Saipem Board of Directors approves 2016 preliminary consolidated results

2016

- **Reported results penalised by rationalisations and write-downs**
- **Adjusted EBIT and net debt in line with guidance**
- **Resilient new contract acquisitions**
- **Financial structure strengthened and bridge-to-bond facility fully reimbursed in advance**
- **Cost savings target achieved**

2017

- **Guidance confirmed, with adjusted EBITDA estimated at approximately €1 billion**
- **Implementation of the new organisational model**
- **New cost savings target confirmed in a market context still expected to be challenging**

San Donato Milanese, February 23, 2017 - The Board of Directors of Saipem SpA, chaired by Paolo Andrea Colombo, today reviewed the Saipem Group preliminary consolidated results as at December 31, 2016[1] which have been prepared in compliance with the International Financial Reporting Standards (EU approved IFRS).

2016 Results:

- Revenues: €9,976 million (€11,507 million in 2015) of which €2,091 million in the fourth quarter.
- Adjusted EBITDA: €1,266 million (€608 million in 2015) of which €269 million in the fourth quarter.
- Adjusted operating profit (EBIT): €582 million (-€154 million in 2015) of which €103 million in the fourth quarter.
- Reported operating result (EBIT): -€1,499 million (-€452 million in 2015), of which €1 million in the fourth quarter.
- Adjusted net profit: €226 million (-€508 million in 2015), of which €26 million in the fourth quarter.
- Reported net profit: -2,087 million, net of write-downs and reorganisation costs of €2,313 million (-€806 million in 2015, net of write-downs of €298 million), of which -€162 million in the fourth quarter.
- Capital expenditure: €296 million (€561 million in 2015), of which €129 million in the fourth quarter.
- Net debt at December 31, 2016: €1,450 million (€5,390 million at December 31, 2015).
- New contracts: €8,349 million (€6,515 million in 2015), of which €1,722 million in the fourth quarter.
- Backlog: €14,219 million (€15,846 million at December 31, 2015).

[1] *Unaudited*

Guidance 2017

- Revenues: ~ €10 billion
- EBITDA: ~ €1 billion
- Net profit: > €200 million (inclusive of approximately €30 million for reorganisation costs)
- Capital expenditure: ~ €0.4 billion
- Net debt: ~ €1.4 billion

Stefano Cao, Saipem CEO, commented:

"2016 was a pivotal year for Saipem's recovery. All of the measures required to ensure the deconsolidation of the Company from Eni were completed and, at the same time, those needed to deal with the difficult market context, which in 2016 saw write-downs and a further significant rationalisation of the asset base, were put in place. I recall in this regard the share capital increase, the debt refinancing and the first bond issue. And at the end of the year we managed to repay the bridge-to-bond facility in advance. Adjusted EBIT for 2016 and net debt at December 31, 2016 were both in line with the guidance provided.

Our renewed financial solidity, together with a robust and diversified order backlog, good operational performance, an aggressive cost-cutting plan and a streamlining of processes pursuant to our "Fit for the Future" programme, leads us to look with confidence to the future recovery of the Oil & Gas services market and confirm the targets for 2017 in a market context which, however, remains challenging.

The new organisational model announced last October, which will be fully implemented beginning in May this year, will allow us to improve our offer to our clients in a more structured way addressing their needs effectively".

Financial highlights

(€ million)

Q4 2015	Q3 2016	Q4 2016	Q4 2016 vs Q4 2015 (%)		2015	2016	2016 vs 2015 (%)
3,062	2,610	2,091	(31.7)	Revenues	11,507	9,976	(13.3)
384	328	269	(29.9)	Adjusted EBITDA	608	1,266	ns
182	155	103	(43.4)	Adjusted operating profit	(154)	582	ns
188	(1,737)	1	ns	Reported operating profit	(452)	(1,499)	ns
54	60	26	(51.9)	Adjusted net profit	(508)	226	ns
60	(1,978)	(162)	ns	Reported net profit	(806)	(2,087)	ns
256	233	192	(25.0)	Adjusted cash flow (adjusted net profit + depreciation and amortisation)	254	910	ns
390	330	274	(29.7)	Free cash flow	(914)	698	ns
5,390	1,673	1,450	ns	Net financial position	5,390	1,450	ns
154	70	129	(16.2)	Capital expenditure	561	296	(47.2)
1,158	3,299	1,722	48.7	New contracts	6,515	8,349	28.2

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.

Given the uncertain market outlook, the Board of Directors resolved to propose to the Annual Shareholders' Meeting, due to be convened on April 28, 2017, to forego the distribution of a dividend on ordinary shares for the financial year 2016.

Operational update 2016

Revenues amounted to €10.0 billion, down 13.3% compared to 2015, due to a contraction in the Offshore E&C and Drilling sectors.

Adjusted EBIT for the year amounted to €582 million (-€154 million in 2015), thanks to the solid operational performance of Offshore Engineering & Construction and the resilience of Offshore Drilling, which is still benefiting from long-term contracts acquired at more favourable market rates. Onshore E&C achieved a break-even level for adjusted EBIT, while Onshore Drilling was affected by reduced activities in South America.

Adjusted net result amounted to €226 million, compared to a loss of €508 million in 2015.

The measures implemented to counteract a negative market context led to a significant containment of **capital expenditure**, which in 2016 amounted to €296 million (€561 million in 2015), of which €129 million in the fourth quarter (€154 million in the fourth quarter of 2015), relating mainly to the maintenance and upgrading of the existing asset base. 2016 capital expenditure can be broken down as follows:

- €117 million in Offshore Engineering & Construction;
- €8 million in Onshore Engineering & Construction;
- €94 million in Offshore Drilling;
- €77 million in Onshore Drilling.

Net financial debt at December 31, 2016 amounted to €1,450 million, down from €5,390 million at December 31, 2015 due mainly to the cash flow generated in 2016 and to the share capital increase completed in the first quarter of the year.

Backlog

During 2016, Saipem was awarded contracts amounting to €8,349 million (€6,515 million in 2015). Saipem's backlog at December 31, 2016 stood at €14,219 million (€7,148 million in Offshore Engineering &

Construction, €4,616 million in Onshore Engineering & Construction and €2,455 million in Drilling), of which €7,444 million is due to be realised in 2017.

Reported result

When compared to adjusted net result, reported net result, amounting to -€2,087 million (-€806 million in 2015), was reduced by the following special items:

- asset write-downs resulting from the Strategic Plan and subsequent preliminary impairment tests: €2,118 million (€198 million in 2015)
- write-down of receivables in the Drilling sector: €171 million (€100 million in 2015)
- reorganisation expenses: €24 million

Asset write-downs resulting from the Strategic Plan and subsequent preliminary impairment tests were as follows:

- in Offshore Drilling, several vessels, mainly semi-submersible platforms, were partially written down following preliminary impairment tests; furthermore, two jack-ups and a semi-submersible platform were fully written down, as the possibility of using them in the framework of the Strategic Plan is not contemplated. The impact was about €1.1 billion;
- in Onshore Drilling, several drilling rigs were partially or fully written down, as the possibility of using them in the framework of the Strategic Plan is slight or non-existent. The impact was about €0.2 billion;
- in Offshore E&C, a vessel was fully written down, as the possibility of using it in the framework of the Strategic Plan is not contemplated; one FPSO was partially written down following preliminary impairment tests, while the useful life of another FPSO was shortened to coincide with the end of the current contract, in view of the slim prospects of renewal. Furthermore, several fabrication yards with reduced prospects for use in the framework of the Strategic Plan were partially written down. The impact was about €0.4 billion;
- in Onshore E&C, a fabrication yard was fully written down due to lack of prospects for use in the framework of the Strategic Plan, and a logistical base was partially written down. The impact was about €0.1 billion;
- due to the above write-downs, as well as to the reduction in activities and margins in several countries, the related tax assets were also consequently written down. The impact was about €0.3 billion.

Reconciliation of adjusted and reported EBIT (€ million)

	Offshore E&C	Onshore E&C	Offshore Drilling	Onshore Drilling	Total	
Adjusted EBIT	**379**	**5**	**234**	**(36)**	**582**	
Impairment/write-down of assets	341	58	1,170	155	1,724	
Write-down of inventories	20	1	13	34	68	(a)
Write-down of tax assets	17	77	-	-	94	(a)
Write-down of receivables	-	-	17	154	171	(a)
Reorganisation expenses	9	11	2	2	24	(a)
Total write-downs	(387)	(147)	(1,202)	(345)	(2,081)	
Reported EBIT	**(8)**	**(142)**	**(968)**	**(381)**	**(1,499)**	

(a) total €357 million: reconciliation of adjusted EBITA of €1,266 and reported EBITDA of €909 million

2017 Guidance

Despite encouraging signals that the oil price is stabilising, Saipem's reference market has not shown any signs of recovery in relation to the assumptions made in the Strategic Plan approved in October 2016. The previously announced guidance for 2017 is therefore confirmed as follows:

- Revenues: ~ €10 billion
- EBITDA: ~ €1 billion
- Net profit: > €200 million (inclusive of approximately €30 million for reorganisation costs)
- Capital expenditure: ~ €0.4 billion
- Net debt: ~ €1.4 billion

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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".

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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 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

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 6.30 pm CEST (5.30 pm BST, 12.30 pm EDT, 9.30 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/buvrtp9h

During the conference call and webcast, a presentation will be given which can be downloaded 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 be also available for download from the authorised storage device "Nis Storage" (www.emarketstorage.com) and on the website of 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.

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 02074045959**; 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)

Q4 2015	Q3 2016	Q4 2016	Q4 2016 vs Q4 2015 (%)		2015	2016	2016 vs 2015 (%)
1,781	1,481	1,134	(36.3)	Revenues	6,890	5,686	(17.5)
(1,591)	(1,312)	(1,003)	(37.0)	Expenses	(6,401)	(5,057)	(21.0)
190	169	131	(31.1)	Adjusted EBITDA	489	629	28.6
(71)	(63)	(62)	(12.7)	Depreciation	(297)	(250)	(15.8)
119	106	69	(42.0)	Adjusted operating profit	192	379	97.4
10.7	11.4	11.6		Adjusted EBITDA %	7.1	11.1	
6.7	7.2	6.1		Adjusted EBIT %	2.8	6.7	
1,071	1,922	1,236		New contracts	4,479	5,316	

Backlog at December 31, 2016: €7,148 million, of which €3,583 due to be realised in 2017.

- Revenues for 2016 amounted to €5,686 million, down 17.5% compared to 2015. This was mainly attributable to lower volumes recorded in the Middle East, Australia and Russia, which were partly offset by higher volumes registered in Azerbaijan and Kazakhstan.

- Operating profit for 2016 amounted to €192 million, equal to 6.7% of revenues, versus €435 million, equal to 2.8% of revenues, in 2015. The improvement was due mainly to the greater contribution of projects under execution in Kazakhstan and Azerbaijan. Adjusted EBITDA stood at 11.1%, up from 7.1% in 2015.

- The most significant awards in the fourth quarter of 2016 included:
  - on behalf of Saudi Aramco, two EPCI contracts under the Long Term Agreement in force until 2021 for operations in Saudi Arabia. These two contracts refer to the development of fields in Marjan, Zuluf and Safaniya located in the Arabian Gulf, which are among the most important offshore fields in the region. They include the design, engineering, procurement, construction, installation and implementation of subsea systems in addition to the laying of pipelines, subsea cables and umbilicals, platform topsides and jackets. They also include additional maintenance and dismantling works on the existing platforms already operating in these fields.

Engineering & Construction: Onshore

(€ million)

Q4 2015	Q3 2016	Q4 2016	Q4 2016 vs Q4 2015 (%)		2015	2016	2016 vs 2015 (%)
854	772	645	(24.5)	Revenues	2,788	2,844	2.0
(838)	(763)	(633)	(24.5)	Expenses	(3,442)	(2,803)	(18.6)
16	9	12	(25.0)	Adjusted EBITDA	(654)	41	ns
(8)	(8)	(9)	12.5	Depreciation	(39)	(36)	(7.7)
8	1	3	(62.5)	Adjusted operating profit	(693)	5	ns
1.9	1.2	1.9		Adjusted EBITDA %	(23.5)	1.4	
0.9	0.1	0.5		Adjusted EBIT %	(24.9)	0.2	
21	938	231		New contracts	1,386	2,159	

Backlog at December 31, 2016: €4,616 million, of which €2,926 due to be realised in 2017.

- Revenues for 2016 amounted to €2,844 million, up 2% compared to 2015, which had been affected by significant decrease in revenue estimates in relation to various contracts in North America, Australia and West Africa. Greater volumes of activities were recorded in the Middle East.

- Adjusted operating profit for 2016 amounted to €5 million, compared to a loss of €693 million in 2015 which included the above-mentioned revenue estimate decreases.

Drilling: Offshore

(€ million)

Q4 2015	Q3 2016	Q4 2016	Q4 2016 vs Q4 2015 (%)		2015	2016	2016 vs 2015 (%)
257	233	183	(28.8)	Revenues	1,067	903	(15.4)
(121)	(111)	(88)	(27.3)	Expenses	(531)	(449)	(15.4)
136	122	95	(30.1)	Adjusted EBITDA	536	454	(15.3)
(73)	(59)	(50)	(31.5)	Depreciation	(241)	(220)	(8.7)
63	63	45	(28.6)	Adjusted operating profit	295	234	(20.7)
52.9	52.4	51.9		Adjusted EBITDA %	50.2	50.3	
24.5	27.0	24.6		Adjusted EBIT %	27.6	25.9	
39	49	22		New contracts	234	134	

Backlog at December 31, 2016: €1,241 million, of which €494 million is due to be realised in 2017.

- Revenues for 2016 amounted to €903 million, representing a 15.4% decrease compared to 2015. This was mainly attributable to reduced revenues from the drillship Saipem 12000, due to the early termination of a contract, from the semi-submersible rig Scarabeo 6, which underwent class reinstatement works in the first quarter and was not under contract in the following months, and from the semi-submersible Scarabeo 8, which underwent class reinstatement works in the fourth quarter. In addition, the semi-submersible rigs Scarabeo 3 and Scarabeo 4, which had both been in operation for most of 2015, were either idle or divested in 2016. The decrease was slightly offset by increased revenues from the full-scale operations of the drillship Saipem 10000, which had undergone upgrading works in 2015.

- The adjusted operating result for 2016 amounted to €234 million, compared to €295 million in 2015, with a margin on revenues of 25.9%, approximately 2% lower than in 2015, due to reduced revenues from rigs that were idle or undergoing maintenance works during the period. The decrease was partly offset by the increased contribution of the drillship Saipem 10000 (which had undergone upgrading works in 2015). Adjusted EBITDA stood at 50.3%, in line with the 50.2% achieved in 2015.

Vessel utilisation in 2016 and the impact of programmed maintenance for 2017 are as follows:

Vessel	***2016***			***2017***	
	under contract	***idle***		***idle***	
	(days)			***(days)***	
Semi-submersible rig Scarabeo 3	–	315	(c)	na	(*)
Semi-submersible rig Scarabeo 5	350	16	(b)	–	
Semi-submersible rig Scarabeo 6	14	352	(a+c)	365	(c)
Semi-submersible rig Scarabeo 7	365	1	(b)	–	
Semi-submersible rig Scarabeo 8	305	61	(a)	–	
Semi-submersible rig Scarabeo 9	324	42	(a)	75	(a)
Drillship Saipem 10000	364	2	(b)	–	
Drillship Saipem 12000	366	–		46	(c)
Jack up Perro Negro 2	366	–		353	(c)
Jack up Perro Negro 3	119	247	(c)	365	(c)
Jack up Perro Negro 4	364	2	(b)	120	(a)
Jack up Perro Negro 5	314	52	(a+b)	–	
Jack up Perro Negro 7	366	–		75	(a)
Jack up Perro Negro 8	366	–		275	(c)
Tender Assisted Drilling Barge	366	–		45	(a)

* Sold on November 10, 2016

(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 2015	Q3 2016	Q4 2016	Q4 2016 vs Q4 2015 (%)		2015	2016	2016 vs 2015 (%)
170	124	129	(24.1)	Revenues	762	543	(28.7)
(128)	(96)	(98)	(23.4)	Expenses	(525)	(401)	(23.6)
42	28	31	(26.2)	Adjusted EBITDA	237	142	(40.1)
(50)	(43)	(45)	(10.0)	Depreciation	(185)	(178)	(3.8)
(8)	(15)	(14)	75.0	Adjusted operating profit	52	(36)	ns
24.7	22.6	24.0		Adjusted EBITDA %	31.1	26.2	
-4.7	-12.1	-10.9		Adjusted EBIT %	6.8	-6.6	
27	390	233		New contracts	416	740	

Backlog at December 31, 2016: €1,214 million, of which €441 million is due to be realised in 2017.

- Revenues for 2016 amounted to €543 million, a 28.7% decrease on 2015, due mainly to reduced volumes recorded in South America.

- Adjusted operating result for 2016 amounted to a loss of €36 million compared to a profit of €52 million in 2015, due to the increase of idle costs for rigs in South America. Adjusted EBITDA was 26.2%.

- The most significant awards in the fourth quarter of 2016 included:
  - on behalf of Saudi Aramco, a three-year lease extension of contracts for six drilling rigs already operating in Saudi Arabia;

Average utilisation of rigs in 2016 was 64.1% (90.5% in 2015). As of December 31, 2016, Company-owned rigs amounted to 96 (4 rigs were scrapped at the end of 2016), located as follows: 28 in Saudi Arabia, 26 in Venezuela, 18 in Peru, 4 in Bolivia, 4 in Colombia, 4 in Kazakhstan, 4 in Ecuador, 2 in Kuwait, 1 in Argentina, 1 in Chile, 1 in Congo, 1 in Italy, 1 in Morocco and 1 in Tunisia.
In addition, 2 units owned by third parties were used in Peru, 1 third-party unit was used in the Congo, and 1 in Chile.

Attachments:

- reclassified consolidated balance sheet, reclassified consolidated income statements by nature and destination of costs and reclassified statement of cash flow.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(€ million)

	December 31, 2015	December 31, 2016
Net tangible assets	7,287	5,192
Intangible assets	758	755
	8,045	5,947
Investments	134	147
Non-current assets	**8,179**	**6,094**
Net current assets	**941**	**447**
Provision for employee benefits	**(211)**	**(206)**
Assets (liabilities) available for sale	-	-
CAPITAL EMPLOYED, NET	**8,909**	**6,335**
Shareholder's equity	**3,474**	**4,866**
Non-controlling interests	**45**	**19**
Net debt	**5,390**	**1,450**
FUNDING	**8,909**	**6,335**
Leverage (net borrowings/shareholders' equity including non-controlling interests)	**1.53**	**0.30**
SHARES ISSUED AND OUTSTANDING	**441,410,900**	**10,109,774,396**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(€ million)

4Q 2015	Q3 2016	4Q 2016		Year 2015	Year 2016
3,062	2,610	2,091	Net sales from operations	11,507	9,976
3	5	2	Other income and revenues	5	9
(2,214)	(2,104)	(1,444)	Purchases, services and other costs	(8,782)	(7,294)
(467)	(421)	(412)	Payroll and related costs	(2,222)	(1,782)
384	**90**	**237**	**GROSS OPERATING RESULT**	**508**	**909**
(196)	(1,827)	(236)	Depreciation, amortisation and impairment	(960)	(2,408)
188	**(1,737)**	**1**	**OPERATING RESULT**	**(452)**	**(1,499)**
(62)	(45)	(39)	Finance expense	(244)	(154)
36	(2)	11	Income from investments	34	18
162	**(1,784)**	**(27)**	**RESULT BEFORE INCOME TAXES**	**(662)**	**(1,635)**
(85)	(193)	(132)	Income taxes	(127)	(445)
77	**(1,977)**	**(159)**	**RESULT BEFORE NON-CONTROLLING INTERESTS**	**(789)**	**(2,080)**
(17)	(1)	(3)	Net result attributable to non-controlling interests	(17)	(7)
60	**(1,978)**	**(162)**	**NET RESULT**	**(806)**	**(2,087)**
256	(151)	74	CASH FLOW (net result + depreciation and amortisation)	154	321

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(€ million)

4Q 2015	Q3 2016	4Q 2016		Year 2015	Year 2016
3,062	2,610	2,091	Net sales from operations	11,507	9,976
(2,722)	(4,192)	(1,825)	Production costs	(11,408)	(10,724)
(64)	(75)	(88)	Idle costs	(198)	(316)
(24)	(27)	(19)	Selling expenses	(118)	(104)
(4)	(3)	(9)	Research and development expenses	(14)	(19)
(10)	(3)	(97)	Other operating income (expenses), net	(22)	(118)
238	**(1,690)**	**53**	**CONTRIBUTION FROM OPERATIONS**	**(253)**	**(1,305)**
(50)	(47)	(52)	General and administrative expenses	(199)	(194)
188	**(1,737)**	**1**	**OPERATING RESULT**	**(452)**	**(1,499)**
(62)	(45)	(39)	Finance expense	(244)	(154)
36	(2)	11	Income from investments	34	18
162	**(1,784)**	**(27)**	**RESULT BEFORE INCOME TAXES**	**(662)**	**(1,635)**
(85)	(193)	(132)	Income taxes	(127)	(445)
77	**(1,977)**	**(159)**	**RESULT BEFORE NON-CONTROLLING INTERESTS**	**(789)**	**(2,080)**
(17)	(1)	(3)	Net result attributable to non-controlling interests	(17)	(7)
60	**(1,978)**	**(162)**	**NET RESULT**	**(806)**	**(2,087)**
256	(151)	74	**CASH FLOW (net result + depreciation and amortisation)**	154	321

RECLASSIFIED CASH FLOW STATEMENT

(€ million)

4Q 2015	Q3 2016	4Q 2016		Year 2015	Year 2016
60	(1,978)	(162)	Net profit (loss) for the year	(806)	(2,087)
17	1	3	Net result attributable to non-controlling interests	17	7
			Adjustments to reconcile cash generated from operating result before changes in working capital:		
118	1,821	308	Depreciation, amortisation and other non-monetary items	1,031	2,436
303	556	241	Changes in working capital related to operations	(749)	621
498	**400**	**390**	**Net cash flow from operations**	**(507)**	**977**
(154)	(70)	(129)	Capital expenditure	(561)	(296)
-	–	–	Investments and purchase of consolidated subsidiaries and businesses	(1)	–
46	–	13	Disposals	155	17
390	**330**	**274**	**Free cash flow**	**(914)**	**698**
-	(26)	–	Buy-back of treasury shares/Exercise of stock options	-	(26)
-	–	–	Share capital increase net of expenses	-	3,435
-	(36)	–	Cash flow from capital and reserves	(17)	(36)
(44)	(1)	(51)	Exchange differences on net borrowings and other changes	(35)	(131)
346	**267**	**223**	**Change in net borrowings**	**(966)**	**3,940**
5,736	**1,940**	**1,673**	**Net borrowings at beginning of year**	**4,424**	**5,390**
5,390	**1,673**	**1,450**	**Net borrowings at end of year**	**5,390**	**1,450**