

Presentation to the Financial Community

First Half 2010 Results



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July 2010

Forward-Looking Statements

Forward-looking statements are based on a number of assumptions and expectations that could ultimately prove inaccurate, as they are subject to risks and variables, outside the company's control, that could cause actual results to differ materially, including currency fluctuations, the level of capital expenditure in the oil and gas industry as well as other industries, the timing of development of energy resources, construction and project risks, armed conflict or political instability in the Arabic Gulf or other regions, the strength of competition and interest rate fluctuations.

Presentation Outline

- **First Half 2010 Financial Results and Backlog Analysis**
- **Oil & Gas Industry Market Outlook**
- **Recent Developments influencing the Oil Services Sector Dynamics**
 - **a-Macondo Impact on DW Drilling Activities**
 - **b-M&A Activity in Offshore Sector**
 - **c-Strong momentum in Onshore Sector**
- **2010 Guidance – Mid-year update**
- **Conclusions**

First Half 2010 Financial Results and Backlog Analysis

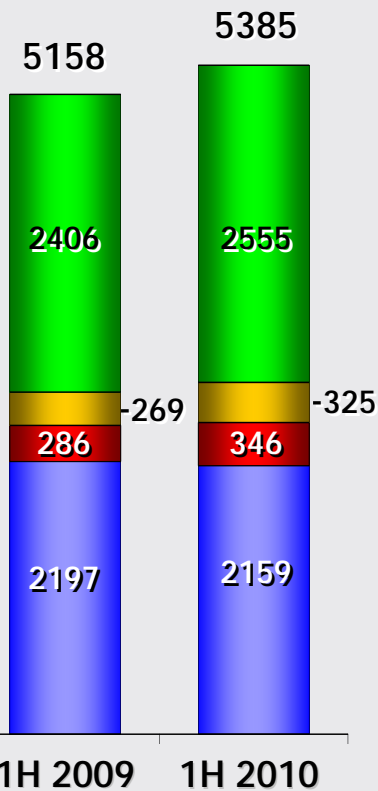


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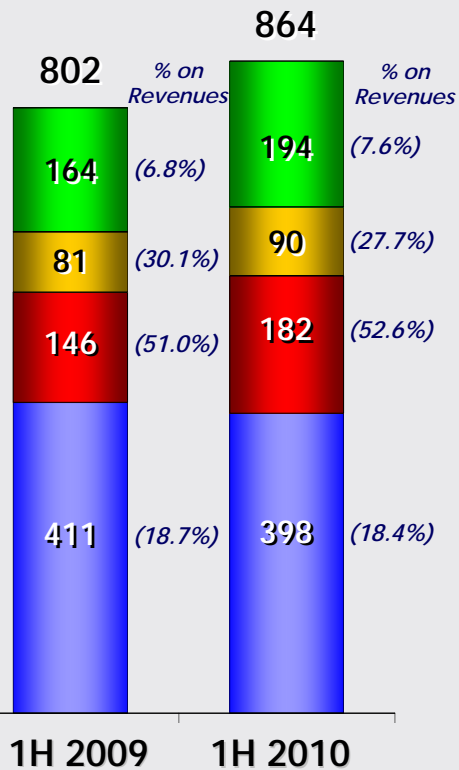
Financials

(Mln €)

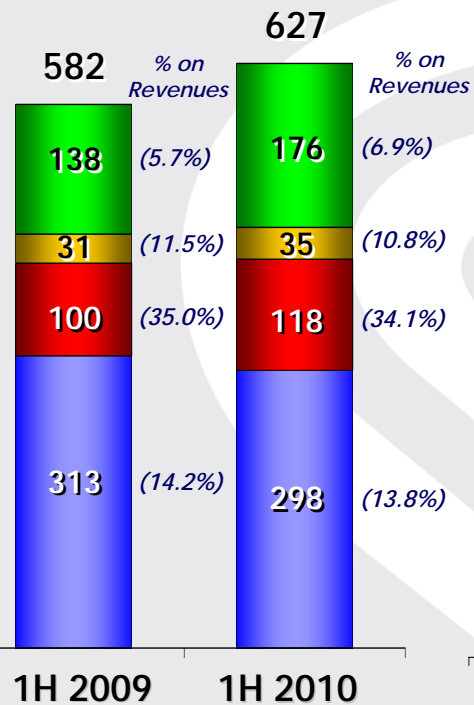
Revenues



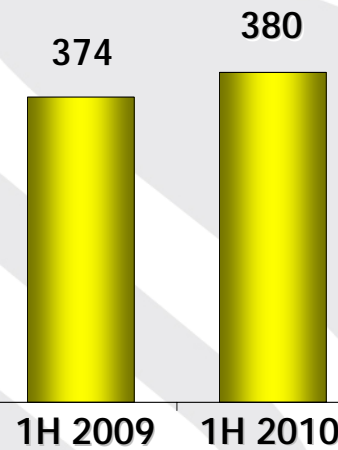
EBITDA



EBIT



Net Profit



Saipem Group Business Units

Offshore

Drilling

Offshore
Onshore

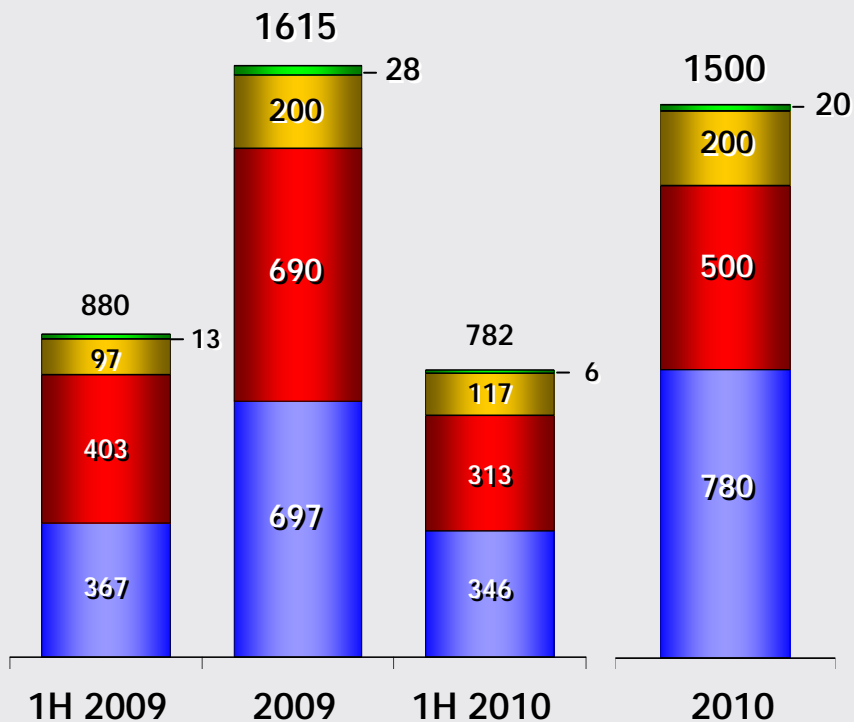
Onshore

1H - All-time Record; All Measures

Financials

(Mln €)

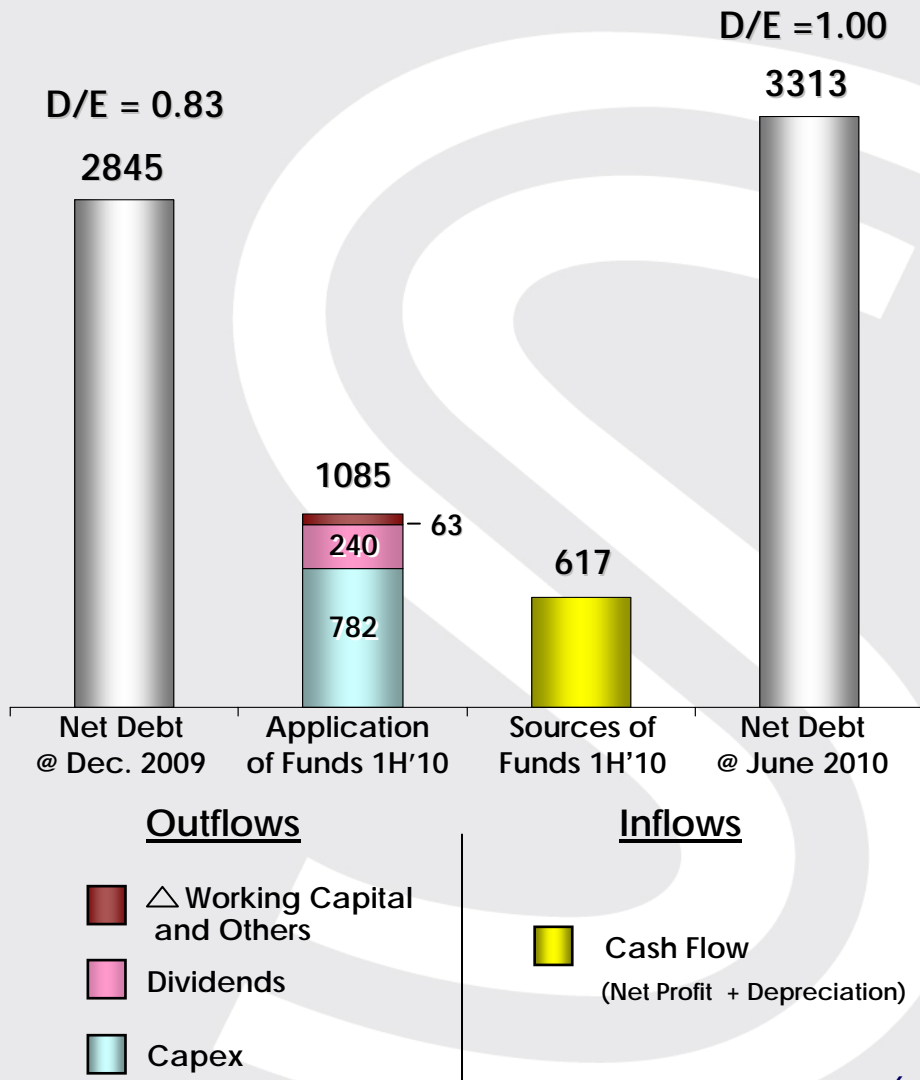
Capex



Offshore Onshore

Drilling { Offshore Onshore

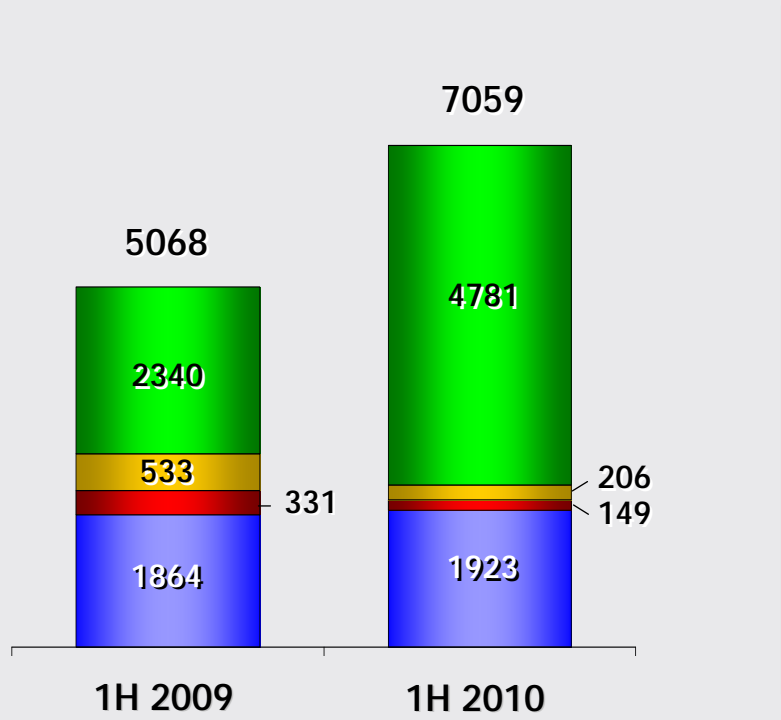
Sources and Application of Funds, Net Debt & D/E Ratio



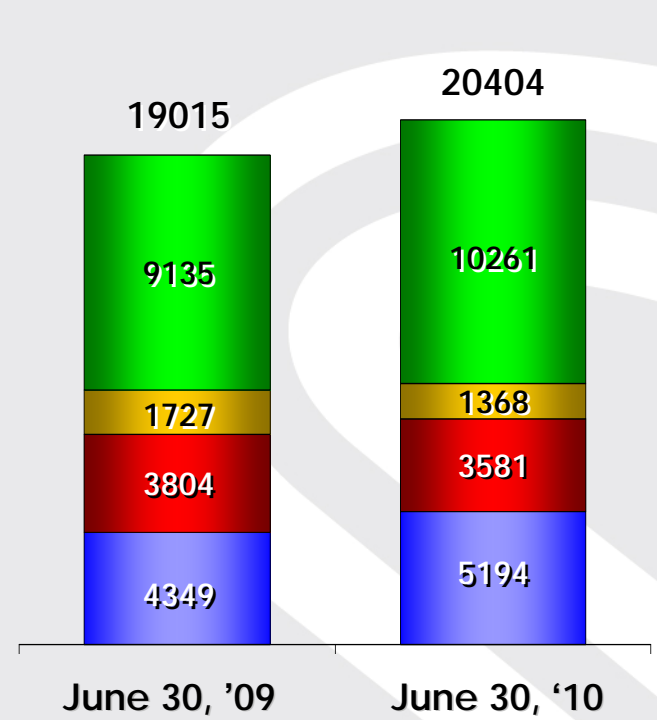
Contract Acquisitions & Backlog

(Mln €)

New Contract Acquisitions



Backlog



(In July 2010 Saipem acquired € 1550 Mln of new orders and increases in the scope of existing contracts)

Saipem Group Business Units

 Offshore

 Drilling

 Offshore
 Onshore

 Onshore

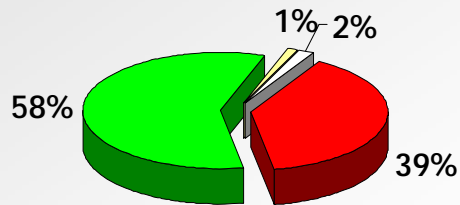
1H - All-time Record: Contract Acquisitions & Backlog (€ 20.4 Bln)

Backlog Analysis

Saipem Exposure to High Quality - Resilient Markets

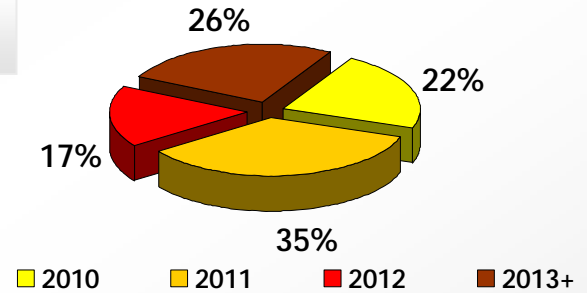
**Backlog € 20.40 Bln
@ June, 30 2010**

by Client

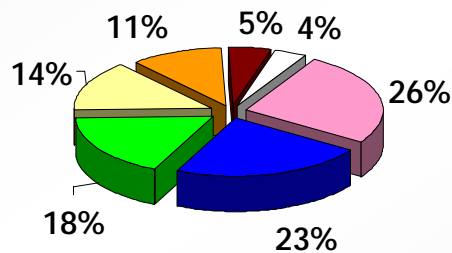


- Major & Supermajor
 - National
 - Independent
 - Others*
- (*) Mainly-downstream, Smaller and Others

by Year of Execution

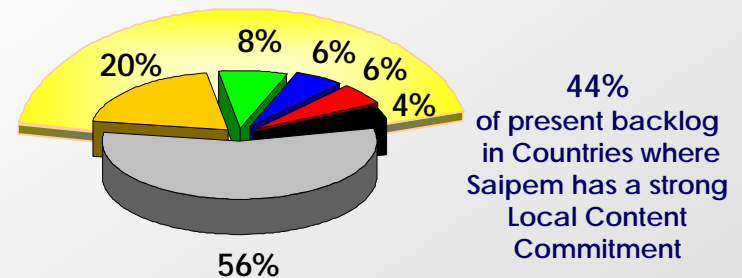


by Geo Area



- Middle East
- North Africa
- Europe
- West Africa
- America
- CIS
- Asia Pacific

by Country - Local Content Focus

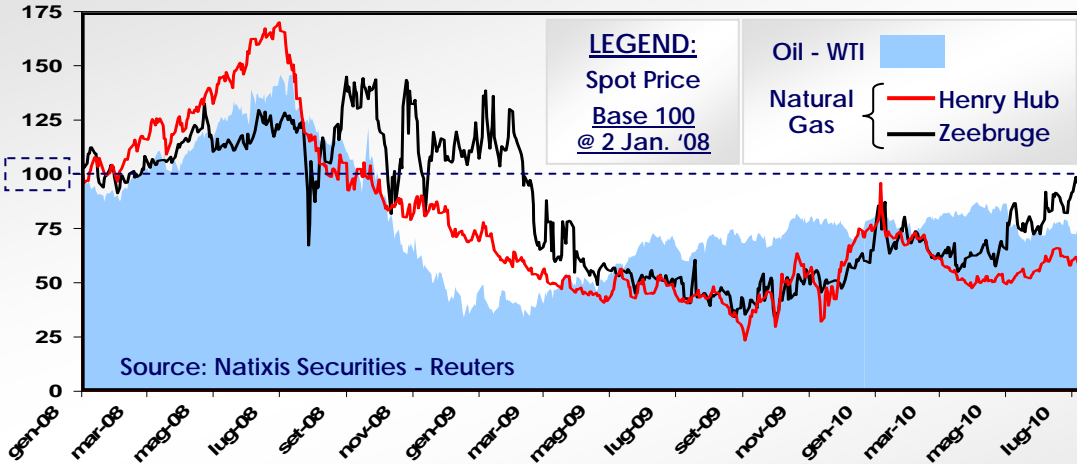


- Algeria
- Angola
- Saudi Arabia
- Nigeria
- Kazakhstan
- Others

Oil & Gas Industry Market Outlook

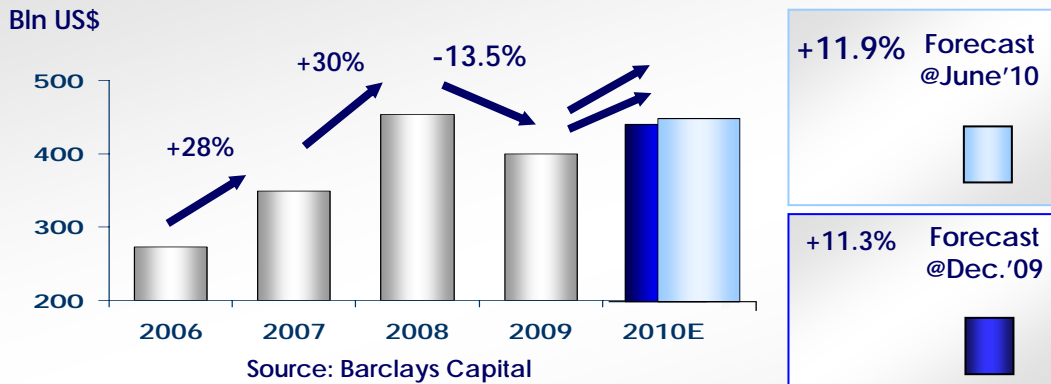
Oil & Gas Industry Market Outlook

Oil Price stabilizing – Natural Gas still weak



- Tentative steps towards sustainable economic recovery
- Oil Price perceived as stabilizing (gradually)
- Gas Demand still weak

E&P Spending trending up



- E&P Investments expected to resume positive trend
- Timing of Gas-driven projects still doubtful

Macro scenario remains almost unchanged

Recent Developments influencing the Oil Services Sector Dynamics



a-Macondo



b-M&A Activity in Offshore Sector

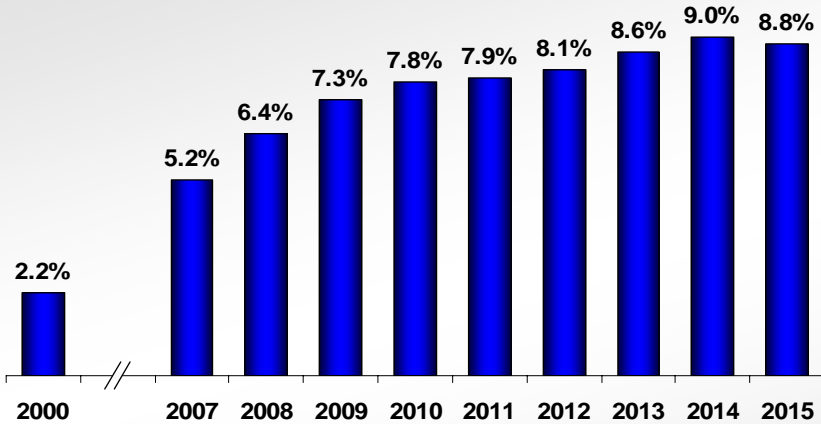


c-Strong momentum in Onshore Sector

a-Macondo - Impact on DW Drilling Activities -

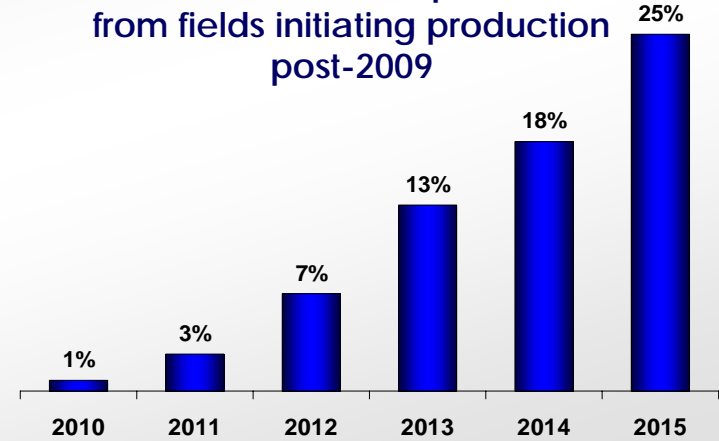
15% of reserves of Majors and 25% of new fields production estimated to be in Deepwater

% Deep water total Oil output



Source:
Wood
Mackenzie/
Deutsche
Bank

% DW Oil output from fields initiating production post-2009



Macondo effects, we should expect:

- **Tougher Rules and Tighter Control** by authorities
- **Stricter Equipment Specs and More Testing** during operations
- **Increased Emphasis on Personnel Competence**

And potentially:

- **Design & Set-up of Independent Emergency Intervention System(s*)** for more rapid and effective response to 'rogue well' scenario

* for different geographic areas









Deepwater to remain a Frontier of the Future - Cost increase eventually transferred to Clients

a-Macondo - Impact on Saipem -

No direct exposure to US GoM drilling market (not a target market for Saipem)

Long-term contract house policy for Deepwater Rigs

Rig type	Pre-Capex DW Fleet		Capex Plan 2006-2011 DW Fleet	
	Rig Name	Contract period	Rig Name	Contract period*
DW Drillship	 S10000	3Q09 - 2Q12	 S12000	3Q10 - 3Q15
DW Semisub	 SC5	4Q07 - 4Q10 1Q11 - 1Q14	 SC8	2Q11 - 2Q16
	 SC7	4Q08 - 3Q11 4Q11 - 4Q14	 SC9	1Q11 - 1Q16

(* contract period based on updated delivery schedule)

Long term visibility already locked in



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b-M&A Activity in Offshore Sector

Consolidation in Field Development segment beneficial for the whole industry

Reduced number of stronger contractors



More appropriate pricing of risks -
- reduced pressure on margins in a weak market

Saipem broader portfolio of Business Segments with Powerful Fleet

Offshore Business Segments

Current Projects Examples

Main Vessels

Field Development	Usan - Kizomba satellite - Bonga NW P55	FDS2/FDS/S3000
Trunklines	Nord Stream - PNG - Urugua - Medgaz	C1/S7000/C6/ Semac1/ C7
T&I & Fabrication	North sea campaigns - LTA Gajah Baru	S7000/C8/C2
Arctic and semi-arctic	Kashagan	Caspian Fleet
FPSOs	Gimboa - Golfinho - Livorno FRSU	-

Balanced presence across segments increased resilience in a hesitant market

c-Strong momentum in Onshore Sector

Examples of Saipem awards in 2010:

Shah Gas Development



Client: Abu Dhabi Gas Development Co.
 Scope of work: treat and export 1 billion cubic feet a day of sour gas from the Shah field and produce 5,300 tons a day of NGL

3 EPC contracts: {
 - gas process plant
 - sulphur recovery plant
 - 260 km of export pipelines for gas, condensate and NGL

Contracts Total Value: USD 3.5 Bln

Location: 180 Km south west of Abu Dhabi City

Contracts Award : Q2 2010 Completion: Q4 2014

Gas Booster Station BS 171



Client: Kuwait Oil Company

EPC Contract Scope of work:

- 3 high & low-pressure gas trains to produce 234 million cubic feet a day of dry gas and 69,000 barrels per day of condensate
- pipeline network from units to booster station
- intermediate slug catcher

Contract Total Value: USD 900 Mln

Location: West Kuwait

Contract Award : Q2 2010 Completion: Q2 2013

Business lines of Saipem Onshore activity

Onshore Business Lines

Upstream

Gas Monetisation

Onshore Transport Systems

LNG / Regassification

Maritime Works

Downstream Refining / Petrochemical

Technical Services

Renewable / Power / Infrastructures

Current Projects Examples

Shah - Manifa - MLE - UTBS

Qafco5 - Qafco6 - Engro

BS160 - BS171 - GK3 - Gbaran

Arzew - Polskie LNG

Gorgon LNG - Oman Jetty

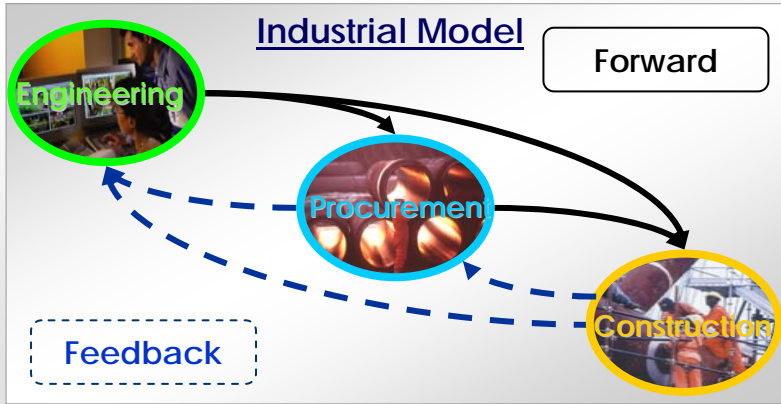
Pemex Gasolinas

Various

Various

c-Strong momentum in Onshore Sector

➔ Saipem - Exploiting Unique E-P-C Industrial Model
 ➔ Preserve Margin Profile in Competitive Environment



Flexibility & Cost Effectiveness

- Impressive Development of India 'Hub'
- Procurement: Improved Work Processes
- Performance: More effective control, cooperation with Suppliers & Subcontractors

Project Benefits

- ➔ Improved Bidding
- ➔ Improved Efficiency
- ➔ Better Execution
- ➔ Better Risk Management

Project-to-Project Improvements

- ➔ Feedback 'Loops', fundamental during Project Execution, lead to structural Project-to-project improvement
- ➔ 70+ Actions in progress to improve EPC efficiency without increasing risk

E-P-C Model Continuous Improvement to Enhance Performance and Competitiveness

2010 Guidance – Mid-year update

2010 Guidance @ February 2010

Revenues Maintained
(some variation in BU mix)

Higher EBITDA

Increased Depreciation,
mainly in Drilling

EBIT Maintained

Capex ~ € 1.5 Bln

2010 Guidance @ July 2010

Revenues: +5%

EBITDA: +10%

Increased depreciation, mainly in Drilling

EBIT: +5%

Increased financial charges and minorities

Net Income: slight improvement

Capex ~ € 1.5 Bln



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Conclusions



Conclusions

Context

- Macro scenario remains almost unchanged:
Oil Price perceived as stabilizing - Forecast for E&P capex slightly improving
- Macondo accident impact: Deepwater to remain a Frontier of the Future, Stricter criteria ref. drilling contract awards but Cost increases eventually transferred to Clients
- Offshore field development: Consolidation to benefit the whole industry in a still-hesitant market
- Onshore Sector: Strong momentum

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- Drilling: - No direct impact from Macondo Accident: visibility for deepwater rigs underpinned by long-term contracts
- Offshore: - Balanced presence across segments increases resilience in a hesitant market
- Onshore: - Diversified business lines to exploit entire range of market opportunities
- Continuous integrated EPC model optimization to preserve margin profile

2010 Guidance update:

- Revenues: +5%; EBITDA: +10%; EBIT: +5%; Net Income: slight improvement; Capex: ~ € 1.5 Bln.