The Board of Directors of SARAS S.p.A. approves the Half-Year Financial Report as of 30th June 2020[1]

- **Group comparable EBITDA positive and equal to EUR 15.0 million in Q2/20 (EUR 55.1 million in Q2/19) and equal to EUR 71.7 million in H1/20 (EUR 108.8 million in the first half of 2019), despite the negative scenario, thanks to the flexibility and commercial performance of the Refining and Marketing segments**
- **Group comparable Net Result** negative and equal to EUR -41.1 million in Q2/20 (equal to EUR 4.5 million in Q2/19) and negative for EUR -41.5 million in H1/20
- **Reported Group EBITDA** negative for EUR -22.4 million in Q2/20 (positive for EUR 89.2 million in Q2/19) and negative for EUR -114.4 million in H1/20 (positive for EUR 138.1 million in H1/19), impacted by volatility and trend in oil prices in the first half of 2020
- **Net Financial Position at 30 June 2020 before IFRS 16 effect negative and equal to EUR 337 million** (compared to a negative NFP equal to EUR 223 million at March 31, 2020 and a positive NFP for EUR 79 million at December 31, 2019). Net Financial Position at 30 June 2020 after IFRS 16 effect negative and equal to EUR -382 million
- **Turnaround maintenance plan concluded in the first half of 2020 as scheduled,** despite the extraordinary safety measures adopted to contain the risk of contagion
- With the full production capacity restored in the H2/20 Saras is ready to seize the opportunities deriving from the first signs of recovery, expected between the second half of 2020 and the first quarter of 2021**. Guidance for 2020 confirmed with a premium on EMC of 2.5-3 $/bl.**

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

"The first half of the year was characterized by the Covid- crisis with an impact without precedents on the global economy. The energy sector was one of the most heavily affected by both the plunge in oil demand and adjustments in oil supply by Opec-plus which created huge imbalances in the market, causing significant impacts on our industry. However, Saras Group was able to achieve in both the second quarter and in the half year economic results above the expectations, demonstrating the strength, the resilience and transformation capacity of our organization. I would like to thank all our people, first of all those operating in the front line keeping the plant running and guaranteeing the energy supply to the community, all our workforce able to complete the most complex planned maintenance cycle ever without a single case of contagion and without any injurie and, together with them, to all the others who actively worked from home ensuring the full continuity of business activities".

Milan, 30th July 2020: The Board of Directors of Saras S.p.A. met today under Chairman Massimo Moratti and approved the Half-Year Consolidated Financial Report as of 30th June 2020. The results of the second quarter, which are unaudited, are also presented here below for sake of continuity and completeness of information.

Covid-19 Impact

The first half of 2020 was characterized by a negative economic and social scenario as a result of the crisis for the plunge in consumption which followed the containment measures of the Covid-19 pandemic.

Despite the difficult context of the pandemic, Saras, an essential industry to the prosperity of its country, supplying a significant share of the energy demand in Sardinia, has kept its plant of the Sarroch refinery running while carrying on the major maintenance activities planned on maintained full continuity in the activities of the Sarroch refinery, while continuing the important maintenance activities planned for the period.

[1] The manager in charge of preparing the corporate accounting documents, Dr. Franco Balsamo, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records of the Company.

The refinery's operations, as well as that of the many suppliers working on the maintenance activities, has been made possible thanks to the safety and Covid-19 containment measures immediately put in place, in compliance with provisions prepared by the National Authorities included the Prime Minister Decree and the order of the President of Sardinia Region.

This has allowed to guarantee the best control for all workers at the refinery and the full employment of our workforce in this delicate moment, along with the many people of the companies engaged in the maintenance activities and, overall, a tangible contribution to the economy of the territory where Saras operates.

With this aim all the measures necessary to counter the virus and preserve the health of employees and partners also outside the productive site were adopted, even before the lockdown, in particular with the extensive use of smart working and the use of digital tools and platforms to continue training activities and meetings. An insurance policy was also stipulated for all employees of the Italian Group companies for any cases of hospitalization and subsequent need for assistance in the event of contagion from Covid-19.

The following paragraphs describe the impacts of Covid-19 on the economic and financial results for the period.

Saras Group key financial and operational results

EUR Million	H1 2020	H1 2019	Change %	Q2/20	Q2/19	Change %
REVENUES	2,742	4,684	-41%	857	2,590	-67%
EBITDA reported	(114.4)	138.1	n.s.	(22.4)	89.2	n.s.
Comparable EBITDA	**71.7**	**108.8**	**-34%**	**15.0**	**55.1**	**-73%**
EBIT reported	(215.0)	44.2	n.s.	(73.4)	41.5	n.s.
Comparable EBIT	**(29.0)**	**14.9**	**n.s.**	**(36.0)**	**7.4**	**n.s.**
NET RESULT reported	(180.7)	24.0	n.s.	(67.6)	28.2	n.s.
***Comparable* NET RESULT**	**(41.5)**	**2.5**	**n.s.**	**(41.1)**	**4.5**	**n.s.**

EUR Million	H1 2020	FY 2019
NET FINANCIAL POSITION ANTE IFRS 16	**(337)**	**79**
NET FINANCIAL POSITION POST IFRS 16	**(382)**	**30**
CAPEX	**186**	**345**

Starting from Q4/19, in order to continuously improve the methodologies used to measure operating performance and results, the methods used to calculate "reported" and "comparable" results were updated. To ensure comparability with previous periods, Q1/19 results have been reclassified in line with the criteria adopted from Q4/19.

Comments to First Half 2020 Group Results

In the first half of the year 2020, the **Group's revenues amounted to EUR 2,742 million**, down 41% from the EUR 4,684 million achieved in the first half of the previous year. This significant reduction is due to the effects that the containment measures of the Covid-19 pandemic had on the level of consumption, with an impact both on the volumes sold and on the average prices of petroleum products.

In particular, the Refining segment recorded lower revenues for approximately EUR 1,464 million (45% lower than the same period of the previous year) and the Marketing segment for approximately EUR 439 million (44% lower than the same period of the previous year).

In the Refining segment, volumes decreased by 13% compared to the first half of 2019: the shutdown of plants that involved the Topping T1 units and the FCC unit in the half-year due to the important scheduled maintenance cycle which started in March and ended at the end of May, was also extended to the entire month of June for the FCC plant, given the low economics of refining gasoline in the second quarter. In the first half of 2020, in fact, gasoline prices recorded an average of 364 $/ton, 39% lower than that of the first half of 2019 (596 $/ton in the first half of 2019). Similarly, diesel prices were on average equal to 362 $/ton, also down 39% from the average of 594 $/ton in the first half of 2019. In Marketing, sales volumes decreased by 23%, even if sales guaranteed positive and higher margins of around 26% compared to the same half of the previous year.

The contribution of the Power and Wind segments, which suffered from the drop in electricity prices, was also lower than in the first half of 2019.

The Group's reported EBITDA in the first half of 2020 was EUR -114.4 million, compared to the positive EBITDA of 138.1 million euros in the first half of 2019.

The negative change is mainly attributable to the extremely unfavorable scenario due to the Covid-19 pandemic and to the consequent drop in oil prices which led to a negative effect in particular in the enhancement of the inventory stocks of the Refining and Marketing segments, with a price impact equal to EUR 191.1 million, of which EUR 155.3 million in the first quarter, the period in which most of the negative effect was concentrated, partially offset by the release for EUR 36 million of the provision for risks recorded for CO2 shares for EUR 35.9 million, relating to the acquisition of the business unit from Versalis (northern plants), following the definitive assignment of the same for the period 2015-2020.

In the face of the high availability of refined products on the market, and in order to seize the advantage deriving from the marked price contango structure that arose between the end of March and the beginning of April, the Company also increased its inventories of refined products.

It should also be noted that the valuation of finished and semi-finished oil products according to the FIFO method does not include an amount of approximately EUR 95 million equal to the market value of inventories at average prices for the month of July.

In order to guarantee a margin on diesel production, at the end of March the Company decided to fix the crack on diesel at an advantageous price with hedging operations which closed positively in the second quarter for a contribution to the EBITDA of approx. EUR 19 million.

It should also be remembered that EBITDA in the first half of 2020 instead benefited from the release of the fund recorded for CO2 shares for EUR 35.9 million.

The Group's reported Net Result was negative and equal to EUR -180.7 million, compared to EUR 24.0 million Euros achieved in the first half of 2019, essentially as illustrated in the EBITDA level. In the half year, amortization and depreciation also increased slightly compared to the same period of the previous year and amounted to EUR 100.8 million (EUR 94.0 million in the first half of 2019) due to the entry into operation of the new investments. Financial charges amounted to EUR 7.0 million (compared to EUR 8.8 million in the first half of 2019). The other financial items (which include realized and unrealized differentials on derivative instruments, net exchange differences and other financial charges and income) were negative for approximately EUR 8.0 million in the first half of 2020 compared to a positive effect of EUR 3.8 million in the first half of the previous year.

The Group's comparable EBITDA stood at a positive value of EUR 71.7 million in the first half of the year 2020, compared to the EUR 108.8 million achieved in the first half of 2019. This result compared to the reported EBITDA does not include the negative impact - in the Refining and Marketing segments - of the valuation of inventory stocks resulting from the collapse of oil prices, which in the half-year amounted to EUR 191.1 million.

It should also be noted as the comparable EBITDA in the first half of 2020 included the release of the fund recorded for CO2 shares for EUR 35.9 million, of which EUR 21.0 million from 2015/2017 quotas which would have been of an extraordinary nature.

The Group comparable Net Result in the first half of 2020 was negative by EUR 41.5 million, compared to a positive result of EUR 2.5 million in the same period of the previous year.

Investments in the first half of 2020 amounted to EUR 186.0 million and mainly dedicated to the Refining segment (EUR 173.1 million), compared to EUR 204.2 million in the first half of 2019. Of these EUR 93 million refer to the capitalization of costs, mainly related to the aforementioned multi-year turnaround

Comments to Second Quarter 2020 Group Results

In the second quarter of 2020, Group revenues amounted to EUR 857 million, down 67% from EUR 2,590 million achieved in the second quarter last year, with an impact that mainly involved the Refining and Marketing segment, but which also affected the Power and Wind sectors due to the reduction in electricity prices.

In the second quarter of 2020 the revenues of the Refining segment were lower by around EUR 1,464 million (-27% compared to the same period of the previous year) and those of the Marketing segment by around EUR 436 million (-44% compared to the first half 2019). From a production point of view, the quarter, as already described, was characterized by the shutdown of the FCC plant, the main gasoline refining plant, which lasted overall three months. To this stop was added the one of the Topping T1 in the months of May and June. This led to a reduction in terms of refining runs by 36%, with a production that over the period was concentrated mainly in middle distillates. From a price point of view, diesel margins decreased by 47% in the quarter.

The Group's reported EBITDA in the second quarter of 2020 was negative for EUR 22.4 million, compared to a positive result of EUR 89.2 million recorded in the second quarter of 2019. The effect of the drop in prices in the valuation of inventories in the Refining and Marketing segments was EUR 35.9 million, highlighting a more limited impact on the drop in crude oil prices than in the first quarter, but still negative. In the face of the high availability of refined products on the market, the Company also increased its inventories of refined products, taking advantage of the marked price contango structure that originated between the end of March and the beginning of April.

As previously described, the reported EBITDA for the quarter benefited from the positive effect of the hedging operations put in place to ensure a margin on the diesel crack.

The Group's reported Net Result was negative for EUR 67.6 million, compared to a positive result of EUR 28.2 million achieved in the second quarter of the financial year 2019 essentially as illustrated at the EBITDA level. In the second quarter of 2020, moreover, depreciation and amortization increased slightly compared to the same period of the previous year (EUR 51.2 million against EUR 47.8 million in the second quarter of 2019) for the reasons illustrated above, while the charges financial (equal to EUR 2.2 million) showed a slight decrease compared to the second quarter of 2019 (EUR 3.2 million). Finally, the other financial items (which include realized and unrealized differentials on derivative instruments, net exchange differences and other financial charges and income) were positive for around EUR 4.6 million in the second quarter of 2020 compared to the contribution positive for about EUR 7.9 million Euros recorded in the same period of the previous year.

Group's comparable EBITDA stood at EUR 15.0 million in the second quarter of the 2020 financial year, compared to EUR 55.1 million achieved in the second quarter of 2019. This result compared to the reported EBITDA does not consider the negative impact - in the Refining and Marketing segments - of the valuation of inventories resulting from the collapse in oil prices, which in the quarter was EUR 35.9 million.

The Group comparable Net Result in the second quarter of 2020 was negative for EUR 41.1 million, compared to EUR 4.5 million achieved in the same period of the previous year.

Investments in the second quarter of 2020 amounted to EUR 88.7 million (EUR 89.2 million in the second quarter of 2019) mainly dedicated to the Refining segment (EUR 77.4 million).

Outlook

The International Monetary Fund recently revised downwards its forecasts for the global economy growth compared to those published at the end of the first quarter in the face of the crisis triggered by the Covid-19 pandemic, with a GDP contraction of 4.9% in the 2020. Based on these estimates, Italy remains one of the most affected countries with an estimated GDP reduction of around 12.8%. For the Eurozone a drop of 10.2% is expected and for the United States of 8%.

The current state of uncertainty does not yet allow to provide reliable forecasts on the impacts that may be determined on the Group's economic and financial results in the medium term.

The Group's business model, based on the high conversion configuration, the integration with the IGCC plant and the integrated management of the supply chain, the strategic position of the production site in the center of the Mediterranean combined with the customer portfolio guaranteed by its Trading company, make the Group particularly resilient to difficult market conditions, ensuring the placement of the refinery's output and at the same time allowing to seize the opportunities offered by price volatility and greater availability of crude oils.

Thanks to this high level of flexibility, as well as the conclusion in the first half of the most important investments planned for the year, and therefore with the full production capacity restored in the second half of 2020, Saras is confident to be able of taking full advantage from the first signs of recovery, initially forecasted for the second half of the year, and now expected between the second half of 2020 and the first quarter of 2021.

In the Refining and Marketing segments, given the recent positive signs from the easing of production cuts by the Opec plus countries, whose benefits has not yet been reflected on the market, the Group is ready to seize the opportunities in terms of discounts deriving from the current abundance of crude oils on the market, and from a gradual recovery in demand as well as in the margins of the main oil products. In addition, a second barge for bunkering activities is expected to start working in the second half of the year.

Even with the uncertainty of the market scenario, the Saras Group therefore confirms its guidance for the year, achieved in the first half of 2020, of achieving an average premium above the EMC Benchmark margin of 2.5 - 3.0 $/bl (net of maintenance).

With reference to the Power Generation segment, the maintenance program for the second half of the year include standard interventions with a production substantially in line with previous years. Also for this segment, therefore, the outlook for 2020 on the volumes of electricity produced is confirmed, while we expect a upturn in the price of electricity towards values closer to those before the Covid-19 crisis, according with the recovery in consumption.

Finally, as regards the Wind power segment, work is underway on the reblading project of the Ulassai plant which consists of replacing all the blades, with a consequent increase in production for the same installed capacity. The works, which suffered some delays in the first half of the year, will be carried out in three batches and will be completed - instead of by the third quarter of 2020 - by the first quarter of 2021. In the new set-up, production is expected to be up to 300 GWh/year.

As regards the Net Financial Position, which in the first half of the year was impacted by the price dynamics on inventories and on other working capital items, it is expected to remain stable with potential areas for improvement in the second half of the year according with the recovery of demand and the level of prices.

In order to reduce the Group liquidity risk, and to contain potential economic and financial impacts deriving from the persistence of the economic crisis, in addition to the medium-term loans taken out in the first quarter of 2020, the Company has started the negotiation with some primary credit institutions in order to strengthen its medium/long-term credit lines, as well as for the review of some financial ratios on existing lines, to take in consideration the changed market conditions.

Conference call on 30th July 2020 and other information

On July 30th, 2020, the Board of Directors of Saras SpA will meet in order to approve the Second Quarter and First Half 2020 Group's results. Subsequently a dedicated press release will be issued via SDIR and, at the same time, a slide presentation will become available on the company's website (www.saras.it).

On the same day at 16:30 CET, there will be a conference call for analysts and investors, during which the management will comment the results and answer to relevant questions.

Dial in numbers:

For Italy: +39 02 805 88 11
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Link for the live webcast: https://87399.choruscall.eu/links/saras200730.html

Playback and transcript of the webcast will also be available on the company's website. For enquiries, please contact Saras' Investor Relations Department.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree 24th February 1998 number 58, adopted by CONSOB under resolution 14th May 1999 number 11971, as amended and supplemented. It is available to the general public on the Company's website under "Investors/Financial Press Releases", and also on the "1Info" authorised storage mechanism (**www.1info.it**). Moreover, the Half-Year Financial Report as of 30th June 2020 is also available to the public at the Company's registered Office in Sarroch (CA) S.S. 195 Sulcitana Km. 19, on the Company's website under "Investors Financial Reports", and on the "1Info" authorised storage mechanism.

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THE SARAS GROUP

The Saras Group, founded by Angelo Moratti in 1962, has about 1,750 employees and total revenues of about 9.5 billion Euros as of 31st December 2019. Today, the Group is a leading European crude oil refiner and it is active also in the energy sector. It sells and distributes petroleum products in the domestic and international markets, directly and through its subsidiaries. The Group also operates in the production and sale of electricity, through its subsidiaries Sarlux Srl (IGCC plant) and Sardeolica Srl (Wind plant). Moreover, the Group provides industrial engineering and research services to the oil, energy and environment sectors through its subsidiary Sartec Srl.

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