Saipem: Results for the first half of 2018

San Donato Milanese, July 25, 2018 - The Board of Directors of Saipem S.p.A., chaired by Francesco Caio, yesterday approved the Saipem Group's consolidated Six-Month Report at June 30, 2018[1].

Highlights

- Definition of business strategic priorities and new organizational structure
- Strong operational performance particularly in the Offshore E&C segment
- Stable backlog with significant awards in the second quarter
- Stable net debt despite the investment in the new vessel
- Guidance confirmed
- Reported results affected by special items

Results for the first half of 2018:

- Revenues: €3,798 million (€4,590 million in the first half of 2017), of which €1,883 million in the second quarter
- Adjusted EBITDA: €483 million (€524 million in the first half of 2017), of which €269 million in the second quarter
- EBITDA: €410 million (€473 million in the first half of 2017), of which €209 million in the second quarter
- Adjusted operating profit (EBIT): €255 million (€260 million in the first half of 2017), of which €155 million in the second quarter
- Operating profit (EBIT): loss of €74 million (€124 million in the first half of 2017), loss of €161 million in the second quarter
- Adjusted net profit: €6 million (€92 million in the first half of 2017), loss of €5 million in the second quarter
- Net loss of €323 million, net of write-downs and reorganization expenses of €329 million (loss of €110 million in the first half of 2017, net of write-downs, reorganization expenses and fiscal settlement of €202 million), loss of €321 in the second quarter net of write-downs and reorganization expenses of €316 million
- Capital expenditure: €313 million (€147 million in the first half of 2017), of which €281 million in the second quarter
- Net debt at June 30, 2018: €1,325 million (€1,296 million at December 31, 2017)
- New contracts: €3,986 million (€2,088 million in the first half of 2017)
- Backlog: €12,580 million (€12,392 million at December 31, 2017)

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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.*

<u>Guidance 2018 confirmed</u>

- Revenues: approximately €8 billion
- Adjusted EBITDA: greater than 10% on revenues[2]
- Capital expenditure: approximately €0.5 billion
- Net debt: approximately €1.3 billion

Stefano Cao, Saipem CEO, commented:

"In the first half of 2018, Saipem achieved a solid operational performance which allowed it to obtain a good Group margin in line with the guidance. We recorded a substantial volume of new contracts in all business sectors, especially in Offshore E&C and Onshore E&C, in which we are achieving a balance between oil and non oil-price related projects, as well as the penetration of new geographical areas. We expect that commercial activity will maintain this momentum also in the second half of the year.
In this regard, we have completed the evaluation of our business portfolio, defining strategic objectives and priorities that are specific for each Division. We have approved a new phase of the reorganisation, which will be fully operative by the end of the year, in order to ensure the Divisions' full autonomy in the pursuit of the objectives and priorities defined, placing them in the best possible position to face the dynamics of the current market and to exploit future opportunities with the appropriate flexibility.
During the first half of the year, net debt remained stable compared to December 31, 2017, thanks to positive cash generation, which has allowed the company to absorb the outlay for the purchase of the vessel Constellation."

[2] *Inclusive of the negative results posted to the item "Income (loss) from investments" relating to a contract under execution by a jointly-controlled company*

Financial highlights

(million euro)

Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q2 2017 (%)		1H 2017	1H 2018	1H 2018 vs 1H 2017 (%)
2,327	1,915	1,883	(19.1)	Revenues	4,590	3,798	(17.3)
268	214	269	0.4	Adjusted EBITDA	524	483	(7.8)
138	100	155	12.3	Adjusted operating profit (loss)	260	255	(1.9)
12	87	(161)	ns	Operating profit (loss)	124	(74)	ns
38	11	(5)	ns	Adjusted net profit (loss)	92	6	(93.5)
(157)	(2)	(321)	ns	Net profit (loss)	(110)	(323)	ns
168	125	109	(35.1)	Adjusted Cash flow (adjusted net result + depreciation and amortization)	356	234	(34.3)
75	110	(135)	ns	Free Cash flow	(86)	(25)	(70.9)
1,504	1,200	1,325	(11.9)	Net financial position	1,504	1,325	(11.9)
64	32	281	ns	Capital expenditure	147	313	ns
1,579	1,023	2,963	87.7	New contracts	2,088	3,986	90.9

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.

Strategic priorities and new organisational structure

The Board of Directors approved a new strategic direction for the Company and changes to the organisational model.
In particular:

- the Offshore Engineering & Construction business was identified as "core" with the aim of maintaining and strengthening its leadership position also through selective investments;
- the Onshore Engineering & Construction business will focus on completing the turnaround, aimed at recovering margins, also by portfolio repositioning;
- for the Drilling business, both onshore and offshore, while continuing efforts to improve efficiency, strategic options will be evaluated, with a view to maximizing value for the individual businesses.

Consistent with the above, changes were approved to the organisational structure aimed at completing the divisionalisation process started in 2017, which will entail full autonomy of the individual Divisions, particularly in the areas of: commercial, project execution, technology and Research & Development, business strategies, partnerships, etc. This process will be completed by the end of 2018. Following the adoption of the new strategic direction and the changes to the organisational structure, the impairment test procedure of Group Cash Generating Units was updated accordingly.

Business update for 2018

Adjusted revenues in the first half of 2018 amounted to €3,839 million, down by 16.4% from the first half of 2017, due to a contraction in the Offshore and Onshore E&C sectors, as well as in the Offshore Drilling sector.

Adjusted EBITDA in the first half of 2018 amounted to €483 million (€524 million in the first half of 2017): this reduction is attributable mainly to fewer contracts for the fleet in the Offshore Drilling sector.

Adjusted net profit in the first half of 2018 amounted to €6 million, down from €92 million in the first half of 2017; against a stable adjusted operating result, the improvement in financial expenses, due to lower exchange rate differences, was more than absorbed by a significant loss from an equity accounted affiliate, deriving from the worsening of a contract under execution by a jointly-controlled company, as well as by a higher tax rate and third-party results.

Net result in the first half of 2018, amounting to a loss of €323 million, unlike adjusted net profit, was reduced by the following special items:

- write-downs of tangible and intangible assets following the impairment test of €256 million, due mainly to a reduction in prospective Offshore Drilling rates (beyond the period of the plan), as well as to a revised discount rate;
- write downs and accruals, totalling €51 million, relating to some litigations pending for a long time on projects already completed, resulting from the periodic activity of legal monitoring of the overall litigations;
- reorganisation expenses of €22 million.

In the first half of 2017, net result amounting to a loss of €110 million, unlike adjusted net profit, was reduced by 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;
- reorganization expenses of €26 million (net of the tax effect);
- impact of tax dispute settlements of €79 million.

Capital expenditure in the first half of 2018, relating mainly to the purchase of the vessel Saipem Constellation, amounted to €313 million (€147 million in the first half of 2017), broken down as follows:

- €262 million in Offshore Engineering & Construction;
- €8 million in Onshore Engineering & Construction;
- €25 million in Offshore Drilling;
- €18 million in Onshore Drilling.

Net debt at June 30, 2018 amounted to €1,325 million, a slight increase on December 31, 2017 (€1,296 million). In the first half, the cash generated in the period and control over working capital and expenditure enabled Saipem to absorb the outlay for the purchase of the Offshore Engineering & Construction vessel and the payment of the debt owed to Sonatrach relating to the LPG settlement.

Backlog

In the first half of 2018, Saipem was awarded new contracts amounting to €3,986 million (€2,088 million in the first half of 2017). The backlog at June 30, 2018 amounted to €12,580 million (€4,467 million in Offshore Engineering & Construction, €6,663 million in Onshore Engineering & Construction, €785 million in Offshore Drilling and €665 in Onshore Drilling), of which €3,572 million is to be realized in 2018.

EBIT adjusted - EBIT reported reconciliation

(million euro)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total	
Adjusted EBIT	**160**	**32**	**54**	**9**	**255**	
Impairment		60	196		256	
Write-downs/accruals		51			51	(a)
Reorganization expenses	7	10	3	2	22	(a)
Total write-downs	(7)	(121)	(199)	(2)	(329)	
Report EBIT	**153**	**(89)**	**(145)**	**7**	**(74)**	

a) total €73 million: reconciliation of adjusted EBITDA of €483 million versus reported EBITDA of €410 million

Management outlook for 2018

The indications provided in the press release of April 24, 2018 containing the results of the first quarter results are confirmed.

Stock incentive plan

The Board of Directors, at the proposal of the Compensation and Nomination Committee, voted to carry out the 2018 implementation of the 2016-2018 Long-Term Incentive Plan ("Plan") approved by the Shareholders' Meeting on April 29, 2016. The Board of Directors set at 7,555,655 the total number of treasury shares required to implement the Plan and vested the CEO with the task of identifying the beneficiaries of the 2018 allocation.

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This press release should be read in conjunction with the statutory and consolidated financial statements at December 31, 2017 and the condensed interim consolidated financial statements at June 30, 2017 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 am CEST (8.00 am GMT, 3.00 am EDT, midnight PDT). The conference call can be followed on Saipem's website (www.saipem.com) by clicking on the "WEBCAST 2017 RESULTS AND STRATEGY UPDATE" on the home page, or through the following URL: https://edge.media-server.com/m6/p/fnvk4gyt.

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 deep-water. 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.

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Analysis by business sector – Adjusted results:

Offshore Engineering & Construction

(million euro)

Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q2 2017 (%)		1H 2017	1H 2018	1H 2018 vs 2017 (%)
1,045	803	947	(9.4)	Revenues	2,020	1,750	(13.4)
(874)	(700)	(791)	(9.5)	Expenses	(1,744)	(1,491)	(14.5)
171	103	156	(8.8)	Adjusted EBITDA	276	259	(6.2)
(44)	(48)	(51)	15.9	Depreciation	(88)	(99)	12.5
127	55	105	(17.3)	Adjusted operating profit (loss)	188	160	(14.9)
16.4	12.8	16.5		Adjusted EBITDA %	13.7	14.8	
12.2	6.8	11.1		Adjusted EBIT %	9.3	9.1	
1,025	199	1,374		New contracts	1,345	1,573	

Backlog at June 30, 2018: €4,467 million, of which €1,623 million to be realized in 2018.

- Revenues for the first half of 2018 amounted to €1,750 million, down by 13.4% compared to the first half of 2017, due mainly to lower volumes recorded in Kazakhstan and Central/South America, which were partly offset by higher volumes registered in the Middle East.

- Adjusted EBITDA for the first half of 2018 amounted to €259 million, equal to 14.8% of revenues, compared to €276 million, equal to 13.7% of revenues in the first half of 2017. This percentage increase was due to strong operational efficiency.

- The most significant contracts awarded in the second quarter of 2018 concern:
  - a contract on behalf of Barzan Gas Company in the Middle East, involving engineering, procurement, construction and installation (EPCI) activities associated to two export pipelines, two intra-field pipelines, risers, spool pieces and various subsea structures;
  - a contract on behalf of ConocoPhillips in the North Sea, for the decommissioning of topsides and jackets on the LOGGS platform;
  - a contract on behalf of Al Khafji Joint Operations (KJO) in the Arabian Gulf, comprising engineering, construction, offshore installation and commissioning of a new crude transmission line.

Onshore Engineering & Construction

(million euro)

Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q2 2017 (%)		1H 2017	1H 2018	1H 2018 vs 2017 (%)
998	878	744	(25,5)	Adjusted revenues	2.000	1.622	(18,9)
(1,005)	(852)	(719)	(28,5)	Expenses	(1,963)	(1,571)	(20,0)
(7)	26	25	ns	Adjusted EBITDA	37	51	37,8
(21)	(10)	(9)	(57,1)	Depreciation	(48)	(19)	(60,4)
(28)	16	16	ns	Adjusted operating profit (loss)	(11)	32	ns
-0.7	3.0	3.4		Adjusted EBITDA %	1.9	3.1	
-2.8	1.8	2.2		Adjusted EBIT %	-0.6	2.0	
327	778	1,520		New contracts	444	2,298	

Backlog at June 30, 2018: €6,663 million, of which €1,523 million to be realized in 2018.

- Adjusted revenues for the first half of 2018 amounted to €1,622 million, down by 18.9% compared to the first half of 2017, due mainly to lower volumes recorded in the Middle and Far East and in West Africa, partly offset by greater volumes recorded in Central South America and Azerbaijan.

- Adjusted EBITDA for the first half of 2018 amounted to €51 million, equal to 3.1% of revenues, compared to €37 million, equal to 1.9% of revenues in the first half of 2017, penalised by the deterioration of a project recorded in the Floater Business line in the first quarter of 2017. Adjusted EBITDA does not include the worsening of a contract under execution by a jointly-controlled company, which is posted under the item “Income (loss) from investments” and represents almost the entire item.

- The most significant contracts awarded in the second quarter of 2018 concern:
  - a contract on behalf of Rete Ferroviaria Italiana, for the realisation of the first route section of the High Speed/High Capacity Brescia-Verona subsection, encompassing engineering, procurement and the laying of approximately 48 km of the railway line, in the Italian regions of Lombardy and Veneto;
  - a contract on behalf of PTT LNG, comprising the engineering, procurement, construction and commissioning of the Nong Fab terminal, for the receipt, storage and regasification of liquefied natural gas in the Mueang Rayong district, in the south-east of Thailand.

Offshore Drilling

(million euro)

Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q2 2017 (%)		1H 2017	1H 2018	1H 2018 vs 2017 (%)
161	116	105	(34,8)	Revenues	323	221	(31,6)
(80)	(63)	(51)	(36,3)	Expenses	(166)	(114)	(31,3)
81	53	54	(33,3)	Adjusted EBITDA	157	107	(31,8)
(31)	(28)	(25)	(19,4)	Depreciation	(61)	(53)	(13,1)
50	25	29	(42,0)	Adjusted operating profit (loss)	96	54	(43,8)
50.3	45.7	51.4		Adjusted EBITDA %	48.6	48.4	
31.1	21.6	27.6		Adjusted EBIT %	29.7	24.4	
219	25	34		New contracts	253	59	

Backlog at June 30, 2018: €785 million, of which €215 million to be realized in 2018.

- Revenues for the first half of 2018 amounted to €221 million, a 31.6% decrease compared to the first half of 2017, mainly attributable to the semi-submersible rigs Scarabeo 5 and Scarabeo 8 having been idle in the first half of 2018; this decrease was partly offset by greater revenues generated by the full scale operations of the semi-submersible rig Scarabeo 9, which had been undergoing class reinstatement works in the first quarter of 2017.

- Adjusted EBITDA for the first half of 2018 amounted to €107 million, compared to €157 million in the first quarter of 2017, with a margin on revenues of 48.4%, in line with that of the first half of 2017.

- The most significant contracts awarded in the second quarter of 2018 concern:
  - on behalf of Aker BP, works for the drilling of four wells offshore Norway utilising the semi-submersible rig Scarabeo 8;
  - on behalf of Total, the drilling of a well offshore Norway utilising the semi-submersible rig Scarabeo 8;
  - on behalf of Shell Norske, the exercise of a contractual option to drill a well in Norway utilising the semi-submersible rig Scarabeo 8.

Vessel utilization in the first half of 2018 and the impact of programmed maintenance and idle days in 2018 are as follows:

Vessel	*H1 2018*			*Year 2018*
	Under contract	*Non-operating*		*Non-operating*
	(days)			*(days)*
Semi-submersible rig Scarabeo 5	-	181	(b)	365 (b)
Semi-submersible rig Scarabeo 7	181	-		-
Semi-submersible rig Scarabeo 8	38	143	(b)	143 (b)
Semi-submersible rig Scarabeo 9	181	-		-
Drillship Saipem 10000	181	-		-
Drillship Saipem 12000	128	53	(b)	145 (a+b)
Jack-up Perro Negro 2	-	181	(b)	365 (b)
Jack-up Perro Negro 4	181	-		-
Jack-up Perro Negro 5	181	-		-
Jack-up Perro Negro 7	115	66	(a)	100 (a)
Jack-up Perro Negro 8	181	-		-
Tender Assisted Drilling Barge	181	-		-

(a) = the vessel underwent/will undergo class reinstatement works and/or preparation works for a new contract.
(b) = the vessel was not/will not be under contract

Onshore Drilling:

(million euro)

Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q2 2017 (%)		1H 2017	1H 2018	1H 2018 vs 2017 (%)
123	118	128	4.1	Revenues	247	246	(0.4)
(100)	(86)	(94)	(6.0)	Expenses	(193)	(180)	(6.7)
23	32	34	47.8	Adjusted EBITDA	54	66	22.2
(34)	(28)	(29)	(14.7)	Depreciation	(67)	(57)	(14.9)
(11)	4	5	ns	Adjusted operating profit (loss)	(13)	9	ns
18.7	27.1	26.6		Adjusted EBITDA %	21.9	26.8	
-8.9	3.4	3.9		Adjusted EBIT %	-5.3	3.7	
8	21	35		New contracts	46	56	

Backlog at June 30, 2018: €665 million, of which €211 million to be realized in 2018.

- Revenues for the first half of 2018 amounted to €246 million, in line with the first half of 2017.

- Adjusted EBITDA for the first half of 2018 amounted to €66 million, equal to 26.8% of revenues, an increase of €54 million, equal to 21.9% of revenues recorded in the first half of 2017, thanks to the cost optimisation measures implemented in South America.

Average utilization of rigs was 66.7% (62.7% in the same period of 2017). As of June 30, 2018, the Company owned 84 rigs, located as follows: 28 in Saudi Arabia, 19 in Venezuela, 17 in Peru, 5 in Bolivia, 4 in Ecuador, 3 in Kazakhstan, 2 in Kuwait, 2 in Argentina, 1 in Colombia, 1 in Italy, 1 in Morocco and 1 in Rumania.
In addition, 2 third-party rigs were used in Peru and 1 third-party rig in the 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 euro)

	January 1, 2018 restated	June 30, 2018
Net tangible assets	4,581	4,481
Intangible assets	753	693
	5,334	5,174
Investments	141	91
Non-current assets	**5,475**	**5,265**
Net current assets	**571 ***	**468**
Provision for employee benefits	**(199)**	**(209)**
CAPITAL EMPLOYED, NET	**5,847**	**5,524**
Shareholder's equity	**4,510 ***	**4,140**
Non-controlling interests	**41**	**59**
Net debt	**1,296**	**1,325**
FUNDING	**5,847**	**5,524**
Leverage (net borrowings/shareholders' equity including minority interest)	**0.28**	**0.32**
SHARES ISSUED AND OUTSTANDING	**1,010,977,439**	**1,010,977,439**

* data was restated following new accounting standards IFRS 9 and IFRS 15 having come into force

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q2 2017	Q1 2018	Q2 2018		First half 2017	First half 2018
2,327	1,915	1,883	Net sales from operations	4,590	3,798
2	1	-	Other income and revenues	2	1
(1,678)	(1,354)	(1,300)	Purchases, services and other costs	(3,273)	(2,654)
5	1	2	Net reversals (impairments) of trade and other receivables	8	3
(429)	(362)	(376)	Payroll and related costs	(854)	(738)
227	**201**	**209**	**GROSS OPERATING PROFIT (LOSS)**	**473**	**410**
(215)	(114)	(370)	Depreciation, amortization and impairment	(349)	(484)
12	**87**	**(161)**	**OPERATING PROFIT (LOSS)**	**124**	**(74)**
(74)	(43)	(37)	Finance expense	(115)	(80)
1	-	(49)	Income (loss) from investments	2	(49)
(61)	44	(247)	**PROFIT (LOSS) BEFORE TAXES**	11	(203)
(89)	(40)	(55)	Income taxes	(110)	(95)
(150)	**4**	**(302)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**(99)**	**(298)**
(7)	(6)	(19)	Net profit (loss) attributable to non-controlling interests	(11)	(25)
(157)	**(2)**	**(321)**	**NET PROFIT (LOSS)**	**(110)**	**(323)**
58	**112**	**49**	**CASH FLOW (net result + depreciation and amortization)**	**239**	**161**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

Q2 2017	Q1 2018	Q2 2018		First half 2017	First half 2018
2,327	1,915	1,883	Net sales from operations	4,590	3,798
(2,172)	(1,675)	(1,902)	Production costs	(4,190)	(3,577)
(50)	(62)	(44)	Idle costs	(99)	(106)
(31)	(35)	(37)	Selling expenses	(60)	(72)
(6)	(6)	(6)	Research and development expenses	(11)	(12)
(9)	(5)	(11)	Other operating income (expenses), net	(12)	(16)
59	**132**	**(117)**	**CONTRIBUTION FROM OPERATIONS**	**218**	**15**
(47)	(45)	(44)	General and administrative expenses	(94)	(89)
12	**87**	**(161)**	**OPERATING PROFIT (LOSS)**	**124**	**(74)**
(74)	(43)	(37)	Finance expense	(115)	(80)
1	-	(49)	Income (loss) from investments	2	(49)
(61)	**44**	(247)	**PROFIT (LOSS) BEFORE TAXES**	**11**	(203)
(89)	(40)	(55)	Income taxes	(110)	(95)
(150)	**4**	**(302)**	**PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS**	**(99)**	**(298)**
(7)	(6)	(19)	Net profit (loss) attributable to non-controlling interests	(11)	(25)
(157)	**(2)**	**(321)**	**NET PROFIT (LOSS)**	**(110)**	**(323)**
58	**112**	**49**	**CASH FLOW (net result + depreciation and amortization)**	**239**	161

RECLASSIFIED CASH FLOW STATEMENT

(million euro)

Q2 2017	Q1 2018	Q2 2018		First half 2017	First half 2018
(157)	(2)	(321)	Net profit (loss) for the period	(110)	(323)
7	6	19	Non-controlling interests	11	25
			Adjustments to reconcile cash generated from operating profit (loss) before changes in working capital:		
257	96	432	Depreciation, amortization and other non-monetary items	362	528
39	(42)	16	Changes in working capital related to operations	(200)	58
146	**142**	**146**	**Net cash flow from operations**	**63**	**288**
(64)	(32)	(281)	Capital expenditure	(147)	(313)
(9)	-	-	Investments and purchase of consolidated subsidiaries and businesses	(9)	-
2	-	-	Disposals	7	-
75	**110**	**(135)**	**Free cash flow**	**(86)**	**(25)**
-	-	-	Buy-back of treasury shares/Exercise of stock options	-	-
(2)	-	-	Share capital increase net of expenses	(2)	-
-	(15)	-	Cash flow from capital and reserves	-	(15)
28	1	10	Exchange differences on net borrowings and other changes	34	11
101	**96**	**(125)**	**Change in net borrowings**	**(54)**	**(29)**
1,605	**1,296**	**1,200**	**Net borrowings at beginning of period**	**1,450**	**1,296**
1,504	**1,200**	**1,325**	**Net borrowings at end of period**	**1,504**	**1,325**