



Investor Presentation March 2020



SARAS





# Important Notice

Saras Group's Annual Financial Results and information are audited.

In 2019, the Saras Group continued to improve the methodologies used to measure its operating performance and financial results, which includes both GAAP and non-GAAP indicators. In this respect, with effect from Q4/19, the Group decided to update its accounting policy for the classification of derivative instruments in the reported results, classifying the realised and unrealised gains/losses on commodity and CO2 hedging derivatives within the Reported EBITDA, consistently with the entry of the purchase and sale of crude oil and products, against which they are realized and directly related, despite the recognition of the current value of the same as a counterpart of the income statement.. In addition to the improvement objective mentioned above, this decision also stemmed from the options offered by IFRS 9, which recently became applicable.

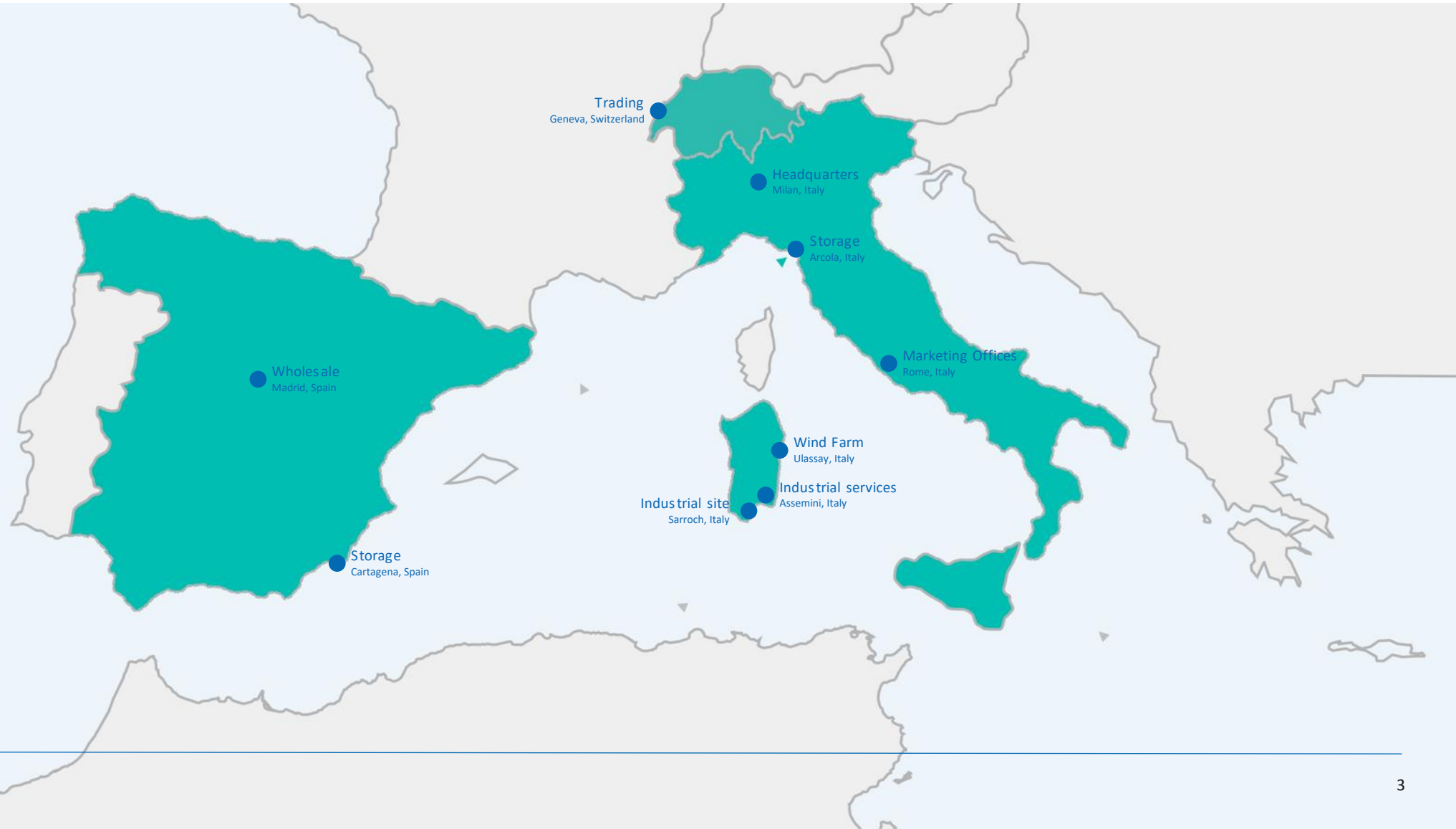
In order to give a representation of the Group's operating performance that best reflects the most recent market dynamics, in line with the consolidated practice of the oil sector, the results at operating level and at the level of Comparable Net Result, non-accounting measures elaborated in this management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

## DISCLAIMER

Certain statements contained in this presentation are based on the belief of the Company, as well as factual assumptions made by any information available to the Company. In particular, forward-looking statements concerning the Company's future results of operations, financial condition, business strategies, plans and objectives, are forecasts and quantitative targets that involve known and unknown risks, uncertainties and other important factors that could cause the actual results and condition of the Company to differ materially from that expressed by such statements. This presentation has been prepared solely by the company.

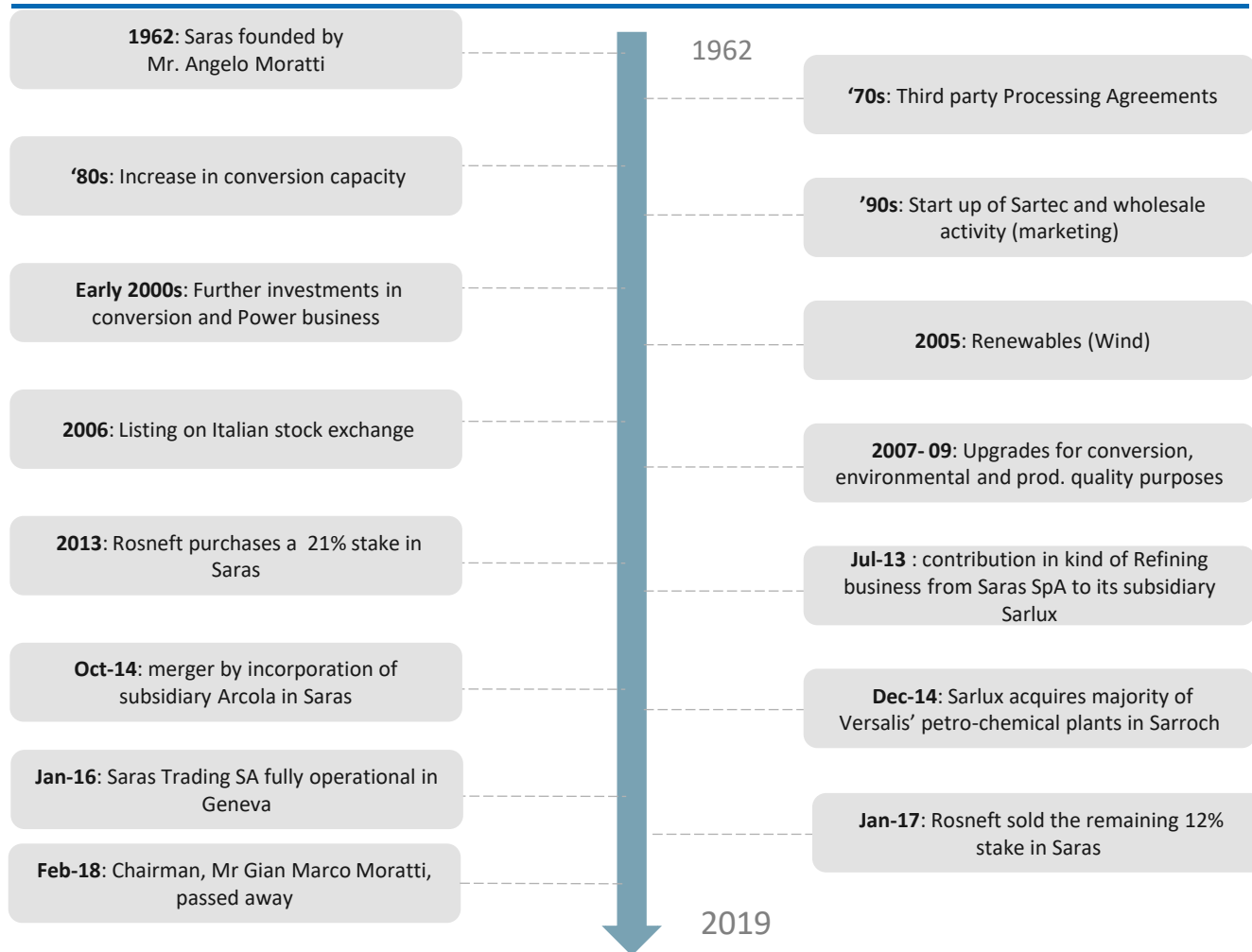


# Geographical footprint



# Almost 60 years of stable strategic direction and committed shareholders

## Saras history...



## ... and shareholder structure<sup>1</sup>

Angel Capital Management SpA	10.005%
Stella Holding SpA	10.005%
Massimo Moratti Sapa	20.011%
Platinum Investment Management	3.055%
Treasury shares	0.970%
Others	55.954%



1. As of January 2020

# Strategy and Business model

## Maintain a leading position in the refining sector

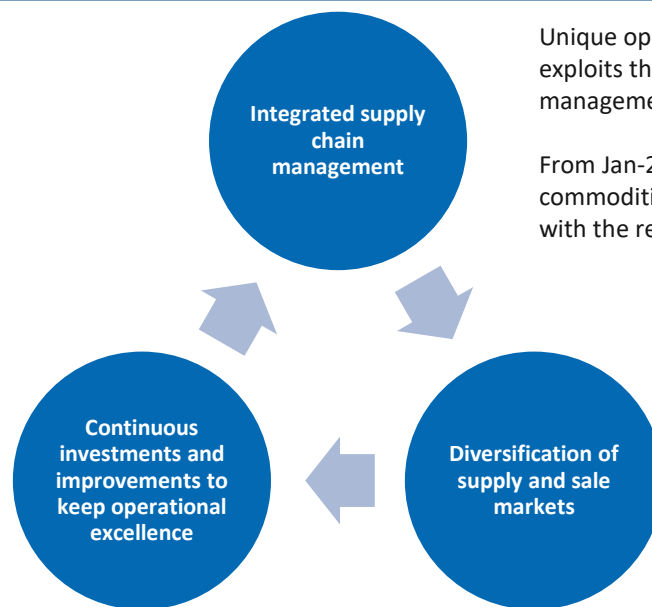
- Operating in the energy sector since 1962, the Saras Group is one of the **leading independent operators in the European refining industry**.
- In order to guarantee the sustainability of the business in the medium to long-term, creating value for all stakeholders, it is fundamentally important to maintain a competitive edge in the sector.
- This awareness has determined the long-term strategic choices and the business model that has developed over time also in relation to market scenarios and technological innovations.

The size and complexity of the refinery is the result of decades of continuous investment aimed at increasing capacity and efficiency and of constant attention to safety and respect for the environment.

Continuous efforts to improve process in the industrial, commercial and financial fields while reducing costs

Know-how developed in approx. 60 years of activity in the sector

Digital investments to improve the operational performance and sustain refining margin premium



Unique operating model based on integrated supply chain management that exploits the synergies between technical process skills, operational management expertise, planning skills and commercial strengths.

From Jan-2016 active in Geneva, one of the main international hubs for oil commodities trading, the subsidiary Saras Trading SA work in close cooperation with the refinery to better exploit market opportunities

Geographical position in the middle of the Med where oil routes converge

Refinery capable of effectively processing different types of crude oils, including non-conventional ones

Proactive and dynamic commercial approach, based on the supply chain integration



# Downstream player focused on Refining and Power Generation



Refining



Power Generation



Marketing



Wind Energy



Industrial Services

## Supply & Trading

- ~150 crude cargoes every year from wide range of suppliers
- Supply & Trading company operating in Geneva since Jan 2016
- Balanced and differentiated sales portfolio...
- ... with world class oil supply chain knowledge
- Start up of bunkering activity from Aug. 2019

Exploit market opportunities for both crude oils & products

## Sarroch Industrial Operations (strictly integrated refinery and power plant)

- Largest single-site refinery in the Mediterranean basin (300 kbb/d, ~18% of Italy's refining capacity)
- Top-tier large & complex Med refinery (11.7 Nelson Complexity Indexes)
- Yields of medium and light distillates ~86% of the production output (net of C&L)<sup>1</sup>
- Competitive advantage in the upcoming production of VLSFO bunker 0.5%
- Petrochemical integration
- Top-tier performance, thanks to high complexity and flexible configuration
- Largest liquid fuel gasification plant in the world (IGCC)
- Conversion of heavy refining fractions (TAR) to clean gas
- 575 MW of installed capacity
- Electricity production of approx. 4.2 - 4.4 TWh
- CIP6 tariff until H1/21  
From 2022 to be fully integrated in the refining
- Transform heavy refining fractions (TAR) into electricity

## Other activities

- Marketing activities in Italy and Spain:
  - ~4% MS<sup>2</sup> in Italian market
  - ~ 3% MS in Spanish wholesale market
- Wind farm with capacity of 126 MW in Ulassai (Sardinia) including 30 MW expansion completed in Q4\_2019
  - Reblading underway
- Industrial & technological services for energy and environmental sectors
  - Solutions to increase energy efficiency, industrial reliability, operational performance and environmental compliance

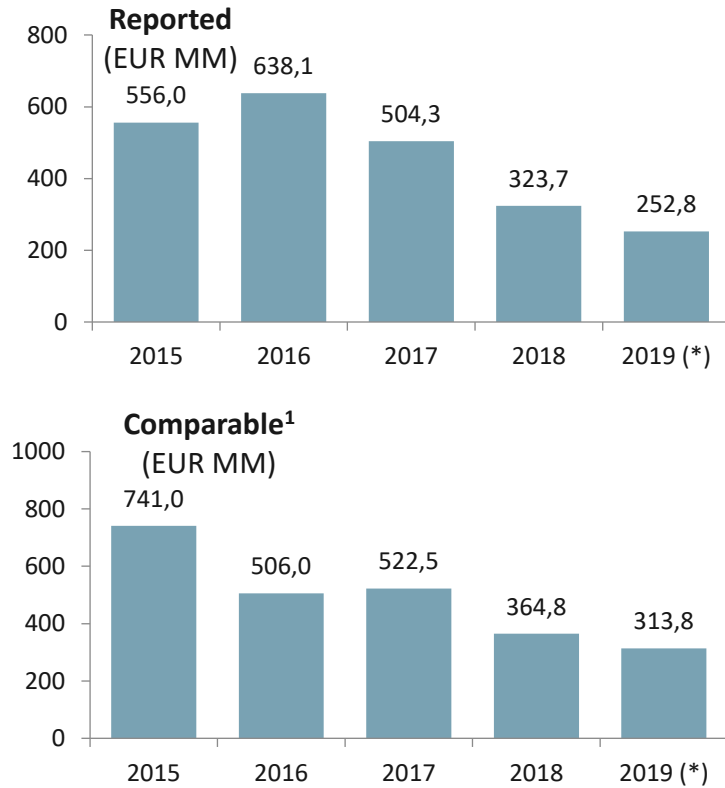
Stabilizing refining margins with downstream presence

Further stabilize Group results

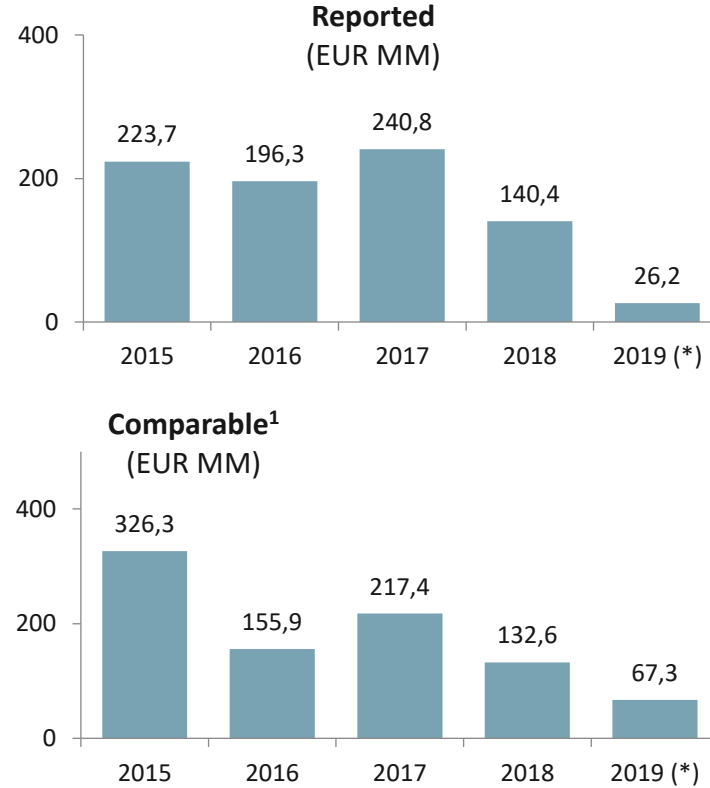
Industrial, environment & technological services

1. C&L = Consumption & Losses / 2. Market Share

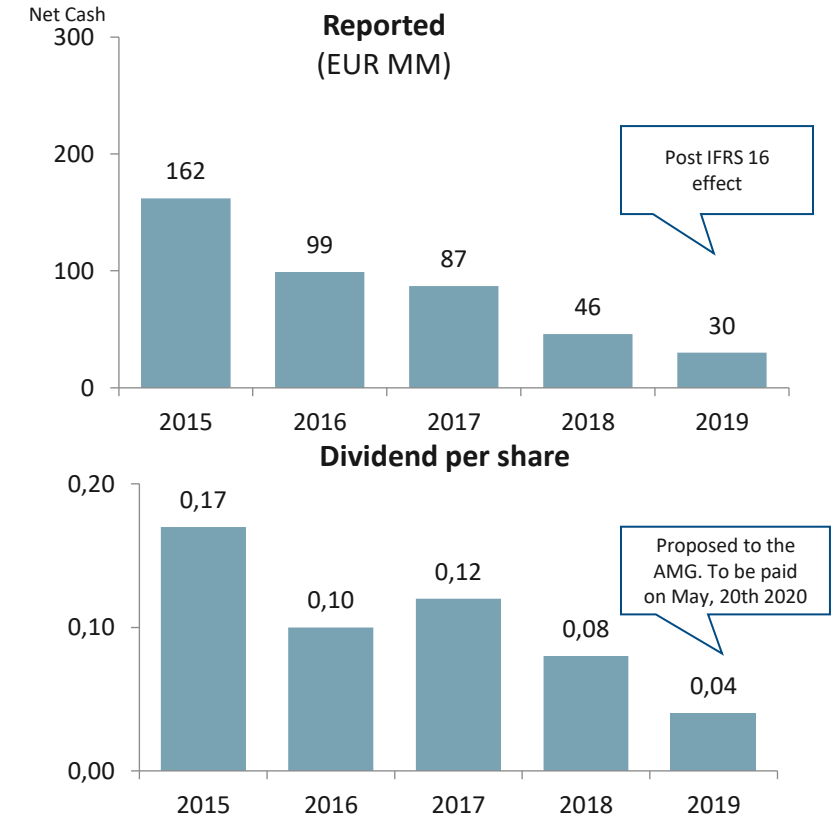
## EBITDA



## Net Result



## Net Financial Position

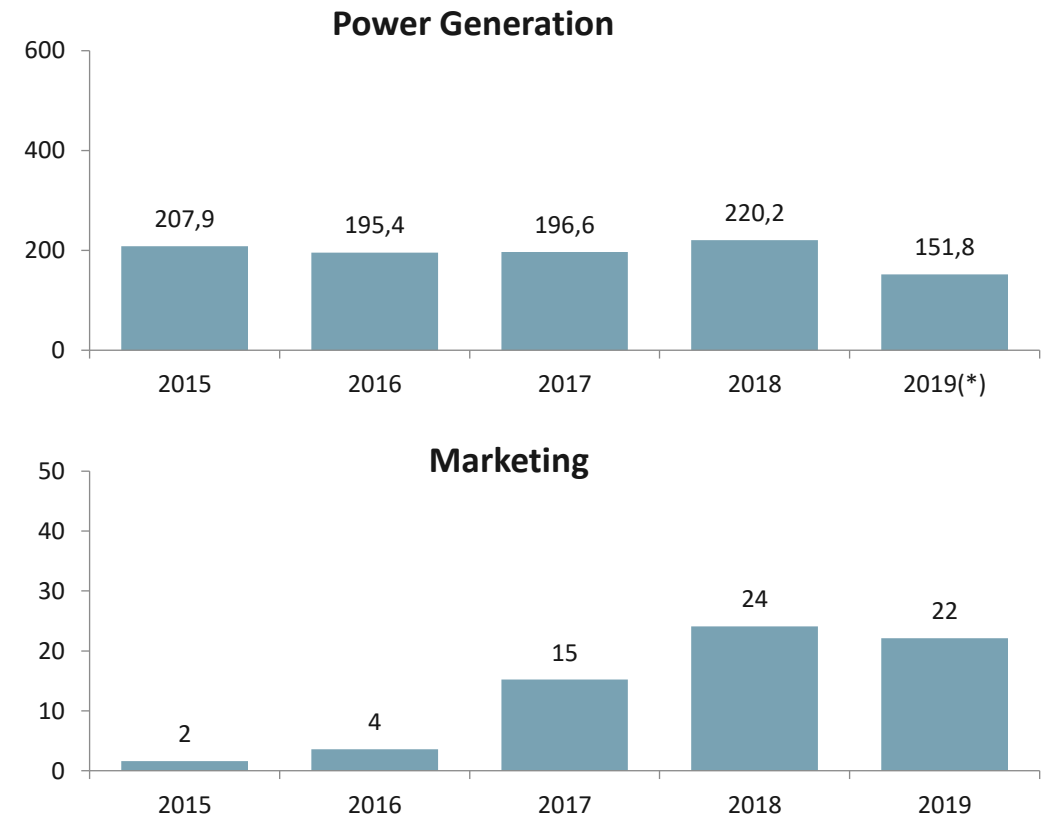
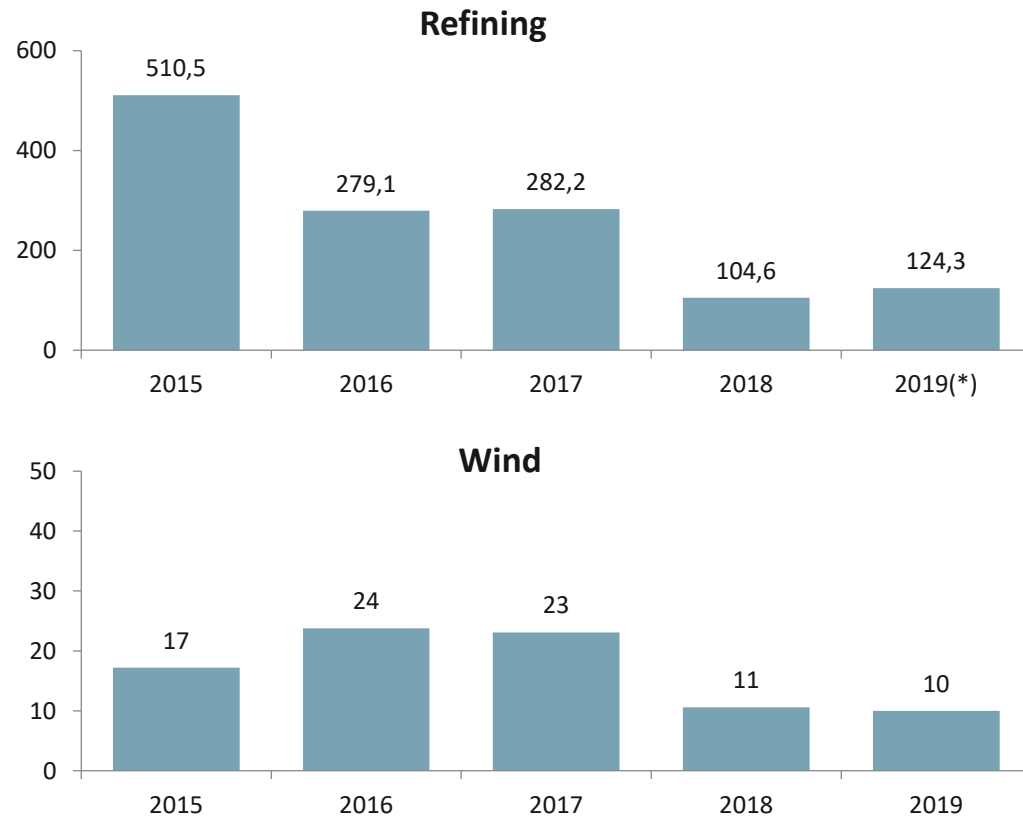


(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology

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

# Segments profitability

## Comparable EBITDA<sup>1</sup> (EUR MM)

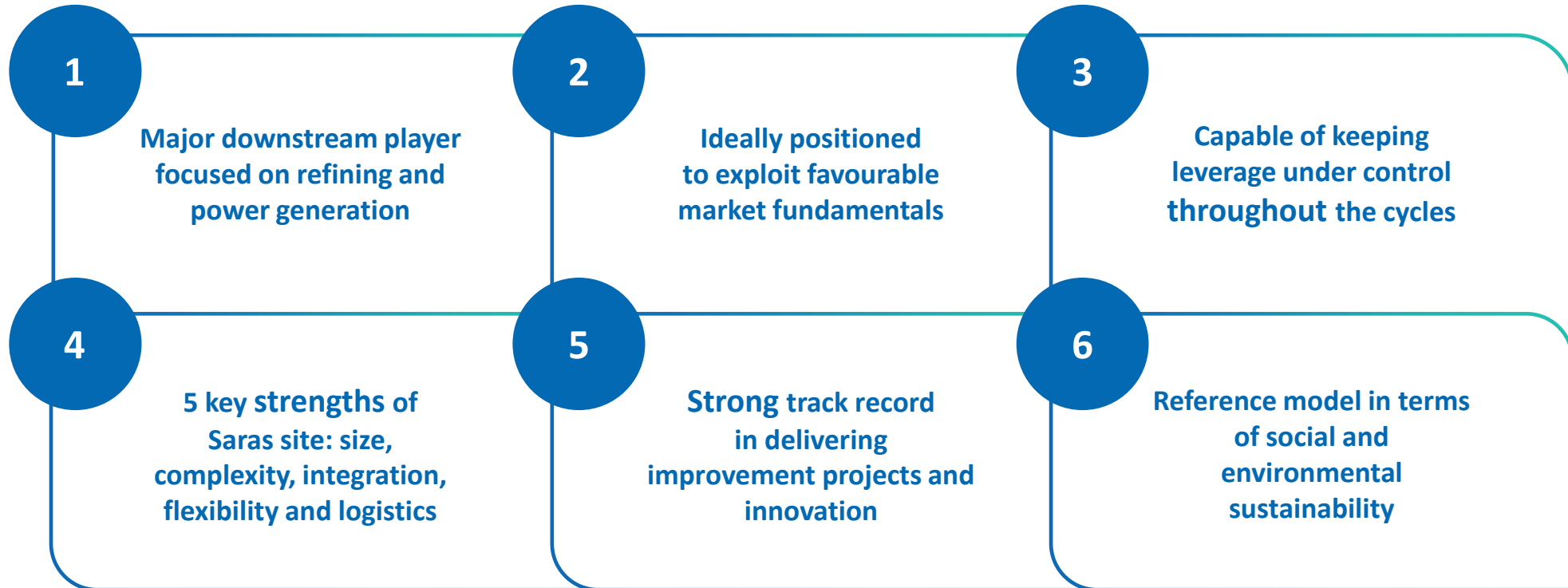


(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology

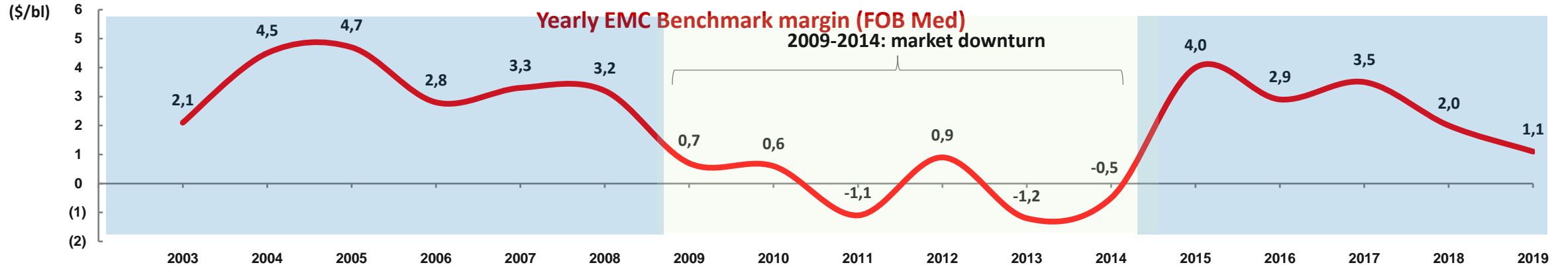
1. In order to give a representation of the Group's operating performance that best reflects the most recent market dynamics, in line with the consolidated practice of the oil sector, the results at operating level and at the level of Comparable Net Result, non-accounting measures elaborated in this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



# Saras investment thesis: our value proposition



# New market cycle from 2015



Market Downturn from 2009 to 2014

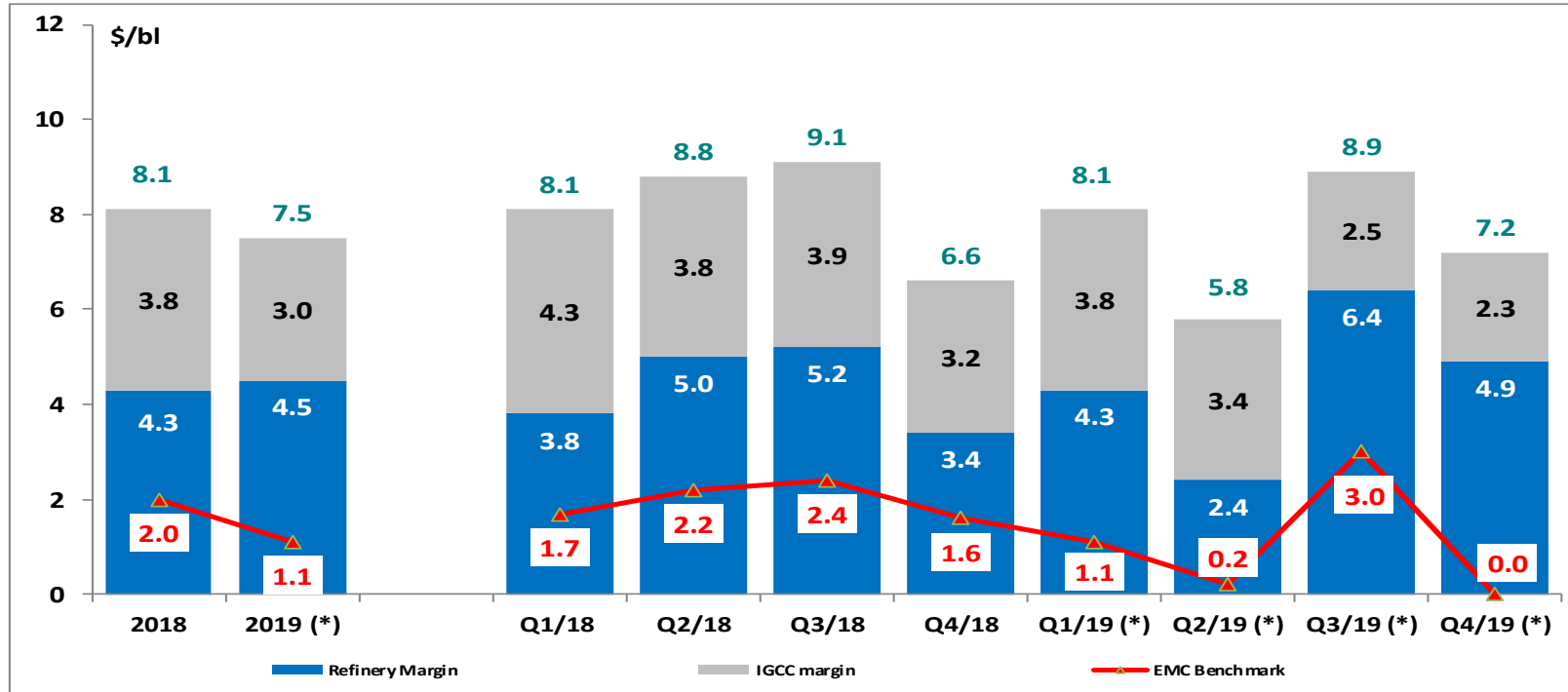
New Market Cycle from 2015 onwards

i	High crude prices	More <b>balanced</b> oil prices and supply
ii	Low availability of <b>heavy sour crudes</b>	Larger availability of <b>heavy crudes</b> (in 2015-16). Now limited by sanctions against Iran and Venezuela and OPEC+ cuts
iii	Falling product demand in Europe	Improving product demand in Europe and worldwide
iv	Refining overcapacity	Rationalization of European refining capacity Over estimation of global spare capacity
v	Strong competition from: <ul style="list-style-type: none"> <li>Wide Brent-WTI spread</li> <li>Non-OECD refineries</li> </ul>	Correction of market distortions Reduction of global spare capacity
vi	Low crack spreads and tight light-heavy products differentials	With IMO widening of light-heavy products differential to boost complex refineries margins



# Saras profitability driven by company's strengths and market fundamentals

## Saras margins and EMC benchmark (\$/bl)



Refining margins: (comparable Refining EBITDA + Fixed Costs) / Refinery Crude Runs in the period

IGCC margin: (Power Gen. EBITDA + Fixed Costs) / Refinery Crude Runs in the period

EMC benchmark: margin calculated by EMC (Energy Market Consultants) based on a crude slate made of 50% Urals and 50% Brent

(\*) The refining margins of 2019 have been recalculated on the basis of the new method of determining reported and comparable results introduced in Q4/19. 2018 figures have not been restated.

**Saras' margin has a significant premium over the EMC Benchmark**





# Tightening environmental regulation: IMO-Marpol VI is the last step

## Environmental regulation progressively tightening

- EU Fuel Quality Directive, Clean Air For Europe Regulation, etc.

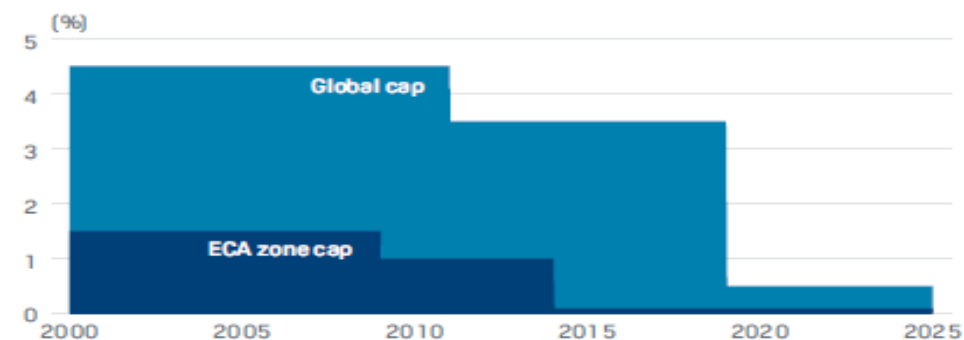
## Air quality is more and more a relevant theme for the public opinion

- Despite representing only 4% of global oil demand, marine bunker accounts for approx. 40% of sulphur emissions from oil use

**IMO decision to implement tighter limits on bunker emissions as of 1<sup>st</sup> Jan 2020, in accordance with “MARPOL Annex VI” Regulations, is the last regulatory measure aiming at reducing sulphur emissions**

## Lower bunker fuels emission cap by 1<sup>st</sup> January 2020

### MARPOL ANNEX VI SULFUR LIMITS



Source: IMO

IMO has set a global limit for sulphur content of marine fumes of 0.5% from 1<sup>st</sup> January 2020, compared to current limit of 3.5%. Shippers can meet lower sulphur emission standards by:

- Using low-sulphur compliant fuel oil
- Using alternative fuels (i.e. gas or methanol)
- Installing scrubbers which clean the emissions before they are released in the atmosphere



# Saras is ideally positioned to exploit IMO market developments and potential upsides

## Expected impact of IMO on the refining sector

### Crack spreads

- Increase of diesel/gasoil crack spreads
- Deterioration of HSFO crack spread
- Strong VLSFO crack spread

### Crudes differentials

- Heavy and medium sour crude oils expected to increase their discounts (due to lower demand)

### Refiners

- Need of conversion investments for simple refiners or risk to be displaced
- Widening competitive advantages for deep conversion refineries

**Saras ideally positioned to play IMO scenario**

Crude flexibility

Middle distillates yield

Fuel oil yield

New business opportunities

Approx. 50% of crudes used are heavy/medium sour

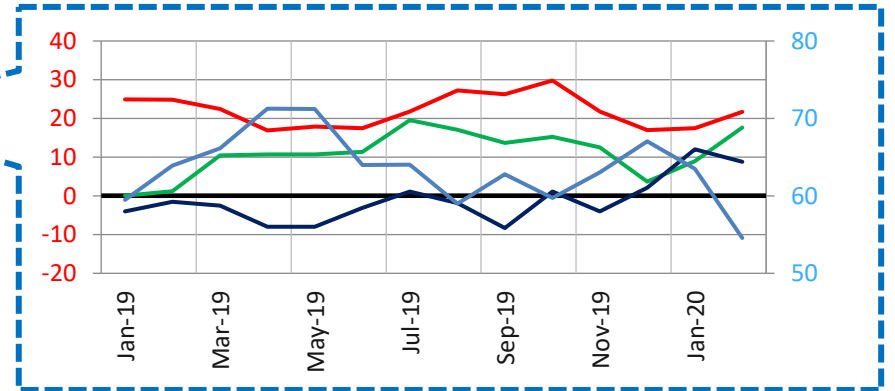
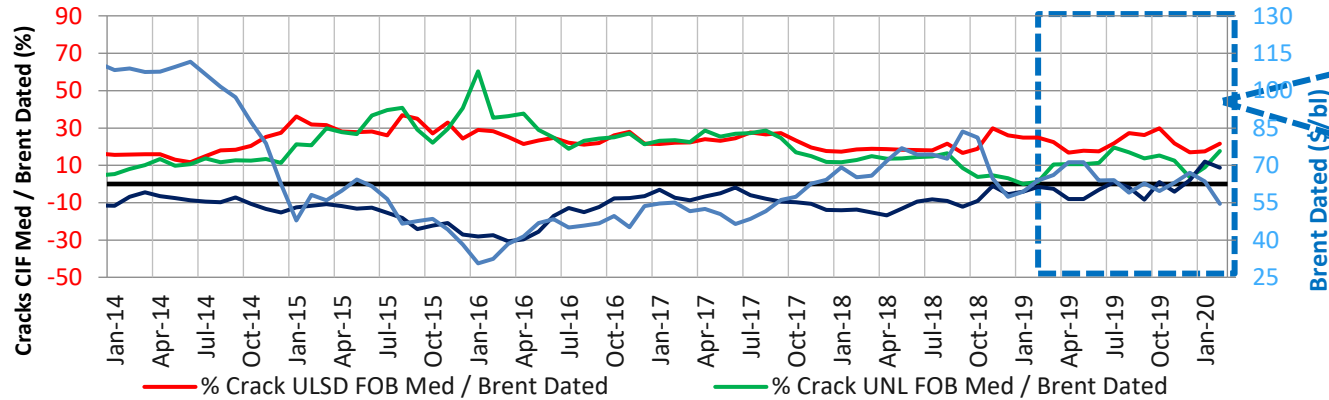
Approx. 55% <sup>(1)</sup>

About 5-7% yield <sup>(1)</sup> to be mainly VLSFO from 2020. No HSFO

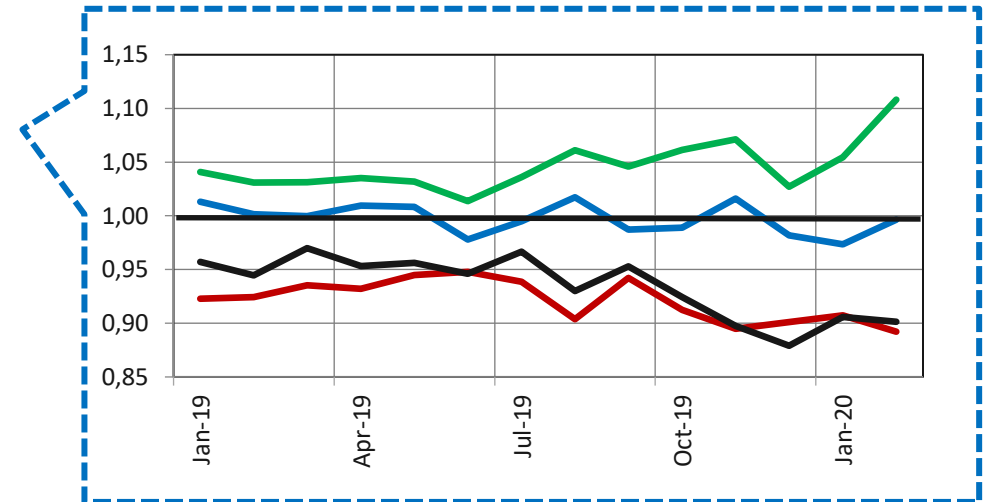
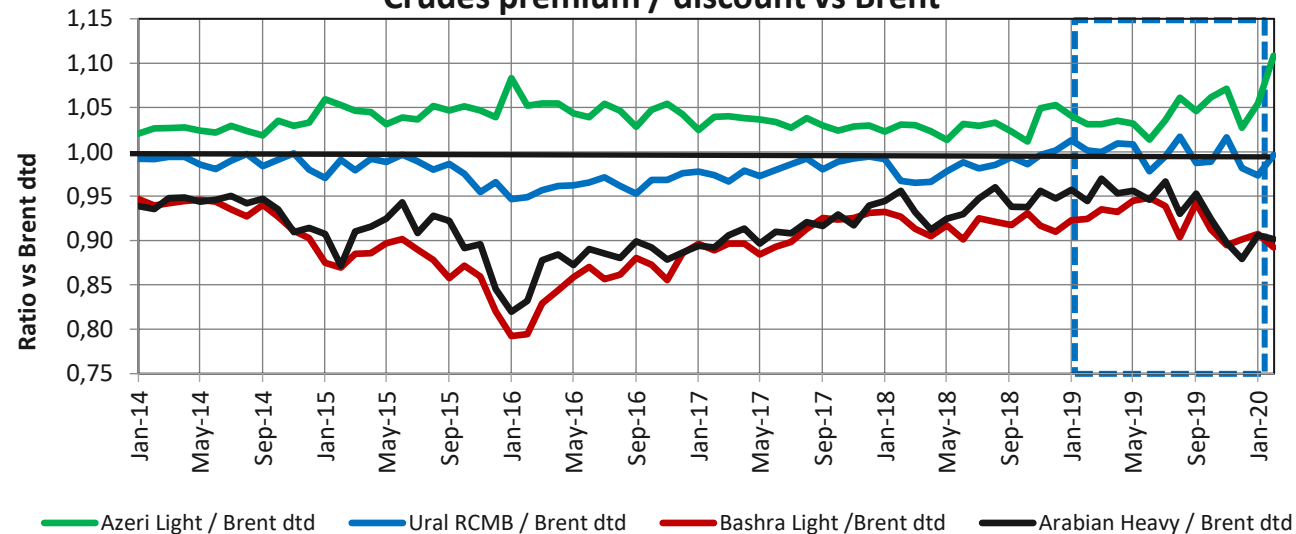
Entering into bunkering business

# Historical Crack Spreads Ratios to Brent and crude differentials

Ratios of Product Cracks FOB Med to Brent Dated



Crudes premium / discount vs Brent



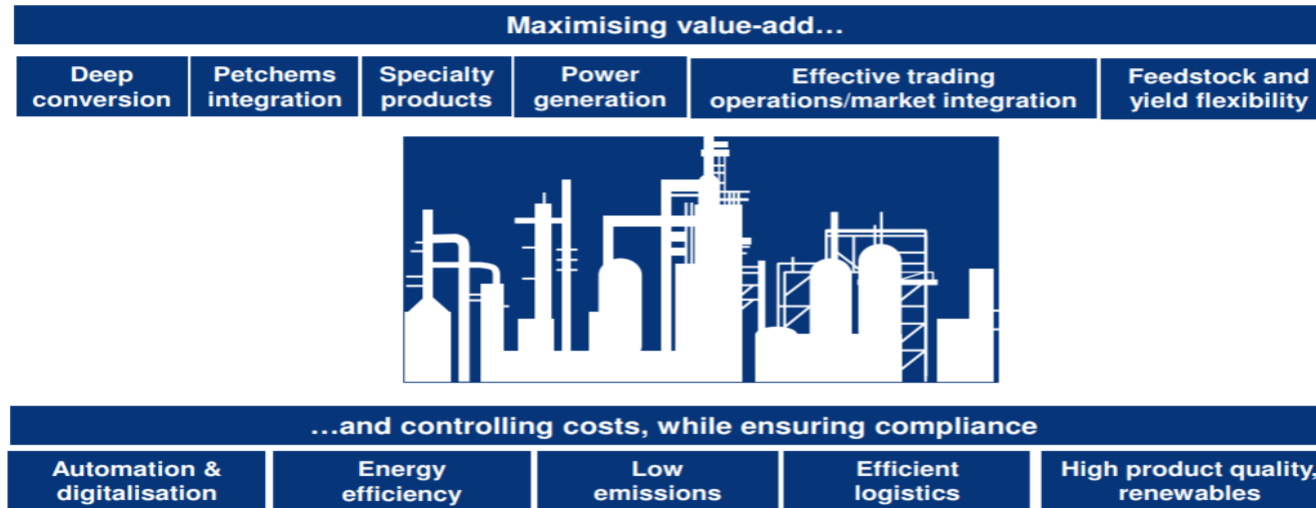
Data updated at 15 Feb 2020



# Saras among top-tier European players

## How does a European refinery evolve to become the refinery of the future?

It becomes a highly efficient, world scale industrial complex, able to adapt to a changing market environment

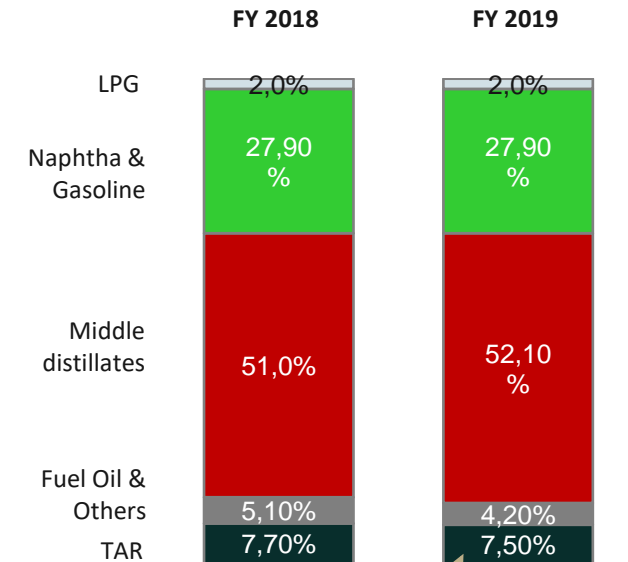


12 Trusted commercial intelligence  
www.woodmac.com

**Wood Mackenzie**  
A Verisk Analytics Business

**Saras has the characteristics identified by WoodMackenzie to remain competitive in the next decade**

## Output yields<sup>1</sup>



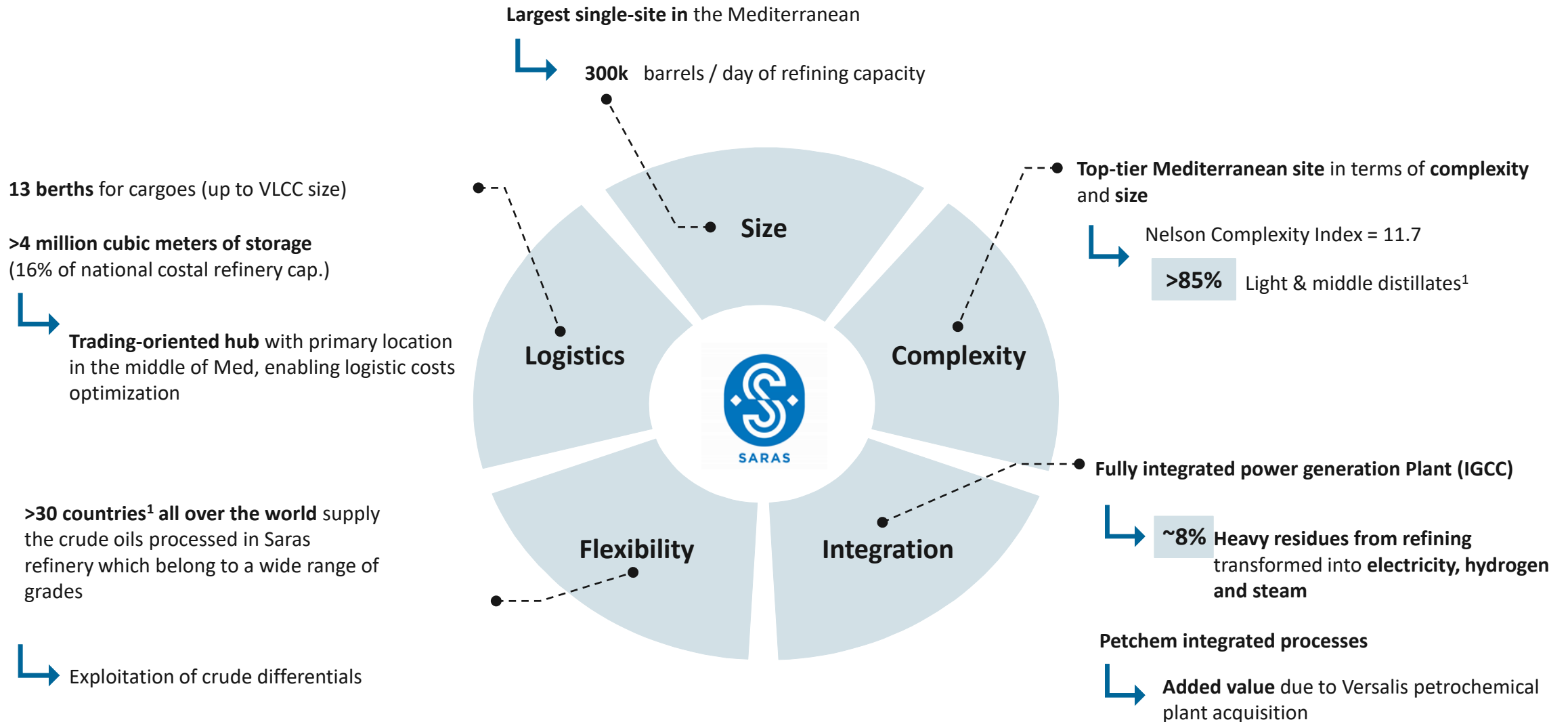
Heaviest stream of output sent to Power Generation unit (IGCC) for electricity production

**~80% of output are light & middle distillates**

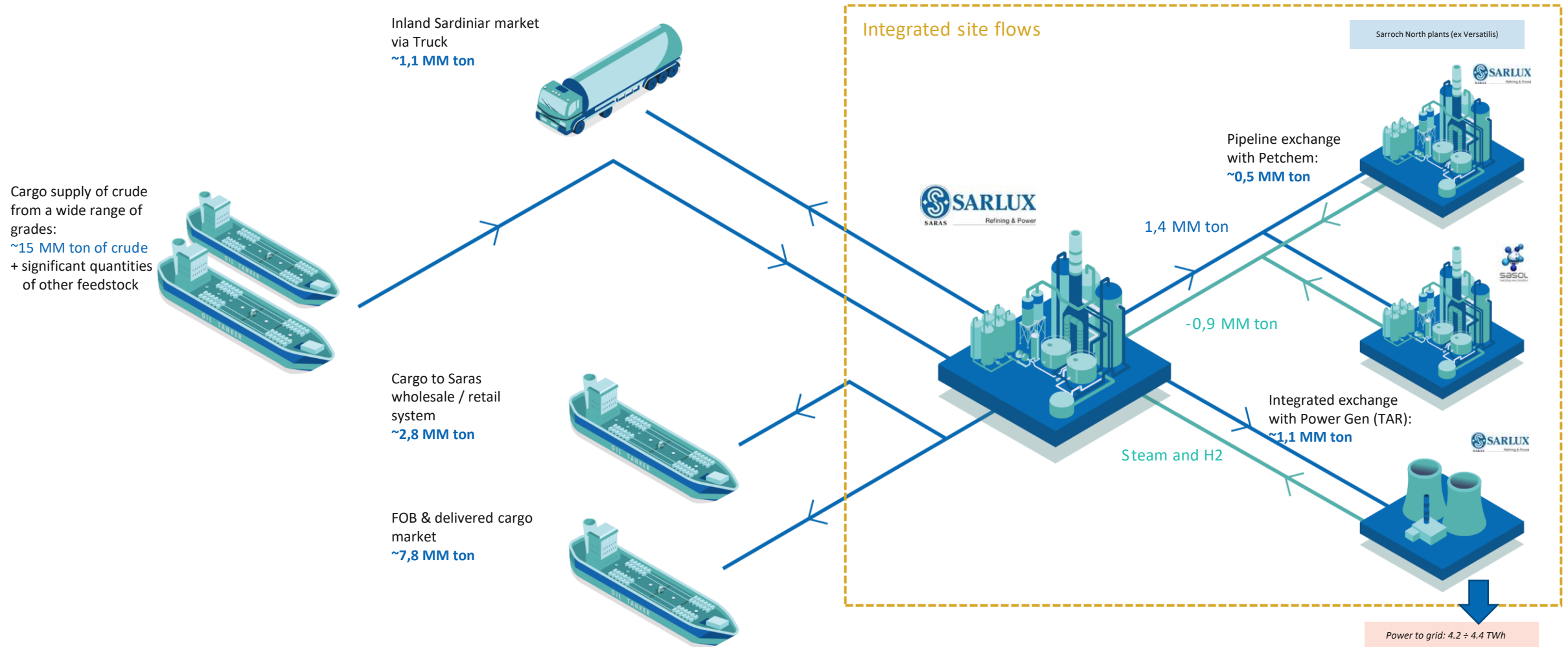
3. Product Yields are calculated net of "C&L"



# The 5 key strengths of the Saras site in Sarroch, Sardinia



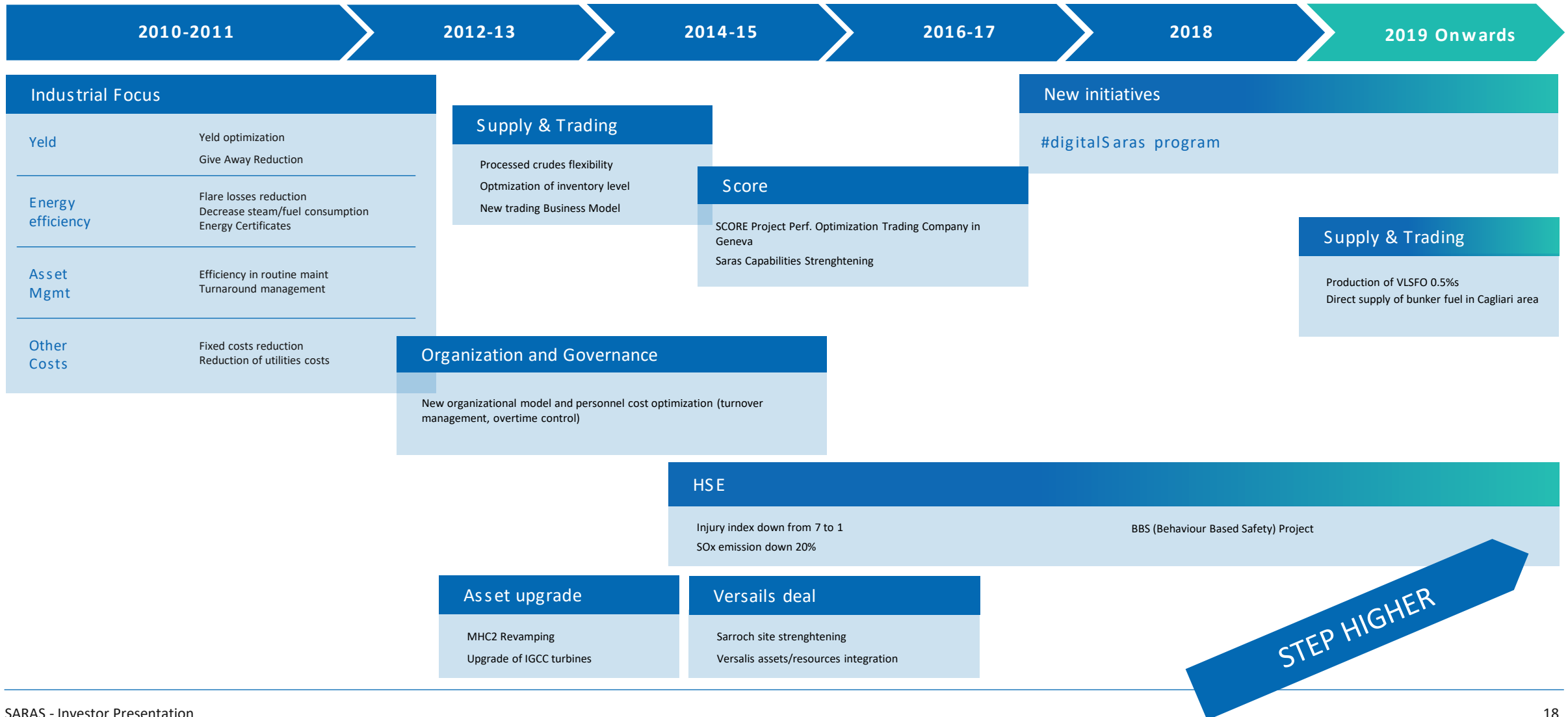
# Fully-integrated industrial site, with Power Generation & Petrolchemical







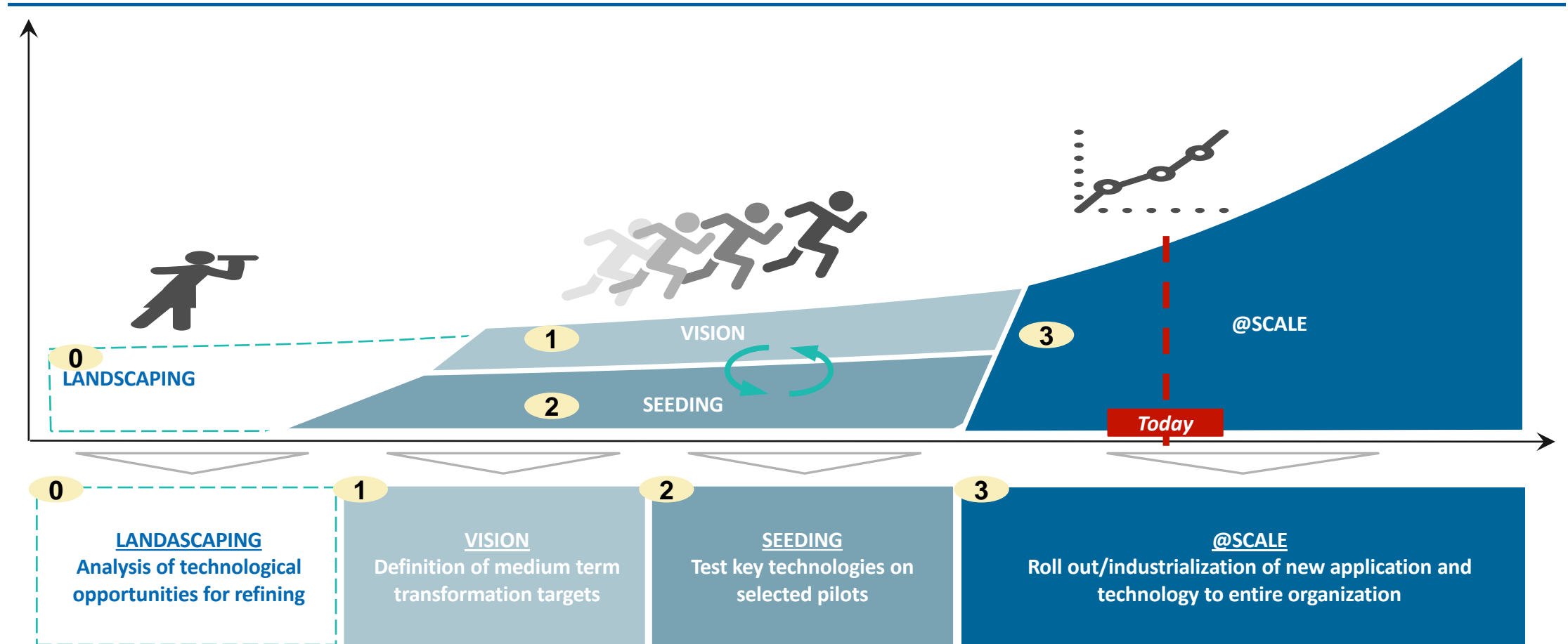
# Improvement initiatives delivered over last 10Y



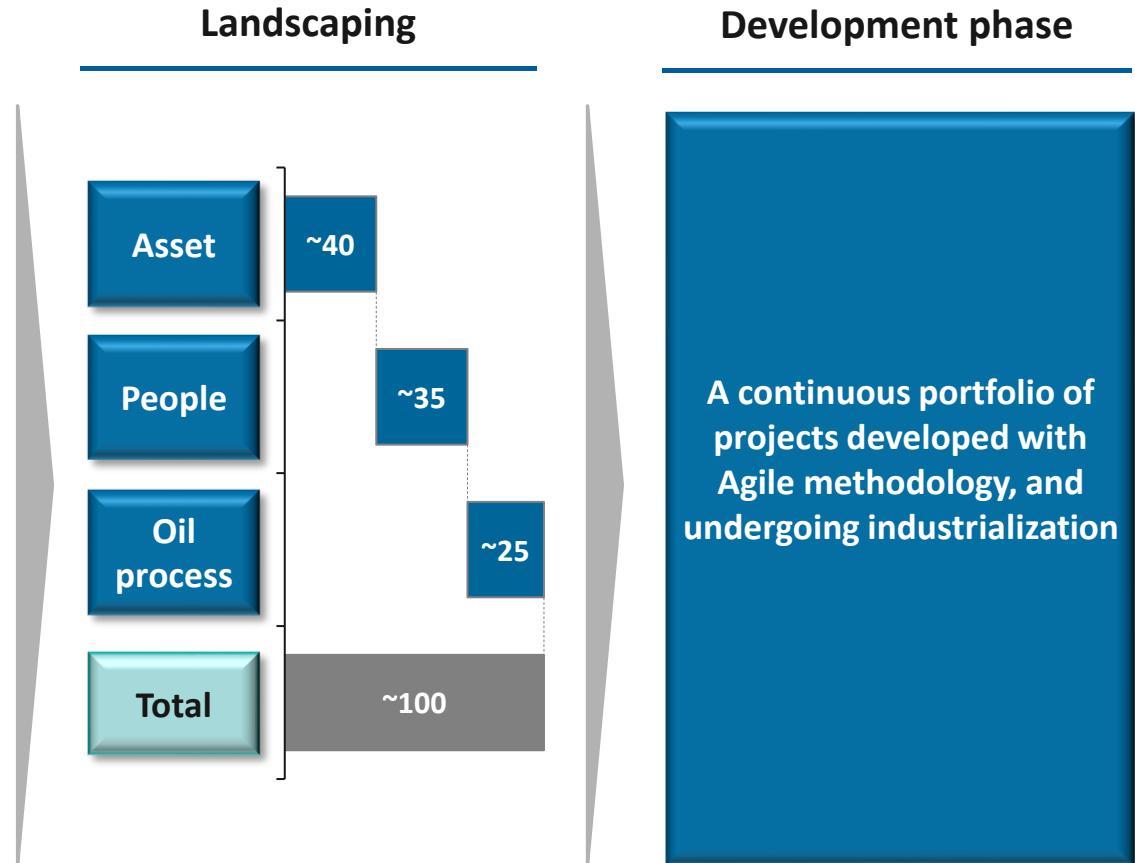
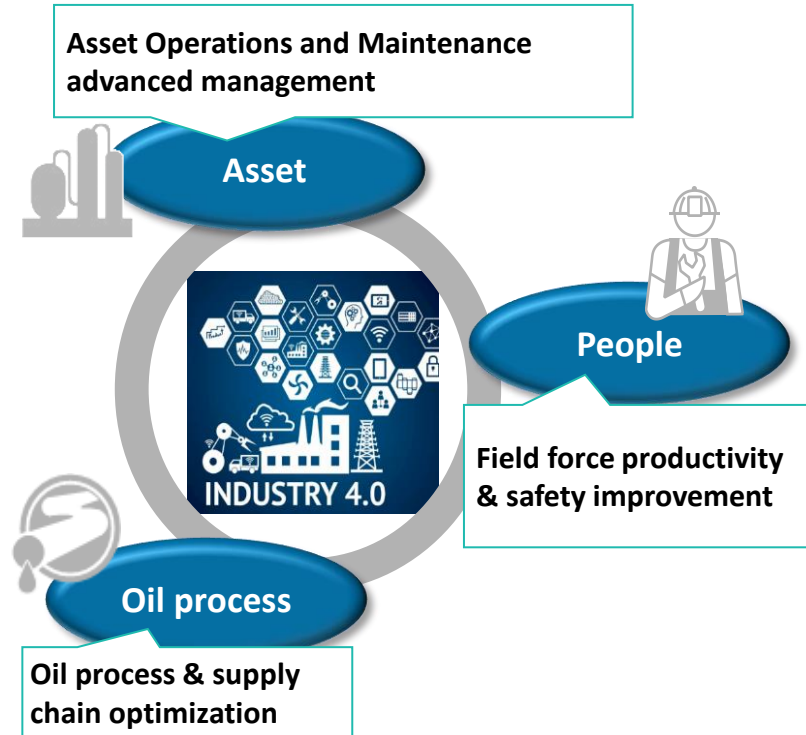


# #digitalSaras program to enhance efficiency and know-how

## A 3-steps digital transformation journey from vision to industrialization



# Digital domains within Saras & transformation initiatives



: a clear move towards digital transformation & cultural change

# Overview of completed industrializations



Crude Compatibility



Column Head Corrosion

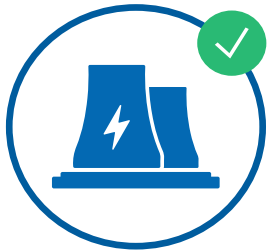
*Online corrosion monitoring on 2  
Crude Distillation Units*



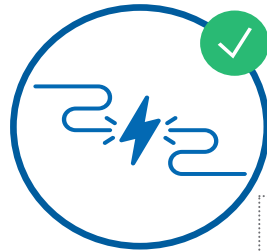
Digital Checklists

*Field data collection through smart  
devices*

~400 people  
involved



IGCC Gasifiers



Electric Sectioning

*More efficient execution through  
smart devices*

~50 people  
involved



ASSO<sup>1</sup>

*Collaboration platform for  
operators and engineers*

 Completed

1. Advanced Support System for Operators

# Additional information: ES G 2020 targets

ESG	Area	KPIs	Unit of Measure	2017-19 average	2020 TARGET
E	Greenhouse gas (GHG) - reduction of CO2 emissions	Production of CO2, per unit of (crude + complementary feedstock) processed	ton/kton	422.7	-2% vs. last 3Y average
E	Greenhouse gas (GHG) - avoided CO2 emissions	Avoided CO2 emissions (thanks to Energy Efficiency and Renewable power production)	kton	221.1	+35% vs. last 3Y average
E	Air pollutants - reduction of SO2 emissions	Production of SO2 per unit of (crude + complementary feedstock) processed	ton/kton	0.251	-5% vs. last 3Y average
E	Air pollutants - reduction of NOx emissions	Production of NOx per unit of (crude + complementary feedstock) processed	ton/kton	0.221	stable
E	Air pollutants - reduction of SO2 indirect emissions	Avoided SO2 emissions by Group customers purchasing VLSFO (vs. HSFO 3.5%S)	kton/year	9.1	> 36
E	Energy efficiency - reduction in Consumption & Losses	Refinery C&L, as a % of (crude + complementary feedstock) processed	%	6.4%	-4% vs. last 3Y average
E	Water consumption - reduction of raw water taken from regional consortium	Raw water consumed from regional provider vs. total water consumption	%	36.9%	-15% vs. last 3Y average
E	Waste - reduction of indirect waste production	% of outgoing waste from Ecotec (*) vs. total waste produced by Sarlux	%	47.2%	-25% vs. last 3Y average
E	Biofuels - increased production	Co-processing of vegetable oils at Sarroch desulfurization plants	kton/year	10	> 50
E	Renewable Energy - increase production from renewable sources	Energy production from renewable sources (wind/solar)	GWh	186.3	+45% vs. last 3Y average
S	Digital transformation - Digital Safety Advisor adoption	Increase the number of people within Sarroch industrial site, equipped with wearable DSAs	# of people	25	> 150 people
S	Health & Safety at Sarlux site - injury rate	Reduce the Injury Frequency rate at Sarlux site, for Group personnel	# of injuries *Mln / # hrs worked	1.92	< 1.9
S	Health & Safety at the Sarlux site - safe behaviours	Increase the number of safety observations (BBS), to drive safe behaviours in Sarroch industrial site	# of safety observations	20988	+15% vs. last 3Y average
S	Corporate Citizenship activities	Existence of a Group Corporate Citizenship Policy	Y/N	N	Yes
S	Economic Impact on the territory	Direct impact of (Wages to employees in Sardinia + Goods & Services from local suppliers + Taxes&duties paid in Sardinia)	EUR Mln	626	stable
S	Promoting gender diversity - graduates	Increase ratio of female University Graduates vs. Total University Graduates	%	28.6%	stable
S	Group employee development - training programmes	Increase the yearly number of training hours for total Group employees	hrs/year	54748	> 55,000
S	Employee satisfaction - engagement survey	Monitor employee engagement by conducting a survey every two years	Y/N	1 every 2 years	by 2021
G	Promote sustainability - link of productivity bonus to ESG targets	% of Group employees with "Oil national contract" whose Productivity bonus is linked to ESG targets	%	n/a	> 95%
G	Internal Audits to Group operations	Total number of internal audits performed by Internal Audit and SGQ	# of audits	59	stable
G	Stakeholder engagement - increase	Number of new stakeholders engaged in company ESG strategy and targets	# of people	23	> 20/year
G	Sustainability Committee	Existence of a Sustainability Committee	Y/N	n/a	Yes



# Recent developments and Business Plan 2020-2023

(issued on 2<sup>nd</sup> March 2020)



# THE 5 BUSINESS PLAN PILLARS | 2020-2030



## STRATEGIC INVESTMENTS

Completion of the investment cycle to keep state of the art plants and increase asset resilience and competitiveness

# 712

**EURM**

Steady state level for refinery investments after 2020, in full compliance with HSE obligations



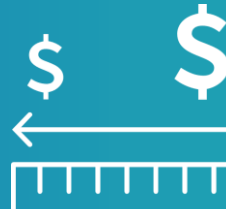
## PRODUCTION OPTIMIZATION

### INTEGRATED SUPPLY CHAIN

**Performance improvement** through digital initiatives.

Capture **IMO regulation's** opportunities

**Exploit discounts of heavy sour crudes and VLSFO production & sale**



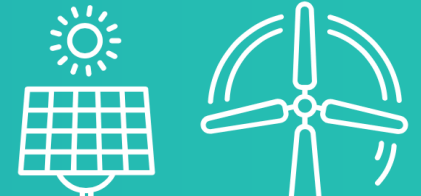
## COST OPTIMIZATION

**Target to reduce operating costs by EUR 30 million vs 2019 in order to offset the inflationary drift**



## SUSTAINABILITY

Business model integrates **KPIs to monitor SOCIAL GOVERNANCE & ENVIRONMENTAL** commitment.



## RENEWABLE ENERGY

Promote transition to **wind and solar**.

Decrease **carbon footprint**.

**UP TO 400 MW**

**OF NEW RENEWABLE CAPACITY**



# SUSTAINABILITY APPROACH

## SOCIAL

## GOVERNANCE

## ENVIRONMENT



## OUR PURPOSE

To be innovative, sustainable  
and  
a reference point  
among energy providers

## OUR CORE BELIEFS

Safety & Environmental protection

Create sustainable value

Be a part of and a reference  
point for the community

Develop our people's potential  
by fostering their professional  
growth

Skills and knowledge  
are our key assets

Develop innovation

# SUSTAINABILITY KPIs

DETAILED KPIS TABLE AND 2020 TARGETS IN THE ANNEX (slide 36)



## ENVIRONMENT



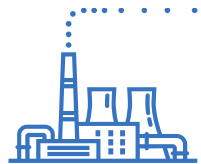
Improve **energy efficiency**



Reduction of **greenhouse gas** (GHG) emissions



Co-processing of **vegetable oils**



Reduce **air** pollutants



Reduce raw **water** consumptions



Reduce **waste**



Increase of **renewable energy** production



## SOCIAL



Commitment to the **local community**



Promote **gender diversity**



Aim at the **"zero injury"** goal



Foster **sustainable behavior**



**Training** time at least in line with last 3Y



Monitor **employee engagement**



## GOVERNANCE



ESG targets included in the **assessment and remuneration system**



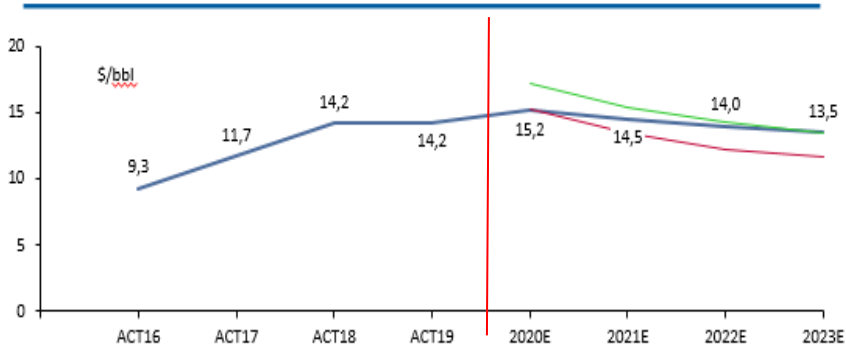
Increase **stakeholders' engagement**



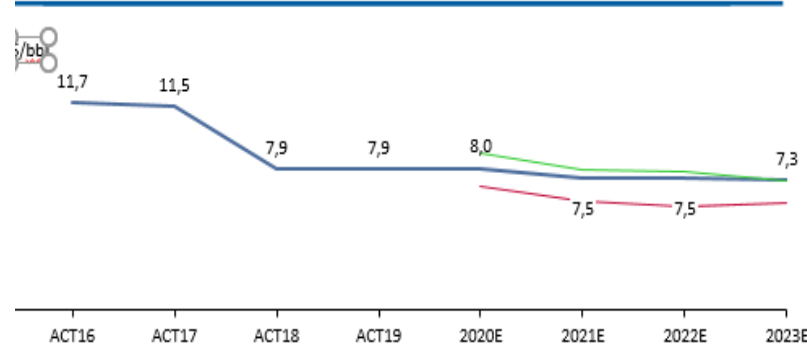
Extend **Risk & Control Committee** competence over **ENVIRONMENT GOVERNANCE SOCIAL** matters

# Business Plan 2020-2023 sensitivities

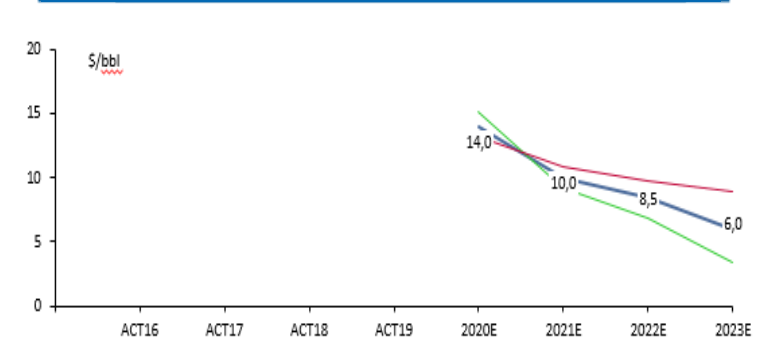
**Diesel**



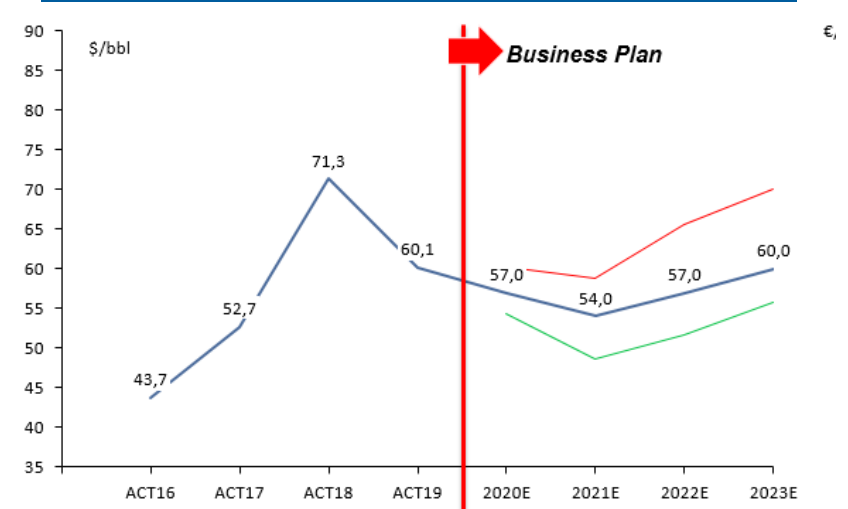
**Gasoline**



**VLSFO**



**Brent dtd (\$/bbl)**



Last months of 2019 and first months of 2020 have been influenced by several contingent factors, most relevant ones being: mild winter, high volumes of VLSFO stored in Singapore ahead of IMO regulation entry into force, start of HSFO carriage ban for shippers without scrubbers installed from 1<sup>st</sup> March 2020 and Coronavirus effects on Chinese and global demand.

We have set business plan assumptions on an average between IHS and WoodMackenzie estimates. Experts still foresees the continuation of the positive cycle for the refining industry in the coming years also thanks to the effects of the IMO regulations.

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





# Business Plan 2020-2023 main assumptions

## Business Plan Market Scenario

		2020E	2021E	2022E	2023E
Brent Dated	\$/bl	57.0	54.0	57.0	60.0
Gasoline <i>crack spread</i>	\$/bl	8.0	7.5	7.5	7.3
ULSD <i>crack spread</i>	\$/bl	15.2	14.5	14.0	13.5
HS Fuel Oil <i>crack spread</i>	\$/bl	-25.8	-17.0	-16.0	-15.0
VLSFO Bunker <i>crack spread</i>	\$/bl	14.0	10.0	8.5	6.0
National electricity price	€/MWh	51.0	56.0	57.0	58.0
Exchange Rate	€/€	1.14	1.18	1.19	1.20

Market Scenario based on prominent market experts forecasts (IHS and Wood Mackenzie for oil and Pöyry and Ref4E for electricity)

**Oil market scenario** (based on average IHS and Wood Mackenzie most recent estimates) **still points to a positive impact from IMO**. In detail:

- **Some rebound of diesel/gasoil crack spread** as part of bunker demand (estimated 1/1,5 mbl/d) switch to middle distillates
- **Strong VLSFO crack spread** as it is expected to displace approx. 1.5 mbl/d of HSFO. VLSFO crack spreads projected to soften over time but to remain a premium product
- **HSFO crack spread decreasing** due to the sharp demand decline. Some recovery expected mid-term as more scrubbers are installed but set to remain below historical average
- **Heavy and medium sour crude grades initially restrained** (OPEC cuts and sanctions), **subsequently expected widening discounts**

### Power scenario:

- The plant has a **fundamental role for the Sardinian electrical system**, its stability and operational reliability; it is therefore anticipated that could be contractualized by the national authorities at the conditions established by the reference regulation

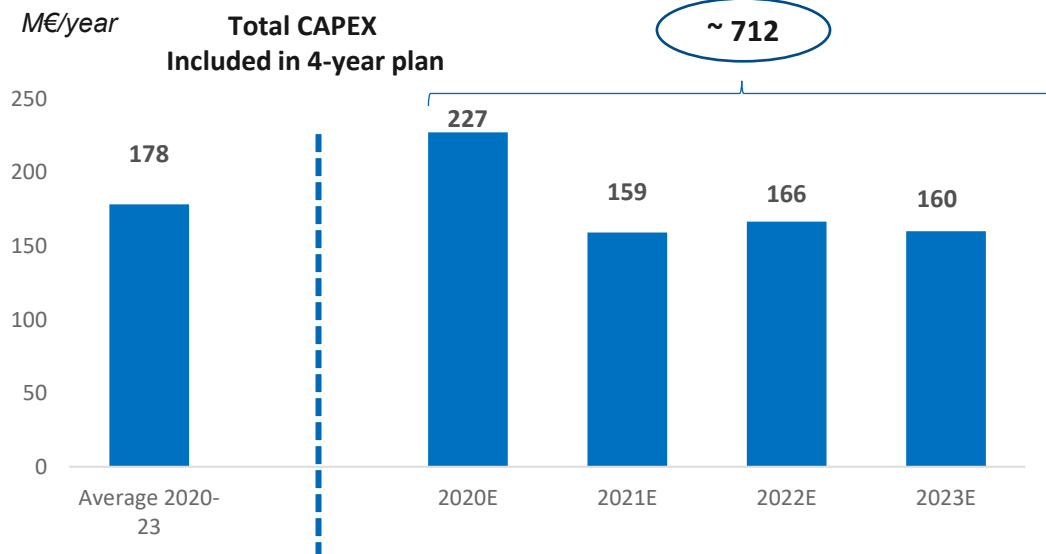
# Operational performance and refinery CAP EX plan

## Business Plan Operations & Fixed Costs

		2020E	2021E	2022E	2023E
Refinery Crude Runs	Mtons		Approx. 14.2 ÷ 15		
Refinery other feedstock	Mtons		Approx. 0.6 ÷ 1.2		
IGCC Power production	TWh	4.3÷4.4	4.0 <sup>(1)</sup>	4.3÷4.4	
Total Fixed costs (Refining + Power)	€ M		Approx. 350 ÷ 360		

(1) 10Y turnaround on the IGCC plant

## Business Plan refinery CAPEX



## Comment on operations

### Operations:

- Refinery: FCC turnaround in 2020. From 2021 onwards, completed the investment cycle, the refinery will operate at full capacity
- IGCC: in 2021 it will be carried out the 10Y turnaround on the IGCC plant to continue reliable operations in the next decade

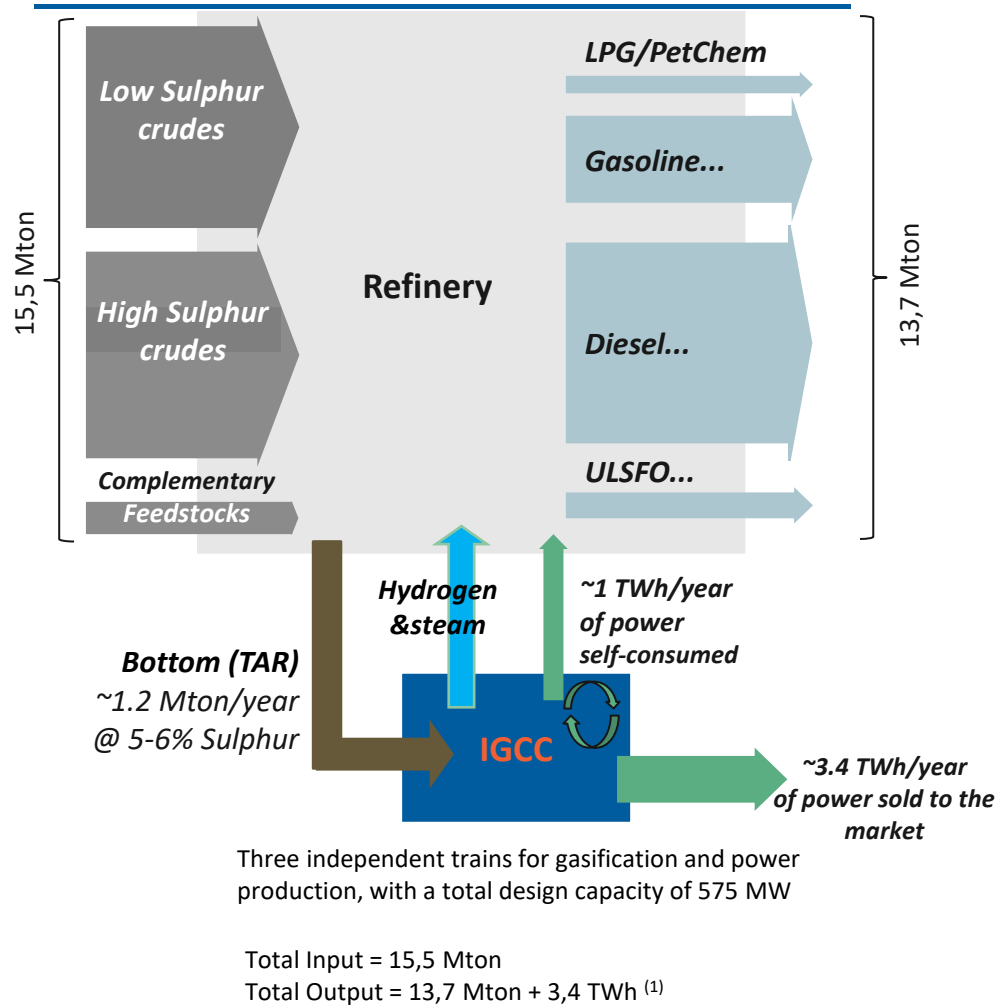
**Fixed costs:** flat and equal to approx. EUR 350 ÷ 360 million per year.

## Refinery CAPEX details

- Investments in asset reliability, HSE, steam and power system reconfiguration** to keep long term operational and technological excellence and to increase the asset resilience and competitiveness under different scenarios
- Digital initiatives to reduce downtime, enhance asset availability, safety and security and increase production** improving operational performance and sustaining refining margins premium.
- After 2020 site capex reach a steady state level** (focused on HSE compliance, asset reliability and operational continuity)

# IGCC: a future after 2021

## Sarlux site configuration post 2021



Note: Arrow width proportional to material flow size, plant surfaces proportional to Nelson Complexity Index.

### 2021 will be a year of discontinuity for the IGCC:

- By end of Q2 CIP6/92 incentive expire
- After that date the 10Y turnaround will be executed

### From 2022 IGCC will be exploited with an **integrated perspective** and we expect it to run at full capacity:

- The plant has a **fundamental role for the Sardinian electrical system**, its stability and operational reliability; it is therefore anticipated that could be contractualized by the national authorities at the conditions established by the reference legislation
- Part of the capacity (approx. 1 TWh/y) is expected to be used for self-consumption allowing to save system and dispatching charges (approx. EUR 15 ÷ 20M)
- The plant will continue to provide hydrogen and steam for refinery operations

### Main benefits will be:

- No need of multi billion investments to convert bottom of the barrel into refined products (ie coker or residue hydrotreaters)
- Possibility to continue to economically process HS crudes, fully exploiting the change of scenario deriving from IMO regulations

(1) Total production 4,4 TWh of which 1 TWh self-consumed  
(2) Average purchase price for electricity in the Italian market

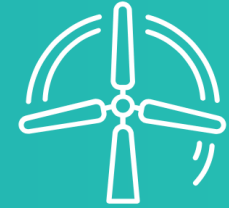
# Segments profitability outlook

		2020E	2021E	2022E	2023E	
Refining	EMC <sup>(1)</sup>	3.0	2.5	2.1	1.7	<ul style="list-style-type: none"><li>2020 Power EBITDA impacted by lower CIP6 tariff (depressed gas prices) and lower linearization effect (non cash item)</li><li>From 2021 one integrated margin (power + refining).</li><li>Assumption for power: partial recovery of fixed and variable costs and return on capital</li></ul>
	PREMIUM NET OF MAINTENANCE <sup>(2)</sup>	2.5 – 3.0				
Power	EUR140m EBITDA (Electricity sold according to CIP6/92 tariff)		5.5	5.3	5.3	
			From 2021 Power Gen results (including fixed costs) will be incorporated in the refining segment.			
Marketing	EBITDA broadly stable (approx. EUR 15-20 M/year) thanks to stable wholesale margin (corresponding to 0.3 – 0.4 \$/bl of margin)					<ul style="list-style-type: none"><li>Given the strong technical and commercial skills coordination on which our business model is based the contribution should be considered jointly to refining</li></ul>
Wind	EBITDA from EUR 15 M in 2020 to EUR 40 M in 2023 on the back of new developments					<ul style="list-style-type: none"><li>Assuming the development of approx. 400 MW of new capacity</li></ul>

(1) Based on reference scenario

(2) Based on reference scenario, including contribution of capex and cost savings, net of maintenance

# Energy transition through renewables expansion



## RENEWABLE CAPACITY DEVELOPMENT

The National Plan for Energy and Climate 2030 and the European Green Deal require new capacity development

UP TO **400**  
MW

OF NEW RENEWABLE  
CAPACITY

## GEOGRAPHICAL FOCUS

Focus on  
**Sardinia**  
while exploring  
opportunities in  
Italy

## BUSINESS MODEL

**Business to be kept  
segregated from the  
refining**

Development of  
**greenfield  
pipeline** to  
maximize value  
creation

## INVESTMENTS

Limited capital requirements  
until permits are obtained

Realization phase to be  
financed with leverage or in  
partnership

**EUR 60 M**  
TO DEVELOP THE  
PIPELINE

## BENEFITS

Exploit Group industrial  
capabilities

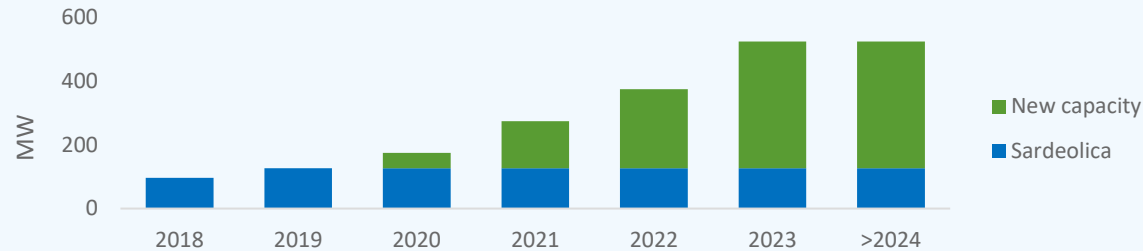
**Value creation:  
IRR: 8-10%**

**Decrease carbon  
footprint**



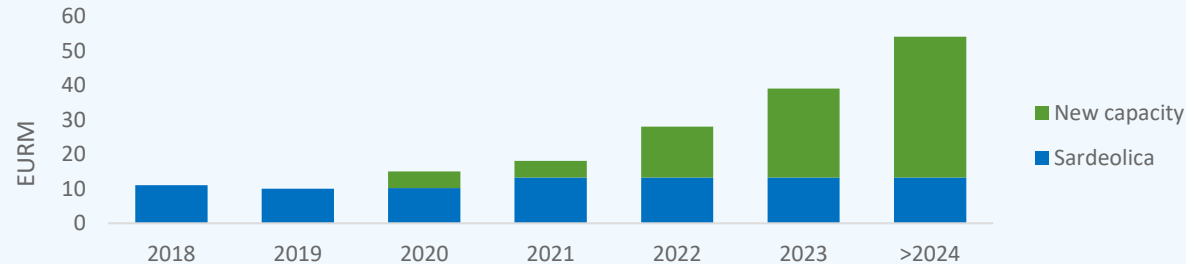
# Renewables expansion plan

## Installed capacity (MW)



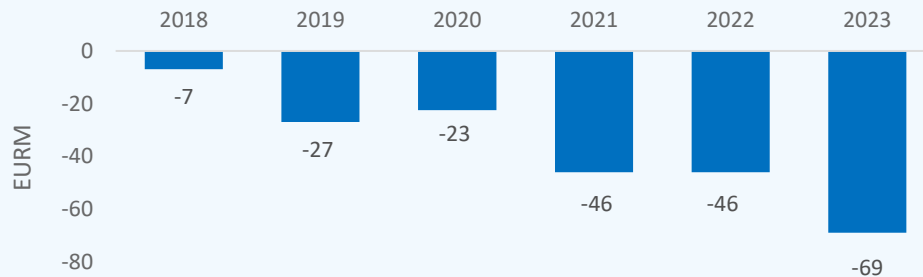
- Target to develop 400 MW of new renewable capacity (reaching >500MW of total capacity)
- Period 2018-20 focus on brownfield: expansion of Ulassai enlargement and reblading
- From 2020 focus mainly on greenfield: development of a pipeline of new projects (Sardinia & Italy)

## EBITDA (EURM)



- As a result of the growing installed capacity the EBITDA is expected to grow to approx. EUR 40M in 2023

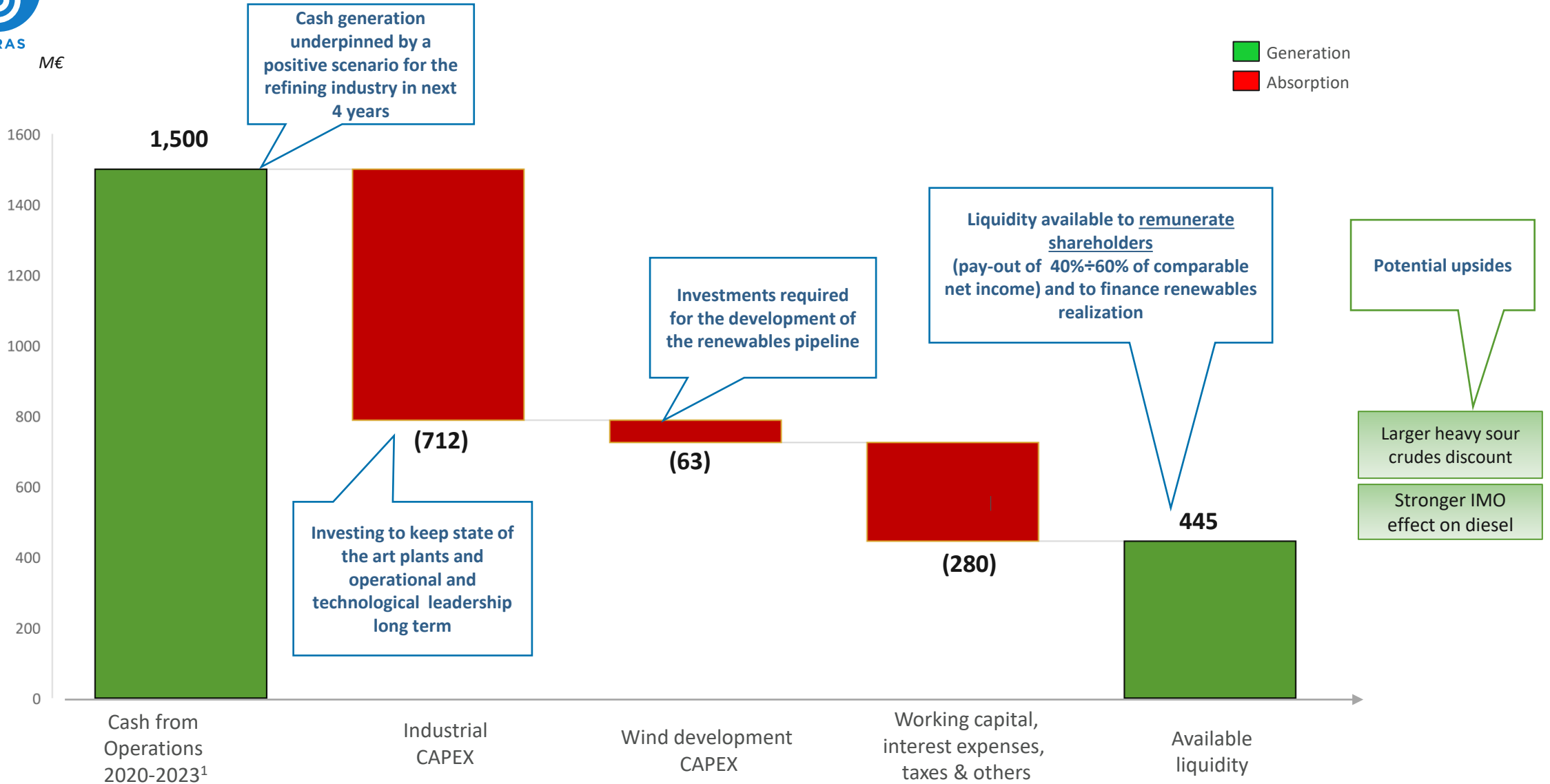
## Equity required for development and realization of new capacity



- Limited capital requirements for the development of the pipeline, until the permits are obtained (self-financed)
- Assuming a financial structure 50% equity / 50% debt structure for the realisation phase the required equity will be approx. EUR184M with cash out mainly after 2021



# Sources and uses of cash (Cumulated 2020-2023)





# Additional information: Outlook for 2020

- **Refining:**

- Q1/20 penalized by warm weather, large VLSFO storage in Singapore and worries on oil demand driven by the effects of Coronavirus outbreak on Chinese and global economy. Moreover the HSFO carriage ban for shippers without scrubbers is effective from 1<sup>st</sup> March 2020.
- More positive scenario anticipated by market experts from Q2/20 with average margin ahead of previous year thanks to the effect of the IMO–Marpol VI regulation.
- Extraordinary maintenance cycle in 2020 concentrated in H1. 6Y FCC , Alky and Topping 1 turnaround to be carried out between Q1/20 and Q2/20  
Ordinary maintenance on: “ MHC2”, Visbreaking , “U400” and “U500”.
- EMC Benchmark estimated at 3.0 \$/bl
- **Saras expects to deliver an average premium above the Benchmark of 2.5 ÷ 3.0 \$/bl (net of maintenance)**
- **Power:** Standard maintenance activity planned in 2020. Power production expected ahead of 2019 level thanks to better operating performance. CIP 6 tariff affected by low gas prices.

		Q1/20E	Q2/20E	Q3/20E	Q4/20E	2020E
<b>REFINERY</b>						
<b>Crude runs</b>	<b>Tons (M) Barrels (M)</b>	<b>3.2 ÷ 3.4 23.0 ÷ 24.0</b>	<b>3.2 ÷ 3.4 23.0 ÷ 24.0</b>	<b>3.7 ÷ 3.9 27.0 ÷ 28.0</b>	<b>3.8 ÷ 3.9 27.0 ÷ 29.0</b>	<b>13.9 ÷ 14.6 100 ÷ 105</b>
<b>IGCC</b>						
<b>Power production</b>	<b>MWh (M)</b>	<b>1.10 ÷ 1.20</b>	<b>0.90 ÷ 1.00</b>	<b>1.00 ÷ 1.10</b>	<b>1.00 ÷ 1.10</b>	<b>4.00 ÷ 4.40</b>





# Refining

# Key financial performance of the Refining segment

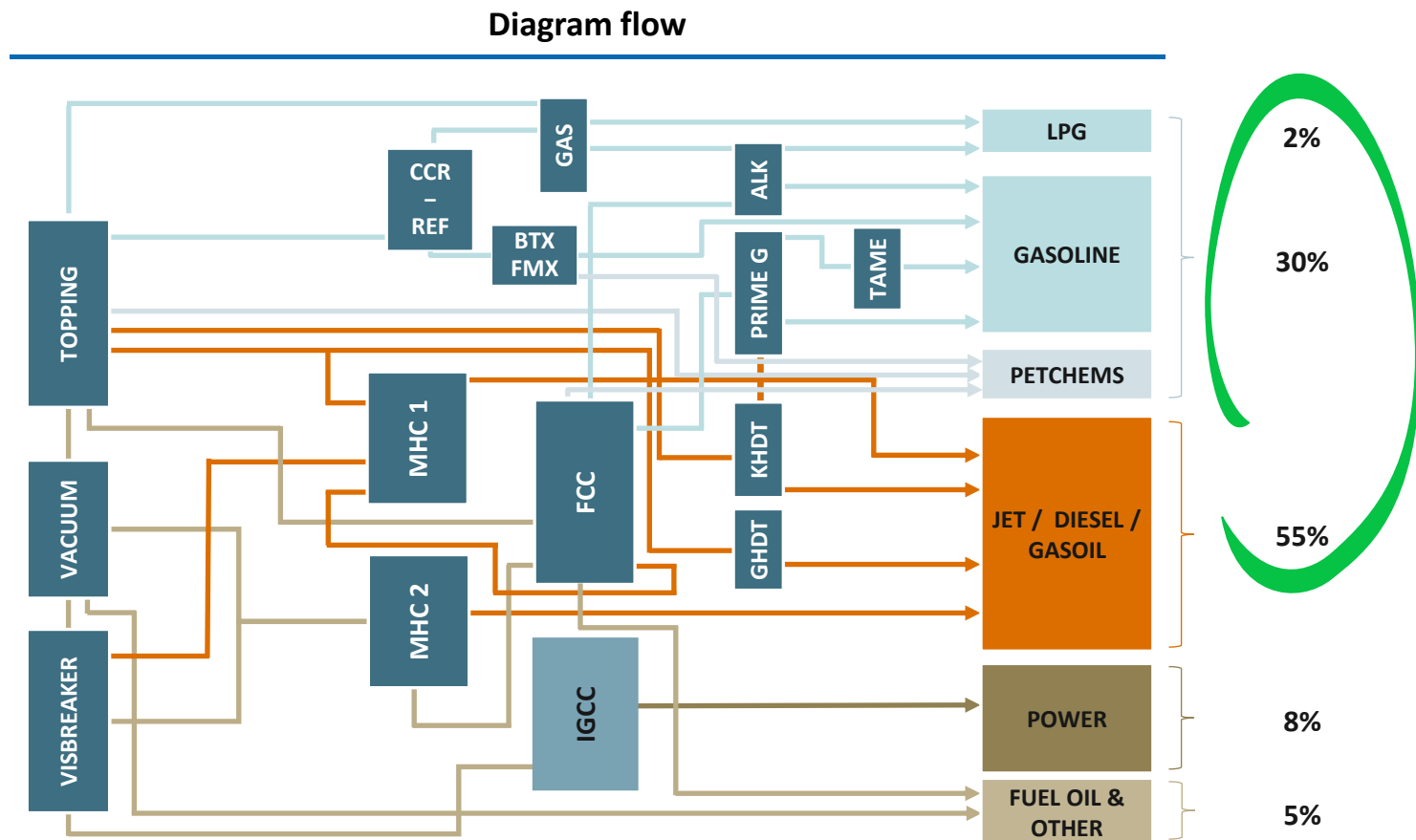
EUR million	2012	2013	2014	2015	2016	2017	2018	2019(*)
EBITDA	(91.2)	(153.6)	(496.3)	337.1	418.3	276.9	142.6	66.0
<b>Comparable EBITDA</b>	<b>(61.2)</b>	<b>(127.5)</b>	<b>(140.1)</b>	<b>510.5</b>	<b>279.1</b>	<b>282.2(*)</b>	<b>104.6</b>	<b>124.3</b>
EBIT	(197.0)	(261.0)	(640.7)	204.8	281.5	160.3	26.6	(68.5)
<b>Comparable EBIT</b>	<b>(167.0)</b>	<b>(234.9)</b>	<b>(261.8)</b>	<b>396.6</b>	<b>162.3</b>	<b>165.6(*)</b>	<b>(7.8)</b>	<b>(10.2)</b>
<b>CAPEX</b>	<b>97.0</b>	<b>87.1</b>	<b>124.9</b>	<b>75.0</b>	<b>133.6</b>	<b>186.1</b>	<b>213.4</b>	<b>291.9</b>
<b>REFINERY RUNS</b>								
Crude Oil (ktons)	13,309	12,980	12,430	14,550	12,962	14,060	13,512	<b>13,172</b>
Crude Oil (Mbl)	97.2	94.8	90.7	106.2	94.6	102.6	98.6	<b>96.2</b>
Crude Oil (kbl/d)	265	260	249	291	259	281	270	<b>263</b>
Complementary feedstock (ktons)	431	390	548	1,026	1,598	1,291	1,319	<b>1,278</b>
<b>EMC benchmark</b>	<b>0.9</b>	<b>(1.2)</b>	<b>(0.5)</b>	<b>4.0</b>	<b>2.9</b>	<b>3.5</b>	<b>2.0</b>	<b>1.1</b>
<b>Saras Refining Margin</b>	<b>2.1</b>	<b>1.6</b>	<b>1.2</b>	<b>8.0</b>	<b>6.6</b>	<b>6.0</b>	<b>4.3</b>	<b>4.5</b>

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.





Key units	# units	
TOPPING	3	300
VACUUM	2	105
VISBREAKER	1	41
FCC Fluid Catalytic Crack.	1	90
MHC Mild Hydrocraker	2	120
CCR & REFORMER	2	50
Power Gen (IGCC)	3	20



**High conversion to high-value products:**  
Petrochemicals, Gasoline, Diesel and Power

1. Calculated using calendar days
2. Yields are calculated net of "C&L" – values refer to FY 2018



# ~ 4M cm of tank farm capacity and 13 berths

## Tank Farm

	#	k cm	K bl
Crude	13	1,290	8,127
Gasoline	60	1,000	6,300
Kerosene	11	114	718
Gasoil	35	694	4,372
Fuel Oil & feedstock	33	885	5,575
LPGs	47	72	454
Total	199	4,055	25,546

Opportunity of expansion in the storage capacity (gasoil/crude)

## Marine Terminal

	#	Dwt	m Draft
Deep sea berths for VLCC	2	up to 300,000	20.7
Deep sea berths for VLCC	9	up to 65,000	12
	1	up to 40,000	9.5
	1	up to 6,000	7
	13		

Flexibility for simultaneous loadings of multiple products



# Power Generation

# Key financial performance of the Power Generation segment

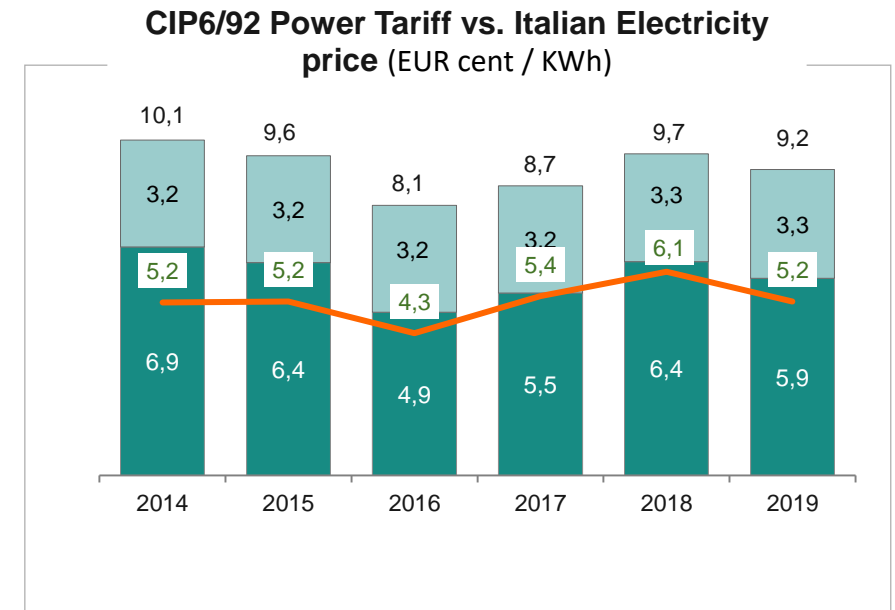
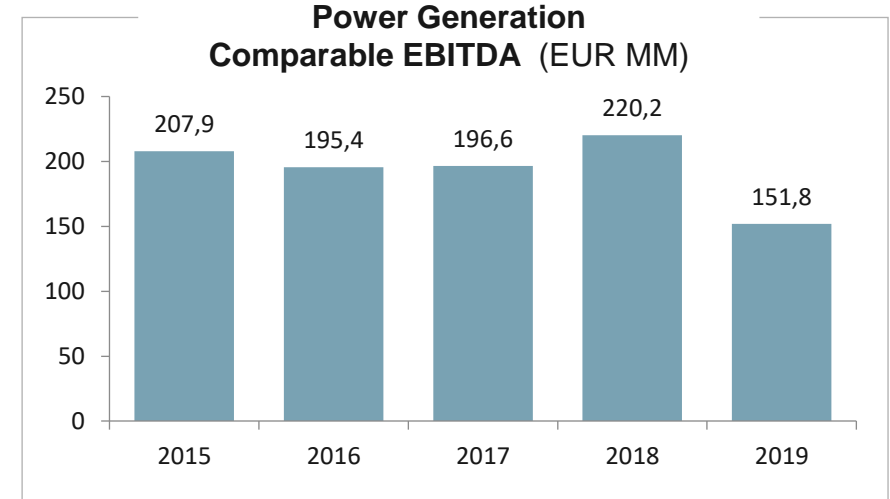
EUR million	2012	2013	2014	2015	2016	2017	2018	2019 (*)
<b>Comparable EBITDA</b>	<b>226.8</b>	<b>182.4</b>	<b>240.4</b>	<b>207.9</b>	<b>195.4</b>	<b>196.6</b>	<b>220.2</b>	<b>151.8</b>
<b>Comparable EBIT</b>	<b>147.0</b>	<b>109.5</b>	<b>174.7</b>	<b>111.1</b>	<b>96.3</b>	<b>145.5</b>	<b>167.9</b>	<b>96.9</b>
EBITDA IT GAAP	178.3	184.8	147.9	168.2	133.9	97.7	67.7	98.3
EBIT IT GAAP	133.2	131.2	85.9	105.0	68.6	80.4	49.1	77.3
<b>CAPEX</b>	<b>8.7</b>	<b>16.9</b>	<b>6.8</b>	<b>9.1</b>	<b>9.6</b>	<b>16.6</b>	<b>20.7</b>	<b>24.8</b>
<b>ELECTRICITY PRODUCTION</b> <small>MWh/1000</small>	<b>4,194</b>	<b>4,217</b>	<b>4,353</b>	<b>4,450</b>	<b>4,588</b>	<b>4,085</b>	<b>4,363</b>	<b>4,075</b>
<b>POWER TARIFF</b> <small>€cent/kWh</small>	<b>12.2</b>	<b>11.9</b>	<b>10.1</b>	<b>9.6</b>	<b>8.1</b>	<b>8.7</b>	<b>9.7</b>	<b>9.2</b>
<b>POWER IGCC MARGIN</b> <small>\$/bl</small>	<b>4.2</b>	<b>3.8</b>	<b>4.8</b>	<b>3.1</b>	<b>3.3</b>	<b>3.3</b>	<b>3.8</b>	<b>3.0</b>

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.

# Power Generation: strong and stable contribution to Group EBITDA

- IGCC economics are stable and based on attractive regulated contract (CIP6/92)
- The CIP6/92 contract with National Grid operator (GSE) enjoys priority of dispatching and full CO<sub>2</sub> cost reimbursement until April 2021
- From 2022 the IGCC will be exploited with an integrated perspective, dedicating ~1TWh to self-consumption and ~3.4 TWh to the market while continuing to provide hydrogen and steam necessary for refinery operation. This will allow to continue to economically process HS crudes with a low fuel oil yield fully exploiting IMO opportunities

1. The Italian average electricity price (PUN) can be found on the GME website: [www.mercatoelettrico.org](http://www.mercatoelettrico.org)





A photograph of a large, curved green wall with a yellow staircase. The staircase has a yellow handrail and green steps. The wall is made of vertical panels. The sky is blue and clear.

# Marketing



# Key financial performance of the Marketing segment

EUR million	2012	2013	2014	2015	2016	2017	2018	2019
EBITDA	18.0	16.0	(4.9)	(5.1)	9.9	13.9	24.3	20.3
<b>Comparable EBITDA</b>	<b>31.7</b>	<b>33.7</b>	<b>14.9</b>	<b>1.6</b>	<b>3.6</b>	<b>15.2</b>	<b>24.1</b>	<b>22.1</b>
EBIT	(29.8)	7.6	(14.7)	(16.3)	4.2	8.4	19.0	17.3
<b>Comparable EBIT</b>	<b>19.8</b>	<b>25.3</b>	<b>6.4</b>	<b>(4.7)</b>	<b>(2.1)</b>	<b>9.7</b>	<b>18.8</b>	<b>19.1</b>
<b>CAPEX</b>	<b>8.2</b>	<b>3.7</b>	<b>3.0</b>	<b>1.2</b>	<b>1.4</b>	<b>0.9</b>	<b>1.3</b>	<b>0.6</b>
<b>SALES</b> (THOUSAND TONS)								
ITALY	2,210	2,342	2,449	2,573	2,298	2,169	2,119	2,155
SPAIN	1,584	1,310	1,234	1,388	1,787	1,484	1,564	1,418
<b>TOTAL</b>	<b>3,794</b>	<b>3,652</b>	<b>3,683</b>	<b>3,961</b>	<b>4,084</b>	<b>3,653</b>	<b>3,682</b>	<b>3,574</b>



# Overview of the Italian and Spanish Marketing businesses



Spain:  
Saras Energia

## Main logistics flows

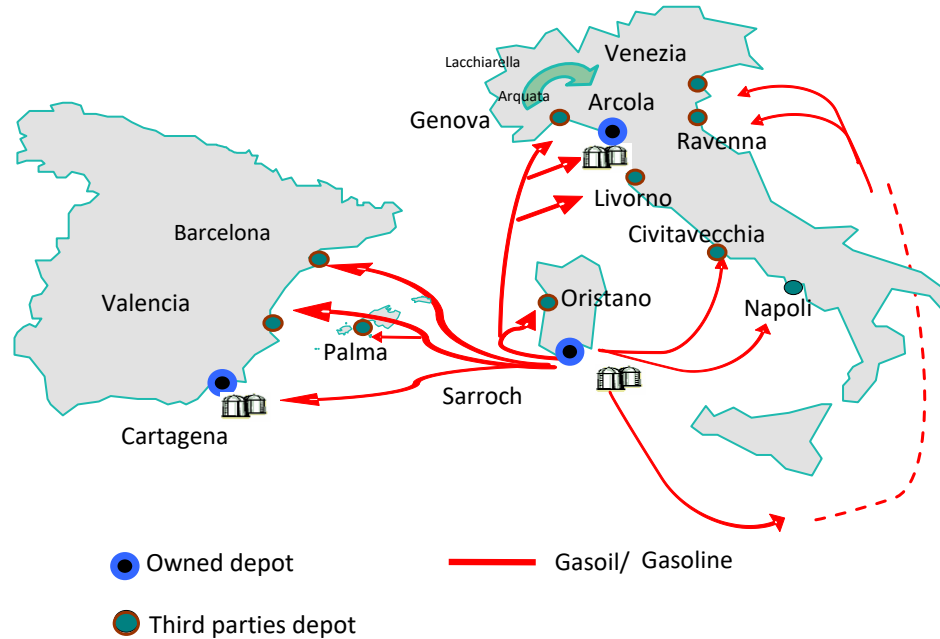


Italy:  
Saras SpA



### Spain wholesale

- 114kmc distillates storage in Cartagena
- Mainly located in the Med tributary, with Decal and CLH Depots regional support
- Spain retail stations sold in July 2019



### Arcola La Spezia (owned)

- 200kmc storage for diesel and gasoline
- Sea Terminal for up to 50kt DWT
- Logistics available for bunkering



### Transfer depots network (3<sup>rd</sup> party)

- Logistics efficiently covers all richest northern and central regions (Genova, Lacchiarella, Livorno, Civitavecchia, Venezia, Napoli, Ravenna, Marghera, Civitavecchia etc)

### Reaching further downstream

- i.e. resellers, unbranded service stations, supermarket chains, etc...

Sales (ktons)	2013	2014	2015	2016	2017	2018	2019
SPAIN	1,310	1,234	1,388	1,787	1,484	1,564	1,418

Sales (ktons)	2013	2014	2015	2016	2017	2018	2019
ITALY	2,342	2,449	2,573	2,298	2,169	2,119	2,155

An Integrated MED Market Player Offering Integrated Services



# Wind Energy

# Key financial performance of the Wind segment

EUR million		2012	2013	2014	2015	2016	2017	2018	2019
<b>Comparable EBITDA</b>		<b>20.0</b>	<b>22.7</b>	<b>20.5</b>	<b>17.2</b>	<b>23.8</b>	<b>23.1</b>	<b>10.6</b>	<b>10.0</b>
<b>Comparable EBIT</b>		<b>9.7</b>	<b>18.3</b>	<b>15.9</b>	<b>12.7</b>	<b>19.2</b>	<b>18.5</b>	<b>6.0</b>	<b>4.6</b>
<b>ELECTRICITY PRODUCTION</b>									
	MWh	171,050	197,042	171,657	155,101	195,360	168,473	169,811	220,363
<b>POWER TARIFF</b>									
	€cent/kWh	7.1	5.7	4.8	4.8	4.0	5.0	5.7	4.7
<b>FEED-IN PREMIUM TARIFF<sup>1</sup></b>									
	€cent/kWh	8.0	8.9	9.7	10.0	10.0	10.7	9.9	9.2

# Wind segment

## ULASSAI WIND FARM



Sardeolica



- 126 MW (57 Vestas aero-generators), with production of about 250 GWh per year
- Operations started at the end of 2005
- Green Certificates granted until 31<sup>st</sup> Dec 2015, and later feed-in premium tariff until 2018 (incentives expired on approx 80% of the installed capacity)
- Enlargement of the Ulassai wind farm (additional 30 MW) entered in operation in Q4/19. Total production expected to reach 250 GWh at full regime
- Reblading of existing farms underway







# Appendix





# Financials: Methodology note on Reported & Comparable results

Saras Group continue to improve the methods used to measure its operating performance and economic results, reflected in both GAAP and non-GAAP indicators. The entry into force, from January 2018, of the accounting standard IFRS 9 has introduced new rules for the classification of financial instruments making the adoption of hedge accounting models more flexible compared to IAS 39. At the conclusion of an analysis carried out with the collaboration of the auditors, Saras Group deemed it necessary and appropriate to make some fine tuning to reported and comparable results determination methodologies.

## Reported results

- Realized and unrealized hedging derivative on commodities and CO2 quotas (previously classified as financial income/expenses) are now included in the Reported EBITDA
- No impact on the company's Reported net profit.

## Comparable results

- The above described change brings reported and comparable EBITDA closer reducing the number of reclassifications.
- The main adjustment between the two is the calculation of gain and losses on inventories which aims to sterilize the scenario effect on inventories.
- Having reclassified the aforementioned hedging derivatives (including those to hedge inventories) within the reported EBITDA it has been reviewed the mechanisms for calculating the price effect on physical inventories and it has been integrated it with a similar method on the related hedging derivatives.
- It has been reviewed the formula calculate the price effect by applying the final unit value to the initial quantities (with rising quantities) and initial unit values to final quantities (with decreasing quantities). [previous method used the final unit value applied to initial quantities in any case]

## Reconciliation of Reported and comparable EBITDA and Net Profit FY/18 and Q4/18

EUR Million	FY 2018	Q4/18
<b>EBITDA reported previously published</b>	<b>323.7</b>	<b>(124.3)</b>
Oil hedging derivatives	43.5	141.0
CO <sub>2</sub> derivatives	53.6	17.5
<b>EBITDA reported restated</b>	<b>420.8</b>	<b>34.2</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives	(77.7)	(23.4)
Derivatives FOREX	(17.7)	0.6
Non-recurring items	60.5	42.1
<b>Comparable EBITDA restated</b>	<b>385.9</b>	<b>53.4</b>
<b>Comparable EBITDA previously published</b>	<b>364.8</b>	<b>92.1</b>

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



SARAS

# FY/19 and Q4/19 highlights

Starting from Q4/19, with the aim to continue improving the methods used to measure operating performance and economic results, the methods for determining the "reported" and "comparable" results were updated. In order to ensure comparability, the results of the Q4/18 and FY/18 have been reclassified and compared with those previously determined (details at slide 26).

EUR million	FY 2019	FY 2018	Change %	Q4/19	Q4/18	Change %
Reported EBITDA	252.8	420.8	-40%	-5.4	34.2	-116%
Reported Net Result	26.2	140.4	-81%	-40.6	-13.7	-196%
Comparable <sup>1</sup> EBITDA	313.8	385.9	-19%	79.3	53.4	49%
Comparable <sup>1</sup> Net Result	67.3	132.7	-49%	13.5	-1.4	1064%
EUR million						
Net Financial Position ante IFRS 16	79.0	46.0		79.0	46.0	
Net Financial Position post IFRS 16	30.3			30.3		

FY/19 results affected by heavy maintenance (Q1) and volatile oil scenario driven by geopolitical and macro concerns (trade disputes, OPEC + cuts, low heavy-sour crudes availability and discounts, speculation ahead of IMO entry into force)

Q4/19 refining: weak macro environment and EMC benchmark equal to zero, but strong premium (+4.9 \$/bl) also thanks to high conversion configuration (production of VLSFO and no HSFO) and supply chain optimization

Net Financial Position (ante IFRS 16) at +EUR 79 M (+EUR46M at FY/18). EUR 345 M of investments in the business to keep state-of-the-art plants and increase our wind capacity by 30%. Proposal of a dividend of 0.04 per share (56% of comparable Net Profit)

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

# Group Financials – Income Statements 2018 – 2019

KEY INCOME STATEMENT (EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19 (*)	Q2/19 (*)	Q3/19(*)	Q4/19 (*)	2019(*)
EBITDA	72.2	199.2	176.6	(124.3)	323.7	48.9	89.2	120.2	(5.4)	252.8
<i>Comparable EBITDA</i>	71.6	78.8	122.4	92.0	364.8	53.7	55.1	125.7	79.3	313.8
D&A	(41.8)	(43.1)	(44.3)	(49.7)	(178.7)	(46.2)	(47.8)	(49.6)	(55.2)	(198.5)
EBIT	30.4	156.1	132.3	(174.0)	144.8	2.7	41.5	70.6	(60.6)	54.1
<i>Comparable EBIT</i>	29.8	35.7	78.1	46.0	189.6	7.5	7.4	76.1	24.1	115.1
Interest expense	(3.5)	(3.2)	(5.5)	(4.4)	(16.5)	(5.6)	(3.2)	(5.2)	(4.2)	(18.2)
Other	3.4	(69.0)	(24.5)	147.3	57.2	(4.0)	8.0	(10.8)	6.6	(0.5)
Financial Income/Expense	(0.1)	(72.2)	(30.0)	142.9	40.7	(9.6)	4.8	(16.1)	2.3	(18.8)
Profit before taxes	30.3	83.9	102.3	(31.0)	185.5	(6.9)	46.2	54.5	(58.3)	35.3
Taxes	(7.8)	(25.0)	(29.6)	17.4	(45.1)	2.8	(18.0)	(11.7)	17.8	(9.2)
Net Result	22.5	58.9	72.7	(13.7)	140.4	(4.1)	28.2	42.7	(40.6)	26.2
Adjustments	(14.0)	(52.6)	(28.5)	87.3	(7.8)	2.1	(23.7)	8.6	54.1	41.1
<i>Comparable Net Result</i>	8.5	6.3	44.1	73.6	132.6	(2.0)	4.5	51.3	13.5	67.3

(\*) Starting from Q4/19, oil hedging derivatives and those on CO2 quotas have been reclassified within the reported EBITDA to better represent the Group's operating performance, consistently with what has already been done in the past with reference to the alternative performance (Non-GAAP measure). Moreover the criteria to determine comparable results have been fine tuned. To provide a better picture all 2019 quarterly figures have been reclassified according to the new methodology.

# Group Financials – Comparable Results Adjustments 2019

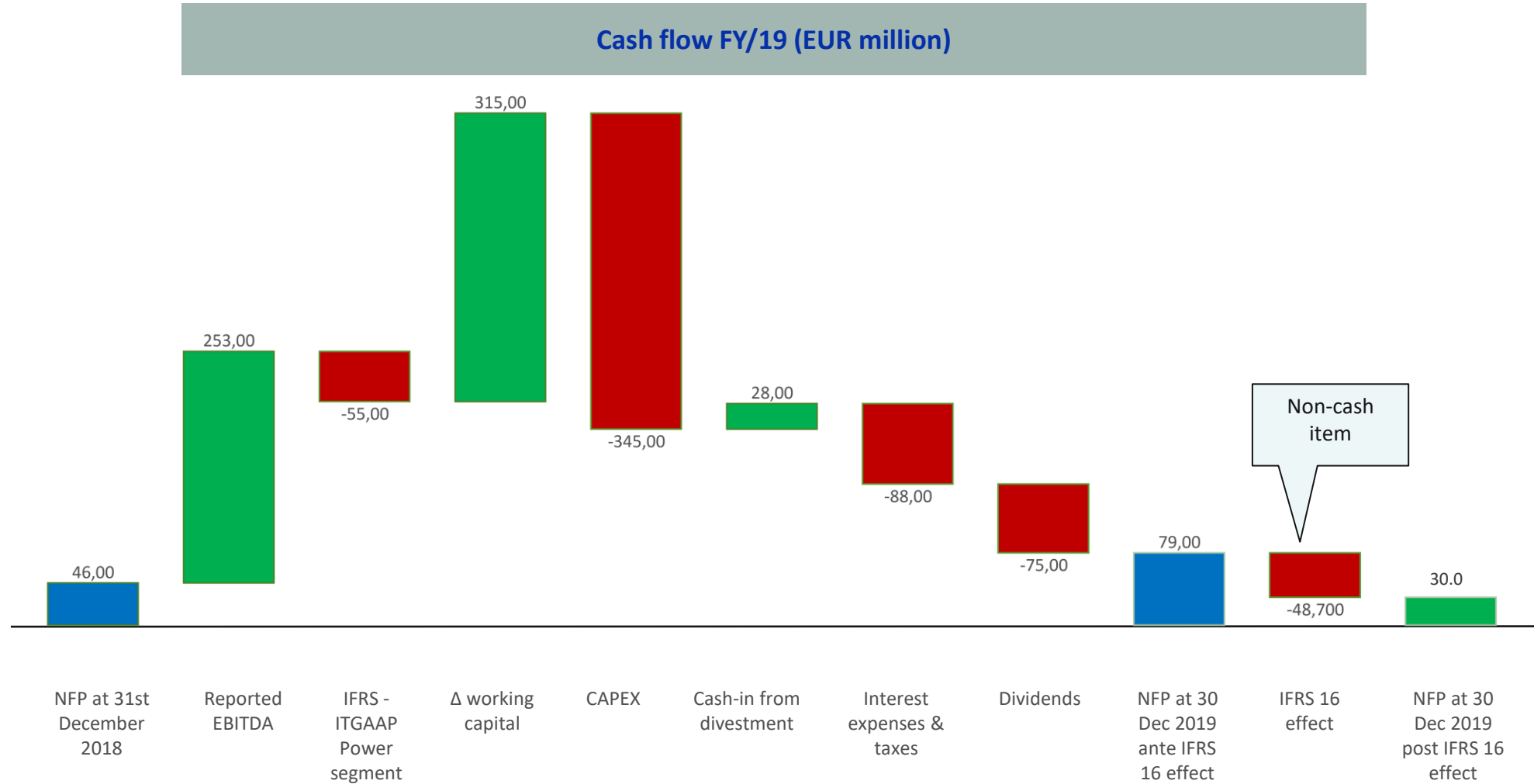
EBITDA Adjustment	(EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019
<b>Reported EBITDA</b>		<b>48.9</b>	<b>89.2</b>	<b>120.2</b>	<b>(5.4)</b>	<b>252.8</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives		2.9	(32.4)	11.8	71.7	53.9
Forex derivatives		1.9	(1.6)	(6.2)	4.1	(1.9)
Non-recurring items		0.0	0.0	0.0	8.9	8.9
<b>Comparable EBITDA</b>		<b>53.7</b>	<b>55.1</b>	<b>125.7</b>	<b>79.3</b>	<b>313.8</b>

Net Result Adjustment	(EUR million)	Q1/19	Q2/19	Q3/19	Q4/19	2019
<b>Reported Net Result</b>		<b>(4.1)</b>	<b>28.2</b>	<b>42.7</b>	<b>(40.6)</b>	<b>26.2</b>
Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes		2.1	(23.7)	8.6	51.8	38.9
Non-recurring items net of taxes		0.0	0.0	0.0	2.3	2.3
<b>Comparable Net Result</b>		<b>(2.0)</b>	<b>4.5</b>	<b>51.3</b>	<b>13.5</b>	<b>67.3</b>

# Group Financials – Balance Sheet

EUR million	31/03/2018	30/06/2018	30/09/2018	31/12/2018	31/03/2019	30/06/2019	30/09/2019	31/12/2019
Trade receivables	339	414	462	290	252	264	347	352
Inventories	1,129	970	1,132	862	1,019	1,063	1,206	1,041
Trade and other payables	(1,192)	(1,179)	(1,380)	(1,043)	(1,217)	(1,414)	(1,540)	(1,649)
<b>Working Capital</b>	<b>277</b>	<b>205</b>	<b>214</b>	<b>109</b>	<b>54</b>	<b>(87)</b>	<b>12</b>	<b>(256)</b>
Property, plants and equipment	1,036	1,036	1,046	1,087	1,166	1,212	1,227	1,273
Intangible assets	144	136	128	112	101	94	86	78
Right of use (IFRS 16)	0	0	0	0	51	50	44	50
Other investments	1	1	1	1	1	1	1	1
Other assets/liabilities	(49)	(31)	2	(49)	(4)	13	12	46
Tax assets / liabilities	(192)	(217)	(171)	(23)	(86)	(132)	(96)	35
Other Funds	(118)	(128)	(176)	(214)	(214)	(163)	(181)	(204)
Assets held for sale	0	0	0	35	35	39	7	7
<b>Total Net Capital Invested</b>	<b>1,098</b>	<b>1,002</b>	<b>1,043</b>	<b>1,058</b>	<b>1,104</b>	<b>1,026</b>	<b>1,112</b>	<b>1,029</b>
<b>Total equity</b>	<b>1,096</b>	<b>1,044</b>	<b>1,117</b>	<b>1,104</b>	<b>1,100</b>	<b>1,054</b>	<b>1,097</b>	<b>1,059</b>
<b>Net Financial Position pre IFRS 16</b>	<b>(1)</b>	<b>42</b>	<b>74</b>	<b>46</b>	<b>48</b>	<b>77</b>	<b>29</b>	<b>79</b>
<b>IFRS 16 effect</b>					<b>(52)</b>	<b>(49)</b>	<b>(44)</b>	<b>(49)</b>
<b>Net Financial Position post IFRS 16</b>					<b>(4)</b>	<b>28</b>	<b>(15)</b>	<b>30</b>

# Financials: Net Financial Position evolution





# Group Financials – CAP EX

CAPEX BY SEGMENT (EUR million)	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
REFINING	41.5	33.8	40.6	97.5	213.4	102.7	67.2	36.8	85.3	291.9
POWER GENERATION	7.2	1.8	3.8	7.9	20.7	10.8	2.8	6.8	4.4	24.8
MARKETING	0.2	0.1	1.2	(0.2)	1.3	0.4	0.2	0.0	0.0	0.6
WIND	0.1	0.0	0.1	6.7	6.9	0.9	18.9	2.4	4.1	26.4
OTHER ACTIVITIES	0.2	0.1	0.2	0.2	0.6	0.2	0.1	0.1	0.4	0.8
<b>TOTAL CAPEX</b>	<b>49.1</b>	<b>35.9</b>	<b>45.9</b>	<b>112.1</b>	<b>243.0</b>	<b>115.0</b>	<b>89.2</b>	<b>46.1</b>	<b>94.3</b>	<b>344.6</b>

# Sustainability: Health and safety

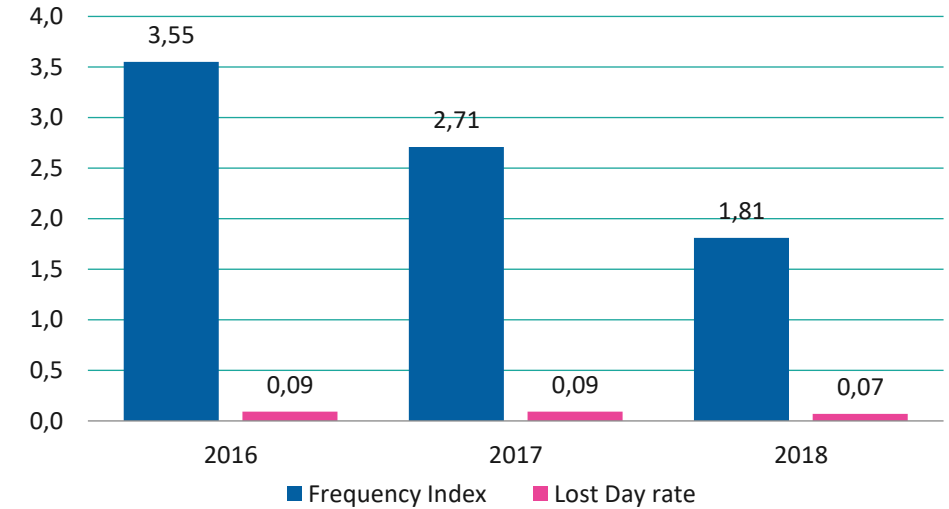
Saras has always been deeply committed to promoting a culture of safety within the company as well as with its contractors and suppliers, through many initiatives, investments and ongoing training. Controls are in place to ensure safe operations and compliance with the highest national and international HSE standards.

In 2018, in a context of continuous improvement, the application of the Behavior Based Safety (BBS) protocol was consolidated across all operational functions and areas at the Sarroch site. This protocol has become the main management and monitoring tool used to achieve Sarlux objective of “zero accidental events”

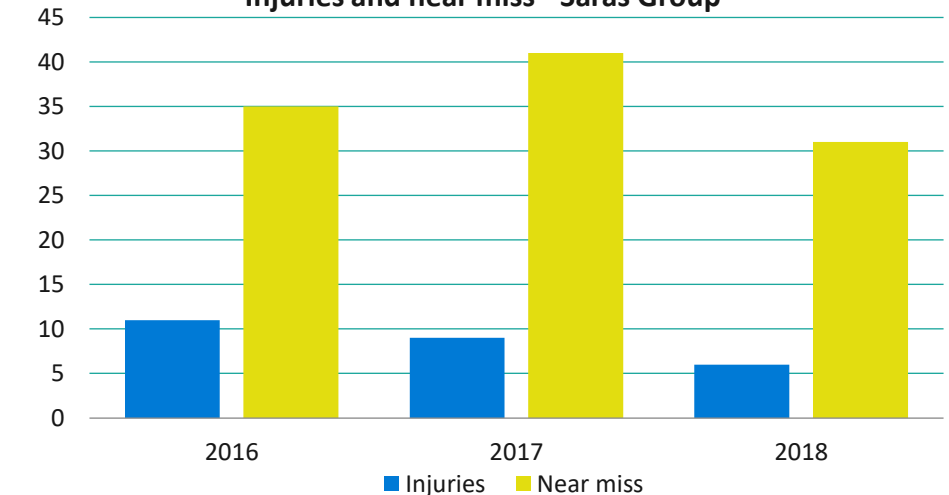
As a result of the above activities and efforts, in 2018 Saras Group achieved the best performance ever in terms of the Injury Frequency Index (IF), achieving a total value of 1.81 (against 2.71 in 2017), together with a decrease in the injury Lost Day Rate (indicating the severity of the injury), which stood at 0.07 (against 0.09 in 2017)

BEHAVIOUR BASED SAFETY				
Parameter	2015	2016	2017	2018
Observations carried out [No.]	2,320	6,230	16,940	21,925
Safe behaviour [%]	97%	98%	98%	98%
Plant areas involved	Pilot: Energy, Utilities, Movement, Asset Mgmt (Observation of contractors)	Addition of refinery and northern sites	Entire industrial site - all operating functions	Entire industrial site - all operating functions

Injury Rates - Saras Group



Injuries and near miss - Saras Group

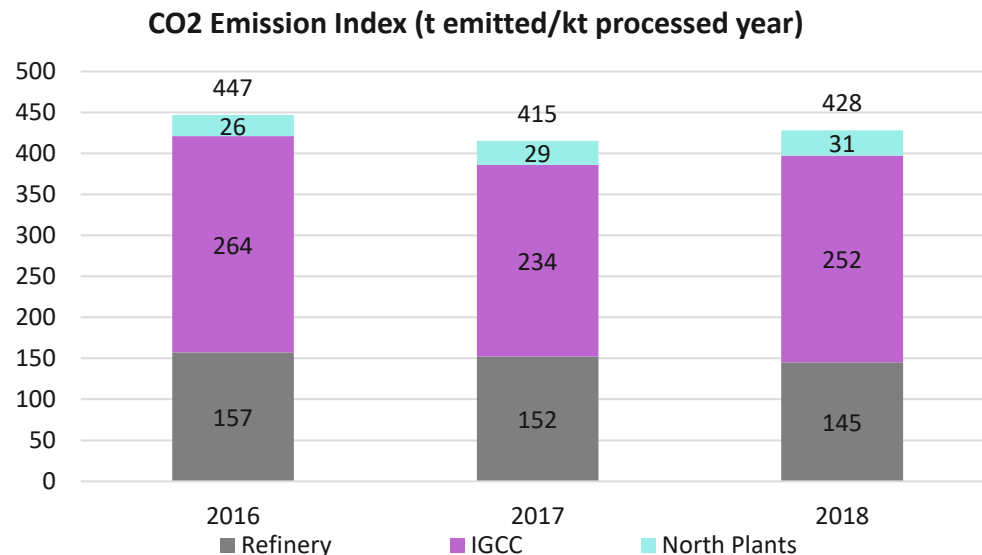


# Sustainability: Air and greenhouse gas emissions

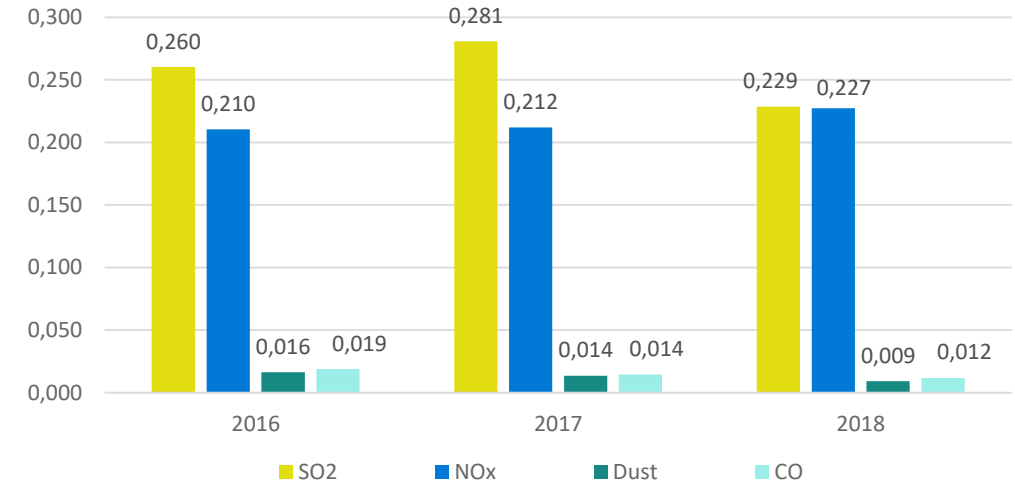
**Emission indexes for Sarlux are always significantly lower than the limits imposed by Environmental Regulations**

The use of low sulphur fuels, the adoption of efficient burners, and specific treatments aimed at improving combustion and reducing particulate are among the initiatives taken by Sarlux to reduce its air pollutant emissions

Moreover, Sarlux made numerous investments (including electrification of major machinery) and other initiatives to increase energy efficiency, all aimed at reducing CO<sub>2</sub> emissions



**Pollutants Emission Indexes [t emitted/kt processed]**



SO<sub>2</sub> emission index, always widely inside the regulatory limits, in 2017 was influenced by the HS crude slate processed

**123.408 tons of CO<sub>2</sub>**

Avoided thanks to energy efficiency initiatives implemented during 2016-18

# Sustainability: Waste and spills management

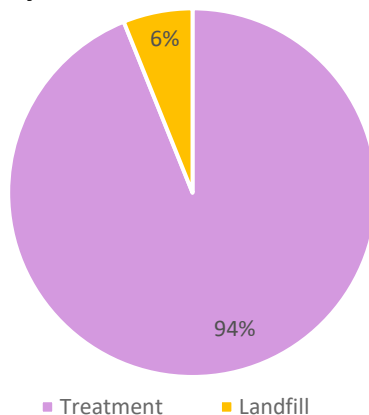
Saras Group is committed to protecting and respecting the environment; for this reason, it codified all aspects concerning waste & spills management within its ISO:14001 Environmental Management System and the EMAS scheme

More than 90% of the waste generated by Saras activities is sent for treatment and recovery, while only a small amount is sent to landfill.

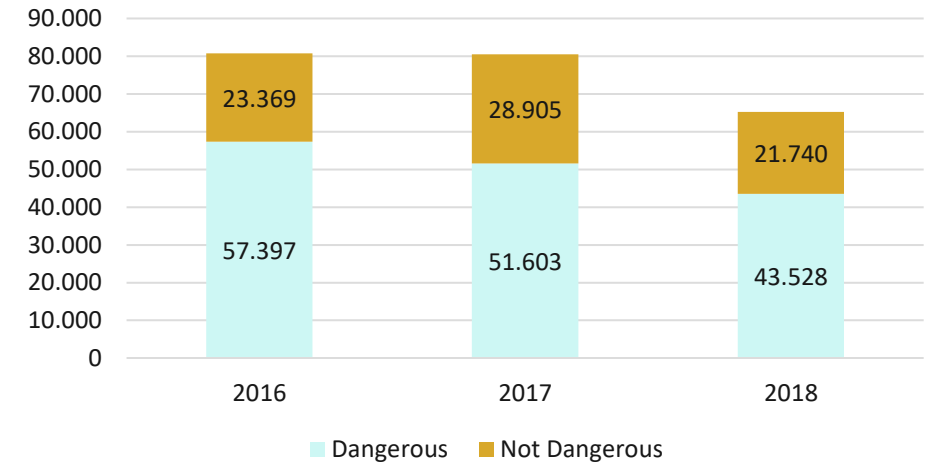
In 2018, there were no significant spills deriving from equipment failures, neither at sea nor on the ground. This came as a result of a constant commitment to ensure process reliability and asset integrity.

Moreover, the Group's procedures require that all the oil tankers incoming and outgoing from its refinery must be modern, efficient and they must have "double hull" fittings.

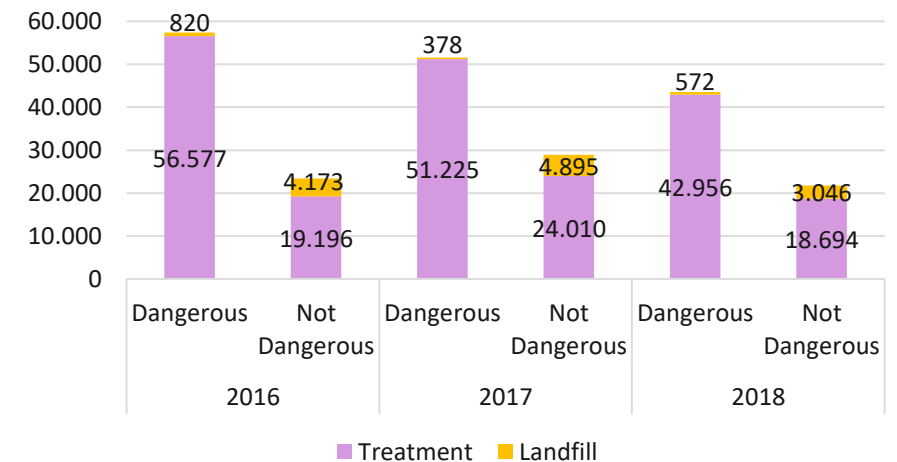
**Waste by destination 2016-2018**



**Waste (t/year)**



**Waste by destination (t/year)**



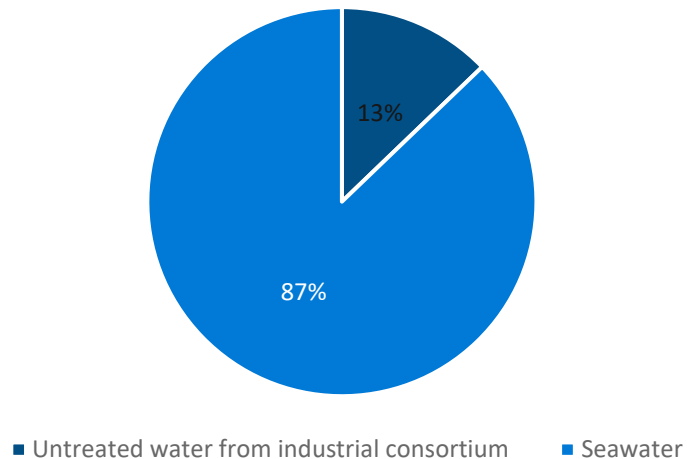
# Sustainability: Water management

Aware of the scarcity of water resources in the local area, the Saras Group has adopted policies at its Sarroch site designed to minimise the use of regional primary water sources:

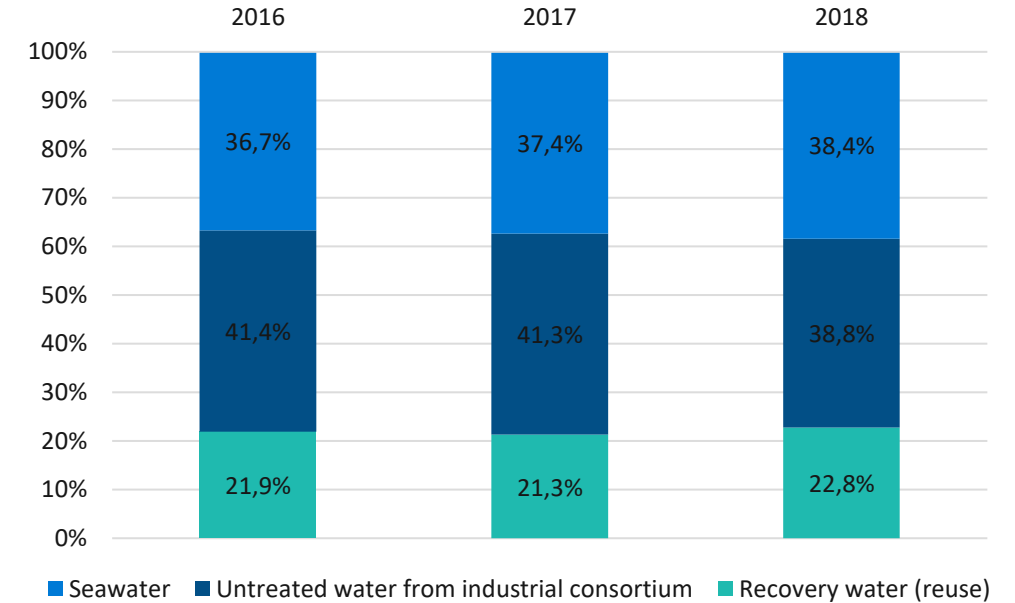
The water use of the industrial site is approx. 22Mm<sup>3</sup>/y, of which 23% is recovered internally (water reuse), 39% is untreated water from the industrial consortium, and the remaining 38% is seawater

The total water withdrawal of the industrial site is approx. 70M m<sup>3</sup>/y, of which only 13% is untreated water coming from the industrial consortium; the rest is seawater, which is withdrawn and later returned to the sea without meaningful changes in its chemical and physical characteristics

**Sarlux site: water withdrawal (2016-2018)**



**Sarlux site: Water use by source**



In recent years several investments were made to maximise internal water recovery and use of seawater, including the construction of large desalination plants



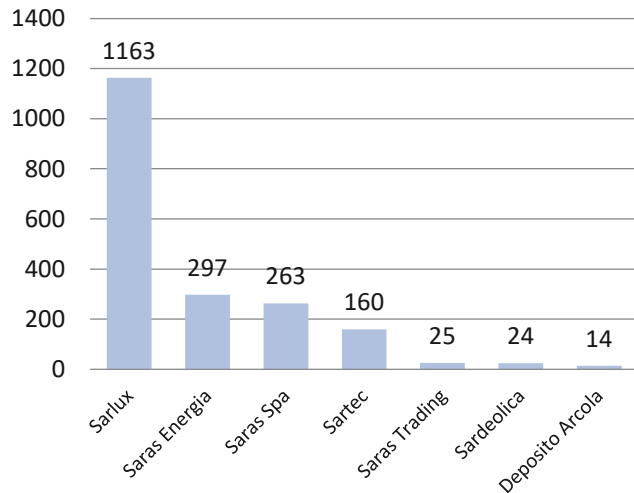
# Sustainability: Human resources management

Saras bases relations with its employees on integrity and mutual trust, commending the professionalism and merits, ensuring without any discrimination the possibility of professional growth and development, while respecting the principle of recognising contributions, through remuneration systems that are fair and suitable for the responsibilities assigned.

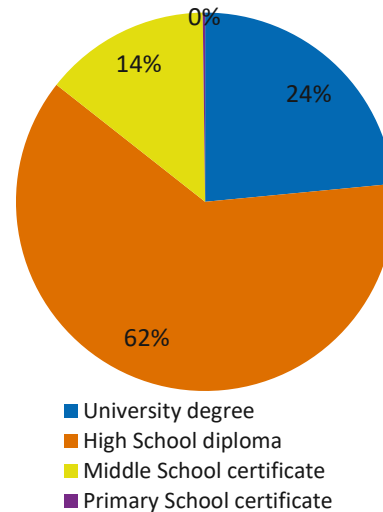
Saras promotes a work environment that fosters the sense of belonging to an organisation capable of increasing the value perceived by the local community.

The Group employees have a high level of education (24% University degree, 62% High School diploma), permanent employment contract (97%), and the female percentage (20%) is higher than industry average.

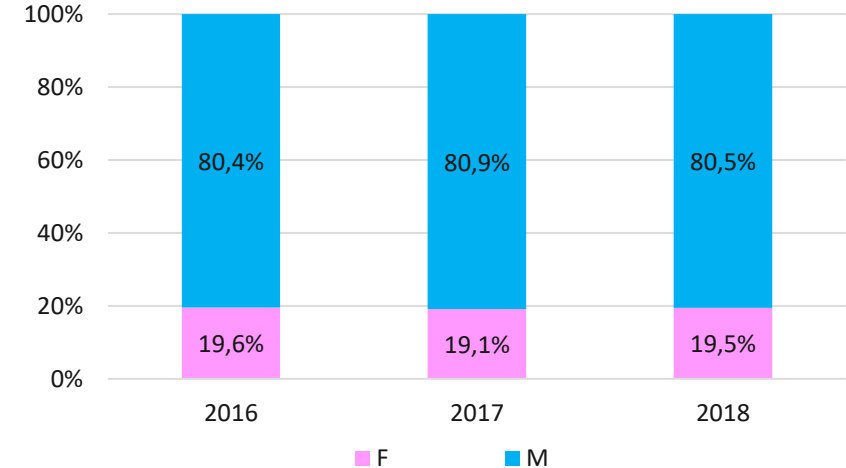
Employees by company (2018)



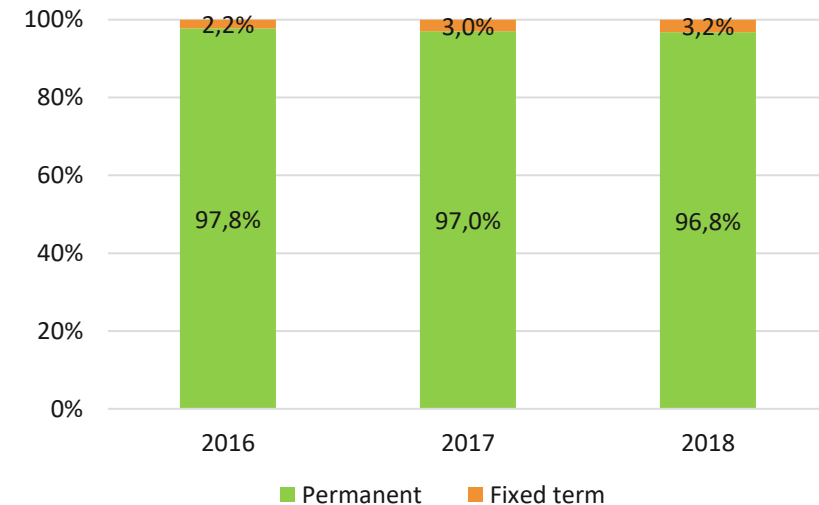
Employees by education



Employees by gender



Employees by type of contract







# Sustainability: Human resources management

Saras is a “glocal” company, which plays a significant role in the international oil markets and, at the same time, has great influence on the local community.

Indeed, since more than 50 years, Saras is engaged in numerous social initiatives and projects to support the local community, always paying great attention in particular to the needs of young people.

In 2018, a study was commissioned to The European House – Ambrosetti (TEH-A) with the aim of measuring the Saras Group’s local value creation across the various ways it interacts with the local area, looking beyond purely economic results.

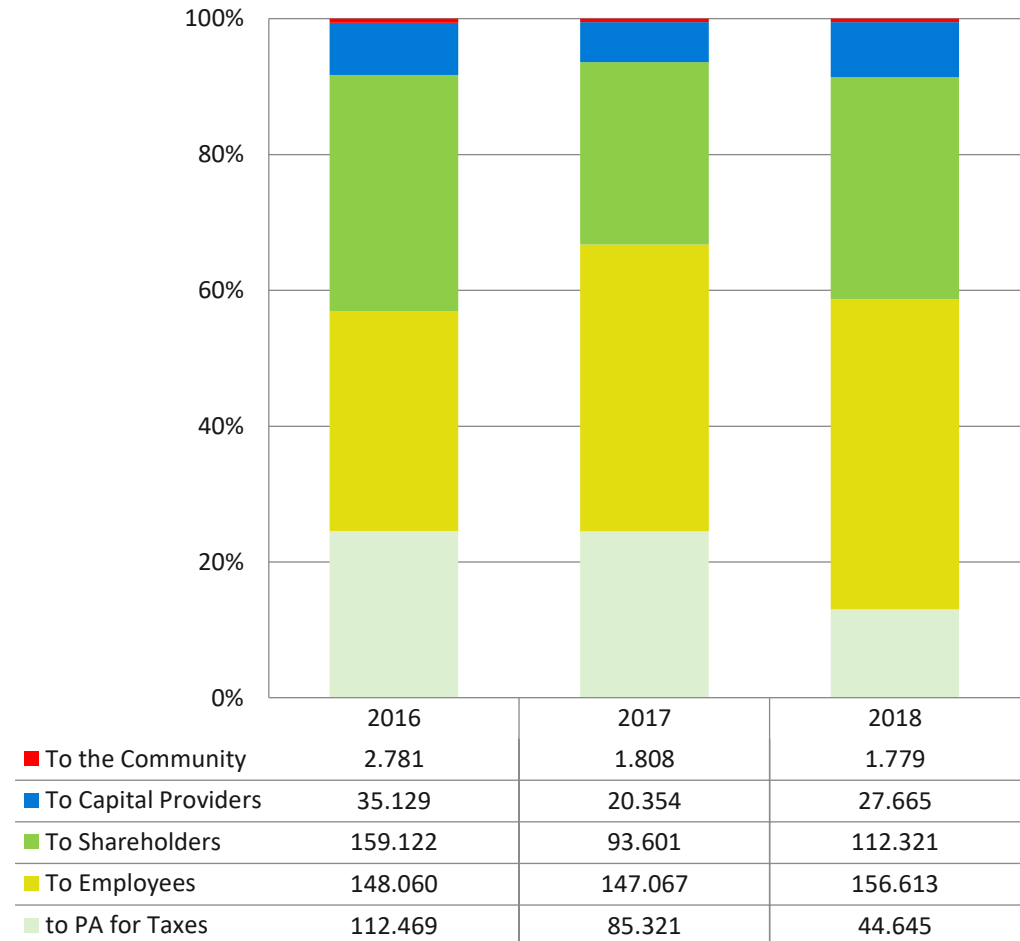
**~1.450 direct employees**

(equal to 75% of the total workforce) live and work in Sardinia

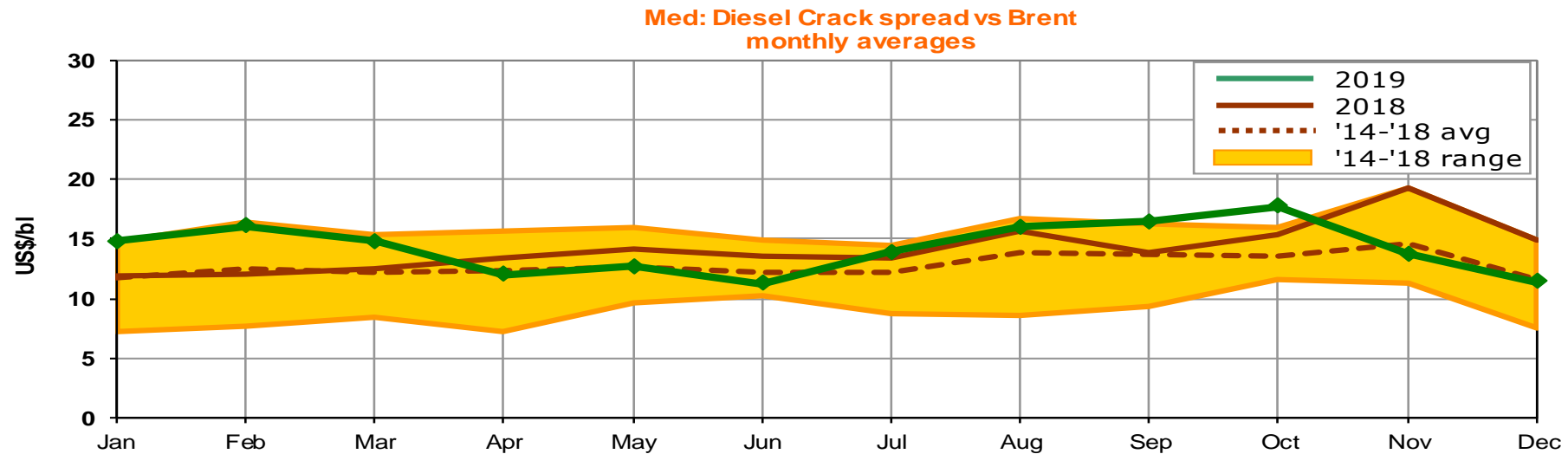
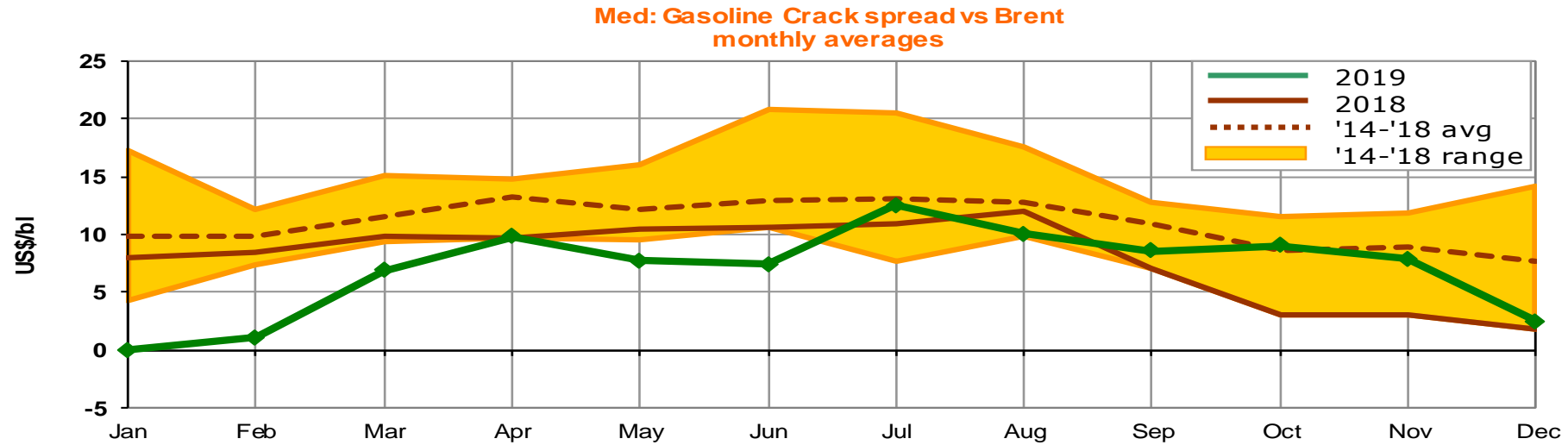
**Further ~3.200 payslips**

can be attributed to activities carried out in Sardinia by the Group

**Economic Value distributed**

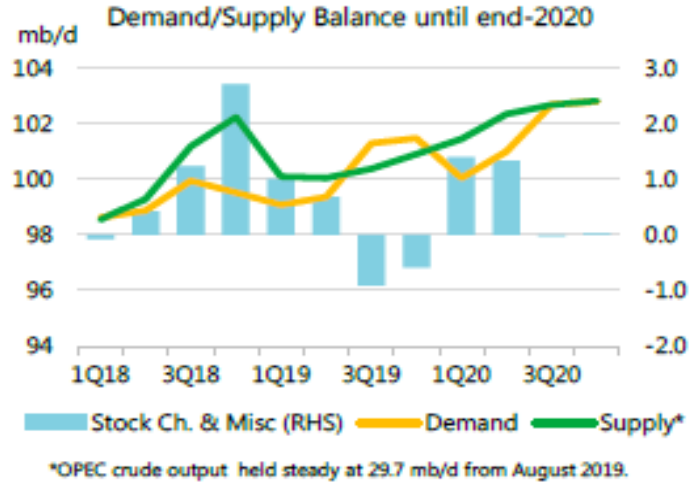


# Market data: Diesel and Gasoline Crack Spreads

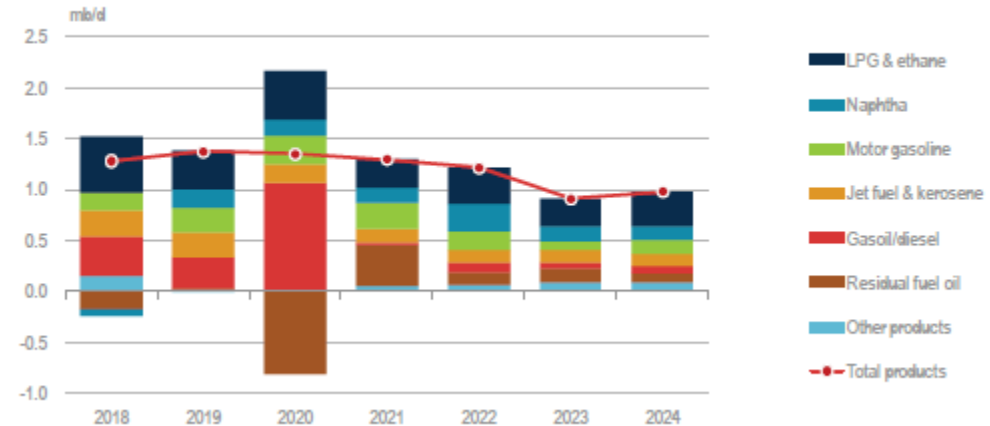


# Market data: Global oil demand continues to grow while supply is influenced by lower availability of heavy sour grades

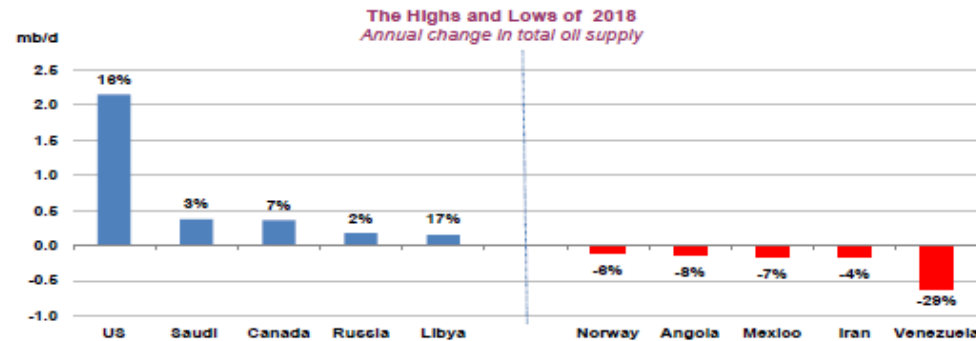
## Demand



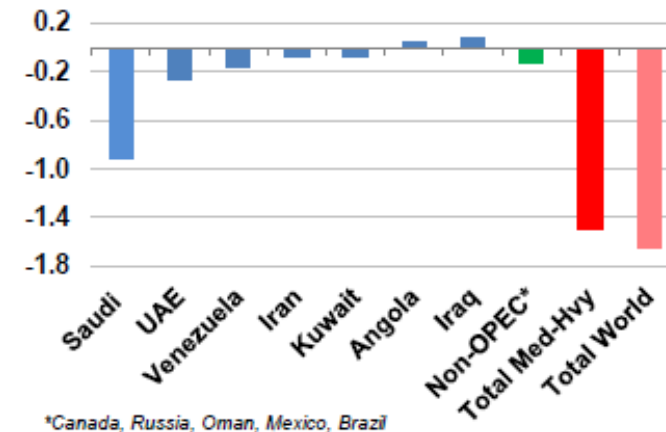
Global oil demand by product and fuel oil breakdown, y-o-y change



## Supply



mb/d **Med-Heavy Crude Drop (Feb vs Nov)**



# Market data: Robust diesel demand growth driven by freight transport

Gasoline and diesel demand 2017 ['000 b/d]								
	EU28	USA	Africa	Asia	Middle East	FSU and Eastern Europe	Americas excl. USA	World
<b>Gasoline Demand</b>	1,829	9,007	1,073	6,929	1,762	1,082	3,462	<b>25,145</b>
<b>Total Gasoil/Diesel Demand</b>	5,608	4,006	1,592	9,366	1,891	2,214	3,297	<b>27,973</b>
Total Transport Diesel Demand	5,608	4,006	1,592	9,366	1,891	2,214	3,297	<b>27,973</b>
Transport Diesel Demand (Passenger)	1,576	131	424	1,428	146	325	106	<b>4,136</b>
Transport Diesel Demand (Freight)	2,364	2,308	636	4,283	830	976	1,868	<b>13,264</b>
Other Gasoil Demand	1,667	1,567	532	3,656	915	913	1,322	<b>10,572</b>

Gasoline and diesel demand in 2025 ['000 b/d] - Base Case								
	EU28	USA	Africa	Asia	Middle East	FSU and Eastern Europe	Americas excl. USA	World
<b>Gasoline Demand</b>	1,724	8,294	1,339	8,573	2,100	1,089	3,754	<b>26,873</b>
<b>Total Gasoil/Diesel Demand</b>	5,093	4,016	1,925	10,357	1,975	2,367	3,569	<b>29,302</b>
Total Transport Diesel Demand	5,093	4,016	1,925	10,357	1,975	2,367	3,569	<b>29,302</b>
Transport Diesel Demand (Passenger)	1,253	137	556	1,711	177	373	122	<b>4,330</b>
Transport Diesel Demand (Freight)	2,439	2,449	834	5,134	1,003	1,120	2,171	<b>15,149</b>
Other Gasoil Demand	1,400	1,430	535	3,512	795	873	1,276	<b>9,823</b>

(1) Assuming EU diesel car sales' share decreasing from approx. 50% in 2016 to 13% in 2025

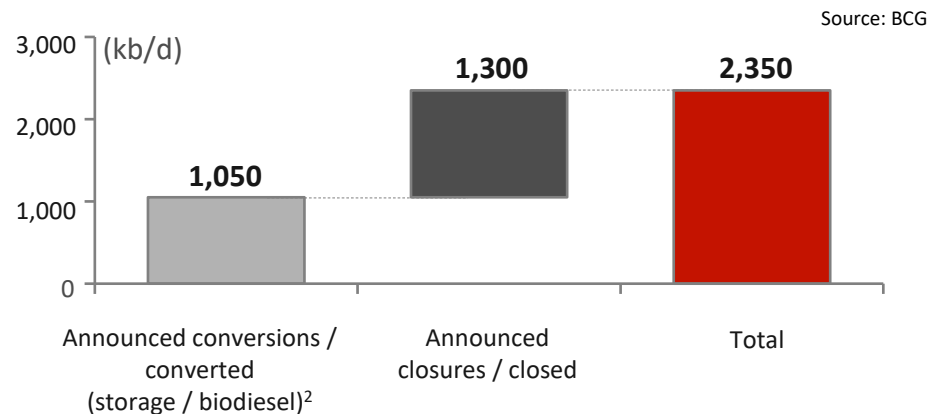
Source: JBC Energy SuDeP



Transport Diesel passenger representing a small portion of total demand, set to stay strong on the basis of a robust diesel car fleet

Total gasoil /diesel demand underpinned by freight demand growth

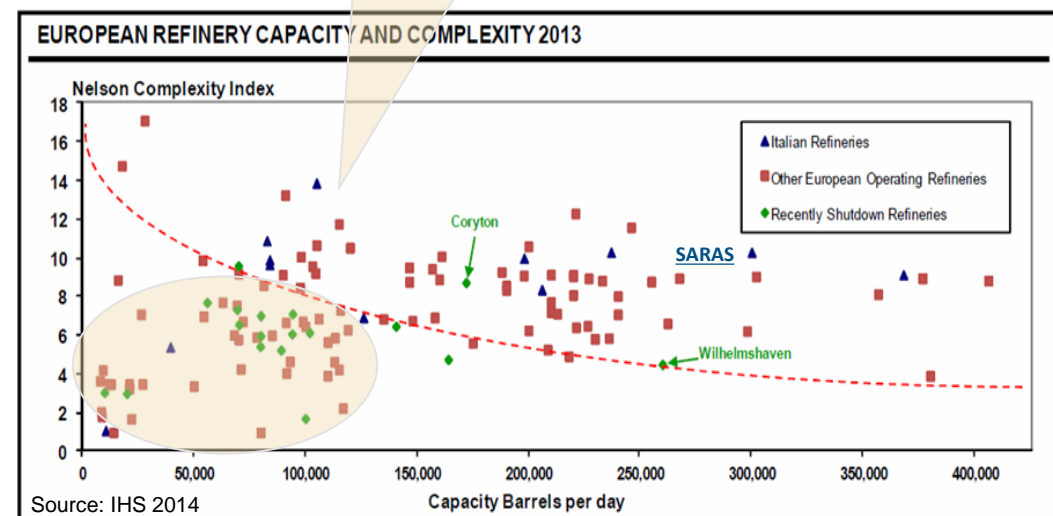
# Market data: Significant impact of European refineries rationalization



	Teesside (Petroplus)		Arpechim (Petroplus)
	Dunkirk (Total)		Harburg (Shell)
	Reichstett (Petroplus)		Berre (LyondellBasell)
	Cremona (Tamoil)		Petit-Couronne (Petroplus)
	Roma (TotalERG)		Coryton (Petroplus)
	Milford Haven (Murphy Oil)		Stanlow (Essar) <sup>1</sup>
	Wilhelmsh. (Hestya)		Paramo (Unipetrol/PKN)
	Mantova (MOL)		Collombey (Tamoil)
	Venezia (Eni)		Lischansk (Rosneft)
	La Mede (Total)		Lindsey (Total) <sup>1</sup>
	Gela (Eni)		

1. Shutdown of 1 CDU only
2. Includes conversion to oil storage terminal or logistic hub for oil products

- Majority of shutdown refineries had low complexity and small distillation capacity (less than 100,000 bl/day)
- Refineries under the red spotted line will continue to face the hardest competitive pressure



**Large and complex refineries are the best positioned in the European competitive context**