THIRD QUARTER REPORT FOR 2001



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The quarterly report is not subject to audit

Approved by the Board of Directors meeting held on $12^{\scriptscriptstyle th}$ of November $\,2001$

PRINCIPAL ECONOM<mark>IC AN</mark>D FINANCIAL DATA

					(Mi	llions of euros)
	T	hird quar	ter	Fir	st nine m	onths
	2000	2001	Var. %	2000	2001	Var. %
Operating revenues	318	546	71.7	861	1,282	48.9
Contribution from operations	56	89	58.9	118	216	83.0
Operating income	40	71	77.5	68	163	139.7
Capital expenditure	16	134	737.5	162	259	59.9

Total	580	646
- short term	467	493
- medium to long term	113	153
Net debt at the end of the period:		
	2000	2001
	31st of December	30th of September

PRINCIPAL <mark>OPER</mark>ATING DATA

		Third quar	ter	F	irst nine mo	nths
	2000	2001	Var. %	2000	2001	Var. %
Offshore Construction						
- pipelines laid (Km)	126	164	30.2	262	536	104.6
- structures installed (tons)	34,109	13,879	(59.3)	49,909	56,938	14.1
Floating Production						
- use of rig (days)	92	92	-	273	273	-
Offshore Drilling						
- metres drilled	28,287	28,353	0.2	66,362	88,357	33.1
- wells drilled	12	9	(25.0)	39	31	(20.5)
Onshore Drilling						
- metres drilled	41,184	43,842	6.5	108,428	126,232	16.4
- wells drilled	12	11	(8.3)	36	37	2.7
- estimated average use of plant (%)	66	74.8		61	70	
Onshore Construction						
- pipelines laid (Km)	57	210	268.4	472	270	(42.8)
- structures installed (tons)	1,648	600	(63.6)	11,430	1,020	(91.1)

OPERATING REVENUE<mark>S BY</mark> SECTOR OF ACTIVITY

					(Mil	lions of euros)
	Third quarter			First nine months		
	2000	2001	Var. %	2000	2001	Var. %
Offshore Construction	178	331	85.9	386	745	93.0
Floating Production	5	5	-	13	14	7.7
Offshore Drilling	54	75	38.9	156	219	40.4
Onshore Drilling	33	41	24.2	94	115	22.3
Onshore Construction	48	94	95.8	212	189	(10.8)
Total	318	546		861	1,282	

OPERATING REVENUE<mark>S BY</mark> GEOGRAPHICAL AREA

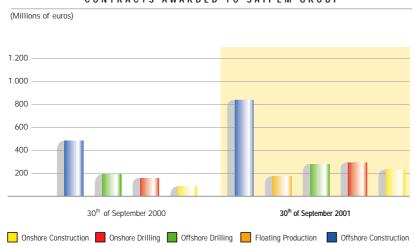
nird quarter	First nine	months
2001		
	2000	2001
32	121	81
60	155	187
260	98	383
89	172	310
48	147	161
57	168	160
546	861	1,282
_	89 48 57	89 172 48 147 57 168

^(*) Measured according to final destination of services.

CONTRACTS AWAR<mark>DED T</mark>O SAIPEM GROUP

				(Millions of euro
	Third quarter		First ni	ne months
	2000	2001	2000	2001
Saipem S.p.A.	224	55	472	460
Other Group companies	156	579	463	1,355
Total	380	634	935	1,815
Offshore Construction	151	333	488	837
Floating Production	-	174	-	174
Offshore Drilling	132	22	195	276
Onshore Drilling	42	75	166	295
Onshore Construction	55	30	86	233
Total	380	634	935	1,815

CONTRACTS AWARDED TO SAIPEM GROUP



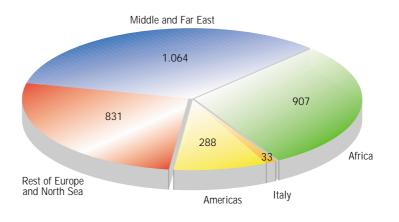
B A C K L O G

		(Millions of euros)
	30th of September	30 th of September
	2000	2001
Offshore Construction	1,465	1,364
Floating Production	34	189
Offshore Drilling	614	610
Onshore Drilling	138	307
Onshore Construction	411	653
Total	2,662	3,123

BACKLOG BY G<mark>EOGR</mark>APHICAL AREA

		(Millions of euros
	30th of September	30 th of September
GEOGRAPHICAL AREA	2000	2001
Italy	451	33
North Sea	143	187
Rest of Europe	930	644
Africa	532	907
Middle and Far East	287	1,064
Americas	319	288
Total	2,662	3,123

BACKLOG BY GEOGRAPHICAL AREA AT 30TH OF SEPTEMBER 2001



BASIS OF PREPARATION

The financial statements as of and for the period ended 30^{th} of September 2001 have been prepared in accordance with the criteria established by the "Commissione Nazionale per le Societa e la Borsa" CONSOB (National Commission for Companies and the Stock Exchange) regulation No. 11971 dated 14^{th} May 1999 and modified on 6^{th} April 2000 by resolution No. 12475.

The economic information provided refers to the third quarter of 2001 and the third quarter of 2000, as well as the first nine months of 2001 and the first nine months of 2000. The financial information refers to the 30^{th} of September 2001 and the end of the year 2000. The accounting principles adopted are consistent with those used at the end 31^{st} of December 2000. The financial situation has been prepared in order that the situation may be compared with those in the six monthly and annual reports.

Unless otherwise indicated, the information is expressed in millions of euros.

In accordance with CONSOB regulations, the quarterly report is not subject to audit.

RESULTS OF OPERATIONS

Forward

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 market performance but also by climatic conditions and projects schedules. Consequently the results from any one particular period in a fiscal year 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 in the entire year

New area of activity

As from the current quarterly report, information and data relating to Floating Production activities, previously commented together with Offshore Drilling, will be presented separately. This is due to the importance of the new contracts and the associated capital expenditure. Therefore, in order to allow an uniform comparison with the corresponding periods for 2000, the historical information has also been reclassified. Consequently, the sectors of activity in which the Saipem Group presents analyses of profitability, managerial and operational information are:

- Offshore Construction
- Floating Production
- Offshore Drilling
- Onshore Drilling
- Onshore Construction

Variation to the consolidation area

All financial information and that relating to the average workforce for the third quarter as well as for the first nine months of the 2001 financial year will reflect this change, which is not particularly significant from an economic point of view, but more important from an asset and debt stance, deriving from a change in the consolidation criteria for a foreign subsidiary and the acquisition of new companies. Variations and purchases which occurred during the first nine months were the following:

- the P.T. Saipem Indonesia subsidiary, which will be consolidated using the full consolidation method as from 30th of September 2001, following a significant recovery in operations; previously consolidated using the net equity method;
- on 26th of June 2001, Saipem purchased 50% of SASP Offshore Engineering S.p.A. and 50% of SASP Offshore Engineering UK Ltd. (Saipem already owned the other 50%) from Snamprogetti. Following these purchases, as from 1st of July 2001, the financial statements of the companies will be consolidated using the full consolidation method, previously consolidated using the proportional method. On 27th of September 2001, SASP Offshore Engineering S.p.A. changed it's name to Saipem Energy International S.p.A., whilst procedures for the merging of SASP Offshore Engineering UK Ltd. with Saipem Energy International UK Ltd. on 15th of September 2001, were commenced;
- nn 20th of July 2001, Saipem purchased 100% of the Moss Maritime A/S engineering company, which specialises in the design of floating oil production and process systems, liquified natural gas (LNG) carriers and semisubmersible drilling units. The following companies were also acquired with the purchase of Moss Maritime: Moss Arctic Offshore (50%, full consolidation method), Barber Moss Ship Management Inc. (50%, net equity consolidation method), Moss Maritime Inc. (100%, full consolidation method), Moss Krylov Maritime (50%, net equity consolidation method), Moss Cable Venture A/S (100%, full consolidation method). The effects deriving from the purchase and consolidation of the aforementioned companies into the Saipem Group's balance sheet commenced as from 1st of August 2001;

on 23rd of July 2001, Saipem purchased 100% of the engineering companies, Petro-Marine Inc. and Petro-Marine of Texas Inc. Both companies operate in the strategic Gulf of Mexico market. The effects of the purchases as well as the consolidation of the companies' balance sheets, using the full consolidation method, started as from 1st of August 2001.

SUBSEQUENT EVENTS TO 30th OF SEPTEMBER 2001

Purchase of the remaining 50% of European Marine Contractor Ltd.

On 12th of October 2001, Saipem completed details for the purchase of 50% of EMC, already 50% owned by Saipem UK, from Hulliburton Brown & Root.

The agreement is as follows:

- 115 million US dollars to be paid at closing (which will be made upon the granting of approval from the Antitrust Authority);
- a variable amount, of up to a maximum of 27.5 million US dollars, connected with the trend of the Oil Service Index of Philadelphia (*).

The 50% purchase of EMC will be made by an English based Newco (called: European Marine Investments Ltd), managed and consolidated by Saipem using the full consolidation method, with a share capital of 50 million US dollars, which will be 90% owned by Eni International Holding BV and 10% owned by Saipem. The Newco will also purchase 25% of Saipem UK for 32.5 million US dollars. The shareholding structure thus defined, should allow the achievement of fiscal synergies.

CONSOLIDATED INCOME STATEMENT

					(Milli	ions of euro
		Third quarte	r	F	irst nine mo	nths
	2000	2001	Var. %	2000	2001	Var. %
Operating revenues	318	546	71.7	861	1,282	48.9
Other income and revenues	2	4		6	13	
Purchases, services and other costs	(172)	(329)		(494)	(745)	
Payroll and related costs	(74)	(106)		(209)	(263)	
Contribution from operations	74	115	55.4	164	287	75.0
Amortisation, depreciation and write downs	(34)	(44)		(96)	(124)	
Operating income	40	71	77.5	68	163	139.7
Financial expenses, net	(12)	(8)		(27)	(27)	
Income before extra-ordinary items						
and income taxes	28	63	125.0	41	136	231.7
Extra-ordinary income (expenses), net	5	-		5	(1)	
Income before income tax	33	63	90.9	46	135	193.5
Income taxes	(10)	(16)		(14)	(33)	
Net income for the period	23	47	104.3	32	102	218.7

^(*) the seller will have the right, within two years from 12s of October 2001, to exercise an option, based on which it will obtain an increased price, to a maximum of 27.5 million US dollars, deriving from the application of the following formula: 27,500,000 x [(C - 70.44) / 16.24] in which "C" is equal to the average of the Oil Service Index for the previous 30 days.

In line with that stated in the annual report and the six month report, the following tables show the operating income and costs by destination.

This reclassification is normally used when analysing contribution from operations (such as, operating income before general and administrative expenses) of the various sectors in which Saipem operates.

OPERATING INCOME A<mark>ND C</mark>OSTS BY DESTINATION

					(Mil	lions of euros)
		Third quart	er	F	irst nine mo	onths
	2000	2001	Var. %	2000	2001	Var. %
Operating revenues	318	546	71.7	861	1,282	48.9
Production costs	(248)	(441)		(694)	(1,020)	
Idle costs	(6)	(5)		(32)	(26)	
Selling expenses	(5)	(8)		(14)	(19)	
Research and development costs	-	-		(1)	(1)	
Other operating expenses, net	(3)	(3)		(2)	-	
Contribution from operations	56	89	58.9	118	216	83.0
General and administrative expenses	(16)	(18)		(50)	(53)	
Operating income	40	71	77.5	68	163	139.7

Third quarter

Operating revenues for the third quarter amounted to 546 million euros, an increase of 228 million compared with that for the 2000 third quarter, due to a general increase in volumes for all sectors of activity, particularly marked in the Offshore and Onshore Construction sectors.

Production costs amounted to 441 million euros, an increase of 153 million euros compared with that for the corresponding period in 2000. The rise in costs is mainly attributable to a higher consumption of materials and a greater use of third party services, commensurate with the growth in volume of activities.

Payroll and related costs amounted to 106 million euros, and rose by 32 million versus the 2000 third quarter: This increase can be attributed to a growth in the average workforce, mainly comprising local and international staff with temporary work contracts, corresponding to the increased activity volumes.

Selling expenses amounted to 8 million euros, an increase of 3 milllion euros compared with the 2000 third quarter and follows an intense campaign mainly aimed at exploiting opportunities in the Offshore Construction sector.

Following the aforementioned variations, **contribution from operations** for the third quarter of 2001 amounted to 89 million euros, an increase of 33 million euros over the corresponding period for 2000.

General and administrative expenses for the third quarter 2001 amounted to 18 million euros compared with the 16 million euros for the same quarter in 2000. The increase is mainly due to the amortisation of some new modules of the integrated SAP R3i information system, which became increasingly used by the Parent company and other Group companies during 2001.

Consequently, **operating income** for the third quarter of 2001 was 71 million euros, versus the 40 million for the third quarter of 2000. The effect upon operating revenues during the 2001 third quarter was due to variations in the area of consolidation following purchases and changes to the consolidation methods used and can be quantified as an income of 0.4 millioni euros.

First nine months

Operating revenues realised for the first nine months of the year amounted to 1,282 million euros, compared with 861 million for the corresponding period in 2000.

The increase in revenues (+48.9%), as later described in detail in the analysis by sector of activity, was mainly due to, the total operation of the Blue Stream project and other Offshore Construction projects, in the Gulf of Mexico and West Africa, as well as the activities realised by the two deep water Offshore Drilling vessels, Saipem 10000 and Scarabeo 7.

The effect upon operating revenues for the first nine months of 2001, generated by the completion of purchases during the period as well as changes to the consolidation areas can be quantified as 28 million euros.

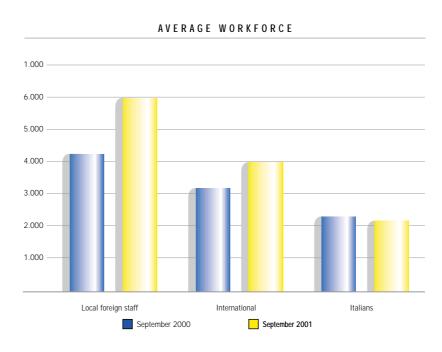
Production costs amounted to 1,020 million euros, an increase of 326 million compared with the same quarter of 2000. The rise in costs, in line with the increase in revenues, is predominantly associated with a greater consumption of materials and a greater use of third party services.

Payroll and related costs of 263 million euros, rose by 54 million euros compared with the same period for 2000, equal to 25.3%, mainly due to an increase in the average workforce, comprising local or international staff with temporary contracts, and linked to the higher volumes of activity.

Information regarding the average workforce for the third quarter as well as the first nine months are shown in the following table:

AVERAGE WORKFORCE

	Third	quarter	First nine	e months
WORKFORCE	2000	2001	2000	2001
Local foreign staff	4,138	7,383	4,295	5,992
International	3,212	4,725	3,217	3,973
Italians	2,324	2,240	2,376	2,237
Total	9,674	14,348	9,888	12,202
Offshore Construction	2,181	2,984	2,116	2,669
Floating Production	57	60	57	57
Offshore Drilling	1,049	1,172	1,004	1,209
Onshore Drilling	1,705	2,136	1,616	2,067
Onshore Construction	3,894	7,217	4,380	5,470
Staff	788	779	715	730
Total	9,674	14,348	9,888	12,202



Contribution from operations for the first nine months of 2001 amounted to 216 million euros compared with 118 million for the same period in 2000, an increase of 83.0%.

General and administrative expenses for the first nine months increased by 3 million euros, compared with that for the first nine months of 2000, mainly due to the amortisation of some of the modules of the integrated SAP R3i information system and the new personnel management system which became operative during the period, as well as effects associated with the aforementioned variation to the consolidation area.

Consequently, **operating income** for the first nine months of 2001 reached 163 million euros, compared with 68 million for the same period in 2000. The effect upon operating revenues for the first nine months of 2001 was mainly due to variations in the consolidation area following purchases and changes to the consolidation methods and can be quantified as income of 0.5 million euros.

CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

RECLASSIFIED BALANCE SHEET

		(Millions of euros)
	31st of December 2000	30 th of September 2001
Net tangible fixed assets	1,338	1,398
Intangible fixed assets	32	102
Total	1,370	1,500
Financial investments	5	6
Non-current assets	1,375	1,506
Net working capital	288	320
Provisions for contingencies	(49)	(69)
Net current assets	239	251
Employees' termination pay	(23)	(23)
Capital employed	1,591	1,734
Shareholder's equity	1,011	1,086
Minority interest in net equity	-	2
Net debt	580	646
Cover	1,591	1,734

CAPITAL EXPENDITURE

				(Millions of euro	
	Third o	Third quarter		First nine months	
	2000	2001	2000	2001	
Offshore Construction	10	86	36	148	
Floating Production	-	9	-	13	
Offshore Drilling	3	3	107	11	
Onshore Drilling	1	27	8	46	
Onshore Construction	-	5	1	32	
Others	2	4	10	9	
Total	16	134	162	259	

Capital expenditure carried out during the first nine months, comprising company acquisitions, amounted to 259 million euros (162 million for the same period in 2000) and mainly related to: technical expenditures, completion of works to the special under water development vessel (Field Development Ship), increasing the capacity of drilling rigs destined to operate in Saudi Arabia and in Kazakhstan and the completion of structures and equipment for the execution of important projects: such as Blue Stream (Russia – Turkey) and the Karakhaganak Development in Kazakhstan, whilst in relation to company acquisitions, the effect upon capital expenditure can be allocated to the higher price paid, versus the below mentioned net equity share, for the purchase of Moss Maritime, Petro-Marine and 50% of Sasp Offshore Engineering SpA and Sasp Offshore Engineering UK LTD. (for a total of 70 million euros).

Capital expenditures for the third quarter amounted to 134 million euros (16 million for the same quarter of 2000) and comprise the aforementioned purchases of Moss Maritime and Petro-Marine.

NET DEBT

Net debt as of 30^{th} of September 2001 amounted to 646 million euros, an increase of 66 million euros in respect of 31^{st} of December 2000. The increase in net debt recorded for the first nine months derives from funds applied for capital expenditure and new companies acquisitions during the period (260 million euros), an increase in net current assets (12 million euros) as well as the payment of dividends (27 million euros), net of the cash flow for the period (net income plus amortisation) of 226 million euros, minority interest in net equity (2 million euros) and sales of tangible assets of 5 million euros. The increase in net debt, generated by the acquisitions of new companies made during the first nine months, amounted to approximately 75 million euros.

Net debt to 30th of September 2001 is represented by short term financial debts of 493 million euros (467 million at 31st of December 2000) and medium to long term debts of 153 million euros (113 million at 31st of December 2000).

The increase in net debt for the medium to long term can be attributed to long term contracts for the financing of the purchase of new companies.

In respect of 30th of June 2001, the net debt shows a 69 million euro increase, which is entirly due to the effects generated by the purchase of Moss Maritime and Petro-Marine.

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NEW ORDER<mark>S A</mark>ND BACKLOG

During the first nine months of 2001, Saipem was awarded new contracts totalling 1,815 million euros (935 million euros for the same period of 2000), of which 1,287 million euros refer to the Offshore sectors (Construction, Drilling and Floating Production).

The main contracts awarded during the third quarter of 2001 were:

Offshore Construction:

- the EPIC (Engineering, Procurement, Installation and Construction) Kizomba project, for the laying of pipes in Angola, on behalf of Exxon Mobil, through a joint venture with Bouygues Offshore Saibos;
- the Panyu project, for the insatllation of a platform in China, on behalf of Santa Fe Resources;
- the Peguin project, for the laying of a sealine in the North Sea, on behalf of Shell;
- the Adgf project, for the laying of a pipeline in Indonesia, on behalf of Conoco;
 - the charter of ROV (remotely operated vehicle), in the North Sea and the Gulf of Mexico, on behalf of Shell.

Floating Production:

 the EPIC project, for the supply and management of 2 FPSOs for the development of the offshore Nigeria, fields of Okono e Okpoho, on behalf of Agip Energy & Natural Resources Nigeria, through a joint venture with Single Buoy Moorings.

Offshore Drilling:

- the charter for three years of the jack up Perro Negro 2, in Saudi Arabia, on behalf of Saudi Aramco;
- the charter for one year of the semisubmersible platform Scarabeo 5, in Norway, on behalf of Saga;
- the charter for one year, with a two year option, for a platform package, offshore Libya, on behalf of Total:
- the charter for a further six months of the semisubmersible platform Scarabeo 6, in Norway, on behalf of Norsk Hydro;
- workover activities, in Congo, on behalf of Agip Recherches Congo.

Onshore Drilling:

- the charter of seven rigs for three years, with a further 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:
- the charter of six rigs for three years, in Peru, on behalf of Perez Companc;
- the charter of a rig for 7 months, in Algeria, on behalf of Broken Hill Properties.

Onshore Construction:

- the East-West project, for the conversion of an oil line to a gas line, in Saudi Arabia, on behalf of Saudi Aramco;
- the Harad Light Crude Increment project, for the installation, equipment and laying of three oil lines, in Saudi Arabia, on behalf of Snamprogetti;
- the installation of a compression train project, in Nigeria, on behalf of NAOC;

New orders at the end of September 2001 reached a record level of 3,123 million euros (*) (2,630 million euros at 31st of December 2000).

Subsequent to the closure of the quarter, new contracts amounting to 200 million euros were acquired, of which 126 million refer to Offshore Construction, 46 million to Onshore Drilling and 28 million to Onshore Construction.

The orders awarded were as follows:

Offshore Construction:

- the Chirag-Full Field Development Phase 1 project, for the transport and installation of teo platforms, in Azerbaijan, on behalf of A.I.O.C.;
- the Clair Phase 1 project, for the transport and installation of a platform and a template, in Great Britain, on behalf of British Petroleum.

Onshore Drilling:

- 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.

Onshore Construction:

- the Gas Pipeline to the West (section 3) project for the construction of a gas line, in Ireland, on behalf of Bord Gas Eireann.

MANAGEMENT EXPECTATIONS OF OPERATIONS FOR 2001

The target announced at the beginning of the year 2001 was to achieve a much higher operating income as compared with the year 2000. This was achieved during the first nine months of the year, inasmuch as result to 30^{th} of September 2001 indicates an operating income approximately 23% higher than for the whole of 2000.

The last quarter of 2001 will be greatly influenced by the Blue Stream project, during which the first of two gaslines, for the transport of gas from Russia to Turkey under the Black Sea, is being laid in ultra deep water (this line is currently being installed by the Saipem 7000 in water depth in excess of 2,000 m.).

Of particular importance, in terms of economic results are:

- the pipelay productivity, expressed in Km/day, of the vessel Saipem 7000,
- the result of negotiations with the client relating to additional costs deriving from the delay in the commencement of activities on the Russian side and to a lesser extent on the Turkish side, due to a delay in obtaining construction permits by the Client.

In view of the foregoing and based on current information, management expects an operating result for the 4^{th} quarter 2001 in line with the record level achieved in the 3^{rd} quarter 2001.

OPERATI<mark>NG</mark> REVIEW

OFFSHORE CONSTRUCTION

			(M)	illions of ed	
	Third quarter		First nine mo	First nine months	
	2000	2001	2000	2001	
Operating revenues	178	331	386	745	
Operating expenses, net of cost of materials	(112)	(222)	(245)	(473)	
Cost of materials	(18)	(38)	(59)	(110)	
Depreciation and amortisation	(14)	(20)	(41)	(54)	
Contribution from operations (*)	34	51	41	108	
Orders awarded to Saipem	151	333	488	837	

(*) Operating income before general and administrative expenses.

The backlog at 30th of September 2001 amounted to 1,364 million euros, of which 325 million euros will be executed in the last quarter of 2001.

- The Blue Stream project and the increased activities in West Africa and the Gulf of Mexico show 93% higher revenues than those for the corresponding period of 2000.
- Contribution from operations for the first nine months of 2001 amounted to 108 million euros, equal to 14.5% of revenues, versus the 41 million euros, equal to 10.6% of revenues, for the corresponding period of 2000. The improvement in profitability is mainly due to increased operational activities, which allowed a decrease of the idle costs and an improved operating efficiency.

FLOATIN<mark>G PRO</mark>DUCTION

			(Millions of euros	
	Third quarter		First nine m	First nine months	
	2000	2001	2000	2001	
Operating revenues	5	5	13	14	
Operating expenses	(1)	(1)	(2)	(3)	
Depreciation and amortisation	(3)	(3)	(8)	(8)	
Contribution from operations (*)	1	1	3	3	
Orders awarded to Saipem	-	174	-	174	

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

The backlog at 30th of September 2001 amounted to 189 million euros, of which 4 million euros will be executed during the last quarter of 2001.

- Revenues for the first nine months of 2001, as well as the associated profitability, do not show
 any noticeable variation in respect of that for the corresponding period of 2000, deriving from
 the same ongoing contract.
- The vessel, FPSO Firenze has operated for 273 days without interruption since the beginning of the year: the same performance was achieved during the first nine months of 2000.

OFFSHORE DRILLING

			(Mi	llions of eu
	Third quarter		First nine months	
	2000	2001	2000	2001
Operating revenues	54	75	159	219
Operating expenses	(30)	(42)	(89)	(114)
Depreciation and amortisation	(8)	(10)	(21)	(31)
Contribution from operations (*)	16	23	46	74
Orders awarded to Saipem	132	22	195	276

(*) Operating income before general and administrative expenses.

The backlog at 30th of September 2001 amounted to 610 million euros, of which 75 million euros will be executed during the last quarter of 2001.

- Revenues for the first nine months showed a 40% increase over the same period of 2000, mainly due to the availability use of the new deep water drilling vessels Saipem 10000 and Scarabeo 7 for the whole period, as compared with the year 2000 during which they were only operational during the third quarter. Additional revenues for the third quarter 2001 derive from reimbursement of costs sustained for the transfer of Perro Negro 2 and of Perro Negro 3 to new operational areas.
- Contribution from operations during the first nine months increased by 28 million euros versus the same period of 2000, with a proportion on revenues increasing from 29% to 34%, due to the effect of an increased use of the vessels and higher day rates.
- on the 17th of September 2001, the Saipem 10000 drillship accidentally lost a security apparatus (Blow Out Preventer B.O.P.) and the relative connecting system with the vessel (Riser) in approximately 2,000 metres of water, off the Equatorial Guinea coast. Recovery operations for the apparatus are being completed. At the moment, it is expected that repairs to the B.O.P. and substitution of the risers will allow Saipem 10000 to return to operations, towards the end of March / early April 2002 in terms of an ongoing contract which expires at the end of May 2006.

At that time, the vessel, will only be able to operate in waters up to approximately 1,700 metres, due to a lack of available risers.

Replacement of the capacity to operate in waters of up to 3,000 metres will occur gradually; and it is expected that the vessel will be fully operational by the end of October 2002.

Costs relative to the loss of equipment or their repair is covered by insurance.

Following the period during which the vessel is working on behalf of the insurers for the recovery of the lost equipment, up to 25/30 of November 2001, and a subsequent 28-day insurance exclusion period which will be charged to the 4th quarter 2001, the insurance provisions relating to loss of hire associated with temporary non use of the vessel, will allow Saipem to collect the full contractual rate for the vessel until 25/30 of March 2002.

Equipment utilisation was as follows:	
Vessel type	Days under contract
Semisubmersible platform Scarabeo 3	233 a
Semisubmersible platform Scarabeo 4	273
Semisubmersible platform Scarabeo 5	273
Semisubmersible platform Scarabeo 6	242 a
Semisubmersible platform Scarabeo 7	203 b
Drillship Saipem 10000	273 с
Jack up Perro Negro 2	238 a
Jack up Perro Negro 3	124 d
Jack up Perro Negro 4	273
Jack up Perro Negro 5	273

a - For the remaining 273 days, the vessel was being prepared for new contracts.

b - For the remaining 273 days, the vessel underwent upgrading activities in order to render it capable of working at depths of up to 1,500 metres off the coast of West Africa. During this period, the client paid a reduced tariff.

c - Included in the days during which the vessel worked to recover equipment on behalf of insurers.

d - For the remaining 273 days, the vessel underwent structural repairs.

ONSHORE DRILLING

			4)	Aillions of e	
	Third quarter		First nine mo	First nine months	
	2000	2001	2000	2001	
Operating revenues	33	41	94	115	
Operating expenses	(24)	(31)	(68)	(86)	
Depreciation and amortisation	(3)	(5)	(9)	(14)	
Contribution from operations (*)	6	5	17	15	
Orders awarded to Saipem	42	75	166	295	
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(*) Operating income before general and administrative expenses.

The backlog at 30th of September 2001 amounted to 307 million euros, of which 39 million euros will be executed during the last quarter of 2001.

- Revenues realised during the first nine months of 2001 were 22% higher than those for the same period of 2000, mainly due to the effect of contracts acquired in Saudi Arabia and Kazakhstan.
- Contribution from operations fell by 2 million euros versus the same period of 2000, from 18% to 13% of revenues, due to increased amortisation connected with capital expenditure realised for the execution of new contracts as well as initial costs associated with the start up of rigs which were previously idle.
- Average utilisation of land rigs during the fist nine months of 2001 was 70% (61% in the same period of 2000) distributed as follows; 14 in Peru, 4 in Italy, 3 in Nigeria, 3 in Algeria, 1 in Egypt, 2 in Kazakhstan and 3 in Saudi Arabia. In addition 8 third party rigs were operated by Saipem, 1 third party rig was operated in Peru by the joint company SaiPar in Kazakhstan. Finally, 5 jointly owned rigs were operated 1 in Italy, 1 in Venezuela and 3 in Kazakhstan.

ONSHORE CONSTRUCTION

			(M	illions of euros	
	Third quarter		First nine mo	First nine months	
	2000	2001	2000	2001	
Operating revenues	48	94	212	189	
Operating expenses, net of cost of materials	(30)	(60)	(143)	(117)	
Cost of materials	(14)	(20)	(46)	(43)	
Depreciation and amortisation	(5)	(5)	(12)	(13)	
Contribution from operations (*)	(1)	9	11	16	
Orders awarded to Saipem	55	30	86	233	

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

The backlog at 30th of September 2001 amounted to 653 million euros, of which 95 million euros will be executed during the last quarter of 2001.

- Operating activities relative to sizeable projects in Kazakhstan and Saudi Arabia resulted in significantly higher revenues during the third quarter of 2001 as compared with the same quarter of 2000, even though cumulative revenues to 30th of September 2001 were 11% lower than those for the preceding year.
- Contribution from operations for the first nine months of 2001 amounted to 16 million euros, equal to 8.5% of revenues, versus 11 million euros, equal to 5.2% of revenues, for the same period of 2000. The improved profitability was due to the focus upon complex projects in difficult areas, where the Group believes it has a competitive advantage.