



Saipem Board approves 2015 preliminary consolidated results

- FY 2015 in line with the guidance communicated with the half-yearly report
- Q4 2015 results improved
- 2016 guidance confirmed

San Donato Milanese, February 24, 2015 - The Board of Directors of Saipem S.p.A., chaired by Paolo Andrea Colombo, today reviewed the Saipem Group preliminary consolidated results as at December 31, 2015¹ which have been prepared in compliance with the International Financial Reporting Standards (EU approved IFRS).

Stefano Cao, Saipem CEO, commented:

"In Q4 2015, operating margins were around 6% thanks to the performance of the E&C Offshore division and the break-even of E&C Onshore. Our efficiency programme has also supported the company's profitability over the period.

Against the backdrop of the current challenging market conditions, we have worked to strengthen our balance sheet through the share capital increase and debt refinancing which we have recently completed. From now on, Saipem will benefit from a financial position that is robust and appropriate to this stage in the commodity cycle.

The combination of our strong and diversified portfolio, the projects in our backlog, the further cost savings that we have identified and our strengthened financial position allows us to confirm our guidance for 2016."

Key highlights

Q4 2015:

- Revenues: €3,062 million (€3,398 million in Q4 2014)
- Adjusted EBIT²: €182 million (€22 million in Q4 2014)
- EBIT: €188 million (-€388 million in Q4 2014)
- Net result: €60 million (-€442 million Q4 2014)
- New contracts: €1,158 million

¹ Unaudited

² Adjusted EBIT does not include non-monetary assets write-downs (logistic bases and vessels).

2015:

- Revenues: €11,507 million (€12,873 million in 2014)
- Adjusted EBIT: -€254 million (+€465 million in 2014), including the impact of write-downs of €718 million of working capital items in Q2 2015.
- EBIT: -€452 million (€55 million in 2014), including the impact of €916 million of total write-downs between working capital and non-current assets in Q2 2015.
- Net result: -€806 million (-€230 million in 2014)
- Capital expenditure: €561 million (€694 million in 2014)
- New contracts: €6,515 million
- Backlog: €15,846³ million at December 31, 2015
- Net debt as at December 31, 2015: €5,390 million (€5,736 million as at September 30, 2015; €4,424 million as at December 31, 2014).

Guidance 2016

- Revenues: > €11 billion
- EBIT: > €600 million
- Net profit: ~€300 million
- Capital expenditure: ~€500 million
- Net debt: < €1.5 billion

³ Cancelled from the backlog: €1,232 million from the South Stream contract, €53 million from the lease contract for the drillship Saipem 12000 and €24 million from the lease contract for the semi-submersible rig Scarabeo 5

Results for 2015

(€ million)

Q4 2014	Q3 2015	Q4 2015	4Q 2015 vs 4Q 2014 (%)		2014	2015	2015 vs 2014 (%)
3,398	3,072	3,062	(9.9)	Revenues	12,873	11,507	(10.6)
220	321	384	74.5	EBITDA	1,212	508	(58.1)
(388)	150	188	ns	Operating result	55	(452)	ns
22	143	182	ns	Adjusted operating result	465	(254)	ns
(442)	54	60	ns	Net result	(230)	(806)	ns
(32)	47	54	ns	Adjusted net profit	180	(608)	ns
166	225	256	54	Cash flow (net result + depreciation and amortisation)	927	154	(83.4)
219	139	154	(29.7)	Capital expenditure	694	561	(19.2)
2,983	1,857	1,158	(61.2)	New contracts	17,971	6,515	(63.7)

Revenues and associated profit levels, particularly in the Engineering and Construction sector, and, to a lesser extent, in the Drilling sector, are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules. Consequently, the results from any one particular fiscal period can vary significantly, thereby precluding a direct comparison with the same period in other fiscal years or extrapolation of figures from a single quarter to the entire year.

Given the uncertain macroeconomic outlook, the Board of Directors resolved to propose to the Annual Shareholders' Meeting, due to be convened on April 29, 2016, to forego the distribution of a dividend for the financial year 2015.

Summary of write-downs and pre-write down underlying results

	2015 reported results	impact of non- current asset write-downs	2015 adjusted results	impact of net current asset write-downs	2015 underlying results	Delta
Revenues	11,507	-	11,507	536	12,043	536
Expenses	(10,999)	-	(10,999)	182	(10,817)	182
Depreciation	(960)	198	(762)	-	(762)	198
Operating result	(452)	198	(254)	718	464	916
EBITDA	508	-	508	718	1,226	718

	2014 reported results	impact of non- current asset write-downs	2014 adjusted results	impact of net current asset write-downs	2014 underlying results	Delta
Revenues	12,873	-	12,873	130	13,003	130
Expenses	(11,661)	-	(11,661)	-	(11,661)	-
Depreciation	(1,157)	410	(747)	-	(747)	410
Operating result	55	410	465	130	595	540
EBITDA	1,212	-	1,212	130	1,342	130

Business update for 2015

In 2015, Saipem faced a challenging market and in response launched an important programme to optimise operating and capital costs, a conservative re-assessment of the value of the assets on its balance sheet, and raised €3.5 billion of new equity to strengthen the Company's financial situation.

Thanks to the decisive actions taken during the year, and to the gradual completion of low margin legacy contracts in the Onshore E&C sector, Saipem produced **EBIT of €188 million** in the fourth quarter. This supported the achievement of 2015 full-year results in line with the guidance announced to the market in the half-yearly report.

Indeed, including the impact of the write-downs of working capital and non-current assets in Q2 2015, which totalled **€916 million**, reported EBIT for the full-year 2015 amounted to -€452 million (*guidance approx. -€450 million*), while reported net profits amounted to -€806 million (*guidance approx. -€800 million*).

Saipem's operating profit was supported by cost savings which had a **positive impact of €150 million on the Group's EBIT in 2015**. These included the reduction of the company's presence in several countries, the rationalisation of engineering and fabrication capacity, the reduction of corporate costs and the scrapping of some obsolete and unprofitable vessels.

The actions taken to face the negative oil price scenario also led to a significant reduction in **capital expenditure** in 2015, which amounted to €561 million (-19% compared to €694 million in 2014). The share of capital expenditure attributable to Q4 2015 was €154 million (€219 million in Q4 2014), and included:

- €48 million in the Offshore Engineering & Construction sector, mainly related to the maintenance and upgrading of the existing asset base;
- €14 million in the Onshore Engineering & Construction sector relating to the purchase of equipment and the maintenance of existing assets;
- €62 million in the Offshore Drilling sector, relating mainly to class reinstatement works on the drillship Saipem 10000 and on the drilling jack-up Perro Negro 5, as well as maintenance and upgrading of the existing asset base;
- €30 million in the Onshore Drilling sector, relating to upgrading of the existing asset base.

Net financial debt at December 31, 2015 amounted to €5,390 million, representing a slight improvement compared to the guidance announced to the market. The figure includes the temporary negative impact of maturing forex derivatives amounting to €487 million related to the revaluation of the American dollar compared to 2014. Working capital showed a deterioration due to the non-collection of change orders and claims under negotiation, and the delays in the receipt of payments, in particular regarding activities in South America and the South Stream project which was terminated for convenience by the client.

Backlog

In 2015 Saipem acquired new contracts totalling €6,515 million, of which €1,158 million in Q4 (€2,983 million in Q4 2014), thanks to the award of important projects such as Karan in Saudi Arabia and East Hub in Angola. Saipem's backlog at December 31, 2015 stood at €15,846 million (€7,518 million in the Offshore Engineering & Construction sector, €5,301 million in the Onshore Engineering & Construction sector and €3,027 million in the Drilling sectors), of which €8,099

million is due to be realised in 2016. The total amount includes the effects of the cancellations of residual parts of the South Stream contract amounting to €1,232 million and the lease contract for the drillship Saipem 12000 amounting to €53 million, following notification of the termination for convenience from both parties (South Stream BV and Total), and the suspension of the lease contract for the semi-submersible drilling rig Scarabeo 5 which amounts to €24 million (by the client Statoil).

2016 Guidance

For 2016, in market conditions that remain challenging, Saipem confirms the guidance announced to the market at Q3 2015 in terms of revenues, profitability and net financial position at year-end, also thanks to a further optimisation of capital expenditure.

The forecast for revenues (>€11 billion) takes into account the visibility of the activities based on the existing backlog and the negative market context.

EBIT for 2016 is expected to be in excess of €600 million, reflecting the benefits of the gradual completion of the low margin legacy contracts in the Onshore E&C sector and the effects of the ongoing cost structure efficiency programme.

Consequently, net profit is expected to be around €300 million, benefiting from a more favourable cost of debt thanks to the recently concluded share capital increase and debt financing operation.

Capital expenditure is now expected to be around €500 million, down 10% compared to the figure for 2015, contributing to positive cash flow generation and the decrease of net debt to below €1.5 billion by the end of 2016.

This press release should be read jointly with the condensed interim consolidated financial statements at June 30, 2015 and the statutory and consolidated financial statements at December 31, 2014 of Saipem S.p.A., which are already available on the Company's website (www.saipem.com) under the section "Investor Relations - Financial Statements".

Saipem's Chief Financial Officer, Alberto Chiarini, in his capacity as Manager responsible for the preparation of the Company's financial reports, certifies, pursuant to art. 154-bis paragraph 2 of Legislative Decree no. 58/1998, that data and information correspond to the Company's evidence 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 levels 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

A conference call and webcast will be hosted by CEO Stefano Cao today at 5.45pm CET (4.45pm GMT, 11.45am EST, 8.45am PST). It can be followed on Saipem's website (www.saipem.com) by clicking on the webcast banner on the home page or via the following link <http://edge.media-server.com/m/p/7884u9bj> .

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, around 15 minutes before the scheduled start time. This presentation will be also available for download from the authorised storage device "Nis Storage" at www.emarketstorage.com and Borsa Italiana S.p.A (www.borsaitaliana.it).

Saipem operates in the Engineering & Construction and Drilling businesses, with a strong bias towards oil & gas-related activities in remote areas and deep-waters. Saipem is a leader in the provision of engineering, procurement, project management and construction services with distinctive capabilities in the design and execution of large-scale offshore and onshore projects, and technological competences such as gas monetisation and heavy oil exploitation.

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Analysis by business sector:

Engineering & Construction: Offshore

(€ million)

Q4 2014	Q3 2015	Q4 2015	Q4 2015 vs Q4 2014 (%)		2014	2015	2015 vs 2014 (%)
1,996	1,721	1,781	(10.8)	Revenues	7,202	6,890	(4.3)
(1,779)	(1,618)	(1,591)	(10.6)	Expenses	(6,470)	(6,401)	(1.1)
217	103	190	(12.4)	Gross operating profit (EBITDA)	732	489	(33.2)
(235)	(59)	(66)	ns	Depreciation	(457)	(435)	(4.8)
(18)	44	124	ns	Operating result	275	54	(80.4)
160	(7)	(5)	ns	Asset write-downs	160	138	(13.8)
142	37	119	(16.2)	Adjusted operating result	435	192	(55.9)
10.9	6.0	10.7		EBITDA %	10.2	7.1	
7.1	2.1	6.7		Adjusted EBIT %	6.0	2.8	
749	666	1,071		New contracts	10,043	4,479	

Backlog as at December 31, 2015: €7,518 million, of which €4,458 due to be realised in 2016, including the effects of the cancellation from the backlog of the residual part of the South Stream contract for €1,232 million.

- Revenues for 2015 amounted to €6,890 million, down 4.3% compared to the same period in 2014. This was mainly attributable to lower volumes recorded in North and South America, which were mostly offset by higher volumes registered in Azerbaijan and Kazakhstan.
- Operating profit for 2015 amounted to €192 million, equal to 2.8% of revenues, versus €435 million, equal to 6% of revenues, in 2014. The decrease is due mainly to the cancellation of the South Stream and the lower profitability of projects in South America. EBITDA margin stood at 7.1% compared to 10.2% for the same period of 2014.
- The operating result for 2015 amounted to €54 million due to write-downs, amounting to €138 million, of certain offshore vessels - some of which have already been sold for scrapping - and a fabrication yard during the year.
- The most significant awards in the fourth quarter of 2015 included:
 - on behalf of Eni, the East Hub Development Project in Block 15/06 in Angola, whose scope of works includes the provision of 5 flexible risers and 20 km of rigid flowlines, as well as the installation of SURF facilities which include umbilical sections, rigid spools, well jumpers and 14 PLETs;
 - on behalf of Saudi Aramco, an EPCI contract, which involves the engineering, procurement, transportation and installation of offshore structures including an observation platform, a wellhead production deck module, auxiliary platforms, a 20" internally clad flowline and composite power cables
 - on behalf of Statoil, as part of the Johan Sverdrup Export Pipelines Project, a contract for the installation of a Gas Export Pipeline for the Kårstø gas terminal, as well as an Oil Export Pipeline for the Mongstad terminal. Operations will be carried out by the pipelay vessel Castorone;
 - on behalf of PAS Panama International Terminal SA, in joint venture with Jan De Nul, an Engineering, Procurement and Construction contract for the expansion of the International Terminal, located at the Panama Canal's Pacific entrance.

Engineering & Construction: Onshore

(€ million)

Q4 2014	Q3 2015	Q4 2015	Q4 2015 vs Q4 2014 (%)		2014	2015	2015 vs 2014 (%)
894	886	854	(4.5)	Revenues	3,765	2,788	(25.9)
(1,130)	(869)	(838)	(25.8)	Expenses	(4,138)	(3,442)	(16.8)
(236)	17	16	ns	Gross operating profit (EBITDA)	(373)	(654)	(75.3)
(10)	(10)	(7)	(30)	Depreciation	(38)	(88)	ns
(246)	7	9	ns	Operating result	(411)	(742)	(80.5)
-	-	(1)	ns	Asset write-downs	-	49	ns
(246)	7	8	ns	Adjusted operating result	(411)	(693)	68.6
-26.4	1.9	1.9		EBITDA %	(9.9)	(23.5)	
-27.5	0.8	0.9		Adjusted EBIT %	(10.9)	(26.6)	
1,872	934	21		New contracts	6,354	1,386	

Backlog as at December 31, 2015: €5,301 million, of which €2,379 million is due to be realised in 2016.

- Revenues for 2015 amounted to €2,788 million, representing a 25.9% decrease compared to 2014, mainly due to the write-down of pending revenues from various contracts associated with lower levels of activity recorded in North America, Australia and West Africa.
- The adjusted operating result for 2015 amounted to €-693 million compared to €-411 million in 2014, due to the write-down of pending revenues from various contracts amounting to € 572 million.
- The operating result for 2015 amounted to € -742 million and includes the devaluation of a fabrication yard amounting to € 49 million.

Drilling: Offshore

(€ million)

Q4 2014	Q3 2015	Q4 2015	Q4 2015 vs Q4 2014 (%)		2014	2015	2015 vs 2014 (%)
314	272	257	(18.2)	Revenues	1,192	1,067	(10.5)
(142)	(136)	(121)	(14.8)	Expenses	(580)	(531)	(8.4)
172	136	136	(20.9)	Gross operating profit (EBITDA)	612	536	(12.4)
(73)	(55)	(73)		- Depreciation	(512)	(252)	(50.8)
99	81	63	(36.4)	Operating result	100	284	ns
-	-	-		- Asset write-downs	250	11	(95.6)
99	81	63	(36.4)	Adjusted operating result	350	295	(15.7)
54.8	50.0	52.9		EBITDA %	51.3	50.2	
31.5	29.8	24.5		Adjusted EBIT %	29.4	27.6	
178	6	39		New contracts	722	234	

Backlog as at December 31, 2015: €2,010 million, of which €855 million is due to be realised in 2016. This amount includes the effects of the cancellation of the contracts for the lease of the drillship Saipem 12000, amounting to €53 million and for the semi-submersible rig Scarabeo 5, amounting to €24 million.

- Revenues for 2015 amounted to €1,067 million, representing a 10.5% decrease compared to 2014, mainly attributable to reduced revenues from the drillships Saipem 10000 and Saipem 12000, and the jack-up Perro Negro 8, all of which underwent upgrading works, and by the semi-submersible rig Scarabeo 3, which had been idle in March and in the last two months of 2015, and by the semi-submersible rig Scarabeo 4, which was operational in the first few months of 2015 but was later scrapped. The decrease was in part offset by the higher revenues from the full-scale activities of the semi-submersible drilling rig Scarabeo 7, which underwent upgrading works in the same period in 2014.
- Adjusted operating result for 2015 amounted to €295 million, compared to €350 million in 2014, with a margin on revenues of 27.6%, less than 2% lower than in 2014, due to reduced revenues from the semi-submersible rigs Scarabeo 3 and Scarabeo 4, which had been under contract throughout 2014. The EBITDA margin stood at 50.2%, a decrease of 1% on the 51.3% achieved in 2014.
- The operating result for 2015 amounted to €284 million, due to the write-down of the semi-submersible rig Scarabeo 4, which was sold for scrapping.

- Vessel utilisation in 2015 and the impact of programmed maintenance for 2016 are as follows:

Vessel	2015		2016	
	under contract (days)	Non operating	Non operating (days)	
Semi-submersible rig Scarabeo 3	275	90 (b+c)	366	(c)
Semi-submersible rig Scarabeo 4	95	86 (c)	-	
Semi-submersible rig Scarabeo 5	359	6 (b)	-	
Semi-submersible rig Scarabeo 6	344	21 (b)	156	(a+c)
Semi-submersible rig Scarabeo 7	365	-	-	
Semi-submersible rig Scarabeo 8	365	-	61	(a)
Semi-submersible rig Scarabeo 9	364	1 (b)	31	(a)
Drillship Saipem 10000	239	126 (a+b)	7	(a)
Drillship Saipem 12000	270	95 (a+b)	30	(a)
Jack-up Perro Negro 2	291	74 (a)	-	
Jack-up Perro Negro 3	365	-	77	(a)
Jack-up Perro Negro 4	355	10 (a)	-	
Jack-up Perro Negro 5	272	93 (a+b)	60	(a)
Jack-up Perro Negro 7	365	-	62	(a)
Jack-up Perro Negro 8	148	217 (a+b)	-	
Tender Assisted Drilling Barge	356	9 (a)	16	(a)
Ocean Spur*	96	-	-	

* Vessel written off and sold for scrapping in July 2015

** Leased third-party vessel, returned to its owner

(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)

Q4 2014	Q3 2015	Q4 2015	Q4 2015 vs Q4 2014 (%)		2014	2015	2015 vs 2014 (%)
194	193	170	(12.4)	Revenues	714	762	6.7
(127)	(128)	(128)	0.8	Expenses	(473)	(625)	32.1
67	65	42	(37.3)	Gross operating profit (EBITDA)	241	137	(43.2)
(40)	(47)	(50)	25.0	Depreciation	(150)	(185)	23.3
27	18	(8)	ns	Operating result	91	(48)	ns
34.5	33.7	24.7		EBITDA %	33.8	18.0	
13.9	9.3	(4.7)		EBIT %	12.7	(6.3)	
184	251	27		New contracts	852	416	

Backlog as at December 31, 2015: €1,017 million, of which €406 million is due to be realised in 2016.

- Revenues for 2015 amounted to €762million, a 6.7% increase compared to 2014, due mainly to increased activity in Saudi Arabia.
- The operating result for 2015 amounted to -€48 million compared to €91 million in 2014, due to the effects of the write-down carried out in June of a share of overdue receivables in connection with the increase in the country risk (Venezuela) and the increase of the cost of idleness of vessels in South America during the second half of the year. EBITDA was 18.0%.

Average utilization of rigs was 90.5% (96.5% in 2014). At December 31, 2015, Company-owned rigs amounted to 100, located as follows: 28 in Saudi Arabia, 28 in Venezuela, 19 in Peru, 6 in Colombia, 4 in Ecuador, 4 in Kazakhstan, 3 in Bolivia, 2 in Chile, 2 in Italy, 1 in Congo, 1 in Mauritania, 1 in Tunisia, and 1 in Turkmenistan.

In addition, 2 units owned by third parties were used in Peru, 1 third-party unit was used in Congo, and 1 in Chile.

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, 2014	December 31, 2015
Net tangible assets	7,601	7,287
Intangible assets	<u>760</u>	<u>758</u>
	8,361	8,045
Investments	112	134
Non-current assets	8,473	8,179
Net current assets	297	941
Provision for employee benefits	(237)	(211)
Assets (liabilities) available for sale	69	-
CAPITAL EMPLOYED, NET	<u>8,602</u>	<u>8,909</u>
Shareholder's equity	4,137	3,474
Non-controlling interests	41	45
Net debt	4,424	5,390
FUNDING	<u>8,602</u>	<u>8,909</u>
Leverage (net borrowings/shareholders' equity including minority interest)	1.06	1.53
SHARES ISSUED AND OUTSTANDING	441,410,900	441,410,900

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

4th quarter 2014	3rd quarter 2015	4th quarter 2015		(€ million)	
				Year	
				2014	2015
3,398	3,072	3,062	Net sales from operations	12,873	11,507
2	2	-	Other income and revenues	9	5
(2,564)	(2,219)	(2,211)	Purchases, services and other costs	(9,262)	(8,782)
(616)	(534)	(467)	Payroll and related costs	(2,408)	(2,222)
220	321	384	GROSS OPERATING PROFIT	1,212	508
(608)	(171)	(196)	Depreciation, amortisation and impairment	(1,157)	(960)
(388)	150	188	OPERATING RESULT	55	(452)
(37)	(72)	(62)	Finance expense	(199)	(244)
(6)	(9)	36	Income from investments	24	34
(431)	69	162	DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TAXES	(120)	(662)
(19)	(29)	(85)	Income taxes	(118)	(127)
(450)	40	77	RESULT BEFORE NON-CONTROLLING INTERESTS	(238)	(789)
8	14	(17)	Net profit attributable to non-controlling interests	8	(17)
(442)	54	60	NET RESULT	(230)	(806)
166	225	256	CASH FLOW (net result + depreciation and amortisation)	927	154

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(€ million)

4th quarter 2014	3rd quarter 2015	4th quarter 2015		Year	
				2014	2015
3,398	3,072	3,062	Net sales from operations	12,873	11,507
(3,664)	(2,785)	(2,722)	Production costs	(12,326)	(11,408)
(23)	(48)	(64)	Idle costs	(116)	(198)
(38)	(31)	(24)	Selling expenses	(143)	(118)
(3)	(4)	(4)	Research and development expenses	(11)	(14)
(6)	(4)	(10)	Other operating income (expenses), net	(21)	(22)
(336)	200	238	CONTRIBUTION FROM OPERATIONS	256	(253)
(52)	(50)	(50)	General and administrative expenses	(201)	(199)
(388)	150	188	OPERATING RESULT	55	(452)
(37)	(72)	(62)	Finance expense	(199)	(244)
(6)	(9)	36	Income from investments	24	34
(431)	69	162	DEFICIENCY OF REVENUES OVER EXPENSES BEFORE TAXES	(120)	(662)
(19)	(29)	(85)	Income taxes	(118)	(127)
(450)	40	77	RESULT BEFORE NON-CONTROLLING INTERESTS	(238)	(789)
8	14	(17)	Net profit attributable to non-controlling interests	8	(17)
(442)	54	60	NET RESULT	(230)	(806)
166	225	256	CASH FLOW (net result + depreciation and amortisation)	927	154

RECLASSIFIED CASH FLOW STATEMENT

(€million)

4th quarter 2014	3rd quarter 2015	4th quarter 2015		Year	
				2014	2015
(442)	54	60	Net profit (loss) for the period	(230)	(806)
(8)	(14)	17	Non-controlling interest	(8)	17
			<i>Adjustments to reconcile cash generated from operating profit before changes in working capital:</i>		
632	190	118	Depreciation, amortisation and other non-monetary items	1,141	1,031
782	(383)	303	Changes in working capital related to operations	295	(749)
964	(153)	498	Net cash flow from operations	1,198	(507)
(219)	(139)	(154)	Capital expenditure	(694)	(561)
(5)	-	-	Investments and purchase of consolidated subsidiaries and businesses	(9)	(1)
7	12	46	Disposals	15	155
747	(280)	390	Free cash flow	510	(914)
-	-	-	Buy-back of treasury shares/Exercise of stock options	-	-
(1)	(17)	-	Cash flow from capital and reserves	(45)	(17)
(40)	92	(44)	Exchange differences on net borrowings and other changes	(129)	(35)
706	(205)	346	Change in net borrowings	336	(966)
5,130	5,531	5,736	Net borrowings at beginning of year	4,760	4,424
4,424	5,736	5,390	Net borrowings at end of year	4,424	5,390