

PRESS RELEASE DATED 26th OF FEBRUARY 2002

YEAR 2001 PRELIMINARY CONSOLIDATED RESULTS

SAIPEM RECORD RESULTS NET PROFIT MORE THAN DOUBLES TO 168 MILLION EUROS

The Saipem S.p.A. Board of Directors has today reviewed the un-audited preliminary consolidated financial statements of the Saipem Group for the year ended 31st of December 2001.

Revenues totalled 1,923 million euros (1,310 million euros in 2000).

Operating Income was 256 million euros (133 million euros in 2000).

Net Income was 168 million euros (80 million euros in 2000), equal to 0.38 euro income per share (0.18 in 2000).

Cash flow (net income plus depreciation and amortisation) was 359 million euros (216 million euros in 2000).

Revenues showed a 46.8% increase in 2001, with respect to the previous fiscal year, as a consequence of an improvement in all sectors of activity. In particular, growth in the Offshore Construction sector (+73%) was mainly due to the Blue Stream project, fully operational during the period; activities of the new deep water drilling vessels, Saipem 10000 and Scarabeo 7, contributed to the growth (+31%) in the Offshore Drilling sector, whilst increases in the Onshore Drilling (+26%) and Onshore Construction (+11%) sectors can principally be ascribed to new contracts in Kazakhstan and Saudi Arabia.

Operating income showed a 92% improvement with respect to the previous fiscal year, representing 13.3% of revenues, versus 10.1% for 2000, as a consequence of an improved profitability in almost all sectors of activity, with a greater incidence in the most technologically advanced sectors.

Net income increased by 110% with respect to the previous fiscal year.

Cash flow increased by 66%, with respect to the previous fiscal year, due to an increase in net income as well amortisation and depreciation.

Investments for the fiscal year, including company acquisitions, amounted to 348 million euros (231 million euros in 2000) and was mainly related to completion of the “Field Development Ship”, a multipurpose vessel for subsea developments, the upgrading of some onshore drilling rigs for deployment in Saudi Arabia and Kazakhstan, the preparation of vessels and equipment necessary for the execution of some important projects including Blue Stream (Russia – Turkey) and Karachaganak Development (Kazakhstan) and the completion of the new FPSO-Jamestown for Nigeria. Investments for the period also include the acquisition of the engineering companies Moss Maritime, Petro-Marine, Barnett & Casbarian and (50%) SASP Offshore Engineering for a total of 69 million euros.

Net financial debt at 31st of December 2001 amounted to 642 million euros, an increase of 62 million euros compared with 31st of December 2000 which can be entirely attributed to the aforementioned acquisitions.

New Orders and Backlog

During the 2001 fiscal year, the Saipem Group was awarded new orders for a total of 2,186 million euros (1,627 million euros in 2000), of which 1,552 million euros refer to the Offshore Construction, Offshore Drilling and Floating Production segments.

The backlog at 31st of December 2001 was 2,853 million euros (2,630 at 31st of December 2000).

During the first two months of 2002, additional orders totalling 555 million euros have been awarded, of which 218 million euros in the Offshore Construction sector, 38 million euros in the Offshore Drilling sector, 65 million euros in the Onshore Drilling sector and 234 million euros in the Onshore Construction sector. In addition, following the acquisition of the remaining 50% of EMC, the backlog increased by a further 96 million euros, entirely referred to the Offshore Construction sector.

Last Quarter 2001

Revenues totalled 641 million euros (449 million euros in the last quarter of 2000).

Operating Income was 93 million euros (65 million euros in the last quarter of 2000).

Net Income was 66 million euros (48 million euros in the last quarter of 2000).

Cash flow (net income plus depreciation and amortisation) was 133 million euros (88 million euros in the last quarter of 2000).

As frequently mentioned, the volumes of work completed and the resultant profit levels, particularly in the Offshore and Onshore Construction sectors and, to a lesser extent, in both the Drilling and Floating Production sectors, are not linear over time as they are influenced not only by the market but also by climatic conditions and project schedules. Consequently, the results from one particular period can vary significantly, therefore precluding a comparison with the same period in other fiscal years, and the simple extrapolation of figures from a single quarter to the entire year.

Other information

Blue Stream Project

On 16th of February 2002, the Saipem 7000 completed laying the first of two ultra-deepwater sealines for the transport of gas from Russia to Turkey under the Black Sea, for the Blue Stream project.

The 385 km long, 24 inch diameter sealine (1st sealine), is currently being 'tied in' by Castoro Otto to a previously laid section in waters off the Turkish coast, thereby rendering it ready to be tested and commissioned. Saipem 7000 had commenced activities on the Russian side of the Black Sea in October 2001 and laid the 1st sealine at depths of up to 2,150 metres. Along with the record water depth, the exceptional challenges overcome included steep gradients and the irregularity of the sea beds off the Russian and Turkish coasts as well as the adverse meteorological conditions, with wind speeds in excess of 50 knots. Peak productivities of close to 5 km/day were achieved.

The press release relating to the third quarter report referred to negotiations with the Client regarding extra costs resulting from the delayed commencement of activities, caused by

temporary failure to obtain construction permits. These discussions have led to partial agreement on some issues, whilst negotiations on outstanding points are continuing.

On the 24th February 2002, the Saipem 7000 commenced pipelay of the 2nd sealine near the Russian coast.

Saipem 10000 Refurbishment

As previously communicated, on 17th of September 2001, the deep water drillship Saipem 10000, accidentally lost some safety-related drilling equipment (BOP and Risers), in approximately 2,000 metres of water off the coast of Equatorial Guinea. The BOP was recovered in November 2001, whilst the Risers had to be substituted. In consideration of the refurbishment activities already executed and the timing for the delivery and assembly of the remaining equipment, the vessel is now expected to re-commence operations in water depths of up to 1,700 metres, by the end of April 2002. The insurance cover for the loss of hire, as a consequence of the temporary non use of the vessel, will allow Saipem to collect the full contractual rate for a maximum period of 88 days in 2002.

Restoration of its capacity to operate in waters up to 3,000 metres should occur towards the end of October 2002. Negotiations regarding the applicable (reduced) day rate for the period of reduced water depth capacity are ongoing.

European Marine Contractors

As previously announced, on 12th of October 2001 Saipem has defined terms and conditions for the acquisition of the remaining 50% stake in European Marine Contractors (EMC) from Halliburton Brown & Root Ltd.

In January 2002, all necessary approvals were obtained from the competent Antitrust Authorities, allowing closing of the acquisition with an immediate payment of the fixed part of the price amounting to 115 million US dollars.

In February 2002 the variable portion of the price, linked to the trend of the Oil Service Index, has also been paid for an amount of 19.4 million US dollars. This payment resulted from the exercise by the seller of the option, expiring in October 2003, which allowed a price adjustment up to a maximum of 27.5 million US dollars.

Management Expectations for 2002

For the fiscal year 2002, the high level of backlog and the distinctive capacity of the Group to operate in particularly challenging 'Frontiers' (ultradeep waters and remote areas), leads management to predict a repeat of the record results of 2001, with potential for further improvement.

Investments for 2002 in tangible fixed assets specifically intended to maintain and/or to upgrade the existing vessels and equipment, are estimated as being 180 million euros approximately, and those relating to the conversion for a new floating production unit (FPSO), which will operate in the Okono/Okpoho field in Nigeria, will amount to 50 million euros, approximately.

These figures exclude amounts associated with acquisitions.

The Board of Directors has also reviewed the Group's financial flows and profitability by each business segment.

Financial Flows

Net debt as at 31st of December 2001 amounted to 642 million euros, an increase of 62 million euros compared with 31st of December 2000, due to:

outflows

- investments in tangible and intangible fixed assets (including acquisition of companies) of 348 million euros;
- financial investments in non consolidated companies for 1 million euros;
- a net current assets increase of 45 million euros;
- exchange translation differences of 11 million euros.
- distributed dividends of 27 million euros;

inflows

- cash flow (net income plus depreciation and amortisation) of 359 million euros;
- sale of tangible fixed assets of 8 million euros;
- increase of capital and reserves of third parties of 2 million euros;
- variation in employees' termination benefits of 1 million euros.

Analysis by Business Sector

Offshore Construction:

	(millions of euros)			
	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	266	384	652	1,129
Operating expenses net of cost of materials	(160)	(228)	(405)	(701)
Cost of materials	(38)	(46)	(97)	(156)
Depreciation and amortisation	(21)	(44)	(62)	(98)
Contribution from operations (*)	47	66	88	174
New orders acquired	113	249	601	1,086

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

The backlog at 31st of December 2001 was 1,229 million euros of which 1,032 million euros are expected to be executed in 2002.

- The Blue Stream project and the increased activities in West Africa and in the Gulf of Mexico resulted in a 73% increase in revenues, compared with those for 2000.
- Contribution from operations in 2001 amounted to 174 million euros, equal to 15.4% of revenues, compared with 88 million euros, equal to 13.5% of revenues, for 2000. The improvement in contribution from operations is mainly due to the increased activities and improvement in operational efficiency, notwithstanding the significant growth in the depreciation charge as a consequence of the investments specifically made for the Blue Stream project.
- The most significant contracts acquired during 2001 were:
 - the EPIC (Engineering, Procurement, Construction and Installation) Kizomba project, in Angola, on behalf of Exxon-Mobil, through the joint company with Bouygues Offshore, Saibos;
 - the "Chirag - Full Field Development Phase 1" project, on behalf of A.I.O.C., in Azerbaijan, for the transport and installation of two platforms;
 - change Orders by the Blue Stream Pipeline Company in relation to the Blue Stream Project;

Saipem



- the Adgf project in Indonesia, on behalf of Conoco for the laying of a sealine;
- the Lan Tay Lan Do project in Vietnam, on behalf of BP/Amoco for laying a sealine; and
- the Clair Phase 1, in Great Britain, on behalf of British Petroleum, for the transport and installation of a platform and template.

Floating Production:

	(millions of euros)			
	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	4	5	17	19
Operating expenses	-	(1)	(3)	(4)
Depreciation and amortisation	(3)	(2)	(10)	(10)
Contribution from operations (*)	1	2	4	5
Orders awarded	-	-	-	174

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

The backlog at 31st of December 2001 was 184 million euros of which 34 million euros are expected to be executed in 2002.

- Revenues for 2001, as well as the associated profitability, do not show any noticeable variation with respect to the previous fiscal year, deriving predominantly from an ongoing contract.
- The most significant contract acquired during 2001 was the EPIC project, on behalf of Agip Energy & Natural Resources Nigeria, for the supply and operation of 2 FPSOs for the development of the Nigeria offshore fields Okono/Okpoho, through a joint venture with Single Buoy Moorings. The first of these two FPSOs, Jamestown, commenced activities on 16th December 2001.

Offshore Drilling:

	(millions of euros)			
	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	73	80	229	299
Operating expenses	(39)	(45)	(127)	(159)
Depreciation and amortisation	(10)	(10)	(32)	(41)
Contribution from operations (*)	24	25	70	99
Orders awarded	11	16	206	292

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

The backlog at 31st of December 2001 was 546 million euros of which 240 million euros are expected to be executed in 2002.

- Revenues for 2001 recorded a 30.6% increase compared to 2000, mainly due to increased use of the new deep water drillship Saipem 10000 and the semisubmersible Scarabeo 7, which had only been operational during the second half of 2000.
- Contribution from operations for 2001 increased by 29 million euros with respect to 2000, representing 33.1% of revenues as compared with 30.6% in 2000, as a result of increased vessel utilisation and higher day rates.
- The most significant contracts acquired during 2001 were:
 - the charter of the jack up Perro Negro 2 in Saudi Arabia for three years on behalf of Saudi Aramco;
 - the charter of the semisubmersible platform Scarabeo 5 in Norway for one year on behalf of Norsk Hydro;
 - the charter of a platform drilling package for one year, with options for two further years, in Libya on behalf of Total Libya; and
 - the charter of the semisubmersible drilling vessel Scarabeo 6 in Norway for six months, on behalf of Norsk Hydro.

- Major equipment utilisation was as follows:

<i>Vessel Type</i>	<i>days under contract</i>	
Semisubmersible platform Scarabeo 3	325	a
Semisubmersible platform Scarabeo 4	365	
Semisubmersible platform Scarabeo 5	365	
Semisubmersible platform Scarabeo 6	334	a
Semisubmersible platform Scarabeo 7	295	b
Drillship Saipem 10000	337	c
Jack up Perro Negro 2	287	a
Jack up Perro Negro 3	174	d
Jack up Perro Negro 4	365	
Jack up Perro Negro 5	365	

- a** - For the remaining portion of 365 days, the vessel was being prepared for new contracts.
- b** - For the remaining portion of 365 days, the vessel was being upgraded for operation in water depths up to 1,500 m. in West Africa. During the upgrading period the Client recognised a reduced day rate.
- c** - Including days during which the vessel worked to recover equipment on behalf of insurers.
- d** - For the remaining portion of 365 days, the jack up was undergoing structural repair.

Onshore Drilling:

	(millions of euros)			
	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	35	47	129	162
Operating expenses	(27)	(38)	(95)	(124)
Depreciation and amortisation	(3)	(4)	(12)	(18)
Contribution from operations (*)	5	5	22	20
Orders awarded	24	57	190	352

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

The backlog at 31st of December 2001 was 317 million euros of which 144 million euros are expected to be executed in 2002.

- Revenues for 2001 were 26% higher than for 2000, mainly due to the commencement of activities using previously idle rigs in Saudi Arabia and Kazakhstan.
- Contribution from operations decreased by 2 million euros compared to the 2000 fiscal year, declining from 17% to 12.3% of revenues, due to increased depreciation charges associated with investments in respect of previously cold-stacked rigs required for the execution of new contracts, along with the initial costs associated with the commencement of activities, in new geographical areas.
- Average utilisation of onshore rigs in 2001 was 73% (62% in 2000) distributed as follows; 14 in Peru, 4 in Italy, 3 in Nigeria, 3 in Algeria, 1 in Egypt, 2 in Kazakhstan and 6 in Saudi Arabia.
In addition 8 third party rigs were operated by Saipem in Peru, 1 third party rig was operated by the joint company SaiPar in Kazakhstan. 5 jointly owned rigs were operated – 1 in Italy, 1 in Venezuela and 3 in Kazakhstan.
- The most significant contracts acquired during 2001 were:
 - the charter of seven rigs for three years, each with an additional one year option, in Saudi Arabia, on behalf of Saudi Aramco;
 - the charter of three rigs for three years, in Peru, on behalf of Pluspetrol;

Saipem



- the charter of a rig for three years, with an option for a further two years, in Astrakhan (Russia), on behalf of Agip Energy B.V.; and
- the charter of a rig for twenty seven months in Algeria, on behalf of Broken Hill Properties.

Onshore Construction:

	(millions of euros)			
	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	71	125	283	314
Operating expenses net of cost of materials	(56)	(80)	(199)	(197)
Cost of materials	(9)	(27)	(55)	(70)
Depreciation and amortisation	(1)	(5)	(13)	(18)
Contribution from operations (*)	5	13	16	29
New orders acquired	544	49	630	282

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

The backlog at 31st of December 2001 was 577 million euros of which 400 million euros are expected to be executed in 2002.

- Operating activities in Kazakhstan and Saudi Arabia, as well as the commencement of the activities for a project to be executed in Algeria, resulted in a 76% increase in revenues for the fourth quarter of 2001, as compared with the same quarter of 2000. This performance resulted in revenues for the 2001 fiscal year which were 11% higher than those for the previous year.
- Contribution from operations for 2001 amounted to 29 million euros, equal to 9.2% of revenues, compared to 16 million euros, 5.7% of revenues, for 2000. The improved profitability was due to the focus upon complex projects in difficult areas, where the Group has a competitive advantage.
- The most significant contracts acquired during 2001 were:
 - the East-West project in Saudi Arabia, on behalf of Saudi Aramco, for the conversion of an existing oil pipeline to gas; and
 - the Harad Light Crude Increment II project in Saudi Arabia, on behalf of Snamprogetti, for the installation of a gas/oil separation plant.

Saipem



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

San Donato Milanese, 26th of February, 2002

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(millions of euros)

	31st of December 2000	31st of December 2001
Net tangible fixed assets	1,338	1,440
Net intangible fixed assets	<u>32</u>	<u>94</u>
	1,370	1,534
Of which:		
- Offshore Construction	551	613
- Floating Production	32	45
- Offshore Drilling	628	617
- Onshore Drilling	62	138
- Onshore Construction	62	79
- Others	35	42
Financial investments	<u>5</u>	<u>6</u>
Non current assets	1,375	1,540
Working capital	288	350
Provision for contingencies	<u>(49)</u>	<u>(66)</u>
Net current assets	239	284
Employees' termination pay	(23)	(24)
CAPITAL EMPLOYED	<u>1,591</u>	<u>1,800</u>
Group shareholders' equity	1,011	1,156
Minority interest in net equity	-	2
Net debt	580	642
COVER	<u>1,591</u>	<u>1,800</u>

SAIPEM GROUP

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

(millions of euros)

	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	449	641	1,310	1,923
Other revenues and income	10	-	16	13
Purchases, services and other costs	(282)	(384)	(776)	(1,129)
Payroll and related costs	(72)	(97)	(281)	(360)
GROSS OPERATING INCOME	105	160	269	447
Amortisation, depreciation and write downs	(40)	(67)	(136)	(191)
OPERATING INCOME	65	93	133	256
Financial expenses, net	(12)	(8)	(39)	(35)
Income from financial investments	11	1	11	1
INCOME BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES	64	86	105	222
Extraordinary expenses, net	(5)	(2)	-	(3)
INCOME BEFORE INCOME TAXES	59	84	105	219
Income taxes	(11)	(18)	(25)	(51)
NET INCOME	<u>48</u>	<u>66</u>	<u>80</u>	<u>168</u>

SAIPEM GROUP

 RECLASSIFIED CONSOLIDATED INCOME STATEMENT
 BY
 DESTINATION OF COSTS

(millions of euros)

	Last Quarter		31 st of December	
	2000	2001	2000	2001
Operating revenues	449	641	1,310	1,923
Production costs	(357)	(494)	(1,051)	(1,514)
Idle costs	(8)	(14)	(40)	(41)
Selling expenses	(6)	(8)	(20)	(27)
Research and development expenses	-	(1)	(1)	(2)
Other operating income (expenses), net	4	(13)	2	(12)
CONTRIBUTION FROM OPERATIONS	82	111	200	327
General and administrative expenses	(17)	(18)	(67)	(71)
OPERATING INCOME	65	93	133	256
Financial expenses, net	(12)	(8)	(39)	(35)
Income from financial investments	11	1	11	1
INCOME BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES	64	86	105	222
Extraordinary expenses, net	(5)	(2)	-	(3)
INCOME BEFORE INCOME TAXES	59	84	105	219
Income taxes	(11)	(18)	(25)	(51)
NET INCOME	<u>48</u>	<u>66</u>	<u>80</u>	<u>168</u>