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Interim Report at March 31, 2012

Saipem:
Board of Directors approves Interim Report as at March 31, 2012
IMPROVED RESULTS VERSUS Q1 2011

- **Revenues amounted to €3,132 million: +6% compared to the first quarter 2011**
- **Operating profit amounted to €373 million: +7.5% compared to the first quarter 2011**
- **Net profit amounted to €231 million: +8.5% compared to the first quarter 2011**
- **New contracts won during the first quarter 2012 amounted to €3,116 million (€2,908 in the first quarter 2011), while the backlog at March 31, 2012 stood at €20,401 million (€20,417 million at December 31, 2011)**
- **Investments amounted to €316 million (€355 million in the first quarter 2011)**
- **2012 guidance: expectations of increased results vs 2011 are confirmed**

San Donato Milanese, April 23, 2012. The Board of Directors of Saipem S.p.A. today approved Saipem Group's Interim Report as at March 31, 2012 (not subject to audit).

(million euro)

	Q1 2011	Q4 2011	Q1 2012	Q1 2012 vs Q1 2011 (%)
Revenues	2,954	3,412	3,132	6.0
EBITDA	495	583	544	9.9
Operating profit			373	7.5
Net profit	213	258	231	8.5
Cash flow (Net profit + depreciation and amortisation)	361	436	402	11.4
Investments	355	381	316	(11.0)
New contracts	2,908	3,728	3,116	7.2

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.

Investments in the first quarter of 2012 amounted to €316 million (€355 million in the first quarter of 2011) and included:

- €187 million in the Offshore Engineering & Construction sector relating mainly to the construction of a new pipelayer, the continuation of development of a new fabrication yard in Indonesia and the maintenance and upgrading of the existing asset base;
- €7 million in the Onshore Engineering & Construction sector relating to the maintenance of existing assets;
- €84 million in the Offshore Drilling sector, relating mainly to the upgrade of the semi-submersible rig Scarabeo 6 to enable it to operate in water depths of up to 1,100 metres and the completion of Scarabeo 8, in addition to the maintenance and upgrading of the existing asset base;
- €38 million in the Onshore Drilling sector relating mainly to the purchase of a new rig due to operate in Saudi Arabia, and preparation works for a second rig due to operate in South America, in addition to the upgrading of the existing asset base.

The latest delivery schedule for major ongoing investments is as follows: Scarabeo 8 is due to start operations in approximately one week; Castorone is expected to be handed over by the Keppel Shipyard in Singapore this summer, after which it will undergo sea trials and operational tests which should be completed by the beginning of 2013, compatible with the scheduled commitments to clients in the Gulf of Mexico.

Net financial debt at March 31, 2012 amounted to €3,793 million, a €601 million increase from December 31, 2011. This is ascribed to a deterioration in working capital resulting from the lack of advances from new contracts and payments having exceeded receipts on some Engineering & Construction projects, in addition to expenditure relating to the start of operations of new drilling rigs, and the renewal of exchange rate hedging transactions against a stronger US Dollar. The effects of these phenomena are expected to be absorbed during the year.

New contracts and backlog
During the first quarter of 2012, Saipem was awarded contracts amounting to €3,116 million (€2,908 million in the first quarter of 2011).

The most significant contracts awarded in the first quarter include:
In the Offshore Engineering & Construction sector:
- for INPEX in Australia, the EPIC contract for the Gas Export Pipeline (GEP) on the Ichthys LNG Project, consisting of Engineering, Procurement, Construction and Installation of a 42” subsea pipeline connecting the offshore central processing facility to the onshore processing facility in Darwin;
- for Petrobras in Brazil, the EPIC contract for the development of a gas export trunkline Rota Cabiúnas, situated in the Santos Basin Pre-Salt Region. The contract comprises the engineering and procurement of subsea equipment, and the installation of a 24” pipeline, in water depths of up to 2,200 metres, utilizing the vessels Castorone and FDS2;
- for Discovery Producers LLC in the Gulf of Mexico, the contract for the transport and installation of the 20” gas export pipeline Keathley canyon Connector. Offshore activities will be mainly carried out by the pipelay vessel Castorone in water depths ranging from 100 to 2,100 metres;
- for Saudi Aramco as part of the Long Term Agreement, the contract for the construction, transport and installation of four jackets and an observation platform for the Marjan and Manifa fields in the Arabic Gulf;
- the negotiation of additional works for projects under execution.

In the Onshore Engineering & Construction sector:
- the negotiation of additional works for projects under execution in Nigeria and Italy.

In the Offshore Drilling sector:
- for Eni, the fifteen-month extension of the contract for the lease of the semi-submersible drilling rig Scarabeo 7 in Indonesian waters;
- for Petrobel, the three-year extension of the contract for the lease of the jack-up Perro Negro 4 for continued drilling operations in Egypt;
- for HOEC (Hindustan Oil Exploration Limited), the contract for the lease of the jack-up Perro Negro 3, due to perform drilling operations in Indian waters for a period ranging from four to six months.

In the Onshore Drilling sector:
- for various clients, contracts for the lease of five rigs, three of which are for new contracts won in Africa and two for contract extensions in Saudi Arabia and Colombia respectively. The duration of these contracts ranges from three months to one year.

As of March 31, 2012, Saipem Group's backlog stood at €20,401 million (€7,983 million in the Offshore Engineering and Construction sector, €8,390 million in the Onshore Engineering and Construction sector and €4,028 million in the Drilling sectors), of which approximately €7,100 million is due to be realized in 2012.

Management Outlook for 2012

Oil industry spending is expected to increase in 2012, even though the widespread uncertainty of the global economy may affect the timing in the award of scheduled projects. Saipem is competitively positioned in those areas where the market is expected to be buoyant, namely West Africa, Brazil, the Caspian, the Middle East and South East Asia. As a result, the backlog over the year is expected to benefit from the positive market trend, especially in the Offshore sector.

The substantial backlog and strong results recorded in the first quarter of 2012 enable the management to confirm the 2012 guidance announced in February: revenues of €13 billion, EBIT of approximately €1.6 billion and net income of approximately €1 billion; overall capital expenditure of approximately €900 million.

Saipem's Chief Financial Officer, Mr Giulio Bozzini, 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 data and information disclosed in this press release corresponds to the Company's evidence 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.

Saipem is organised into two Business Units: Engineering & Construction and Drilling, 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 monetisation and heavy oil exploitation.

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Analysis by business sector

Engineering & Construction: Offshore

(million euro)

	Q1 2011	Q4 2011	Q1 2012	Q1 2012 vs Q1 2011 (%)
Revenues	1,115	1,397	1,223	9.7
Expenses	(907)	(1,136)	(997)	9.9
Depreciation and amortisation	(60)	(78)	(67)	11.7
Operating profit	148	183	159	7.4
EBITDA %	18.7	18.7	18.5	
EBIT %	13.3	13.1	13.0	
New contracts	1,727	1,795	2,606	

The backlog at March 31, 2012 stood at €7,983 million, of which €2,407 million is due to be realised in 2012.

- Revenues for the first quarter of 2012 amounted to €1,223 million, representing a 9.7% increase compared to the first quarter of 2011, mainly due to higher levels of activity in the Middle and Far East.

- Operating profit for the first quarter of 2012 amounted to €159 million, equal to 13% of revenues, compared to €148 million, equal to 13.3% of revenues, in the first quarter of 2011. EBITDA margin stood at 18.5%, in line with the 18.7% margin registered in the same period of 2011.

Engineering & Construction: Onshore

(million euro)

	Q1 2011	Q4 2011	Q1 2012	Q1 2012 vs Q1 2011 (%)
Revenues	1,457	1,588	1,489	2.2
Expenses	(1,334)	(1,448)	(1,359)	1.9
Depreciation and amortisation	(8)	(9)	(8)	–
Operating profit	115	131	122	6.1
EBITDA %	8.4	8.8	8.7	
EBIT %	7.9	8.2	8.2	
New contracts	933	1,649	275	

The backlog at March 31, 2012 stood at €8,390 million, of which €3,589 million is due to be realised in 2012.

- Revenues for the first quarter of 2012 amounted to €1,489 million, representing a 2.2% increase compared to the first quarter of 2011, mainly attributable to higher levels of activity in the Middle East.

- Operating profit for the first quarter of 2012 amounted to €122 million, compared to €115 million in the first quarter of 2011, with the margin on revenues rising from 7.9% to 8.2%. EBITDA margin reached 8.7%, up from 8.4% in the same period of 2011. This increase in margin is attributable to strong operational performance.

Drilling: Offshore

(million euro)

	Q1 2011	Q4 2011	Q1 2012	Q1 2012 vs Q1 2011 (%)
Revenues	211	210	243	15.2
Expenses	(98)	(97)	(112)	14.3
Depreciation and amortisation	(50)	(57)	(64)	28.0
Operating profit	63	56	67	6.3
EBITDA %	53.6	53.8	53.9	
EBIT %	29.9	26.7	27.6	
New contracts	75	135	148	

The backlog at March 31, 2012 stood at €3,206 million, of which €733 million is due to be realised in 2012.

- Revenues for the first quarter of 2012 amounted to €243 million, representing a 15.2% increase on the first quarter of 2011, mainly attributable to the operations of the semi-submersible rigs Scarabeo 3 and Scarabeo 9, which were undergoing upgrade works and under construction respectively in the first quarter of 2011.

- Operating profit for the first quarter of 2012 amounted to €67 million, compared to €63 million in the first quarter of 2011, with the margin on revenues decreasing from 29.9% to 27.6%; this decrease is due to the increase in depreciation resulting from the start of operations of the new semi-submersible rig Scarabeo 9. EBITDA margin stood at 53.9%, a slight increase on 53.6% for the same period of 2011.

– Vessel utilisation in the first quarter of 2012 and the impact of programmed maintenance for 2012 are as follows:

Vessel	***Q1 2012***		***Year 2012***
	Under contract	***Idle***	***Idle due to class reinstatement works***
	(days)		***(days)***
Semi-submersible rig Scarabeo 3	91	–	123 (a)
Semi-submersible rig Scarabeo 4	91	–	–
Semi-submersible rig Scarabeo 5	91	–	–
Semi-submersible rig Scarabeo 6	91	–	183 (a)
Semi-submersible rig Scarabeo 7	91	–	–
Semi-submersible rig Scarabeo 9	73	–	–
Drillship Saipem 10000	91	–	–
Drillship Saipem 12000	86	5 (b)	–
Jack-up Perro Negro 2	91	–	61 (a)
Jack-up Perro Negro 3	64	27 (a+b)	57 (a)
Jack-up Perro Negro 4	91	–	50 (a)
Jack-up Perro Negro 5	91	–	–
Jack-up Perro Negro 6	91	–	16 (a)
Jack-up Perro Negro 7	91	–	–
Jack-up Perro Negro 8	86	5 (b)	–
Tender Assisted Drilling Barge	91	–	–

(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)

	Q1 2011	Q4 2011	Q1 2012	Q1 2012 vs Q1 2011 (%)
Revenues	171	217	177	3.5
Expenses	(120)	(148)	(120)	–
Depreciation and amortisation	(30)	(34)	(32)	6.7
Operating profit	21	35	25	19.0
EBITDA %	29.8	31.8	32.2	
EBIT %	12.3	16.1	14.1	
New contracts	173	135	87	

The backlog at March 31, 2012 stood at €822 million, of which €334 million is due to be realised in 2012.

- Revenues for the first quarter of 2012 amounted to €177 million, representing a 3.5% increase compared to the first quarter of 2011, mainly due to the full-scale operations of rigs in South America.

- Operating profit for the first quarter of 2012 amounted to €25 million, up from €21 million in the first quarter of 2011, with the margin on revenues rising from 12.3% to 14.1%. EBITDA margin reached 32.2%, up from 29.8% in the same period of 2011, owing mainly to increased operational efficiency and asset utilisation.

Average utilisation of assets in the first quarter of 2012 stood at 98.2% (95.1% in the first quarter of 2011). At March 31, 2012, the Company owned 91 rigs (in addition to 2 rigs under completion) located as follows: 28 in Venezuela, 21 in Peru, 10 in Saudi Arabia, 8 in Colombia, 7 in Algeria, 5 in Kazakhstan, 3 in Brazil, 3 in Bolivia, 2 in Congo, 2 in Ecuador, 1 in Italy and 1 in Ukraine. In addition, 6 third-party rigs were deployed in Peru, and 2 third-party rigs in Kazakhstan by the joint-venture company, SaiPar.

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, 2011		March 31, 2012	
Net tangible fixed assets		8,024		8,089
Net intangible fixed assets		752		752
		8,776		8,841
- Engineering & Construction: Offshore	3,851		3,951	
- Engineering & Construction: Onshore	464		463	
- Drilling: Offshore	3,550		3,525	
- Drilling: Onshore	911		902	
Financial investments		102		104
Non-current assets		**8,878**		**8,945**
Net current assets		**(663)**		**149**
Employee termination indemnities		**(200)**		**(201)**
CAPITAL EMPLOYED		**8,015**		**8,893**
Shareholders' equity		**4,709**		**4,980**
Minority interest in net equity		**114**		**120**
Net debt		**3,192**		**3,793**
COVER		**8,015**		**8,893**
Leverage (net debt/shareholders' equity)		**0.68**		**0.76**
SHARES ISSUED AND OUTSTANDING		**441,410,900**		**441,410,900**

CONSOLIDATED INCOME STATEMENT
RECLASSIFIED BY
NATURE OF EXPENSES

(million euro)

Q4 2011		Q1 2011	Q1 2012
3,412	Operating revenues	2,954	3,132
14	Other revenues and income	5	2
(2,338)	Purchases, services and other costs	(2,066)	(2,133)
(505)	Payroll and related costs	(398)	(457)
583	**GROSS OPERATING PROFIT**	**495**	**544**
(178)	Amortisation, depreciation and write-downs	(148)	(171)
405	**OPERATING PROFIT**	**347**	**373**
(30)	Financial expenses	(34)	(37)
7	Income from investments	1	3
382	**INCOME BEFORE INCOME TAXES**	**314**	**339**
(110)	Income taxes	(88)	(98)
272	**INCOME BEFORE MINORITY INTEREST**	**226**	**241**
(14)	Minority interest	(13)	(10)
258	**NET PROFIT**	**213**	**231**
436	**CASH FLOW** **(Net profit + Depreciation and amortisation)**	**361**	**402**

CONSOLIDATED INCOME STATEMENT
RECLASSIFIED BY
FUNCTION OF EXPENSES

(million euro)

Q4 2011		Q1 2011	Q1 2012
3,412	Operating revenues	2,954	3,132
(2,877)	Production costs	(2,494)	(2,604)
(38)	Idle costs	(30)	(32)
(40)	Selling expenses	(38)	(33)
(1)	Research and development costs	(3)	(3)
(5)	Other operating income (expenses), net	3	(4)
451	**CONTRIBUTION FROM OPERATIONS**	**392**	**420**
(46)	General and administrative expenses	(45)	(47)
405	**OPERATING PROFIT**	**347**	**373**
(30)	Financial expenses	(34)	(37)
7	Income from investments	1	3
382	**INCOME BEFORE INCOME TAXES**	**314**	**339**
(110)	Income taxes	(88)	(98)
272	**INCOME BEFORE MINORITY INTEREST**	**226**	**241**
(14)	Minority interest	(13)	(10)
258	**NET PROFIT**	**213**	**231**
436	**CASH FLOW (Net profit + Depreciation and amortisation)**	**361**	**402**

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

Q4 2011		Q1 2011	Q1 2012
158	Net profit	213	231
14	Minority interest	13	10
	Adjustments to reconcile cash generated from operating income before changes in working capital:		
202	Depreciation, amortisation and other non-monetary items	148	174
69	Variation in working capital relating to operations	(75)	(740)
543	**Net cash flow from operations**	**299**	**(325)**
(381)	Investments in tangible and intangible fixed assets	(355)	(316)
11	Disposals	–	
173	**Free cash flow**	**(56)**	**(641)**
2	Exercise of stock options	5	21
–	Cash flow from share capital and reserves	–	(22)
(44)	Effect of exchange rate differences on net debt and other changes	37	41
131	**Change in net debt**	**(14)**	**(601)**
3,323	**Net debt at beginning of period**	**3,263**	**3,192**
3,192	**Net debt at end of period**	**3,277**	**3,793**

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Saipem is a subsidiary of Eni SpA

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