Saipem:
Board of Directors approves Interim Report at September 30, 2012
GROWTH IN RESULTS VS THE FIRST NINE MONTHS OF 2011

- **Net profit for the first nine months of 2012 amounted to €722 million: +8.9% compared to the first nine months of 2011.**
- **Net profit for the third quarter of 2012 reached €249 million: +10.7% compared to the third quarter of 2011.**
- **New contracts won during the first nine months of 2012 amounted to €9,140 million (€8,777 million in the first nine months of 2011); the backlog at September 30, 2012 stood at €18,911[(*)] million (€20,323 million at June 30, 2012).**
- **Investments in the first nine months of 2012 amounted to €778 million (€818 million in the first nine months of 2011).**
- **Financial results of 2012: expectations for improved results vs 2011 are confirmed.**

San Donato Milanese, October 24, 2012. The Board of Directors of Saipem S.p.A. today approved Saipem Group's Interim Report as at September 30, 2012 (unaudited).

(million €)

Q3 2011	Q2 2012	Q3 2012	Q3 2012 vs Q3 2011 (%)		First nine months 2011	First nine months 2012	Sept 11 vs Sept 12 (%)
3,160	3,265	3,549	12.3	Revenues	9,181	9,946	8.3
539	563	591	9.6	EBITDA	1,552	1,698	9.4
377	389	401	6.4	Operating profit	1,088	1,163	6.9
225	242	249	10.7	Net profit	663	722	8.9
387	416	439	13.4	Cash flow (Net profit + Depreciation and amortisation)	1,127	1,257	11.5
257	232	230	(10.5)	Investments	818	778	(4.9)
2,771	3,187	2,837		New contracts	8,777	9,140	

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

[(*)] *Includes the effects of the "Jurassic" order cancellation, in the third quarter, amounting to €700 million.*

Investments in the third quarter of 2012 amounted to €230 million (€257 million in the third quarter of 2011) and included:

– €143 million in the Offshore Engineering & Construction sector relating mainly to the construction of a new pipelayer, the continuation of development of a new fabrication yard in Indonesia, the start of development of a new fabrication yard in Brazil and the maintenance and upgrading of the existing asset base;
– €43 million in the Onshore Engineering & Construction sector relating to the purchase of equipment and facilities for yards in Iraq and Canada, in addition to the maintenance of existing assets;
– €22 million in the Offshore Drilling sector, relating mainly to the upgrade of the semi-submersible rig Scarabeo 6 to enable it to operate in water depths of up to 1,100 metres and that of Scarabeo 3 currently undergoing class reinstatement works, in addition to the maintenance and upgrading of the existing asset base;
– €22 million in the Onshore Drilling sector expended mainly on two new rigs due to operate in Saudi Arabia, in addition to the upgrading of the existing asset base.

Investments in the first nine months of 2012 amounted to €778 million (€818 million in the first nine months of 2011).

The latest delivery schedule for the main on-going investments is as follows: Castorone has commenced sea-trials at Keppel Shipyard in Singapore; the first phase of operational tests are scheduled to commence in November before travelling to the Gulf of Mexico. A second phase of deepwater operational tests will take place in Gulf of Mexico prior to commencement of the first project schedule in the area at the end of March /Early April 2013. Scarabeo 6 is expected to complete upgrading works, currently ongoing at the Keppel Verolme Shipyard in Rotterdam, toward mid-November.

Net financial debt at September 30, 2012 amounted to €4,407 million, an increase of €1,215 million from December 31, 2011. This is ascribed to a considerable increase in working capital owing to the contractual payment terms of some projects, to ongoing negotiations of scope of work variations related to contracts under completion and to a decrease in advances from clients. In the fourth quarter, the financial flows from contracts under execution are expected to be positive and negotiations of scope of work increases are due to be finalised.

New contracts and backlog

During the third quarter of 2012, Saipem was awarded contracts amounting to €2,837 million (€2,771 million in the third quarter of 2011).

New contracts awarded to Saipem during the first nine months of 2012 amounted to €9,140 million (€8,777 million in the first nine months of 2011).
Saipem backlog at September 30, 2012 stood at €18,911 million (€8,311 million in the Offshore Engineering & Construction sector, €6,696 million in the Onshore Engineering & Construction sector, €3,904 million in the Drilling sectors), of which €3,165 million is due to be realised in 2012.

In October 2012, new contracts were awarded amounting to USD 1,650 million: USD 1,100 million in the E&C Offshore sector and USD 550 million in the Offshore Drilling sector for contracts detailed in press releases dated October 19 and October 3, 2012, respectively.

Management Outlook for 2012

Weak gas demand in the Eurozone led to a postponement of important development projects and of the construction of transport infrastructure aimed at the European market. Moreover, economic recession and issues relating to the financial systems in several European countries are creating a climate of growing uncertainty regarding the global economy, which in turn impacts the approval of projects planned by oil companies. However, the expected sanctioning of projects, particularly in West Africa, along with contracts already acquired in October, lead to expectations of a good order intake in the fourth quarter. The financial results at September 30, together with expected volumes and margins in the fourth quarter, enable the management to confirm the guidance for 2012: revenues of approximately €13 billion, EBIT of approximately €1.6 billion and net income of approximately €1 billion. Capital expenditure is confirmed to be approximately €1 billion.

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

By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent upon circumstances which should or are considered likely to occur in the future and are outside of the Company's control. These include, but are not limited to: monetary exchange and interest rate fluctuations, commodity price volatility, credit and liquidity risks, HSE risks, the levels of capital expenditure in the oil and gas industry and other sectors, political instability in areas where the Group operates, actions by competitors, success of commercial transactions, risks associated with the execution of projects (including ongoing investment projects), in addition to changes in stakeholders' expectations and other changes affecting business conditions.
Actual results could therefore differ materially from the forward-looking statements.
The Financial Reports contain in-depth analyses of some of the aforementioned risks.
Forward-looking statements are to be considered in the context of the date of their release.

Saipem is organised into two Business Units: Engineering & Construction and Drilling, with a strong bias towards oil & gas-related activities in remote areas and deep-waters. Saipem is a leader in the provision of engineering, procurement, project management and construction services with distinctive capabilities in the design and execution of large-scale offshore and onshore projects, and technological competences such as gas monetisation and heavy oil exploitation.

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Analysis by business sector

Engineering & Construction: Offshore

(million €)

Q3 2011	Q2 2012	Q3 2012	Q3 2012 vs Q3 2011 (%)		First nine months 2011	First nine months 2012	Sept 11 vs Sept 12 (%)
1,304	1,295	1,432	9.8	Revenues	3,678	3,950	7.4
(1,060)	(1,062)	(1,177)	11.0	Expenses	(2,998)	(3,236)	7.9
(63)	(64)	(70)	11.1	Depreciation and amortisation	(177)	(201)	13.6
181	169	185	2.2	Operating profit	503	513	2.0
18.7	18.0	17.8		EBITDA %	18.5	18.1	
13.9	13.1	12.9		EBIT %	13.7	13.0	
1,074	1,623	1,432		New contracts	4,336	5,661	

The backlog at September 30, 2012 stood at €8,311 million, of which €1,300 million is due to be realised in 2012.

- Revenues for the first nine months of 2012 amounted to €3,950 million, representing a 7.4% increase compared to the first nine months of 2011, mainly attributable to higher levels of activity in the Middle and Far East.

- Operating profit for the first nine months of 2012 amounted to €513 million, equal to 13% of revenues compared to €503 million, equal to 13.7% of revenues in the first nine months of 2011. EBITDA margin stood at 18.1%, as compared with the 18.5% margin in the same period of 2011.

- The main contracts acquired in the third quarter of 2012 include:

– for CABGOC, the EPIC project Congo River Crossing Pipeline in Angola, comprising engineering, procurement, fabrication and the installation of three subsea pipelines and subsea spools, as well as trenching and crossing works. The project is to be developed off the coasts of Angola and the Democratic Republic of Congo;

– also in Angola the EPIC contract, comprising engineering, procurement, fabrication, installation and pre-commissioning of URF (umbilical, riser and flowline) facilities and export pipelines;

– for Teniz Burgylau LLP, a contract in consortium with Keppel Kazakhstan LLP in Kazakhstan, for the fabrication, outfitting and commissioning of a jack-up rig, the first ever to be constructed in the country;

– finally, Saipem signed two contracts for the transportation and installation activities in the UK sector of the North Sea.

Engineering & Construction: Onshore

(million €)

Q3 2011	Q2 2012	Q3 2012	Q3 2012 vs Q3 2011 (%)		First nine months 2011	First nine months 2012	Sept 11 vs Sept 12 (%)
1,472	1,526	1,649	12.0	Revenues	4,357	4,664	7.0
(1,342)	(1,394)	(1,524)	13.6	Expenses	(3,979)	(4,277)	7.5
(9)	(8)	(9)	0.0	Depreciation and amortisation	(26)	(25)	(3.8)
121	124	116	(4.1)	Operating profit	352	362	2.8
8.8	8.7	7.6		EBITDA %	8.7	8.3	
8.2	8.1	7.0		EBIT %	8.1	7.8	
1,280	1,141	1,040		New contracts	3,357	2,456	

The backlog at September 30, 2012 amounted to €6,696 million, which include the effects of removal from the backlog of the "Jurassic" contract amounting to €700 million, of which €1,456 million is due to be realised in 2012.

- Revenues for the first nine months of 2012 amounted to €4,664 million, representing a 7% increase compared to the first nine months of 2011, mainly attributable to higher levels of activity in the Middle East and North America.

- Operating profit for the first nine months of 2012 amounted to €362 million, compared to €352 million in the first nine months of 2011, with the margin on revenues falling from 8.1% to 7.8%. EBITDA margin stood at 8.3%, down from 8.7% in the same period of 2011.

- The "Jurassic" project in Kuwait, valued at approximately €700 million, for Kharafi National, who in turn had signed a contract with Kuwait Oil Company, has been removed from backlog as the client failed to formalize its financial structure, causing a protracted delay in operations.

- The main contracts acquired in the third quarter of 2012 include:

– the SSAGS (Southern Swamp Associated Gas Solution) contract in Nigeria, comprising engineering, procurement, construction and commissioning of compression facilities at four sites and of new gas central production facilities at one of the sites, which will treat the routed associated gas.

Drilling: Offshore

(million €)

Q3 2011	Q2 2012	Q3 2012	Q3 2012 vs Q3 2011 (%)		First nine months 2011	First nine months 2012	Sept 11 vs Sept 12 (%)
205	266	274	33.7	Revenues	623	783	25.7
(97)	(125)	(125)	28.9	Expenses	(293)	(362)	23.5
(57)	(69)	(76)	33.3	Depreciation and amortisation	(164)	(209)	27.4
51	72	73	43.1	Operating profit	166	212	27.7
52.7	53.0	54.4		EBITDA %	53.0	53.8	
24.9	27.1	26.6		EBIT %	26.6	27.1	
296	257	126		New contracts	645	531	

The backlog at September 30, 2012 stood at €3,049 million, of which €274 million is due to be realised in 2012.

- Revenues for the first nine months of 2012 amounted to €783 million, representing a 25.7% increase on the first nine months of 2011, mainly attributable to the operations of the semi-submersible rigs Scarabeo 8 and Scarabeo 9, under construction in 2011, which have offset the upgrade downtime of the semi-submersible rigs Scarabeo 3 and Scarabeo 6.

- Operating profit for the first nine months of 2012 amounted to €212 million, compared to €166 million in the first nine months of 2011, with the margin on revenues rising from 26.6% to 27.1%. EBITDA margin stood at 53.8%, up from 53% in the same period of 2011.

- The main contracts acquired in the third quarter of 2012 include:

– for NDC (National Drilling Company), a contract for the charter of Perro Negro 3 for drilling activities offshore Abu Dhabi, for a period of 36 months starting from the first quarter of 2013;

– for EP Petroecuador, the contract for the charter in Ecuador of the jack-up Ocean Spur, a rig owned by Diamond Offshore Services Company, which will be operated by Saipem for 18 months starting from the fourth quarter of 2012;

– for GDF Suez (Gaz de France), a contract for the charter of the semi-submersible drilling rig, Scarabeo 4, to be engaged in drilling activities offshore Egypt, for a period of 3 months during the fourth quarter of 2012. Scarabeo 4, which is currently under contract with IEOC, will be chartered by GDF SUEZ under a contract assignment.

– Vessel utilisation in the first nine months of 2012 and the impact of programmed maintenance for 2012 are as follows:

Vessel	***September 2012***			***Year 2012***	
	Under contract	***idle***		***idle***	
	(days)			***(days)***	
Semi-submersible rig Scarabeo 3	121	153	(a)	174	(a)
Semi-submersible rig Scarabeo 4	268	6	(a)	6	(a)
Semi-submersible rig Scarabeo 5	274	–		–	
Semi-submersible rig Scarabeo 6	113	161	(a)	207	(a)
Semi-submersible rig Scarabeo 7	274	–		–	
Semi-submersible rig Scarabeo 8	149	–		–	
Semi-submersible rig Scarabeo 9	256	–		–	
Drillship Saipem 10000	274	–		–	
Drillship Saipem 12000	266	8	(b)	8	(b)
Jack-up Perro Negro 2	274	–		61	(a)
Jack-up Perro Negro 3	212	62	(a+b)	123	(a+b)
Jack-up Perro Negro 4	274	–		20	(a)
Jack-up Perro Negro 5	274	–		–	
Jack-up Perro Negro 6	274	–		15	(a)
Jack-up Perro Negro 7	274	–		–	
Jack-up Perro Negro 8	265	9	(b)	9	(b)
Tender Assisted Drilling Barge	274	–		–	

(a) = the vessel underwent/shall undergo class reinstatement works and/or preparation works for a new contract.
(b) = the vessel underwent maintenance works to address technical problems.

Drilling: Onshore

(million €)

Q3 2011	Q2 2012	Q3 2012	Q3 2012 vs Q3 2011 (%)		First nine months 2011	First nine months 2012	Sept 11 vs Sept 12 (%)
179	178	194	8.4	Revenues	523	549	5.0
(122)	(121)	(132)	8.2	Expenses	(359)	(373)	3.9
(33)	(33)	(35)	6.1	Depreciation and amortisation	(97)	(100)	3.1
24	24	27	12.5	Operating profit	67	76	13.4
31.8	32.0	32.0		EBITDA %	31.4	32.1	
13.4	13.5	13.9		EBIT %	12.8	13.8	
121	166	239		New contracts	439	492	

The backlog at September 30, 2012 stood at €855 million, of which €135 million is due to be realised in 2012.

- Revenues for the first nine months of 2012 amounted to €549 million, representing a 5% increase compared to the first nine months of 2011, mainly attributable to the full-scale operations of rigs in South America.

- Operating profit for the first nine months of 2012 amounted to €76 million, up from €67 million in the first nine months of 2011, with the margin on revenues rising from 12.8% to 13.8%. EBITDA margin reached 32.1%, up from 31.4% in the same period of 2011, mainly due to increased operational efficiency and asset utilisation.

- The main contracts acquired in the third quarter of 2012 include:

– for Saudi Aramco, five lease contracts for three new rigs plus two rigs transferred to Saudi Arabia from other areas, of three to five year duration ;

– for various clients, contracts for the lease of six rigs in South America and Italy, of five to nine months duration.

Average utilisation of assets in the first nine months of 2012 stood at 96.8% (95.8% in the first nine months of 2011). At September 30, 2012, the Company owned 92[(*)] rigs (in addition to 2 rigs under completion) located as follows: 28 in Venezuela, 19 in Peru, 11 in Saudi Arabia, 7 in Colombia, 7 in Algeria, 5 in Kazakhstan, 4 in Bolivia, 3 in Brazil, 3 in Ecuador, 2 in Congo, 1 in Italy, 1 in Ukraine and 1 rig being transferred from Colombia to Saudi Arabia.
In addition, 6 third-party rigs were deployed in Peru, 2 third-party rigs in Kazakhstan by the joint-venture company SaiPar and 1 third-party rig was deployed in Congo.

Attachments:

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

[(*)] *A rig, which had been operating in Peru at June 30, 2012, was re-assigned to Offshore Drilling operations.*

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million €)

		December 31, 2011		**September 30, 2012**
Net tangible fixed assets		8,024		8,269
Net intangible fixed assets		752		754
		8,776		9,023
- Engineering & Construction: Offshore	3,851		4,036	
- Engineering & Construction: Onshore	464		503	
- Drilling: Offshore	3,550		3,577	
- Drilling: Onshore	911		907	
Financial investments		102		109
Non-current assets		**8,878**		**9,132**
Net current assets		**(663)**		**778**
Employee termination indemnities		**(200)**		**(206)**
CAPITAL EMPLOYED		**8,015**		**9,704**
Shareholders' equity		**4,709**		**5,177**
Minority interest in net equity		**114**		**120**
Net debt		**3,192**		**4,407**
COVER		**8,015**		**9,704**
Leverage (net debt/shareholders' equity)		**0.66**		**0.83**
SHARES ISSUED AND OUTSTANDING		**441,410,900**		**441,410,900**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(million €)

Q3 2011	Q2 2012	Q3 2012		First nine months 2011	First nine months 2012
3,160	3,265	3,549	Operating revenues	9,181	9,946
2	2	3	Other revenues and income	7	7
(2,211)	(2,219)	(2,454)	Purchases, services and other costs	(6,391)	(6,806)
(412)	(485)	(507)	Payroll and related costs	(1,245)	(1,449)
539	**563**	**591**	**GROSS OPERATING PROFIT**	**1,552**	**1,698**
(162)	(174)	(190)	Amortisation, depreciation and write-downs	(464)	(535)
377	**389**	**401**	**OPERATING PROFIT**	**1,088**	**1,163**
(36)	(43)	(34)	Financial expenses	(103)	(114)
4	2	3	Income from investments	12	8
345	**348**	**370**	**INCOME BEFORE INCOME TAXES**	**997**	**1,057**
(99)	(101)	(108)	Income taxes	(282)	(307)
246	**247**	**262**	**INCOME BEFORE MINORITY INTEREST**	**715**	**750**
(21)	(5)	(13)	Minority interest	(52)	(28)
225	**242**	**249**	**NET PROFIT**	**663**	**722**
387	**416**	**439**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**1,127**	**1,257**

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY FUNCTION OF EXPENSES

(million €)

Q3 2011	Q2 2012	Q3 2012		First nine months 2011	First nine months 2012
3,160	3,265	3,549	Operating revenues	9,181	9,946
(2,650)	(2,757)	(3,019)	Production costs	(7,731)	(8,416)
(46)	(28)	(41)	Idle costs	(96)	(101)
(37)	(39)	(35)	Selling expenses	(118)	(107)
(4)	(3)	(3)	Research and development costs	(11)	(9)
0	(2)	(3)	Other operating income (expenses), net	1	(9)
423	**436**	**448**	**CONTRIBUTION FROM OPERATIONS**	**1,226**	**1,304**
(46)	(47)	(47)	General and administrative expenses	(138)	(141)
377	**389**	**401**	**OPERATING PROFIT**	**1,088**	**1,163**
(36)	(43)	(34)	Financial expenses	(103)	(114)
4	2	3	Income from investments	12	8
345	**348**	**370**	**INCOME BEFORE INCOME TAXES**	**997**	**1,057**
(99)	(101)	(108)	Income taxes	(282)	(307)
246	**247**	**262**	**INCOME BEFORE MINORITY INTEREST**	**715**	**750**
(21)	(5)	(13)	Minority interest	(52)	(28)
225	**242**	**249**	**NET PROFIT**	**663**	**722**
387	**416**	**439**	**CASH FLOW (Net profit + Depreciation and amortisation)**	**1,127**	**1,257**

RECLASSIFIED STATEMENT OF CASH FLOW

(million €)

Q3 2011	Q2 2012	Q3 2012		First nine months 2011	First nine months 2012
225	242	249	Net profit	663	722
21	5	13	Minority interest	52	28
			Adjustments to reconcile cash generated from operating income before changes in working capital:		
166	160	178	Depreciation, amortisation and other non-monetary items	497	512
(13)	61	(708)	Variation in working capital relating to operations	(157)	(1,387)
399	**468**	**(268)**	**Net cash flow from operations**	**1,055**	**(125)**
(257)	(232)	(230)	Investments in tangible and intangible fixed assets	(818)	(778)
7	(6)	13	Disposals	7	7
149	**230**	**(485)**	**Free cash flow**	**244**	**(896)**
2	1	7	Buy-back of treasury shares/Exercise of stock options	11	29
–	(307)	(23)	Cash flow from share capital and reserves	(297)	(352)
(75)	(66)	29	Effect of exchange rate differences on net debt and other changes	(18)	4
76	**(142)**	**(472)**	**Change in net debt**	**(60)**	**(1,215)**
3,399	**3,793**	**3,935**	**Net debt at beginning of period**	**3,263**	**3,192**
3,323	**3,935**	**4,407**	**Net debt at end of period**	**3,323**	**4,407**