

Saipem: results for the third quarter and nine months of 2021

Revenues for the third quarter amounted to € 1.9 billion, up 18% compared to revenues for the second quarter. Adjusted EBITDA is negative for 25 million, improved compared to the second quarter of 2021 (negative for 354 million euros). In the first 9 months of 2021, revenues amounted to approximately € 5.1 billion (€ 5.4 billion for the first nine months of 2020).

During the nine months, the adjusted EBITDA is negative for €291 million, which is affected by higher costs for offshore wind activities of 170 million compared to those acknowledged in the accounts as at June 30, 2021. New contracts worth €4.9 billion ensured good visibility in the medium-to-long term, sustained by an adequate financial strength, thanks to the €2 billion liquidity and to the €1 billion unused revolving line. The results are still affected by the still difficult economic situation caused by the pandemic and by the slowdowns of specific projects; however, there are signs of improvements in the drilling sector, with an increase in demand and a possible full utilization of our fleet. The outlook for the second half of 2021 foresees revenues of approximately €4.5 billion, a positive adjusted EBITDA, forecast technical investments worth approximately €250 million and an end-of-year, post-IFRS 16 net financial debt of approximately €1.7 billion.

San Donato Milanese, October 28, 2021 - The Board of Directors of Saipem, chaired by Silvia Merlo, has approved yesterday the consolidate interim management report of the Group as of September 30, 2021 (not audited).

Highlights of the third quarter and nine months

- Third quarter revenues amounted to € 1.9 billion, up to 18% compared to second quarter revenues
- Adjusted EBITDA for the third quarter was negative for 25 million, improved compared to the second quarter of 2021 (negative for 354 million euros)
- In the first 9 months of 2021, revenues amounted to approximately € 5.1 billion (€ 5.4 billion for the first nine months of 2020)
- Adjusted EBITDA for the first 9 months of 2021 negative for 291 million euros (positive for 491 million in the first 9 months of 2020)
- Signs of improvement in drilling with an increase in demand and potential for a full utilization of the fleet
- The operating results reflect a slowdown compared to the first nine months of 2020, especially for the engineering and construction activities, mainly due to:
 - continued effects of the Covid-19 health crisis on operational activities, with the delays in project execution and the postponement of investment decisions in the sectors of interest
 - suspension of LNG onshore project activities in Mozambique
 - specific problems in the offshore wind farms
- New contracts awarded for approximately €4.9 billion in the first nine months, with a book-to-bill near to about 1.
Consolidation of an order backlog of approximately €24.5 billion¹ (approximately 78% of the E&C portion not linked to oil), ensuring good performance in the medium-long term

¹ Includes the backlog of non-consolidated companies

- Net financial debt post-IFRS 16 at September 30, 2021 of around €1.7 billion (around €1.4 billion pre-IFRS 16)
- Liquidity of a €2 billion and a €1 billion unused revolving line
- Outlook for the second half of 2021:
 - Revenues of approximately €4.5 billion
 - Positive adjusted EBITDA
 - Capital expenditure expected for approximately €250 million, and
 - Net financial debt post-IFRS 16 around €1.7 billion at year end.

Commenting on the results, Francesco Caio, CEO and General Manager of Saipem said:

“The results for the third quarter of 2021 mark a significant first improvement compared to the second quarter of the year in all of Saipem's business divisions, despite the economic situation linked to the pandemic crisis and the difficulties associated with the execution of some projects in offshore wind. The continuous recovery of drilling volumes and margins and the sequential growth of revenues in the offshore EPC provide concrete indications of improving demand. Attention to working capital and cash flow management remains a key priority and has contributed to an evolution of net debt in line with our expectations despite the payment in the quarter of approximately € 100 million for the resolution of a legal dispute arose in the past years on a specific project, completed time ago”.

Outlook

2021 remains conditioned by the uncertainty resulting from the persistence of the pandemic. In the first nine months of the year, the health crisis effects on business coupled with some difficulties related to linked to the offshore wind sector, influencing the operational performance. The business outlook for 2021 inevitably remains influenced by the uncertainty resulting from the persistence of the pandemic and the difficulties in operational performance in offshore wind.

Outlook for the second half of 2021:

- Revenues of approximately €4.5 billion
- Positive adjusted EBITDA
- Capital expenditure expected for approximately €250 million, and
- Net financial debt post-IFRS 16 around €1.7 billion at year end.

This scenario does not account for a further and possible deterioration of the macroeconomic and business environment following, for example, the intensification of the Covid-19 epidemic.

Update on Mozambique

On 26 April 2021, Total declared the *force majeure* on the Mozambique LNG project for safety reasons. Saipem evacuated the site, continued to manage the remaining part of project activities outside of the country, for those not subject to suspension. Furthermore, Saipem assessed, in close cooperation with the client, the measures to preserve the value of the project and to ensure a prompt restart of the works as soon as the safety conditions of the area will be restored. Therefore, no significant contribution is expected from the project in the remainder of 2021, except for the reimbursement of suspension and safety costs already incurred and those to be sustained in future.

As of September 30, 2021, the project remains in the backlog for an amount of approximately €3.6 billion.

Covid-19

During the crisis, the Company continued its commitment to the protection, health and safety of its people, in close relationships with clients and local authorities, in order to ensure the continuity of operations and safety at operational sites, and acting with responsibility towards the local communities.

Our employees' health remains the top priority.

Saipem continues to monitor the persistent emergency crisis and is promoting, on a voluntary basis, the vaccination process of its employees worldwide.

To date, out of a total of around 32,000 employees, operating in more than 60 countries, the percentage of Saipem people who tested positive to COVID-19 has been around 17%, out of which around 120 are still infected and constantly monitored by the company.

Financial Highlights

(million euro)

third quarter 2020	second quarter 2021	third quarter 2021	3rd quarter 2021 vs 3rd quarter 2020 (%)		first nine months 2020	first nine months 2021	Sept. 2021 vs Sept. 2020 (%)
1,705	1,582	1,864	9.3	Revenues	5,380	5,064	(5.9)
82	(462)	(66)	n.s.	EBITDA	353	(455)	n.s.
136	(354)	(25)	n.s.	Adjusted EBITDA	491	(291)	n.s.
(61)	(589)	(295)	n.s.	Operating result (EBIT)	(772)	(933)	20.9
(8)	(481)	(159)	n.s.	Adjusted operating result (EBIT)	34	(674)	n.s.
(131)	(659)	(342)	n.s.	Net Result	(1,016)	(1,121)	10.3
(78)	(551)	(206)	n.s.	Adjusted net result	(210)	(862)	n.s.
10	65	(257)	n.s.	Free cash flow	(320)	(376)	17.5
973	1,101	1,394	43.3	Net debt pre-IFRS 16 lease liabilities	973	1,394	43.3
1,399	1,397	1,673	19.6	Net debt post-IFRS 16 lease liabilities	1,399	1,673	19.6
47	68	60	27.7	Capital expenditure	242	195	(19.4)
498	2,808	465	(6.6)	New contracts	5,335	4,867	(8.8)

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

The results of the XSIGHT division are included in the Onshore Engineering & Construction division as they are still not significant from a numerical point of view, therefore they are not presented separately to the market.

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

Business update for 2021

In the first nine months, **revenues** amounted to €5,064 million (€5,380 million in the first nine months of 2020), and **the adjusted EBITDA** is negative for €291 million (positive for €491 million in the first nine months of 2020). The worsening is mainly recorded in the Engineering & Construction sector as commented below in the paragraph "Analysis by business sector".

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

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

The cumulative amount of variations orders and claims (pending revenues) in the Engineering & Construction sector as of September 30, 2021, determined with reference to the progress of the projects also in previous years, is of €509 million, increasing by €133 million compared to June 30, 2021 (€275 million as of December 31, 2020).

The **adjusted net result** registered a loss of €862 million (loss of €210 million in the first nine months of 2020). The negative change recorded in the adjusted financial result, €708 million, added to the worsening balance of the management of equity investments, is partially compensated by the improvement of financial and fiscal management, together with lower third party results.

Net result recorded a loss of €1,121 million (loss of €1,016 million in the first nine months of 2020) and, unlike adjusted net profit, was impacted by the following special items:

- partial impairment of three vessels and three logistic bases, which are expected to be disposed of over the course of the plan, and of the related working capital, for €113 million;
- contingent liabilities of €62 million, deriving from the resolution of a legal dispute relating to a long-completed project;
- costs deriving from the healthcare emergency for about €61 million. This amount includes the costs incurred in the period directly attributable to the Covid-19 pandemic, such as costs for the resources on stand-by, in accordance with quarantine regulations and in 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 return charter flights for people;
- reorganization expenses of €23 million.

Adjusted EBIT - EBIT reported reconciliation

	(million euro)				
	E&C Offshore	E&C Onshore	Offshore Drilling	Onshore Drilling	Total
EBIT adjusted	(569)	(94)	25	(36)	(674)
Costs for Covid-19 healthcare emergency	41	10	5	5	61 (a)
Impairment of assets and right of use of third-party assets	77	18			95
Impairment losses of current assets	18	-			18 (a)
Restructuring expenses	10	11	1	1	23 (a)
Dispute settlements	-	62	-	-	62 (a)
Total special items	(146)	(101)	(6)	(6)	(259) (a)
Reported EBIT	(715)	(195)	19	(42)	(933)

a) Special items with an impact on EBITDA totalled €164 million, which represent the reconciliation between the adjusted EBITDA (negative for €291 million) and the reported EBITDA (negative for €455 million)

In the corresponding period of 2020, the net result recorded a loss of €1,016 million and was affected by the following special items compared to the adjusted net result:

- write-downs of tangible assets in the Offshore Drilling division of €590 million 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 of €20 million, in relation to a long-pending lawsuit on a project now concluded, deriving from the activity of periodical legal monitoring of the progress of the dispute;
- costs deriving from the healthcare emergency for about €99 million.

Capital expenditure in the first nine months of 2021, amounted to €195 million (€242 million in the first nine months of 2020, including the acquisition of the new vessel Norce Endeavour), and was divided as follows:

- €112 million in Offshore Engineering & Construction;
- €9 million in Onshore Engineering & Construction;
- €51 million in Offshore Drilling;
- €23 million in Onshore Drilling.

Net financial debt as of September 30, 2021, pre-IFRS 16 lease liability, amounted to €1,394 million, recording an increase of €522 million compared to December 31, 2020 (€872 million), mainly due to the slowdown of certain ongoing projects. Net financial debt inclusive of IFRS16 lease liabilities (€279 million) amounted to €1,673 million.

As of September 30, 2021, there are bank loan agreements containing financial covenant clauses that provide for compliance with the net debt over EBITDA ratio, recorded annually on the basis of data as of December 31, not exceeding 3.5 times.

Taking into account the EBITDA value of the first nine months and the expectations relating to the fourth quarter of 2021, the Company has begun official discussions with its lenders in order to take appropriate action.

Backlog

In the first nine months of 2021, Saipem was awarded new contracts amounting to a total of €4,867 million (€5,335 million in the first nine months of 2020). The backlog as of September 30, 2021 amounted to €22,203 million (€6,891 million in Offshore Engineering & Construction, €13,280 million in Onshore Engineering & Construction, €440 million in Offshore Drilling and €1,592 million in Onshore Drilling), of which €2,287 million to be executed in 2021.

The backlog including non-consolidated companies as of September 30, 2021 amounted to €24,501 million (€6,952 million in Offshore Engineering & Construction, €15,517 million in Onshore Engineering & Construction, €440 million in Offshore Drilling and €1,592 in Onshore Drilling), of which €2,632 million to be executed in 2021.

Additional information

Long-Term Incentive Plan 2019-2021

Following a proposal by the Compensation and Nomination Committee, the Board of Directors has decided to implement during 2021 the Long-Term Incentive Plan 2019-2021 ("the Plan") which was approved at the Shareholders' Meeting on April 30, 2019. The Board of Directors has determined that a total of 17,040,000 of Treasury shares will be used under the Plan. The CEO on behalf of the Board of Directors will begin the purchasing programme of Treasury shares under the Plan, according to the terms and conditions authorised by the Shareholders' Meeting of April 30, 2021, within a period of 18 months from the board's resolution and for a maximum total amount, in any case not exceeding €61,400,000.

The market will be informed of the start of the Treasury share repurchased programme.

Conclusion of the Saipem ordinary share purchase program at the service of the Incentive Plans

Saipem S.p.A. announces the conclusion of the program ("the Program") of Saipem ordinary share purchase, the start of which was disclosed in the press release of September 9.

In the period between September 9 and October 27, 2021, a total of 7,485,207 treasury shares was purchased (equal to 0.74% of share capital), divided as follows:

- 6,567,057 shares for the 2020 assignment of the Long-Term Incentive Plan 2019-2021;
- 918,150 shares for the 2021 assignment of the Short-Term Incentive Plan 2021-2023.

The purchases were made at the average price of €2.0163 per share, for a total value of €15,092,428.

The total number of treasury shares held by Saipem as of October 27, 2021 was 21,523,426, equal to 2.13% of the share capital.

All information regarding the Incentive Plans are published on the Company's website www.saipem.com, under the section Governance/ Documents.

This press release must be read in conjunction with the Annual Financial Report as of June 30, 2021 and the Consolidated Financial Report as of December 31, 2020 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, Antonio Paccioretti, 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.

Forward-looking data and information must be considered "forward-looking statements" and, therefore, not based on mere historical facts, by their nature have a component of risk and uncertainty, given that they also depend on the occurrence of future events and developments outside the control of the Company, such as: changes in exchange rates, changes in interest rates, volatility in commodity prices, credit risk, liquidity risk, HSE risk, investments in the oil industry and of other industrial sectors, political instability in areas where the Group is present, competitive actions, success in commercial negotiations, the risk of project execution (including those relating to investments in progress), the Covid-19 pandemic (including its impacts on our business, our projects running around the world and our supply chain), as well as changes in the expectations of stakeholders and other changes in business conditions. Actual results could therefore differ materially from the 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 published in this press release will be shown at a conference call and webcast which will be hosted by CEO Francesco Caio and CFO Antonio Paccioretti today at 10.00 am CET. The conference call can be followed via webcast at www.saipem.com by clicking on the "9M 2021 results and new strategic plan" banner on the home page, or on the following URL: <https://edge.media-server.com/mmc/p/5n7tchh4>

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 an advanced technological and engineering platform for the design, construction and operation of complex, safe and sustainable infrastructures and plants. Always oriented towards technological innovation, Saipem is today committed to working alongside its customers on the frontier of the energy transition with increasingly digital means, technologies and processes oriented from their conception to environmental sustainability. Listed on the Milan Stock Exchange, it is organised into five business divisions (E&C Offshore, E&C Onshore, Drilling Offshore, Drilling Onshore and XSIGHT for consulting and engineering services in the initial project definition phase), it operates in over 60 countries worldwide and employs approximately 32,000 employees of 130 different nationalities.

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Analysis by business sector - Adjusted results:

Engineering & Construction Offshore

(million euro)							
third quarter 2020	second quarter 2021	third quarter 2021	3rd quarter 2021 vs 3rd quarter 2020 (%)		first nine months 2020	first nine months 2021	Sept. 2021 vs Sept. 2020 (%)
654	475	951	45.4	Revenues	2,139	1,983	(7.3)
(601)	(754)	(1,058)	76.0	Expenses	(1,913)	(2,361)	23.4
53	(279)	(107)	n.s.	Adjusted EBITDA	226	(378)	n.s.
(78)	(64)	(67)	(14.1)	Amortisation and depreciation	(234)	(191)	(18.4)
(25)	(343)	(174)	n.s.	Adjusted operating result	(8)	(569)	n.s.
8.1	(58.7)	(11.3)		Adjusted EBITDA %	10.6	(19.1)	
(3.8)	(72.2)	(18.3)		Adjusted EBIT %	(0.4)	(28.7)	
269	1,019	210		New contracts	1,623	2,589	

Residual backlog as of 30 September 2021: €6,891 million, of which €1,230 million to be realised in 2021.

- Revenues for the first nine months of 2021 amounted to €1,983 million, down by 7.3% compared with the same period of 2020, mainly attributable to lower volumes developed in North Africa, Italy, and the Middle East, partly offset by the increase in volumes in Europe and America.
- The adjusted EBITDA for the first nine months of 2021 was negative by €378 million when compared to the positive figure of €226 million in the same period of 2020, equal to 10.6% of revenues. The result is burdened by the afore mentioned operational problems recorded on the offshore wind activity and by the lack of contribution of recently acquired contracts replacing the projects completed in 2020.

Engineering & Construction Onshore

(million euro)

third quarter 2020	second quarter 2021	third quarter 2021	3rd quarter 2021 vs 3rd quarter 2020 (%)		first nine months 2020	first nine months 2021	Sept. 2021 vs Sept. 2020 (%)
901	938	721	(20.0)	Adjusted revenues	2,670	2,564	(4.0)
(847)	(1,051)	(693)	(18.2)	Expenses	(2,552)	(2,606)	2.1
54	(113)	28	(48.1)	Adjusted EBITDA	118	(42)	n.s.
(17)	(17)	(17)	-	Amortisation and depreciation	(58)	(52)	(10.3)
37	(130)	11	(70.3)	Adjusted operating result	60	(94)	n.s.
6.0	(12.0)	3.9		Adjusted EBITDA %	4.4	(1.6)	
4.1	(13.9)	1.5		Adjusted EBIT %	2.2	(3.7)	
194	1,536	124		New contracts	3,529	1,835	

Residual backlog as of 30 September 2021: €13,280 million, of which €875 million to be realised in 2021.

- Revenues for the first nine months of 2021 amounted to €2,564 million, down by 4.0% compared with the same period of 2020, mainly attributable to lower volumes developed in the Middle East, partly offset by the increase in volumes in Sub-Saharan Africa.
- The adjusted EBITDA for the first nine months of 2021 was negative by €42 million when compared with the positive figure of €118 million in the corresponding period of 2020, equal to 4.4% of revenues.

Offshore Drilling

(million euro)							
third quarter 2020	second quarter 2021	third quarter 2021	3rd quarter 2021 vs 3rd quarter 2020 (%)		first nine months 2020	first nine months 2021	Sept. 2021 vs Sept. 2020 (%)
49	89	107	n.s.	Revenues	234	274	17.1
(51)	(66)	(76)	49.0	Expenses	(173)	(198)	14.5
(2)	23	31	n.s.	Adjusted EBITDA	61	76	24.6
(19)	(16)	(20)	5.3	Amortisation and depreciation	(69)	(51)	(26.1)
(21)	7	11	n.s.	Adjusted operating result	(8)	25	n.s.
(4.1)	25.8	29.0		Adjusted EBITDA %	26.1	27.7	
(42.9)	7.9	10.3		Adjusted EBIT %	(3.4)	9.1	
17	82	70		New contracts	51	196	

Residual backlog as of 30 September 2021: €440 million, of which €73 million to be realised in 2021.

- Revenues for the first nine months of 2021 amounted to €274 million, an increase of 17.1% compared to the same period of 2020. This was mainly due to the increased activity of the drillship S10000 and the semi-submersible rig Scarabeo 8, the former idle for extraordinary maintenance and the latter inactive, and also for the larger contribution of the drillship S12000, on stand-by during the same period of 2020, only partially compensated by the reduced activity of the Jack up Perro Negro 8, inactive during the first months of 2021.
- The adjusted EBITDA for the first nine months of 2021 amounted to €76 million, equal to 27.7% of revenues, compared with €61 million, equal to 26.1% of revenues, for the same period of 2020.
- The most significant awards in the third quarter were:
 - for Eni Angola, a six-month contract, plus approximately six optional months, in Angola using the semi-submersible Scarabeo 9;
 - for Eni, a contract to charter the drillship Saipem 10000 for activities in Egypt.

Vessel utilization in the first nine months of 2021 and the impact of scheduled maintenance and idle days in 2021 are as follows:

Vessel	first 9 months 2021		Year 2021
	under contract	non-operating (days)	non-operating (days)
Semi-submersible rig Scarabeo 5	273	-	-
Semi-submersible rig Scarabeo 8	230	43 (b)	43 (b)
Semi-submersible platform Scarabeo 9	68	205 (b)	205 (b)
Drillship Saipem 10000	273	-	-
Drillship Saipem 12000	273	-	46 (b)
Jack up Perro Negro 2	-	223 (c)	223 (c)
Jack up Perro Negro 4	260	13 (a)	31 (a)
Jack up Perro Negro 5	-	223 (c)	223 (c)
Jack up Perro Negro 7	273	-	70 (a)
Jack up Perro Negro 8	165	108 (a+b)	108 (a+b)
Jack up Pioneer Jindal*	273	-	-
Jack up Sea Lion 7*	273	-	-
Jack up Perro Negro 9*	273	-	-
Tender Assisted Drilling Barge	-	273 (b)	365 (b)

(a) = days on which the vessel underwent/will undergo class reinstatement works and/or preparation works

(b) = days on which the vessel was not/ will not be under contract

(c) = plants sold during the third quarter under current regulations (green recycling)

* vessels hired by third parties

Onshore Drilling:

(million euro)							
third quarter 2020	second quarter 2021	third quarter 2021	3rd quarter 2021 vs 3rd quarter 2020 (%)		first nine months 2020	first nine months 2021	Sept. 2021 vs Sept. 2020 (%)
101	80	85	(15.8)	Revenues	337	243	(27.9)
(70)	(65)	(62)	(11.4)	Expenses	(251)	(190)	(24.3)
31	15	23	(25.8)	Adjusted EBITDA	86	53	(38.4)
(30)	(30)	(30)	-	Amortisation and depreciation	(96)	(89)	(7.3)
1	(15)	(7)	n.s.	Adjusted operating result	(10)	(36)	n.s.
30.7	18.8	27.1		Adjusted EBITDA %	25.5	21.8	
1.0	(18.8)	(8.2)		Adjusted EBIT %	(3.0)	(14.8)	
18	171	61		New contracts	132	247	

Residual backlog as of 30 September 2021: €1,592 million, of which €109 million to be realised in 2021.

- Revenues in the first nine months of 2021 amounted to €243 million, down 27.9% compared to the corresponding period of 2020, as a result of reduced operations in the Middle East.
- The adjusted EBITDA for the first half of 2021 amounted to €53 million, equal to 21.8% of revenues, a decrease compared to €86 million, equal to 25.5% of revenues, for the same period of 2020.
- The most significant new contracts during the third quarter related mainly to South America: two contracts in Colombia were extended by one year; new contracts and contract extensions in Peru and Bolivia; in addition, a new 15-month contract was entered into in the UAE.

The operating activity recorded an average use of rigs equal to 45.7% (58.9% in the same period of 2020) which drops to 36.4% (46.8% in the same period of 2020) if the Venezuelan rigs are included. The latter are totally depreciated systems and considered, given the current conditions, not suitable for use.

The highest utilisation rate was recorded in the region referring to Europe, the Middle East, and Africa where the operating fleet recorded 57% of days sold. The number of rigs present in the region as of 30 September 2021 was 36 (the same as in the corresponding period of 2020). In addition, 1 unit owned by third parties was used in the Congo.

In Latin America, the average utilisation rate was recorded at 32.8% (31.6% in the corresponding period of 2020) which drops to 20.9% (20.1% in the corresponding period of 2020) considering the Venezuelan plants. The number of rigs present in the region as of 30 September 2021 was 30 (the same as in the corresponding period of 2020) without including the 17 plants in Venezuela.

Attachments:

- reclassified consolidated balance sheet, reclassified income statements (the income statement is reclassified according to the nature and function of the operating costs) and cash flow statement.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	31 December 2020	30 September 2021
Net tangible assets	3,284	3,121
Right-of-Use assets	288	226
Intangible assets	<u>701</u>	<u>697</u>
	4,273	4,044
Equity investments	140	117
Non-current assets	4,413	4,161
Net current assets	(2)	(519)
Employee benefits	(237)	(213)
Assets available for disposal	-	-
EMPLOYED CAPITAL, NET	4,174	3,429
Equity	2,923	1,731
Non-controlling interests	25	25
Net financial debt pre-IFRS 16 lease liabilities	872	1,394
Lease liabilities	354	279
Net debt	1,226	1,673
FUNDING	4,174	3,429
Leverage post IFRS 16 (net debt/shareholders' equity including minority interest)	0.42	0.95
SHARES ISSUED AND OUTSTANDING	1,010,977,439	1,010,977,439

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q3 2020	Q2 2021	Q3 2021		first 9 months	
				2020	2021
1,705	1,582	1,864	Core business revenue	5,380	5,064
11	1	2	Revenue and other income	13	4
(1,251)	(1,598)	(1,523)	Purchases, services and other costs	(3,801)	(4,279)
(7)	(47)	(2)	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(12)	(49)
(376)	(400)	(407)	Personnel expenses	(1,227)	(1,195)
82	(462)	(66)	GROSS OPERATING PROFIT (LOSS)	353	(455)
(143)	(127)	(229)	Depreciation, amortisation and impairment losses	(1,125)	(478)
(61)	(589)	(295)	OPERATING PROFIT (LOSS)	(772)	(933)
(38)	(25)	(32)	Finance expense	(133)	(88)
-	(15)	15	Income (loss) from investments	10	(10)
(99)	(629)	(312)	PROFIT (LOSS) BEFORE TAXES	(895)	(1,031)
(32)	(30)	(30)	Income taxes	(106)	(90)
(131)	(659)	(342)	PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	(1,001)	(1,121)
-	-	-	Loss attributable to non-controlling interests	(15)	-
(131)	(659)	(342)	NET PROFIT (LOSS)	(1,016)	(1,121)
12	(532)	(113)	CASH FLOW (net result + depreciation and amortization)	109	(643)

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

Q3 2020	Q2 2021	Q3 2021		first 9 months	
				2020	2021
1,705	1,582	1,864	Core business revenue	5,380	5,064
(1,605)	(2,018)	(2,041)	Production costs	(5,627)	(5,564)
(91)	(57)	(58)	Idle costs	(279)	(194)
(39)	(47)	(21)	Selling expenses	(121)	(106)
(7)	(8)	(7)	Research and development expenses	(22)	(22)
12	3	3	Other operating income (expenses), net	10	7
(25)	(545)	(260)	CONTRIBUTION FROM OPERATIONS	(659)	(815)
(36)	(44)	(35)	General and administrative expenses	(113)	(118)
(61)	(589)	(295)	OPERATING PROFIT (LOSS)	(772)	(933)
(38)	(25)	(32)	Finance expense	(133)	(88)
-	(15)	15	Income (loss) from investments	10	(10)
(99)	(629)	(312)	PROFIT (LOSS) BEFORE TAXES	(895)	(1,031)
(32)	(30)	(30)	Income taxes	(106)	(90)
(131)	(659)	(342)	PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	(1,001)	(1,121)
-	-	-	- Loss attributable to non-controlling interests	(15)	-
(131)	(659)	(342)	NET PROFIT (LOSS)	(1,016)	(1,121)
12	(532)	(113)	CASH FLOW (net result + depreciation and amortization)	109	(643)

RECLASSIFIED CASH FLOW STATEMENT

(million euros)

Q3 2020	Q2 2021	Q3 2021		first 9 months	
				2020	2021
(131)	(659)	(342)	Net profit (loss) for the period	(1,016)	(1,121)
-	-	-	Non-controlling interests	15	-
			<i>adjustments:</i>		
108	390	159	Depreciation, amortization and other non-monetary items	1,116	648
73	402	(18)	Changes in working capital related to operations	(201)	286
50	133	(201)	Net cash flow from operations	(86)	(187)
(47)	(68)	(60)	Capital expenditure	(242)	(195)
(3)	-	-	Investments in equity, consolidated subsidiaries and businesses	(3)	-
10	-	4	Disposals	11	6
10	65	(257)	Free cash flow	(320)	(376)
-	-	(15)	Treasury shares repurchased/Stock option exercise	(16)	(15)
-	-	-	Share capital increase net of expenses	-	-
(58)	-	-	Cash flow from capital and reserves	(68)	(26)
(21)	(64)	(22)	Repayment of lease liabilities	(99)	(107)
(3)	(1)	1	Exchange differences on net borrowings and other changes	2	2
(72)	-	(293)	Change in net debt before lease liabilities	(501)	(522)
33	51	17	Change in lease liabilities	184	75
(39)	51	(276)	Change in net debt	(317)	(447)
1,360	1,448	1,397	Net debt at beginning of period	1,082	1,226
1,399	1,397	1,673	Net debt at end of period	1,399	1,673