

Saipem S.p.A.

"Nine Months 2026 Results Conference Call"

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MODERATORS

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

OPERATOR

Good morning. This is the Chorus Call conference operator. Welcome and thank you for joining the Saipem Nine Months 2026 Results Conference Call. As a reminder, all participants are in listen-only mode, and 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 of Saipem. Please go ahead, Sir.

ALESSANDRO PULITI

Good morning, and thank you for attending the presentation of Saipem Nine Months 2026 results. I'm here in Milan today with our CFO, Paolo Calcagnini, and with the other members of the top management team.

The agenda for this session is the following. I will start with an overview of the key operational and financial highlights of the third quarter. Paolo will then deep dive into the financial performance of the first nine months, and I will conclude the presentation with a few closing remarks, including our guidance for 2027. We will then open the floor to your questions.

Let me begin with the key highlights of the third quarter. Saipem reported revenues of €4.1 billion in Q3, representing a growth of 8% quarter-on-quarter and 9% year-on-year. Despite the conflict in the Gulf, we made strong progress on all our projects in the region, recording €1.1 billion of revenue in the Middle East in Q3, in line with our plan.

Adjusted EBITDA in the third quarter stood at €468 million, which represents the highest third quarter EBITDA since 2022. Adjusted EBITDA margin stood at 11.4% in the quarter.

The run rate of extra costs related to logistics difficulties in the Gulf is confirmed in line with the level presented in July. Cash flow generation remains strong. In the third quarter, we generated €404 million of free cash flow, which includes €258 million proceeds deriving from the disposal of our shallow water drilling business.

At the end of September, we had a solid net cash position, both on a pre- and post-IFRS 16 basis. Our commercial activity has accelerated further in Q3, leading to an order intake of €5.4 billion, corresponding to a book-to-bill of 1.3x. We expect our order intake to remain robust also in Q4 and in Q1 of next year.

Our revenue booking in the third quarter is consistent with the growth profile for the last four years, and it represents the highest level recorded in Q3 since 2022. Also, when it comes to EBITDA, in Q3 we set another record despite the extra cost affecting our operation in the Middle East. Both EBITDA and EBIT margins grew in Q3 on a sequential basis, further demonstrating the strength of our project execution.

As already mentioned, even considering the challenging operation in the Gulf, our operating cash flow remained very robust in Q3 at €413 million, again, a record level. The strong cash flow generation is a further demonstration of continuous improvement achieved by Saipem in terms of conversion of EBITDA into cash.

Let's now move to the order intake so far this year and our expectation for the rest of 2026. Our commercial activity accelerated in the third quarter, leading to an overall order intake of €11.1 billion for the first nine months of the year, a level which is almost 50% higher than the same period of 2025. We're particularly pleased with the breadth of our recent awards with a major win in FPSOs, fertilizer plants, biorefinery as well as conventional and SURF offshore projects.

Considering the level of order intake achieved so far as well as the visibility we have in relation to several advanced commercial negotiations, we can very confidently say that for 2026, we are on track to exceed the order intake achieved last year. The degree of performance versus 2025 will ultimately depend on the timing of the final signing of certain sizable projects. All-in-all, the next couple of quarters are expected to be quite intense for Saipem when it comes to order intake.

Let's now look at the recent order intake in Offshore engineering and construction. In the Middle East, notwithstanding the conflict, we were awarded a $1.8 billion contract for the EPCI of offshore and subsea facilities. Outside the Middle East, we are making

good progress in Mozambique, where we have signed with Exxon two letters of intent for the Rovuma projects.

The offshore portion is related to the development of upstream facilities, which will deliver gas from 18 subsea wells into Area 4 to the onshore liquefaction plant through a network of subsea pipelines and manifolds. The LOI is related to the preliminary engineering and procurement as well as other technical services and is aimed at advancing project definition and execution planning.

In West Africa, Saipem has been awarded the West Hub Tails project from Azule. The project is part of the wider Agogo development located 180 kilometers offshore Angola at the water depth up to 1,750 meters. Our scope of work covers the engineering, fabrication, transportation and installation of subsea infrastructures, including approximately 62 kilometers of flow lines, risers and umbilical to be tied back to the Agogo FPSO.

Lastly, early this week, we have received from Exxon, the authorization to proceed for the execution of the Longtail offshore project in Guyana, following the limited notice to proceed obtained back in April this year.

Longtail is the second largest SURF project in the recent history of Saipem with an estimated overall value between $1 - $1.5 billion and covers the EPCI of SURF infrastructure at a water depth of almost 2,000 meters. With the Longtail project, Saipem further confirms its leadership in Guyana, where it has already been awarded 7 offshore development contracts by Exxon.

Let's now move to the recent awards in Onshore engineering & construction. As already mentioned, we have also signed with Exxon an LOI for the onshore portion of the Rovuma project. The onshore portion focuses on the development of a natural gas liquefaction plant on the Afungi Peninsula, comprising 2 LNG trains with 12 modular liquefaction modules with an expected production capacity of approximately 18.6 million tons of LNG per year. In addition, let me remind you that these LOIs follows the FEED activity performed by Saipem, which was awarded back in August 2024.

Moving to Algeria, Saipem has signed with Sonatrach a limited notice to proceed for the execution of Phase 1 of a large-scale phosphate fertilizer plant. The overall project will include phosphate mining infrastructures, process unit and auxiliary facilities for fertilizer production as well as the related logistics and service infrastructure. The full EPC contract is expected to be based on a contractual framework, which allows both parties to share risk and reward during the execution.

Moving to drilling. In mid-September, we have completed the disposal of our shallow water portfolio to ADES following a binding agreement signed back in June. The associated fleet is made of 5 units, 3 owned jack-ups, the Perro Negro 7, 8 and 10 and 2 leased jack-ups, the Perro Negro 11 and Perro Negro 13. As a reminder, Saipem will continue to operate the Perro Negro 10 for Eni in Mexico for few more months.

The transaction generated proceeds of €258 million for Saipem, which were booked in Q3 as well as a capital gain of approximately €70 million, which was treated as a nonrecurring item in our Q3 results. The disposal is part of our strategy to focus on deepwater and harsh environment offshore drilling operation, and it is also a natural continuation of the path started with the sale of the onshore drilling business back in 2022.

Let me now turn to the recent commercial activity in the deepwater segment. In the last few weeks, we signed several contracts which have helped consolidating our fleet schedule for 2027 and beyond. The Saipem 10,000 will be working for Eni in Cyprus starting in January. The Scarabeo 9 will be working in Egypt for Burullus starting in Q1 2027, and then will move to Suriname to work for TotalEnergies. As you remember, we decided to concentrate the maintenance activity of our fleet in 2026, in particularly for Saipem 10,000 and Santorini, in order to have a clear schedule in 2027. Our deep-water drilling fleet is now almost fully booked for next year.

Let me now give you an update on the Middle East. In Q3, we made strong progress in the execution of our projects in the region. Our clients have been very supportive and keen to maintain operational continuity. For projects in Saudi Arabia, we've been able to leverage on our STAR yard in Dammam, which has greatly contributed to the resilience in the execution of the projects in the Kingdom.

More broadly, in the Middle East, vessel utilization has been proactively managed to minimize the impact of few clients-led temporary suspension and late arrival of certain critical deliveries. In terms of deliveries, we completed several inbound crossings through Hormuz, and where possible, some deliveries have been rearranged using road transportation. All-in-all, we managed to book revenues in line with our initial pre-conflict budget.

The disruption brought by the conflict generated some extra costs, mainly logistics and insurance, which we have today confirmed being in line with the level presented in the first half results call back in July. We expect to recover a portion of this extra cost subject to the outcome of commercial discussion with clients. Despite the conflict, commercial activity in the region remains robust, and the attitude of our clients is constructive. We recorded a robust order intake of more than €3 billion in the region so far this year. Further awards are expected to be signed in the coming weeks.

Let me now give you a brief update on Courseulles. The execution is progressing steadily, and the drilling activity is proceeding at a very good pace. To date, we have successfully drilled 49 sockets and installed 38 monopiles. This means that since the last update in July, we have added 13 new sockets and 15 new monopiles. With the drilling of socket number 49 completed, we have finalized the third of the four electrical areas of the Courseulles wind farm, marking an important milestone for the project. Once again, we confirm the completion is expected in Q1 2027.

Let me now give you an update on our commercial pipeline. For the third quarter in a row, our pipeline has continued to grow and currently stands at €65 billion, a record level. In terms of mix, we see attractive prospects in Offshore, both conventional and SURF. At the same time, on the Onshore space, we are seeing opportunities in upstream, LNG, FPSOs, fertilizers, and sustainable infrastructure, as well as operating and maintenance. Geographically, our pipeline is growing in the Middle East as well as in Africa. We continue to see attractive prospects in Latin America and Asia Pacific.

And now, let me give you a brief update on the merger with Subsea7. As of today, we received approval from 13 out of 16 antitrust authorities. A major step forward came a

couple of weeks back with the final approval of CADE, which included a commitment to divest the Seven Borealis.

As we have already mentioned, the divestiture is not expected to materially affect the strategic rationale of the proposed combination, and the synergies previously announced are confirmed. We continue to work constructively with the remaining authorities toward completion in early 2027. Our respective integration teams have been making good progress in planning for day one, and we expect to be fully operational upon merger completion to unlock the full potential of Saipem7.

Let me now hand over to Paolo to cover the financial results in more detail.

PAOLO CALCAGNINI

Thank you, Sandro. Good morning, everyone. I will begin with Slide 16, which provides an overview of Saipem's main results for the Nine months of 2026. Revenue grew by 4% year-on-year to €11.5 billion. Adjusted EBITDA grew by 9% to reach €1.3 billion. The adjusted EBITDA margin continued to improve year-on-year, rising to 11.4% compared to 10.9% in the 9 months of last year.

As mentioned by Sandro, our performance in the first part of the year was affected by some extra costs due to the conflict in the Middle East. The impact of those costs was particularly visible in our Q2 performance, whilst performance in Q3 has been recovering. Net result remained broadly stable year-on-year at €210 million. Operating cash flows stood at €1.3 billion, a growth of almost 20% year-on-year. The difference between adjusted and reported results reflects a provision booked in Q2 for €35 million in relation to the implementation of an early retirement scheme for Saipem employees in Italy, as well as the capital gain of €67 million recorded in Q3 linked to the disposal of the shallow-water drilling portfolio. We expect to book a further provision in relation to the early retirement scheme in Q4 for approximately €70 million.

Let me now turn to the performance of the businesses, starting from the Asset Based Services on Page 17. Revenue in the nine months of 2026 stood at €7 billion, representing an 11% increase year-on-year. Such performance was mainly driven by strong progress of our projects in Romania, Guyana, Suriname, Australia, and Indonesia,

partially offset by the completion of Sakarya II in Türkiye and Búzios 7 in Brazil in 2025. The mix between conventional and deepwater activity has remained broadly stable year-on-year.

Adjusted EBITDA stood at €1.1 billion in the first nine months. This is an increase of 24% year-on-year, with a margin expansion of 1.6 percentage points versus the same period of 2025. The margin expansion was mainly driven by the strong performance of the SURF activity and, more generally, a higher utilization rate of the construction fleet. The growth in adjusted EBITDA more than offset the increase in the lease components of D&A, driving adjusted EBIT margin up to 90 basis points year-on-year from 5.5% to 6.4%. For Q4, we expect a stable performance in terms of revenue, adjusted EBITDA, and adjusted EBIT compared to Q3. For 2027, we expect a slight decline in revenue versus 2026 and an improvement in both EBITDA margin and EBIT margin, mainly driven by the completion of the Courseulles project.

Moving to Drilling Offshore on Page 18. The year-on-year decline in both revenue and EBITDA mainly reflects the reduction in the size of the fleet following the exit of the Pioneer and the Perro Negro 12 jack-ups in the second half of 2025 and of the DVD in July 2026. The reduced activity across the entire fleet, with the Saipem 10,000, the Perro Negro 8, and the Perro Negro 11 undergoing maintenance in the first nine months of 2026, and then by the marginally lower day rates for the Saipem 10,000, the Santorini, the Scarabeo 9, and the Perro Negro 7. These effects were only partially compensated by a higher day rate for the Scarabeo 8 and the higher utilization for the Perro Negro 10.

Now, for Q4, we expect a double-digit decline in revenue and EBITDA compared to Q3, mainly driven by the sale of the shallow-water drilling business and by the ordinary maintenance activity of the Santorini and the Perro Negro 4. For 2027, we expect a mid-to-high single-digit decline in revenue versus 2026 due to the disposal of the shallow-water drilling business, partially compensated by a higher utilization rate of the deepwater fleet. EBITDA margin is expected to be at 25%, whilst EBIT margin should stabilize around 10% in 2027.

Let's now conclude the review with the Energy Carriers on page 19. Revenue remained broadly stable year-on-year. This was the result of an increased contribution by projects in Italy, in the Far East, and in Northern Europe, offset by lower contribution of projects in Middle East and Africa. The latter despite an increase in revenue to the restart of the Mozambique LNG project for Total.

Adjusted EBITDA margin rose by 50 basis points year-on-year, as volumes related to legacy projects continue to decline. For Q4, we expect higher revenue compared to Q3 with stable adjusted EBITDA margin. In 2027, we expect double-digit revenue growth and a material improvement in EBITDA and EBIT margins.

Let's take a look now at the figures below EBITDA that are shown on page 20 of the presentation. D&A increased by 14% year-on-year. As discussed several times already, this reflects the growth of the fleet on a chartered basis, as well as the change in accounting treatment of the DVD lease. In particular, D&A related to leases increased by 33% year-on-year from around €410 million to around €540 million. The overall level of D&A expected for the full year 2026 is confirmed at around €1.1 billion. D&A is expected to decline to approximately €900 million in 2027, as some leased vessels are expected to be returned to their owners, as in the case of the Bold Tern currently used in the Courseulles project.

Financial expenses stood at €90 million in the first nine months of 2026, a decline of €51 million year-on-year, reflecting mainly the lower hedging cost on the back of the reduction in the interest rate differential between the euro and the US dollar, as well as due to lower volumes of traded derivatives. And second, to a decline in the net financing cost ex-IFRS 16 as a result of the decline in the gross debt and the growth in the cash position, which generates a positive yield. All-in-all, financial expenses for the full year 2026 are expected to be approximately 25% to 30% lower than in 2025, while they are expected to be around €100 million for the full year 2027.

Income taxes. Well, income taxes almost doubled year-on-year, implying an effective tax rate of 52% on the reported result for the first 9 months of 2026, compared to 35% a year ago. This increase is mainly attributable to 3 factors. First, a one-off settlement of several tax disputes in West Africa. Second, a higher weight of withholding taxes in

certain countries. And third, a different profit mix among the companies of the group, with no deferred tax assets being recognized by loss-making entities in accordance with IAS 12. Some of these effects are expected to unwind in Q4 and then in 2027, with the tax rate falling below 45% in Q4 and normalizing to 35% to 40% in 2027.

Let us now focus on cash flow and net financial position on page 21. In the first nine months of the year, considering both the €330 million dividend paid in May and the proceeds for €262 million related to disposals, the pre-IFRS 16 net cash position improved by almost €0.5 billion and stood at €1.5 billion at the end of September. This is primarily due to the cash generation totaling €530 million, which was supported by the strong performance of the business, as well as a release of cash from working capital as some key projects were completed. More broadly, the improved cash conversion we have experienced in the last four years is mainly due to the improved quality of projects and the related contractual terms, as well as the optimization of working capital management.

Lease liabilities declined by €238 million in the first nine months, and they are expected to continue to decline in the next few quarters as we release some chartered support vessels back to the owners with expected completion of some specific projects. In fact, we expect lease liabilities to decline to €850 million to €900 million at the end of 2026. Lease repayments in the first nine months of 2026 amounted to €478 million, and we expect lease repayments to be around €700 million to €750 million for the full year 2026, but to decline to around €500 million in 2027.

I will now hand it back to Sandro for his closing remarks.

ALESSANDRO PULITI

Thank you, Paolo. So today, we confirm our 2026 guidance, which, as you remember, was updated back in July to factor the extra cost caused by the Middle East conflict. When it comes to 2027, we see revenue of approximately €16.5 billion, EBITDA of approximately €2 billion, gross CAPEX between €450 million and €500 million.

Let me stress the fact that with a backlog of €31 billion and the construction fleet that is fully booked for 2027 and 2028, we currently enjoy a very strong visibility for the

next two years. Guidance for 2027 assumes that Saipem's activity in the Middle East remains affected by a level of extra cost broadly in line with what we are experiencing in 2026.

Before we turn to the Q&A session, let me step back from our usual quarterly wrap-up and take a broader look at what we have achieved over the past few years. Since 2022, we have worked hard to clean our portfolio, to build a robust and attractive backlog, and to set the basis for a new course for Saipem. In the offshore engineering and construction space, we currently enjoy a strong visibility deriving from a robust backlog of oil and gas projects and a strong market outlook for both deep water and conventional activity. The completion of the Courseulles project in 2027 will lift our profitability further. As you know, the upcoming merger with Subsea7 will lead to substantial value creation for shareholders as well as for clients.

In the onshore engineering and construction space, the legacy backlog is very close to be completed. As you know, we have also adapted our commercial strategy, which is now fully aligned with the new world we live in, a world characterized by high inflation, geopolitical tensions, and conflicts. Onshore contracts now include a substantial portion of scope of work, which is de-risked.

In drilling, on the back of the disposals completed in the last four years, the portfolio is now concentrated on the deep water and harsh environment market, which is the space where we would like to focus going forward. All in all, we are set for an exciting journey of value creation from 2027 onwards.

Thank you for your attention. We are now happy to take your questions.

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."

First question is from Alessandro Pozzi, Mediobanca.

ALESSANDRO POZZI

Good morning. I have a couple of questions. And the first one, and maybe if you can take it one-by-one.

- The first one is on the onshore E&C, Energy Carriers. That's probably the division where profitability is still a little bit subpar compared to the rest of the sector. Paolo, in your opening remarks, you mentioned there is going to be a substantial increase in revenue and EBITDA, especially in the margins next year. So maybe, can you say a few words on where we are with regards to the turnaround of the onshore E&C? What type of margins do you expect in the coming years? And I remember you have a longer-term assumption of maybe reaching 5%. I was wondering, maybe too soon to have 5% next year, but maybe in a couple of years' time, that could be something that is within reach. And I guess Mozambique is going to play a big part. If so, if you can maybe talk about what could be the size of the orders coming from Exxon as well, that would be appreciated. That's the first one.

ALESSANDRO PULITI

So, Onshore E&C turnaround. I believe we were pretty clear in the presentation, especially on the last slide. The basis of our turnaround is really the completion of the legacy projects, the ones that were part of the list of projects that caused the profit warning in the beginning of 2022. They are now coming to completion. As we stated clearly, Berri and Marjan are now 99%. So, we are coming to an end of those projects that resulted in well-known difficulties.

Focusing on the future, clearly with the portfolio that is unloaded at this point from those kinds of projects, our trajectory to margin improvement, we expect really to take off. This is one of our main targets for 2027. You see that we are already in the path. Paolo presented clearly already a significant improvement. Maybe numbers are not that big today, but what matters is the trajectory that we are taking and where we are really in. But the real point I would like to stress is the quality of the new projects, because this for us matters even more than margins. Paolo presented an improved margin compared to the first nine months of 2025 that is significant because plus 25% in margins. So, although numbers are still not that big, we moved from 1.7% to 2.2% in margins. So the trajectory is the right one. And we will get to the desired margin level. You mentioned 5%. I don't see why Saipem should not achieve that point considering the quality of the new portfolio. As we stress, the new portfolio sees contract conditions that are aligned with the current world condition. As I said, they include clauses to reduce the risk that is deriving from high inflation, that is deriving from disruption caused by geopolitical difficulties and even construction difficulties.

So, to be very clear, now in most of our new contracts, for example, we do procurement on behalf of the client, but procurement risk is on the client, and a good part of the construction risk is again shared with the client. We are happy to take full risk when it comes to engineering, project management and the activity we do carry directly, but activity that then depend on subcontractor performance or can be easily affected by surrounding geopolitical issues, they see an important portion of risk being shared with the client. So, this is what I believe is even more important than the pure margin analysis, because it will be a portfolio that will be much more resilient than the portfolio we had in the past.

So, you have a second question, I believe?

ALESSANDRO POZZI

Yes. So just wondering…just a follow up.

- So basically if you assume like a return to 5% by 2028, I know you don't want to focus too much on margins, about 5% 2028 or thereabout should be a fair assumption, I guess. Yes.
- Yes, the second question was on the next steps for the merger with Subsea7, of course. We've seen the structural remedy imposed by Brazil. Can you maybe clarify whether this is something that you need to do before the closing or not? And also, the other key point was we know there was a meeting between the different authorities, the EU with Brazil. Do you think this is a remedy that potentially could be agreeable with the DG Comp in Europe and, therefore, you could get approval from them as well on the back of the structural remedy proposed by CADE. Thank you.

ALESSANDRO PULITI

Okay. Now the question is pretty complicated. And clearly is putting a stake in my ability to say things that I can't say. So the first part of your question. Yes, we can close only when the request is satisfied. It is not said that an actual sale is completed, but for sure, we will need at least a binding MoU that then has to be also validated by the CADE.

Vis-à-vis what is going on with the European Commission. What I can say is that we are in a very constructive dialogue with the European Commission. Things are progressing well to come to a solution that is acceptable for both parties and does not jeopardize the rationale of the operation. So, this is where we are, and I believe we are not in a bad place. That's really, I believe I answered your question.

ALESSANDRO POZZI

Yes.

- Are you already in discussions about the sale of the Borealis?

ALESSANDRO PULITI

Now I believe that Borealis is owned by Subsea7. So as you can imagine, this process is led to Subsea7. So I'm not commenting on this specific question.

ALESSANDRO POZZI

Thank you very much.

OPERATOR

Next question is from Mark Wilson, Jefferies.

MARK WILSON

Thank you. Good morning, and may I say first, congratulations on all the progress since 2022 and the derisking of the outlook.

- My question is on the one area of that outlook that does actually appear different to how I would have expected it. And that is the margin for what will be a deepwater harsh environment offshore drilling fleet. The 25% EBITDA that Paolo spoke about for 2027. I mean, simply put, that's about half of what the margin was back in the day and materially down on previous years. Could I just ask about the moving parts there? Is it the shallow drilling you've sold? Or is it a higher cost outlook? Just if you could give us the moving parts and if that is expected to be the longer-term level? Thank you.

ALESSANDRO PULITI

So just to give you clarity on the drilling fleet. What we can say is that 2026 was a year that was characterized by many cyclical yard stops of the vessels. And in fact, when I was commenting, I was trying to point out…well maybe it was not very clear, that in 2027, we will have basically a fleet that is clear from cyclical maintenance. So, what we see for 2027, it's a clear recovery of the margins of the drilling fleet, because basically we did all this maintenance in 2026.

And maintenance are typically lasting from three to four months during which you do not clock revenues from the assets and you clock CAPEX instead to carry out the maintenance. So having done most of them in 2026, we do expect certainly for 2027, a good recovery of the margin for the drilling offshore, the deepwater. This is the core of the question. Then clearly, that I believe is really the core of the question.

I don't know whether Paolo, do you want to add anything to complete it.

PAOLO CALCAGNINI

Yes, I think that the other explanation is that even though in 2027, we expect a strong recovery of the activity of the vessel, there is still some mobilization time of certain vessels that, as you can imagine, pulls down the overall margins, especially on a fleet that has five vessels overall. So, 2027 is going to look better in terms of deepwater fleet utilization and rate, but there is still here and there a bit of idling time. And that explains why the margins are not growing to the 40% area that you might have in mind. But 2028 will likely see the margins to go back to the 40% plus area.

MARK WILSON

That's very clear. Thank you both. I'll hand it over.

PAOLO CALCAGNINI

Sure.

OPERATOR

Next question is from Kevin Roger, Kepler Cheuvreux.

KEVIN ROGER

Yes. Good morning. Thanks for the time. I have two if I may.

- The first one is you mentioned a sequential improvement in the Asset Based Services margin for '27 versus '26, because notably Courseulles-sur-Mer will be completed. Can you share a bit with us the volumes that have been generated by Courseulles-sur-Mer in '26? Maybe, you know, what was the top line with a zero percent margin with Courseulles in 2026 to understand the potential effect for '27?
- And the second one, just to be sure that I'm not missing anything on the CAPEX side, because you confirm the CAPEX guidance around €450 million which implies basically almost the same amount in Q4 versus what you did for the first nine

months. So, is there anything special in Q4 that you have to pay for on the CAPEX side? Thanks a lot.

ALESSANDRO PULITI

Okay, I will start with the last question, and then I'll let Paolo to be more precise on the numbers for Courseulles. So CAPEX, yes, it's true that we are having a CAPEX increase in the last quarter, but basically because we are concentrating maintenance of two major units. One is the Santorini, the drilling ship. Then we have also the only jack-up that is remaining in our fleet, the Perro Negro 4, that is having maintenance in Q4. And then we are having also maintenance in the offshore construction fleet. As you know, this maintenance is typically seasonal because we try to carry it out during the period in which in many regions is a bad weather. So, we prefer to do maintenance in the last quarter. So that's the reason why you will see a surge of CAPEX in the last quarter. And you rightly pointed out that in the last quarter, we should spend almost the same amount that in the first nine months, but that's because of the phasing of the activity.

And now, I'll leave it to Paolo.

PAOLO CALCAGNINI

So, on the Asset based. So, what you will see next year is an increase in the EBITDA margin, but the increase in the EBIT margin will actually be larger for the reason that there is going to be less D&A pushing upward the EBITDA versus the EBIT, mainly because the depreciation will decrease on certain vessels.

Then your question on the wind, I'm not sure if I got it, but Courseulles basically contributed for roughly €150 million in terms of revenues this year. But I guess the point is that it's a loss-making project. So, it's not really the revenues that matters when it comes to the margins, but it's most the fact that one loss-making contract will be completed by Q1. So, all the losses and vessels and leases that are related to Courseulles won't affect the numbers starting from Q2 2027, and that drives the upward lift in the offshore margins rather than the pure revenues because it's not a kind of standard project. It was one behind the profit warning, if you recall.

Kevin Roger

Yes. No, that's very clear. It was more to understand, you know, the revenue with a negative performance that will disappear for '27. So it's very clear. Thanks a lot for that. Thanks.

Paolo Calcagnini

Sure.

Operator

Next question is from Massimo Bonisoli, Equita.

Massimo Bonisoli

Good morning. Thank you for taking my questions.

- My first question is on the extra cost in the Middle East. Have there been any concrete development in the negotiation? And does your 2027 EBITDA guidance include any such recoveries?
- And the second question on the capital deployment. Given your strong, very strong net cash position and the significant cash generation expected in 2027. How are you thinking about capital allocation priorities going forward? Is there any scope for higher shareholder returns in 2027? Thank you.

Alessandro Puliti

So let's start with the Middle East, and then I will leave Paolo for the capital allocation and capital deployment. So, what we have seen is that what we were planning back in July in terms of extra cost incurred in the Middle East was confirmed, so we confirmed the evaluation and the level of the extra cost that are mainly linked to extra logistics and extra insurance cost.

Ability to recover it from clients is there, is on the table. I would say that all the clients are willing to support. But as you can imagine, those are costs that will be supported at the end of this process where you have really the final bill in your hands and you can issue the final invoice. So we are pretty sure we will receive a good amount of support

from clients. Clearly, we will not be able to recover the extra G&A being generated by the cost, for example, of repatriation we incurred of several employees and family back at the beginning of March. But the cost of logistics and the cost of extra insurance have a good chance to be recovered. Now, this will be a process that is ongoing, and we can book only when it is actually closed. So for the time being, we keep this extra cost in our account, knowing that we have a good chance to recover at least a good portion of them.

For 2027, we took a pretty prudent approach. So we said, okay, let's assume we will have the same extra cost with the same possible upside in case we do not incur in those extra costs because as all, we hope that situation will return gradually to normal. If not, our guidance includes the same amount of this extra logistics and insurance cost, broadly the same level we incurred in 2026.

And now, I'll leave Paolo to answer the part of the question on capital deployment.

Paolo Calcagnini

Yes. So, Massimo, you may remember that we have a remuneration policy that we shared, if I remember correctly, a year ago or even more, which says that we want to pay our shareholders at least 40% of the free cash flows. But then in the last two years, we paid actually more than 40% because we had enough visibility on the business, and we felt confident that we could pay even more. So given the performances we achieved in the first nine months and the fact that we it's end of November, we don't see reasons not to remain optimistic about remuneration for the next year. But if you are looking for new remuneration policies, I'm afraid that you may have to wait until the new Saipem7 is born, and we come up with a new remuneration policy and new capital allocation policy, which might happen sometime in 2027.

Massimo Bonisoli

Very clear. Thank you very much.

Operator

Next question is from Sebastian Erskine, Rothschild & Co Redburn.

SEBASTIAN ERSKINE

Yes. Good morning. Thanks for taking my questions.

- The first one, returning to the Middle East. Can you just remind me kind of the critical deliveries into the Gulf that are outstanding and the specific projects? My understanding is it's the two Qatari projects that are kind of ongoing. But just any color of sort of the outstanding deliveries?
- And also, how comfortable are you that there's no risk of sort of revenue moving between periods if you're not able to undertake certain deliveries? So how secure is that sort of €16.5 billion kind of revenue guidance to shifts in the schedules in the Middle East?

ALESSANDRO PULITI

Okay. So, a bit of color for the extent I can disclose and you will understand that there are sensitive matters around. So we managed to do several crossings during the summer, and up to now, even in the last weeks, not only with vessel carrying goods, but also with barges that were carrying jackets and part of offshore infrastructure built outside the Gulf of Hormuz. So this is the reason also why we showed a very stable revenue stream from the area.

The other reason because the revenue stream from the area is pretty stable is also the fact that these platforms or decks that have been built outside the Gulf, they have generated most of their revenues when they were built. And while the actual transport and installation generated very limited revenues compared to the values of those goods. So even a delay in the installation does not impact in a very substantial manner our revenue stream. So that's to give you the overall figures.

A bit more color – we do expect some other crossing from now to the year end, that they will be managed according to the prevailing condition in the Strait of Hormuz when we're ready to cross. So it's really a strategy. Our strategy is based on a very simple criteria: we cross only if we have the reasonable certainty that we will not be, by doing

that, we will not be harming people and we will not be harming the infrastructure we are transporting. So that's the criteria that we adopt.

Sebastian Erskine

Understood. Thank you very much for the color, Alessandro. And then I guess, my second question returning to offshore drilling.

- Obviously, you have now exited shallow water in Saudi. You are left with the five kind of deep-water units and one jack-up, I think, in Egypt. What is the kind of long-term plan for this fleet? I mean, my perception would be that it is probably kind of subscale, and I am curious, maybe a question more for when you are the new Saipem7, but would you look to add incremental units in the deep-water side of the fleet? And how do you see the strategy more broadly for the drilling business?

Alessandro Puliti

So for the drilling business, the strategy, as we said, we would like to concentrate and we are concentrating actually, in the deep water and harsh environment. And I would say this is the starting point. So you mentioned some option, but there are many, I would say, that we are evaluating. But we believe that on the drilling, this is not the end of the story. This is the beginning of a new trajectory. Now, I am not in the position now to disclose you more, but there is a trajectory for drilling certainty.

Sebastian Erskine

Fully understood. Thank you very much, and I will turn it back now. Thank you.

Operator

Next question is from Guilherme Levy, Morgan Stanley.

Guilherme Levy

Hi, good morning. Thank you for taking my questions.

- I guess the first one, on working capital. Could you share with us the expectations embedded in your guidance for next year in terms of working capital? Are you still expecting a release into 2027?
- And then on CAPEX, just a follow-up one, but on your new guidance of €450 million to €500 million next year, is there any extraordinary component there? Should we see this figure as the new one going to 2028, 2029 as your new maintenance CAPEX level, or is that something specific to next year? Thank you.

ALESSANDRO PULITI

Yes, I will answer you on CAPEX, and then Paolo will comment on the first part of your question. So in the current level of CAPEX, there are no any extraordinary post. It is only CAPEX, as we call it, to stay in business. Clearly, you see a range, but the range is also connected to the fact that, as I was explaining before, most of our maintenance activities are carried out in the last part of the year, and so it can happen the part of those CAPEX due to operational reason, they may move from one year to the other year, because they really are across end of the year and the beginning of the new year. So there is always a bit of uncertainty of what can go beyond the year end or what can remain within the year. But the main assumption is that there are no extraordinary CAPEX other than the maintenance necessary to stay in business for the drilling fleet and the construction fleet mainly. Paolo.

PAOLO CALCAGNINI

Yes, on the cash flows for 2027 and the working capital, I can guess where the question comes from, the fact that we did not share free cash flow of 2027, but only the margins and the CAPEX. What we can share is that we expect a positive contribution by working capital in 2027, but not a very significant one. It is going to be, for sure, smaller than 2026. The reason why we still expect a positive contribution is because we can see that the contracts with better contractual payment arrangements are still kicking in into the portfolio, while old projects that had still a tail of positive working capital are coming to their full execution. But all-in-all, yes, there is going to be a positive contribution

by working capital in 2027, but it is going to be relatively small compared to what we have seen in the last year, even 18 months.

GUILHERME LEVY

Understood. Clear. Thank you.

OPERATOR

Next question is from Victoria McCulloch, RBC.

VICTORIA MCCULLOCH

Good morning. Thanks very much for your time.

- The third quarter was another very strong quarter for yourselves and really sustained order intake this year. If we look back maybe 9 to 12 months, this has pretty much followed some of your commentary. And I appreciate there is a number of geography nuances and the business divisions within that. But could you give us some commentary on how you think Saipem's market share has moved over the last year or so.
- And keeping on this theme, much in the same question, your E&C commercial pipeline in the presentation has once again continued to grow, and it looks pretty much across most geographies. Can you give us some color on your confidence in Saipem's ability to continue to, I guess, follow this trend and similarly see growth in the order intake in 2027? Thanks very much.

ALESSANDRO PULITI

So in terms of order intake visibility, as I said before, we are in a good position. We are in final stage of negotiation of several opportunities that may be announced within this quarter or last in Q1 next year. Clearly, you have seen that we presented today two major letter of awards in Mozambique, and clearly when those letter of intent will turn into EPC awards, you will see a substantial increase in our order intake. And those opportunities are both onshore engineering and constructions and offshore engineering

and constructions. So I would say that we are progressing well in the two main business line in terms of order intake.

Compared to the past, while we see an order intake level that has clearly the potential to keep our fleet fully booked for the next years, we said today that we are fully booked 2027 and 2028. But what it is in the pipeline clearly will sustain the full utilization in the fleet also in 2029 and 2030. And more than that we cannot do, because when you reach the full utilization, you cannot do anymore when it comes to offshore engineering and construction.

While compared to the past, we see an increase of opportunities on onshore, especially according to the strategic lines we gave a couple of years ago in terms of focus of our onshore activities. So we see opportunities in the FPSO, especially in the Far East. We see opportunities in fertilizers. Clearly, what is going on in Algeria is we signed an LOI for Phase 1, but then Phase 1, as you can really imagine, hints that there is a Phase 2 in the horizon. And these fertilizers, so we said FPSO, fertilizers, and then LNG. LNG will become for Saipem a very important and strategic activity. We are leading toward the completion of the Bonny project in Nigeria, and we have the chance to start up in Afungi for Area 4 as well. So it will be a business line that will roll out a continuity of operation on which we can leverage, on which we can build synergies, on which we can build efficiencies. So those are the strategic lines around our expected pipelines of projects ahead of us.

VICTORIA MCCULLOCH

Thanks very much. That's really helpful color.

- And just a very short follow-up, hopefully for Paolo. As we look to the balance sheet, is there any reason why the business, Saipem as a standalone business, because I appreciate that's where we are today, should continue to build a higher cash position that we're not considering today? Thanks very much.

PAOLO CALCAGNINI

Well, I guess the question on the cash will be answered sometimes in 2027. I mean, it is something that the new Saipem7 will have to deal with, and it is a nice problem to have, to tell you the truth. I mean, we have gone a long way in terms of cash generation, and it is fair to say that today, we are in a position that possibly 3 years ago we couldn't even be hoping for. And we are cash positive. We will be cash positive even after lease payments and dividends, very likely in 2027. The question is, I guess the shareholders will be looking for an answer on what to do with the extra cash. I guess that we will keep you waiting for a few months in 2027 before you can hear from us what the capital allocation and use of the cash will be.

Then on the first question, if I may add a couple of information, Victoria, because the question on the acquisition is a very interesting one. So I guess, I have three comments on this. First, as Alessandro said already, there is at least €7 billion of projects that will be awarded between end of 2026 and beginning of 2027. The €7 billion are projects that we are pretty confident to get. They might come late in December or beginning of next year, and so that might move the acquisitions for 2026 or Q1 2027 quite a bit, because some of them are very big ones.

Then when it comes to the capacity of Saipem to acquire more, well, let's make a distinction between offshore and onshore. So when it comes to the onshore, we are mostly focused on the quality of the things that we are acquiring more than on the quantity, because as we said a few times already, we want to make sure that the projects we are acquiring come with the right risk-reward profile, with the risk being covering certain cost areas that Saipem doesn't fully control, some part of the value chain and the construction that used to be to fall into the lump-sum kind of contractual schemes that today we are not accepting any longer. And that's for the onshore.

For the offshore, I guess that it goes very much into the rationale of the merger with Subsea7. So, we came to a point where our fleet is fully utilized, and if we want to free up capacity to do more and offer more vessel days to our clients, I mean, there is when the merger with Subsea7 comes into play, because we said a few times that by combining the two fleets, we will be able to offer more to our clients. And this is the

very core of it, because otherwise, I mean, the fleet is fully booked for 2027, almost fully booked for 2028, and there are already projects coming into the portfolio that will be executed in 2029. And somewhere, we need to find more capacity to offer and that will largely come from the merger.

Victoria McCulloch

Thanks very much. Really helpful. Turn it back over.

Operator

Next question is from Matt Smith, Bank of America.

Matt Smith

Hi there. Good morning. Thanks for taking my questions.

- I just wanted to start on the full year 2026 performance or year-to-date performance. I think we've covered a lot of the movements on cash flows. So I just wanted to focus big picture on your sort of revenue and EBITDA progress versus the guide. I think, roughly speaking, you've achieved around 75% of the full year guidance, which, of course, looks on track. But I think in prior years, Q4 tends to be seasonally strong. You sort of realized about 30% of your full year numbers in the fourth quarter. So could I just start with any color on that? Is there any reason to expect the seasonality will be any different this year?

And then I can come back with another, please.

Paolo Calcagnini

Well, we are talking about roundings. I mean, you said 25% of the year made in Q4 might be 30%, and then if you add the numbers, we would probably end-up doing a bit more than the €1.75 billion for 2026. Well, possibly, but we're really talking about roundings rather than big numbers. And I guess, that there is still a bit of uncertainty on how things are going in the Middle East, because of the milestones that are related to the deliveries of certain materials or topsides or jackets that need to cross Hormuz, and the extra costs that we discussed a few times. Now, the extra costs go straight into

the accounting when you realize that they are becoming evident to the project, while revenues or recoveries of extra costs cannot be accounted for until you get them, until you sign something in writing that says that you can get reimbursed certain costs.

So is there a bit of prudence? Can we do a bit more than the €1.75 billion? Well, possibly things can get a bit better, but it doesn't change the picture. I mean, it can be few tens of millions, not hundreds.

Matt Smith

Understood. Well, thank you for that color. Could I just ask two more?

- So, one very quick, just for the avoidance of doubt, have we suggested that no cost recovery has been assumed in the 2027 guidance as it relates to those additional Middle East costs? That'd be the first, just clarification, if I could.
- And then secondly, I wanted to talk to the ABS business. I think last quarter you talked to EBITDA margins up around 100 basis points in the second half versus the first half. And I suppose we have some further tailwinds into next year. You've mentioned Courseulles. I mean could you just sort of speak to the direction of travel there? You mentioned that the mix between deep water and conventional has been relatively stable in the period discussed today. Is that a source of potential margin improvement? Could that mix shift further towards deep water? And I'm not talking to next quarter, but I mean, over the next few years.

Paolo Calcagnini

So on the cost recoveries just a clarification on what are the assumptions behind the 2027 guidance. So the assumption is basically the following. It's pretty easy one. We are assuming that the execution and the related extra cost in the Middle East are being fully incorporated into the projections project-by-project. So that's the best estimate that keeps all the elements into account.

Is there an upside for 2027? Well, I don't know…we don't know. I mean, possibly. I mean if the situation gets way better soon there could be a bit of an upside, but that's the best estimate as of today.

Then when it comes to the margins for the next year, I guess that given the fact that Courseulles will be completed in Q1, the increase will be mostly concentrated from Q2 onwards. While when it comes to the mix between deepwater and conventional, we don't see any big differences in 2027. There might be a bit more of SURF activity from 2028. Because if you look into the acquisition, the acquisitions for conventional activities in the Middle East has been pretty robust in 2026. Alessandro presented the numbers. It's still €3.4 billion, if I remember correctly. So that doesn't change dramatically the picture between the balance between conventional and then SURF.

Matt Smith

- Understood. And thank you. Forgive me, the point I was trying to clarify on the Middle East costs for next year embedded in the guidance is have you assumed any element of cost recovery that you haven't already agreed on today? Or is that …?

Paolo Calcagnini

The costs are in numbers, the recoveries are not.

Matt Smith

Understood. Okay, thank you very much. Happy to pass it on.

Operator

Next question is from Kate O'Sullivan, Citi.

Kate O'Sullivan

Hi, thanks for taking my questions.

- First thing on the merger, you've confirmed the €300 million deal synergies despite divestment of the Seven Borealis. So how have you kept the deal synergies intact? If you could expand on the levers that you have there? And are the synergy assumptions all still cost and CAPEX related?
- And on the European review, what restarts the commission's clock? And how long after the restart do you expect the deadline for their decision?

- And then a second question, just for Paolo, one for helping think about IFRS 18. Will adjusted EBITDA stay the headline measure? And do you plan to implement any new KPIs? Cheers.

ALESSANDRO PULITI

Okay. So now let's start with the first part of your questions regarding synergies. Clearly, the synergies are confirmed even if the Seven Borealis will not part of the fleet of the merged company in the future. For the reason that they are not coming from single vessels, but they are coming from optimization of the organization all around the world. As I said in many situations, you cannot do synergies on a vessel. A vessel needs to have a crew to be run and that crew cannot be subject to, let's say, too much adjustments. While the entire organization can be optimized, can be made more efficient and that's where the synergies are coming from. And this is why we can confirm the synergies that we promised at the time when we announced the intention to merge.

Regarding the process, I can only repeat what I said before. We are in a very constructive dialogue and we are progressing to come to a solution that is acceptable for both the European Commission and clearly, the future merged company. And we believe that the rationale of the operation is fully preserved.

Regarding the stop the clock, this is a technicality. What matters really is the overall picture.

PAOLO CALCAGNINI

Yes. Okay, and then on the IFRS 18 well, as you can imagine, there's going to be a few changes in the organization, right, by merging the 2 companies. So we are working with Subsea7 to map the accounting policies and practice and the possible effects of the IFRS 18. I think that you will hear from us when we will have a Capital Market Day after the merger. But very preliminary assessment, I mean, doesn't bring any huge differences in the numbers, especially when it comes to the EBITDA, but we'll tell you more over time.

Then there was a question on how we're getting ready to deliver synergies. Actually, we have already agreed with our Subsea7 friends and the organization to deliver the synergies. So the infrastructure is already in place, even though we can't share certain information because of antitrust limitations. So even though certain numbers cannot be shared, the infrastructure, with the infrastructure being who's going to be in charge of the synergies, how they will be delivered, what will be the infrastructure to monitor the delivery of the synergies, is already in place.

So we will start straight away from Day 1. And then when we will be able to share the full numbers between the two companies, including certain information that are deemed to be commercially sensitive on the vessels, et cetera, we will obviously update the synergies by having access to more information on each other.

KATE O'SULLIVAN

Okay, great. Thank you very much.

OPERATOR

Next question is from Anna Kishmariya, UBS.

ANNA KISHMARIYA

Good day. Thank you for taking my questions. I have two.

- One around Seven Borealis and fully understand that it's the vessel from Subsea7. But given that your fleet is fully booked in 2027, 2028, after the sale, do you plan to lease it back or there will be some capacity to replace the vessel for the customer. That will be the first one.
- And the second one around the dividend base. Would it include the shallow water drilling business divestment in the dividend base? Thank you very much.

ALESSANDRO PULITI

Sure, you drag me commenting on some of the technicalities of the CADE authorization. The CADE authorization came with the possibility to lease back the vessel to complete the backlog already assigned to that vessel.

Paolo Calcagnini

On the dividends, well, I guess that the dividends will be calculated on the ordinary free cash flows rather than including the divestments. But more importantly, I mean, the dividend will need to be agreed with Subsea7. Actually, the merger agreement covered for the 2024 and 2025 dividends being paid in 2025 and 2026. It didn't explicitly cover 2027 on the back of the 2026 results, because we were not expecting to get to 2027 with the antitrust clearing processes. But it's something that we will sort out with them soon.

Anna Kishmariya

Thank you very much.

Operator

Gentlemen, we have no more questions registered at this time. The floor is back to you for any closing remarks.

Paolo Calcagnini

We don't have any so thanks for joining us today and speak soon.

Operator

Ladies and Gentlemen, thank you for joining. The conference is now over. You may disconnect your telephones.

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