



# FY 2019 and Q4 2019 results and Business Plan 2020 – 2023 update

March 2020





# AGENDA

- Highlights
- Segments Review
- Outlook and Business Plan 2020 – 2023
- Financials
- Additional Information



# Important Notice

Saras Group's Annual Financial Results and information are audited.

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.



# FY/19 and Q4/19 highlights

Starting from Q4/19, with the aim to continue improving the methods used to measure operating performance and economic results, the methods for determining the "reported" and "comparable" results were updated. In order to ensure comparability, the results of the Q4/18 and FY/18 have been reclassified and compared with those previously determined (details at slide 26).

EUR million	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
Reported EBITDA	252.8	420.8	-40%	-5.4	34.2	-116%
Reported Net Result	26.2	140.4	-81%	-40.6	-13.7	-196%
Comparable <sup>1</sup> EBITDA	313.8	385.9	-19%	79.3	53.4	49%
Comparable <sup>1</sup> Net Result	67.3	132.7	-49%	13.5	-1.4	1064%
EUR million						
Net Financial Position ante IFRS 16	79.0	46.0		79.0	46.0	
Net Financial Position post IFRS 16	30.3			30.3		

FY/19 results affected by heavy maintenance (Q1) and volatile oil scenario driven by geopolitical and macro concerns (trade disputes, OPEC + cuts, low heavy-sour crudes availability and discounts, speculation ahead of IMO entry into force)

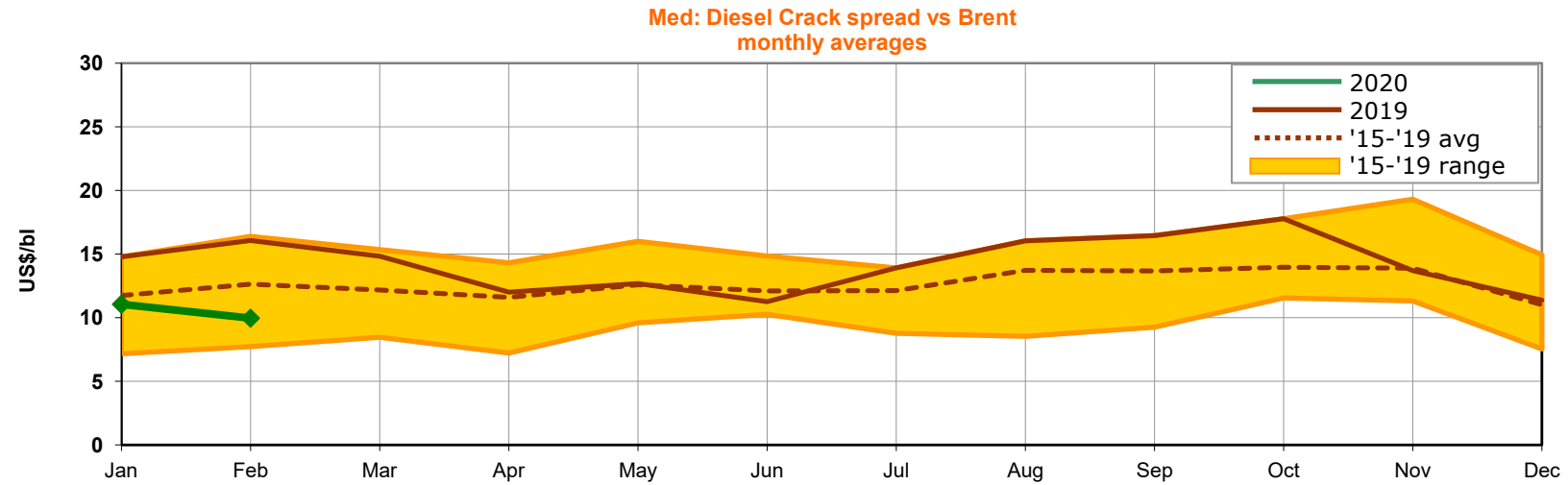
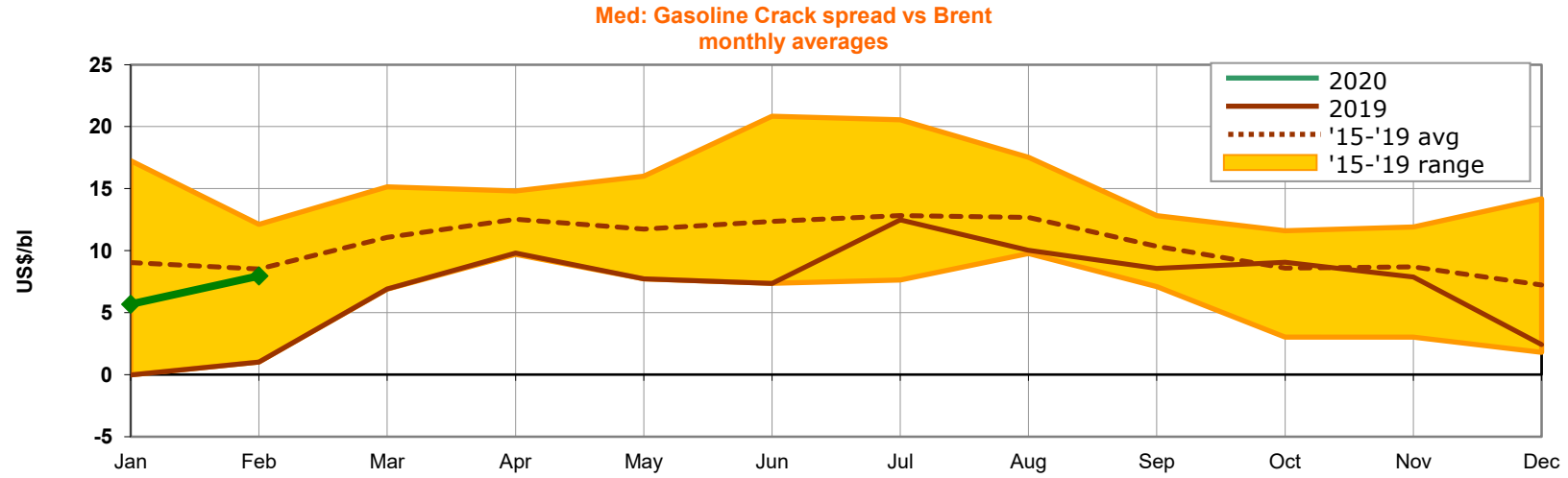
Q4/19 refining: weak macro environment and EMC benchmark equal to zero, but strong premium (+4.9 \$/bl) also thanks to high conversion configuration (production of VLSFO and no HSFO) and supply chain optimization

Net Financial Position (ante IFRS 16) at +EUR 79 M (+EUR46M at FY/18). EUR 345 M of investments in the business to keep state-of-the-art plants and increase our wind capacity by 30%. Proposal of a dividend of 0.04 per share (56% of comparable Net Profit)

1. 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.

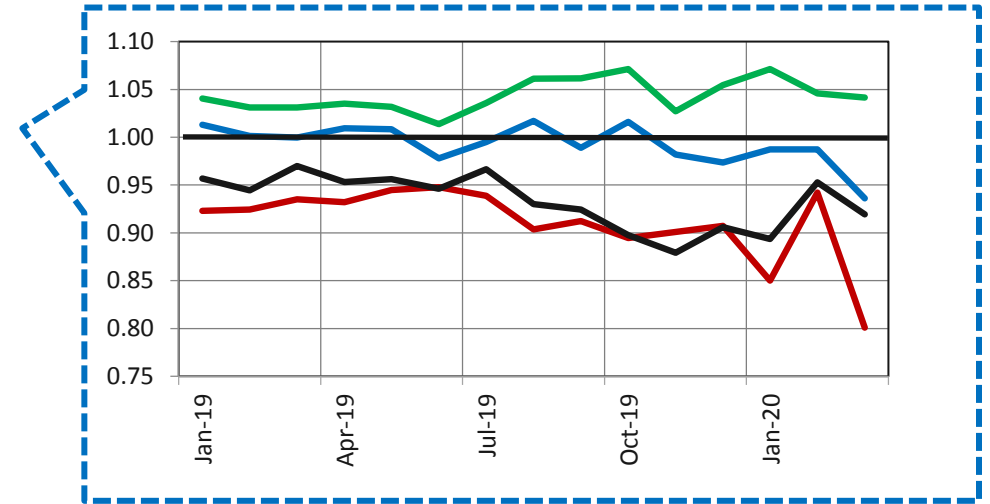
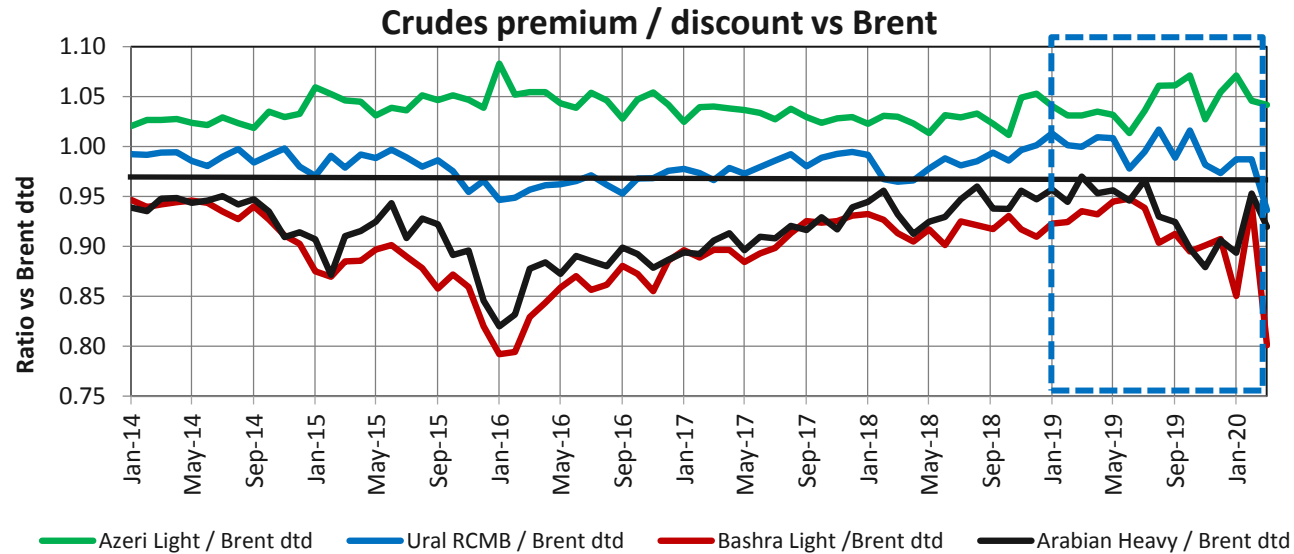
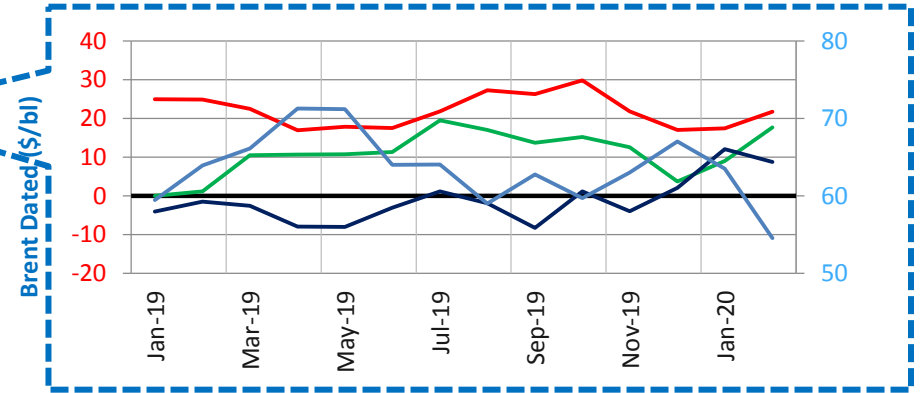
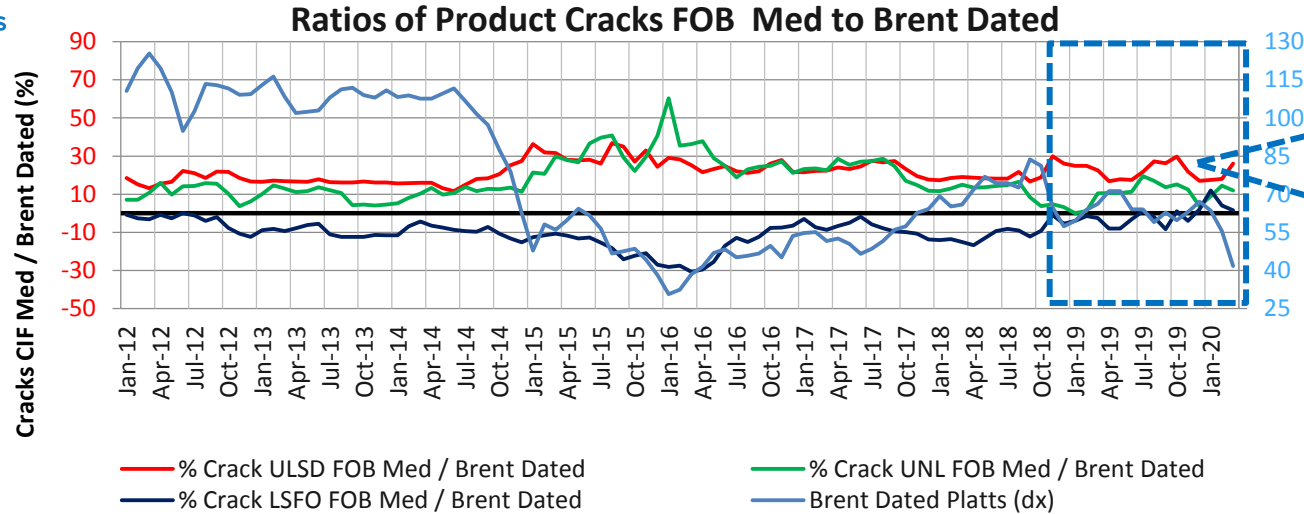


# Highlights: Gasoline and Diesel Crack Spreads





# Historical Crack Spreads Ratios to Brent and crude differentials

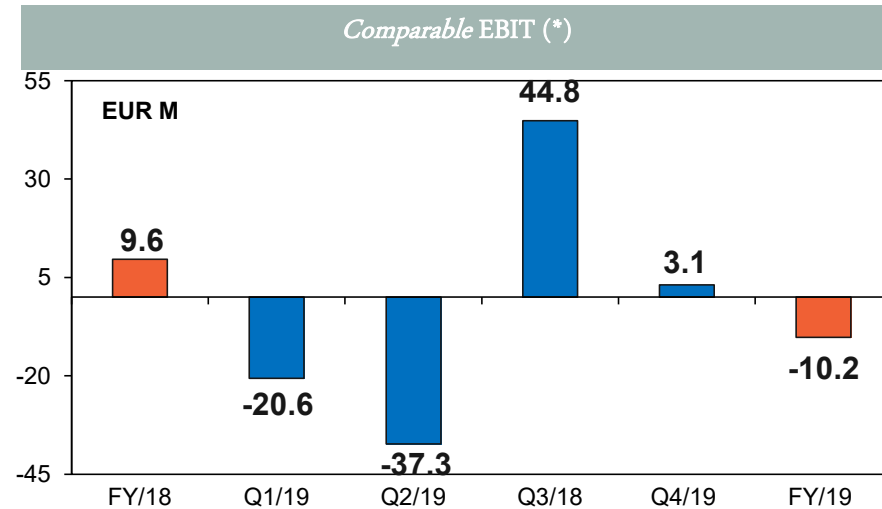
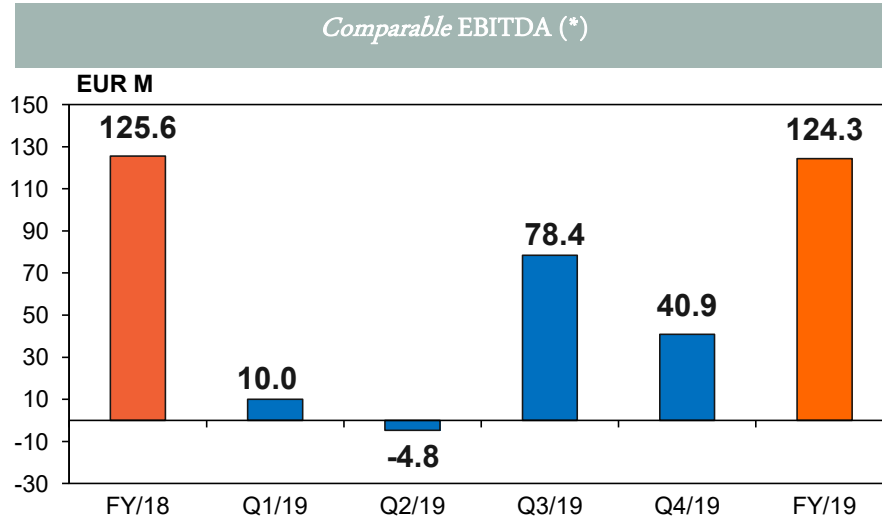


Data updated at 17 March 2020



# Segments Review

# Segments Review: Refining



(\*) FY/18 and FY/19 and quarterly comparable results have been recalculated on the basis of the new method of determining reported and comparable results introduced from Q4/19.

## Q4/19

- **Comparable EBITDA at EUR 40.9M** (vs. EUR -14.4M in Q4/18)
  - ✓ Crude throughput at 24.8 Mbl (-7% vs. Q4/18) due to heavier maintenance
  - ✓ **Weaker scenario:** weaker middle distillates (due to diesel volumes coming from Asia to Europe) partly offset by stronger light distillates. Neutral forex effect.
  - ✓ **Performance:** production execution led to an EBITDA EUR 10M lower than in Q4/18 due to higher maintenance while production planning increases EBITDA by EUR10M thanks to the supply chain optimization. Lower contribution of trading activity due to inventories management.
  - ✓ Results include EUR21 m of insurance reimbursement

## FY/19

- **Comparable EBITDA at EUR 124.3M** (vs. EUR 125.6M in FY/18)
  - ✓ In the first months of the year one of the main turnaround of the last 5 years (Topping “T2”, Vacuum “V2”, CCR and MHC1 that were stopped for about 60 days) was carried out.
  - ✓ Results supported by good industrial performance and the positive contribution of the Supply Chain Management

EUR million	Q4/19	Q4/18 (^)	FY/19	FY/18 (^)
Comparable EBITDA	40.9	(14.4)	124.3	125.6
Comparable EBIT	3.1	(48.0)	(10.2)	9.6

(^) For comparability purposes Q4/18 and FY/18 results have been recalculated on the basis of the new method of determining reported and comparable results introduced from Q4/19.





# Segments Review: Refining – Crude Oil Slate and Production

REFINERY RUNS		Q4/19	2018	2019
Crude oil	<i>K tons</i>	3,392	13,512	13,172
Complementary feedstock	<i>K tons</i>	406	1,319	1,278
CRUDE OIL SLATE		Q4/19	2018	2019
Light extra sweet		42%	37%	38%
Light sweet		10%	12%	11%
Medium sweet/extra sweet		0%	0%	1%
Medium sour		27%	34%	34%
Heavy sour/sweet		22%	17%	16%
Average crude gravity	<sup>o</sup> API	34.1	33.7	34.4
PRODUCTION (From crude runs and feedstock)		Q4/19	2018	2019
LPG	<i>k tons</i>	57	291	292
	<i>Yield</i>	1.5%	2.0%	2.0%
Naphtha + gasoline	<i>k tons</i>	1,048	4,132	4,026
	<i>yield</i>	27.6%	27.9%	27.9%
Middle distillates	<i>k tons</i>	2,081	7,558	7,530
	<i>yield</i>	54.8%	51.0%	52.1%
Fuel oil & others	<i>k tons</i>	105	755	603
	<i>Yield</i>	2.8%	5.1%	4.2%
TAR	<i>k tons</i>	290	1,141	1,091
	<i>yield</i>	7.6%	7.7%	7.5%

Crude runs slightly down vs FY/18.  
Large turnaround successfully completed in Q1/19

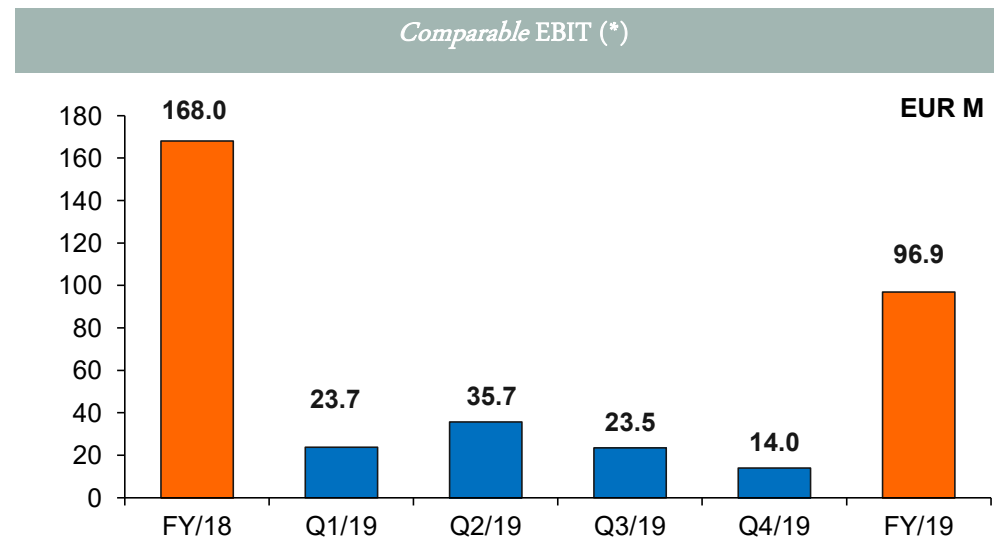
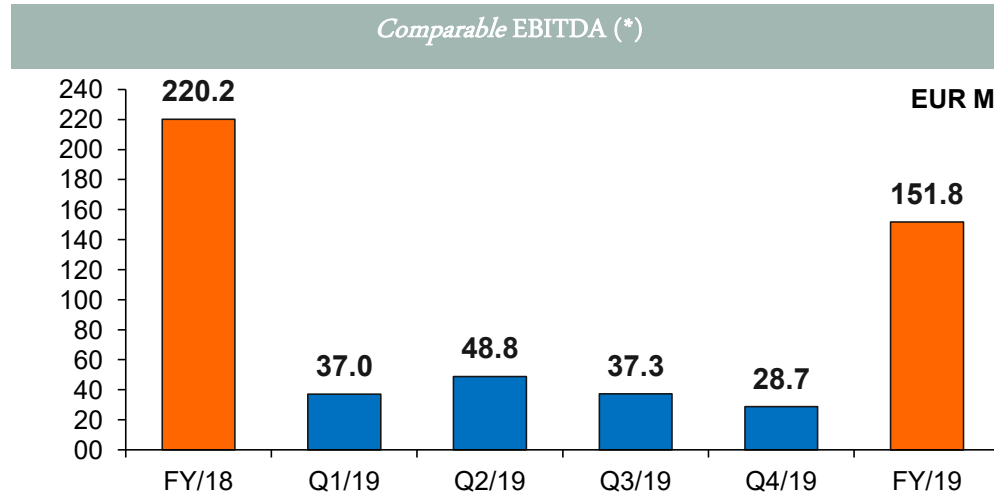
Lighter crude slate (more light sweet and extra-sweet) due maintenance in Q1/19 and to different supply mix on the market

Stable gasoline and higher diesel

Low fuel oil yield and stable TAR

Balance to 100% are Consumption & Losses

# Segments Review: Power Generation



(\*) FY/18 and FY/19 and quarterly comparable results have been recalculated on the basis of the new method of determining reported and comparable results introduced from Q4/19.

## Q4/19

- *Comparable EBITDA at EUR 28.7M* (vs. EUR 53.4M in Q4/18)
  - ✓ Volumes produced down by 10% y-o-y due to lower operating performance
  - ✓ Less favorable scenario: CIP6/92 tariff -5% y-o-y
  - ✓ Lower contribution of linearization and higher maintenance costs

## FY/19

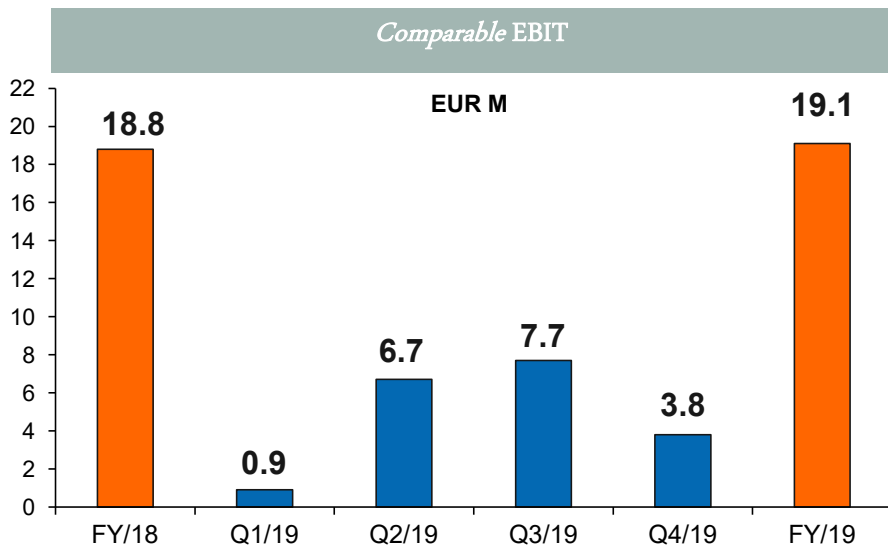
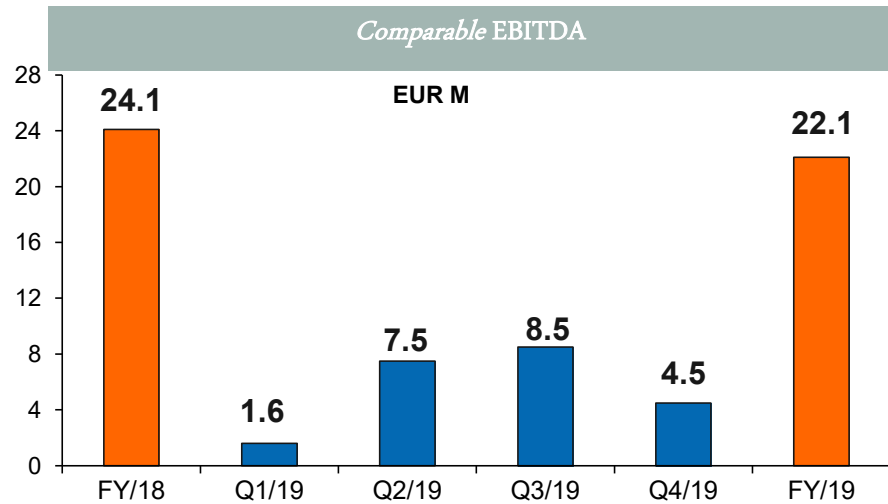
- *Comparable EBITDA at EUR 151.8M* (vs. EUR 220.2M in FY/18)
  - ✓ Lower operating performance (volumes -7% y-o-y)
  - ✓ Less favorable scenario led to lower CIP6 tariff
  - ✓ Lower contribution of linearization and higher maintenance and operating costs

EUR million	Q4/19	Q4/18 <sup>(^)</sup>	FY/19	FY/18 <sup>(^)</sup>
Comparable EBITDA	28.7	53.4	151.8	220.2
Comparable EBIT	14.0	39.9	96.9	168.0

(^) For comparability purposes Q4/18 and FY/18 results have been recalculated on the basis of the new method of determining reported and comparable results introduced from Q4/19.



# Segments Review: Marketing



## Q4/19

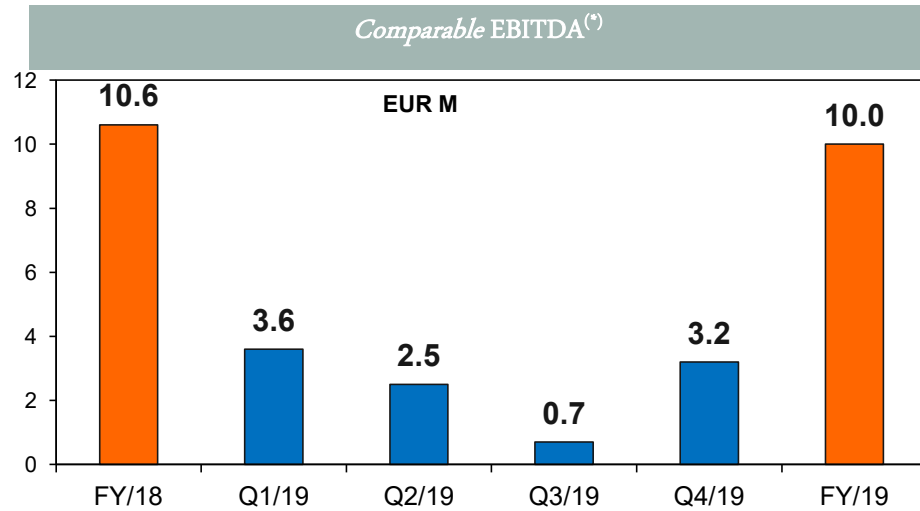
- **Comparable EBITDA at EUR +4.5M** (vs. EUR 8.1M in Q4/18)
  - ✓ Demand down by approx. 1% in Italy and 2.5% in Spain
  - ✓ Group sales volumes flat with Italy up 3% and Spain down 7% (also due to the deconsolidation of the retail station business)
  - ✓ Lower wholesale margins and Spain deconsolidation weigh on results

## FY/19

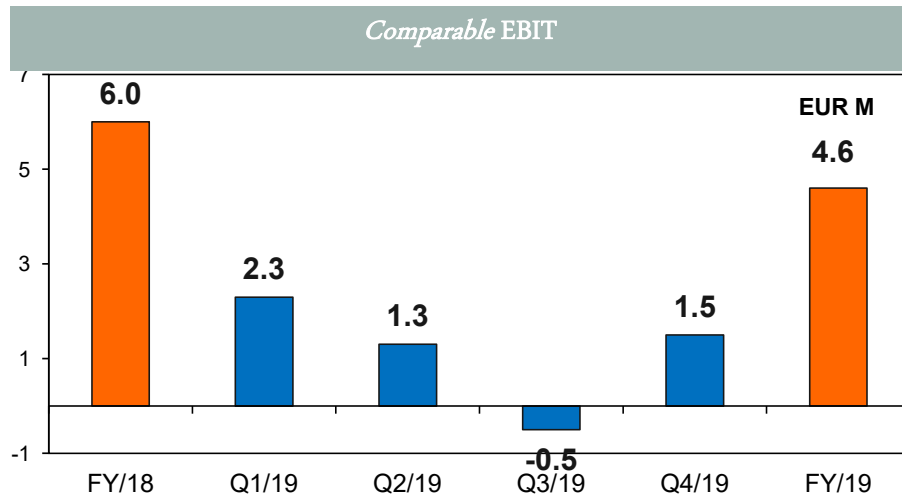
- **Comparable EBITDA at EUR +22.1M** (vs. EUR 24.1M in FY/18)
  - ✓ Demand declining by 1% in Italy and flat 1% in Spain
  - ✓ Group sales volumes down 3% y-o-y (Italy +2% and Spain -9%)
  - ✓ Lower wholesale margins and Spain deconsolidation weigh on results

EUR million	Q4/19	Q4/18	FY/19	FY/18
Comparable EBITDA	4.5	8.1	22.1	24.1
Comparable EBIT	3.8	6.9	19.1	18.8

# Segments Review: Wind Power



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



## Q4/19

• Comparable EBITDA at EUR 3.2M (vs. EUR 3.8M in Q4/18)

- ✓ Volumes increased by 67% thanks to very favorable wind conditions and the entering into operation of additional 30 MW capacity (+20% on the same perimeter)
- ✓ The Power Tariff posted a decline of 2.4 EURcent/kWh
- ✓ The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to Q4/18.

## FY/19

• Comparable EBITDA at EUR 10.0M (broadly in line with FY/18)

- ✓ Volumes up by 30% due to better wind conditions and +30 MW of capacity from Sept (+16% on the same perimeter)
- ✓ Power Tariff down 1.0 EURcent/kWh
- ✓ Incentive Tariff decreased by 0.7 Eurocent/kWh compared to FY/18

EUR million	Q4/19	Q4/18	FY/19	FY/18
Comparable EBITDA	3.2	3.8	10.0	10.6
Comparable EBIT	1.5	2.6	4.6	6.0



## Outlook and Business Plan 2020-2023



# THE 5 BUSINESS PLAN PILLARS | 2020-2030



## STRATEGIC INVESTMENTS

Completion of the investment cycle to keep state of the art plants and increase asset resilience and competitiveness

# 712

### EURM

Steady state level for refinery investments after 2020, in full compliance with HSE obligations



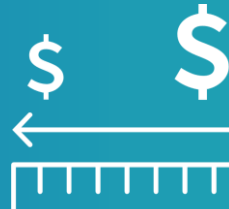
## PRODUCTION OPTIMIZATION

### INTEGRATED SUPPLY CHAIN

**Performance improvement** through digital initiatives.

Capture **IMO regulation's** opportunities

**Exploit discounts of heavy sour crudes and VLSFO production & sale**



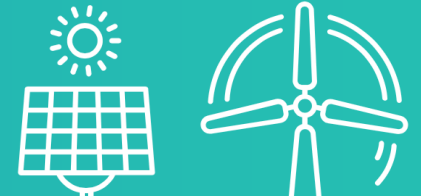
## COST OPTIMIZATION

**Target to reduce operating costs by EUR 30 million vs 2019 in order to offset the inflationary drift**



## SUSTAINABILITY

Business model integrates **KPIs to monitor SOCIAL GOVERNANCE & ENVIRONMENTAL** commitment.



## RENEWABLE ENERGY

Promote transition to **wind and solar.**

Decrease **carbon footprint.**

# UP TO 400

### MW

OF NEW RENEWABLE CAPACITY



# SUSTAINABILITY APPROACH

## OUR PURPOSE

To be innovative, sustainable  
and  
a reference point  
among energy providers

### SOCIAL

### GOVERNANCE

### ENVIRONMENT



## OUR CORE BELIEFS

Safety & Environmental protection

Create sustainable value

Be a part of and a reference point for the community

Develop our people's potential by fostering their professional growth

Skills and knowledge are our key assets

Develop innovation



# SUSTAINABILITY KPIs

DETAILED KPIS TABLE AND 2020 TARGETS IN THE ANNEX (slide 36)



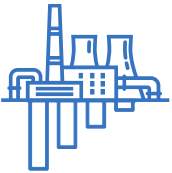
## ENVIRONMENT



## SOCIAL



## GOVERNANCE



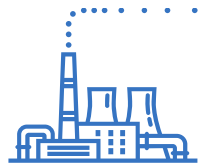
Improve **energy efficiency**



Reduction of **greenhouse gas (GHG)** emissions



Co-processing of **vegetable oils**



Reduce **air** pollutants



Reduce raw **water** consumptions



Reduce **waste**



Increase of **renewable energy** production



Commitment to the **local community**



Promote **gender diversity**



ESG targets included in the **assessment and remuneration system**



Aim at the **"zero injury"** goal



Foster **sustainable behavior**



Increase **stakeholders' engagement**



**Training** time at least in line with last 3Y



Monitor **employee engagement**



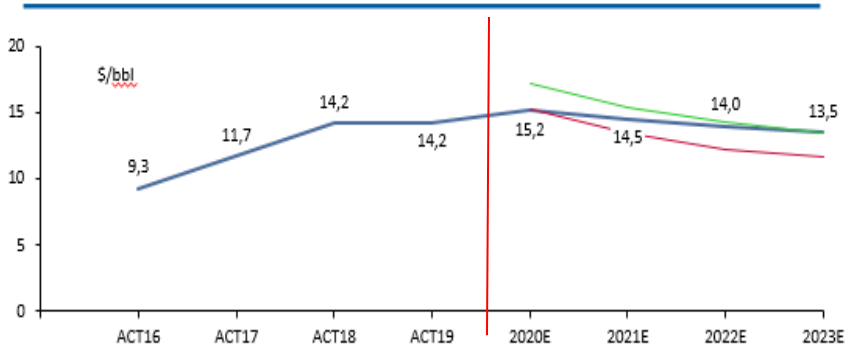
Extend **Risk & Control Committee** competence over **ENVIRONMENT GOVERNANCE SOCIAL** matters



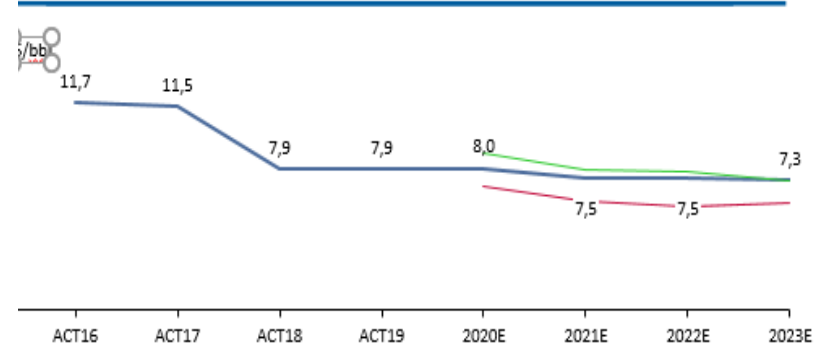


# Business Plan 2020-2023 sensitivities

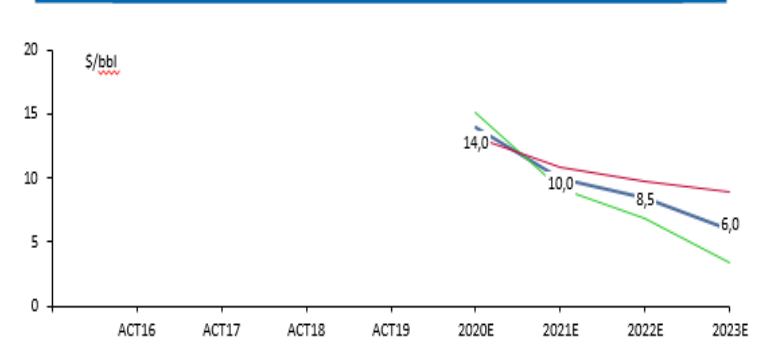
### Diesel



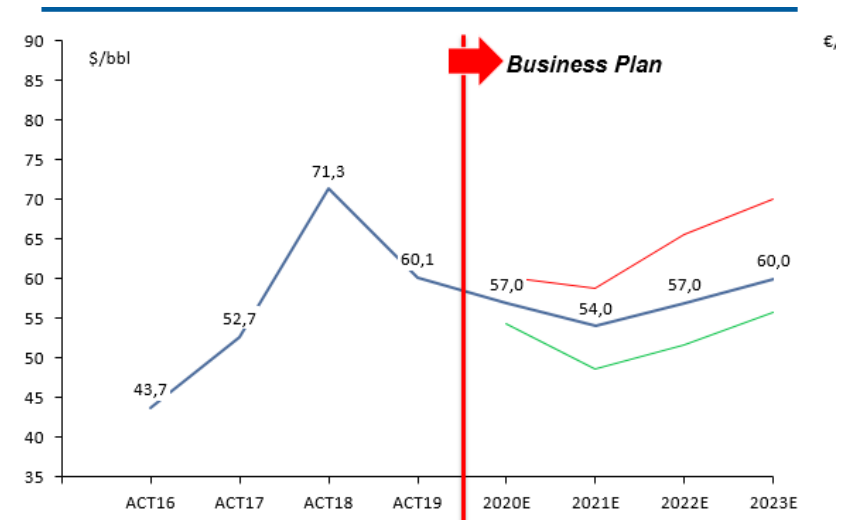
### Gasoline



### VLSCO



### Brent dtd (\$/bbl)



Last months of 2019 and first months of 2020 have been influenced by several contingent factors, most relevant ones being: mild winter, high volumes of VLSFO stored in Singapore ahead of IMO regulation entry into force, start of HSFO carriage ban for shippers without scrubbers installed from 1<sup>st</sup> March 2020 and Coronavirus effects on Chinese and global demand.

We have set business plan assumptions on an average between IHS and WoodMackenzie estimates. Experts still foresees the continuation of the positive cycle for the refining industry in the coming years also thanks to the effects of the IMO regulations.

It is worth mentioning that the consequences of the effects of Coronavirus on the economy and on the demand for oil and refined products at a global level are difficult to quantify. In particular, a prolonged effect of Coronavirus could lead, among other things, to a reduction in the demand for refined products for transport globally and this could lead to lower refining margins than those expected by experts.

# Business Plan 2020-2023 main assumptions

## Business Plan Market Scenario

		2020E	2021E	2022E	2023E
Brent Dated	\$/bl	57.0	54.0	57.0	60.0
Gasoline <i>crack spread</i>	\$/bl	8.0	7.5	7.5	7.3
ULSD <i>crack spread</i>	\$/bl	15.2	14.5	14.0	13.5
HS Fuel Oil <i>crack spread</i>	\$/bl	-25.8	-17.0	-16.0	-15.0
VLSFO Bunker <i>crack spread</i>	\$/bl	14.0	10.0	8.5	6.0
National electricity price	€/MWh	51.0	56.0	57.0	58.0
Exchange Rate	€/€	1.14	1.18	1.19	1.20

Market Scenario based on prominent market experts forecasts (IHS and Wood Mackenzie for oil and Pöyry and Ref4E for electricity)

**Oil market scenario** (based on average IHS and Wood Mackenzie most recent estimates) **still points to a positive impact from IMO**. In detail:

- **Some rebound of diesel/gasoil crack spread** as part of bunker demand (estimated 1/1,5 mbl/d) switch to middle distillates
- **Strong VLSFO crack spread** as it is expected to displace approx. 1.5 mbl/d of HSFO. VLSFO crack spreads projected to soften over time but to remain a premium product
- **HSFO crack spread decreasing** due to the sharp demand decline. Some recovery expected mid-term as more scrubbers are installed but set to remain below historical average
- **Heavy and medium sour crude grades initially restrained** (OPEC cuts and sanctions), **subsequently expected widening discounts**

**Power scenario:**

- The plant has a **fundamental role for the Sardinian electrical system**, its stability and operational reliability; it is therefore anticipated that could be contractualized by the national authorities at the conditions established by the reference regulation



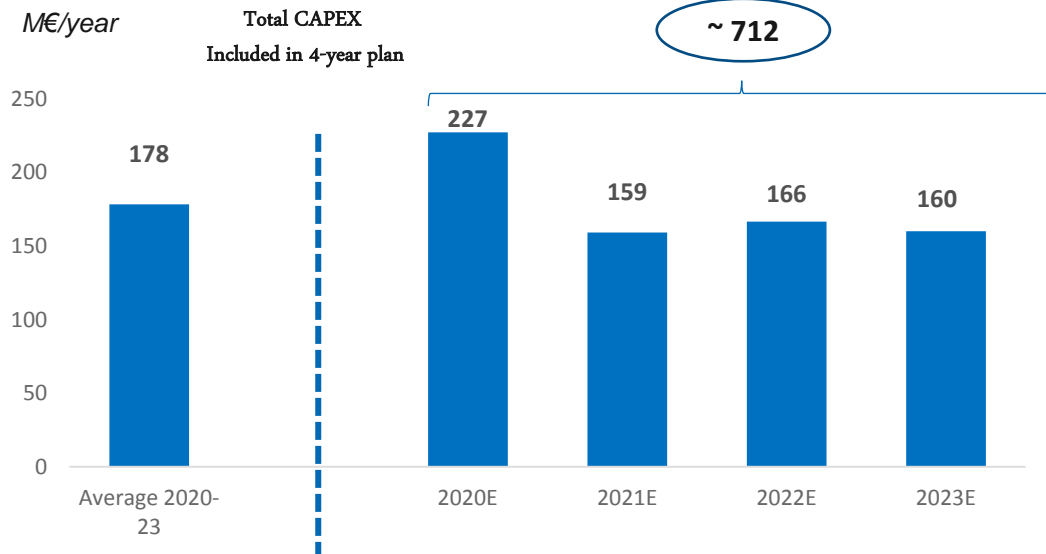
# Operational performance and refinery CAPEX plan

## Business Plan Operations & Fixed Costs

		2020E	2021E	2022E	2023E
Refinery Crude Runs	Mtons		Approx. 14.2 ÷ 15		
Refinery other feedstock	Mtons		Approx. 0.6 ÷ 1.2		
IGCC Power production	TWh	4.3 ÷ 4.4	4.0 <sup>(1)</sup>	4.3 ÷ 4.4	
Total Fixed costs (Refining + Power)	€ M		Approx. 350 ÷ 360		

(1) 10Y turnaround on the IGCC plant

## Business Plan refinery CAPEX



## Comment on operations

### Operations:

- Refinery: FCC turnaround in 2020. From 2021 onwards, completed the investment cycle, the refinery will operate at full capacity
- IGCC: in 2021 it will be carried out the 10Y turnaround on the IGCC plant to continue reliable operations in the next decade

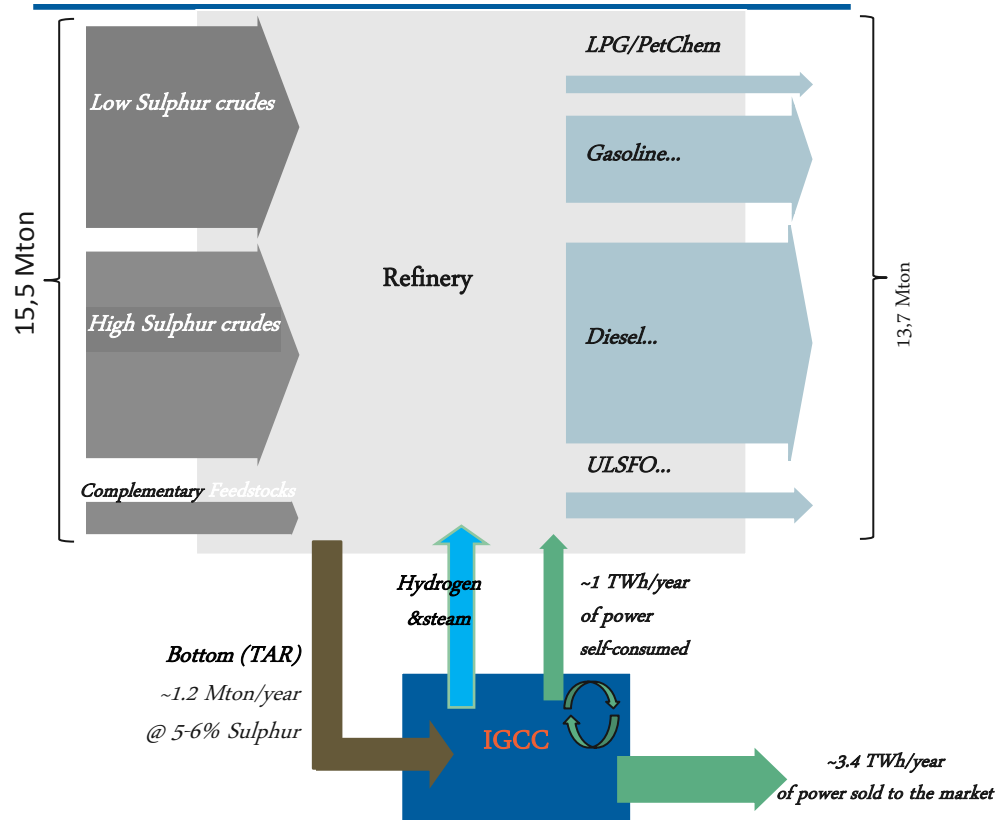
**Fixed costs:** flat and equal to approx. EUR 350 ÷ 360 million per year.

## Refinery CAPEX details

- **Investments in asset reliability, HSE, steam and power system reconfiguration** to keep long term operational and technological excellence and to increase the asset resilience and competitiveness under different scenarios
- **Digital initiatives to reduce downtime, enhance asset availability, safety and security and increase production** improving operational performance and sustaining refining margins premium.
- **After 2020 site capex reach a steady state level** (focused on HSE compliance, asset reliability and operational continuity)

# IGCC: a future after 2021

## Sarlux site configuration post 2021



Three independent trains for gasification and power production, with a total design capacity of 575 MW

Total Input = 15,5 Mton

Total Output = 13,7 Mton + 3,4 TWh <sup>(1)</sup>

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

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

- By end of Q2 CIP6/92 incentive expire
- After that date the 10Y turnaround will be executed

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

- The plant has a **fundamental role for the Sardinian electrical system**, its stability and operational reliability; it is therefore anticipated that could be contractualized by the national authorities at the conditions established by the reference legislation
- Part of the capacity (approx. 1 TWh/y) is expected to be used for self-consumption allowing to save system and dispatching charges (approx. EUR 15 ÷ 20M)
- The plant will continue to provide hydrogen and steam for refinery operations

### Main benefits will be:

- No need of multi billion investments to convert bottom of the barrel into refined products (ie coker or residue hydrotreaters)
- Possibility to continue to economically process HS crudes, fully exploiting the change of scenario deriving from IMO regulations

<sup>(1)</sup> Total production 4,4 TWh of which 1 TWh self-consumed

<sup>(2)</sup> Average purchase price for electricity in the Italian market



# Segments profitability outlook

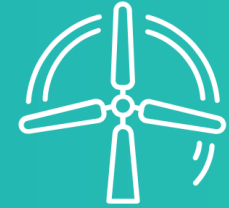
		2020E	2021E	2022E	2023E	
Refining	EMC <sup>(1)</sup>	3.0	2.5	2.1	1.7	<ul style="list-style-type: none"> <li>2020 Power EBITDA impacted by lower CIP6 tariff (depressed gas prices) and lower linearization effect (non cash item)</li> <li>From 2021 one integrated margin (power + refining).</li> <li>Assumption for power: partial recovery of fixed and variable costs and return on capital</li> </ul>
	PREMIUM NET OF MAINTENANCE <sup>(2)</sup>	2.5 – 3.0				
Power	EUR140m EBITDA (Electricity sold according to CIP6/92 tariff)		From 2021 Power Gen results (including fixed costs) will be incorporated in the refining segment.			
Marketing	EBITDA broadly stable (approx. EUR 15-20 M/year) thanks to stable wholesale margin (corresponding to 0.3 – 0.4 \$/bl of margin)					<ul style="list-style-type: none"> <li>Given the strong technical and commercial skills coordination on which our business model is based the contribution should be considered jointly to refining</li> </ul>
Wind	EBITDA from EUR 15 M in 2020 to EUR 40 M in 2023 on the back of new developments					<ul style="list-style-type: none"> <li>Assuming the development of approx. 400 MW of new capacity</li> </ul>

(1) Based on reference scenario

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



# Energy transition through renewables expansion



## RENEWABLE CAPACITY DEVELOPMENT

The National Plan for Energy and Climate 2030 and the European Green Deal require new capacity development

UP TO **400**  
MW

OF NEW RENEWABLE CAPACITY

## GEOGRAPHICAL FOCUS

Focus on  
**Sardinia**  
while exploring opportunities in  
Italy

## BUSINESS MODEL

**Business to be kept segregated from the refining**

Development of **greenfield pipeline** to maximize value creation

## INVESTMENTS

Limited capital requirements until permits are obtained

Realization phase to be financed with leverage or in partnership

**EUR 60 M**  
TO DEVELOP THE PIPELINE

## BENEFITS

Exploit Group industrial capabilities

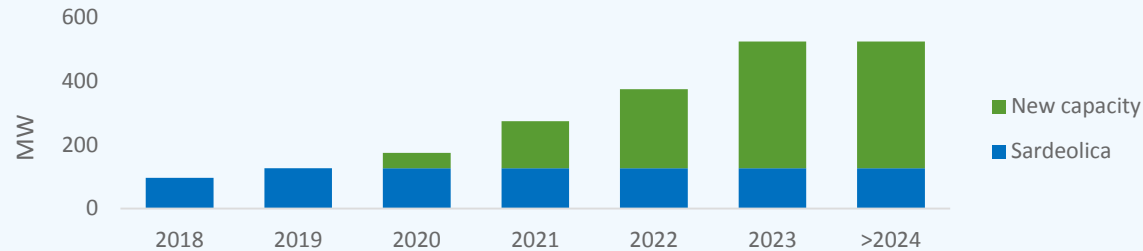
**Value creation:**  
IRR: 8-10%

**Decrease carbon footprint**



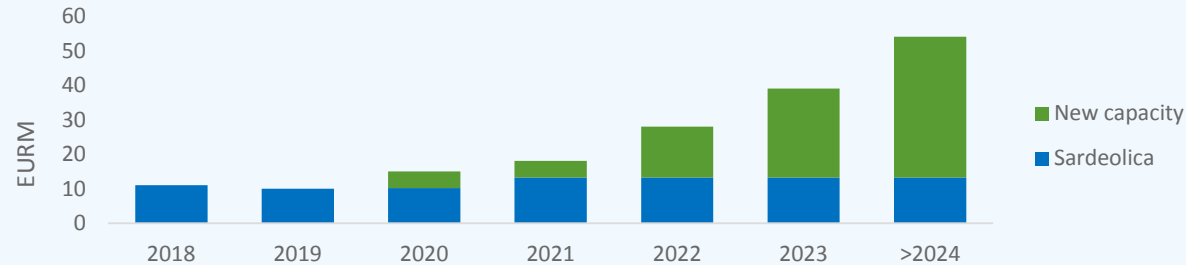
# Renewables expansion plan

## Installed capacity (MW)



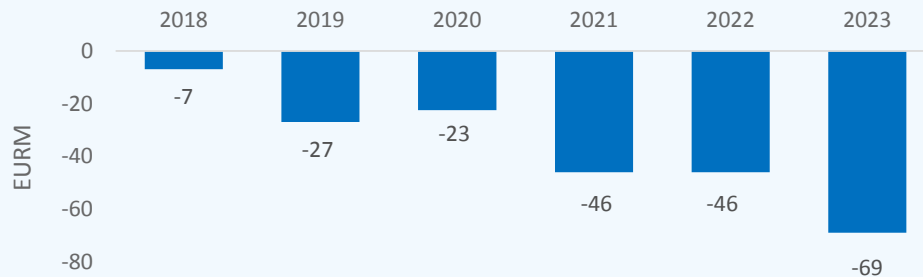
- Target to develop 400 MW of new renewable capacity (reaching >500MW of total capacity)
- Period 2018-20 focus on brownfield: expansion of Ulassai enlargement and reblading
- From 2020 focus mainly on greenfield: development of a pipeline of new projects (Sardinia & Italy)

## EBITDA (EURM)



- As a result of the growing installed capacity the EBITDA is expected to grow to approx. EUR 40M in 2023

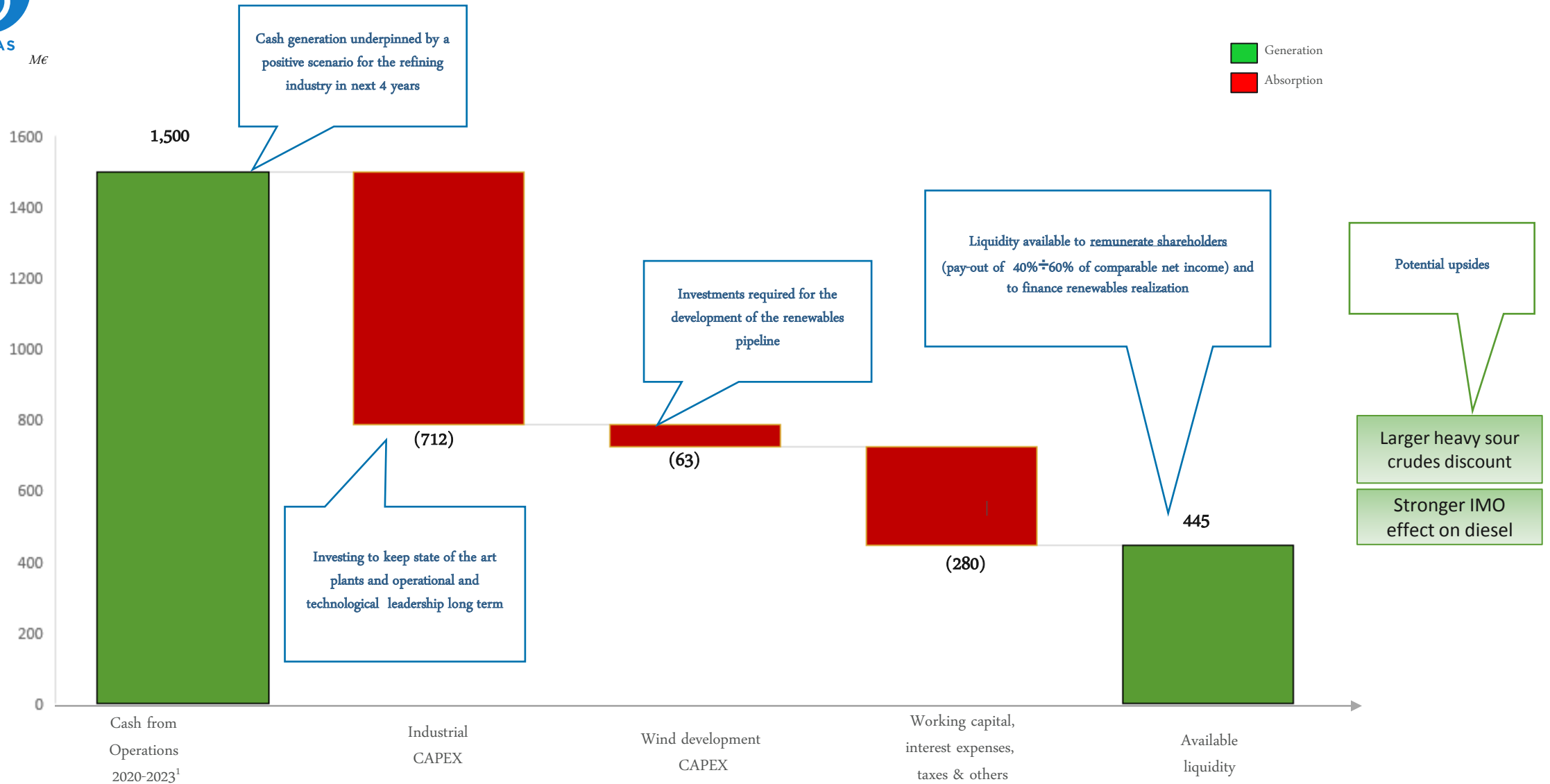
## Equity required for development and realization of new capacity



- Limited capital requirements for the development of the pipeline, until the permits are obtained (self-financed)
- Assuming a financial structure 50% equity / 50% debt structure for the realisation phase the required equity will be approx. EUR184M with cash out mainly after 2021



# Sources and uses of cash (Cumulated 2020-2023)







# Financials



# Financials: Methodology note on Reported & Comparable results

Saras Group continue to improve the methods used to measure its operating performance and economic results, reflected in both GAAP and non-GAAP indicators.

The entry into force, from January 2018, of the accounting standard IFRS 9 has introduced new rules for the classification of financial instruments making the adoption of hedge accounting models more flexible compared to IAS 39. At the conclusion of an analysis carried out with the collaboration of the auditors, Saras Group deemed it necessary and appropriate to make some fine tuning to reported and comparable results determination methodologies.

## Reported results

- Realized and unrealized hedging derivative on commodities and CO2 quotas (previously classified as financial income/expenses) are now included in the Reported EBITDA
- No impact on the company's Reported net profit.

## Comparable results

- The above described change brings reported and comparable EBITDA closer reducing the number of reclassifications.
- The main adjustment between the two is the calculation of gain and losses on inventories which aims to sterilize the scenario effect on inventories.
- Having reclassified the aforementioned hedging derivatives (including those to hedge inventories) within the reported EBITDA it has been reviewed the mechanisms for calculating the price effect on physical inventories and it has been integrated it with a similar method on the related hedging derivatives.
- It has been reviewed the formula calculate the price effect by applying the final unit value to the initial quantities (with rising quantities) and initial unit values to final quantities (with decreasing quantities). [previous method used the final unit value applied to initial quantities in any case]

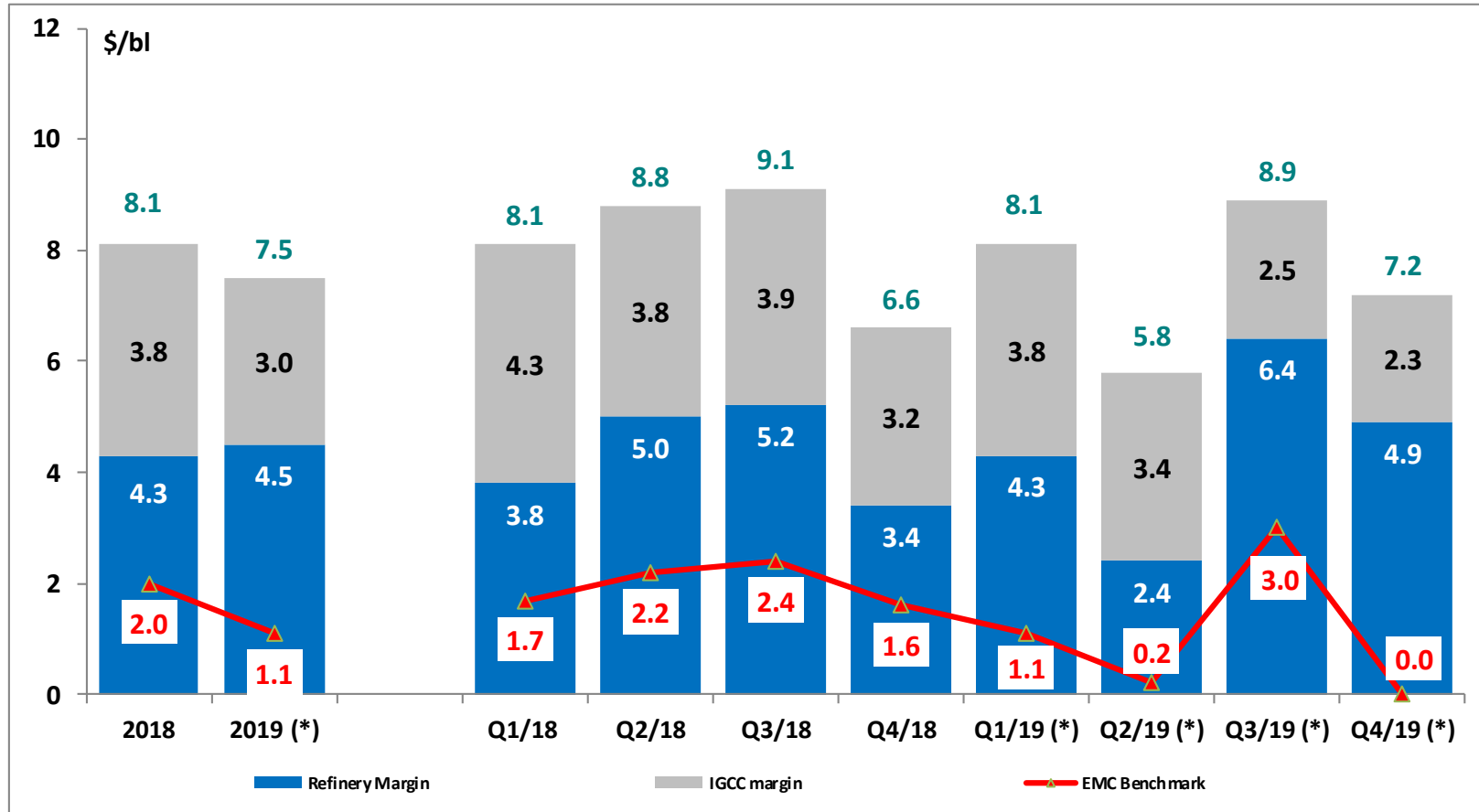
## Reconciliation of Reported and comparable EBITDA and Net Profit FY/18 and Q4/18

EUR Million	FY 2018	Q4/18
<b>EBITDA reported previously published</b>	<b>323.7</b>	<b>(124.3)</b>
Oil hedging derivatives	43.5	141.0
CO <sub>2</sub> derivatives	53.6	17.5
<b>EBITDA reported restated</b>	<b>420.8</b>	<b>34.2</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives	(77.7)	(23.4)
Derivatives FOREX	(17.7)	0.6
Non-recurring items	60.5	42.1
<b>Comparable EBITDA restated</b>	<b>385.9</b>	<b>53.4</b>
<b>Comparable EBITDA previously published</b>	<b>364.8</b>	<b>92.1</b>

EUR Million	FY 2018	Q4/18
<b>Reported Net Result previously published</b>	<b>140.4</b>	<b>(13.7)</b>
<b>Reported Net Result restated</b>	<b>140.4</b>	<b>(13.7)</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives net of taxes	(56.7)	(17.1)
Non-recurring items net of taxes	49.1	29.4
<b>Comparable Net Result restated</b>	<b>132.7</b>	<b>(1.4)</b>
<b>Comparable Net Result previously published</b>	<b>132.6</b>	<b>73.6</b>



# Financials: Refining and Power Generation Margins



**Refining 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.



# Financials: Key Income Statement Figures

KEY INCOME STATEMENT (EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 (*)	Q2/19 (*)	Q3/19(*)	Q4/19 (*)	2019(*)
EBITDA	72.2	199.2	176.6	(124.3)	323.7	48.9	89.2	120.2	(5.4)	252.8
<i>Comparable EBITDA</i>	71.6	78.8	122.4	92.0	364.8	53.7	55.1	125.7	79.3	313.8
D&A	(41.8)	(43.1)	(44.3)	(49.7)	(178.7)	(46.2)	(47.8)	(49.6)	(55.2)	(198.5)
<b>EBIT</b>	<b>30.4</b>	<b>156.1</b>	<b>132.3</b>	<b>(174.0)</b>	<b>144.8</b>	<b>2.7</b>	<b>41.5</b>	<b>70.6</b>	<b>(60.6)</b>	<b>54.1</b>
<i>Comparable EBIT</i>	29.8	35.7	78.1	46.0	189.6	7.5	7.4	76.1	24.1	115.1
Interest expense	(3.5)	(3.2)	(5.5)	(4.4)	(16.5)	(5.6)	(3.2)	(5.2)	(4.2)	(18.2)
Other	3.4	(69.0)	(24.5)	147.3	57.2	(4.0)	8.0	(10.8)	6.6	(0.5)
<b>Financial Income/Expense</b>	<b>(0.1)</b>	<b>(72.2)</b>	<b>(30.0)</b>	<b>142.9</b>	<b>40.7</b>	<b>(9.6)</b>	<b>4.8</b>	<b>(16.1)</b>	<b>2.3</b>	<b>(18.8)</b>
<b>Profit before taxes</b>	<b>30.3</b>	<b>83.9</b>	<b>102.3</b>	<b>(31.0)</b>	<b>185.5</b>	<b>(6.9)</b>	<b>46.2</b>	<b>54.5</b>	<b>(58.3)</b>	<b>35.3</b>
Taxes	(7.8)	(25.0)	(29.6)	17.4	(45.1)	2.8	(18.0)	(11.7)	17.8	(9.2)
<b>Net Result</b>	<b>22.5</b>	<b>58.9</b>	<b>72.7</b>	<b>(13.7)</b>	<b>140.4</b>	<b>(4.1)</b>	<b>28.2</b>	<b>42.7</b>	<b>(40.6)</b>	<b>26.2</b>
Adjustments	(14.0)	(52.6)	(28.5)	87.3	(7.8)	2.1	(23.7)	8.6	54.1	41.1
<i>Comparable Net Result</i>	8.5	6.3	44.1	73.6	132.6	(2.0)	4.5	51.3	13.5	67.3

(\*) 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.

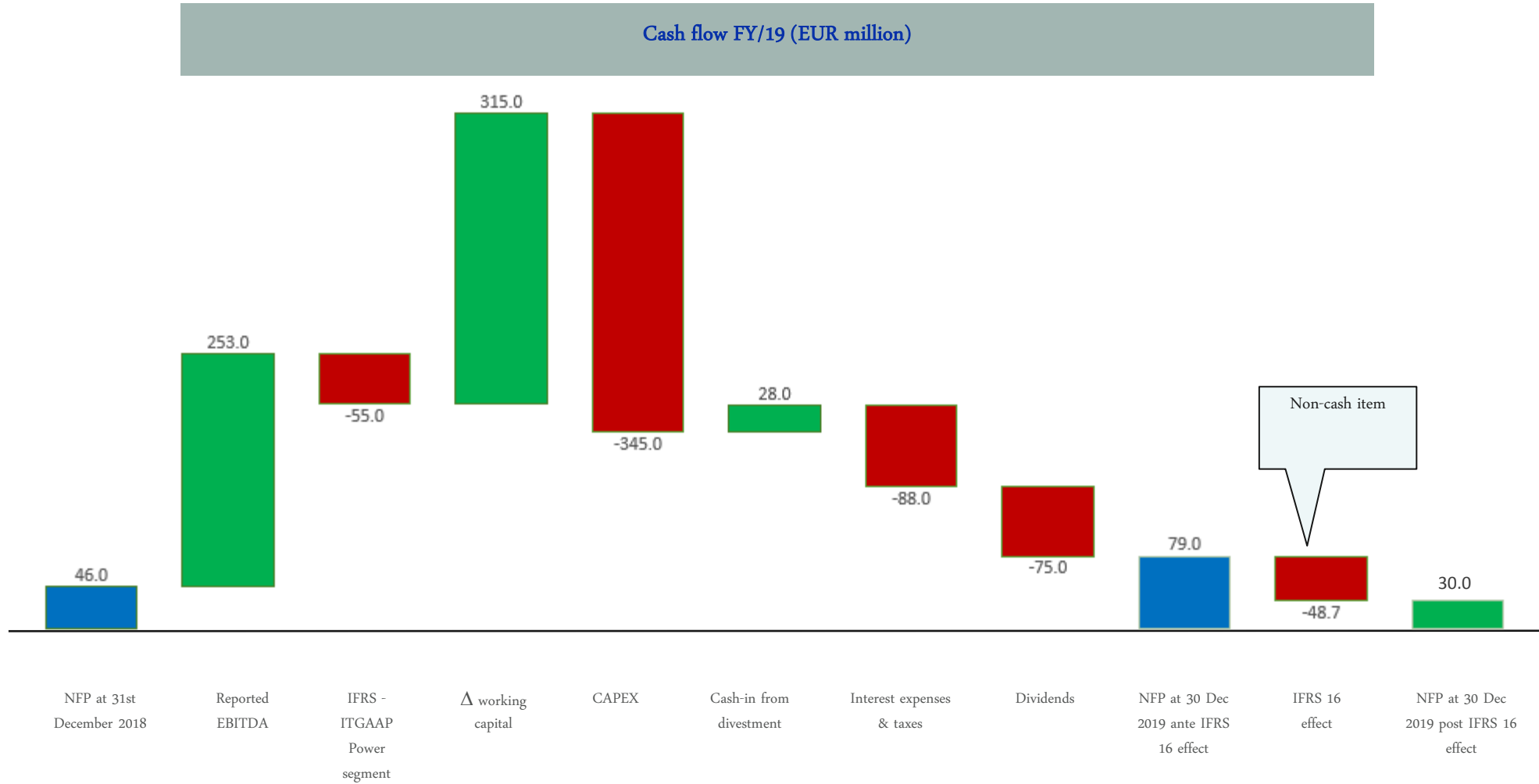


# Financials: Comparable Results Adjustments 2019

EBITDA Adjustment	(EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019
<b>Reported EBITDA</b>		<b>48.9</b>	<b>89.2</b>	<b>120.2</b>	<b>(5.4)</b>	<b>252.8</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives		2.9	(32.4)	11.8	71.7	53.9
Forex derivatives		1.9	(1.6)	(6.2)	4.1	(1.9)
Non-recurring items		0.0	0.0	0.0	8.9	8.9
<b>Comparable EBITDA</b>		<b>53.7</b>	<b>55.1</b>	<b>125.7</b>	<b>79.3</b>	<b>313.8</b>

Net Result Adjustment	(EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019
<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>
Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes		2.1	(23.7)	8.6	51.8	38.9
Non-recurring items net of taxes		0.0	0.0	0.0	2.3	2.3
<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>

# Financials: Net Financial Position evolution





# Financials: CAPEX

CAPEX BY SEGMENT (EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
REFINING	41.5	33.8	40.6	97.5	213.4	102.7	67.2	36.8	85.3	291.9
POWER GENERATION	7.2	1.8	3.8	7.9	20.7	10.8	2.8	6.8	4.4	24.8
MARKETING	0.2	0.1	1.2	(0.2)	1.3	0.4	0.2	0.0	0.0	0.6
WIND	0.1	0.0	0.1	6.7	6.9	0.9	18.9	2.4	4.1	26.4
OTHER ACTIVITIES	0.2	0.1	0.2	0.2	0.6	0.2	0.1	0.1	0.4	0.8
<b>TOTAL CAPEX</b>	<b>49.1</b>	<b>35.9</b>	<b>45.9</b>	<b>112.1</b>	<b>243.0</b>	<b>115.0</b>	<b>89.2</b>	<b>46.1</b>	<b>94.3</b>	<b>344.6</b>



## Additional Information





# Saras is ideally positioned to exploit IMO market developments and potential upsides

## Expected impact of IMO on the refining sector

### Crack spreads

- Increase of diesel/gasoil crack spreads
- Deterioration of HSFO crack spread
- Strong VLSFO crack spread

### Crudes differentials

- Heavy and medium sour crude oils expected to increase their discounts (due to lower demand)

### Refiners

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

Saras ideally positioned to play IMO scenario

Crude flexibility

Middle distillates yield

Fuel oil yield

New business opportunities

Approx. 50% of crudes used are heavy/medium sour

Approx. 55% <sup>(1)</sup>

About 5-7% yield <sup>(1)</sup> to be mainly VLSFO from 2020. No HSFO

Entering into bunkering business



# Additional information: Outlook for 2020

- **Refining:**

- Q1/20 penalized by warm weather, large VLSFO storage in Singapore and worries on oil demand driven by the effects of Coronavirus outbreak on Chinese and global economy. Moreover the HSFO carriage ban for shippers without scrubbers is effective from 1<sup>st</sup> March 2020.
- More positive scenario anticipated by market experts from Q2/20 with average margin ahead of previous year thanks to the effect of the IMO–Marpol VI regulation.
- Extraordinary maintenance cycle in 2020 concentrated in H1. 6Y FCC , Alky and Topping 1 turnaround to be carried out between Q1/20 and Q2/20  
Ordinary maintenance on: “ MHC2”, Visbreaking , “U400” and “U500”.
- EMC Benchmark estimated at 3.0 \$/bl
- **Saras expects to deliver an average premium above the Benchmark of 2.5 ÷ 3.0 \$/bl (net of maintenance)**
- **Power:** Standard maintenance activity planned in 2020. Power production expected ahead of 2019 level thanks to better operating performance. CIP 6 tariff affected by low gas prices.

		Q1/20E	Q2/20E	Q3/20E	Q4/20E	2020E
<b>REFINERY</b>						
<b>Crude runs</b>	<b>Tons (M) Barrels (M)</b>	<b>3.2 ÷ 3.4 23.0 ÷ 24.0</b>	<b>3.2 ÷ 3.4 23.0 ÷ 24.0</b>	<b>3.7 ÷ 3.9 27.0 ÷ 28.0</b>	<b>3.8 ÷ 3.9 27.0 ÷ 29.0</b>	<b>13.9 ÷ 14.6 100 ÷ 105</b>
<b>IGCC</b>						
<b>Power production</b>	<b>MWh (M)</b>	<b>1.10 ÷ 1.20</b>	<b>0.90 ÷ 1.00</b>	<b>1.00 ÷ 1.10</b>	<b>1.00 ÷ 1.10</b>	<b>4.00 ÷ 4.40</b>



## Additional information: ESG 2020 targets

ESG	Area	KPIs	Unit of Measure	2017-19 average	2020 TARGET
E	Greenhouse gas (GHG) - reduction of CO2 emissions	Production of CO2, per unit of (crude + complementary feedstock) processed	ton/kton	422.7	-2% vs. last 3Y average
E	Greenhouse gas (GHG) - avoided CO2 emissions	Avoided CO2 emissions (thanks to Energy Efficiency and Renewable power production)	kton	221.1	+35% vs. last 3Y average
E	Air pollutants - reduction of SO2 emissions	Production of SO2 per unit of (crude + complementary feedstock) processed	ton/kton	0.251	-5% vs. last 3Y average
E	Air pollutants - reduction of NOx emissions	Production of NOx per unit of (crude + complementary feedstock) processed	ton/kton	0.221	stable
E	Air pollutants - reduction of SO2 indirect emissions	Avoided SO2 emissions by Group customers purchasing VLSFO (vs. HSFO 3.5%S)	kton/year	9.1	> 36
E	Energy efficiency - reduction in Consumption & Losses	Refinery C&L, as a % of (crude + complementary feedstock) processed	%	6.4%	-4% vs. last 3Y average
E	Water consumption - reduction of raw water taken from regional consortium	Raw water consumed from regional provider vs. total water consumption	%	36.9%	-15% vs. last 3Y average
E	Waste - reduction of indirect waste production	% of outgoing waste from Ecotec (*) vs. total waste produced by Sarlux	%	47.2%	-25% vs. last 3Y average
E	Biofuels - increased production	Co-processing of vegetable oils at Sarroch desulfurization plants	kton/year	10	> 50
E	Renewable Energy - increase production from renewable sources	Energy production from renewable sources (wind/solar)	GWh	186.3	+45% vs. last 3Y average
S	Digital transformation - Digital Safety Advisor adoption	Increase the number of people within Sarroch industrial site, equipped with wearable DSAs	# of people	25	> 150 people
S	Health & Safety at Sarlux site - injury rate	Reduce the Injury Frequency rate at Sarlux site, for Group personnel	# of injuries *Mln / # hrs worked	1.92	< 1.9
S	Health & Safety at the Sarlux site - safe behaviours	Increase the number of safety observations (BBS), to drive safe behaviours in Sarroch industrial site	# of safety observations	20988	+15% vs. last 3Y average
S	Corporate Citizenship activities	Existence of a Group Corporate Citizenship Policy	Y/N	N	Yes
S	Economic Impact on the territory	Direct impact of (Wages to employees in Sardinia + Goods & Services from local suppliers + Taxes&duties paid in Sardinia)	EUR Mln	626	stable
S	Promoting gender diversity - graduates	Increase ratio of female University Graduates vs. Total University Graduates	%	28.6%	stable
S	Group employee development - training programmes	Increase the yearly number of training hours for total Group employees	hrs/year	54748	> 55,000
S	Employee satisfaction - engagement survey	Monitor employee engagement by conducting a survey every two years	Y/N	1 every 2 years	by 2021
G	Promote sustainability - link of productivity bonus to ESG targets	% of Group employees with "Oil national contract" whose Productivity bonus is linked to ESG targets	%	n/a	> 95%
G	Internal Audits to Group operations	Total number of internal audits performed by Internal Audit and SGQ	# of audits	59	stable
G	Stakeholder engagement - increase	Number of new stakeholders engaged in company ESG strategy and targets	# of people	23	> 20/year
G	Sustainability Committee	Existence of a Sustainability Committee	Y/N	n/a	Yes



## Additional information: Refining

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 <sup>(*)</sup>	Q2/19 <sup>(*)</sup>	Q3/19 <sup>(*)</sup>	Q4/19 <sup>(*)</sup>	2019 <sup>(*)</sup>
EBITDA	19.6	142.0	121.2	(140.2)	142.6	2.4	32.6	73.1	(42.0)	66.0
<i>Comparable EBITDA</i>	<b>9.1</b>	<b>20.8</b>	<b>50.5</b>	<b>24.2</b>	<b>104.6</b>	<b>10.0</b>	<b>(4.8)</b>	<b>78.4</b>	<b>40.9</b>	<b>124.3</b>
EBIT	(6.6)	114.4	92.6	(173.8)	26.6	(28.2)	0.1	39.5	(79.8)	(68.5)
<i>Comparable EBIT</i>	<b>(17.1)</b>	<b>(6.8)</b>	<b>21.9</b>	<b>(5.8)</b>	<b>(7.8)</b>	<b>(20.6)</b>	<b>(37.4)</b>	<b>44.8</b>	<b>3.1</b>	<b>(10.2)</b>
CAPEX	41.5	33.8	40.6	97.5	213.4	102.7	67.2	36.8	85.3	291.9
<b>REFINERY RUNS</b>										
Crude oil (ktons)	3,207	3,320	3,354	3,631	13,512	2,653	3,571	3,555	3,392	13,172
Crude oil (Mbl)	23.4	24.2	24.5	26.5	98.6	19.4	26.1	26.0	24.8	96.2
Crude oil (bl/d)	260	269	266	288	270	215	290	282	269	263
Complementary feedstock (ktons)	262	315	388	355	1,319	281	270	320	406	1,278
<b>REFINERY MARGINS</b>										
EMC benchmark	1.7	2.2	2.4	1.6	2.0	1.1	0.2	3.0	0.0	1.1
Saras margin	3.8	5.0	5.2	3.4	4.3	4.3	2.4	6.4	4.9	4.5

(\*) 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.



## Additional information: Refining – Fixed & Variable costs

		Q4/19	2018	2019
<b>Refinery RUNS</b>	Million barrels	24.8	98.6	96.2
<i>Exchange rate</i>	<i>EUR/USD</i>	<i>1.11</i>	<i>1.18</i>	<i>1.12</i>
<b>Fixed costs</b>	EUR million	<b>68.4</b>	<b>257.5</b>	<b>264.1</b>
	\$/bl	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>
<b>Variable costs</b>	EUR million	<b>53.4</b>	<b>195.4</b>	<b>194.4</b>
	\$/bl	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>



## Additional information: Power Generation

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 <sup>(*)</sup>	Q2/19 <sup>(*)</sup>	Q3/19 <sup>(*)</sup>	Q4/19 <sup>(*)</sup>	2019 <sup>(*)</sup>	
<i>Comparable</i> EBITDA	53.1	51.4	62.4	53.3	220.2	37.0	48.8	37.3	28.7	151.8	
<i>Comparable</i> EBIT	40.2	38.5	49.4	39.8	167.9	23.7	35.7	23.5	14.0	96.9	
EBITDA IT GAAP	8.2	34.2	28.4	(3.1)	67.7	44.1	(16.3)	40.7	29.9	98.3	
EBIT IT GAAP	3.7	29.8	23.8	(8.1)	49.1	39.2	(21.0)	35.5	23.6	77.3	
CAPEX	7.2	1.8	3.8	7.9	20.7	10.8	2.8	6.8	4.4	24.8	
POWER PRODUCTION	<small>MWh/1000</small>	886	1,089	1,170	1,218	4,363	988	883	1,114	1,091	4,075
POWER TARIFF	<small>€cent/KWh</small>	9.7	9.7	9.7	9.7	9.7	9.2	9.2	9.2	9.2	9.2
POWER IGCC MARGIN	<small>\$/bl</small>	4.3	3.8	3.9	3.2	3.8	3.8	3.4	2.5	2.3	3.0

(\*) 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 – Fixed & Variable costs (IT GAAP)

		Q4/19	2018	2019
<b>Refinery RUNS</b>	Million barrels	24.8	98.6	96.2
<b>Power production</b>	MWh/1000	1,091	4,363	4,075
<i>Exchange rate</i>	<i>EUR/USD</i>	<i>1.11</i>	<i>1.18</i>	<i>1.12</i>
<b>Fixed costs</b>	EUR million	<b>22</b>	<b>96</b>	<b>102</b>
	\$/bl	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>
	EUR/MWh	<b>21</b>	<b>22</b>	<b>25</b>
<b>Variable costs</b>	EUR million	<b>17</b>	<b>76</b>	<b>70</b>
	\$/bl	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>
	EUR/MWh	<b>16</b>	<b>17</b>	<b>17</b>



## Additional information: Marketing

EUR million	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
EBITDA	3.8	6.6	9.5	4.4	24.3	4.4	4.2	8.2	3.5	20.3
<i>Comparable EBITDA</i>	<b>3.9</b>	<b>3.2</b>	<b>8.8</b>	<b>8.1</b>	<b>24.1</b>	<b>1.6</b>	<b>7.5</b>	<b>8.5</b>	<b>4.5</b>	<b>22.1</b>
EBIT	2.5	5.2	8.1	3.2	19.0	3.7	3.4	7.4	2.8	17.3
<i>Comparable EBIT</i>	<b>2.6</b>	<b>1.8</b>	<b>7.4</b>	<b>6.9</b>	<b>18.8</b>	<b>0.9</b>	<b>6.7</b>	<b>7.7</b>	<b>3.8</b>	<b>19.1</b>
CAPEX	0.2	0.1	1.2	(0.2)	1.3	0.4	0.2	0.0	0.0	0.6
<b>SALES</b>										
(THOUSAND TONS)										
ITALY	499	538	556	526	2,119	505	522	587	542	2,155
SPAIN	401	383	386	393	1,564	371	324	359	366	1,418
<b>TOTAL</b>	<b>901</b>	<b>921</b>	<b>942</b>	<b>919</b>	<b>3,682</b>	<b>876</b>	<b>845</b>	<b>945</b>	<b>908</b>	<b>3,574</b>





## Additional information: Wind and Others

<b>Wind</b>	(EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019	
	<i>Comparable EBITDA</i>	4.6	1.3	0.9	3.8	10.6	3.6	2.5	0.7	3.2	10.0	
	<i>Comparable EBIT</i>	3.4	0.2	(0.2)	2.6	6.0	2.3	1.3	(0.5)	1.5	4.6	
	<b>POWER PRODUCTION</b>	MWh	67,777	32,120	19,593	50,321	169,811	66,054	43,852	26,366	84,091	220,363
	POWER TARIFF	€/cent/kWh	5.1	5.0	6.7	6.6	5.7	5.6	4.5	4.7	4.2	4.7
	INCENTIVE	€/cent/kWh	9.9	9.9	9.9	9.9	9.9	9.2	9.2	9.2	9.2	9.2
	CAPEX		0.1	0.0	0.1	6.7	6.9	0.9	18.9	2.4	4.1	26.4

<b>Others</b>	(EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
	<i>Comparable EBITDA</i>	0.8	2.1	(0.2)	2.6	5.3	1.5	1.1	0.9	2.1	5.6
	<i>Comparable EBIT</i>	0.6	2.0	(0.4)	2.4	4.6	1.2	1.0	0.7	1.8	4.7
	CAPEX	0.2	0.1	0.2	0.1	0.6	0.2	0.1	0.1	0.4	0.8



## Additional information: Key Balance Sheet Figures

EUR million	31/03/2018	30/06/2018	30/09/2018	31/12/2018	31/03/2019	30/06/2019	30/09/2019	31/12/2019
Trade receivables	339	414	462	290	252	264	347	352
Inventories	1,129	970	1,132	862	1,019	1,063	1,206	1,041
Trade and other payables	(1,192)	(1,179)	(1,380)	(1,043)	(1,217)	(1,414)	(1,540)	(1,649)
<b>Working Capital</b>	<b>277</b>	<b>205</b>	<b>214</b>	<b>109</b>	<b>54</b>	<b>(87)</b>	<b>12</b>	<b>(256)</b>
Property, plants and equipment	1,036	1,036	1,046	1,087	1,166	1,212	1,227	1,273
Intangible assets	144	136	128	112	101	94	86	78
Right of use (IFRS 16)	0	0	0	0	51	50	44	50
Other investments	1	1	1	1	1	1	1	1
Other assets/liabilities	(49)	(31)	2	(49)	(4)	13	12	46
Tax assets / liabilities	(192)	(217)	(171)	(23)	(86)	(132)	(96)	35
Other Funds	(118)	(128)	(176)	(214)	(214)	(163)	(181)	(204)
Assets held for sale	0	0	0	35	35	39	7	7
<b>Total Net Capital Invested</b>	<b>1,098</b>	<b>1,002</b>	<b>1,043</b>	<b>1,058</b>	<b>1,104</b>	<b>1,026</b>	<b>1,112</b>	<b>1,029</b>
<b>Total equity</b>	<b>1,096</b>	<b>1,044</b>	<b>1,117</b>	<b>1,104</b>	<b>1,100</b>	<b>1,054</b>	<b>1,097</b>	<b>1,059</b>
<b>Net Financial Position pre IFRS 16</b>	<b>(1)</b>	<b>42</b>	<b>74</b>	<b>46</b>	<b>48</b>	<b>77</b>	<b>29</b>	<b>79</b>
<b>IFRS 16 effect</b>					<b>(52)</b>	<b>(49)</b>	<b>(44)</b>	<b>(49)</b>
<b>Net Financial Position post IFRS 16</b>					<b>(4)</b>	<b>28</b>	<b>(15)</b>	<b>30</b>



# Additional information: 2019 maintenance

		Q1/19A	Q2/19A	Q3/19A	Q4/19A	2019A
<b>REFINERY</b>						
Crude runs	Tons (M)	2.7	3.6	3.6	3.4	13.2
	Barrels (M)	19.4	26.1	26.0	24.8	96.2
<b>IGCC</b>						
Power production	MWh (M)	1.00	0.90	1.10	1.10	4.10