

# saipem

Presentation to the Financial Community

Preliminary 2011 Consolidated Results



February 2012

# Forward-Looking Statements

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By their nature, forward-looking statements are subject to risk and uncertainty since they are dependent on 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 S.p.A. does not undertake to review, revise or correct forward-looking statements once they have been released, barring cases required by Law.

Forward-looking statements neither represent nor can be considered as estimates for legal, accounting, fiscal or investment purposes. Forward-looking statements are not intended to provide assurances and/or solicit investment.

# Presentation Outline

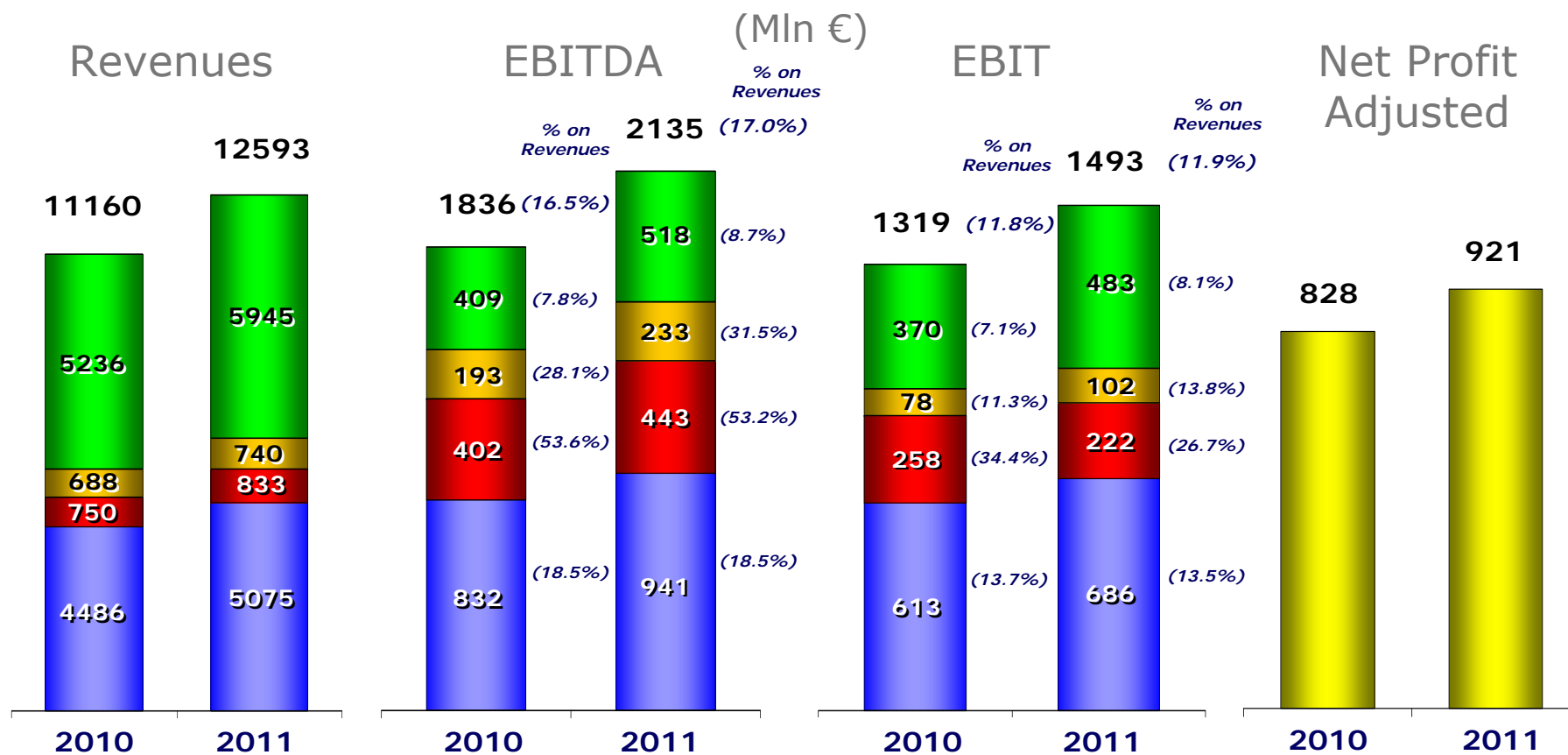
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- FY 2011 Financial Results and Backlog Analysis
- Oil & Gas Industry Market Outlook
- Capex Plan: Reinforced Industrial Model
  - Focus 1: High Quality Fleet Additions
  - Focus 2: Yards - a Pillar of EPIC and Local Content Strategies
    - 2.1 Karimun Yard – Indonesia: Strengthening EPIC Capabilities
    - 2.2 Guarujà New Yard - Brazil: Reinforcing Local Presence  
in Key *E&C Offshore* Market
    - 2.3 Edmonton New Yard - Canada: Reinforcing Local Presence  
in Key *E&C Onshore* Market
- 2012 Guidance

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FY 2011 Financial Results and Backlog Analysis

# FY 2011 Financial Results

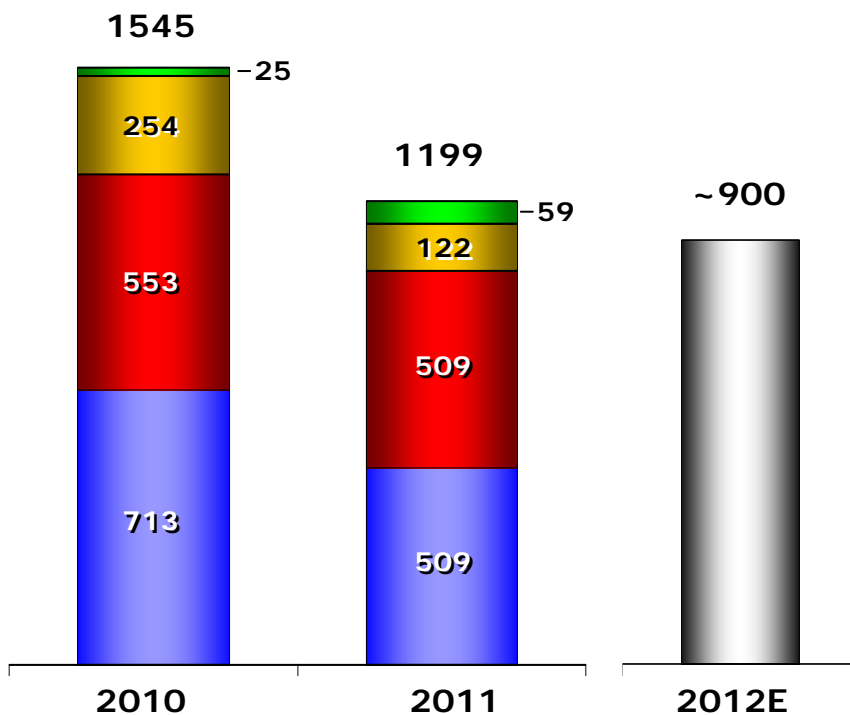


Record Results and Dividend - Proposed dividend per share: € 0.70

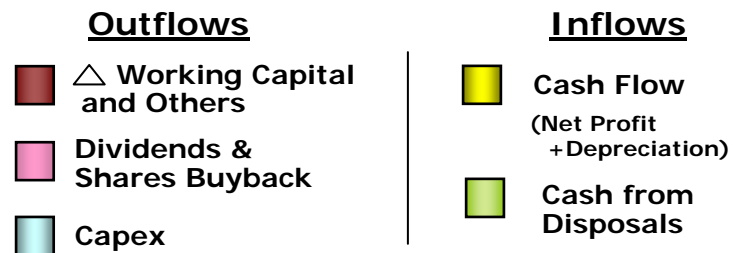
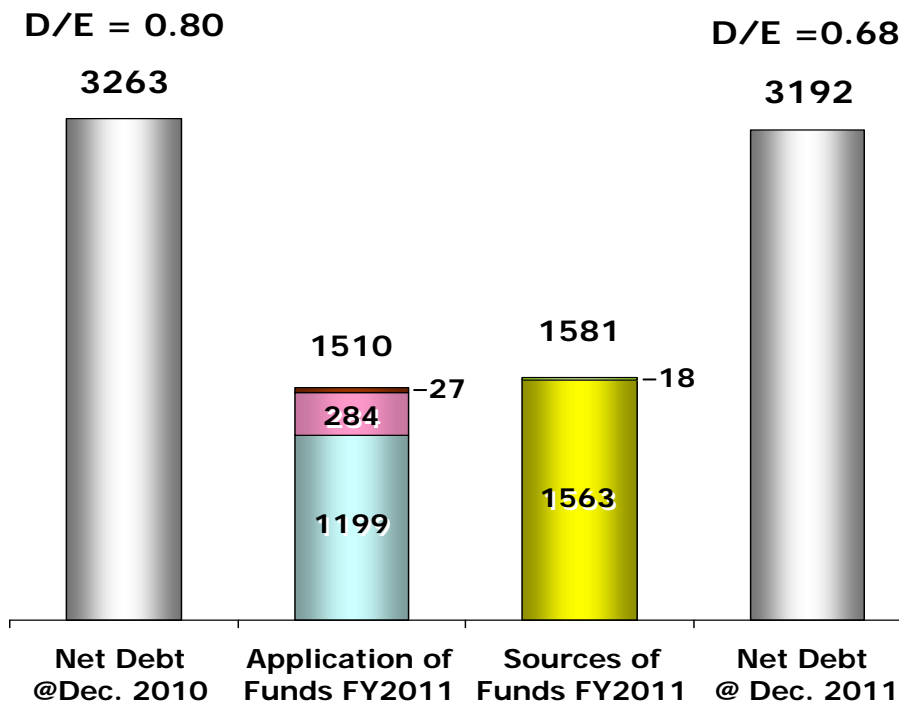


# FY 2011 Financial Results

## Capex



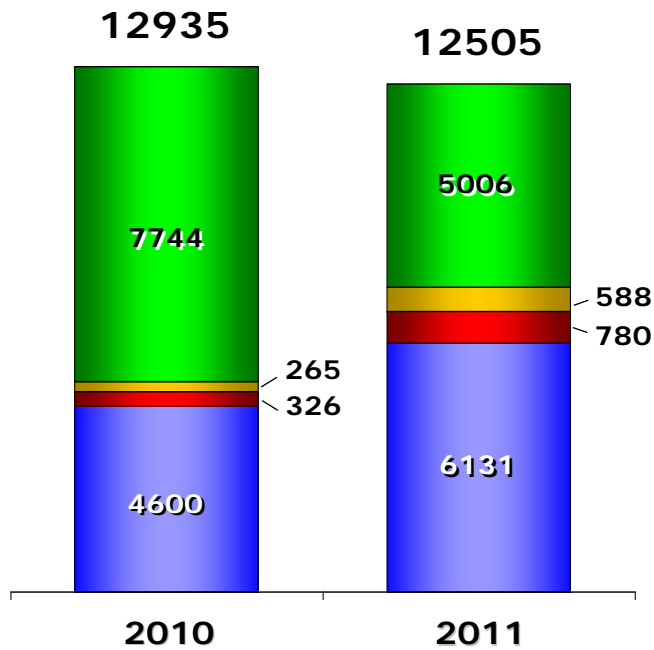
## (Mln €) Sources and Application of Funds, Net Debt & D/E Ratio



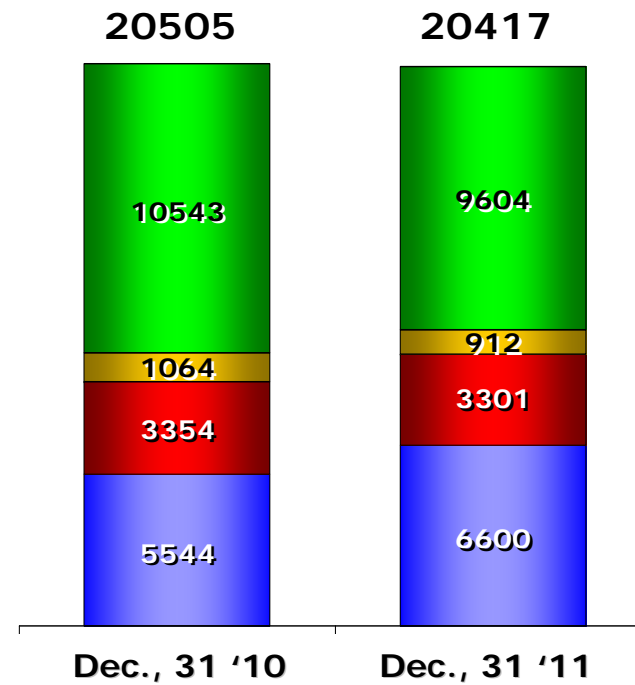
# FY 2011 Contract Acquisitions & Backlog

(Mln €)

## Contract Acquisitions



## Backlog



Offshore

Drilling

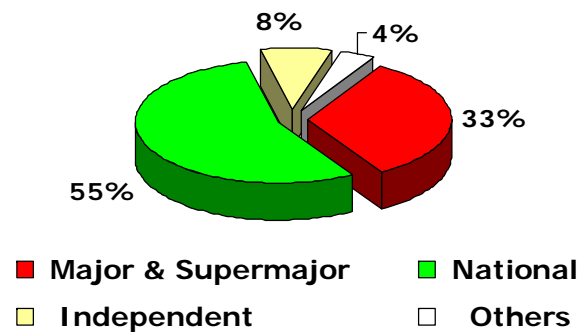
Offshore  
Onshore

Onshore

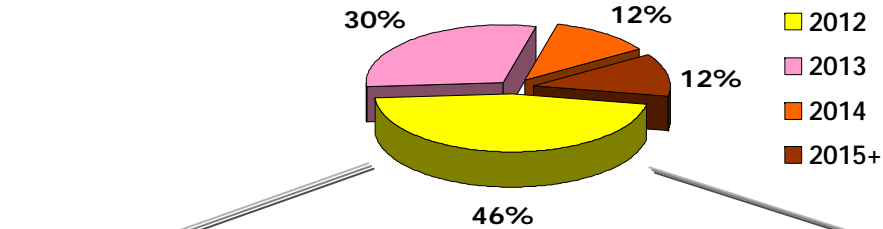
# Backlog Analysis

Saipem Backlog € 20.42 Bln @ Dec., 31 2011

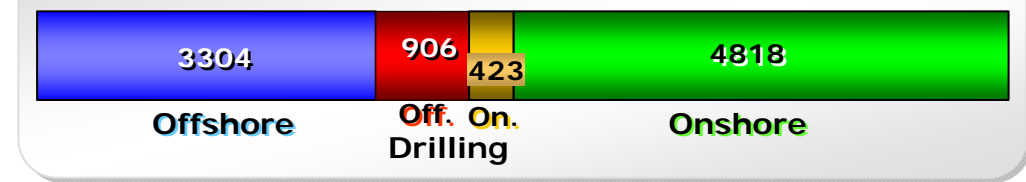
by Client



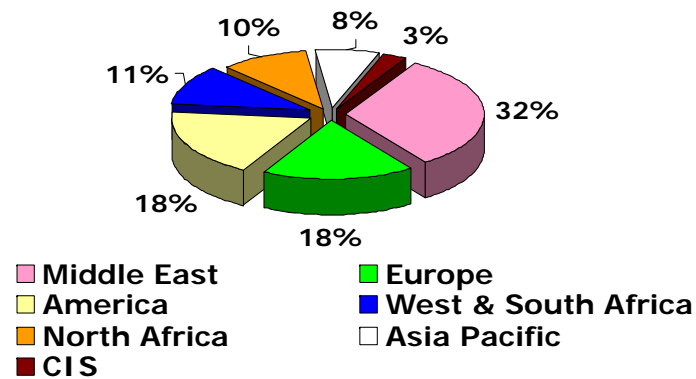
by Year of Execution



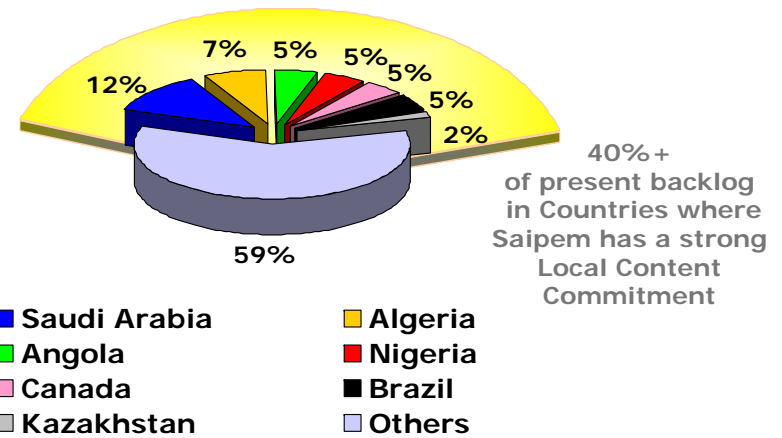
2012 Backlog split by Business Unit



by Geo Area



by Country - Local Content Focus





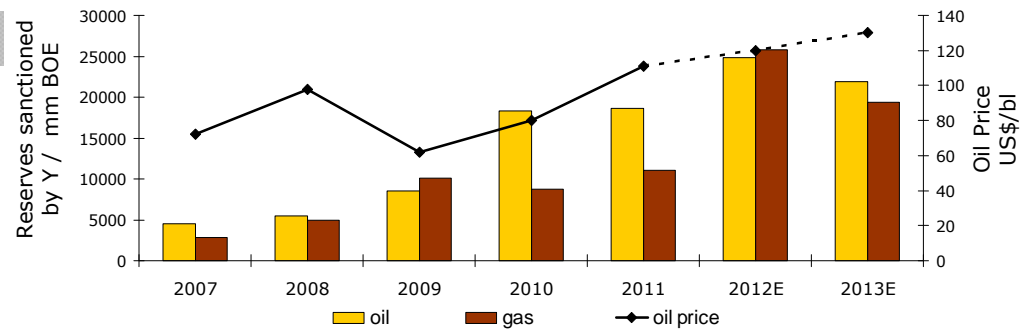
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Oil & Gas Industry Market Outlook

# Oil & Gas Industry Market Outlook

## Oil and Gas Projects - Reserves sanctioned by year\*

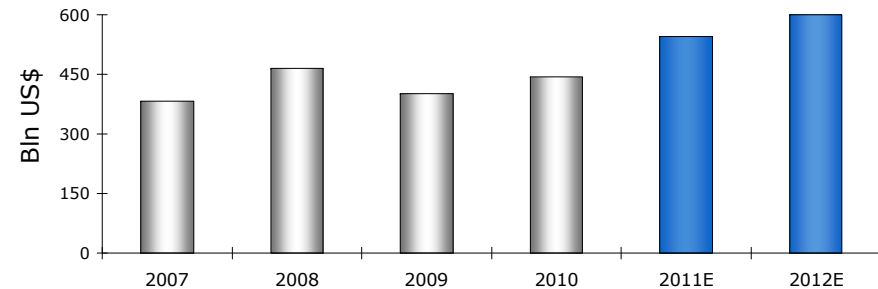
- Trend of sanctioned reserves showing good growth
- Asian Gas-driven projects arguably set for improvement to offset Japanese nuclear supply shortfall



Source: Goldman Sachs - Jan. 2012; \* From GS Top 330 projects

## E&P Spending Forecast

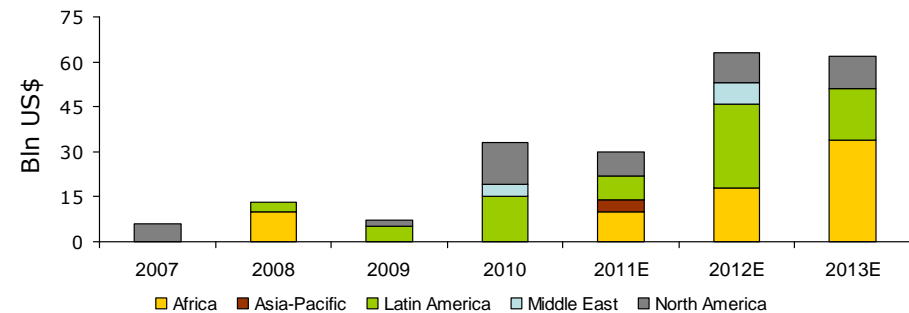
- E&P Investments to continue positive trend (+10% 2012 vs 2011)
- Spending to reach record levels, +50% compared to last cycle trough



Source: Barclays Capital - Dec. 2011

## Estimated Capex on U/DW(>1,500m) developments\*

- Strong momentum in ultra-deepwater set to continue
- Latin America and Africa projects showing strong progression



Source: Goldman Sachs - Jan. 2012; \* From GS Top 330 projects

Despite global economic uncertainties Oil & Gas Services outlook remains Positive in the Short and Medium term





**Capex Plan:  
Reinforced Industrial Model**

**Focus 1: High Quality Fleet Additions**

# 1.1 New E&C Assets' Awards: Full Utilization after Delivery

## Castorone Awards:



### US GoM:

- Amberjack P.C. LLC (Chevron): Walker Ridge Export Pipeline 24"x220km - 2,140m max w.d.
- Enbridge: Big Foot Lateral Export Pipeline 20"x60km - 2,200m max w.d.
- Williams (Discovery LLC): Keathley Canyon Gas Export Pipeline 20"x350km - 2,100m max w.d.

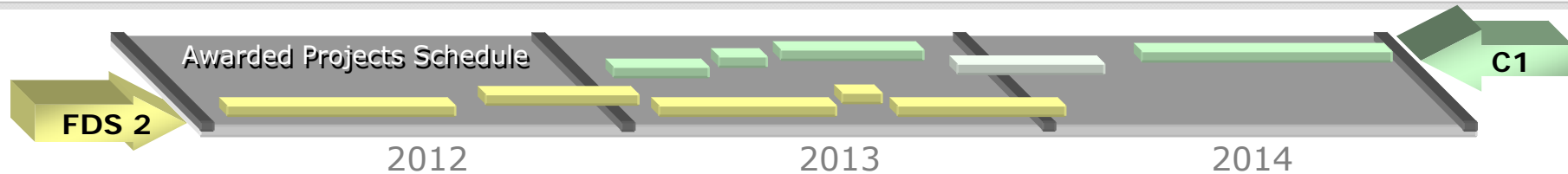
### Brazil:

- Petrobras: Tupi NE - Cabiunas Trunkline 24"x380km - 2,200m max w.d. \*

### Australia:

- INPEX: Ichthys Gas Export Pipeline 42"x889km - 275m max w.d.

\* Contract under final negotiation with Client



## FDS 2 Awards:



### China:

- Husky Oil: Liwan 3-1 Field Deepwater 2x22"x79km pipeline and subsea structures - 1,500m max w.d.

### Brazil:

- Petrobras: Guara & Lula NE Gas Export Pipelines 18"x54km, 18"x22km - 2,200m max w.d.
- Petrobras: P55 Risers 25km flowlines, 16 catenary risers 8"-12"x50km rigid pipes - 1,900m max w.d.
- Petrobras: Lula NE - Cernambi Gas Export Pipelines 18"x19km - 2,200m max w.d.

**Post Delivery:** Strong Evidence of New Vessels' Key Role in Offshore Oil & Gas development

**Future Potential:** appears even more promising -  
 Extreme Pipelines, Brazil Ultradeep 'Ramp Up', West Africa, Australia



# 1.2 New Drilling Assets' Awards: Full Utilization after Delivery



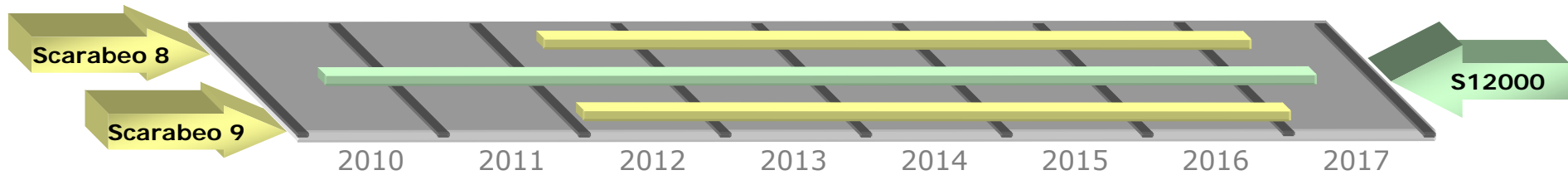
Client: **Eni**  
Location: **Norway**  
Contract term: **5Y**



Client: **Eni**  
(assignment **Repsol**)  
Location: **Caribbean**  
Contract term: **5Y**



Client: **Total**  
Location: **Angola**  
Contract term: **7Y**



Client: **Sonangol**  
Location: **Angola**  
Contract term: **2.5Y**

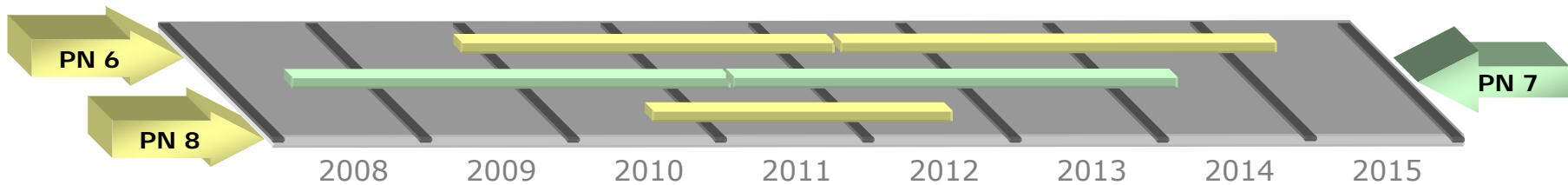
Client: **Chevron**  
Location: **Angola**  
Contract term: **3Y**



Client: **Saudi Aramco**  
Location: **Saudi Arabia**  
Contract term: **3+3Y**



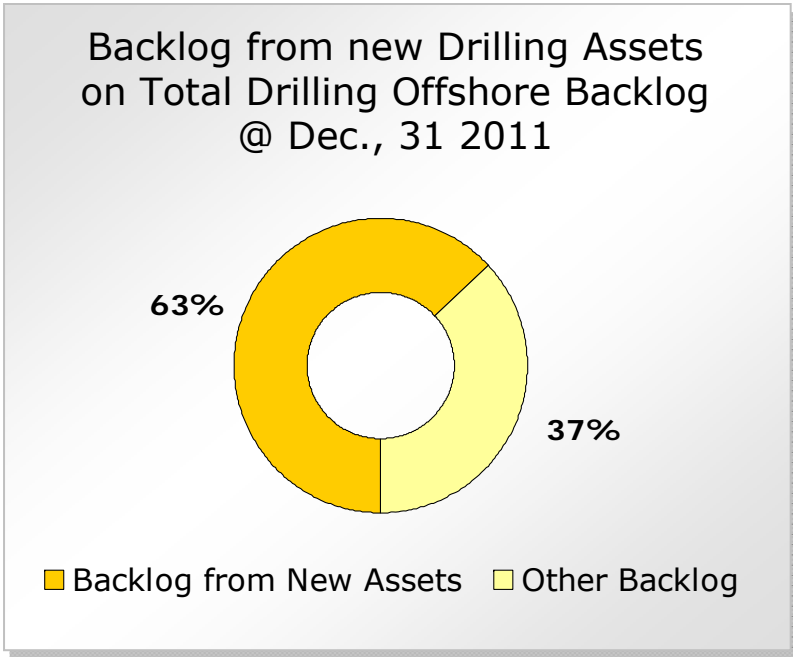
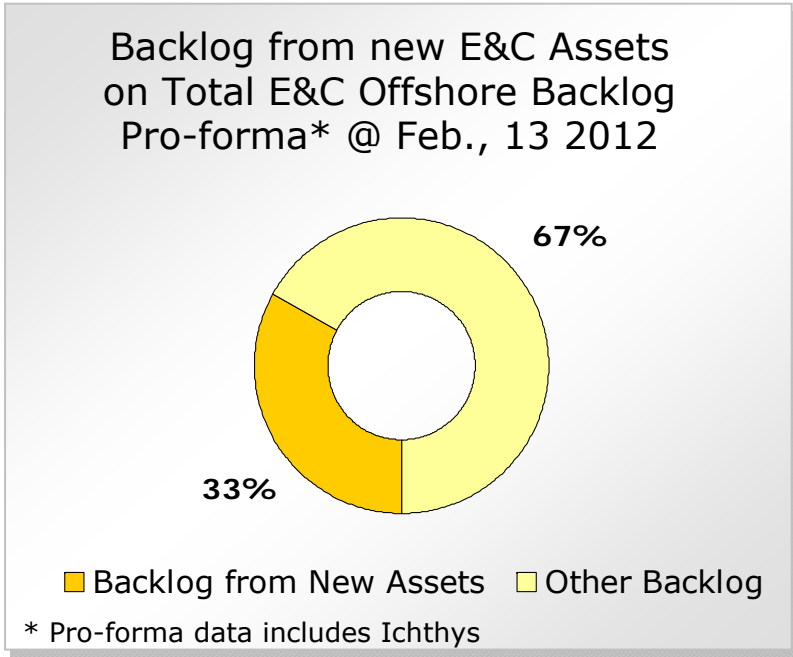
Client: **Eni**  
Location: **Italy**  
Contract term: **1+1Y**



**Post Delivery: Full Assets exploitation resulting in Increasing Revenue trend**



# 1.3 New Offshore Assets



New Assets becoming a material Contributor to overall Offshore Activity



**Capex Plan:  
Reinforced Industrial Model**

**Focus 2: Yards - a Pillar of EPIC and Local Content Strategies**

# Focus 2: Yards - a Pillar of EPIC and Local Content Strategies



N. Of Yards	Total Surface	Total Fabrication Capacity	Total Man Hours
11	6,378,000 sqm	250,750 tons per year	36,890,000 per year





## 2.1 Karimun Yard – Indonesia: Strengthening EPIC Capabilities

- Inaugurated Dec., 2011
- Tax-Free zone close to Singapore
- Large Fabrication Capacity: 35,000 tons/year
- 825m Quays - suitable for loadout of large structures (Topsides, Modules), mooring and integration of large FPSOs, FPU's, FLNG



### Saipem Projects ongoing:

- Al Wasit (Saudi Arabia)
- Gorgon (Australia)
- Iraq Crude Oil Export Expansion (Iraq)
- Liwan (China)
- Bien Dong (Vietnam)

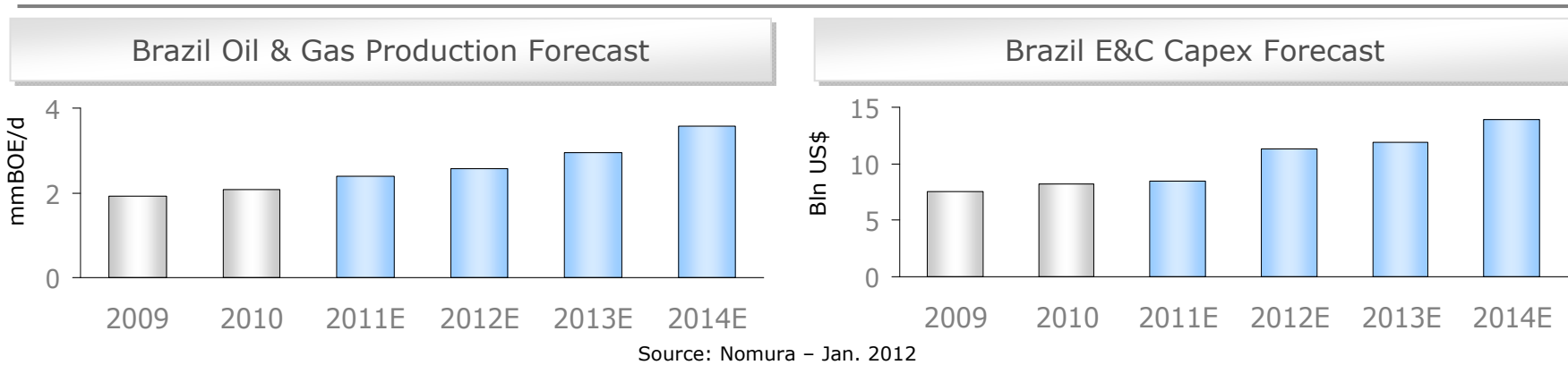


### Strengthening EPIC Capabilities while Reducing EPIC Risks...

- Direct control over crucial fabrication phase of the EPIC process
- Access to wider bid list
- Minimize/Avoid subcontract bottlenecks

... also Key Local Asset for Indonesian Oil & Gas Market

## 2.2 Reinforcing Local Presence in Key E&C Offshore Market - Brazil



- Liquid Reserves: 31.35 billion barrels (1<sup>st</sup> Jan. 2012)
- Gas Reserves: 17.98 tcf (1<sup>st</sup> Jan. 2012)



Brazilian market expected to continue its growth across the near to medium term

### Saipem Scheduled Projects in Brazil

#### Offshore Installation:

##### 2012 - early 2013

- Guara & Lula NE Pipelines
- P55 Risers

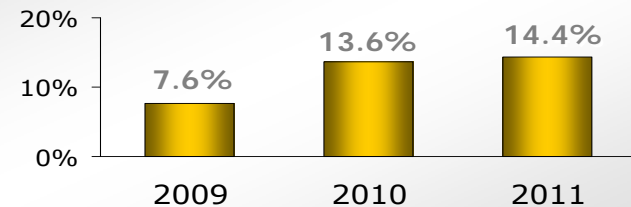
*Supported using Brazilian Subcontractors*

##### Late 2013 - 2014

- P55 Pipelines
- Lula NE - Cernambi
- Tupi NE - Cabiunas\*

*Supported by New Saipem Guarujà Yard*

#### % E&C Offshore Backlog in Brazil



\* Contract under final negotiation with Client

**Approach Evolution: from an Occasional Contractor to Permanent Player**



## 2.2 Reinforcing Local Presence in Key E&C Offshore Market – Brazil (cont'd)

### Guarujá Yard details

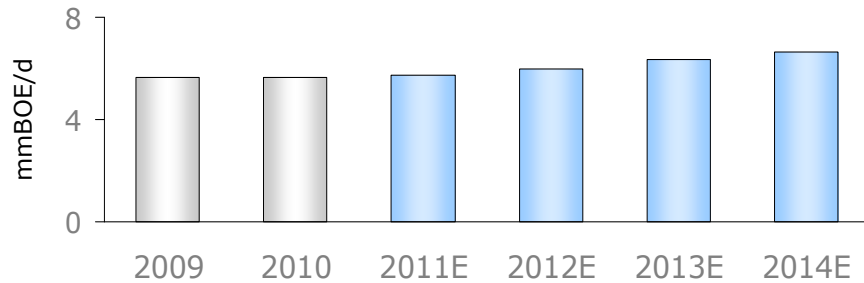


- Area of 35 hectares in Guarujá, within the industrial hub of Santos, the largest port and industrial area in Brazil: excellent pool of resources and services
- Strategically located, approx. 350 km from Santos Basin and 650 km from Campos Basin, ideal to support development of new ultra-deep water fields
- Site acquired primarily for fabrication of subsea and floating structures, and provision of support-services for the highly specialized ultra-deep water fleet
- Scheduled completion to support recently acquired projects

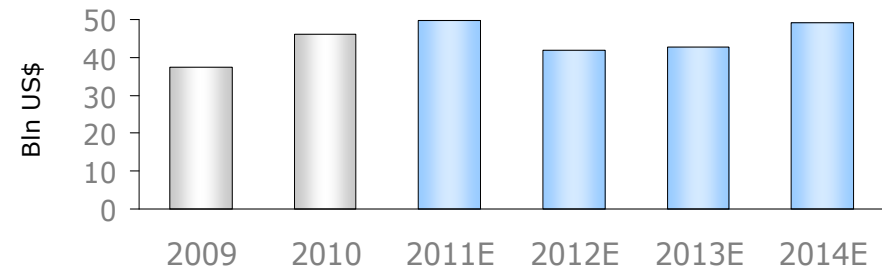
A complete provider of state-of-art Fleet & Subsea Fabrication services to benefit from Pre-Salt Development post 2013

## 2.3 Reinforcing Local Presence in Key E&C Onshore Market - Canada

Canada Oil & Gas Production Forecast



Canada E&C Capex Forecast



Source: Nomura - Jan. 2012

- Liquid Reserves: 74.22 billion barrels (1<sup>st</sup> Jan. 2012)
- Gas Reserves: 21.17 tcf (1<sup>st</sup> Jan. 2012)

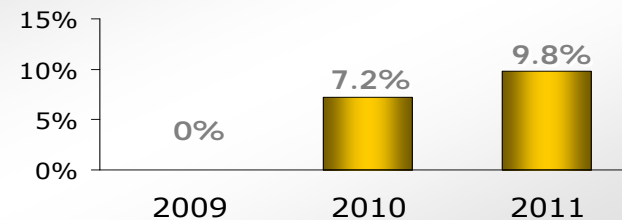


Investments in Canada to remain at significant levels, sustained by a steady oil price

### Saipem Activities in Canada

- **Husky Oil - Sunrise Oil Sands Project, Central Processing Facilities**  
Completion: 1Q 2014
- **Canadian Natural Resources Ltd - Horizon Oil Sands Project, Upgrader Phase II**  
Completion: 2Q 2015

% E&C Onshore Backlog in Canada



## 2.3 Reinforcing Local Presence in Key E&C Onshore Market – Canada (cont'd)

### Canadian Local Presence



- >400 engineers to date
- Local office provides full service for projects execution on:
  - Upstream
  - Pipelines
  - Refining
  - Oil Sands processing
  - Shale gas
- Dedicated local construction company
- Mastered local project execution requirements:
  - Modularization
  - Harsh Climate
  - Logistics



### Edmonton Pre-Fabrication Yard:

- 30 Hectares North East of Edmonton, Alberta
- Capacity 14,000 Tons/year (140 standard Modules)
- Workforce: 400 employees
- Currently under development: 1<sup>st</sup> module delivery in Nov.2012



Innovative Approach leveraging on Integrated Supply of combined Engineering Services and Construction Capabilities

## 2012 Guidance

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### 2012 Guidance

Revenues: ~ € 13 bln

EBIT: ~ € 1.6 bln

Net profit: ~ € 1 bln

Capex: ~ € 0.9 bln