Saras SpA Board of Director approved:
Saras SpA Draft Financial Statements as of 31st December 2019
Group Consolidated Financial Statements and Business Plan 2020 – 2023

FY/19 Results:

- Comparable EBITDA and Net Profit penalized by a less favorable macro scenario and an unprecedented volatility of oil markets, also due to speculations.

- Positive Net Financial Position before IFRS 16 effect equal to EUR 79 million at 31 December 2019. EUR 345 million of investments realized to keep plants operational excellence and to increase by 30% the wind installed capacity.

EUR Million	FY 2019	FY 2018 (*)	Change %
EBITDA reported	252.8	420.8	-40%
Comparable EBITDA	**313.8**	**385.9**	**-19%**
NET RESULT reported	26.2	140.4	-81%
***Comparable* NET RESULT**	**67.3**	**132.7**	**-49%**
NET FINANCIAL POSITION ANTE IFRS 16	**79.0**	**46.0**	
NET FINANCIAL POSITION POST IFRS 16	**30.3**		
CAPEX	**344.6**	**242.9**	

- Proposed a dividend – related to FY/19 – equal to EUR 0.04 per share, corresponding to approximately 56% of the comparable Net Profit, in line with company policy and resulting in a dividend yield of approx. 3.7% considering the share's current price[1].

- The Shareholders were called for an Ordinary General Meeting on 21st April 2020 (first call).

Business Plan 2020 - 2023

- The projections of the main oil sector analysts foresee a positive scenario for the refining industry in the next 4 years. The effects of the new IMO regulation have not yet fully materialised due to exogenous factors such as high storage and the effects of Coronavirus on refined products demand. Refining margins are expected to improve for complex refineries starting from the second quarter.

- Identification as strategic priorities in order to maintain competitive positioning in the refining sector and business resilience in different scenarios the completion of the investment cycle (EUR 712 million in the period 2020-23), the optimization of production, integrated supply chain management and cost efficiency.

Sustainability and energy transition

- Sustainability strategy and set of KPIs approved to measure environmental, social and governance progress.

- Energy transition through the development of a renewable pipeline with new capacity of up to 400 MW to create sustainable value and reduce the carbon footprint.

After the **Board meeting, the Chairman, Massimo Moratti, declared**:

"The domestic and international economy progressively slowed in 2019 due to, among other things, global trade tensions that destabilised all potentially exposed sectors, including oil and refining. Thanks to the resilience and flexibility of its business model, Saras managed to generate a profit despite facing a more complex operating environment than anticipated.

Looking to the future, we believe that the Saras Group is a stable reference point as an energy supplier in a privileged geographical area, with an abundance of raw materials and positioned in front of a continent expected to post strong growth in the next few years, but still lacking in infrastructure.

[1] Closing price on 28 February 2020.
(*) In order to continuously improve the methodologies used to measure operating performance and results, the methods used to calculate "reported" and "comparable" results were updated in Q4/19. To ensure comparability with previous periods, Q4/18 and FY/18 results have been reclassified (details in the Annex).

At the same time aware of the changes taking place we look with optimism and responsibility to the challenge of energy transition, bolstered by the significant flexibility and ability to adapt that have always been our hallmark. Our business plan for 2020-23 combines strengthening our competitive in refining and electricity generation with the development of renewable energies to create long-term value and reduce the company's carbon footprint, helping to reach the targets of the National Integrated Energy and Climate Plan".

Milan, 2nd March 2020: Saras SpA's Board of Directors met today under the chairmanship of Massimo Moratti and approved the Group's Consolidated Financial Statements and Saras SpA's Draft Financial Statements at 31 December 2019, the Sustainability Report including, among other disclosures, non-financial and diversity information pursuant to Legislative Decree 254/2016, and a set of ESG KPIs. The Group's Business Plan for 2020-2023 was also approved.

The Board of Directors resolved on a proposal to the General Meeting of Saras SpA's shareholders for the distribution of a dividend of EUR 0.04 per share, corresponding to approximately 56% of the Group's comparable Net Profit for 2019. The dividend will be paid on 20 May 2020, with coupon detachment on 18 May 2020.

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2019 Financial Statements have been submitted to the Board of Statutory Auditors and to the external auditors and, together with all other documents required by the article 154-ter of the Legislative Decree 58/1998 (the "Consolidated Finance Act" – T.U.F.), they shall be made available to the general public at the company's Registered Office, and they will also be published on Saras website (**www.saras.it**) in due course, as prescribed by the current regulations.

The manager in charge of financial reporting, Franco Balsamo, states, pursuant to paragraph 2, article 154-bis of the Consolidated Finance Act, that the accounting information in this press release corresponds with the Company's documentation, ledgers and accounting entries.

Herewith enclosed in the attachment there are the comments to Group results and to the results of each business segment, the Strategy and Outlook, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, and the cash flow statement for both the Saras Group and for the parent company Saras SpA, and also the details of the 2020 – 2023 Business Plan.

With reference to the estimates and forecasts contained in this document, in particular in relation to the Strategy and Outlook and to the 2020-23 Business Plan, it should be noted that actual results may differ even significantly from those indicated in relation to a variety of factors, including: the future evolution of crude oils and refined products prices, the operating performance of the plants, the impact of the regulations of the energy sector, and on the environment, other changes in business conditions and in evolution of global competition.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree no. 58 of 24th February 1998, adopted by CONSOB under resolution number 11971 of 14th May 1999, as amended and supplemented. It is available to the public on the Company's website under "Investor /Financial Press Releases", and also on the "1Info" authorized storage mechanism (**www.1info.it**).

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THE SARAS GROUP

The Saras Group, founded by Angelo Moratti in 1962, has about 1,750 employees and total revenues of about 9.6 billion Euros as of 31st December 2019. 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.

ANNEX

Reclassification of Reported and Comparable Results for FY/18 and Q4/18

In 2019, the Saras Group continued to improve the methodologies used to measure its operating performance and financial results, which includes both GAAP and non-GAAP indicators. In this respect, with effect from Q4/19, the Group decided to update its accounting policy for the classification of derivative instruments in the reported results, classifying the realised and unrealised gains/losses on commodity and CO_2 hedging derivatives within the Reported EBITDA, consistently with the entry of the purchase and sale of crude oil and products, against which they are realized and directly related, despite the recognition of the current value of the same as a counterpart of the income statement. In addition to the improvement objective mentioned above, this decision also stemmed from the options offered by IFRS 9, which recently became applicable.

In order to give a representation of the Group's operating performance that best reflects the most recent market dynamics, in line with the consolidated practice of the oil sector, the results at operating level and at the level of Comparable Net Result, non-accounting measures elaborated in this management report, are shown by evaluating the inventories on the basis of the FIFO method, however, excluding unrealized gains and losses on inventories deriving from scenario changes calculated by evaluating opening inventories (including the related derivatives) at the same unit values of closing inventories (when quantities rise in the period), and closing inventories at the same unit values of opening inventories (when quantities decrease in the period). Non-recurring items in terms of nature, materiality and frequency have been excluded from both the operating profit and the comparable net profit. The results thus calculated, which are referred to as “comparable”, are not indicators defined by the International Financial Reporting Standards (IAS/IFRS) and are unaudited.

For comparability purposes Q4/18 and FY/18 comparable and reported results have been restated according to the new criteria.

EUR Million	FY 2018	Q4/18
EBITDA reported previously published	**323.7**	**(124.3)**
Oil hedging derivatives	43.5	141.0
CO_2 derivatives	53.6	17.5
EBITDA reported restated	**420.8**	**34.2**
Gain / (Losses) on Inventories and on inventories hedging derivatives	(77.7)	(23.4)
Derivatives FOREX	(17.7)	0.6
Non-recurring items	60.5	42.1
Comparable EBITDA restated	**385.9**	**53.4**
Comparable EBITDA previously published	**364.8**	**92.1**

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

Key Group financial and operational results

EUR Million	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
REVENUES	9,639	10,712	-10%	2,533	1,752	(*)
EBITDA reported	252.8	420.8	-40%	(5.4)	34.2	-116%
Comparable EBITDA	**313.8**	**385.9**	**-19%**	**79.3**	**53.4**	**49%**
EBIT reported	54.1	241.9	-78%	(60.6)	(15.5)	-291%
Comparable EBIT	**115.1**	**207.0**	**-44%**	**24.1**	**3.7**	**544%**
NET RESULT reported	26.2	140.4	-81%	(40.6)	(13.7)	-196%
***Comparable* NET RESULT**	**67.3**	**132.7**	**-49%**	**13.5**	**(1.4)**	**1064%**

EUR Million	FY 2019	FY 2018		Q4/19	Q4/18	FY 2018
NET FINANCIAL POSITION ANTE IFRS 16	**79.0**	**46.0**		**79.0**	**46.0**	**46.0**
NET FINANCIAL POSITION POST IFRS 16	**30.3**			**30.3**		
CAPEX	**344.6**	**242.9**		**94.3**	**112.1**	**242.9**

In order to continuously improve the methodologies used to measure operating performance and results, the methods used to calculate "reported" and "comparable" results were updated in the fourth quarter of 2019. To ensure comparability with previous periods, Q4/18 and FY/18 results have been reclassified.

(*) The percentage change in revenues compared to Q4/18, using the same accounting classification of trading, is equal to -6%.

Comments on the Group's Results for 2019

Group revenue for 2019 totaled EUR 9,639 million, compared to EUR 10,712 million in the previous year. Average oil prices slipped in the year: the average price of gasoline was $595/ton (compared to the average of $662/ton in FY/18), while the average price of diesel was $586/ton (compared to $638/ton in FY/18). The refining sector achieved lower revenues for almost EUR 850 million and the Marketing segment for approximately EUR 140 million. Power Generation segment revenues were around EUR 80 million lower than in FY/18 due, among other things, to the lower value of the CIP6 tariff and a lower contribution of linearization.

The Group's reported EBITDA for FY/19 amounted to EUR 252.8 million, down on the EUR 420.8 million of FY/18. The difference was mainly due to the Refining segment, also due to the fact that in 2019, the scenario effect on inventories (including the related derivatives) was negative while on the opposite it was positive in the previous year. Moreover Power Generation segment booked lower results due to a weaker scenario. It should be noted that non-recurring items of over EUR 60 million penalized FY/18 results.

The Group's reported Net Profit was EUR 26.2 million, compared to EUR 140.4 million in FY/18, substantially due to the factors described above for EBITDA, net of the tax effect. Amortisation and depreciation increased on the previous year (EUR 198.7 million, compared to EUR 178.8 million in FY/18) due to the application of IFRS 16 and new investments entry into service. Financial charges totaled EUR 18.2 million (compared to EUR 16.5 million in the previous year). Other financial items (which comprise realised and unrealised differentials on speculative and financial derivative instruments, net exchange rate differences and other financial income and charges) were negative of approximately EUR 0.5 million in FY/19 compared to a net negative balance of about EUR 40 million in FY/18.

The Group's comparable EBITDA came to EUR 313.8 million in FY/19, down from EUR 385.9 million in 2018. This result was due to the Electricity Generation segment, which was operating in a less favourable market context. The Refining segment maintained results stable while operating in the context of lower refining margins and realizing a significant turnaround on the plants in the first quarter, thanks to the good industrial performance and the positive contribution of the supply chain management activity. The **Group's comparable Net Profit for 2019 was EUR 67.3 million**, compared to EUR 132.7 million in the previous year.

The aforementioned plant turnaround penalised EBITDA by an estimated EUR 60 million.

Lastly, investments in 2019 amounted to EUR 344.6 million and were mainly allocated to the Refining segment (EUR 291.9 million). EUR 70 million of these investments refers to the capitalisation of costs, primarily for the aforementioned long-term turnaround.

Comments to Fourth Quarter 2019 Group results

Group revenue in Q4/19 totalled EUR 2,533 million, compared to EUR 1,752 million in Q4/18. This trend is affected by the fact that starting from the last quarter of 2018, revenues and costs relating to trading activities have been classified differently. Net of this effect, revenues would have decreased by 6% compared to the same period of the previous year. The average gasoline price was $582/ton (compared to $597/ton in the fourth quarter of 2018) and the average diesel price was $578/ton (versus $637/ton in the fourth quarter of 2018).

The Group's comparable EBITDA in Q4/19 showed a loss of EUR -5.4 million, versus EUR 34.2 million in the same quarter of the previous year. It should be noted that non-recurring items of over EUR 40 million had penalized the results of Q4/18. The scenario effect on the difference between opening and closing inventories (including the related derivatives) was negative in the fourth quarter of 2019, while the effect had been positive in the same quarter of previous year.

The **Group's reported Net Result for Q4/19 came to EUR -40.6 million**, compared to a loss of EUR -13.7 million for the fourth quarter of 2018. The loss reflects the decrease in reported EBITDA compared to the same period of the previous year and the increase in amortization and depreciation.

The **Group's comparable EBITDA came to EUR 79.3 million** in the fourth quarter of 2019, up from EUR 53.4 million in the same period of 2018, mainly due to the Refining segment which also benefitted from an insurance reimbursement of approx. EUR 20 million and that more than offset the decline of Power Generation segment. The **Group's comparable Net Profit was EUR 13.5 million,** compared to a loss of EUR -1.4 million for the fourth quarter of the previous year.

Investments in the fourth quarter of 2019 totaled EUR 94.3 million, EUR 85.3 million of which was invested in the Refining segment.

The tables below detail the calculation of comparable EBITDA and the comparable Net Profit for 2018 and 2019 and the fourth quarters of 2018 and 2019

Comparable EBITDA

EUR Million	FY 2019	FY 2018	Q4/19	Q4/18
***Reported* EBITDA**	**252.8**	**420.8**	**(5.4)**	**34.2**
Gain / (Losses) on Inventories and on inventories hedging derivatives	53.9	(77.8)	71.7	(23.4)
Derivatives FOREX	(1.9)	(17.7)	4.1	0.6
Non-recurring items	8.9	60.5	8.9	42.1
***Comparable* EBITDA**	**313.8**	**385.9**	**79.3**	**53.4**

In 2018, non-recurring items essentially referred to allowances (of around EUR 22 million) relating to the allocation of free CO_2 quotas due to the North Plants for 2015-17, for which a formal request was resubmitted in October 2018 following the dispute concerning the procedure followed after the acquisition of the business unit from Versalis.

Furthermore, in the fourth quarter of 2018, EUR 29 million of receivables for refunds claimed from GSE for green certificates purchased in 2011-13 in connection with the non-recognition of the IGCC plant as a cogeneration plant following the Council of State's decision in November 2018 definitively dismissing Sarlux's appeal for 2012 and with respect to AEEG Resolution 42/02 were wrote-down.

In 2019, the subsidiary Sarlux Srl received confirmation of insurance compensation totaling roughly EUR 21 million for the claim at the Sarroch refinery in 2018 due to atmospheric events. This event partly affected the operations of some of the refinery's production processes in 2019 as well. Therefore, the income resulting from the insurance compensation was considered recurring and therefore included in the determination of the comparable results (as well as, obviously, the reported results) for the year.

Non-recurring items in 2019 refer to the reclassification and write down of certain current assets (roughly EUR 3 million) and to a reclassification of financial costs (for an amount of EUR 6 million). Such a reclassification in 2018 would have been approximately equal to EUR 6 million.

Comparable Net Result

EUR Million	FY 2019	FY 2018	Q4/19	Q4/18
***Reported* NET RESULT**	**26.2**	**140.4**	**(40.6)**	**(13.7)**
Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes	38.9	(56.7)	51.8	(17.1)
Non-recurring items net of taxes	2.3	49.1	2.3	29.4
***Comparable* NET RESULT**	**67.3**	**132.7**	**13.5**	**(1.4)**

In 2018, non-recurring items essentially referred to the aforementioned allowances and impairment losses, net of taxes and default interest following the settlement of a dispute over prior port taxes.

In 2019, non-recurring items referred to the aforementioned impairment losses and reclassification, net of the tax effect.

Net Financial Position

The Net Financial Position at 31 December 2019, before the effects of applying IFRS 16, was EUR 79.0 million, compared to a reported net financial position of EUR 46.0 million at 31 December 2018. The cash flows generated by operating and commercial activities were absorbed by investments in the year, the payment of taxes and the dividend distribution in May.

The Net Financial Position including the effects of IFRS16 (negative impact of EUR 48.7 million) was EUR 30.3 million.

EUR Million	31-Dec-19	31-Dec-18
Medium/long-term bank loans	0	(49.4)
Bonds	(199.0)	(198.7)
Other medium/long-term financial liabilities	(7.0)	(7.9)
Other medium/long-term financial assets	6.5	4.1
Medium-long-term net financial position	**(199.5)**	**(251.9)**
Short term loans	(70.0)	0
Banks overdrafts	(8.0)	(17.0)
Other short term financial liabilities	(91.0)	(62.7)
Fair value on derivatives and realized net differentials	(14.8)	66.2
Other financial assets	30.8	38.6
Cash and Cash Equivalents	431.5	272.8
Short-term net financial position	**278.5**	**297.9**
Total net financial position ante lease liabilities ex IFRS 16	**79.0**	**46.0**
Financial lease liabilities ex IFRS 16	**(48.7)**	**-**
Total net financial position post lease liabilities ex IFRS 16	**30.3**	**-**

Oil Market and Refining Margins

Here below there is a short analysis of the trends followed by crude oil quotations, by the crack spreads of the main refined oil products, and also by the reference refining margin (EMC Benchmark) in the European market, which is the most relevant geographical context in which the Refining segment of the Saras Group conducts its operations.

Average values (1)	Q1/19	Q2/19	Q3/19	Q4/19	FY 2019
Crude oil price and differential ($/bl)					
Brent Dated (FOB Med)	63.1	68.9	62.0	63.1	64.2
Urals (CIF Med)	63.4	68.1	61.8	62.0	63.8
"Heavy-light" price differential	+0.3	-0.7	-0.2	-1.1	-0.4
***Crack spreads* for refined oil products ($/bl)**					
ULSD *crack spread*	15.2	12.0	15.4	14.4	14.3
Gasoline 10ppm *crack spread*	2.6	8.3	10.4	6.6	7.0
Reference margin ($/bl)					
EMC Benchmark	+1.1	+0.2	+3.0	0.0	+1.1

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark

Crude oil prices:

After reaching about 50 $/bl at the end of 2018, Brent prices rose progressively in the first quarter of 2019 to reach about 68 $/bl at the end of March. The main reason behind this increase was the reduction in the oil supply on the market, due both to the sanctions imposed by the US administration on Iran and Venezuela, and to the production cuts implemented by OPEC producers and Russia (-1.2 m/bl/d compared to the October 2018 level). On the consumption front, there was a slowdown in the first quarter of the year in the backdrop of international trade tensions (in particular between the United States and China) and of a reduction in global economic growth.

During the month of April and until mid-May an uptrend brought Brent up to 75 $/bl. Among the main reasons behind this movement, there is the decision of the US administration not to renew waivers for imports of Iranian crude oil and the stop of Ural flows from Russia to Central Europe due to the chloride contamination of the Druzhba pipeline. From the second half of May on the other hand, fears of a slowdown in global economy prevailed and Brent prices fell to around 65 $/bl.

Average Brent prices during the period were down (averaging 62 $/bl in the quarter) compared to the previous quarter and highly volatile, also intra-day, due to the strong geopolitical instability in particular with reference to the drone attacks against two of Saudi Arabia's most important oil infrastructure on September 14th. After a brief surge in the Brent price following the attacks, the bearish trend prevailed in view of the large US production and the slowing macroeconomic environment..

In the fourth quarter Brent registered an increasing trend (average of 63 $/bl) mainly due to political instability, the shortage of Iranian and Venezuelan supply and OPEC+ cuts.

Price differential between "heavy" and "light" crude oils ("Urals" vs. "Brent"):

The first quarter of 2019 was influenced by the implementation of production cuts by OPEC + producers. On top of which took place the US sanctions against Iran and Venezuela which are among the main producers of heavy-sour crude oil on a global scale. This has actually limited the availability of this crude qualities, significantly reducing their discount compared to Brent. In this particular market context, the Ural went at premium compared to Brent of 0.3 $/bl on average in Q1/19.

In mid-April Ural traded at significant premium compared to Brent (around +1 $/bl) in relation to the aforementioned contamination of the Druzhba pipeline which temporarily blocked the export of this crude to Central Europe. Since the end of May, the resolution of these problems led to a normalization of the quotations bringing them to more usual levels (-2.5 $/bl). In the second quarter, the Ural dealt at an average discount of 0.7 $/bl with respect to Brent in a context of great volatility. Also in the second quarter, crude oils with a high sulfur content were generally affected by US sanctions against Iran and Venezuela, production cuts by OPEC + and the reduction in Canadian crude oil production.

In the third quarter, the Ural price showed a fluctuating trend, moving between +1 $/bl and -1 $/bl compared to Brent. In August its availability was affected by the previously mentioned contamination problems while, starting in September, the situation normalized driving the differential on higher values (up to about -2 $/bl).

In the fourth quarter the Urals-Brent differential fluctuated moving between +0.5 $/bl and -2.5 $/bl due to different market effects. Urals quotation was supported by Russia comply with the OPEC agreement. Opposite effect from the unplanned maintenance of the Total Gonfreville refinery processing 60 kbl/d of Ural, and the decline of the high sulphur fuel oil ahead of the transition to the new low sulphur marine fuel required by IMO – Marpol VI regulation.

"C*rack spreads*" of the main refined products (i.e. the difference between the value of the product and the cost oil)
The first quarter of 2019 was characterized by globally high refinery runs that led to large supplies of gasoline, in a context of seasonally low consumption in Europe and the United States. Inventories rose significantly, and the gasoline crack spread since mid-January went into negative territory. Starting in February, a gradual recovery began, thanks to various out of service (planned or not) of Asian, European and American refineries, and to a recovery in consumption in Indonesia and India. Finally, in March, the recovery of gasoline further strengthened, coinciding with the beginning of the traditional spring maintenance of the refineries and the transition to summer specifications. The average gasoline crack spread was 2.6 $/bl in the Q1/19.

In the second quarter, the gasoline crack spread remained at levels lower than the seasonal averages but significantly higher than the one recorded in the first quarter. The relevant inventories accumulated in the previous months have been progressively disposed of. April was the strongest month due to the traditional maintenance carried out by the European and US refineries and to some runs cut in central Europe as a result of the unavailability of crude imports through the Druzhba pipeline. Finally, the fire at the PES (Philadelphia Energy Solutions) refinery, one of the largest refineries on the east coast of the United States, on 21 June caused its definitive closure with likely consequences on the supply of light distillates in the US market in Latin America in the third quarter. The average gasoline crack spread in the second quarter of 2019 was 8.3 $/bl.

The gasoline crack spread posted a strong recovery in July, coinciding with the period of high seasonality of demand. Some other factors on the supply side had an effect such as the closure of the aforementioned Philadelphia refinery and some production interruptions in Louisiana following Hurricane Barry. Demand from West Africa was particularly robust. In the following months the increases in production of the US and European refineries offset the imbalance and the gasoline crack spread suffered a decline. On average it was 10.4 $/bl in the third quarter.

In October and November the gasoline crack spread was supported by the export to West Africa and Latin America. On the contrary, in December the decrease in consumption in Europe and USA drove a reduction of the crack spread to lower level in comparison to the same period of last years. In Q4/19 the average of gasoline crack spread was equal to 6.6 $/bl.

Moving on to middle distillates, the diesel crack spread showed the maximum values of the last 4 years in the first quarter of 2019, thanks to the robust demand for transport and for industrial uses and heating, and at the same time lower supply from the refineries (out of service for maintenance). A partial compensation derived from an increase in Russian, Chinese and Middle Eastern exports. In March, the crack spreads of middle distillates decreased slightly due to the sharp increase in crude oil prices, not entirely transmitted to products, and to low heating consumption due to mild weather. The diesel crack spread average was 15.2 $/bl in Q1/19.

The diesel crack spread was down by more than 3 $/bl compared to the first quarter, reflecting both seasonal factors such as the decrease in agricultural consumption (due to heavy rains) and lower heating consumption (due to rather mild winter temperatures) and economic factors such as the slowdown in transport consumption. At the same time, exports from China to Europe have increased, also due to the increase in "export quotas" granted by the Government to local refiners. Finally it should be noted the full operation of the new STAR refinery in Turkey which has increased the offer in the Mediterranean area. The average of the diesel crack spread was 12.0 $/bl in the second quarter of 2019.

The diesel crack spread gradually strengthened in the third quarter reaching the seasonal highs of last years. This trend stems from the first effects of the introduction of the IMO-Marpol VI legislation, and partly from lower Russian and Saudi exports (which typically represent around 20% of European imports). The drone attacks on the Saudi crude pre-treatment plants, in fact, led to a reduction in processing at domestic refineries, in order to maximize the quantities of crude oil available for export. On the other hand, European consumption contracted both due to the economic slowdown and the decline in sales of diesel cars. Exports of middle distillates from China to Europe were on the rise over the period as a result of the greater "export-quotas" granted by the Government to local refiners.

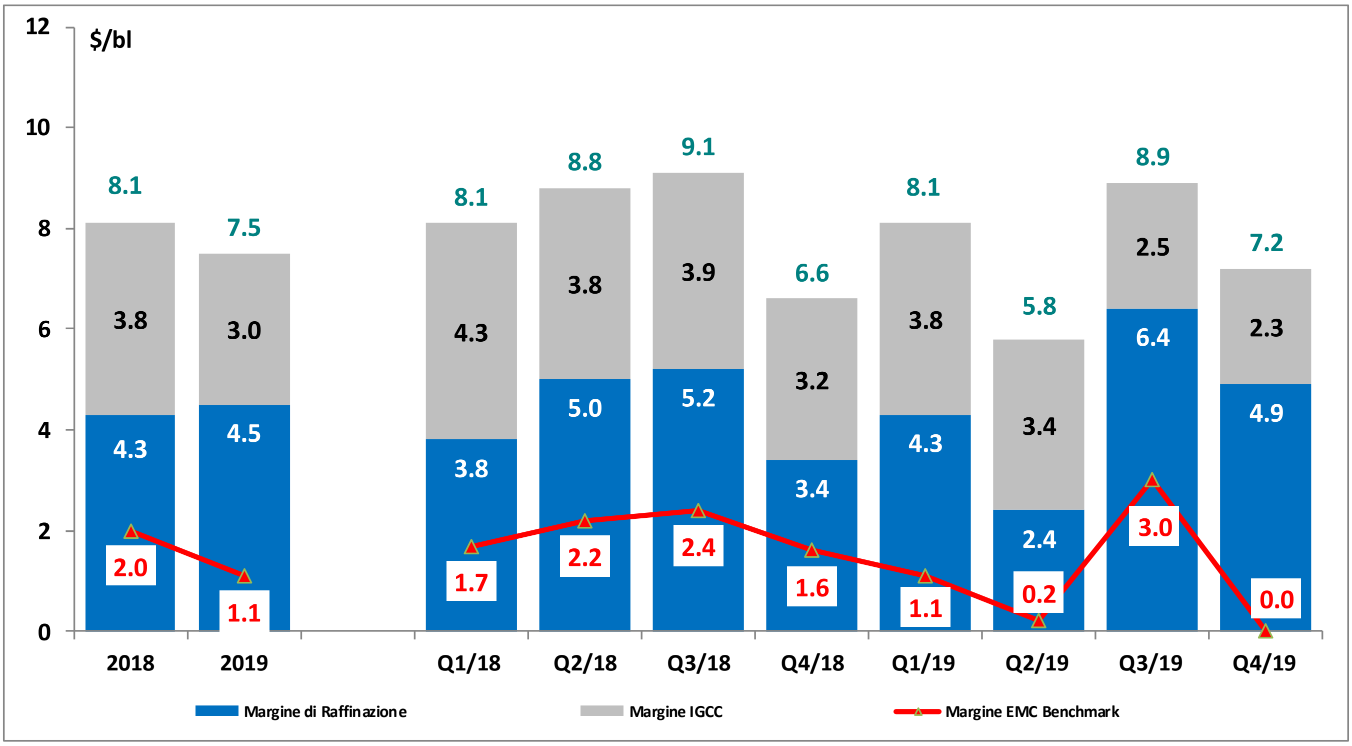
In October the diesel crack spread reached the maximum value of the year (18 $/bl) at the time of the autumn maintenance of some global refineries. In November and December, with the come back to normal production, diesel crack spread declined together with a decline in European consumption of diesel and heating oil (milder temperatures in comparison with seasonal average). Furthermore, diesel volumes started to arrive from Asia putting under pressure the crack spread in the Med area. In Q4/19 the average of diesel crack spread was equal to 14.4 $/bl.

Refining Margin:

As regards the analysis of the profitability of the refining sector, Saras traditionally uses the refinery margin calculated by EMC (Energy Market Consultants) as a reference for a medium complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made up of 50% Brent and 50% Urals crude oils.

This reference margin (called the "EMC Benchmark") averaged 2.0 $/bl in 2018. In Q1/19 the benchmark margin recorded an average of 1.1 $/bl. It was positively influenced by the strength of middle distillates which was more than balanced by the weakness of light distillates and high valuation of Ural. In Q2/19 the benchmark margin was equal to 0.2 $/bl negatively influenced by the weakening of middle distillates, higher Brent prices and a lower value of fuel oil. In the third quarter there was a marked strengthening of the EMC benchmark margin which was on average equal to 3.0 $/ bl thanks to a gradual reinforcement of the diesel and to the seasonal improvement of the gasoline crack spread. In Q4/19 the benchmark margin progressively decreased due to the sharp decline of the HLSFO crack spread, that was de-stocked ahead of the upcoming IMO-Marpol VI regulation application on emission of marine engines and the reduction of diesel crack spread due to the higher volumes coming from Asia. The average EMC benchmark margin in Q4/19 was equal to zero.

As shown in the graph below, thanks to the flexibility and complexity of its plants, the Saras Group refinery achieved a higher refinery margin than the EMC Benchmark reference margin. However, the size of the Saras premium above the EMC Benchmark is variable and mainly depends on the specific market conditions, as well as the performance of industrial and commercial operations in each quarter.



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

The refining margins of 2019 were recalculated on the basis of the new method of determining comparable (and reported) results introduced in Q4/19. The 2018 data, instead, have not been changed.

Segment Review

With the purpose of providing a consistent disclosure of the results for each business of the Saras Group, the financial information of the individual companies within the Group have been calculated and reported according to the same business segments adopted in all previous Financial Reports, including also the intercompany services, which ceased to exist as a consequence of some corporate reorganisations, at the same economic conditions applied in the previously existing contracts.

Refining

The Sarroch refinery (South-West of Cagliari) is one of the biggest in the Mediterranean in terms of production capacity and also in terms of the complexity of plants. Located in a strategic position in the centre of the Mediterranean, it has a production capacity of 15 million tons/year. The main operating and financial information is provided below:

EUR Million	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
EBITDA reported	66.0	193.5	-66%	(42.0)	3.1	-1438%
***Comparable* EBITDA**	**124.3**	**125.6**	**-1%**	**40.9**	**(14.4)**	**383%**
EBIT reported	(68.5)	77.5	-188%	(79.8)	(30.5)	-162%
***Comparable* EBIT**	**(10.2)**	**9.6**	**-205%**	**3.1**	**(48.0)**	**106%**
CAPEX	**291.9**	**213.4**		**85.3**	**97.5**	

In order to continuously improve the methodologies used to measure operating performance and results, the methods used to calculate "reported" and "comparable" results were updated in the fourth quarter of 2019. To ensure comparability with previous periods, Q4/18 and FY/18 results have been reclassified.

Margins and refinery runs

		FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
REFINERY RUNS	Tons (thousand)	13,172	13,512	-3%	3,392	3,631	-7%
	Barrels (million)	96.2	98.6	-3%	24.8	26.5	-7%
	Bl/day (thousand)	263	270	-3%	269	288	-7%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	1,278	1,319	-3%	406	355	14%
EXCHANGE RATE	EUR/USD	1.119	1.181	-5%	1.107	1.141	-3%
EMC BENCHMARK MARGIN	$/bl	1.1	2.0		0.0	1.6	
SARAS REFINERY MARGIN	$/bl	4.5	4.6		4.9	1.8	

Comments to Full Year 2019 results

Crude refinery runs during FY/19 stood at 13.17 million tons (96.2 million barrels, corresponding to 263 thousand barrels/day) slightly down compared to FY/18. The processing of complementary feedstocks was equal to 1.28 million tons compared to 1.32 million tons in FY/18. It is worth mentioning that in the first months of 2019, took place one of the main turnaround of the last 5 years which involved Topping "T2", Vacuum "V2", CCR and MHC1 that were stopped for about 60 days. The operational performance was above expectations and the maintenance activities were completed smoothly and on time.

Comparable EBITDA was **EUR 124.3 million in FY/19**, with a Saras refining margin of +4.5 $/bl (as usual, already net of the impact deriving from the maintenance activity carried out in the period). This compares with a comparable EBITDA of EUR 125.6 million and a Saras refining margin of +4.6 $/bl in FY/18. As always, the comparison between the two quarters must take into account market conditions and the specific performance of the Saras Group, both from an operational and commercial perspective.

Market conditions were less favourable, in particular due to the effect of less advantageous premiums and discounts of crude oils affected by the scarce availability of heavy crude grades due to the sanctions against Iran and Venezuela and the OPEC+ cuts. On the product front, however, the weakening of the crack spread of gasoline was only partially offset by the strengthening of the crack spread of diesel. The effect of the Euro / USD exchange rate (1.119 US Dollars per 1 Euro in FY/19 compared to 1.181 in FY/18) increased the value of production by approximately EUR 20 million.

From the operational performance point of view, in 2019 production planning (which involves optimising the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) led to an EBITDA higher by about 15 million Euros compared to 2018 thanks to the supply chain optimizations implemented.

The execution of production activities (which takes account of losses in connection with scheduled and unscheduled maintenance, and increased consumption with respect to the technical limits of certain utilities such as fuel oil, steam, electricity and fuel gas) produced an EBITDA of about 10 lower than the previous year. Heavier maintenance plan linked to the turnaround was largely offset by a positive operating and production performance.

Commercial management (involving the supply of crude and additional raw materials, the sale of finished products, the rental costs of oil tankers, and inventory management, including mandatory stocks) has produced a EBITDA substantially in line with the previous year.

It should be noted that Q4/19 results benefit from the recognition of an insurance reimbursement of approximately EUR 21 million relating to the accident due to atmospheric event occurred in the Sarroch refinery during 2018. The loss partially affected the operation of some refinery production processes also during 2019 and was therefore included in the results.

Investments made in FY/19 were EUR 291.9 million, referring to the investment plan and the maintenance program, the latter mainly linked to the aforementioned turnaround.

Comments to Fourth Quarter 2019 results

Crude refinery stood at 3.39 million tons (24.8 million barrels, corresponding to 269 thousand barrels per day), down by 7% compared to Q4/18. Complementary feedstock amounted to 0.26 million tons. Lower volumes were due to heavier maintenance compared to the same period of previous year.

Comparable EBITDA in Q4/19 was EUR 40.9 million, with the corresponding Saras refining margin equal to 4.9 $/bl. This compares with a comparable EBITDA of EUR -14.4 million and a Saras refining margin of +1.8 $/bl in Q4/18.

With reference to the scenario, diesel crack spread was lower in Q4/19 in particular since mid-November due to increasing volumes arriving from Asia. This effect was largely partly offset by a stronger gasoline crack spread. The exchange rate had a substantially neutral effect in the period considered.

Production planning (which involves optimising the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) led to a higher EBITDA of over 10 million Euro compared to Q4/18 thanks to the supply chain optimizations implemented.

In Q4/19, industrial performance achieved an EBITDA of about EUR 10 million lower than the same quarter of the year due to higher maintenance.

Finally, trading activity produced an EBITDA of about EUR 5 million lower than the same period of the previous year due to inventory management.

It should be noted that the results of the refining of Q4/19 benefit from the recognition of an insurance reimbursement of approximately EUR 21 million relating to the accident due to atmospheric events occurred in the Sarroch refinery during 2018. This event partially affected the operation of some refinery production processes also during 2019 and was therefore included in the results.

In the comparison, it must be considered that the comparable EBITDA for Q4/18 restated on the basis of the new methodology, is penalized by the fluctuation of inventory and the exceptional volatility of commodity prices recorded at the end of 2018.

Investments made in Q4/19 **amounted to EUR 85.3 million**.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in FY/19 had an average density of 34.4°API, and is therefore lighter than the average density processed in FY/18. A more detailed analysis of the crude oil grades shows an overall stability of the percentage of light crude oils with a low and very low sulphur content ("light sweet" and "light extra sweet"). The decline of heavy crude oils with low and high sulphur content ("Heavy sour/sweet") was compensated by a small percentage of crude oils with a low and extra low sulphur content ("medium sweet/extra sweet"). This processing mix was due to contingent plant set-up situations (heavy maintenance carried out in the period) and to economic and commercial choices in view of market supply conditions.

		FY 2019	FY 2018	Q4/19
Light extra sweet		38%	37%	42%
Light sweet		11%	12%	10%
Medium sweet/extra sweet		1%	0%	0%
Medium sour		34%	34%	27%
Heavy sour/sweet		16%	17%	22%
Average crude gravity	°API	34.4	33.7	34.1

Turning to the analysis of finished product yields, we note that in FY/19 the yield of the light distillates (27.9%) was in line with FY/18. The yield of middle distillates (52.1%) instead was a higher. Finally, fuel oil yield was quite low (4.2%) as opposed to a broadly stable yield of TAR (7.5%). These changes are mainly due to the maintenance activity carried out in the period and commercial choices.

		FY 2019	FY 2018	Q4/19
LPG	Tons (thousand)	292	291	57
	yield (%)	2.0%	2.0%	1.5%
NAPHTHA + GASOLINE	Tons (thousand)	4,026	4,132	1,048
	yield (%)	27.9%	27.9%	27.6%
MIDDLE DISTILLATES	Tons (thousand)	7,530	7,558	2,081
	yield (%)	52.1%	51.0%	54.8%
FUEL OIL & OTHERS	Tons (thousand)	603	755	105
	yield (%)	4.2%	5.1%	2.8%
TAR	Tons (thousand)	1,091	1,141	290
	yield (%)	7.5%	7.7%	7.6%

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

Marketing

The Saras Group conducts its Marketing business in Italy and in Spain directly and through its subsidiaries, primarily in wholesale channels. The main operating and financial information is provided below.

EUR Million	FY 2019	FY2018	Change %	Q4/19	Q4/18	Change %
EBITDA	20.3	24.3	-16%	3.5	4.4	-20%
***Comparable* EBITDA**	**22.1**	**24.1**	**-8%**	**4.5**	**8.1**	**-45%**
EBIT	17.3	19.0	-9%	2.8	3.2	-13%
***Comparable* EBIT**	**19.1**	**18.8**	**2%**	**3.8**	**6.9**	**-45%**
CAPEX	**0.6**	**1.3**		**0.0**	**(0.2)**	

Sales

		FY 2019	FY2018	Change %	Q4/19	Q4/18	Change %
TOTAL SALES	**Tons (thousand)**	**3,574**	**3,682**	**-3%**	**908**	**919**	**-1%**
of which: in Italy	Tons (thousand)	2,155	2,119	2%	542	526	3%
of which: in Spain	Tons (thousand)	1,418	1,564	-9%	366	393	-7%

Comments to Full Year 2019 results

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in FY/19 total oil consumption reached 60.4 million tons, down by about 1% on the Italian market, which represents the main wholesale channel of the Saras Group. In particular, in Italy in the period considered, gasoline was overall stable and diesel demand declined by about 1%. Consumption of automotive fuels (gasoline + diesel) amounted to 31.1 million tons, down 1% y-o-y. In FY/19, new car registrations were stable with diesel vehicles accounting for 39.8% of the total (compared to 51.2% in FY/18). LPG-powered cars covered 7% of new registrations, hybrids 6%, natural gas 2% and electric cars 0.6%.

In Spain, the data collected by CORES indicates consumption broadly in line with previous year. More in details gasoil consumption was stable while gasoline increased by 5.6%, kerosene up by 3.5% and finally fuel oil was down by 3.8%.

From an operating standpoint, Saras Group volumes declined by 3% with Italy up by 2% and Spain down by 9%. **Comparable EBITDA for the Marketing segment amounted to EUR 22.1 million**, versus the EUR 24.1 million of FY/18 mainly due to lower wholesale margins and the deconsolidation of the Spanish network. Such result should be considered in conjunction with the Refining results in light of the strong coordination between technical and commercial skills on which the Group business model is shaped.

Investments were equal to EUR 0.6 million in FY/19.

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On 25 July 2019 in fact, the Spanish subsidiary Saras Energia and Kuwait Petroleum Espana SA signed the deed of sale of the business unit attributable to the business consisting of service stations located in Spain, including the stations, directly owned and operated, the ancillary services and the related personnel directly referable to the network. The total consideration for the sale amounts to EUR 35 million (in addition to the value of working capital and the inventory equal to EUR 3.8 million transferred at the time of the closing). It should be noted, that some stations and the related current assets have not yet been transferred (and the related price has not yet been paid) pending receipt of some authorizations from local authorities and therefore are classified as “Non current assets held for sales”.

Comments to Fourth Quarter 2019 Results

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in Q4/19 total oil consumption was down by about 1% on the Italian market and by 2.5% on the Spanish market mainly due to the sharp drop of fuel oil volumes.

Saras Group volumes were quite stable. **Comparable EBITDA reached EUR 4.5 million**, versus EUR 8.1 million in the same period of previous year due to lower wholesale margins and the deconsolidation of Spanish retails business.

Power Generation

Below are the main financial and operational data of the Power Generation segment, which uses an IGCC power plant (Integrated Gasification and Combined Cycle power generation) with an installed capacity of 575MW, fully integrated with the Group's refinery and located within the same industrial complex in Sarroch (Sardinia).

EUR Milion	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
EBITDA	151.6	192.7	-21%	28.5	25.8	10%
***Comparable* EBITDA**	**151.8**	**220.2**	**-31%**	**28.7**	**53.4**	**-46%**
EBIT	96.7	140.4	-31%	13.8	12.3	12%
***Comparable* EBIT**	**96.9**	**168.0**	**-42%**	**14.0**	**39.9**	**-65%**
EBITDA ITALIAN GAAP	**98.3**	**67.7**	**45%**	**29.9**	**-3.1**	**1077%**
EBIT ITALIAN GAAP	**77.3**	**49.1**	**57%**	**23.6**	**(8.1)**	**393%**
CAPEX	**24.8**	**20.7**		**4.4**	**7.9**	

In order to continuously improve the methodologies used to measure operating performance and results, the methods used to calculate "reported" and "comparable" results were updated in the fourth quarter of 2019. To ensure comparability with previous periods, Q4/18 and FY/18 results have been reclassified.

Other figures

		FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
ELECTRICITY PRODUCTION	MWh/1000	4,075	4,363	-7%	1,091	1,218	-10%
POWER TARIFF	**Eurocent/KWh**	**9.2**	**9.7**	**-5%**	**9.2**	**9.7**	**-5%**
POWER IGCC MARGIN	$/bl	3.0	3.8	-21%	2.3	3.2	-28%

Comments to Full Year 2019 results

In FY/19, the Electricity Generation segment carried out the maintenance work on three "Gasifier–combined cycle Turbine" and on one the two "gas washing line trains". Electricity production reached 4.075 TWh, down by 7% compared to last year, due to a lower operating performance.

Comparable EBITDA stood at EUR 151.8 million compared to EUR 220.2 million achieved in FY/18. The scenario was less favourable than in the previous year as the value of the CIP6/92 tariff declined by -5%. At the same time volumes produced were down 7% and fixed costs increased due to higher maintenance costs. The effect of linearization was lower than in the previous year. It should be noted that CO_2 hedging derivatives have been reclassified within the reported EBITDA and that the difference between reported and comparable EBITDA was due in 2018 to the write-down of receivables relating to expected repayments for green certificates referring to previous years for approximately EUR 29 million.

Turning to the analysis of EBITDA calculated according to Italian accounting standards, it was equal to EUR 98.3 million in FY/19, compared to EUR 67.7 million achieved in the same period last year. EBITDA in 2018 was penalized by the aforementioned write-down of receivables related to expected reimbursements for green certificates referring to previous years for approximately EUR 29 million. During the period, electricity production decreased by 7% and the CIP6 / 92 tariff by 5%. At the same time, fixed costs increased compared to the same period of the previous year. This result does not include CO2 hedging derivatives (negative for EUR 19 million) recorded under financial charges. This item was positive and equal to about EUR 46 million in 2018.

Investments amounted to EUR 24.8 million.

Comments to Fourth Quarter 2019 Results

In Q4/19, the electricity production reached 1.09 TWh, down by 10% compared to the fourth quarter of previous year, due to lower operating performance.

Comparable EBITDA stood at EUR 28.7 million compared to EUR 53.4 million achieved in Q4/18. The value of the CIP6/92 tariff decreased by 5% and volumes by 10%. Moreover the effect of the linearization was lower than in the same period of previous year. The difference between reported and comparable EBITDA was due in 2018 to the write-down of receivables relating to expected repayments for green certificates referring to previous years for approximately EUR 29 million.

Moving on to the analysis of EBITDA calculated according to Italian accounting standards, this stood at EUR 29.9 million in Q4/19, compared to -EUR 3.1 million achieved in Q4/18 that was affected by the above mentioned EUR 29 million write-down of receivables. This result does not include the effect of the CO_2 hedging derivatives (negative by EUR 1 million in Q4/19) that are booked as financial charges (vs +EUR 15 million in Q4/18).

Investments amounted to EUR 4.4 million.

Wind

Saras Group is active in the production and sale of electricity from renewable sources, 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	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
EBITDA	10.0	10.6	-6%	3.2	3.8	-16%
***Comparable* EBITDA**	**10.0**	**10.6**	**-6%**	**3.2**	**3.8**	**-16%**
EBIT	4.6	6.0	-23%	1.5	2.6	-42%
***Comparable* EBIT**	**4.6**	**6.0**	**-23%**	**1.5**	**2.6**	**-42%**
CAPEX	**26.4**	**6.9**		**4.1**	**6.7**	

Other figures

		FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
ELECTRICITY PRODUCTION	MWh	220,363	169,811	30%	84,091	50,321	67%
POWER TARIFF	EURcent/KWh	4.7	5.7	-18%	4.2	**6.6**	-37%
INCENTIVE TARIFF	EURcent/KWh	9.2	9.9	-7%	9.2	**9.9**	-7%

Comments to Full Year 2019 results

In FY/19 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) was broadly in line with the same period of previous year **at EUR 10.0 million** (versus EUR 10.6 million in FY/18).

In detail, the volumes produced increased by 30% compared to previous year, thanks to more favourable wind conditions and the entry into function of 30 MW of additional capacity from the end of September. At stable installed capacity volumes up by 16%.

The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to FY/18 and the incentivised production represented 9% of the volumes (compared to 23% in FY/18). The power tariff declined by 18% versus FY/18.

Investments amounted to EUR 26.4 million, mainly aimed at the expansion of the wind farm with the installation of 9 new turbines with an additional capacity of 30 MW. The works were completed on 27th September and from such date the new farms are in operation. In the fourth quarter, activities for the reblading of the Ulassai plant started consisting in the replacement of the blades of the current wind farm, with a consequent increase in production for the same installed capacity.

Comments to Fourth Quarter 2019 Results

In Q4/19 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) stood at EUR 3.2 million, compared to EUR 3.8 million in Q4/18.

In detail, the volumes produced increased by 67% compared to the same period last year, thanks to very positive wind conditions and the entry into function of 30 MW of additional capacity from the end of September. At stable installed capacity volumes were up by 20%.

The Incentive Tariff decreased by 0.7 Eurocent/kWh compared to Q4/18 and the electricity tariff declined by 2.4 Eurocent/kWh compared to Q4/18.

Other Activities

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

EUR Million	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
EBITDA	4.9	(0.2)	2550%	1.4	(2.9)	148%
***Comparable* EBITDA**	**5.6**	**5.3**	**6%**	**2.1**	**2.6**	**-19%**
EBIT	4.0	(0.9)	544%	1.1	(3.1)	135%
***Comparable* EBIT**	**4.7**	**4.6**	**2%**	**1.8**	**2.4**	**-25%**
CAPEX	**0.8**	**0.6**		**0.4**	**0.1**	

Strategy and Outlook

With its high conversion configuration, integration with the IGCC plant and an operational model based on integrated supply chain management, the Saras Refinery in Sarroch (Sardinia) is a leader among European sites. These strengths place the Group in an excellent position in view of expected scenario developments, especially in terms of the IMO – Marpol VI regulation that, as of 1 January 2020, tightens the limits on the sulphur content of bunker emissions, creating favourable market conditions for sites like the one in Sarroch. The Group intends to continue initiatives to improve the operating performance and reliability of its plants and rationalise costs. It is completing a number of investments that will enable it to maintain its leadership in the refining industry over the next decade, also thanks to technological innovation and digitalisation.

The Brent price was $66/bl at the start of 2020 before dropping in the wake of concerns about the effects of Coronavirus. This despite Libya's 18 January declaration of force majeure on oil exports with a production loss of nearly 1 mbl/day. Experts anticipate ample availability on the crude oil market thanks to continuous increases in production by non-conventional US producers and greater volumes from Brazil, Norway, Guyana and Canada, predicting the Brent price to be around 57 $/bl.

In terms of consumption, in its February 2020 report, the International Energy Agency (IEA) revised the estimated global demand growth rate downwards from 1.2 mbl/d to +0.8 mbl/d for the year in course supported by relatively low crude oil prices and progress in the resolution of the trade war between China and the United States. The International Monetary Fund anticipates economic growth of 3.3% in 2020 (compared to +2.9% in 2019).

Analysing margins on the main refined products, main oil sector analysts anticipate that gasoline crack spread shows signs of improvement compared to the previous year, although with the usual seasonal trend. This is an indirect effect of the new IMO regulation, as the production of large quantities of VLSFO (very low sulphur fuel oil) diverts certain semi-finished products away from gasoline production. With reference to middle distillates, in the first quarter, they were penalised by mild temperatures and the effects of Coronavirus on transport fuels demand, but the consensus among experts is that the crack spread will be begin strengthening as early as the second quarter of the year.

Estimates are affected by a high level of uncertainty in relation to the slowdown in the Asian economy, exacerbated by the effects of the Coronavirus. The consequences on the economy and on the demand for oil and refined products at a global level are at the moment difficult to quantify. In particular, a prolonged effect of Coronavirus could lead, among other things, to a reduction in the demand for refined products globally and this could lead to lower refining margins than those expected by experts.

With regard to the **Refining segment**, it is worth noting that the first half of the year will influenced by a relevant planned maintenance cycle, while in the second half, the Group stands to reap the full benefits of the opportunities arising from the new IMO regulation, which should create favourable conditions for high-conversion capacity refineries like the Saras refinery. These market conditions should result in higher refining profit margins compared to 2019. The Saras Group aims to achieve an average premium above the EMC benchmark margin of 2.5 – 3.0 $/bl (net of maintenance).

In 2020, Refining operations will be affected by an extraordinary maintenance cycle concentrated in the first half of the year. The main maintenance projects will entail the long-term turnaround of the Fluid Catalytic Cracking ("FCC") plant, its main ancillary alkylation unit (Alky) and the Topping ('T1'). Routine maintenance will also be carried out on the following plants: VisBreaking "VSB", "MHC2", "U400" and "U500". Overall, yearly crude runs are expected to total 13.9÷14.6 million tons (corresponding to 100÷105 million barrels), in addition to another 1.2 million tons of complementary feedstock (corresponding to approximately 9 million barrels).

As for the **Electricity Generation segment**, the maintenance plan includes routine work on the three combined-cycle Gasifier-Turbine trains and on one of the two gas washing lines. Total electricity production for 2020 is expected to come to roughly 4.3 TWh. CIP6/92 tariff will be influenced by lower gas prices to the large availability on the market.

The **Marketing** segment's results are expected to be stable. This segment's contribution should be considered together with that of Refining because the technical and commercial expertise, on which the Group's business model is based, is closely coordinated.

In the **Wind Power** segment, the Ulassai plant is being re-bladed, (i.e. all the blades are being replaced, which will lead to an increase in production, installed capacity remaining unchanged). The work is slated for completion by the fourth quarter of 2020. In its new configuration, full-capacity production should generate around 300 GWh/year. In the meantime scouting for new opportunities is underway.

Main events after the end of the of 2019

On 5th February 2020, Saras subscribed a 5-year revolving credit line for a total amount of EUR 305 million, refinancing in advance the revolving line of EUR 255 million expiring in December 2020. The deal allowed to extend the average duration of the available sources of financing and to reduce their cost, taking advantage of the positive market conditions. The funds are intended to guarantee the company adequate financial flexibility by allowing, even in the presence of a positive net financial position, to face, among other things, any peaks in working capital and the commitments required by the investment plan which includes for example, interventions aimed at improving the configuration of the site, initiatives dedicated to reliability and energy efficiency and the digitization project in the context of Industry 4.0.

The subsidiary Sarlux received from the competent authorities a communication on a possible resolution of the revision of the assigned quotas of CO_2, deriving from the acquisition of the business branch from Versalis (northern plants) in 2015.

Comments to the FY 2019 Saras SpA results

Saras SpA is the Group parent company and it also operates in the oil markets both at national and international level, through the sale and purchase of finished oil products deriving from the refining activities.

In 2019 Saras SpA revenues were equal to EUR 8,605 million, down by EUR 904 versus the previous year, mainly due to the trend of refined products prices.

EBITDA was EUR 120 million, below previous year, due to lower refinery margins in 2019.

Net Result in FY 2019, equal to EUR 78 million, has been determined by the operating results described above.

Net Financial Position of Saras SpA on 31st December 2019 was negative for EUR 36 million.

Shareholders' Meeting

The Board of Directors conferred a mandate to the Chairman to convene the Ordinary Shareholders' Meeting on first call on April 21st 2020 - as also indicated in the calendar of corporate events for the financial year 2019 - and, if necessary, on April 22nd 2020 on second call. The notice convening the shareholders' meeting and the related documentation will be published within the terms and according to the procedures established by the applicable laws and regulations.

Dividend

The Board of Directors decided to submit to the Annual General Meeting of Saras Spa shareholders a proposal for a dividend distribution of EUR 0.04 per share, corresponding to approx. 56% of the *comparable* Net Income earned by the Group in FY 2019. The dividend will be paid on 20 May 2020, with coupon date on 18th May 2020 (record date 19th May 2020).

Supervision on sustainability conferred to Control & Risk Committee

In addition, the Board of Directors today updated and integrated the Regulations of the Risk and Sustainability Control Committee by regulating - as resolved by the Board in its meeting of 6 February 2020 - the attribution to the Control and Risk Committee of the super vision, evaluation and monitoring on the sustainability profiles related to business activity.

This committee supports the Guidance and Strategies Committee which has the function of defining the Group's guidelines and strategic guidelines on sustainability policies.

Business Plan 2020 - 2023

Saras SpA's Board of Directors has approved the Group's Business Plan for 2020 - 2023 (the "Plan") and updated the scenario**.** The new scenario foresees the continuation of the positive cycle for the refining industry in the coming years also thanks to the effects of the IMO regulations based on the recent forecasts of the most trustworthy sector analysts.

The **Group has set five strategic priorities** to guarantee the sustainability of its business over the next decade, which promises both challenges and opportunities. Specifically: (i) **complete the investment cycle**; (ii) **optimize production and achieve integrated supply chain management also** with the contribution of new digital tools; (iii) **costs optimization,** (iv) **consolidate the business model that** integrates **social and environmental aspects in the core business** and (v) make the most of the opportunities offered by **energy transition** with a plan to develop new renewable capacity.

The Reference Scenario
The Plan is based on the projections of main oil sector analysts (HIS and Wood Mackenzie) that assumes the oil market will be favourable for the refining industry, also thanks to the effects of the IMO - Marpol VI regulation going into force, which from 1 January 2020 reduced the limits on sulphur content in bunker emissions from 3.5% to 0.5%.

The expected positive effects of this new regulation on the refining margins of high conversion refineries did not fully materialise in the first few months of 2020 due to a series of contingent factors, like mild winter temperatures and the decline of Chinese demand as a consequence of the Coronavirus outbreak. Furthermore, it should be noted that the demand for bunker fuels initially found satisfaction in the significant levels of very low sulfur fuel (VLSFO) oil storage accumulated in particular in Singapore, the largest global bunkering hub, and that the ban on the transport of fuel oil high sulfur content (HSFO) for ships without scrubbers is set to start on 1st March 2020, effectively delaying the full application of the new regulations. At the same time, the reduced availability of heavy sour crude qualities is keeping their price high versus Brent.

It is still a consensual view among industry experts that the value of diesel must grow while the value of HSFO and heavy sour crude prices must fall due to the new regulation having gone into force.

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

The economic/financial projections are based on forecast by leading international experts specialized in the oil industry who expect average Brent prices at around 55 $/bl in 2020-22 before rising to $60/bl in 2023. The price spread between light sweet and heavy sour crude is expected to initially remain low and substantially due to the Iran and Venezuela embargo, and the OPEC+ production cuts, all of which are conditions that limit the supply of heavy sour crude. Afterward it is expected a gradual increase in the discounts with respect to the Brent at which heavy sour and medium sour crude oils are traded.

As for the trends in refined products, international experts predict the gasoline crack spread to grow to around +8 $/bl in 2020, then to roughly +$7.5/bl, indirectly supported by the new IMO regulation. Indeed, the production of large volumes of VLSFO will divert certain semi-finished products away from gasoline production for the formulation of fuel oil. The diesel crack spread should be +$15.2/bl in 2020, to then decline toward 14 $/bl in the period 2021-23. Following the aforementioned IMO – Marpol VI regulation, part of the demand for marine fuel (totalling roughly 1.5 mbl/day) is turning towards middle distillates, bolstering their crack spreads. Another substantial portion of demand for bunkering (around 1.5 mbl/g) is instead being met by the new VLSFO, which complies with the new IMO regulation’s standards. Its crack spread is expected to start out very high (11.4 $/bl) before gradually dropping (6 $/bl in 2023), although it will in any case retain structurally positive profit margins. The high sulphur fuel oil (HSFO) crack spread is foreseen at -25.8 $/bl in 2020 and then gradually return to -15 $/bl in 2023 following a rising penetration of scrubbers on the market.

The Plan assumes a Euro/US dollar exchange rate that will rise between an average of 1.14 in 2020 and 1.20 in 2023.

The following trend in the EMC Benchmark margin was calculated based on the scenario described above: approximately 3.0 $/bl in 2020, 2.5 $/bl in 2021, 2.1 $/bl in 2022 and 1.7 $/bl in 2023.

Operational structure
As for the refinery’s production levels, the Plan assumes total production of around 15÷15.5 million tons per year (including approximately 0.5÷1.2 million tons per year of semi-finished products), whose variability over the term of the Plan will depend on the appropriate production choices and the maintenance schedule for each year. Significant maintenance work is planned for the refinery in 2020, while in 2021, once the cycle of investments and scheduled maintenance is complete, it will begin operating at full capacity.

The refinery is capable of producing VLSFO (compatible with the new IMO regulation) at competitive conditions. According to the business plan, at full capacity, production will be approximately 700 kton and bunker will be sold directly in the Sarroch/Cagliari area (roughly 550 kton of VLSFO and 180 kton of MGO).

The IGCC plant is expected to generate 4.3÷4.4 TWh of electricity per year in 2020, according to the usual annual scheduled maintenance, and the electricity will be priced according to the CIP6/92 rate.

2021 will see some discontinuity, as the CIP6/92 is set to expire in the second quarter, benefiting from certain production recoveries. By this date, the entire plant must undergo a ten-year turnaround for scheduled maintenance to restore the plant to full efficiency in order to extend operations for the next decade. Accordingly, the forecast annual production for that year is about 4 TWh.

The plant is of fundamental importance for the Sardinian electrical system, its stability and operational safety. It is expected that it can be put at the service of the electricity system under the conditions set by the reference regulation (partial recovery of fixed and variable costs and return on invested capital).

Costs and industrial investments

With respect to the trend in costs, the Plan assumes that the total fixed costs of the Refining and Electricity Generation segments will be roughly EUR 350÷360 million per year. This estimate considers the efficiency plan, the impact of which will offset the inflation effect on maintenance costs, wages and compliance with environmental regulations. As for variable costs, the improvement actions taken will offset part of the price increases in utilities due to the scenario.

The Saras Group will also remain focused on the operational, management and strategic levers on which has direct influence and on investments in the development of the site's configuration and initiatives to improve reliability and energy efficiency, which will include exploiting the new opportunities offered by digitalisation. The investment plan confirms the Group's commitment to the refining business and its desire to maintain operational and technological excellence, consolidating its competitive edge.

Over the Plan period, the Group plans to **invest EUR 712 million in refining** including ordinary maintenance of production capacity, HSE compliance projects, work to improve reliability and digitalisation initiatives.

Sustainability and energy transition

Based on a business model that integrates social and environmental aspects in its core business, the Group's purpose, which has always shaped its strategy, is to be innovative, sustainable and the benchmark for energy suppliers.

In the pursuit of sustainable development, the Group has defined medium-term objectives for environmental, social and governance aspects and has approved a set of key performance indicators (KPIs) for 2020 in order to set improvement targets and measure progress in each of the identified areas. The key indicators refer to:

- Reduce greenhouse gas (GHG) emissions and air pollutants
- Improving energy efficiency
- Reducing raw water consumption
- Reducing waste production
- Co-processing vegetable oils at the refinery
- Reducing the injury frequency rate and striving for 'zero injury' target
- Maintaining total training hours equal to or greater than the average of the past 3 years
- Promoting gender diversity
- Maintain sizeable local impact from wages, purchases of goods and services and fiscal contribution
- Including ESG topics in the employee and remuneration assessment system
- Extending EGS responsibilities to the Risk and Control Committee

Development of renewables pipeline

Furthermore, to advance energy transition, the Saras Group has set the **objective of developing additional renewable capacity of up to 400 MW**.

After having successfully completed the expansion and re-blading of the Ulassai wind power plant, focus will turn to developing a pipeline of greenfield wind power projects that will contribute to the achievement of the ambitious new capacity development targets in the 2030 National Integrated Energy and Climate Plan and the European Green Deal, guaranteeing higher returns than those that would be achieved by acquiring existing assets.

The Group's primary geographical area is, first and foremost, Sardinia and, potentially, other Italian regions.

With the business plan, over **EUR 60 million** was authorised for the completion of projects in progress and the authorisation process for the new project pipeline. The best available financing options will be considered for the subsequent realization of the projects such as leverage or partnerships with the aim to create long-term sustainable value and generate positive returns.

Profitability forecasts

The Group's Refining segment is expected to generate a premium on the EMC Benchmark margin of 2.5 ÷ 3.0 $/bl in 2020.

Electricity Generation should generate comparable EBITDA of roughly EUR 140 million in 2020 valuing electricity at the CIP6/92 tariff.

Beginning in 2021, the IGCC plant will be considered a refinery conversion unit and its results (including fixed costs), will be included in the Refining segment to reflect the integrated production structure. It is expected that, given its relevance for the Sardinian electricity system, it can be put at the service of the electricity system under the conditions set by the reference regulation (partial recovery of fixed and variable costs and return on invested capital). Accordingly, a total premium of approximately 5.5 $/bl is expected in 2021 and 5.2 $/bl in 202-2023 (net of maintenance).

The comparable EBITDA of the Marketing segment is expected to be broadly stable.

Lastly, the Wind Power segment's EBITDA is expected to grow already in 2020 an then to evolve on the back of to the new renewable capacity that will be developed.

In light of that illustrated above, **the overall cash flows generated by operating activities over the term of the Plan are expected to total approximately EUR 1,500 million**. The Plan is therefore financially sustainable, as the expected cash flows will cover industrial investments, expenditure to develop the new renewable pipeline and the payment of interest charges and taxes, while also guaranteeing adequate remuneration of shareholders. Any additional resources will be allocated to new renewable development projects.

We confirm the policy of distributing **dividends equal to 40% to 60% of the comparable net profit.**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at: 31st December 2019

Thousands of EUR	31/12/2019	31/12/2018
ASSETS		
Current assets	**2,117,692**	**1,683,910**
Cash and cash equivalents	431,463	272,831
of which with related parties:	*17*	*18*
Other financial assets	51,928	131,723
Trade receivables	351,539	290,210
of which with related parties:	*109*	*85*
Inventories	1,040,842	861,601
Current tax assets	84,058	19,051
Other assets	157,862	108,494
Non-current assets	**1,439,254**	**1,241,008**
Property, plant and equipment	1,272,572	1,087,107
Intangible assets	77,970	112,127
Right of use on leasing assets	49,919	0
Other investments	502	502
Deferred tax assets	31,816	37,205
Other financial assets	6,475	4,067
Non-current assets held for sale	**7,038**	**35,001**
Property, plant and equipment	7,038	25,235
Intangible assets	0	9,766
Total assets	**3,563,984**	**2,959,919**
LIABILITIES AND EQUITY		
Current liabilities	**2,015,764**	**1,301,078**
Short-term financial liabilities	204,897	106,630
Trade and other liabilities	1,648,736	1,043,162
Current tax liabilities	76,472	74,948
Other liabilities	85,659	76,338
Non-current liabilities	**489,381**	**554,771**
Long-term financial liabilities	254,704	256,001
Provisions for risks and charges	194,278	203,313
Provisions for employee benefits	9,858	10,322
Deferred tax liabilities	4,437	3,819
Other liabilities	26,104	81,316
Total liabilities	**2,505,145**	**1,855,849**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	967,129	898,089
Net result	26,154	140,425
Total parent company equity	**1,058,839**	**1,104,070**
Third-party minority interests	-	-
Total equity	**1,058,839**	**1,104,070**
Total liabilities and equity	**3,563,984**	**2,959,919**

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for 2019

CONSOLIDATED STATEMENT OF INCOME FOR 2019

Thousands of EUR	1 January 31 December 2019	*of which non-recurring*	1 January 31 December 2018	*of which non-recurring*
Revenues from ordinary operations	9,490,251		10,583,098	
Other income	148,603		129,045	*8,504*
of which with related parties:	*133*		*111*	
Total revenues	**9,638,854**	***0***	**10,712,143**	**8,504**
Raw materials, consumables and supplies	(8,532,444)	(2,500)	(9,311,382)	
Services and sundry costs	(704,968)	(674)	(823,635)	*(63,353)*
of which with related parties:	*517*		*508*	
Personnel costs	(148,653)		(156,611)	*(3,000)*
Amortisation, depreciation and write-downs	(198,697)		(178,838)	*(7,798)*
Total costs	**(9,584,762)**	***(3,174)***	**(10,470,466)**	***(74,151)***
Operating result	**54,092**	***(3,174)***	**241,677**	***(65,647)***
Net income (charges) from equity investments				
Financial income	57,979		79,728	
Financial charges	(76,757)		(135,882)	*(6,308)*
Pre-tax result	**35,314**	***(3,174)***	**185,523**	***(71,955)***
Income taxes	(9,160)	885	(45,098)	*24,007*
Net result	**26,154**	***(2,288)***	**140,425**	***(47,947)***
Net result attributable to:				
Shareholders of the parent company	26,154		140,425	
Third-party minority interests	0		0	
Net earnings per share – base (EUR cents)	**2.78**		**15.00**	
Net earnings per share – diluted (EUR cents)	**2.78**		**15.00**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2019

Thousands of EUR	1 January 31 December 2019	1 January 31 December 2018
Net result (A)	**26,154**	**140,425**
Items of comprehensive income that may be subsequently reclassified under profit (loss) for the year		
Effect of translation of the financial statements of foreign operations	42	140
Items of comprehensive income that will not be subsequently reclassified under profit (loss) for the year		
Actuarial effect IAS 19 on employee post-employment benefits	0	336
Other profit/(loss), net of the fiscal effect (B)	**42**	**476**
Total consolidated net result (A + B)	**26,196**	**140,901**
Total consolidated net result attributable to:		
Shareholders of the parent company	26,196	140,901
Third-party minority interests	0	0

Consolidated Statement of Changes in Equity for 2019

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) Financial Year	Total Equity Attributable to the Parent Company	Third-party Minority interests	Total Equity
Balance at 31/12/2017	**54,630**	**10,926**	**765,904**	**240,836**	**1,072,296**	**0**	**1,072,296**
Allocation of previous year result			240,836	(240,836)	0		0
Dividend Distribution			(112,321)		(112,321)		(112,321)
Conversion effect balances in foreign currency			140		140		140
Actuarial effect IAS 19			336		336		336
Reserve for stock option plan			1,990		1,990		1,990
F.T.A. effect IFRS 9			1,204		1,204		1,204
Net result				140,425	140,425		140,425
Total net result			*140*	*140,425*	*140,425*	*0*	*140,425*
Balance at 31/12/2018	**54,630**	**10,926**	**898,089**	**140,425**	**1,104,070**	**0**	**1,104,070**
Allocation of previous year result			140,425	(140,425)	0		0
Dividend Distribution			(75,310)		(75,310)		(75,310)
Conversion effect balances in foreign currency			42		42		42
Actuarial effect IAS 19			(703)		(703)		(703)
Reserve for stock option plan			1,658		1,658		1,658
Other changes			2,928		2,928		2,928
Net result				26,154	26,154		26,154
Total net result			*42*	*26,154*	*26,154*	*0*	*26,154*
Balance at 31/12/2019	**54,630**	**10,926**	**967,129**	**26,154**	**1,058,839**	**0**	**1,058,839**

Consolidated Statements of Cash Flow for 2019

Thousands of EUR	1/1/2019-31/12/2019	1/1/2018- 31/12/2018
A - Initial cash and cash equivalents	**272,831**	**421,525**
B -Cash flow from (for) operating activities		
Net result	26,154	140,425
Unrealised exchange rate differences on bank current accounts	(256)	2,863
Amortization, depreciation and write-downs of assets	198,697	178,838
Net change in risk provisions	(9,035)	81,228
Net change in provision for employee benefits	(464)	72
Net change in deferred tax liabilities and deferred tax assets	6,007	(22,265)
Net interest	17,457	16,548
Income tax set aside	3,153	67,363
Change in the fair value of derivatives	14,789	(66,206)
Other non-monetary components	3,925	3,670
Profit for the year before changes in working capital	**260,427**	**402,536**
(Increase)/Decrease in trade receivables	(61,329)	101,190
of which with related parties:	*(24)*	*(19)*
(Increase)/Decrease in inventories	(179,241)	13,668
(Increase)/Decrease in trade and other payables	605,574	(107,122)
Change other current assets	(114,375)	46,019
Change other current liabilities	77,008	(17,782)
Interest received	1,578	702
Interest paid	(19,035)	(17,250)
Taxes paid	(69,316)	(95,425)
Change other non-current liabilities	(55,212)	(78,744)
Total (B)	**446,079**	**247,792**
C - Cash flow from (for) investment activities		
(Investments) in tangible and intangible assets	(340,688)	(240,172)
(Investments) in right of use on leasing activities	(59,236)	
(Increase)/Decrease in other financial assets	98,473	63,384
Increase for disposal of non current assets held for sale	27,963	
Total (C)	**(273,488)**	**(176,788)**
D - Cash flow from (for) financing activities		
Increase/(decrease) m/l-term financial payables	(1,297)	(1,139)
Increase/(decrease) short-term financial payables	62,392	(103,375)
Distribution of dividends and treasury share purchases	(75,310)	(112,321)
Total (D)	**(14,215)**	**(216,835)**
E - Cash flows for the period (B+C+D)	**158,376**	**(145,831)**
Unrealised exchange rate differences on bank current accounts	256	(2,863)
F - Final cash and cash equivalents	**431,463**	**272,831**

SARAS SPA FINANCIAL STATEMENTS

Saras SpA Statement of Financial Position as at: 31st December 2019

Thousands of EUR	31/12/2019	31/12/2018
ASSETS		
Current assets	**1,716,815**	**1,371,530**
Cash and cash equivalents	271,637	244,023
of which with related parties:	*17*	*18*
Other financial assets	188,073	93,970
of which with related parties:	*150,843*	*3,629*
Trade receivables	326,645	337,903
of which with related parties:	*113,199*	*243,899*
Inventories	858,904	680,058
Current tax assets	67,109	8,539
Other assets	4,447	7,036
of which with related parties:	*0*	*290*
Non-current assets	**723,397**	**728,387**
Property, plant and equipment	12,746	11,589
Intangible assets	1,979	2,712
Right of use on leasing assets	7,266	0
Equity investments measured at cost	697,233	697,233
Other investments	495	495
Deferred tax assets	0	12,681
Other financial assets	3,678	3,677
Total assets	**2,440,212**	**2,099,917**
LIABILITIES AND EQUITY		
Current liabilities	**1,541,162**	**1,161,594**
Short-term financial liabilities	213,265	280,186
of which with related parties:	*67,151*	*185,176*
Trade and other liabilities	1,234,181	777,910
of which with related parties:	*141,332*	*207,003*
Tax liabilities	60,749	63,707
Other liabilities	32,967	39,790
of which with related parties:	*22,794*	*22,610*
Non-current liabilities	**220,255**	**263,166**
Long-term financial liabilities	214,422	256,001
Provisions for risks and charges	1,696	3,134
Provisions for employee benefits	2,356	2,310
Deferred tax liabilities	1,781	0
Other liabilities	0	1,721
Total liabilities	**1,761,417**	**1,424,760**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	535,736	432,781
Net result	77,503	176,820
Total equity	**678,795**	**675,157**
Total liabilities and equity	**2,440,212**	**2,099,917**

Saras SpA Statement of Income for 2019 and Statement of Comprehensive Income for 2019

SARAS S.p.A. - STATEMENT OF INCOME FOR 2019

Thousands of EUR	1 January 31 December 2019	of which non-recurring	1 January 31 December 2018 *(3)*	of which non-recurring
Revenues from ordinary operations	8,549,296		9,440,488	
of which with related parties:	*911,793*		*1,987,196*	
Other income	55,493		68,259	*2,683*
of which with related parties:	*34,596*		*60,766*	
Total revenues	**8,604,789**	***0***	**9,508,747**	***2,683***
Raw materials, consumables and supplies	(7,853,864)		(8,605,664)	
of which with related parties:	*(1,721,765)*		*(1,573,145)*	
Services and sundry costs	(597,431)		(563,435)	
of which with related parties:	*(334,750)*		*(333,259)*	
Personnel costs	(33,393)		(36,777)	*(3,000)*
Amortisation, depreciation and write-downs	(6,030)		(7,154)	*(3,627)*
Total costs	**(8,490,718)**	***0***	**(9,213,030)**	***(6,627)***
Operating result	**114,071**	***0***	**295,718**	***(3,944)***
Net income (charges) from equity investments	2,682		(2,000)	
of which with related parties:	*2,682*		*(2,000)*	
Financial income	61,569		81,695	
of which with related parties:	*6,731*		*3,439*	
Financial charges	(71,589)		(129,424)	*(6,308)*
of which with related parties:	*(354)*		*(1,667)*	
Pre-tax result	**106,733**	***0***	**245,988**	***(10,252)***
Income taxes	(29,230)		(69,168)	*1,514*
Net result	**77,503**	***0***	**176,820**	***(8,738)***

SARAS S.p.A. - STATEMENT OF COMPREHENSIVE INCOME FOR 2019

	1 January 31 December 2019	1 January 31 December 2018
Net result (A)	**77,503**	**176,820**
Items of comprehensive income that may be subsequently reclassified under profit (loss) for the year		
Items of comprehensive income that will not be subsequently reclassified under profit (loss) for the year		
Actuarial effect IAS 19 on employee post-employment benefits		
Other profit/(loss), net of the fiscal effect (B)	**0**	**0**
Total consolidated net result (A + B)	**77,503**	**176,820**
Consolidated net result for the period attributable to:		
Shareholders of the parent company	77,503	176,820
Third-party minority interests	0	0

Saras SpA Statement of Changes in Equity for 2019

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) for the year	Total equity
Balance at 31/12/2017	**54,630**	**10,926**	**334,759**	**207,062**	**607,377**
Period 1/1/2018 - 31/12/2018					
Allocation of previous year result			207,062	(207,062)	0
Dividend Distribution			(112,321)		(112,321)
Employee share plan reserve			1,990		1,990
Actuarial effect IAS 19			87		87
F.T.A. effect IFRS 9			1,204		1,204
Net result				176,820	176,820
Total net result			*87*	*176,820*	*176,907*
Balance at 31/12/2018	**54,630**	**10,926**	**432,781**	**176,820**	**675,157**
Period 1/1/2019 - 31/12/2019					
Allocation of previous year result			176,820	(176,820)	0
Dividend Distribution			(75,310)		(75,310)
Employee share plan reserve			1,658		1,658
Actuarial effect IAS 19			(213)		(213)
F.T.A. effect IFRS 9					0
Net result				77,503	77,503
Total net result			*(213)*	*77,503*	*77,290*
Balance at 31/12/2019	**54,630**	**10,926**	**535,736**	**77,503**	**678,795**

Saras SpA Statement of Cash Flow 2019

Thousands of EUR	1/1/2019 - 31/12/2019	1/1/2018- 31/12/2018
A - Initial cash and cash equivalents	**244,023**	**378,236**
B - Cash flow from (for) operating activities		
Net result	77,503	176,820
Unrealised exchange rate differences on bank current accounts	(256)	2,863
Amortization, depreciation and write-downs of assets	6,030	7,154
Net income (charges) from equity investments	(2,682)	2,000
of which with related parties:	*(2,682)*	*2,000*
Net change in risk provisions	(1,438)	(9,038)
Net change in provision for employee benefits	46	(200)
Net change in deferred tax liabilities and deferred tax assets	14,462	(4,351)
Net interest	7,779	10,900
Income tax set aside	14,768	73,519
Change FV financial assets for trading and financial liabilities	12,241	(46,269)
Other non-monetary components	1,445	3,281
Profit (loss) of operating activities before monetary and non-monetary differences in working capital	**129,898**	**216,678**
(Increase) Decrease in trade receivables	11,258	18,344
of which with related parties:	*130,700*	*(155,732)*
(Increase) Decrease in inventories	(178,846)	46,569
(Increase) Decrease in trade and other payables	456,271	(92,667)
of which with related parties:	*(65,671)*	*(940)*
Change other current assets	(55,981)	15,124
of which with related parties:	*(12,711)*	*13,079*
Change other current liabilities	44,797	(30,347)
of which with related parties:	13,185	(12,381)
Interest received	8,122	4,003
of which with related parties:	*6,731*	*3,439*
Interest paid	(15,901)	(14,903)
of which with related parties:	*(354)*	*(1,667)*
Income taxes paid	(69,346)	(94,993)
Change other non-current liabilities	(1,721)	(2,153)
Total (B)	**328,551**	**65,655**
C -Cash flow from (for) investment activities		
(Net investments) in tangible and intangible assets	(13,720)	(5,323)
Change investments	2,682	(2,000)
(Increase) / decrease in other financial assets	(79,791)	75,394
Total (C)	**(90,829)**	**68,071**
D - Cash flow from (for) financing activities		
Increase / (decrease) m/l-term financial payables	(41,579)	(1,139)
Increase / (decrease) short-term financial payables	(93,475)	(151,617)
of which with related parties:	*257,801*	*(65,817)*
Distribution of dividends and treasury share purchases	(75,310)	(112,321)
Total (D)	**(210,364)**	**(265,077)**
E - Cash flows for the period (B+C+D)	**27,358**	**(131,351)**
Unrealised exchange rate differences on bank current accounts	256	(2,863)
F - Final cash and cash equivalents	**271,637**	**244,023**