Saipem: results for the first quarter of 2020

Highlights

- Strong liquidity and no significant debt maturity prior to 2022 following the early repayment of bonds, ensure flexibility in tackling the deteriorating environment.
- Quarterly financial results with €2.2 billion revenues and 11% adjusted EBITDA margin, supported by operational performance.
- Net debt pre IFRS16 amounted to €632 million euro, in line with expectations.
- Cost reductions have been identified and are underway on many fronts, and capital expenditure has been rephased with a reduction of 20-25% compared to the previous 2020 guidance (withdrawn on April 15, 2020) of around €600 million.
- Impairment and write-down of assets in the Offshore Drilling division of €260 million.
- Solid and diversified backlog of approximately €23 billion (68% not linked to oil), following the record acquisitions in 2019.
- Good outlook for future business opportunities.

Covid-19

The worsening of the economic and financial crisis in the wake of the Covid-19 emergency has caused far-reaching uncertainty and a consequent dramatic and widespread drop in the demand for services which, along with volatile commodity prices, particularly of oil, are leading to a revision of future investment plans, also by our clients.
Despite this deteriorated market context, the operating results for the quarter are robust, thanks to the strengthening of our financial position in recent years, the repositioning of the business towards energy transition, the size and diversification of the backlog and the quality of our assets. These factors, together with the launch of an adequate cost saving program, ensure a solid base for tackling the complexities expected in 2020.
The measures adopted to promptly manage and contain the development of the pandemic, fully protecting the health and safety of our employees, who remain the company's absolute priority, have allowed us to continue management of ongoing project activities.

Stefano Cao, Chief Executive Officer, commented:

"The successful implementation of a comprehensive transformational strategy over the last few years has allowed Saipem to reach a strong economic and financial configuration with solid assets and no significant short-term debt maturing. We have gained a privileged competitive position having decided, for some time now, to support the energy transition by leveraging on our competencies and innovative technological tools. The resilience, the flexibility and the adaptability proven over many years allow our construction sites and vessels to remain operative, while fully protecting the health and safety of our people, and enable us to firmly navigate the general economically weaker environment, which has justified 2020 guidance withdrawal".

San Donato Milanese, April 23, 2020 - Yesterday the Board of Directors, chaired by Francesco Caio, approved the Saipem Group's Interim Report at March 31, 2020 (not subject to audit) and resolved on the one-year renewal of the non-convertible notes issue programme, the Euro Medium Term Note Programme (the "EMTN Programme"), confirming the maximum amount of €3,000 million, of which €1,500 million remains outstanding at the current date.

Results for the first quarter of 2020:

- Revenues: €2,172 million (€2,156 million in the first quarter of 2019)
- EBITDA: €240 million (€266 million in the first quarter of 2019)
- Adjusted EBITDA: €240 million (€274 million in the first quarter of 2019)
- Operating profit (EBIT): loss of €177 million (profit of €118 million in the first quarter of 2019)
- Adjusted operating profit (EBIT): €83 million (€126 million in the first quarter of 2019)
- Net profit: loss of €269 million (profit of €21 million in the first quarter of 2019)
- Adjusted net profit: loss of €9 million (profit of €29 million in the first quarter of 2019)
- Special Items - 2020 first quarter results: write-downs of assets of €260 million (€8 million of reorganization expenses in the first quarter of 2019)
- Capital expenditure: €59 million (€74 million in the first quarter of 2019)
- Net debt inclusive of IFRS16 lease liabilities: €1,222 million (€1,082 million at December 31, 2019)
- Net debt pre IFRS16 at March 31, 2020: €632 million (€472 million at December 31, 2019)
- New contracts awards: €917 million (€2,517 million in the first quarter of 2019)
- Backlog: €19,898 million (€21,153 million at December 31, 2019), reaching €23,390 million including non-consolidated companies' backlog (€24,778 million at December 31, 2019).

Management outlook for 2020

As reported on last April 15, the uncertain conditions and volatility have led to the decision to withdraw the guidance for 2020. The continuing highly unstable environment doesn't allow us to elaborate a new guidance. The Board of Directors will continue to monitor the development of the situation and will promptly update investors should the market context stabilize.

Financial highlights

(million euro)

	Q1 2019	Q4 2019	Q1 2020*	Q1 2020 vs Q1 2019 (%)
Revenues	2,156	2,351	2,172	0.7
EBITDA	266	280	240	(9.8)
Adjusted EBITDA	274	327	240	(12.4)
Operating profit (EBIT)	118	54	(177)	n.s.
Adjusted operating profit (EBIT)	126	160	83	(34.1)
Net profit	21	(32)	(269)	n.s.
Adjusted net profit	29	74	(9)	n.s.
Free cash flow	52	508	(111)	n.s.
Net debt pre IFRS16 lease liabilities	1,185	472	632	(46.7)
Net debt post IFRS16 lease liabilities	1,745	1,082	1,222	(30)
Capital expenditure	74	107	59	(20.3)
New contracts	2,517	3,690	917	(63.6)

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

The results of the XSight Division are included in the Onshore Engineering & Construction Division because the numbers still do not warrant separate disclosure, so they are not disclosed to the market separately.

Business update for 2020

Revenues amounted to €2,172 million, in line with 2019 as volume increases recorded in the Onshore Engineering & Construction division were offset by lower volumes recorded in the Offshore Engineering & Construction division.

Adjusted EBITDA amounted to €240 million (€274 million in 2019); this reduction is attributable to a loss of operational performance in the Offshore Engineering & Construction and Onshore Drilling divisions.

Adjusted net profit recorded a loss of €9 million (profit of €29 million in 2019); alongside the variation of the adjusted operating profit from €126 million to €83 million, recording a reduction of €43 million, a deterioration in results from financial expenses and results from investments of €10 million was recorded, which was offset by an improvement in tax management and third-party interests of €15 million.

Net profit recorded a loss of €269 million (profit of €21million in the first quarter of 2019) and, unlike adjusted net profit, was impacted by write-downs of tangible assets in the Offshore Drilling division of €260 million deriving almost entirely from the impairment test.

Adjusted EBIT - EBIT reported reconciliation

(million euro)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
Adjusted EBIT	**29**	**31**	**31**	**(8)**	**83**
Write-downs of tangible assets			3		3
Impairment			257		257
Total special items			(260)		(260)
Reported EBIT	**29**	**31**	**(229)**	**(8)**	**(177)**

Capital expenditure in the first quarter of 2020, relating mainly to the maintenance and upgrading of the existing asset base, amounted to €59 million (€74 million in the first quarter of 2019), broken down as follows:

- €24 million in Offshore Engineering & Construction;
- €3 million in Onshore Engineering & Construction;
- €11 million in Offshore Drilling;
- €21 million in Onshore Drilling.

Net debt at March 31, 2020 pre-IFRS 16 lease liabilities amounted to €632 million, recording an increase of €160 million on December 31, 2019 (€472 million), mainly due to the erosion of advance payments from clients as projects acquired in 2019 entered into full operation. Net debt inclusive of IFRS 16 lease liabilities (€590 million) amounted to €1,222 million.

Backlog

In the first quarter of 2020, Saipem was awarded new contracts amounting to €917 million (€2,517 million in the first quarter of 2019). The backlog as of March 31, 2020 amounted to €19,898 million (€5,286 million in Offshore Engineering & Construction, €12,319 million in Onshore Engineering & Construction, €614 million in Offshore Drilling and €1,679 in Onshore Drilling).
The backlog, inclusive of non-consolidated companies as at March 31, 2020 amounted to €23,390 million (€5,286 million in Offshore Engineering & Construction, €15,811 million in Onshore Engineering & Construction, €614 million in Offshore Drilling and €1,679 million in Onshore Drilling).

New contracts awarded after year-end

As announced on April 20, 2020, the Cepav Due Consortium, in which Saipem holds a 59.09% stake and operational leadership, has received from Rete Ferroviaria Italiana (part of the FS Italiane Group) the assignment and availability of a further tranche of financial resources for the second construction lot of the Brescia Est — Verona High-Speed/High-Capacity railroad section.
Furthermore, Saipem, leader of the consortium with the Egyptian company Petrojet, was awarded a contract by Egyptian Ethylene & Derivatives Co. (Ethydco) for Egypt's first polybutadiene plant.

Recognised impairment loss

As provided for in the impairment methodology approved by the Board of Directors on last February 5, the expected future cash flows used to estimate the recoverable amount of the individual Cash Generating Units (CGUs) are based on the best information available at the date of the review and, taking into account also actual results, consider future expectations of Division Management regarding the relevant markets. In particular, according to the methodology detailed in the 2019 Statutory and Consolidated Financial Statements, published on the Saipem website, to which reference is made for more information, the cash flow estimate for the first four years of projections specific for the purposes of the impairment test is based on the Strategic Plan forecasts approved by the Board of Directors.

The recent unexpected deterioration of the market and the future investment plans revised by some of our clients have led the Company management to decide to perform the impairment test on all the Group CGUs, even for the occasion of the first quarter 2020 management result communication.
The impairment test was carried out on 16 CGUs and they were: one FPSO unit (leased FPSO Cidade de Vitoria), the Offshore Engineering & Construction Division, the Onshore Engineering & Construction Division excluding the leased FPSO, the XSIGHT Division, the Onshore Drilling Division, and the individual rigs the Offshore Drilling Division (11 separate rigs, 1 less than December 31, 2019, following a rig scrap).
The CGU use value at March 31, 2020 was determined by discounting the cash flow net of taxes, with a specific discount rate, updated to March 31, 2020, for each business segment.
The cash flows used for the purpose of the impairment test are those of the 2020-2023 Strategic Plan, approved by the Board of Directors in February 2020 (the "Strategic Plan"), updated with the latest best available estimates, following specific events occurring from the second half of the month of March 2020, subsequent to the recent unexpected variations in the market context due to the Covid-19 pandemic, on divisions' EBITDA and CAPEX values, while maintaining certain parameters unaltered, including exchange rates, the envisaged variations in working capital, the tax rate and the financial charges. Generally, the updated flow estimates related mainly to the cash flow for 2020, with the exception of the Offshore Drilling division CGU, for which the estimates were updated also for the subsequent years of the Strategic Plan, and, where necessary, for the post-Strategic Plan years. It should be specified that, for the definition of the long-term lease rates of the Offshore Drilling CGU, lacking new updated reports on market rates from external sources normally used by the Division as a benchmark, the long-term rates used for the purposes of the impairment test at December 31, 2019 were confirmed for this impairment exercise.
The discount rates for the CGU cash flows were updated to March 31, 2020 applying the same methodology used for the test performed at December 31, 2019, as shown in the following table:

(%)	**December 31, 2019**	**March 31, 2020**	**Δ**
Offshore E&C	8.2	8.5	+ 0.3
Onshore E&C	7.6	8.0	+ 0.4
XSIGHT	7.6	8.0	+ 0.4
Leased FPSO	5.7	6.6	+ 0.9
Offshore Drilling	8.2	8.2	-
Onshore Drilling	7.9	8.4	+ 0.5

The impairment loss of €257 million was recorded on some Cash Generating Units in the Offshore Drilling Division.
With reference to the Offshore Drilling Cash Generating Units, sensitivity analyses were also carried out on the weighted average cost of capital (WACC) and on the long-term rates, which represent the values that most significantly affect the test results. In particular, without any headroom, a 1% increase in WACC would determine an increase in impairment loss of approximately €92 million, while a 1% reduction in WACC would determine a decrease in impairment loss of approximately €101 million. As regards the rates, a 10% reduction in long-term rates would determine an increase in the vessel impairment loss of €249 million, while a 10% increase in long-term rates would determine a decrease in the vessel impairment loss of €220 million.

Renewal of the EMTN Programme

On April 22, 2020 the Board of Directors resolved on the one-year renewal of the non-convertible note issue programme, the Euro Medium Term Note Programme ("EMTN Programme"), established by resolution of April 27, 2016, for a maximum amount of €2,000 million, subsequently increased to a maximum amount of €3,000 million. As part of the EMTN Programme, the subsidiary Saipem Finance International BV ("SFI") issued notes for a total amount of €2,000 million, of which €1,500 million outstanding at the current date.
The renewal of the EMTN Programme will allow the Group to benefit from the flexibility of this instrument and timely exploiting any favourable market windows for bond issues.

The Board of Directors has reserved the right to approve any future notes issuance by SFI under the EMTN Programme, as well as the definition of the relevant terms, conditions, duration and any other action required for granting the authorisations and guarantees required for their issuance and listing.

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This press release should be read in conjunction with the Statutory and Consolidated Financial Statements at December 31, 2019 and the condensed Consolidated Interim Financial Statements at June 30, 2019 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 Chief Financial Officer, Mr. Stefano Cavacini, 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 Group's control. These include, but are not limited to: exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil 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), the recent COVID-19 outbreak (including its impacts on our business, our ongoing projects worldwide and our procurement chain), 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 the CEO Stefano Cao and the CFO Stefano Cavacini today at 9.00 am. The conference call can be followed on Saipem's website www.saipem.com by clicking on the 'Q1 2020 results presentation' banner on the home page, or through the following URL: https://edge.media-server.com/mmc/p/vio8qc9f.
During the conference call and webcast, a presentation will be given which will be available for download from the webcast window or from the "Investor Relations / Quarterly results and documentation / Reports archive" 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 authorized storage device "eMarketSTORAGE" (www.emarketstorage.com) and Borsa Italiana SpA (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 customer requirements. Listed on the Milan Stock Exchange, it is present in over 70 countries worldwide and has 32 thousand employees of 120 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(million euro)

	Q1 2019	Q4 2019	Q1 2020*	*Q1 2020 vs Q1 2019 (%)*
Revenues	914	853	826	*(9.6)*
Expenses	(771)	(698)	(720)	*(6.6)*
Adjusted EBITDA	143	155	106	*(25.9)*
Depreciation	(70)	(81)	(77)	*10.0*
Adjusted operating profit	73	74	29	*(60.3)*
Adjusted EBITDA %	15.6	18.2	12.8	
Adjusted EBIT %	8.0	8.7	3.5	
New contracts	1,571	1,708	501	

Backlog at March 31, 2020: €5,286 million.

- Revenues for the first quarter of 2020 amounted to €826 million, down 10% compared to the same period of 2019, due mainly to lower volumes recorded in North Africa and Sub- Saharan Africa, partly offset by greater volumes recorded in the Caspian Sea and in Italy.

- Adjusted EBITDA for the first quarter of 2020 amounted to €106 million, equal to 12.8% of revenues, compared to €143 million, equal to 15.6% of revenues, for the same period of 2019.

- The most significant awards in the first quarter related to:

  - on behalf of Saudi Aramco, as part of the Long Term Agreement in force until 2021 in Saudi Arabia, a contract for the design, engineering, procurement, construction and offshore installation of a carbon steel pipeline on the network already present in the Ju'aymah area and improvements to the relative platform;

  - on behalf of Eni Angola SpA, a contract related to Cabaça field and Agogo Early Phase 1 developments in West Africa, which includes the design, engineering, procurement, construction and installation of risers, flowlines, jumpers and a deep-water subsea production system implemented using the vessels Saipem FDS and Saipem 3000;

  - on behalf of Noble Energy, a contract for the offshore installation of a gas pipeline connecting the Alen Platform to Punta Europa on the coast in Equatorial Guinea;

  - minor contracts related to the decommissioning of existing infrastructures located in the Thistle Field of the North Sea to be executed by the Saipem 7000 and two offshore transportation and installation contracts in the Middle East and the Gulf of Mexico.

Onshore Engineering & Construction

(million euro)

	Q1 2019	Q4 2019	Q1 2020*	*Q1 2020 vs Q1 2019 (%)*
Adjusted revenues[1]	968	1,225	1,089	*12.5*
Expenses	(926)	(1,161)	(1,038)	*12.1*
Adjusted EBITDA	42	64	51	*21.4*
Depreciation	(18)	(24)	(20)	*11.1*
Adjusted operating profit	24	40	31	*29.2*
Adjusted EBITDA %	4.3	5.2	4.7	
Adjusted EBIT %	2.5	3.3	2.8	
New contracts	538	453	401	

Backlog at March 31, 2020: €12,319 million.

- Revenues for the first quarter of 2020 amounted to €1,089 million, up 12.5% compared to the same period of 2019, due mainly to greater volumes recorded in the Middle and Far East, partly offset by lower volumes recorded in the Caspian Sea.

- Adjusted EBITDA for the first quarter of 2020 amounted to €51 million, equal to 4.7% of revenues, compared to €42 million, equal to 4.3% of revenues, for the same period of 2019.

[1] *Adjusted revenues for 2019 do not include the write-downs in working capital (ongoing work) of €34 million, recorded entirely in the fourth quarter.*

Offshore Drilling

(million euro)

	Q1 2019	Q4 2019	Q1 2020*	*Q1 2020 vs Q1 2019 (%)*
Revenues	140	178	130	*(7.1)*
Expenses	(84)	(97)	(71)	*(15.5)*
Adjusted EBITDA	56	81	59	*5.4*
Depreciation	(30)	(30)	(28)	*(6.7)*
Adjusted operating profit	26	51	31	*19.2*
Adjusted EBITDA %	40.0	45.5	45.4	
Adjusted EBIT %	18.6	28.7	23.8	
New contracts	214	94	7	

Backlog at March 31, 2020: €614 million.

- Revenues for the first quarter of 2020 amounted to €130 million,down 7.1% compared to 2019, due mainly to the semi-submersible rigs Scarabeo 7 and Scarabeo 9, which were respectively idle and in demob during the quarter; the decrease was partly compensated by greater revenues from the full activity of the semi-submersible rig Scarabeo 5, which was idle in the corresponding period of 2019, and the jack up Sea Lion 7 which started working this year.

- Adjusted EBITDA for the first quarter of 2020 amounted to €59 million, equal to 45.4% of revenues, compared to €56 million, equal to 40.0% of revenues, for the same period of 2019.

Vessel utilization in the first quarter of 2020 and the impact of programmed maintenance and idle days in 2020 are as follows:

Vessel	***Q1 2020***		
	under contract	***non-operating***	
	(days)		
Semi-submersible rig Scarabeo 5	91	-	
Semi-submersible rig Scarabeo 7	-	91	(b)
Semi-submersible rig Scarabeo 8	91	-	
Semi-submersible rig Scarabeo 9	91	-	
Drillship Saipem 10000	65	26	(a)
Drillship Saipem 12000	91	-	
Jack up Perro Negro 2	-	91	(b)
Jack up Perro Negro 4	91	-	
Jack up Perro Negro 5	91	-	
Jack up Perro Negro 7	91	-	
Jack up Perro Negro 8	91	-	
Jack up Pioneer Jindal	91	-	
Jack up Sea Lion 7	83	8	(a)
Jack up Perro Negro 9	-	91	(a)
Tender Assisted Drilling Barge	-	91	(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 2019	Q4 2019	Q1 2020*	*Q1 2020 vs Q1 2019 (%)*
Revenues	134	129	127	*(5.2)*
Expenses	(101)	(102)	(103)	*2*
Adjusted EBITDA	33	27	24	*(27.3)*
Depreciation	(30)	(32)	(32)	*6.7*
Adjusted operating profit	3	(5)	(8)	*n.s.*
Adjusted EBITDA %	24.6	20.9	18.9	
Adjusted EBIT %	2.2	(3.9)	(6.3)	
New contracts	194	1,435	8	

Backlog at March 31, 2020: €1,679 million.

- Revenues for the first quarter of 2020 amounted to €127 million, down 5.2% compared to the same period of 2019, due to lower activity in South America and the Caspian Sea, partly mitigated by greater volumes recorded in Saudi Arabia.

- Adjusted EBITDA for the first quarter of 2020 amounted to €24 million, equal to 18.9% of revenues, €23 million net of the effects of the IFRS 16 application, reducing compared to €33 million, equal to 24.6% of revenues, for the same period of 2019.

Attachments:

- reclassified consolidated balance sheet, reclassified consolidated income statements by nature and function of expenses and reclassified statement of cash flow;

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	December 31, 2019	March 31, 2020
Net tangible assets	4,129	3,813
Right-of-use assets	584	557
Intangible assets	698	698
	5,411	5,068
Investments	106	100
Non-current assets	**5,517**	**5,168**
Net current assets	(64)	**122**
Provision for employee benefits	(246)	**(243)**
Assets available for disposal	**-**	**0**
EMPLOYED CAPITAL, NET	**5,207**	**5,047**
Shareholders' equity	**4,032**	**3,728**
Non-controlling interests	**93**	**97**
Net debt pre-IFRS 16 lease liabilities	472	632
Lease liabilities	610	590
Net debt	**1,082**	**1,222**
FUNDING	**5,207**	**5,047**
Leverage pre IFRS16 (net debt/shareholders' equity including minority interest)	**0.11**	**0.17**
Leverage post IFRS16 (net debt/shareholders' equity including minority interest)	**0.26**	**0.32**
SHARES ISSUED AND OUTSTANDING	**1,010,977,439**	**1,010,977,439**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q4 2019		Q1 2019	Q1 2020
2,351	Net sales from operations	2,156	2,172
3	Other income and revenues	1	1
(1,634)	Purchases, services and other costs	(1,490)	(1,484)
4	Net reversals (impairments) of trade and other receivables	(2)	(7)
(444)	Payroll and related costs	(399)	(442)
280	**GROSS OPERATING PROFIT (LOSS)**	**266**	**240**
(226)	Depreciation, amortization and impairment	(148)	(417)
54	**OPERATING PROFIT (LOSS)**	**118**	**(177)**
(56)	Finance expense	(54)	(60)
20	Income (loss) from investments	(4)	(8)
18	**PROFIT (LOSS) BEFORE TAXES**	**60**	**(245)**
(24)	Income taxes	(30)	(22)
(6)	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**30**	**(267)**
(26)	Net profit (loss) attributable to non-controlling interests	(9)	(2)
(32)	**NET PROFIT (LOSS)**	**21**	**(269)**
194	**CASH FLOW (net result + depreciation and amortization)**	**169**	**148**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

Q4 2019		Q1 2019	Q1 2020
2,351	Net sales from operations	2,156	2,172
(2,137)	Production costs	(1,891)	(2,173)
(59)	Idle costs	(58)	(82)
(43)	Selling expenses	(38)	(42)
(14)	Research and development expenses	(6)	(7)
4	Other operating income (expenses), net	(2)	(0)
102	**CONTRIBUTION FROM OPERATIONS**	**161**	**(132)**
(48)	General and administrative expenses	(43)	(45)
54	**OPERATING PROFIT (LOSS)**	**118**	**(177)**
(56)	Finance expense	(54)	(60)
20	Income from investments	(4)	(8)
18	**PROFIT (LOSS) BEFORE TAXES**	**60**	**(245)**
(24)	Income taxes	(30)	(22)
(6)	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**30**	**(267)**
(26)	Net profit (loss) attributable to non-controlling interests	(9)	(2)
(32)	**NET PROFIT (LOSS)**	**21**	**(269)**
194	**CASH FLOW (net result + depreciation and amortization)**	**169**	**148**

RECLASSIFIED CASH FLOW STATEMENT

(million euro)

Q4 2019		Q1 2019	Q1 2020
(32)	Net profit (loss) for the period	21	(269)
26	Non-controlling interests	9	2
	Adjustments to reconcile cash generated from operating profit (loss) before changes in working capital:		
243	Depreciation, amortization and other non-monetary items	148	421
380	Changes in working capital related to operations	(35)	(206)
617	**Net cash flow from operations**	**143**	**(52)**
(107)	Capital expenditure	(74)	(59)
(1)	Investments and purchase of consolidated subsidiaries and businesses	(17)	(0)
(1)	Disposals	–	–
508	**Free cash flow**	**52**	**(111)**
-	Buy-back of treasury shares/Exercise of stock options	-	(16)
-	Share capital increase net of expenses	-	-
-	Cash flow from capital and reserves	(15)	(0)
(40)	Repayment of lease liabilities	(36)	(34)
(13)	Exchange differences on net debt and other changes	(3)	1
455	**Change in net debt before lease liabilities**	**(2)**	**(160)**
(116)	**Change in lease liabilities**	(584)	20
339	**Change in net debt**	**(586)**	**(140)**
1,421	**Net debt at beginning of period**	**1,159**	**1,082**
1,082	**Net debt at end of period**	**1,745**	**1,222**