

Saipem: the Board approves the 2018 Consolidated and draft Statutory Financial Statements, confirming the data of the preliminary Financial Statements

Convening of the Annual General Shareholders' Meeting

- **Revenues: €8,526 million**
- **Adjusted EBITDA: €1,002 million**
- **EBITDA: €848 million**
- **EBIT adjusted: €534 million**
- **EBIT: €37 million**
- **Adjusted net result: €25 million**
- **Net result: -€472 million**

San Donato Milanese, March 11, 2019 - The Board of Directors of Saipem SpA, chaired by Mr. Francesco Caio and held today, reviewed the Saipem Group consolidated results as at December 31, 2018, which closed with a loss of €472 million (loss of €328 million in 2017) and the draft Statutory Financial Statements of Saipem SpA, which closed with a loss of €326 million (loss of €496 million in 2017). These have been prepared in compliance with the International Financial Reporting Standards (EU approved IFRS). These results and the related industrial trends have already been illustrated in the Press Release for the 2018 draft Financial Statements published on February 28, 2019.

The Board of Directors voted not to propose the distribution of dividends to the Shareholders' Meeting.

The Consolidated and draft Statutory Financial Statements of Saipem S.p.A have been made available to the Board of Statutory Auditors and to the Independent Auditors, together with the Directors' Report. The Annual Report will be made available to the public pursuant to the law at Saipem's headquarters and shall be published on Saipem's website (www.saipem.com), on the authorized "eMarket STORAGE" mechanism (www.emarketstorage.com) and on the website of Borsa Italiana SpA (www.borsaitaliana.it).

The Board of Directors approved Saipem's Corporate Governance and Shareholding Structure Report, the Remuneration Report as well as the "Non-financial Statement" pursuant to Legislative Decree No. 254/2016, integrated as a separate chapter in the Directors' Report. The Board also approved the document "*Sustainable Saipem*", which provides a detailed representation of the most significant sustainability issues for the Company.

These documents will be published at the same time as the Annual Report.

Annual General Shareholders' Meeting

The Board of Directors convened the Annual General Shareholders' Meeting for April 30, 2019 (single call). The Shareholders' Meeting has been called to approve the following items: the 2018 Statutory Financial Statements, additional fees for the Independent Auditors and, by way of consultation, the section of the Remuneration Report regarding the Company's remuneration policy.

The Board of Directors convened the Annual General Shareholders' Meeting to vote, inter alia, on the appointment of a Board Director. On December 5, 2018 the Board of Directors had in fact co-opted Mr. Pierfrancesco Latini, whose mandate expires at the Shareholders' Meeting pursuant to Article 2386 of the Italian Civil Code.

Finally, the Ordinary Shareholders' Meeting will be asked to authorise acts interrupting the limitation period of the liability action against a former director, pursuant to Article 2393 of the Italian Civil Code.

Long-term Incentive Plan 2019-2021

At the proposal of the Compensation and Nomination Committee, the Board of Directors moved to propose, at the Annual General Shareholders' Meeting, the approval of a long-term Incentive Plan 2019-2021 ("Plan"), which provides for the free allocation of ordinary shares of Saipem SpA subject to the achievement of Company targets.

The Plan was introduced in order to provide an incentive-based programme with the aim of strengthening alignment with shareholders' and management's interests, maximising value for shareholders in the long term, improving the Company's performances and facilitating management retention.

The Plan provides for a free pay-out of Saipem shares after a three-year vesting period, the number of which varies in relation to individual allocations and to the degree of achievement of the performance parameters of the Plan. These shares can be either previously issued shares to be acquired pursuant to Article 2357 et seq of the Italian Civil Code, or already owned by Saipem.

The assignment of shares is subject to the achievement of specific and predetermined performance indicators to be measured at the end of the reference three years upon completion of an accurate verification process of the results effectively achieved by the Compensation and Nomination Committee, in support of the resolutions adopted in this regard by the Board of Directors.

This Plan, providing for three annual allocations starting from October 2019, applies to the management of Saipem S.p.A and its subsidiaries and should be considered as being of "major significance" pursuant to Article 84-bis, paragraph 2 of the Issuers' Regulations, as it is intended for the individuals referred to in Article 114-bis of the Consolidated Law on Finance (Legislative Decree No. 58/98) and in particular:

- i) the Chief Executive Officer of Saipem S.p.A;
- ii) Senior Managers with Strategic Responsibilities of Saipem SpA

Beneficiaries will be named amongst holders of organisational positions with a significant impact on the achievement of business results, also in relation to their performance and skills.

The Plan provides for a three-year vesting period, in line with international best practices in the industry. To strengthen the creation of value and the medium-to-long-term sustainability of Company results, the Plan also calls for the Strategic Resources to invest 25% of the shares assigned subject to the achievement of the performance targets, be locked up for a period of two years. During this period beneficiaries shall not be able to access these shares; however, at the end of the period they shall receive an additional share for each share invested as a Retention Premium.

For the CEO, the Plan provides for a co-investment under which a two-year lock-up of 25% of the matured shares is envisaged, meaning they cannot be transferred and/or ceded for a period of 24 months from the end of the vesting period. At the end of the period he shall receive, besides the shares subject to a further co-investment period, an additional free share for each share invested.

The conditions and aims of the Plan are detailed in the Information Document prepared in compliance with Article 114-bis of Legislative Decree No. 58/98 and Article 84-bis, paragraph 2, of Consob Issuers' Regulations, which will be made available to the public under the terms of the Law.

This proposal has been prepared in compliance with Article 114-bis of Legislative Decree No. 58/98, and also in compliance with Consob Regulations in matters of implementation of compensation plans based on the allocation of financial instruments to corporate officers, employees and collaborators.

Authorisation to buy back treasury shares for allocation to the Incentive Plan

Following a proposal from the Compensation and Nomination Committee, the Board of Directors resolved to submit to the Ordinary Shareholders' Meeting a proposal to authorise the buy-back of treasury shares, up to a maximum of 10,500,000 ordinary shares and, at any rate, not exceeding the maximum sum of € 60,000,000. These shall be destined for the 2019 award of the 2019-2021 Long-Term Incentive Plan.

Authorisation for the buy-back of treasury shares is requested for a period of 18 months from the date of the resolution of the Shareholders' Meeting.

The proposal provides that the buy-back may be achieved gradually as deemed appropriate through purchase on the market at a unit price not lower than the minimum and not higher than the maximum official price registered on the day of stock market trading preceding each individual buy-back transaction, decreased or increased respectively by 5% and, at any rate, at a price that is no higher than

the highest price between that of the latest independent transaction and that of highest current independent offer of purchase during the same trading session, pursuant to Article 3 of Regulation (EU) 2016/1052.

The buy-back transactions shall be executed to ensure equal treatment of shareholders, in compliance with Article 144-bis of Consob Issuers' Regulations.

The buy-back transactions shall be executed in accordance with the terms established under current legislation and accepted market practices, as well as the conditions indicated in Regulation (EU) 596/2014.

The Company currently holds 14,756,335 treasury shares, equal to 1.46% of the ordinary shares.

Special Savings Shareholders' Meeting

Finally, the Board of Directors convened the Special Savings Shareholders' Meeting to be held also on April 30, 2019 (single call) to appoint their new Common Representative.

The documentation relating to the agenda of the Shareholders' Meetings, the complete texts of the motions, together with the reports detailing the motions will, as required under current regulations, be made available to the public according to the law at Saipem's headquarters and shall be published on the authorised "eMarket STORAGE" mechanism (www.emarketstorage.com), on the website of Borsa Italiana SpA (www.borsaitaliana.it) and on the Saipem website (www.saipem.com) - in the section "Shareholder's Meeting").

Saipem's Planning, Administration and Control Officer, Mr. Mariano Avanzi, in his capacity as manager responsible for the preparation of the Company's financial reports, certifies, pursuant to article 154-bis paragraph 2 of Legislative Decree no. 58/1998, that accounting data corresponds to the Company's documents 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 level 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 a leading company in engineering, drilling and construction of major projects in the energy and infrastructure sectors. It is "One-Company" organized in five business divisions (Offshore E&C, Onshore E&C, Offshore Drilling, Onshore Drilling and XSight, dedicated to conceptual design). Saipem is a global solution provider with distinctive skills and competences and high-tech assets, which it uses to identify solutions aimed at satisfying customer requirements. Listed on the Milan Stock Exchange, it is present in over 60 countries worldwide and has 32 thousand employees of 120 different nationalities.

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Attachments:

- reclassified Balance Sheet, Income Statements and Cash Flow Statement both for Saipem SpA and the Group.

Restatements of the reclassified balance sheet and income statement to statutory schemes are provided in the Directors' Report of the Annual Report of Saipem SpA under the section "Restatement of reclassified balance sheet and income statement to statutory schemes".

SAIPEM SpA

BALANCE SHEET

(€ million)

	01 January 2018 restated	31 December 2018
Net tangible assets	412	375
Intangible assets	23	33
Investments	2,271	2,397
Non-current assets	2,706	2,805
Working capital, net	737*	41
Provision for employee benefits	(96)	(106)
CAPITAL EMPLOYED, NET	3,347	2,740
Shareholders' equity	3,514*	3,141
Net debt	(167)	(401)
FUNDING	3,347	2,740

* data were restated following new accounting standards IFRS 9 and IFRS 15 having come into force

SAIPEM SpA**INCOME STATEMENT**

(€ million)

	2017	2018
Net sales from operations	2,365	2,023
Other income and revenues	60	59
Net reversals (impairments) of trade and other receivables	(46)	(31)
Purchases, services and other costs	(1,972)	(1,909)
Payroll and related costs	(446)	(427)
Gross operating profit (loss)	(39)	(285)
Depreciation, amortisation and impairment	(126)	(81)
Operating result	(165)	(366)
Net finance expense	(15)	(19)
Income (loss) from investments	(184)	80
Profit (loss) before taxes	(364)	(305)
Income taxes	(132)	(21)
Net profit (loss)	(496)	(326)

SAIPEM SpA**CASH FLOW STATEMENT**

(€ million)

	2017	2018
Profit (loss) for the year	(496)	(326)
<i>Adjustments to reconcile cash generated from operating profit before changes in working capital:</i>		
Depreciation, amortisation and other non-monetary items	359	19
(Gains) losses on disposal of assets	(12)	(1)
Dividends, interest and taxes	122	2
Changes in working capital related to operations	357	756
Dividends received, income taxes paid, interest paid and received	(97)	(8)
Net cash flow from operations	233	442
Capital expenditure	(61)	(59)
Financing investments for operating purposes	(456)	(150)
Disposals	30	6
Free cash flow	(254)	239
Sale (buy-back) of treasury shares	(27)	-
Cash flow from capital and reserves	(2)	-
Exchange differences on net borrowings and other changes	(7)	(5)
Change in net borrowings	(290)	234
Net borrowings at beginning of year	(457)	(167)
Net borrowings at end of year	(167)	(401)

SAIPEM GROUP

RECLASSIFIED BALANCE SHEET

(€ million)

	01 January 2018 restated	31 December 2018
Net tangible assets	4,581	4,326
Intangible assets	<u>753</u>	<u>702</u>
	5,334	5,028
Investments	141	78
Non-current assets	5,475	5,106
Working capital, net	571 *	295
Provision for employee benefits	(199)	(208)
Assets available for disposal	—	2
CAPITAL EMPLOYED, NET	5,847	5,195
Shareholders' equity	4,510 *	3,962
Non-controlling interests	41	74
Net debt	1,296	1,159
FUNDING	5,847	5,195
Leverage (net borrowings/shareholders' equity including non-controlling interests)	0,28	0.29
SHARES ISSUED AND OUTSTANDING	1,010,977,439	1,010,977,439

* data were restated following new accounting standards IFRS 9 and IFRS 15 having come into force

CONSOLIDATED INCOME STATEMENT RECLASSIFIED BY NATURE OF EXPENSES

(€ million)

	Year	
	2017	2018
Net sales from operations	8,999	8,526
Other income and revenues	21	4
Purchases, services and other costs	(6,505)	(6,103)
Net reversals (impairments) of trade and other receivables	(35)	(57)
Payroll and related costs	(1,618)	(1,522)
GROSS OPERATING PROFIT (LOSS)	862	848
Depreciation, amortisation and impairment	(736)	(811)
OPERATING RESULT	126	37
Finance expense	(223)	(165)
Income (loss) from investments	(9)	(88)
PROFIT (LOSS) BEFORE TAXES	(106)	(216)
Income taxes	(201)	(194)
PROFIT (LOSS) BEFORE NON-CONTROLLING INTERESTS	(307)	(410)
Net profit (loss) attributable to non-controlling interests	(21)	(62)
NET RESULT	(328)	(472)
CASH FLOW (net result + depreciation and amortisation)	408	339

SAIPEM GROUP
RECLASSIFIED CASH FLOW STATEMENT

(€ million)

	Year	
	2017	2018
Net profit (loss) or the period	(328)	(472)
Net profit (loss) attributable to non-controlling interests	21	62
<i>Adjustments to reconcile cash generated from operating profit before changes in working capital:</i>		
Depreciation, amortisation and other non-monetary items	806	879
Changes in working capital related to operations	(39)	242
Net cash flow from operations	460	711
Capital expenditure	(262)	(485)
Investments and purchase of consolidated subsidiaries and businesses	(25)	(27)
Disposals	17	1
Free cash flow	190	200
Buy-back of treasury shares/Exercise of stock options	(27)	-
Share capital increase net of expenses	(2)	-
Cash flow from capital and reserves	-	(79)
Exchange differences on net borrowings and other changes	(7)	16
Change in net borrowings	154	137
Net borrowings at beginning of year	1,450	1,296
Net borrowings at end of year	1,296	1,159