



# **SARAS**

## **First Quarter 2019 results**

13<sup>th</sup> May 2019

# AGENDA

- Highlights
- Segments Review
- Financials
- Outlook
- Additional Information

## DISCLAIMER

*Certain statements contained in this presentation are based on the belief of the Company, as well as factual assumptions made by any information available to the Company. In particular, forward-looking statements concerning the Company's future results of operations, financial condition, business strategies, plans and objectives, are forecasts and quantitative targets that involve known and unknown risks, uncertainties and other important factors that could cause the actual results and condition of the Company to differ materially from that expressed by such statements*



## Q1/19 highlights

EUR million	Q1/19	Q1/18	Change %
<b>Reported EBITDA</b>	<b>108.5</b>	<b>72.2</b>	<b>+50%</b>
<b>Reported Net Result</b>	<b>(4.1)</b>	<b>22.5</b>	<b>-118%</b>
<b>Comparable<sup>1</sup> EBITDA</b>	<b>22.8</b>	<b>71.6</b>	<b>-68%</b>
<b>Comparable<sup>1</sup> Net Result</b>	<b>(40.8)</b>	<b>8.5</b>	<b>nm</b>
<b>Net Financial Position ante IFRS 16</b>	<b>48</b>	<b>(1)</b>	
<b>Net Financial Position post IFRS 16</b>	<b>(4)</b>	<b>-</b>	



**Complex and volatile Q1/19 scenario: narrow heavy-light differentials due to US sanctions against Iran and Venezuela and OPEC+ cuts. Weak gasoline crack spreads, now recovered**



**Large refinery turnaround completed successfully in a period of weak margins, now ready to seize market opportunities.**



**Q1/19 results: approx. EUR60M of EBITDA penalization due to maintenance. Sound operating performance at both refining and power**



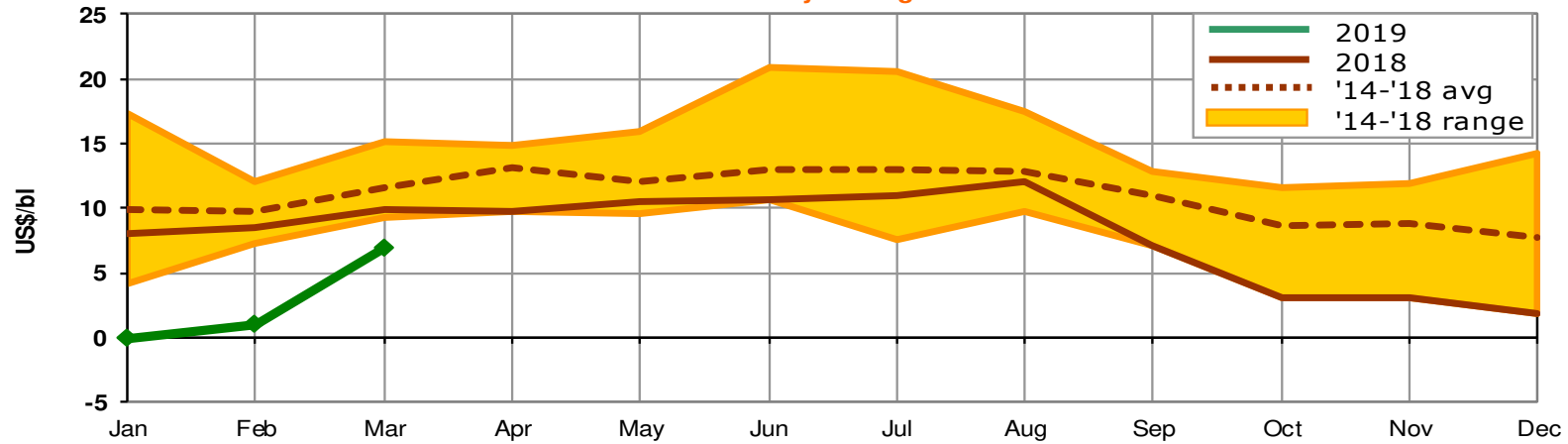
**Positive Net Financial Position at +EUR 48 M, stable compared to FY/18 (+EUR46M). -EUR4M after the application of the IFRS 16**

1. In order to give a better representation of the Group's operating performance, and in line with the standard practice in the oil industry, EBITDA 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 analysis, are excluded by the operating results and the Net Result. EBITDA and Net Result calculated as above are called "comparable"

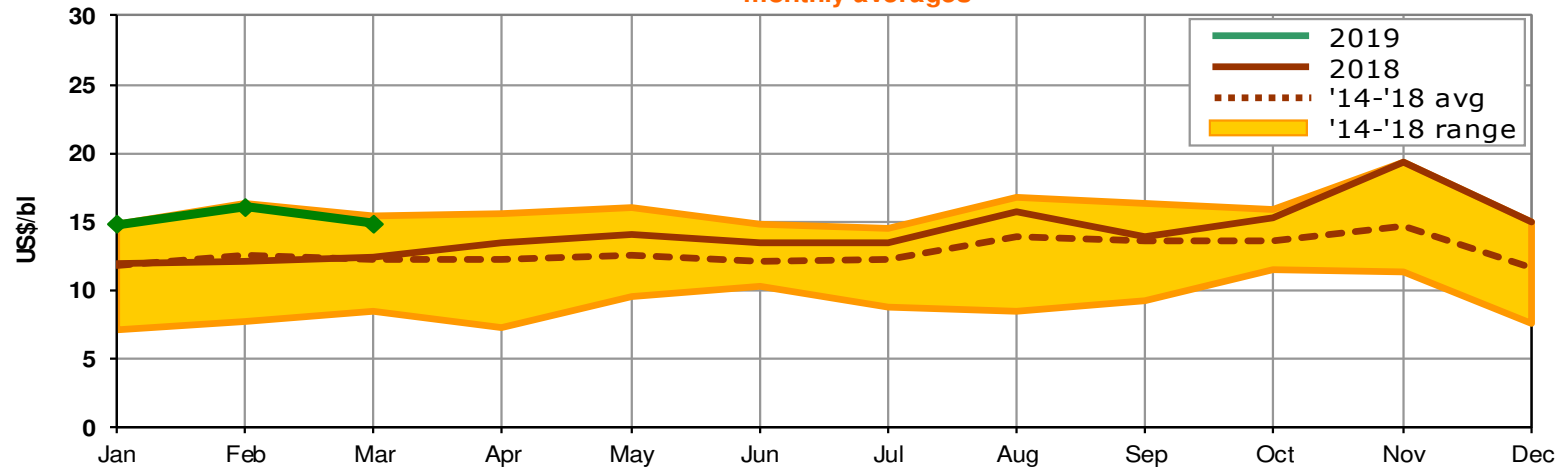


# Highlights: Diesel and Gasoline Crack Spreads

Med: Gasoline Crack spread vs Brent  
monthly averages

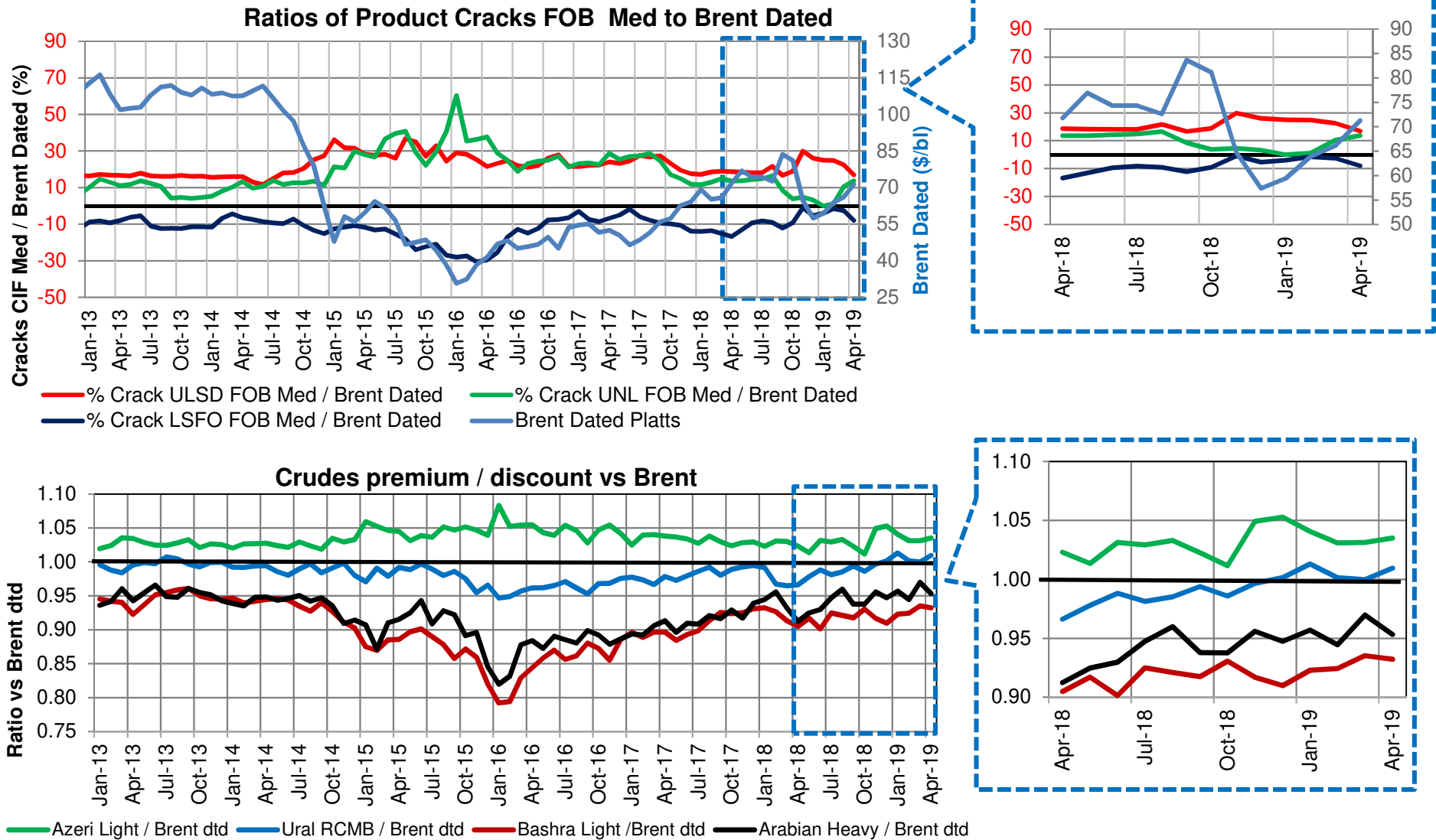


Med: Diesel Crack spread vs Brent  
monthly averages



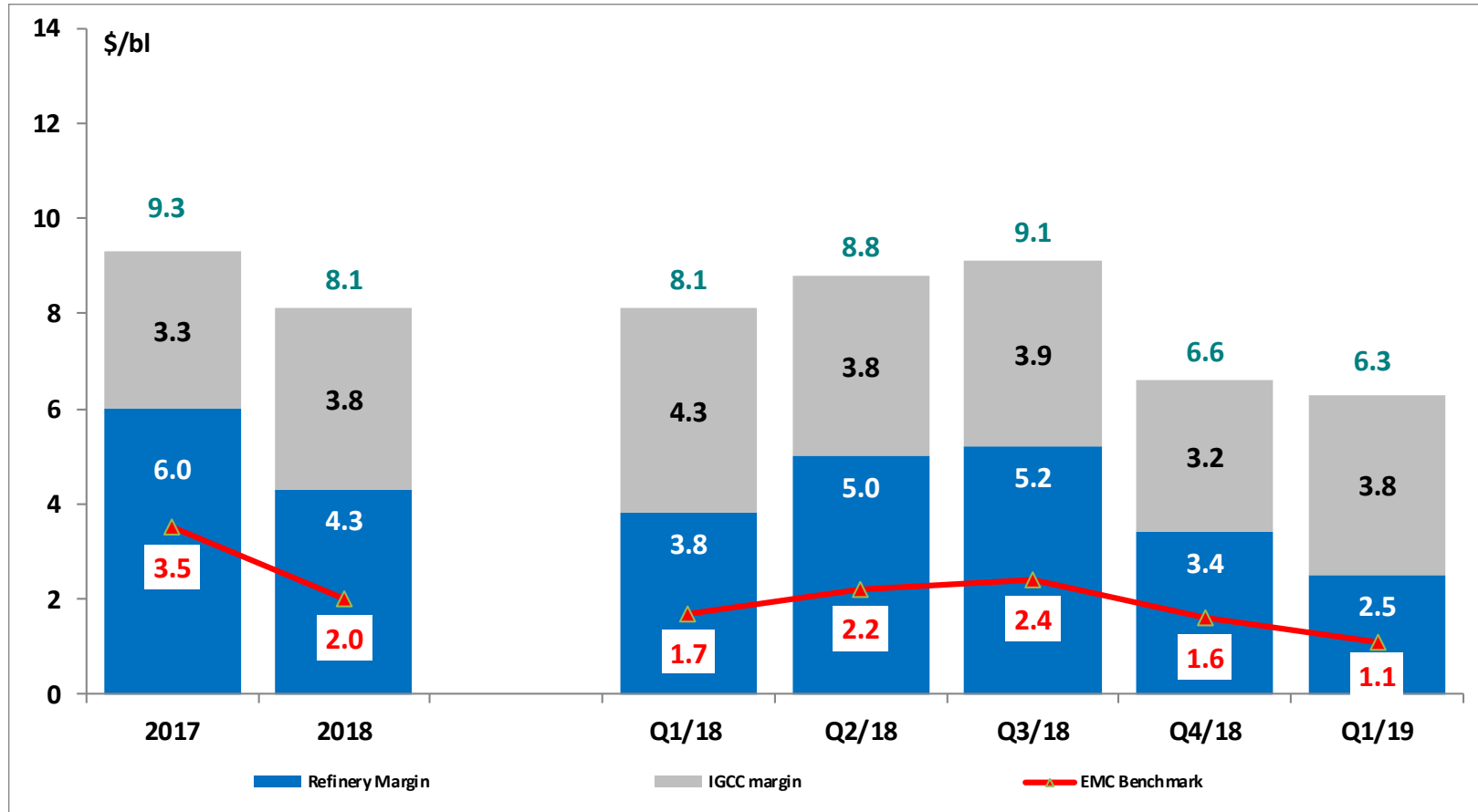


# Highlights: Historical Crack Spreads Ratios to Brent and crude differentials





# Highlights: Refining and Power Generation Margins



**Refinery margins:** (comparable Refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period

**IGCC margin:** (Power Gen. EBITDA + Fixed Costs) / Refinery Crude Runs in the period

**EMC benchmark:** margin calculated by EMC (Energy Market Consultants) based on a crude slate made of 50% Urals and 50% Brent

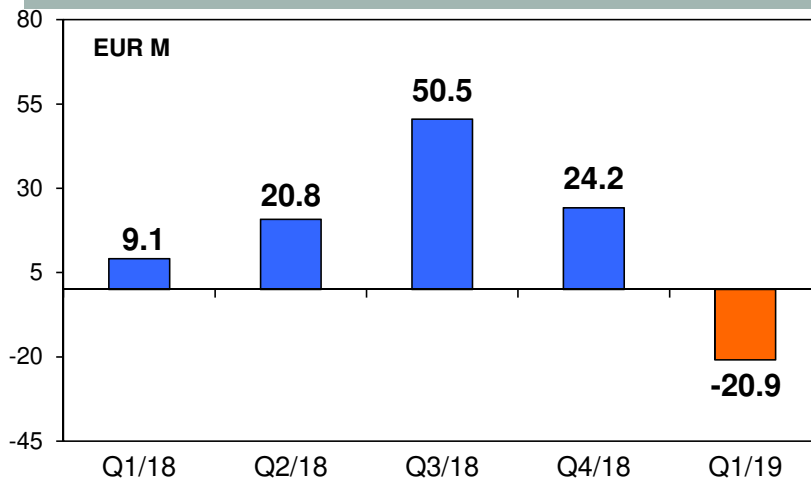
A photograph of an industrial refinery or chemical plant. The image shows several tall distillation columns and a complex network of pipes and structural steel. The scene is captured in a slightly desaturated, blue-tinted style. The text '➤ Segments Review' is overlaid on the left side of the image.

➤ **Segments Review**



# Segment Review: Refining

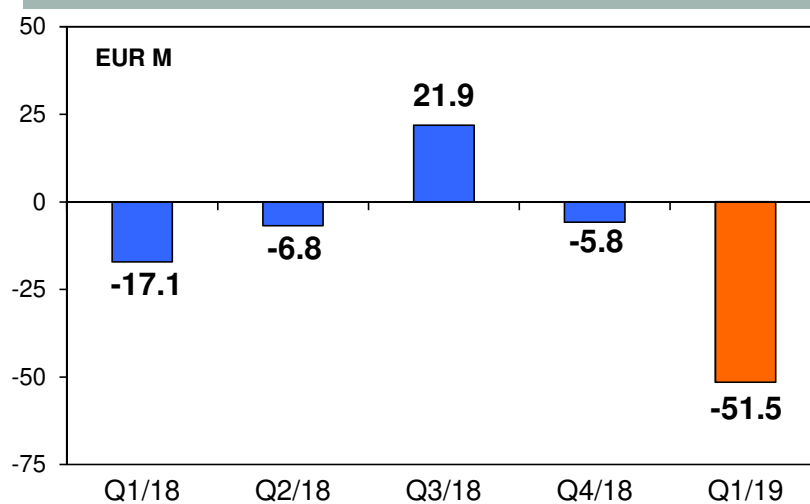
## Comparable EBITDA



## Q1/19

- **Comparable EBITDA at EUR -20.9M** (vs. EUR 9.1M in Q1/18)
  - ✓ Crude throughput at 19.4Mbl (-17% vs. Q1/08 and 20% below last 3Y average of 25 Mbl per quarter) due to the turnaround carried out at the refinery involving T2, V2, CCR and MHC1 that were stopped for about 60 days
  - ✓ **Reference scenario:** strong middle distillates offset by weak gasoline. Forex (USD/EUR) and lower oil price positive contributed to the results by approx. EUR13M.
  - ✓ **Production execution led to an EBITDA EUR 40M lower than in Q1/18.** The heavier maintenance program led to an estimated penalization of about EUR 50 million, which partially offset by a better operational performance.
  - ✓ **Positive contribution of production planning and trading (+EUR10M)**

## Comparable EBIT



EUR million	Q1/19	Q1/18	FY/18
Comparable EBITDA	(20.9)	9.1	104.6
Comparable EBIT	(51.5)	(17.1)	(7.8)





# Segment Review: Refining – Crude Oil Slate and Production

REFINERY RUNS		Q1/18	2018	Q1/19
Crude oil	<i>K tons</i>	3,207	13,512	2,653
Complementary feedstock	<i>K tons</i>	262	1,319	281

Lower crude runs due the turnaround successfully completed in Q1/19

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

Lighter crude slate (more light extra sweet and less heavy sour/sweet) due heavy maintenance and to different supply mix on the market

PRODUCTION (From crude runs and feedstock)		Q1/18	2018	Q1/19
LPG	<i>k tons</i>	73	291	73
	<i>Yield</i>	2.1%	2.0%	2.5%
Naphtha + gasoline	<i>k tons</i>	1,000	4,132	842
	<i>yield</i>	28.8%	27.9%	28.7%
Middle distillates	<i>k tons</i>	1,684	7,558	1,504
	<i>yield</i>	48.5%	51.0%	51.2%
Fuel oil & others	<i>k tons</i>	240	755	51
	<i>Yield</i>	6.9%	5.1%	1.7%
TAR	<i>k tons</i>	231	1,141	265
	<i>yield</i>	6.7%	7.7%	9.0%

Stable gasoline and diesel

Low fuel oil yield due to maintenance on T2/V2

Balance to 100% are Consumption & Losses



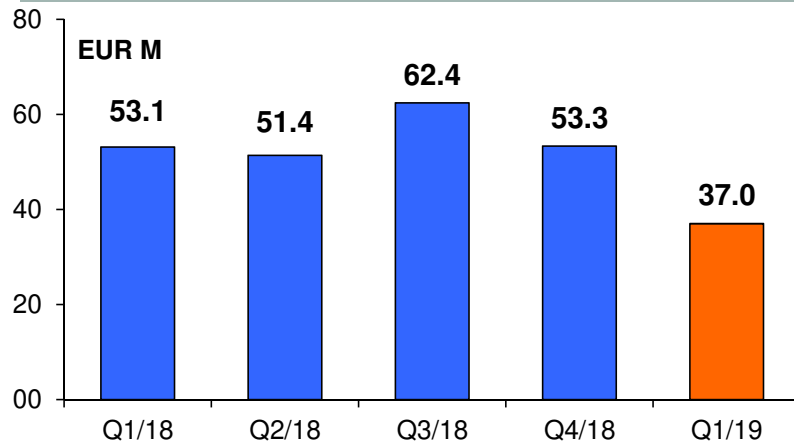
## Segment Review: Refining – Fixed & Variable costs

		Q1/18	2018	Q1/19
<b>Refinery RUNS</b>	Million barrels	23.4	98.6	19.4
<i>Exchange rate</i>	<i>EUR/USD</i>	<i>1.23</i>	<i>1.18</i>	<i>1.14</i>
<b>Fixed costs</b>	EUR million	<b>63.6</b>	<b>257.5</b>	<b>64.1</b>
	\$/bl	<b>3.3</b>	<b>3.1</b>	<b>3.8</b>
<b>Variable costs</b>	EUR million	<b>44.0</b>	<b>195.4</b>	<b>38.6</b>
	\$/bl	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>



# Segment Review: Power Generation

## Comparable EBITDA (\*)

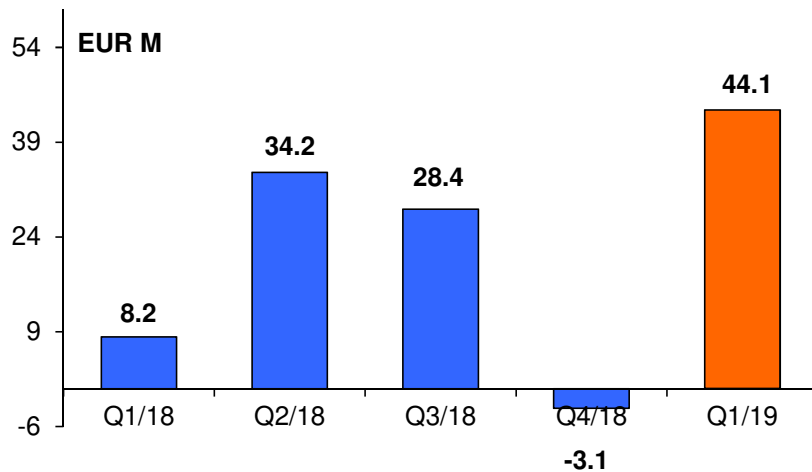


(\*) The difference between the comparable EBITDA and the reported EBITDA is attributable to the result of the hedging derivatives on the CO2 and in Q4/18 the write-down of receivables related the past.

## Q1/19

- **Comparable EBITDA at EUR 37.0M** (vs. EUR 53.1M in Q1/18)
  - ✓ **Standard maintenance in the period:** work on one “Gasifier – combined cycle Turbine”.
  - ✓ **Stronger scenario:** the increase in the value of the CIP6/92 tariff (+4%) more than offset more than offset higher feedstock (TAR and hydrogen) costs.
  - ✓ **Lighter maintenance cycle and better operation performance** conducted to higher volumes produced by 11%.
  - ✓ Negative effect of CO2 hedging derivatives in the quarter (to be recovered in next quarters)

## IT GAAP EBITDA



EUR million	Q1/19	Q1/18	FY/18
Comparable EBITDA	37.0	53.1	220.2
Comparable EBIT	23.7	40.2	167.9
IT GAAP EBITDA	44.1	8.2	67.7

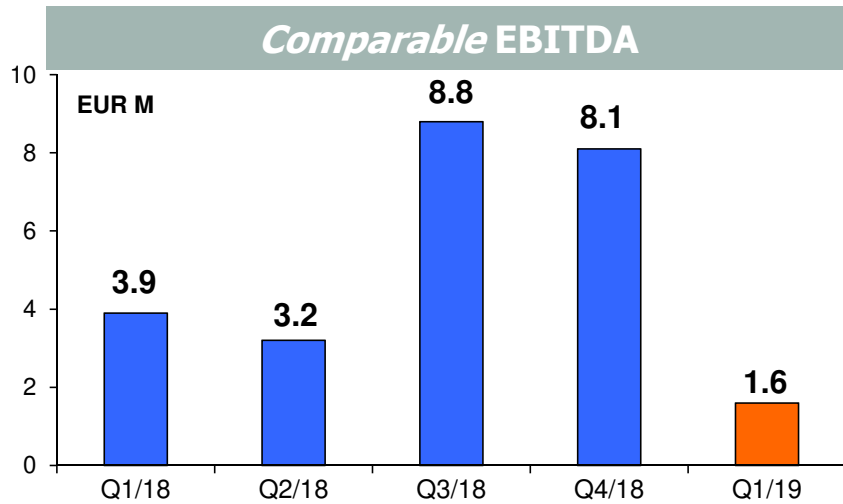


## Segment Review: Power Generation – Fixed & Variable costs (IT GAAP)

		Q1/18	2018	Q1/19
<b>Refinery RUNS</b>	Million barrels	23.4	98.6	19.4
<b>Power production</b>	MWh/1000	886	4,363	988
<i>Exchange rate</i>	<i>EUR/USD</i>	<i>1.23</i>	<i>1.18</i>	<i>1.14</i>
<b>Fixed costs</b>	EUR million	<b>29.6</b>	<b>95.6</b>	<b>28.1</b>
	\$/bl	<b>1.6</b>	<b>1.1</b>	<b>1.6</b>
	EUR/MWh	<b>33</b>	<b>22</b>	<b>28</b>
<b>Variable costs</b>	EUR million	<b>13.2</b>	<b>76.1</b>	<b>15.0</b>
	\$/bl	<b>0.7</b>	<b>0.9</b>	<b>0.9</b>
	EUR/MWh	<b>15</b>	<b>17</b>	<b>15</b>

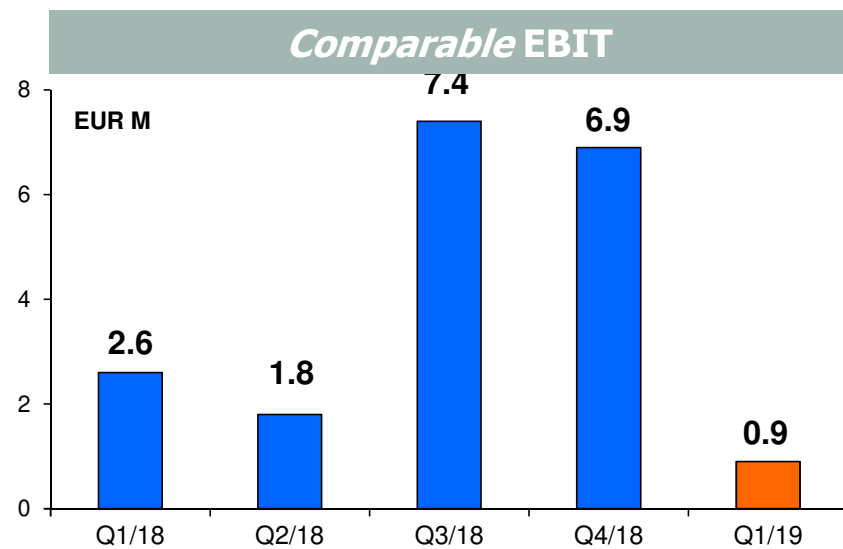


# Segment Review: Marketing



## Q1/19

- **Comparable EBITDA at EUR +1.6M** (vs. EUR 3.9M in Q1/18)
  - ✓ Demand declining by 1.7% in Italy and stable in Spain
  - ✓ Stable Group sales
  - ✓ Lower wholesale margins in Italy due to seasonality

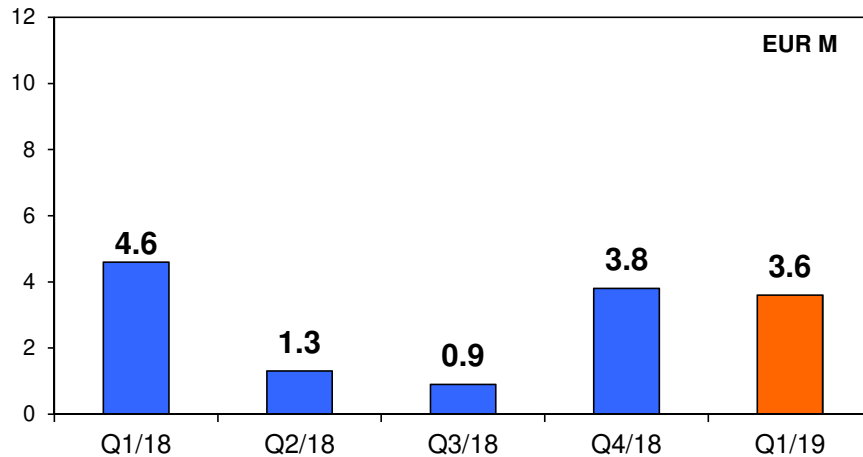


EUR million	Q1/19	Q1/18	FY/18
Comparable EBITDA	1.6	3.9	24.1
Comparable EBIT	0.9	2.6	18.8



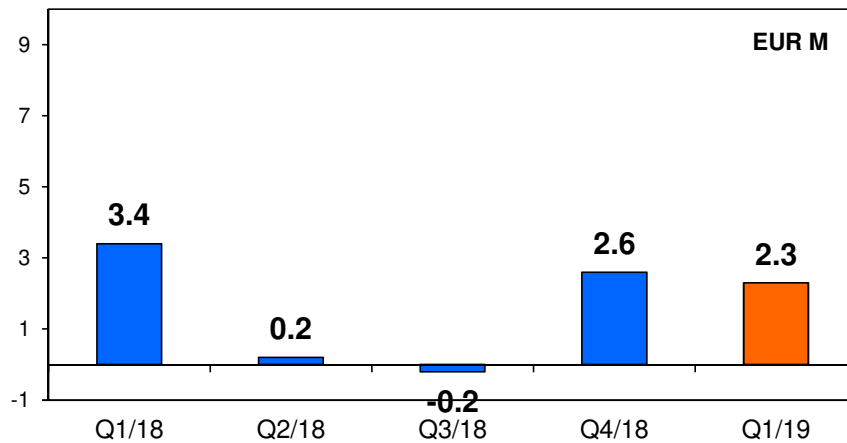
# Segment Review: Wind Power

## Comparable EBITDA(\*)



(\*): Comparable EBITDA of Wind segment is often coincident with reported EBITDA, but it does not include non-recurring items

## Comparable EBIT



## Q1/19

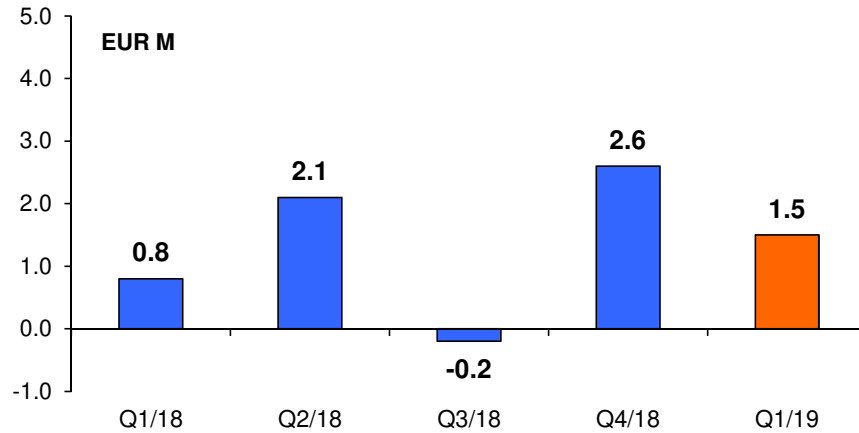
- **Comparable EBITDA at EUR 3.6M** (vs. EUR 4.6M in Q1/18)
  - ✓ Volumes declined by 3% due to less favorable wind conditions
  - ✓ The Power Tariff posted an increase of 0.5 EURcent/kWh
  - ✓ The Incentive Tariff decreased by 0.7 EURcent/kWh vs. Q1/18 and the period incentives expired on approximately 90% of the volumes produced (vs 70% in Q1/18)

EUR million	Q1/19	Q1/18	FY/18
Comparable EBITDA	3.6	4.6	10.6
Comparable EBIT	2.3	3.4	6.0



# Segment Review: Others

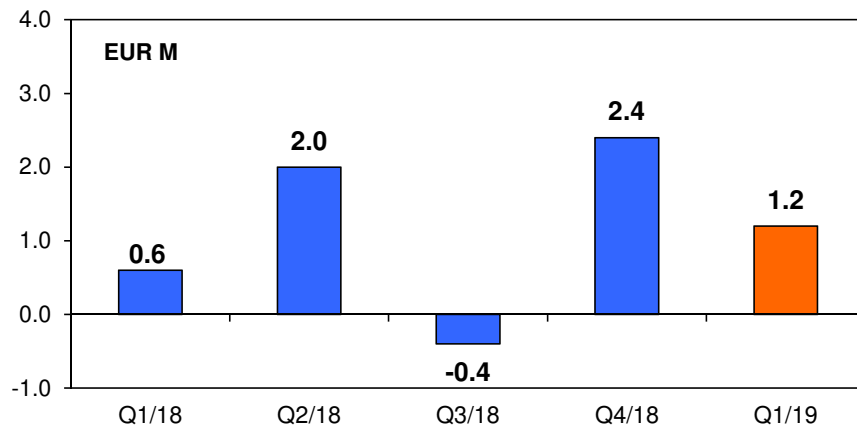
## Comparable EBITDA



## Q1/19

- Comparable EBITDA at EUR 1.5M (vs. EUR 0.8M in Q1/18)

## Comparable EBIT



EUR million	Q1/19	Q1/18	FY/18
Comparable EBITDA	1.5	0.8	5.3
Comparable EBIT	1.2	0.6	4.6



➤ **Financials**





## Financials: Key Income Statement Figures

<b>KEY INCOME STATEMENT</b> (EUR million)	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>2018</b>	<b>Q1/19</b>
<b>EBITDA</b>	<b>72.2</b>	<b>199.2</b>	<b>176.6</b>	<b>(124.3)</b>	<b>323.7</b>	<b>108.5</b>
<b>Comparable EBITDA</b>	<b>71.6</b>	<b>78.8</b>	<b>122.4</b>	<b>92.0</b>	<b>364.8</b>	<b>22.8</b>
D&A	(41.8)	(43.1)	(44.3)	(49.7)	(178.7)	(46.2)
<b>EBIT</b>	<b>30.4</b>	<b>156.1</b>	<b>132.3</b>	<b>(174.0)</b>	<b>144.8</b>	<b>62.3</b>
<b>Comparable EBIT</b>	<b>29.8</b>	<b>35.7</b>	<b>78.1</b>	<b>46.0</b>	<b>189.6</b>	<b>(23.4)</b>
Interest expense	(3.5)	(3.2)	(5.5)	(4.4)	(16.5)	(5.6)
Other	3.4	(69.0)	(24.5)	147.3	57.2	(63.7)
<b>Financial Income/Expense</b>	<b>(0.1)</b>	<b>(72.2)</b>	<b>(30.0)</b>	<b>142.9</b>	<b>40.7</b>	<b>(69.3)</b>
<b>Profit before taxes</b>	<b>30.3</b>	<b>83.9</b>	<b>102.3</b>	<b>(31.0)</b>	<b>185.5</b>	<b>(7.0)</b>
Taxes	(7.8)	(25.0)	(29.6)	17.4	(45.1)	2.8
<b>Net Result</b>	<b>22.5</b>	<b>58.9</b>	<b>72.7</b>	<b>(13.7)</b>	<b>140.4</b>	<b>(4.1)</b>
Adjustments	(14.0)	(52.6)	(28.5)	87.3	(7.8)	(36.7)
<b>Comparable Net Result</b>	<b>8.5</b>	<b>6.3</b>	<b>44.1</b>	<b>73.6</b>	<b>132.6</b>	<b>(40.8)</b>



## Financials: Income Statement Adjustments

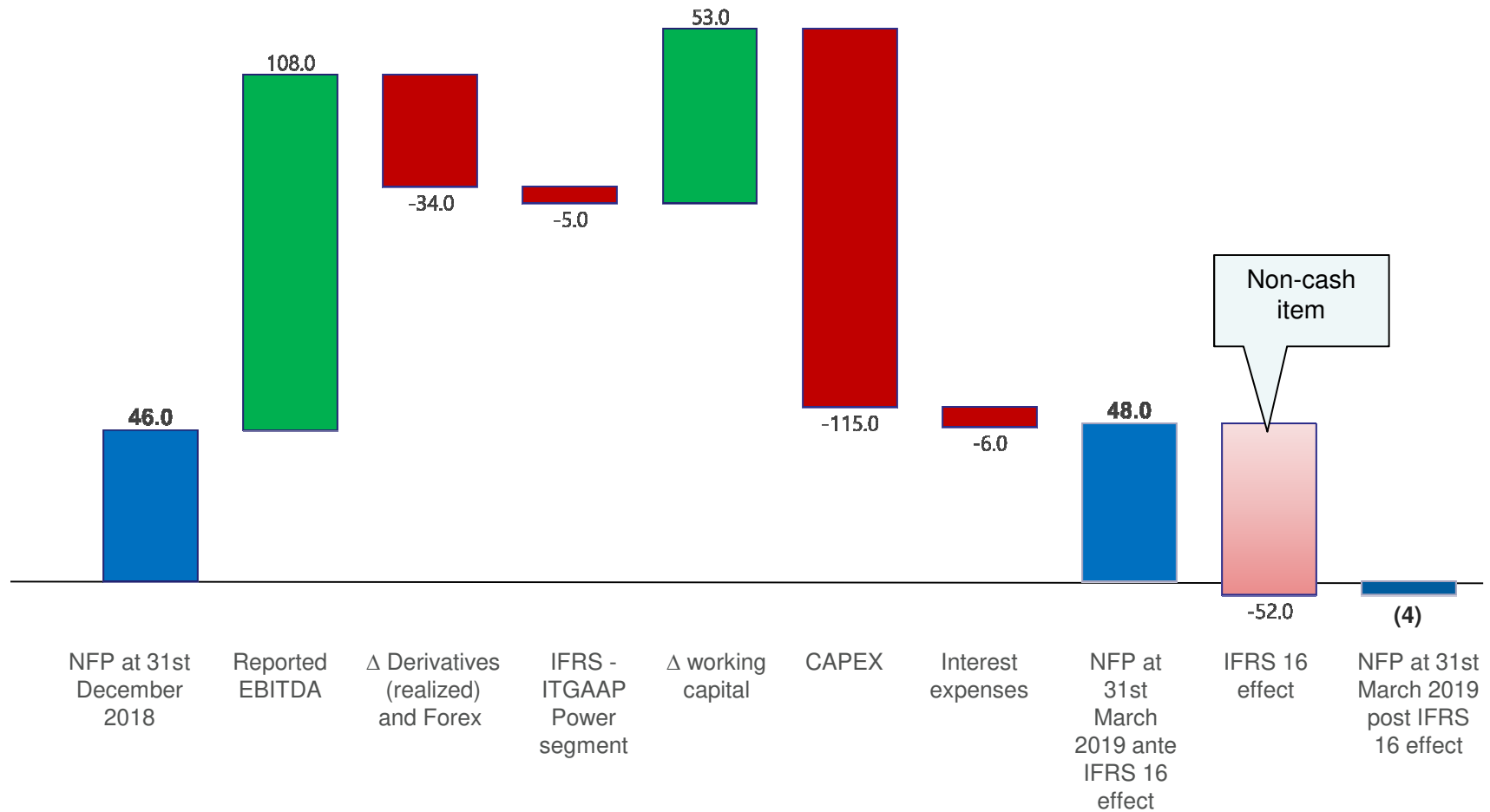
<b>EBITDA Adjustment</b> (EUR million)	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>2018</b>	<b>Q1/19</b>
<b>EBITDA</b>	<b>72.2</b>	<b>199.2</b>	<b>176.6</b>	<b>(124.3)</b>	<b>323.7</b>	<b>108.5</b>
Gain / (Losses) on inventories	(20.1)	(93.1)	(47.4)	85.7	(74.9)	(51.9)
Non-recurring items	-	11.4	7.0	42.1	60.5	-
Realized and unrealized hedging derivatives and net Forex	19.4	(38.7)	(13.8)	88.5	55.5	(33.8)
<b>Comparable EBITDA</b>	<b>71.6</b>	<b>78.8</b>	<b>122.4</b>	<b>92.0</b>	<b>364.8</b>	<b>22.8</b>

<b>Net Result Adjustment</b> (EUR million)	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>2018</b>	<b>Q1/19</b>
<b>Net Result</b>	<b>22.5</b>	<b>58.9</b>	<b>72.7</b>	<b>(13.7)</b>	<b>140.4</b>	<b>(4.1)</b>
Gain / (Losses) on inventories net of taxes	(14.5)	(67.1)	(34.2)	61.8	(54.0)	(37.5)
Non-recurring items net of taxes	-	11.0	8.7	29.4	49.1	-
Derivatives related to future deals	0.5	3.6	(3.0)	(3.9)	(2.9)	0.7
<b>Comparable Net Result</b>	<b>8.5</b>	<b>6.3</b>	<b>44.1</b>	<b>73.6</b>	<b>132.6</b>	<b>(40.8)</b>



# Additional information: Net Financial Position evolution

## Cash flow Q1/19 (EUR million)





## Financials: CAPEX

<b>CAPEX BY SEGMENT</b> (EUR million)	<b>Q1/18</b>	<b>Q2/18</b>	<b>Q3/18</b>	<b>Q4/18</b>	<b>2018</b>	<b>Q1/19</b>
REFINING	41.5	33.8	40.6	97.5	213.4	102.7
POWER GENERATION	7.2	1.8	3.8	7.9	20.7	10.8
MARKETING	0.2	0.1	1.2	(0.2)	1.3	0.4
WIND	0.1	0.0	0.1	6.7	6.9	0.9
OTHER ACTIVITIES	0.2	0.1	0.2	0.2	0.6	0.2
<b>TOTAL CAPEX</b>	<b>49.1</b>	<b>35.9</b>	<b>45.9</b>	<b>112.1</b>	<b>243.0</b>	<b>115.0</b>



➤ **Outlook**



# Outlook for 2019

- **Refining**: positive scenario expected in 2019 with average margin ahead of previous year (also thanks to lower oil price) especially from H2/19 when the effect of the new IMO–Marpol VI regulation will start to have effect.
  - Relevant maintenance cycle in 2019 carried out successfully and on time in Q1/19 in order to be ready to capture better market opportunities arising from IMO.
  - Remaining maintenance in Q4/19 on VisBreaking “VSB”, North Plants, “RT2” and Vacuum “V1”
  - **Saras expects to deliver an average premium above the Benchmark of 2.4 ÷ 2.8 \$/bl (net of maintenance)**
- **Power**: Standard maintenance activity. Power production expected broadly in line with 2018

		Q1/19A	Q2/19E	Q3/19E	Q4/19E	2019E
<b>REFINERY</b>						
<b>Crude runs</b>	Tons (M)	2.7	3.5 ÷ 3.7	3.5 ÷ 3.7	3.4 ÷ 3.6	13.0 ÷ 13.7
	Barrels (M)	19.4	26.0 ÷ 27.0	26.0 ÷ 27.0	25.0 ÷ 26.0	96 ÷ 99
<b>IGCC</b>						
<b>Power production</b>	MWh (M)	1.00	0.90 ÷ 1.00	1.10 ÷ 1.20	1.10 ÷ 1.20	4.10 ÷ 4.40



➤ **Additional Information**



## Additional information: Refining

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
EBITDA	19.6	142.0	121.2	(140.2)	142.6	49.9
<b>Comparable EBITDA</b>	<b>9.1</b>	<b>20.8</b>	<b>50.5</b>	<b>24.2</b>	<b>104.6</b>	<b>(20.9)</b>
EBIT	(6.6)	114.4	92.6	(173.8)	26.6	19.3
<b>Comparable EBIT</b>	<b>(17.1)</b>	<b>(6.8)</b>	<b>21.9</b>	<b>(5.8)</b>	<b>(7.8)</b>	<b>(51.5)</b>
<b>CAPEX</b>	<b>41.5</b>	<b>33.8</b>	<b>40.6</b>	<b>97.5</b>	<b>213.4</b>	<b>102.7</b>
<b>REFINERY RUNS</b>						
Crude oil (ktons)	3,207	3,320	3,354	3,631	13,512	2,653
Crude oil (Mbl)	23.4	24.2	24.5	26.5	98.6	19.4
Crude oil (bl/d)	260	269	266	288	270	215
<b>Complementary feedstock (ktons)</b>	<b>262</b>	<b>315</b>	<b>388</b>	<b>355</b>	<b>1,319</b>	<b>281</b>
<b>REFINERY MARGINS</b>						
EMC benchmark	1.7	2.2	2.4	1.6	2.0	1.1
Saras margin	3.8	5.0	5.2	3.4	4.3	2.5





## Additional information: Power Generation

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	
<b>Comparable EBITDA</b>	53.1	51.4	62.4	53.3	220.2	37.0	
<b>Comparable EBIT</b>	40.2	38.5	49.4	39.8	167.9	23.7	
EBITDA IT GAAP	8.2	34.2	28.4	(3.1)	67.7	44.1	
EBIT IT GAAP	3.7	29.8	23.8	(8.1)	49.1	39.2	
<b>CAPEX</b>	7.2	1.8	3.8	7.9	20.7	10.8	
<b>POWER PRODUCTION</b>	MWh/1000	886	1,089	1,170	1,218	4,363	988
POWER TARIFF	€cent/KWh	9.7	9.7	9.7	9.7	9.7	10.1
POWER IGCC MARGIN	\$/bl	4.3	3.8	3.9	3.2	3.8	3.5



## Additional information: Marketing

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
EBITDA	3.8	6.6	9.5	4.4	24.3	4.4
<b>Comparable EBITDA</b>	<b>3.9</b>	<b>3.2</b>	<b>8.8</b>	<b>8.1</b>	<b>24.1</b>	<b>1.6</b>
EBIT	2.5	5.2	8.1	3.2	19.0	3.7
<b>Comparable EBIT</b>	<b>2.6</b>	<b>1.8</b>	<b>7.4</b>	<b>6.9</b>	<b>18.8</b>	<b>0.9</b>
<b>CAPEX</b>	<b>0.2</b>	<b>0.1</b>	<b>1.2</b>	<b>(0.2)</b>	<b>1.3</b>	<b>0.4</b>
<b>SALES</b> (THOUSAND TONS)						
ITALY	499	538	556	526	2,119	505
SPAIN	401	383	386	393	1,564	371
<b>TOTAL</b>	<b>901</b>	<b>921</b>	<b>942</b>	<b>919</b>	<b>3,682</b>	<b>876</b>



## Additional information: Wind and Others

<b>Wind</b>	(EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
<i>Comparable EBITDA</i>		4.6	1.3	0.9	3.8	10.6	3.6
<i>Comparable EBIT</i>		3.4	0.2	(0.2)	2.6	6.0	2.3
<b>POWER PRODUCTION</b>	MWh	67,777	32,120	19,593	50,321	169,811	66,054
POWER TARIFF	€cent/kWh	5.1	5.0	6.7	6.6	5.7	5.6
INCENTIVE	€cent/kWh	9.9	9.9	9.9	9.9	9.9	9.2
<b>CAPEX</b>		0.1	0.0	0.1	6.7	6.9	0.9

<b>Others</b>	(EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
<i>Comparable EBITDA</i>		0.8	2.1	(0.2)	2.6	5.3	1.5
<i>Comparable EBIT</i>		0.6	2.0	(0.4)	2.4	4.6	1.2
<b>CAPEX</b>		0.2	0.1	0.2	0.1	0.6	0.2



## Additional information: Key Balance Sheet Figures

EUR million	31/03/2018	30/06/2018	30/09/2018	31/12/2018	31/03/2019
Trade receivables	339	414	462	290	252
Inventories	1,129	970	1,132	862	1,019
Trade and other payables	(1,192)	(1,179)	(1,380)	(1,043)	(1,217)
<b>Working Capital</b>	<b>277</b>	<b>205</b>	<b>214</b>	<b>109</b>	<b>54</b>
Property, plants and equipment	1,036	1,036	1,046	1,087	1,166
Intangible assets	144	136	128	112	101
Right of use (IFRS 16)	0	0	0	0	51
Other investments	1	1	1	1	1
Other assets/liabilities	(49)	(31)	2	(49)	(4)
Tax assets / liabilities	(192)	(217)	(171)	(23)	(86)
Other Funds	(118)	(128)	(176)	(214)	(214)
Assets held for sale	0	0	0	35	35
<b>Total Net Capital Invested</b>	<b>1,098</b>	<b>1,002</b>	<b>1,043</b>	<b>1,058</b>	<b>1,104</b>
<b>Total equity</b>	<b>1,096</b>	<b>1,044</b>	<b>1,117</b>	<b>1,104</b>	<b>1,100</b>
<b>Net Financial Position pre IFRS 16</b>	<b>(1)</b>	<b>42</b>	<b>74</b>	<b>46</b>	<b>48</b>
<b>IFRS 16 effect</b>					<b>(52)</b>
<b>Net Financial Position post IFRS 16</b>					<b>(4)</b>