



Saipem

# Presentation to the Financial Community

## 2007 Results



# Saipem

February 2008

## 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

- **FY 2007 Financial Results**
  - **Capex: in Depth View**
    - 1. Offshore
      - 2. Offshore Drilling
        - 3. Onshore Drilling
  - **Cost Structure Optimisation and LT Sustainability**
    - **Disposal Programme Update**
      - **US Dollar Devaluation Impact**
    - **Conclusions**



## FY 2007 Financial Results

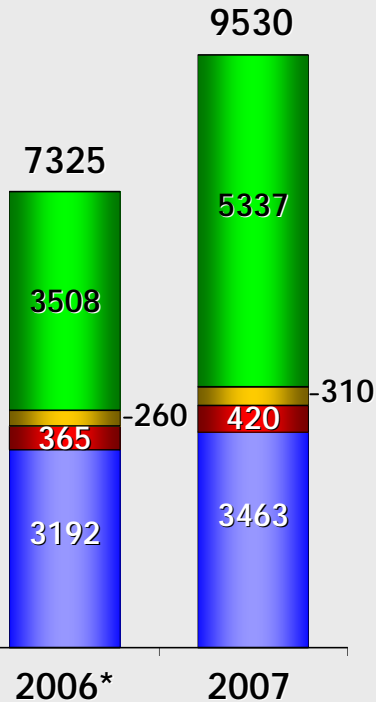
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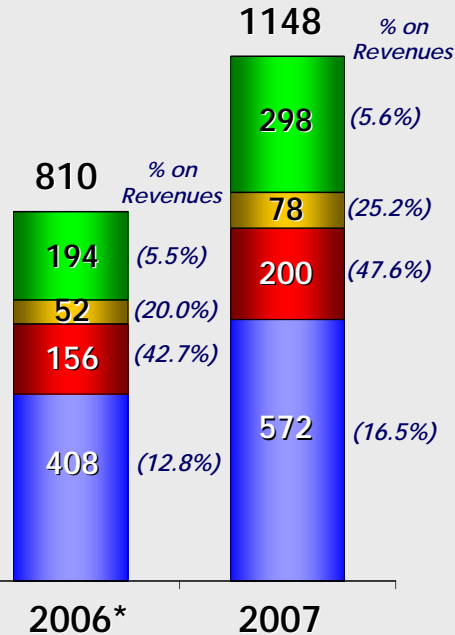
# Financials

(Mln €)

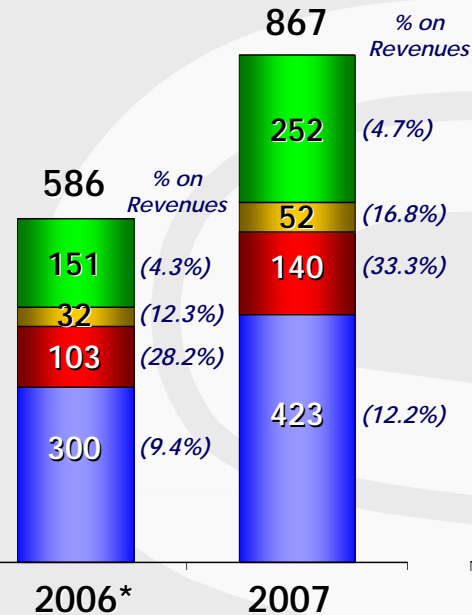
## Revenues



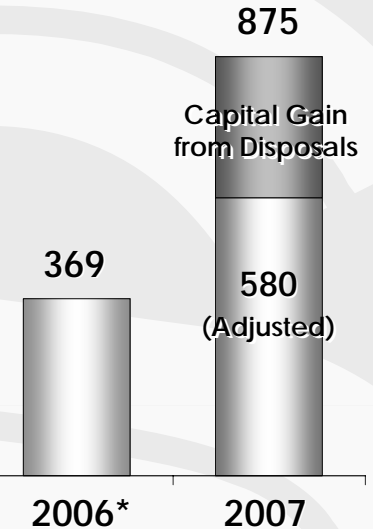
## EBITDA



## EBIT



## Net Profit



(\* ) 2006 data restated: Camom and Haldor Topsøe included for the first 6 months only and GTT included for the first 9 months only.

Offshore

Drilling

Offshore  
 Onshore

Onshore

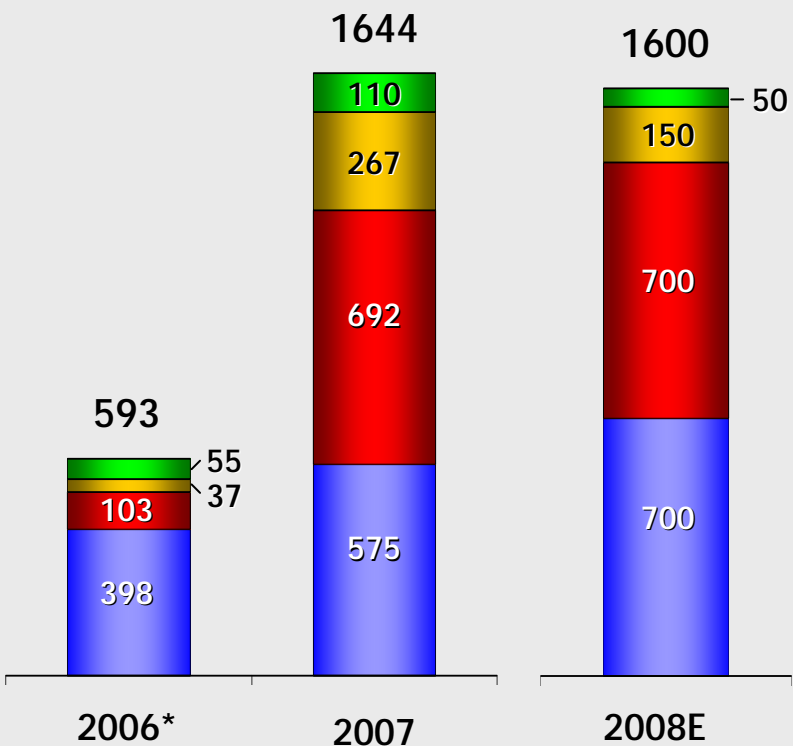
Proposed dividend per share € 0.44, (dividend ref. FY06 € 0.29) +51.7% Y/Y, ~ € 195 Mln



# Financials

(MIn €)

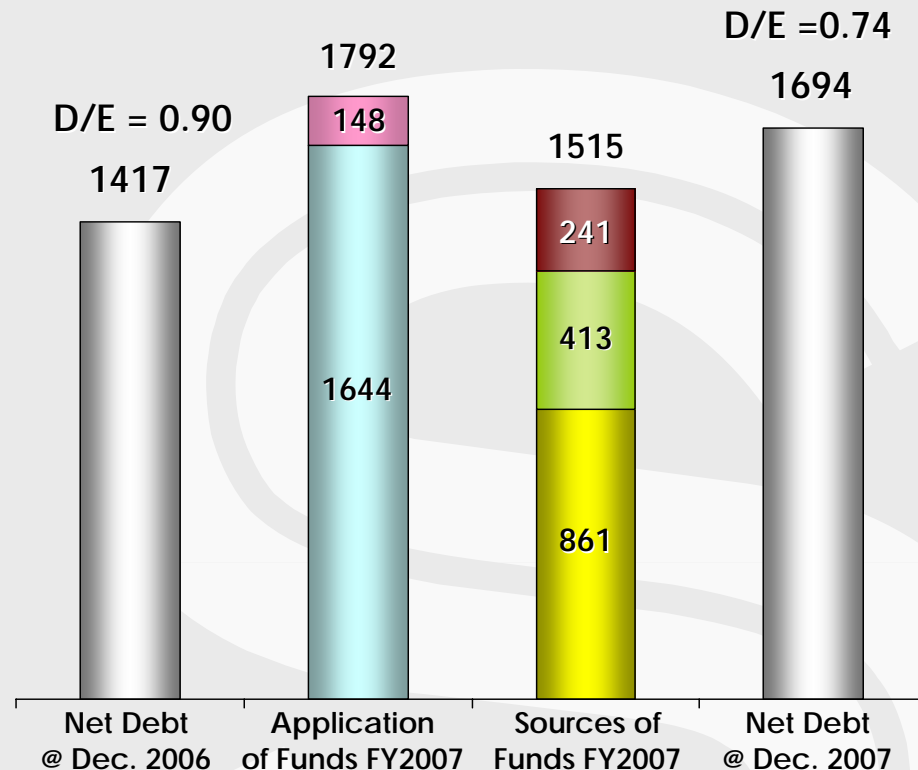
## Capex



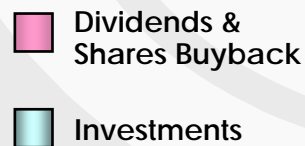
(\*) 2006 data restated: Camom and Haldor Topsøe included for the first 6 months only.



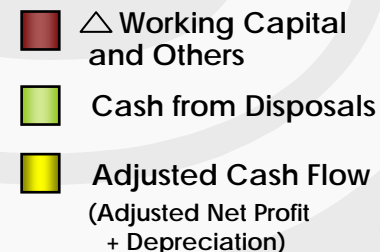
## Sources and Application of Funds, Net Debt & D/E Ratio



### Outflows



### Inflows

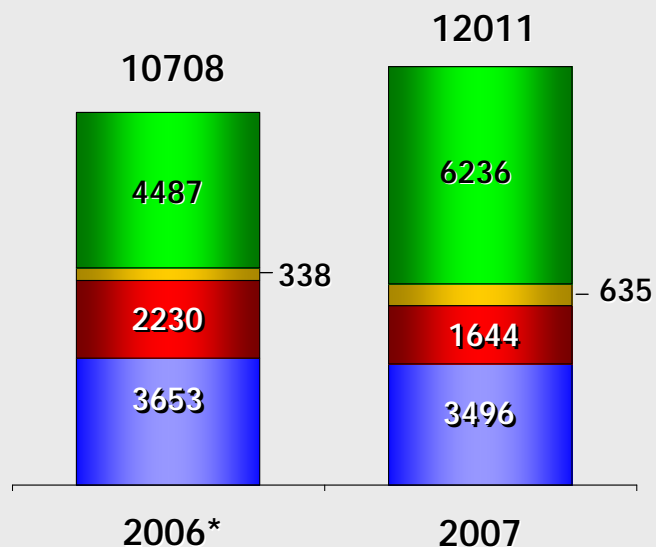




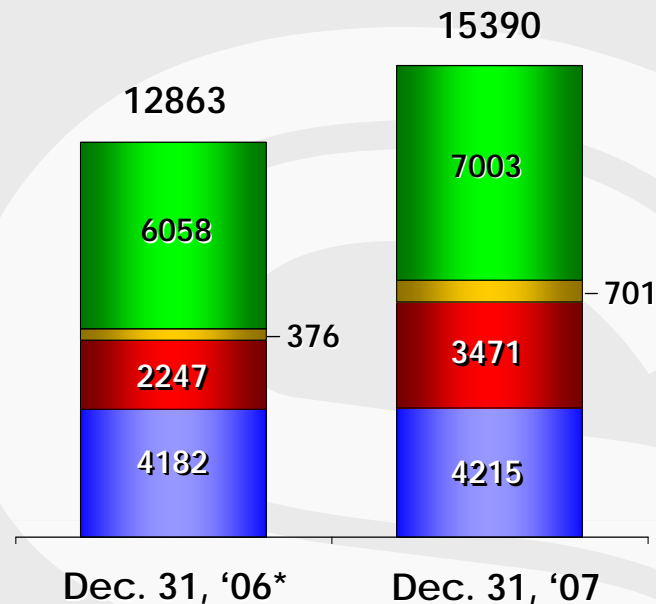
# Contract Acquisitions & Backlog

(Mln €)

## New Contract Acquisitions



## Backlog



(\* ) 2006 data restated: Camom and Haldor Topsøe included for the first 6 months only.

Offshore

Drilling

Offshore  
 Onshore

Onshore

Backlog @ Dec., 31 2007: € 15,390 Mln +20% Y/Y Second Record Year in a Row



## Capex: in Depth View

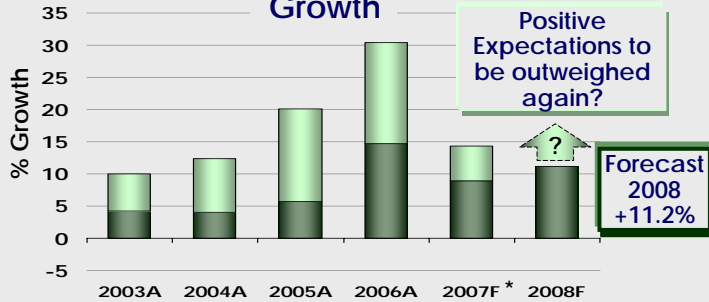
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## Context

### Industry

#### Global Upstream Capex Growth

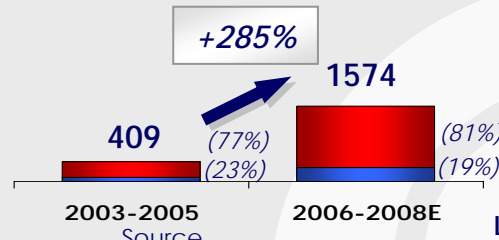


Source: Lehman Brothers  
\*2007F: Dec.'06 VS Dec.'07 forecast

### Competitors

#### Oil Services Peer Group\* AVG Capex (€ Mln)

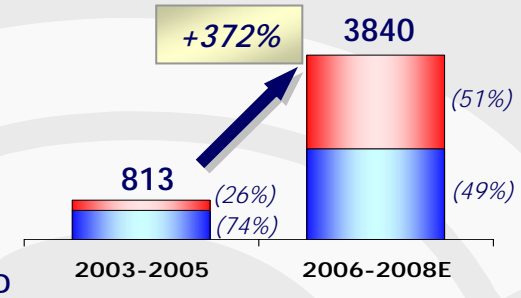
\*Peer Group of 9 Companies:  
3 Offshore; 1 Offshore&Onshore; 2 Onshore; 3 Drilling



Actual: Company Data  
Forecast: Analysts' Consensus

### Saipem

#### Capex (€ Mln)

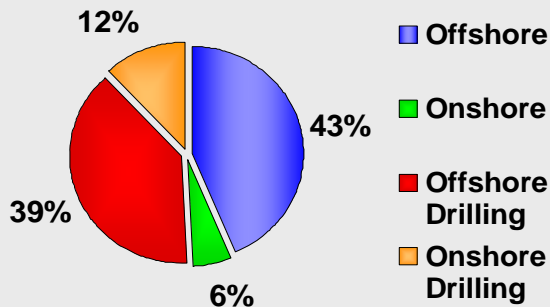


LEGEND

■ E&C ■ Drilling

## Rationale

### Saipem Capex Plan 06-08 € 3,840 Mln



Not Including € 680 Mln Investment for Snamprogetti acquisition

Strongest investment plan to bolster leadership in a growing and more demanding industry

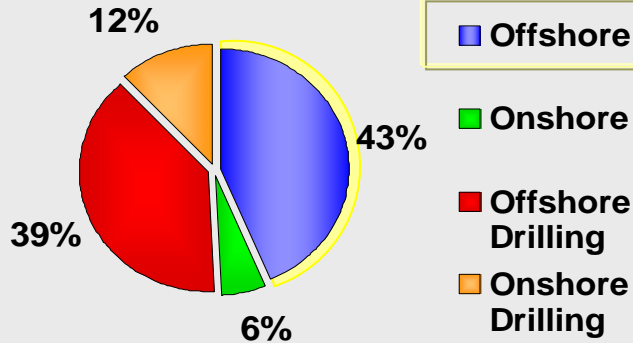
At the end of the programme, better positioned to exploit market opportunities

Balanced growth across core Business Portfolio

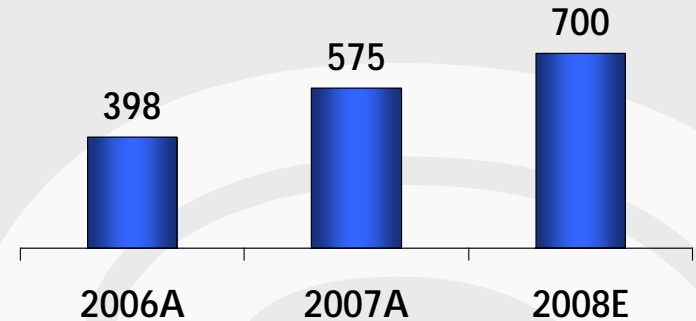
2009 - expected final year of strong capex

# Capex: 1. Offshore in Depth View

**Saipem Investment Plan 06-08**  
€ 3,840 Mln



**Offshore Investment Plan 06-08**  
€ 1,673 Mln



## Major Capex Items

## Details

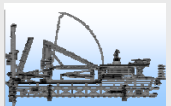
## Rationale



### New Pipelayer

- S-lay, DP, harsh environment, max trunklines ø 48"
- High productivity, high transit speed

Maintain leadership in expanding Large Trunklines Market



### Saipem FDS 2

- DP, J-Lay ø 36" up to 3000 m w.d., S-lay
- Max length: 175 m, moulded breadth: 32 m
- Lifting capabilities: max 1000 ton

Strengthen position for Large/DW Field Development Market



### New Diving Support Vessel

- DP, diving system for 18 men, twin 3-men bell
- Accommodation for 2 ROV for DW operations
- Max length: ~120 m, lifting capabilities: ~200 ton

Replace aging unit to maintain Highest Fleet Standard



### Leased FPSOs

- Cidade de Vitória (Golfinho II), Brazil: *COMPLETED*
- Gimboa, Angola: *TO BE DELIVERED in 2008*

Opportunistic approach to offer a Wider Range of Services



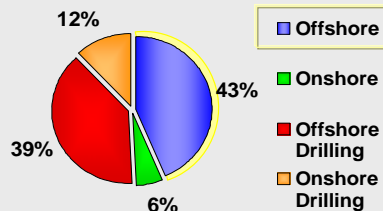
### Fabrication Yard

- Karimun Island, Indonesia
- Convenient location (not far from Singapore)

Strengthen EPIC Capabilities and Reduce EPIC Risk

## Offshore Capex Programme

Saipem Investment Plan 06-08  
€ 3,840 Mln



- ▶ New Pipelayer
- ▶ Saipem FDS 2
- ▶ New Diving Support Vessel
- ▶ Leased FPSOs
- ▶ Fabrication Yard

✓ Main investments already sanctioned  
✓ Capex Plan almost accomplished by 2009

Reached the Right Size to Consolidate Offshore Leadership

No further major initiatives expected...

....except :

Leased FPSO opportunities

➤ Utilise in-house EPIC & Asset development Competencies

➤ Participate in one of oil industry's most effective processes

Local Content Requests to reinforce existing position or to penetrate compelling new areas

➤ Local Fabrication Yards

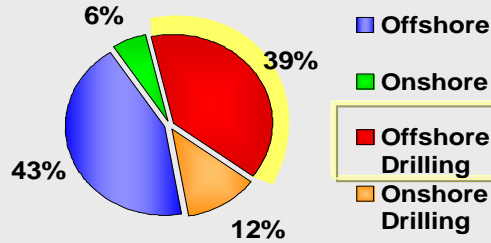
➤ Local Engineering Centres

➤ Purpose-built 'Area-specific Asset' Potential

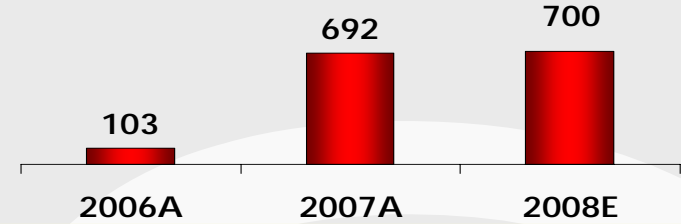


# Capex: 2. Offshore Drilling in Depth View

Saipem Investment Plan 06-08  
€ 3,840 Mln



Offshore Drilling Investment Plan 06-08  
€ 1,495 Mln



## Strategy to date

Investment in New State-of-the-Art Vessels backed by Long Term Contract at High Market Rates

Capex almost repaid within First Contract

Reinforced relationship with Strategic Clients

- Scarabeo 8 - 6th generation Semisub
- Scarabeo 9 - 6th generation Semisub
- Saipem 12000 - Ultra-deepwater Drillship
- Perro Negro 6 - Jackup 350 ft W.D.
- Perro Negro 7 - Jackup 375 ft W.D. delivery: Q2 '08

### Contract :

- 5 year, for North Sea
- 5 year, for Americas
- 5 year + 2Y option for West Africa
- Ongoing Negotiations with Client
- 3 years + 1Y option for Saudi Arabia

## Updated Strategy

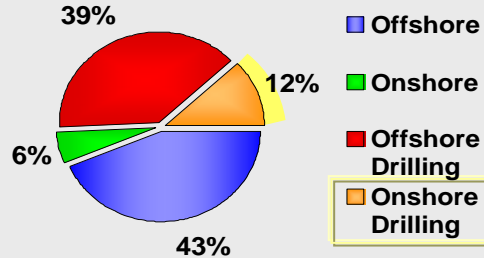
Achieved a new fleet profile in terms of size and quality

Focusing on new-build programme underway - strong demand in skilled resources required to manage and supervise current construction programme

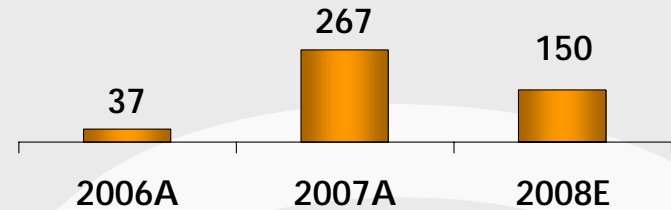
Initiatives for further expansion will be reviewed selectively

# Capex: 3. Onshore Drilling in Depth View

*Saipem Investment Plan 06-08*  
€ 3,840 Mln



*Onshore Drilling Investment Plan 06-08*  
€ 454 Mln



## Strategy to date

Investment in New Rigs  
assuming Long Term Contract (3 years) with Strategic Clients

77 Rigs Under Contract – Existing and Under Construction

Reinforcing Long-lasting  
Deep-rooted presence  
in selected markets

- ✓ Saudi Arabia (11 units)
- ✓ North Africa (8 units)
- ✓ Caspian (8 units)
- ✓ Latin America (47 units)
- ✓ Rest of the World (3 units)



## Updated Strategy

Focusing on effective management of ongoing new rigs construction programme

More Selective Approach to new investment in the light of requirement for additional skilled HR resources

Continued strategic bias towards selected geographic markets



# Cost Structure Optimisation and Long Term Sustainability

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## Further Reinforcement of High Quality HR

### 2007 Achievement

Aggressive Engineers & Project Managers hiring campaign. Net increase: 1,000 resources

✓ Repeat Same  
Growth in 2008

### 2008 Guideline

Engineers & Project Managers net increase: 1,000 resources

## Indian Hub - Strategic Transformation

- FROM Engineering Centre, to support projects managed from Milan and Paris
- TO Hub, able to Manage Entire Projects autonomously



800 People currently based in Chennai and New Delhi ➡ Expected to Grow Substantially

- Easy access to human resources
- High technical standard

### Flexibility:

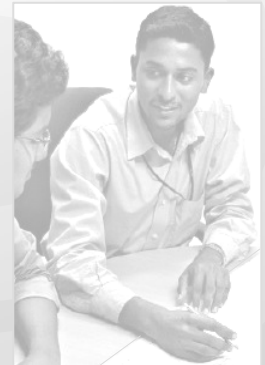
- Common language
- Availability to travel

- Growth while maintaining capacity adaptability for future

### Cost Optimisation

### Better deployment of skills:

- Engineering
- Procurement
- QHSE





## Disposal Programme Update and US Dollar Devaluation Impact

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# Disposal Programme Update

## Detailed Disposal Programme Overview

Disposed Share (Representing entire Saipem shareholdings)	Company	Status	Proceeds	Pre-tax capital gain:
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### Disposals in FY 2007

100%		Completed Payment received	Overall proceeds: € 413 million	Overall pre-tax capital gain: € 302 million
50%				
15%				

### Disposals in FY 2008

30%		Finalised	Overall expected proceeds: € 400 million	Overall expected pre-tax capital gain: € 200 million
20%		Under Negotiation		

### 2007 contribution of assets disposed and held for sale, as of 2007 year end

Revenues:  
€ 212 Mln

EBIT:  
€ 15 Mln

Income from investments:  
€ 46 Mln

Net Profit:  
€ 45 Mln



Saipem hedging policy:  
Hedge "currency exposure"  
(revenues less costs) at contract acquisition

Typical Revenue 'Mix':  
~ 70% USD ~ 30% Euro

2008 Expected Revenues accounting exchange rate  
Mix of contracts: {  
➤ Already in Backlog and Hedged  
➤ Yet to be acquired

EBIT Sensitivity:    △ 10% Euro/USD Exch. rate    ➡    △ -7% EBIT

	2007	2008E
Accounting Exchange Rate EUR/USD	1.34	1.41
Impact on Revenues € Mln		-400
Impact on Operating Income € Mln		-40



# Conclusions

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# Conclusions

2008 Guidance	Revenues	In excess of € 10 Bln (despite USD devaluation) Growth across Business Units		
		Onshore Despite Camom and Haldor Topsøe disposals (-212 €Mln vs 2007) underpinned by strong backlog	Offshore Underpinned by big projects progression in West Africa and Mediterranean	Drilling Planned maintenance to temper Offshore Drilling growth; New rigs entering operations boosting Onshore Drilling revenues
	Depreciation	Increase of some € 100 Mln mainly driven by project specific capex depreciated over the life of the projects		
	EBIT and Net Profit Adjusted	Growth of at least 20% over 2007 restated * despite higher depreciation and USD devaluation		
	Backlog	Higher than 2007 record		
* Assets disposed or held for sale contributed to 2007 P/L for: EBIT € 15 Mln; Net Profit € 45 Mln.				

Medium Term	Continuous Reinforcement of Strong Industrial Model to exploit Strong Growth Prospects of a more demanding Industry
	 Significant Improvement