



Saipem

A Joint Stock Company with Registered Office
In San Donato Milanese, Italy

Fully paid-up Share Capital
Euro 441,410,900
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Saipem: Board of Directors approves interim report at March 31, 2008

- Reported net profit for the first quarter of 2008 of €327 million.
- Net profit adjusted for the first quarter of 2008 of €147 million, a 44.1% increase compared to the first quarter of 2007.
- New contracts won during the first quarter amount to 2008 of €2,255 million; the backlog at March 31, 2008 stands at €15,409 million.
- Investments in the first quarter of 2008 of €422 million, compared to €249 million in the same period of 2007.

San Donato Milanese, 23 April 2008 The Board of Directors of Saipem S.p.A. today reviewed the Saipem Group's interim report at March 31, 2008 (not subject to audit).

	Q1 2007 ⁽¹⁾	Q4 2007	Q1 2008	Q1 2008 vs Q1 2007
Revenues	2,085	2,355	2,236	7.2
Operating profit	172	227	230	33.7
Net profit adjusted	102	(2) 149	147	44.1
Net profit	102	(2) 160	327	220.6
Cash flow adjusted	170	(2) 225	228	34.1
Investments	249	809	422	69.5
New contracts	2,288	4,402	2,255	

(1) figures have been restated to reflect the effects of disposals of Camom, Haldor Topsøe and GTT and the classification of Fertinitro as "Net assets available for disposal";

(2) figures have been restated to reflect the effects of the classification of Fertinitro as "Net assets available for disposal".

As previously stated, revenues and associated profit levels, particularly in the Offshore and Onshore sectors, 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.

Investments in the first quarter of 2008 amounted to €422 million (€249 million in the first quarter of 2007) and mainly related to:

- €190 million in the Offshore sector relating to the construction of a new pipe lay vessel, the conversion of a tanker into an FPSO unit due to operate for Sonangol P&P in Angola, the development of a new fabrication yard in Indonesia, capex to strengthen the operating bases/yards in West Africa, Kazakhstan and Saudi Arabia, and maintenance and upgrading of the existing asset base;
- €146 million in the Offshore Drilling sector, relating to the construction of two semi-submersible rigs, a new ultra-deep water drillship and a jack-up, in addition to maintenance and upgrading of the existing asset base;
- €67 million in the Onshore Drilling sector for the upgrading of existing assets and the construction of six rigs, for which long-term contracts have already been secured;
- €19 million in the Onshore sector for maintenance and upgrading of the existing asset base.

During the quarter, Saipem agreed with the Yantai Raffles Yard, which is building the new pipelayer as well as a new semi-submersible drilling rig, to transfer some of the resources working on the pipelayer to the drilling rig, in order to ensure its delivery in the fourth quarter of 2009 for the execution of a five-year contract already secured; delivery of the pipe lay vessel is now expected in the third quarter of 2010.

Net financial debt at March 31, 2008 amounted to €1,635 million, representing a decrease of €59 million from December 31, 2007, attributable mainly to proceeds from the disposal of GTT.

New contracts and backlog

During the first quarter of 2008, Saipem was awarded new contracts amounting to €2,255 million (compared to €2,288 million in the first quarter of 2007).

The most significant orders awarded in the first quarter include:

Offshore:

- for Elf Petroleum Nigeria (Total), the Usan EPIC (Engineering, Procurement, Installation, Construction) project for the subsea development of the Usan deepwater field, located approximately 160 km south of Port Harcourt in Nigeria;
- for OLT Offshore LNG Toscana, the conversion of the gas carrier vessel Golar Frost, provided by the client, into a floating LNG (Liquefied Natural Gas) regassification terminal off the coast of Livorno, Italy.
- for Total Exploration & Production Congo, the expansion of the Djeno terminal on the Moho Bilondo field in Congo;
- for Nexen, the transport and installation of a new platform in the Buzzard field (UK);
- for Rashid Petroleum Company, the transport and installation of subsea pipelines for the Rosetta Phase III project in Egypt;
- for Cairn Energy, the installation of four pipelines for the Ravva Block Pipeline project in India;
- for Statoil Hydro Petroleum AS, the transport and installation of a module for the Troll C platform, in Norway.

Offshore Drilling:

- for Saudi Aramco, the three-year charter of the jack-up Perro Negro 7 in Saudi Arabia.

Onshore Drilling:

- for Total Italia SpA, the two-year lease of a new drilling rig in Italy;
- for Eni Exploration & Production, the 15-month lease of a rig in Italy;
- for Saudi Aramco, the one-year lease of two rigs in Saudi Arabia.

Saipem Group's backlog at March 31, 2008 stands at a record level of €15,409 million.

Disposal of non-core assets

As previously announced, during the first quarter the sale of the 30% holding in Gaztransport & Technigaz S.A. ("GTT") was finalized for the price of €310 million. Negotiations for the disposal of the 20% holding in Fertinitro are progressing.

Management outlook for 2008

Market conditions are expected to remain favourable for the rest of 2008 for the Construction and Drilling sectors, both Onshore and Offshore.

Global spending by the oil industry is expected to remain high in the medium term, enabling an increase in oil and gas production to meet expected growth in demand.

In light of this positive market scenario, Saipem has set itself the objective of combining rapid growth in order to strengthen its market position with financial results that compare favourably with those of its peers.

As previously announced, capital expenditure for 2008 is expected to be in the region of €1,600 million. Additional investments may be made in relation to business opportunities in the leased FPSO and drilling segments, or local content initiatives.

With regard to financial performance, the devaluation of the US dollar - the currency in which approximately 70% of revenues are denominated – has had a negative impact on results due to the translation into Euro of revenues and profit originally denominated in US dollars. Taking into account both contracts in the backlog which have already been hedged, and those to be awarded, for Saipem the average Euro/US dollar exchange rate, which in 2007 was 1.34 and at the beginning of the year was estimated for 2008 at 1.41, is now expected, following further devaluation of the US dollar, to average 1.45. This will negatively impact 2008 revenues by approximately €550 million (against €400 million estimated at the beginning of the year) and operating profit by approximately €55 million (against €40 million estimated at the beginning of the year).

Moreover, to compare data for 2008 with those of 2007, the latter need to be restated to reflect the effects associated with the disposal of non-core assets.

However, the positive performance of projects under execution allow management to confirm its expectation of increasing operating income and net profit adjusted in 2008 by at least 20% on the restated 2007 figures, with revenues in the region of €10 billion.

This press release containing the consolidated results of the first quarter of 2008 (not subject to audit) constitutes the Interim Report pursuant to article 154-ter of Law 58/98. Economic and financial data have been prepared in compliance with the criteria set by the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission, in accordance with art. 6 of EC Regulation no. 1606/2002 by the European Parliament and Council of Ministers on July 19, 2002.

Data pertaining to the Income Statement refer to the first quarter of 2008 and the first and fourth quarters of 2007. Balance sheet data refer to March 31, 2008 and December 31, 2007. Financial tables match those contained in the Half-year and Annual Financial Report.

Saipem's Chief Financial Officer, Mr Alessandro Bernini is the Senior Manager in charge of preparing the company's financial reports. He attests, pursuant to article 154 bis, paragraph 2, of Law 58/98, that the information contained in this press release fully matches the accounting records, books and entries.

Forward-looking statements are based on a number of assumptions and expectations that could ultimately prove inaccurate, as they are subject to risks and variables outside the company's control. These include: currency fluctuations, interest rate fluctuations, the level of capital expenditure in the oil and gas industry, as well as other industries, political instability in areas where the Group operates, and actions by competitors. Moreover, contract execution is also subject to variables outside the company's control, such as weather conditions. Actual results could therefore differ materially from the forward-looking statements.

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Analysis by business sector

Offshore:

(million euro)

	Q1 2007	Q4 2007	Q1 2008	Q1 2008 vs Q1 2007
Revenues	843	832	856	1.5
Expenses	(722)	(684)	(703)	(2.6)
Depreciation and amortisation	(37)	(40)	(39)	5.4
Operating profit	84	108	114	35.7
EBITDA %	14.4	17.8	17.9	
EBIT %	10.0	13.0	13.3	
New orders awarded	1,065	743	1,581	

The backlog as at March 31, 2008 amounted to €4,940 million, of which €1,883 million are to be realised in 2008.

- Revenues for the first quarter of 2008 amounted to €856 million, representing a 1.5% increase compared to the same period of 2007, mainly due to higher levels of activity in West and North Africa, and in Kazakhstan.
- Operating profit for the first quarter of 2008 amounted to €114 million, equal to 13.3% of revenues, versus €84 million, equal to 10% of revenues, in the first quarter of 2007. This increase in margin is attributable to improved contract conditions and strong operational performance.

Onshore:

(million euro)

	Q1 2007 ⁽¹⁾	Q4 2007	Q1 2008	Q1 2008 vs Q1 2007
Revenues	1,073	1,328	1,173	9.3
Expenses	(1,016)	(1,251)	(1,102)	8.5
Depreciation and amortisation	(10)	(13)	(12)	20.0
Operating profit	47	64	59	25.5
EBITDA %	5.3	5.8	6.1	
EBIT %	4.4	4.8	5.0	
New orders awarded	1,097	2,094	464	

(1) figures have been restated to reflect the effects of the disposals of Camom and Haldor Topsøe.

The backlog as at March 31, 2008 amounted to €6,294 million, of which €3,012 million are to be realised in 2008.

- Revenues for the first quarter of 2008 amounted to €1,173 million, representing a 9.3% increase compared to the same period of 2007, attributable mainly to increased activity in the Middle East.
- Operating profit for the first quarter of 2008 amounted to €59 million, versus €47 million in the first quarter of 2007, with a margin on revenues rising from 4.4% to 5%. This increase in margin is attributable to strong operational performance and improved contract conditions.

Offshore Drilling

(million euro)

	Q1 2007	Q4 2007	Q1 2008	Q1 2008 vs Q1 2007
Revenues	98	113	117	19.4
Expenses	(52)	(57)	(57)	9.6
Depreciation and amortisation	(15)	(16)	(17)	13.3
Operating profit	31	40	43	38.7
EBITDA %	46.9	49.6	51.3	
EBIT %	31.6	35.4	36.8	
New orders awarded	72	1,250	131	

The backlog as at March 31, 2008 amounted to €3,485 million, of which €271 million are due to be realised in 2008.

- Revenues for the first quarter 2008 amounted to €117 million, representing a 19.4% increase on the same period of 2007, attributable mainly to increased activity by the semi-submersible platform Scarabeo 6, as well as to higher contractual rates.
- Operating profit for the first quarter of 2008 amounted to €43 million, versus €31 million in the first quarter of 2007, with a margin on revenues rising from 31.6% to 36.8%. This growth both in absolute terms and in terms of profitability is due to higher margins on rates and increased utilisation of rigs.
- Vessel utilisation in the first quarter 2008 was as follows:

Vessel	Q1 2008 – days		2008 - days
	under contract	idle	expected to be idle
Semi-submersible platform Scarabeo 3	91	–	–
Semi-submersible platform Scarabeo 4	91	–	81 a
Semi-submersible platform Scarabeo 5	91	–	92 a
Semi-submersible platform e Scarabeo 6	91	–	–
Semi-submersible platform Scarabeo 7	91	–	92 a
Drillship Saipem 10000	91	–	–
Jack-up Perro Negro 2	91	–	16 a
Jack-up Perro Negro 3	20	71 a	132 a
Jack-up Perro Negro 4	91	–	15 a
Jack-up Perro Negro 5	91	–	46 a

a = the vessel underwent / is expected to undergo class reinstatement works.

Onshore Drilling:

(million euro)

	Q1 2007	Q4 2007	Q1 2008	Q1 2008 vs Q1 2007
Revenues	71	82	90	26.8
Expenses	(55)	(60)	(63)	14.5
Depreciation and amortisation	(6)	(7)	(13)	116.7
Operating profit	10	15	14	40.0
EBITDA %	22.5	26.8	30.0	
EBIT %	14.1	18.3	15.6	
New orders awarded	54	315	79	

The backlog as at March 31, 2008 amounted to €690 million of which €232 million are due to be realised in 2008.

- Revenues for the first quarter of 2008 amounted to €90 million, representing a 26.8% increase compared to the same period of 2007, due mainly to the start of operations of new rigs in South America.
- Operating profit for the first quarter of 2008 amounted to €14 million, versus €10 million in the first quarter of 2007, with a margin on revenues rising from 14.1% to 15.6%. This growth both in absolute terms and in terms of profitability is due to higher margins on rates.
- When comparing the first quarter of 2008 with the fourth quarter of 2007, it is worth noting that, in the first quarter of 2008, reduced revenues of €7 million were generated for ancillary services, which were more than compensated for by revenues generated by the start of operations during the quarter of 8 new rigs, which also resulted in increased amortisation.
- Average utilisation of rigs in the first quarter of 2008 stood at 93.9% (97.3% in the same period of 2007). Rigs were located as follows: 13 in Peru, 18 in Venezuela, 10 in Saudi Arabia, 7 in Algeria, 3 in Kazakhstan, 2 in Italy, 1 in Trinidad & Tobago and 1 in Egypt. In addition, 5 third-party rigs were deployed in Peru, 3 by the joint-venture company SaiPar and two third-party rigs in Kazakhstan.

Attachments:

- Reclassified consolidated balance sheet, reclassified consolidated income statements by nature and destination of costs and reclassified statement of cash flow;
- following the disposals of *Camom*, *Haldor Topsøe* and *GTT*, and the reclassification of *Fertinetro* to "Net assets available for disposal": data used for restatement purposes.

**DATA PERTAINING TO CAMOM, HALDOR TOPSØE, GTT AND FERTINITRO
ELIMINATED FROM COMPARATIVE DATA IN ORDER TO PROVIDE A
RESTATEMENT**

(million euro)

Q1 2007	Q4 2007		2007
105	–	Revenues	212
7	–	Operating profit	15
13	9	Net profit	45
15	9	Cash flow	50
3	–	Investments	8
80	–	New orders awarded	166

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(million euro)

	December 31, 2007	March 31, 2008
Net tangible fixed assets	3,562	3,833
Net intangible fixed assets	<u>750</u>	<u>752</u>
	4,312	4,585
- Offshore	2,114	2,236
- Onshore	484	482
- Offshore Drilling	1,395	1,509
- Onshore Drilling	319	358
Financial investments	47	49
Non-current assets	4,359	4,634
Net current assets	(402)	(332)
Net assets available for disposal and associated net financial debt	203	89
Employee termination indemnities	(167)	(169)
CAPITAL EMPLOYED	<u>3,993</u>	<u>4,222</u>
Shareholders' equity	2,295	2,583
Minority interest in net equity	4	4
Net debt	1,694	1,635
COVER	<u>3,993</u>	<u>4,222</u>
Leverage (net debt/shareholders' equity)	0.74	0.63
SHARES ISSUED AND OUTSTANDING	441,410,900	441,410,900

RECLASSIFIED CONSOLIDATED INCOME STATEMENT
BY
NATURE OF COSTS

(million euro)

Q4 2007 (*)		Q1	
		2007 (*)	2008
2,355	Operating revenues	2,190	2,236
5	Other revenues and income	2	3
(1,663)	Purchases, services and other costs	(1,616)	(1,590)
(394)	Payroll and related costs	(327)	(338)
303	GROSS OPERATING PROFIT	249	311
(76)	Depreciation and amortisation	(70)	(81)
227	OPERATING PROFIT	179	230
(23)	Financial expenses	(30)	(25)
32	Income from investments	13	2
236	INCOME BEFORE INCOME TAXES	162	207
(65)	Income taxes	(47)	(60)
171	INCOME BEFORE MINORITY INTEREST	115	147
(2)	Minority interest	–	–
169	NET PROFIT ADJUSTED	115	147
–	Capital gain from the disposal of non-core assets	–	185
–	Tax charge	–	(5)
169	NET PROFIT	115	327
245	CASH FLOW (Net profit + Depreciation and amortisation)	185	408

(*) data were not restated

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT
BY
DESTINATION OF COSTS**

(million euro)

Q4 2007 (*)		Q1	
		2007 (*)	2008
2,355	Operating revenues	2,190	2,236
(2,031)	Production costs	(1,919)	(1,916)
(15)	Idle costs	(14)	(15)
(29)	Selling expenses	(26)	(28)
(4)	Research and development costs	(5)	(3)
(4)	Other operating income (expenses), net	–	2
272	CONTRIBUTION FROM OPERATIONS	226	276
(45)	General and administrative expenses	(47)	(46)
227	OPERATING PROFIT	179	230
(23)	Financial expenses	(30)	(25)
32	Income from investments	13	2
236	INCOME BEFORE INCOME TAXES	162	207
(65)	Income taxes	(47)	(60)
171	INCOME BEFORE MINORITY INTEREST	115	147
(2)	Minority interest	–	–
169	NET PROFIT ADJUSTED	115	147
–	Capital gain from the disposal of non-core assets	–	185
–	Tax charge	–	(5)
169	NET PROFIT	115	327
245	CASH FLOW (Net profit + Depreciation and amortisation)	185	408

(*) data were not restated

RECLASSIFIED STATEMENT OF CASH FLOW

(million euro)

Q4 2007		Q1	
		2007	2008
169	Net profit	115	327
2	Minority interest	–	–
	<i>Adjustments to reconcile cash generated from operating income before changes in working capital:</i>		
64	Depreciation, amortisation and other non-monetary items	76	(81)
250	Variation in working capital relating to operations	44	(24)
485	Net cash flow from operations	235	222
(817)	Investments in tangible and intangible fixed assets	(252)	(422)
17	Disposals	1	280
(315)	Free cash flow	(16)	80
–	Buy-back of treasury shares	–	(15)
–	Cash flow from share capital and reserves	–	–
55	Effect of exchange rate differences and other changes on net debt	(4)	(6)
(260)	Change in net debt	(20)	59
1,434	Net debt at beginning of period	1,417	1,694
1,694	Net debt at end of period	1,437	1,635