

## The Board of Directors of Saras S.p.A. approves the Half-Year Financial Report as of 30<sup>th</sup> June 2024<sup>1</sup>

- **Group reported EBITDA at EUR 275.2 million in H1'24** (EUR 282.0 million in H1'23) due to a positive market scenario, with crack spreads above historical levels, although lower than last year.
- **Group reported EBITDA at EUR 97.7 million in Q2'24** (EUR 35.6 million in Q2'23) thanks to stronger production performances and higher diesel crack spread when compared to Q2'23.
- **Group reported Net Income and at EUR 108.7 million in H1'24** (at EUR 122.3 million in H1'23) **and at EUR 31.3 million in Q2'24** (EUR -16.8 million in Q2'23).
- **Group's Comparable EBITDA at EUR 288.5 million in H1'24** (EUR 312.4 million in H1'23) **at EUR 90.5 million in Q2'24** (EUR 27.1 million in Q2'23) for the same effects described for the reported results.
- **Group's Comparable Net Income at EUR 126.6 million in H1'24** (at EUR 139.7 million in H1'23) **and at EUR 29.7 million in Q2'24** (EUR -22.3 million in Q2'23).
- **Net Financial Position, before IFRS 16, positive for EUR 10.7 million** (positive for EUR 202.7 million as of 31<sup>st</sup> December 2023).

After the Board meeting, the Chairman, **Mr. Massimo Moratti**, commented: *"The first half of the year ended with solid results, thanks to a positive scenario and cracks above historical averages for all main products, although at lower levels than in the first half of 2023. For the second half of the year, we take a more cautious outlook, as the main international market sources indicate declining refining margins, due to a lackluster macroeconomic trend and the production start-up of some large extra-EU refineries. Despite this, the quality of the Sarroch industrial site and the ongoing initiatives for continuous improvement allow us to confirm the indications previously provided on the expected margins and the positive net financial position at the end of the year. With regards to the corporate ownership structure, on the 18<sup>th</sup> of June the Vitol Group completed the acquisition of the 35% of Saras shares held by our Family, and a new cycle has therefore officially begun. Saras is now part of a leading Group in the global energy sector, which will be able to create further value, capitalize on important synergies, and enrich the wealth of skills and knowledge that Saras people have built over time. We would like to express our gratitude to everyone and make our most sincere wishes for a future full of successes and satisfactions."*

**Milan, July 31<sup>st</sup>, 2024:** The Board of Directors of Saras S.p.A. met today under Chairman Massimo Moratti and approved the Half Year Consolidated Financial Report as of 30th June 2024. The results of the second quarter, which are unaudited, are also presented here below for sake of continuity and completeness of information.

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<sup>1</sup> The manager in charge of preparing the corporate accounting documents, **Ing. Fabio Peretti**, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records of the Company.

# Key Group financial and operating results

EUR million	H1/24	H1 2023	Change %	Q2/24	Q2/23	Change %
REVENUES	5,908	5,417	9%	2,877	1,951	47%
Reported EBITDA	275.2	282.0	-2%	97.7	35.6	174%
<b>Comparable EBITDA</b>	<b>288.5</b>	<b>312.4</b>	<b>-8%</b>	<b>90.5</b>	<b>27.1</b>	<b>233%</b>
Reported EBIT	175.9	187.6	-6%	47.8	(12.4)	-485%
<b>Comparable EBIT</b>	<b>189.2</b>	<b>218.0</b>	<b>-13%</b>	<b>40.6</b>	<b>(20.9)</b>	<b>-294%</b>
NET RESULT reported	108.7	122.3	-11%	31.3	(16.8)	-286%
<b>Comparable NET RESULT</b>	<b>126.6</b>	<b>139.7</b>	<b>-9%</b>	<b>29.7</b>	<b>(22.3)</b>	<b>-233%</b>

EUR million	H1/24	H1 2023	Change %	Q2/24	Q2/23	Change %
CAPEX	79.9	143.2	-44%	48.9	102.0	-52%

EUR million	H1/24	H1 2023	FY 2023
NET FINANCIAL POSITION ANTE IFRS 16	10.7	73.5	202.7
NET FINANCIAL POSITION POST IFRS 16	(21.9)	36.1	166.8

## GAAP and Non-GAAP measure (alternative performance indicators)

To present the Group operating performance in a way that best reflects the most recent market trends, in line with generally accepted practices in the oil sector, the operating profit and comparable net income, non-accounting values processed in this Report on Operations have been stated with the measurement of stocks using the FIFO method, but excluding unrealized gains and losses on stocks resulting from scenario changes calculated by measuring opening stocks (including the related derivatives) at the same unit values as closing stocks (when quantities increase in the period), and closing stocks at the same unit values as opening stocks (when quantities decrease in the period). Items that are non-recurring in terms of their nature, materiality and frequency have been excluded from both the operating profit and the comparable net income.

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.

## Comments on the Group's results for the first half of 2024

**In the first half of 2024, Group revenues amounted to EUR 5,908 million**, compared to EUR 5,417 million reported in the same period of the previous year. The increase is due to both the production volumes and the changed scenario conditions between the two periods. As regards industrial production, it should be noted that the main production variables are higher than the values recorded in 2023. Specifically, refining runs in the first half of 2024 amounted to 47.3 million barrels (vs 44.4 million barrels in H1'23), non-renewable electricity production amounted to 2,104 GWh (vs 1,608 GWh in H1'23). From a scenario perspective, the positive impacts of the increase in the prices of the main oil products outstripped the drop in the sale price of electricity (regulated under the Essentiality Regime). Specifically, in the first half of 2024, the average diesel price was 793 \$/ton (vs 772 \$/ton in H1'23), the average gasoline price was 849 \$/ton (vs 832 \$/ton in H1'23), the National Single Price for the sale of electricity (PUN) was 93 €/MWh (vs 136 €/MWh in H1'23) and the €/€ exchange rate was 1.08 (in line with H1'23).

**The Group reported EBITDA amounted to EUR 275.2 million**, down from EUR 282.0 million in the first half of 2023. The broadly in line result comes from the combination of higher production volumes and a less favourable scenario conditions characterized by a softening in the diesel and gasoline cracks, an increase in the price of Brent and a reduction in discounts of heavy crudes

with a high sulphur content. Planning and production performances recorded a higher performance compared to the same period of the previous year. On the other hand, supply&trading performances were weaker compared to the exceptional levels of the first half of 2023, although still benefiting from a favorable market context across all sales channels. As regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives), they resulted in a loss on inventories net of hedging derivatives equal to EUR 24.8 million compared to a loss of EUR 24.0 million recorded in the same period of 2023. Lastly, it should be noted that the reported EBITDA in H1'24 benefits from the recalculation of the "Avoided Fuel Cost" component for the period 2010-2012 under the CIP6/92 provision for EUR 44.1 million.

**The Group reported Net Result amounted to EUR 108.7 million**, compared to EUR 122.3 million in the first half of 2023. In addition to what has already been highlighted in terms of EBITDA, this performance is also due to the overall negative impact of financial income and charges due to the increase in interest rates and the negative effect of the exchange rate, only partially offset by lower taxes due to the reduction in taxable income.

**The Group comparable EBITDA stood at EUR 288.5 million**, down from EUR 312.4 million in the first half of 2023. This result, compared to the reported EBITDA, does not include the above-mentioned negative effect of the scenario on oil inventories (net of the related hedging derivatives) between the beginning and the end of the period, and includes the impact of the forex derivatives reclassified in the operating result. The decrease in the result compared to the first half of 2023 is attributable to the lower contribution generated by the "Industrial & Marketing" segment, partly offset by a slight rise in the contribution of the "Renewables" segment; both deviations will be better described in the "Segment Review" section.

**The Group comparable Net Result amounted to EUR 126.6 million**, lower compared to the EUR 139.7 million achieved in the first half of 2023, due to the same factors described for the reported Net Result, net of the negative effect of the scenario on oil inventories (net of the related hedging derivatives) between the beginning and the end of the period.

**Investments in the first half of 2024 stood at EUR 79.9 million** lower than in the first half of 2023 (EUR 143.2 million); this decrease is attributable to both the Industrial & Marketing and Renewables segments; the former compares with significant works related to the multi-year turnaround of the Integrated Gasification Combined Cycle plant (IGCC) in 2023, the latter with the bulk of expenses being paid for the Helianto solar plant in 2023 .

## Comments on the Group's results for the second quarter of 2024

**In the second quarter of 2024, Group revenues amounted to EUR 2,877 million**, compared to EUR 1.951 million reported in the same period of the previous year. The increase is due to both the production volumes and the changed scenario conditions between the two periods. As regards industrial production, it should be noted that the main production variables are higher than the values recorded in 2023, which were affected by a heavy maintenance plan. Specifically, refining runs in the second quarter of 2024 amounted to 22.2 million barrels (vs 19.5 million barrels in Q2'23), non-renewable electricity production amounted to 990 GWh (vs 519 GWh in Q2'23). From a scenario perspective, the positive impacts of the increase in the prices of the main oil products outstripped the drop in the sale price of electricity (regulated under the Essentiality Regime). Specifically, in the second quarter of 2024, the average diesel price was 769 \$/ton (vs 710 \$/ton in Q2'23), the average gasoline price was 866 \$/ton (vs 825 \$/ton in Q2'23), the National Single Price for the sale of electricity (PUN) was 95 €/MWh (vs 115 €/MWh in Q2'23) and the €/€/\$ exchange rate was 1.08 (vs the €/€/\$ exchange rate of 1.09 in Q2'23).

**The Group reported EBITDA amounted to EUR 97.7 million**, up from EUR 35.6 million in the second quarter of 2023. The higher result comes from the combination of higher production volumes and a more favourable scenario conditions characterized by an increase in the diesel crack and a stronger US dollar compensated by a decrease in gasoline crack, an increase in brent price and a reduction in discounts of heavy crudes with a high sulphur content. Furthermore, it compares to the second quarter of 2023 penalized by the impact of external factors. Planning and production performances recorded a higher performance compared to the same period of the previous year. Supply&trading performances were also better compared to the second quarter of 2023 thanks to a higher result in the hedging of inventories. As regards the price dynamics of commodities on oil inventories (net of the related hedging derivatives), they benefited from an increase of EUR 2.3 million compared to a benefit of EUR 7.8 million recorded in the same period of 2023.

**The Group reported Net Result amounted to EUR 31.3 million**, compared to a loss of EUR 16.8 million in the second quarter of 2023. In addition to what has already been highlighted in terms of EBITDA, this performance is mainly due to the overall negative impact of financial income and charges due to the increase in interest rates and the negative effect of the exchange rate.

**The Group comparable EBITDA stood at EUR 90.5 million**, up from EUR 27.1 million in the second quarter of 2023. This result, compared to the reported EBITDA, does not include the above-mentioned positive effect of the scenario on oil inventories (net of the related hedging derivatives) between the beginning and the end of the period, and includes the impact of the forex

derivatives reclassified in the operating result. The increase in the result compared to the second quarter of 2023 is attributable to the higher contribution generated by both the "Industrial & Marketing" segment and the "Renewables" segment; both deviations will be better described in the "Segment Review" section.

**The Group comparable Net Result amounted to EUR 29.7 million**, higher compared to the loss of EUR 22.3 million achieved in the second quarter of 2023, due to the same factors described for the reported Net Result, net of the positive effect of the scenario on oil inventories (net of the related hedging derivatives) between the beginning and the end of the period.

**Investments in the second quarter of 2024 stood at EUR 48.9 million** lower than in the second quarter of 2023 (EUR 102.0 million); this decrease is attributable to both the Industrial & Marketing and Renewables segments, the former compares with a significant multi-year turnaround of the Integrated Gasification Combined Cycle plant (IGCC) in 2023, the latter with the bulk of expenses being paid for the Helianto solar plant in 2023.

## Calculation of the Group comparable EBITDA

EUR million	H1/24	H1 2023	Q2/24	Q2/23
<b>Reported EBITDA</b>	<b>275.2</b>	<b>282.0</b>	<b>97.7</b>	<b>35.6</b>
Gain / (Losses) on Inventories and on inventories hedging derivatives	24.8	24.0	(2.3)	(7.8)
Derivatives FOREX	(11.4)	6.4	(5.0)	(0.7)
Non-recurring items	-	-	-	-
<b>Comparable EBITDA</b>	<b>288.5</b>	<b>312.4</b>	<b>90.5</b>	<b>27.1</b>

## Calculation of the Group comparable Net Result

EUR million	H1/24	H1 2023	Q2/24	Q2/23
<b>Reported NET RESULT</b>	<b>108.7</b>	<b>122.3</b>	<b>31.3</b>	<b>(16.8)</b>
Gain & (Losses) on Inventories and on inventories hedging derivatives net of taxes	17.9	17.4	(1.6)	(5.5)
Non-recurring items net of taxes	-	-	-	-
<b>Comparable NET RESULT</b>	<b>126.6</b>	<b>139.7</b>	<b>29.7</b>	<b>(22.3)</b>

# Net Financial Position

The Net Financial Position as of 30th June 2024, before the effects of applying IFRS 16, was positive by EUR 10.7 million, compared to the positive position of EUR 202.7 million reported on 31st December 2023. In addition, the Net Financial Position as of 30th June 2024, post-IFRS16, was negative at EUR (21.9) million, compared to the positive Net Financial Position at EUR 166.8 million on 31st December 2023.

A cash absorption of EUR 188.7 million was recorded in the first half of 2024. Operations generated cash for EUR 208,0 million, the change in working capital absorbed cash for EUR 138.7 million, investments absorbed EUR 79.9 million; dividends have been paid for 142.2 million and lastly a negative component of EUR 35.9 million related to the difference between taxes paid and taxes accrued in the period. The change in working capital is mainly due to an increase in the level of inventories.

At the end of the quarter, the medium/long-term bank loans were reclassified in the short-term loans since as of 30<sup>th</sup> June it was not yet received from the lending banks the requested waiver related to the change of control event.

However, the issuance of such waiver is currently being finalized, as reported in the paragraph "Main events after the end of the first six months of 2024" and in the "Notes to the Consolidate Financial Statements".

For further details, see the Notes to the Financial Statements.

EUR million	30-Jun-24	31-Dec-23
Medium/long-term bank loans	-	(313.6)
Other medium/long-term financial liabilities	(3.0)	(3.5)
Other medium/long-term financial assets	3.2	3.8
<b>Medium-long-term net financial position</b>	<b>0.2</b>	<b>(313.3)</b>
Short term loans	(341.7)	(88.4)
Banks overdrafts	(30.3)	(2.8)
Other short term financial liabilities	(49.9)	(37.0)
Fair value on derivatives and realized net differentials	3.2	53.6
Other financial assets	106.0	48.0
Cash and Cash Equivalents	323.1	542.7
<b>Short-term net financial position</b>	<b>10.5</b>	<b>515.9</b>
<b>Total net financial position ante lease liabilities ex IFRS 16</b>	<b>10.7</b>	<b>202.7</b>
Financial lease liabilities ex IFRS 16	(32.6)	(35.9)
<b>Total net financial position post lease liabilities ex IFRS 16</b>	<b>(21.9)</b>	<b>166.8</b>

# Reference Market

## Oil market

Below is a brief analysis of crude oil price trends, crack spreads of the main refined products, and the reference refining margin (EMC Benchmark) with regard to the European market, which is the main context in which the Saras Group Refining segment operates.

	Q1/24	Q2/24	H1/24	Q1/23	Q2/23	H1/23
<b>Crude oil price and differential (\$/bbl)</b>						
Brent Dated	83.2	84.9	84.1	81.3	78.4	79.8
Diff. Basrah Medium (CIF Med) vs. Brent Dtd	-2.5	-2.8	-2.6	-7.1	-3.7	-5.4
Diff. Azeri Light (CIF Med) vs. Brent Dtd	+6.4	+3.3	+4.8	+6.2	+4.6	+5.4
<b>Crack spreads for refined oil products (\$/bbl)</b>						
ULSD crack spread	26.3	18.2	22.3	30.6	16.8	23.7
Gasoline crack spread	16.4	18.8	17.6	19.2	20.5	19.8
<b>Reference margin (\$/bbl)</b>						
EMC Reference margin	8.2	4.5	6.3	10.1	4.2	7.1

Source "Platts".

### Crude oil prices (Brent Dtd, Basrah Medium, Azeri)

In the first half of 2024, Brent Dtd recorded an average price of **84.1 \$/bbl** (compared to an average price of 79.8 \$/bbl in the same period of 2023). Analyzing the trend by quarter, we note the following:

In the first quarter of 2024, Brent Dtd recorded an average price of **83.2 \$/bbl** (compared to an average price of 81.3 \$/bl in the same period of 2023). This trend was supported by a more robust global oil demand than expected, with a growth rate of +1.7 Mbb/d, thanks to the solid performance of the US economy and the growth in consumption of bunkers for marine engines, influenced by the interruption of traffic along the Red Sea. In addition, on the supply side, the first quarter saw a decline of 870 kbb/d due to the extension of OPEC+ cuts and productive interruptions deriving from the difficult weather conditions recorded in North America.

Prices therefore exhibited an increasing trend in the period, going from around 80 \$/bbl in January to over 85 \$/bbl in March, and the forward curve assumed a marked *backwardation* structure.

In the second quarter, Brent Dtd recorded an average price of **84.9 \$/bbl** (compared to an average price of 78.4 \$/bbl in the same period of 2023). The continuation of the geopolitical tensions in the Middle East and the problems of crossing the Red Sea contributed to keeping the market in backwardation, with spot prices often exceeding 90 \$/bbl at the beginning of the quarter. However, prices fell in May due to the increase in inventory in the Atlantic basin and fell further after the OPEC+ meeting of 2nd June, during which plans were announced to gradually reduce voluntary production cuts starting from Q4/24.

With regard to "sour" crudes (i.e. those with a high sulfur content), in the first half of the year, the Basrah Medium CIF Med recorded an average discount compared to Brent Dated of **-2.6 \$/bbl** (vs -5.4 \$/bbl in the same period of 2023).

The difference between the two periods is explained by a reduction in the significant discounts for this type of crude oil which characterized 2022 and the first quarter of 2023, following the outbreak of the Russian-Ukrainian conflict. As a matter of fact, this event caused a reduction in demand for Middle Eastern crude oils, as traditional Asian buyers preferred to purchase Russian crude oil, heavily discounted as a result of the embargo imposed by Western countries. Subsequently, starting from the second quarter of 2023, the prices of Basrah Medium recovered due to the OPEC+ cuts, reaching a slight premium compared to Brent at the end of 2023.

Analyzing trends on a quarterly basis, in the first quarter of 2024, the differential of Basrah Medium CIF Med vs. Brent Dated widened again at -2.5 \$/bbl (vs. -7.1 \$/bbl in the same period 2023) as the Middle East conflict caused problems in crossing the Red Sea, and therefore made it more difficult to sell Basrah Medium in the Mediterranean market.

In the second quarter, the discount of Basrah Medium CIF Med compared to Brent Dated remained substantially in line with the previous quarter, and achieved an average equal to **-2.8 \$/bbl** (vs. -3.7 \$/bbl in the same period of 2023), mainly due to a slight reduction in freight rates from AG to MED.

With regard to "sweet" crudes (low sulfur content), **the premium of Azeri Light CIF Med compared to Brent Dated in the first half of 2024 averaged +4.8 \$/bbl** (compared to the average of +5.4 \$/bbl in the first half of 2023).

In particular, analyzing the trends on a quarterly basis, we notice that in the first three months of 2024, the premium of Azeri Light CIF Med over Brent Dated averaged **+6.4 \$/bbl** (+6.2 \$/bbl in the same period of 2023). Although substantially in line with the prices of the same period of 2023, the premium saw an increase compared to the end of the previous year (+5.8 \$/bbl in Q4\_23) in a context of robust cracks for middle distillates and a recovery for naphtha. The CIF price was also affected by the rally in cross-Med freight rates.

In the second quarter, the premium of Azeri Light CIF Med compared to Brent Dated averaged **+ 3.3 \$/bbl** (+ 4.6 \$/bbl in the same period of 2023), in a context of a "long" market for low sulfur crude oils, due to the weakening of middle distillates cracks, as well as the prospects of greater supplies thanks to the new oil platform of Azeri Central East (ACE) in the Caspian Sea.

**"Crack spreads" of the main refined products (i.e. the difference between the value of the product and the cost of crude oil; FOB Med values vs Brent Dtd)**

The gasoline crack in the first half year of 2024 recorded an average crack of **17.6 \$/bbl** (compared to an average crack of 19.8 \$/bbl in the first half of 2023).

On a quarterly basis, in the first three months of 2024, the gasoline crack recorded an average of **16.4 \$/bbl**, slightly lower than the same period of the previous year (19.2 \$/bbl), but still higher than historical averages. In particular, in the first quarter of 2024, the gasoline crack recorded an increase of +60% compared to the last quarter of 2023, thanks to resilient demand in a context of reduced supplies from the United States, as a result of the extreme cold weather in mid-January, which temporarily interrupted refinery runs of about 1.5 Mbb/d in North America.

In the second quarter of 2024, the average crack of gasoline was equal to **18.8 \$/bbl** (compared to an average crack of 20.5 \$/bbl in the second quarter of 2023), up by 14% compared to the previous quarter, due to the effect of the change in specification (from winter to summer, more expensive), in preparation of the driving season, the reduction of production in the refineries of the US Gulf Coast, and the low level of inventory at the beginning of the period (due to the reduced supplies in Q1 caused by bad weather in North America).

The diesel crack (ULSD) averaged **22.3 \$/bbl** in the first six months of 2024, compared to an average of 23.7 \$/bbl in the same period of 2023.

In particular, it averaged **26.3 \$/bbl** in the first three months of 2024 compared to the average of 30.6 \$/bbl in the same period of 2023. Also in this case, the crack showed significant strength compared to historical averages and, despite some volatility, it remained in line with the last quarter of 2023. The prices of diesel in Q1\_24 was affected by the same supply limitations from the United States already mentioned with reference to gasoline, as well as the blockage of flows through the Red Sea, which also concerned European imports of middle distillates from the Middle East, increasing their logistics costs and extending delivery time from Asian refineries. Lastly, the extension of OPEC+ production cuts remained a limiting factor in the availability of crude oil rich in residues, used in the conversion units for diesel production.

In the second quarter of 2024, the diesel crack averaged **18.2 \$/bbl**, vs. 16.8 \$/bbl in the second quarter of 2023. This large decrease (-31%) compared to the first quarter of 2024, is mainly attributable to an increase in global supply, which grew by approximately 100kbb/d between April and June, following the return to operations of numerous refineries after the usual spring maintenance. The greater supply came at a time of weaker demand in Europe, due to a combination of factors: reduced industrial activity, milder weather conditions than seasonal averages, and structural changes in the car fleet, with a greater sale of electric vehicles and hybrids with gasoline engines, at the expense of diesel-powered cars.

In the first six months of 2024, the VLSFO crack recorded an average discount of **-1.9 \$/bbl** (vs. -1.3 \$/bbl in the same period of 2023).

In particular, in the first three months of 2024 the crack of the VLSFO was on average equal to **-1.5 \$/bbl** (vs. -0.2 \$/bbl in the same period of 2023), increasing compared to the last quarter of 2023 (-2.2 \$/bbl): the blockage of trade flows in the Red Sea, and the consequent need for longer routes to circumnavigate the African continent, actually boosted VLSFO consumption. Moreover, exports from some countries in the Middle and Far East also decreased during the quarter, where VLSFO was used in the domestic market for electricity generation, and this contributed to supporting the crack.

In the second quarter of 2024, the VLSFO crack recorded an average discount of **-2.3 \$/bbl** (-2.4 \$/bbl in the second quarter of 2023). The decline on a sequential basis is attributable to the lower cost of freight for the main types of tankers, to the reduction of the prices of middle distillates and VGO, as well as the continued Russian production and the increase in Kuwaiti exports, which kept the supply of low sulfur residues high.

The crack of high sulfur content fuel oil (HSFO) in the first half of 2024 averaged -13.2 \$/bbl, **(vs. -19.4 \$/bbl in the first half of 2023)**.

Analyzing the trend on a quarterly basis, **the crack of high sulfur content fuel oil (HSFO) averaged -14.7 \$/bbl in the first quarter of 2024** (vs. -25.3 \$/bbl in the first quarter of 2023), continuing in January the recovery trend observed in the last few months of 2023, for the effect of OPEC+ cuts which, as is known, mainly impact crude oil with a high sulfur content. On the other hand, Canadian heavy crude oil production increased between February and March, partially offsetting this effect.

**In the second quarter, the HSFO crack recorded an average of -11.6 \$/bbl**, (vs. -13.5 \$/bbl in the second quarter of 2023), showing a further strengthening compared to the previous quarter (+21%), thanks to the recovery of high sulphur bunker in Asia, and the continuation of crude production cuts by OPEC+.

## **Marketing**

In Italy, according to data analyzed by Unione Energie per la Mobilità (UNEM) from the "Ministry of the Environment and Energy Security - DGI" source, in the first six months of 2024 sales of petroleum products increased compared to the same period of 2023 (+2.2%). Sales of transport fuels (gasoline + diesel) amounted to 15.7 million tons (+1.9% compared to the same period of 2023) and also 1.9% higher than the pre-pandemic level. In particular, compared to the first six months of 2023, total gasoline showed an increase of 4.5%, with a similar growth in gasoline sold in the retail network (+4.4%); transport diesel showed an increase of 1%, with diesel sold in the retail network instead going into negative territory (-1.1%), while the volumes of the wholesale channel remain positive (+4.8%, equal to 285,000 tons).

In Spain, data by CORES and currently available up to May, show that in the first five months of 2024, motorway fuel consumption generally increased by +4.9% towards the same period in 2023, with significant growth for gasoline (+9.4%) and to a lesser extent also for automotive diesel (+3.7%). This is mainly explained by the trends underway in the Spanish market, where car traffic is generally growing. However, the car fleet is recording an increase in hybrid cars (with gasoline internal combustion engines), while as regards cars with diesel engines, there is a progressive replacement of fossil fuel gasoil with bioproducts (HVO, biodiesel).

## **Electricity and CO2**

**In the first half of 2024, the PUN recorded an average price of about 93.5 €/MWh** compared to an average of about 136.3 €/MWh in the same period of 2023.

**More specifically, analyzing the quarterly trends, we note that in the first quarter of 2024, the PUN registered an average price of about 92 €/MWh** (vs. 157 €/MWh in the same period of 2023), down by 26% compared to the previous quarter, following the same trend of natural gas prices. The mild winter and uncertain macroeconomic conditions brought natural gas prices on average to 29.2 €/MWh, compared to 40.6 €/MWh recorded in the fourth quarter of 2023.

Afterwards, in the second quarter, **the PUN reported an average price of about 95 €/MWh** (115 €/MWh in the same period of 2023), slightly up compared to the first quarter (+3.4%), reflecting only partially the increase in natural gas prices, which in fact increased by 14%, reaching the average of €33.4/MWh.

Moving on to **EUA quotations of European carbon dioxide permits, in the first six months of 2024 the average price was about 64 €/ton** (vs. approximately 87 €/ton in the first six months of 2023).

**In the first three months of 2024, the average price of the EUA permits was equal to around 60 €/ton** (vs. around 87 €/ton in the first three months of 2023), continuing the downward trend, with an average of around 16% lower than in the previous quarter, due largely to the downturn in macroeconomic conditions.

In the second quarter of 2024, **EUA prices for European carbon dioxide emissions permits had a moderate recovery, recording an average of around €68/ton** (vs. around €87/ton in the second quarter of 2023).



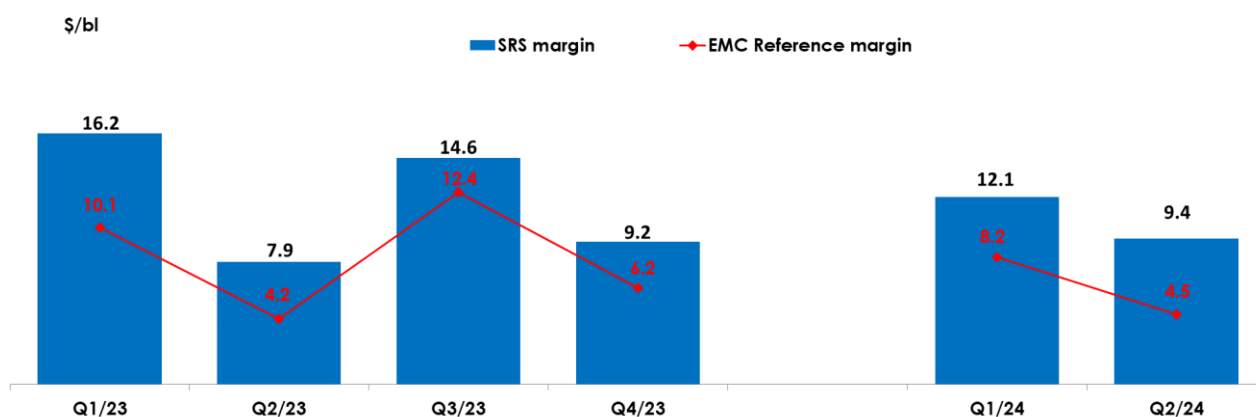
## Saras Industrial & Marketing margins and EMC Reference Margin

As regards the analysis of the profitability of the Industrial & Marketing segment, Saras uses the refining benchmark margin "EMC Reference Margin" as a reference, compared to which the Sarroch industrial site typically achieves a premium thanks to the characteristics of high flexibility and complexity of its plants, as well as its industrial and commercial performance.

**In the first half of 2024, the EMC Reference Margin, in light of the market context described in the previous paragraph, stood at an average of 6.3\$/bbl** (vs. an average of 7.1\$/bbl in the first half of 2023). **The Saras margin was equal to 10.8 \$/bbl** (12.6\$/bbl in the same period of the previous year), **highlighting a premium of 4.5 \$/bbl** (+5.5\$/bbl in the first half of 2023), near the top of the 2024 guidance range which envisages achieving an average annual premium of 3.5÷4.5 \$/bbl.

In particular, as illustrated in the previous quarterly report, the **EMC Reference Margin for the first quarter of 2024 stood at an average of 8.2\$/bbl** (vs. 10.1\$/bbl in the first quarter of 2023) **while the Saras margin amounted to 12.1\$/bbl** (vs. 16.2\$/bbl in the same period of the previous year), **highlighting a premium of +3.9\$/bbl** (+6.1\$/bbl in the first quarter of 2023).

**In the second quarter of 2024, the EMC Reference Margin stood at an average of 4.5\$/bbl, slightly higher** than the average of 4.2\$/bbl in the second quarter of 2023. The decline compared to Q1'24 is mainly attributable to the decrease of the diesel crack, previously discussed. **The Saras margin for the second quarter of 2024 amounted to 9.4 \$/bbl** (vs. 7.9\$/bbl in the same period of the previous year). The premium realized by Saras compared to the EMC Reference Margin **was therefore equal to +4.9 \$/bbl** (+3.7\$/bbl in the second quarter of 2023).



# Outlook

In the Oil Market Report of July 2024, published by the International Energy Agency (IEA) the estimates **on global oil demand in 2024 forecast a growth of +1.0 Mbbl/d**. This value, lower than previous forecasts, derives from weaker data on the economic trend in the OECD area, as well as from the generalized and growing effect of the numerous interventions aimed at energy efficiency, and from the ever-increasing diffusion of electric vehicles. **In any case, this growth, will make it possible to reach an average demand of 103.1 Mbbl/d**, which represents a new historical record. From the point of view of demand distribution, the non-OECD economies will provide the greatest contribution to growth (primarily, India and Brazil, while slower than expected growth was observed in China), while the OECD area will suffer a further slowdown in consumption, already started at the end of 2023.

**From a supply perspective**, 2024 began with a loss of production in North America, primarily as a result of the extreme weather conditions that shut down a number of oil fields. However, North American production resumed its growth at the end of the first quarter. Overall, the IEA **confirms its growth forecasts for global oil at 0.77 Mbbl/d for 2024** reaching an average level of 103.0 Mbbl/d, therefore able to balance consumption. Such growth will be led mainly by non-OPEC+ countries (mainly the United States, Brazil, Guyana and Canada), from which an overall production increase of +1.5Mbbl/d is expected, while the OPEC + production should overall decrease by 0.74Mbbl/d on an annual basis, assuming that the production cuts remain in force, and only begin to ease starting from last quarter of 2024.

**Looking at the refining sector, the IEA expects global refinery runs to grow by around 1 Mbbl/d in 2024** (reaching 83.4 Mbbl/d), with an important contribution from the start-up of new large refineries in non-OECD countries (in the Middle East, Africa and Asia) which will put pressure on refining margins, especially for some obsolete and non-competitive sites in Europe and the USA.

**Looking at crude oil quotations in 2024**, in July these recorded an average of around 88\$/bbl, given the decline in American inventories exceeding analysts' estimates and the persistence of geopolitical tensions in the Middle East. The main independent sector sources expect that Brent dtd prices may remain, also in the second part of the year, at levels in line with the average recorded so far, around approx. 85\$/bbl, although the possibility of periods with volatile trends is not excluded, depending on the macro-economic context and the evolution of geopolitical factors.

**As regards the price differentials of the main types of crude oil**, “sour” grades (with high sulfur content) could widen the discount in the last part of the year, depending on an easing of OPEC+Russia production cuts. In the first half of the year, and even more in the initial weeks of the third quarter, the persistence of production cuts is squeezing the discounts for this type of crude oil, consequently reducing the premium on the refining margin obtained from complex refineries with high conversion capacity (including that of the Saras Group). Conversely, “sweet” grades (crudes with a low sulfur content) should slightly reduce premiums due to the expected trends for the crack spreads of middle and light distillates, described below.

**Looking at gasoline, its crack spread** followed an increasing trend in the first half of the year (16.4\$/bbl on average in the first quarter, and 18.8\$/bbl on average in the second), thanks to the resilience of consumption in the private sector, and to reduced production during the scheduled spring maintenance season. Subsequently, the average in July dropped to around 14\$/bbl, as additional production from new refineries is starting to reach the market, and the American driving season is slow to materialize. Therefore, experts have conservatively revised their estimates for the second half of the year, with values in the third quarter expected in line with current ones.

**Concerning middle distillates, the diesel crack spread** was very strong in the first quarter (26.3\$/bbl), and subsequently fell to 18.2\$/bbl in the second quarter, also due to seasonal dynamics. The average for July is currently around 18\$/bbl, and expectations for the second half of the year converge towards lower values than in the first semester, also considering the previously mentioned new refining capacity. Nonetheless, diesel crack spread should remain above historical averages, due to the structural changes in the supply flows towards Europe, as well as expectations of greater consumption in the final part of the year.

**Finally, regarding the electricity market**, the single Italian national price (PUN) of electricity is expected to rise on average slightly above €100/MWh in the second half of the year, following, as usual, the volatility of natural gas. At the time of writing this document, the average PUN for July is around 110€/MWh, given the high seasonal temperatures which have increased power demand for air conditioning. Moving on to the prices of EUA permits on CO2 emissions, experts predict levels around the current ones of approx. 65-70€/ton also later in the year, consistent with the decarbonization commitments of European countries.

In light of these forecasts, **expectations for the “EMC Reference Margin” remain higher than historical averages also for the second half of 2024**, albeit down compared to 2023.

**As regards the operations of the industrial site of Sarroch**, after the turnaround in the first six months of 2024 of the alkylation plant, the tail gas treatment plant (TGTU), one atmospheric distillation unit called “Topping RT2”, and a vacuum distillation unit called “Vacuum V1”, (with the slowdown of the IGCC plant operations), in the third quarter there will be have some maintenance

activities on the sulphur recovery plant (Z3), while in the last quarter, planned maintenance will relate to cleaning of the “Topping T2” and the “Vacuum V2” units, as well as other maintenance work on the IGCC plant (one turbine, one washing line and two gasifiers).

**Overall, the annual processing of crude oil is expected to be approximately 13.2 ÷ 13.5 Mton (or 96.5 ÷ 98.5 Mbl),** to which it will be added approximately 1 Mton of complementary feedstock (corresponding to roughly 7 Mbbl); in addition, power generation is expected to be around 4.0 ÷ 4.2 TWh, up compared to 2023 levels (about 3.5 TWh), consistent with the planned maintenance works and based on the assumed “Essentiality” power requirement. In fact, it should also be recalled that Sarlux Srl combined cycle power plant (IGCC) has been enrolled by TERNA under the list of “essential” plants also for the year 2024, and that it has been admitted to the related cost reimbursement regime by ARERA.

Activities started in 2023, aimed at improving the performances of the Industrial & Marketing segment are continuing in 2024, with the involvement of a broad spectrum of commercial and industrial initiatives, and targeted at both margin maximization and cost optimization, to maintain the Sarroch refinery among the best assets in the sector and increase its resilience to market volatility.

Starting from the marginality premium already achieved in the first half of the year, and considering the current level of crack spreads and crude differentials, as well as the maintenance activities and the specific efficiency initiatives described above, the **Company confirms its guidance for the average annual premium above the EMC Reference Margin in the range between 3.5÷ 4.5 \$/bbl**, with risks skewed towards the mid-low part of the range. Once again, it must be noted that the expected trends in gasoline and diesel crack spreads will produce similar effects on Saras margin as well as on the EMC Reference Margin; conversely, only the Saras margin could be negatively affected by an overall increase in crude differentials vs. Brent, while such trend would not have any impact on the EMC Reference Margin. Therefore, the combined effect of expected market developments is one of the main factors that explain the expectation of the average Saras premium indicated above.

**The forecasts relating to fixed costs of the Industrial & Marketing segment are confirmed as equal to approximately EUR 380-400 million**, down compared to the year 2023 mainly due to the different maintenance plan envisaged and the impacts of the optimization initiatives in progress.

**Finally, the segment investments are confirmed to amount to around EUR 170-180 million, with the aim to continue** increasing the efficiency and maintaining the competitiveness of the plants. This estimate includes also investments dedicated to the launch of Energy Transition projects.

**Concerning investments in the Renewables segment, the construction of the 79 MW “Helianto” photovoltaic park was completed in June**, and therefore the total installed and operating capacity of the Renewables segment is now equal to 250 MW. The start of the “Helianto” production allows to estimate a cumulative production for the whole of 2024 of approximately 350 GWh that will be fully sold at market prices.

With regard to **investments in the Renewables segment**, is confirmed an amount to approx. EUR 13 million dedicated to the completion of the Helianto photovoltaic park. Any further investments will depend on obtaining Full Authorizations for the construction of new wind farms in the company pipeline.

Finally, concerning the Group **Net Financial Position**, the expected cash generation and the trend of working capital (by virtue of the scenario and performance assumptions hypothesized by the Company) allow to forecast a positive Net Financial Position at the end of the year.

Energy Transition activities are also continuing in 2024 to exploit opportunities and the evolution of the regulatory context. Among the projects currently in progress we mention:

- the development of a project to build a 20 MW electrolyzer, to produce green hydrogen to be used in the Sarroch refinery, powered by renewable energy. The evolution of this initiative, selected among the Italian beneficiaries of the public grants approved by the European Commission as part of the IPCEI Hy2Use, depends on the complete allocation of the funding, as well as on the authorization of third-party renewable plants that will supply green energy to the electrolyzer;
- the research and development project dedicated to the use of hydrogen and CO<sub>2</sub> for the pilot production of synthetic fuels to optimize the potential uses of CO<sub>2</sub> for which a loan was awarded in 2023 as part of the “Hard to Abate” NRRP call for tenders. The completion of engineering, procurement, activities, and the start of construction are expected in 2024, with construction expected to be completed by the end of 2025. Total investments are expected to be approximately EUR 10 million, and will be covered almost entirely by loans;
- the biofuel production, with technical assessments underway for the expansion and optimization of hydrogenated vegetable oil (HVO) production activities both in co-processing and in purity. In particular, studies and tests to allow a future pilot production of pure HVO for 20 kton/year are completed. Changes in logistics are underway to expand the range of usable vegetable oils (including high pour point oils). Engineering activities have been completed for a new pre-treatment unit of 100 ktons/year, that will make it possible to expand the range of feedstock for the production of

HVO both in co-processing and in purity. Finally the study for the revamping of some existing desulfurization units (U300 and U700) to produce HVO and HEFA pro SAF up to 200 kton/year is underway;

- the "Waste To Fuel" project, for which a financing application has been submitted for a European tender for the construction of a low-temperature pyrolysis plant for the production of advanced fuel and carbon black from used tires (about 14 kton/year).

## Conference call on July 31<sup>st</sup>, 2024, and other information

A press release with Saras Group H1 2024 Results will be released on July 31<sup>st</sup>, 2024, at the end of the Board of Directors meeting of Saras SpA that will be held in the morning of the same day.

At the same time, a slide presentation will be available on the company's website ([www.saras.it](http://www.saras.it)).

At 16:00 CEST, there will be the conference call for analysts and investors. The management will comment further on the results and answer questions.

**Invitation link for the conference call:**

[CLICK HERE TO REGISTER FOR THE CONFERENCE CALL & WEBCAST](#)

Link for the live webcast:

<https://87399.choruscall.eu/links/saras240731.html>

Playback and transcript of the webcast will also be available on the company's website [www.saras.it](http://www.saras.it)

For enquiries, please contact Saras' Investor Relations office.

This press release has been prepared pursuant to the Regulation implementing Legislative Decree 24th February 1998 number 58, adopted by CONSOB under resolution 14th May 1999 number 11971, as amended and supplemented. It is available to the public on the Company's website under "Investors / Financial Press Releases", and also on the "1Info" authorised storage mechanism ([www.1info.it](http://www.1info.it)). Moreover, the Half-Year Financial Report as of 30th June 2024 is also available to the public at the Company's registered Office in Sarroch (CA) S.S. 195 Sulcitana Km. 19, on the Company's website under "Investors / Financial Reports", and on the "1Info" authorised storage mechanism.

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**The Saras Group**, founded by Angelo Moratti in 1962, is one of the leading players in the European energy and oil refining industry. Through the Parent Company Saras S.p.A., and its subsidiaries, Saras Trading SA, based in Geneva, and Saras Energia SAU, based in Madrid, the Group sells and distributes oil products in the domestic and international markets. The Group also operates in the production of electricity, through its subsidiaries Sarlux S.r.l. (IGCC plant) and Sardeolica S.r.l. (wind plant). The Group has about 1,591 employees and total revenues of about EUR 11.4 billion as at 31 December 2023.