SARAS

The Board of Directors of SARAS SpA approves the Half-Year Financial Report as of 30th June 2017[1]

- **Revenues at EUR 3,929 million** in H1/17 (+28% versus H1/16 thanks to higher oil prices)
- **Group comparable EBITDA at EUR 253 million** in H1/17 (supported by a total refining margin of 6 $/bl, in line with the Business Plan 2017 – 2020 expectations)
- **Group comparable Net Result equal to EUR 110 million** (+5% versus H1/16). Group reported Net Result at EUR 55 million
- **Net Financial Position on 30th June 2017 equal to EUR -28 million, expected to turn positive by year end thanks to the robust cash flow generation**

Milan, 28th July 2017: The Board of Directors of Saras SpA met today under Chairman Gian Marco Moratti and approved the Half-Year Financial Report as of 30th June 2017. The results of the second quarter, which are unaudited, are also presented here below for sake of continuity and completeness of the information provided.

Saras Group key financial and operational results[2]

EUR Million	H1 2017	H1 2016	Change %	Q2/17	Q2/16	Change %
REVENUES	3,929	3,078	28%	2,032	1,773	15%
EBITDA	141.3	335.0	-58%	(19.1)	267.3	-107%
Comparable EBITDA	**252.5**	**293.2(*)**	**-14%**	**128.5**	**151.3(*)**	**-15%**
EBIT	34.3	222.0	-85%	(73.2)	210.5	-135%
Comparable EBIT	**145.1**	**180.1(*)**	**-19%**	**73.9**	**94.5(*)**	**-22%**
NET RESULT	54.5	129.5	-58%	(37.6)	129.7	-129%
***Comparable* NET RESULT**	**109.9**	**104.5(*)**	**5%**	**57.4**	**62.1(*)**	**-8%**

EUR Million	H1 2017	H1 2016	Q2/17	Q2/16
NET FINANCIAL POSITION	**(28)**	**147**	**(28)**	**147**
CAPEX	**99.9**	**56.4**	**54.1**	**27.8**

[1] Pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, **Mr. Franco Balsamo, the Executive Director responsible for the preparation of the company's financial reporting**, states that the financial information set out in this press release corresponds to the company's documents, books and accounting records.

[2] In order to give a better representation of the Group's operating performance better reflecting the more recent market dynamic, and in line with the standard practice in the oil industry, the operating results and the Net Result are displayed valuing inventories with FIFO methodology, excluding unrealized inventories gain and losses, due to changes in the scenario, by valuing beginning-of-period inventories at the same unitary value of the end-of-period ones. Moreover the realized and unrealized differentials on oil and exchange rate derivatives with hedging nature which involve the exchange of physical quantities, are reclassified in the operating results, as they are related to the Group industrial performance, even if non accounted under the hedge accounting principles. Non-recurring items by nature, relevance and frequency and derivatives related to physical deals not of the period under analysis, are excluded by the operating results and the Net Result Comparable. Results calculated as above, called "*comparable",* are performance indicators not defined by the International Accounting Standards (IAS/IFRS) and they are not subject to audit.

(*) From H1/17, the criteria of determination of the "comparable" results changed compared to the past. In order to allow comparison with the past, Q2/16 and H1/16 financial results have been reclassified (comparison scheme in the Annex).

After the meeting, the Chairman declared:

"The results achieved in the second quarter are satisfactory also in a more challenging market environment for high conversion refineries, like Saras' one, due to lower availability of heavy crudes. The cash generated in the first half of the year allowed us to meet relevant financial commitments, in particular the reimbursement of the last tranche to Iran as well as the payment of the dividend, while in the second half of the year it will be used to further strengthen our financial position. I am also pleased of the results achieved on the "#digitalSaras" initiatives. In a short period of time the Group studied and implemented new projects that will be important to keep our competitive position and grant our sustainability even in the next decade, that look plenty of opportunities, but also of important changes. The investment plan recently announced, is going ahead successfully both with reference to our assets and to our people and their know-how."

Comments to First Half 2017 Group Results

Group revenues in H1/17 were EUR 3,929 million. The difference versus EUR 3,078 million realised in the first half of last year is mainly due to the increase of the average refined products prices versus the same period of last year. More precisely, in H1/17 gasoline quotations averaged 531 $/ton (versus an average of 442 $/ton in H1/16), while diesel quotations stood at an average of 464 $/ton (compared to an average of 360 $/ton in H1/16). As a result, the Refining segment generated higher revenues by approx. EUR 720 million (also thanks to an increase in the refinery runs), and Marketing segment delivered higher revenues of approx. EUR 125 million. Finally, the revenues of the Power Generation segment were higher by approx. EUR 12 million compared to the first quarter of last year.

Group *reported* EBITDA in H1/17 was EUR 141.3 million, compared to EUR 335.0 million achieved in H1/16. The difference is almost entirely due to the Refining segment that operated in a less favourable market conditions and was influenced by the depreciation of oil inventories as a consequence of declining oil and refined products quotations in the last part of the semester, that instead appreciated in the same period of last year. Moreover the result was also negatively affected by a provision made in H1/17 in relation to a dispute related to energy efficiency certificates.

Group *reported* Net Result stood at EUR 54.5 million, below the EUR 129.5 million reported in H1/16. The above described EBITDA reduction has been partly compensated by other items. In detail, in H1/17 depreciation and amortisation charges were lower (EUR 107.0 million versus EUR 113.0 million in H1/16) and net financial charges decreased by 60% (approx. EUR 5.0 million versus EUR 13.3 million in the first semester of previous year), thanks to the renegotiation of some credit lines and the early repayment of bonds, carried out in 2016. Finally, the other financial items (which comprise the realised and unrealised differentials on derivative instruments, net exchange rate differences and other financial income and charges), were positive by approx. EUR 55 million in H1/17, while they were negative by approx. EUR 20 million in the same period of last year.

Group *comparable* EBITDA amounted to EUR 252.5 million in H1/17, down compared to the EUR 293.2 million earned in H1/16. Such difference is mainly due to Refining segment that operated in less favourable market conditions. On the opposite Marketing segment improved compared to the same period of last year, thanks to the effect of the efficiency measures and clients portfolio optimisation carried out since the second half of last year. Power Generation segment was influenced by a heavy maintenance cycle concentrated in the first half of the year, as well as by a less favourable operating performance in Q1/17. Finally the decline of Wind segment EBITDA is mainly due to lower wind conditions compared to the record high level reached in H1/16. Thanks to the above described lower depreciation and financial charges, the **Group *comparable* Net Result in H1/17 reached EUR 109.9 million**, up 5% compared to the EUR 104.5 million reported in the same period of last year.

CAPEX in H1/17 was EUR 99.9 million, and mainly directed to the Refining segment (EUR 88.0 million). Part of the investments aim at increasing the reliability and the energy efficiency as illustrated in the business plan 2017 – 2020. Moreover the group is carrying on some selected investments in the field of the so called "Industry 4.0", that see the Group highly committed in the development dynamics of the digital technologies.

Finally, the **Net Financial Position** on 30th June 2017 **stood at EUR -28 million**, versus the positive cash position of EUR 99 million as of 31st December 2016. The cash generated from operations was, in fact, absorbed by the payment of the final instalment for the Iranian crude oil purchased in 2012, by the CAPEX made during the period and the payment of the dividend on May 2017.

SARAS

Comments to Second Quarter 2017 Group Results

Group Revenues in Q2/17 were EUR 2,032 million. Similarly to the comments already made for the semester, the increase versus EUR 1,773 million in Q2/16 is mainly related to the reference scenario, characterised by higher average quotations for the refined oil products compared to the same period of last year. More precisely, in Q2/17 gasoline quotations averaged at 519 $/ton (versus 487 $/ton in Q2/16), and diesel quotations stood at 449 $/ton (versus 409 $/ton in Q2/16). Such dynamic led to an increase of revenues by approx. EUR 245 million of the Refining segment and by approx EUR 20 million of the Marketing segment. Power Generation segment revenues were broadly in line with the same quarter of last year.

Group *reported* EBITDA in Q2/17 was -19.1 EUR million, versus EUR 267.3 million in Q2/16. Such a difference is almost entirely due to the Refining segment whose industrial performance was below expectations in Q2/17, despite a lighter maintenance program, and benefitted from a less favourable crude mix compared to the same period of last year. Moreover it is worth noting that in Q2/17 inventories changes into the period, delivered a negative contribution as a consequence of declining oil prices, while they contributed positively on Q2/16 results. Moreover the result was also negatively affected by a provision made in H1/16 in relation to a dispute related to energy efficiency certificates.

Group *reported* Net Result stood at EUR -37.6 million, down versus EUR 129.7 million booked in Q2/16. The difference illustrated at EBITDA level was partially compensated by lower depreciation and amortisation charges (EUR 54.1 million, versus EUR 56.8 million in Q2/16) and lower interest charges (EUR 1.4 million, versus EUR 7.1 million in Q2/16). Other net financial charges (comprising realised and unrealised derivatives differentials, net exchange gain and losses and other net financial items) were positive by approx. EUR 28 million in Q2/17 while they were negative by approx. EUR 18 million in the same quarter of last year.

Group *comparable* EBITDA amounted to EUR 128.5 million in Q2/17, down versus EUR 151.3 million earned in Q2/16, mainly due to the Refining segment whose industrial performance as highlighted above. The profitability improvement of Marketing segment continued also in the second quarter more than offsetting lower contribution of the Power Generation and Wind segments. **Group *comparable* Net Result was equal to EUR 57.4 million**, slightly below the EUR 62.1 million reported in the same quarter of last year, mainly thanks to the above mentioned lower depreciation and financial charges.

CAPEX in Q2/17 was overall equal to EUR 54.1 million, of which EUR 46.6 million dedicated to the Refining segment.

Outlook

In the first half of 2017, global oil supply is expected to remain robust thanks to to the recovery of E&P activities in the USA and in the North-Eastern area of the Caspian Sea (the “Kashagan” oil field), in addition to the increase of exports from Libya and Nigeria. Experts forecast Brent quotations to remain quite stable until year end however, with some pressure on the premia of light sweet grades and on the discounts of some heavy sour grades because the increased production of the above mentioned countries concerns primarily light sweet grades, while the OPEC cuts affect mainly heavy sour crude oils.

Moving to the profitability, the scenario pictured by market experts is characterized by the persistence of good *crack spreads* also in the remaining part of the year. It is worth noting the strength of fuel oil *crack spread* (at the highest levels of the past 4 years) mainly due to structural issues that, at least in the short term, reduced the supply, such as higher duties levied by the Russian government on the exports of the domestic refineries, but also to the lightening of the global crude slate as a consequence of OPEC production cuts.

Such market conditions are positive for the refining industry as a whole and particularly for simple refineries, such as the ones modelled to estimate the reference margin EMC Benchmark given their high fuel oil yields, reducing the chances to generate a premium versus the reference margin for complex refiners. In detail, the strengthening of fuel oil led, in the first half, to an increase of the reference margin of approx 1$/bl compared to business plan 2017 – 2020 assumptions (EMC Benchmark averaged 3.5 $/bl, vs 2.0 ÷ 2.5 $/bl expected for the year).

For the year, the Group expected to generate a premium above the EMC Benchmark of 3.5 $/bl. As highlighted above, the unusual trend of fuel oil, moved the EMC Benchmark well above the Business Plan 2017 – 2020 assumptions, lowering Saras’ premium while the total refining margin was in line with expectations.

Assuming the continuation of such scenario in the remaining part of the year, the Saras Group aim to achieve a higher premium above the EMC benchmark, compared to the one reached in the first half of the year, also considering that in the second half of the year the refinery and the IGCC plant will work at full capacity, as the main maintenance activities have been completed – as planned – in the first semester.

Finally, the Net Financial Position is expected to turn positive by year end, as the operating cash flow generated will be in excess of the working capital changes and investments of the period.

Conference call on 28th July 2017 and other information

At 15:00 (CET) of Friday 28th July 2017 there will be a conference call for analysts and investors, during which the Top Management will illustrate Saras Group results for Second Quarter and First Half 2017 and afterwards will answer all the relevant questions. A dedicated presentation will be available on the Company's website (www.saras.it), under the section called "Investor Relations/Presentations".

Dial in numbers:

For Italy: +39 02 805 88 11
For UK: +44 121 281 8003
For USA: +1 718 7058794

Link for the live webcast: http://services.choruscall.eu/links/saras170728.html

Playback and transcript of the webcast will also be available on the Company's website. For further information, please contact the Investor Relations department.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree 24th February 1998 number 58, adopted by CONSOB under resolution 14th May 1999 number 11971, as amended and supplemented. It is available to the general public on the Company's website under "Investor Relations/Financial News/Press Releases", and also on the "1Info" authorised storage mechanism (**www.1info.it**). Moreover, the Half-Year Financial Report as of 30th June 2017 is also available to the public at the Company's registered office in Sarroch (CA) S.S. 195 Sulcitana Km. 19, at the administrative office in Milan, Via dell'Unione n. 1, on the Company's website under "Investor Relations/Quarterly Report", and on the "1Info" authorised storage mechanism.

Annex – Comparison scheme of Comparable results

Comparable EBITDA

EUR Million	H1 2016	H1 2016 reclassified	Q2/16	Q2/16 reclassified
***Reported* EBITDA**	**335.0**	**335.0**	**267.3**	**267.3**
Inventories at LIFO - inventories at FIFO	(61.7)		(113.5)	
Realized result of derivatives and net FOREX	(17.5)		(22.1)	
Gain / (Losses) on Inventories		(38.6)		(100.8)
Hedging derivatives and net FOREX		(5.8)		(17.7)
Non-recurring items	2.5	2.5	2.5	2.5
***Comparable* EBITDA**	**258.3**	**293.2**	**134.2**	**151.3**

Comparable Net Result

EUR Million	H1 2016	H1 2016 reclassified	Q2/16	Q2/16 reclassified
***Reported* NET RESULT**	**129.5**	**129.5**	**129.7**	**129.7**
Inventories at LIFO - inventories at FIFO net of taxes	(42.6)		(78.1)	
Fair value of derivatives' open positions net of taxes	1.6		(3.3)	
Gain / (Losses) on Inventories net of taxes		(26.7)		(69.4)
Derivatives related to future deals		0.0		0.0
Non-recurring items	1.7	1.7	1.7	1.7
***Comparable* NET RESULT**	**90.2**	**104.5**	**50.0**	**62.1**

Saras Investor Relations
Tel + 39 02 7737 642
ir@saras.it

Media Contacts:
Tel +39 342 127 9810
elena.laudante@saras.it

THE SARAS GROUP

The Saras Group, founded by Angelo Moratti in 1962, has approximately 1,900 employees and total revenues of about 6.9 billion Euros as of 31st December 2016. Today, the Group is a leading European crude oil refiner and it is active also in the energy sector. It sells and distributes petroleum products in the domestic and international markets, directly and through its subsidiaries. The Group also operates in the production and sale of electricity, through its subsidiaries Sarlux Srl (IGCC plant) and Sardeolica Srl (Wind plant). Moreover, the Group provides industrial engineering and research services to the oil, energy and environment sectors through its subsidiary Sartec Srl.