

**Consolidated and Statutory Financial statements of Saipem S.P.A. at December 31, 2016 -
Information Pursuant to art. 154-ter, subsection 7, of Italian legislative decree no. 58/98**

San Donato Milanese (Milan), March 5, 2018 - Saipem SpA (hereinafter "Saipem" or the "Company"), issuer of shares negotiated on the MTA of the Italian Stock Exchange, notes the following.

Given that

- a. on January 30, 2018, Consob, having concluded its inspection commenced on November 7, 2016 (which ended on 23 October, 2017) and of which information was given in the Annual Report 2016, has informed Saipem that it has detected non compliances in "the Annual Report 2016, as well as in the Interim Consolidated Report as of June, 30 2017" with the applicable international accounting principles (IAS 1 "Presentation of Financial Statements"; IAS 34 "Interim financial reporting"; IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" par. 5, 41 and 42; IAS 36 "Impairment of Assets" par. 31, 55-57) and, consequently, has informed Saipem about the commencement "of proceedings for the adoption of measures pursuant to art. 154-ter, subsection 7 of Legislative Decree no. 58/98";
- b. with notes of February 13 and 15 2018, the Company transmitted to Consob its own considerations in relation to the remarks formulated by the Offices of Consob, highlighting the reasons for which it does not share such remarks;
- c. on March 2, 2018, the Commission of Consob, partially accepting the remarks of the Offices of Consob, informed Saipem of its own resolution no. 20324 (the "Resolution"), with which it ascertained the "non conformity of the Saipem's Annual Report 2016 with the regulations governing their predisposition", without censuring the correctness of the Interim Consolidated Report as of June 30, 2017;
- d. according to the Resolution, the non-conformity of the Saipem's Annual Report 2016 with the regulations which govern its predisposition, concerns in particular: (i) the incorrect application of the accounting principle of the accrual basis of accounting affirmed by the accounting principles IAS 1; (ii) the failed application of the accounting principle IAS 8 in relation to the correction of errors with reference to the financial statements of 2015 and (iii) the estimation process of the discount rate pursuant to the accounting principles IAS 36;

- e. Consob has therefore asked the Company, pursuant to art. 154-ter, subsection 7, of legislative Decree no. 58 of 1998, to disclose the following elements of information to the market:
- (i) the shortcomings and criticalities revealed by Consob in relation to the accounting correctness of the financial statements mentioned above;
 - (ii) the applicable international accounting principles and the violations detected in relation thereto;
 - (iii) the illustration, in an appropriate pro-forma consolidated income statements and balance sheet - with comparative data - of the effects that accounting in compliance with the regulations would have produced on 2016 balance sheet, income statement and shareholders' equity, for which incorrect information was supplied.

Given all of the above, Saipem hereinafter provides the information requested by the Consob resolution.

A. Shortcomings and criticalities revealed by Consob regarding the correctness of accounting in the 2016 consolidated and statutory financial statements.

The shortcomings and criticalities encountered by Consob with regard to the 2016 consolidated and statutory financial statements can be substantially attributed to the following two items:

- a) non-compliance of the "2016 consolidated and statutory Saipem SpA financial statements with reference to the comparative data for the financial year 2015",
- b) non-compliance of the process of estimation of the discount rate underpinning the 2016 impairment test with accounting principle IAS 36 which requires that the company must "apply the appropriate discount rate to ... future cash flows".

With regard to point a), the contestation concerns the non-compliance of the 2016 consolidated and statutory financial statements with:

- i. IAS 1, par. 27, according to which "An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting." and par. 28, according to which "When the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework."

and

- ii. IAS 8, par. 41, according to which "material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period" and par. 42 according to which "the entity must correct the material errors for the previous financial years retroactively in the first financial statements authorised for publication after their discovery as follows: a) by newly determining the comparative figures for the financial year/years prior to the one in which the error was committed [...]"

In substance, in Consob's opinion, the circumstances at the basis of some of the write-downs recognised in the 2016 financial statements already existed, wholly or in part, when preparing 2015 financial statements. Indeed, Consob alleges that the Company approved 2016 consolidated and statutory financial statements without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous administrative period, in relation to the following items:

- "properties, plants and equipment";
- "inventories";
- "tax assets"

With regard to point sub b), Consob alleges that the Company, for the purposes of the impairment test: (i) used a sole rate to actualise business unit cash flows, characterised by a different risk profile; (ii) did not consider the country risk in relation to some assets operating in specific geographical areas over a long period of time; (iii) did not take into account the significant changes in Company risk profile subsequent to the transaction that determined the deconsolidation of Saipem from the Eni group.

B. The applicable accounting standards and the violations encountered in relation thereto

Consob holds that the 2016 consolidated and statutory financial statements of Saipem at December 31, 2016, were not compliant with the following accounting principles: IAS 1; IAS 8; IAS 36.

Specifically, Consob has observed that the Company approved 2016 consolidated and statutory financial statements of 2016 without having corrected the "material errors" contained in the consolidated and statutory financial statements of the previous period, in relation to the following items:

- "properties, plants and equipment";
- "inventories";
- "tax assets"

With reference to the item "properties, plants and equipment" for 2015, Consob alleges the incorrect application of IAS 16 Accounting Principle "properties, plants and equipment" and of IAS 36.

Specifically, Consob alleges that some write offs (totalling approximately 1.3 billion euro) carried out by the Company on "properties, plants and equipment" in the 2016 consolidated financial statements 2016 should have been accounted for, at least in part, in the previous financial year.

In particular Consob alleges:

(i) The non-correct application of IAS 36 with reference to the impairment test relating to the evaluation of some assets registered as "properties, plants and equipment" of the Offshore Drilling business unit and with respect to the assets registered in the Offshore and Onshore Engineering and Construction business units. Consob's remarks refers to the methods of cash flow estimation expected from the use of said assets for the purposes of the application of the impairment test with respect to the financial year

2015 and specifically to the incorrect application of IAS 36: (a) par. 33, let. a), according to which “In measuring value in use an entity shall:

(a) base cash flow projections on reasonable and supportable assumptions that represent management’s best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight shall be given to external evidence” .

(b) par. 34 in the part that requires that management assesses the reasonableness of the assumptions on which its current cash flow projections are based by examining the causes of differences between past cash flow projections and actual cash flows. Management shall ensure that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes, provided the effects of subsequent events or circumstances that did not exist when those actual cash flows were generated make this appropriate; (c) par. 35 in the part that refers to the approach to be followed when use is made of cash flow projections for a period of over five years, highlighting that said approach is allowed “if [the entity] is confident that these projections are reliable and it can demonstrate its ability, based on past experience, to forecast cash flows accurately over that longer period.”

(ii) the non-correct application of IAS 16, paragraphs. 51, 56 and 57 with reference to useful residual life of some assets registered as “properties, plants and equipment” of the Onshore Drilling business unit, of the Engineering & Construction Offshore business unit and of the Onshore Engineering and Construction business unit. Consob’s remarks concern the circumstances that the review of the estimation of the useful residual life of assets cited (reported in the 2016 financial statements) should have already been done in the financial year 2015. Specifically, Consob alleges that IAS 16: (a) par. 51 was not correctly applied in the part that requests that “The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*”; (b) par. 56 in the part that requires that “The future economic benefits embodied in an asset are consumed by an entity principally through its use. However, other factors, such as technical or commercial obsolescence and wear and tear while an asset remains idle, often result in the diminution of the economic benefits that might have been obtained from the asset”; par. 57 in the part that requires that “The useful life of an asset is defined in terms of the asset’s expected utility to the entity. The asset management policy of the entity may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the entity with similar assets.”

As a consequence of the above mentioned remarks, Consob likewise does not share the economic competence of the write off included in the 2016 consolidated and statutory financial statements with reference to some inventories and to a positive deferred tax asset (totalling approximately 0.1 billion

euro) related to the items criticized by Consob for which the economic competence of the write off according to Consob should have been accounted for in the 2015 financial year

Consob notes in this regard:

(i) IAS 2 par. 9, that "Inventories shall be measured at the lower of cost and net realisable value" and at par. 30 that "Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise."

(ii) IAS 12 in the part that requires at par. 34 that "A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised" and that "to the extent that it is not probable that taxable profit will be available against which unused tax losses or unused tax credits can be utilized, the deferred tax asset is not recognised"

Furthermore, Consob criticizes the process of estimating the discount rate at the base of the impairment test for the financial year 2016, in so far as it is characterised by an approach that is not compliant with accounting principle IAS 36 which requires that the Company "must apply the discount rate appropriate to the future financial cash flows". More precisely, with respect to the financial year 2016 Consob does not share the fact that the Company, with reference to the execution of the impairment test: (i) has used a single rate to discount cash flows of different business units which are characterized by different risk profiles; (ii) has not considered the country risk in relation to some assets operating in specific geographical areas over a long period of time.

In relation to the above, Consob also alleges the violation of the principle of correct representation of the Company's situation which would not guarantee the observance of fundamental assumptions and qualitative characteristics of information.

Consob believes, in fact, that the importance of the errors and the significance of the shortcomings can likewise determine the non-compliance of the aforementioned financial statements with the requirements of reliability, prudence and completeness, pursuant to principle IAS 1.

C. Illustration, in an appropriate pro-forma consolidated income statements and balance sheet - with comparative data - of the effects that accounting in compliance with the regulations would have produced on 2016 balance sheet, the income statement and shareholders' equity, for which incorrect information was supplied.

While not sharing the judgement of non-compliance of the 2016 consolidated and statutory financial statements put forward by Consob in its Resolution, and while reserving its right to any action, including the evaluation of a remedy of a judicial nature, Saipem communicates that, for the sole purposes of complying with the Resolution, it will publish, with markets closed, in a reasonable time frame given the complexity of the activities to be performed, and in any case within 3 weeks from today, by way of an

dedicated press release, a consolidated pro-forma 2016 profit and loss and balance sheet, which takes into account the remarks by Consob as illustrated previously.

Saipem points out that the 2015 and 2016 consolidated and statutory financial statements of the Company were subject to audit and that the auditors in charge of the review confirmed that the 2015 and 2016 consolidated and statutory financial statements were prepared in compliance with international accounting principles.

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The Board of Directors of Saipem, having met on March 4, 2018, in approving the text of this Press Release, has confirmed both the date of the Board meeting of March 5, 2018, having as its subject matter the approval of the financial statements of 2017, and the date of March 6, 2018 for the issuance of the related Press Release and the programmed conference call with analysts.

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Saipem is one of the world leaders in drilling services, as well as in the engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the oil & gas market. The company has distinctive competences in operations in harsh environments, remote areas and deepwater. Saipem provides a full range of services with "EPC" and "EPCI" contracts (on a "turn-key" basis) and has distinctive capabilities and unique assets with a high technological content.

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Consolidated and Statutory Financial Statements of Saipem S.P.A. at 31 December 2016 - Information pursuant to Art. 154-ter, subsection 7, of legislative Decree No. 58/98

San Donato Milanese (MI), March 21, 2018 - With reference to the press release dated March 5, 2018, with which the market was notified that, for the sole purposes of complying with Consob resolution no. 20324 (the "Resolution") concerning the alleged "*non-compliance of Saipem's 2016 Consolidated and Statutory Financial Statements with the regulations governing their drafting*", the Company would publish, within three weeks, and by means of an appropriate press release, a pro forma Consolidated Income Statement and Balance Sheet as at December 31, 2016, which would take into account the remarks formulated by the Authority, the following should be noted.

For the purposes of ensuring a correct interpretation, and in order to implement the findings of the Resolution, today the Company has filed a petition with Consob in order to obtain interpretative clarifications suitable for overcoming the technical and evaluation complexities related to the findings of the Authority and to be able, in this way, to inform the market correctly. For this reason, the Company will publish, in a timely manner, by means of an appropriate press release, the pro forma Consolidated Income Statement and Balance Sheet as at December 31, 2016 also with the aim of taking into account the dialogues with the Authority.

The Company reaffirms that it does not share - and has no intention of accepting - the judgement of non-compliance of the Consolidated and Statutory Financial Statements as at December 31, 2016, put forward by Consob in the Resolution - financial statements which, moreover, were approved respectively by the Board of Directors on March 16, 2017 and by the Shareholders' Meeting of April 28, 2017, and which were the subject matter of the audit report of the external auditor pursuant to Articles 14 and 16 of Legislative Decree no. 39 of 27.1.2010, issued on April 3, 2017 - and likewise confirms that it has instructed its lawyers to challenge the Resolution in the competent courts.

Saipem is one of the world leaders in drilling services, as well as in the engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the oil & gas market. The company has distinctive competences in operations in harsh environments, remote areas and deep water. Saipem provides a full range of services with "EPC" and "EPCI" contracts (on a "turn-key" basis) and has distinctive capabilities and unique assets with a high technological content.

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CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS OF SAIPEM S.P.A. AS OF DECEMBER 31, 2016 - INFORMATION PURSUANT TO ART. 154-TER, SUBSECTION 7 OF ITALIAN LEGISLATIVE DECREE NO. 58/98 - 2016 PRO-FORMA CONSOLIDATED FINANCIAL REPORTS

San Donato Milanese (MI), April 16, 2018 - Saipem S.p.A. (hereinafter also "Saipem" or the "Company"), a company listed on the MTA of the Italian Stock Exchange, communicates the following.

1. Provided that:

- a. on March 5, 2018, in compliance with Consob resolution no. 20324 (the "Resolution"), according to which Consob "affirmed" the "non-conformity of Saipem's 2016 consolidated and statutory financial statements with the regulations governing their preparation", Saipem informed the market of the following data elements: (i) the shortcomings and criticalities revealed by Consob concerning the correctness of the accounting in the aforementioned financial statements, and (ii) the applicable international accounting standards and the violations detected by Consob in relation thereto;
- b. in the press release dated March 5, 2018, Saipem anticipated its intention to illustrate, in a subsequent press release, considering the complexity of the activities to be carried out, and in any case within 3 weeks from March 5, 2018, after the closure of the stock exchange, the pro-forma consolidated income statement and balance sheet as of December 31, 2016 that would take into account the issues reported by the Authority, illustrated in the press release dated March 5, 2018;
- c. on March 21, 2018, Saipem issued a dedicated formal request to Consob to receive interpretative clarification in relation to the remarks formulated by the Authority with the Resolution related to the alleged "non-conformity of Saipem's 2016 consolidated and statutory financial statements with the regulations governing their preparation";
- d. on April 13 2018, Consob responded to such request (the "Reply");
- e. on the same date the Company informed the market that, as a result of this response, it would publish in a timely manner the *pro-forma* consolidated income statement and balance sheet as of December 31, 2016 for the sole purpose of complying with the Resolution, whilst at the same time reiterating, on the one hand, that it does not share - and has no intention to accept - the judgement of non-compliance of the Consolidated and Statutory Financial Statements at December 31, 2016, put forward by Consob in the Resolution, and on the other, that it has instructed its lawyers to appeal the Resolution in the competent courts;

the criteria used for preparing Saipem's pro forma consolidated income statement and balance sheet as of December 31, 2016, that is published for the sole purpose of complying with the Resolution, will be illustrated below.

2. As widely argued in its own formal request to Consob, Saipem illustrated that it found itself with the objective difficulty of reconstructing the scope of the Resolution in the part in which it prescribes the publication of a consolidated income statement and balance sheet as of December 31, 2016, that takes into account the remarks formulated by the Authority and nevertheless in the objective technical difficulty of fulfilling it.

In particular, in its interpretative request, Saipem illustrated that it found itself with the objective difficulty, for the purposes of preparing the pro-forma financials, of redetermining the cash flows relating to the *assets* and *Offshore* and *Onshore Engineering&Construction* business units on which Consob had formulated censures, *"repositioning itself within the actual time frame of the moment in which the 2016-2019 industrial plan was drawn up"*. According to Saipem, the exercise for the preparation of the 2016-2019 strategic plan, *"although technically feasible in abstract terms, as a mere simulation exercise, would lead to results lacking acceptable credibility"*.

The difficulty of retrospective application of the accounting evaluations undertaken in the 2016 accounting period (and in the 2015 accounting period) goes back to the circumstance that is impossible or nonetheless difficult and significantly affected by elements of evaluative subjectivity, to distinguish, as required by IAS 8, para. 52, for the retrospective evaluations, the information that *"a) provides evidence of circumstances that existed on the date(s) as at which the transaction, other event or condition occurred, and (b) would have been available when the financial statements for that prior period were authorised for issue"*, from the hindsight that subsequently became available. On the other hand, as indicated in para. 53 of IAS 8 *"hindsight should not be used when applying a new accounting policy to, or correcting amounts for, a prior period, either in making assumptions about what management's intentions would have been in a prior period or estimating the amounts recognised, measured or disclosed in a prior period"*.

For this case, the above mentioned criticalities indicated by the accounting practices in the retrospective application of an estimate are all, in the Company's opinion, totally sound, regardless of the circumstance of sharing the remarks contained in the Resolution. In other words, for this case, there are numerous and significant objective operational difficulties even for the sole purpose of indicating the accounting effects of Consob's remarks (that the Company does not share, nor intends to make its own).

More precisely, and in specific detail, there are significant difficulties in redetermining the cash flows relating to assets in relation to which Consob requests a representation of the effects of the remarks contained in the Resolution, with the mindset and perspective existing at the moment of the elaboration of the 2016-2019 industrial plan.

Saipem, in particular, deems it appropriate to highlight that the process for the preparation of the estimates for the 2016-2019 industrial plan has resulted from a discussion between the competent structures for each *business* segment and the COO as well as the CEO, with the support of the corporate structures, being such discussion influenced by a number of external/exogenous factors characterised by high uncertainty and variability, which are interconnected and dependent on a number of elements that are difficult to ascertain or to be estimated only on the basis of valuation algorithms or formulas. Factors such as the evolution expected in the macroeconomic scenario, the oil price, investments by clients, relations with major clients, the behaviour of major competitors, etc.

The factors of an exogenous and endogenous nature that characterised the preparation process of the 2016-2019 industrial plan are not replicable *"now for then"*, without inevitably being influenced by the subsequent decision-making processes, as well as by the exogenous and endogenous evidence that occurred subsequently.

According to Saipem, the exercise for the redrafting of the 2016-2019 strategic plan, although technically feasible in abstract terms, as a mere simulation exercise, would lead to results lacking acceptable credibility as they would intrinsically be flawed by serious elements of distortion. The parameters involved in the redrafting of the strategic plan for Vessels include, purely by way of example, the level of the Plan dayrates and of the long-term dayrates, the levels of vessel utilization, operating costs, investments, the resulting operating management initiatives, etc. (all together the "Estimate Parameters"). The Estimate Parameters constitute a unitary, interconnected and coherent set of elements that would have to be modified in a precise *"now for then"* manner, while still maintaining the same series of overall expectations and information available as back then. Such an exercise would necessarily be distorted by the knowledge of the evolutionary elements of the context, the scenario, the information and expectations of *management* inevitably linked to the time which has elapsed between the date of drafting

the *impairment test* at the time of drawing up the 2015 financial statements and the present. Moreover, a theoretical exercise of mere numerical processing would be devoid of the necessary objectivity and would not allow for a reliable and credible estimate. Given this reference context, any choice made "now for then" would inevitably be influenced by "*information known in hindsight*", such as (only to indicate the most relevant) information concerning the assumptions, hypotheses and estimates underlying the subsequent 2017-2020 strategic plan, on the basis of which the 2016 financial statement impairments were made.

Ultimately Saipem believes that the conditions exist as set out in paragraphs 50-53 of IAS 8 making it impossible to retroactively apply the assessments made in the 2016 (and 2015) financial year; and this regardless of the sharing of Consob's remarks.

Saipem, in its interpretative request, also informed Consob that the choices regarding the assumptions, hypotheses and estimates on expected future cash flows referring to *business, cash generating units, individual assets*, to be subjected to the *impairment test* in order to check whether the related accounting values must be subject to an impairment - as stated in the remarks referred to in the Resolution - also have repercussions on the methods for estimating the discount rate of these flows ("*WACC*").

In fact, it is known that the result of an *impairment test* is the result of assumptions, hypotheses, estimates that correlate with each other and constitute, all together considered, functional parameters for estimating a single value, i.e. the *value in use* of a specific *asset / business unit*.

In this regard, it should be underlined that the value attributed to each of the parameters used in the assessment process must be valued, as is clear from IAS 36, not only (and not so much) per se, but with reference to the full set of evaluation choices made. In other words, the value attributed to each of the *impairment test* parameters must be valued also taking into account the criteria adopted for the definition of the value attributed to the other parameters, being these not the object of the analysis, but only a means for reaching the definition of a value, the estimate of the *value in use* of an *asset / business unit*, the determination of which is the result of a complex economic reasoning based on the ability of the *cash generating unit* to generate future economic benefits for the entity carrying out the *impairment test*.

Saipem has therefore proposed to Consob to comply with the provisions contained in the Resolution concerning the estimate of the discount rate by providing exclusively in the notes on the pro-forma financials a sensitivity analysis on the effects linked to the estimate of a specific rate for each *business unit* and the country risk calculation. Therefore, the Company has proposed not to consider the impact linked to the discount rate in the pro-forma accounts.

3. In the Reply, Consob answered these arguments stating that, in its opinion, "*the provisions envisaged in paragraphs 50-53 of IAS 8 cannot be raised in the case in question, given that the Company, as clarified in the Resolution, disposes of the information and the tools needed to correct the error in compliance with the applicable international accounting standards, both in terms of vessels (...) and with reference to the impairment test of the Offshore and Onshore E&C business units*".

Furthermore, the Authority deemed it necessary to clarify, with reference to the discount rate, that "*with the aforementioned Resolution, in censoring the method for determining the discount rate, [Consob] required the Company to report in the pro-forma accounts (and not in the notes) the impacts of using specific rates for each business unit. Therefore, the presentation method proposed by said Company cannot be considered compliant with the remarks and with what consequently required by Consob*".

4. Saipem, although not agreeing with the content of the Reply - given that, on the one hand, it retains the existence of the reasons for the impossibility of retroactive application of the censures formulated by Consob and, on the other hand, does not agree with the interpretation of paragraphs 50-53 of IAS 8

formulated by the Authority - in particular in the part where it is specified that the only cases for which retroactive application of an estimate is not possible are those in which "*in the financial year/previous financial years, data may not have been collected in the prior period(s) in a way that allows either retrospective application of a new accounting policy (including, for the purpose of paragraphs 51-53, its prospective application to prior periods) or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information*" - believes to fulfil, while confirming its disagreement with the Resolution, to Consob's request to illustrate "*in a specific pro-forma consolidated income statement and balance sheet - accompanied by comparative data - [... the] effects that accounting in accordance with the rules would have produced on the balance sheet, on the income statement and on the shareholders' equity for 2016, for which an incorrect report was provided*", according to the assessment - not shared by the Company - expressed by Consob in the Resolution.

In particular, for all the above considerations, in order to comply with the Resolution and fulfil the Reply, Saipem has adopted a conventional criterion for preparing a pro-forma consolidated income statement and balance sheet that includes the effects of Consob's remarks (not shared by the Company); this criterion includes:

1. "Antedating" to the year 2015 of the impairments undertaken in 2016 that were the subject of Consob's remarks and reported in the press release dated March 5, 2018; said "antedating" is based on the assumption that: (i) the same assumptions underlying the impairments performed in 2016 existed in the previous year and (ii) it may be therefore possible to represent the effects that the impairments performed in 2016 would have had, had the same underlying assumptions been there in the previous year;
2. "Pro-forma Impairment Test" on the years 2015 and 2016, taking account of the aforementioned antedating and using, starting from 2015, a specific discount rate for each Cash Generating Unit ("CGU") to take account of Consob's remarks, despite highlighting the high discretionary power and application uncertainty that the adoption of such an evaluative choice (different rates for CGUs and not a single rate) would have resulted and results in the application of the Impairment Test that the Company must conduct in accordance with the international accounting standards applicable for the case in question.

5. On the basis of the foregoing, to estimate the discount rates to be used for the different CGUs for the purpose of the Pro-forma Impairment Test, the following assumptions were made, rendered necessary by the need to adopt the calculation criterion indicated by Consob, that the Company considers affected by uncertainties /subjectivities that advise against its use:

- The calculation model and parameters used to estimate the discount rate for each CGU are the same as those used to calculate Saipem's WACC to prepare the approved financial statements for each year, except for the following:
 - the Beta used for each CGU;
 - the country risk premium applied solely for the assets of the leased FPSO segment.
- The Beta for each business segment was estimated as the median of the betas of quoted companies operating as contractors also in Saipem's business segments ("Players").
- To estimate the betas for each business segment, for the purposes of increasing the statistical significance of the sample and making the estimate less sensitive to possible variations of a single operator year on year, the panel includes companies active in business segments which in some cases are only partially comparable with those of Saipem.
- The country risk premium has been applied only to the capital cost of the CGUs of the Leased FPSO segment, each historically employed in a specific country.

The table hereafter shows, for each year of application: i) Saipem's WACC used in preparing the approved financial statements; ii) the Discount Rates (based on the median of the betas of the

Players) estimated with the method described above for each business segment and used for the purpose of the Pro-forma Impairment Test; and iii) the range of values (minimum and maximum) of the Discount Rate for each business segment that results from using, respectively the minimum beta and the maximum beta within each group of Players selected, from which it can be seen that there is a wide range of variability.

Discount Rates by CGU used for the "Pro-forma" Impairment Test

2016	SAIPEM'S WACC	Discount Rate for "Pro-forma" Impairment Test		
		Min	Med	Max
Offshore E&C	7.2%	5.6%	7.9%	10.1%
Onshore E&C		5.6%	8.1%	10.6%
FPSO 1		6.5%	7.8%	9.2%
FPSO 2		8.6%	9.9%	11.2%
Onshore Drilling		6.5%	8.5%	10.5%
Offshore Drilling		4.1%	7.5%	8.8%

2015	SAIPEM'S WACC	Discount Rate for "Pro-forma" Impairment Test		
		Min	Med	Max
Offshore E&C	6.2%	6.5%	8.3%	10.4%
Onshore E&C		6.4%	8.7%	10.9%
FPSO 1		7.2%	8.2%	9.6%
FPSO 2		8.2%	9.2%	10.6%
Onshore Drilling		7.5%	9.2%	11.1%
Offshore Drilling		4.5%	7.8%	9.4%

Calculation of the pro-forma adjustments to the income statement and balance sheet as of 31.12.2015 deriving from Consob's remarks

Coherent with the approach described above, the table hereinafter illustrates the breakdown by Business Unit of the conventional antedating to the year 2015 of the impairments made in 2016 for the assets that were subject to Consob's remarks (€1,472 million), equal to the sum of the impairments made in 2016 for those same assets (€1,382 million) and, only for the assets written-off pursuant to IAS 16, of the value of the relative depreciations booked in 2016 (€90 million).

Table of calculations of impairments antedated as of December 31, 2015

Antedating of impairments by Business Unit (€ million)	fixed assets		stocks and tax assets	Total Antedatings
	impairments	depreciation and amortisation 2016		
Offshore Engineering & Construction	268	30	12	310
Onshore Engineering & Construction	34	6	1	41
Offshore Drilling	867	17	8	892
Onshore Drilling	90	37	29	156
Tax assets	0	0	73	73
Total antedated impairments	1,259	90	123	1,472

Hereafter we report the outcome of the *Pro-forma Impairment Test* as of 31.12.2015 made on the basis of the following main hypotheses:

- Tested pro-forma Net Capital Employed equal to the one tested in drafting the financial statements as of 31.12.2015 minus the amount of the antedated impairments;
- Cash flows equal to the ones used for the purpose of the impairment test at 31.12.2015;
- Discount rates calculated for the individual CGUs as previously described.

The following table illustrates the excess of recoverable value with respect to the tested pro-forma Net Capital Employed (“Headroom”) for the CGUs to which the goodwill is allocated, and the variation with respect to the values reported in the financial statements as of 2015.

It should be noted that, in addition to the effect of the antedating of the impairment of assets, these changes also incorporate the effects of the change of approach starting from 2015 and for the purpose of complying with the Resolution, in estimating the discount rate (WACC diversified by CGU, rather than a single WACC). In this respect, it should be emphasised that the effect is purely conventional, given the circumstance that the same is applied for the first time from the year 2015, for the purpose of complying with the Resolution, the Company having always applied a single WACC in previous years. Moreover, this approach is affected by the circumstance that the Impairment Test is applied to a Net Capital Employed which has been adjusted through the effect of the referred Antedating, and the fact that the evaluative approach adopted by the Company for the purposes of carrying out the Impairment Test already included the specific risks of the activity of each CGU in the expected flows.

CGU	Headroom reported in Financial Statements	Headroom from Pro-forma Impairment Test	Δ HEADROOM vs. Financial Statements	Δ HEADROOM % vs. Financial Statements
Offshore E&C	3,482	1,846	-1,636	-47%
Onshore E&C	1,117	527	-590	-53%
Total CGUs with Goodwill	4,599	2,373	-2,226	-48%

The following table illustrates the total impairments (pursuant to IAS 16 and IAS 36) resulting from the *Pro-forma Impairment Test* and the variation of the Impairments with respect to the values reported in the financial statements as of 31.12.2015.

CGU	Impairments in Financial Statements	Δ Impairments/Impairment reversals Proforma Impairment Test vs. Financial Statements			Pro-forma Impairments
		Effect of Antedating	Effect of Discount Rate	Total Effect	
Offshore E&C	-138	-310	0	-310	-448
Onshore E&C	-49	-41	0	-41	-90
Leased FPSO	0	0	0	0	0
Onshore Drilling	0	-156	-358	-514	-514
Offshore Drilling	-11	-892	-9	-901	-912
Other not allocated	0	-73	0	-73	-73
GROUP TOTAL	-198	-1,472	-367	-1,839	-2,037

The preceding tables show that, as compared with the values reported in the financial statements as of 31.12.2015, the performance of the *Pro-forma Impairment Test* based on the above described assumptions would lead to:

- a reduction of the headroom of the CGUs to which the goodwill is allocated, amounting to €2,226 million, with a reduction amounting to 47% for the Offshore E&C CGU and to 53% for the Onshore E&C CGU;
- an increase in total impairments of €1,839 million of which (a) €1,472 million by effect of the impairments made in 2016 and antedated conventionally to 2015 and (b) €367 million (referring mainly to the Onshore Drilling CGU) by effect of the amendment of the discount rates used to discount the cash flows.

Calculation of the pro-forma adjustments to the income statement and balance sheet as of 31.12.2016 deriving from Consob's remarks

Hereafter we report the outcome of the *Pro-forma Impairment Test* as of 31.12.2016 made on the basis of the following main hypotheses:

- Tested pro-forma Net Capital Employed equal to the one tested in drafting the financial statements as of 31.12.2016 minus an amount coherent with the pro-forma adjustments to the balance sheet as of 31.12.2015 described above, conventionally without taking into account the impacts on depreciation in 2016 of the impairments pursuant to IAS 36 antedated to 31.12.2015;
- Cash flow equal to that used for the purpose of the impairment tests at 31.12.2016;
- Discount rates diversified for the individual CGUs as previously described.
- Reversal of impairments in case of positive excesses of the recoverable value of the CGUs, with respect to the relative value of the tested pro-forma Net Capital Employed as of 31.12.2016, up to the occurrence of the sole impairments by effect of the discount rate, emerging from the Pro-forma Impairment Test as of 31.12.2015.

The following table illustrates the excess of recoverable value with respect to the tested pro-forma Net Capital Employed ("Headroom") for the CGUs to which the goodwill is allocated, and the variation with respect to the values reported in the financial statements of 2016.

CGU	Headroom reported in Financial Statements	Headroom from Pro-forma Impairment Test	Δ HEADROOM vs. Financial Statements	Δ HEADROOM % vs. Financial Statements
Offshore E&C	830	448	-382	-46%
Onshore E&C	226	109	-117	-52%
Total CGUs with Goodwill	1,056	557	-499	-47%

The following table illustrates the total impairments resulting from the *Pro-forma Impairment Test* and the variation with respect to the values reported in the financial statements of 2016.

CGU	Impairments in Financial Statements	Δ Impairments/recoveries Proforma Impairment Test vs. Financial Statements			Pro-forma Impairments
		Effect of Antedating	Effect of Discount Rate	Total Effect	
Offshore E&C	-283	310	0	310	27
Onshore E&C	-59	41	0	41	-18
Leased FPSO	-78	0	-2	-2	-80
Onshore Drilling	-189	156	282	438	249
Offshore Drilling	-1,183	892	-40	852	-331
Other not allocated	-326	73	0	73	-253
GROUP TOTAL	-2,118	1,472	240	1,712	-406

From the analysis of the preceding tables, it can be seen that the performance of the *Pro-forma Impairment Test* as of 31.12.2016, with respect to the values reported in the financial statements, would lead to:

- a reduction of the headroom of the CGUs to which the goodwill is allocated, amounting to €499 million, with a reduction amounting to 46% for the Offshore E&C CGU and to 52% for the Onshore E&C CGU;
- a reduction of the total impairments (pursuant to IAS 2, 12, 16 and IAS 36), net of the recovery of value, for €1,712 million of which (a) €1,472 million by effect the 2016 impairments antedated conventionally to 2015 and (b) €240 million of net impairment reversal by effect, on the one hand, of the larger impairments resulting from the amendment of the discount rates and, on the other, of the need to partially reverse the impairments (referring mainly to the Onshore Drilling CGU) emerged in the Pro-forma Impairment Test as of 31.12.2015 illustrated above.

Pro-forma Financial Report: indication of the impact of Consob's remarks on the income statement and balance sheet as of December 31, 2015 and December 31, 2016

Hereafter, we submit the pro-forma consolidated income statement and balance sheet - with the comparative data - which include the effects of Consob's remarks (with which the Company does not agree) conventionally recalculated coherently with the approach described.

Impact on the income statement as of December 31, 2015 and December 31, 2016

(€ million)	2015	pro-forma modifications	pro-forma 2015	2016	pro-forma modifications	pro-forma 2016
REVENUES						
Net sales from operations	11,507		11,507	9,976		9,976
Other income and revenues	13		13	34		34
Total revenues	11,520	0	11,520	10,010	0	10,010
Operating expenses						
Purchases, services and other costs	(8,789)	(67)	(8,856)	(7,319)	67	(7,252)
Payroll and related costs	(2,222)		(2,222)	(1,782)		(1,782)
Depreciation, amortisation and impairment	(960)	(1,716)	(2,676)	(2,408)	1,589	(819)
Other operating income (expense)	(1)		(1)			
OPERATING RESULT	(452)	(1,783)	(2,235)	(1,499)	1,656	157
Finance income (expense)						
Finance income	1,053		1,053	867		867
Financial expenses	(1,206)		(1,206)	(868)		(868)
Derivative financial instruments	(91)		(91)	(153)		(153)
Total finance income (expense)	(244)	0	(244)	(154)	0	(154)
Income (expense) from investments						
Effect of accounting using the equity method	16		16	18		18
Other income from investments	18		18			
Total income (expense) from investments	34	0	34	18	0	18
RESULT BEFORE INCOME TAXES	(662)	(1,783)	(2,445)	(1,635)	1,656	21
Income taxes	(127)	(56)	(183)	(445)	56	(389)
NET PROFIT (LOSS) FOR THE YEAR	(789)	(1,839)	(2,628)	(2,080)	1,712	(368)
Attributable to:						
- Saipem	(806)	(1,839)	(2,645)	(2,087)	1,712	(375)
- minority interest	17		17	7		7
Earnings (loss) per share attributable to Saipem (€ per share)						
Basic earnings (loss) per share	(1.83)	(4.19)	(6.02)	(0.25)	0.21	(0.04)
Diluted earnings (loss) per share	(1.83)	(4.18)	(6.02)	(0.25)	0.20	(0.04)

Statement of comprehensive income

(€ million)	2015	pro-forma modifications	pro-forma 2015	2016	pro-forma modifications	pro-forma 2016
Net profit (loss) for the year	(789)	(1,839)	(2,628)	(2,080)	1,712	(368)
Other items of comprehensive income						
<i>Items not subsequently reclassified to profit or loss</i>						
Remeasurements of defined benefit plans for employees	3		3	1		1
Share of other comprehensive income of investments accounted for using the equity method relating to remeasurements of defined benefit plans	0		0	(1)		(1)
Income tax relating to items that will not be reclassified	(2)		(2)	(1)		(1)
	1	0	1	(1)	0	(1)
<i>Items that may be subsequently reclassified to profit or loss</i>						
Change in the fair value of cash flow hedges	(1)		(1)	125		125
Variation of the fair value of equity investments held as fixed assets	0		0	1		1
Exchange rate differences arising from the translation into Euro of financial statements currencies other than the Euro	100		100	(37)		(37)
Income tax on items that may be reclassified	8		8	(37)		(37)
	107	0	107	52	0	52
Total other items of comprehensive income net of taxation	108	0	108	51	0	51
Total comprehensive income (loss) for the year	(681)	(1,839)	(2,520)	(2,029)	1,712	(317)
Attributable to:						
- Saipem Group	(702)	(1,839)	(2,541)	(2,039)	1,712	(327)
- minority interest	21		21	10		10

Impact on the balance sheet as of December 31, 2015 and December 31, 2016

(€ million)	31.12.2015	pro-forma modifications	pro-forma 31.12.2015	31.12.2016	pro-forma modifications	pro-forma 31.12.2016
ASSETS						
Current assets						
Cash and cash equivalents	1,066		1,066	1,892		1,892
Other financial assets held for trading or available for sale	26		26	55		55
Trade and other receivables	3,348		3,348	3,020		3,020
Inventories	2,286	(50)	2,236	2,242		2,242
Current tax assets	253		253	192		192
Other current tax assets	376	(17)	359	241		241
Other current assets	209		209	144		144
Total current assets	7,564	(67)	7,497	7,786	0	7,786
Non-current assets						
Property, plant and equipment	7,287	(1,716)	5,571	5,192	(127)	5,065
Intangible assets	758		758	755		755
Investments accounted for using the equity method	135		135	148		148
Other investments	0		0	1		1
Other financial assets	1		1	0		0
Deferred tax assets	460	(56)	404	302		302
Other non-current assets	114		114	102		102
Total non-current assets	8,755	(1,772)	6,983	6,500	(127)	6,373
TOTAL ASSETS	16,319	(1,839)	14,480	14,286	(127)	14,159
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Short-term debt	3,016		3,016	152		152
Current portion of long-term debt	656		656	54		54
Trade and other payables	5,186		5,186	4,860		4,860
Income tax payable	130		130	96		96
Other current tax liabilities	268		268	265		265
Other current liabilities	202		202	244		244
Total current liabilities	9,458	0	9,458	5,671	0	5,671
Non-current liabilities						
Long-term debt	2,841		2,841	3,194		3,194
Provisions for contingencies	238		238	268		268
Provisions for employee benefits	211		211	206		206
Deferred tax liabilities	10		10	59		59
Other non-current liabilities	42		42	3		3
Total non-current liabilities	3,342	0	3,342	3,730	0	3,730
TOTAL LIABILITIES	12,800	0	12,800	9,401	0	9,401
SHAREHOLDERS' EQUITY						
Non-controlling interests	45		45	19		19
Saipem shareholders' equity:						
- share capital	3,474	(1,839)	1,635	4,866	(127)	4,739
- share premium reserve	441		441	2,191		2,191
- share premium reserve	55		55	1,750		1,750
- other reserves	(115)		(115)	(80)		(80)
- retained earnings	3,942		3,942	3,161	(1,839)	1,322
- net profit (loss) for the year	(806)	(1,839)	(2,645)	(2,087)	1,712	(375)
- negative reserve for treasury shares in portfolio	(43)		(43)	(69)		(69)
Total shareholders' equity	3,519	(1,839)	1,680	4,885	(127)	4,758
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	16,319	(1,839)	14,480	14,286	(127)	14,159

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The Company does not agree with the opinion of non-conformity of the consolidated and statutory financial statements as of December 31, 2016 expressed by Consob in the Resolution and is completing the appeal that will be lodged with the Regional Administrative Court of Latium for the purposes of obtaining the annulment of the effects of the contested Resolution and it states that this press release, like the one issued on March 5, 2018, has been published for the sole purpose of complying with the Resolution.

The consolidated and statutory financial statements as of December 31, 2016 were approved respectively by the Board of Directors on March 16, 2017, and by the Shareholders' Meeting on April 28, 2017, and were the subject of the auditing company's report pursuant to articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010, issued on April 3, 2017.

The executive assigned to draft the company's accounting documents, Mariano Avanzi, in charge of Planning, Administration and Control of the Company, declares pursuant to subsection 2 of article 154 bis of the Financial Law that the accounting information contained in this press release - unlike the pro-forma data - corresponds to the documentary evidence, the books and the single book entries.

Saipem is a world leader in drilling services, as well as in the engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the oil & gas market. The company has distinctive competences in operations in harsh environments, remote areas and deep water. Saipem provides a full range of services with "EPC" and "EPCI" contracts (on a "turn-key" basis) and has distinctive capabilities and unique assets with a high technological content.

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