Saras Group Interim Financial Report as of 31st March 2019

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Statutory and Control Bodies

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman and Director
DARIO SCAFFARDI	Chief Executive Officer, General Manager and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Chairman of Saras Energia and Director
GABRIELE MORATTI	Director
GIOVANNI MORATTI	Director
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA LUCHI	Independent Director
LEONARDO SENNI	Independent Director

BOARD OF STATUTORY AUDITORS

GIANCARLA BRANDA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
PINUCCIA MAZZA	Stand-in Auditor
ANDREA PERRONE	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer

INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

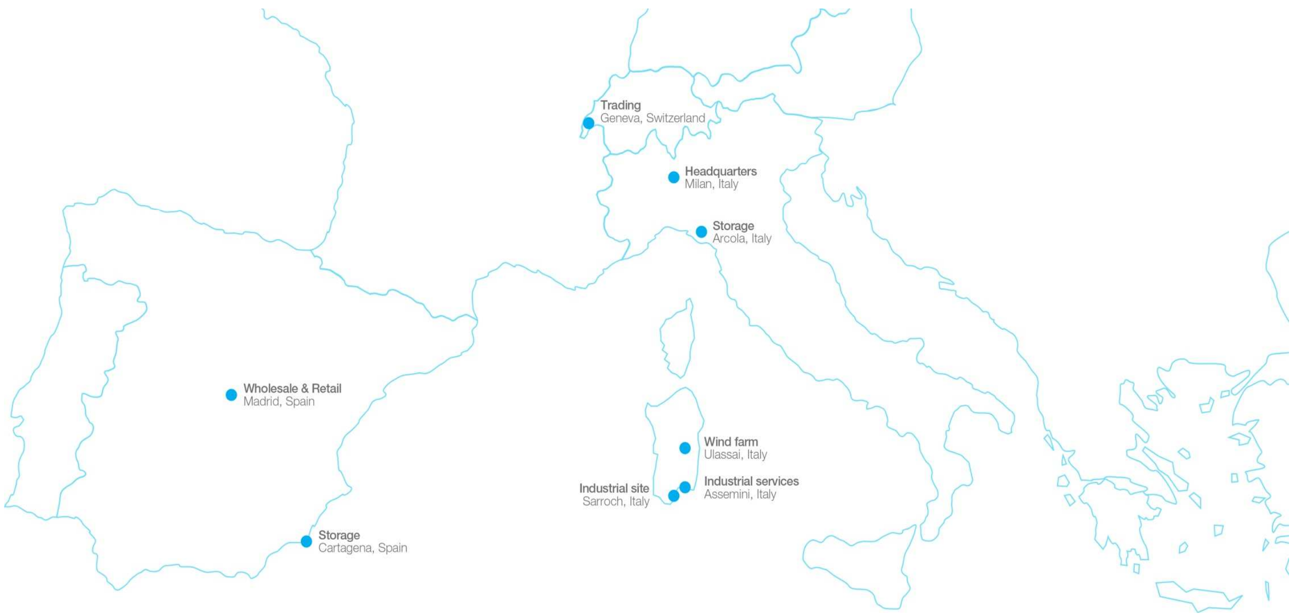
The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the biggest in the Mediterranean in terms of production capacity (15 million tonnes per year, equal to 300,000 barrels per day) and one of the most advanced plants in terms of complexity (11.7 on the Nelson Index). Located in a strategic position in the middle of the Mediterranean, the refinery is owned and managed by the subsidiary Sarlux Srl, and is a reference model in terms of efficiency and environmental sustainability, due to its technological know-how, expertise and human resources acquired over fifty years of activity. To best exploit these extraordinary resources, Saras has introduced a business model based on the integration of its supply chain through close coordination between refinery operations and commercial activities. This context also includes the subsidiary Saras Trading SA, incorporated in Geneva in September 2015, which deals with acquiring crude and other raw materials for the Group's refinery, selling its refined products, and also performing trading activities, acting in one of the main markets for trading oil commodities.

The Group sells and distributes oil products directly, and through its subsidiaries, such as diesel, gasoline, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha and aviation fuel, mainly on the Italian and Spanish markets, but also in various other European and non-European countries. In particular, in 2018 approximately 2.12 million tonnes of petroleum products were sold in Italy on the wholesale market, and a further 1.56 million tonnes were sold on the Spanish market through its subsidiary Saras Energia SAU, active both on the wholesale and retail channels.

In the early 2000s, the Saras Group also undertook the task of producing and selling electricity by means of an IGCC plant (Integrated Gasification Combined Cycle), which has an installed power of 575 MW and is also managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is the heavy products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to more than 45% of the electricity requirements in Sardinia.

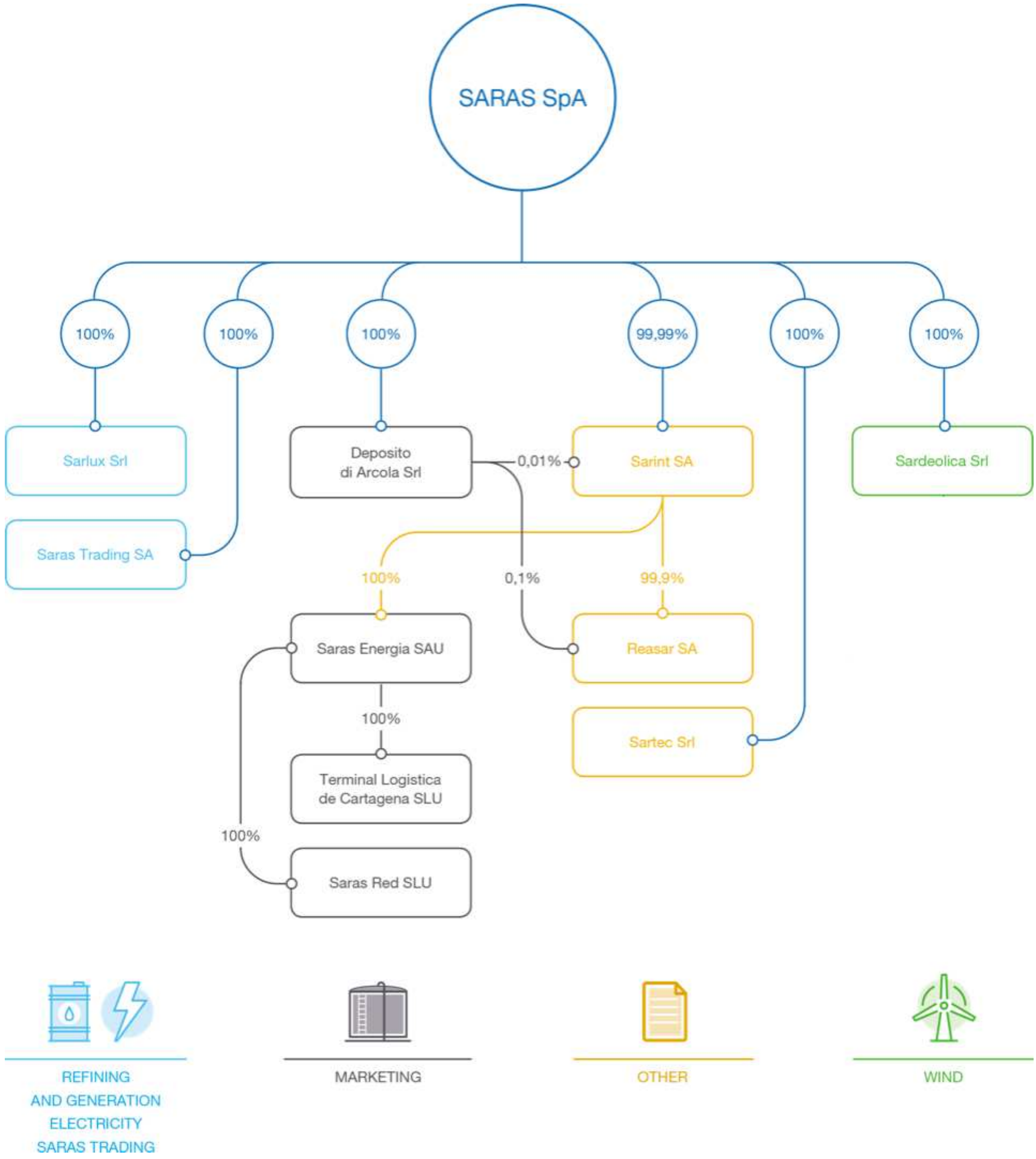
In addition, the Group manufactures and sells electricity from renewable sources in Sardinia, via the Ulassai wind farm. The farm, operational since 2005, is managed by the subsidiary Sardeolica Srl and has an installed capacity of 96 MW.

Lastly, the Group provides industrial engineering and research services to the petroleum, energy and environment industries, via its subsidiary Sartec Srl.



Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 31/03/19.



Saras Stock Performance

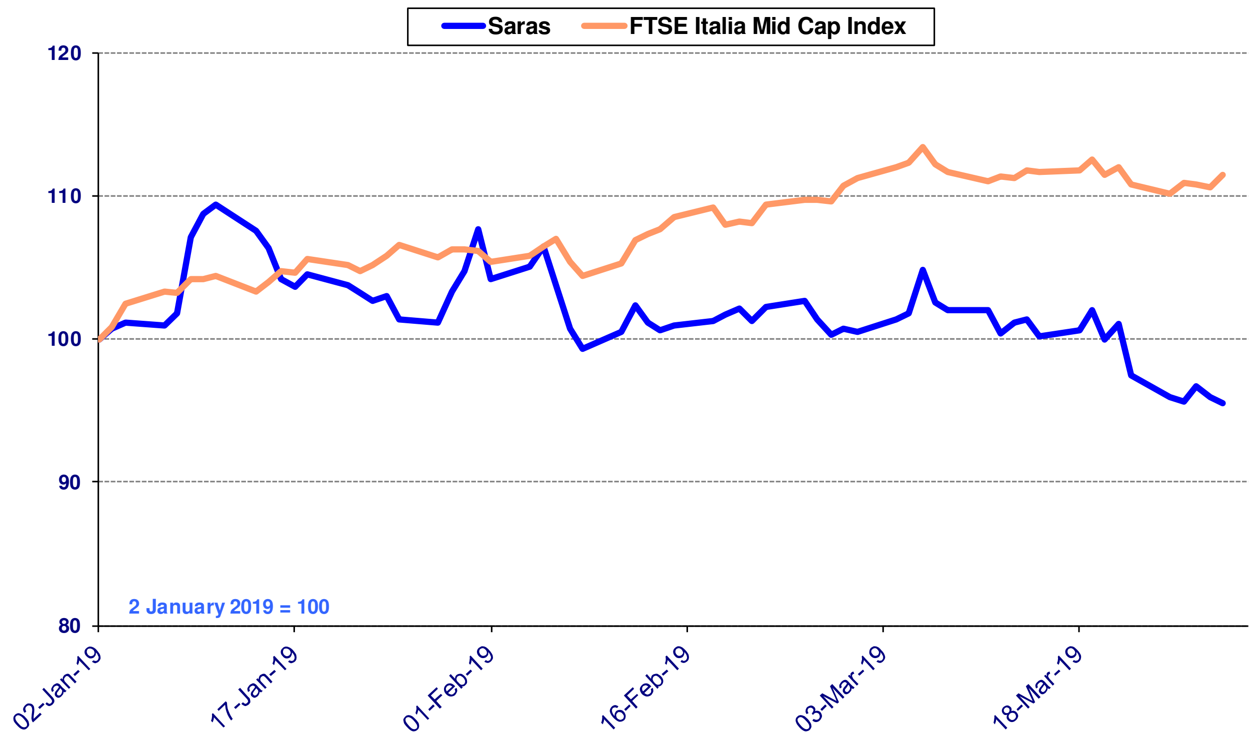
The following data relate to Saras' share prices and the daily volumes, traded during the first quarter of 2019.

SHARE PRICE (EUR)	Q1/19
Minimum price (29/03/2019)	1.651
Maximum price (11/01/2019)	1.890
Average price	1.762
Closing price at the end of the first quarter of 2019 (29/03/2019)	1.651

DAILY TRADED VOLUMES	Q1/19
Maximum traded volume in EUR million (04/03/2019)	14.5
Maximum traded volume in number of shares (million) (04/03/2019)	8.3
Minimum traded volume in EUR million (21/01/2019)	1.7
Minimum traded volume in number of shares (million) (21/01/2019)	1.0
Average traded volume in EUR million	5.9
Average traded volume in number of shares (million)	3.3

The Market capitalization at the end of the first quarter of 2019 was equal to approximately EUR 1,570 million and the number of shares outstanding was approximately 936 million.

The following graph shows the daily performance of Saras' share price during the first quarter of 2019, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Non-GAAP measure
Alternative performance indicators

In order to give a representation of the Group's operating performance in line with the standard practice in the oil industry, the operating results and the Net Result are displayed excluding inventories gain and losses and non-recurring items and reclassifying derivatives. Such figures, called "comparable", are financial measures not defined by the International Accounting Standards (IAS/IFRS) and they are not subject to audit.

The operating results and the Net Result, are displayed valuing inventories with FIFO methodology, excluding unrealised inventories gain and losses, due to changes in the scenario, by valuing beginning-of-period inventories at the same unitary value of the end-of-period ones. Moreover the realised and unrealised differentials on oil and exchange rate derivatives with hedging nature which involve the exchange of physical quantities are reclassified in the operating results, as they are related to the Group industrial performance, even if non accounted under the hedge accounting principles. Non-recurring items by nature, relevance and frequency and derivatives related to physical deals not of the period under review, are excluded by the operating results and the Net Result Comparable.

Non-Gaap financial measures should be read together with information determined by applying the International Accounting Standards (IAS/IFRS) and do not stand in for them.

Key financial and operational Group Results

EUR Million	Q1/19	Q1/18	Change %
REVENUES	2,094	2,419	-13%
EBITDA	108.5	72.2	50%
Comparable EBITDA	**22.8**	**71.6**	**-68%**
EBIT	62.3	30.4	105%
Comparable EBIT	**(23.4)**	**29.8**	**-179%**
NET RESULT	(4.1)	22.5	-118%
***Comparable* NET RESULT**	**(40.8)**	**8.5**	**-578%**

EUR Million	Q1/19	Q1/18	FY 2018
NET FINANCIAL POSITION ANTE IFRS 16	**48**	**(1)**	**46**
NET FINANCIAL POSITION POST IFRS 16	**(4)**		
CAPEX	**115**	**49**	**243**

Comments to First Quarter 2019 Group Results

The Groups revenues in Q1/19 were EUR 2,094 million. The difference compared to EUR 2,419 million in the first quarter of last year is mainly due to the lower refinery runs as effect of the planned maintenance program. Moreover average oil and products prices were lower, in particular, in Q1/19 the price of gasoline averaged at 549 $/ton (compared to the average of 631 $/ton in Q1/18), while the price of diesel averaged out to 584 $/ton (compared to the average of 589 $/ton in Q1/18). Refining segment revenues were lower by approximately EUR 325 million while other segment reported revenues broadly in line with the same period of previous year.

The Group's reported EBITDA in Q1/19 was EUR 108.5 million, above the EUR 72.2 million in Q1/18. This difference was mainly attributable to the Refining segment that, even if achieved lower volumes compared to the same period last year due to the heavy maintenance program realised, enjoyed a positive scenario effect on inventories as effect of rising oil and products prices in the period. Moreover it is worth noting that the hedging derivatives and net forex effect were negative for EUR 33.8 million in Q1/19 while they were positive for EUR 19.4 million in Q1/18.

The reported Group Net Result was equal to EUR -4.1 million, compared to EUR 22.5 million in Q1/18. In Q1/19, amortisation and depreciation charges were slightly higher (EUR 46.2 million as compared to EUR 41.8 million in Q1/18) as well as financial charges (equal to EUR 5.6 million versus EUR 3.5 million in Q1/18). Finally other financial items (which comprise realised and unrealised differentials on derivative instruments, net exchange rate differences and other financial income and charges) were negative by approximately EUR 64 million in Q1/19 compared to a positive amount of approximately EUR 3 million in Q1/18.

The comparable Group EBITDA was EUR 22.8 million in Q1/19, down from EUR 71.6 million achieved in Q1/18. This result was mainly due to the Refining segment which achieved lower runs due to the heavy planned maintenance cycle realized. **The comparable Group Net Result in Q1/19 was EUR -40.8 million,** versus EUR 8.5 million in Q1/18.

It is worth noting that, in the first months of 2019, it was carried out one of the main turnaround cycle of the last 5 years that penalised EBITDA by an estimated EUR 60 million.

Investments in Q1/19 were EUR 115.0 million mainly focused on the Refining segment (EUR 102.7 million). Approximately EUR 50 million relates to the above mentioned multi-annual turnaround.

The tables below present the details of the calculation of comparable EBITDA and comparable Net Result for the first quarter of 2018 and 2019.

Calculation of the Group comparable EBITDA

EUR Million	Q1/19	Q1/18
***Reported* EBITDA**	**108.5**	**72.2**
Gain / (Losses) on Inventories	(51.9)	(20.1)
Hedging derivatives and net FOREX	(33.8)	19.4
Non-recurring items	0.0	0.0
***Comparable* EBITDA**	**22.8**	**71.6**

Calculation of the Group comparable Net Result

EUR Million	Q1/19	Q1/18
***Reported* NET RESULT**	**(4.1)**	**22.5**
Gain & (Losses) on Inventories net of taxes	(37.5)	(14.5)
Derivatives related to future deals	0.7	0.5
Non-recurring items net of taxes	0.0	0.0
***Comparable* NET RESULT**	**(40.8)**	**8.5**

Net Financial Position

The Net Financial Position as at 31st March 2019 ante effects of the IFRS 16 was positive by EUR 48 million, broadly in line with the EUR 46 million as at 31 December 2018. The cash flow generated by operations and the working capital release were absorbed by the investments made in the period.

The Net Financial Position as at 31st March 2019 post effects of the IFRS 16 (equal to EUR -52 million) was negative by EUR 4 million. For more details please refer to the Explanatory Notes to the Consolidated Financial Statements.

EUR Million	31-Mar-19	31-Dec-18
Medium/long-term bank loans	(50)	(49)
Bonds	(199)	(199)
Other medium/long-term financial liabilities	(8)	(8)
Other medium/long-term financial assets	4	4
Medium-long-term net financial position	**(252)**	**(252)**
Short term loans	-	-
Banks overdrafts	(60)	(17)
Other short term financial liabilities	(57)	(63)
Fair value on derivatives and realized net differentials	(16)	66
Other financial assets	74	39
Cash and Cash Equivalents	359	273
Short-term net financial position	**301**	**298**
Total net financial position ante lease liabilities ex IFRS 16	**48**	**46**
Financial lease liabilities ex IFRS 16	**(52)**	**-**
Total net financial position post lease liabilities ex IFRS 16	**(4)**	**-**

Oil Market and Refining Margins

Here below there is a short analysis of the trends followed by crude oil quotations, by the *crack spreads* of the main refined oil products, and also by the reference refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

Average values [1]	Q1/18	Q1/19
Crude oil price and differential ($/bl)		
Brent Dated (FOB Med)	66.8	63.1
Urals (CIF Med)	65.2	63.4
"Heavy-light" price differential	-1.6	+0.3
***Crack spreads* for refined oil products ($/bl)**		
ULSD *crack spread*	12.1	15.2
Gasoline 10ppm *crack spread*	8.7	2.6
Reference margin ($/bl)		
EMC Benchmark	+1.7	+1.1

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark

Crude oil prices:

After reaching about 50 $/bl at the end of 2018, Brent prices rose progressively in the first quarter of 2019 to reach about 68 $/bl at the end of March. The main reason behind this increase was the reduction in the oil supply on the market, due both to the sanctions imposed by the US administration on Iran and Venezuela, and to the production cuts implemented by OPEC producers and Russia (-1.2 m/bl/d compared to the October 2018 level). Also on the consumption front, there was a slowdown in the first quarter of the year in the backdrop of international trade tensions (in particular between the United States and China) and of a reduction in global economic growth.

Price differential between "heavy" and "light" crude oils ("Urals" VS. "Brent"):

The first quarter of 2019 was influenced by the implementation of production cuts by OPEC + producers. On top of which took place the US sanctions against Iran and Venezuela which are among the main producers of heavy-sour crude oil on a global scale. This has actually limited the availability of this crude qualities, significantly reducing their discount compared to Brent. In this particular market context, the Ural went at premium compared to Brent of 0.3 $/bl on average in Q1/19.

"*Crack spreads*" of the main refined products (i.e. the difference between the value of the product and the cost oil)

The first quarter of 2019 was characterized by globally high refinery runs that led to large supplies of gasoline, in a context of seasonally low consumption in Europe and the United States. Inventories rose significantly, and the gasoline crack spread since mid-January went into negative territory. Starting in February, a gradual recovery began, thanks to various out of service (planned or not) of Asian, European and American refineries, and to a recovery in consumption in Indonesia and India. Finally, in March, the recovery of gasoline further strengthened, coinciding with the beginning of the traditional spring maintenance of the refineries and the transition to summer specifications. The average gasoline crack spread was 2.6 $/bl in the Q1/19.

Moving on to middle distillates, the diesel crack spread showed the maximum values of the last 4 years in the first quarter of 2019, thanks to the robust demand for transport and for industrial uses and heating, and at the same time lower supply from the refineries (out of service for maintenance). A partial compensation derived from an increase in Russian, Chinese and Middle Eastern exports. In March, the crack spreads of middle distillates decreased slightly due to the sharp increase in crude oil prices, not entirely transmitted to products, and also to low heating consumption due to mild weather. The diesel crack spread average was 15.2 $/bl in Q1/19.

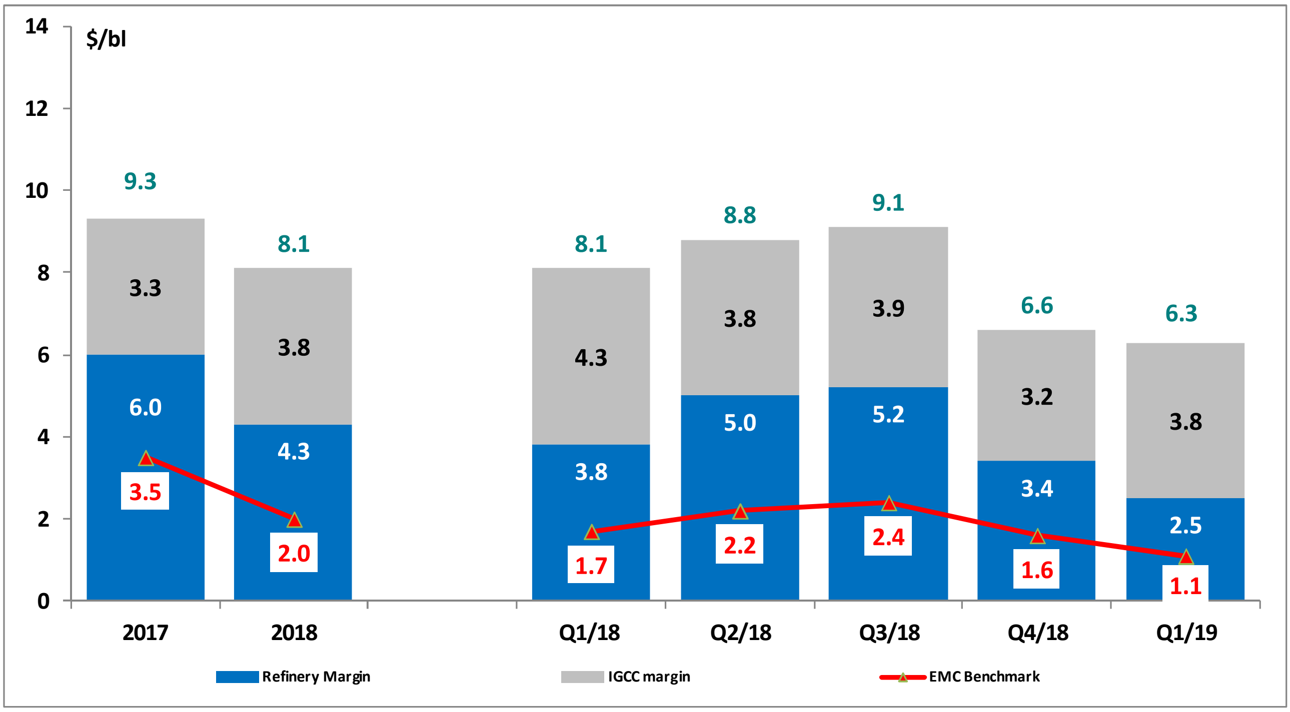
Refining Margin:

As regards the analysis of the profitability of the refining sector, Saras traditionally uses the refinery margin calculated by EMC (Energy Market Consultants) as a reference for a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.

This reference margin (called the "EMC Benchmark") averaged 2.0 $/bl in 2018. In detail, in the first quarter, the average margin was 1.7 $/bl due to a seasonal weakening of gasoline cracks as well as fuel oil and the rapid rise in the Brent price. In the second quarter, the improvement in the gasoline and diesel crack spreads led to an average EMC of 2.2 $/bl. This benchmark was further strengthened in the third quarter, with an average of 2.4 $/bl, thanks to a general improvement in crack spreads during the summer months. The average for the last quarter was 1.6 $/bl.

In the first quarter of 2019 the benchmark margin recorded an average of 1.1 $/bl. It was positively influenced by the strength of middle distillates which was more than balanced by the weakness of light distillates and high valuation of Ural.

As shown in the graph below, thanks to the flexibility and complexity of its plants, the Saras Group refinery achieved a higher refinery margin than the EMC Benchmark reference margin. However, the size of the Saras premium above the EMC Benchmark is variable and mainly depends on the specific market conditions, as well as the performance of industrial and commercial operations in each quarter.



Refining Margin: (*comparable* EBITDA Refining + Fixed Costs) / Refinery runs in the period
IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period
EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Segment Review

With the purpose of providing a consistent disclosure of the results for each business of the Saras Group, the financial information of the individual companies within the Group have been calculated and reported according to the same business segments adopted in all previous Financial Reports, including also the intercompany services, which ceased to exist as a consequence of some corporate reorganisations, at the same economic conditions applied in the previously existing contracts.

Refining

The Sarroch refinery (South-West of Cagliari) is one of the biggest in the Mediterranean in terms of production capacity and also in terms of the complexity of plants. Located in a strategic position in the centre of the Mediterranean, it has a production capacity of 15 million tons/year, which corresponds to approximately 17% of the total distillation capacity in Italy. The main operating and financial information is provided below.

EUR Million	Q1/19	Q1/18	Change %
EBITDA	49.9	19.6	155%
***Comparable* EBITDA**	**(20.9)**	**9.1**	**-330%**
EBIT	19.3	(6.6)	392%
***Comparable* EBIT**	**(51.5)**	**(17.1)**	**-201%**
CAPEX	**102.7**	**41.5**	

Margins and refinery runs

		Q1/19	Q1/18	Change %
REFINERY RUNS	Tons (thousand)	2,653	3,207	-17%
	Barrels (million)	19.4	23.4	-17%
	Bl/day (thousand)	215	260	-17%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	281	262	7%
EXCHANGE RATE	EUR/USD	1.136	1.229	-8%
EMC BENCHMARK MARGIN	$/bl	1.1	1.7	
SARAS REFINERY MARGIN	$/bl	2.5	3.8	

Comments to First quarter of 2019 Results

Crude refinery runs during Q1/19 stood at 2.65 million tons (19.4 million barrels, corresponding to 215 thousand barrels per day), down by 17% compared to Q1/18. Complementary feedstock amounted to 0.28 million tons compared to 0.26 in the first quarter of 2018. This trend is mainly due to heavy maintenance carried out in the period. In the first months of 2019, in fact, took place one of the main turnaround of the last 5 years which involved Topping "T2", Vacuum "V2", CCR and MHC1 that were stopped for about 60 days. The operational performance has been very satisfactory and the maintenance activities were completed smoothly and on time.

The comparable EBITDA amounted to EUR-20.9 million in Q1/19, with a Saras refinery margin of +2.5 $/bl (as is usual, net of the impact from the maintenance activities conducted during the period). This compares with a comparable EBITDA of EUR 9.1 million and a Saras refinery margin of +3.8 $/bl in Q1/18. As always, the comparison between the two quarters must take into account market conditions and the specific performance of the Saras Group, both from an operational and commercial perspective.

With regard to market conditions, in Q1 the weakness of light distillates was offset by strong middle distillates crack spread. Lower oil prices and other market factors resulted in an increase of the value of production of approx. EUR 3 million (including also the decrease in the cost of "consumption and losses"). Finally the effect of the EUR/USD exchange rate (1 EUR was worth 1.1358 USD in Q1/19 and 1.2292 in Q1/18) increased the value of production by approximately EUR 10 million.

With regard to operational performance, in Q1/19 production planning (which involves optimising the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) resulted in an EBITDA higher by approximately EUR 5 million compared to Q1/18.

The execution of production activities (which takes account of losses in connection with scheduled and unscheduled maintenance, and increased consumption with respect to the technical limits of certain utilities such as fuel oil, steam, electricity and fuel gas) resulted in an EBITDA EUR 40 million lower than in Q1/18. This is the result of a heavier maintenance program realised, which led to an estimated penalization of about EUR 50 million, partially offset by a better operational performance.

Commercial management (involving the supply of crude and additional raw materials, the sale of finished products, the rental costs of oil tankers, and inventory management, including mandatory stocks) generated EBITDA higher by approximately EUR 5 million compared to Q1/18 thanks to the results of the trading activity.

Finally it should be noted that, the results of the first quarter of previous year were supported by the positive contribution of energy efficiency certificates.

Investments made in Q1/19 were EUR 102.7 million, in line with the heavy scheduled maintenance programme and the business plan.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in Q1/19 had an average density of 34.2°API, and is therefore lighter than the average density processed in FY/18. A more detailed analysis of the crude oil grades shows a sharp increase in the percentage of light crude oils with a very low sulphur content ("light extra sweet") and a reduction in the percentage of light crudes with low sulphur content ("light sweet"). At the same time the percentage of medium crude oils with a high sulphur content ("medium sour") increased while the weight of heavy crude oils with low and high sulphur content ("Heavy sour/sweet") decreased. This processing mix was due to contingent plant set-up situations (heavy maintenance carried out in the period) and to economic and commercial choices in view of market supply conditions.

		Q1/19	Q1/18	FY 2018
Light extra sweet		44%	39%	37%
Light sweet		5%	13%	12%
Medium sweet/extra sweet		0%	0%	0%
Medium sour		39%	32%	34%
Heavy sour/sweet		12%	17%	17%
Average crude gravity	°API	34.2	34.2	33.7

Turning to the analysis of finished product yields, we note that in Q1/19 the yield of the light distillates (28.7%) was higher than in FY/18. The yield of middle distillates (51.2%) instead was broadly stable versus FY/18. Finally fuel oil yield was very low (1.7%) as opposed to a higher yield of TAR (9.0%). These changes are mainly due to the maintenance activity carried out in the period and commercial choices.

		Q1/19	Q1/18	FY 2018
LPG	Tons (thousand)	73	73	291
	yield (%)	2.5%	2.1%	2.0%
NAPHTHA + GASOLINE	Tons (thousand)	842	1,000	4,132
	yield (%)	28.7%	28.8%	27.9%
MIDDLE DISTILLATES	Tons (thousand)	1,504	1,684	7,558
	yield (%)	51.2%	48.5%	51.0%
FUEL OIL & OTHERS	Tons (thousand)	51	240	755
	yield (%)	1.7%	6.9%	5.1%
TAR	Tons (thousand)	265	231	1,141
	yield (%)	9.0%	6.7%	7.7%

Note: Balance to 100% of the production is "Consumption and Losses".

Marketing

The Saras Group conducts its Marketing business in Italy and in Spain directly and through its subsidiaries, primarily in wholesale channels. The main operating and financial information is provided below.

EUR Million	Q1/19	Q1/18	Change %
EBITDA	4.4	3.8	16%
***Comparable* EBITDA**	**1.6**	**3.9**	**-59%**
EBIT	3.7	2.5	48%
***Comparable* EBIT**	**0.9**	**2.6**	**-66%**
CAPEX	**0.4**	**0.2**	

Sales

		Q1/19	Q1/18	Change %
TOTAL SALES	**Tons (thousand)**	**876**	**901**	**-3%**
of which: in Italy	Tons (thousand)	505	499	1%
of which: in Spain	Tons (thousand)	371	401	-8%

Comments to First quarter of 2019 Results

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in Q1/19 total oil consumption was down by 1.7% on the Italian market, which represents the main wholesale channel of the Saras Group. In particular, in Italy in the period considered, gasoline showed a decrease of 0.8% and diesel registered a contraction of 0.4%. Consumption of automotive fuels (gasoline + diesel) amounted to 7.4 million tons, down 0.3% (-23 ktons) compared to the same period of previous year. In the first quarter of 2019, new car registrations decreased by 6.5%, with diesel vehicles accounting for 44% of the total (compared to 55% in Q1/18). The Saras Group kept its own sales volumes stable in Italy.

In Spain, the data collected by CORES indicates fattish road fuel consumption with gasoline rising by 5.2% and road diesel declining by 0.9%. The Spanish subsidiary Saras Energia decreased the volumes sold by 8%.

Comparable EBITDA for the Marketing segment amounted to EUR 1.6 million, versus the EUR 3.9 million of FY/18 mainly due to lower wholesale margins in Italy mainly due to seasonality.

Power Generation

Below are the main financial and operational data of the Power Generation segment, which uses an IGCC power plant (Integrated Gasification and Combined Cycle power generation) with an installed capacity of 575MW, fully integrated with the Group's refinery and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q1/19	Q1/18	Change %
EBITDA	49.1	43.4	13%
***Comparable* EBITDA**	**37.0**	**53.1**	**-30%**
EBIT	35.8	30.5	17%
***Comparable* EBIT**	**23.7**	**40.2**	**-41%**
EBITDA ITALIAN GAAP	**44.1**	**8.2**	**440%**
EBIT ITALIAN GAAP	**39.2**	**3.7**	**968%**
CAPEX	**10.8**	**7.2**	

Other figures

		Q1/19	Q1/18	Change %
ELECTRICITY PRODUCTION	MWh/1000	988	886	11%
POWER TARIFF	**Eurocent/KWh**	**10.1**	**9.7**	**4%**
POWER IGCC MARGIN	$/bl	3.8	4.3	-12%

Comments to First quarter of 2019 Results

In Q1/19, the Electricity Generation segment conducted the maintenance work on one "Gasifier – combined cycle Turbine". Electricity production reached 0.988 TWh, up by 11% compared to the first quarter of last year, due to a lighter maintenance programme and a better operating performance compared to the same period of last year.

Comparable EBITDA stood at EUR 37.0 million compared to EUR 53.1 million achieved in Q1/18. The scenario was better than in the same period of previous year as the increase in the value of the CIP6/92 tariff (+4%) more than offset more than offset higher feedstock (TAR and hydrogen) costs. Fixed and variable costs were broadly flat. Finally a lighter maintenance cycle and a better operation performance conducted to higher volumes produced by 11%. It should be noted that the difference between comparable and reported EBITDA is attributable to the change of the fair value of CO_2 hedging derivatives. Such item was negative by EUR 12.1 million in Q1/19, due to the decline of the value of CO_2 quotas in the period, while in Q1/18 it was positive by approx. EUR 10 million.

Moving on to the analysis of EBITDA calculated according to Italian accounting standards, this stood at EUR 44.1 million in Q1/19, well above the EUR 8.2 million achieved in the same period last year. The difference is due to the combined effect of higher electricity production (+11%) and higher CIP6/92 tariff (+4%). Conversely, the cost of acquiring raw materials (TAR and hydrogen) increased. This result does not include the effect of the above mentioned CO2 hedging derivatives (equal to EUR -12.1 million) that are booked as financial charges.

Investments amounted to EUR 10.8 million.

Wind

Saras Group is active in the production and sale of electricity from renewable sources, through its subsidiary Sardeolica Srl, which operates a wind park located in Ulassai (Sardinia). Below are the financial and operational highlights of the segment.

EUR million	Q1/19	Q1/18	Change %
EBITDA	3.6	4.6	-22%
***Comparable* EBITDA**	**3.6**	**4.6**	**-22%**
EBIT	2.3	3.4	-32%
***Comparable* EBIT**	**2.3**	**3.4**	**-32%**
CAPEX	**0.9**	**0.1**	

Other figures

		Q1/19	Q1/18	Change %
ELECTRICITY PRODUCTION	MWh	66,054	67,777	-3%
POWER TARIFF	EURcent/KWh	5.6	5.1	9%
INCENTIVE TARIFF	EURcent/KWh	9.2	9.9	-7%

Comments to First Quarter of 2019 Results

In Q1/19 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) stood at EUR 3.6 million, compared to EUR 4.6 million in Q1/18.

In detail, the volumes produced decreased by 3% compared to the same period last year, thanks to less favourable wind conditions. The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to Q1/18 and the incentive period expired on approximately 90% of volumes produced (compared to 70% in the same period of previous year). On the other hand, the electricity tariff rose by 0.5 Eurocent/kWh compared to Q1/18.

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec Srl, Reasar SA and others.

EUR Million	Q1/19	Q1/18	Change %
EBITDA	1.5	0.8	88%
***Comparable* EBITDA**	**1.5**	**0.8**	**88%**
EBIT	1.2	0.6	100%
***Comparable* EBIT**	**1.2**	**0.6**	**100%**
CAPEX	**0.2**	**0.2**	

Strategy and Outlook

Thanks to its high-conversion configuration, the integration with the IGCC plant, and its operational model based on the integrated Supply Chain Management, the Saras' refinery, positioned in Sarroch (Sardinia, Italy), has a leading position among the European refining sites. Given such features the Group is well positioned with respect to the expected scenario evolution especially Group with reference to the impact of IMO – Marpol VI regulation that envisages, from January 2020, the lowering of the sulphur emission allowed in the fumes of marine engines, leading to positive market conditions for the sites like the one in Sarroch. The Group intends to pursue initiatives to improve the operational performance and reliability of the plants as well as streamlining costs and complete the important investment cycle. The Group strategy consists in keeping a leading position in the refining sector also thanks to the contribution of the new technologies and innovation.

The price of Brent, after reaching in November 2018 the maximum values of the last 4 years (over 85 $/bl), fell rapidly and the year 2019 opened around 60 $/bl, despite the agreement reached by the OPEC countries and other important producers about the implementation of production cuts of around 1.2 mbl/d compared to October levels. The experts anticipate a substantially balanced oil market for the current year, thanks to continuous increases in production by unconventional US producers, which will offset the aforementioned production cuts. The forward curve point to a Brent of around 70 $/bl for the remaining part of the year. The price differential between light and heavy crude was very low in the first months of the year due to the implementation of production cuts by OPEC+ producers, to which were added US sanctions against Iran and Venezuela.

On the consumption front, in the recent report of March 2019, the International Energy Agency (IEA) confirmed the estimate of global demand up by +1.4 mbl/d in 2019 driven by non-OECD countries (especially China and India). The International Monetary Fund estimates robust economic growth of 3.3% also in 2019 (versus 3.6% in 2018). The expansion is less balanced and some advanced economies seem to have reached the peak of the cycle (Eurozone, Japan, UK and China). The risks on global growth have increased in terms of protectionist policies and geopolitical uncertainties.

Moving to the profitability of the main refined products, the gasoline crack spread was weak in Q1/19 due to excess production and high inventory levels but it showed some recovery from the second quarter in coincidence with the summer specifications, according to the usual seasonal pattern. As for middle distillates, experts agree to indicate a robust crack spread further strengthening in the second half of the year when the effects of the IMO regulation will start to emerge.

With regard to the profitability of the refining segment, it should be noted that in the first quarter of the year it was completed the heaviest part of the annual maintenance cycle. Therefore from the second quarter the Group will be ready to seize the opportunities deriving from the new IMO regulation which is expected to begin to take effect in anticipation to the entry into force on 1st January 2020, determining awarding conditions for high-conversion refineries such as Saras' one. These market conditions should lead to better refining margins compared to the year 2018 (also thanks to lower oil prices). The Saras group will aim to achieve an average premium above the EMC Benchmark margin of around 2.4 ÷ 2.8 $/bl (net of maintenance).

As for the Marketing segment results, it expected the consolidation of the good results achieved the previous year. The contribution of this activity must be considered jointly to that of refining due to the strong coordination between technical and commercial skills on which our business model is based.

From an operational point of view, in the Refining segment, 2019 will be influenced by an important maintenance cycle, higher than in previous years and concentrated in the first quarter. The scheduled maintenance activity of the first quarter took place according to plan. The main maintenance activities for the remaining part of the year will regard the VisBreaking "VSB", North Plants, topping "RT2" and Vacuum "V1". Overall, yearly crude runs are expected at 13.0÷13.7 million tons (corresponding to 96÷99 million barrels), plus further 1.2 million tons of complementary feedstock (corresponding to approx. 9 million barrels).

With reference to the Power Generation segment, the maintenance programme for the remaining part of the year entails some standard activities on two trains "Gasifier – Combined Cycle Turbine" and on one of the two "H2S Absorber" units. Total electricity production in 2019 is expected broadly in line with previous year (approx. 4.30 TWh).

Finally, in the Wind segment, the subsidiary Sardeolica in July 2018 obtained a positive opinion on the environmental compatibility for the expansion project of the Ulassai wind farm for an additional capacity of 30 MW and started the procurement process. The new farms are expected to enter into operation in the second half of current year.

Investments by business Segment

EUR Million	Q1/19	Q1/18	FY 2018
REFINING	102.7	41.5	213.4
POWER GENERATION	10.8	7.2	20.7
MARKETING	0.4	0.2	1.3
WIND	0.9	0.1	6.9
OTHER	0.2	0.2	0.6
Total	**115.0**	**49.1**	**243.0**

Main events after the end of the First Quarter of 2019

On 16th April 2019, the Shareholders' Meeting approved Saras SpA Financial Statements as of 31st December 2018 and resolved to distribute a dividend of EUR 0.08 per share.

The Shareholders' Meeting approved also the new Stock Grant Plan 2019 – 2021 and renewed the authorization to purchase and dispose of Saras SpA own shares. For more details refer to the press release concerning the Shareholders' Meeting issued on 16 April 2019.

On 13th May 2019, following the results of the Stock Grant Plan 2016 – 2018, number 5,769,638 Saras S.p.A. ordinary shares were attributed to the management of the Saras Group (20% of which with a lock up of 12 months). Therefore, the number of ordinary shares outstanding is equal to 941,779,784, and the treasury shares are equal to 9,220,216

On 22nd May 2019 the above mentioned dividend of Euro 0.08 per shares will be paid for each of the 941,779,784 ordinary outstanding shares for a total amount of EUR 75,342,382.72 drawing it from the net income of the year.

Risk Analysis

For details please refer to the Annual Report 2018.

Other Information

Research and Development

Saras did not undertake meaningful "Research and Development" activities in the period; therefore, no significant cost was capitalized or accounted in the Income Statement during the first quarter of 2019.

Own shares

During the first quarter of 2019 no transactions took place, involving the sale or purchase of Saras SpA own shares. Therefore, as of 31st March 2019, Saras SpA held in treasury 14,989,854 own shares, corresponding to 1.576% of the company's issued share capital.

Non-recurring and unusual Transactions

During the first quarter of 2019 there were no activities originated from non-recurring and/or unusual transactions, and there are no open positions originating from such transactions.

Authorisation of a programme to purchase own shares and to dispose of them

The Shareholders' Meeting held on 16th April 2019 revoked in the part not executed, the authorisation to purchase and dispose of Saras SpA own shares resolved by the Shareholders' Meeting held on 27th April 2018 and at the same time the Shareholders' Meeting resolved to approve a new programme to purchase Saras SpA own shares and to dispose of them, pursuant respectively to Articles 2357 and 2357-ter of the Italian Civil Code, and to Article 132 of the Legislative Decree 58/1998 (hereinafter the "TUF"). The Buyback programme can be implemented also in several stages as appropriate, and it shall take place in the twelve (12) months following the authorisation resolved on 16th April 2019 by the Shareholders' Meeting, which means during the 12 months ending on 16th April 2020. Moreover, the resolution authorises acts of disposal, to be implemented also in various stages as appropriate, of the shares purchased under the above Buyback programme, as well as of the shares already purchased according to previously authorised buyback programmes and currently held in treasury by the Company. It should be specified that the purchase of own shares within the new Buyback programme is not related to the reduction of the Company's issued share capital, and therefore the purchased shares will not be cancelled.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 31st March 2019

Thousands of EUR		31/03/2019	31/12/2018
ASSETS	(1)		
Current assets	5.1	**1,914,735**	**1,683,910**
Cash and cash equivalents	5.1.1	358,866	272,831
Other financial assets	5.1.2	94,774	131,723
Trade receivables	5.1.3	251,669	290,210
Inventories	5.1.4	1,018,989	861,601
Current tax assets	5.1.5	34,177	19,051
Other assets	5.1.6	156,260	108,494
Non-current assets	5.2	**1,357,815**	**1,241,008**
Property, plant and equipment	5.2.1	1,166,405	1,087,107
Intangible assets	5.2.2	101,478	112,127
Right of use on leasing activities	5.2.3	51,408	0
Other investments	5.2.4	502	502
Deferred tax assets	5.2.5	34,031	37,205
Other financial assets	5.2.6	3,991	4,067
Non-current assets held for sale	5.3	**35,001**	**35,001**
Property, plant and equipment	5.3.1	25,235	25,235
Intangible assets	5.3.2	9,766	9,766
Total assets		**3,307,551**	**2,959,919**
LIABILITIES AND EQUITY			
Current liabilities	5.4	**1,604,714**	**1,301,078**
Short-term financial liabilities	5.4.1	152,982	106,630
Trade and other liabilities	5.4.2	1,217,001	1,043,162
Current tax liabilities	5.4.3	150,466	74,948
Other liabilities	5.4.4	84,265	76,338
Non-current liabilities	5.5	**602,383**	**554,771**
Long-term financial liabilities	5.5.1	308,643	256,001
Provisions for risks and charges	5.5.2	202,819	203,313
Provisions for employee benefits	5.5.3	10,887	10,322
Deferred tax liabilities	5.5.4	3,658	3,819
Other liabilities	5.5.5	76,376	81,316
Total liabilities		**2,207,097**	**1,855,849**
EQUITY	5.6		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		1,038,990	898,089
Net result		(4,092)	140,425
Total parent company equity		**1,100,454**	**1,104,070**
Third-party minority interests		-	-
Total equity		**1,100,454**	**1,104,070**
Total liabilities and equity		**3,307,551**	**2,959,919**

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 31st March 2019

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD 1ST JANUARY - 31ST MARCH 2019

Thousands of EUR	(1)	1 ST JANUARY 31ST MARCH 2019	1 ST JANUARY 31ST MARCH 2018
Revenues from ordinary operations	6.1.1	2,068,775	2,383,444
Other income	6.1.2	24,871	35,281
Total revenues		**2,093,646**	**2,418,725**
Raw materials, consumables and supplies	6.2.1	(1,805,964)	(2,142,968)
Services and sundry costs	6.2.2	(140,893)	(167,921)
Personnel costs	6.2.3	(38,309)	(35,595)
Amortisation, depreciation and write-downs	6.2.4	(46,159)	(41,871)
Total costs		**(2,031,325)**	**(2,388,355)**
Operating result		**62,321**	**30,370**
Net income (charges) from equity investments			
Financial income	6.3	21,150	70,208
Financial charges	6.3	(90,406)	(70,253)
Pre-tax result		**(6,935)**	**30,325**
Income taxes	6.4	2,843	(7,828)
Net result		**(4,092)**	**22,497**
Net result attributable to:			
Shareholders of the parent company		(4,092)	22,497
Third-party minority interests		0	0
Net earnings per share – base (EUR cents)		**(0.44)**	**2.41**
Net earnings per share – diluted (EUR cents)		**(0.44)**	**2.41**

CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE PERIOD 1ST JANUARY - 31ST MARCH 2019

Thousands of EUR	1 ST JANUARY 31ST MARCH 2019	1 ST JANUARY 31ST MARCH 2018
Net result (A)	**(4,092)**	**22,497**
Items of comprehensive income that may be subsequently reclassified under profit (loss) for the period		
Effect of translation of the financial statements of foreign operations	(107)	(204)
Other profit/(loss), net of the fiscal effect (B)	**(107)**	**(204)**
Total consolidated net result (A + B)	**(4,199)**	**22,293**
Total consolidated net result attributable to:		
Shareholders of the parent company	(4,199)	22,293
Third-party minority interests	0	0

(1) Please refer to the Notes section 6 "Notes to the Comprehensive Statement of Income"

Consolidated Statement of Changes in Equity to 31st March 2019

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) period	Total equity Attributable to the Parent Company	Third-party Minority Interests	Total Equity
Balance at 31/12/2017	**54,630**	**10,926**	**765,904**	**240,836**	**1,072,296**	**0**	**1,072,296**
Allocation of previous year result			240,836	(240,836)	0		0
Dividend Distribution			(112,321)		(112,321)		(112,321)
Conversion effect balances in foreign currency			140		140		140
Actuarial effect IAS 19			336		336		336
Reserve for stock option plan			1,990		1,990		1,990
F.T.A. effect IFRS 9			1,204		1,204		1,204
Net result				140,425	140,425		140,425
Total net result			*140*	*140,425*	*140,425*	*0*	*140,425*
Balance at 31/12/2018	**54,630**	**10,926**	**898,089**	**140,425**	**1,104,070**	**0**	**1,104,070**
Allocation of previous year result			140,425	(140,425)	0		0
Dividend Distribution			0		0		0
Conversion effect balances in foreign currency			(107)		(107)		(107)
Actuarial effect IAS 19			0		0		0
Reserve for stock option plan			0		0		0
Alpha Eolica Liquidation effect			583		583		583
Net result				(4,092)	(4,092)		(4,092)
Total net result			*(107)*	*(4,092)*	*(4,092)*	*0*	*(4,092)*
Balance at 31/03/2019	**54,630**	**10,926**	**1,038,990**	**(4,092)**	**1,100,454**	**0**	**1,100,454**

Consolidated Statement of Cash Flows for the period to 31st March 2019

Thousands of EUR	1/1/2019-31/03/2019	1/1/2018-31/03/2018
A - Initial cash and cash equivalents	**272,831**	**421,525**
B - Cash flow from (for) operating activities		
Net result	(4,092)	22,497
Unrealised exchange rate differences on bank current accounts	(3,577)	2,845
Amortization, depreciation and write-downs of assets	46,159	41,871
Net change in risk provisions	(494)	(14,528)
Net change in provision for employee benefits	565	578
Net change in deferred tax liabilities and deferred tax assets	3,013	8,783
Net interest	5,599	4,832
Income tax set aside	(5,856)	(955)
Change in the fair value of derivatives	15,763	615
Other non-monetary components	476	1,655
Profit for the period before changes in working capital	**57,556**	**68,193**
(Increase)/Decrease in trade receivables	38,541	52,332
of which with related parties:	*(19)*	*0*
(Increase)/Decrease in inventories	(157,388)	(253,984)
(Increase)/Decrease in trade and other payables	173,839	41,523
Change other current assets	(62,892)	(20,831)
Change other current liabilities	89,301	116,394
Interest received	178	190
Interest paid	(5,777)	(5,022)
Taxes paid	0	0
Change other non-current liabilities	(4,940)	(35,458)
Total (B)	**128,418**	**(36,663)**
C - Cash flow from (for) investment activities		
(Investments) in PPE and intangible assets	(114,808)	(48,549)
(Investments) in right of use on leasing activities	(51,408)	
(Increase)/Decrease in other financial assets	57,982	49,288
Total (C)	**(108,234)**	**739**
D - Cash flow from (for) financing activities		
Increase/(decrease) m/l-term financial payables	52,642	(1,133)
Increase/(decrease) short-term financial payables	9,632	(130,207)
Distribution of dividends and treasury share purchases	0	0
Total (D)	**62,274**	**(131,340)**
E - Cash flows for the period (B+C+D)	**82,458**	**(167,264)**
Unrealised exchange rate differences on bank current accounts	3,577	(2,845)
F - Final cash and cash equivalents	**358,866**	**251,416**

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

(2) Please refer to the Notes, section 3.2 "Summary of accounting standards and policies"

For the Board of Directors
The Chairman
Massimo Moratti

NOTES ON THE STATEMENTS OF ACCOUNTS CONSOLIDATED AS AT 31 MARCH 2019

1. Introduction

Publication of the condensed consolidated financial statements of Saras Group for the period ended at 31 March 2019 was authorised by the Board of Directors on 13 May 2019.

Saras S.p.A. (the "Parent") is a company limited by shares listed on the Milan stock exchange. Its registered office is in Sarroch (CA), Italy, S.S. 195 "Sulcitana" Km. 19. It is jointly controlled by MOBRO S.p.A. and Massimo Moratti S.A.P.A., which own 20.01% each and 40.02% jointly of the share capital (excluding treasury shares), under the shareholders' agreement signed by the two companies on 01 October 2013 and subsequently renewed on 01 October 2016. The company is established until 31 December 2056, as stated in its articles of association.

Saras S.p.A. operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. Saras Group's activities include refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux S.r.l. and a wind farm run by the subsidiary Sardeolica S.r.l.

2. Basis of preparation and changes to Group accounting policies

2.1 Basis of preparation

The condensed consolidated financial statements do not provide all the information required in the preparation of the annual consolidated financial statements. For that reason, these condensed consolidated financial statements shall be read together with the consolidated financial statements at 31 December 2018.

2.2 New accounting standards, interpretations and changes adopted by the Group

The standards and interpretations which had already been issued at the preparation date of these financial statements and which became effective during the year are listed below.

IFRS 16 Leases

With effect starting 01 January 2019, the new international financial reporting standard IFRS 16 "Leases" came into force, which defines a single model for recording lease contracts based on the recording by the lessee of an asset representing the right-of-use of the asset against a liability representing the obligation to make the payments envisaged by the contract (the "lease liability"). The accounting treatment of the new standard envisages, in short, the recording, for the lessee:

- on the balance sheet, of the assets representing the right-of-use of the asset and the financial liabilities relative to the obligation to make the payments envisaged by the contract;
- on the income statement, of the amortisation/depreciation of the right-of-use assets and interest expense accrued on the lease liability; on the income statement, the charges are also noted relative to the lease contracts, which meet the requirements of being short-term and low-value and variable payments connected with the use of the asset, not included in the determination of the right of use/lease liability, as permitted by the standard;
- the following effects are seen on the statement of cash flows: a) a change to net cash flow from operations that no longer includes payments for lease charges but outlay for interest expense on the lease liability not capitalised; b) a change to net cash flow from investments that no longer includes payments for lease charges capitalised on tangible and intangible assets but only the outlays for interest expense on the lease liability capitalised; and c) a change to net cash flow from loans that includes the outlays relating to the reimbursement of the lease liability.

During the first application of the new standard, the Saras Group acted as follows:

- it applied the modified retrospective approach;
- it availed itself of the practical expedient that allows it not to apply IFRS 16 to leases with a residual term as at 01 January 2019 of less than 12 months, for all asset types;

- it considered as leases all contracts classifiable as such under IFRS 16, without applying the "grandfathering" expedient (possibility of not reviewing all contracts existing as at 01 January 2019, only applying IFRS 16 to contracts previously identified as leases in accordance with IAS 17 and IFRIC 4);
- it recorded an asset for the right-of-use at an amount corresponding to the lease liability rectified to take into account any deferred charges for down-payments and without considering the initial direct costs incurred in years prior to 01 January 2019;
- the options for renewal or early termination were analysed, where present, in order to determine the overall term of the contract.

The application of the new standard had significant impacts on the economic and equity position and cash flow of the Group, as a consequence:

(i) of an increase in fixed assets for the right-of-use of assets amongst assets;
(ii) of an impact on net financial debt, deriving from the rise in financial liabilities for lease payables;
(iii) of an increase in EBITDA and, to a lesser extent, EBIT, as a result of the reversal of the lease charges currently included in operating costs and a simultaneous increase in amortisation/depreciation;
(iv) of a marginal change to the net result due to the recording of financial expense;
(v) of an improvement seen to net cash flow from operations, which no longer includes payments for lease charges not capitalised, but outlays for interest expense on the lease liability that is not capitalised;
(vi) of a worsening to net cash flow from loans, which includes outlays connected with the reimbursement of the lease liability.

Details of the effects deriving from the application of IFRS 16 are:
Consolidated balance sheet:

- Increase in non-current assets: EUR 51 million;
- Increase in financial liabilities: EUR 52 million.

Consolidated Income Statement:

- increase in EBITDA for EUR 1.5 million (decrease in costs for services);
- decrease in EBIT for EUR 2.3 million (increase in amortisation/depreciation);
- decrease in net result for EUR 1 million (effect net of tax of the difference between previous items, plus the increase in financial expense for EUR 0.2 million).

2.3 Consolidation area

Consolidated subsidiaries are listed below.

Consolidated on a line-by-line basis	**% owned**
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e Tecnologie S.r.l.	100%
Sarint SA and subsidiaries:	100%
Saras Energia SAU	100%
Terminal Logistica de Cartagena SLU	100%
Saras Energia SLU	100%
Reasar SA	100%
Sardeolica S.r.l.	100%
Saras Trading SA	100%

Other equity investments measured at fair value	
Consorzio La Spezia Utilities	5%
Sarda Factoring	4.01%

As compared with 31 December 2018, the only change made is the liquidation of the company Alpha Eolica Srl (already in liquidation last year).

2.4 Use of estimates

The preparation of financial statements requires directors to apply accounting standards and methodologies that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The application of these estimates and assumptions affects both the recognition of certain assets and liabilities and the assessment of contingent assets and liabilities. The main estimates are used in determining the value in use of the cash flow-generating activities and the estimation of provisions for risks and charges and impairment provisions. Estimates and valuations are reviewed periodically and the effects of each of them are recognised in profit or loss. A summary of the most significant estimates is provided in the Group's consolidated financial statements at 31 December 2018, to which reference should be made.

3. Information by business segment and geographical area

3.1 Introduction

The Saras Group's business segments are:
1. refinement;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other businesses.

1. The refining activities carried out by Parent Saras S.p.A. and subsidiary Sarlux S.r.l. relate to the sale of oil products obtained:

- upon completion of the entire production cycle, ranging from the sourcing of raw materials to the refining and production of finished products, which is carried out at the company's site in Sarroch, Sardinia;
- and, in part, by acquiring oil products from third parties.

The finished products are sold to major international operators.

2. Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:

- in Italy by Saras S.p.A. (Wholesale Division), to wholesale customers (wholesalers, buying consortia, municipal utilities and retailers of oil products) and oil companies through a logistics network organised on own base (Sarroch), on a third party's base pursuant to a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) and by Deposito di Arcola S.r.l. for the logistics management of the Arcola depot (SP);
- in Spain, by Saras Energia S.A.U., for third-party and Group-owned service stations, supermarkets and resellers via an extensive network of depots located throughout the country, the most important of which, the Cartagena terminal, is owned by the company itself.

3. The electricity generated by the combined cycle plant refers to the sale of the electricity generated by the Sarroch power station owned by Sarlux S.r.l. Sales take place exclusively with the client GSE (Gestore dei Servizi Energetici S.p.A.) and benefit from the feed-in tariff under CIP 6/92.

4. The electricity generated by wind farms relates to the activity carried out at the Ulassai wind farm owned by subsidiary Sardeoloica S.r.l.

5. Other activities include reinsurance activities carried out for the Group by Reasar S.A. and research for environmental sectors undertaken by Sartec S.r.l.

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements at 31 December 2018.

3.2 Segment information

A breakdown by segment is shown below. For further details, reference should be made to the specific sections of the Report on Operations:

Income Statement 31 March 2019	REFINING	POWER	MARKETING	WIND	OTHER	TOTAL
Revenues from ordinary operations	2,450,299	121,498	487,363	4,242	8,533	3,071,935
to be deducted: intersectoral revenues	(982,190)	(15,386)	(234)	0	(5,350)	(1,003,160)
Revenues from third parties	**1,468,109**	**106,112**	**487,129**	**4,242**	**3,183**	**2,068,775**
Other operating revenues	25,253	16,272	931	547	83	43,086
to be deducted: intersectoral revenues	(18,093)	0	0	(54)	(65)	(18,212)
Other income from third parties	**7,160**	**16,272**	**931**	**493**	**18**	**24,871**
Amortisation, depreciation and write-downs	(30,633)	(13,309)	(743)	(1,255)	(219)	(46,159)
Gross operating result	**19,292**	**35,775**	**3,687**	**2,330**	**1,239**	**62,321**
Financial income (a)	22,363	189	118	19	4	22,693
Financial charges (a)	(74,757)	(16,890)	(274)	(27)	(3)	(91,951)
Income tax	10,608	(5,799)	(984)	(723)	(259)	2,843
Profit (loss) for the period	**(22,494)**	**13,275**	**2,547**	**1,599**	**981**	**(4,092)**
Total directly attributable assets (b)	**1,668,197**	**1,265,895**	**239,831**	**88,148**	**45,480**	**3,307,551**
Total directly attributable liabilities (b)	**1,629,723**	**228,280**	**288,802**	**20,679**	**39,613**	**2,207,098**
Investments in tangible fixed assets	**102,351**	**10,836**	**158**	**894**	**181**	**114,420**
Investments in intangible fixed assets	**325**	**0**	**234**	**9**	**1**	**569**

Income Statement 31 March 2018	REFINING	POWER	MARKETING	WIND	OTHER	TOTAL
Revenues from ordinary operations	2,691,510	129,554	480,171	6,098	8,463	3,315,796
to be deducted: intersectoral revenues	(915,869)	(11,765)	(237)	0	(4,481)	(932,352)
Revenues from third parties	**1,775,641**	**117,789**	**479,934**	**6,098**	**3,982**	**2,383,444**
Other operating revenues	53,007	7,223	1,689	505	172	62,596
to be deducted: intersectoral revenues	(26,924)	(213)	0	(48)	(130)	(27,315)
Other income from third parties	**26,083**	**7,010**	**1,689**	**457**	**42**	**35,281**
Amortisation, depreciation and write-downs	(26,271)	(12,919)	(1,373)	(1,143)	(165)	(41,871)
Gross operating result	**(6,630)**	**30,465**	**2,451**	**3,443**	**641**	**30,370**
Financial income (a)	61,510	9,824	90	19	4	71,447
Financial charges (a)	(70,811)	(27)	(644)	(8)	(2)	(71,492)
Income tax	5,022	(11,516)	(847)	(299)	(189)	(7,829)
Profit (loss) for the period	**(10,909)**	**28,746**	**1,050**	**3,155**	**455**	**22,497**
Total directly attributable assets (b)	**1,590,607**	**1,288,670**	**214,021**	**88,447**	**32,087**	**3,213,832**
Total directly attributable liabilities (b)	**1,609,008**	**190,454**	**278,998**	**22,295**	**16,631**	**2,117,386**
Investments in tangible fixed assets	**41,319**	**7,206**	**106**	**93**	**161**	**48,885**
Investments in intangible fixed assets	**134**	**0**	**101**	**0**	**2**	**237**

(a) Calculated without taking into account inter-segment eliminations.
(b) Total assets and liabilities are calculated after inter-segment eliminations.

4. Impairment test of goodwill and the intangible assets with an indefinite useful life

The Group carries out impairment testing once a year (at 31 December) and when circumstances suggest that there may be a reduction in the recoverable value of goodwill. During the first quarter of 2019, no indicators were seen suggesting any need for impairment testing to assess the recoverable value of the tangible and intangible assets booked.

5. Notes to the statement of financial position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents:

Cash and cash equivalents	31/03/2019	31/12/2018	Change
Bank and postal deposits	357,180	271,616	85,564
Cash	1,686	1,215	471
Total	**358,866**	**272,831**	**86,035**

Unrestricted bank deposits mainly relate to Saras S.p.A. for EUR 280.0180 thousand and to Saras Trading S.A. for EUR 63,985 thousand. For further details on the company's net financial position, reference should be made to the relevant section of the Report on Operations and the statement of cash flows.

5.1.2 Other financial assets

The table below shows the breakdown of other financial assets held for trading.

Current financial assets	31/03/2019	31/12/2018	Change
Current financial derivatives	20,957	93,143	(72,186)
Deposits to secure derivatives	72,746	30,595	42,151
Other assets	1,071	7,985	(6,914)
Total	**94,774**	**131,723**	**(36,949)**

Derivatives consist of both the positive fair value of instruments in place at period end and the positive differences realised and not yet collected.

The item Deposits by way of guarantee of derivatives includes the balance at 31 March 2019 of the deposits as guarantee of the open positions in derivatives required by the counterparties with which the group implements said transactions.

5.1.3 Trade receivables

Trade receivables amount to EUR 251,669 thousand, down on the equivalent amount at 31 December 2018, of EUR 38,541 thousand. The item is presented net of the provision for doubtful receivables, which amounts to EUR 5,955 thousand (unchanged on 31 December 2018).

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period under review:

Inventories	31/03/2019	31/12/2018	Change
Raw materials, consumables and supplies	299,629	193,810	105,819
Unfinished products and semi-finished products	78,971	105,924	(26,953)
Finished products and goods	526,955	439,405	87,550
Spare parts and raw materials, supplies	113,434	122,462	(9,028)
Total	**1,018,989**	**861,601**	**157,388**

The increase in the value of oil inventories (crude oil, semi-finished and finished products) is essentially due to the joint effect of the increase in quantities held in stock at period end and the growing price trend.
The measurement of inventories at their net realisable value did not result in any write-downs.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/03/2019	31/12/2018	Change
VAT credit	1,021	81	940
IRES credits	18,139	4,493	13,646
IRAP credits	12,800	12,680	120
Other amounts due from the tax authorities	2,217	1,797	420
Total	**34,177**	**19,051**	**15,126**

IRES receivables are essentially due to surpluses of the eliminated Robin Hood Tax, recovered against payment of other tax, whilst IRAP receivables mainly refer to deposits paid during previous years by the subsidiary Sarlux and surplus results with respect to the competent tax.
Other receivables also include tax requested by way of reimbursement or paid provisionally, the portion of the tax credit relative to the incentive investments 2014/2015 pursuant to art. 18 of Decree Law 91/14, net of use offsetting other tax payments made during the period.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/03/2019	31/12/2018	Change
Accrued income	985	251	734
Prepaid expenses	38,952	10,403	28,549
Other short-term loans	116,323	97,840	18,483
Total	**156,260**	**108,494**	**47,766**

Prepayments mainly relate to insurance premiums and charges for the biofuel regulations for the Parent.

"Other receivables" mainly comprise:

- the credit of EUR 66,045 thousand due to the subsidiary Sarlux S.r.l. by the Equalisation Fund for the Electricity Sector for the recognition, pursuant to Title II, paragraph 7 bis, Cip regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emission Trading), in application of the resolution of the Authority for Electricity and Gas 11 June 2008, ARG/elt 77/08, referring to the year 2018 (EUR 49,917 thousand) and the first quarter of 2019 (EUR 16,128 thousand);
- white certificates of EUR 36,600 thousand, related to the benefits granted to the subsidiary Sarlux in respect of the energy savings achieved through specific projects preliminarily authorised by GSE and carried out at the Sarroch refinery (EUR 49,741 thousand in 2017); for additional information, reference should be made to section 7.1.

5.2 Non-current assets

5.2.1 Property, plant and equipment

The following table shows a breakdown of property, plant and equipment:

Historical Cost	31/12/2018	Increases	Decreases	Write-downs	Other changes	31/03/2019
Land and buildings	183,869	118	0	0	(1)	183,986
Plant and machinery	3,357,574	48,363	0	0	3,775	3,409,712
Industrial and commercial equipment	34,993	4	0	0	247	35,244
Other assets	603,861	16	0	0	835	604,712
Tangible fixed assets under construction	177,689	65,919	(48)	0	(4,932)	238,628
Total	**4,357,986**	**114,420**	**(48)**	**0**	**(76)**	**4,472,282**

Depreciation Fund	31/12/2018	Depreciation	Use	Write-downs	Other changes	31/03/2019
Land and buildings fund	109,765	1,556	0	0	(506)	110,815
Plant and machinery fund	2,686,555	28,450	0	0	(718)	2,714,287
Industrial and commercial equipment fund	25,170	855	0	0	0	26,025
Other assets	449,389	5,628	0	0	(267)	454,750
Total	**3,270,879**	**36,489**	**0**	**0**	**(1,491)**	**3,305,877**

Net Value	31/12/2018	Increases	Decreases	Depreciation	Write-downs	Altri movimenti	31/03/2019
Land and buildings	74,104	118	0	(1,556)	0	505	73,171
Plant and machinery	671,019	48,363	0	(28,450)	0	4,493	695,425
Industrial and commercial equipment	9,823	4	0	(855)	0	247	9,219
Other assets	154,471	17	0	(5,628)	0	1,102	149,962
Tangible fixed assets under construction	177,689	65,919	(48)	0	0	(4,932)	238,628
Total	**1,087,106**	**114,421**	**(48)**	**(36,489)**	**0**	**1,415**	**1,166,405**

The item “Land and buildings” chiefly includes industrial buildings, offices and warehouses, office buildings in Milan and Rome belonging to the Parent Company and land largely relating to the Sarroch and Arcola sites belonging to the subsidiaries Sarlux Srl and Deposito di Arcola Srl, respectively.

“Plant and machinery” mainly relates to the refining and combined-cycle power plants at Sarroch.

“Industrial and commercial equipment” includes equipment relative to the chemical laboratory and the control room connected with refinement and various assets supplied as necessary to the production process.

The item “Other assets” mainly includes tanks and oil pipes for the movement of products and crude products of the group companies (Sarlux Srl, Saras Energia S.A.U. and Deposito di Arcola Srl).

“Assets under construction and payments on account” reflect costs incurred mainly for investment in tanks, and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

The caption increased by EUR 114,421 thousand during the period, mainly reflecting technological work on refinery plants.

The main depreciation rates used are as follows:

	I.G.C.C. plant	other Assets
Industrial buildings (land and buildings)	until 2031	5.5%
Generic plant (plant and machinery)	until 2031	8.4%
Highly corrosive plant (plant and machinery)	until 2031	11.7%
Pipelines and tanks (plant and machinery)		8.4%
Thermoelectric plant (plant and machinery)	until 2031	
Wind farm (plant and machinery)		10.0%
Equipment (plant and machinery)	until 2031	25.0%
Electronic office equipment (other assets)		20.0%
Office furniture and machinery (other assets)		12.0%
Vehicles (other assets)		25.0%

5.2 2 Intangible assets

The following table shows the changes in intangible assets:

Historical Cost	31/12/2018	Increases	Decreases	Write-downs	Other changes	31/03/2019
Industrial patent and original work rights	51,615	84	0	0	74	51,773
Concessions, licences, trademarks and similar rights	24,490	151	0	0	0	24,723
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible assets	527,318	0	0	0	0	527,318
Intangible assets under construction	4,847	334	0	0	(2,346)	2,835
Total	**629,289**	**569**	**0**	**0**	**(2,272)**	**627,668**

Amortisation Fund	31/12/2018	Amortisation	Use	Write-downs	Other changes	31/03/2019
Industrial patent and original work rights	45,077	746	0	0	0	45,824
Concessions, licences, trademarks and similar rights	11,272	1,055	0	0	(725)	11,602
Goodwill and intangible assets with indefinite life	0	0	0	0	0	0
Other intangible assets	460,813	7,869	0	0	0	468,682
Total	**517,162**	**9,670**	**0**	**0**	**(725)**	**526,108**

Net Value	31/12/2018	Increases	Decreases	Amortisation	Write-downs	Other changes	31/03/2019
Industrial patent and original work rights	6,538	84	0	(746)	0	74	5,949
Concessions, licences, trademarks and similar rights	13,300	151	0	(1,055)	0	725	13,121
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible assets	66,506	0	0	(7,869)	0	0	58,636
Intangible assets under construction	4,847	334	0	0	0	(2,346)	2,835
Total	**112,128**	**569**	**0**	**(9,670)**	**0**	**(1,547)**	**101,478**

Amortisation of intangible assets totalled EUR 9,670 thousand and was calculated using the annual rates shown below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3% - 33%
Other intangible fixed assets	6% - 33%

The main items are set out in detail below.

Concessions, licences, trademarks and similar rights
This caption mainly refers to the concessions relating to Estaciones de Servicio Caprabo S.A. (merged into Saras Energia S.A.U.) for the operation of the petrol stations in Spain, and to Sardeolica S.r.l. for the operation of the Ulassai wind farm, which will be fully amortised in 2026 and 2035, respectively.

Goodwill
This caption mainly relates to the goodwill recognised for the subsidiary Sardeolica S.r.l. (EUR 20.9378 thousand), which was paid to acquire this company. It was justified given the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. until 2035 when its concessions expire.

Other intangible fixed assets

This caption mainly includes the value (EUR 52.5 million) of the long-term contract for the supply of electricity under the CIP6 regime signed between the subsidiary Sarlux S.r.l. and GSE S.p.A. This contract, which expires in 2020, was measured in accordance with IAS 36 criteria. At 31 December 2018, the company proceeded with an appraisal of the recoverable value that confirmed the recognised amount. The analyses carried out do not highlight significant changes during the period in the main assumptions included in the appraisal.

5.2.3 Right-of-use of leased assets
The balance at 31 March 2019, for EUR 51,408 thousand, relates to the first application of the new standard IFRS 16 - Leases. Booking essentially refers to the following types of contracts:

1) Concessions, building rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;
2) Plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;
3) Company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites.

5.2.4 Other investments
Other investments break down as follows:

Other investments	31/03/2019	31/12/2018	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Total	502	502	0

5.2.5 Prepaid tax assets

The balance at 31 March 2019, for EUR 34,031 thousand, refers to deferred tax assets believed to be recoverable from future taxable income as envisaged under the group's plans.

5.2.6 Other financial assets

At 31 March 2019, this item amounts to EUR 3,991 thousand (EUR 4,067 thousand last year) and relates to medium-/long-term receivables.

5.4 Non-current assets classified as held for sale

The balance at 31 March 2019 of EUR 35,001 thousand is represented by the value of the business unit of the subsidiary Saras Energia S.A.U. intended for the sale, less the estimated costs of sale. In November 2018, the Spanish subsidiary in fact signed an agreement with a leading oil sector operator, aimed at the sale of the business comprising the network of service stations situated in Spain, the ancillary services and related staff, for a price of EUR 35,000 thousand plus the value of current assets, transferred at the time the transaction is closed (subject to the meeting of certain conditions precedent) by mid-2019.

5.4 Current liabilities

5.4.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities.

Short-term financial liabilities	31/03/2019	31/12/2018	Change
Bank current accounts	59,583	16,957	42,626
Financial derivatives	36,720	26,937	9,783
Other short-term financial liabilities	56,679	62,736	(6,057)
Total	**152,982**	**106,630**	**46,352**

"Current bank accounts" comprise the credit lines balance used by the Group as part of the performance of its ordinary activities.

"Financial derivatives" comprise the negative fair value of the financial derivatives in place at 31 March 2019: the increase of such items on 31 December 2018 is primarily due to the rise in the prices of crude and oil products.

"Other current financial liabilities" essentially include receipts related to receivables factored without recourse and without notification, received from customers and not paid back to factors.

For further details, see the cash flow statement.

5.4.2 Trade and other payables

The table below shows a breakdown of this item.

Payables to suppliers	31/03/2019	31/12/2018	Change
Customers advances account	19,897	18,890	1,007
Payables to current suppliers	1,197,104	1,024,272	172,832
Total	**1,217,001**	**1,043,162**	**173,839**

"Advances from customers" relate to payments on account received from customers for the supply of oil products.

"Payables to suppliers" mainly comprise the payables related to the provision of raw materials. The increase on the previous year-end balance is essentially due to both the rise in the purchase costs of raw materials in the period and the increase in quantities acquired.

5.4.3 Current tax liabilities

This item breaks down as shown below:

Current tax liabilities	31/03/2019	31/12/2018	Change
Payables for VAT	30,723	14,727	15,996
IRES payables (and income tax foreign firms)	8,202	234	7,968
IRAP payables	927	806	121
Other tax payables	110,614	59,181	51,433
Total	**150,466**	**74,948**	**75,518**

The change in "VAT payables", which refers to the payable of the period of Italian and foreign companies, comprises the non-recurring taxes paid on account by Italian companies in December 2018 in accordance with the law.
The change for IRES payables reflects the period tax debt.

"Other tax payables" mainly include payables for excise duties on products released for consumption by the Parent, Saras S.p.A., (EUR 102,699 thousand) and the subsidiary Saras Energia S.A.U. (EUR 3,630 thousand). The increase mainly arises from the excise tax advance payments made only in December, as required by Italian law.

5.4.4 Other liabilities

A breakdown of other current liabilities is shown below:

Other current liabilities	31/03/2019	31/12/2018	Change
Payables employee benefit and social security	9,905	11,397	(1,492)
Payables due to employees	30,196	25,236	4,960
Payables to others	5,824	9,467	(3,643)
Accrued liabilities	9,523	7,452	2,071
Deferred income	28,817	22,786	6,031
Total	**84,265**	**76,338**	**7,927**

The item "Due to personnel" includes salaries for March not yet paid and the accrued portion of additional monthly payments, as well as bonuses for the achievement of corporate goals.

5.5 Non-current liabilities

5.5.1 Long-term financial liabilities

This item breaks down as shown below.

Long-term financial liabilities	31/03/2019	31/12/2018	Change
Non-current bonds	198,752	198,675	77
Non-current bank loans	49,550	49,393	157
Other long-term financial liabilities	60,341	7,933	52,408
Total	**308,643**	**256,001**	**52,642**

It comprises the medium-/long-term portions of the bank loans taken out by the Parent. These are summarised as follows (values in EUR millions):

Values expressed in millions of euro	Commencement / Renegotiation	Original amount	Base rate	Residual at 31/12/2018	Residual at 31/03/2019	Maturities	
						1 year	beyond 1 year to 5 years
Saras SpA							
Unicredit	April 2017	50	6M Euribor	49.4	49.6		49.6
Bond	December 2017	200	1.70%	198.7	198.8		198.8
Total liabilities to banks for loans				**248.1**	**248.3**	**-**	**248.3**

"Long-term financial liabilities" comprise:

- a bond for a total nominal value of EUR 200 million, maturing on 28 December 2022 with a fixed annual coupon of 1.70%;
- a EUR 50 million loan, taken out by Saras S.p.A., subject to the following covenants: in financial terms, the company will have to meet the following ratios: net financial debt/EBITDA < 3.5 and net financial debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements at 31 December each year; in corporate terms, mainly in relation to the company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.
  Failure to comply with these covenants will give the banking syndicate the right to demand early repayment of the loan.

On the last verification date, all financial covenants had been met.

The increase in "Other long-term financial liabilities" on last year is mainly due to the registration of financial liabilities for leasing relative to the specified first application of the new standard IFRS 16.

5.5.2 Provisions for risks and charges

Provisions for risks and charges break down as follows.

Provisions for risks and charges	31/12/2018	Provision	Use	Other changes	31/03/2019
Plant dismantling provision	19,039	0	0	0	19,039
Charges for CO2 allowances provision	155,759	19,101	0	(19,595)	155,265
Other provisions for risks and charges	28,515	0	0	0	28,515
Total	**203,313**	**19,101**	**0**	**(19,595)**	**202,819**

The provisions for dismantling plants relate to the future costs of dismantling plant and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard.

The provision for CO_2 allowances (EUR 109,625 thousand) was accrued pursuant to Legislative decree no. 216 of 4 April 2006, which introduced limits on CO_2 emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO_2 must be purchased on the appropriate market. The provision in question includes the provision made for the units due and not yet acquired.

"Other provisions for risks" mainly refers to provisions entered against probable legal and tax liabilities, mainly for a dispute with the GSE for the recognition of white certificates (TEE).

5.5.3 Provisions for employee benefits

The following table shows the changes in "Post-employment benefits":

Provisions for employee benefits	31/03/2019	31/12/2018	Change
Post-employment benefits	10,887	10,322	565
Total	**10,887**	**10,322**	**565**

Employee end-of-service payments are governed by art. 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued at 31 December 2006 was determined according to actuarial methods.

5.5.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 3,658 thousand, relate to the foreign subsidiaries.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows:

Other non-current liabilities	31/03/2019	31/12/2018	Change
Deferred income straight-line reporting Sarlux / Gse	75,323	80,263	(4,940)
Other payables	1,053	1,053	0
Total	**76,376**	**81,316**	**(4,940)**

The change compared with 31 December 2018 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. This caption relates to the recognition of the agreement for the sale of energy between the subsidiary and GSE (Gestore dei Servizi Energetici S.p.A.). Revenues from the sale of energy are calculated on a straight-line basis since the electricity supply contract has essentially been recognised as a contract regulating the use of the plant by the customer of Sarlux S.r.l. These revenues have therefore been accounted for on a straight-line basis in accordance with both the duration of the contract (20 years) and forecasts for the price of gas, which is a determining factor for the electricity tariff.

5.6 Shareholders' equity

Shareholders' equity comprises the following:

Total equity	31/03/2019	31/12/2018	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	1,038,990	898,089	140,901
Net profit (loss) for the period	(4,092)	140,425	(144,517)
Total	**1,100,454**	**1,104,070**	**(3,616)**

Share capital
At 31 March 2019, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par value.

Legal reserve
The legal reserve, which is unchanged from the previous year-end balance, is equal to one-fifth of the share capital.

Other reserves
This caption totals EUR 1,038,990 thousand, up by a net EUR 140,901 thousand compared with the previous year-end balance. The net increase was the combined result of:

- the allocation of the prior year profit (EUR 140,425 thousand);
- the negative effect of the translation of foreign currency financial statements of foreign subsidiaries (EUR 107 thousand);

- the increase (EUR 583 thousand) deriving from the liquidation of Alpha Eolica Srl.

In accordance with IAS 1, para. 1 and 97, it is noted that no equity transactions took place with shareholders acting in their capacity as owners of the company.

Net result

The net consolidated period loss amounts to EUR 4,092 thousand.

Dividends

On 16 April 2019, Saras S.p.A.'s shareholders, in their ordinary meeting called to approve the financial statements at 31 December 2018, resolved to pay a dividend of EUR 0.08 for each of the 941,779,784 outstanding ordinary shares, for a total of EUR 75,342,382.72, with payment on 22 May 2019.

6. Notes to the income statement

6.1 Revenues

6.1.1 Revenues from ordinary operations

"Revenues from ordinary operations" break down as follows:

Revenues from ordinary operations	31/03/2019	31/03/2018	Change
Revenues from sales and services	1,948,185	2,256,688	(308,503)
Sale of electricity	116,230	122,546	(6,316)
Other remuneration	4,153	3,468	685
Change in contract work in progress	207	742	(535)
Total	**2,068,775**	**2,383,444**	**(314,669)**

Revenues from sales and services declined by EUR 308,503 thousand, mainly as a result of the lesser quantities sold.

Revenues from the sale of electricity mainly comprise EUR 104,756 thousand relating to the gasification plant and EUR 7,805 thousand relating to the RIU of the subsidiary Sarlux S.r.l., and EUR 3,669 thousand relating to the wind farm owned by the subsidiary Sardeolica.

Revenues from the sale of electricity by the subsidiary Sarlux comprise the effect of the recognition of figures on a straight-line basis, calculated over the residual term of the contract that expires in 2020, principally taking into account the tariff amount and the forward curves of both the price of gas and the projected EUR/USD exchange rate until the contract expires. These projections are reconsidered when they undergo significant changes.

Other fees mainly refer to the revenues earned by the subsidiaries Sartec S.r.l. and Reasar SA in their respective business segments.

6.1.2 Other income

The following table shows a breakdown of other income:

Other operating revenues	31/03/2019	31/03/2018	Change
Compensation for storage of mandatory stocks	2,368	1,301	1,067
Sale various materials	164	153	11
Grants	497	409	88
Ship tanks hire	711	1,158	(447)
Recovery for claims and compensation	38	855	(817)
CO2 charges reimbursement	16,128	6,562	9,566
Other revenues	4,965	24,841	(19,876)
Total	**24,871**	**35,279**	**(10,408)**

The item "Repayment of CO2 charges" refers to the revenues recognised by the subsidiary Sarlux S.r.l. following the obtainment, pursuant to Title II, point 7-bis of CIP measure no. 6/92, of the repayment of the charges incurred as part of the application of Directive 2003/87/EC (Emission Trading) as per AEEG's resolution no. 77/08. The increase on the same period of the previous year is mainly due to the rise in the value of the relevant allowances.

The reduction in "Other revenues" is mainly due to proceeds relating to energy efficiency securities entered in the previous year.

6.2 Costs

The following table shows a breakdown of the main costs.

6.2.1 Purchases of raw materials, consumables and supplies

Purchase of raw materials, consumables and supplies	31/03/2019	31/03/2018	Change
Purchase of raw materials	1,039,980	1,398,352	(358,372)
Purchase semi-finished products	90,128	50,085	40,043
Purchase supplies and consumables	27,158	22,781	4,377
Increase in property, plant and equipment	(7,401)	(7,875)	474
Purchase finished products	813,434	933,730	(120,296)
Change in inventories	(157,335)	(254,105)	96,770
Total	**1,805,964**	**2,142,968**	**(337,004)**

Costs to purchase raw materials, consumables and supplies dropped by EUR 337,004 thousand on the same period of the previous year due to the lesser quantities purchased during the period, partially offset by the performance of oil product prices.

6.2.2 Cost of services and sundry costs

Services and sundry costs	31/03/2019	31/03/2018	Change
Costs for services	173,953	169,646	4,307
Capitalisations	(42,473)	(9,359)	(33,114)
Costs for use of third-party goods	2,427	3,217	(790)
Other operating costs	6,986	4,417	2,569
Total	**140,893**	**167,921**	**(27,028)**

Service costs mainly comprise maintenance, rentals, transport, electricity, CO_2 charges as per Directive 2003/87/EC (Emissions Trading) and other utilities, as well as bank charges.

The item "Use of third-party assets" includes the costs incurred by the Parent and the subsidiary Sarlux S.r.l. (for the lease of its offices in Milan, the state concession at the Sarroch site and the lease of equipment) and the subsidiary Saras Energia S.A.U. to lease the network of distributors.

"Other operating costs" chiefly comprise indirect taxes (municipal tax on property and air emission taxes) and membership fees.

6.2.3 Personnel expense

The breakdown of "Personnel expense" is as follows:

Personnel costs	31/03/2019	31/03/2018	Change
Salaries and wages	29,445	27,047	2,398
Increases in assets for internal work	(2,614)	(2,553)	(61)
Social security contributions	8,680	7,861	819
Post-employment benefits	1,559	1,497	62
Other costs	714	833	(119)
Remuneration to the Board of Directors	525	910	(385)
Total	**38,309**	**35,595**	**2,714**

Given the substantial stability of the Group's average workforce, personnel expense is in line with the first three months of the previous year.

6.2.4 Depreciation/amortisation and write-downs

Amortisation and depreciation figures are shown below.

Amortisation, depreciation and write-downs	31/03/2019	31/03/2018	Change
Amortisation of intangible assets	8,830	8,861	(31)
Depreciation of tangible assets	35,077	33,010	2,067
Depreciation of leased intangible assets	2,252	0	2,252
Total	**46,159**	**41,871**	**4,288**

Amortisation of leased assets includes period amortisation calculated in accordance with the provisions of IFRS 16.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

Financial income	31/03/2019	31/03/2018	Change
Bank interest income	178	190	(12)
Unrealised differences on derivatives	11,475	39,004	(27,529)
Realised differences on derivatives	(8,496)	(7,989)	(507)
Other income	75	63	12
Profit on exchange rates	17,918	38,940	(21,022)
Total	**21,150**	**70,208**	**(49,058)**

Financial charges	31/03/2019	31/03/2018	Change
Unrealised differences on derivatives	(35,485)	(36,924)	1,439
Realised differences on derivatives	(30,826)	442	(31,268)
Interest expenses on loans and other financial charges	(5,777)	(3,651)	(2,126)
Other financial charges	0	0	0
Exchange rate losses	(18,318)	(30,120)	11,802
Total	**(90,406)**	**(70,253)**	**(22,279)**

The table below shows net income/charges by type:

Financial income e Financial charges	31/03/2019	31/03/2018	Change
Net interest	(5,599)	(3,461)	(2,138)
Result of derivative instruments, of which:	(63,332)	(5,467)	(57,865)
Realised	*(39,322)*	*(7,547)*	*(31,775)*
Fair value of open positions	*(24,010)*	*2,080*	*(26,090)*
Net exchange rate differences	(400)	8,820	(9,220)
Other	75	63	12
Total	**(69,256)**	**(45)**	**(127,076)**

The change in the net value of “Financial income and charges” is mainly due to the significant fluctuations in the price of raw materials and oil products recorded in the first quarter of the year compared to the same period of the previous year.

The fair value of derivative instruments held at 31 March 2019 reflected a net expense of EUR 24,010 thousand (compared with a net gain of EUR 2,080 thousand during the same period of the previous year).

These derivatives relate to hedging transactions not subject to "hedge accounting" rules.

6.4 Income tax

Income tax

Income tax	31/03/2019	31/03/2018	Change
Current taxes	(5,192)	(1,103)	(4,089)
Net deferred tax liabilities (assets)	2,349	8,931	(6,582)
Total	**(2,843)**	**7,828**	**(10,671)**

Current taxes comprise the IRAP and IRES taxes calculated on the taxable income of consolidated companies.

7. Other information

For information on subsequent events, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Saras S.p.A. and some Group companies were subject to a tax audit by the tax authorities which led, in some cases, to disputes pending before tax courts. With respect to 31 December 2018, no significant updates apply to current disputes, nor have any new actions been taken.

7.2 Related party transactions

The transactions carried out by Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. During the period, there were no new types of related party transactions.