

### **Free Cash Flow (Capital Markets Day definition)**

Free cash flow is a non-GAAP financial performance indicator which is reviewed by our management, and which we believe provides useful information to measure the net cash generated from the Company's operations that is available for strategic investments<sup>1</sup> (net of divestments<sup>1</sup>), for debt repayment, and for capital return to shareholders. Free cash flow is determined from the Business Net Income adjusted for depreciation, amortization and impairment, share of profit/loss in associates and joint ventures net of dividends received, gains & losses on disposals, net change in provisions including pensions and other post-employment benefits, deferred taxes, share-based expense and other non-cash items. It comprises net changes in working capital, capital expenditures and other asset acquisitions<sup>2</sup> net of disposal proceeds<sup>2</sup>, and payments related to restructuring and similar items. Free cash flow is not defined by IFRS and it is not a substitute measure for the IFRS aggregate net cash flows in operating activities. <sup>1</sup>Amount of the transaction above €500 million; <sup>2</sup>Not exceeding €500 million

### **Reconciliation of Free cash flow before restructuring as disclosed in Appendix 5 in the Q4 2018 Press Release and the Free cash flow (CMD - Capital Markets Day definition)**

<i>In Millions €</i>	<i>FY 2018.12</i>
<b>Net cash provided by/(used in) operating activities as per 2018 consolidated financial statements</b>	<b>5 547</b>
<i>Acquisition of PP&amp;E and software (capex)</i>	<i>-1 674</i>
<i>Restructuring costs</i>	<i>894</i>
<i>Others</i>	<i>294</i>
<b>Free cash flow before restructuring as disclosed in Appendix 5 in the full-year 2018 press release</b>	<b>5 061</b>
<i>Restructuring and Operational Excellence</i>	<i>-894</i>
<i>Acquisitions of intangibles and investments <sup>(1)</sup></i>	<i>-635</i>
<i>Proceeds from disposals net of taxes <sup>(1)</sup></i>	<i>522</i>
<b>Free cash flow (Capital Markets Day Definition)</b>	<b>4 054</b>

<sup>(1)</sup> Transactions up to 500 millions €