



SARAS

Third Quarter 2018 results

29th October 2018

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



9M/18 and Q3/18 highlights

EUR million	Jan-Sep 2018	Jan-Sep 2017	Change %	Q3/18	Q3/17	Change %
Reported EBITDA	448.0	303.1	48%	176.6	161.8	9%
Reported Net Result	154.1	109.4	41%	72.7	54.9	32%
Comparable¹ EBITDA	272.8	412.6	-34%	122.4	160.1	-24%
Comparable¹ Net Result	59.0	161.6	-64%	44.1	51.7	-15%
Net Financial Position	74	110		74	110	

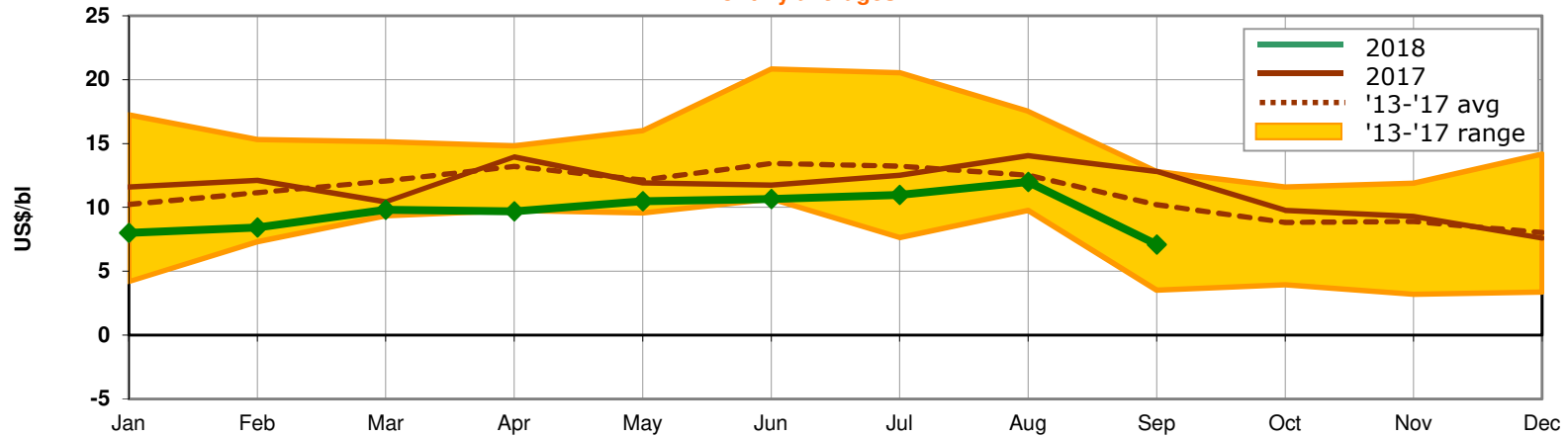
-  **Strong Group reported EBITDA in 9M/18 (EUR 448.0M) and Q3/18 (EUR176.6M) thanks to inventories revaluation boosting cash generation**
-  **Q3/18 *Comparable* EBITDA at EUR 122.4M thanks to favourable market scenario in the summer (strong gasoline and diesel). Unitary margins below previous year due to oil price**
-  **Good refinery industrial performance in the summer (Sept. runs affected by the few days stop of the distillation units). Electricity production at ~1.2 TWh**
-  **Maintenance activity completed. The fire (caused by a storm) that affected a service area leading to the CDUs was promptly solved and won't have impact on Q4/18 operations**
-  **Firmly positive Net Financial Position at +EUR 74M (vs +EUR87M as at 31st Dec 2017) even after the payment of EUR 112M of dividends in May and EUR 131M of investments**

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".

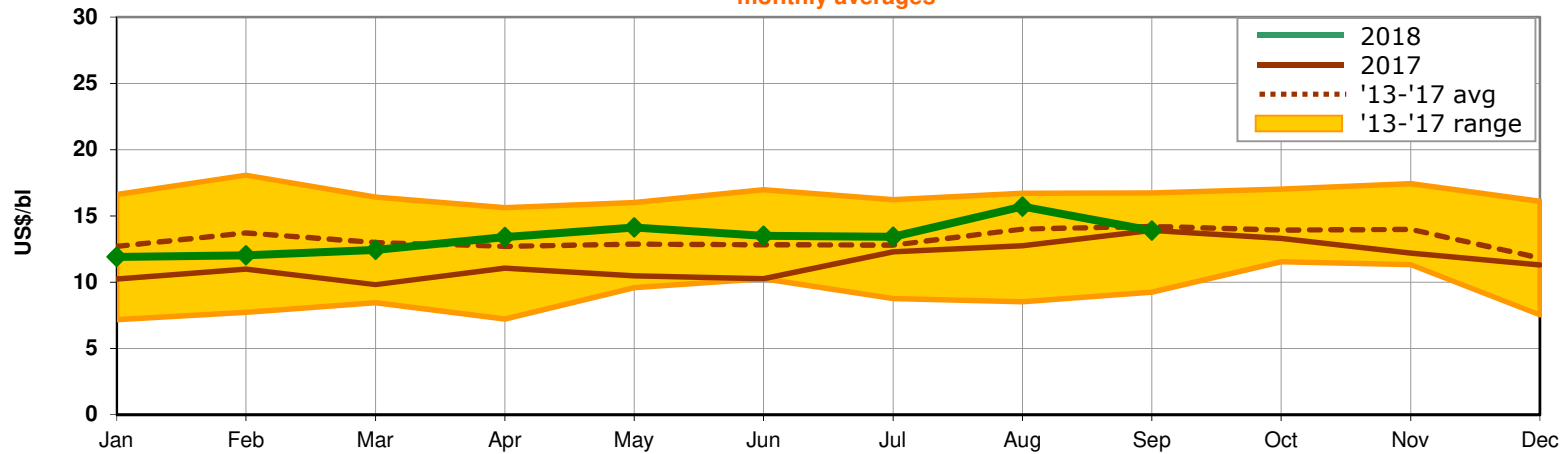


Highlights: Diesel and Gasoline Crack Spreads

Med: Gasoline Crack spread vs Brent
monthly averages



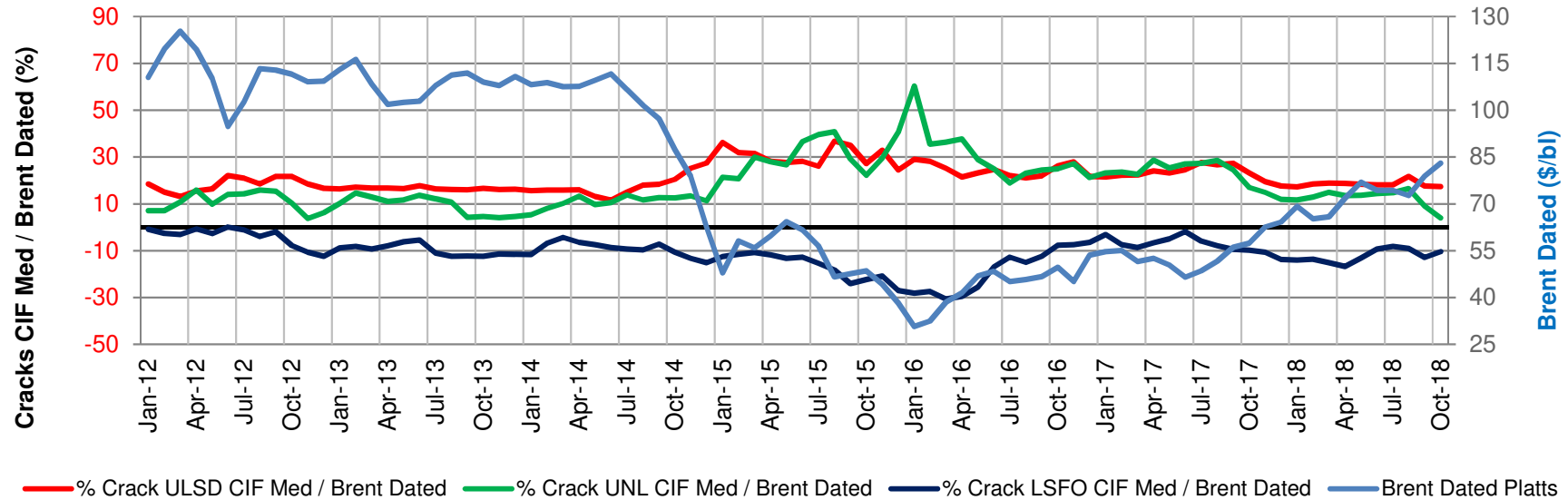
Med: Diesel Crack spread vs Brent
monthly averages



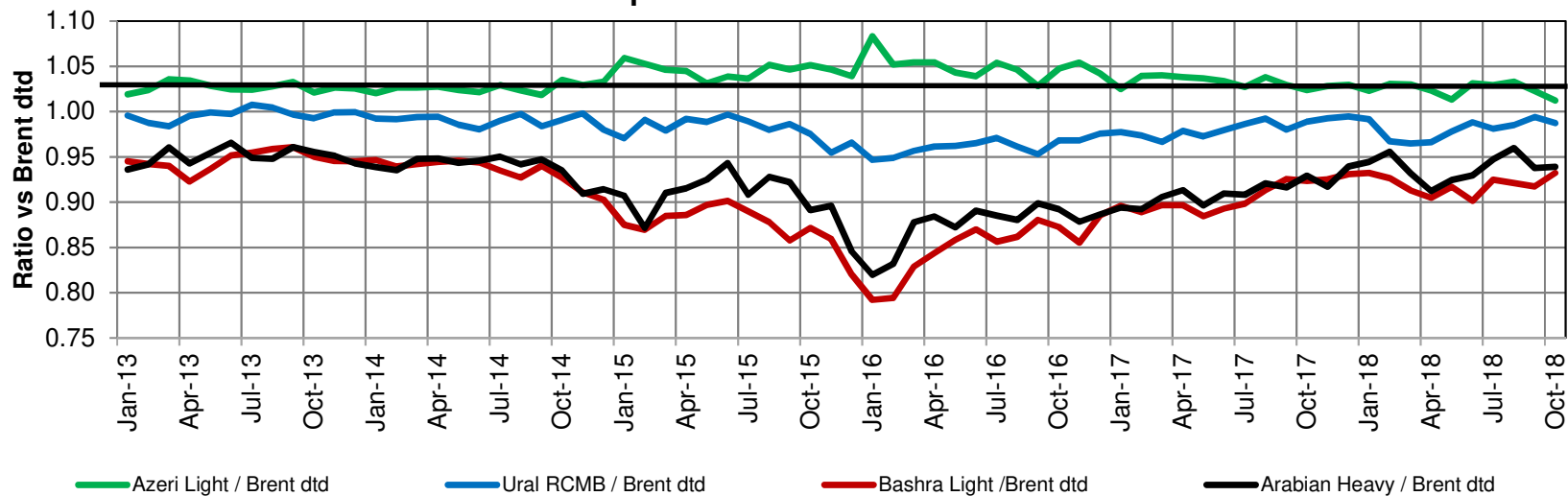


Highlights: Historical Crack Spreads and Ratios to Brent

Ratios of Product Cracks CIF Med to Brent Dated

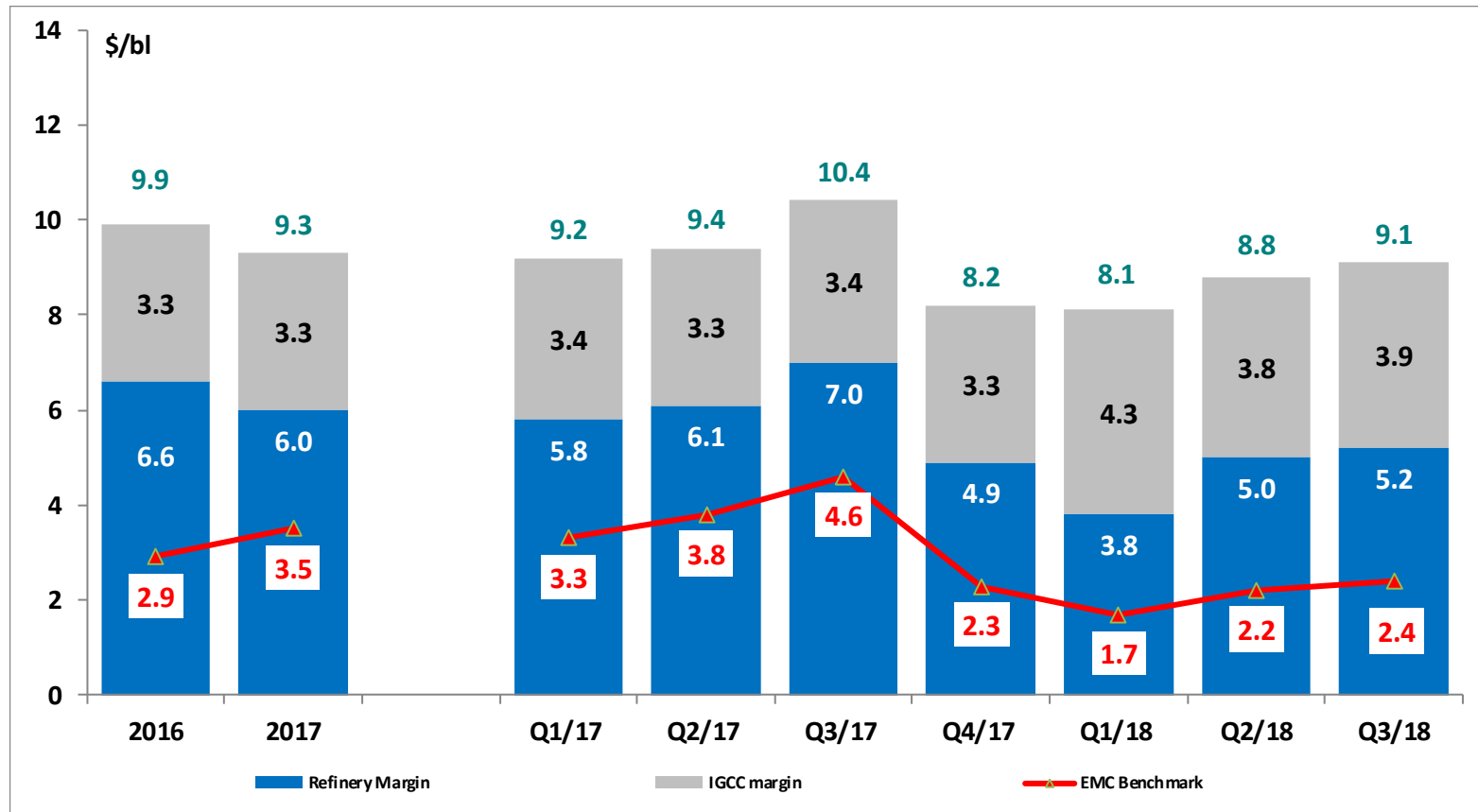


Crudes premium / discount vs Brent





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

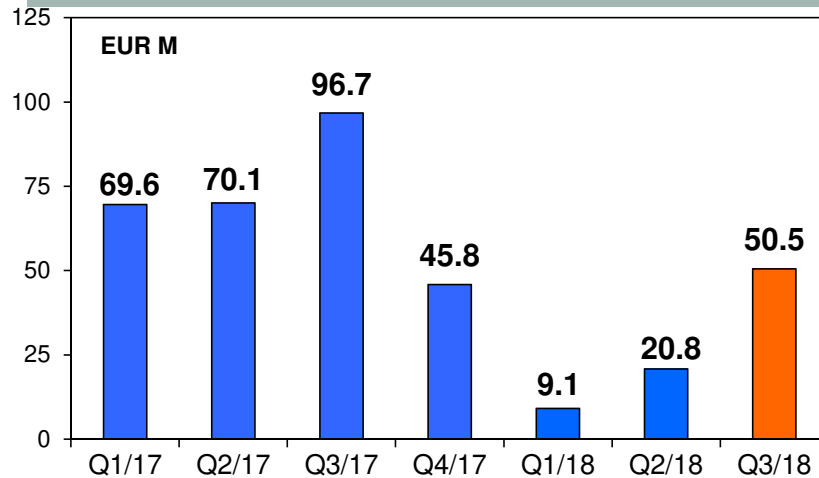


➤ **Segments Review**



Segment Review: Refining

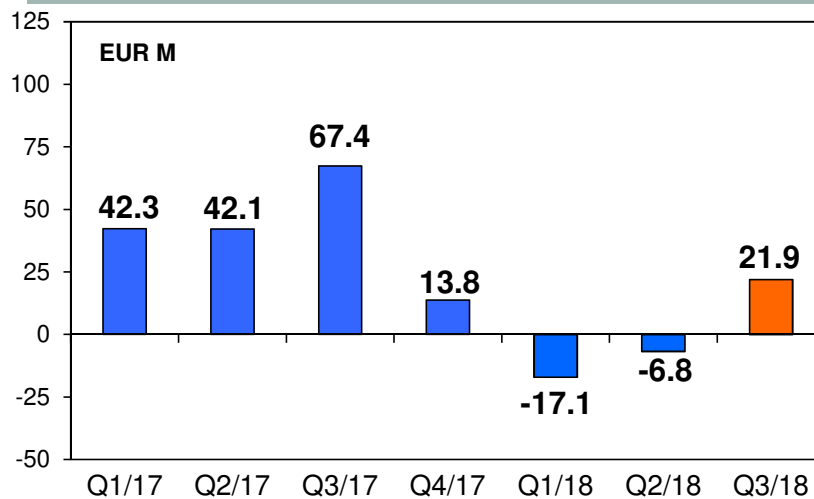
Comparable EBITDA



Q3/18

- **Comparable EBITDA at EUR 50.5M** (vs. EUR 96.7M in Q3/17)
 - ✓ Crude throughput at 24.5Mbl (-7% vs. Q3/17). In the summer the refinery operated at full capacity. September runs were affected by the few days stop at the distillation units (due to the fire).
 - ✓ **Higher oil prices**, other market effects and the fire had a negative impact of about EUR75M.
 - ✓ Lower gasoline was offset by stronger diesel crack spread. Exchange rate effect was neutral.
 - ✓ **Strong commercial performance** boost results by EUR30M vs Q3/17 thanks to the inventories management and trading activity

Comparable EBIT



9M/18

- **Comparable EBITDA at EUR 80.4M** (vs. EUR 236.4M in 9M/17)
 - ✓ Crude throughput at 72.1Mbl (-6% vs. 9M/17) due lower operating performance and stop of toppings in the last days of September
 - ✓ Market scenario less favourable: negative impact of higher crude prices and forex. Strong diesel more than offset weaker gasoline.
 - ✓ Strong commercial performance (+EUR20m vs 9M/17)

EUR million	Q3/18	Q3/17	9M/18	9M/17
Comparable EBITDA	50.5	96.7	80.4	236.4
Comparable EBIT	21.9	67.4	(2.0)	151.8



Segment Review: Refining – Crude Oil Slate and Production

REFINERY RUNS		Q3/18	9M/17	9M/18
Crude oil	<i>K tons</i>	3,354	10,524	9,882
Complementary feedstock	<i>K tons</i>	388	1,028	965
CRUDE OIL SLATE		Q3/18	9M/17	9M/18
Light extra sweet		37%	34%	37%
Light sweet		13%	13%	13%
Medium sweet/extra sweet		0%	0%	0%
Medium sour		33%	37%	34%
Heavy sour/sweet		18%	16%	17%
Average crude gravity	° API	33.6	33.5	33.7
PRODUCTION (From crude runs and feedstock)		Q3/18	9M/17	9M/18
LPG	<i>k tons</i>	79	233	224
	<i>Yield</i>	2.1%	2.0%	2.1%
Naphtha + gasoline	<i>k tons</i>	1,015	3,132	3,074
	<i>yield</i>	27.1%	27.1%	28.3%
Middle distillates	<i>k tons</i>	1,953	5,808	5,462
	<i>yield</i>	52.2%	50.3%	50.4%
Fuel oil & others	<i>k tons</i>	148	859	556
	<i>yield</i>	3.9%	7.4%	5.1%
TAR	<i>k tons</i>	307	787	819
	<i>yield</i>	8.2%	6.8%	7.5%

Lower crude runs due to lower operating performance and stop of distillation units at the end of September due to the fire that affected some service areas

Changes in crude slate (more light extra sweet and less medium sour) to take benefit from the different supply mix in the market

Higher gasoline yield. Middle distillates in line with the same period of last year

Low fuel oil yield driven by less favorable crack spreads and maintenance

Balance to 100% are Consumption & Losses



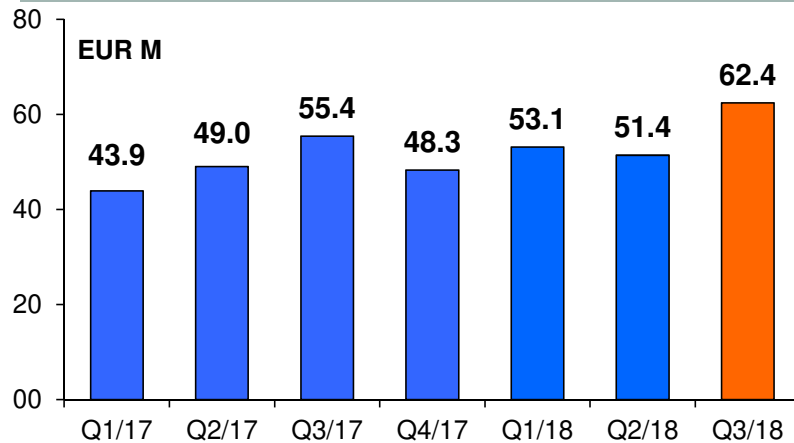
Segment Review: Refining – Fixed & Variable costs

		Q3/18	9M/17	9M/18
Refinery RUNS	Million barrels	24.5	76.8	72.1
<i>Exchange rate</i>	<i>EUR/USD</i>	1.16	1.11	1.19
Fixed costs	EUR million	58.1	198.4	201.7
	\$/bl	2.8	2.9	3.3
Variable costs	EUR million	51.0	124.1	136.6
	\$/bl	2.4	1.8	2.3



Segment Review: Power Generation

Comparable EBITDA (*)

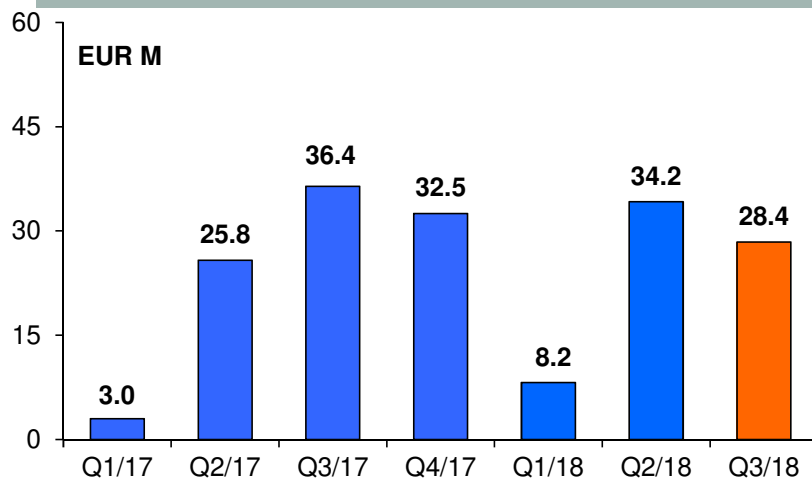


(*) Difference between comparable and reported EBITDA attributable to the change of the fair value of CO₂ hedging derivatives.

Q3/18

- **Comparable EBITDA at EUR 62.4M** (vs. EUR 55.4M in Q3/17)
 - ✓ Higher value of CIP6/92 tariff (+11%) offset higher feedstock (TAR) costs due to rising oil prices as well as CO₂ costs.
 - ✓ Sales of steam & hydrogen up EUR 4.5M vs Q3/17
- **Volumes broadly in line with Q3/17 (1.17 TWh)**
- **No maintenance carried out in the period.** Maintenance work on one “Gasifier – combined cycle Turbine” planned between the third and the fourth quarter postponed to next year

IT GAAP EBITDA



9M/18

- **Comparable EBITDA at EUR 166.9M** (vs. EUR 148.3M in 9M/17)
 - ✓ Lower fixed costs and higher value of CIP6/92 tariff (+11%) more than offset higher feedstock (TAR) and CO₂ costs.
 - ✓ Sales of steam & hydrogen up by about EUR5M vs 9M/17

EUR million	Q3/18	Q3/17	9M/18	9M/17
Comparable EBITDA	62.4	55.4	166.9	148.3
Comparable EBIT	49.4	30.6	128.1	77.1
IT GAAP EBITDA	28.4	36.4	70.8	65.2



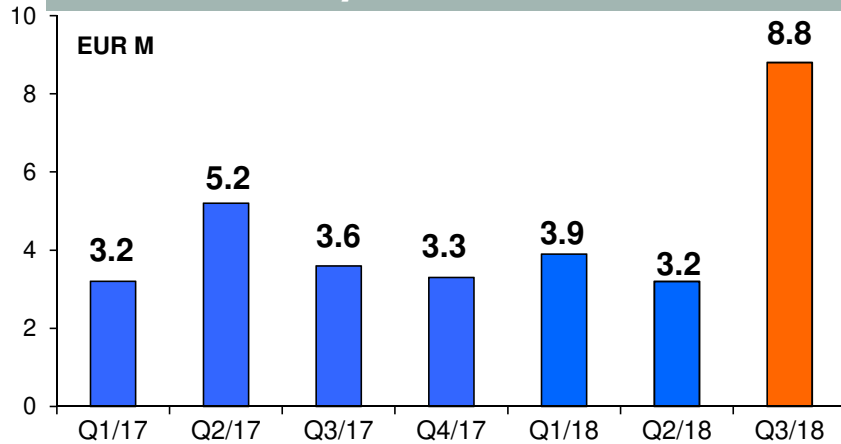
Segment Review: Power Generation – Fixed & Variable costs (IT GAAP)

		Q3/18	9M/17	9M/18
Refinery RUNS	Million barrels	24.5	76.8	72.1
Power production	MWh/1000	1,170	2,959	3,145
<i>Exchange rate</i>	<i>EUR/USD</i>	<i>1.16</i>	<i>1.11</i>	<i>1.19</i>
Fixed costs	EUR million	20.3	82.9	75.3
	\$/bl	1.0	1.2	1.2
	EUR/MWh	17	28	24
Variable costs	EUR million	20.6	41.3	49.7
	\$/bl	1.0	0.6	0.8
	EUR/MWh	18	14	16



Segment Review: Marketing

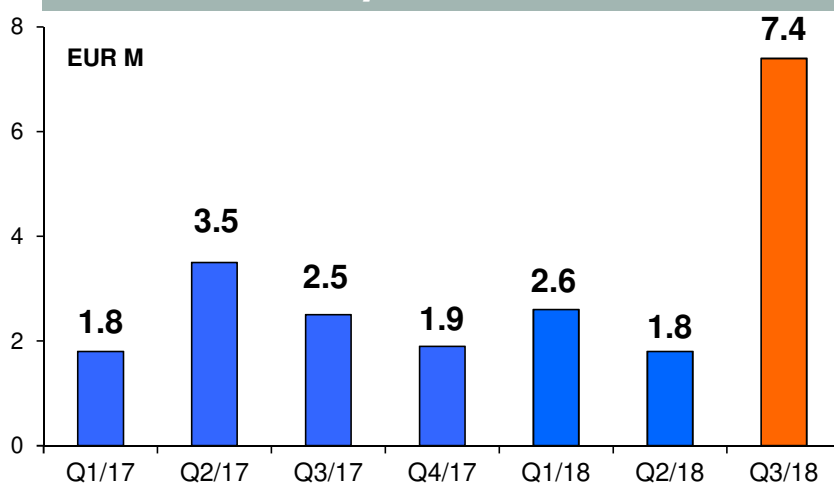
Comparable EBITDA



Q3/18

- **Comparable EBITDA at EUR +8.8M** (vs. EUR 3.6M in Q3/17)
 - ✓ Demand slightly growing in Italy (+1%). Consumption in Spain posted a robust 3% increase.
 - ✓ Sales decreased by 6% in Italy and increased by 12% in Spain, keeping group volumes stable
 - ✓ Higher unitary wholesale margins in Italy

Comparable EBIT



9M/18

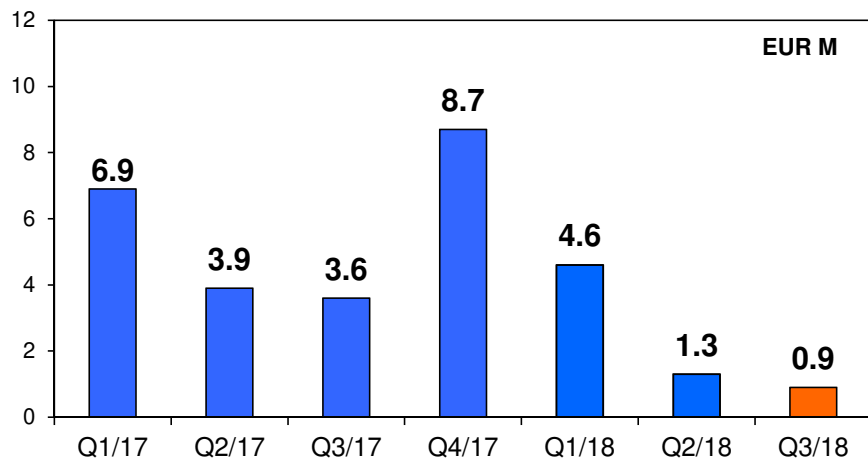
- **Comparable EBITDA at EUR +16.0M** (vs. EUR 11.9M in 9M/17)
 - ✓ Demand growing by 1.5% in Italy and by more than 3% in Spain
 - ✓ Sales decreased by 3% in Italy and rose by 8% in Spain
 - ✓ Higher unitary margins in Italy and Spain

EUR million	Q3/18	Q3/17	9M/18	9M/17
Comparable EBITDA	8.8	3.6	16.0	11.9
Comparable EBIT	7.4	2.5	11.9	7.8



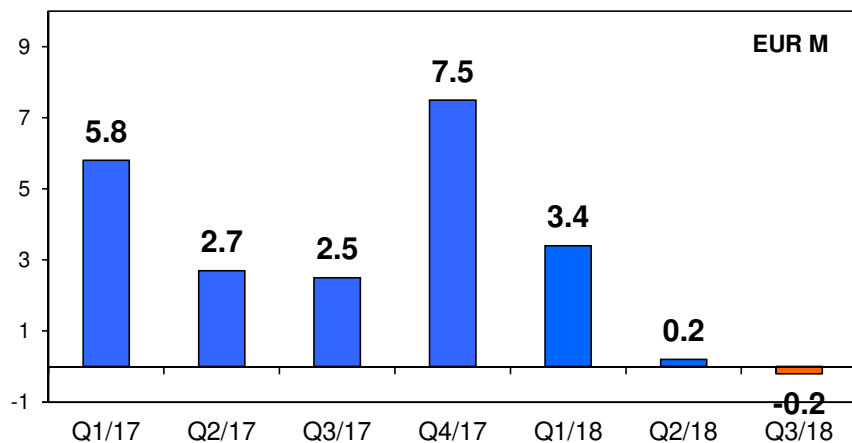
Segment Review: Wind Power

Comparable EBITDA(*)



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

Comparable EBIT



Q3/18

- **Comparable EBITDA at EUR 0.9M** (vs. EUR 3.6M in Q3/17)
 - ✓ Lower electricity production (-31%) due less favourable wind conditions
 - ✓ Power Tariff (+2.3EURcent/kWh vs. Q3/17) more than offset lower Incentive Tariff (-0.8EURcent/kWh vs. Q3/17)
 - ✓ Incentives expired on 90% of the production

9M/18

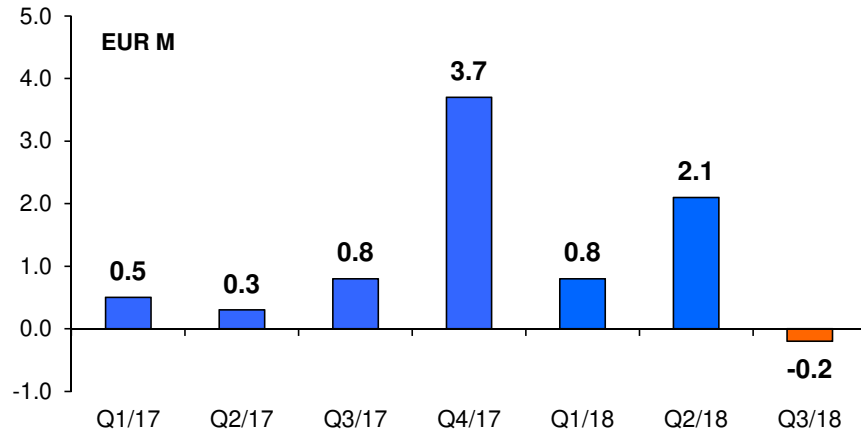
- **Comparable EBITDA at EUR 6.8M** (vs. EUR 14.4M in 9M/17)
 - ✓ Higher electricity production (+7%) due to more favourable wind conditions
 - ✓ Higher value of Power Tariff (0.6EURcent/kWh vs. 9M/17) offset lower Incentive Tariff (-0.8EURcent/kWh vs. 9M/17)
 - ✓ Incentives expired on 70% of the production

EUR million	Q3/18	Q3/17	9M/18	9M/17
Comparable EBITDA	0.9	3.6	6.8	14.4
Comparable EBIT	(0.2)	2.5	3.4	11.0



Segment Review: Others

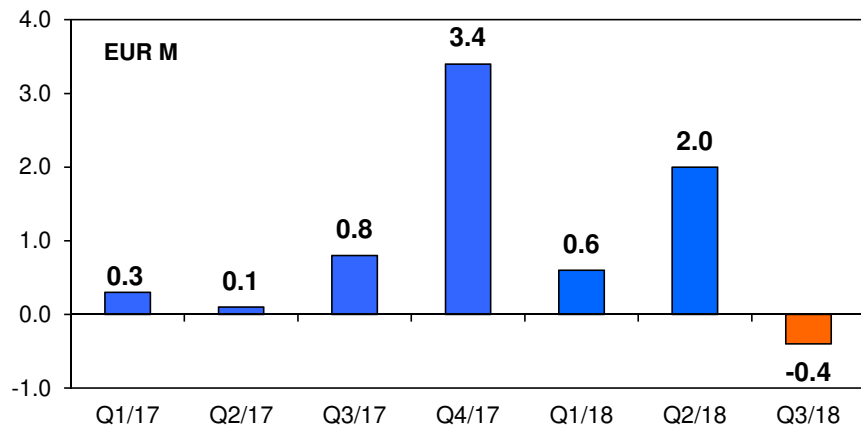
Comparable EBITDA



Q3/18

- Comparable EBITDA at EUR -0.2M (vs. EUR 0.8M in Q3/17)

Comparable EBIT



9M/18

- Comparable EBITDA at EUR +2.7M (vs. EUR 1.6M in 9M/17)

EUR million	Q3/18	Q3/17	9M/18	9M/17
Comparable EBITDA	(0.2)	0.8	2.7	1.6
Comparable EBIT	(0.4)	0.8	2.2	1.2



➤ **Financials**



Financials: Key Income Statement Figures

KEY INCOME STATEMENT (EUR million)	Q1/17	Q2/17	Q3/17	9M/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	9M/18
EBITDA	160.4	(19.1)	161.8	303.1	201.2	504.3	72.2	199.2	176.6	448.0
<i>Comparable</i> EBITDA	124.1	128.5	160.1	412.6	109.8	522.5	71.6	78.8	122.4	272.8
D&A	(52.9)	(54.1)	(56.8)	(163.8)	(14.7)	(178.4)	(41.8)	(43.1)	(44.3)	(129.2)
EBIT	107.5	(73.2)	105.0	139.3	186.4	325.8	30.4	156.1	132.3	318.8
<i>Comparable</i> EBIT	71.1	73.9	103.8	248.9	95.0	344.0	29.8	35.7	78.1	143.6
Interest expense	(3.7)	(1.4)	(3.2)	(8.3)	(3.9)	(12.2)	(3.5)	(3.2)	(5.5)	(12.2)
Other	26.8	28.2	(26.0)	29.0	(11.3)	17.7	3.4	(69.0)	(24.5)	(90.0)
Financial Income/Expense	23.1	26.8	(29.3)	20.7	(15.1)	5.6	(0.1)	(72.2)	(30.0)	(102.2)
Profit before taxes	130.6	(46.4)	75.7	160.0	171.3	331.4	30.3	83.9	102.3	216.6
Taxes	(38.5)	8.7	(20.8)	(50.6)	(39.9)	(90.5)	(7.8)	(25.0)	(29.6)	(62.5)
Net Result	92.1	(37.6)	54.9	109.4	131.4	240.8	22.5	58.9	72.7	154.1
Adjustments	(39.6)	95.0	(3.2)	52.2	(75.7)	(23.5)	(14.0)	(52.6)	(28.5)	(95.1)
<i>Comparable</i> Net Result	52.5	57.4	51.7	161.6	55.8	217.4	8.5	6.3	44.1	59.0



Financials: Income Statement Adjustments

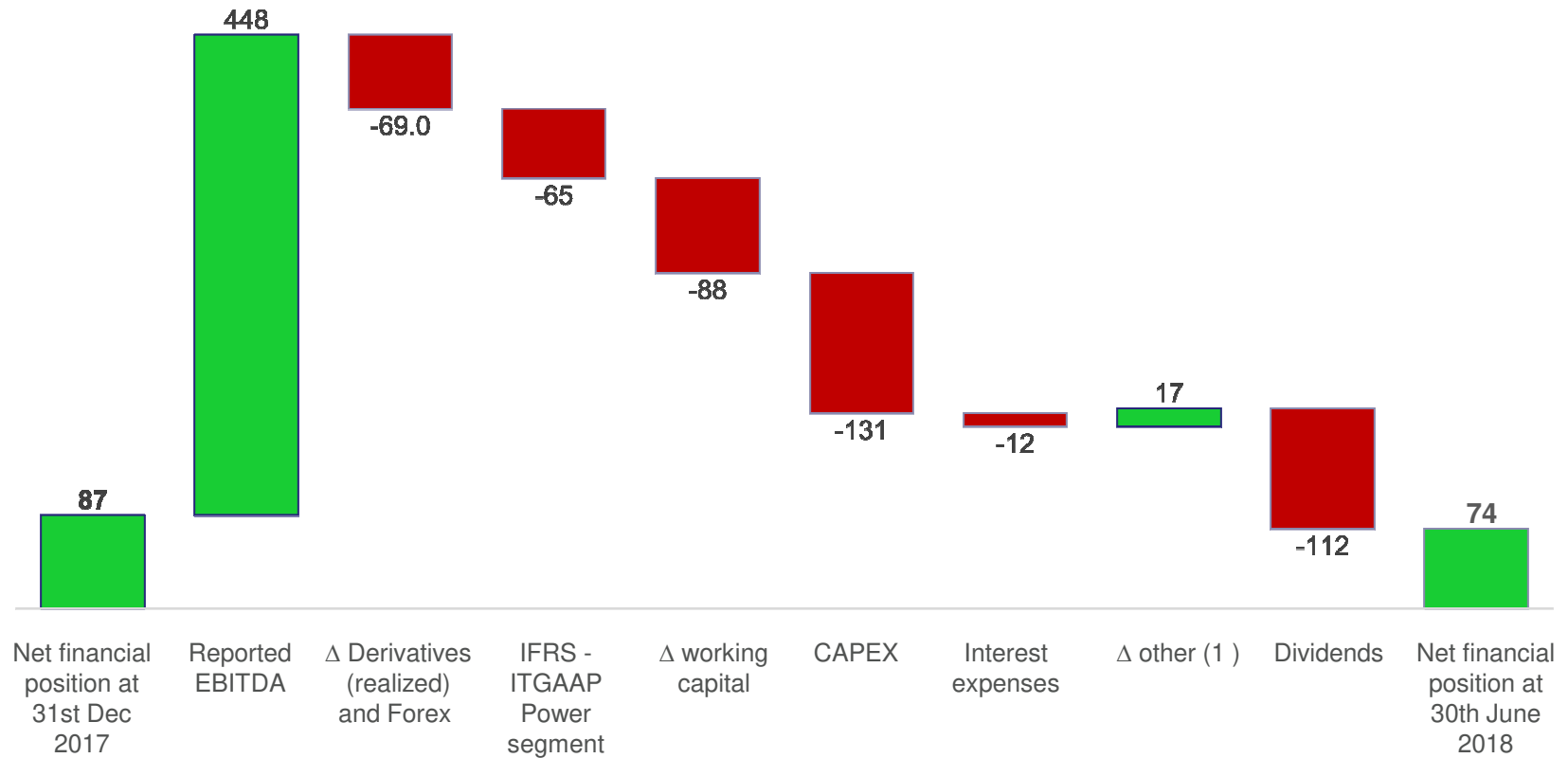
EBITDA Adjustment (EUR million)	Q1/17	Q2/17	Q3/17	9M/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	9M/18
EBITDA	160.4	(19.1)	161.8	303.1	201.2	504.3	72.2	199.2	176.6	448.0
Gain / (Losses) on inventories	(57.3)	101.1	0.9	44.7	(98.7)	(54.0)	(20.1)	(93.1)	(47.4)	(160.6)
Non-recurring items	(4.0)	16.4	7.8	20.2	3.7	23.8	9.7	15.6	29.2	54.5
Realized and unrealized hedging derivatives and net Forex	25.0	30.1	(10.5)	44.6	3.7	48.3	9.7	(42.9)	(36.0)	(69.2)
Comparable EBITDA	124.1	128.5	160.1	412.6	109.8	522.5	71.6	78.8	122.4	272.8

Net Result Adjustment (EUR million)	Q1/17	Q2/17	Q3/17	9M/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	9M/18
Net Result	92.1	(37.6)	54.9	109.4	131.4	240.8	22.5	58.9	72.7	154.1
Gain / (Losses) on inventories net of taxes	(41.3)	72.6	0.9	32.2	(71.2)	(39.0)	(14.5)	(67.1)	(34.2)	(115.8)
Non-recurring items net of taxes	0.0	19.8	0.0	19.8	(5.1)	14.7	0.0	11.0	8.7	19.7
Derivatives related to future deals	1.8	2.5	(4.1)	0.2	0.5	0.7	0.5	3.6	(3.0)	1.0
Comparable Net Result	52.5	57.4	51.7	161.6	55.8	217.4	8.5	6.3	44.1	59.0



Additional information: Group Key Cash Flow Figures

Cash flow 9M/18 (EUR million)



(1) Includes CO₂ and Energy Efficiency certificates paid in the period



Financials: CAPEX

CAPEX BY SEGMENT (EUR million)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
REFINING	41.4	46.6	35.1	63.0	186.1	41.5	33.8	40.6
POWER GENERATION	4.0	7.1	2.6	2.8	16.6	7.2	1.8	3.8
MARKETING	0.2	0.3	0.1	0.3	0.9	0.2	0.1	1.2
WIND	0.0	0.0	0.1	0.5	0.5	0.1	0.0	0.1
OTHER ACTIVITIES	0.1	0.2	0.4	0.3	0.9	0.2	0.1	0.2
TOTAL CAPEX	45.8	54.1	38.3	66.8	205.0	49.1	35.9	45.9



➤ **Outlook**



Outlook for Q4/18

- **Refining:**

- Brent forward curve point to approx. 76 \$/bl in Q4/18
- Strong outlook for middle distillates confirmed. Gasoline weakness set to persist but crack spreads expected to improve
- Minor maintenance planned. All the CDUs restarted after the temporary stop
- Target to deliver a premium above the Benchmark of 2.5 ÷ 3.0 \$/bl (post maintenance) for FY/18 confirmed

- **Power**

- Maintenance work on one “Gasifier – combined cycle Turbine” planned between the third and the fourth quarter postponed to next year
- Consolidation of good results obtained in the first nine months of the year

		Q1/18A	Q2/18A	Q3/18A	Q4/18E	2018E
REFINERY						
Maintenance activity on:		T2, V2, North Plants	T1, RT2, VSB, MHC2		CCR	
Crude runs	Tons (M) Barrels (M)	3.2 23.4	3.3 24.2	3.4 24.5	3.7 ÷ 3.9 27.0 ÷ 29.0	13.6 ÷ 13.8 99 ÷ 101
Complementary feedstock	Tons (M)	0.3	0.3	0.4	0.1 ÷ 0.3	1.1 ÷ 1.3
EBITDA reduction due to scheduled maintenance	USD (M)	30	20	-	1 ÷ 3	51 ÷ 53
IGCC						
Maintenance activity on:		1 Gasifier, 1 Turbine, 1 H ₂ S Absorber	1 Gasifier, 1 Turbine			
Power production	MWh (M)	0.90	1.10	1.20	1.10 ÷ 1.20	4.30 ÷ 4.40



➤ **Additional Information**



Additional information: Refining

EUR million	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
EBITDA	103.3	(75.1)	103.4	145.3	276.9	19.6	142.0	121.2
Comparable EBITDA	69.6	70.1	96.7	45.8	282.2	9.1	20.8	50.5
EBIT	76.1	(103.2)	74.1	113.3	160.3	(6.6)	114.4	92.6
Comparable EBIT	42.3	42.1	67.4	13.8	165.6	(17.1)	(6.8)	21.9
CAPEX	41.4	46.6	35.1	63.0	186.1	41.5	33.8	40.6
REFINERY RUNS								
Crude oil (ktons)	3,436	3,481	3,608	3,536	14,060	3,207	3,320	3,354
Crude oil (Mbl)	25.1	25.4	26.3	25.8	102.6	23.4	24.2	24.5
Crude oil (bl/d)	279	282	286	281	281	260	269	266
Complementary feedstock (ktons)	377	297	354	263	1,291	262	315	388
REFINERY MARGINS								
EMC benchmark	3.3	3.8	4.6	2.3	3.5	1.7	2.2	2.4
Saras margin	5.8	6.1	7.0	4.9	6.0	3.8	5.0	5.2



Additional information: Power Generation

EUR million	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
Comparable EBITDA	43.9	49.0	55.4	48.3	196.6	53.1	51.4	62.4
Comparable EBIT	20.9	25.6	30.6	68.4	145.5	40.2	38.5	49.4
EBITDA IT GAAP	3.0	25.8	36.4	32.5	97.7	8.2	34.2	28.4
EBIT IT GAAP	(11.5)	10.8	20.1	61.0	80.4	3.7	29.8	23.8
CAPEX	4.0	7.1	2.6	2.8	16.6	7.2	1.8	3.8
POWER PRODUCTION <small>MWh/1000</small>	735	1,021	1,203	1,127	4,085	886	1,089	1,170
POWER TARIFF <small>€cent/KWh</small>	8.7	8.7	8.7	8.7	8.7	9.6	9.6	9.6
POWER IGCC MARGIN <small>\$/bl</small>	3.4	3.3	3.4	3.3	3.3	4.3	3.8	3.9



Additional information: Marketing

EUR million	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
EBITDA	1.8	3.9	6.4	1.8	13.9	3.8	6.6	9.5
Comparable EBITDA	3.2	5.2	3.6	3.3	15.2	3.9	3.2	8.8
EBIT	0.4	2.7	4.9	0.4	8.4	2.5	5.2	8.1
Comparable EBIT	1.8	3.5	2.5	1.9	9.7	2.6	1.8	7.4
CAPEX	0.2	0.3	0.1	0.3	0.9	0.2	0.1	1.2
SALES (THOUSAND TONS)								
ITALY	496	547	592	534	2,169	499	538	556
SPAIN	374	368	344	399	1,484	401	383	386
TOTAL	870	914	936	932	3,653	901	921	942



Additional information: Wind and Others

Wind	(EUR million)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
<i>Comparable EBITDA</i>		6.9	3.9	3.6	8.7	23.1	4.6	1.3	0.9
<i>Comparable EBIT</i>		5.8	2.7	2.5	7.5	18.5	3.4	0.2	(0.2)
POWER PRODUCTION	MWh	51,268	31,452	28,587	57,166	168,473	67,777	32,120	19,593
POWER TARIFF	€cent/ kWh	5.2	4.1	4.4	5.6	5.0	5.1	5.0	6.7
INCENTIVE	€cent/ kWh	10.7	10.7	10.7	10.7	10.7	9.9	9.9	9.9
CAPEX		0.0	0.0	0.1	0.5	0.5	0.1	0.0	0.1

Others	(EUR million)	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18
<i>Comparable EBITDA</i>		0.5	0.3	0.8	3.7	5.3	0.8	2.1	(0.2)
<i>Comparable EBIT</i>		0.3	0.1	0.8	3.4	4.6	0.6	2.0	(0.4)
CAPEX		0.1	0.2	0.4	0.3	0.9	0.2	0.1	0.2



Additional information: Key Balance Sheet Figures

EUR million	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Current assets	1,617	1,432	1,709	1,960	2,019	1,975	2,281
CCE and financial assets held for trading	296	255	408	470	307	353	385
Other current assets	1,321	1,177	1,301	1,490	1,712	1,622	1,896
Non-current assets	1,176	1,172	1,163	1,197	1,195	1,195	1,194
TOTAL ASSETS	2,794	2,604	2,873	3,157	3,214	3,170	3,475
Current Liabilities	1,310	1,259	1,477	1,530	1,613	1,626	1,825
Short-Term financial liabilities	158	178	233	183	109	134	161
Other current liabilities	1,153	1,081	1,245	1,347	1,504	1,491	1,664
Non-Current Liabilities	468	460	455	554	504	501	533
Long-Term financial liabilities	176	176	169	257	256	256	257
Other non-current liabilities	292	284	287	297	248	245	276
Shareholders Equity	1,015	885	940	1,072	1,096	1,044	1,117
TOTAL LIABILITIES & EQUITY	2,794	2,604	2,873	3,157	3,214	3,170	3,475