



PRESS RELEASE

SAIPEM: Revised earnings guidance for 2012 and guidance for 2013

- **2012 guidance slightly lower, following review of Saipem's contracts and prospects**
 - 2012 EBIT expected to be around EUR1.5bn
- **Tough 2013, but significant rebound anticipated in 2014 on the back of expected positive market environment and the implementation of a comprehensive operational review by new management**
 - 2013 EBIT expected to be in the region of EUR750m

San Donato Milanese (Milan), January 29th, 2013 – Saipem is announcing revised guidance for 2012 earnings and guidance for 2013 revenues and profits as a result of a comprehensive review of the Group's contracts and prospects conducted by the Company's new CEO, Umberto Vergine, and the new COO of the E&C business unit, Giuseppe Caselli.

Additionally, Umberto Vergine and his new management team have initiated an operational review of the entire business to assess all aspects of project management, client relationship management and commercial criteria.

The review will aim to deliver improved operational performance, by creating a more streamlined organization and greater accountability at the operational management level. These, alongside an improved approach to client relationship and greater commercial discipline, will protect projects' margin and cash flow.

The full outcome of this review will be unveiled in the Spring and its implementation will position Saipem to better exploit opportunities in the growing oil & gas industry and to drive a rapid recovery in financial performance.

Commenting on today's announcement, Umberto Vergine, CEO of Saipem, said:

“The new management team's review has led to a more prudent approach to forecasts and the Board is satisfied that Saipem's prospects for 2013 and beyond are accurately represented. Although 2013 will be a tough year, Saipem remains a strong business and its excellent prospects, combined with the actions we are now taking, will result in a rebound in profitability in 2014 and beyond, confirming Saipem as a market leader.”

2012 Guidance

For the Full Year 2012, due to a lower than expected recovery of claims from clients on the E&C projects and reduced activity across the E&C business during the last quarter, we expect EBIT to come in c.6% lower than previously anticipated, at around EUR1.5bn and net income to be in the region of EUR900m.

2013 Guidance

Looking forward to 2013, management's guidance, broken down by business segment, is as follows:

Engineering & Construction Onshore

We expect a very significant (circa 80%) reduction in FY 2013 EBIT versus FY 2012. This performance is due to a combination of factors:

- reduced activity in “high margin” contracts which underpinned 2012 results, mainly in Middle East, Nigeria and Algeria, and are now either concluded or in their final phase;
- lower margin contracts to be executed in 2013, reflecting highly competitive market conditions since 2010;
- delays to important contract awards in Venezuela, Nigeria and Iraq;
- a more conservative approach taken by the new management in evaluating the new business specifically with respect to estimates on margins, timing of contract awards and timing of project execution.

Engineering & Construction Offshore

FY 2013 EBIT is expected to be down by circa 70% compared to 2012, due to:

- reduced activity in “high margin” contracts which underpinned 2012 results, mainly in the Baltic Sea, West Africa and the Caspian Sea, and are now either concluded or in their final phase;

- delays to important contract awards, particularly new international large trunklines and deep water field development;
- lower margin contracts to be executed in 2013, reflecting highly competitive market conditions faced between 2009-2011;
- investment and commercial decisions taken to support new market entry in Brazil, where the first contracts were entered into at lower margins, impacting 2013 results, although the market position gained as a result will deliver benefits in 2014 and beyond;
- execution of EPIC contracts with a limited high margin marine component;
- a more conservative approach taken by the new management in evaluating the new business specifically with respect to estimates on margins, timing of contract awards and timing of project execution.

Drilling Onshore & Offshore

Saipem's drilling business will continue to perform very strongly, delivering a 20% EBIT increase versus 2012, mainly driven by offshore drilling where Saipem is extracting value from recently deployed rigs Scarabeo 8 and Scarabeo 9.

Overall, Saipem is now projecting revenues for the full year 2013 to be in the region of EUR13.5bn, EBIT of EUR750m, net income of EUR450m and capex of EUR0.9-1bn.

Management Outlook for 2014 and beyond

A number of attractive bidding opportunities have arisen over the last few months and these, alongside our expected order intake over the next six to nine months, will determine 2014 financial performance. Saipem's industrial business model remains robust and the company's core strengths lead the Board to expect that 2013 will be a trough from which we will see a significant rebound in overall performance in 2014 and beyond. Thanks to its high end asset base, the recognized competence of its people, strong local content and cutting edge technology, Saipem is very well positioned to rebuild a high quality order backlog and maintain leadership in its sector.

Update on Milan Prosecutor's investigation

The investigation relating to Saipem activities in Algeria is ongoing and Saipem continues to engage and cooperate with the Milan Prosecutor's office, responding to all requests. Since the market was last updated, Pietro Franco Tali, former CEO, received a notice of inquiry from the Milan Prosecutor in connection with the investigation related to Algeria.

Conference call and webcast

A conference call and webcast will be hosted today at 6.30pm CET (5.30pm GMT, 12.30pm EST, 9.30am PST) which can be followed on Saipem's website www.saipem.com by clicking on the 'webcast banner' on the home page.

During the conference call and webcast a presentation will be made, which will be available for download from the webcast window and from the section 'Investor Relations / Presentations' of the www.saipem.com website, about 15 minutes before the scheduled start time.

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Company's control. These include, but are not limited to: monetary exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil and gas industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions.

Actual results could therefore differ materially from the forward-looking statements.

The Financial Reports contain in-depth analyses of some of the aforementioned risks.

Forward-looking statements are to be considered in the context of the date of their release.

Saipem is organised into two Business Units: Engineering & Construction and Drilling, with a strong bias towards oil & gas related activities in remote areas and deepwater. Saipem is a leader in the provision of engineering, procurement, project management and construction services with distinctive capabilities in the design and execution of large-scale offshore and onshore projects, and technological competences such as gas monetisation and heavy oil exploitation.

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