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Testo del comunicato

Vedi allegato.

PIRELLI

PRESS RELEASE

RESULTS FOR THE QUARTER IMPACTED BY COVID-19 EMERGENCY

PROFITABILITY SUPPORTED BY EFFICIENCIES AND ACTIONS ON COSTS

CASH FLOW SUBSTANTIALLY IN LINE WITH Q1 2019

Board of Pirelli & C. S.p.A. approves consolidated results to 31 March 2020

- **Revenues: 1,051.6 million euro, a decline of 20% compared with 31 March 2019 (organic variation -18.5%) because of sharp drop in demand**

- **Adjusted ebit: 141.1 million euro with margin at 13.4% (16.7% in Q1 2019), with impact limited by efficiencies and cost cuts**

- **Total net profit: 38.5 million euro (101.4 million euro in Q1 2019)**

- **Net cash flow: -753.5 million euro, substantially in line with -712.9 million euro in Q1 2019**

- **Net Financial Position: -4,261 million euro (-4,387.3 million euro on 31 March 2019)**

- **Liquidity margin: 2,115 million euro on March 31, 2020, assures coverage of financial debts for about 3 years**

2020 TARGETS

- **2020 targets announced on 3 april confirmed**

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Milan, 13 May 2020 – The Board of Directors of Pirelli & C. Spa, met today and approved results for the three months that ended on 31 March 2020.

In the first quarter of 2020, the tyre sector, like others, was significantly impacted by the Covid-19 emergency at the global level and by the related lockdown measures, with a general deterioration of economic conditions, fall in consumption and production.

In the first quarter, the demand for car tyres registered a fall of 20% in sales' volumes, in both Original Equipment (-22.7% in line with car production) and Replacement (-19.3% because of restrictions on mobility). The fall in demand struck the Standard segment in particular (-22% for Car tyres ≤17'') and to a lesser degree New Premium (-11.6% for Car tyres ≥18''), the more resilient segment.

During the quarter, production at Pirelli underwent significant discontinuities because of the suspension of activities in countries where this became progressively necessary both to protect workers' health, which is the company's primary goal, and because of the marked fall in demand.

The experience gained in China, where production and commercial activities are returning to normal, enabled Pirelli to respond quickly to the deep changes in the global scenario, defining an action plan and new 2020 targets, announced to the market on April 3, 2020

This plan, the first benefits of which were be seen in the first quarter, calls for a series of actions to:

- guarantee **the health and safety** of employees, adopting all necessary preventative measures;

- protect **profitability and cash generation**, through cost containment and remodeling of the investment program;
- reinforce the **asset structure.** To this end, the underwriting of a new sustainable bank line (already announced to the market) of 800 million euro (5 year) and, in general, the optimization of the financial structure lengthening debt maturities;
- prepare for the **recovery phase**, through the gradual reopening of plants, close cooperation with the sales' network (for example through the adoption of healthcare rules and digitalization of services), a simplification of the product range with greater focus on Specialties and products with ≥19 inch rim sizes.

Pirelli's first quarter 2020 results were characterized by:
- **revenues** of 1,051.6 million euro, a decline of 20% compared with the first quarter of 2019 (organic variation -18.5%) because of fall in demand mentioned earlier. **High Value revenues** accounted for 69.6% of total revenues (+1.5 basis points compared with 68.1% of the first quarter 2019);
- profitability **(adjusted ebit margin)** at 13.4% (16.7% in the first quarter of 2019). Adjusted ebit was 141.1 million euro. The contribution of efficiencies and cost containment actions (at about 64 million euro) limited the impact of the external context (demand weakness, price pressure, forex volatility and cost increases in production elements);
- **total net profit** of 38.5 million euro (101.4 million euro in the first quarter of 2019), equal to 3.7% of revenues;
- **net cash flow of** -753.5 million euro, substantially in line with the trend of the first quarter of 2019 (-713 million euro). Lower investment and improved financial management mitigated the impact of the operating performance.
- **Net financial position** on March 31, 2020 was negative 4,261 million euro (-3,507.2 on December 31, 2019, and 4,387.3 million euro on March 31, 2019).
  Liquidity margin of 2,115 million euro, with debt maturities guaranteed for around 3 years thanks also to the company's right to extend bank debt maturing in 2022 (about 1.98 billion euro on 31 March 2020) until 2024.

The costs' competitiveness plan and actions to counteract Covid-19

The "costs' competitiveness plan", announced on February 19, 2020, is divided into 4 areas (product cost, manufacturing, organization and SG&A), with initially expected benefits in 2020 of 180 million euro, equal to 110 million euro net of inflation. The plan is in line with forecasts, except for some projects in the Manufacturing area – effected by the Covid emergency that caused a slowdown in production – with a consequent freezing of about 20 million euro in efficiencies.
As a result, the benefits now expected for the year from the "competitiveness plan" are around 160 million euro. The 110 million euro of benefits net of inflation are confirmed, the impact of which is now estimated at -50 million euro compared with -70 million euro of the previous indication.

To limit the effect of the production lockdown and fall in demand, Pirelli also launched a second costs' containment plan (**Covid Actions**) – already announced on April 3, 2020. This plan, equal to a total of 120 million euro for the year, includes short-term actions to reduce discretionary costs (SG&A), the revision of marketing and communication activities, renegotiation of contacts with suppliers, prioritization of R&D investments and efficiencies in the distribution channel. These savings will enable the offsetting of costs stemming from the production slowdown, estimated at around 90 million euro in 2020.

Overall, the benefits of the two plans (Competitiveness Plan and Covid Actions) amount to about 280 million euro (around 6% of the 2019 cists' base), 140 million euro net of inflation and the slowdown (around 3% of the 2019 costs' base).

In the first quarter of 2020, the net benefits of the two plans amounted to a total of 33 million euro (gross benefits of around 64 million euro) of which:
- around 16 million euro from the Competitiveness Plan, in line with the Plan's forecast for the first quarter (benefits of about 31 million euro gross of inflation equal to -15 million euro)

- around 17 million euro from the Covid Actions (about 33 million euro before the impact of the slowdown of -16 million euro)

Sales

Revenues (*million euro*)	31/03/2020	% of total	31/03/2019	% of total	Variation y/y	Organic variation y/y
High Value	732.2	69.6%	895.0	68.1%	-18.2%	-18.6%
Standard	319.4	30.4%	418.8	31.9%	-23.7%	-18.2%
Total	**1,051.6**	**100%**	**1,313.8**	**100%**	**-20.0%**	**-18.5%**

Revenues totaled 1,051.6 million euro, with a fall of 20% compared with the first quarter of 2019. Excluding the effect of exchange rates and the adoption of the IAS 29 accounting principle to account for high inflation in Argentina (for an overall impact of -1.5%), the organic variation in revenues was -18.5%.

Revenue variants			31/03/ 2020
Volumes			-17.2%
	o/w High Value	*-14,2%*	
	o/w Standard	*-20.2%*	
Price/Mix			-1.3%
Forex/IAS 29 Argentina			-1.5%
Total variation			-20.0%

High Value revenues at 732.2 million euro posted a decline of 18.2% compared with the same period in 2019, as a consequence of the general fall in demand and Pirelli's exposure in Apac, more greatly impacted by Covid-19 in the first quarter of 2020. As a percentage of total sales, High Value grew by 1.5 basis points to 69.6% compared with 68.1% in the first quarter of 2019.

The performance of **total volumes** (-17.2% in the first quarter of 2020) reflects the fall in demand (Car market -20.3%, moto market -13%) with particular effect on the **Standard** segment (Pirelli volumes -20.2%) and to a lesser extent the **High Value** segment (Pirelli volumes -14.2%).

Volumes of **Car New Premium (≥18 inches)** fell by 14.4% (market -11.6%) also because of the high level of exposure to the Apac area. Different performances by channel in Car New Premium:

- in the Original Equipment Pirelli posted a fall in volumes of 9.5% thanks to the diversification of the client portfolio, and also following new contracts in North America and Apac, already underway in the second half of 2019;
- in the Replacement channel, on the other hand, Pirelli registered a fall in volumes of -18.1% in consideration of:
    - the great exposure on the Chinese market which in the first quarter registered a fall of 54% in Car Replacement ≥18'', the segment which Pirelli leads;
    - a commercial policy aimed at maintaining contained levels of inventory with its main distribution partners Europe and North America in view of the recommencement of activities.

The price/mix trend (-1.3%) reflects:

- the different sales mix compared with the first quarter of 2019, with a worsening channel mix (because the contraction of the Replacement channel was more marked than that of Original Equipment) and a temporary fall in the Region mix because of lower sales in Apac and in Europe and North America, which were hit earlier by lockdown measures than Russia and South America;

- the persistence of competitive pressure on prices, in line with previous quarters.

Forex had a negative impact (-1.5%) because of the weakness of emerging market currencies.

Profitability

Profitability *(euro millions)*	31/03/2020	% of revenues	31/03/2019	% of revenues	Variation y/y
Adjusted Ebitda	**244.2**	**23.2%**	**315.6**	**24.0%**	**-22.6%**
Ebitda	220.2	20.9%	308.2	23.5%	-28.7%
Adjusted Ebit	**141.1**	**13.4%**	**219.2**	**16.7%**	**-35.6%**
Ebit	88.4	8.4%	183.1	13.9%	-51.7%

Adjusted Ebitda on March 31, 2020 was 244.2 million euro (-22.6% compared with 315.6 million euro in the same period of 2019).

Adjusted ebitda includes indirect costs linked to the COVID–19 emergency for a total of 24 million euro, of which 16 million euro relate to the slowdown stemming from the temporary closure of some production plants during the quarter.

Adjusted Ebit at 141.1 million euro (219.2 million euro in the first quarter of 2019) with an adjusted Ebit margin of 13.4% (16.7% in the same period of 2019). The efficiency actions and costs' reduction program linked to the Covid emergency contributed to the containment of the impacts from the external context (great weakness of demand, pressure on prices, exchange rate volatility and cost inflation of production elements).

In particular:

- the Cost Competitiveness program generated structural efficiencies of 31 million euro (3% of revenues) offsetting the cost inflation of production elements (-15 million euro), the temporary negativity of price/mix (-15 million euro) and the impact of exchange rates (-1 million euro). The efficiencies mainly related to product costs (optimization of specifications and rationalization of components), the organization (re-engineering of processes) and SG&A costs (rigorous control of general expenses);
- the costs' reduction plan linked to the Covid emergency, of 33 million euro in the first quarter, covered the impact of the slowdown (-16 million euro), the higher costs of raw materials (-3 million euro). The cost reduction actions regarded discretional costs (SG&A), revision of marketing and communication activities, renegotiation of contracts with suppliers, prioritization of investments in R&D and efficiencies in the distribution channel;
- the impact of volumes was negative (-95 million euro) while the Amortization and Other costs item was positive for 4 million euro.

L'**Ebit** was 88.4 million euro (183.1 million euro in the first quarter of 2019) with an Adjusted Ebit margin of 8.4% (13.9% in the same period of 2019). It includes:

- Amortizations of intangible assets identified in the context of PPA of 28.7 million euro (in line with the first quarter of 2019);
- Non-recurring and restructuring charges of 16.7 million euro (5.1 million euro in the first quarter of 2019) mainly relative to actions to rationalize structures;
- Charges related to the retention plan approved by the Board of Directors on February 26, 2018 of 1.9 million euro (2.3 million euro in the first quarter of 2019);
- Costs directly linked to the Covid-19 emergency of 5.4 million euro, including costs born to acquire personal protection materials for personnel.

Net result and net financial position

The **result from equity holdings** was negative 5.3 million euro, compared with +2 million euro in the first quarter of 2019.

The **net financial charges** totaled 32.5 million euro, a fall of 15.6 million euro compared with 48.1 million euro on March 31, 2019. The cost of debt on an annualized basis (calculated as the average of the last 12 months) fell to 2.54% compared with 2.83% on December 31, 2019.
In particular, note:

the lower proportion of debt denominated in *high yield currencies* (mainly in Mexico) and the fall in interest rates in these countries (mainly Brazil);

- The lower cost of sources of finance at the central level thanks to the refinancing actions taken in 2019
- The reduction of the interest margin which happened in the second half of 2019 on the main bank lines

The **fiscal charges** in the first quarter of 2020 amounted to 12.1 million euro against a pretax profit of 50.6 million euro with a *tax rate* at 24%, in line with the expected tax rate for 2020.

The **net result** was 38.5 million euro compared with 101.4 million euro in the corresponding period of 2019.

The **net financial position** was negative 4,260.7 million euro compared with 3,507.2 million euro on December 31, 2019 and 4,387.3 million euro on March 31, 2019.

On March 31, 2020 the liquidity margin was 2,115 million euro and is composed of:

- 1,305.0 million euro of unused committed credit lines;
- 797.8 million euro of cash
- 12 million euro of financial activities at fair value in the income statement

The committed and unused credit lines on 31 March (1,305 million euro) included 800 million euro of a new 5-year bank line (already announced to the market) benchmarked to the group's environmental sustainability and circular economy targets. In April, this bank line returned to the group's available liquidity.

The 2,115 million euro liquidity margin guarantees the coverage of debt maturities for the next 3 years thanks also to the company's right to extend bank debt maturing in 2022 (about 1.98 billion euro on 31 March 2020) until 2024. In addition, beginning from March, maturities on two bank lines for a total of 450 million euro originally foreseen for 2020 were extended to 2021.

The **net cash flow** is negative 753.5 million euro, substantially in line with the trend of the first quarter of 2019 (-713 million euro), with lower investments (capex and financial investments on equity holdings) and improved financial management mitigating the impact of the operating performance.

In detail, in the first quarter of 2019, **the net cash flow from operations** was negative 696.5 million euro (601.5 million euro in the first quarter of 2019). It reflects:

- Tangible and intangible investments (CapEx) of 56.6 million euro (78 million euro in the first quarter of 2019). The investments are mainly destined to *High Value* activities, the constant mix and quality improvement in all factories;
- Increases in IFRS 16 usage rights of 22.9 million euro stemming from the application of the IFRS 16 accounting principle relative to new leasing contracts underwritten in 2019;
- The usual seasonality of working capital with negative cash absorption of 861.2 million euro, slightly greater than the figure in the first quarter of 2019 (-836.0 million euro) as a consequence of the increase in inventories, raw materials and finished products, the slowdown in production and subsequent plant closures due to the Covid-19 emergency.

On March 31, 2020, inventories were equal to 22% of revenues (figure for last 12 months), 22% on March 31, 2019 and 20.5% on December 31, 2019. The company has already launched specific actions with the aim of re-balancing of the levels of inventories, raw materials and finished products in the new market context.

2020 forecast

With regard to 2020 forecasts, please refer to the targets already announced on April 3, 2020, which are therefore confirmed.

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Significant events after the first quarter

For the significant events after the end of the first quarter, please refer to the Intermediate Report for the period ended on March 31, 2020 published on the company website www.pirelli.com

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Conference call

The results to March 31, 2020 will be illustrated today, May 13, 2020, at 18.30 in a conference call with the participation of the Executive Vice Chairman and Ceo of Pirelli & C. SpA, Marco Tronchetti Provera, and the top management. Journalists will be able to follow the presentation by telephone, without the possibility of asking questions, by dialing **+39 02 805 88 27.** The presentation will also be webcast – in real time – on the website www.pirelli.com in the Investors section, where the slides can also be viewed.

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The intermediate report to March 31, 2020 will be available to the public today at the Company's legal headquarters, as well as published on the Company's website (www.pirelli.com) and the eMarket Storage mechanism (www.emarketstorage.com).

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The manager indicated for the preparation of the company accounting documents of Pirelli & C. S.p.A., Mr. Francesco Tanzi, declares, in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza that the accounts information contained in the present document corresponds to the document results, books and accounting scripts.

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Pirelli – economic data to March 31, 2020

(in millions of euro)		**1 Q 2020**	**1 Q 2019**
Net sales		**1.051,6**	**1.313,8**
EBITDA adjusted (°)		**244,2**	**315,6**
% of net sales		23,2%	24,0%
EBITDA (°°)		**220,2**	**308,2**
% of net sales		20,9%	23,5%
EBIT adjusted		**141,1**	**219,2**
% of net sales		13,4%	16,7%
Adjustments:	- amortisation of intangible assets included in PPA	(28,7)	(28,7)
	- non-recurring, restructuring expenses and other	(18,6)	(7,4)
	- COVID-19 direct costs	(5,4)	-
EBIT		**88,4**	**183,1**
% of net sales		8,4%	13,9%
Net income/(loss) from equity investments		(5,3)	2,0
Financial income/(expenses) (°°)		(32,5)	(48,1)
Net income/(loss) before tax		**50,6**	**137,0**
Tax expenses		(12,1)	(35,6)
Tax rate %		24,0%	26,0%
Net income/(loss)		**38,5**	**101,4**
Eanings/(loss) per share related to continuing operations (in euro per share)		0,04	0,10
Net income/(loss) adjusted		76,3	123,4
Net income attributable to owners of the Parent Company		37,2	97,6

(°) Adjustments refer to non-recurring and restructuring expenses amounting to euro 16.7 million (euro 5.1 million in Q1 2019), expenses relative to the retention plan approved by Board of Directors on 26 February 2018 and amounting to euro 1.9 million (euro 2.3 million in Q1 2019) and COVID-19 direct costs for euro 5.4 million.

(°°) The item includes the impacts deriving from the application of the accounting standard IFRS 16 - Leases to the amount of euro -26.7 million on EBITDA (euro -25.0 million in Q1 2019) and euro - 5.9 million on financial expenses (euro - 6.7 million in Q1 2019).

Pirelli – balance sheet data to March 31, 2020

(in millions of euro)	**03/31/2020**	**12/31/2019**	**03/31/2019**
Fixed assets related to continuing operations	**9.174,9**	**9.469,8**	**9.542,1**
Inventories	1.137,4	1.093,8	1.165,5
Trade receivables	658,6	649,4	858,4
Trade payables	(961,3)	(1.611,5)	(1.142,5)
Operating working capital related to continuing operations	**834,7**	**131,7**	**881,4**
% of net sales (*)	16,5%	2,5%	17,0%
Other receivables/other payables	163,5	81,0	74,1
Net working capital related to continuing operations	**998,2**	**212,7**	**955,5**
% of net sales (*)	19,7%	4,0%	18,4%
Net invested capital held for sale	-	-	0,8
Net invested capital	**10.173,1**	**9.682,5**	**10.498,4**
Equity	**4.590,3**	**4.826,6**	**4.687,9**
Provisions	1.322,1	1.348,7	1.423,2
Net financial (liquidity)/debt position	**4.260,7**	**3.507,2**	**4.387,3**
Equity attributable to owners of the Parent Company	4.493,3	4.724,4	4.603,9
Investments in tangible and intangible assets (CapEx)	56,6	390,5	78,0
Increases in rights of use	22,9	51,2	3,2
Research and development expenses	53,2	232,5	62,6
% of net sales	5,1%	4,4%	4,8%
Research and development expenses - High Value	49,4	215,7	57,3
% of sales High Value	6,7%	6,1%	6,4%
Employees (headcount at end of period)	31.197	31.575	31.697
Industrial sites (number)	19	19	19

(°) during interim periods net sales refer to last twelve months period

Cashflow statement

(in millions of euro)	**1Q**	
	2020	**2019**
EBIT adjusted	141,1	219,2
Amortisation and depreciation (excluding PPA amortisation)	103,1	96,5
Investments in tangible and intangible assets (CapEx)	(56,6)	(78,0)
Increases in rights of use	(22,9)	(3,2)
Change in working capital / other	(861,2)	(836,0)
Operating net cash flow	**(696,5)**	**(601,5)**
Financial income / (expenses)	(32,5)	(48,1)
Taxes paid	(31,4)	(30,1)
Cash Out for non-recurring and restructuring expenses / other	(20,7)	(16,0)
Differences from foreign currency translation / other	27,6	-
Net cash flow before dividends, extraordinary transactions and investments	**(753,5)**	**(695,7)**
(Acquisition) / Disposals of investments	-	(17,2)
Net cash flow before dividends paid by Parent Company	**(753,5)**	**(712,9)**
Dividends paid by Parent Company	-	-
Net cash flow	**(753,5)**	**(712,9)**

ALTERNATIVE PERFORMANCE INDICATORS

This document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), also includes measures derived from the latter even though not provided for by the IFRS (Non-GAAP Measures). These measures are presented in order to allow for a better assessment of the results of the Group's operations and should not be considered as alternatives to those required by the IFRS.

In particular, the Non-GAAP Measures used were as follows:

- **EBITDA:** is equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. The EBITDA is used to measure the ability to generate earnings, excluding the impact arising from investments;
- **EBITDA adjusted:** is an alternative measure to the EBITDA which excludes non-recurring and restructuring expenses, Covid-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBITDA margin:** this is calculated by dividing the EBITDA by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency, excluding the impacts arising from investments;
- **EBITDA margin adjusted:** this is calculated by dividing the EBITDA adjusted by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency, excluding the impacts arising from investments, operating costs attributable to non-recurring and restructuring expenses, Covid-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT:** is an intermediate measure which is derived from the net income/(loss) but which excludes the net income/(loss) from discontinued operations, taxes, financial income, financial expenses, and net income/(loss) from equity investments. The EBIT is used to measure the ability to generate earnings, including the impact arising from investments;
- **EBIT adjusted:** is an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring and restructuring expenses, Covid-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **EBIT margin:** this is calculated by dividing the EBIT by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** this is calculated by dividing the EBIT adjusted by revenues from sales and services (net sales). This measure is used to evaluate operating efficiency excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring and restructuring expenses, Covid-19 direct costs, and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
- **Net income/(loss) adjusted;** this is calculated by excluding the following items from the net income/(loss) related to continuing operations;
    - the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, operating costs attributable to non-recurring and restructuring expenses, Covid-19 direct costs and expenses relative to the retention plan approved by the Board of Directors on February 26, 2018;
    - non-recurring expenses/income recognised under financial income and expenses;
    - non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points.
- **Fixed assets related to continuing operations:** this measure is constituted by the sum of the Financial Statement items, *"Property, plant and equipment", "Intangible assets", "Investments in Associates and Joint Ventures", "Other financial assets at fair value through other Comprehensive Income"* and *"Other financial assets at fair value through the Income Statement".* Fixed assets related to continuing operations represents non-current assets included in the net invested capital;
- **Operating working capital related to continuing operations:** this measure is constituted by the sum of the items, *"Inventories", "Trade receivables"* and *"Trade payables";*
- **Net working capital related to continuing operations:** this measure is constituted by the operating working capital, and other receivables and payables, and the derivative financial instruments not included in the net financial (liquidity)/debt position. This measure represents short-term assets and liabilities included in the net invested capital, and is used to measure short-term financial stability;
- **Net invested capital assets held for sale:** this measure is constituted by the difference between *"Assets held for sale"* and *"Liabilities held for sale"*;
- **Net invested capital:** this measure is constituted by the sum of (i) fixed assets related to continuing operations, (ii) net working capital related to continuing operations, and (iii) net invested capital assets held for sale. Net invested capital is used to represent the investment of financial resources;
- **Provisions:** this measure is constituted by the sum of *"Provisions for liabilities and charges (current and non-current)", "Employee benefit obligations (current and non-current)"* and *"Provisions for deferred taxes".* The item provisions, represents the total amount of liabilities due to obligations of a probable but not certain nature;
- **Net financial debt:** this is calculated pursuant to the CONSOB Notice dated July 28, 2006, and in compliance with ESMA/2013/319 Recommendations. Net financial debt represents, borrowings from banks and other financial institutions net of cash and cash equivalents, other financial assets at fair value through the Income Statement, current financial receivables (included in the Financial Statements under "*Other receivables*") and, current derivative financial instruments included in the net financial (liquidity)/debt position (included in the Financial Statements under current assets as "*Derivative financial instruments*");

- **Net financial (liquidity)/debt position:** this measure represents the net financial debt less the "*Non-current financial receivables*" (included in the Financial Statements under "*Other receivables*"), and non-current derivative financial instruments included in the net financial (liquidity)/debt position (included in the Financial Statements under non-current assets as "*Derivative financial instruments*"). Total net financial (liquidity)/debt position is an alternative measure to net financial debt which includes non-current financial assets;
- **Operating net cash flow:** this is calculated as the change in the net financial (liquidity)/debt position relative to operations management;
- **Net cash flow before dividends and extraordinary transactions and investments:** this is calculated by adding the change in the net financial (liquidity)/debt position due to financial and tax management, to the operating net cash flow;
- **Net cash flow before dividends paid by the Parent company:** this is calculated by adding the change in the net financial (liquidity)/debt position due to extraordinary transactions and the management of investments, to net cash flow before dividends and extraordinary transactions/investments;
- **Net cash flow:** this is calculated by adding the change in the net financial (liquidity)/debt position due to the payment of dividends by Parent company, to the net cash flow before dividends paid by Parent company;
- **Investments in tangible and intangible assets (CapEx):** this is calculated as the sum of investments (increases) in intangible assets, and investments (increases) in property, plant and equipment excluding any increases relative to the rights of use;
- **Increases in rights of use:** this is calculated as the increases relative to the rights of use detected during the application of the accounting standard IFRS 16 – Leases.

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