



Saipem

Third Quarter Report  
at September 30, 2007







# Saipem

## Third Quarter Report at September 30, 2007

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### Contents

	2	Economic and financial data
	3	Revenues by business sector
	3	Revenues by geographical area
	4	New contracts awarded to the Saipem Group
	5	Backlog
	5	Backlog by geographical area
	6	Basis of presentation
	6	Principles of consolidation
	7	Economic results
	9	Human resources
	10	Consolidated balance sheet and financial position
	13	New contracts
	14	Disposal of non-core assets
	14	Management outlook for 2007
<b>Analysis by business sector</b>	15	Offshore
	16	Onshore
	17	Offshore Drilling
	18	Onshore Drilling
	19	Attestation by the manager in charge of preparing the company's financial reports

Approved by the Board of Directors  
at their meeting of October 29, 2007

**Saipem is a subsidiary of Eni SpA**

***Quarterly reports are not subject to audit.***

## ECONOMIC AND FINANCIAL DATA

Third quarter 2006 (*)	Second quarter 2007 (*)	Third quarter 2007	% Ch. III quarter 2007-2006		(million euro)		
					2006 (*)	2007	% Ch.
2,072	2,438	<b>2,440</b>	17.8	Revenues	5,167	<b>7,175</b>	38.9
156	222	<b>231</b>	48.1	Operating profit	400	<b>640</b>	60.0
98	145	<b>154</b>	57.1	Adjusted net profit	260	<b>422</b>	62.3
98	145	<b>438</b>	346.9	Net profit	260	<b>706</b>	171.5
180	264	<b>314</b>	74.4	Investments	411	<b>835</b>	103.2

(\*) Figures have been restated to reflect the impact of the disposal of Camom and Haldor Topsøe.

(million euro)	Dec. 31, 2006	Sep. 30, 2007
Net debt:		
- medium/long-term	885	<b>534</b>
- short-term	1,906	<b>3,007</b>
- cash	(1,322)	<b>(2,059)</b>
- receivables and other financial assets	(52)	<b>(48)</b>
	<b>1,417</b>	<b>1,434</b>

## REVENUES BY BUSINESS SECTOR

Third quarter			(million euro)	First nine months		
2006 (*)	2007	% Ch.		2006 (*)	2007	% Ch.
875	<b>908</b>	3.8	Offshore	2,313	<b>2,631</b>	13.7
1,037	<b>1,345</b>	29.7	Onshore	2,403	<b>4,009</b>	66.8
92	<b>104</b>	13.0	Offshore Drilling	265	<b>307</b>	15.8
68	<b>83</b>	22.1	Onshore Drilling	186	<b>228</b>	22.6
<b>2,072</b>	<b>2,440</b>		<b>Total</b>	<b>5,167</b>	<b>7,175</b>	

(\*) Figures have been restated to reflect the impact of the disposal of Camom and Haldor Topsoe.

## REVENUES BY GEOGRAPHICAL AREA

(million euro)	Third quarter		First nine months	
Geographical area <sup>(1)</sup>	2006	2007	2006	2007
Italy	177	<b>198</b>	456	<b>739</b>
Rest of Europe	360	<b>213</b>	827	<b>788</b>
Russia <sup>(2)</sup>	325	<b>179</b>	806	<b>338</b>
Saudi Arabia	587	<b>704</b>	1,207	<b>2,050</b>
Rest of Asia	67	<b>338</b>	274	<b>998</b>
North Africa	89	<b>203</b>	291	<b>466</b>
West Africa	424	<b>427</b>	1,071	<b>1,228</b>
Americas	134	<b>178</b>	326	<b>568</b>
<b>Total</b>	<b>2,163</b>	<b>2,440</b>	<b>5,258</b>	<b>7,175</b>

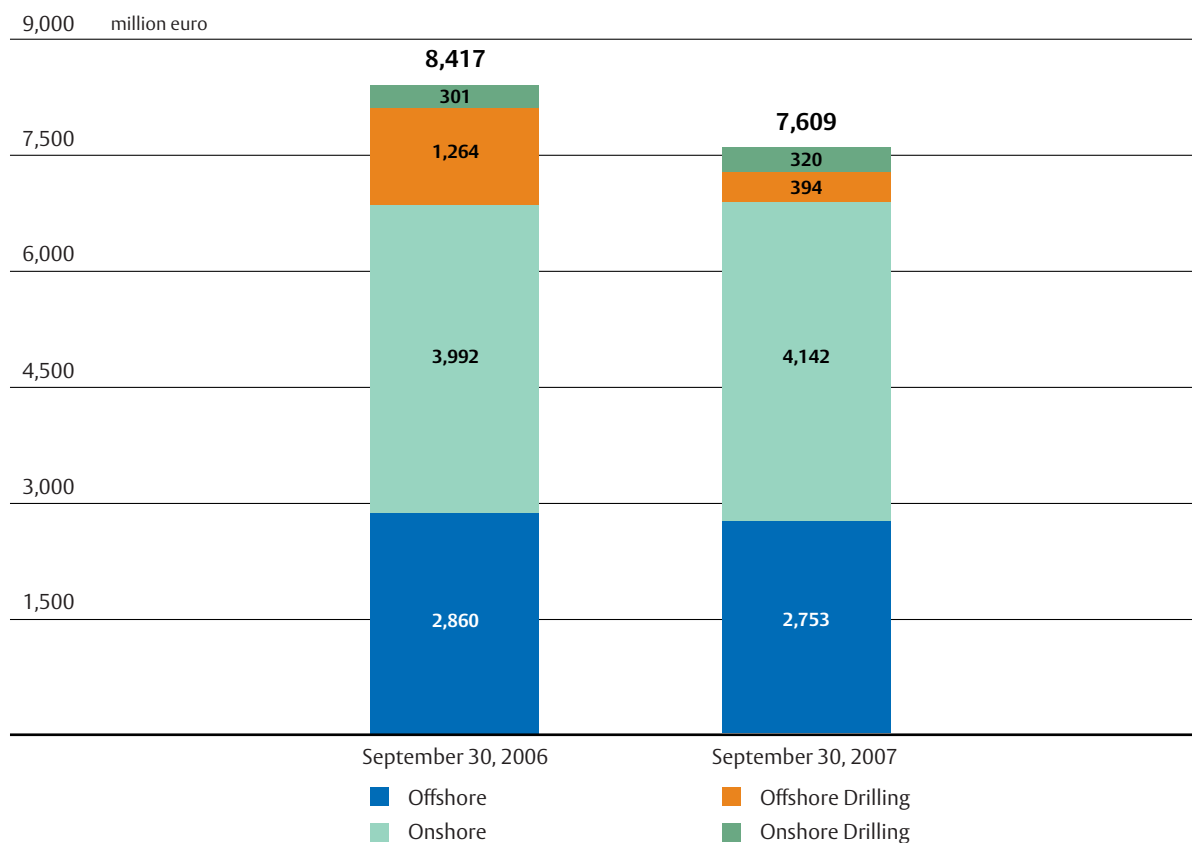
(1) Final destination of services.

(2) Russia includes Kazakhstan and Azerbaijan.

## NEW CONTRACTS AWARDED TO THE SAIPEM GROUP

(million euro)	Third quarter		First nine months	
	2006	2007	2006	2007
Saipem SpA	1,216	699	2,287	1,507
Group companies	1,419	1,963	6,130	6,102
<b>Total</b>	<b>2,635</b>	<b>2,662</b>	<b>8,417</b>	<b>7,609</b>
Offshore	1,046	872	2,860	2,753
Onshore	1,023	1,369	3,992	4,142
Offshore Drilling	341	250	1,264	394
Onshore Drilling	225	171	301	320
<b>Total</b>	<b>2,635</b>	<b>2,662</b>	<b>8,417</b>	<b>7,609</b>

### New contracts



## BACKLOG

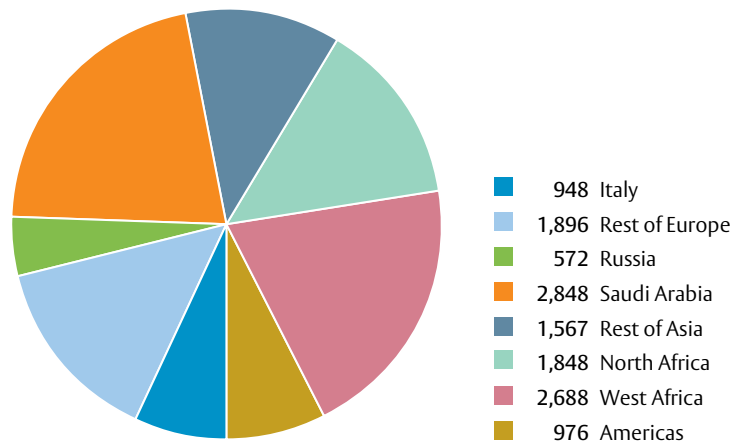
(million euro)	Dec. 31, 2006	Sep. 30, 2007
Offshore	4,182	<b>4,304</b>
Onshore	6,285	<b>6,237</b>
Offshore Drilling	2,247	<b>2,334</b>
Onshore Drilling	376	<b>468</b>
<b>Total</b>	<b>13,090</b>	<b>13,343</b>

## BACKLOG BY GEOGRAPHICAL AREA

(million euro)	Dec. 31, 2006	Sep. 30, 2007
Geographical area		
Italy	1,280	<b>948</b>
Rest of Europe	1,681	<b>1,896</b>
Russia	528	<b>572</b>
Saudi Arabia	2,373	<b>2,848</b>
Rest of Asia	2,114	<b>1,567</b>
North Africa	819	<b>1,848</b>
West Africa	3,161	<b>2,688</b>
Americas	1,134	<b>976</b>
<b>Total</b>	<b>13,090</b>	<b>13,343</b>

**Backlog by geographical area at September 30, 2007**

(million euro)



## BASIS OF PRESENTATION

The third quarter report at September 30, 2007, unaudited, has been prepared in accordance with the criteria defined by the 'Commissione Nazionale per le Società e la Borsa' (Consob) in its regulation for companies listed on the Italian Stock Exchange. Financial information relating to the profit and loss account are presented for the third quarter 2007 and 2006. Financial information relating to balance sheet data are presented at September 30, 2007 and December 31, 2006. Tables are comparable with those of the annual financial statements and first half report. The third quarter report at September 30, 2007 has been prepared in accordance with the evaluation and measurement criteria contained in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002. With reference to Consob Resolution No. 14990, dated April 14, 2005, the information disclosed in this quarterly report has been prepared in accordance with the provisions of Appendix 3D of Listed Companies Regulations (Consob Regulation No. 11971 dated May 14, 1999 and subsequent amendments); for this reason, the provisions of IAS 34 'Interim Financial Statements' have not been applied. This Report includes concise financial information in the following tables: balance sheet, income statement, variation to net equity and cash flow statement.

Unless otherwise indicated, data is expressed in millions of euros.

## PRINCIPLES OF CONSOLIDATION

The principles of consolidation used in the preparation of this quarterly report are the same used in the preparation of the consolidated and statutory financial statements at December 31, 2006.



## ECONOMIC RESULTS

### Foreword

As previously stated, revenues and associated profit levels, particularly in the Offshore and Onshore sectors, 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.

### Consolidated income statement

Third quarter 2006	Second quarter 2007	Third quarter 2007		(million euro)	
				2006	2007
2,163	2,545	2,440	Operating revenues	5,258	7,175
3	3	3	Other revenues and income	7	8
(1,592)	(1,904)	(1,842)	Purchases, services and other costs	(3,821)	(5,362)
(351)	(345)	(304)	Payroll and related costs	(874)	(976)
<b>223</b>	<b>299</b>	<b>297</b>	<b>Gross operating profit</b>	<b>570</b>	<b>845</b>
(61)	(69)	(66)	Amortisation, depreciation and write-downs	(164)	(205)
<b>162</b>	<b>230</b>	<b>231</b>	<b>Operating profit</b>	<b>406</b>	<b>640</b>
(25)	(27)	(25)	Financial expenses	(65)	(82)
10	15	301	Income from investments	34	329
<b>147</b>	<b>218</b>	<b>507</b>	<b>Income before income taxes</b>	<b>375</b>	<b>887</b>
(43)	(64)	(69)	Income taxes	(107)	(180)
<b>104</b>	<b>154</b>	<b>438</b>	<b>Income before minority interest</b>	<b>268</b>	<b>707</b>
-	(1)	-	Minority interest	(2)	(1)
<b>104</b>	<b>153</b>	<b>438</b>	<b>Net profit</b>	<b>266</b>	<b>706</b>
<b>165</b>	<b>222</b>	<b>504</b>	<b>Cash flow (net profit + depreciation and amortisation)</b>	<b>430</b>	<b>911</b>

In line with the annual financial statements and the first half report, this quarterly report includes the reclassified consolidated income statement by destination of costs.

This reclassification is normally used to analyse the positive and negative income components, which

determine the contribution from operations (i.e. operating profit before general and administrative expenses) for the various business sectors in which Saipem operates.

## Operating profit and costs by destination

Third quarter 2006	Second quarter 2007	Third quarter 2007		(million euro)	
				First nine months	
				2006	2007
<b>2,163</b>	<b>2,545</b>	<b>2,440</b>	<b>Operating revenues</b>	<b>5,258</b>	<b>7,175</b>
(1,900)	(2,216)	(2,126)	Production costs	(4,585)	(6,261)
(14)	(8)	(11)	Idle costs	(45)	(33)
(32)	(33)	(21)	Selling expenses	(79)	(80)
(6)	(8)	(4)	Research and development costs	(14)	(17)
(1)	(2)	(3)	Other operating income (expenses), net	(1)	(5)
<b>210</b>	<b>278</b>	<b>275</b>	<b>Contribution from operations</b>	<b>534</b>	<b>779</b>
(48)	(48)	(44)	General and administrative expenses	(128)	(139)
<b>162</b>	<b>230</b>	<b>231</b>	<b>Operating profit</b>	<b>406</b>	<b>640</b>

### Third quarter

Revenues for the third quarter of 2007 amounted to €2,440 million, an increase of €277 million versus those of the third quarter 2006, mainly due to higher levels of activity in the Onshore sector.

Operating costs amounted to €2,126 million, an increase of approximately 11.9% versus those for the same period 2006. This increase in operating costs is due to the higher levels of activity generated during the quarter.

Labour costs amounted to €304 million, a decrease of approximately 13.4% versus the third quarter of 2006. General and administrative expenses in the third quarter of 2007 amounted to €44 million, an 8.3% decrease versus the same quarter the previous year, mainly due to the impact of the disposals of Haldor Topsøe and Camom.

Operating profit for the third quarter of 2007 stood at €231 million, an increase of €69 million versus the third quarter of 2006. This increase is analysed in detail hereafter under the various business units.

### First nine months

Revenues for the first nine months of 2007 amounted to €7,175 million, an increase of €1,917 million versus those of the first nine months of 2006, mainly due to higher levels of activity in the Onshore and Offshore sectors.

Operating costs amounted to €6,261 million, an increase of approximately 36.5% versus those for the same period 2006. This increase in operating costs is due to the higher levels of activity generated during the period.

Labour costs amounted to €976 million, an 11.7% increase versus the first nine months of 2006.

General and administrative expenses in the first nine months of 2007 amounted to €139 million, an 8.6% increase versus the first nine months the previous year.

Operating profit for the first nine months of 2007 stood at €640 million, an increase of €234 million versus the same period 2006. This increase is analysed in detail hereafter under the various business units.

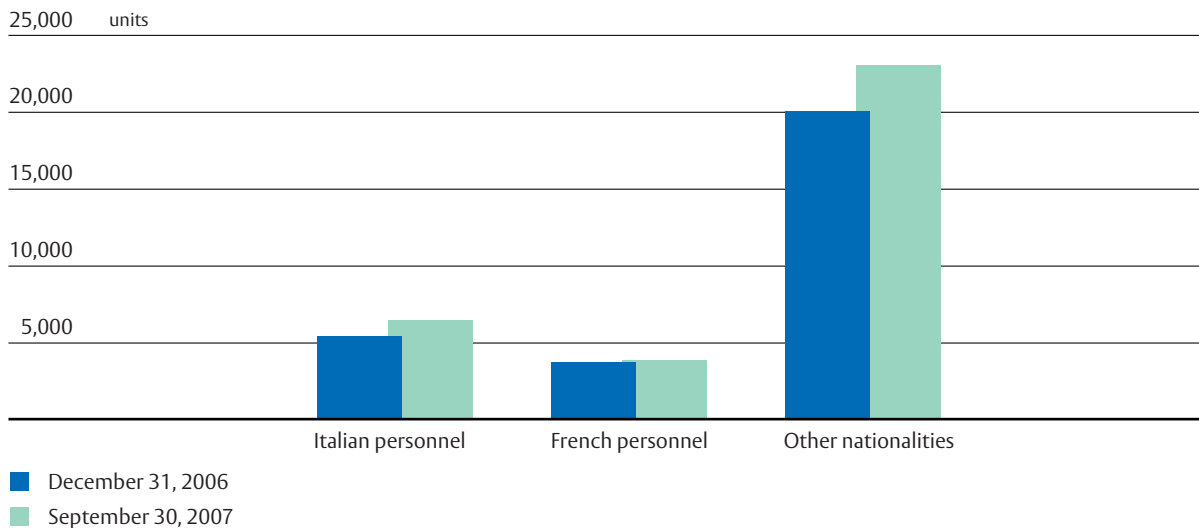
## HUMAN RESOURCES

The following table provides data comparing average employment levels at the end of 2006 and the first nine months of 2007.

### Average workforce

	(units)	Dec. 31, 2006	Sep. 30, 2007
Italian personnel		5,397	6,480
French personnel		3,742	3,850
Other nationalities		20,024	23,017
<b>Total</b>		<b>29,163</b>	<b>33,347</b>
Offshore		9,410	9,214
Onshore		13,399	16,613
Offshore Drilling		1,166	1,298
Onshore Drilling		2,755	3,221
Staff positions		2,433	3,001
<b>Total</b>		<b>29,163</b>	<b>33,347</b>
<b>Number of engineers at end of period</b>		<b>6,868</b>	<b>7,201</b>

### Average workforce



## CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

The reclassified consolidated balance sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing.

Management believes that the reclassified consolidated balance sheet provides useful information in assisting investors to assess the capital structure and to analyse its sources of funds and investments in fixed assets and working capital.

(million euro)	Dec. 31, 2006	Sep. 30, 2007
Net tangible fixed assets	2,345	2,883
Net intangible fixed assets	849	744
	3,194	3,627
<i>Offshore</i>	1,720	1,984
<i>Onshore</i>	603	469
<i>Offshore Drilling</i>	776	975
<i>Onshore Drilling</i>	95	199
Financial investments	153	120
<b>Non-current assets</b>	<b>3,347</b>	<b>3,747</b>
Inventories	1,053	1,212
Trade and other receivables	3,261	3,760
Trade and other payables	(4,434)	(4,900)
Provisions for contingencies	(176)	(180)
Other income (expenses)	120	26
<b>Net current assets</b>	<b>(176)</b>	<b>(82)</b>
Net assets available for disposal and associated net financial debt	-	114
<b>Employee termination indemnities</b>	<b>(169)</b>	<b>(156)</b>
<b>CAPITAL EMPLOYED</b>	<b>3,002</b>	<b>3,623</b>
<b>Net equity</b>	<b>1,581</b>	<b>2,184</b>
<b>Minority interest in net equity</b>	<b>4</b>	<b>5</b>
<b>Net debt</b>	<b>1,417</b>	<b>1,434</b>
<b>COVER</b>	<b>3,002</b>	<b>3,623</b>
Leverage (net debt/shareholders' equity)	0.90	0.66
<b>Shares issued and outstanding</b>	<b>441,410,900</b>	<b>441,410,900</b>

### Investments

(million euro)	Third quarter		First nine months	
	2006 (*)	2007	2006	2007
Offshore	130	156	316	385
Onshore	21	79	38	79
Offshore Drilling	23	55	43	244
Onshore Drilling	6	24	14	127
<b>Total</b>	<b>180</b>	<b>314</b>	<b>411</b>	<b>835</b>

(\*) Figures have been restated to reflect the impact of the disposal of Camom and Haldor Topsøe.

**Investments** in the third quarter of 2007 amounted to €314 million (€180 million in the third quarter of 2006) and consisted of: maintenance, upgrading and expansion of the existing asset base, including works on the construction of the new semi-submersible platform

Scarabeo 8, the new pipe lay vessel and the new ultra-deep water drillship Saipem 12000 (€201 million); investments in vessels and equipment for specific projects, mainly in Saudi Arabia and preparatory works on Scarabeo 6 for operations in Egypt (€19 million);

capex to strengthen the operating bases/yards in Kazakhstan and West Africa (€29 million); conversion of two tankers into FPSO units, due to operate on Petrobras' Golfinho 2 field in Brazil and for Sonangol P&P in Angola respectively (€65 million).

**Investments** in the first nine months of 2007 amounted to €835 million, versus €411 million in the first nine months of 2006 and consisted of: maintenance, upgrading and expansion of the existing asset base (€535 million); investments in vessels and equipment for specific projects, mainly Kashagan (€64 million); capex to strengthen the operating bases/yards in Kazakhstan and West Africa (€54 million); conversion of two tankers into FPSO units, due to operate in Brazil and Angola (€182 million).

Recently, Saipem has also acquired almost the entire holding in Frigstad Discoverer Invest Ltd (96% as of today), a company listed on the Oslo Stock Exchange, whose sole activity is the development of an ultra-deepwater 6<sup>th</sup> generation semi-submersible rig, currently being constructed at the Chinese Shipyard Yantai Raffles, to be delivered in the fourth quarter of 2009. The overall investment for the acquisition of Frigstad and the capex required to complete the drilling rig, is estimated at approximately €520 million. A contract for the long-term lease of this rig is expected to be awarded soon.

### Variation in net equity

	(million euro)	
	First nine months	
	2006	2007
<b>Initial Group net equity</b>	<b>1,630</b>	<b>1,581</b>
Group net profit	266	706
IAS 32 and 39 - treasury shares	(36)	(5)
IAS 32 and 39 - fair value hedging operations	64	50
Distribution of dividends	(82)	(126)
IFRS 3 - surplus price for Snamprogetti's acquisition	(440)	-
Other variations in Snamprogetti's net equity	14	-
Translation differences in foreign exchange	(21)	(22)
<b>Total variation</b>	<b>(235)</b>	<b>603</b>
<b>Resulting Group net equity</b>	<b>1,395</b>	<b>2,184</b>

The net equity during the first nine months of 2007 increased by €603 million due to the net income for the period (€706 million) and the fair value of hedging operations (€50 million), which were compensated for by negative variations relating to the distribution of

dividends (-€126 million), the purchase of treasury shares bought back to service incentive schemes (-€5 million), and translation differences in foreign exchange and other variations (-€22million).

## Reclassified statement of cash flow and variation in net debt

			(million euro)	First nine months	
Third quarter 2006	Second quarter 2007	Third quarter 2007		2006	2007
104	153	438	Group net income	266	706
-	1	-	Third party income	2	1
<i>Adjustments to reconcile cash generated from operating income before changes in working capital:</i>					
61	29	(190)	Depreciation, amortisation and other non monetary items	164	(85)
31	83	49	Dividends, interests and income taxes	102	180
<b>196</b>	<b>266</b>	<b>297</b>	<b>Cash generated from operating income before variation in working capital</b>	<b>534</b>	<b>802</b>
(129)	114	(347) <sup>(1)</sup>	Variation in working capital relating to operations	(335)	(232) <sup>(1)</sup>
(6)	(132)	129	Dividends, interests and income taxes received (paid)	(20)	(8)
<b>61</b>	<b>248</b>	<b>79</b>	<b>Net cash flow from operations</b>	<b>179</b>	<b>562</b>
(185)	(269)	(314)	Investments in tangible and intangible fixed assets	(416)	(835)
-	-	-	Investments in acquisitions of consolidated companies	-	-
-	3	389 <sup>(2)</sup>	Disposals	7	393 <sup>(2)</sup>
<b>(124)</b>	<b>(18)</b>	<b>154</b>	<b>Free cash flow</b>	<b>(230)</b>	<b>120</b>
211	58	387	Variation in financial debt	1,116	774
-	(6)	(16)	Buy-back of treasury shares	(36)	(22)
-	(126)	-	Cash flow from share capital and reserves	(82)	(126)
(9)	1	(6)	Variations in scope of consolidation and exchange rate differentials on cash and equivalents	(206)	(9)
<b>78</b>	<b>(91)</b>	<b>519</b>	<b>Net cash flow</b>	<b>562</b>	<b>737</b>
<b>(124)</b>	<b>(18)</b>	<b>154</b>	<b>Free cash flow</b>	<b>(230)</b>	<b>120</b>
-	(6)	(16)	Buy-back of treasury shares	(36)	(22)
-	(126)	-	Cash flow from share capital and reserves	(82)	(126)
19	3	12	Exchange rate differentials and other variation concerning net financial debt	(277) <sup>(3)</sup>	11
<b>(105)</b>	<b>(147)</b>	<b>150</b>	<b>Variation in net debt</b>	<b>(625)</b>	<b>(17)</b>
<b>1,532</b>	<b>1,437</b>	<b>1,584</b>	<b>Net debt at beginning of period</b>	<b>1,012</b>	<b>1,417</b>
<b>1,637</b>	<b>1,584</b>	<b>1,434</b>	<b>Net debt at end of period</b>	<b>1,637</b>	<b>1,434</b>

(1) Includes the effects of the disposal of Camom (€49 million).

(2) Includes the effects of the disposal of Haldor Topsøe and Camom (€389 million).

(3) Includes the effects of the acquisition of Snamprogetti (€298 million).

## Net financial debt

Net financial debt at September 30, 2007 amounted to €1,434 million, representing an increase of only €17 million from December 31, 2006, following the current programme of disposals of non-core assets, which has mitigated the impact of the high levels of investment

planned for 2007. Net financial debt decreased by €150 million from June 30, 2007, resulting from amounts received from disposals only partially offset by investments made during the period.

## NEW CONTRACTS

During the third quarter of 2007, Saipem was awarded contracts amounting to €2,662 million (compared to €2,635 million in the third quarter of 2006).

The most significant contracts awarded in the third quarter are:

Offshore:

- on behalf of Saudi Aramco, a long-term agreement for the engineering, procurement, construction, transport and installation of structures, platforms and pipelines offshore Saudi Arabia. This agreement has a binding duration of seven years and two options to extend it for a further three years each;
- on behalf of Enagas SA, the Balearic project in Spain, comprising project management, engineering, transport and installation of two gas pipelines, the first at water depths of up to 1,000 metres, connecting mainland Spain to Ibiza and the second pipeline, at water depths of up to 800 metres, connecting Ibiza to Mallorca; the contract was awarded in partnership with Fomento de Construcciones y Contratas SA (FCC);
- on behalf of Eni Tunisia BV, the EPIC-type Maamoura project in Tunisia, comprising project management, engineering, procurement, construction and installation of a platform and the laying of two pipelines;
- on behalf of Statoil, the Gjoa project in Norway, comprising installation of two export pipelines;

Onshore:

- on behalf of Saudi Aramco, additional works for the Khurais Utilities & WIPS (KUC) project, comprising engineering, procurement, construction, pre-commissioning and commissioning of various utilities and water injection pumps;
- on behalf of Shell Petroleum Development Co, the EPC-type Nembe Creek-Cawthorne Channel project in Nigeria, comprising the construction, installation and commissioning of a pipeline connecting San Bartholomew to Cawthorne Channel, in addition to

the decommissioning of the existing pipeline and ancillary facilities;

- on behalf of Canaport Lng, the EPC-type Canaport Tank 3 project in Canada, comprising design, engineering, construction and commissioning of a storage tank and interconnecting structures to existing facilities installed as part of an earlier contract currently in progress. The project was awarded in partnership with the Canadian company SNC-Lavalin;

Offshore Drilling:

- on behalf of IEOC (International Egyptian Oil Co), the twenty eight-month charter of the semi-submersible platform Scarabeo 4 in Egypt;
- on behalf of Addax Petroleum, the one-year extension of the charter for the semi-submersible platform Scarabeo 3 in Nigeria;

Onshore Drilling:

- on behalf of Saudi Aramco, the three-year lease of five rigs in Saudi Arabia;
- on behalf of Eni Exploration & Production, the two-year lease of a new installation in Italy;
- on behalf of Enirepsa, the one-year lease of a new installation in Saudi Arabia.

New contracts awarded to the Saipem Group during the first nine months of 2007 amounted to €7,609 million (€8,417 million in the same period of 2006). The disposal of Haldor Topsøe and Camom has brought about a reduction in the backlog of €181 million.

**The backlog of the Saipem Group at September 30, 2007 stands at a record level of €13,343 million.**

## DISPOSAL OF NON-CORE ASSETS

The programme for the disposal of non-core assets continued in the third quarter of 2007 with the sale of Camom to Forclum, a French company owned by Eiffage Group, for €47 million. This amount, received in October, will be added to a share of the 2007 results, capped at €2 million. The Company also sold its 50% holding in Haldor Topsøe AS to the other shareholder, Mr. Haldor Topsøe, for €340 million, received in September, as well as the transfer of financial debt amounting to €12 million. These two transactions have

yielded an after-tax capital gain of €284 million. In addition, Saipem has today agreed to sell its 15% stake in Tecnomare (Italian engineering company in which Eni holds a controlling interest) to Eni, for a consideration of €12 million. Negotiations in relation to the disposal of the company's holding in GTT (30%) are also ongoing. The above mentioned disposals are intended to contribute to the Company's development plan and, as previously stated, management does not foresee any changes to the dividend policy.

## MANAGEMENT OUTLOOK FOR 2007

The devaluation of the US dollar – the currency in which approximately 70% of revenues are denominated – has negatively impacted the 2007 operating income by approximately €30 million (pre-tax) as compared with 2006.

However, the positive performance of projects under execution and the strong overall market performance are expected to offset the negative impact of the US dollar devaluation and underpin management's expectations of a further improvement on estimates for

2007, which, despite the impact of non-core asset disposals, are still forecast at:

- revenues in excess of €9 billion;
- increase in net profit, not inclusive of capital gains from disposals, of more than 30% compared with 2006.

Total capex for 2007, inclusive of outlays during the year for the acquisition of Frigstad, is forecast at approximately €1.5 billion.

*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. These include: currency fluctuations, interest rate fluctuations, the level of capital expenditure in the oil and gas industry, as well as other industries, political instability in areas where the Group operates, and actions by competitors. Moreover, contract execution is also subject to variables outside the Company's control, such as weather conditions. Actual results could therefore differ materially from the forward-looking statements.*



## Analysis by business sector

### OFFSHORE

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. III quarter 2007-2006		(million euro)		First nine months	
					2006	2007	% Ch.	
875	880	<b>908</b>	3.8	Revenues	2,313	<b>2,631</b>	13.7	
(760)	(731)	<b>(754)</b>	(0.8)	Expenses	(2,025)	<b>(2,207)</b>	9.0	
(31)	(36)	<b>(36)</b>	16.1	Depreciation and amortisation	(74)	<b>(109)</b>	47.3	
84	113	<b>118</b>	40.5	Operating profit	214	<b>315</b>	47.2	
13.1	16.9	<b>17.0</b>		EBITDA	(%) 12.5	<b>16.1</b>		
9.6	12.8	<b>13.0</b>		EBIT	(%) 9.3	<b>12.0</b>		
1,046	816	<b>872</b>		New orders awarded	2,860	<b>2,753</b>		

The backlog as at September 30, 2007 amounted to €4,304 million, of which €674 million will be realised in the fourth quarter of 2007.

Revenues for the first nine months of 2007 amounted to €2,631 million, representing a 13.7% increase compared to the same period 2006. This is mainly due to increased activity in the Far East and the North Sea.

Operating profit for the first nine months of 2007 amounted to €315 million, or 12% of revenues, versus operating profit of €214 million for the first nine months of 2006, or 9.3% of revenues. The margin increase is attributable to improved contract conditions and strong operational performance.

## ONSHORE

Third quarter 2006 (*)	Second quarter 2007 (*)	Third quarter 2007	% Ch. III quarter 2007-2006		(million euro)		First nine months	
					2006 (*)	2007	% Ch.	
1,037	1,379	<b>1,345</b>	29.7	Revenues	2,403	<b>4,009</b>	66.8	
(992)	(1,307)	<b>(1,273)</b>	28.3	Expenses	(2,276)	<b>(3,788)</b>	66.4	
(10)	(9)	<b>(9)</b>	(10.0)	Depreciation and amortisation	(35)	<b>(33)</b>	(5.7)	
35	63	<b>63</b>	80.0	Operating profit	92	<b>188</b>	104.3	
4.3	5.2	<b>5.4</b>		EBITDA	(%) 5.3	<b>5.5</b>		
3.4	4.6	<b>4.7</b>		EBIT	(%) 3.8	<b>4.7</b>		
920	1,510	<b>1,369</b>		New orders awarded	3,889	<b>4,142</b>		

(\*) Figures have been restated to reflect the impact of the disposal of Camom and Haldor Topsøe.

The backlog at September 30, 2007 amounted to €6,237 million, of which €1,249 million will be realised in the fourth quarter of 2007.

Revenues for the first nine months of 2007 amounted to €4,009 million, representing a 66.8% increase versus the same period of 2006. This increase is due to operations in Saudi Arabia and the consolidation of Snamprogetti in the second quarter of 2006.

Operating profit for the first nine months of 2007 amounted to €188 million, equal to 4.7% of revenues, versus €92 million, equal to 3.8% of revenues in the first nine months of 2006. This margin increase is attributable to high operational efficiency and improved contractual rates.

## OFFSHORE DRILLING

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. III quarter 2007-2006		(million euro)		% Ch.
					2006	2007	
92	105	<b>104</b>	13.0	Revenues	265	<b>307</b>	15.8
(51)	(56)	<b>(55)</b>	7.8	Expenses	(154)	<b>(163)</b>	5.8
(13)	(15)	<b>(14)</b>	7.7	Depreciation and amortisation	(39)	<b>(44)</b>	12.8
28	34	<b>35</b>	25.0	Operating profit	72	<b>100</b>	38.8
44.6	46.7	<b>47.1</b>		EBITDA (%)	41.9	<b>46.9</b>	
30.4	32.4	<b>33.7</b>		EBIT (%)	27.2	<b>32.6</b>	
341	72	<b>250</b>		New orders awarded	1,264	<b>394</b>	

The backlog at September 30, 2007 amounted to €2,334 million, of which €95 million will be realised in the fourth quarter of 2007.

Revenues for the first nine months of 2007 amounted to €307 million, representing a 15.8% increase on the same period in 2006. This was attributable mainly to increased activity by the jack-up Perro Negro 4 and the semi-submersible platform Scarabeo 5, as well as to higher contractual rates.

Operating profit for the first nine months of 2007 amounted to €100 million, versus €72 million in the first nine months of 2006, with margins increasing from 27.2% to 32.6%. This growth, both absolute and in terms of profitability, is due to higher margins on rates and increased utilisation of rigs.

Vessel utilisation in the first nine months of 2007 was as follows:

Vessel	Days under contract
Semi-submersible platform Scarabeo 3	228 <sup>(a)</sup>
Semi-submersible platform Scarabeo 4	260 <sup>(a)</sup>
Semi-submersible platform Scarabeo 5	273
Semi-submersible platform Scarabeo 6	253 <sup>(b)</sup>
Semi-submersible platform Scarabeo 7	273
Drillship Saipem 10000	273
Jack-up Perro Negro 2	210 <sup>(a)</sup>
Jack-up Perro Negro 3	273
Jack-up Perro Negro 4	273
Jack-up Perro Negro 5	273

(a) For the remaining days (to 273), the vessel underwent class reinstatement works.

(b) For the remaining days (to 273), the vessel underwent upgrading works for a new contract.

## ONSHORE DRILLING

Third quarter 2006	Second quarter 2007	Third quarter 2007	% Ch. III quarter 2007-2006		(million euro)		% Ch.
					2006	2007	
68	74	<b>83</b>	22.1	Revenues	186	<b>228</b>	22.6
(54)	(56)	<b>(61)</b>	13.0	Expenses	(150)	<b>(172)</b>	14.7
(5)	(6)	<b>(7)</b>	40.0	Depreciation and amortisation	(14)	<b>(19)</b>	35.7
9	12	<b>15</b>	66.6	Operating profit	22	<b>37</b>	68.2
20.6	24.3	<b>26.5</b>		EBITDA (%)	19.4	<b>24.6</b>	
13.2	16.2	<b>18.1</b>		EBIT (%)	11.8	<b>16.2</b>	
225	95	<b>171</b>		New orders awarded	301	<b>320</b>	

Revenues for the first nine months of 2007 amounted to €468 million, of which €65 million will be realised in the fourth quarter of 2007.

Revenues for the first nine months of 2007 amounted to €228 million, representing a 22.6% increase compared to the same period of 2006, attributable mainly to increased activity in North Africa and South America.

Operating profit for the first nine months of 2007 amounted to €37 million, versus €22 million for the first nine months of 2006, with the margin increasing

from 11.8% to 16.2%. This growth, both in absolute and profitability terms, is due to higher margins on rates and increased utilisation of rigs.

Average utilisation of rigs in the first nine months of 2007 stood at 97% (93% in the same period of 2006). Rigs were located as follows: 13 in Peru, 10 in Venezuela, 9 in Saudi Arabia, 6 in Algeria, 3 in Kazakhstan, 2 in Italy, 1 in Egypt and 1 in Ecuador. In addition 5 third-party rigs were deployed in Peru, 3 rigs by the joint venture company SaiPar and 2 third-party rigs in Kazakhstan.

## DECLARATION BY THE MANAGER IN CHARGE OF PREPARING THE COMPANY'S FINANCIAL REPORTS, PURSUANT TO ARTICLE 154-BIS, COMMA 2, OF LAW DECREE 58/1998

I, Alessandro Bernini, Chief Financial Officer of Saipem SpA, in my capacity as manager in charge of preparing the company's financial reports, declare that the consolidated third quarter report of Saipem SpA at September 30, 2007 fully matches the accounting records, books and entries.

The third quarter report at September 30, 2007, unaudited, has been prepared in accordance with the criteria defined by the Commissione Nazionale per le Società e la Borsa (Consob) in its regulation for companies listed on the Italian Stock Exchange and in accordance with the evaluation and measurement criteria contained in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002.

October 29, 2007

/Signature/Alessandro Bernini

Alessandro Bernini

Chief Financial Officer





# Saipem

Società per Azioni

Headquarters: San Donato Milanese (Milan), Italy

Via Martiri di Cefalonia, 67

Capital stock: €441,410,900 fully paid

Tax identification number and Milan Companies' Register  
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#### **Publications**

Financial Report at December 31 (in English)

Bilancio al 31 dicembre (in Italian)

Report on the First, the Second and the Third Quarter  
(in Italian and English)

Six-monthly report at June 30 (in Italian and English)

Sustainability Report (in Italian and English)

Also available on Saipem's website: [www.saipem.eni.it](http://www.saipem.eni.it)

**Website:** [www.saipem.eni.it](http://www.saipem.eni.it)

**Operator:** +39-025201

**Design:** Opera

**Cover:** Grafica Internazionale - Rome - Italy

**Layout and supervision:** Studio Joly Srl - Rome - Italy

**Printing:** Impronta Grafica - Cantù (Como) - Italy



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