Saras SpA Board of Director approved:
Saras SpA Draft Financial Statements and Group Consolidated Financial Statements as of 31st December 2020
The Business Plan 2021 - 2024

FY/20 Results:

- **EBITDA and Group *comparable* Net RESULT** significantly impacted by the unpredictable effects of the pandemic which caused the drastic oil demand and margin fall, in an unprecedented year for the refining industry, negative for EUR 20.8 million and EUR 197 million euros respectively

- **Group reported negative EBITDA and NET RESULT of EUR 87.1 million and EUR 275.5 million** respectively and, compared to the EBITDA *comparable*, impacted by the further effect of the collapse in oil demand and the extreme volatility in prices determined an alignment to the current values of the inventories of crude and finished products, and the price curves according to the current scenario with an adjustment of the book value of the assets of the refinery

- **Net financial position before IFRS16 as of 31 December 2020 negative for EUR 505 million, compared to a positive net financial position of EUR 79 million as of 31 December 2019**, due to the effects of the scenario on the profitability and working capital of the Group, as well as the extent of the investments made during the year

Approved the Business Plan 2021-24

- **Forecast scenario based on the projections of the main sector analysts characterized by still weak margins in 2021, recovering in the second half of the year, and recovering to levels close to pre-Covid in the period 2022-2024**

- Identified for 2021 a series of measures to significantly reduce costs and investments, aimed at minimizing the economic and financial impact of the scenario, with a containment of the level of debt to levels no higher than those of 31 December 2020. **The achievement of these objectives will allow the Group to fully grasp the substantial market recovery expected starting from 2022**

- **A return to normality is expected for the period 2022-2024 with a substantial recovery of the market and margins which together with the consolidation of operational efficiency in the cost structure will allow the gradual normalization of the level of investments and the return of the level of debt**

- **The sustainability and energy transition strategy continues with:**
    - **the development of new renewable capacity, with the goal of 200MW of wind capacity in 2021 and new renewable capacity up to 500 MW in 2024 also through the development of new partnership**
    - **the Group's strategy in the context of the energy transition, with particular focus on green hydrogen and biofuel projects**

- **Approved a set of indicators to measure progress in the environmental, social and governance fields**

The Shareholders were called for an Ordinary General Meeting on 12th May 2020 (first call).

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

"The last quarter of the year was expected to be the beginning of the recovery, unfortunately the pandemic has once again flared up, thus dampening the signs of recovery, which however can be glimpsed today. In this quarter, the plans for 2021 and beyond were finalized, which see a decisive paradigm shift: we are laying the foundations for a more efficient industrial structure that will require fewer financial resources, always in full respect of health, safety, and the environment. At the same time, new impetus was given to the "energy transition" projects and we increased our presence on renewables: I am confident of being able to announce new expansions shortly and I am very satisfied with the agreement with Enel to build the largest plant in Italy for the production of hydrogen, in Italy we are the industry that probably has the largest experience in dealing with this gas. We are still facing a complex period but thanks to the expertise and determination of our people we will continue our long journey in the energy sector, maintaining our leading role in the community and remaining crucial in the global market.".

EUR Million	FY 2020	FY 2019
REVENUES	5,342	9,518
EBITDA reported	(87.1)	252.8
Comparable EBITDA	**(20.8)**	**313.8**
NET RESULT reported	(275.5)	26.2
***Comparable* NET RESULT**	**(197.0)**	**67.3**
NET FINANCIAL POSITION ANTE IFRS 16	**(505)**	**79**
NET FINANCIAL POSITION POST IFRS 16	**(545)**	**30**
CAPEX	**256**	**345**

Milan, 30th March 2021: Saras SpA's Board of Directors met today and approved the Group's Consolidated Financial Statements and Saras SpA's Draft Financial Statements at 31 December 2020, 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 2021-2024 was also approved.

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The 2020 Financial Statements have been submitted to the Board of Statutory Auditors and the Independent Auditors and, together with the other documents referred to in Article 154-ter of Legislative Decree no. 58/1998 (the Consolidated Financial Act), they shall be made available to the general public at the company's registered office and will also be published on the company's 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.

Attached are comments on the results of the Group and of the individual business segments, the Strategy and Business Outlook, the consolidated and separate statements of equity and financial position, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement and Statement of Cashflow, for the Consolidated financial Statement of the Group as well for the Financial Statement of Saras SpA, and also the details regarding the update to the Group's Business Plan for the 2021-2024 period.

Regarding the estimates and forecasts contained in this document, in particular with regard to the Strategy and Business Outlook and the update of the 2021-24 Business Plan, it should be noted that actual results may differ, even significantly, from those indicated in relation to a multitude of factors, including: future developments in the prices of crude oil and refined products, the operating performance of plants, the impact of regulations on the energy sector and on environmental matters, other changes in business conditions and in the evolution of competition at a global level.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree No. 58 of 24 February 1998, adopted by Consob with resolution No. 11971 of 14 May 1999, as amended. It is available to the public on the company's website, in the "Investors/Financial Press Releases" section and also at the authorized storage mechanism for regulated information, "1info" (**www.1info.it**).

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THE SARAS GROUP
The Saras Group founded by Angelo Moratti in 1962 is one of the leading independent players in the European energy and refining industry. Through the parent Compay Saras SpA, and its subsidiaries, Saras Trading SA, based in Geneva, and Saras Energia SAU, based in Madrid, the Group sells and distributes oil products in the domestic and international markets. 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. The Group has about 1,690 employees and total revenues of about 5.3 billion Euros as of 31st December 2020 (about 9.6 billion Euros as of 31st December 2019).

ANNEX

Covid-19 Impact

FY 2020 was characterised by an economic and social situation that was severely impacted by the Covid-19 pandemic and the lockdown measures taken at the global level to contain it, followed by an unprecedented consumption crisis.

Despite the emergency, as an industry that is essential to the life of the country as it supplies approximately 15% of the Italy's hydrocarbon needs and a significant proportion of the electricity required by Sardinia, Saras maintained full operational continuity at the Sarroch refinery plants during the year while also completing the planned maintenance activities, which in turn constituted one the most major turnarounds in the history of the Sarroch refinery.

The refinery and the multitude of suppliers working on the plant maintenance was made possible thanks to the safety and Covid-19 containment measures that were immediately implemented, in compliance with provisions prepared by the National Authorities included the Prime Ministerial Decree and the order of the President of Sardinia Region. Continuation of operations at the Group's various sites were likewise guaranteed by the use of the same protocols as those used for the industrial site, as well as extensive use of smart-working. An insurance policy was also stipulated for all employees of the Italian Group companies to cover any need for hospitalization and subsequent assistance in the event of contagion from Covid-19. This has allowed us to provide the best safeguards for all workers at the refinery and the full employment of our workforce at this difficult time, including the many people employed by the companies engaged in the maintenance activities. This allowed us to make a tangible contribution to the economy of the territory where Saras operates.

In terms of the economic impacts, we recall that the refining industry is one of the most impacted by the effects of the crisis.

Especially Mediterranean area operators, such as Saras, have faced an unprecedented situation brought about by the combination of the collapse in the demand for petroleum products, beginning in March with the adoption of lockdown measures by most countries and, on the supply side, by the production cuts introduced in early May by OPEC + countries, in an effort to support crude oil prices. The high level of volatility in the price was added to these events due to the strong level of uncertainty that characterized the course of the pandemic and therefore also the containment measures adopted. This situation was further exacerbated in the second half of the year, when, contrary to expectations, consumption did not pick up in the summer months and this led to unexpectedly high stock levels of the main refined products. This phenomenon, together with the production cuts mentioned above, which mostly affected medium-heavy, high-sulphur crude oils used mainly by complex refineries such as Saras, led to a further collapse in refining margins (for a more detailed explanation on the evolution of the scenario, see the section "Oil market and refining margins").

A comparison of the main market assumptions made by industry analysts for 2020, immediately before the crisis, with the relevant average values actually recorded in the year, shows the degree to which Covid-19 impacted the Group’s business in 2020.

The initially expected scenario for 2020 not only projected a trend in consumption in line with 2019, but also incorporated the positive effects, beginning from the second quarter, from the entry into force of the IMO-Marpol VI regulation, with a positive impact in particular on the crack spread of diesel and on the discounts of the basket of crude "sour".

The collapse in consumption following the lockdown measures has distorted and erased these predictions.

The impact on global oil demand, which plummeted by 25% in April (35% in OECD countries) compared to the same period in 2019, was reflected in Brent prices, which reached almost $70/bl at the end of 2019, to then crash to an all-time low of $13.2/bl in mid-April, when the collapse in consumption was compounded by the effect of the failure of Opec+ countries to agree on production cuts. From May onwards, however, the newfound agreement on production cuts between the OPEC+ countries gradually brought Brent DTD back to values above $30/bl, reaching $55/bl at the end of the year. In 2020 Brent DTD quotations were on average 27% lower than forecasts. Medium-heavy, high-sulphur crude oils (sour crude oils) were the ones mainly affected by the cuts, and their differentials against the typically discounted Brent crude oil remained under pressure throughout the year.

On the product front, gasoline, the product most affected by lockdown measures together with jet fuel, recorded average prices down by approximately 31% with margins approximately 51% lower than had been forecasted. Despite an initially lower drop in demand due to the resilience of commercial transport, the average price of Diesel dropped by approximately 33% and the margin was approximately 56% lower. In the second half of the year in particular, the high level of inventories accumulated during the lockdowns - even in the absence of demand for jet fuel, a product derived from middle distillates - and the lack of discounting on high-sulphur crude oils, kept the diesel crack price between $1 and $6/bl.

In 2020, the reference refining margin (EMC benchmark) consequently averaged -0.5$/bl, with negative values in particular in the second half of the year. The "pre-Covid" expectations of leading market analysts estimated a positive EMC benchmark of +3$/bl for 2020.

During the year, the Power and Wind sectors also suffered from the drop in the CIP6 tariff and the PUN. The effect induced by the collapse in consumption, including gas was also reflected in electricity prices, with an average CIP6 tariff in the period of 76€/MWh and an average PUN value of 38.9€/MWh, down approximately 15% and 24% respectively compared to expectations.

As far as the impact on the Group's activities is concerned, the scenario described above, which is particularly unfavorable for complex refineries such as Sarroch, caused a deterioration in the profitability of the Refining segment, which achieved an average refining premium in the year of $2/bl compared to the EMC mentioned above (of -$0.5/bl) and a refining margin of $1.5/bl (for further details, please refer to the chapter Refining Margin).

In addition, the price trend led to a deterioration in the segment's working capital.

These factors, together with the turnaround plan involving the refinery, worsened cash generation with a negative Group Net Financial Position at the end of the financial year equal to a net debt of EUR 505 million pre-IFRS16 (EUR 545 million post application of IFRS16) compared to a positive Net Financial Position of EUR 79 million pre-IFRS16 (EUR 30 million post IFRS16) at 31 December 2019.

To contain the impact of the crisis, Saras has put in place various operational and financial measures since the end of March.

In particular, in the Refining sector the fall in demand and the particularly unfavorable margins on the gasoline market led the Company to extend the shutdown of the FCC unit throughout June. This is the largest gasoline-producing plant which had already been undergoing scheduled maintenance in the months of March, April and May. Refinery runs in the second quarter were therefore concentrated on middle distillates, which were less affected by the slump in demand.

Moreover, in light of the situation that developed at the end of March, Saras resorted to hedging operations to guarantee a margin on diesel production and took advantage of the commercial opportunities arising from the marked price contango structure existing between the end of March and the beginning of April.

At the end of March, the Company then gradually reacquired its inventory levels at particularly advantageous prices, with an economic benefit that was reflected in the reported results of the third quarter, although this was adversely offset by the further worsening of the situation during the period.

In a prudential perspective and in light of the considerable uncertainty of the markets, to better preserve the financial strength and the economic and financial balance of the Group, Saras deemed it appropriate to suspend the dividend proposals on 2019 profits and to authorise the share buy-back plan approved on March 2.

Additionally to these measures, which mainly related to the first half of the year, in October 2020 the Company adopted a cost and investment efficiency plan to contain the economic and financial impact of the continuing economic crisis. This plan will enter into full effect in 2021. This plan envisages keeping the refinery operational according to the cost-effectiveness of the processing of the main refined products, while still safeguarding the production of electricity which is essential for the balance of the Sardinian grid, and a significant containment of operating costs and investments. The Company's choice to resort to the redundancy fund, partially adopted for all employees of the group starting from the end of October 2020, and for the first half of 2021, is also part of this plan.

Also, in addition to the medium-term loans signed in the first quarter of 2020, the Company obtained new medium/long-term credit lines from a number of leading banks in 2020. In particular, at the end of the year, a loan agreement was signed with a pool of leading Italian financial institutions for EUR 350 million, maturing in 2024, 70% of which is backed by guarantees issued by SACE within the framework of the Italian guarantee program. The Company was also able to have the lending banks revise some financial parameters applicable to the existing credit lines, to take into account the changed market conditions.

For updates regarding the potential impact of the continuing Covid 19 emergency on the main financial statement items, please refer to the Notes (Impairment testing). In this regard, although the timing of the recovery is uncertain, it should be noted that the recession caused by Covid-19 is due to factors that are external to the economic system, which should therefore not weaken its fundamentals. We believe that the business conditions for Saras Group activities will ensure a return to profitability in the coming years, particularly from 2022, contingent upon a significant recovery in demand that will be close to pre-pandemic levels.

GAAP and Non-GAAP measure

Alternative performance indicators

To present the Group's operating performance in a way that best reflects the most recent market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net profit, non-accounting values processed in this report on operations have been stated with the measurement of stocks using the FIFO method, but excluding unrealised gains and losses on stocks resulting from scenario changes calculated by measuring opening stocks (including the related derivatives) at the same unit values as closing stocks (when quantities increase in the period), and closing stocks at the same unit values as opening stocks (when quantities decrease in the period). Items that are non-recurring in terms of their 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. Non-GAAP financial measures should be read together with information determined by applying the International Accounting Standards (IAS/IFRS) and do not stand in for them.

Key Group financial and operational results

EUR Million	FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
REVENUES	5,342	9,518	-44%	1,382	2,412	-43%
EBITDA reported	-87.1	252.8	n.s.	(9.0)	(5.4)	-67%
Comparable EBITDA	**-20.8**	**313.8**	**n.s.**	**(31.1)**	**79.3**	**-139%**
EBIT reported	-341.1	54.1	n.s.	(106.3)	(60.6)	-75%
Comparable EBIT	**-238.9**	**115.1**	**n.s.**	**(92.5)**	**24.1**	**-484%**
NET RESULT reported	-275.5	26.2	n.s.	(101.5)	(39.9)	-154%
***Comparable* NET RESULT**	**-197.0**	**67.3**	**n.s.**	**(86.0)**	**14.2**	**-705%**

Comments on the Group's Results for 2020

In 2020, the refining sector experienced one of the worst crises in its history, triggered by an unprecedented slump in consumption following global restrictions to contain the pandemic.

Group revenue for the year totalled EUR 5,342 million, **down by 44%** compared to EUR 9,518 million in the previous year. The Refining segment recorded lower revenues of approximately EUR 3,174 million (46% lower than in the same period of the previous year) and the Marketing segment's revenues were lower by about EUR 897 million (44% lower than in the same period of the previous year). The contribution of the Power and Wind segments was also lower in 2020, with revenues 20% and 14% lower. Respectively, than in 2019, due to the lower value of the CIP6 tariff and the general fall in electricity prices.

This situation has significantly impacted the volumes sold, prices and margins of oil products.

In the Refining segment, volumes decreased by 14% compared to 2019. This reduction is also due to one of the most important turnarounds in the history of the Sarroch refinery, already planned for 2020 and duly completed during the year, which involved the Topping T1 units and the FCC unit, the main plant used in the production of gasoline. The plant shutdown for maintenance of the FCC plant, which began in March and was initially scheduled to last until the end of May, was extended to the entire month of June, in view of the poor performance of gasoline refining, particularly in the second quarter when gasoline crack fell by 57% compared to the same period of the previous year. In the third quarter there was also less processing due to the shutdown of one of the two mild hydrocrackers, the plants used in the production of diesel oil, which lasted about 30 days. In the fourth quarter, production remained at 80% of capacity.

In Marketing, sales volumes fell by 17% compared to 2019, in comparison to a national average where gasoline consumption fell by 21% and diesel consumption dropped by 17% in 2020. In particular, the performance of the segment in Italy confirmed a trend of fuel sales in the wholesale channel that was overall better than the market.

In terms of prices, gasoline averaged at 382 $/ton (compared to the average of 595 $/ton in Q3/17), while the price of diesel averaged out to 362 $/ton (compared to the average of 586 $/ton in 2019). Gasoline crack averaged $3.9/bl for the year, 44% lower than in 2019 ($7.0/bl). Similarly, diesel crack averaged $6.7/bl, touching values below $2/bl or a 53% drop from the average of $14.3/bl in 2019, with particularly low values in the second half of the year, to $1.3/bl in September.

These phenomena resulted in a negative Group reported EBITDA of EUR 87.1 million in FY 2020, **compared to a positive Group reported EBITDA of EUR 252.8 million in 2019.**

This result is attributable to the situation following the pandemic crisis, which was reflected in the Refining segment with a negative impact of about EUR 287 million, mainly as a result of the compromised margins of the sector, in particular with reference to diesel and gasoline crack. This was only partially offset by the falling prices of the crude oils that were purchased. This result also takes into account the negative impact of the valuation of Refining and Marketing inventories resulting from the collapse in oil prices, amounting to EUR 32.2 million in the year, with a particularly negative effect in the first half of the year, at the same time as the collapse in prices, which was then partially reabsorbed in the months that followed.

The contribution to the Group's EBITDA of the Refining segment's production planning activities was lower than in 2019, in view of the limited opportunities for optimisation arising from the changed market environment and its high volatility and uncertainty, as well as the structure of the plants in the year (for further details, please refer to the description of the Refining segment's operations).

However, these effects were partly offset by specific actions implemented by the Company, such as a reduction in processing and an increase in efficiency, which benefitted the bottom line by lowering operating expenses.

In addition, the commercial management of the Refining segment also resulted in a higher EBITDA contribution than in 2019.

To guarantee a margin on diesel crack, the company implemented hedging transactions in the second quarter, which benefitted EBITDA by approximately EUR 19 million in 2020.

Finally, EBITDA in 2020 benefited from lower variable costs, which were reduced compared to the previous year both in terms of unit prices and consumption, as a result of the lower processing volumes. Less processing also meant lower costs in terms of CO_2 emissions.

As mentioned above, it should be noted that the EBITDA for 2020 includes EUR 35.9 million from the release of the CO_2 risk provision for the former Versalis facilities, of which EUR 21.0 million related to the 2015/2017 quotas that would have been of an extraordinary nature.

The Group's reported Net Profit was negative by EUR 275.5 million, compared to EUR 26.2 million in 2019, substantially due to the factors described above for EBITDA, net of the tax effect. Moreover, amortisation and depreciation increased on the same period last year (EUR 218.1 million, compared with EUR 198.7 million in 2019) due to new investments that were deployed.

It should also be noted that, as a result of the impairment test pursuant to IAS 36, there was a reduction in value attributable to tangible assets for EUR 35 million. For further details, see what is described in the Explanatory Notes in chapter 5.2 "Non-current assets".

The balance between financial income and charges was negative at EUR 16.4 million (compared to a negative balance of EUR 18.2 million in 2019). Other financial items (which comprise realised and unrealised differentials on mostly foreign exchange derivatives, net exchange rate differences and other financial income and charges) showed a net positive balance of approximately EUR 2.5 million compared to a net negative balance of about EUR 0.5 million in the previous year. The reported Net Result also takes into account an allocation to a "tax reserve" relating to assessments on taxes paid in previous years.

In terms of comparable EBITDA the Group result was negative by EUR 20.8 million, **compared to a positive comparable EBITDA of EUR 313.8 million in 2019.**

Compared to reported EBITDA, this result also takes into account the negative impact of the valuation of Refining and Marketing inventories resulting from the volatility of oil prices, amounting to EUR 32.2 million in the year. Comparable EBITDA with respect to reported EBITDA also does not include the effect of certain non-recurring items relating to personnel costs and leaving incentives, as well as write-downs relating to the material inventory of the subsidiary Sarlux.

The Group's comparable Net Result in 2020 was a loss of EUR 197.0 million, compared to a profit of EUR 67.3 million in the previous year, and in addition to the differences described for EBITDA, of the reduction in value on tangible fixed assets due to the impairment test, net of the tax effect, it does not take into account the allocation to a "tax provision" related to assessments on taxes paid in previous years. The comparable net result does not take into account the effect of the impairment test pursuant to IAS 36, with a reduction in value attributable to tangible assets for Euro 35 million.

Investments in 2020 totalled EUR 255.7 million and were mainly allocated to the Refining segment (EUR 225.9 million), **in comparison with EUR 344.6 in 2019**. EUR 128 million of these investments refers to the aforementioned long-term turnaround.

The following tables show the details on the calculation of EBITDA and comparable Net Result for the years 2020 and 2019

Comments to Fourth Quarter 2020 Group results

In the fourth quarter of 2020, the Group's revenues amounted to EUR 1,382 million, compared to EUR 2,533 million in the fourth quarter of 2019 due to the negative scenario of 2020 that also characterized the last quarter.

The Refining segment recorded lower revenues for approximately EUR 887 million (47% lower than in the fourth quarter of 2019) and the Marketing segment for approximately EUR 234 million (45% lower than in the fourth quarter 2019).

The contribution of the Power segment was also lower in 2020, which recorded revenues below 2019 by 22%, affected by the lower value of the CIP6 tariff and in general the drop in the price of electricity, as well as a heavier maintenance plan in the quarter compared to the same period of the previous year.

In the Refining segment, volumes decreased by 10% compared to the fourth quarter of 2019. In Marketing, sales volumes were reduced by 13% compared to the fourth quarter of 2019.

Gasoline prices averaged $ 397 / tons (compared to $ 582 / tons in the fourth quarter of 2019) and diesel prices averaged $ 365 / tons (compared to $ 578 /tons in the fourth quarter. of 2019). The gasoline crack recorded an average value in the quarter of 3.4 $/bl, compared to that of the fourth quarter of 2019 (6.6 $/bl). Similarly, the crack of diesel was on average equal to 4.8 $/bl, compared to the average of 14.4 $/bl in the fourth quarter of 2019.

The Group's reported EBITDA in the fourth quarter of 2020 was negative for EUR 9.0 million, compared to a negative reported EBITDA of EUR 5.4 million in the same quarter of the previous year. The quarter was particularly affected by the reported EBITDA of the Refining segment, negative for EUR 39.1 million, still penalized by the unfavorable scenario and the failure to recover margins. This result benefits from the revaluation of inventories resulting from the volatility of oil prices, equal to 51.5 million euros in the quarter, with a reversal of the trend compared to previous quarters thanks to the recovery of oil prices starting from the second half of the year. highlighted in the Company's inventory items in the last quarter of the year.

The Group's reported Net Result was negative for EUR 101.5 million in the fourth quarter of 2020, compared to a negative result of EUR 40.6 million in the fourth quarter of 2019, taking into account what is described at EBITDA net of the tax effect.

In addition, depreciation and amortization increased compared to the same period of the previous year (EUR 61.3 million compared to EUR 55.1 million in the fourth quarter of 2019) due to the entry into operation of the new investments.

It should also be noted that, as a result of the impairment test pursuant to IAS 36, there was a reduction in value attributable to tangible assets for EUR 35 million. For further details, please refer to what is described in the Explanatory Notes in chapter 5.2 “Non-current assets”.

The balance between financial income and charges was negative for EUR 4.8 million (compared to a negative balance of EUR 3.6 million euros in the fourth quarter of 2019). The other financial items (which include realized and unrealized differentials on derivative instruments mainly on exchange rates, net exchange differences, and other financial income and charges) were positive for EUR 2.4 million compared to a positive balance of EUR 5.8 million in the fourth quarter of 2019.

The Group's comparable EBITDA stood at a negative value of EUR -31.1 million in the fourth quarter of 2020 compared to EUR 79.3 million achieved in the same quarter of 2019.

Compared to reported EBITDA, this result does not take into account the effect - in the Refining and Marketing segments - of the valuation of inventories deriving from the volatility of oil prices, which in the quarter was positive and equal to EUR 51.5 million, with a reversal of the trend compared to the previous quarters thanks to the recovery of oil prices starting from the second half, which was highlighted in the Company's inventory items in the last quarter of the year. The comparable EBITDA compared to the reported EBITDA also does not include the effect of some non-recurring items relating to personnel costs and resulting from the redundancy incentives, as well as the write-downs relating to the material inventory of the subsidiary Sarlux.

The comparable Group Net Result was negative for EUR 86.0 million, compared to a positive result of 14.2 million Euros in the fourth quarter of last year, and does not take into account, with respect to the reported Net Result, as well as the differences described for EBITDA, net of the tax effect, of an allocation to a “tax reserve” relating to assessments on taxes paid in previous years.

Investments in the fourth quarter of 2020 totaled EUR 31.7 million, of which EUR 19.1 million dedicated to the Refining segment.

The following tables show the details on the calculation of the comparable EBITDA and the comparable Net Result for the years 2020 and 2019, and for the fourth quarter of the years 2020 and 2019.

Comparable EBITDA

EUR Million	FY 2020	FY 2019	Q4/20	Q4/19
***Reported* EBITDA**	**(87.1)**	**252.8**	**(9.0)**	**(5.4)**
Gain / (Losses) on Inventories and on inventories hedging derivatives	32.2	53.9	(51.4)	71.7
Derivatives FOREX	5.3	(1.9)	4.2	4.1
Non-recurring items	28.8	8.9	25.1	**8.9**
***Comparable* EBITDA**	**(20.8)**	**313.8**	(31.1)	**79.3**

Comparable Net Result

EUR Million	FY 2020	FY 2019	Q4/20	Q4/19
***Reported* NET RESULT**	**(275.5)**	**26.2**	**(101.5)**	**(39.9)**
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	**23.4**	**38.8**	**(37.0)**	**51.8**
Non-recurring items net of taxes	**55.2**	**2.3**	**52.6**	**2.3**
***Comparable* NET RESULT**	**(197.0)**	**67.3**	**(86.0)**	**14.2**

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Net Financial Position

The Net Financial Position as at 31 December 2020, before the effect of applying IFRS 16, was negative by EUR 504.6 million, compared with a positive reported net financial position of EUR 79.0 million as at 31 December 2019. The Net Financial Position including the effects of IFRS16 (negative impact of EUR 40.3 million) was a negative EUR 544.9 million.

In addition to lower profitability, the downward compression on demand and prices of raw materials and products triggered by the pandemic crisis led to cash absorption at the level of net working capital.

In fact, cash generation was negative by EUR 575 million over the twelve month period. In addition to the operating loss with negative reported EBITDA of EUR 87 million and the investments of EUR 255.7 million, the most significant impact came from the change in working capital, which was negative in the year by EUR 193 million. This change was mainly due to a steep decrease in trade payables, caused mainly by price dynamics, which decreased by EUR 732 million compared to the end of the previous year, exceeding the cumulative decrease of EUR 398 million recorded in trade receivables and inventories and other minor changes, such as those related to the release of the CO_2 provision of EUR 32 million, which had no monetary effect, and the decrease in the provision for deferred tax assets of EUR 73 million.

It is hereby noted that to strengthen the Group's financial structure, at the end of 2020 the Company concluded a loan agreement with a pool of leading Italian financial institutions in the amount of EUR 350 million, maturing in 2024 recognised under medium and long term bank loans. 70% of this loan is backed by guarantees issued by SACE as part of the Italian guarantee program. The Company was also able to have the lending banks revise some financial parameters applicable to the existing credit lines, to take into account the changed market conditions.

We also draw your attention to the additional medium-term (revolving credit line) of EUR 225 million, and short-term credit line of approximately EUR 200 million that were at the Group's disposal but still unused as at 31 December 2020.

For more details, please refer to the Explanatory Notes in section 5.3.1 Short-term financial liabilities and 5.4.1 Long-term financial liabilities.

EUR Million	**31-Dec-20**	**31-Dec-19**
Medium/long-term bank loans	(399)	-
Bonds	(199)	(199)
Other medium/long-term financial liabilities	(13)	(7)
Other medium/long-term financial assets	6	7
Medium-long-term net financial position	**(606)**	**(200)**
Short term loans	(19)	(70)
Banks overdrafts	(456)	(8)
Other short term financial liabilities	(39)	(91)
Fair value on derivatives and realized net differentials	(6)	(15)
Other financial assets	62	31
Cash and Cash Equivalents	559	432
Short-term net financial position	**101**	**279**
Total net financial position ante lease liabilities ex IFRS 16	**(505)**	**79**
Financial lease liabilities ex IFRS 16	**(40)**	**(49)**
Total net financial position post lease liabilities ex IFRS 16	**(545)**	**30**

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]	Q1/20	Q2/20	Q3/20	Q4/20		2020
Crude oil price and differential ($/bl)						
Brent Dated (FOB Med)	50.2	29.6	42.9	44.2		41.8
Urals (CIF Med)	48.4	31.8	43.1	0.7		42.1
"Heavy-light" price differential	-1.9	2.2	0.2	0.5		0.2
***Crack spreads* for refined oil products ($/bl)**						
ULSD *crack spread*	11.2	6.4	4.4	4.8		6.7
Gasoline *crack spread*	5.3	2.4	4.5	3.4		3.9
Reference margin ($/bl)						
EMC Benchmark	+1.3	-0.7	-1.8	-1.0		-0.5

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

In 2020, the refining sector experienced the worst crisis in its history. Restrictions adopted globally to contain the Covid-19 pandemic have led to an unprecedented drop in consumption since March. To support crude oil prices, which plummeted to unprecedented levels, in early April Opec+ countries and Russia agreed and implemented major production cuts. While these helped to support the economies of producing countries, they put further severe pressure on the crack margins of key refined products throughout the subsequent months of the year that they remained in place.

Market conditions unexpectedly worsened in the second half of the year: in fact, despite the easing of lockdown measures during the summer months, oil consumption struggled to recover in the third quarter. In particular, the collapse in air traffic, which remained at levels more than 60% lower than pre-pandemic levels, prevented any increases in diesel prices and margins, and stocks remained at very high levels globally. Moreover, the effect of OPEC+ Russia production cuts was particularly strong beginning from June, causing a contraction of the sweet-sour differential that particularly affected complex high-conversion refineries such as Saras, which have a typically heavier, high-sulphur slate.

The situation did not improve in the last quarter. This was in part due to the arrival of a second wave of COVID contagions and the resulting implementation of new restrictive measures. At the same time, the prices for the basket of main crude oils used as feedstock by Saras remained just below parity or at a premium to Brent.

Below is a detailed analysis on the performance of crude oil prices, petroleum products and the refining margin of reference for the European market (the EMC Benchmark), which is the main geographical context in which the Saras Group Refining segment conducts its operations

Crude Oil Prices

After reaching a price of almost $70/bl at the end of 2019, Brent Dated prices in the first quarter fluctuated in a range between $55 and $70/bl, before falling sharply from the beginning of March, against a reduction in consumption in the Asian market in the first months of the quarter due to the measures taken to contain the Covid 19 pandemic. The reduction in demand was joined by the trade war between the OPEC + countries which, following the lack of agreement between the producing countries of the OPEC + and Russia, led Saudi Arabia in early March to respond with an increase in supply to over 10 million barrels per day, with a downward effect on prices of approx. 30%, just over $30/bl. The fall in Brent DTD recorded in the first quarter proceeded to reach the lowest level in 20 years on 21 April, at $13.2/bl.

This trend continued until mid-April when, in the face of the renewed production agreement between OPEC and Russia, stipulating cuts of 9.7Mbl/d as from 1 May plus a further 3Mbl/d of cuts in US and Canadian production, Brent quickly returned to a price of $40/bl, remaining above $40/bl during the months of May and June, closing the second quarter at $41.8/bl.

In the third quarter, prices remained confined to a narrow range of between $38 and $46/bl. From July and until 25 August, there were indications of rising prices, thanks to an initial economic improvement and the effect of OPEC+ Russia production cuts (about 10Mbl/day); subsequently, the increase in contagions and the consequent cooling of the economic cycle caused a "sell off" of the financial markets, against which Brent prices dropped, closing the month of September at $40.7/bl.

In October, prices remained stable at the previous quarter's levels, with demand remaining weak, increased supply as exports from Libya resumed and higher volumes produced by Iraq compared to OPEC+ cuts, with many refineries undergoing autumn maintenance shutdowns. In late November and December, however, prices picked up thanks to the vaccine announcements, and news of OPEC+ Russia's intentions to continue production cuts in early 2021. The year ended with Brent DTD quotations above $50/bl, levels that had not been seen since early March.

Price differential between heavy and light crude oils (“Urals” vs. “Brent”)

The first quarter of 2020 saw a back-and-forth trend in the differential, with a discount on heavy crude oils towards light crude oils at around $-3/bl and then progressively declining until reaching zero in the first half of February: these discounts below expectations can be traced back to the failure of the bearish effect to materialise regarding heavy crude oils that was expected with the introduction of the new IMO specifications and to the damage caused by the continuing lack of Iranian and Venezuelan crude oil. However, in March the trend reversed due to the lack of agreement between OPEC+ countries and Russia, closing the end of the first quarter at $-5.4/bl: the price war unleashed by Saudi Arabia led to a drastic reduction in official selling prices in April, on the order of $4 ÷ 8/bl, dragging down the entire basket of raw sour.

The trend then reversed drastically from mid-April, with the renewed agreement between OPEC and Russia and the production cuts that mainly involved medium heavy crude oils with high sulphur content: the entire sour basket suddenly moved upwards, by virtue of the reduced availability of this material, and Ural gained a considerable premium over Brent.

This trend was maintained in the second and third quarters with an average premium differential in the second and third quarters of $+2.2/bl and $+0.2/bl respectively. In October and November, continued cuts kept Ural Med at a premium to Brent; a decline was recorded in December due to an initial increase in loadings, and the average differential for the quarter rose to +$0.46/bl.

“Crack spreads” of the main refined products (i.e. the difference between the value of the product and the cost of crude oil)

After opening the year at levels that were on average low compared to historical trends and with trends differing significantly depending on the type of product, in relation to the impact on relative consumption of the restrictions applied globally to contain the pandemic. In the second quarter, the persistent weakness in demand, accompanied by the sharp rises in crude oil prices generated by cuts in Opec+ countries, continued to put pressure on the margins of the various products. In many cases these reached minimum values, forcing many European and US refining sector operators to temporarily reduce their utilisation rate. Indeed, this rate fell by almost 70% in Europe. In contrast to the expectations at the end of June, in this case there were no signs of improvement in the third quarter, and in fact the trend for middle distillates worsened. The last quarter of the year showed no substantial improvement, with a very slight improvement in the diesel crack and a retreat below $5/bl for gasoline, whose margins again came close to zero.

In particular, jet fuel is the product most impacted by the pandemic, as airlines began to cancel flights from and to China as early as January, until flights all but stopped in late March when the virus had become a global issue. In this context, the jet fuel crack spread went from $10.1/bl in January to $5.8/bl in March. It worsened further in the second quarter, reaching minimum negative values of $-5/bl in May with air traffic that almost stopped on a global scale from March. A modest recovery was observed at the end of June and throughout the third quarter, due to a resumption of flights in China, the first country to relax pandemic containment measures. However, this did not allow the crack spread to return to acceptable levels and the average for the third quarter remained negative at $-2/bl. Air traffic continued its gradual recovery in the fourth quarter, thanks to the recovery of flights in Asia, finally returning to positive territory at the beginning of November, when the average reached $1.8/bl. The year ended with an average margin over the twelve months of $1.2/bl ($13.1/bl in 2019).

Gasoline was the second product to be hit the hardest initially. Its crack spread of around $5.7/bl in January collapsed rapidly from the second half of February with the spread of COVID and lockdown measures in Europe, reaching negative territory several times, and closing at $2.3/bl at the end of March, before remaining at very low levels for much of the quarter (around $2/bl on average), when lockdown measures led to the collapse of gasoline consumption. A modest improvement could only be observed towards the end of May, partly due to the easing of the lockdown in many European countries (with partial resumption of private car usage), and partly also to the "economic run cuts" (i.e., production cuts) decided by many refineries, given the depressed refining margins. With the end of the lockdown measures, gasoline consumption recovered fairly well between June and July, allowing for a reduction in stocks that had reached critical levels. However, this trend was quickly overturned in August, when fears of a new wave of the infection prevented the crack spread from strengthening significantly. Moreover, the numerous production stops linked to the hurricane season in the USA offered additional support, thereby allowing the crack spread to reach an average of $6/bl in September. At the beginning of October, gasoline consumption slowed down again, with the arrival of a second wave of infection and new measures to contain the pandemic. During the fourth quarter, inventories began to increase again, especially in Northern Europe and North America. They had only been slightly reduced by the numerous shutdowns of the refineries for autumn maintenance. Gasoline crack, which had reached $7/bl at the end of September, averaged around $5/bl in October, around $3/bl in November, and finally just under $2/bl in December. During the year, gasoline recorded an average margin of $3.9/bl ($6.6/bl in 2019).

Diesel has proven to be more resilient than other products, maintaining an average crack spread in the range of $ +10-12/bl. In the first two months of the year, this level was lower than market forecasts, due to the fact that there was no materialisation of support for marine gasoil in the new IMO specifications; in addition, European consumption was lower than expected, both for automotive use and for heating use (milder temperatures than seasonal averages). In March, on the other hand, demand was affected by the consequences of the pandemic, albeit less than that of jet fuel and gasoline, thanks to the stability of commercial traffic (food and other goods, including deliveries) as well as consumption for agriculture and heating. The crack spread for diesel closed March at $12.5/bl. Despite that, in the second quarter diesel saw its margin halved from +$10/bl in April to around +$5/bl in May and June: the stability of commercial traffic of foodstuffs and essential goods was not sufficient to offset the effect induced by the reduction in industrial consumption. In the third quarter, middle distillates proved to be the products most affected by the economic implosion resulting from the pandemic: the diesel crack in particular was affected by the drop in industrial consumption and the jet fuel surplus that was not consumed by air traffic. The average for the quarter was $4.4/bl, and the inventories of diesel were further inflated, reaching capacity limits. Over the past three months, diesel crack has averaged $4.8/bl, up from its September lows, but was still weighed down by weakness in industrial consumption and road transport. During the year, the diesel crack margin averaged $6.7/bl ($14.5/bl in 2019).

The VLSFO crack spread also declined markedly as early as the first quarter: the strength shown in January, when the new IMO specification came into force, was progressively reduced, as the feared criticality in product availability did not materialise and the average crack spread in the first quarter stood at $8.2/bl. In the second and third quarters this trend worsened: the support of the new IMO specification seen at the beginning of the year was completely cancelled out by the effects of the pandemic, which also reduced maritime traffic, and the VLSFO crack spread dropped to an average value of $0.3/bl. in the third quarter. A similar trend was recorded for the LSFO crack, which is used as blendstock in the formulation of VLSFO probunker. It reached a negative average of -$1.2/bl in the third quarter. Both VLSFO and LSFO margins rebounded from October and continued in November, due to lower production on account of autumn maintenance at European and US refineries against a backdrop of recovering bunker consumption, with crack reaching $3.9 and $2.1/bl respectively in the last quarter. During the year, average margins for the two products were higher than in the past, at $3.8/bl for VLSFO and $1.3/bl for LSFO.

By contrast, in QI the strong negative trend was reversed for **HSFO crack** beginning in March due to the reduction in the availability of ATZ crude oils following both the OPEC+ and Russian cuts in production and the adaptation of the refineries that converted production into middle distillates, bringing the spread from an average of -$14.7/bl in the first quarter to an average of -$5.6/bl in the third quarter. The upward trend continued until the beginning of November, when a partial downturn was recorded, due to reduced demand from Asia (Pakistan and Bangladesh), which brought crack to -$6/bl. The average price for HSFO crack in 2020 was -$7.8/bl (-$27.6/bl in 2019).

Refining Margin

For 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.

Because of its high level of flexibility and the complexity of its plants, the Saras Group refinery has the capacity to refine many types of crude oil and therefore is typically able to achieve a refining margin higher than the EMC Benchmark margin (see graph below), thanks to its flexibility and resilience characteristics.

The size of the Saras premium above the EMC Benchmark nevertheless depends on the specific market conditions, as well as the performance of industrial and commercial operations.

In a market scenario that had deteriorated sharply as a result of the pandemic, the EMC Benchmark recorded a negative average of -$0.5/bl (it had averaged $1.1/bl in 2019).

Compared to this EMC margin, in 2020 Saras achieved an average refining margin of $1.5/bl ($4.5/bl in 2019), resulting in an average premium of $2.0/bl (premium of $3.4/bl in 2019), also due to lower amount of processing compared to the previous year.

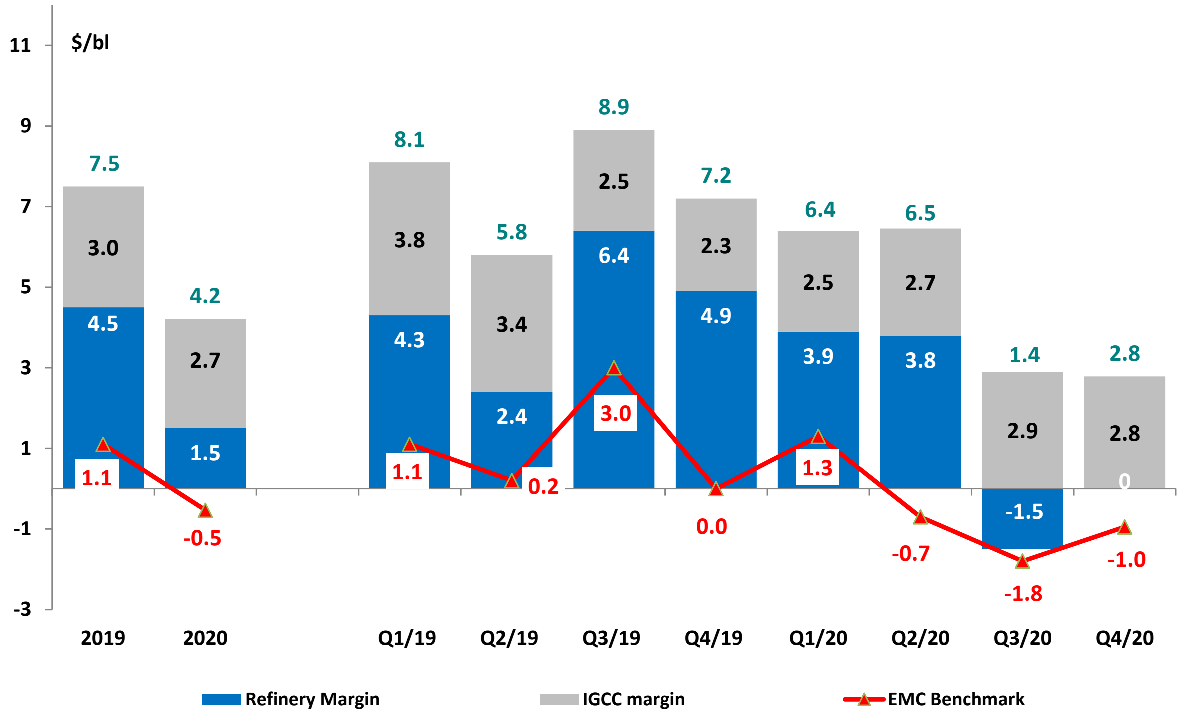
This result, which is lower than the historical average, is due to several specific factors that have placed the Saras refinery at a disadvantage compared with the "standard Mediterranean refinery" referred to by the EMC: these include, above all, Saras' lower yield in high-sulphur fuel oils, with margins that have increased significantly since the second half of the year.

The much higher level of the fuel oil crack spread compared to the previous year (in particular compared to the second half of 2019, when fuel oil prices were lower based on expectations related to the entry into force of IMO regulations) led to an increase in the EMC Benchmark margin in 2020, which Saras was only able to partially capture as its fuel oil production was significantly lower than modelled in the benchmark margin (around 5% compared to 15% in the EMC Benchmark).

Net of this distorting effect, worth approx. 0.9 $/bl, the EMC Benchmark reference margin would have been -1.4 $/ bl (compared to -0.5 $/bl) and the Saras margin premium +2.9 $/bl (compared to 2 $/bl).

However, Saras' overall performance still allowed for a refining margin that was higher than the EMC, in particular thanks to the company's commercial performance and the adjustment of maintenance plans by reducing processing in the face of the poor performance of middle distillate processing in some months of the year, which also led to the containment of operating costs.

The graph below shows in detail the changes to the margins achieved by the Saras Group refinery during 2019 and 2020, on an annual and a quarterly basis.



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

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 Saras Group is active in the Refining sector through its Sarroch refinery, which is one of the biggest in the Mediterranean in terms of production capacity (15 million tons/year), and also in terms of the complexity of plants, and it is ranked among the best in Europe. Located on the coast south-west of Cagliari, it enjoys a strategic position in the middle of the Mediterranean Basin, close to the various crude supplier countries and the main markets for refined products. Below are the financial and operational highlights of the segment.

EUR Million	FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
EBITDA reported	(204.2)	65.9	n.s.	(39.1)	(42.0)	7%
***Comparable* EBITDA**	(153.1)	124.2	**n.s.**	(64.2)	40.9	**n.s.**
EBIT reported	(390.7)	(68.5)	n.s.	(118.2)	(79.8)	-48%
***Comparable* EBIT**	(304.6)	(10.3)	**n.s.**	(108.3)	3.1	**n.s.**
CAPEX	**225.7**	**291.9**	**-23%**	**19.1**	**85.3**	**-77%**

Margins and refinery runs

		FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
REFINERY RUNS	*Tons (thousand)*	11,369	13,172	-14%	3,036	3,392	-10%
	Barrels (million)	83.0	96.2	-14%	22.2	24.8	-10%
	Bl/day (thousand)	229	263	-14%	244	268	-9%
COMPLEMETARY FEEDSTOCK	*Tons (thousand)*	702	1,278	-45%	129	406	-68%
EXCHANGE RATE	*EUR/USD*	1.142	1.120	2%	1.193	1.107	8%
EMC BENCHMARK MARGIN	*$/bl*	(0.5)	1.1	-150%	(1.0)	0.0	n.s.
SARAS REFINERY MARGIN	*$/bl*	1.5	4.5	-67%	0.0	4.9	-100%

Comments to Full Year 2020 results

The comparable EBITDA in FY 2020 was negative by EUR 153.1 million, with a refining margin for Saras of +$+1.5/bl (as usual, net of the impact from the maintenance activities conducted during the period). This compares with a comparable EBITDA of EUR 124.2 million and a Saras refinery margin of USD +4.5$/bl in 2019. For a description of margin performance, please refer to the paragraph "Reference Refining Margin".

This comparable EBITDA was affected by the unprecedented situation following the pandemic crisis, which was reflected in the year with a negative impact of approximately EUR 287 million compared to comparable EBITDA in 2019. In particular, the effect caused by the very low diesel and gasoline crack spreads was only partially offset by the reduction in the price of Brent and the related premiums and discounts on crude oils purchased. This effect of this adverse scenario also includes the impact from the depreciation of the US dollar, with the Euro/US dollar exchange rate weighing negatively in the year by EUR 8 million (USD 1.142 for EUR 1 in 2020 against EUR 1.120 in 2019).

The effects of this highly detrimental situation, characterised by high volatility and uncertainty, resulted in a lower operating performance compared to the previous year: production planning activities (consisting of optimising the mix of crude oils brought in for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) led to an EBITDA in 2020 that was approximately EUR24 million lower than in 2019.

However, these effects were partially offset by specific actions taken by the Company, mainly involving adapting the production plans to the changed scenario, which provided the added benefit of lowering operating expenses due to a reduction in processing and increased operating efficiency.

First of all, the fulfilment of production activities - which takes into account any downsides related to maintenance, both scheduled and unscheduled, and higher consumption compared to the technical limits of certain "utilities" such as fuel oil, steam, electricity and fuel gas - resulted in a higher contribution to EBITDA of approximately EUR 23 million compared to the previous year. This was mainly due to the maintenance plan that, in terms of lost production, was less onerous in the first half of the year than in 2019.

The outcome of commercial operations- which involves the procurement of crude oil and complementary raw materials, the sale of finished products, tanker rental costs, and inventory management, including compulsory stocks, also resulted in a higher EBITDA contribution than in 2019 of EUR 24 million, thanks to the market opportunities created in the second quarter, against the accentuated contango structure on both the crude oil and product markets.

In addition, to ensure a margin on diesel crack, as described above, the company entered into hedging transactions in the second quarter that resulted in a benefit on comparable EBITDA in 2020 of approximately EUR 19 million.

Finally, comparable EBITDA for the year benefited from lower variable costs of EUR 58 million: the crisis following the pandemic led to a reduction in variable costs both in unit terms, as in the case of electricity, hydrogen and steam, whose prices fell significantly during the year, and in terms of volumes, due to lower processing, which also led to lower charges in terms of CO2 emitted, landing taxes and demurrage.

Finally, as already described in the previous paragraphs, the 2020 EBITDA includes approximately EUR 36 million related to the release of the provision for CO2 risks related to the former Versalis plants, of which EUR 21.0 million related to the 2015/2017 quotas that would have been of an extraordinary nature.

As already mentioned in the comments on the Group's results, it should also be noted that, as a result of the impairment test pursuant to IAS 36, there is a permanent loss in value attributable to the tangible fixed assets of the Refining segment for EUR 35 million. For further details, see what is described in the Explanatory Notes in chapter 5.2 “Non-current assets”.

Investments made in 2020 totalled EUR 225.7 million, in line with the investment plan and maintenance programme, mainly focusing on the aforementioned turnaround.

Comments to Fourth Quarter 2020 results

Crude oil processing at the Sarroch refinery in the fourth quarter of 2020 amounted to 3.0 million tons (22.2 million barrels, corresponding to 244 thousand barrels/day), down 9% compared to the same quarter in 2019 (3.39 million tons (24.8 million barrels, corresponding to 268 thousand barrels/day). To this is added the processing of complementary raw materials for a further 0.13 million tons. processing can be traced back to the different scenario conditions that characterized the entire year.

Comparable EBITDA in the fourth quarter of 2020 was EUR -64.2 million, with the corresponding Saras refining margin of -0.1 $/bl (with a premium of 0.9 $/bl compared to a negative EMC in the period and equal to -1 $/bl). This compares with a positive comparable EBITDA of EUR **40.9** million and a Saras refining margin of +4.9 $/bl, in the fourth quarter of 2019.

With reference to the scenario, in the fourth quarter of 2020 the scenario remained very weak, with persistent pressure on the discounts of the sour crude basket and middle distillate margins much lower than the historical average (for a detail reference is see the table in the paragraph "Oil market and refining margins"). This scenario resulted in an estimated negative impact on comparable EBITDA compared to the same period of the previous year of EUR 109 million.

Operating performance in the fourth quarter partially offset this effect with an estimated contribution to comparable EBITDA for the period of EUR +35 million compared to the same period of 2019. However, the lack of optimization opportunities in the planning activity due to the volatility of the context resulted in a lower contribution from programming activities estimated at EUR 14 million compared to the fourth quarter of 2019.

Saras has implemented measures to contain operating costs as early as the quarter which, also due to the lower processing in the period compared to the fourth quarter of 2019, made it possible to limit the negative effects described above.

Investments made in the fourth quarter of 2020 amounted to **EUR 19.1 million**.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in 2019 had an average density of 33.6°API, heavier than the average density processed in 2019. A more detailed analysis of the crude oil grades shows a decrease in the percentage of processing of light crude oils with a very low sulphur content ("light extra sweet") and an increase in the percentage of heavy crude oils with a high sulphur content ("heavy sour/sweet"). This processing mix was due to contingent plant set-up situations (arising from significant planned maintenance carried out in the period) and to economic and commercial decisions in view of market supply conditions.

		FY 2020	FY 2019	Q4/20
Light extra sweet		26%	38%	37%
Light sweet		15%	11%	10%
Medium sweet/extra sweet		4%	1%	6%
Medium sour		32%	34%	29%
Heavy sour/sweet		24%	16%	18%
Average crude gravity	°API	33.6	34.4	34.4

Turning to the analysis of finished product yields, we note that in 2020, the yield of the light distillates (26.0%) decreased compared to 2019 (27.9%). Similarly, the average distillate yield (50.4%) decreased compared to the values recorded in 2019 (52.1%). Conversely, the yields of fuel oil (7.0%) and TAR (8.9%) were higher. These changes are attributable to the maintenance cycle carried out in the first half of the year, which involved the Topping T1 and the FCC plant, mainly dedicated to the production of gasoline, and to a lesser extent, diesel. In particular, the higher percentage yield in TAR reflects, as compared to the lower quantities of crude oil processed, the constant production of the quantities required to ensure the charging of the IGCC plant for power generation.

		FY 2020	FY 2019	Q4/20
LPG	Tons (thousand)	210	292	78
	yield (%)	1.7%	2.0%	2.5%
NAPHTHA + GASOLINE	Tons (thousand)	3,139	4,026	963
	yield (%)	26.0%	27.9%	30.4%
MIDDLE DISTILLATES	Tons (thousand)	6,082	7,530	1,597
	yield (%)	50.4%	52.1%	50.5%
FUEL OIL & OTHERS	Tons (thousand)	847	603	50
	yield (%)	7.0%	4.2%	1.6%
TAR	Tons (thousand)	1,075	1,091	275
	yield (%)	8.9%	7.5%	8.7%

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 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
EBITDA	10.9	20.3	-46%	4.6	3.5	31%
***Comparable* EBITDA**	**21.6**	**22.0**	**-2%**	**3.2**	**4.5**	**-27%**
EBIT	7.2	17.3	-58%	3.0	2.8	7%
***Comparable* EBIT**	**18.8**	**19.1**	**-2%**	**2.5**	**3.8**	**-33%**
CAPEX	**1.5**	**0.6**		**0.4**	**-**	

Sales

		FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
TOTAL SALES	***Tons (thousand)***	**2,956**	**3,574**	**-17%**	**787**	**908**	**-13%**
of which: in Italy	*Tons (thousand)*	1,909	2,155	-11%	515	542	-5%
of which: in Spain	*Tons (thousand)*	1,048	1,418	-26%	272	366	-26%

Comments to Full Year 2020 results

According to data collected by Unione Petrolifera, oil consumption in Italy, the main market for the Saras Group wholesale channel, amounted to 49.9 million tons in 2020, down 17.1% compared to 2019, a drop that has never occurred previously in a single year.

In particular, in Italy, gasoline consumption fell by 21.2% and diesel consumption by 16.6% in 2020. Consumption of automotive fuel (gasoline + diesel) totaled 25.6 million tonnes, a decline of 17.7% (-5,513 ktonnes).

In 2020, new registrations were down 27.9%, with gasoline accounting for 37.8% of the total (44.5% in 2019), diesel 32.7% (it was 39.8% in 2019) and hybrids 18% (6.9% in 2019). As for other fuels, the weight of cars running on LPG in 2020 was 6.8% (7% in 2019), cars running on methane were 2.3% (2% in 2019) and electric cars 2.4% (0.6% in 2019).

In the Spanish market, data compiled by CORES indicates that consumption is at 1993 levels. More specifically, automotive fuel consumption grew by 17%, gasoline consumption by 21%, kerosene consumption by 65% and fuel oil by 30%.

In terms of operating performance, the Group recorded a 17% decrease in its sales volumes with an 11% decrease in Italy and a 26% decrease in Spain.

The comparable EBITDA of the Marketing segment was EUR 21.6 million, up 8% from EUR 22.0 million in 2019 due to better margins achieved on the wholesale channel in Italy, and lower fixed costs.

This contribution should be considered together with that of Refining because their technical and commercial expertise, on which the Group's business model is based, is closely coordinated.

Comments to Fourth Quarter 2020 Results

According to the data collected by UP and Cores, total oil consumption in the fourth quarter of 2020 fell by approximately 14% on both the Italian and Spanish markets, in particular as a consequence of the particularly unfavourable scenario of the last quarter due to of the new restrictions and lockdowns to contrast the pandemic.

Saras recorded a comparable EBITDA for the segment of EUR 3.2 million, compared to € 4.5 million achieved in the fourth quarter of 2019.

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 Million	FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
EBITDA	104.8	151.6	-31%	27.5	28.5	-4%
***Comparable* EBITDA**	**105.2**	**151.8**	**-31%**	**27.7**	**28.7**	**-3%**
EBIT	48.4	96.7	-50%	12.8	13.8	-7%
***Comparable* EBIT**	**48.8**	**96.9**	**-50%**	**13.0**	**14.0**	**-7%**
CAPEX	**20.1**	**24.8**	**-19%**	**6.2**	**4.4**	**41%**

Other figures

		FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
ELECTRICITY PRODUCTION	MWh/1000	4,071	4,075	-0.1%	1,064	1,091	-3%
POWER TARIFF	Eurocent/KWh	**7.6**	**9.2**	**-18%**	**7.6**	**9.2**	**-17%**
POWER IGCC MARGIN	$/bl	2.7	3.0	-10%	2.8	2.3	21%

Comments to Full Year 2020 results

Comparable EBITDA was equal to EUR 104.8 million, compared to 151.6 million euros achieved in 2019.

In 2020, electricity production, which was lower than average following the pandemic crisis and amounted to 4.071 TWh, was nevertheless in line with 2019, which was characterised by a particularly onerous maintenance plan and lower operating performance than in previous years.

In particular, the value of the CIP6/92 tariff decreased by 18%, with a negative impact of about EUR 68 million, and the price of hydrogen decreased by 15%, with an impact of EUR 5 million. These lower revenues were only partially offset by a reduction in the cost of the TAR, which fell by 24%, with a positive impact of EUR 32 million. The change is also attributable to the lower contribution in 2020 of the linearisation on revenues (with a non-cash effect) and the adverse situation compared to the same period last year.

Fixed costs decreased compared to 2019 mainly due to a less onerous maintenance plan.

Investments in 2020 totalled EUR 20.1 million

Comments to Fourth Quarter 2020 Results

Comparable EBITDA was equal to EUR 27.7 million, down from the EUR 28.7 million achieved in the fourth quarter of 2019.

Electricity production was 1.06 TWh, down 3% compared to the fourth quarter of 2019 due to a more expensive maintenance plan compared to the fourth quarter of 2019.

The value of the CIP6 / 92 tariff fell by 17%, due to the lower gas price, a decrease only partially offset by a reduction in the cost of the TAR. The effect of linearization was positive compared to the same period of the previous year for EUR 6 million.

Finally, investments in the quarter amounted to EUR 2.7 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 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
EBITDA	6.7	10.0	-33%	2.7	3.2	(16%)
***Comparable* EBITDA**	**7.4**	**10.0**	**-26%**	**3.4**	**3.2**	**7%**
EBIT	0.2	4.6	-96%	1.1	1.5	-27%
***Comparable* EBIT**	**0.9**	**4.6**	**-80%**	**1.8**	**1.5**	**20%**
CAPEX	**7.5**	**26.4**		**5.9**	**4.2**	

Other figures

		FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
ELECTRICITY PRODUCTION	MWh	225,530	220,363	2%	76,173	84,091	-9%
POWER TARIFF	EURcent/KWh	3.7	4.8	-23%	4.9	4.2	18%
INCENTIVE TARIFF	EURcent/KWh	9.9	9.2	8%	9.9	9.2	7%

Comments to Full Year 2020 results

In 2020, the comparable EBITDA of the Wind segment was EUR 7.4 million, compared to EUR 10 million in 2019, with a slight difference compared to the reported EBITDA, which amounted to EUR 6.7 million in the year, attributable to costs related to redundancy incentives at the subsidiary Sardeolica.

This change is mainly due to a 23% reduction in the electricity tariff compared to the previous year, with an average selling price of 3.7 euro cents per KW/h compared to 4.7 euro cents per KW/h in 2019. The Incentive Tariff was 0.8 EUR cents/kWh higher than in 2019 and incentivised production represented about 8% of volumes in 2020 (compared to 9% in 2019).

The volumes produced in the period were only 2% higher than in the same period last year, despite the commissioning in Q4 last year of new wind power capacity of 30 MW (the "Maistu" project) amounting to approximately 33GWh, due to the lower wind levels particularly in the second and third quarters of the year.

The works on the Reblading project of the Ulassai wind farm, which will lead to an increase in production of 33 GWh/year, began in January 2020 and suffered a sharp slowdown due to the limitations imposed following the spread of the COVID-19 pandemic. which saw the suspension of the works from March 16 until May 5. On 31 December 2020, the activities on 20 turbines out of a total of 48 wind turbines included in the project were completed. The completion of the project, following a review of the timing, should take place within the first half of 2021.

Investments totalled EUR 7.5 million and referred to the reblading of the Ulassai wind farm; this involves replacing all the blades for an increase in production with the same installed capacity. Investments continued in 2020 with a slight delay due to the lockdown period, and are expected to be completed in June 2021.

Comments to Fourth Quarter 2020 Results

In the fourth quarter of 2020, the comparable EBITDA of the Wind segment was equal to 3.4 million euros, compared to 3.2 million euros in the fourth quarter of 2019.

In detail, the volumes produced were down by 9% compared to the same period of the previous year. The electricity tariff was slightly higher (+0.7 Eurocent/kWh) than that of the comparison period, and similarly the Incentive Tariff (-0.7 Eurocent/kWh).

Other Activities

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

EUR Million	FY 2020	FY 2019	Change %	Q4/20	Q4/19	Change %
EBITDA	(5.3)	4.9	n.s.	(4.7)	1.4	n.s.
***Comparable* EBITDA**	**(1.9)**	**5.6**	**n.s.**	**(1.3)**	**2.1**	**n.s.**
EBIT	(6.2)	4.0	n.s.	(5.0)	1.1	n.s.
***Comparable* EBIT**	**(2.8)**	**4.7**	**n.s.**	**(1.6)**	**1.8**	**n.s.**
CAPEX	**0.7**	**0.8**		**0.1**	**0.4**	

Strategy and Outlook

At the end of January this year, the International Monetary Fund revised its economic growth estimates for both 2020 and 2021, reflecting the positive effects of the start of vaccinations and the support measures launched by various countries at the end of last year. Despite delays in vaccines and fears over new variants of Covid, which are affecting the Eurozone and Italy in particular, the IMF expects that the progress of health campaigns will support economic recovery in the second half of the year, together with the new fiscal stimuli expected in some countries, starting with the United States and Japan.

The contraction of the global economy in 2020 is expected to stop at -3.5%, almost one percentage point less than the slump estimated by the IMF in October (-4.4%): for the US, the contraction of GDP in 2020 is expected to be -3.4% compared to the -4.3% estimated in October, in Europe -7.2% compared to the -8.3% estimated in October, in Italy -9.2%, an improvement on the -10.6% estimated in October. In Italy, the contraction in 2020 is expected to be -9.2%, an improvement over the October estimate (-10.6%).

Looking ahead to 2021, the IMF expects the global economy to grow in line with and even slightly above the latest forecasts at +5.5%, before settling at +4.2% in 2022. Regarding China the growth is estimated at 2.3% in 2020 and is estimated an acceleration to 8.1% in 2021. Other major economies will have a slower rebound. The US and Japan will return to late-2019 activity levels in the second half of 2021, recovering 5.1% in 2021.

However, a real recovery is only expected for Europe and the UK in 2022. In Europe in particular, the recovery is expected to slow to +4.2% in 2021,. According to the IMF, contagion and lockdowns caused economic activity to weaken at the end of 2020, with effects that will overlap into 2021. In Italy in particular, according to the IMF, the pronounced slump in 2020 will be followed by a relatively modest rebound, with slower growth that will not exceed +3% in 2021, compared to +5.2% that the Fund had estimated in October.

Regarding the oil market, the International Energy Agency (IEA) recently forecast global oil demand growth in 2021 of 96.6 mln b/d, mostly expected in the second half of the year, starting in July.

Furthermore, with reference to the margins of the main refined products, the estimates of the main market analysts, while underlining a high level of uncertainty linked to the continuous evolution of the pandemic, reflect a still slow recovery for 2021: in particular with reference to the main middle distillates, the level of crack spreads will still be weak in the first half of the year, with an initial improvement in the second half of the year, which will extend to more significant levels starting from 2022. However, uncertainty remains about the timing and extent of these evolutions.

Faced with this situation, against the slowdown observed in the recovery of the margins of petroleum products, starting from the end of 2020, management has adopted a series of measures to preserve the Company's liquidity and to mitigate the impact of the crisis on the Group's net financial position, through efficiency, cost containment and investment planning for 2021, which will allow the Company to target and take full advantage of the market recovery expected to start and to accelerate in 2022, as described above. In particular, this plan is based on three guidelines that involve all segments of the Group: the adjustment of production programs according to main product processing margins, a significant reduction in operating costs, and the postponement of investments to subsequent years while continuing the main maintenance activities with a normalization of the same in subsequent years according to the recovery of the margins of refined products.

With reference to the Generation of Electricity, the definition by ARERA of the essentiality regime on which the production levels and the reintegration of costs associated with the plant will depend by 15 April 2021.

The transition from the CIP6/92 convention to the essentiality regime will lead to a significant change in the operating methods of the Sarlux plant, since the technical-economic parameters to be considered for its operation will be those provided for by the essentiality discipline, and will take into account the very high level of integration of the power plant with the refinery, whose activities will therefore be represented from 2021 in a single segment, called the "Industrial" segment, including integrated refining and electricity generation activities

Based on a still weak refining scenario expected in 2021, which is reflected in an expected EMC from the main sector analysts negative and equal to approx. -0.4 $/bl, and on the basis of the main assumptions of the Company on the reintegration of costs under the essentiality regime, the integrated activities of refining and production and sale of electricity lead to an estimate for 2021 an integrated Saras premium for the new Industrial segment (Refining + Power) between 3.8 - 4.3 $/bl on the EMC benchmark margin.

In the Marketing segment, sales are expected to pick up depending on market trends in the last quarter of 2021 with an EBITDA in line with the previous years.

In 2020, the Company also strengthened its skills, assets and technology base with a series of projects aimed at exploring innovative complementary technologies while also reducing the refinery's carbon footprint.

These include the completion in June 2021 of the Ulassai wind farm reblading project, which will lead to a 33 GWh/year increase in production, while the authorisation procedures for an additional 250-300 MW of wind power capacity and 50-100 MW of photovoltaic capacity continue as per the last plan.

The company is concurrently continuing to develop innovative solutions that complement traditional sources: from biofuels (an activity in which Saras is already active and which it intends to escalate in order to seize the opportunities arising from future, stricter environmental regulations) to new-generation fuels and, finally, hydrogen. A growing role in energy transactions is envisaged for this latter area, including the collaboration recently signed with ENEL Green Power for the production and use of green hydrogen in the refinery, through the construction of a 20MW electrolyser powered by renewable sources, the largest in Italy currently.

Main events after the end of the of 2020

Following the ARERA Resolution no. 598/2020 of 29 December 2020, with which the IGCC plant in Sarlux was included among the plants singularly essential for the year 2021, negotiations are underway with ARERA and Terna for the definition of the electrical structure of the plant under the essentiality and methods for accessing the cost reintegration scheme. On March 5, 2021, the subsidiary Sarlux submitted to ARERA the request for admission to the cost reintegration regime.

On January 28, the company presented a binding offer to the company GWM Renewable Energy SpA for the acquisition of 100% of the shares of the respective companies Energia Verde Srl and Energia Alternativa Srl, respectively owners of two wind farms in the province of Cagliari for a total installed capacity of 45 MW.

On February 25, 2021, the Ministry of the Environment and Land and Sea Protection announced the initiation of the AIA review procedure for the subsidiary Sarlux S.r.l.

On March 3, 2021, the Central Customs Agency of Rome, AEO Office, communicated to Saras S.p.A. that the review process of the AEO requirements was successfully completed.

Comments to the FY 2020 Saras SpA results

Saras SpA is the parent company and operates in the Italian and international oil markets as a buyer and a seller of refined products.

In 2020, Saras SpA posted revenues of EUR 4,723 million, down by EUR 3,795 million on the previous year as a consequence of the trend in oil prices. FY 2020 was characterised by an economic and social scenario that was seriously affected by the crisis in consumption caused by the measures to contain the Covid-19 pandemic.

EBITDA was EUR -61 million, down compared to the previous year, due to lower refining margins and quantities sold during 2020.

The net loss for the year, totalling EUR 62 million, was affected by as described above under operating results.

The Net Financial Position of Saras SpA at 31 December 2020 was negative by EUR 120 million.

Shareholders’ Meeting

The Board of Directors has given a mandate to the Chairman to call the ordinary and extraordinary shareholders' meeting in first call on 12 May 2021 - as also indicated in the calendar of corporate events for the 2021 financial year - and, if necessary, on 13 May 2021 in second call. The notice convening the meeting and the related documentation will be published within the terms and in the manner prescribed by the law and regulations in force.

Business Plan 2021 - 2024

Saras SpA's Board of Directors has approved the Group's Business Plan for 2021 - 2024 (the "Plan") based on the current reference scenario, as indicated by the projections of the main sector analysts.

This scenario in 2021 is still expected to be weak and with margins of the main refined products still significantly lower than pre-Covid levels. A first recovery in margins is expected in the second half of the year, with a substantial recovery to levels closer to those pre-Covid expected instead in the period 2022 - 2024. However, the timing and extent of this recovery remain uncertain starting from 2022

The Reference Scenario

After the sharp decline in oil consumption in 2020, and the achievement of inventory levels well above historical averages, the main sector analysts (IHS and Wood Mackenzie, FGE and Energy Aspects) expect that, in the second half of 2021, the vaccination campaigns can contribute to economic recovery, giving new impulse to oil consumption.

From the point of view of the price of crude oil, this recovery could also lead to a relaxation of the production cuts of the OPEC + Russia countries, which with discipline kept the discount of sour material extremely compressed for the whole of 2020; in this context, the economic and financial projections also maintain the estimate of the average prices of Brent in 2021-24 substantially stable at around 60 $ / bl.

In addition, several other geopolitical variables could affect crude oil prices. Among them, the main ones are the rapid recovery of production in Libya, the extraction of crude American shale, the return of Iran in the face of a more conciliatory foreign policy of the new US President. Overall, this revision of the scenario is reflected in the expectation of a wider price differential between light crude oils with a low sulfur content (light sweet) and heavy crude oils with a high sulfur content (heavy sour), and rebates towards the pre-Covid levels.

With reference to product margins, on the other hand, the recovery of global demand for petroleum products and with it, of refining margins, is difficult to quantify in the current context characterized by the persistence of the pandemic, although it is a shared opinion among sector analysts that the value of diesel must progressively strengthen, with a more contained recovery in the second half of 2021, destined to progressively increase to levels close to pre-pandemic levels in the period 2022 - 2024. However, the extent and timing of the such recovery remains uncertain to date.

Regarding the production levels of the refinery, the Plan provides for total processing of 14.2 million tons in 2021, and estimated between 14 and 14.5 million tons in the period 2022-2024. The variability of which during the Plan horizon will depend on the evolution of the scenario and the appropriate production choices and scheduled maintenance interventions scheduled for each year.

As regards the generation of electricity of the IGCC plant, recognized as "essential" by ARERA for the safety and stability of the Sardinian electricity system, it should be remembered that 2021 represents a year of discontinuity as in mid-April 2021 it will expire the CIP6/92 contract. Therefore, the annual production will be put at the service of the electricity system will depend on the conditions set by the relevant legislation (recovery of fixed and variable costs and return on invested capital), which will be defined by the Authority by next April 15.

Faced with this scenario, Saras has defined a new Business Plan which established:

<u>For the year 2021</u>, the adoption of a series of measures focused on resilience, with the aim of minimizing the economic and financial impact of the scenario over the year, and containing the level of debt to levels no higher than those of the 31 December 2020, in particular:

- a significant reduction in the Group's operating costs, in the order of 15-20% compared to those recorded in 2019
- a reduction in investments in the new integrated Industrial segment "Refining + Power" to 55 million euros, in full compliance with HSE objectives

Based on a still weak refining scenario expected in 2021, which is reflected in an expected EMC from the main sector analysts negative and equal to approx. -0.4 $/bl, and on the basis of the main assumptions of the Company on the reintegration of costs under the essentiality regime, the integrated activities of refining and production and sale of electricity lead to an estimate for 2021 an integrated Saras yearly premium of the new Industrial segment (Refining + Power) between 3.5 - 4.0 $/bl on the EMC benchmark margin.

With regard to the Marketing segment, sales are expected to pick up based on the market recovery expected in the second half of 2021, with EBITDA in line with that of previous years.

<u>For the three-year period 2022 - 2024</u>, with reference to what was described above for the expected scenario, a recovery of refining margins is expected, albeit difficult to quantify in the current context characterized by the persistence of the pandemic, although this is a shared opinion among analysts of the sector that the value of petroleum products should progressively strengthen to levels close to pre-pandemic levels in the period 2022 - 2024. However, the extent and timing of this recovery remains uncertain to date.

From the point of view of production structures, due to the heavy turnaround plans implemented in 2020, and the other investment activities ensured by operational management in 2021, a recovery in production levels is expected.
Furthermore, the substantial consolidation of the cost efficiency programs obtained in 2021 is expected, and the gradual normalization of the level of investments in the Industrial segment as a function of the recovery of refining margins.

Based on a refining scenario expected in the three-year period 2022-24 in substantial recovery, the extent and timing of which are currently difficult to determine, with an expected recovery of margins and an increase in discounts, and in consideration of the initiatives put in place being, a potential increase in the Saras premium of the new Industrial segment (Refining + Power) is expected with respect to the EMC benchmark which should progressively settle in the order of 4.5 - 5.0 $/bl towards the final phase of the three-year period .

With regard to the Marketing segment, EBITDA is expected in the period in line with that of previous years.

In light of the foregoing, the progressive disappearance of the negative effects of the pandemic with the consequent evolution of the scenario, together with the cost and investment efficiency initiatives, and the recovery of the expected production levels, will allow a cash generation that will gradually contribute to the return of the debt by the end of 2024. This phenomenon is also strongly influenced by the price trend of commodities oil and the consequent dynamics at the level of working capital.

Wind Segment

In 2021, the expansion of renewable capacity is planned with the goal of approx. 200MW of installed capacity, while initiatives continue to reach additional capacity up to 400 MW by 2024.

These objectives will be achieved through the development of a pipeline of greenfield wind projects that can contribute to the achievement of the ambitious new capacity development targets, ensuring higher returns than the acquisition of existing assets. The industrial plan provides for the completion of ongoing projects and the authorization phase of the new pipeline of projects.

In this context, to accelerate the implementation of the initiatives described and to seize new opportunities deriving from the changed conditions of the sector in accordance with the provisions of the Integrated National Plan for Energy and Climate 2030 and the European Green Deal, the implementation of this plan will take considering the best options, including the opportunity for new partnerships with the aim of creating long-term sustainable value.

The progress of the projects under study as part of the strategy for the energy transition and the reduction of the refinery's carbon footprint is also expected during the Plan period, with particular focus on green hydrogen and biofuel projects.

To continue the path of sustainable development, an ESG strategy was approved, identifying medium-term objectives relating to environmental, social and governance issues and a set of performance indicators (KPIs) for 2021 in order to provide the company with improvement and measure progress in each of the areas identified. The main indicators refer to:

- Reduction of greenhouse gas (GHG) emissions and air pollutants
- Improvement in energy efficiency
- Reduction in water consumption
- Reduction in waste production
- Co-processing of vegetable oils at the refinery
- Reduction of the injury frequency index and pursuit of the "zero accidents" goal
- Maintenance of total training hours greater than or equal to the average of the last 3 years
- Promotion of gender diversity

Continue to contribute significantly to the local economy as a result of wages, purchases of goods and services and tax charges paid

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at: 31st December 2020

Thousands of EUR	31/12/2020	31/12/2019
ASSETS		
Current financial assets	**1,841,050**	**2,117,692**
Cash and cash equivalents	558,997	431,463
of which with related parties	*0*	*17*
Other financial assets	153,677	51,928
Trade receivables from third parties	256,641	351,539
of which with related parties	*87*	*109*
Inventories	737,389	1,040,842
Current tax assets	14,289	84,058
Other assets	120,057	157,862
Non-current assets	**1,529,138**	**1,439,254**
Property, plant and equipment	1,310,794	1,272,572
Intangible assets	47,225	77,970
Right-of-use of leased assets	42,801	49,919
Other investments	502	502
Deferred tax assets	121,844	31,816
Other financial assets	5,972	6,475
Non-current assets held for sale	**0**	**7,038**
Property, plant and equipment	0	7,038
Intangible assets	0	0
Total assets	**3,370,188**	**3,563,984**
LIABILITIES AND EQUITY		
Current liabilities	**1,676,426**	**2,015,764**
Short-term financial liabilities	611,441	204,897
Trade and other payables	916,594	1,648,736
Tax liabilities	80,499	76,472
Other liabilities	67,892	85,659
Non-current liabilities	**909,240**	**489,381**
Long-term financial liabilities	652,064	254,704
Provisions for risks and charges	244,165	194,278
Provisions for employee benefits	8,901	9,858
Deferred tax liabilities	3,730	4,437
Other liabilities	380	26,104
Total liabilities	**2,585,666**	**2,505,145**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	994,482	967,129
Net result	(275,516)	26,154
Total parent company equity	**784,522**	**1,058,839**
Third-party minority interests	-	-
Total equity	**784,522**	**1,058,839**
Total liabilities and equity	**3,370,188**	**3,563,984**

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for 2020

Thousands of EUR	1st January 31st December 2020	*of which non-recurring*	1st January 31st December 2019	*of which non-recurring*
Revenues from ordinary operations	5,184,875		9,369,093	
Other income	157,409		148,603	
of which with related parties:	*199*		*133*	
Total returns	**5,342,284**	***0***	**9,517,696**	**0**
Purchases of raw materials, consumables and supplies	(4,745,491)	(8,000)	(8,345,145)	*(2,500)*
Cost of services and sundry costs	(520,375)		(771,109)	*(674)*
of which with related parties:	*517*		*517*	
Personnel costs	(163,497)	(15,380)	(148,653)	
Depreciation/amortisation and write-downs	(254,032)	*(35,893)*	(198,697)	
Write-down and recovery value Contract Sarlux/GSE				
Total costs	**(5,683,395)**	***(59,273)***	**(9,463,604)**	***(3,174)***
Operating result	**(341,111)**	***(59,273)***	**54,092**	***(3,174)***
Financial income	68,601		57,979	
Financial charges	(82,419)	*(837)*	(76,757)	
Result before taxes	**(354,929)**	***(60,110)***	**35,314**	***(3,174)***
Income tax	79,413	6,341	(9,160)	*885*
Net result	**(275,516)**	***(53,769)***	**26,154**	***(2,288)***
Net result attributable to:				
Shareholders of the parent company	(275,516)		26,154	
Third-party minority interests	0		0	
Net earnings per share – base (euro cents)	**(29.25)**		**2.78**	
Net earnings per share – diluted (euro cents)	**(29.25)**		**2.78**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2020

Thousands of EUR	1st January 31st December 2020	1st January 31st December 2019
Net result (A)	**(275,516)**	**26,154**
Items that may be reclassified subsequently to profit or loss		
Effect of translation of the financial statements of foreign operations	(466)	42
Items that will not be reclassified to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits	(215)	703
Other profit/(loss), net of the fiscal effect (B)	**(681)**	**(661)**
Total consolidated net result (A + B)	**(276,197)**	**25,493**
Total consolidated net result attributable to:		
Shareholders of the parent company	(276,197)	25,493
Third-party minority interests	0	0

Consolidated Statement of Changes in Equity for 2020

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 31/12/2018	**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 31/12/219	**54,630**	**10,926**	**967,129**	**26,154**	**1,058,839**	**0**	**1,058,839**
Allocation of previous year result			26,154	(26,154)	0		0
Dividend Distribution			0		0		0
Conversion effect balances in foreign currency			(466)		(466)		(466)
Actuarial effect IAS 19			(215)		(215)		(215)
Reserve for stock option plan			1,880		1,880		1,880
Net result				(275,516)	(275,516)		(275,516)
Total net result			*(466)*	*(276,197)*	*(276,197)*	*0*	*(276,197)*
Balance at 31/12/2020	**54,630**	**10,926**	**994,482**	**(275,516)**	**784,522**	**0**	**784,522**

Consolidated Statements of Cash Flow for 2020

Thousands of EUR	1/1/2020-31/12/2020	1/1/2019-31/12/2019
A - Initial cash and cash equivalents	**431,463**	**272,831**
B - Cash flow from (for) operating activities		
Net result	(275,516)	26,154
Unrealised exchange rate differences on bank current accounts	(3,082)	(256)
Amortisation, depreciation and write-downs of assets	254,032	198,697
Net change in risk provisions	49,887	(9,035)
Net change in provision for employee benefits	(957)	(464)
Net change in deferred tax liabilities and deferred tax assets	(90,735)	6,007
Net interest	(1,239)	17,457
Income tax set aside	11,322	3,153
Change in the fair value of derivatives	6,217	14,789
Other non-monetary components	1,199	3,925
Profit for the year before changes in working capital	**(30,886)**	**260,427**
(Increase)/Decrease in trade receivables	94,898	(61,329)
(Increase)/Decrease in inventories	303,453	(179,241)
(Increase)/Decrease in trade and other payables	(732,142)	605,574
Change other current assets	107,574	(114,375)
Change other current liabilities	(25,062)	77,008
Interest received	1,239	1,578
Interest paid	0	(19,035)
Taxes paid	0	(69,316)
Change other non-current liabilities	(25,724)	(55,212)
Total (B)	**(324,696)**	**446,079**
C - Cash flow from (for) investment activities		
(Investments) in tangible and intangible assets	(216,434)	(340,688)
(Investments) in Right-of-use of leased assets	(2,064)	(59,236)
(Increase)/Decrease in other financial assets	(10,136)	98,473
Change non-current assets held for sale	7,038	27,963
Total (C)	**(221,596)**	**(273,488)**
D - Cash flow from (for) financing activities		
Increase/(decrease) m/l-term financial payables	397,360	(1,297)
Increase/(decrease) short-term financial payables	309,277	62,392
Distribution of dividends and treasury share purchases	0	(75,310)
Total (D)	**706,637**	**(14,215)**
E - Cash flows for the period (B+C+D)	**124,452**	**158,376**
Unrealised exchange rate differences on bank current accounts	3,082	256
F - Final cash and cash equivalents	**558,997**	**431,463**

SARAS SPA FINANCIAL STATEMENTS

Saras SpA Statement of Financial Position as at: 31st December 2020

Thousands of EUR	31/12/2020	31/12/2019
ASSETS		
Current financial assets	**1,973,874**	**1,716,815**
Cash and cash equivalents	517,620	271,637
of which with related parties:	*0*	*17*
Other financial assets	611,182	188,073
of which with related parties:	*551,187*	*150,843*
Trade receivables from third parties	241,048	326,645
of which with related parties:	*181,300*	*113,199*
Inventories	585,398	858,904
Current tax assets	7,602	67,109
Other assets	11,024	4,447
Non-current assets	**722,199**	**723,397**
Property, plant and equipment	9,511	12,746
Intangible assets	2,727	1,979
Right-of-use of leased assets	5,284	7,266
Equity investments measured at cost	681,613	697,233
Other investments	495	495
Deferred tax assets	19,191	0
Other financial assets	3,378	3,678
Total assets	**2,696,073**	**2,440,212**
LIABILITIES AND EQUITY		
Current liabilities	**1,462,504**	**1,541,162**
Short-term financial liabilities	640,469	213,265
of which with related parties:	*417,267*	*67,151*
Trade and other payables	731,957	1,234,181
of which with related parties	*117,311*	*141,332*
Tax liabilities	67,011	60,749
Other liabilities	23,067	32,967
of which with related parties	*12,398*	*22,794*
Non-current liabilities	**618,145**	**220,255**
Long-term financial liabilities	612,199	214,422
Provisions for risks and charges	3,960	1,696
Provisions for employee benefits	1,986	2,356
Deferred tax liabilities	0	1,781
Other liabilities	0	0
Total liabilities	**2,080,649**	**1,761,417**
EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	615,066	535,736
Net result	(65,198)	77,503
Total equity	**615,424**	**678,795**
Total liabilities and equity	**2,696,073**	**2,440,212**

Saras SpA Statement of Income for 2019 and Statement of Comprehensive Income for 2020

Thousands of EUR	1st January 31st December 2020	of which non-recurring	1st January 31st December 2019	of which non-recurring
Revenues from ordinary operations	4,658,299		8,462,671	
of which with related parties:	*534,707*		*911,793*	
Other income	65,142		55,493	
of which with related parties:	*40,694*		*34,596*	
Total returns	**4,723,441**	***0***	**8,518,164**	***0***
Purchases of raw materials, consumables and supplies	(4,369,592)		(7,709,509)	
of which with related parties:	*(851,248)*		*(1,721,765)*	
Cost of services and sundry costs	(376,183)		(655,161)	
of which with related parties:	*(217,155)*		*(334,750)*	
Personnel costs	(38,200)	(3,912)	(33,393)	
Depreciation/amortisation and write-downs	(5,879)		(6,030)	
Total costs	**(4,789,854)**	***(3,912)***	**(8,404,093)**	***0***
Risultato operativo	**(66,413)**	***(3,912)***	**114,071**	***0***
Net income (charges) from equity investments	(15,620)		2,682	
of which with related parties	*(15,620)*		*2,682*	
Financial income	70,597		61,569	
of which with related parties	*7,760*		*6,731*	
Financial charges	(71,459)		(71,589)	
of which with related parties	*(77)*		*(354)*	
Result before taxes	**(82,895)**	***(3,912)***	**106,733**	***0***
Income tax	17,697	939	(29,230)	
Net result	**(65,198)**	***(2,973)***	**77,503**	***0***

SARAS S.p.A. - STATEMENT OF COMPREHENSIVE INCOME FOR 2020

	1st January 31st December 2020	1st January 31st December 2019
Net result (A)	**(65,198)**	**77,503**
Items that may be reclassified subsequently to profit or loss		
Items that will not be reclassified to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits	(53)	(213)
Other profit/(loss), net of the fiscal effect (B)	**(53)**	**(213)**
Consolidated net result (A + B)	**(65,251)**	**77,290**
Consolidated net result for the period attributable to:		
Shareholders of the parent company	(65,251)	77,290
Third-party minority interests	0	0

Saras SpA Statement of Changes in Equity for 2020

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) for the year	Total equity
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**
Period 1/1/2020 - 31/12/2020					
Allocation of previous year result			77,503	(77,503)	0
Dividend Distribution			0		0
Employee share plan reserve			1,880		1,880
Actuarial effect IAS 19			(53)		(53)
F.T.A. effect IFRS 9					0
Net result				(65,198)	(65,198)
Total net result			*(53)*	*(65,198)*	*(65,251)*
Balance at 31/12/2020	**54,630**	**10,926**	**615,066**	**(65,198)**	**615,424**

Saras SpA Statement of Cash Flow 2020

Thousands of EUR	1/1/2020 - 31/12/2020	1/1/2019 - 31/12/2019
A - Initial cash and cash equivalents	**271,637**	**244,023**
B - Cash flow from (for) operating activities		
Net result	(65,198)	77,503
Unrealised exchange rate differences on bank current accounts	(3,082)	(256)
Amortisation, depreciation and write-downs of assets	5,879	6,030
Net income (charges) from equity investments	15,620	(2,682)
of which with related parties:	*(2,682)*	*(2,682)*
Net change in provisions for risks	2,264	(1,438)
Net change in provision for employee benefits	(370)	46
Net change in deferred tax liabilities and deferred tax assets	(20,972)	14,462
Net interest	4,034	7,779
Income tax set aside	50,202	14,768
Change FV financial assets for trading and financial liabilities	38,609	12,241
Other non-monetary components	1,827	1,445
Profit (loss) of operating activities before monetary and non-monetary differences in working capital	**28,813**	**129,898**
(Increase) Decrease in trade receivables	85,597	11,258
of which with related parties:	*130,700*	*130,700*
(Increase) Decrease in inventories	273,506	(178,846)
(Increase) Decrease in trade and other payables	(502,224)	456,271
of which with related parties:	*(65,671)*	*(65,671)*
Change other current assets	52,930	(55,981)
of which with related parties:	*(12,711)*	*(12,711)*
Change other current liabilities	15,506	44,797
of which with related parties:	13,185	13,185
Interest received	8,938	8,122
of which with related parties:	*6,731*	*6,731*
Interest paid	(12,972)	(15,901)
of which with related parties:	*(354)*	*(354)*
Income taxes paid	(69,346)	(69,346)
Change other non-current liabilities	0	(1,721)
Total (B)	**(119,252)**	**328,551**
C - Cash flow from (for) investment activities		
(Net investments) in tangible and intangible assets	(1,410)	(13,720)
Change investments	0	2,682
(Increase) / decrease in other financial assets	(372,644)	(79,791)
Total (C)	**(374,054)**	**(90,829)**
D - Cash flow from (for) financing activities		
Increase / (decrease) m/l-term financial payables	397,777	(41,579)
Increase / (decrease) short-term financial payables	338,430	(93,475)
of which with related parties:	*257,801*	*257,801*
Distribution of dividends and treasury share purchases	0	(75,310)
Total (D)	**736,207**	**(210,364)**
E - Cash flows for the period (B+C+D)	**242,901**	**27,358**
Unrealised exchange rate differences on bank current accounts	3,082	256
F - Final cash and cash equivalents	**517,620**	**271,637**