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Price Sensitive

Saipem: results for the first quarter of 2022

Highlights on the results for the first quarter of 2022

- Revenues at €1,942 million (€1,618 million in the first quarter of 2021), growing by 20%, driven by offshore E&C and the two drilling segments
- **Adjusted EBITDA** of €145 million (€88 million in the first quarter of 2021 and c. €120 million in the fourth quarter of 2021 net of impact of the backlog review); adjusted EBITDA trend essentially follows revenue growth drivers
- **Post-IFRS16 net financial debt** of €1,251 million (€1,541 million as of December 31, 2021), improving as a consequence of the initial contributions by main shareholders in the context of the package to strengthen the company's financial and capital structure
- **Order intake** in the quarter of €2,356 million, particularly in the offshore E&C and drilling segments, confirming the positive market phase
- **Backlog** of €22,179 million (€23,934 million including the backlog of non-consolidated companies)

The group's package to strengthen the company's financial and capital structure (the "financing package") continues in line with the Company's planned timetable; in particular:

- Shareholders Eni SpA ("Eni") and CDP Industria SpA ("CDP Industria") have paid-in €646 million for future capital increase by March 31, 2022. Shareholder Eni's portion thereof, equal to €458 million, was converted into a capital contribution (*versamento a patrimonio netto*) and therefore in a "*riserva di patrimonio netto targata*"
- Execution of a liquidity facility with a pool of eight Italian and international banks, guaranteed by Eni (the "Liquidity Facility"), for €855 million, disbursed for €680 million on April 4, 2022
- An Extraordinary Shareholders' meeting will be called on May 17, 2022 to resolve on the reduction of the share capital due to losses by reducing the number of ordinary shares, regrouping them in the ratio of 21 ordinary shares for every 100 ordinary shares, further to cancellation of no. 41 treasury shares held by the Company, and granting to the Board of Directors the power, to be exercised by March 31, 2023, to increase, in an indivisible manner, the share capital by €2 billion to be offered as an option to ordinary and savings shareholders against payment, as resolved by the Board of Directors on March 24, 2022

Repaid €500 million bond maturing on April 5, 2022

Upgrade of Saipem's credit rating by S&P Global from BB- (CreditWatch Neg) to BB (Positive Outlook) on April 1, 2022

San Donato Milanese, April 21, 2022 - Yesterday, the Board of Directors of Saipem SpA ("Saipem" or the "Company"), chaired by Silvia Merlo, approved the Group's interim management report as of March 31, 2022 (unaudited).

Results of the first quarter of 2022:

- Revenues: €1,942 million (€1,618 million in the first quarter of 2021)
- EBITDA: €132 million (€73 million in the first quarter of 2021)
- Adjusted EBITDA: €145 million (€88 million in the first quarter of 2021)
- Operating result (EBIT): profit of €1 million (loss of €49 million in the first quarter of 2021)
- Adjusted operating result (EBIT): profit of €14 million (loss of €34 million in the first quarter of 2021)
- Net result: loss of €98 million (loss of €120 million in the first quarter of 2021)
- Adjusted net result: loss of €85 million (loss of €105 million in the first quarter of 2021)
- Capital expenditure: €45 million (€67 million in the first quarter of 2021)
- Net debt inclusive of IFRS16 lease liabilities: €1,251 million (€1,541 million as of December 31, 2021)
- Net debt pre IFRS16 as of March 31, 2022: €956 million (€1,223 million as of December 31, 2021)
- New contracts: €2,356 million (€1,594 million in the first quarter of 2021)
- Backlog: €22,179 million (€22,733 million as of December 31, 2021), which increases to €23,934 million including the non-consolidated companies' backlog (€24,682 million as of December 31, 2021)

Financial Highlights

(€ million)

	First quarter 2021	Fourth quarter 2021	First quarter 2022	1st quarter 2022 vs 1st quarter 2021 (%)
Revenues	1,618	1,811	1,942	20.0
EBITDA	73	(1,195)	132	80.8
Adjusted EBITDA	88	(901)	145	64.8
Operating result (EBIT)	(49)	(1,333)	1	ns
Adjusted operating result (EBIT)	(34)	(1,039)	14	ns
Net Result	(120)	(1,346)	(98)	(18.3)
Adjusted net result	(105)	(1,052)	(85)	(19.0)
Free cash flow	(184)	183	(168)	(8.7)
Net financial debt pre-IFRS 16 lease liabilities	1,101	1,223	956	(13.2)
Net financial debt post-IFRS 16 lease liabilities	1,448	1,541	1,251	(13.6)
Capital expenditure	67	103	45	(32.8)
New contracts	1,594	2,341	2,356	47.8

Revenues and associated profit levels are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules in the Engineering and Construction sector, and by contract expiry and renegotiation timing in the Drilling sector.

Reorganisation: impact on reporting

Since January 2022, the Company has had a new organisation based on 4 business lines: Asset-Based Services, Energy Carriers, Robotics and Industrialized Solutions, and Sustainable Infrastructures.

The new organization goes beyond the divisional structure, with the aim of increased efficiency, centralized risk control and development of innovative and flexible execution models, in line with the needs of the energy transition.

In order to facilitate the financial market's understanding of the evolution of the economic/financial performance during 2022, also in the context of the capital increase proposed to the Shareholders' Meeting by the Board of Directors on March 24, 2022, the Company maintains, in continuity with previous years, the reporting structure based on Offshore Engineering & Construction, Onshore Engineering & Construction, Offshore Drilling and Onshore Drilling.

Business update for first quarter of 2022

Revenues amounted to €1,942 million (€1,618 million in the first quarter of 2021) and adjusted EBITDA amounted to €145 million (€88 million in the first quarter of 2021). The improvement is mainly recorded in the Offshore Engineering & Construction sector and in the Drilling sector, both Offshore and Onshore, as commented below in the paragraph "Analysis by business sector".

The revenues include initial agreed contract price and additional remunerations related to variation orders on project scope of work and requested claims. Change orders are composed by additional revenues deriving from project contractual works deviations required by the client; claims consist of additional revenues related to additional costs incurred due to reasons ascribable to the client.

The change orders and claims (pending revenues) are included in the amount of revenues when they present a high probability of recognition in the object and/or in the price, even though there is still no agreement regarding their definition with the relevant counterparties.

The aggregate amount of change orders and claims (pending revenues) of the Engineering & Construction sector as of March 31, 2022, produced in relation to the progress of projects also in previous years, is equal to €171 million, decreasing by €4 million compared to December 31, 2021 (€175 million).

Adjusted net result amounts to a loss of €85 million (loss of €105 million in the first quarter of 2021), evidencing an improvement of €20 million. The positive change in the adjusted operating result, €48 million, and in the balance of financial management, €8 million, is partly offset by the deterioration in tax management by approximately €3 million and in equity investments by €33 million. In particular, the result of equity investments is mainly affected by contractual variations to a project in the Far East that lead to the recognition of certain assets directly from the JV partners, and by exchange rate differences for projects in Russia.

The net result shows a loss of €98 million (loss of €120 million in the first quarter of 2021) and includes Covid-19 healthcare emergency costs of €13 million against the adjusted net result.

Adjusted EBIT - EBIT reported reconciliation

	(€ million)				
	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
Adjusted EBIT	(1)	(5)	21	(1)	14
Costs for Covid-19 healthcare emergency	13	-	-	-	13
Total special items	(13)	-	-	-	(13)
Reported EBIT	(14)	(5)	21	(1)	1

In the corresponding period of 2021, the net result showed a loss of €105 million and was affected by the adjusted net result of €15 million for the Covid-19 healthcare emergency.

Capital expenditure in the first quarter of 2022, mainly relating to maintenance and upgrading, amounted to €45 million (€67 million in the first quarter of 2021) and were broken down as follows:

- €29 million in Offshore Engineering & Construction;
- €4 million in Onshore Engineering & Construction;
- €4 million in Offshore Drilling;
- €8 million in Onshore Drilling.

Net financial debt as of March 31, 2022 before IFRS 16 lease liability effects amounted to €956 million, which, net of the capital contribution from the shareholder Eni for €458 million, increased by €191 million compared to December 31, 2021 (€1,223 million), mainly due to the slowdown of some projects underway and the postponement of the contribution of newly acquired projects. Net debt inclusive of IFRS16 lease liabilities, €295 million, amounted to €1,251 million.

Gross debt, before payments by the shareholders Eni and CDP Industria, amounted to €3,521 million as of March 31, 2022, liquidity to €2,107 million and available cash to €752 million.

Financing package - update

As part of the package to strengthen Saipem's financial and capital structure, approved by the Board of Directors on March 24, 2022, the following is an update of the actions taken to support the Company's short-term financial requirements until the completion of the €2 billion capital increase, expected by the end of the year. In particular:

- on March 30, 2022, the shareholder CDP Industria paid-in €188 million as contribution for future share capital increase (*versamento in conto futuro aumento di capitale*);
- on March 31, 2022, the shareholder Eni paid-in €458 million as contribution for future share capital increase (*versamento in conto futuro aumento di capitale*);
- on March 31, 2022, the loan agreement pertaining to the Liquidity Facility, guaranteed by Eni, was signed and, following the occurrence of the conditions precedent to the first utilisation of the facility, on April 4, 2022 the entire Tranche A of the related loan was disbursed to the Company, for an amount of €680 million;
- on March 31, 2022, the Board of Directors of SACE SpA approved the guarantee on the SACE Facility under the 'Garanzia Italia' for which specific ministerial approvals have been requested and are pending; said facility will replace the Liquidity Facility guaranteed by Eni;
- the shareholder Eni authorised the conversion of the amount of €458 million injected as a contribution for future share capital increase (*versamento in conto futuro aumento di capitale*) into an equity capital contribution (*versamento a patrimonio netto*) and therefore in a "*riserva di patrimonio netto targata*".

As a result of the above payments, gross debt as of March 31, 2022 amounted to €3,709 million, liquidity to €2,753 million and available cash to €1,398 million.

In the context of the financing package, on March 31, 2022, the Company cancelled the €1 billion Revolving Credit Facility.

On April 1, 2022, S&P Global announced the upgrade of Saipem's credit rating from BB- (CreditWatch Neg) to BB (Positive Outlook).

On April 5, 2022, the Company carried out the repayment of a maturing bond in the amount of €500 million. Finally, in view of the Extraordinary Shareholders' Meeting of May 17, 2022, the Board of Directors approved the report on the financial position of Saipem SpA pursuant to art. 2446 of the Italian Civil Code and Article 74 of the Issuers' Regulation.

The Extraordinary Shareholders' Meeting of May 17, 2022 will be called to resolve on the reduction of the share capital due to losses through the reduction of the number of ordinary shares by regrouping them in the ratio of 21 ordinary shares for every 100 ordinary shares, further to the cancellation of no. 41 treasury shares held by the Company, and to grant the Board of Directors with the power, to be exercised by no later than March 31, 2023, to increase, in an indivisible manner, the share capital by €2 billion to be offered as an option to ordinary and savings shareholders against payment.

Backlog

During the first quarter of 2022, Saipem was awarded new contracts amounting to €2,356 million (€1,594 million in the first quarter of 2021). The backlog as of March 31, 2022 amounted to €22,179 million (€7,916 million in Offshore Engineering & Construction, €11,919 million in Onshore Engineering & Construction, €892 million in Offshore Drilling and €1,452 million in Onshore Drilling), of which €6,596 million to be executed in 2022.

The reduction of backlog in the Onshore Engineering & Construction compared to the figure of 31 December 2021, disclosed on 25 March 2022, is due also to the termination of some contracts subject to conditions

precedent, that have not materialized. The 2022-25 strategic plan presented on 25 March 2022 did not foresee any contribution of these projects to the economic-financial targets.

The backlog including non-consolidated companies as of March 31, 2022 amounted to €23,934 million (€7,954 million in Offshore Engineering & Construction, €13,636 million in Onshore Engineering & Construction, €892 million in Offshore Drilling and €1,452 million in Onshore Drilling), of which €7,449 million to be executed in 2022.

Orders after the closing

As announced in the press release of April 6, 2022, Saipem has been awarded an Onshore Engineering & Construction contract for Coral FLNG SA, for maintenance services of the Coral Sul FLNG (Floating Liquefied Natural Gas) floating unit for natural gas liquefaction offshore Mozambique.

Russia - Ukraine Crisis

The Company continues to operate in full compliance with provisions regarding international sanctions. The Company is monitoring the continuous evolution of the situation in order to assess its impacts and has activated and will continue to activate, depending on the evolution of the situation, the appropriate contractual clauses to protect its rights and interests, verifying with customers and partners the methods to act in accordance with the evolution of the sanctions introduced.

For the projects in Russia, the total backlog as of March 31, 2022 is €1,777 million, of which €217 million is for projects included in Saipem's scope of consolidation.

Update on the Saipem 7000 crane accident

On the morning of April 14, 2022, as communicated to the market on the same day, offshore Amoyfjorden (Norway), an incident occurred involving the vessel Saipem 7000. After completing dynamic positioning tests, Saipem 7000 was conducting the five-year crane lift test of the crane no. 1, in the attendance of the classification society RINA. Nobody was injured during the incident. Further to a preliminary assessment, the main block wire of crane no. 1 broke during the test for reasons yet to be determined, and the testing load (two cargo barges) with the main block of said crane were released in the water. The unit, after an initial tilting caused by the load release, promptly returned to a stable position and safe condition. The assessments carried out so far have not shown any significant structural damage other than those to crane no. 1. In particular, the integrity of the ship's hull is confirmed. Crane no. 2, which was not involved in the test operations, can be put into service at the end of the precautionary checks in progress. Based on the information available, it is reasonable to expect that the Saipem 7000 vessel will be able to return to operation starting from June, even if with partial use of the lifting capacity.

Business outlook

Taking the above into account, the Company does not have any information which would lead it to alter the guidance provided on March 25, 2022.

This press release should be read in conjunction with the two press releases of March 25, 2022 concerning the update of the 2022-2025 strategic plan and the financing/equity package and the proposed financial statements as of December 31, 2021, the consolidated interim financial report as of June 30, 2021 and the consolidated annual financial report as of December 31, 2020 of Saipem SpA, already available on the Company's website (www.saipem.com) in the "Investor Relations - Financial Information" section.

Saipem's Chief Financial Officer, Antonio Paccioretti, in his capacity as manager in charge of financial reporting, certifies, pursuant to Article 154-bis, paragraph 2, of the Financial Law (TUF) that the accounting data correspond to the Company's documents, accounting books and entries.

Forward-looking data and information must be considered "forward-looking statements" and, therefore, not being based on mere historical facts, by their nature have a component of risk and uncertainty, given that they also depend on the occurrence of future events and developments outside the control of the Company, such as: changes in exchange rates, changes in interest rates, volatility in commodity prices, credit risk, liquidity risk, HSE risk, investments in the oil industry and other industrial sectors, political instability in areas where the Group is present, competitive actions, success in commercial negotiations, the risk of project execution (including those relating to investments in progress), the evolution of the Covid-19 pandemic (including its impacts on our business, our projects running around the world and our supply chain), as well as changes in the expectations of stakeholders and other changes in business conditions. Actual results could therefore differ materially from the forecasts. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements are to be considered in the context of the date of their release.

Conference call and webcast

The results contained in this press release will be presented today at 10:00 a.m. Italian time during a conference call and webcast by CEO Francesco Caio, General Manager Alessandro Puliti and CFO Antonio Paccioretti. The conference call can be joined by webcast, via the Company's website www.saipem.com, by clicking on the banner 'FIRST QUARTER 2022 RESULTS' on the home page, or following the URL <https://edge.media-server.com/mmc/p/sec9ho9x>

During the conference call and webcast, a presentation will be given which will be available for download, around 30 minutes before the scheduled start time, from the webcast window or from the "Investor Relations/Quarterly results and documentation/Reports archive" section on Saipem's website www.saipem.com. This presentation will also be available for download from the authorized storage device "eMarketSTORAGE" (www.emarketstorage.com) and Borsa Italiana SpA website (www.borsaitaliana.it).

Saipem is an advanced technological and engineering platform for the design, construction and operation of complex, safe and sustainable infrastructures and plants. Always geared towards technological innovation, Saipem is today committed to working alongside its customers on the frontier of the energy transition with increasingly digital means, technologies and processes oriented from their conception to environmental sustainability. It is listed on the Milan stock exchange and operates in over 70 countries around the world with 32 thousand employees from 130 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(€ million)

	First quarter 2021	Fourth quarter 2021	First quarter 2022	1st quarter 2022 vs 1st quarter 2021 (%)
Revenues	557	865	832	49.4
Expenses	(549)	(1,441)	(767)	39.7
Adjusted EBITDA	8	(576)	65	ns
Depreciation and amortisation	(60)	(70)	(66)	10.0
Adjusted operating result	(52)	(646)	(1)	(98.1)
Adjusted EBITDA %	1.4	(66.6)	7.8	
Adjusted EBIT %	(9.3)	(74.7)	(0.1)	
New contracts	1,360	1,411	1,311	

Residual backlog as of March 31, 2022: €7,916 million, of which €3,073 million to be realised in 2022.

- Revenues for the first quarter of 2022 amounted to €832 million, increased by 49.4% compared with the corresponding period of 2021, mainly attributable to higher volumes developed in the Middle East and Europe, partly offset by lower volumes developed in the North Sea.
- Adjusted EBITDA in the first quarter of 2022 amounted to €65 million, equal to 7.8% of revenues, compared with €8 million in the same period in 2021, equal to 1.4% of revenues.
- The most significant awards in the first quarter related to:
 - for Scarborough Joint Venture, a contract for the installation and lining of the export trunkline of the gas pipeline that will connect the Scarborough gas field with the corresponding Onshore facility;
 - for Esso Exploration and Production Guyana Ltd (EEPGL), part of the ExxonMobil group, a contract for the development of the Yellowtail project in the Stabroek offshore block off the coast of Guyana, at a depth of approximately 1,800 metres.

Onshore Engineering & Construction

(€ million)

	First quarter 2021	Fourth quarter 2021	First quarter 2022	1st quarter 2022 vs 1st quarter 2021 (%)
Revenues	905	722	863	(4.6)
Expenses	(862)	(1,116)	(853)	(1.0)
Adjusted EBITDA	43	(394)	10	(76.7)
Depreciation and amortisation	(18)	(18)	(15)	(16.7)
Adjusted operating result	25	(412)	(5)	ns
Adjusted EBITDA %	4.8	(54.6)	1.2	
Adjusted EBIT %	2.8	(57.1)	(0.6)	
New contracts	175	881	311	

Residual backlog as of March 31, 2022: €11,919 million, of which €2,943 million is to be realised in 2022.

- Revenues for the first quarter of 2022 amounted to €863 million, evidencing a decrease of 4.6% compared with the corresponding period of 2021, mainly attributable to lower volumes developed in Sub-Saharan Africa, partly offset by higher volumes developed in the Far East and Italy.
- Adjusted EBITDA in the first quarter of 2022 amounted to €10 million, equal to 1.2% of revenues, compared with €43 million in the same period in 2021, equal to 4.8% of revenues.

Offshore Drilling

(€ million)

	First quarter 2021	Fourth quarter 2021	First quarter 2022	1st quarter 2022 vs 1st quarter 2021 (%)
Revenues	78	120	129	65.4
Expenses	(56)	(80)	(89)	58.9
Adjusted EBITDA	22	40	40	81.8
Depreciation and amortisation	(15)	(18)	(19)	26.7
Adjusted operating result	7	22	21	ns
Adjusted EBITDA %	28.2	33.3	31.0	
Adjusted EBIT %	9.0	18.3	16.3	
New contracts	44	40	661	

Residual backlog as of March 31, 2022: €892 million, of which €220 million to be realised in 2022.

- Revenues for the first quarter of 2022 amounted to €129 million, an increase of 65.4% compared to the corresponding period of 2021, mainly due to the higher contribution of the drilling vessel S10000, on stand-by rate during the first quarter of 2021, the semi-submersible platform Scarabeo 9 and the jack-up Perro Negro 8, both idle in the corresponding quarter of 2021, as well as the contribution of the drilling vessel Santorini on charter from the fourth quarter of 2021.
- Adjusted EBITDA in the first quarter of 2022 amounted to €40 million, equal to 31.0% of revenues, compared with €22 million in the same period in 2021, equal to 28.2% of revenues.
- The most significant awards in the first quarter related to:
 - a contract on behalf of Aker BP for the use of the semi-submersible platform Scarabeo 8 off the coast of Norway;
 - a contract awarded by Eni for an offshore drilling campaign in West Africa involving the use of the sixth-generation ultra-deepwater drillship Saipem 12000. Work is scheduled to start in April 2022 in continuity with the previous commitment. The duration of the contract is six months plus optional periods for a further ten months;
 - two contracts acquired in the Middle East relating to two high-performance jack-up drilling units, which include drilling and workover operations for a duration of five years. Operations are expected to start in the fourth quarter of 2022. Each contract includes options for two additional years. These projects will involve a jack-up unit from Saipem's fleet and a new high-performance jack-up leased for the project from CIMC Group.

The utilisation of the main vessels in the first quarter of 2022 is shown in the following table:

<i>Vessel</i>	first quarter 2022	
	<i>under contract</i>	<i>non-operating (days)</i>
Semi-submersible platform Scarabeo 5	90	-
Semi-submersible platform Scarabeo 8	90	-
Semi-submersible platform Scarabeo 9	90	-
Drillship Saipem 10000	90	-
Drillship Saipem 12000	90	-
Drillship Santorini*	90	-
Jack up Perro Negro 4	90	-
Jack up Perro Negro 7	90	-
Jack up Perro Negro 8	90	-
Jack up Pioneer Jindal*	90	-
Jack up Sea Lion 7*	90	-
Jack up Perro Negro 9*	90	-
Tender Assisted Drilling Barge	-	90 (a)

(a) = rig intended for disinvestment according to current regulations (green recycling)

* vessels hired by third parties

Onshore Drilling:

(€ million)

	First quarter 2021	Fourth quarter 2021	First quarter 2022	1st quarter 2022 vs 1st quarter 2021 (%)
Revenues	78	104	118	51.3
Expenses	(63)	(75)	(88)	39.7
Adjusted EBITDA	15	29	30	ns
Depreciation and amortisation	(29)	(32)	(31)	6.9
Adjusted operating result	(14)	(3)	(1)	(92.9)
Adjusted EBITDA %	19.2	27.9	25.4	
Adjusted EBIT %	(17.9)	(2.9)	(0.8)	
New contracts	15	9	73	

Residual backlog as of March 31, 2022: €1,452 million, of which €360 million to be realised in 2022.

- Revenues in the first quarter of 2022 amounted to €118 million, increasing by 51.3% compared to the corresponding period of 2021, mainly as a result of the higher volumes developed in Saudi Arabia.
- Adjusted EBITDA in the first quarter of 2022 amounted to €30 million, equal to 25.4% of revenues, an increase compared to the €15 million in the same period in 2021, equal to 19.2% of revenues.

The operating activity recorded an average use of rigs equal to 59.4% (44.6% in the same period of 2021) which drops to 47.3% (35.5% in the same period of 2021) if the Venezuelan rigs are included. The latter are totally depreciated plants and considered, given the current conditions, not suitable for use.

The highest utilisation rate was recorded in the region referring to Europe, the Middle East, and Africa where the operating fleet recorded 76% of days sold. The number of rigs present in the region as of March 31, 2022 was 26 (equal to the same period of 2021). In addition, 1 unit owned by third parties was used in the Congo.

In Latin America, the average utilisation rate was recorded at 39.6% (32.4% in the corresponding period of 2021) which drops to 25.3% (20.7% in the corresponding period of 2021) considering the Venezuelan plants. The number of rigs present in the region as of March 31, 2022 was 30 (the same as in the corresponding period of 2021), not including the 17 plants in Venezuela.

Attachments:

- reclassified Consolidated Balance Sheet, Reclassified Income Statement (the Income Statement is reclassified by nature and function of expenses), and Reclassified Cash Flow Statement

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ million)

	Dec. 31, 2021	March 31, 2022
Net tangible assets	3,113	3,073
Right-of-Use assets	261	249
Intangible assets	<u>699</u>	<u>698</u>
	4,073	4,020
Equity investments	127	77
Non-current assets	4,200	4,097
Net current assets	(2,070)	(1,886)
Employee benefits	(238)	(236)
Assets available for disposal	-	-
NET CAPITAL EMPLOYED	1,892	1,975
Equity	326	699
Non-controlling interests	25	25
Net financial debt pre-IFRS 16 lease liabilities	1,223	956
Lease liabilities	318	295
Net financial debt	1,541	1,251
FUNDING	1,892	1,975
Leverage post IFRS16 (net borrowing/equity + non-controlling interests)	4.39	1.73
NUMBER OF SHARES ISSUED AND OUTSTANDING	1,010,977,439	1,010,977,439

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(€ million)

fourth quarter 2021	first quarter	
	2021	2022
1,811 Core business revenue	1,618	1,942
1 Other revenues and income	1	-
(2,558) Purchases, services and other costs	(1,155)	(1,375)
7 Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(3)	(23)
(456) Payroll and related costs	(388)	(412)
(1,195) GROSS OPERATING PROFIT	73	132
(138) Depreciation, amortisation and impairment losses	(122)	(131)
(1,333) OPERATING PROFIT	(49)	1
(52) Financial expenses	(31)	(23)
19 Income (loss) from investments	(10)	(43)
(1,366) PROFIT (LOSS) BEFORE TAXES	(90)	(65)
20 Income taxes	(30)	(33)
(1,346) PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	(120)	(98)
- Profit (loss) attributable to non-controlling interests	-	-
(1,346) NET PROFIT	(120)	(98)
(1,208) CASH FLOW (Net result + Depreciation and amortisation)	2	33

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(€ million)

fourth quarter 2021	first quarter	
	2021	2022
1,811 Core business revenue	1,618	1,942
(3,000) Production costs	(1,505)	(1,813)
(56) Idle costs	(79)	(55)
(28) Selling expenses	(38)	(30)
(13) Research and development expenses	(7)	(5)
(12) Other net operating income (expenses)	1	1
(1,298) CONTRIBUTION FROM OPERATIONS	(10)	40
(35) General expenses	(39)	(39)
(1,333) OPERATING PROFIT	(49)	1
(52) Financial expenses	(31)	(23)
19 Income (loss) from investments	(10)	(43)
(1,366) PROFIT (LOSS) BEFORE TAXES	(90)	(65)
20 Income taxes	(30)	(33)
(1,346) PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	(120)	(98)
- Profit (loss) attributable to non-controlling interests	-	-
(1,346) NET PROFIT	(120)	(98)
(1,208) CASH FLOW (Net result + Depreciation and amortisation)	2	33

RECLASSIFIED CASH FLOW STATEMENT

(€ million)

fourth quarter 2021		first quarter	
		2021	2022
(1,346)	Net profit (loss) for the period	(120)	(98)
-	Result of the period of third parties	-	-
	adjustments:		
996	Depreciation, amortisation and other non-monetary items	99	47
627	Changes in working capital related to operations	(98)	(72)
277	Net cash flow from operations	(119)	(123)
(103)	Capital expenditure	(67)	(45)
-	Investments in equity, consolidated subsidiaries and business units	-	-
9	Disposals	2	-
183	Free cash flow	(184)	(168)
-	Treasury shares repurchased/Stock option exercise	-	-
-	Share capital increase net of expenses	-	-
-	Cash flow from capital and reserves	(26)	458
(19)	Repayment of lease liabilities	(21)	(29)
7	Exchange differences on net financial debt and other changes	2	6
171	Change in net financial debt before lease liabilities	(229)	267
(39)	Change in lease liabilities	7	23
132	Change in net financial debt	(222)	290
1,673	Net financial debt at beginning of period	1,226	1,541
1,541	Net financial debt at end of period	1,448	1,251