



Saipem

# First quarter report

at 31<sup>st</sup> March

2004





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## First quarter report

at 31<sup>st</sup> march

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Approved by the Board of Directors  
at the meeting of 10<sup>th</sup> May 2004

Quarterly reports are not subject to audit

Saipem is a subsidiary of Eni S.p.A.

**Economic and financial data**

(million €)

**First Quarter**

	2003	2004	Var.%
Operating revenues	803	905	12.7
Contribution from operations	88	88	-
Operating income	59	59	-
Capital expenditure	92	48	(47.8)

**31<sup>st</sup> december 2003****31<sup>st</sup> march 2004**

Net debt:			
- medium/long term	578	574	
- short term	375	368	
<b>Total</b>	<b>953</b>	<b>942</b>	

**Results from operations****First Quarter**

	2003	2004	Var.%
<b>Offshore Construction</b>			
- subsea pipeline laid (km)	46	272	491.3
- structures installed (tons)	9,209	26,900	192.1
<b>Offshore Drilling</b>			
- metres drilled	27,649	27,741	0.3
- wells drilled	10	8	(20)
<b>Leased FPSO</b>			
- FPSO vessels' utilisation (days)	90	91	1.1
<b>Onshore Construction</b>			
- pipeline laid (km)	30	28	(6.6)
- structures installed (tons)	2,700	6,444	138.6
<b>Onshore Drilling</b>			
- metres drilled	98,163	102,733	4.6
- wells drilled	29	32	10.3
estimated average equipment utilisation (%)	85	76	(10.6)

**Revenues by business sector**

(million €)

	First Quarter		
	2003	2004	Var.%
Offshore Construction	421	567	34.7
Offshore Drilling	61	64	4.9
Leased FPSO	7	8	14.3
Onshore Construction	178	121	(32)
Onshore Drilling	46	39	(15.2)
Liquefied Natural Gas	47	43	(8.5)
Maintenance Modification and Operation	43	63	46.5
<b>Total</b>	<b>803</b>	<b>905</b>	<b>12.7</b>

**Revenues by geographical area**

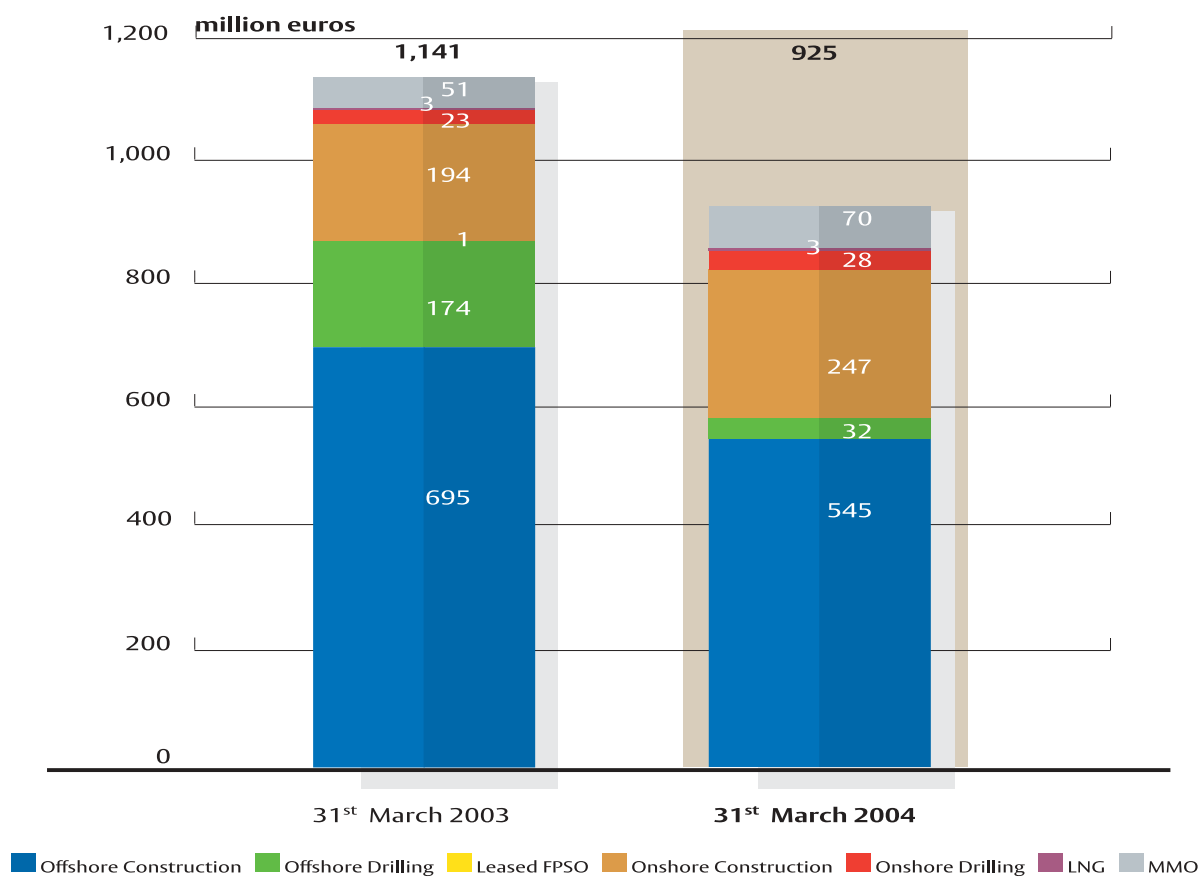
(million €)

Geographical area (*)	First Quarter	
	2003	2004
Italy	11	32
Rest of Europe	119	81
C.S.I.	129	84
Rest of Asia	113	127
North Africa	100	176
West Africa	279	368
Americas	52	37
<b>Total</b>	<b>803</b>	<b>905</b>

(\*) final destination of services

	First Quarter	
	2003	2004
Saipem S.p.A.	402	113
Group companies	739	812
<b>Total</b>	<b>1,141</b>	<b>925</b>
Offshore Construction	695	545
Offshore Drilling	174	32
Leased FPSO	1	-
Onshore Construction	194	247
Onshore Drilling	23	28
Liquefied Natural Gas	3	3
Maintenance Modification and Operation	51	70
<b>Total</b>	<b>1,141</b>	<b>925</b>

## New contracts awarded



**Order backlog**

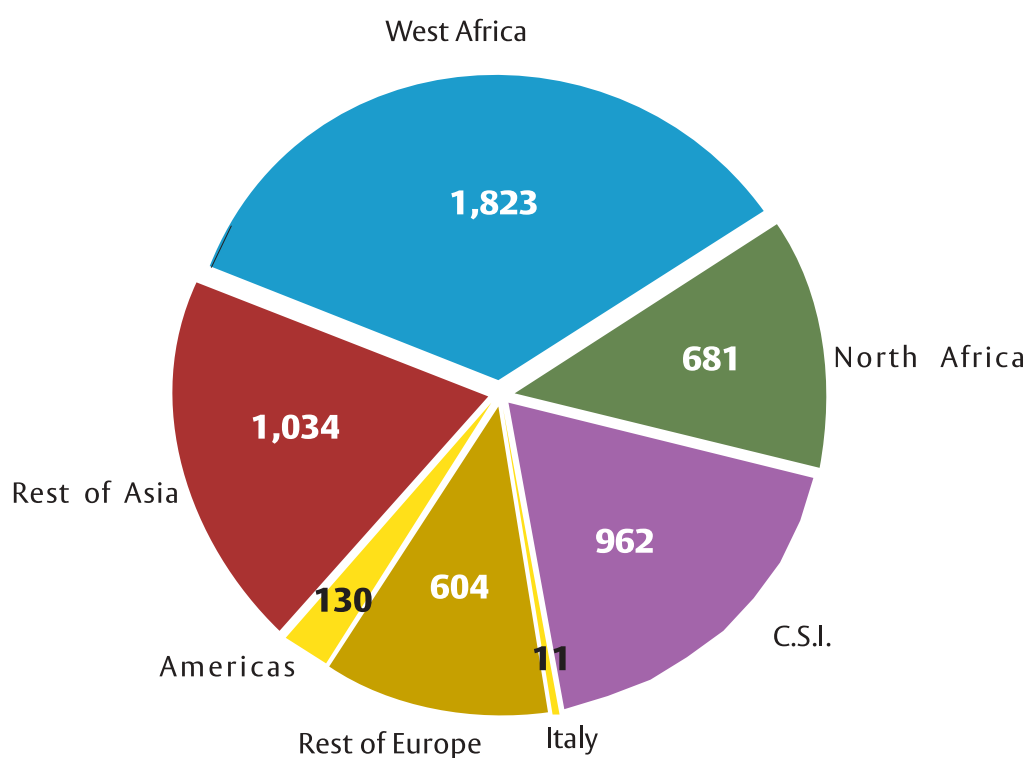
(million €)

	31 <sup>st</sup> december 2003	31 <sup>st</sup> march 2004
Offshore Construction	3,265	3,243
Offshore Drilling	499	467
Leased FPSO	142	134
Onshore Construction	776	902
Onshore Drilling	179	168
Liquefied Natural Gas	318	278
Maintenance Modification and Operation	46	53
<b>Total</b>	<b>5,225</b>	<b>5,245</b>

**Order backlog by geographical area**

(million €)

Geographical area	31 <sup>st</sup> december 2003	31 <sup>st</sup> march 2004
Italy	19	11
Rest of Europe	488	604
C.S.I.	1,028	962
Rest of Asia	741	1,034
North Africa	833	681
West Africa	1,969	1,823
Americas	147	130
<b>Total</b>	<b>5,225</b>	<b>5,245</b>

**Order backlog by geographical area at 31<sup>st</sup> March 2004**


## ■ Preparation criteria

The financial statements for the period ended 31<sup>st</sup> March 2004 have been prepared based on the criteria set out by the Companies' and Stock Exchange National Commission ('Commissione Nazionale per le Società e la Borsa – CONSOB) pursuant to regulation 11971 dated 14<sup>th</sup> May 1999 and subsequent amendments, and applying the guidelines of the "Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri".

The economic information provided in this report refers to the First Quarter 2004 as well as the First Quarter 2003. Financial data refers to 31<sup>st</sup> March 2004 and 31<sup>st</sup> December 2003. The accounting principles adopted are consistent with those used in the preparation of the Consolidated Financial Statements at 31<sup>st</sup> December 2003. The financial tables have been compiled to allow easy comparison with the six-monthly and annual reports.

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

In accordance with CONSOB regulations, quarterly reports are not subject to audit.



## Economic results

### Foreword

As previously stated, revenues and associated profit levels, particularly in the Offshore and Onshore Construction sectors, L.N.G. (Liquefied Natural Gas), and, to a lesser extent, in the Drilling, Leased FPSO and M.M.O. (Maintenance, Modification and Operation) sectors, are not consistent over time, as they are not only influenced by market performance but also by climatic conditions and individual project schedules. Consequently, the results from any one particular fiscal period or fraction thereof can vary significantly, thereby precluding a direct comparison with the same period in other fiscal years and do not allow for extrapolation of figures from a single quarter to the entire year.

### Consolidated income statement

(million €)

	First Quarter		
	2003	2004	Var.%
<b>Operating revenues</b>	<b>803</b>	<b>905</b>	<b>12.7</b>
Other revenues and income	1	1	
Purchases, services and other costs	(506)	(610)	
Payroll and related costs	(174)	(175)	
<b>Gross operating income</b>	<b>124</b>	<b>121</b>	<b>(2.4)</b>
Amortisation, depreciation and write-downs	(65)	(62)	
<b>Operating income</b>	<b>59</b>	<b>59</b>	<b>-</b>
Financial income, net	(13)	(11)	
Income from investments	2	4	
<b>Income before income taxes</b>	<b>48</b>	<b>52</b>	<b>8.3</b>
Income taxes	(12)	(13)	
<b>Net income before minority interest</b>	<b>36</b>	<b>39</b>	<b>8.3</b>
Minority interest	-	(1)	
<b>Net income</b>	<b>36</b>	<b>38</b>	<b>5.5</b>
<b>Cash flow (Net income + Depreciation and amortisation)</b>	<b>101</b>	<b>100</b>	<b>(1)</b>

In line with the annual financial statements and the six-monthly report, this quarterly report includes the reclassified consolidated income statements 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 income before general and administrative expenses) for the various business sectors in which Saipem operates.

**Operating income and costs by destination**

(million €)

	First Quarter		
	2003	2004	Var.%
<b>Operating revenues</b>	<b>803</b>	<b>905</b>	<b>12.7</b>
Operating costs	(680)	(783)	
Idle costs	(15)	(18)	
Selling expenses	(17)	(15)	
Research and development costs	(3)	(2)	
Other operating income (expenses), net	-	1	
<b>Contribution from operations</b>	<b>88</b>	<b>88</b>	<b>-</b>
General and administrative expenses	(29)	(29)	
<b>Operating income</b>	<b>59</b>	<b>59</b>	<b>-</b>

Operating revenues for the first quarter 2004 amounted to 905 million euros, an increase of 102 million euros versus the first quarter 2003, mainly due to higher levels of activity in the Offshore Construction sector.

Operating costs amounted to 783 million euros, an increase of approximately 15.1% versus those for the same period 2003. Higher operating costs are linked to the growth in revenues in addition to greater use of third party services resulting from the greater incidence of EPIC (Engineering, Procurement, Installation, Construction) type projects.

Labour costs amounted to 175 million euros, effectively unchanged versus the first quarter 2003.

Contribution from operations in the first quarter 2004 amounted to 88 million euros, in line with the first quarter 2003.

General and administrative expenses in the first quarter 2004 amounted to 29 million euros, in line with the expenses for the same quarter the previous year.

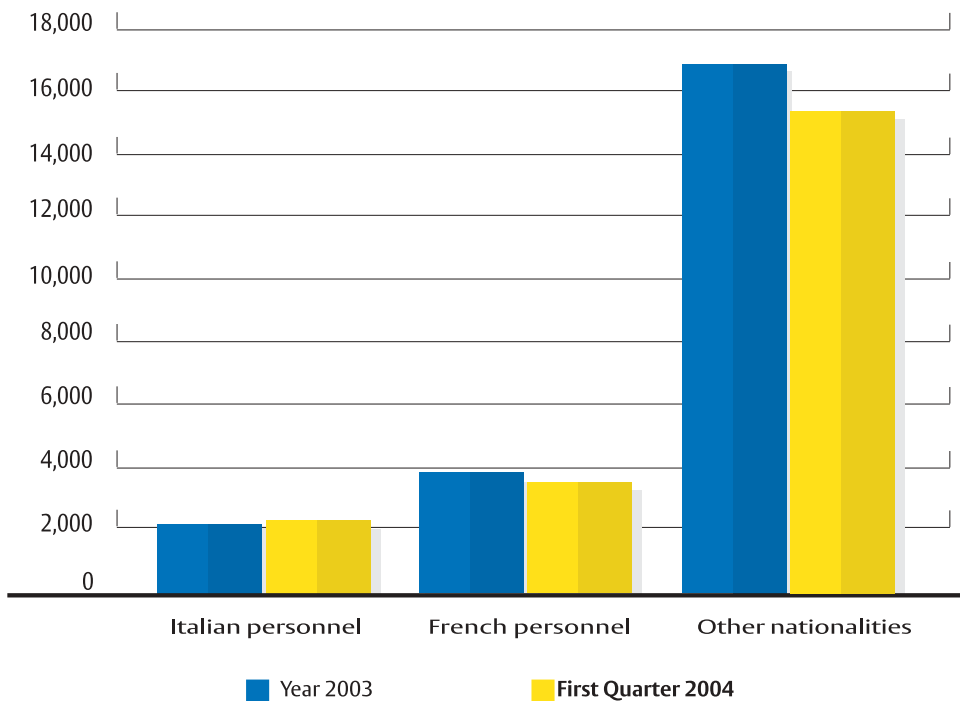
Hence, operating income stood at 59 million euros.

## Human resources

The following table provides comparable data related to average employment levels at the end of 2003 and the first quarter 2004.

Average workforce		
	Year 2003	First Quarter 2004
Italian personnel	2,332	2,421
French personnel	3,862	3,793
Other nationalities	17,002	15,515
<b>Total</b>	<b>23,196</b>	<b>21,729</b>
Offshore Construction	6,128	6,685
Offshore Drilling	1,081	1,069
Leased FPSO	43	80
Onshore Construction	9,680	8,177
Onshore Drilling	2,521	2,076
L.N.G.	687	686
M.M.O.	1,630	1,496
Staff positions	1,426	1,460
<b>Total</b>	<b>23,196</b>	<b>21,729</b>
<b>No. of engineers at end of period</b>	<b>3,382</b>	<b>3,408</b>

### Workforce



## ■ Consolidated balance sheet and financial position

	(million €)	
	31 <sup>st</sup> december 2003	31 <sup>st</sup> march 2004 (*)
Net tangible fixed assets	1,694	1,691
Net intangible fixed assets	851	840
Tangible and intangible assets, net	2,545	2,531
- Offshore Construction	1,127	1,116
- Offshore Drilling	656	659
- Leased FPSO	89	87
- Onshore Construction	244	246
- Onshore Drilling	95	91
- L.N.G.	193	191
- M.M.O.	85	83
- Other	56	58
Financial investments	26	26
<b>Non-current assets</b>	<b>2,571</b>	<b>2,557</b>
Working capital	(79)	(37)
Provision for contingencies	(117)	(117)
<b>Net current assets</b>	<b>(196)</b>	<b>(154)</b>
<b>Employee termination benefits</b>	<b>(31)</b>	<b>(31)</b>
<b>Capital employed</b>	<b>2,344</b>	<b>2,372</b>
<b>Net equity</b>	<b>1,368</b>	<b>1,406</b>
<b>Minority interest in net equity</b>	<b>23</b>	<b>24</b>
<b>Net debt</b>	<b>953</b>	<b>942</b>
<b>Cover</b>	<b>2,344</b>	<b>2,372</b>
<b>Issued and outstanding shares</b>	<b>440,713,700</b>	<b>440,958,400</b>

(\*) Not inclusive of translation adjustment for the quarter, for those group companies whose financial statements are in currencies other than euros.

	(million €)	
	First Quarter	
	2003	2004
Offshore Construction	36	18
Offshore Drilling	23	13
Leased FPSO	29	-
Onshore Construction	1	10
Onshore Drilling	-	1
L.N.G.	-	3
M.M.O.	-	-
Saipem Offices	3	3
<b>Total</b>	<b>92</b>	<b>48</b>

Capital expenditure in the first quarter 2004 amounted to 48 million euros (92 million in the same period 2003) and consisted mainly of the following: upgrading works on the semi-submersible drilling platforms Scarabeo 3, Scarabeo 4 and the jack-up Perro Negro 3; the purchase of plant and equipment required to carry out the Sakhalin project in Russia; the realisation of a fabrication yard in Kazakhstan and the expansion of the yard in Angola.



## Net financial debt

Net financial debt at 31<sup>st</sup> March 2004 amounted to 942 million euros, versus 953 million at 31<sup>st</sup> December 2003.

The income generated during the period (100 million euros and the variation in minority interest (1 million euros) more than compensated for capital expenditure in tangible and intangible fixed assets (48 million euros) and the increase in net current assets (42 million euros). This resulted in a reduction in net financial debt of 11 million euros.

The company's financial position at 31<sup>st</sup> March 2004 shows short-term net financial debt of 368 million euros (375 million at 31<sup>st</sup> December 2003) and medium/long term financial debt of 574 million euros (578 million at 31<sup>st</sup> December 2003).

## ■ Contracts awarded during the quarter and backlog

In the first quarter 2004, Saipem was awarded new contracts totalling 925 million euros (1,141 million euros in the same period 2003), of which 577 million euros were in the Offshore sectors (Construction and Drilling).

The most significant orders awarded in the first quarter 2004 include:

### Offshore Construction:

- on behalf of Dolphin Energy Ltd, three EPIC-type contracts comprising engineering, procurement, transport and installation of a gas export pipeline linking Ras Laffan to the onshore terminal of Taweelah, all associated facilities at Taweelah and two subsea pipelines connecting the platform well-heads to the onshore terminal at Ras Laffan;
- on behalf of Repsol YPF (Yacimientos Petroliferos Fiscales), which was appointed by the Spanish Government, the contract for the recovery of crude oil trapped in the tanks of the tanker "Prestige", which sank off the coast of Galicia, Spain;
- on behalf of IOOC (Iranian Offshore Oil Company) the EPIC-type project "Sirri-Queshm" in Iran, comprising engineering, procurement and installation of a subsea pipeline;
- on behalf of Shell UK Exploration and Production, the "Brent Decommissioning" project in the British sector of the North Sea, comprising the removal of offshore facilities (flare, anchor) and their subsequent transfer onshore.

### Offshore Drilling:

- on behalf of Addax, the eighteen-month lease, plus the option of a further six months, of the semi-submersible platform Scarabeo 3 in Nigeria;
- on behalf of Total, the four-month lease extension of the 5820 installation in Libya.

### Onshore Construction:

- on behalf of NAOC, the EPC-type "GTS - 4" project in Nigeria, comprising engineering, provisioning and construction of a pipeline linking Rumuji (30 km north-east of Port Harcourt) to the N-LNG terminal on Bonny Island;
- on behalf of Total, the EPC-type "OSBL Refinery" project in France, comprising engineering, procurement, construction and commissioning of all auxiliary services related to the new hydro-cracking plant for a refinery in Normandy, France.

### Onshore Drilling:

- on behalf of Occidental Peru, the one-year lease of rigs in Peru;
- on behalf of Petrobras Peru, the seven-month lease of rigs in Peru;
- on behalf of Agiba, the eighteen-month lease of a rig in Egypt;
- on behalf of Repsol YPF, the five-month lease of a rig in Algeria;
- on behalf of PDVSA, the three-month lease plus the option for a further five months, of a rig in Venezuela;
- on behalf of Sonatrach, the two-month lease plus the option for a further four months of a rig in Algeria.

### Maintenance Modification and Operation (M.M.O.):

- on behalf of TotalFinaElf, the extension of contracts for operations in France;
- on behalf of Eni E&P, maintenance of upstream installations in Italy.

At end of March 2004, the backlog stood at 5,245 million euros (5,225 million euros at 31<sup>st</sup> December 2003).

## ■ Management expectations for 2004

The markets in which Saipem operates appear on balance to be good; the Drilling sectors, despite some residual weakness, are showing signs of recovery, the Onshore Construction sector is offering good prospects in the medium term, the re-gasification terminal sector is experiencing rapid growth and further expansion continues in the Offshore Construction sector, both in terms of pipelaying and large EPIC contracts in frontier areas.

Thanks to its reliability and competitiveness, Saipem has benefited from a positive market trend in the first quarter and is expected to continue doing so throughout the year. Accordingly, in 2004 the management envisages to exceed, at an equivalent exchange rate, the record volumes of 2003, and to achieve a level of contract acquisitions that would further boost the backlog at the end of 2004.

The phenomenon that adversely affects Saipem's profit levels is the appreciation of the Euro against the US Dollar, considering that approximately 70% of Saipem's revenues are denominated in the American currency, whilst costs from the Milan and Paris operating centres as well as almost all depreciation and amortisation, a total of approximately 600 million per annum, are denominated in euros.

The impact of the Euro evaluation is felt after approximately one year, i.e. the time lag between contract acquisition (and hedging) and execution. As a result the average invoice exchange rate in 2003 was 1 (whilst the average Euro/USD ratio in the same period was 1.13). In 2004, the combination of contracts in the backlog at end 2003 to be realised during the current year, along with contracts already won and to be acquired in 2004, is expected to lead to an approximate average invoice exchange rate of 1.15.

Euro appreciation from 1 to 1.15 results in a reduction in the euro-equivalent contribution from USD-denominated contracts (translation effect), estimated at approximately 30 million euros. The effect of the company's Euro-denominated structural costs is expected to determine a further reduction in operating income estimated at 50 million euros.

However, Saipem's distinctive capabilities and competencies, the substantial order backlog and the additional cost synergies resulting from Bouygues Offshore's integration are expected to counteract the negative effects of the Euro appreciation and underpin expectations for 2004 of attaining results in line with or close to the record level achieved in 2003; specifically

- volumes (at steady exchange rates) are expected to grow on account of the substantial order backlog at the end of March 2004 and the good overall trend of the reference market;
- in those business sectors and those areas where US competition is weakest, it is possible to gradually transfer to prices the effects of the Euro's appreciation;
- in 2004, further cost savings in the region of 20 million euros are expected from the integration with Bouygues Offshore.

Capital expenditure for 2004 is confirmed to be approximately 200 million euros, and involves maintenance and upgrade of vessels and equipment, project-specific investments and the development of yards in Kazakhstan, Nigeria and Angola.

Depreciation and amortisation, inclusive of goodwill amortisation resulting from Bouygues Offshore's acquisition (42 million euros), are expected to be approximately 260 million euros.

*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 the Persian Gulf and/or other regions and actions by the competition. Moreover, contract execution is also subject to variables, such as weather conditions. Actual results could therefore differ materially from the forward-looking statements.*

## ■ Analysis by business sector

### ■ Offshore Construction

(million €)

	First Quarter	First Quarter	
	2003	2004	
Operating revenues	421	567	
Operating expenses, net of cost of materials	(289)	(440)	
Cost of materials	(66)	(55)	
Depreciation and amortisation	(21)	(23)	
Contribution from operations (*)	45	49	
Saipem s.a. goodwill amortisation	(6)	(6)	
Contribution from operations, net	39	43	
New orders awarded	695	545	

(\*) Operating Income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 3,243 million euros, of which 1,803 million are to be realised in 2004.

- Operating revenues for the first quarter 2004 amounted to 567 million euros, a 34.7% increase versus those for the same period 2003, mainly due to full-scale operations of EPIC (Engineering, Procurement, Installation, Construction) type projects in North and West Africa.
- Contribution from operations in the first quarter 2004 amounted to 49 million euros, equal to 8.6% of revenues, versus 45 million euros, equal to 10.7% of revenues in the same period 2003. This decrease in margin is related to the greater incidence of EPIC type projects as well as the US Dollar devaluation.  
Contribution from operations, net of goodwill amortisation, stood at 43 million euros, with profitability at 7.6% of revenues (first quarter 2003: 39 million euros, equal to 9.3% of revenues).



## ■ Offshore Drilling

(million €)

	First Quarter	First Quarter
	2003	2004
Operating revenues	61	64
Operating expenses	(36)	(37)
Depreciation and amortisation	(8)	(10)
Contribution from operations (*)	17	17
New orders awarded	174	32

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 467 million euros, of which 206 million are to be realised in 2004.

- Operating revenues for the first quarter 2004 showed a 4.9% increase versus the same period 2003, attributable to the full-scale operations by the semi-submersible platform Scarabeo 5 and the drillship Saipem 10000, which compensated for the temporary inactivity of Scarabeo 3, Scarabeo 4, Perro Negro 3 and Perro Negro 5.
- Contribution from operations in the first quarter 2004 is in line with the same period 2003.
- Vessel utilisation was as follows:

Vessel	days under contract
Semi-submersible platform Scarabeo 3	- <b>a</b>
Semi-submersible platform Scarabeo 4	- <b>b</b>
Semi-submersible platform Scarabeo 5	91
Semi-submersible platform Scarabeo 6	56 <b>c</b>
Semi-submersible platform Scarabeo 7	91
Drillship Saipem 10000	91
Jack-up Perro Negro 2	91
Jack-up Perro Negro 3	- <b>b</b>
Jack-up Perro Negro 4	91
Jack-up Perro Negro 5	- <b>d</b>

**a** = the vessel underwent upgrading works in readiness for a new contract in Nigeria.

**b** = the vessel underwent structural repairs.

**c** = for the remaining days (to 91) the vessel underwent structural repairs.

**d** = the vessel was idle.

## ■ Leased FPSO

(million €)

	First Quarter	First Quarter
	2003	2004
Operating revenues	7	8
Operating expenses	(2)	(4)
Depreciation and amortisation	(3)	(2)
Contribution from operations (*)	2	2
New orders awarded	1	-

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 134 million euros, of which 39 million are to be realised in 2004.

- In the first quarter 2004, operating revenues showed a slight increase (1 million euros) versus the same period 2003. Contribution from operations amounted to 2 million euros and is in line with that of the first quarter 2003.
- The production units FPSO-Firenze and FPSO-Mystras have been in continuous operation since the beginning of the year, whereas the FPSO-Jamestown has been idle.

## ■ Onshore Construction

(million €)

	First Quarter	First Quarter
	2003	2004
operating revenues	178	121
Operating expenses, net of cost of materials	(108)	(74)
Cost of materials	(41)	(29)
Depreciation and amortisation	(10)	(6)
Contribution from operations (*)	19	12
Saipem s.a. goodwill amortisation	(2)	(2)
Contribution from operations, net	17	10
New orders awarded	194	247

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 902 million euros, of which 372 million are to be realised in 2004.

- Operating revenues in the first quarter 2004 fell by 57 million euros, a 32% decrease, versus the same period 2003, following the completion of large projects in Kazakhstan and Saudi Arabia, which was only partially compensated by the full scale operations of projects in North Africa.
- Contribution from operations, in the first quarter 2004, amounted to 12 million euros, equal to 9.9% of revenues, versus 19 million euros, equal to 10.7% of revenues for the same period 2003, which had been boosted by the full scale operations of the Karachaganak project in Kazakhstan.  
Contribution from operations, net of goodwill amortisation, stood at 10 million euros, with profitability at 8.3% of revenues (first quarter 2003: 17 million euros, equal to 9.6% of revenues).

## ■ Onshore Drilling

(million €)

	First Quarter	First Quarter
	2003	2004
Operating revenues	46	39
Operating expenses	(34)	(29)
Depreciation and amortisation	(6)	(5)
Contribution from operations (*)	6	5
New orders awarded	23	28

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 168 million euros, of which 73 million are to be realised in 2004.

- Operating revenues for the first quarter 2004 show a 15.2% decrease versus those of the same period 2003, mainly attributable to reduced activities in North Africa and Russia.
- Contribution from operations in the first quarter 2004 decreased by 1 million euros versus the same period last year, with a margin on revenues effectively unchanged.
- Average utilisation of rigs stood at 76% (85% in the first quarter 2003); rigs were located as follows: 11 in Peru, 8 in Saudi Arabia, 4 in Venezuela, 3 in Italy, 3 in Algeria, 1 in Egypt, 1 in Kazakhstan and 1 in Nigeria.  
In addition, 5 third-party rigs were deployed in Peru and 1 in Kazakhstan by the joint-venture company SaiPar.  
Finally, 2 rigs owned jointly with third parties operated as follows: 1 in Kazakhstan and 1 in Venezuela.

## ■ Liquefied Natural Gas (L.N.G.)

(million €)

	First Quarter	First Quarter
	2003	2004
Operating revenues	47	43
Operating expenses	(36)	(31)
Depreciation and amortisation	(3)	(3)
Contribution from operations (*)	8	9
Saipem s.a. goodwill amortisation	(2)	(2)
Contribution from operations, net	6	7
New orders awarded	3	3

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 278 million euros, of which 142 million are to be realised in 2004.

- Operations carried out mainly in India and Spain enabled the company to achieve revenues of 43 million euros in the first quarter 2004. The 8.5% downturn in revenues in the first quarter versus the same period the previous year is due to the completion of an important project carried out in Santo Domingo.
- In the first quarter 2004, contribution from operations, net of goodwill amortisation, amounted to 7 million euros, with profitability equal to 16.3% of revenues (first quarter 2003: 6 million euros, equal to 12.8% of revenues). Margin improvement is mainly attributable to better than expected performance on projects nearing completion.

## ■ Maintenance, Modification and Operation (M.M.O.)

(million €)

	First Quarter	First Quarter	
	2003	2004	
Operating revenues	43	63	
Operating expenses	(40)	(57)	
Depreciation and amortisation	(1)	(1)	
Contribution from operations (*)	2	5	
Saipem s.a. goodwill amortisation	(1)	(1)	
Contribution from operations, net	1	4	
New orders awarded	51	70	

(\*) Operating income before general and administrative expenses

The backlog at 31<sup>st</sup> March 2004 amounted to 53 million euros, of which 38 million are to be realised in 2004.

- Operational activities, carried out mainly in France, Italy, West Africa and Russia enabled revenues for the first quarter 2004 to total 63 million euros, a 46.5% increase over the same period 2003. Revenues for the first quarter 2003 did not include operations performed in Italy as they started in the second half of the year.
- Contribution from operations, in the first quarter 2004, amounted to 4 million euros, net of goodwill amortisation, with profitability equal to 6.3 of revenues (first quarter 2003: 1 million euros equal to 2.3% of revenues).



G R O U P

# Saipem

A Joint Stock Company with Registered Office  
in San Donato Milanese (MI), Italy  
Fully paid-up Share Capital Euro 440,958,400  
Fiscal Code and Milan Companies' Register  
No. 00825790157  
Other offices:  
Cortemaggiore (PC) - Via Enrico Mattei, 20

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

**Operator:** +39-025201

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#### **Relations with institutional investors and financial analysts:**

**Fax:** +39-0252054295

**E-mail:** [investor.relations@saipem.eni.it](mailto:investor.relations@saipem.eni.it)

#### **Publications**

First Quarter Report at 31<sup>st</sup> March 2004 (in English)

Relazione trimestrale al 31 marzo 2004 (in Italian)

Financial Report at 31<sup>st</sup> of December 2003 (in English)

Bilancio al 31 dicembre 2003 (in Italian)

Health, Safety Environment 2003 (in Italian and English)

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

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