



Saipem: 2014 Consolidated and draft Statutory Financial Statements; convening of the General Shareholders' meeting

- **Revenues: €12,873 million**
- **EBIT: €55 million**
- **Net profit: -€230 million**

San Donato Milanese, March 10, 2015 - The Board of Directors of Saipem S.p.A. has approved the Saipem Group Consolidated Financial Statements as at December 31, 2014, which showed a net profit of -€230 million (-€159 million in 2013). The Board also approved the draft Statutory Financial Statements of Saipem S.p.A., which reported a net profit of €70 million (€277 million in 2013).

The Board of Directors moved to propose that the Annual Shareholders' Meeting forego the distribution of a dividend for ordinary shares. Pursuant to art.6 of the Articles of Association, a dividend will be distributed for savings shares, amounting to 5% of the nominal value, i.e. €0.05 per share. This dividend will be paid from May 20, 2015 (ex-dividend date: May 18, 2015, record date: May 19, 2015).

The Consolidated and draft Statutory Financial Statements of Saipem S.p.A. have been made available to the Board of Statutory Auditors and the Independent Auditors, together with the Directors' Report. The 2014 Annual Financial Report will be available on April 9, 2015 at Saipem's Headquarters and shall be published on the Company's website: www.saipem.com, on the authorised "Nis Storage" mechanism (www.emarketstorage.com) and on www.borsaitaliana.it.

The Board of Directors approved the Report on "Saipem's Corporate Governance and Shareholding Structure", the "Saipem Sustainability Report" and the "Compensation Report".

These documents will be published on Saipem's website at the same time as the 2014 Annual Financial Report.

At the proposal of the Compensation and Nomination Committee and to maintain continuity with last year's plan, the Board of Directors moved to propose at the Annual Shareholders' Meeting the approval of a long-term Monetary Incentive Plan 2015-2017 ("Plan"), which does not provide for the allocation of financial instruments but only of monetary incentives (1 allocation per year starting from October 2015), based on a performance target linked to the Saipem share price and the return on Average Capital Employed (ROACE).

This proposal has been prepared in compliance with art. 114-bis of Law Decree 58/98 of February 24, 1998, and takes into account Consob's provisions for the implementation of compensation plans based on the allocation of financial instruments to Corporate Officers, Employees and Collaborators.

This Plan applies to Saipem and its subsidiaries and is considered of "major significance" pursuant to art. 84 – bis, paragraph 2, of Issuers' Regulations since it is aimed at individuals identified under art. 114 – bis of Law Decree 58/98 (TUF), specifically i) the CEO and ii) Senior Managers of Saipem and its subsidiaries directly responsible for company results or of strategic interest.

The aim of the long-term Monetary Incentive Plan 2015-2017 is to improve alignment with shareholders' interests in the medium-long term and to measure long-term profitability on the capital invested. Like the Incentive Plan introduced in 2014, it is subject to the achievement of two performance indicators: i) "total shareholder return" (weight 60%), linked to the share price performance and measured against a peer group panel of 6 major international Oil Service Industry competitors by market capitalization; and ii) the value of "ROACE¹" (weight 40%)

The Plan provides for the allocation of monetary incentives from October 2015 onwards, which shall be paid out after the three-year vesting period, depending on performance. The Plan will end in 2020 with the payment of the 2017 allocation, at the end of the vesting period.

The entity of the incentives will be a percentage of the fixed remuneration, consistent with Saipem's compensation policy.

The Information Document prepared in compliance with art. 114-bis of Law Decree 58/98 and art. 84-bis of Consob Issuers' Regulations shall be made available to the public under the terms of the Law.

¹ *Return on Average Capital Employed.*

Annual General Shareholders' Meeting

The Board of Directors convened the Annual General Shareholders' Meeting to be held on April 30, 2015 (single call) called to resolve on the renewal of the Board of Directors and the appointment of an Alternate Auditor.

Saipem's Chief Financial and Compliance Officer, Alberto Chiarini, 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 accounting data and information correspond to the Company's evidence and accounting books and entries.

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The tables below provide the following:

- Saipem S.p.A. Reclassified Balance Sheet, Reclassified Income Statement and Statement of Cash Flow;
- Saipem Group Reclassified Consolidated Balance Sheet, Reclassified Consolidated Income Statement and Statement of Cash Flow.

Restatements of the reclassified balance sheet and income statement to statutory schemes are provided in the Directors' Report of the Consolidated and Statutory Financial Statements of Saipem S.p.A. under the section "Restatement of reclassified balance sheet and income statement to statutory schemes".

SAIPEM SpA

BALANCE SHEET

(million euro)

	December 31, 2013	December 31, 2014
Tangible fixed assets	835	843
Intangible fixed assets	25	25
Financial investments	2,211	2,210
Non-current assets	3,071	3,078
Net current assets	777	330
Employee termination indemnities	(103)	(108)
CAPITAL EMPLOYED	<u>3,745</u>	<u>3,300</u>
 Shareholders' equity	 1,460	 1,401
Net debt	2,285	1,899
COVER	<u>3,745</u>	<u>3,300</u>

INCOME STATEMENT

(million euro)

	2013	2014
Operating revenues	4,712	4,336
Other revenues and income	65	51
Operating costs	(4,714)	(4,203)
Other operating income (expenses)	-	(2)
Gross operating profit	63	182
Amortization, depreciation and write-downs	(115)	(114)
Operating profit	(52)	68
Financial expenses, net	(47)	(139)
Net income from investments	355	156
Income before income taxes	256	85
Income taxes	21	(15)
Net profit	<u>277</u>	<u>70</u>

STATEMENT OF CASH FLOW

(million euro)

	2013	2014
Net income	277	70
Depreciation, amortization and other non-monetary items	174	141
Losses (gains) from disposals	(11)	(4)
Dividends, interests and income taxes	(399)	(62)
Cash generated from operating income before variation in working capital	41	145
Variation in working capital relating to operations	(606)	334
Dividends, interests and income taxes received (paid)	304	24
Net cash flow from operations	(261)	503
Investments in tangible and intangible fixed assets	(160)	(125)
Financial investments	-	-
Disposals	660	8
Free cash flow	239	386
Transfer (buy-back) of treasury shares	1	-
Cash flow from share capital and reserves	(298)	-
Exchange rate differentials and other variation concerning net financial debt	1	-
Variation in net debt	(57)	386
Net debt at beginning of period	2.228	2.285
Net debt at end of period	2.285	1.899

SAIPEM GROUP

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	December 31, 2013	December 31, 2014
Net tangible fixed assets	7,912	7,601
Net intangible fixed assets	<u>758</u>	<u>760</u>
	8,670	8,361
- Engineering & Construction: Offshore	3,793	3,666
- Engineering & Construction: Onshore	585	590
- Drilling: Offshore	3,351	3,034
- Drilling: Onshore	941	1,071
Financial investments	158	112
Non-current assets	8,828	8,473
Net current assets	895	297
Employee termination indemnities	(219)	(237)
Assets (Liabilities) available for disposal	-	69
CAPITAL EMPLOYED	<u>9,504</u>	<u>8,602</u>
Shareholders' equity	4,652	4,137
Minority interest in net equity	92	41
Net debt	4,760	4,424
COVER	<u>9,504</u>	<u>8,602</u>
Leverage (net debt/shareholders' equity)	1.00	1.06
SHARES ISSUED AND OUTSTANDING	441,410,900	441,410,900

INCOME STATEMENT

(million euro)

	2013	2014
Operating revenues	11,841	12,873
Other revenues and income	7	9
Operating costs	(10,981)	(11,670)
GROSS OPERATING PROFIT	867	1,212
Amortization, depreciation and write-downs	(710)	(1,157)
OPERATING PROFIT	157	55
Financial expenses, net	(189)	(199)
Net income from investments	2	24
INCOME BEFORE INCOME TAXES	(30)	(120)
Income taxes	(106)	(118)
INCOME BEFORE MINORITY INTEREST	(136)	(238)
Minority interest	(23)	8
NET PROFIT	(159)	(230)

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

	2013	2014
Group net income	(159)	(230)
Minority interest	23	(8)
<i>Adjustments to reconcile cash generated from operating income before changes in working capital:</i>		
Depreciation, amortization and other non-monetary items	660	1,011
Gains from disposals	(34)	(2)
Dividends, interests and income taxes	254	291
Cash generated from operating income before variation in working capital	744	1,062
Variation in working capital relating to operations	218	569
Dividends, interests and income taxes received (paid)	(510)	(433)
Net cash flow from operations	452	1,198
Investments in tangible and intangible fixed assets	(902)	(694)
Investments and purchase of consolidated subsidiaries and businesses	(7)	(9)
Disposals	380	15
Free cash flow	(77)	510
Transfer of treasury shares	—	—
Cash flow from share capital and reserves	(374)	(45)
Exchange rate differentials and other variation concerning net financial debt	50	(129)
Variation in net debt	(401)	336
Net debt at beginning of period	4,359	4,760
Net debt at end of period	4,760	4,424