

PRESS RELEASE HALF YEAR REPORT – 30th OF JUNE 2001

The Saipem S.p.A. Board of Directors has today approved the consolidated financial statements for the six months ended 30th of June 2001 which reported a net income of 55 million euros (9 million for the first six months of 2000).

The half year consolidated financial statements are currently being reviewed by the Statutory Auditors of the company and by the Independent Auditors.

Consolidated financial statements for the Saipem Group for the first six months ended 30th of June 2001

The Half Year Report confirms the information already released on 27th of July 2001. In particular:

Revenues totalled 736 million euros (543 million for the first six months of 2000).

Operating income amounted to 92 million euros (28 million in the first six months of 2000).

Net income amounted to 55 million euros (9 million in the first six months of 2000).

Cash flow (net income plus depreciation and amortisation) amounted to 135 million euros (71 million in the first six months of 2000).

Investments for the period amounted to 125 million euros (146 million in the first six months of 2000) mainly related to completion of a "Field Development Ship" - a multipurpose vessel for subsea developments - and the preparation of vessels and equipment necessary for the execution of some important projects including Blue Stream (Russia-Turkey) and the Karachaganak Development (Kazakhstan).

Net financial debt at the end of June 2001 amounted to 577 million euros, a decrease of 3 million euros compared to end of 2000 (580 million euros).

New Orders and Backlog

In the first six months of 2001 Saipem acquired new orders totalling 1,181 million euros (555 million in the first six months of 2000).

The backlog at the end of June 2001 was 3,035 million euros, an all time record (2,630 at 31st of December 2000). The projects, the execution of which is programmed for the second half of the year, are expected to generate revenues totalling 990 million euros of which 571 million refer to Offshore Constructions, 169 million to Offshore Drilling and Floating Production, 68 million to Onshore Drilling and 182 million to Onshore Constructions.

During the course of July and August, the Saipem group was awarded new orders for a total of 433 million euros, of which 189 million refer to Offshore Constructions, 174 million to Floating Production, 62 million to Onshore Drilling and 8 million to Onshore Constructions.

The most important acquisition of the last two months are the followings:

Offshore construction

- the EPIC (Engineering, Procurement, Installation and Construction) services for the Kizomba project in Angola, on behalf of Exxon, for subsea tieback facilities, including risers, flowlines and the crude offloading system, as well as transfer lines. The facilities will be installed in a waterdepth of 1,000 – 1,250 metres by means of the new multipurpose vessel FDS (Field Development Ship). The contract was awarded to Saibos;
- the Penguin project in UK, on behalf of Shell, for engineering, procurement and laying of a sealine. The contract was awarded to European Marine Contractors Ltd.

Floating production

- the EPIC project, on behalf of Agip Energy, for the development of Okono & Okpoho oil fields in the offshore of Nigeria. The scope of the contract is to supply, install and operate two FPSOs (Floating Production Storage and Offloading). The first is to achieve early production for an intended period of 18 months and the second FPSO - with a larger

storage and production capacity - is intended to operate for a 7 year period. The contract was awarded to a joint venture between Saipem and SBM (Single Buoy Moorings).

Onshore drilling

- the charter of three rigs for thirtysix months in Peru, on behalf of Pluspetrol Argentina SA;
- the charter of six rigs for thirtysix months in Peru, on behalf of Perez Companac del Peru SA..

Both contracts were awarded to a joint venture between Petrex SA and SPCP Lda (both entirely owned by Saipem).

Strengthening Offshore Engineering Capabilities

In the month of July Saipem has acquired 100% stake in Moss Maritime AS, a Norwegian engineering company skilled in the design of floating oil & gas production and process systems, liquified natural gas (LNG) carriers and semisubmersible drilling units. This acquisition significantly strengthens Saipem's engineering capabilities in floating production systems, and particularly deepwater dry completion technology, thanks to a very promising concept developed and tested by Moss Maritime.

In July Saipem has also acquired 100% stake in Petro-Marine, an American engineering company operating in the strategic Gulf of Mexico area, based in Houston and New Orleans. These acquisitions, totalling 75 million euros, significantly enhance Saipem's capability to offer integrated engineering, procurement, construction and installation solutions to the offshore oil & gas industry.

Expectations for 2001 fiscal year

During the first half of 2001 Offshore Construction and Drilling activities showed a significant increase both in volumes and margins compared to the corresponding period of 2000.

At present, the continuation of the Blue Stream project activities, commencement of operation of the FDS, higher day rates for the offshore drilling rigs, high utilisation of the onshore drilling rigs and the full mobilization on the Karachaganak project in Kazakhstan in the second half of

the year, increase management's conviction that Revenues and Operating Profit will be well in excess of those achieved in the previous year.

The net income of Saipem S.p.A. at the end of June 2001 amounted to 16 million euros (3 million in the corresponding period of 2000).

Attached are the following statements relating to Saipem S.p.A. and Saipem S.p.A. and Saipem Group: Reclassified Balance Sheet and the Reclassified Income Statements. (The Consolidated Income Statements have been reclassified by nature and destination of costs).

San Donato Milanese, 10th of September 2001

SAIPEM GROUP - RECLASSIFIED CONSOLIDATED BALANCE SHEET

(millions of euros)

	31-12-2000	30-06-2001
Net tangible fixed assets	1,338	1,403
Intangible fixed assets	32	31
Tangible and intangible assets – net	1,370	1,434
- Offshore construction	551	590
- Offshore Drilling and Floating Production	660	650
- Onshore Drilling	62	72
- Onshore Construction	62	85
- Others	35	37
Financial investments	<u>5</u>	<u>6</u>
Non-current assets	1,375	1,440
Inventories	133	153
Current assets	888	887
Current liabilities	(733)	(775)
Provision for contingencies	<u>(49)</u>	<u>(55)</u>
Net current assets	239	210
Employees' termination benefits	(23)	(23)
CAPITAL EMPLOYED - NET	<u>1,591</u>	<u>1,627</u>
Group shareholders' equity	1,011	1,050
Minority interests in net equity	-	-
Net financial debt – medium and long term	113	128
Net financial debt – short term	<u>467</u>	<u>449</u>
Net debt	580	577
COVER	<u>1,591</u>	<u>1,627</u>

**SAIPEM GROUP – RECLASSIFIED CONSOLIDATED INCOME STATEMENT
BY
NATURE OF COSTS**

(millions of euros)

	First six months of 2000	First six months of 2001
OPERATING REVENUES	543	736
Other revenues and income	4	9
Purchases, services and costs	(322)	(416)
Payroll and related costs	(135)	(157)
GROSS OPERATING INCOME	90	172
Amortisation, depreciation and write-downs	(62)	(80)
OPERATING INCOME	28	92
Financial expenses, net	(15)	(20)
Income from investments	-	1
Income from ordinary activities	13	73
Extraordinary expenses	-	(1)
INCOME BEFORE INCOME TAXES	13	72
Income taxes	(4)	(17)
NET INCOME FOR THE PERIOD	9	55
Income for the period attributable to third parties	-	-
GROUP NET INCOME FOR THE PERIOD	<u>9</u>	<u>55</u>

SAIPEM GROUP – RELASSIFIED CONSOLIDATED INCOME STATEMENT
by
DESTINATION OF COST

(millions of euros)

	First six months of 2000	First six months of 2001
OPERATING REVENUES	543	736
Production costs	(446)	(579)
Idle costs	(26)	(21)
Selling expenses	(9)	(11)
Research and development costs	(1)	(1)
Other operating income, net	1	3
CONTRIBUTION FROM OPERATIONS	62	127
General and administrative expenses	(34)	(35)
OPERATING INCOME	28	92
Financial expenses, net	(15)	(20)
Income from investments	-	1
Income from ordinary activities	13	73
Extraordinary expenses	-	(1)
INCOME BEFORE INCOME TAXES	13	72
Income taxes	(4)	(17)
NET INCOME FOR THE PERIOD	9	55
Income for the period attributable to third parties	-	-
GROUP NET INCOME FOR THE PERIOD	<u>9</u>	<u>55</u>

SAIPEM S.p.A.

RECLASSIFIED BALANCE SHEET

(Thousands of euros)

	31 st OF DECEMBER 2000	30 th of June 2001
Tangible fixed assets	96,708	140,924
Intangible fixed assets	38,080	32,224
Financial investments	432,152	438,287
Long term financial receivables for operational purposes	<u>7,360</u>	<u>7,360</u>
Non-current assets	574,300	618,795
Inventories	85,886	92,526
Other current assets	671,079	616,320
Current liabilities	(591,032)	(531,144)
Provision for contingencies and other charges	<u>(14,201)</u>	<u>(18,138)</u>
Net current assets	151,732	159,564
Employees' termination benefits	(19,590)	(20,472)
CAPITAL EMPLOYED	<u>706,442</u>	<u>757,887</u>
Shareholder's equity	634,954	624,114
Provisions made in order to achieve fiscal benefits	1,035	1,035
Net financial debt – medium and long term	51,662	51,659
Net financial debt – short term	<u>18,791</u>	<u>81,079</u>
Net debt	70,453	132,738
COVER	<u>706,442</u>	<u>757,887</u>

SAIPEM S.p.A.

RECLASSIFIED INCOME STATEMENT

(Thousands of euros)

	First six months of 2000	First six months of 2001
Operating revenues	268,968	431,446
Other income and revenues	5,766	7,333
Purchases, services and other costs	(213,898)	(351,901)
Payroll and related costs	(53,981)	(56,976)
GROSS OPERATING INCOME	6,855	29,902
Amortisation, depreciation and write-downs	(15,690)	(29,134)
OPERATING RESULT	(8,835)	768
Financial expenses, net	(23,769)	(4,441)
Income from investments, net	36,302	30,038
Income from ordinary activities	3,698	26,365
Extraordinary expenses	-	(645)
INCOME BEFORE INCOME TAXES	3,698	25,720
Income taxes	(554)	(9,268)
NET INCOME FOR THE PERIOD	3,144	16,452