Saipem:
Board of Directors approves Interim Report as of September 30, 2010
Record results in the first nine months of 2010

- **Adjusted net profit for the first nine months of 2010 reached a record level of Euro 591 million, an 8.6% increase compared to the first nine months of 2009.**
- **Adjusted net profit for the third quarter of 2010 amounted to Euro 211 million, a 24.1% increase compared to the third quarter of 2009.**
- **New contracts won during the first nine months of 2010 amounted to Euro 9,623 million (Euro 6,949 million in the first nine months of 2009), while the backlog at September 30, 2010 stood at Euro 20,150 million (Euro 18,354 million at September 30, 2009).**
- **Investments in the first nine months of 2010 amounted to Euro 1,153 million, compared to Euro 1,214 million in the first nine months of 2009.**
- **Reintegration of Board with co-optation of new Director**

San Donato Milanese, October 27, 2010. The Board of Directors of Saipem S.p.A. today approved the Saipem Group's Interim Report as of September 30, 2010 (not subject to audit).

(million euro)

Q3 2009	Q2 2010	Q3 2010	Q3 2010 vs Q3 2009 (%)		First nine months 2009	First nine months 2010	Sept 10 vs Sept 09 (%)
2,542	2,746	2,818	10.9	Revenues	7,700	8,203	6.5
395	453	471	19.2	EBITDA	1,197	1,335	11.5
284	331	339	19.4	Operating profit	866	966	11.5
170	198	211	24.1	Adjusted net profit	544	591	8.6
170	198	227	33.5	Net profit	544	607	11.6
281	320	343	22.1	Adjusted cash flow	875	960	9.7
334	370	371	11.1	Investments	1,214	1,153	(5.0)
1,881	4,381	2,564	36.3	New contracts	6,949	9,623	38.5

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 third quarter of 2010 amounted to Euro 371 million (Euro 334 million in the third quarter of 2009) and included:

- Euro 166 million in the Offshore sector relating mainly to the construction of a new pipelayer (CastorOne), an ultra-deepwater field development ship (FDS2), the conversion of a tanker into an FPSO unit, the development of a new fabrication yard in Indonesia, and the maintenance and upgrading of the existing asset base;
- Euro 7 million in the Onshore sector on maintenance of the existing asset base;
- Euro 139 million in the Offshore Drilling sector, mainly relating to the construction of two semi-submersible rigs, in addition to maintenance and upgrading of the existing asset base;
- Euro 59 million in the Onshore Drilling sector mainly relating to the construction of two rigs, and the upgrading of the existing asset base.

Investments in the first nine months of 2010 amounted to Euro 1,153 million, compared to Euro 1,214 million in the first nine months of 2009.

The investment plan in the third quarter 2010 progressed as follows:

- the Company took delivery of the new jack-up Perro Negro 8 from the Drydocks World Graha Shipyard (Indonesia). The rig was transferred to the Mediterranean Sea where she is due to begin operations on behalf of Eni in the coming days;
- the semi-submersible drilling platform Scarabeo 8 left the Fincantieri Shipyard in Palermo and is due to reach the Norwegian Westcon Shipyard on October 30, 2010. Works to be carried out at the Norwegian yard include the replacement of components damaged in the June fire, which, in the meantime, are being delivered by the suppliers. Subsequently, the platform will undergo commissioning and operational tests;
- the semi-submersible drilling platform Scarabeo 9 left the Yantai CIMC Raffles Shipyard (China) and is due to reach the Keppel Shipyard in Singapore in early November, where she will undergo commissioning and operational tests.

Disposal of non-core assets

The disposal of the minority holding (40%) in the French company Doris Engineering sa was finalised in the third quarter of 2010. The consideration amounted to Euro 30 million, which generated a capital gain of Euro 17 million.

Net financial debt at September 30, 2010 amounted to Euro 3,405 million, representing an increase of Euro 560 million from December 31, 2009, mainly attributable to investments made during the period and the distribution of dividends, only partially offset by the cash flow generated during the period.

New contracts and backlog

During the third quarter of 2010, Saipem was awarded contracts amounting to Euro 2,564 million (Euro 1,881 million in the third quarter of 2009).

New contracts awarded to the Saipem Group during the first nine months of 2010 amounted to Euro 9,623 million (Euro 6,949 million in the first nine months of 2009).

The backlog of the Saipem Group at September 30, 2010 stood at Euro 20,150 million (Euro 5,480 million in the Offshore sector, Euro 9,868 million in the Onshore sector, Euro 4,802 million in the Drilling sectors), of which Euro 2,405 million are due to be realised in the fourth quarter of 2010 and approximately Euro 8,200 million in 2011.

Management outlook for 2010

Results achieved in the first nine months of the year, the high level of backlog and strong operational performance from contracts under execution enable the management to forecast that improved expectations for 2010, announced upon the release of half-year results will be met (Revenues +5%; EBITDA +10%, Operating Profit +5%, Net Profit a slight increase), with room for further improvement.

Investments are confirmed at approximately Euro 1.5 billion.

Co-optation of new Director

Today the Board of Directors of Saipem S.p.A. co-opted as a Board Director Mr Umberto Vergine, replacing Jacques Yves Léost, who had resigned on 18 August 2010.

Mr Vergine will remain in office until the next General Shareholders' Meeting, in compliance with current legislation. He currently holds the position of Senior Executive Vice President for Studies and Research at Saipem's parent company Eni S.p.A.; for this reason the Board of Directors believes that the new Director does not meet the independence requirements.

Mr Vergine, a non-executive Director, is not a member of any internal committee. His résumé is posted on Saipem's website (www.saipem.eni.it).

This press release containing the consolidated results of the third quarter of 2010 (not subject to 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 third quarter of 2009, the second and third quarter of 2010 and the first nine months of 2009 and 2010. Balance sheet data refer to September 30, 2010 and December 31, 2009. Financial tables match those contained in the Half-year 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.

Saipem is organised into three Business Units: Offshore, Onshore 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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Analysis by business sector

Offshore:

(million euro)

Q3 2009	Q2 2010	Q3 2010	Q3 2010 vs Q3 2009 (%)		First nine months 2009	First nine months 2010	Sept 2010 vs Sept 2009 (%)
1,136	1,146	1,150	1.2	Revenues	3,333	3,309	(0.7)
(927)	(934)	(933)	0.6	Expenses	(2,713)	(2,694)	(0.7)
(49)	(52)	(56)	14.3	Depreciation and amortisation	(147)	(156)	6.1
160	160	161	0.6	Operating profit	473	459	(3.0)
18.4	18.5	18.9		EBITDA %	18.6	18.6	
14.1	14.0	14.0		EBIT %	14.2	13.9	
1,544	818	1,436		New contracts	3,408	3,359	

The backlog at September 30, 2010 amounted to Euro 5,480 million, of which Euro 964 million is due to be realised in the fourth quarter of 2010.

- Revenues for the first nine months of 2010 amounted to Euro 3,309 million, in line with the first nine months of 2009. The strongest performing areas were West Africa and Kazakhstan.

- Operating profit for the first nine months of 2010 amounted to Euro 459 million, equal to 13.9% of revenues, compared to Euro 473 million, equal to 14.2% of revenues, in the first nine months of 2009. EBITDA margin stood at 18.6% in line with the same period of 2009.

- The most significant contracts awarded in the third quarter include:

– for Agip KCO in Kazakhstan, an extension of the ‘Kashagan Trunklines’ contract for the installation of the pipeline system connecting the offshore production facilities. This will be conducted as part of the experimental phase of the Kashagan field development programme and is located in the Kazakh sector of the Caspian Sea. The contract encompasses the engineering, procurement, fabrication and installation of the production and service pipelines, umbilicals and power and fibre optic cables;

– for Petrobras the EPIC contract for the P55-SCR project, encompassing the engineering, procurement, transportation and offshore installation of flowlines and risers serving the semisubmersible platform P-55 to be installed in the Roncador field, in the Campos Basin, off the coast of the Rio de Janeiro State in Brazil.

Onshore:

(million euro)

Q3 2009	Q2 2010	Q3 2010	Q3 2010 vs Q3 2009 (%)		First nine months 2009	First nine months 2010	Sept 2010 vs Sept 2009 (%)
1,130	1,245	1,306	15.6	Revenues	3,536	3,861	9.2
(1,053)	(1,149)	(1,202)	14.2	Expenses	(3,295)	(3,563)	8.1
(12)	(9)	(11)	(8.3)	Depreciation and amortisation	(38)	(29)	(23.7)
65	87	93	43.1	Operating profit	203	269	32.5
6.8	7.7	8.0		EBITDA %	6.8	7.7	
5.8	7.0	7.1		EBIT %	5.7	7.0	
434	3,534	913		New contracts	2,774(*)	5,694	

(*) new contracts awarded in the first nine months of 2009 amounted to Euro 2,874 million, which had been reduced by Euro 100 million in respect of estimated decreased revenues on the Manifa project.

The backlog at September 30, 2010 amounted to Euro 9,868 million, of which Euro 1,046 million is due to be realised in the fourth quarter of 2010.

- Revenues for the first nine months of 2010 amounted to Euro 3,861 million, representing a 9.2% increase compared to the first nine months of 2009. This is largely due to higher levels of activity in North and West Africa.

- Operating profit for the first nine months of 2010 amounted to Euro 269 million, compared to Euro 203 million in the first nine months of 2009, with the margin on revenues rising from 5.7% to 7.0%. EBITDA margin stood at 7.7% up from 6.8% in the same period of 2009. This increase in margin is attributable to strong operational performance.

- The most significant contracts awarded in the third quarter include:

– for Polskie LNG, the EPC contract for the construction of a re-gasification terminal on the north-western coast of Poland. The contract encompasses the engineering, procurement and construction of re-gasification facilities, including two LNG storage tanks;

– for Sonatrach, the EPC contract for the LDHP project within the framework of the LPG-LDHP initiative, at the Hassi Messaoud complex in Algeria. The LDHP project encompasses the engineering, procurement and construction of an oil-gas separation plant and a gathering system made up of manifolds and pipelines;

– for the NNPC/Chevron Nigeria Limited Joint Venture, the EPC contract for the Olero Creek Restoration Project, for the refurbishment of production facilities in the Olero Creek swamp area in the Delta State, Nigeria;

– for the Port Autonome de Pointe Noire, the EPC contract for the reconstruction and extension of the Pointe Noire Container Quay, encompassing the engineering, procurement and construction of a combi-wall quay and accessory facilities.

Offshore Drilling:

(million euro)

Q3 2009	Q2 2010	Q3 2010	Q3 2010 vs Q3 2009 (%)		First nine months 2009	First nine months 2010	Sept 2010 vs Sept 2009 (%)
143	186	179	25.2	Revenues	429	525	22.4
(73)	(88)	(80)	9.6	Expenses	(213)	(244)	14.6
(24)	(33)	(35)	45.8	Depreciation and amortisation	(70)	(99)	41.4
46	65	64	39.1	Operating profit	146	182	24.7
49.0	52.7	55.3		EBITDA %	50.3	53.5	
32.2	34.9	35.8		EBIT %	34.0	34.7	
(101)(*)	9	167		New contracts	230(*)	316	

(*) new contracts awarded in the third quarter of 2009 amounted to Euro 32 million, while contracts awarded in the first nine months of 2009 amounted to Euro 363 million, both of which have been reduced by Euro 133 million in respect of the cancellation of the ADDAX contract for Scarabeo 3.

The backlog at September 30, 2010 amounted to Euro 3,569 million, of which Euro 206 million is due to be realised in the fourth quarter of 2010.

- Revenues for the first nine months of 2010 amounted to Euro 525 million, representing a 22.4% increase on the same period of 2009, attributable mainly to the full-scale activities of the jack-up Perro Negro 6 and the semi-submersible platforms Scarabeo 3 and Scarabeo 4, in addition to the start of operations for the drillship Saipem 12000.

- Operating profit for the first nine months of 2010 amounted to Euro 182 million, compared to Euro 146 million in the first nine months of 2009, with the margin on revenues rising from 34% to 34.7%. EBITDA margin stood at 53.5% up from 50.3% recorded in the same period of 2009. The increase in depreciation and amortization is due to new vessels commencing operations.

- The most significant contracts awarded in the third quarter include:

– for Total, the six-month lease of the jack-up Perro Negro 2 in the Arab Emirates;
– for Harrington Dubai, the eighteen-month lease of the jack-up Perro Negro 3 in the Persian Gulf;
– for Saudi Aramco, the three-year lease of the jack-up Perro Negro 5 in Saudi Arabia;
– for Eni, the one-year lease of the new jack-up Perro Negro 8 in Italy;
– for Addax, the six-month lease of the semi-submersible platform Scarabeo 3 in Nigeria.

- Fleet utilisation in the first nine months of 2010 and the impact of planned maintenance for 2010 are as follows:

Vessel	***September 2010***		***Year 2010***
	Under contract	***Idle***	***Idle due to class reinstatement works***
	(days)		***(days)***
Semi-submersible platform Scarabeo 3	273	–	–
Semi-submersible platform Scarabeo 4	273	–	–
Semi-submersible platform Scarabeo 5	273	–	–
Semi-submersible platform Scarabeo 6	255	18 *	18 *
Semi-submersible platform Scarabeo 7	273	–	–
Drillship Saipem 10000	177	96 *	96 *
Drillship Saipem 12000	55	–	–
Jack-up Perro Negro 2	262	11 *	11 *
Jack-up Perro Negro 3	242	31 *	31 *
Jack-up Perro Negro 4	273	–	–
Jack-up Perro Negro 5	174	99 *	109 *
Jack-up Perro Negro 6	273	–	–
Jack-up Perro Negro 7	273	–	–
Tender Assisted Drilling Barge	171	102 *	102 *

(*) = the vessel underwent/shall undergo class reinstatement works and/or preparation works for a new contract.

Onshore Drilling:

(million euro)

Q3 2009	Q2 2010	Q3 2010	Q3 2010 vs Q3 2009 (%)		First nine months 2009	First nine months 2010	Sept 2010 vs Sept 2009 (%)
133	169	183	37.6	Revenues	402	508	26.4
(94)	(122)	(132)	40.4	Expenses	(282)	(367)	30.1
(26)	(28)	(30)	15.4	Depreciation and amortisation	(76)	(85)	11.8
13	19	21	61.5	Operating profit	44	56	27.3
29.3	27.8	27.9		EBITDA %	29.9	27.8	
9.8	11.2	11.5		EBIT %	10.9	11.0	
4	20	48		New contracts	537	254	

The backlog at June 30, 2010 amounted to Euro 1,233 million, of which Euro 189 million is due to be realised in the fourth quarter 2010.

- Revenues for the first nine months of 2010 amounted to Euro 508 million, representing a 26.4% increase compared to the same period of 2009, mainly due to new rigs commencing operations in South America and Congo, and refurbishment works on two client-owned rigs in Kazakhstan.

- Operating profit for the first nine months of 2010 amounted to Euro 56 million, compared to Euro 44 million in the first nine months of 2009, with a margin on revenues rising from 10.9% to 11.0%. EBITDA margin stood at 27.8% compared to 29.9% of the same period of 2009. The increase in depreciation and amortisation is due to new rigs commencing operations.

- Average utilisation of rigs in the first nine months of 2010 stood at 95.2% (91.9% in the first nine months of 2009). At the end of September 2010, the Company owned 85 rigs (in addition to 2 rigs under construction) located as follows: 28 in Venezuela, 18 in Peru, 8 in Saudi Arabia, 7 in Algeria, 6 in Colombia, 4 in Italy, 3 in Kazakhstan, 3 in Brazil, 3 in Ecuador, 2 in Ukraine, 2 in Congo, and 1 in Bolivia. In addition, 5 third-party rigs were deployed in Peru, 4 rigs owned 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, 2009		**September 30, 2010**
Net tangible fixed assets		6,295		7,138
Net intangible fixed assets		756		754
		7,051		7,892
- Offshore	3,105		3,484	
- Onshore	464		451	
- Offshore Drilling	2,750		3,124	
- Onshore Drilling	732		833	
Financial investments		118		111
Non-current assets		**7,169**		**8,003**
Net current assets		**(647)**		**(515)**
Employee termination indemnities		**(182)**		**(178)**
CAPITAL EMPLOYED		**6,340**		**7,310**
Shareholders' equity		**3,434**		**3,797**
Minority interest in net equity		**61**		**108**
Net debt		**2,845**		**3,405**
COVER		**6,340**		**7,310**
Leverage (net debt/shareholders' equity)		**0.83**		**0.90**
SHARES ISSUED AND OUTSTANDING		**441,410,900**		**441,410,900**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million euro)

Q3 2009	Q2 2010	Q3 2010		First nine months 2009	First nine months 2010
2,542	2,746	2,818	Operating revenues	7,700	8,203
4	4	4	Other revenues and income	11	9
(1,787)	(1,889)	(1,956)	Purchases, services and other costs	(5,387)	(5,696)
(364)	(408)	(395)	Payroll and related costs	(1,127)	(1,181)
395	**453**	**471**	**GROSS OPERATING PROFIT**	**1,197**	**1,335**
(111)	(122)	(132)	Amortisation, depreciation and write-downs	(331)	(369)
284	**331**	**339**	**OPERATING PROFIT**	**866**	**966**
(27)	(35)	(27)	Financial expenses	(82)	(90)
3	3	4	Income from investments	13	8
260	**299**	**316**	**INCOME BEFORE INCOME TAXES**	**797**	**884**
(71)	(83)	(90)	Income taxes	(216)	(248)
189	**216**	**226**	**INCOME BEFORE MINORITY INTEREST**	**581**	**636**
(19)	(18)	(15)	Minority interest	(37)	(45)
170	**198**	**211**	**ADJUSTED NET PROFIT**	**544**	**591**
–	–	17	Capital gain from the disposal of non-core assets	–	17
–	–	(1)	Tax charge	–	(1)
170	**198**	**227**	**NET PROFIT**	**544**	**607**
281	**320**	**343**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**875**	**960**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

Q3 2009	Q2 2010	Q3 2010		First nine months 2009	First nine months 2010
2,542	2,746	2,818	Operating revenues	7,700	8,203
(2,144)	(2,287)	(2,373)	Production costs	(6,525)	(6,887)
(33)	(31)	(32)	Idle costs	(68)	(94)
(27)	(41)	(30)	Selling expenses	(87)	(104)
(7)	(2)	(3)	Research and development costs	(12)	(9)
(2)	(7)	5	Other operating income (expenses), net	(6)	(5)
329	**378**	**385**	**CONTRIBUTION FROM OPERATIONS**	**1,002**	**1,104**
(45)	(47)	(46)	General and administrative expenses	(136)	(138)
284	**331**	**339**	**OPERATING PROFIT**	**866**	**966**
(27)	(35)	(27)	Financial expenses	(82)	(90)
3	3	4	Income from investments	13	8
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281	**320**	**343**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**875**	**960**

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

Q3 2009	Q2 2010	Q3 2010		First nine months 2009	First nine months 2010
170	198	211	Net profit	544	607
19	18	15	Minority interest	37	45
			Adjustments to reconcile cash generated from operating income before changes in working capital:		
103	122	114	Depreciation, amortisation and other non-monetary items	321	351
(106)	(16)	(144)	Variation in working capital relating to operations	(349)	(208)
186	**322**	**196**	**Net cash flow from operations**	**553**	**795**
(334)	(370)	(371)	Investments in tangible and intangible fixed assets	(1,214)	(1,153)
–	3	30	Disposals	35	33
(148)	**(45)**	**(145)**	**Free cash flow**	**(626)**	**(325)**
3	16	4	Buy-back of treasury shares/Exercise of stock options	3	20
–	(240)	–	Cash flow from share capital and reserves	(239)	(240)
48	(34)	49	Effect of exchange rate differences and other changes on net debt	46	(15)
(97)	**(303)**	**(92)**	**Change in net debt**	**(816)**	**(560)**
2,751	**3,010**	**3,313**	**Net debt at beginning of period**	**2,032**	**2,845**
2,848	**3,313**	**3,405**	**Net debt at end of period**	**2,848**	**3,405**