Società per Azioni
San Donato Milanese,
Via Martiri di Cefalonia 67
Capitale sociale
euro 441.410.900 i.v.
Registro Imprese di Milano,
c. f. 00825790157
Tel. +39-025201
Fax +39-0252054295
www.saipem.eni.it

Saipem:
Board of Directors approves six-month report at June 30, 2009

- **Adjusted net profit for the first half of 2009 amounted to Euro 374 million, up 16.5% compared to the first half of 2008.**
- **Adjusted net profit for the second quarter of 2009 amounted to Euro 188 million, up 8% compared to the second quarter of 2008.**
- **New contracts won during the first half of 2009 amounted to Euro 5,068 million. The backlog at June 30, 2009 stood at Euro 19,015 million.**
- **Investments in the first half of 2009 amounted to Euro 880 million, compared to Euro 979 million in the first half of 2008.**

San Donato Milanese, July 29, 2009. The Board of Directors of Saipem S.p.A. today reviewed the Saipem Group consolidated Six-month Report at June 30, 2009, which has been prepared in compliance with the International Financial Reporting Standards and which is subject to a limited audit (almost completed). The report is subject to the company Statutory Auditors and Independent Auditors.

(million euro)

Q2 2008	Q1 2009	Q2 2009	Q2 2009 vs Q2 2008 (%)		H1 2008	H1 2009	H1 2009 vs H1 2008 (%)
2,383	2,578	2,580	8.3	Revenues	4,619	5,158	11.7
259	284	298	15.1	Operating profit	489	582	19.0
174	186	188	8.0	Adjusted net profit	321	374	16.5
174	186	188	8.0	Net profit	501	374	(25.3)
256	293	301	17.6	Adjusted cash flow	484	594	22.7
557	495	385	(30.9)	Investments	979	880	(10.1)
3,216	2,518	2,550	(20.7)	New contracts	5,471	5,068	(7.4)

As previously stated, revenues and associated profit levels, particularly in the Offshore and Onshore sectors, and, to a lesser extent, in the Drilling sector, are not consistent over time, as they are influenced not only by market performance but also by climatic conditions and individual project schedules. Consequently, the *results from any one particular fiscal period can vary significantly, thereby precluding a direct comparison with the same period in other fiscal years or extrapolation of figures from a single quarter to the entire year.*

Investments in the second quarter of 2009 amounted to Euro 385 million (Euro 557 million in the second quarter of 2008) and included:

- Euro 167 million in the Offshore sector relating mainly to the construction of a new pipelayer and an ultra-deepwater Field Development Ship, the development of a new fabrication yard in Indonesia, and maintenance and upgrading of the existing asset base;
- Euro 184 million in the Offshore Drilling sector, relating to the construction of two semi-submersible rigs, a new ultra-deepwater drillship and a jack-up, in addition to maintenance and upgrading of the existing asset base;
- Euro 29 million in the Onshore Drilling sector mainly relating to the upgrading and construction of three rigs;
- Euro 5 million in the Onshore sector for maintenance and upgrading of the existing asset base.

Investments in the first half of 2009 amounted to Euro 880 million, versus Euro 979 million in the first half of 2008.

Fleet expansion is progressing according to plan. The jack-up Perro Negro 6 is scheduled to be completed in September. A contract is under negotiation for its lease in West Africa from the end of October.
Saipem 12000 is due to complete sea trials at the end of March 2010. Transfer to West Africa will take approximately 1 month. The vessel is expected to start operations in May 2010.
The semi-submersible platform Scarabeo 8 is scheduled to be completed at the end of March 2010. Sea trials and transfer to the location indicated by the Client will take approximately 2 months. The vessel is expected to start operations in June 2010.
Scarabeo 9 is scheduled to be completed in April 2010. Sea trials will take approximately 1 month and operations are expected to start in South East Asia in June 2010.
In the Offshore sector, the construction of the FDS2, the CastorOne and the Diving Support Vessel are progressing, as well as the development of the new yard in Indonesia. Their expected delivery schedule is as previously announced.

Net financial debt at June 30, 2009 amounted to Euro 2,751 million, representing an increase of Euro 719 million from December 31, 2008, mainly attributable to investments made during the period, the distribution of dividends and a correction in working capital.

New contracts and backlog

During the second quarter of 2009, Saipem was awarded contracts which, net of the reduction relating to contracts already in the backlog, amounted to Euro 2,550 million (Euro 3,216 million in the second quarter of 2008). The Manifa contract on behalf of Saudi Aramco was successfully renegotiated, extending the timing of execution and transforming material procurement and sub-contracts from lump sum to open book, sharing any savings with the Client. Whereas the precise overall reduction in revenues and costs will only be known at the end of the project, an estimate of Euro 100 million has been assumed and recorded as a backlog reduction in this quarter.

New contracts awarded to the Saipem Group during the first half of 2009, net of the reduction relating to contracts already in the backlog, amounted to Euro 5,068 million (Euro 5,471 million in the first half of 2008).

The backlog of the Saipem Group at June 30, 2009 stood at Euro 19,015 million.

In July 2009 new contracts were acquired amounting to approximately Euro 800 million, principally in the Offshore sector. In addition the contract with ADDAX Petroleum for the two-year charter of Scarabeo 3 in Nigeria from July 2009, amounting to a total of USD 193 million was cancelled. This has occurred due to failure to obtain permission from the Nigerian Authorities for the rig to continue operations in the country, following revised interpretation of regulations aimed at "indigenizing" shallow water drilling. However, discussions with the Nigerian Authorities are progressing. Should an agreement be reached by the end of October, the vessel will resume operations in Nigeria under a new contract.

Management outlook for 2009 and medium-term outlook

Weakness in hydrocarbon demand is continuing as a result of the global economic crisis and there are no clear signs of recovery in the short-term. Oil prices are experiencing strong fluctuations due on the one hand to weakness in demand, while on the other to the prospect that a reduction in oil industry spending may lead to supply shortages in the medium-term with significant repercussions on share prices.
Oil companies react to this scenario of weak demand and oil price volatility by reducing investments and causing adverse market conditions for the oil service industry.
In 2009 Saipem continues to execute contracts largely acquired in the previous two years, when the market was particularly favourable. The quality of the backlog and the strong operating performance on projects under execution, underpin expectations of achieving largely positive results: revenues and operating profits are now expected to reach the record levels of last year. New contracts won in the first half of 2009 have enabled the backlog to remain at record levels, confirming the resilience of Saipem's model to the cyclical nature of the market.
Long-term presence in geographical areas and sectors due to attract significant investments even in a context of moderate oil prices, and the start of operations of new distinctive assets in 2010 and 2011 are expected to further strengthen Saipem's competitive position in the medium-term.
Investments on current projects for 2009 are confirmed to be in the region of Euro 1.6 billion. In addition, depending on the outcome of negotiations with a Client, a further Euro 0.1 billion may be added to cover this year's quota of the investment for the conversion of a tanker into an FPSO unit.

Additional information

As illustrated in the 2008 Annual Financial Statements, in February 2006, Saipem S.p.A. acquired from Eni S.p.A. the company Snamprogetti S.p.A., parent company of Snamprogetti Netherlands BV, which holds a 25% share in the companies comprising the TSKJ Consortium. U.S. and other countries Authorities, and the Public Prosecutor's office of Milan, are investigating alleged improper payments made by the TSKJ Consortium to certain Nigerian public officials. On 17th July 2009, upon receipt of a search and attachment warrant served on Saipem/Snamprogetti, the Company was informed that Milan's Public Prosecutor's office is investigating several persons, amongst whom is at least one former senior manager of Snamprogetti; previously, as far as the company knew, nobody was under formal investigation. The events under investigation cover the period since 1994 to the period subsequent to the introduction of Italian legislative decree 231 of 8th July 2001 on corporate administrative liability. A violation of Italian legislative decree June 8, 2001 n. 231 can result in the confiscation of criminal profits in addition to administrative penalties. During the preliminary investigations, the preventive attachment of such profits and other precautionary measures are possible.

Whatever the outcome of the proceedings, at the time of the sale of Snamprogetti, Eni agreed to indemnify Saipem against any possible costs it could incur in relation to the TSKJ matter.

This press release containing the consolidated results of the first half of 2009 (subject to a limited audit) constitutes the Interim Report pursuant to article 154-ter of Law 58/98. Economic and financial data have been prepared in compliance with the criteria set by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission, in accordance with art. 6 of EC Regulation no. 1606/2002 by the European Parliament and Council of Ministers on July 19, 2002. Data pertaining to the Income Statement refer to the first quarter, the second quarter and the first half of 2009 and the second quarter and the first half of 2008. Balance sheet data refer to June 30, 2009 and December 31, 2008. Financial tables match those contained in the Six-month and Annual Financial Report.

Saipem's Chief Financial Officer, Mr Giulio Bozzini, in his capacity as manager responsible for the preparation of the Company's financial reports, certifies, pursuant to art. 154-bis paragraph 2 of Legislative Decree no. 58/1998, that data and information disclosed in this press release correspond to the Company's evidence and accounting books and entries.

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, political instability in areas where the Group operates, and actions by competitors. Moreover, contract execution is also subject to variables outside the company's control, such as weather conditions. Actual results could therefore differ materially from the forward-looking statements.

Contact details
Website: www.saipem.eni.it
Switchboard: +39-025201
Shareholder Information:
Saipem S.p.A., Via Martiri di Cefalonia, 67 - 20097 San Donato Milanese (MI), Italy

Relations with institutional investors and financial analysts:
Tel.: +39-02520.34653
Fax: +39-02520.54295
E-mail: investor.relations@saipem.eni.it

Analysis by business sector

Offshore:

(million euro)

Q2 2008	Q1 2009	Q2 2009	Q2 2009 vs Q2 2008 (%)		H1 2008	H1 2009	H1 2009 vs H1 2008 (%)
885	1,005	1,192	34.7	Revenues	1,741	2,.197	26.2
(723)	(816)	(970)	34.2	Expenses	(1,426)	(1,786)	25.2
(42)	(50)	(48)	14.3	Depreciation and amortisation	(81)	(98)	21.0
120	139	174	45.0	Operating profit	234	313	33.8
18.3	18.8	18.6		EBITDA %	18.1	18.7	
13.6	13.8	14.6		EBIT %	13.4	14.2	
1,838	561	1,303		New contracts	3,419	1,864	

The backlog as at June 30, 2009 amounted to Euro 4,349 million, of which Euro 1,557 million is due to be realised in 2009.

- Revenues for the first half of 2009 amounted to Euro 2,197 million, representing a 26.2% increase compared to the same period of 2008, due mainly to higher levels of activity in West and North Africa, and in the Mediterranean Sea.

- Operating profit for the first half of 2009 amounted to Euro 313 million, equal to 14.2% of revenues, versus Euro 234 million, equal to 13.4% of revenues, in the first half of 2008. EBITDA margin stood at 18.7% compared to 18.1% for the same period of 2008. This increase in margin is attributable to improved contract conditions and a strong operational performance.

- The most significant contracts awarded in the second quarter include:
  - for Agip KCO, the Hook-Up and Commissioning project in Kazakhstan as part of the Kashagan field development experimental programme, comprising hook-up and commissioning of offshore facilities and pre-fabrication and completion of modules at the Kuryk yard in Kazakhstan. The contract was awarded in partnership with Aker Solutions;
  - for Premier Oil Natuna Sea BV, the EPIC project Gajah Baru in the West Natuna Sea offshore Indonesia, comprising engineering, procurement, installation and construction of two platforms, in addition to a connecting bridge and a 16" gas export pipeline. One of the platforms will be installed using the float-over method. The contract was awarded to a consortium with PT SMOE Indonesia, of which Saipem is the leader.

Onshore:

(million euro)

Q2 2008)	Q1 2009	Q2 2009	Q2 2009 vs Q2 2008 (%)		H1 2008)	H1 2009	H1 2009 vs H1 2008 (%)
1,269	1,307	1,099	(13.4)	Revenues	2,442	2,406	(1.5)
(1,186)	(1,217)	(1,025)	(13.6)	Expenses	(2,288)	(2,242)	(2.0)
(11)	(12)	(14)	27.3	Depreciation and amortisation	(23)	(26)	13.0
72	78	60	(16.7)	Operating profit	131	138	5.3
6.5	6.9	6.7		EBITDA %	6.3	6.8	
5.7	6.0	5.5		EBIT %	5.4	5.7	
591	1,621	719(*)		New contracts	1,055	2,340(*)	

(*) new contracts awarded in the second quarter of 2009 amounted to Euro 819 million, while contracts awarded in the first half of 2009 amounted to Euro 2,440 million, both of which have been reduced by Euro 100 million in respect of estimated decreased revenues on the Manifa project.

The backlog as at June 30, 2009 amounted to Euro 9,135 million, of which Euro 1,801 million is to be realised in 2009.

- Revenues for the first half of 2009 amounted to Euro 2,406 million, representing a 1.5% decrease compared to the same period of 2008, attributable mainly to the slippage of activities related to the Manifa project for Saudi Aramco.

- Operating profit for the first half of 2009 amounted to Euro 138 million, versus Euro 131 million in the first half of 2008, with the margin on revenues rising from 5.4% to 5.7%. EBITDA margin stood at 6.8% compared to 6.3% in the same period of 2008. This increase in margin is attributable to a strong operational performance.

- The most significant contracts awarded in the second quarter include:
  - for Sonatrach, the EPC contract in Algeria, for gas pipeline GK3 – lot 3, covering the engineering, procurement and construction of a gas transportation system. Lot 3 comprises a gas pipeline system from Mechtatine to Tamlouka in the northeast of Algeria, then connecting the latter to Skikda and El-Kala, located on the northeastern coast;
  - for Sonatrach, the EPC contract in Algeria, comprising engineering, procurement and construction of a marine export terminal for a future urea/ammonia plant to be built near the Algerian city of Arzew, approximately 400 kilometres west of Algiers.

Offshore Drilling:

(million euro)

Q2 2008	Q1 2009	Q2 2009	Q2 2009 vs Q2 2008 (%)		H1 2008	H1 2009	H1 2009 vs H1 2008 (%)
121	137	149	23.1	Revenues	238	286	20.2
(58)	(66)	(74)	27.6	Expenses	(115)	(140)	21.7
(15)	(23)	(23)	53.3	Depreciation and amortisation	(32)	(46)	43.8
48	48	52	8.3	Operating profit	91	100	9.9
52.1	51.8	50.3		EBITDA %	51.7	51.0	
39.7	35.0	34.9		EBIT %	38.2	35.0	
82	316	15		New contracts	213	331	

The backlog as at June 30, 2009 amounted to Euro 3,804 million, of which Euro 254 million is due to be realised in 2009.

- Revenues for the first half of 2009 amounted to Euro 286 million, representing a 20.2% increase on the same period of 2008, attributable mainly to the full-scale activities of the jack-ups Perro Negro 3 and Perro Negro 7 and the Tender Assisted Drilling Barge.
- Operating profit for the first half of 2009 amounted to Euro 100 million, compared to Euro 91 million in the first half of 2008, with a margin on revenues decreasing from 38.2% to 35.0%. EBITDA margin stood at 51.0% compared to 51.7% in the same period of 2008.
- Vessel utilisation in the first half 2009 and the impact of programmed maintenance for 2009 are as follows:

Vessel	***June 2009***		***Year 2009***
	Under contract (days)	***Idle***	***Idle due to class reinstatement works (days)***
Semi-submersible platform Scarabeo 3	181	–	–
Semi-submersible platform Scarabeo 4	82	99 **a**	222
Semi-submersible platform Scarabeo 5	181	–	–
Semi-submersible platform Scarabeo 6	181	–	108
Semi-submersible platform Scarabeo 7	162	19 **a**	19
Drillship Saipem 10000	181	–	–
Jack-up Perro Negro 2	90	91 **b**	–
Jack-up Perro Negro 3	181	–	–
Jack-up Perro Negro 4	181	–	30
Jack-up Perro Negro 5	181	–	–
Jack-up Perro Negro 7	181	–	–
Tender Assisted Drilling Barge	181	–	–

a = the vessel underwent class reinstatement works.
b = the vessel is not under contract from 1st April 2009.

Onshore Drilling:

(million euro)

Q2 2008	Q1 2009	Q2 2009	Q2 2009 vs Q2 2008 (%)		H1 2008	H1 2009	H1 2009 vs H1 2008 (%)
108	129	140	29.6	Revenues	198	269	35.9
(75)	(88)	(100)	33.3	Expenses	(138)	(188)	36.2
(14)	(22)	(28)	100.0	Depreciation and amortisation	(27)	(50)	85.2
19	19	12	(36.8)	Operating profit	33	31	(6.1)
30.6	31.8	28.6		EBITDA %	30.3	30.1	
17.6	14.7	8.6		EBIT %	16.7	11.5	
705	20	513		New contracts	784	533	

The backlog as at June 30, 2009 amounted to Euro 1,727 million of which Euro 244 million is due to be realised in 2009.

- Revenues for the first half of 2009 amounted to Euro 269 million, representing a 35.9% increase compared to the same period of 2008, mainly due to the start of operations of new rigs in South America and Ukraine.

- Operating profit for the first half of 2009 amounted to Euro 31 million, compared to Euro 33 million in the first half of 2008, with a margin on revenues decreasing from 16.7% to 11.5%. EBITDA margin stood at 30.1% in line with 30.3% for the same period of 2008. The increase in depreciation and amortisation is due to the start of operations of new rigs.

- The most significant contracts awarded in the second quarter include:
  - for Agip KCO, as part of the Kashagan field development in Kazakhstan, the five-and-a-half-year contract for the lease of two drilling rigs to be installed on artificial islands. These rigs are designed to operate in conditions specific to the north Caspian Sea, namely harsh climate and stringent environmental restrictions;
  - for Eni in Congo, the two-year contract for the lease of two drilling rigs, which had been previously used in Saudi Arabia. They will operate in the M'Boundi field, approximately 50 km north-east of Pointe Noire;
  - for the joint venture between First Calgary Petroleum and Sonatrach in Algeria, the three-year contract for the lease of two rigs. Drilling operations will be carried out in Block 405B located in the Berkine basin, approximately 350 km. south-west of Hassi Messaoud.

- Average utilisation of rigs in the first half of 2009 stood at 91.1% (98.9% in 2008). At the end of June 2009, the Company owned 78 rigs (in addition to 3 rigs under construction) located as follows: 30 in Venezuela, 17 in Peru, 8 in Saudi Arabia, 7 in Algeria, 3 in Kazakhstan, 3 in Brazil, 3 in Italy, 2 in Ukraine, 2 in Congo, 1 in Ecuador, 1 in Colombia and 1 in Egypt. In addition, 5 third-party rigs were deployed in Peru, 5 rigs by the joint-venture company SaiPar and 2 third-party rigs in Kazakhstan.

Attachments:

Reclassified consolidated balance sheet, consolidated income statements reclassified by nature and function of expenses and reclassified statement of cash flow.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	December 31, 2008		June 30, 2009	
Net tangible fixed assets		5,171		5,816
Net intangible fixed assets		755		757
		5,926		6,573
- Offshore	2,631		2,902	
- Onshore	497		477	
- Offshore Drilling	2,149		2,517	
- Onshore Drilling	649		677	
Financial investments		43		50
Non-current assets		**5,969**		**6,623**
Net current assets		**(1,054)**		**(726)**
Net assets available for disposal and associated net financial debt		**68**		**68**
Employee termination indemnities		**(173)**		**(177)**
CAPITAL EMPLOYED		**4,810**		**5,788**
Shareholders' equity		**2,757**		**3,000**
Minority interest in net equity		**21**		**37**
Net debt		**2,032**		**2,751**
COVER		**4,810**		**5,788**
Leverage (net debt/shareholders' equity)		**0.74**		**0.92**
SHARES ISSUED AND OUTSTANDING		**441,410,900**		**441,410,900**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(milion euro)

Q2 2008	Q1 2009	Q2 2009		H1 2008	H1 2009
2,383	2,578	2,580	Operating revenues	4,619	5,158
4	3	4	Other revenues and income	7	7
(1,711)	(1,817)	(1,783)	Purchases, services and other costs	(3,301)	(3,600)
(335)	(373)	(390)	Payroll and related costs	(673)	(763)
341	**391**	**411**	**GROSS OPERATING PROFIT**	**652**	**802**
(82)	(107)	(113)	Amortisation, depreciation and write-downs	(163)	(220)
259	**284**	**298**	**OPERATING PROFIT**	**489**	**582**
(24)	(26)	(29)	Financial expenses	(49)	(55)
8	3	7	Income from investments	10	10
243	**261**	**276**	**INCOME BEFORE INCOME TAXES**	**450**	**537**
(66)	(70)	(75)	Income taxes	(126)	(145)
177	**191**	**201**	**INCOME BEFORE MINORITY INTEREST**	**324**	**392**
(3)	(5)	(13)	Minority interest	(3)	(18)
174	**186**	**188**	**ADJUSTED NET PROFIT**	**321**	**374**
–	–	–	Capital gain from the disposal of non-core assets	185	–
–	–	–	Tax charge	(5)	–
174	**186**	**188**	**NET PROFIT**	**501**	**374**
256	**293**	**301**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**664**	**594**

CONSOLIDATED INCOME STATEMENT
RECLASSIFIED BY
FUNCTION OF EXPENSES

(million euro)

Q2 2008	Q1 2009	Q2 2009		H1 2008	H1 2009
2,383	2,578	2,580	Operating revenues	4,619	5,158
(2,035)	(2,206)	(2,175)	Production costs	(3,951)	(4,381)
(9)	(13)	(22)	Idle costs	(24)	(35)
(28)	(26)	(34)	Selling expenses	(56)	(60)
(3)	(3)	(2)	Research and development costs	(6)	(5)
(3)	(1)	(3)	Other operating expenses, net	(1)	(4)
305	**329**	**344**	**CONTRIBUTION FROM OPERATIONS**	**581**	**673**
(46)	(45)	(46)	General and administrative expenses	(92)	(91)
259	**284**	**298**	**OPERATING PROFIT**	**489**	**582**
(24)	(26)	(29)	Financial expenses	(49)	(55)
8	3	7	Income from investments	10	10
243	**261**	**276**	**INCOME BEFORE INCOME TAXES**	**450**	**537**
(66)	(70)	(75)	Income taxes	(126)	(145)
177	**191**	**201**	**INCOME BEFORE MINORITY INTEREST**	**324**	**392**
(3)	(5)	(13)	Minority interest	(3)	(18)
174	**186**	**188**	**NET PROFIT ADJUSTED**	**321**	**374**
–	–	–	Capital gain from the disposal of non-core assets	185	–
–	–	–	Tax charge	(5)	–
174	**186**	**188**	**NET PROFIT**	**501**	**374**
256	**293**	**301**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**664**	**594**

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

Q2 2008	Q1 2009	Q2 2009		H1 2008	H1 2009
174	186	188	Net profit	501	374
3	5	13	Minority interest	3	18
			Adjustments to reconcile cash generated from operating income before changes in working capital:		
80	107	111	Depreciation, amortisation and other non-monetary items	(24)	218
167	(271)	28	Variation in working capital relating to operations	165	(243)
424	**27**	**340**	**Net cash flow from operations**	**645**	**367**
(557)	(495)	(385)	Investments in tangible and intangible fixed assets	(979)	(880)
43	–	35	Disposals	323	35
(90)	**(468)**	**(10)**	**Free cash flow**	**(11)**	**(478)**
–	–	–	Buy-back of treasury shares	(14)	–
(192)	–	(239)	Cash flow from share capital and reserves	(192)	(239)
(6)	(14)	12	Effect of exchange rate differences and other changes on net debt	(12)	(2)
(288)	**(482)**	**(237)**	**Change in net debt**	**(229)**	**(719)**
1,635	**2,032**	**2,514**	**Net debt at beginning of period**	**1,694**	**2,032**
1,923	**2,514**	**2,751**	**Net debt at end of period**	**1,923**	**2,751**