



Saipem

A Joint Stock Company with Registered Office
 In San Donato Milanese, Italy
 Full paid-up Share Capital
 €441,410,900
 Fiscal Code and Milan Companies' Register
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Saipem: the Board of Directors approves third quarter results at September 30, 2007

- Adjusted net profit for the third quarter of 2007: €154 million, a 57.1% increase compared to the third quarter of 2006.
- Disposal of non-core assets in the third quarter of 2007: €387 million, generating an after-tax capital gain of €284 million. Overall net profit for the third quarter: €438 million.
- Adjusted net profit for the first nine months of 2007: €422 million, a 62.3% increase compared to the same period of 2006. Overall net profit for the first nine months of 2007: €706 million.
- New contracts won during the first nine months of 2007: €7,609 million and the backlog at 30 September, 2007 stood at €13,343 million.
- Investments in the first nine months of 2007: €335 million.
- Appointment of Mr. Alessandro Bernini, Saipem's CFO, as the manager in charge of preparing the company's financial reports, pursuant to art. 154 bis, of Law 58/98.

San Donato Milanese, 29 October, 2007. Today, the Board of Directors of Saipem S.p.A. reviewed the Saipem Group consolidated third quarter results at 30 September, 2007, which have been prepared in compliance with the International Financial Reporting Standards and are not subject to audit.

(million €)

Q3 2006 (*)	Q2 2007 (*)	Q3 2007	Q3 07 vs Q3 06		First nine months 2006 (*)	First nine months 2007	Sept.07 vs Sept.06
2,072	2,438	2,440	17.8	Revenues	5,167	7,175	38.9
156	222	231	48.1	Operating profit	400	640	60.0
98	145	154	57.1	Adjusted net profit	260	422	62.3
98	145	438	346.9	Net profit	260	706	171.5
157	211	220	40.1	Adjusted cash flow	422	627	48.6
180	264	314	74.4	Investments	411	835	103.2
2,532	2,493	2,662		New contracts	8,314	7,609	

(*) figures have been restated to reflect the effects of disposals of Camom and Haldor Topsøe.

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.

New contracts and backlog

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;
- 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 Company, 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 Company), 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 30 September, 2007 stands at a record level of €13,343 million.**

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.

Recently, Saipem has also acquired almost the entire holding in Frigstad Discoverer Invest Limited (96% as of today), a company, listed on the Oslo Stock Exchange, whose sole activity is the development of an ultra-deepwater 6th 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.

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 S/A 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 .

Net financial debt at 30 September, 2007 amounted to €1,434 million, representing an increase of €17 million from 31 December, 2006, and a decrease of €150 million from 30 June, 2007. The reduction from June 2007 was due to the impact of the disposal of the holding in Haldor Topsøe and only partially offset by the high level of investments made during the period.

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. .

Saipem's Chief Financial Officer, Mr Alessandro Bernini is the senior manager in charge of preparing the company's financial reports. He attests, pursuant to art. 154 bis, comma 2, of Law 58/98, that the information contained in this press release fully matches the accounting records, books and entries.

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.

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Analysis by business sector

Offshore:

(million €)

Q3 2006	Q2 2007	Q3 2007	Q3 07 vs Q3 06		First nine months 2006	First nine months 2007	Sept.07 vs Sept.06
875	880	908	3.8	Revenues	2,313	2,631	13.7
(760)	(731)	(754)	-0.8	Expenses	(2,025)	(2,207)	9.0
(31)	(36)	(36)	16.1	Depreciation and amortisation	(74)	(109)	47.3
84	113	118	40.5	Operating profit	214	315	47.2
13.1	16.9	17.0		EBITDA %	12.5	16.1	
9.6	12.8	13.0		EBIT %	9.3	12.0	
1,046	816	872		New orders awarded	2,860	2,753	

The backlog as at 30 September, 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 2007, or 9.3% of revenues. The margin increase is attributable to improved contract conditions and strong operational performance.

Onshore:

(million €)

Q3 2006 (*)	Q2 2007 (*)	Q3 2007	Q3 07 vs Q3 06		First nine months 2006 (*)	First nine months 2007	Sept.07 vs Sept.06
1,037	1,379	1,345	29.7	Revenues	2,403	4,009	66.8
(992)	(1,307)	(1,273)	28.3	Expenses	(2,276)	(3,788)	66.4
(10)	(9)	(9)	- 10.0	Depreciation and amortisation	(35)	(33)	- 5.7
35	63	63	80.0	Operating profit	92	188	104.3
4.3	5.2	5.4		EBITDA %	5.3	5.5	
3.4	4.6	4.7		EBIT %	3.8	4.7	
920	1,510	1,369		New orders awarded	3,889	4,142	

(*) figures have been restated to reflect the effects of disposals of Camom and Haldor Topsøe.

The backlog at 30 September, 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:

(million €)

Q3 2006	Q2 2007	Q3 2007	Q3 07 vs Q3 06		First nine months 2006	First nine months 2007	Sept.07 vs Sept.06
92	105	104	13.0	Revenues	265	307	15.8
(51)	(56)	(55)	7.8	Expenses	(154)	(163)	5.8
(13)	(15)	(14)	7.7	Depreciation and amortisation	(39)	(44)	12.8
28	34	35	25.0	Operating profit	72	100	38.8
44.6	46.7	47.1		EBITDA %	41.9	46.9	
30.4	32.4	33.7		EBIT %	27.2	32.6	
341	72	250		New orders awarded	1,264	394	

The backlog at 30 September, 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:

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

(million €)

Q3 2006	Q2 2007	Q3 2007	Q3 07 vs Q3 06		First nine months 2006	First nine months 2007	Sept.07 vs Sept.06
68	74	83	22.1	Revenues	186	228	22.6
(54)	(56)	(61)	13.0	Expenses	(150)	(172)	14.7
(5)	(6)	(7)	40.0	Depreciation and amortisation	(14)	(19)	35.7
9	12	15	66.6	Operating profit	22	37	68.2
20.6	24.3	26.5		EBITDA %	19.4	24.6	
13.2	16.2	18.1		EBIT %	11.8	16.2	
225	95	171		New orders awarded	301	320	

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.

Attachments:

- Reclassified Consolidated Balance Sheet and Reclassified Consolidated Income Statements by nature and destination of costs;
- Reclassified statement of cash flow;
- Data used for restatement purposes following the disposals of Camom and Haldor Topsøe and results for the first half of 2007.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million €)

	31 December, 2006	30 September, 2007
Net tangible fixed assets	2,345	2,883
Net intangible fixed assets	<u>849</u>	<u>744</u>
	3,194	3,627
- Offshore	1,720	1,984
- Onshore	603	469
- Offshore Drilling	776	975
- Onshore Drilling	95	199
Financial investments	153	120
Non-current assets	3,347	3,747
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
Net current assets	(176)	(82)
Net assets available for disposal and associated net financial debt	–	114
Employee termination indemnities	(169)	(156)
CAPITAL EMPLOYED	<u>3,002</u>	<u>3,623</u>
Net equity	1,581	2,184
Minority interest in net equity	4	5
Net debt	1,417	1,434
COVER	<u>3,002</u>	<u>3,623</u>
Leverage (net debt/shareholders' equity)	0.90	0.66
SHARES ISSUED AND OUTSTANDING	441,410,900	441,410,900

RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
NATURE OF COSTS

(million €)

Q3 2006	Q2 2007	Q3 2007		First nine months	
				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)
223	299	297	GROSS OPERATING PROFIT	570	845
(61)	(69)	(66)	Amortisation, depreciation and write-downs	(164)	(205)
162	230	231	OPERATING PROFIT	406	640
(25)	(27)	(25)	Financial expenses	(65)	(82)
10	15	301	Income from investments	34	329
147	218	507	INCOME BEFORE INCOME TAXES	375	887
(43)	(64)	(69)	Income taxes	(107)	(180)
104	154	438	INCOME BEFORE MINORITY INTEREST	268	707
–	(1)	–	Minority interest	(2)	(1)
104	153	438	NET PROFIT	266	706
165	222	504	CASH FLOW (Net profit + Depreciation and amortisation)	430	911

RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
DESTINATION OF COSTS

(million €)

Q3 2006	Q2 2007	Q3 2007		First nine months	
				2006	2007
2,163	2,545	2,440	Operating revenues	5,258	7,175
(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, net	(1)	(5)
210	278	275	CONTRIBUTION FROM OPERATIONS	534	779
(48)	(48)	(44)	General and administrative expenses	(128)	(139)
162	230	231	OPERATING PROFIT	406	640
(25)	(27)	(25)	Financial expenses	(65)	(82)
10	15	301	Income from investments	34	329
147	218	507	INCOME BEFORE INCOME TAXES	375	887
(43)	(64)	(69)	Income taxes	(107)	(180)
104	154	438	INCOME BEFORE MINORITY INTEREST	268	707
–	(1)	–	Minority interest	(2)	(1)
104	153	438	NET PROFIT	266	706
165	222	504	CASH FLOW (Net profit + Depreciation and amortisation)	430	911

RECLASSIFIED STATEMENT OF CASH FLOW

(million €)

Q3 2006	Q2 2007	Q3 2007		First nine months	
				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
196	266	297	Cash generated from operating income before variation in working capital	534	802
(129)	114	(*) (347)	Variation in working capital relating to operations	(335)	(*) (232)
(6)	(132)	129	Dividends, interests and income taxes received (paid)	(20)	(8)
61	248	79	Net cash flow from operations	179	562
(185)	(269)	(314)	Investments in tangible and intangible fixed assets	(416)	(835)
–	–	–	Investments in acquisitions of consolidated companies	–	–
–	3	(**) 389	Disposals	7	(**) 393
(124)	(18)	154	Free cash flow	(230)	120
–	(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)	11
(105)	(147)	150	Variation in net debt	(625)	(17)
1,532	1,437	1,584	Net debt at beginning of period	1,012	1,417
1,637	1,584	1,434	Net debt at end of period	1,637	1,434

(*) the effects of the disposal of Camom (€49 million).

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

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

**DATA PERTAINING TO CAMOM AND HALDOR TOPSØE ELIMINATED FROM
COMPARATIVE DATA IN ORDER TO PROVIDE A RESTATEMENT**

(million euro)

Q3 2006	Q2 2007		First nine months 2006 (*)
91	107	Revenues	91
6	8	Operating profit	6
6	8	Net profit	6
8	11	Cash flow	8
5	5	Investments	5
103	86	New orders awarded	103

() only Q3 2006 was eliminated.*

CAMOM AND HALDOR TOPSØE DATA FOR THE FIRST HALF OF 2007

(million euro)

	First half 2007
Revenues	212
Operating profit	15
Net profit	14
Cash flow	19
Investments	8
New orders awarded	166