



Saipem: results of the third quarter and the first nine months of 2020

In a scenario that is still remarkably complex due to the pandemic, revenues and adjusted EBITDA margin, which attested a trend of improvement in the third quarter, and the progress of project activities demonstrate the resilience of the company in the market context.

The financial structure is confirmed robust and well-balanced, with increasing liquidity compared to end of June.

The solid backlog of over €24 billion, strengthened by the recent de-risking initiatives agreed with clients, provides a good visibility beyond 2020. Sizable increase of business opportunities.

Covid-19

In these difficult months, Saipem has confirmed that the structure of its organisation is adequate to manage the ongoing emergency, coordinating over 50 control units and implementing adequate healthcare procedures, extending the remote work programme to all employees, and interacting with clients and suppliers to ensure the progress of project activities, within the limits posed by social distancing and the restrictions on mobility. Safeguarding the health of people remains our top priority.

During the third quarter, costs directly attributable to Covid-19 increased to an amount of about €99 million in the first nine months and connected, among other things, to the purchase of personal protective equipment and devices in addition to standard requirements, the sanitisation of work areas, specific stand-by costs related to the suspension of project activities by order of authorities, the arrangement of charter flights for the repatriation of personnel and management of workers rotations.

To date, out of a total of about 34,000 employees, the percentage of overall Covid-19 positive cases reported by Saipem is around 5%, 9% of whom are still infected and are being constantly monitored by the company.

Highlights

- Solid and diversified backlog of over €24 billion (over 70% of the E&C portion not linked to oil), strengthened thanks to an effective dialogue with certain clients and to the rescheduling of project activities
- New contract awards in the first nine months amount to €5.3 billion (90% not linked to oil), substantially equal to the volume of revenues reported in the period
- The economic and financial results for the third quarter attested the overall recovery of revenues and margins compared to the second quarter, particularly as regards Onshore E&C
- Revenues of the first nine months amount to about €5.4 billion, with an adjusted EBITDA margin over 9%
- Efficiency initiatives launched on the cost structure following the pandemic have been confirmed in 2020, in addition to the rescheduling of capital expenditure, expected for the current year to be below €400 million
- Robust and well-balanced financial structure with improving liquidity, compared to end of June, at over €2 billion. No significant debt maturity prior to 2022 and debt average maturity beyond 3 years
- Updating of financial covenants with further improvement of financial flexibility
- Limited increase of net financial debt pre IFRS 16 to about €970 million in the third quarter, with a good working capital development
- Improvement of future business opportunities, albeit on a longer time frame.

Stefano Cao, Chief Executive Officer, commented:

“In a general economic context still heavily penalised by the pandemic emergency, Saipem has ensured to its clients the substantial continuity of the operational activities at all project sites, with the maximum attention to the health of people and respect of healthcare rules imposed worldwide. The operational performance of the third quarter, improving with respect to the previous quarter, demonstrates the reactivity and adaptability of the company. The sizable and diversified backlog and the consistent liquidity represent a reliable foundation allowing us to be a protagonist in the emerging sectors unlocked by the green revolution and digitization, such as decarbonisation, energy production integrated systems and infrastructures for sustainable mobility, indeed already the subject of our project proposals presented at national level in the context of the European Green Deal strategy.”

San Donato Milanese, October 28, 2020 - Yesterday, the Board of Directors of Saipem SpA, chaired by Francesco Caio, approved the Interim Directors' Report of the Group as of September 30, 2020 (not subject to audit).

Results of the first nine months of 2020:

- Revenues: €5,380 million (€6,748 million in the first nine months of 2019), of which €1,705 million in the third quarter
- EBITDA: €353 million (€866 million in the first nine months of 2019), of which €82 million in the third quarter
- Adjusted EBITDA: €491 million (€899 million in the first nine months of 2019), of which €136 million in the third quarter
- Operating profit (EBIT): loss of €772 million (profit of €402 million in the first nine months of 2019), of which a loss of €61 million in the third quarter
- Adjusted operating profit (EBIT): €34 million (€449 million in the first nine months of 2019), of which a loss of €8 million in the third quarter
- Net result: loss of €1,016 million (profit of €44 million in the first nine months of 2019), loss of €131 million in the third quarter
- Adjusted net result: loss of €210 million (profit of €91 million in the first nine months of 2019), of which a loss of €78 million in the third quarter
- Special Items: write-downs and expenses of €806 million (write-downs and re-organization expenses of €47 million in the first nine months of 2019), of which €53 million in the third quarter
- Capital expenditure: 242 million (€229 million in the first nine months of 2019), of which €47 million in the third quarter
- Net debt inclusive of IFRS 16 lease liabilities at September 30, 2020: €1,399 million (€1,082 million at December 31, 2019)
- Net debt pre IFRS 16 at September 30, 2020: €973 million (€472 million at December 31, 2019)
- New contracts: €5,335 million (€13,943 million in the first nine months of 2019)
- Backlog: €21,038 million (€21,153 million at December 31, 2019), reaching €24,187 million including non-consolidated companies' backlog (€24,778 million at December 31, 2019).

Business scenario

Although the current year is still heavily affected by the impacts of the Covid-19 pandemic on the target markets, the group's volume of revenues and adjusted EBITDA in the second half are expected substantially in line with the first half.

In such a context, 2020 efficiency initiatives on structural and operating costs have been confirmed.

The rescheduling of capital expenditure allows to limit the related spending at below €400 million.

Under a longer-term perspective, the strengthened and diversified backlog ensures a good outlook beyond the current year.

This business scenario does not factor a further and possible deterioration of the market context as a consequence of the intensification of the Covid-19 pandemic.

Financial Highlights

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | Q3 2020 vs Q3 2019 (%) | | first nine months of 2019 | first nine months of 2020 | Sept. 20 vs Sept. 19 (%) |
|---------|---------|---------|------------------------------|---|---------------------------------|---------------------------------|--------------------------------|
| 2,229 | 1,503 | 1,705 | (23.5) | Revenues | 6,748 | 5,380 | (20.3) |
| 292 | 31 | 82 | (71.9) | EBITDA | 866 | 353 | (59.2) |
| 293 | 115 | 136 | (53.6) | Adjusted EBITDA | 899 | 491 | (45.4) |
| 140 | (534) | (61) | n.s. | Operating profit (loss) (EBIT) | 402 | (772) | n.s. |
| 141 | (41) | (8) | n.s. | Adjusted operating profit (EBIT) | 449 | 34 | (92.4) |
| 30 | (616) | (131) | n.s. | Net profit | 44 | (1,016) | n.s. |
| 31 | (123) | (78) | n.s. | Adjusted net profit | 91 | (210) | n.s. |
| 120 | (219) | 10 | (91.7) | Free cash flow | 379 | (320) | n.s. |
| 927 | 901 | 973 | 5.0 | Net debt pre-IFRS 16 lease liabilities | 927 | 973 | 5.0 |
| 1,421 | 1,360 | 1,399 | (1.5) | Net debt post-IFRS 16 lease liabilities | 1,421 | 1,399 | (1.5) |
| 94 | 136 | 47 | (50.0) | Capital expenditure | 229 | 242 | 5.7 |
| 4,406 | 3,920 | 498 | (88.7) | New contracts | 13,943 | 5,335 | (61.7) |

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

In the first nine months revenues amount to €5,380 million (€6,748 million in the first nine months of 2019) and adjusted EBITDA amounts to €491 million (€899 million in the first nine months of 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 some activities, agreed with the clients.

Adjusted net profit recorded a loss of €210 million (profit of €91 million in the first nine months of 2019). The negative variation of the adjusted operating profit, of €415 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 profit recorded a loss of €1,016 million (profit of €44 million in the first nine months of 2019) and, unlike adjusted net profit, 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 €97 million;
- contingent liabilities for €20 million, in relation to a pending judgement on a project 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 €99 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.

Net profit in the corresponding period of 2019, amounting to a profit of €44 million, unlike adjusted net profit, was impacted by the following special items:

- write-downs and accruals for a jack up of €21 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;
- reorganization expenses of €26 million.

Adjusted EBIT - EBIT reported reconciliation

| | (million euro) | | | | |
|---|-----------------|----------------|----------------------|---------------------|--------------|
| | Offshore E&C | Onshore E&C | Offshore Drilling | Onshore Drilling | Total |
| Adjusted EBIT | (8) | 60 | (8) | (10) | 34 |
| Impairment | | | 590 | | 590 |
| Write-downs of tangible assets | 38 | 20 | 13 | 7 | 78 |
| Write downs and accruals | | 6 | 11 | 2 | 19 (a) |
| Dispute settlements | | 20 | | | 20 (a) |
| Costs for Covid-19 healthcare emergency | 36 | 42 | 13 | 8 | 99 (a) |
| Total special items | (74) | (88) | (627) | (17) | (806) |
| Reported EBIT | (82) | (28) | (635) | (27) | (772) |

a) Special items affecting EBITDA amount to €138 million, i.e. the reconciliation of adjusted EBITDA of €491 million versus reported EBITDA of €353 million

Capital expenditure in the first nine months of 2020, including the acquisition of the new vessel, Norce Endeavour, amounted to €242 million (€229 million in the first half of 2019), broken down as follows:

- €151 million in Offshore Engineering & Construction;
- €8 million in Onshore Engineering & Construction;
- €43 million in Offshore Drilling;
- €40 million in Onshore Drilling.

Net financial debt pre-IFRS 16 lease liabilities at September 30, 2020 amounted to €973 million, recording an increase of €501 million compared to December 31, 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 the clients. Net debt inclusive of IFRS 16 lease liabilities (€426 million) amounted to €1,399 million.

Backlog

In the first nine months of 2020 Saipem was awarded new contracts amounting to a total of €5,335 million (€13,943 million in the first nine months of 2019). The backlog as of September 30, 2020 amounted to €21,038 million (€5,095 million in Offshore Engineering & Construction, €13,866 million in Onshore Engineering & Construction, €484 million in Offshore Drilling and €1,593 million in Onshore Drilling), of which €1,752 million to be executed in 2020.

The backlog inclusive of non-consolidated companies at September 30, 2020 amounted to €24,187 million (€5,095 million in Offshore Engineering & Construction, €17,015 million in Onshore Engineering & Construction, €484 million in Offshore Drilling and €1,593 million in Onshore Drilling), of which €2,061 million to be realized in 2020. The backlog as of September 30, 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 the period end

At the beginning of October, Saipem was awarded an offshore engineering & construction contract in Qatar for a value of about \$140 million. The contract was awarded by Qatar Petroleum for the fifth development phase of the Idd El-Shargi North Dome field. The scope of work includes the EPCI of a topside, subsea pipelines and additional brownfield works for the modification and tie-ins of existing infrastructures.

Recognised impairment loss

At the time of filing the quarterly Interim Directors' Report as of September 30, 2020, given the exceptional character of the context and in light of the deterioration of the value of market capitalisation, the Company ascertained the absence of significant variations in the CGU cash flows and in the discount rates that could reveal a potential reduction in the value of the assets of the CGUs. At the end of the brief qualitative and quantitative analyses made, no significant changes were observed in contextual or endogenous factors such that it would be necessary to revise the hypotheses on which the update of cash flows of the 2020-2023 Strategic Plan and estimates of the discount rates were based. Consequently, the Company did not find it necessary to perform the impairment test as of September 30, 2020.

Other information

The Board of Directors resolved, following a proposal of the Compensation and Nomination Committee, to implement for 2020 the long-term share-based incentive Plan 2019-2021 ("The Plan") approved by the Shareholders' Meeting on April 30, 2019. The Board of Directors determined that 17,090,920 would be the total number of treasury shares necessary to service the Plan. The Board of Directors and, for it, the CEO, will undertake the programme of purchase of treasury shares in service of the Plan, in the terms and at the conditions authorised by the Shareholders' Meeting on April 29, 2020, and therefore within a period of 18 months from the date of the resolution and for a maximum total amount not to exceed €93,000,000.

Notice will be given to the market of the effective start of the programme of purchase of treasury shares.

To-date the Company holds 17,544,250 treasury shares.

This press release should be read in conjunction with the Interim Consolidated Financial Statements at June 30, 2020 and the Consolidated Financial Statements at December 31, 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".

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 on Saipem's website www.saipem.com by clicking on the '9M 2020 results presentation' banner on the home page, or through the following URL: <https://edge.media-server.com/mmc/p/8h7j63ts>

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 34 thousand employees of 120 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | Q3 2020 vs Q3 2019 (%) | | first nine months of 2019 | first nine months of 2020 | Sept. 20 vs Sept. 19 (%) |
|---------|---------|---------|------------------------------|-----------------------------|---------------------------------|---------------------------------|--------------------------------|
| 998 | 659 | 654 | (34.5) | Revenues | 2,988 | 2,139 | (28.4) |
| (836) | (592) | (601) | (28.1) | Expenses | (2,498) | (1,913) | (23.4) |
| 162 | 67 | 53 | (67.3) | Adjusted EBITDA | 490 | 226 | (53.9) |
| (78) | (79) | (78) | | - Amortisation/depreciation | (226) | (234) | 3.5 |
| 84 | (12) | (25) | n.s. | Adjusted operating profit | 264 | (8) | n.s. |
| 16.2 | 10.2 | 8.1 | | Adjusted EBITDA % | 16.4 | 10.6 | |
| 8.4 | (1.8) | (3.8) | | Adjusted EBIT % | 8.8 | (0.4) | |
| 661 | 853 | 269 | | New contracts | 2,763 | 1,623 | |

Backlog at September 30, 2020: €5,095 million, of which €655 million to be realized in 2020.

- Revenues for the first nine months of 2020 amounted to €2,139 million, down 28.4% compared to the same period of 2019, due mainly to lower volumes recorded in North Africa, Sub-Saharan Africa and the Middle East, partly offset by the greater volumes recorded in the Caspian Sea, in Italy and in the North Sea.
- Adjusted EBITDA for the first nine months of 2020 amounted to €226 million, equal to 10.6% of revenues, representing a decrease compared to €490 million, equal to 16.4% of revenues, for the same period of 2019.
- The most significant awards in the third quarter related to:
 - on behalf of Dogger Bank Offshore Wind Farms, a joint venture between Equinor and SSE Renewables, a contract for the transport and installation of two transformer platforms at the offshore wind farm in the United Kingdom;
 - on behalf of Seaway 7, a contract for the installation of foundations at the Seagreen offshore wind farm in Scotland;
 - on behalf of Ailes Marines, part of the Iberdrola group, a contract for the transport and installation of the jacket and topside of the substation for the offshore wind farm of St-Brieuc, in France.

Onshore Engineering & Construction

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | Q3 2020 vs Q3 2019 (%) | | first nine months of 2019 | first nine months of 2020 | Sept. 20 vs Sept. 19 (%) |
|---------|---------|---------|------------------------------|---------------------------|---------------------------------|---------------------------------|--------------------------------|
| 974 | 680 | 901 | (7.5) | Adjusted revenues | 2,974 | 2,670 | (10.2) |
| (920) | (667) | (847) | (7.9) | Expenses | (2,811) | (2,552) | (9.2) |
| 54 | 13 | 54 | - | Adjusted EBITDA | 163 | 118 | (27.6) |
| (23) | (21) | (17) | (26.1) | Amortisation/depreciation | (59) | (58) | (1.7) |
| 31 | (8) | 37 | 19.4 | Adjusted operating profit | 104 | 60 | (42.3) |
| 5.5 | 1.9 | 6.0 | | Adjusted EBITDA % | 5.5 | 4.4 | |
| 3.2 | (1.2) | 4.1 | | Adjusted EBIT % | 3.5 | 2.2 | |
| 3,575 | 2,934 | 194 | | New contracts | 10,396 | 3,529 | |

Backlog at September 30, 2020: €13,866 million, of which €960 million to be realized in 2020.

- Revenues for the first nine months of 2020 amounted to €2,670 million, representing a 10.2% decrease compared to the corresponding period of 2019, mainly attributable to lower levels of activity in the Middle East.
- Adjusted EBITDA for the first nine months of 2020 amounted to €118 million, equal to 4.4% of revenues, compared to €163 million, equal to 5.5% of revenues, for the same period of 2019.

Offshore Drilling

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | Q3 2020 vs Q3 2019 (%) | | first nine months of 2019 | first nine months of 2020 | Sept. 20 vs Sept. 19 (%) |
|---------|---------|---------|------------------------------|---------------------------|---------------------------------|---------------------------------|--------------------------------|
| 121 | 55 | 49 | (59.5) | Revenues | 377 | 234 | (37.9) |
| (78) | (51) | (51) | (34.6) | Expenses | (232) | (173) | (25.4) |
| 43 | 4 | (2) | n.s. | Adjusted EBITDA | 145 | 61 | (57.9) |
| (20) | (22) | (19) | (5.0) | Amortisation/depreciation | (73) | (69) | (5.5) |
| 23 | (18) | (21) | n.s. | Adjusted operating profit | 72 | (8) | n.s. |
| 35.5 | 7.3 | (4.1) | | Adjusted EBITDA % | 38.5 | 26.1 | |
| 19.0 | (32.7) | (42.9) | | Adjusted EBIT % | 19.1 | (3.4) | |
| 128 | 27 | 17 | | New contracts | 482 | 51 | |

Backlog at September 30, 2020: €484 million, of which €56 million to be realised in 2020. This amount is represented net of the cancellation of a contract worth €70 million.

- Revenues for the first nine months of 2020 amounted to €234 million, down 37.9% compared to the corresponding period of 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 for the first nine months of 2020 amounted to €61 million, equal to 26.1% of revenues, compared to €145 million, equal to 38.5% of revenues, for the same period of 2019.

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

| <i>Vessel</i> | <i>First nine months of 2020</i> | | <i>year 2020</i> | |
|---------------------------------|----------------------------------|---------------------------------------|------------------|---------------------------------------|
| | <i>under contract</i> | <i>non-operating</i> <i>(days)</i> | | <i>non-operating</i> <i>(days)</i> |
| Semi-submersible rig Scarabeo 5 | 274 | - | | - |
| Semi-submersible rig Scarabeo 7 | - | 274 (b) | | 366 (b) |
| Semi-submersible rig Scarabeo 8 | 105 | 169 (b) | | 215 (b) |
| Semi-submersible rig Scarabeo 9 | 127 | 147 (b) | | 239 (b) |
| Drillship Saipem 10000 | 187 | 87 (a) | | 87 (a) |
| Drillship Saipem 12000 | 274 | - | | - |
| Jack up Perro Negro 2 | - | 274 (b) | | 366 (b) |
| Jack up Perro Negro 4 | 256 | 18 (a) | | 18 (a) |
| Jack up Perro Negro 5 | 218 | 56 (b) | | 148 (a) |
| Jack up Perro Negro 7 | 274 | - | | - |
| Jack up Perro Negro 8 | 274 | - | | 53 (b) |
| Jack up Pioneer Jindal | 274 | - | | - |
| Jack up Sea Lion 7 | 266 | 8 (a) | | 8 (a) |
| Jack up Perro Negro 9 | 30 | 244 (a) | | 274 (a) |
| Tender Assisted Drilling Barge | - | 274 (b) | | 366 (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) | | |
|---------|---------|---------|------------------------------|---------------------------|---------------------------------|---------------------------------|--------------------------------|--|--|
| Q3 2019 | Q2 2020 | Q3 2020 | Q3 2020 vs Q3 2019 (%) | | first nine months of 2019 | first nine months of 2020 | Sept. 20 vs Sept. 19 (%) | | |
| 136 | 109 | 101 | (25.7) | Revenues | 409 | 337 | (17.6) | | |
| (102) | (78) | (70) | (31.4) | Expenses | (308) | (251) | (18.5) | | |
| 34 | 31 | 31 | (8.8) | Adjusted EBITDA | 101 | 86 | (14.9) | | |
| (31) | (34) | (30) | (3.2) | Amortisation/depreciation | (92) | (96) | 4.3 | | |
| 3 | (3) | 1 | (66.7) | Adjusted operating profit | 9 | (10) | n.s. | | |
| 25.0 | 28.4 | 30.7 | | Adjusted EBITDA % | 24.7 | 25.5 | | | |
| 2.2 | (2.8) | 1.0 | | Adjusted EBIT % | 2.2 | (3.0) | | | |
| 42 | 106 | 18 | | New contracts | 302 | 132 | | | |

Backlog at September 30, 2020: €1,593 million, of which €81 million to be realized in 2020.

- Revenues for the first nine months of 2020 amounted to €337 million, down 17.6% compared to the same period of 2019, due to lower activity in South America and the Caspian Sea.
- Adjusted EBITDA for the first nine months of 2020 amounted to €86 million, equal to 25.5% of revenues, a decrease compared to €101 million, equal to 24.7% of revenues, for the same period of 2019.

Average (simple) utilisation of rigs in the first half of 2020 stood at 46.8% (59.4% 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 57.4% (67.7% in the corresponding period of 2019). In the region referring to Europe, the Middle East and Africa, the number of rigs in use at September 30, 2020, totalled 36. In addition 1 unit owned by third parties was used in the Congo. In Latin America, Saipem had 47 rigs installed at September 30, 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 | 30 September 2020 |
| Net tangible assets | 4,129 | 3,363 |
| Right-of-Use assets | 584 | 356 |
| Intangible assets | <u>698</u> | <u>697</u> |
| | 5,411 | 4,416 |
| Equity investments | 106 | 119 |
| Non-current assets | 5,517 | 4,535 |
| Net current assets | (64) | 166 |
| Provision for employee benefits | (246) | (229) |
| Assets available for disposal | - | - |
| EMPLOYED CAPITAL, NET | 5,207 | 4,472 |
| Equity | 4,032 | 3,025 |
| Non-controlling interests | 93 | 48 |
| Net financial debt pre-IFRS 16 lease liabilities | 472 | 973 |
| Lease liabilities | 610 | 426 |
| Net debt | 1,082 | 1,399 |
| FUNDING | 5,207 | 4,472 |
| Leverage post-IFRS16 (net debt/shareholders' equity including minority interest) | 0.26 | 0.46 |
| SHARES ISSUED AND OUTSTANDING | 1,010,977,439 | 1,010,977,439 |

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | | first nine months 2019 | 2020 |
|------------|--------------|--------------|---|---------------------------|----------------|
| 2,229 | 1,503 | 1,705 | Net sales from operations | 6,748 | 5,380 |
| 2 | 1 | 11 | Revenue and other income | 8 | 13 |
| (1,514) | (1,066) | (1,251) | Purchases, services and other costs | (4,598) | (3,801) |
| (44) | 2 | (7) | Net reversals (impairments) of trade and other receivables | (66) | (12) |
| (381) | (409) | (376) | Payroll and related costs | (1,226) | (1,227) |
| 292 | 31 | 82 | GROSS OPERATING PROFIT (LOSS) | 866 | 353 |
| (152) | (565) | (143) | Depreciation, amortization and impairment | (464) | (1,125) |
| 140 | (534) | (61) | OPERATING PROFIT (LOSS) | 402 | (772) |
| (53) | (35) | (38) | Financial expense | (154) | (133) |
| - | 18 | - | Income (loss) from investments | (38) | 10 |
| 87 | (551) | (99) | PROFIT (LOSS) BEFORE TAXES | 210 | (895) |
| (29) | (52) | (32) | Income taxes | (106) | (106) |
| 58 | (603) | (131) | PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS | 104 | (1,001) |
| (28) | (13) | - | Net profit (loss) attributable to non-controlling interests | (60) | (15) |
| 30 | (616) | (131) | NET PROFIT (LOSS) | 44 | (1,016) |
| 182 | (51) | 12 | CASH FLOW (net result + depreciation and amortization) | 508 | 109 |

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

| Q3 2019 | Q2 2020 | Q3 2020 | | first nine months | |
|------------|--------------|--------------|---|-------------------|----------------|
| | | | | 2019 | 2020 |
| 2,229 | 1,503 | 1,705 | Net sales from operations | 6,748 | 5,380 |
| (1,942) | (1,849) | (1,605) | Production costs | (5,914) | (5,627) |
| (55) | (106) | (91) | Idle costs | (163) | (279) |
| (31) | (40) | (39) | Selling expenses | (107) | (121) |
| (10) | (8) | (7) | Research and development expenses | (24) | (22) |
| (8) | (2) | 12 | Other operating income (expenses), net | (6) | 10 |
| 183 | (502) | (25) | CONTRIBUTION FROM OPERATIONS | 534 | (659) |
| (43) | (32) | (36) | General and administrative expenses | (132) | (113) |
| 140 | (534) | (61) | OPERATING PROFIT (LOSS) | 402 | (772) |
| (53) | (35) | (38) | Financial expense | (154) | (133) |
| - | 18 | - | Income (loss) from investments | (38) | 10 |
| 87 | (551) | (99) | PROFIT (LOSS) BEFORE TAXES | 210 | (895) |
| (29) | (52) | (32) | Income taxes | (106) | (106) |
| 58 | (603) | (131) | PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS | 104 | (1,001) |
| (28) | (13) | - | Net profit (loss) attributable to non-controlling interests | (60) | (15) |
| 30 | (616) | (131) | NET PROFIT (LOSS) | 44 | (1,016) |
| 182 | (51) | 12 | CASH FLOW (net result + depreciation and amortization) | 508 | 109 |

RECLASSIFIED CASH FLOW STATEMENT

(million

euro)

| Q3 2019 | Q2 2020 | Q3 2020 | | first nine months | |
|---------|---------|---------|--|-------------------|--------------|
| | | | | 2019 | 2020 |
| 30 | (616) | (131) | Net profit (loss) for the period | 44 | (1,016) |
| 28 | 13 | - | Non-controlling interests | 60 | 15 |
| | | | <i>for adjustment:</i> | | |
| 124 | 587 | 108 | Depreciation, amortization and other non-monetary items | 478 | 1,116 |
| 37 | (68) | 73 | Changes in working capital related to operations | 58 | (201) |
| 219 | (84) | 50 | Net cash flow from operations | 640 | (86) |
| (94) | (136) | (47) | Capital expenditure | (229) | (242) |
| (9) | - | (3) | Investments and purchase of consolidated subsidiaries and businesses | (44) | (3) |
| 4 | 1 | 10 | Disposals | 12 | 11 |
| 120 | (219) | 10 | Free cash flow | 379 | (320) |
| - | - | - | Buy-back of treasury shares/Exercise of stock options | - | (16) |
| - | - | - | Share capital increase net of expenses | - | - |
| - | (10) | (58) | Cash flow from capital and reserves | (77) | (68) |
| (25) | (44) | (21) | Repayment of lease liabilities | (87) | (99) |
| 21 | 4 | (3) | Exchange differences on net borrowings and other changes | 17 | 2 |
| 116 | (269) | (72) | Change in net debt before lease liabilities | 232 | (501) |
| 37 | 131 | 33 | Change in lease liabilities | (494) | 184 |
| 153 | (138) | (39) | Change in net debt | (262) | (317) |
| | | | | | |
| 1,574 | 1,222 | 1,360 | Net debt at beginning of period | 1,159 | 1,082 |
| 1,421 | 1,360 | 1,399 | Net debt at end of period | 1,421 | 1,399 |