



Saipem

First Quarter Report

at 31st March

2003



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Approved by the Board of Directors
at the meeting of 7th May 2003

Quarterly reports are not subject to audit

To allow a direct comparison of data to the corresponding periods for 2002, all economic and financial information contained in this Report is structured to show data of the Saipem Group exclusive of Saipem s.a., of Saipem s.a. and data comprising the effects of the acquisition (in terms of amortisation, financial expenses and associated tax relief).

Economic and Financial data

(million euros)

| | First Quarter | | |
|--|----------------------------------|-----------------------------------|--------|
| | 2002 | 2003 | Var. % |
| Data do not include Saipem s.a. | | | |
| Revenues | 623 | 476 | (23.6) |
| Contribution from operations | 100 | 64 | (36.0) |
| Operating income | 81 | 45 | (44.4) |
| Cash flow | 121 | 78 | (35.5) |
| Capital expenditure | 178 | 86 | (51.7) |
| Data include Saipem s.a. | | | |
| Revenues | | 803 | |
| Contribution from operations | | 88 | |
| Operating income | | 59 | |
| Cash flow | | 101 | |
| Capital expenditure | | 92 | |
| | 31st Dec. 2002 | 31st March 2003 | |
| Net debt: | | | |
| - medium/long term | 406 | 576 | |
| - short term | 842 | 659 | |
| Total | 1,248 | 1,235 | |

Data from operations

| | First Quarter | | |
|---|---------------|--------|--------|
| | 2002 | 2003 | Var. % |
| Offshore Construction | | | |
| - subsea pipeline laid (km) | 541 | 46 | (91.5) |
| - structures installed (tons) | 8,250 | 9,209 | 11.6 |
| Onshore Construction | | | |
| - pipeline laid (km) | 162 | 30 | (81.5) |
| - structures installed (tons) | 1,950 | 2,700 | 38.5 |
| Offshore Drilling | | | |
| - meters drilled | 24,520 | 27,649 | 12.8 |
| - wells drilled | 11 | 10 | (9.1) |
| Onshore Drilling | | | |
| - meters drilled | 66,587 | 98,163 | 47.4 |
| - wells drilled | 20 | 29 | 45.0 |
| - estimated average equipment utilisation (%) | 85 | 85 | - |
| Leased FPSO | | | |
| - FPSO vessels' utilisation (days) | 90 | 90 | - |



Revenues by business sector

(million euros)

Data do not include Saipem s.a.

First Quarter

| | 2002 | 2003 | Var. % |
|-----------------------|------------|------------|--------|
| Offshore Construction | 397 | 246 | (38.0) |
| Onshore Construction | 85 | 114 | 34.1 |
| LNG | (*) 3 | 2 | (33.3) |
| MMO | - | - | - |
| Offshore Drilling | 82 | 61 | (25.6) |
| Onshore Drilling | 46 | 46 | - |
| Leased FPSO | 10 | 7 | (30.0) |
| Total | 623 | 476 | |

(*) data previously included in the Offshore Construction sector

Revenues by business sector

(million euros)

Data include Saipem s.a.

First Quarter

| | 2003 |
|-----------------------|------------|
| Offshore Construction | 421 |
| Onshore Construction | 178 |
| LNG | 47 |
| MMO | 43 |
| Offshore Drilling | 61 |
| Onshore Drilling | 46 |
| Leased FPSO | 7 |
| Total | 803 |

Revenues by geographical area

(million euros)

Data do not include Saipem s.a.

First Quarter

| Geographical area (*) | 2002 | 2003 |
|-----------------------|------------|------------|
| Italy | 15 | 11 |
| North Sea | 89 | 40 |
| Rest of Europe | 220 | 121 |
| Africa | 127 | 172 |
| Middle – Far East | 103 | 88 |
| Americas | 69 | 44 |
| Total | 623 | 476 |

(*) final destination of services

Revenues by geographical area

(million euros)

Data include Saipem s.a.

First Quarter

| Geographical area (*) | 2003 |
|-----------------------|------------|
| Italy | 11 |
| North Sea | 42 |
| Rest of Europe | 215 |
| Africa | 379 |
| Middle – Far East | 105 |
| Americas | 51 |
| Total | 803 |

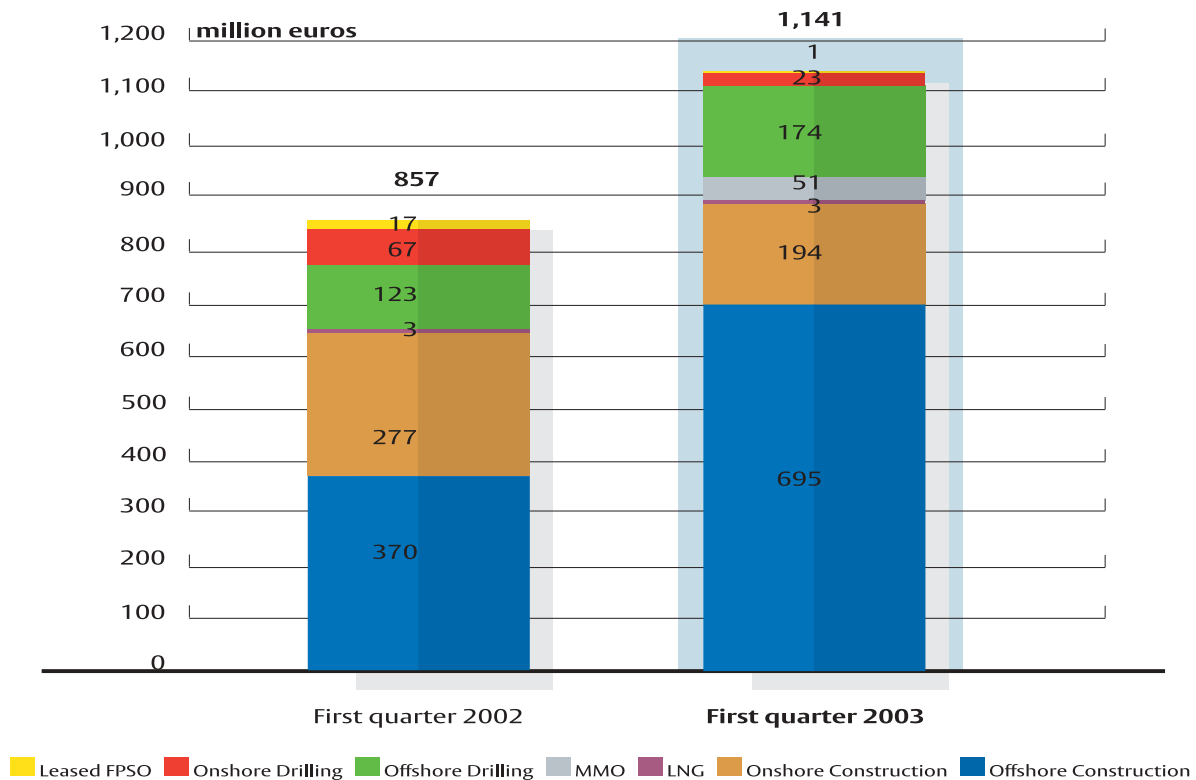
(*) final destination of services



| | First Quarter | |
|-----------------------|---------------|--------------|
| | 2002 | 2003 |
| Saipem SpA | 494 | 402 |
| Group companies | 363 | 739 |
| | 857 | 1,141 |
| Of which Saipem s.a. | - | 454 |
| Offshore Construction | 370 | 695 |
| Onshore Construction | 277 | 194 |
| LNG | (*) 3 | 3 |
| MMO | - | 51 |
| Offshore Drilling | 123 | 174 |
| Onshore Drilling | 67 | 23 |
| Leased FPSO | 17 | 1 |
| Total | 857 | 1,141 |

(*) data previously included in the Offshore Construction sector

New contracts awarded



Order backlog

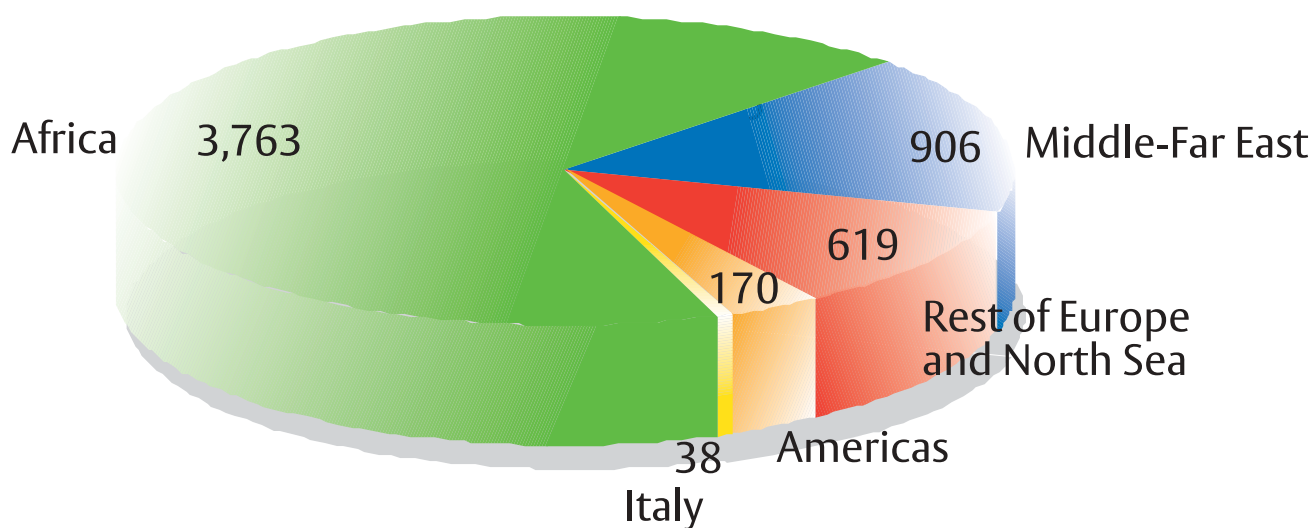
(million euros)

| | 31 st December 2002 | 31 st March 2003 |
|-----------------------|--------------------------------|-----------------------------|
| Offshore Construction | 3,276 | 3,550 |
| Onshore Construction | 656 | 672 |
| LNG | 250 | 206 |
| MMO | 61 | 69 |
| Offshore Drilling | 550 | 663 |
| Onshore Drilling | 195 | 172 |
| Leased FPSO | 170 | 164 |
| Total | 5,158 | 5,496 |

Backlog by geographical area

(million euros)

| Geographical area | 31 st December 2002 | 31 st March 2003 |
|-------------------|--------------------------------|-----------------------------|
| Italy | 48 | 38 |
| North Sea | 330 | 323 |
| Rest of Europe | 340 | 296 |
| Africa | 3,422 | 3,763 |
| Middle-Far East | 850 | 906 |
| Americas | 168 | 170 |
| Total | 5,158 | 5,496 |

Backlog by geographical area

■ Preparation criteria

The financial statements for the period ended 31st March 2003 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 14th 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 2003 as well as the First Quarter 2002. Financial data refers to 31st March 2003 and 31st December 2002. The accounting principles adopted are consistent with those used in the preparation of the Consolidated Financial Statements at 31st December 2002. The financial tables have been compiled to allow easy comparison with the six-monthly and annual reports.

Unless otherwise indicated, data is expressed in million 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., and, to a lesser extent, in the Drilling, Leased FPSO and M.M.O. 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 euros)

| | Saipem | Saipem "stand alone" | Saipem s.a. | Saipem Consolidated |
|---|------------|-------------------------|-------------|------------------------|
| First Quarter | 2002 | 2003 | 2003 | 2003 |
| Operating revenues | 623 | 476 | 327 | 803 |
| Other revenues and income | 5 | 1 | - | 1 |
| Purchases, services and other costs | (369) | (282) | (224) | (506) |
| Payroll and related costs | (113) | (103) | (71) | (174) |
| Gross operating income | 146 | 92 | 32 | 124 |
| Amortisation, depreciation and write-downs | (65) | (47) | (7) | (54) |
| Saipem s.a. goodwill amortisation | - | - | - | (11) |
| Operating income | 81 | 45 | 25 | 59 |
| Financial expenses, net | (10) | (5) | - | (13) ^(a) |
| Interest on investment | - | - | 2 | 2 |
| Income before income taxes | 71 | 40 | 27 | 48 |
| Income taxes | (17) | (9) | (6) | (12) ^(b) |
| Net income before minority interest | 54 | 31 | 21 | 36 |
| Minority interest | 2 | - | - | - |
| Net income | 56 | 31 | 21 | 36 |
| Cash flow (Net income + Depreciation and amortisation) | 121 | 78 | 28 | 101 |

(a) Includes interest expenses of 8 million euros due to interests on debt resulting from Saipem s.a.'s acquisition.

(b) Includes a positive amount of 3 million euros due to tax relief on financial expenses, as per a) above.

In line with the annual and six-monthly financial statements, 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.

| | Saipem | Saipem "stand alone" | Saipem s.a. | Saipem Consolidated |
|-------------------------------------|------------|-------------------------|-------------|------------------------|
| First Quarter | 2002 | 2003 | 2003 | 2003 |
| Revenues | 623 | 476 | 327 | 803 |
| Operating costs | (511) | (390) | (279) | (680) ^(a) |
| Idle costs | (9) | (14) | (1) | (15) |
| Selling expenses | (6) | (7) | (10) | (17) |
| Research and development costs | - | (1) | (2) | (3) |
| Other operating income, net | 3 | - | - | - |
| Contribution from operations | 100 | 64 | 35 | 88 |
| General and administrative expenses | (19) | (19) | (10) | (29) |
| Operating income | 81 | 45 | 25 | 59 |

(a) Includes Saipem s.a. goodwill amortisation of 11 million euros.



Saipem "stand alone"

Revenues for the first quarter 2003 amounted to 476 million euros, a reduction of 147 million euros versus those of the first quarter 2002. This reduction is entirely attributable to the decrease in revenues experienced in the Offshore Construction sector, resulting from the fact that 2002 had been positively affected by the Blue Stream project, in addition to lower volumes of activity generated by EPIC (Engineering, Procurement, Installation, Construction) type projects, which are in their early stages of execution in North and West Africa.

The decrease in revenues and the greater incidence of EPIC type projects in the first quarter 2003, which generate lower profitability if compared to installation and pipelaying contracts, are the fundamentals behind the reduction in operating income from 81 million euros in the first quarter 2002, equal to 13% of revenues, to 45 million euros in the first quarter 2003, equal to 9.5% of revenues. Another factor contributing to lower profitability is the reduced utilisation of Offshore Construction vessels. This is due to the fact that EPIC type projects are in the early execution phase and therefore fleet utilisation for installation and pipelaying activities is scheduled to take place subsequently.



Saipem s.a./Consolidated

Operating revenues generated by Saipem s.a. in the first quarter 2003 are mainly attributable to: projects in the Offshore Construction sector, currently under execution in West Africa (175 million euros); projects in the Onshore Construction sector under execution in North Africa and Russia (64 million euros); and projects in the Liquefied Natural Gas (LNG) and Maintenance Modification & Operation (MMO) sectors (88 million euros).

As the specific competencies of the company and its subsidiaries are focused on engineering, procurement and project management of large-scale contracts, EPIC type projects have accounted for the most significant share of revenues in the period, with profitability for the quarter of 7.6% of revenues, in line with expectations.



The consolidated operating income amounted to 59 million euros, equal to 7.3% of revenues, net of goodwill amortisation resulting from the acquisition of Saipem s.a. of 11 million euros.

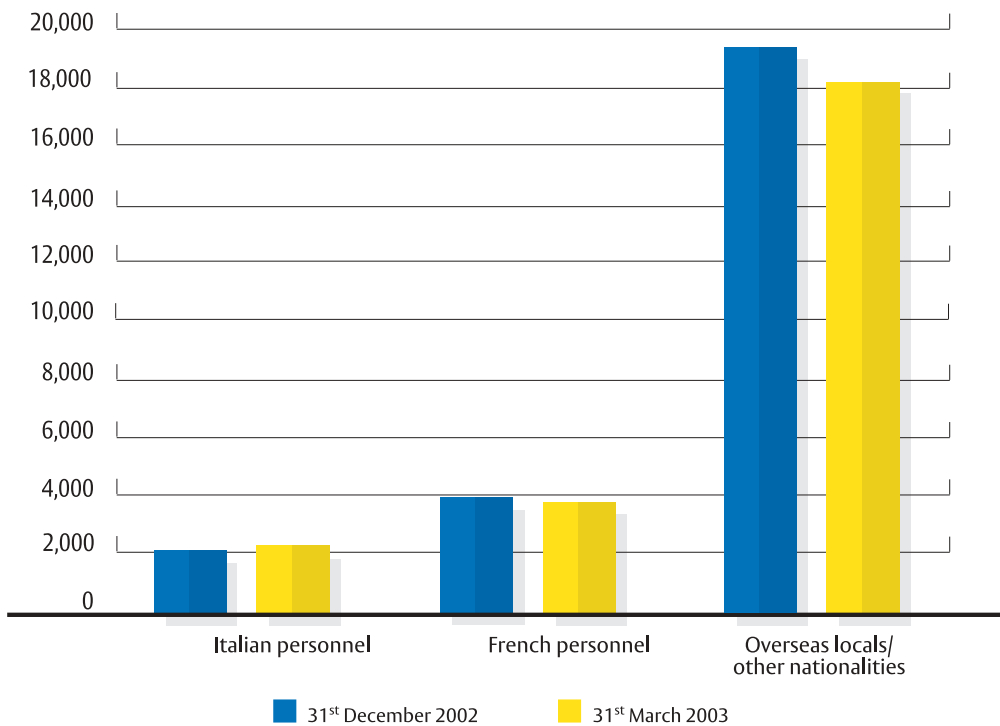


Human resources

The following table provides comparable data related to average employment levels at the end of 2002 and the first quarter 2003.

| Workforce | 31 st December 2002 | 31 st March 2003 |
|--|--------------------------------|-----------------------------|
| Italian personnel | 2,197 | 2,271 |
| French personnel | 3,815 | 3,704 |
| Overseas local personnel/Other nationalities | 19,233 | 18,073 |
| Total Saipem Consolidated | 25,245 | 24,048 |

Workforce



Consolidated balance sheet and financial position

Reclassified consolidated balance sheet (million euros)

| | 31 st December 2002 | 31 st March 2003 (*) |
|--|--------------------------------|---------------------------------|
| Net tangible fixed assets | 1,708 | 1,747 |
| Net intangible fixed assets | 906 | 894 |
| Total | 2,614 | 2,641 |
| - Offshore Construction | 1,202 | 1,211 |
| - Onshore Construction | 265 | 254 |
| - LNG | 212 | 207 |
| - MMO | 90 | 89 |
| - Offshore Drilling | 621 | 635 |
| - Onshore Drilling | 129 | 123 |
| - Leased FPSO | 46 | 72 |
| - Other | 49 | 50 |
| Financial investments | 24 | 24 |
| Non-current assets | 2,638 | 2,665 |
| Working capital | 67 | 63 |
| Provision for contingencies | (132) | (132) |
| Net current assets | (65) | (69) |
| Employee termination benefits | (26) | (26) |
| Capital employed | 2,547 | 2,570 |
| Net equity | 1,275 | 1,311 |
| Minority interest in net equity | 24 | 24 |
| Net debt | 1,248 | 1,235 |
| Cover | 2,547 | 2,570 |
| Issued and outstanding shares | 440,697,000 | 440,697,000 |

(*) data does not include the effects of translation adjustments, in the first quarter of 2003, resulting from the conversion into euros of Group companies financial statements in foreign currency.

Capital expenditure (million euros)

| | First Quarter | |
|-----------------------|---------------|-----------|
| | 2002 | 2003 |
| Offshore Construction | 150 | 36 |
| Onshore Construction | 3 | 1 |
| LNG | - | - |
| MMO | - | - |
| Offshore Drilling | 10 | 23 |
| Onshore Drilling | 11 | - |
| Leased FPSO | 2 | 29 |
| Other | 2 | 3 |
| Total | 178 | 92 |

Investments in the first quarter 2003 amounted to 92 million euros (178 million in the same period 2002) and mainly involved the following: the completion of the conversion of the vessel Maxita into the new field development vessel Saipem 3000; upgrade works carried out on the semi-submersible drilling platform Scarabeo 5 to enable it to execute a contract in Norway; the conversion of the FPSO (floating production storage and offloading) unit "Mystras" scheduled to operate in the Okono/Okpoho oil field in Nigeria.



Net financial debt

Net financial debt at 31st March 2003 amounted to 1,235 million euros, versus 1,248 million at 31st December 2002. The income generated in 2002 (101 million euros) and the decrease in net current assets (4 million euros) more than compensated for capital expenditure in tangible and intangible fixed assets (92 million euros) and resulted in a reduction in net financial debt of 13 million euros.

The company's financial position at 31st March 2003 shows short term net financial debt of 659 million euros and medium/long term financial debt of 576 million euros (406 million at 31st December 2002).



■ Order backlog

In the first quarter 2003, Saipem was awarded new contracts totalling 1,141 million euros (857 million euros in the first quarter 2002), of which 870 million were in the Offshore sectors (Construction, Drilling and Leased FPSO).

New contracts awarded to Saipem s.a. during the first quarter 2003 amounted to 454 million euros, of which 402 million were in the Offshore Construction sector.

The most significant orders awarded include:

Offshore Construction:

- On behalf of Exxon-Mobil, the EPIC (Engineering, Procurement, Installation and Construction) type Kizomba B project in Angola for the development of a subsea field comprised of laying flowlines, risers and umbilicals;
- On behalf of T.T.M. (Trans Thai-Malaysia) Ltd., the homonymous project, in Thailand, involving transport and laying of a subsea pipeline;
- On behalf of PTT Exploration and Production Public Company Ltd, the EPIC type Bongkot Field Development Phase 3 project, in Thailand, comprising engineering, procurement, construction, transport and installation of a platform;
- On behalf of BP, the lease of various ROVs (Remotely Operated Vehicles) in the Gulf of Mexico, principally for deepwater subsea intervention.

Onshore Construction:

- On behalf of NAOC, the Okpai Power Plant project in Nigeria, involving the construction of a 'combined cycle' Power Generation Plant, in association with Alstom Power Italia;
- On behalf of Sonatrach, the second phase of the EPC type OZ2 (Arzew Pump Stations) project in Algeria, for the construction of three pumping stations, in association with Spie Capag;
- On behalf of Saudi Aramco, the EPC type East-West Rabigh Crude Pipeline project in Saudi Arabia, comprising engineering, procurement and laying of a pipeline.

M.M.O.:

- On behalf of TotalFinaElf, the extension of ongoing contracts in France.

Offshore Drilling:

- On behalf of Exxon-Mobil, the three-year lease of the semi-submersible platform Scarabeo 7 in Nigeria;
- On behalf of Petrobel, the two-year lease of the jack-up Perro Negro 4 in Egypt;
- On behalf of TotalFinaElf, the six-month lease of the semi-submersible platform Scarabeo 6 in Norway.

Onshore Drilling:

- On behalf of Lasmo, the one-year lease of two rigs in Venezuela, with the option of an additional year;
- On behalf of Petrobel, the two-year lease of a rig in Egypt.

At end of March 2003, the backlog stood at the record level of 5,496 million euros (5,158 million euros at 31st December 2002).



■ Management expectations

■ Management expectations for 2003

The substantial order backlog at the end of 2002 and the positive trend of contract acquisitions in the first quarter of this year underpin expectations for 2003 of attaining the projected revenues of 4,000 million euros. With regard to efficiency of execution of projects, particularly large turnkey projects in their execution phase, there are no issues giving rise to concern, despite various projects being in their initial stages.

A phenomenon that is having negative repercussions on Saipem's profitability is the appreciation of the Euro against the US Dollar, considering that approximately 65% of projected revenues for 2003 are in US Dollars. The appreciation of the Euro has two effects: a reduction in the euro-equivalent contribution from USD-denominated contracts, and the increased competitiveness of US contractors. The effects of this phenomenon are partly mitigated by the fact that contracts are hedged against foreign currency risks at the time of acquisition.

In view of the positive trend in new contract acquisitions and encouraging indications on the efficient execution of ongoing projects, management believes that the Group can maintain, in 2003, the level of results achieved in 2002, although the appreciation of the Euro to date makes this objective even more challenging.

Estimated capital expenditure for 2003 is confirmed at approximately 230 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 the strength of 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 euros)

| | Saipem (**) | Saipem "stand alone" | Saipem s.a. | Saipem Consolidated |
|--|-------------|-------------------------|-------------|------------------------|
| First Quarter | 2002 | 2003 | 2003 | 2003 |
| Operating revenues | 397 | 246 | 175 | 421 |
| Operating expenses, net of cost of materials | (240) | (149) | (140) | (289) |
| Cost of materials | (63) | (53) | (13) | (66) |
| Depreciation and amortisation | (34) | (18) | (3) | (21) |
| Contribution from operations (*) | 60 | 26 | 19 | 45 |
| Saipem s.a. goodwill amortisation | | | | (6) |
| Contribution from operations, net | | | | 39 |
| New orders awarded | 370 | 293 | 402 | 695 |

(*) Operating Income before general and administrative expenses

(**) Not inclusive of L.N.G. sector reclassified data

The backlog at 31st March 2003 amounted to 3,550 million euros, of which 1,745 million are to be realised in 2003.



Saipem "stand alone"

- The first quarter 2003 shows a 38% reduction in revenues versus the same period 2002. This is attributable to the fact that 2002 had been positively affected by the Blue Stream project, and to reduced volumes of activity generated by EPIC (Engineering, Procurement, Installation, Construction) type projects, which are in their early stages of execution in North and West Africa.
- Contribution from operations in the first quarter 2003 amounted to 26 million euros, equal to 10.6% of revenues, versus 60 million euros, equal to 15.1% of revenues in the same period 2002. This decrease in profitability is attributable to the greater incidence of EPIC type projects, which, being in the early execution phase, resulted in a lower utilisation of vessels.



Saipem s.a. / Consolidated

- Operating revenues generated by Saipem s.a. in the first quarter 2003 are attributable to ongoing projects mainly in West Africa. Contribution from operations amounted to 19 million euros, with profitability at 10.9% of revenues. Consequently, profitability at consolidated level, inclusive of goodwill amortisation, amounted to 9.3% of revenues.



■ Onshore Construction

(million euros)

| | Saipem | Saipem "stand alone" | Saipem s.a. (**) | Saipem Consolidated |
|--|--------|-------------------------|------------------|------------------------|
| First Quarter | 2002 | 2003 | 2003 | 2003 |
| Operating revenues | 85 | 114 | 64 | 178 |
| Operating expenses, net of cost of materials | (53) | (62) | (46) | (108) |
| Cost of materials | (18) | (31) | (10) | (41) |
| Depreciation and amortisation | (6) | (8) | (2) | (10) |
| Contribution from operations (*) | 8 | 13 | 6 | 19 |
| Saipem s.a. goodwill amortisation | | | | (2) |
| Contribution from operations, net | | | | 17 |
| New orders awarded | 277 | 194 | - | 194 |

(*) Operating income before general and administrative expenses

(**) Includes data previously classified by Saipem s.a. as Chemical & Refining

Order backlog at 31st March 2003 amounted to 672 million euros, of which 502 million are to be realised in 2003.



Saipem "stand alone"

- Activities in Kazakhstan, Saudi Arabia and North Africa allowed the company to achieve, in the first quarter 2003, revenues exceeding by 29 million euros (+34%) those for the same period 2002.
- Contribution from operations, in the first quarter 2003, amounted to 13 million euros, equal to 11.4% of revenues, versus 8 million euros, equal to 9.4% of revenues for the same period 2002. The high level of profitability confirms the ongoing optimisation of engineering and project management competencies when carrying out complex projects in challenging areas.



Saipem s.a. / Consolidated

- Operating revenues and associated profitability generated by Saipem s.a. in the first quarter 2003 are attributable mainly to activities carried out in North Africa and Russia. Consolidated contribution from operations, inclusive of goodwill amortisation, amounted to 17 million euros with profitability at 9.6% of revenues.



■ Liquefied Natural Gas (L.N.G.)

(million euros)

| | Saipem (**) | Saipem "stand alone" | Saipem s.a. (***) | Saipem Consolidated |
|-----------------------------------|-------------|-------------------------|-------------------|------------------------|
| First Quarter | 2002 | 2003 | 2003 | 2003 |
| Operating revenues | 3 | 2 | 45 | 47 |
| Operating expenses | (1) | - | (36) | (36) |
| Depreciation and amortisation | (2) | (2) | (1) | (3) |
| Contribution from operations (*) | - | - | 8 | 8 |
| Saipem s.a. goodwill amortisation | | | | (2) |
| Contribution from operations, net | | | | 6 |
| New orders awarded | 3 | 2 | 1 | 3 |

(*) Operating income before general and administrative expenses

(**) Data previously included under Offshore Construction

(***) Includes data previously classified by Saipem s.a. as 'River & Maritime'

The backlog at 31st March 2003 amounted to 206 million euros, of which 149 million are to be realised in 2003.

- Operations in India, Spain and Santo Domingo enabled the company to achieve revenues of 47 million euros in the first quarter 2003.
- Consolidated contribution from operations, in the first quarter 2003, amounted to 6 million euros, net of goodwill amortisation, with profitability equal to 12.8% of revenues.

■ Maintenance, Modification & Operation (M.M.O.)

(million euros)

| | First Quarter | |
|-----------------------------------|---------------|------|
| | 2002 | 2003 |
| Operating revenues | 43 | 43 |
| Operating expenses | (40) | (40) |
| Depreciation and amortisation | (1) | (1) |
| Contribution from operations (*) | 2 | 2 |
| Saipem s.a. goodwill amortisation | | (1) |
| Contribution from operations, net | | 1 |
| New orders awarded | 51 | 51 |

(*) Operating income before general and administrative expenses

The backlog at 31st March 2003 amounted to 69 million euros, of which 44 million are to be realised in 2003.

- Operational activities, carried out mainly in France and Nigeria, enabled revenues for the first quarter 2003 to total 43 million euros with profitability, after goodwill amortisation, of 2.3%.

■ Offshore Drilling

(million euros)

| | First Quarter | |
|----------------------------------|---------------|------|
| | 2002 | 2003 |
| Operating revenues | 82 | 61 |
| Operating expenses | (47) | (36) |
| Depreciation and amortisation | (11) | (8) |
| Contribution from operations (*) | 24 | 17 |
| New orders awarded | 123 | 174 |

(*) Operating income before general and administrative expenses

The backlog at 31st March 2003 amounted to 663 million euros, of which 190 million are to be realised in 2003.

- Operating revenues for the first quarter 2003 showed a reduction of 26% versus the same period 2002, mainly due to maintenance and upgrade works carried out on the semi-submersible platforms Scarabeo 3, Scarabeo 4, Scarabeo 5 and Scarabeo 6, which resulted in the temporary suspension of operational activities.
- Contribution from operations in the first quarter 2003 decreased by 7 million euros versus the first quarter 2002, with a margin on revenue declining from 29% to 28%. The reduction in profitability is attributable to the aforementioned maintenance and upgrade works.
- Vessel utilisation was as follows:

| Vessel | days under contract |
|--------------------------------------|---------------------|
| Semi-submersible platform Scarabeo 3 | 17 a |
| Semi-submersible platform Scarabeo 4 | 78 a |
| Semi-submersible platform Scarabeo 5 | - b |
| Semi-submersible platform Scarabeo 6 | 64 a |
| Semi-submersible platform Scarabeo 7 | 90 |
| Drillship Saipem 10000 | 90 |
| Jack-up Perro Negro 2 | 90 |
| Jack-up Perro Negro 3 | 90 |
| Jack-up Perro Negro 4 | 90 |
| Jack-up Perro Negro 5 | 90 |

a = for the remaining days (to 90) the vessel underwent structural repairs.

b = the vessel underwent upgrading works in readiness for a new contract in Norway.

■ Onshore Drilling

(million euros)

| | First Quarter | |
|----------------------------------|---------------|------|
| | 2002 | 2003 |
| Operating revenues | 46 | 46 |
| Operating expenses | (35) | (34) |
| Depreciation and amortisation | (6) | (6) |
| Contribution from operations (*) | 5 | 6 |
| New orders awarded | 67 | 23 |

(*) Operating income before general and administrative expenses

The backlog at 31st March 2003 amounted to 172 million euros, of which 107 million are to be realised in 2003.

- Operating revenues for the first quarter 2003 are in line with those of the first quarter 2002
- Contribution from operations in the first quarter 2003 increased by 1 million euros versus the same period of the previous year, with a margin on revenues rising from 10.9% to 13%. This increase in profitability is mainly attributable to a recovery in efficiency by the rigs operating in Saudi Arabia.
- Average utilisation of rigs reached 85% (same as first quarter 2002); rigs were located as follows: 10 in Peru, 3 in Italy, 3 in Nigeria, 2 in Algeria, 1 in Egypt, 1 in Kazakhstan, 1 in Russia and 8 in Saudi Arabia.
In addition, 4 third-party rigs were deployed in Peru and 1 in Kazakhstan by the joint-venture company SaiPar.
Finally, 3 rigs owned jointly with third parties operated as follows: 1 in Italy, 1 in Venezuela and 1 in Kazakhstan.

■ Leased FPSO

(million euros)

| | First Quarter | |
|----------------------------------|---------------|------|
| | 2002 | 2003 |
| Operating revenues | 10 | 7 |
| Operating expenses | (2) | (2) |
| Depreciation and amortisation | (5) | (3) |
| Contribution from operations (*) | 3 | 2 |
| New orders awarded | 17 | 1 |

(*) Operating income before general and administrative expenses

The backlog at 31st March 2003 amounted to 164 million euros, of which 15 million are to be realised in 2003.

- In the first quarter 2003, operating revenues show a decrease of 3 million euros versus the same period 2002, which had included revenues associated with the start-up of the new floating production unit FPSO-Jamestown. Contribution from operations amounted to 2 million euros, equal to 29% of revenues, versus 3 million euros, equal to 30% of revenues for the first quarter 2002.
- The production vessels FPSO-Firenze and FPSO-Jamestown have been in continuous operation throughout the quarter.

