



FIRST HALF 2019 RESULTS PRESENTATION

25 July 2019



FORWARD-LOOKING STATEMENTS

Forward-looking statements contained in this presentation regarding future events and future results are based on current expectations, estimates, forecasts and projections about the industries in which Saipem S.p.A. (the “Company”) operates, as well as the beliefs and assumptions of the Company’s management.

These forward-looking statements are only predictions and are subject to known and unknown risks, uncertainties, assumptions and other factors beyond the Company’ control that are difficult to predict because they relate to events and depend on circumstances that will occur in the future. These include, but are not limited to: forex 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.

Therefore, the Company’s actual results may differ materially and adversely from those expressed or implied in any forward-looking statements. They are neither statements of historical fact nor guarantees of future performance. The Company therefore cautions against relying on any of these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, economic conditions globally, the impact of competition, political and economic developments in the countries in which the Company operates, and regulatory developments in Italy and internationally. Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made. The Company undertakes no obligation to update any forward-looking statements to reflect any changes in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Financial Reports contain analyses of some of the aforementioned risks.

Forward-looking statements neither represent nor can be considered as estimates for legal, accounting, fiscal or investment purposes. Forward-looking statements are not intended to provide assurances and/or solicit investment.

AGENDA

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1H 2019 RESULTS

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GUIDANCE AND CLOSING REMARKS

OPENING REMARKS

1H 2019

Major LNG award in Mozambique worth \$6bn

Book-to-bill above 2x in 1H

Backlog above €17bn

Visibility improving, award momentum to continue

Solid results across the divisions, in trend with FY 2019 targets

- E&C Offshore: solid operational performance
- E&C Onshore: turnaround continues
- Drilling: growing volumes, margins adjusting to current environment

Net debt improved at €1bn

New year-end net debt guidance: below €0.8bn

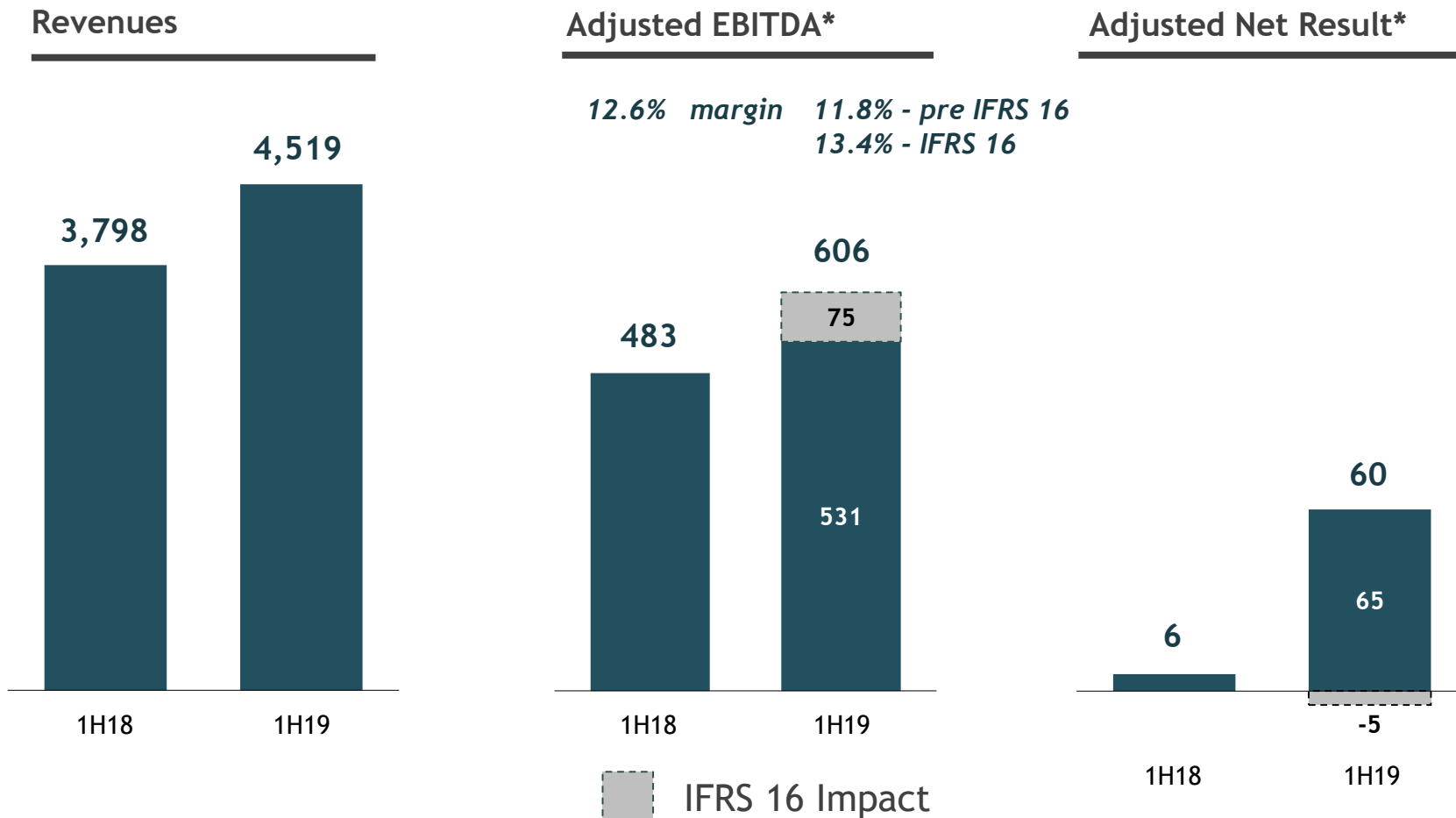


1H 2019 RESULTS

25 July 2019

1H 2019 RESULTS

YoY COMPARISON (€ mn)

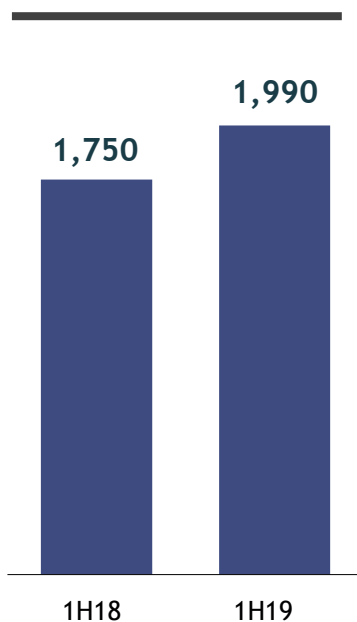


1H 2019 RESULTS - E&C

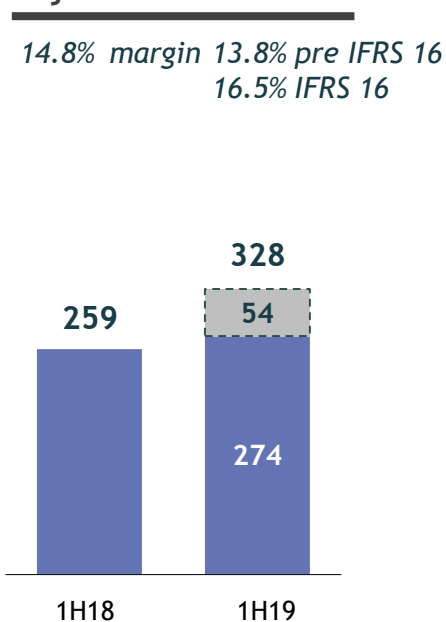
YoY COMPARISON (€ mn)

E&C OFFSHORE

Revenues

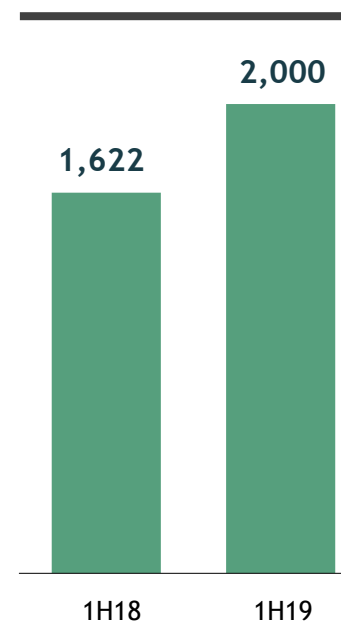


Adjusted EBITDA

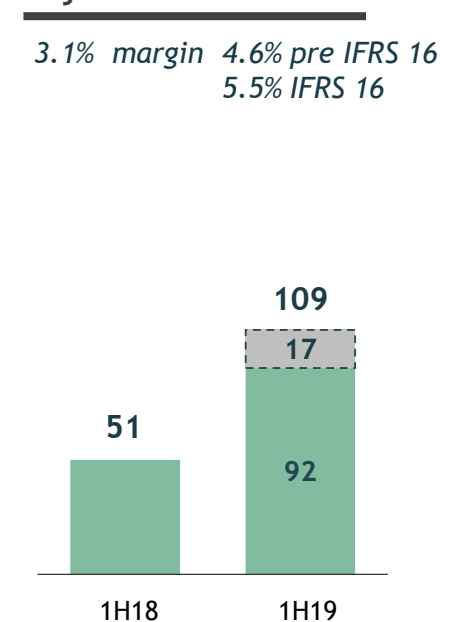


E&C ONSHORE*

Revenues



Adjusted EBITDA



 IFRS 16 Impact

(*) E&C Onshore including Floaters business and XSight

- Higher volumes in Middle East and North Africa
- Solid margin underpinned by good execution

- Higher volumes in Middle and Far East, West Africa and Caspian
- Margin expansion confirming turnaround

1H 2019 RESULTS - DRILLING

YoY COMPARISON (€ mn)

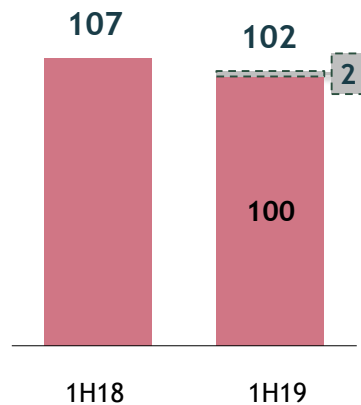
DRILLING OFFSHORE

Revenues



Adjusted EBITDA

48.4% margin 39.1% pre IFRS 16
39.8% IFRS 16



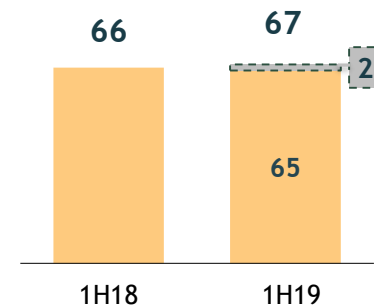
DRILLING ONSHORE

Revenues



Adjusted EBITDA

26.8% margin 23.8% pre IFRS 16
24.5% IFRS 16



IFRS 16 Impact

- Higher volumes driven by SC8, S12000, Pioneer (leased)
- Phasing out of past projects reflects on EBITDA margin

- Growth driven by activity in Saudi Arabia and Latin America
- Broadly stable margins QoQ

1H 2019 NET RESULT

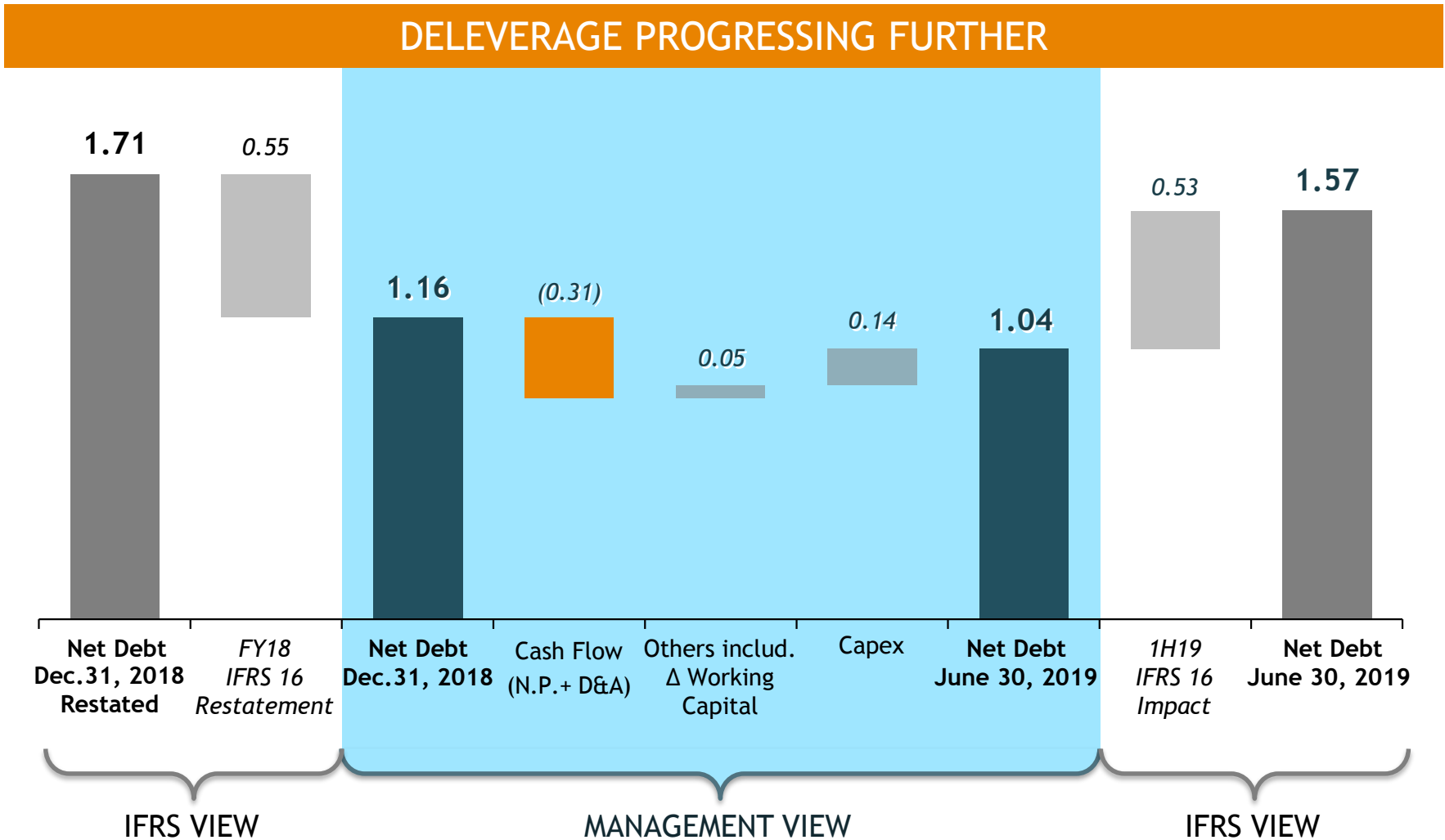
RECONCILIATION ADJUSTED-REPORTED

Net Result (€ mn)



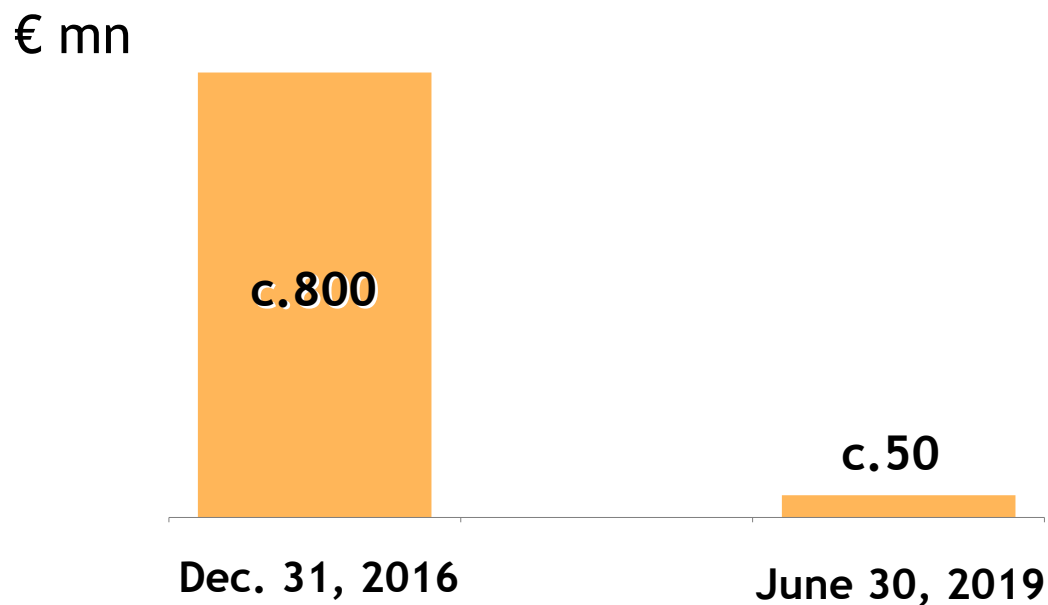
1H 2019 NET DEBT EVOLUTION

(€ bn)



DERISKED WORKING CAPITAL

UNBILLED REVENUES LINKED TO LEGAL DISPUTES



- Gladstone arbitration in Australia positively resolved in line with expectations
- Commercial discipline, de-risking actions and settlements reduced unbilled revenues to negligible level



BUSINESS UPDATE

25 July 2019

A NEW FRONTIER

MOZAMBIQUE



STRATEGIC POSITIONING

- Part of Maritime Silk Road
- Privileged Commercial Hub of India and China for African Market
- Significant infrastructure development envisaged

KEY ENERGY RESOURCES

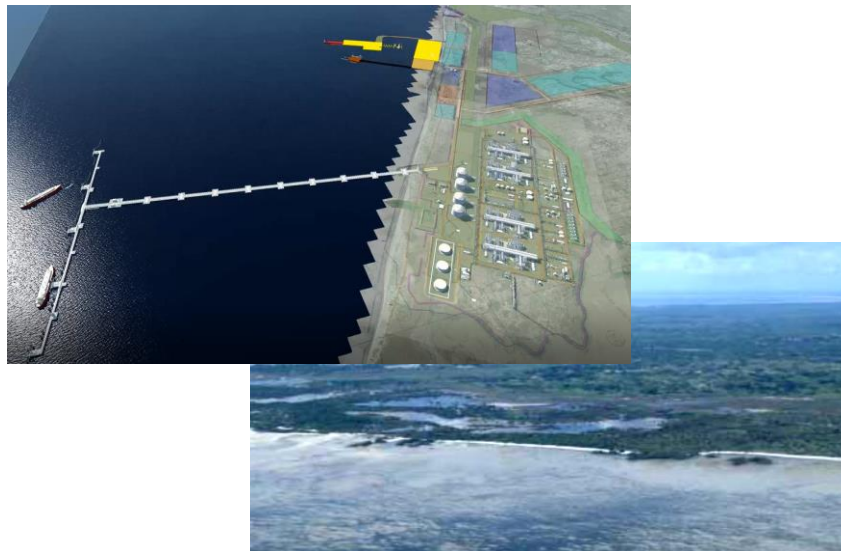
- First natural gas discovery in Area 1 in 2010
- Significant natural gas reserves, estimated at +2,000bn m³
- Various fields under development by major players

OUR VALUE PROPOSITION

- Strong expertise and know-how in executing large/complex projects in remote areas and deep water
- Developing a key role in energy transition
- Established presence and strong track record in Sub-Saharan Africa

MAIN RECENT AWARDS: ANADARKO MOZAMBIQUE LNG

LNG MOMENTUM CONFIRMED



PROJECT DETAILS

- **Client:** Anadarko Petroleum Corporation
- **Location:** Mozambique
- **Scheme:** JV among Saipem (leader), McDermott and Chiyoda
- **Scope of Work:** Engineering, Procurement and Construction of two Natural Gas Liquefaction (LNG) trains, with a total capacity of 12.9 MTPA, as well as all necessary associated infrastructure, storage tanks and export jetty facilities
- **Project Value - Saipem share:** \$6bn

HIGHLIGHTS

- Major award for Saipem
- Remote frontier area with limited infrastructure
- Focus on execution and local supply chain
- Technologically and logistically complex

MAIN RECENT AWARDS

E&C - 2Q 2019



MOSCOW REFINERY

- Client: JSC GazpromNeft
- Location: Russia
- Scope of work: EPC for new Sulphur recovery unit (SRU) encompassing 6 trains, among which 2 trains of 280 MTA of Sulphur Claus and TGTU with Liquid and Solid Sulphur handling

HIGHLIGHTS:

Reduction of sulphur emissions, complying with highest levels of environmental and safety standards
Positioning to benefit from potential new investments in the refinery



SERBIA PIPELINE

- Client: Infrastructure Development and Construction (IDC)
- Location: Serbia
- Scope of work: design and construction of approx. 150 km of gas pipeline and engineering of compressor station

HIGHLIGHTS:

Part of the 400 km interconnector gas pipeline in Serbia
Construction activities performed on a direct hire base with Saipem specialized equipment



LTA 43 - BERRI DOWNSTREAM PIPELINES

- Client: Saudi Aramco
- Location: Kingdom of Saudi Arabia
- Scope of work: EPC of pipelines for crude and condensates, interconnecting Abu Ali gas-oil separation plant with Khursaniyah gas plant

HIGHLIGHTS:

Award falling under Long Term frame Agreement, consolidating presence in the Middle East

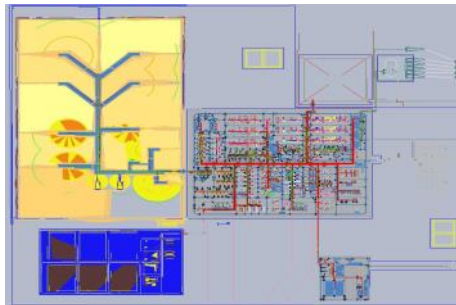
MAIN RECENT AWARDS CONT'D

E&C - POST 2Q 2019



BERRI - PKG-01 EXPAND ABU ALI CRUDE & KGP GAS FACILITIES

- Client: Saudi Aramco
- Location: Kingdom of Saudi Arabia
- Scope of work: EPC for new units for the Abu Ali oil-gas separation plant and the Khursaniyah gas treatment plant



MARJAN - PKG-10 GAS TREATMENT AND SULFUR RECOVERY

- Client: Saudi Aramco
- Location: Kingdom of Saudi Arabia
- Scope of work: EPC for new units for gas treatment and the recovery of acid gases for sulfur production

HIGHLIGHTS:

Recognition of expertise in large/complex projects further strengthens client relationship
Supporting Saudi Aramco in complying with CO2 emission standards

MAIN RECENT AWARDS

DRILLING OFFSHORE



SEA LION 7 - NEW LEASED JACKUP

2Q AWARD

- Client: Saudi Aramco
- Location: Saudi Arabia
- Terms: 3 years firm period + 1-year option; expected to start in 4Q 2019

HIGHLIGHTS:

Additional leased rig joining Saipem fleet, in line with our asset-light strategy
Hi-spec jackup



SCARABEO 8

2Q AWARD

- Client: Repsol Norge AS
- Location: Norway
- Terms: 1 well; starting in 4Q 2019

HIGHLIGHTS:

New client in Drilling Offshore



SCARABEO 9

2Q AWARD

- Client: GSP
- Location: Romania
- Terms: 1 wells; starting in 3Q 2019

HIGHLIGHTS:

Back in the Black Sea, rig under preparation for bridge crossing



PERRO NEGRO 8

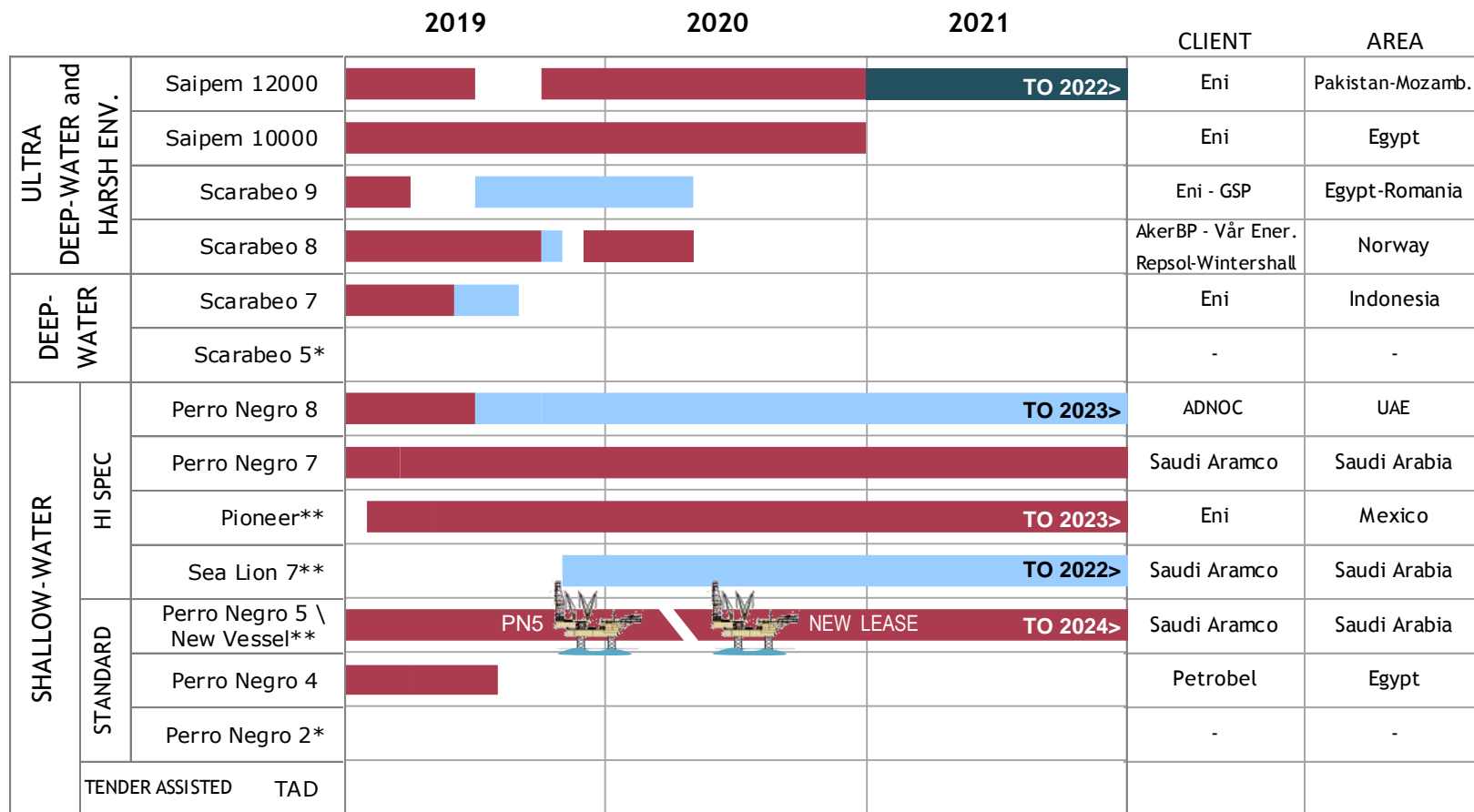
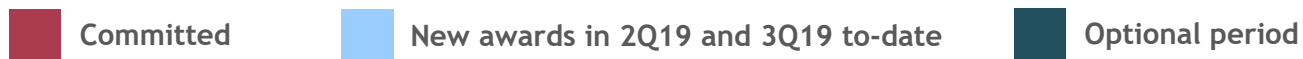
3Q AWARD

- Client: ADNOC
- Location: United Arab Emirates
- Terms: 4 years contract + 1-year option in continuation from previous engagement

HIGHLIGHTS:

Extension of activity, long term contract

OFFSHORE DRILLING FLEET

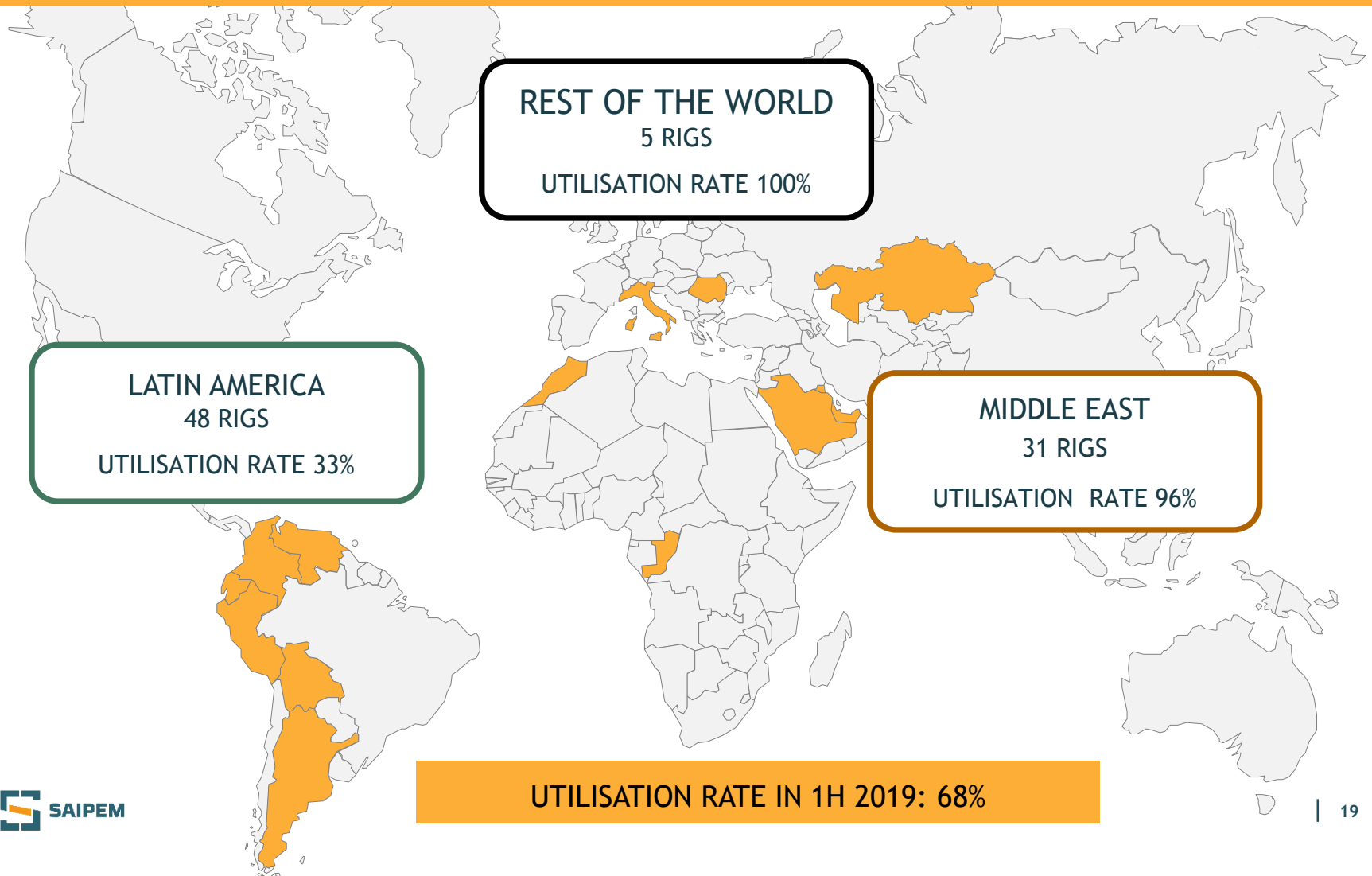


* ON STACKING MODE

** LEASED VESSEL

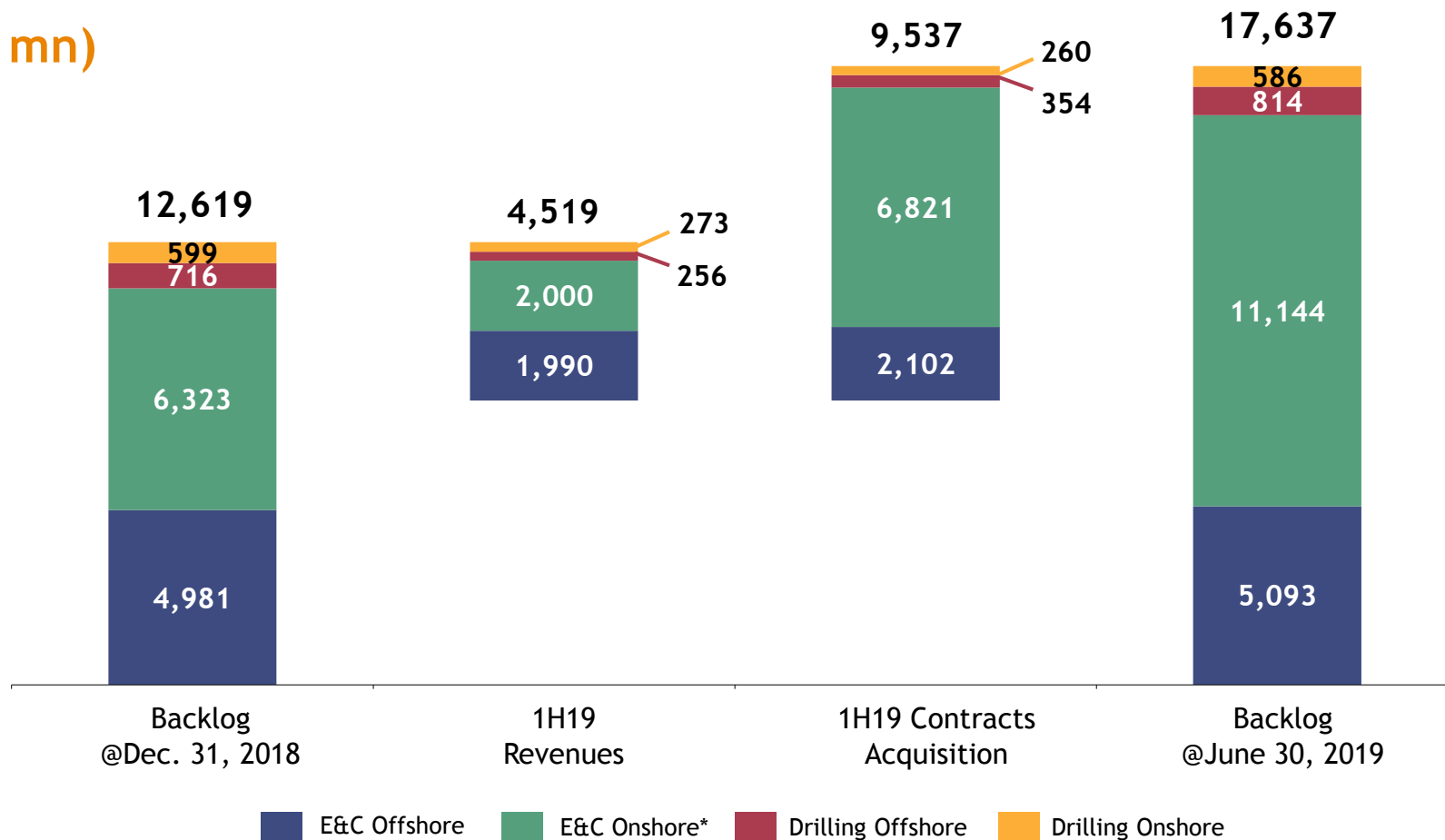
ONSHORE DRILLING FLEET

ONSHORE FLEET @ JUNE 30, 2019: 84 RIGS



1H 2019 BACKLOG

(€ mn)



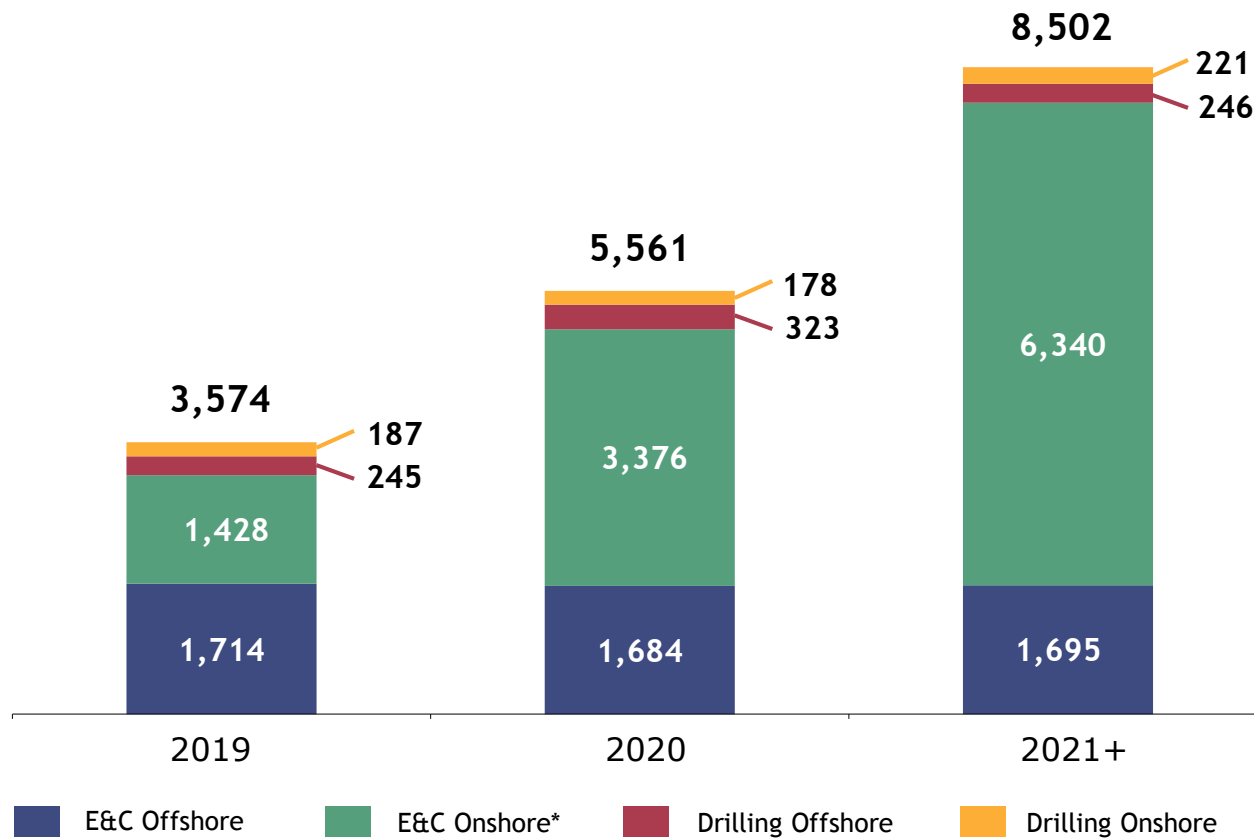
NON-CONSOLIDATED BACKLOG @ June 30, 2019	
(€ mn)	1,798



(*) E&C Onshore including Floaters business and XSight

1H 2019 BACKLOG BY YEAR OF EXECUTION

(€ mn)



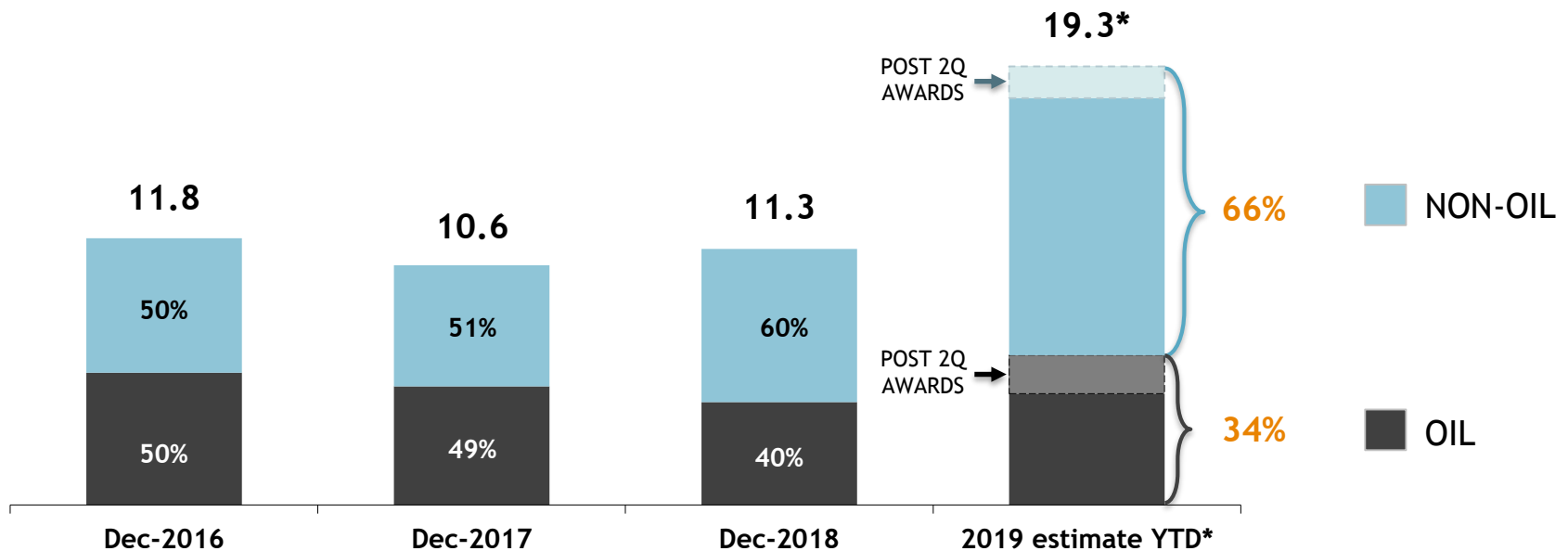
NON-CONSOLIDATED BACKLOG BY YEAR OF EXECUTION

	2019	2020	2021+
€ mn	174	546	1,078

E&C BACKLOG BREAKDOWN EVOLUTION

BACKLOG MAINLY DRIVEN BY GAS

E&C BACKLOG € bn
(END OF PERIOD)



(*) Estimate YTD includes: 1) E&C backlog at end of June 2019 for €16.2bn and 2) E&C order intake post-2Q to-date for c.€3.1bn

E&C OFFSHORE OPPORTUNITIES

GOOD VISIBILITY ON €8 BILLION NEAR-TERM INITIATIVES

Americas

- *SUBSEA*
 - *PIPELINES*
- Approx. value of opportunities: €1.6bn

Middle East

- *FIXED FACILITIES*
- Approx. value of opportunities: €2.1bn

Africa

- *SUBSEA*
- Approx. value of opportunities: €2.2bn

Europe/ CIS and Central Asia

- *RENEWABLES*
 - *FIXED FACILITIES*
 - *DECOMMISSIONING*
 - *PIPELINES*
- Approx. value of opportunities: €1.5bn

Asia Pacific

- *PIPELINES*
- Approx. value of opportunities: €0.4bn



GUIDANCE AND CLOSING REMARKS

25 July 2019

2019 GUIDANCE UPDATE

PRE IFRS 16

Metrics	FY 2019
Revenues	▪ c. €9bn
Adjusted EBITDA % margin	▪ >10%
CAPEX	▪ c. €500mn
Net debt (updated)	▪ <€0.8bn

CLOSING REMARKS

ROBUST ORDER INTAKE DRIVES BACKLOG ABOVE €17bn, IMPROVING MEDIUM-TO-LONG TERM VISIBILITY

GOOD OPERATIONAL RESULTS ON TREND WITH YEARLY GUIDANCE

VISIBILITY REMAINS GOOD ON SELECTED NEAR TERM E&C OPPORTUNITIES

ACCELERATING DELEVERAGE, NET DEBT 2019 GUIDANCE IMPROVED AT BELOW €0.8bn



APPENDIX

25 July 2019

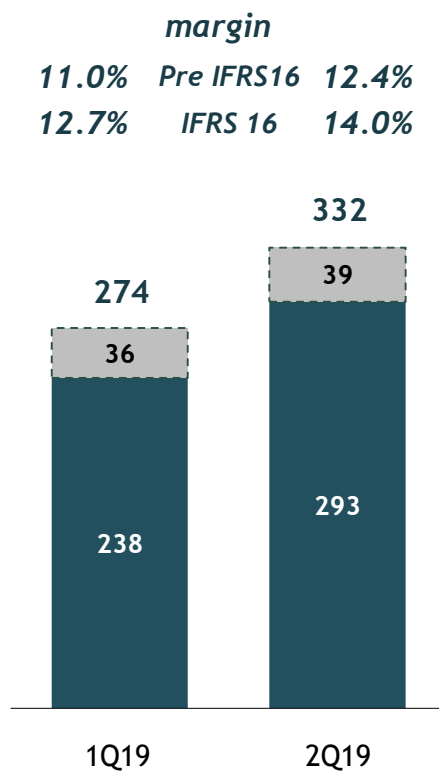
2Q 2019 RESULTS

QoQ TREND (€ mn)

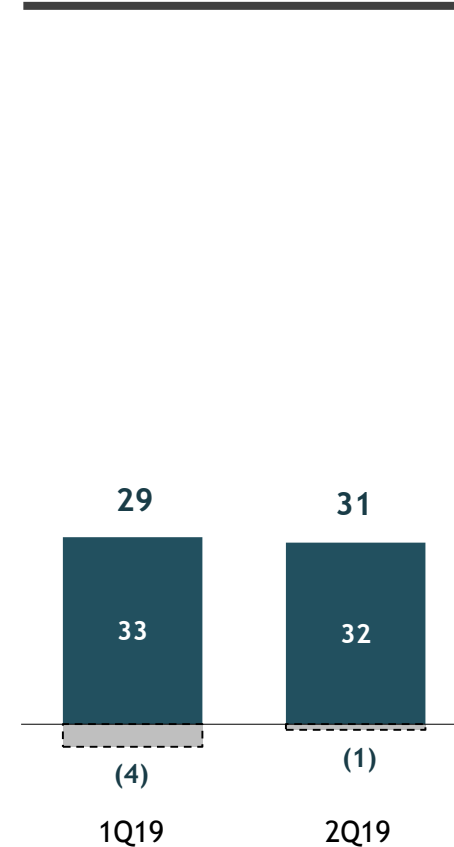
Revenues



Adjusted EBITDA*



Adjusted Net Income*



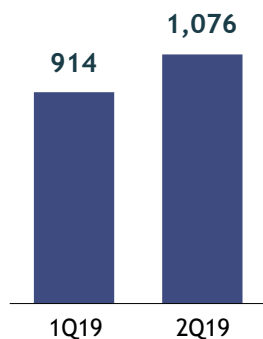
IFRS 16 Impact

2Q 2019 RESULTS

QoQ TREND (pre IFRS 16 - € mn)

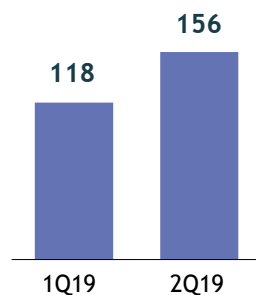
E&C OFFSHORE

Revenues



Adjusted EBITDA

12.9% margin 14.5%



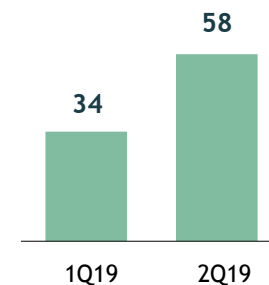
E&C ONSHORE*

Revenues



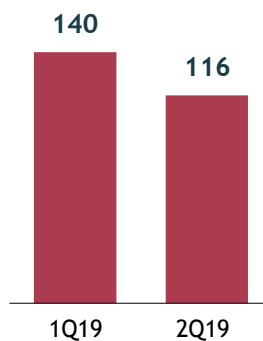
Adjusted EBITDA

3.5% margin 5.6%



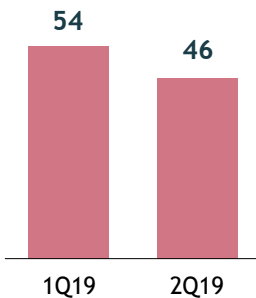
DRILLING OFFSHORE

Revenues



Adjusted EBITDA

38.6% margin 39.7%



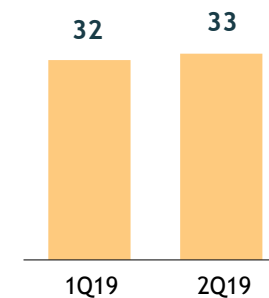
DRILLING ONSHORE

Revenues



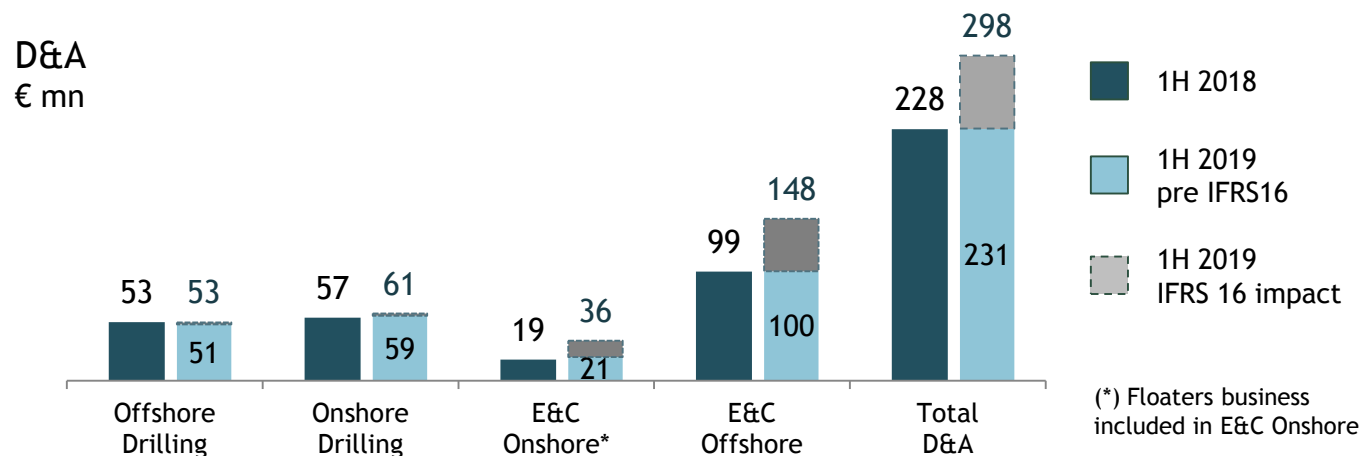
Adjusted EBITDA

23.9% margin 23.7%

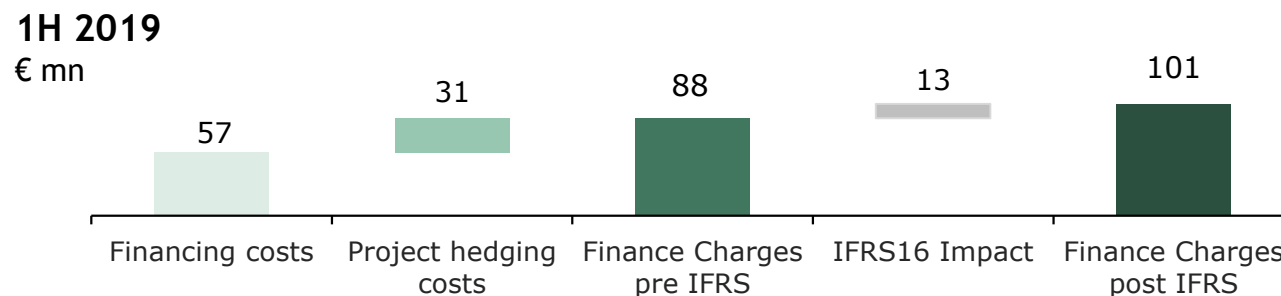


1H 2019 RESULTS - D&A, FINANCE CHARGES AND TAX RATE

D&A



FINANCE CHARGES



TAX RATE

- Tax rate* at c.46%, significantly improving year-on-year
- 2019 tax rate* expected at around 40%

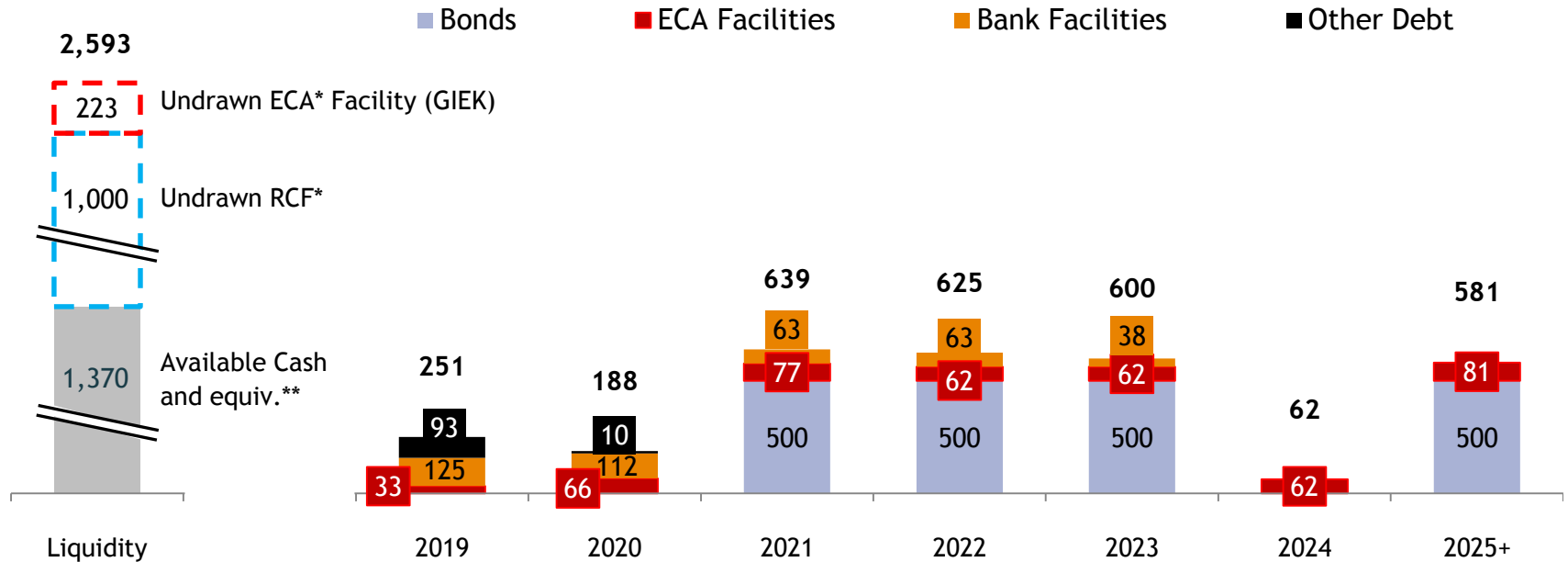
IFRS 16 IMPACT

RECONCILIATION

	1H 2018 €mn	1H 2019 €mn			2Q 2019 €mn	
		pre IFRS 16	IFRS 16	IMPACT	IFRS 16	IMPACT
Adjusted EBITDA	483	531	606	▲ 75	332	▲ 39
Depreciation	228	231	298	▲ 67	150	▲ 34
Financial Charges	80	88	101	▲ 13	47	▲ 6
Adjusted Net Income	6	65	60	▼ 5	31	▼ 1
Net Debt	1,325	1,043	1,574	▲ 531		

CAPITAL STRUCTURE AS OF JUNE 30, 2019

LIQUIDITY AND MATURITY PROFILE (€ mn)



- Average debt maturity c.3.2 years. Overall financing interest rate c.4%, including treasury hedging
- Undrawn committed cash facilities totalling c.€1.2bn, in addition to c.€0.2bn of uncommitted facilities
- Available cash and equivalent c.€1.4bn**

(*) Committed (**) Not including trapped cash and marketable securities/other credit for c.€0.5bn

E&C ONSHORE OPPORTUNITIES

GOOD VISIBILITY ON €13.5 BILLION NEAR-TERM INITIATIVES

Americas

- *FLOATERS*
 - *PIPELINES*
- Approx. value of opportunities: €1.2bn

Middle East

- *DOWNSTREAM*
 - *UPSTREAM*
- Approx. value of opportunities: €0.9bn

Africa

- *LNG*
 - *DOWNSTREAM*
- Approx. value of opportunities: €8.1bn

Europe/ CIS and Central Asia

- *LNG*
 - *DOWNSTREAM*
- Approx. value of opportunities: €2.3bn

Asia Pacific

- *DOWNSTREAM*
- Approx. value of opportunities: €1.0bn