SARAS

Saras SpA Board of Director approved:

Saras SpA Draft Financial Statements as of 31st December 2017[1]

Group Consolidated Financial Statements and Business Plan 2018 – 2021

EUR Million	FY 2017	FY 2016	Change %
EBITDA	504.3	638.1	-21%
Comparable EBITDA	**522.5**	**506.0**	**3%**
NET RESULT	240.8	196.3	23%
***Comparable* NET RESULT**	**217.4**	**155.9**	**39%**
NET FINANCIAL POSITION	**87**	**99**	

- Proposal of a dividend equal to EUR 0.12 per share, corresponding to approx. 52% of the comparable Net Result, in line with company policy, and equal to a dividend yield of approx. 7% based on current share price.

Business Plan 2018 - 2021

- Positive scenario expected for the refining industry in the next 4 years. Starting from the second half of 2019, the IMO regulations on marine engine emissions will determine favorable conditions for high conversion, integrated refineries like that of the Saras Group.

- EUR 800 million of investment plan approved for the period 2018 – 2021 with the aim to keep operational and technological excellence also thanks to the innovation of the Industry 4.0.

- Strong cash generation expected, able to face investments and guarantee a compelling remuneration to shareholders while strengthening the balance sheet.

Milan, 12 March 2018: The Board of Directors of Saras SpA met today chaired by Massimo Moratti and approved the Group Consolidated Financial Statements, the draft of Saras SpA Financial Statements for the year ended 31st December 2017 and the Sustainability Report which includes, among other things, non-financial and diversity information pursuant to Legislative Decree no. 254/2016. It has also been approved the Group Business Plan for the period 2018 – 2021.

Following the passing of the Chairman of the Board, Mr. Gian Marco Moratti, it should be noted that the Board of Directors of Saras SpA, considering the imminence of the General Meeting called, *inter alia,* to appoint the new Board, and considering that meanwhile no activities are foreseen which involve the Board itself, it has resolved not to proceed with the appointment by co-optation of a director pursuant to art. 2386, paragraph 1, of the Italian Civil Code and pursuant to the Articles of Association, and for the same reasons it also resolved not to proceed with the conferral of the office of Chairman of the Board of Directors.

Furthermore, the Board of Directors resolved to propose to Saras SpA General Shareholders Meeting, to be held on 27th April 2018, a dividend of EUR 0.12 per share, corresponding to approx. 52% of the *comparable* Net Result earned by the Group in FY 2017. The dividend will be paid on 23rd May 2018, with coupon date on 21st May 2018.

After the meeting the Chief Executive Officer, Mr. Massimo Moratti, highlighted that:

"It is very difficult for me to talk about the results and the future of the Group without sharing it with my brother Gian Marco as it always happened. But his great passion and commitment for this company must push us all to give our best and continue on the path of growth and prosperity that he had traced and that with so much sacrifice and commitment he contributed to achieve.

2017 was a very positive year for the Saras Group, with net profit up 23% compared to the previous year and a net financial position that remains firmly positive. Our business model oriented to operational and commercial flexibility proved to be a winning one also in a difficult context on the crudes side characterized by unpredictable dynamics.

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

The Business Plan aims to maintain a leadership position in the refining sector in the next decade and focuses on operational and technological excellence through EUR 800 million of investments focused on keeping state-of-the-art plants, also with the contribution of technological innovation and digitalization. The IGCC plant is an important component of our industrial system. Its full integration with the refinery will allow its exploitation also beyond 2021 and will give us the possibility to seize the opportunities that will arise, since the second half of 2019, from the introduction of IMO regulation that will drastically reduce the allowed sulfur content of marine fuels."

Highlights of the 2018 – 2021 Business Plan

The Board of Directors of Saras SpA approved the Group Business Plan for the period 2018 – 2021 (the "Plan"), which is based on the same operating strategies and value creation drivers announced in the previous business plan, including the completion of the investment cycle started in 2015 and updating the reference scenario.

The Group has identified **four strategic priorities** aimed at maximizing the ability to seize market opportunities and guarantee the business sustainability in the next decade. In detail: (i) the **completion of the investment cycle** started in 2015; (ii) **production optimisation and performance improvement**; (iii) consolidation of the **integrated supply chain management business model** and (iv) **cost optimisation**. It is integrated, without discontinuity, in all the initiatives described, the important **digitization plan** that the company is implementing that, relying on the know-how of our people, aims to further strengthen the efficiency and flexibility that have always characterized the Group's activities.

Reference Scenario

The Plan embodies a reference scenario favourable for the refining industry thanks to a robust demand for refined products that, from the second half of 2019, will benefit from the effects of the regulation on marine engines fumes (so called "IMO – Marpol VI") whose sulphur content from 1st January 2020 will be lowered from current 3.5% to 0.5%. It is widely shared opinion that as a consequence the value of diesel will significantly increase and at the same time the value of fuel oil with a high sulfur content will drop, resulting in different effects: the refining margins for high conversion plants will increase, the price of sour grades will fall and the smaller and technologically backward refineries will face more challenges.

With regards to the IGCC plant, the year 2021 represents a discontinuity as, in the second quarter, the CIP6/92 contract expires benefiting from some production recoveries. By that date, the ten-year shutdown for scheduled maintenance on the entire plant will take place restoring its full efficiency in order to extend operations to the next decade. In the second half of the year Group will continue to purchase the electricity need for the refining process from third parties and will sell the volumes produced to the market.
Going forward the plant will go on producing at full capacity, dedicating approx. 150 MW of the production to self-consumption (both for the IGCC and for the refinery) and the remaining 425 MW for sale to third parties valuing the volumes at market price. The above described configuration will allow to continue using TAR as feedstock for the electricity production avoiding the Group to take on investments that would be necessary. In a post-IMO scenario, it is expected a sharp widening of the differential between gasoil and high sulphur fuel oil, condition that reduces TAR value. In this context the IGCC plant intrinsic value will be maximized and will contribute positively to the realization of the integrated refining margin. Finally, the integration of the IGCC plant and the refinery will guarantee system costs savings thanks to the self-production of electricity, while continuing to supply steam and hydrogen necessary for the refining process.

The new investment plan confirms the Group commitment to the refinery sector and the strong will to keep the operational and technological excellence consolidating its competitive position. During the Plan period, it is forecasted to make approx. EUR 800 million of investments including maintenance of the production capacity, HSE requirements, and also plants reliability improvements and digitalisation.

Taking into account all the above described positive scenario, the cumulative cash flow generated from operations during the entire Plan period is forecasted at approx. EUR 1,950÷2,050 million. The Plan is financially sustainable as the cash flow generated will cover the Capex, the working capital requirements, the payment of financial charges and taxes, while ensuring a compelling shareholders remuneration and a further strengthening of the Group financial soundness.

The Plan reinforces the attention paid to shareholders by confirming the company policy which provides for the payment of dividends between 40% and 60% of the comparable net profit.

2017 Financial Statements have been submitted to the Board of Statutory Auditors and to the external auditors and, together with all other documents required by the article 154-ter of the Legislative Decree 58/1998 (the “Consolidated Finance Act” – T.U.F.), they shall be made available to the general public at the company’s Registered Office, and they will also be published on Saras website (**www.saras.it**) in due course, as prescribed by the current regulations.

Herewith enclosed in the attachment there are the comments to Group results and to the results of each business segment, the Strategy and Outlook, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, and the cash flow statement for both the Saras Group and for the parent company Saras SpA, and also the details of the 2018 – 2021 Business Plan.

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

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THE SARAS GROUP

The Saras Group, founded by Angelo Moratti in 1962, has approximately 1,900 employees and total revenues of about 7.7 billion Euros as of 31st December 2017. 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.

ATTACHMENT

Key Group financial and operational results[2]

EUR Million	FY 2017	FY 2016	Q4/17	Q4/16
REVENUES	7,687	6,870	2,029	2,115
EBITDA	504.3	638.1	201.2	207.5
Comparable EBITDA	**522.5**	**506.0** (*)	**109.8**	**94.8** (*)
EBIT	325.8	391.3	186.4	130.7
Comparable EBIT	**344.0**	**279.3** (*)	**95.0**	**38.2** (*)
NET RESULT	240.8	196.3	131.4	44.4
Comparable NET RESULT	**217.4**	**155.9** (*)	**55.8**	**18.7** (*)
Net Financial Position	**87**	**99**	**87**	**99**
Capex	**205.0**	**145.6**	**66.8**	**51.6**

Comments to Full Year 2017 Group results

Group revenues in FY 2017 were EUR 7,687 million versus EUR 6,870 million realised in FY 2016 as effect of the increase of the average refined products prices. More precisely, in 2017 gasoline prices had an average of 548 $/ton (versus the average of 462 $/ton in FY/16), diesel quotations stood at an average of 491$/ton (versus the average of 395 $/ton in FY/16) and low sulphur fuel oil price averaged 315 $/ton (versus 223 $/ton in FY/16). As a consequence, the Refining segment increased its revenues by approx. EUR 650 million, also thanks to higher refinery runs, and the Marketing Segment increased revenues by approx. EUR 135 million. Finally, revenues of the Power Generation segment were also higher by approx. EUR 30 million versus FY/16.

Group reported EBITDA in FY 2017 was EUR 504.3 million, lower than the EUR 638.1 million reported in FY 2016. Such difference is almost entirely due to the Refining segment that was positively influenced by the scenario effect on inventories, but less than previous year. The result was also negatively affected by a provision made in H1/17 in relation to a dispute related to energy efficiency certificates.

Group reported Net Result in FY 2017, equal to EUR 240.8 million, was above the EUR 196.3 million reported in FY 2016. The lower EBITDA level was more than offset by other items. In detail, depreciation and amortisation charges were lower than previous year (EUR 178.4 million versus EUR 246.7 million in FY/16) as effect of the revision of the amortization rate of the IGCC plant in light of the extension of the asset economic life until 2031, compared to the deadline previously set for 2021 in conjunction with the expiry of the CIP6/92 contract, with an estimated impact equal to approx. EUR 48 million. Furthermore, no write-downs of tangible assets were carried out, which instead involved FY 2016 for an amount of approximately EUR 20 million. Interest charges that decreased by 60% (approx. EUR 12 million versus approx. EUR 30 million in FY/16) thanks to the renegotiation of some credit lines and the early repayment of bonds, carried out in 2016. Finally the other financial items (which comprise the realised and unrealised differentials on derivative instruments, net exchange rate differences and other financial income and charges) were positive by approx. EUR 18 million in FY 2017, while they were negative of approx. EUR 53 million in FY 2016.

Group comparable EBITDA amounted to EUR 522.5 million in FY 2017, up 3% versus the EUR 506.0 million earned in FY 2016. In details, the Refining segment was stable as higher runs offset lower unitary margins and lesser operating performance, while the Marketing segment increased its profitability thanks to the efficiencies achieved. The Group

[2] In order to give a better representation of the Group's operating performance better reflecting the more recent market dynamic, and in line with the standard practice in the oil industry, the operating results and the Net Result are displayed valuing inventories with FIFO methodology but compared to reported results, excluding unrealized inventories gain and losses due to changes in the scenario, by valuing beginning-of-period inventories at the same unitary value of the end-of-period ones. Moreover the realized and unrealized differentials on oil and exchange rate derivatives with hedging nature which involve the exchange of physical quantities, are reclassified in the operating results, as they are related to the Group industrial performance, even if non accounted under the hedge accounting principles. Non-recurring items by nature, relevance and frequency and derivatives related to physical deals not of the period under analysis, are excluded by the operating results and the Net Result Comparable. Results calculated as above, called "*comparable*", are performance indicators not defined by the International Accounting Standards (IAS/IFRS) and they are not subject to audit.
(*) From H1/17, the criteria of determination of the "comparable" results changed compared to the past. In order to allow comparison with the past, Q4/16 and FY/16 financial results have been reclassified (Comparison scheme of comparable results below).

comparable **Net Result, standing at EUR 217.4 million in FY/17**, is up 39% versus EUR 155.9 million reported the previous year.

Finally, **CAPEX in FY/17 was equal to EUR 205.0 million, mainly directed to the Refining segment (EUR 186.1 million)**. It is worth noting the acceleration compared to expectations, especially with reference to the investments in the field of the so called "Industry 4.0", also with the aim of fully exploiting the related tax benefits.

Comments to Fourth Quarter 2017 Group results

Group Revenues in Q4/17 were EUR 2,029 million, down 4% versus Q4/16 despite a scenario characterised by higher average quotations for refined oil products compared to the same period of previous year. The quarter under analysis compares with the fact that, in Q4/16, the Refining segment benefited from high volumes sold, also of refined products inventories, to play the contango market structure.

Group reported EBITDA in Q4/17 stood at EUR 201.2 million, slightly down versus the EUR 207.5 million reported in Q4/16. Results in both quarters were boost by rising oil and refined products price.

The Group reported Net Result was EUR 131.4 million in Q4/17, well above the EUR 44.4 million in the same quarter of previous year. Such a difference is primarily explained of the above mentioned revised amortisation rate of the IGCC plant and the lack of write-downs of tangible assets that instead took place in Q4/16 (equal to EUR 20 million). Moreover, the financial items were negative for approx. EUR 15 million in Q4/17 and by approx. EUR40 million in Q4/16.

Group comparable EBITDA stood at EUR 109.8 million in Q4/17, above the EUR 94.8 million achieved in Q4/16, mostly as effect of the Refining segment that, despite a less favourable market scenario also due to rising oil prices, was supported by crude mix optimisation and lower fixed and variable costs. Moreover, the **Group comparable Net Profit was EUR 55.8 million**, versus EUR 18.7 million in Q4/16.

CAPEX in Q4/17 was equal to EUR 66.8 million, of which EUR 63.0 million dedicated to the Refining segment.

The tables below show the detailed calculation of comparable EBITDA and comparable Net Result for the FY 2016 and 2017, and for Q4/16 and Q4/17.

EBITDA comparable

EUR Million	FY 2017	FY 2016	Q4/17	Q4/16
***Reported* EBITDA**	**504.3**	**638.2**	**201.2**	**207.5**
Gain / (Losses) on Inventories	(54.0)	(124.7)	(98.7)	(99.3)
Hedging derivatives and net FOREX	48.3	(33.8)	3.7	(35.3)
Non-recurring items	23.8	26.2	3.7	22.0
***Comparable* EBITDA**	**522.5**	**506.0**	**109.8**	**94.8**

In FY 2016 the non-recurring items mainly refer to provisions related to legal and tax litigations.

In FY 2017 the non-recurring items mainly refer to a provision made in relation to a dispute related to energy efficiency certificates assigned and to be assigned to the subsidiary Sarlux, capital gains realised on the sale of energy efficiency certificates and a reclassification.

Comparable Net Result

EUR Million	FY 2017	FY 2016	Q4/17	Q4/16
***Reported* NET RESULT**	**240.8**	**196.3**	**131.4**	**44.4**
Gain & (Losses) on Inventories net of taxes	(39.0)	(86.0)	(71.2)	(68.3)
Derivatives related to future deals	0.7	0.0	0.5	0.0
Non-recurring items net of taxes	14.7	45.5	(5.1)	42.6
***Comparable* NET RESULT**	**217.4**	**155.9**	**55.8**	**18.7**

In FY 2016, the "non-recurring items net of taxes" include some write-offs of tangible and tax assets, in addition to the provisions mentioned in the previous paragraph.

In FY 2017, the non-recurring items refer to the provision related to interests requested by the counterparty on past supplies, on top of the above mentioned provision related to energy efficiency certificates, capital gains on energy efficiency certificates and the reclassification.

Net Financial Position

The Net Financial Position on 31st December 2017 stood cash-positive at EUR 87 million versus EUR 99 million on 31st December 2016. The cash flow generated from operations, was absorbed by the final instalment of the debt to Iran related to the crude oil purchased in 2012, the CAPEX made in the period by and the payment of the dividends distributed in May 2017.

EUR Million	31-Dec-17	31-Dec-16
Medium/long-term bank loans	(59)	(183)
Bonds	(198)	-
Other medium/long-term financial assets	8	6
Medium-long-term net financial position	**(249)**	**(178)**
Short term loans	(0)	(16)
Banks overdrafts	(4)	(39)
Other short term financial liabilities	(125)	(77)
Fair value on derivatives and realized net differentials	2	(35)
Other financial assets	43	84
Cash and Cash Equivalents	422	359
Short-term net financial position	**337**	**276**
Total net financial position	**87**	**99**

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)	Q1/17	Q2/17	Q3/17	Q4/17		FY 2017
Crude Oil prices and differential ($/bl)						
Brent Dated (FOB Med)	53.7	49.6	52.1	61.3		54.2
Urals (CIF Med)	52.5	48.9	51.0	60.6		53.3
"Heavy-Light" price differential	-1.2	-0.8	-1.1	-0.7		-0.9
***Crack spreads* for refined oil products ($/bl)**						
ULSD *crack spread*	10.3	10.6	13.0	12.3		11.6
Gasoline 10ppm *crack spread*	11.4	12.5	13.1	8.9		11.5
Reference Margin ($/bl)						
EMC Benchmark	+3.3	+3.8	+4.6	+2.3		+3.5
EMC Benchmark (Δ fuel oil) (2)	+3.0	+3.0	+4.3	+2.4		+3.2

(1) Sources: "Platts" for prices and crack spreads, and "EMC – Energy Market Consultants" for the reference refining margin EMC Benchmark
(2) Net of the distortive effect of the strengthening of fuel oil crack spread compared to the same period of the previous year

<u>Crude oil prices:</u>
Q1/17 started with Brent quotations of approx. 55 $/bl, pushed by the effect of the announcement of OPEC countries, of a production cut of 1.2 mbl/d to which some non-OPEC countries joined, committing for additional 0.6 mbl/d cuts (half of which by Russia). In January and February Brent quotations remained confined within a tight band ranging from approx. 53 to 56 $/bl waiting for confirmation of the actual implementation of the announced productions cuts and the corresponding compensation put in place by the countries non committed to the cuts. Brent started a declining path in March, also due to the net reduction in the speculative positions of investment funds. The quarter closed at 51.9 $/bl, with a quarterly average of 53.7 $/bl.

The sequence of data regarding the US production and inventories growth, coupled with the increase in production volumes in Libya and Nigeria, which are exempt from productive cuts, have gradually weakened oil prices since the second half of April. After a slight increase in quotations in view of the OPEC Summit of 25th of May, which agreed to extend overall cuts until the first quarter of 2018, in order to rebalance the market and reduce the level of oil inventories, Brent price jumped back in June to reach approx. 47 $/bl. Overall, Brent closed the second quarter with an average of 49.6 $/bl.

The month of July was characterized by a certain stability of Brent's quotation, which remained at levels below 50 $/bl. Starting from August, crude oil prices have undergone a strengthening phase driven by strong demand figures and declining oil inventories level. In addition, US tight oil production experienced a halt, boosting bullish positions by investment funds. The quarter ended at 57.2 $/bl, marking an average of 52.1 $/bl.

In the last quarter, the upward trend in Brent prices continued and bullish speculative positions reached the highest levels of the last 3 years. A variety of factors was behind this trend, including the agreement to extend production cuts throughout 2018 reached in Vienna at the end of November, some tensions in the Middle East, in particular protests in Iran, that while not having a direct impact on production turned the spotlight on the geopolitical risk in the area. Finally, in December, the closure for several weeks of the Forties pipeline that transports approximately 450 kbl/d from the North Sea to the British coast due to technical problems and the explosion of an oil pipeline in Libya have temporarily reduced the supply and provided further support for the price of Brent. The fourth quarter average was 61.3 $/ bl, up more than 9 $/bl from the previous quarter average.

<u>Price differential between "heavy" and "light" crude oil grades ("Urals" vs. "Brent"):</u>

Q1/17 was characterised by the implementation of the announced production cuts which focused on the less valuable grades and the therefore on the "heavy-sour" ones. At the same time higher volumes of production from US, Libya and Kazakhstan increased the availability of "light-sweet" grades. Such evolution in the supply mix was not reflected in the "Ural" vs. "Brent" differential, that posted a quarterly average of -1.2 $/bl, keeping the same levels as the same quarter of the previous year. Some crudes coming from Middle East (such as for example Bashra Light and Dalia) were more severely impacted and reduced their discounts to Brent, while higher Libyan production led to lower premia on some light crudes in the Mediterranean area such as Azeri Light and Saharan Blend.

Since April, Ural price has been supported by the high volumes processed at Russian refineries and by the effect of the production curtailments thus reducing its differential versus Brent. This differential further narrowed in June, also because of lower exports from the port of Primorsk due to planned maintenance work on a pipeline, which have not been offset by higher loadings at the ports of Ust-Luga or Novorosiysk. The Q2/17 average differential stood at -0.8 $/bl.

By mid-August export restrictions on the Baltic area due to the aforementioned logistical factors, coupled with the growth in demand from European refineries, further reduced the differential to the point of Ural price reaching the parity with Brent. Starting from the second half of August, the recovery of export volumes, especially from the port of Primorsk, and the beginning of the autumn maintenance period of Russian refineries, resulting in a reduction in the demand for crude, led to a rather marked enlargement of the differential which was later closed at the end of September with the return to production of some local refineries. The third quarter average differential was -1.1 $/bl.

Subsequently, in the fourth quarter the "heavy-light" differential underwent a further compression, oscillating between -1.0 $/bl and parity with the Brent, especially as a result of the increased processing of Russian refineries returned from the seasonal maintenance period, which actually reduced the export of crude from the area. The average of the "heavy-light" differential in the fourth quarter was equal to -0.7 $ / bl.

<u>*Crack spreads* of the main products</u> (i.e. the difference between the value of the product and the price of the crude):
In the first weeks of 2017 the gasoline crack spread progressively strengthened, settling on values above the seasonal ones, pushed by strong demand from Mexico, US and Asia and by technical issues at some Latin America refineries. Afterwards, the weakening of the West Africa demand, mainly due to the removal of the subsidies to gasoline retail prices in Nigeria which dampened demand, led crack spread to a minimum of 8.3 $/bl on 7th March. Later in March it marked a sharp recovery in conjunction with the summer specifications, closing the quarter above 12 $/bl. The average of the gasoline crack spread stood at 11.4 $/bl in Q1/17.

The upward trend in gasoline crack spread continued in April exceeding 15 $/bl, then folded back to average values closer to those of the same period of the previous year and in line with the usual seasonal ones. The strong Asian demand (India, Pakistan and Indonesia) was offset by the increase in production especially in the US which also led to an increase in gasoline storage. The average crack spread was thus 12.5 $/bl in Q2/17.

Good crack spreads recorded in the first part of the year were confirmed in the summer months due to strong fuel demand (also from US) and unscheduled maintenance at some European refineries, including the Pernis plant, close to the port of Rotterdam. In the last days of August, gasoline crack spread exceeded 20 $/bl in the aftermath of Harvey's hurricane, which temporarily discharged about 4 mbl/d of refining capacity in Texas and Louisiana (approx. 20% of total US capacity), and then held up well up to mid-September. Then brought back around 10 $/bl in the second half of the month as US refineries came back in operation. The average gasoline crack spread was thus 13.1 $/bl in Q3/17.

The gasoline crack spread went under pressure during the fourth quarter, due to a seasonally weak demand, which was accompanied by the end of the autumn maintenance cycle of global refineries and particularly high levels of capacity utilization in the United States that further influenced the crack in December. The quarterly average of the gasoline crack spread was 8.9 $/bl.

Finally moving to the middle distillates, Q1/17 diesel crack spread remained on good levels benefiting from strong gasoil heating demand, driven by cold weather especially in the northern hemisphere combined with the spring maintenance cycle of global refineries. The crack spread slightly weakened in March also as effect of the increase of exports from Russia. The average diesel crack spread was 10.3 $/bl in Q1/17.

In April, the diesel crack spread benefitted from a brief upswing due to the spring maintenance, and then fold slightly in relation to the increase in refinery runs driven by strong light distillates margins. The average for Q2/17 was 10.6 $/bl, almost in line with the first quarter of the year.

In the summer months, diesel crack spread remained at very strong levels driven by US and European demand (the latter positively influenced by the boom in tourism) but also by some unscheduled maintenance (in particular the Elefsis refinery in Greece has stop the production of gasoil). This led to an increase in imports from the United States which temporarily halted at the end of August due to the aforementioned effects of hurricanes that hit the Gulf of Mexico, triggering a further strengthening of margins in September. The average diesel crack spread was 13.0 $/bl in Q3/17.

Finally, in Q4/17 the diesel crack spread remained at relatively high levels, compared to the same period of the previous year, although experiencing a slight weakening from October until mid-December. Low levels of inventories, growth in demand linked to the robust global economic activity and seasonally low temperatures that favoured the consumption of heating gasoil, supported middle distillates margins. These positive factors were partly offset by higher flows of imports coming mainly from Russia, as well as from India and China. The average diesel crack spread for Q4/17 was 12.3 $/bl.

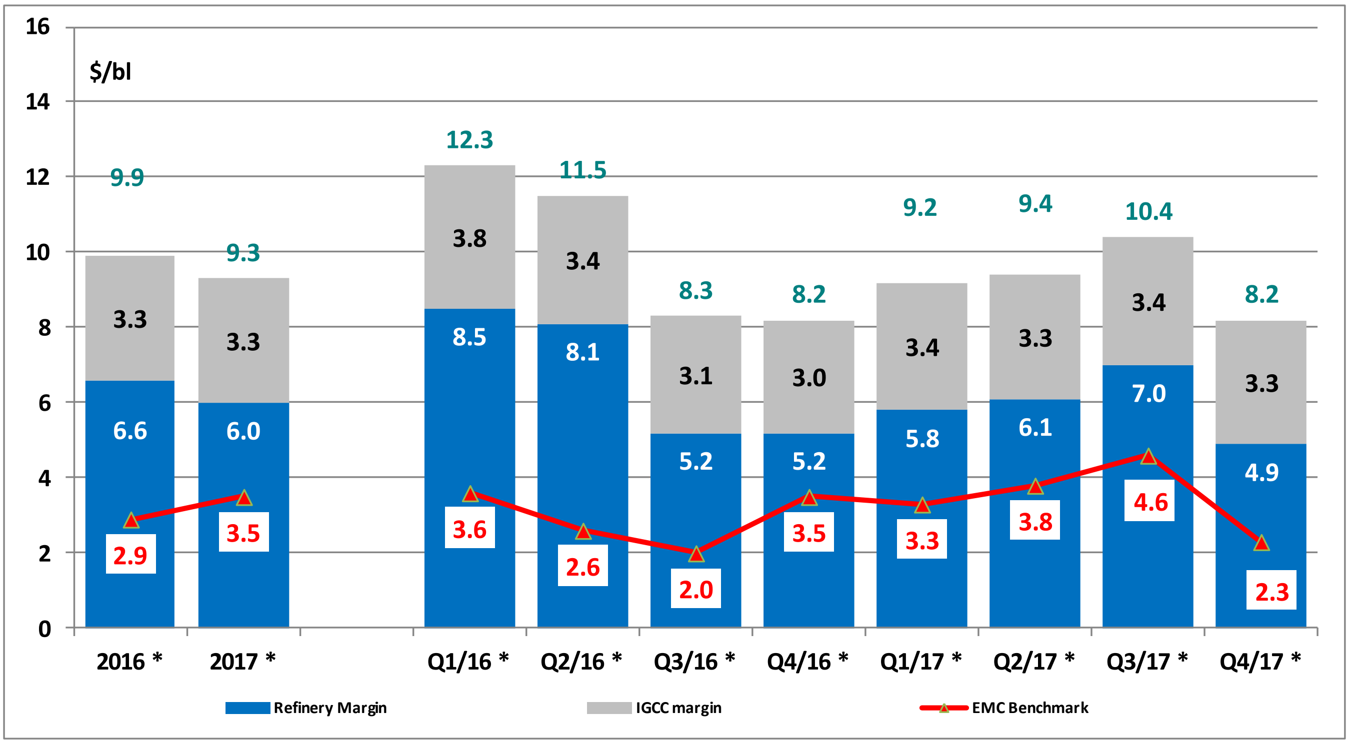
<u>Refining Margin:</u>
Moving to the profitability analysis of the refining industry, Saras traditionally uses a reference refining margin calculated by EMC (Energy Market Consultants) for a mid-complexity coastal refinery, located in the Mediterranean Basin, which processes a feedstock made of 50% Brent and 50% Urals crude oils.

The above mentioned margin (called “EMC Benchmark”) settled at an average of 3.5 $/bl in 2017. In detail, in the first quarter of 2017 averaged 3.3 $/bl, it strengthened to 3.8 $/bl in Q2/17 and then to 4.6 $/bl in Q3/17 boost, among other, by very high

diesel and gasoline crack spreads driven both by structural factors, such us strong global fuel demand, and more contingent ones (unplanned maintenance).
Finally, in the fourth quarter, the margin stood at 2.3 $/bl due to a seasonal weakening of gasoline as well as fuel oil cracks and the fast rise in the Brent price. The first nine months of 2017 have been influenced by the strength of fuel oil, that has a high relevance in the yields of the EMC model. Such an unusual evolution in fuel oil margins, was driven by lower available volumes, as a consequence of higher duties levied by the Russian government on the exports of the domestic refineries, worsened by lower use of heavy grades in the refineries given their lower discounts to Brent after the implementation of OPEC cuts from January 2017. It should be noted that the crack spread of fuel oil showed signs of weakening starting from Q4/17 in relation to the drop in demand, also following the closure of some oil-fired power plants in Pakistan, and larger volumes available on the market as a result of the high level of global refining capacity utilization.

Saras Group's refinery, thanks to the flexibility and complexity of its industrial units, manages to achieve a higher refining margin than the EMC Benchmark (please refer to the following graph). However, the premium of the Saras margin above the EMC Benchmark does vary from quarter to quarter, according to the specific market conditions and the performance of Saras industrial and commercial operations in each individual quarter.

Specifically, in FY 2017, the higher level reached by the crack spread of fuel oil compared to the same period of the previous year, led to a rise in the reference margin EMC Benchmark, which Saras could only partially capture having a production of fuel oil significantly lower than that modelled in the reference margin (about 6% compared to 15% of the EMC Benchmark). Net of this distorting effect, worth approx. 0.3 $/bl, in FY 2017 the reference margin (EMC Benchmark) would have been 3.2 $/bl (compared to 3.5 $/bl) and the Saras margin premium 2.8 $/bl (compared to 2.5 $/bl).



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

(*) Refining margins for 2016 and 2017 refer to Refining comparable EBITDA calculated with the new criteria

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

Saras Group is active in the refining sector with its refinery strategically positioned in Sarroch, on the South-Western coast of Sardinia (Italy), and it is one of the largest and most complex refineries in Europe (with its production capacity of 15 million tons per year). The positioning of the refinery in the centre of the Mediterranean Sea, is crucial for the proximity with various crude oil producing countries and also with the main consumption markets for refined products. Below are the financial and operational highlights of this segment:

EUR Million	FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
EBITDA	276.9	418.3	-34%	145.3	157.7	-8%
***Comparable* EBITDA**	**282.2**	**279.1**	**1%**	**45.8**	**38.0**	**21%**
EBIT	160.3	281.5	-43%	113.3	108.7	4%
***Comparable* EBIT**	**165.6**	**162.3**	**2%**	**13.8**	**9.1**	**52%**
CAPEX	**186.1**	**133.6**		**63.0**	**47.9**	

Margins and refinery runs

		FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
REFINERY RUNS	Tons (thousand)	14,060	12,962	8%	3,536	3,276	8%
	Barrels (million)	102.6	94.6	8%	25.8	23.9	8%
	Bl/day (thousand)	281	259	8%	281	260	8%
COMPLEMETARY FEEDSTOCK	Tons (thousand)	1,291	1,598	-19%	263	233	13%
EXCHANGE RATE	EUR/USD	1.130	1.107	2%	1.177	1.079	9%
EMC BENCHMARK MARGIN	$/bl	3.5 (*)	2.9		2.3 (*)	3.5	
SARAS REFINERY MARGIN	$/bl	6.0	6.6		4.9	5.2	

(*) Net of the distorsive effect due to the strenghtening of the fuel oil crack spread compared to the same period of previous year, EMC Benchmark margin would have been equal to 3.2 $/bl in FY 2017 and 2.4 $/bl in Q4/17.

Comments to Full Year 2017 results

Refinery crude oil runs in FY 2017 stood at 14.06 million tons (102.6 million barrels, corresponding to 281 thousand barrels per calendar day), up 8% versus FY 2016. On the opposite, the runs of other feedstock complementary to crude oil, declined reaching 1.29 million tons versus 1.60 in FY 2016, also due to commercial choices. Such differences are mainly due to a less burdensome maintenance cycle compared to previous year.

Comparable EBITDA stood at EUR 282.2 million in FY 2017, with Saras refinery margin at +6.0 $/bl. This compares with a comparable EBITDA of EUR 279.1 million earned the previous year, supported by Saras refinery margin at +6.6 $/bl. As always, the comparison between the two periods must take into account both the market conditions and the specific performances of the Saras Group, both from an operational and commercial standpoint.

More in detail, when analysing the market conditions in FY 2017, the increase of oil prices along with some other market dynamics, led to a penalisation of approx. EUR 120 million versus FY 2016 (including also the increase of the cost of “consumptions & losses”). Such an effect was counterbalanced by the diesel crack spread strengthening (while gasoline was broadly in line with previous year) that increased the value of production by approx. EUR 120 million versus FY 2016. The effect of the exchange rate EUR/USD (that moved from 1.107 USD for 1 EUR in FY 2016 to 1.130 USD for 1 EUR in FY 2017) led to a penalisation of approx. EUR 10 million.

From an operational standpoint, in FY/17 production planning (which consists in the optimization of the crude mix to be refined, the management of semi-finished products, the production of finished products, including specialty products) led to a higher EBITDA by approx. EUR 5 million versus FY 2016, despite a more challenging scenario on the heavy sour crudes discounts due to OPEC and non-OPEC production cuts. Crude mix optimisation bore fruits especially in the second half of the year.

The production execution (which takes into account the penalization due to maintenance, both scheduled and un-scheduled, and the higher consumption versus technical targets for some utilities, for instance, fuel oil, steam, electricity, and fuel gas) produced an EBITDA approx. EUR 10 million higher than in FY 2016 thanks to a lighter maintenance cycle compared to last year and despite a less favourable operating performance.

Moving to the commercial performance (which concerns the procurement of crude oil and other kinds of complementary feedstock, sale of finished products, chartering and inventory management, including also compulsory stocks) it positively contributed to the results and was in line with the same period of last year.

Refining CAPEX in FY/17 was EUR 186.1 million.

Comments to Fourth Quarter 2017 results

Refinery crude oil runs in Q4/17 stood at 3.54 million tons (25.8 million barrels, corresponding to 282 thousand barrels per calendar day), up 8% versus Q4/16. In addition to those, the refinery processed also other feedstock, complementary to crude oil, for approx. 0.26 million tons (+13% vs. Q4/16). The increase of runs is due to a maintenance cycle lighter than the one carries out in the same period of previous year and to the fact that Q4/16 was influenced also by unexpected maintenance, due to the outage of the CCR unit.

C*omparable* EBITDA in Q4/16 stood at EUR 45.8 million, with Saras refinery margin equal to +4.9 $/bl. This compares with a *comparable* EBITDA of EUR 38.0 million and the Saras refinery margin of +5.2 $/bl, in Q4/16.

Market conditions in Q4/17 were less favourable than in the same period of previous year. In particular the increase in oil prices and the weakening of gasoline crack spread reduced the EBITDA by approx. EUR 45 million. Moreover the strengthening of the EUR versus the US dollar led to a further penalisation of EUR 10 million.

Production planning realised in Q4/17 an EBITDA higher by approx. EUR 30 million than in Q4/16, thanks to the above mentioned crude mix optimisation but also by the fact that Q4/16 was influenced by fewer commercial opportunities.

The production execution, instead, delivered an EBITDA broadly in line with Q4/16, that was penalised by the unexpected breakdown at the CCR unit.

Furthermore, Q4/17 results benefited from lower fixed costs of approx EUR 15 million due to lower planned maintenance and the reduction of general expenses due to the efficiency improvement plan launched. Variable costs were approx EUR 20 million lower than in Q4/16 thanks to catalysts, due lower consumption and the renegotiation of the supply contract, and higher sale of energy efficiency certificates.

CAPEX in Q4/17 was equal to EUR 63.0 million.

Crude Oil slate and Production

The crude mix processed by the Sarroch refinery in FY 2017 had an average density of 33.7°API, and it was lighter than the mix processed in FY 2016 (33.3°API). When looking in more detail at the various crude grades used in the feedstock, it can be noticed an increase in the percentage of crudes processed light with low and extra low sulphur content (“light sweet” and “light extra sweet”) against a decrease of heavy grades both with low and high sulphur content (so called “heavy sour/sweet”) and of grades with average density and high sulphur content (so called “medium sour”). This changes in the feedstock mix are mainly due to the contingent refinery configuration (deriving from the specific maintenance cycle carried out), and also to economic and commercial choices due, among others, to the different supply condition as a consequence of OPEC production cuts that focused on heavy grades and the large availability of light grades on the market.

		FY 2017	FY 2016	Q4/17
Light extra sweet		36%	33%	41%
Light sweet		12%	9%	8%
Medium sweet/extra sweet		0%	0%	0%
Medium sour		37%	39%	37%
Heavy sour/sweet		15%	19%	14%
Densità media del grezzo	°API	33.7	33.3	34.3

Moving to the production slate, it can be observed that in FY/17 the yield in middle distillates (50.4%) increased compared to FY/16 (49.1%), because the refinery tried to exploit in full the good commercial opportunities existing for those products. The yields in LPG (2.1%) were stable while light distillates (27.0%) were lower than in FY/16. Finally, TAR yield was quite low (7.1%) also as effect of the planned maintenance on the VisBreaking (in Q1/17) and the IGCC plants (in H1/17), while fuel oil yield was high (7.0%) in order, among others, to take benefit from the strong demand of this product.

		FY 2017	FY 2016	Q4/17
GPL	migliaia di tons	318	303	86
	resa (%)	2.1%	2.1%	2.3%
NAPHTHA + BENZINE	migliaia di tons	4,152	4,140	1,020
	resa (%)	27.0%	28.4%	26.8%
DISTILLATI MEDI	migliaia di tons	7,742	7,150	1,938
	resa (%)	50.4%	49.1%	51.0%
OLIO COMBUSTIBILE & ALTRO	migliaia di tons	1,077	854	218
	resa (%)	7.0%	5.9%	5.7%
TAR	migliaia di tons	1,085	1,181	295
	resa (%)	7.1%	8.1%	7.8%

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

Marketing

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

EUR Million	FY 2017	FY2016	Change %	Q4/17	Q4/16	Change %
EBITDA	13.9	9.9	41%	1.8	4.4	-59%
***Comparable* EBITDA**	**15.2**	**3.6**	**318%**	**3.3**	**2.4**	**40%**
EBIT	8.4	4.2	101%	0.4	3.0	-87%
***Comparable* EBIT**	**9.7**	**(2.1)**	**572%**	**1.9**	**0.9**	**107%**
CAPEX	**0.9**	**1.4**		**0.3**	**0.5**	

Sales

		FY 2017	FY2016	Change %	Q4/17	Q4/16	Change %
TOTAL SALES	**Tons (thousand)**	**3,653**	**4,084**	**-11%**	**932**	**1,023**	**-9%**
of which: in Italy	Tons (thousand)	2,169	2,298	-6%	534	538	-1%
of which: in Spain	Tons (thousand)	1,484	1,787	-17%	399	485	-18%

Comments to Full Year 2017 results

According to data collected by UP (Unione Petrolifera), during FY 2017 the demand of oil products reached 58.5 million tons, down versus previous year (-1.6%), in the Italian market which represents the main output for the wholesale activities of the Saras Group. Such a trend derives from a decline of gasoline (-4.1%) and gasoil (-1.1%). Lower fuel oil consumption (-10.5%) was more than offset by higher bunker fuel demand (+4.9%). Total transport fuel consumption (gasoline + gasoil) reached approximately 30.3 million tons, down 1.8% versus last year and it was not boost by the economic recovery like it happened in other main European countries. New car sales increased by 8% in FY 2017, with diesel representing 56.4% of total, broadly in line with previous year. Strong growth was reached by hybrid cars (+75%) and electric vehicles (+48%) whose weigh anyway remains modest representing respectively 3.3% and 0.1% of total.

Moving to the analysis of the Spanish market in 2017 the preliminary data provided by CORES display consumption growth of 1.2% with gasoil demand up 1.6%, gasoline demand up 2.3% and kerosene up 8.8% versus previous year, while fuel oil demand declined by 4.8%.

In such context, Saras Group reduced sales volumes by 6% in Italy and by 17% in Spain versus previous year. The client portfolio optimisation, along with rationalisation of fixed and variable costs and margins improvement led to a material increase of the profitability. The **comparable EBITDA of the segment was equal to EUR 15.2 million**, well above the EUR 3.6 million of FY 2016.

Finally, the investments stood at EUR 0.9 million in FY 2017.

Comments to Fourth Quarter 2017 Results

According to data collected by UP (Unione Petrolifera), in Q4/17 oil products demand declined by 1.0% in Italy in the Italian market which represents the main output for the wholesale activities of the Saras Group. Instead they increased by 1.0% in Spain.

In Italy sale volumes of the Saras Group were kept stable while in Spain the decline of volumes sold by 18% vs. Q4/16 was more than offset by the increase of margins and the reduction of costs. The ***comparable*** **EBITDA of the segment was equal to EUR 3.3 million**, versus EUR 2.4 million in Q4/16.

Power Generation

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

EUR Milion	FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
EBITDA	185.1	182.1	2%	41.7	35.9	16%
***Comparable* EBITDA**	**196.6**	**195.4**	**1%**	**48.3**	**45.0**	**7%**
EBIT	134.0	83.0	61%	61.8	10.9	467%
***Comparable* EBIT**	**145.5**	**96.3**	**51%**	**68.4**	**20.0**	**241%**
EBITDA ITALIAN GAAP	**97.7**	**133.9**	**-27%**	**32.5**	**32.6**	**0%**
EBIT ITALIAN GAAP	**80.4**	**68.6**	**17%**	**61.0**	**16.1**	**279%**
CAPEX	**16.6**	**9.6**		**2.8**	**3.0**	

Other figures

		FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
ELECTRICITY PRODUCTION	MWh/1000	4,085	4,588	-11%	1,127	1,244	-9%
POWER TARIFF	**Eurocent/KWh**	**8.7**	**8.1**	**7%**	**8.7**	**8.1**	**7%**
POWER IGCC MARGIN	$/bl	3.3	3.3	0%	3.3	3.0	10%

Comments to Full Year 2017 results

The entire cycle of maintenance activities scheduled on the IGCC plant for the year 2017 was carried out during the first half of the year. In detail, in the first quarter the scheduled maintenance activity involving two trains of "Gasifier – combined cycle Turbine" and on a one the two "gas washing line trains" was performed, while in the second quarter the maintenance involved the third "Gasifier – combined cycle Turbine". The electricity production was therefore equal to 4.09 TWh, down 11% versus last year, as a result of a heavier maintenance cycle and a lower operating performance (the service factor was 4% below the 10Y average).

Comparable EBITDA stood at EUR 196.6 million, broadly in line with EUR 195.4 million achieved in FY 2016. In detail, the higher contribution of the linearization, the positive scenario with higher CIP6/92 tariff (+7%) and the increase in the sales of hydrogen and steam (which are not subject to the equalization procedure) by approx. EUR 10 million, more than offset fixed costs rise due to higher maintenance and lower volumes produced. Finally, it is worth noting that the difference between comparable and reported EBITDA is mainly due to a reclassification. The increase of EBIT comparable is mainly due to the decrease of amortisation as described above.

Italian GAAP EBITDA reached EUR 97.7 million in FY 2017, down versus EUR 133.9 million achieved in the same period of last year. The difference comes from the combined effect of lower production of electricity (-11%) and the increase of the procurement cost of TAR feedstock weighing approx. EUR 10 million. Such factors have been only in part offset by higher CIP6/92 tariff (+7%) and the above mentioned higher sales of hydrogen and steam (for approx. EUR 10 million).

CAPEX in FY 2017 was EUR 16.6 million, coherently with the scheduled maintenance activities carried out in the period.

Comments to Fourth Quarter 2017 Results

In Q4/17 the Power Generation Segment operated at full capacity, as there was no planned maintenance activity, and **the production of electricity reached 1.13 TWh**, vs. the 1.24 TWh produced in Q4/16 due to a lower operating performance.

Comparable EBITDA was EUR 48.3 million in Q4/17, up 7% versus the EUR 45.0 million in Q4/16. This result is attributable to the greater contribution of the linearization and to the increase in the value of the CIP6/92 tariff (+7%), which more than offset the lower volumes produced. Fixed and variable costs, on the other hand, were substantially in line with the Q4/16. As for the difference between comparable and reported EBITDA, please refer to the explanation provided in the comments for the results of the full year. The strong increase of EBIT comparable is mainly due to the higher EBITDA and to the decrease of amortisation as described above.

Moving to the analysis of the Italian GAAP EBITDA, it was equal to EUR 32.5 million in Q4/17 in line with the EUR 32.6 million in the same quarter of previous year as the higher CIP6/92 tariff offset lower volumes produced.

CAPEX in Q4/17 was EUR 2.8 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 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
EBITDA	23.1	23.8	-3%	8.7	7.2	21%
***Comparable* EBITDA**	**23.1**	**23.8**	**-3%**	**8.7**	**7.2**	**21%**
EBIT	18.5	19.2	-4%	7.5	5.9	27%
***Comparable* EBIT**	**18.5**	**19.2**	**-4%**	**7.5**	**5.9**	**27%**
CAPEX	**0.5**	**0.4**		**0.5**	**0.0**	

Other figures

		FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
ELECTRICITY PRODUCTION	MWh	168,473	195,360	-14%	57,166	46,584	23%
POWER TARIFF	EURcent/KWh	5.0	4.0	25%	5.6	5.0	12%
INCENTIVE TARIFF	EURcent/KWh	10.7	10.0	7%	10.7	10.0	7%

Comments to Full Year 2017 results

In FY 2017 the comparable EBITDA of the Wind segment (equal to the IFRS EBITDA) stood at EUR 23.1 million, in line with the EUR 23.8 million achieved in FY 2016 as less favourable wind conditions (in the first half of the year), that determined lower production of electricity by 14% versus FY/16, was offset by higher Incentive Tariff (+0.7 EURcent/KWh) and Power Tariff (+1.0 EURcent/kWh) versus FY 2016.

Comments to Fourth Quarter 2017 Results

In Q4/17 the comparable EBITDA of the Wind segment (equal to the IFRS EBITDA) stood at EUR 8.7 million, up from EUR 7.2 million achieved in Q4/16 thanks to better wind conditions, which drove an increase of 23% to electricity production. Moreover the value of the Incentive Tariff increased by 0.7 EURcent/kWh vs. Q4/16 and the Power Tariff posted an increase of 0.6 EURcent/kWh vs. Q4/16.

Other Activities

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

EUR Million	FY 2017	FY 2016	Change %	Q4/17	Q4/16	Change %
EBITDA	5.3	4.1	29%	3.7	2.3	59%
***Comparable* EBITDA**	**5.3**	**4.1**	**29%**	**3.7**	**2.3**	**59%**
EBIT	4.6	3.5	33%	3.4	2.2	55%
***Comparable* EBIT**	**4.6**	**3.5**	**33%**	**3.4**	**2.2**	**55%**
CAPEX	**0.9**	**0.6**		**0.3**	**0.3**	

Comparison scheme of comparable results

EBITDA comparable

EUR Million	FY 2016	FY 2016 reclassified	Q4/16	Q4/16 reclassified
***Reported* EBITDA**	**638.1**	**638.1**	**207.5**	**207.5**
Inventories at LIFO - inventories at FIFO	(138.3)		(71.1)	
Realized result of derivatives and net FOREX	(19.5)		(10.7)	
Gain / (Losses) on Inventories		(124.7)		(99.3)
Hedging derivatives and net FOREX		(33.7)		(35.3)
Non-recurring items	**26.2**	26.2	22.0	22.0
***Comparable* EBITDA**	**506.6**	**506.0**	**147.8**	**94.9**

Risultato Netto comparable

EUR Million	FY 2016	FY 2016 reclassified	Q4/16	Q4/16 reclassified
***Reported* NET RESULT**	**196.3**	**196.3**	**44.4**	**44.4**
Inventories at LIFO - inventories at FIFO net of taxes	(95.3)		(48.9)	
Fair value of derivatives' open positions net of taxes	22.9		14.6	
Gain / (Losses) on Inventories net of taxes		(85.9)		(68.3)
Derivatives related to future deals		0.0		0.0
Non-recurring items	**45.5**	45.5	42.6	42.6
***Comparable* NET RESULT**	**169.4**	**155.9**	**52.8**	**18.7**

Strategy and Outlook

Thanks to its high-conversion configuration, the integration with the IGCC plant, and its operational model based on the integrated Supply Chain Management, the Saras' refinery, positioned in Sarroch (Sardinia, Italy), has a leading position among the European refining sites. Given such features the Group is well positioned with respect to the expected scenario evolution especially Group with reference to the impact of IMO – Marpol VI regulation that envisages, from January 2020, the lowering of the sulphur emission allowed in the fumes of marine engines, leading to positive market conditions for the sites like the one in Sarroch. The Group intends to pursue initiatives to improve the operational performance and reliability of the plants as well as streamlining costs and complete the important investment cycle started in 2015. To further strengthen this process, an important digitization program has been launched which will leverage on factors already present in the company, such as the large amount of data and the know-how of people, increasing the operational and commercial flexibility that has always characterized the Group's business model, with the aim of capturing the opportunities offered of the foreseeable evolution of the reference scenario, ensuring the maintenance of a leadership position also in the next decade.

The year 2018 opened with Brent on the maximum values of the last 3 years hovering around 70 $/bl on the wake of the agreement reached by the OPEC countries and other important producers regarding the extension also for the current year of production cuts, some geopolitical tensions in the Middle East and technical problems on oil pipelines in Europe and the United States that temporarily reduced supply. Experts expect significant increases in production for the current year, particularly by non-conventional US producers (tight oil from shale rocks), stimulated among other things by the higher price of oil. It is expected that Brent will average 60 $/bl. As regards the price differential between light and heavy crude, no particular changes are expected compared to the values recorded in 2017 as the extension of production cuts will continue to limit the supply of heavy- sour grades.

Looking at the demand side, in the report published in February, the International Energy Agency (IEA) expects global demand to grow by +1.4 mbl/d in 2018, driven by non-OECD countries (primarily China).

Moving to the profitability of the main refined products, the international experts believe that gasoline crack spread was penalized in the first months of the year by the sharp increase of Brent price in a seasonally weak period and therefore should rise to reach an yearly average of approx. 10.5 $/bl (down by 1.0 $/bl vs. 2017 that was boost by relevant unplanned maintenance especially during the summer). With regards to the middle distillates, the experts anticipate the diesel crack spread at an average of approx. 12 $/bl (broadly in line with 2017), driven by demand of gasoil for industrial uses, which is directly correlated to the economic cycle (GDP is expected to grow by 1.9% in Europe in 2018 and by 3.7% on a global scale). All in all, the above described market conditions should pave the way for positive refining margins, even if slightly lower than in 2017, and the Saras Group will aim to achieve a premium above the EMC benchmark margin of approx. 2.5 ÷ 3.0 $/bl (net of maintenance).

From an operational standpoint, the Refinery segment will face a maintenance cycle broadly in line with previous year mainly concentrated in the first half. In details, the maintenance programme will be scheduled as follows: in the first quarter, there will be activities on Topping "T2", Vacuum "V2" and North Plants; in the second quarter, maintenance will be carried out on the toppings "RT2" and "T1", on the VisBreaking "VSB" and on the MildHydroCracking "MHC2"; in the third quarter no major activity is planned; and finally, in the fourth quarter, the scheduled activities will take place on the Catalytic Reforming "CCR". Overall, yearly crude runs are expected at 13.8÷14.6 million tons (corresponding to 101÷107 million barrels), plus further 1 million tons of complementary feedstock (corresponding to approx. 7 million barrels).

With reference to the Power Generation segment, the maintenance programme entails, in the first quarter, some standard activities on one train of "Gasifier – Combined Cycle Turbine" and one of the two "H2S Absorber" units. In the second quarter maintenance will concern one train of "Gasifier – Combined Cycle Turbine". Finally, between the third and the fourth quarter maintenance will be performed on the third "Gasifier – Combined Cycle Turbine" train. Therefore, total production of electricity in 2018 is expected to recover compared to previous year, reaching approx. 4.30 TWh (vs. 4.09 TWh produced in 2017).

In the Marketing segment the recovery of profitability achieved in 2017 thanks to the costs and clients portfolio optimisation actions undertaken, will be consolidated.

Finally, in the Wind segment, the subsidiary Sardeolica continues the necessary steps to clear the Environmental Impact Assessment procedure ("V.I.A. – Valutazione di Impatto Ambientale") with regards to the upgrading project of its wind farm in Ulassai (located on lands belonging to the municipalities of Ulassai and Perdasdefogu), for an additional capacity of 30 MW. During the year 2018 will expire the incentive period on part of the 48 wind turbines of the plant.

Comments to the FY 2017 Saras SpA results

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

In 2017 Saras SpA revenues were equal to EUR 7,850 million, up by EUR 1,873 versus the previous year, mainly due to the rising trends for the prices of crude oil and refined products.

EBITDA was EUR 284 million, below previous year, due to lower refinery margins in 2017.

Net Result in FY 2016, equal to EUR 207 million, has been determined by the operating results described above.

Net Financial Position of Saras SpA on 31st December 2017 was negative for EUR 184 million, versus EUR 116 million negative position on 31st December 2016.

Dividend

The Board of Directors decided to submit to the Annual General Meeting of Saras Spa shareholders a proposal for a dividend distribution of EUR 0.12 per share, corresponding to approx. 52% of the *comparable* Net Income earned by the Group in FY 2017. The dividend will be paid on 23rd May 2018, with coupon date on 21st May 2018.

Main events after the end of FY 2017

On 26th of February 2018 the Chairman, Gian Marco Moratti, passed away. Son of Angelo Moratti, Saras' founder, he was the company's CEO until 1981 when he took over the Chairmanship.

Business Plan 2018 – 2021

The Board of Directors of Saras SpA approved the Group Business Plan for the period 2018 – 2021 (the "Plan"), which is based on the same operating strategies and value creation drivers announced in the previous business plan, including the completion of the investment cycle started in 2015 and updating the reference scenario.

Moving from a scenario that foresees the continuation of the positive cycle for the refining industry in the coming years that should be further boost by the effects of the IMO regulation, the Group has identified **four strategic priorities** aimed at maximizing the ability to seize market opportunities and guarantee the business sustainability in the next decade, which is expected to be full of challenges but also opportunities for the players who will be able to maintain a position of leadership in the sector.

In details the Plan envisages: (i) the **completion of the investment cycle** started in 2015; (ii) **production optimisation and performance improvement**; (iii) consolidation of the **integrated supply chain management business model** and (iv) **cost optimisation**.
It is integrated, without discontinuity, in all the initiatives described, the important **digitization plan** that the company is implementing that, relying on the know-how of our people, aims to further strengthen the efficiency and flexibility that have always characterized the Group's activities.

Reference Scenario
The Plan embodies a reference scenario favourable for the refining industry thanks to a robust demand for refined products that, from the second half of 2019, will benefit from the effects of the regulation on marine engines fumes (so called "IMO – Marpol VI") whose sulphur content from 1st January 2020 will be lowered from current 3.5% to 0.5%. It is widely shared opinion that as a consequence the value of diesel will significantly increase and at the same time the value of fuel oil with a high sulfur content will drop, resulting in different effects: the refining margins for high conversion plants will increase, the price of sour grades will fall and the smaller and technologically backward refineries will be challenged.

Despite the extremely positive premises, it has been decided to base our financial projections on a quite prudent scenario, compared to what is foreseen by relevant international experts specialised on the sector particularly with reference to the middle distillates crack spreads. As far as Brent is concerned, the prevailing scenario estimates a gradual increase in prices from 60.0 $/bl in 2018 to 70 $/bl in 2021. The price differential between light sweet and heavy sour grades is expected to be at first relatively low and broadly in line with the level recorded in 2017, also due to the extension of production cuts by OPEC which limits the supply of heavy sour crude oil. Starting from 2020 we assume an increase in discounts compared vs. Brent of heavy and medium sour crudes and a simultaneous slight increase in premiums of light sweet crude, more suitable to produce fuel for marine engines (bunker) with 0.5% sulfur.

With regards to the trends of the main refined products, international experts predict the crack spread of gasoline slightly declining from +10.5 $/bl in 2018 to 9.2 $/bl in 2021, as the expected increase in sales of gasoline cars, especially in developing countries, will be offset by higher efficiency of combustion engines and a growing penetration of electric vehicles which will still represent a limited percentage of the global car fleet. The diesel crack spread is expected to be +12.0 $/bl in 2018 and then to strengthen to 16.6 $/bl in 2021. Following the aforementioned "IMO - Marpol VI" legislation, in fact part of the demand for marine engine fuel, currently satisfied by fuel oil with a high sulfur content (in total equal to about 3÷4 mbl/d), should move towards middle distillates supporting their crack spreads. For the same reason, it is rational to expect that the crack spread of high sulfur fuel oil will weaken from -9 $/bl in 2018 to -18 $/bl in 2021.

Based upon the above scenario, the EMC Benchmark refining margin has been calculated at approx. 2.5 $/bl in 2018 which rises gradually to 4.8 $/bl in 2020 when the effects of the new regulation should be fully in place both in terms of the heavy-light differential and the crack spread of average distillates, and finally equal to 3.5 $/bl in 2021 assuming some normalization of the effects of the new legislation.

The Plan, in line with the prevailing scenario, envisages an exchange rate of the Euro against the Dollar, from an average of 1.20 in 2018, up to 1.24 in 2021, incorporating a strengthening of the Euro compared to previous plan.

Operational structure and costs

Looking at the refinery production levels, the Plan forecasts total runs between approx. 15.2÷16.0 million tons per year (of which approx. 0.8 ÷ 1.0 million tons per year will be made of complementary feedstock). The changes in runs from one year to the next will depend from production choices, as well as scheduled maintenance programmes to be carried out in each year.
More precisely by 2021 the refinery, completed the investment cycle and the planned maintenance, will operate at full capacity.

With regards to the production of electricity from the IGCC plant, the output is expected between 4.3÷4.4 TWh/year for the period 2018-20, coherently with the traditional stability of this segment and with the maintenance activities scheduled during each year. The electricity produced will be sold according to CIP6/92 tariff.
The year 2021 represents a discontinuity as, in the second quarter, the CIP6/92 contract expires benefiting from some production recoveries. By that date, the ten-year shutdown for scheduled maintenance on the entire plant will take place restoring its full efficiency in order to extend operations to the next decade. Therefore annual production is expected to be about 4 TWh. In the second half of the year Group will continue to purchase the electricity needed for the refining process from third parties and will sell the volumes produced to the market.
Going forward it is expected that the plant will go on producing at full capacity, dedicating approx. 150 MW of the production to self-consumption (both for the IGCC and for the refinery) and the remaining 425 MW for sale to third parties valuing the volumes at market price. The above described configuration will allow to continue using TAR as feedstock for the electricity production avoiding the Group to take on investments that would be necessary. In a post-IMO scenario, it is expected a sharp widening of the differential between gasoil and high sulphur fuel oil, condition that reduces TAR value. In this context the IGCC plant intrinsic value will be maximized and will contribute positively to the realization of the integrated refining margin. Finally, the integration of the IGCC plant and the refinery will guarantee system costs savings thanks to the self-production of electricity, while continuing to supply steam and hydrogen necessary for the refining process.

Moving to the costs, the Plan projects total Refining and Power Generation fixed costs at approx. EUR 350÷360 million per year, during the entire Plan period, broadly in line with the good level achieved in 2017. Such forecast includes the cost optimisation plan launched at the beginning of the year, whose effects should compensate the growing costs associated with environmental regulations, as well as the inflationary drift of the maintenance and personnel costs. With reference to variable costs, the improvement initiatives put in place will offset most of the increases in the price of utilities due to the scenario.

Investments and improvement initiatives

The new investment plan confirms the Group commitment to the refinery sector and the strong will to keep the operational and technological excellence consolidating its competitive position. During the Plan period, it is forecasted to make approx. EUR 800 million of investments including maintenance of the production capacity, HSE requirements, and also plants reliability improvements and digitalisation. Main new investments breaks down as follow: (i) approx EUR 50 million in digitalisation, (ii) approx EUR 45 million due to turnaround of units not included in the perimeter of previous plan (i.e. 10Y turnaround on the IGCC plant to extend its economic life to 2031); (iii) EUR 55 million of additional initiatives in the field of plants availability improvements and steam and power system reconfiguration.

Saras Group will stay focused on the operational, managerial and strategic initiatives which are under its direct control with investments aimed at the development of the site configuration and boost reliability and energy efficiency also with the use of digitalisation. Overall these improvement initiatives are expected to contribute at EBITDA level from approx. EUR 15 million in 2018 up to approx. EUR 65 million in 2021.

The Group also plans to produce and sell ultra low sulphur fuel oil (compliant with the new IMO regulation). Thanks to its peculiar configuration, the Sarroch site will in fact be able to produce this fuel at competitive conditions and to sell it, favoured by its geographical location in the middle of the Mediterranean. Positive market conditions are anticipated for this fuel also in light of the fact that it will be available in limited quantities since there are few crude oils suitable of producing it.

Expected profitability

The Refining segment is expected to generate a premium of its margin above the EMC Benchmark, gradually increasing from 2.5÷3.0 $/bl in 2018 to approx. 5 $/bl in 2020 (estimated on the back of the reference scenario, including improvement initiatives, variable costs savings and net of maintenance).

Power Generation is forecasted to achieve a *comparable* EBITDA equal to approx. EUR 190 million per year, during the period 2018 – 2020, valuing the production with the CIP6/92 tariff.

From the year 2021, the IGCC plant will be considered a refining conversion unit and the relative financial results (including fixed costs) will be incorporated in the Refining segment to reflect the integrated set up. In such year it is forecasted a total premium of 7 $/bl.

The Marketing segment is expected to generate a *comparable* EBITDA of EUR 10÷12 million per year, confirming the profitability recovery achieved in 2017. Finally, the Wind segment shall achieve an EBITDA of approx. EUR 5÷10 million per year, taking into consideration the expiry of the incentive scheme for approx. 80% of the installed capacity from this year.

Taking into account all the above, the cumulative cash flow generated from operations during the entire Plan period is forecasted at approx. EUR 1,950 ÷ 2,050 million. The Plan is financially sustainable as the cash flow generated will cover the Capex, the working capital requirements, the payment of financial charges and taxes, while ensuring a compelling shareholders remuneration and a further strengthening of the Group financial soundness.

The Plan reinforces the attention paid to shareholders by confirming the company policy which provides for the payment of dividends between 40% and 60% of the comparable net profit, even after the revision of the depreciation rate of the IGCC plant, following the extension of the economic life of the same, which will have a positive effect on the comparable net profit of the next years.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of consolidated Financial Position as of: 31st December 2017

Thousands of euros	31/12/2017	31/12/2016
ASSETS		
Current assets	1,960,069	1,689,200
Cash and cash equivalents	421,525	359,175
	20	*2,340*
Other financial assets	98,291	120,662
Trade receivables	391,400	423,621
of which with related parties:	*66*	*66*
Inventories	875,269	621,894
Current tax assets	24,562	36,402
Other assets	149,002	127,446
Non-current assets	1,197,112	1,205,184
Property, plant and equipment	1,020,210	964,263
Intangible fixed assets	152,691	194,894
Other investments	502	502
Deferred tax assets	15,969	39,775
Other financial assets	7,740	5,750
Total assets	3,157,181	2,894,384
LIABILITIES AND EQUITY		
Current liabilities	1,530,482	1,423,241
Short-term financial liabilities	183,068	203,377
	0	*20,000*
Trade and other payables	1,150,284	1,044,879
Current tax liabilities	120,366	102,812
Other current liabilities	76,764	72,173
Non-current liabilities	554,383	548,416
Long-term financial liabilities	257,140	183,438
Funds for risks and charges	122,085	102,455
Provisions for employee benefits	10,250	10,541
Deferred tax liabilities	4,848	4,719
Other non-current liabilities	160,060	247,263
Total liabilities	2,084,865	1,971,657
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	765,904	660,841
Profit/(loss) for the year	240,836	196,330
Total equity attributable to the parent company	1,072,296	922,727
Minority interests	0	0
Total equity	1,072,296	922,727
Total liabilities and shareholders' equity	3,157,161	2,894,384

Consolidated Income Statement and Statement of Comprehensive Income for the periods: 1st January – 31st December 2017

Consolidated Income Statement for the periods 1st January - 31st December 2017

Thousands of euros	1st January 31st December 2017	of which non-recurring	1st January 31st December 2016	of which non-recurring
Revenues from ordinary operations	7,558,401		6,761,962	
Other income	128,701		107,845	
of which with related parties:	*91*		*92*	
Total returns	7,687,102		6,869,807	*0*
Purchases of raw materials, replacement parts and consumables	(6,401,155)		(5,504,814)	
Cost of services and sundry costs	(634,660)	*(22,971)*	(578,848)	*(4,209)*
of which with related parties:	*880*		*(1,440)*	
Personnel costs	(147,067)		(148,060)	
Depreciation, amortisation and write-downs	(178,432)		(246,740)	*(20,000)*
Total costs	(7,361,314)	(22,971)	(6,478,462)	*(24,209)*
Operating result	325,788	(22,971)	391,345	*(24,209)*
Net income (charges) from equity investments				
Financial income	204,257		155,784	
Financial charges	(198,678)		(238,767)	
Profit/(loss) before taxes	331,367	(22,971)	308,362	*(24,209)*
Income tax	(90,531)		(112,032)	(8,136)
Net profit/(loss) for the period	240,836	(22,971)	196,330	*(32,345)*
Net profit/(loss) for the period attributable to:				
Shareholders of the parent company	240,836		196,330	
Minority interests	0		0	
Earnings per share - base (euro cents)	25.73		21.00	
Earnings per share - diluted (euro cents)	25.73		21.00	

Statement of Comprehensive Income for the periods 1st January - 31st December 2017

Thousands of euros	1st January 31st December 2017	1st January 31st December 2016
Net result for the period (A)	240,836	196,330
Components of total profit that may subsequently be reclassified in the profit (loss) for the year		
Conversion effect balances in foreign currency	(227)	33
Components of total profit that will subsequently not be reclassified in the profit (loss) for the year		
Actuarial effect IAS 19 on employee end-of-service payments	751	(230)
Other profit/(loss), net of the fiscal effect (B)	524	(197)
Consolidated Comprehensive Result for the period (A + B)	241,360	196,133
Net consolidated comprehensive result for the period attributable to:		
Shareholders of the parent company	241,360	196,133
Minority interests	0	0

Statement of Changes in Consolidated Shareholders' Equity: to 31st December 2017

Thousands of euros	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) Period	Total equity attributable to the parent company	Third-party minority interests	Total net equity
Balance as at 31/12/2015	54,630	10,926	595,688	223,660	884,904	0	884,904
Allocation of profit previous year			223,660	(223,660)	0		0
Distribution of dividends			(159,122)		(159,122)		(159,122)
Reserve for stock option plan			812		812		812
Actuarial effect IAS 19			(230)		(230)		(230)
Conversion effect balances in foreign currency			33		33		33
Net profit/(loss) for the period				196,330	196,330		196,330
Comprehensive net profit (loss) for the period			*33*	*196,330*	*196,363*	*0*	*196,363*
Balance as at 31/12/2016	54,630	10,926	660,841	196,330	922,727	0	922,727
Allocation of profit previous year			196,330	(196,330)	0		0
Distribution of dividends			(93,601)		(93,601)		(93,601)
Conversion effect balances in foreign currency			(227)		(227)		(227)
Actuarial effect IAS 19			751		751		751
Reserve for stock option plan			1,810		1,810		1,810
Net profit/(loss) for the period				240,836	240,836		240,836
Comprehensive net profit (loss) for the period			*524*	*240,836*	*241,360*	*0*	*241,360*
Balance as at 31/12/2017	54,630	10,926	765,904	240,836	1,072,296	0	1,072,296

Consolidated Cash Flow Statements as of: 31st December 2017

Thousands of euros	1/1/2017-31/12/2017	1/1/2016- 31/12/2016
A - Initial cash and cash equivalents	359,175	856,843
B - Cash flow from (for) activities in the period		
Net profit /(Loss) for the period	240,836	196,330
Unrealised exchange rate differences on bank current accounts	7,726	(853)
Depreciation and write-downs of fixed assets	178,432	246,740
Net change provision for risks	19,630	12,029
Net change in provision for employee benefits	(291)	0
Net change in deferred tax liabilities and deferred tax assets	23,935	81,941
Net interest	12,166	18,689
Income tax set aside	66,596	30,091
Change FV derivatives	(1,822)	34,742
Other non-monetary components	2,334	615
Profit (loss) of operating activities before changes in working capital	549,542	620,324
(Increase)/Decrease in trade receivables	32,221	(162,985)
of which with related parties:	*0*	*0*
(Increase)/Decrease in inventories	(253,375)	(57,091)
Increase/(Decrease) in trade and other payables	105,405	1,439
of which with related parties:	*113*	*43*
Change other current assets	(9,716)	(6,267)
Change other current liabilities	(3,645)	(18,803)
Interest received	154	653
Interest paid	(12,320)	(19,342)
Taxes paid	(40,806)	(34,462)
Change other non-current liabilities	(87,203)	(48,277)
Total (B)	280,257	275,189
C - Cash flow from (for) investment activities		
(Investments) in tangible and intangible fixed assets	(192,176)	(146,453)
(Increase)/Decrease in other financial assets	75,934	5,164
Other non-monetary components	0	614
Total (C)	(116,242)	(140,675)
D - Cash flow from (for) financing activities		
Increase/(Decrease) m/l-term financial payables	73,702	(402,410)
Increase/(Decrease) short-term financial payables	(74,040)	(71,503)
(Decrease) short-term financial payables for reimbursements for the period	0	0
Distribution of dividends and treasury share purchases	(93,601)	(159,122)
Total (D)	(93,939)	(633,035)
E - Cash flow for the period (B+C+D)	70,076	(498,521)
Unrealised exchange rate differences on bank current accounts	(7,726)	853
F - Final cash and cash equivalents	421,525	359,175

SARAS SPA FINANCIAL STATEMENTS

Saras SpA Statement of Financial Position as of: 31st December 2017

Thousands of euros	31/12/2017	31/12/2016
ASSETS		
Current assets	1,587,098	1,315,857
Cash and cash equivalents	378,236	271,901
Other financial assets	95,289	149,007
Trade receivables	356,247	382,230
Inventories	726,627	482,535
Current tax assets	3,105	12,241
Other assets	27,594	17,943
Non-current assets	729,488	731,025
Property, plant and equipment	12,398	4,344
Intangible fixed assets	3,734	2,402
Equity investments valued at cost	697,233	697,743
Other investments	495	495
Deferred tax assets	8,330	20,809
Other financial assets	7,298	5,232
Total assets	2,316,586	2,046,882
LIABILITIES AND EQUITY		
Current liabilities	1,433,513	1,348,977
Short-term financial liabilities	407,618	358,481
Trade and other payables	870,577	764,511
Current tax liabilities	86,873	74,032
Other current liabilities	68,445	151,953
Non-current liabilities	275,696	205,869
Long-term financial liabilities	257,140	183,438
Funds for risks and charges	12,172	12,687
Provisions for employee benefits	2,510	2,772
Other non-current liabilities	3,874	6,972
Total liabilities	1,709,209	1,554,846
SHAREHOLDERS' EQUITY		
Share capital	54,630	54,630
Legal reserve	10,926	10,926
Other reserves	334,759	264,036
Profit/(loss) for the period	207,062	162,444
Total equity	607,377	492,036
Total liabilities and shareholders' equity	2,316,586	2,046,882

Saras SpA Income Statement and Statement of Comprehensive Income for the periods: 1st January – 31st December 2017

SARAS S.p.A. - Income Statement for the periods 1st January - 31st December 2017

Thousands of euros	1st January 31st December 2017	of which non-recurring	1st January 31st December 2016	of which non-recurring
		(3)		(3)
Revenues from ordinary operations	7,778,855		5,909,723	
of which with related parties:			*316,135*	
Other income	71,627		67,550	
of which with related parties:			*38,227*	
Total returns	7,850,482	*0*	5,977,273	*0*
Purchases of raw materials, replacement parts and consumables	(6,933,478)		(4,952,932)	
of which with related parties:			*(5,264)*	
Cost of services and sundry costs	(598,700)		(631,078)	
of which with related parties:			*(446,779)*	
Personnel costs	(33,742)		(32,456)	
Depreciation, amortisation and write-downs	(2,285)		(1,712)	
Total costs	(7,568,205)	*0*	(5,618,178)	*0*
Operating result	282,277	*0*	359,095	*0*
Net income (charges) from equity investments	(40)		(18,298)	
Financial income	192,254		141,266	
Financial charges	(188,784)		(230,495)	(5,934)
of which with related parties:			*(395)*	
Profit/(loss) before taxes	285,707	*0*	251,568	*(5,934)*
Income tax	(78,645)	0	(89,124)	
Net profit/(loss) for the period	207,062	*0*	162,444	*(5,934)*

SARAS S.p.A. - Statement of Comprehensive Income for the periods: 1st January - 31st December 2017

Thousands of euros	1st January 31st December 2017	1st January 31st December 2016
Net result for the period (A)	207,062	162,444
Components of total profit that may subsequently be reclassified in the profit (loss) for the year		
Components of total profit that will subsequently not be reclassified in the profit (loss) for the year		
Actuarial effect IAS 19 on employee end-of-service payments		
Other profit/(loss), net of the fiscal effect (B)	0	0
Comprehensive Result for the period (A + B)	207,062	162,444
Net consolidated comprehensive result for the period attributable to:		
Shareholders of the parent company	207,062	162,444
Minority interests	0	0

Saras SpA Statement of Changes in Shareholders' Equity: to 31st December 2017

Thousands of euros	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) Period	Total net equity
Balance as at 31/12/2015	54,630	10,926	174,504	247,841	487,901
Period 1/1/2016 - 31/12/2016					
Allocation of profit previous year			247,841	(247,841)	0
Distribution of dividends			(159,122)		(159,122)
Reserve for stock option plan			834		834
Actuarial effect IAS 19			(21)		(21)
Net profit/(loss) for the period				162,444	162,444
Comprehensive net profit (loss) for the period			*(21)*	*162,444*	*162,423*
Balance as at 31/12/2016	54,630	10,926	264,036	162,444	492,036
Period 1/1/2017 - 31/12/2017					
Allocation of profit previous year			162,444	(162,444)	0
Distribution of dividends			(93,601)		(93,601)
Reserve for stock option plan			1,811		1,811
Actuarial effect IAS 19			69		69
Net profit/(loss) for the period				207,062	207,062
Comprehensive net profit (loss) for the period			*69*	*207,062*	*207,131*
Balance as at 31/12/2017	54,630	10,926	334,759	207,062	607,377

Saras SpA Cash Flow Statements as of:
31st December 2017

Thousands of euros	01/01/2017 - 31/12/2017	01/01/2016 - 31/12/2016
A - Initial cash and cash equivalents	271,901	768,747
B - Cash flow from (for) activities in the period		
Net profit / (Loss) for the period	207,062	162,444
Unrealised exchange rate differences on bank current accounts	7,726	(853)
Depreciation and write-downs of fixed assets	2,285	1,712
Net (income) charges from equity investments	40	18,298
of which with related parties:	*18,298*	*18,298*
Net change provision for risks	(515)	1,199
Net change in provision for employee benefits	(262)	(216)
Net change in deferred tax liabilities and deferred tax assets	12,479	63,446
Dividends from subsidiaries	0	0
of which with related parties:	*0*	*0*
Net interest	5,071	17,157
Income tax set aside	66,166	25,678
Change negotiable FV financial assets and financial liabilities	2,393	43,878
Other non-monetary components	1,880	813
Profit (loss) of operating activities before monetary and non-monetary changes in working capital	304,325	333,556
(Increase)/Decrease in trade receivables	25,983	(143,685)
of which with related parties:	*(9,393)*	*(9,393)*
(Increase)/Decrease in inventories	(244,092)	(41,872)
Increase/(Decrease) in trade and other payables	106,066	(133,279)
of which with related parties:	*(113,030)*	*(113,030)*
Change other current assets	(515)	107,081
of which with related parties:	*(31,523)*	*(31,523)*
Change other current liabilities	(97,413)	125,324
Interest received	118	1,388
of which with related parties:	*806*	*806*
Interest paid	(5,189)	(18,545)
of which with related parties:	*(395)*	*(395)*
Income tax paid	(39,420)	(34,462)
Change other non-current liabilities	(3,098)	(3,099)
of which with related parties:	*0*	*0*
Other non-monetary components	0	0
Total (B)	46,765	192,407
C - Cash flow from (for) investment activities		
(Net investments) in tangible and intangible fixed assets	(11,201)	(2,870)
- of which paid capitalised interest payable		
Dividends received from subsidiaries	0	0
of which with related parties:	*0*	*0*
Change investments	0	0
(Increase)/Decrease in other financial assets	102,714	68,091
of which with related parties:	*0*	*0*
of which with related parties:	0	0
Other monetary components	0	0
Total (C)	91,513	65,221
D - Cash flow from (for) financing activities		
Increase/(Decrease) m/l-term financial payables	73,702	(402,411)
Increase/(Decrease) short-term financial payables	(4,318)	(193,794)
of which with related parties:	*(113,030)*	*(113,030)*
Distribution of dividends	0	0
of which with related parties:	*0*	*0*
(Decrease) short-term financial payables for reimbursements for the period	0	0
Distribution of dividends and treasury share purchases	(93,601)	(159,122)
Total (D)	(24,217)	(755,327)
E - Cash flow for the period (B+C+D)	114,061	(497,699)
Cash lent to Sarlux Srl	0	0
Unrealised exchange rate differences on bank current accounts	(7,726)	853
F - Final cash and cash equivalents	378,236	271,901