



# Second Quarter and First Half 2020 results

30<sup>th</sup> July 2020





# AGENDA

- Highlights
- Segment Review
- Outlook
- Saras Roadmap to Energy Transition
- Financials
- Additional Information



# Important Notice

## NON-GAAP MEASURE

### ALTERNATIVE PERFORMANCE INDICATORS

In 2019, the Saras Group continued to improve the methodologies used to measure its operating performance and financial results, which includes both GAAP and non-GAAP indicators. In this respect, with effect from Q4/19, the Group decided to update its accounting policy for the classification of derivative instruments in the reported results, classifying the realised and unrealised gains/losses on commodity and CO2 hedging derivatives within the Reported EBITDA, consistently with the entry of the purchase and sale of crude oil and products, against which they are realized and directly related, despite the recognition of the current value of the same as a counterpart of the income statement. In addition to the improvement objective mentioned above, this decision also stemmed from the options offered by IFRS 9, which recently became applicable.

In order to give a representation of the Group's operating performance that best reflects the most recent market dynamics, in line with the consolidated practice of the oil sector, the results at operating level and at the level of Comparable Net Result, non-accounting measures elaborated in this management report, are shown by evaluating the inventories on the basis of the FIFO method, however, excluding unrealized gains and losses on inventories deriving from scenario changes calculated by evaluating opening inventories (including the related derivatives) at the same unit values of closing inventories (when quantities rise in the period), and closing inventories at the same unit values of opening inventories (when quantities decrease in the period). Non-recurring items in terms of nature, materiality and frequency have been excluded from both the operating profit and the comparable net profit. The results thus calculated, which are referred to as “comparable”, are not indicators defined by the International Financial Reporting Standards (IAS/IFRS) and are unaudited.

## 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. This presentation has been prepared solely by the company.



# H1/20 & Q2/20 Highlights

| EUR million           | H1/20   | H1/19 | Q2/20  | Q2/19 |
|-----------------------|---------|-------|--------|-------|
| Reported EBITDA       | (114.4) | 138.1 | (22.4) | 89.2  |
| Reported Net Result   | (180.7) | 24.0  | (67.6) | 28.2  |
| Comparable EBITDA     | 71.7    | 108.8 | 15.0   | 55.1  |
| Comparable Net Result | (41.5)  | 2.5   | (41.1) | 4.5   |

| EUR million                         | Jun 30 <sup>th</sup> 2020 | Mar 31 <sup>st</sup> 2020 | Dec 31 <sup>st</sup> 2019 |
|-------------------------------------|---------------------------|---------------------------|---------------------------|
| Net Financial Position ante IFRS 16 | (337)                     | (223)                     | 79                        |
| Net Financial Position post IFRS 16 | (382)                     | (271)                     | 30                        |

**Positive Group comparable EBITDA at EUR 71.7M in H1/20 and at EUR 15 in Q2/20: positive results of Refining and Marketing in Q2 partially offset the very weak market.** Reported Group Results burned by volatility and downturn in oil prices.

**Sound performances in Refining supply and trading activities allowed to reach a premium in the high range and above the guidance for FY2020:**

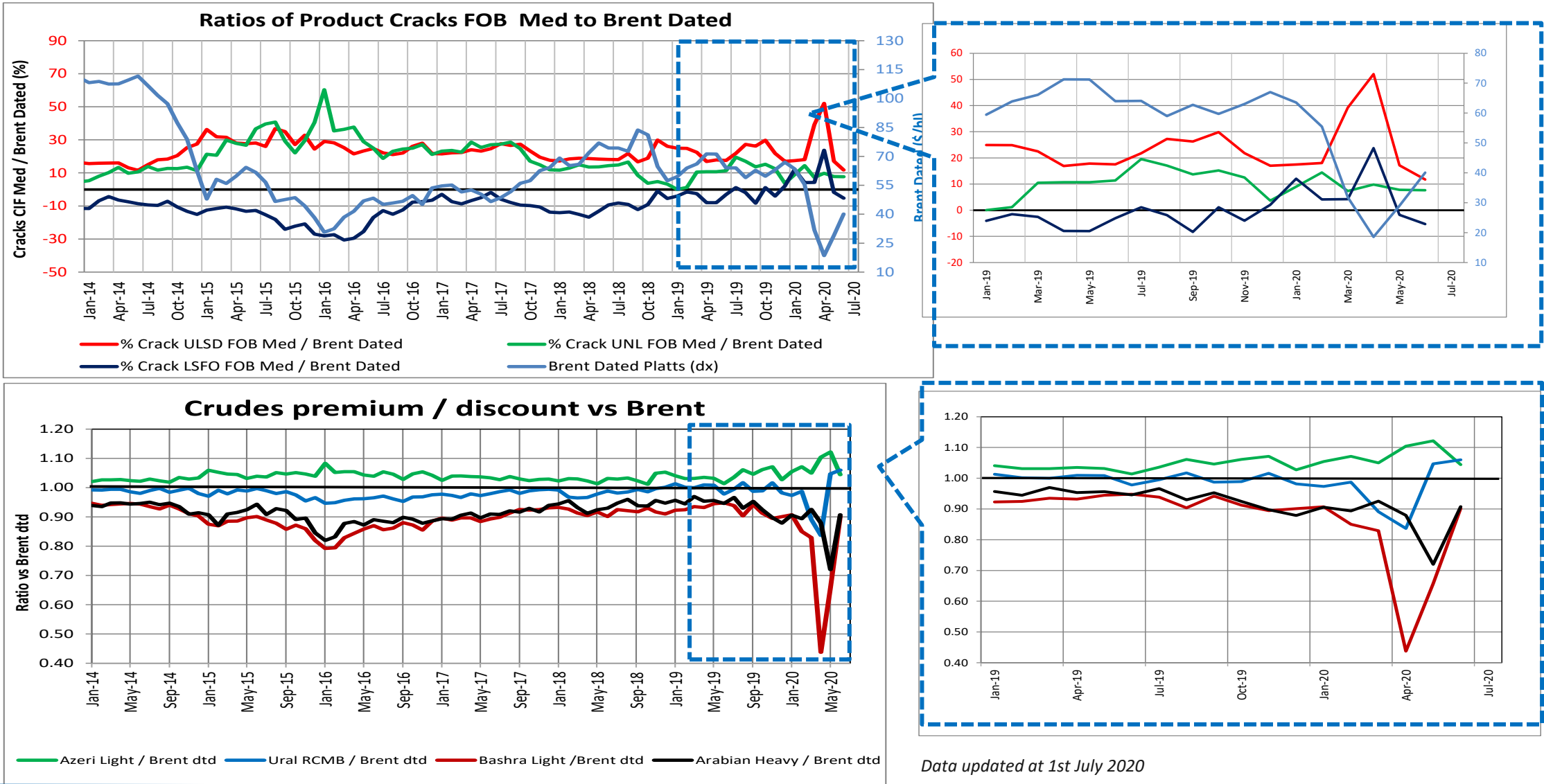
- Q2/20 Refining premium positive at +4,5 \$/bl, with EMC negative at -0,7 \$/bl (Saras' margin at +3,8\$/bl)
- H1/20 Refining premium positive at +3,5 \$/bl, with EMC at 0,3\$/bl (Saras' margin at +3,8\$/bl)

**Marketing performed well in a challenging market** with higher unit wholesale margins in Italy weighting positively on negative results

**Net Financial Position** (ante IFRS 16) as of June 30<sup>th</sup>, 2020 negative at EUR -337 M, from a Net Debt of EUR -224 M as at March 31<sup>st</sup> 2020 due to the negative impact of prices dynamics on inventories and other capital items. Planned turnaround activities completed in H1/20 notwithstanding Covid 19 emergency for an amount of EUR 186M.

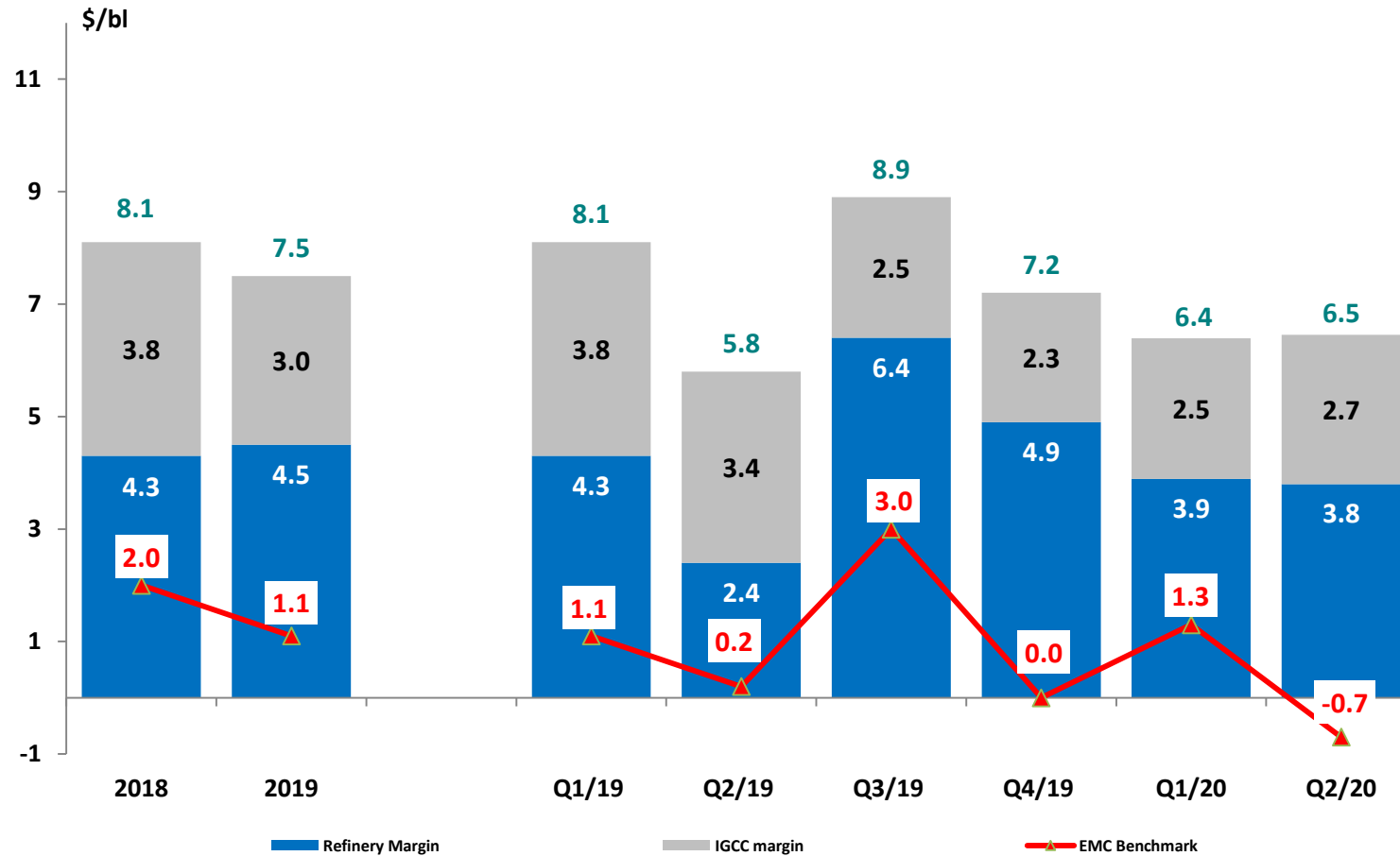


# Historical Crack Spreads Ratios to Brent and crude differentials





# Financials: 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

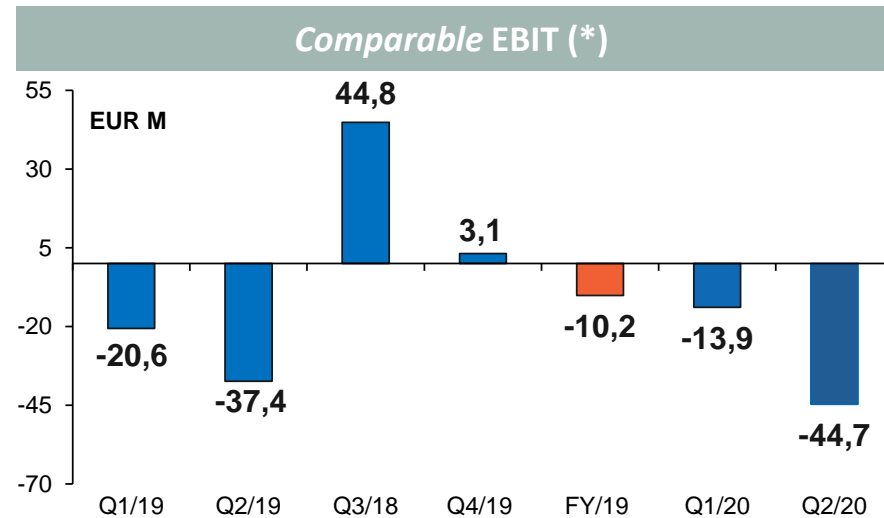
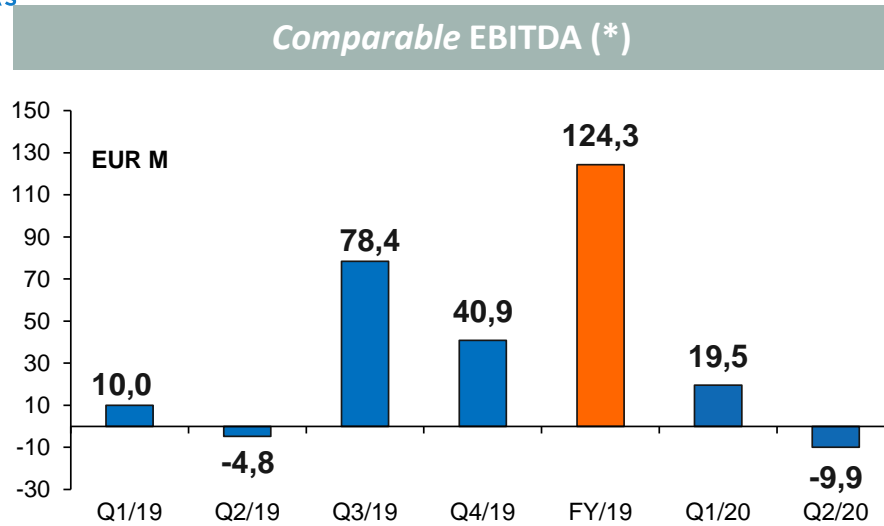
(\*) The refining margins of 2019 have been recalculated on the basis of the new method of determining reported and comparable results introduced in Q4/19. 2018 figures have not been restated.



# Segment Review



# Segments Review: Refining



## Q2/20

**Sound supply & trading performance partially offset the weak scenario, with a comparable EBITDA at EUR -9.9M (vs EUR -4.8M in Q2/19)**

- ✓ EMC margin benchmark negative in Q2/20 and equal to -0,7\$/bl
- ✓ Saras achieved a high premium on the EMC, equal to +4,5\$/bl, mainly due to good supply and trading optimization which exploited opportunities from low crudes prices, contango arbitrages on oil products, and hedging on diesel crack
- ✓ Runs lower at 2.3 Mbl (-36% compared to Q2/19), due to the planned turnaround maintenance from Q1/20 on T1 and FCC
- ✓ FCC kept offline until early July due to lack of gasoline demand

## H1/20

**Positive Comparable EBITDA at EUR 9.6M (vs EUR 5.1M in H1/19)**

- ✓ Low EMC benchmark equal to 0,3\$/bl
- ✓ Saras premium on the EMC at +3,5\$/bl
- ✓ Refinery has operated without interruption, major maintenance started as planned in Q1/20, and continued thanks to innovative emergency protocols. Distancing rules extended the length of the turnaround, but no cases of Covid and no injuries were reported
- ✓ Very complex turnaround, involving extraordinary technical accomplishments
- ✓ Less expensive maintenance plan compared to the one which characterized H1/19
- ✓ Maintenance planned for H2/20 and 2021 has been anticipated to Q2/20 and Q3/20 to take advantage of expected improved market conditions

| EUR million       | Q2/20  | Q2/19  | H1/20  | H1/19  |
|-------------------|--------|--------|--------|--------|
| Comparable EBITDA | (9.9)  | (4.8)  | 9.6    | 5.1    |
| Comparable EBIT   | (44.7) | (37.4) | (58.6) | (58.1) |





# Segments Review: Refining – Crude Oil Slate and Production

| REFINERY RUNS                              |                  | Q2/20 | H1/19 | H1/20 |
|--|------------------|-------|-------|-------|
| Crude oil                                  | <i>k tons</i>    | 2,293 | 6,225 | 5,431 |
| Complementary feedstock                    | <i>k tons</i>    | 211   | 551   | 443   |
| CRUDE OIL SLATE                            |                  | Q2/20 | H1/19 | H1/20 |
| Light extra sweet                          |                  | 5%    | 38%   | 18%   |
| Light sweet                                |                  | 20%   | 29%   | 15%   |
| Medium sweet/extra sweet                   |                  | 2%    | 1%    | 2%    |
| Medium sour                                |                  | 41%   | 42%   | 38%   |
| Heavy sour/sweet                           |                  | 31%   | 15%   | 27%   |
| Average crude gravity                      | <sup>o</sup> API | 32.7  | 34.6  | 33.0  |
| PRODUCTION (From crude runs and feedstock) |                  | Q2/20 | H1/19 | H1/20 |
| LPG  | <i>k tons</i>    | 32    | 162   | 76    |
|  | <i>Yield</i>     | 1.3%  | 2.4%  | 1.3%  |
| Naphtha + gasoline                         | <i>k tons</i>    | 517   | 1,924 | 1,371 |
|  | <i>yield</i>     | 20.6% | 28.4% | 23.3% |
| Middle distillates                         | <i>k tons</i>    | 1,178 | 3,440 | 2,914 |
|  | <i>yield</i>     | 47.0% | 50.8% | 49.6% |
| Fuel oil & others                          | <i>k tons</i>    | 425   | 298   | 655   |
|  | <i>Yield</i>     | 17.0% | 4.4%  | 11.2% |
| TAR  | <i>k tons</i>    | 229   | 506   | 546   |
|  | <i>yield</i>     | 9.1%  | 7.5%  | 9.3%  |

Crude runs down vs H1/19 due to the impact in H1/20 (-13%) of planned turnaround of key units extended due to Covid emergency

Increase in heavy crudes mix with reduction in light sweets, due to the set-up of maintenance plan set up for the FCC in H1/20 and to commercial choices attributable to the low margins of gasoline in the period

lower gasoline due to maintenance on FCC unit

Higher fuel oil and TAR yield mainly due to the maintenance activity carried out in the period affected T1 and FCC plant

Balance to 100% are Consumption & Losses

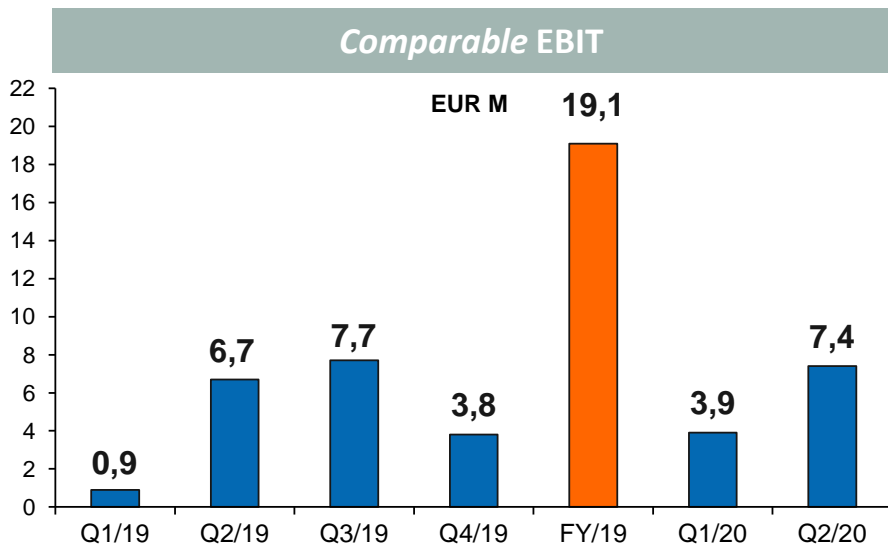
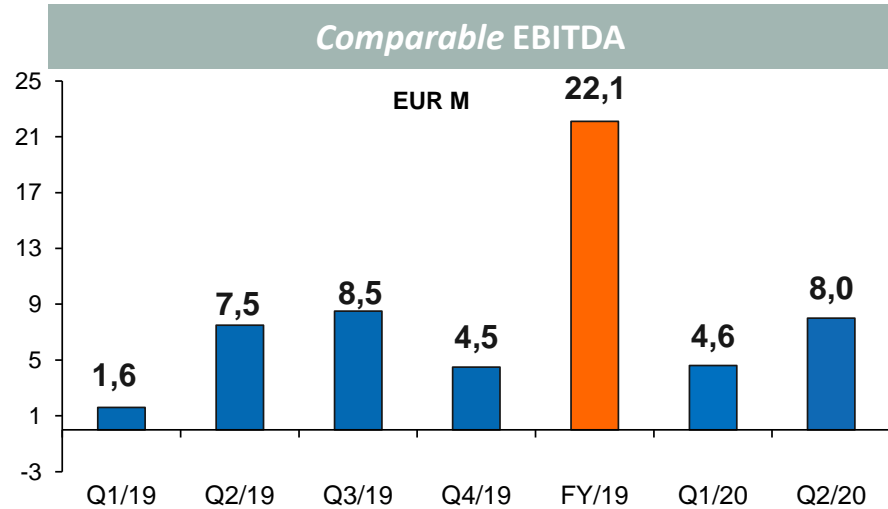


# Refining – Fixed & Variable costs

|                       |                 | Q2/20        | H1/19        | H1/20        |
|-----------------------|-----------------|--------------|--------------|--------------|
| <b>Refinery RUNS</b>  | Million barrels | 16.7         | 45.5         | 39.6         |
| <i>Exchange rate</i>  | <i>EUR/USD</i>  | <i>1.101</i> | <i>1.130</i> | <i>1.101</i> |
| <b>Fixed costs</b>    | EUR million     | <b>68</b>    | <b>124</b>   | <b>129</b>   |
|                       | \$/bl           | <b>4.5</b>   | <b>3.1</b>   | <b>3.6</b>   |
| <b>Variable costs</b> | EUR million     | <b>26</b>    | <b>89</b>    | <b>67</b>    |
|                       | \$/bl           | <b>1.7</b>   | <b>2.2</b>   | <b>1.9</b>   |



# Segments Review: Marketing



## Q2/20

- **Marketing performed well in a challenging market with comparable EBITDA at EUR +8 M (vs. EUR 7.5M in Q2/19):**

- ✓ Demand down by approx. 34% (April-June) in Italy and 24% (April-May) in Spain
- ✓ Group sales volumes lower with Italy down 21% and Spain 37% (partly also due to the deconsolidation of the retail station business in Q3/19)
- ✓ Higher unit wholesale margins in Italy weigh positively on negative results
- ✓ Lower fixed costs (also due to the deconsolidation of the Spanish retail station business)
- ✓ Lower variable costs

## H1/20

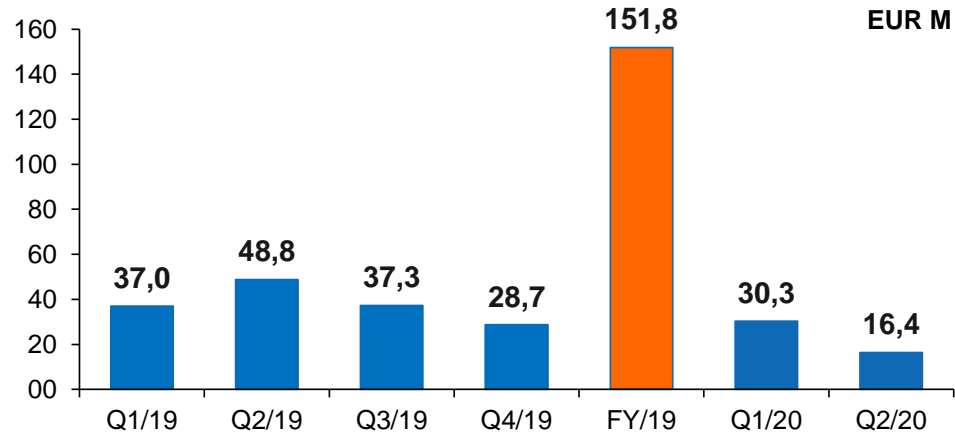
- **Marketing comparable EBITDA was EUR 12.6 M (vs EUR 9.2 M in H1/19), thanks to the better margins achieved on the wholesale in Italy and lower fixed and variable costs.**

| EUR million       | Q2/20 | Q2/19 | H1/20 | H1/19 |
|-------------------|-------|-------|-------|-------|
| Comparable EBITDA | 8.0   | 7.5   | 12.6  | 9.2   |
| Comparable EBIT   | 7.4   | 6.7   | 11.3  | 7.6   |

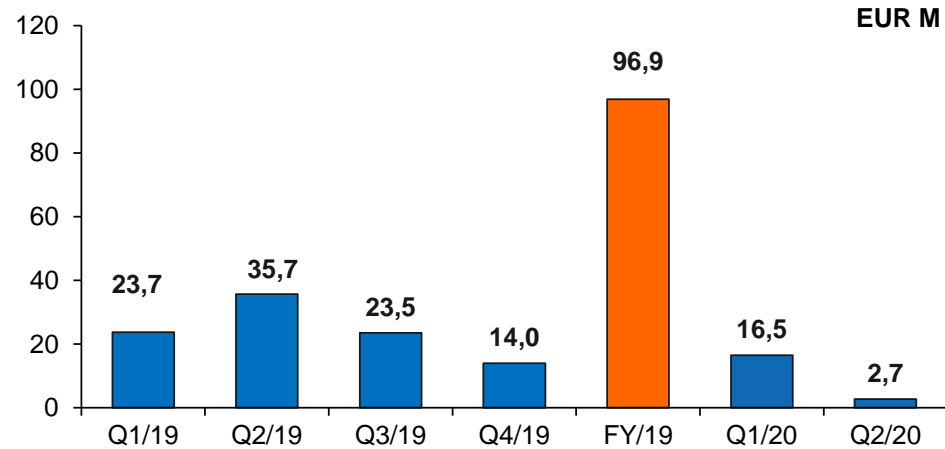


# Segments Review: Power Generation

Comparable EBITDA



Comparable EBIT



## Q2/20

- **Comparable EBITDA at EUR 16.4M (vs. EUR 48.8M in Q2/19) mainly due to the lower contribution of the linearization on revenues (non-monetary effect) and to the less favorable scenario:**
  - ✓ Less favorable scenario: CIP6/92 tariff -20% YoY, affected by lower gas prices and only partially offset by a reduction in the cost of the TAR, decreased by 14%, while hydrogen costs remained stable
  - ✓ Volumes produced down by 9% YoY for not planned maintenance
  - ✓ Lower contribution of linearization effect

## H1/20

- **Comparable EBITDA was EUR 46.7 million (vs Eur 85.8 M in H1/19), with change mainly due to the lower contribution of the linearization on revenues (with a non-monetary effect) and to the scenario less favorable than in the same period of the previous year. Volumes produced up by 6% YoY.**

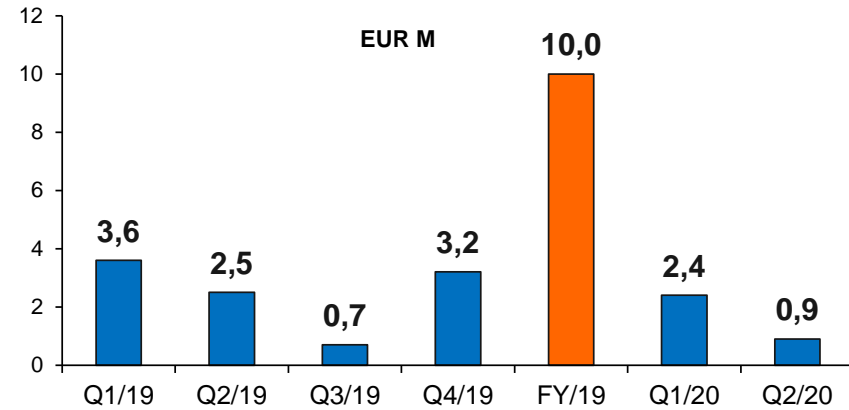
| EUR million       | Q2/20 | Q2/19 | H1/20 | H1/19 |
|-------------------|-------|-------|-------|-------|
| Comparable EBITDA | 16.4  | 48.8  | 46.7  | 85.8  |
| Comparable EBIT   | 2.7   | 35.7  | 19.2  | 59.4  |



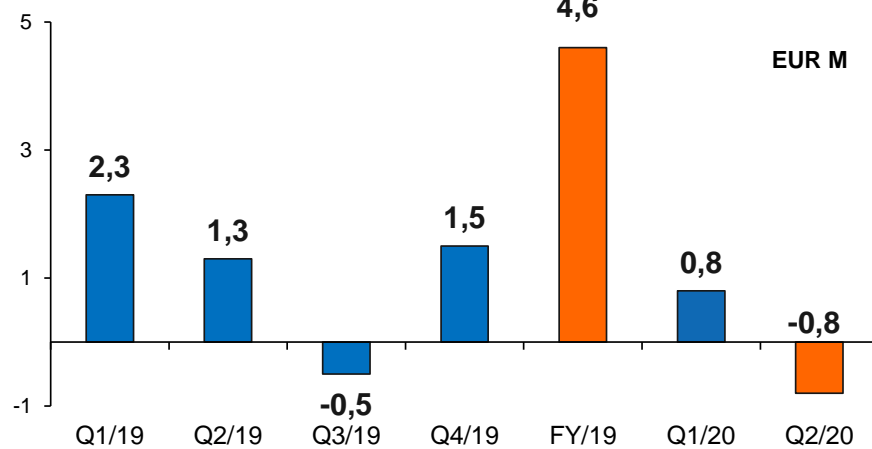
# Power Generation – Fixed & Variable costs (IT GAAP)

|                         |                 | Q2/20        | H1/19        | H1/20        |
|-------------------------|-----------------|--------------|--------------|--------------|
| <b>Refinery RUNS</b>    | Million barrels | 16.7         | 45.5         | 39.6         |
| <b>Power production</b> | GWh             | 801          | 1,870        | 1,986        |
| <i>Exchange rate</i>    | <i>EUR/USD</i>  | <i>1.101</i> | <i>1.130</i> | <i>1.101</i> |
| <b>Fixed costs</b>      | EUR million     | <b>24</b>    | <b>58</b>    | <b>46</b>    |
|                         | \$/bl           | <b>1.6</b>   | <b>1.4</b>   | <b>1.3</b>   |
|                         | EUR/MWh         | <b>30</b>    | <b>31</b>    | <b>23</b>    |
| <b>Variable costs</b>   | EUR million     | <b>10</b>    | <b>35</b>    | <b>24</b>    |
|                         | \$/bl           | <b>0.7</b>   | <b>0.9</b>   | <b>0.7</b>   |
|                         | EUR/MWh         | <b>12.5</b>  | <b>18.7</b>  | <b>12.1</b>  |

## Comparable EBITDA



## Comparable EBIT



## Q2/20

- **Comparable EBITDA at EUR 0.9 M** (vs. EUR 2.5 M in Q2/19):

- ✓ Volumes increased by 3% despite unfavorable wind conditions thanks to the entering into operation of additional 30MW capacity ("Maistu" project, equal to approx. 12GWh)
- ✓ The Power Tariff decline by 56%, or by 2.5 EURcent/kWh compared to the 2Q/19
- ✓ The Incentive Tariff increased by 0.7 Eurocent/kWh compared to Q1/19
- ✓ **Power production in the quarter equal to 45 GWh**

## H1/20

- **Comparable EBITDA at EUR 3.3 M** (vs. EUR 6.1 M in H1/19):

- ✓ Volumes increased by 8% despite unfavorable wind conditions thanks to the entering into operation of additional 30MW capacity ("Maistu" project, equal to approx. 12GWh)
- ✓ The Power Tariff decline by 41%, or by 1.9 EURcent/kWh compared to H1/19
- ✓ The Incentive Tariff increased by 0.7 Eurocent/kWh compared to H1/19
- ✓ **Power production in the quarter equal to 119 GWh**

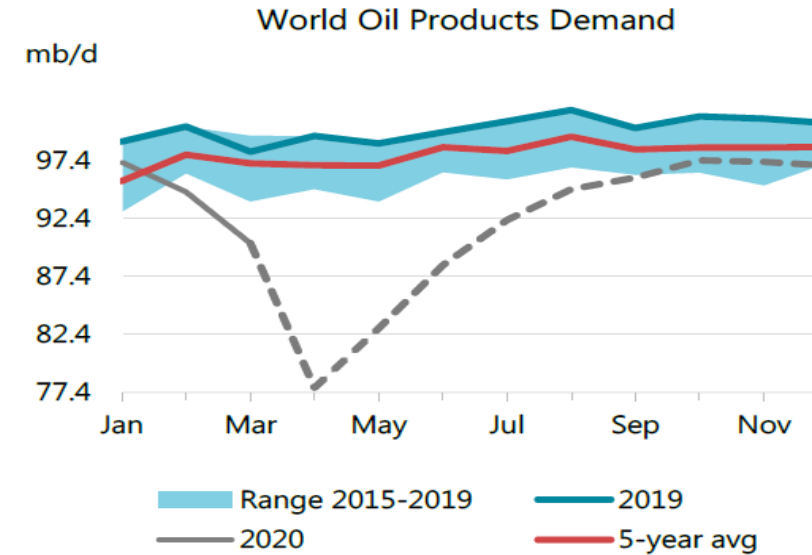
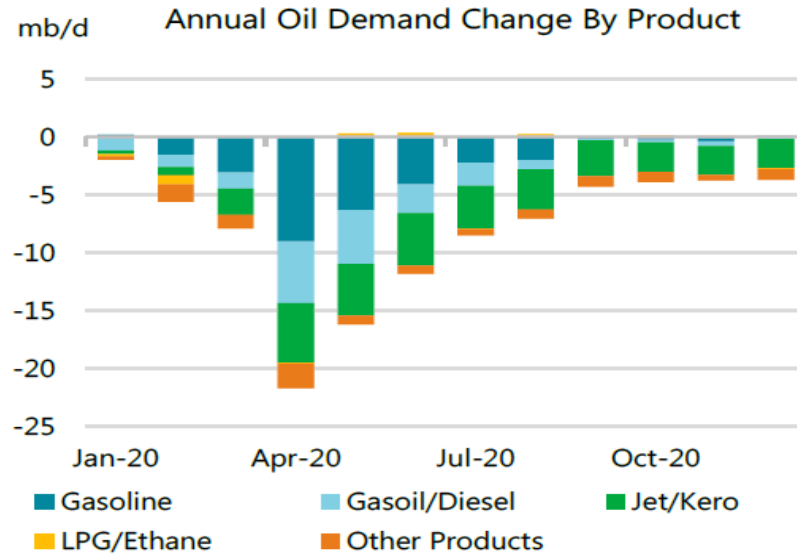
| EUR million       | Q2/20 | Q2/19 | H1/20 | H1/19 |
|-------------------|-------|-------|-------|-------|
| Comparable EBITDA | 0,9   | 2,5   | 3,3   | 6,1   |
| Comparable EBIT   | (0,8) | 1,3   | 0,0   | 3,6   |



# Outlook



# Global demand (Source: IEA «Oil Market Outlook», July 2020)

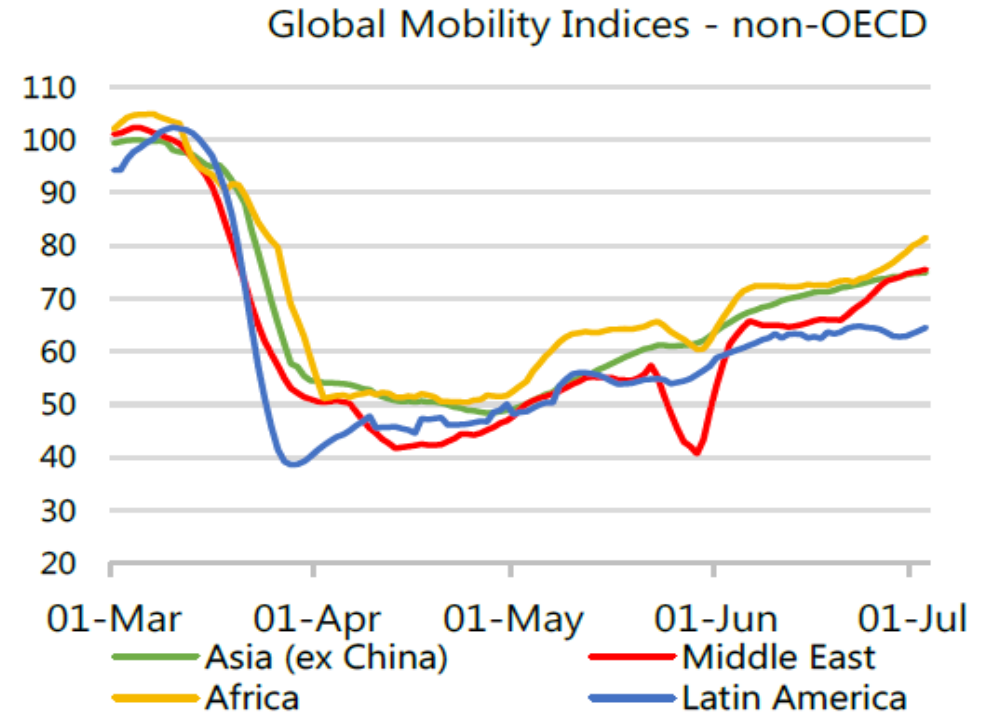
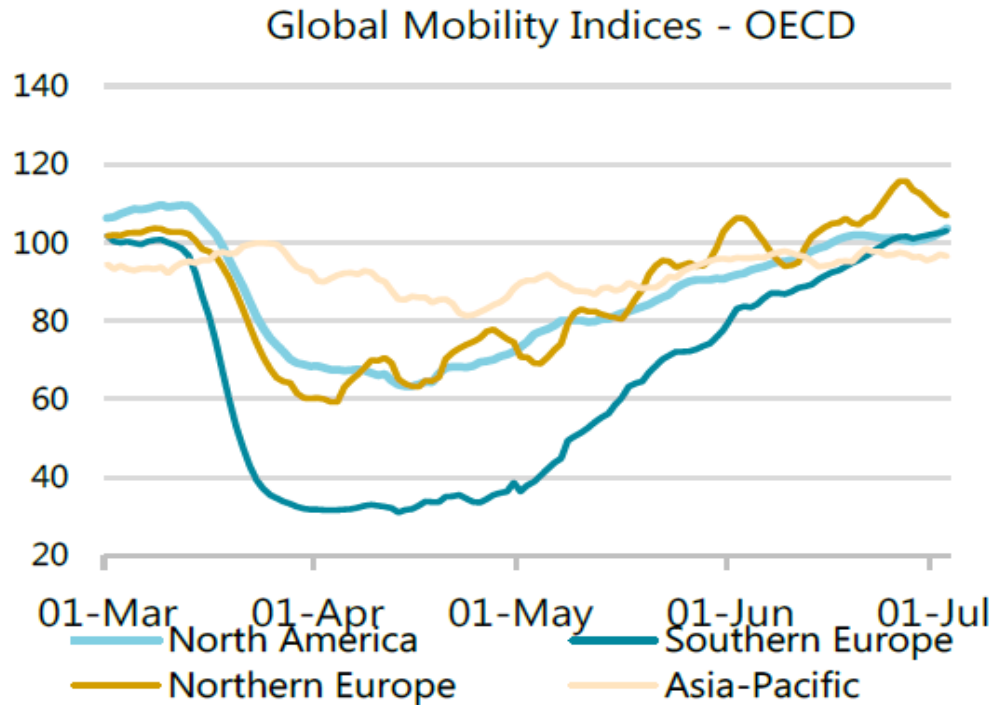


- IEA expects global oil demand to raise within the range of the past 5 years towards the end of the 3Q/20 and beginning of the 4Q/20
- **Possible new pandemic waves expected to have minor effects on oil consumption:** for the time being, all the new outbreaks have been managed with more limited interventions and with limitations to mobility on a local scale. If this were also the case in the future, the recovery of demand could continue without excessive disturbances.
- Among the products, the one in greatest difficulty continues to be the air jet - the only positive starting point (with an uncertain outcome) are the new "all you can fly" offers launched by Asian airlines, to stimulate travelers to resume flying. If these initiatives, which are currently limited, prove successful, they could also extend to Europe and America, with significant upside for jet consumption.





# Global Mobility Indices (Source: IEA «Oil Market Outlook», July 2020)

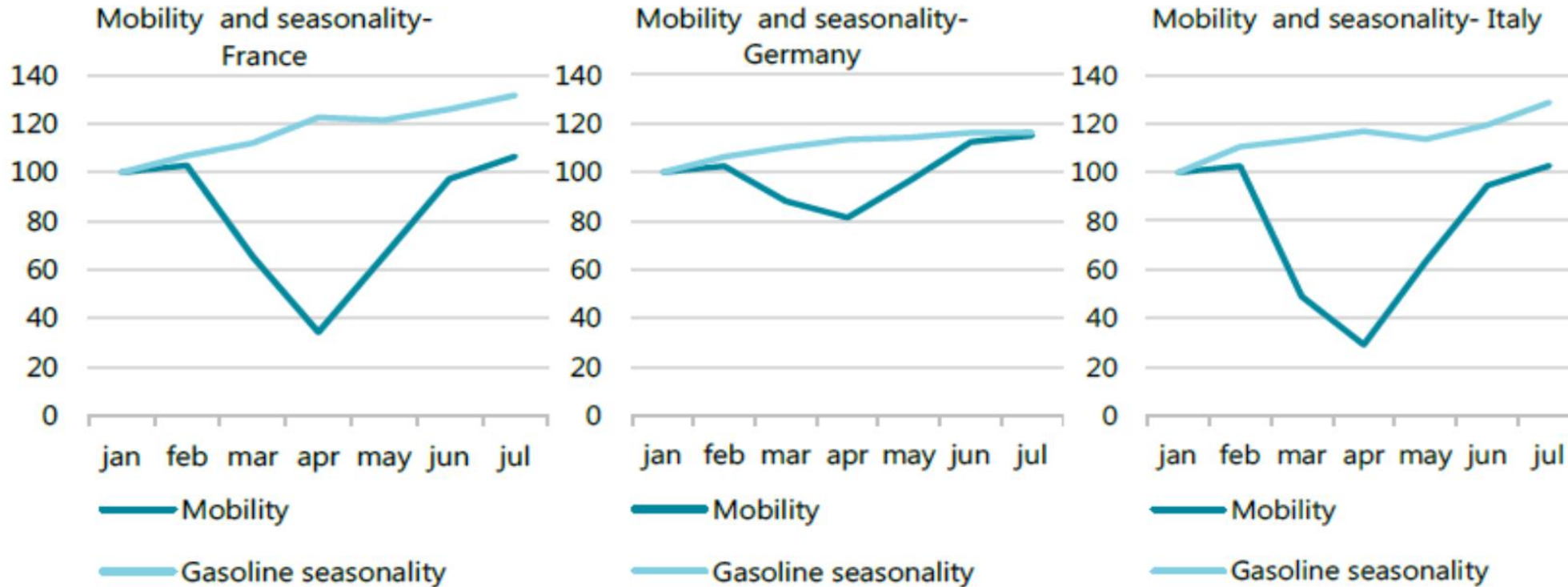


**Transport fuel demand is strictly correlated to mobility.**

- Data up to 3 July indicate that **mobility is back to its pre-Covid-19 level in most of Europe**
- Most non-OECD regions lag behind in mobility recovery
- The recovery in Latin America is particularly fraught, as the outbreak of the virus makes the re-opening of several countries difficult



# EU mobility and gasoline consumption (Source: IEA «Oil Market Outlook», July 2020)

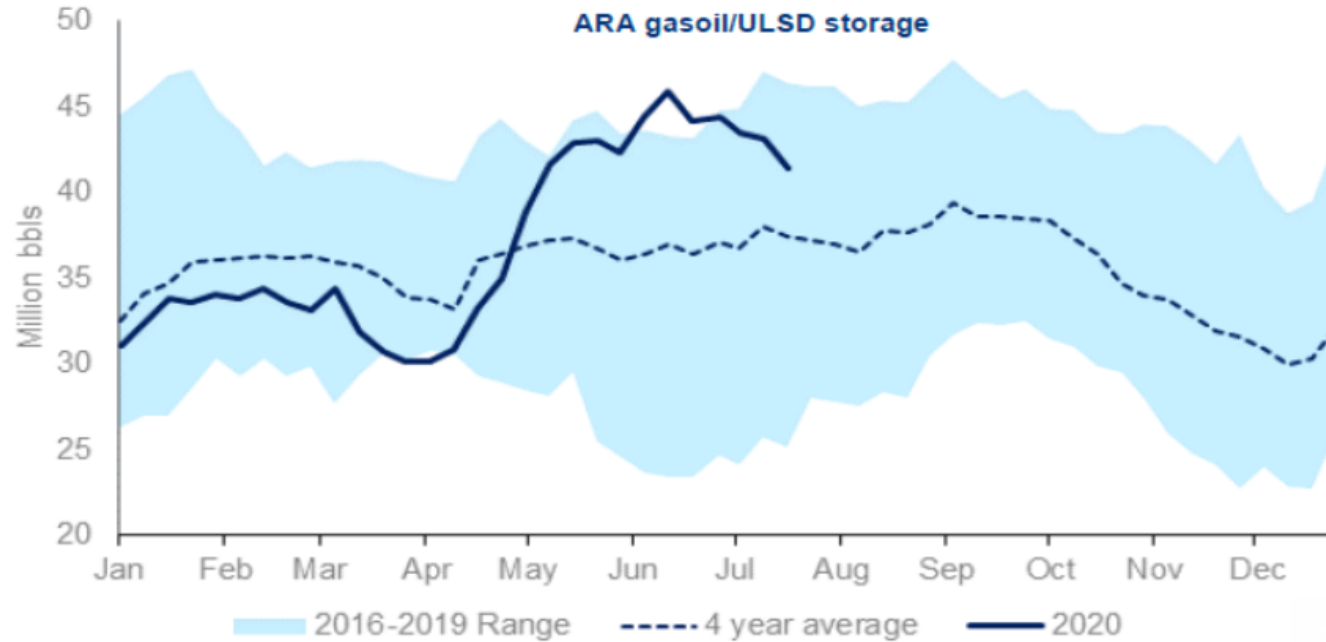


- In Germany, the impact of lockdowns were relatively mild, and mobility appears to have almost fully recovered. In France and Italy mobility is only back to pre-Covid-19 levels, implying a more than 20% decline in gasoline demand compared to normal levels.
- While mobility data for the US as a whole continues to recover, regional data show an inflexion in the mobility of states badly hit by the resurgence of Covid-19 (Texas, Arizona, Florida, and California).



# EU market indicators: Diesel stocks draw as imports dry up (WoodMacKenzie)

## Key signposts to watch for improvements in European oil demand



- Recent increase in demand for ULSD in Europe was met from draws in storage (ARA) hub, rather than increased refinery runs (Genscape's European waterborne report).
- Imports into Europe from the Baltic region and the Middle East have slumped, tightening the European supply, and further incentivizing inventory draws, as weak refining margins did not support materially higher crude runs.



# Outlook for 2020

## Refining:

- **Scenario still affected by uncertainty**, with the first signs of recovery in terms of oil prices dynamic - initially expected by market specialists in the second half of the year - now projected between the second half of 2020 and the first quarter of 2021
- **Relevant maintenance planned for the year completed in H1/20, with full capacity available in the H2/20 to take advantage from the expected recovery in demand** and partially reverse profitability and financial penalizations underwent in the first part of the year
- **Guidance of delivering an average premium above the benchmark of 2,5 ÷ 3,0 \$/bl (net of maintenance) confirmed on the Full Year**

**Power:** Standard maintenance activity planned in 2020. Power production expected in line to 2019 level. CIP 6 tariff affected by lower gas prices

**Wind:** Reblading project of the Ulassai plant is underway, with a consequent increase in production for the same installed capacity. The works, which suffered some delays in the first half of the year, will be carried out in three parts and will be completed instead of the third quarter of 2020 by the first quarter of 2021. In the new set-up, production is expected to be up to 300 GWh/year

**Net Financial Position:** expected to remain stable with potential areas for improvement in the second half of the year as a function of the recovery of demand and the level of prices.

|                         |                                 | Q1/20E              | Q2/20E              | Q3/20E                           | Q4/20E                           | 2020E                          |
|-------------------------|---------------------------------|---------------------|---------------------|----------------------------------|----------------------------------|--------------------------------|
| <b>REFINERY</b>         |                                 |                     |                     |                                  |                                  |                                |
| <b>Crude runs</b>       | <b>Tons (M)<br/>Barrels (M)</b> | <b>3.1<br/>22.9</b> | <b>2.3<br/>16.7</b> | <b>3.0 ÷ 3.2<br/>22.0 ÷ 23.0</b> | <b>3.5 ÷ 3.7<br/>25.0 ÷ 26.0</b> | <b>11.9 ÷ 12.3<br/>86 ÷ 89</b> |
| <b>IGCC</b>             |                                 |                     |                     |                                  |                                  |                                |
| <b>Power production</b> | <b>MWh (M)</b>                  | <b>1.19</b>         | <b>0.8</b>          | <b>1.05 ÷ 1.15</b>               | <b>0.90 ÷ 1.00</b>               | <b>3.90 ÷ 4.14</b>             |



# Saras roadmap for the Energy Transition

# Green Deal, PNIEC and Saras Roadmap

With the **Green Deal** Europe takes a leading role in the energy transition, and it establishes the main areas of intervention towards «net zero» emission target by 2050:

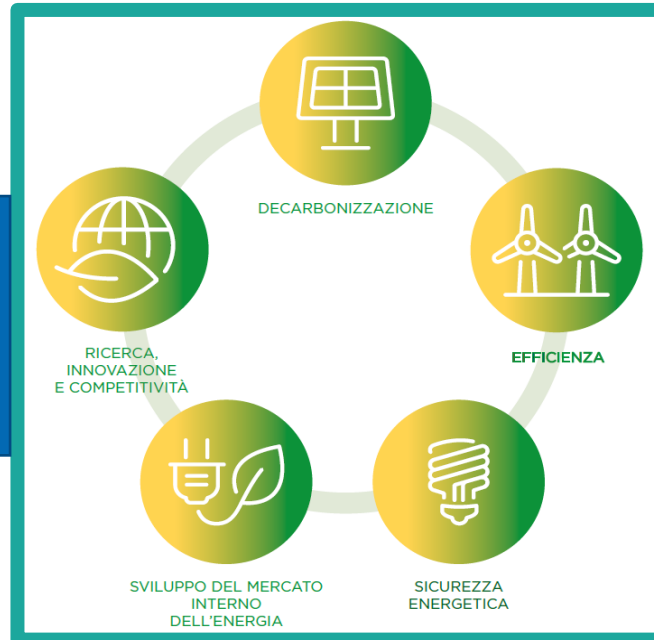
- *Extend ETS (Emission Trading Scheme) to various sectors (Industry, Transports, Buildings, etc.)*
- *Develop Renewable Energy production*
- *Implement Energy Efficiency programmes*
- *Support Innovative Technologies for the circular economy and environmental protection*

In line with the EU Green Deal, the Italian PNIEC (National Integrated Plan for Energy and Climate) sets the national mid/long term sustainable strategy:

1. **Carbon Phase-out** for energy production by 2025
2. **Grow Renewable production** to 32% of total energy consumption by 2030 (focus on Revamping & Repowering of existing plants)
3. 14% of **biofuels** in transport fuels (both diesel & gasoline); EV incentives
4. **Safeguard of Italian «residual» refining industry** to reduce dependency on imports of fuels
5. Support for **energy efficiency**

**Saras Roadmap** is fully aligned to PNIEC & EU Green Deal

Moreover, Saras is preparing all disclosures required for **2020 CDP** (Carbon Disclosure Project)\*



\* CDP is a system to report and manage climate related risks, and it is an international benchmark on corporate climate sustainability, highly regarded by a growing number of institutional investors. CDP disclosure helps companies communicate their climate related strategies and policies, and it also provides a methodology to structure and compare with other players within the same sector



# Renewable Energy Projects

- **Saras industrial plan 2020-23 includes sizeable development of renewable energy** production, with the aim to **grow installed capacity by further 400MW** vs. current baseline
- **Saras will leverage technical and operational skills** acquired in over 10 years of management and development of its Ulassai wind farm, as well as **core industrial know-how of the Group**
- Saras will give **priority to its Sardinian pipeline of projects.**

| Category     | Overall capacity | Details   |
|--------------|------------------|---|
| Wind         | Approx. 300 MW   | Connection with power network already discussed |
| Photovoltaic | 50 – 100 MW      | Under preliminary analysis                      |



# Biofuels production at Sarroch refinery

- “Renewable Energy Directive” (RED II), as well as PNIEC, establish the target to use, by 2030, biofuels up to 14% in terms of energy content of the total liquid fuels used in road transport (both gasoil and gasoline)
- At Sarroch refinery, the Group already started production for biofuels in gasoil, and it is studying a process for biofuels in gasoline. In particular:
  - **HVO (Hydrogenated Vegetable Oil) co-processing:** it’s a “premium drop-in” biofuel which can be blended in the mineral diesel pool, without the need of any modification to the internal combustion engine, and without causing any operational problem. It can be produced by hydro-treating of various kinds of lipids (vegetable oils, used oils, animal fats, etc). Saras already produces HVO in co-processing, with a **production target of about 100 kton/y of HVO by year end**, further expandable to about 150 kton/y without CAPEX, and to about 250 kton/y with only small CAPEX
  - **Etherification (TAEE):** bio-additivation of gasoline can be achieved with simple bio-ethanol blending. However, a more effective process can be the etherification (TAEE), which entails the conversion of our TAME plant currently mothballed, with a **potential to use up to 50 kton/y of bio-ethanol**
- Finally, still within biofuels and circular economy development, Saras is studying **the reuse of plastics which can be thermally converted in fuels** («waste to fuels» processes)





# CCS plant for Sarroch «long term» asset

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- Considering that oil will continue to play a relevant role for many decades, and given the need to guarantee stability and continuity of power supply to Sardinia, Saras has developed a long-term plan which will allow to reduce significantly its environmental footprint
- Competence, technological development and digitalization are the resources which the Group will provide, among others, to achieve EU and national targets for energy transition and decarbonisation, in a sustainable and competitive manner
- In particular, **Saras is studying in an advanced phase a CCS project (Carbon Capture and permanent Storage of CO2 produced)** which could reduce CO2 emissions substantially and possibly up to 50%
- Once the EU and Italian framework for decarbonization will be clearly established, Saras will be ready to promote its own project.



# LNG availability in Sardinia & opportunities for Saras

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- Sardinia is not connected to the national gas network, existing only on the mainland. However, from time to time, there are social and political requests to make natural gas available also for Sardinian industries and families
- **Saras developed a feasibility study to build a small scale LNG terminal within its industrial site in Sarroch** (10kcm storage, pipelines, logistics, and a regasification unit in order to use some of the natural gas as fuel for the refinery's furnaces)
- Moreover, Saras is also studying the **possibility to build a LNG power plant (130 MW capacity), still within Sarroch industrial site, specifically designed to operate as a “Peaker”**, providing power to the Italian MSD (the power market for the dispatching services)

# Hydrogen production for Decarbonisation

- **A further long-term initiative under study for Saras is the production of green and blue hydrogen**, as a sustainable energy vector to achieve decarbonisation; this is also strongly supported by the EU Commission, and incentivised under the provisions of the Green Deal
- **Saras already produces grey hydrogen at Sarroch refinery** (from IGCC plant and Reforming units), at approx. 120 kNcm/hr. Therefore, the Group already has technological capabilities and know-how in the production and management of this energy vector. Preliminary studies are being made to explore:
  - **Green Hydrogen production (from water electrolysis), using electricity produced from renewable sources** (with co-production of Oxygen to be used in the IGCC plant and in the refinery Sulphur plants)
  - **Blue Hydrogen production (from IGCC), with the construction of the CCS plant** to capture and reduce CO2 emissions
- **The Hydrogen will then be used in several ways:**
  - Desulphurisation/Hydrogenation of liquid fuels at Sarroch refinery
  - Fuel Cells for road transport (even if in competition with EVs)
  - Injection in the Sardinian natural gas network (reducing its carbon content)
- Finally, electrochemical hydrogen production compensates overproduction & volatility of renewable power

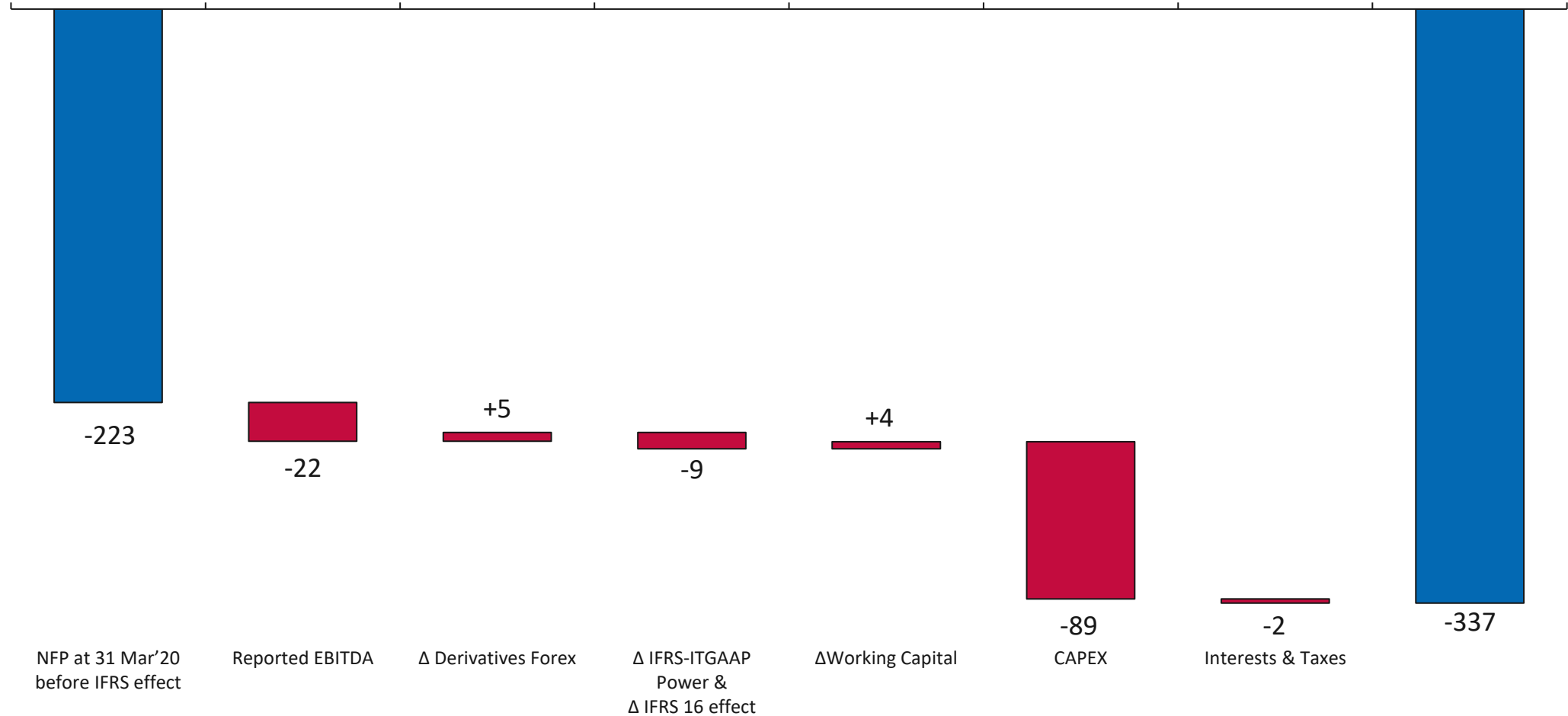


# Financials



# Financials: Net Financial Position evolution (ante IFRS 16)

Net Financial Position (ante IFRS 16) and Cash flow Q2/20 (EUR million)





# Financials: Key Income Statement Figures

| KEY INCOME STATEMENT<br>(million) | (EUR) | Q1/19 (*) | Q2/19 (*) | Q3/19(*) | Q4/19 (*) | 2019(*) | Q1/20   | Q2/20  | H1/20    |
|-----------------------------------|-------|-----------|-----------|----------|-----------|---------|---------|--------|----------|
| EBITDA                            |       | 48.9      | 89.2      | 120.2    | (5.4)     | 252.8   | (92.0)  | (22.4) | (114.4)  |
| <i>Comparable</i> EBITDA          |       | 53.7      | 55.1      | 125.7    | 79.3      | 313.8   | 56.7    | 15.0   | 71.7     |
| D&A                               |       | (46.2)    | (47.8)    | (49.6)   | (55.2)    | (198.5) | (49.7)  | (44.3) | (94.0)   |
| EBIT                              |       | 2.7       | 41.5      | 70.6     | (60.6)    | 54.1    | (141.6) | (73.4) | (215.0)  |
| <i>Comparable</i> EBIT            |       | 7.5       | 7.4       | 76.1     | 24.1      | 115.1   | 7.0     | (36.0) | (29.0)   |
| Interest expense                  |       | (5.6)     | (3.2)     | (5.2)    | (4.2)     | (18.2)  | (4.7)   | (2.3)  | (7.0)    |
| Other                             |       | (4.0)     | 8.0       | (10.8)   | 6.6       | (0.5)   | (12.8)  | 4.8    | (8.0)    |
| Financial Income/Expense          |       | (9.6)     | 4.8       | (16.1)   | 2.3       | (18.8)  | (17.5)  | 2.4    | (15)     |
| Profit before taxes               |       | (6.9)     | 46.2      | 54.5     | (58.3)    | 35.3    | (159.2) | (71)   | (230.1)  |
| Taxes                             |       | 2.8       | (18.0)    | (11.7)   | 17.8      | (9.2)   | 46.0    | 3.5    | 49.5     |
| Net Result                        |       | (4.1)     | 28.2      | 42.7     | (40.6)    | 26.2    | (113.1) | (67.6) | (180.6)) |
| Adjustments                       |       | 2.1       | (23.7)    | 8.6      | 54.1      | 41.1    | 112.7   | 26.5   | 139.2    |
| <i>Comparable</i> Net Result      |       | (2.0)     | 4.5       | 51.3     | 13.5      | 67.3    | (0.4)   | (41.1) | (41.5)   |

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.



# Financials: Comparable Results Adjustments

| EBITDA Adjustment<br>(million)  | (EUR) | Q1/19       | Q2/19       | Q3/19        | Q4/19        | 2019         | Q1/20         | Q2/20         | H1/20          |
|---|-------|-------------|-------------|--------------|--------------|--------------|---------------|---------------|----------------|
| <b>Reported EBITDA</b>  |       | <b>48.9</b> | <b>89.2</b> | <b>120.2</b> | <b>(5.4)</b> | <b>252.8</b> | <b>(92.0)</b> | <b>(22.4)</b> | <b>(114.4)</b> |
| Gain / (Losses) on Inventories and on inventories hedging derivatives |       | 2.9         | (32.5)      | 11.8         | 71.7         | 53.9         | 155.2         | 35.9          | 191.1          |
| Forex derivatives   |       | 1.9         | (1.6)       | (6.2)        | 4.1          | (1.9)        | (7.6)         | 0.7           | (7.0)          |
| Non-recurring items   |       | 0.0         | 0.0         | 0.0          | 8.9          | 8.9          | 1.1           | 0.8           | 2.0            |
| <b>Comparable EBITDA</b>  |       | <b>53.7</b> | <b>55.1</b> | <b>125.7</b> | <b>79.3</b>  | <b>313.8</b> | <b>56.7</b>   | <b>15.0</b>   | <b>71.7</b>    |

| Net Result Adjustment<br>(million)   | (EUR) | Q1/19        | Q2/19       | Q3/19       | Q4/19         | 2019        | Q1/20          | Q2/20         | H1/20          |
|--|-------|--------------|-------------|-------------|---------------|-------------|----------------|---------------|----------------|
| <b>Reported Net Result</b>   |       | <b>(4.1)</b> | <b>28.2</b> | <b>42.7</b> | <b>(40.6)</b> | <b>26.2</b> | <b>(113.1)</b> | <b>(67.6)</b> | <b>(180.7)</b> |
| Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes |       | 2.1          | (23.7)      | 8.6         | 51.8          | 38.9        | 111.9          | 25.9          | 137.8          |
| Non-recurring items net of taxes   |       | 0.0          | 0.0         | 0.0         | 2.3           | 2.3         | 0.8            | 0.6           | 1.4            |
| <b>Comparable Net Result</b>   |       | <b>(2.0)</b> | <b>4.5</b>  | <b>51.3</b> | <b>13.5</b>   | <b>67.3</b> | <b>(0.4)</b>   | <b>(41.1)</b> | <b>(41.5)</b>  |



# Financials: CAPEX

| CAPEX BY SEGMENT (EUR million) | Q1/19        | Q2/19       | Q3/19       | Q4/19       | 2019         | Q1/20       | Q2/20       |
|--------------------------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|
| REFINING                       | 102.7        | 67.2        | 36.8        | 85.3        | 291.9        | 95.7        | 77.4        |
| POWER GENERATION               | 10.8         | 2.8         | 6.8         | 4.4         | 24.8         | 1.0         | 10.2        |
| MARKETING                      | 0.4          | 0.2         | 0.0         | 0.0         | 0.6          | 0.1         | 0.4         |
| WIND                           | 0.9          | 18.9        | 2.4         | 4.1         | 26.4         | 0.3         | 0.6         |
| OTHER ACTIVITIES               | 0.2          | 0.1         | 0.1         | 0.4         | 0.8          | 0.3         | 0.2         |
| <b>TOTAL CAPEX</b>             | <b>115.0</b> | <b>89.2</b> | <b>46.1</b> | <b>94.3</b> | <b>344.6</b> | <b>97.3</b> | <b>88.7</b> |





# Additional Information



# Additional information: Refining

|  | EUR million | Q1/19 <sup>(*)</sup> | Q2/19 <sup>(*)</sup> | Q3/19 <sup>(*)</sup> | Q4/19 <sup>(*)</sup> | 2019 <sup>(*)</sup> | Q1/20         | Q2/20         |
|--|-------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------|---------------|
| EBITDA                                 |             | 2.4                  | 32.6                 | 73.1                 | (42.0)               | 66.0                | (123.8)       | (42.9)        |
| <b>Comparable EBITDA</b>               |             | <b>10.0</b>          | <b>(4.8)</b>         | <b>78.4</b>          | <b>40.9</b>          | <b>124.3</b>        | <b>19.5</b>   | <b>(9.9)</b>  |
| EBIT                                   |             | (28.2)               | 0.1                  | 39.5                 | (79.8)               | (68.5)              | (157.1)       | (77.7)        |
| <b>Comparable EBIT</b>                 |             | <b>(20.6)</b>        | <b>(37.4)</b>        | <b>44.8</b>          | <b>3.1</b>           | <b>(10.2)</b>       | <b>(13.9)</b> | <b>(44.7)</b> |
| CAPEX                                  |             | 102.7                | 67.2                 | 36.8                 | 85.3                 | 291.9               | 95.7          | 77.4          |
| <b>REFINERY RUNS</b>                   |             |                      |                      |                      |                      |                     |               |               |
| <b>Crude oil (ktons)</b>               |             | <b>2,653</b>         | <b>3,571</b>         | <b>3,555</b>         | <b>3,392</b>         | <b>13,172</b>       | <b>3,138</b>  | <b>2,293</b>  |
| Crude oil (Mbl)                        |             | 19.4                 | 26.1                 | 26.0                 | 24.8                 | 96.2                | 22.9          | 16.7          |
| Crude oil (bl/d)                       |             | 215                  | 290                  | 282                  | 269                  | 263                 | 255           | 184           |
| <b>Complementary feedstock (ktons)</b> |             | <b>281</b>           | <b>270</b>           | <b>320</b>           | <b>406</b>           | <b>1,278</b>        | <b>232</b>    | <b>211</b>    |
| <b>REFINERY MARGINS</b>                |             |                      |                      |                      |                      |                     |               |               |
| EMC benchmark                          |             | 1.1                  | 0.2                  | 3.0                  | 0.0                  | 1.1                 | 1.3           | (0.7)         |
| Saras margin                           |             | 4.3                  | 2.5                  | 6.4                  | 4.9                  | 4.5                 | 3.9           | 3.8           |

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.



# Additional information: Power Generation

| EUR million              | Q1/19(*)         | Q2/19(*)    | Q3/19(*)     | Q4/19(*)     | 2019 (*)     | Q1/20        | Q2/20       |
|--------------------------|------------------|-------------|--------------|--------------|--------------|--------------|-------------|
| <b>Comparable EBITDA</b> | <b>37.0</b>      | <b>48.8</b> | <b>37.3</b>  | <b>28.7</b>  | <b>151.8</b> | <b>30.3</b>  | <b>16.4</b> |
| <b>Comparable EBIT</b>   | <b>23.7</b>      | <b>35.7</b> | <b>23.5</b>  | <b>14.0</b>  | <b>96.9</b>  | <b>16.5</b>  | <b>2.7</b>  |
| EBITDA IT GAAP           | 44.1             | (16.3)      | 40.7         | 29.9         | 98.3         | 57.1         | (36.6)      |
| EBIT IT GAAP             | 39.2             | (21.0)      | 35.5         | 23.6         | 77.3         | 51.8         | (42.0)      |
| <b>CAPEX</b>             | <b>10.8</b>      | <b>2.8</b>  | <b>6.8</b>   | <b>4.4</b>   | <b>24.8</b>  | <b>1.0</b>   | <b>10.2</b> |
| <b>POWER PRODUCTION</b>  | <b>988</b>       | <b>883</b>  | <b>1,114</b> | <b>1,091</b> | <b>4,075</b> | <b>1,185</b> | <b>801</b>  |
|                          | <i>MWh/1000</i>  |             |              |              |              |              |             |
| POWER TARIFF             | 9.2              | 9.2         | 9.2          | 9.2          | 9.2          | 7.9          | 7.5         |
|                          | <i>€cent/KWh</i> |             |              |              |              |              |             |
| POWER IGCC MARGIN        | 3.8              | 3.4         | 2.5          | 2.3          | 3.0          | 2.5          | 2.7         |
|                          | <i>\$/bl</i>     |             |              |              |              |              |             |

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.



# Additional information: Marketing

| EUR million                     | Q1/19      | Q2/19      | Q3/19      | Q4/19      | 2019         | Q1/20      | Q2/20      |
|---------------------------------|------------|------------|------------|------------|--------------|------------|------------|
| EBITDA                          | 4.4        | 4.2        | 8.2        | 3.5        | 20.3         | (0.8)      | 3.6        |
| <b>Comparable EBITDA</b>        | <b>1.6</b> | <b>7.5</b> | <b>8.5</b> | <b>4.5</b> | <b>22.1</b>  | <b>4.6</b> | <b>8.0</b> |
| EBIT                            | 3.7        | 3.4        | 7.4        | 2.8        | 17.3         | (1.5)      | 3.0        |
| <b>Comparable EBIT</b>          | <b>0.9</b> | <b>6.7</b> | <b>7.7</b> | <b>3.8</b> | <b>19.1</b>  | <b>3.9</b> | <b>7.4</b> |
| <b>CAPEX</b>                    | <b>0.4</b> | <b>0.2</b> | <b>0.0</b> | <b>0.0</b> | <b>0.6</b>   | <b>0.1</b> | <b>0.4</b> |
| <b>SALES</b><br>(THOUSAND TONS) |            |            |            |            |              |            |            |
| ITALY                           | 505        | 522        | 587        | 542        | 2,155        | 437        | 412        |
| SPAIN                           | 371        | 324        | 359        | 366        | 1,418        | 281        | 203        |
| <b>TOTAL</b>                    | <b>876</b> | <b>845</b> | <b>945</b> | <b>908</b> | <b>3,574</b> | <b>718</b> | <b>615</b> |



# Additional information: Wind and Others

| <b>Wind</b> | (EUR million) |                          | Q1/19     | Q2/19  | Q3/19  | Q4/19  | 2019   | Q1/20   | Q2/20  |        |
|-------------|---------------|--------------------------|-----------|--------|--------|--------|--------|---------|--------|--------|
|             |               | <i>Comparable EBITDA</i> | 3.6       | 2.5    | 0.7    | 3.2    | 10.0   | 2.4     | 0.9    |        |
|             |               | <i>Comparable EBIT</i>   | 2.3       | 1.3    | (0.5)  | 1.5    | 4.6    | 0.8     | 0.9    |        |
|             |               | <b>POWER PRODUCTION</b>  |           |        |        |        |        |         |        |        |
|             |               |                          | MWh       | 66,054 | 43,852 | 26,366 | 84,091 | 220,363 | 74,038 | 44,980 |
|             |               | POWER TARIFF             | €cent/kWh | 5.6    | 4.5    | 4.7    | 4.2    | 4.7     | 3.9    | 2.0    |
|             |               | INCENTIVE                | €cent/kWh | 9.2    | 9.2    | 9.2    | 9.2    | 9.2     | 9.9    | 9.9    |
|             |               | CAPEX                    |           | 0.9    | 18.9   | 2.4    | 4.1    | 26.4    | 0.3    | 0.6    |

| <b>Others</b> | (EUR million) |                          | Q1/19 | Q2/19 | Q3/19 | Q4/19 | 2019 | Q1/20 | Q2/20 |     |
|---------------|---------------|--------------------------|-------|-------|-------|-------|------|-------|-------|-----|
|               |               | <i>Comparable EBITDA</i> | 1.5   | 1.1   | 0.9   | 2.1   | 5.6  | (0.1) | (0.4) |     |
|               |               | <i>Comparable EBIT</i>   | 1.2   | 1.0   | 0.7   | 1.8   | 4.7  | (0.3) | (0.4) |     |
|               |               | CAPEX                    |       | 0.2   | 0.1   | 0.1   | 0.4  | 0.8   | 0.3   | 0.1 |



# Additional information: Key Balance Sheet Figures

| EUR million                                | 31/03/2019   | 30/06/2019   | 30/09/2019   | 31/12/2019   | 31/03/2020   | 30/06/2020    |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| Trade receivables                          | 252          | 264          | 347          | 352          | 187          | 247           |
| Inventories                                | 1,019        | 1,063        | 1,206        | 1,041        | 599          | 725           |
| Trade and other payables                   | (1,217)      | (1,414)      | (1,540)      | (1,649)      | (1,084)      | (1,057)       |
| <b>Working Capital</b>                     | <b>54</b>    | <b>(87)</b>  | <b>12</b>    | <b>(256)</b> | <b>(298)</b> | <b>(84,3)</b> |
| Property, plants and equipment             | 1,166        | 1,212        | 1,227        | 1,273        | 1,330        | 1,377         |
| Intangible assets                          | 101          | 94           | 86           | 78           | 71           | 64            |
| Right of use (IFRS 16)                     | 51           | 50           | 44           | 50           | 49           | 47            |
| Other investments                          | 1            | 1            | 1            | 1            | 1            | 1             |
| Other assets/liabilities                   | (4)          | 13           | 12           | 46           | 136          | 38            |
| Tax assets / liabilities                   | (86)         | (132)        | (96)         | 35           | 69           | (18)          |
| Other Funds                                | (214)        | (163)        | (181)        | (204)        | (153)        | (163)         |
| Assets held for sale                       | 35           | 39           | 7            | 7            | 7            | 1             |
| <b>Total Net Capital Invested</b>          | <b>1,104</b> | <b>1,026</b> | <b>1,112</b> | <b>1,029</b> | <b>1,211</b> | <b>1,262</b>  |
| <b>Total equity</b>                        | <b>1,100</b> | <b>1,054</b> | <b>1,097</b> | <b>1,059</b> | <b>940</b>   | <b>880</b>    |
| <b>Net Financial Position pre IFRS 16</b>  | <b>48</b>    | <b>77</b>    | <b>29</b>    | <b>79</b>    | <b>(223)</b> | <b>(337)</b>  |
| <b>IFRS 16 effect</b>                      | <b>(52)</b>  | <b>(49)</b>  | <b>(44)</b>  | <b>(49)</b>  | <b>(48)</b>  | <b>(45)</b>   |
| <b>Net Financial Position post IFRS 16</b> | <b>(4)</b>   | <b>28</b>    | <b>(15)</b>  | <b>30</b>    | <b>(271)</b> | <b>(382)</b>  |