Saipem: results for the first quarter 2019

San Donato Milanese, April 18, 2019 - The Board of Directors of Saipem S.p.A., chaired by Francesco Caio, yesterday approved the Saipem Group's Interim Report at March 31, 2019 (not subject to audit).

Highlights

- Strong results from the Offshore E&C division thanks to good operational performance
- The turnaround of the Onshore Engineering & Construction division continues
- Stable EBITDA in Drilling, with increase in volumes and margins that reflect the current market
- Significant new contract acquisitions
- Net debt largely stable compared to 2018 year end
- Guidance 2019 is confirmed

Results for the first quarter 2019:

- Revenues: €2,156 million (€1,915 million in the first quarter of 2018)
- EBITDA: €266 million (€201 million in the first quarter of 2018)
- Adjusted EBITDA: €274 million (€214 million in the first quarter of 2018)
- Operating profit (EBIT): €118 million (€87 million in the first quarter of 2018)
- Adjusted operating profit (EBIT): €126 million (€100 million in the first quarter of 2018)
- Net profit: €21 million (loss of €2 million in the first quarter of 2018)
- Adjusted net profit: €29 million (€11 million in the first quarter of 2018)
- Special Items - results 2019: reorganization expenses of €8 million (€13 million in the first quarter of 2018)
- Capital expenditure: €74 million (€32 million in the first quarter of 2018)
- Net debt inclusive of IFRS 16 lease liability: €1,745 million (€1,706 million at January 1, 2019)
- Net debt pre-IFRS 16 lease liability: €1,185 million (€1,159 million at December 31, 2018)
- New contracts: €2,517 million (€1,023 million in the first quarter of 2018)
- Backlog: €12,980 million (€12,619 million at December 31, 2018)
- Backlog inclusive of non-consolidated companies: €14,824 million (€14,463 million at December 31, 2018)

Stefano Cao, Saipem CEO, commented:
"The results of the first quarter of 2019 confirm the good operational and managerial performance already recorded in 2018, especially thanks to the strong results of the Offshore Engineering & Construction division. We have received significant new orders that improve our visibility for 2019 despite a market context that still shows no evident signs of recovery".

Financial highlights

(million euro)

	Q1 2018	Q4 2018	Q1 2019*	Q1 2019 vs Q1 2018 (%)
Revenues	1,915	2,469	2,156	12.6
EBITDA	201	206	266	32.3
Adjusted EBITDA	214	242	274	28.0
Operating profit (EBIT)	87	(6)	118	35.6
Adjusted operating profit (EBIT)	100	117	126	26.0
Net profit	(2)	(115)	21	ns
Adjusted net profit	11	8	29	ns
Free cash flow	110	173	52	(52.7)
Net debt pre IFRS16 lease liabilities	1,200	1,159	1,185	(1.3)
Net debt post IFRS16 lease liabilities	-	-	1,745	ns
Capital expenditure	32	120	74	ns
New contracts	1,023	2,632	2,517	ns

(*) First quarter 2019 results include the following impacts relevant to the adoption of new international financial reporting standard IFRS 16:

- *removal of lease rates of €36 million*
- *increase in depreciation of €33 million*
- *increase in financial expenses of €7 million*

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.

South Stream Settlement

The status of negotiations "on a without prejudice basis" is at an advanced stage and both parties share the objective to complete the negotiations for an amicable settlement of the arbitration, ongoing since November 2015, in a very short time.

The results at December 31, 2018 took into account the effects of the envisaged amicable settlement as currently under discussion between the parties.

Reorganization: impact on reporting

The results of the XSight division are not reported separately to the market but are included in the Onshore Engineering & Construction division, as these are still immaterial from a numerical standpoint.

Business update for 2019

Revenues amounted to €2,156 million, up by 12.6% on 2018, due to increases recorded by all divisions, and particularly by the Offshore E&C division.

Adjusted EBITDA amounted to €274 million, €238 million net of the effects of IFRS 16 application, (€214 million in 2018): this increase is attributable to strong operational performance in the Offshore and Onshore E&C divisions.

Adjusted net profit amounted to €29 million (€11 million in 2018), an improvement almost in line with the change in the adjusted operating income, €26 million: the deterioration in results from financial expenses and shareholdings, as well as third-party interests was largely offset by an improvement in tax management.

Net result in the first quarter of 2019, amounting to €21 million (a loss of €2 million in the first quarter of 2018), unlike adjusted net profit, was reduced by reorganization expenses of €8 million (€13 million in the first quarter of 2018).

Capital expenditure in the first quarter of 2019, relating mainly to the maintenance and upgrading of the existing asset base, amounted to €74 million (€32 million in the first quarter of 2018), broken down as follows:

- €58 million in Offshore Engineering & Construction;
- €2 million in Onshore Engineering & Construction;
- €4 million in Offshore Drilling;
- €10 million in Onshore Drilling.

Net debt at March 31, 2019 before the effects of IFRS 16 lease liability amounted to €1,185 million, a slight increase of €26 million on December 31, 2018 (€1,159 million). Net debt inclusive of IFRS 16 lease liabilities (€560 million) amounted to €1,745 million.

Backlog

In the first quarter of 2019, Saipem was awarded new contracts amounting to €2,517 million (€1,023 million in the first quarter of 2018). The backlog at March 31, 2019 amounted to €12,980 million (€5,638 million in Offshore Engineering & Construction, €5,893 million in Onshore Engineering & Construction, €790 million in Offshore Drilling and €659 in Onshore Drilling), of which €5,288 million is to be realized in 2019.

The backlog inclusive of non-consolidated companies at March 31, 2019 amounted to €14,824 million (€5,638 million in Offshore Engineering & Construction, €7,737 million in Onshore Engineering & Construction, €790 million in Offshore Drilling and €659 million in Onshore Drilling), of which €5,442 million is to be realized in 2019.

New contract awards after the end of the quarter

As part of the EPIC Tortue project on behalf of BP, already in the backlog as it was awarded in the first quarter of 2019, Saipem was awarded a second contract for the construction of marine infrastructures for an LNG terminal, on the border between Mauritanian and Senegalese territorial waters.

Adjusted EBIT - Reported EBIT reconciliation

(million euro)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total	
Adjusted EBIT	**73**	**24**	**26**	**3**	**126**	
Reorganisation expenses	2	4	1	1	8	(a)
Total special items	(2)	(4)	(1)	(1)	(8)	
Reported EBIT	**71**	**20**	**25**	**2**	**118**	

a) Special items affecting EBITDA amount to €8 million, i.e. the reconciliation of adjusted EBITDA of €274 million versus reported EBITDA of €266 million

Management outlook for 2019

High volatility in the price of oil and the ongoing low level of spending by the oil companies will probably continue in 2019.

The order backlog at the end of 2018, combined with contract acquisitions in the first quarter and forecasts on current commercial tenders, allow the management to forecast revenues for 2019 of around €9 billion, with an adjusted EBITDA margin in excess of 10%. Capital expenditure is forecast at around €500 million, while net debt pre-IFRS 16 is expected to be around €1 billion at the end of 2019.

Recently issued accounting principles:

Adoption of IFRS16

The new international financial reporting standard IFRS16 “Leases” came into force on January 1, 2019. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Briefly, the new provisions of IFRS 16 provide for the lessee the accounting of:

- in the balance sheet: right-of-use assets and financial lease liabilities representing the obligation to make lease payments as provided for in the contract;
- in the income statement: depreciation of right-of-use assets and interest expense accrued on lease liabilities; the income statement also includes payments for short-term and low-value leasing contracts and variable payments linked to the use of assets, not included in the determination of the right-of-use/lease liability, as allowed by the principle;
- the following effects occur in the cash flow statement: (a) the cash flow from operations will no longer be affected by lease payments, instead interest expense paid in connection with the reimbursement of lease liabilities will be recognized; (b) net cash used in investing activities will no longer include the cash outflows related to lease payments capitalized as part of tangible assets in progress, instead capitalized interest expense paid in connection with the reimbursement of lease liabilities will be recognized; and (c) net cash used in financing activities will recognize cash payments for the principal portion of the lease liability.

For the first application of IFRS 16, Saipem:

- applied the modified retrospective approach, recognizing the effects connected with the retrospective redetermination of shareholders' equity at January 1, 2019, without restating previous years;
- made use of the practical expedient that allows to forego the application IFRS 16 to all asset leases whose residual duration as at January 1, 2019 is less than 12 months;
- considered as leases all contracts that can be classified as such on the basis of IFRS 16, without applying the "grandfathering" expedient, i.e. the possibility not to review contracts in force at January 1, 2019, and applying IFRS 16 only to contracts previously identified as leases on the basis of IAS 17 and IFRIC 4;
- recognized a right-of-use asset for an amount corresponding to its lease liability, rectified to take into account of accrued income from advances, and without considering the initial direct costs incurred in the years prior to January 1, 2019;
- the renewal or early termination options, if any, were analyzed to determine the total duration of the contract.

The application of IFRS 16 had significant impacts on the balance sheet, income statement and Group cash flow, as follows:

(i) an increase in fixed assets due to right-of-use of assets;
(ii) an impact on net debt, due to an increase in financial liabilities on lease debt;
(iii) an increase in EBITDA, and to a lesser extent in EBIT, due to the removal of lease rates currently recorded under operating costs, and a simultaneous increase in depreciation;
(iv) a marginal change in net profit due to the accounting of financial expenses;
(v) an improvement in cash flow from operations, which does no longer include lease rates, but only the interest expended on lease liabilities;
(vi) a worsening in net cash flow from financing activities which includes the disbursements related to the repayment of the lease liability.

For further details please refer to the section "Effects from the application of IFRS 16: Reclassified Consolidated Balance Sheet".

Impact of IFRS 16 on the first quarter of 2019:

- increase in EBIT of € 3 million;
- increase in EBITDA of €36 million;
- decrease in net profit of €4 million.

In detail:

- removal of lease rates of €36 million;
- increase in depreciation of €33 million;
- increase in financial expenses of €7 million.

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This press release should be read in conjunction with the Statutory and Consolidated Financial Statements at December 31, 2018 and the condensed Interim Consolidated Financial Statements at June 30, 2018 of Saipem S.p.A., which are already available on the Company's website (www.saipem.com), under the section "Investor Relations – Financial Information".

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Saipem's Planning, Administration and Control Officer, Mr. Mariano Avanzi, in his capacity as manager responsible for the preparation of the Company's financial reports, certifies, pursuant to article 154-bis paragraph 2 of Legislative Decree no. 58/1998, that accounting data corresponds to the Company's documents and accounting books and entries.

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should, or are considered likely to, occur in the future and are outside of the Company's control. These include, but are not limited to: monetary exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the level of capital expenditure in the oil and gas industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forward-looking statements. 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 illustrated in a conference call and webcast which will be hosted by CEO Stefano Cao today at 9.00 am CEST (8.00 am BST, 3.00 am EDT, 00.00 am PDT). The conference call can be followed on Saipem's website (www.saipem.com) by clicking on "First Quarter 2019 Results" banner on the home page, or through the following URL: https://edge.media-server.com/m6/p/cvf7docr.

During the conference call and webcast, a presentation will be given which will be available for download from the webcast window and from the "Investor Relations/Financial Information" section on Saipem's website (www.saipem.com) around 30 minutes before the scheduled start time. This presentation will also be available for download from the authorised storage device "eMarketSTORAGE" (www.emarketstorage.com) and Borsa Italiana S.p.A (www.borsaitaliana.it).

Saipem is a leading company in engineering, drilling and construction of major projects in the energy and infrastructure sectors. It is "One-Company" organized in five business divisions (Offshore E&C, Onshore E&C, Offshore Drilling, Onshore Drilling and XSight, dedicated to conceptual design). Saipem is a global solution provider with distinctive skills and competences and high-tech assets, which it uses to identify solutions aimed at satisfying its customers' requirements. Listed on the Milan Stock Exchange, it is present in over 60 countries worldwide and has 32,000 employees of 120 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(million euro)

	Q1 2018	Q4 2018	Q1 2019*	Q1 2019 vs Q1 2018 (%)
Revenues	803	1,040	914	13.8
Expenses	(700)	(939)	(771)	10.1
Adjusted EBITDA	103	101	143	38.8
Depreciation	(48)	(55)	(70)	45.8
Adjusted operating profit	55	46	73	32.7
Adjusted EBITDA %	12,8	9,7	15,6	
Adjusted EBIT %	6,8	4,4	8,0	
New contracts	199	1,575	1,571	

(*) First quarter 2019 results include the following impacts relevant to the adoption of new international financial reporting standard IFRS 16:

- *removal of lease rates of €25 million*
- *increase in depreciation of €22 million*

Backlog at March 31, 2019: €5,638 million, of which €2,543 million to be realised in 2019.

- Revenues for the first quarter of 2019 amounted to €914 million, up by 13.8% compared to the first quarter of 2018, mainly attributable to greater volumes recorded in the Middle East.

- Adjusted EBITDA for the first quarter of 2019 amounted to €143 million, equal to 15.6% of revenues, €118 million net of the effects of the IFRS 16 application, compared to €103 million, equal to 12.8% of revenues in the first quarter of 2018.

- The most significant awards in the first quarter of 2019 include:

  - on behalf of Saudi Aramco, two new contracts as part of the ongoing Long-Term Agreement with the client, for the development of the offshore Berri and Marjan fields in the Persian Gulf. The works comprise engineering, procurement, construction and installation of subsea systems, laying of pipelines, cables, umbilicals and associated platforms;

  - on behalf of BP, the EPIC project to be realized in joint venture with the French company Eiffage on the border of Mauritanian and Senegalese territorial waters, which comprises engineering, procurement, construction and installation of docking and mooring facilities.

Onshore Engineering & Construction

(million euro)

	Q1 2018	Q4 2018	Q1 2019*	Q1 2019 vs Q1 2018 (%)
Revenues	878	1,189	968	10,3
Expenses	(852)	(1,152)	(926)	8,7
Adjusted EBITDA	26	37	42	61,5
Depreciation	(10)	(10)	(18)	80,0
Adjusted operating profit	16	27	24	50,0
Adjusted EBITDA %	3.0	3.1	4.3	
Adjusted EBIT %	1.8	2.3	2.5	
New contracts	778	740	538	

(*) First quarter 2019 results include the following impacts relevant to the adoption of new international financial reporting standard IFRS 16:

- *removal of lease rates of €8 million*
- *increase in depreciation of €8 million*

Backlog at March 31, 2019: €5,893 million, of which €2,183 million to be realised in 2019.

- Revenues for the first quarter of 2019 amounted to €968 million, up 10.3% compared to the first quarter of 2018, due mainly to greater volumes recorded in the Middle and Far East and in Kazakhstan, partly offset by lower volumes recorded in West Africa.

- Adjusted EBITDA for the first quarter of 2019 amounted to €42 million, equal to 4.3% of revenues, €34 million net of the effects of IFRS 16 application, compared to €26 million in the first quarter of 2018, equal to 3.0% of revenues.

Offshore Drilling

(million euro)

	Q1 2018	Q4 2018	Q1 2019*	Q1 2019 vs Q1 2018 (%)
Revenues	116	129	140	20.7
Expenses	(63)	(61)	(84)	33.3
Adjusted EBITDA	53	68	56	5.7
Depreciation	(28)	(30)	(30)	7.1
Adjusted operating profit	25	38	26	4.0
Adjusted EBITDA %	45.7	52.7	40.0	
Adjusted EBIT %	21.6	29.5	18.6	
New contracts	25	146	214	

(*) First quarter 2019 results include the following impacts relevant to the adoption of new international financial reporting standard IFRS 16:

- *removal of lease rates of €2 million*
- *increase in depreciation of €2 million*

Backlog at March 31, 2019: €790 million, of which €282 million to be realised in 2019.

- Revenues for the first quarter of 2019 amounted to €140 million, a 20.7% increase compared to the first quarter of 2018, mainly attributable to the semi-submersible rig Scarabeo 8 having been idle in the first quarter of 2018, and to the jack-up Pioneer leased from third parties since January 2019; the increase was partly offset by lower revenues from reduced operations of the Tender Assisted Barge, idle throughout the first quarter.

- Adjusted EBITDA for the first quarter of 2019 amounted to €56 million, €54 million net of the effects of IFRS 16 application, with a margin on revenues of 40.0%, compared to €53 million in the first quarter of 2018.

- The most significant awards in the first quarter of 2019 include:
  - a drilling contract for two wells plus the option of a further two wells in Norway on behalf of Wintershall, utilizing the semi-submersible rig Scarabeo 8;
  - a contract in the Middle East, on behalf of Saudi Aramco, which provides for the four-year lease extension of the jack-up Perro Negro 7.

Vessel utilisation in the first quarter of 2019 and the impact of programmed maintenance and idle days in 2019 are as follows:

Vessel	*Q1 2019*			*2019*
	Under contract	*Non-operating*		*Non-operating*
	(days)			*(days)*
Semi-submersible rig Scarabeo 5	-	90	(b)	365 (b)
Semi-submersible rig Scarabeo 7	90	-		214 (b)
Semi-submersible rig Scarabeo 8	90	-		-
Semi-submersible rig Scarabeo 9	90	-		122 (b)
Drillship Saipem 10000	90	-		-
Drillship Saipem 12000	90	-		107 (a)
Jack up Perro Negro 2	-	90	(b)	365 (b)
Jack up Perro Negro 4	90	-		-
Jack up Perro Negro 5	79	11	(a)	80 (a)
Jack up Perro Negro 7	90	–		-
Jack up Perro Negro 8	90	-		-
Jack up Pioneer Jindal	69			-
Tender Assisted Drilling Barge	-	90	(b)	212 (b)

(a) = the vessel underwent/will undergo class reinstatement works and/or preparation works for a new contract.
(b) = the vessel was not/will not be under contract

Onshore Drilling:

(million euro)

	Q1 2018	Q4 2018	Q1 2019*	Q1 2019 vs Q1 2018 (%)
Revenues	118	131	134	13.6
Expenses	(86)	(95)	(101)	17.4
Adjusted EBITDA	32	36	33	3.1
Depreciation	(28)	(30)	(30)	7.1
Adjusted operating profit	4	6	3	(25.0)
Adjusted EBITDA %	27.1	27.5	24.6	
Adjusted EBIT %	3.4	4.6	2.2	
New contracts	21	171	194	

(*) First quarter 2019 results include the following impacts relevant to the adoption of new international financial reporting standard IFRS 16:

- *removal of lease rates of €1 million*
- *increase in depreciation of €1 million*

Backlog at March 31, 2019: €659 million, of which €280 million to be realised in 2019.

- Revenues for the first quarter of 2019 amounted to €134 million, a 13.6% increase compared to the first quarter of 2018, thanks to greater volumes recorded in Saudi Arabia and South America.

- Adjusted EBITDA for the first quarter of 2019 amounted to €33 million, equal to 24,6% of revenues, €32 million net of the effects of IFRS 16 application, in line, in absolute value, with the first quarter of 2018.

- The most significant awards in the first quarter of 2019 concern new projects that will be realized in Bolivia and in Saudi Arabia, in addition to extensions of contracts already ongoing in Saudi Arabia, Peru, Morocco and Romania.

Average utilisation of rigs in the first quarter of 2019 was 68% (68,6% in the first quarter of 2018). As of March 31, 2019, the Company owned 84 rigs, located as follows: 28 in Saudi Arabia, 19 in Venezuela, 17 in Peru, 5 in Bolivia, 4 in Ecuador, 2 in Argentina, 2 in Kazakhstan, 2 in Kuwait, 1 in Colombia, 1 in the UAE, 1 in Italy, 1 in Morocco and 1 in Romania.
In addition, 2 third party rigs were used in Peru and 1 third-party rig in the Congo.

Attachments:

- reclassified consolidated balance sheet, reclassified consolidated income statements by nature and function of expenses and reclassified statement of cash flow;
- Summary of the effects deriving from the application of IFRS 16: Reclassified Consolidated Balance Sheet.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

		January 1, 2019 restated	March 31, 2018
Net tangible assets		4,326	4,299
Right-of-use assets	*	550	555
Intangible assets		702	701
		5,578	5,555
Investments		78	93
Non-current assets	*	**5,656**	**5,648**
Net current assets		**292**	**312**
Provision for employee benefits		**(208)**	**(214)**
Assets available for disposal		**2**	**0**
CAPITAL EMPLOYED, NET		**5,742**	**5,746**
Shareholder's equity		**3,962**	**3,985**
Non-controlling interests		**74**	**16**
Net debt pre-IFRS 16		1,159	1,185
Financial leasing liabilities	*	547	560
Net debt		**1,706**	**1,745**
FUNDING		**5,742**	**5,746**
Leverage pre IFRS16 (net debt/shareholders' equity including minority interest)		**0.29**	**0.30**
Leverage post IFRS16 (net debt/shareholders' equity including minority interest)		**0.42**	**0.44**
SHARES ISSUED AND OUTSTANDING		**1,010,977,439**	**1,010,977,439**

* data restated following the coming into force of new accounting standard IFRS 16.

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q4 2018		Q1 2018	Q1 2019
2,469	Net sales from operations	1,915	2,156
3	Other income and revenues	1	1
(1,787)	Purchases, services and other costs	(1,354)	(1,490)
(61)	Net reversals (impairments) of trade and other receivables	1	(2)
(418)	Payroll and related costs	(362)	(399)
206	**GROSS OPERATING PROFIT (LOSS)**	**201**	**266**
(212)	Depreciation, amortisation and impairment	(114)	(148)
(6)	**OPERATING PROFIT (LOSS)**	**87**	**118**
(42)	Finance expense	(43)	(54)
(13)	Income (loss) from investments	0	(4)
(61)	**PROFIT (LOSS) BEFORE TAXES**	**44**	**60**
(36)	Income taxes	(40)	(30)
(97)	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**4**	**30**
(18)	Net profit (loss) attributable to non-controlling interests	(6)	(9)
(115)	**NET PROFIT (LOSS)**	(2)	**21**
97	**CASH FLOW (net result + depreciation and amortisation)**	**112**	**169**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

Q4 2018		Q1 2018	Q1 2019
2.469	Net sales from operations	1.915	2.156
(2.314)	Production costs	(1.675)	(1.891)
(63)	Idle costs	(62)	(58)
(42)	Selling expenses	(35)	(38)
(14)	Research and development expenses	(6)	(6)
1	Other operating income (expenses), net	(5)	(2)
37	**CONTRIBUTION FROM OPERATIONS**	**132**	**161**
(43)	General and administrative expenses	(45)	(43)
(6)	**OPERATING PROFIT (LOSS)**	**87**	**118**
(42)	Finance expense	(43)	(54)
(13)	Income (loss) from investments	-	(4)
(61)	**PROFIT (LOSS) BEFORE TAXES**	**44**	**60**
(36)	Income taxes	(40)	(30)
(97)	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**4**	**30**
(18)	Net profit (loss) attributable to non-controlling interests	(6)	(9)
(115)	**NET PROFIT (LOSS)**	**(2)**	**21**
97	**CASH FLOW (net result + depreciation and amortisation)**	**112**	**169**

RECLASSIFIED CASH FLOW STATEMENT

(million euro)

Q4 2018		Q1 2018	Q1 2019
(115)	Net profit (loss) for the period	(2)	21
18	Non-controlling interests	6	9
	Adjustments to reconcile cash generated from operating profit (loss) before changes in working capital:		
256	Depreciation, amortisation and other non-monetary items	96	148
136	Changes in working capital related to operations	42	(35)
295	**Net cash flow from operations**	**142**	**143**
(120)	Capital expenditure	(32)	(74)
(3)	Investments and purchase of consolidated subsidiaries and businesses		(17)
1	Disposals	-	–
173	**Free cash flow**	**110**	**52**
-	Buy-back of treasury shares/Exercise of stock options	-	-
-	Share capital increase net of expenses	-	-
(64)	Cash flow from capital and reserves	(15)	(15)
-	Repayment of lease liabilities	-	(36)
2	Exchange differences on net debt and other changes	1	(3)
111	**Change in net debt before lease liabilities**	**96**	**(2)**
-	**Change in lease liabilities**	-	(584)
111	**Change in net debt**	**96**	**(586)**
1,270	**Net debt at beginning of period**	**1,296**	**1,159**
1,159	**Net debt at end of period**	**1,200**	**1,745**

Summary of the effects deriving from the application of IFRS 16: Reclassified Consolidated Balance Sheet

	December 31, 2018	Impact of restatement	January 1, 2019 restated
Net tangible assets	4,326		4,326
Right-of-use assets		550	550
Intangible assets	702		702
	5,028	550	5,578
Investments	78		78
Non-current assets	**5,106**	550	**5,656**
Net current assets	295	**(3)**	**292**
Provision for employee benefits	**(208)**		**(208)**
Assets available for disposal	**2**		**2**
CAPITAL EMPLOYED, NET	**5,195**	**547**	**5,742**
Shareholder's equity	**3,962**		**3,962**
Non-controlling interests	**74**		**74**
Net debt pre-IFRS 16 lease liabilities	1,159		1,159
Lease liabilities	–	547	547
Net debt	**1,159**	**547**	**1,706**
FUNDING	**5,195**	**547**	**5,742**
Leverage pre IFRS16 (net debt/shareholders' equity including minority interest)	**0.29**		**0.29**
Leverage post IFRS16 (net debt/shareholders' equity including minority interest)			**0.42**