Saipem: the Board of Directors approves the preliminary results for 2020

Saipem's performance in 2020 confirms the company's resilience to the unexpected and complex emergency caused by the Covid-19 pandemic, which is still in progress, which led to the revision of the growth prospects initially envisaged following the positive signs that emerged in 2019.
Saipem reacted promptly to the difficulties caused by the health crisis by activating preventive measures aimed at ensuring the health of its people and the substantial continuity of its operations worldwide. Despite an understandable slowdown, more significant on margins, the operating performance confirms the organisational capacity to effectively handle complex situations.
The backlog of over €25 billion[1] is still sizable, diversified and increased compared with last year, following the new acquisitions of 2020 for approximately €8.7 billion. The financial structure is robust with a reduction of net debt, compared with the previous quarter, favoured by the good working capital dynamic.

Covid-19

Saipem continues to manage the current emergency situation by maintaining high levels of supervision and measures to prevent and tackle the pandemic in order to guarantee the health of its people, which remains the top priority.
In close coordination with the numerous health centres worldwide, Saipem is encouraging the vaccination process of its employees, albeit on a voluntary basis and in compliance with local vaccination campaigns, recommending the use of vaccines approved by the EMA or local government agencies.
During 2020, costs directly attributable to Covid-19 reached approximately €110 million, showing a decrease in the fourth quarter that reflects the company's adaptability, as well as the effectiveness of measures taken.
At present, out of a total of approximately 32,000 employees, the percentage of Covid-19 positive cases reported by Saipem has been around 8%, 4% of which are still infected and constantly monitored by the company.

Highlights

- Sizable backlog worth over €25 billion[1] at the end of 2020 (over 75% of the E&C portion non-oil related), still at the highest level and increased compared with the previous year, ensuring good visibility in the medium term
- New contract awards in 2020 of approximately €8.7 billion (approximately 90% non-oil related), 1.2 times year's revenues
- Revenues in 2020 of approximately €7.3 billion in line with the expected business scenario and adjusted EBITDA margin of 8.4%
- On a divisional level in the fourth quarter:
    i. Sequential improvement in volumes and margins of the onshore E&C division
    ii. Decrease in the offshore E&C division also caused by project operational difficulties
    iii. Results marginally improved in offshore drilling compared with the previous quarter, versus a slight decline in onshore drilling

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[1] *Includes the backlog of unconsolidated companies*

- Net debt before IFRS 16 of €872 million (approximately €1.2 billion post IFRS 16) at the end of 2020, decreasing from the previous quarter thanks to a favourable trend in working capital and capex rephasing
- Robust financial structure with liquidity over €2 billion.
- Achieved efficiency targets on the cost structure of approximately €190 million, of which €45 million structural, and a significant capex reduction of around €280 million[2]
- Future commercial opportunities remain considerable with an increase of those associated with the energy transition

Stefano Cao, Chief Executive Officer, commented:

"Exactly a year ago, we commented with renewed optimism 2019 results, proudly stating that we had exceeded all the targets set and returning to a dividend, although symbolic. After only a few days, amongst the first companies to do so, all of our people were invited to work remotely due to the outbreak of the Covid-19 pandemic that dramatically characterised the world throughout 2020 and is still afflicting the world today. Saipem reacted promptly and effectively to the pandemic both because it is used at dealing with emergencies and identifying ready and effective solutions thereto and because, since long time, is organisationally equipped to handle and communicate during crises. This has enabled us, albeit with slowdowns due to compliance with health and safety regulations imposed worldwide and due to the related economic crisis, to avoid the interruption of operational activities and, indeed, to implement significant improvements to business processes – also thanks to digitalisation - and to accelerate the strategic focus on the ecological transition and energy evolution. With this in mind, we propose solutions to tackle the climate change, to serve the demand to reduce carbon footprint, to change the energy paradigm and to develop sustainable mobility, through the construction of offshore green energy hubs, CO2 capture and storage projects, infrastructures for the production, storage and use of hydrogen. We are able to do this immediately, thanks to our technologies, our patents and, above all, the experience that comes from the dozens of projects already carried out in these fields. Leveraging on our credentials, we presented concrete proposals within the recovery plans supported by Next Generation EU. At the time of economic recovery, Saipem will be in a privileged position enabling it to compete as a key player for the award of new green and infrastructure projects".

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[2] *Compared with the initial FY 2020 guidance, withdrawn in April 2020*

San Donato Milanese, 25 February 2021 - Yesterday, the Board of Directors of Saipem SpA, chaired by Francesco Caio, examined the Saipem Group preliminary consolidated Financial Statements as at 31 December 2020[3], which have been prepared in compliance with the International Financial Reporting Standards (EU approved IFRS).

2020 Results:

- Revenues: €7,342 million (€9,099 million in 2019), of which €1,962 million in the fourth quarter
- EBITDA: €428 million (€1,146 million in the first half of 2019), of which €75 million in the fourth quarter
- Adjusted EBITDA: €614 million (€1,226 million in the first half of 2019), of which €123 million in the Fourth quarter
- Operating result (EBIT): loss of €845 million (profit of €456 million in the first half of 2019), of which a loss of €73 million in the fourth quarter
- Adjusted operating result (EBIT): €23 million (€609 million in the first half of 2019), of which €11 million in the fourth quarter
- Net result: loss of €1,136 million (profit of €12 million in the first half of 2019), loss of €120 million in the fourth quarter
- Adjusted net result: loss of €268 million (profit of €165 million in the first half of 2019), of which a loss of €58 million in the fourth quarter
- Special Items: write-downs and re-organization expenses for €868 million (write-downs and restructuring charges for €153 million in 2019), of which €62 million in the fourth quarter
- Capital expenditure: €322 million (€336 million in the first half of 2019), of which €80 million in the fourth quarter
- Net debt inclusive of IFRS 16 lease liabilities as at 31 December 2020: €1,226 million (€1,082 million as at 31 December 2019)
- Net debt pre IFRS 16 as at 31 December 2020: €872 million (€472 million as at 31 December 2019)
- New contracts: €8,659 million (€17,633 million in 2019)
- Backlog: €22,400 million (€21,153 million as at 31 December 2019), amounting to €25,296 million including the non consolidated companies' backlog (€24,778 million as at 31 December 2019).

Business scenario

2021 started in a context of uncertainty resulting from, on the one hand, the persistence of the pandemic and the fears of its variants and, on the other hand, the expectations associated with the discovery and roll-out of vaccines.

Nonetheless, Saipem is solid with a sizable backlog, a robust financial structure and interesting business prospects both in the traditional sectors and in those related to the energy transition, in addition to the important role it intends to play in the context of investments related to post-pandemic recovery programmes launched in Europe.

The business scenario for 2021 will still be influenced by the pandemic, especially in the first half of the year. For this reason, the company is currently unable to provide a firm financial guidance. Volumes for the year and beyond are well supported by the sizeable backlog, project mix and operational progress which enable us to expect for 2021 an adjusted EBITDA at a level similar to 2020.

New efficiency initiatives have been launched on structural costs for approximately €30 million in 2021, which add to the savings delivered in 2020.

Capex in 2021 are expected around 450 million euro.

Beyond 2021, with the progress of the vaccination campaign, the advancement in the execution of projects, combined with efficiencies and a further resumption of commercial activity, a return to growth of adjusted EBITDA and the restart of net debt reduction path are expected.

This scenario does not factor a further and possible material macroeconomic and business context deterioration as a consequence, for instance, of the intensification of the Covid–19 pandemic.

Saipem advances on its ESG path and commits to reduce greenhouse gas (GHG) emissions, scope 1 and 2, by 50% by 2035, a decisive step towards achieving a net-zero carbon emission profile in the future ("net-zero carbon").

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[3] *Not subject to audit*

Financial Highlights

(million euro)

Q4 2019	Q3 2020	Q4 2020	Q4 2020 vs Q4 2019 (%)		2019	2020	2020 vs 2019 (%)
2,351	1,705	1,962	(16.5)	Revenues	9,099	7,342	(19.3)
280	82	75	(73.2)	EBITDA	1,146	428	(62.7)
327	136	123	(62.4)	Adjusted EBITDA	1,226	614	(49.9)
54	(61)	(73)	n.s.	Operating result (EBIT)	456	(845)	n.s.
160	(8)	(11)	n.s.	Adjusted operating profit (EBIT)	609	23	(96.2)
(32)	(131)	(120)	n.s.	Net profit	12	(1,136)	n.s.
74	(78)	(58)	n.s.	Adjusted net profit	165	(268)	n.s.
508	10	133	(73.8)	Free cash flow	887	(187)	n.s.
472	973	872	84.7	Net debt pre IFRS16 lease liabilities	472	872	84.7
1,082	1,399	1,226	13.3	Net debt post IFRS16 lease liabilities	1,082	1,226	13.3
107	47	80	(25.2)	Capital expenditure	336	322	(4.2)
3,690	498	3,324	(9.9)	New contracts	17,633	8,659	(50.9)

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 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 2020

In 2020, **revenues** amounted to €7,342 million (€9,099 million in 2019) and **adjusted EBITDA** amounted to €614 million (€1,226 million in 2019): both indicators, for all divisions, reflect results affected by the slowdown of projects due to the effects of the pandemic and by the postponement of certain activities, agreed with clients. In addition, the offshore division is experiencing project operational difficulties.

Adjusted net result recorded a loss of €268 million (profit of €165 million in 2019). The negative change of the adjusted operating result, of €586 million, is partly offset by the significant improvement of the net results from investments and financial expenses, as well as by the lower results of third-party interests.

Net result recorded a loss of €1,136 million (profit of €12 million in the first half of 2019) and, unlike adjusted net result, was impacted by the following special items:

- write-downs of tangible assets in the Offshore Drilling division of €590 million, which had already been accounted for in the first half of 2020, deriving from the impairment test;
- write-down of tangible assets and related working capital, as well as of the right-of-use of a third-party asset for €114 million;
- contingent liabilities for €24 million, in relation to pending judgements on projects already completed, deriving from the activity of periodic legal monitoring of the evolution of the overall dispute;
- costs deriving from the healthcare emergency for about €110 million. This amount includes the costs incurred in the period directly attributable to the Covid-19 pandemic, such as costs for the workers on stand-by in compliance with quarantine regulations and in such cases where activities at operating sites and onboard vessels were suspended by the authorities, for the purchase of personal protective equipment and devices in addition to the standard requirements, for sanitising work areas and for the organisation of charter flights to repatriate personnel;
- re-organization expenses of €30 million.

Adjusted EBIT – EBIT reported reconciliation

(million euro)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total	
Adjusted EBIT	**(62)**	**115**	**(16)**	**(14)**	**23**	
Impairment			590		590	
Write-downs of tangible assets	46	22	13	11	92	
Write downs and accruals		6	12	4	22	(a)
Dispute settlements		24			24	(a)
Costs for Covid-19 healthcare emergency	51	38	12	9	110	(a)
Re-organization expenses	19	6	2	3	30	(a)
Total special items	(116)	(96)	(629)	(27)	(868)	
Reported EBIT	**(178)**	**19**	**(645)**	**(41)**	**(845)**	

a) Special items affecting EBITDA amount to €186 million, i.e., the reconciliation of adjusted EBITDA of €614 million versus reported EBITDA of €428 million

Net result in the corresponding period in 2019, amounting to a profit of €12 million, unlike adjusted net profit, was impacted by the following special items:

- write-downs and accruals for a jack up of €22 million; the asset was partially written down because it was likely to be replaced by a leased asset, due to the completion of the contract in backlog;
- write-downs in current assets for €63 million, in relation to pending judgements on projects already completed, deriving from the activity of periodic legal monitoring of the evolution of the overall dispute;
- issuance of provisions for disputes amounting to €38 million;
- re-organization expenses of €48 million.

Capital expenditure in 2020, including the acquisition of the new vessel, Saipem Endeavour, amounted to €322 million (€336 million in 2019), broken down as follows:

- €193 million in Offshore Engineering & Construction;
- €17 million in Onshore Engineering & Construction;
- €60 million in Offshore Drilling;
- €52 million in Onshore Drilling.

Net financial debt pre-IFRS 16 lease liabilities as at 31 December 2020 amounted to €872 million, recording an increase of €400 million compared to 31 December 2019 (€472 million), largely due to the fact that a number of projects acquired in 2019 had achieved fully operational status, and also to the slowdown of projects due to the effects of the pandemic and the postponement of some activities agreed upon with clients. Net debt inclusive of IFRS 16 lease liabilities (€354 million) amounted to €1,226 million.

Backlog

During 2020, Saipem was awarded new contracts amounting to €8,659 million (€17,633 million in 2019). The backlog as at 31 December 2021 amounted to €22,400 million (€6,285 million in Offshore Engineering & Construction, €14,009 million in Onshore Engineering & Construction, €518 million in Offshore Drilling and €1,588 million in Onshore Drilling), of which €7,652 million to be executed in 2020.

The backlog inclusive of non-consolidated companies as at 31 December 2021 amounted to €25,296 million (€6,328 million in Offshore Engineering & Construction, €16,862 million in Onshore Engineering & Construction, €518 million in Offshore Drilling and €1,588 million in Onshore Drilling), of which €8,870 million to be realised in 2020. The backlog as at 31 December 2020 is shown net of the cancellation, in the second quarter, of a contract in the Offshore Drilling Division, for €70 million.

New contracts awarded after year-end

As announced on 1 February 2021, Saipem has been awarded a contract for the Courseulles-sur-Mer offshore wind farm in Normandy, France, awarded by Eoliennes Offshore du Calvados SAS (EODC), for a total value of approximately €460 million. The scope of the project includes the design, construction and installation of 64 steel foundations for an equivalent number of wind turbines.

Recognised impairment loss

As provided for in the impairment methodology approved by the Board of Directors on 4 February, 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. These forecasts take account of the future expectations of the division managements in relation to the respective reference markets and also of the actual results.
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 forecast expressed for the purposes of the impairment test is based on the Strategic Plan forecasts approved by the Board of Directors.
In monitoring impairment indicators, the Group has considered, among other factors, the relationship between its market capitalisation and net assets.
Specifically, as at 31 December 2020, the Group’s market capitalisation was lower than the value of the closing shareholders’ equity of the third 2020 forecast; this situation indicates a potential impairment of goodwill and/or of other assets. Therefore the impairment test provided for ascertaining the recoverable amount of all the “CGUs”.
The impairment test was carried out on 15 CGUs and they were: one FPSO unit (leased FPSO Cidade de Vitoria), the Offshore Engineering & Construction Division, the Onshore Engineering & Construction Division (net of the leased FPSO Cidade de Vitoria, the XSIGHT Division, the Onshore Drilling Division, and the individual rigs the Offshore Drilling Division (10 individual offshore rigs, 2 less than 31 December 2019, following the foreseen scrapping of 1 rig and the sale of a second rig).
The CGU use value as at 31 December 2020 was determined by discounting the post-tax cash flows with a discount rate, updated at the assessment date, specific for each business segment.
The cash flows used for the impairment test, are those of the 2021-2024 Strategic Plan (hereinafter the “Strategic Plan”), prepared using the best estimates available to date, approved by the Board of Directors at the same time as the preliminary results.
It should be noted that the flows have been normalised, where necessary, in accordance with IAS 36 and that, especially the long-term rental instalments of the Offshore Drilling CGUs have been defined using the latest update reports available at the date and processed by external sources, normally used by the Division as a reference benchmark.
The discount rates for the CGU cash flows were updated to 31 December 2020 applying the same methodology used for the test performed as at 31 December 2019 and 30 June 2020, as shown in the following table:

(%)	December 31, 2019	30 June 2020	31 December 2020	Δ December vs June
Offshore E&C	8.2	8.6	8.0	- 0.6
Onshore E&C	7.6	8.3	7.8	- 0.5
XSIGHT	7.6	8.3	7.8	- 0.5
Leased FPSO	5.7	7.2	6.3	- 0.9
Offshore Drilling	8.2	9.8	9.7	- 0.1
Onshore Drilling	7.9	8.9	7.8	- 1.1

As a result of the impairment test as at 31 December 2020, no further impairment losses were recorded compared with the total of €590 million of write-downs (€257 million in the first quarter of 2020 and €333 million in the second quarter) recorded on some CGUs of the Offshore Drilling Division.
With reference to the Offshore Drilling CGU, 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. Specifically, an increase in the WACC of 1% would result in an impairment loss of approximately €39 million whilst, as regards the long-term instalments, a 10% reduction in tariffs would result in an impairment loss of €164 million.

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This press release should be read in conjunction with the Interim Consolidated Financial Statements as at 31 June 2020 and the Consolidated Financial Statements as at 31 December 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 Covid-19 pandemic (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 CET (8.00 am GMT, 3.00 am EDT, 00.00 am PDT). The conference call can be followed via webcast at www.saipem.com and by clicking on the 'FY 2020 results presentation' banner on the home page, or via the following URL https://edge.media-server.com/mmc/p/fr3y7tth

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 60 countries worldwide and has 32 thousand employees of 130 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(million euro)

Q4 2019	Q3 2020	Q4 2020	Q4 2020 vs Q4 2019 (%)		2019	2020	2020 vs 2019 (%)
853	654	610	(28.5)	Revenues	3,841	2,749	(28.4)
(698)	(601)	(601)	(13.9)	Expenses	(3,196)	(2,514)	(21.3)
155	53	9	(94.2)	Adjusted EBITDA	645	235	(63.6)
(81)	(78)	(63)	(22.2)	Amortisation and depreciation	(307)	(297)	(3.3)
74	(25)	(54)	n.s.	Adjusted operating result	338	(62)	n.s.
18.2	8.1	1.5		Adjusted EBITDA %	16.8	8.5	
8.7	(3.8)	(8.9)		Adjusted EBIT %	8.8	(2.3)	
1,708	269	1,800		New contracts	4,471	3,423	

Backlog as at 31 December 2020: €6,285 million, of which €2,984 million to be realised in 2021.

- Revenues in 2020 amounted to €2,749 million, down 28.4% compared with the same period of 2019, due mainly to lower volumes recorded in North Africa, the Middle East and Sub-Saharan Africa, partly offset by greater volumes recorded in the Far East, in the Caspian Sea and in Italy.

- Adjusted EBITDA in 2020 amounted to €235 million, equal to 8.5% of revenues, representing a decrease compared with the €645 million, equal to 16.8% of revenues, for the same period of 2019, also due to project operational difficulties.

- The most significant awards in the fourth quarter related to:
  - on behalf of Qatargas, an EPC contract that provides for the installation of pipelines, platforms and other connection and support structures in the strategic area of the North Field Production Sustainability Offshore Project ("NFPS") in Qatar, with the aim of increasing capacity of gas production to 110 million tonnes per year;
  - on behalf of Qatar Petroleum, a contract for the fifth phase of development of the Idd El-Shargi North Dome field in Qatar. The scope of the work includes the engineering, procurement, construction and installation of a topside, underwater pipelines and additional modification and connection works on existing infrastructures.

Onshore Engineering & Construction

(million euro)

Q4 2019	Q3 2020	Q4 2020	Q4 2020 vs Q4 2019 (%)		2019	2020	2020 vs 2019 (%)
1,225	901	1,212	(1.1)	Adjusted revenues	4,199	3,882	(7.5)
(1,161)	(847)	(1,137)	(2.1)	Expenses	(3,972)	(3,689)	(7.1)
64	54	75	17.2	Adjusted EBITDA	227	193	(15.0)
(24)	(17)	(20)	(16.7)	Amortisation and depreciation	(83)	(78)	(6.0)
40	37	55	37.5	Adjusted operating result	144	115	(20.1)
5.2	6.0	6.2		Adjusted EBITDA %	5.4	5.0	
3.3	4.1	4.5		Adjusted EBIT %	3.4	3.0	
453	194	1,355		New contracts	10,849	4,884	

Backlog as at 31 December 2020: €14,009 million, of which €4,056 million to be realised in 2021.

- Revenues in 2020 amounted to €3,882 million, down 7.5% compared with the corresponding period in 2019, mainly attributable to the lower volumes developed in the Caspian and the Middle East, partially offset by the increase in activities in Sub-Saharan Africa.

- Adjusted EBITDA in 2020 amounted to €193 million, equal to 5% of revenues, compared with €227 million in the same period in 2019, equal to 5.4% of revenues.

- The most significant awards in the fourth quarter related to:
  - on behalf of Perdaman Chemical and Fertilizers Pty Ltd, in a 50/50 joint venture with Clough, an EPC contract for the construction of a urea fertiliser plant to be developed in the industrial area of Burrup, Australia;
  - on behalf of Haifa Group, a contract for the construction of an ammonia plant at the Mishor Rotem site in Israel.

Offshore Drilling

(million euro)

Q4 2019	Q3 2020	Q4 2020	Q4 2020 vs Q4 2019 (%)		2019	2020	2020 vs 2019 (%)
178	49	60	(66.3)	Revenues	555	294	(47.0)
(97)	(51)	(48)	(50.5)	Expenses	(329)	(221)	(32.8)
81	(2)	12	(85.2)	Adjusted EBITDA	226	73	(67.7)
(30)	(19)	(20)	(33.3)	Amortisation and depreciation	(103)	(89)	(13.6)
51	(21)	(8)	n.s.	Adjusted operating result	123	(16)	n.s.
45.5	(4.1)	20.0		Adjusted EBITDA %	40.7	24.8	
28.7	(42.9)	(13.3)		Adjusted EBIT %	22.2	(5.4)	
94	17	94		New contracts	576	145	

Backlog as at 31 December 2020: €518 million, of which €242 million to be realised in 2021. This amount is represented net of the cancellation of a contract worth €70 million.

- Revenues in 2020 amounted to €294 million, down 47% compared with the same period in 2019, due mainly to the drillship S10000, which underwent class reinstatement works, and the semi-submersible rigs Scarabeo 7, Scarabeo 8 and Scarabeo 9, which were idle; 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 at the beginning of 2020.

- Adjusted EBITDA in 2020 amounted to €73 million, equal to 24.8% of revenues, compared with €226 million in the same period in 2019, with an incidence on revenues of 40.7%.

- The most significant acquisition in the fourth quarter concerns the extension, until 2023, of the contract relating to the Saipem 10000 drillship for worldwide operations, on behalf of Eni.

Vessel utilization in 2020 and the impact of programmed maintenance and idle days in 2021 are as follows:

Vessel	***2020***			***2021***	
	under contract	***non-operating***		***non-operating***	
	(days)			***(days)***	
Semi-submersible rig Scarabeo 5	366	-		-	
Semi-submersible rig Scarabeo 7	-	345	(a+c)	-	
Semi-submersible rig Scarabeo 8	151	215	(b)	92	(b)
Semi-submersible rig Scarabeo 9	127	239	(b)	243	(b)
Drillship Saipem 10000	279	87	(a)	-	
Drillship Saipem 12000	366	-		122	(b)
Jack up Perro Negro 2	-	366	(b)	273	(e)
Jack up Perro Negro 4	366	-	(a)	34	(b)
Jack up Perro Negro 5	218	148	(b)	273	(e)
Jack up Perro Negro 7	366	-		61	(a)
Jack up Perro Negro 8	313	53	(b)	111	(a+b)
Jack up Pioneer Jindal*	366	-		-	
Jack up Sea Lion 7*	358	8	(a)	-	
Jack up Perro Negro 9*	92	274	(a)		
Tender Assisted Drilling Barge	-	366	(b)	120 units	(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
(c) = plant sold in December for dismantling according to current legislation (green recycling)
(e) = plants held for sale for dismantling according to current legislation (green recycling)

* vehicles hired by third parties

Onshore Drilling:

(million euro)

Q4 2019	Q3 2020	Q4 2020	Q4 2020 vs Q4 2019 (%)		2019	2020	2020 vs 2019 (%)
129	101	80	(38.0)	Revenues	538	417	(22.5)
(102)	(70)	(53)	(48.0)	Expenses	(410)	(304)	(25.9)
27	31	27	0	Adjusted EBITDA	128	113	(11.7)
(32)	(30)	(31)	(3.1)	Amortisation and depreciation	(124)	(127)	2.4
(5)	1	(4)	(20.0)	Adjusted operating result	4	(14)	n.s.
20.9	30.7	33.8		Adjusted EBITDA %	23.8	27.1	
(3.9)	1.0	(5.0)		Adjusted EBIT %	0.7	(3.4)	
1,435	18	75		New contracts	1,737	207	

Residual backlog as at 31 December 2020: €1,588 million, of which €370 million to be realised in 2021.

- Revenues in 2020 amounted to €417 million, down 22.5% compared with the same period of 2019, due to lower activity in South America and the Middle East.

- Adjusted EBITDA in 2020 amounted to €113 million, equal to 27.1% of revenues, down compared with the €128 million, equal to 23.8% of revenues, in the same period of 2019.

- The most significant acquisitions during the fourth quarter mainly concern contract extensions in Saudi Arabia.

Average (simple) utilisation of rigs in the first half of 2020 stood at 43.6% (59.9% in the same period of 2019). Considering the technical characteristics of the fleet as the reference weights, the weighted average utilisation of rigs in the first half of 2020 amounted to 52.7% (68.3% in the corresponding period of 2019). In the region referring to Europe, the Middle East and Africa, the number of rigs in use as at 31 December 2020, totalled 36. In addition, 1 unit owned by third parties was used in the Congo. In Latin America, Saipem had 47 rigs installed as at 31 December 2020. In addition, 2 third-party rigs were used in Peru.

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	31 December 2020
Net tangible assets	4,129	3,284
Right-of-Use assets	584	288
Intangible assets	698	701
	5,411	4,273
Equity investments	106	140
Non-current assets	**5,517**	**4,413**
Net current assets	**(64)**	**(2)**
Employee benefits	**(246)**	**(237)**
Assets available for disposal	**-**	**-**
EMPLOYED CAPITAL, NET	**5,207**	**4,174**
Equity	**4,032**	**2,923**
Non-controlling interests	**93**	**25**
Net financial debt pre-IFRS 16 lease liabilities	472	872
Lease liabilities	610	354
Net financial debt	**1,082**	**1,226**
FUNDING	**5,207**	**4,174**
Leverage post-IFRS16 (net debt/shareholders' equity including minority interest)	**0.26**	**0.42**
SHARES ISSUED AND OUTSTANDING	**1,010,977,439**	**1,010,977,439**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q4 2019	Q3 2020	Q4 2020		Year 2019	Year 2,020
2,351	1,705	1,962	Net sales from operations	9,099	7,342
3	11	(1)	Other revenue and income	11	12
(1,634)	(1,251)	(1,493)	Purchases, services and other costs	(6,232)	(5,294)
4	(7)	5	Net reversals (impairments) of trade and other receivables	(62)	(7)
(444)	(376)	(398)	Payroll and related costs	(1,670)	(1,625)
280	**82**	**75**	**GROSS OPERATING PROFIT (LOSS)**	**1,146**	**428**
(226)	(143)	(148)	Depreciation, amortisation and impairment	(690)	(1,273)
54	**(61)**	**(73)**	**OPERATING PROFIT (LOSS)**	**456**	**(845)**
(56)	(38)	(33)	Financial charges	(210)	(166)
20	-	27	Income (loss) from investments	(18)	37
18	**(99)**	**(79)**	**PROFIT (LOSS) BEFORE TAXES**	**228**	**(974)**
(24)	(32)	(37)	Income taxes	(130)	(143)
(6)	**(131)**	**(116)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**98**	**(1,117)**
(26)	-	(4)	Net profit (loss) attributable to non-controlling interests	(86)	(19)
(32)	**(131)**	**(120)**	**NET PROFIT (LOSS)**	**12**	**(1,136)**
194	**12**	**28**	**CASH FLOW (net result + depreciation and amortization)**	**702**	**137**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

				Year	
Q4 2019	**Q3 2020**	**Q4 2020**		**2,019**	**2,020**
2,351	1,705	1,962	Core business revenue	9,099	7,342
(2,137)	(1,605)	(1,862)	Production costs	(8,051)	(7,489)
(59)	(91)	(75)	Idle costs	(222)	(354)
(43)	(39)	(36)	Selling expenses	(150)	(157)
(14)	(7)	(13)	Research and development expenses	(38)	(35)
4	12	(10)	Other operating income (expenses), net	(2)	-
102	**(25)**	**(34)**	**CONTRIBUTION FROM OPERATIONS**	**636**	**(693)**
(48)	(36)	(39)	General and administrative expenses	(180)	(152)
54	**(61)**	**(73)**	**OPERATING PROFIT (LOSS)**	**456**	**(845)**
(56)	(38)	(33)	Financial charges	(210)	(166)
20	-	27	Income (loss) from investments	(18)	37
18	**(99)**	**(79)**	**PROFIT (LOSS) BEFORE TAXES**	**228**	**(974)**
(24)	(32)	(37)	Income taxes	(130)	(143)
(6)	**(131)**	**(116)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**98**	**(1,117)**
(26)	-	(4)	Net profit (loss) attributable to non-controlling interests	(86)	(19)
(32)	**(131)**	**(120)**	**NET PROFIT (LOSS)**	**12**	**(1,136)**
194	**12**	**28**	**CASH FLOW (net result + depreciation and amortization)**	**702**	**137**

RECLASSIFIED CASH FLOW STATEMENT

(million euro)

Q4 2019	Q3 2020	Q4 2020		Year 2,019	Year 2,020
(32)	(131)	(120)	Net profit (loss) for the period	12	(1,136)
26	-	4	Non-controlling interests	86	19
			Adjustments:		
243	108	192	Depreciation, amortization and other non-monetary items	721	1,308
380	73	133	Changes in working capital related to operations	438	(68)
617	**50**	**209**	**Net cash flow from operations**	**1,257**	**123**
(107)	(47)	(80)	Capital expenditure	(336)	(322)
(1)	(3)	(1)	Investments in equity, consolidated subsidiaries and business units	(45)	(4)
(1)	10	5	Disposals	11	16
508	**10**	**133**	**Free cash flow**	**887**	**(187)**
-	-	-	Buy-back of treasury shares/Exercise of stock options	-	(16)
-	-	-	Share capital increase net of expenses	-	-
-	(58)	(1)	Cash flows from own funds	(77)	(69)
(40)	(21)	(27)	Repayment of lease liabilities	(127)	(126)
(13)	(3)	(4)	Exchange differences on net borrowings and other changes	4	(2)
455	**(72)**	**101**	**Change in net debt before lease liabilities**	**687**	**(400)**
(116)	33	72	Change in lease liabilities	(610)	256
339	**(39)**	**173**	**Change in net debt**	**77**	**(144)**
1,421	**1,360**	**1,399**	**Net debt at beginning of period**	**1,159**	**1,082**
1,082	**1,399**	**1,226**	**Net debt at end of period**	**1,082**	**1,226**