Preliminary FY 2013 & Q4 2013 Results

21st February 2014

Welcome

Massimo Vacca

Head of Investor Relations & Financial Communications, Saras

Thank you very much. Good afternoon ladies and gentlemen and on behalf of Saras I would like to thank you for joining us today for this conference call on the Fourth Quarter 2013 results and preliminary full year. Hopefully you all received the analysts' presentation which we are about to discuss and in case if needed it can be found and downloaded from our website www.saras.it in the homepage or directly in the section dedicated to the investor relations.

Our agenda today will be the usual one. Mr Dario Scaffardi, Executive Vice President and General Manager of the Saras Group will start with the overview of the results and the highlights of the period. Subsequently Mr Costanzo, Chief Financial Officer, will provide a review of the results for each business segment and he will also discuss the key financial figures. Afterwards back to Mr Scaffardi for the outlook and strategy. And in the end as usual we will be glad to take your questions. Thank you very much. Dario please you may start.

2013 Overview

Dario Scaffardi

Executive Vice President & General Manager, Saras

I. Highlights

Thank you Massimo. Good afternoon ladies and gentlemen and thank you very much for joining us for this call.

This quarter was characterised by the extremely challenging market conditions for the European refining sector. The EMC benchmark for margin dropped to its all time low of -$2.6 in the quarter but notwithstanding this very complex situation our group has managed to capture some interesting commercial opportunities and the technical performance of our refinery has been extremely satisfying. So we have managed to produce some better than expected results and we will make some comments about this later on, particularly we have benefited from the numerous programmes of self-improvement, the Focus programme which we have talked about many times in the past which is producing some very interesting results. I would like to highlight the excellent control of working capital. We have been able to reduce by almost €200m our debt level which this year is basically zero which I think that given the circumstances is an extraordinary result and it's due to very, very tight control of inventories and a concerted team effort of all parts of our company in order to control this.

If we look at the market the reason for the very poor margins is not so much on the values of the products, as you can see from the graphs, the cracks of both diesel and gasoline while not particularly exciting still are within their five year averages. So not really not much to say, a lacklustre performance in that respect but not really significant.

The significant thing is that there's been extraordinary pressure on crude oil prices, not so much on the absolute level of crude but on the relative level of crude over the quarter due to the tensions and to the disruptions in Libya, to the ongoing situation in Syria what will continue though the blockade that continues on products from Iran and all the various tensions particularly in this part of the world that all gravitate more or less on the Mediterranean bases, the differentials that need to be paid for certain crudes and particularly certain marker grades, have been extremely high. The average premiums for Azeri blend which has become the base mark crude in the Mediterranean have been in the range of about $4. Urals which is the marker sour crude has hovered around parity with Brent. So clearly their impact on margin has been extremely significant. If we, just for the sake of the discussion, if we imagine that these crudes are incorporating a $1 or $2 per barrel political premium for somebody who runs 100 million barrels of crude about, is obviously €100m to €200m of EBITDA. So this is the real main driver on the margin situation in this part of the world. Of course also the consumption and the absolute prices of product has its effect.

What I do see is that situation with the beginning of the New Year has improved sharply. Our internal benchmark which is different from the EMC has improved in a very significant manner. There is hope but we have been hopeful for quite a while that the situation on the crude market will normalise and this would have an immediate effect on the prices of crude. One thing that also I would like to mention is that the crude benchmark Brent has been heavily, and it has always been manipulated, but particularly has been under extreme pressure in the last months with many speculative plays on this index. The fact that there is ample talk and comments on part of prominent industry experts on the fact that the current index for the BCF is really not sufficiently representative of the market value I think says quite a lot. All you need is what has happened in the last couple of weeks that two vessels of North Sea crudes get shipped too the Far East, for very particular reasons let me say, and this has an immediate impact on the marks of crude and with it all the other crudes. So this market is showing all its imperfections and there is quite a lot of talk about ways of correcting it.

If we look at the margins situation, SARAS' performance has been particularly good in this quarter we have added over $5 per barrel to the EMC benchmark for a variety of reasons which Corrado will explain in more detail when we go through the various sectors.

At this point I will hand it over to Corrado then we can pick it up later on.

Corrado Costanzo

CFO, Saras

I. Segment Reviews

1. Refining

Thank you Dario. Certainly we are relatively pleased with the results for the last quarter because the overall market conditions were extremely challenging. In the end we did post a negative comparable EBITDA of €16m which obviously cannot be pleasing but compared to last year's negative EBITDA certainly there is a very sharp improvement and clearly we're pleased by the fact that this improvement is both sustainable and due to our own effort on those areas which are somehow under our own control. Well let's go through these areas quickly.

The operational performance benefited from the fact that we did not have any significant maintenance going on during the quarter but this was already known in advance. Anyhow we had a very strong operational performance and certainly the benefits were being felt.

Also our trading people were very creative. We did source a number of alternative crudes, used straight runs and intermediates and so we actually did our best to somehow counteract the very strong negative market pressures.

And last but not least we are trying to feel the benefits of some energy saving programmes that have been started last year and also during this year as part of our Focus improvement programme and these clearly energy saving is one major area of improvement given the price level for crude oil. So consumption losses are for us to an extent a goldmine so we're working hard and also we have identified a new source of revenue, namely the energy saving certificate or white certificate as they're nicknamed here in Italy which add nicely for five years a stream of revenues to the energy savings and this stream of revenues is disconnected from crude oil quotations and/or refining margins which is also a very important factor today. So we are pushing forward on these programmes and we are working on adding more for the future. So these were mainly the factors that impacted the third quarter.

Overall the year however was unfortunately extremely disappointing and extremely difficult and as you can see from the comparable EBITDA which went from €63m negative last year to €127m negative this year. Nonetheless we believe that we're starting to see the light at the end of the tunnel both because markets are giving some positive signs and also, even more importantly I would say, because our own efforts are starting to pay off.

2. Fixed and Variable Costs

If we look quickly at fixed and variable costs you can see a sharp reduction in variable costs also due to white certificates which anyway are a very real source of cashflow.

Fixed costs more or less in line, always slightly difficult to predict because of maintenance and capitalisation of maintenance but maybe a few million Euros above the guidance but nothing to worry about. And for next year 2014 we believe we're going to be more or less around the same levels, maybe a few million less but as I said it also depends on how much we're going to capitalise or not in respect of turnaround maintenance.

3. Power Generation

Moving on to Power Generation. Power Generation was certainly from an operational standpoint the year was uneventful. Basically 4.2 TWh both last year and this year.

The power tariff was also surprisingly similar 12.2 €cent/KWh last year 11.9 this year. I'm sure you all remember that last August the Italian Government passed this decree nicknamed Decreto del Fare and as part of that decree there was also a change in the CIP6/92 tariff, namely it changed in the oil costs to a cost component which was switched from crude oil related to spot gas price related. This had a minor impact on the second half of 2013 in terms of cashflow because there was also kind of a soft landing engineered into the decree and so from an Italian GAAP EBITDA perspective last year and this year were basically similar on a yearly basis €184m this year €178m last year. And in terms of quarters this year we did not have any maintenance so it was very strong again. The whole site was very strong from an operational standpoint during the quarter and last year it's that we had some important maintenance performed but maybe looking at the year more significant. So this is Italian GAAP and cashflow is very well highlighted by Italian GAAP numbers.

Then if we switch to IFRS EBITDA the year was particularly complicated because as a consequence of the same decree in August we had to revise downwards our long term equalisation exercise and we had to, on top of writing off the value of the CIP6/92 contract by €230m more or less on our balance sheet and also in our P&L but below the EBITDA of course, we also had to take a hit during Q2 because we realigned downwards our projections and our equalised tariff for the remaining seven, eight years. But life is never predictable so some six months later the long term projections that we have been acquiring and using from some leading international firms over the years changed and these guys have a different view and now a more positive view about gas prices in Europe. We do not question those projections and we simply use them. They're always the same, always the same guys, I would not mention any names but I'm sure that your own organisations use the same guys and now we have a different equalised tariff for the long term and we had to take, well not a hit this time, but we had to upgrade the equalised tariff and this time we added about €15m give or take one off. But then we have a somewhat normalised tariff for the future, still around €180m, €190m from an IFRS standpoint. So kind of complicated but we're back to square one sort of.

4. Fixed and Variable Costs (IT GAAP)

Then in terms of costs nothing particularly dramatic, some savings in the fixed costs. So if you look at the site costs you add up the fixed costs for the IGCC and for the refining sector we're pretty much in line with the guidance at the end of the day because there's a saving in one area and a few more million on the other side. If you combine the two we're more or less even.

II. Marketing

Marketing numbers here are clearly very, very different. But overall we're holding on here. Conditions are still difficult. Southern Europe is still struggling and Spain continued to rationalise its portfolio of clients. As you can see a sharp decline in sales -17% year on year €1.6 to €1.3m. Not, however at the expense of the EBITDA, to the contrary they have increased their EBITDA and also as a result of some cost reduction and some optimisations. But these combined efforts basically put Spain back on track, on different levels but now they’re making money.

Italy has been making money on a fairly steady basis. So we're still pushing forward with sales. Marginality at times is under pressure but now we have considerable sales. We're close to €2.5m and that’s quite a serious outlet for our products and with good results.

III. Wind Power

And then very quickly on Wind. A good year overall. Tariff slightly under pressure. Green certificate still strong. However the power tariff which is basically the PUN, the average national wholesale price was severely under pressure -20% from 7.1 to 5.7 and you’re probably aware of this because you are probably seeing what the Italian Utilities are reporting.

Overall the tariff was somewhat stable just small bad and wind conditions were good. So €22.7m EBITDA which is encouraging.

IV. Financials

1. Key Income Statement Figures

I will spare you the other segments. Let’s take a quick look at the financials here. Derivative instruments and foreign exchange were positive during Q3 €11.3m and as usual you see that in the financial expense line. I would say more interestingly there was a lot of work that was done on optimising working capital which paid off. We have now reduced working capital to very minimal levels and as a consequence we reduce our debt to basically nil. Before you ask the question we have not paid back the Iranians yet because of the embargo restrictions and so those amounts are still posted in our current liabilities.

CAPEX is slightly lower than last year €110m vis-à-vis €120m, still a lot of work there too. CAPEX was minimised but at the same time intelligently minimised because as you can see as we discussed before operations were not impacted at all so as we said over and over during the last quarters we have plenty of room for diminishing CAPEX after spending hundreds of millions a year during the past years. So now our CAPEX is around €100m and our depreciation is around €200m but it's quite sustainable for quite sustainable for quite a number of years if needed. So this is more or less the speed that we want to maintain although this year the guidance will be for 2014 slightly higher, something like 130, 140 because in the second half of the year we'll be performing major maintenance of the cracker unit which is notoriously very expensive. So the coming year will be a little bit higher than 2013. However this does not mean that we will not go back if necessary to the CAPEX around €100m from 2015 on, or even less, as needed. As I said we have plenty of room and I think that for now the financial section is complete and Dario will give you more flavour on our outlook and strategy.

Outlook and Strategy

Dario Scaffardi

I. Outlook & Strategy

Thanks Corrado. Not really that much more to say than we haven't already dealt upon. I just would like to focus your attention to our maintenance schedule we have changed it since our last one. We have postponed an important maintenance scheduled for our FCC and accessory unit that was initially targeted for the first part of the year in between Q1 and Q2 and we're moving it to between Q3 and Q4. The reason for this is basically that thanks to the various improvement programmes that we have enacted one of them is the possibility of increasing the time between major overhauls and this is one of the first effects. So the time between overhauling the FCC has moved from about five years to now five and a half years and we expect for the next major overhaul to be able to target about six years but that's a long way off from now. So this is the main reason why we've been able to shift to after the summer our maintenance.

In terms of our Focus we continue to remain committed to all the various improvement programmes that we have in place that have been extremely successful, particularly those in energy saving that have been extraordinarily successful particularly thanks also to the white certificates that Corrado was mentioning but on top of the cash that comes with the white certificates then of course you have the actual technical savings. So there's a very strong incentive and we will maintain some investments in this area because they are activities that thanks to the energy saving and the certificates have very, very quick returns in the order of one or two years. So even with the capital constraints that we have we believe that they are worthwhile to pursue and we will pursue them.

We continue in our commercial policy of trying to diversify as much as possible our feed stocks. This has proved extremely successful. Also you can see this in the results of Q4. We have reacted and our whole team has reacted quite well and we've been sourcing crudes from unusual parts of the world for us, like we've been buying important quantities of crude from Western Africa, from the Caribbean area, from North America. So this is an important development and it’s part of the things that we are learning by reacting to the current political crisis.

On the sales sides also we've had some important improvements. We have been able to sell an important part of our 2014 production at extremely attractive levels through a tendering process. We have won various supply tenders with a prestigious company and we're very proud of being able to supply gasoline to various Middle Eastern countries which have renewed their contract with us, valuing our dependability.

One thing that is quite crucial, and Corrado explained it very well, is the management of working capital and this is a team effort which involves clearly the admin and the financial people and the commercial group and the ability of our technical people to be able to react quickly and efficiently to the limitations that a tight inventory management implies because there is no such thing as a free lunch so managing a very tight inventory means that somewhere along the line somebody has to pay the bill and the bill is quick and rapid changes of scheduling and programming and various things to which the refinery needs to react.

The performance of Sarlux has been good during this quarter. The safety performance has been satisfactory and we continue to have maximum attention to health and safety. During this quarter the management has changed. You remember that during the last quarter we mentioned the sad passing away of Alberto Alberti. The new chairman of the board is Francesco Marini who has been with the company for over 30 years, while the executive part, the chief executive officer of the company, with all the executive responsibility is Vincenzo Greco, which is a professional with long experience of various multinational companies and who has joined Saras two years ago and he will continue along the lines that already have been assigned by his predecessor.

Also our accessory company’s performance has been quite good. We did not go through the numbers but we have a technical affiliate which is called Sartec which has posted very important results, modest in absolute terms but extremely relevant in relative terms because it shows a very marked improvement of various million Euros on the EBITDA line which for a small company is quite a significant result and besides we can throw away absolutely nothing.

The outlook for the refining sector, if one reads what’s in the press still looks extremely challenging but personally I believe that there are some signs of improvement because certain distortions in the market cannot really continue forever. We have said this, Corrado and myself, many times in these calls and in various meetings. There are certain anomalies in the market and these anomalies are starting to be corrected. I don't believe that the model that is proposed today of having Europe basically supplied through long haul shipments from the opposite side of the world is a sustainable model in the long run. So we might be in for still a bumpy ride but I think that we will start seeing some important signs of improvement.

I don't really have anything more to…on the JV side sorry before you ask a question of course, which is extremely important, there has been this very important and significant development of the purchase on the side of Rosneft of Morgan Stanley Oil Commodity Division. This is quite an important development for Rosneft and we are very pleased with it because it signals the commitment and the interest that Rosneft has in what we initially proposed to them, you know, a more proactive commercial approach to the markets. It would seem that they have embraced this and we view this positively. Of course the fundamentals of our initial JV are the same, both companies are committed to go forward. We will probably need to wait a while to see how things will develop in this complicated structure and this complicated acquisition that Rosneft has made so to see how our activity can fit in, in a current and meaningful manner. So probably we will have towards the summer to have a little bit more clarity on the precise direction in which we shall move together.

So thank you and we are here to take any of your questions.

Questions and Answers

Niccolò Storer, Mediobanca

Yes good afternoon gentlemen. I have a few questions for you. The first one is related to debt. I was wondering how much of the €160m debt reduction versus the nine month is linked to working capital? And if you could elaborate a little more on this working capital reduction how much is linked to volumes or how much is linked to prices? And just to understand how much this could be sustainable over time?

My second question is related to the impact of white certificate, sorry but I didn't catch what you said and what are your expectations on positive impact from these kind of instruments going forward?

My third question is related to the Power Generation I didn't understand whether the 62 IFRS EBITDA that you reported in Q4 does include any one of benefits on the other three quarters of the year from the revision of the indexation of gas?

And if you could please provide us with a guidance for coming year's Italian GAAP EBITDA. Do you think that something around €100m per year is a reasonable amount or not? Thank you very much.

Corrado Costanzo

So Niccolò thank you for the questions and I'm sure this will help clarifying the subjects for everybody else.

Equalisation of CIP6/92 for IFRS purposes, clearly we have seen some volatility this year. We have seen €27.7m in Q2 of ’13 of this year and then we have seen 39 which was more or less the average rate and then 61 which was like a catch up for the new projections. This equalisation rule at the end of the day does provoke this kind of volatility in the reported results even if you did not have the same kind of volatility from a cashflow standpoint and you look at the Italian GAAP EBITDA and it’s much more stable. So to make a long story short the guidance for next year is €180m, €190m IFRS EBITDA, obviously barring any further changes down the road for 2014 which would be around that level which is kind of close to what we had in 2013 also in spite of the Decreto del Fare.

Then white certificates. White certificates or energy saving certificates are a very, very nice add on to the savings that these projects that we're putting together are bringing and they are awarded for five years. There’s some price which is in theory subject to market changes but then it’s kind of stable, maybe growing also. And we believe that we will accumulate the right to the point where we will enjoy several tenths of millions of Euros in terms of EBITDA over the years. So it’s a ramp up. We are on a ramp up and so it will become increasingly significant over the years and we're very excited about this because as Dario said first of all it makes the returns for this investment very, very quick, otherwise we would not invest. And they’re somewhat unrelated, the white certificates are totally unrelated to the oil margins and the returns are mainly unrelated to oil margins so that is going to be a nice additional source of revenues, stable revenues for the coming years and growing.

Finally debt. Absolutely we believe that these optimisations are sustainable that come from a bunch of sources. We have paid attention to payment conditions also both passive and active, to inventory levels, everything. Nothing was left unattended and we believe that this is perfectly sustainable and we will work on possible further improvements for the future.

Henry Patricot, UBS

Good afternoon. Thank you for taking my questions. Just to get some idea on the guidance in terms of cost in the refining business I think you said that fixed costs should be relatively close to the figure of €237m. In terms of variable costs what shold we expect something close to the $2.5 per barrel we've seen in 2013?

And the second question also on the guidance on the Marketing business, obviously a very good fourth quarter result, that brings your full year result around €34m, what’s your guidance for 2014? Thank you.

Dario Scaffardi

Thank you for your question. On the Marketing side the situation in Italy and Spain is of course difficult although particularly in Spain I think we've hit probably the bottom of the market and things are slightly improving. We have had the full effect of all the operations that our Spanish colleagues have put in place to streamline operations and to optimise the cost structure. So I think that we can probably see in the next year some improvement vis-à-vis 2013.

In Italy the situation I would say is a little bit more complex. The Italian market is changing in a very significant way. Today there has been the announcement by Kuwait of the acquisition of Shell so we are starting to see some consolidation. There has been always very large activity on one of our mainstays and one of the areas in which we specialise is that the supply of unbranded retails stations in Italy and this has gone extremely well in 2013. I'm not quite sure about 2014 because the unbranded gasoline stations have lost at least part of their shine because the main oil companies have been competing with that. So the market is changing but we count on being able to maintain the results on EBITDA in the range of €30m to €35m for next year. I think Corrado can help you a little bit to guide you through on the costs.

Corrado Costanzo

Yeah on variable costs we went from about $3 per barrel to $2.5 per barrel on the yearly average basis and we believe that this is absolutely sustainable. Then you might be seeing some fairly significant swings from quarter to quarter also in connection with major turnaround activities. The important figure is the yearly figure and we absolutely believe that this is going to be sustainable based on the actions that we're taking.

Paolo Citi, Intermonte

Good afternoon just one question. I'd like to come back to the working capital optimisation you mentioned in the press release explaining the debt reduction in the last part of last year and is it possible to have an idea of the impact just of the inventory's reduction in the quarter, so excluding receivable, payables and so on, so just volumes of inventories has changed something in the last three months of the year from the end of September or not? Thanks.

Corrado Costanzo

Paolo this is a breakdown we will disclose when we publish our definitive results and it will be inappropriate at this stage as these are preliminary results, although they're entirely accurate. However certain breakdowns are still being discussed with our auditors so it would not be appropriate for me to give you the details. The details will be available in a few weeks on the 20th March. So in one month from today you will have all the details but please bear with me we cannot give them to you today. Anyway yes there was some reduction. But the levels on tariffs are sustainable. Actually if anything we are looking at further optimisations in that respect.

Paolo Citi

But do you think there is still further room to reduce inventories especially in light of the commercial JV with Rosneft.

Corrado Costanzo

Well no it’s not a function of whether and when we finally implement this joint venture. This is very much a function instead of our own internal optimisations and how we manage our own business both from a commercial and from an industrial operations standpoint. So yes we are still working on it and there is still some room for improvement.

Domenico Ghilotti, Equita

Good afternoon. I have a couple of questions. The first is related to the Shell network that I would be interesting in understanding if you already looked at the asset and what kind of impact do you see on the market if any from that consolidation and the retail networks.

And the second if you could remind us what can be the guidance for Power Generation in terms of Italian GAAP EBITDA for 2014?

Dario Scaffardi

Thank you Domenico. Well yes when Shell came on the market we did have a close look at it and we examined it but it was not really in line with our objectives and with our financial capabilities so we did not pursue this acquisition. I think that with this very interesting move on which Kuwait needs to be complimented I think the will increase their market share in Italy becoming very clearly I think they will become very close to the market share that Exxon has. So it’s a step change for them. They will become from one of the small players they will become automatically one of the big players and so I think this is probably helpful for the market in as much that the Italian market certainly needs some rationalisation and some consolidation. So I don’t really think that it will alter our business in any significant manner. We supply and we have contracts both with Kuwait and with Shell and at the moment I don't know if after this acquisition it will be more or less but I don’t expect any significant change.

And instead just to give us a quick answer to your Italian GAAP IGCC it’s €170m the guidance for 2014 EBITDA levels.

Roberto Ranieri, Banca Imi

Yes good afternoon gentlemen just two quick questions. The first one is on the refining sector and specifically in particular about the SARAS premium on the EMC benchmark. I'm just wondering if this 5.1 is a like for like premium or it is including especially the energy efficiencies and the other efficiencies you had from the variable costs? So basically I'm just wondering what is the premium, if any, what is the premium in the same conditions of the crack spreads and others, so without any energy efficiencies or white certificates if those are included in this premium?

My second question is about the working capital again. I'm just wondering if you will have a different trend in the first quarter of working capital? So basically if it is sustainable or not this kind of a reduction of working capital, even in the first quarter of 2014? Thank you very much.

Dario Scaffardi

Roberto I think that what Massimo can probably do later on and try to give you a little bit more detail so we don’t come up with numbers which are not accurate enough but just to give a qualitative response to your question yes that margin includes these energy certificates although I think that Corrado did mention how much they are so it is relatively easy to take them out and make a valuation of what that premium is without those, and certainly Massimo later on will do it in order to give an accurate number to everybody. So the short answer is yes.

On the other hand the premium that Saras adds to the benchmark is the result, as we've always mentioned of a variety of areas, it’s the inventory management, it’s the type of crudes, the financial management of the company. We are one of the only examples of complete integration between the commercial, the technical and the financial part of the business. So all these areas are part of the premiums that we add to the benchmark and you cannot really look one away from the other. So in some months you might have a prevalence of more the technical area in terms of refinery performance, in other quarters you may have more prevalence from the type of crudes you are buying, the absolute prices and the way that you manage also this risk.

Corrado Costanzo

To be more quantitative out of the 5.1 which, as we discussed several times during this call, it’s a function of different factors. The white certificates have an impact of like $0.5 per barrel or something like that, maybe just a little bit more and they will be there for another four years actually and we are planning on adding more during 2014 and even more during 2015 so that yes there is an impact but it’s not actually sufficiently high I would say during 2013. We're working on making it a more significant impact. So it is like but it is like for like at the end of the day. I mean we are comparing ourselves to a benchmark but the benchmark doesn’t have a white certificate and it will not have I think. We don’t see any particular problem. I mean the benchmark is the benchmark and then Saras is Saras and the benchmark is an average for demand and there might not be any white certificate programme in other countries. But it’s entirely appropriate to compare yourself to a benchmark. That's the benchmark including variable costs and we're giving you our results including variable costs which might then be reduced by white certificates and further reduced over the years.

And then again on working capital I'd say it's entirely sustainable. I mean as we said over and over. But well it's also volatile so our programmes are entirely sustainable. The levels of inventory and stuff are entirely sustainable but at the same time I would like to warn everybody about the fact that there might be some volatility on a quarter to quarter basis and also because we will be performing some major maintenance in Q3 substantially. And then inventory management becomes a little bit tricky when you do that. But by the year end we do it and we're going to be on the same levels or possibly better. But as I said expect some volatility it's only obvious. I mean we're managing big amounts of money although we're not making much money unfortunately.

Roberto Ranieri

Can I ask a follow up question? In order to do some calculation about this premium the EMC margin so if I understand well basically you will have at the same scenario in terms of gasoline and gasoil crack spreads, so basically you should have something like a three year margin before any energy efficiency so if your energy efficiency is 0.5 the difference, the gap to 5.1 which is something like 1.5 is the efficiency, the higher yield coming from the higher yield or the higher efficiency you have from your upgrade investments you did? Is that correct or am I wrong?

Massimo Vacca

Okay Roberto just to explain to you and I can go in more details afterwards but just to explain to you the performance of the refinery was particularly good in Q4 both on the operational and on the commercial side. There were no hiccups. There was no maintenance, there was nothing penalising at all the results. Therefore the premium was higher than what you would have seen in the previous quarters and on top of that there was also the contribution of the white certificates. Now looking forward and for the breakdown I can take it offline and we can have a chat afterwards.

Closing Comments

Massimo Vacca

Okay then I would like to thank everybody for your time this evening for listening in to our call and we look forward to speaking with you next time. Have a nice evening. Bye.