase of refining margins has been partially offset by a weaker exchange USD/EUR rate (1.505 in Q3/08 vs. 1.374 in Q3/07).

The CAPEX for refining in Q3/08 were EUR 36.4 ml, in line with the investment programme for 2008.

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

In the first nine months of 2008 crude runs at the Sarroch refinery were 84.6 Mbl (or 11.6 ml tons), up 5% vs. 9M/07. The higher runs can be explained by smoother refining operations as well as the fact that the planned shutdown of 2007 involved one crude distillation unit, with a clear reduction of refinery runs at that time.

Refinery margin in the first nine month 2008 was 8.9 $/bl (vs. 7.5 $/bl in 9M/07) with a premium above the EMC benchmark of 5.9 $/bl, vs. 3.9 $/bl in the 9M/07. The main reason for the increase in performance can be explained by a higher diesel-fuel oil price differential (495 $/ton vs. 295 $/ton in 9M/07), and an increased conversion capacity, related to the upgrades carried out during the second half of 2007, which delivered their full benefit this year. In the first nine months Saras had a remarkable middle distillates yield of 53.7%, which is an increase of roughly 2% vs. 2007, with a very similar crude slate.

The *comparable* EBITDA in the 9M/08 was EUR 324.6 ml, up 5% vs. 9M/07, thanks to robust refining margins, which more than offset a weaker USD vs. the EUR, when compared to same period last year.

Refining CAPEX in 9M/08 were EUR 125 ml, and in line with the 2008 – 2011 investment plan.

Margins and refinery runs

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
REFINERY RUNS	Thousand ton	3,887	3,839	1%	3,777	11,584	11,063	5%
	Million bl	28.4	28.0	1%	27.6	84.6	80.8	5%
	thousand bl/day	308	305	1%	303	310	296	5%
of which: Processing for own account	Thousand ton	2,488	2,599	-4%	2,315	7,532	7,080	6%
Processing on behalf of third parties	Thousand ton	1,399	1,240	13%	1,462	4,052	3,983	2%
EXCHANGE RATE	EUR/USD	1.505	1.374	10%	1.563	1.522	1.344	13%
EMC BENCHMARK MARGIN	$/bl	2.9	2.5	16%	4.2	3.0	3.6	-17%
SARAS REFINERY MARGIN	$/bl	8.0	5.9	36%	11.3	8.9	7.5	19%

Production

		Q3/08	Q2/08	1-9/2008	2007
LPG	thousand ton	80	88	267	306
	yield	2.1%	2.3%	2.3%	2.1%
NAPHTHA + GASOLINE	thousand ton	1,042	955	2,981	4,039
	yield	26.8%	25.3%	25.7%	27.7%
MIDDLE DISTILLATES	thousand ton	2,091	2,038	6,215	7,541
	yield	53.8%	54.0%	53.7%	51.7%
FUEL OIL & OTHERS	thousand ton	140	202	585	707
	yield	3.6%	5.3%	5.1%	4.8%
TAR	thousand ton	304	279	867	1,120
	yield	7.8%	7.4%	7.5%	7.7%

Balance to 100% is consumption & losses

Crude Oil slate

		Q3/08	Q2/08	1-9/2008	2007
Light extra sweet		47%	54%	51%	45%
Light sweet		0%	0%	0%	2%
Medium sweet		0%	0%	0%	0%
Light sour		0%	0%	0%	0%
Medium sour		26%	19%	21%	26%
Heavy Sour		26%	27%	27%	27%
Average crude gravity	°API	32.9	32.5	32.8	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	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	(27.5)	20.6	-233%	48.0	33.2	40.9	-19%
Comparable EBITDA	**10.3**	**10.4**	**-1%**	**10.6**	**27.3**	**23.1**	**18%**
EBIT	(28.8)	19.3	-249%	46.6	29.3	37.1	-21%
***Comparable* EBIT**	**9.0**	**9.1**	**-1%**	**9.2**	**23.4**	**19.3**	**21%**
CAPEX	**5.9**	**4.7**		**14.5**	**31.0**	**5.7**	

Comments to Q3/08 results:

During Q3/08, the sharpening of the financial crisis and the economic downturn produced an adverse effect on both gasoline and middle distillates demand across various European countries, including Italy and Spain. In particular, in Q3/08 gasoline and middle distillates consumptions in the Spanish market were down respectively by 8.0% and 3.2% vs. same period last year. Similarly, in the Italian market, gasoline consumption in Q3/08 was down 7.5% while middle distillates were up 1.6% vs. Q3/07.

Despite the above mentioned demand trends, our Marketing segment produced a solid performance in Q3/08, maintaining sales volumes at the high levels reached in the same quarter last year (which was particularly strong), and increasing them by 2% versus previous quarter this year. *Comparable* EBITDA stood at EUR 10.3 ml, in line with same quarter last year, with robust wholesale margins deriving from the choice of a more profitable mix of sales channels.

In Q3/08 CAPEX amounted to EUR 5.9 ml, most of them dedicated to the completion of the Biodiesel plant in Cartagena.

In the first nine months of 2008, consumptions of gasoline and middle distillates in the Spanish market were down respectively by 6.3% and 2.6% vs. same period last year. The Italian market instead showed a different pattern in consumption for the two class of products, with gasoline down 7.6% and diesel up 0.6% vs. same period last year.

During the first nine months of 2008, total sales for the Marketing segment stood at 2,985 ktons, up 5% vs. same period last year, with *Comparable* EBITDA reaching EUR 27.3 ml, up 18% vs. same period last year mainly due to higher wholesale margins, driven by a more profitable mix of sales channels.

Sales

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
TOTAL SALES	Kton	986	994	-1%	967	2,985	2,848	5%
of which Italy	Kton	292	261	12%	275	852	784	9%
of which Spain	Kton	694	733	-5%	692	2,133	2,064	3%

Power Generation

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

EUR Milion	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	53.2	53.2	0%	49.7	150.6	159.2	-5%
***Comparable* EBITDA**	**53.2**	**44.8**	**19%**	**49.7**	**150.6**	**135.1**	**11%**
EBIT	34.4	32.9	5%	30.9	94.2	98.1	-4%
***Comparable* EBIT**	**34.4**	**24.4**	**41%**	**30.9**	**94.2**	**74.0**	**27%**
EBITDA ITALIAN GAAP	**93.9**	**70.0**	**34%**	**63.3**	**227.7**	**199.7**	**14%**
EBIT ITALIAN GAAP	**80.3**	**56.6**	**42%**	**49.7**	**187.0**	**159.7**	**17%**
NET INCOME ITALIAN GAAP	**46.5**	**26.8**	**73%**	**17.8**	**101.7**	**85.9**	**18%**
CAPEX	**4.5**	**6.7**		**4.2**	**18.0**	**16.7**	

Other figures

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
ELECTRICITY PRODUCTION	MWh/1000	1,164	1,169	0%	1,084	3,369	3,319	2%
POWER TARIFF	**Eurocent/KWh**	**14.0**	**12.1**	**15%**	**13.7**	**13.7**	**12.4**	**11%**
POWER IGCC MARGIN	$/bl	4.1	3.3	24%	4.3	4.1	3.5	16%

Comments to Q3/08 results:

During Q3/08 the performance of the Sarlux IGCC plant was in line with expectations, with electricity production at 1.164 TWh, substantially in line with production for Q3/07, and up 7% vs. Q2/08. The higher production vs. previous quarter can be explained by the fact that Q2/08 was affected by routine maintenance involving one gasification and one power production train, whereas no maintenance was performed during Q3/08.

The total power tariff during Q3/08 reached 14 EURcent/KWh, up 15% vs. Q3/07. In particular, the fuel component rose to 7.4 EURcent/KWh, following the rise in crude oil and products prices. The above mentioned 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, pushed the IT GAAP EBITDA for Q3/08 to reach EUR 93.9 ml, up 34% vs. Q3/07.

On the other hand, the impact on IFRS EBITDA of the above mentioned factors, was lower than the one observed on the IT GAAP EBITDA, due to the effect of the linearization procedure required by IFRS.

Moreover, sales of Hydrogen and Steam in Q3/08, whose revenues are not subject to the linearization procedure, were 67% higher than Q3/07 and 23% higher than in Q2/08, thus contributing to the higher levels of the IFRS EBITDA.

In the first nine months of 2008, electricity production of the Sarlux IGCC plant reached 3.369 TWh, up 2% vs. 9M/07. The higher figure can be explained by the fact that 2007 maintenance was heavier, because it included also a planned major overhaul on one of the three gas turbines as well as maintenance on the Air Liquide oxygen plant.

Total power tariff during the first nine months of 2008 was 13.7 EURcent/KWh, up 11% vs. 9M/07, thanks to a significant rise in the price of crude oil and products. The above effect, coupled with the extraordinary income received in Q3/08 for the reimbursement of CO2 costs for the period 2005 – 2007, boosted the IT GAAP EBITDA at EUR 227.7 ml, a 14% increase vs. the first nine months of 2007.

IFRS EBITDA, subject to the linearization procedure required by IFRS accounting principles, was EUR 150.6 ml for the first nine months of 2008, up 11% vs. 9M/07, mainly due to the higher sales of Hydrogen and Steam, whose revenues are not subject to the above mentioned linearization procedure.

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 as of 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	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	(1.4)	5.0	-128%	5.1	8.1	20.2	-60%
***Comparable* EBITDA**	**1.2**	**5.0**	**-76%**	**5.1**	**10.7**	**20.2**	**-47%**
EBIT	(3.6)	3.1	-216%	3.1	1.5	13.8	-89%
***Comparable* EBIT**	**(1.0)**	**3.1**	**-132%**	**3.0**	**4.1**	**13.8**	**-70%**

Other figures

		Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
ELECTRICITY PRODUCTION	MWh	19,820	29,855	-34%	47,761	117,354	116,554	1%
POWER TARIFF	EURcent/KWh	8.8	8.4	4%	9.4	8.7	8.5	2%
GREEN CERTIFICATES	EURcent/KWh	6.3	11.9	-47%	7.1	6.3	11.9	-47%

Comments to Q3/08 results:

During Q3/08, the performance of the Ulassai wind farm was below expectations, with electricity production down 34% vs. same period last year, due to unfavourable wind conditions.

Comparable EBITDA for Q3/08 was EUR 1.2 ml, down 76% vs. Q3/07, since the small increase in the power tariff (+4% vs. Q3/07) was more than offset by the lower value of the 2008 Green certificates (-47% vs. same period last year), losses on the sale of 2007 Green certificates, and lower electricity sales (-34% vs. Q3/07).

IFRS EBITDA was however negative by EUR 1.4 ml in Q3/08, 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%.

When looking at the first nine months of 2008, the production performance of the Ulassai wind farm was satisfactory, with electricity sales in excess of 117 GWh, up 1% vs. the same period last year, thanks to the favourable wind conditions registered in the first half of the year.

Nevertheless, the comparable EBITDA for the first nine months of 2008 stood at EUR 10.7 ml, down 47% vs. the same period last year, in the light of a sharp reduction in the value of the 2008 Green certificates (-47% vs. same period last year)), and losses on the 2007 Green certificate sales.

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	Q3/08	Q3/07	var %	Q2/08	1-9/2008	1-9/2007	var %
EBITDA	0.7	1.7	-59%	0.4	0.7	0.8	-13%
***Comparable* EBITDA**	**0.7**	**1.7**	**-59%**	**0.4**	**0.7**	**0.8**	**-13%**
EBIT	0.0	1.1	-100%	(0.1)	(1.0)	(1.0)	0%
***Comparable* EBIT**	**0.0**	**1.1**	**-100%**	**(0.1)**	**(1.0)**	**(1.0)**	**0%**

Comments to Q3/08 results:

During Q3/08, *Comparable* EBITDA for this segment was EUR 0.7 ml, down 59% vs. same period last year, but 75% higher than previous quarter.

Overall, the results for **the first nine months of 2008** were in line with expectations, confirming achievement of break even position.

Strategy and Investments

Saras confirms its growth strategy as per plan announced in June 2008, continuing to focus on organic growth in the Refining & Marketing segment. Nevertheless, considering the worsening economic outlook worldwide, we will review the timing of our CAPEX plan post 2009, in order to closely monitor debt levels and expected IRR.

At the end of October 2008, Saras Energia S.A. acquired 81 service stations from ERG, 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 expected EBITDA from the new stations will be in the range of EUR 6 – 7 ml per year (from 2010 onwards).

Finally, on the Gas exploration initiative, following the positive results of the on-shore seismic tests, we are now awaiting authorisation to begin off-shore seismic testing, which will provide all the necessary data required for a more accurate evaluation of the field potential.

Ongoing construction activities

The construction of a gasoline desulphurization unit at the Sarroch refinery was completed in August 2008. The new plant now allows the full production of gasoline with less than 10 ppm sulphur, as required by EU specification, starting from 1st January 2009.

Moreover, a tail gas treatment/sulphur recovery unit is currently under commissioning, and it will start operations towards the end of November 2008, aligning the Saras refinery to the best standards in terms of sulphur emissions.

The bio-diesel plant in Cartagena is also in its commissioning phase, and it will be fully operational by the end of 2008.

Finally, in the Power Generation segment, the upgrade of Hydrogen production from the IGCC will be completed by the end of this year.

Capex by segment

	Q3/08	1-9/2008	2007	2006
REFINING	36.4	124.7	177	108
POWER GENERATION	4.5	18.0	20	12
MARKETING	5.9	31.0	11	9
WIND		-		
OTHER	1.0	1.7	2	1
Total	**47.8**	**175.4**	**210**	**130**

Outlook

REFINING

- We expect diesel crack to remain strong, due to seasonal peak in demand for middle distillates, also supported by the introduction of new sulphur specifications as per 1st January 2009 (ULSD at 10ppm S).

- Strengthening of the USD vs. the EUR will benefit Saras. In terms of sensitivity, we could estimate that a 10% change (e.g. from 1.45 to 1.30) would generate an EBITDA increase of approx. EUR 65 – 75 ml/year.

- Saras refinery will continue to run at full capacity for the remaining months of the year, since no further maintenance has been scheduled.

POWER GENERATION

- The IGCC plant has confirmed the next routine slowdown in the last quarter of 2008. Nevertheless, the overall electricity production is expected to be in the range of 4.4 ÷ 4.5 TWh for the full year.
- Due to the delay present in the formula for the calculation of the fuel component, the power tariff will continue to benefit from the high levels reached by crude oil prices during the first half of the year.

OTHER SEGMENTS

- In the marketing segment, we will continue to focus on sales channels with higher profitability, namely the large supermarket chains, commercial centres and unbranded service stations.
- In the Wind segment, after completion of the acquisition of PEU minority stake, we will now focus on the development of our pipeline of projects in Southern Italy and Eastern Europe.

Saras Group Financial Statements

Consolidated Balance-Sheets as at 30/09/08 and 31/12/07

EUR thousand

	30/09/2008	31/12/2007
ASSETS		
Current Assets	**1,986,225**	**1,772,974**
Cash and cash equivalents	160,315	308,108
Other financial assets held for trading or available for sale	24,527	15,209
Trade receivables	782,320	690,162
Inventories	910,731	724,715
Current tax assets	5,448	6,131
Other assets	102,884	28,649
Non-current assets	**1,831,479**	**1,669,170**
Property, plant and equipment	1,330,560	1,181,154
Intangible assets	477,379	465,443
Equity interests consolidated under the equity method	0	13,369
Other equity interests	1,992	1,841
Advanced tax assets	18,562	0
Other financial assets	2,986	7,363
Total assets	**3,817,704**	**3,442,144**

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**1,237,488**	**1,008,519**
Short-term financial liabilities	200,132	173,178
Trade and other payables	675,146	655,582
Current tax liabilities	286,359	120,922
Other liabilities	75,851	58,837
Non-current liabilities	**1,005,174**	**967,166**
Long-term financial liabilities	208,131	186,283
Provisions for risks	84,633	23,296
Provisions for employee benefits	33,972	36,680
Deferred tax liabilities	0	133,581
Other liabilities	678,438	587,326
Total liabilities	**2,242,662**	**1,975,685**

SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	1,199,477	1,078,000
Profit/(loss) for the period	310,009	322,903
Total shareholders' equity	**1,575,042**	**1,466,459**
Total liabilities and shareholders' equity	**3,817,704**	**3,442,144**

Consolidated Income Statements as of 30/09/08 (nine months and quarterly results)

EUR thousand	1 Jan. - 30 Sept. 2008	*of which non recurring*	1 Jan. - 30 Sept. 2007	*of which non recurring*	1 Jul. - 30 Sept. 2008	*of which non recurring*	1 Jul. - 30 Sept. 2007	*of which non recurring*
Revenues from ordinary operations	6,866,445		4,862,755		2,466,289		1,666,711	
Other income	87,567		15,770		27,800		3,715	
Total revenues	**6,954,012**	***0***	**4,878,525**	***0***	**2,494,089**	***0***	**1,670,426**	***0***
Purchases of raw materials, spare parts and consumables	(5,881,091)		(3,874,740)		(2,257,348)		(1,359,794)	
Cost of services and sundry costs	(442,396)	*2,577*	(328,459)		(141,957)	*2,577*	(106,785)	
Personnel costs	(98,959)		(83,427)	*5,731*	(30,709)		(23,012)	*575*
Depreciation, amortization and write-downs	(120,760)		(120,662)		(42,172)		(40,912)	
Total costs	**(6,543,206)**	***2,577***	**(4,407,288)**	***5,731***	**(2,472,186)**	***2,577***	**(1,530,503)**	***575***
Operating results	**410,806**	***2,577***	**471,237**	***5,731***	**21,903**	***2,577***	**139,923**	***575***
Net income (charges) from equity interests	1,367		4,195		0		292	
Other financial income/(charges), net	(6,185)		(31,093)		(4,375)		1,600	
Profit before taxes	**405,988**	***2,577***	**444,339**	***5,731***	**17,528**	***2,577***	**141,815**	***575***
Income tax for the period	(95,979)	*55,068*	(167,746)	*(1,891)*	(37,269)	*(1,804)*	(52,155)	*(190)*
Net profit/(loss) for the period	**310,009**	***57,645***	**276,593**	***3,840***	**(19,741)**	***773***	**89,660**	***385***
Earnings per share - base (Euro cent)	**32,77**		**29,08**		**(2,09)**		**9,43**	
Earnings per share - diluited (Euro cent)	**32,77**		**29,08**		**(2,09)**		**9,43**	

Statement of Changes in Consolidated Shareholders' Equity for the periods 31/12/06 - 30/09/08

EUR thousand	Share Capital	Legal Reserve	Other Reserves	Profit (Loss)	Shareholders Equity
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)	0
Dividends				(142,650)	(142,650)
Reserve for employees stock plan			2,153		2,153
Share buyback			(1,720)		(1,720)
Profit (loss) for the period				276,593	276,593
Balance as at 30/09/2007	**54,630**	**10,926**	**1,077,609**	**276,593**	**1,419,758**
Reserve for employees stock plan			(47)		(47)
Own shares buyback			(255)		(255)
Effect of Corporate tax rate reduction (IRES/IRAP)			693		693
Profit (loss) for the period				46,310	46,310
Balance as at 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			994		994
Share buyback net of shares assigned as for the stock grant			(21,259)		(21,259)
Share premium reserve adjustment			770		770
Renounce of receivable from minority shareholder of the subsidiary Parchi Eolici Ulassai Srl			474		474
Profit in the first half 2008				329,750	329,750
Balance as at 30/06/2008	**54,630**	**10,926**	**1,221,039**	**329,750**	**1,616,345**
Share premium reserve adjustment			(78)		(78)
Reserve for employees stock plan			557		557
Share buyback			(22,041)		(22,041)
Profit of the third quarter 2008				(19,741)	(19,741)
Balance as at 30/09/2008	**54,630**	**10,926**	**1,199,477**	**310,009**	**1,575,042**

Consolidated Cash Flow Statements as at 30/09/08 and 30/09/07

EUR thousand	1/1/2008 - 30/9/2008	1/1/2007 - 30/9/2007
A - Cash and cash equivalents at the beginning of period (short-term net financial indebteness)	**308,108**	**217,604**
B - Cash generated from/(used in) operating activities		
Profit/ (Loss) for the period of the Group	310,009	276,593
Amortization, depreciation and write-down of fixed assets	120,760	120,662
Net (income)/charges from equity interests	(1,367)	(4,204)
Net change in provisions for risks and charges	61,337	(1,379)
Net change in employee benefits	(2,721)	(8,114)
Net Change in tax liabilities and tax assets	(153,071)	24,039
Income tax	95,979	167,746
Profit (Loss) from operating activities before changes in working capital	**430,926**	**575,343**
(Increase)/Decrease in trade receivables	(86,847)	(211,132)
(Increase)/Decrease in inventory	(185,366)	(134,452)
Increase/(Decrease) in trade and other payables	15,273	131,373
Change in other current assets	(70,560)	70,479
Change in other current liabilities	165,953	14,557
Income tax paid	(87,736)	(60,490)
Change in other non-current liabilities	91,055	64,190
Other non cash items	482	383
Total (B)	**273,180**	**450,251**
C - Cash flow from (to) investment activities		
(Investments) in tangible and intangible assets, net of disinvestments and accumulated depreciation and amortization	(175,357)	(147,126)
Change in equity interests valued under the equity method	(474)	(649)
Change in other equity interests	(116)	0
Acquisition of 30% PEU Srl	(32,000)	0
Interest received/(paid)	(6,052)	(10,184)
Total (C)	**(213,999)**	**(157,959)**
D - Cash generated from/(used in) financing activities		
Increase/(Decrease) in medium/long term borrowings	(42,887)	(61,254)
(Increase)/Decrease in other financial assets	7,497	(306)
Increase/(Decrease) in short term borrowings	18,541	8,464
Buyback own shares	(43,300)	(1,720)
Dividend distribution to shareholders	(160,843)	(142,650)
Other non-monetary movements	2,717	2,153
Total (D)	**(218,275)**	**(195,313)**
E - Cashflow for the period (B+C+D)	**(159,094)**	**96,979**
F - Cash from new consolidated subsidiaries		
PEU Srl	11,301	
G - Cash and cash equivalents at the end of period (short-term net financial indebteness)	**160,315**	**314,583**