Saipem: Results for the first half of 2017

San Donato Milanese, July 25, 2017 - The Board of Directors of Saipem S.p.A., chaired by Paolo Andrea Colombo, yesterday approved the Saipem Group's consolidated Six-Month Report at June 30, 2017[1].

Highlights

- Solid operational performance
- Reported results impacted by special items
- Net financial debt in line with expectations
- Backlog declining; good visibility for significant new contracts
- Additional measures to contain costs
- Updated guidance for 2017

Results for the first half of 2017:

- Revenues: €4,590 million (€5,275 million in the first half of 2016), of which €2,327million in the second quarter
- Adjusted EBITDA: €524 million (€669 million in the first half of 2016), of which €268 million in the second quarter
- Adjusted operating profit (EBIT): €260 million (€324 million in the first half of 2016), of which 138 in the second quarter
- Operating profit (EBIT): €124 million (€237 million in the first half of 2016), of which €12 million in the second quarter
- Adjusted net profit: €92 million (€140 million in the first half of 2016), of which €38 million in the second quarter
- Net profit: - €110 million (€53 million in the first half of 2016), of which - €157 million in the second quarter
- Capital expenditure: €147 million (€97 million in the first half of 2016), of which €64 million in the second quarter
- Net debt at June 30, 2017: €1,504 million (€1,450 million at December 31, 2016)
- New contracts: €2,088 million (€3,328 million in the first half of 2016)
- Backlog: €11,717 million (14,219 million at 31 December 2016)

Updated guidance for 2017

- Revenues: ~ €9.5 billion
- EBITDA: ~ €1 billion
- Adjusted net profit: ~ €200 million
- Capital expenditure: < €400 million
- Net debt: ~ €1.4 billion

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[1] *The Six-month Report has been prepared in compliance with the International Accounting Standard IAS 34 "Interim Financial Reporting" and is subject to a limited audit (near completion). The report is subject to review by the Company's Statutory Auditors and Independent Auditors.*

Stefano Cao, Saipem CEO, commented:

In the first half of 2017, Saipem's performance was solid from both an operational and management point of view. The rationalization and strengthening of the newly implemented organizational model continued and should lead to greater efficiency and effectiveness, as well as to a further reduction in operational costs. With these actions Saipem will be better positioned to meet the market upturn. Despite the persistence of a difficult market context, the Company has good visibility for significant order acquisitions in the near future.

Financial highlights

(million €)

Q2 2016	Q1 2017*	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016	1H 2017	1H 2017 vs 1H 2016 (%)
2,435	2,263	2,327	(4,4)	Revenues	5,275	4,590	(13.0)
355	256	268	(24,5)	Adjusted EBITDA	669	524	(21.7)
182	122	138	(24,2)	Adjusted operating profit	324	260	(19.8)
95	112	12	(87.4)	Operating profit	237	124	(47.7)
79	54	38	(51.9)	Adjusted net profit	140	92	(34.3)
(8)	47	(157)	ns	Net profit	53	(110)	ns
252	188	168	(33.3)	Adjusted Cash flow (adjusted net profit + depreciation and amortization)	485	356	(26.6)
182	(161)	75	(58.8)	Free Cash flow	94	(86)	ns
1,940	1,605	1,504	(22,5)	Net financial position	1,940	1,504	(22.5)
52	83	64	23,1	Capital expenditure	97	147	51.5
2,303	509	1,579	(31,4)	New contracts	3,328	2,088	(37.3)

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.

Reorganization: impact on reporting

From May 1, 2017 Saipem has a new organizational structure comprising 5 divisions (Onshore Engineering & Construction, Offshore Engineering & Construction, Onshore Drilling, Offshore Drilling, and High Value Services). Results are stated as per the new organization. The main difference concerns the Floaters line of business, previously included under Offshore Engineering & Construction but now included in Onshore Engineering & Construction. Floaters results are temporarily shown separately for ease of understanding; the new Onshore Engineering & Construction division is obtained by summing Floaters and Onshore Engineering & Construction.
The High Value Services division is not stated separately because it is still in the start-up phase.
Results for previous periods have been restated accordingly.

Business update for the first half of 2017

Revenues amounted to €4,590 million, a decrease of 13% compared to the first half of 2016, due to a contraction in Offshore E&C, Floaters and Drilling sectors.

Adjusted EBITDA for the first half of 2017 amounted to €524 million (€669 million in the first half of 2016), with decreases in Offshore Drilling, due mainly to the fleet having fewer contractual commitments, in Onshore Drilling, affected by reduced activities in South America, and in Offshore E&C due to a reduction in volumes.

Adjusted net profit for the first half of 2017 amounted to €92 million, compared to €140 million in the first half of 2016.
Reported net profit amounted to - €110 million (€53 million in the first half of 2016), which, unlike adjusted net profit, includes the following special items:

- the write-down of the semi-submersible rig Scarabeo 5 and associated inventory amounting to €44 million, due to changes in the future prospect utilization of the vessel;
- write-downs of tangible assets resulting from the impairment test, amounting to €53 million, due mainly to an increase of the discount rate used from 7.2% to 7.8%;
- reorganization expenses of €26 million (net of the tax effect);
- impact of tax dispute settlements of €79 million, as per press release dated May 26, 2017.

Capital expenditure in the first half of 2017 amounted to €147 million (€97 million in the first half of 2016), broken down as follows:

- €41 million in Offshore Engineering & Construction;
- €2 million in Onshore Engineering & Construction;
- €63 million in Offshore Drilling;
- €41 million in Onshore Drilling.

Net financial debt at June 30, 2017 amounted to €1,504 million, a €54 million increase on December 31, 2016 (€1,450 million), and a decrease of €101 million on March 31, 2017.

Backlog
In the first half of 2017, Saipem was awarded contracts amounting to €2,088 million (€3,328 million in the first half of 2016). Saipem's backlog at June 30, 2017 stood at €11,717 million (€4,513 million in Offshore E&C, €3,232 million in Onshore E&C, €1,788 million in Floaters, €1,013 million in Onshore Drilling and €1,171 million in Offshore Drilling), of which €3,777 million is due to be realized in 2017.

EBIT adjusted – EBIT reported reconciliation

(million €)

	Offshore E&C	Onshore E&C	Floaters	Offshore Drilling	Onshore Drilling	Total	
Adjusted EBIT	**188**	**34**	**(45)**	**96**	**(13)**	**260**	
Impairment/ write-downs of tangible assets	-	-	22	63	-	85	
Inventory write-downs	-	-	-	12	-	12	(a)
Reorganization expenses	16	11	9	1	2	39	(a)
Total write-downs	(16)	(11)	(31)	(76)	(2)	(136)	
Reported EBIT	**172**	**23**	**(76)**	**20**	**(15)**	**124**	

(a) total 51 million: reconciliation of **EBITDA adjusted** of €524 million compared to **EBITDA reported** of €473 million

Management outlook for 2017

The market in which the Company operates is still challenging, particularly in the offshore sectors. Awards of new contracts were limited in the second quarter, and despite good visibility in the short term, the contribution in 2017 will be limited. Hence, the revenue guidance for 2017 shall move from €10 billion to around €9.5 billion.
However, good operating performance, particularly in the Offshore E&C sector, will enable the Company to keep the EBITDA guidance unchanged.

Adjusted net profit is estimated at approximately €200 million, compared to the previous estimate of approximately €230 million, due to increased financial expenses. This item does not include special items, i.e. asset write-downs, also deriving from the impairment test, reorganization expenses, and tax expenses settled in May 2017, amounting to €202 million in the first half of 2017.

Capital expenditure is estimated as less than €400 million, thanks to the reduction measures undertaken.

The positive trend of net debt in the first half of 2017 strengthens expectations to achieve the year-end guidance, which is confirmed at approximately €1.4 billion.

Stock incentive plan

The Board of Directors, at the proposal of the Compensation and Nomination Committee, voted to carry out the 2017 implementation of the 2016-2018 Long-Term Stock Incentive Plan ("Plan") approved by the Shareholders' Meeting on April 29, 2016. The Board of Directors set at 7,841,200 the total number of treasury shares required to implement the Plan and vested the CEO with the task of identifying the beneficiaries of the 2017 allocation. The Shareholders' Meeting on April 28, 2017 approved the allocation of up to 84,000,000 treasury shares to the Plan, subject to the effects of the reverse stock split.

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This press release should be read in conjunction with the condensed interim consolidated financial statements at June 30, 2016 and the statutory and consolidated financial statements at December 31, 2016 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 Planning, Administration and Control Officer, Mr. Mariano Avanzi, in his capacity as manager responsible for the preparation of the Company's financial reports, certifies, pursuant to article 154-bis paragraph 2 of Legislative Decree no. 58/1998, that accounting data corresponds to the Company's documents and accounting books and entries.

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should, or are considered likely to, occur in the future and are outside of the Company's control. These include, but are not limited to: monetary exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the level of capital expenditure in the oil and gas industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions. Actual results could therefore differ materially from the forward-looking statements. The financial reports contain in-depth analyses of some of the aforementioned risks. Forward-looking statements are to be considered in the context of the date of their release.

Conference call and webcast

The results contained in this press release will be illustrated in a conference call and webcast which will be hosted by CEO Stefano Cao today at 9.00 pm CEST (8.00 am BST, 3.00 am EDT, 00.00 am PDT). The conference call can be followed on Saipem's website www.saipem.com by clicking on the "webcast banner" on the home page, or through the following URL: http://edge.media-server.com/m/p/ompr8ska

During the conference call and webcast, a presentation will be given which will be available for download from the webcast window and from the "Investor Relations/Financial Information" 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 S.p.A (www.borsaitaliana.it).

Saipem is one of the world leaders in drilling services, as well as in the engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the oil & gas market. The company has distinctive competences in operations in harsh environments, remote areas and deepwater. Saipem provides a full range of services with "EPC" and "EPCI" contracts (on a "turn-key" basis) and has distinctive capabilities and unique assets with a high technological content.

Website : www.saipem.com
Switchboard: +39 0244231

Media relations
Tel: +39 0244234088; E-mail: media.relations@saipem.com

Brunswick Group Italy press office
Tel: + 39 0292886200; **E-mail:** SAIPEMITALY@BrunswickGroup.com

Brunswick Group UK press office
Tel.: + 44 020 7404 5959; E-mail: SAIPEM@BrunswickGroup.com

Relations with institutional investors and financial analysts
Tel: +39 0244234653; Fax: +39 0244254295; E-mail: investor.relations@saipem.com

Contact point for retail investors
E-mail: segreteria.societaria@saipem.com

Analysis by business sector - Adjusted results:

Engineering & Construction: Offshore

(million €)

Q2 2016*	Q1 2017*	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016*	1H 2017*	1H 2017 vs 1H 2016 (%)
1,311	975	1,045	(20,3)	Revenues	2,534	2,020	(20,3)
(1,077)	(870)	(874)	(18.8)	Expenses	(2,216)	(1,744)	(21.3)
234	105	171	(26.9)	Adjusted EBITDA	318	276	(13.2)
(51)	(44)	(44)	(13.7)	Depreciation	(101)	(88)	(12.9)
183	61	127	(30.6)	Adjusted operating profit	217	188	(13.4)
17.8	10.8	16.4		Adjusted EBITDA %	12.5	13.7	
14.0	6.3	12.2		Adjusted EBIT %	8.6	9.3	
1,791	320	1,025		New contracts	2,145	1,345	

* Results from previous periods have been stated in accordance with the new organizational structure

Backlog at June 30, 2017: €4,513 million, of which €1,604 million to be realized in 2017.

- Revenues for the first half of 2017 amounted to €2,020 million, down by 20.3% compared to the first half of 2016. This was mainly attributable to lower volumes recorded in Kazakhstan and Central South America, which were partly offset by higher volumes registered in North Africa.

- Adjusted EBITDA for the first half of 2017 amounted to €276 million, equal to 13.7% of revenues, compared to €318 million, equal to 12.5% of revenues, in the first half of 2016. The increase is due mainly to higher operational efficiency and reduced vessel idle time.

- The most significant awards of the second quarter 2017 include:
  - on behalf of ExxonMobil, an EPCI contract comprising engineering, procurement, construction, and installation of risers, flow lines and associated structures and jumpers for the development of the Liza field, located 120 miles offshore Guyana at a depth of 1,800 meters. The award also includes transportation and installation of umbilicals, manifolds, and associated foundations for the production, and water and gas injection systems;
  - on behalf of BP, a contract in the North Sea for the decommissioning of topsides and jackets of the Miller platform;
  - on behalf of Saudi Aramco, a contract in Saudi Arabia, as part of the current Long-Term Agreement, renewed in 2015 until 2021. The scope of work comprises the design, engineering, procurement, construction and installation of a total of 19 jackets for the development of fields in Marjan, Zuluf, Berri, Hasbah, and Safaniya in the region of the Arabian Gulf.

Floaters

(million €)

Q2 2016*	Q1 2017*	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016*	1H 2017*	1H 2017 vs 1H 2016 (%)
149	227	111	(25.5)	Revenues	531	338	(36.3)
(182)	(207)	(143)	(21.4)	Expenses	(521)	(350)	(32.8)
(33)	20	(32)	(3.0)	Adjusted EBITDA	10	(12)	ns
(13)	(19)	(14)	7.7	Depreciation	(24)	(33)	37.5
(46)	1	(46)	-	Adjusted operating profit	(14)	(45)	ns
-22.1	8.8	-28.8		Adjusted EBITDA %	1.9	-3.6	
-30.9	0.4	-41.4		Adjusted EBIT %	-2.6	-13.3	
6	32	134		New contracts	7	166	

* Results from previous periods have been stated in accordance with the new organizational structure

Backlog at June 30, 2017: €1,788 million, of which €388 million to be realized in 2017.

- Revenues for the first half of 2017 amounted to €338 million, down by 36.3% compared to the first half of 2016, due mainly to lower volumes recorded in West Africa.

- Adjusted EBITDA for the first half of 2017 amounted to -€12 million, compared to €10 million in the first half of 2016. This decrease is due mainly to a project in West Africa, which recorded an increase in construction costs deriving from an additional acceleration program.

- The most significant award of the second quarter 2017 concerns the three-year extension plus one optional year to the lease contract for the vessel FPSO Gimboa in Angola on behalf of Sonangol P&P. The contract also includes management and maintenance services, personnel, material and consumable supplies.

Engineering & Construction: Onshore

(million €)

Q2 2016*	Q1 2017*	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016*	1H 2017*	1H 2017 vs 1H 2016 (%)
600	775	887	47.8	Revenues	1,433	1,662	16.0
(601)	(751)	(862)	43.4	Expenses	(1,412)	(1,613)	14.2
(1)	24	25	ns	Adjusted EBITDA	21	49	ns
(8)	(8)	(7)	(12.5)	Depreciation	(19)	(15)	(21.1)
(9)	16	18	ns	Adjusted operating profit	2	34	ns
-0.2	3.1	2.8		Adjusted EBITDA %	1.5	2.9	
-1.5	2.1	2.0		Adjusted EBIT %	0.1	2.0	
344	85	193		New contracts	996	278	

* Results from previous periods have been stated in accordance with the new organizational structure

Backlog at June 30, 2017: €3,232 million, of which €1,281 million to be realized in 2017.

- Revenues for the first half of 2017 amounted to €1,662 million, up by 16% compared to the first half of 2016, due mainly to greater volumes recorded in the Middle and Far East and in Kazakhstan, partly offset by lower volumes recorded in the Americas.

- Adjusted EBITDA for the first half of 2017 amounted to €49 million, equal to 2.9% of revenues, compared to €21 million, equal to 1.5% of revenues, in the first half of 2016.

Drilling: Offshore

(million €)

Q2 2016	Q1 2017	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016	1H 2017	1H 2017 vs 1H 2016 (%)
244	162	161	(34.0)	Revenues	487	323	(33.7)
(125)	(86)	(80)	(36.0)	Expenses	(250)	(166)	(33.6)
119	76	81	(31.9)	Adjusted EBITDA	237	157	(33.8)
(56)	(30)	(31)	(44.6)	Depreciation	(111)	(61)	(45.0)
63	46	50	(20.6)	Adjusted operating profit	126	96	(23.8)
48.8	46.9	50.3		Adjusted EBITDA %	48.7	48.6	
25.8	28.4	31.1		Adjusted EBIT %	25.9	29.7	
63	34	219		New contracts	63	253	

Backlog at June 30, 2017: €1,171 million, of which €276 million to be realized in 2017.

- Revenues for the first half of 2017 amounted to €323 million, representing a 33.7% decrease compared to the first half of 2016, mainly attributable to reduced revenues from the semi-submersible rig Scarabeo 9, which underwent class reinstatement works in the first quarter, and from the semi-submersible rig Scarabeo 7, which was temporarily contracted out at stand-by rate, as well as the non-contributions during the period from the jack-ups Perro Negro 2 and Perro Negro 3, which are currently not under contract and were fully written-down as of December 31, 2016. The decrease in revenues was in small part offset by increased revenues from the full-scale operations of the jack-up Perro Negro 5, which had undergone upgrading works in the first quarter of 2016.

- Adjusted EBITDA for the first half of 2017 amounted to €157 million, compared to €237 million in first half of 2016, with a margin on revenues of 48.6%, in line with the first half of 2016.

- The most significant awards of the second quarter 2017 include:
  - on behalf of Eni, a contract for offshore drilling activities in Mozambique, of 15 months' duration commencing mid-2019 and utilizing the drillship Saipem 12000;
  - on behalf of Eni, a contract for the drilling of two wells offshore Cyprus to be carried out by the drillship Saipem 12000 from the fourth quarter of 2017;
  - a contract for the drilling of one well, plus an optional one, in the Black Sea to be carried out by the semi-submersible rig Scarabeo 9.

Vessel utilization in the first half of 2017 and the impact of programmed maintenance and idle days in 2017 are as follows:

Vessel	***1H 2017***			***year 2017***	
	Under contract	***idle***		***idle***	
	(days)			***(days)***	
Semi-submersible rig Scarabeo 5	178	3	(b)	169	(b+c)
Semi-submersible rig Scarabeo 6	-	181	(c)	365	(c)
Semi-submersible rig Scarabeo 7	181	-		–	
Semi-submersible rig Scarabeo 8	181	-		41	(c)
Semi-submersible rig Scarabeo 9	91	90	(a)	90	(a)
Drillship Saipem 10000	181	-		–	
Drillship Saipem 12000	181	–		-	
Jack up Perro Negro 2	12	169	(c)	353	(c)
Jack up Perro Negro 3	-	181	(c)	365	(c)
Jack up Perro Negro 4	34	147	(a+b)	147	(a+b)
Jack up Perro Negro 5	181	-		–	
Jack up Perro Negro 7	181	–		10	(b)
Jack up Perro Negro 8	102	79	(c)	263	(c)
Tender Assisted Drilling Barge	154	27	(a)	27	(a)

(a) = the vessel underwent/shall undergo class reinstatement works and/or preparation works for a new contract.
(b) = the vessel underwent maintenance works to address technical problems.
(c) = the vessel was not/will not be under contract.

Drilling: Onshore

(million €)

Q2 2016	Q1 2017	Q2 2017	Q2 2017 vs Q2 2016 (%)		1H 2016	1H 2017	1H 2017 vs 1H 2016 (%)
131	124	123	(6.1)	Revenues	290	247	(14.8)
(95)	(93)	(100)	5.3	Expenses	(207)	(193)	(6.8)
36	31	23	(36.1)	Adjusted EBITDA	83	54	(34.9)
(45)	(33)	(34)	(24.4)	Depreciation	(90)	(67)	(25.6)
(9)	(2)	(11)	22.2	Adjusted operating profit	(7)	(13)	85.7
27.5	25.0	18.7		Adjusted EBITDA %	28.6	21.9	
-6.9	-1.6	-8.9		Adjusted EBIT %	-2.4	-5.3	
99	38	8		New contracts	117	46	

Backlog at June 30, 2017: €1,013 million, of which €228 million to be realized in 2017.

- Revenues for the first half of 2017 amounted to €247 million, a 14.8% decrease on the first half of 2016, due mainly to reduced volumes recorded in South America.

- Adjusted EBITDA for the first half of 2017 amounted to €54 million, equal to 21.9% of revenues, compared to €83 million, equal to 28.6% of revenues in the first half of 2016, due to reduced activities from rigs in South America as well as start-up costs from new projects in Kuwait and Argentina.

Average utilization of rigs in the first half of 2017 was 57.2% (70.4% in the first half of 2016). As of June 30, 2017, Company-owned rigs amounted to 101 (5 onshore rigs installed on offshore platforms were reclassified into the Offshore Drilling division), located as follows: 28 in Saudi Arabia, 26 in Venezuela, 23 in Peru, 4 in Bolivia, 4 in Colombia, 4 in Ecuador, 4 in Kazakhstan, 2 in Kuwait, 2 in Argentina, 1 in Chile, 1 in Congo, 1 in Italy and 1 in Morocco.
In addition, 1 third-party unit was used in Congo.

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 €)

	December 31, 2016	June 30, 2017
Net tangible assets	5,192	4,902
Intangible assets	755	753
	5,947	5,655
Investments	147	148
Non-current assets	**6,094**	**5,803**
Net current assets	**447**	**752**
Provision for employee benefits	**(206)**	**(206)**
Assets (liabilities) available for sale	-	-
CAPITAL EMPLOYED, NET	**6,335**	**6,349**
Shareholder's equity	**4,866**	**4,817**
Non-controlling interests	**19**	**28**
Net debt	**1,450**	**1,504**
FUNDING	**6,335**	**6,349**
Leverage (net borrowings/shareholders' equity including minority interest)	**0.30**	**0.31**
SHARES ISSUED AND OUTSTANDING	**10,109,774,396**	**1,010,977,439***

* following the reverse split operation on May 22, 2017

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million €)

Q2 2016	Q1 2017	Q2 2017		1H 2016	1H 2017
2,435	2,263	2,327	Net sales from operations	5,275	4,590
2	-	2	Other income and revenues	2	2
(1,690)	(1,592)	(1,673)	Purchases, services and other costs	(3,746)	(3,265)
(479)	(425)	(429)	Payroll and related costs	(949)	(854)
268	**246**	**227**	**GROSS OPERATING PROFIT**	**582**	**473**
(173)	(134)	(215)	Depreciation, amortization and impairment	(345)	(349)
95	**112**	**12**	**OPERATING PROFIT**	**237**	**124**
(35)	(41)	(74)	Finance expense	(70)	(115)
6	1	1	Income from investments	9	2
66	**72**	(61)	**PROFIT BEFORE TAXES**	**176**	11
(73)	(21)	(89)	Income taxes	(120)	(110)
(7)	**51**	**(150)**	**PROFIT BEFORE NON-CONTROLLING INTERESTS**	**56**	**(99)**
(1)	(4)	(7)	Net profit attributable to non-controlling interests	(3)	(11)
(8)	**47**	**(157)**	**NET PROFIT**	**53**	**(110)**
165	**181**	**58**	**CASH FLOW (net profit + depreciation and amortization)**	**398**	**239**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million €)

Q2 2016	Q1 2017	Q2 2017		1H 2016	1H 2017
2,435	2,263	2,327	Net sales from operations	5,275	4,590
(2,152)	(2,018)	(2,172)	Production costs	(4,707)	(4,190)
(95)	(49)	(50)	Idle costs	(153)	(99)
(29)	(29)	(31)	Selling expenses	(58)	(60)
(3)	(5)	(6)	Research and development expenses	(7)	(11)
(14)	(3)	(9)	Other operating income (expenses), net	(18)	(12)
142	**159**	**59**	**CONTRIBUTION FROM OPERATIONS**	**332**	**218**
(47)	(47)	(47)	General and administrative expenses	(95)	(94)
95	**112**	**12**	**OPERATING PROFIT**	**237**	**124**
(35)	(41)	(74)	Finance expense	(70)	(115)
6	1	1	Income from investments	9	2
66	**72**	**(61)**	**PROFIT BEFORE TAXES**	**176**	**11**
(73)	(21)	(89)	Income taxes	(120)	(110)
(7)	**51**	**(150)**	**PROFIT BEFORE NON-CONTROLLING INTERESTS**	**56**	**(99)**
(1)	(4)	(7)	Net profit attributable to non-controlling interests	(3)	(11)
(8)	**47**	**(157)**	**NET PROFIT**	**53**	**(110)**
165	**181**	**58**	**CASH FLOW (net profit + depreciation and amortization)**	**398**	**239**

RECLASSIFIED CASH FLOW STATEMENT

(million €)

Q2 2016	Q1 2017	Q2 2017		1H 2016	1H 2017
(8)	47	(157)	Net profit (loss) for the period	53	(110)
1	4	7	Non-controlling interest	3	11
			Adjustments to reconcile cash generated from operating profit before changes in working capital:		
189	105	257	Depreciation, amortization and other non-monetary items	307	362
48	(239)	39	Changes in working capital related to operations	(176)	(200)
230	**(83)**	**146**	**Net cash flow from operations**	**187**	**63**
(52)	(83)	(64)	Capital expenditure	(97)	(147)
–	-	(9)	Investments and purchase of consolidated subsidiaries and businesses	–	(9)
4	5	2	Disposals	4	7
182	**(161)**	**75**	**Free cash flow**	**94**	**(86)**
–	-	-	Buy-back of treasury shares/Exercise of stock options	–	-
(1)	-	(2)	Share capital increase net of expenses	3,435	(2)
–	-	-	Cash flow from capital and reserves	–	-
(81)	6	28	Exchange differences on net borrowings and other changes	(79)	34
100	**(155)**	**101**	**Change in net borrowings**	**3,450**	**(54)**
2,040	**1,450**	**1,605**	**Net borrowings at beginning of period**	**5,390**	**1,450**
1,940	**1,605**	**1,504**	**Net borrowings at end of period**	**1,940**	**1,504**