The Board of Directors of SARAS SpA approves the preliminary Full Year 2013 Financial Statements[1]

Milan, 21st February 2014: The Board of Directors of Saras SpA met today under Chairman Gian Marco Moratti and approved the preliminary Full Year 2013 Financial Statements. The results of the fourth quarter, which are not subject to audit, are also presented here below for sake of continuity and completeness of the information provided. After the meeting, the Chairman declared:

"Also the last quarter of 2013 was characterized by extremely low margins for the European Refining sector, mainly because of geopolitical tensions in various crude oil producing and exporting countries. Notwithstanding the difficult context, the Saras Group managed to capture interesting commercial opportunities. Moreover, encouraging results came from our self-improvement programme, aimed at increasing operational efficiency.

Looking forward, in 2014 refining margins are forecasted to gradually improve, also as a consequence of the expected resolution of the Libyan and Iranian tensions, and of the progressive economic recovery, resulting in a pick-up in oil products' demand. Thanks to the recent CAPEX, which increased the conversion capacity, and the improvements in the operations and efficiency of the Sarroch refinery, the Saras Group is confident to take full advantage of the future market opportunities."

Saras Group key financial and operational results[2]

EUR Million	Q4/13	Q4/12	FY 2013	FY 2012
REVENUES	**2,901**	**2,950**	**11,230**	**11,889**
EBITDA	46.7	(28.5)	71.7	173.6
Comparable EBITDA	**64.4**	**17.6**	**115.5**	**217.3**
EBIT	(6.6)	(117.5)	(354.2)	(70.6)
Comparable EBIT	**11.1**	**(35.4)**	**(77.9)**	**9.1**
NET RESULT	(33.4)	(82.4)	(271.1)	(90.1)
***Adjusted* NET RESULT**	**5.3**	**(18.8)**	**(84.1)**	**(35.2)**
NET FINANCIAL POSITION	**(8)**	**(218)**	**(8)**	**(218)**
CAPEX	**26.9**	**19.8**	**109.6**	**119.3**

[1] Pursuant to the provisions of article 154 bis, paragraph 2, of the Consolidated Finance Act, **Mr. Corrado Costanzo, 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, and in line with the standard practice in the oil industry, the operating results (EBITDA and EBIT) and the Net Result are provided also with an evaluation of oil inventories based on the LIFO methodology (and not only according to FIFO methodology, which is adopted in the Financial Statements prepared according to IFRS accounting principles). The LIFO methodology does not include revaluations and write downs and it combines the most recent costs with the most recent revenues, thus providing a clearer picture of current operating profitability. Furthermore, for the same reason, non recurring items and the change in "*fair value*" of the derivative instruments are also deducted, both from the operating results and from the Net Result. Operating results and Net Result calculated as above are called respectively "*comparable*" and "*adjusted*", and they are not subject to audit, like the quarterly results.

Conference call on 21st February 2014 and other information

At 16:00 (CET) of Friday 21st February 2014 there will be a conference call for analysts and investors, during which the Top Management will illustrate Saras Group preliminary results for FY 2013 and Q4/13 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". The dial-in numbers for the conference call are the following:

From Italy: **+39 02 805 88 11**
From the UK: **+ 44 121 281 8003**
From the USA: **+1 718 705 8794**

The link for the live webcast is the following: http://services.choruscall.eu/links/saras140221.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: E-mail: ir@saras.it; Telephone: **+39 02 7737 642**.

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 at Borsa Italiana SpA and on the Company's website, under the section called "Investor Relations/Financial News/Press Releases".

Comments to preliminary Full Year 2013 Group results

Group Revenues in FY/13 were EUR 11,230 ml, down 6% vs. FY/12. This change is primarily due to the decrease in revenues generated by the Refining and Marketing segments, as a consequence of the lower prices for the refined oil products. In particular, in FY/13 the average price for gasoline stood at 982 \$/ton versus 1,021 \$/ton in FY/12, while diesel traded at an average price of 930 \$/ton versus 969 \$/ton in FY/12. Moreover, also the Power Generation segment achieved lower revenues, due to the new calculation methodology applied to the CIP6/92 tariff, which regulates the sale of electricity from the Sarlux subsidiary to the National Grid Operator (Gestore dei Servizi Energetici SpA), as required by Legislative Decree 69/2013.

Group *reported* EBITDA in FY/13 was EUR 71.7 ml, down vs. EUR 173.6 ml in FY/12. The main difference between the two years under comparison (approx. EUR 60 ml) is due to the steep deterioration of the refining margins in 2013, which penalised the results of the Refining segment. The rest of the difference is almost entirely related to the Power Generation segment, which achieved lower results *vis a vis* FY/12, due to the previously mentioned change in the CIP6/92 tariff. Further details are provided in the dedicated sections.

Group *reported* Net Result stood at EUR -271.1 ml, down versus EUR -90.1 ml in FY/12, because of the same reasons discussed at EBITDA level, and also because of the devaluation of the CIP6/92 contract and its effects on the deferred tax assets. Indeed, as established by an independent appraisal, the revision of the CIP6/92 tariff according to the new calculation methodology required by the Legislative Decree 69/2013, determined a devaluation of approx. EUR 232 ml (pre tax) to the above mentioned contract, which was entirely accounted for into Q2/13 results. Further details on this process were given in the previous Financial Statements.

Moving to the analysis of the "Financial Charges and Income", which include also the net FOREX result and the result of the derivative instruments used for hedging purposes, in FY/13 the Net Financial Charges were equal to EUR 29.4 ml, while in FY/12 the charges stood at EUR 51.9 ml. Such change in Net Financial Charges is due mainly to positive results on FOREX and derivatives.

Group *comparable* EBITDA amounted to EUR 115.5 ml in FY/13, down from EUR 217.3 ml achieved in FY/12. As per previous comments, the main difference comes from the Refining segment, which operated with extremely penalising market conditions. Moreover, also the Power Generation segment achieved lower results compared to FY/12, due to the previously discussed changes in the calculation methodology for the CIP6/92 tariff. Furthermore, it should be mentioned that, for the Power Generation segment, the *comparable* EBITDA is coincident with the *reported* EBITDA.

Finally, the **Group *adjusted* Net Result stood at EUR -84.1 ml**, down versus the Group *adjusted* Net Result in FY/12 (equal to EUR -35.2 ml), mainly because of the weaker EBITDA results, which were partially compensated by lower Net Financial Charges in FY/13, as shown above, and also by lower depreciation of tangible and intangible assets.

CAPEX in FY/13 was EUR 109.6 ml, in line with the investment programme for 2013. These CAPEX were primarily dedicated to the Refining segment (EUR 87.1 ml), and also to the Power Generation segment (EUR 16.9 ml).

Group Net Financial Position on the 31st of December 2013 stood at EUR -8 ml, meaningfully improved versus the position at the beginning of the year (EUR -218 ml), for the reasons illustrated in the chapter dedicated to the Net Financial Position.

Comments to Fourth Quarter 2013 results

Group Revenues in Q4/13 were EUR 2,901 ml, slightly lower (-2%) than in Q4/12. This result can be mainly explained with the lower revenues from the Refining segment, which slightly reduced refinery runs for economic reasons, and operated in a context of lower prices for the main refined oil products, when compared to the same quarter of last year. Indeed, for reference purposes, in Q4/13 the average price for gasoline stood at 942 $/ton (versus 968 $/ton in Q4/12), while diesel traded at an average price of 935 $/ton (versus 961 $/ton in Q4/12).

Group *reported* EBITDA in Q4/13 was EUR 46.7 ml, strongly up vs. EUR -28.5 ml in Q4/12. The positive variation can be attributed mainly to the Refining segment, which in Q4/12 had a larger devaluation of its oil inventories, and also a lower operational performance.

Group *reported* Net Result in Q4/13 stood at EUR -33.4 ml, significantly up vs. EUR -82.4 ml in Q4/12, for the same reasons explained at EBITDA level, and also for a lower tax impact in the period. It should be further noted that the *reported* results in Q4/12 included the write down of some tangible assets in the Marketing segment (for approx. EUR 36 ml). Finally, in Q4/13 the Net Financial Charges (which include also the result of the derivative instruments used for hedging of the commercial activities and the net FOREX result) stood at EUR 10.7 ml, versus net charges for EUR 5.3 ml in the same quarter of 2012.

Group *comparable* EBITDA in Q4/13 stood at EUR 64.4 ml, meaningfully improved vs. EUR 17.6 ml achieved in Q4/12. Likewise, **Group *adjusted* Net Result was EUR 5.3 ml**, vs. the Group *adjusted* Net Result of EUR -18.8 ml recorded in Q4/12. The difference in the two quarters under comparison mainly relates to the Refining segment which, as previously discussed, in Q4/13 had better performance and financial results than in the same quarter of last year, net of the inventory devaluation effects.

CAPEX in Q4/13 was EUR 26.9 ml, almost entirely dedicated to Refinery segment (EUR 21.5 ml).

Group *adjusted* Net Result and *comparable* EBITDA

As mentioned at the beginning of this section, "*reported*" figures differ from "*comparable*" and "*adjusted*" figures primarily because of the different methodologies used to evaluate the oil inventories. More specifically, the *reported* (IFRS) figures evaluate oil inventories according to the FIFO methodology, while the *comparable* figures are based on the LIFO methodology. Moreover, the *comparable* and *adjusted* figures do not take into account the change in "*fair value*" of the derivative instruments and the non-recurring items. The relevance of the various items in Q4/13 and in FY 2013 is shown in the following tables.

Group *adjusted* Net Result

EUR Million	Q4/13	Q4/12	FY 2013	FY 2012
***Reported* NET RESULT**	**(33.4)**	**(82.4)**	**(271.1)**	**(90.1)**
(inventories at LIFO - inventories at FIFO) net of taxes	13.5	27.1	43.4	27.0
non recurring items net of taxes	18.2	25.3	148.3	25.3
change in derivatives fair value net of taxes	7.0	11.2	(4.7)	2.6
***Adjusted* NET RESULT**	**5.3**	**(18.8)**	**(84.1)**	**(35.2)**

Non recurring items net of taxes, in FY 2013, include mainly the devaluation of the CIP6/92 contract in Q2/13, and the reversal of the deferred tax assets ("Robin Tax at 4%") in Q4/13.

Group *comparable* EBITDA

EUR Million	Q4/13	Q4/12	FY 2013	FY 2012
***Reported* EBITDA**	**46.7**	**(28.5)**	**71.7**	**173.6**
inventories at LIFO - inventories at FIFO	17.7	46.1	67.4	43.7
non recurring items	0.0	0.0	(23.6)	0.0
***Comparable* EBITDA**	**64.4**	**17.6**	**115.5**	**217.3**

Net Financial Position

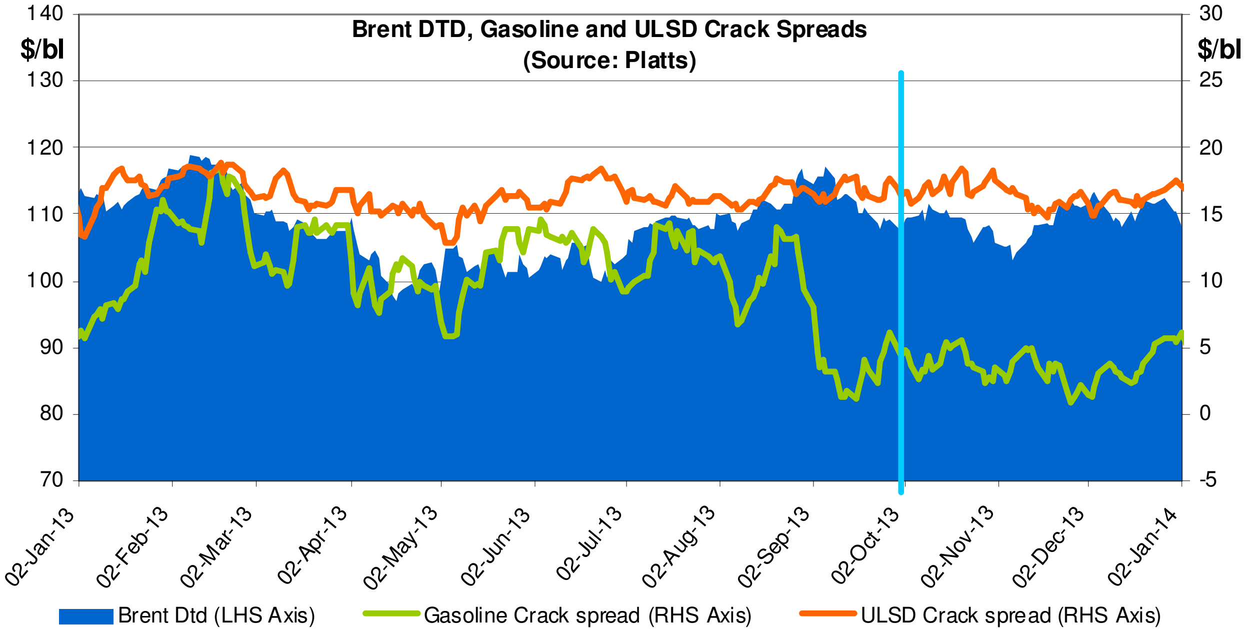
The Net Financial Position at 31st December 2013 stood at EUR -8 ml, remarkably improved versus the position at the beginning of the year (EUR -218 ml) and also versus the position at 30th September (EUR -171 ml). The main contribution comes from the optimisations achieved on the working capital. Moreover, the self-financing stemming from the provisions for amortisations more than offset the CAPEX for the period.

Finally, it should be noted that some payments for crude oil are still outstanding, due to the oil embargo declared by the European Union against Iran, as of July 2012.

The following table illustrates in details the Group Net Financial Position:

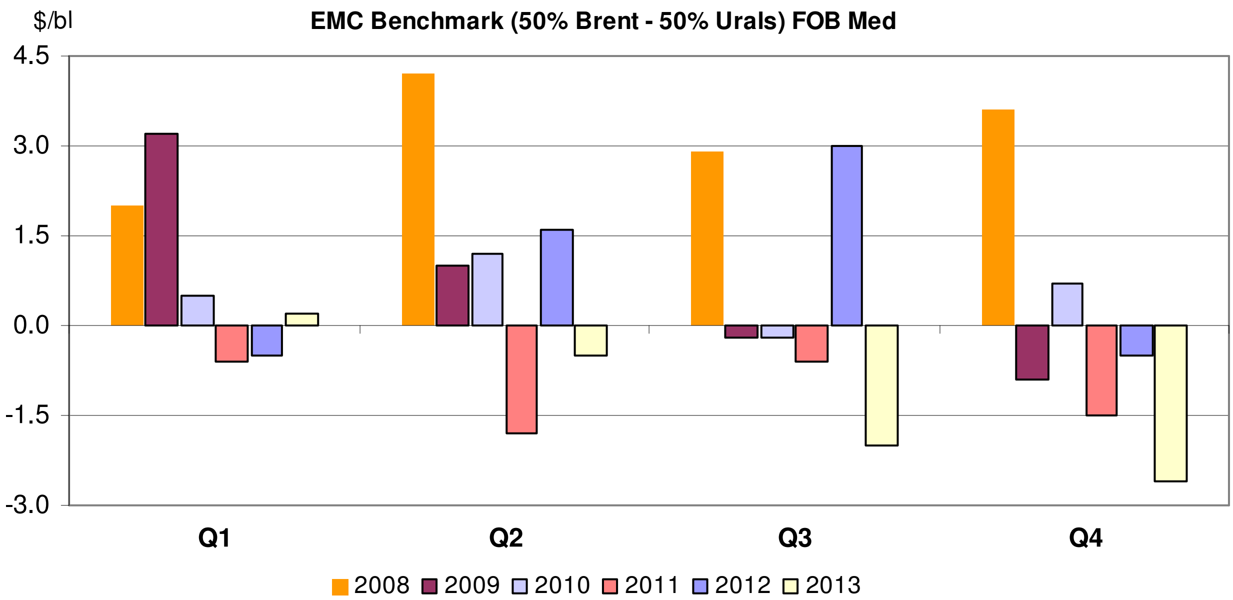
EUR Million	31-Dec-13	30-Sep-13	31-Dec-12
Medium/long term bank loans	(137)	(156)	(176)
Bonds	(249)	(249)	(249)
Other financial assets	6	6	6
Total long term net financial position	**(380)**	**(399)**	**(419)**
Short term loans	(39)	(42)	(33)
Debts due to banks	(110)	(71)	(82)
Other short term financial liabilities	(11)	(36)	(6)
Fair value on derivatives	(8)	4	(14)
Other financial assets held for trading	21	27	20
Cash and cash equivalents	507	344	303
Warranty deposits for derivative instruments	11	1	14
Total short term net financial position	**372**	**228**	**201**
Total net financial position	**(8)**	**(171)**	**(218)**

Oil Market and Refining Margins



Crude oil prices (Source: Platts):
Continuing weakness in the global economy and geopolitical tensions in various oil-producing countries were the main drivers of crude oil prices during 2013. Brent Dated traded in the range between 100 ÷ 120 $/bl, reaching its highest level at the beginning of February. Subsequently, crude oil quotations had a large downward movement falling below 100 $/bl in the lead-up to the summer, due to worrying signals of a slow-down in the growth pace of the emerging economies, especially China, which came at the same time as the renewed concerns regarding the economic conditions of the developed countries. Worsening internal conflicts in Syria and domestic unrest in Libya supported crude oil prices during summer months, allowing quotations to reach again 115 $/bl at the beginning of September. Towards the end of the year, a sequence of positive developments regarding Syria and Libya calmed the oil markets. Moreover, negotiations restarted between Iran and the Western countries, in order to find a solution to the dispute related to the Iranian nuclear programme, which could lead to the conclusion of the oil embargo against Teheran. As a consequence, crude oil prices cooled down to 105 $/bl, and the year ended just slightly above that level.

Refining Margin:
Moving to the profitability analysis of the refining industry, the graph below shows the refining margin after variable costs calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery in the Mediterranean Sea. This margin is traditionally used by Saras as a benchmark.

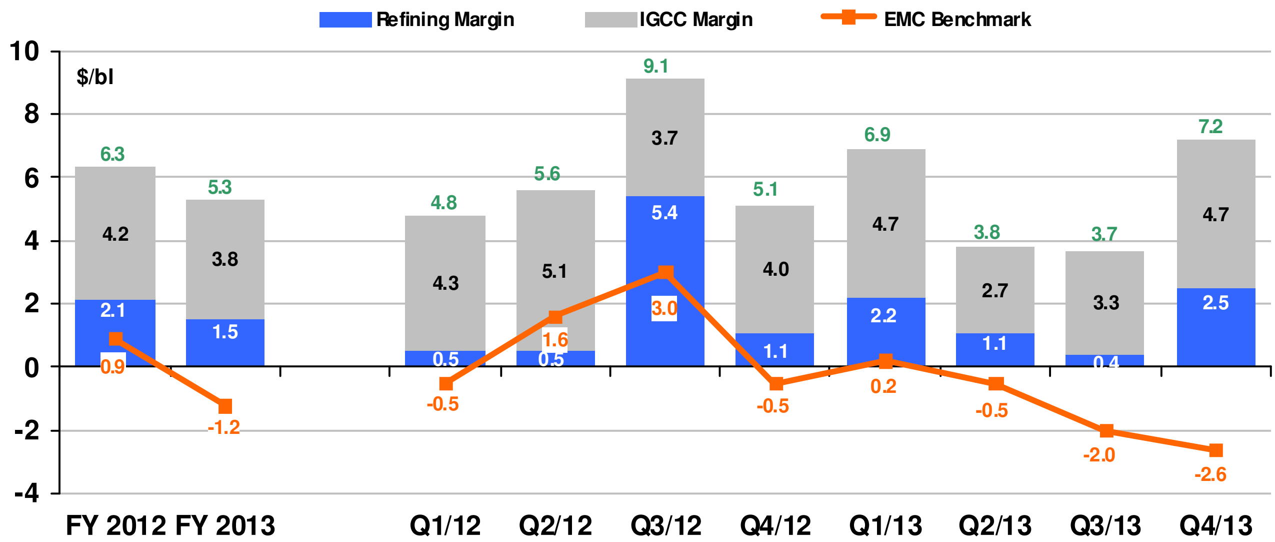


The EMC Benchmark was slightly positive in Q1/13 (average of 0.2 $/bl), moderately improved versus Q4/12 (-0.5 $/bl). However, the situation deteriorated during the remaining quarters of the year, because the unfavourable macro economic context continued to depress demand for refined oil products, while at the same time numerous geopolitical tensions supported crude oil prices at high levels. Therefore, the EMC Benchmark margin came down again into negative territory, with an average of -0.5 $/bl in Q2/13, -2.0 $/bl in Q3/13, and even lower at -2.6 $/bl in Q4/13. The latter value actually represents the lowest quarterly average since the EMC Benchmark was introduced, and it clearly reflects the difficulties of the European refining sector.

***Crack spreads* of the main products** (i.e. the difference between the value of the product and the price of the crude):
During Q1/13, the gasoline *crack spread* posted a surprisingly strong performance, seasonally unusual, due to operational problems in various European refineries, which could not be compensated with the release of inventories because stocks were too low in the logistic hubs across Europe.
Subsequently, in Q2/13, the gasoline *crack spread* remained well supported, with an average of 11.0 $/bl, thanks primarily to the increase of exports towards the United States of America, at the time of the traditional "driving season". European demand, instead, remained subdued.
During Q3/13, the gasoline *crack spread* progressively deteriorated, at first because of a sudden rise of crude oil prices and later, because of a decrease in gasoline demand from the United States, as it typically happens after the conclusion of the "driving season".
Finally, in Q4/13, the gasoline *crack spread* continued its decreasing pattern, mainly as a consequence of persistently stagnant demand in Europe, switch to winter grade, and continued geopolitical tensions which kept crude oil prices at high levels which are not congruent with the actual consumption of refined products.

Moving to the analysis of the middle distillates, the *crack spreads* remained at a reasonable level in Q1/13, thanks to the support coming from the seasonal demand for heating gasoil, typical of the winter season. On the contrary, consumption of automotive diesel remained limited, especially in Southern Europe, due to the persistent economic crisis.
In Q2/13, the middle distillates lost further ground, due to vanishing demand for winter heating gasoil and the drag on consumption exerted by the economic recession. Moreover, political unrests in North Africa reduced exports.
During Q3/13, the ULSD *crack spread* displayed a surprising stability (around 16.5 $/bl), deriving from an almost perfect balance of opposite factors: on one hand, gasoil demand continued to be subdued in Europe almost for the entire quarter (except for only a short summer period); on the other hand, the outage for maintenance of the US refinery in Port Arthur (600,000 barrels per day) considerably reduced the export volumes of gasoil towards Europe.
Finally, middle distillates stability observed in the previous quarter continued also in the last quarter of the year, neglecting expectations for a stronger trend, driven by seasonality. Indeed, autumn was not particularly cold, and import volumes stayed high, thus keeping well supplied the European market for middle distillates, notwithstanding the strikes in various French refineries.

In conclusion, the following graph illustrates the **Saras refining margin, net of variable costs**.



Refining Margin: (*comparable* EBITDA Refining + Fixed Costs) / Refinery runs in the period
IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period
EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Segment Review

Within the corporate reorganisation project approved by the Board of Directors of Saras SpA in January 2013, all the refining activities held by Saras SpA have been transferred to the subsidiary Sarlux Srl on the 1st of July 2013, in order to concentrate in a single company all the industrial activities carried out at the Sarroch site, with the aim to achieve higher organisational and operational efficiency.

At the end of the reorganization, Saras has strengthened its coordination role within the Group, while still retaining the direct control over the activities related to supply & trading of crude oil and refined oil products. The project was implemented through the contribution in kind from Saras Spa to Sarlux Srl of all the assets and liabilities strictly connected with the Refining business segment.

The above mentioned contribution in kind was implemented by writing into Sarlux Srl financial accounts, the Refining assets and liabilities at the same book value at which they were written in Saras SpA financial accounts. The sworn appraisal, prepared by two legal auditors as requested by Art.2465, assessed that the economic value of business segment consigned to Sarlux Srl is at least equal to the book value of the Refining assets and liabilities.

The contribution in kind had legal effect as of 1st July 2013. Therefore, from that date, Sarlux Srl activities include also the Refining segment, as well as the pre existing Power Generation segment. However, with the purpose of providing a consistent analysis of each individual business of the Saras Group, the following information have been organised according to the usual business segments which have always been used in the previous Financial Reports.

Refining

Sarroch refinery is strategically positioned on the South-Western coast of Sardinia, and it is one of the largest and most complex refineries in the Mediterranean area. It has a production capacity of 15 million tons per year, which corresponds to approximately 15% of Italy's total refining capacity. Below are the financial and operational highlights of the segment.

EUR Million	Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
EBITDA	(24.5)	(88.7)	72%	(57.9)	(153.6)	(93.3)	-65%
***Comparable* EBITDA**	**(16.3)**	**(45.5)**	**64%**	**(51.1)**	**(127.5)**	**(63.3)**	**-101%**
EBIT	(53.7)	(115.9)	54%	(85.6)	(261.0)	(199.1)	-31%
***Comparable* EBIT**	**(45.5)**	**(72.7)**	**37%**	**(78.8)**	**(234.9)**	**(169.1)**	**-39%**
CAPEX	**21.5**	**13.5**		**14.9**	**87.1**	**97.0**	

Margins and refinery runs

		Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
REFINERY RUNS	thousand tons	3,222	3,429	-6%	3,292	12,980	13,309	-2%
	Million bl	23.5	25.0	-6%	24.0	94.8	97.2	-2%
	thousand bl/day	256	272	-6%	261	260	265	-2%
EXCHANGE RATE	EUR/USD	1.361	1.297	5%	1.324	1.328	1.285	3%
EMC BENCHMARK MARGIN	$/bl	(2.6)	(0.5)		(2.0)	(1.2)	0.9	
SARAS REFINERY MARGIN	$/bl	2.5	1.1		0.4	1.5	2.1	

Comments to preliminary Full Year 2013 Group results

Refinery runs in FY/13 stood at 12.98 ml tons (94.8 million barrels, corresponding to 260 thousand barrels per calendar day), slightly lower than last year (-2%). Beyond the differences between the scheduled maintenance activities carried out in the two years under comparison, it should be noticed that 2013 refinery runs are lower than the original programme established at the beginning of the year, due to economic run cuts, particularly in the second half of the year.

Looking at the economic performance, it should be firstly noticed that the market scenario was particularly difficult in FY/13, especially during the second semester. As a matter of fact, as already commented in the "Oil Market and Refining Margins" chapter, crude oil prices remained supported at high levels due to various tensions of geopolitical nature, whilst the economic crisis of the Euro zone continued to depress demand for refined oil products. In such a context, the EMC Benchmark margin, which is a margin net of variable costs used to monitor the average profitability of coastal refineries in the Mediterranean basin, was equal to -1.2 $/bl on average, remarkably down versus +0.9 in FY/12.

Notwithstanding the difficult market, Saras refining margin net of variable costs was on average equal to +1.5 $/bl (versus +2.1 $/bl in FY/12). As such, the premium achieved by the Saras Group above the EMC Benchmark grew to +2.7 $/bl in FY/13, versus the premium of +1.2 $/bl in FY/12, thanks to a robust operational performance of all the refinery units and the lower penalisations deriving from scheduled maintenance activities, when compared to the previous year, and thanks also to the upside coming from the recently implemented programmes to increase energy efficiency.

More precisely, in FY/13 the EBITDA reduction related to the scheduled maintenance activities was approx. EUR 29 ml (US Dollars 39 ml), while in FY/12 it stood at EUR 68 ml (US Dollars 88 ml). Furthermore, it should be noted that in 2013 a sizable part of the variable costs was offset by energy savings, due to the accounting in Q4/13 of the "White Certificates" (Titles of Energy Efficiency – TEE), accrued with the implementation of various programmes aimed at increasing energy efficiency.

Finally, looking at the exchange rate EUR/USD, in 2013 the European currency strengthened versus the US Dollar (1.328 in FY/13, up 3% versus 1.285 in FY/12). As known, this effect penalises the results of the Refining segment, because in this business fixed and variable costs are accounted for in Euros, while the gross margin in US dollars.

The cumulative effect of the above discussed factors translates into a ***Comparable*** **EBITDA for the Refining segment equal to EUR -127.5 ml in FY/13**, down versus EUR -63.3 ml in FY/12.

Refining CAPEX in FY/13 was EUR 87.1 ml, including also the last important activities in the revamping project of the MildHydroCracking2 Unit (MHC2), started in Q2/13 and subsequently completed in July.

Comments to Fourth Quarter 2013 results

Refinery runs in Q4/13 stood at 3.22 ml tons (23.5 ml barrels, corresponding to 256 thousand barrels per calendar day), down 6% versus the same period of last year, for economic run cuts related to the unprofitable margins available in the last quarter of 2013.

Comparable **EBITDA of the Refining segment in Q4/13 was EUR -16.3 ml**, strongly improved versus EUR -45.5 ml in Q4/12, and the Saras refining margin net of variable costs achieved a quarterly average of 2.5 $/bl, versus 1.1 $/bl in the same quarter of the last year.

Market conditions in Q4/13 were extremely negative, as represented also from the EMC Benchmark margin, which stood at -2.6 $/bl (versus -0.5 $/bl in Q4/12), actually the lowest quarterly average since the EMC Benchmark margin was introduced.

The Sarroch refinery still managed to post a premium of 5.1 $/bl on top of the EMC Benchmark margin thanks to a solid commercial and operational performance, taking full advantage of the complete absence of scheduled maintenance activities during the period, and benefiting also from the important contribution of the recent programmes aimed at increasing energy efficiency, which offset a sizable part of the variable costs, as previously commented.

Conversely, in Q4/12, the premium achieved by the Sarroch refinery above the EMC Benchmark was equal to 1.6 $/bl, because that quarter was penalised by scheduled maintenance activities, and also by some temporary dis-optimizations in the operations, which overall reduced the result by approx. EUR 15 ml.

The rest of the difference at EBITDA level in the two quarters under comparison can be explained with the lower impact from fixed costs, which in Q4/13 were lower by approx. EUR 6 ml versus the same period of last year.

Finally, Refining CAPEX in Q4/13 was EUR 21.5 ml, in line with the programme of the period.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in FY/13 had an average density of 32.3°API, lower than the mix processed in the previous year (33.1°API). Indeed, it can be noted a reduction in the percentage of "*light extra sweet*" and "*light sweet*" crude oils, with a corresponding increase in the percentage of the "*heavy*" crude oils and of the "*straight* *run*" residues. These changes in the feedstock mix are the result of both the scheduled maintenance activities carried out during the year, and also of economic and commercial choices.

		FY 2013	FY 2012
Light extra sweet		45%	51%
Light sweet		2%	3%
Medium sweet/extra sweet		2%	2%
Medium sour		26%	29%
Heavy sour/sweet		25%	15%
Average crude gravity	°API	32.3	33.1

Moving on to the product slate, it can be observed that the yield in middle distillates in FY/13 increased to 53.6%, thanks to an excellent conversion performance of the MildHydroCracking Units. Conversely, the yield in light distillates slightly decreased (27.4%), certainly because of the previously mentioned change in feedstock, but also because of the maintenance activities carried out on the Alkylation Unit during Q1/13, which led to an increase in the LPG yield (2.1%). Overall, the cumulative yield of high value added products stood at 83.1% in FY/13, which represents a prominent performance within the European competitive context.

		FY 2013	FY 2012
LPG	thousand tons	267	205
	yield	2.1%	1.5%
NAPHTHA + GASOLINE	thousand tons	3,558	4,002
	yield	27.4%	30.1%
MIDDLE DISTILLATES	thousand tons	6,959	6,891
	yield	53.6%	51.8%
FUEL OIL & OTHERS	thousand tons	304	272
	yield	2.3%	2.0%
TAR	thousand tons	1,123	1,146
	yield	8.6%	8.6%

Note: Balance to 100% of the production is “Consumption & Losses”.

Marketing

The Saras Group operates its Marketing business in Italy and Spain, directly and through its subsidiaries, primarily in the wholesale channel. Below are the financial and operational highlights of the segment.

EUR Million	Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
EBITDA	2.4	(3.0)	180%	13.6	16.0	17.9	-11%
***Comparable* EBITDA**	**11.9**	**(0.1)**	**12000%**	**7.2**	**33.7**	**31.6**	**7%**
EBIT	0.2	(41.9)	100%	11.6	7.6	(30.0)	125%
***Comparable* EBIT**	**9.7**	**(3.0)**	**423%**	**5.2**	**25.3**	**19.7**	**28%**
CAPEX	**1.1**	**0.4**		**0.6**	**3.7**	**8.2**	

Sales

		Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
TOTAL SALES	thousand tons	963	941	2%	952	3,652	3,794	-4%
of which: in Italy	thousand tons	603	557	8%	608	2,342	2,210	6%
of which: in Spain	thousand tons	360	384	-6%	345	1,310	1,584	-17%

Comments to preliminary Full Year 2013 Group results

The persistently difficult macroeconomic conditions in various countries of the Euro zone during FY/13 had a negative influence on the demand for refined oil products. In particular, an important contraction in consumption took place in Spain and in Italy, which are the markets where the Saras Group conducts its marketing activities. Notwithstanding such context, the Marketing segment posted a satisfactory performance, improved versus the previous year.

In the Italian market total demand for oil products in 2013 registered a drop versus 2012, with gasoline consumptions down by 4.8% and total gasoil down by 2.8%. Although the trend was still negative, the pace of the shrinking movement seemed to be slowing down during the second half of the year. In this scenario, Arcola Petrolifera sold 2,342 ktons, up 6% versus FY/12, thanks to important efforts in consolidating and developing customers in the highest profitability channels, especially the unbranded retail stations. This approach also allowed Arcola to defend its gross margin at a satisfactory level, close to the level achieved last year (-4%).

Demand for the main refined oil products sharply contracted also in the Spanish market (gasoline dropped by 5.7%, and total gasoil was down by 2.3%). Consequently, the Spanish subsidiary Saras Energia continued its defensive policy, rationalising sales (-17% versus FY/12), while at the same time improving the gross margin (+5%), thanks to its focused commercial efforts towards the channels with greater profitability.

Overall, ***comparable* EBITDA of the Marketing segment stood at EUR 33.7 ml in FY/13,** up by 7% versus EUR 31.6 ml in FY/12. Indeed, 2012 performance was penalised by a weak fourth quarter.

Finally, **total CAPEX was EUR 3.7 ml in FY/13.**

Comments to Fourth Quarter 2013 results

Both the subsidiaries of the Saras Group had a solid performance in Q4/13, with a total ***comparable* EBITDA for the Marketing segment standing at EUR 11.9 ml**. Conversely, as previously mentioned, Q4/12 results were particularly weak, in an extremely unfavourable market context.

From an operational stand point, Arcola continued its efforts to increase the volumes sold (603 ktons, +8% versus Q4/12), while Saras Energia further rationalized sales (-6%).

Power Generation

Below are the main financial and operational data of the Power Generation segment, related to the subsidiary Sarlux Srl, which operates also an IGCC (Integrated Gasification Combined Cycle) plant, with a total nameplate capacity of 575MW, fully integrated with the Group's refinery, and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
EBITDA	61.2	55.5	10%	39.2	182.4	226.8	-20%
***Comparable* EBITDA**	**61.2**	**55.5**	**10%**	**39.2**	**182.4**	**226.8**	**-20%**
EBIT	40.5	35.4	14%	27.0	(123.0)	147.0	-184%
***Comparable* EBIT**	**40.5**	**35.4**	**14%**	**27.0**	**109.5**	**147.0**	**-26%**
EBITDA ITALIAN GAAP	**59.8**	**43.7**	**37%**	**43.9**	**184.8**	**178.3**	**4%**
EBIT ITALIAN GAAP	**40.1**	**32.2**	**25%**	**32.6**	**131.2**	**133.2**	**-2%**
CAPEX	**4.1**	**4.6**		**2.2**	**16.9**	**8.7**	

Other figures

		Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,111	974	14%	1,068	4,217	4,194	1%
POWER TARIFF	**Eurocent/KWh**	**11.9**	**12.5**	**-5%**	**11.5**	**11.9**	**12.2**	**-3%**
POWER IGCC MARGIN	$/bl	4.7	4.0	18%	3.3	3.8	4.2	-10%

Comments to preliminary Full Year 2013 Group results

From the operational point of view, the Power Generation segment achieved very solid results in FY/13. The **power production reached 4.217 TWh**, slightly higher (1%) than in FY/12 because in the two years under comparison the same scheduled maintenance activities were carried out, albeit with different timings within the year.

From the financial point of view, at the end of June an important regulatory change took place. Indeed, regarding the CIP6/92 tariff, which regulates the selling price of electricity from Sarlux Srl to the National Grid Operator (GSE – Gestore dei Servizi Energetici SpA), the Decree Law 69 of 21st June 2013 (the so called "Decreto del Fare") introduced a new methodology to determine the "Avoided Fuel Cost" component (CEC), taking as a reference the gas prices in the spot market, and not anymore the Brent crude oil prices, as it used to be in the past.

On the basis of the long-term scenarios considered for the gas prices (provided by a leading independent consultant specialising in that sector), the new calculation methodology produces a modest reduction of the CIP6/92 tariff in the financial year 2013, but the reduction could become significant starting from the following financial year.

Conversely, the results calculated according to IFRS have been impacted by the full devaluation of the CIP6/92 contract between Sarlux and the GSE (equal to EUR 232 ml pre-tax) accounted for in the consolidated financial statements only, as determined by an independent appraisal, which established the new value in use of the contract on the basis of the new calculation methodology of the CIP6/92 tariff, pursuant to the previously mentioned Decree Law 69/2013. However, a positive impact on the results, in Q4/13, came from the change in the expected scenarios used in the calculation of the CIP6/92 tariff, as per the equalization procedure required by IFRIC 4 and IAS 17.

Lastly, it should be mentioned that on the 29th November 2013 the AEEG (the Italian Authority for the Energy and Gas) published its Resolution 553/2013 in order to establish the final value of the "Avoided Fuel Cost" component (CEC) for the year 2008, in accordance with the verdict of the decision of the Advisory Council of State. The final value of the 2008 CEC is higher than its previous determination, and it produces a contribution of approx. EUR 3 ml to the results calculated according to Italian GAAP.

According to the above, **the Italian GAAP EBITDA in FY/13 stood at EUR 184.8 ml,** up 4% versus FY/12, notwithstanding the lower sales of steam and hydrogen (down approx. EUR 8 ml), and a slight decrease of the CIP6/92 power tariff (11.9 EURcent/kWh, -3%).

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 182.4 ml in FY/13, down 20% versus FY/12, mainly because of the previously discussed application of the new CIP6/92 tariff, calculated according the Decree Law 69/2013, and also because of the lower sales of hydrogen and steam.

CAPEX in FY/13 was EUR 16.9 ml, coherently with the ordinary scheduled maintenance activities, which were carried out during the year.

Comments to Fourth Quarter 2013 results

From the operational point of view, the IGCC performance in Q4/13 was good, with a **power production standing at 1.111 TWh,** 14% higher than in Q4/12, mainly because of the different maintenance activities carried out in the periods. Indeed, in Q4/13 it came to completion the standard review of one train of “Gasifier – combined cycle Turbine”, which began towards the end of the third quarter. On the other hand, in Q4/12 maintenance was carried out on one train of “Gasifier – combined cycle Turbine”, and also on one of the two “H_2S Absorber” units.

Italian GAAP EBITDA was EUR 59.8 ml in Q4/13, up from EUR 43.7 ml in Q4/12, primarily because of the higher production of electricity, which more than compensated the modest decrease of the CIP6/92 tariff (11.9 EURcent/kWh, down 5% versus Q4/12), and the higher sales of steam and hydrogen (up approx. EUR 2 ml). Finally, as commented in the results for the full year 2013, the Q4/13 EBITDA includes also EUR 3 ml, due to the determination of the final price for the CEC in 2008.

IFRS EBITDA (which is coincident with the *comparable* EBITDA) was EUR 61.2 ml in Q4/13, up 10% versus Q4/12, because new “*forward*” curves for gas and oil prices (published by a leading independent consultant in the December 2013 update) were used in the calculation of the CIP6/92 tariff. Moreover, the results include also the revenues from the higher sales of hydrogen and steam which, as it is well known, are not subject to the IFRS equalisation procedure.

CAPEX in Q4/13 was EUR 4.1 ml.

Wind

Saras Group is active in the renewable power production and sale through its subsidiary Sardeolica Srl, which operates a wind park located in Ulassai (Sardinia). Below are the financial and operational highlights of the segment.

EUR million	Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
EBITDA	5.1	7.6	-33%	1.8	22.7	20.0	14%
***Comparable* EBITDA**	**5.1**	**7.6**	**-33%**	**1.8**	**22.7**	**20.0**	**14%**
EBIT	4.1	5.0	-18%	0.6	18.3	9.6	91%
***Comparable* EBIT**	**4.1**	**5.0**	**-18%**	**0.6**	**18.3**	**9.6**	**91%**

Other figures

		Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
ELECTRICITY PRODUCTION	MWh	40,212	59,302	-32%	23,220	197,042	171,050	15%
POWER TARIFF	EURcent/KWh	5.6	5.6	0%	5.8	5.7	7.1	-20%
GREEN CERTIFICATES	EURcent/KWh	8.7	9.5	-8%	7.9	8.9	8.0	12%

Comments to preliminary Full Year 2013 Group results

In FY/13, the IFRS EBITDA of the Wind segment (which is equal to the *comparable* EBITDA) stood at EUR 22.7 ml, up 14% versus FY/12, thanks to favourable weather conditions, especially during the first half of the year, which pushed the **production of electricity up to 197,042 MWh** (+15% versus FY/12).

Moreover, the decrease in the value of the power tariff (-20%, with an yearly average of 5.7 EURcent/kWh) was partially compensated by the increase of revenues coming from the sale of Green Certificates (8.9 EURcent/kWh, up 12% versus FY/12).

Comments to Fourth Quarter 2013 results

In Q4/13 the Wind segment results were lower than in the same period of last year, because wind conditions in Ulassai were not as good, and the **production of electricity reached 40,212 MWh,** down 32% versus the fourth quarter of 2012.

IFRS EBITDA (which is equal to the *comparable* EBITDA) stood at EUR 5.1 ml, down by 33% versus EUR 7.6 ml in Q4/12, mainly because of the lower production of electricity. Also the Green Certificates (8.7 EURcent/kWh) gave a lower contribution to the results (-8% vs. Q4/12) while the power tariff (5.6 EURcent/kWh) was substantially aligned with the same period of last year.

Other Activities

The following table shows the financial highlights of the subsidiaries Sartec SpA, Reasar SA, and others.

EUR Million	Q4/13	Q4/12	Change %	Q3/13	FY 2013	FY 2012	Change %
EBITDA	2.5	0.1	2400%	0.0	4.2	2.2	91%
***Comparable* EBITDA**	**2.5**	**0.1**	**2400%**	**0.0**	**4.2**	**2.2**	**91%**
EBIT	2.3	(0.1)	2400%	0.0	3.9	1.9	105%
***Comparable* EBIT**	**2.3**	**(0.1)**	**2400%**	**0.0**	**3.9**	**1.9**	**105%**

CAPEX by Business Segment

EUR Million	FY 2013	FY 2012
REFINING	87.1	97.0
POWER GENERATION	16.9	8.7
MARKETING	3.7	8.2
WIND	0.2	3.8
OTHER	1.7	1.6
Total	**109.6**	**119.3**

Between the end of the second quarter and the beginning of the third quarter of 2013, the *revamping* project of the MildHydroCracking2 Unit (MHC2) was completed. This project, dedicated to growth and technological improvement of the Sarroch industrial site, will deliver benefits which, when fully operational, can be quantified in approx. 600 ktons/year of additional diesel production (instead of heating gasoil), and it will also increase refinery runs of approx. 650 ktons/year.

Strategy and Outlook

The outlook of the European refining industry shall remain difficult in 2014, according to the forecasts of many prominent institutions specializing in the sector, but a recovery from 2013 lows should still materialize, thanks to a gradual pick up of the economic cycle. Moreover, there are expectations for the resolution of a few specific geopolitical factors which are relevant to the Saras Group. In particular, the progressive restart of the Libyan production and export of crude oil is considered highly possible during 2014, and there could be also the conditions for the lifting of the sanctions against Iran.

In such context, Saras' industrial strategy with regards to the Refining and the Power Generation segments will remain prudent and based on the improvement of the production efficiency, cost optimization, and tight control of the financial position. In particular, the main areas of attention will be the following:

- <u>Full utilization of the refinery's conversion capacity</u>, in order to take advantage of the recovery in the refining margin, the renewed availability of paraffinic crude oils;
- <u>Implementation of the improvement programmes</u>, aimed at increasing operational performance, energy efficiency and cost control, which stem out of "Project FOCUS", ongoing since 2011;
- <u>Limited CAPEX</u>, directed mainly on "HSE" and "maintain capacity" initiatives;
- <u>Careful management of the working capital and the oil inventories</u>, in order to achieve a tight control on the net debt.

Regarding the development of a commercial Joint Venture between Saras and Rosneft, the recent announcement of Rosneft's intention to purchase Morgan Stanley's oil commodity trading business, further reinforces the programmes to enhance commercial activities, adding new dimensions and opportunities. Therefore, at this stage both companies intend to confirm their commitment to develop joint commercial activities, and they will pursue this objective consistently with the acquisition by Rosneft of Morgan Stanley's oil trading business.

Finally, with regards to the other segments, the Group strategy will strive to consolidate the current positions, and possibly there will be some rationalisation of some "non-core" activities, which are not strategically integrated.

Main events after the end of the FY 2013

Respectively on the 4th February 2014 and 5th February 2014, the Board of Directors of Saras SpA and the Shareholders Meeting of Arcola Petrolifera Srl, by resolution filed with the Companies Register of Cagliari on the 12th February 2014, approved the Merger by incorporation of Arcola Petrolifera Srl in Saras SpA, following the notices given on 14th November 2013 and 11th December 2013. The Merger aims to rationalise the Saras Group's structure, placing the business carried out by the subsidiary in the Italian market, within Saras SpA as a division of the latter.