

Saras Group
Interim Financial
Report as of
31st March 2020



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The Financial Statements have been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the reports and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Statutory and Control Bodies

BOARD OF DIRECTORS

MASSIMO MORATTI	Chairman and Director
DARIO SCAFFARDI	Chief Executive Officer, General Manager and Director
ANGELO MORATTI	Director
ANGELOMARIO MORATTI	Chairman of Saras Energia and Director
GABRIELE MORATTI	Director
GIOVANNI MORATTI	Director
GILBERTO CALLERA	Independent Director
ADRIANA CERRETELLI	Independent Director
LAURA FIDANZA	Independent Director
ISABELLE HARVIE-WATT	Independent Director
FRANCESCA LUCHI	Independent Director
LEONARDO SENNI	Independent Director

BOARD OF STATUTORY AUDITORS

GIANCARLA BRANDA	Chairman
GIOVANNI LUIGI CAMERA	Permanent Auditor
PAOLA SIMONELLI	Permanent Auditor
PINUCCIA MAZZA	Stand-in Auditor
ANDREA PERRONE	Stand-in Auditor

EXECUTIVE RESPONSIBLE FOR FINANCIAL REPORTING

FRANCO BALSAMO	Chief Financial Officer
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INDEPENDENT AUDITING FIRM

EY SpA

Group Activities

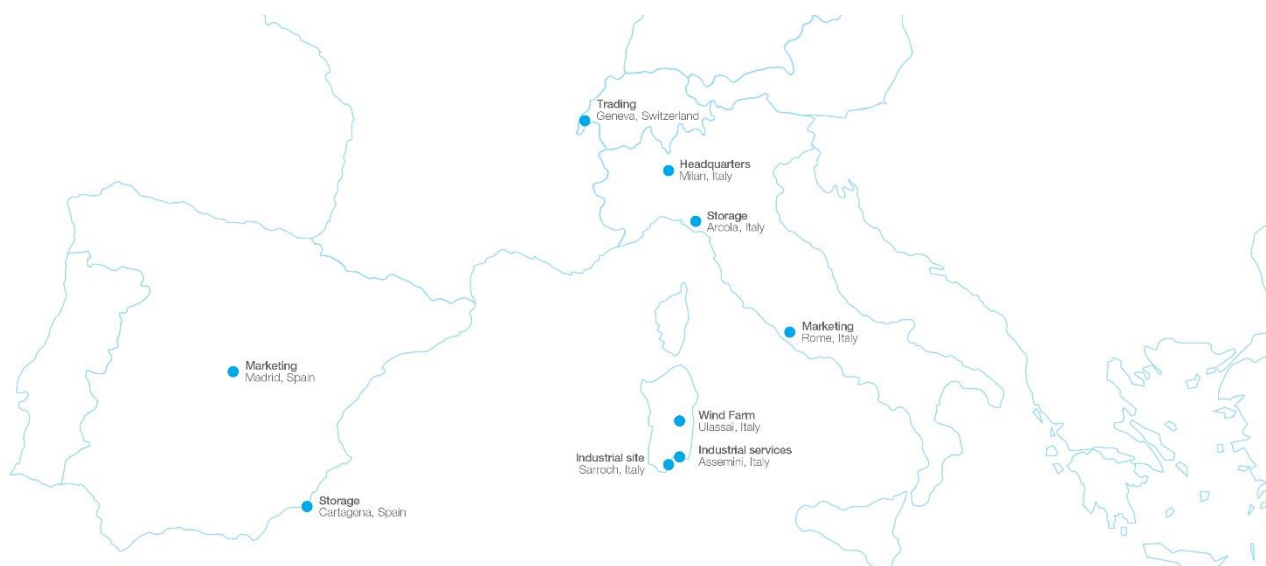
The Saras Group operates in the energy sector and is one of the leading independent oil refiners in Europe. The Sarroch refinery, on the coast south-west of Cagliari, is one of the biggest in the Mediterranean in terms of production capacity (15 million tonnes per year, equal to 300,000 barrels per day) and one of the most advanced plants in terms of complexity (11.7 on the Nelson Index). Located in a strategic position in the middle of the Mediterranean, the refinery is owned and managed by the subsidiary Sarlux Srl, and is a reference model in terms of efficiency and environmental sustainability, due to its technological know-how, expertise and human resources acquired over fifty years of activity. To best exploit these resources, Saras has introduced a business model based on the integration of its supply chain through close coordination between refinery operations and commercial activities. This context also includes the subsidiary Saras Trading SA, incorporated in Geneva in September 2015, which acquires crude and other raw materials for the Group's refinery, sells its refined products, and also performs trading activities, acting in one of the main markets for trading oil commodities.

The Group sells and distributes oil products directly and through its subsidiaries, such as diesel, gasoline, diesel fuel for heating, liquefied petroleum gas (LPG), virgin naphtha (fuel for aviation and bunkering), mainly on the Italian and Spanish markets, but also in various other European and non-European countries. In particular, in 2019 approximately 2.16 million tonnes of petroleum products were sold in Italy on the wholesale market, and a further 1.42 million tonnes were sold on the Spanish market.

In the early 2000s, the Saras Group also undertook the task of producing and selling electricity by means of an IGCC plant (Integrated Gasification Combined Cycle), which has an installed power of 575 MW and is also managed by the subsidiary Sarlux Srl. The feedstock used by the IGCC plant is the heavy products of the refinery, and the plant generates over 4 billion kWh of electricity each year, which corresponds to approximately 45% of the electricity requirements in Sardinia.

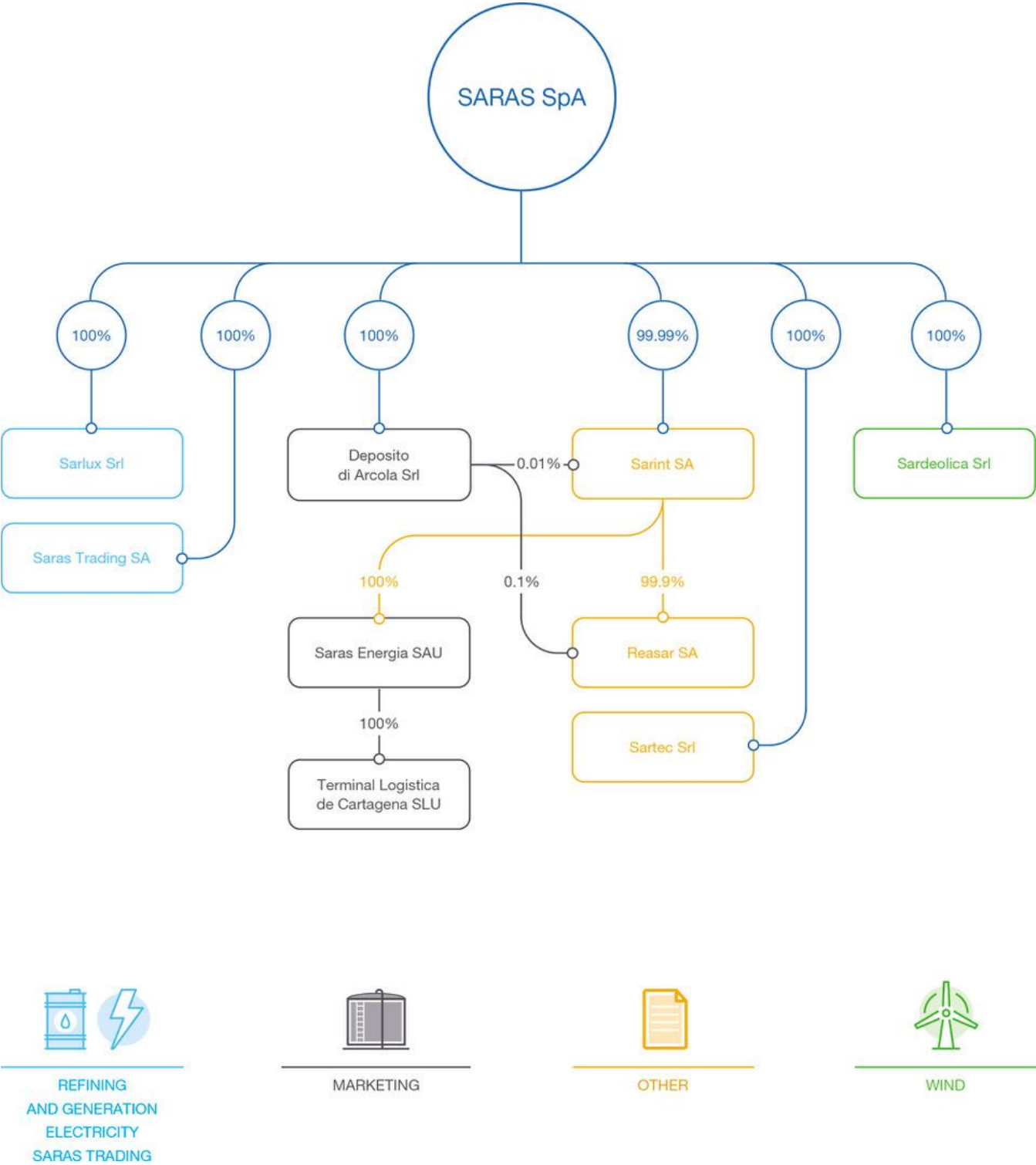
In addition, the Group manufactures and sells electricity from renewable sources in Sardinia, via the Ulassai wind farm. The park has been in operation since 2005 and is managed by the subsidiary Sardeolica Srl. Following the recent expansion with the installation of 9 new turbines, it now has an installed capacity of 126 MW.

Lastly, the Group provides industrial engineering and research services to the petroleum, energy and environment industries, via its subsidiary Sartec Srl.



Structure of the Saras Group

The following picture illustrates the structure of the Saras Group and the main companies involved in each business segment, as of 31st March 2020.



Saras Stock Performance

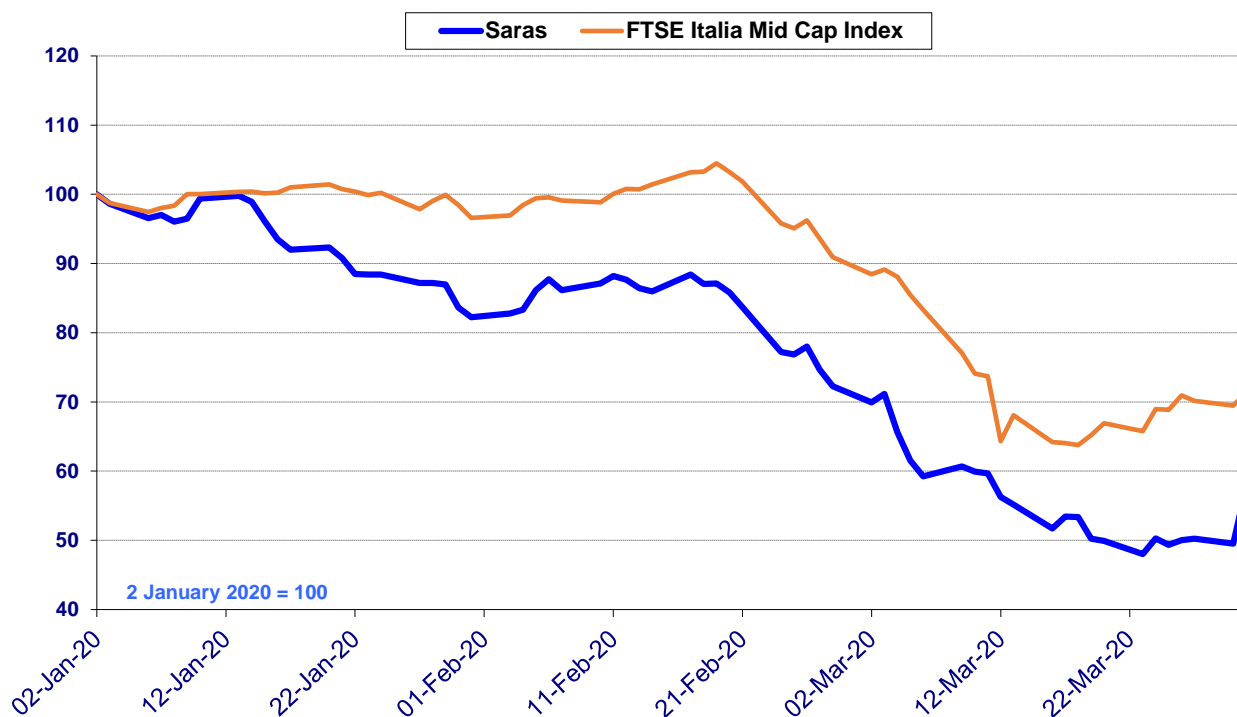
The following data relate to Saras' share prices and the daily volumes, traded during the first three months of 2020.

SHARE PRICE (EUR)	Q1/20
Minimum price (23/03/2020)	0.708
Maximum price (02/01/2020)	1.474
Average price	1.139
Closing price at the end of the first three months of 2020 (31/03/2020)	0.850

DAILY TRADED VOLUMES	Q1/20
Maximum traded volume in EUR million (15/01/2020)	33.0
Maximum traded volume in number of shares (million) (15/01/2020)	23.3
Minimum traded volume in EUR million (30/03/2020)	2.2
Minimum traded volume in number of shares (million) (30/03/2020)	3.1
Average traded volume in EUR million	8.6
Average traded volume in number of shares (million)	7.9

The Market capitalization at the end of the first three months of 2020 was equal to approximately EUR 808 million and the number of shares outstanding was approximately 942 million.

The following graph shows the daily performance of Saras' share price during the first three months of 2020, compared to the "FTSE Italia Mid Cap" Index of the Italian Stock Exchange:



REPORT ON OPERATIONS

Non-GAAP measure Alternative performance indicators

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. Non-GAAP financial measures should be read together with information determined by applying the International Accounting Standards (IAS/IFRS) and do not stand in for them

Key financial and operational Group Results

EUR Million	Q1/20	Q1/19	Change %
REVENUES	1,885	2,094	-10%
EBITDA reported	(92.0)	48.9	n.a.
Comparable EBITDA	56.7	53.7	6%
EBIT reported	(141.6)	2.7	n.a.
Comparable EBIT	7.0	7.5	-6%
NET RESULT reported	(113.1)	(4.1)	n.a.
Comparable NET RESULT	(0.4)	(2.0)	81%

EUR Million	Q1/20	Q1/19	FY 2019
NET FINANCIAL POSITION ANTE IFRS 16	(223.2)	48.4	79.0
NET FINANCIAL POSITION POST IFRS 16	(270.8)	(4.0)	30.3
CAPEX	97.3	115.0	344.6

Comments to the Group results of the first three months of 2020

Group revenue for the first three months of 2020 totalled EUR 1,885 million, compared with EUR 2,094 million in the first three months of the previous year. This change reflects the decline in average oil prices: in the first three months of 2020, the price of gasoline averaged \$464/ton (compared with the average of \$550/ton in the first three months of 2019), while the price of diesel averaged out to \$458/ton (compared with the average of \$585/ton in the first three months of 2019). The Refining segment posted a roughly EUR 116 million decline in revenue, while the Marketing segment saw an approx. EUR 127 million decrease, the latter also due to lower volumes sold (18% less than in the same period of last year).

The Group's reported EBITDA in the first three months of 2020 was EUR -92.0 million, down compared with EUR 48.9 million in the first three months of 2019.

In the first quarter, the EMC margin had a low average value of \$1.3/bl, for the most part characterized by significant volatility.

Furthermore, the result in the first quarter of 2020 was penalized by the negative effect of the scenario on inventory differences between the start and the end of the period due to the collapse in crude oil and oil product quotations during the quarter, and particularly in March as a result of the Covid-19 pandemic.

From the standpoint of production, the quarter was characterized by the initiation of significant maintenance activities on the Topping T1 plants and the FCC unit, the largest gasoline production plant.

Reported EBITDA, moreover, benefitted from the release of the provision recognized for CO₂ quotas for EUR 35.9 million, relating to the acquisition of the business unit from Versalis (North plants) following their definitive assignment for the period 2015-2020.

The reported Group Net Result was equal to EUR -113.1 million, compared with EUR -4.1 million in the first three months of 2019, essentially due to the reason shown at EBITDA level. Amortization and depreciation increased on the same period of the previous year (EUR 49.7 million, compared with EUR 46.2 million in the first three months of 2019) due to new investments placed in service. Financial charges totaled EUR 4.7 million (compared with EUR 5.6 million in the same period of the previous year). Other financial items (which comprise realized and unrealized differentials on speculative and financial derivative instruments, net exchange rate differences and other financial income and charges) showed a net negative balance of EUR 12.8 million in the first three months of 2020 compared with a net negative effect of about EUR 4.0 million in the first three months of the previous year.

The comparable Group EBITDA was EUR 56.7 million in the first three months of 2020, up from EUR 53.7 million achieved in the first three months of 2019. This result, which does not include the negative effect of the scenario on inventory differences between the start and the end of the period, is linked primarily to the Refining segment for EUR 19.5 million and the Electricity Generation segment for EUR 30.3 million.

The comparable Group Net Result in the first three months of 2020 was EUR -0.4 million, versus EUR -2.0 million in the same period of the previous year.

Investments in the first three months of 2020 were EUR 97.3 million and mainly focused on the Refining segment (EUR 95.7 million). EUR 41.5 million of these investments refer to the capitalization of costs, primarily for the aforementioned long-term turnaround.

Calculation of the Group comparable EBITDA

EUR Million	Q1/20	Q1/19
Reported EBITDA	(92.0)	48.9
Gain / (Losses) on Inventories and on inventories hedging derivatives	155.2	2.9
Derivatives FOREX	(7.6)	1.9
Non-recurring items	1.1	0.0
Comparable EBITDA	56.7	53.7

Calculation of the Group comparable Net Result

EUR Million	Q1/20	Q1/19
Reported NET RESULT	(113.1)	(4.1)
Gain & (Losses) on inventories and on inventories hedging derivatives net of taxes	111.9	2.1
Non-recurring items net of taxes	0.8	0.0
Comparable NET RESULT	(0.4)	(2.0)

Net Financial Position

The Net Financial Position as at 31 March 2020, before the effects of applying IFRS 16, was EUR -223.2 million, compared with a positive reported net financial position of EUR 79.0 million as at 31 December 2019. Cash absorption was recorded during the quarter due to the negative result of operations, impacted by price trends on inventories triggered by the Covid-19 crisis, by the increase in working capital due to the same scenario dynamics and lastly by the significant investments linked to maintenance performed during the period.

The Net Financial Position before the effects of IFRS 16 was EUR -223.2 million, EUR -270.8 million considering the effect of the application of IFRS 16.

For further details, please refer to the Notes.

EUR Million	31-Mar-20	31-Dec-19
Medium/long-term bank loans	(49.9)	0
Bonds	(199.9)	(199.0)
Other medium/long-term financial liabilities	(6.8)	(7.0)
Other medium/long-term financial assets	6.5	6.5
Medium-long-term net financial position	(250.2)	(199.5)
Short term loans	(18.8)	(70.0)
Banks overdrafts	(285.6)	(8.0)
Other short term financial liabilities	(70.2)	(91.0)
Fair value on derivatives and realized net differentials	45.2	(14.8)
Other financial assets	20.9	30.8
Cash and Cash Equivalents	335.5	431.5
Short-term net financial position	26.9	278.5
Total net financial position ante lease liabilities ex IFRS 16	(223.2)	79.0
Financial lease liabilities ex IFRS 16	(47.6)	(48.7)
Total net financial position post lease liabilities ex IFRS 16	(270.8)	30.3

Oil Market and Refining Margins

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

Average values ⁽¹⁾	Q1/19	Q1/20
Crude oil price and differential (\$/bl)		
Brent Dated (FOB Med)	63.1	50.2
Urals (CIF Med)	63.4	48.4
"Heavy-light" price differential	+0.3	-1.9
Crack spreads on products (\$/bl)		
ULSD crack spread	15.2	11.2
Gasoline crack spread	2.6	5.3
Reference margin (\$/bl)		
EMC Benchmark	+1.1	+1.3

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

Crude Oil Quotations:

After reaching nearly 70 \$/bl at the end of 2019, in Q1/20 Brent quotations fluctuated in the range of 55-70 \$/bl and progressively declined until crashing to minimum quotation of last 20 years to around \$18/bl at the end of March.

This trend was mainly caused by the decline on consumption in the Asian market in the first months of the quarter, followed by the trade war between producing countries due to the failure of OPEC+ to come to an agreement and falling consumption triggered by measures to contain the COVID-19 pandemic.

During the period, average Brent quotations were down (averaging 50.2 \$/bl during the quarter) compared with the previous quarter (averaging 63,1 \$/bl) and characterized by extremely volatile trends, including intra-day, due to the situation of considerable uncertainty with respect to the breadth and duration of the pandemic.

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

The first quarter of 2020 saw a back-and-forth trend in the differential, starting early in the year at around -3 \$/bl and then progressively declining until reaching zero in the first half of February: these discounts below expectations should be seen in light of the relative disadvantage of sour crude oils with respect to the new IMO specifications and the penalization from the continuing lack of Iranian and Venezuelan crude oil. In March, the trend inverted, with the month closing at -5.4 \$/bl: the failure of OPEC+ and Russia to come to an agreement indeed unleashed a price war from the Saudis, with official selling prices for April slashed by around 4÷8 \$/barrel, dragging down with them the entire basket of sour crude oils.

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

The crack spreads opened the year at levels that were low on average compared with historical trends, and then diverged significantly in March due to the restrictions applied globally in response to the pandemic, with very uneven performance between products in relation to the impact on the relative consumption. In particular, jet fuel is the product most impacted by the pandemic, with airlines beginning to cancel flights from and to China as early as January, until the nearly complete halt of flights in late March when the virus had become a global issue. In this context, the jet fuel crack went from 10.1 \$/bl in January to 5.8 \$/bl in March.

Gasoline is the second most impacted product by the crisis. Its crack opened January at around 5.7 \$/bl and remains supported by lower production and exports from the US due to shut-downs or accidents, such as the one on 11 February at the ExxonMobil refinery in Louisiana. Starting in the second half of February, the spread of COVID-19 in Europe drove many countries to issue extraordinary containment measures, including a lockdown of the population. This resulted in the collapse of gasoline consumption, and the crack entered negative territory more than once, closing at 2.3 \$/bl in March.

Diesel has been shown to be more resilient than other products, maintaining an average crack in the range of 10-12 \$/bl. In the first two months of the year, this level was lower than market forecasts, due to the fact that there was no materialization of support for marine gasoil in the new IMO specifications; in addition, European consumption was lower than expected, both for automotive use and for heating use (milder temperatures than seasonal averages). On the other hand, in March, demand for diesel was less impacted by the consequences of the pandemic, due to the continuation of commercial traffic (food and other goods, including those delivered to homes) as well as consumption for agriculture and heating. Diesel cracks at the end of March was 12.5 \$/bl.

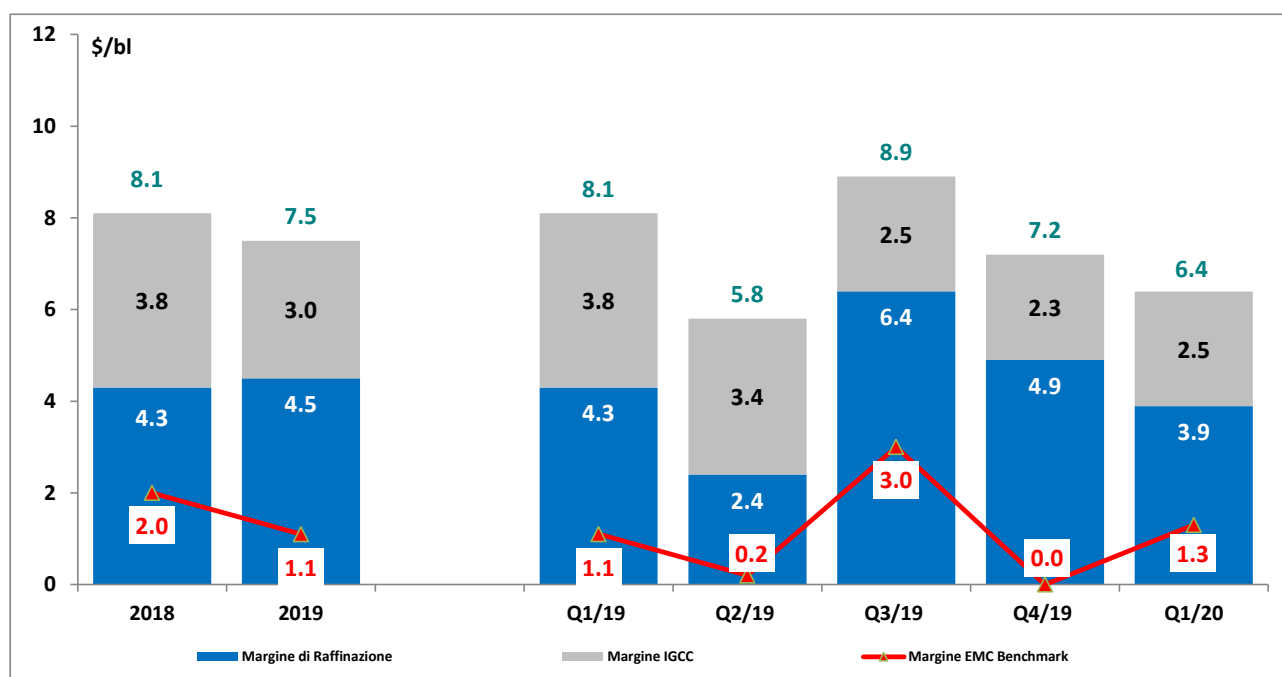
The VLSFO crack was down significantly during the quarter: the initial strength shown in January simultaneous with the entry into force of the new IMO specifications, gradually reduced as the feared critical issues in product availability did not come to pass. The LSFO crack spread was also positive, as it is being acquired for subsequent blending down with BTZ components, while the HSFO crack is up considerably due to higher consumption for navigation and reduced availability from refineries.

Refining Margin:

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

The reference margin (called “EMC Benchmark”) came out to an average of \$1.1/bl in 2019, while in the first quarter of 2020 it averaged out to \$1.3/bl. During the quarter, the margin’s performance was highly volatile, dropping multiple times into negative territory and gaining strength only in March, when however the refinery began a considerable turnaround maintenance cycle on the topping T1 plants and the FCC unit.

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



Refining Margin: (*comparable* EBITDA Refining + Fixed Costs) / Refinery runs in the period

IGCC Margin: (EBITDA IGCC plant + Fixed Costs) / Refinery runs in the period

EMC Benchmark: margin calculated by EMC (Energy Market Consultants) with 50% Urals – 50% Brent crude oil slate

Oil market after Q1/20

The agreement reached in mid-April by OPEC countries and other significant producers regarding the implementation of production cuts equal to roughly 9.7 mbl/day compared with the levels seen in 2018, reducing gradually over two years, the largest cut in history in terms of extent, as well as duration of the commitment made, does not seem sufficient to combat the enormous availability of crude oil created in the market due to the sharp drop in consumption as a result of the pandemic, and experts expect this situation to continue for quite some time still.

As a result of the market’s incapacity to absorb all of the crude oil available, the curve of Brent futures contracts changed its inclination since the start of March assuming a marked contango structure, with a considerable spread between spot and forward crude oil.

The price spread between light and heavy crude oils expanded significantly starting in March due to the significant discounts applied by the Saudis, in particular on heavy crude oils as part of the trade war between producing countries, followed immediately by all other countries to defend their own market shares. This despite the continuation of United States sanctions on Iran and Venezuela and the absence of Libya in the market due to the persistent local crisis. This spread narrowed toward the end of April due to the lower availability of Urals in the European market and the relaxation of pressures on the Brent-Dubai spread due to the high level of charter fees and strong crack spreads on high Sulphur fuel oil.

In terms of consumption, the effects of the severe restrictions put into place at global level to combat the Covid-19 pandemic provoked an unprecedented collapse, starting in March, in global demand for oil products, particularly jet fuel and gasoline, followed by diesel. The International Energy Agency estimates that this demand declined by roughly 11 million barrels per day in March, to further deteriorate and reach the peak in April with a record decline of 29 million barrels per day, bringing consumption back to 1995 levels (70.4 million barrels/day). An initial strong recovery in consumption is expected starting in the third quarter, although at the end of the year demand will in any event be 3 million barrels per day lower than in 2019. These forecasts are however impacted by a high degree of uncertainty, due to the low visibility relating to the possible evolution of the pandemic and the absolute unpredictability of the political and economic changes consequent.

The collapse in demand triggered a rapid accumulation of product stocks until first saturating the storage capacity available at depots, to then make recourse as much as possible to “floating” storage on ships, resulting in a sharp growth in the cost of charter fees, which are at all-time highs.

In this context of excess supply, refineries have therefore reacted on a global scale by cutting processing as much as possible or closing plants. The International Energy Agency is forecasting a cut of 7.6 million barrels per day in terms of processing in 2020. The cuts seen to date were also not enough to reduce that imbalance, with storage levels remaining continuously up.

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, also including the intercompany services, which ceased to exist as a consequence of some corporate reorganizations, at the same economic conditions applied in the previously existing contracts.

Refining

The Sarroch refinery (South-West of Cagliari) is one of the biggest in the Mediterranean in terms of production capacity and also in terms of the complexity of plants. Located in a strategic position in the centre of the Mediterranean, it has a production capacity of 15 million tons/year, which corresponds to approximately 17% of the total distillation capacity in Italy. The main operating and financial information is provided below.

EUR Million	Q1/20	Q1/19	Change %
EBITDA reported	(123.8)	2.4	n.a.
Comparable EBITDA	19.5	10.0	96%
EBIT reported	(157.1)	(28.2)	n.a.
Comparable EBIT	(13.9)	(20.6)	33%
CAPEX	95.7	102.7	

Margins and refinery runs

		Q1/20	Q1/19	Change %
REFINERY RUNS	Tons (thousand)	3,138	2,653	18%
	Barrels (million)	22.9	19.4	18%
	Bl/day (thousand)	255	215	18%
COMPLEMENTARY FEEDSTOCK	Tons (thousand)	232	281	-18%
EXCHANGE RATE	EUR/USD	1.102	1.136	-3%
EMC BENCHMARK MARGIN	\$/bl	1.3	1.1	
SARAS REFINERY MARGIN	\$/bl	3.9	2.5	

Comments to the results of the first three months of 2020

Crude refinery runs during the first quarter of 2020 stood at 3.14 million tons (22.9 million barrels, corresponding with 255 thousand barrels per day), up by 18% compared with the first quarter of 2019. Complementary crude feedstock amounted to 0.23 million tons compared with 0.28 million tons in the first quarter of 2019. Trends in the first quarter of 2020 are linked to the significant planned maintenance cycle carried out during the period, which started in March 2020 and concerned primarily the Topping T1 plants and the FCC unit, the largest gasoline producing plant, with an impact of roughly 30 days on the quarter. In the first quarter of 2019, one of the most important turnarounds of the last 5 years took place, involving the Topping "T2" and Vacuum "V2", CCR and MHC1 plants, which remained shut down for approximately 60 days. It should be noted that operating performance was satisfactory and maintenance activities are being performed regularly and in line with the plan.

The comparable EBITDA amounted to EUR 19.5 million in the first quarter of 2020, with a Saras refinery margin of +\$3.9/bl (as usual, already net of the impact from the maintenance activities conducted during the period). This compares

with a comparable *EBITDA* of EUR 10.0 million and a Saras refinery margin of +\$2.5/bl in the same quarter of the previous year.

As always, the comparison must take into account both market conditions and the specific performance of the Saras Group, both from an operational and commercial perspective.

As concerns oil market conditions, the impact of the scenario on the result achieved was particularly negative, and characterized by an EMC that was both very low (also considering distortions linked to yields in fuel oils) and volatile (the highest indicator value was reached in March, when maintenance activities were being started on the plants).

However, comparing with the same quarter of the previous year, the weakening of the diesel crack spread was offset by the lower Brent price, while the gasoline crack spreads did not suffer from significant changes. Therefore, the overall effect attributable to the scenario is basically the same.

In terms of operational performance, in the first quarter of 2020 production planning (which involves optimizing the mix of the crude oils for processing, the management of semi-finished products, and the production of finished products, including those with special formulations) resulted in an *EBITDA* lower by approximately EUR 10 million compared with the first quarter of 2019, primarily due to several phenomena relating to the procurement of certain crude oils in terms of delays due to bad weather and lower than expected quality.

The execution of production activities (which takes account of losses in connection with scheduled and unscheduled maintenance and of increased consumption with respect to the technical limits of certain "utilities", such as fuel oil, steam, electricity and fuel gas) resulted in an *EBITDA* roughly EUR 40 million higher than the same period of the previous year, benefitting, as mentioned, from a less onerous scheduled maintenance plan.

Commercial management (involving the supply of crude and additional raw materials, the sale of finished products, the chartering, and inventory management, including mandatory stocks) generated an *EBITDA* lower by approximately EUR 15 million compared with the same period of last year.

The comparable *EBITDA* in the first quarter of 2020, moreover, benefitted from the release of the provision recognized for CO₂ quotas for EUR 35.9 million, relating to the acquisition of the business unit from Versalis (North plants) following their definitive assignment for the period 2015-2020.

With respect to the previous year, it is necessary to consider the fact that comparable *EBITDA* in the first quarter of 2020 is penalized by the fluctuation in inventories and by the exceptional commodity price volatility recorded during the period.

Investments made in the first quarter of 2019 amounted to EUR 95.7 million.

Crudes processed and yields of finished products

The mix of crudes that the Sarroch refinery processed in the first three months of 2020 had an average density of 33.3°API, therefore heavier than the average density processed in the first three months of 2019. Analysing the classes of crude oils used in greater detail, it can be seen that there was a reduction in the percentage of processing of light sweet and light extra sweet crude oils and medium sour crude oils, offset by an increase in heavy sour/sweet crude oils. This processing mix was due to contingent plant set-up situations (arising from the significant maintenance carried out in the first quarter) and to economic and commercial choices in view of market supply conditions.

	Q1 2020	Q1 2019	FY 2019
Light extra sweet	27%	44%	38%
Light sweet	12%	5%	11%
Medium sweet/extra sweet	2%	0%	1%
Medium sour	35%	39%	34%
Heavy sour/sweet	24%	12%	16%
Average crude gravity °API	33.3	34.2	34.4

Turning to the analysis of finished product yields, we note that in Q1 2020 the yield of light distillates (25.4%) was lower than in Q1 2019. On the other hand, the yield of middle distillates (51.5%) was in line with the same period of the previous year. Lastly, a higher yield of fuel oil (6.8%) was offset by a slightly higher yield in TAR (9.4%). These changes are linked first and foremost to the maintenance cycle on the Topping T1 and FCC plants in March.

		Q1 2020	Q1 2019	FY 2019
LPG	Tons (thousanc	44	73	292
	yield (%)	1.3%	2.5%	2.0%
NAPHTHA + GASOLINE	Tons (thousanc	854	842	4,026
	yield (%)	25.4%	28.7%	27.9%
MIDDLE DISTILLATES	Tons (thousanc	1,736	1,504	7,530
	yield (%)	51.5%	51.2%	52.1%
FUEL OIL & OTHERS	Tons (thousanc	231	51	603
	yield (%)	6.8%	1.7%	4.2%
TAR	Tons (thousanc	317	265	1,091
	yield (%)	9.4%	9.0%	7.5%

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

Marketing

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

EUR Million	Q1/20	Q1/19	Change %
EBITDA	(0.8)	4.4	-118%
Comparable EBITDA	4.6	1.6	183%
EBIT	(1.5)	3.7	-141%
Comparable EBIT	3.9	0.9	331%
CAPEX	0.1	0.4	

Sales

		Q1/20	Q1/19	Change %
TOTAL SALES	Tons (thousand)	718	876	-18%
of which: in Italy	Tons (thousand)	437	505	-13%
of which: in Spain	Tons (thousand)	281	371	-24%

Comments to the results of the first three months of 2020

According to data collected by UP (Unione Petrolifera – the Oil Industry Union), in the first three months of 2020 total oil consumption was down by 10% compared with the previous year in the Italian market, which represents the main wholesale channel of the Saras Group. In particular, in Italy during the period considered, demand for gasoline was down by 16.5% and for diesel by 14.1%. Consumption of automotive fuel (gasoline + diesel) totalled 6.4 million tonnes, a decline of 14.7% (-1,094 ktonnes). In the first three months of 2020, new car registrations decreased by 35.5%, with diesel vehicles accounting for 34% of the total (compared with 44% in the first three months of 2019). The drop in sales volumes experienced by the Saras group was basically in line with the market decline recorded in Italy.

In Spain, the data collected by CORES indicates a decrease of 7.5% in the consumption of automotive fuel during the first 3 months of 2020. The Spanish subsidiary Saras Energia reduced volumes sold by 24%, also due to the restriction of the scope taking place with the deconsolidation of the Spanish network on 25 July 2019.

Comparable EBITDA for the Marketing segment amounted to EUR 4.6 million, versus the EUR 1.6 million of the first three months of 2019 due to better wholesale margins obtained. This contribution should be considered together with that of Refining because their technical and commercial areas of expertise, on which the Group's business model is based, are closely coordinated.

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	Q1/20	Q1/19	Change %
EBITDA	30.3	37.0	-18%
Comparable EBITDA	30.3	37.0	-18%
EBIT	16.5	23.7	-30%
Comparable EBIT	16.5	23.7	-30%
EBITDA ITALIAN GAAP	57.1	44.1	30%
EBIT ITALIAN GAAP	51.8	39.2	32%
CAPEX	1.0	10.8	

Other figures

		Q1/20	Q1/19	Change %
ELECTRICITY PRODUCTION	MWh/1000	1,185	988	20%
POWER TARIFF	Eurocent/KWh	7.9	10.1	-22%
POWER IGCC MARGIN	\$/bl	2.5	3.8	-34%

Comments to the results of the first three months of 2020

In the first three months of 2020, electricity production amounted to 1.185 TWh, up by 20% compared with the first three months of 2019, due to the heavy maintenance plan fulfilled in 2019.

Comparable EBITDA was equal to EUR 30.3 million, vs. EUR 37.0 million achieved in the first three months of 2019. The scenario was much less favorable than in the same period of the previous year; in particular, the value of the CIP6/92 tariff declined by 22%, while the cost of the TAR rose. Fixed costs were lower on the other hand due to a lighter maintenance plan.

Moving on to the analysis of EBITDA calculated according to Italian accounting standards, this stood at EUR 57.1 million in the first three months of 2019, up versus the EUR 44.1 million achieved in the same period last year. The difference is due to the combined effect of higher electricity production (+20%) and the lower CIP6/92 tariff (-22%). At the same time, the TAR purchase cost increased compared with the same period of the previous year. The result does not include CO2 hedging derivatives recorded under financial charges (negative effect of EUR 33.0 million in Q1 2020 compared with a negative effect of roughly EUR 16.8 million in Q1 2019).

Investments amounted to EUR 1.0 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	Q1/20	Q1/19	Change %
EBITDA	2.4	3.6	-33%
Comparable EBITDA	2.4	3.6	-33%
EBIT	0.8	2.3	-65%
Comparable EBIT	0.8	2.3	-65%
CAPEX	0.3	0.9	

Other figures

		Q1/20	Q1/19	Change %
ELECTRICITY PRODUCTION	MWh	74,038	66,054	12%
POWER TARIFF	EURcent/KWh	3.9	5.6	-29%
INCENTIVE TARIFF	EURcent/KWh	9.9	9.2	7%

Comments to the results of the first quarter of 2020

In the first three months of 2020 the comparable EBITDA for the Wind Power segment (equal to the reported EBITDA) stood at EUR 2.4 million, lower than that achieved in the first three months of 2019.

In detail, product volumes were up by 12% compared with the same period of the previous year, due to the entry into operation of additional wind capacity of roughly 30 MW, while wind conditions were less favorable. The Incentive Tariff was 0.7 eurocents/kWh higher than in the first three months of 2019 and incentivised production represented roughly 7% of volumes in the first three months of 2020 (compared with 9% in the first three months of 2019). The electricity tariff was down by 29% compared with that recorded in the first three months of 2019.

Investments amounted to EUR 0.3 million.

Reblading activities are under way which, with installed capacity remaining the same, will allow for greater electricity generation.

Other Activities

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

EUR Million	Q1/20	Q1/19	Change %
EBITDA	(0.1)	1.5	-107%
Comparable EBITDA	(0.1)	1.5	-107%
EBIT	(0.3)	1.2	-125%
Comparable EBIT	(0.3)	1.2	-125%
CAPEX	0.3	0.2	

Outlook

The International Monetary Fund has recently revised its global economic growth forecast, with the global economy now in recession and an expected GDP contraction of 3.0% in 2020. In January the estimate was instead for a growth of 3.3%. Italy is one of the most affected countries with a reduction in GDP over the 2020 estimated at 9.1%. For the Eurozone, a drop of 7.5% is expected and for the United States of 5.9%.

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

In this context, in a prudential perspective, is included the proposal of the Saras Board of Directors to the Shareholders' Meeting not to distribute dividends on 2019 profits.

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

Thanks to all these characteristics, which were designed to ensure a high level of flexibility, Saras is confident to be able of taking full advantage from the first signs of recovery expected from the second half of the year, despite the overall critical scenario, also considering the completion of the maintenance activities and full production capacity restoration.

With regards to the Refining segment, in order to mitigate the financial impact of Covid 19, the Group has also launched a cost reduction plan and a review of the investment plan. In the second half of the year, the Group will also be ready to seize the opportunities deriving from a substantial maintenance of the current abundance of crude oils on the market (which offers Saras interesting opportunities in terms of options and discounts) and from a progressive easing of restrictions that should support demand and margins of Saras' main products.

Despite the uncertainty of the scenario, and in the event of an economic recovery in the second half of the year, Saras Group confirms its objective of achieving an average premium above the EMC Benchmark margin of 2.5 - 3.0 \$ / bl (net of maintenance).

With reference to the Power Generation segment, the maintenance program includes standard interventions with production in line with previous years. The wider price dynamics triggered by the Covid 19 emergency had an impact on gas prices as well, impacting electricity prices, with a PUN (Average purchase price for electricity in the Italian market) dropped to 32.0 Euro / MWh in March (47.5 Euro / MWh in January). The CIP6 tariff, largely indexed to gas, decreased as well.

Finally, with regard the Wind Power segment, work is underway on the reblading project of the Ulassai plant which consists of replacing all the blades, with a consequent increase in production for the same installed capacity. The works will be carried out in three lots and will be completed by the fourth quarter of 2020. In the new structure, production is expected to reach a steady state of around 300 GWh / year.

Despite the uncertainty in the trend of commodity prices, an improvement in the Net Financial Position, in the first half strongly impacted by the dynamics of prices on inventories and other working capital items, is expected in the second half of the year, with a recovery in general economy and oil consumption, and also thanks to the completion of the maintenance plan which will guarantee the full production capacity and a limited impact in terms of new investments.

In order to further reinforce the Group's financial strength and contain future financial impacts, the Company has started the negotiation of the new medium / long-term credit lines.

Investments by business Segment

EUR Million	Q1/20	Q1/19
REFINING	95.7	102.7
POWER GENERATION	1.0	10.8
MARKETING	0.1	0.4
WIND	0.3	0.9
OTHER	0.3	0.2
Total	97.3	115.0

Main events after the end of the First quarter 2020

On 17 April, the Board of Directors of Saras S.p.A. revoked the notice calling the Shareholders' Meeting on 21 April 2020 for the approval of the financial statements relating to the year 2019 and called a new Meeting for 22 May 2020 and, if required, for 23 May 2020 on second call

Risk Analysis

Saras bases its risk management policy on the identification, assessment, and possible mitigation with reference to the strategic, operational and financial areas. The principal risks are reported to and discussed by the Group's top management, to create the prerequisites for their management and also to assess the acceptable residual risk.

The management of the risks found in the company processes is based on the principle by which the operational or financial risk is managed by the person responsible for the related process, based on the indications of top management, while the control function measures and controls the level of exposure to risk and the results of the actions to mitigate such risk. To manage financial risks, the Saras Group policy includes the use of derivatives, only for the purposes of cover and without resorting to complex structures.

FINANCIAL RISKS

Exchange rate risk

The Group's oil business is structurally exposed to fluctuations in exchange rates, because the reference prices for the procurement of crude oil and for the sale of the vast majority of refined oil products are linked to the US dollar. To reduce both the exchange rate risk for transactions that will be executed in the future, and the risk originating from payables and receivables expressed in currencies other than the functional currency, Saras also uses hedging derivative instruments.

Interest rate risk

Loans at variable interest rates expose the Group to the risk of variations in results and in cash flows, due to interest payments. Loans at fixed interest rates expose the Group to the risk of variation of the fair value of the loans received. The main existing loan contracts are stipulated in part at variable market rates and in part at fixed rates. The Saras Group also uses derivative instruments to reduce the risk of variations in results and in cash flows deriving from interest.

Credit risk

The refining sector represents the Group's reference market and it is principally made up of multinational companies operating in the oil sector. Transactions executed are generally settled very quickly and are often guaranteed by primary credit institutions. Sales in the retail and wholesale markets are small on an individual basis; nonetheless, also these sales are usually guaranteed or insured. Following the economic crisis determined by the Covid-19 emergency the credit risk of the Group is unchanged.

Liquidity risk

The Group finances its activities both through the cash flows generated by operating activities and through the use of externally-sourced financing, and it is therefore exposed to liquidity risk, comprising the capacity to source adequate lines of credit, as well as to fulfil contractual obligations and respect covenants deriving from the financing contracts entered into. Self-financing capacity and as a result the Group's level of debt, historically limited, are determined by the generation of cash from operations and working capital trends; in particular, the latter is based on levels of demand and supply of crude oil and oil products as well as the relative prices, and their extreme volatility and sensitivity to external phenomena (such as economic, social and political factors). In the first quarter of the year, the oil market shock (in terms of demand, supply and prices) due to the spread of the Covid-19 pandemic to and the drastic containment measures enacted at global level inevitably negatively impacted the Group's level of debt, which it will be possible to recover as market conditions improve.

OTHER RISKS

Price fluctuation risk

The results of Saras Group are influenced by the trend in oil prices and especially by the effects that this trend has on refining margins (represented by the difference between the prices of the oil products generated by the refining process and the price of the raw materials, principally crude oil). In addition, to carry out production, the Saras Group is required to maintain adequate inventories of crude oil and finished products, and the value of these inventories is subject to the fluctuations of market prices.

The risk of price fluctuation and of the related financial flows is closely linked to the very nature of the business and it can be only partly mitigated, through the use of appropriate risk management policies. To deal with the risks deriving from price fluctuation, and in particular to mitigate the fluctuation of the prices on quantities purchased and sold in comparison with the monthly average, the Saras Group also takes out derivative contracts on commodities with hedging nature. Also subject to fluctuations is the selling price of electricity, produced and sold by our subsidiaries Sarlux and Sardeolica, as well as the prices of energy efficiency certificates, green certificates and CO2 emissions

Risk related to the procurement of crude oil

A significant portion of the crude oil refined by Saras originates from countries exposed to a higher level of political, social and macroeconomic uncertainty than other countries; changes in legislation, political rulings, economic stability and social unrest could have a negative impact on the commercial relationships between Saras and those countries, with potential negative effects on the Group's economic and financial position.

Risks of interruption of production

The activity of the Saras Group depends heavily on its refinery located in Sardinia, and on the contiguous IGCC plant. This activity is subject to the risks of accident and of interruption due to non-scheduled plant shut-downs. Saras believes that the complexity and modularity of its systems limit the negative effects of unscheduled shutdowns and that the safety plans in place (which are continuously improved) reduce any risks of accident to a minimum: in addition Saras has a major programme of insurance cover in place to offset such risks. However, under certain circumstances, this programme may not be sufficient to prevent the Group from bearing costs in the event of accidents and/or interruption to production.

Environmental risk

The activities of the Saras Group are regulated by many European, national, regional and local laws regarding the environment. The highest priority of the Saras Group is to conduct its activity with the utmost respect for the requirements of environmental legislation. The risk of environmental responsibility is, however, inherent in our activity, and it is not possible to say with certainty that new legislation will not impose further costs in the future.

Legislative and regulatory risk

Owing to the characteristics of the business carried out by the Group, it is conditioned by the continuously evolving legislative and regulatory context of the countries in which it operates. With regard to this, Saras is committed to a continuous activity of monitoring and constructive dialogue with national and local institutions aimed at researching joint activities and promptly evaluating the applicable normative amendments, acting on minimising the economic impact deriving from them. In this context, the most significant aspects of the main regulatory developments relate to:

- Regulations relating to the reduction of national emissions of determined atmospheric pollutants and the relative impact of the same on the limits indicated in the current AIA permit.
- The view of the European Commission and the AAEG implementing documents in relation to the recognition of the Sarlux subsidiary as an energy-intensive enterprise.
- Regulatory dispositions relating to energy efficiency certificates for the Power sector and incentives for the Wind sector and their consequences for the GSE.
- Reference regulations relating to the fact that the Sarlux Srl subsidiary sells the electricity generated to GSE (the Italian National Grid Operator) at the conditions specified by the legislation in force (law no. 9/1991, law no. 10/1991, CIP resolution no. 6/92 and subsequent modifications, law no. 481/1995) which remunerate the electricity produced by plants powered by renewable and assimilated sources based on the costs avoided and time-limited incentives, linked to the actual production.

Dependencies on third parties

The IGCC plant, owned by the Sarlux Srl subsidiary, depends, on top of raw materials derived from crude oil supplied by Saras, also on oxygen supplied by Air Liquide Italia. Should these supplies fail, Sarlux would have to locate alternative sources, which the company may not be able to find, or to source at similar economic conditions.

Protection of Personal Data

The Saras Group operates in compliance with the current regulations on data protection regarding its customers, employees, suppliers and all those with whom it comes into contact daily. In particular, on 25th May 2018 entered in force the new European Regulation no. 679/2016 (the so-called "GDPR") concerning the protection of personal data. The Saras Group activated a project aimed at implementing the new measures required by the GDPR and aligning its procedures and processes with the changes introduced by this Regulation.

Information Technology and Cyber Security

Complex information systems support the various business activities and processes. Risk aspects concern the adequacy of such systems, the availability and integrity/confidentiality of data and information. In particular, some relevant systems may be exposed to Cyberattack risk. The Group has long been developing projects and applying solutions that aim to significantly reduce this type of risk, making use of specialised consultants on the subject and adopting the international standard IEC 62443.

Brexit Risk

Based on the information available to date, Brexit is not expected to have a significant influence on the Group's operations.

Rischio Covid 19

The intensification of the economic and financial crisis unleashed by the Covid-19 crisis is causing a generalized situation of uncertainty and a resulting drastic and widespread drop in demand for oil products, along with the volatility of commodity prices and in particular oil prices. Extended effects for this phenomenon have led, for the Saras Group, and could lead, amongst other things, to a reduction in profitability in the refining sector and in an increase in short-term liquidity requirements. The recovery in consumption could however rebalance the situation of uncertainty and price volatility, with a recovery in profitability and liquidity requirements and a development of the level of debt.

Provisions for risks and charges

In addition to what has been described above in relation to risk management and mitigation activities, the Saras Group, in the presence of current obligations, resulting from past events, which may be of a legal, contractual or regulatory nature, made appropriate allocations to provisions for risks and charges included in balance sheet liabilities (see Notes to the Consolidated Financial Statements).

Other Information

Research and Development

Saras did not undertake meaningful "Research and Development" activities during the period; therefore, no significant cost was capitalised or accounted in the Income Statement during the first three months of 2020.

Own shares

During the first quarter of 2020, Saras S.p.A. did not buy or sell any treasury shares.

Pursuant to the above, as at 31 March 2020, Saras S.p.A. held 9,220,216 treasury shares or 0.970% of the share capital, while there were 941,779,784 Saras S.p.A. ordinary shares outstanding.

Non-recurring and unusual Transactions

In the first quarter of 2020, no significant transactions were carried out and no open positions originated from any non-recurring and/or unusual transactions are being carried out.

Authorisation of a programme to purchase own shares and to dispose of them

On 17th April 2020 following the economic and financial crisis determined by the Covid-19 emergency the Board deems appropriate to prudentially withhold the authorization for the purchase and disposal of treasury shares approved on 2nd March. This is aimed at better safeguarding the solidity of the balance sheet and the sound economic and financial balance of the company.

The program for the purchase and disposal of treasury shares will be assessed in the second half of the year when an increased visibility is expected, due to an easing of the tensions and market unbalances, as restrictions progressively ease and the economic activity resumes.

Dividends

Regarding the financial year closed on 31st December 2019, the Board of Directors proposed to the Shareholders' Meeting, at first convened on 21st April 2020, a distribution of dividend equal to Euro 0.04.

On 17th April 2020 following the economic and financial crisis determined by the Covid-19 emergency the Board deems appropriate to prudentially withhold the dividend distribution proposal on the net income pertaining year 2019 approved on 2nd March. This is aimed at better safeguarding the solidity of the balance sheet and the sound economic and financial balance of the company.

The Dividend distribution will be assessed in the second half of the year when an increased visibility is expected, due to an easing of the tensions and market unbalances, as restrictions progressively ease and the economic activity resumes.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position as at 31st March 2020

Thousands of EUR		31/03/2020	31/12/2019
ASSETS	(1)		
Current financial assets	5.1	1,733,994	2,117,692
Cash and cash equivalents	5.1.1	335,511	431,463
Other financial assets	5.1.2	258,761	51,928
Trade receivables	5.1.3	186,503	351,539
Inventories	5.1.4	598,813	1,040,842
Current tax assets	5.1.5	129,362	84,058
Other assets	5.1.6	225,044	157,862
Non-current assets	5.2	1,490,049	1,439,254
Property, plant and equipment	5.2.1	1,330,138	1,272,572
Intangible assets	5.2.2	70,667	77,970
Right-of-use of leased assets	5.2.3	48,873	49,919
Other investments	5.2.4	502	502
Deferred tax assets	5.2.5	33,406	31,816
Other financial assets	5.2.6	6,463	6,475
Non-current assets held for sale	5.3	7,038	7,038
Property, plant and equipment	5.3.1	7,038	7,038
Total assets		3,231,081	3,563,984
LIABILITIES AND EQUITY			
Current liabilities	5.4	1,810,322	2,015,764
Short-term financial liabilities	5.4.1	567,337	204,897
Trade and other payables	5.4.2	1,083,548	1,648,736
Tax liabilities	5.4.3	90,421	76,472
Other liabilities	5.4.4	69,016	85,659
Non-current liabilities	5.5	480,819	489,381
Long-term financial liabilities	5.5.1	304,208	254,704
Provisions for risks and charges	5.5.2	142,792	194,278
Provisions for employee benefits	5.5.3	10,532	9,858
Deferred tax liabilities	5.5.4	3,724	4,437
Other liabilities	5.5.5	19,563	26,104
Total liabilities		2,291,141	2,505,145
EQUITY	5.6		
Share capital		54,630	54,630
Legal reserve		10,926	10,926
Other reserves		987,471	967,129
Net result		(113,087)	26,154
Total parent company equity		939,940	1,058,839
Third-party minority interests		-	-
Total equity		939,940	1,058,839
Total liabilities and equity		3,231,081	3,563,984

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

(2) Please refer to the Notes, section 3.2 "Summary of accounting standards and policies"

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the periods 1st January – 31st March 2020

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD 1ST JANUARY - 31ST MARCH 2020

(3)					
Thousands of EUR	(1)	1st January 31st March 2020	of which non- recurring	1st January 31st March 2019	of which non- recurring
Revenues from ordinary operations	6.1.1	1,815,896		2,068,775	
Other income	6.1.2	69,486		24,871	
Total revenues		1,885,382	0	2,093,646	0
Purchases of raw materials, consumables and supplies	6.2.1	(1,954,979)		(1,805,964)	
Cost of services and sundry costs	6.2.2	15,656		(200,413)	
Personnel costs	6.2.3	(38,062)		(38,309)	
Depreciation/amortisation and write-downs	6.2.4	(49,631)		(46,159)	
Total costs		(2,027,016)	0	(2,090,845)	0
Operating result		(141,634)	0	2,801	0
Net income (charges) from equity investments					
Financial income	6.3	14,915		19,766	
Financial charges	6.3	(32,373)		(29,501)	
Result before taxes		(159,092)	0	(6,935)	0
Income tax	6.4	46,005		2,843	
Net result		(113,087)	0	(4,092)	0
Net result attributable to:					
Shareholders of the parent company		(113,087)		(4,092)	
Third-party minority interests		0		0	
Net earnings per share – base (euro cents)		(12.01)		(0.44)	
Net earnings per share – diluted (euro cents)		(12.01)		(0.44)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1ST JANUARY - 31ST MARCH 2020

Thousands of EUR	1st January 31st March 2020	1st January 31st March 2019
Net result (A)	(113,087)	(4,092)
Items that may be reclassified subsequently to profit or loss		
Effect of translation of the financial statements of foreign operations	42	
Cash Flow Hedging Reserve	(6,602)	
Items that will not be reclassified to profit or loss		
Actuarial effect IAS 19 on employee post-employment benefits	(703)	(107)
Other profit/(loss), net of the fiscal effect (B)	(7,263)	(107)
Total consolidated net result (A + B)	(120,350)	(4,199)
Total consolidated net result attributable to:		
Shareholders of the parent company	(120,350)	(4,199)
Third-party minority interests	0	0

(1) Please refer to the Notes, section 6 "Notes to the Statement of Comprehensive Income"

(2) Please refer to the Notes, section 3.4 "Summary of accounting standards and policies"

(3) During 2019, the Saras Group continued to further improve the methods used to measure its operating performance and economic results, reflected in both GAAP and non-GAAP indicators communicated internally and externally. To this end, starting in the fourth quarter of 2019, the Group decided to revise its accounting policy regarding the rules for the classification of derivative instruments, including the results achieved and not the results of derivative instruments used to hedge commodities and CO2 charges to the operating result. This decision was also inspired by the opportunities introduced by the recent entry into force of IFRS 9. In accordance with IFRS, the figures for 2018 impacted by this reclassification have been restated to allow their comparability with those of the current year.

Consolidated Statement of Changes in Equity to 31st March 2020

Thousands of EUR	Share Capital	Legal Reserve	Other Reserves	Profit (Loss) period	Total equity attributable to the Parent Company	Third-party minority interests	Total Equity
Balance at 31/12/2018	54,630	10,926	898,089	140,425	1,104,070	0	1,104,070
Allocation of previous year result			140,425	(140,425)	0		0
Dividend Distribution			(75,310)		(75,310)		(75,310)
Conversion effect balances in foreign currency			42		42		42
Actuarial effect IAS 19			(703)		(703)		(703)
Reserve for stock option plan			1,658		1,658		1,658
Other changes			2,928		2,928		2,928
Net result				26,154	26,154		26,154
<i>Total net result</i>			<i>42</i>	<i>26,154</i>	<i>26,154</i>	<i>0</i>	<i>26,154</i>
Balance at 31/12/2019	54,630	10,926	967,129	26,154	1,058,839	0	1,058,839
Allocation of previous year result			26,154	(26,154)	0		0
Dividend Distribution					0		0
Conversion effect balances in foreign currency			122		122		122
Actuarial effect IAS 19					0		0
Reserve for stock option plan			668		668		668
Cash Flow Hedging Reserve			(6,602)		(6,602)		(6,602)
Net result				(113,087)	(113,087)		(113,087)
<i>Total net result</i>			<i>(6,480)</i>	<i>(113,087)</i>	<i>(119,567)</i>	<i>0</i>	<i>(119,567)</i>
Balance at 31/03/2020	54,630	10,926	987,471	(113,087)	939,940	0	939,940

Consolidated Statement of Cash Flows for the period to 31st March 2020

Thousands of EUR	(1)	1/1/2020- 31/03/2020	1/1/2019- 31/03/2019
A - Initial cash and cash equivalents		431,463	272,831
B - Cash flow from (for) operating activities			
Net result	5.5	(113,087)	(4,092)
Unrealised exchange rate differences on bank current accounts		(6,075)	(3,577)
Amortisation, depreciation and write-downs of assets	6.2.4	49,631	46,159
Net change in risk provisions	5.4.2	(51,486)	(494)
Net change in provision for employee benefits	5.4.3	674	565
Net change in deferred tax liabilities and deferred tax assets	5.2.4 - 5.4.4	(2,303)	3,013
Net interest		4,695	5,599
Income tax set aside	6.4	(43,702)	(5,856)
Change in the fair value of derivatives	5.1.2 - 5.3.1	(45,180)	15,763
Other non-monetary components	5.5	(5,812)	476
Profit (Loss) for the period before changes in working capital		(212,645)	57,556
(Increase)/Decrease in trade receivables	5.1.3	165,036	38,541
<i>of which with related parties:</i>		(24)	(19)
(Increase)/Decrease in inventories	5.1.4	442,029	(157,388)
(Increase)/Decrease in trade and other payables	5.3.2	(565,188)	173,839
Change other current assets	5.1.5 - 5.1.6	(112,486)	(62,892)
Change other current liabilities	5.3.3 - 5.3.4	41,008	89,301
Interest received		184	178
Interest paid		(4,879)	(5,777)
Taxes paid	5.3.2	0	0
Change other non-current liabilities	5.4.5	(6,541)	(4,940)
Total (B)		(253,482)	128,418
C - Cash flow from (for) investment activities			
(Investments) in tangible and intangible assets	5.2.1-5.2.2	(97,581)	(114,808)
(Investments) in Right-of-use of leased assets (3)		(1,267)	(51,408)
(Increase)/Decrease in other financial assets	5.1.2	31,014	57,982
Increases in the sale of non-current assets held for sale	5.2.1-5.2.2	0	
Total (C)		(67,834)	(108,234)
D - Cash flow from (for) financing activities			
Increase/(decrease) m/l-term financial payables	5.4.1	49,504	52,642
Increase/(decrease) short-term financial payables	5.3.1	169,785	9,632
Distribution of dividends and treasury share purchases		0	0
Total (D)		219,289	62,274
E - Cash flows for the period (B+C+D)		(102,027)	82,458
Unrealised exchange rate differences on bank current accounts		6,075	3,577
F - Final cash and cash equivalents		335,511	358,866

(1) Please refer to the Notes, section 5 "Notes on the Statement of Financial Position"

(2) Please refer to the Notes, section 3.2 "Summary of accounting standards and policies"

(3) It includes the effects of first time application of IFRS16: therefore, the variation is a non-monetary item.

For the Board of Directors
The Chairman
Massimo Moratti



NOTES ON THE CONSOLIDATED STATEMENTS OF ACCOUNTS AS AT 31 MARCH 2020

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1. Introduction

Publication of the condensed consolidated financial statements of Saras Group for the period ended 31 March 2020 was authorised by the Board of Directors on 14 May 2020.

Saras S.p.A. (the “Parent Company”) is a company limited by shares listed on the Milan stock exchange. Its registered office is in Sarroch (CA), Italy, S.S. 195 “Sulcitana” Km. 19. It is jointly controlled by Massimo Moratti SAPA (20.01%), Angel Capital Management S.p.A. (10.005%) and Stella Holding S.p.A. (10.005%), which together represent 40.02% of the share capital of Saras S.p.A. (excluding treasury shares) under the shareholders' agreement signed by these companies on 24 June 2019. The Company is established until 31 December 2056, as stated in its articles of association.

Saras S.p.A. operates in the Italian and international oil markets as a buyer of crude oil and a seller of finished products. Saras Group's activities include refining of crude, the production and sale of electricity via an integrated gasification combined cycle (IGCC) plant operated by its subsidiary Sarlux S.r.l. and a wind farm run by the subsidiary Sardeolica S.r.l.

These consolidated financial statements for the year ended 31 March 2020 are presented in euro, since this is the currency of the economy in which the Group operates. They consist of a Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement, Statement of Changes in Equity and these Notes. All the amounts shown in these Notes to the Consolidated Financial Statements are expressed in thousands of euro, unless otherwise stated.

2. Basis of preparation

The consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS or international accounting standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Article 6 of Regulation (EC) 1606/2002 of the European Parliament and Council of 19th July 2002, and in accordance with the measures adopted in implementation of Article 9 of Legislative Decree No 38 of 28th February 2005. The term IFRS is used to mean all International Financial Reporting Standards, all International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), endorsed by the European Commission as of the date the draft consolidated and separate financial statements were approved by its Board of Directors, and set out in the relevant EU regulations published as of that date.

The financial statements have been prepared using the following criteria, deemed suitable to provide a more complete picture of the financial position, operating results and cash flows of the Group:

- Statement of Financial Position: assets and liabilities are divided into current and non-current items, according to liquidity;
- Income statement and statement of comprehensive income: income statement items are presented according to their nature;
- Cash flow statement: presented using the indirect method, which distinguishes between cash flows from operations, investing and financing activities;
- Statement of Changes in Consolidated Equity.

The accounting standards shown below have been applied consistently to all the periods reported. These financial statements were prepared in accordance with the going concern principle, as the Directors determined that there are no financial or operating indicators, among others, signalling criticalities in the Group's ability to meet its obligations in the foreseeable future. The risks and uncertainties relative to the business, as well as the volatility of external and market factors to which the Group's economic and financial performances are exposed, are described in the section dedicated to the Report on Operations. A description of the Group's financial risk management, including liquidity and capital risks, is provided in the section on additional information on financial instruments and risk management policy of these notes.

3. Accounting standards applied

3.1 Basis of preparation

The condensed consolidated financial statements of the Saras Group for the period ended 31 March 2020, presented pursuant to Article 154-ter of the TUF, as subsequently amended, have been prepared in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and approved by the European

Union, which include all the international accounting standards (IASs) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standard Interpretations Committee (SIC). The condensed consolidated financial statements for the period ended 31 March 2020 have been prepared pursuant to IAS 34 - Interim Financial Reporting.

3.2 New accounting standards, interpretations and changes adopted by the Group

The main standards adopted by the Saras Group for the preparation of the condensed consolidated financial statements as at 31 March 2020 are consistent with those applied in the consolidated financial statements as at 31 December 2019 and the corresponding interim reporting period, except for the new accounting standards, interpretations and amendments described below, which, as of the date of preparation of these condensed consolidated financial statements, had already been enacted and had become effective in this financial year.

Starting from the period ended 31 March 2020, Saras Group applied a hedge accounting approach, according to IFRS 9, to some hedging derivatives which have the goal to hedge the strategic refinery margin. According to the accounting standard, whenever the derivatives hedge the cash flow risk of the items hedged (Cash Flow Hedge), variations in the fair value of the derivatives are initially accounted in a reserve of Net Equity and through OCI, and they are subsequently accounted through Income Statement together with the results of the hedged items.

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018)

The IASB published the revised version of the Conceptual Framework for Financial Reporting with first-time application on 1 January 2020. The main changes concern:

- a new chapter on measurement;
- improved definitions and guidance, particularly with regard to the definition of a liability;
- clarifications of important concepts, such as stewardship, prudence and measurement uncertainty.

The amendment has had no effect on these condensed consolidated financial statements.

Amendments to the Definition of a business in IFRS 3 (issued on 22 October 2018)

The IASB published amendments to the Definition of a Business in IFRS 3 with the aim of helping to determine whether a transaction is an acquisition of a business or a set of activities that does not meet the definition of a business under IFRS 3. The amendments apply to purchases made after 01 January 2020 and have had no effect on these condensed consolidated financial statements.

Amendments to the Definition of material in IAS 1 and IAS 8 (issued on 31 October 2018)

The IASB published amendments to the Definition of material in IAS 1 and IAS 8, in order to clarify the definition of 'material' and help entities to assess whether information should be included in the financial statements. The amendments apply as from 01 January 2020 and have had no effect on these condensed consolidated financial statements.

Accounting standards issued but not yet in force

The standards and interpretations that had already been issued and endorsed at the preparation date of these Consolidated Financial Statements and that will become effective in the following years are listed below.

IFRS 17 - 'Insurance Contracts'(issued on 18 May 2017)

The IASB has published IFRS 17 - Insurance Contracts, a new complete standard which covers the recognition and measurement, presentation and disclosure of insurance contracts. The standard will be effective for annual periods starting on or after 1 January 2021 and will apply to all types of insurance contracts, regardless of the entity writing them, and to certain guarantees and financial instruments with discretionary participation characteristics. On the basis of preliminary analyses, the Group does not expect the standard to have any material effects on its consolidated financial statements.

3.3 Consolidation area

The consolidated financial statements include the financial statements of the Parent Company and of the companies over which it exercises control, directly or indirectly, starting from the date on which it was acquired and up to the date when such control ceases. In this case, said control is exercised both by virtue of the direct or indirect ownership of the majority of shares with voting rights and the exercise of a dominant influence expressed by the power to determine, even indirectly by virtue of contractual or legal agreements, financial and managerial choices of the entities, obtaining the relative benefits, even disregarding equity transactions. The existence of potential voting rights exercisable at the reporting date is considered for the purpose of determining control.

The consolidated financial statements have been prepared as at 31 March, and are generally those specifically prepared and approved by the Boards of Directors of the individual companies, appropriately adjusted, where necessary, to align them with the accounting standards of the Parent Company.

Consolidated subsidiaries are listed below:

Consolidated on a line-by-line basis	% owned
Deposito di Arcola Srl	100%
Sarlux Srl	100%
Saras Ricerche e tecnologie Srl	100%
Sarint SA and subsidiaries	100%
Saras Energia SAU	100%
Terminal Logistica de Cartagena SLU	100%
Reasar SA	100%
Sardeolica Srl	100%
Saras Trading SA	100%
Other investments: measured at cost as not significant	
Sarda Factoring	4.01%
Consorzio La Spezia Utilities	5%

There are no changes with respect to 31 December 2019.

3.4 Use of estimates

The preparation of financial statements requires directors to apply accounting standards and methodologies that, in certain situations, are based on difficult and subjective valuations and estimates founded on past experience and assumptions that at the time are considered reasonable and realistic under the circumstances. The use of these estimates and assumptions affects the amounts reported in the financial statements, i.e. the statement of financial position, income statement, statement of comprehensive income and cash flow statement, as well as the accompanying disclosures. The actual amounts of accounting entries for which estimates and assumptions have been used may differ from those shown in the financial statements, due to the uncertainty surrounding said assumptions and the conditions upon which the estimates are based. The main estimates relate to the amortisation and depreciation of non-current assets, the recoverable amount of non-current assets, the recoverable amount of inventories, deferred taxes, the provisions for risks, the allowance for impairment, revenues from the sale of electricity by the subsidiary Sarlux S.r.l. to G.S.E., the measurement of the recoverable value of receivables and the estimate of the fair value of derivative instruments.

Estimates and valuations are reviewed periodically and the effects of each of them are recognised in profit or loss. A summary of the most significant estimates is provided in the Group's consolidated financial statements as at 31 December 2019, to which reference should be made.

4. Information by business segment and geographical area

4.1 Introduction

The Saras Group's business segments are:

1. refinement;
2. marketing;
3. generation of power by the combined cycle plant;
4. generation of power by wind farms;
5. other businesses.

The refining activities carried out by Parent Saras S.p.A. and subsidiary Sarlux S.r.l. relate to the sale of oil products obtained:

- upon completion of the entire production cycle, ranging from the sourcing of raw materials to the refining and production of finished products, which is carried out at the company's site in Sarroch, Sardinia;
- and, in part, by acquiring oil products from third parties.

The finished products are sold to major international operators.

Marketing activities concern the distribution of oil products, an activity aimed at smaller-sized customers and/or those with distribution procedures that differ from those described above in relation to refining. These activities are undertaken:

- in Italy by Saras S.p.A. (Wholesale Division), to wholesale customers (wholesalers, buying consortia, municipal utilities and retailers of oil products) and oil companies through a logistics network organised on own base (Sarroch), on a third party's base pursuant to a transit contract (Livorno, Civitavecchia, Marghera, Ravenna, Udine, Trieste, Lacchiarella, Arquata) and by Deposito di Arcola S.r.l. for the logistics management of the Arcola depot (SP);
- in Spain, by Saras Energia SA, for non-network customers, supermarkets and resellers via an extensive network of depots located throughout the country, the most important of which, the Cartagena terminal, is owned by the company itself.

The **electricity generated by the combined cycle plant** refers to the sale of the electricity generated by the Sarroch power station owned by Sarlux S.r.l. Sales take place exclusively with the client GSE (Gestore dei Servizi Energetici S.p.A.) and benefit from the feed-in tariff under CIP 6/92.

The **electricity generated by wind farms** relates to the activity carried out at the Ulassai wind farm owned by subsidiary Sardeoloica S.r.l.

Other activities include reinsurance activities carried out for the Group by Reasar S.A. and research for environmental sectors undertaken by Sartec S.r.l.

The management monitors the operating results for individual business segments separately, in order to determine the allocation of resources and evaluate performance. The results of each segment are assessed on the basis of operating profits or losses. The breakdown by business segment and the basis on which segment results are determined are the same as in the consolidated financial statements as at 31 December 2019.

4.2 Segment information

In order to present continuously and consistently the profits attributable to the various segments, in the event of corporate actions such as mergers or asset contributions, the intercompany transactions that are no longer carried out as the result of such corporate actions continue to be reported based upon the conditions set forth in the previously existing contracts.

Below is the breakdown by segment. For more quantitative details and the comments, reference should be made to the specific sections of the Report on Operations:

Income Statement as at 31st March 2020	REFINING	POWER	MARKETING	WIND	OTHER	TOTAL
Revenues from ordinary operations	2,134,274	115,543	359,688	3,373	4,990	2,617,868
to be deducted: intersectoral revenues	(782,680)	(15,600)	(196)	0	(3,496)	(801,972)
Revenues from third parties	1,351,594	99,943	359,492	3,373	1,494	1,815,896
Other operating revenues	67,188	19,767	1,026	488	83	88,552
to be deducted: intersectoral revenues	(18,887)	(140)	0	0	(40)	(19,067)
Other income from third parties	48,301	19,627	1,026	488	43	69,486
Depreciation/amortisation and write-downs	(33,362)	(13,746)	(683)	(1,636)	(205)	(49,631)
Gross Operating result	(157,163)	16,538	(1,525)	809	(296)	(141,634)
Financial income (a)	16,690	22	17	3	1	16,733
Financial charges (a)	(33,764)	(41)	(346)	(39)	(2)	(34,192)
Income tax	53,129	(4,967)	(1,997)	(245)	87	46,007
Profit (loss) for the period	(121,108)	11,552	(3,851)	528	(210)	(113,087)
Total directly attributable assets (b)	1,728,058	1,261,193	107,424	110,948	23,456	3,231,081
Total directly attributable liabilities (b)	1,891,632	152,787	208,479	22,307	15,936	2,291,141
Investments in tangible assets	95,577	992	79	223	274	97,145
Investments in intangible assets	117	0	3	79	(1)	198

Conto Economico 31 marzo 2019	REFINING	POWER	MARKETING	WIND	OTHER	TOTALE
Revenues from ordinary operations	2,450,299	121,498	487,363	4,242	8,533	3,071,935
to be deducted: intersectoral revenues	(982,190)	(15,386)	(234)	0	(5,350)	(1,003,160)
Revenues from third parties	1,468,109	106,112	487,129	4,242	3,183	2,068,775
Other operating revenues	25,253	3,015	933	547	83	29,831
to be deducted: intersectoral revenues	(18,093)	0	0	(54)	(65)	(18,212)
Other income from third parties	7,160	3,015	933	493	18	11,614
Depreciation/amortisation and write-downs	(30,633)	(13,309)	(745)	(1,255)	(217)	(46,159)
Gross Operating result	(26,956)	22,504	3,687	2,330	1,237	2,801
Financial income (a)	19,436	189	118	19	4	19,766
Financial charges (a)	(25,563)	(3,633)	(274)	(27)	(4)	(29,501)
Income tax	10,608	(5,799)	(984)	(723)	(259)	2,843
Profit (loss) for the period	(22,476)	13,261	2,547	1,599	978	(4,092)
Total directly attributable assets (b)	1,668,197	1,265,895	239,831	88,148	45,480	3,307,551
Total directly attributable liabilities (b)	1,629,723	228,280	288,802	20,679	39,613	2,207,098
Investments in tangible assets	102,351	10,836	158	894	181	114,420
Investments in intangible assets	325	0	234	9	1	569

- (a) Calculated without taking into account inter-segment eliminations.
(b) Total assets and liabilities are calculated after inter-segment eliminations.

5. Notes to the Statement of Financial Position

5.1 Current assets

5.1.1 Cash and cash equivalents

The following table shows a breakdown of cash and cash equivalents:

Cash and cash equivalents	31/03/2020	31/12/2019	Change
Bank and postal deposits	335,661	431,627	(95,966)
Cash	(150)	(164)	14
Total	335,511	431,463	(95,952)

Unrestricted bank deposits mainly relate to Saras S.p.A. for EUR 188,037 thousand and to Saras Trading S.A. for EUR 97,910 thousand. For further details on the net financial position, reference is made to the relevant section of the Report on Operations. The change in cash and cash equivalents is summarised in the cash flow statement.

5.1.2 Other financial assets

The table below shows the breakdown of Other financial assets held for trading.

Current financial assets	31/03/2020	31/12/2019	Change
Current financial derivatives	237,835	21,086	216,749
Deposits to secure derivatives	19,684	29,600	(9,916)
Other assets	1,242	1,242	0
Total	258,761	51,928	206,833

Derivatives consist of both the positive fair value of instruments in place at period end and the positive differences realised and not yet collected.

The item "Derivative guarantee deposits" includes the balance as at 31 March 2020 of deposits to guarantee open positions in derivative instruments required by the counterparties with which the Group has entered into such transactions.

5.1.3 Trade receivables

Trade receivables amount to EUR 186,503 thousand, down on the equivalent amount as at 31 December 2019, of EUR 165,136 thousand. The item is presented net of the provision for doubtful receivables, which amounts to EUR 6,800 thousand (unchanged on 31 December 2019). The reduction of receivables is essentially due to the combined effect, brought about by the spread of the Coronavirus epidemic, of the decline in sales and consumption of oil products and the major drop in market prices.

5.1.4 Inventories

The following table shows a breakdown of inventories and the changes that occurred during the period under review:

Inventories	31/03/2020	31/12/2019	Change
Raw materials, consumables and supplies	110,713	400,474	(289,761)
Unfinished products and semi-finished products	74,146	70,502	3,644
Finished products and goods	289,086	455,812	(166,726)
Spare parts and raw materials, supplies	124,868	114,054	10,814
Total	598,813	1,040,842	(442,029)

The decrease in the value of oil inventories (mainly linked to crude oil and finished products) is essentially due to the joint effect of the decrease in quantities held in stock at period end and the declining market price trend.

In compliance with the provisions of the accounting standards, the Group has measured inventories at the lesser of purchase or production cost and the recoverable amount on the market: this comparison led to the booking of a lower value of inventories in the amount of EUR 122 million.

No inventories are used as collateral for liabilities.

5.1.5 Current tax assets

Current tax assets break down as follows:

Current tax assets	31/03/2020	31/12/2019	Change
VAT credit	32	33	(1)
IRES credits	106,276	62,357	43,919
IRAP credits	19,944	19,944	0
Other amounts due from the tax authorities	3,110	1,724	1,386
Total	129,362	84,058	45,304

IRES receivables mainly relate to advances paid during last year and surplus results in respect of the debt accrued at year-end, as well as the now eliminated Robin Hood Tax, which was recovered offsetting it against the payment of other tax. The 43,919 increase is mainly due to the income tax credit accrued during the period.

IRAP receivables refer to the advances paid during the previous year by the subsidiary Sarlux and the surplus results with respect to the relevant tax.

Other receivables include tax for which a rebate has been requested, or which have been paid on a provisional basis.

5.1.6 Other assets

The balance breaks down as follows:

Other assets	31/03/2020	31/12/2019	Change
Accrued income	454	211	243
Prepaid expenses	21,565	17,486	4,079
Other short-term loans	203,025	140,165	62,860
Total	225,044	157,862	67,182

Prepayments mainly relate to insurance premiums and charges for the biofuel regulations for the Parent Company.

"Other receivables" mainly comprise:

- the receivable of EUR 94,858 thousand due to the subsidiary Sarlux S.r.l. from the Equalisation Fund for the Electricity Sector for the payment, pursuant to Title II, paragraph 7-bis, Cip Regulation no. 6/92, of charges resulting from Directive 2003/87/EC (Emissions Trading), in application of Authority for Electricity and Gas Resolution ARG/elt 77/08 of 11 June 2008, referring to 2019 (75,232 thousand) and the first quarter of 2020 (19,626 thousand);
- white certificates of EUR 36,896 thousand, related to the benefits granted to the subsidiary Sarlux in respect of the energy savings achieved through specific projects preliminarily authorised by GSE and carried out at the Sarroch refinery (EUR 36,688 thousand in 2019); for additional information, reference should be made to section 7.1.
- the receivable for insurance reimbursement of 10,075 thousand, for damages caused by the September 2018 atmospheric event.

5.2 Non-current assets

According to the applied IFRS, the Group carries out impairment testing once a year (as at 31 December) on its intangible assets with indefinite useful life (basically a goodwill related to the wind segment) and, if and when circumstances suggest that there may be a reduction in the recoverable value, on its tangible and intangible assets. Such impairment testing is based on the calculation of value in use. The variables used to calculate the recoverable value of the various cash generating units (CGUs) are described in the consolidated financial statements as at 31 December 2019.

During the first quarter of 2020 the Covid 19 pandemia and the negative impacts of the strong measures applied worldwide to fight it have caused, starting from March 2020, an unseen and unpredictable downfall of the global demand for oil products that has unavoidably impacted Saras Group. This notwithstanding, such a negative impact on first quarter was not considered as an impairment indicator as at 31 March 2020.

The Group also expects in the second half of the year that the macroeconomic scenario and prospects for the oil sector will gradually improve. The progressive easing of restrictions should in fact support demand and with it contribute to a gradual recovery of economic activity both in Italy and in the world with consequent recovery of margins for the Group, in a period that will also be characterized by the full availability of the plants, with no important maintenance planned. In addition, to further support margins, the current abundance of crude oils on the market is expected to continue, offering Saras interesting opportunities in terms of options and discounts.

Thus, also considering the current uncertainty and fluidity of the markets, Saras Group decided not to update the impairment tests as at 31 March 2020.

5.2.1 Property, plant and equipment

The following table shows the breakdown of property, plant and equipment:

Historical Cost	31/12/2019	Increases	Decreases	Write-downs	Other changes	31/03/2020	
Land and buildings	177,174	2	(10)	0	0	177,166	
Plant and machinery	3,566,290	7,701	(317)	0	2,286	3,575,960	
Industrial and commercial equipment	37,058	6	0	0	0	37,064	
Other goods	642,596	269	0	0	1,132	643,997	
Tangible fixed assets under construction	248,297	89,167	(975)	0	(3,618)	332,871	
Total	4,671,415	97,145	(1,302)	0	(200)	4,767,058	
Amortisation Fund	31/12/2019	Amortisation	Use	Write-downs	Other changes	31/03/2020	
Land and buildings fund	100,663	1,102	0	0	0	101,765	
Plant and machinery fund	2,799,894	30,603	(317)	0	(48)	2,830,132	
Industrial and commercial equipment fund	28,593	937	0	0	11	29,541	
Other goods	469,693	5,789	0	0	0	475,482	
Total	3,398,843	38,431	(317)	0	(37)	3,436,920	
Net Value	31/12/2019	Increases	Decreases	Amortisation	Write-downs	Other changes	31/03/2020
Land and buildings	76,511	2	(10)	(1,102)	0	0	75,401
Plant and machinery	766,395	7,701	0	(30,603)	0	2,335	745,828
Industrial and commercial equipment	8,465	6	0	(937)	0	(11)	7,523
Other goods	172,903	269	0	(5,789)	0	1,132	168,515
Tangible fixed assets under construction	248,297	89,167	(975)	0	0	(3,618)	332,871
Total	1,272,572	97,145	(985)	(38,431)	0	(162)	1,330,138

"Land and buildings" chiefly include industrial buildings, offices and warehouses with a carrying amount of EUR 35,661 thousand, office buildings in Milan and Rome belonging to the Parent Company with a carrying amount of EUR 2,922 thousand

and land largely relating to the Sarroch and Arcola sites respectively belonging to the subsidiary Sarlux S.r.l. and the subsidiary Deposito di Arcola S.r.l. with a carrying amount of EUR 36,818 thousand.

The item "Plant and machinery" mainly relates to the refining and combined-cycle power plants at Sarroch.

The item "Industrial and commercial equipment" includes equipment for the chemical laboratory and the control room for refining activities, as well as miscellaneous production equipment.

"Other assets" mainly include tanks and pipelines used to carry the group companies' products and crude oil (Sarlux S.r.l., Saras Energia S.A. and Deposito di Arcola S.r.l.).

"Assets under construction and payments on account" reflect costs incurred mainly for investment in tanks, and work to adapt and upgrade existing facilities, particularly for environmental, safety and reliability purposes.

Increases for the year amounted to EUR 97,145 thousand and mainly refer to technological interventions on refinery plants and the extension of the wind farm, as mentioned previously.

The main annual depreciation rates used, which are the same as in 2019, are as follows:

	for I.G.C.C.plant	per other fixed assets (annual base)
Industrial buildings (land and buildings)	until 2031	5.50%
Generic plant (plant and machinery)	until 2031	8.38%
Highly corrosive plant (plant and machinery)	until 2031	11.73%
Pipelines and tanks (plant and machinery)		8.38%
Thermoelectric power plant (plant and machinery)	until 2031	
Wind park (plant and machinery)		10.00%
Supplies (equipment plant and machinery)		25.00%
Electronic office equipment (other assets)		20.00%
Office furniture and machinery (other assets)		12.00%
Vehicles (other assets)		25.00%

The concession for the use of public lands on which some of the service facilities of the Sarroch refinery stand (wastewater treatment, desalination sea water, blow-down, flare and landing stage) issued by the Port Authority of Cagliari is valid until 31 December 2027.

5.2.2 Intangible assets

The following table shows the changes in intangible assets:

Historical Cost	31/12/2019	Increases	Decreases	Write-downs	Other changes	31/03/2020
Industrial patent and original work rights	53,300	85	0	0	184	53,569
Concessions, licences, trademarks and similar rights	24,349	0	0	0	193	24,542
Goodwill and intangible assets with indefinite life	21,019	0	0	0	0	21,019
Other intangible fixed assets	531,832	197	(155)	0	(165)	531,709
Intangible assets under construction	1,218	0	1,195	0	0	2,413
Total	631,718	282	1,040	0	212	633,252

Amortisation Fund	31/12/2019	Amortisation	Use	Write-downs	Other changes	31/03/2020
Industrial patent and original work rights	48,515	566	0	0	(16)	49,065
Concessions, licences, trademarks and similar rights	11,961	18	0	0	397	12,376
Other intangible fixed assets	493,190	8,303	(152)	0	(197)	501,144
Total	553,666	8,887	(152)	0	184	562,585

Net Value	31/12/2019	Increases	Decreases	Amortisation	Write-downs	Other changes	31/03/2020
Industrial patent and original work rights	4,785	85	0	(566)	0	168	4,504
Concessions, licences, trademarks and similar rights	12,388	0	0	(18)	0	590	12,166
Goodwill and intangible assets with indefinite life	20,937	0	0	0	0	0	20,937
Other intangible fixed assets	38,642	197	(307)	(8,303)	0	(362)	30,565
Intangible assets under construction	1,218	0	1,195	0	0	0	2,413
Total	77,970	282	888	(8,887)	0	396	70,667

The decrease compared with 31 December 2019 mainly reflects amortisation in the period of EUR 27,831 thousand, calculated using the same annual rates as in 2018, which are reported below.

Industrial patent rights and intellectual property rights	20%
Concessions, licences, trademarks and similar rights	3%-33%
Other intangible assets	6%-33%

There are no intangible assets with a finite useful life held for disposal. The main items are set out in detail below.

Concessions, licences, trademarks and similar rights

This item mainly refers to surface rights acquired by the subsidiary Sardeolica on the land where the Ulassai wind farm stands. Its amortisation period will end in 2035.

Goodwill

This item mainly relates to the goodwill recognised for the subsidiary Sardeolica S.r.l. (EUR 20,937 thousand), which was paid to acquire this company. It was justified given the projection of future cash flows expected by the subsidiary Sardeolica S.r.l. until 2035 when its concessions expire.

Other intangible fixed assets

The subsidiary Sarlux S.r.l. has entered into a long-term contract for the supply of electricity under the CIP6 regime signed with Gestore dei Servizi Elettrici S.p.A. (hereinafter, GSE). This contract – which was originally recognised at fair value in the 2006 consolidated financial statements for EUR 547.5 million and amortised over its term – was measured over its term, in accordance IAS 36.

In the past few years, the carrying amount of this contract was always tested for impairment, based on the changes to the background and legislation.

In view of the fact that this contract under the CIP6 regimen will expire during the early months of 2021 and that during the period, no events took place that suggested permanent, significant losses of value, no need was seen to estimate the recoverable amount of the Contract.

Intangible assets under construction and advance payments

The item includes investments underway to purchase software licences. There are no intangible assets with a finite useful life held for disposal.

5.2.3 Right-of-use of leased assets

The Saras Group has acquired rights-of-use of third-party assets, mainly intended for the use of:

- functional areas that are essential to the pursuit of its core business (state-owned areas adjacent to the sites of Sarroch and Arcola, areas on which the Ulassai wind farm stands, etc.), of which it was unable or did not consider it appropriate to purchase ownership;
- properties used for offices;
- instrumental assets and plants built and operated by industrial partners, for which the Group did not have the adequate technological know-how to allow for their development and operation.

Changes to rights-of-use of leased assets are shown in the tables below:

Historical Cost	31/12/2019	Increases	Decreases	Write-downs	Other changes	31/03/2020
Leased land and buildings	39,956	0	0	0	1,285	41,241
Leased plant and equipment	11,952	0	0	0	0	11,952
Leased industrial and commercial equipment	0	0	0	0	0	0
Other leased assets	7,385	0	0	0	10	7,395
Total	59,293	0	0	0	1,295	60,588

Amortisation Fund	31/12/2019	Amortisation	Use	Write-downs	Other changes	31/03/2020
Leased land and buildings provision	5,096	0	0	0	1,287	6,383
Leased plant and machinery provision	1,649	0	0	0	428	2,077
Leased industrial and commercial equipment provision	0	0	0	0	0	0
Other goods	2,629	2,313	0	0	(1,687)	3,255
Total	9,374	2,313	0	0	28	11,715

Net Value	31/12/2019	Increases	Decreases	Amortisation	Write-downs	Other changes	31/03/2020
Leased land and buildings	34,860	0	0	0	0	(2)	34,858
Leased plant and equipment	10,303	0	0	0	0	(428)	9,875
Leased industrial and commercial equipment	0	0	0	0	0	0	0
Other leased assets	4,757	0	0	(2,313)	0	1,696	4,140
Total	49,919	0	0	(2,313)	0	1,266	48,673

The balance as at 31 March 2020, for EUR 48,673 thousand, relates to the application of standard IFRS 16 - Leases. Booking essentially refers to the following types of contracts:

- 1) Concessions, building rights and similar: these are mainly concessions of areas on which part of the production site of Sarroch and the oil depots of Arcola and Cartagena are located, as well as the area on which the Ulassai wind farm was built and operates;
- 2) Plants: these are mainly contracts stipulated by the subsidiary Sarlux with suppliers for the construction and operation of some plants within the production site of Sarroch;
- 3) Company car fleets: these are long-term lease contracts on company cars used both within the industrial site of Sarroch and by employees in various managerial and commercial sites.
- 4) Property leases for offices and sales premises.

Please note that no significant changes have been made since 31 December 2019, both as regards the scope of application and the assumptions used for the application of this standard.

5.2.4 Other investments

Other investments break down as follows:

Other investments	31/03/2020	31/12/2019	Change
Consorzio La Spezia Utilities	7	7	0
Sarda Factoring	495	495	0
Total	502	502	0

5.2.5 Prepaid tax assets

The balance as at 31 March 2020 of EUR 33,406 thousand refers to deferred tax assets believed to be recoverable from future taxable income as envisaged under the Group's most recent plans.

5.2.6 Other financial assets

As at 31 March 2020, this item amounts to EUR 6,463 thousand (EUR 6,579 thousand last year) and relates to medium-/long-term receivables.

5.4 Non-current assets classified as held for sale

The balance as at 31 December 2019 of EUR 7,038 thousand consists of the residual value of the subsidiary Saras Energia S.A.U.'s business unit, which is held for sale. During the second half of 2019, to complete the agreement signed in November 2018 with Kuwait Petroleum Espana SA, the Spanish subsidiary sold the service stations in Spain. The residual balance refers to the value of certain stations whose transfer has not yet been completed pending certain authorisations from the local authorities.

5.4 Current liabilities

5.4.1 Short-term financial liabilities

The following table provides a breakdown of short-term financial liabilities:

Short-term financial liabilities	31/03/2020	31/12/2019	Change
Current bank loans	18,847	70,017	(51,170)
Bank current accounts	285,646	7,973	277,673
Financial derivatives	192,655	35,875	156,780
Other short-term financial liabilities	70,189	91,032	(20,843)
Total	567,337	204,897	362,440

"Current bank loans and borrowings" include the short-term portion of bank loans and borrowings raised by the Group, which are measured at amortised cost. The terms and conditions of the loans and bonds are described in note "5.5.1 - Long-term financial liabilities".

“Current bank accounts” comprise the credit lines balance used by the Group as part of the performance of its ordinary activities.

“Financial derivatives” comprise the negative fair value of the financial derivatives in place as at 31 March 2020: the increase of such items on 31 December 2019 is primarily due to the rise in the prices of crude and oil products.

The following table shows assets and liabilities measured at fair value as at 31 March 2020, broken down by type of underlying:

Financial derivatives	31/03/2020 Assets	31/03/2020 Liabilities	31/12/2019 Assets	31/12/2019 Liabilities	Change
Interest rate swaps	0	(336)		(100)	(236)
Fair value derivatives on commodities	237,835	(155,344)	21,086	(29,392)	(125,952)
Fair value forward purchases and sales on exchange rates	0	(1,515)		(3,283)	1,768
Fair value forward purchases and sales on CO2 allowances	0	(35,460)		(3,100)	(32,360)
Total	237,835	(192,655)	21,086	(35,875)	(156,780)

“Other current financial liabilities” essentially include receipts related to receivables factored without recourse and without notification, received from customers and not paid back to factors.

For further details, see the cash flow statement.

5.4.2 Trade and other payables

Trade payables amount to EUR 1,083,548 thousand, down on the balance as at 31 December 2019. The reduction is partly due to a decline in the quantities purchased in the run-up to period end and partly to the sharp declining trend seen in market prices in March.

5.4.3 Current tax liabilities

This item breaks down as shown below:

Tax liabilities	31/03/2020	31/12/2019	Change
Payables for VAT	11,538	9,888	1,650
IRES payables (and income tax foreign firms)	541	255	286
Other tax payables	78,342	66,329	12,013
Total	90,421	76,472	13,949

“Other tax payables” mainly include payables for excise duties on products released for consumption by the Parent Company, Saras S.p.A., (EUR 70,780 thousand) and the subsidiary Saras Energia S.A.U. (EUR 3,717 thousand). The increase mainly arises from the excise tax advance payments made only in December, as required by Italian law.

5.4.4 Other liabilities

A breakdown of other current liabilities is shown below:

Other current liabilities	31/03/2020	31/12/2019	Change
Payables employee benefit and social security	9,570	11,038	(1,468)
Payables due to employees	26,372	19,977	6,395
Payables to others	21,293	21,690	(397)
Accrued liabilities	2,303	3,904	(1,601)
Deferred income	9,478	29,050	(19,572)
Total	69,016	85,659	(16,643)

The item “Due to personnel” includes salaries for March not yet paid and the accrued portion of additional monthly payments, as well as bonuses for the achievement of corporate goals.

5.5 Non-current liabilities

5.5.1 Long-term financial liabilities

This item breaks down as shown below:

Long-term financial liabilities	31/03/2020	31/12/2019	Change
Non-current bonds	199,922	198,994	928
Non-current bank loans	49,902	0	49,902
Other long-term financial liabilities	54,384	55,710	(1,326)
Total	304,208	254,704	49,504

It comprises the medium-/long-term portions of the bank loans taken out by the Parent Company. These are summarised as follows (values in EUR millions):

Values expressed in millions of EUR	Commencement / Debt renegotiation	Original Amount	Base rate	Balance at 31/12/2018	Balance at 31/12/2019	Maturity	
						1 year	Beyond 1 year to 5 years
Saras SpA							
Unicredit	April 2017	50	6M Euribor	49.4	49.9		49.9
Bond	December 2017	200	1.70%	198.7	199.9		199.9
Total liabilities to banks for loans				248.1	249.8	-	249.8

"Long-term financial liabilities" comprise:

- a bond for a total nominal value of EUR 200 million, maturing on 28 December 2022 with a fixed annual coupon of 1.70%, represented by a private placement of debt securities on Third Market, the Austrian multilateral trading facility owned by Wiener Börse AG;
- a EUR 50 million loan, taken out by Saras S.p.A., subject to the following covenants: in financial terms, the company will have to meet the following ratios: net financial debt/EBITDA < 3.5 and net financial debt/shareholders' equity < 1.5, both ratios calculated on the basis of the results reported in the Group's consolidated financial statements as at 31 December each year; in corporate terms, mainly in relation to the company's ownership structure, a ban on changing business activities, reducing the share capital, selling the majority of its significant shareholdings or selling a significant portion of its non-current assets.
Failure to comply with these covenants will give the banking syndicate the right to demand early repayment of the loan.

On the last verification date, all financial covenants had been met.

The Parent Company, Saras, also has a revolving credit facility of up to EUR 255 million in place, expiring in 2020. None of this amount had been drawn down as at 31 March 2020.

"Other long-term financial liabilities" are mainly due to the registration of financial liabilities for leasing relative to the specified first application of the new standard IFRS 16.

5.5.2 Provisions for risks and charges

Provisions for risks and charges break down as follows:

Provisions for risks and charges	31/12/2019	Provisions	Use	Other changes	31/03/2020
Plant dismantling fund	19,038	0	0	0	19,038
Charges for CO ₂ quotas fund	148,711	0	(51,109)	0	97,602
Other funds for risks and charges	26,529	0	(377)	0	26,152
Total	194,278	0	(51,486)	0	142,792

The provisions for dismantling plants relate to the future costs of dismantling plant and machinery, which are made wherever there is a legal and constructive obligation to be met in this regard.

The provision for CO₂ allowances (EUR 97,602 thousand) was accrued pursuant to Legislative decree no. 216 of 4 April 2006, which introduced limits on CO₂ emissions from plants. If these limits are exceeded, allowances covering the excess amount of CO₂ must be purchased on the appropriate market. Period use is mainly due to:

- release of the provision made previously for CO₂ allowances in relation to the purchase of the business unit (north plant) from Versalis S.p.A. following their definitive assignment for the period 2015-2020;
- the reduction in the value of the CO₂ allowances as compared with December 2019.

The item "Other provisions for risks" mainly refers to provisions recorded for probable liabilities of a legal and fiscal nature, mainly due to a dispute with the GSE for the recognition of white certificates (TEE).

5.5.3 Provisions for employee benefits

The following table shows the changes in "Post-employment benefits":

Provisions for employee benefits	31/03/2020	31/12/2019	Change
Post-employment benefits	10,532	9,858	674
Total	10,532	9,858	674

Employee end-of-service payments are governed by art. 2120 of the Italian Civil Code and reflect the estimated amount that the company will be required to pay employees when they leave their employment. The liability accrued as at 31 December 2006 was determined according to actuarial methods.

5.5.4 Deferred tax liabilities

Deferred tax liabilities, totalling EUR 3,724 thousand, relate to the foreign subsidiaries.

5.5.5 Other non-current liabilities

Other non-current liabilities break down as follows:

Other non-current liabilities	31/03/2020	31/12/2019	Change
Deferred income straight-line reporting Sarlux/Gse	19,172	25,563	(6,391)
Other payables	391	541	(150)
Total	19,563	26,104	(6,541)

The change compared with 31 December 2019 is mainly due to the decrease in "Deferred income" posted by the subsidiary Sarlux S.r.l. This item relates to the recognition of revenues arising from the agreement for the sale of energy between the subsidiary and G.S.E. (Gestore dei Servizi Energetici S.p.A.) on a straight-line basis in accordance with both the term of the contract (20 years) and forecasts for the price of crude oil and gas, which are determining factors for electricity tariffs and electricity production costs.

5.6 Shareholders' equity

Shareholders' equity comprises the following:

Total equity	31/03/2020	31/12/2019	Change
Share capital	54,630	54,630	0
Legal reserve	10,926	10,926	0
Other reserves	987,471	967,129	20,342
Net profit (loss) for the period	(113,087)	26,154	(139,241)
Total	939,940	1,058,839	(118,899)

Share capital

As at 31 March 2020, the fully subscribed and paid-up share capital of EUR 54,630 thousand comprised 951,000,000 ordinary shares with no par value.

Legal reserve

The legal reserve, which is unchanged from the previous year-end balance, is equal to one-fifth of the share capital.

Other reserves

This item totals EUR 987,471 thousand, representing a net increase of EUR 20,342 thousand on the previous year. The net increase was the combined result of:

- the allocation of the prior year profit (EUR 26,154 thousand);
- the positive effect of the translation of foreign currency financial statements of foreign subsidiaries (EUR 122 thousand);
- the provision made for cash flow hedging in regard to the transactions in derivatives described at point 3.2 above; such transactions are classified as *cash flow hedge transactions* according to IFRS 9;
- the EUR 668 thousand increase due to the reserve for the bonus issue to all employees under the company's stock grant plans;

In accordance with IAS 1, para. 1 and 97, it is noted that no equity transactions took place with shareholders acting in their capacity as owners of the company.

Net result

The period loss amounts to EUR 113,087 thousand.

6. Notes to the income statement

In FY 2019, the Saras Group continued to analyse additional possible refinements to the method by which to show the Group's economic performance, reflected in GAAP and non-GAAP indicators. More specifically, it launched an analysis aimed at verifying the existence of requirements for the application of hedge accounting, in compliance with IFRS 9 "Financial Instruments" to the portfolio of derivatives.

On the basis of the analyses carried out and indeed the results, starting 2019, the Group has decided to review the accounting standard in regard to the accounting classification of derivatives, representing the hedging transactions implemented to mitigate the risk of changes in the price of raw oil, semi-finished products, oil products and CO2 allowances, in line with the commodity purchases and sales to which the derivatives refer and only attributed in the company financial management system. Derivatives stipulated for other purposes instead remain classified under the item of the income statement that refers to financial operations. This reclassification entails the entry under "Cost of services and sundry costs" of the net result of hedging transactions.

In compliance with the provisions of the IFRSs, the 2019 data that has been impacted by this reclassification has been restated to allow for its comparison with that of the current year.

6.1 Revenues

6.1.1 Revenues from ordinary operations

"Revenues from ordinary operations" break down as follows:

Revenues from ordinary operations	31/03/2020	31/03/2019	Change
Revenues from sales and services	1,703,484	1,948,185	(244,701)
Sale of electricity	109,201	116,230	(7,029)
Other remunerations	2,965	4,153	(1,188)
Change in contract work in progress	246	207	39
Total	1,815,896	2,068,775	(252,879)

Revenues from sales and services are down by EUR 244,701 thousand due to the average level of market prices, which is lower during the first three months than it was in the same period of last year. This decline is due to the combined effect, brought about by the spread of the Coronavirus epidemic, of the decline in sales and consumption of oil products.

Revenues from the sale of electricity mainly comprise EUR 93,361 thousand relating to the gasification plant, EUR 6,615 thousand relating to the subsidiary Sarlux S.r.l.'s internal utility network sales, and EUR 2,833 thousand relating to the subsidiary Sardeolica's wind farm.

Revenues from the sale of electricity by the subsidiary Sarlux comprise the effect of the recognition of figures on a straight-line basis, calculated over the residual term of the contract that expires in 2020, principally taking into account the tariff amount and the forward curves of both the price of gas and the projected EUR/USD exchange rate until the contract expires. These projections are reconsidered when they undergo significant changes.

It is worthy of note that, pending the settlement of the dispute with the Energy Grid and Environment Regulation Authority (ARERA) over the method of calculating the avoided fuel cost component for the purposes of these financial statements, revenues from the sale of electricity were determined in accordance with Law Decree 69/2013 ("*Decreto del Fare*"), which is less beneficial for the subsidiary.

Other fees mainly refer to the revenues earned by the subsidiaries Sartec S.r.l. and Reasar SA in their respective business segments.

Revenues from ordinary operations are broken down by business segment in paragraph 3.2 above ("Segment information").

6.1.2 Other income

The following table shows a breakdown of "Other income":

Other operating revenues	31/03/2020	31/03/2019	Change
Compensation for storage of mandatory stocks	2,403	2,368	35
Sale various materials	125	164	(39)
Grants	463	497	(34)
Chartering	862	711	151
Recovery for claims and compensation	416	38	378
CO2 charges reimbursement	19,626	16,128	3,498
Other revenues	45,591	4,965	40,626
Total	69,486	24,871	44,615

The item "Repayment of CO2 charges" refers to the revenues recognised by the subsidiary Sarlux S.r.l. following the obtainment, pursuant to Title II, point 7-bis of CIP measure no. 6/92, of the repayment of the charges incurred as part of the application of Directive 2003/87/EC (Emission Trading) as per AEEG's resolution no. 77/08. The increase compared with the previous year is mainly due to the change in the price of allowances.

The item "Other revenues" mainly comprises the release of the provision made in previous years for CO₂ allowances in relation to the purchase of the business unit (north plant) from Versalis S.p.A. following their definitive assignment for the period 2015-2020, for EUR 35.9 million.

6.2 Costs

The following table shows a breakdown of the main costs:

6.2.1 Purchases of raw materials, consumables and supplies

Purchases of raw materials, replacement parts, consumables	31/03/2020	31/03/2019	Change
Purchase of raw materials	326,034	1,039,980	(713,946)
Purchase semi-finished products	62,300	90,128	(27,828)
Purchase supplies and consumables	31,702	27,158	4,544
Increase in property, plant and equipment	(741)	(7,401)	6,660
Purchase finished products	1,094,532	813,434	281,098
Change in inventories	441,152	(157,335)	598,487
Total	1,954,979	1,805,964	149,015

Costs for the purchase of raw materials are down by EUR 713,946 thousand as compared with the same period of last year, mainly due to the reduction of prices and the reduction of quantities acquired, as a result of the spread of the Coronavirus epidemic mentioned previously.

Costs for the purchase of products increased for 281,098 thousands, mainly due to the planned maintenance activities that impacted the production of some plants during the quarter and caused the Group to purchase products from third parties.

The decrease of inventories is both due to a quantity decrease as well as to the trend of the market prices. In accordance to the accounting standards, the inventories are evaluated at the lower value between the cost of purchase or production and the market value: such comparison determined a lower value of the inventories amounting to 122 million.

6.2.2 Services and sundry costs

Services and sundry costs	31/03/2020	31/03/2019	Change
Costs for services	157,922	173,953	(16,031)
Capitalisations	(37,339)	(42,473)	5,134
Derivatives on crude oil products and CO2	(147,286)	59,520	(206,806)
Costs for use of third-party goods	581	2,427	(1,846)
Other operating costs	10,466	6,986	3,480
Total	(15,656)	200,413	(216,069)

Service costs mainly comprise maintenance, rentals, transport, electricity and other utilities, as well as bank charges.

The change on the previous year, amounting to EUR 15,281 thousand, is due to an increase in the cost of maintenance and technical and consulting services required by the Parent Company and the subsidiary Sarlux.

As noted at point 6 "Notes to the Income Statement", "Services and sundry costs" include the reclassification of derivatives transactions.

"Capitalisation" mainly refers to the turn-around maintenance costs capitalised during the period;

"Other operating costs" chiefly comprise indirect taxes (municipal tax on property and air emission taxes) and membership fees.

6.2.3 Personnel expense

The breakdown of "Personnel expense" is as follows:

Personnel costs	31/03/2020	31/03/2019	Change
Salaries and wages	29,216	29,445	(229)
Increases in fixed assets for internal work	(3,004)	(2,614)	(390)
Social security contributions	8,233	8,680	(447)
Post-employment benefits	1,671	1,559	112
Other costs	1,477	714	763
Remuneration to the Board of Directors	469	525	(56)
Total	38,062	38,309	(247)

Given the substantial stability of the Group's average workforce, personnel expense is in line with the same period of the previous year.

6.2.4 Depreciation/amortisation and write-downs

Amortisation and depreciation figures are shown below:

Depreciation/amortisation and write-downs	31/03/2020	31/03/2019	Change
Amortisation of intangible assets	8,887	8,830	57
Depreciation of tangible assets	38,431	35,443	2,988
Depreciation of tangible leased assets	2,313	1,911	402
Total	49,631	46,184	3,447

“Depreciation of tangible fixed assets” increases due to the commissioning and consequent start of depreciation of the investments made during the previous year.

“Amortisation of leased assets” includes period amortisation calculated in accordance with the provisions of IFRS 16.

6.3 Financial income and charges

A breakdown of financial income and charges is shown below.

Financial income	31/03/2020	31/03/2019	Change
Bank interest income	184	178	6
Unrealised differences on derivatives	0	1,507	(1,507)
Realised differences on derivatives	3,414	87	3,327
Other income	1	75	(74)
Profit on exchange rates	11,316	17,918	(6,602)
Total	14,915	19,766	(4,851)

Financial charges	31/03/2020	31/03/2019	Change
Unrealised differences on derivatives	(1,751)	(5,163)	3,412
Realised differences on derivatives	1,835	(243)	2,078
Interest expenses on loans and other financial charges	(4,879)	(5,574)	695
Interest on rights of use on leases	(161)	(203)	42
Exchange rate losses	(27,417)	(18,318)	(9,099)
Total	(32,373)	(29,501)	(2,872)

The table below shows net income/charges by type:

Financial income e Financial charges	31/03/2020	31/03/2019	Change
Net interest	(4,856)	(5,599)	743
Result of derivative instruments, of which:	3,498	(3,812)	7,310
<i>Realised</i>	5,249	(156)	5,405
<i>Fair value of open positions</i>	(1,751)	(3,656)	1,905
Net exchange rate differences	(16,101)	(400)	(15,701)
Other	1	75	(74)
Total	(17,458)	(9,736)	(413)

The fair value of derivatives in place as at 31 March 2020 refers in full to exchange rate and interest rate hedges, as well as speculative transactions.

As shown, the changes mainly refer to net exchange rate differences, as well as gains/losses on derivative financial instruments. In this regard, please note that the derivative financial instruments being considered relate to hedging transactions for which hedge accounting has not been adopted.

6.4 Income tax

Income tax can be shown as follows:

Income tax	31/03/2020	31/03/2019	Change
Current taxes	(43,703)	(5,192)	(38,511)
Net deferred tax liabilities (assets)	(2,302)	2,349	(4,651)
Total	(46,005)	(2,843)	(43,162)

Current taxes related entirely to IRES and IRAP are calculated on the taxable income of the subsidiaries, while the change in prepaid and deferred taxes reflects the trend in reversals and provisions during the period.

7. Other information

For information on subsequent events, reference should be made to the relevant section in the Report on Operations.

7.1 Main legal actions pending

The Parent Company Saras S.p.A. and some Group companies were subject to a tax audit by the tax authorities which led, in some cases, to disputes pending before tax courts. With respect to 31 December 2019, no significant updates apply to current disputes, nor have any new actions been taken.

The Group companies are involved in legal disputes filed by different plaintiffs for various reasons. The outcome of some of these disputes is hard to predict. Although the decisions made by the ordinary and administrative courts with regard to the alleged infringements have been contradictory, the Group believes that the probability of any liability arising is remote. If, however, a liability is deemed probable, appropriate accruals have been made to the provision for risks. Also, in this context, with respect to 31 December 2019, no significant updates apply to current disputes, nor have any new actions been taken.

The subsidiary Sarlux S.r.l. is involved in pending litigation concerning energy issues:

- non-recognition of the IGCC plant as a cogeneration plant with the consequent alleged obligation to purchase green certificates;
- recognition of white certificate credits for achieved energy efficiency;

Refer to the 2019 consolidated financial statements for further details.

Also, in this context, with respect to 31 December 2019, no significant updates apply to current disputes, nor have any new actions been taken.

7.2 Commitments

As at 31 March 2020, there are no irrevocable, multi-year commitments to purchase materials or services.

As part of its normal activities, the Parent Company Saras issued sureties totalling EUR 235,105 thousand as at 31 March 2020, mainly in favour of subsidiaries and bodies, such as Customs Agencies and the Ministry of Defence.

7.3 Related party transactions

The transactions carried out by Saras Group with related parties mainly concern the exchange of goods, the provision of services and arrangements of a financial nature. During the period, there were no new types of related party transactions. The impact of these transactions or positions on the items of the statement of financial position, income statement and cash flow statement are immaterial and substantially in line with previous periods.