Investor Presentation September 2020

SARAS

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 realized and unrealized 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.

Geographical footprint

Almost 60 years of stable strategic direction and committed shareholders

Saras history...

1962

1962: Saras founded by Mr. Angelo Moratti

'70s: Third party Processing Agreements

'80s: Increase in conversion capacity

'90s: Start up of Sartec and wholesale activity (marketing)

Early 2000s: Further investments in conversion and Power business

2005: Renewables (Wind)

2006: Listing on Italian stock exchange

2007- 09: Upgrades for conversion, environmental and prod. quality purposes

2013: Rosneft purchases a 21% stake in Saras

Jul-13 : contribution in kind of Refining business from Saras SpA to its subsidiary Sarlux

Oct-14: merger by incorporation of subsidiary Arcola in Saras

Dec-14: Sarlux acquires majority of Versalis' petro-chemical plants in Sarroch

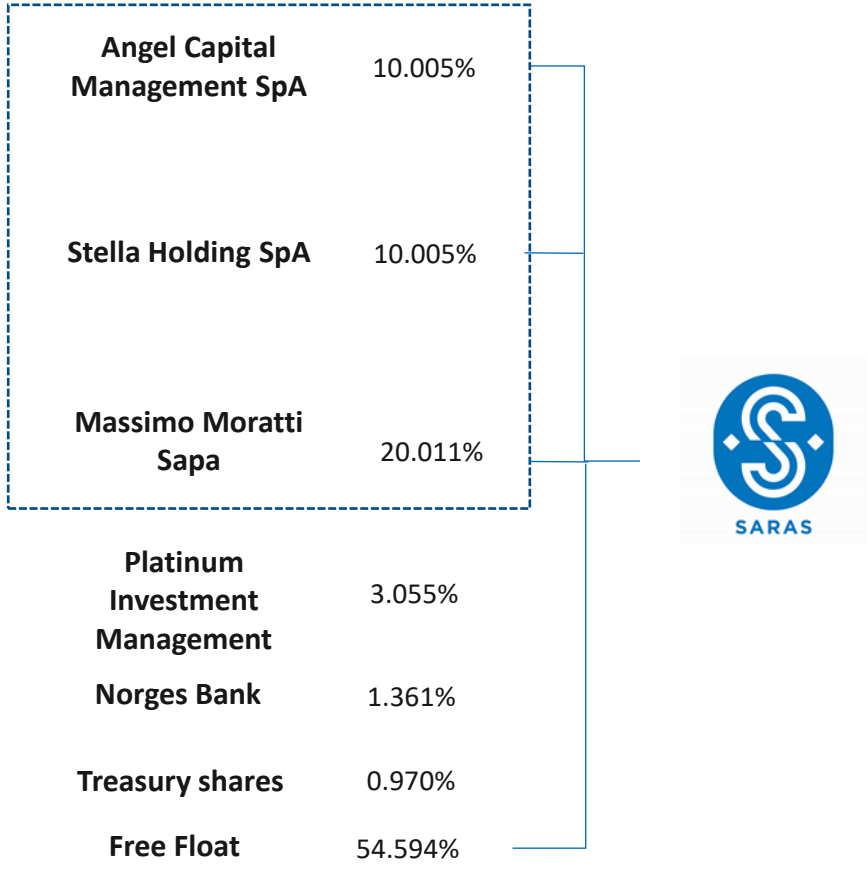
Jan-16: Saras Trading SA fully operational in Geneva

Jan-17: Rosneft sold the remaining 12% stake in Saras

Feb-18: Chairman, Mr Gian Marco Moratti, passed away

2019

... and shareholder structure[1]

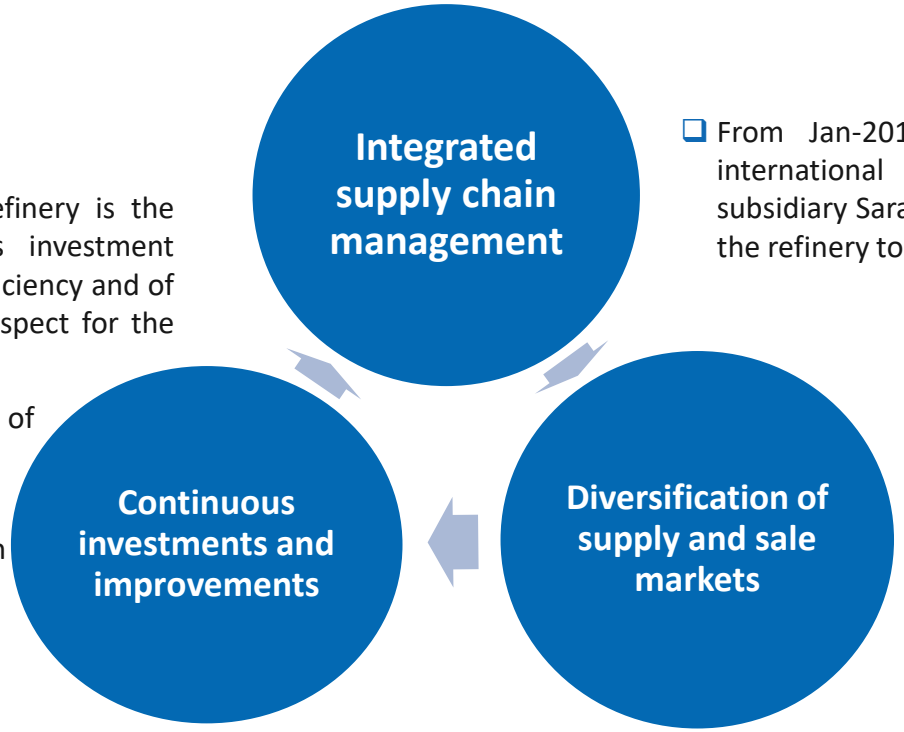


1. As of 7th September 2020

Strategy and Business model

A leading position in the refining sector

- Operating in the energy sector since 1962, the Saras Group is one of the **leading independent operators in the European refining industry**
- The business model has developed over time also in relation to market scenarios and technological innovations to maintain a competitive edge in the sector

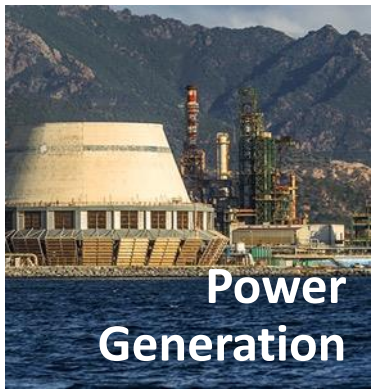


- The size and complexity of the refinery is the result of decades of continuous investment aimed at increasing capacity and efficiency and of constant attention to safety and respect for the environment
- Know-how developed in ˜60 years of activity in the sector
- Digital investments to improve the operational performance and sustain refining margin premium

- From Jan-2016 active in Geneva, one of the main international hubs for oil commodities trading, the subsidiary Saras Trading SA works in close cooperation with the refinery to better exploit market opportunities

- Geographical position in the middle of the Med where oil routes converge
- Refinery capable of effectively processing different types of crude oils, including non-conventional ones

Downstream player focused on Refining and Power Generation



Supply & Trading

- ~150 crude cargoes every year from wide range of suppliers
- Supply & Trading company operating in Geneva since Jan 2016
- Balanced and differentiated sales portfolio...
- ... with world class oil supply chain knowledge
- Start up of bunkering activity from Aug. 2019

Sarroch Industrial Operations
(strictly integrated refinery and power plant)

- Largest single-site refinery in the Mediterranean basin (300 kbbl/d, ~18% of Italy's refining capacity)
- Top-tier large & complex Med refinery (11.7 Nelson Complexity Indexes)
- Yields of medium and light distillates ~86% of the production output (net of C&L)[1]
- Competitive advantage in the production of VLSFO bunker 0.5%s
- Petrochemical integration
- Largest liquid fuel gasification plant in the world (IGCC)
- Conversion of heavy refining fractions (TAR) to clean gas
- 575 MW of installed capacity
- Electricity production of approx. 4.2 - 4.4 TWh
- CIP6 tariff until H1/21
  From 2022 to be fully integrated in the refining

Other activities

- Marketing activities in Italy and Spain:
- ~4% MS[2] in Italian market
- ~ 3% MS in Spanish wholesale market
- Wind farm with capacity of 126 MW in Ulassai (Sardinia) including 30 MW expansion completed in Q4_2019
- Reblading underway
- Industrial & technological services for energy and environmental sectors
- Solutions to increase energy efficiency, industrial reliability, operational performance and environmental compliance

Exploit market opportunities for both crude oils & products

High complexity and flexible configuration for a Top Tier performance

Transform heavy refining fractions (TAR) into electricity

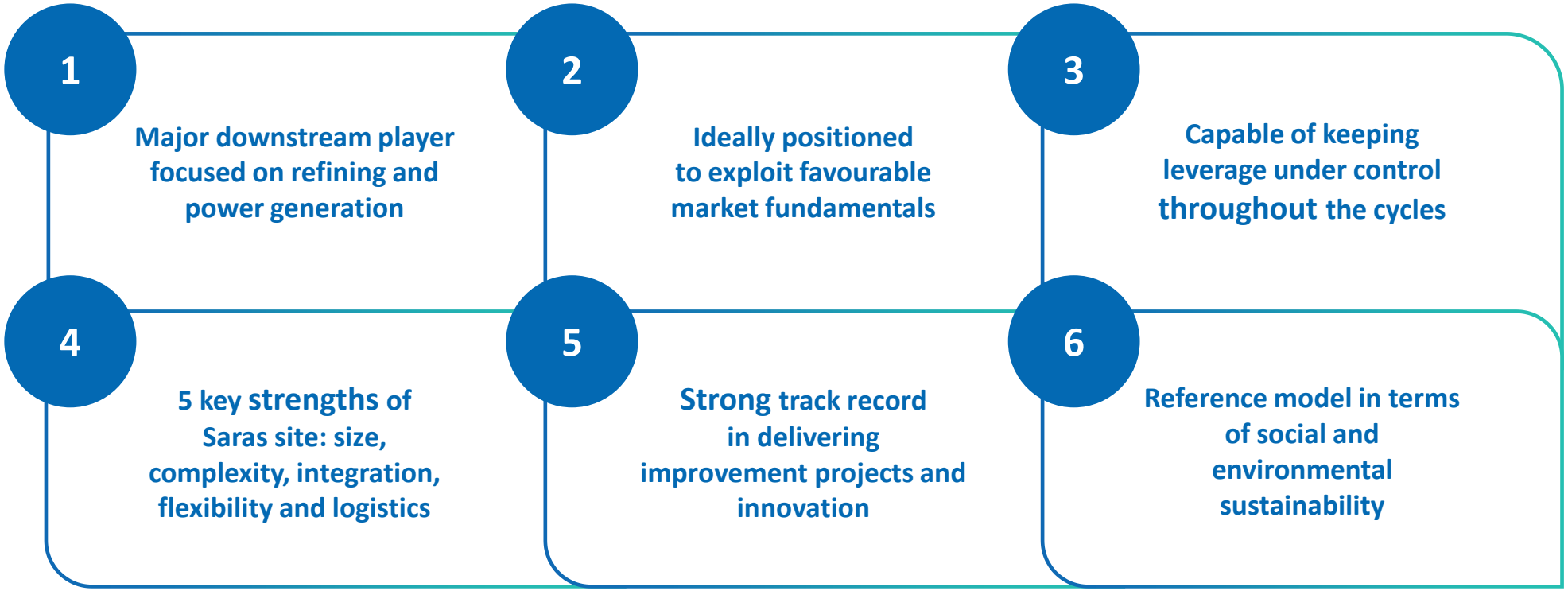
Stabilizing refining margins with downstream presence

Further stabilize Group results

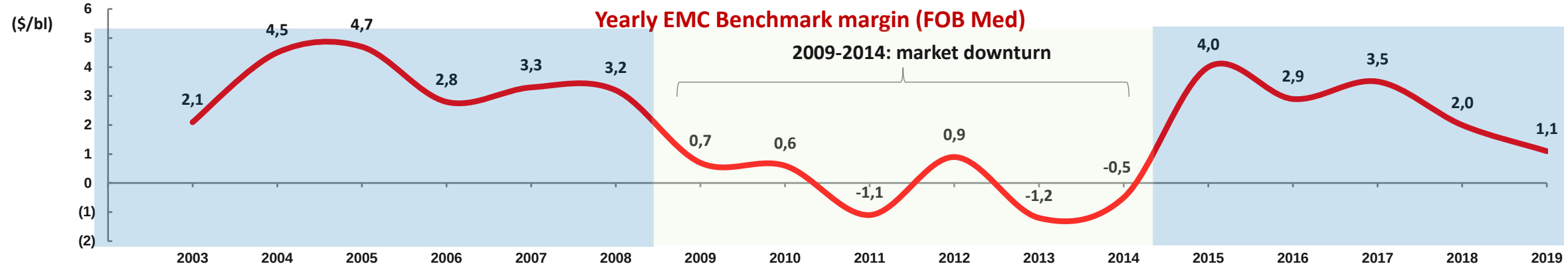
Industrial, environment & technological services

1. C&L = Consumption & Losses / 2. Market Share

Our value proposition



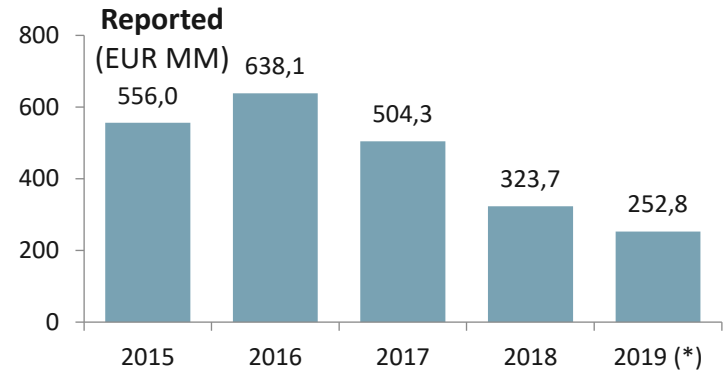
Oil market cycle from 2003 to 2019

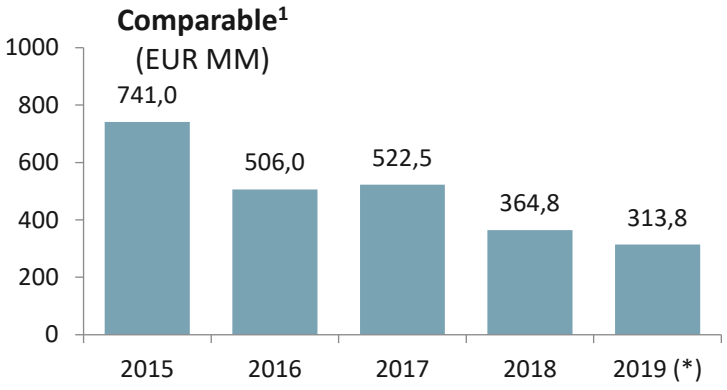


	Market Downturn from 2009 to 2014	New Market Cycle from 2015
i	**High crude prices**	More **balanced** oil **prices** and **supply**
ii	**Low** availability of **heavy sour crudes**	Larger availability **of heavy crudes** (in 2015-16). Now limited by sanctions against Iran and Venezuela and OPEC+ cuts
iii	**Falling product demand** in Europe	**Improving product demand** in Europe and worldwide
iv	**Refining overcapacity**	**Rationalization** of European refining capacity **Over estimation** of global spare capacity
v	**Strong competition** from: • Wide Brent-WTI spread • Non-OECD refineries	**Correction of market distortions** **Reduction of global spare capacity**
vi	**Low crack spreads and tight light-heavy products differentials**	**With IMO widening of light-heavy products differential to boost complex refineries margins**

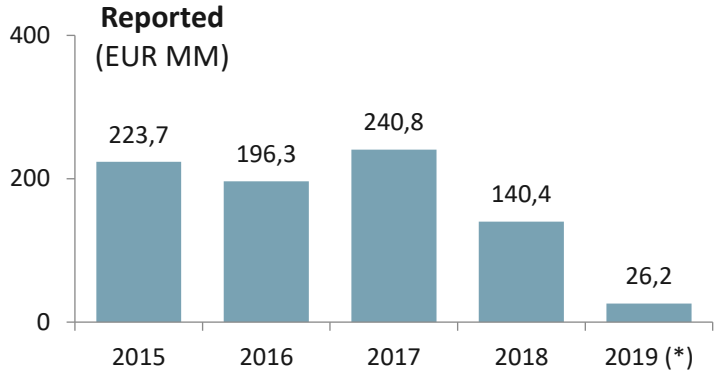
Group Results

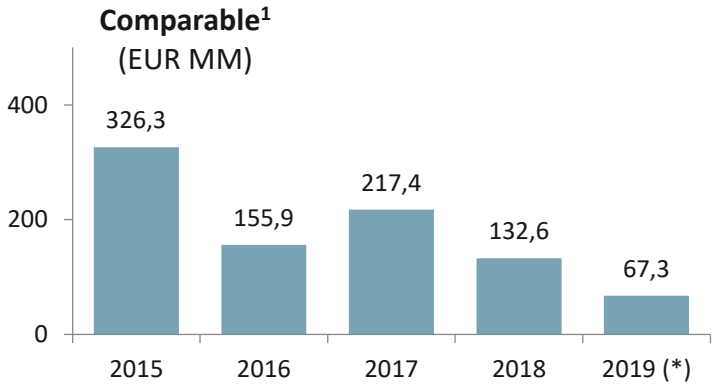
EBITDA



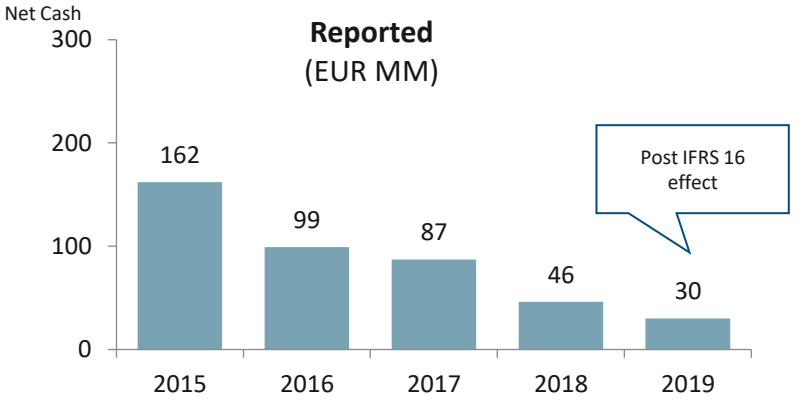


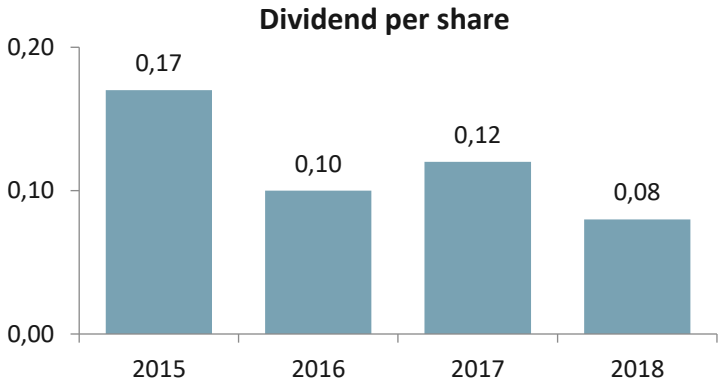
Net Result





Net Financial Position



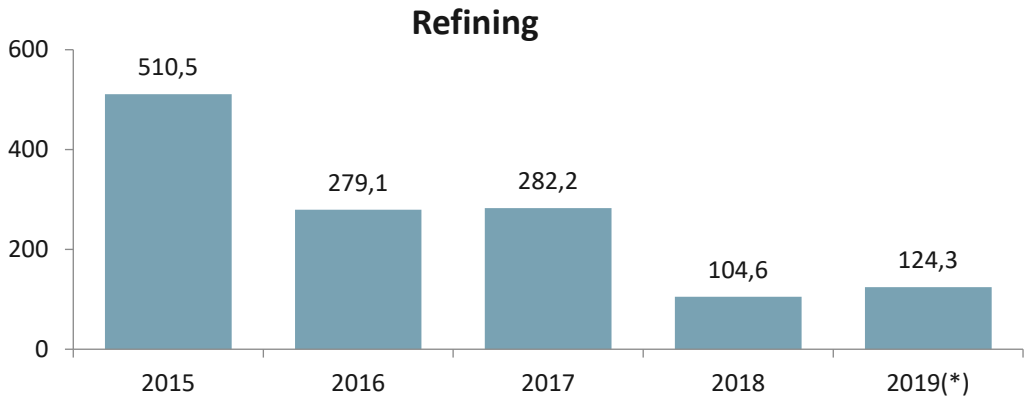


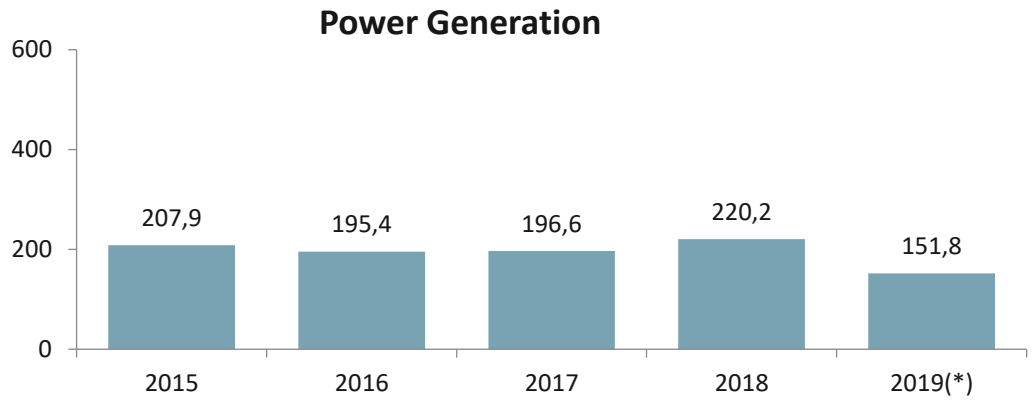
(*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). 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

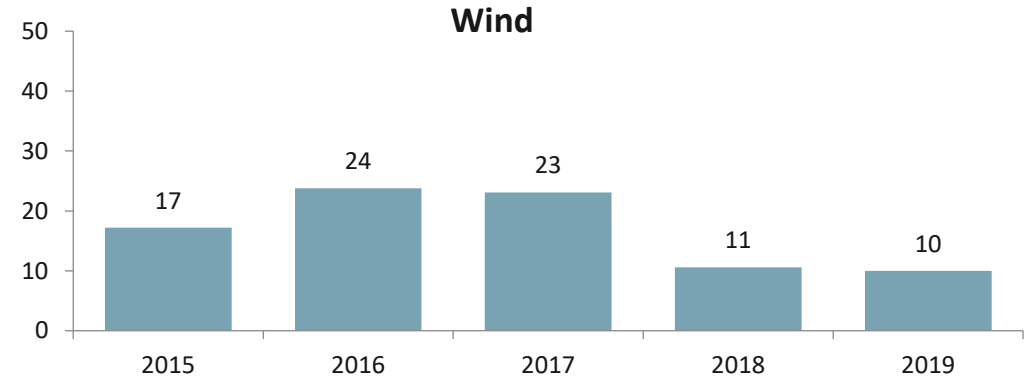
1. In order to give a representation of the Group's operating performance that best reflects the most recent market dynamics, in line with the consolidated practice of the oil sector, the results at operating level and at the level of Comparable Net Result, non-accounting measures elaborated in this 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.

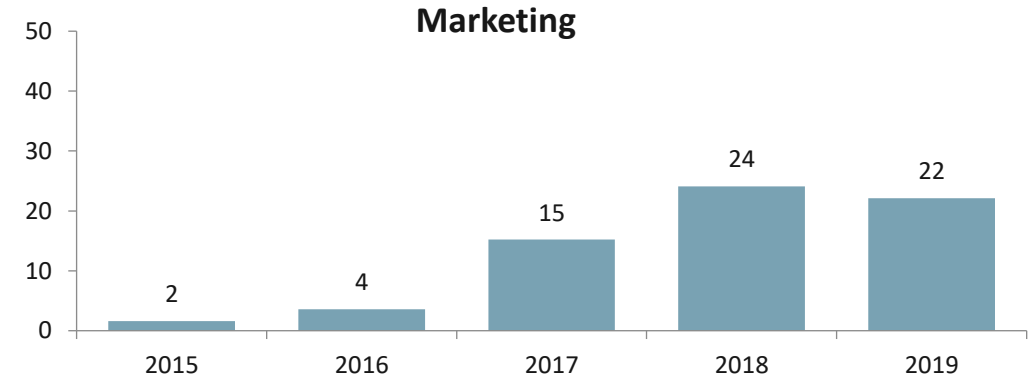
Segment profitability

Comparable EBITDA[1] (EUR MM)







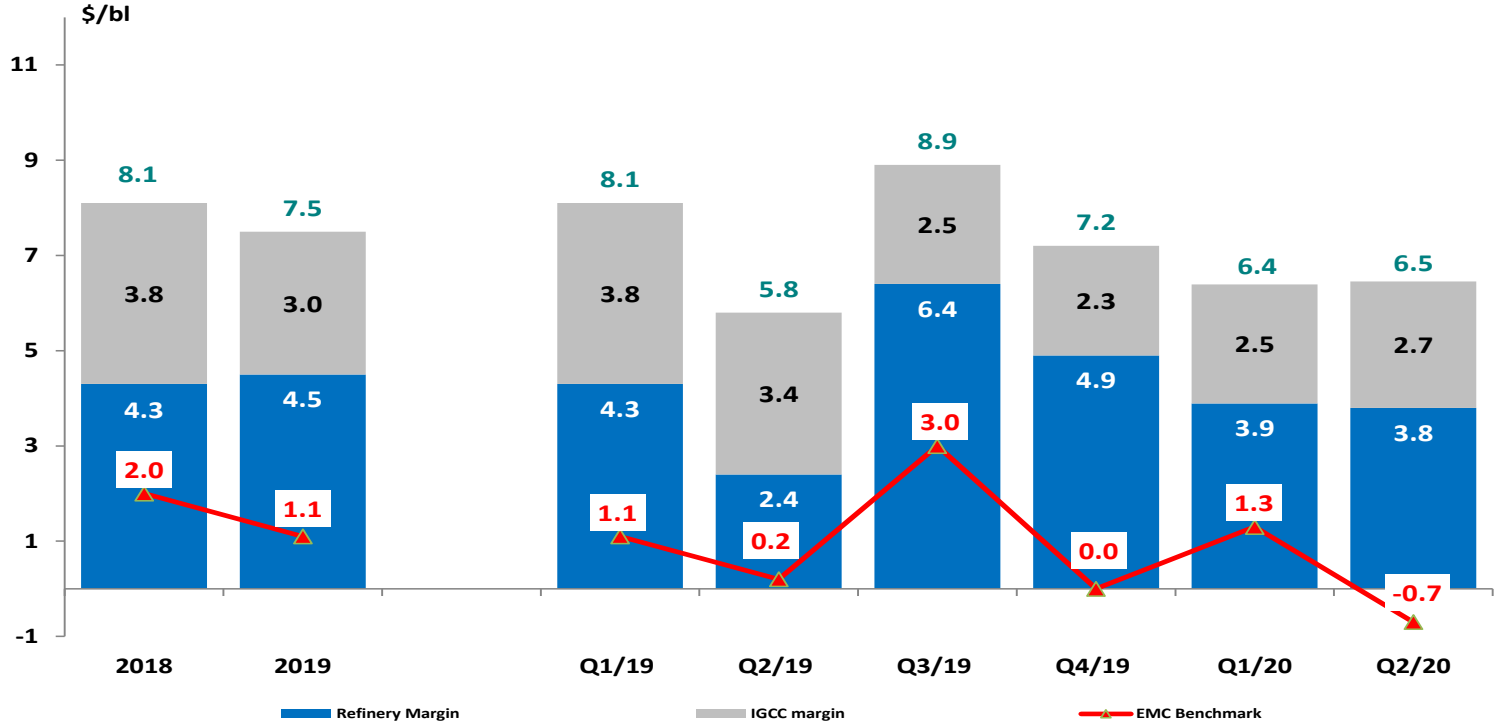


(*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). 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

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.

Saras profitability driven by company's strengths and market fundamentals

Saras margins and EMC benchmark ($/bl)



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

(*) Starting from Q4/19 refining margins 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.

Saras' margin has a significant premium over the EMC Benchmark

Saras among top-tier European players

How does a European refinery evolve to become the refinery of the future?

It becomes a highly efficient, world scale industrial complex, able to adapt to a changing market environment

Maximising value-add…

Deep conversion	Petchems integration	Specialty products	Power generation	Effective trading operations/market integration	Feedstock and yield flexibility

…and controlling costs, while ensuring compliance

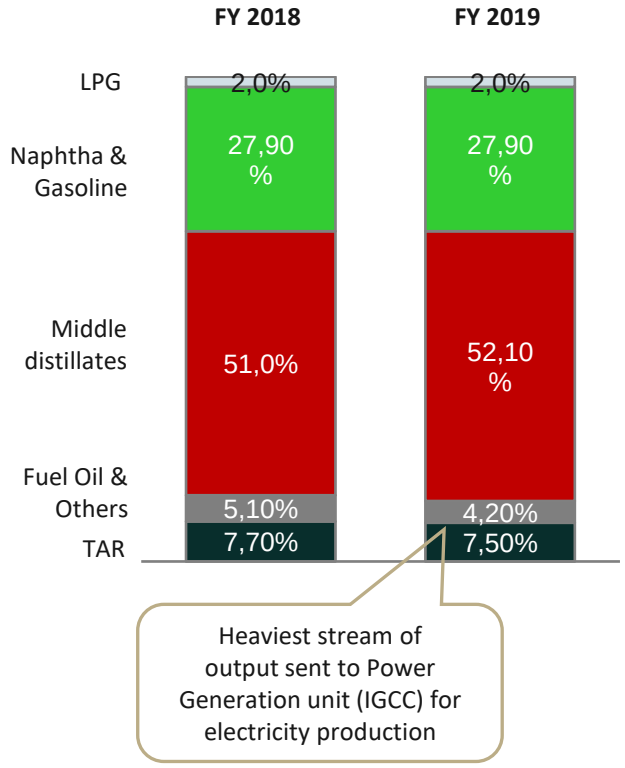
Automation & digitalisation	Energy efficiency	Low emissions	Efficient logistics	High product quality, renewables

12 Trusted commercial intelligence
www.woodmac.com

Wood Mackenzie
A Verisk Analytics Business

Saras has the characteristics identified by WoodMackenzie to remain competitive in the next decade

Output yields[1]



~80% of output are light & middle distillates

3. Product Yields are calculated net of "C&L"

The 5 key strengths of the Saras site in Sarroch, Sardinia

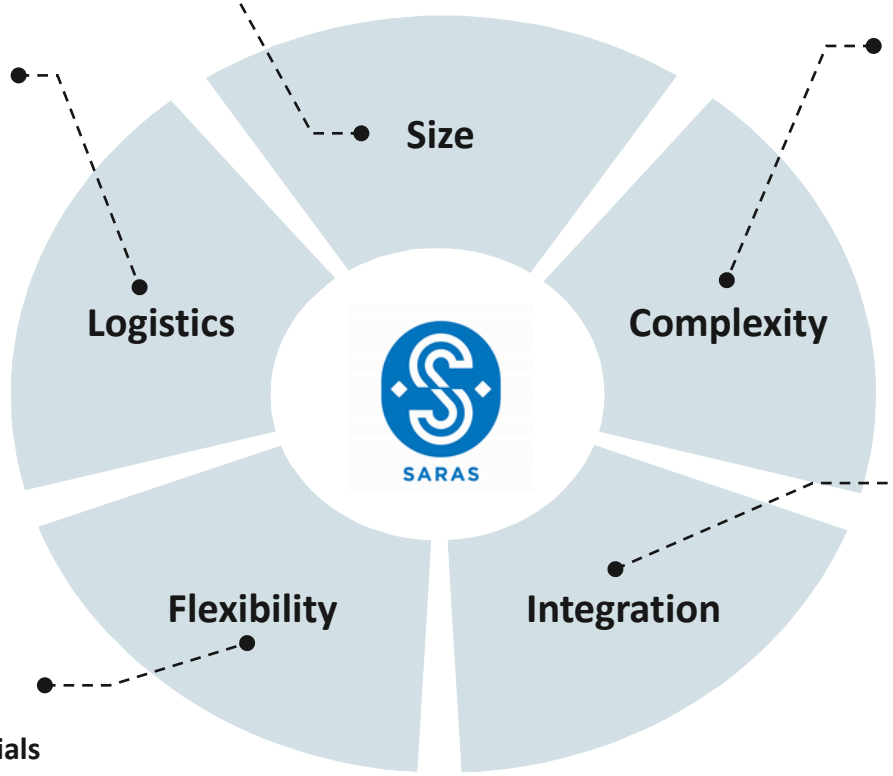
Largest single-site in the Mediterranean

300k **barrels / day** of refining capacity

13 berths for cargoes (up to VLCC size)

>4 million cubic meters of storage
(16% of national costal refinery cap.)

Trading-oriented hub with primary location in the middle of Med, enabling logistic costs optimization



Top-tier Mediterranean site in terms of **complexity** and **size**

Nelson Complexity Index = 11.7

>85% Light & middle distillates[1]

>30 countries[1] all over the world supply the crude oils processed in Saras refinery which belong to a wide range of grades

Exploitation of crude differentials

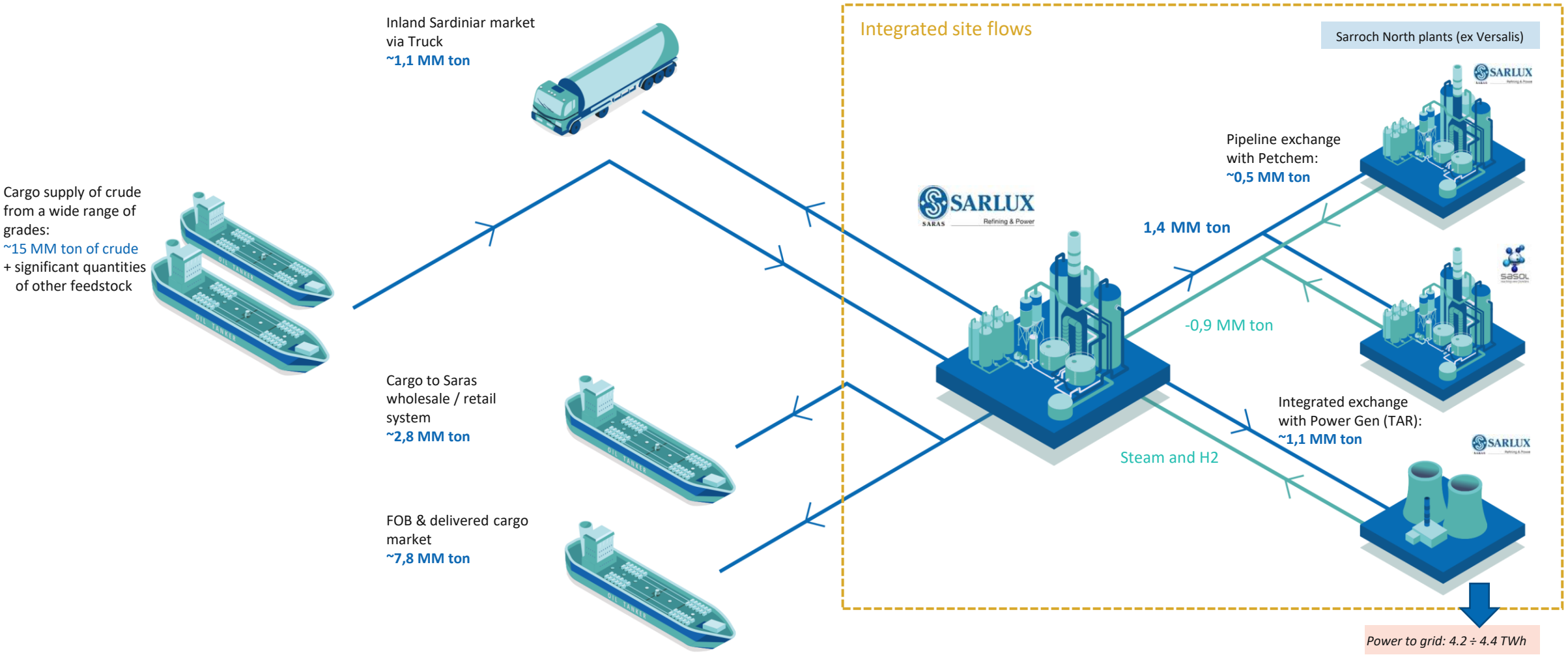
Fully integrated power generation Plant (IGCC)

~8% **Heavy residues from refining** transformed into **electricity, hydrogen and steam**

Petchem integrated processes

Added value due to Versalis petrochemical plant acquisition

Fully-integrated industrial site, with Power Generation & Petrolchemical



Improvement initiatives delivered over last 10Y

2010-2011 | 2012-13 | 2014-15 | 2016-17 | 2018 | 2019 Onwards

Industrial Focus

Yeld	Yeld optimization Give Away Reduction
Energy efficiency	Flare losses reduction Decrease steam/fuel consumption Energy Certificates
Asset Management	Efficiency in routine maintenance Turnaround management
Other Costs	Fixed costs reduction Reduction of utilities costs

Supply & Trading

Processed crudes flexibility

Optimization of inventory level

New trading Business Model

Score

SCORE Project Perf. Optimization Trading Company in Geneva

Saras Capabilities Strenghtening

New initiatives

#digitalSaras program

Supply & Trading

Production of VLSFO 0.5%s

Direct supply of bunker fuel in Cagliari area

Organization and Governance

New organizational model and personnel cost optimization (turnover management, overtime control)

HSE

Injury index down from 7 to 1

SOx emission down 20%

BBS (Behaviour Based Safety) Project

Asset upgrade

MHC2 Revamping

Upgrade of IGCC turbines

Versalis deal

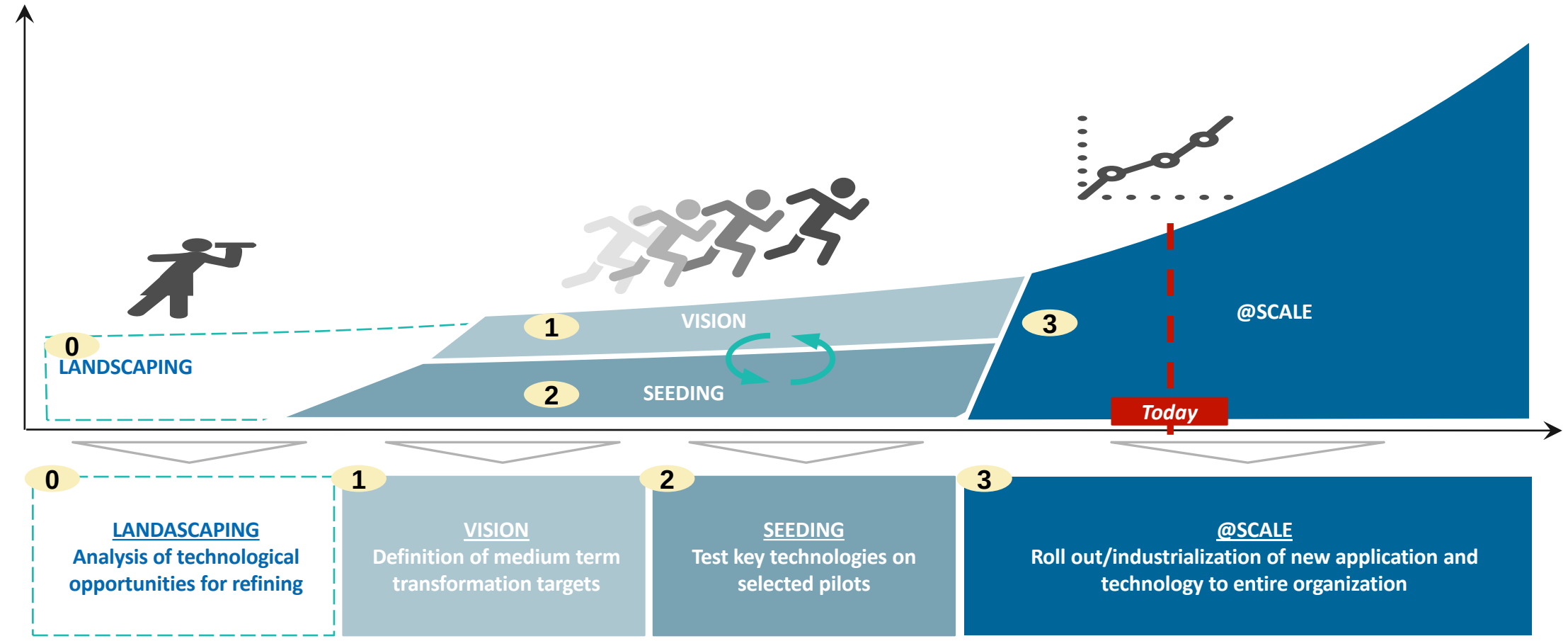
Sarroch site strenghtening

Versalis assets/resources integration

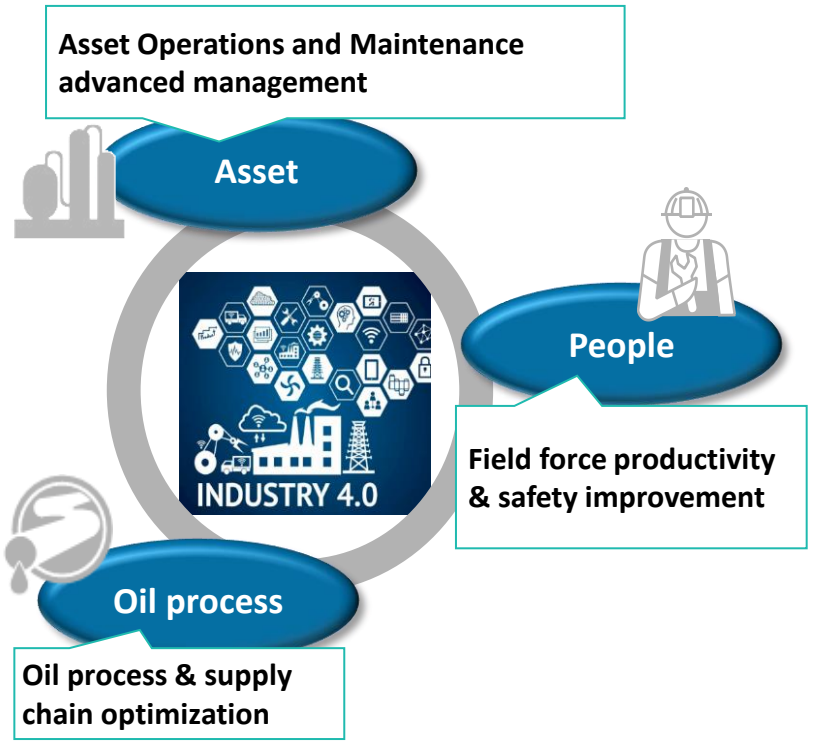
STEP HIGHER

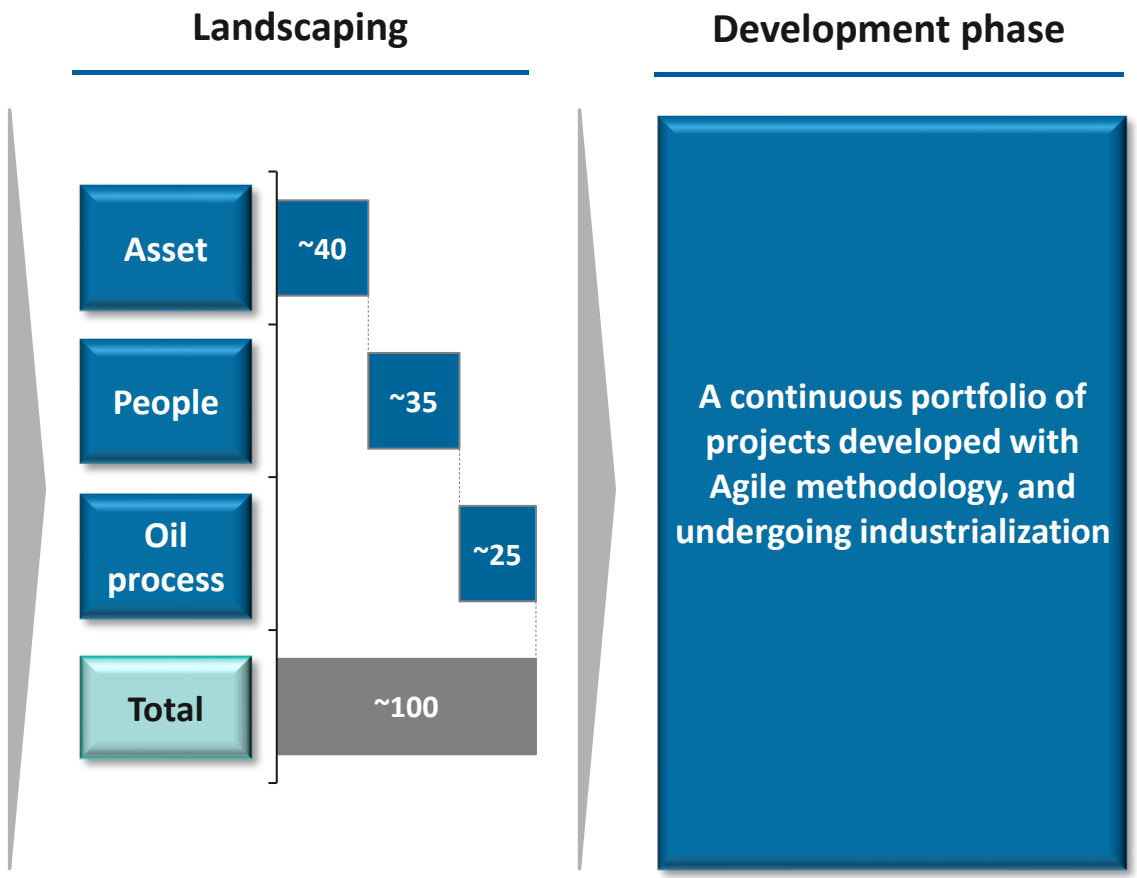
#digitalSaras program to enhance efficiency and know-how

A 3-steps digital transformation journey from vision to industrialization



Digital domains within Saras & transformation initiatives





#digitalSaras
A technology & mindset step change

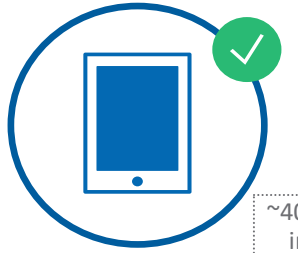
a clear move towards digital transformation & cultural change

Overview of completed industrializations

Crude Compatibility

Column Head Corrosion

Online corrosion monitoring on 2 Crude Distillation Units

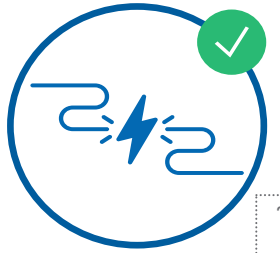


~400 people involved

Digital Checklists

Field data collection through smart devices

IGCC Gasifiers



~50 people involved

Electric Sectioning

More efficient execution through smart devices

ASSO[1]

Collaboration platform for operators and engineers

Completed

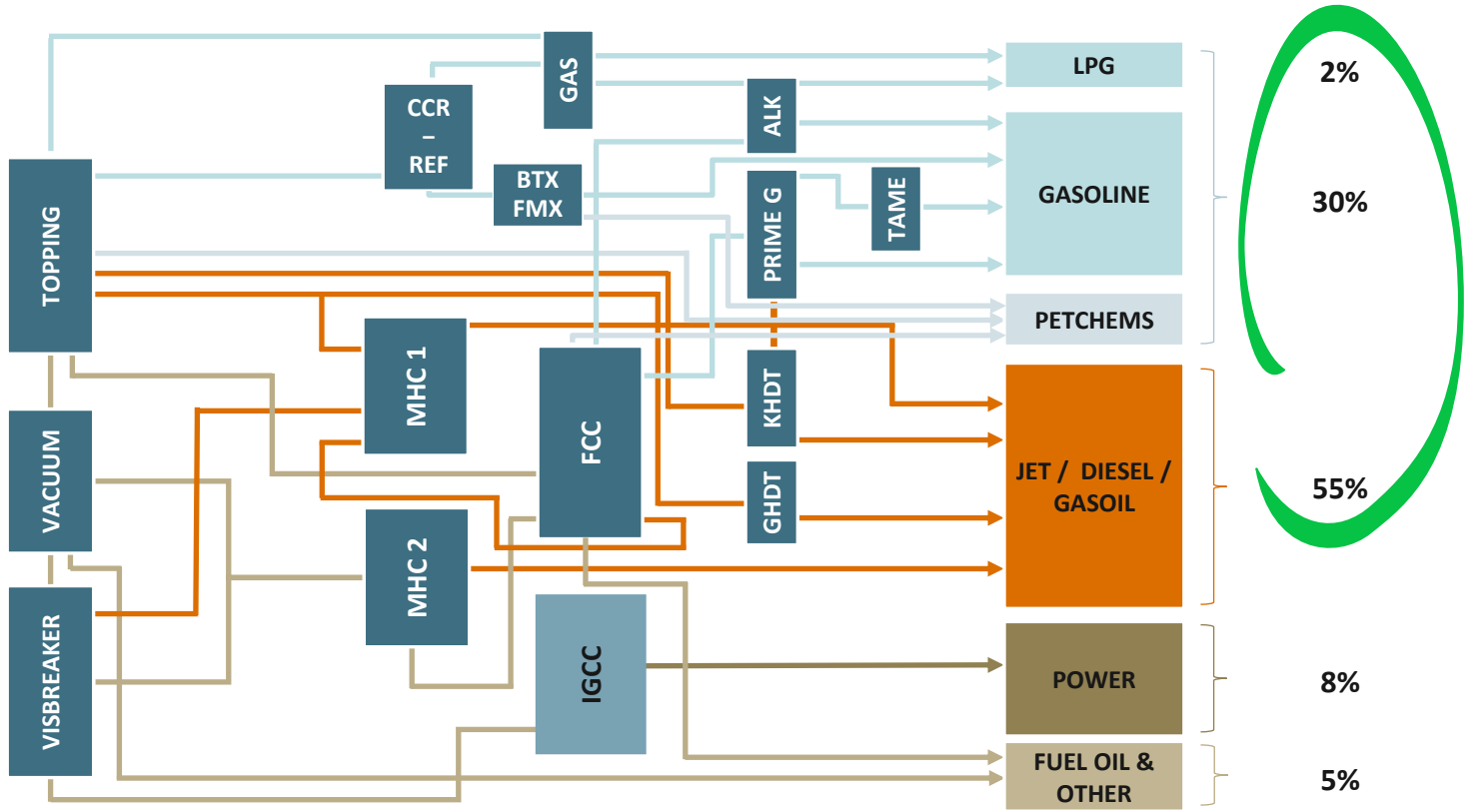
1. Advanced Support System for Operators

Refining

Complex and well-balanced refinery configuration

Key units	# units	
TOPPING	3	300
VACUUM	2	105
VISBREAKER	1	41
FCC Fluid Catalytic Crack.	1	90
MHC Mild Hydrocraker	2	120
CCR & REFORMER	2	50
Power Gen (IGCC)	3	20

Diagram flow



High conversion to high-value products:
Petrochems, Gasoline, Diesel and Power

1. Calculated using calendar days
2. Yields are calculated net of "C&L" – values refer to FY 2018

~ 4M cm of tank farm capacity and 13 berths

Tank Farm

	#	k cm	K bl
Crude	13	1,290	8,127
Gasoline	60	1,000	6,300
Kerosene	11	114	718
Gasoil	35	694	4,372
Fuel Oil & feedstock	33	885	5,575
LPGs	47	72	454
Total	199	4,055	25,546

Marine Terminal

	#	Dwt	m Draft
Deep sea berths for VLCC	2	up to 300,000	20.7
Deep sea berths for VLCC	9	up to 65,000	12
	1	up to 40,000	9.5
	1	up to 6,000	7
	13		

Opportunity of expansion in the storage capacity (gasoil/crude)

Flexibility for simultaneous loadings of multiple products

Refining segment / Key financial performance

EUR million	2012	2013	2014	2015	2016	2017	2018	2019 (*)	H1/20
EBITDA	(91.2)	(153.6)	(496.3)	337.1	418.3	276.9	142.6	66.0	(166.7)
***Comparable* EBITDA**	**(61.2)**	**(127.5)**	**(140.1)**	**510.5**	**279.1**	**282.2(*)**	**104.6**	**124.3**	**9.6**
EBIT	(197.0)	(261.0)	(640.7)	204.8	281.5	160.3	26.6	(68.5)	(234.9)
***Comparable* EBIT**	**(167.0)**	**(234.9)**	**(261.8)**	**396.6**	**162.3**	**165.6(*)**	**(7.8)**	**(10.2)**	**(58.6)**
CAPEX	**97.0**	**87.1**	**124.9**	**75.0**	**133.6**	**186.1**	**213.4**	**291.9**	**173.1**
REFINERY RUNS									
Crude Oil (ktons)	13,309	12,980	12,430	14,550	12,962	14,060	13,512	13,172	5,431
Crude Oil (Mbl)	97.2	94.8	90.7	106.2	94.6	102.6	98.6	96.2	39.6
Crude Oil (kbl/d)	265	260	249	291	259	281	270	263	219
Complementary feedstock (ktons)	431	390	548	1,026	1,598	1,291	1,319	1,278	443
EMC benchmark	**0.9**	**(1.2)**	**(0.5)**	**4.0**	**2.9**	**3.5**	**2.0**	**1.1**	**0.3**
Saras Refining Margin	**2.1**	**1.6**	**1.2**	**8.0**	**6.6**	**6.0**	**4.3**	**4.5**	**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.

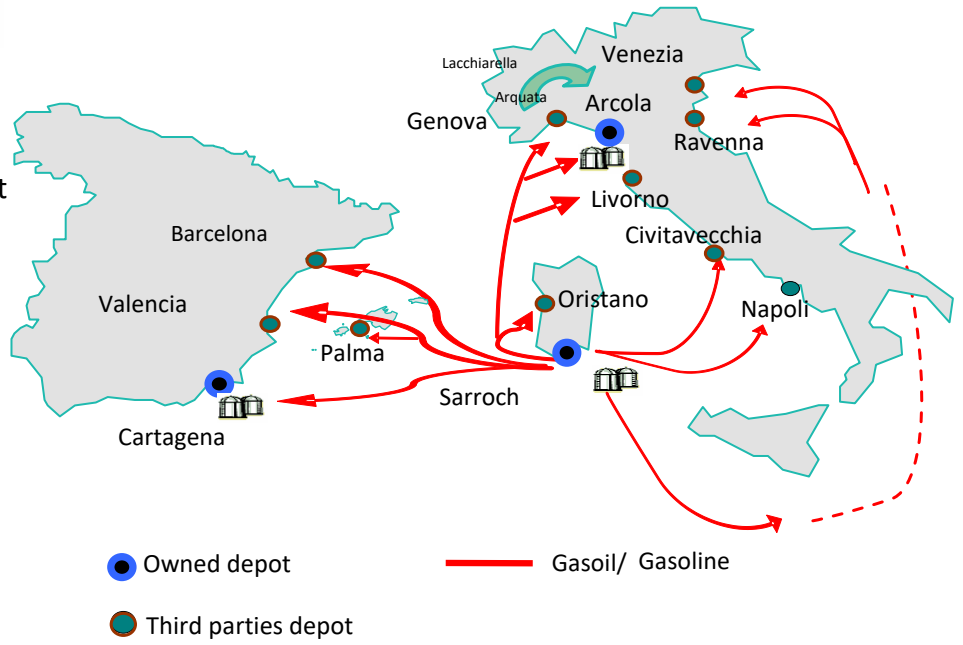
Marketing

Overview of the Italian and Spanish Marketing businesses

Spain: Saras Energia

Spain wholesale
- 114kmc distillates storage in Cartagena
- Mainly located in the Med tributary, with Decal and CLH Depots regional support
- Spain retail stations sold in July 2019

Main logistics flows



Italy: Saras SpA

Arcola La Spezia (owned)
- 200kmc storage for diesel and gasoline
- Sea Terminal for up to 50kt DWT
- Logistics available for bunkering

Transfer depots network (3rd party)
- Logistics efficiently covers all richest northern and central regions (Genova, Lacchiarella, Livorno, Civitavecchia, Venezia, Napoli, Ravenna, Marghera, Civitavecchia etc)

Reaching further downstream
- i.e. resellers, unbranded service stations, supermarket chains, etc…

Sales (ktons)	2013	2014	2015	2016	2017	2018	2019
SPAIN	1,310	1,234	1,388	1,787	1,484	1,564	1,418

Sales (ktons)	2013	2014	2015	2016	2017	2018	2019
ITALY	2,342	2,449	2,573	2,298	2,169	2,119	2,155

An Integrated MED Market Player Offering Integrated Services

Marketing segment / Key financial performance

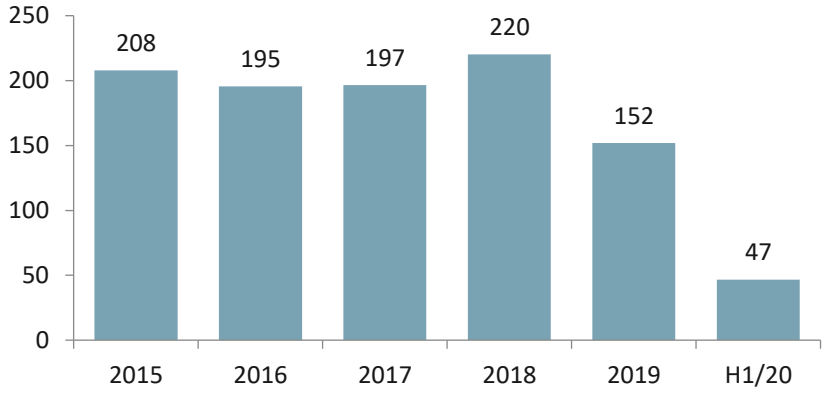
EUR million	2012	2013	2014	2015	2016	2017	2018	2019	H1/20
EBITDA	18.0	16.0	(4.9)	(5.1)	9.9	13.9	24.3	20.3	2.8
***Comparable* EBITDA**	**31.7**	**33.7**	**14.9**	**1.6**	**3.6**	**15.2**	**24.1**	**22.1**	**12.6**
EBIT	(29.8)	7.6	(14.7)	(16.3)	4.2	8.4	19.0	17.3	1.5
***Comparable* EBIT**	**19.8**	**25.3**	**6.4**	**(4.7)**	**(2.1)**	**9.7**	**18.8**	**19.1**	**11.3**
CAPEX	**8.2**	**3.7**	**3.0**	**1.2**	**1.4**	**0.9**	**1.3**	**0.6**	**0.5**
SALES (THOUSAND TONS)									
ITALY	2,210	2,342	2,449	2,573	2,298	2,169	2,119	2,155	849
SPAIN	1,584	1,310	1,234	1,388	1,787	1,484	1,564	1,418	484
TOTAL	**3,794**	**3,652**	**3,683**	**3,961**	**4,084**	**3,653**	**3,682**	**3,574**	**1,333**

Power Generation

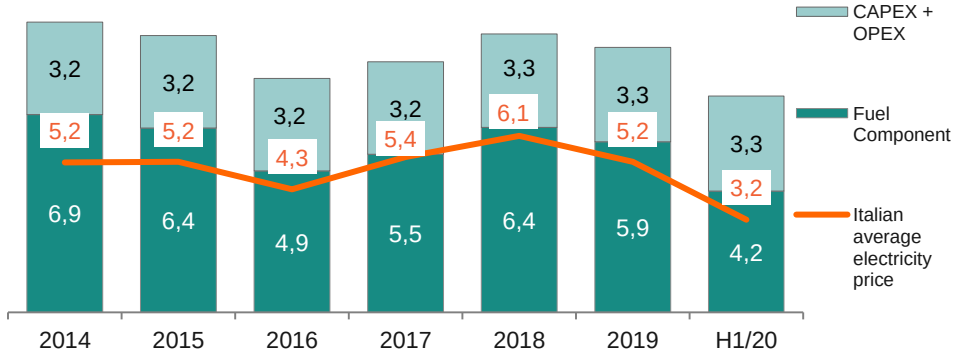
Power Generation: contribution to Group EBITDA

- IGCC economics are stable and based on attractive regulated contract (CIP6/92)
- The CIP6/92 contract with National Grid operator (GSE) enjoys priority of dispatching and full CO_2 cost reimbursement until April 2021
- From 2022 the IGCC will be exploited with an integrated perspective, dedicating ~1TWh to self-consumption and ~3.4 TWh to the market while continuing to provide hydrogen and steam necessary for refinery operation. This will allow to continue to economically process HS crudes with a low fuel oil yield fully exploiting IMO opportunities

Power Generation Comparable EBITDA
(EUR MM)



CIP6/92 Power Tariff vs. Italian Electricity price
(EUR cent / KWh)



1. The Italian average electricity price (PUN) can be found on the GME website: www.mercatoelettrico.org

Power Generation segment / Key financial performance

EUR million		2012	2013	2014	2015	2016	2017	2018	2019 (*)	H1/20
***Comparable* EBITDA**		**226.8**	**182.4**	**240.4**	**207.9**	**195.4**	**196.6**	**220.2**	**151.8**	**46.7**
***Comparable* EBIT**		**147.0**	**109.5**	**174.7**	**111.1**	**96.3**	**145.5**	**167.9**	**96.9**	**19.2**
EBITDA IT GAAP		178.3	184.8	147.9	168.2	133.9	97.7	67.7	98.3	20.5
EBIT IT GAAP		133.2	131.2	85.9	105.0	68.6	80.4	49.1	77.3	9.8
CAPEX		**8.7**	**16.9**	**6.8**	**9.1**	**9.6**	**16.6**	**20.7**	**24.8**	**11.2**
ELECTRICITY PRODUCTION	MWh/1000	**4,194**	**4,217**	**4,353**	**4,450**	**4,588**	**4,085**	**4,363**	**4,075**	**1,986**
POWER TARIFF	€cent/kWh	**12.2**	**11.9**	**10.1**	**9.6**	**8.1**	**8.7**	**9.7**	**9.2**	**7.5**
POWER IGCC MARGIN	$/bl	**4.2**	**3.8**	**4.8**	**3.1**	**3.3**	**3.3**	**3.8**	**3.0**	**2.6**

(*) 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.

Wind Energy

Wind segment

ULASSAI WIND FARM

Sardeolica

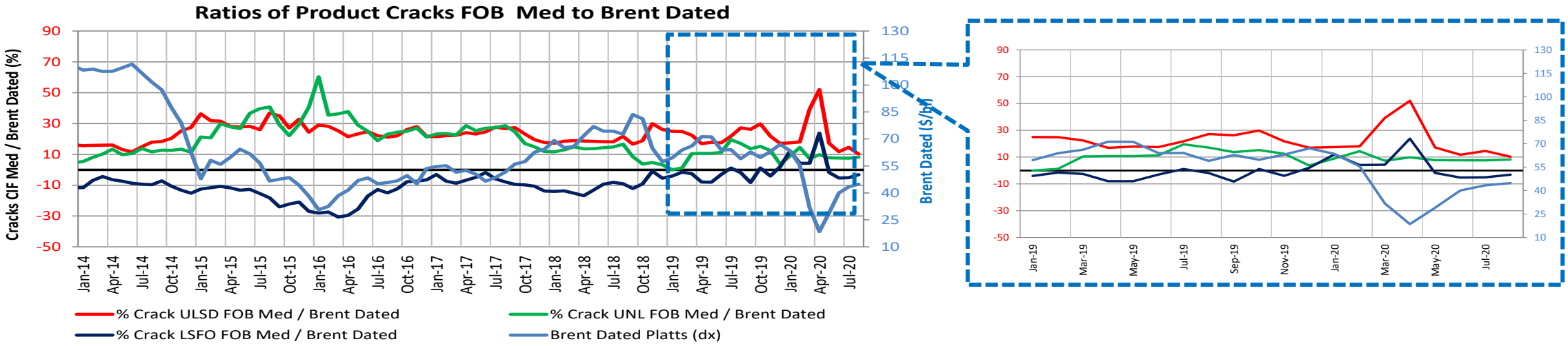
- 126 MW (57 Vestas aero-generators), with production of about 250 GWh per year
- Operations started at the end of 2005
- Green Certificates granted until 31st Dec 2015, and later feed-in premium tariff until 2018 (incentives expired on approx 80% of the installed capacity)
- Enlargement of the Ulassai wind farm (additional 30 MW) entered in operation in Q4/19. Total production expected to reach 250 GWh at full regime
- Reblading of existing farms underway

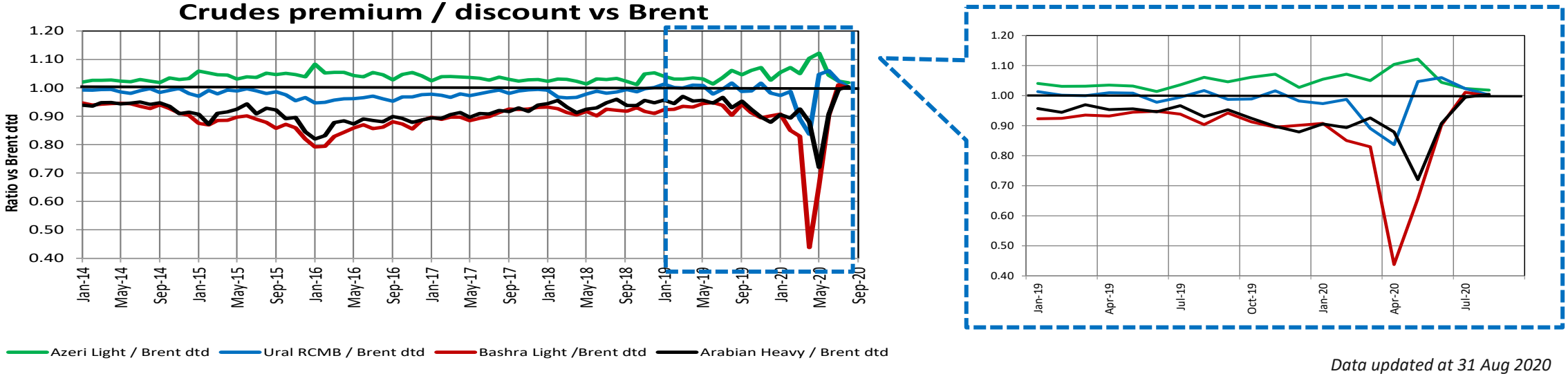
Wind segment / Key financial performance

EUR million		2012	2013	2014	2015	2016	2017	2018	2019	H1/20
***Comparable* EBITDA**		**20.0**	**22.7**	**20.5**	**17.2**	**23.8**	**23.1**	**10.6**	**10.0**	**3.3**
***Comparable* EBIT**		**9.7**	**18.3**	**15.9**	**12.7**	**19.2**	**18.5**	**6.0**	**4.6**	**0.0**
ELECTRICITY PRODUCTION	MWh	**171,050**	**197,042**	**171,657**	**155,101**	**195,360**	**168,473**	**169,811**	**220,363**	**119,018**
POWER TARIFF	€cent/kWh	**7.1**	**5.7**	**4.8**	**4.8**	**4.0**	**5.0**	**5.7**	**4.7**	**3.0**
FEED-IN PREMIUM TARIFF[1]	€cent/kWh	**8.0**	**8.9**	**9.7**	**10.0**	**10.0**	**10.7**	**9.9**	**9.2**	**9.9**

H1/20 & Q2/20 Highlights

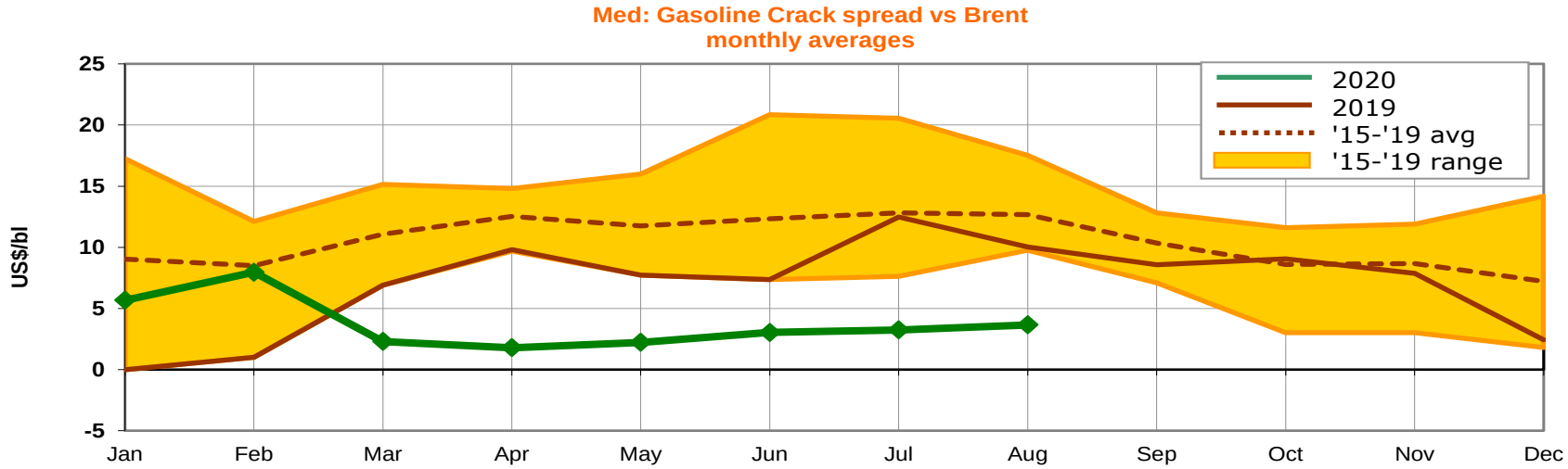
Crack Spreads Ratios to Brent and crude differentials

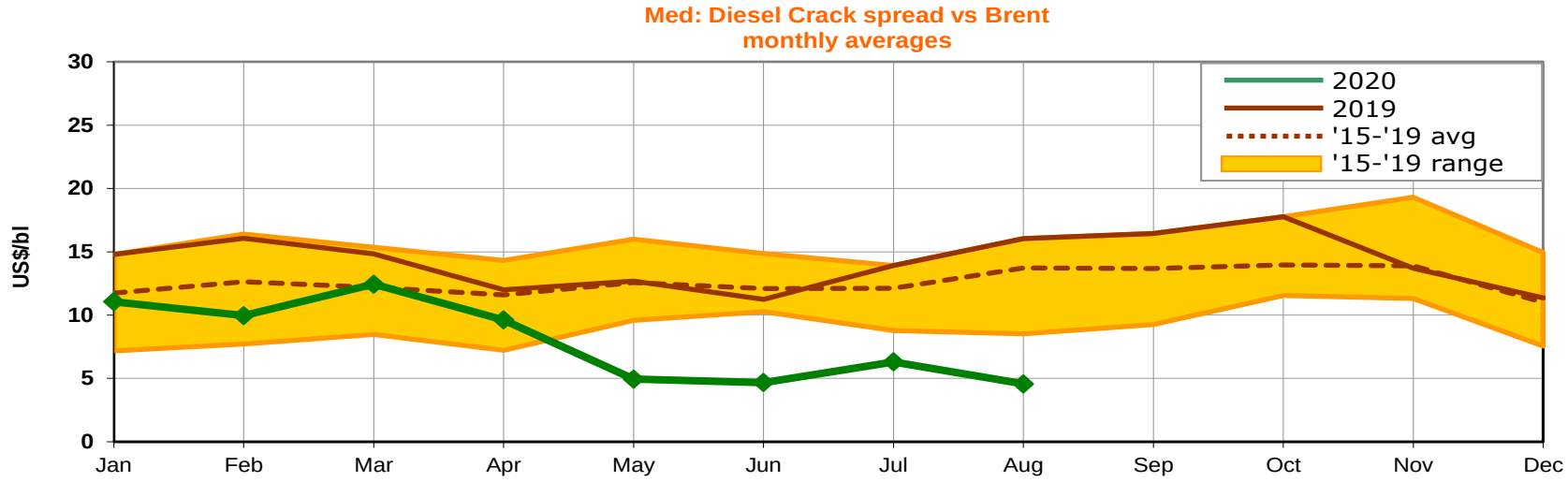




Data updated at 31 Aug 2020

Diesel and Gasoline Crack Spreads





Data updated at 31 Aug 2020

H1/20 & Q2/20 Financial 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 30th 2020	Mar 31st 2020	Dec 31st 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 30th, 2020 negative at EUR -337 M, from a Net Debt of EUR -224 M as at March 31st 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.

Group Financials – Income Statements 2018 – 2020

KEY INCOME STATEMENT (EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 (*)	Q2/19 (*)	Q3/19 (*)	Q4/19 (*)	2019(*)	Q1/20	Q2/20	H1/20
EBITDA	**72.2**	**199.2**	**176.6**	**(124.3)**	**323.7**	**48.9**	**89.2**	**120.2**	**(5.4)**	**252.8**	**(92.0)**	**(22.4)**	**(114.4)**
***Comparable* EBITDA**	**71.6**	**78.8**	**122.4**	**92.0**	**364.8**	**53.7**	**55.1**	**125.7**	**79.3**	**313.8**	**56.7**	**15.0**	**71.7**
D&A	(41.8)	(43.1)	(44.3)	(49.7)	(178.7)	(46.2)	(47.8)	(49.6)	(55.2)	(198.5)	(49.7)	(44.3)	(94.0)
EBIT	**30.4**	**156.1**	**132.3**	**(174.0)**	**144.8**	**2.7**	**41.5**	**70.6**	**(60.6)**	**54.1**	**(141.6)**	**(73.4)**	**(215.0)**
***Comparable* EBIT**	**29.8**	**35.7**	**78.1**	**46.0**	**189.6**	**7.5**	**7.4**	**76.1**	**24.1**	**115.1**	**7.0**	**(36.0)**	**(29.0)**
Interest expense	(3.5)	(3.2)	(5.5)	(4.4)	(16.5)	(5.6)	(3.2)	(5.2)	(4.2)	(18.2)	(4.7)	(2.3)	(7.0)
Other	3.4	(69.0)	(24.5)	147.3	57.2	(4.0)	8.0	(10.8)	6.6	(0.5)	(12.8)	4.8	(8.0)
Financial Income/Expense	**(0.1)**	**(72.2)**	**(30.0)**	**142.9**	**40.7**	**(9.6)**	**4.8**	**(16.1)**	**2.3**	**(18.8)**	**(17.5)**	**2.4**	**(15)**
Profit before taxes	**30.3**	**83.9**	**102.3**	**(31.0)**	**185.5**	**(6.9)**	**46.2**	**54.5**	**(58.3)**	**35.3**	**(159.2)**	**(71)**	**(230.1)**
Taxes	(7.8)	(25.0)	(29.6)	17.4	(45.1)	2.8	(18.0)	(11.7)	17.8	(9.2)	46.0	3.5	49.5
Net Result	**22.5**	**58.9**	**72.7**	**(13.7)**	**140.4**	**(4.1)**	**28.2**	**42.7**	**(40.6)**	**26.2**	**(113.1)**	**(67.6)**	**(180.7)**
Adjustments	(14.0)	(52.6)	(28.5)	87.3	(7.8)	2.1	(23.7)	8.6	54.1	41.1	112.7	26.5	139.2
***Comparable* Net Result**	**8.5**	**6.3**	**44.1**	**73.6**	**132.6**	**(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.

Group Financials – Comparable Results Adjustments

EBITDA Adjustment (EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	H1/20
Reported EBITDA	**48.9**	**89.2**	**120.2**	**(5.4)**	**252.8**	**(92.0)**	**(22.4)**	**(114.4)**
Gain / (Losses) on Inventories and on inventories hedging derivatives	2.9	(32.4)	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
Comparable EBITDA	**53.7**	**55.1**	**125.7**	**79.3**	**313.8**	**56.7**	**15.0**	**71.7**

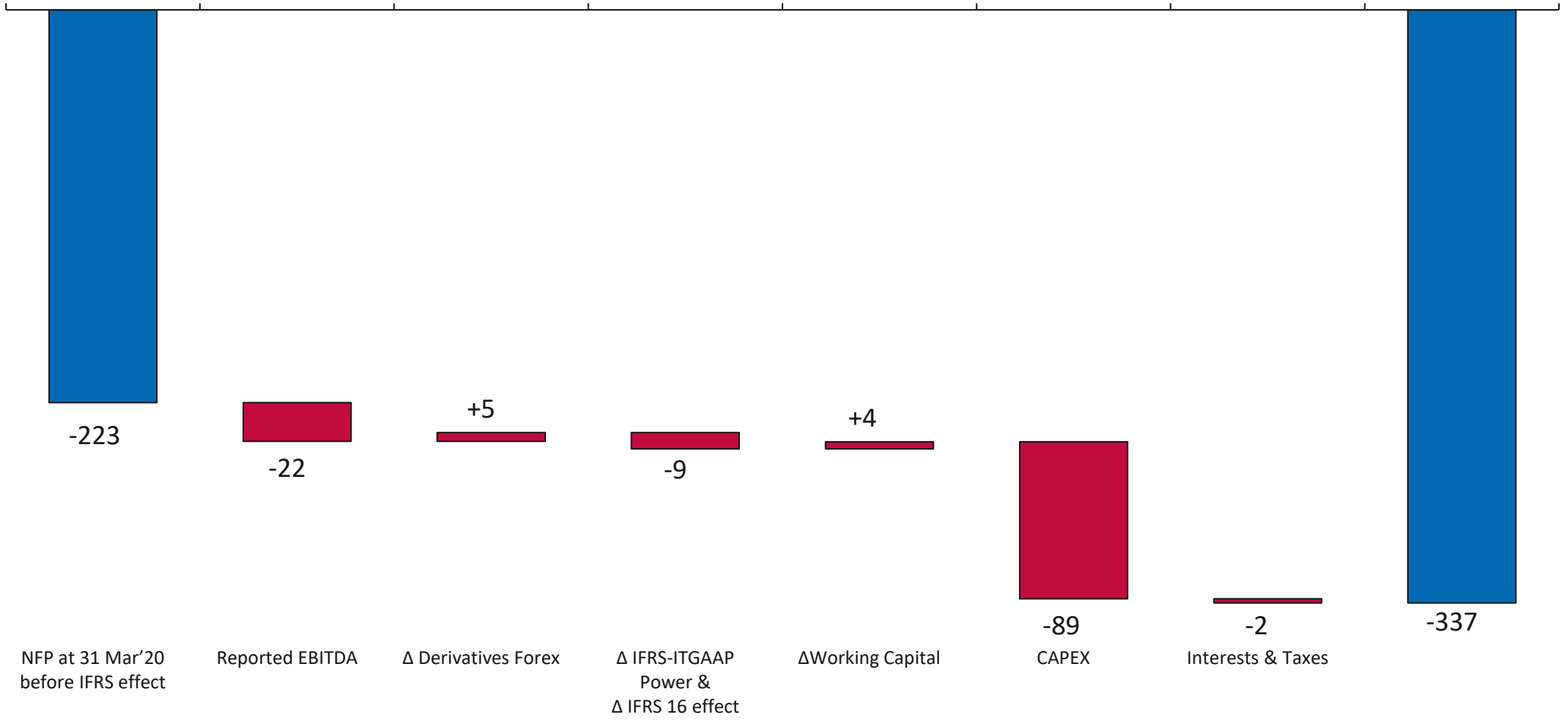
Net Result Adjustment (EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019	Q1/20	Q2/20	H1/20
Reported Net Result	**(4.1)**	**28.2**	**42.7**	**(40.6)**	**26.2**	**(113.1)**	**(67.6)**	**(180.7)**
Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes	2.1	(23.7)	8.6	51.8	38.9	111.9	25.9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

Group Financials – Balance Sheet

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	31/03/2020	30/06/2020
Trade receivables	339	414	462	290	252	264	347	352	187	247
Inventories	1,129	970	1,132	862	1,019	1.063	1.206	1.041	599	725
Trade and other payables	(1,192)	(1,179)	(1,380)	(1,043)	(1,217)	(1.414)	(1.540)	(1.649)	(1.084)	(1.057)
Working Capital	**277**	**205**	**214**	**109**	**54**	**(87)**	**12**	**(256)**	**(298)**	**(84,3)**
Property, plants and equipement	1,036	1,036	1,046	1,087	1,166	1.212	1.227	1.273	1.330	1.377
Intangible assets	144	136	128	112	101	94	86	78	71	64
Right of use (IFRS 16)	0	0	0	0	51	50	44	50	49	47
Other investments	1	1	1	1	1	1	1	1	1	1
Other assets/liabilities	(49)	(31)	2	(49)	(4)	13	12	46	136	38
Tax assets / liabilities	(192)	(217)	(171)	(23)	(86)	(132)	(96)	35	69	(18)
Other Funds	(118)	(128)	(176)	(214)	(214)	(163)	(181)	(204)	(153)	(163)
Assets held for sale	0	0	0	35	35	39	7	7	7	1
Total Net Capital Invested	**1,098**	**1,002**	**1,043**	**1,058**	**1,104**	**1.026**	**1.112**	**1.029**	**1.211**	**1.262**
Total equity	**1,096**	**1,044**	**1,117**	**1,104**	**1,100**	**1,054**	**1,097**	**1,059**	**940**	**880**
Net Financial Position pre IFRS 16	**(1)**	**42**	**74**	**46**	**48**	**77**	**29**	**79**	**(223)**	**(337)**
IFRS 16 effect					**(52)**	**(49)**	**(44)**	**(49)**	**(48)**	**(45)**
Net Financial Position post IFRS 16					**(4)**	**28**	**(15)**	**30**	**(271)**	**(382)**

Financials: Net Financial Position evolution (ante IFRS 16)

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



Group 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	Q1/20	Q2/20
REFINING	41.5	33.8	40.6	97.5	213.4	102.7	67.2	36.8	85.3	291.9	95.7	77.4
POWER GENERATION	7.2	1.8	3.8	7.9	20.7	10.8	2.8	6.8	4.4	24.8	1.0	10.2
MARKETING	0.2	0.1	1.2	(0.2)	1.3	0.4	0.2	0.0	0.0	0.6	0.1	0.4
WIND	0.1	0.0	0.1	6.7	6.9	0.9	18.9	2.4	4.1	26.4	0.3	0.6
OTHER ACTIVITIES	0.2	0.1	0.2	0.2	0.6	0.2	0.1	0.1	0.4	0.8	0.3	0.2
TOTAL CAPEX	49.1	35.9	45.9	112.1	243.0	115.0	89.2	46.1	94.3	344.6	97.3	88.7

Outlook 2020 based on H1/20 Results

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
REFINERY						
Crude runs	Tons (M) Barrels (M)	3.1 22.9	2.3 16.7	3.0 ÷ 3.2 22.0 ÷ 23.0	3.5 ÷ 3.7 25.0 ÷ 26.0	11.9 ÷ 12.3 86 ÷ 89
IGCC						
Power production	MWh (M)	1.19	0.8	1.05 ÷ 1.15	0.90 ÷ 1.00	3.90 ÷ 4.14

A 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	
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:

  - **HVO (Hydrogenated Vegetable Oil) co-processing**
    - 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
    - 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**

- 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

- 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

- Sardinia is not connected to the national gas network, existing only on the mainland. 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)

- 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

- **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)

- Electrochemical hydrogen production compensates overproduction & volatility of renewable power

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

(*) Third party waste treatment provider

Business Plan 2020-23 issued on 2nd March 2020

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

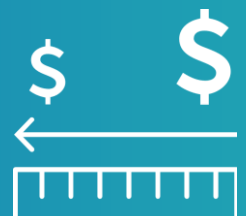
PRODUCTION OPTIMIZATION

INTEGRATED SUPPLY CHAIN

Performance improvement through digital initiatives.

Capture **IMO regulation**'s opportunities

Exploit discounts of heavy sour crudes and VLSFO production & sale

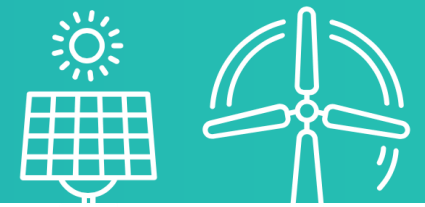


COST OPTIMIZATION

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

M W

OF NEW RENEWABLE CAPACITY

SUSTAINABILITY APPROACH

SOCIAL GOVERNANCE ENVIRONMENT

SUSTAINABLE DEVELOPMENT GOALS

OUR PURPOSE

To be innovative, sustainable

and

a reference point

among energy providers

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

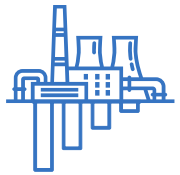
Skills and knowledge are our key assets

Develop innovation

SUSTAINABILITY KPIs

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

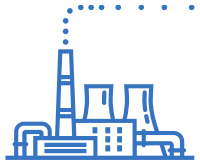
ENVIRONMENT



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

SOCIAL

Commitment to the **local community**

Promote **gender diversity**

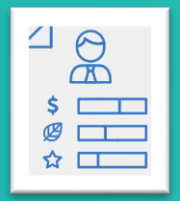
Aim at the **"zero injury"** goal

Foster **sustainable behavior**

Training time at least in line with last 3Y

Monitor **employee engagement**

GOVERNANCE

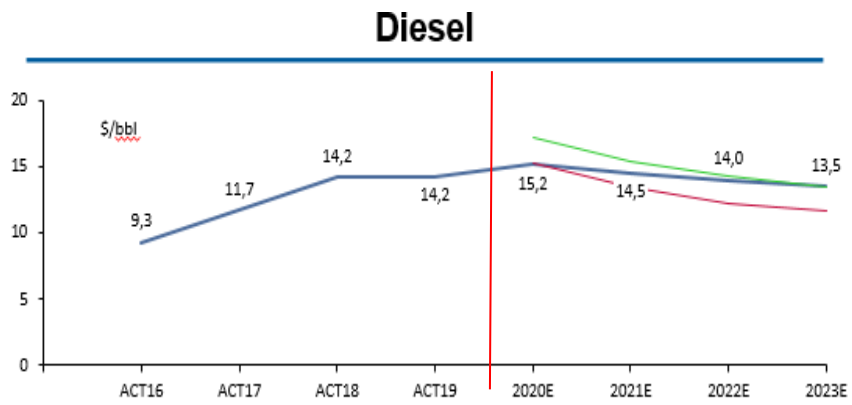


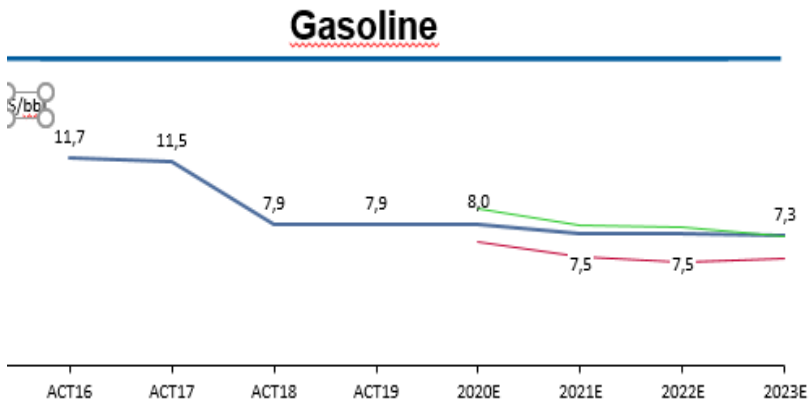
ESG targets included in the **assessment** and **remuneration system**

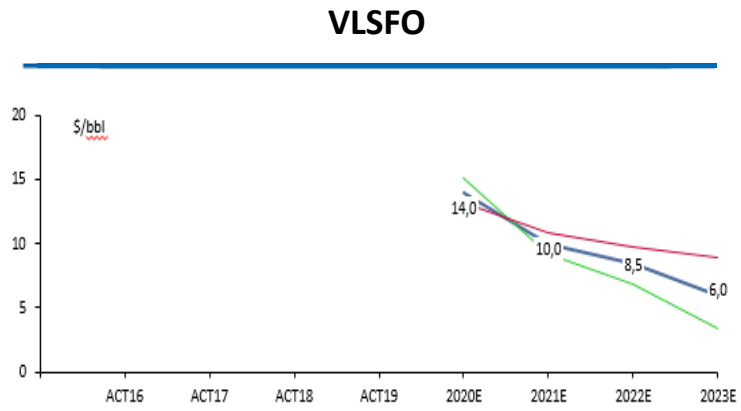
Increase **stakeholders' engagement**

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

Business Plan 2020-2023 sensitivities



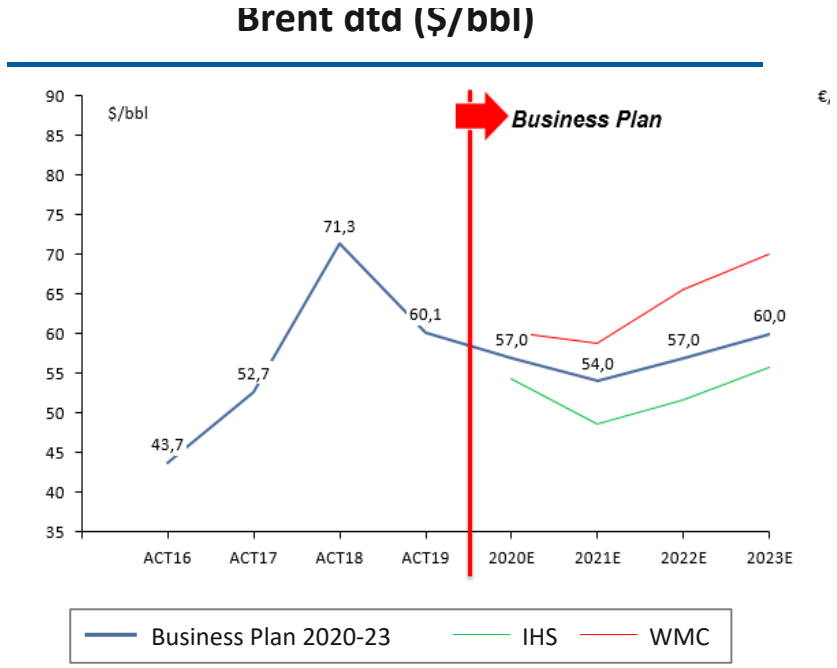




Last months of 2019 and first months of 2020 have been influenced by several contingent factors, most relevant ones being: mild winter, high volumes of VLSFO stored in Singapore ahead of IMO regulation entry into force, start of HSFO carriage ban for shippers without scrubbers installed from 1st March 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 *crack spread*	$/bl	8.0	7.5	7.5	7.3
ULSD *crack spread*	$/bl	15.2	14.5	14.0	13.5
HS Fuel Oil *crack spread*	$/bl	-25.8	-17.0	-16.0	-15.0
VLSFO Bunker *crack spread*	$/bl	14.0	10.0	8.5	6.0
National electricity price	€/MWh	51.0	56.0	57.0	58.0
Exchange Rate	€/$	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 (1)		4.3÷4.4
Total Fixed costs (Refining + Power)	€ M	Approx. 350 ÷360			

(1) 10Y turnaround on the IGCC plant

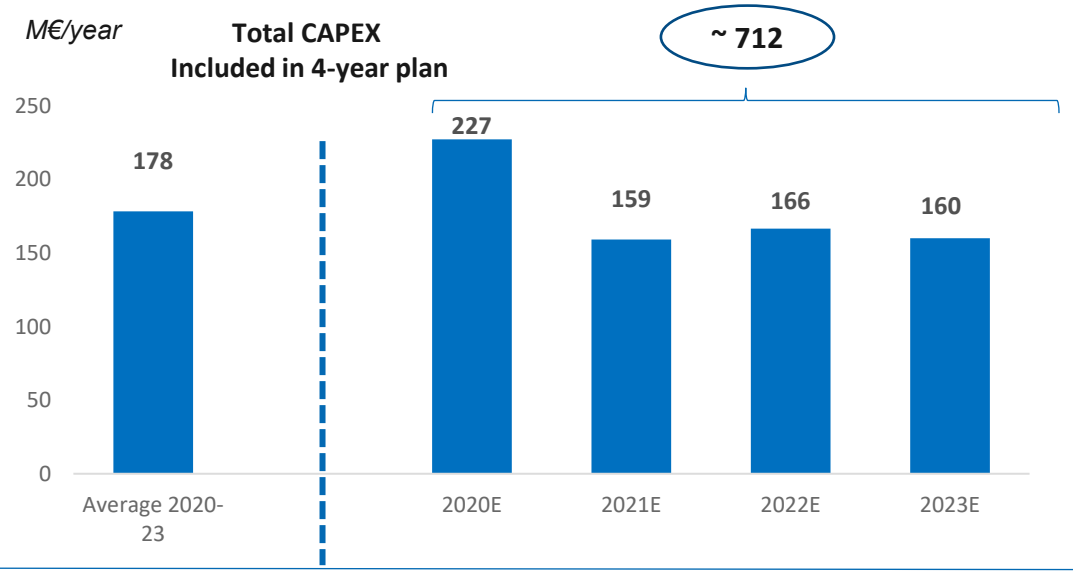
Comment on operations

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.

Business Plan refinery CAPEX

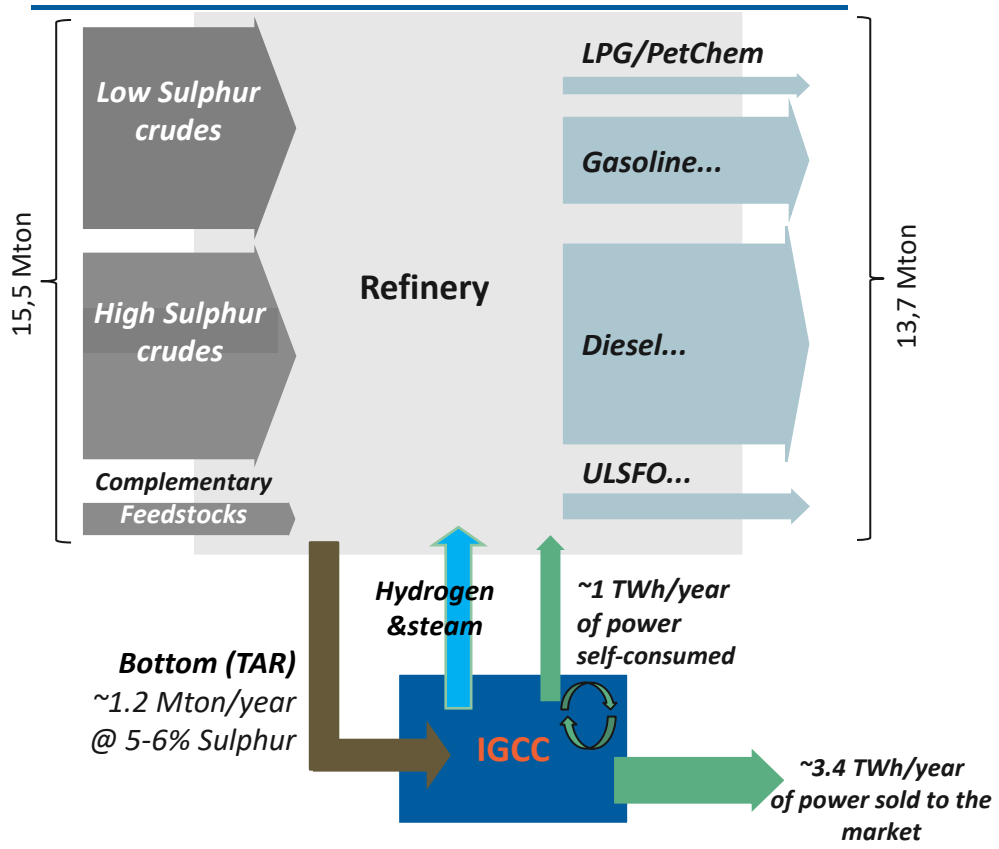


Refinery CAPEX details

- **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 (1)

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

(1) Total production 4,4 TWh of which 1 TWh self-consumed
(2) Average purchase price for electricity in the Italian market

Segments profitability outlook

		2020E	2021E	2022E	2023E
Refining	EMC [1]	3.0	2.5	2.1	1.7
	PREMIUM NET OF MAINTENANCE[2]	2.5 – 3.0	5.5	5.3	5.3
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.**		

- 2020 Power EBITDA impacted by lower CIP6 tariff (depressed gas prices) and lower linearization effect (non cash item)
- From 2021 one integrated margin (power + refining).
- Assumption for power: partial recovery of fixed and variable costs and return on capital

Marketing

EBITDA broadly stable (approx. EUR 15-20 M/year) thanks to stable wholesale margin (corresponding to 0.3 – 0.4 $/bl of margin)

- Given the strong technical and commercial skills coordination on which our business model is based the contribution should be considered jointly to refining

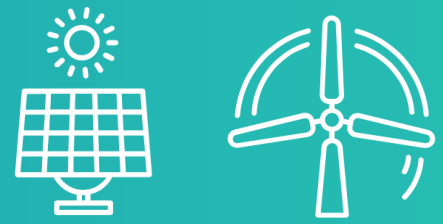
Wind

EBITDA from EUR 15 M in 2020 to EUR 40 M in 2023 on the back of new developments

- Assuming the development of approx. 400 MW of new capacity

(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

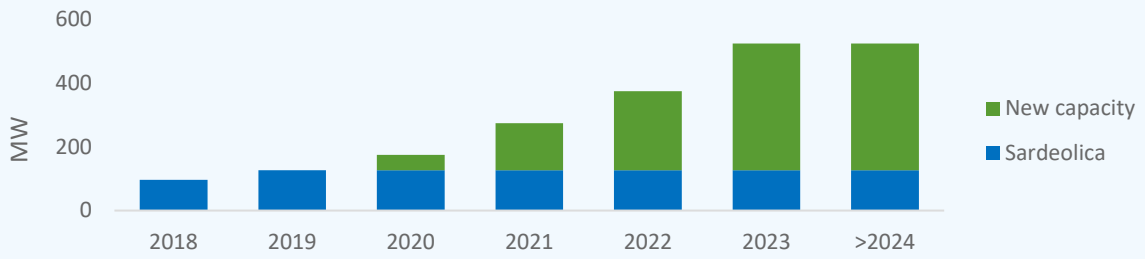
Exploit Group industrial capabilities

Value creation: IRR: 8-10%

Decrease carbon footprint

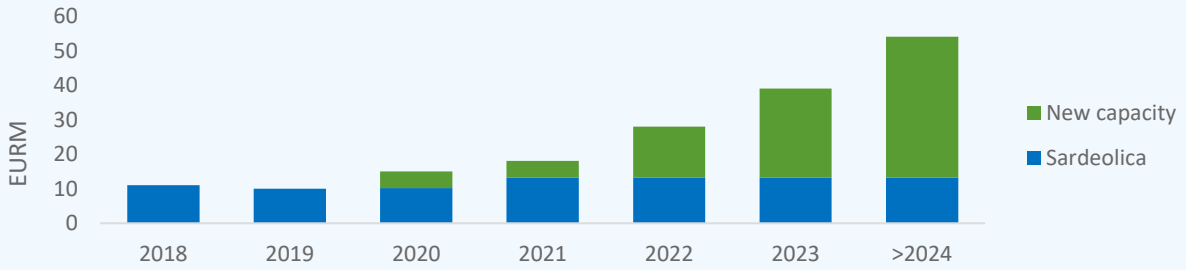
Renewables expansion plan

Installed capacity (MW)



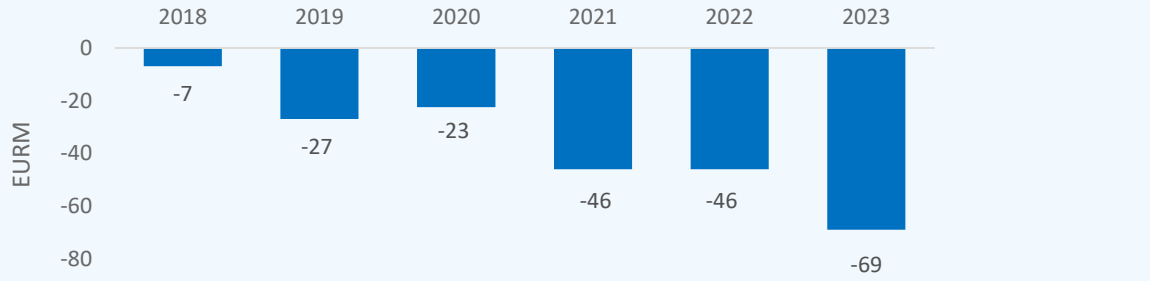
- Target to develop 400 MW of new renewable capacity (reaching >500MW of total capacity)
- Period 2018-20 focus on brownfield: expansion of Ulassai enlargement and reblading
- From 2020 focus mainly on greenfield: development of a pipeline of new projects (Sardinia & Italy)

EBITDA (EURM)



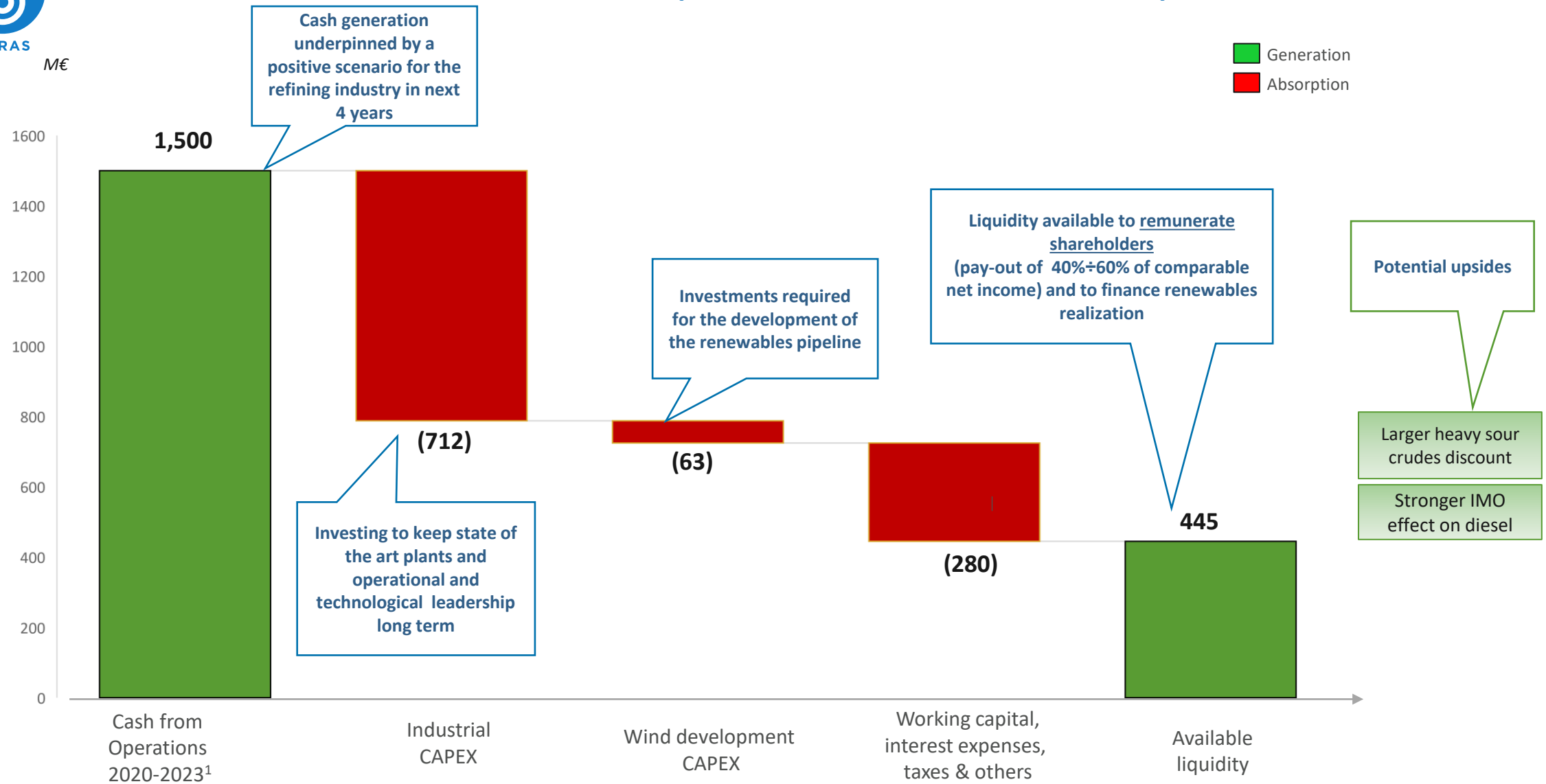
- As a result of the growing installed capacity the EBITDA is expected to grow to approx. EUR 40M in 2023

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 2020-23)



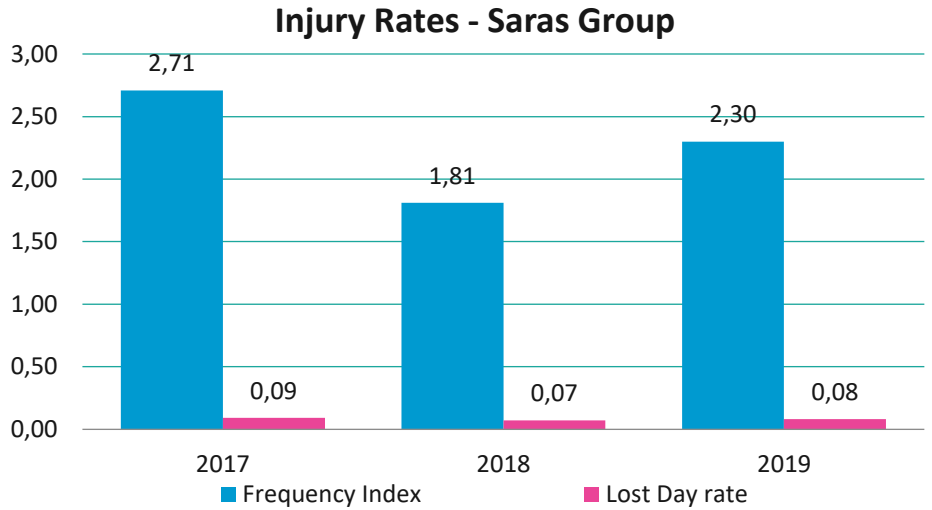
1. Cash Flow from operations = EBITDA – Linearization effect on Power Generation – others

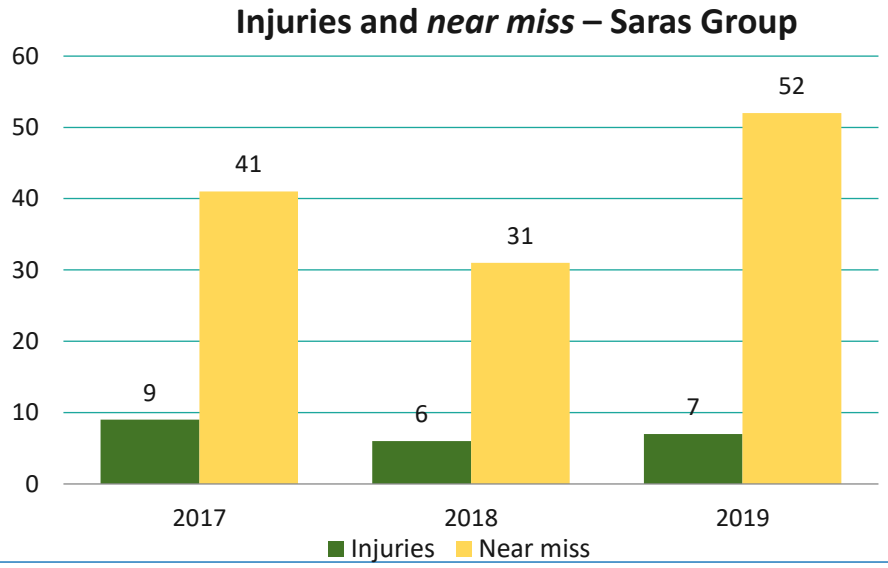
Appendix

Sustainability: Health and safety

- Saras has always been deeply committed to promoting a culture of safety within the company as well as with its contractors and suppliers, through many initiatives, investments and ongoing training
- Controls are in place to ensure safe operations and compliance with the highest national and international HSE standards.
- In 2019, in a context of continuous improvement, the application of the Behavior Based Safety (BBS) protocol was consolidated across all operational functions and areas at the Sarroch site. This protocol has become the main management and monitoring tool used to achieve Sarlux objective of “zero accidental events”

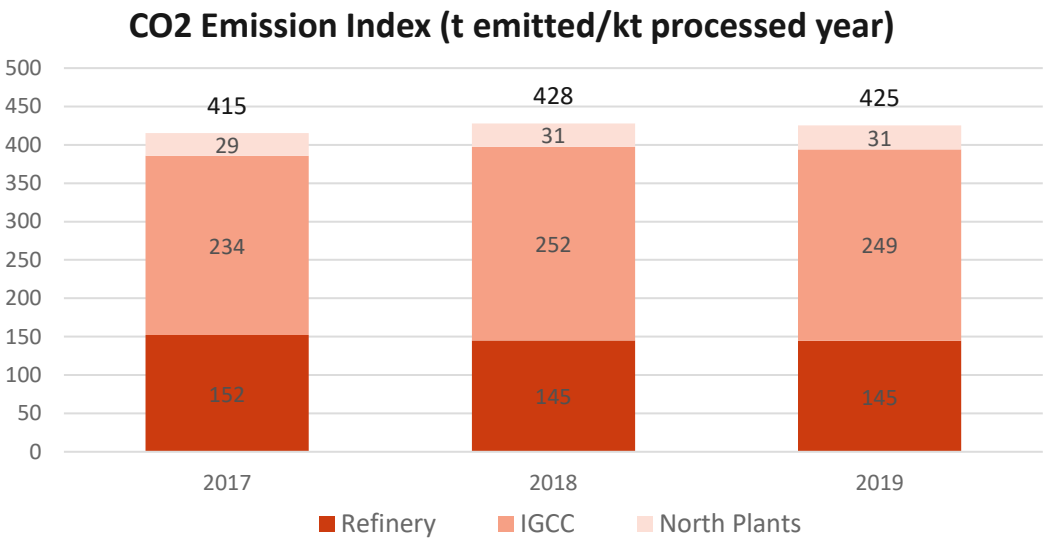
BEHAVIOR BASED SAFETY					
Parameter	2015	2016	2017	2018	2019
Observations carried out [No.]	2,320	6,230	16,940	21,925	24,100
Safe behaviour [%]	97%	98%	98%	98%	98.1%
Plant areas involved	Pilot: Energy, Utilities, Movement, Asset (Observation of contractors)	Addition of refinery and northern sites	Entire industrial site – all operating functions	Entire industrial site – all operating functions	Entire industrial site – all operating functions

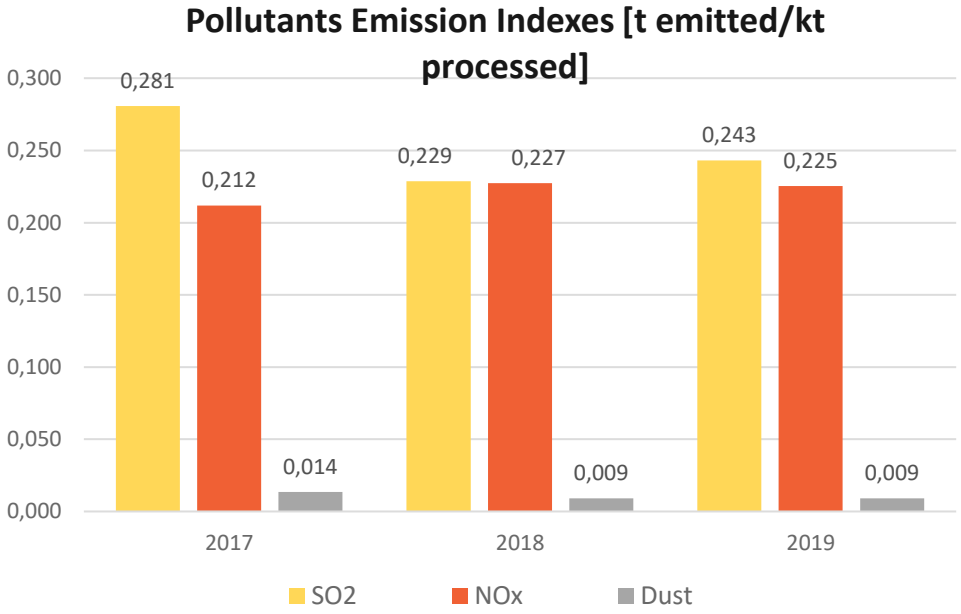




Sustainability: Air and greenhouse gas emissions

- Emission indexes for Sarlux are always significantly lower than the limits imposed by Environmental Regulations
- The use of low sulphur fuels, the adoption of efficient burners, and specific treatments aimed at improving combustion and reducing particulate are among the initiatives taken by Saras to reduce its air pollutant emissions





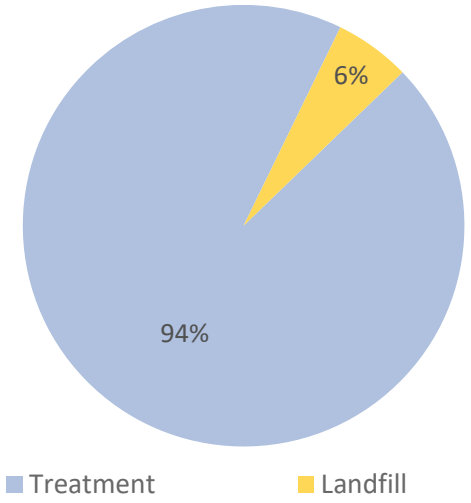
Over 325 thousand tons of CO_2

avoided thanks to energy efficiency initiatives implemented during 2016-19

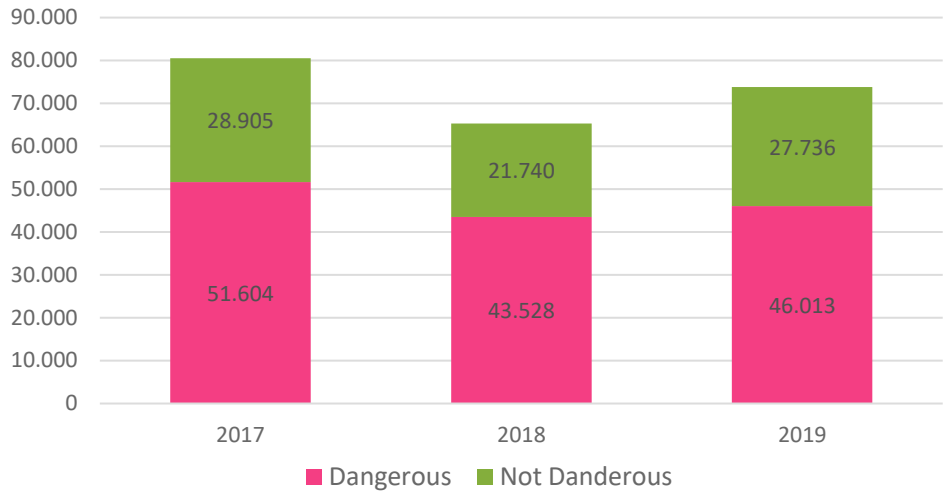
Sustainability: Waste and spills management

- Saras Group is committed to protecting and respecting the environment; for this reason, it codified all aspects concerning waste & spills management within its ISO:14001 Environmental Management System and the EMAS scheme
- More than 90% of the waste generated by Saras activities is sent for treatment and recovery, while only a small amount is sent to landfill.

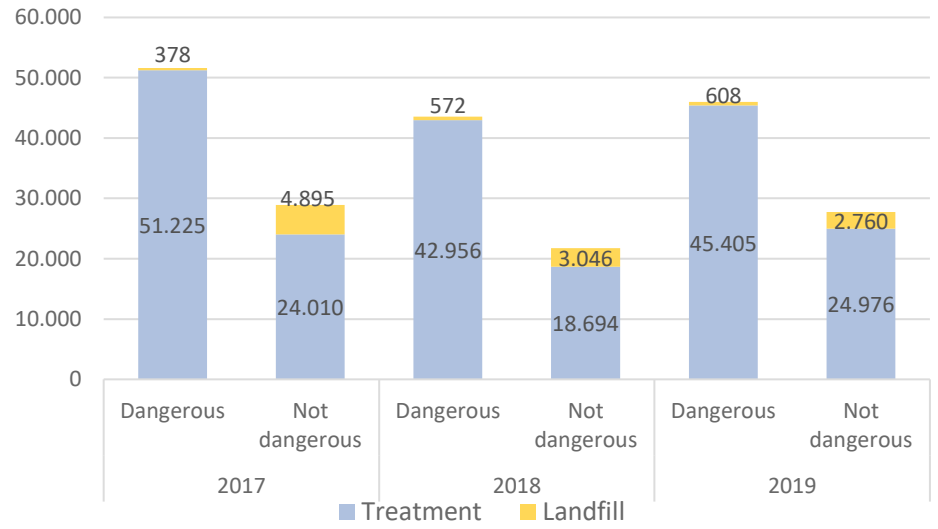
Waste by destination
average 2017-19 – Saras Group



Waste (t/year) – Saras Group



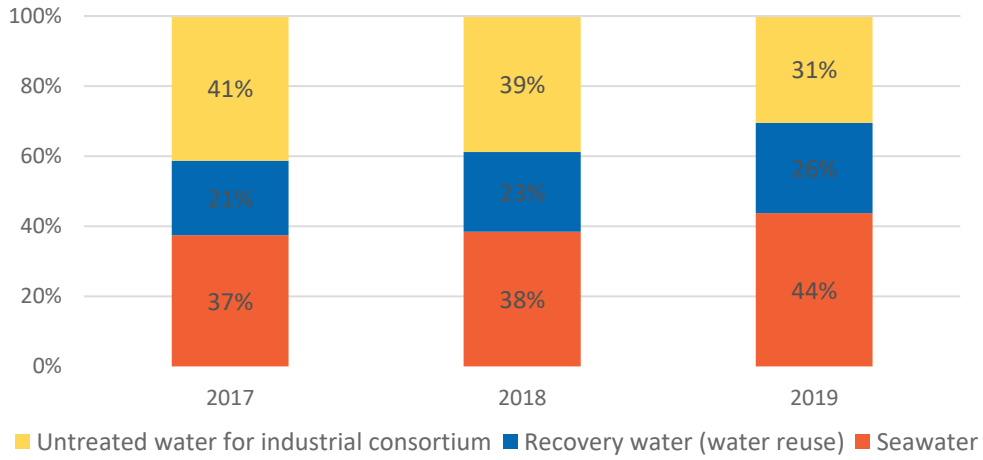
Waste by destination (t/anno) – Saras Group



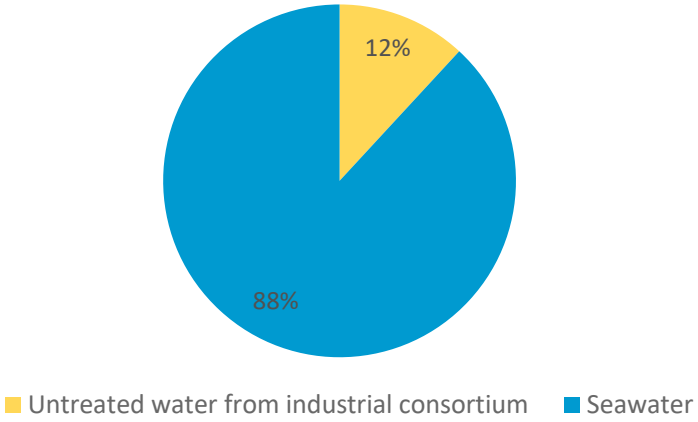
Sustainability: Water management

- Aware of the scarcity of water resources in Sardinia, the Saras Group at its Sarroch site has adopted policies designed to minimise the use of regional primary water sources also through International Standard ISO 14001 and EMAS protocol
- The total water withdrawal of the industrial site is approx. 70M m3/y, of which only 12% is untreated water coming from the industrial consortium; the rest is seawater, which is withdrawn and later returned to the sea without meaningful changes in its chemical and physical characteristics.

Sarlux site: water used by source



Sarlux site: water withdrawal 2017-19

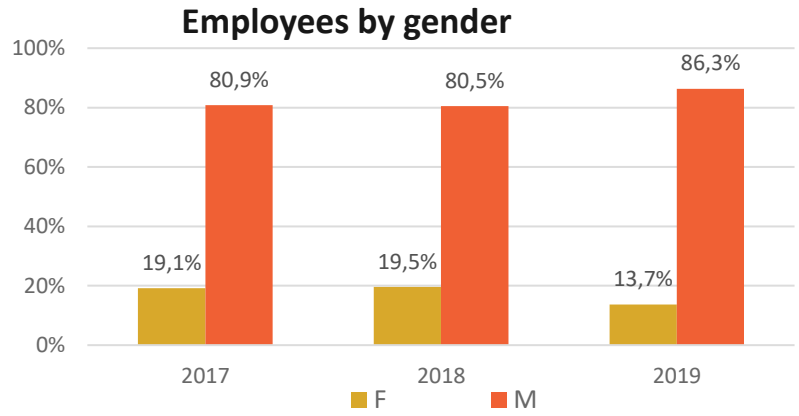


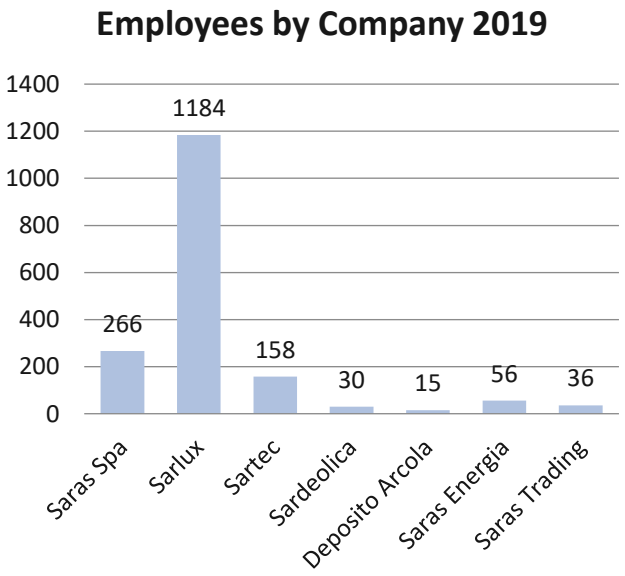
26% water reuse

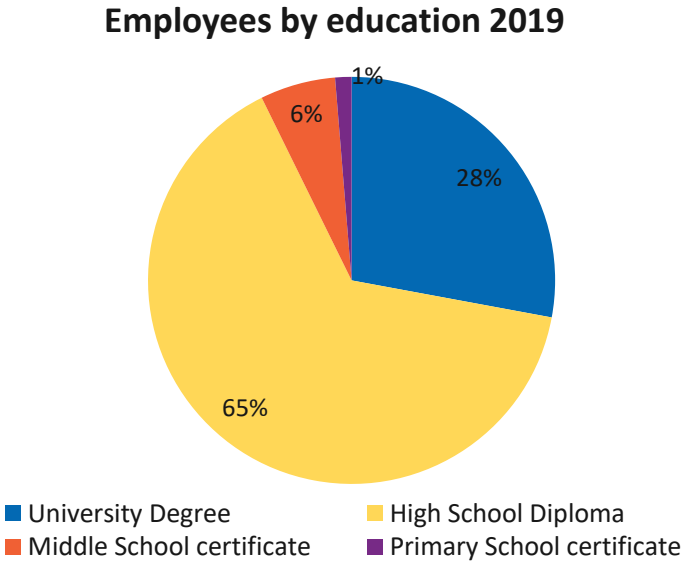
thanks to investments in water treatment and purification, about 26% of 22M m3/year of water consumption is water reuse

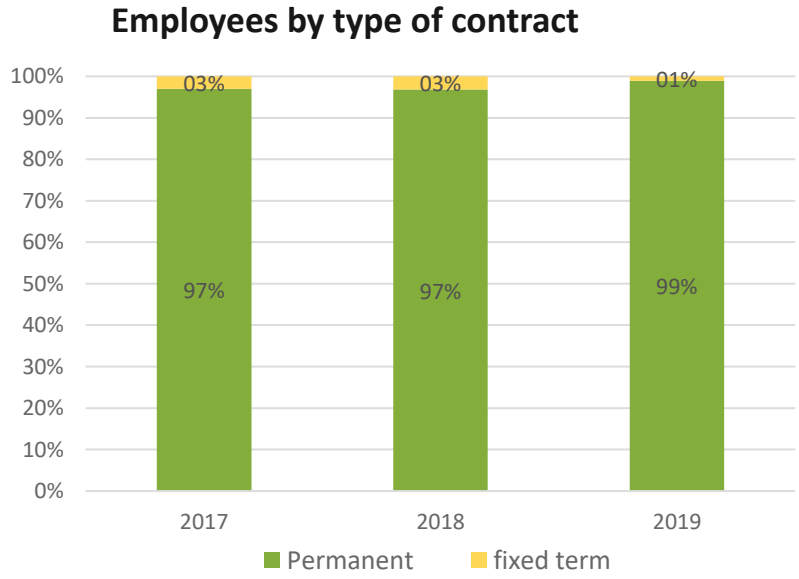
Sustainability: Human resources management

- Saras bases relations with its employees on integrity and mutual trust, commending the professionalism and merits, ensuring without any discrimination the possibility of professional growth and development, while respecting the principle of recognizing contributions, through remuneration systems that are fair and suitable for the responsibilities assigned
- Saras promotes a work environment that fosters the sense of belonging to an organization capable of increasing the value perceived by the local community
- The Group employees have a high level of education (93% University degree or High School degree), and the female percentage (14%) is higher than industry average









Sustainability: Creation of local value

- Saras identifies with the global dimension of the oil markets, and at the same time with the local dimension of its reference community in Sardinia where the Group creates large local value in term of: remuneration to Group employees (based in Sardinia), tax revenue paid in Sardinia, and productive activities through the expenditures and investments made by Group companies to the providers of goods and services located in Sardinia
- Furthermore, in addition to the direct impacts, there are also indirect impacts as shown in the table.

EUR 626 million

Total direct impact (average 2017-19)

EUR 598 million

Total indirect impact (average 2017-19)

ECONOMIC IMPACT OF SARAS GROUP'S ACTIVITIES IN SARDINIA (MILLION EURO)								
Parameter	2014	2015	2016	Avg. 2014-16	2017	2018	2019	Avg. 2017-19
Remuneration to Group's employees	40.8	46.6	49.4	46	48	50	50	49
Tax Revenue generated in Sardinia by the Group	448.7	488.2	428.1	455	456	442	375	424
Productive Activities (Goods & Services purchased from local suppliers)	88.9	95.1	118.0	101	143	146	168	152
Total of direct impact	**578**	**630**	**596**	**601**	**647**	**638**	**594**	**626**
Indirect impact of Remuneration	93.4	113.5	122.4	110	97	99	100	99
Indirect impact of Tax Revenue	371.4	405.9	356.9	378	373	362	307	347
Indirect impact of Productive Activities	87.3	95.5	117.8	100	143	146	168	152
Total indirect impact	**552**	**615**	**597**	**588**	**612**	**607**	**576**	**598**
Impact of Remuneration (direct + indirect)	**134**	**160**	**172**	**155**	**145**	**149**	**151**	**148**
Impact Tax Revenue (direct + indirect)	**820**	**894**	**785**	**833**	**829**	**804**	**683**	**772**
Impact Productive Activities (direct + indirect)	**176**	**191**	**236**	**201**	**286**	**293**	**336**	**305**