



# **SARAS**

## **FY 2017 and Q4 2017 results and Business Plan 2018 - 2021**

12 March 2018

# AGENDA

- Highlights
- Segments Review
- Outlook and Business Plan 2018 – 2021
- 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*



# FY/17 and Q4/17 Highlights

EUR million	FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
<b>Reported EBITDA</b>	504.3	638.1	-21%	201.2	207.5	-3%
<b>Reported Net Result</b>	240.8	196.3	23%	131.4	44.4	196%
<b>Comparable<sup>1</sup> EBITDA</b>	522.5	506.0 <sup>2</sup>	3%	109.8	94.8 <sup>2</sup>	16%
<b>Comparable<sup>1</sup> Net Result</b>	217.4	155.9 <sup>2</sup>	39%	55.8	18.7 <sup>2</sup>	198%
<b>Net Financial Position</b>	87	99		87	99	



**Another good year: comparable results up y-o-y- and positive NFP (+EUR 87M) after the payment of all past debt with crude suppliers, dividends (EUR94m) and capex (EUR205m)**



**Comparable EBITDA at EUR522.5M up 3% y-o-y thanks to stable Refining (6 \$/bl of refining margin and volumes up 8% y-o-y) and Marketing segment successful turnaround**



**Good Q4/17 refining results in a more challenging scenario. Strong contribution from crude mix optimization and lower fixed and variable costs as the efficiency program bears fruit.**



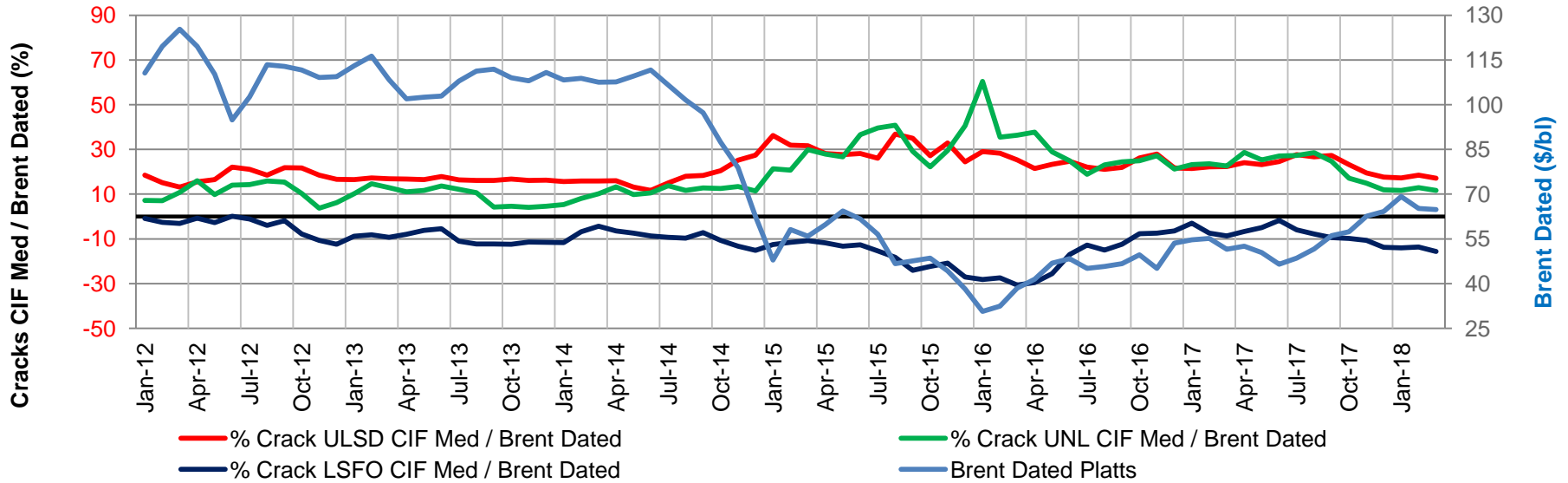
**Proposal of a dividend equal to EUR 0.12 per share, equal to 52% of comparable net profit, corresponding to approx 7% of DY at current market price**

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".
2. Comparable results calculation from H1/17 changed with reference to inventories and derivatives compared and the been reclassified on the base of the new criteria of calculation and compared to the ones previously published (more details in the Additional Information section)

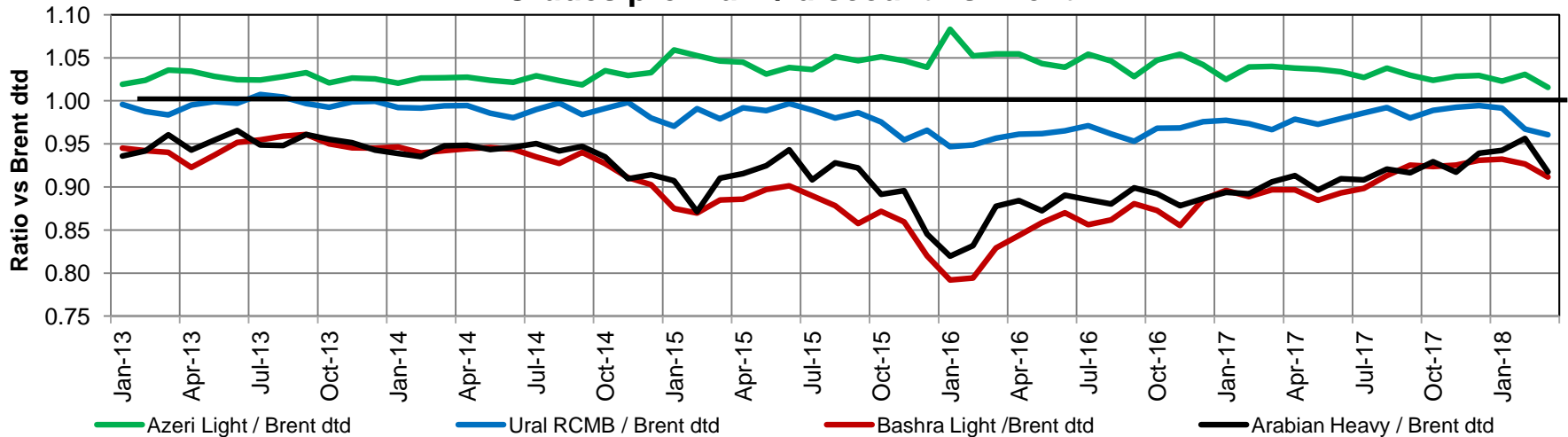


# Historical Crack Spreads ratios to Brent and crudes premium / discounts

## Ratios of Product Cracks CIF Med to Brent Dated

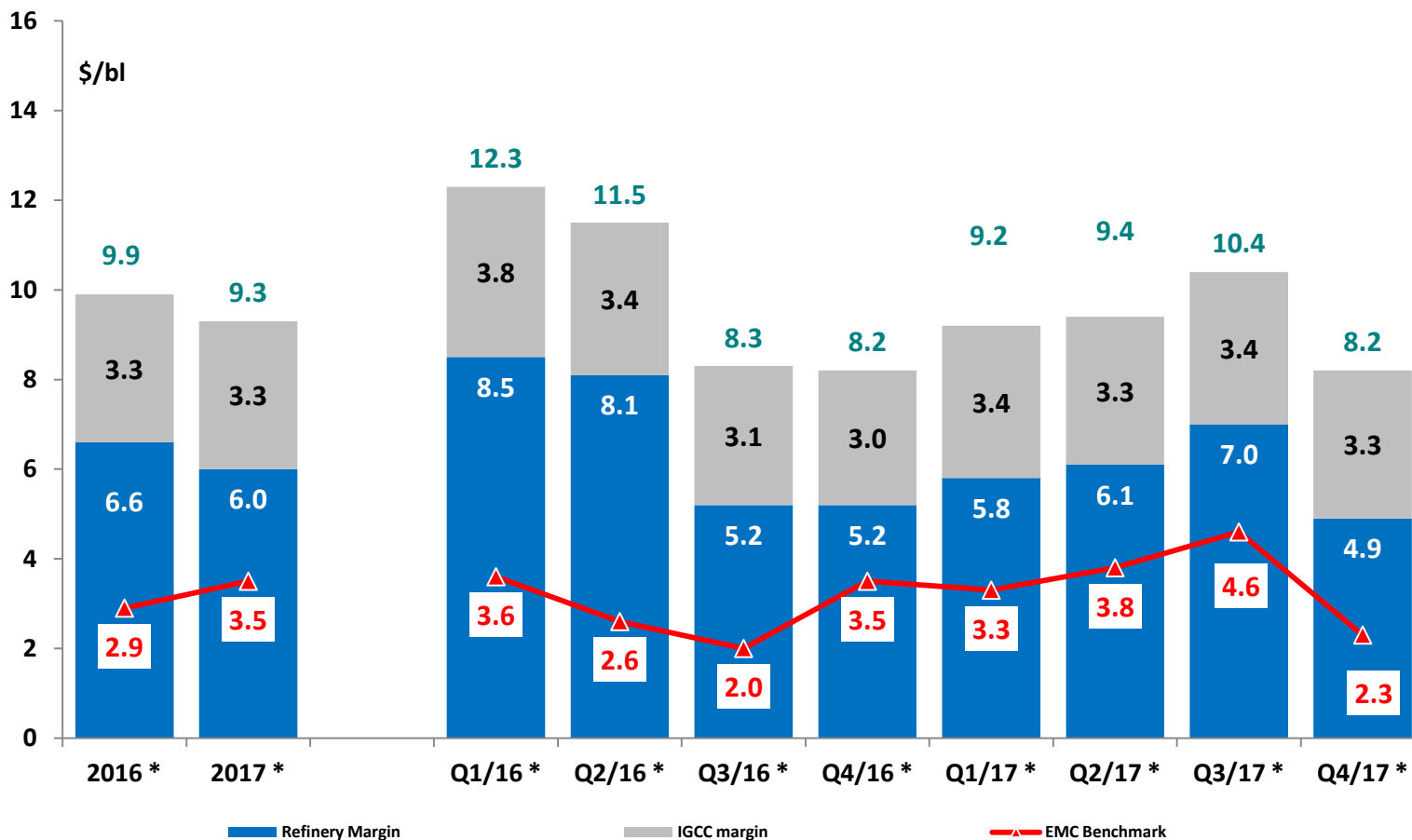


## Crudes premium / discount vs Brent





# 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

(\*) Refining margins for 2016 and 2017 refer to Refining comparable EBITDA calculated with the new criteria of determination of the comparable figures

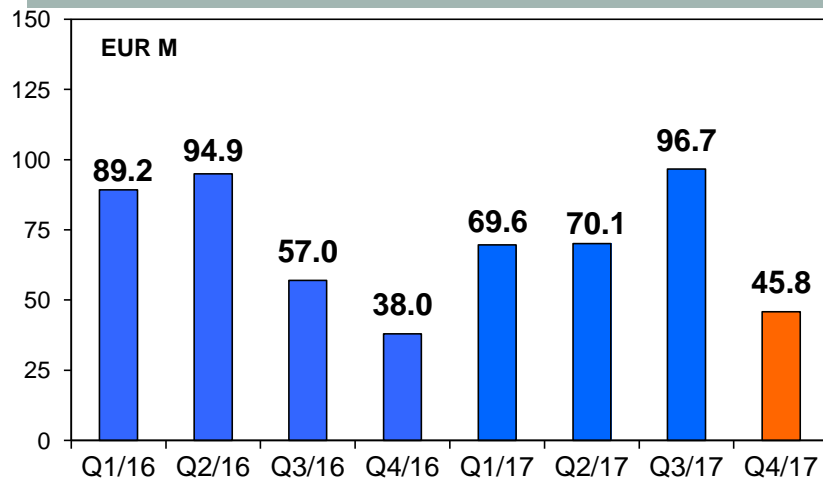
A grayscale photograph of an industrial refinery or chemical plant. The image shows several tall distillation columns, complex piping networks, and structural steel frameworks against a bright, overcast sky. The scene is filled with industrial equipment, including ladders, walkways, and various tanks.

## ➤ Segments Review





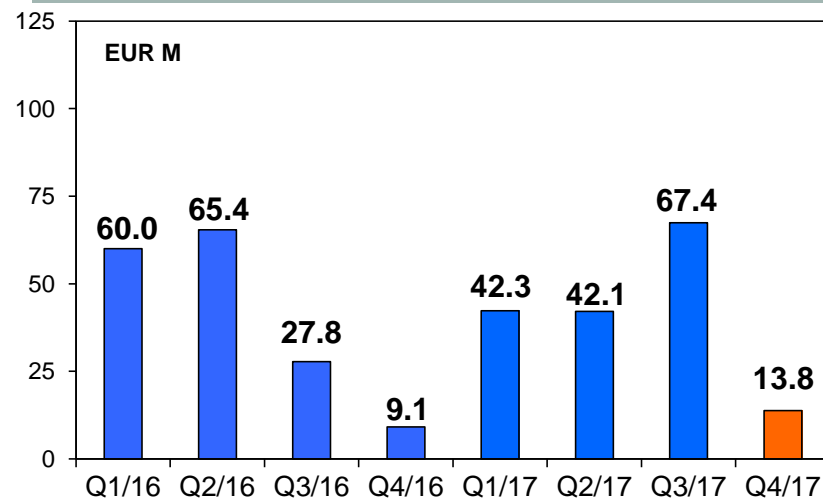
## Comparable EBITDA (\*)



## Q4/17

- **Comparable EBITDA at EUR 45.8M** (vs. EUR 38.0M in Q4/16)
  - ✓ Crude throughput at 25.8Mbl (up 8% vs Q4/16) thanks to lighter planned maintenance
  - ✓ More challenging market conditions: higher oil price and weaker gasoline crack spread had a negative impact of EUR -45M. Strengthening of EUR vs USD led to a penalisation of EUR -10M
  - ✓ Production planning EUR 30M above Q4/16 thanks to the optimisation of the crude mix
  - ✓ Lower fix and variable costs also thanks to the effects of the cost optimisation program

## Comparable EBIT (\*)



## FY/17

- **Comparable EBITDA at EUR 282.2M** (vs EUR 279.1M in FY/16)
  - ✓ Crude throughput at 102.6Mbl (+8% vs. FY/16) thanks to lighter maintenance
  - ✓ Scenario: higher crude prices offset by stronger diesel crack spread. Exchange rate led to EUR -10M penalisation
  - ✓ Operating performance approx +EUR 10M vs. FY/16 due to lighter maintenance and despite industrial performance below expectations. Production planning approx. EUR 5M above FY/16 despite OPEC cuts due crudes mix optimisation

EUR million	Q4/17	Q4/16	FY/17	FY/16
Comparable EBITDA	45.8	38.0	282.2	279.1
Comparable EBIT	13.8	9.1	165.6	162.3

(\*) Reclassified on the base of the new criteria of determination of the comparable figures



# Segment Review: Refining – Crude Oil Slate and Production

REFINERY RUNS		Q4/17	2016	2017
Crude oil	<i>K tons</i>	3,536	12,962	14,060
Complementary feedstock	<i>K tons</i>	263	1,598	1,291
CRUDE OIL SLATE		Q4/17	2016	2017
Light extra sweet		41%	33%	36%
Light sweet		8%	9%	12%
Medium sweet/extra sweet		0%	0%	0%
Medium sour		37%	39%	37%
Heavy sour/sweet		14%	19%	15%
Average crude gravity	° API	34.3	33.3	33.7
PRODUCTION (From crude runs and feedstock)		Q4/17	2016	2017
LPG	<i>k tons</i>	86	303	318
	Yield	2.3%	2.1%	2.1%
Naphtha + gasoline	<i>k tons</i>	1,020	4,140	4,152
	yield	26.8%	28.4%	27.0%
Middle distillates	<i>k tons</i>	1,938	7,150	7,742
	yield	51.0%	49.1%	50.4%
Fuel oil & others	<i>k tons</i>	218	854	1,077
	yield	5.7%	5.9%	7.0%
TAR	<i>k tons</i>	295	1,181	1,085
	yield	7.8%	8.1%	7.1%

Higher crude runs, thanks to lighter maintenance. Lower complementary feedstock mainly due to commercial choices

Changes in crude slate (more light sweet & extra sweet, less medium & heavy crudes) to adapt to different supply mix in the market

Increase in middle distillates yield to pursue strong margins.

Higher fuel oil yield to exploit strong demand for this product

Balance to 100% are Consumption & Losses



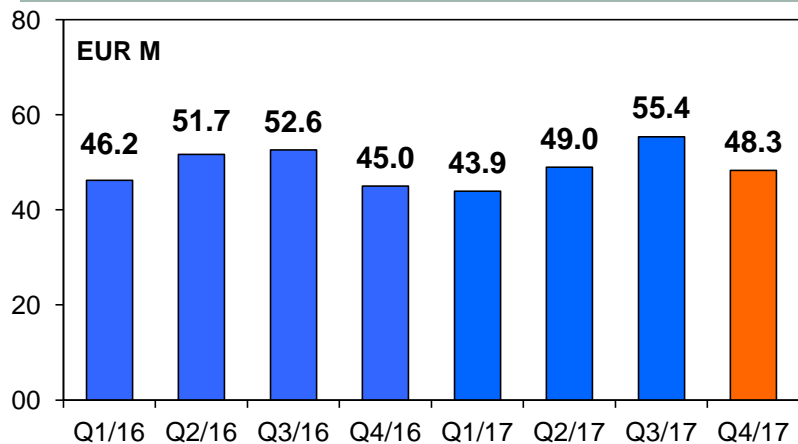


# Segment Review: Refining – Fixed & Variable costs

		Q4/17	2016	2017
<b>Refinery RUNS</b>	Million barrels	25.8	94.6	102.6
<i>Exchange rate</i>	<i>EUR/USD</i>	1.18	1.11	1.13
<b>Fixed costs</b>	EUR million	<b>60.6</b>	<b>286.8</b>	<b>259.0</b>
	\$/bl	<b>2.8</b>	<b>3.4</b>	<b>2.9</b>
<b>Variable costs</b>	EUR million	<b>37.5</b>	<b>146.4</b>	<b>161.6</b>
	\$/bl	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>

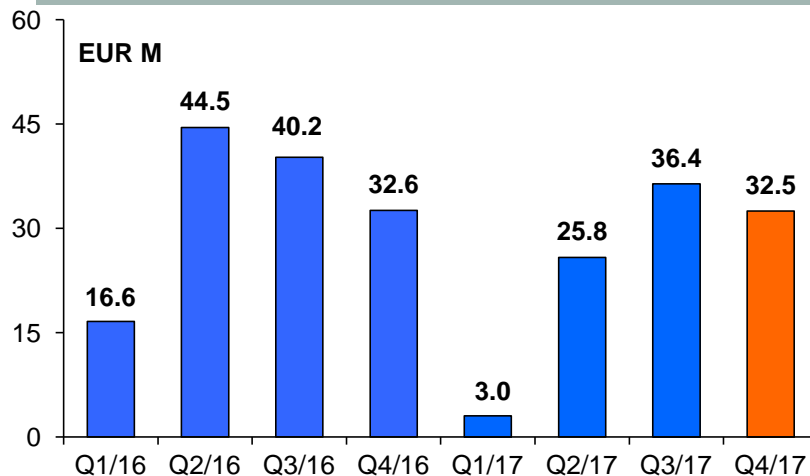


## Comparable EBITDA(\*)



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

## IT GAAP EBITDA



## Q4/17

- **Comparable EBITDA at EUR 48.3M** (vs. EUR 45.0M in Q4/16)
  - ✓ Greater contribution of the linearization and the increase of the CIP6/92 tariff (+ 7%)
  - ✓ more than offset the lower volumes produced (1.13 TWh vs 1.24 TWh record level achieved in Q4/16, both quarters were maintenance free)
  - ✓ Fixed and variable costs in line with Q4/16
- **IT GAAP EBITDA at EUR 32.5M** (vs. EUR 32.6M in Q4/16)
  - ✓ Lower volumes compensated by higher CIP6/92 tariff (+7%)

## FY/17

- **Comparable EBITDA at EUR 196.6M** (vs EUR 195.4M in FY/16)
  - ✓ Higher linearization effect , positive scenario with higher CIP6/92 tariff (+7%) and increase in the sales of hydrogen and steam by approx. EUR 10 million boost the revenues
  - ✓ The above mentioned effects more than offset lower volumes produced and fixed costs rise due to heavier maintenance (in H1/17)

EUR million	Q4/17	Q4/16	FY/17	FY/16
Comparable EBITDA	48.3	45.0	196.6	195.4
Comparable EBIT	68.4	20.0	145.5	96.3
IT GAAP EBITDA	32.5	32.6	97.7	133.9

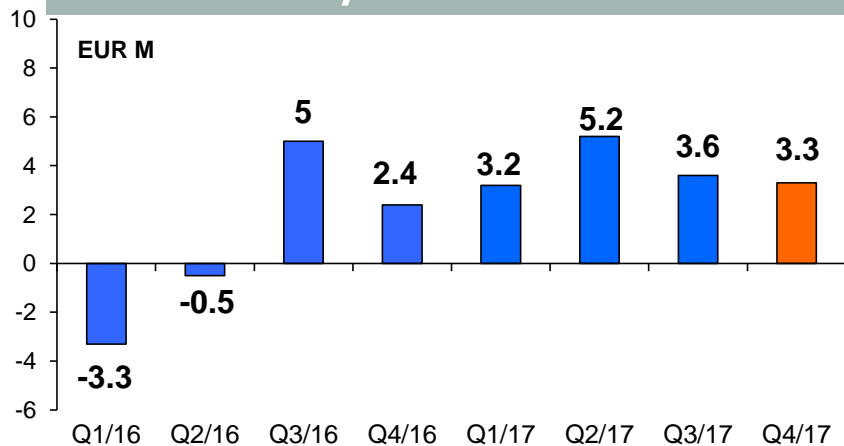


# Segment Review: Power Generation – Fixed & Variable costs (IT GAAP)

		Q4/17	2016	2017
<b>Refinery RUNS</b>	Million barrels	25.8	94.6	102.6
<b>Power production</b>	MWh/1000	1,127	4,588	4,085
<i>Exchange rate</i>	<i>EUR/USD</i>	1.18	1.11	1.13
<b>Fixed costs</b>	EUR million	<b>23.2</b>	<b>87.0</b>	<b>106.1</b>
	\$/bl	1.1	1.0	1.2
	EUR/MWh	21	19	26
<b>Variable costs</b>	EUR million	<b>12.6</b>	<b>47.4</b>	<b>53.9</b>
	\$/bl	0.6	0.6	0.6
	EUR/MWh	11	10	13



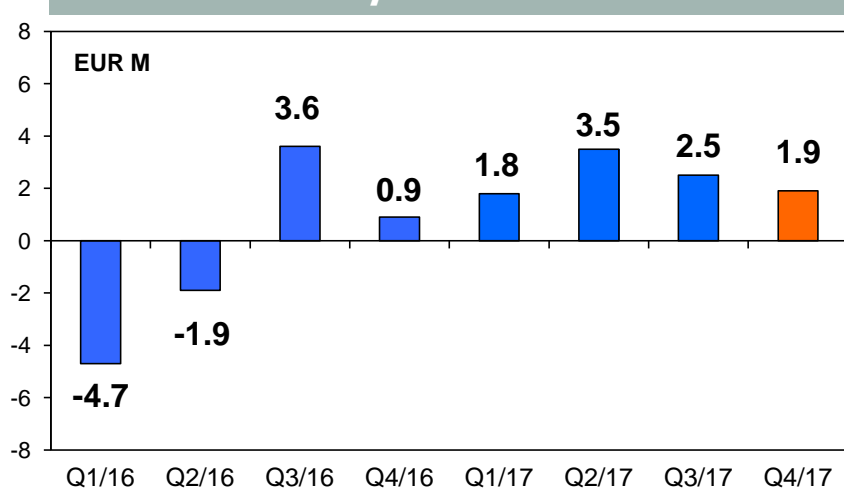
## Comparable EBITDA



## Q4/17

- **Comparable EBITDA at EUR 3.3M** (vs. EUR 2.4M in Q4/16)
  - ✓ Declining Italian demand (-1%) while rising in Spain (+1%)
  - ✓ In Italy sale volumes of the Saras Group were kept stable
  - ✓ In Spain the decline of volumes sold by 18% vs. Q4/16 was more than offset by the increase of margins and the reduction of costs increasing the profitability

## Comparable EBIT



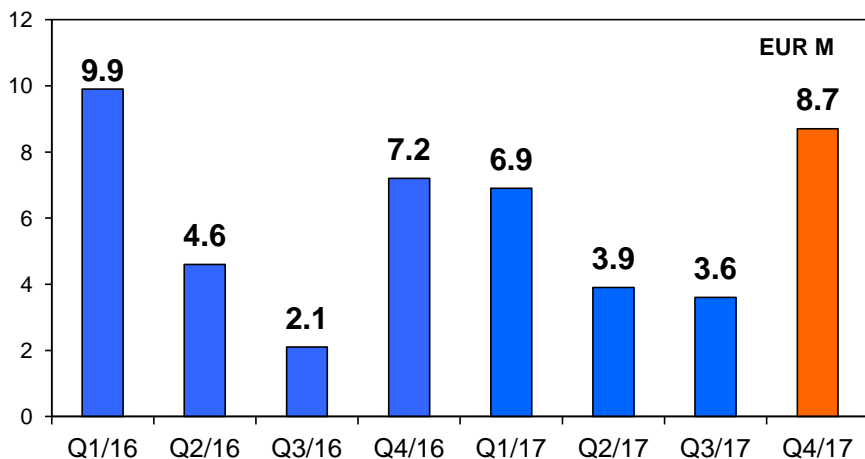
## FY/17

- **Comparable EBITDA at EUR 15.2M** (vs. EUR 3.6M in FY/16)
  - ✓ Declining Italian demand (-1.6%) while rising in Spain (+1.2%)
  - ✓ Saras Group reduced sales volumes in Italy by 6% and in Spain by 17% versus previous year
  - ✓ The client portfolio optimisation, along with rationalisation of fixed and variable costs and margins improvement led to a material increase in profitability

EUR million	Q4/17	Q4/16	FY/17	FY/16
Comparable EBITDA	3.3	2.4	15.2	3.6
Comparable EBIT	1.9	0.9	9.7	(2.1)

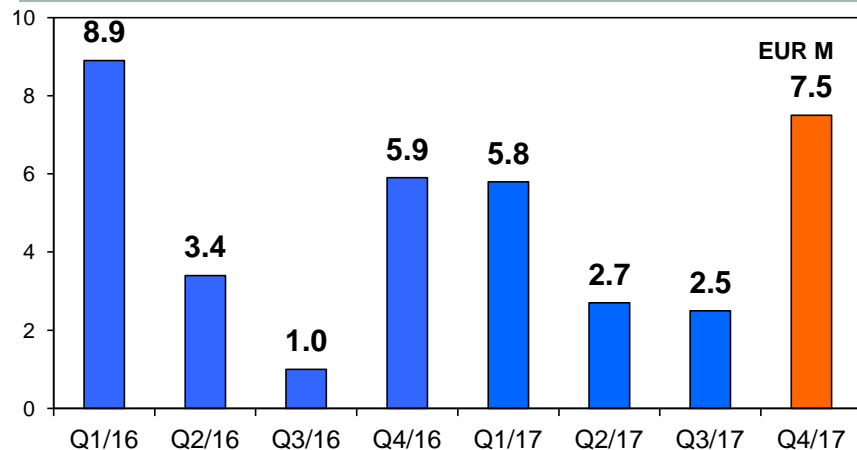


## Comparable EBITDA(\*)



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

## Comparable EBIT



## Q4/17

- **Comparable EBITDA at EUR 8.7M** (vs. EUR 7.2M in Q4/16)
  - ✓ Higher electricity production (+23%) due to favourable wind conditions in Q4/17
  - ✓ Higher value of Power Tariff (+0.6EURcent/kWh vs. Q4/16) and of Incentive Tariff (+0.7EURcent/kWh)

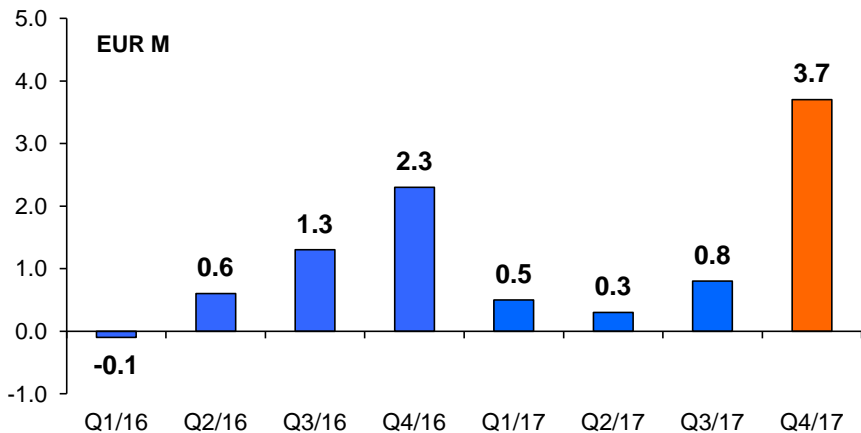
## FY/17

- **Comparable EBITDA at EUR 23.1M** (vs. EUR 23.8M in FY/16)
  - ✓ Lower electricity production (-14%) due to less favourable wind conditions (in the first half of the year)
  - ✓ Offset by higher value of Power Tariff (+1.0EURcent/kWh vs. FY/16) and Incentive Tariff (+0.7EURcent/kWh)

EUR million	Q4/17	Q4/16	FY/17	FY/16
Comparable EBITDA	8.7	7.2	23.1	23.8
Comparable EBIT	7.5	5.9	18.5	19.2



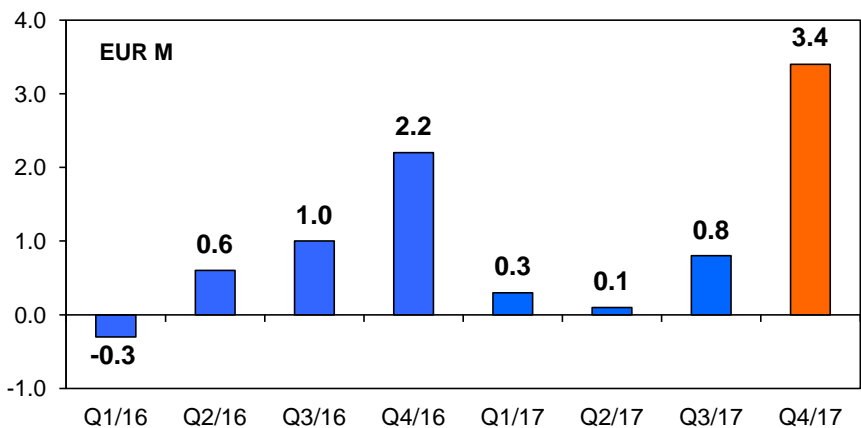
## Comparable EBITDA



## Q4/17

- Comparable EBITDA at EUR +3.7M (vs. EUR 2.3M in Q4/16)

## Comparable EBIT



## FY/17

- Comparable EBITDA at EUR +5.3M (vs. EUR 4.1M in FY/16)

EUR million	Q4/17	Q4/16	FY/17	FY/16
Comparable EBITDA	3.7	2.3	5.3	4.1
Comparable EBIT	3.4	2.2	4.6	3.5





➤ **Outlook and Business Plan 2018 – 2021**



- Refining:** positive scenario expected also in 2018 even if with margins slightly below previous year.
  - Maintenance broadly in line with 2017 and concentrated in H1/18
  - EMC Benchmark estimated at approx 2.5 \$/bl.
  - Saras expects to deliver a premium above the Benchmark of 2.5 ÷ 3.0 \$/bl (post maintenance)
- Power:** Standard maintenance activities. Expected a recovery of power production compared to 2017 thanks to better operating performance

		Q1/18E	Q2/18E	Q3/18E	Q4/18E	2018E
<b>REFINERY</b>						
<b>Maintenance activity on:</b>		T2, V2, North Plants	T1, RT2, VSB, MHC2		CCR	
<b>Crude runs</b>	Tons (M) Barrels (M)	3.2 ÷ 3.4 23.0 ÷ 25.0	3.3 ÷ 3.5 24.0 ÷ 26.0	3.6 ÷ 3.8 26.0 ÷ 28.0	3.7 ÷ 3.9 27.0 ÷ 29.0	13.8 ÷ 14.6 101 ÷ 107
<b>Complementary feedstock</b>	Tons (M)	0.2 ÷ 0.4	0.2 ÷ 0.4	0.1 ÷ 0.3	0.1 ÷ 0.3	0.6 ÷ 1.4
<b>EBITDA reduction due to scheduled maintenance</b>	USD (M)	28 ÷ 32	16 ÷ 20	-	1 ÷ 3	45 ÷ 55
<b>IGCC</b>						
<b>Maintenance activity on:</b>		1 Gasifier, 1 Turbine, 1 H <sub>2</sub> S Absorber	1 Gasifier, 1 Turbine	1 Gasifier, 1 Turbine		
<b>Power production</b>	MWh (M)	0.90 ÷ 1.00	1.00 ÷ 1.10	1.10 ÷ 1.20	1.10 ÷ 1.20	4.10 ÷ 4.50



**Keep strong market position in refining also in the next decade  
Seize market opportunities arising from the IMO regulation**

1

## **Strategic investments**

Completion of the investment cycle started in 2015 to retain state of arts plants

2

## **Production optimisation**

Performance improvement also thanks to selected **digital initiatives**

3

## **Supply Chain Management**

**Capture market opportunities** on the crude market triggered by IMO regulation

4

## **Cost optimisation**

**Cost efficiencies** to offset higher HSE and maintenance costs

**Positive scenario for complex refineries to further improve  
IGCC plant fundamental for high sulfur bottom conversion even after CIP6/92 expiry**



# IMO regulation to have a material impact on the refining sector...

## According to **IEA Market Report 2017**:

*“Lowering the bunker fuel emissions cap from 3.5% to 0.5% is easily the most dramatic change in fuel specifications in any oil product market on such large scale. In EU, it took over a decade of gradual changes to lower road fuel sulphur limits from 500ppm (0.05%) to 10 ppm (0.001%).”*



## **MARPOL implications on refining and shipping markets**

In 2020, global sulfur limits for bunker fuel will be lowered from the current 3.5% to 0.5%, affecting over 3 million b/d of residual fuel oil (resid). We expect the shipping industry to react by switching to a combination of marine gasoil and low-sulfur resid bunker. This will at least initially result in higher refining margins and wider light-heavy differentials, making an array of sulfur removal investments very attractive. However, the opportunity for refiners will depend greatly on how quickly other sectors respond.

## A positive outlook in the medium term for the downstream refining industry

- **Refining to 2019 – refinery margins to remain strong**
  - » Strong growth in demand for oil products and a growing supply of US crude means that refinery margins should stay strong in the near term
  - » Net refinery capacity additions are forecast to run behind total demand lending support
- **Refining to 2020 – deep conversion refineries will benefit from IMO**
  - » A big shift takes place in 2020 when global bunker fuel specifications change
  - » The biggest windfall in 2020 is for deep conversion units with a distillate orientation
  - » The overall increase in margins in 2020 should be sufficient to incentivise refiners to increase crude throughputs enough to meet the extra distillate demand

Source: Wood Mackenzie a leading independent market consultancy

**According to many different sources, IMO regulation by lowering the allowed sulfur emissions for shippers, will have a material impact also on the refining sector**



## Expected impact of IMO on the refining sector

### Crack spreads

- Increase of diesel/gasoil crack spreads
- Sharp deterioration of HSFO crack spread

### Crudes differentials

- Heavy and medium sour crude oils expected to increase their discounts vs. Brent

### Refiners

- Need of conversion investments for simple refiners or risk to be displaced
- Widening competitive advantages for deep conversion refineries

## Saras is ideally placed to play this scenario

### Site size & complexity

- Top-tier refiner by complexity index and capacity
- High value output yields: 85% light & middle distillates, low production of HSFO
- Strong competitive position in producing and supplying ULSFO

### Integration

- IGCC, fully integrated with the refinery, efficiently converts heavy part of the barrel (TAR) into electricity and utilities exploiting crude differentials
- IGCC intrinsic value to be maximized in a context of high differential of GO - HSFO (i.e. IMO) that reduces TAR value compared to electricity prices

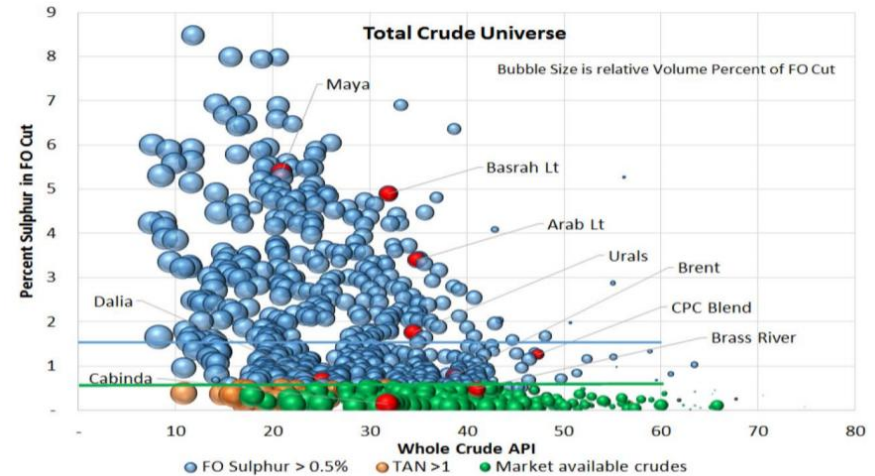
### Flexibility and business model

- Location in the middle of Med allows geographically diversified supply and sales
- Business model based on the integrated supply chain management coupled with trading skills, will enable to seize market opportunities on both crudes differential and products



# Exploiting strong competitive position in producing and supplying ULSFO

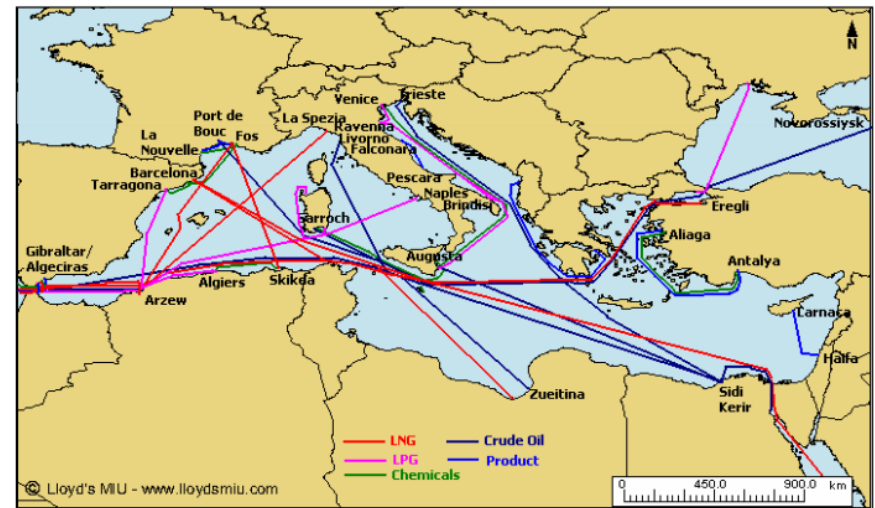
- According to Wood Mackenzie ULSFO could emerge as the lowest cost option to comply with IMO new regulation
- However the availability will likely be limited also considering that very few crude oils, within the total crude universe, are suitable for the production of ULSFO and that some of them are acidic (green and orange bubbles in the chart)



## Saras is well positioned to exploit ULSFO opportunity due to the following advantages:

- Versatile & flexible refinery configuration allows to produce ULSFO, blending various vacuum residues with a very low sulphur fluxant
- Product specs achievable with Saras recipe in line with current bunker specs, hence avoiding any risk of damage for ship engines
- Long-standing supply positioning makes Saras a very reliable player
- Central position in the Mediterranean Sea is ideal to serve both local and “in transit” fleets

## Major tankers routes





## Business Plan Market Scenario

		2018E	2019E	2020E	2021E
Brent Dated	\$/bl	60.0	60.0	63.0	70.0
Gasoline crack spread	\$/bl	10.5	9.2	7.7	9.2
ULSD crack spread	\$/bl	12.0	13.8	18.0	16.6
HS Fuel Oil crack spread	\$/bl	-9.0	-9.0	-18.2	-18.4
PUN	€/MWh	50.0	45.0	47.0	50.0
Exchange Rate	€/€	1.20	1.24	1.23	1.24

Market Scenario conservatively determined starting from WoodMackenzie forecasts for the oil market (published on 14/02/2018) ; (ii) Ref4e (Dec. 2017) and Poiry (Dec. 2017) for the electricity and gas market and (iii) Bloomberg for Exchange Rate

### Market Scenario:

- We have set our oil scenario starting from the most recent Wood Mackenzie estimates including some caution on the diesel/gasoil crack spreads. Moreover the impact of IMO could materialize already in H2/2019 providing upside to our 2019 forecasts. In detail we expect :
  - Heavy and medium sour crude grades to increase their discounts.** Saras able to capture widening price differentials thanks to its IGCC configuration and the integrated supply chain model
  - Material strengthening of diesel/gasoil crack spread** as the demand of bunker fuel is expected to switch to lower sulphur fuels (gasoil/diesel representing approx. 50% of Saras yield)
  - Good market opportunities for the ULSFO** that Saras is able to produce at competitive conditions
  - HSFO crack spread widening** due to the sharp decline in demand

### Operations and costs:

- In 2021 the refinery, completed the investment cycle and the planned maintenance, will operate at full capacity. It will be carried out the 10Y turnaround on the IGCC plant to extend its economic life up to 2031
- Total fixed costs equal to approx. EUR 350 ÷ 360 million per year, in line with the good level achieved in 2017, as the efficiencies will offset inflationary drift of HSE and maintenance costs and salaries. Savings to be achieved on variable costs (included in the refining margins) to compensate rising price of utilities driven by the scenario.

## Business Plan Operations & Fixed Costs

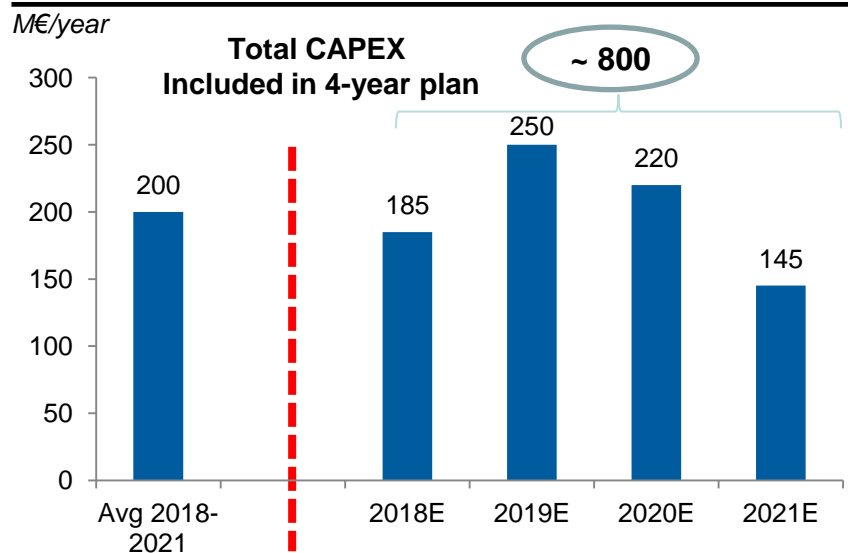
		2018E	2019E	2020E	2021E
Refinery Crude Runs	Mtons	Approx. 14 ÷ 15			
Refinery other feedstock	Mtons	Approx. 0.8 ÷ 0.9			
IGCC Power production	TWh	Approx. 4.3 ÷ 4.4			4.0 <sup>(1)</sup>
Total Fixed costs (Refining + Power)	€ M	Approx. 350 ÷ 360			

(1) It will be executed the 10Y turnaround on the IGCC plant



# CAPEX Plan to keep operational and technological excellence also in the next decade

## Business Plan Group CAPEX

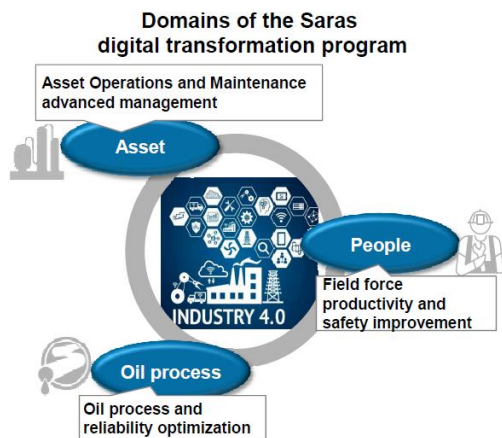


## Main development CAPEX included in Plan

- Investments in asset reliability, HSE, steam and power system reconfiguration with the aim to keep the operational and technological excellence also in the next decade
- Contribution at EBITDA level from EUR15M in 2018 to EUR65M in 2021 (i.e. energy efficiencies, operational availability improvements and digital initiatives)

Main new investments breaks down as follow: (i) EUR50M in digitalization; (ii) EUR45M turnaround of plants not included in previous plan perimeter (IGCC 10Y turnaround to extend the plant economic life to 2031) and (iii) EUR55M additional investments in assets reliability and power system reconfiguration

## Digitalization investments



- In 2018 **industrialization of selected projects** in the field of predictive maintenance, digitalization of the operational workforce, advanced tools to optimize performance and reliability
- **Main objectives: downtime reduction, asset availability enhancement, safety and security improvements and productivity increase**
- EUR50M capex to be covered by tax benefits on Industry 4.0 investments (deriving from Iper and Super amortization) and the expected cumulated EBITDA contribution during the Business Plan period (approx. EUR30M)
- New technologies and innovation will be **paramount to remain competitive and successful in the long run**. The full potential of these investment will be exploited beyond 2021



## Segment

## Comments

### Refining

- **EMC Benchmark margin from 2.5 \$/bl in 2018 to 4.8 \$/bl in 2020** (based on reference scenario)
- **Saras' premium to EMC Benchmark from 2.5 ÷ 3.0 \$/bl in 2018 to approx 5 \$/bl in 2020** (based on reference scenario, including contribution of capex and cost savings, net of maintenance)

In 2021 PowerGen results (including fixed costs) will be incorporated in the Refining segment:

- **EMC at 3.5 \$/bl**
- **Saras integrated premium of approx. 7.0 \$/bl**

(based on reference scenario, including contribution of capex and cost savings, net of maintenance)

### Power Generation

In the period 2018 – 2020:

- **EBITDA of approx. EUR 190 million/year**
- Electricity produced to be sold according to CIP6/92 tariff

### Marketing

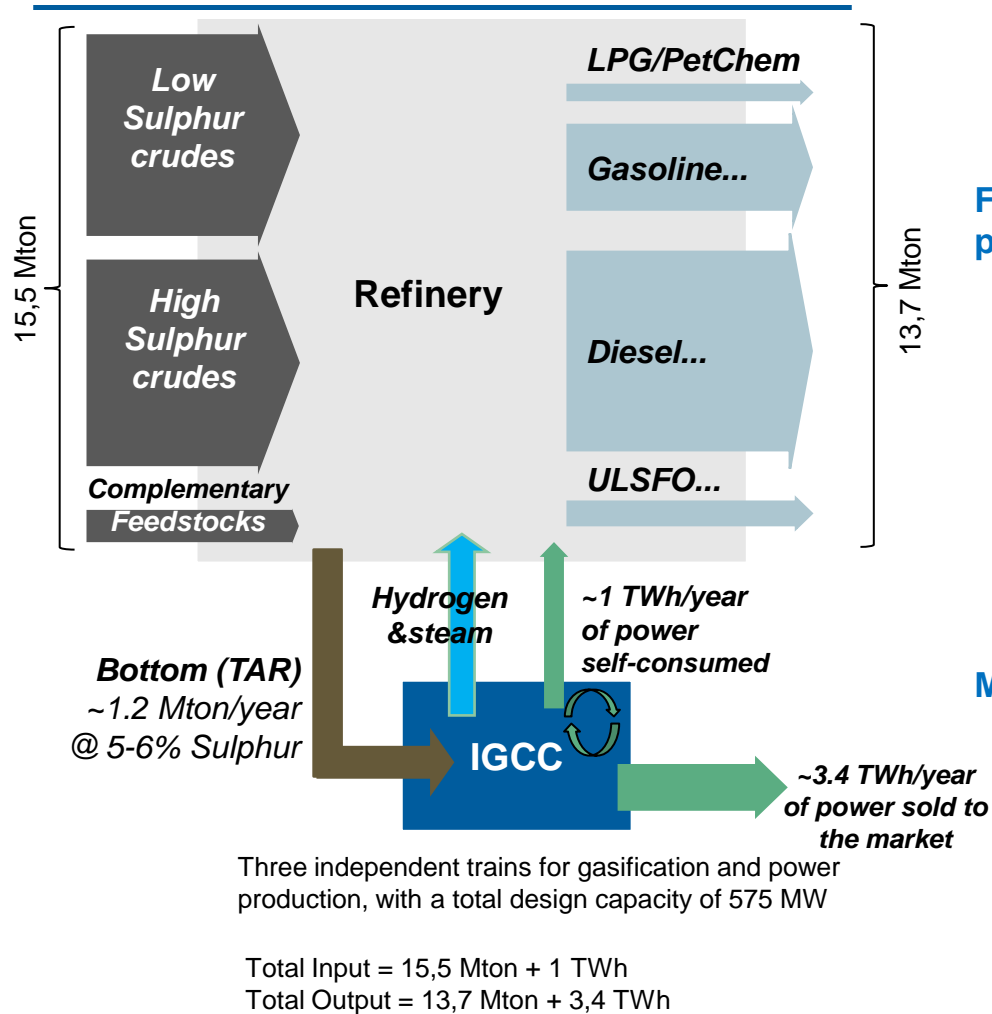
- **EBITDA of approx. EUR 10 ÷ 12 M/year**
- Profitability recovery coming from cost rationalization and optimization of sale channels achieved in 2017 sustainable also in next years

### Wind

- **EBITDA between EUR 5 ÷ 10M** taking into account the expiry of incentives on ~80% of the installed capacity from 2018



## Sarlux site configuration post 2021



## 2021 will be a year of discontinuity for the IGCC:

- By end of Q2 CIP6/92 incentive expire
- By that date the 10Y turnaround will be executed
- Then the plant **will start to operate at market conditions**

## From 2022 IGCC will be exploited with an **integrated perspective** and we expect it to run at full capacity:

- ~1TWh of power production will be self-consumed allowing to save system and dispatching charges (approx. EUR 20 ÷ 25M)
- ~3.4 TWh will be sold to the market at PUN <sup>(1)</sup>
- The plant will continue to provide hydrogen and steam necessary for refinery operations
- Competitive marginal cost of production versus the expected PUN (50 EUR/MWh)

## Main benefits will be:

- No need of multi billion investments to convert bottom of the barrel into refined products (ie cocker or others)
- Possibility to continue to economically process HS crudes with a low fuel oil yield fully exploiting IMO opportunities
- IGCC intrinsic value will be boost in conditions of high differential between GO & HSFO (i.e. IMO) that reduces TAR value compared to electricity prices, contributing positively to the refining margin

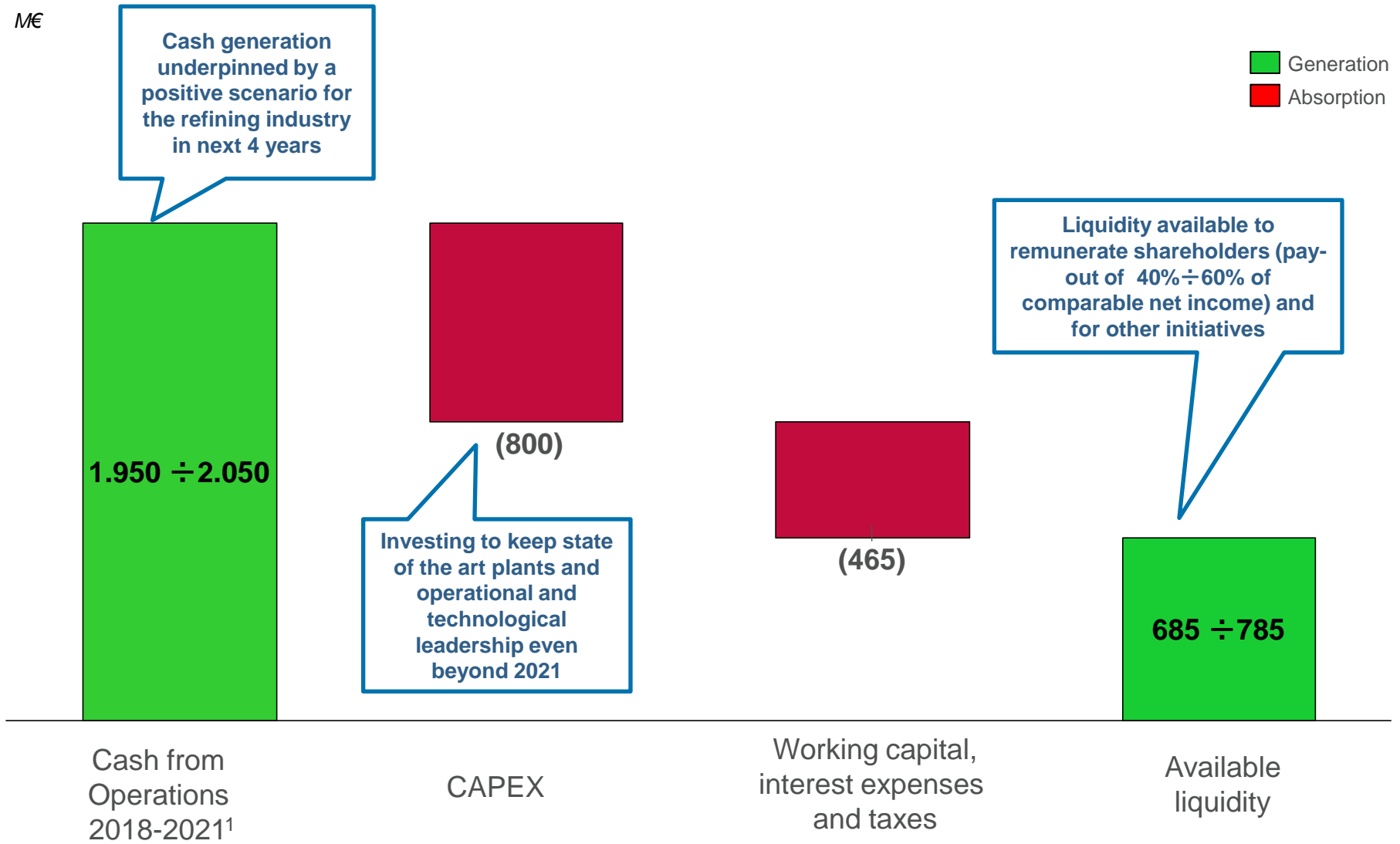
Note: Arrow width proportional to material flow size, plant surfaces proportional to Nelson Complexity Index.

(1) Average purchase price for electricity in the Italian market



# Sources and uses of cash (Cumulated 2018-2021)

M€



1. Cash Flow from operations = EBITDA – Linearization effect on Power Generation – others



➤ **Additional Information**





# Financials: Key Income Statement Figures

KEY INCOME STATEMENT (EUR million)	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>EBITDA</b>	67.8	267.3	95.7	207.4	638.1	160.4	(19.1)	161.8	201.2	504.3
<b>Comparable EBITDA (*)</b>	141.9	151.3	118.0	94.8	506.0	124.0	128.5	160.1	109.8	522.5
D&A	(56.3)	(56.8)	(57.1)	(76.7)	(246.7)	(52.9)	(54.1)	(56.8)	(14.7)	(178.4)
<b>EBIT</b>	11.5	210.5	38.6	130.7	391.4	107.5	(73.2)	105.0	186.4	325.8
<b>Comparable EBIT (*)</b>	85.6	94.5	61.0	38.2	279.3	71.1	73.9	103.8	95.0	344.0
Interest expense	(6.2)	(7.1)	(10.3)	(6.4)	(30.0)	(3.7)	(1.4)	(3.2)	(3.9)	(12.2)
Other	(1.8)	(17.7)	(0.1)	(33.4)	(53.0)	26.8	28.2	(26.0)	(11.3)	17.7
<b>Financial Income/Expense</b>	<b>(8.0)</b>	<b>(24.8)</b>	<b>(10.4)</b>	<b>(39.8)</b>	<b>(83.0)</b>	<b>23.1</b>	<b>26.8</b>	<b>(29.3)</b>	<b>(15.1)</b>	<b>5.6</b>
<b>Profit before taxes</b>	<b>3.5</b>	<b>185.7</b>	<b>28.2</b>	<b>91.0</b>	<b>308.4</b>	<b>130.6</b>	<b>(46.4)</b>	<b>75.7</b>	<b>171.3</b>	<b>331.4</b>
Taxes	(3.7)	(56.0)	(5.8)	(46.6)	(112.0)	(38.5)	8.7	(20.8)	(39.9)	(90.5)
<b>Net Result</b>	<b>(0.2)</b>	<b>129.7</b>	<b>22.4</b>	<b>44.4</b>	<b>196.3</b>	<b>92.1</b>	<b>(37.6)</b>	<b>54.9</b>	<b>131.4</b>	<b>240.8</b>
Adjustments	42.7	(67.7)	10.3	(25.7)	(40.4)	(39.6)	95.0	(3.2)	(75.7)	(23.5)
<b>Comparable Net Result (*)</b>	<b>42.4</b>	<b>62.1</b>	<b>32.7</b>	<b>18.7</b>	<b>155.9</b>	<b>52.5</b>	<b>57.4</b>	<b>51.7</b>	<b>55.8</b>	<b>217.4</b>

(\*) Reclassified on the base of the new criteria of determination of the comparable figures

EBITDA Adjustment (EUR million)	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>EBITDA</b>	<b>67.8</b>	<b>267.3</b>	<b>95.7</b>	<b>207.5</b>	<b>638.1</b>	<b>160.4</b>	<b>(19.1)</b>	<b>161.8</b>	<b>201.2</b>	<b>504.3</b>
Gain / (Losses) on inventories	62.2	(100.8)	13.2	(99.3)	(124.7)	(57.3)	101.1	0.9	(98.7)	(54.0)
Non-recurring items	0.0	2.5	1.7	22.0	26.2	(4.0)	16.4	7.8	3.7	23.8
Realized and unrealized hedging derivatives and net Forex	11.9	(17.7)	7.3	(35.3)	(33.7)	25.0	30.1	(10.5)	3.7	48.3
<b>Comparable EBITDA (*)</b>	<b>141.9</b>	<b>151.3</b>	<b>118.0</b>	<b>94.9</b>	<b>506.0</b>	<b>124.0</b>	<b>128.5</b>	<b>160.1</b>	<b>109.8</b>	<b>522.5</b>

Net Result Adjustment (EUR million)	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>Net Result</b>	<b>(0.2)</b>	<b>129.7</b>	<b>22.4</b>	<b>44.4</b>	<b>196.3</b>	<b>92.1</b>	<b>(37.6)</b>	<b>54.9</b>	<b>131.4</b>	<b>240.8</b>
Gain / (Losses) on inventories net of taxes	42.6	(69.4)	9.1	(68.3)	(85.9)	(41.3)	72.6	0.9	(71.2)	(39.0)
Non-recurring items net of taxes	0.0	1.7	1.2	42.6	45.5	0.0	19.8	0.0	(5.1)	14.7
Derivatives related to future deals	0.0	0.0	0.0	0.0	0.0	1.8	2.5	(4.1)	0.5	0.7
<b>Comparable Net Result(*)</b>	<b>42.4</b>	<b>62.1</b>	<b>32.7</b>	<b>18.7</b>	<b>155.9</b>	<b>52.5</b>	<b>57.4</b>	<b>51.7</b>	<b>55.8</b>	<b>217.3</b>

(\*) Reclassified on the base of the new criteria of determination of the comparable figures

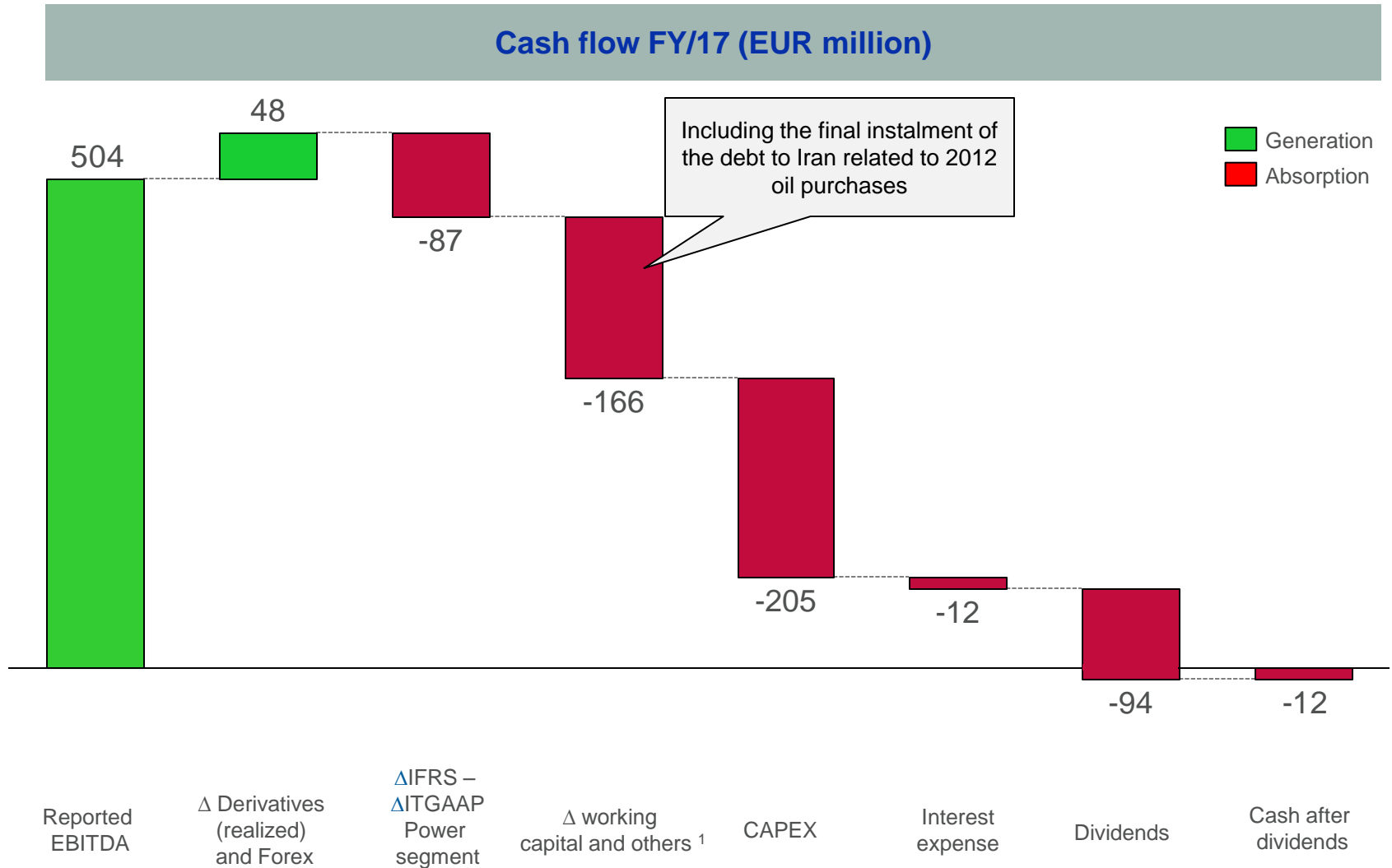


# Financials: Key Balance Sheet Figures

EUR million	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
<b>Current assets</b>	<b>1,972</b>	<b>1,978</b>	<b>1,754</b>	<b>1,689</b>	<b>1,617</b>	<b>1,432</b>	<b>1,709</b>	<b>1,960</b>
CCE and financial assets held for trading	984	847	732	449	296	255	408	470
Other current assets	988	1,131	1,022	1,241	1,321	1,177	1,301	1,490
<b>Non-current assets</b>	<b>1,357</b>	<b>1,288</b>	<b>1,262</b>	<b>1,205</b>	<b>1,176</b>	<b>1,172</b>	<b>1,163</b>	<b>1,197</b>
<b>TOTAL ASSETS</b>	<b>3,330</b>	<b>3,266</b>	<b>3,017</b>	<b>2,894</b>	<b>2,794</b>	<b>2,604</b>	<b>2,873</b>	<b>3,157</b>
<b>Current Liabilities</b>	<b>1,525</b>	<b>1,517</b>	<b>1,447</b>	<b>1,423</b>	<b>1,310</b>	<b>1,259</b>	<b>1,477</b>	<b>1,530</b>
Short-Term financial liabilities	220	162	186	203	158	178	233	183
Other current liabilities	1,305	1,355	1,261	1,220	1,153	1,081	1,245	1,347
<b>Non-Current Liabilities</b>	<b>920</b>	<b>894</b>	<b>692</b>	<b>548</b>	<b>468</b>	<b>460</b>	<b>455</b>	<b>554</b>
Long-Term financial liabilities	578	552	356	183	176	176	169	257
Other non-current liabilities	341	341	336	365	292	284	287	297
<b>Shareholders Equity</b>	<b>885</b>	<b>855</b>	<b>878</b>	<b>923</b>	<b>1,015</b>	<b>885</b>	<b>940</b>	<b>1,072</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,330</b>	<b>3,266</b>	<b>3,017</b>	<b>2,894</b>	<b>2,794</b>	<b>2,604</b>	<b>2,873</b>	<b>3,157</b>



# Additional information: Group Key Cash Flow Figures



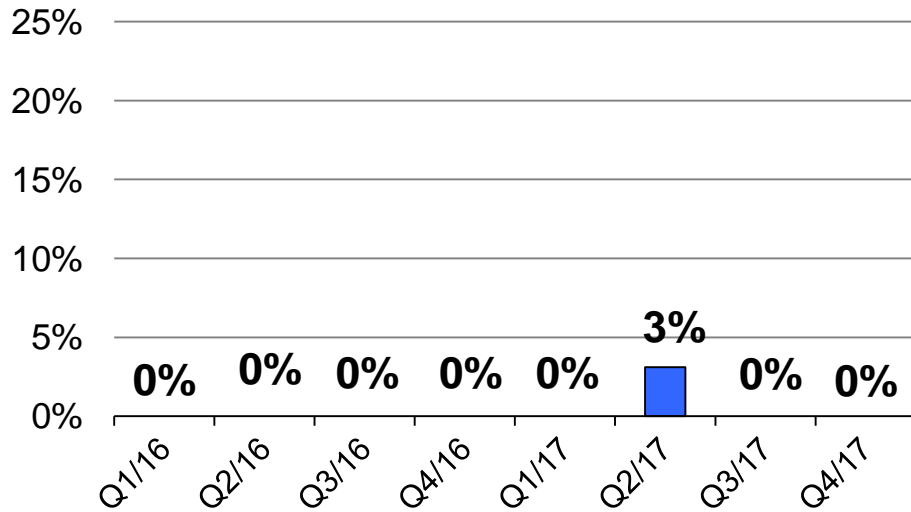
1. Includes CO<sub>2</sub>, wind tariff incentives, Energy Efficiency certificates and Taxes paid in the period



<b>CAPEX BY SEGMENT</b> (EUR million)	<b>Q1/16</b>	<b>Q2/16</b>	<b>Q3/16</b>	<b>Q4/16</b>	<b>2016</b>	<b>Q1/17</b>	<b>Q2/17</b>	<b>Q3/17</b>	<b>Q4/17</b>	<b>2017</b>
REFINING	25.6	26.3	33.7	47.9	133.6	41.4	46.6	35.1	63.0	186.1
POWER GENERATION	2.8	0.9	3.0	3.0	9.6	4.0	7.1	2.6	2.8	16.6
MARKETING	0.1	0.3	0.5	0.5	1.4	0.2	0.3	0.1	0.3	0.9
WIND	0.0	0.1	0.3	0.0	0.4	0.0	0.0	0.1	0.5	0.5
OTHER ACTIVITIES	0.0	0.2	0.1	0.3	0.6	0.1	0.2	0.4	0.3	0.9
<b>TOTAL CAPEX</b>	<b>28.6</b>	<b>27.8</b>	<b>37.6</b>	<b>51.6</b>	<b>145.6</b>	<b>45.8</b>	<b>54.1</b>	<b>38.3</b>	<b>66.8</b>	<b>205.0</b>

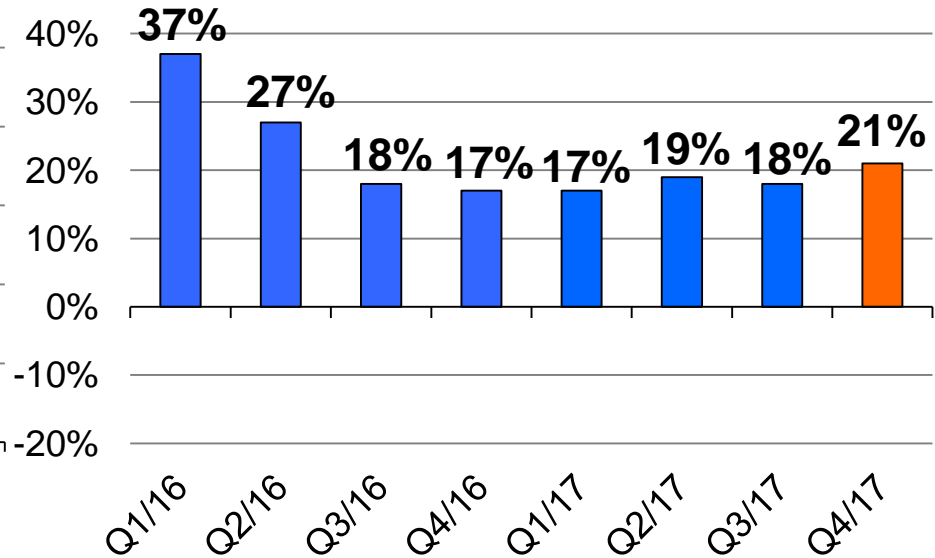


### Leverage<sup>1</sup> (%)



1. Leverage =  $NFP / (NFP + Equity)$

### ROACE<sup>2</sup> (%)



2. After tax, quarterly figures are 1 year rolling



# Highlights on the new methodology to calculate *comparable* figures

## Previous comparable

## New comparable

### INVENTORIES

Operating results and Net Result calculated evaluating oil inventories with **LIFO methodology** (based on historical price bands)

Operating results and Net Result calculated evaluating oil inventories with **FIFO methodology**, adjusted for unrealised inventories gain and losses due to changes in the scenario

### DERIVATIVES

Classification of derivatives between **closed and open positions**:

- Derivatives on oil and forex closed at the end of the period included in the operating result
- “Fair value” of the open position of derivatives excluded by the Net Result

Derivatives classified **on their strategy and link with a physical deal of the period**:

- Realised and unrealised oil and exchange rate derivatives with hedging nature which involve the exchange of physical quantities reclassified in the operating results
- Derivatives related to physical deals not referring to the period under review excluded by operating results and Net Result

	Q1/16	Q1/16 reclassified	Q2/16	Q2/16 reclassified	Q3/16	Q3/16 reclassified	Q4/16	Q4/16 reclassified	2016	2016 reclassified
<b>Comparable EBITDA</b>	124.2	141.9	134.2	151.3	100.5	118.0	147.8	94.9	506.6	506.0
<b>Comparable Net Result</b>	40.2	42.4	50.0	62.1	26.4	32.7	52.8	18.7	169.4	155.9





# Additional information: Reclassification of 2016 comparable results

EBITDA Adjustment (EUR million)	Q1/16	Q1/16 reclassified	Q2/16	Q2/16 reclassified	Q3/16	Q3/16 reclassified	Q4/16	Q4/16 reclassified	2016	2016 reclassified
<b>EBITDA</b>	<b>67.8</b>	<b>67.8</b>	<b>267.3</b>	<b>267.3</b>	<b>95.7</b>	<b>95.7</b>	<b>207.5</b>	<b>207.5</b>	<b>638.1</b>	<b>638.1</b>
(LIFO – FIFO) inventories	51.8		(113.5)		(5.6)		(71.0)		(138.3)	
Realized result of derivatives and net Forex	4.6		(22.1)		8.7		(10.7)		(19.5)	
Gain & (Losses) on Inventories		62.2		(100.8)		13.2		(99.3)		(124.7)
Realised and unrealised hedging derivatives and net FOREX		11.9		(17.7)		7.3		(35.3)		(33.7)
Non-recurring items	0.0	0.0	2.5	2.5	1.7	1.7	22.0	22.0	26.2	26.2
<b>Comparable EBITDA</b>	<b>124.2</b>	<b>141.9</b>	<b>134.2</b>	<b>151.3</b>	<b>100.5</b>	<b>118.0</b>	<b>147.8</b>	<b>94.9</b>	<b>506.6</b>	<b>506.0</b>

Net Result Adjustment (EUR million)	Q1/16	Q1/16 reclassified	Q2/16	Q2/16 reclassified	Q3/16	Q3/16 reclassified	Q4/16	Q4/16 reclassified	2016	2016 reclassified
<b>Net Result</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>129.7</b>	<b>129.7</b>	<b>22.4</b>	<b>22.4</b>	<b>44.4</b>	<b>44.4</b>	<b>196.3</b>	<b>196.3</b>
(LIFO – FIFO) inventories net of taxes	35.5		(78.1)		(3.9)		(48.9)		(95.3)	
Fair value of derivatives' open positions net of taxes	4.9		(3.3)		6.7		14.6		22.9	
Gain & Losses on Inventories net of taxes		42.6		(69.4)		9.1		(68.3)		(85.9)
Derivatives related to future deals		0.0		0.0		0.0		0.0		0.0
Non-recurring items net of taxes	0.0	0.0	1.7	1.7	1.2	1.2	42.6	42.6	45.5	45.5
<b>Comparable Net Result</b>	<b>40.2</b>	<b>42.4</b>	<b>50.0</b>	<b>62.1</b>	<b>26.4</b>	<b>32.7</b>	<b>52.8</b>	<b>18.7</b>	<b>169.4</b>	<b>155.9</b>



# Additional information: Refining

EUR million	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
EBITDA	14.4	209.9	36.4	157.7	418.3	103.3	(75.1)	103.4	145.3	276.9
<b>Comparable EBITDA (*)</b>	<b>89.2</b>	<b>94.9</b>	<b>57.0</b>	<b>38.0</b>	<b>279.1</b>	<b>69.6</b>	<b>70.1</b>	<b>96.7</b>	<b>45.8</b>	<b>282.2</b>
EBIT	(14.8)	180.4	7.2	108.7	281.5	76.1	(103.2)	74.1	113.3	160.3
<b>Comparable EBIT (*)</b>	<b>60.0</b>	<b>65.4</b>	<b>27.8</b>	<b>9.1</b>	<b>162.3</b>	<b>42.3</b>	<b>42.1</b>	<b>67.4</b>	<b>13.8</b>	<b>165.6</b>
<b>CAPEX</b>	<b>25.6</b>	<b>26.3</b>	<b>33.7</b>	<b>47.9</b>	<b>133.6</b>	<b>41.4</b>	<b>46.6</b>	<b>35.1</b>	<b>63.0</b>	<b>186.1</b>
<b>REFINERY RUNS</b>										
Crude oil (ktons)	2,880	3,209	3,597	3,276	12,962	3,436	3,481	3,608	3,536	14,060
Crude oil (Mbl)	21.0	23.4	26.3	23.9	94.6	25.1	25.4	26.3	25.8	102.6
Crude oil (bl/d)	231	257	285	260	259	279	282	286	281	281
<b>Complementary feedstock (ktons)</b>	<b>384</b>	<b>538</b>	<b>442</b>	<b>233</b>	<b>1,598</b>	<b>377</b>	<b>297</b>	<b>354</b>	<b>263</b>	<b>1,291</b>
<b>REFINERY MARGINS</b>										
EMC benchmark	3.6	2.6	2.0	3.5	2.9	3.3	3.8	4.6	2.3	3.5
Saras margin	8.5	8.1	5.2	5.2	6.6	5.8	6.1	7.0	4.9	6.0

(\*) Reclassified on the base of the new criteria of determination of the comparable figures



# Additional information: Power Generation

EUR million	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>Comparable EBITDA</b>	46.2	51.7	52.6	45.0	195.4	43.9	49.0	55.4	48.3	196.6
<b>Comparable EBIT</b>	21.8	27.0	27.5	20.0	96.3	20.9	25.6	30.6	68.4	145.5
EBITDA IT GAAP	16.6	44.5	40.2	32.6	133.9	3.0	25.8	36.4	32.5	97.7
EBIT IT GAAP	0.7	28.3	23.5	16.1	68.6	(11.5)	10.8	20.1	61.0	80.4
<b>CAPEX</b>	2.8	0.9	3.0	3.0	9.6	4.0	7.1	2.6	2.8	16.6
<b>POWER PRODUCTION</b> <small>MWh/1000</small>	863	1,241	1,239	1,244	4,588	735	1,021	1,203	1,127	4,085
POWER TARIFF <small>€cent/KWh</small>	8.1	8.1	8.1	8.1	8.1	8.7	8.7	8.6	8.7	8.7
POWER IGCC MARGIN <small>\$/bl</small>	3.8	3.4	3.1	3.0	3.3	3.4	3.3	3.4	3.3	3.3



EUR million	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
EBITDA	(2.6)	3.0	5.1	4.4	9.9	1.8	3.9	6.4	1.8	13.9
<b>Comparable EBITDA</b>	<b>(3.3)</b>	<b>(0.5)</b>	<b>5.0</b>	<b>2.4</b>	<b>3.6</b>	<b>3.2</b>	<b>5.2</b>	<b>3.6</b>	<b>3.3</b>	<b>15.2</b>
EBIT	(4.0)	1.5	3.7	3.0	4.2	0.4	2.7	4.9	0.4	8.4
<b>Comparable EBIT</b>	<b>(4.7)</b>	<b>(1.9)</b>	<b>3.6</b>	<b>0.9</b>	<b>(2.1)</b>	<b>1.8</b>	<b>3.5</b>	<b>2.5</b>	<b>1.9</b>	<b>9.7</b>
<b>CAPEX</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>	<b>0.5</b>	<b>1.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.1</b>	<b>0.3</b>	<b>0.9</b>
<b>SALES</b> (THOUSAND TONS)										
ITALY	581	574	606	538	2,298	496	547	592	534	2,169
SPAIN	422	421	458	485	1,787	374	368	344	399	1,484
<b>TOTAL</b>	<b>1,003</b>	<b>995</b>	<b>1,063</b>	<b>1,023</b>	<b>4,084</b>	<b>870</b>	<b>914</b>	<b>936</b>	<b>932</b>	<b>3,653</b>



# Additional information: Wind and Others

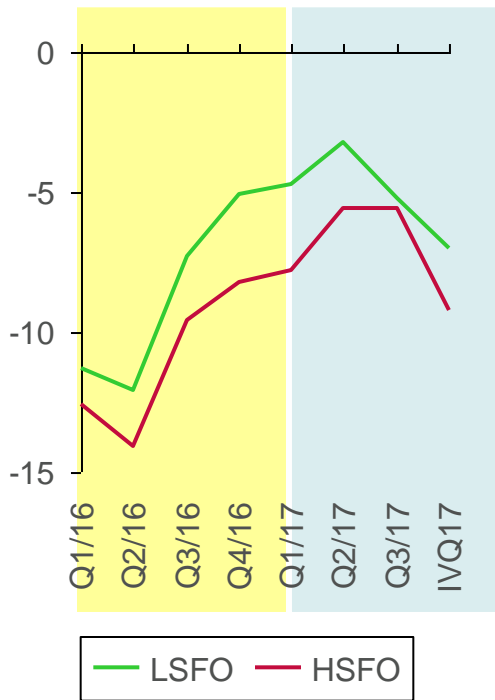
<b>Wind</b>	(EUR million)	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<i>Comparable EBITDA</i>		9.9	4.6	2.1	7.2	23.8	6.9	3.9	3.6	8.7	23.1
<i>Comparable EBIT</i>		8.9	3.4	1.0	5.9	19.2	5.8	2.7	2.5	7.5	18.5
<b>POWER PRODUCTION</b>	MWh	77,577	49,039	22,159	46,584	195,360	51,268	31,452	28,587	57,166	168,473
POWER TARIFF	€cent/ kWh	3.7	3.5	4.1	5.0	4.0	5.2	4.1	4.4	5.6	5.0
INCENTIVE	€cent/ kWh	11.1	8.3	10.0	10.0	10.0	10.7	10.7	10.7	10.7	10.7
<b>CAPEX</b>		0.0	0.1	0.3	0.0	0.4	0.0	0.0	0.1	0.5	0.5

<b>Others</b>	(EUR million)	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
<i>Comparable EBITDA</i>		(0.1)	0.6	1.3	2.3	4.1	0.5	0.3	0.8	3.7	5.3
<i>Comparable EBIT</i>		(0.3)	0.6	1.0	2.2	3.5	0.3	0.1	0.8	3.4	4.6
<b>CAPEX</b>		0.0	0.2	0.1	0.3	0.6	0.1	0.2	0.4	0.3	0.9

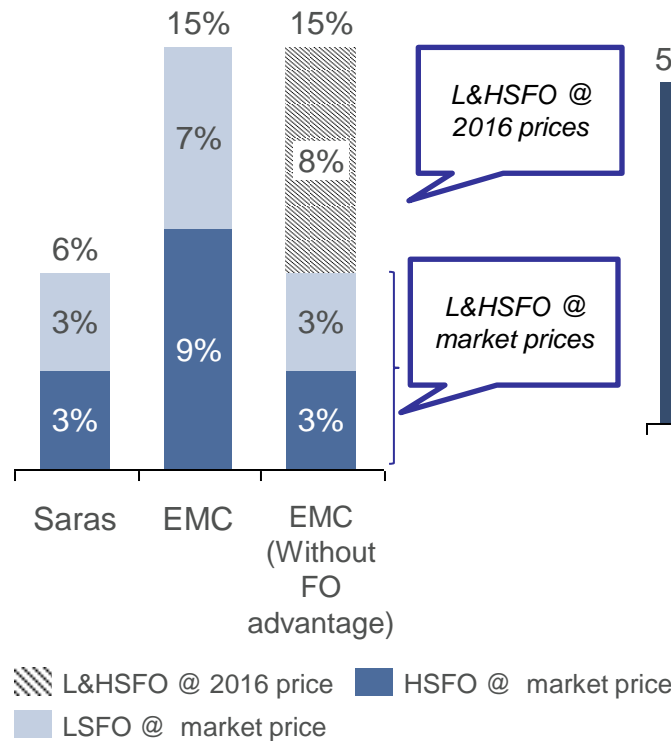


# Saras premium at 2.8 \$/bl when excluding by EMC the FO strengthening

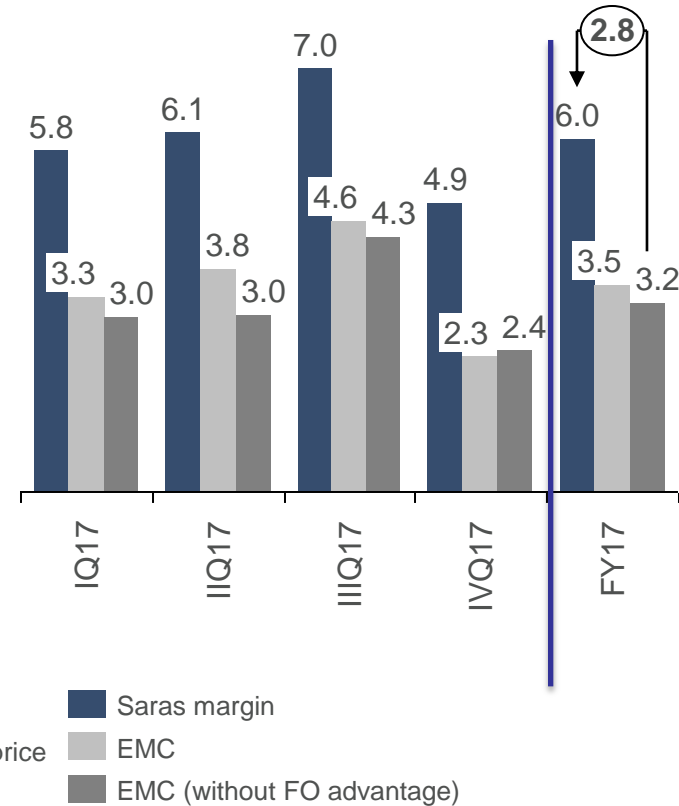
## FO crack spreads - \$/bbl



## Yields Saras vs EMC (focus on Fuel Oil)



## Saras refining margin premium (\$/bl) vs EMC without FO advantage



**Material strengthening of FO crack spreads vs last year**

**EMC without FO advantage excludes the impact of FO strengthening...**

**...not achievable by Saras given different yields vs EMC Benchmark**



		Q1/17	Q2/17	Q3/17	Q4/17	2017
<b>REFINERY</b>						
<b>Crude runs</b>	Tons (M) Barrels (M)	3.4 25.1	3.5 25.4	3.6 26.3	3.5 25.8	14.1 102.6
<b>Complementary feedstock</b>	Tons (M)	0.4	0.3	0.4	0.3	1.3
<b>EBITDA reduction due to scheduled maintenance</b>	USD (M)	32	6	7	3	48
<b>IGCC</b>						
<b>Power production</b>	MWh (M)	0.7	1.0	1.2	1.1	4.1