



Saipem

A Joint Stock Company with Registered Office
In San Donato Milanese, Italy
Full paid-up Share Capital
Euro 441,410,900
Fiscal Code and Milan Companies' Register
No. 00825790157
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SAIPEM: 2006 Consolidated and Statutory Financial Statements **Preliminary results are confirmed** **Net profit: +50.6%; Proposed dividend: +52.6%**

- **Revenues: 7,517 million euro.**
- **Operating Income: 599 million euro.**
- **Net Income: 384 million euro.**
- **Cash flow: 614 million euro.**
- **Dividend per share: 0.29 euro per ordinary share (0.19 distributed in 2006); 0.32 euro per savings share (0.22 distributed in 2006).**

San Donato Milanese, 28th March 2007. The Board of Directors of Saipem S.p.A. has approved the Saipem Group Consolidated Financial Statements at 31st December 2006, which reported a net income of 384 million euro (255 million euro in 2005), bearing out the preliminary results announced on 21st February 2007. The Board also approved the Statutory Financial Statements of Saipem S.p.A., which reported a net income of 156 million euro (122 million euro in 2005).

The Board of Directors will propose to the General Shareholder's Meeting the distribution of a dividend of 0.29 euro per ordinary share and of 0.32 euro per saving share. Dividends will be paid from 24th May 2007 (ex-dividend date: 21st May 2007).

The Consolidated and Statutory Financial Statements of Saipem S.p.A. have been made available to the Board of Statutory Auditors and the Independent Auditors.

Buy-back of treasury shares for allocation to the Company Incentive Schemes

The Board of Directors moved to submit for approval to the General Shareholders' Meeting the purchase of up to 2,500,000 treasury shares, for a total amount not exceeding 60 million euro, for allocation to the 2007 Stock Option Scheme. The shares, with a nominal value of 1 euro each, will be bought back at a price not lower than their nominal value but not higher than 5% of the reference price on the day preceding each purchase. The stock will be offered for purchase to managers holding positions directly responsible for Group results or of strategic interest, at the higher price between the shares' official price average recorded by the Telematic Stock Market of the Italian Stock Exchange (Borsa Italiana S.p.A.) over the month preceding the date of Stock Option allocation and the average cost of treasury shares held by the company on the day preceding the date of Stock Option allocation.

Extraordinary Shareholders' Meeting

Concurrently with the General Shareholders' Meeting, the Board of Directors has also called an Extraordinary Shareholders' Meeting, to be held on 28th and 30th April 2007, first and second summons respectively, to resolve on the amendments to be made to the Articles of Association pursuant to Law 262/05 and Law Decree 303/06.

Contact details

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Shareholder Information:

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Attachments:

- Saipem S.p.A. Reclassified Balance Sheet, Reclassified Income Statement and Statement of Cash Flow;
- Saipem Group Reclassified Consolidated Balance Sheet, Reclassified Consolidated Income Statements by nature and destination of costs 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)

	31 st December 2005	31 st December 2006
Net tangible fixed assets	169	144
Net intangible fixed assets	10	10
Financial investments	1,434	1,663
Non-current assets	1,613	1,817
Net current assets	237	391
Employee termination indemnities	(37)	(41)
CAPITAL EMPLOYED	<u>1,813</u>	<u>2,167</u>
Shareholders' equity	693	762
Net debt	1,120	1,405
COVER	<u>1,813</u>	<u>2,167</u>

INCOME STATEMENT

(million euro)

	2005	2006
Operating revenues	1,158	1,042
Other revenues and income	20	39
Operating costs	(1,032)	(1,007)
Gross operating profit	146	74
Amortisation, depreciation and write-downs	(37)	(38)
Operating profit	109	36
Financial expenses, net	(26)	(42)
Net income from investments	75	170
Income before income taxes	158	164
Income taxes	(36)	(8)
Net profit	<u>122</u>	<u>156</u>

STATEMENT OF CASH FLOW

(million euro)

	2005	2006
Net income	122	156
Depreciation, amortisation and other non-monetary items	39	37
Dividends, interests and income taxes	(15)	(104)
Cash generated from operating income before variation in working capital	146	89
Variation in working capital relating to operations	(235)	(69)
Dividends, interests and income taxes received (paid)	8	45
Net cash flow from operations	(81)	65
Investments in tangible and intangible fixed assets	(62)	(60)
Financial investments	(17)	(239)
Disposals	5	69
Free cash flow	(155)	(165)
Buy-back of treasury shares	(35)	(36)
Cash flow from share capital and reserves	(65)	(82)
Exchange rate differentials and other variation concerning net financial debt	–	(2)
Variation in net debt	(255)	(285)
Net debt at beginning of period	865	1,120
Net debt at end of period	1,120	1,405

SAIPEM GROUP

RECLASSIFIED BALANCE SHEET

(million euro)

	31 st December 2005	31 st December 2006
Net tangible fixed assets	1,903	2,345
Net intangible fixed assets	<u>837</u>	<u>849</u>
	2,740	3,194
- Offshore	1,437	1,720
- Onshore	487	603
- Offshore Drilling	729	776
- Onshore Drilling	87	95
Financial investments	40	153
Non-current assets	2,780	3,347
Net current assets	(37)	(176)
Employee termination indemnities	(88)	(169)
CAPITAL EMPLOYED	<u>2,655</u>	<u>3,002</u>
Net equity	1,630	1,581
Minority interest in net equity	13	4
Net debt	1,012	1,417
COVER	<u>2,655</u>	<u>3,002</u>
Leverage (net debt/shareholders' equity)	0.62	0.90
SHARES ISSUED AND OUTSTANDING	441,410,900	441,410,900

RECLASSIFIED INCOME STATEMENT BY NATURE OF COSTS

(million euro)

	Saipem stand-alone		Saipem Consolidated
	2005	2006	2006
Operating revenues	4,528	5,228	7,517
Other revenues and income	11	9	9
Purchases, services and other costs	(3,975)	(4,518)	(6,697)
GROSS OPERATING PROFIT	564	719	829
Amortisation, depreciation and write-downs	(199)	(215)	(230)
OPERATING PROFIT	365	504	599
Financial expenses, net	(54)	(77)	(100)
Net income from investments	24	34	45
INCOME BEFORE INCOME TAXES	335	461	544
Income taxes	(76)	(121)	(157)
NET PROFIT BEFORE MINORITY INTEREST	259	340	387
Minority interest	(4)	(3)	(3)
NET PROFIT	<u>255</u>	<u>337</u>	<u>384</u>
CASH FLOW	<u>454</u>	<u>552</u>	<u>614</u>
(Net profit + Depreciation and amortisation)			

RECLASSIFIED INCOME STATEMENTS BY DESTINATION OF COSTS

(million euro)

	Saipem stand-alone		Saipem
	2005	2006	Consolidated 2006
Operating revenues	4,528	5,228	7,517
Production costs	(3,914)	(4,446)	(6,549)
Idle costs	(57)	(59)	(61)
Selling expenses	(62)	(78)	(109)
Research and development costs	(7)	(9)	(23)
Other operating income, net	(3)	(1)	(1)
CONTRIBUTION FROM OPERATIONS	485	635	774
General and administrative expenses	(120)	(131)	(175)
OPERATING PROFIT	365	504	599
Financial expenses, net	(54)	(77)	(100)
Net income from investments	24	34	45
INCOME BEFORE INCOME TAXES	335	461	544
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(Net profit + Depreciation and amortisation)			

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

	2005	2006
Group net income	255	384
Third party income	4	3
Depreciation, amortisation and other non-monetary items	204	252
Dividends, interests and income taxes	101	187
Cash generated from operating income before variation in working capital	564	826
Variation in working capital relating to operations	(178)	(33)
Dividends, interests and income taxes received (paid)	(60)	(190)
Net cash flow from operations	326	603
Investments in tangible and intangible fixed assets	(355)	(605)
Financial investments	(7)	(9)
Disposals	3	13
Free cash flow	(33)	2
Buy-back of treasury shares	(30)	(36)
Cash flow from share capital and reserves	(65)	(82)
Exchange rate differentials and other variation concerning net financial debt	(18)	(289)
Variation in net debt	(146)	(405)
Net debt at beginning of period	866	1,012
Net debt at end of period	1,012	1,417