



# Saipem S.p.A.

## "Full Year 2024 Results and Strategy Update Presentation"

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### **MODERATORS**

- ALESSANDRO PULITI, *CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER*
- PAOLO CALCAGNINI, *CHIEF FINANCIAL OFFICER*

## OPERATOR

Good morning. This is the conference operator. Welcome and thank you for joining the Saipem Full Year 2024 Results and Strategy Update Presentation. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing "\*" and "0" on their telephone. At this time, I would like to turn the conference over to Mr. Alessandro Puliti, CEO and General Manager. Please go ahead, sir.

## ALESSANDRO PULITI

Good morning and welcome to the presentation of the Saipem Full Year 2024 Results and Strategy Update. I'm here with Paolo Calcagnini, our CFO, and with the rest of the top management team. I will start with the key highlights and then Paolo will cover the financial results in more details. We will then cover our strategic update including 2025 guidance and medium-term targets. After our presentation, there will be time for Q&A.

Let's start with the key highlights. I'm pleased to report in the fourth quarter of 2024 Saipem recorded a further acceleration on all key metrics. In Q4, we posted the highest quarterly revenue ever and the highest quarterly reported EBITDA since 2012. Revenue stood at €4.4 billion growing by 26% year-on-year and 19% quarter-on-quarter. EBITDA stood at €424 million, growing by 48% year-on-year and 25% quarter-on-quarter.

EBITDA margin reached 9.6%, an improvement of 40 basis point compared to the previous quarter. The strong results achieved are even more remarkable considering they incorporated additional provisions on Courseulles and Thai oil projects.

We reduced our Net Debt position by €174 million in Q4. Net Debt has decreased both on a pre- and post-IFRS basis. We are now in net cash territory even post-IFRS 16, which is a remarkable achievement. The order intake in the third quarter was very strong, at €5.3 billion corresponding to a book-to-bill of 1.2x and was mostly concentrated in offshore E&C. Our backlog currently stands at an all-time high level of €34 billion.

On Slide number 5, you can appreciate the growth trajectory over the last 3 years. Revenue has more than doubled from Q1 2022 to Q4 2024, and EBITDA has increased by a factor of 4. In addition, our EBITDA margin has increased by 4 percentage points. This impressive trajectory in EBITDA is also reflected in our Operating Cash Flow, which has steadily increased in the last 3 years, achieving a conversion rate of 80% in 2024.

On Slide 6, we have summarized our results compared to our guidance. For the third consecutive year, we have over-performed the guidance. In particular in 2024, despite various headwinds, such as the Saudi Aramco suspensions, we met or exceeded our guidance, in particular, on cash flow generation.

The performance of Saipem in 2024 was remarkable, especially in terms of cash flow generation. In 2024, we have generated €505 million of Free Cash Flow, post repayment of lease liabilities, a significant outperformance compared to our guidance at the beginning of the year. This outperformance allows us to propose a dividend which is more than 3x higher than the initial indications. It is important to note that we are retaining an equivalent cash buffer compared to our initial expectation. We will cover shareholders' remuneration in more detail later in the presentation.

Let's now take a closer look to the €5.3 billion order intake in the last quarter. Four major awards significantly contributed to this figure. Each one holds a unique significance for Saipem. The Suriname project presents a great opportunity for Saipem to enter into a promising new oil and gas development area. The project in Indonesia embeds a specific CO<sub>2</sub> management scope of work. Again, the 143 kilometers of CO<sub>2</sub> transportation sea line project in the UK represents an important award in relation to the energy transition. The new project in Nigeria further strengthens our position in Sub Saharan Africa.

Moving to Page 9, we are currently managing the largest backlog ever at Saipem. More than 60% is in Offshore Engineering and Construction. Thanks to this level of backlog,

we have a strong visibility on our top line for the next 2 years. Around 90% of expected 2025 revenues are covered by existing backlog. And this number is 70% for 2026.

Now, let me provide you with an update on Courseulles. We are pleased to announce that we have completed the drilling of four sockets. Our learning curve has significantly improved, reducing the numbers of days required for each socket. With the four sockets, we have substantially reached the target of 7 days per socket. The Saipem 7000 has already successful[ly completed] the installation of the first monopile, and it is currently working on the installation of the other monopiles in the drilling sockets.

Regarding logistic, the Vole Au Vent jack-up vessel will be soon replaced by the Bold Tern vessel. The replacement will start next week with the sailing of the Vole Au Vent to Rotterdam. The transfer of the drilling machine to the new vessel will require around 5 months. We therefore expect to resume the drilling activity in the summer. We expect to complete our scope of work within 2026.

And now, I will hand over to Paolo to provide more details on our 2024 financial results.

### PAOLO CALCAGNINI

Thank you, Sandro. Good morning, everyone. We will start from Slide 12, which presents a financial summary for the full year 2024. Group revenue increased by 23% year-on-year and our EBITDA grew by 44%, primarily driven by our Offshore E&C business. We also observed an improvement in the EBITDA margin, which reached 9.1%, up from 7.8% last year due to a more favorable business mix in our Offshore E&C backlog.

Our net result was €306 million, 71% higher than last year results. Operating Cash Flow stood at €1,061 [million] nearly doubling the level achieved in the same period of 2023. Cash flow conversion rose from 63% to 80% clearly demonstrating the significant progress made on legacy projects.

Let's now review the different business segments. Starting with Asset Based Services on Page 13, revenue reached €8.1 billion for the full year 2024, marking a 33% increase from last year. This growth was primarily driven by progress in traditional and subsea oil and gas projects, which offset the decline in Offshore Wind. EBITDA stood at €954 million up 55% with an EBITDA margin of 11.8%, an increase of 170 basis points. Profitability improved due to a better project mix, particularly a lower incidence of Offshore Wind. In Q4, 2024, the EBITDA margin stood at [12.6%] despite the extra provisions recorded on Courseulles. For 2025, we expect mid-to-high single-digit growth in revenues and double-digit growth in EBITDA, leading to an improvement in EBITDA margin.

Let's now look at the Drilling Offshore at Page 14. Revenues stood at €918 million reflecting a 24% increase compared to the same period of last year. EBITDA improved by 11% to €335 million. We achieved double-digit growth, thanks to the start of operations for the DVD, the Perro Negro 12 and the Perro Negro 13, as well as an improved day rate for one of our deep-water drillships, which more than offset the impact of the temporary suspensions in Saudi Arabia and the maintenance of the Scarabeo 9. For 2025, we expect a high-single-digit decline in revenue and a low-single-digit decline in EBITDA, reflecting the reduction of the size of the fleet. As you know, both the Perro Negro 9 and the Pioneer jack-ups will be returned to their respective owners.

Let's now look at the Energy Carriers on Page 15. Revenue increased by 10% year-on-year reaching €5.6 billion. EBITDA margin improved year-on-year reaching 0.7% for the full year 2024 and 1.1% in Q4 2024. This result was achieved despite additional provisions taken on Thai Oil both in Q2 and in Q4 2024. As we have already emphasized, our primary goal is to complete the remaining legacy backlog while being very selective about new Onshore projects. Sandro will provide more details about our strategy to reposition our Onshore E&C business. For 2025, we anticipate low-single-digit growth in revenue and a significant increase in EBITDA, with EBITDA margin approaching 2%.

The complete group income statement is shown on Page 16. We can discuss some of the key items below EBITDA. D&A stood at €723 million and increased by €234 million compared to last year, mainly reflecting the growth of the fleet on a chartered basis and the leases associated with them. D&A is expected to grow in 2025 to about €820 million mostly reflecting the expected increase in lease liabilities and associated lease repayments.

Financial expenses stood at €85 million in 2024, almost halved from the previous year. This is mainly due to the reduction in net financial expenses, also helped by the interest income on our cash, as well as to a reduction in project hedging costs. For 2025, we expect financial expenses to be around €160 million mainly due to the expected increase in the interest component of lease repayments.

Income taxes increased by €45 million compared to last year to €190 million implying a tax rate of 38%. As previously mentioned, we expect our implied tax rate to normalize towards the 30% level in the years to come. For 2025, we expect income taxes to be around €240 million mainly due to the expected growth in profitability and profit before tax.

On Page 17, you can see the evolution of our Net Financial Position. The cash flow generated in the full year 2024 improved our Net Financial Position by €467 million on a pre-IFRS basis, increasing from a net cash position of €216 million to €683 million. This more than compensated for the €183 million increase in lease liabilities. That is a direct consequence of expanding the fleet on an asset light approach.

We achieved these results by generating €505 million of Free Cash Flow post repayment of lease liabilities, achieving a net cash position post-IFRS 16 has been a strategic objective for Saipem since the beginning of 2022, and we are extremely proud of this achievement.

Looking ahead to 2025, we expect lease liabilities to almost double from the level at the end of 2024, reflecting the growth of the fleet on a chartered basis. This increase in lease commitments will result in a doubling of the expected repayment of lease liabilities in 2025 from the 2024 level. The actual level of lease liabilities and repayments will ultimately depend on the timing of the effective date on the various lease agreements. This will be clearly offset, at least in part, by the expected cash flow generation of 2025.

On Page 18, you can see the breakdown of our gross debt and liquidity. We have a comfortable level of liquidity on our balance sheet, which exceeded €3 billion at the end of 2024. Our current available liquidity of €1.7 billion fully covers our gross debt maturities almost up to the full year 2029.

I'm also proud of the new RCF line which we signed in February, which stands at €600 million and has better terms of end conditions compared to the previous one. Since the beginning of 2025, we've also repaid an additional €351 million of gross debt with the repayment of the 2025 bond and one ECA credit line. Lowering both gross and net debt remains a key priority for Saipem.

Let me now hand it back to Sandro for our strategic update.

### ALESSANDRO PULITI

Thank you, Paolo. For the next four years, our strategy will be built upon four main pillars. The first, strong focus on execution excellence. The second, capitalize on the positive upstream oil and gas upcycle. The third, change paradigm for Onshore Engineering and Construction and rollout a profitable PMC business. The fourth, broaden our offering in the energy transition. These pillars are underpinned by three cornerstone, a clear and disciplined capital allocation with investment grade credit rating target, a corporate simplification and operational flexibility, and a continuous improvement in health and safety.

Let's now go through our pillars one-by-one. Execution excellence for Saipem means, first of all, zero tolerance for safety hazards. We leverage on AI driven tools and specific safety equipment such as drones, smart harnesses, and cameras to prevent accidents. Our workforce is our most valuable asset, and we are dedicated to ensure their safety.

Second, we strive to maintain a state-of-the-art fleet and to complement our own vessels with younger, modern tonnage-chartered vessels from the market. Third, we aim to reduce risk through an execution-oriented engineering process. Fourth, we use modularization on construction and fabrication as a key factor to reduce execution risk. By effectively applying this principle, we can position Saipem as the trusted partner for choice for both customers and employees.

Moving to the second pillar, I can assure you that wherever there is a growth Saipem will try to be there. This is exemplified by our entry into true promising new markets, Suriname and Namibia. In Suriname, we are actively engaged in a large SURF project for Total, which marks a significant milestone for us as we establish our presence in this emerging country. In Namibia, our Santorini vessel has been drilling for Galp over the past few months. We expected that EPC works in the country will be tendered in the coming quarters, presenting us new opportunities to expand our operation and contribute to the development of Namibia Energy sector.

Moving to the third pillar, our Onshore E&C business is being repositioned based on four key drivers. We aim to prioritize value over volume in our portfolio by being very selective in acquisitions. We are moving away from the lump sum EPC contracts and increasing the share of derisked contracts.

We plan to expand the portion of Operation and Maintenance services within our portfolio, which not only offer higher margins but also provide a recurring revenue stream, making the business line more predictable and stable. And then we aim to enter in the Project Management Consulting market, which is particularly appealing for Saipem as it represents a high value-added service, that leverages on our EPC track



record and can guide clients from feasibility to implementation. Our selective approach has already resulted in a materially lower order intake in the last three years compared to the 2019-2021 period. In addition, the order intake already features a material portion of derisked EPC contracts, and more derisking is expected in the next few years.

And let's now move on the energy transition market. We already have several projects in place in the area of Carbon Capture Utilization and Storage, fertilizers, ammonia and bio-refineries. In addition to this, we have an intense business development activity that covers floating wind, hydrogen, and geothermal.

Carbon Capture Utilization and Storage will remain a key pillar of our energy transition strategy, encompassing CO<sub>2</sub> capturing, transportation and injection. We aim to expand our presence in the fertilizers value chain as well as in biofuel and SAF. When it comes to LNG, we will be selective in choosing both partners and projects to ensure alignment with our strategic goals.

In Offshore Wind, we are aiming to establish collaboration with the main turbine manufacturers with the aim of having an integrated wind turbine and foundation design to reduce cost and making the offshore wind more sustainable.

Let's now move to Page 25. Our current backlog provides us with a high level of visibility for the next two years. In addition to executing the existing backlog, we expect securing approximately €50 billion worth of projects between 2025 and 2028. This assumption is consistent with the level of order intake that we had assumed in our previous plan and might even look conservative considering the record level achieved in 2023 and 2024 in the current commercial pipeline. More than half of the anticipated order intake is expected to come from Offshore Engineering and Construction projects.

We are also foreseeing €15 billion of order intake being related to Low Carbon projects, which will be well distributed across various sectors, including Offshore Wind, Sustainable Infrastructures, Blue Solutions, CO<sub>2</sub> management and Biorefineries.

And now moving to the 2025 guidance and medium-term targets. Revenue in 2025 is expected at a level of approximately €15 billion and EBITDA at approximately €1.6 billion implying an increase in EBITDA margin of more than 100 basis points from last year. Operating Cash Flow generation is expected to grow in 2025 and Free Cash Flow after repayment of lease liabilities will be above €500 million.

When it comes to our medium-term targets, we expect a substantial increase in EBITDA and margins, driven by a further shift of our backlog toward Offshore E&C and the completion of the remaining legacy projects. Cumulated Operating Cash Flow post repayment of lease liabilities for the next four years is expected to exceed €3.7 billion. And net of accumulated Capex budget of €1.5 billion, it is leading to a cumulated Free Cash Flow of more than €2.2 billion.

Finally, let's take a closer look at our capital allocation and financial policy. For 2025, as already discussed, we will propose a dividend of €333 million. For 2026, we expect to propose a dividend of at least €300 million. More broadly, we have upgraded our shareholder remuneration policy, and we expect to distribute shareholders at least 40% of Free Cash Flow after repayment of lease liabilities.

Regarding our financial policy, we are committed to maintaining a minimum level of available cash of €1 billion. Additionally, we plan to reduce gross debt, pre-lease liabilities by €650 million by 2027. These commitments will help us to achieve an investment grade rating in the medium term, which is now a clear target for our company.

We can now move on to the Q&A session regarding our Results and Strategic Plan.

# Questions & Answers

## OPERATOR

Thank you. This is the Chorus Call conference operator. We will now begin the Question and answer session. Anyone who wishes to ask a question may press "\*" and "1" on their touchtone telephone. To remove yourself from the question queue, please press "\*" and "2." Please pick-up the receiver when asking questions. Anyone who has a question may press "\*" and "1" at this time.

We will pause for a moment as callers join the queue. The first question is from Mick Pickup of Barclays. Please go ahead.

## MICK PICKUP

Hi everybody and thank you for that. It's nice to see you performing despite the concerns that have been in the market.

- So, first question, if I may, can I just ask about obviously the two problem contracts? I know you're not going to give me a number. Can you give me an idea of the order of the extra provision? And potentially what is the cash outflow in the next two years on the legacy projects. Is the first question.

## PAOLO CALCAGNINI

Hi, Mick. This is Paolo. Well, you know that we don't give details of single contracts. What I can tell you though is that the provisions we have against those two projects are the best estimate based on the schedules of the two works to be done. And that all the cash out is already included in the numbers we gave for 2025 onwards. So, the cash projections that Alessandro just presented include the cash out for those two projects. And I mean, it's a number that, we feel it's in line with the projection and it's a material number.

## MICK PICKUP

Okay. Thank you.

- And then can I just go to the onshore E&C please? And obviously, you're talking about this new value over volume derisking strategy, which I think some of your peers have done of late. If I look at that '25 to '28, it looks like you're building a €1 billion O&M and PMC business and then half your business is in EPC. Can you just talk how you get to that mix, because it only takes one derisked EPC contract of a couple of billion dollars coming in, and it's still going to be a bigger portion of the business? Can you just talk about your ambitions, because that sort of looks like one project a year derisked EPC you're going for?

## ALESSANDRO PULITI

Okay. So I believe that it is slightly more than an ambition. And we have already increased in the Operating and Maintenance level, because as you certainly recall, the Kaminho FPSO that was awarded to Saipem last year was also including the Operating and Maintenance contractor for that FPSO. So, Operating and Maintenance is already growing and has already grown. And we do expect in the future to increase this quantity for sure, both for activity again Offshore and, also, we are expanding the Operating and Maintenance to the Onshore portion of this work. We are actually tendering now for this opportunity in the Middle East and North Africa. So there are in the pipelines bids that we are participating and this is why I'm saying that this is slightly more than an ambition. It's a strategy that it is under execution.

On the PMC, you know, we did so many EPC contract that we believe that we are naturally qualified to enter into this segment. It is a segment that is very important, as you know, just on the Middle East, the entire PMC market it's a multibillion kind of market. We are getting qualified and, from many clients for which we are now doing EPC contracts also for this kind of services.

So again, we are participating in tenders for PMC activity. So, this is the way we are implementing the strategy. The other side that you've seen, we are clearly reducing the order intake of the pure EPC contracts and whatever kind of contracts that includes execution, it will have a contractual scheme that it is much more derisked compared to the traditional lump sum turnkey contract.

### MICK PICKUP

Okay. Thank you.

### OPERATOR

The next question is from Alessandro Pozzi of Mediobanca. Please go ahead.

### ALESSANDRO POZZI

Thank you for taking my questions.

- When I look at the last couple of years, it's been an extraordinary period for the order intake with big volumes being booked. When I look at the guidance, the €50 billion commercial pipeline is not different from what you gave before. But I would like to reconcile with the revenues in the mid-term, because I think you have a guidance above €15 billion, whereas the €50 billion of order intake implies a book-to-bill of less than 1. And...but I'm sure that there is some level of conservatism built into the commercial pipeline. So I was wondering how should we reconcile the implied let's say €12.5 billion of order intake per year versus the revenue above €15 billion that you have in the mid-term?
- Also, second question on Onshore E&C, I was wondering if you can maybe give us a bit more color for 2025, how much will be or even for now in terms of backlog, how much are those projects at zero or low margin versus those projects that carry higher margins?

- And final question on Thai Oil. We've seen Samsung announcing the security bonus being pulled. We don't know whether Thai Oil is going to change potentially the contractor or not. So I think there's a lot of uncertainty there. Can you give us a bit more color on what you think is the way forward for the Thai Oil project? Thank you.

### ALESSANDRO PULITI

Okay. So first of all, to reconcile, I believe that we should take into account that our commercial pipeline, that we presented is expected in the last 18 months. So, if you take this timing, then you will better reconcile the numbers.

So, let's go straight on the Thai Oil and then Paolo will give you a more detailed on your second question. So, yes, we confirm what Samsung announced. And we also record that recently the General Assembly of Thai Oil voted in favor of a budget increase and time for completion of the project. And so, we are currently waiting for client feedback for recognition of extra costs and time required to complete the project. Nevertheless, as Paolo said, we allocated adequate provisions to cover both scenarios, continuation with the same consortium or termination of the contract. That's the situation, on Thai Oil.

Paolo, then if you want to give a call around that.

### PAOLO CALCAGNINI

Yes Alessandro. And your question on the projects with zero margin, we expect in 2025 to be in the area of €1.2 billion in terms of revenues roughly.

### ALESSANDRO POZZI

Okay. Thank you.

- And just going back to the order intake, I just wondered if you can...I mean, you've been just a bit conservative with the €50 billion estimate you have provided and maybe can you give us a bit more color where you see more, let's say, area of activities in the next 4 years, and I'm sure probably Suriname and Namibia is going to be new areas, but as well as probably Middle East is going to continue to be a big region for Saipem?

### ALESSANDRO PULITI

We do expect clearly continuous activity in The Middle East. There are several bids that are announced there and up to which we are participating. So therefore, Middle East is and will remain a very strategic area of acquisition or new backlog for Saipem, especially in the Offshore E&C. This is what I really can confirm. But we are seeing also target coming from the Far East where we can have, let's say, also, participating to important bids for new floating units. And the other pipeline of project coming from West Africa and coming from the South America. You see that we have also been recently awarded for Suriname, and we are expecting on the other side of the Atlantic new bids coming also for Namibia. So, you see still plenty, plenty of opportunities.

### ALESSANDRO POZZI

Okay. Thank you.

### OPERATOR

The next question is from Daniel Thomson of BNP Paribas. Please go ahead.

### DANIEL THOMSON

Hi, good morning. Thanks for taking my questions. Just two, please.

- Firstly, I was wondering if you could run through the drivers of the margin uplift in the final year of this plan, which I think implies just over 13% EBITDA margin versus

12% in 2027 under the prior plan. Is that mainly just pricing because I would expect there wouldn't be any legacy projects in the backlog by then?

- And then secondly, I was just wondering on the Onshore E&C side, where the new or adjusted Onshore E&C strategy leaves your FPSO business. I still see quite a few floater opportunities on there. So just wondering if you could run through how you derisk those particular projects? Thank you.

### ALESSANDRO PULITI

Okay. So marginal lift across the plan. Clearly, the marginal uplift is driven by two main factors. First, the continuous shift of our revenues more on the Offshore activity that is more profitable than the Onshore one. So, this is a continuation of the strategy we put in place back in March 2022.

Second, as you rightly said, also will be driven by the completion of many of the projects, or many of the legacy projects. By end of 2025, and the beginning, or the very beginning of 2026, for example, we are planning to complete many projects, for example, on land in Saudi Arabia. So just to give an example.

Derisking floaters, FPU and FPSO, this is going through several actions. For example, now in many situations where we are going through a converted hull for the vessel, this is delivered by the client. Several, let's say, items are directly purchased by the client, and then they are novated to ourselves. And, basically, the client is retaining the procurement risk on those items.

And then we're also taking into account that the activity that we did on conversion of floating unit, P-79, for Brazil, Scarabeo 5 for Congo Eni, Kaminho for Total, Baleine that we did also for Total. We cumulated a very important experience in the sector, both in terms of yard selection and when it comes to our own yards, and also third-party yard in the Far East. Jobs we are expecting, for example, coming in Indonesia, we will leverage on our own Karimun Yard, a yard that is directly under our control. So, this is



another derisking initiative, because when we work in our own yard, we have full control of the activity and full control of the cost. And then this is making us very much more, more comfortable.

So, you know, the derisking is not coming with just one or two actions. It is a full new approach to the project where item-by-item, we look at the project under a different light, the derisking light. And this is also connected to the initial proposition that was that we would never ever enter into a volume over value. Our driver now is value over volume, and this is what it means being selective as well. So, I hope I clarified you a bit the strategy there, and the way new activity we are taking is substantially different from the one that we used to take.

#### DANIEL THOMSON

Yes. Thanks for the clarification.

- And just coming back on the first question, it's more on the 2028, on 2027 uplifts where, you know, the backlog has already shifted to Offshore quite a bit by then. So just wondering is there an element of pricing surprise that maybe in those out years that wasn't factored in under the previous plan that is coming into the back end of this plan? Is pricing surprise to the upside plan-on-plan? Thank you.

#### ALESSANDRO PULITI

We leverage more than pricing surprise. We leverage on our efficiency. Because that's the only thing that we can really control. Pricing is also depending on clients. And clients, generally speaking, they are not willing to pay higher pricing. You have also to consider that most of our clients, the international oil companies, are basing their decision investments on a very conservative level of oil price or gas price or commodity price. So we always keep in mind this when we are bidding. So we do not rely on pricing surprise. We tend to rely in our forecast on better efficiency, better mix, and better way of realizing projects. For example, I was stressing during the presentation the modularization that this is really what can bring to a more efficient way to control

project schedule and cost of the projects as well, because we increase the building in areas like yards when we can control progress and cost and reduce the amount of stick-built construction. That in sometimes it occurs in areas where logistics or for other reason are making more difficult to control the stick-builds vis-à-vis the modules that you can build in a very known yard.

Then the other model is the competitive FEED model. So, we tend to enter into this kind of tendering so that being in control of the FEED, we know exactly the project. We don't have to endorse engineering done by other contractors. And so, we can build a construction strategy that it is more efficient and less risk.

### PAOLO CALCAGNINI

Alessandro, if you may add something to answer your question. Today, you see you the margins, as I said before to Alessandro Pozzi that still reflect a significant portion of the revenues that come with zero margin because that's the...say the tail of the legacy portfolio. And as I said before, this is more than €1.2 billion for 2025. So, if you replace the zero margin on the €1.2 billion and you make an assumption on a fair margin for that portion of the portfolio, you already add up significant EBITDA margin to 2024 and 2025 figures. And that explains part of the growth you were asking about. And then obviously, this is also part of the portfolio which is not zero margin, but it still would be replaced by contracts that have been acquired in the last couple of years that come with better margins.

### DANIEL THOMPSON

Got it. Thank you.

### OPERATOR

The next question is from Mark Wilson of Jefferies. Please go ahead.

## MARK WILSON

Thank you. Good morning, gents. I'm not going to ask you about the current projects, because I think those have been well covered and well done on that execution considering.

- What I would like to ask is, looking forward across the plan, you speak to one of the points as being the fleet seeing constant upgrades to maintain the technology. So I'd like to ask within that Capex outlook '25 to '28. Do you think that the current fleet and higher rig vessels can deliver against the outlook to 2028? And indeed, are there any scenarios where you would see a requirement or need to expand the fleet beyond what you currently have? That's my first question.
- The second one is that you... at the last quarter Alessandro you emphasized how the fleet is fully booked in 2025, 2026 and 50% covered in 2027, 2028, but you expected that to fill that spare capacity. Could you give us an update on where you stand on that fleet capacity in those outer years? Thank you very much.

## PAOLO CALCAGNINI

I'll take the question on the fleet. So well, first, you look at the Capex and you can see that there is a €1.5 billion of Capex from 2025 to 2028, which is mostly maintenance and upgrades on the own vessels. And we think that covers the needs to keep the fleet fully operational and best performing. But also, you should also look at the lease liabilities because those are in fact Capex on the fleet expansion. And the fact that as we said before, the lease liabilities are growing and they would be growing in 2025 tells you that in fact, we are adding capacity to the fleet and we are doing it to lease vessels rather than own vessels. So you can argue that part of the lease liabilities are Capex in fact because we are putting more capacity in our fleet. And the combination of the two is what we feel it's required to deliver against the backlog.

And your second question, I think that Alessandro will cover.

## ALESSANDRO PULITI

Okay. Regarding fleet utilization, 2027 and 2028, we are currently participating to significant tendering in West Africa that they may give us results in the next month. So, if it is not for the first quarter presentation, we may have a proper update for sure within the first half of this year presentation because several tendering activities ongoing and so then we will...can you really update with the signed contracts regarding the percentage of utilization on the fleet toward the end of the Strategic Plan.

Whether or not we will require new vessels, I believe that we are in a very good position. We rented last year our JSD6000. This is part of our asset-light strategy, and this vessel has a rental contract of 5 years plus 2 years optional. So, really, we don't see any major addition to the fleet, other than renting supporting vessels for the sake of the operation and the various contracts, but this is, I would say, is normal, it's business as usual...business as usual activity. We also rented the Shen Da unit that is another...that is another vessel to support our SURF operation in connection to the contracts that we already signed.

So, I would say the fleet in terms of major ship will remain pretty constant. As Paolo said, our Capex is mainly...no, is mainly...is entirely devoted to the stay in business issue, so means recertification on the vessel and upgrading of the system on the vessels to the best available technologies that by time-to-time they come to the market and they keep improving performance of our tonnage.

## MARK WILSON

Thank you very much. It's very clear.

- If I may have one follow-up, maybe I could ask a bigger picture view then on global capacity. There's been a lot of commentary about overall market capacity for subsea installation, particularly in S-Lay and J-Lay. Do you see any new tonnage or

capacity coming to the global market that is currently under construction? Could you speak to that?

### ALESSANDRO PULITI

To be honest, we are not aware of this kind of tonnage being under construction in these days, at least to the market that we know and we can have access. I do not have 100%, as I believe no one [*knows*] what is going on in the Far East.

As far as we know, there are no under construction J-Lay for sure, which...and that are entering in the market. And up to the point, and then we will give you a bit of a secret that we may think to reinstate the J-Lay tower on our Saipem 7000 for certain planned activity. That this was was...since it was not used at least since 10 years. This gives you also a feeling of how much the market is tight on this...and not...there aren't new vessel coming into the market.

### MARK WILSON

Thank you very much. Appreciate the color. I'll hand it over.

### OPERATOR

The next question is from Massimo Bonisoli of Equita. Please go ahead.

### MASSIMO BONISOLI

Good morning. two quick questions.

- One on Mozambique LNG project. Can you give us some color on the assumption included in 2025 guidance?
- And the second on the Onshore strategy, you mentioned the intention to grow and expand into low carbon fertilizers and biofuels. Do you need any acquisition of technologies in this area to support your plan? Thank you

## ALESSANDRO PULITI

Okay. We start to the very end. No, we do not plan to have any acquisition of technology. You know, on fertilizers we normally bid with the Topsoe technology for ammonia, and then we have our own patent for the urea.

Regarding biofuels, we are very much exposed to the plan of Eni to convert refinery into biorefinery, and then we serve the client, let's say, utilizing their own Eni eco-financing technology. So, we don't see the need of acquiring technology.

Then the first question was on Mozambique. I don't know if I recall well. And regarding Mozambique, we're clearly ready to restart as soon as the client will give us the green light. I believe that Total CEO was pretty clear in his last call. So, the issue of security is substantially over. They have to clear certain issues on the financing, and then when this will be done, we expect them to press the button and we're ready.

Now regarding the exact planning, I will leave to Paolo to complete the answer.

## PAOLO CALCAGNINI

Yes. As far as the 2025 projections are concerned, we don't expect any major difference in terms of financial impact on our accounts compared to 2024. So we're not assuming, let's say, full restart very soon. So if you want to have a comparison between 2024 and 2025, we're not assuming any major difference in the amount of activity that we will be performing.

## MASSIMO BONISOLI

Very clear. Thank you.

## OPERATOR

The next question is from Sebastian Erskine of Redburn Atlantic. Please go ahead.

## SEBASTIAN ERSKINE

Yes. Hi, good morning and thanks for taking my questions.

- A few, just on the margin side, I'd be curious if you can give an update on where margins are tracking at the leading-edge kind of the subsea, the SURF side. Obviously, the business is indexed to conventional kind of shallow water, but yes, just maybe an update given kind of the peers and how they're reporting?
- Second, on the Middle East, obviously a key part of your commercial pipeline, perhaps an update on some of the projects you expect to materialize over the coming kind of 12 to 18 months. Obviously, we know of the Qatar in 2024, but clearly there's a COMP 4 work scope that you potentially would be involved in. So perhaps an update on that region?
- And then finally on the Offshore Drilling side, I mean just, I guess, in terms of the '26, as some of the vessels roll off through existing contracts, there's a wider concern obviously on well publicized on kind of white space and pressure on day rates. I mean, I guess an update on that business potential perhaps maybe for small suspensions from Aramco on the shallow water side. It's a nice, as a business, it's a nice margin contribution, but obviously kind of how do you view the business long-term into '26 as well?

That would be very helpful. Thank you.

## ALESSANDRO PULITI

So, I will start from the end, from the drilling. We are actively tendering in several tenders issued by the clients. So, we expect then to utilize our fleet in 2026 and beyond. Regarding possibility of further change of strategy in Saudi Arabia, you know, we will keep leverage on our asset-light so that we have further vessels that are on rental, so that we can manage in case there is a further request or reduction. So for us, it is just matter eventually to downsizing, but we will not have idle cost of the vessel is not

reduced. In the area, we are also participating to tenders with other operators. So, it may be also possible that we will move some unit in other in the same region, but on other field development.

Then your first question was on margins. If I were...I will leave it to Paolo. Okay.

### PAOLO CALCAGNINI

Well, on the margins, I mean, today, the subsea market is a healthy one. So, we think that there is a fair balance between, clients and contractors. And, we think that going forward, the margins will remain where they have been for the last couple of years. But as Alessandro said, we think that the degree of efficiency in managing our business will make an important contribution to the higher margins for the Offshore segment.

And on the commercial pipeline, I don't know if you want to take it, but it's been discussed already before and we still see a good client demand. Now what you call backlog for us is the Capex for the clients. So it's obviously after two years where we tied up €30 billion of contracts offshore, obviously, there is some time needed to plan for new investments from our clients and for us to give capacity to realize new projects because as we discussed a few times, 2025/2026, we will be pretty busy already.

So demand remains benign and market conditions remain good. And even though we need to acknowledge that acquiring €16 billion...€15 billion, €16 billion, €17 billion per year has been quite an extraordinary achievement. And so, we're targeting a more prudent, possibly realistic €12 billion, €13 billion going forward.

### SEBASTIAN ERSKINE

Thanks very much. Thank you.

### OPERATOR

The next question is from Guillaume Delaby of Bernstein. Please go ahead.



## GUILLAUME DELABY

Yes, good morning. So most of my questions have been answered. Maybe a very open one for you, Alessandro.

- Globally, if you look at the past 6 to 8 months, what has been, I would say, the main surprise you've seen when looking at the energy scene, you know, something which basically you were not expecting. Could you maybe provide us some color about that? If there is any?

## ALESSANDRO PULITI

In the energy...the energy world is very complex. What it is surprising and what not in a world where every single day there is a surprise, it's a bit difficult for me to answer. I can tell you, I can tell you the truth. Certainly, what for me is surprising in the six to eight months is what is happening on the Offshore Wind where you see that really, there starts to be a clear difference between ambitions that are declared by countries in terms of GW to be installed and tendered, and then the actual work is awarded and the fact that many of the...in many case, the contractors, they do not apply for the offered capacity. This means that there is still a mismatch in terms of cost expectation between the demand and what it is the offering. That is...and the offering, unfortunately, is linked to the actual cost of the projects.

So that's if you want this is what is surprising me still that, there are still expectation that Offshore Wind can be done, can be cheap. It's not. This is the...this is what is surprising me. Offshore Wind is complex operation. Foundations are linked to soil, to the bedrock condition on the seabed, so they cannot predict it exactly at the very beginning. So the...so all these things, they cannot be...they cannot be done, they cannot be cheap. That's my...but it seems then when auctions are offered, then this element is not yet considered in the value of the energy that is offered. That's the surprise, if you are asking me about the surprise.

## GUILLAUME DELABY

Thank you very, very much. I turn it over.

## OPERATOR

The next question is from Guilherme Levy of Morgan Stanley. Please go ahead.

## GUILHERME LEVY

Hi, good morning. Thank you for taking my questions. I have two, please, if I may.

- The first one, there has been a press article recently mentioning that Petrobras is considering contracting themselves a pipeline vessel to carry out installation of rigid pipes in the pre-salt. Could you perhaps comment on that? Maybe tell us a little bit about other types of new initiatives that oil and gas producers are taking in order to circumvent the current tightness in this market?
- And then the second one, on Courseulles, you have now achieved the target of 7 days per socket in the fourth one. For us to estimating which part of 2026 that project is going to be completed. Is it as simple as just assuming 7 days for the other 60 sockets? Or are there any other difficulties or challenges there that I might be missing?

Thank you.

## ALESSANDRO PULITI

Petrobras. Yes, we acknowledge their willing. To be honest, it's not a surprise because Petrobras also expressed this willingness also a few years ago. So it's not a surprise for us. We are really observing the situation and we're ready to offer Petrobras solution for this whenever it is appropriate. There has been always discussion with Petrobras about a model for laying rigid pipe. They have a fleet of long-term rented, PSVs, and they may have to...and they may think to have a similar strategy also for vessel for laying

rigid. However, at the moment, it's something that we are just...we're just working around it, and we will let you know if in the next month, there are some evolutions.

Courseulles. Yes, the 7 days per week...the 7 days per week is normal. Sorry. I'm a bit tired. But then the 7 days per socket is really a target to the project because this is yes. We do expect that the next 60 sockets that can be drilled with that rate. Remaining part of the project, as far as, regards our scope of work, the scope of work of Saipem, so I'm not commenting at all the rest of the scope of work. It is the installation of the monopiles. The first was done...was done by Saipem 7000 in an extremely seamless way, even taking less time than expected. And now the vessel is working on the...in installing the monopiles on the other sockets we drilled. So, we do not expect being installing monopiles really a complex activity or an activity that can impact further the schedule.

#### GUILHERME LEVY

Perfect. Thank you.

- And third one, if I may, just a follow-up on Thai Oil. Just for me to make sure that I got the accounting correctly. But the security bonds from our estimates are over €100 million. Has that already been provisioned? So that's why we didn't see a big impact in terms of provisions from this project this quarter?

#### PAOLO CALCAGNINI

Well, I mean, the evaluation we typically make on projects include all the factors we know at the moment, we close our accounts. And so, it's not only the bonds, it's the overall estimated cost over the entire life cycle of the project. So the answer I can give you is that today we have accounted for all the costs that we expect going forward, which include all the elements.

#### GUILHERME LEVY

Understood. Thank you.

**PAOLO CALCAGNINI**

But obviously the cash out was...has already happening in Q1. So it's...and that is a cash effect that has been already included obviously.

**OPERATOR**

This concludes our Q&A session and our call. Thank you for joining. You may now disconnect.

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