

PRESS RELEASE – 25TH FEBRUARY 2003**YEAR 2002 PRELIMINARY CONSOLIDATED RESULTS**

Today, the Board of Directors of Saipem S.p.A. reviewed the preliminary consolidated data as of 31st December 2002 (not yet audited by the Board of Auditors nor the external Auditors), which include the effects of the consolidation, from 1st July 2002, of Saipem s.a. (ex Bouygues Offshore s.a.).

Figures including Saipem s.a. results

Revenues totalled 3,149 million euros.

Operating income amounted to 302 million euros.

Net income amounted to 191 million euros, equal to an income per share of 0.43 euro (0.38 euro in 2001)

Cash flow (net income plus depreciation and amortisation) amounted to 446 million euros.

Figures excluding Saipem s.a. results

Revenues totalled 2,531 million euros (1,923 in 2001).

Operating income amounted to 288 million euros (256 in 2001).

Net income amounted to 191 million euros (168 in 2001).

Cash flow amounted to 413 million euros (359 in 2001).

Revenues for 2002 (exclusive of Saipem s.a. results) showed an increase of 31.6% versus the previous year, with a significant rise in volume across all business sectors. In particular, growth in the Offshore Construction sector (+27%) was mainly due to operations in West Africa; in Offshore Drilling the increase (+15%) was attributable to greater utilisation of the vessels Scarabeo 6 and Scarabeo 7; in the Onshore Drilling sector (+36%) to the full operation of rigs in Saudi Arabia; in the Onshore Construction sector (+57%) to projects in Kazakhstan, Saudi Arabia and North Africa and in the Leased FPSO sector (+74%) to the continuous activity of the new FPSO vessel Jamestown that started operations at the end of 2001.

Operating income rose by 12.5% versus the previous year, with a margin on revenues of 11.4%, versus 13.3% in 2001, due to the increased weight of EPIC (Engineering, Procurement, Installation and Construction) contracts carried out in the Offshore Construction sector.

Net income increased by 13.7% versus the previous year.

Cash flow increased by 15% versus 2001, due to the increases in net income as well as depreciation and amortisation.

Saipem s.a. (ex Bouygues Offshore s.a.) consolidated in the second half of 2002, achieved revenues amounting to 618 million euros, operating income of 35 million euros, amortisation amounting to 12 million euros and a net income of 31 million euros.

Financial expenses, net of the tax effect, resulting from the financing of the Bouygues Offshore acquisition, amounted to 10 million euros, whilst goodwill amortisation came to 21 million euros. Consequently, the acquisition was, in the second half of 2002, neutral in terms of consolidated net income and accretive in terms of cash flow to the extent of 33 million euros.

Investments for 2002, inclusive of acquisition of company interests, amounted to 1,416 million euros (348 in 2001). These comprised the acquisition of company interests amounting to 1,206 million euros (Bouygues Offshore 1,037 million euros, European Marine Contractors 139 million euros, SaiClo 30 million euros); 180 million euros in respect of maintenance and upgrading of vessels and equipment for the Offshore Construction, Onshore Construction, Drilling, L.N.G. and M.M.O. sectors; 25 million euros for the conversion of a tanker to an FPSO, in addition to the construction of equipment related to specific contracts in the Offshore Construction sector amounting to 5 million euros.

Net financial debt at 31st December 2002 amounted to 1,248 million euros (642 at 31st December 2001), an increase of 606 million euros versus 31st December 2001. Over the year, financial debt increased by less than half the amount expended for investments. This, besides the cash flow generated during the year, was due to a particularly favourable trend on the working capital.

New Contracts and backlog

In 2002, Saipem “stand alone” was awarded new contracts totalling 3,132 million euros (2,186 million euros in 2001), of which 2,716 million related to the Offshore sectors (Construction, Drilling and Leased FPSO).

Contracts awarded to Saipem s.a. during the second half of the year amounted to 1,203 million euros, of which 991 million related to Offshore Construction.

Moreover, the order backlog benefitted from Bouygues Offshore’s backlog at date of acquisition amounting to 1,119 million euros.

The order backlog at 31st December 2002 totalled 5,158 million euros (2,853 million euros as of 31st December 2001).

In the first two months of 2003, additional orders were awarded to the Saipem Group amounting to approximately 500 million euros, of which the majority was in the Onshore Construction sector (195 million euros), in the Offshore Drilling sector (161 million euros) and in the Offshore Construction sector (109 million euros).

Fourth Quarter Results

Figures including Saipem s.a. results

Revenues totalled 971 million euros.

Operating Income amounted to 62 million euros.

Net Income amounted to 38 million euros.

Cash flow amounted to 96 million euros.

Figures excluding Saipem s.a. results

Revenues totalled 632 million euros (641 in the fourth quarter 2001).

Operating Income amounted to 54 million euros (93 in the fourth quarter 2001).

Net Income amounted to 37 million euros (66 in the fourth quarter 2001).

Cash flow amounted to 79 million euros (133 in the fourth quarter 2001).

As previously stated, revenues and associated profit levels, particularly in the Offshore Construction, Onshore Construction, and L.N.G. sectors, 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 single project schedules. Consequently, the results from any one particular fiscal period, or fraction thereof, can vary significantly, versus the same periods in other fiscal years, and do not allow extrapolation for the entire year.

Additional Information

Corporate Governance

The Board of Directors approved the “Regulations of the Audit Committee” that define its responsibilities, composition and regulate the execution of meetings.

With regard to the Audit Committee composition, the Regulations state, in compliance with the provisions of the Self-Discipline Code of listed companies, that the Committee should comprise exclusively of non-executive independent directors.

Therefore, the Audit Committee of Saipem S.p.A. comprises three Board Directors: Franco Bruni, Francesco Gatti and Marco Reboa – all non-executive independent directors.

Management expectations for 2003

With the objective of achieving, in 2003, results similar to those attained in 2002, which were positively affected by the better than expected execution of the exceptional Blue Stream Project, Saipem must acquire, and efficiently execute, large ‘turn key’ projects.

The engineering and project management competencies, obtained through the acquisition of Bouygues Offshore and other engineering companies, make Saipem a credible and competitive ‘turn key’ contractor, as demonstrated by the large backlog at the end of 2002.

These engineering and project management competencies, the significantly increased construction capabilities gained through further strengthening of the fleet, the Group long-term presence in strategic areas, and expertise in managing cost-efficient resources in developing countries, will be the drivers towards efficient contract execution.

These distinctive capabilities and competencies together with the large order backlog underpin expectations for 2003 of repeating the record results achieved in 2002.

In particular: overall revenues are estimated at approximately 4,000 million euros with contribution from operations^(*) of approximately 11% of revenues.

Cost savings deriving from Bouygues Offshore integration are estimated at 35 million euros.

Capital expenditure for 2003, aimed at strengthening and upgrading the fleet, is expected to amount to approximately 160 million euros, investments for new equipment against specific Offshore Construction contracts approximately 10 million euros and capital allocated to the preparation of the FPSO unit due to operate in the OKONO/OKPOHO field in Nigeria is forecast at approximately 60 million euros. Depreciation and amortisation for 2003, inclusive of Bouygues Offshore goodwill amortisation, are forecast at approximately 270 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, armed conflicts or political instability in the Persian Gulf and/or other regions, 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.

The Board of Directors of Saipem S.p.A. also reviewed the Group's financial position and profitability by Business Sector.

(In the following tables, data pertaining to Saipem s.a. can be found under the caption "Bos")

^(*) Operating income before general and administrative expenses

Financial flows

The increase in net financial debt of 606 million euros versus 31st December 2001 was due to the following:

Outflows

- company acquisitions amounting to 1,206 million euros;
- capital expenditure on fixed tangible and intangible assets amounting to 210 million euros;
- capital expenditure in non-consolidated investments of 2 million euros;
- distribution of dividends amounting to 56 million euros;

Inflows

- cash flow (net income plus depreciation and amortisation) of 446 million euros;
- decrease in net current assets of 349 million euros;
- effect of exchange rate fluctuations of 40 million euros;
- increase in minority interest in net equity of 22 million euros;
- sale of tangible fixed assets amounting to 7 million euros;
- increase in share capital and reserves, following stock option exercise, of 2 million euros;
- increase in employee termination benefits of 2 million euros.

Analysis by business sector

Offshore Construction:

Fourth Quarter	(million euros)			
	Saipem (**)	Saipem "stand alone"	Bos	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	381	311	156	467
Operating expenses, net of cost of materials	(227)	(204)	(115)	(319)
Cost of materials	(46)	(58)	(23)	(81)
Depreciation and amortisation	(42)	(16)	(1)	(17)
Contribution from operations (*)	66	33	17	50
Depreciation of purchase cost allocated to Bos equipment				—
Bos goodwill amortisation				(6)
Contribution from operations, net				44
New orders awarded	246	739	11	750

Year 2002	(million euros)			
	Saipem (**)	Saipem "stand alone"	Bos 2nd half	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	1,123	1,430	256	1,686
Operating expenses, net of cost of materials	(699)	(905)	(161)	(1,066)
Cost of materials	(156)	(224)	(59)	(283)
Depreciation and amortisation	(94)	(101)	(4)	(105)
Contribution from operations (*)	174	200	32	232
Depreciation of purchase cost allocated to Bos equipment				(1)
Bos goodwill amortisation				(10)
Contribution from operations, net				221
New orders awarded	1,080	2,348	991	3,339

(*) *Operating Income before general and administrative expenses*

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

The backlog at 31st December 2002 amounted to 3,276 million euros, of which 1,907 million are to be realised in 2003.

Saipem “stand alone”

- Projects carried out in West Africa and the Far East, as well as the completion of the Blue Stream Project in the first half of the year, enabled the company to achieve a 27% increase in revenues, if compared to 2001.
Reduced revenues in the fourth quarter 2002 versus the same period of 2001 are attributable to the completion of the Blue Stream Project.
- Contribution from operations in 2002 amounted to 200 million euros, equal to 14% of revenues, versus 174 million euros, equal to 15.5% of revenues in 2001. The slight decrease in profitability is attributable to the greater incidence of EPIC projects.

Saipem s.a. / Consolidated

- Operating revenues generated by Saipem s.a. in the second half of 2002 are attributable to ongoing projects in West Africa in addition to the initial phases of recently acquired projects. Contribution from operations amounted to 32 million euros, with profitability being 12.5% of revenues. Consequently, profitability at consolidated level, inclusive of goodwill amortisation, amounted to 13.1% of revenues.
- The most significant contracts won during 2002 were:
 - the EPIC (Engineering, Procurement, Installation & Construction) type project ERHA, on behalf of Esso Exploration & Production Nigeria Ltd, involving the full implementation of an FPSO system in Nigeria. The contract was awarded to Saipem s.a.;
 - the EPIC project NC41 Platform, on behalf of Agip Gas BV in Libya, involving the installation of a platform and assistance with platform operations for the initial six months. The contract was awarded to a consortium comprising Saipem S.p.A. (leader) and Hyundai Heavy Industries;
 - the EPIC project NC41 Sealines, on behalf of Agip Gas BV in Libya, involving the provision and laying of infield pipelines and export pipelines from the NC41 platform to shore. The contract was awarded to Saipem S.p.A.;

- the EPIC project Yoho, on behalf of Mobil Producing Nigeria Unlimited, involving the installation of a platform and laying of subsea pipelines in Nigerian waters. The contract was awarded to SaiBos;
- the Greenstream Project in Libya, on behalf of Greenstream BV, involving the transport and installation of a subsea gas trunkline from Libya to Sicily (Italy). The contract was awarded to Saipem S.p.A.;
- the EPIC project Peciko Phase 4, in Indonesia on behalf of TotalFinaElf, involving the installation of two platforms and the laying of six subsea pipelines. The contract was awarded to PT Saipem Indonesia.

Onshore Construction:

Fourth Quarter	(million euros)			
	Saipem	Saipem "stand alone"	Bos (**)	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	125	157	66	223
Operating expenses, net of cost of materials	(80)	(63)	(39)	(102)
Cost of materials	(27)	(70)	(21)	(91)
Depreciation and amortisation	(5)	(6)	(2)	(8)
Contribution from operations (*)	13	18	4	22
Bos goodwill amortisation				(2)
Contribution from operations, net				20
New orders awarded	49	4	3	7

Year 2002	(million euros)			
	Saipem	Saipem "stand alone"	Bos (**) 2nd half	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	314	492	159	651
Operating expenses, net of cost of materials	(197)	(273)	(94)	(367)
Cost of materials	(70)	(143)	(53)	(196)
Depreciation and amortisation	(18)	(25)	(5)	(30)
Contribution from operations (*)	29	51	7	58
Bos goodwill amortisation				(4)
Contribution from operations, net				54
New orders awarded	282	307	31	338

(*) Operating income before general and administrative expenses

(**) Includes data previously classified by Bos as Chemical & Refining

Order backlog at 31st December 2002 amounted to 656 million euros, of which 587 are to be realised in 2003.

Saipem “stand alone”

- Ongoing activities in Kazakhstan and Saudi Arabia, as well as full operations of projects in North Africa, allowed the company, in 2002, to achieve revenues exceeding by 178 million euros (+57%) those for 2001.
- Contribution from operations amounted to 51 million euros, equal to 10.4% of revenues, versus 29 million euros, equal to 9.2% of revenues for 2001. The high level of profitability validates the strategic choice of concentrating project capabilities and carrying out complex projects in challenging areas.

Saipem s.a. / Consolidated

- Operating revenues generated by Saipem s.a. in the second half of 2002 are attributable mainly to activities carried out in Africa and Russia.
- Consolidated contribution from operations, inclusive of goodwill amortisation, amounted to 54 million euros with profitability at 8.3% of revenues.
- The most significant contracts won during 2002 were:
 - The ROD Project in Algeria on behalf of Sonatrach/Bhp Biliton, involving the construction of an oil treatment plant and associated facilities. The contract was awarded to a consortium comprising Saipem S.p.A. and Saipem s.a.;
 - the Obiafu/Obrikom Project in Nigeria, on behalf of NOAC, involving the expansion of the existing gas plant and the construction of a flow station. The contract was awarded to Saipem S.p.A.;
 - the Ghazal & Tinat Project in Saudi Arabia, on behalf of Aramco, involving the laying of pipelines of various lengths and diameters. The contract was awarded to Saudi Arabian Saipem Ltd.

Liquefied Natural Gas (L.N.G.):

Fourth Quarter	(million euros)			
	Saipem (**)	Saipem (**) "stand alone"	Bos (***)	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	3	2	52	54
Operating expenses	(1)	–	(43)	(43)
Depreciation and amortisation	(2)	(2)	(1)	(3)
Contribution from operations (*)	–	–	8	8
Bos goodwill amortisation				(2)
Contribution from operations, net				6
New orders awarded	3	2	26	28

Year 2002	(million euros)			
	Saipem	Saipem "stand alone"	Bos 2nd half	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	6	11	99	110
Operating expenses	(2)	(3)	(83)	(86)
Depreciation and amortisation	(4)	(7)	(2)	(9)
Contribution from operations (*)	–	1	14	15
Bos goodwill amortisation				(4)
Contribution from operations, net				11
New orders awarded	6	11	91	102

(*) Operating income before general and administrative expenses

(**) Data previously included under Offshore Construction

(***) Includes data previously classified by Bos as 'River & Maritime'

The backlog at 31st December 2002 amounted to 250 million euros, of which 166 are to be realised in 2003.

- Operations in North Africa, Spain, India and Santo Domingo enabled the company to achieve revenues 110 million euros in 2002.
- Consolidated contribution from operations in 2002 amounted to 11 million euros, net of goodwill amortisation, with profitability equal to 10% of revenues.
- The most significant contracts won during 2002 were:
 - on behalf of Shell Global Solution International Ltd, the award of additional works

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within the Hazira Project in India;

- on behalf of BBG (Bahia de Bizkaia Gas), the award of additional works within the Bilbao Project in Spain.

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

Fourth Quarter	(million euros)	
	Bos	Saipem Consolidated
	2002	2002
Operating revenues	65	65
Operating expenses	(63)	(63)
Depreciation and amortisation	-	-
Contribution from operations (*)	2	2
Bos goodwill amortisation		(1)
Contribution from operations, net		1
New orders awarded	53	53

Year 2002	(million euros)	
	Bos 2nd half	Saipem Consolidated
	2002	2002
Operating revenues	104	104
Operating expenses	(98)	(98)
Depreciation and amortisation	(1)	(1)
Contribution from operations (*)	5	5
Bos goodwill amortisation		(2)
Contribution from operations, net		3
New orders awarded	90	90

(*) *Operating income before general and administrative expenses*

The backlog at 31st December 2002 amounted to 61 million euros, of which 40 million are to be realised in 2003.

- Operational activities, mainly in France, Nigeria and Russia, enabled revenues for the second half of 2002 to total 104 million euros with profitability, after goodwill amortisation, of 3%.
- The most significant contracts won during 2002 were:
 - On behalf of TotalFinaElf, the renewal of the Global Maintenance contract involving all structures located in Angola;
 - On behalf of TotalFinaElf, contractual extension of activities in France.

Offshore Drilling:

(million euros)

	Saipem Fourth Quarter		Saipem Year	
	2001	2002	2001	2002
Operating revenues	80	91	299	345
Operating expenses	(45)	(66)	(159)	(220)
Depreciation and amortisation	(10)	(9)	(41)	(42)
Contribution from operations (*)	25	16	99	83
New orders awarded	16	3	292	349

(*) *Operating income before general and administrative expenses*

The backlog at 31st December 2002 amounted to 550 million euros, of which 194 million to be realised in 2003.

- Operating revenues for 2002 showed a growth of 15% versus 2001, mainly due to increased operations by the semi-submersible platforms Scarabeo 6 and Scarabeo 7 as well as the jack-up Perro Negro 3.
- Contribution from operations in 2002 decreased by 16 million euros versus 2001, with a margin on revenue declining from 33% to 24%. The reduction in profitability is attributable to the loss of hire and reduced rate, until the resumption of ultradeep-water operations at the end of December 2002, for the drillship Saipem 10000 in addition to maintenance works carried out on part of the fleet.
- Vessel utilisation was as follows:

<i>Vessel</i>	<i>days under contract</i>	
Semi-submersible platform Scarabeo 3	309	a
Semi-submersible platform Scarabeo 4	291	a
Semi-submersible platform Scarabeo 5	365	
Semi-submersible platform Scarabeo 6	365	
Semi-submersible platform Scarabeo 7	354	a
Drillship Saipem 10000	320	b
Jack-up Perro Negro 2	264	c
Jack-up Perro Negro 3	365	
Jack-up Perro Negro 4	277	a
Jack-up Perro Negro 5	320	a

a = for the remaining days (to 365) the vessel underwent structural repairs.

b = the residual 45 days comprise: 28 days not covered by the "loss of hire" insurance policy and 17 days for completion of repair works.

c = for the remaining days (to 365), the vessel was upgraded in readiness for a new contract in Saudi Arabia.

- The most significant contracts won during 2002 were:
 - on behalf of Statoil, the three-year charter, with an option for a further 16 months, of the semi-submersible platform Scarabeo 5 in Norway;
 - on behalf of NAOC, the one-year charter of the semi-submersible platform Scarabeo 4 in Nigeria;
 - on behalf of Belbop, the one-year charter of the Jack-up Perro Negro 5 in Nigeria;
 - on behalf of Agip Recherches Congo, the nine-month charter of the semi-submersible platform Scarabeo 3 in Congo.

Onshore Drilling:

(million euros)

	Saipem Fourth Quarter		Saipem Year	
	2001	2002	2001	2002
Operating revenues	47	63	162	220
Operating expenses	(38)	(50)	(124)	(170)
Depreciation and amortisation	(4)	(6)	(18)	(26)
Contribution from operations (*)	5	7	20	24
New orders awarded	57	8	352	98

(*) *Operating income before general and administrative expenses*

The backlog at 31st December 2002 amounted to 195 million euros, of which 137 million are to be realised in 2003.

- Operating revenues for 2002 exceeded by 36% those for 2001; this is attributable mainly to the full utilisation of the eight rigs in Saudi Arabia.
- Contribution from operations in 2002 increased by 4 million euros versus the previous year, with a margin on revenues going from 12.3% to 10.9%. This decrease in margins is mainly attributable to costs associated with the commissioning of the latest two rigs in Saudi Arabia and diminished activities in South America.
- Average utilisation of rigs in 2002 reached 88% (73% in 2002); rigs were located as follows: 15 in Peru, 3 in Italy, 3 in Nigeria, 2 in Algeria, 1 in Egypt, 2 in Kazakhstan, 1 in Russia and 8 in Saudi Arabia.
In addition, 8 third-party rigs were deployed in Peru and 1 in Kazakhstan by the joint-venture company SaiPar.
Finally, 4 rigs owned jointly with third parties operated as follows: 1 in Italy, 1 in Venezuela and 2 in Kazakhstan.
- The most significant contracts won during 2002 were:
 - on behalf of Agip Division of Eni, the two-year charter, with an option for a further two years, of three rigs in Italy;

Saipem



- on behalf of NAOC, the one-year charter of a rig in Nigeria;
- on behalf of Lasmo, the one-year charter of a rig in Venezuela;
- on behalf of Agip Energy BV, the six-month charter of a rig in Russia.

Leased FPSO:

(million euros)

	Saipem Fourth Quarter		Saipem Year	
	2001	2002	2001	2002
Operating revenues	5	8	19	33
Operating expenses	(1)	(5)	(4)	(10)
Depreciation and amortisation	(2)	(2)	(10)	(15)
Contribution from operations (*)	2	1	5	8
New orders awarded	–	2	174	19

(*) *Operating income before general and administrative expenses*

The backlog at 31st December 2002 amounted to 170 million euros, of which 25 million are to be realised in 2003.

- In 2002, operating revenues and associated profitability increased as a result of operations by the new floating production unit FPSO–Jamestown, which became operational at the end of 2001. Contribution from operations amounted to 8 million euros, equal to 24% of revenues, versus 5 million euros, equal to 26% of revenues for 2001. The slight decrease in profitability is attributable to the commercial initiatives undertaken during the year.
- The production vessels FPSO–Firenze and FPSO–Jamestown have been in continuous operation throughout the year.

Attachments:

- Reclassified Consolidated Balance Sheet and Reclassified Consolidated Income Statements by nature and destination of costs.

San Donato Milanese, 25th February 2002

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euros)

	31 st Dec 2001	31 st December 2002			
	Saipem	Saipem "stand alone"	Bos	Effect of Acquisition	Saipem Consolidated
Net tangible fixed assets	1,440	1,527	180	19	1,726
Net intangible fixed assets	<u>94</u>	<u>88</u>	<u>—</u>	<u>800</u>	<u>888</u>
	1,534	1,615	180	819	2,614
- Offshore Construction	562	661	132	409	1,202
- Onshore Construction	79	66	35	164	265
- LNG	51	44	4	164	212
- MMO	—	—	8	82	90
- Offshore Drilling	617	621	—	—	621
- Onshore Drilling	138	129	—	—	129
- Leased FPSO	45	46	—	—	46
- Other	42	48	1	—	49
Financial investments	6	5	19	—	24
Non-current assets	1,540	1,620	199	819	2,638
Working capital	350	225	(148)	(10)	67
Provision for contingencies	<u>(66)</u>	<u>(77)</u>	<u>(55)</u>	<u>—</u>	<u>(132)</u>
Net current assets	284	148	(203)	(10)	(65)
Employee termination benefits	(24)	(26)	—	—	(26)
CAPITAL EMPLOYED	<u>1,800</u>	<u>1,742</u>	<u>(4)</u>	<u>809</u>	<u>2,547</u>
Net equity	1,156	1,275	195	(195)	1,275
Minority interest in net equity	2	23	1	—	24
Net debt	642	444	(200)	1.004	1,248
COVER	<u>1,800</u>	<u>1,742</u>	<u>(4)</u>	<u>809</u>	<u>2,547</u>
Shares issued and outstanding	440,270,300				440,697,000

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
NATURE OF COSTS**

(million euros)

Fourth Quarter	Saipem 2001	Saipem "stand alone" 2002	Bos Q4 2002	Saipem Consolidated 2002	
Operating revenues	641	632	339	971	
Other revenues and income	–	3	–	3	
Purchases, services and other costs	(384)	(434)	(247)	(681)	
Payroll and related costs	(97)	(105)	(68)	(173)	
GROSS OPERATING INCOME	160	96	24	120	
Amortisation, depreciation and write-downs	(67)	(42)	(5)	(47)	
Bos Goodwill amortisation	–	–	–	(11)	
OPERATING INCOME	93	54	19	62	
Financial income (expenses), net	(7)	(3)	3	(8)	(a)
INCOME BEFORE EXTRAORDINARY ITEMS & INCOME TAXES	86	51	22	54	
Extraordinary expenses, net	(2)	(1)	–	(1)	
INCOME BEFORE INCOME TAXES	84	50	22	53	
Income taxes	(18)	(12)	(4)	(13)	(b)
NET INCOME BEFORE MINORITY INTEREST	66	38	18	40	
Minority interest	–	(1)	(1)	(2)	
NET INCOME	<u>66</u>	<u>37</u>	<u>17</u>	<u>38</u>	
CASH FLOW (Net income + Depreciation and amortisation)	<u>133</u>	<u>79</u>		<u>96</u>	

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

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

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
NATURE OF COSTS**

(million euros)

Year 2002	Saipem 2001	Saipem “stand alone” 2002	Bos 2nd Half 2002	Saipem Consolidated 2002	
Operating revenues	1,923	2,531	618	3,149	
Other revenues and income	13	15	1	16	
Purchases, services and other costs	(1,129)	(1,561)	(426)	(1,987)	
Payroll and related costs	(360)	(475)	(146)	(621)	
GROSS OPERATING INCOME	447	510	47	557	
Amortisation, depreciation and write-downs	(191)	(222)	(12)	(234)	
Depreciation of purchase cost allocated to Bos equipment	–	–	–	(1)	
Bos Goodwill amortisation	–	–	–	(20)	
OPERATING INCOME	256	288	35	302	
Financial income (expenses), net	(34)	(32)	4	(43)	(a)
INCOME BEFORE EXTRAORDINARY ITEMS & INCOME TAXES	222	256	39	259	
Extraordinary expenses, net	(3)	(3)	–	(3)	
INCOME BEFORE INCOME TAXES	219	253	39	256	
Income taxes	(51)	(60)	(7)	(62)	(b)
NET INCOME BEFORE MINORITY INTEREST	168	193	32	194	
Minority interest	–	(2)	(1)	(3)	
NET INCOME	<u>168</u>	<u>191</u>	<u>31</u>	<u>191</u>	
CASH FLOW (Net income + Depreciation and amortisation)	<u>359</u>	<u>413</u>		<u>446</u>	

(a) Includes interest expenses of 15 million euros due to interest on debt resulting from Bouygues Offshore's acquisition.

(b) Includes a positive amount of 5 million euros due to tax effect on financial expenses, as per a) above.

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
DESTINATION OF COSTS**

(million euros)

Fourth Quarter	Saipem 2001	Saipem "stand alone" 2002	Bos 2002	Saipem Consolidated 2002
Operating revenues	641	632	339	971
Production costs	(494)	(526)	(292)	(829) (a)
Idle costs	(14)	(15)	(1)	(16)
Selling expenses	(8)	(12)	(13)	(25)
Research and development costs	(1)	(2)	(2)	(4)
Other operating income, net	(13)	(2)	–	(2)
CONTRIBUTION FROM OPERATIONS	111	75	31	95
General and administrative expenses	(18)	(21)	(12)	(33)
OPERATING INCOME	93	54	19	62
Financial income (expenses), net	(7)	(3)	3	(8) (b)
INCOME BEFORE EXTRAORDINARY ITEMS & INCOME TAXES	86	51	22	54
Extraordinary expenses, net	(2)	(1)	–	(1)
INCOME BEFORE INCOME TAXES	84	50	22	53
Income taxes	(18)	(12)	(4)	(13) (c)
NET INCOME BEFORE MINORITY INTEREST	66	38	18	40
Minority interest	–	(1)	(1)	(2)
NET INCOME	<u>66</u>	<u>37</u>	<u>17</u>	<u>38</u>
CASH FLOW (Net income + Depreciation and amortisation)	<u>133</u>	<u>79</u>		<u>96</u>

(a) Includes amortisation of 11 million euros resulting from the Goodwill as well as the purchase cost allocated to Bouygues Offshore equipment.

(b) Includes interest expenses of 8 million euros due to interest on debt resulting from Bouygues Offshore's acquisition.

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

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
DESTINATION OF COSTS**

(million euros)

Year 2002	Saipem 2001	Saipem "stand alone" 2002	Bos 2nd Half 2002	Saipem Consolidated 2002	
Operating revenues	1,923	2,531	618	3,149	
Production costs	(1,514)	(2,083)	(533)	(2,637)	(a)
Idle costs	(41)	(46)	(2)	(48)	
Selling expenses	(27)	(34)	(22)	(56)	
Research and development costs	(2)	(3)	(3)	(6)	
Other operating income, net	(12)	2	–	2	
CONTRIBUTION FROM OPERATIONS	327	367	58	404	
General and administrative expenses	(71)	(79)	(23)	(102)	
OPERATING INCOME	256	288	35	302	
Financial income (expenses), net	(34)	(32)	4	(43)	(b)
INCOME BEFORE EXTRAORDINARY ITEMS & INCOME TAXES	222	256	39	259	
Extraordinary expenses, net	(3)	(3)	–	(3)	
INCOME BEFORE INCOME TAXES	219	253	39	256	
Income taxes	(51)	(60)	(7)	(62)	(c)
NET INCOME BEFORE MINORITY INTEREST	168	193	32	194	
Minority interest	–	(2)	(1)	(3)	
NET INCOME	<u>168</u>	<u>191</u>	<u>31</u>	<u>191</u>	
CASH FLOW (Net income + Depreciation and amortisation)	<u>359</u>	<u>413</u>		<u>446</u>	

(a) Includes amortisation of 21 million euros resulting from the Goodwill as well as the purchase cost allocated to Bouygues Offshore equipment.

(b) Includes interest expenses of 15 million euros due to interest on debt resulting from Bouygues Offshore's acquisition.

(c) Includes a positive amount of 5 million euros due to tax effect on financial expenses, as per a) above.