Saipem: results of the first half of 2021

San Donato Milanese, 30 July 2021 – The Saipem SpA Board of Directors, chaired by Silvia Merlo, approved, yesterday, the Consolidated Half-Year Financial Report as at 30 June 2021[1].

Highlights of the first half-year

- Revenues of approximately €3.2 billion and adjusted EBITDA at a loss of €266 million. Operating results, reflect a slowdown compared to the first half 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 operational issues of an offshore wind project in the North Sea
- Signs of improvement in drilling with an increase in demand and potential for a full utilization of the fleet
- New contracts for approximately €4.4 billion in the half year. Consolidation of a backlog of approximately €26.2 billion[2] (approximately 78% of the E&C portion not linked to oil), supporting performance in the medium-long term
- Net debt post-IFRS 16 at €1.4 billion (around €1.1 billion pre-IFRS 16), slightly reduced compared with the first quarter, as a result of the accurate management of cash flows
- Cash and cash equivalents at €2.3 billion following the 7 years €500 million fixed rate bond successfully issued in March 2021 and thanks to the significant cash availability of the consolidated companies and of the project joint ventures
- Availability of the fully undrawn €1 billion revolving credit facility
- Launch of transformation initiatives to ensure a new phase of sustainable growth:
    - review of the business strategy ahead of the new Strategic Plan
    - review of the operating model
    - simplification of processes
    - reduction of operating leverage

  To date, 84 initiatives have been identified for total estimated annual run rate of savings of approximately €100 million
- Presentation next autumn of the new Strategic Plan
- Outlook for the second half of 2021:
    - revenues of between €4.5 and €5 billion
    - positive adjusted EBITDA
    - capital expenditure expected between €200 and €300 million and
    - net debt post-IFRS 16 around €1.6 billion at year end

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[1] *The Consolidated Half-Year Financial Report is drawn up in accordance with the IAS 34 accounting standard "Interim Financial Statements" and subject to limited audit under completion. The Consolidated Half-Year Financial Report was made available by the Board of Statutory Auditors and by the Auditing Firm*

[2] *Includes the backlog of non-consolidated companies*

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

"Saipem has the resources, the skills and the relationships with clients that enable us to plan the near future with a view to profitable growth, even in a challenging context which is still characterised by the uncertainties deriving from Covid-19.
The specific factors which have affected financial results do not alter the Company's structural strengths on which I intend to build – with the contribution of the outstanding professionals working in the Group - an increasingly competitive Saipem.
With this perspective, I have launched a programme to simplify and focus our operations. Specific initiatives have already been identified yielding a potential yearly run rate saving of approximately 100 million euro; we will provide updates to the market. The order intake and the growing utilization of the drilling fleet represent further positive factors on which we can leverage for a renewed competitiveness, starting from a return to a positive EBITDA in the second half of the year. I have also started a strategic review for a new plan which I intend to present next autumn.
Concrete opportunities for growth are emerging on three fronts.
The first one is in our core business, where signs of a new investment cycle are strengthened in regions where Saipem has a consolidated presence, such as Middle East.
The second one is in energy transition, where Saipem is already active in industrial projects in renewables, biofuels and CO2 capture and it is expanding its technological portfolio through acquisitions, such as Naval Energy in floating wind, and through joint ventures established in green hydrogen sector and, with Versalis, in bioethanol process.
The third front is in Italy, where the NRRP (National Recovery and Resilience Plan) is opening a season of new investments in sustainable infrastructures, in the energy field and in high-speed railways, a sector where Saipem has a significant track record in sections of the national network and where we are presently working on the Brescia-Verona link.
These are opportunities we want to seize to consolidate Saipem's presence worldwide and the role we play in our Country, creating value for the local communities through a sustainable approach across all of our businesses".

Results for the first half of 2021:

- Revenues: €3,200 million (€3,675 million in the first half of 2020)
- Adjusted EBITDA: negative for €266 million (positive for €355 million in the first half of 2020)
- Adjusted net result: loss of €656 million (loss of €132 million in the first half of 2020)
- EBITDA: negative for €389 million (positive for €271 million in the first half of 2020)
- Net result: loss of €779 million (loss of €885 million in the first half of 2020)
- Capital expenditure: €135 million (€195 million in the first half of 2020)
- Net debt inclusive of IFRS 16 lease liabilities: €1,397 million (€1,226 million as at 31 December 2020)
- Net debt pre IFRS 16 as at 30 June 2021: €1,101 million (€872 million as at 31 December 2020)
- New contracts: €4,402 million (€4,837 million in the first half of 2020)
- Backlog: €23,602 million (€22,400 million as at 31 December 2020), amounting to €26,169 million including the non-consolidated companies' backlog (€25,296 million as at 31 December 2020)

Outlook

2021 remains conditioned by the uncertainty resulting from the persistence of the pandemic. In the first half of the year, the health crisis effects on business coupled with issues on a project specific impacting operational performance. The business outlook for 2021 inevitably remains influenced by these events.
Outlook for the second half of 2021:

- revenues of between €4.5 and €5 billion
- positive adjusted EBITDA
- capital expenditure expected between €200 and €300 million and
- net debt post-IFRS 16 around €1.6 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 at 30 June 2021, the project remains in the backlog for an amount of approximately €3.6 billion, with a rephasing of project schedule.

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 16%, out of which around 280 are still infected and constantly monitored by the company.

Financial Highlights

(million euro)

Q2 2020	Q1 2021	Q2 2021	Q2 2021 vs Q2 2020 (%)		1H 2020	1H 2021	1H 2021 vs 1H 2020 (%)
1,503	1,618	1,582	5.3	Revenues	3,675	3,200	(12.9)
31	73	(462)	n.s.	EBITDA	271	(389)	n.s.
115	88	(354)	n.s.	Adjusted EBITDA	355	(266)	n.s.
(534)	(49)	(589)	10.3	Operating result (EBIT)	(711)	(638)	(10.3)
(41)	(34)	(481)	n.s.	Adjusted operating result (EBIT)	42	(515)	n.s.
(616)	(120)	(659)	7.0	Net Result	(885)	(779)	(12.0)
(123)	(105)	(551)	n.s.	Adjusted net result	(132)	(656)	n.s.
(219)	(184)	65	n.s.	Free cash flow	(330)	(119)	(63.9)
901	1,101	1,101	22.2	Net debt pre-IFRS 16 lease liabilities	901	1,101	22.2
1,360	1,448	1,397	2.7	Net debt post-IFRS 16 lease liabilities	1,360	1,397	2.7
136	67	68	(50.0)	Capital expenditure	195	135	(30.8)
3,920	1,594	2,808	(28.4)	New contracts	4,837	4,402	(9.0)

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 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

Revenues amounted to €3,200 million (€3,675 million in the first half of 2020) and **adjusted EBITDA** recorded a loss of €266 million, (profit of €355 million in the first half 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 cumulative amount of variations orders and claims (pending revenues) in the Engineering & Construction, determined with reference to the progress of the projects also in previous years, is of €376 million as at 30 June 2021 (€275 million as at 31 December 2020).

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. Amounts exceeding €30 million are recognised only if supported by external technical-legal appraisals.

The **adjusted net result** amounted to a loss of €656 million (a loss of €132 million in the first half of 2020). The negative change recorded in the adjusted operating result, €557 million, and in equity investments, €35 million, is decreased by the improvement in the balance of tax and financial expenses management as well as in the third party interest result for a total of €68 million.

Net result recorded a loss of €779 million (loss of €885 million in the first half of 2020) and, unlike adjusted net profit, was impacted by the following special items:

- provision for expenses amounting to about €75 million for a legal dispute concerning a project already completed, resulting from the periodic legal monitoring of the evolution of the overall disputes;
- costs deriving from the healthcare emergency for about €36 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 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 €12 million.

Adjusted EBIT – EBIT reported reconciliation

(million euro)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total
Adjusted EBIT	**(395)**	**(105)**	**14**	**(29)**	**(515)**
Costs for Covid-19 healthcare emergency	26	3	4	3	36
Restructuring expenses	7	5	-	-	12
Litigation expenses	-	75	-	-	75
Total special items	(33)	(83)	(4)	(3)	(123)
Reported EBIT	**(428)**	**(188)**	**10**	**(32)**	**(638)**

In the corresponding period of 2020, the net result recorded a loss of €885 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 €99 million;
- contingent liabilities of approximately €20 million;
- costs deriving from the healthcare emergency for about €44 million.

Capital expenditure in the first half of 2021, mainly relating to maintenance and upgrading, amounted to €135 million (€195 million in the first half of 2020, including the purchase of the new Saipem Endeaovur vessel), and are broken down as follows:

- €77 million in Offshore Engineering & Construction;
- €5 million in Onshore Engineering & Construction;
- €41 million in Offshore Drilling;
- €12 million in Onshore Drilling.

Net debt as at 30 June 2021, pre IFRS 16 lease liability, amounted to €1,101 million, recording an increase of €229 million compared with 31 December 2020 (€872 million), mainly due to the slowdown of certain ongoing projects and the postponement of the contribution of recently awarded projects. Net debt inclusive of IFRS16 lease liabilities, for €296 million, amounted to €1,397 million.
As at June 30th, 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 at December 31st, not exceeding 3.5 times.
Taking into account the EBITDA value of the first half and the expectations relating to the second half of 2021, the Company intends to promptly examine the most appropriate intervention actions with its lenders.

Backlog

In the first half of 2021 Saipem was awarded new contracts amounting to a total of €4,402 million (€4,837 million in the first half of 2020). The backlog as at 30 June 2021 amounted to €23,602 million (€7,632 million in Offshore Engineering & Construction, €13,877 million in Onshore Engineering & Construction, €477 million in Offshore Drilling and €1,616 million in Onshore Drilling), of which €4,025 million to be executed in 2021. The backlog including non-consolidated companies as at 30 June 2021 amounted to €26,169 million (€7,698 million in Offshore Engineering & Construction, €16,378 million in Onshore Engineering & Construction, €477 million in Offshore Drilling and 1,616 in Onshore Drilling), of which €4,690 million to be realised in 2021.

New Orders after the closing

Saipem has signed an agreement with Eni for the employment of Saipem 10000 drilling vessel in the Mediterranean waters.

The new drilling vessel Santorini, announced to the market on June 29 and joining the fleet in November 2021, will take over the contract currently held by Saipem 10000, for operations in the US sector of the Gulf of Mexico.

Furthermore, an agreement has been signed with Eni Angola for the employment of the semi-submersible Scarabeo 9 for drilling activities on three wells, in addition to three optional wells, offshore Angola.

Recoverable amount of assets

As provided for in the impairment methodology approved by the Board of Directors on 30 June, 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 and prospects 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 as well as the actual results.

Specifically, according to the methodology detailed in the 2020 Statutory and Consolidated Financial Statements, published on the Saipem website, to which reference is made for more information, the cash flow estimates 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, the Group's market capitalisation as at 30 June 2021 was lower than its net assets as of the last reporting period as at 31 March 2021; 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 therefore concerned the 15 CGUs represented by: a floating production unit (leased FPSO Cidade de Vitoria), the Offshore Engineering & Construction Division, the Onshore Engineering & Construction Division, excluding the leased FPSO Cidade de Vitoria, the XSIGHT Division, the Onshore Drilling Division and by each of the Offshore Drilling vessels.

The cash flows used for the impairment test are those of the 2021-2024 Strategic Plan (Plan), approved by the Board of Directors in February 2021, appropriately updated by integrating the effects of the most recent assumptions drawn up, as per procedure, by Divisions.

It should be specified that the long-term lease rates of the Offshore Drilling CGUs were redefined using the new updated reports from external sources, normally used by the Division as reference benchmarks.

The CGU use value as at 30 June 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 discount rates for the CGU cash flows were updated to 30 June 2021 applying the same methodology used for the test performed as at 31 December 2020, as shown in the following table:

(%)	31 December 2020	30 June 2021	Δ
Offshore E&C	8.0	8.2	0.2
Onshore E&C	7.8	8.0	0.2
XSIGHT	7.8	8.0	0.2
Leased FPSO	6.3	6.4	0.1
Offshore Drilling	9.7	6.0	(3.7)
Onshore Drilling	7.8	8.1	0.3

As a result of the impairment test as at 30 June 2021, no impairment losses were recorded.
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 not lead to any impairment loss, while as regards the long-term instalments, a 10% reduction in tariffs would result in an impairment loss of €2 million.

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This press release must be read in conjunction with the Annual Financial Report as at 31 December 2020 and the Consolidated Half-Year Financial Report as at 30 June 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".

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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 contained in this press release will be illustrated in a conference call and webcast which will be hosted by the CEO Francesco Caio and the CFO Antonio Paccioretti 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 '1H 2021 results presentation' banner on the home page, or via the following URL: https://edge.media-server.com/mmc/p/oa6zykyx

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) and is present in more than 60 countries worldwide, employs 32,000 employees of 130 different nationalities.

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Analysis by business sector - Adjusted results:

Offshore Engineering & Construction

(million euro)

Q2 2020	Q1 2021	Q2 2021	Q2 2021 vs Q2 2020 (%)		1H 2020	1H 2021	1H 2021 vs 1H 2020 (%)
659	557	475	(27.9)	Revenues	1,485	1,032	(30.5)
(592)	(549)	(754)	27.4	Expenses	(1,312)	(1,303)	(0.7)
67	8	(279)	n.s.	Adjusted EBITDA	173	(271)	n.s.
(79)	(60)	(64)	(19.0)	Amortisation and depreciation	(156)	(124)	n.s.
(12)	(52)	(343)	n.s.	Adjusted operating result	17	(395)	n.s.
10.2	1.4	(58.7)		Adjusted EBITDA %	11.6	(26.3)	
(1.8)	(9.3)	(72.2)		Adjusted EBIT %	1.1	(38.3)	
853	1,360	1,019		New contracts	1,354	2,379	

Residual backlog as at 30 June 2021: €7,632 million, of which €2,181 million to be realised in 2021.

- Revenues for the first half of 2021 amounted to €1,032 million, down by 30.5% compared with the corresponding period of 2020, mainly attributable to lower volumes developed in Africa and the Middle East, partly offset by the increase in volumes in Europe and America.
- Adjusted EBITDA for the first half of 2021 was negative for €271 million, compared with the positive figure of €173 million in the corresponding period of 2020, equal to 11.6% of revenues. The result is burdened by the afore mentioned operational problems recorded on a wind project in the North Sea and by the lack of contribution of recently acquired contracts replacing projects completed in 2020.
- The most significant awards in the second quarter related to:
  - on behalf of Saudi Aramco, in Saudi Arabia, a new three-year extension of the Long Term Agreement (LTA), the framework agreement concerning engineering, procurement, construction and installation (EPCI) activities for the development of new offshore infrastructures and strengthening of existing ones. In addition, 4 work orders were awarded concerning the upgrading of the existing plants of the Zuluf, Berri and Abu Safah offshore fields and the Ras Tanura terminal;
  - subsequently, on behalf of Saudi Aramco, an additional fifth work order has been awarded, always within the LTA agreement, concerning further development works of the Marjan offshore field;
  - on behalf of Qatargas, in Qatar, the confirmation of the exercise of two options relating to additional works in the framework of the North Field Production Sustainability Offshore project. The activities include the construction of two further collector platforms, two further bridges connecting to the existing wellhead platforms, two corrosion-resistant carbon steel-lined pipelines connecting the wells, as well as the dismantling of the existing pipeline;
  - on behalf of Eni Angola Spa, a new contract for the Early Phase 2 subsea deep water development of the Agogo field in the Block 15/06 West Hub. The activities include the Engineering, Procurement, Construction and Installation of Subsea equipment and infrastructures.

Onshore Engineering & Construction

(million euro)

Q2 2020	Q1 2021	Q2 2021	Q2 2021 vs Q2 2020 (%)		1H 2020	1H 2021	1H 2021 vs 1H 2020 (%)
680	905	938	37.9	Adjusted revenues	1,769	1,843	4.2
(667)	(862)	(1,051)	57.6	Expenses	(1,705)	(1,913)	12.2
13	43	(113)	n.s.	Adjusted EBITDA	64	(70)	n.s.
(21)	(18)	(17)	(19.0)	Amortisation and depreciation	(41)	(35)	(14.6)
(8)	25	(130)	n.s.	Adjusted operating result	23	(105)	n.s.
1.9	4.8	(12.0)		Adjusted EBITDA %	3.6	(3.8)	
(1.2)	2.8	(13.9)		Adjusted EBIT %	1.3	(5.7)	
2,934	175	1,536		New contracts	3,335	1,711	

Residual backlog as at 30 June 2021: €13,877 million, of which €1,504 million to be realised in 2021.

- Revenues for the first half of 2021 amounted to €1,843 million, up 4.2% compared with the corresponding period of 2020, mainly attributable to the higher volumes achieved in Sub-Saharan Africa, largely offset by the lower volumes developed in the Middle East.

- Adjusted EBITDA for the first half of 2021 was negative for €70 million, compared with the positive figure of €64 million in the corresponding period of 2020, equal to 3.6% of revenues; margins are affected by the suspension of the LNG contract in Mozambique and the extra costs deriving from extension of the execution plan of a project in the Middle East due to the consequences relating to Covid-19.

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

  - on behalf of Petrobras, in a JV with Daewoo Shipbuilding & Marine Engineering Co. Ltd (DSME), a contract for the construction of a floating production and storage unit (FPSO), called P-79, for the development of the offshore field of Búzios, in Brazil;

  - on behalf of Abu Dhabi National Oil Company (ADNOC) a new EPC contract for the Optimum Shah Gas Expansion (OSGE) & Gas Gathering project, which involves the engineering, supply of materials, construction and commissioning of additional modules for the expansion and enhancement of the Shah gas plant already active in the United Arab Emirates.

Offshore Drilling

(million euro)

Q2 2020	Q1 2021	Q2 2021	Q2 2021 vs Q2 2020 (%)		1H 2020	1H 2021	1H 2021 vs 1H 2020 (%)
55	78	89	61.8	Revenues	185	167	(9.7)
(51)	(56)	(66)	29.4	Expenses	(122)	(122)	-
4	22	23	n.s.	Adjusted EBITDA	63	45	(28.6)
(22)	(15)	(16)	(27.3)	Amortisation and depreciation	(50)	(31)	(38.0)
(18)	7	7	n.s.	Adjusted operating result	13	14	7.7
7.3	28.2	25.8		Adjusted EBITDA %	34.1	26.9	
(32.7)	9.0	7.9		Adjusted EBIT %	7.0	8.4	
27	44	82		New contracts	34	126	

Residual backlog as at 30 June 2021: €477 million, of which €152 million to be realised in 2021.

- Revenues for the first half of 2021 amounted to €167 million, down by 9.7% compared with the corresponding period of 2020, mainly due to the lower contribution of the drill ship S10000, in stand-by rate during the first quarter and the Perro Negro 8 jack-up, inactive during the half-year, only partially offset by the increased operations of the semi-submersible platform Scarabeo 8.

- Adjusted EBITDA for the first half of 2021 amounted to €45 million, equal to 26.9% of revenues, compared with €63 million, equal to 34.1% of revenues, for the same period of 2020.

- The most significant awards in the second quarter related to:
    - on behalf of Wintershall DEA, a contract for the construction of six firm wells plus two optional wells in Norway using the semi-submersible Scarabeo 8;
    - on behalf of Eni, the exercise of two options relating to the semi-submersible Scarabeo 5 for activities in Angola.

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

Vessel	***1H 2021***		***Year 2021***
	under contract	***non-operating***	***non-operating***
	(days)		***(days)***
Semi-submersible rig Scarabeo 5	181	-	-
Semi-submersible rig Scarabeo 8	165	16 (b)	63 (b)
Semi-submersible platform Scarabeo 9	-	181 (b)	232 (b)
Drillship Saipem 10000	181	-	-
Drillship Saipem 12000	181	-	92 (b)
Jack up Perro Negro 2	-	181 (c)	273 (c)
Jack up Perro Negro 4	181	-	34 (b)
Jack up Perro Negro 5	-	181 (c)	273 (c)
Jack up Perro Negro 7	181	-	71 (a)
Jack up Perro Negro 8	73	108 (a+b)	108 (a+b)
Jack up Pioneer Jindal*	181	-	-
Jack up Sea Lion 7*	181	-	-
Jack up Perro Negro 9*	181	-	-
Tender Assisted Drilling Barge	-	181 (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 intended for divestment according to current legislation (green recycling)

* vessels hired by third parties

Onshore Drilling:

(million euro)

Q2 2020	Q1 2021	Q2 2021	Q2 2021 vs Q2 2020 (%)		1H 2020	1H 2021	1H 2021 vs 1H 2020 (%)
109	78	80	(26.6)	Revenues	236	158	(33.1)
(78)	(63)	(65)	(16.7)	Expenses	(181)	(128)	(29.3)
31	15	15	(51.6)	Adjusted EBITDA	55	30	(45.5)
(34)	(29)	(30)	(11.8)	Amortisation and depreciation	(66)	(59)	(10.6)
(3)	(14)	(15)	n.s.	Adjusted operating result	(11)	(29)	n.s.
28.4	19.2	18.8		Adjusted EBITDA %	23.3	19.0	
(2.8)	(17.9)	(18.8)		Adjusted EBIT %	(4.7)	(18.4)	
106	15	171		New contracts	114	186	

Residual backlog as at 30 June 2021: €1,616 million, of which €188 million to be realised in 2021.

- Revenues in the first half of 2021 amounted to €158 million, down 33.1% compared with the corresponding period of 2020, as a result of the lower volumes developed in Saudi Arabia.

- Adjusted EBITDA for the first half of 2021 amounted to €30 million, equal to 19.0% of revenues, a decrease compared to €55 million, equal to 23.3% of revenues, for the same period of 2020.

- The most significant acquisitions during the second quarter mainly concern extensions of contracts in Saudi Arabia with a term of 10 years and 5 years and a new contract in Colombia with a term of 4 years.

Operating activity recorded an average use of rigs equal to 44.6% (64.5% in the corresponding period of 2020) which drops to 35.4% (51.3% in the corresponding 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 55% of days sold. The number of rigs present in the region as at 30 June 2021 was 36 (as well 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% (33.8% in the corresponding period of 2020) which drops to 20.4% (21.6% in the corresponding period of 2020) considering the Venezuelan plants. The number of rigs present in the region as at 30 June 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 consolidated income statements by nature and function of expenses and reclassified statement of cash flow

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	31 December 2020	30 June 2021
Net tangible assets	3,284	3,242
Right-of-Use assets	288	265
Intangible assets	701	698
	4,273	4,205
Equity investments	140	99
Non-current assets	**4,413**	**4,304**
Net current assets	**(2)**	**(537)**
Employee benefits	**(237)**	**(215)**
Assets available for disposal	**-**	**-**
EMPLOYED CAPITAL, NET	**4,174**	**3,552**
Equity	**2,923**	**2,130**
Non-controlling interests	**25**	**25**
Net financial debt pre-IFRS 16 lease liabilities	872	1,101
Lease liabilities	354	296
Net debt	**1,226**	**1,397**
FUNDING	**4,174**	**3,552**
Leverage post IFRS16 (net debt/shareholders' equity including minority interest)	**0.42**	**0.65**
SHARES ISSUED AND OUTSTANDING	**1,010,977,439**	**1,010,977,439**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q2 2020	Q1 2021	Q2 2021		1H 2020	1H 2021
1,503	1,618	1,582	Core business revenue	3,675	3,200
1	1	1	Revenue and other income	2	2
(1,066)	(1,155)	(1,598)	Purchases, services and other costs	(2,550)	(2,753)
2	(3)	(47)	Net reversals of impairment losses (impairment losses) on trade receivables and other assets	(5)	(50)
(409)	(388)	(400)	Personnel expenses	(851)	(788)
31	**73**	**(462)**	**GROSS OPERATING PROFIT (LOSS)**	**271**	**(389)**
(565)	(122)	(127)	Depreciation, amortisation and impairment losses	(982)	(249)
(534)	**(49)**	**(589)**	**OPERATING PROFIT (LOSS)**	**(711)**	**(638)**
(35)	(31)	(25)	Finance expense	(95)	(56)
18	(10)	(15)	Income (loss) from investments	10	(25)
(551)	**(90)**	**(629)**	**PROFIT (LOSS) BEFORE TAXES**	**(796)**	**(719)**
(52)	(30)	(30)	Income taxes	(74)	(60)
(603)	**(120)**	**(659)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**(870)**	**(779)**
(13)	-	-	Loss attributable to non-controlling interests	(15)	-
(616)	**(120)**	**(659)**	**NET PROFIT (LOSS)**	**(885)**	**(779)**
(51)	**2**	**(532)**	**CASH FLOW (net result + depreciation and amortization)**	**97**	**(530)**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

Q2 2020	Q1 2021	Q2 2021		1H 2020	1H 2021
1,503	1,618	1,582	Core business revenue	3,675	3,200
(1,849)	(1,505)	(2,018)	Production costs	(4,022)	(3,523)
(106)	(79)	(57)	Idle costs	(188)	(136)
(40)	(38)	(47)	Selling expenses	(82)	(85)
(8)	(7)	(8)	Research and development expenses	(15)	(15)
(2)	1	3	Other operating income (expenses), net	(2)	4
(502)	**(10)**	**(545)**	**CONTRIBUTION FROM OPERATIONS**	**(634)**	**(555)**
(32)	(39)	(44)	General and administrative expenses	(77)	(83)
(534)	**(49)**	**(589)**	**OPERATING PROFIT (LOSS)**	**(711)**	**(638)**
(35)	(31)	(25)	Finance expense	(95)	(56)
18	(10)	(15)	Income (loss) from investments	10	(25)
(551)	**(90)**	**(629)**	**PROFIT (LOSS) BEFORE TAXES**	**(796)**	**(719)**
(52)	(30)	(30)	Income taxes	(74)	(60)
(603)	**(120)**	**(659)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**(870)**	**(779)**
(13)	-	-	Loss attributable to non-controlling interests	(15)	-
(616)	**(120)**	**(659)**	**NET PROFIT (LOSS)**	**(885)**	**(779)**
(51)	**2**	**(532)**	**CASH FLOW (net result + depreciation and amortization)**	**97**	**(530)**

RECLASSIFIED CASH FLOW STATEMENT

(million euro)

Q2 2020	Q1 2021	Q2 2021		1H 2020	1H 2021
(616)	(120)	(659)	Net profit (loss) for the period	(885)	(779)
13	-	-	Non-controlling interests	15	-
			adjustments:		
587	99	390	Depreciation, amortization and other non-monetary items	1,008	489
(68)	(98)	402	Changes in working capital related to operations	(274)	304
(84)	**(119)**	**133**	**Net cash flow from operations**	**(136)**	**14**
(136)	(67)	(68)	Capital expenditure	(195)	(135)
-	-	-	Investments in equity, consolidated subsidiaries and businesses	-	-
1	2	-	Disposals	1	2
(219)	**(184)**	**65**	**Free cash flow**	**(330)**	**(119)**
-	-	-	Treasury shares repurchased	(16)	-
-	-	-	Share capital increase net of expenses	-	-
(10)	(26)	-	Cash flow from capital and reserves	(10)	(26)
(44)	(21)	(64)	Repayment of lease liabilities	(78)	(85)
4	2	(1)	Exchange differences on net borrowings and other changes	5	1
(269)	**(229)**	**-**	**Change in net debt before lease liabilities**	**(429)**	**(229)**
131	7	51	Change in lease liabilities	151	58
(138)	**(222)**	**51**	**Change in net debt**	**(278)**	**(171)**
1,222	**1,226**	**1,448**	**Net debt at beginning of period**	**1,082**	**1,226**
1,360	**1,448**	**1,397**	**Net debt at end of period**	**1,360**	**1,397**