## SAIPEM: Board of Directors announces results for Q3 and the first nine months of 2014

*San Donato Milanese, October 28, 2014* - The Board of Directors of Saipem S.p.A. today approved Saipem Group's Interim Report at September 30, 2014 (not subject to audit).

**Third Quarter 2014:**

- **Revenues: €3,509 million**
- **EBIT: €150 million**
- **Net Profit: €76 million**
- **New Contracts: €1,856 million**

**First nine months of 2014:**

- **Revenues: €9,475  million**
- **EBIT: €443 million**
- **Net Profit: €212 million**
- **Capex: €475 million (€680 million in the first nine months of 2013)**
- **Net Debt: €5,130 million (€4,760 million at December 31, 2013)**
- **New Contracts: €14,988 million (€8,064 million in the first nine months of 2013)**
- **Backlog: €22,562 million at September 30, 2014 (€17,065 million at December 31, 2013)**

**Guidance 2014:**

- **Revenues: ~€13 billion**
- **EBIT: ~600 million**
- **Net Profit: ~€280 million**
- **Capex: ~€750 million**
- **Net Debt: ~€4.7 billion**

Umberto Vergine, Saipem CEO, commented:

*"We continue to implement our turnaround plan for Saipem, though market conditions have deteriorated impacting the pace at which legacy contracts are resolved and the execution of new contracts.*

*We have re-built the backlog in line with our strict commercial strategy and this underpins a sustainable, medium to long term recovery.*

*This year's results have also been affected by some one-off events, such as the accident which occurred on the P55 project, the stand-by period for the Scarabeo 5 and the longer than expected maintenance of the Scarabeo 7".*

## Financial highlights

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | Q3 2014 vs Q3 2013 (%) | | First nine months 2013 | First nine months 2014 | Sept 2014 vs Sept 2013 (%) |
|---|---|---|---|---|---|---|---|
| 3,442 | 3,075 | 3,509 | 1.9 | Revenues | 8,688 | 9,475 | 9.1 |
| 392 | 352 | 337 | (14.0) | EBITDA | 518 | 992 | 91.5 |
| 211 | 166 | 150 | (28.9) | Operating profit | (14) | 443 | ns |
| 101 | 75 | 76 | (24.8) | Net profit | (229) | 212 | ns |
| 282 | 261 | 263 | (6.7) | Cash flow (Net profit + Depreciation and amortisation) | 303 | 761 | ns |
| 190 | 125 | 146 | (23.2) | Investments | 680 | 475 | (30.1) |
| 1,360 | 9,232 | 1,856 | 36.5 | New contracts | 8,064 | 14,988 | 85.9 |

*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.*

**Capital expenditure** in the third quarter of 2014 amounted to €146 million (€190 million in the third quarter of 2013) and included:

- €47 million in the Offshore Engineering & Construction sector, relating mainly to the ongoing development of the new fabrication yard in Brazil and the maintenance and upgrading of the existing asset base;
- €9 million in the Onshore Engineering & Construction sector relating to the purchase of equipment and the maintenance of existing assets;
- €31 million in the Offshore Drilling sector, mainly relating to class reinstatement works for the jack-up Perro Negro 7 and the semi-submersible rig Scarabeo 7, in addition to the maintenance and upgrade of the existing asset base;
- €59 million in the Onshore Drilling sector relating to the upgrading of rigs due to operate in Saudi Arabia and maintenance of the existing asset base.

**Net financial debt** at September 30, 2014 amounted to €5,130 million, an increase of €370 million compared to December 31, 2013, but in line with the position at June 30, 2014.

The cash flow generated in the third quarter covered all capital expenditure and offset a slight increase in working capital, despite being affected by the appreciation of the US Dollar.

Working capital suffered from an increase in pending revenues related to legacy contracts, and with respect to receivables, Venezuela remains a critical area.

As a result of the increased difficulties facing the industry, which are impacting the timing of resolution of ongoing negotiations on legacy contracts and relevant payments, Saipem has decided to adjust the full year net debt guidance to €4.7 billion.

**Backlog**

During the third quarter of 2014, Saipem was awarded contracts amounting to €1,856 million (€1,360 million in the third quarter of 2013).

Saipem's backlog at September 30, 2014 stood at €22,562 million (€12,408 million in the Offshore Engineering & Construction sector, €5,725 million in the Onshore Engineering & Construction sector and €4,429 million in the Drilling sectors), of which €2,586 million is due to be realised in 2014.

In October 2014, Saipem was awarded contracts worth approximately $2 billion.

**Management Outlook for 2014**

2014 remains a year of transition. Guidance on results provided in February for the year was driven by uncertainty around the resolution of legacy contracts and the overall operational improvement of the business.

As 2014 has progressed, Saipem has made strong operational progress on many of its most critical projects and has won an unprecedented level of new business. However, pre-existing issues have been exacerbated by market conditions, which have become increasingly challenging during the year, and have impacted the pace at which negotiations on legacy contracts are resolved. Furthermore, a number of one-off events, such as the accident which occurred on the P55 project, the request of a standby period for the Scarabeo 5 and the longer than expected maintenance of the Scarabeo 7, have negatively impacted profitability. As a result, 2014 guidance has been adjusted.

Revenues have been maintained at approximately €13 billion. EBIT will be at the low end of the guidance range, at around €600 million, as negotiations on legacy contracts become more challenging. Net Profit is expected to be around €280 million and Capex is confirmed at approximately €750 million. Finally, the Net Debt target, previously set in a range between €4.2 and 4.5 billion, has been adjusted to €4.7 billion. As stated at the half year results, full year Net Debt guidance was based on the timing of pending revenue payments on legacy contracts, which are taking longer to resolve due to a deterioration in market conditions.

**Additional information**

Pursuant to art.84-bis, subsection 5, of Consob Regulation 11971/1999, the Company informs that the Board of Directors, upon proposal by the Compensation Committee, resolved the implementation for 2014 of the Long-Term Incentive Plan applicable to the top management, approved by the Annual General Shareholders' Meeting on May 6, 2014. (The relevant informative document can be downloaded from the website www.saipem.com).

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This press release should be read jointly with the condensed interim consolidated financial statements at June 30, 2014 and the statutory and consolidated financial statements at December 31, 2013 of Saipem S.p.A., which are already available on the Company's website (www.saipem.com) under the section "Investor Relations – Financial Statements."

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Saipem's Chief Financial Officer and Compliance Officer, Mr 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 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 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 Umberto Vergine today at 5.30pm CET (4.30pm GMT, 11.30pm EST, 8.30am PST). It 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://www.media-server.com/m/p/bo2csi93.

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 / Presentations' section on the www.saipem.com website, around 15 minutes before the scheduled start time. This presentation will be also available for download from the authorised storage mechanism 1Info (www.1info.it) 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 monetization and heavy oil exploitation.*

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## Analysis by business sector

### Engineering & Construction: Offshore

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | Q3 2014 vs Q3 2013 (%) | | First nine months 2013 | First nine months 2014 | Sept. 2014 vs Sept. 2013 (%) |
|---|---|---|---|---|---|---|---|
| 1,614 | 1,679 | 2,022 | 25.3 | Revenues | 3,780 | 5,206 | 37.7 |
| (1,441) | (1,478) | (1,834) | 27.3 | Expenses | (3,579) | (4,691) | 31.1 |
| (75) | (81) | (75) | – | Depreciation and amortization | (210) | (222) | 5.7 |
| 98 | 120 | 113 | 15.3 | Operating profit | (9) | 293 | ns |
| 10.7 | 12.0 | 9.3 | | EBITDA % | 5.3 | 9.9 | |
| 6.1 | 7.1 | 5.6 | | EBIT % | -0.2 | 5.6 | |
| 688 | 5,527 | 1,056 | | New contracts | 4,726 | 9,294 | |

The backlog at September 30, 2014 stood at €12,408 million, of which €1,544 million is due to be realised in 2014.

- Revenues for the first nine months of 2014 amounted to €5,206 million, representing a 37.7% increase compared to the first nine months of 2013, mainly due to higher levels of activity in Central and South America, the Middle East and Australia.
- Operating profit for the first nine months of 2014 amounted to €293 million, equal to 5.6% of revenues, compared to -€9 million in the same period of 2013. The EBITDA margin stood at 9.9%, compared to the 5.3% margin recorded in the same period of 2013.
- According to IFRS 10 and 11, the deconsolidation of joint ventures at September 30, 2014 has a negative impact of €165 million on revenues and of €15 million on operating profit, deriving mainly from operations in Angola.
- The main contracts acquired in the third quarter of 2014 include:
  - for Pemex in Mexico, the EPCI project for the development of the Lakach field. The contract involves the engineering, procurement, construction and installation of the system connecting the offshore field with the onshore gas conditioning plant;
  - for Petrobras in Brazil, the lease extension of the FPSO Cidade de Vitoria located on the Petrobras Golfinho field in the Espìrito Santo basin, in addition to a contract for the upgrade and expansion of the vessel. The FPSO Cidade de Vitoria, owned and operated by Saipem, has been on lease to Petrobras since 2005. The duration of the contract has been extended for a further four years, until 2022. Upgrading works, to be carried out by Saipem, will increase the water treatment capacity and enable the hook-up of a further two gas condensate well-heads from the first quarter of 2016;
  - for Sonangol in Angola, the two-year extension of the contract for the lease and operation of the FPSO Gimboa. The vessel, owned and operated by Saipem, has been located in Block 4/05 since 2006. The duration of the contract was extended by a further two years, until the first quarter of 2017.

## Engineering & Construction: Onshore

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | Q3 2014 vs Q3 2013 (%) | | First nine months 2013* | First nine months 2014 | Sept. 2014 vs Sept. 2013 (%) |
|---|---|---|---|---|---|---|---|
| 1,362 | 955 | 981 | (28.0) | Revenues | 3,480 | 2,871 | (17.5) |
| (1,359) | (998) | (1,056) | (22.3) | Expenses | (3,814) | (3,008) | (21.1) |
| (7) | (9) | (9) | 28.6 | Depreciation and amortization | (21) | (28) | 33.3 |
| (4) | (52) | (84) | ns | Operating profit | (355) | (165) | (53.5) |
| 0.2 | -4.5 | -7.6 | | EBITDA % | -9.6 | -4.8 | |
| -0.3 | -5.4 | -8.6 | | EBIT % | -10.2 | -5.7 | |
| 199 | 3,355 | 154 | | New contracts | 1,834 | 4,482 | |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.

The backlog at September 30, 2014 stood at €5,725 million, of which €618 million is due to be realised in 2014.

- Revenues for the first nine months of 2014 amounted to €2,871 million, representing a 17.5% decrease compared to the first nine months of 2013, mainly due to lower levels of activity in the Middle East and Australia, partially offset by greater levels of activity recorded in West Africa, and Central and South America.
- Operating profit for the first nine months of 2014 amounted to -€165 million, compared to -€355 million in the first nine months of 2013. This result is mainly attributable to the deterioration of some legacy projects' results. Additionally, the limited contribution coming from the ramp up of new projects is not yet able to absorb the fixed costs of the business unit. In view of long lasting negotiations due to increasing market uncertainty, Saipem continues to monitor negotiations with clients and the relevant outcomes through appropriate actions.
- According to IFRS 10 and 11, the deconsolidation of joint ventures at September 30, 2014, has a negative impact of €33 million on revenues and of €3 million on operating profit, deriving mainly from operations in Turkey.

## Drilling: Offshore

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | Q3 2014 vs Q3 2013 (%) | | First nine months 2013 | First nine months 2014 | Sept. 2014 vs Sept. 2013 (%) |
|---|---|---|---|---|---|---|---|
| 284 | 272 | 322 | 13.4 | Revenues | 892 | 878 | (1.6) |
| (128) | (136) | (160) | 25.0 | Expenses | (413) | (438) | 6.1 |
| (64) | (60) | (66) | 3.1 | Depreciation and amortization | (195) | (189) | (3.1) |
| 92 | 76 | 96 | 4.3 | Operating profit | 284 | 251 | (11.6) |
| 54.9 | 50.0 | 50.3 | | EBITDA % | 53.7 | 50.1 | |
| 32.4 | 27.9 | 29.8 | | EBIT % | 31.8 | 28.6 | |
| 107 | 61 | 402 | | New contracts | 1,020 | 544 | |

The backlog at September 30, 2014 stood at €3,056 million, of which €282 million is due to be realised in 2014.

- Revenues for the first nine months of 2014 amounted to €878 million, representing a 1.6% decrease compared to the first nine months of 2013, mainly attributable to the reduced operations of the semi-submersible rigs Scarabeo 7 and Scarabeo 9, which underwent upgrade works in the first half of 2014, and to the missing contribution of Perro Negro 6.

- Operating profit for the first nine months of 2014 amounted to €251 million, compared to €284 million in the first nine months of 2013, with the margin on revenues decreasing from 31.8% to 28.6%. The EBITDA margin stood at 50.1%, a 3.6% decrease on the 53.7% achieved in the first nine months of 2013.

- The main contracts acquired in the third quarter of 2014 include:
  - for Eni Muara Bakau BV in Indonesia, a contract for the lease of the semi-submersible rig Scarabeo 7 for the drilling of twelve wells, to be carried out by the first quarter of 2017;
  - for Addax, the extension until March 2015 of the lease for the semi-submersible rig Scarabeo 3 in West Africa;
  - for NDC (National Drilling Company), the two-year extension of the contract for the lease of the jack-up Perro Negro 2 for operations in the Persian Gulf starting in January 2015;
  - for EP Petroamazonas in Ecuador, the twelve-month extension of the lease contract for the jack-up Ocean Spur, operated but not owned by Saipem, until the end of the first quarter of 2015.

- Vessel utilisation in the first nine months of 2014 and the maintenance schedule for 2014 are as follows:

| ***Vessel*** | ***First Nine Months 2014*** | | ***Year 2014*** |
|---|---|---|---|
| | ***Under contract*** | ***Idle*** | ***Idle*** |
| | ***(days)*** | | ***(days)*** |
| Semi-submersible rig Scarabeo 3 | 272 | 1 (b) | 1 (b) |
| Semi-submersible rig Scarabeo 4 | 273 | – | – |
| Semi-submersible rig Scarabeo 5 | 250 | 23 (b) | 23 (b) |
| Semi-submersible rig Scarabeo 6 | 273 | – | – |
| Semi-submersible rig Scarabeo 7 | 90 | 183 (a) | 183 (a) |
| Semi-submersible rig Scarabeo 8 | 267 | 6 (b) | 6 (b) |
| Semi-submersible rig Scarabeo 9 | 251 | 22 (a+b) | 22 (a+b) |
| Drillship Saipem 10000 | 273 | – | – |
| Drillship Saipem 12000 | 271 | 2 (b) | 2 (b) |
| Jack-up Perro Negro 2 | 267 | 6 (b) | 6 (b) |
| Jack-up Perro Negro 3 | 273 | – | – |
| Jack-up Perro Negro 4 | 273 | – | – |
| Jack-up Perro Negro 5 | 273 | – | – |
| Jack-up Perro Negro 7 | 224 | 49 (a+b) | 70 (a+b) |
| Jack-up Perro Negro 8 | 273 | – | – |
| Tender Assisted Drilling Barge | 270 | 3 (b) | 3 (b) |
| Ocean Spur | 268 | 5 (b) | 5 (b) |

**(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.

## Drilling: Onshore

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | Q3 2014 vs Q3 2013 (%) | | First nine months 2013 | First nine months 2014 | Sept. 2014 vs Sept. 2013 (%) |
|---|---|---|---|---|---|---|---|
| 182 | 169 | 184 | 1.1 | Revenues | 536 | 520 | (3.0) |
| (122) | (111) | (122) | – | Expenses | (364) | (346) | (4.9) |
| (35) | (36) | (37) | 5.7 | Depreciation and amortization | (106) | (110) | 3.8 |
| 25 | 22 | 25 | – | Operating profit | 66 | 64 | (3.0) |
| 33.0 | 34.3 | 33.7 | | EBITDA % | 32.1 | 33.5 | |
| 13.7 | 13.0 | 13.6 | | EBIT % | 12.3 | 12.3 | |
| 366 | 289 | 244 | | New contracts | 484 | 668 | |

The backlog at September 30, 2014 stood at €1,373 million (including the effects of the cancellation of a contract for Shell in Ukraine, which amounted to €16 million), of which €142 million is due to be realised in the last quarter of 2014.

- Revenues for the first nine months of 2014 amounted to €520 million, representing a 3% decrease compared to the first nine months of 2013, mainly due to lower levels of activity in Algeria, even if largely offset by increased levels of activity in Saudi Arabia.
- Operating profit for the first nine months of 2014 amounted to €64 million, compared to €66 million recorded in the first nine months of 2013, with the margin on revenues unchanged. The EBITDA margin stood at 33.5%, compared to 32.1% in the first nine months of 2013, owing mainly to an improvement in operational efficiency.
- According to IFRS 10 and 11, the deconsolidation of joint ventures at September 30, 2014 has a negative impact of €13 million on revenues and of €1 million on operating profit, deriving mainly from operations in Kazakhstan (a negative impact of €19 million on revenues and of €2 million on operating profit in the first nine months of 2013).
  The rigs deployed by the joint-venture company SaiPar are not included in the following list of rigs in operation.

- The main contracts acquired in the third quarter of 2014 include:
  - for various clients in Latin America, new contracts for the lease of 31 rigs: 21 in Venezuela, 7 in Peru, 2 in Colombia and 1 in Ecuador. The duration of these contracts ranges from three months to two years.

The average utilization of assets in the first nine months of 2014 stood at 96.2% (95.9% in the first nine months of 2013). At September 30, 2014, the Company owned 97 rigs, located as follows: 28 in Venezuela, 23 in Saudi Arabia, 19 in Peru, 7 in Colombia, 4 in Kazakhstan, 4 in Bolivia, 3 in Ecuador, 2 in Italy, 1 in Chile, 1 in Tunisia, 1 in Congo, 1 in Ukraine, 1 in Mauritania, 1 in Turkey and 1 in Turkmenistan.
Additionally, 5 third-party rigs were deployed in Peru, 1 third-party rig in Congo and 1 in Ecuador.

Attachments:

Reclassified consolidated balance sheet, consolidated income statements reclassified by nature and function of expenses and reclassified statement of cash flow.

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

| | | December 31, 2013* | | September 30, 2014 |
|---|---|---|---|---|
| Net tangible fixed assets | | 7,912 | | 7,969 |
| Net intangible fixed assets | | 758 | | 758 |
| | | 8,670 | | 8,727 |
| - Engineering & Construction: Offshore | 3,793 | | 3,831 | |
| - Engineering & Construction: Onshore | 585 | | 575 | |
| - Drilling: Offshore | 3,351 | | 3,307 | |
| - Drilling: Onshore | 941 | | 1,014 | |
| Financial investments | | 158 | | 185 |
| **Non-current assets** | | **8,828** | | **8,912** |
| **Net current assets** | | **895** | | **1,106** |
| **Employee termination indemnities** | | **(219)** | | **(220)** |
| **CAPITAL EMPLOYED** | | **9,504** | | **9,798** |
| **Shareholders' equity** | | **4,652** | | **4,620** |
| **Minority interest in net equity** | | **92** | | **48** |
| **Net debt** | | **4,760** | | **5,130** |
| **COVER** | | **9,504** | | **9,798** |
| **Leverage (net debt/shareholders' equity)** | | **1.00** | | **1.10** |
| **SHARES ISSUED AND OUTSTANDING** | | **441,410,900** | | **441,410,900** |

* Data were restated following the coming into force of new accounting principles.

## CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | | First Nine Months 2013* | First Nine Months 2014 |
|---|---|---|---|---|---|
| 3,442 | 3,075 | 3,509 | Operating revenues | 8,688 | 9,475 |
| 2 | 2 | 3 | Other revenues and income | 5 | 7 |
| (2,479) | (2,097) | (2,580) | Purchases, services and other costs | (6,503) | (6,698) |
| (573) | (628) | (595) | Payroll and related costs | (1,672) | (1,792) |
| **392** | **352** | **337** | **GROSS OPERATING PROFIT** | **518** | **992** |
| (181) | (186) | (187) | Amortization, depreciation and write-downs | (532) | (549) |
| **211** | **166** | **150** | **OPERATING PROFIT** | **(14)** | **443** |
| (54) | (61) | (52) | Financial expenses | (145) | (162) |
| 2 | 5 | 13 | Income from investments | 11 | 30 |
| **159** | **110** | **111** | **INCOME BEFORE INCOME TAXES** | **(148)** | **311** |
| (50) | (35) | (35) | Income taxes | (65) | (99) |
| **109** | **75** | **76** | **INCOME BEFORE MINORITY INTEREST** | **(213)** | **212** |
| (8) | – | – | Minority interest | (16) | – |
| **101** | **75** | **76** | **NET PROFIT** | **(229)** | **212** |
| **282** | **261** | **263** | **CASH FLOW (Net profit + Depreciation and amortization)** | **303** | **761** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.

## CONSOLIDATED INCOME STATEMENT
## RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | | First Nine Months 2013* | First Nine Months 2014 |
|---|---|---|---|---|---|
| 3,442 | 3,075 | 3,509 | Operating revenues | 8,688 | 9,475 |
| (3,094) | (2,790) | (3,227) | Production costs | (8,314) | (8,662) |
| (43) | (29) | (32) | Idle costs | (124) | (93) |
| (38) | (36) | (35) | Selling expenses | (105) | (105) |
| (3) | (3) | (3) | Research and development costs | (10) | (8) |
| (5) | (4) | (7) | Other operating income (expenses), net | (13) | (15) |
| **259** | **213** | **205** | **CONTRIBUTION FROM OPERATIONS** | **122** | **592** |
| (48) | (47) | (55) | General and administrative expenses | (136) | (149) |
| **211** | **166** | **150** | **OPERATING PROFIT** | **(14)** | **443** |
| (54) | (61) | (52) | Financial expenses | (145) | (162) |
| 2 | 5 | 13 | Income from investments | 11 | 30 |
| **159** | **110** | **111** | **INCOME BEFORE INCOME TAXES** | **(148)** | **311** |
| (50) | (35) | (35) | Income taxes | (65) | (99) |
| **109** | **75** | **76** | **INCOME BEFORE MINORITY INTEREST** | **(213)** | **212** |
| (8) | – | – | Minority interest | (16) | – |
| **101** | **75** | **76** | **NET PROFIT** | **(229)** | **212** |
| **282** | **261** | **263** | **CASH FLOW (Net Profit + Depreciation and amortization)** | **303** | **761** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.

## RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

| Q3 2013 | Q2 2014 | Q3 2014 | | First Nine Months 2013* | First Nine Months 2014 |
|---|---|---|---|---|---|
| 101 | 75 | 76 | Net profit | (229) | 212 |
| 8 | – | | Minority interest | 16 | – |
| | | | *Adjustments to reconcile cash generated from operating income before changes in working capital:* | | |
| 269 | 152 | 188 | Depreciation, amortization and other non-monetary items | 688 | 509 |
| (668) | 427 | (80) | Variation in working capital relating to operations | (266) | (487) |
| **(290)** | **654** | **184** | **Net cash flow from operations** | **209** | **234** |
| (190) | (125) | (146) | Investments in tangible and intangible fixed assets | (680) | (475) |
| – | (2) | (2) | Investments and purchase of consolidated subsidiaries and businesses | (7) | (4) |
| – | – | 1 | Disposals | 42 | 8 |
| **(480)** | **527** | **37** | **Free cash flow** | **(436)** | **(237)** |
| – | – | – | Buy back of treasury shares/Exercise of stock options | – | |
| (38) | – | – | Cash flow from share capital and reserves | (375) | (44) |
| 22 | (21) | (63) | Effect of exchange rate differences on net debt and other changes | 19 | (89) |
| **(496)** | **506** | **(26)** | **Change in net debt** | **(792)** | **(370)** |
| **4,655** | **5,610** | **5,104** | **Net debt at beginning of period** | **4,359** | **4,760** |
| **5,151** | **5,104** | **5,130** | **Net debt at end of period** | **5,151** | **5,130** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of profits offset by the variation in working capital, relating to the restatement in compliance with the application of IAS 8.42.

**Effects of the application of IFRS 11 and IAS 8.42: Financial Statements**

The following tables illustrate the effects of restatements on the Balance Sheet at December 31, 2013 and the Income statement of the First Quarter, Second Quarter and the First Half of 2013, following the implementation of the new IFRS 10 and IFRS 11 accounting standards and the application of IAS 8.42.

## RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

| | December 31, 2013 | Impact of restatement | December 31, 2013 restated |
|---|---|---|---|
| Net tangible fixed assets | 7,972 | (60) | 7,912 |
| Net intangible fixed assets | 758 | – | 758 |
| Financial investments | 126 | 32 | 158 |
| **Non-current assets** | **8,856** | **(28)** | **8,828** |
| **Net current assets** | **828** | **67** | **895** |
| **Employee termination indemnities** | **(233)** | **14** | **(219)** |
| **CAPITAL EMPLOYED** | **9,451** | **53** | **9,504** |
| **Shareholders' equity** | **4,652** | – | **4,652** |
| **Minority interest in net equity** | **92** | – | **92** |
| **Net debt** | **4,707** | **53** | **4,760** |
| **COVER** | **9,451** | **53** | **9,504** |
| **Leverage (net debt/shareholders' equity)** | **0.99** | | **1.00** |
| **SHARES ISSUED AND OUTSTANDING** | **441,410,900** | | **441,410,900** |

## CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

| | Q3 2013 | Impact of restatement | Q3 2013 restated |
|---|---|---|---|
| Operating revenues | 3,522 | (80) | 3,442 |
| Other revenues and income | 2 | - | 2 |
| Purchases, services and other costs | (2,544) | 65 | (2,479) |
| Payroll and related costs | (587) | 14 | (573) |
| **GROSS OPERATING PROFIT** | **393** | **(1)** | **392** |
| Amortization, depreciation and write-downs | (184) | 3 | (181) |
| **OPERATING PROFIT** | **209** | **2** | **211** |
| Financial expenses | (54) | - | (54) |
| Income from investments | 4 | (2) | 2 |
| **INCOME BEFORE INCOME TAXES** | **159** | **-** | **159** |
| Income taxes | (50) | - | (50) |
| **INCOME BEFORE MINORITY INTEREST** | **109** | **-** | **109** |
| Minority interest | (8) | - | (8) |
| **NET PROFIT** | **101** | **-** | **101** |
| **CASH FLOW (Net profit + Depreciation and amortization)** | **285** | **(3)** | **282** |

(million euro)

| | First Nine Months 2013 | Impact of restatement* | First Nine Months 2013 restated |
|---|---|---|---|
| Operating revenues | 8,708 | (20) | 8,688 |
| Other revenues and income | 5 | - | 5 |
| Purchases, services and other costs | (6,719) | 216 | (6,503) |
| Payroll and related costs | (1,710) | 38 | (1,672) |
| **GROSS OPERATING PROFIT** | **284** | **234** | **518** |
| Amortization, depreciation and write-downs | (543) | 11 | (532) |
| **OPERATING PROFIT** | **(259)** | **245** | **(14)** |
| Financial expenses | (146) | 1 | (145) |
| Income from investments | 12 | (1) | 11 |
| **INCOME BEFORE INCOME TAXES** | **(393)** | **245** | **(148)** |
| Income taxes | (65) | - | (65) |
| **INCOME BEFORE MINORITY INTEREST** | **(458)** | **245** | **(213)** |
| Minority interest | (16) | - | (16) |
| **NET PROFIT** | **(474)** | **245** | **(229)** |
| **CASH FLOW (Net profit + Depreciation and amortization)** | **69** | **234** | **303** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.

## CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million euro)

| | Q3 2013 | Impact of restatement | Q3 2013 restated |
|---|---|---|---|
| Operating revenues | 3,522 | (80) | 3,442 |
| Production costs | (3,176) | 82 | (3,094) |
| Idle costs | (43) | - | (43) |
| Selling expenses | (38) | - | (38) |
| Research and development costs | (3) | - | (3) |
| Other operating income (expenses), net | (4) | (1) | (5) |
| **CONTRIBUTION FROM OPERATIONS** | **258** | **1** | **259** |
| General and administrative expenses | (49) | 1 | (48) |
| **OPERATING PROFIT** | **209** | **2** | **211** |
| Financial expenses | (54) | - | (54) |
| Income from investments | 4 | (2) | 2 |
| **INCOME BEFORE INCOME TAXES** | **159** | **-** | **159** |
| Income taxes | (50) | - | (50) |
| **INCOME BEFORE MINORITY INTEREST** | **109** | **-** | **109** |
| Minority interest | (8) | - | (8) |
| **NET PROFIT** | **101** | **-** | **101** |
| **CASH FLOW (Net Profit + Depreciation and amortization)** | **285** | **(3)** | **282** |

(million euro)

| | First Nine Months 2013 | Impact of restatement* | First Nine Months 2013 restated |
|---|---|---|---|
| Operating revenues | 8,708 | (20) | 8,688 |
| Production costs | (8,576) | 262 | (8,314) |
| Idle costs | (124) | - | (124) |
| Selling expenses | (106) | 1 | (105) |
| Research and development costs | (10) | - | (10) |
| Other operating income (expenses), net | (12) | (1) | (13) |
| **CONTRIBUTION FROM OPERATIONS** | **(120)** | **242** | **122** |
| General and administrative expenses | (139) | 3 | (136) |
| **OPERATING PROFIT** | **(259)** | **245** | **(14)** |
| Financial expenses | (146) | 1 | (145) |
| Income from investments | 12 | (1) | 11 |
| **INCOME BEFORE INCOME TAXES** | **(393)** | **245** | **(148)** |
| Income taxes | (65) | - | (65) |
| **INCOME BEFORE MINORITY INTEREST** | **(458)** | **245** | **(213)** |
| Minority interest | (16) | - | (16) |
| **NET PROFIT** | **(474)** | **245** | **(229)** |
| **CASH FLOW (Net Profit + Depreciation and amortization)** | **69** | **234** | **303** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.

## RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

| | Q3 2013 | Impact of restatement | Q3 2013 restated |
|---|---|---|---|
| Group net profit | 101 | - | 101 |
| Minority interest | 8 | | 8 |
| *Adjustments to reconcile cash generated from operating income before changes in working capital:* | | | |
| Depreciation, amortization and other non-monetary items | 272 | (3) | 269 |
| Variation in working capital relating to operations | (683) | 15 | (668) |
| **Net cash flow from operations** | **(302)** | **12** | **(290)** |
| Investments in tangible and intangible fixed assets | (192) | 2 | (190) |
| Investments and purchase of consolidated subsidiaries and businesses | - | - | - |
| Disposals | - | - | - |
| **Free cash flow** | **(494)** | **14** | **(480)** |
| Buy-back of treasury shares / stock option exercise | - | - | - |
| Cash flow from share capital and reserves | (38) | - | (38) |
| Exchange rate differentials and other variation concerning net financial debt | 20 | 2 | 22 |
| **Variation in net debt** | **(512)** | **16** | **(496)** |
| **Net debt at beginning of period** | **4,570** | **85** | **4,655** |
| **Net debt at end of period** | **5,082** | **69** | **5,151** |

(million euro)

| | First Nine Months 2013 | Impact of restatement* | First Nine Months 2013 restated |
|---|---|---|---|
| Group net profit | (474) | 245 | (229) |
| Minority interest | 16 | | 16 |
| *Adjustments to reconcile cash generated from operating income before changes in working capital:* | | | |
| Depreciation, amortization and other non-monetary items | 719 | (31) | 688 |
| Variation in working capital relating to operations | (64) | (202) | (266) |
| **Net cash flow from operations** | **197** | **12** | **209** |
| Investments in tangible and intangible fixed assets | (684) | 4 | (680) |
| Investments and purchase of consolidated subsidiaries and businesses | – | (7) | (7) |
| Disposals | 42 | - | 42 |
| **Free cash flow** | **(445)** | **9** | **(436)** |
| Buy-back of treasury shares / stock option exercise | – | - | - |
| Cash flow from share capital and reserves | (375) | - | (375) |
| Exchange rate differentials and other variation concerning net financial debt | 16 | 3 | 19 |
| **Variation in net debt** | **(804)** | **12** | **(792)** |
| **Net debt at beginning of period** | **4,278** | **81** | **4,359** |
| **Net debt at end of period** | **5,082** | **69** | **5,151** |

* In addition to the deconsolidation of joint-ventures following the introduction of the new accounting principles, this amount includes €245 million of revenues and profits relating to the restatement in compliance with the application of IAS 8.42.