

PRESS RELEASE

SAIPEM: 2005 Consolidated and Statutory Financial Statements Preliminary results confirmed

- **Revenues:** 4,528 million euros (*4,306 million in 2004*).
- **Operating Income:** 365 million euros (*328 million in 2004*).
- **Net Income:** 255 million euros (*235 million in 2004*).
- **Cash flow:** 454 million euros (*434 million in 2004*).
- **Dividend per share:** 0.19 euros per ordinary share (*0.15 in 2005*); 0.22 euro per savings share (*0.18 in 2005*).

San Donato Milanese, 23rd March 2006. Today, the Board of Directors of Saipem S.p.A. approved the Saipem Group Consolidated Financial Statements at 31st December 2005, which reported net income of 255 million euros (235 million in 2004), confirming the preliminary results announced on 27th February 2006. The Consolidated Financial Statements have been prepared in compliance with the new International Financial Reporting Standards (IFRS). To enable comparison with the corresponding data for 2004, figures have been appropriately adjusted, except for the effects associated with the evaluation and recognition of financial instruments, such as derivatives and hedging contracts, since Saipem has opted to introduce IAS 32 and IAS 39 as of 1st January 2005.

The Board of Directors also approved the Statutory Financial Statements of Saipem S.p.A. at 31st December 2005, which reported net income of 124 million euros (61 million in 2004). The Statutory Financial Statements have been prepared in compliance with the Italian Civil Code, the accounting principles set by the Italian Council of Public Accountants ("Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri") and the Italian Accounting Body ("Organismo Italiano di Contabilità").

The Consolidated and Statutory Financial Statements of Saipem S.p.A. are currently being reviewed by Independent Auditors.

The Board of Directors will propose, at the General Shareholders' Meeting, scheduled to take place on 27th and 28th April 2006 (first and second summons respectively), the distribution of a dividend of 0.19 euro per ordinary share ^(*) (0.15 euro in 2004) and 0.22 euro per savings share ^(*) (0.18 euro in 2004). The dividend will be paid from 25th May 2006 (ex-date: 22nd May 2006).

The payout, in line with that of 2004, is equal to approximately one third of consolidated net income.

Buy-back of treasury shares for allocation to the Company Incentive Schemes

The Board of Directors will submit for approval at the General Shareholders' Meeting the purchase of up to 2,400,000 treasury shares on the Telematic Stock Market, for a total amount not exceeding 48 million euros, for allocation to the 2006 Stock Option Scheme.

The stock, at a nominal value of 1 euro each, will be bought back at a price not lower than their nominal value but not higher than 5% of the reference price on the day preceding each purchase.

The stock will be offered for purchase to managers holding positions directly responsible for Group results or of strategic interest, at the higher price between the shares' official price average recorded by the Telematic Stock Market of the Italian Stock Exchange (Borsa Italiana S.p.A.) over the month preceding the date of Stock Option allocation and the average cost of treasury shares held by the company on the day preceding the date of Stock Option allocation.

Board Director Resignation

Director Roberto Jaquinto, appointed at the General Shareholders' Meeting on 29th April 2005 from the list presented by shareholder Eni S.p.A, has resigned from his position as Board Director of Saipem. This follows his decision to leave Eni S.p.A., and will take effect when a successor is appointed at the General Shareholders' Meeting, which has been called to approve the 2005 financial statements..

^(*) Following the fiscal reform effective from 1^o January 2004, dividends do not benefit from any tax credit and, depending on the recipient, are taxed at source or are partially added to the taxable income

Attachments:

- Saipem S.p.A. Reclassified Balance Sheet and Reclassified Income Statement by nature of costs;
- Saipem Group Reclassified Consolidated Balance Sheet and Reclassified Consolidated Income Statements by nature and destination of costs.

SAIPEM S.p.A.

RECLASSIFIED BALANCE SHEET

(thousand euros)

	31 st December 2004	31 st December 2005
Net tangible fixed assets	95,812	126,194
Net intangible fixed assets	16,628	14,089
Financial investments	1,417,053	1,434,012
Loan to an associated company for operating purposes	<u>22,801</u>	<u>—</u>
Non-current assets	1,552,294	1,574,295
Inventories	119,542	121,285
Other current assets	609,506	700,093
Current liabilities	(709,811)	(475,162)
Provision for contingencies	<u>(23,700)</u>	<u>(43,830)</u>
Net current assets	(4,463)	302,386
Employee termination benefits	(28,155)	(30,608)
CAPITAL EMPLOYED	<u>1,519,676</u>	<u>1,846,073</u>
Share capital	441,178	441,411
Reserves and net income for the year	<u>244,902</u>	<u>304,927</u>
Shareholders' equity	686,080	746,338
Net financial debt – medium/long term	425,000	235,000
Net financial debt – short term	<u>408,596</u>	<u>864,735</u>
Net debt	833,596	1,099,735
COVER	<u>1,519,676</u>	<u>1,846,073</u>

SAIPEM S.p.A.

**RECLASSIFIED INCOME STATEMENTS
BY
NATURE OF COSTS**

(thousand euros)

	Year 2004	Year 2005
Operating revenues	1,245,924	1,173,458
Other revenues and income	31,331	20,334
Purchases, services and other costs	(1,074,547)	(906,471)
Payroll and related costs	(142,947)	(152,491)
GROSS OPERATING INCOME	59,761	134,830
Amortisation, depreciation and write-downs	(36,888)	(33,959)
OPERATING INCOME	22,873	100,871
Financial expenses, net	(18,466)	(15,616)
Income from investments	64,787	74,050
INCOME BEFORE INCOME TAXES	69,194	159,305
Income taxes	(357)	(152)
NET INCOME BEFORE MINORITY INTEREST	68,837	159,153
Minority interest	(8,083)	(34,665)
NET INCOME	60,754	124,488

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euros)

	31 st December 2004	31 st December 2005
	(*)	
Net tangible fixed assets	1,712	1,903
Net intangible fixed assets	<u>835</u>	<u>837</u>
	2,547	2,740
- Offshore Construction	1,146	1,262
- Onshore Construction	245	234
- LNG	175	174
- MMO	83	83
- Offshore Drilling	725	727
- Onshore Drilling	80	76
- Leased FPSO	65	152
- Other	28	32
Financial investments	17	41
Non-current assets	2,564	2,781
Inventories	388	490
Current assets	1,607	1,784
Current liabilities	(1,966)	(2,213)
Provision for contingencies	<u>(122)</u>	<u>(150)</u>
Net current assets	(93)	(89)
Employee termination indemnities	(33)	(37)
CAPITAL EMPLOYED	<u>2,438</u>	<u>2,655</u>
Net equity	1,555	1,630
Minority interest in net equity	9	13
Medium-long term debt	495	423
Short term debt	<u>379</u>	<u>589</u>
Net debt	874	1,012
COVER	<u>2,438</u>	<u>2,655</u>
SHARES ISSUED AND OUTSTANDING	441,177,500	441,410,900

(*) Figures have been adjusted following the introduction of IAS 32 and IAS 39 from 1st January 2005.

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENTS BY NATURE OF COSTS

(million euros)

	Year 2004	Year 2005
Operating revenues	4,306	4,528
Other revenues and income	10	11
Purchases, services and other costs	(3,050)	(3,158)
Payroll and related costs	(739)	(817)
GROSS OPERATING INCOME	527	564
Amortisation, depreciation and write-downs	(199)	(199)
OPERATING INCOME	328	365
Financial expenses	(42)	(54)
Income from investments	19	24
INCOME BEFORE INCOME TAXES	305	335
Income taxes	(67)	(76)
NET INCOME BEFORE MINORITY INTEREST	238	259
Minority interest	(3)	(4)
NET INCOME	<u>235</u>	<u>255</u>
CASH FLOW		
(Net income + Depreciation and amortisation)	<u>434</u>	<u>454</u>

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED INCOME STATEMENTS BY DESTINATION OF COSTS

(million euros)

	Year 2004	Year 2005
Operating revenues	4,306	4,528
Production costs	(3,706)	(3,914)
Idle costs	(81)	(57)
Selling expenses	(66)	(62)
Research and development costs	(9)	(7)
Other operating expenses, net	–	(3)
CONTRIBUTION FROM OPERATIONS	444	485
General and administrative expenses	(116)	(120)
OPERATING INCOME	328	365
Financial expenses	(42)	(54)
Income from investments	19	24
INCOME BEFORE INCOME TAXES	305	335
Income taxes	(67)	(76)
NET INCOME BEFORE MINORITY INTEREST	238	259
Minority interest	(3)	(4)
NET INCOME	<u>235</u>	<u>255</u>
CASH FLOW (Net income + Depreciation and amortisation)	<u>434</u>	<u>454</u>

Saipem



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